

Notice regarding Determination of Terms and Conditions of Public Offering of Hybrid Bonds (with Subordination Provision)

August 10, 2017 – Sekisui House, Ltd. (“the Company”) announces that it has determined the terms and conditions of hybrid bonds (with subordination provision) to be issued through a public offering (“the Hybrid Bonds”), which the Company announced on July 10, 2017.

Details are as follows:

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| 1. | Total amount of issue | 120 billion yen |
| 2. | Denomination per bond | 100 million yen |
| 3. | Initial coupon rate (Note) | 0.81% per annum |
| 4. | Closing date | August 18, 2017 |
| 5. | Maturity date | August 18, 2077 |
| 6. | Early redemption | The Company may, at its discretion, redeem the Hybrid Bonds on any interest payment date on or after August 18, 2022. |
| 7. | Refinancing covenant | <p>If the Company acquires the Hybrid Bonds by early redemption or purchase (“the Early Redemption, Etc.”), the Company intends to raise funds through securities or debt for which the Company has gained approval from a rating agency as having equity that ranks <i>pari passu</i> with the common stock or the Hybrid Bonds for 12 months prior to the date of performing the Early Redemption, Etc. (the amount of funds to be raised for which the Company gains approval from a rating agency as having equity shall be the amount equivalent to or more than the amount of equity for which the Hybrid Bonds has gained approval). However, if any of the following requirements is met in the case that the date of performing the Early Redemption, Etc. will be on or after August 18, 2022, the Company may refrain from raising the funds.</p> <p>In the calculation based on financial data on the consolidated balance sheets published by the Company at the end of a fiscal year or a quarter (limited to those which will arrive during the 12 months prior to the date of performing the Early Redemption, Etc.),</p> <p>(1) Consolidated debt equity ratio (lease obligations are not included in the calculation) is 0.44 or less,</p> <p>(2) The amount of consolidated shareholders’ equity has increased by 120 billion yen or more from the amount of consolidated shareholders’ equity at the end of January 2017.</p> |



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| 8. Subordination | The Hybrid Bonds shall be subordinated to all the Company's indebtedness and senior to the Company's common stock. |
| 9. Method of offering | Public offering in Japan (mainly for institutional investors) |
| 10. Coupon payment dates | February 18 and August 18 each year |
| 11. Collateral and guarantee | No collateral and guarantee shall be furnished to the Hybrid Bonds, and no assets shall be reserved for the Hybrid Bonds. |
| 12. Covenants | None |
| 13. Ratings | A+ (Japan Credit Rating Agency, Ltd.), A (Rating and Investment Information, Inc.) |
| 14. Equity | The rating agencies above have recognized 50% of proceeds as equity. |
| 15. Underwriters | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., SMBC Nikko Securities Inc., Mizuho Securities Co., Ltd., Daiwa Securities Co., Ltd., Nomura Securities Co., Ltd. |
| 16. Fiscal agent | The Bank of Tokyo-Mitsubishi UFJ, Ltd. |
| 17. Book-entry transfer institution | Japan Securities Depository Center, Inc. |
| 18. Use of proceeds | Redemption of bonds, repayment of borrowings and redemption of short-term bonds |

(Note) Fixed interest rate from the day following August 18, 2017 to August 18, 2022 and floating interest rate on or after the day following August 18, 2022 (There is a step-up coupon provision on the Hybrid Bonds on August 19, 2022).

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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.