



## Notice Regarding Response to Litigation Demand from Shareholder

**April 19, 2018** – As announced in the press release of Sekisui House, Ltd. (“the Company”) on March 6, 2018 titled “Notice Regarding Litigation Demand from Shareholder,” the Company received the demand that it initiate litigation to pursue the liability of a Director, addressed by an individual shareholder to the Audit & Supervisory Board Members of the Company on March 5, 2018.

The demand seeks the institution of a lawsuit to pursue liability demanding the payment of damages of an amount equivalent to the damages the Company incurred by fraud involving the substantial amount of 5,559 million yen in Problems with the Purchase of the Land for Condominiums, and a penalty for the delay in payment on the grounds that Representative Director Toshinori Abe made an error in judgment in the course of executing business and neglected to supervise and monitor the other Directors and employees, in other words, that he was negligent in the execution of his duties, and that he also violated the duty of care and the duty of loyalty.

In response to the demand, the Audit & Supervisory Board established an internal response team under the Audit & Supervisory Board on March 8, 2018, and asked external attorneys to examine and collect their opinion, then an extraordinary meeting of the Audit & Supervisory Board Members was held from 17:00 on April 18, 2018, and policies to respond were discussed at the meeting. As a result, all of the Audit & Supervisory Board Members decided that litigation for claiming damages against Representative Director Abe would not be initiated.

The Company announces that a report about the decision from the Standing Audit & Supervisory Board Member Wada to Representative Director Abe was received today.

Meanwhile, the Company takes the occurrence of the damages from the fraud above seriously, and senior management of the Company will take the initiative to ensure enhanced liaison among the divisions and departments and implement reforms to awareness of response to risk robustly.

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