



Sekisui House, Ltd.
Overseas Business Briefing

June 9, 2022

Table of Contents

-
- 1. Strategy for Homebuilding Business in the United States**
 - 2. Business in the United Kingdom**
-

1. Strategy for Homebuilding Business in the United States

Strategy for Homebuilding Business in the United States



The Sekisui House Global Vision

Make home the happiest place in the world

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

Two M&A Strategy for U.S. Homebuilding Business

Business area expansion strategy

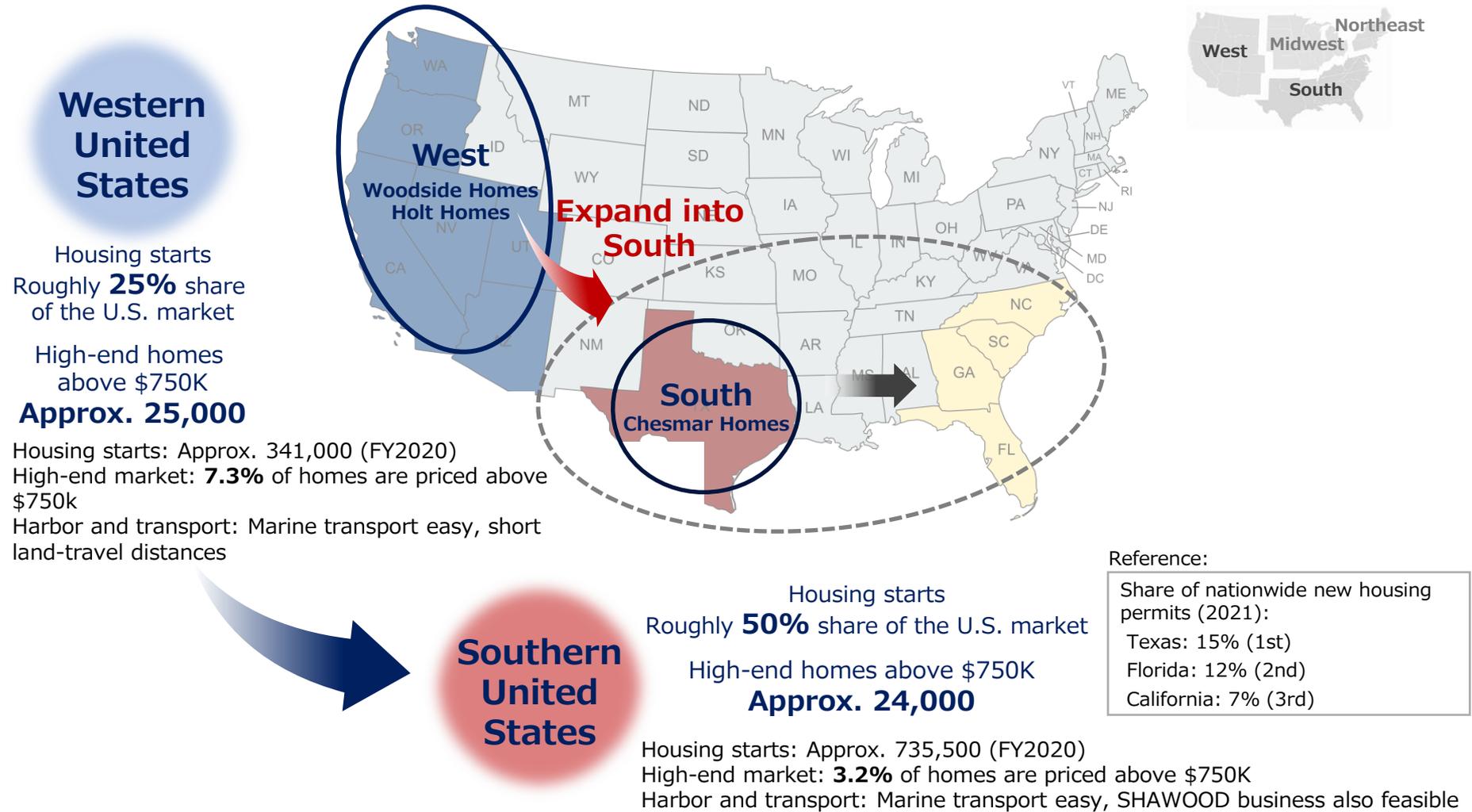
Transferring Sekisui House technologies



Acquisition of Chesmar Homes

Business area expansion strategy

With expansion into the Western United States almost complete, we are now moving into the South. The first step is to enter the largest southern market, Texas.



Three steps to expand the U.S. homebuilding business

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

Achieved with Woodside Homes

Step 2 - Horizontal development into promising areas

Accelerate expansion into new areas through acquisition of Chesmar Homes

Step 3 - Develop SHAWOOD, which best embodies the ideals of Sekisui House, across the U.S.

Make home the happiest place in the world

Integrate the knowledge of group homebuilders and Sekisui House

An unrivaled housing business

Aiming to supply 10,000 homes overseas in 2025

U.S. homebuilding business: We expect to reach approx. 7,000 homes in 2025 and aim for further expansion
 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: 2,729 homes (2021)



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



Chesmar Homes
 Area: TX
 Sold: 2,082 homes (2021)



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

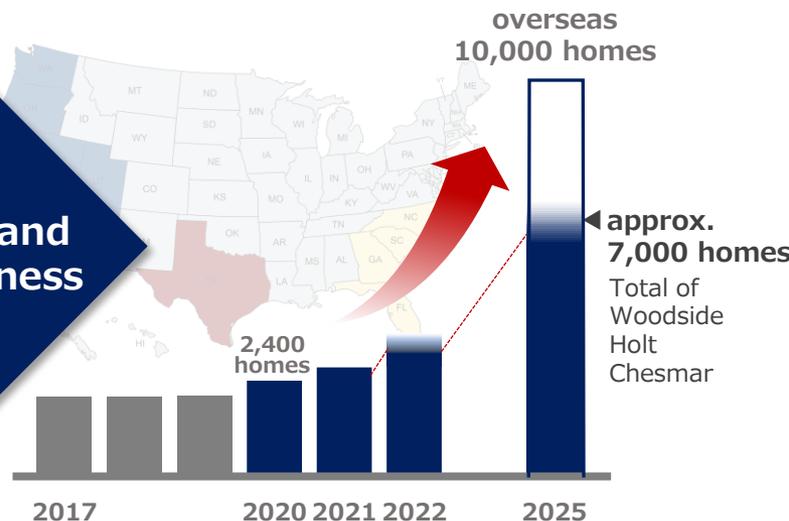


Integrate technologies and lifestyle design
 Transfer of Sekisui House technologies
 Improve value added with lifestyle proposals



Expand business

U.S. Homebuilding Business



* Based on the number of units delivered annually

Acquisition of Chesmar Homes

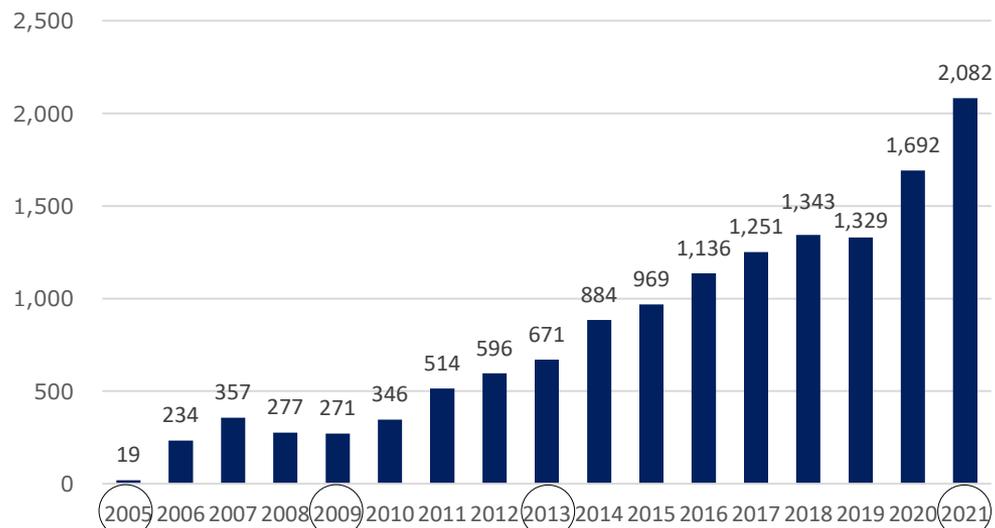
Made a wholly owned subsidiary in July 2022. Operates in four key Texas markets. Delivered 2,082 homes to customers in FY2021.

Overview Chesmar Homes

- Head Office: 480 Wildwood Forest Dr., Ste 801 Spring, TX 77380-4125
- Personnel: 461人 (including those of affiliates) (as of April 29, 2022)
- Founder: Don Klein (Founder & CEO)
- Establishment: 2005
- Main business area: Houston, Dallas, Austin, San Antonio
- Land inventory: Owns/operates 6,499 lots in 60 communities (as of December 31, 2021)

Trend in the number of houses delivered by Chesmar Homes

(Homes)



2005: Founded Houston

2009: Opened San Antonio Division

2013: Opened Austin Division
Dallas Division

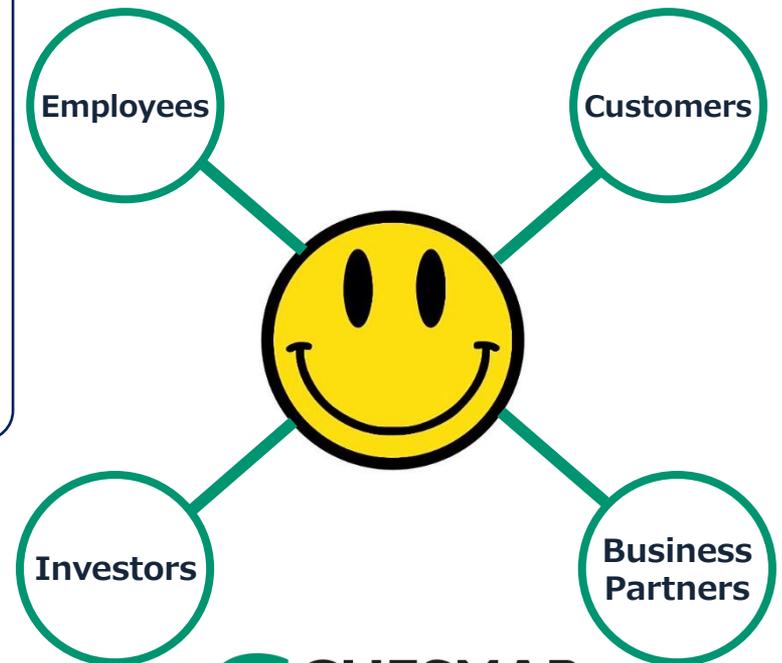
2021: Opened Central TX Division
2022: Opened Houston West Division



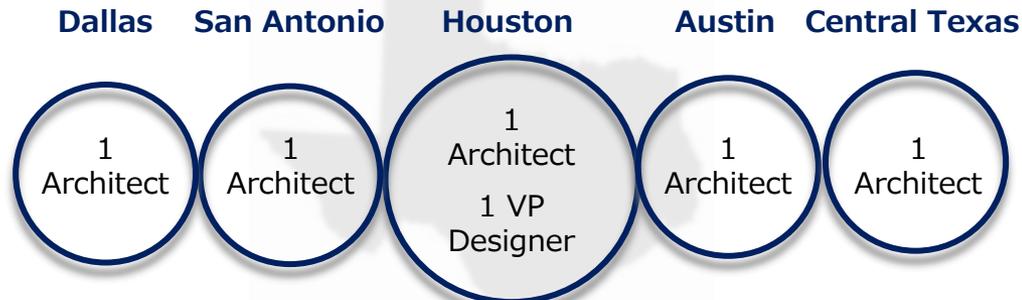
Why Chesmar Homes ?

- Corporate culture of **pursuing and prioritizing the happiness of stakeholders**
- **Excellent customer satisfaction** reflecting customer-oriented operations centered on sales consultants
- **Internal architects** flexibly meet customer needs, including semi-customization
- **Aggressively targeting the high-end range** in Texas, a state with many homes in the national average price range

Chesmar Homes : Corporate Culture



Architects at each branch



We believe that profits come from focusing on "happiness"

What we aim for with Chesmar

- As Chesmar Homes was founded in Houston and later entered Dallas, the state's largest market, it has yet to build a long track record. **We will pursue the potential for expansion in Dallas**
- **We will horizontally expand our management capabilities** built up at Woodside and Holt in the areas of research, marketing, construction management, quality control, procurement, etc., to enhance customer satisfaction and create an effective, efficient operating framework
- **We will roll out SHAWOOD in Dallas and Austin**, where there is strong demand for high-end homes
- The Texas market lags in implementing new, next-generation elements, such as environmental performance enhancements and smart home technologies. **We will leverage our Japan-based track record in this area**



Price range: \$300K-
Plans targeting first-time home buyers, featuring simple interiors



Price range: \$525K-
Mid-range plans with structural options, such as vaulted ceilings for family rooms



Price range: \$700K-
High-end plans that make ample use of vaulted and 12-foot ceilings, with large openings to enhance connectivity with outdoor spaces

Transfer Sekisui House technologies to provide happiness to customers in the largest U.S. market

Homes built by Chesmar Homes



A large home, common in the suburbs, with hip roofs and an exterior clad mainly in brick and stone for an upscale look (San Antonio Area)



A stately, traditional exterior, clad mainly in brick; wooden garage doors are a common feature (Dallas Area)



Simple two-story home, clad mainly in brick, in the most affordable price range (Houston Area)



A bright and trendy modern exterior, clad mainly in brick and stone (Austin Area)

Expanding from 6 western states to the south, entering the largest housing market in the U.S.

Housing market scale

- Texas is the largest U.S. housing market
- The four key cities where Chesmar operates represent approx. 14% of all U.S. housing permits

MSAs ranked by number of new housing permits (2021)

Rank	MSA	Number of new housing permit
1	Dallas-Fort Worth-Arlington, TX	78,705
2	Houston-The Woodlands-Sugar Land, TX	69,263
3	New York-Newark-Jersey City, NY-NJ-PA	56,661
4	Austin-Round Rock-Georgetown, TX	50,907
5	Phoenix-Mesa-Chandler, AZ	50,581
6	Atlanta-Sandy Springs-Alpharetta, GA	39,466
7	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	36,307
8	Nashville-Davidson--Murfreesboro--Franklin, TN	32,191
9	Los Angeles-Long Beach-Anaheim, CA	31,151
10	Seattle-Tacoma-Bellevue, WA	30,743
11	Orlando-Kissimmee-Sanford, FL	30,618
12	Charlotte-Concord-Gastonia, NC-SC	30,126
13	Denver-Aurora-Lakewood, CO	30,006
14	Washington-Arlington-Alexandria, DC-VA-MD-WV	27,414
15	Minneapolis-St. Paul-Bloomington, MN-WI	26,077
16	Miami-Fort Lauderdale-Pompano Beach, FL	25,313
17	Tampa-St. Petersburg-Clearwater, FL	24,831
18	Jacksonville, FL	22,738
19	San Antonio-New Braunfels, TX	22,264
20	Raleigh-Cary, NC	21,649

Population

- Texas is the state with the nation's second highest population, exceeded only by California
- With the nation's 5th fastest growing population, the state is an excellent business area

States ranked by population growth rate (2010-2022)

Rank	States	Population in 2022 (Estimation)	Population growth rate (2010-2022)
1	Utah	3,363,182	21.18%
2	Idaho	1,896,652	20.75%
3	Nevada	3,238,601	19.84%
4	Arizona	7,640,796	19.25%
5	Texas	30,097,526	19.24%
6	District of Columb	718,355	18.69%
7	Colorado	5,961,083	18.10%
8	Florida	22,177,997	17.68%
9	Washington	7,887,965	16.98%
10	South Carolina	5,342,388	15.25%
11	North Dakota	774,008	14.72%
12	North Carolina	10,807,491	12.88%
13	Oregon	4,325,290	12.71%
14	Georgia	10,936,299	12.61%
15	Delaware	998,619	11.01%
16	South Dakota	902,542	10.58%
17	Montana	1,093,117	10.34%
18	Tennessee	7,001,803	10.17%
19	Minnesota	5,739,781	8.08%
20	Virginia	8,638,218	7.66%
:			
23	California	39,664,128	6.28%

The Texas Market: Potential for SHAWOOD Business

High-end markets for SHAWOOD expansion (new single-family homes sold for over \$750K in 2021)

Where we currently operate

Six western states

Approx. **8,800** homes

of approx. **100,000**
total new homes

Holt Homes' potential operating area

Approx. **4,300** homes

Woodside Homes' potential operating area

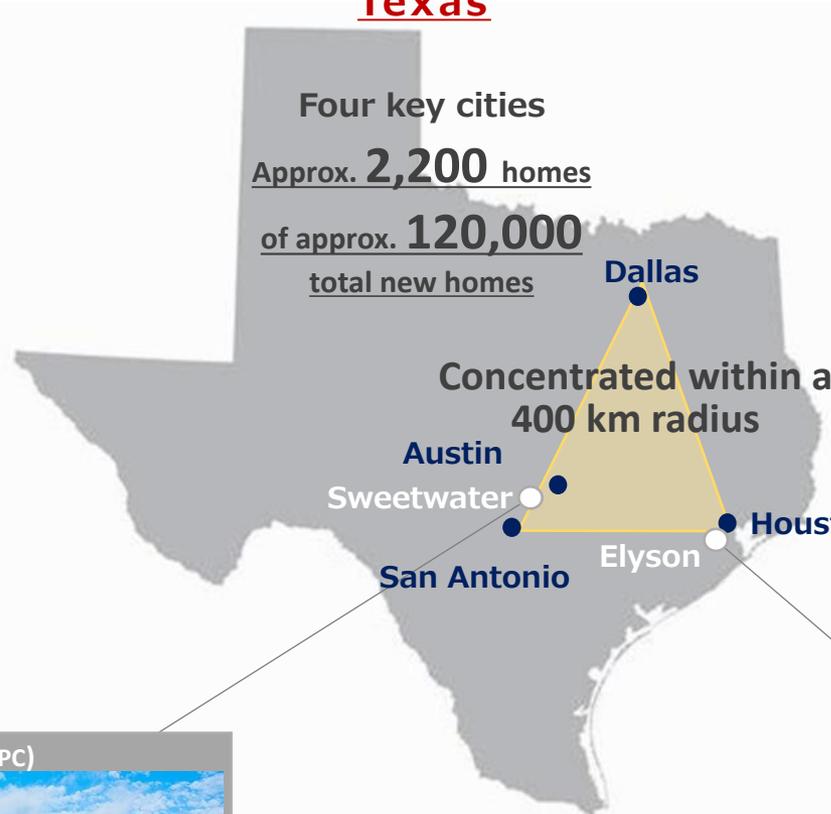
Approx. **4,500** homes

Texas

Four key cities

Approx. **2,200** homes

of approx. **120,000**
total new homes

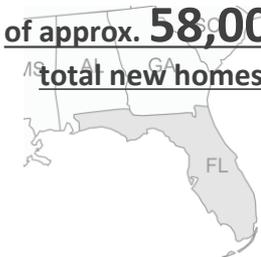


Where we plan to enter

Florida (Key markets)

Approx. **4,200** homes

of approx. **58,000**
total new homes



Sales of new single-family homes in the U.S.

Approx. 771,000 homes (2021)

Sweetwater (Group MPC)



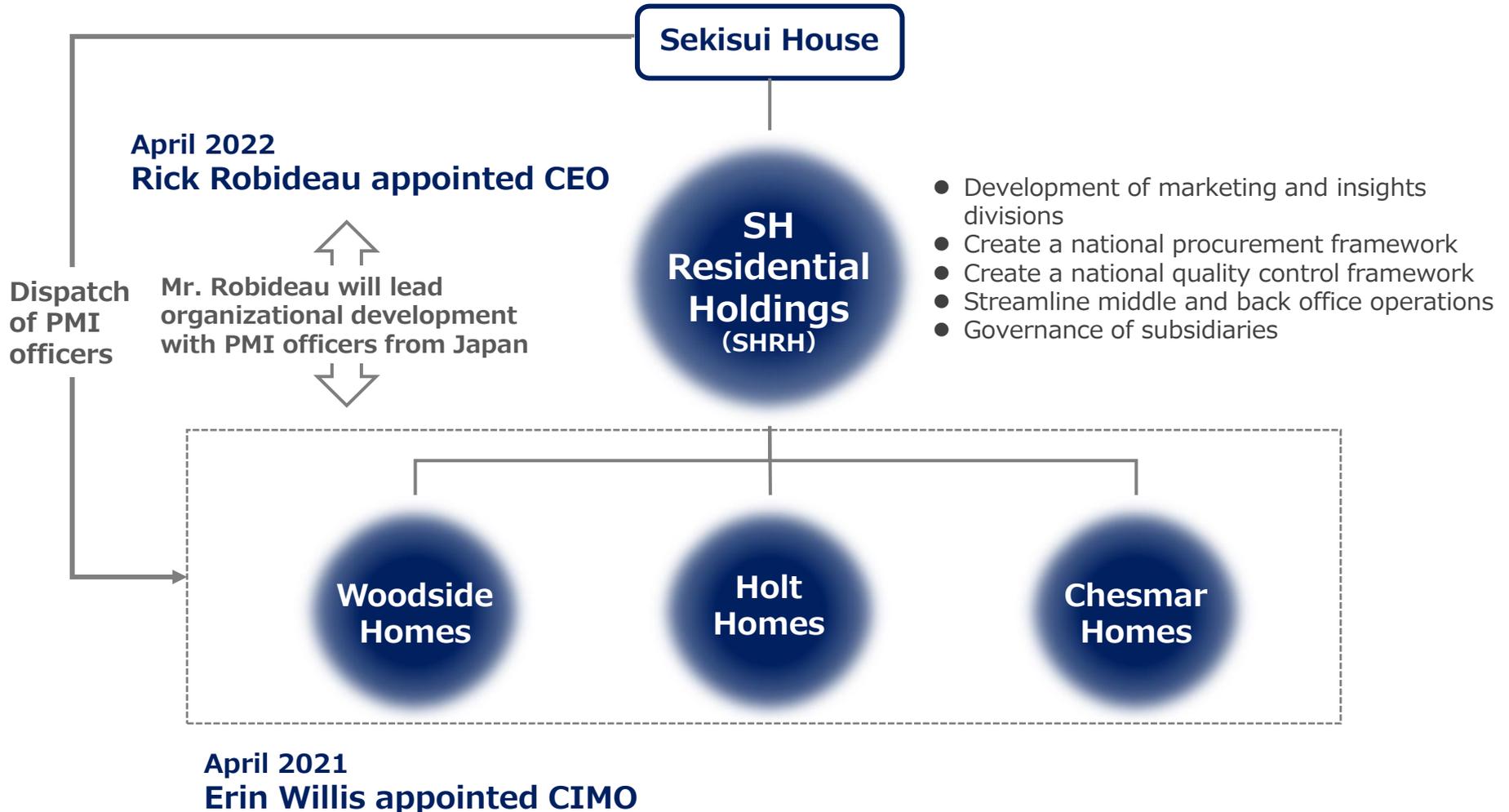
Chesmar Homes is involved in two of the Group's three MPC housing development projects in Texas

Elyson (Group MPC)

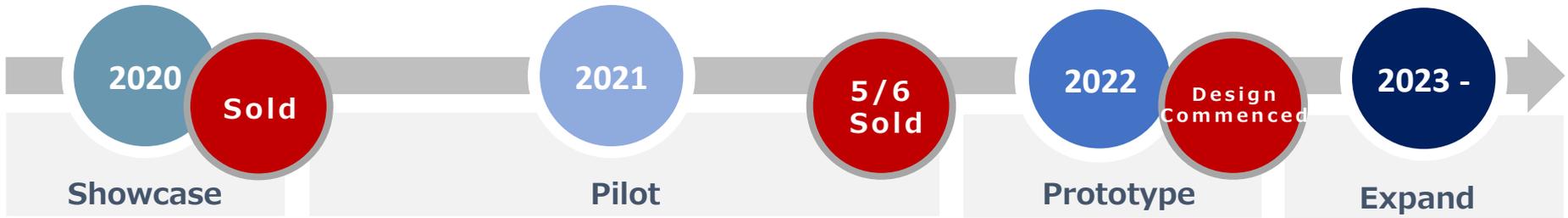


Building operating structure

Implementing flexible, optimal human resource allocation across borders and regardless of nationality or gender for effective organizational development



Updates since the Previous Briefing (Held on Jan. 20, 2022): SHAWOOD Business



Chowa House
Las Vegas



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

Talon Ridge
Las Vegas



- Construction of **six** pilot semi-customized homes
- All 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**

Sommers Bend
California



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

Full-scale mass market development of SHAWOOD as a premium home brand in the Western United States



2. Business in the United Kingdom

Overview of Affiliate and its Liquidation

Group affiliate Urban Splash House Holdings entered liquidation process in May 2022.

Affiliate overview

Urban Splash House Holdings Limited

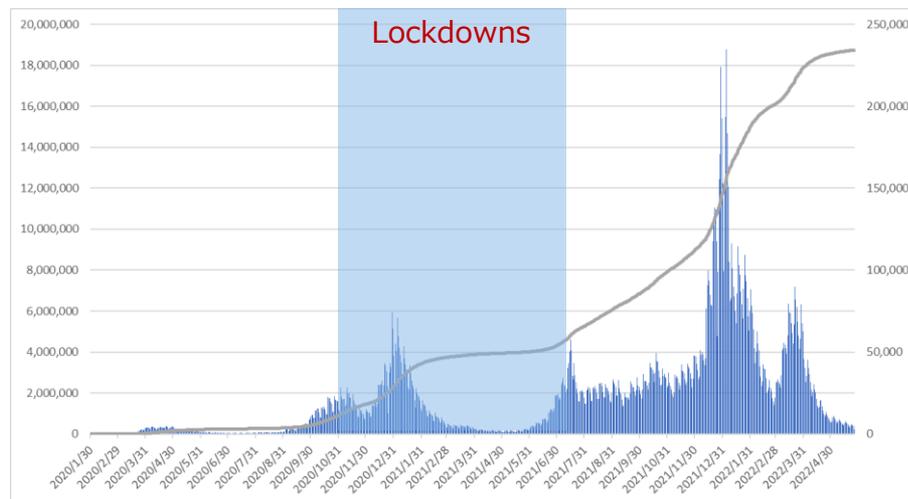
- Establishment: November 2018
- The Company's investment: May 2019
- Business: Housing development and sale
- Location: Head office in Manchester, Factory in Alfreton
- Ownership:
 - Urban Splash individual shareholders: 48%
 - Sekisui House UK: 48%
 - Homes England: 4%
- Management control of the affiliate rests with our partners; Sekisui House UK is classified as a minor partner



Factors Leading to the Liquidation Process

- From shortly after the business's establishment, COVID-19-related restrictions on business activities (both sales and production) made growth as planned impossible.
- Despite determining that factory productivity could not be improved using current production methods, we had different perspectives on production method and could not settle for the difference, and we determined that the affiliate could not be back on track to the growth path.

New cases and total cumulative cases of COVID-19 in the United Kingdom



Data Source : UK Government

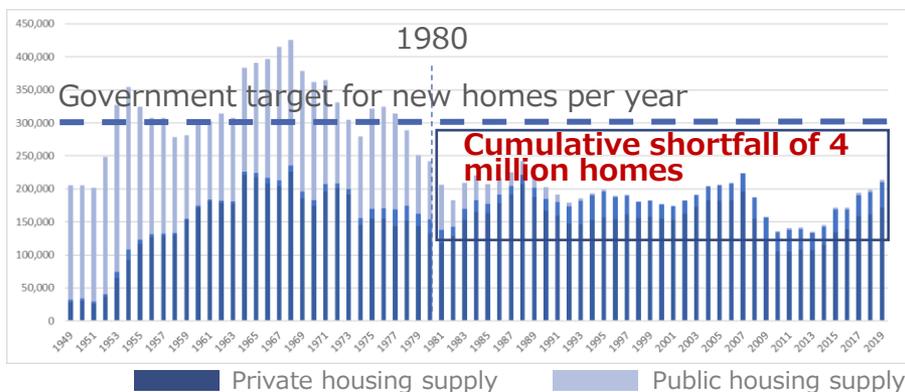
The U.K. Housing Market Remains Attractive

- The United Kingdom has faced a chronic housing shortage since 1980, with current demand for almost 4,000,000 homes
- Aiming to improve housing supply quality, the U.K. government is proactively promoting pre-engineered housing and eco-friendly housing

Ongoing housing shortage since 1980

The U.K. government's housing initiatives

U.K. New Housing Supply



MMC housing (pre-engineered housing)

* MMC: Modern Method of Construction

Category

1



Pre-Manufacturing
(3D primary structural systems)

2



Pre-Manufacturing
(2D primary structural systems)

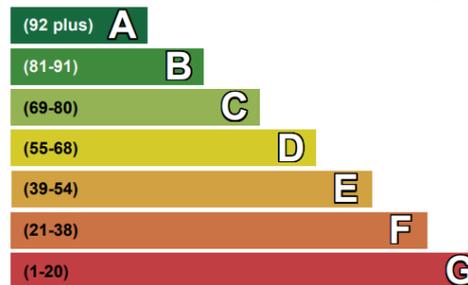
3



Pre-Manufacturing
(Non systemized structural components)

Data Source : UK Government, Cast

Eco-friendly housing



Data Source : The Scottish Government

Energy performance certification (EPC) is a legal document that must be disclosed when selling or leasing real estate. Properties cannot be leased 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.

High capital efficiency

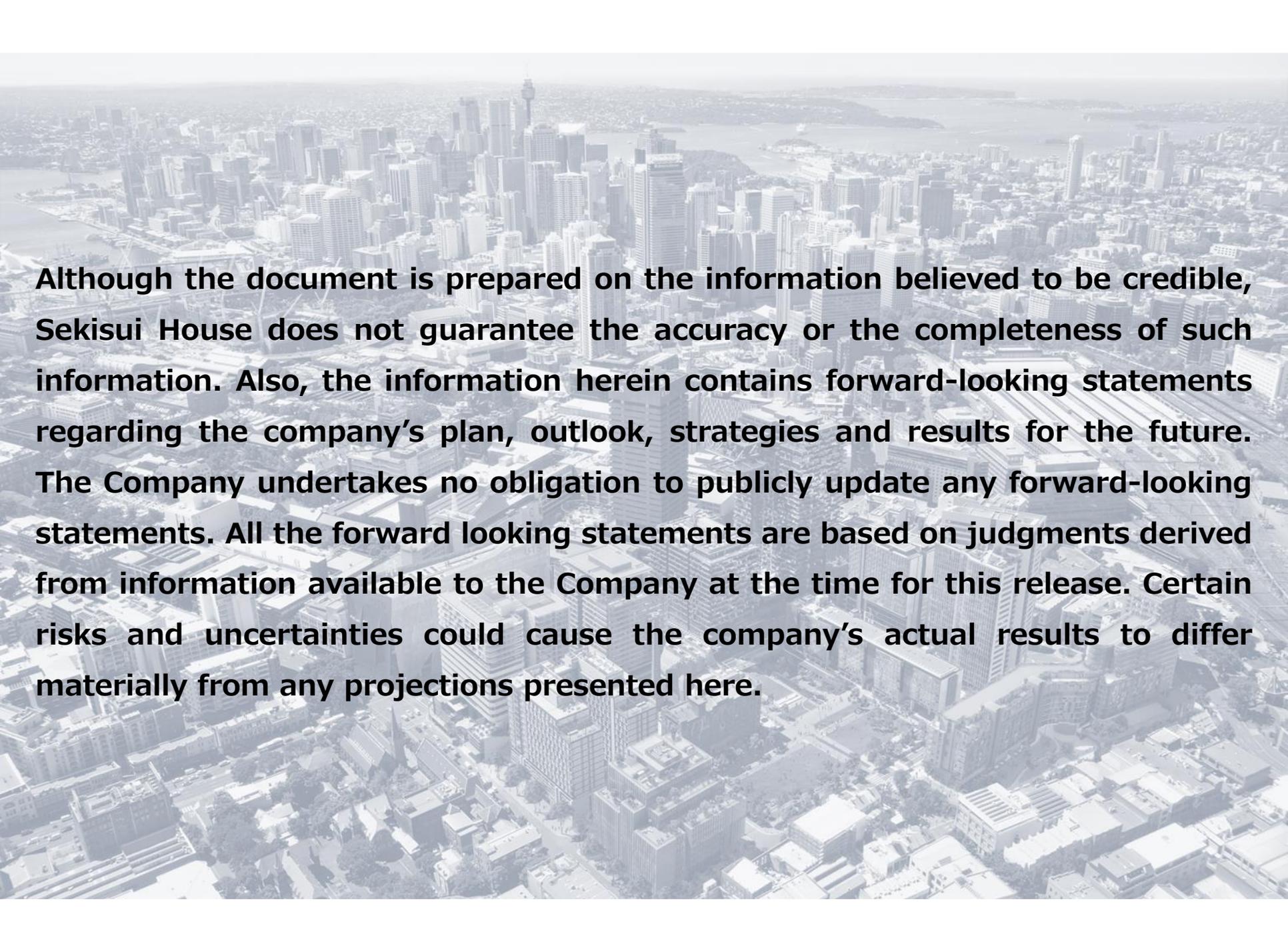
Land acquisition environment

- Housing supply is a top priority for many local authorities
- Upon mutual agreement, differed payment of the land will be accepted by the landlord to prevent lacking of developer prospects due to the upfront payment
- As a result, assets for land cost will not increase during the development period and high financial efficiency can be expected

The U.K. government is

- Supporting the promotion of pre-engineered housing (MMC housing) to alleviate the housing shortage and improve housing quality
- Promoting the spread of eco-friendly housing

→ **Major potential for business growth by transferring our know-how**

An aerial, high-angle photograph of a dense urban skyline, likely Toronto, with the CN Tower visible in the distance. The city is surrounded by a large body of water, possibly Lake Ontario. The image is overlaid with a semi-transparent white box containing text.

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.