

Sekisui House, Ltd.

April 5, 2017

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

### NOTICE OF THE 66<sup>TH</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS

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

Now, since the 66th 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 Wednesday, April 26, 2017.

**1. Date and Time:** 10:00 a.m., Thursday, April 27, 2017

**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 66th fiscal year (February 1, 2016 - January 31, 2017)
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 66th fiscal year ended January 31, 2017

**Propositions to be tabled:**

<b>No.1</b>	Appropriation of retained earnings for the 66th fiscal year ended January 31, 2017
<b>No.2</b>	Election of one Audit & Supervisory Board Member
<b>No.3</b>	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 2017 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 Wednesday, April 26, 2017.

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

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 by 6:00 p.m. of Wednesday, April 26, 2017. 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.

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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 66th fiscal year ended January 31, 2017

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 ¥32 per share will be paid for the fiscal year under review. Since the Company paid an interim dividend of ¥32 per share on September 30, 2016, the annual dividend for the fiscal year under review totals ¥64 per share.

##### (1) Type of dividend property:

Cash

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

32yen per common share of the Company      Total amount: 22,088,129,312 yen

##### (3) Date on which dividends take effect:

April 28, 2017

#### 2. Other matters related to the appropriation of surplus:

The Company is scheduled to cancel 19,000,000 shares of treasury stock after the close of this Ordinary General Meeting of Shareholders, pursuant to resolution of the Board of Directors held on March 9 2017. To appropriate for a part of the cancellation fund, the Company proposes that a part of general reserve should be transferred to retained earnings brought forward as stated below.

##### (1) Item of surplus that decreases and amount thereof:

General reserve      10,000,000,000 yen

##### (2) Item of surplus that increases and amount thereof:

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

**Proposition No.2: Election of one Audit & Supervisory Board Member :**

Since the term of the office of the Audit & Supervisory Board Member, Mr. Takaharu Dohi, expires at the close of this Ordinary General Meeting of Shareholders, the Company proposes to elect a new Audit & Supervisory Board Member.

This proposition has already received approval from the Audit & Supervisory Board.

We have a candidate as follows:

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
Takashi Kobayashi (Mar. 23, 1951)	Apr. 1976: appointed as a Public prosecutor Jan. 2004: assumed the office of chief public prosecutor, the Nara District Public Prosecutor's Office Dec. 2004: assumed the office of the public prosecutor of the Supreme Public prosecutor's Office Sep. 2005: assumed the office of chief public prosecutor, the Maebashi District Public Prosecutor's Office Jun. 2007: assumed the office of deputy chief public prosecutor, the Osaka High Public Prosecutor's Office Jul. 2008: assumed the office of the public safety director of the Supreme Public prosecutor's Office Jan. 2010: assumed the office of chief public prosecutor, the Osaka District Public Prosecutor's Office Feb. 2011: registered as lawyer (up to the present) (Significant concurrent position of other companies) Ohno • Kobayashi Law Office : Lawyer	(1) 0 shares (2) None

- Notes:
1. Mr.Takashi Kobayashi is a new candidate for the Outside Audit & Supervisory Board Member.
  2. Matters concerning candidate for the Outside Audit & Supervisory Board Member are as stated below:

(1) Reason for election;

The Company proposes the shareholders to elect Mr. Takashi Kobayashi as Outside Audit & Supervisory Board Member to strengthen the Company's audit system with his professional insight about law and rich experience as a public prosecutor and lawyer.

(2) Agreement on Limitation of Outside Audit & Supervisory Board Members' Liability;

After the election, the Company schedules to enter into the agreement with Mr. Takashi Kobayashi that if Outside Audit & Supervisory Board Member causes damages to the Company by neglect of the duty of the Outside Audit & Supervisory Board Member, where deemed his/her conduct to be made in good faith without gross negligence, his/her liability is naturally limited to the sum of the amount specified in the items in Article 425, Section 1 of the Companies Act.

**Proposition No. 3: 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 491 million yen (including 16 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.

## Attached Documents

### **The Business Report for the 66th fiscal year (Feb.1, 2016 – Jan.31, 2017)**

#### **1. Business Conditions**

##### **1) Progress and Results of Sekisui House Group**

During the consolidated fiscal year under review, the Japanese economy remained firm, reflecting the modest improvement of corporate earnings and strong consumer spending, although corporate capital spending remained sluggish. The outlook for the overseas economy remained unpredictable due to uncertainty over the impact of movements in association with Brexit, slowing economic growth in emerging Asian economies, and financial policies in various countries, among other factors.

In the housing market, meanwhile, people's interest in the acquisition of their own homes remained strong, reflecting declines in mortgage rates primarily as a result of the negative interest measures taken by the Bank of Japan and additional government measures to stimulate purchases of homes, as well as the continuing trend of improvements in the employment and income environments. Demand remained strong in the rental housing market, mainly in urban areas.

Under these circumstances, the Company expands the housing and residential-related businesses as a whole Sekisui House Group(the Group) and seeks to develop new markets, according to 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." In the Custom Detached Houses and Rental Housing Businesses, the Company launched new products and worked to strengthen its proposal-making capability and construction capability, while holding sales promotion events nationwide, including Sumai no sankan-bi (visits to model houses) and Sha Maison Festa, to win orders leveraging the establishment of a solid position as a top-ranking brand. In the Remodeling Business, the Company divided Sekisui House Remodeling Ltd., a company in charge of sales for the owners of custom detached houses, into three companies to strengthen their proposal-making capabilities through more community-oriented services.

In Higashi-Matsushima Disaster-Ready Smart Eco-Town, which was jointly developed with the city of Higashi-Matsushima, Miyagi Prefecture, the construction of Japan's first smart, micro-grid-based, electronic management system that provides electricity to disaster public housing and peripheral hospitals and public facilities was completed, and the system began operation.

In addition, as part of its efforts to expand its residential-related businesses, the Company decided to develop businesses related to hotels for inbound visitors and extended-stay luxury serviced apartments.

As for other matters, a decision was made to make the Sekisui House Type-A, which was constructed by the Company in 1963, the first tangible cultural property (building) to be registered as a pre-fabricated house in the country. The registration shows that the Sekisui House Type-A has been recognized as the first full-fledged industrialized house that reflects certain aspects of the post-war housing industry.

To contribute to society by promoting art and culture, the Company opened the Koji Kinutani Tenku Art Museum in December, which displays the works of Mr. Koji Kinutani, the leading affresco artist in Japan, in the Umeda Sky Building, where the Company's head office is located.

The Company was also selected as a Nadeshiko brand (the third time) and a Competitive IT Strategy Company (second consecutive year), both of which are jointly defined by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. The Nadeshiko brand award recognizes the Company as a firm that promotes the advancement of women in the workplace, while the Competitive IT Strategy Company award identifies the Company as one which promotes the positive use of IT for enhancing medium- to long-term corporate value and reinforcing competitiveness.

As a result of these business activities, the Company achieved business results that surpassed the mid-term management plan covering the fiscal years through the fiscal year ended January 31, 2017.

Net sales in FY2016 amounted to ¥2,026,931 million (up 9.0% from the previous fiscal year). Operating income amounted to ¥184,164 million (up 23.1%), ordinary income to ¥190,989million (up 18.9%), net income attributable to owners of parent to ¥121,853 million (up 44.5%).

Business result of each business division is as follows.

#### **(Custom Detached Houses Business)**

In the Custom Detached Houses Business, The Company promoted sales of Green First Zero, zero energy house , which aim to achieve a Zero Energy Balance while maintaining a comfortable lifestyle by reducing energy consumption through extensive heat insulation and LED lighting facilities and by generating energy with solar power, among other measures. The Company also promoted sales of houses using original exterior walls, such as DYNE CONCRETE of the IS SERIES steel-frame house and the BELLBURN earthenware walls of the wood-framed house SHAWOOD. In urban areas, the Company focused its efforts on sales of 3- and 4-story heavy steel-framed detached houses to offer enhanced flexibility in terms of layout, addressing diverse needs such as multi-family homes.

The Company launched new products to expand sales. The new products include Gravis Stage, the highest quality product in the wood-framed house SHAWOOD, which employs Clear View Design emphasizing open space, and Gravis Lian, whose standard models use domestically produced timbers such as Akita Cedar and Yoshino Cedar for pillars, in collaboration with timber production areas nationwide.

Sales in the Custom Detached Houses Business amounted to ¥383,129 million (down 2.7% from the previous fiscal year), and operating income to ¥49,514 million (up 4.9%).

#### **(Rental Housing Business)**

In the Rental Housing Business, the Company worked to expand sales of 3- and 4-story rental houses. The Company worked to boost orders by proposing attractive rental houses, which is expected to lead to stable management in the long term, through area marketing that makes the most of the Group's advantages, including collaboration with the Sekiwa Real Estate companies. Consequently, sales made steady progress for the Company's three- and four-story rental houses that feature specifications similar to those of hotels, such as high-quality common areas, as well as the possibility of making flexible proposals due to advanced design adaptability.

In the Platinum Business, which offers comfortable, luxurious living environments for elderly people, the Company promoted sales with a focus on houses with support services for the elderly. The Company is one of the largest operators of those houses in the industry in terms of the number of registered units.

In addition, the Company entered into a business collaboration with Waqoo Project Co., Ltd. for the "Shukubo" creation business and engaged in the design and construction of accommodation facilities offering shrine or temple experiences that have recently attracted attention both in Japan and abroad. By doing so, the Company stepped up its efforts to meet the increase in inbound visitor demand.

For the Rental Housing Business amounted to ¥440,312 million (up 9.9% from the previous fiscal year), and operating income to ¥60,832 million (up 17.2%).

#### **(Remodeling Business)**

In the Remodeling Business, the Company, while working to strengthen its sales structure, proactively promoted the renovation business that enhances the value of houses through large-scale renovation works to suit purposes such as new lifestyles and energy-saving renovations, while making proposals for the remodeling of Sha-Maison, a rental building whose number of managed units is increasing at a stable pace.

The Company stepped up its proposals of condominium renovations. It started to provide RENOVETTA, condominium renovations in collaboration with product designer Mr. Toshiyuki Kita.

Sales in the Remodeling Business amounted to ¥133,498 million (down 0.7% from the previous fiscal year), and operating income to ¥17,544million (up 10.7%).

#### **(Real Estate Management Fees Business)**

In the Real Estate Management Fees Business, the number of units of Sha-Maison rental house 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 ¥469,132 million (up 4.5% from the previous fiscal year) and operating income to ¥31,278 million (up 16.6%).

#### **(Houses for Sale Business)**

In the Houses for Sale Business, sales remained strong as the Company continued to procure land actively, as well as due to such efforts as the holding of “Machinami sankan-bi” promotional events. It also promoted the creation of high-quality towns that can be passed on to future generations through support activities conducted jointly with the inhabitants for the establishment of communities, while adopting the concept of “beauty that blooms with time,” the creation of high-grade social stock that is richly verdant and will become more attractive over time.

Sales in the Houses for Sale Business amounted to ¥142,014 million (up 3.3% from the previous fiscal year), and operating income to ¥8,822 million (down 26.0%).

#### **(Condominium Business)**

In the Condominium Business, the construction of Grande Maison Kyoto Oike-Dori (Nakagyo-ku, Kyoto-City) was completed and all the units were sold. Orders remained steady for new properties for sale, such as Grande Maison Motsumiyoshi (Nakahara-ku, Kawasaki-City), and the delivery of condominium units proceeded as planned.

The Company also opened a showroom for Grande Maison Egota no Mori, a condominium for sale promoted in the project in Nakano-ku, Tokyo called the Egota no Mori Project, which involves the development of large-scale mixed-use facilities.

In addition, The Company decided to construct a condominium with zero net energy consumption for the first time in Japan at constructing the high-quality condominium in Nagoya-City scheduled to be completed in the spring of 2019.

Sales in the Condominium Business amounted to ¥66,125 million (down 18.8% from the previous fiscal year), and the operating income was ¥2,248 million (down 72.0%), primarily attributable to the revaluation of some properties.

#### **(Urban Redevelopment Business)**

In the Urban Redevelopment Business, the occupancy rates of properties owned by the Group, such as office/commercial buildings and Prime Maison rental houses, remained firm. The Company sold three properties, including Garden City Shinagawa Gotenyama which it owned, to Sekisui House Reit, Inc. It also sold Prime Maison Shirokane-Takanawa (Minato-ku, Tokyo) and other properties to Sekisui House SI Residential Investment Corporation.

Sales in the Urban Redevelopment Business amounted to ¥130,491 million (up 40.3% from the previous fiscal year) and operating income to ¥23,414 million (down 5.4%).

#### **(Overseas Business)**

In the United States, sales of subdivisions including One Loudoun (Washington, D.C.) were strong. In rental housing development, which the Company developed from FY2013, the Company started to sell properties in Portland and Seattle. While in Australia, the Company made progress in delivery of condominium units in Royal Shores (Sydney) and Wentworth Point (Sydney). In China, orders were strong. The

Company commenced the delivery of new condominiums in Suzhou City, which contributed to earnings. In Singapore, commercial facilities made a grand opening in Punggol Water Town in April.

Sales in the Overseas Business amounted to ¥182,127 million (up 103.4% from the previous fiscal year) and operating income to ¥25,172 million.

**(Other Businesses)**

In the Exterior Business, the Company proactively made proposals on unique landscaping and external facilities including the “Gohon no ki” landscaping concept, in which garden trees are selected from trees that are native to each area and domestic species that adapt to local climates, for rental houses and condominiums, not to mention custom detached houses.

Sales in the Other Businesses amounted to ¥80,099 million (up 0.4% from the previous fiscal year), and operating income to ¥726 million (down 71.1%).

**(Issues that Sekisui House Group to Address)**

Despite some uncertainty over the impact of slowdowns in emerging Asian economies and the monetary policies of various countries, Japan’s economic recovery is expected to continue in the medium term, reflecting continued improvements in company earnings, employment and income conditions, as well as increasing in consumption and investment led by government measures to end deflation.

Meanwhile, the housing environment is expected to change significantly in line with economic conditions in Japan from 2020, owing to dramatic advancements in IT technologies such as IoT and AI, urgent measures against global warming, and changes in housing required for a full-scale aging society, as well as increases in demand from foreign visitors, and the 2020 Tokyo Olympics, among other factors. In this operating environment, the Company, under the mid-term management plan, will seek to generate profits through steady growth both in and outside Japan. Domestically, it will provide housing of consistently high quality and will strengthen its management base through expansion of its residential businesses, while abroad it will use its sophisticated technologies for developing environments and towns to further expand its overseas business.

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. 2017	Net sales for the year to Jan. 2017	Orders carried forward to the following year
Custom Detached Houses Business	209,722	382,062	383,129	208,655
Rental Housing Business	356,991	461,722	440,312	378,401
Remodeling Business	21,931	134,564	133,498	22,996
Real Estate Management Fees Business	—	469,132	469,132	—
Houses for Sale Business	34,087	151,887	142,014	43,959
Condominiums Business	66,348	86,474	66,125	86,697
Urban Redevelopment Business	—	130,491	130,491	—
Overseas Business	133,273	158,850	182,127	109,996
Other Businesses	46,363	76,841	80,099	43,106
Total	868,718	2,052,026	2,026,931	893,813

Note:

Each business division is set out in 6) Major businesses.

### 4) Business Results and Financial Situation of Sekisui House Group

Millions of yen

	Year to Jan. 2014	Year to Jan. 2015	Year to Jan. 2016	Year to Jan. 2017
Net sales	1,805,102	1,912,721	1,858,879	2,026,931
Net income attributable to owners of parent	79,801	90,224	84,302	121,853
Net income per share (¥)	¥ 118.63	¥ 130.91	¥ 120.16	¥ 175.48
Total assets	1,769,005	1,929,409	2,029,794	2,184,895
Net assets	941,415	1,079,064	1,068,428	1,118,264

Note:

The Company has changed “Net income” into “Net income attributable to owners of parent” in the method of presenting, because the Accounting Standards such as Accounting Standard for Business Combinations (ASBJ Statement No.21 of September 13, 2013) are applied from the first quarter of the consolidated fiscal year review.

### 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 98,277 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 80,000 million yen.

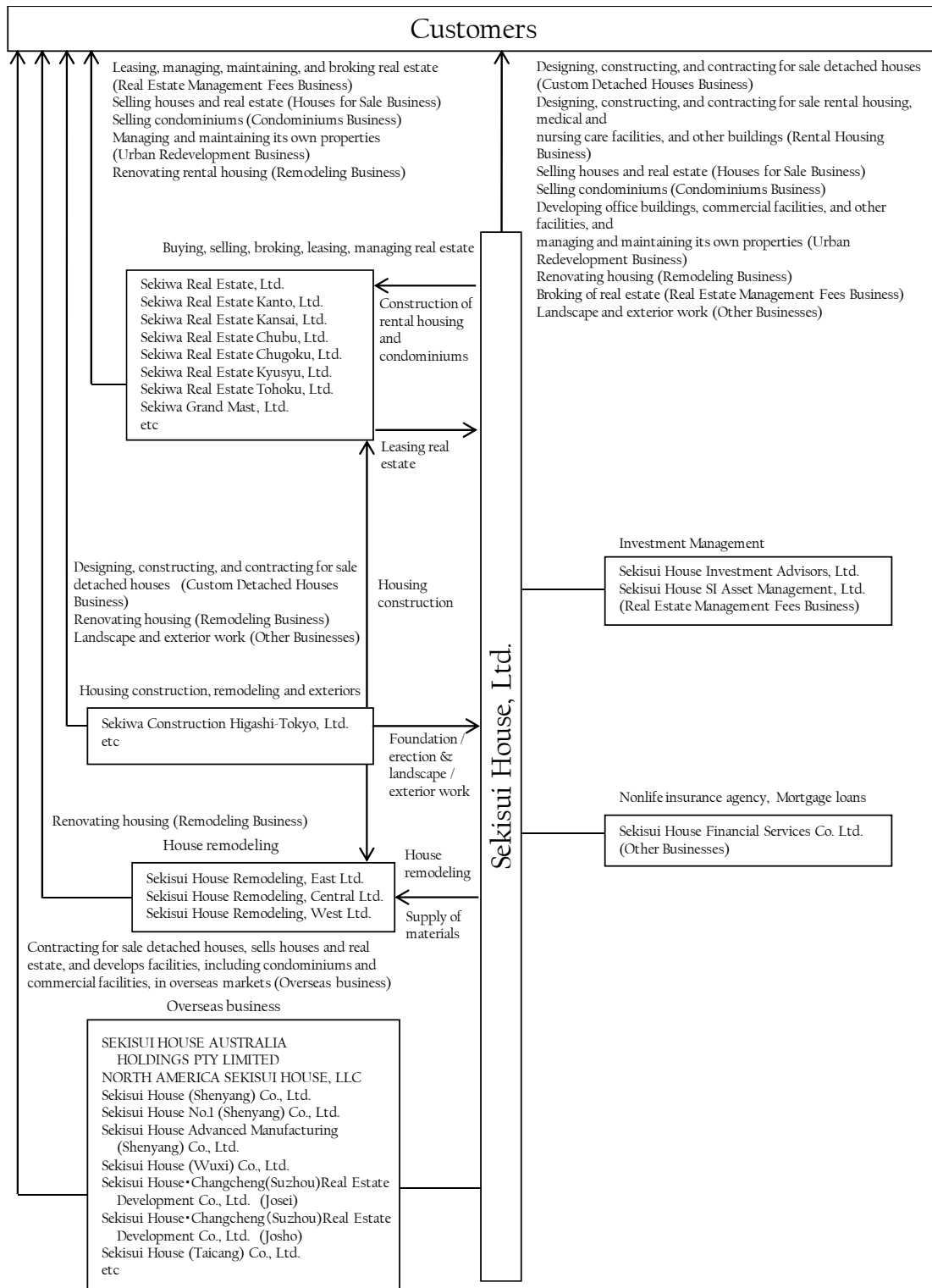
## 6) Major Businesses

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:



## 7) Major Operations of Sekisui House Group

### 1. Location of Major Operations of the Company

<b>Head office:</b>	1-88, Oyodonaka 1-chome, Kita-ku, Osaka	
<b>Tokyo office:</b>	15-1, Akasaka 4-chome, Minato-ku, Tokyo	
<b>Sales and project headquarters:</b>		<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 Sales Administration Headquarters		Kyoto
Chugoku Shikoku Sales Administration Headquarters		Hiroshima
Kyushu Sales Administration Headquarters		Fukuoka
International Business Department		Osaka
Development Department		Osaka
Condominium Headquarters		Shinjuku-ku, Tokyo
<b>Branches:</b>	118 Branches	
<b>Sales Offices:</b>	4 Sales Offices	
<b>Customer Service Centers:</b>	29 Customer Service Centers	
<b>Factories:</b>		
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	
<b>R&amp;D Institute</b>		
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, East Ltd.	Head office: 4-1, Nishishinjuku 2-chome, Shinjuku-ku, Tokyo
Sekisui House Remodeling, Central Ltd.	Head office: 1-90, Oyodonaka 1-chome, Kita-ku, Osaka
Sekisui House Remodeling, West Ltd.	Head office: 16-6, Nishihara 5-chome, Asaminami-ku, Hiroshima
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 (Shenyang) Co., Ltd	Head office: Liaoning Shenyang 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
Sekisui House (Wuxi) Co., Ltd	Head office: Jiangsu Wuxi City, China

## 8) 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, East Ltd.	100	100.0%	Remodeling Business
Sekisui House Remodeling, Central Ltd.	100	100.0%	Remodeling Business
Sekisui House Remodeling, West 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	1,017 (Millions of AUD)	100.0%	Overseas Business
NORTH AMERICA SEKISUI HOUSE, LLC	1,027 (Millions of USD)	100.0%	Overseas Business
Sekisui House (Shenyang) Co.,Ltd	219 (Millions of USD)	100.0%	Overseas Business
Sekisui House No.1(Shenyang) Co., Ltd.	1,568 (Millions of CNY)	100.0%	Overseas Business
Sekisui House Advanced Manufacturing (Shenyang) Co., Ltd.	105 (Millions of USD)	100.0%	Overseas Business
Sekisui House (Wuxi) Co.,Ltd	265 (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 (Taicang) Co., Ltd.	288 (Millions of USD)	99.9%	Overseas Business

Note:

1. There are 225 consolidated subsidiaries, and 26 companies to which equity method of accounting is applied.
2. Sekisui House Remodeling Ltd. was divided into Sekisui House Remodeling, East Ltd., Sekisui House Remodeling, Central Ltd., and Sekisui House Remodeling, West Ltd.. All of the three companies have started their business.

## 9) Employees

### 1. Outline of Sekisui House Group

Number of employees	Change compared to the previous year
23,299	210 (increased)

### 2. Outline of Sekisui House, Ltd.

Number of employees	Change compared to the previous year	Average age	Average length of employment
15,288	129 (increased)	42.4 years old	16.7 years

Note:

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

## 10) Principal Lenders

*Millions of yen*

Name of lenders	Amount of loan
Sumitomo Mitsui Banking Corporation	91,966
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	86,882
Mizuho Bank, Ltd.	42,719
Sumitomo Mitsui Trust Bank, Limited	34,061
Resona Bnnk, Ltd.	4,500

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, 2017

### 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 (19,429,425 shares)	
3	Share unit number	100	
4	Total number of shareholders	70,060	
5	Details of main shareholders are as follows:		
	Name	Number of shares held (thousands)	Ratio of shareholding
	The Master Trust Bank of Japan, Ltd. (Trust account)	51,189	7.42%
	Sekisui Chemical Co., Ltd.	42,168	6.11%
	Japan Trustee Services Bank, Ltd. (Trust account)	38,594	5.59%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,624	1.97%
	Sekisui House <i>Ikushikai</i>	13,159	1.91%
	The Dai-ichi Life Insurance Company, Limited	12,158	1.76%
	Japan Trustee Services Bank, Ltd. (Trust account 7)	9,117	1.32%
	THE BANK OF NEW YORK MELLON SA/NV 10	9,041	1.31%
	STATE STREET BANK WEST CLIENT-TREATY 505234	8,833	1.28%
	STATE STREET BANK AND TRUST COMPANY 505225	8,735	1.27%
	Notes:		
	1. Treasury stock are not included in the above table.		
	2. Sekisui House <i>Ikushikai</i> is the Company's employee stock holding association.		
	3. 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 12,097,400 shares of common stock of the Company, pursuant to resolution of the Board of Directors held on March 10 2016. The Company appropriated its 1,141,413 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, 2017

• Number of stock acquisition rights

844 units

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

844,000 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)	5	16	—	—	1	2	6	10
No.2 Stock Acquisition Rights (Stock compensation-type stock option) (From June 8, 2007 to June 7, 2027)	5	18	—	—	1	3	6	11
No.3 Stock Acquisition Rights (Stock compensation-type stock option) (From June 7, 2008 to June 6, 2028)	6	39	—	—	2	6	7	18
No.4 Stock Acquisition Rights (Stock compensation-type stock option) (From June 10, 2009 to June 9, 2029)	6	44	—	—	2	7	8	22
No.5 Stock Acquisition Rights (Stock compensation-type stock option) (From June 17, 2010 to June 16, 2030)	6	47	7	14	2	8	9	23
No.6 Stock Acquisition Rights (Stock compensation-type stock option) (From June 15, 2011 to June 14, 2031)	6	55	7	21	2	12	9	31
No.7 Stock Acquisition Rights (Stock compensation-type stock option) (From June 14, 2012 to June 13, 2032)	9 (1)	71 (3)	13	33	2	11	8	29
No.8 Stock Acquisition Rights (Stock compensation-type stock option) (From June 14, 2013 to June 13, 2033)	9 (1)	35 (2)	15	16	2	6	4	7
No.9 Stock Acquisition Rights (Stock compensation-type stock option) (From June 14, 2014 to June 13, 2034)	11 (2)	49 (4)	20	42	1	4	2	5
No.10 Stock Acquisition Rights (Stock compensation-type stock option) (From June 13, 2015 to June 12, 2035)	11 (2)	33 (2)	20	23	1	3	2	4
No.11 Stock Acquisition Rights (Stock compensation-type stock option) (From June 15, 2016 to June 14, 2036)	11 (2)	34 (2)	24	32	—	—	—	—

Notes:

1. The number of Executive Officers stated in the above table does not include Executive Officers who concurrently hold the office of Directors.
2. 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.11 Stock Acquisition Rights (Stock compensation-type stock option)

·Number of stock acquisition rights

66 units

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

66,000 common shares of the Company (1,000 shares per unit)

·Issuance price

1,356 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 15, 2016 and June 14, 2036.

·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 14, 2035:

Between June 15, 2035 and June 14, 2036

(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)	34 (4)	24	32

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

All 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 have exercised.

### 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:	
Shiro Inagaki	CFO (Chief Financial Officer), Executive Vice President & Executive Officer, Management of corporate planning, accounting & finance, auditing, and In Charge of IT operation
Tetsuo Iku	Executive Vice President & Executive Officer, Management of technology and environment improving
Teruyuki Saegusa	
Shiro Wakui	
Takashi Uchida	Senior Managing Officer, In Charge of administrative control of subsidiary & affiliated companies, and Chief Manager of Personnel Department
Fumiyasu Suguro	Senior Managing Officer and Chief Manager of International Business Department
Kunpei Nishida	Managing Officer, In Charge of Sha Maison Sales Administration (West Japan ), and General Manager of West Japan Sha Maison Sales Administration Headquarters
Yosuke Horiuchi	Managing Officer, In Charge of Sha Maison Sales Administration (East Japan ), and General Manager of Tokyo Sha Maison Sales Administration Headquarters
Yoshihiro Nakai	Managing Officer, In Charge of corporate planning and accounting & finance
Standing Audit & Supervisory Board Members (full-time):	
Sumio Wada	
Kengo Yoshida	
Audit & Supervisory Board Members:	
Takaharu Dohi	
Yoshinori Shinohara	
Koichi Kunisada	

#### Notes:

- Names, posts and responsibilities of Directors and Audit & Supervisory Board Member who retired during the fiscal year under review are stated below.

Director	Sumio Wada	Executive Vice President & Executive Officer, management of technology, In Charge of purchasing and International Business Department	Resigned on April 27, 2016
Director	Fumiaki Hirabayashi	Senior Managing Officer, In Charge of TKC project, and General Manager of Tokyo Administration Office	Resigned on April 27, 2016
Standing Audit & Supervisory Board Members (full-time)	Tadashi Iwasaki		Resigned on April 27, 2016

- Director Messrs. Yosuke Horiuchi, Yoshihiro Nakai and Standing Audit & Supervisory Board Member (full-time) Mr. Sumio Wada were newly elected at the 65<sup>th</sup> Ordinary General Meeting of Shareholders held on April 27, 2016 and assumed the office.
- Director Messrs. Teruyuki Saegusa and Shiro Wakui are Outside Directors as prescribed in Article 2, Section 15 of the Companies Act.
- 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.
- 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.
- 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.
- 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 24 full-time executive officers as of January 31, 2017.

8. 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
Shiro Inagaki	Sekisui House Financial Services Co., Ltd.	President & Representative Director
Teruyuki Saegusa	Saegusa Circulation Research Co., Ltd Shinki Bus Co., Ltd	Representative Director Audit & Supervisory Board Member
Shiro Wakui	Tokyo City University Sekisui Jushi Co., Ltd.	Distinguished Professor Director
Fumiyasu Suguro	SEKISUI HOUSE AUSTRALIA HOLDINGS PTY LIMITED NORTH AMERICA SEKISUI HOUSE, LLC Sekisui House (Shenyang) Co., Ltd. Sekisui House No.1(Shenyang) Co., Ltd Sekisui House Advanced Manufacturing (Shenyang) Co., Ltd Sekisui House (Wuxi) Co., Ltd. Sekisui House Changcheng (Suzhou) Real Estate Development Co., Ltd. (Josei) Sekisui House Changcheng (Suzhou) Real Estate Development Co., Ltd. (Josyo) Sekisui House (Taicang) Co. Ltd.	President & Director Chairman & CEO Chairman & Representative Director Chairman & Representative Director Chairman & Representative Director Chairman & Representative Director Chairman & Representative Director Chairman & Representative Director
Audit & Supervisory Board Members:		
Name	Company in which Directors and Audit & Supervisory Board Members of the Company hold an concurrent post	Post
Kengo Yoshida	Almetax Manufacturing Co., Ltd.	Audit & Supervisory Board Member
Takaharu Dohi	Dohi Law Office Kansai Telecasting Corporation The Kansai Electric Power Co., Inc. Hankyu Hanshin Holdings, Inc.	Lawyer Director Audit & Supervisory Board Member Audit & Supervisory Board Member
Yoshinori Shinohara	Shinohara Yoshinori CPA Accounting Firm Shinohara Management and Economics Research Institute, Ltd TSI HOLDINGS Co., Ltd Iwatani Coporation	Certified Public Accountant Representative Director Director Audit & Supervisory Board Member
Koichi Kunisada	Osaka Gakuin University	Specially appointed 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	13 (2)	427 (42)	6 (3)	104 (49)	19 (5)	531 (91)
Stock compensation-type stock options (stock acquisition rights)	13 (2)	48 (4)	—	—	13 (2)	48 (4)
Directors' bonuses accounted for as costs	11 (2)	491 (16)	—	—	11 (2)	491 (16)

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 66th Ordinary General Meeting of Shareholders that will be held on April 27, 2017

### 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 7 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 all 15 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 15 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 15 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 Company has entered into the agreement with each of all the Outside Director and all the Outside Audit & Supervisory Board Members that if Outside Director or Outside Audit & Supervisory Board Member causes damages to the Company by neglect of the duty of the Outside Director or the Outside Audit & Supervisory Board Member, where deemed his/her conduct to be made in good faith without gross negligence, his/her liability is naturally limited to the sum of the amount specified in the items in Article 425, Section 1 of the Companies Act.

#### 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	¥154 million
The aggregate amount of remuneration payable to Accounting Auditor by the Company and its consolidated companies	¥208 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. Details of Non-Audit Service

The Company commissions the Accounting Auditor to write letters of comfort about on issuing of bonds, which is not any audit service specified in Article 2, Paragraph 1 of the Certified Public Accountants Act.

#### 4. 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.

#### 5. Business suspension order which the Accounting Auditor has received over the past two years

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.

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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.



<b>CONSOLIDATED BALANCE SHEETS</b>			
As of January 31, 2017			
<i>Millions of yen</i>			
<b>Assets</b>	<b>2,184,895</b>	<b>Liabilities</b>	<b>1,066,630</b>
<b>Current assets</b>	<b>1,355,029</b>	<b>Current liabilities</b>	<b>713,945</b>
Cash on deposits	212,808	Notes payable, accounts payable for construction contracts	108,835
Notes receivable, accounts receivable from completed construction contracts	49,031	Electronically recorded obligations-operating	70,202
Short-term investment securities	1,399	Short-term bonds payable	35,000
Costs on uncompleted construction contracts	10,150	Short-term loans payable	150,863
Buildings for sale	321,682	Current portion of bonds with subscription rights to shares	40,000
Land for sale in lots	566,018	Current portion of long-term loans payable	22,373
Undeveloped land for sale	92,682	Income taxes payable	34,311
Other inventories	7,210	Advances received on uncompleted construction contracts	129,783
Deferred tax assets	30,229	Provision for bonuses	28,005
Other	64,987	Provision for directors' bonuses	1,290
Allowance for doubtful accounts	(1,172)	Provision for warranties for completed construction	2,800
<b>Noncurrent assets</b>	<b>829,865</b>	Other	90,477
<b>Property, plant and equipment</b>	<b>563,682</b>	<b>Noncurrent liabilities</b>	<b>352,685</b>
Buildings and structures	196,682	Bonds payable	130,000
Machinery, equipment and vehicles	10,936	Long-term loans payable	108,355
Tools, furniture and fixtures	5,603	Long-term lease and guarantee deposited	59,951
Land	325,073	Deferred tax assets	6,460
Lease assets	436	Provision for directors' retirement benefits	1,197
Construction in progress	24,950	Net defined benefit liability	20,266
<b>Intangible assets</b>	<b>13,345</b>	Other	26,453
Goodwill	48	<b>Net assets</b>	<b>1,118,264</b>
Industrial property	27	<b>Shareholders' equity</b>	<b>996,565</b>
Leasehold right	4,288	<b>Capital stock</b>	202,591
Software	8,446	<b>Capital surplus</b>	253,559
Right of using facilities	243	<b>Retained earnings</b>	577,663
Telephone subscription right	289	<b>Treasury stock</b>	(37,2248)
Other	1	<b>Accumulated other comprehensive income</b>	<b>106,793</b>
<b>Investments and other assets</b>	<b>252,837</b>	Valuation difference on available-for-sale securities	37,839
Investment securities	149,515	Deferred gains or losses on hedges	19
Long-term loans receivable	40,645	Foreign currency translation adjustment	46,975
Net defined benefit asset	8,117	Remeasurements of defined benefit plans	21,959
Deferred tax assets	2,727	<b>Subscription rights to shares</b>	<b>694</b>
Other	52,292	<b>Net income attributable to non-controlling interests</b>	<b>14,211</b>
Allowance for doubtful accounts	(460)		
<b>Total assets</b>	<b>2,184,895</b>	<b>Total liabilities and net assets</b>	<b>2,184,895</b>

**CONSOLIDATED STATEMENTS OF INCOME**

From February 1, 2016 to January 31, 2017

*Millions of yen*

<b>Net sales</b>	<b>2,026,931</b>
<b>Cost of sales</b>	<b>1,608,634</b>
<b>Gross profit</b>	<b>418,297</b>
<b>Selling, general and administrative expenses</b>	<b>234,132</b>
<b>Operating income</b>	<b>184,164</b>
<b>Non-operating income</b>	<b>16,350</b>
Interest and dividends income	3,556
Equity in earnings of affiliates	10,022
Other	2,771
<b>Non-operating expenses</b>	<b>9,526</b>
Interest expenses	2,326
Other	7,200
<b>Ordinary income</b>	<b>190,989</b>
<b>Extraordinary loss</b>	<b>5,690</b>
Impairment loss	5,154
Loss on sales and retirement of noncurrent assets	535
<b>Income before income taxes and minority interests</b>	<b>185,299</b>
<b>Total Income taxes</b>	<b>58,402</b>
Income taxes-current	54,485
Income taxes-deferred	3,917
<b>Net income</b>	<b>126,896</b>
Net income attributable to non-controlling interests	5,043
<b>Net income attributable to owners of parent</b>	<b>121,853</b>

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(From February 1, 2016 to January 31, 2017)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the end of previous period	202,591	253,559	498,094	(17,577)	936,667
Changes of items during the period					
Dividends from surplus	—	—	(41,087)	—	(41,087)
Net income attributable to owners of parent	—	—	121,853	—	121,853
Purchase of treasury stock	—	—	—	(22,018)	(22,018)
Disposal of treasury stock	—	—	(1,197)	2,347	1,149
Net changes of items other than Shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	79,568	(19,671)	59,897
Balance at the end of current period	202,591	253,559	577,663	(37,248)	996,565

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling 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	26,671	(13)	68,747	25,622	121,028	622	10,108	1,068,428
Changes of items during the period								
Dividends from surplus	—	—	—	—	—	—	—	(41,087)
Net income attributable to owners of parent	—	—	—	—	—	—	—	121,853
Purchase of treasury stock	—	—	—	—	—	—	—	(22,018)
Disposal of treasury stock	—	—	—	—	—	—	—	1,149
Net changes of items other than Shareholders' equity	11,168	32	(21,772)	(3,663)	(14,235)	71	4,102	(10,060)
Total changes of items during the period	11,168	32	(21,772)	(3,663)	(14,235)	71	4,102	49,836
Balance at the end of current period	37,839	19	46,975	21,959	106,793	694	14,211	1,118,264

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.

<b>NON-CONSOLIDATED BALANCE SHEETS</b>			
As of January 31, 2017			
<i>Millions of yen</i>			
<b>Assets</b>	<b>1,558,172</b>	<b>Liabilities</b>	<b>754,054</b>
<b>Current assets</b>	<b>447,681</b>	<b>Current liabilities</b>	<b>498,714</b>
Cash and deposits	55,823	Notes payable-trade	11,126
Notes receivable-trade	1,495	Electronically recorded obligations-operating	70,202
Accounts receivable from completed construction contracts	30,999	Accounts payable-trade	19,961
Accounts receivable-real estate business	3,343	Accounts payable for construction contracts	46,771
Short-term investment securities	1,399	Short-term bonds payable	35,000
Costs on uncompleted construction contracts	1,953	Current portion of bonds	40,000
Buildings for sale	54,994	Current portion of long-term loans payable	6,000
Land for sale in lots	198,813	Lease obligations	76
Undeveloped land for sale	38,458	Accounts payable-other	1,530
Semi-finished goods and work in process	3,512	Accrued expenses	11,647
Raw materials and supplies	2,588	Income taxes payable	18,009
Advance payments-trade	398	Accrued consumption taxes	12,864
Prepaid expenses	5,271	Advances received on uncompleted construction contracts	66,167
Short-term loans receivable	611	Advances received	10,453
Accounts receivable-other	13,119	Deposits received	123,695
Deferred tax assets	22,651	Provision for bonuses	20,075
Other	13,107	Provision for directors' bonuses	491
Allowance for doubtful accounts	(860)	Provision for warranties for completed construction	2,795
<b>Noncurrent Assets</b>	<b>1,110,491</b>	Asset retirement obligations	552
<b>Property, plant and equipment</b>	<b>434,766</b>	Other	1,295
Buildings	121,443	<b>Noncurrent Liabilities</b>	<b>255,339</b>
Structures	3,111	Bonds payable	13,000
Machinery and equipment	9,429	Long-term loans payable	66,600
Vehicles	60	Lease obligations	146
Tools, furniture and fixtures	4,003	Long-term lease and guarantee deposited	15,011
Land	289,733	Provision for retirement benefits	40,925
Lease assets	204	Asset retirement obligations	1,077
Construction in progress	6,780	Other	1,578
<b>Intangible assets</b>	<b>9,798</b>	<b>Net assets</b>	<b>804,118</b>
Industrial property	19	<b>Shareholders' equity</b>	<b>765,339</b>
Leasehold right	1,608	<b>Capital stock</b>	<b>202,591</b>
Software	7,999	<b>Capital surplus</b>	<b>258,344</b>
Right of using facilities	59	Legal capital surplus	258,344
Telephone subscription right	111	<b>Retained earnings</b>	<b>341,476</b>
<b>Investments and other assets</b>	<b>665,926</b>	Legal retained earnings	23,128
Investment securities	97,154	Other retained earnings	318,348
Stocks of subsidiaries and affiliates	462,207	Reserve for dividends	18,000
Bonds of subsidiaries and affiliates	16,600	Reserve for special depreciation	681
Investments in other securities of subsidiaries and associates	8,739	General reserve	220,800
Long-term loans receivable	54,230	Retained earnings brought forward	78,866
Lease and guarantee deposits	17,388	<b>Treasury stock</b>	<b>(37,072)</b>
Long-term prepaid expenses	1,060	<b>Valuation and translation adjustments</b>	<b>38,084</b>
Deferred tax assets	387	<b>Valuation difference on available-for-sale securities</b>	<b>38,084</b>
Other	8,640	<b>Subscription rights to shares</b>	<b>694</b>
Allowance for doubtful accounts	(483)	<b>Total liabilities and net assets</b>	<b>1,558,172</b>
<b>Total assets</b>	<b>1,558,172</b>		

**NON-CONSOLIDATED STATEMENTS OF INCOME**

From February 1, 2016 to January 31, 2017

*Millions of yen*

<b>Net sales</b>	<b>1,180,901</b>
Completed construction contracts	963,551
Real estate business	217,349
<b>Cost of sales</b>	<b>935,921</b>
Completed construction contracts	746,015
Real estate business	189,905
<b>Gross profit</b>	<b>244,980</b>
Gross profit from completed construction contracts	217,536
Gross income from real estate business	27,444
<b>Selling, general and administrative expenses</b>	<b>152,011</b>
<b>Operating income</b>	<b>92,968</b>
<b>Non-operating income</b>	<b>24,378</b>
Interest and dividends income	21,998
Other	2,379
<b>Non-operating expenses</b>	<b>7,916</b>
Interest expenses	1,026
Interest on bonds	226
Other	6,663
<b>Ordinary income</b>	<b>109,430</b>
<b>Extraordinary income</b>	<b>858</b>
Gain on sales of shares of subsidiaries and affiliates	858
<b>Extraordinary loss</b>	<b>5,227</b>
Impairment loss	4,763
Loss on sales and retirement of noncurrent assets	452
Loss on valuation of shares of subsidiaries and associates	11
<b>Income before income taxes</b>	<b>105,061</b>
<b>Total Income taxes</b>	<b>29,451</b>
Income taxes-current	25,226
Income taxes-deferred	4,225
<b>Net income</b>	<b>75,610</b>

**NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

(From February 1, 2016 to January 31, 2017)

*Millions of yen*

	Shareholders' equity								
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings				Total retained earnings
		Legal capital surplus	Total		Other retained earnings				
					Reserve for dividends	Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at the end of previous period	202,591	258,344	258,344	23,128	18,000	832	210,800	55,390	308,151
Changes of items during the period									
Dividends from surplus	—	—	—	—	—	—	—	(41,087)	(41,087)
Reversal of reserve for special depreciation	—	—	—	—	—	(150)	—	150	—
Provision of general reserve	—	—	—	—	—	—	10,000	(10,000)	—
Net income	—	—	—	—	—	—	—	75,610	75,610
Purchase of treasury stock	—	—	—	—	—	—	—	—	—
Disposal of treasury stock	—	—	—	—	—	—	—	(1,197)	(1,197)
Net changes of items other than Shareholders' equity	—	—	—	—	—	—	—	—	—
Total changes of items during the period	—	—	—	—	—	(150)	10,000	23,475	33,325
Balance at the end of current period	202,591	258,344	258,344	23,128	18,000	681	220,800	78,866	341,476

	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	(17,404)	751,682	26,627	26,627	622	778,932
Changes of items during the period						
Dividends from surplus	—	(41,087)	—	—	—	(41,087)
Provision of reserve for special depreciation	—	—	—	—	—	—
Provision of general reserve	—	—	—	—	—	—
Net income	—	75,610	—	—	—	75,610
Purchase of treasury stock	(22,015)	(22,015)	—	—	—	(22,015)
Disposal of treasury stock	2,347	1,149	—	—	—	1,149
Net changes of items other than Shareholders' equity	—	—	11,457	11,457	71	11,528
Total changes of items during the period	(19,668)	13,657	11,457	11,457	71	25,186
Balance at the end of current period	(37,072)	765,339	38,084	38,084	694	804,118

**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 16, 2017

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, 2016 through January 31, 2017.

*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 16, 2017

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 66th fiscal year from February 1, 2016 through January 31, 2017.

*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 2016 fiscal year ended January 31, 2017 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 66th fiscal year (February 1, 2016 to January 31, 2017) 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 23, 2017

Audit & Supervisory Board of Sekisui House, Ltd.

Sumio Wada, 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

## 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. of Wednesday, April 26, 2017, 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)

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Note:\* The service is available in Japanese only.