

SEKISUI HOUSE 30-Year Vision



Dramatically Changing Market Environment

Changes in Market Environment (Overseas)



Global MEGA Trend

- Rapid progress of ICT
- Global climate change
- Widening gap between rich and poor
- Fintech revolution in financial markets
- Continued high growth of emerging economies
- Friction between nations (United States and China, East Asia, Middle East)
- Acceleration of corporate globalization
- Depletion of marine resources and reconfiguration of territory

Changes in Market Environment (Japan)



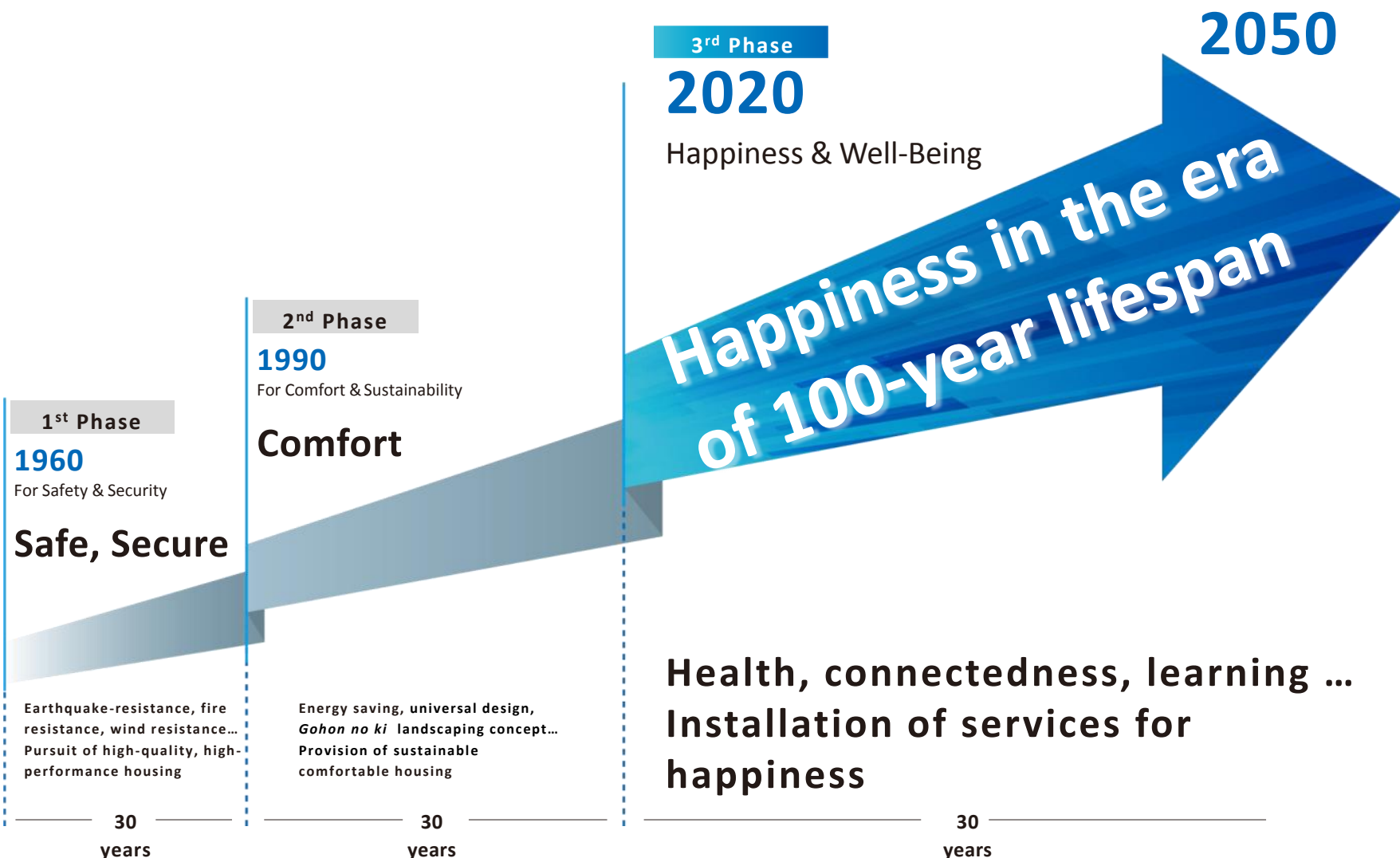
Domestic MEGA Trend

- Shrinking population and decreasing number of households (gradual decline in construction demand and changes in social capital)
- Declining birth rate and population aging (shrinking working population and changing living environment)
- Global warming and more frequent natural disasters (response to natural environment)
- Concentration of population in cities and emergence of compact cities (changing people's concept towards work and home)
- Emergence of low-cost houses (shift of the past recognition of home as a merely a space)
- Inflow of foreign workers (establishment of infrastructure to accommodate immigrants)
- Growing demand for tourism (changes in the way people live, work and socialize)
- Changes in consumer environment (shift from material goods to experiential consumption)

NEXT

30

NEXT 30 Years



A scenic photograph of a beach at sunset. The sun is low on the horizon, creating a bright glow and reflecting on the water. The sky is filled with colorful clouds in shades of blue, orange, and yellow. The ocean waves are gently washing onto the sandy beach. In the foreground, a piece of white coral lies on the sand. The word "VISION" is overlaid in large, white, bold, sans-serif capital letters across the center of the image.

VISION

Third-Phase Vision

The Sekisui House Global Vision

**Make home the happiest place
in the world**



**Propose happiness through the
integration of technologies,
lifestyle design and services**



**Aim to be a leading company
in ESG Management**



**Aim to make Sekisui House
technologies the global de facto
standard**



**Become a global company that offers integrated proposals of technologies,
lifestyle design and services, based on the residential domain.**



Propose happiness through the integration of technologies, lifestyle design and services

- **Build close relationships with residents and become their partner in creating happiness.**
- **Propose new value in the form of happiness stemming from intangible assets such as health, connectedness, and leaning.**

Aim to make Sekisui House technologies the global de facto standard



- Original technologies developed in Japan that deliver safety and security in terms of strong earthquake resistance, fire protection performance and shock resistance
- Original technologies that deliver comfort in terms of insulation performance, universal design and indoor air system technology



Promote SEKISUI HOUSE technologies worldwide to enable the provision of quality housing that offers safety, security and comfort.



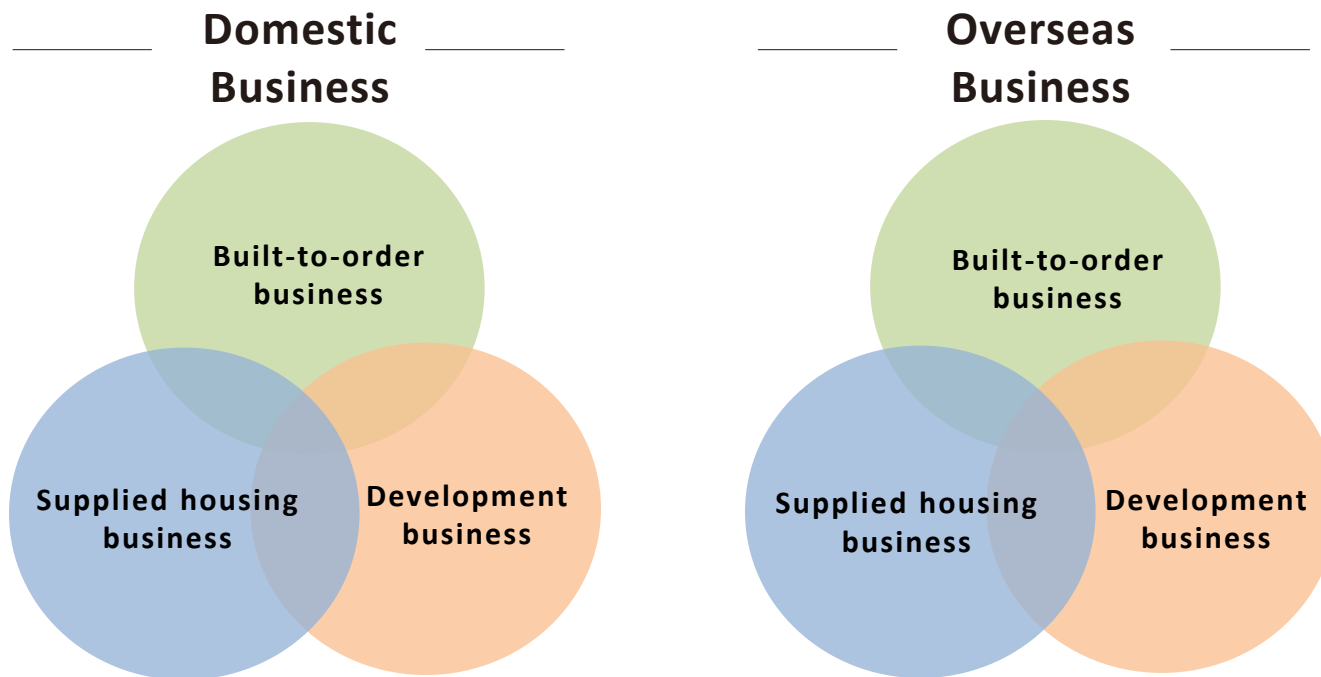
Aims to become a leading company in ESG management

- **Drive global initiatives through net zero energy housing and make a global contribution through our RE100 commitment**
- **Turn diversity into a growth driver**
- **Innovation & communication**

Goals

The Sekisui House Goals

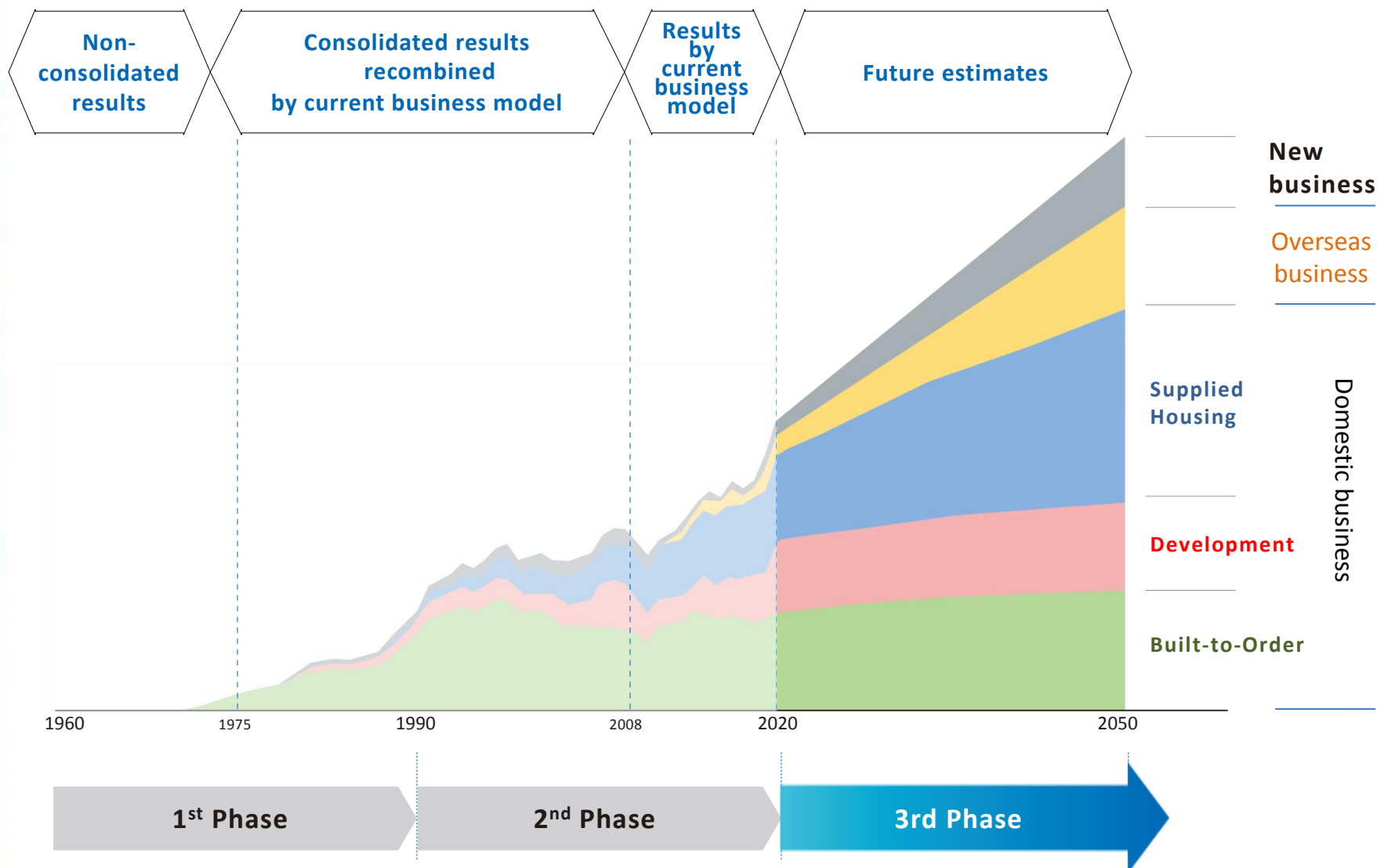
Expand domestic and overseas businesses by offering integrated proposals of technologies, lifestyle design and services



Realize sustainable growth of the Sekisui House Group through the organic growth of six business pillars.

Ultra Long-Term Growth Vision

(Sales composition)





Sekisui House Group

Fifth Mid-Term Management Plan 2020-2022

Management Direction

Deployment of growth strategies focused on the residential business domain

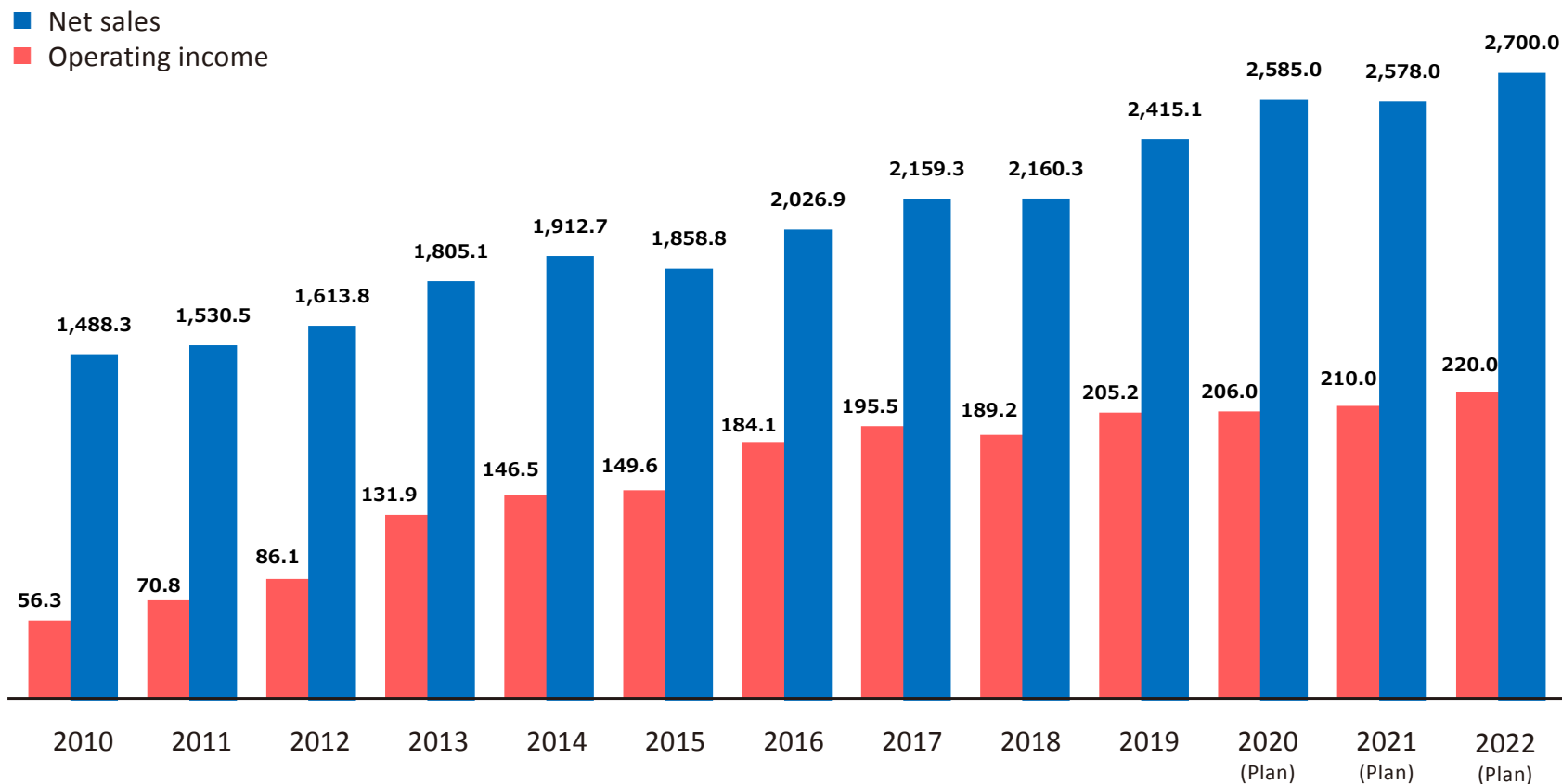
Fundamental Policy of Fifth Mid-Term Management Plan

Further strengthening core businesses and embarking on new businesses

Earnings Plan Fifth Mid-Term Management Plan

Aim to achieve record-high income in FY2022

(Billions of yen)



1st Plan

Establishing lean earnings base

2nd Plan

Accelerating profit growth through business expansion

3rd Plan

Strengthening the synergies in the Group and taking on new challenges in the "residential"-related business

4th Plan

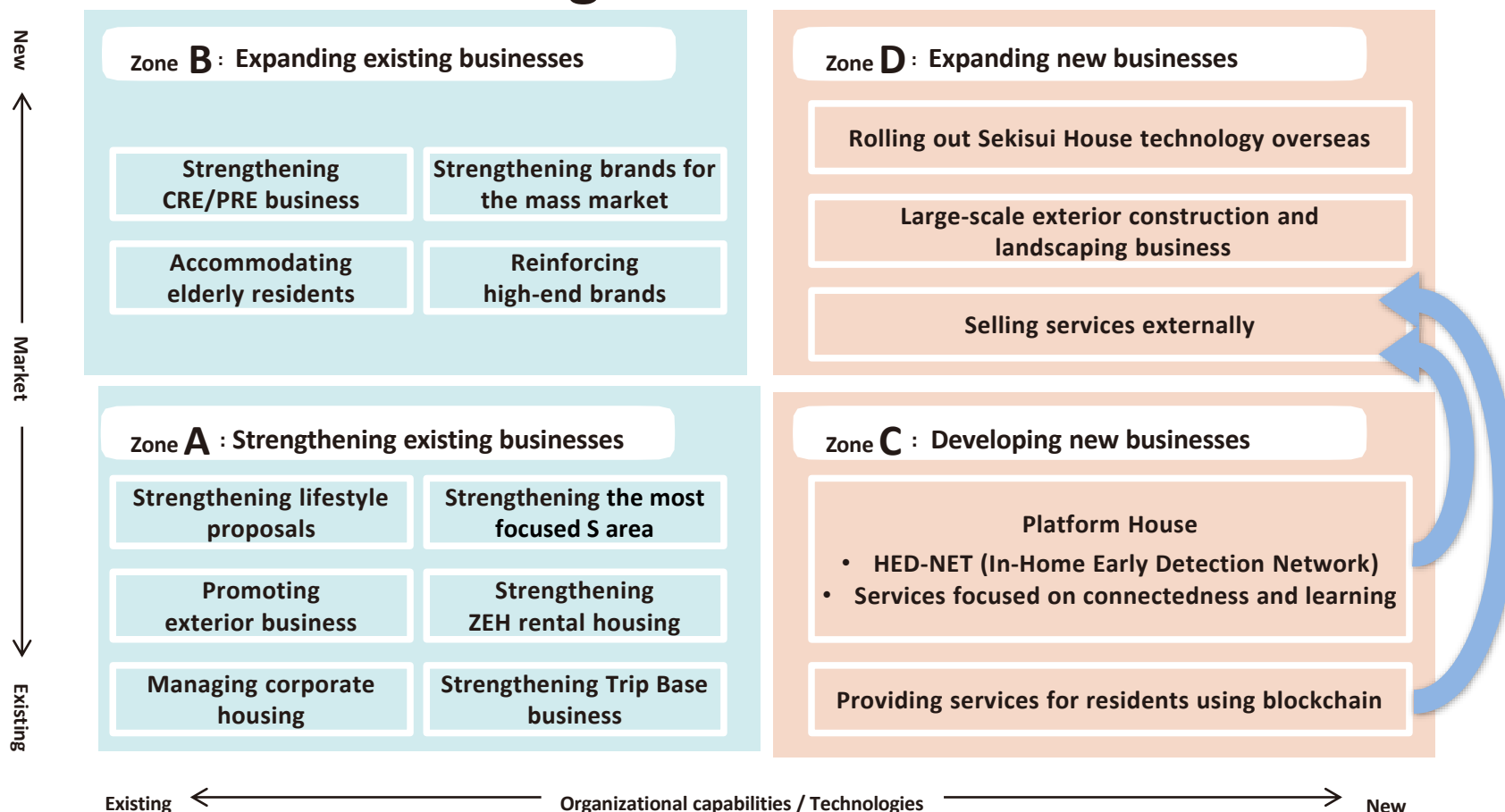
Building the foundation for the residential-related business toward BEYOND 2020

5th Plan

Further strengthening core businesses and embarking on new businesses

Priority Issues

Further strengthening core businesses and embarking on new businesses



Earnings Plan

Fifth Mid-Term Management Plan



(Billions of yen)

	FY2017	FY2018	FY2019	FY2020 Plan	FY2021 Plan	FY2022 Plan
Net sales	2,159.3	2,160.3	2,415.1	2,585.0	2,578.0	2,700.0
Operating income	195.5	189.2	205.2	206.0	210.0	220.0
Ordinary income	203.6	195.1	213.9	205.0	208.0	219.0
Net income	133.2	128.5	141.2	137.0	138.0	147.0
Operating margin	9.1%	8.8%	8.5%	8.0%	8.1%	8.1%
EPS (yen)	193.06	186.53	205.79	202.52	204.00	217.31
ROE	11.6%	10.8%	11.5%	10.6%	Steadily generate ROE of 10% or higher	

Earnings Plan Fifth Mid-Term Management Plan

(By segment)

(Billions of yen)

		FY2020			FY2021			FY2022		
		Net sales	Operating income	Operating margin	Net sales	Operating income	Operating margin	Net sales	Operating income	Operating margin
Built-to-order business	Custom detached houses	346.0	27.5	7.9%	365.0	32.5	8.9%	370.0	33.5	9.1%
	Rental housing	380.0	50.0	13.2%	400.0	55.0	13.8%	400.0	55.5	13.9%
	Architectural/Civil engineering	325.0	16.5	5.1%	329.0	17.5	5.3%	334.0	18.0	5.4%
	Subtotal	1,051.0	94.0	8.9%	1,094.0	105.0	9.6%	1,104.0	107.0	9.7%
Supplied housing business	Remodeling	162.5	25.0	15.4%	167.0	26.5	15.9%	174.0	28.0	16.1%
	Real estate management fees	556.5	46.0	8.3%	584.0	51.0	8.7%	605.0	53.0	8.8%
	Subtotal	719.0	71.0	9.9%	751.0	77.5	10.3%	779.0	81.0	10.4%
Development business	Houses for sale	139.0	9.0	6.5%	149.0	12.0	8.1%	155.0	12.5	8.1%
	Condominiums	84.0	10.0	11.9%	87.0	11.5	13.2%	87.0	10.0	11.5%
	Urban redevelopment	107.0	20.0	18.7%	88.0	14.0	15.9%	112.0	14.0	12.5%
	Subtotal	330.0	39.0	11.8%	324.0	37.5	11.6%	354.0	36.5	10.3%
Overseas business		410.0	46.0	11.2%	331.0	35.5	10.7%	382.0	43.0	11.3%
Other		75.0	1.0	1.3%	78.0	1.5	1.9%	81.0	1.5	1.9%
Eliminations and corporate expenses		—	(45.0)	—	—	(47.0)	—	—	(49.0)	—
Consolidated		2,585.0	206.0	8.0%	2,578.0	210.0	8.1%	2,700.0	220.0	8.1%

* Architectural/Civil Engineering segment is newly added.



Sekisui House Group

Review of

Fourth Mid-Term Management Plan

Business Performance

in the Fourth Mid-Term Management Plan (2017-2019)

Earned record-high net sales and income in the final fiscal year of the Mid-Term Management Plan

Earnings Results Compared to the Fourth Mid-term Management Plan (Initial Plan)

(Billions of yen)

	FY2017			FY2018			FY2019		
	Plan	Results	Amount changed compared to plan	Plan	Results	Amount changed compared to plan	Plan	Results	Amount changed compared to plan
Net sales	2,144.0	2,159.3	15.3	2,185.0	2,160.3	(24.6)	2,367.0	2,415.1	48.1
Operating income	192.0	195.5	3.5	200.0	189.2	(10.7)	205.0	205.2	0.2
Ordinary income	196.0	203.6	7.6	206.0	195.1	(10.8)	208.0	213.9	5.9
Net income	128.0	133.2	5.2	136.0	128.5	(7.4)	139.0	141.2	2.2
Operating margin	9.0%	9.1%	0.1%	9.2%	8.8%	(0.4%)	8.7%	8.5%	(0.2%)
EPS (yen)	185.49	193.06	7.57	197.07	186.53	(10.54)	201.99	205.79	3.8
ROE	11.3%	11.6%	0.3%	11.1%	10.8%	(0.3%)	11.3%	11.5%	0.2%

Net sales and Operating income

in the Fourth Mid-Term Management Plan

[Net sales]

		FY2017	FY2018	FY2019
		Results	Results	Results
Built-to-order business	Custom detached houses	371.1	357.9	390.9
	Rental housing	442.8	416.0	410.6
	Subtotal	814.0	774.0	801.6
Supplied housing business	Remodeling	136.8	141.4	152.7
	Real estate management fees	489.8	514.0	534.8
	Subtotal	626.7	655.4	687.6
Development business	Houses for sale	155.4	148.8	151.2
	Condominiums	77.4	89.5	103.9
	Urban redevelopment	103.7	173.3	131.9
	Subtotal	336.7	411.8	387.1
Overseas business		306.7	245.9	389.8
Other		75.1	73.0	148.9
Eliminations and corporate expenses		—	—	—
Consolidated		2,159.3	2,160.3	2,415.1

[Operating income] (Billions of yen)

	FY2017	FY2018	FY2019
	Results	Results	Results
	48.0	42.2	45.9
	60.8	50.3	48.9
	108.9	92.6	94.8
	19.7	211	23.5
	33.1	39.4	41.0
	52.8	60.5	64.5
	13.4	11.0	12.2
	9.2	6.4	10.1
	16.9	40.4	17.0
	39.6	57.9	39.4
	29.7	16.3	44.5
	1.2	(0.0)	4.2
	(36.9)	(38.1)	(42.4)
	195.5	189.2	205.2

A modern, minimalist interior space with large windows and a balcony. The room features light-colored wooden flooring, a white sofa, and a wooden coffee table. A balcony with a glass railing and a small table is visible on the left. The ceiling has exposed wooden beams. The overall atmosphere is bright and airy.

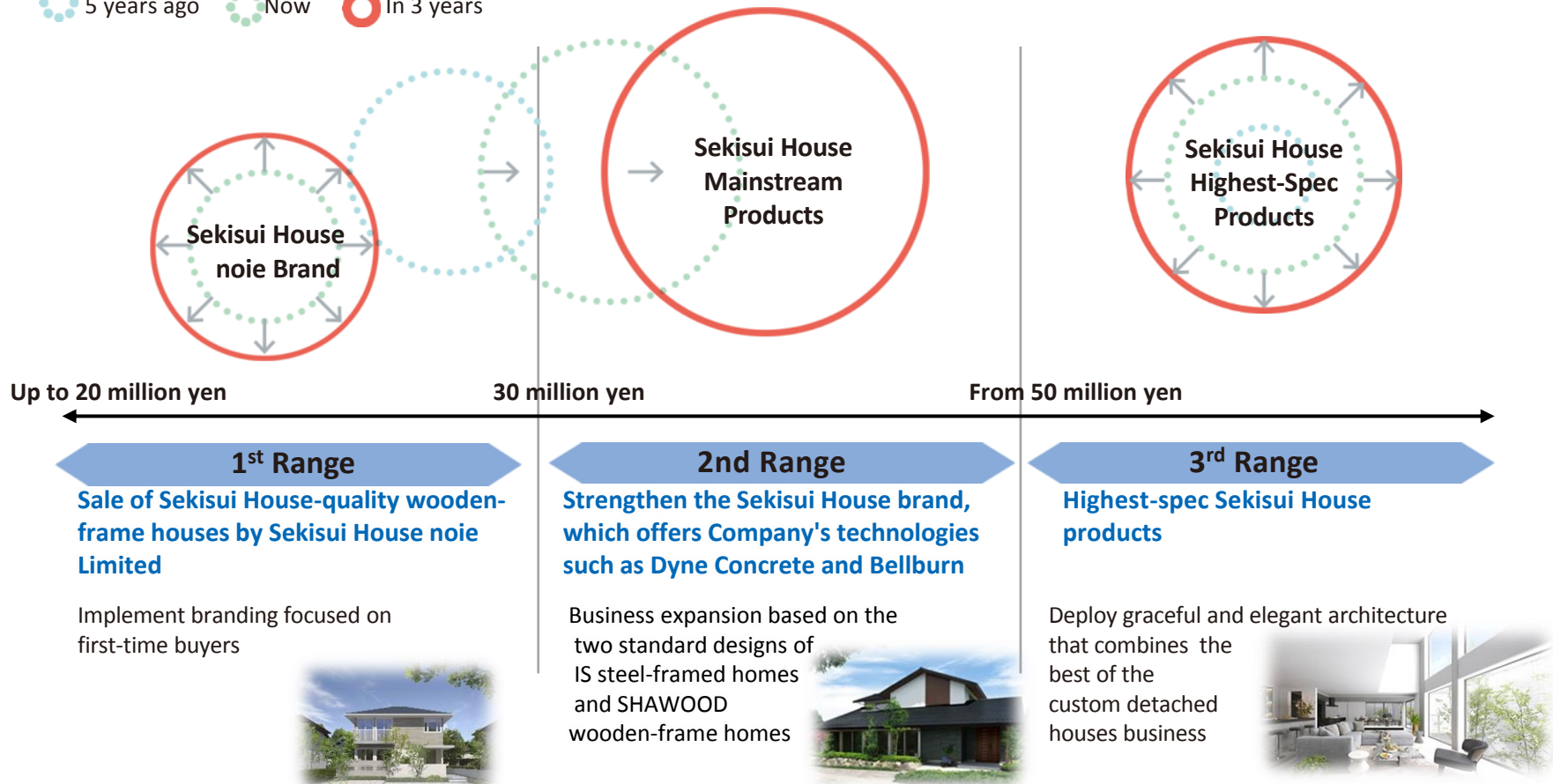
Fifth Mid-Term Management Plan Business Strategies

Custom Detached Houses

Business Strategies

Implement three brand strategies

 5 years ago
  Now
  In 3 years



Lifestyle proposals (integrated with technologies)

Proposal of the Company's core technologies such as ZEH, SHEQAS and Airkis and lifestyle design proposals such as Family Suite, REGNUM COURT and the Platform House Concept created through the interweaving of the strengths of these technologies.

Promote focused S and A Area Marketing

1

Strengthen CRE (corporate real estate) and PRE (public real estate) businesses

- Strengthen proposals for utilization of assets owned by companies and government in S and A areas (prime city center locations).
- Strengthen business solution proposals utilizing big data to address the issues faced by companies and government (such as diverse working styles, improvement of labor productivity, attraction and retention of employees and development of the living environment).

2

Supply value-added Sha Maison rental housing and price leader strategy

- Strengthen value-added proposals of rental housing to be supplied in S and A areas.
- Aim to be price leader by setting prices commensurate with added value resulting from the promotion of ZEH specifications, built-in elevators, harmony with the environment and the surroundings, increased use of IT and IoT, and other innovation.

3

Strengthen supply of mid- and high-rise buildings focusing on the Company's β System construction method

- Strengthen supply of 3- and 4-story properties, which have high market competitiveness in S and A areas, using the Company's β System construction method.
- Increase synergy in the Group in mid- and high-rise apartment properties and non-residential properties through collaboration with Konoike Construction.



Actively deploy proposal-based and environment-based remodeling

1

Sekisui House detached houses (Three Sekisui House remodeling companies)

- Environment-based remodeling: Promote energy-saving remodeling in line with advances in thermal insulation performance
Idokoro Den-netsu (location-based higher insulation), based on Green First renovation that realizes comfortable homes focusing on the living, dining and kitchen space, where families spend maximum time.
- Proposal-based remodeling: Promote remodeling to create flexible spaces according to family lifestyle.
Family Suite Renovation proposing a new style of home that reflects diversifying values and unique lifestyles.



2

Sha Maison rental housing (Six Sekisui House Real Estate companies)

- Improve the competitiveness of properties in the rental market by improving asset value and tenant satisfaction and provide consulting services to owners for the stable management of rental housing.
Remodeling aimed at maintaining and improving rent levels, including changing layout, installing popular facilities in addition to carrying out regular maintenance such as freshening up the exterior and updating equipment.

3

General houses built by others <17 Sekiwa Construction companies>

- Implement renovation and remodeling focusing on earthquake resistance and eco-friendly improvements.
Remodeling and renovation of many different types of buildings, including detached houses, rental housing, apartment buildings and non-residential, focusing on earthquake resistance and eco-friendly improvements in response to high social awareness

Real Estate Management Fees

Business Strategies

Strengthen rental housing management and brokerage business through change in company name to “Sekisui House Real Estate”

1

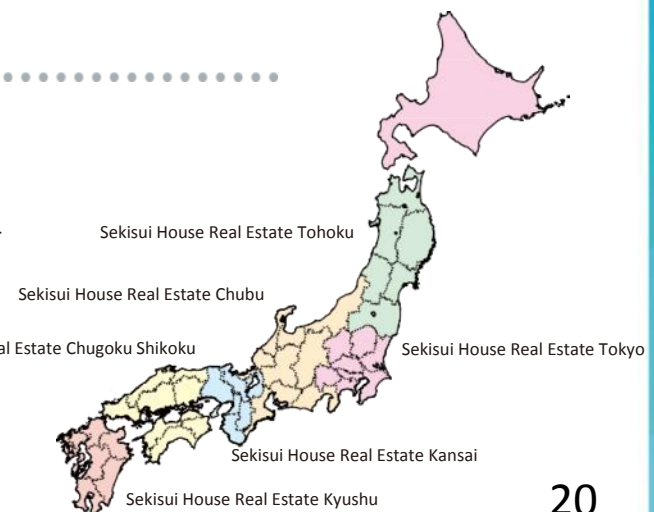
Strengthen relations with owners of rental apartments

- Real estate management fees business (newly built housing)
Seek further brand unification and synergy by linking Sekisui House Real Estate with the Sha Maison brand and strengthen partnerships with owners for long-term stable management.
- Real estate management fees business (Existing housing)
Mutually benefit Sekisui House Real Estate, owners and tenants by preventing rents from falling and maintaining and improving rents through stronger property management, remodeling and renovation.
- Brokerage (Real estate trading)
Further promote the brokerage and distribution of housing and land for building through SumStock and the purchase and resale of existing housing in order to build a Sekisui House Real Estate Group is strong in residential land.

2

Improve the level of tenant services

- Work toward utilizing blockchain and form a consortium based on cross-sectoral cooperation to realize a seamless renting process.
- Seek further improvement in the level of tenant services through demonstration experiments and research utilizing information technologies such as IoT and AI.



Development Business

Business Strategies

Pursue ROA management

Generate stable profit by improving turnover and acquiring prime land

Houses for sale



Policies

- Strengthen strategic purchases and manage inventory
- Focus on the development of beautiful communities

Targeted regions

- Focus on land purchases in priority regions (target areas) to be determined by each regional branch throughout Japan.
- Strengthen cooperation over land purchases, especially between Sekisui House and Sekisui House Real Estate.
- Make Group-wide purchases to strengthen sales of Sekisui House noie.

Consideration for the environment

- Achieve both beauty and functionality through cityscape evaluation system and building evaluation system, to be established in internal standards

Social Issues

- Buy up properties for resale in cooperation with the remodeling business, including regeneration of unoccupied housing in large housing complexes.

Condominiums



Policies

- Control balance of investment and promote development focusing on prime locations

Targeted regions

- Continue development focused on Tokyo, Nagoya, Osaka and Fukuoka and purchase land in central areas.
- Super high-grade land in major metropolitan areas such as Sapporo, Sendai, Hiroshima, Fukuoka and Okinawa should be examined on a case-by-case basis.

Consideration for the environment

- Apply environmental strategies developed in custom detached houses business to condominiums business. Expand ZEH condominiums.

Social Issues

- Contribute to urban redevelopment by taking on the challenge of redeveloping aging condominiums on the market.

Urban redevelopment



Policies

- Secure stable pipeline and strengthen exit strategies.

Targeted regions

- Actively participate in urban redevelopment projects in major cities and conduct development focusing on hotel projects and commercial facilities.
- Expand Prime Maison and other rental condominiums for single persons mainly in the Tokyo Metropolitan area, and focus on fast turnover-type projects.
- Promote regional revitalization through the *Michi-no-Eki* Stations Project in cooperation with municipal governments in regional areas.

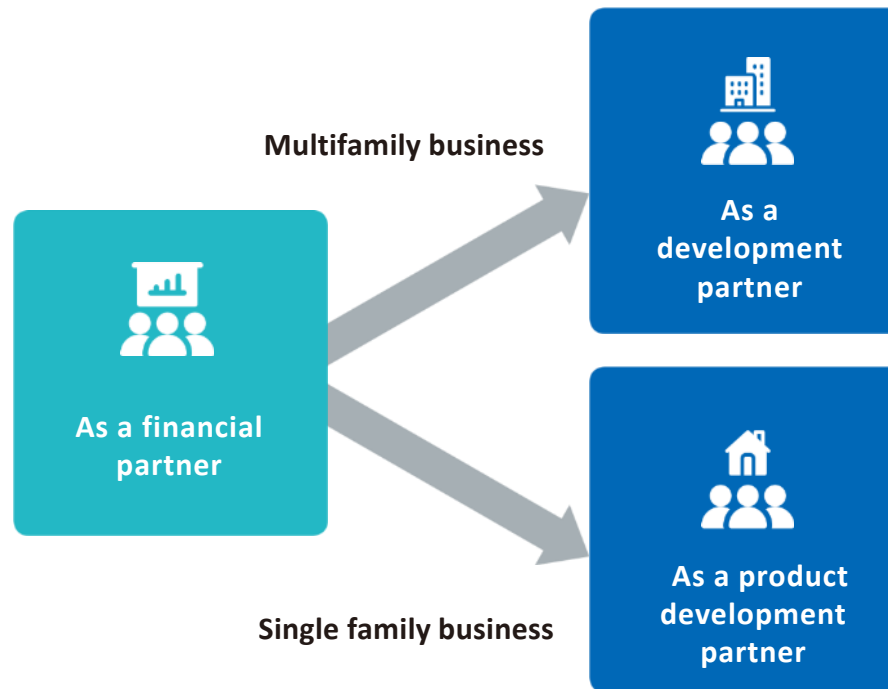
Social Issues

Provide support for urban development aimed at realizing compact cities by strengthening relations with regional administrations and local public bodies and proposing solutions.

Overseas Business

Business Strategies

Start the global rollout of Sekisui House technologies and advance to the next stage



Working with partners in each country to:

- strengthen financial strategies;
- share area marketing strategies; and
- rise to the challenge of eco-friendly development.

Meeting specific country needs through:

- product development;
- the establishment of production and procurement systems; and
- the transfer of Sekisui House technologies.

First Mid-Term Management Plan:
Stage I of Overseas Expansion

Fifth Mid-Term Management Plan:
Stage II of Overseas Expansion

Overseas Business

Earnings Plan

(Billions of yen)

Country	FY2020				FY2021			FY2022		
	Net sales	Operating income	Ordinary income	Orders	Net sales	Operating income	Ordinary income	Net sales	Operating income	Ordinary income
Australia	43.4	3.5	3.5	37.9	75.3	11.1	11.1	55.8	4.5	4.4
China	81.0	12.0	13.0	41.5	42.0	5.0	5.6	15.0	1.0	1.2
U.S.A	285.6	31.8	29.6	275.6	213.7	20.8	17.1	311.2	39.0	35.3
Singapore	-	-	2.5	-	-	-	1.2	-	-	3.6
U.K.	-	-	(0.3)	-	-	-	0.0	-	-	0.6
Administrative expenses	-	(1.3)	(1.3)	-	-	(1.4)	(1.4)	-	(1.5)	(1.5)
Total	410.0	46.0	47.0	355.0	331.0	35.5	33.6	382.0	43.0	43.6

* The Singapore and U.K. businesses are classified under equity in earnings (losses) of affiliates.

New Businesses

Business Strategies

Expand supplied housing business by promoting new business domains

Exterior business



No. 1 exterior construction works company in Japan

- Solidifying our exterior construction works business to be a top business operation in Japan by strengthening alliances with exterior construction works and landscaping companies in each region and strengthening involvement in large-scale exterior construction works and landscaping projects.
- Review trade flow and deliveries of exterior construction works parts and material and seek to improve cost performance.

Interior business



Expansion of interior business

- Sell products of partner furniture manufacturers and manufacture and sell Sekisui House original furniture to achieve perfect coordination of furniture, curtains and interior goods in built properties.
- Offer coordinated interiors to tenants of rental housing and general users.

Living services business



Enhancement of lifestyle support services

- Enhance aftersales services by overhauling the customer support system.
- Provide lifestyle support services to owners and tenants and actively expand services in collaboration with alliance partners.
- Utilize information technologies to offer one-stop services for housing construction and rental processes.

Pursue M&A and alliances to generate new businesses and innovation

An aerial photograph of a modern Japanese garden. On the left, a wooden deck with horizontal slats holds a straw hat, a plate of watermelon, and a tray with a bottle and glasses. The garden features a central gravel area with a small tree, a stone path, and various plants and shrubs. The text "ESG Strategy" is overlaid in the center.

ESG Strategy

1

Strengthen and expand net zero energy housing (ZEH)

ZEH (Detached House)

85%[※]

(At the end of January 2020)



Japan's First rental housing where all units meet ZEH qualifications (Kanazawa City)

(1) Strengthen resilience

- Strengthen energy independence
(PV solar systems, ENE FARM, energy storage batteries)
- Strengthen measures against storm, flooding and extreme heat.

(2) Promote net zero energy and expand net zero energy properties

- ZEH detached houses: 90%
- ZEH Sha-Maison rental housing: 2,500 units
- ZEH Grande Maison condominiums: 540 units
- Idokoro Dan-netsu*: 1,250 buildings

* Remodeling of existing housing to achieve high levels of insulation (ZEH) only in certain spaces of house.

Initiatives for a Carbon-free Society

ESG strategy



1

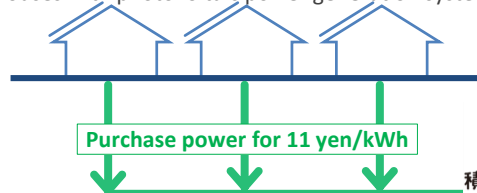
Promoting RE 100 through Sekisui House Owner Denki

Purchase excess electricity from post-FIT homeowners of Sekisui House for use in the Group corporate operations.

Total electricity generated annually by photovoltaic power generation systems installed by Sekisui House owners

Approx. 700 GWh/yr.h

Houses with photovoltaic power generation systems



Electricity consumption of the Sekisui House Group business

Approx. 120 GWh/yr.h



Effective use of electricity for corporate activities

2

Be a global ESG leader



Listed on the CDP's "Climate Change A List"

*Selected for inclusion for a second consecutive year in 2019

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

DJSI World Index

*Selected for inclusion for a fourth consecutive year in 2019

Improvement of Value in Society and Personnel Strategies

ESG strategy



1

Build pipeline of human resources to strategically develop into next-generation managers and leaders

In a VUCA* world, where there is no guarantee that experiences and skills built up in the past will continue to hold good in the future, the agility to adapt quickly to environmental changes and the ability to create change itself is required. We will focus on building a pipeline of human resources who will be systematically selected and developed as candidates for (i) branch manager, (ii) sales administrative manager and (iii) director, starting with young employees under 35.

*Volatility, Uncertainty, Complexity, Ambiguity

2

Strengthen recruitment ability and secure a range of talent for new business domains

- (1) Expand graduate recruitment channels including year-round recruitment, referral recruitment and internships in collaboration with different sectors.
- (2) Secure a range of talent including hiring as manager-candidates from other sectors human resources with a STEM (science, technology, engineering and math) background, and highly skilled IT engineers.

3

Promote diversity - Create workplaces that demonstrate the power of diversity

- (1) Promote women's participation and advancement in the workplace women (provide support for women's participation and career advancement by job type, expand scope of work and appoint women to managerial positions).
- (2) Promote support for diverse human resources (persons with disabilities, LGBT, foreign workers, etc.).

4

Implement workstyle reforms -Increase growth generated by intangible assets

- (1) Continue to achieve 100% take rate of one month or more of childcare leave among male employees (introduction of "Ikumen Leave": (Creation of value for individuals and organization)).
- (2) Support employees in balancing work with childcare, nursing care or medical treatment (retain talent).
- (3) Promote teleworking (utilize IoT to enable flexible working styles according to work characteristics and life/career stage).
- (4) Promote health management (utilization of AI, improvement of health through walking, etc.).

5

Tackle social issues - Help create a society that delivers maximum value to customers and achieve the SDG

Help tackle issues such as an aged society, regional revitalization, education support for children, Industry, Government, Academia Collaboration through our businesses and CSR activities.

Implement governance reforms both at senior management level and business management level.

—Create organizational climate for the realization of innovation & communication—

Initiative 1

Senior Management Level

1 Reform corporate governance systems and strengthen their effectiveness

Aim to reform management through collaboration (collaborative creation) and the creation of a fair and healthy tension with outside directors.

(1) Review grand design of governance systems

- i Review the Personnel Affairs and Remuneration Committee system (chairperson and composition) to strengthen its effectiveness.
- ii Review the role of the Management Meeting in the business execution system.
- iii Reform the Executive Officer system and develop candidates for the senior management team.

(2) Implement PDCA cycle that utilizes third-party reviews and draws on outside expertise.

- i Have an external third-party evaluate the effectiveness of the Board of Directors on a regular basis.
- ii Improve CG Code and SR activities based on third-party reviews.

2 Enhance information disclosure and promote dialogue with stakeholders

Gain trust of stakeholders through honest and fair information disclosure.

- i Produce “Integrated Report” – Tell corporate story.
- ii Further enhance opportunities for dialogue with institutional investors and individual shareholders.

**Implement governance reforms both at senior management level
and business management level.**

—Create organizational climate for the realization of innovation & communication—

Initiative 2

Business Management Level

1 Increase integrity at business management level

Achieve governance based on mutual trust by managers with integrity.

- (1) Clarify requirements of business managers and establish and strengthen systems for their development.
- (2) Expand the scope of integrity management training (head office employees in positions of responsibility, Group officers, etc.).

2 Strengthen Group governance systems

Foster mutual trust between Group companies based on corporate philosophy.

- (1) **Establish governance systems aimed at maximizing synergies in Group management.**
 - i Clarify the authority and responsibilities of the parent company and its subsidiaries and reflect this in the design of organization.
 - ii Build a network between the administrative divisions of the parent company and its subsidiaries and establish reporting lines.
- (2) **Strengthen the development of governance-related human resources and allocate them appropriately.**
 - i Strengthen development of governance-related human resources.
(recruitment from outside the company, exchange of human resources between Group companies)
(Integrity + Experience & Knowledge + Ability to act)
 - ii Allocate governance-related human resources appropriately, including allocation to overseas subsidiaries.
- (3) **Promote cooperation between auditors of parent company and auditors of subsidiaries.**

Basic policy of Remuneration System for Officers and the point of the New Remuneration System

【Basic Remuneration Policy】

- 〔 1 〕 In accordance with the Corporate Philosophy espousing the underpinning philosophy of “Love of Humanity,” the Company shall ensure the objectivity and transparency of, and adequately fulfill its accountability for a remuneration system through high standards of remuneration governance, in order to be fair to all stakeholders including shareholders, investors, customers and employees.
- 〔 2 〕 Aiming to be a leading company in ESG management, the Company shall establish a remuneration system that works as a healthy incentive for a long-term and sustainable enhancement of the corporate value by clarifying its commitments to steadily executing innovative growth strategies focused on social significance.
- 〔 3 〕 The Company shall deliver a long-term improvement in the Group-wide organizational vitality by placing an emphasis on aligning a remuneration system with development and evaluation of senior management and motivating the next generation of managerial human resources to grow.

The point of the new remuneration system

- Effective operation of highly independent Personnel Affairs and Remuneration Committee
- Quantitative design of incentive compensation based on financial indicators
- Effective weighting of the variable compensation ratio and the share-based compensation ratio
- Bonuses to Officers consistent with changes in Consolidated ordinary income (Profit Sharing Type)
- Incorporating ESG Assessment (Performance-related stock remuneration)
- Introduction of guidelines for holding stock (Strengthening of continuous stockholding)
- Establishment of Stock Compensation Refund Clause (Malus and Clawback)
- Appointment and Compensation Assessment using Personal Evaluation Sheets (Executive Officer)

Remuneration Composition Ratio after the Revision of Remuneration System for Officers

Increase the ratio of performance-related remuneration

Fixed remuneration : Variable remuneration = 1 : 2

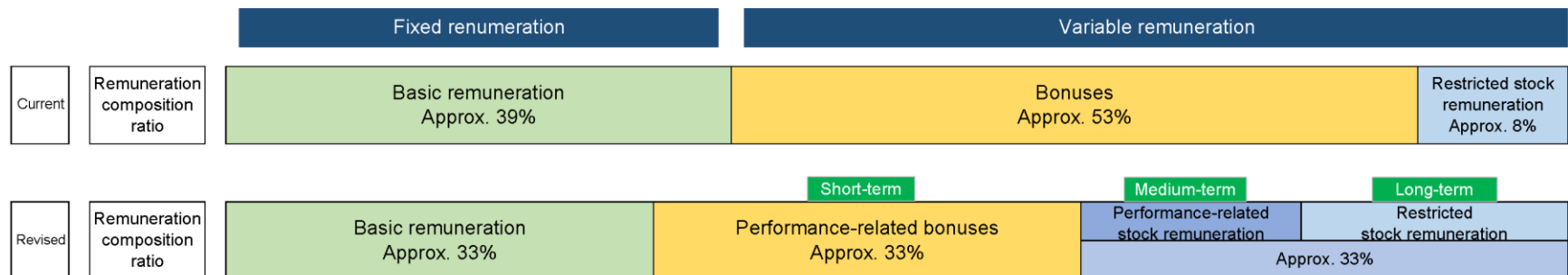
Performance-related remuneration is based on evaluation of both of short-term performance and medium- and long- term performance

Short-term performance-related : Medium- and Long-term performance-related = 1 : 1



Basic remuneration : Bonuses : Stock Remuneration = 1 : 1 : 1
(Short-term performance-related) (Medium- and Long-term performance-related)

(Image of remuneration composition ratio for representative directors at the base performance)



※ Performance-related stock remuneration(Medium-term performance-related) is based on evaluation with ROE and ESG management index connected with the Medium-term management plan.

Status of Strengthening of Corporate Governance System

	FY2018	FY2019	FY2020
Introduction of a mandatory retirement age of 70 for representative directors	➤ Resolved at the meeting of Board of Directors in Mar 2018		
Appointment of women as external officers	➤ Approved at the General Meeting of Shareholders in Apr 2018 (Elected one female external director and one female external corporate auditor)		
Transparency and invigoration of Board of Director meeting operations	➤ Resolved at the meeting of Board of Directors in Feb 2018 (Separation of the chairman of the Board and the convener)		
Establishment of the Management Meeting	➤ Resolved at the meeting of Board of Directors in Feb 2018 (held 8 times in FY2018, to be held 10 times in FY2019)		
Clarification of department under the control of directors	➤ Resolved at the meeting of Board of Directors in Mar 2018 (Structural reform in April 2018)		
Evaluation of Board of Director efficacy	➤ Resolved at the meeting of Board of Directors in Mar 2018 (To conduct a survey once a year)		
Ensuring independence and strengthening internal checks of chief managers in charge of general affairs in sales administration headquarters and branches		➤ Started from Nov 2018 (Provided training for those in charge of general affairs, Reviewed process of team and personnel evaluation)	
Improving the integrity of branch managers		➤ Started from Nov 2018 (Launched Sekisui House Management School (program to cultivate and select future branch managers)	
Introduced a stock remuneration system with transfer restrictions		➤ Approved at the General Meeting of Shareholders in Apr 2019 (Paid in Jun 2019)	
Elimination of the officer bonus system for outside directors		➤ Approved at the General Meeting of Shareholders in Apr 2019	
Review of the term of office of directors		➤ Policy resolved at the meeting of Board of Directors in Sep 2019 (To be referred at the General Meeting of Shareholders in Apr 2020)	
Abolishment of the executive advisor system		➤ Policy resolved at the meeting of Board of Directors in Sep 2019 (To be referred at the General Meeting of Shareholders in Apr 2020)	
Fundamental review of the officers' remuneration system			➤ To be implemented in Apr 2020
Introduction of guidelines for holding stock			➤ To be implemented in Apr 2020
Establishment of Stock Compensation Refund Clause (Malus and Clawback)			➤ To be implemented in Apr 2020
Creation of the criteria and procedures of the election and dismissal of executives			➤ To be implemented in Apr 2020
Increase in independence of Board of Directors			➤ Policy to make the number of independent outside directors a third of all directors to be referred at the General Meeting of Shareholders in Apr 2020

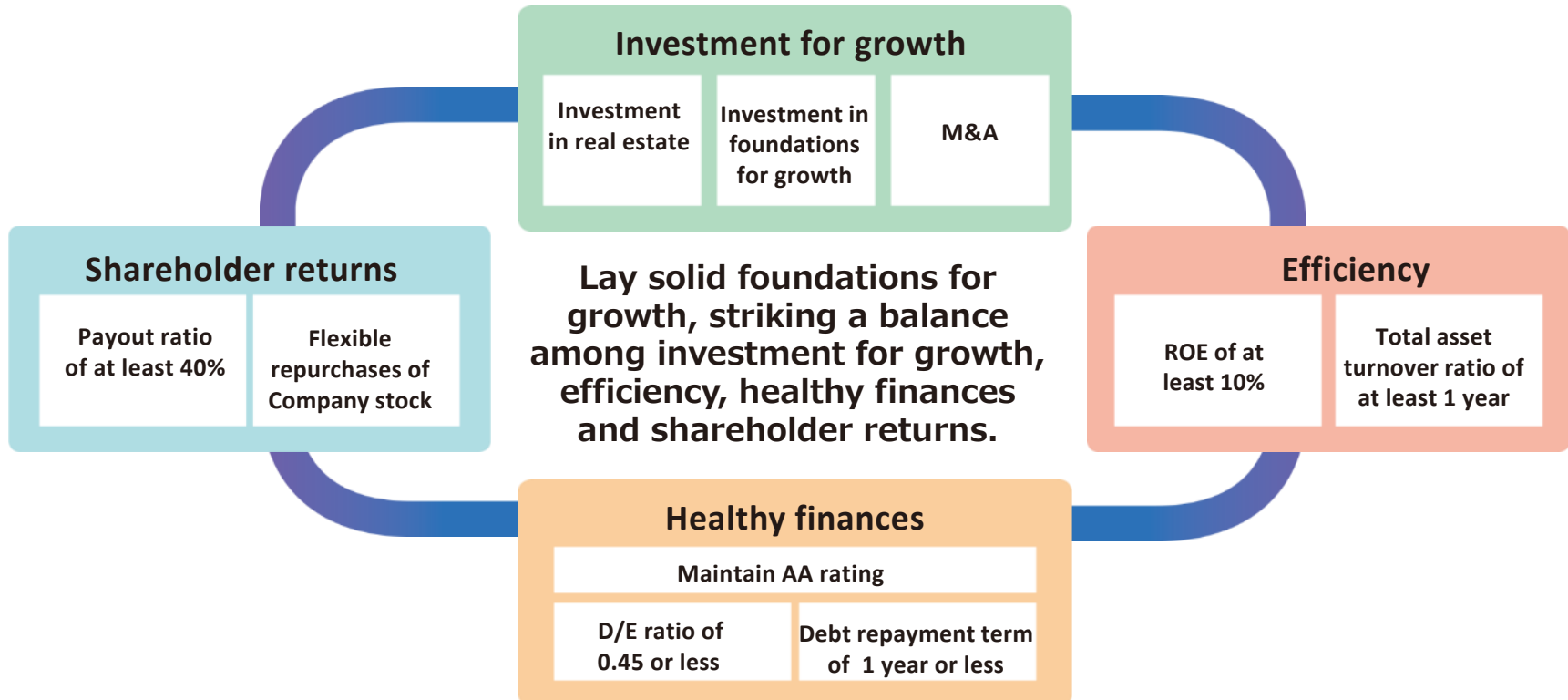
The background is a dark blue gradient with various financial data visualizations. It includes a candlestick chart on the right side, a line graph with a red trend line on the left, and several horizontal bars at the bottom. Faint numbers like '+11,000.00' and '10' are visible. The overall aesthetic is high-tech and data-driven.

Financial Strategy

Fundamental Policy

Financial strategy

- 1 Lay growth foundations with eye on Third-phase Management Vision and where the Group should be in 10 years
- 2 Build a strong financial position to respond flexibly and agilely to growth opportunities
- 3 Promote investment for growth and strengthen shareholder returns for sustainable improvement in corporate value



Healthy Finances

Financial strategy

Establish a strong financial position to support sustainable growth

- Establish financial position that allows us to prepare for risks and respond flexibly to market changes
- Secure surplus funds for investment that allow us to respond agilely to growth investment opportunities (chances)



Maintain AA rating*, the highest in the industry

D/E ratio of 0.45 or less

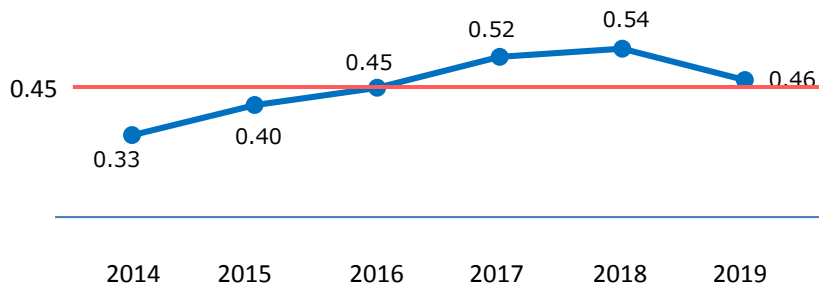
Debt repayment term of 1 year
or less (Net Debt/EBITDA)

* Rating of Sekisui House:

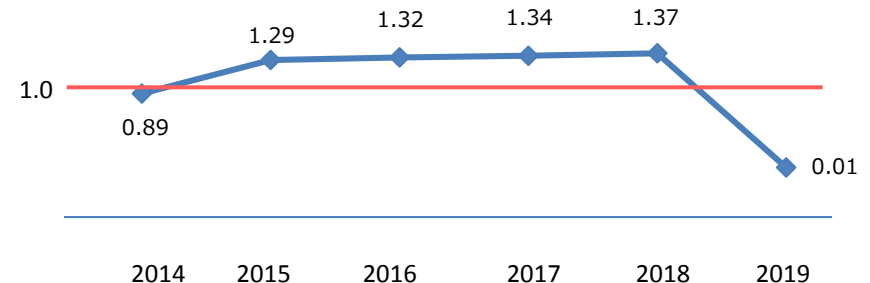
JCR: AA

R&I: AA-

<Trend in D/E ratio>



<Change in years of debt redemption term>



Growth Investment

Financial strategy

Promote investment for sustainable growth and seek to improve efficiency

- Make investment in foundation for growth from a medium-to-long-term perspective in addition to investment in the growing real estate sector
- Focus on improving asset efficiency in asset-type businesses
- Actively consider M&A when strengthening core businesses or when embarking on new businesses

Investment in real estate

Attach importance to investment efficiency aiming to achieve total asset turnover of at least 1.

<Three year plan>

*The lower of the two figures in parentheses indicates the actual result under the Fourth Mid-term Management Plan

(Billions of yen)

	Domestic businesses	Overseas business	Total
Investment	680.0 (631.9)	970.0 (874.9)	1,650.0 (1,506.8)
Recovery	680.0 (810.1)	1,120.0 (975.3)	1,800.0 (1,785.4)
Net investment	0.0 (-178.2)	-150.0 (-100.4)	-150.0 (-278.6)

Investment in growth

Seek to strengthen business foundation and also examine and implement M&A where necessary. Also bear improvement of stakeholder value in mind when examining areas for investment to be a leader in ESG management.

Improvement of productivity

R&D

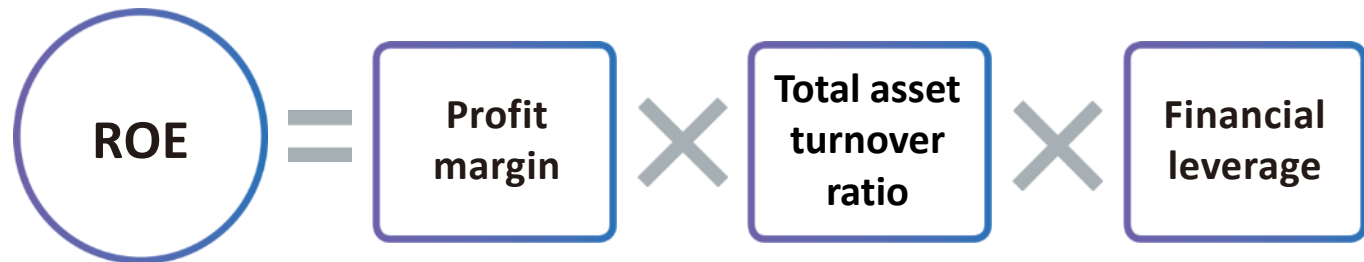
Investment to secure and develop human resources

New business and M&A

Over three years:
200.0 billion yen level

Generate stable ROE that exceeds the cost of equity

- Generate stable ROE of at least 10%, exceeding the cost of shareholder's equity (recognized at approx. 6%).
- Aim to improve ROE through improvement in profit margin and turnover



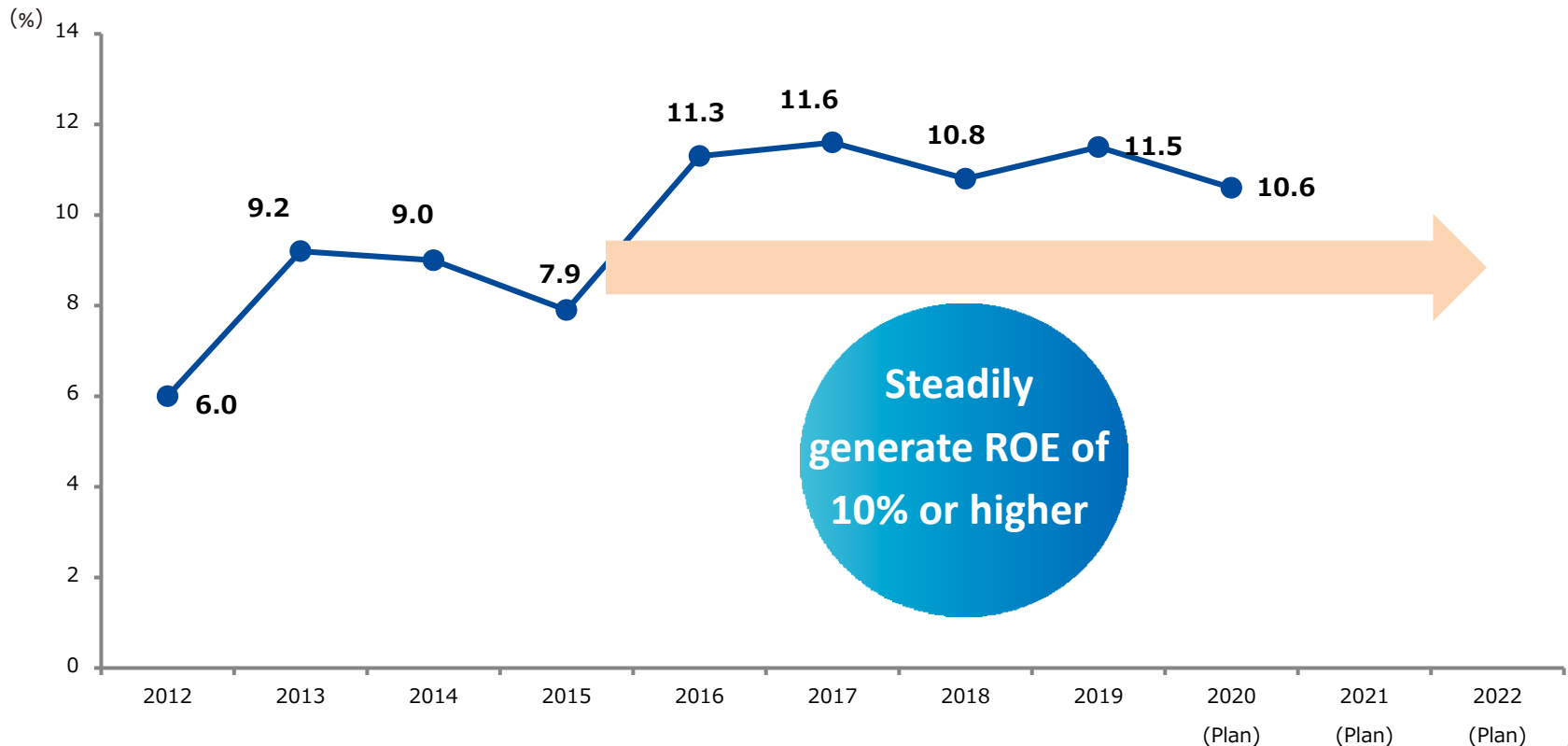
4 th MMP (Final FY result)	11.5%	5.8%	0.96 times	2.06
5 th MMP (Target)	At least 10%	At least 5%	At least 1 time	Approx. 2.0
Target level	At least 6%	At least 1.2 times	Approx. 2.0	

Efficiency

Financial strategy

<Trend in ROE>

Under the Fourth Mid-term Management Plan, we achieved our target of generating stable ROE of at least 10%, reflecting improvement in capital efficiency through the flexible acquisition of Company's stock in addition to higher EPS as a result of profit growth. We will continue to seek improvement of ROE moving forward.



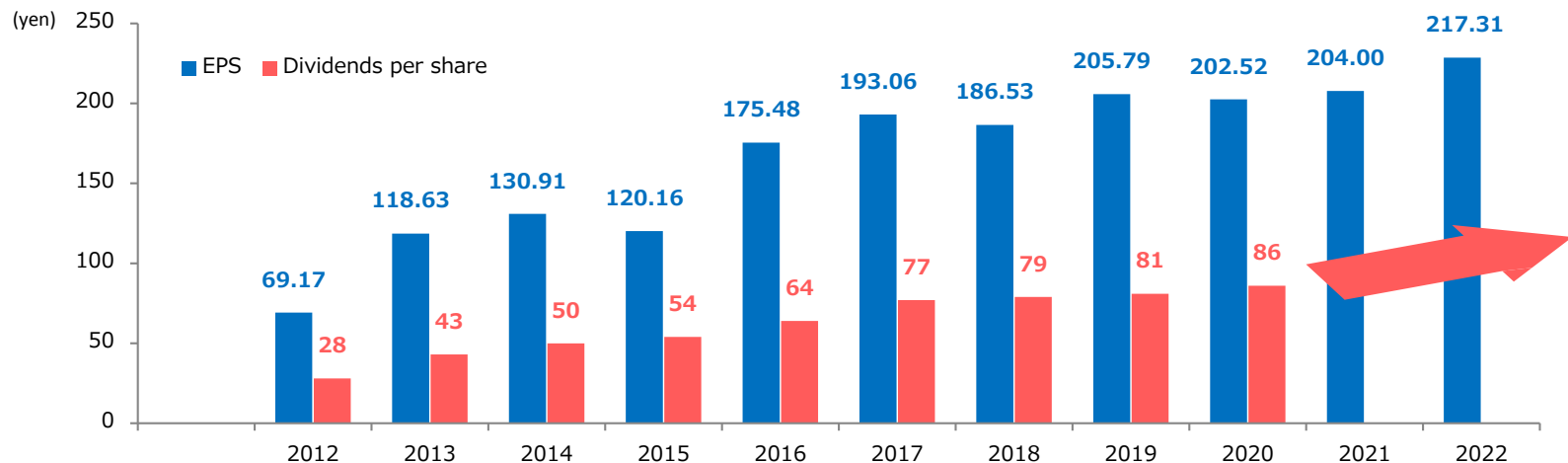
Shareholder Returns

Financial strategy

Target an average payout ratio of at least 40% over the medium term and continuous dividend growth.

Seek improvement of shareholder value through the flexible acquisition of Company's stock.

- We will determine returns flexibly in light of our financial soundness, the balance between returns and investments for growth, the level of ROE, the market environment and dialogue with investors.
- We plan to pay a commemorative dividend of 5 yen to mark the 60th anniversary of our foundation in FY2020 and aim to continue steadily increasing dividends thereafter.



	2012	2013	2014	2015	2016	2017	2018	2019	2020 Plan	2021 Plan	2022 Plan
EPS (yen)	69.17	118.63	130.91	120.16	175.48	193.06	186.53	205.79	202.52	204.00	217.31
Dividends per share (yen)	28.00	43.00	50.00	54.00	64.00	77.00	79.00	81.00	86.00	Payout ratio of at least 40% over the medium term	
Payout ratio	40.5%	36.2%	38.2%	44.9%	36.5%	39.9%	42.4%	39.4%	42.5%		

Although the document is prepared on the information believed to be credible, Sekisui House does not guarantee the accuracy or the completeness of such information. Also the information herein contains forward-looking statements regarding the company's plan, outlook, strategies and results for the future. The Company undertakes no obligation to publicly update any forward-looking statements. All the forward-looking statements are based on judgments derived from information available to the Company at the time for this release. Certain risks and uncertainties could cause the company's actual results to differ materially from any projections presented here.