

Statement regarding the Impact of the COVID-19 Coronavirus

May 21, 2020 – Sekisui House, Ltd. (the “Company”) extends its condolences to the families of those who have passed away as a result of the COVID-19 coronavirus and extends its sympathies to those who have become infected and all those who are suffering hardships amid this spreading outbreak.

The Company also extends its deepest gratitude to healthcare workers for their service in this trying environment and all those who supply the daily necessities in the battle against the coronavirus.

The Sekisui House Group strives to carry out the necessary measures and responses to minimize the impact of the virus in cooperation with local health centers and municipal governments while staying focused primarily on ensuring the safety of its customers, partners, employees, and all stakeholders in its business.

The following is a statement regarding the current impact of the coronavirus on the Group and its business:

1. **Impact on Business**

On the domestic business front, the government lifted the emergency declaration in certain prefectures on May 14, but the impact of the emergency will continue to affect order acquisition activities for some time to come with some other areas still in a state of emergency. In addition, looking at overseas business, the situation varies from country to country. Therefore, the Company will respond in line with the measures taken by individual countries.

(Custom Detached Houses, Rental Housing, Remodeling, and Houses for sale Businesses)

- Since the government declared a state of emergency on April 7, we ourselves have refrained from visiting potential customers. Instead, we have been in contact with our customers over the internet to make plans and contractual arrangements regarding construction and delivery when appropriate.
- Meanwhile, we have seen a setback in orders received, given fewer marketing opportunities to meet individual customers in person due to the stay-at-home measures despite the proactive efforts to propose housing plans over the internet. There has been also a setback in orders received, reflecting the fewer opportunities to meet corporate customers who have largely shifted to working from home or teleworking.
- Business results are being achieved in accordance with the Company plan thanks to the progress of the construction of properties that are done-deals, but it is likely that the setback in orders received for Q1 and Q2 may affect net sales and profits in Q3 and onwards.



(Real Estate Management Fees Business)

- The Real estate management fees business is not expected to have a big impact on the overall business results, given the high occupancy rate for Sha-Maison rental housing, although we negotiate rent payments with some tenants.

(Condominiums Business)

- In the Condominiums business, there has been a certain impact on the orders received because the showing of apartments has been suspended. However, this segment is expected to have a limited impact on the overall business results because the budget for the current fiscal year assumes the delivery of condominium units already signed.

(Urban Redevelopment Business)

- For property sales, some of the properties have been sold and recognized as revenue already. There has been consistent progress in negotiations for other properties as well, and we will strive to secure revenue.

(Overseas Business)

- In the United States, the Company has seen a move-out of tenants, a setback in tenant-recruiting activities in the multifamily business (rental housing development) rolled out primarily on the West Coast. As a result, the sales timing may be further delayed than initially expected as investor sentiment has been dropping temporarily. Meanwhile, there has been a setback in orders received for homebuilding and land lot for sale, given the stay-at-home order.
- In Australia, we have seen a setback in the condominiums business and homebuilding businesses. If the delivery of done-deal condominiums progresses in line with the Company plan, it is expected to have a limited impact on the revenue for the current fiscal year.
- In China, the budget for the current fiscal year assumes the delivery of condominium units already signed. Although there has been an impact on some of the deliveries, deliveries have been progressing.

2. Impact on Financial Conditions

The Company operates with sufficient liquidity in terms of cash and deposits as well as capital resources, posing no immediate concerns to its business operations.

3. Business Results Forecast for the fiscal year ending January 31, 2021

In the Built-to-Order Business, business results are being achieved in accordance with the Company plan thanks to the progress of the construction of properties that are done-deals, but it is likely that the setback in orders received for Q1 and Q2 may affect net sales and profits in Q3 and onwards. Although the Supplied Housing Business, Development Business, Overseas Business, and Condominium Business have been progressing in accordance with the Company



plan, there is a possibility that revenue-recording may be postponed regarding a business associated with property sales. In addition, the above impacts are not included in the forecast of Consolidated Financial Results for the Fiscal Year ending January 2021 announced on March 5, 2020. We are now examining the full-year results forecast. The Company will make an announcement as soon as it identifies an impact on business results or recognizes the likelihood of such an impact to happen.

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For further information, please contact:

Mr. Atsushi Yoshida
Chief Manager of Investor Relations Department
Sekisui House, Ltd.
Email: info-ir@qz.sekisuihouse.co.jp