

Notice regarding the Introduction of Restricted Stock Remuneration Plan

March 7, 2019 – Sekisui House Ltd, (the “Company”) hereby announces that at the meeting of the Board of Directors held today, the system of remuneration for officers had been revised, and decided to introduce a restricted stock remuneration plan (the “Plan”), to propose a proposition concerning the Plan on the agenda for the 68th Ordinary General Meeting of Shareholders to be held on April 25, 2019 (the “General Meeting of Shareholders”).

1. Purpose of the introduction of the Plan

Targeting its Directors, excluding Outside Directors (the “Directors”), the Company would like to introduce the Plan to allot them restricted stock for the purpose of providing the incentive to continuously enhance the corporate value of the Company and of further enhancing value sharing with shareholders.

2. Condition for the introduction of the Plan

Under the Plan, a monetary remuneration claim will be paid as remuneration to the Directors for the allotment of restricted stock. Consequently, the introduction of the Plan will be conditional on the approval of shareholders at the General Meeting of Shareholders for the payment of the monetary remuneration.

A total amount of remuneration for the Company’s Directors of up to 43 million yen per month was approved at the 43rd Ordinary General Meeting of Shareholders held on April 27, 1994. In addition, at the 56th Ordinary General Meeting of Shareholders held on April 26, 2007, a total amount of remuneration for stock acquisition rights as stock compensation-type options for the Company’s Directors of up to 90 million yen per annum (maximum number of stock acquisition rights: 90 (90,000 shares)) was approved. The Company will make a proposal to the General Meeting of Shareholders to establish a total amount of the monetary remuneration claim for the allotment of restricted stock to the Directors at a maximum of 90 million yen per annum, which it considers reasonable in light of the aforementioned purpose, the same amount as the current stock acquisition rights as stock compensation-type stock options, separate from the existing remuneration for Directors.

If the introduction of the Plan is approved at the General Meeting of Shareholders, the Company will abolish the existing provisions concerning the amount of remuneration for stock acquisition rights as stock compensation-type stock options and said stock option system, excluding the outstanding stock acquisition rights, and discontinue the allotment of new stock acquisition rights as stock compensation-type stock options in the future.

3. Overview of the Plan

Under the Plan the Directors shall receive shares of the Company’s common stock, upon issuance or disposition thereof by contributions in-kind of the entire monetary remuneration claim paid by the Company based on the Plan.

The total amount of the monetary remuneration claim paid to the Directors shall be up to 90



million yen per annum, as described above. The specific timing of payments and allotment to each the Director shall be determined by the Board of Directors.

In the Plan, the total number of shares of common stock for new issuance or disposition by the Company to the Directors shall be up to 90,000 shares per annum (provided, however, in cases where there is a stock split of the Company's shares of common stock (including a gratis allotment of shares of the Company's common stock) or a stock consolidation thereof which takes effect on the same day when or on any other day after the resolution by the General Meeting of Shareholders is adopted, said total number will be adjusted to a reasonable extent in proportion to the share split ratio, share consolidation ratio, etc.).

Further, the amount to be paid per share shall be the closing price of shares of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors regarding said issuance or disposition (or the closing price on the trading day immediately prior thereto if there is no transaction concluded on the relevant business day).

(1) Period and content of transfer restriction

The Directors may not transfer to any third party, create a pledge or a security interest on, grant as advancement before death, devise or otherwise dispose of the shares of the Company's common stock ("Transfer Restriction") allotted (the "Allotted Shares") during a period predetermined in advance by the Company's Board of Directors, which shall be from 3 years up to 30 years from the date when the allotment was received (the "Transfer Restriction Period").

(2) Treatment in cases of loss of position

If, prior to the expiry of the Transfer Restriction Period, the Director loses a position as either a Director or an Executive Officer of the Company (including an executive officer in the case in which the Company makes the transition to a company with nomination committee, etc. in the future), the Company shall make a gratis acquisition of the Allotted Shares as a matter of course, with the exception of expiration of term of service, death or other reasons which the Board of Directors judges to be legitimate for the loss of position.

(3) Lifting of transfer restriction

The Company shall lift the Transfer Restriction on all of the Allotted Shares at the expiry of the Transfer Restriction Period on the condition that the Director was in the position of either Director or Executive Officer (including an executive officer in the case in which the Company makes the transition to a company with nomination committee, etc. in the future) of the Company continuously during the Transfer Restriction Period.

However, if such the Director loses a position as either a Director or an Executive Officer of the Company prior to the expiry of the Transfer Restriction Period due to the expiration of the term of service, death or other legitimate reason, the Company shall adjust to a reasonable extent as necessary the number of Allotted Shares on which to lift the Transfer Restriction and the timing of the lifting of the Transfer Restriction. Further, in accordance with the above provisions, the Company shall, as a matter of course, make a gratis acquisition of the Allotted Shares on which the Transfer Restriction has not been lifted immediately after the Transfer Restriction has been lifted.



(4) Handling in case of reorganization, etc.

If, during the Transfer Restriction Period, a merger agreement in which the Company becomes a non-surviving company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly owned subsidiary of another company or any other matters related to reorganization, etc. is approved at a General Meeting of Shareholders (provided, however, at a meeting of the Board of Directors if the approval of the General Meeting of Shareholders for said reorganization, etc. is not required) of the Company, the Company shall, prior to the effective date of said reorganization, etc., lift the Transfer Restriction on a number of Allotted Shares determined in a reasonable manner by resolution of the Board of Directors based on the period from the date of commencement of the Transfer Restriction Period to the date of approval of said reorganization, etc.

In addition, in accordance with the above provisions, the Company shall, as a matter of course, make a gratis acquisition of the Allotted Shares on which the Transfer Restriction has not been lifted immediately after the Transfer Restriction has been lifted.

(5) Other matters

Other matters concerning the Plan shall be determined at meetings of the Board of Directors of the Company.

<For reference>

Provided that the General Meeting of Shareholders approves the introduction of the Plan, the Company also plans to introduce a plan similar to the Plan targeting at Executive Officers (excluding those who concurrently serve as Directors) of the Company.

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For further information, please contact:

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