

## Notice Regarding Disposal of Treasury Shares as Restricted Stock Remuneration

**May 21, 2020** – Sekisui House, Ltd. (the “Company”) hereby announces that a meeting of its Board of Directors held today resolved to dispose of its treasury shares (the “Disposal of Treasury Shares” or the “Disposal”). Details are as follows.

### 1. Overview of the Disposal

(1) Disposal date	June 5, 2020
(2) Class and number of shares to be disposed of	The Company’s Common stock 134,400 shares
(3) Disposal price	1,942.5 yen per share
(4) Total value of share disposal	261,072,000 yen
(5) Recipients of shares to be disposed of, number of the recipients and number of shares to be disposed of	The Company’s Directors (excluding Outside Directors) 8 persons 92,100 shares Executive Officers who do not concurrently serve as Directors of the Company 18 persons 42,300 shares
(6) Other	The Disposal of Treasury Shares is conditioned on the securities registration statement filed in accordance with the Financial Instruments and Exchange Act taking effect.

### 2. Purpose and reason for the Disposal

The Company resolved at a meeting of its Board of Directors held on March 5, 2020 to revise its remuneration system for the Company’s Directors for the purpose of functioning as a sound incentive for the Directors (the “Eligible Directors”), other than Outside Directors, and Executive Officers who do not concurrently serve as Directors of the Company (collectively, the “Eligible Directors/Officers”) for long-term and sustainable enhancement of corporate value. As part of that, the Company has reduced the ratio of bonuses to total remuneration and expanded the ratio of stock remuneration, and newly introduced a “performance-related stock remuneration (performance share unit) plan”, under which the number of shares to be granted to varies depending on their achievement of predetermined KPIs, in addition to the “restricted stock remuneration (restricted stock) plan”, which was introduced at the 68<sup>th</sup> ordinary general meeting of shareholders held on April 25, 2019, to have a two-layered stock remuneration plan.

As a result, at the 69<sup>th</sup> ordinary general meeting of shareholders held on April 23, 2020, on the restricted stock remuneration (restricted stock) plan (the “Plan”), it was approved to revise the remuneration limit of monetary remuneration claims for allotment of restricted shares to be up to ¥180 million per annum from ¥90 million so as to further enhance value sharing with shareholders, and it was also approved to revise the total number of shares of the Company’s common stock to be issued or disposed of for Eligible Directors to be up to 180,000 shares per annum from 90,000 shares.

An overview of the Plan and other relevant details are shown below.



[Overview of the Plan and other relevant details]

Under the Plan, the Eligible Directors/Officers shall pay the entire monetary remuneration claims provided by the Company as properties contributed in kind and receive shares of the Company's common stock, upon issuance or disposal thereof. The total number of shares of its common stock that the Company shall issue or dispose of under the Plan in order to allot them to the Eligible Directors shall be 180,000 shares or less per year. The amount to be paid in per share shall be the closing price of the shares of the Company's common stock on the First Section of Tokyo Stock Exchange on the business day immediately preceding the day of the relevant resolution of the Board of Directors (or the closing price on the trading day immediately prior thereto if there is no transaction concluded on said business day).

In addition, the issuance or disposal of shares of the Company's common stock under the Plan shall be subject to the conclusion of a restricted share allotment agreement between the Company and each of the Eligible Directors/Officers. The agreement shall include (1) provisions prohibiting the Eligible Directors/Officers from transferring, creating any right of pledge on or security interest by way of assignment, providing as inter vivo gifts or devising or otherwise disposing of the shares of the Company's common stock allotted pursuant to the restricted share allotment agreement to any third party for a specific period; and (2) provisions allowing the Company to make a gratis acquisition of said shares of its common stock under certain circumstances.

Taking into consideration the purpose of the Plan and the role of each of the Eligible Directors/Officers, the Company has decided that a total amount of monetary remuneration claims to be paid to the Eligible Directors/Officers shall be 261,072,000 yen (the "Monetary Remuneration Claims") and that the number of shares of the Company's common stock to be allotted to them shall be 134,400 shares, with a view to boosting motivation of each of the Eligible Directors/Officers. In addition, to realize value sharing with shareholders over the medium to long terms and in light of the purpose of introducing the Plan, the Company has decided that the transfer restrictions shall apply for a period of 30 years.

For the Disposal of Treasury Shares, 26 persons who are Eligible Directors/Officers to whom the share allotment is scheduled to be made shall pay in the entire monetary remuneration claims as properties contributed in kind, and receive the common stock of the Company to be disposed of by the Company (the "Allotted Shares") under the Plan. The restricted share allotment agreement to be made and entered into between the Company and each of the Eligible Directors/Officers (the "Allotment Agreement") is summarized in 3. Below.

### 3. Overview of the Allotment Agreement

(1) Transfer restriction period: From June 5, 2020 to June 4, 2050

(2) Conditions for lifting the transfer restrictions

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.

- (3) Treatment in cases of retirement of Eligible Directors/Officers due to expiration of their respective terms of office or other such legitimate reasons, within the transfer restriction period

(i) Timing of lifting the transfer restrictions

In cases where any one of the Eligible Directors/Officers retires from office as a Director and an Executive Officer of the Company (including an Executive Officer in the case where the Company makes the transition to a company with nomination committee, etc. in the future) due to expiration of his/her term of office or other such legitimate reasons (provided, however, this excludes retirement due to death), the transfer restrictions shall be lifted at the time of his/her retirement. In cases where any one of the Eligible Directors/Officers retires from office due to death, the transfer restrictions shall be lifted at the time determined by the Board of Directors elsewhere.

(ii) Number of shares subject to lifting the transfer restrictions

The number of shares subject to lifting the transfer restrictions shall be calculated by multiplying the number of the Allotted Shares held at the time of retirement as described in (i) above by the number obtained (if such number exceeds 1, the number shall be rounded down to 1) by dividing the term of office (by month) subject to the transfer restriction period by 12 (provided, however, that if any fractional share arises as a result of the above calculation, the fractional share shall be rounded off to the nearest hundred).

(4) Gratis acquisition by the Company

The Company shall, as a matter of course, make a gratis acquisition of the Allotted Shares on which the transfer restrictions have not been lifted at the time when the transfer restriction period expires or when transfer restrictions are lifted as described in (3) above.

(5) Administration of shares

To prevent any transfer, creation of any right of pledge on or security interest by way of assignment, provision as inter vivo gifts or devise or disposal by other means of the Allotted Shares to any third party during the transfer restriction period, the Allotted Shares shall be administered in an individual account of each of the Eligible Directors/Officers opened with Nomura Securities Co., Ltd. To ensure the effectiveness of the transfer restrictions, the Company has entered into an agreement with Nomura Securities Co., Ltd. concerning the administration of the accounts for the Allotted Shares held by the Eligible Directors/Officers. In addition, the Eligible Directors/Officers are required to give consent to the content of the administration of said accounts.

(6) Treatment in the event of organizational restructuring, etc.

If, during the transfer restriction period, any matters with regard to a merger agreement under which the Company will become a dissolving company, a share exchange agreement or a share transfer plan under which the Company will become a wholly owned subsidiary or any other organizational restructuring are approved by the general meeting of shareholders of the Company (or by the Board of Directors of the Company in cases where approval of the general meeting of shareholders of the Company about such organizational restructuring, etc. is not necessary), the transfer restriction shall be lifted, subject to resolution of the Board of Directors, as of the time immediately before the business day prior to the effective date of said organizational restructuring, etc., in respect of the number of the Allotted



Shares calculated by multiplying the number of the Allotted Shares held at said time by the number obtained (if such number exceeds 1, the number shall be rounded down to 1) by dividing the number of months between the month when the transfer restriction period started and the month to which the date of said approval belongs by 12 (provided, however, that if any fractional share arises as a result of the above calculation, the fractional share shall be rounded off to the nearest hundred). In addition, the Company shall, as a matter of course, make a gratis acquisition of the Allotted Shares on which the transfer restrictions have not been lifted as of the time immediately after the transfer restrictions are lifted.

4. Basis of calculating the amount to be paid in for the Allotment Shares and other specific details

The Disposal of Treasury Shares shall be funded by the monetary remuneration claims provided to the Eligible Directors/Officers who are recipients of the allotment of the restricted stock remuneration for the Company's 70th business year under the Plan. To eliminate arbitrariness in the disposal price, the closing price of the Company's common stock on the First Section of Tokyo Stock Exchange on May 20, 2020 (the business day immediately preceding the day of the relevant resolution of the Board of Directors) or 1,942.5 yen was used as the disposal price. The Company believes that this value is reasonable insofar as it represents the share price on the market on the day immediately preceding the day of the relevant resolution of the Board of Directors and that the price was not especially favorable to the Company.

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