

Sekisui House

5th Mid-Term
Management Plan
(2020~2022)

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Sekisui House
Shareholder Proposal Office

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New Sekisui House

“Be Faithful and Sincere”

As a company, we, the employees, commit ourselves to faithfully and sincerely serve our customers and society. We promise to dedicate ourselves towards making a better society, and our guiding principle will be

Good Faith and Trust

Basic Principles

Regain our reputation:
“The Sekisui House That Everyone Loves”

Develop Strategies Rooted in each Region

Strengthen Real Estate Business

Rebuild Custom Detached Housing Business

Further Promote International Business

Develop Strategies Rooted in each Region

- Frontline Teams know the Frontline Best. Delegation of responsibilities is key. Frontline Teams will have authority and accountability

Localized Organization

Frontline/Local Teams to Plan and Execute

- Develop strategies tailored to customer needs in particular regions
- Strengthen relationships with local banks, real estate brokers, tax experts, and cooperating partners
- Quicker decision making and execution by delegations

Enhance Market Share

Products/Solutions Tailored to each Region

- Present products (tenantable housing, one-story house) and solutions (vacation rentals, nursing facilities)
- Streamline the org from region-based marketing to planning to sales
- Make Sekisui House Loved by Many Customers (Move away from too much focus on urban areas)

Improve Stability of and Develop Work Force

Develop and Improve Stability of Frontline Workers

- Boost employee/organization morale by improving closing sales person rate
- Improve the stability of work force and customer relationships by promoting local hires and a personnel system without relocations

Strengthen Real Estate Business

- Strengthen and grow custom detached housing business, which currently underperforms against the competition

Pursue Group Synergies	Strengthen Sekisui House Real Estate companies that have recently be reorganized <ul style="list-style-type: none">• Strengthen for-sale business by taking advantage of the existing strengths in rental housing• Pursue synergy effects by a close cooperation among the regional companies• Develop and promote new businesses including purchase and resale
Establish Land Procurement Team	Establish a Land Procurement Team at each of the Sales Admin. HQs <ul style="list-style-type: none">• Land Procurement is the key to the success. Improve both quality and quantity by having a specialized team• The new teams will provide a broad range of solutions (rental, nursing, condominiums) not limited to custom detached housing
Make the most of Second Brand	Accommodate demand for a broad price range by making full use of the Second Brand <ul style="list-style-type: none">• Location and pricing are the two keys to single-family houses. The Second Brand with lower pricing will capture broader demands• Enhance efficiency by more activities in low season. Need for cost cutting

Rebuild Custom Detached Housing Business

- Reignite the spirit of our service, sharing **happiness and joy**, with our customers and employees

Review Product Offerings	Modify Product Offerings to Better Meet Customer Needs <ul style="list-style-type: none">• Change the current high-end focus, and redevelop product offerings to meet a wide variety of customer needs• Localize product development team which is now at Head Office only. The localized teams will understand customer needs, develop products, and sell
Improve Closing Sales Person Rate	Optimize the sales staff <ul style="list-style-type: none">• Capture demands broadly by structuring sales org based on their skills Good sales skills => consulting-type sales/products Low sales skills => spec sales/products• Enhance sales staff morale by having a better evaluation system and incentives
Enhance Productivity	Improve production through use of technologies including IT and AI <ul style="list-style-type: none">• Enhance sales productivity by the use of Internet-based or AI-based marketing• Cost cutting by increasing % industrialization and by streamlining supply chain

Further Promote International Business (1)

➤ Firmly establish cash-cow US business

Multifamily (rental apartment)	Further Strengthen our Local Partnerships <ul style="list-style-type: none">• Hold, rather than immediately sell, some of our good products developed jointly with Holland Partner Group• Rationalize and control exit sales of the completed products by selling part of the products to a fund rather than by selling outright to third parties
Master-planned Community	Better Control Geopolitical Risks and Supply-Demand Balance <ul style="list-style-type: none">• Closer cooperation with homebuilder Woodside Homes to have a better asset turnover
Home-building	Differentiate ourselves by introducing Sekisui House's housing parts development technologies <ul style="list-style-type: none">• While adhering to the 2 x 4 construction method, promote off-site construction to reduce site work, thereby shortening production cycle and improving precision• Focus on marketing based on market demand/supply, develop strengths, and increase housing sales

Further Promote International Business (2)

- Close Cooperation with Local Partners to better exhibit regional characteristics

Australia	<ul style="list-style-type: none">• Closely monitor demands for urban condominiums• Use, in addition to local construction methods, Sekisui House's housing technologies to differentiate ourselves in the custom detached housing business
China	<ul style="list-style-type: none">• Capture the large market by efficient marketing• Re-evaluate the housing-industrializing market once again, and see if it makes sense to re-enter the market• Establish close relationships with government agencies and local partners
Other regions	<p>Singapore</p> <ul style="list-style-type: none">• Strengthen the existing local partner relationships, and maintain the current exposure to the market in accordance with macroeconomy, the market, and demand/supply <p>UK</p> <ul style="list-style-type: none">• Strengthen the local partnership and promote the business in the market where there is a short housing supply

Let us do the work for you!

Sekisui House financial results FY 2019

Revenue JPY2,415.1 bn / OP JPY205.2 bn (OP margin 8.5%)



FY 2022 Targets per Our Plan

Revenue JPY2,850 bn (+18.0% ↑)

OP JPY280 bn (+9.8% ↑)

OP margin 9.8% (+1.4% ↑)

() = compared to FY 2019

Capital Policy

➤ Investing for Growth while Maximizing Shareholder Returns

Investment for Growth	<ul style="list-style-type: none">• Unwind cross-shareholdings and invest the proceeds in growth opportunities
Shareholder Returns	<ul style="list-style-type: none">• Increase dividends• Repurchase shares wherever it makes sense

Separation of Business Operations and Supervision

- Business Operations by strong leadership and Governance to support the Operations

Leadership	<ul style="list-style-type: none">• Fumiyasu Suguro, who has abundant experience in international business, will lead the company as CEO• Motohiko Fujiwara, who is highly respected in Japan's housing industry, will assist Fumiyasu Suguro as COO
Governance	<ul style="list-style-type: none">• Hitomi Kato, independent outside director, will be the Chairwoman of the Board• Establish Human Resource Advisory / Remuneration Advisory / Risk Policy Committees staffed solely by outside directors