



Sekisui House, Ltd. Overseas Business Briefing

2024.1.18

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1. U.S. Homebuilding Business Growth Strategy

Our Global Vision: Make home the happiest place in the world Creating a future where people worldwide can live happily in Sekisui House homes

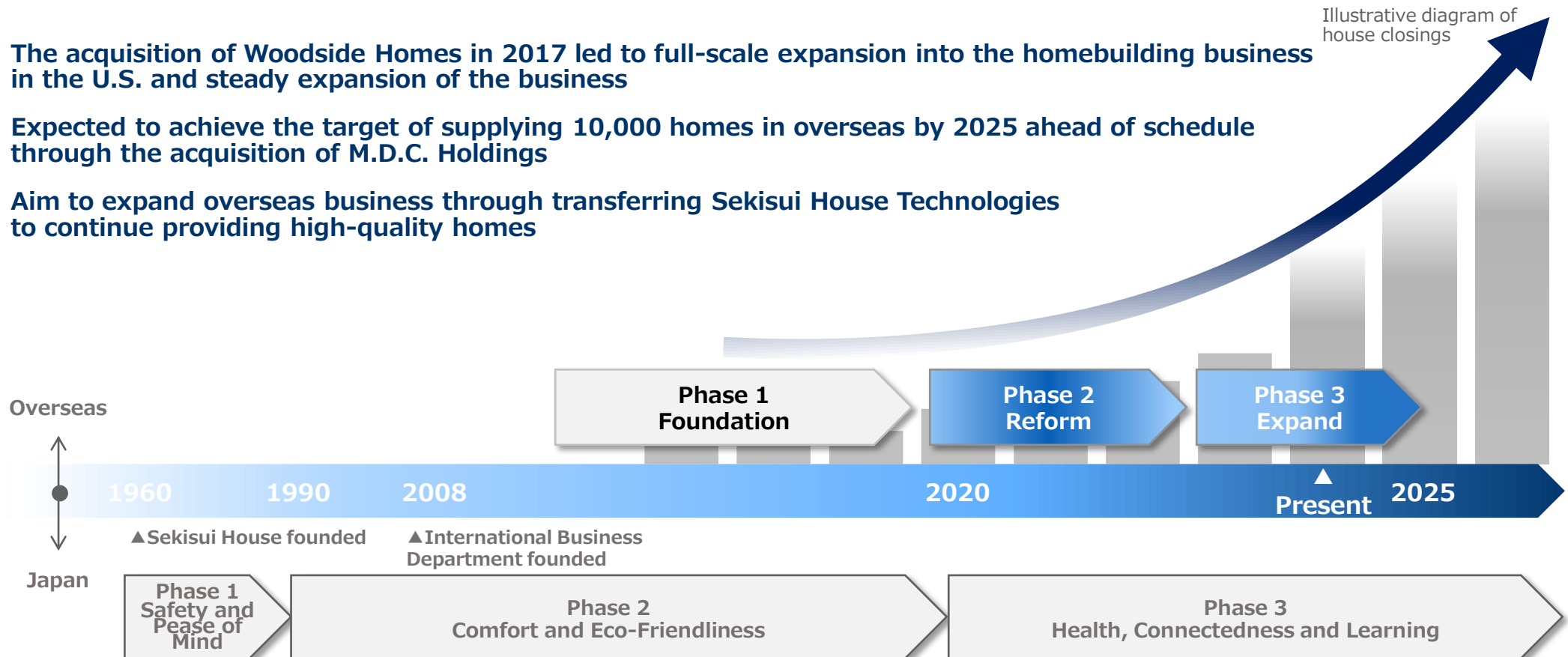
1. Propose happiness through the integration of technologies, lifestyle design and service
2. Become a leading company in ESG management
3. Make Sekisui House technologies the global de facto standard
 - ✓ Entering the southeastern United States
 - ✓ Expanding the sale of our SHAWOOD products, which leverages safety, comfort, and design
 - ✓ Engraining such lifestyle design as our lifestyle proposal capabilities, customer engagement and brands

Expansion in major areas completed through the acquisition of M.D.C. Holdings. We will aim to improve quality through transferring Sekisui House Technologies going forward

The acquisition of Woodside Homes in 2017 led to full-scale expansion into the homebuilding business in the U.S. and steady expansion of the business

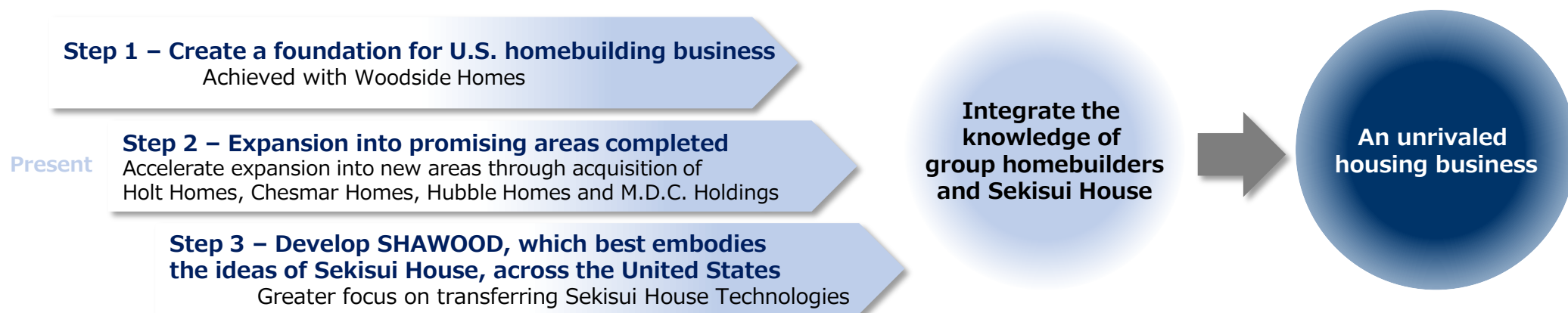
Expected to achieve the target of supplying 10,000 homes in overseas by 2025 ahead of schedule through the acquisition of M.D.C. Holdings

Aim to expand overseas business through transferring Sekisui House Technologies to continue providing high-quality homes



Steps of the U.S. Homebuilding Business's Expansion

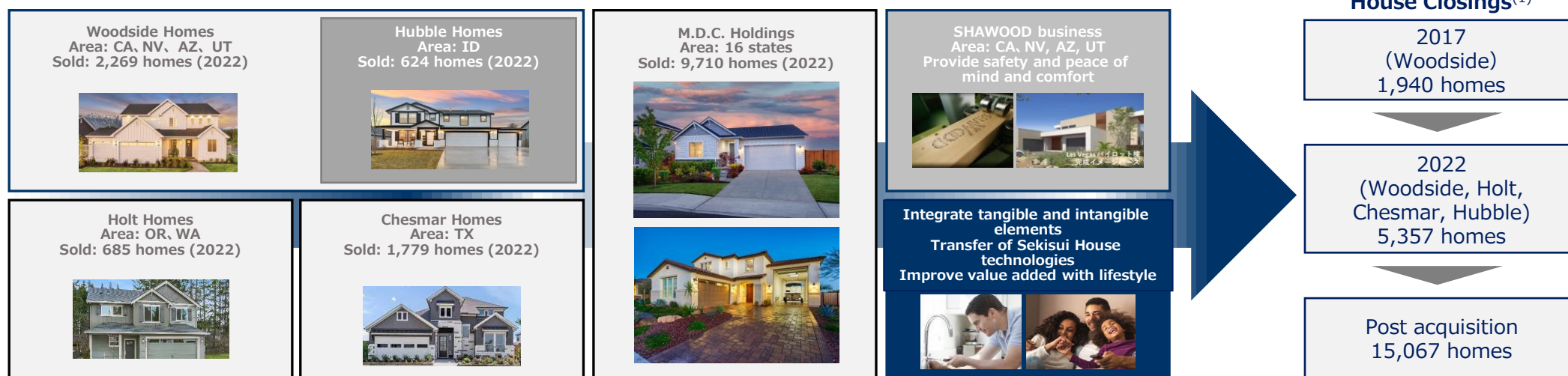
Three steps to expand the homebuilding business



Overall strategy and outlook for house closings

U.S. homebuilding business: Acquisition of M.D.C. Holdings expands business scale to the equivalent of 5th in the U.S., based on number of house closings

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



Note:

1. The number of house closing for 2022 is the sum of house closing of Woodside Homes, Holt Homes, Chesmar Homes and Hubble Homes.

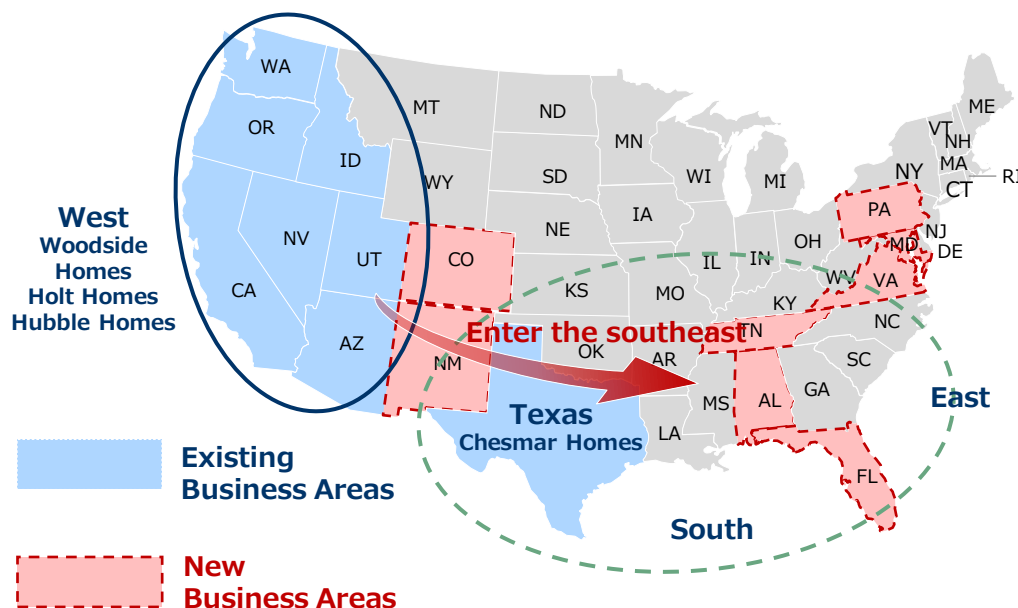
House closings for post acquisition is the sum of Woodside Homes, Holt Homes, Chesmar Homes, Hubble Homes and M.D.C. Holdings for FY2022

U.S. M&A Strategy

Alignment with Business Area Expansion Strategy

Acquisition of Woodside/Holt/Chesmar/Hubble provided a foundation in the western and southern United States

Acquisition of M.D.C. Holdings contributes to the expansion of business in southeastern United States



× Transfer of Sekisui House Technologies

Group Builder Selection Policy and M.D.C. Holdings' Corporate Characteristics

① **Strong resonance to our group vision "Make Home the happiest place in the world" and corporate philosophy**

② **Wealth of experience and expertise in the area**

+ in addition to previous policy

③ **Solid platform to transfer the technology**

• Built a close relationship with each builder company including Woodside, through integrating philosophies

• In addition to these initiatives, the addition of M.D.C. Holdings' solid platform with high governance standards as a listed company, is an excellent opportunity to further boost our U.S. homebuilding business to a higher standard

Accelerating Growth with the Acquisition of M.D.C. Holdings

2. Overview of M.D.C. Holdings

Company Overview of M.D.C. Holdings

- M.D.C. Holdings was founded in 1972. Ranks as the 11th largest U.S. homebuilder based on house closings in FY2022 and is headquartered in Denver, Colorado
- M.D.C. Holdings operates in 34 metro areas, 16 states and have supplied over 240,000 quality homes since inception

Overview

Company M.D.C. Holdings, Inc.

Main Business Homebuilding business in the U.S.

Key Executives Larry A. Mizel
(Executive Chairman)
David D. Mandarich
(President, CEO and Director)

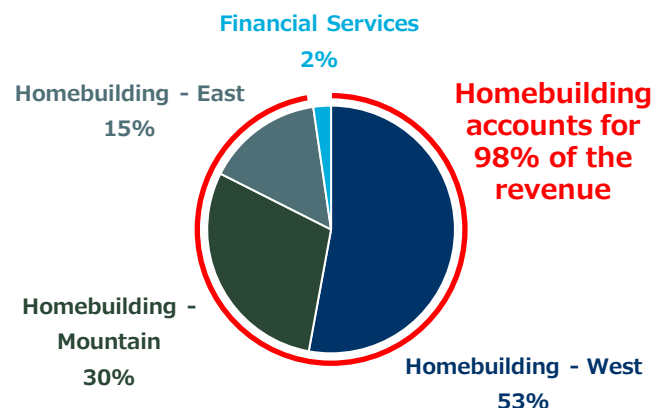
Address 4350 South Monaco Street, Suite 500, Denver, CO 80237

Founded 1972

Employees 1,643 (as of FY2022)

Stock Exchange NYSE
(Ticker Symbol: MDC)

Segment Breakdown (Revenue Basis)



Recent Financial Highlights (FY2022)

Net Assets: US\$ 3,092 million

Total Assets: US\$ 5,363 million

Revenue: US\$ 5,718 million

Operating Income: US\$ 774 million

Net Income Attributable to Owners of Parent: US\$ 562 million

Highlight

Over 240,000 Homes

Number of House closings Since its Inception

11th

One of the major homebuilders in the U.S.
(Based on house closings in FY2022)

BBB- / Ba1

Credit rating
S&P / Moody's

- Business strengths such as strong positioning in western and southeastern U.S. as well as diverse product mix tailored to customer demands
- Financial strength showcased by strong balance sheet

①

Method

Solid Platform to Support Expansion in the U.S.

- Business process/systems developed by **experienced management over 50 years since** its founding
- Achieved **uniform, high operational standard across 34 metro areas and 16 states**

②

Value Proposition

Attractive Product Line-up Balancing **Customer Satisfaction and Fair Price**

- Product development balancing **efficiency and design** based on customer needs
- **Achieved both quality and fair price** through value-engineering
- **Efficient design and construction** which can be implemented **in a wide range of area**

③

ESG

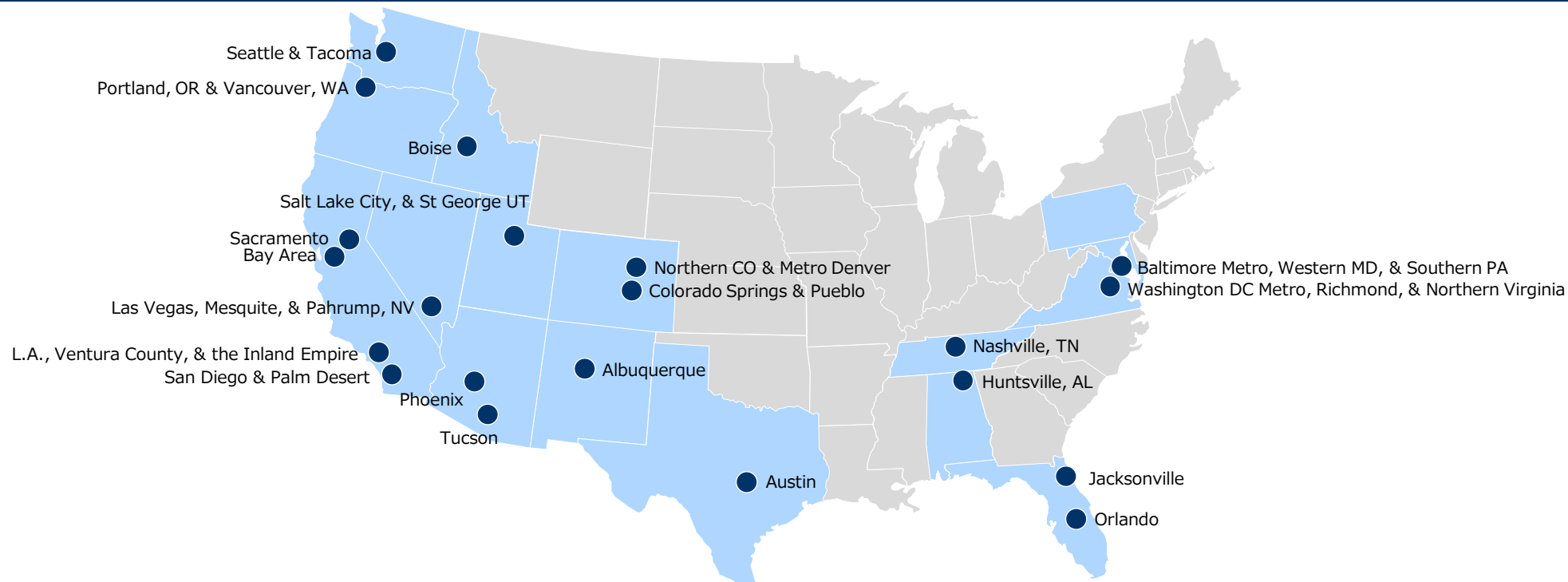
Advanced ESG Initiatives Among U.S. Homebuilders

- Achieved industry-leading **environmental performance**
- **Actively promoted diversity**
- **High governance standard** cultivated as a public company

Business Area of M.D.C. Holdings

- M.D.C. Holdings operates in 34 metro areas and 16 states in the U.S.

Business Area



House Closings in Major States

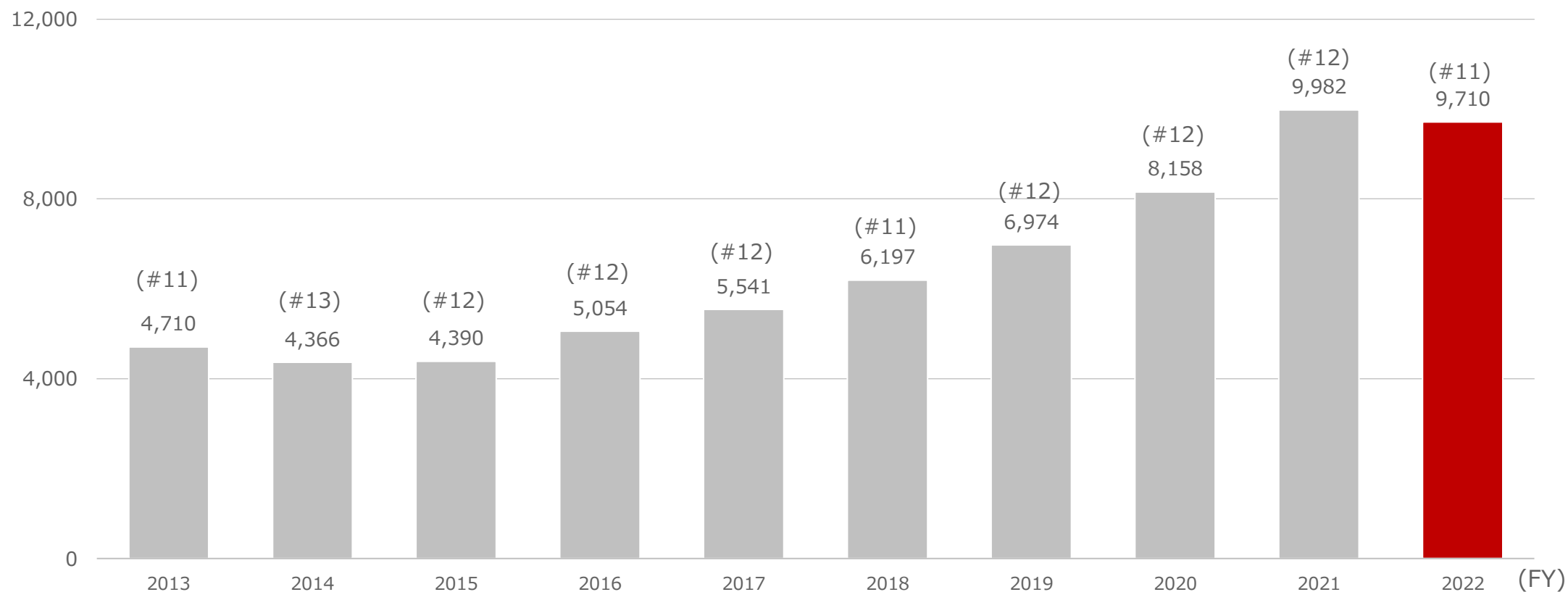
As of Sep.30, 2023	AZ	NM	CA	NV	OR	WA	CO	UT	ID	FL	Mid-Atl	TEN	TEX	Total
LTM Deliveries	1,908	17	1,660	754	70	257	1,791	391	41	990	402	35	66	8,382
% of total	22.8%	0.2%	19.8%	9.0%	0.8%	3.1%	21.4%	4.7%	0.5%	11.8%	4.8%	0.4%	0.8%	
LTM ASP ('000s)	\$458	\$394	\$658	\$515	\$645	\$667	\$654	\$592	\$515	\$425	\$584	\$466	\$383	\$560

M.D.C. Holdings' Positioning in the U.S.

- M.D.C. Holdings ranks 11th in number of house closings in the U.S. in FY2022 and has maintained stable positioning in the past decade, ranking between 11th to 13th

M.D.C. Holdings' Number of House Closings in the last 10 Years ⁽¹⁾

(House closings)



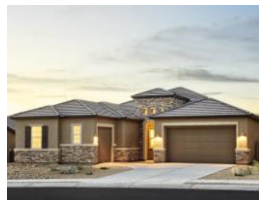
Data Source: Builder Online

Note:

1. The numbers in parentheses represent the builder rank based on number of house closings

M.D.C. Holdings' Product Line-up and Competitive Edge

- M.D.C. Holdings operates business with focus on SEASONS to capture diverse customer demands
- Competitive and appealing product balancing quality and fair price
- Supplied more than 240,000 quality homes since inception



Competitive Edge 1

Product development balancing design and efficiency in consideration of customer needs and supported by multiple generations for its diverse product line-up and lifestyle design proposal, accommodating wide range of lifestyle and budget (Baby Boomer and Millennials in particular)

Competitive Edge 2

Ability to value-engineer to reduce costs while maintaining product quality and offer products balancing quality and fair price

Competitive Edge 3

Manage design and construction at the headquarters to efficiently achieve consistent quality in various areas

- **M.D.C. Holdings is a homebuilder with advanced ESG initiatives, including the standard installation of energy efficient features that help reduce energy consumption in all homes provided by Richmond American Homes**

ESG Highlights

Environmental Initiatives

- Every home comes standard with energy efficient features that help cut down on energy usage.
- Achieved the goal of decreasing average HERS rating to 50 or less by 2025.
- Implemented a new goal of decreasing average HERS rating to 45 or less by fiscal year 2027.
- Completed 2021 GHG inventory to enable M.D.C. Holdings to better understand M.D.C. Holdings' corporate carbon footprint.

Social Initiatives

- Committed to fostering and promoting a diverse and inclusive work environment.
- Continued to promote a gender and ethnically diverse employee base; employee base as of 12/31/2022 comprised 47% female employees; female employees comprised 41% of employees in a position of manager and above.
- M.D.C. Holdings has donated over \$17 million to the MDC/Richmond American Homes Foundation in the last five years, including \$5.7 million in 2022.

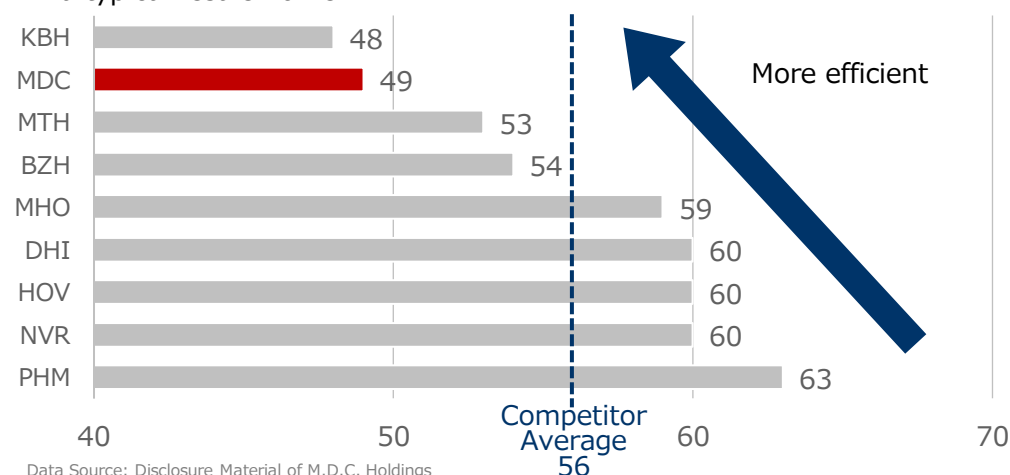
Governance Initiatives

- Engaged and experienced Board of Directors actively participated in 12 regular meetings per year. M.D.C. Holdings' non-management directors have an average tenure of 12.0 years.
- Code of Conduct training conducted for all employees at the time of hire and reinforced for all employees and directors on an annual basis.
- Prioritized a diverse management team and Board that fosters a foundation of integrity and ethical company culture, highlighted by M.D.C. Holdings' third and fourth consecutive appointments of a diverse candidate to Board.

Data Source: Disclosure Material of M.D.C. Holdings

Home Energy Rating System of Major Homebuilders in the U.S.

- Average HERS rating in 2022 of 49, which is more efficient than competitor average
- M.D.C. Holdings' current homes are on average 81% more efficient than a typical resale home



Introduction of Solar Power System

- Initially launched in California in 2012 and now available nationwide in 2022. A total of 8,870 solar panels were delivered by 2022
- 141,304 tons of carbon dioxide emissions were reduced by installing solar power systems by 2022
- M.D.C. Holdings' HERS decreased by 26 points on average through the installation of solar power system



Data Source: Disclosure Material of M.D.C. Holdings

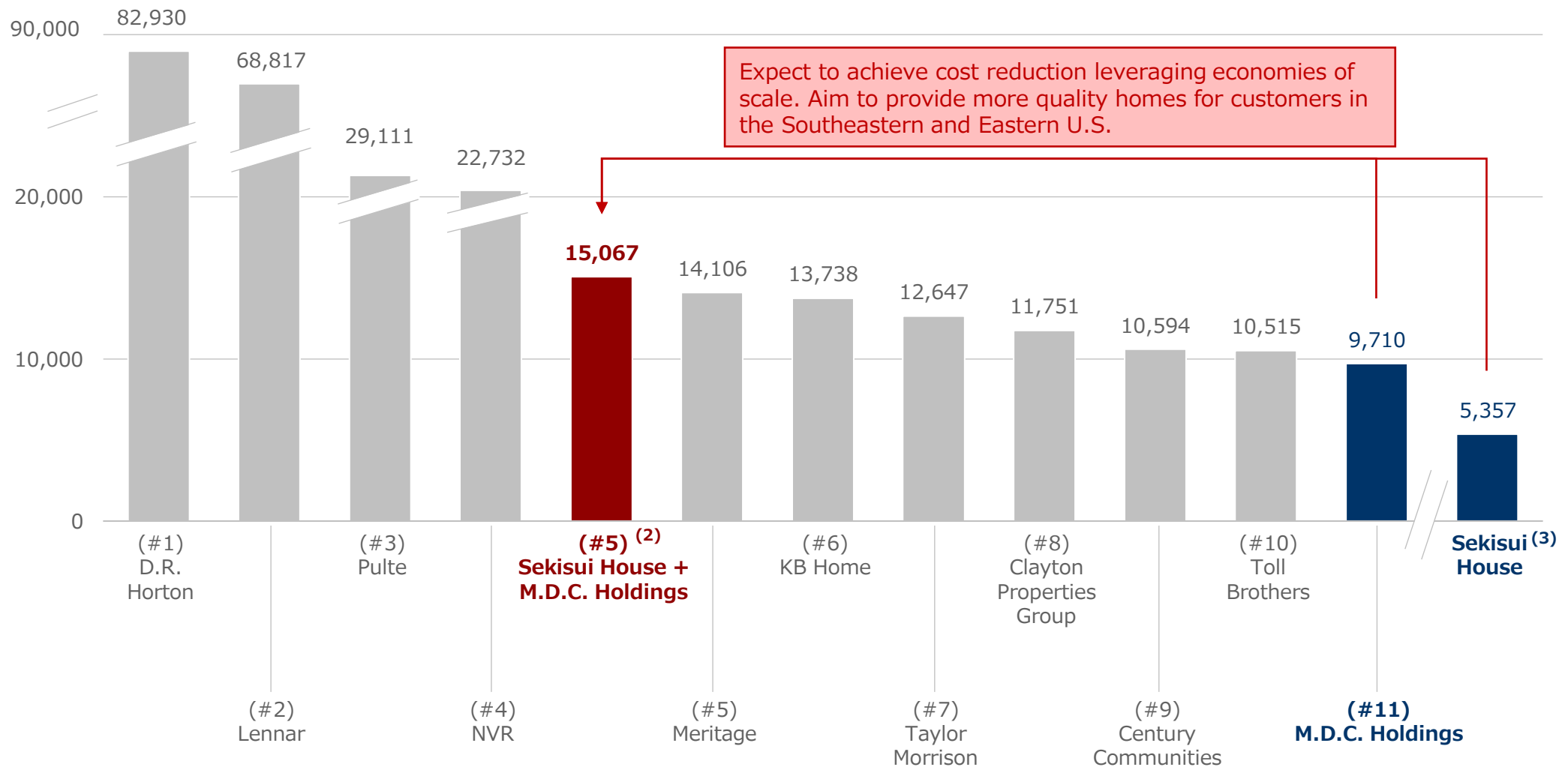
3. Expected Impact of M.D.C. Holdings Acquisition

Further Strengthening of the U.S. Homebuilding Business Platform & Presence (1)

- Through the acquisition of M.D.C. Holdings, we are expected to become a homebuilder supplying 15,067 homes in FY2022, achieving the target of supplying 10,000 homes overseas and ranking as the 5th largest homebuilder in the U.S. on number of house closings basis. Aim for further growth of homebuilding business through the expansion of business area, increased recognition and economies of scale

Number of House Closings Ranking in U.S. (FY2022)⁽¹⁾

(House closings)



Data Source: Builder Online

Notes:

1. Numbers in bracket represent ranking based on number of house closings in FY2022

2. Pro-forma ranking post acquisition

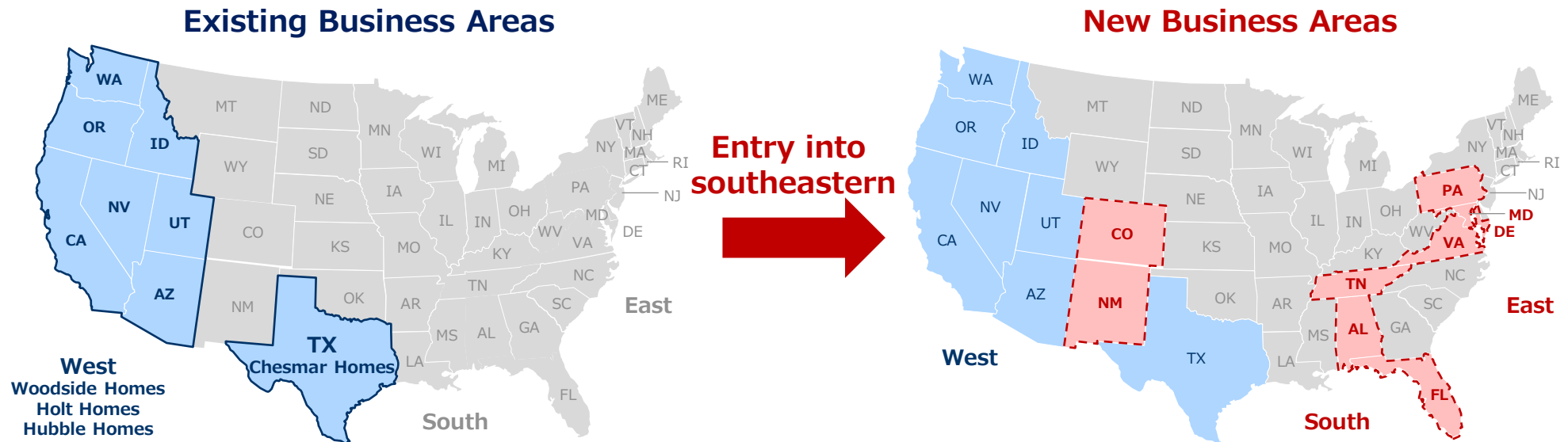
3. Sum of Woodside Homes, Holt Homes, Chesmar Homes, Hubble Homes

Further Strengthening of the U.S. Homebuilding Business Platform & Presence (2)

- Expanding footprint in 16 states with improved presence in the West and entry into the Southeast
- Achieve business area expansion whilst improving positioning in existing areas

~Further Improved Presence in the Western and Entry into Southeastern U.S. ~

Achieve entry into southeastern U.S. through M&A



Western U.S.

Housing Sales	
Approx. 150,000 (FY2022)	
High-end market	
24% of homes are priced above \$750K	
Harbor and Transport	
Easy marine transport, short land-travel distance	
Housing Sales	High-end homes
Roughly 25%	above \$750K
share of the	approx. 36,000⁽¹⁾
U.S. market	

Southern U.S.

Housing Sales	
Approx. 394,000 (FY2022)	
High-end market	
31% of homes are priced above \$500K	
Harbor and Transport	
Easy marine transport, SHAWOOD business also feasible	
Housing Sales	High-end homes
Roughly 60%	above \$500K
share of the	approx. 122,000⁽¹⁾
U.S. market	

Data Source: U.S. Census

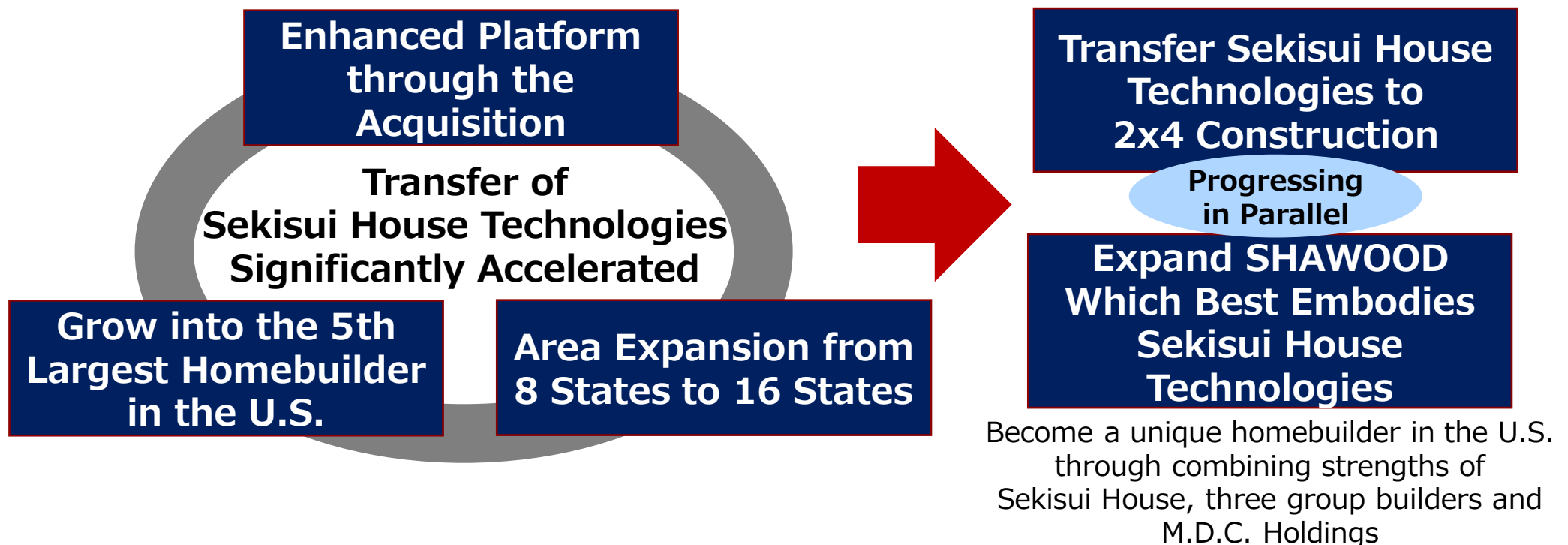
Note:

1. Because data on homes priced above \$750,000 was not available for the southern united states for 2022 onward, figures for homes priced above \$500,000 are shown

- Accelerate transfer of Sekisui House Technologies through utilizing enhanced platform together with expanded area and scale
- Aim to achieve transfer of Sekisui House Technologies to 2x4 construction and expansion of SHAWOOD simultaneously

Business Policy

Comprehensively promote the transfer of technologies including product and lifestyle proposals through the solid platform



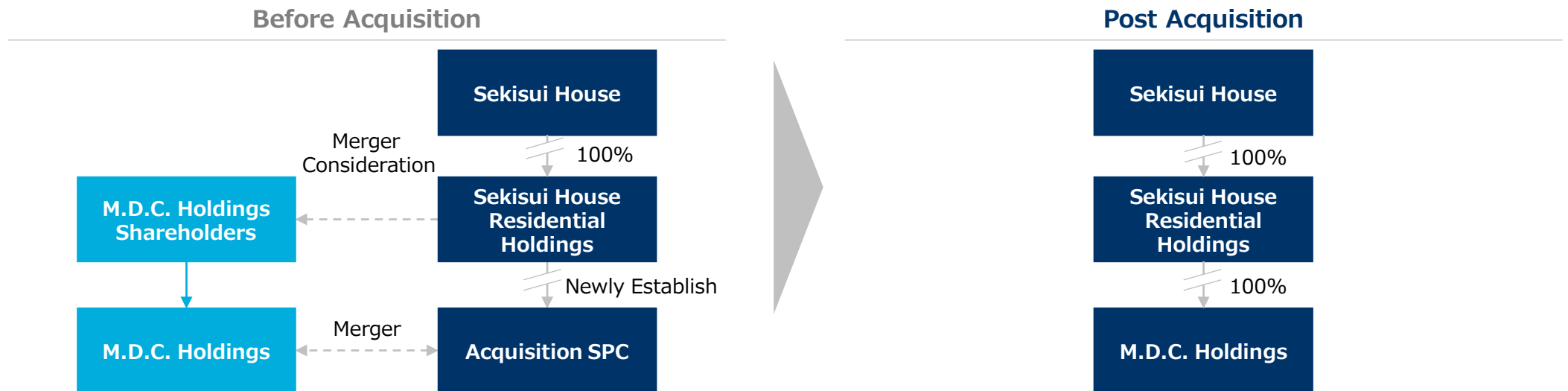
Significant Progress Towards Achieving Global Vision

4. Transaction Overview, Operation Structure and Financing Plan

Transaction Overview and Structure

- Acquisition of M.D.C. Holdings with US\$63 per share (all cash consideration)
- Reverse triangular merger to make M.D.C. Holdings a wholly owned subsidiary

Transaction Structure



M.D.C. Holdings' Stock Price Performance⁽¹⁾



Data Source: Capital IQ

Notes:

1. As of January 17, 2024

2. Financials are as of the end of September 30, 2023

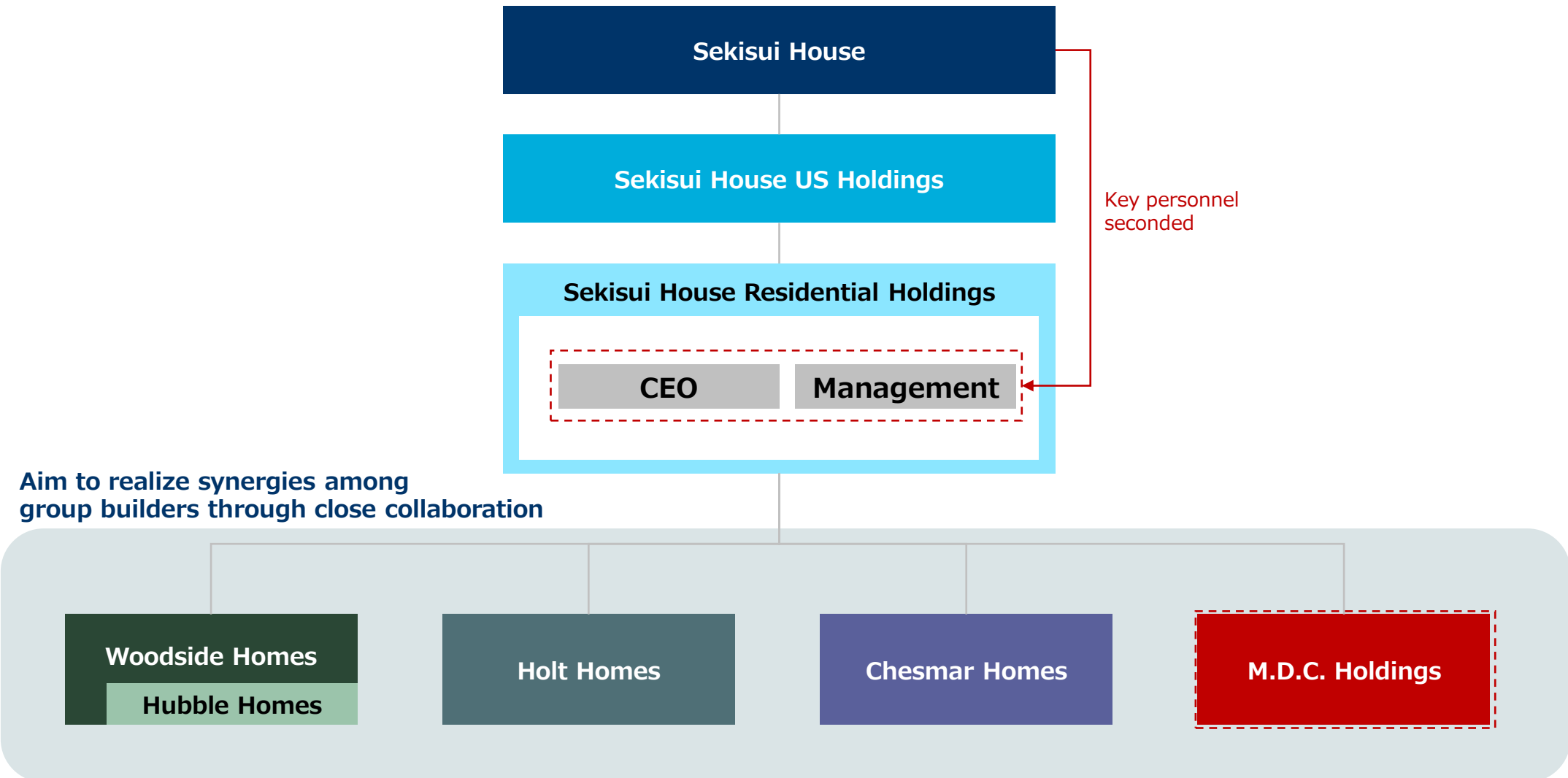
Key Transaction Terms

Offer Price: US\$63 per share
(19% premium to closing price of previous business day (1/17))

Equity Value: US\$4,914 million (¥687.9 billion
(based on US\$1 = ¥140 conversion))

Enterprise Value (equity Value + interest-bearing debt⁽²⁾ – cash on hand⁽²⁾): US\$4,623 million
(¥647.2 billion (based on US\$1 = ¥140 conversion))

- Similar to existing group builders, M.D.C. Holdings shares will be held through Sekisui House Residential Holdings (“SHRH”)
- Aim to realize synergies and manage governance by overseeing group builders at SHRH and leveraging M.D.C. Holdings’ platform



- Utilize borrowings from financial institutions to fund the acquisition
- Plan to formulate an appropriate financing strategy considering financial soundness when executing permanent financing plans

Financing

- Utilize borrowings from financial institutions as bridge financing (Secured commitment letters from Japanese banks)
- Plan to execute permanent financing plans within 1 year after transaction closing

Financial Impact

- Debt is expected to increase in the short term. However, we will consider procuring financial instruments such as hybrid bond, etc. after transaction closing



Shareholder Return Policy

- No changes made to current shareholder return policy (Average medium-term dividend payout ratio 40% or more, minimum of ¥110 for annual dividends per share, flexible implementation of share repurchase)

- While various financial indicators are temporarily deteriorated to below the mid-term plan target, we aim to restore financial soundness by accelerating the growth of U.S. homebuilding business

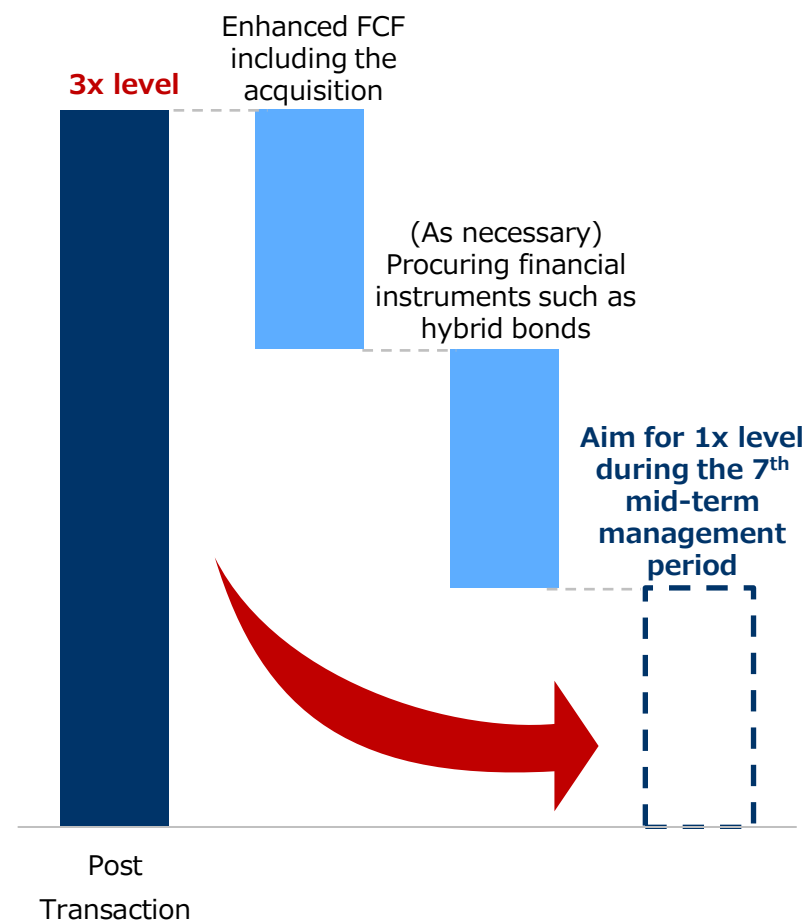
Impact on Financials

Impact on BS

	 SEKISUI HOUSE 2023/1	 MDC HOLDINGS, INC. 2022/12 (1)	Post Transaction
Interest-bearing debt	¥607.1 billion	¥208.9 billion	We expect an increase of approximately US\$6 billion (approximately ¥840bn) with M.D.C. Holdings' existing interest-bearing debt and borrowing related to fund the acquisitions combined
D/E Ratio	0.37x	0.48x ⁽²⁾	0.9x level⁽³⁾
Net Debt/EBITDA	0.93x	0.25x ⁽²⁾	3x level⁽³⁾

Financial Strategy Post Transaction

Net Debt/EBITDA



Notes:








1. Financials for M.D.C. Holdings is calculated 1 USD = JPY140

2. M.D.C. Holdings' interest-bearing debt includes senior notes, net and Revolving credit facility, net debt is calculated by senior notes, net + revolving credit facility- cash and cash equivalents - marketable securities

3. 2025/1 figures are based on our estimate

Latest Business Results

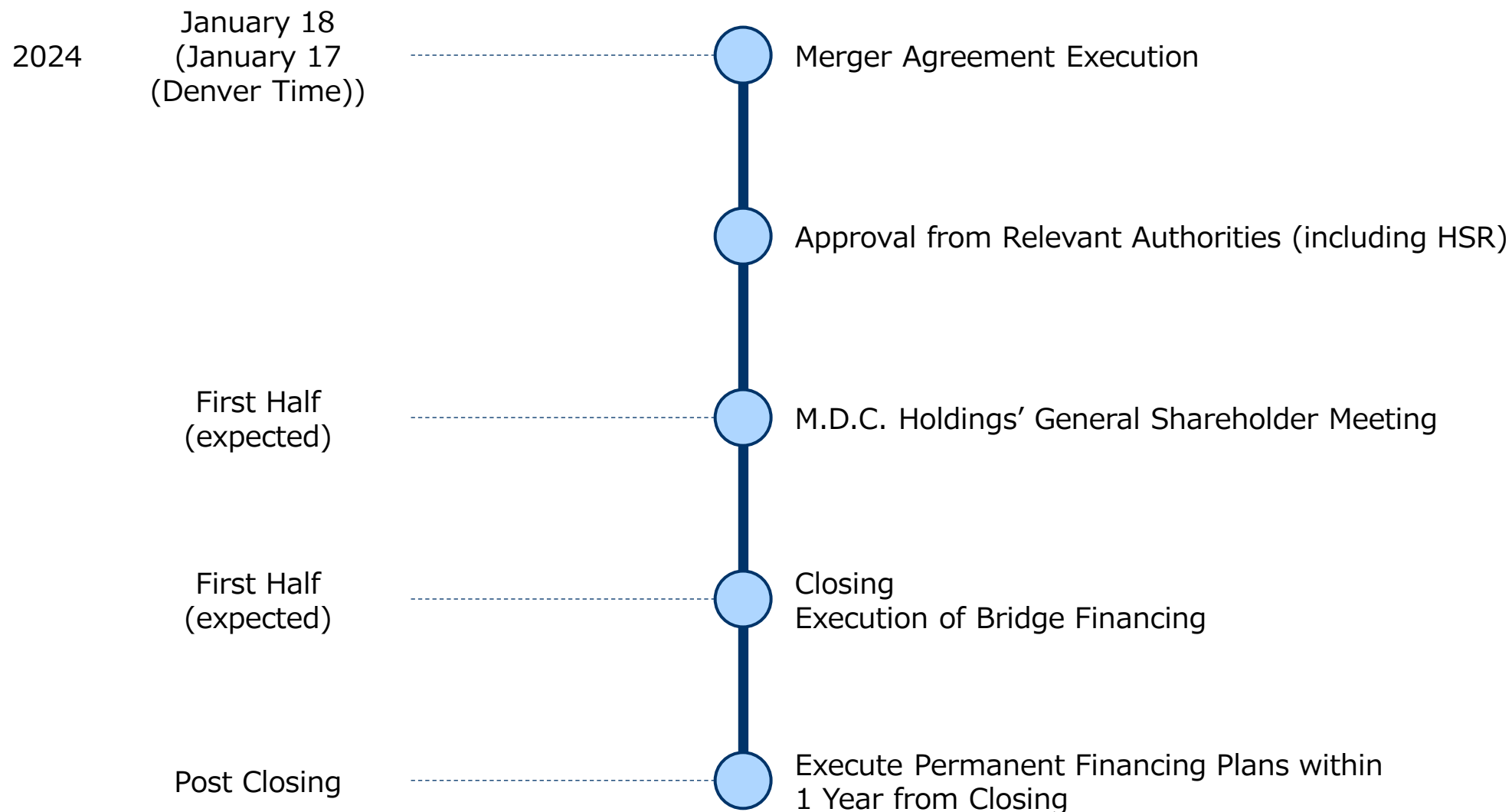
- Results for the most recent fiscal year for both companies are as follows
- Impact on the consolidated financial results are currently under review, as goodwill, financing cost and other costs associated with the acquisition is expected to arise
- As the transaction closing is expected in the first half of 2024, the profit contribution in FY2024 will be limited and full-scale profit contribution is expected to be from FY2025 onwards

	 SEKISUI HOUSE 2023/1	 MDC HOLDINGS, INC. 2022/12 ⁽¹⁾	(Reference) Aggregate of Actual Financials
 House closings in U.S.	5,357 homes	9,710 homes	15,067 homes (the 5th largest)
 Revenue	¥ 2.9 trillion	¥ 800.5 billion	¥ 3.7 trillion
 Op. Profit	¥ 261.4 billion	¥ 108.3 billion	¥ 369.7 billion
 Net Income	¥ 184.5 billion	¥ 78.6 billion	¥ 263.2 billion
 ROE	11.9%	19.8%	—

Notes:
1. Calculated 1 USD = JPY140

Key Transaction Milestones

■ Key transaction milestones are as follows



The Sekisui House Global Vision

Make home the happiest place in the world

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

- ✓ Introducing the “life knit design” concept that interweaves lifestyles
- ✓ Creating value through data-driven DX
- ✓ Offering PLATFORM HOUSE, health services, and lifestyle services

Become a leading company in ESG management

- ✓ Helping solve environmental issues through residences
- ✓ Making employee autonomy a growth driver
- ✓ Innovation and communication

Make Sekisui House technologies the global de facto standard

- ✓ Entering the southeastern United States
- ✓ Expanding the sale of our SHAWOOD products, which leverages safety, comfort, and design
- ✓ Engraining such lifestyle design as our lifestyle proposal capabilities, customer engagement, and brands

Stable Growth in Japan and Proactive Growth Overseas

Utilizing Management Resources and Enhancing Value



Human capital



DX and data



Products and services



Growth investments

Our core competencies

Technical
capabilities

Construction
capabilities

Customer
base

Although the document is prepared on the information believed to be credible, Sekisui House does not guarantee the accuracy or the completeness of such information.

Also, the information herein contains forward-looking statements regarding the company's plan, outlook, strategies and results for the future. The Company undertakes no obligation to publicly update any forward-looking statements.

All the forward-looking statements are based on judgments derived from information available to the Company at the time for this release.

Certain risks and uncertainties could cause the company's actual results to differ materially from any projections presented here.