



News Release

## **Notice regarding Reorganization of Sekisui House Real Estate Companies (Company-Split and Reorganization of Subsidiaries, etc.)**

**December 9, 2021** – At its meeting held today, the Board of Directors of Sekisui House, Ltd. (the "Company") resolved to perform an absorption-type company split (the "absorption-type company split") with Sekisui House Real Estate Holdings, Ltd. ("Real Estate HD", a wholly owned subsidiary the Company established on November 1, 2021), with February 1, 2022 as the effective date, and concluded an absorption-type company split agreement with Real Estate HD effective as of the same date in connection with the reorganization of Sekisui House Real Estate Companies (the "reorganization") the Company had announced in the Notice regarding Determination of Policies on Reorganization of Sekisui House Real Estate Companies (Company-Split and Establishment of a Preparatory Company Associated with Transition to an Intermediary Holding Company) dated September 9, 2021.

In connection with the reorganization of subsidiaries and the like, the Company also decided to perform an absorption-type merger as part of the reorganization, with its subsidiary Sekisui House Real Estate Tokyo, Ltd. ("Real Estate Tokyo") as the surviving company and its subsidiary Sekiwa Grand Mast, Ltd. ("GM") as the disappearing company (the "merger").

The Company partially omitted disclosure items and disclosure content from this press release because this absorption-type company split is a simplified absorption-type company split involving its wholly owned subsidiaries and the reorganization of subsidiaries and the like involve its consolidated subsidiaries only.

### **I. Purpose of the reorganization**

Sekisui House Real Estate Companies, Sekiwa Grand Mast, Ltd., and their subsidiaries, etc. ("Sekisui House Real Estate Group") are subsidiaries of Sekisui House, Ltd. Sekisui House Real Estate Group is a comprehensive real estate Group engaging in real estate purchase and sale, brokerage, rental housing management and subleasing, remodeling and other operations. It plays a central role in the Supplied Housing Business by leveraging the Company's strong customer base and has grown to a business that accounts for a large portion of the Sekisui House Group's consolidated operating income.

Toward the achievement of the 30-Year Vision, a focus on the sustained growth and maximization of the corporate value of Sekisui House Real Estate Group are essential. Accordingly, the Company has decided to advance its business by establishing an intermediary holding company that controls Sekisui House Real Estate Group with an eye to expansion of its business scope.

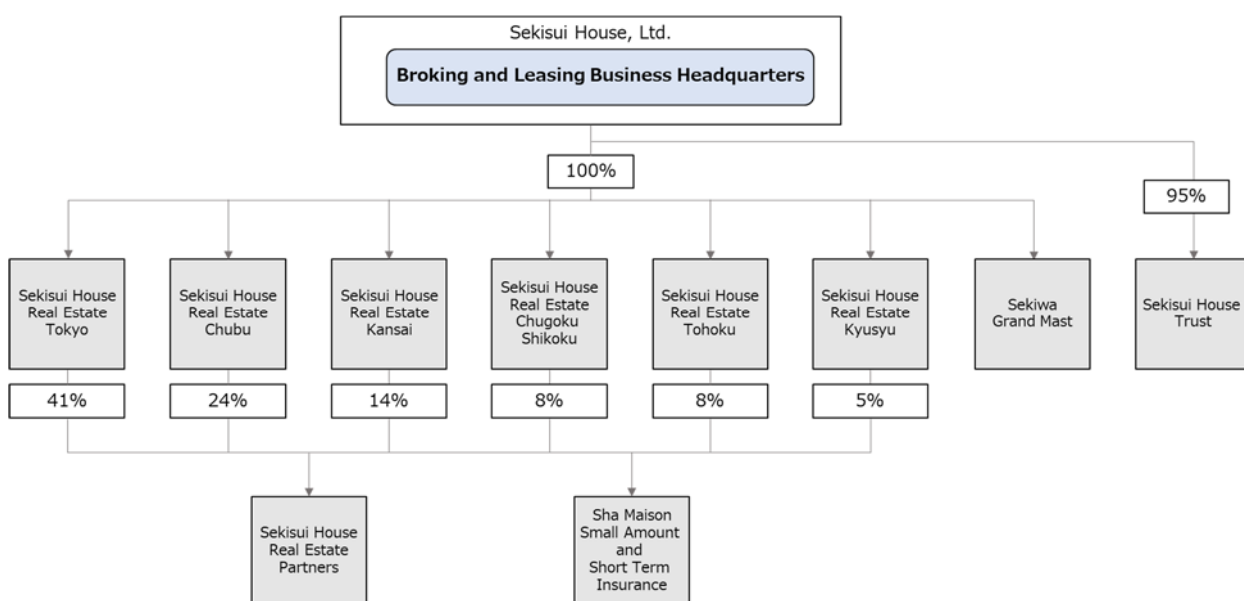
The Company has also decided to merge GM with Real Estate Tokyo, which has stable business foundations and the ability to find tenants, to strengthen the management of living complexes for senior citizens and privately operated homes for elderly.

Achieving Sekisui House Real Estate Group's focused prime area marketing strategies and quality real estate management will be sought by leveraging the community-based presence and business characteristics of the companies in the Group. Moreover, through the flexible execution of personnel

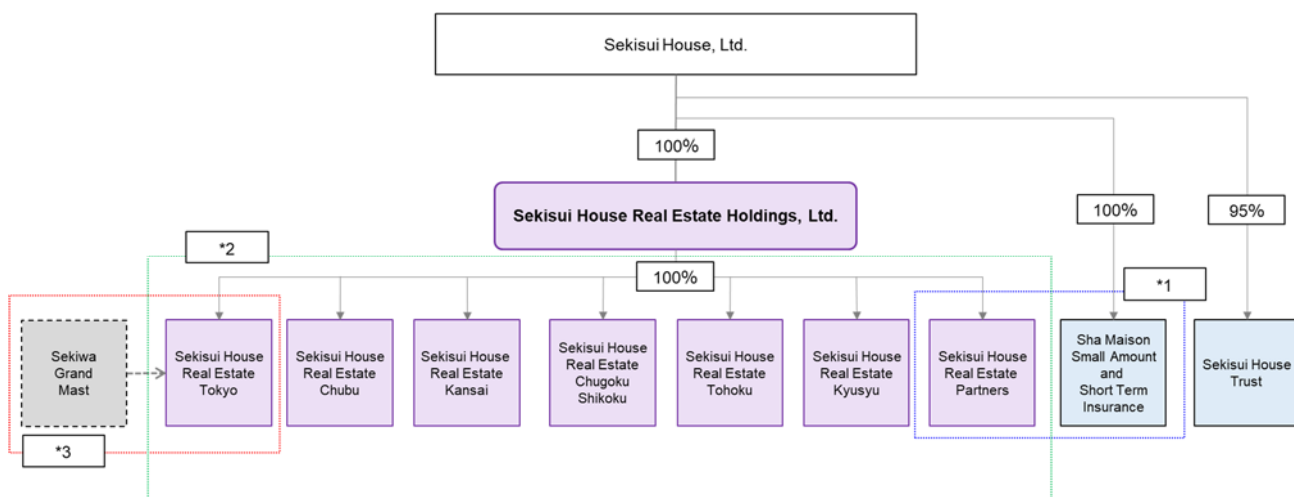


system innovation, the transfer of authority to the intermediary holding company and clarification of responsibilities, realization of growth strategies and enhancement of corporate governance will be pursued with the aim of facilitating the growth of the Supplied Housing Business.

[Organization Chart of Sekisui House Real Estate Companies]  
(Before reorganization)



(After reorganization)



- \*1 Sekisui House Real Estate Partners, Ltd. and Sha Maison Small Amount and Short Term Insurance, Ltd. will be converted into the Company's wholly owned subsidiaries by means of distribution in kind.
- \*2 The shares of six Sekisui House Real Estate Companies and Sekisui House Real Estate Partners, Ltd. held by the Company will be transferred to Sekisui House Real Estate Holdings, Ltd.
- \*3 Sekiwa Grand Mast, Ltd. will be merged into Real Estate Tokyo.

## II. Outline of the reorganization



## 1. Absorption-type company split involving the Company and Real Estate HD

Businesses under the jurisdiction of the Company's Broking and Leasing Business Headquarters will be transferred to Real Estate HD through the absorption-type company split.

### (1) Outline of the absorption-type company split

#### (i) Schedule of the absorption-type company split

(1) Date of resolution by the Company's Board of Directors to approve the absorption-type company split agreement	December 9, 2021
(2) Date of conclusion of the absorption-type company split agreement	December 9, 2021
(3) Effective date of the company split	February 1, 2022 (scheduled)

(\*) Since the company split will be a simplified company split that satisfies the conditions described under Article 784, Paragraph 2 of the Companies Act, no general meeting of shareholders of the Company will be held to approve the absorption-type company split agreement.

#### (ii) Method of the absorption-type company split

The company split will be an absorption-type company split with the Company as the splitting company and the Real Estate HD, the Company's wholly subsidiary, as the successor company.

#### (iii) Details of allocation related to the company split

At the time of the company split, Real Estate HD will issue 1,800 shares of its common stock, all of which will be allocated to the Company.

#### (iv) Handling of stock acquisition rights and bonds with stock acquisition rights

There will be no change in the handling of stock acquisition rights issued by the Company, and the Company has not issued any bonds with stock acquisition rights.

#### (v) Increase/decrease in capital stock due to the absorption-type company split

There will be no change to the amount of the Company's capital.

#### (vi) Rights and obligations to be assumed by the successor company

Real Estate HD will take over assets, agreements, other rights and obligations, and the like in connection with businesses under the jurisdiction of the Company's Broking and Leasing Business Headquarters within a scope prescribed in the absorption-type company split agreement dated December 9, 2021.

#### (vii) Prospects for fulfilling financial obligations

There is no problem with the fulfillment of financial obligations in the company split because the Company assumes obligations not releasing an obligator.

**(2) Profiles of the parties involved in the company split**

	Splitting Company	Successor Company
① Name of company	Sekisui House, Ltd.	Sekisui House Real Estate Holdings, Ltd.
② Location	1-1-88, Oyodonaka, Kita-ku, Osaka	1-1-90, Oyodonaka, Kita-ku, Osaka
③ Representative	Yoshihiro Nakai Representative Director President & Executive Officer, CEO	(From February 1, 2022) Kunpei Nishida (*1) President & Representative Director (through January 31, 2022) Noriaki Shimatani Representative Director
④ Business description	Contracting of design and construction of pre-engineered houses; sale of houses and residential land; sale, acquisition, brokerage, leasing and management of real estate; remodeling and renovation of houses; and other related businesses	Managing and controlling the Group by holding shares or equity interest
⑤ Capital	202,591 million yen	10 million yen
⑥ Establishment	August 1, 1960	November 1, 2021
⑦ Total number of shares issued	684,683,466 shares	200 shares
⑧ Fiscal period	January 31	January 31
⑨ Major shareholders and shareholding ratios (*2)	The Master Trust Bank of Japan, Ltd. (Trust account) 11.52% Custody Bank of Japan, Ltd. (Trust account) 5.48% Sekisui Chemical Co., Ltd. 4.53% SMBC Nikko Securities Inc. 3.30% Employees' Stockholding 2.73%	Sekisui House, Ltd. 100%
⑩ Business results and financial position of the last fiscal year		
Fiscal period	Consolidated fiscal year ended January 31, 2021	—
Net assets	1,368,887 million yen	Since the fiscal year ending January 31, 2022 is the first year of the establishment of Sekisui House Real Estate Holdings, Ltd., information on the financial situation and results of operations of the immediately preceding fiscal year does not exist.
Total assets	2,625,861 million yen	
Book value per share	1,948.12 yen	
Net sales	2,446,904 million yen	
Operating income	186,519 million yen	
Ordinary income	184,697 million yen	
Net income attributable to owners of parent	123,542 million yen	
Net income per share	181.18 yen	



(\*1) Kunpei Nishida, currently a Representative Director, Executive Vice President & Executive Officer (In charge of Division of Supplied Housing Business and General Manager of Broking and Leasing Business Headquarters) of the Company, is scheduled to assume the position of President & Representative Director at Real Estate HD on February 1, 2022.

(\*2) Major shareholders and shareholding ratios of the splitting company are as of July 31, 2021. The ratio of shareholding is calculated deducting shares of treasury stock from the total number of shares issued.

### (3) Outline of the business division to be split

(i) Outline of the business division to be split

Business under the scope of Broking and Leasing Business Headquarters of the Company

(ii) Results of the business to be split

No profit-making operations are conducted.

(iii) Items and book value of assets to be split

Assets	
Items	Book value
Shares of affiliates and subsidiaries	31.5 billion yen
Other assets	0.1 billion yen
Total	31.6 billion yen

(\*) Real Estate HD will not take over liabilities. The values of assets to be split are prepared on the basis of balance sheets as of October 31, 2021. The actual values of assets to be split will be determined after adjusting the values stated above with increases and decreases in the period through the effective date for the absorption-type company split.

(iv) Status after the absorption-type company split

There will be no change to the name, location, representative person, business description, capital, or accounting period of the Company which is the splitting company. Real Estate HD, the succeeding company, will allot 1,800 of its common shares to the Company through the absorption-type company split. As a result, the company's capital will increase by 90 million yen to 100 million yen.

## 2. Absorption-type merger involving Sekisui House Real Estate Tokyo and Sekiwa Grand Mast, Ltd.

### (1) Outline of the merger

(i) Schedule of the merger

Date of resolution by the Board of Directors (both companies)	December 20, 2021 (scheduled)
Date of conclusion of the merger agreement	December 20, 2021 (scheduled)
Date of approval at the general meeting of shareholders (both companies)	December 31, 2021 (scheduled)
Effective date of the merger	February 1, 2022 (scheduled)



(ii) Method of the merger

GM will dissolve itself through an absorption-type merger in which Real Estate Tokyo is the surviving company.

(iii) Details of allotment in connection with the merger

No share, other money and the like will be allotted through the merger.

(iv) Handling related to stock acquisition rights and bonds with stock acquisition rights in connection with the merger

No corresponding matter exists.

**(2) Profiles of the parties involved in the merger**

	Surviving Company	Disappearing Company
① Name of company	Sekisui House Real Estate Tokyo, Ltd.	Sekiwa Grand Mast, Ltd.
② Location	2-1-1, Yoyogi, Shibuya-ku, Tokyo	2-1-1, Yoyogi, Shibuya-ku, Tokyo
③ Representative	Toshikazu Shimanuki President & Representative Director	Shunsuke Miyamoto President & Representative Director
④ Business description	Brokerage and representation for real estate sales, exchanges and leasing, real estate sales, real estate leasing and real estate management	Management of living complexes for senior citizens and privately operated homes for elderly
⑤ Capital	2,238 million yen	400 million yen
⑥ Establishment	March 1, 1976	November 7, 2014
⑦ Total number of shares issued	23,128,800 shares	8,000 shares
⑧ Fiscal period	January 31	January 31
⑨ Major shareholders and shareholding ratios	Sekisui House, Ltd. 100%	Sekisui House, Ltd. 100%
⑩ Business results and financial position of the last fiscal year		
Fiscal period	Fiscal year ended January 31, 2021	Fiscal year ended January 31, 2021
Net assets	103,436 million yen	(6,221) million yen
Total assets	163,887 million yen	3,992 million yen
Book value per share	4,472.19 yen	(777,646.03) yen
Net sales	280,001 million yen	3,714 million yen
Operating income (loss)	27,669 million yen	(1,454) million yen
Ordinary income (loss)	27,798 million yen	(1,479) million yen



Net income (loss) attributable to owners of parent	18,742 million yen	(1,480) million yen
Net income (loss) per share	810.37 yen	(185,059.96) yen

**(3) State of affairs after the merger**

	Surviving Company
① Name of company	Sekisui House Real Estate Tokyo, Ltd.
② Location	2-1-1, Yoyogi, Shibuya-ku, Tokyo
③ Representative	Toshikazu Shimanuki President & Representative Director
④ Business description	Brokerage and representation for real estate sales, exchanges and leasing, real estate sales, real estate leasing, real estate management, and management of living complex for senior citizens and privately operated homes for elderly
⑤ Capital	2,238 million yen
⑥ Fiscal period	January 31

**III. Future outlook**

The Company Reorganization is anticipated to have an insignificant impact on the Company's consolidated business results because it is reorganization between the Company and its consolidated subsidiary.

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