



**Notice Regarding an Acquisition of Equity Interests in Chesmar Homes, LLC etc.,
and a Change in Specified Subsidiaries**

June 9, 2022 – At the Board of Directors meeting held today, Sekisui House, Ltd. (“the Company”) resolved to acquire all of the equity interest in the operating company Chesmar Homes, LLC and financial services companies CLM Mortgage, Inc., N Title, Inc. and Entitled Insurance Agency, Inc. (collectively, “Chesmar”) from Chesmar Group, Inc., a holding company that operates a custom detached house business in the U.S. state of Texas. The buyer will be Chesmar Holdings, LLC (“Chesmar HD”), which has been newly established as a subsidiary of SH Residential Holdings, LLC (“SHRH”), itself a subsidiary of the Group’s U.S. headquarters, Sekisui House US Holdings, LLC (“SHUSH”).

Furthermore, when Chesmar HD acquires the equity interest in Chesmar Homes, LLC, the paid-in capital of Chesmar HD will be equivalent to more than 10% of the Company’s paid-in capital. As such, Chesmar HD will become a specified subsidiary of the Company.

1. Reason for the acquisition of equity interests

In 2020, the Sekisui House Group celebrated its 60th anniversary and established its global vision for the next 30 years, to “make home the happiest place in the world.” To realize this vision, we are promoting the wider adoption of Sekisui House technologies in our overseas business, particularly through the provision of higher added value through lifestyle proposals and home construction technologies cultivated in Japan.

In the United States, we made Woodside Homes Company, LLC (“Woodside,” 2,729 houses delivered in FY2021) a wholly owned subsidiary in 2017. Through Woodside, we have operated a homebuilding business in Utah, California, Arizona, and Nevada. In addition, in 2021, we made Holt Group Holdings, LLC (“Holt,” 695 houses delivered in FY2021) a wholly owned subsidiary, expanding our homebuilding business to Oregon and Washington.

Chesmar operates in Texas, the largest housing market in the United States, and has achieved high asset efficiency and steady growth as a builder (2,082 houses delivered in FY2021). In addition, Chesmar’s corporate stance is to pursue and prioritize the happiness of all stakeholders. Chesmar thus possesses a corporate culture that strongly accords with the Sekisui House Group’s corporate stance and business strategies.

The Sekisui House Group has set a target of supplying 10,000 homes per year in overseas markets including that in the United States in FY2025 and will expand its operating area into Texas by making Chesmar HD a wholly owned subsidiary. In addition, by transferring Sekisui House technologies to Chesmar HD, we will endeavor to enhance value-based marketing, further bolster profitability, and improve operational efficiency as we continue providing high added value to customers and enhancing corporate value.



2. Overview of the company that will become a specified subsidiary

(1) Name	Chesmar Holdings, LLC	
(2) Location	480 Wildwood Forest Dr., Ste 801 Spring, TX 77380-4125	
(3) Representative	Don Klein (CEO)	
(4) Business	A holding company that owns equity in companies that operate homebuilding businesses and other related businesses	
(5) Capital	US\$513,690 thousands	
(6) Date of establishment	April 17, 2022	
(7) Major shareholders and shareholding ratios	SH Residential Holdings, LLC 100%	
(8) Relationship with the Company	Capital relationships	The company in question is fully funded by SH Residential Holdings, LLC, which is a subsidiary of the Company's wholly owned subsidiary Sekisui House US Holdings, LLC.
	Personnel relationships	5 directors of the company are also executives of the Sekisui House Group.
	Business relationships	Not applicable.
(9) Operating results and financial position over the last three years	Because the company in question was established in 2022, there is no information on its operating results and financial position to disclose. The operating results and financial position of Chesmar Group, Inc. are as stated in the note below.	

Note: Operating results and financial position over the past three years of Chesmar Group, Inc. (Thousands of US\$; figures below US\$1,000 are truncated)

Fiscal year end	December 2019	December 2020	December 2021
Consolidated net assets	125,127	160,453	225,736
Consolidated total assets	251,810	358,271	426,149
Consolidated net sales	471,653	611,611	810,401
Consolidated operating income	27,279	56,534	89,691
Consolidated ordinary income	27,783	57,149	92,092
Net income attributable to owners of parent	27,292	56,111	90,795

3. Overview of counterparty from which equity interests will be acquired

(1) Name	Chesmar Group, Inc.
(2) Location	480 Wildwood Forest Dr., Ste 801 Spring, TX 77380-4125
(3) Representative	Don Klein (Founder & CEO)
(4) Business	A holding company that owns equity in companies that operate



	homebuilding businesses and other related businesses	
(5) Capital	US\$225,736 thousands	
(6) Date of establishment	December 21, 2017 (Note)	
(7) Net asset and total asset over the last fiscal year	Consolidated net asset: US\$225,736 thousands Consolidated total asset: US\$426,149 thousands	
(8) Major shareholders and shareholding ratios	Klein 2018 Management Trust 56.03% Employee Stock Ownership Plan 14.92% APB 5050, LLC 6.36%	
(9) Relationship with the Company	Capital relationships	Not applicable.
	Personnel relationships	Not applicable.
	Business relationships	North America Sekisui House, LLC, which is a subsidiary of the Company's wholly owned subsidiary Sekisui House US Holdings, has a business relationship with the company in question.

Note: Chesmar Homes, LLC was established and began business in 2005.

4. Proportion of equity interest to be acquired and ownership interest before and after the acquisition

(1) Proportion of ownership interest before transfer	-%
(2) Proportion of equity interest to be acquired	100%
(3) Acquisition value	Approximately US\$514 million
(4) Proportion of ownership interest after transfer	100%

5. Schedule

(1) Resolution date	June 9, 2022
(2) Date of contract	June 9, 2022
(3) Date of equity interest acquisition (first round)	July 1, 2022 (planned)
(4) Date of equity interest acquisition (second round)	December 30, 2022 (planned)

Note: The acquisitions of the equity interests in Chesmar Homes, LLC and Entitled Insurance Agency, Inc. are planned for July 1, 2022. The acquisitions of CLM Mortgage, Inc. and N Title, Inc. are expected to be conducted on December 30, 2022, after acquiring approval from government and tax authorities.

6. Forecast

With this acquisition, Chesmar HD is expected to become a consolidated subsidiary of the Company from the fiscal year ending January 31, 2023. We are currently analyzing the impact of this on the Company's consolidated results and will swiftly issue a notice of any matters that require disclosure should they arise.



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