

SEKISUI HOUSE

28 June 2024

Modern Slavery Statement 2023
Sekisui House Australia Holdings

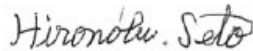
A message from the Group CEO & Managing Director

At Sekisui House Australia Holdings Pty Ltd (“Sekisui House”), we are united behind our philosophy of “Love of Humanity”. This philosophy underpins our approach to modern slavery and our desire to prevent harm. We remain committed to identifying and preventing modern slavery across our organisation, controlled entities, joint ventures, and throughout our supply chain. This commitment drives us to pursue year on year improvements, aimed at continuing to mature our approach to modern slavery risk management.

In 2023, as part of our commitment to constant improvement, Sekisui House introduced formal modern slavery controls into our procurement practices. We also established a Governance, Risk and Compliance Working Group who will be tasked with overseeing, implementing and improving our modern slavery risk management practices. We remain committed to continuously improving our approach to modern slavery risk and in FY24, a core focus area will be education and training, which we hope to provide for both our employees and suppliers.

This year’s Modern Slavery Statement outlines our ongoing actions to identify, prevent and address modern slavery across our operations and supply chain.

Yours sincerely



Hironobu Seto

Sekisui House Australia Group CEO and Managing Director



Hirotohi Katayama

Sekisui House Australia Executive Director

This joint statement was reviewed and approved by the Board of Sekisui House Australia on 28 June 2024. This statement is approved on behalf of Sekisui House’s owned and controlled entities which includes subsidiaries and joint ventures outlined in Appendix A, Table 4

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1 Introduction

Modern slavery is an umbrella term used to describe a range of practices that involve the serious exploitation of people through coercion, threats or deception used to undermine their freedom.

Our approach to managing modern slavery risks is guided by the United Nations Guiding Principles concept of cause, contribute and directly linked' as set out below:

- **Cause** - We may cause harm to people if our own actions directly result in such impacts.
- **Contribute** - We may contribute to harm to people if the actions or omissions in our operations or supply chains contribute to such impacts. Such as through our direct supplier relationships.
- **Directly Linked** - Our operations, products or services may be directly linked to modern slavery through the activities of another entity with whom we have a business relationship, such as with a joint venture partner or supplier, or through entities we do not have a direct contractual relationship with such as a supplier further down our supply chain.

This year, our Executive Committee approved the creation of the Governance, Risk and Compliance Working Group, which will meet to discuss human rights due diligence and modern slavery issues. The Working Group will consider plans to enhance the management of modern slavery risks, including the consideration to introduce a modern slavery compliance weighting to evaluate future suppliers and contractors in the future.

In the future, we are committed to progressing in our modern slavery efforts and we aim to implement outstanding activities carried over from our 2023 statement.

2 How we have addressed the reporting criteria

The table below sets out where in this Statement we have disclosed the relevant information to meet the reporting criteria set out under section 16(1) of the *Australian Modern Slavery Act 2018*.

Modern Slavery Act Criteria	Location
Identify each reporting entity covered by the joint statement	Page 5
Describe the structure, operations, and supply chains of each reporting entity	Page 5-8
Describe the risks of modern slavery practices in the operations and supply chains of each reporting entity	Page 8-9
Describe the actions taken by each reporting entity to assess and address these risks, including due diligence and remediation processes	Page 9-11
Describe how each reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	Page 11
Describe the process of consultation with each reporting entity covered by the joint statement	Page 6
Any other relevant information	Page 11-12

3 Our structure, operations and supply chains

Sekisui House Australia Holdings Pty Ltd is an Australian entity, operating under its immediate and ultimate Japanese parent entity Sekisui House, Ltd. (“SHL”). Sekisui House is a leading property developer and home builder. We are proud to be one of the fastest growing community developers in Australia.

At Sekisui House, we believe that an enduring and sustainable society is one that is based on a balanced, global eco-system, where all people can live in comfort. Our purpose is to create homes and communities that improve with time and last for generations. This is achieved by ensuring we maintain four core values in sustainable urban development – social, environmental, economic and residential value.

- **Social value:** perpetuating and developing local culture and building communities. At Sekisui House, we achieve this in the master planning design process through considered preservations of existing trees and natural features, and careful planning of walkways and cycleways to encourage residential interaction.
- **Environmental value:** preserving natural ecosystems and reducing the development’s impact on the environment. We achieve this is through integrating walkways and cycleways into our developments to reduce the need for vehicle transport and implementing projects to promote indigenous flora.
- **Economic value:** maintaining and enhancing the value of the homes and communities, revitalising local economies and consideration of the long-term infrastructure needs of the communities in which we build.
- **Residential value:** long term comfort and security of dwellers, applying Universal Design Principles, community health and fitness considerations, and offering diverse housing types and amenities to cater to different generational and lifestyle needs.

Owned & Controlled Entities and Joint Venture Partners

This is a joint statement prepared by Sekisui House, which covers all entities owned and controlled by Sekisui House. Please see Appendix A, Table 4 for a full list of the entities owned and controlled by Sekisui House. Management of both reporting entities and owned and controlled entities is consolidated into one management structure including corporate policies, governance structures and due diligence activities.

Sekisui House is an unincorporated joint venture partner with Payce Consolidated Pty Ltd for the Melrose Park Developments, as well as the Bayswater, EMT and Ferry Wharf Terminal Developments. Sekisui House also has an unincorporated joint venture partnership with Frasers Property Group for the Central Park Development. Our unincorporated joint ventures listed in Appendix A, Table 4 are included in this statement.

Serrata Development Pty Limited is a partially owned joint venture with Lendlease Development, Appendix A, Table 5. This joint venture is not included in this statement.

Throughout this statement, where reference is made to Sekisui House, for example in describing risks of modern slavery, this should be taken to cover the activities of all reporting entities listed in Appendix A, Table 4. This statement was prepared by Sekisui House, with input from stakeholders across the group business. At Sekisui House, we operate our entire business as one entity, with directors from our owned and controlled entities part of Sekisui House’s board. As such, direct engagement with our subsidiaries and joint venture beyond these directors did not take place.

Engagement with Sekisui House, Ltd. (SHL)

We have regular communication and discussion with the SHL Human Relations Office (SHL HRO) to work together on the Human Rights due diligence activities including our modern slavery response. We exchange information and opinions regarding efforts to respect human rights with the SHL HRO.

Our Business

Our business (which includes our subsidiaries) is structured around two build-to-sell options for our customers in Australia:

1. **Apartment & Mixed-Use Developments:** We project manage multiple apartment development projects, including Melrose Park, Sanctuary, The Orchards, Ripley Town Centre, West Village and Coolum. Management of Apartments Developments activities, such as design, capital works, sourcing, construction and maintenance are outsourced to contractors.
2. **Residential Communities and Home Building:** Our development activities include the acquisition of land, council approvals, civil works and design, and construction of residential buildings. We also have oversight on sourcing materials and manufacturing and manage the onsite construction activities outsourced to contractors.

Our **Corporate** function has oversight of Capital and Investment, Human Resources, Information and Communications Technology, Administration, Finance/Accounting and Corporate Marketing to support the two home-building activities. Corporate functions are mostly managed internally. However, several functions including marketing and sales are outsourced to third parties.

Figure 1 below sets out our corporate activities, with an indication of which activities we undertake internally, and those that we do not manage internally.

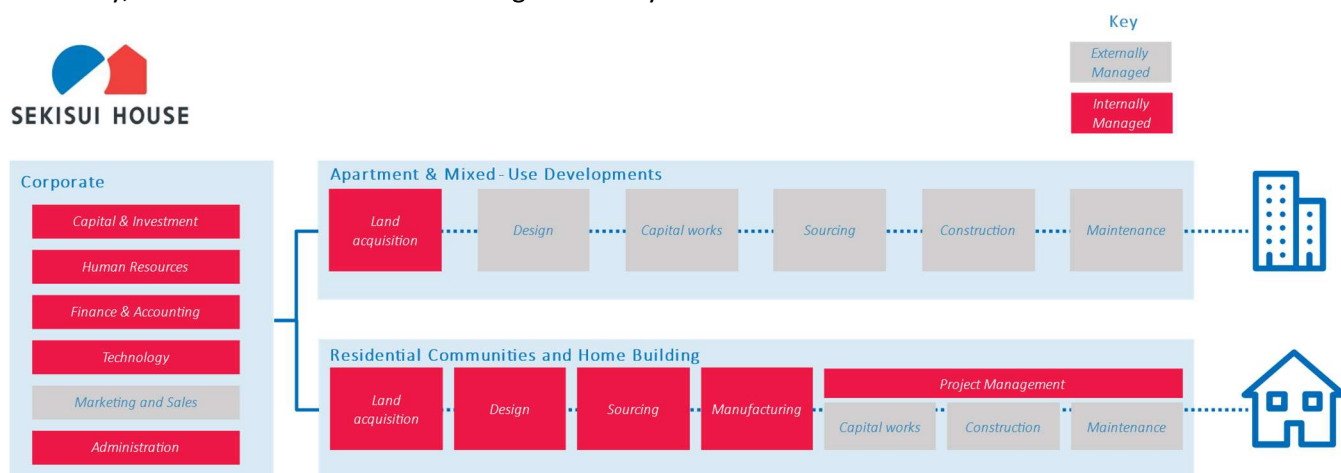


Figure 1: Sekisui House Value Chain

Corporate governance structure

We have a robust and clearly defined corporate governance structure. Our Executive Team, which includes our Executive Director and Chief Financial Officer (CFO) and General Manager, is led by our Group CEO and Managing Director, who has the ultimate responsibility for approving this Statement and implementing the commitments we make. Our Development Directors are responsible for Group sourcing decisions, including having accountability for identifying, assessing and remediating any potential instances of human rights violations.

Operations and people (workforce)

Our workforce consists of a range of specialised individuals who operate within professional services, manufacturing (at Sekisui House factories), capital investments for purchasing land and developments, surveying and skilled trades.

Our direct workforce are all professionals and are based in Australia. A proportion of our employees were transferred to Australia from our parent entity SHL in Japan. During the reporting year, a total of 22 expatriates were transferred to our Australian firm. For some specialised corporate roles, such as sales and marketing, external Australian-based agents are utilised.

In 2023, Sekisui House employed 183 people, of whom 92% worked in full-time roles. The remaining employees are either employed on a part-time or contractual basis. Table 1 sets out the employee breakdown for the reporting period.

Table 1: Breakdown of Sekisui House workforce

Employment type	Number	% of total workforce
Full Time	169	92%
Part Time	9	5%
Contract	5	3%
Total	183	100%

Suppliers

In 2023, we noted that there were no significant changes in supplier categories and spending data compared to the previous year. As a result, we did not conduct a detailed supplier risk assessment in 2023. We plan to undertake a supplier risk assessment in the next reporting year. We will however continue to evaluate the appropriateness of when risk assessments are conducted.

For reference, in 2022, we undertook a modern slavery risk assessment across 1546 suppliers from a range of goods and services. The majority of our expenditure was for materials and services in relation to our construction projects. Furthermore, the majority of our expenditure come from products and services procured in Australia.

Table 2 below provides insight into the top procurement categories for Sekisui House in 2022.

Table 2: Breakdown of top procurement categories in 2022

Nature of good or service	Number of Suppliers	% of total spend
Services		
Construction	127	49.580%
Legal	39	25.350%
Marketing	386	14.170%
Consulting	297	4.456%
Maintenance	189	1.361%
Recruiting	30	1.318%
Logistics	17	0.716%
Utilities	28	0.433%
Telecommunication	14	0.420%
Engineering	21	0.281%

	Cleaning	35	0.202%
	Office services	62	0.183%
	Product hire	18	0.170%
	It services	16	0.146%
	Catering	40	0.131%
	Security	14	0.103%
	Printing	16	0.055%
	Training	50	0.050%
	Travel	10	0.043%
	Translation services	4	0.001%
Goods	Software	21	0.283%
	Forest products	10	0.262%
	Tech hardware	11	0.175%
	Office goods	66	0.088%
	Electronic equipment	12	0.012%
	Apparel	8	0.008%
	Industrial machinery	3	0.005%
	Metal	1	0.001%
	Textiles	1	0.001%

4 Identifying modern slavery risks

At Sekisui House, we are committed to operating in alignment with the UNGP Framework. As mentioned, in 2023 we did not carry out a supplier risk assessment. In 2022, however we engaged a consultant to assess the modern slavery risks in our tier 1 suppliers to identify modern slavery risk. The external consultants we engaged used an iterative process. Leveraging supplier data across the two most recent financial years, they performed data cleansing procedures before inputting the final data extract into a modern slavery risk assessment tool. The suppliers that were assessed represented 99% of our total spend. Of our tier 1 suppliers,¹ 29 supplier categories were assessed across country risk, industry risk and industry controversy risk and provided with an overall risk rating.

Understanding geographic risks

Globally, every country has some form of modern slavery, however certain regions and countries carry a higher risk of modern slavery. There are multiple drivers of modern slavery that contributes to an increased likelihood of modern slavery practices occurring.

This year, we prioritised undertaking a geographic risk assessment on suppliers providing services (but not goods) to Sekisui House. We acknowledge that whilst many of our suppliers are based in

¹ Tier 1 suppliers refer to our direct suppliers that Sekisui House has a direct spend relationship with for goods or services. Tier 2, 3, 4 etc are suppliers further down our supply chain which we do not have a direct relationship with.

Australia, a high number of the goods used in our business are sourced from outside of Australia where there is more inherent geographic risk.

Understanding industry risks

Within each industry, certain goods and services also carry an inherent risk of modern slavery. This can be due to certain workforce characteristics that are known to correlate with modern slavery practices, such as: low pay, low skill, lack of legal protections and/or high degree and volume of manual labour.

In 2022 we assessed our goods and service suppliers based on their respective industries to understand which areas of our supply chain posed a higher risk of modern slavery. To accompany our analysis of industry risk, a literature and media review was conducted into each industry to identify controversies as they relate to ESG topics. These results were fed into the overall industry risk rating. We believe there have been no significant changes in 2023 compared to the result in 2022.

5 Our approach to managing modern slavery risks

During 2023, we continued to advance our approach to managing modern slavery risks, including developing a modern slavery supplier questionnaire. This questionnaire has been integrated into our tender process and is issued to all new suppliers to assess their approach to modern slavery risk management.

We maintain a reasonable approach to managing modern slavery risks, considering our structure and risk exposure, and it is centred around our policy and governance framework. Our Human Rights Policy details our commitment to integrate human rights due diligence processes in our business activities, in line with the United Nations Principles on Business and Human Rights. As a demonstration of our commitment, Sekisui House is a signatory of the United Nations Global Compact.

Commitment and Governance

We strive to uphold the principles outlined in our Human Rights Policy and our Code of Conduct to provide fair and equal employment opportunities within our operations.

We maintain a strong policy framework. Our policies reflect the core principles and expectations of employer and employee conduct and function to support our broader commitment to upholding human rights (see Appendix B, table 6 for a complete list of policies). We regularly review and update our policies to ensure they remain consistent with best practice. Relevant policies include:

- Human Rights Policy
- Risk Management Policy
- Procurement Policy Home Building
- Procurement & Purchasing WHS&E Manual
- Code of Conduct
- Australian Whistleblowing Policy
- Australian Grievance and Complaints Policy

Due Diligence

In 2023, we took measures to formally integrate modern slavery controls into our supplier due diligence processes, through the introduction of a supplier questionnaire. The intent of the questionnaire is to assess suppliers' policies and practices to identify, assess and mitigate modern slavery risks in their supply chains and operations. Our supplier questionnaire enables us to collaborate meaningfully with our suppliers and help us with mapping and understanding our Tier 2 and beyond supply chains.

Beyond this, given the controls we have in place and the generally low-risk nature of our direct employees, we consider our existing policies and processes to provide effective controls for the risk of modern slavery.

We follow principles to ensure appropriate conduct towards suppliers is maintained and choose only reputable suppliers that align with our values and commitment to excellence.

Our Procurement and Estimating team are responsible for ensuring we achieve the best outcomes in terms of both price and quality when sourcing goods and services. We pride ourselves on having deep longstanding relationships with our suppliers.

Our Procurement & Purchasing WHS&E Manual outlines the responsibilities for procurement, thresholds, assessment and ongoing monitoring of suppliers and required actions. We also keep a list of suppliers, with some high-level transparency over the type of procurement, acknowledging that this does not include individual supplier transactions to be kept for a given reporting period.

To mitigate the risks of modern slavery in our supply chain, we have several informal measures in place. These include sourcing many of our building materials from Australian suppliers, implementing stringent quality checks for all construction materials, and requiring the Chief Financial Officer to review and approve all corporate expenditures above \$5000.

Taking the insights from our modern slavery risk assessment conducted in 2022, we will look to continue to formalise our commitments to supply chain due diligence. Specifically, through the newly formalised Governance, Risk and Compliance Working Group we will develop a Supplier Code of Conduct that sets out our expectations for our suppliers' management of modern slavery risks and will establish ongoing due diligence processes to identify, manage and mitigate risks of modern slavery in our supply chains in the next reporting year.

Supplier risk management

We have been working to uplift our risk management activities. While we currently have limited modern slavery controls in place, we do have a number of corporate controls that are fundamental to supporting the management of our human rights risks and compliance with laws, regulations and contractual obligations.

Our risk management framework seeks to apply risk management across the organisation, so that all material risks can be identified, assessed and mitigated. Under the supervision of the Sekisui House Directors, managers are responsible for designing and implementing risk management and internal control systems to manage Sekisui House's material business risks. The next step is for us to embed modern slavery risks within our risk management framework.

We will also seek to incorporate modern slavery risk management into our critical business activities, functions, and processes so that understanding of modern slavery issues can appropriately inform our decision-making at every level.

Given the nature of procurement in construction, we are committed to working with our project partners – including contractors and joint ventures to ensure appropriate controls and oversight for the management of modern slavery risk.

On-site risk management

Our on-site operations are governed by a diverse team that includes project managers, licensed construction supervisors and internal Quality Assurance team members. We take a proactive and open approach to managing our on-site operations. Any potential issues such as potential WHS breaches, poor quality standards and employment concerns, including instances of human rights violations, can be directly reported to on-site supervisors.

For our Apartment & Mixed-Use Developments construction sites, every worker working on our sites is required to undertake a site induction which includes work, health and safety (WH&S) and other key information to work safely on site. We have oversight of every worker on our construction sites, through the requirement of each worker to scan in with a QR Code each day. Data is collected and accessible to us from builders we contract relating to WH&S, injuries, workers' residency status, work permits, insurance, and other information.

On every Residential Communities and Home Building construction site, one of our personnel oversees workplace health and safety for all workers, including inducting all contractors and sub-contractors onto site.

Remediation

Sekisui House is committed to openness, probity, and accountability. We provide a number of separate whistleblowing services internally. Our channels for reporting grievances are clearly communicated in our Australian Whistleblowing Policy, as well as the Employee and Contractor Manuals. Stakeholders, including both direct employees and employees of our suppliers, can make anonymous reports to the relevant Authorised Disclosure Officers. The contact details of these Officers are provided to all stakeholders via the policies and manuals mentioned above. Internal employees can also raise personal work-related grievances by following the processes outlined in the Grievances and Complaints Policy located on the Employee Connect service. In future, we will look to define a specific approach to responding to modern slavery grievances, and remediation. We aim to ensure a clearly streamlined process is in place for addressing instances where there is an adverse impact linked to our direct operations or supply chain. Additionally, we will provide training to employees and contractors on their modern slavery obligations and to promote awareness of grievance channels.










6 Assessing the effectiveness of our actions

We continue to progress our approach to reviewing and assessing the effectiveness of our modern slavery response. In 2022 we enlisted the support of an external consultant to analyse our processes and provide a series of recommendations aimed at improving the oversight and management of modern slavery risk in our supply chain and operations. In 2023, we established the Governance, Risk and Compliance (GRC) Working Group who will oversee the implementation of the proposed recommendations.

In the next reporting period, the GRC Working Group will continue to explore opportunities to strengthen our approach the monitoring and evaluation. We also plan to establish a comprehensive approach to measuring effectiveness and will provide details in our 2024 statement.

7 Looking back and ahead

We are committed to maturing our approach to managing modern slavery risks in our operations and supply chain. We have reflected on the forward-looking actions in our 2022 statement and provided the following updates:

FY22 Intentions	Status	FY23 Comment
<i>Governance, policies and standards</i>		
Establish a modern slavery working group with representatives from relevant business units with clear lines of accountability up to the		The Governance, Risk and Compliance (GRC) Working Group was approved by the Executive Committee.
<i>Articulate modern slavery program vision</i>		
Work with affected stakeholders to define and articulate the vision for a modern slavery program including different procurement relationships e.g. JV partners		This has not started yet in 2023. The newly established GRC Working Group will oversee this action in 2024.
Set clear expectations for the boundaries and goals of the program including setting clear metrics and targets		This has not started yet in 2023. The newly established GRC Working Group will oversee this action in 2024.
<i>Monitoring and reporting</i>		
Establish data collection and verification approach for all targets and measure of performance		This has not started yet in 2023. The newly established GRC Working Group will oversee this action in 2024.
<i>Grievance mechanisms and remediation</i>		
Review grievance mechanism available to workers in supply chain and consider options appropriate to this sector.		This has not started yet in 2023. The newly established GRC Working Group will oversee this action in 2024.
<i>Supply Chain Risk Management</i>		
Perform a deeper review of supply chain structure of highest risk suppliers e.g tier 2 suppliers based on the results of our external consultant's risk assessment.		This has not started yet in 2023. The newly established GRC Working Group will oversee this action in 2024.
Use results of our external consultant's risk assessment to identify focus areas. Develop a risk mitigation action plan for these defined focus areas.		This has not started yet in 2023. The newly established GRC Working Group will oversee this action in 2024.
Progress on key commitments  Complete  Begin in FY24		

We are committed to maturing our approach to managing modern slavery risks in our operations and supply chain. In the next reporting year, we will:

- Develop an approach to assessing the effectiveness of our actions on an ongoing basis.
- The Governance, Risk and Compliance Working Group will develop a robust work plan and monitor the steps required to progress with modern slavery management.
- Provide our general managers and procurement staff with training and capability development to enhance the understanding of modern slavery risk and associated prevention and mitigation actions.

Appendix A: Sekisui House owned and controlled entities

Table 4: Owned and controlled entities and joint ventures - Sekisui House Australia Holdings Pty Ltd

Subsidiary (Tier 1)	Subsidiary (Tier 2)	Subsidiary (Tier 3)
SH Melrose LAND Pty Ltd	-	-
SH Melrose DM Pty Ltd	-	-
SH HB Finance No. 2 Pty Ltd	SH HB Finance No. 1 Pty Ltd	-
SH Homebush Peninsula Pty Ltd ATF SH Homebush Peninsula Unit Trust	Henlia No. 11 Pty Ltd -	Homebush Peninsula Pty Ltd (Nominee)
SH Melrose PP Land No. 2 Pty Limited	SH South St Leonards Pty Limited	-
SH FWT Investment Pty Limited	SH FWT Development Pty Limited	-
SH Melrose Investment 1 Pty Ltd	SH Melrose Development 1 Pty Ltd	-
SH Melrose Investment 2 Pty Ltd	Melrose Park Development 1 Pty Ltd Melrose Park Development 2 Pty Ltd Melrose Park Development 3 Pty Ltd SH Melrose Development 2 Pty Ltd	Melrose Park UJV
SH EMT East Investment Pty Ltd	SH EMT East Development Pty Ltd	-
SH EMT West Investment Pty Ltd	SH EMT West Development Pty Ltd	-
SH WE HILLS INV Pty Ltd	SH WE HILLS DEV Pty Ltd SH WEST END Pty Ltd	- -
Sekisui House West Village Retail Pty Ltd	-	-
SH Melrose PP land Pty Ltd	-	-
SH Melrose PP DM Pty Ltd	SH Yards Development Pty Ltd	-
Henlia No. 9 Pty Ltd	Henlia No. 10 Pty Ltd Henlia No. 13 Pty Ltd Bcove 4 Pty Ltd ATF Bcove4 Unit Trust	Ripley Town Holdings Pty Ltd - -
Sekisui House Australia Pty Ltd	-	-
SHD Services Pty Ltd ATF SHDS Unit Trust	-	-
SHA Finance Pty Ltd	-	-
Sekisui House Mast (NSW) Pty Ltd	-	-
Sekisui House Mast (QLD) Pty Ltd	-	-
Sekisui House Realty (NSW) Pty Ltd	-	-
Sekisui House Realty (QLD) Pty Ltd	-	-
Sekisui House Construction (Australia) Pty Ltd	-	-
Sekisui House Services (QLD) Pty Ltd	-	-
Sekisui House Services (NSW) Pty Ltd	-	-

Sekisui House Services (VIC) Pty Ltd	-	-
Sekisui House Services (SA) Pty Ltd	-	-
SH Central Park Investment West Pty Ltd	SH Central Park Development West Pty Ltd	-
SH Central Park Investment East Pty Ltd	SH Central Park Development East Pty Ltd	-
SH Coolum residences Pty Ltd	-	-
SH Coolum Pty Ltd	SH Coolum Western Pty Ltd	-
SH Camden Valley Pty Ltd. ATF SH Camden Valley Unit Trust		-
SH Camden Lakeside Pty Ltd ATF SH Camden lakeside Unit Trust		-
SH Hill Road Investment Pty Ltd	SH Hill Road Development Pty Ltd	-
SH Orchards Pty Ltd	-	-

Note: (1) The following entities were deregistered on 20 December 2023 and, as such, are not in scope for this report: Homebush St Tropez Pty Ltd, Henlia No. 2 Pty Ltd, Homebush Alora Pty Ltd, Henlia No. 17 Pty Ltd, BCOVE 5 Pty Ltd. In the subsequent month, the following entities were also deregistered: SH Homebush St Tropez Pty Ltd, SH Homebush Alora Pty Ltd, and Devus Pty Ltd. (2) The following entities changed name on 21 December 2023 from SH Baywater Investment Pty Limited and SH Baywater Development Pty Limited to SH Melrose PP Land No. 2 Pty Limited and SH South St Leonards Pty Limited.

Table 5: Partly owned and controlled entities and joint ventures - Sekisui House Australia Holdings Pty Ltd

Name	Type	Joint venture partner	Holding
Serrata Development Pty Limited	Joint Venture	Lendlease Development	50%