

Sekisui House Group Company Presentation for FY2020 2Q



September 11, 2020

Management Direction

**Deployment of growth strategies focused on
the residential business domain**

Fundamental Policy of Fifth Mid-Term Management Plan

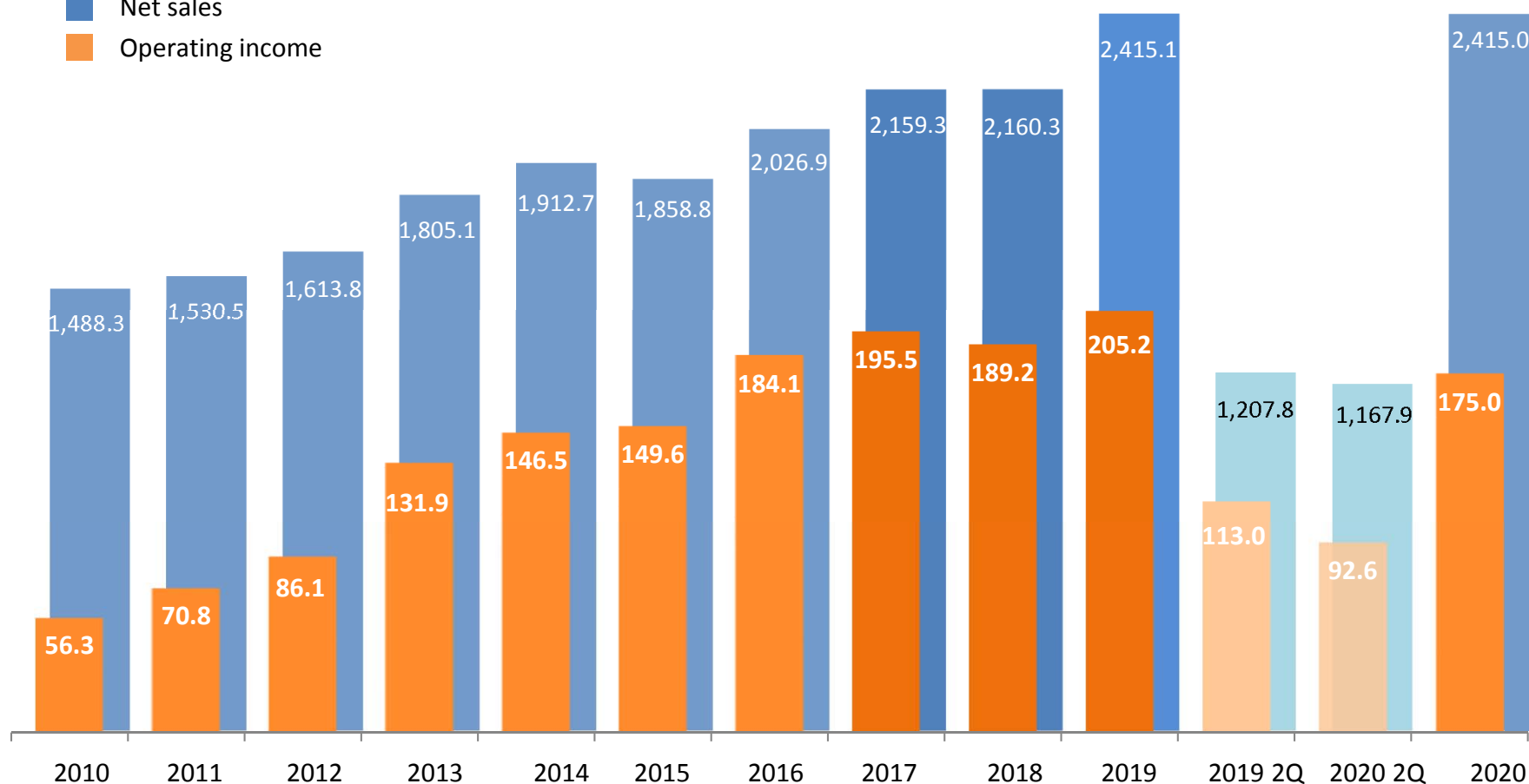
**Further strengthening core businesses
and embarking on new businesses**

Progress in Fifth Mid-Term Management Plan



(Billions of yen)

■ Net sales
■ Operating income



(Revised plan)



Progress of FY2020



[Earnings]

(Billions of yen)

		FY2019 2Q			FY2020 2Q				
		Net sales	Operating income	Operating margin	Net sales YOY		Operating income YOY		Operating margin
Built-to-Order Business	Custom detached houses	201.7	24.5	12.2%	157.5	(21.9%)	14.9	(39.3%)	9.5%
	Rental housing	172.9	23.1	13.4%	176.3	1.9%	21.8	(5.7%)	12.4%
	Architectural / Civil engineering	23.3	(0.8)	(3.6%)	160.1	584.7%	11.6	-	7.3%
	Subtotal	398.1	46.8	11.8%	493.9	24.1%	48.3	3.3%	9.8%
Supplied Housing Business	Remodeling	77.5	12.2	15.8%	68.9	(11.0%)	9.7	(19.9%)	14.2%
	Real estate management fees	266.1	21.0	7.9%	277.0	4.1%	22.7	7.9%	8.2%
	Subtotal	343.6	33.2	9.7%	346.0	0.7%	32.5	(2.3%)	9.4%
Development Business	Houses for sale	83.6	7.6	9.2%	62.7	(25.0%)	3.6	(52.9%)	5.8%
	Condominiums	35.4	4.2	11.9%	41.7	18.0%	6.0	43.9%	14.5%
	Urban redevelopment	99.0	11.6	11.7%	46.5	(53.0%)	9.5	(17.7%)	20.5%
	Subtotal	218.1	23.5	10.8%	151.1	(30.7%)	19.2	(18.2%)	12.7%
Overseas Business		208.9	30.1	14.4%	140.5	(32.7%)	15.6	(48.2%)	11.1%
Other Businesses		38.9	0.2	0.5%	36.3	(6.7%)	(1.4)	-	(3.9%)
Eliminations and back office		-	(20.9)	-	-	-	(21.6)	-	-
Total		1,207.8	113.0	9.4%	1,167.9	(3.3%)	92.6	(18.0%)	7.9%

Earnings Plan (by Segment)



(Billions of yen)

		FY2019		FY2020				YOY			
				Initial plan		Revised plan		Net sales		Operating income	
		Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Initial plan	Revised plan	Initial plan	Revised plan
Built-to-Order Business	Custom detached houses	390.9	45.9	346.0	27.5	305.0	25.0	(11.5%)	(22.0%)	(40.1%)	(45.6%)
	Rental housing	360.0	49.7	380.0	50.0	362.0	45.0	5.5%	0.5%	0.6%	(9.5%)
	Architectural/Civil engineering	120.9	3.7	325.0	16.5	312.0	15.5	168.6%	157.9%	342.4%	315.5%
	Subtotal	872.0	99.3	1,051.0	94.0	979.0	85.5	20.5%	12.3%	(5.4%)	(14.0%)
Supplied Housing Business	Remodeling	152.7	23.5	162.5	25.0	144.5	20.5	6.4%	(5.4%)	6.2%	(12.9%)
	Real estate management fees	534.8	41.0	556.5	46.0	556.5	46.0	4.0%	4.0%	12.0%	12.0%
	Subtotal	687.6	64.5	719.0	71.0	701.0	66.5	4.6%	1.9%	9.9%	3.0%
Development Business	Houses for sale	151.2	12.2	139.0	9.0	127.0	7.0	(8.1%)	(16.0%)	(26.6%)	(42.9%)
	Condominiums	103.9	10.1	84.0	10.0	84.0	10.0	(19.2%)	(19.2%)	(1.3%)	(1.3%)
	Urban redevelopment	131.9	17.0	107.0	20.0	104.0	17.0	(18.9%)	(21.2%)	17.3%	(0.3%)
	Subtotal	387.1	39.4	330.0	39.0	315.0	34.0	(14.8%)	(18.6%)	(1.1%)	(13.8%)
Overseas Business		389.8	44.5	410.0	46.0	350.0	34.9	5.2%	(10.2%)	3.3%	(21.7%)
Other businesses		78.5	(0.2)	75.0	1.0	70.0	(1.9)	(4.5%)	(10.9%)	-	-
Eliminations and back office		-	(42.4)	-	(45.0)	-	(44.0)	-	-	-	-
Total		2,415.1	205.2	2,585.0	206.0	2,415.0	175.0	7.0%	(0.0%)	0.4%	(14.7%)

Validation of the Full-Year Plan (by Segment)

Custom detached housing business

(Billions of yen)

FY2019 2Q				FY2020 2Q					
Net sales	Gross margin	Operating income	Operating margin	Net sales	YOY	Gross margin	Operating income	YOY	Operating margin
201.7	25.3%	24.5	12.2%	157.5	(21.9%)	25.0%	14.9	(39.3%)	9.5%

Net sales for 2Q

FY2019 2Q	FY2020 2Q
201.7	157.5

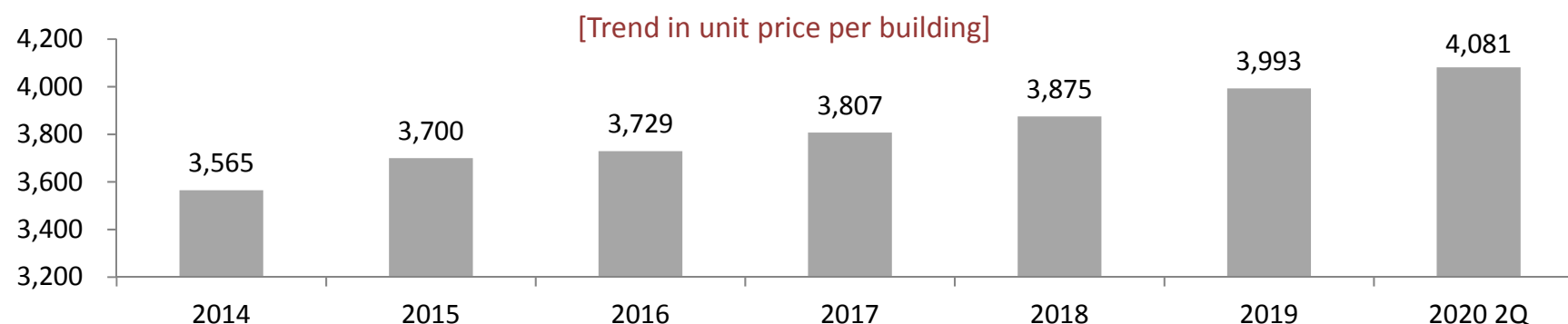
Order backlog

FY2019 2Q	FY2020 2Q
220.1	182.0

Net sales

FY2019	FY2020 revised plan
390.9	305.0

(10 thousand yen)



Factor analysis

- Unit price per building rose, reflecting the progress of sales of high value-added houses through the implementation of three brand strategies, resulting in a improvement of profit ratio to direct cost.
- Sales expenses dropped due to the implementation of management focused on breakeven point. Costs were reduced because sales activities, which are conducted at display home sites or through other means, were restricted to prevent the spread of COVID-19.
- Profitability declined, reflecting lower sales from a decrease in the order backlog at the beginning of the fiscal year due to a reactionary drop in orders related to the consumption tax hike, as well as an increase in the burden of retirement benefits expenses.

Validation of the Full-Year Plan (by Segment)

Rental housing business

(Billions of yen)

FY2019 2Q				FY2020 2Q					
Net sales	Gross margin	Operating income	Operating margin	Net sales	YOY	Gross margin	Operating income	YOY	Operating margin
172.9	24.9%	23.1	13.4%	176.3	1.9%	24.0%	21.8	(5.7%)	12.4%

Net sales for 2Q

FY2019 2Q	FY2020 2Q
172.9	176.3

Order backlog

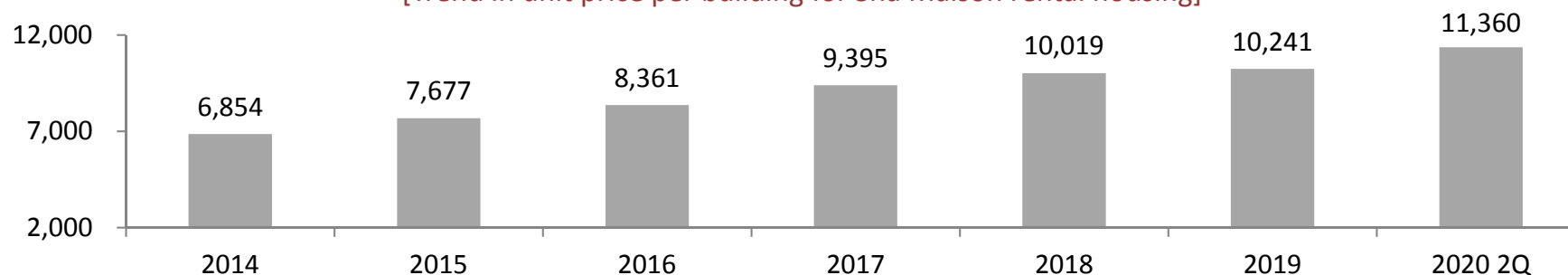
FY2019 2Q	FY2020 2Q
374.7	378.8

Net sales

FY2019	FY2020 revised plan
360.0	362.0

(10 thousand yen)

[Trend in unit price per building for Sha Maison rental housing]



Factor analysis

- Profit ratio to direct cost improved thanks to the S and A area strategy and the promotion of sales of high-quality, hotel-like, three- to four-story rental houses.
- Sales expenses dropped due to the implementation of management focused on breakeven point.
- Profitability decreased due to an increase in the burden of retirement benefits liability. The reason for the difference of operating profit ratio compared to that of the Custom Detached business lies the degree of decline in sales expenses, which was smaller because housing exhibition sites were not used in the Rental Housing business.

Validation of the Full-Year Plan (by Segment)

Architectural/Civil engineering business

(Billions of yen)

FY2019 2Q				FY2020 2Q					
Net sales	Gross margin	Operating income	Operating margin	Net sales	YOY	Gross margin	Operating income	YOY	Operating margin
23.3	7.3%	(0.8)	(3.6%)	160.1	584.7%	12.5%	11.6	-	7.3%

Factor analysis

- Net sales plan has been revised due to a decline in orders for RC received.
- Steady progress is being made in the earnings plan of Konoike Construction Co., Ltd.
- The gross margin and operating margin are expected to be remained at the same level as initially planned despite a decline in net sales.

[Built-to-Order Business]

Earnings Plan

(Billions of yen)

Initial plan				Revised plan							
Net sales	Gross margin	Operating income	Operating margin	Net sales	Change*	Gross margin	Change*	Operating income	Change*	Operating margin	Change*
1,051.0	20.2%	94.0	8.9%	979.0	(6.9%)	20.0%	(0.2P)	85.5	(9.0%)	8.7%	(0.2P)

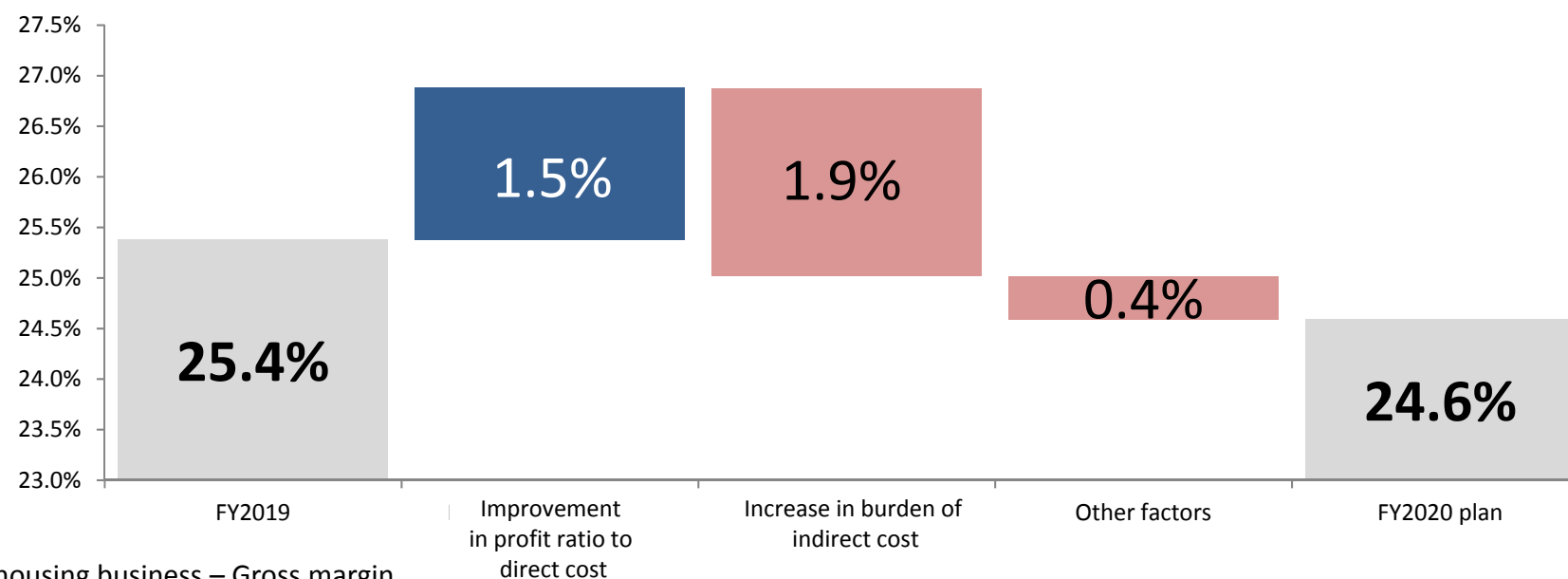
Full-year plan and background

*Change from the initial plan

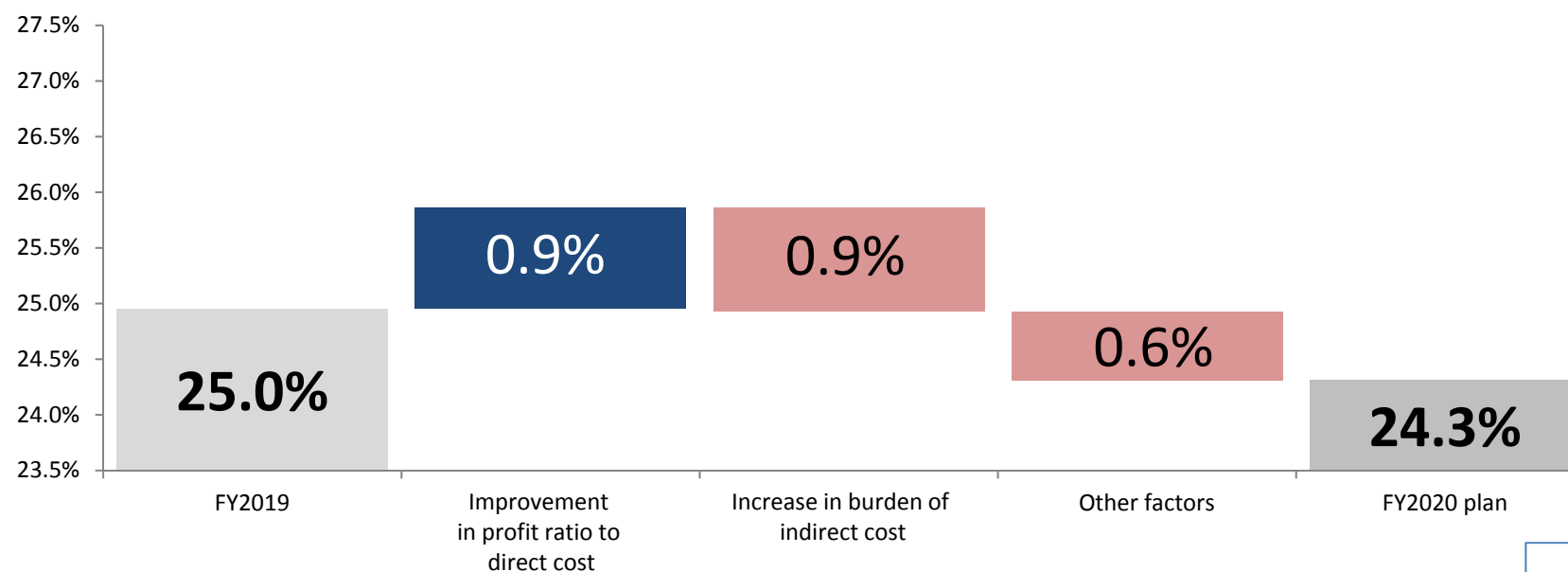
- The Built-to-Order Business is expected to secure a profit ratio in line with the levels in the plan, despite a decline in net sales by 6.9%.

Analysis of Gross Margin

Custom detached houses business – Gross margin



Rental housing business – Gross margin



Validation of the Full-Year Plan (by Segment)

Remodeling business

(Billions of yen)

FY2019 2Q				FY2020 2Q					
Net sales	Gross margin	Operating income	Operating margin	Net sales	YOY	Gross margin	Operating income	YOY	Operating margin
77.5	27.6%	12.2	15.8%	68.9	(11.0%)	27.5%	9.7	(19.9%)	14.2%

Net sales for 2Q

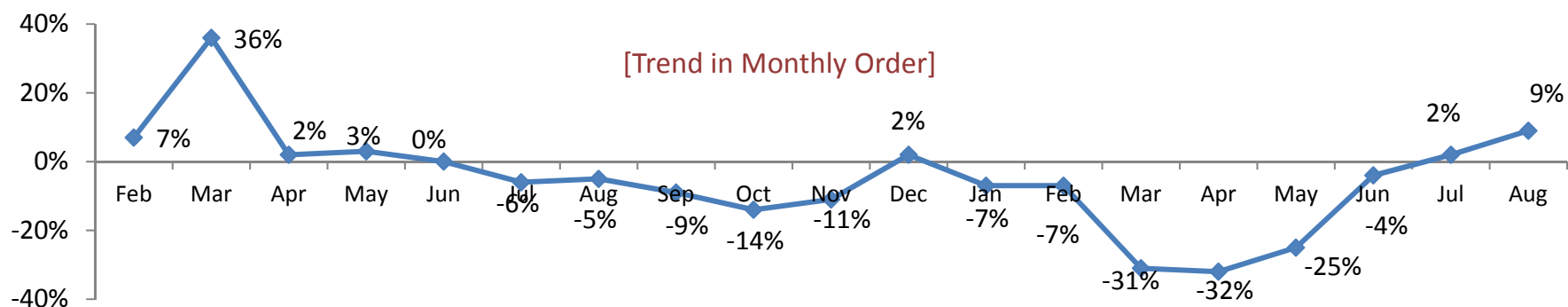
FY2019 2Q	FY2020 2Q
77.5	68.9

Order backlog

FY2019 2Q	FY2020 2Q
33.7	25.5

Net sales

FY2019	FY2020 revised plan
152.7	144.5



Factor analysis

- Profit ratio to direct cost improved due to promoting proposal-based remodeling.
- Orders are on the recovery trend.
- Drop in margin was mainly due to the increase in fixed cost burden as a result of a decline in net sales.

Validation of the Full-Year Plan (by Segment)

Real estate management fees business

(Billions of yen)

FY2019 2Q				FY2020 2Q					
Net sales	Gross margin	Operating income	Operating margin	Net sales	YOY	Gross margin	Operating income	YOY	Operating margin
266.1	15.8%	21.0	7.9%	277.0	4.1%	16.2%	22.7	7.9%	8.2%

Factor analysis

- S and A area marketing strategy and providing 3- and 4-story high-quality rental housing with features such as hotel-like style have been promoted in the rental housing business.
- Occupancy rate is remained high and rent is increasing due to the S and A area marketing → See Sheet 11

[Supplied Housing Business]

Earnings Plan

(Billions of yen)

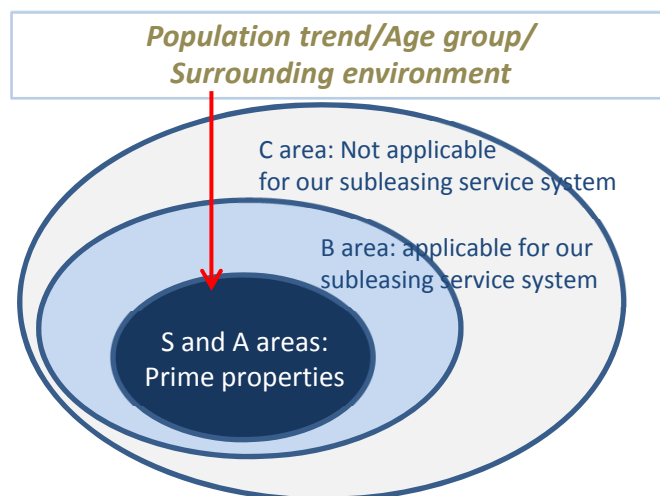
Initial plan				Revised plan							
Net sales	Gross margin	Operating income	Operating margin	Net sales	Change*	Gross margin	Change*	Operating income	Change*	Operating margin	Change*
719.0	18.9%	71.0	9.9%	701.0	(2.5%)	18.6%	(0.3P)	66.5	(6.3%)	9.5%	(0.4P)

*Change from the initial plan

Full-year plan and background

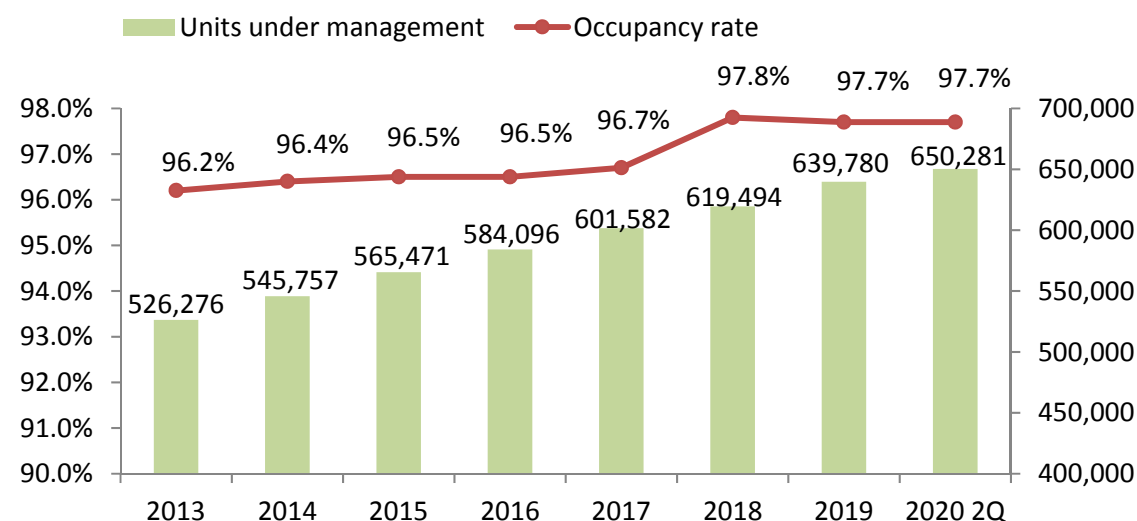
- In the Supplied Housing Business, the real estate management fees business grew steadily and compensated for the underperformance of the remodeling business.

Area marketing with a focus on urban areas to facilitate differentiation from competitors' properties

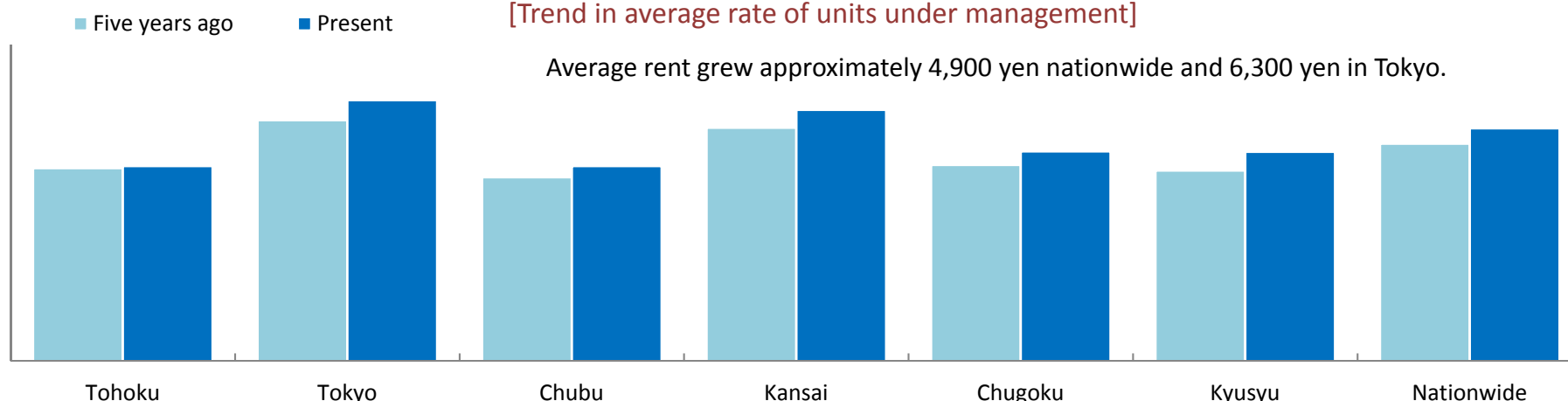


Approximately 80% of the total earnings in the rental housing business is generated in the *S and A areas.

[Units under management and occupancy rate]



[Trend in average rate of units under management]



* Areas in cities that the Company classifies as strategic locations for business development

Validation of the Full-Year Plan (by Segment)

[Development Business]

(Billions of yen)

FY2019 2Q				FY2020 2Q					
Net sales	Gross margin	Operating income	Operating margin	Net sales	YOY	Gross margin	Operating income	YOY	Operating margin
218.1	16.4%	23.5	10.8%	151.1	(30.7%)	20.8%	19.2	(18.2%)	12.7%

Factor analysis

- Earnings from hotels decreased in the urban redevelopment business due to COVID-19.
- On the other hand, properties were sold as initially planned in the urban redevelopment business.
- In the condominium business, with the contract rate standing at 95%, steady progress is being made against the initial sales plan, which remains unchanged.

[Overseas Business]

(Billions of yen)

FY2019 2Q				FY2020 2Q					
Net sales	Gross margin	Operating income	Operating margin	Net sales	YOY	Gross margin	Operating income	YOY	Operating margin
208.9	22.2%	30.1	14.4%	140.5	(32.7%)	22.1%	15.6	(48.2%)	11.1%

Factor analysis

- Sales decreased because of delivery timing in the U.S. multifamily business. Property sales plan was rescheduled for the next fiscal year or beyond with respect to properties expected to be sold in 2H of the current fiscal year.
- Orders have been steadily received in the U.S. homebuilding business, which will contribute to earnings in the current and next fiscal years.
- The condominium business was strong in China. A sellout was achieved in our Suzhou Project.
- Plan is being reviewed due to the impact of COVID-19 in Australia.

[Overseas Business] Earnings Plan

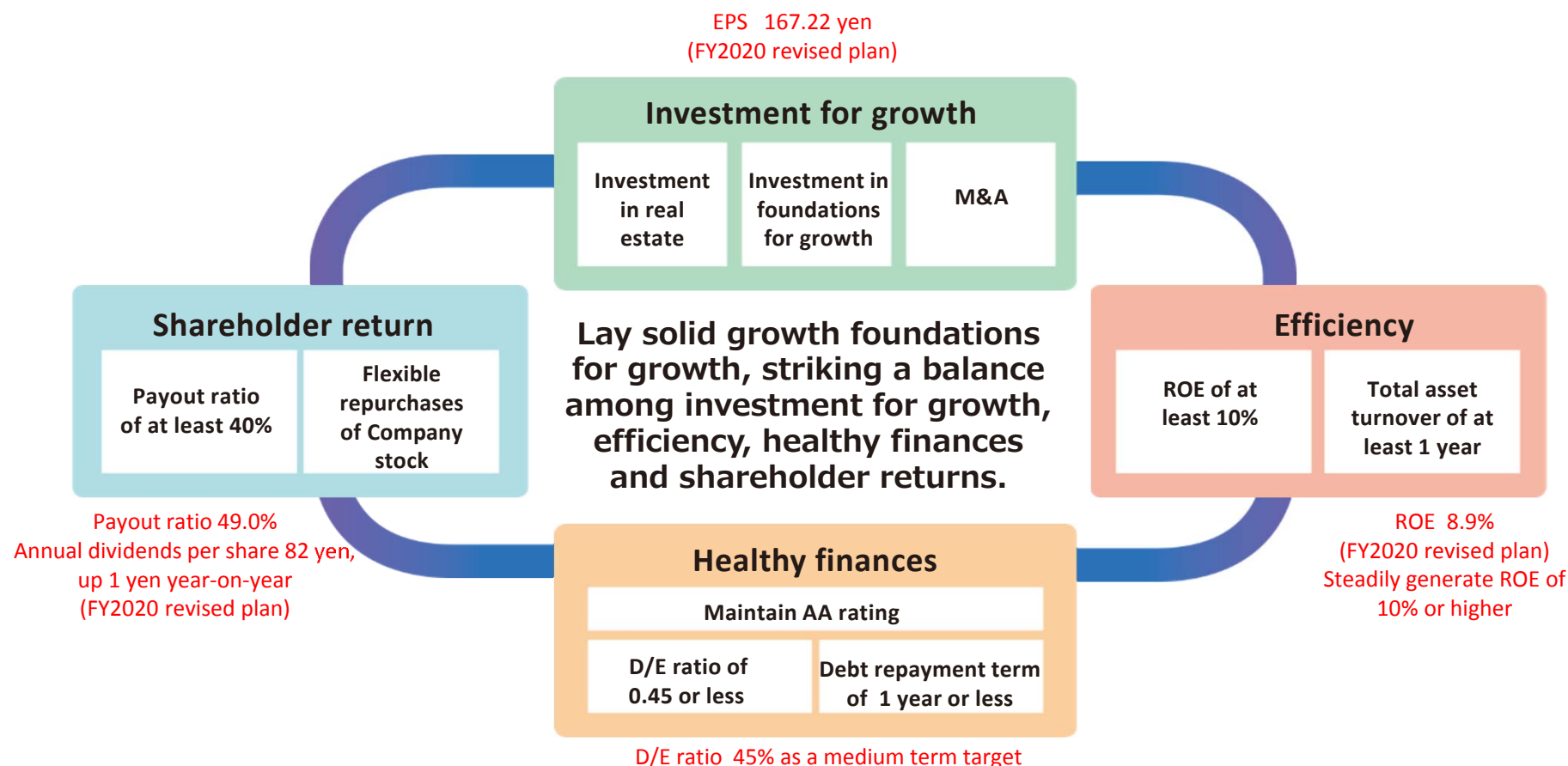


(Billions of yen)

Country	FY2019 2Q			FY2020 2Q			FY2020 initial plan			FY2020 revised plan		
	Net sales	Operating income	Ordinary income	Net sales	Operating income	Ordinary income	Net sales	Operating income	Ordinary income	Net sales	Operating income	Ordinary income
Australia	7.6	(0.5)	(0.6)	10.0	0.1	0.1	43.4	3.5	3.5	36.7	2.4	2.4
China	21.5	1.8	2.2	40.7	6.7	7.8	81.0	12.0	13.0	87.0	14.0	15.4
U.S.A.	179.7	29.5	27.1	89.6	9.1	9.0	285.6	31.8	29.6	226.3	19.8	19.3
(Multifamily)	116.8	23.5	-	17.4	3.3	-	120.5	18.5	-	64.4	11.1	-
(Master-planned community)	21.2	2.6	-	19.1	2.3	-	55.0	6.9	-	49.8	2.4	-
(Homebuilding)	40.4	1.9	-	51.7	2.7	-	110.1	5.9	-	110.1	5.9	-
Singapore	-	-	1.6	-	-	1.1	-	-	2.5	-	-	1.8
U.K.	-	-	(0.1)	-	-	(0.4)	-	-	(0.3)	-	-	(0.6)
Other administrative expenses	-	(0.6)	(0.6)	0.0	(0.4)	(0.4)	-	(1.3)	(1.3)	-	(1.3)	(1.3)
Total	208.9	30.1	29.6	140.5	15.6	17.2	410.0	46.0	47.0	350.0	34.9	37.0

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

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



Business asset turnover ratio

Investment in the real estate development will be curbed and collections will be prioritized in consideration of the collection of 1,800.0 billion yen projected in the three-year period of the Mid-Term Management Plan.

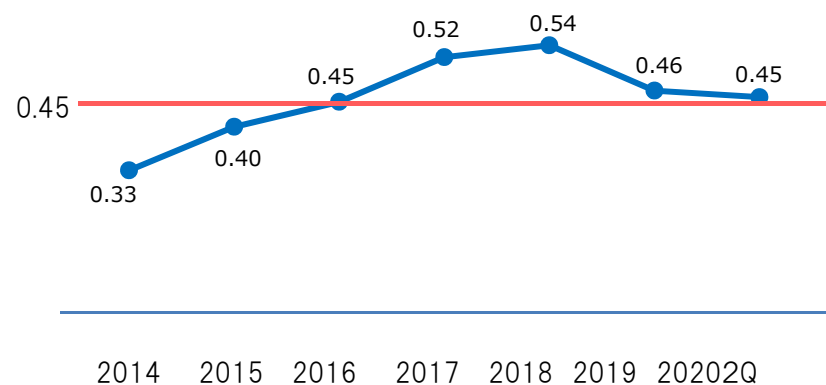
Planned investment in real estate

(Billions of yen)

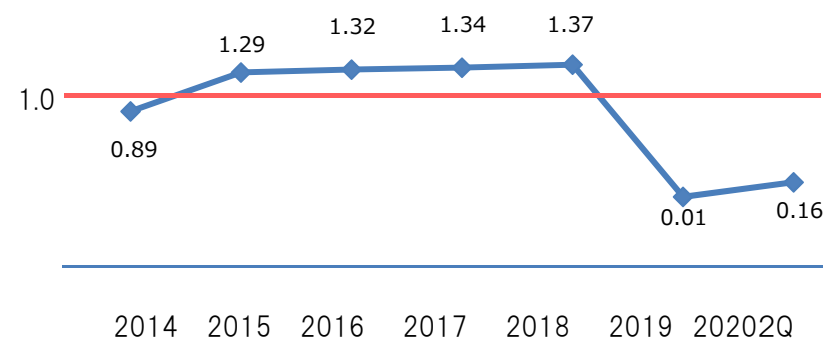
	Planned investment			Cumulative investment
	Domestic businesses	Overseas business	Total	Up to 2020 2Q
Investment	680.0	970.0	1,650.0	206.7
Collection	680.0	1,120.0	1,800.0	249.2
Net investment	0	(150.0)	(150.0)	(42.5)

Healthy finances

Trend in D/E ratio

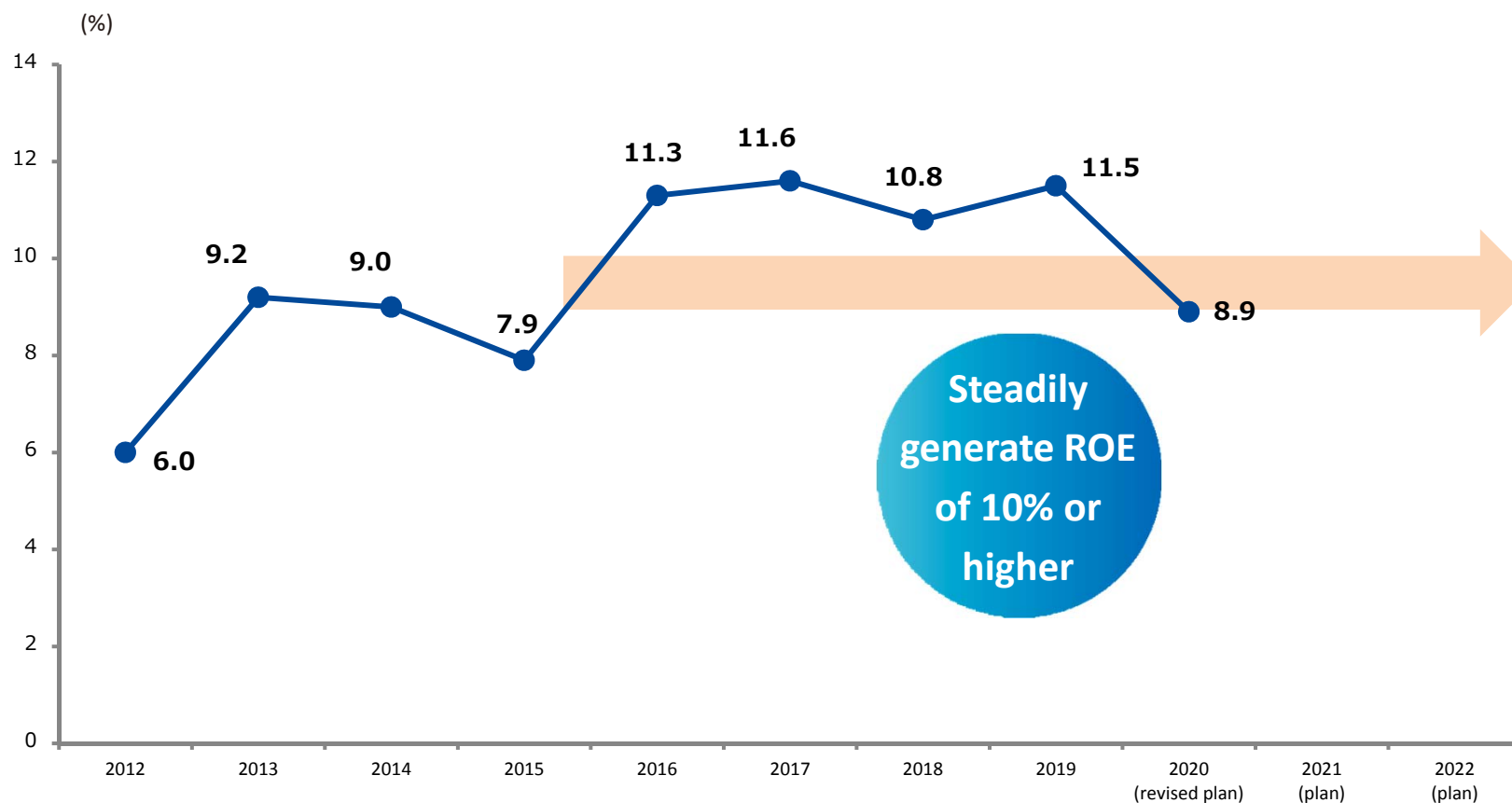


Trend in net debt to EBITDA (times)



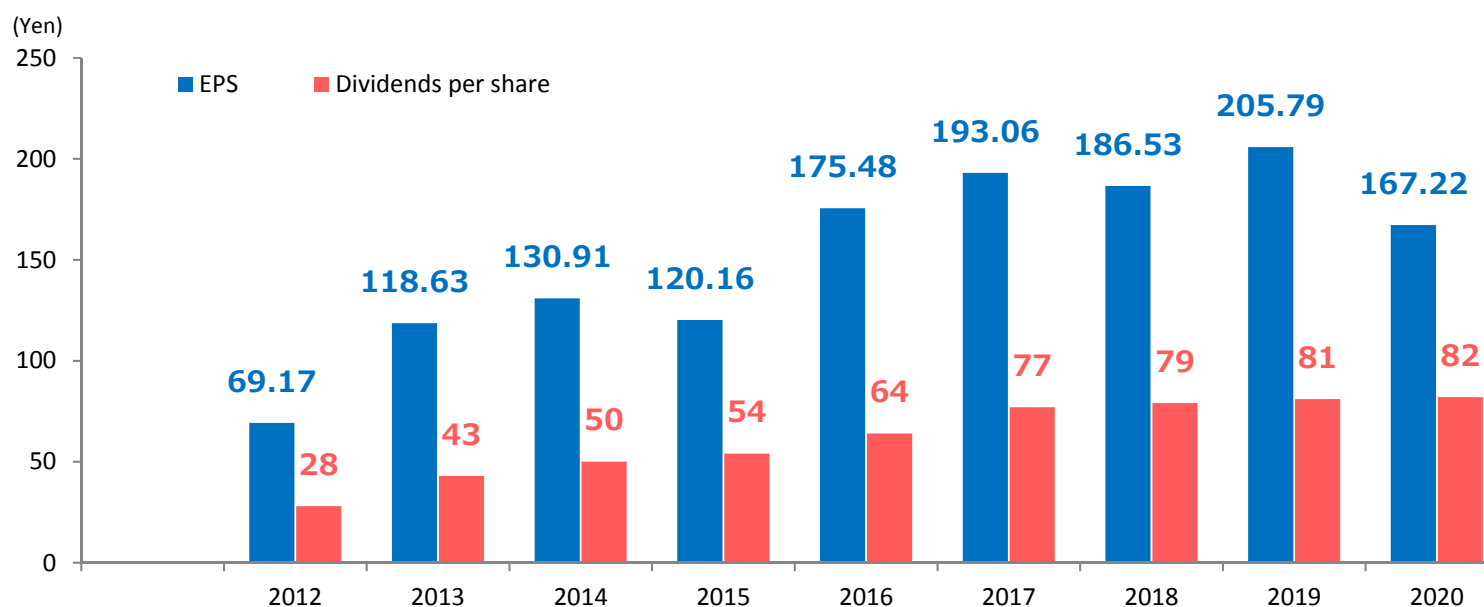
ROE

We will work to generate stable ROE of at least 10%, reflecting improvement in capital efficiency through the flexible acquisition of Company's stock in addition to higher EPS as a result of profit growth. We will continue to seek improvement of ROE moving forward.



Dividend

**Target an average payout ratio of at least 40% over the medium term and continuous dividend growth.
Seek improvement of shareholder value through the flexible acquisition of Company's stock.**



	2012	2013	2014	2015	2016	2017	2018	2019	2020 Revised plan
EPS (Yen)	69.17	118.63	130.91	120.16	175.48	193.06	186.53	205.79	167.22
Dividends per share (Yen)	28.00	43.00	50.00	54.00	64.00	77.00	79.00	81.00	82.00
Payout ratio	40.5%	36.2%	38.2%	44.9%	36.5%	39.9%	42.4%	39.4%	49.0%

Total shareholder return ratio

The Company has revised dividends per share, while maintained dividends growth and total shareholder return ratio.

Initial plan

Dividends per share: 86 yen, Total dividends: 58.2 billion yen, Payout ratio: 42.5%

Share repurchases: 7 million shares, 15.0 billion yen

Total shareholder return ratio: 53.4%



Revised plan

Dividends per share: 82 yen (down 4 yen compared to initial plan), Total dividends: 55.9 billion yen, Payout ratio: 49.0%

Share repurchases: 3 million shares, 5.0 billion yen

Total shareholder return ratio: 53.4%

The Company launched ESG Management Promotion Division in June.

Aims to be a leading company in ESG Management.

■ Prevention of Global Warming



The Company announced the Decarbonization Declaration in 2008 to reduce housing-related CO2 emissions to zero by 2050. It has since advanced a range of activities to prevent global warming from an overall business perspective.

● Fifth Mid-Term Management Plan targets:

ZEH detached houses: 90% (in 2022)

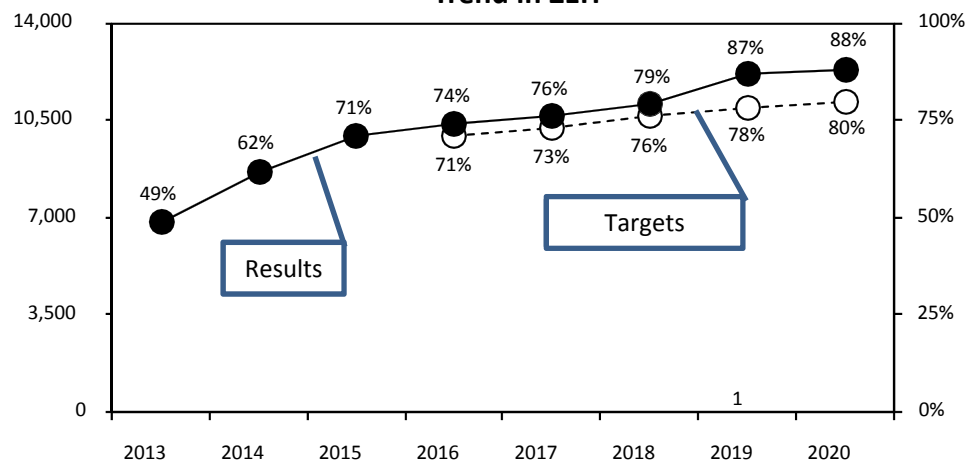
ZEH-M rental housing: 2,500 units (cumulative total as of Jan 2023)

ZEH-M condominiums: 540 units (cumulative total as of Jan 2023)

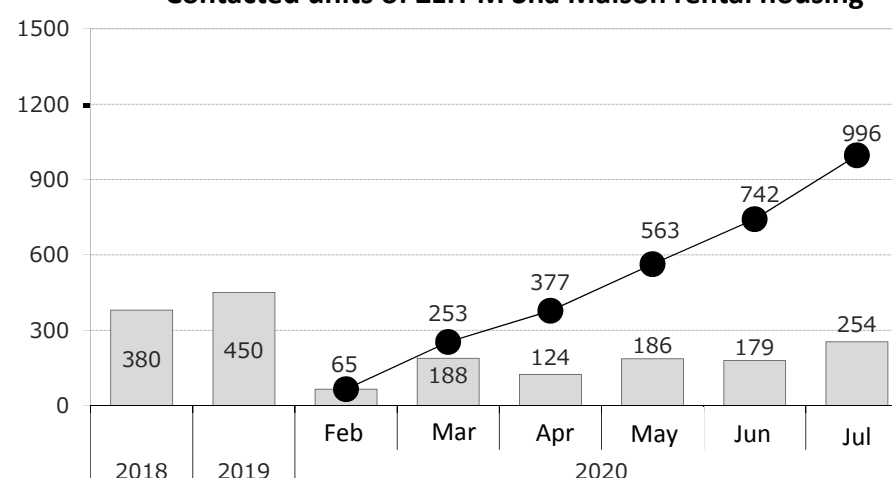
● RE100 initiative: Use of renewable energy in the Group business operations

Sekisui House Owner Denki, a program through which we purchase surplus electricity for use by Group businesses from owners of Sekisui House products equipped with photovoltaic power generation systems.

Trend in ZEH



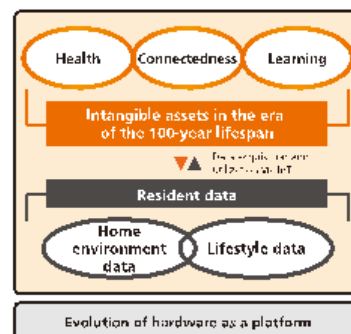
Contacted units of ZEH-M Sha Maison rental housing



Contributing to health, longevity and wealth

The Platform House Concept

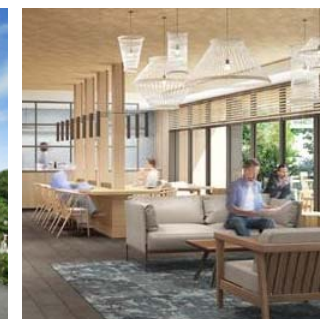
The Company strives to ensure that acute diseases are quickly addressed under the “Houses Support Health” concept.



Addressing social issues

The Trip Base *Michi-no-Eki* Stations Project

In October 2020 and later, Sekisui House and Marriott will open hotels and offer trip bases that enable guests to visit unknown, attractive spots in areas featured by local revitalization projects.



Promoting diversity

Participation of women

(206 women in managerial positions, selected as a *Nadeshiko Brand* company five times)

The Company increased the number of female managers to 200, a target set for FY2020 based on the Act on Promotion of Women’s Participation and Advancement in the Workplace, one year ahead of schedule. It has three female officers and directors.



Facilitating workstyle innovations

Successful results of **Ikumen* Leave

The Company will become a Kids First company, a frontrunner in the creation of a society that supports childcaring. It released the survey results as the *Ikumen* White Paper.



* An initiative to ensure that all eligible male employees take childcare leave for at least one month.

[ESG] Governance - Status of Strengthening of Corporate Governance System

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

Increase the ratio of performance-related remuneration

Fixed remuneration : Variable remuneration = 1 : 2

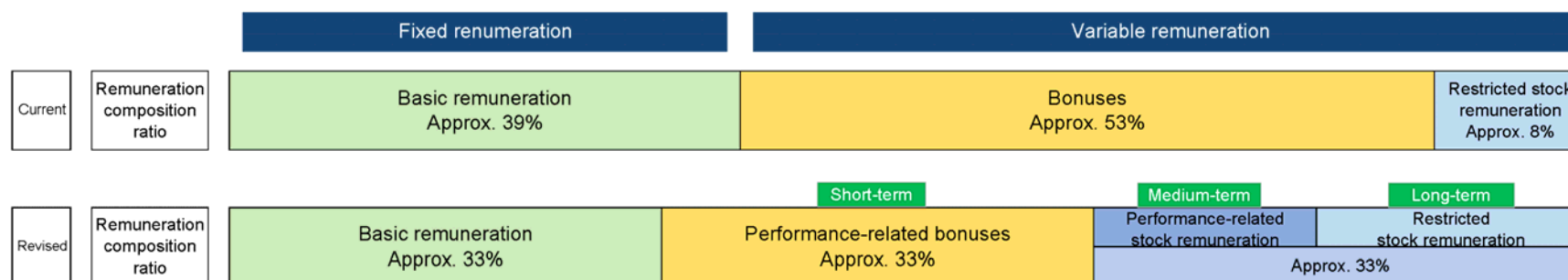
Performance-related remuneration is based on evaluation of both of short-term performance and medium- and long-term performance

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



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

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



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

A P P E N D I X

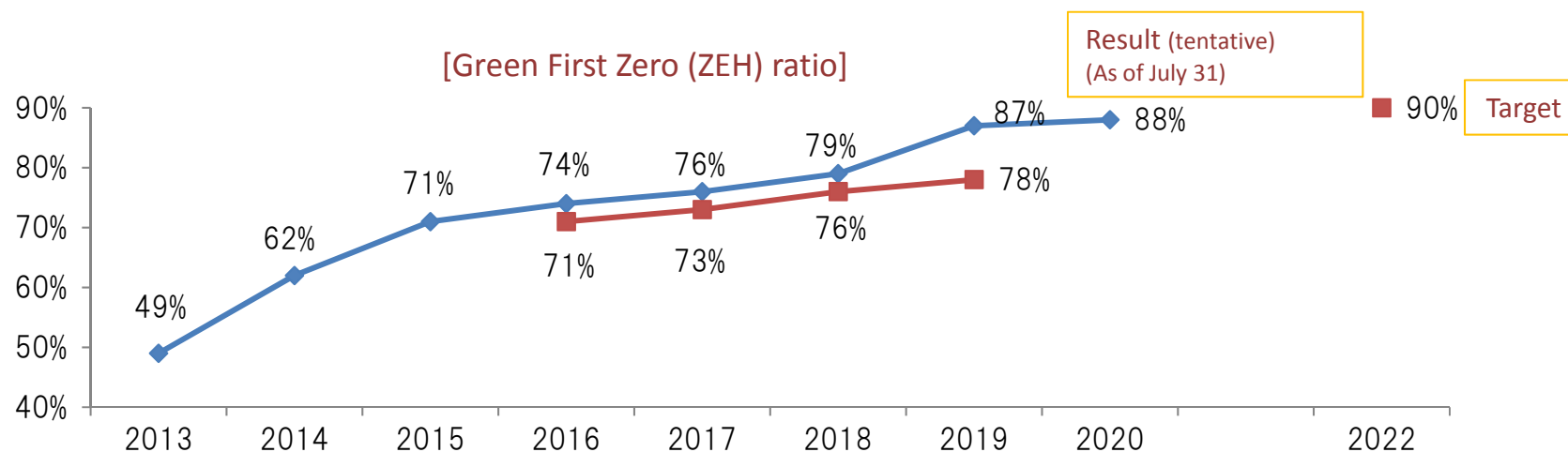
Implement three brand strategies



Lifestyle proposals (integrated with technologies)

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

Promoting ZEH as a key sales initiative, the adoption ratio is in the up trend.



Orders were driven by not only technical aspect underpinned by sophisticated technologies but also reinforcing lifestyle design to propose happy homes.

Family Suite *Ouchi* Premium – Proposal of housing concept

- Offers seismic resistance, design flexibility and thermal insulation to reflect the Family Suite concept, featuring a large space and large opening.
- Proposal which caters to the post-COVID-19 lifestyle: Teleworking, *Ouchi-de-Fitness* (workout at home), and *Ouchi-de-Bar* (a home bar).
- Features the *Ouchi-de-Shiawase Planning* online tool that enables users to create an ideal layout. Users may request VR-based plans.

Approximately 60% of customers has selected Family Suite concept in FY2020 2Q.



A Family Suite house equipped with space for teleworking on the second floor



A large space with a high-ceilinged opening for which desired layouts are made freely

Promote focused S and A area marketing

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

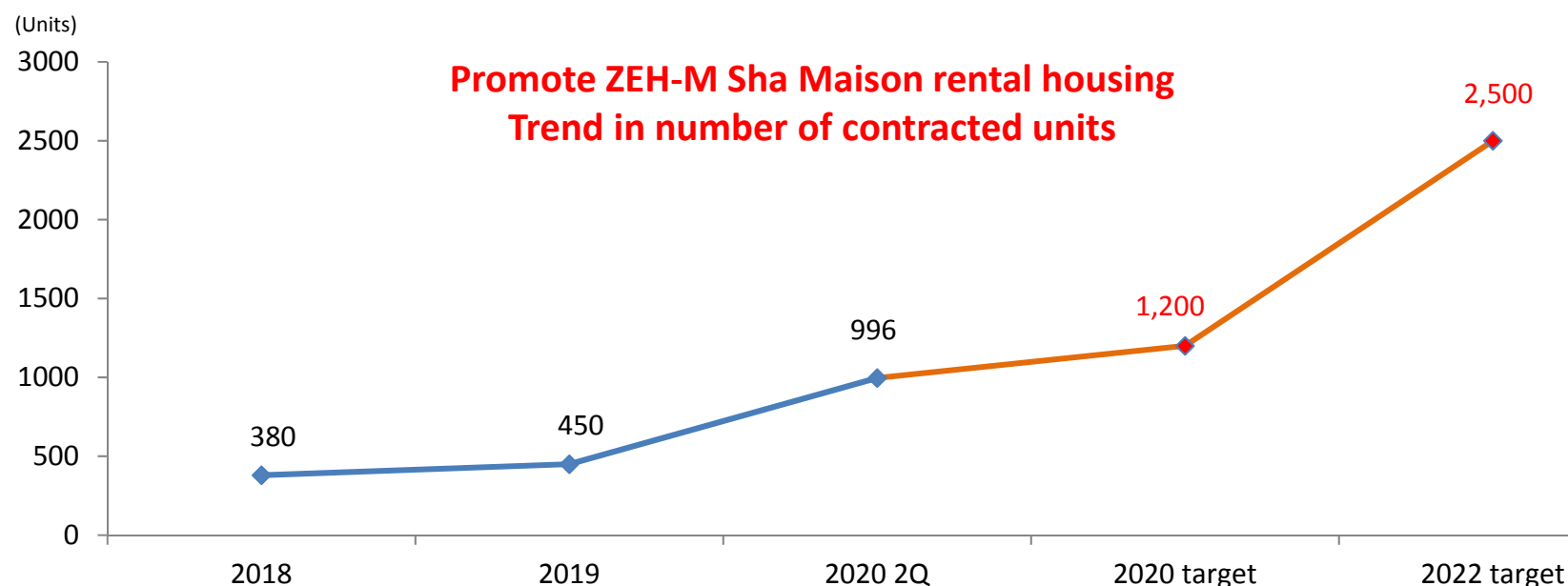
- Strengthen proposals for utilization of assets owned by companies and government in S and A areas (prime city center locations).
- Strengthen business solution proposals utilizing big data to address the issues faced by companies and government (such as diverse working styles, improvement of labor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

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

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

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

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



[Sales plan in the Condominiums business]

Succeeded with area marketing focusing on Tokyo, Nagoya, Osaka and Fukuoka.

Deliveries made steady progress in line with the Company's plan.

Completed inventory: 84 units

Contracted rate to 2H sales plan: 95%

Major projects to be delivered in FY2020

-Grande Maison Uemachidai Residence Tower: 281 units

-Grande Maison Mejiroshinzaka: 68 units

Success with area marketing and progress made according to the full-year plan.



Grande Maison Uemachidai Residence Tower

[Progress in the Urban Redevelopment Business]

Approximately 40% of the planned property sales for FY2020 were posted in the 1H. Progress made as planned.

Property sales made good progress, including sale of The Ritz-Carlton, Kyoto and other properties to Sekisui House Reit.

Sale of rental properties have also progressed.

Sales from property sales: ¥30.7 billion

Profit from property sales: ¥8.4 billion



The Ritz-Carlton, Kyoto

[United States]

(Market environment)

Multifamily business [Development of rental houses]

Due to COVID-19, some West Coast-based ICT companies approved of their employees working from home for an extended period. Therefore, it appears that rental demand temporarily remains at low levels and the resultant rent hikes are slowing down. Meanwhile, investors, who appear to be taking a temporary wait-and-see approach due to COVID-19, have started moving gradually in the real estate trading market.

Master-planned community business [Residential land development] / Woodside Homes [Homebuilding]

Demand, which plummeted in March and April due to the impact of COVID-19, has been recovering since May. The Housing Market Index in August rose to the highest level recorded in December 1998, against the backdrop of an optimistic outlook. The New Home Sales in July are brisk, at the highest level since December 2006. Given the low interest environment, it is expected that demand will continue to be strong. However, deliveries may be delayed, mainly due to tight procurement conditions with certain materials and equipment, including lumber, and a labor shortage, skilled workers in particular.

[Australia]

(Market environment)

Reflecting the serious impact of extended border closure on travel, tourism and service industries, the unemployment rate deteriorated from 5.3% in January 2020, to 7.5% in July 2020. With the negative impact on overall economic conditions becoming apparent, the GDP showed negative growth (-0.3%) for the first time in nine years during the first quarter (January - March). It fell 7.0% year on year during the second quarter (April - June), recording the sharpest decline on a quarterly basis.

Sales and investment activities were limited during the period from March until June with respect to the real estate business due to lockdown measures and immigration/domestic border restrictions. In this situation, housing prices, which rose 1.6% during the first quarter, are expected to fall at least 10% over the next year, according to a report issued by ANZ Bank. The situation may worsen if it takes longer to contain the spread of secondary infection in Melbourne.

The country is moving in the direction of phased deregulation. In addition, home acquisition support measures are being implemented by the federal and state governments for first-time home buyers and home buyers with price below certain specified levels. Against this background, there are signs of recovery in the number of interested customers and the number of contracts concluded with respect to the Company's projects on suburban detached houses and condominiums for domestic residents.

[China]

(Market environment)

The country's economic activity has almost recovered from contraction with its GDP growth turning positive in the second quarter. Sales of houses and land in the East China region are strong in the absence of restrictions implemented for some time after the Chinese New Year. As of August, business environment almost recovered to the pre-COVID-19 levels. Other factors contributing to strong sales include measures aimed at easing purchase restrictions taken in some regions as part of the economic measures against COVID-19.

[U.K.]

(Market environment)

Operations re-started at factories and construction sites in May. With respect to housing sales, the number of inquiries and the number of applications remain solid despite restrictions due to reservation requirements. With an economic downturn and slump expected to occur in the future, the situation should be continuously monitored.

[Singapore]

(Market environment)

Housing sales activities and commercial facility operation were restricted in April and May, due to the impact of the lockdown. Restrictions are being lifted in stages since June and housing sales are on a recovery path. However, it is expected that commercial facilities will continue to be affected.

Operations re-started at construction sites in mid-August. Even so, productivity is declining due to the social distancing that workers maintain while engaging in operations.

[Overseas Business] Major Projects Sold in FY2020 2Q

U.S.A

Multifamily	¥17.4 billion
-------------	---------------



[Kallisto at Bear Creek \(Multifamily\)](#)

Master-planned community	¥19.1 billion
--------------------------	---------------



[Elyson: 142 lots \(Master-planned community\)](#)

Homebuilding	¥51.7 billion
--------------	---------------



[Woodside Homes: 1,022 houses](#)

Australia

Condominiums	¥4.6 billion
Detached houses for sale, built-to-order	¥5.1 billion



[The Hermitage: 86 houses](#)

China

Condominiums, etc.	¥40.7 billion
--------------------	---------------



[Suzhou: 677 units](#)

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.