

May 9, 2016

Real Estate Investment Trust Securities Issuer
 Sekisui House Reit, Inc.
 Representative: Junichi Inoue, Executive Director
 (Securities Code: 3309)

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Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units

Sekisui House Reit, Inc. ("SHR") announces that, at a meeting of the board of directors of SHR held on May 9, 2016, the following resolution was passed concerning issuance of new investment units and secondary offering of investment units.

1. Issuance of new investment units through public offering (primary offering)

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| (1) Number of investment units to be offered: | 95,200 units |
| (2) Amount to be paid in (issue amount): | To be determined
The amount to be paid in (issue amount) shall be determined at a meeting of the board of directors of SHR to be held on a date between May 17, 2016 (Tuesday) and May 20, 2016 (Friday) (the "pricing date"). |
| (3) Total amount to be paid in (total issue amount): | To be determined |
| (4) Issue price (offer price): | To be determined
The issue price (offer price) shall provisionally be calculated by multiplying the closing price of the investment units of SHR (the "Investment Units") in a regular trading session at the Tokyo Stock Exchange, Inc. on the pricing date (if the closing price is not available on such date, the closing price on the immediately preceding date) by a factor of 0.90 to 1.00 (amounts less than one yen to be rounded down), and then be determined on the pricing date by taking into account the demand and other factors. |
| (5) Total amount of issue price (total offer price): | To be determined |
| (6) Offering method: | The offering shall be a primary offering in which all investment units of the primary offering shall be purchased and underwritten by Nomura Securities Co., Ltd., SMBC Nikko Securities Inc. and Mizuho Securities Co., Ltd. (the three companies collectively referred to as the "joint lead managers"), as well as Daiwa Securities Co. Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (collectively referred to, together with the joint lead managers, as the "underwriters"). |
| (7) Content of underwriting agreement: | The underwriters shall pay in the same amount as the total amount to be paid in (total issue amount) of the primary offering to SHR on the payment date stated in (10) below, and the difference with the total amount of issue price (total offer price) of the primary offering shall be the proceeds of the underwriters. SHR shall not pay an underwriting fee to the underwriters. |

- (8) Unit of subscription: 1 unit or more in multiples of 1 unit
- (9) Subscription period: From the business day immediately following the pricing date to the second business day following the pricing date
- (10) Payment date: A date between May 24, 2016 (Tuesday) and May 27, 2016 (Friday) which shall be five business days after the pricing date
- (11) Delivery date: The business day immediately following the payment date
- (12) The amount to be paid in (issue amount), issue price (offer price) and other matters necessary for this issuance of new investment units shall be determined at a future meeting of the board of directors of SHR. However, any changes, etc. prior to the determination at the meeting of the board of directors will be left to the discretion of the executive director.
- (13) Each of the items above shall be subject to the condition that the notification under the Financial Instruments and Exchange Act takes effect.
- (14) Of the SHR investment units of the primary offering, the underwriters are scheduled to sell 1,900 units to the party that SHR has designated as the party to which investment units shall be sold, which is Sekisui House, Ltd. (the “designated party”), the unitholder of SHR and also a shareholder of asset management company.

2. Secondary offering of investment units (secondary offering via over-allotment)

(Please refer to <Reference> 1. below.)

- (1) Number of investment units to be distributed: 4,800 units
The number of investment units to be distributed shown is the maximum number. There are cases where the number may decrease, or the secondary offering via over-allotment itself may not take place at all, depending on the status of demand and other factors of the primary offering. The number of investment units to be distributed shall be determined at a meeting of the board of directors of SHR to be held on the pricing date, taking into account the status of demand and other factors of the primary offering.
- (2) Distributor: Nomura Securities Co., Ltd.
- (3) Distribution price: To be determined
The distribution price shall be determined on the pricing date. Furthermore, the distribution price shall be the same price as the issue price (offer price) of the primary offering.
- (4) Total amount of distribution price: To be determined
- (5) Distribution method: The secondary offering via over-allotment shall be a secondary offering conducted by the bookrunner of the primary offering Nomura Securities Co., Ltd. of SHR investment units, which it shall borrow from the designated party in a number not to exceed 4,800 units upon the primary offering, taking into account the status of demand and other factors of the primary offering.
- (6) Unit of subscription: 1 unit or more in multiples of 1 unit
- (7) Subscription period: Same as the subscription period for the primary offering
- (8) Delivery date: Same as the delivery date for the primary offering
- (9) The secondary offering price and other matters necessary for this secondary offering of investment units shall be determined at a future meeting of the board of directors of SHR. However, any changes, etc. prior to the determination at the meeting of the board of directors will be left to the discretion of the executive director.
- (10) Each of the items above shall be subject to the condition that the notification under the Financial Instruments and Exchange Act takes effect.

3. Issuance of new investment units by way of third-party allotment (Please refer to <Reference> 1. below.)

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| (1) Number of investment units to be offered: | 4,800 units |
| (2) Amount to be paid in (issue amount): | To be determined
The amount to be paid in (issue amount) shall be determined at a meeting of the board of directors of SHR to be held on the pricing date. Furthermore, the amount to be paid in (issue amount) shall be the same price as the amount to be paid in (issue amount) of the primary offering. |
| (3) Total amount to be paid in (issue amount): | To be determined |
| (4) Allottee: | Nomura Securities Co., Ltd. |
| (5) Unit of subscription: | 1 unit or more in multiples of 1 unit |
| (6) Subscription period (subscription date): | June 20, 2016 (Monday) |
| (7) Payment date: | June 21, 2016 (Tuesday) |
| (8) The investment units not subscribed for by the subscription period (subscription date) stated in (6) above shall not be issued. | |
| (9) The amount to be paid in (issue amount) and other matters necessary for this issuance of new investment units shall be determined at a future meeting of the board of directors of SHR. However, any changes, etc. prior to the determination at the meeting of the board of directors will be left to the discretion of the executive director. | |
| (10) Each of the items above shall be subject to the condition that the notification under the Financial Instruments and Exchange Act takes effect. | |

<Reference>

1. Secondary offering via over-allotment, etc.

The secondary offering via over-allotment shall be a secondary offering conducted by the bookrunner of the primary offering Nomura Securities Co., Ltd. of SHR investment units, which it shall borrow from the designated party in a number not to exceed 4,800 units upon the primary offering, taking into account the status of demand and other factors of the primary offering. The number of investment units to be distributed in the secondary offering via over-allotment is scheduled to be 4,800 units. The concerned number of investment units to be distributed is the maximum number of investment units to be distributed. There are cases where the number may decrease, or the secondary offering via over-allotment itself may not take place at all, depending on the status of demand and other factors.

Furthermore, in connection with the secondary offering via over-allotment, at a meeting of the board of directors of SHR held on May 9, 2016 (Monday), SHR passed a resolution to conduct an issuance of new investment units by way of third-party allotment for 4,800 units of SHR investment units to Nomura Securities Co., Ltd. as the allottee (the “third-party allotment”) with June 21, 2016 (Tuesday) as the payment date, in order for Nomura Securities Co., Ltd. to acquire the SHR investment units necessary for Nomura Securities Co., Ltd. to return the SHR investment units borrowed from the designated party (the “borrowed investment units”).

In addition, during the period from the day immediately following the subscription period of primary offering and secondary offering via over-allotment to June 14, 2016 (Tuesday)(the “syndicate covering transaction period”), there are cases where Nomura Securities Co., Ltd. may purchase SHR investment units on Tokyo Stock Exchange, which shall be in a number not to exceed the number of investment units of the secondary offering via over-allotment, in order to return the borrowed investment units (the “syndicate covering transaction”). All of the SHR investment units acquired by Nomura Securities Co., Ltd. in the syndicate covering transaction shall be used to return the borrowed investment units. Furthermore, during the syndicate covering transaction period, there are cases where Nomura Securities Co., Ltd. may decide to not engage in the syndicate covering transaction at all, or end the syndicate covering transaction in a number not reaching the number of investment

units of the secondary offering via over-allotment.

Moreover, Nomura Securities Co., Ltd. may conduct stabilizing transactions in correlation with the primary offering and secondary offering via over-allotment. The Investment Units purchased through such stabilizing transactions may be used, in whole or in part, to return the borrowed investment units.

Nomura Securities Co., Ltd. intends to agree to the third-party allotment to acquire the Investment Units for the number of the Investment Units obtained by subtracting the number of Investment Units that are purchased through the stabilizing transactions and the syndicated cover transaction and used to return the borrowed investment units from the number of the Investment Units for the secondary offering via over-allotment. For this reason, there are cases where the number of investment units to be issued in the third-party allotment may not be subscribed for, in whole or in part. As a result, there are cases where the final number of investment units issued in the third-party allotment may decrease by that extent, or the issuance itself may not take place at all, due to forfeiture.

Furthermore, the above transaction shall be conducted by Nomura Securities Co., Ltd. in consultation with SMBC Nikko Securities Inc. and Mizuho Securities Co., Ltd.

2. Changes in number of investment units issued and outstanding due to this issuance of new investment units

Total number of investment units issued and outstanding at present	794,000 units
Increase in number of investment units	
due to issuance of new investment units through public offering	95,200 units
Total number of investment units issued and outstanding	
after issuance of new investment units through public offering	889,200 units
Increase in number of investment units due to the third-party allotment	4,800 units (Note)
Total number of investment units issued and outstanding after the third-party allotment	894,000 units (Note)

(Note) The number of investment units in the event that Nomura Securities Co., Ltd. subscribes for and issuance takes place for all of the number of investment units to be issued in the third-party allotment.

3. Reason for and Purpose of New Issuance

With an aim to expand asset size, to advance diversification of the portfolio and to strengthen the earnings base through the acquisition of the new specified asset (as defined in Paragraph 1 of Article 2 of the Act on Investment Trusts and Investment Corporations; the same applies hereafter), the issuance of new investment units was determined as a result of discussion with attention to the level of per-unit distribution, per-unit NAV, market trends, etc.

4. Amount, use and scheduled outlay of funds to be procured

(1) Amount of funds to be procured (estimated net proceeds)

12,292,700,000 yen (maximum)

(Note) The sum total amount of 11,702,650,400 yen in proceeds from the primary offering and 590,049,600 yen in maximum proceeds from the third-party allotment. The amount is an estimate calculated on the basis of the closing price of the Investment Unit in a regular trading session at the Tokyo Stock Exchange as of April 26, 2016 (Tuesday).

(2) Specific use and scheduled outlay of funds to be procured

The proceeds from the primary offering are scheduled to be used as part of funds for acquiring the new specified asset planned to be acquired by SHR as described in "Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate and its Lease (Garden City Shinagawa Gotenyama: Additional

Acquisition and 2 other properties)” announced today. Furthermore, the net proceeds from the third-party allotment, which was resolved on the same day as that of the public offering, will be kept as cash on hand and be deposited in financial institutions until the outlay, and are scheduled to be used for part of future repayment of borrowings or part of acquisition funds of specified assets in the future.

5. Designation of party to be allocated investment units

Of the SHR investment units of the primary offering, the underwriters are scheduled to sell 1,900 units to the designated party that SHR has designated as the party to which investment units shall be sold.

6. Future outlook

Please refer to the “Notice Concerning Revisions of Forecast of Management Status and Distribution for Fiscal Period Ending October 2016 and Forecast of Management Status and Distribution for Fiscal Period Ending April 2017” announced today.

7. Operating Results of Past Three Fiscal Periods and Status of Equity Financing, Etc.

(1) Operating results of past three fiscal periods(Note 1)

	Fiscal Period ended April 30, 2015	Fiscal Period ended October 31, 2015
Net income per unit (Note 2)	2,525 yen	2,511 yen
Distribution per unit (Note 3)	1,603 yen	2,458 yen
Payout ratio (Note 4)	100.0%	100.0%
Net asset per unit	107,733 yen	112,966 yen

(Note 1) The fiscal periods of SHR are the 6 months from May 1 to October 31 and from November 1 to April 30 of the following year for every year. However, the 1st fiscal period is the 235 days from the establishment date of SHR (September 8, 2014) to April 30, 2015, and the actual operating period for the first fiscal period is from December 3, 2014 to April 30, 2015, which is 149 days.

(Note 2) “Net income per unit” is calculated by dividing net income by the day-weighted average number of investment units during the fiscal period. Net income per unit calculated using day-weighted average number of investment units (627,771 units) for the number of days from December 3, 2014 (the start date of actual operation in the 1st fiscal period, considered as the beginning of the fiscal period) to the end of the fiscal period is 1,614 yen.

(Note 3) “Distribution per unit” is calculated by dividing the amount of distribution by the number of investment units issued and outstanding at end of the fiscal period and is rounded down to the nearest specified unit.

(Note 4) Payout ratios for the 1st and the 2nd fiscal periods are calculated using the following calculation formula as the number of investment units during the fiscal periods varied due to the public offering conducted during the fiscal periods. (The figures are rounded to one decimal place.)

Payout ratio= Total cash distributions / Net income × 100

(2) Recent status of investment unit price

① Status in the last three fiscal periods

	Fiscal Period ended April 30, 2015	Fiscal Period ended October 31, 2015	Fiscal Period ended April 30, 2016
Opening price	135,000 yen	141,900 yen	124,100 yen
Highest price	149,100 yen	143,900 yen	134,000 yen
Lowest price	131,000 yen	110,500 yen	114,800 yen
Closing price	141,900 yen	124,700 yen	126,200 yen

(Note) SHR was listed on the J-REIT section of the Tokyo Stock Exchange on December 3, 2014. Therefore there is no applicable matter as to investment unit price prior to that date.

② Status in the last six months

	December 2015	January 2016	February	March	April	May (Note)
Opening price	129,000 yen	131,400 yen	131,600 yen	128,000 yen	130,600 yen	126,300 yen
Highest price	131,700 yen	131,900 yen	133,600 yen	134,000 yen	133,800 yen	127,500 yen
Lowest price	126,700 yen	114,800 yen	118,000 yen	126,200 yen	125,700 yen	124,900 yen
Closing price	131,400 yen	130,300 yen	126,700 yen	129,700 yen	126,200 yen	126,000 yen

(Note) Investment unit price for May 2016 is the price on May 6, 2016 (Friday).

③ Investment unit price on the business day preceding the resolution day of the issuance

	May 6, 2016
Opening price	125,800 yen
Highest price	127,500 yen
Lowest price	125,700 yen
Closing price	126,000 yen

(3) Status of equity financing conducted in the past three fiscal periods

• Public offering

Issue date	December 2, 2014
Total procured amount	63,690,000,000 yen
Issue price	106,150 yen
Number of Investment Units outstanding before the public offering	2,000 units
Number of Investment Units issued through the public offering	600,000 units
Number of Investment Units outstanding after the public offering	602,000 units
Initial use of funds at the time of issuance	The entire amount is used as part of acquisition fund for the specified asset to be acquired.
Schedule of expenditure at the time of issuance	December 2014
Status of expenditure to date	The entire amount was used on the date stated in the above schedule of expenditure

• Third-party allotment

Issue date	December 24, 2014
Total procured amount	3,184,500,000 yen
Issue price	106,150 yen
Number of Investment Units outstanding before the public offering	602,000 units
Number of Investment Units issued through the public offering	30,000 units
Number of Investment Units outstanding after the public offering	632,000 units
Third party allottee	Nomura Securities Co., Ltd.
Initial use of funds at the time of issuance	The entire amount is used for partial repayment of borrowings made in line with the acquisition of the specified asset to be acquired
Schedule of expenditure at the time of issuance	December 2014 or after
Status of expenditure to date	Used 111 million yen as part of repayment of borrowings in the scheduled period above and 3,073 million yen as part of acquisition funds of specified assets on May 19, 2015.

• Public offering

Issue date	May 19, 2015
Total procured amount	19,673,915,400 yen
Issue price	127,587 yen
Number of Investment Units outstanding before the public offering	632,000 units
Number of Investment Units issued through the public offering	154,200 units
Number of Investment Units outstanding after the public offering	786,200 units
Initial use of funds at the time of issuance	The entire amount is used as part of acquisition fund for the specified asset to be acquired.
Schedule of expenditure at the time of issuance	May 2015
Status of expenditure to date	The entire amount was used on the date stated in the above schedule of expenditure

• Third-party allotment

Issue date	June 12, 2015
Total procured amount	995,178,600 yen
Issue price	127,587 yen
Number of Investment Units outstanding before the public offering	786,200 units
Number of Investment Units issued through the public offering	7,800 units
Number of Investment Units outstanding after the public offering	794,000 units
Third party allottee	Nomura Securities Co., Ltd.
Initial use of funds at the time of issuance	The entire amount is used as part of repayment of borrowings
Schedule of expenditure at the time of issuance	June 2015
Status of expenditure to date	The entire amount was used on the date stated in the above schedule of expenditure

Disclaimer: This translation is for informational purposes only. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail. This document is an English translation of a press release for public announcement concerning issuance of new investment units and secondary offering of investment units of Sekisui House Reit, Inc., and has not been prepared for the purpose of solicitation of investment. We caution investors to refer to Sekisui House Reit, Inc.'s prospectus and notice of amendments thereto, if any, without fail and to undertake investment at their own decision and responsibility.

8. Lock-up

- (1) In connection with the primary offering, plans are to have the designated party reach an agreement with the joint lead managers to the effect that, without the prior written consent of the joint lead managers, no sale, etc. of SHR investment units (provided, however, that exceptions shall apply, including the lending of SHR investment units accompanying the secondary offering via over-allotment) shall be conducted during the period from the pricing date to the 180th day after the delivery date of the primary offering.

The joint lead managers are scheduled to have the authority to cancel the content of the concerned agreement, in whole or in part, at their discretion even during the period above.

- (2) In connection with the primary offering, SHR has reached an agreement with the joint lead managers to the effect that, without the prior written consent of the joint lead managers, no issuance, etc. of SHR investment units (provided, however, that exceptions shall apply, including the issuance of new investment units through the primary offering and by way of the third-party allotment and issuance of new investment units accompanying split of investment units) shall be conducted during the period from the pricing date to the 90th day after the delivery date of the primary offering.

The joint lead managers have the authority to cancel the content of the concerned agreement, in whole or in part, at their discretion even during the period above.

*This material is distributed to the press club of the Tokyo Stock Exchange (Kabuto Club), the press club of the Ministry of Land, Infrastructure, Transport and Tourism, and the press club for construction trade publications of the Ministry of Land, Infrastructure, Transport and Tourism.

*Sekisui House Reit, Inc. website: <http://www.sekisuihouse-reit.co.jp/en/>