



Sekisui House, Ltd. Overseas Business Briefing 2022.1.20

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1. M&A Strategy in the United States

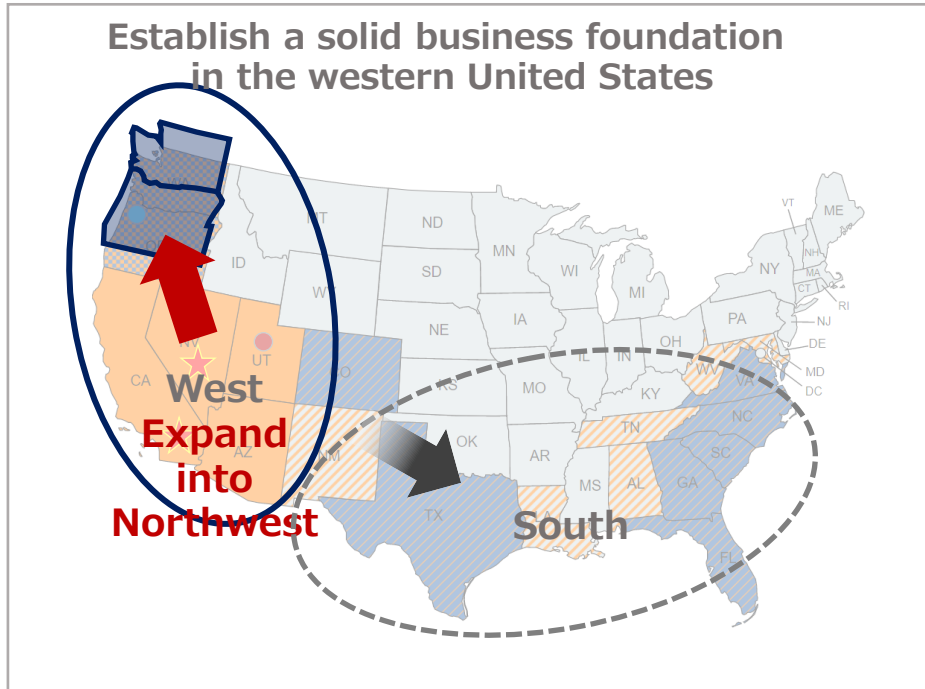
M&A Strategy in the United States

Select Group homebuilders that offer know-how that is compatible with Sekisui House's and aligns with area strategy

Aligns with business area expansion strategy

Holt Homes' business development in the Northwest

Business area: Parts of Oregon and Washington



Transferring Sekisui House technologies

Holt Homes' strengths

- ① **Shares our passion to make home the happiest place in the world**
 - Passion for creating value in housing centered on lifestyle concepts and strong sympathy with Sekisui House's global vision
- ② **Veteran management team**
 - Major builder with more than 20 years of practical experience (finance, marketing, land acquisition, and construction supervision)
 - Deep knowledge of the business area, including Portland
- ③ **In-house management system proactively involved in operations**
 - Of its 116 employees, about 75 belong to departments involved in construction operations
 - Able to acquire and develop prime land thanks to a solid track record as a developer and long-running relationships of trust with local landowners and government entities



Leverage technologies and knowledge accumulated in Japan to make inroads into the western and southern United States, markets with strong growth potential, to increase the value of homes through the transfer of Sekisui House technologies

2. Holt Homes

Overall Strategy for U.S. Homebuilding Business Based on Acquisition of Holt Homes



Three steps to expand the homebuilding business

Step 1 – Create a foundation for U.S. homebuilding business

Achieved with Woodside Homes

Present Step 2 - Horizontal development into promising areas

Accelerate expansion into new areas through acquisition of Holt Homes

Step 3 - Develop SHAWOOD, which best embodies the ideals of Sekisui House, across the United States

Make home the happiest place in the world

Integrate the knowledge of Group homebuilders and Sekisui House



An unrivaled housing business

Overall strategy and outlook for home sales volume

U.S. homebuilding business: Aim to further expand to about 4,000 homes by 2025

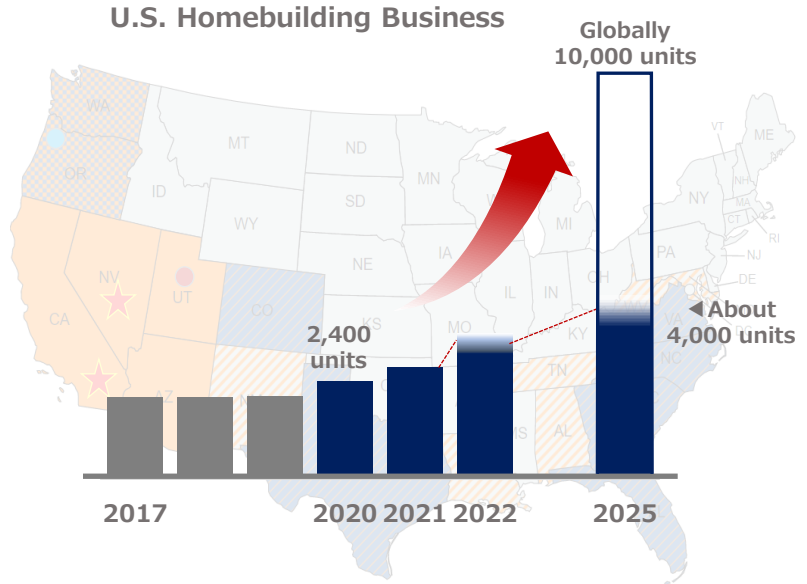
Create new value in happiness encompassing tangible and intangible elements while aiming to transfer Sekisui House technologies

Woodside Homes
Area: CA, NV, AZ, UT
Sold 1,000 units (2021)

SHAWOOD business
Area: CA, NV
Provide safety, security and comfort

Holt Homes
Area: OR, WA
Sold 695 units (2021)

Integrate tangible and intangible elements
Transfer of Sekisui House technologies
Improve value added with lifestyle solutions



Holt Homes became a wholly owned subsidiary in December 2021. Constructs and sells homes with conventional 2x4 construction in two western states, Oregon and Washington, ranking second in 2021 for homebuilder market share in Portland region. Delivered a total of 695 homes to customers in FY2021.

Holt Homes

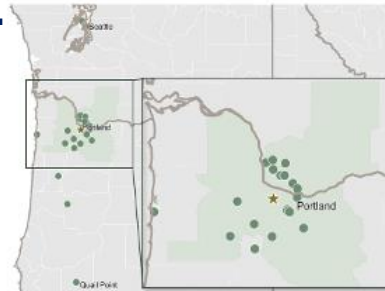
- Head Office: 1300 Esther St Suite 200, Vancouver, WA 98660
- Personnel: 116 employees
- Founder: Greg Kubicek (Founder & President)
- Establishment: 2017

Highlights

- In the Portland market, which has high barriers to entry, Holt Homes ranked 2nd in share of builder housing construction start permits in FY2021
- Strong growth in a short period while maintaining high margins in the homebuilding business
- Currently owns and manages 31 communities
- Management team has deep knowledge and experience in the homebuilding business and Portland market

Competitive advantages in the Portland market

- Most of Holt Homes' business is in the Portland market
- Holt Homes' share of builder housing supply: 3rd (5.9%) in 2019, 3rd (7.5%) in 2020
- In the Portland market, known to have a tough development approval process, rivals face major hurdles to supplying housing. Holt Homes, as a major land developer, enjoys access to land, achieving a high market share



Portland Metropolitan Area
● Represents Holt Communities

Community Map



Holt Homes Product



Pivot to strategy that emphasizes value and lifestyle solutions by leveraging Holt Homes' extensive experience and track record

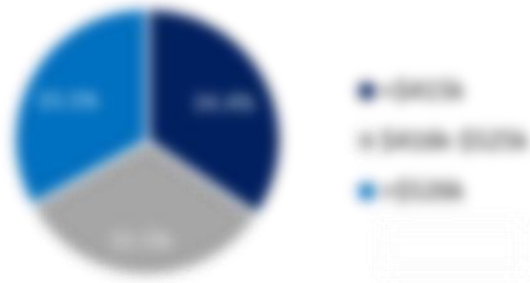
- **Average detached house sales price higher than the Portland market average**

Although Holt Homes' sales prices mainly reflect entry-level homes, roughly 30% of its sales are homes in the mid-to high-end price range of \$526k or higher. Holt Homes' average sales price is higher than the average for the Portland market.

- **Principal target market is first-time home buyers, including millennials**

Holt Homes mainly targets first-time home buyers (including millennials) and first-time home upgraders, which constitute 86% of its total customers. Going forward, through research and DX, it aims to address latent customer needs and discover target customers seeking more expensive homes.

Average sales price



As of June 2021

Trend in average sales price (\$000)

	2019	2020	2021
Holt Detached (1st)	450	450	500
Holt Detached (2nd)	-	300	400
Holt 5% ¹⁾	400	400	450
Portland 5% ¹⁾	400	400	400
Worldwide Homes 5% ¹⁾	400	400	500



Apply knowledge and technologies developed in Japan to local markets by transferring Sekisui House technologies
Create value and increase the quality of homes based on lifestyle solutions that reflect latent customer needs

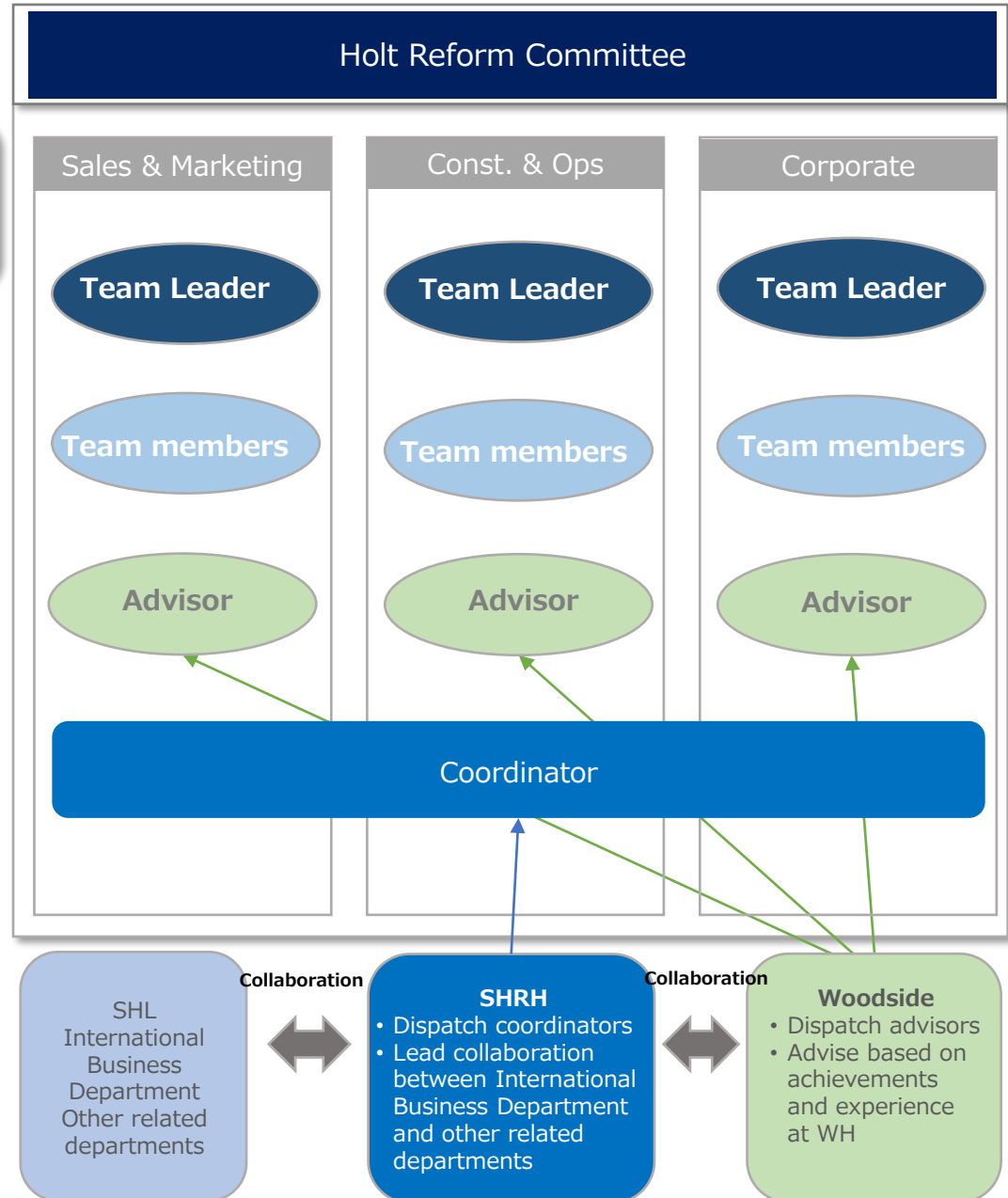
Initiatives to Realize Synergies and Emphasize Value

**Transfer
Sekisui House
technologies**

×

**Synergies from
cross-
organizational
collaboration**

- Aim to increase home values and profitability by transferring Sekisui House technologies, leveraging the base of achievement and experience established by Woodside Homes
- Set up operational reform committees for each category within Holt Homes to leverage economies of scale from the expansion of business areas and generate synergies



New Business Areas Oregon and Washington

Expansion from four to six western states, aiming to transfer more Sekisui House technologies

- Many residents with strong awareness of disaster prevention and the environment
- Expansion of business areas where Sekisui House can leverage its technological capabilities and knowledge

Business area:

Holt Homes: Oregon, Washington

Woodside Homes: Arizona, California, Nevada, Utah

About 23% greater population

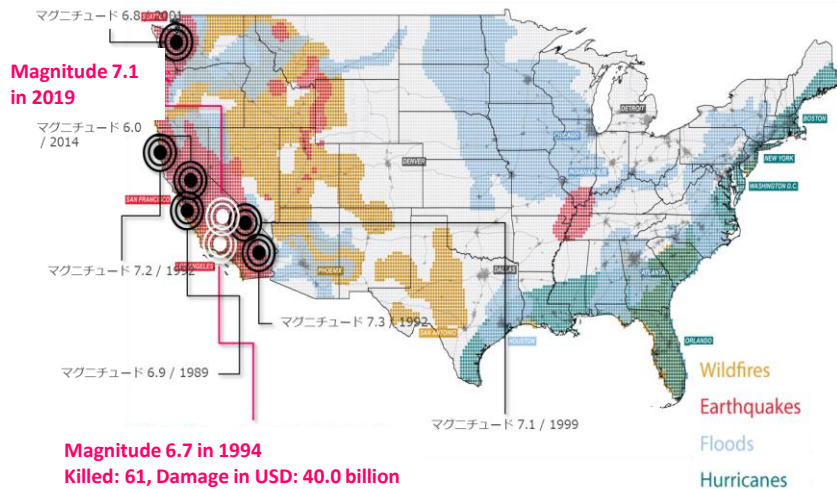
Four western states
About 53M people

Six western states
About 65M people



Homes that offer safety, security, and comfort in areas prone to natural disasters

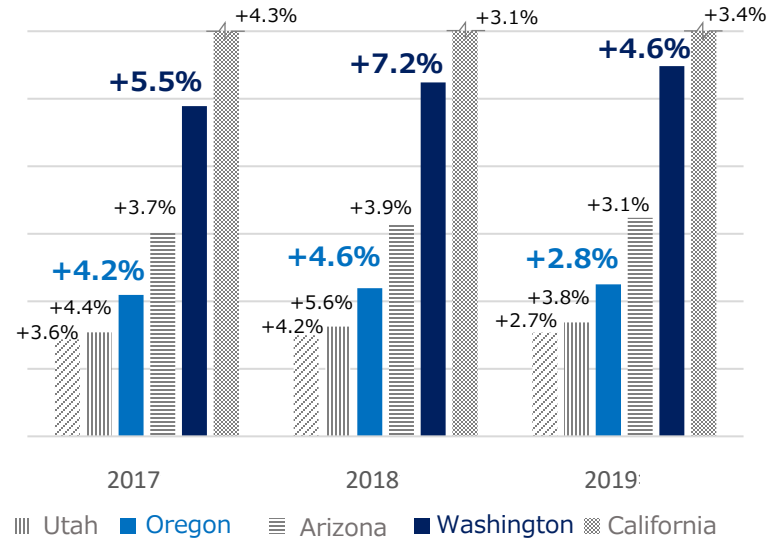
U.S. Natural Disaster Map



Data Source : The McHarg Center

Strong GDP growth compared with other major western states

Real GDP growth



Data Source: U.S. Bureau of Economic Analysis

Of the entire country, the Western states, including Oregon and Washington, are most frequently affected by natural disasters, such as wildfires and earthquakes. Environmental awareness is rising, especially along the West Coast, a market in which Sekisui House can leverage its expertise in disaster resilience and environmental performance.

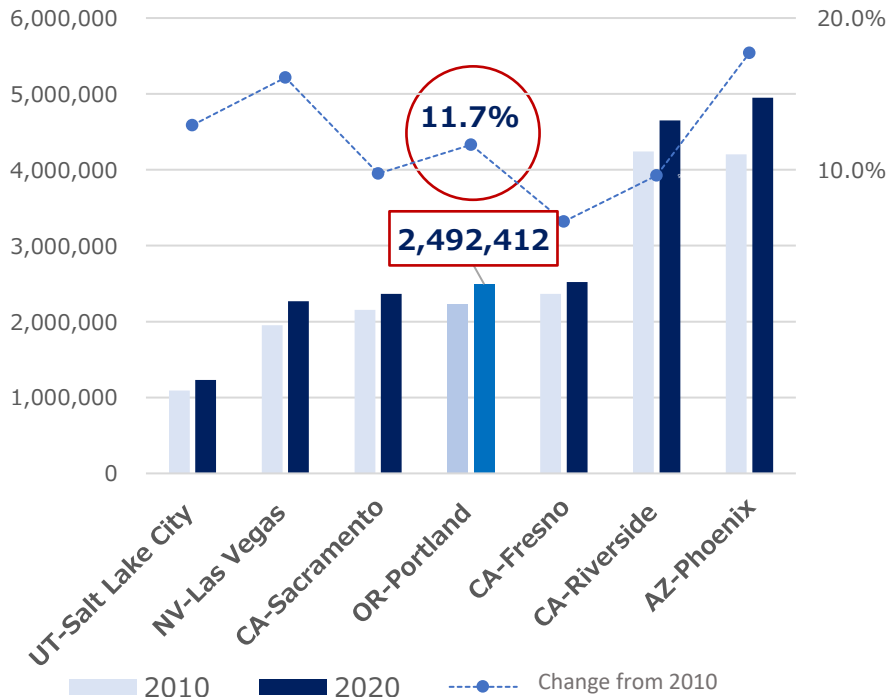
Comparatively stronger GDP growth than the U.S. as a whole and other major western states expected.
U.S. national GDP growth:
+2.3% in 2017, +3.0% in 2018, +2.2% in 2019

Portland, Holt's main area of business, is the largest city in Oregon

- Famous as the birthplace of Nike, with no sales tax
- Considered one of the best places to live in the United States, seeing a growing influx of new residents in recent years

Brisk population growth expected in Portland

Population growth of MSA

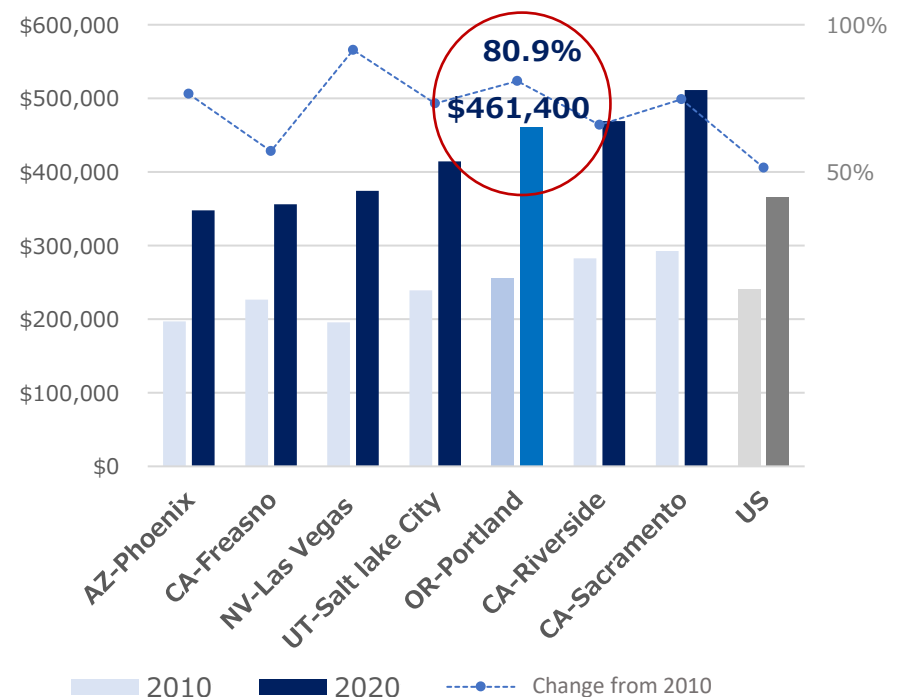


Data Source : US Census Bureau

Portland is a market with high growth potential, given its strong population growth compared with other major cities in the Western states (U.S. national population growth is about 7.4%)

Portland is a high-price trade area

Median housing price in 2010 and 2020



Data Source : US Census Bureau

Portland has higher sales prices and growth than the United States and other major cities in the Western states.

3. Strategy for Homebuilding Business in the United States

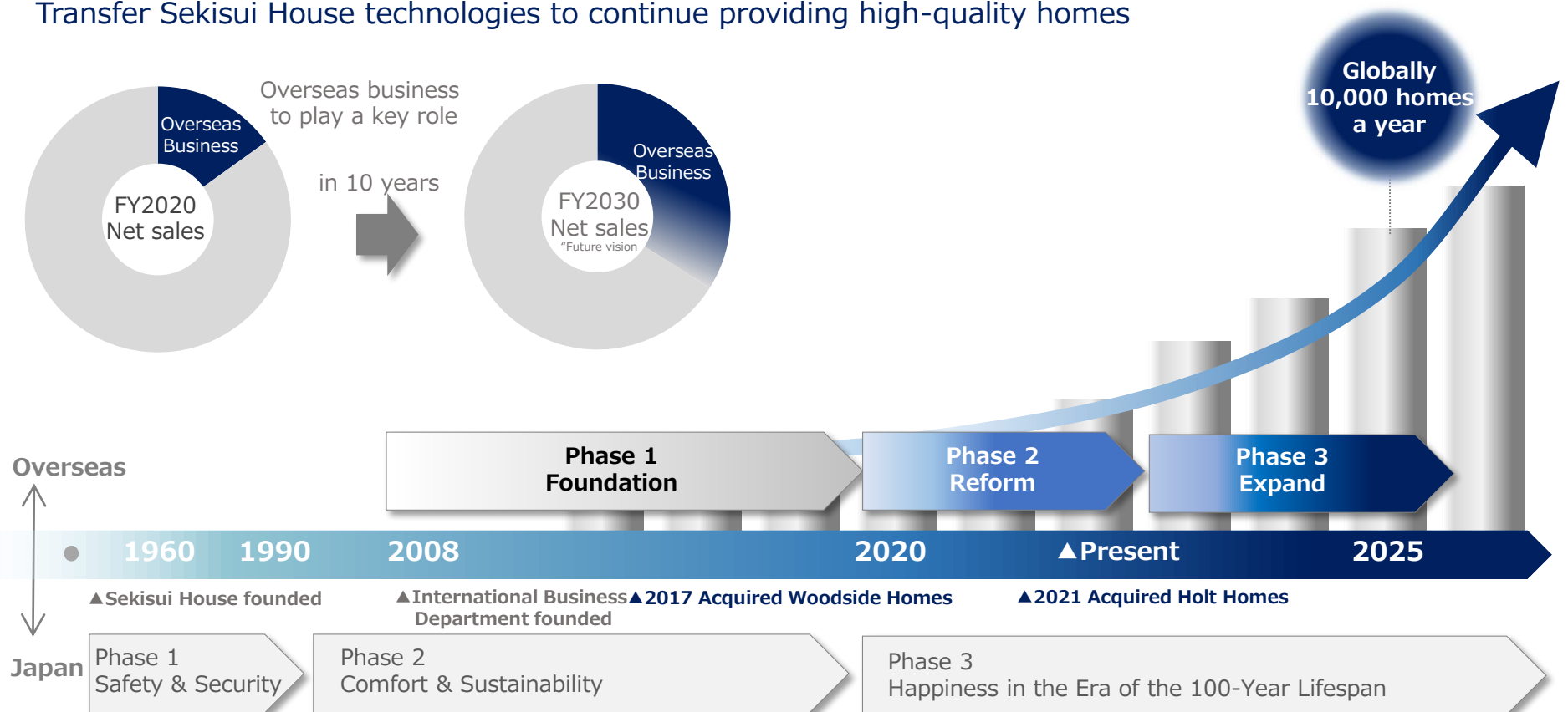
Make home the happiest place in the world

Creating a future where people worldwide can live happily in Sekisui House homes

International Business Department shifting to a more global management structure

2025: Further expand the homebuilding business, mainly in the United States, to achieve 10,000 homes supplied globally

Transfer Sekisui House technologies to continue providing high-quality homes



"based on units sold in the homebuilding business"

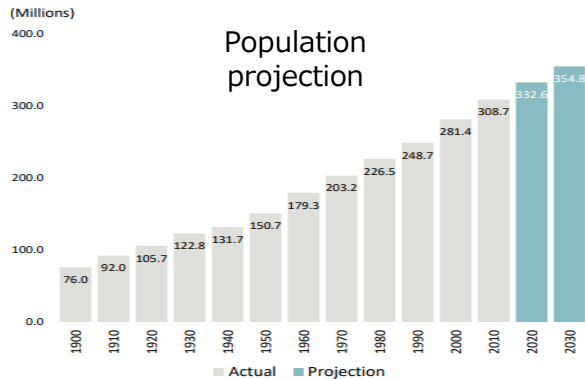
- Population continues to steadily expand
- In 2021, robust demand for homes persisted despite COVID-19
- Interest rates for 30-year home loans are at historic lows, and strong tailwinds continue to drive home buyers

Population

- Average population growth of 0.6% from 2010 to 2019.

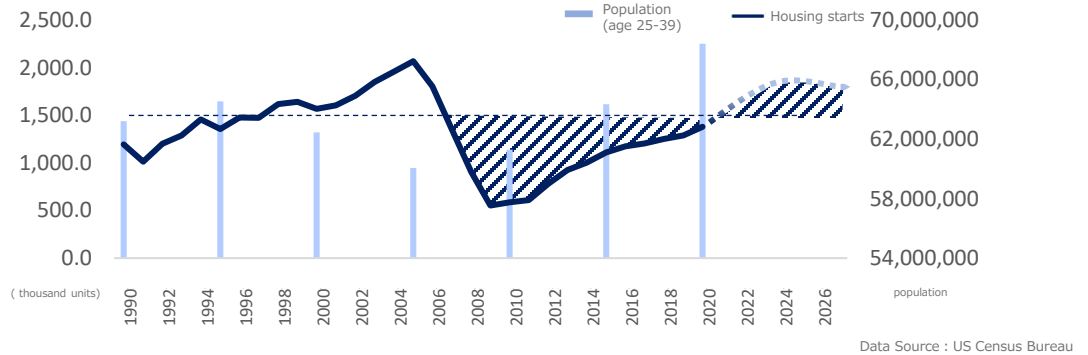
Market outlook

- Strong need for housing in the coming decade as a growing number of people born since the 1970s start buying homes
- The number of households is projected to increase 1.22 million annually from 2018 to 2028, creating demand for 15.06 million new homes over 10 years (**1.51 million per year**)
- There is a serious housing shortage as a result of construction being curtailed during the global financial crisis. U.S. Census data indicates there was a shortage of 400,000 homes as of the end of 2018.

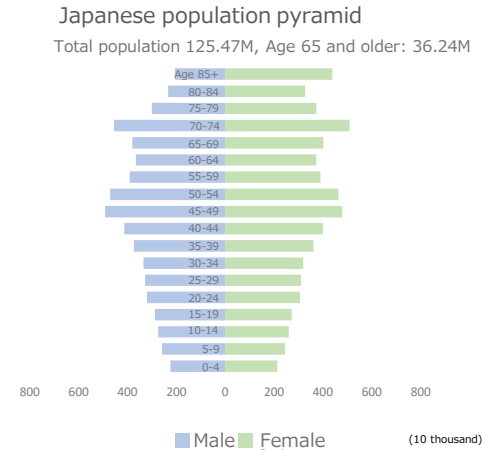
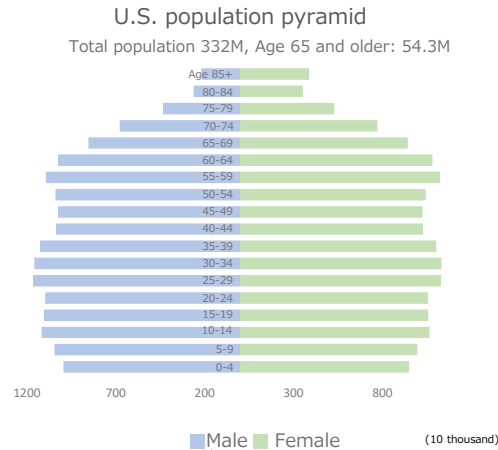


New housing starts / Demographics

- Peaking of brisk home market likely



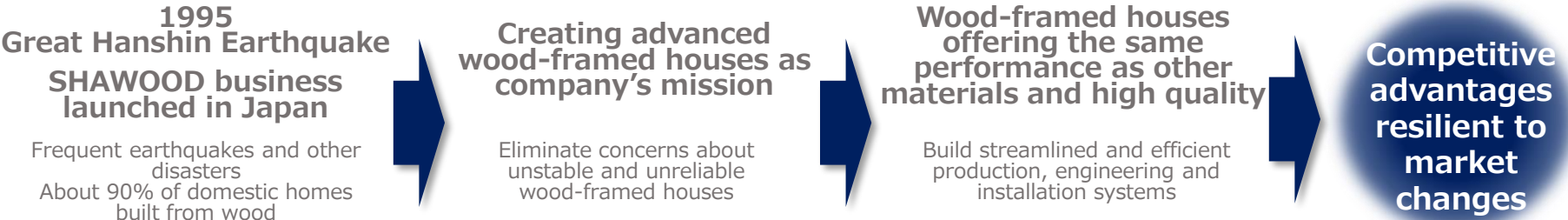
- Demographics in the United States supported by millennials and Generation Z



Unrivaled Home Value: Acceptance of SHAWOOD's Value

Provide unrivaled home value around the world by leveraging the company's unique assets, going beyond the established ideas and practices associated with wood-framed houses

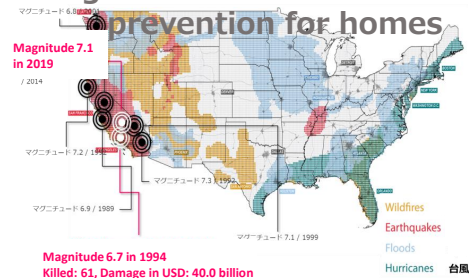
SHAWOOD's technological capabilities honed in the Japanese market



SHAWOOD's technological capabilities for success in the U.S. market

Possible peaking of the brisk housing market in the United States

Frequent natural disasters across the United States
 Higher awareness of disaster prevention for homes

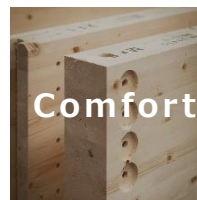


Latent needs for high-quality homes

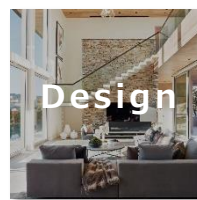
SHAWOOD's value proposition



Provide safety and peace of mind in homes that protect families from natural disasters



Offer lifestyle solutions and build houses that are easy on the global environment



SHAWOOD construction methods for simple and dynamic spaces

Suitability of SHAWOOD (buying interest)

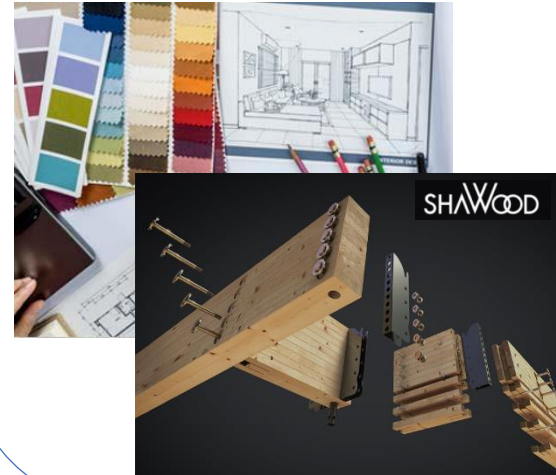
Possible to roll out across entire United States

Establish competitive edge in the United States

Around the world, the transfer of Sekisui House technologies goes beyond tangible technical capabilities to evolve services based on intangible lifestyle proposals and thus provide happiness as a new form of value to customers.

Technological capabilities

- Safety, security, and comfort, mainly through SHAWOOD and environmental technology
- Offer lifestyle solutions that align with diverse customer needs
- Thoroughly supervise construction when using conventional local construction methods and shorten construction times



People

- Focus on employee satisfaction and happiness, in addition to raising customer satisfaction
- Secure human resources for carrying out strategies by hiring diverse and experienced personnel, optimally allocating personnel, and developing personnel in-house



Customer base

- Pivot from price-focused to value-focused sales strategy
- Identify latent customer needs through thoroughgoing research
- Comprehensively manage the homebuilding process, from inquiry to handover



Maximize value for customers through benefits from synergies

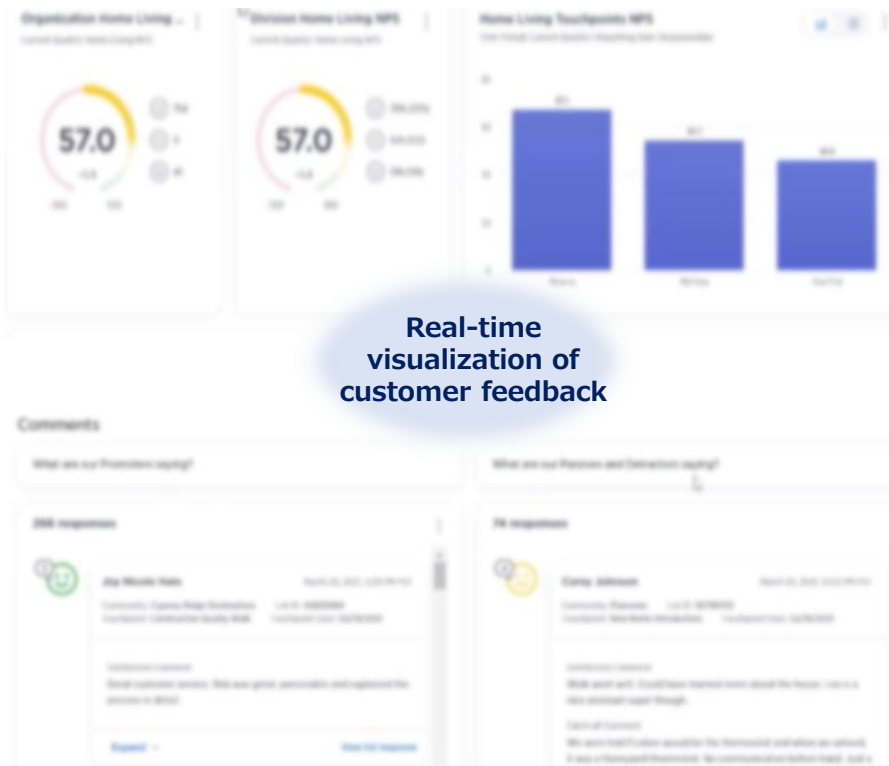
Initiative (1) : Customer-oriented strategy: Thoroughgoing research and enhancing customer contact



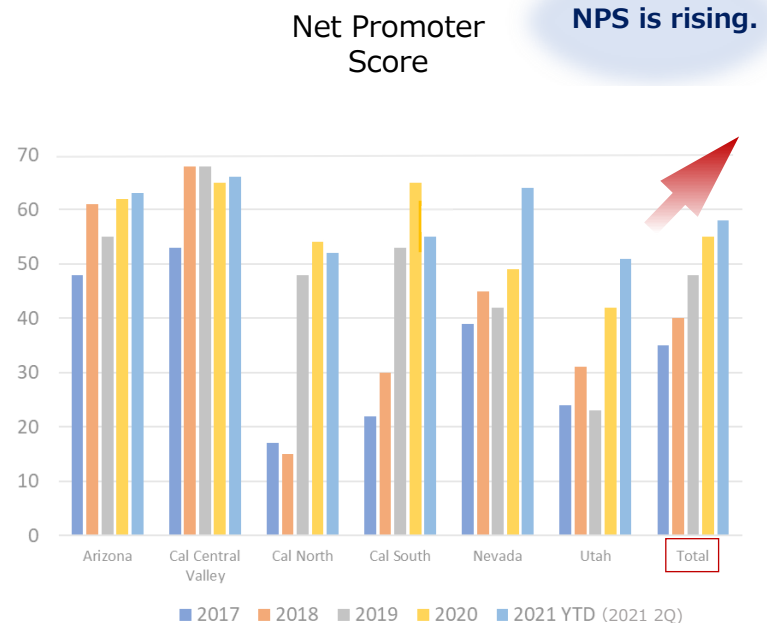
Customer base

Switch to a sales strategy that incorporates the company's knowledge of lifestyle solutions and emphasizes value rather than prices.
 Conduct thoroughgoing research to offer options that increase customer happiness and satisfaction

Introduce a customer feedback system



Net Promoter Score (NPS)



NPS® (Net Promoter Score)
 NPS is used at many companies as an indicator of customer loyalty (the amount of attachment and trust that consumers have in companies or brands). The higher the NPS® is, the higher the business growth rate of the company is.

Initiative (2) : Promotion of data-driven, logical lifestyle solutions

Customer base

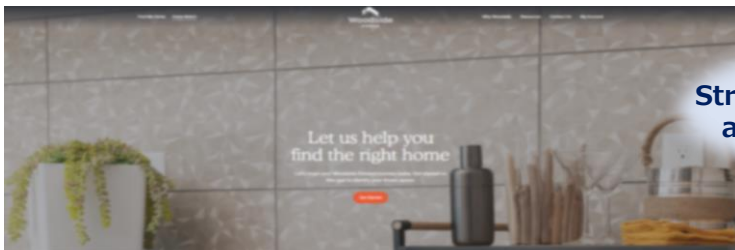
Further accelerate the use of data-driven, customer-oriented marketing and advance story-driven, value-centered sales to target customers' subconscious and increase brand recognition

Introduce new website



Use of new corporate logo

Woodside **Let's get you home.**



Strengthen and advance DX

Improve brand image and recognition

% Like Color	Blue	Orange	Green	Yellow	Grey	White	Red	Pink
Total	75%	42%	70%	58%	38%	52%	38%	48%
Male	76%	44%	72%	62%	38%	53%	40%	47%
Female	80%	42%	72%	58%	42%	52%	38%	72%
Millennials	80%	40%	78%	48%	42%	54%	52%	74%
Gen X	75%	42%	74%	52%	38%	48%	38%	48%
Baby Boomers	58%	38%	52%	72%	38%	37%	22%	68%

Favorite Color:

- Total
- Male
- Female
- Millennials
- Gen X
- Baby Boomers

Initiative (3) : Implementing lifestyle solution options

Technological capabilities

Roll out five lifestyle solution packages and lifestyle solution plans that reflect latent customer needs
 Achieve a positive cycle where sales prices and gross profit margin increase alongside a rising rate of adoption of lifestyle solutions and improving customer satisfaction

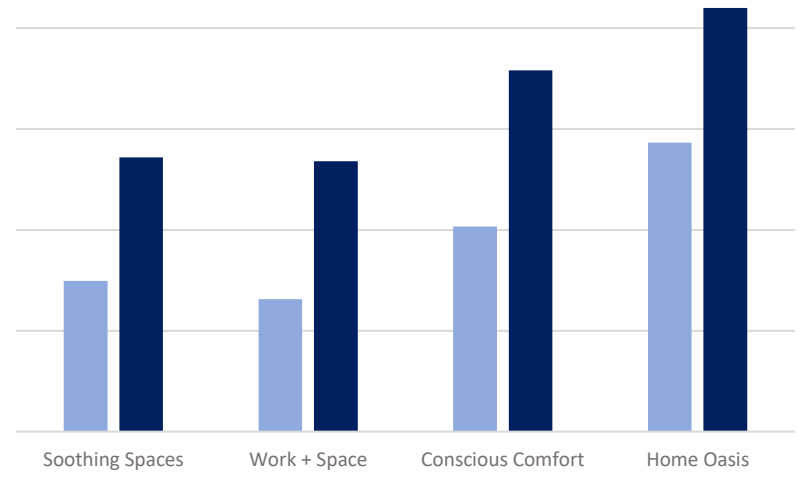
Example of lifestyle solutions

Adoption of lifestyle solutions



Release of five lifestyle solution packages

Adoption rate of lifestyle solutions
 Accelerate rollout of lifestyle solutions using actual properties



■ 2020
 ■ Jan through August 2021

Initiative (4) : Increase sales momentum and prices, shorten construction times



Technological capabilities

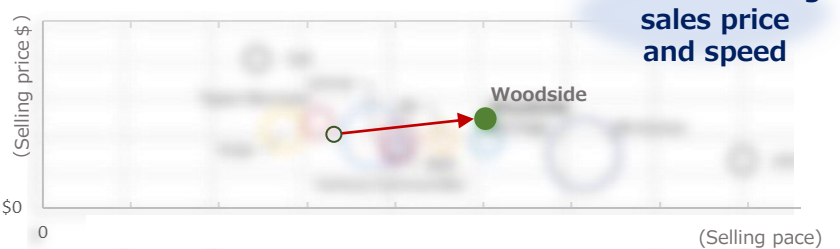
Pivot to a customer-centric strategy in order to increase high-value-added options, average sales speed, and prices.
Reinforce management of construction in order to improve gross profit margin and smooth out construction times.

Average sales pace and sales price

FY2020 Q2



FY2021 Q2

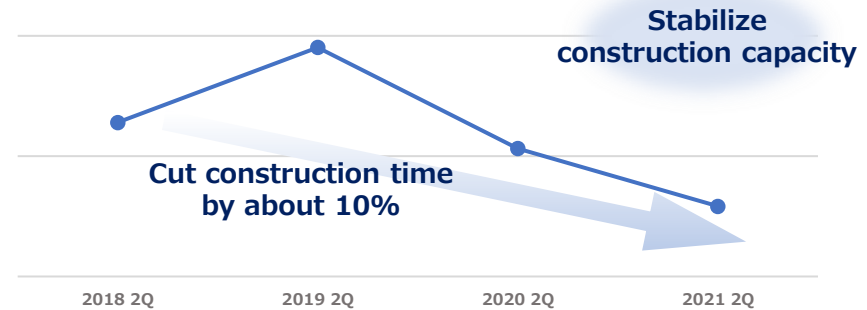


Closing Average Price (\$000)

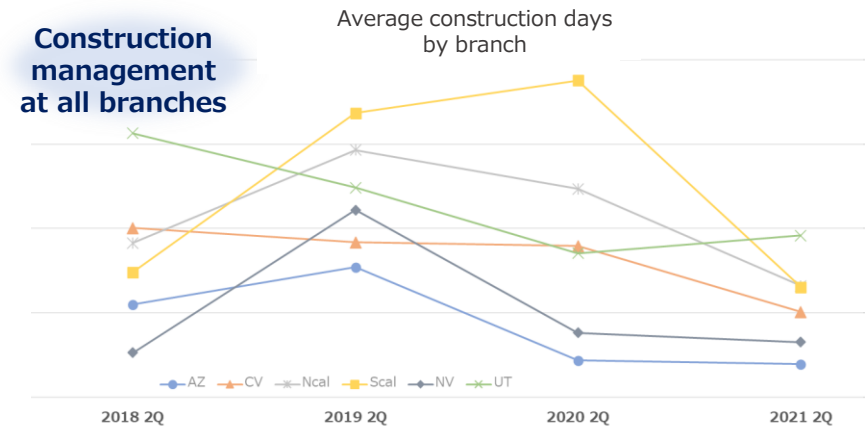
Branch	FY2020 Q2	FY2021 Q2
AZ	~100	~100
CV	~100	~100
Ncal	~100	~100
Scal	~100	~100
NV	~100	~100
UT	~100	~100

Reduced construction time

Average construction days of Woodside Homes
(Period from start of construction to handover)



*Compared FY2018 Q2 versus FY2021 Q2



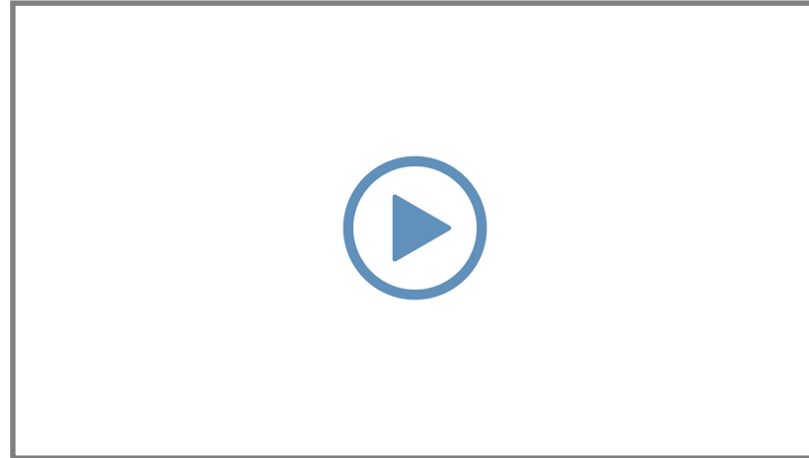


People

Build Strong Relationships of Trust Between Parent and Subsidiaries, Foster Value-Oriented Mindsets



Woodside Homes CFO
Mr. Rick Robideau



- At Woodside Homes, shift sales strategy to emphasize value, work to improve profitability and customer satisfaction
- In the Holt Homes acquisition, create a united team going beyond the parent-subsidary relationship of local affiliates and Group homebuilders
- By building strong interpersonal relationships based on trust, achieve swift results and effortless communications between Japan and local affiliates

Overall Strategy for Homebuilding Business in the United States: Building Stronger Collaborations and Business Foundations

Backed by technologies and knowledge developed in Japan, make inroads into the western and southern United States, markets with strong growth potential. Increase the value of homes by transferring Sekisui House technologies to expand SHAWOOD nationwide.

Western United States

Housing starts
Roughly **25%** share of the U.S. market

High-end homes above \$750k
About 25,000

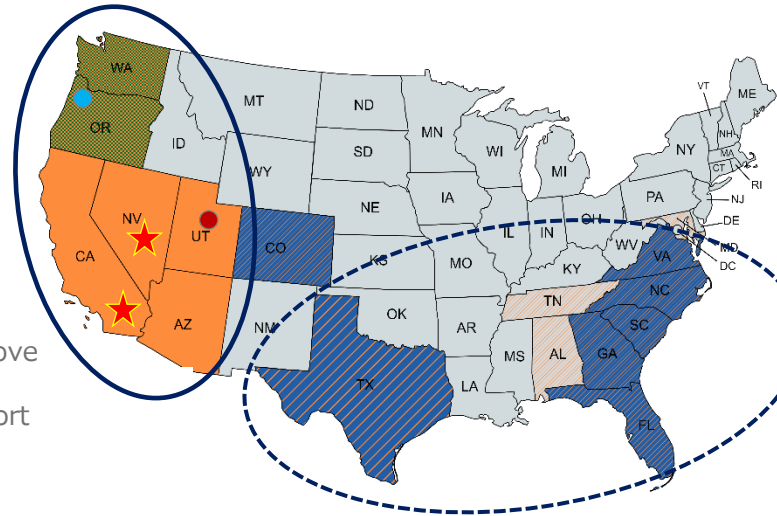
Housing starts: About 341,000 (FY2020)
High-end market: **7.3%** of homes are priced above \$750k
Harbor and transport: Marine transport easy, short land-travel distances

Group homebuilders
Provide high-quality homes

Woodside Homes Holt Homes

SHAWOOD business development
Safety, security, and comfort
Provide unrivalled value

Future M&A candidates
Area: Western United States
Collaborate with Group homebuilders



- Current MPC business area
- Current homebuilding business area
- Current MPC and homebuilding business area
- Woodside Homes Head Office
- Holt Homes Head Office
- ★ Development area of SHAWOOD
- Target area of homebuilding business expansion

Southern United States

Housing starts
Roughly **50%** share of the U.S. market

High-end homes above \$750k
About 24,000

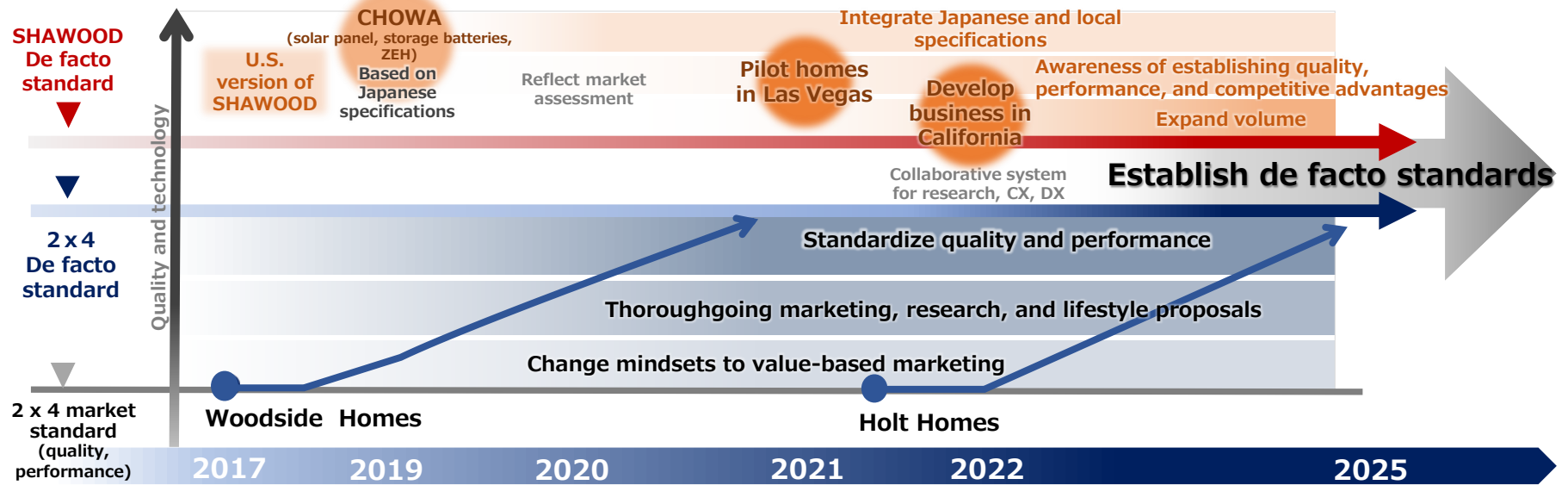
Housing starts: About 735,500 (FY2020)
High-end market: **3.2%** of homes are priced above \$750k
Harbor and transport: Marine transport easy, SHAWOOD business also feasible

Future M&A candidates
Area: Southern United States
High-ROA management with option contracts

SHAWOOD business development
Safety, security, and comfort
Provide unrivalled value

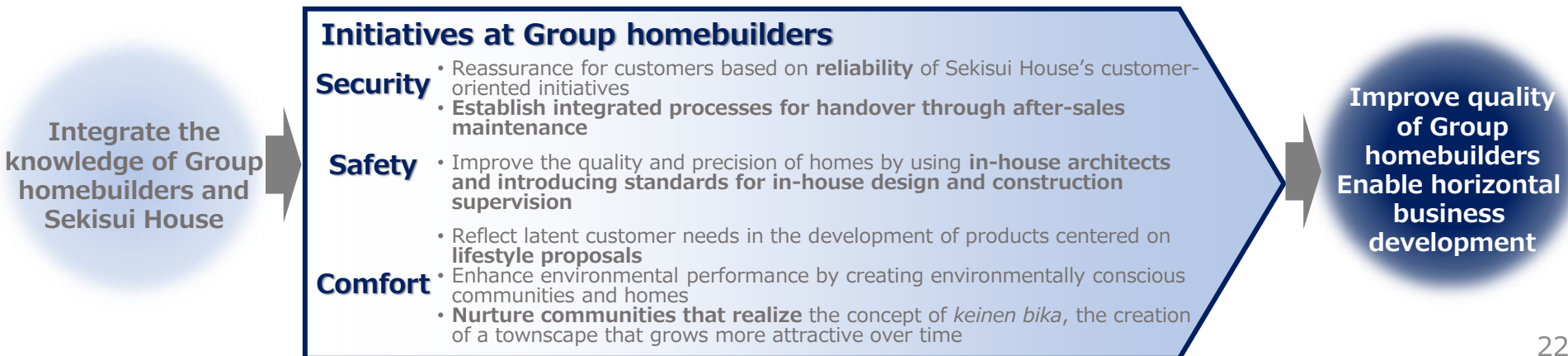
Building the SHAWOOD platform

Accelerate quality improvements in Group homebuilders' conventional construction methods by building a model for shifting focus to value



Establish competitive advantages in 2x4 construction for homes by Group homebuilders

Transfer Sekisui House technologies to Group homebuilders for use in 2x4 construction (tangible and intangible)



Deliver to customers in the United States new, freer types of homes and living by going beyond conventional concepts and practices for wood-framed houses

Market environment

- Competition in sales focused on price and commoditized products
- Sharp increase in disaster incidence due to climate change, serious environmental pollution
- Robust housing demand and chronic, long-term shortages in supply
- Rising material costs and supply chain disruptions due to the pandemic

In an increasingly uncertain world, customers want homes that they can live in with peace of mind

SHAWOOD's aims

Create homes where people are free from stress and can enjoy life as families

Establish communities easy on the global environment and beloved over the long term by society

Value provided to customers



Provide safe homes that offer safety and security and protect families from natural disasters

- ✓ Homes resilient to damage from earthquakes, as proven by scientific data
- ✓ Homes resilient to fire using *Bellburn* exterior cladding developed by Sekisui House



Create homes and propose lifestyles gentle on the environment

- ✓ Indoor environments that incorporate light and air that give people the feeling of being surrounded by nature in their homes
- ✓ Create comfortable and economic homes that reduce annual energy consumption with strong insulation and air tightness
- ✓ Reduce waste at construction sites by producing wood frames at company factories



Simple yet dynamic spaces thanks to SHAWOOD construction

- ✓ Create dynamic and unique spaces with large uninterrupted spaces and double-high ceilings
- ✓ Flexible indoor spaces for diverse lifestyles and changes in families

Change the basic concept of homebuilding in the United States using the company's resources

Sekisui House's original SHAWOOD construction method (planning to acquire ICC-ES evaluation report)

Acquisition of objective performance evaluation from public entity allows construction across the United States (excluding Florida)
Introduce new construction methods based on Sekisui House know-how to a homebuilding industry that has not changed in more than 30 years

Use of the company's resources

In-house R&D team



In-house architects



In-house production plants



SHAWOOD global brand

SHAWOOD

Advantages

Product development based on scientific evidence



Provide design and services that reflect latent needs of customers

Beautiful designs by craftsmen



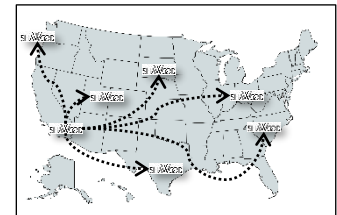
Provide comfortable and functional designs from the resident's perspective

Reliable quality thanks to production at factories



Stabilize procurement and reduce material waste while improving quality and shortening construction times

Solid sales capabilities backed by track record



Enable effective business development across a wide area

Provide more customers with highly reproducible homes that are resilient, beautiful, and easy on the environment

2020

Exhibitions

Chowa House
Las Vegas



- SHAWOOD exhibited for **first time in United States** at IBS
- The brand was favorably received by participants

2021

Pilots

Talon Ridge
Las Vegas



- Construction of **six** pilot semi-customized homes
- Four pilot homes already contracted or reserved before start of sales
- Customers who have already contracted for these homes are particularly satisfied with dynamic spaces featuring **large openings and double-high ceilings**

2022

Prototypes

Sommers Bend
California



- Plan to construct **57 SHAWOOD homes**
- First community constructed on a **mass production** schedule and prices

2023 -

Full-scale development

Full-fledged mass market development of SHAWOOD

as a premium home brand

in the western United States

SHAWOOD technologies development process

Construction using products imported from Japan

Need to explain to individual governments when applying for construction permits

Create U.S. versions of SHAWOOD basic specifications and local products

Objective evaluation of performance via testing by a public entity

Obtain evaluation reports instead of responding on a case-by-case basis

Establish unique advantages and comfort of SHAWOOD

Construction approval for SHAWOOD granted across the United States
Smooth horizontal business development

Three steps to expand the homebuilding business

Step 1 - Create foundation for the homebuilding business in United States

Achieved with Woodside Homes

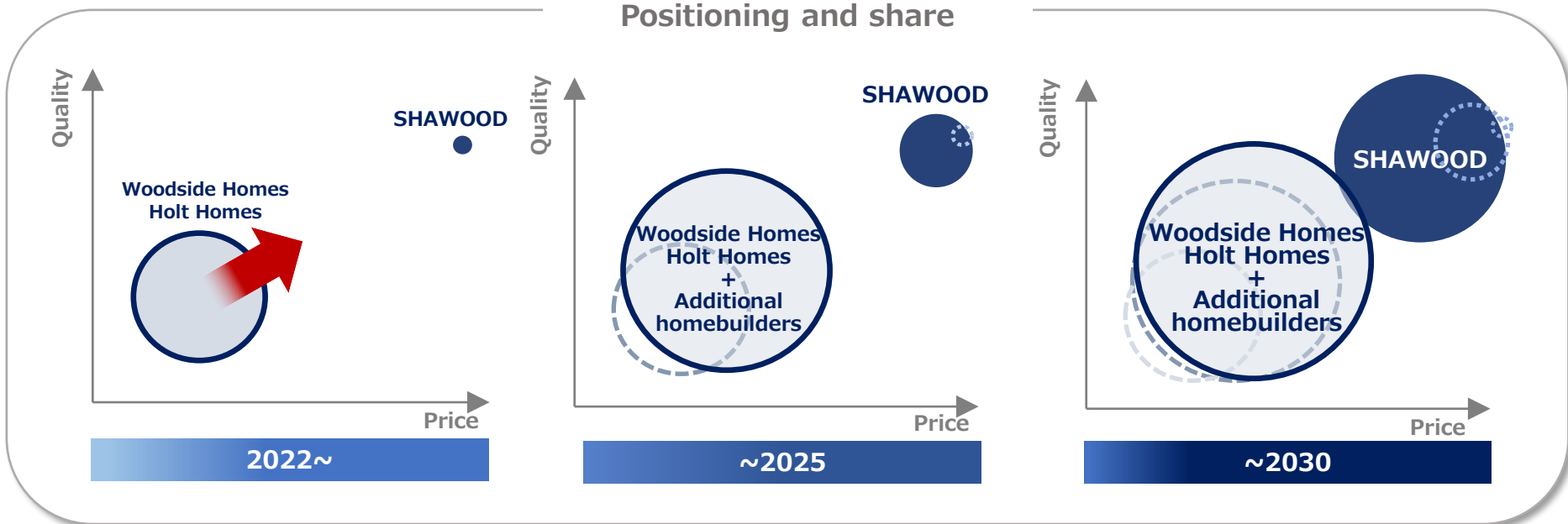
Present

Step 2 - Horizontal development into promising areas across the United States

Accelerate expansion into new areas through acquisition of Holt Homes

Step 3 - Develop SHAWOOD, which best embodies the ideals of Sekisui House, across the United States

Make home the happiest place in the world



Offer unrivaled homes to the world by combining the knowledge of Sekisui House and local builders, centered on Sekisui House technologies

4. Strategy for Multifamily Business in the United States

Business portfolio: Focus on multifamily business and homebuilding business

- Aim for steady growth in the United States by engaging in two different businesses
- Anticipate major improvement in profitability, supported by brisk economic expansion and population growth

Multifamily apartment development



Homebuilding business

Master-planned community development



Homebuilding



Multifamily Business

- Currently focused on the West Coast
- Sold to date: 20 projects

Oregon Portland



Zera at Reed's Crossing
*sold in FY2021

Washington Seattle



The Ivey

Washington C.C.



CityRidge
Roadside project

California

Oakland

Sant Clara

Los Angeles

San Diego



The Merian

Colorado Denver



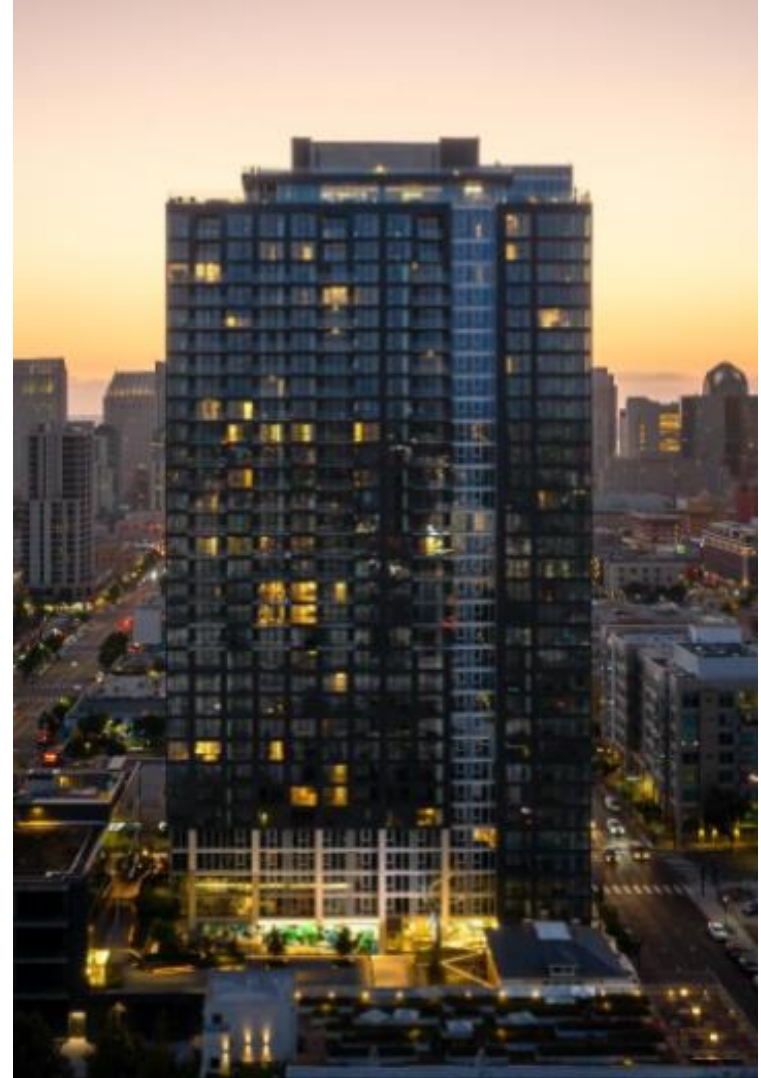
Bromwell

Sold in FY2021

■ ZERA (sold in June 2021)
Suburban Portland, Oregon



■ The Merian (sold in December 2021)
San Diego, California

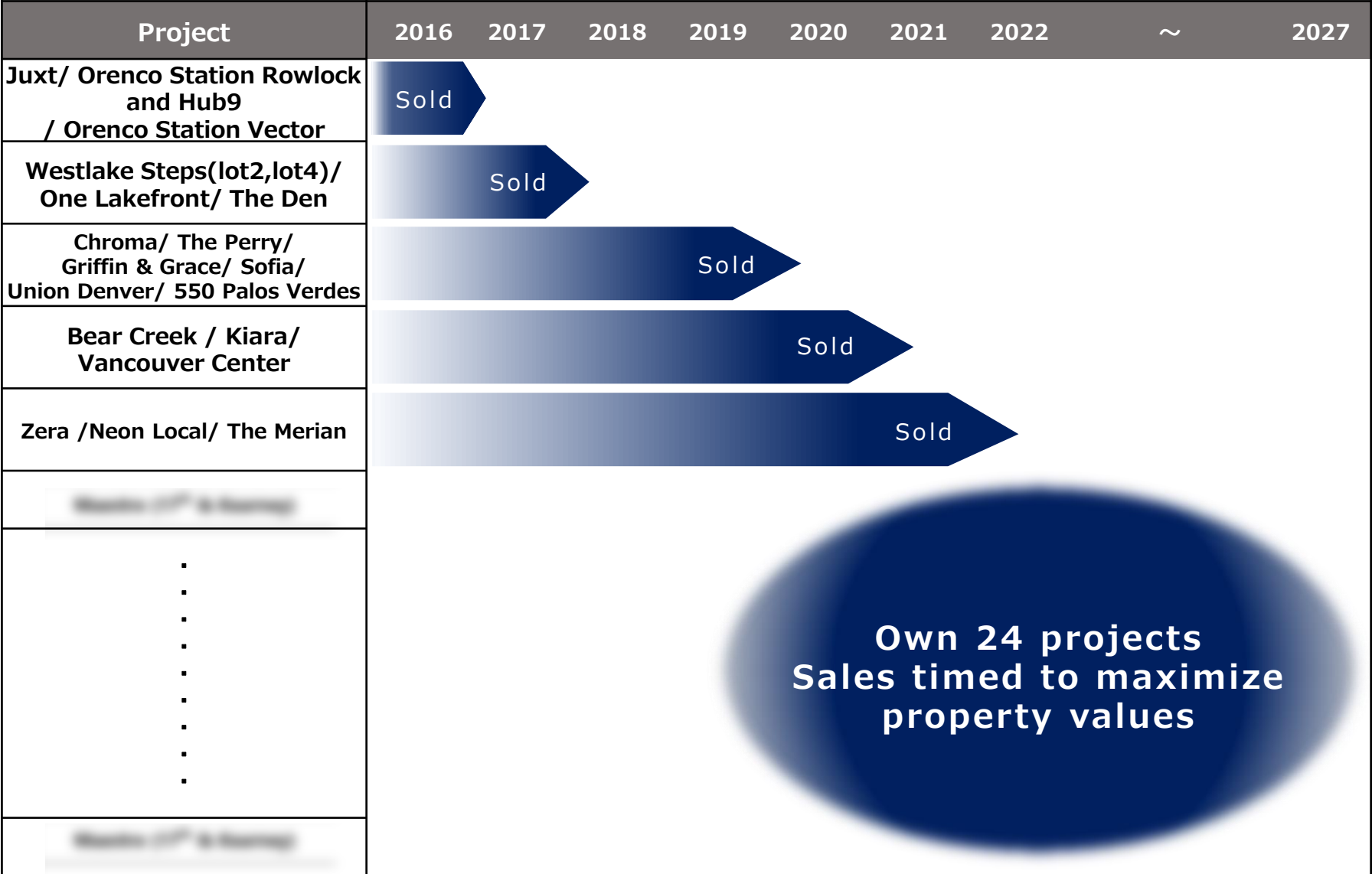


■ Neon Local (sold in September 2021)
Denver, Colorado



Multifamily Business after 2022

Pipeline: 24 projects (as of December 2021)
 Aiming to time sales to maximize profit and property values



- Develop multifamily business, focused on innovation centers on the West Coast
- Begin to evaluate development of innovation centers in the South and on the East Coast

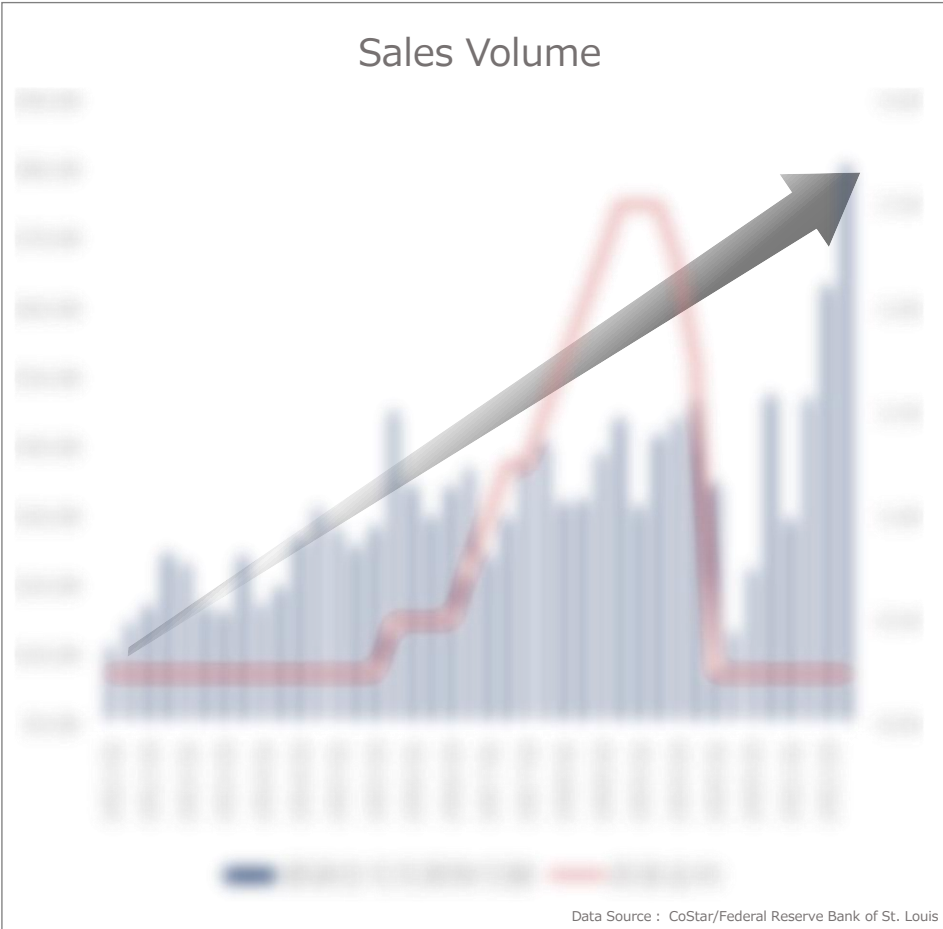
Innovation center location

* ★ innovation center location

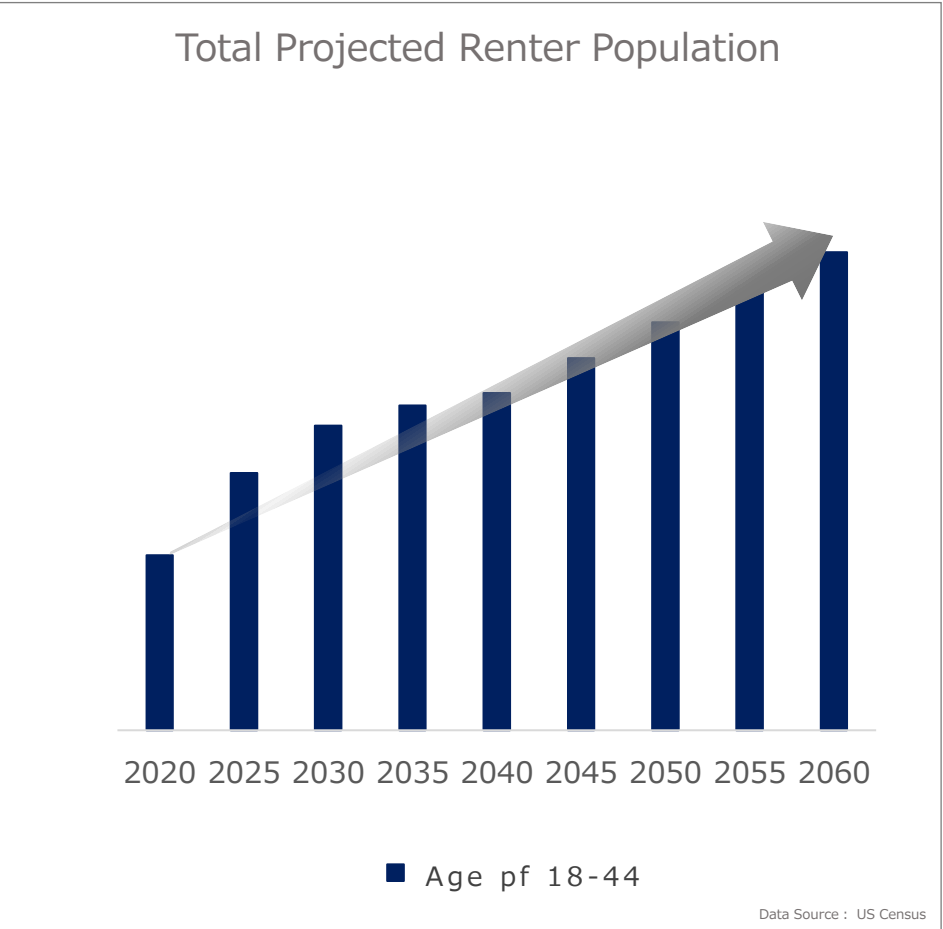


- Growth in total rental housing transactions since 2009 across the United States
- Growth in renting population anticipated over the next 40 years as the U.S. population expands

Sales volume of multifamily apartments



Renter population projection





LEED

Short for Leadership in Energy and Environmental Design, an international system for evaluating and certifying the environmental performance of green buildings, evaluating advanced initiatives to create buildings that excel in environmental performance, developed by the U.S. Green Building Council (USGBC).

■ Projects acquired LEED certification

Projects		
Union Denver	Denver	LEED Gold
The Bromwell	Denver	LEED Certified
The Perry	Seattle	LEED Silver
JUXT	Seattle	LEED Silver
1101 Westlake	Seattle	LEED Certified
West Lake Steps & Marina SLU	Seattle	LEED Silver
Kiara	Seattle	LEED Gold
One Lakefront	Seattle	LEED Silver
Chroma SLU	Seattle	LEED Silver
The Mint	SoCal	LEED Certified
Griffin	SoCal	LEED Silver
Grace	SoCal	LEED Silver



JUXT (Seattle)

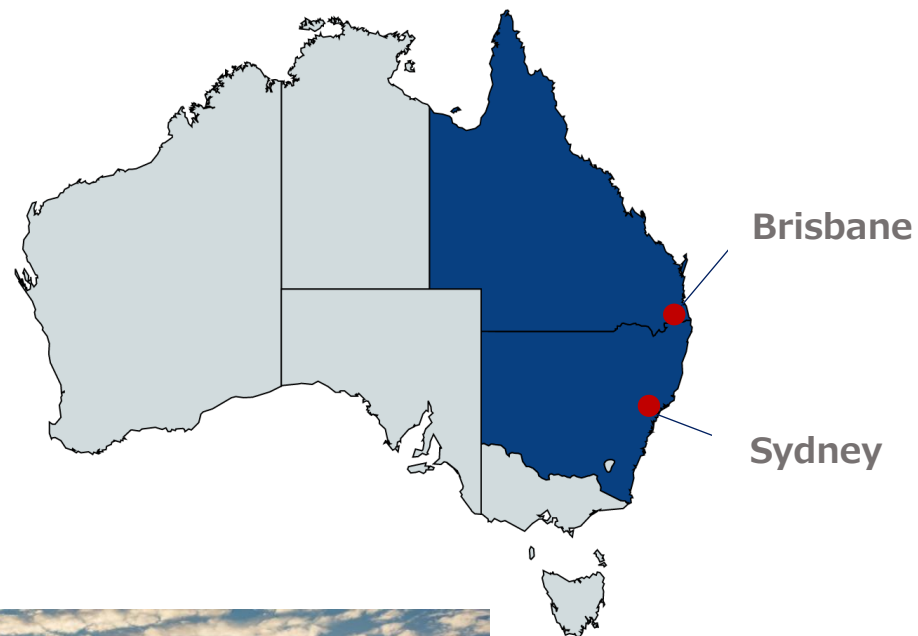
5. Business in Australia

Homebuilding Business in Australia Business Area

Engaged in homebuilding business in Sydney, New South Wales and Brisbane, Queensland.



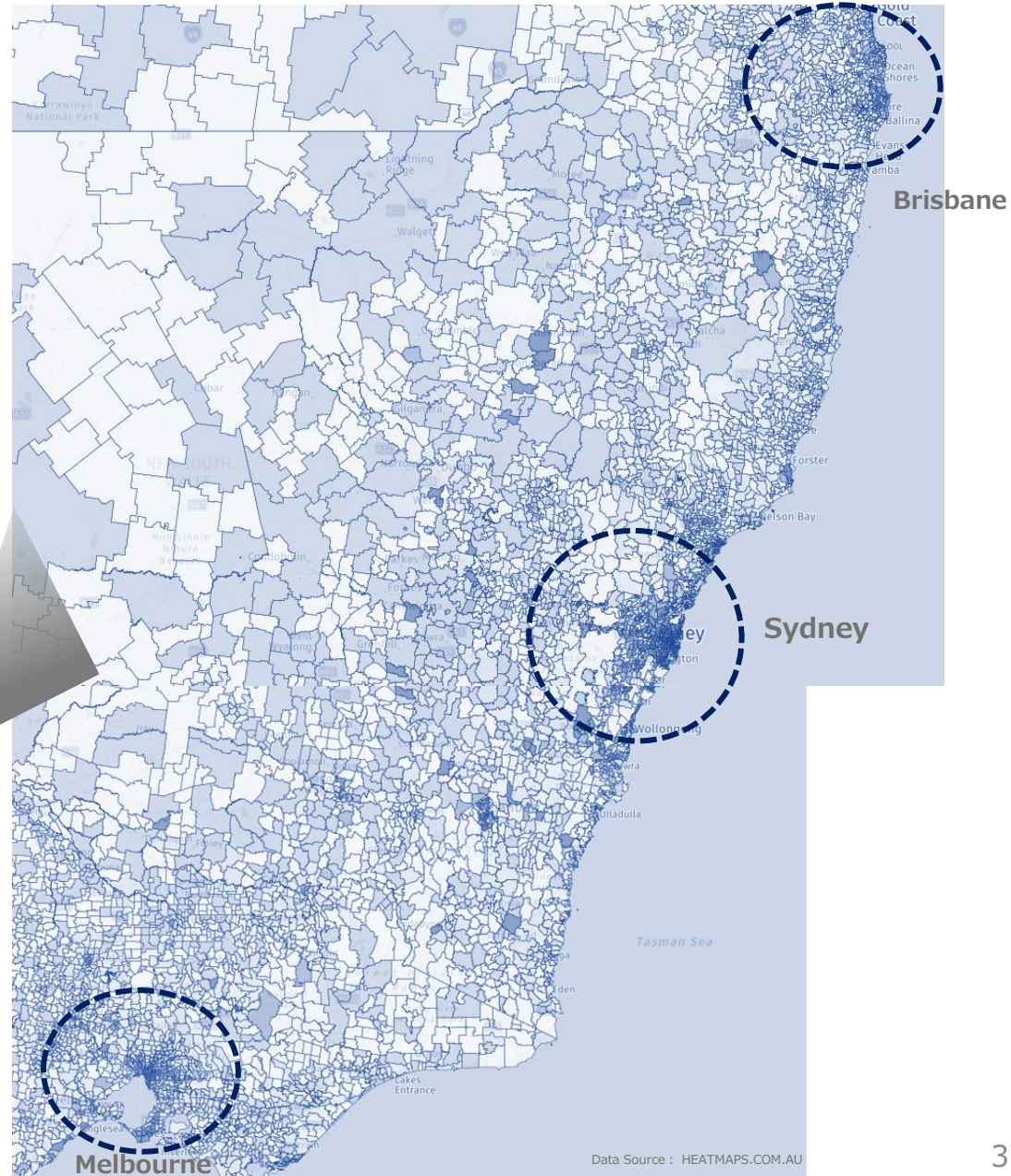
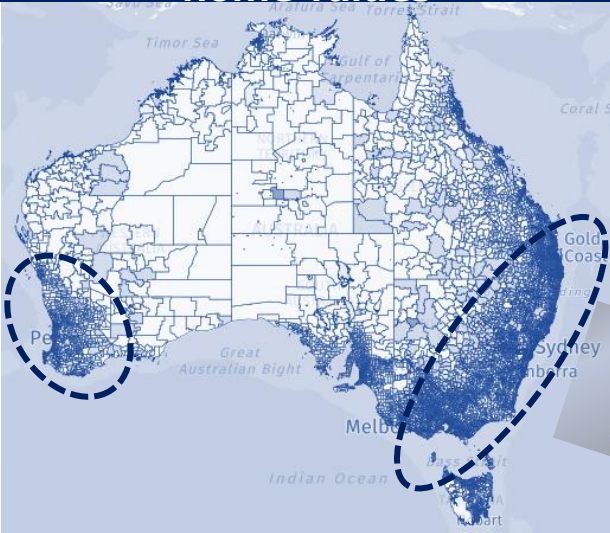
Townscape of Gledswood Hills
in Sydney



Housing Market in Australia

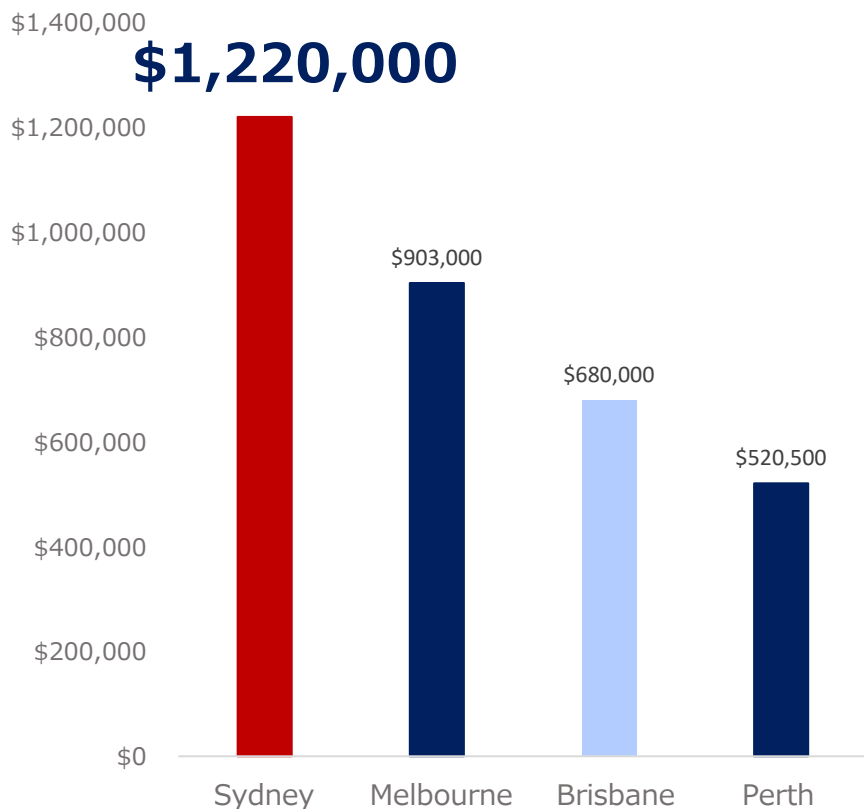
In Australia, detached home prices are high on the East Coast and West Coast

Map of median detached home values



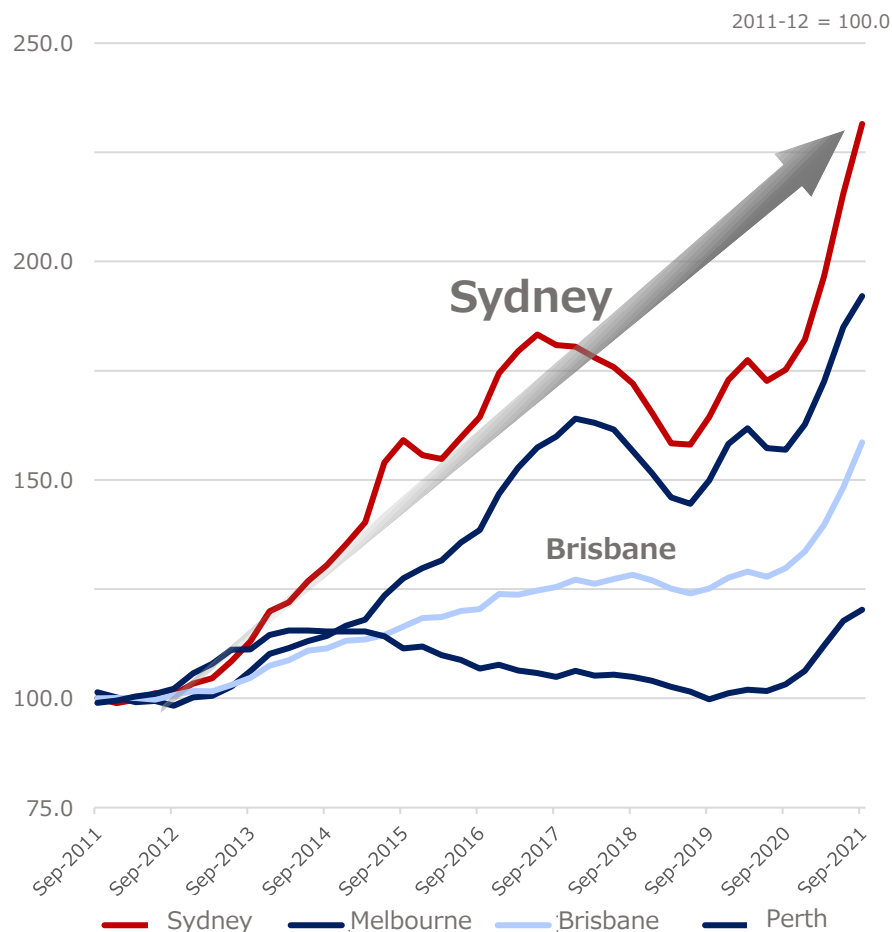
- Sydney is the market with the highest median price for detached homes in Australia
- Sydney's detached home price index shows a sharp increase compared with other cities

Median home price by city



Data Source : Australian Bureau of Statistics

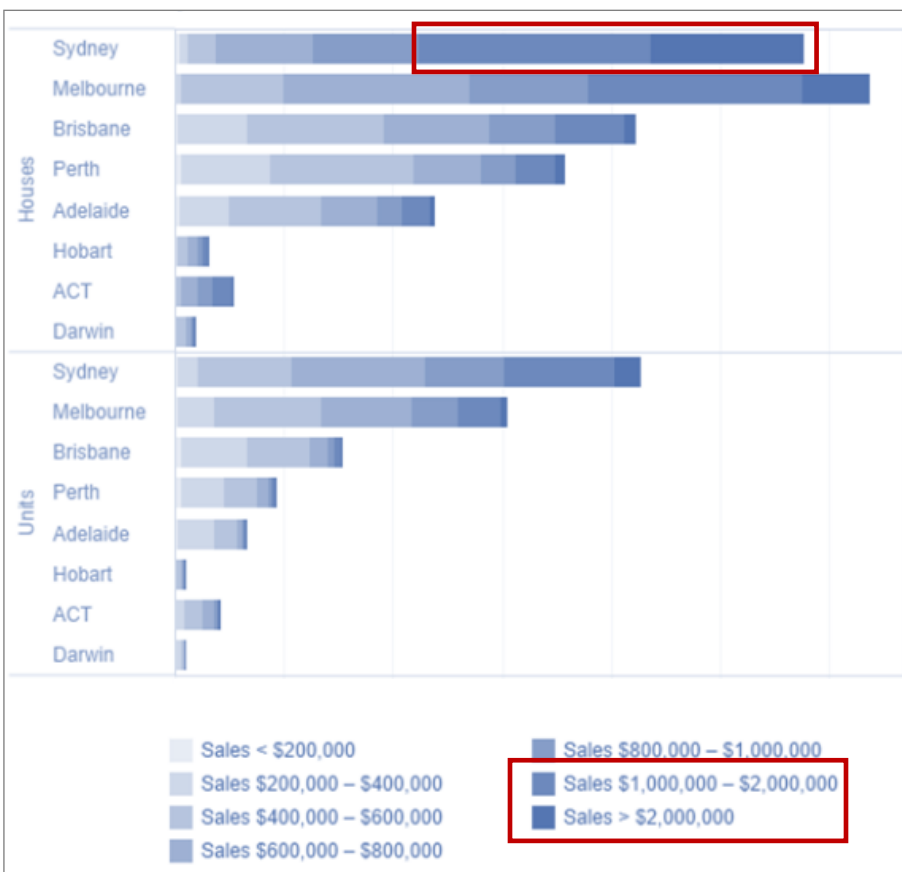
Home price index by city



Data Source : Australian Bureau of Statistics

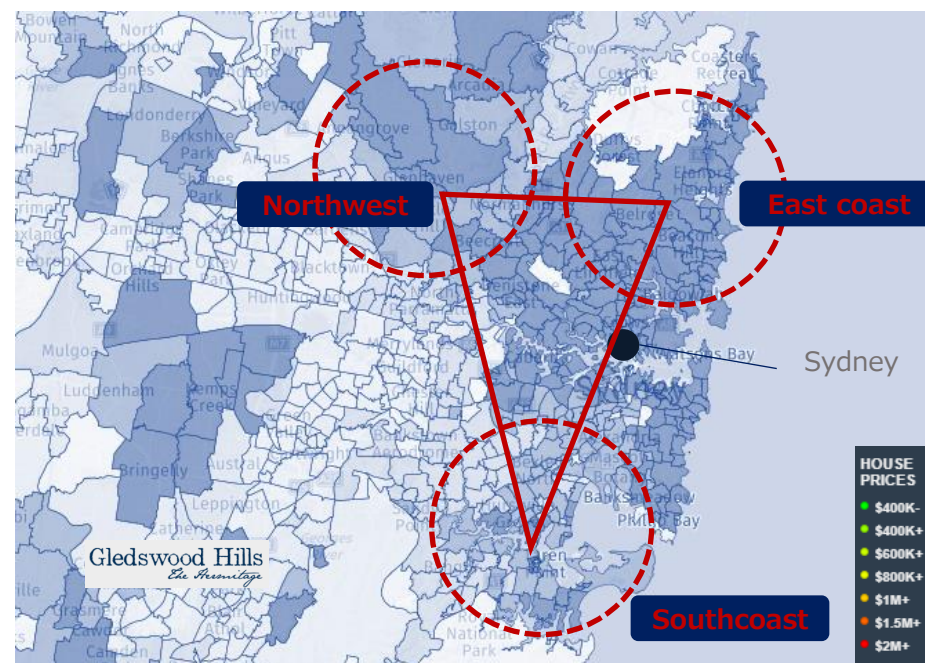
- Sydney has more transactions in excess of \$1 million than other cities
- Within Sydney, coastal areas and the northwest have high detached house prices

Sales by price range (in eight cities)



Data Source : Australian Institute of health and Welfare

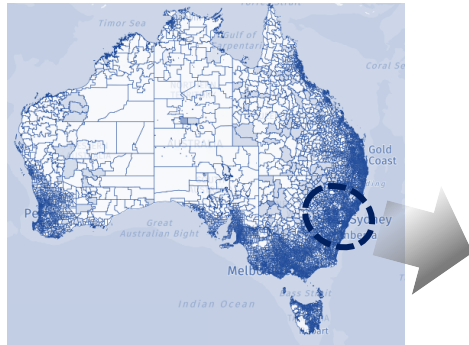
Home price in Sydney



Data Source : HEATMAPS.COM.AU

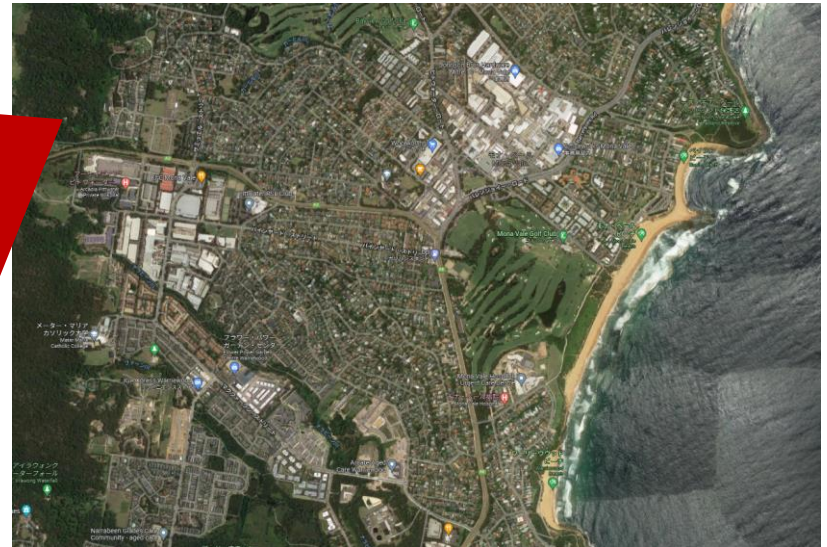
Change policies to align with SHAWOOD business strategy in the United States

- Concentrate business resources in New South Wales (Sydney)
- Aim to move into the northwest growth region and coastal area of New South Wales, an area with many high-priced properties



Move into high-end coastal areas

Gledswood Hills *The Hermitage* SHAWOOD



Create strategies based on data

- Research markets and analyze customer preferences
Apply unique strengths of SHAWOOD that align with customer preferences for energy saving, environmental awareness, and large spaces
- Housing supply shortage expected from 2023 due to natural growth and an influx of immigrants

Research-based customers analysis



Forecasts for supply/demand across Australia in 2022-2025

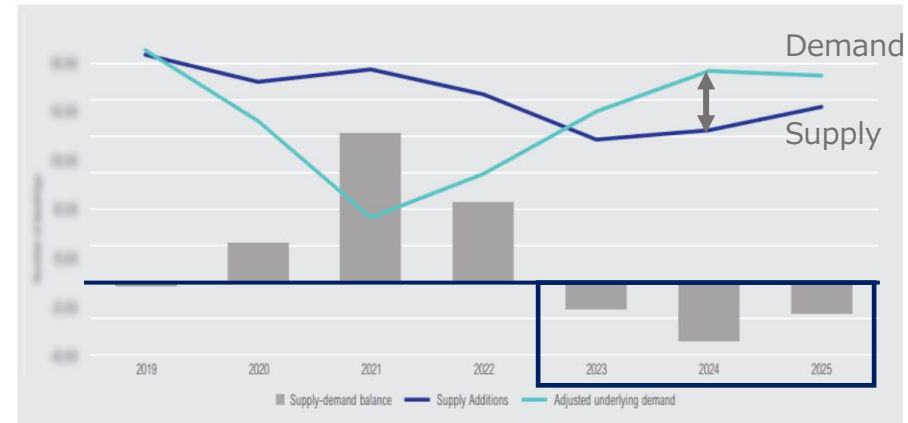


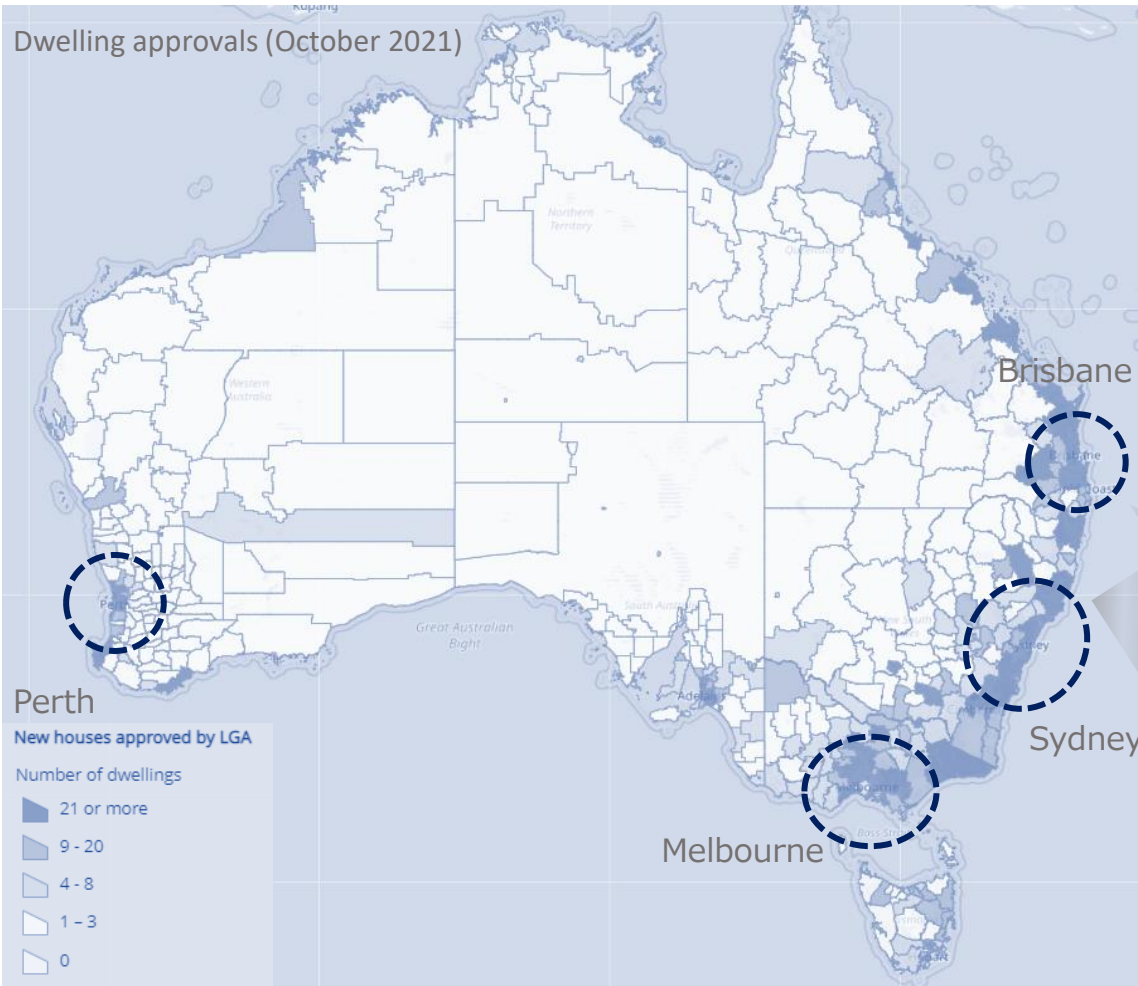
Table 4.1 Annual change in demand and supply and supply-demand balance

Year	2019	2020	2021	2022	2023	2024	2025
Change in adjusted underlying demand	160,000	136,000	54,000	91,000	166,700	129,000	170,000
Change in annual underlying demand	177,000	143,000	58,000	95,000	111,000	156,700	156,000
New net annual dwelling supply	188,000	170,000	180,000	178,000	130,000	128,000	148,000
Supply-demand balance	1,000	27,000	122,000	83,000	-81,000	-28,700	-8,000

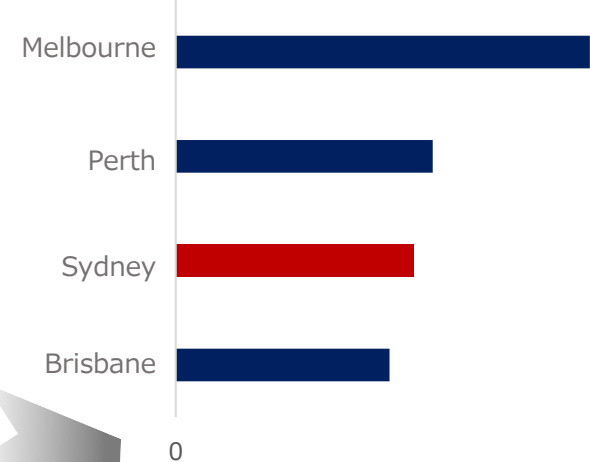
Data Source : National Housing Finance and Investment Corporation

- Australia's newly built home market is concentrated on the East Coast
- After Melbourne, Sydney is one of the markets with the largest volume of custom detached houses

Dwelling approvals

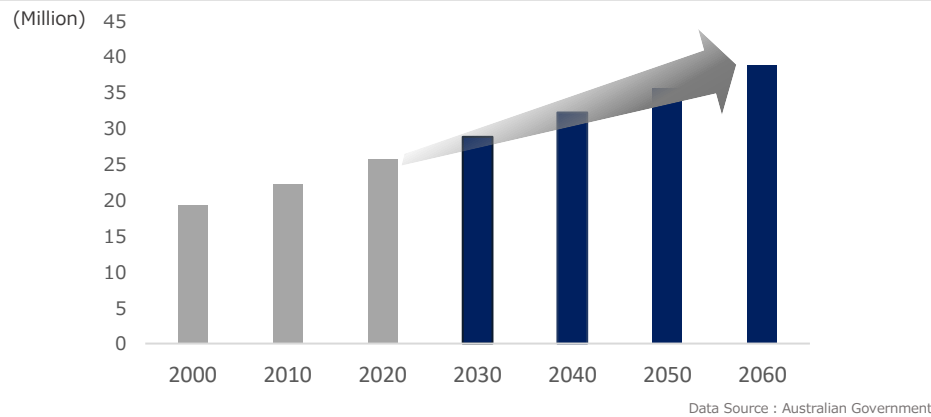


■ Dwelling approvals in four cities (2020-2021)



- Australia's population expected to continue growing
- Population increasing in Sydney, Melbourne, and Brisbane; population of Sydney projected to expand from 5.36 million in 2021 to 6.66 million in 2036

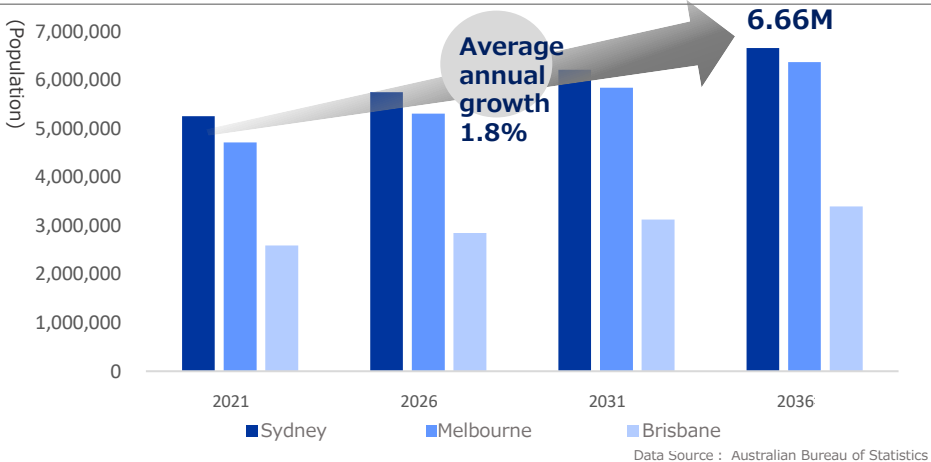
Population projection



Population growth 2019-2020



Population projection in major cities



- Currently have long-term large-scale projects, such as Melrose Park and Sanctuary
- Partial divestiture of interests in ongoing projects, focus on construction and sales for now

Melrose Park



Development	Since 2017
Total units	Roughly 6,400
Type	Condominium for sale
Development area	Roughly 300,000m ²
Area	New South Wales

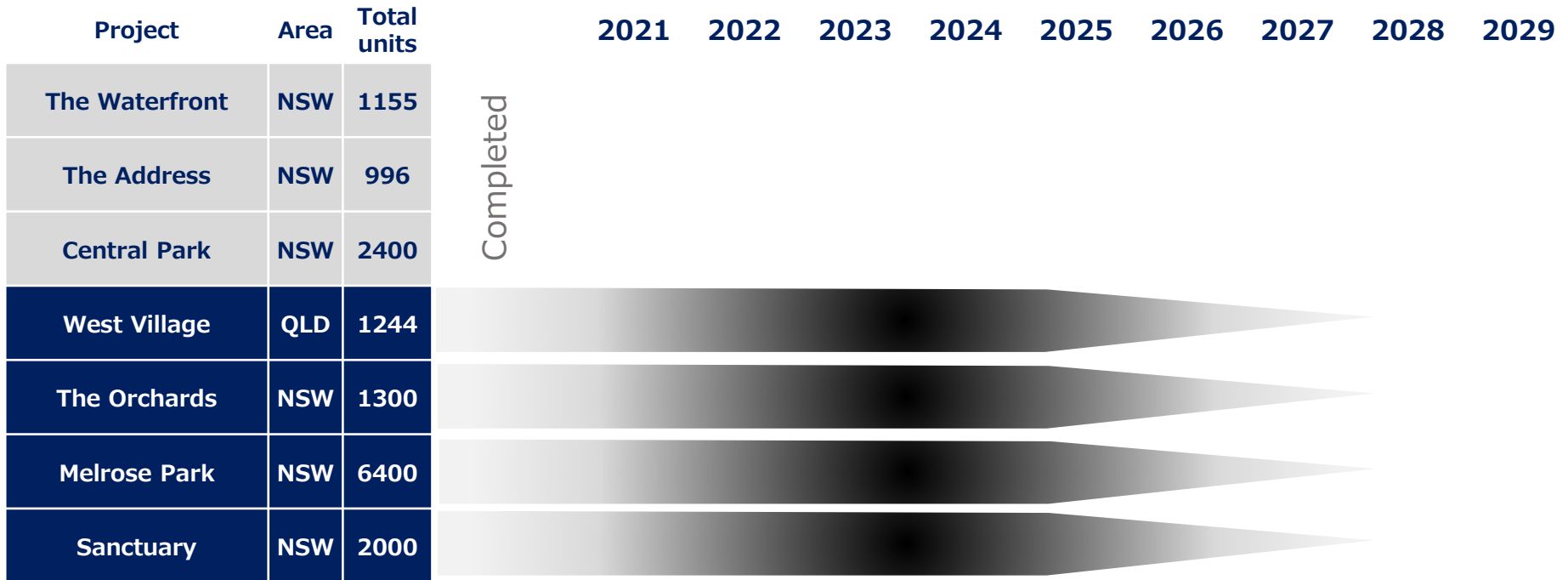
Sanctuary



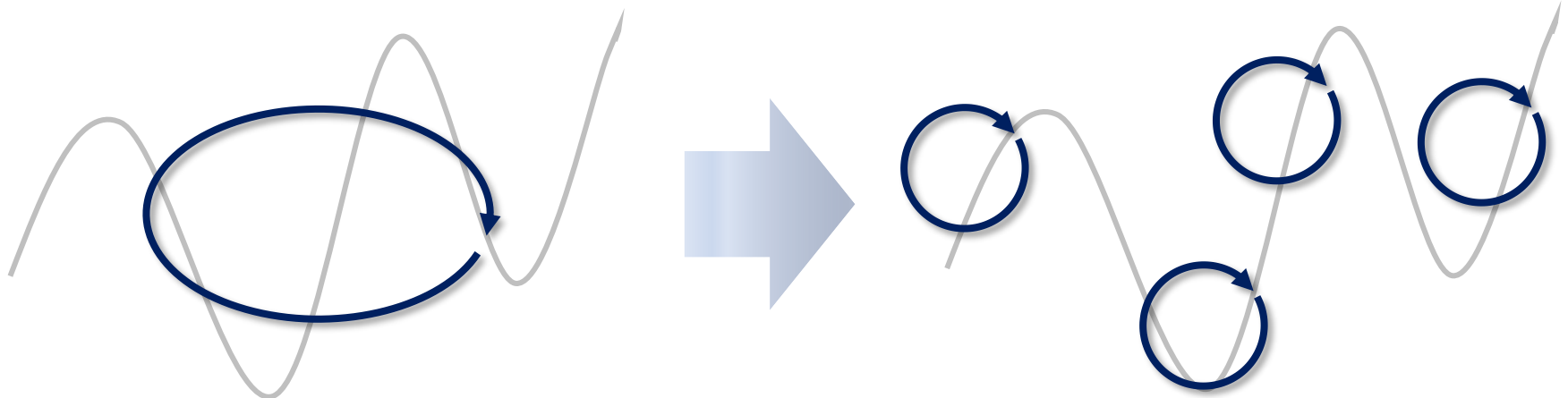
Development	Since 2018
Total units	Roughly 2,000
Type	Condominium for sale
Development area	94,000m ²
Area	New South Wales

Strategy for Condominium Business in Australia

- Reduce investment balance in current projects, sell partial interests in long-term major projects



- Aim to reinvest in small/medium-size projects and build business strategy based on asset turnover



6. Business in the United Kingdom

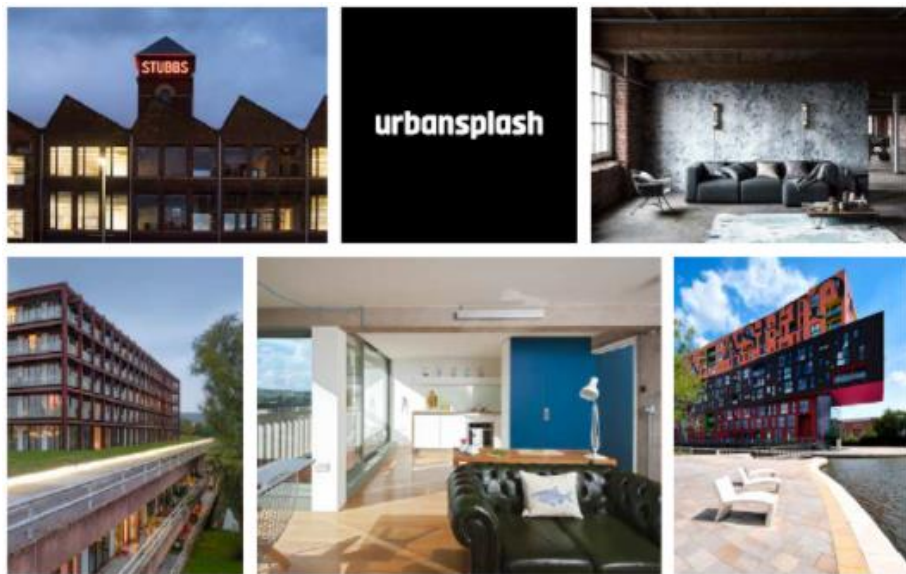
- Joint venture partner Urban Splash is a developer established 29 years ago in Manchester, England, mainly engaged in the redevelopment business
- Housing shortage of 4 million units since the discontinuation of public housing policies in the 1970s (most demand in southern region)

Company overview

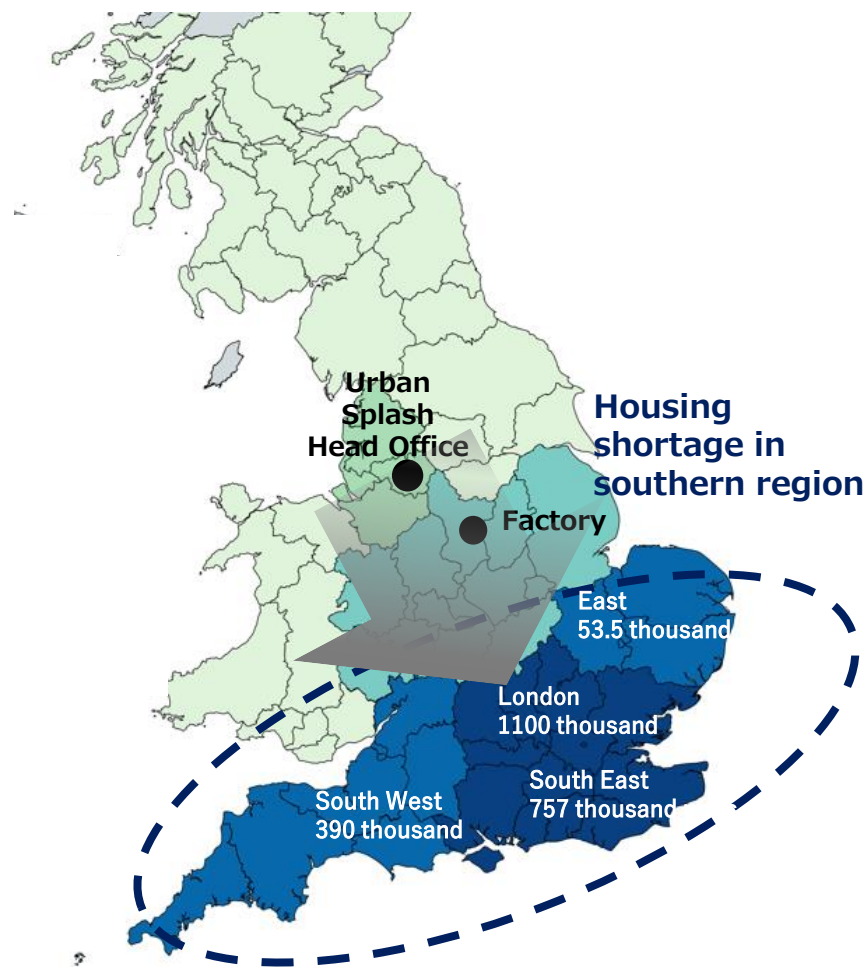
Nonconsolidated subsidiary with 48% stake Urban Splash House Holdings Limited

- Establishment: November 2018
- Business: Housing development and sale
- Location: Head office in Manchester, Factory in Alfreton

Launched the joint business on May 1, 2019, together with Urban Splash and Homes England



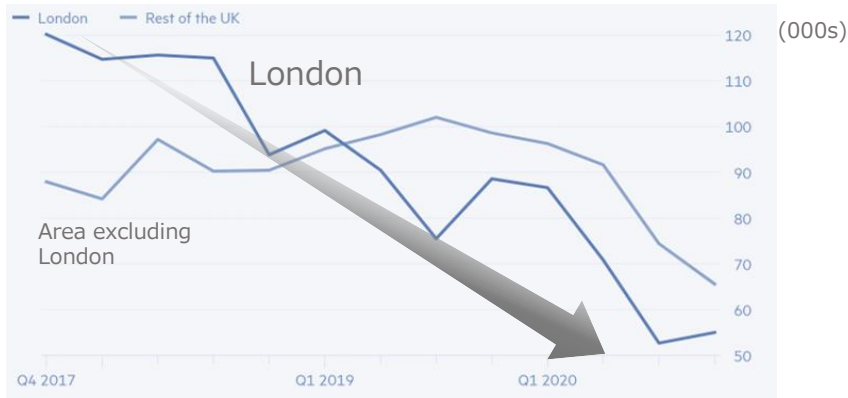
Head Office and housing shortage



- Decline in construction workers from Europe in the United Kingdom, especially London; British construction workers aging
- Government advancing measures for environmentally friendly housing

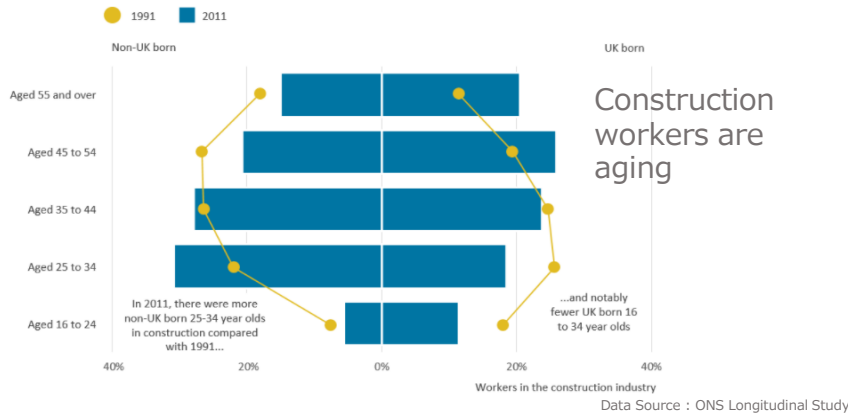
Workforce shortage / Aging workforce

Employment of construction workers from the EU



Data Source : Office for National Statistics

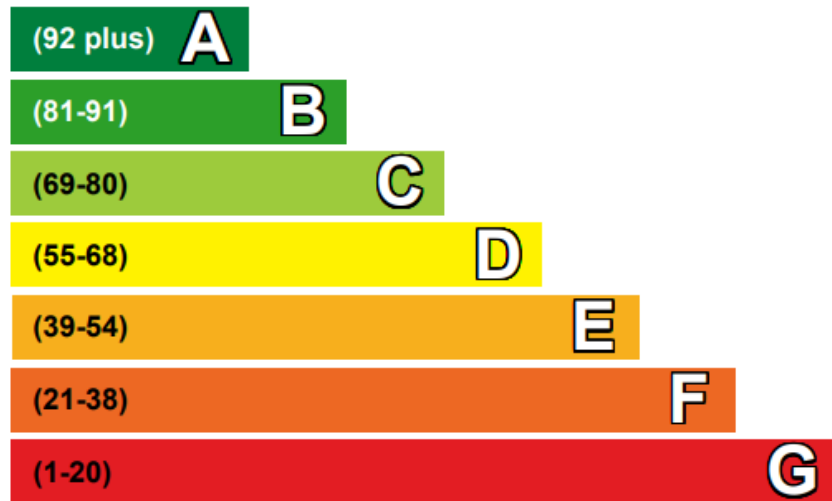
Comparing age profiles by country of birth for UK construction workforce



Data Source : ONS Longitudinal Study

Environment-friendly housing

Very energy efficient - lower running costs



Not energy efficient - higher running costs

Energy performance certification (EPC) is a legal document that must be disclosed when selling or leasing real estate. Properties cannot be leased or sold unless they have at least an E rating since April 2018. Government is considering requiring all rental properties to be rated C or better by 2025.

Data Source : The Scottish Government

- Meet needs by using pre-engineered housing to construct homes with a minimum of tradesmen
- High reproducibility of design performance facilitates the type of environmentally friendly homes required by government

Pre-engineered housing



Town House

5m-wide higher-end model can be delivered by road
16 room layout options

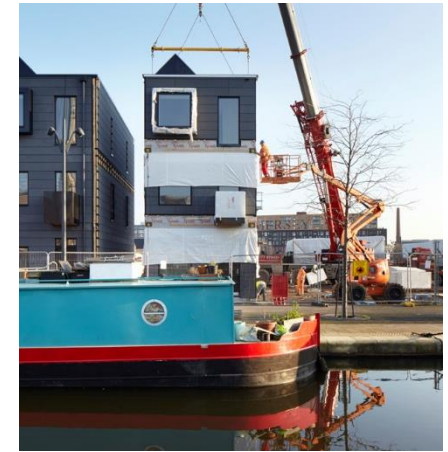
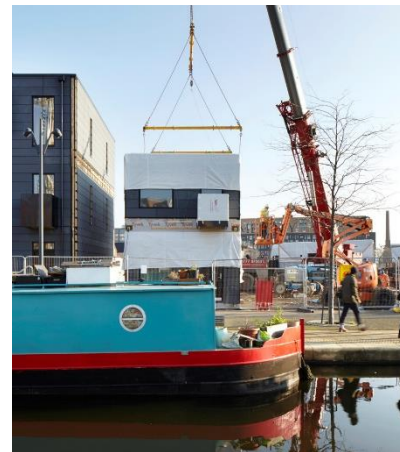


Row House

Tighter, lower-end 4m-wide model
8 room layout options

Town House and Row House products made at company factories. Factory fabrication improves productivity by standardizing work and allowing for the sharing of frame structures and wooden parts. The introduction of more production facilities will enable production with a minimum number of workers. Pre-engineered housing can reliably preserve quality and provide strong environmental performance with high air tightness.

Shipping and delivery



Urban Splash House Projects



Birmingham Project



Manchester Project



Kenbridge Project



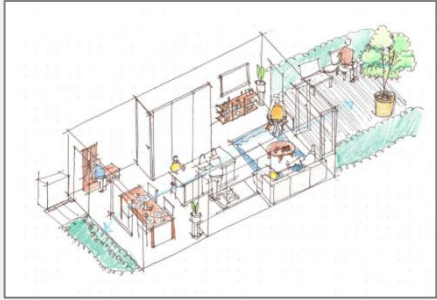
Interior

Our first residents will move into their new home at Inholm Northstowe, in Cambridge, next month.

Welcome to the neighbourhood Lawrence Zeegen, 57, a Professor of Illustration and Cambridge School of Arts masters student; his partner Rebecca Wright, 49, a Dean at Central Saint Martins, University of the Arts London and incoming President of D&AD; and their five-year-old daughter Zoi.



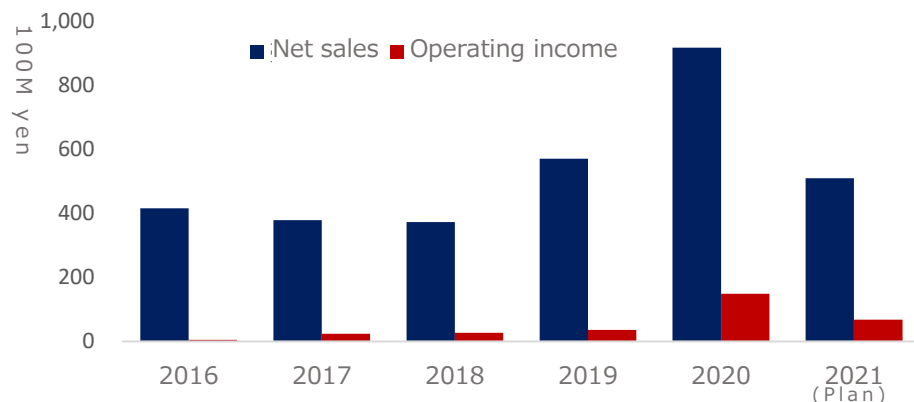
Create sales tools with a sense of warmth by incorporating sketches by employees and interviews with residents



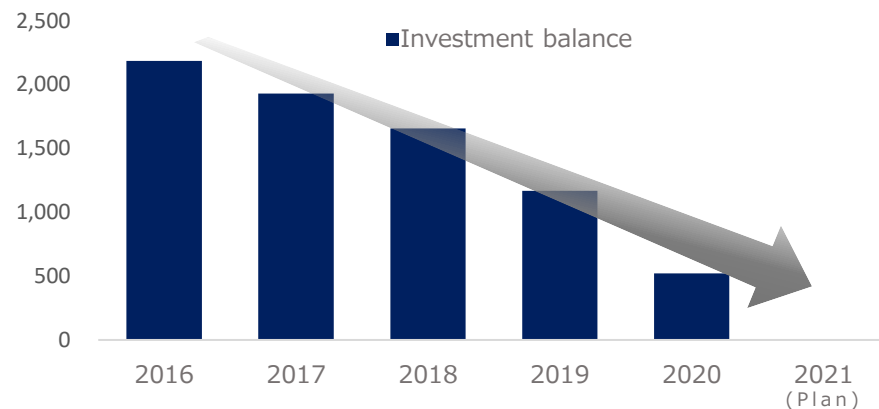
7. Business in China

- Work to finish construction and hand over projects on schedule and to recoup capital on projects already handed over
- Wind up sales by the end of October by monitoring government housing policies, such as restrictions on purchases in sales regions, and responding appropriately

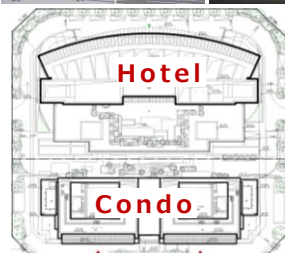
Net sales and operating income



Investment balance



Le Méridien Shenyang, Heping



Floor plan

Target: Finish selling interests by end of June FY2023

Heping, Shenyang project comprises a condominium building and hotel building. Aim to transfer ownership of hotel in 2023, currently moving to split off condominiums.

- December 2021 - Acquired hotel real estate rights
- April 2022 (target) - Split off hotel
- 2023 (target) - Finish sale of hotel ownership

8. Earnings Plan

The Fifth Mid-Term Management Plan (Announced on March 6, 2020)

(Billions of yen)

Country	FY2020		FY2021		FY2022		Total in three years	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
United States	285.6	31.8	213.7	20.8	311.2	39.0	810.5	91.6
Australia	43.4	3.5	75.3	11.1	55.8	4.5	174.5	19.1
China	81.0	12.0	42.0	5.0	15.0	1.0	138.0	18.0
Administrative expenses		(1.3)		(1.4)		(1.5)		(4.2)
Total	410.0	46.0	331.0	35.5	382.0	43.0	1,123.0	124.5

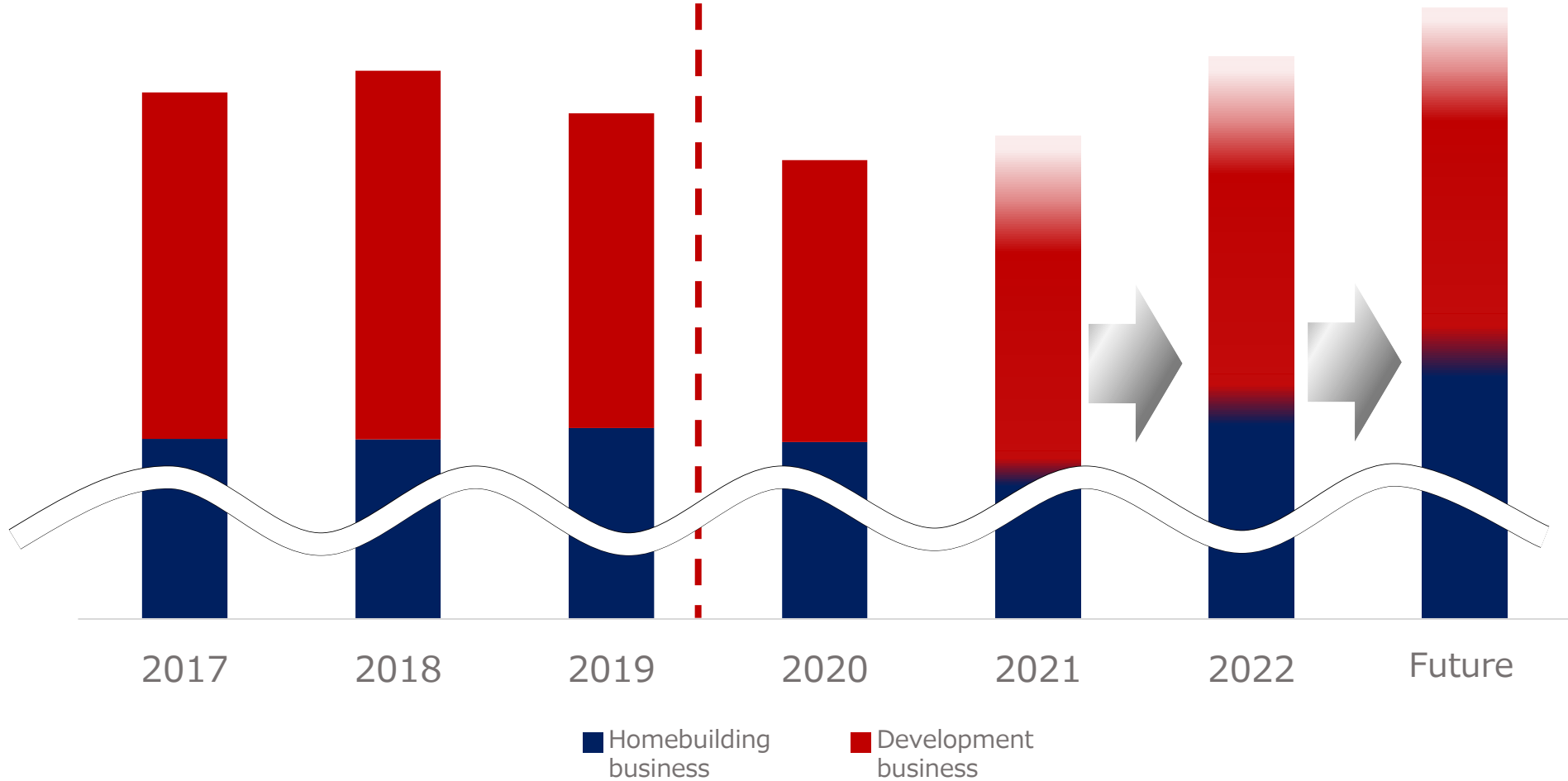
Revised Plan for FY2021 (Announced on September 9, 2021)

Country	FY2020		FY2021	
	Net sales	Operating income	Net sales	Operating income
United States	240.7	25.2	281.8	36.4
Australia	37.9	0.5	39.5	0.5
China	91.8	14.9	51.0	6.8
Administrative expenses		(0.9)		(1.2)
Total	370.6	39.7	372.3	42.5

Aim to achieve operating income of 124.5 billion yen over three years established in the Medium-Term Management Plan

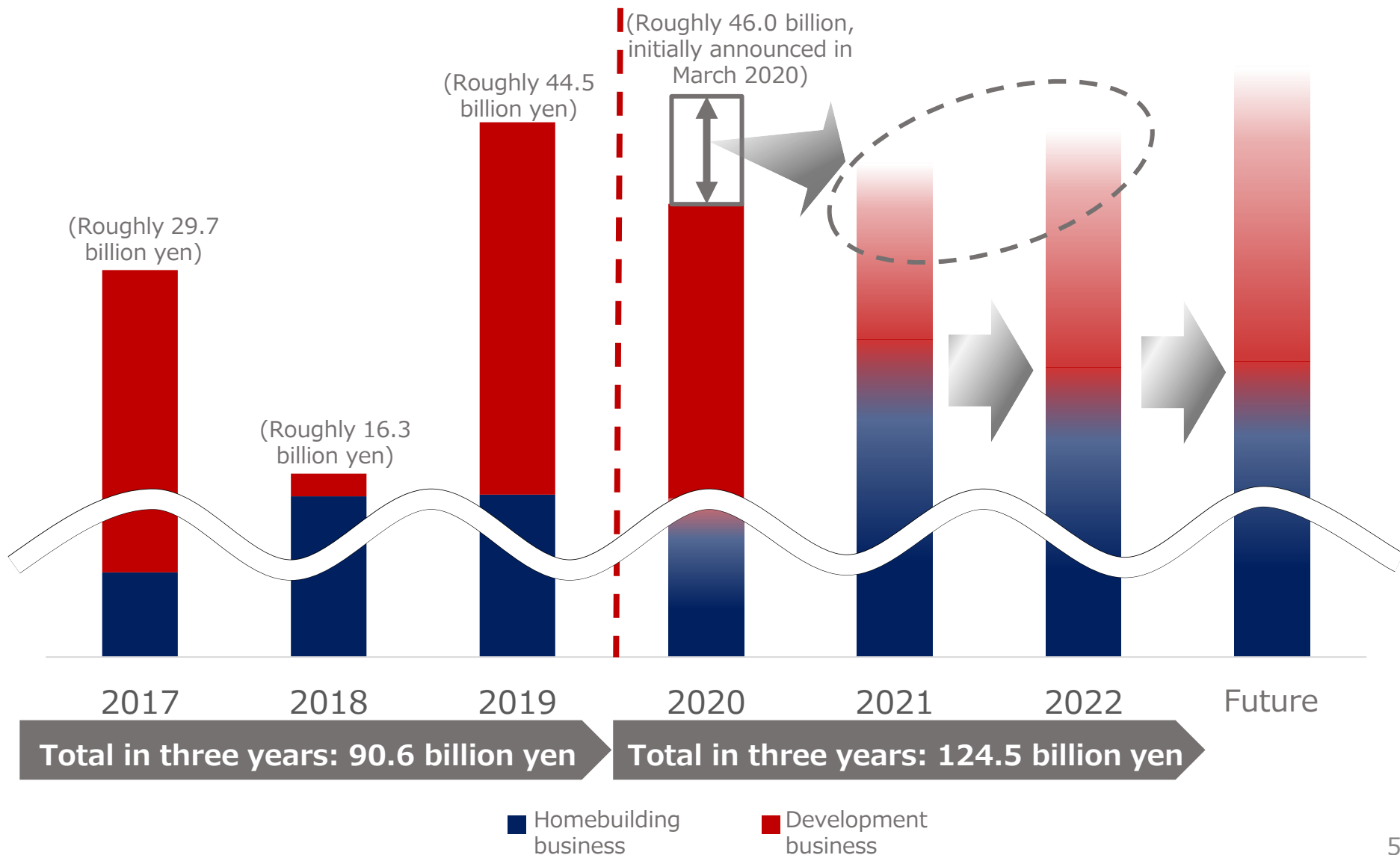
The Fourth Mid-Term Management Plan

The Fifth Mid-Term Management Plan

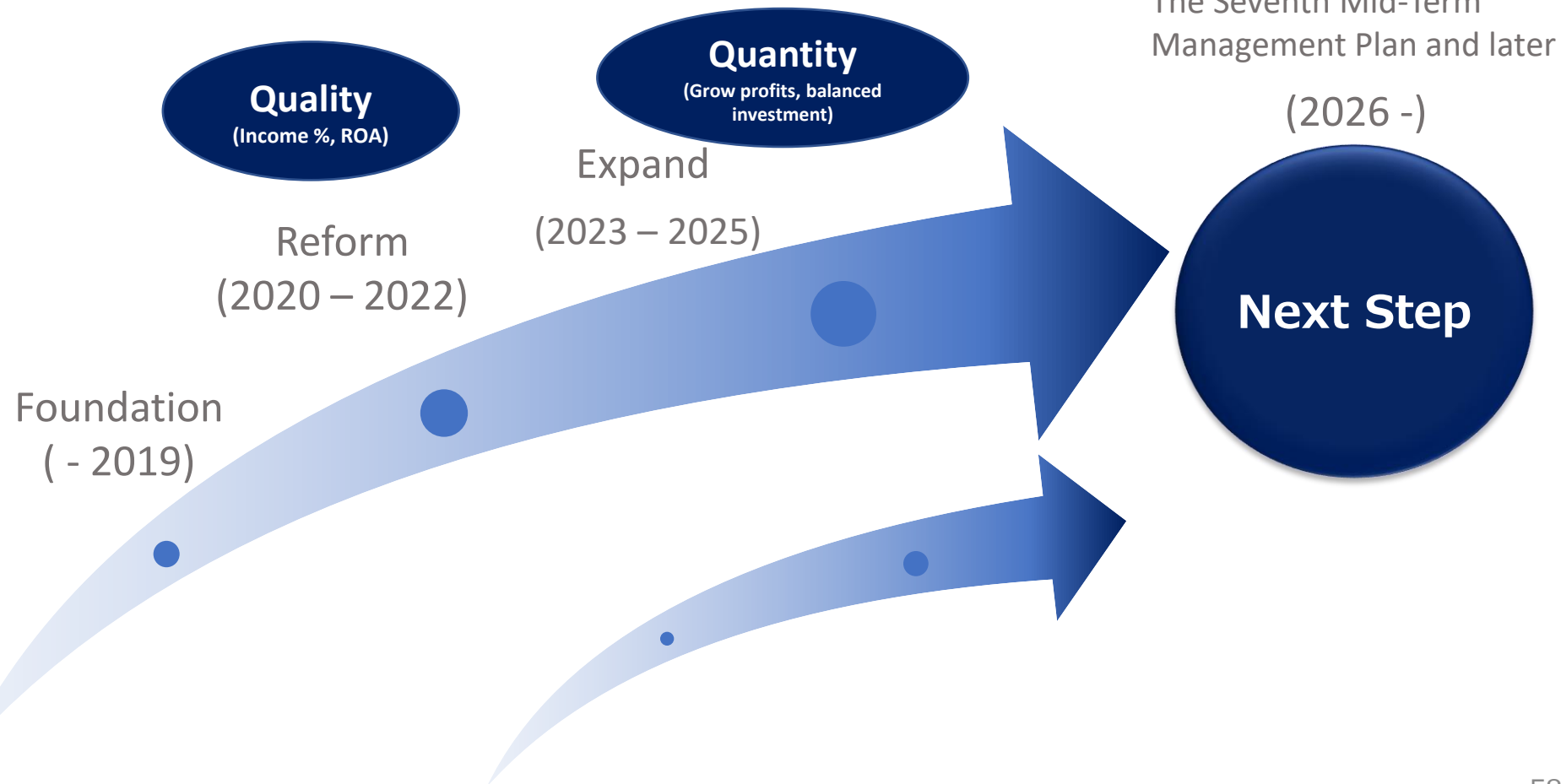


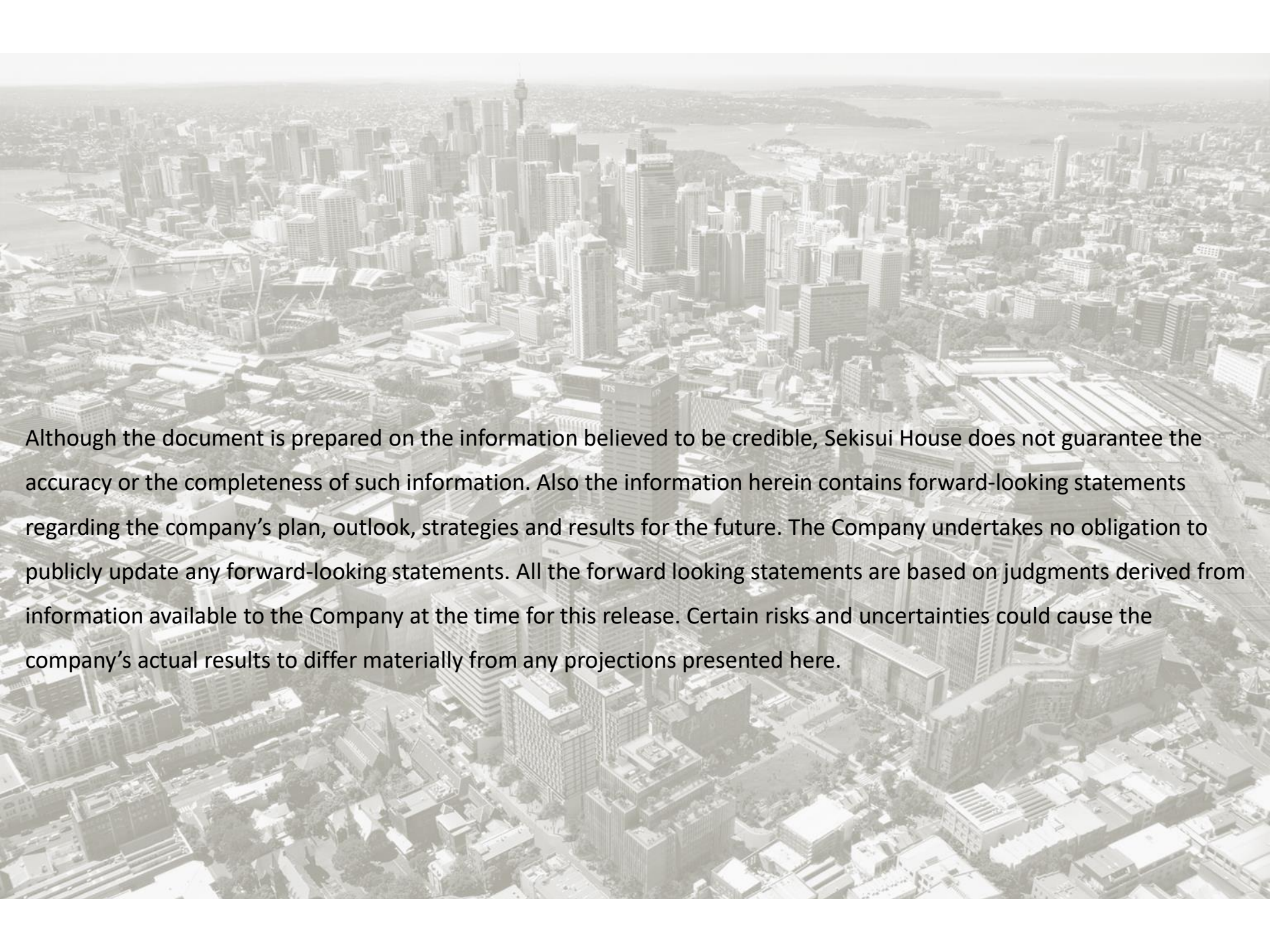
The Fourth Mid-Term Management Plan

The Fifth Mid-Term Management Plan



- The Fifth Mid-Term Management Plan (2020 – 2022) will be Reform focusing on the Quality of our business: Improved profitability & returns
- The Sixth Mid-Term Management Plan (2023 – 2025) will be Launch out of the 5th mid-term plan, focus on Scale and Growth: Expand profits and balance investment portfolio



An aerial, high-angle photograph of a dense urban skyline, likely Toronto, Canada. The image shows a vast expanse of skyscrapers and commercial buildings, with the CN Tower visible in the upper left. In the background, a large body of water (Lake Ontario) is visible, along with a distant shoreline. The overall tone is muted and slightly desaturated, giving it a professional, corporate feel. The text is overlaid on the lower half of the image.

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