



News Release

Notice regarding the Public Offering of Hybrid Bonds (with Subordination Provision)

July 10, 2017 – Sekisui House, Ltd. (“the Company”) hereby announces its decision to issue the following hybrid bonds (with a subordination provision) through public offering (“the Hybrid Bonds”), primarily to institutional investors in the domestic market.

Details are as follows:

1. Purpose and Background of the Issuance

The Company considers the Hybrid Bonds as a means of acquiring funds that will contribute to the improved financial health of the Company while preventing a decline in capital efficiency caused by stock dilution. It has decided to issue the Hybrid Bonds in an effort to maintain both the growth investment and strong financial health targeted in the Sekisui House Group Fourth Medium-Term Management Plan (2017 – 2019) announced in March 2017.

2. Characteristics of the Hybrid Bonds

The Hybrid Bonds are positioned between debt and equity; while they are classified as a financial liability in accounting, they have characteristics similar to equity. They have a longer maturity than senior bonds and loans, for instance, and give the issuer the option to defer interest payments while their payment priority can be considered as subordinated debt in liquidation and bankruptcy proceedings. The Company therefore expects that 50% of the funds acquired will be treated as equity by rating agencies (Japan Credit Rating Agency and Rating and Investment Information).

In addition, the Company has no plans to add any right of conversion to shares of common stock or the issuance of the Hybrid Bonds, so stock dilution will not occur.

3. Issuance Schedule

The Company today submitted an Amended Shelf Registration Statement to the Director-General of the Kanto Local Finance Bureau for the issuance of the Hybrid Bonds. The Company has appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as the book-runner and SMBC Nikko Securities Inc. and Mizuho Securities Co., Ltd. as co-lead managers for the Hybrid Bonds, and will determine the issuance amount and other conditions in August 2017 while monitoring the market.

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For further information, please contact:

Mr. Hitoshi Kuroyanagi

Executive Officer, Chief Manager of Corporate Communications Department

Sekisui House, Ltd.

Email: info-ir@qz.sekisuihouse.co.jp



Note: This announcement is intended as general information regarding Sekisui House, Ltd.'s issuance of the Hybrid Bonds. This announcement is not for distribution, directly or indirectly, in or into the United States. This announcement does not constitute an offer of, or the solicitation of an offer to buy or subscribe for the Hybrid Bonds in the United States or in any jurisdiction in which such offer or solicitation is unlawful. The Hybrid Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S of the Securities Act), absent registration or an exception from registration under the Securities Act. No public offering of the Hybrid Bonds will be made in the United States.