

Message from the Officer in Charge of the Overseas Business

Extending Sekisui House Technology to the World –Aiming For a Future Where People Worldwide Can Live Happily in Our Homes



Toru Ishii

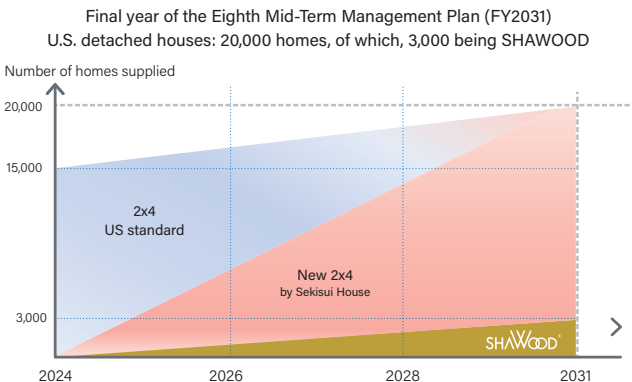
Director of the Board
Senior Managing Officer
In charge of Division of
Development Business and
Head of International
Business Headquarters

Comprehensive Outlook of the Overseas Business

Started in 2009, the overseas business now engages in selling detached houses, condominiums and residential land as well as developing rental condominiums, commercial facilities and other complexes. Operations, which extend to Australia and Singapore, are currently focused on the United States.

Under the Sixth Mid-Term Management Plan, we set out to shift our overseas business portfolio from being focused on development to a two-pillar business of development and homebuilding. Thus, we aim to continue our proactive growth strategy in our homebuilding business, with the goal of providing 10,000 homes overseas by 2025. Through welcoming publicly listed* homebuilder M.D.C. Holdings, Inc. (MDC) into the Sekisui House Group in April 2024, we expect to achieve this goal ahead of schedule. Our next objective is to have supplied 20,000 homes in the United States by 2031, during the last year of our Eighth Mid-Term Management Plan. We aim to become a game changer in the U.S. market by deploying 3,000 homes of the Sekisui House original brand SHAWOOD as well as 17,000 homes utilizing the “New 2x4 by Sekisui House,” a new type of housing combining the 2x4 housing construction common in the

Changes in the Product Composition for the U.S. Homebuilding Business



United States with Sekisui House technology.

We are striving to maximize and stabilize profits in the U.S. multifamily business by strengthening cooperation with our business partners and diversifying them. In FY2023, we began work on new projects with our existing partner Holland Partner Group as well as with our new partner company RangeWater Real Estate, LLC. These projects involve medium-size, low-to mid-rise properties, reflecting advancements in the diversification of our business partners and asset types. In May 2024, the urban rental housing development The Ivey on Boren, was sold to Sekisui House Reit, Inc. We have also diversified our exit strategy through this sale of multifamily housing in the United States to a Japanese investor.

In our homebuilding business in Australia, we are aiming to enhance growth by further promoting area strategies as well as establishing SHAWOOD homes. In the apartment & mixed-use developments business, we aim to transition to a more efficient portfolio by balancing between short-turnaround projects and medium-to long-term large projects.

* We have acquired all shares of MDC through SH Residential Holdings, LLC, a subsidiary of Sekisui House US Holdings, LLC, the Group company responsible for business in the United States. Accordingly, MDC was delisted from the stock exchange on April 19, 2024.

Making Sekisui House Technologies the Global De Facto Standard

Aiming for a future where people all over the world can live happily in Sekisui House homes, we plan to advance technologies that we have cultivated domestically for over 60 years, bringing them to the rest of the world. From here, I'd like to talk about what we hope to achieve with MDC and our existing U.S. homebuilders. We plan to develop our “New 2x4 by Sekisui House,” a new type of housing combining the 2x4 housing construction common in the United States with Sekisui House technology as well as expanding the Company's original SHAWOOD brand. Through this, we hope to realize the Company's fundamental policy underlying its global vision of making Sekisui House technologies the global de facto standard.

There are three technological aspects to the Sekisui House technologies we are considering transferring to 2x4 housing. The first being highly-durable technology that gives our customers safety and peace of mind. The second aspect is environmental technology that gives our customers a feeling of comfort through functions such as thermal insulation, airtightness and SMART-ECS (a next-generation indoor environment control system). The third is cost reduction, achieved through shorter construction timeframes and reduced waste.

As for lifestyle design, we are accelerating the introduction of Life Style Solution (LSS), a lifestyle proposal aimed at helping our customers find happiness. Starting with Woodside Homes Company, LLC is spreading to other Group builders and receiving tangible feedback.



Message from the Officer in Charge of the Overseas Business

Additionally, we are making determined efforts to advance SHAWOOD, the Company's original brand that best exemplifies Sekisui House technologies. SHAWOOD leverages the Company-developed S-MJ construction method to offer competitive advantage, added value through flexible spatial design, and ensuring highly reproducible and consistent quality of its 2x4 housing.

We began selling SHAWOOD in the United States in January 2024 in the southern Californian community Sommers Bend. In addition to making sure all 57 SHAWOOD homes meet ZEH (Net Zero Energy House) standard specifications, we are developing high-value products that utilize various technologies that contribute to the Company's environmentally-friendly stance as well as to improvements in disaster resistance. We have built three model houses, with one of them being designated as an Experience Center where customers can get acquainted with Sekisui House technologies. Sales are also exceeding expectations as a result of many customers coming day after day to this center.

As such, we are breaking into a new market through the utilization of Sekisui House technologies, refined in Japan for over 60 years, with the aim of establishing an unparalleled presence and becoming a game changer in the U.S. housing industry.



SHAWOOD model homes



Spacious living area based on our Clearview Design



Display of a model made from laminated wood within the Experience Center

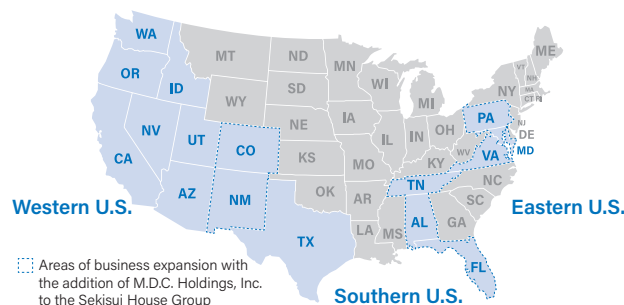
The Significance of Adding MDC to the Sekisui House Group

The Company doesn't conduct M&A simply to boost earnings and housing sales. We also place importance on whether the companies we acquire share our Corporate Philosophy, vision, goals for housing and other significant considerations. We believe that MDC, with a robust business platform developed over its 50-year history, which includes strong governance established as a publicly listed homebuilder, will have a positive impact on the existing Group builders.

As a prominent American homebuilder, MDC operates in an extensive area encompassing 34 cities in 16 states, having supplied over 240,000 homes since its founding. MDC supplied over 8,000 homes in FY2023 and reached net sales of roughly \$4.6 billion (approximately ¥700 billion, under a \$1 = ¥150 conversion rate).

Through the addition of a company with these strengths to the Sekisui House Group, we believe that the foundation set to comprehensively transfer Sekisui House technologies into the United States has been greatly strengthened.

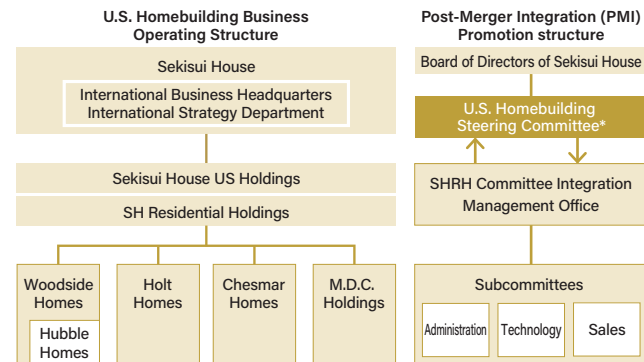
Areas of business development in the U.S.



Post-Merger Integration (PMI) Promotion Structure

As a PMI promotion structure bringing together the Company, existing Group builders and MDC, we have established the U.S. Homebuilding Steering Committee, an organization under direct control of the Board of Directors. In the U.S., we have established the SHRH Committee Integration Management Office. The U.S. Homebuilding Steering Committee, consisting of several different departments, establishes Group-wide policies and strategies, which the SHRH Committee Integration Management Office then ensures are applied to every Group builder.

We have also established three subcommittee divisions under the SHRH Committee Integration Management Office: the Administration Division, tasked with conducting discussions aimed at standardizing financial and human resource systems, strengthening governance structures and other related matters; the Technology Division, tasked with conducting discussions regarding the transfer of the previously mentioned Company technologies; and the Sales Division, tasked with conducting discussions on the development of the "New 2x4 by Sekisui House" and SHAWOOD products. We have already begun detailed discussions at these subcommittees, with each of the three existing Group builders being encouraged to participate.



* Departments participating in the U.S. Single-Family Home Committee: Overseas Business Headquarters/Overseas Strategy Department, SH Residential Holdings, Corporate Management Strategy Headquarters/Corporate Management Planning Department, Communication Design Department, IT Design Department, Accounting Department/Finance Department, ESG Management Promotion Headquarters, Investor Relations Department, Human Resources Development Department, Legal Department, R&D Headquarters

Business Strategy

Overseas Business (U.S.)

[Details of the Sixth Mid-Term Management Plan](#)

Review of FY2023 and Strategy for Growth Moving Forward

Homebuilding business Master-planned community business

In the homebuilding business, despite mortgage rates being high at 6-7%, they have remained relatively stable, and the demand for new houses remained consistent due to housing shortages as well as the decrease in pre-owned homes circulating in the market. Thus, business exceeded our expectations even after accounting for the impact of exchange rates. By strengthening our relations with existing Group builders, we have successfully implemented a fast-moving business strategy through initiatives such as increasing the number of built-for-sale houses designed to be moved into relatively quickly, improving our business results even further. Moving forward, through deeper strengthening of Group cooperation, now also involving M.D.C. Holdings, Inc., we hope to drive further growth in our overseas business.

Our master-planned community business, which sells developed residential land to outside builders, outperformed expectations as demand for single-family housing rebounded, leading to the recovery of demand for builders' land acquisition. We are also working to deepen cooperation among Group builders in this business. As for our SHAWOOD business, the regional recognition of our brand has increased after we began operations in Sommers Bend, a community in southern California. Additionally, value created through the Company's technology and streamlined production system has resulted in our even greater confidence in the products we provide. We will continue enhancing our presence in this community while also advancing sales promotions and expansion in other areas.

Although we must pay close attention to trends in home mortgage rates in FY2024, we expect increased sales and profits in our homebuilding business based on projections that demand will continue to recover.



A product of Woodside Homes (Homebuilding business)



Nexton (Master-planned community business)

Multifamily business

In the multifamily business in FY2023, we postponed some planned property sales given the cautious stance of real estate investors amidst factors like rising interest rates. The leasing of the rental housing developed by the Company is proceeding well due to the properties' prime location and high-quality. Thanks to production moving along smoothly, we aim to sell the properties at a time in FY2024 when their value is maximized.



The Ivey on Boren (Multifamily business): Exterior (left), Interior (right)

Topics

Hubble Homes, added to the Sekisui House Group in FY2023



In June 2023, Hubble Homes was incorporated into the Woodside Homes organization. Accordingly, it became part of the Sekisui House Group, and now operates as a branch of Woodside Homes. Hubble Homes developed its business in Boise, Idaho, a city where population growth is expected to exceed the U.S. average due to factors such as excellent living conditions and increased employment opportunities. Priding itself on supplying first-rate houses in a market expected to have increasing demand moving forward, Hubble Homes has maintained a steady market share through its highly efficient operations as well as its superior and abundant residential land holdings.



Key Measures under the Sixth Mid-Term Management Plan

Homebuilding business, Master-planned community business

- Builders M&A:
 - Strengthening governance for the Group's builders
 - Proactively promoting intragroup collaboration
 - Entering the southeastern United States through M&A
- Technology transfer
 - Transferring Sekisui House technologies
 - Expanding our own brand (SHAWOOD)

Multifamily business

- Partnerships: Diversifying business areas and partnerships
- Portfolio: Diversified investment and recovery aligned with the business area

Business Strategy

Overseas Business (Australia and Singapore)

[Details of the Sixth Mid-Term Management Plan](#)

Review of FY2023 and Strategy for Growth Moving Forward

Australia

Since 2009, in Sydney and Brisbane, we have been engaged in selling single-family homes and residential land as well as developing apartment, commercial facilities and complexes. We are promoting the expansion of SHAWOOD in Australia by concentrating management resources in areas where we expect demand for high-value property, such as the coastal and northwestern areas in Sydney. Due to the effect of rising home mortgage rates, there was a reduction in unit sales for our homebuilding business in FY2023, but expected deliveries of apartment and land sales proceeded as planned.

The challenging business environment, characterized by persistently high home mortgage rates, is expected to continue into FY2024. Despite this, we will continue striving towards our goals by focusing efforts on sales of single-family homes and apartment, as we anticipate steady demand from increased immigration and other similar factors.



Melrose Park (Apartment & Mixed-Use development business)
Exterior (left)/Interior (upper right)/Distant exterior view (lower right)

Singapore

In Singapore, through joint businesses with prominent local developers, we are expanding the development of high-value condominiums as well as a mixture of service apartments, retail and offices. In FY2023, our property sales proceeded as planned.

In FY2024, we are promoting steady business by further strengthening cooperation with joint business members.



One Holland Village (Complex development business)
Distant exterior view (left)/Interior (upper right and lower right)

Key Measures under the Sixth Mid-Term Management Plan

Australia

- Developing our operations into the second largest pillar of the overseas business through the execution of area strategies and the establishment of our brand presence

Apartment & Mixed-Use developments business

- Shift to an effective portfolio that balances short and long-term properties

Homebuilding business

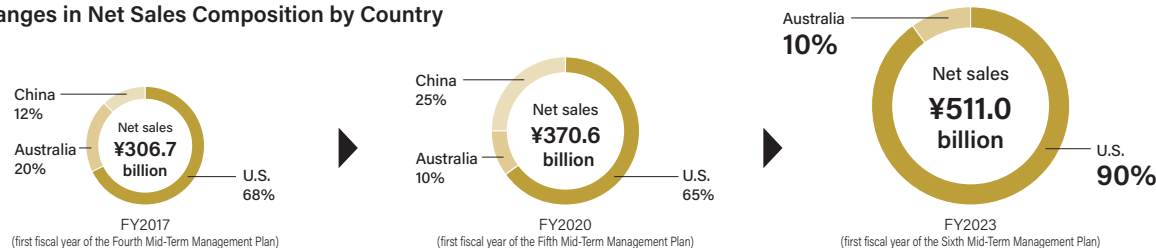
- Acquire land for the SHAWOOD business in high-end markets, improve brand recognition and asset turnover rate

Singapore

- Securing close partnerships with prominent corporations in Asia
- Build deeper relationships with partner businesses and strengthen cooperation

Topics

Changes in Net Sales Composition by Country



Note: Because our business in Singapore is an equity-method affiliate, it is included in the total calculation of the "share of (profit) loss of entities accounted for using the equity method."

The Performance Impact of Adding MDC to the Sekisui House Group

Special characteristics of MDC and its performance to date

M.D.C. Holdings, Inc., headquartered in Denver, Colorado, USA, is a homebuilding business that has expanded to 34 cities in 16 U.S. states, including Arizona, Colorado, California and Florida.



Under the Richmond American Homes brand, MDC maintains a wide product lineup for diverse lifestyles and budgets, with a talent for developing products to meet the needs of customers in both design and efficiency. In addition, the company is undertaking advanced environmental initiatives by standardizing energy-saving equipment in their new detached houses. As a result, these houses achieve a high energy efficiency, using on average 81%* less power than a typical previously owned home.

* Our figure, based on materials disclosed by MDC

MDC realized steady growth, though higher mortgage rates affected performance in FY2023, as shown below.



Performance of MDC*

(Millions of dollars)

FY	2019	2020	2021	2022	2023
Net sales	3,293	3,901	5,254	5,717	4,642
Operating profit	284	462	770	774	435
Profit attributable to owners of parent	238	367	573	562	401
Number of House Closings (homes)	6,974	8,158	9,982	9,710	8,228

* Our figures, based on materials disclosed by MDC

Forecast of consolidated performance in FY2024 (overall)

In the first quarterly financial results briefing of FY2024 in June 2024, we disclosed upward revisions to the initial forecast for FY2024, and our plan to expand dividends in line with profits.

This upward revision accounts for the consolidation of MDC and the company's projected performance results (covering the consolidated period of April 20, 2024 to December 31, 2024), the amortization of goodwill following acquisition, temporary expenses related to the acquisition, interest expenses

amid higher interest-bearing debt, and the revision of exchange rates (from 135 yen/US dollar to 140 yen/US dollar). There were no changes to the initial plan for domestic business.

For details, please refer to the following materials made public on June 6, 2024.

- U.S. Homebuilding Business Strategy [🔗](#)
- Notice Regarding Revisions to the Operating Results Plan and Dividend Plan [🔗](#)
- Consolidated Financial Results for the First Quarter of FY2024 [🔗](#)

	Net sales (billions of yen)			Operating profit (billions of yen)			Ordinary profit (billions of yen)	Profit attributable to owners of parent (billions of yen)	Dividends (yen)
	Total	Sekisui House's overseas businesses		Total	Sekisui House's overseas businesses				
		Sekisui House's U.S. businesses	Sekisui House's U.S. businesses		Sekisui House's U.S. businesses	Sekisui House's U.S. businesses			
Initial plan	3,342.0	638.0	550.1	280.0	56.5	53.3	262.0	203.0	125
Revised plan	3,875.0	1,171.0	1,083.1	300.0	75.5	72.3	273.0	209.0	129
Amount changed	+533.0	+533.0	+533.0	+20.0	+19.0	+19.0	+11.0	+6.0	+4
Change (%)	+15.9%	+83.5%	+96.9%	+7.1%	+33.6%	+35.6%	+4.2%	+3.0%	+3.2%

Changes in Overseas Business Performance

