[This is an English translation of the original text written in Japanese]

July 20, 2016

LIXIL Group Corporation
Kinya Seto
Representative Executive Officer and President(First Section of TSE/NSE, code 5938)

(Contact):
Keishi Saito
Head of Investor Relations Office
(+81-3-6268-8806)

Announcement Regarding Sale of Consolidated Subsidiary (HIVIC CO., LTD.)

LIXIL Group Corporation (hereinafter "LIXIL Group") hereby announces that its subsidiary, LIXIL Corporation (hereinafter "LIXIL") has agreed to transfer 100% of shares of HIVIC CO., LTD. (hereinafter "HIVIC"), to Polaris Private Equity Fund III, managed by Polaris Capital Group Co., Ltd. (hereinafter "Polaris"), and other investors.

1. Reason for Change

HIVIC, currently a subsidiary of LIXIL, engages in the precut timber business, and the membership-only direct-bid timber market, mainly in Eastern Japan.
LIXIL Group has decided to sell its shares of HIVIC having concluded together with Polaris, which has experience in carving out a section or a subsidiary from large corporations, that the greater operational flexibility would enable HIVIC to maximize its business assets and improve its services to home builders and suppliers in order to increase its enterprise value.

2. Overview of Subsidiary to be Sold (HIVIC CO., LTD.)

(1)	Name of Company	HIVIC CO., LTD.
(2)	Headquarters	1728 Iizuka, Oyama City, Tochigi Prefecture
(3)	Representative	Hidenori Asahara, President

(4)	Major Business	Manufacturing and sales of precut timber, sales of timber, building materials, housing equipment and others, sales of building components, and construction and sales of custom-build wooden houses	
(5)	Capital	551 million yen	
(6)	Date of Foundation	June 26, 1967	
(7)	Shareholding	100% of shares held by LIXIL	
(8)	Relation between the Listed Company and HIVIC	Capital	Consolidated subsidiary of LIXIL Group
		Personnel	A total of 5 board members and auditing officers as well as 10 employees including President Hidenori Asahara are dispatched to the concerned company from LIXIL
		Trade	The concerned company distributes products of LIXIL Group

(9) Operating Results and Financial Conditions of HIVIV for the Past 3 years
(in millions of yen unless stated otherwise)

Years ended in March of	2014	2015	2016
Total Equity	7,590	7,278	6,896
Total Assets	15,290	13,506	13,326
Equity per share (yen)	229.47	220.01	208.46
Net sales	24,005	19,727	20,315
Operating Profit	1,061	612	743
Ordinary Income	1,124	707	784
Net Profit	2,094	450	501
Net Profit per share (yen)	63.32	13.63	15.14
Dividend per share (yen)	22.00	26.00	12.00

3. Overview of Polaris

Name Polaris Capital Group Co., Ltd.
Headquarters GranTokyo North Tower 38F 1-9-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
Representative Yuji Kimura, Founder and CEO
Description Management of private equity funds which assists in the restructuring and rebuilding of corporations

There are no capital, personnel, and trade relationships between LIXIL Group and Polaris.

4. Schedule

(1)	Execution of Share Purchase Agreement	July 20, 2016
(2)	Transfer of shares (not yet decided)	Late August of 2016

5. Future Outlook

The transaction is expected to close in late August. The impact on our performance for the fiscal year ending March 2017 will be insignificant.