

Sekisui House, Ltd.

April 5, 2016

1-88, Oyodonaka 1-chome, Kita-ku, Osaka
 Chairman & Representative Director (CEO)
 Isami Wada

NOTICE OF THE 65TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We express our deep appreciation to each of the shareholders for their extraordinary support.

Now, since the 65th Ordinary General Meeting of Shareholders of Sekisui House, Ltd. (the "Company" or "Sekisui House") is to be held as stated below, we would like to ask you to attend the meeting.

If you are unable to attend the meeting in person, we ask you to please review the enclosed "Reference Documents for the General Meeting of Shareholders" and exercise your voting rights by the methods such as the Internet or writing by 6:00 p.m. of Tuesday, April 26, 2016.

1. Date and Time: 10:00 a.m., Wednesday, April 27, 2016

2. Place of the Meeting: The Westin Osaka, 2nd Floor, Rose Room, 1-20, Oyodonaka 1-chome, Kita-ku, Osaka, Japan

Note:

In addition, if Rose Room would be full, the Company will guide shareholders to the Second place of Meeting. We appreciate your understanding.

3. Agenda:

Items for reporting:

1. Reports on the Business Report, and the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the 65th fiscal year (February 1, 2015 - January 31, 2016)
2. Report on the Results of Audit conducted by the Accounting Auditor and the Audit & Supervisory Board with respect to the Consolidated Financial Statements for the 65th fiscal year ended January 31, 2016

Propositions to be tabled:

No.1	Appropriation of retained earnings for the 65th fiscal year ended January 31, 2016
No.2	Election of 11 Directors
No.3	Election of 3 Audit & Supervisory Board Members
No.4	Provision of Bonus to Directors as a group

[**Translation:** Please note that this document purports to be a translation from the Japanese original Notice of Convocation of the Ordinary General Meeting of Shareholders 2016 of Sekisui House, Ltd. prepared for the convenience of foreign readers. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Please also be advised that certain statements regarding voting procedures for domestic shareholders are not applicable to the shareholders outside Japan.]

4. Guideline of the Exercise of Voting Rights:

1. Guidelines regarding the exercise of a voting right in writing:

Please indicate on the enclosed voting form whether you approve or disapprove the proposals listed, and return it to the Company by 6:00 p.m. of Tuesday, April 26, 2016.

2. Guidelines regarding the exercise of a voting right *via* the Internet:

On the website for the exercise of voting rights (<http://www.evote.jp/>), please use the log-in ID and temporary password which are shown on the vote exercise form. After logging in, please indicate whether you approve or disapprove the items on the agenda by following the instructions on the display screen by 6:00 p.m. of Tuesday, April 26, 2016. In case that a voting right is exercised more than once *via* the Internet, only the last vote will be recognized as valid. Please refer to the page of the end, Guidelines regarding the exercise of a voting *via* the Internet for more information.

3. Handling of votes if a voting right is exercised using both mail and the Internet:

In case that a voting right is exercised using both mail and the Internet, then only the vote registered *via* the Internet will be recognized as valid.

4. Internet disclosure

Following matters are made available on the Company's website (<http://www.sekisuihouse.co.jp/company/financial/holders/shotsu/index.html>) pursuant to the relevant laws and regulations, and Article 16 of the Articles of Incorporation of the Company.

1) "2.5) System which ensures the due execution of business and the status of its implementation" in the Business Report

2) "List of Notes to Consolidated Financial Statements" in the Consolidated Financial Statements

3) "List of Notes to Non-Consolidated Financial Statements" in the Non-Consolidated Financial Statements

5. Announcement method if the statements of the Reference Documents for General Meeting of Shareholders and other documents are amended:

In case that any amendment to the statements of the Reference Document for General Meeting of Shareholders, business report and consolidated financial statements, or non-consolidated financial statements is necessary, please be advised that the Company will post such amendments where applicable on the Company's website (<http://www.sekisuihouse.co.jp/company/financial/holders/shotsu/index.html>).

6. Electronic Voting Platform

If you are a nominee shareholder such a trust bank (including a standing proxy) and apply in advance to use the electronic voting platform operated by ICJ, Inc. established by the Tokyo Stock Exchange and others, you are entitled to use the platform for uses other than the aforementioned exercise of your voting rights electronically *via* the Internet as a method for exercising your voting rights.

If attending the meeting in person, please submit the enclosed Voting Right Exercise Form to the receptionist at the meeting

Reference Documents for General Meeting of Shareholders

Proposition No.1: Appropriation of retained earnings for the 65th fiscal year ended January 31, 2016

It is proposed to appropriate retained earnings for the fiscal year under review according to the schedule shown below.

1. Matters related to year-end dividends:

In view of profit situation and dividend policy, the Company proposes that a dividend of ¥27 per share will be paid for the fiscal year under review. Since the Company paid an interim dividend of ¥27 per share on September 30, 2015, the annual dividend for the fiscal year under review totals ¥54 per share.

(1) Type of dividend property:

Cash

(2) Matters related to the appropriation of dividend property to shareholders and total amount thereof:

27 yen per common share of the Company Total amount: 18,932,216,454 yen

(3) Date on which dividends take effect:

April 28, 2016

2. Other matters related to the appropriation of surplus:

For the purpose of strengthening management bases for active future business development, the Company proposes to appropriate a portion of surplus according to the schedule shown below.

(1) Item of surplus that increases and amount thereof:

General reserve 10,000,000,000 yen

(2) Item of surplus that decreases and amount thereof:

Retained earnings brought forward 10,000,000,000 yen

Proposition No.2: Election of 11 Directors :

The term of post of all the 11 current Directors (including 2 Outside Directors) terminates at the close of this Ordinary General Meeting of Shareholders.

The Company proposes the election of eleven 11 Directors (including 2 Outside Directors)

We have candidates as follows:

No	Name (Date of birth)	Career summary, post and responsibility in the Company (Significant concurrent position of other companies)	(1) Number of Company's shares owned (2) Special interest in Company
1	Isami Wada (Apr. 29, 1941)	Apr. 1965: joined the Company Apr. 1990: Director of the Company Apr. 1994: Managing Director of the Company Apr. 1996: Senior Managing Director of the Company Apr. 1998: President & Representative Director of the Company Apr. 2008: Chairman & Representative Director and CEO of the Company (up to the present) (Significant concurrent post of other companies) Executive Advisor & Director of Almetax Manufacturing Co., Ltd.	(1) 272,035 shares (2) None

No	Name (Date of birth)	Career summary, post and responsibility in the Company (Significant concurrent position of other companies)	(1) Number of Company's shares owned (2) Special interest in Company
2	Toshinori Abe (Oct. 27, 1951)	Apr. 1975: joined the Company Apr. 2004: Executive Officer of the Company May 2005: Managing Officer of the Company Apr. 2006: Director of the Company May 2007: Senior Managing Officer of the Company Apr. 2008: President & Representative Director and COO of the Company (up to the present)	(1) 48,700 shares (2) None
3	Shiro Inagaki (Jun. 25, 1950)	Apr. 1973: joined the Company Apr. 2002: Executive Officer of the Company assigned to the post of Chief Manager of Finance Department Apr. 2004: Managing Officer of the Company in charge of accounting and information & computer system Apr. 2004: Director of the Company Apr. 2006: Senior Managing Officer of the Company in charge of accounting & finance and information & computer system Aug. 2007: in charge of accounting & finance, information & computer system and auditing Apr. 2008: in charge of accounting & finance, information & computer system, auditing ,TKC project and corporate marketing Feb. 2009: in charge of accounting & finance, IT operation, auditing ,TKC project and corporate marketing May 2010: in charge of accounting & finance, IT operation, and auditing May 2011: Executive Vice President & Director of the Company, Executive Vice President & Executive Officer of the Company (up to the present) Apr. 2012: in charge of corporate management planning, accounting & finance, IT operation and auditing Apr. 2012: CFO of the Company (up to the present) Apr, 2016: management of corporate management planning, accounting & finance and auditing, in charge of IT operation (up to the present) (Significant concurrent post of other companies) President & Representative Director of Sekisui House Financial Services Co., Ltd.	(1) 21,700 shares (2) None

No	Name (Date of birth)	Career summary, post and responsibility in the Company (Significant concurrent position of other companies)	(1) Number of Company's shares owned (2) Special interest in Company
4	Tetsuo Iku (Aug. 3, 1949)	<p>Apr. 1976: joined the Company</p> <p>Apr. 2004: Executive Officer of the Company assigned to the post of Chief Manager of Product Planning & Design Department</p> <p>Apr. 2006: Managing Officer of the Company assigned to the post of General Manager of Design Headquarters</p> <p>Apr. 2008: Director of the Company (up to the present) in charge of design and technology</p> <p>Feb. 2009: assigned to the post of General Manager of Technology Headquarters (up to the present)</p> <p>June 2009: in charge of design, technology and environment</p> <p>May 2010: in charge of design, technology, construction and environment</p> <p>Apr. 2012: Senior Managing Officer of the company, in charge of design, technology development and construction (up to the present)</p> <p>Feb. 2013: assigned to the post of Chief Manager of Development</p>	<p>(1) 8,300 shares</p> <p>(2) None</p>
5	Teruyuki Saegusa (Nov. 16, 1940)	<p>Apr. 1963: joined Hanshin Department Store, Ltd.</p> <p>June 1995: President & Representative Director of Hanshin Department Store, Ltd.</p> <p>June 2001: Corporate Auditor of Shinki Bus Co., Ltd. (up to the present)</p> <p>June 2005: Chairman & Representative Director of Hanshin Department Store, Ltd.</p> <p>June 2006: Executive Advisor of Hanshin Department Store, Ltd.</p> <p>June 2007: Representative Director of Saegusa Circulation Research Co., Ltd. (up to the present)</p> <p>Apr. 2009: Corporate Auditor of the Company</p> <p>Apr. 2012: Director of the Company (up to the present)</p> <p>(Significant concurrent post of other companies) Representative Director of Saegusa Circulation Research Co., Ltd. Corporate Auditor of Shinki Bus Co., Ltd.</p>	<p>(1) 24,100 shares</p> <p>(2) None</p>
6	Shiro Wakui (Nov. 22, 1945)	<p>Jan. 1972: Established Ishikatu Exterior. Ltd President & Representative Director of Ishikatu Exterior. Ltd</p> <p>June 2002: Executive Advisor of Ishikatu Exterior. Ltd (up to the present)</p> <p>June 2008: Director of Sekisui Jushi Co. Ltd (up to the present)</p> <p>Apr. 2010: Professor of Tokyo City University (up to the present)</p> <p>Apr. 2014: Director of the Company (up to the present)</p> <p>(Significant concurrent post of other companies) Professor of Tokyo City university Director of Sekisui Jushi Co.Ltd</p>	<p>(1) 1,600 shares</p> <p>(2) None</p>

No	Name (Date of birth)	Career summary, post and responsibility in the Company (Significant concurrent position of other companies)	(1) Number of Company's shares owned (2) Special interest in Company
7	Takashi Uchida (Apr. 19, 1951)	<p>Apr. 1976: joined the Company</p> <p>Apr. 2004: Executive Officer of the Company assigned to the post of Chief Manager of Accounting Department</p> <p>Apr. 2006: Managing Officer of the Company assigned to the post of Chief Manager of Accounting & Finance Department</p> <p>Apr. 2006: Director of the Company (up to the present)</p> <p>Feb. 2009: in charge of administrative control of subsidiary & affiliated companies</p> <p>May 2010: assigned to the post of General Manager of Saitama Sales Administration Headquarters</p> <p>Feb. 2012: assigned to the post of Chief Manager of Personnel Department (up to the present)</p> <p>May. 2012: in charge of administrative control of subsidiary & affiliated companies (up to the present)</p> <p>Apr. 2014: Senior Managing Officer of the company (up to the present)</p>	<p>(1) 17,800 shares</p> <p>(2) None</p>
8	Fumiyasu Suguro (Aug. 26, 1957)	<p>Apr. 1970: joined the Company</p> <p>Apr. 2008: Executive Officer of the Company assigned to the post of Chief Secretary</p> <p>June 2010: in charge of Secretary assigned to the post of Senior Manager of International Business Department</p> <p>Apr. 2012: Managing Officer of the Company</p> <p>Apr. 2014: Director of the Company, assigned to the post of Chief Manager of International Business Department (up to the present)</p> <p>Apr. 2016: Senior Managing Officer of the company (up to the present)</p> <p>(Significant concurrent post of other companies)</p> <p>President & Representative Director of Sekisui House Australia Holdings Pty Limited</p> <p>Chairman & CEO of North America Sekisui house, LLC</p> <p>Chairman & Representative Director of Sekisui House Changcheng (Suzhou) Real Estate Development Co., Ltd. (Josei)</p> <p>Chairman & Representative Director of Sekisui House Changcheng (Suzhou) Real Estate Development Co., Ltd. (Josyo)</p> <p>Chairman & Representative Director of Sekisui House (Wuxi) Co., Ltd.</p> <p>Chairman & Representative Director of Sekisui House (Taicang) Co., Ltd.</p> <p>Chairman & Representative Director of Sekisui jutaku (Taicang) Co., Ltd.</p> <p>Chairman & Representative Director of Sekisui House (Shenyang) Co., Ltd.</p> <p>Chairman & Representative Director of Sekisui House No1 (Shenyang) Co., Ltd.</p> <p>Chairman & Representative Director of Sekisui House Advanced Manufacturing (Shenyang) Co., Ltd.</p> <p>Chairman & Representative Director of Sekisui House No2 (Shenyang) Co., Ltd.</p>	<p>(1) 7,500 shares</p> <p>(2) None</p>

No	Name (Date of birth)	Career summary, post and responsibility in the Company (Significant concurrent position of other companies)	(1) Number of Company's shares owned (2) Special interest in Company
9	Kunpei Nishida (Feb. 11, 1954)	Apr. 1976: joined the Company Apr. 2012: Executive Officer of the Company assigned to the post of General Manager of Kansai Sha Maison Sales Administration Headquarters Aug. 2012: assigned to the post of General Manager of West Japan Sha Maison Sales Administration Headquarters (up to the present) Apr. 2014: Managing Officer of the Company, in charge of Sha Maison Sales(West Japan) (up to the present) Apr. 2014: Director of the Company (up to the present)	(1) 8,800 shares (2) None
10 ※	Yousuke Horiuchi (Sep. 25, 1957)	Apr. 1980: joined the Company Apr. 2012: Executive Officer of the Company assigned to the post of General Manager of Tokyo Sha Maison Sales Administration Headquarters (up to the present) Apr. 2014: Managing Officer of the Company, in charge of Sha Maison Sales (East Japan) (up to the present)	(1) 7,800 shares (2) None
11 ※	Yoshihiro Nakai (Apr. 30, 1965)	Apr. 1988: joined the Company Feb. 2014: Executive Officer of the Company assigned to the post of Chief Manager of Corporate Management Planning Department Apr. 2016: Managing Officer of the Company in charge of Management Planning and Accounting & Finance (up to the present)	(1) 5,580 shares (2)None

Notes:

1. “※” means new candidate.
2. Mr. Teruyuki Saegusa and Mr. Shiro Wakui are candidates for Outside Directors, and they have been registered as “independent directors” required by the Tokyo Stock Exchange, inc.
3. Matters concerning candidates for Outside Directors are as stated below:

(1) Reason for election;

The Company proposes the shareholders to elect Mr. Teruyuki Saegusa as Outside Director to reflect his rich knowledge and experience engaged in other company's management and experience in the Company's business as the Outside Audit & Supervisory Board Member for 3 years to strengthened management of the Company. And the Company proposes the shareholders to elect Mr. Shiro Wakui as Outside Director to reflect his view on environmental issues and his wide knowledge accumulated during a university professor and another company's management to strengthen management of the Company.

(2) Years since the assumption of post of Outside Director;

Mr. Teruyuki Saegusa is currently in the post of Outside Director and it will have been 4 years at the close of this Ordinary General Meeting of Shareholders since his assumption.

Mr. Shiro Wakui is currently in the post of Outside Director and it will have been 2 years at the close of this Ordinary General Meeting of Shareholders since his assumption.

(3) Agreement on Limitation of Outside Director's Liability;

The Company entered into an agreement with each of Mr. Teruyuki Saegusa and Mr. Shiro Wakui that if Outside Director causes damages to the Company by neglect of his duty, where deemed his conduct to be made in good faith without gross negligence, his liability under the agreement is without fail limited to the sum of the amount provided by Article 425, Section 1 of the Companies Act. In case the proposition is approved, the Company will continue the agreement.

Proposition No. 3: Election of 3 Audit & Supervisory Board Members:

Since the term of the office of Audit & Supervisory Board Member, Tadashi Iwasaki, Yoshinori Shinohara and Kouichi Kunisada expire at the close of this Ordinary General Meeting of Shareholders, the Company proposes to elect 3 new Audit & Supervisory Board Member.

This proposition has already been approved by the Audit & Supervisory Board.

We have a candidate as follows:

No	Name (Date of birth)	Career summary, post in the Company (Significant concurrent position of other companies)	(1) Company shares owned (2) Special interest in Company
1 ※	Sumio Wada (Jul. 8, 1945)	Sep. 1971: joined the Company Apr. 1998: Director of the Company assigned to the post of Superintendent of Kanto Factory Apr. 2002: Managing Officer of the Company in charge of production Apr. 2004: in charge of ICT promoting assigned to the post of General Manager of Technology Headquarters Apr. 2006: Senior Managing Officer of the Company in charge of technology and design Apr. 2006: in charge of technology, design and purchasing Apr. 2008: management of technology, In charge of purchasing (up to the present) May 2008: assigned to the post of Chief Manager of International Business Department May 2011: Executive Vice President & Director of the Company, Executive Vice President & Executive Officer of the Company (up to the present) Apr. 2014: in charge of International Business and Purchasing (up to the present)	(1) 37,800 shares (2) None
2	Yoshinori Shinohara (Mar. 1, 1935)	Feb. 1963: registered as Certified Public Accountants (up to the present) July. 1969: Representative Partner of Yamato Accounting Firm (Audit Corporation) Dec. 1974: Representative Partner of Shinwa Audit Corporation Jul. 1985: Representative partner of Asahi-Shinwa Audit Corporation May. 1999: Vice Chief Director of Asahi Audit Corporation (current KPMG AZSA LLC) Jun. 2001: Executive Corporate Adviser (Representative Partner) of Asahi Audit Corporation (current KPMG AZSA LLC) Aug. 2002: Director of Shinohara Management and Economics Research Institute, Ltd. (up to the present) Jun. 2011: Director of TSI HOLDINGS CO, LTD. (up to the present) Apr. 2012: Audit & Supervisory Board Member of the Company (up to the present) Apr. 2015: Audit & Supervisory Board Member of Iwatani Corporation (up to the present) (Significant concurrent post of other companies) Certified Public Accountant of Shinohara Yoshinori CPA Accounting Firm Representative Director of Shinohara Management and Economics Research Institute, Ltd. Director of TSI HOLDINGS CO, LTD. Audit & Supervisory Board Member of Iwatani Corporation	(1) 0 share (2) None

No	Name (Date of birth)	Career summary, post in the Company (Significant concurrent position of other companies)	(1) Company shares owned (2) Special interest in Company
3	Kouichi Kunisada (July. 6, 1940)	Apr. 1964: joined The Daiwa Bank, Limited. Jun. 1990: Director of The Daiwa Bank, Limited. Jun. 1996: Managing Director of The Daiwa Bank, Limited. Jul. 1998: President and Representative Director of Daiwa Research Institute, Inc. Apr. 2003: Chairman and Representative Director of Resona Research Institute Co.,Ltd. Oct. 2003: Professor (current Research Professor) of Osaka Gakuin University (up to the present) Apr. 2012: Audit & Supervisory Board Member of the Company (up to the present) (Significant concurrent post of other companies) Research Professor of Osaka Gakuin University	(1) 0 share (2) None

- Notes:
1. “※” means new candidate.
 2. Mr. Yoshinori Shinohara and Mr. Kouichi Kunisada are candidates for an Outside Audit & Supervisory Board Members, and they have been registered as “independent directors” required by the Tokyo Stock Exchange, inc.
 3. Matters concerning the Outside Audit & Supervisory Board Members are as stated below:

(1) Reason for election;

The Company requests the shareholders to elect Mr. Yoshinori Shinohara as Outside Audit & Supervisory Board Member to reflect his professional point of view of Finance and Accounting as a Certified Public Accountants and knowledge and experience engaged in other company’s management, and Mr. Kouichi Kunisada to reflect his abundant knowledge and experience as a manager of other companies and wide point of view as a professor of university, to strengthen the Company’s audit system, respectively.

(2) Years since the assumption of office of Outside Audit & Supervisory Board Members

Mr. Yoshinori Shinohara and Mr. Kouichi Kunisada are currently in the office of Outside Audit & Supervisory Board Members, and it will be 4 years at the close of the Ordinary General Meeting of Holders since their assumption.

(3) Agreement on Limitation of Outside Audit & Supervisory Board Members’ Liability;

The Company entered into agreements with Mr. Yoshinori Shinohara and Mr. Kouichi Kunisada that if Outside Audit & Supervisory Board Member causes damages to the Company by neglect of his duty, where deemed his conduct to be made in good faith without gross negligence, his liability under each agreement is without fail limited to the sum of the amount provided by the items in Article 425, Section 1 of the Companies Act. In case the proposition is approved, the Company will continue the agreements.

Proposition No. 4: Provision of Bonus to Directors as a group:

In order to reward services of Directors during the fiscal year under review, the Company, taking into consideration, among other factors, the business results, proposes that bonus in the aggregated amount of 380 million yen (including 10 million yen for 2 Outside Directors) be paid for 11 Directors (including 2 Outside Directors) as a group in office at the end of the fiscal year under review.

The Company also proposes that the amount to be paid each Director be entrusted to the Board of Directors.

The Business Report
for the 65th fiscal year (Feb.1, 2015 – Jan.31, 2016)

1. Business Conditions

1) Progress and Results of Sekisui House Group

In the fiscal year under review, the Japanese economy saw a continued moderate recovery trend in corporate earnings and solid consumer spending, despite concern over a slowdown in economic growth in emerging countries in Asia and uncertainty over the outlook of stock markets due to the impact of decreased crude oil prices.

In the housing market, interest in purchasing housing showed some signs of recovery, thanks to government measures supporting home purchasing, such as an expansion in tax exemptions for gifts for the purpose of purchasing residential housing, a broader application of preferential interest rates for the Flat 35S, and the implementation of the point program for energy-saving homes, in addition to an improved employment and income environment. Demand remained strong in the rental housing market, mainly in urban areas, reflecting asset utilization in response to the revision of inheritance taxes enforced in January 2015.

Under these circumstances, the Company developed its business and expanded the housing and residential-related businesses as a group, while seeking to develop new markets, in accordance with its medium-term management plan formulated in November 2014, the brand vision “SLOW & SMART” and the Group’s basic direction of “Strengthening synergies in the Group and taking on new challenges in the ‘residential’-related business.” The Company also held sales promotion events nationwide, including *Sumai no sankan-bi* (visits to model houses) and Sha Maison Festa, and worked to win orders.

For new initiatives, the municipal authorities of Higashi Matsushima City, Miyagi Prefecture and the Company promoted initiatives on a smart town called Higashi Matsushima City Smart Disaster Prevention Eco-Town to which electricity is provided from micro grids that connect disaster recovery public housing and peripheral hospitals, public facilities, etc. The smart town is the first smart grid in Japan where mutual accommodation of energy among detached houses and across premises will contribute to improving local disaster response capabilities and disaster prevention capabilities.

Furthermore, Urban Renaissance Agency and the Company decided to jointly develop a community consisting of a condominium with units for lease to households with children, a condominium with units for sale to multi-generation families, elderly housing with supportive services, a fee-based nursing home, and a community space. Together, these units will help to create a sustainable community cultivated by several generations on the former site of the public officers’ housing in Egota in Nakano Ward, Tokyo. In addition, the Company established a business alliance with Konoike Construction Co., Ltd. and a capital alliance with Otori Holdings. Co., Ltd., a holding company of Konoike Construction. Seeing residential-related businesses as a growth area, such as a proposal for the advanced community and town development, Konoike Construction and the Company will strengthen their respective proposing abilities and construction capacity by combining the Company’s management resources in residential businesses and those of Konoike Construction in terms of construction and civil engineering.

For another initiative, the Company newly constructed the SEKISUI HOUSE ECO PARK in May, with residential houses for demonstrative trials, which have been presenting the Company’s cutting edge environmental technologies, at the Kanto Factory. With the primary aim being to cultivate

the next generation, the park will be made open to public as a place that provides an opportunity to experience and learn about ‘Changes in housing will change society.’

In addition, the Company has been selected as a Competitive IT Strategy Company jointly defined by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange in recognition for its integrated management of information on individual houses in all phases—from sales, design, factory work, and construction all the way to after-sales maintenance—with the use of computer-assisted design (CAD) and other systems. The Company was also recognized for its active use of mobile terminals to achieve operational and production reforms, as well as its efforts to standardize construction. Along with being selected as a Competitive IT Strategy Company, the Company was also selected by METI and the Tokyo Stock Exchange as a *Nadeshiko* brand 2015, which signifies it as a company that promotes the advancement of women in the workplace. The Company became the first company in the housing and construction industry selected for the second time as a *Nadeshiko* brand.

Net sales in FY2015 amounted to ¥1,858,879 million, down 2.8% from the previous fiscal year, reflecting the sales decline in the Custom Detached Houses Business and a decrease in property sales in the Urban Redevelopment Business. Operating income amounted to ¥149,645 million (up 2.1%), ordinary income to ¥160,589 million (up 2.7%), net income to ¥84,302 million (down 6.6%).

Business results by segments are as follows.

(Custom Detached Houses Business)

Aiming to achieve an “improved environment for residents” and “break even in energy” through energy saving and creation, the Company promoted the sale of zero energy houses (ZEH), the Green First Zero of Sekisui House, Ltd., to capture the trend of comfortable living in 2020 in advance and three- to four-story houses in response to the need for multi-family homes in urban areas.

The Company moved forward with efforts to expand sales, adding a new pattern of design that further emphasizes the beauty of deep embossments to the DYNE CONCRETE, an exterior wall of the IS SERIES of luxury homes that celebrated the 30th anniversary of its launch last year, in the steel-frame detached house segment. In the wood-framed SHAWOOD-HOME house segment, the Company made efforts to expand sales by launching innovative products, such as a 20th anniversary model of the Gravis Villa, incorporating the Multilayer System, a new technology that flexibly creates a living room with a ceiling approximately 3.7 meters high as well as multilayered spaces.

In addition, as the whole industry began using domestic materials in earnest, the Company was awarded an excellence prize of the Director-General of the Forestry Agency for the “premium model using genuinely domestic materials” of its wood-framed SHAWOOD-HOME house, in recognition of efforts to enhance the brand value of local materials and visualize product details for customers.

Sales in the Custom Detached Houses Business amounted to ¥393,786 million, decreasing 7.8% year-on-year, and operating income to ¥47,208 million, down 3.4% year-on-year, reflecting the effect of a decrease in orders in the previous fiscal year.

(Rental Housing Business)

In the Rental Housing Business, there is continuously high demand, reflecting increased demand in urban areas and the need to respond to revised inheritance taxes. As a result, sales of the Company’s three- and four-story rental houses that enable multi-purpose uses and adapt flexibly to customer needs made satisfactory progress. In addition, the Company launched the “SHAIDD 50,” a high-level sound insulating flooring system that reduces floor impact noise generated on the upper floor by approximately one-third of that generated in ordinary steel-framed houses in an effort to improve housing performance. It also worked on the acquisition of approvals for the design and construction of four-story houses in a shorter timeframe, as well as cost reductions. These efforts contributed to strengthening the product’s competitiveness.

In addition, the Company positively promoted the Platinum Business for the purpose of offering a comfortable and prosperous living environment to elderly people. As part of this business, the construction of MAST CLERIEN KAGURAZAKA with rental houses for families and houses for

households of active elderly residents with living support services was completed for block leasing by Sekiwa Grand Mast, Ltd., a wholly-owned subsidiary of Sekisui House, Ltd.

For the Rental Housing Business amounted to ¥400,601 million (up 0.5% from the previous fiscal year), and operating income to ¥51,918 million (up 13.3%).

(Remodeling Business)

In the Remodeling Business, the Company proactively promoted the renovation business that enhances the value of houses through large scale renovation works to suit new lifestyles and purposes. It also promoted remodeling proposals for Sha Maison low-rise rental apartments, the number of which under management is steadily increasing. As a result of these business promotions, orders were favorable.

In addition, the Company launched a new common brand, Re:QUEST, for the business for renovating conventional wooden houses and condominiums in an attempt to expand the remodeling business in the general market, building upon its track record as a leader in remodeling and renovation in Japan and its ability to conduct renovation work across the country. As part of this initiative, the Company embarked on the online remodeling business in the *Reform Stores* section newly set up by Amazon Japan K.K.

Sales in the Remodeling Business amounted to ¥134,458 million (up 0.2% from the previous fiscal year), and operating income to ¥15,847 million (up 5.7%).

(Real Estate Management Fees Business)

In the Real Estate Management Fees Business, the number of units of Sha Maison low-rise rental apartments for block leasing and management by Sekiwa Real Estate companies enjoyed steady growth, attributable to steady progress in their supply in the Rental Housing Business. In addition, occupancy rates remained high, reflecting increased demand in urban areas, enhanced cooperation in the Group to encourage occupancy, and efforts to advance penetration of the Sha Maison brand.

Sales in the Real Estate Management Fees Business amounted to ¥448,751 million (up 4.8% from the previous fiscal year) and operating income to ¥26,819 million (up 14.6%).

(Houses for Sale Business)

In the Housing for Sale Business, the Company is promoting community development to create quality social stock that will become more attractive over time based on the concept of “beauty that blooms with time.” In Common Life Musashi Fujisawa Ekimae, launched in April 2015 in Iruma City, Saitama Prefecture, core facilities and public spaces were established to create communities in which multi-generation residents can be involved in child-rearing and exchange events are held to promote mutual aid in child care. It also held *Machinami sankan-bi* promotional events nationwide and worked to expand sales.

Sales in the Houses for Sale Business amounted to ¥137,484 million (up 15.8% from the previous fiscal year), and operating income to ¥11,919 million (up 40.4%).

(Condominium Business)

In the Condominiums Business, the sales were strong as the Grande Maison Kyoto Oike-Dori (Nakagyo-ku, Kyoto), Grande Maison Shirokane Residence (Minato-ku, Tokyo) among others were sold out.

In Naka-ku, Nagoya City, the development of a complex comprising the new MISONOZA Theater that inherits the performing arts and culture of Nagoya, commercial facilities and a condominium for sale with 304 units started.

Sales in the Condominium Business amounted to ¥81,470 million (up 43.7% from the previous fiscal year), and the operating income was ¥8,031 million (up 69.5%), due to the delivery of large-sized properties including the Grande Maison Shirokane no Mori The Tower (Minato-ku, Tokyo).

(Urban Redevelopment Business)

In the Urban Redevelopment Business, occupancy rates of the office buildings and commercial facilities developed by the Company and Sekisui House Group's rental properties, such as its Prime Maison series rental apartments, remained firm.

The Company sold part of the Hommachi Garden City that it owned to Sekisui House Reit, Inc., and Prime Maison YOKOHAMA NIHON-ODORI and other properties to Sekisui House SI Residential Investment Corporation.

Sales in the Urban Redevelopment Business amounted to ¥93,038 million (down 47.8% from the previous fiscal year) and operating income to ¥24,747 million (down 4.1%), attributable to a decline in property sales to Sekisui House Reit, Inc. which was listed in the previous fiscal year.

(Overseas Business)

In the United States, the sales of subdivisions were strong, and the Company sold a property it had developed in Westlake Steps in Seattle. In Australia, it delivered the Atlas Building of Wentworth Point, a condominiums development located in Sydney, while achieving the complete sales of Royal Shores, another condominiums development in the same city. In China, it commenced the delivery of condominiums in Taicang and other cities. In Singapore, a high contract rate for all the properties handled, as well as the posting of equity in earnings of affiliates in accordance with construction in progress, contributed to the increase in ordinary income.

Sales in the Overseas Business amounted to ¥89,522 million (up 12.1% from the previous fiscal year). In the meantime, the Company posted a loss on inventory evaluation for some projects in the Chinese business, reflecting the future business environments. As a result, the operating loss stood at ¥5,673 million yen.

(Other Businesses)

In the Exterior Business, the Company proactively made proposals for planting plans, as a comprehensive gardening scheme for detached and rental housing and outdoor facilities in consideration of the neighboring townscape and even the link between human daily life and nature, such as the “*Gohon no ki*” landscaping concept, in which garden trees are selected from trees native to each area and domestic species.

The “*Gohon no ki*” landscaping received the Minister of Economy, Trade and Industry Award, the highest grand prize in the “Third Platinum Grand Prix” (sponsored by the Platinum Concept Network). This award recognizes the Company's efforts through its business to make proposals on gardening schemes and urban development that help preserve ecosystems.

Sales in the Other Businesses amounted to ¥79,764 million (down 12.5% from the previous fiscal year), and operating income to ¥2,511 million (down 19.6%).

(Issues that Sekisui House Group to Address)

In Japan, corporate earnings and employment/income conditions continue to improve despite some uncertain factors such as the impact of economic slowdowns in emerging countries in Asia and geopolitical risks, among other factors. Business is also expected to remain on a recovery path thanks to the expansion of consumer spending and investments attributable to the negative interest policy launched by the Bank of Japan.

On the other hand, Japan is faced with numerous social challenges, and housing is at the center of those challenges as it relates to issues such as how people should live in an aging society with falling birth rates, how communities should function, as well as measures to cope with global warming and energy issues. In this business environment, and under the concept of a “Change in housing will change society,” the Company will take on challenges in its residential-related businesses and seek to expand its business domains, while continuing to provide quality houses, based on the mid-term management plan.

As for overseas, building on technologies relating to environment and community and town development nurtured in Japan, it will also strive to achieve steady growth internationally as well as domestically while continuing to work on cutting costs in the production segment. Through such efforts, it will seek to generate stable profits.

We sincerely ask for our shareholders' further support, assistance and guidance.

3) Breakdown of Orders Received and Net Sales of Sekisui House Group

Millions of yen

	Orders brought forward from the previous year	Orders for the year to Jan. 2016	Net sales for the year to Jan. 2016	Orders carried forward to the following year
Custom Detached Houses Business	215,976	387,533	393,786	209,722
Rental Housing Business	323,018	434,574	400,601	356,991
Remodeling Business	22,275	134,114	134,458	21,931
Real Estate Management Fees Business	—	448,751	448,751	—
Houses for Sale Business	38,890	132,682	137,484	34,087
Condominiums Business	70,061	77,756	81,470	66,348
Urban Redevelopment Business	—	93,038	93,038	—
Overseas Business	75,745	147,051	89,522	133,273
Other Businesses	47,037	79,090	79,764	46,363
Total	793,006	1,934,591	1,858,879	868,718

Note:

Each business division is set out in 7) Major businesses.

4) Business Results and Financial Situation of Sekisui House Group

Millions of yen

	Year to Jan. 2013	Year to Jan. 2014	Year to Jan. 2015	Year to Jan. 2016
Net sales	1,613,816	1,805,102	1,912,721	1,858,879
Net income	46,458	79,801	90,224	84,302
Net income per share (¥)	¥69.17	¥118.63	¥130.91	¥120.16
Total assets	1,539,272	1,769,005	1,929,409	2,029,794
Net assets	814,063	941,415	1,079,064	1,068,428

5) Plant-and-equipment investment and conditions of financing

The aggregate amount of plant-and-equipment investments made by the Sekisui House Group during the fiscal year under review amounted to 81,258 million yen and the main component were acquisition of the real estate for investments

The Company procured funds during the fiscal year under review mainly through issuing unsecured debentures of 30,000 million yen.

6) Acquisition of another company's stocks or other holdings

The Company purchased the shares of Otori Holdings (wholly owning parent of Konoike Construction) January 27, 2016, and Otori Holdings had become an equity method company of the Company.

7) Major Businesses

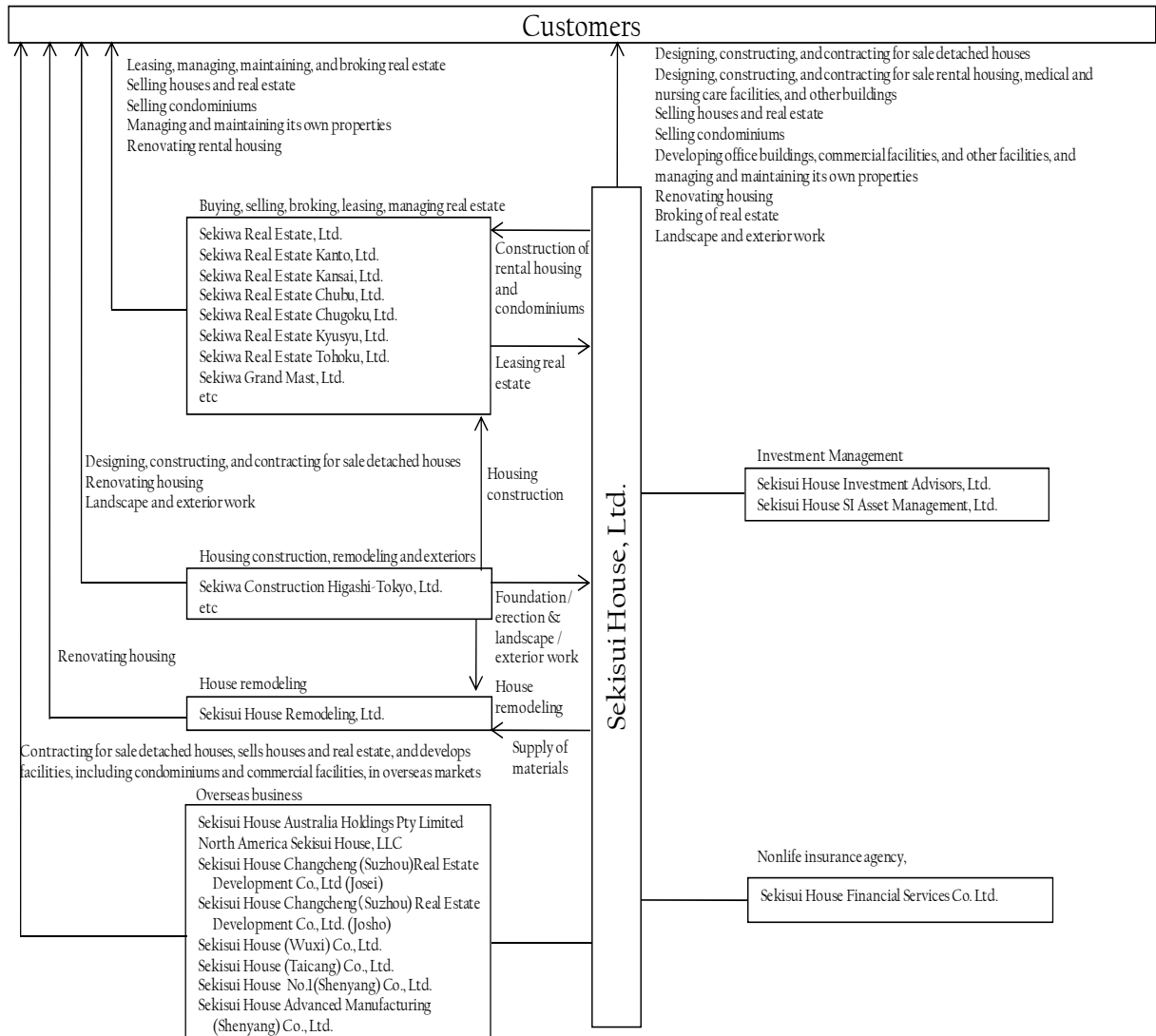
The Company and the Sekisui House Group companies are involved in the contract design, construction, and letting of prefabricated houses.

They also buy and sell, act as agents for, lease and manage real estate.

The position of each company within the Group is illustrated below.

Custom Detached Houses Business	Designing, constructing, and contracting for sale detached houses
Rental Housing Business	Designing, constructing, and contracting for sale rental housing, medical and nursing care facilities, and other buildings
Remodeling Business	Renovating housing
Real Estate Management Fees Business	Leasing, managing, maintaining, and brokering real estate
Houses for Sale Business	Selling houses and real estate, and designing, constructing, and contracting for sale houses on residential land for sale
Condominiums Business	Selling condominiums
Urban Redevelopment Business	Developing office buildings, commercial facilities, and other facilities, and managing and maintaining its own properties
Overseas Business	Contracting for sale detached houses, sells houses and real estate, and develops facilities, including condominiums and commercial facilities, in overseas markets
Other Businesses	Exterior business, etc.

The outline of the major business of the Sekisui House Group is set out below:



8) Major Operations of Sekisui House Group

1. Location of Major Operations of the Company

Head office:	1-88, Oyodonaka 1-chome, Kita-ku, Osaka	
Tokyo office:	15-1, Akasaka 4-chome, Minato-ku, Tokyo	
Sales and project headquarters:		<u>City</u>
Tohoku Sales Administration Headquarters		Sendai
Tokyo Sales Administration Headquarters		Shibuya-ku, Tokyo
Tokyo Sha Maison Sales Administration Headquarters		Shibuya-ku, Tokyo
Kanagawa Sales Administration Headquarters		Yokohama
Saitama Sales Administration Headquarters		Saitama
Higashi Kanto Sales Administration Headquarters		Chiba
Kita Kanto Sales Administration Headquarters		Utsunomiya
Chubu Daiichi Sales Administration Headquarters		Nagoya
Chubu Daini Sales Administration Headquarters		Shizuoka
West Japan Sha Maison Sales Administration Headquarters		Osaka
Kansai Daiichi Sales Administration Headquarters		Osaka
Kansai Daini Administration Headquarters		Kyoto
Chugoku Sales Administration Headquarters		Hiroshima
Shikoku Sales Administration Headquarters		Takamatsu
Kyushu Sales Administration Headquarters		Fukuoka
International Business Department		Osaka
Development Department		Osaka
Condominium Headquarters		Shinjuku-ku, Tokyo
Branches:	119 Branches	
Sales Offices:	4 Sales Offices	
Customer Service Centers:	29 Customer Service Centers	
Factories:		
Tohoku Factory	Shikama-cho, Kami-gun, Miyagi Prefecture	
Kanto Factory	Koga-City, Ibaraki Prefecture	
Shizuoka Factory	Kakegawa-City, Shizuoka Prefecture	
Yamaguchi Factory	Yamaguchi-City	
Hyogo Factory	Kato-City, Hyogo Prefecture	
R&D Institute		
Comprehensive Housing R&D Institute	Kizugawa-City, Kyoto Prefecture	

2. Address of Major Operations of subsidiaries

Sekiwa Real Estate, Ltd.	Head office: 1-1, Yoyogi 2-chome, Shibuya-ku, Tokyo
Sekiwa Real Estate Kantou, Ltd.	Head office: 1-1, Yoyogi 2-chome, Shibuya-ku, Tokyo
Sekiwa Real Estate Kansai, Ltd.	Head office: 1-30, Oyodonaka 1-chome, Kita-ku, Osaka
Sekiwa Real Estate Chubu, Ltd.	Head office: 24-16, Meieki 4-chome, Nakamura-ku, Nagoya
Sekiwa Real Estate Chugoku, Ltd.	Head office: 1-25, Komachi, Naka-ku, Hiroshima
Sekiwa Real Estate Kyushu, Ltd.	Head office: 2-1, Hakataekimae 3-chome, Hakata-ku, Fukuoka
Sekiwa Real Estate Tohoku, Ltd.	Head office: 16-10, Honcho 2-chome, Aoba-ku, Sendai
Sekiwa Grand Mast, Ltd.	Head office: 1-1, Yoyogi 2-chome, Shibuya-ku, Tokyo
Sekisui House Remodeling, Ltd.	Head office: 1-90, Oyodonaka 1-chome, Kita-ku, Osaka
Sekisui House Financial Services Co., Ltd.	Head office: 1-90, Oyodonaka 1-chome, Kita-ku, Osaka
Sekisui House Investment Advisors, Ltd	Head office: 6-6, Motoakasaka 1chome, Minato-ku, Tokyo
Sekisui House SI Asset Management, Ltd.	Head office: 1-31, Minamiaoyama 3chome, Minato-ku, Tokyo
Sekisui House Australia Holdings Pty Limited.	Head office: New South Wales, Australia
North America Sekisui House, LLC	Head office: Virginia, U.S.A.
Sekisui House Changcheng (Suzhou) Real Estate Development Co., Ltd. (Josei)	Head office: Jiangsu Suzhou City, China
Sekisui House Changcheng (Suzhou) Real Estate Development Co., Ltd. (Josho)	Head office: Jiangsu Suzhou City, China
Sekisui House (Wuxi) Co., Ltd	Head office: Jiangsu Wuxi City, China
Sekisui House (Taicang) Co., Ltd.	Head office: Jiangsu Taicang City, China
Sekisui House No.1(Shenyang) Co., Ltd.	Head office: Liaoning Shenyang City, China
Sekisui House Advanced Manufacturing (Shenyang) Co., Ltd.	Head office: Liaoning Shenyang City, China

9) Outline of main subsidiaries

Millions of yen

Company Name	Capital	Percentage owned	Main business
Sekiwa Real Estate, Ltd.	1,758	100.0%	Houses for Sale Business, Real Estate Management Fees Business
Sekiwa Real Estate Kantou Ltd.	480	100.0%	Houses for Sale Business, Real Estate Management Fees Business
Sekiwa Real Estate Kansai, Ltd.	5,829	100.0%	Houses for Sale Business, Real Estate Management Fees Business
Sekiwa Real Estate Chubu, Ltd.	1,368	100.0%	Houses for Sale Business, Real Estate Management Fees Business
Sekiwa Real Estate Chugoku, Ltd.	379	100.0%	Houses for Sale Business, Real Estate Management Fees Business
Sekiwa Real Estate Kyushu, Ltd.	263	100.0%	Houses for Sale Business, Real Estate Management Fees Business
Sekiwa Real Estate Tohoku, Ltd.	200	100.0%	Houses for Sale Business, Real Estate Management Fees Business
Sekiwa Grand Mast Ltd	400	100.0%	Real Estate Management Fees Business
Sekisui House Remodeling, Ltd.	100	100.0%	Remodeling Business
Sekisui House Financial Services Co., Ltd.	100	100.0%	Other Businesses
Sekisui House Investment Advisors, Ltd	400	100.0%	Real Estate Management Fees Business
Sekisui House SI Asset Management, Ltd	200	75.0%	Real Estate Management Fees Business
Sekisui House Australia Holdings Pty Limited.	827 (Millions of AUD)	100.0%	Overseas Business
North America Sekisui House, LLC	749 (Millions of USD)	100.0%	Overseas Business
Sekisui House Changcheng (Suzhou) Real Estate Development Co., Ltd. (Josei)	421 (Millions of USD)	99.3%	Overseas Business
Sekisui House Changcheng (Suzhou) Real Estate Development Co., Ltd. (Josho)	385 (Millions of USD)	99.5%	Overseas Business
Sekisui House (Wuxi) Co.,Ltd	265 (Millions of USD)	100.0%	Overseas Business
Sekisui House (Taicang) Co., Ltd.	288 (Millions of USD)	99.9%	Overseas Business
Sekisui House No.1(Shenyang) Co., Ltd.	1,468 (Millions of CNY)	100.0%	Overseas Business
Sekisui House Advanced Manufacturing (Shenyang) Co., Ltd.	105 (Millions of USD)	100.0%	Overseas Business

Note:

1. There are 205 consolidated subsidiaries, and 2 companies to which equity method of accounting is applied.
2. Sekiwa Woods,Ltd was dissolved on January 31 2016,is during liquidation proceedings.

10) Employees

1. Outline of Sekisui House Group

Number of employees	Change compared to the previous year
23,089	176 (increased)

2. Outline of Sekisui House, Ltd.

Number of employees	Change compared to the previous year	Average age	Average length of employment
15,159	193 (increased)	41.8 years old	16.4 years

Note:

The number of employees stated above includes those dispatched to subsidiaries and the like.

11) Principal Lenders

<i>Millions of yen</i>	
Name of lenders	Amount of loan
Sumitomo Mitsui Banking Corporation	88,077
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	74,730
Mizuho Bank, Ltd.	37,659
Sumitomo Mitsui Trust Bank, Limited	27,149
Resona Bnnk, Ltd.	7,100

Note:

The balance of borrowings in denominated by foreign currency is converted using a term-end rate of exchange.

2. Present Conditions of the Company as of January 31, 2016

1) Description of Common Shares of the Company

1	Total number of shares authorized to be issued	1,978,281,000 shares
2	Total number of shares issued (Including treasury stock)	709,683,466 shares (8,490,264 shares)

Notes:

Compared to the previous fiscal year-end, the total number of shares issued was increased 9,837,532 shares issued during the fiscal year under review upon exercises of Zero Coupon Convertible Bonds due 2016 (bonds with stock acquisition rights).

3	Share unit number	100
4	Total number of shareholders	63,415
5	Details of main shareholders are as follows:	
	Name	Number of shares held (thousands)
		Ratio of shareholding
	Sekisui Chemical Co., Ltd.	52,168
	The Master Trust Bank of Japan, Ltd. (Trust account)	45,507
	Japan Trustee Services Bank, Ltd. (Trust account)	40,765
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,624
	The Dai-ichi Life Insurance Company, Limited	12,158
	THE BANK OF NEW YORK MELLON SA/NV 10	12,092
	Sekisui House <i>Ikushikai</i>	11,938
	Japan Trustee Services Bank, Ltd. (Trust account 9)	10,733
	STATE STREET BANK AND TRUST COMPANY 505225	10,131
	STATE STREET BANK WEST CLIENT-TREATY 505234	8,842
	Notes:	
	1. Sekisui House <i>Ikushikai</i> is the Company's employee stock holding association.	
	2. The ratio of shareholding is calculated deducting shares of treasury stock from the total number of shares issued.	
6	Other important matters concerning Stock Acquisition Rights	
	The Company acquired 9,699,300 shares of common stock of the Company pursuant to resolution of the Board of Directors held on March 5 2015. The Company appropriated its 1,432,743 shares of treasury stock for exercise of Zero Coupon Convertible Bonds due 2016 (bonds with stock acquisition rights) during the fiscal year under review.	

2) Outlines of Stock Acquisition Rights

1. Outlines of Stock Acquisition Rights granted in consideration of the performance of duties as of January 31, 2016

·Number of stock acquisition rights

803 units

·Type and number of shares to be issued upon exercise of stock acquisition rights

803,000 common shares of the Company (1,000 shares per unit)

• Current situation of stock acquisition rights held by posts

Posts (Exercise period)	Directors (Outside Directors)		Executive Officers		Audit & Supervisory Board Members		Others	
	Number of holders	Number of stock acquisition rights	Number of holders	Number of stock acquisition rights	Number of holders	Number of stock acquisition rights	Number of holders	Number of stock acquisition rights
No.1 Stock Acquisition Rights (Stock compensation-type stock option) (From April 28, 2006 to April 27, 2026)	7	20	—	—	1	3	5	6
No.2 Stock Acquisition Rights (Stock compensation-type stock option) (From June 8, 2007 to June 7, 2027)	7	23	—	—	1	4	5	6
No.3 Stock Acquisition Rights (Stock compensation-type stock option) (From June 7, 2008 to June 6, 2028)	8	45	—	—	1	2	9	24
No.4 Stock Acquisition Rights (Stock compensation-type stock option) (From June 10, 2009 to June 9, 2029)	8	52	—	—	1	3	9	22
No.5 Stock Acquisition Rights (Stock compensation-type stock option) (From June 17, 2010 to June 16, 2030)	8	55	7	14	1	3	10	24
No.6 Stock Acquisition Rights (Stock compensation-type stock option) (From June 15, 2011 to June 14, 2031)	8	68	7	21	1	5	10	30
No.7 Stock Acquisition Rights (Stock compensation-type stock option) (From June 14, 2012 to June 13, 2032)	10 (1)	80 (3)	14	36	1	4	7	24
No.8 Stock Acquisition Rights (Stock compensation-type stock option) (From June 14, 2013 to June 13, 2033)	10 (1)	41 (2)	17	18	1	2	3	5
No.9 Stock Acquisition Rights (Stock compensation-type stock option) (From June 14, 2014 to June 13, 2034)	11 (2)	52 (4)	23	48	—	—	—	—
No.10 Stock Acquisition Rights (Stock compensation-type stock option) (From June 13, 2015 to June 12, 2035)	11 (2)	36 (2)	23	27	—	—	—	—

Notes:

- The number of Executive Officers stated in the above table does not include Executive Officers who concurrently hold the office of Directors.
- The exercise price of stock acquisition rights above is 1 yen per share.

2. Outlines of Stock Acquisition Rights granted in consideration of the performance of duties during the fiscal year under review

• Name of stock acquisition rights

No.10 Stock Acquisition Rights (Stock compensation-type stock option)

• Number of stock acquisition rights

63 units

• Type and number of shares to be issued upon exercise of stock acquisition rights

63,000 common shares of the Company (1,000 shares per unit)

• Issuance price

1,507 yen per share

• Amount to be paid in upon exercise of each stock acquisition right

1 yen per share

• Exercise period of stock acquisition rights

The period in which stock acquisition rights are exercisable will be determined by the Board of Directors of the Company within the period between June 13, 2015 and June 12, 2035.

• Conditions for exercise of stock acquisition rights

- (i) Holders of stock acquisition rights can exercise stock acquisition rights from the day following the day on which they lose their positions as directors of the Company or its consolidated subsidiaries (including corporate officers in a case where the Company turns into “company with nominating committees, etc” in the future); Audit & Supervisory Board Member, or executive officers (the “start date of exercise of stock acquisition rights”).
- (ii) Notwithstanding the description in the above item (i), if either of the following two cases (a) or (b) occurs, holders of stock acquisition rights can exercise their stock acquisition rights within the periods specified (provided, however, that with respect to (b), the foregoing shall not be applied to a case in which stock acquisition rights of the reorganized company are assigned newly to the holders of stock acquisition rights).
- (a) Holders of stock acquisition rights are unable to have the start date of exercise of stock acquisition rights commencing before June 12, 2034:
Between June 13, 2034 and June 12, 2035
- (b) The general meeting of shareholders of the Company approves a resolution for a merger contract in which the Company becomes a dissolving company or a resolution for a share exchange or transfer contract or plan in which the Company becomes a wholly-owned subsidiary (in case of resolution of the general meeting of shareholders of the Company being not required, a resolution of the Board of Directors will substitute therefor):
For 15 days from the date following the date on which the approval is granted
- (iii) If holders of stock acquisition rights waive their rights, they cannot exercise the rights.
- (iv) No partial exercise of a single stock acquisition right is allowed.
- (v) The terms and conditions of the stock acquisition rights other than the above shall be provided for in the Stock Acquisition Rights Allotment Agreement entered into between the Company and each of the officers to whom stock acquisition rights were allotted.

• Terms and conditions for acquisition of stock acquisition rights:

If the general meeting of shareholders of the Company approves proposals (1), (2), (3), (4) and (5) below, the Company may acquire the stock acquisition rights without compensation on a date separately determined by the Board of Directors (if an approval of the general meeting of shareholders is not required, then, the day on which the Board of Directors of the Company adopts a resolution).

- (1) a proposal for approval of a merger contract in which the Company is to be dissolved;
- (2) a proposal for approval of a corporate division agreement or plan under which the Company becomes a split company;
- (3) a proposal for approval of a share exchange or transfer contract or plan in which the Company becomes a wholly-owned subsidiary;
- (4) a proposal for approval of changes in the Articles of Incorporation to establish the provisions that the Company’s approval is required for acquisition by transfer of any shares issued by the Company;
- (5) a proposal for approval of changes in the Articles of Incorporation to establish the provisions that the Company’s approval is required for acquisition by transfer of shares to be issued upon exercise of stock acquisition rights, or that the Company shall acquire all shares of a specified type by resolution of its general meeting of shareholders.

• Current situation of stock acquisition rights held by posts

Posts	Directors (Outside Directors)		Executive Officers	
	Number of holders	Number of stock acquisition rights	Number of holders	Number of stock acquisition rights
	11 (2)	36 (2)	23	27

Note:

The number of Executive Officers stated in the above table does not include Executive Officers who concurrently hold the post of Directors.

3. Other important matters concerning Stock Acquisition Rights

Outlines of the Stock Acquisition Rights referred to Zero Coupon Convertible Bonds due 2016 (bonds with stock acquisition rights), that were issued based on the resolution of the Board of the Directors of the Company held on June 16, 2011 are stated below at the end of the fiscal year.

Issue date	July 5, 2011
Number of stock acquisition rights	113 units
Type of shares to be issued upon exercise of stock acquisition rights	Common shares of the Company
Number of shares to be issued upon exercise of stock acquisition rights	The number is determined by dividing the aggregate principal amount of the bonds upon exercise of the stock acquisition rights by the Conversion Price.
Conversion Price	¥991.1 per share (subject to adjustment in certain circumstances)
Exercise period of stock acquisition rights	Between July 19, 2011 and June 21, 2016
Conditions for exercise of stock acquisition rights	No partial exercise of a single stock acquisition right is allowed
Balance of the Convertible Bonds	¥1,130 million

3) Directors and Audit & Supervisory Board Members

1. Names and posts of Directors and Audit & Supervisory Board Members

Chairman, Representative Director & CEO (Chief Executive Officer).	Isami Wada
President, Representative Director & COO (Chief Operating Officer).	Toshinori Abe
Directors:	
Sumio Wada	Executive Vice President & Executive Officer, management of technology, in charge of purchasing and International Business Department
Shiro Inagaki	CFO (Chief Financial Officer) Executive Vice President & Executive Officer, in charge of corporate planning, accounting & finance, IT operation and auditing
Teruyuki Saegusa	
Shiro Wakui	
Fumiaki Hirabayashi	Senior Managing Officer, in charge of TKC project, General Manager of Tokyo Administration Office
Tetsuo Iku	Senior Managing Officer, in charge of design, technology development, and construction, General Manager of Technology Headquarters
Takashi Uchida	Senior Managing Officer, in charge of administrative control of subsidiary & affiliated companies and Chief Manager of Personnel Department
Fumiyasu Suguro	Managing Officer, Chief Manager of International Business Department
Kunpei Nishida	Managing Officer in charge of Sha Maison Sales Administration (West Japan),General Manager of West Japan Sha Maison Sales Administration Headquarters
Standing Audit & Supervisory Board Members (full-time):	
Tadashi Iwasaki	
Kengo Yoshida	
Audit & Supervisory Board Members:	
Takaharu Dohi	
Yoshinori Shinohara	
Koichi Kunisada	

Notes:

1. Director Messrs. Teruyuki Saegusa and Shiro Wakui are Outside Directors as prescribed in Article 2, Section 15 of the Companies Act.
2. Audit & Supervisory Board Members Messrs Takaharu Dohi, Yoshinori Shinohara and Koichi Kunisada are Outside Audit & Supervisory Board Members as prescribed in Article 2, Section 16 of the Companies Act.
3. Audit & Supervisory Board Member Mr. Yoshinori Shinohara is a certified public accountant and is acquainted with knowledge and information on finance and accounting to the reasonable extent.
4. The Company designated each of Director Messrs Teruyuki Saegusa,, Shiro Wakui, Audit & Supervisory Board Members Messrs Yoshinori Shinohara and Koichi Kunisada as independent officers and submitted notification to that effect to the Tokyo Stock Exchange, Inc.
5. In order to promote prompt management through a clear distinction between the decision-making and the business operations of the management system and to create a management structure that can accurately meet the needs of a volatile economic and market environment, the Company has adopted an Executive Officer System. In addition to the executive officers mentioned above, who simultaneously serve as Directors, the Company has 23 full-time executive officers as of January 31, 2016.

6. Directors and Audit & Supervisory Board Members who concurrently hold the important post of other companies are stated below.

Directors:		
Name	Company in which Directors and Audit & Supervisory Board Members of the Company hold an concurrent post	Post
Isami Wada	Almetax Manufacturing Co., Ltd.	Executive Advisor & Director
Sumio Wada	Sekisui House Australia Holdings Pty Limited	President & Director
	North America Sekisui house, LLC	Chairman & CEO
	Sekisui House Changcheng (Suzhou) Real Estate Development Co., Ltd. (Josei)	Chairman & Representative Director
	Sekisui House Changcheng (Suzhou) Real Estate Development Co., Ltd. (Josyo)	Chairman & Representative Director
	Sekisui House (Taicang) Co. Ltd.	Chairman & Representative Director
	Sekisui jutaku (Taicang) Co., Ltd.	Chairman & Representative Director
	Sekisui House (Shenyang) Co., Ltd.	Chairman & Representative Director
	Sekisui House No.1(Shenyang) Co., Ltd	Chairman & Representative Director
Shiro Inagaki	Sekisui House Advanced Manufacturing (Shenyang) Co., Ltd	Chairman & Representative Director
	Sekisui House No.2(Shenyang) Co., Ltd.	Chairman & Representative Director
Teruyuki Saegusa	Sekisui House (Wuxi) Co., Ltd.	Director
	Sekisui House Financial Services Co., Ltd.	President & Representative Director
Shiro Wakui	Saegusa Circulation Research Co., Ltd	Representative Director
	Shinki Bus Co., Ltd	Audit & Supervisory Board Member
Fumiaki Hirabayashi	Tokyo City University	Professor
	Sekisui Jushi Co., Ltd.	Director
Fumiyasu Suguro	Sumai no Toshokan Co., Ltd.	President & Representative Director
	Sekisui House (Wuxi) Co., Ltd.	Director & President
	Sekisui House Changcheng (Suzhou) Real Estate Development Co., Ltd. (Josei)	Director
	Sekisui House Changcheng (Suzhou) Real Estate Development Co., Ltd. (Josyo)	Director
	Sekisui House (Taicang) Co. Ltd	Director
	Sekisui Jutaku (Taicang) Co., Ltd.	Director
	Sekisui House No.1(Shenyang) Co., Ltd.	Director
	Sekisui House No.2(Shenyang) Co., Ltd.	Director
Audit & Supervisory Board Members:		
Name	Company in which Directors and Audit & Supervisory Board Members of the Company hold an concurrent post	Post
Tadashi Iwasaki	Sekiwa Real Estate Kansai, Ltd.	Audit & Supervisory Board Member
	Sekisui House Remodeling, Ltd.	Audit & Supervisory Board Member
Kengo Yoshida	Almetax Manufacturing Co., Ltd.	Audit & Supervisory Board Member
Takaharu Dohi	Dohi Law Office	Lawyer
	Kansai Telecasting Corporation	Director
	The Kansai Electric Power Co., Inc.	Audit & Supervisory Board Member
	Hankyu Hanshin Holdings, Inc.	Audit & Supervisory Board Member
Yoshinori Shinohara	Shinohara Yoshinori CPA Accounting Firm	Certified Public Accountant
	Shinohara Management and Economics Research Institute, Ltd	Representative Director
	TSI HOLDINGS Co., Ltd	Director
	Iwatani Coporation	Audit & Supervisory Board Member
Koichi Kunisada	Osaka Gakuin University	Professor

2. Remunerations paid for Directors and Audit & Supervisory Board Members

	Directors (Outside Directors)		Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)		Total (Outside Officers)	
	Number of people	Remunerations (Millions of yen)	Number of people	Remunerations (Millions of yen)	Number of people	Remunerations (Millions of yen)
Remunerations based on a general meeting of shareholders' resolution	11 (2)	413 (40)	5 (3)	100 (48)	16 (5)	514 (88)
Stock compensation-type stock options (stock acquisition rights)	11 (2)	53 (3)	—	—	11 (2)	53 (3)
Directors' bonuses accounted for as costs	11 (2)	380 (10)	—	—	11 (2)	380 (10)

Notes:

1. Remunerations based on the general meeting of shareholders' resolution to the Directors (43 million yen or less per month for all Directors as a group) were within the limit fixed pursuant to resolution of the 43rd Ordinary General Meeting of Shareholders held on April 27, 1994, and also to Audit & Supervisory Board Members (9 million yen or less per month for all Audit & Supervisory Board Members as a group) were within the limit fixed pursuant to resolution of the 55th Ordinary General Meeting of Shareholders held on April 27, 2006.
2. Stock compensation-type stock options (stock acquisition rights) were within the limit fixed pursuant to resolution of the 56th Ordinary General Meeting of Shareholders held on April 26, 2007 (the maximum amount and number are 90 million yen and 90 stock acquisition rights per year).
3. Directors' bonuses accounted for as costs in the above table are made in consideration for the services rendered during the fiscal year under review and are scheduled to be paid based on a resolution to be adopted at the 65th Ordinary General Meeting of Shareholders that will be held on April 27, 2016

3. Matters concerning Outside Officers

·The principal performance of Outside Director and Audit & Supervisory Board Members during the fiscal year under review:

Post	Name	Principal performance
Director	Teruyuki Saegusa	Mr Saegusa attended all 11 meetings of the Board of Directors. He stated timely opinions based on his abundant knowledge and experience accumulated through engagement in other company's management.
Director	Shiro Wakui	Mr Wakui attended 10 meetings out of 11 meetings of the Board of Directors. He stated timely opinions based on his abundant knowledge and experience through environmental issues and his wide knowledge as a university professor and other company's officer.
Audit & Supervisory Board Member	Takaharu Dohi	Mr. Dohi attended all 11 meetings of the Board of Directors and 12 meetings out of 13 meetings of the Audit & Supervisory Board. He stated timely opinions from a legal viewpoint as a lawyer and based on his knowledge and experience accumulated through acting as other company's outside officers.
Audit & Supervisory Board Member	Yoshinori Shinohara	Mr. Shinohara attended all 11 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Board. He stated timely opinions from a based on his professional knowledge as a certified public accountant, and his knowledge and experience accumulated through engagement in other company's outside director.
Audit & Supervisory Board Member	Koichi Kunisada	Mr. Kunisada attended all 11 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Board. He stated timely opinions based on his abundant knowledge and experience accumulated through engagement in other company's management and his wide knowledge as a university professor.

Notes:

·Outlines of agreement to limit Outside Director's liability and Audit & Supervisory Board Member's liability:

The agreement which the Company entered into with the Outside Director or each of all the Outside Audit & Supervisory Board Members provides that if Outside Director or Outside Audit & Supervisory Board Member causes damages to the Company attributable to neglect of the duty of the Outside Director or the Outside Audit & Supervisory Board Member, his liability under each the agreement is without fail limited to the sum of the amount provided for by the items in Article 425, Section 1 of the Companies Act on the assumption that his conduct was made in good faith without gross negligence.

4) Outline of Accounting Auditor

1. Name Ernst & Young Shin Nihon LLC

2. Amount of Remuneration

	Remuneration
The aggregate amount of remuneration payable to Accounting Auditor by the Company for the fiscal year under review	¥146 million
The aggregate amount of remuneration payable to Accounting Auditor by the Company and its consolidated companies	¥227 million

Notes:

1. The amount of remuneration for auditing made pursuant to the Companies Act and the amount of remuneration pursuant to the Financial Instrument and Exchange Act are not divided in the Auditing Agreement, which both the Company and the Accounting Auditor agreed to. Also, since it is impossible to state separately in practice, the amount represents the aggregate amount of the remuneration paid by the Company.
2. Audit & Supervisory Board of the Company had received necessary materials and reports from Directors, relevant departments and Accounting Auditor, and had inspected and discussed about correctness of audit plan of Accounting Auditor, of the situation of audit and of grounds for calculating Remuneration. As a result, the Audit & Supervisory Board has agreed on amounts of Remuneration, etc.
3. Sekisui House Australia Holdings Pty Limited and other important overseas subsidiaries were audited by other audit corporations.

3. Dismissal or Non-reappointment of Accounting Auditor

If Audit & Supervisory Board of the Company finds any problem about exercise of the functions of Accounting Auditor and it is determined that the Accounting Auditor should be changed, the content of a proposal to be submitted to the General Meeting of Shareholders for dismissal or non-reappointment of the Accounting Auditor will be determined.

If any of the dismissal causes provided by Article 340 of the Companies Act is applicable to the Accounting Auditor, the Audit & Supervisory Board shall dismiss the Accounting Auditor subject to the consent of all Audit & Supervisory Board Members, in such case the Audit & Supervisory Board Members selected by the Audit & Supervisory Board will report the dismissal of the Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders held after the dismissal.

4. Business suspension order which the Accounting Auditor has received

Outline of business suspension order which Financial Services Agency (FSA) issued Dec. 22, 2015

(a) Object of disposition

Ernst & Young ShinNihon LLC

(b) Contents of disposition

Suspension of accepting new engagements for 3 months (from January 1, 2016, to March 31, 2016)

(c) Reasons for the sanction

- In regard to the audit of financial statements for another company, certified public accountants of the above mentioned auditing firm, in negligence of due care, attested financial statements containing material false matters as if those contained no material false matters.
- The above mentioned auditing firm's operation was found to be significantly inappropriate.

Note:

Amounts of the Business Report are given in the stated unit of the presentation, by disregarding any amount less than the stated unit of the presentation.

CONSOLIDATED BALANCE SHEETS			
As of January 31, 2016			
<i>Millions of yen</i>			
Assets	2,029,794	Liabilities	961,366
Current assets	1,264,933	Current liabilities	735,376
Cash on deposits	195,239	Notes payable, accounts payable for construction contracts	107,249
Notes receivable, accounts receivable from completed construction contracts	50,256	Electronically recorded obligations-operating	58,836
Short-term investment securities	2,798	Short-term bonds payable	60,000
Costs on uncompleted construction contracts	9,395	Short-term loans payable	146,188
Buildings for sale	301,125	Current portion of bonds with subscription rights to shares	1,130
Land for sale in lots	510,247	Current portion of long-term loans payable	97,283
Undeveloped land for sale	86,881	Income taxes payable	33,008
Other inventories	7,261	Advances received on uncompleted construction contracts	117,253
Deferred tax assets	31,176	Provision for bonuses	26,627
Other	71,776	Provision for directors' bonuses	1,062
Allowance for doubtful accounts	(1,225)	Provision for warranties for completed construction	2,795
Noncurrent assets	764,861	Other	83,940
Property, plant and equipment	533,175	Noncurrent liabilities	225,990
Buildings and structures	195,590	Bonds payable	90,000
Machinery, equipment and vehicles	9,862	Long-term loans payable	27,850
Tools, furniture and fixtures	5,509	Long-term lease and guarantee deposited	59,141
Land	311,431	Deferred tax assets	1,434
Lease assets	451	Provision for directors' retirement benefits	1,151
Construction in progress	10,329	Net defined benefit liability	19,292
Intangible assets	14,779	Other	27,119
Goodwill	105	Net assets	1,068,428
Industrial property	26	Shareholders' equity	936,667
Leasehold right	4,517	Capital stock	202,591
Software	9,388	Capital surplus	253,559
Right of using facilities	242	Retained earnings	498,094
Telephone subscription right	495	Treasury stock	(17,577)
Other	3	Accumulated other comprehensive income	121,028
Investments and other assets	216,905	Valuation difference on available-for-sale securities	26,671
Investment securities	115,541	Deferred gains or losses on hedges	(13)
Long-term loans receivable	50,627	Foreign currency translation adjustment	68,747
Net defined benefit asset	3,228	Remeasurements of defined benefit plans	25,622
Deferred tax assets	2,291	Subscription rights to shares	622
Other	45,760	Minority interests	10,108
Allowance for doubtful accounts	(543)		
Total assets	2,029,794	Total liabilities and net assets	2,029,794

CONSOLIDATED STATEMENTS OF INCOME	
From February 1, 2015 to January 31, 2016	
<i>Millions of yen</i>	
Net sales	1,858,879
Cost of sales	1,485,011
Gross profit	373,867
Selling, general and administrative expenses	224,222
Operating income	149,645
Non-operating income	16,828
Interest and dividends income	4,147
Equity in earnings of affiliates	9,427
Other	3,252
Non-operating expenses	5,883
Interest expenses	1,030
Other	4,852
Ordinary income	160,589
Extraordinary income	8,995
Gain on sales of investment securities	8,995
Extraordinary loss	18,731
Impairment loss	10,616
Loss on change of project plans	4,443
Loss on sales and retirement of noncurrent assets	3,189
Loss on valuation of investment securities	482
Income before income taxes and minority interests	150,853
Income taxes-current	54,588
Income taxes-deferred	10,077
Income before minority interests	86,187
Minority interests in income	1,884
Net income	84,302

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(From February 1, 2015 to January 31, 2016)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the end of previous period	197,716	248,684	466,950	(500)	912,850
Cumulative effects of change in accounting policies			(15,236)	—	(15,236)
Restated balance	197,716	248,684	451,713	(500)	897,613
Changes of items during the period					
Issuance of new shares	4,875	4,875	—	—	9,750
Dividends from surplus	—	—	(36,390)	—	(36,930)
Net income	—	—	84,302	—	84,302
Purchase of treasury stock	—	—	—	(20,036)	(36,930)
Disposal of treasury stock	—	—	(1,531)	2,960	1,429
Net changes of items other than Shareholders' equity	—	—	—	—	—
Total changes of items during the period	4,875	4,875	46,380	(17,076)	39,054
Balance at the end of current period	202,591	253,559	498,094	(17,577)	936,667

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the end of previous period	28,202	0	91,168	36,202	155,573	536	10,104	1,079,064
Cumulative effects of change in accounting policies								(15,236)
Restated balance	28,202	0	91,168	36,202	155,573	536	10,104	1,063,827
Changes of items during the period								
Issuance of new shares	—	—	—	—	—	—	—	9,750
Dividends from surplus	—	—	—	—	—	—	—	(36,390)
Net income	—	—	—	—	—	—	—	84,302
Purchase of treasury stock	—	—	—	—	—	—	—	(20,036)
Disposal of treasury stock	—	—	—	—	—	—	—	1,429
Net changes of items other than Shareholders' equity	(1,530)	(13)	(22,420)	(10,579)	(34,544)	86	3	(34,454)
Total changes of items during the period	(1,530)	(13)	(22,420)	(10,579)	(34,544)	86	3	4,600
Balance at the end of current period	26,671	(13)	68,747	25,622	121,028	622	10,108	1,068,428

Note:

Amounts of the Consolidated Balance Sheets, Consolidated Statements of Income and Consolidated Statements of Changes in Net Assets are given in the stated unit of the presentation, by disregarding any amount less than the stated unit of the presentation.

NON-CONSOLIDATED BALANCE SHEETS			
As of January 31, 2016			
<i>Millions of yen</i>			
Assets	1,475,735	Liabilities	696,802
Current assets	462,879	Current liabilities	532,235
Cash and deposits	57,846	Notes payable-trade	13,643
Notes receivable-trade	608	Electronically recorded obligations-operating	58,836
Accounts receivable from completed construction contracts	33,056	Accounts payable-trade	21,423
Accounts receivable-real estate business	6,131	Accounts payable for construction contracts	41,139
Short-term investment securities	2,748	Short-term bonds payable	60,000
Costs on uncompleted construction contracts	2,162	Short-term loans payable	30,000
Buildings for sale	48,239	Current portion of bonds with subscription rights to shares	1,130
Land for sale in lots	205,884	Current portion of long-term loans payable	50,000
Undeveloped land for sale	36,608	Lease obligations	79
Semi-finished goods and work in process	3,406	Accounts payable-other	1,937
Raw materials and supplies	2,411	Accrued expenses	13,745
Advance payments-trade	153	Income taxes payable	20,011
Prepaid expenses	4,221	Accrued consumption taxes	13,427
Short-term loans receivable	8,359	Advances received on uncompleted construction contracts	57,887
Accounts receivable-other	13,422	Advances received	7,574
Deferred tax assets	24,327	Deposits received	117,260
Other	14,239	Provision for bonuses	19,304
Allowance for doubtful accounts	(949)	Provision for directors' bonuses	380
		Provision for warranties for completed construction	2,789
Noncurrent Assets	1,012,855	Asset retirement obligations	516
Property, plant and equipment	427,585	Other	1,149
Buildings	125,867	Noncurrent Liabilities	164,567
Structures	3,241	Bonds payable	90,000
Machinery and equipment	8,276	Long-term loans payable	6,000
Vehicles	49	Lease obligations	130
Tools, furniture and fixtures	4,130	Long-term lease and guarantee deposited	14,519
Land	280,859	Provision for retirement benefits	50,208
Lease assets	193	Asset retirement obligations	1,098
Construction in progress	4,966	Other	2,609
Intangible assets	11,097	Net assets	(778,932)
Goodwill	33	Shareholders' equity	751,682
Industrial property	18	Capital stock	202,591
Leasehold right	1,608	Capital surplus	258,344
Software	9,054	Legal capital surplus	258,344
Right of using facilities	65	Retained earnings	308,151
Telephone subscription right	317	Legal retained earnings	23,128
Investments and other assets	574,172	Other retained earnings	285,022
Investment securities	80,951	Reserve for dividends	18,000
Stocks of subsidiaries and affiliates	394,405	Reserve for special depreciation	832
Investments in other securities of subsidiaries and associates	5,442	General reserve	210,800
Long-term loans receivable	64,651	Retained earnings brought forward	55,390
Lease and guarantee deposits	15,444	Treasury stock	(17,404)
Long-term prepaid expenses	1,229	Valuation and translation adjustments	26,627
Deferred tax assets	7,007	Valuation difference on available-for-sale securities	26,627
Other	5,253	Subscription rights to shares	622
Allowance for doubtful accounts	(215)		
Total assets	1,475,735	Total liabilities and net assets	1,475,735

NON-CONSOLIDATED STATEMENTS OF INCOME	
From February 1, 2015 to January 31, 2016	
<i>Millions of yen</i>	
Net sales	1,148,631
Completed construction contracts	935,323
Real estate business	213,307
Cost of sales	900,952
Completed construction contracts	729,998
Real estate business	170,953
Gross profit	247,679
Gross profit from completed construction contracts	205,324
Gross income from real estate business	42,354
Selling, general and administrative expenses	146,672
Operating income	101,007
Non-operating income	20,123
Interest and dividends income	17,618
Other	2,504
Non-operating expenses	4,610
Interest expenses	258
Interest on bonds	333
Other	4,018
Ordinary income	116,519
Extraordinary income	8,995
Gain on sales of investment securities	8,995
Extraordinary loss	17,988
Loss on valuation of shares of subsidiaries and associates	9,067
Impairment loss	4,563
Loss on sales and retirement of noncurrent assets	2,875
Loss on valuation of investment securities	482
Other	1,000
Income before income taxes	107,526
Total Income taxes	40,105
Income taxes-current	31,174
Income taxes-deferred	8,931
Net income	67,421

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(From February 1, 2015 to January 31, 2016)

Millions of yen

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings					Total retained earnings
		Legal capital surplus	Total	Legal retained earnings	Other retained earnings				
					Reserve for dividends	Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at the end of previous period	197,716	253,469	253,469	23,128	18,000	952	185,800	64,554	292,435
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	(13,784)	(13,784)
Restated balance	197,716	253,469	253,469	23,128	18,000	952	185,800	50,770	278,651
Changes of items during the period									
Issuance of new shares	4,875	4,875	4,875	—	—	—	—	—	—
Dividends from surplus	—	—	—	—	—	—	—	(36,390)	(36,390)
Reversal of reserve for special depreciation	—	—	—	—	—	(119)	—	119	—
Provision of general reserve	—	—	—	—	—	—	25,000	(25,000)	—
Net income	—	—	—	—	—	—	—	67,421	67,421
Purchase of treasury stock	—	—	—	—	—	—	—	—	—
Disposal of treasury stock	—	—	—	—	—	—	—	(1,531)	(1,531)
Net changes of items other than Shareholders' equity	—	—	—	—	—	—	—	—	—
Total changes of items during the period	4,875	4,875	4,875	—	—	(119)	25,000	4,619	29,499
Balance at the end of current period	202,591	258,344	258,344	23,128	18,000	832	210,800	55,390	308,151

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury stock	Total	Valuation difference on available-for-sale securities	Total		
Balance at the end of previous period	(329)	743,291	28,169	28,169	536	771,998
Cumulative effects of changes in accounting policies	—	(13,784)	—	—	—	(13,784)
Restated balance	(329)	729,507	28,169	28,169	536	758,213
Changes of items during the period						
Issuance of new shares	—	9,750	—	—	—	9,750
Dividends from surplus	—	(36,390)	—	—	—	(36,390)
Provision of reserve for special depreciation	—	—	—	—	—	—
Provision of general reserve	—	—	—	—	—	—
Net income	—	67,421	—	—	—	67,421
Purchase of treasury stock	(20,035)	(20,035)	—	—	—	(20,035)
Disposal of treasury stock	2,960	1,429	—	—	—	1,429
Net changes of items other than Shareholders' equity	—	—	(1,542)	(1,542)	86	(1,456)
Total changes of items during the period	(17,074)	22,175	(1,542)	(1,542)	86	20,718
Balance at the end of current period	(17,074)	751,682	26,627	26,627	622	778,932

Note:

Amounts of the Non-Consolidated Balance Sheets, Non-Consolidated Statements of Income and Non-Consolidated Statements of Changes in Net Assets are given in the stated unit of the presentation, by disregarding any amount less than the stated unit of the presentation.

REPORT OF INDEPENDENT ACCOUNTANTS

March 17, 2016

The Board of Directors
Sekisui House, Ltd.

From: Ernst & Young Shin Nihon LLC.
Ken Watabe
Designated and Engagement Partner
Certified Public Accountant
Soji Yamamoto
Designated and Engagement Partner
Certified Public Accountant
Hiroshi Nakashita
Designated and Engagement Partner
Certified Public Accountant

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Sekisui House, Ltd. (the "Company") applicable to the fiscal year from February 1, 2015 through January 31, 2016.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessment, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position and results of operations of the Sekisui House Group, which consisted of the Company and its consolidated subsidiaries, applicable to the 2015 fiscal year ended January 31, 2016 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

- End -

REPORT OF INDEPENDENT ACCOUNTANTS

March 17, 2016

The Board of Directors
Sekisui House, Ltd.

From: Ernst & Young Shin Nihon LLC.
Ken Watabe
Designated and Engagement Partner
Certified Public Accountant
Soji Yamamoto
Designated and Engagement Partner
Certified Public Accountant
Hiroshi Nakashita
Designated and Engagement Partner
Certified Public Accountant

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Sekisui House, Ltd. (the "Company") applicable to the 65th fiscal year from February 1, 2015 through January 31, 2016.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the related supplementary schedules in accordance with accounting principles generally, accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether, the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly in all material respects, the financial position and results of operations of Sekisui House, Ltd. applicable to the 2015 fiscal year ended January 31, 2016 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

- End -

AUDIT REPORT

The Audit & Supervisory Board prepared this audit report based on audit reports prepared by each Audit & Supervisory Board Member upon deliberation with respect to execution of duties by Directors for the 65th fiscal year (February 1, 2015 to January 31, 2016) and report as follows:

1. Method and Contents of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board determined accounting policies and duties assigned to each Audit & Supervisory Board Member, received reports and explanations on the audit and result of audit from each Audit & Supervisory Board Member, received reports on the execution of duties of Directors and Accounting Auditor and requested additional explanations as necessary.
- (2) Each Audit & Supervisory Board Member, in accordance with, *inter alia*, standards of audit, the audit policy set up and the duties assigned by the Audit & Supervisory Board Member, made efforts to communicate with Directors, Executive Officers, Audit Department and other employees, collect information and prepare and arrange for circumstances for audit and audited in the following method.
 1. We attended meetings of the Board of Directors and other meetings as deemed important, received reports from the Directors and Executive Officers, etc. on their performance of duties, requested additional explanation as necessary, perused the documents whereby the important decisions were made and examined the business and financial conditions at the head office and the principal offices. With respect to subsidiaries, we communicated and exchanged information with the Directors and Audit & Supervisory Board Member of the subsidiaries and received reports as necessary.
 2. With respect to the resolutions of the Board of Directors relating to establishment of the system that ensures the performance of duties by Directors is in conformity with laws and regulations, and the Articles of Incorporation, and the system that ensures appropriate business of *Kabushiki Kaisha* and the Corporate Group made of the Company and its subsidiaries as required under Article 100, Sections 1 and 3 of the Companies Act Enforcement Regulations and the system established under such resolutions (internal controlling system), we received reports from the Directors and Executive Officers, etc. the conditions of construction and management of them, and requested additional explanation and gave opinions as necessary...
 3. We supervised and examined that the Accounting Auditor maintained their independent position and performed due audit, and received from the Accounting Auditor reports on the execution of their duties. We requested additional explanation as necessary. We received a notice from the Accounting Auditor that they have prepared the "System to ensure due execution of audit (matters prescribed in each item of Section 131 of the Corporate Accounting Rules)" in accordance with, among other things, the "Quality Management Standards for Audit" (Business Accounting Board, October 28, 2005) and requested additional explanation as necessary.

In accordance with the method stated above, the Audit & Supervisory Board examined the business reports and the attached schedules, the non-consolidated financial statements (the non-consolidated balance sheets, the non-consolidated statement of income, statement of change in net assets and list of notes to non-consolidated financial statements), attached schedules, and the consolidated financial statements (the consolidated balance sheets, the consolidated statements of income, consolidated statements of changes in net assets and list of notes to consolidated financial statements) for the fiscal year under review.

2. Results of Audit

- (1) Results of audit of business reports, etc:
 1. We confirmed that the business reports and the attached schedules fairly show the position of the Company, in conformity with the relevant laws and regulations and the Articles of Incorporation.
 2. We do not find any unlawful acts to have been carried out by the Directors in the performance of their duties, nor do we find any material matters that are either unlawful or contrary to the Articles of Incorporation.
 3. We confirmed that the resolutions of the Board of Directors relating to the internal controlling system are fair. We do not find any aspects to be pointed out for the Directors' performance of duties relating to the internal controlling system.
- (2) Results of audit of the non-consolidated financial statements and attached schedules:

We confirmed that the method and the result of the audit carried out by Ernst & Young Shin Nihon LLC. Accounting Auditor, are fair.
- (3) Results of audit of the consolidated financial statements:

We confirmed that the method and the result of the audit carried out by Ernst & Young Shin Nihon LLC. Accounting Auditor, are fair.

March 24, 2016

Audit & Supervisory Board of Sekisui House, Ltd.

Tadashi Iwasaki, Standing Audit & Supervisory Board Member (full-time)

Kengo Yoshida, Standing Audit & Supervisory Board Member (full-time)

Takaharu Dohi, Audit & Supervisory Board Member

Yoshinori Shinohara, Audit & Supervisory Board Member

Koichi, Kunisada, Audit & Supervisory Board Member

- End -

Guidelines regarding the exercise of a voting right *via* the Internet:

When exercising a voting right *via* the Internet, the Company cordially requests shareholders to carefully read the matters stated below before any exercise of their voting rights. While the exercise of a voting right *via* the Internet is received by 6:00 p.m. on 26th April, 2016 (Tuesday), it is best to exercise your voting rights as soon as possible. If you have any inquiries, please contact the help desk below.

(1) Website for exercising votes:

① Exercising a voting right can only be made by accessing our designated website for the exercise of voting rights (<http://www.evotep.jp/>) from your personal computers or smart phones or mobile phones (i-mode, EZweb, Yahoo! *Keitai*). However, it is not possible to gain access to the designated website from 2:00 a.m. to 5:00 p.m.

* The “i-mode”, “EZweb” and “Yahoo!” are registered trademarks of NTT DoCoMo, Inc., KDDI Corporation and Yahoo! Inc. of the U.S., respectively.

② Depending on the Internet connection of your computer or smart phone (i.e., if a shareholder sets up a firewall, installs any security software or uses a proxy server), the service may not be available.

③ When exercising a voting right through mobile phones, please use either of the services provided by i-mode, EZweb or Yahoo! *Keitai*. In addition, please note that if the handset of your mobile phone is incompatible with the TLS (Transport Layer Security) transmission or other transmission service through mobile phones, the service may not be available for security reasons.

(2) Internet voting procedure:

① On the website for the exercise of voting rights (<http://www.evotep.jp/>), please use the log-in ID and temporary password which are shown on the vote exercise form. After logging in, please indicate whether you approve or disapprove the items on the agenda by following the instructions on the display screen.

② To prevent unauthorized access to the website by persons other than the shareholder (spoofing) or alteration of votes submitted, the Company requests the users change the temporary password given to the shareholder to another password on the website for the exercise of voting rights.

③ The Company will inform you of the new log-in ID and temporary password at every convocation of general meetings of shareholders.

(3) Connection charges when accessing the exercise of voting rights website:

Any connection charges to be incurred when accessing the website for the exercise of voting rights (all internet connection charges and call charges) must be borne by the exercising shareholder. Similarly, if the shareholder uses a mobile phone to vote, the exercising shareholder must bear the costs incurred by paying by packet pack communications and other call charges.

(4) Method to receive the notice of convocation:

If a shareholder wishes to receive a notice of convocation by email, please follow the procedures listed on the website for the exercise of voting rights. After following such procedures, the Company will send the notice of convocation by email for the next meeting of shareholders. (Please note that this procedure cannot be taken from mobile phones and the email address of your mobile phone cannot also be designated as the recipient.)

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Service Support: dial-in 0120 (173) 027 *

Business Hours: from 9:00 a.m. to 9:00 p.m. (call free)

Note:* The service is available in Japanese only.