

Notice Regarding the Issuance of Hybrid Bonds (with a Subordination Provision) through Public Offering

June 6, 2024 - Sekisui House, Ltd. (the “Company”) hereby announces its decision to issue the following hybrid bonds (Series 2 and 3 unsecured bonds with optional interest payment deferral and early redemption provisions (with a subordination provision)) through public offering (the “Hybrid Bonds”), primarily to institutional investors in the domestic market. The Company today filed an Amended Shelf Registration Statement for the issuance of the Hybrid Bonds with the Director-General of the Kanto Local Finance Bureau. Details are as follows:

1. Purpose and Background of the Hybrid Bonds Issuance

As announced in a press release titled “Update on Disclosed Matter: Notice Regarding the Completion of the Acquisition of M.D.C. Holdings, Inc. (Inclusion in Wholly Owned Subsidiaries)” on April 22, 2024, the Company has completed the acquisition of M.D.C. Holdings, Inc. (the “Acquisition”) on April 19, 2024 (Denver time: April 19, 2024) and the Company has acquired borrowing of ¥ 418,250,000,000 and US\$ 1,550,000,000 in Japanese yen and US dollars, respectively.

For executing permanent financing plans for the borrowings made to fund the Acquisition, the Company has been considering the optimal funding measures, given the impact on its shareholders and financial soundness as well as management, financial and capital conditions of the Company. The Company has decided to issue the Hybrid Bonds as a financing method to improve capital efficiency and to secure financial soundness to support growth investment, including the Acquisition. The proceeds from the issuance of the Hybrid Bonds will be used to repay part of the borrowings mentioned above.

2. Characteristics of the Hybrid Bonds

The Hybrid Bonds are positioned between equity and debt; while they are classified as debt in accounting and do not dilute the value of shares, they have characteristics similar to equity. They have a super long-term maturity, 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, Ltd., Rating and Investment Information, Inc. and S&P Global Ratings Japan Inc.).

For details of the Hybrid Bonds, please refer to the Amended Shelf Registration Statement submitted to the Director-General of the Kanto Local Finance Bureau as of today.

3. Future Schedule of the Hybrid Bonds Issuance

The issue amount and other conditions will be determined in or after July 2024 after consideration of market demand, interest rates and other conditions. Details will be announced as soon as the terms are determined.

Note: This press release does not constitute an offer of any securities for sale. This press release has been prepared for the purpose of publicly announcing that Sekisui House, Ltd. has resolved matters relating to the issuance of hybrid bonds (with a subordination provision) and not for the purpose of soliciting investment or engaging in any other similar activities. This press release is not an offer of securities for sale in the United States. The securities referred to above 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 in the United States absent registration or an applicable exemption from registration under the Securities Act.



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For further information, please contact:

Hiroyuki Kawabata

Operating Officer, Head of Investor Relations Department

Sekisui House, Ltd.

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

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