

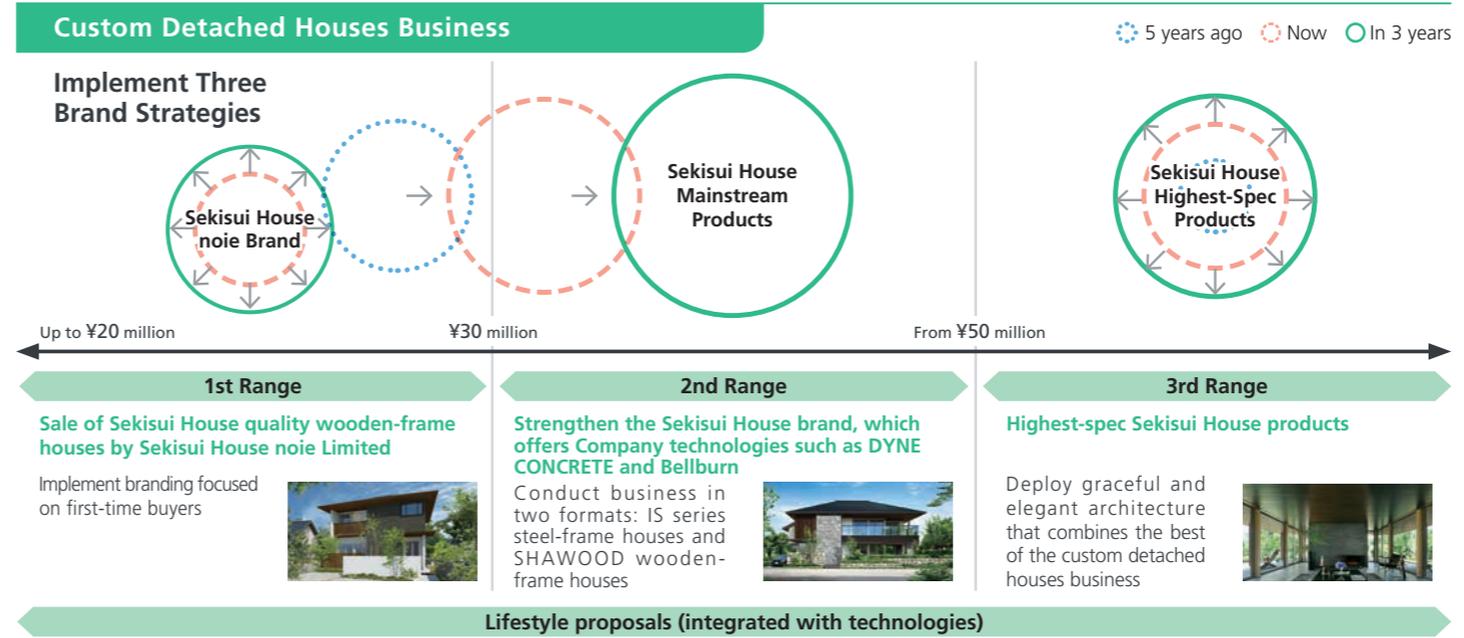


Built-to-Order Business

- Custom detached houses business
- Rental housing business
- Architectural/Civil engineering business

This business builds custom detached houses and rental housing under contract on land owned by the customer. The custom detached houses business promotes a three-brand strategy according to price range that offers new value as well as high-quality, high-performance products. The rental housing business and architectural/civil engineering business provide high-quality, hotel-like rental housing centered on urban areas, their priority strategic focus.

Fifth Mid-Term Management Plan Policies



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.

Rental Housing, Architectural/Civil Engineering Business

Promote focused S and A area¹ marketing

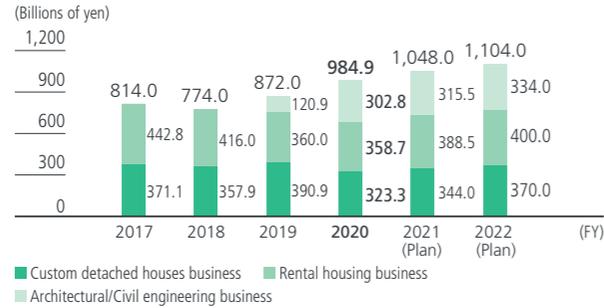
- Strengthen corporate real estate (CRE) and public real estate (PRE) businesses²**
 - Strengthen proposals for utilization of assets owned by companies and government in S and A areas (prime city center locations).
 - Strengthen business solution proposals utilizing big data to address the issues faced by companies and government (such as diverse workstyles, improvement of labor productivity, attraction and retention of employees and development of the living environment).
- Supply value-added Sha Maison rental housing and promote 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 innovations.
- Strengthen supply of mid- and high-rise buildings focusing on the Company's Flexible B 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 Flexible B System construction method.
 - Increase synergy in the Group in mid- and high-rise apartment properties and non-residential properties through collaboration with Konoike Construction.



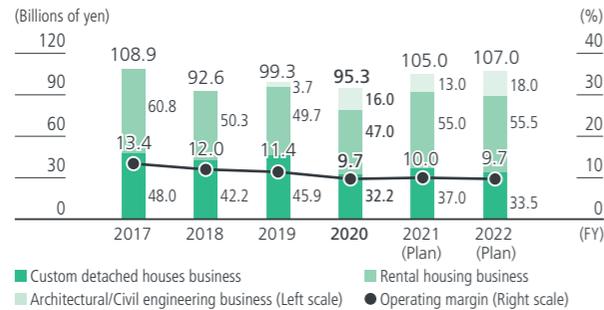
1. Areas in cities that the Company classifies as strategic locations for business development
 2. Businesses that propose effective uses for real estate owned by corporations (CRE) and by public organizations and administrative agencies (PRE)

Built-to-Order Business

Sales



Operating Income and Operating Margin



Review of FY2020 and Strategies Going Forward

FY2020 got off to a rough start, as COVID-19 began to run rampant from the first quarter, but we took various measures to minimize its impact on our businesses.

In the custom detached houses business, while housing exhibits were temporarily closed due to the state of emergency declared in Japan in April 2020, we were able to continue operations by promptly devising content for *Ouchi-de-Sumai Zukuri* (Housebuilding from Home), a system that enables online negotiations with customers. This success was the result of the groundwork we had started laying for digital marketing before the onset of the COVID-19 pandemic. In the early days of the pandemic, there were nationwide delays in the supply of equipment and materials, but the relationships we have built with suppliers helped to keep delays in delivery and construction schedules to a minimum. In our price range-based brand strategy, the success of value-added proposals for products such as the first-range Sekisui House noie brand and the IS series and SHAWOOD, the mainstream products of the second range, resulted in an overall increase in average price per unit. Orders also increased for products in the third range, which have the highest specifications. In the rental housing business, although growth in orders from hotels, medical and

nursing care facilities was weak, the number of net zero energy houses (ZEH) in Sha Maison orders substantially exceeded our target. The architectural/civil engineering business progressed as planned through collaboration with Konoike Construction.

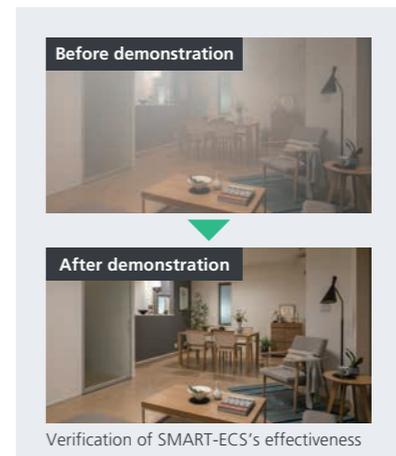
To meet the targets of the Fifth Mid-Term Management Plan, we keep close track of the break-even points for each of the three businesses and work to even out shipments by strictly complying with contract construction schedules. In the custom detached houses business, we aim to improve our ability to propose products that encompass not only the core Sekisui House technologies, but also high-value-added lifestyle design such as our Platform House Concept. In doing so, we are continuing to aggressively promote our brand strategy and build relationships of trust so we can introduce the most suitable brand to each customer. In the rental housing business, we analyze each area in detail to enhance our ability to make proposals to corporations and governments for effective utilization of land, profit-making investments and business matching. The architectural/civil engineering business will step up collaboration with Konoike Construction to generate greater synergies within the Group in mid-rise, high-rise and non-residential buildings.

Close-Up

Launch of SMART-ECS, a Next-Generation Indoor Environment Control System

Due in part to the impact of the spread of COVID-19, interest in new lifestyles and health has been growing. Now that people spend more time at home, housing proposals that take into account the health of the occupant's family are gaining popularity. In response, Sekisui House launched SMART-ECS, a next-generation indoor environment control system designed to remove a variety of pollutants including pollen and airborne particles with a diameter of 2.5 micrometers or less (PM2.5). This proprietary system integrates ventilation, air purification and ventilation zoning to create comfortable living spaces with clean air flow. We deliver comfortable housing that you can enjoy during all four seasons using the highest quality and latest technology.

For details, see <https://www.sekisuihouse.co.jp/kodate/feature/technology/smart-ecs/> (Japanese only)



Custom Detached Houses Business

Providing happiness through new, value-added offerings that integrate advanced technologies with comfort and lifestyle design proposals tailored to residents.

Lifestyle Design

For more luxurious time at home during the new normal
Launch of KOKAGE LOUNGE for a Feeling of Living in a Cozy Bower

Our new SHAWOOD KOKAGE LOUNGE wooden-frame detached houses offer the concept of a relaxing life in a cozy bower, nestled beneath trees. A large roof that provides a sense of privacy and protection, and the wide open space under the roof that opens onto the outside world, give the feeling of bathing in light filtered through the branches of large trees overhead. The sloping line of the ceiling extends through the eaves, giving residents a clear view so they can appreciate the natural surroundings, even while indoors.



Minna no Kurashi 7 Stories

Seven lifestyle model houses tailored to diverse needs. A new format for experiencing houses, staged as if they were the actual homes of seven families to give visitors a realistic sense of their daily lives.



→ See page 25 for details.

Family Suite

A large living room without pillars or partitions fosters happiness, facilitating connectedness between household members while maintaining a sense of comfortable distance. This design enables us to offer exciting new living rooms where all family members can spend time as they please.

→ See page 24 for details.

Original Sekisui House Items That Support Pleasant Daily Lives for Families

Indoor air system for healthy families
Airkis

Indoor air is the most common substance to enter the human body, much more even than food or drink. The Airkis high-quality indoor air system reduces indoor concentrations of five major chemical substances to less than 50% of the guideline values set by the Japanese government, assuming that children use about twice as much air as adults.



Adding comfort to safety and ease of use
Smart Universal Design

In addition to safety, security and ease of use, the design of our houses aims for comfort that appeals to all five senses, including touch, as well as user-friendly operation and the beauty of the design itself.



Insulation that provides comfort in any season
Insulation Performance

Our approach to insulation is to keep indoor temperatures consistent in all rooms year-round. The standard specification for thermal insulation in our houses is Grade 4 under the Housing Quality Assurance Act of Japan and housing performance indication system.



Saving and generating energy for eco-friendly lifestyles
Green First Zero

These houses provide comfortable living while reducing energy consumption. They are designed to be energy neutral in ways such as using photovoltaic power to generate energy equivalent to the amount consumed.



Technologies

Lightweight steel-frame housing
Dynamic Frame System

This construction method achieves high levels of both safety and freedom in design, allowing us to offer the spacious, open and comfortable Family Suite featuring a ceiling height of 2.7 meters and spans of up to 7 meters without pillars. The SHEQAS seismic control system has proven to be consistently effective not only during major earthquakes but also during repeated aftershocks. DYNE CONCRETE, our highest-grade exterior wall material for steel frames features outstanding strength and durability and a sturdy appearance reminiscent of quarried stone.



Dynamic Frame System



SHEQAS



DYNE CONCRETE

SHAWOOD

Wooden-frame housing
SHAWOOD Construction Method

SHAWOOD wooden-frame housing was designed to realize large pillar-free spaces, atriums and cantilevers, all of which are difficult to achieve with ordinary wooden structures. Our metal joint (MJ) system thoroughly reinforces the joints, which are considered the weakest point of wooden houses. Bellburn earthenware exterior wall panels feature a warm, soft texture as well as a proprietary construction method that ensures excellent durability while maintaining a beautiful like-new finish.



SHAWOOD construction method



MJ system



Bellburn

Rental Housing Business and Architectural/Civil Engineering Business

Working for customer happiness by offering high-quality, hotel-like rental housing through area marketing that specializes in S and A areas (prime city center location).

Lifestyle Design

Rental housing
Sekisui House's low-rise rental apartment
Sha Maison

Spaces for happy life and work at home
Sha Maison Work Life Mix

We offer plans that support new lifestyles including telecommuting and online study during the COVID-19 pandemic. We also increase added value through the effective use of corporate-owned land.



ZEH Rental Housing

Rental housing that meets the needs of ethical consumers, who are expected to grow in number. Owners can also expect long-term stable management.

➔ See page 64 for details.



Non-residential facilities:
A Diverse Track Record of Meeting Local Needs, Including for Elderly Care and Welfare Facilities

We help seniors lead the lifestyles they choose. Through safety checks and other life support services, we create environments where seniors can live with peace of mind in a refined atmosphere and communal areas that appeal to people who are used to quality. In addition, we utilize advanced technologies to provide a full range of functions that help them lead independent lives.



Hotel-like styling differentiates Sekisui House from competitors

Technologies

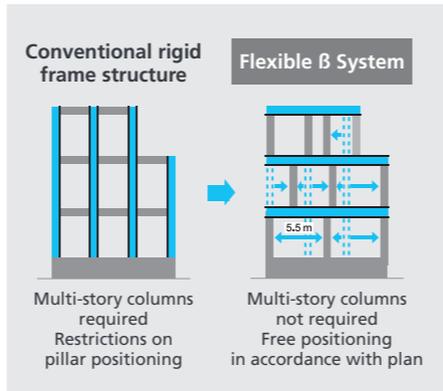


Flexible β System for 3- and 4-Story Heavy Steel Frame Structures

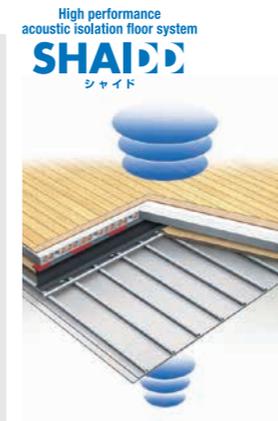
Acquisition of type-approval shortens the time required for application and permit screening from the usual three to six months to as few as four to seven weeks, and systematization that takes advantage of pre-engineered housing shortens the construction timeframe. The Flexible β System also offers outstanding freedom for designing diverse buildings including facilities for the elderly, for which demand is growing, nursery schools, medical facilities, hotels and public facilities. The rigid frame structure does not require multi-story columns and allows repositioning of the pillars on each floor, thus enabling total design freedom for multi-family housing, complexes combining housing with commercial space, and other applications. The SHAIDD high-performance acoustic isolation floor system reduces impact sound from the floor above to about half that of conventional steel-frame construction, resulting in greater tenant satisfaction with their rental housing.



Flexible β System

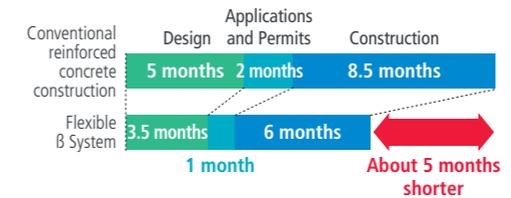


Multi-story free design



SHAIDD 55

Comparison of Construction Timeframe with Conventional Reinforced Concrete Construction (3-story apartment building; 3,000 sq. m floor area)





Supplied Housing Business

- Remodeling business
- Real estate management fees business

This business supports owners of our custom-built houses by proposing remodeling solutions for those houses and assists in rental housing management by subleasing properties. In the remodeling business, we proactively conduct proposal-based and environmental-based remodeling. In the real estate management fees business, we strengthen relationships with owners and improve services for tenants.

Fifth Mid-Term Management Plan Policies

Remodeling Business

Actively deploy proposal-based and environment-based remodeling

- Sekisui House detached houses (Sekisui House Remodeling, Ltd.)**
 - Proposal-based remodeling: Promote remodeling to create flexible spaces according to family lifestyle. Family Suite Renovation proposing a new style of home that reflects diverse values and unique lifestyles.
 - Environment-based remodeling: Promote energy-saving remodeling in line with advances in thermal insulation performance. *Idocoro Dan-netsu* (location-based heating), Green First renovation that improves thermal insulation and realizes comfortable homes centered on the living, dining and kitchen space, where families spend the most time.
- Sha Maison rental housing (Six Sekisui House Real Estate companies)**
 - Improve the competitiveness of properties in the rental market by raising 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.
- 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 buildings, focusing on earthquake resistance and eco-friendly improvements with a high awareness of social impact.
* 17 companies as of January 31, 2021. 15 companies as of February 1, 2021.

Real Estate Management Fees Business

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



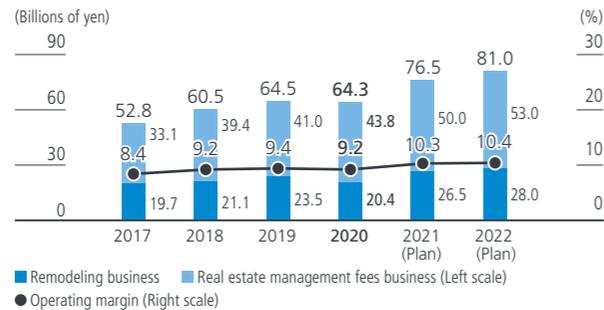
- Strengthen relations with owners of rental housing**
 - **Real estate management fees business (Newly built housing)**
Seek further brand unification and synergy by linking Sekisui House Real Estate with the Sha Maison brand and strengthen partnerships with owners for long-term stable management.
 - **Real estate management fees business (Existing housing)**
Mutually benefit Sekisui House Real Estate companies, 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 that is strong in residential land.
- 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.

Supplied Housing Business

Sales



Operating Income and Operating Margin



Review of FY2020 and Strategies Going Forward

In the second quarter of FY2020, we revised our performance forecast downward due to the impact of the spread of COVID-19, but orders in the remodeling business have been on the upswing since the third quarter. While it has been difficult to visit customers' homes to make remodeling proposals and conduct negotiations, we have been conducting consultations via an online system that uses the content on *Ouchi-de-Remodeling* (Remodeling from Home), as we have been doing in the custom detached houses business. On November 1, 2020, we merged our three remodeling companies, Sekisui House Remodeling East, Central and West, into Sekisui House Remodeling, Ltd. Unifying our business enabled us to focus our expertise on proposal-based remodeling for new living spaces tailored to various lifestyles, and on environment-based remodeling for energy savings and comfortable living. As a result, we received large-scale orders from the third quarter onward. Following the merger of the three companies, the contract ratio for large-scale proposal-based remodeling projects over ¥5 million increased about 5% compared with the pre-merger period.

In the real estate management fees business, we changed the names of the various Sekiwa Real Estate companies to Sekisui House

Real Estate on February 1, 2020 to further strengthen the rental housing management and brokerage businesses across the Group.

In the rental housing management business, we provide high-quality building management and services for Sha Maison rental housing that enrich people's lives, and conduct timely renovations to reflect contemporary styles. By doing so, we have maintained high rents and secured stable profits from this high-value-added rental housing in desirable locations.

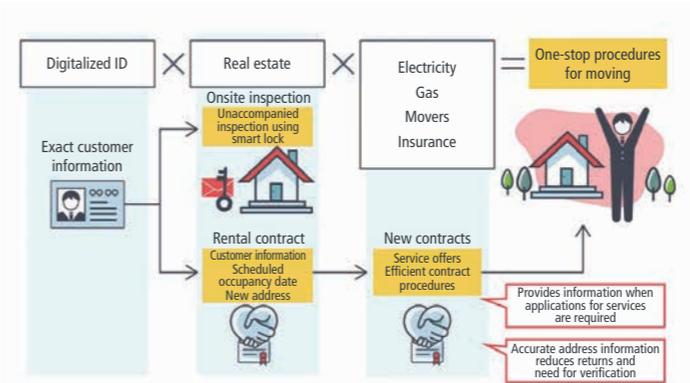
To meet the targets of the Fifth Mid-Term Management Plan, the remodeling business will enhance its sales and proposal capabilities by conducting detailed analysis of housing records and other owner information, and strengthen its focus on increasing large-scale remodeling orders. The real estate management fees business will further increase profits by securing high rents and occupancy rates in tandem with greater promotion of renovations in the rental housing management business. The brokerage business, which is on a recovery track, will contribute to results and aim for the overall growth of the business.

Close-Up

Industry's First Blockchain-based Service for Pre-Occupancy Procedures

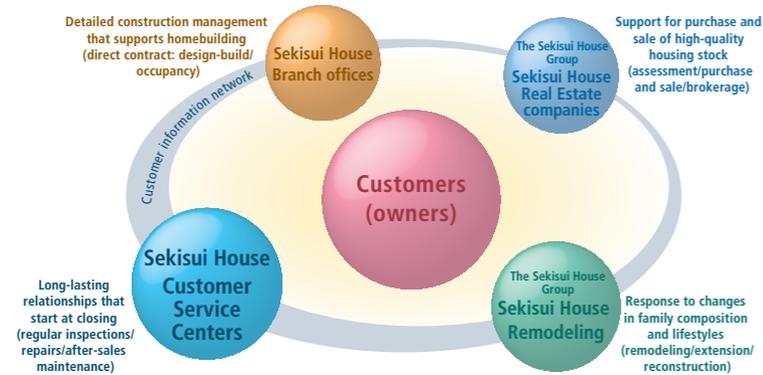
For customers looking to move into our Sha Maison rental housing, in January 2021 we implemented the industry's first* one-stop service for the various procedures that arise before taking occupancy. These procedures, which are numerous and cumbersome, range from onsite inspection and tenancy agreement to entering into contracts for various essential services and utilities upon moving in. The one-stop process reduces the burden on renters, thus improving our service to them. It was achieved by sharing customer information among companies in different industries while maintaining security using the blockchain technology of NEXCHAIN, a consortium that coordinates inter-company information exchange.

* Source: Sekisui House survey



Remodeling Business

The Customer Base Supporting Sekisui House's Remodeling Business



A key strength of Sekisui House's remodeling business is its customer base. As of January 31, 2021, Sekisui House had built a total of 2,506,598 dwellings, the most in the Japanese construction industry. By working together to provide services after construction, the Sekisui House Group strengthens relationships of trust with customers, leading to growth in orders for remodeling.

Large-Scale Orders for Proposal-Based and Environment-Based Remodeling

We have increased orders for environment-based remodeling including *Idocoro Dan-netsu*, an efficient solution for improving thermal insulation performance with a focus on the living, dining and kitchen areas where families spend most of their time, and proposal-based remodeling such as major changes in layout or plumbing to accommodate lifestage changes. As a result, large-scale orders of ¥5 million or more increased from 28% of total remodeling orders in FY2018 to 33% in FY2020.



Ie-Log Stores Maintenance Data for Each Residence



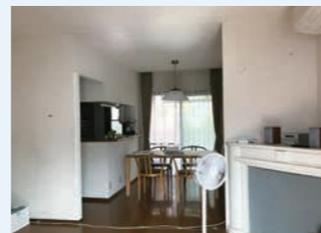
Ie-Log, which stores data for each residence we sell, plays a crucial role in proper maintenance and replacement of components. We are working to bolster our sales capabilities by using this data to enhance our ability to make proposals, thus leading to more sophisticated proposals.

Sekisui House Remodeling Case Study

The customers we handle at Sekisui House Remodeling are owners of homes built by Sekisui House. As we build relationships of trust with them through regular inspections and home visits, we find out where their interests lie in their homes. These discussions are useful in the event that customers decide to remodel. In this case, the customers wanted a more open feel in the living/dining/kitchen area, improved insulation and more storage space. When I showed them the conceptual image I had prepared, the customers told me they were impressed. I get a sense of satisfaction every day by staying closely attuned with customers and sharing my enjoyment of remodeling with them.



Noriko Yonemura
Manager, Kobe Sales Office,
Sekisui House Remodeling, Ltd.



Before



Conceptual image



After

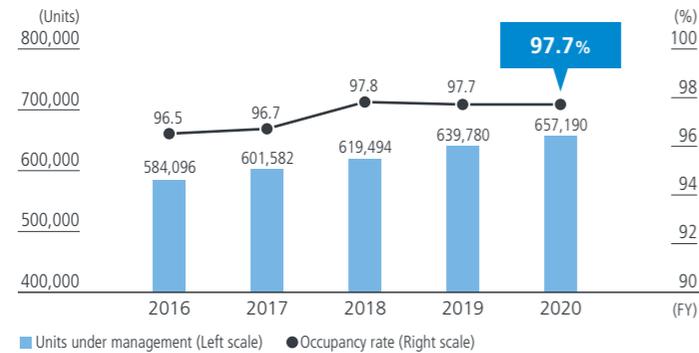
Real Estate Management Fees

Real Estate Management Fees Business

Improving the competitiveness of properties for stable business growth

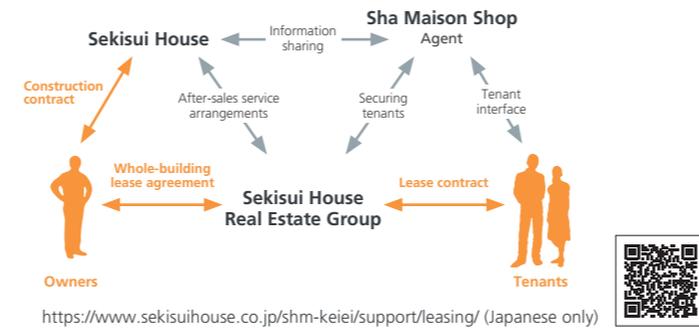
Units under Management and Occupancy Rate

We supply high-quality, high-performance Sha Maison rental housing with features such as hotel-like styling under a detailed strategy focused on S and A areas (prime city center locations). Moreover, management contracts with owners for whom we have built rental properties in the past are increasing. As a result of both these factors, rental properties managed by Sekisui House Real Estate companies have grown steadily to exceed 650,000 units. Sha Maison has become a regional price leader by meeting the needs of tenants and enhancing their satisfaction. In addition, under our approach that puts residents first we are strengthening property management and conducting remodeling and renovation as needed for older Sha Maison properties, including upgrading facilities and changing room layouts. This has not only led to occupancy rates at a high level despite the COVID-19 pandemic, it has also helped us maintain or increase rents.



Subleasing Service System Supports Long-Term, Stable Rental Property Management for Owners

Our subleasing service system is a key element supporting the real estate management fees business. Sekisui House Real Estate companies lease entire Sha Maison properties built by Sekisui House from their owners for a fixed monthly payment, regardless of vacancies. In addition to providing comprehensive property management services from day-to-day cleaning to maintenance and inspections, as the landlord, Sekisui House Real Estate companies deal directly with tenants and work to maintain and improve property value. The many owners who use this system appreciate how it saves time and trouble. Furthermore, Sha Maison Shops, agents with close ties to the local community, provide support for finding new tenants. Our subleasing service system improves occupancy rates, building operation and maintenance, ensuring stable management for owners and greater tenant satisfaction.



A New Option for Rental Housing Management and Succession from Sekisui House Trust

Many owners of rental housing have an array of concerns about its management, such as the trouble and time it requires, the possibility of dementia onset in the future, family members' lack of real estate management knowledge or the remote location of the property, as well as worries about methods for forestalling inheritance problems. One effective method for resolving such concerns and worries is a real estate management succession trust. Sekisui House Trust, Ltd. specializes in these trusts and assists in managing rental properties, homes, vacant houses and other real estate and reliably passing assets on to future generations.

* For details, see Sekisui House Trust, the official website <https://www.sekisuihouse-trust.co.jp/> (Japanese only)

Brokerage

Achieving growth and helping to resolve social issues by promoting an active resale market for high-quality housing stock

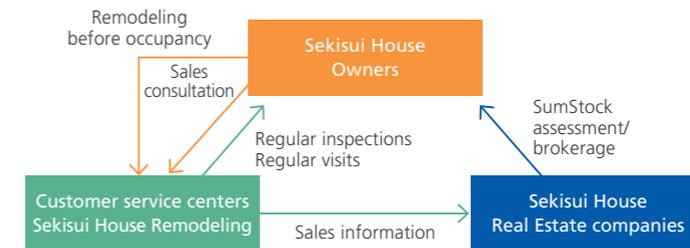
Strengthening the Brokerage Business by Promoting SumStock

The Sekisui House Group is a member of The Provision of Quality Housing Stock Association, which aims to encourage the resale of high-quality housing stock, and actively promotes the association's SumStock initiative, which is aimed at creating a suitable market structure for doing so. The Sekisui House Group collaborates to extend the useful life of housing and promotes its circulation. By doing so, we ensure that the asset value of Sekisui House's high-quality housing is properly evaluated and maintained.



Sekisui House Group Collaborative Promotion Structure for SumStock

Our customer service centers, Sekisui House Remodeling and Sekisui House Real Estate companies collaborate to promote SumStock.





The Ritz-Carlton, Kyoto

Development Business

- Houses for sale business
- Condominiums business
- Urban redevelopment business

This business starts with investments such as acquisition of land for development into houses for sale, condominiums, office buildings or commercial facilities to help create high-quality, prosperous communities. We emphasize ROA-focused management in development that generates stable earnings by improving asset turnover and acquiring prime land.

Fifth Mid-Term Management Plan Policies

Pursue ROA-focused management
Generate stable earnings by improving turnover and acquiring prime land

Houses for Sale Business

Policies	<ul style="list-style-type: none"> • Strengthen strategic purchases and manage inventory. • Focus on the development of beautiful communities.
Targeted regions	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Achieve both beauty and functionality through cityscape evaluation system and building evaluation system, to be established in internal standards.
Social issues	<ul style="list-style-type: none"> • Buy up properties for resale in cooperation with the remodeling business, including regeneration of unoccupied housing in large housing complexes.

Condominiums Business

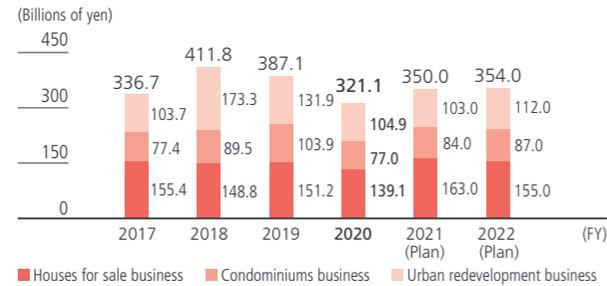
Policies	<ul style="list-style-type: none"> • Control balance of investment and promote development focusing on prime locations.
Targeted regions	<ul style="list-style-type: none"> • Continue development focused on Tokyo, Nagoya, Osaka and Fukuoka and purchase land in central areas. • Super high-grade land in major metropolitan areas such as Sapporo, Sendai, Hiroshima, Fukuoka and Okinawa on a case-by-case basis.
Consideration for the environment	<ul style="list-style-type: none"> • Apply environmental strategies developed in the custom detached houses business to condominium business. Expand ZEH condominiums.
Social issues	<ul style="list-style-type: none"> • Contribute to urban redevelopment by taking on the challenge of redeveloping aging condominiums on the market.

Urban Redevelopment Business

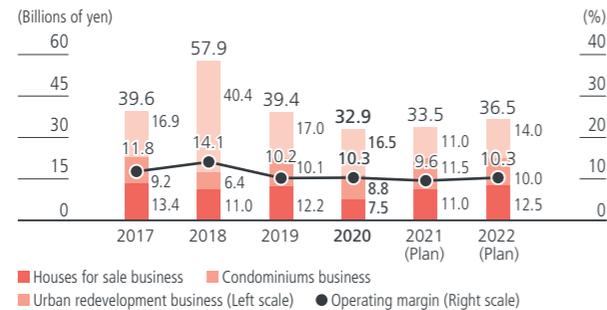
Policies	<ul style="list-style-type: none"> • Secure stable pipeline and strengthen exit strategies.
Targeted regions	<ul style="list-style-type: none"> • Actively participate in urban redevelopment projects in major cities and conduct development focusing on hotel projects and commercial facilities. • 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 <i>Michi-no-Eki</i> Stations Project in cooperation with municipal governments in regional areas.
Social issues	<ul style="list-style-type: none"> • Provide support for urban development aimed at realizing compact cities by strengthening relations with regional administrations and local public bodies and by proposing solutions.

Development Business

Sales



Operating Income and Operating Margin



Review of FY2020 and Strategies Going Forward

The houses for sale business resumed activities in stages after the declaration of the state of emergency in April 2020. We conducted sales activities utilizing virtual reality. Customers focused their attention on parcels of land in the suburbs as they searched for more space to accommodate new lifestyles and enjoy time spent at home due to the COVID-19 pandemic.

In the condominiums business, more customers attached importance to view and sunlight. Proposals at our model rooms included an additional room or corner space for telework. We also completed closings for large-scale projects in Tokyo and Osaka.

In the urban redevelopment business, we made new investments in rental housing with a relatively short recovery period, and have mainly been purchasing properties that contribute to improving the asset turnover ratio. In April 2020, we recovered funds by selling part of our stake in The Ritz-Carlton, Kyoto to Sekisui House Reit. As a result, the total value of property sales in fiscal 2020 was ¥72.4 billion. Umekita Phase 2 Development Project (tentative name), in which we are participating, and other urban development projects are proceeding smoothly.

To meet the targets of the Fifth Mid-Term Management Plan, we will continue to conduct ROA-focused management in all three businesses. In the houses for sale business, to acquire land in priority areas we will strengthen coordinated land purchasing by the Group, including Sekisui House and the Sekisui House Real Estate companies. In addition, we will work to offer both beauty and functionality, buying up properties, including unoccupied housing in large housing complexes, which we regenerate and resell in cooperation with the remodeling business. In the condominiums business, we will develop high value-added properties based on environmental and lifestyle proposals and pursue strategies that consider the balance between the value of and investment in properties. The urban redevelopment business will further enhance its pipeline while strengthening its exit strategy for real estate investments, including sales of properties to Sekisui House Reit. The profitability of the hotel properties we own has fallen sharply due to the COVID-19 pandemic, but we will work with Marriott International, Inc. to fully capture demand during the recovery period.

Close Up

Opening of Hotels for the Trip Base *Michi-no-Eki* Stations Project

Sekisui House and Marriott International, Inc. have teamed up with local governments in 25 prefectures and 34 partner companies for the Trip Base *Michi-no-Eki* Stations Project, a regional revitalization business based on the concept of a "quest to discover the hidden charms of local Japan." Fairfield by Marriott hotels that serve as travel hubs have opened in eight facilities in four prefectures since October 2020. To assist regional revitalization nationwide, we will open 15 hotels in six prefectures by spring 2022 as the first stage toward our goal of expanding the combined capacity to about 3,000 rooms by 2025.

* For details, see TRIP BASE STYLE, the official website of the Trip Base *Michi-no-Eki* Stations Project <https://tripbasestyle.com/> (Japanese only)



Houses for Sale Business

SMART COMMON CITY AKAISHIDAI was our first large-scale community development project in Miyagi Prefecture after the Great East Japan Earthquake. During a curb on new urbanization projects in the prefecture, we received approval for the development of a large-scale residential complex (public notice on May 18, 2010). The following introduces the lovely townscape of Akaishidai, where Sekisui House mobilized its expertise in community development.

▶ SMART COMMON CITY AKAISHIDAI

Akaishidai, Tomiya City, Miyagi Prefecture Total number of lots: 763 (730 sold by Sekisui House)



Gohon no ki project tree plantings and our original townscape guidelines have created a verdant and beautiful community



A different variety of tree for each street helps to define the townscape.



In keeping with our commitment to local production for local consumption, we use expressive date kanmuri stones for landscaping

The Akaishidai area offers excellent convenience for daily life, with commercial facilities, educational institutions, financial institutions, medical facilities and good access to the city center. In addition to our high-quality housing, we have enhanced safety and security using ideas from our previous community planning and development as well as lessons learned from the Great East Japan Earthquake. Our aim is to create a community that promotes long, healthy lives for people and their homes, with a view toward the era of the 100-year lifespan. Due in part to the increased time people have been spending at home during the COVID-19 pandemic, this quiet, verdant and beautiful townscape is attracting attention.

Community Overview

Safety and Security

Security is thorough and the streets are pedestrian friendly.



Security company Secom Co., Ltd. regularly patrols the area.



Promenade along the community boundary

Disaster Preparedness

The three emergency evacuation centers in the community contain stockpiles of emergency food and supplies and are used for holding disaster preparedness seminars, among other purposes.



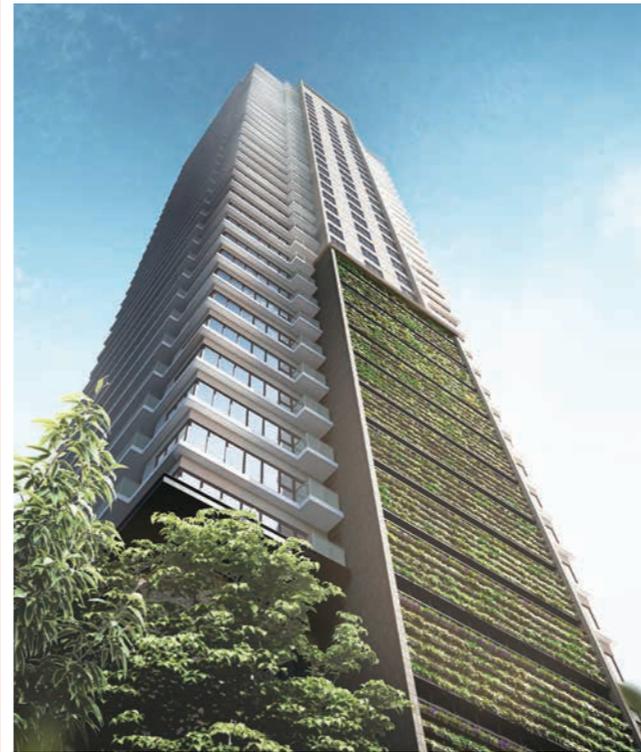
Condominiums Business

We conduct our condominiums business mainly in Tokyo, Nagoya, Osaka and Fukuoka, applying the environmental strategies cultivated in our housing businesses to promote the development of ZEH condominiums.

▶ GRANDE MAISON
Uemachi 1-chome Tower

Chuo-ku, Osaka City, Osaka Prefecture
Completion scheduled for late November 2022

A super high-rise tower residence that offers both comfortable living and high-performance thermal insulation. Insulation performance of window glass has also been improved to keep the windows large. All 188 units meet ZEH-M Oriented standards for condominiums. This project was selected by the Ministry of Economy, Trade and Industry as a high-rise ZEH-M condominium demonstration project for FY2019.



Entrance



Entrance hall



Living space (living room)

▶ **Grande Maison
Shinagawa Seaside no Mori**
Shinagawa-ku, Tokyo
Completed in December 2019

Greenery has been planted on approximately 3,700 square meters of a vast site of over 13,000 square meters. In addition to preserving and reusing existing trees and ornamental stones, we created a new grove of 15,000 trees. The development has also obtained Long-Life Quality Housing Certification* for long-term residence with peace of mind and a reduced environmental impact.



Entrance



Café/Lounge



Library

* Long-Life Quality Housing Certification system: Certification based on the Act for Promotion of Long-Life Quality Housing for plans to build and maintain quality housing for which measures have been taken so that the property can be used continuously for extended periods of time in good condition.

Urban Redevelopment

Sekisui House also develops large-scale properties such as offices, rental housing, commercial buildings and hotels, with a focus on attractive and highly valuable assets. We established Sekisui House REIT, Inc. and have created an exit strategy based on a pipeline support agreement between its asset management company, Sekisui House Asset Management, and its sponsor, Sekisui House.



▶ **Hirokoji Cross Tower**
Naka-ku, Nagoya City,
Aichi Prefecture
Opened in March 2018

We contributed to the revitalization of Hirokoji-dori and the Sakae and Fushimi districts by creating a bustling area with the construction of the new Hirokoji Cross Tower and the conversion of the historic former head office building of The Bank of Nagoya. This property received the 26th Aichi Prefecture Urban Design Architecture Award in FY2018.

▶ **Prime Maison Shimokitazawa**
Setagaya-ku, Tokyo
Completed in December 2019

This property received the 2020 Good Design Award for harmonizing with the extensive greenery of the surrounding area.



▶ **W Osaka**



Chuo-ku, Osaka City, Osaka Prefecture
Opened in March 2021

Our partner, Marriott International, opened one of its W Hotels, which feature unique designs.





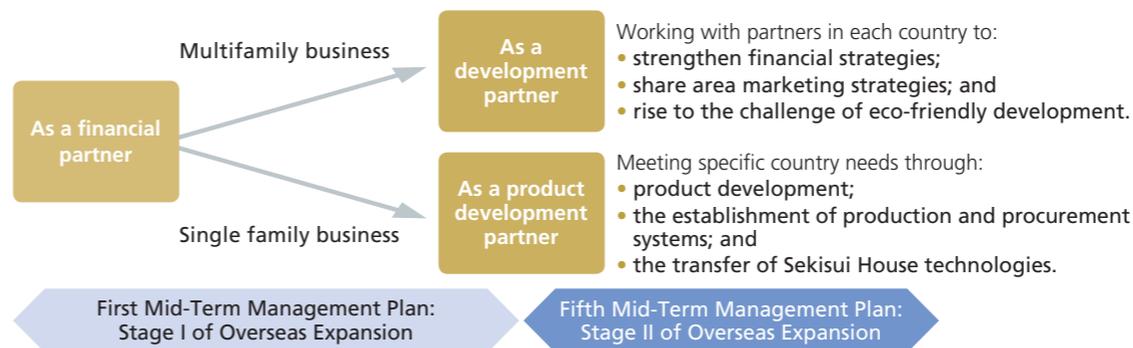
Overseas Business

We sell detached houses and residential land, and develop condominiums for sale or rent and other properties in five countries including the United States. Using the Sekisui House technologies we have cultivated in our domestic businesses in areas including safety, security, and comfort, we will help resolve social issues in each country and conduct initiatives to provide new value in housing to maximize the happiness of our customers and society.

Fifth Mid-Term Management Plan Policies

Overseas Business

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



Review of FY2020 and Strategies Going Forward

In FY2020, because of differences in the COVID-19 pandemic situation between countries, we conducted business activities tailored to measures in each country.

In the United States, in FY2020 we moved the planned sale of some properties in the multifamily business to FY2021 or later and sold three projects. The master-planned community business and the homebuilding business performed strongly due to factors including the spread of telecommuting and a boost from historically low mortgage interest rates. In China, sales and closings for condominiums proceeded smoothly as we made steady progress toward selling out all projects during the Fifth Mid-Term Management Plan period. In Australia, we revised the profit plan for the condominium business, but the residential land development business made steady progress.

We have primarily been focusing on real estate development but going forward we will evolve our overseas business by stepping up our growth strategies for built-to-order businesses (homebuilding, rental housing contracting and others) and supplied housing

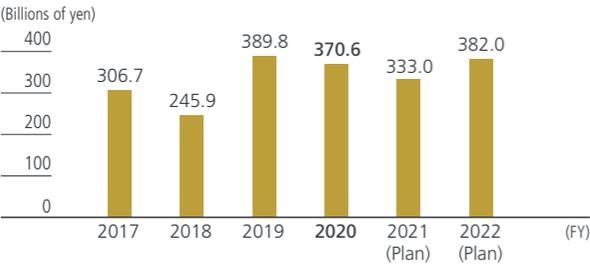
businesses (property management, rental housing management and others) in harmony with our area strategies for each country. We will also bolster our financial position and focus on the operating margin and ROA to balance investment and returns.

As an additional measure that is essential for a successful global rollout of our diverse businesses, we will promote greater localization with a focus on prioritizing relationships of trust with outstanding local partners and cultivating capable local human resources who understand Sekisui House's philosophy and vision.

We have positioned the Fifth Mid-Term Management Plan as a period for improving quality and a time for setting up a foundation, including acquiring land, creating a system for delivering 3,000 detached houses per year and establishing a supply chain. As a shortage of skilled workers and an aging population become issues in many countries, we will also work to help resolve social issues by popularizing pre-engineered housing.

Overseas Business

Sales



Operating Income and Operating Margin



Close-Up

Promoting ESG at Overseas Subsidiaries

E (Environment): Popularizing a U.S Version of ZEH

In the United States, where interest in sustainable living environments is growing, we are focusing on developing and popularizing a U.S. version of ZEH that deploys the eco-friendly housing technology that is a Sekisui House strength. We currently have three houses that are fully compatible with ZEH, and we are also supplying numerous ZNE* Ready-level houses that meet local standards.

* Zero Net Energy

S (Society): Women in Prominent Roles at Subsidiaries in Each Country

In the United States and Australia, women account for a high percentage of our employees, and the percentage of female managers is increasing year by year.

U.S.-based Woodside Homes welcomed its first female branch manager in 2020 and appointed its first female CIMO* responsible for research and marketing in April 2021. In Australia, the staff member in charge of marketing and sales at West Village, our condominium business in Brisbane, received a 2020 Women in Leadership Award for Excellence, sponsored by UDIA Queensland.

*Chief Insights and Marketing Officer

G (Governance): An English Translation for Better Understanding of Our Corporate Philosophy

As we roll out our business in each country, we believe it is important for all employees to conduct their work with an understanding of our corporate philosophy, which centers on our philosophy of love of humanity. Various departments therefore collaborated on an English translation of the corporate philosophy, which was previously only available in Japanese. Going forward, we will create a training system and take other measures to spread our corporate philosophy worldwide.



Overseas Business
United States

Develop high-value-added properties and step up sales of houses based on lifestyle proposals and eco-friendly houses

FY2020 Sales	Operating income
¥240.7 billion	¥25.2 billion



Issues	Responses
<ul style="list-style-type: none"> • Brisk housing demand due to population growth • Risk of large-scale earthquakes on the West Coast • Greater motivation to combat global warming due to changes in hurricane tracks and other factors • The need for exterior maintenance 	<ul style="list-style-type: none"> • Strengthening of collaboration with Woodside Homes • Transfer of Sekisui House technologies • Construction of SHAWOOD homes featuring high earthquake resistance and ZEH specifications • Introduction of Bellburn earthenware exterior wall panels

Business Overview

• Multifamily business

As the core of our operations in the United States, we will use this business to stabilize earnings. We will conduct business mainly in existing areas while maintaining sound exit strategies. At the same time, we will consider holding excellent properties for a certain period as a source of stable earnings.

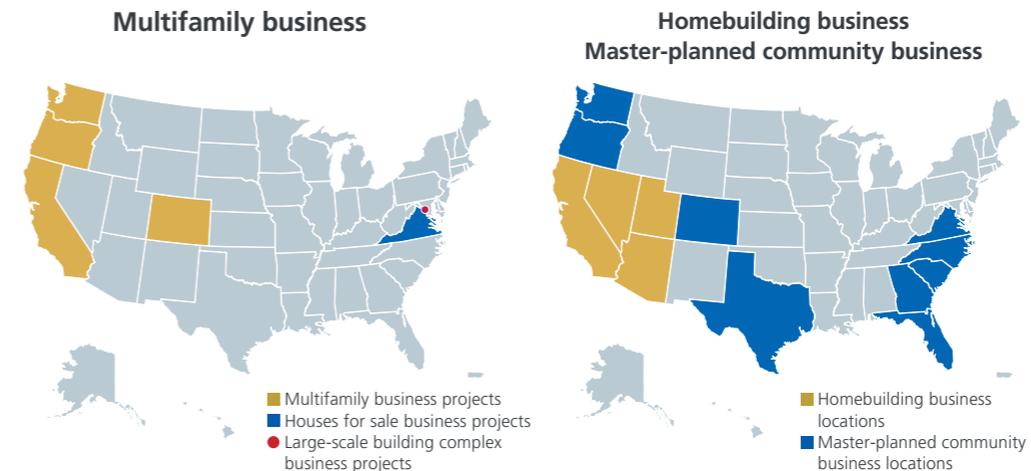
• Homebuilding business

In the United States, we will shift our sales from our former focus on price-oriented models to houses based on lifestyle proposals that deploy Sekisui House's expertise, and will introduce Sekisui House's SHAWOOD wooden-frame houses.

• Master-planned community business

We will rigorously select new investments and aim for synergies through integrated management with the homebuilding business.

Business regions



Business Environment

In the multifamily business in the United States, although tenant turnover temporarily halted during the COVID-19 pandemic due to factors including a thorough switch to telecommuting, mainly on the West Coast, tech company employees are returning to the office as they become vaccinated, and investors are gradually returning to the market.

We entered the homebuilding business with our acquisition of Woodside Homes in 2017, thus laying the foundation for full-scale development of the homebuilding business in the United States. During the COVID-19 pandemic, the homebuilding business is gaining momentum from growth in demand due to lower interest rates, as well as the impact of telecommuting and an increase in people moving from cities to the suburbs to get away from densely populated areas.

Overseas Business



United States

Develop high-value-added properties and step up sales of houses based on lifestyle proposals and eco-friendly houses



Fifth Mid-Term Management Plan Initiatives

• Multifamily business

In major cities on the West Coast, where IoT and AI companies are concentrated, demand for urban rental housing is brisk, mainly among millennials, due to growth in employment. As such, steady increases in rent are expected over the medium-to-long term. In cooperation with an outstanding partner in this area, we are involved in a number of multifamily apartment development projects, which we have made our core business in the United States.

Kiara, a high-rise rental condominium in Seattle that we sold in 2020, secured a high profit margin even amid a downturn in investor sentiment due to the COVID-19 pandemic. We will



continue working to secure stable earnings by conducting thorough research and making inroads in carefully selected prime urban areas with the aim of developing high-value-added properties that will be trophy projects.



• Homebuilding business

We are stepping up cooperation with Woodside Homes of the United States to shift from a price-oriented sales strategy to a customer-oriented strategy of providing happiness and aim to improve customer satisfaction by offering the option of houses based on lifestyle proposals and thorough after-sales service. We are also working to stabilize quality and to improve profitability with shorter construction schedules using the geographic planned production (GPP) we have cultivated in our business in Japan.

Natural disasters have occurred with greater frequency in recent years, especially on the West Coast, and problems caused by climate change, such as changes in hurricane tracks, have become more pronounced. We are therefore planning a pilot project for the SHAWOOD business in 2021 to follow Chōwa HOUSE, our IBS* concept home that was highly praised for its superior durability, ease of maintenance and environmental performance. Amid rising interest in sustainable living environments, we also aim to further expand this business by developing a version of ZEH for the United States that leverages our strengths in eco-friendly housing technology and popularizing designs that have become standard in Japan.

* International Builders' Show

• Master-planned community business

We are engaged in master-planned community development in various metropolitan areas across the United States where residents can commute to locations with high rates of growth in employment over the medium term. We rigorously select new investments with the aim of generating synergies through integrated management with the homebuilding business. We are carrying out individual projects while paying close attention to the timing for purchasing suitable development sites in light of economic fluctuations.



Sample house based on lifestyle proposal option



Overseas Business



Overseas Business

Australia

Help resolve consumer issues with basic and environmental performance developed in Japan

FY2020 Sales	Operating income
¥37.9 billion	¥0.5 billion



<p>Issues</p> <ul style="list-style-type: none"> • Brisk housing demand due to forecast population growth • Substantial room for improvement in housing quality • Rising electricity bills due to deregulation and other factors 	➔	<p>Responses</p> <ul style="list-style-type: none"> • Construction of a factory in suburban Sydney for the Australian version of SHAWOOD home • Establishment of a system for repetitive manufacturing of high-quality materials • Construction of pilot ZEH SHINKA House
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Business Overview

In Sydney and Brisbane, we have been conducting sales of detached houses and residential land, and developing condominiums, commercial facilities, complexes and other properties since 2008. While controlling the balance of investments, we will establish a stable earnings base that is resilient to economic and market conditions. In the homebuilding business, we will roll out an Australian version of our SHAWOOD business and raise brand awareness.

Business Environment

Although stable growth in housing demand is expected along with the forecast increase in population, real estate investment from overseas has been significantly curtailed by the continuation of investment regulations introduced in 2017, including the application of additional stamp duty and property tax for foreign investors. Demand consequently declined, especially for high-priced condominiums. On the other hand, the housing market is on a recovery track, with an increase in owner-occupier demand due to low interest rates on mortgages and the introduction of a housing subsidy program.

Our development business has a solid track record, having supplied more than 6,000 condominiums. We also have a high level of recognition as a developer in Australia, receiving numerous awards including Best Innovative Green Building at the internationally renowned MIPIM Awards for One Central Park, a joint business with Frasers Property.

Our homebuilding business also has an impressive track record, with over 4,500 units sold and a strong reputation for quality and service. Going forward, we will expand our business area to cover all parts of Sydney, where the population is expected to grow, with the aim of expanding SHAWOOD sales.

Fifth Mid-Term Management Plan Initiatives

The basic and environmental performance and service quality we have developed in Japan have a positive reputation in the Australian market, and awareness of our brand is increasing year by year. In 2020, due to government support measures for homebuyers, demand for housing increased due to owner-occupier demand, mainly among first-time home buyers, and condominium sales at Sanctuary and Melrose Park and house sales have been strong. In 2010, we built a SHAWOOD factory in a suburb of Sydney, enabling us to establish a system capable of stably producing materials suited to the local climate, landscape and other needs. Going forward, we will work to further raise brand recognition with a focus on expanding SHAWOOD sales and selling eco-friendly houses that deploy our expertise in SHINKA House.

Close-Up

Production and Supply by Our Local Factory

Labor shortages have become an issue for Australian society. According to available data, the fill rate for the construction industry is 67%. We believe that Sekisui House's pre-engineered housing can help overcome issues such as Australia's high labor costs and shortage of skilled workers.

Our factory in Ingleburn, a suburb of Sydney, processes materials for SHAWOOD to supply consistently high-quality housing like we do in Japan. The factory has ISO14001 certification, an international standard for environmental management systems, and works to address environmental issues.

We believe that increased supply volume will enable a rollout to the entire Sydney area, thus facilitating highly capital-efficient business operations.




Overseas Business



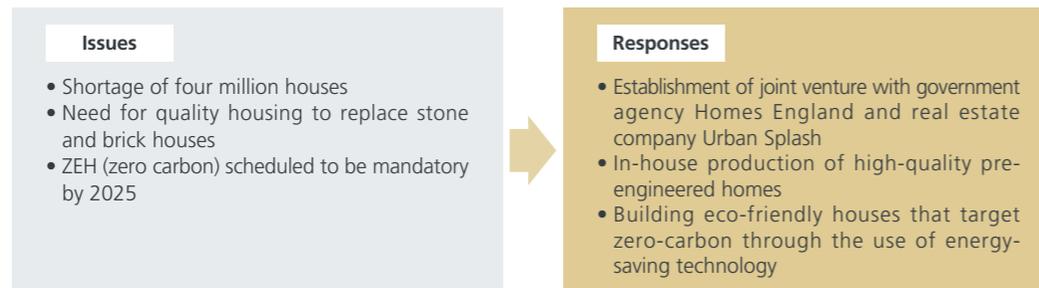
Overseas Business
United Kingdom

FY2020 Ordinary income
-¥0.8 billion
(Equity method accounting)

Sales of pre-engineered housing in collaboration with a government agency and a local general real estate company



Northstowe



Business Overview

While testing potential applications for our pre-engineered housing technology, we will direct our investments to help resolve the country's housing shortage.

Business Environment

As the population steadily grows in the U.K., a substantial housing shortage, said to total four million units, has become a social issue. Meanwhile, because most houses supplied are made with bricks or other materials that require time-consuming conventional construction methods, a number of MMC* builders, who can supply large quantities of housing using factory-shipped materials, have entered the market. The government is also focusing on housing supply, making the U.K. a high-potential market. We will deploy the technologies and expertise in pre-engineered housing we have accumulated in Japan to help revitalize the country's housing market and regions.

* Modern Methods of Construction

Fifth Mid-Term Management Plan Initiatives

In May 2019, we made a full-scale entry into the U.K. housing market by forming a partnership with Homes England, which is the government agency in charge of the nation's housing supply, and general real estate company Urban Splash. We plan to accelerate growth by transferring our technologies and expertise in high-quality pre-engineered housing to Urban Splash's products and factory. Through the rollout of this business, we will help resolve the serious housing shortage in the U.K., meet needs for higher-quality housing that can be constructed more quickly, and contribute to market vitalization. Further ahead, we intend to take on the challenge of helping to resolve social issues in Europe, where the housing shortage is worsening due to factors such as a labor shortages and soaring housing prices.



Overseas Business
China

FY2020 Sales
¥91.8 billion

Operating income
¥14.9 billion

Developing healthy and safe eco-friendly housing



Wuxi Yuqin Residence

Fifth Mid-Term Management Plan Initiatives

Mainly in the cities of Shenyang, Suzhou, Wuxi and Taicang, we conduct businesses including a townhouse business that builds on a track record of multi-unit residential complex projects and eco-friendly housing under our own Sekisui House Yuqin brand, and a condominium business that creates world-class living spaces.

At our completed projects in the Heping and Hunnan districts of Shenyang and in Wuxi, we are stepping up sales to complete closings of the remaining units during FY2021. At the Taicang 2 Project, closings of all of the townhouses have been completed, and the condominiums are currently under construction, with completion and start of closings scheduled for FY2021. For our Suzhou Project, for which closings were completed in FY2019, we will provide after-sales service to residents to strengthen their trust in Sekisui House.



Overseas Business
Singapore

FY2020 Ordinary income
¥1.7 billion
(Equity method accounting)

High-value-added development projects with local partners



One Holland Village

Fifth Mid-Term Management Plan Initiatives

In collaboration with leading local developers, we develop high-value-added condominiums matching the lifestyles of Singaporeans, and build complexes that include commercial facilities and offices. In a housing market that is booming due to success in curbing COVID-19, we will continue to acquire land and carry out high-value-added development.

In this intensely competitive market, we are working to differentiate ourselves from our competitors and raise our presence by incorporating various Sekisui House lifestyle design proposals into our local projects.