



**Notice Regarding the Acquisition of Equity Interests in
Woodside Homes Company, LLC (Inclusion in Wholly Owned Subsidiaries) and
Change in Specified Subsidiaries**

February 22, 2017 – Sekisui House, Ltd. (“the Company”) announces that it has decided to make a full-fledged entry into the homebuilding business in the United States and establish an organization in order to strengthen its business development in the country for the future.

At a meeting of its Board of Directors held on Feb. 22, 2017, the Company resolved to acquire all equity interests in Woodside Homes Company, LLC which is engaged in the detached house business in the United States, to carry out reorganization of the Company’s subsidiaries and second-tier subsidiaries, and to promptly execute the relevant merger agreements. Under the scheme, SH Residential Holdings, LLC a subsidiary of Sekisui House US Holdings, LLC, which is a wholly owned subsidiary of the Company, will conduct a merger of Crayon Special Vehicle-I, LLC, a wholly owned subsidiary of SH Residential Holdings, LLC and Woodside Homes Company, LLC (through this merger, Woodside Homes Company, LLC will be the surviving company). After the merger, Woodside Homes Company, LLC will become a wholly owned subsidiary of SH Residential Holdings, LLC. In addition, NORTH AMERICA SEKISUI HOUSE, LLC a wholly owned subsidiary of the Company will become a wholly owned subsidiary of Sekisui House US Holdings, LLC.

With the implementation of the above measures, NORTH AMERICA SEKISUI HOUSE, LLC will become a subsidiary of Sekisui House US Holdings, LLC after the Company executes in-kind contribution of all of its equity interests in NORTH AMERICA SEKISUI HOUSE, LLC to Sekisui House US Holdings, LLC on Feb. 23, 2017 (Feb. 22, 2017, time in US). In addition, the Company will increase the capital of Sekisui House US Holdings, LLC on Feb. 28, 2017 (Feb. 27, 2017, time in US), in order to partially fund the purchase of Woodside Homes Company, LLC on Mar. 1, 2017 (Feb. 28, 2017, time in US) and Sekisui House US Holdings, LLC will increase the capital of SH Residential Holdings, LLC, on that same day.

We would also like to announce that the capital of Sekisui House US Holdings, LLC, SH Residential Holdings, LLC, and Woodside Homes Company, LLC will be one-tenth of the capital of the Company or larger on Feb. 23, 2017, Feb. 28, 2017 and Mar. 1, 2017, respectively, and therefore these three companies will fall under specified subsidiaries of the Company.

1. Reasons for the Acquisition of Equity Interests

The Company has been steadily expanding its business fields and working to achieve further growth by implementing the Deployment of Growth Strategies Focused on the “Residential” Business Domain as set forth in the mid-term management plan, which ended on January 31, 2017. One of the expanding business domains, the Company has taken steps to fully develop is the Overseas Business, which began with its entry into the housing market in Australia in 2009. In the United States, the Company has been engaging in the residential land marketing business in the suburbs of major cities by developing master plan-type communities and selling them to American home builders, and in the business for developing, managing and selling



multi-family rental residence mainly in Los Angeles, Seattle and other urban areas on the West coast.

In the housing market in the United States, the view that demand for detached houses in the suburbs will gain speed in the future has a consensus, mainly reflecting falling unemployment rates, rising wages and the mortgage rates that are still at historically low levels. The Company views this market as one of the markets that should be the focus of the Company's efforts in the Overseas Business. In the domestic market, the Company has been working to develop and popularize eco-friendly housing systems as its contribution to the solution of social problems through housing, by supplying its mainstay product, Zero Energy Houses (ZEH), and houses with rising added-value into the future. As in Japan, interest in and support for sustainable living environments is rapidly expanding in the United States, as exemplified by the State of California's new regulation that requires all newly built detached houses to be ZEH by 2020.

The Company considers this market environment in the United States to be a significant business opportunity to take advantage of its environmental techniques and to make serious inroads into the homebuilding business. With this full-scale entry, the Company decided to cooperate with Woodside Homes Company, LLC, which has been developing business under the same platform and unified brand in several regions and has established a stable revenue base over the years. Based on this cooperation, the Company aims to expand business in the State of Utah where Woodside Homes Company, LLC's head office is located, the State of California and other parts of the Western United States.

Woodside Homes Company, LLC has been developing its homebuilding business mainly in the Western part of the United States. Since its foundation, it has sold a total of more than 40,000 houses and has become one of the largest homebuilders in the region. It has a broad product lineup in response to the diversity of its customers, and is also marketing eco-friendly housing. We will expand our business in the United States by leveraging the experience and know-how of the two companies.

2. Overview of Specified Subsidiaries

(i) Overview of Woodside Homes Company, LLC

(1) Company name	Woodside Homes Company, LLC						
(2) Location	460 West 50 North, Suite 205, Salt Lake City, Utah 84101, USA						
(3) Representative	Joel Shine (Chief Executive Officer)						
(4) Business line	Holding company holding equity interests in companies which engage in the detached housing business and related businesses.						
(5) Capital	US\$ 196,163 thousand (as of the end of December 2016, truncated to nearest whole number)						
(6) Date of Establishment	June 17, 2009						
(7) Major shareholders and shareholding ratios	<table> <tr> <td>Oaktree AC Invest Co 3, L.P. and certain other accounts (a total of 4 accounts)</td> <td>35.7%</td> </tr> <tr> <td>Stonehill Institutional Partners, L.P.</td> <td>33.4%</td> </tr> <tr> <td>Others (12 accounts)</td> <td>30.9%</td> </tr> </table>	Oaktree AC Invest Co 3, L.P. and certain other accounts (a total of 4 accounts)	35.7%	Stonehill Institutional Partners, L.P.	33.4%	Others (12 accounts)	30.9%
Oaktree AC Invest Co 3, L.P. and certain other accounts (a total of 4 accounts)	35.7%						
Stonehill Institutional Partners, L.P.	33.4%						
Others (12 accounts)	30.9%						

(8) Relationship between the Company	Capital relationship	None		
	Personnel relationship	None		
	Business relationship	A land purchase and sale agreement has been made between NORTH AMERICA SEKISUI HOUSE, LLC, a U.S. subsidiary of the Company, and Woodside Homes Company, LLC in the State of California.		
(9) Operating results and financial position over the last three years (Unit: US\$ in thousands, truncated to nearest whole number)				
Fiscal year end		December 2013	December 2014	December 2015
Consolidated net assets		201,134	292,445	340,328
Consolidated total assets		478,994	678,041	831,001
Consolidated net sales		441,180	455,273	602,726
Consolidated operating income		46,753	51,161	47,412
Consolidated ordinary income		33,494	51,763	48,015
Net income attributable to owners of parent		32,061	51,359	47,883

(ii) Overview of Sekisui House US Holdings, LLC

(1) Company name	Sekisui House US Holdings, LLC		
(2) Location	2001 Jefferson Davis Highway, Suite 701, Arlington, VA22202, USA		
(3) Representative	Fumiyasu Suguro (Chairman & Chief Executive Officer)		
(4) Business line	Holding company holding equity interests in US subsidiaries		
(5) Capital	US\$ 1,066,042 thousand (as of the February 23, 2017, truncated to nearest whole number) (February 22, 2017, time in US)		
(6) Date of Establishment	January 31, 2017		
(7) Major shareholders and shareholding ratios	Sekisui House, Ltd. 100.0%		
(8) Relationship between the Company	Capital relationship	Consolidated subsidiary of the Company.	
	Personnel relationship	Fumiyasu Suguro, Director & Senior Managing Officer of the Company serves as Chairman & Chief Executive Officer of Sekisui House US Holdings, LLC.	
	Business relationship	None	
(9) Operating results and financial position of said company for the past three years	None		



(10) Reason for and method of capital increase	For the purpose of carrying out reorganization of the Company's business in the United States with the acquisition of Woodside Homes Company, LLC, the Company will execute contribution in-kind of all of its equity interests in NORTH AMERICA SEKISUI HOUSE, LLC to Sekisui House US Holdings, LLC.
--	--

(iii) Overview of SH Residential Holdings, LLC

(1) Company name	SH Residential Holdings, LLC	
(2) Location	4790 Eastgate Mall, Suite 150, San Diego, CA 92121, USA	
(3) Representative	Satoshi Yoshimura (Chairman & Chief Executive Officer)	
(4) Business line	Holding company holding equity interests in Woodside Homes Company, LLC	
(5) Capital	US\$ 470,000 thousand (as of the February 28, 2017, truncated to nearest whole number) (February 27, 2017, time in US)	
(6) Date of Establishment	January 31, 2017	
(7) Major shareholders and shareholding ratios	Sekisui House US Holdings, LLC 100.0%	
(8) Relationship between the Company	Capital relationship	The Company owns all equity interests in Sekisui House US Holdings, LLC, the parent company of SH Residential Holdings, LLC.
	Personnel relationship	Two officers / employees of the Company concurrently serve as officers of SH Residential Holdings, LLC.
	Business relationship	None
(9) Operating results and financial position of said company for the past three years	None	
(10) Reason for and method of capital increase	For the purpose of partially funding the purchase of equity interests in Woodside Homes Company, LLC, Sekisui House US Holdings, LLC will increase the capital of SH Residential Holdings, LLC.	

3. Overview of Counterparties from which Equity Interests will be Acquired

The counterparties from which equity interests will be acquired will be Oaktree AC Invest Co 3, L.P. and certain other accounts (a total of 4 accounts.) ("Oaktree"), Stonehill Institutional Partners, L.P. ("Stonehill") and other investors (12 accounts). The two primary owners of Woodside Homes are Oaktree and Stonehill, which are both private equity US investment funds. Details of these companies are not disclosed at their request. The Company has no special capital, personnel, or business relationship with any of the counterparties in question.



4. Number of Equity Interests in Woodside Homes Company, LLC to be Acquired, Acquisition Value and State of Ownership of Equity Interests Before and After Acquisition by SH Residential Holdings, LLC

(1) Number of equity interests held before transfer	None
(2) Number of equity interests to be acquired	21,549,342.22 (Percentage of voting rights held: 100.0%)
(3) Acquisition value	Merger consideration and advisory expenses, etc. (rough estimate) Total : US\$ 468 million (approx. ¥ 53.3 billion) The Company has retained Hearthstone as a financial advisor and Morrison & Foerster LLP as a legal advisor.
(4) Number of equity interests held after transfer	21,549,342.22 (Percentage of voting rights held: 100.0%)

(Note) The translation of U.S. dollars amounts into Japanese yen is made at US\$ 1 = ¥ 113.81, effective at January 31, 2017.

5. Schedule

(1) Date of resolution of the Board of Directors	February 22, 2017
(2) Date of contract	February 23, 2017 (February 22, 2017, time in US) (planned)
(3) Date of in-kind contribution	February 23, 2017 (February 22, 2017, time in US) (planned)
(4) Date of capital increase	February 28, 2017 (February 27, 2017, time in US) (planned)
(5) Date of execution of the merger	March 1, 2017 (February 28, 2017, time in US) (planned)

(Note) Date of resolution of the Board of Directors means the date when the Company approved the resolution at its meeting of the Board of Directors for acquiring the equity interests in Woodside Homes Company, LLC. Sekisui House US Holdings, LLC, SH Residential Holdings, LLC, and Woodside Homes Company, LLC will become a specified subsidiary of the Company on the date of in-kind contribution, on the date of capital increase, on the date of execution of the merger, respectively.

6. Future Outlook

Upon execution of the subject matter, Woodside Homes Company, LLC and other the two companies are expected to become consolidated subsidiaries of the Company during the current fiscal year (year ending January 2018). The Company is currently investigating the impact that the change of the subsidiaries will make on the Company's consolidated business performance, and will incorporate the actual amount of such impact into the Company's earnings forecast as of the date when it releases the operating results for the year ended on January 31, 2017.



*** **

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