

September 2, 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 Investment Corporation Bonds and
 Early Repayment of Existing Borrowings**

Sekisui House Reit, Inc. ("SHR") announces that it decided today to conduct issuance of investment corporation bonds and early repayment of an existing borrowings (the "Early Repayment") for the purpose of diversification of fund procurement means as well as for the purpose of promotion of long-term and fixed interest-bearing liabilities based on the financial strategy as described below.

I. Issuance of the Investment Corporation Bonds

1. Outline of the Investment Corporation Bonds

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|---|---|
| (1) Name of the bonds: | Sekisui House Reit, Inc. First Series Unsecured Investment Corporation Bonds
(with pari passu clause among specified investment corporation bonds)
(hereinafter referred to as the "First Series Bonds") |
| (2) Total issue amount of the bonds: | 2 billion yen |
| (3) Form of the bond certificate: | Subject to the provision of the Act on Book-Entry Transfer of Company Bonds, Shares, etc., bond certificates for the First Series Bonds will not be issued. |
| (4) Issue price: | 100 yen per 100 yen of each bond |
| (5) Redemption price: | 100 yen per 100 yen of each bond |
| (6) Interest rate: | 0.340% per annum |
| (7) Denomination of each bond: | 100 million yen |
| (8) Offering method: | Public offering |
| (9) Offering date: | September 2, 2016 (Friday) |
| (10) Payment date: | September 8, 2016 (Thursday) |
| (11) Collateral and guarantee: | No secured mortgage or guarantee is applicable, and no assets are specifically reserved as security for the First Series Bonds. |
| (12) Redemption method and date: | The total amount will be redeemed on September 8, 2026.

The First Series Bonds may be repurchased and cancelled at any time after the payment date unless otherwise specified by Japan Securities Depository Center, Incorporated or laws and regulations. |
| (13) Interest payment dates: | March 8 and September 8 of each year |
| (14) Financial covenants: | "Negative Pledge Clause" is applicable. |
| (15) Credit ratings: | AA- (Japan Credit Rating Agency, Ltd.) |
| (16) Fiscal agent, issuing agent and
paying agent: | The Bank of Tokyo-Mitsubishi UFJ, Ltd. |

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 investment corporation bonds and early repayment of existing borrowings 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.

- (17) Underwriters:
- Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Mizuho Securities Co., Ltd.
Nomura Securities Co., Ltd.
SMBC Nikko Securities Inc.

2. Reason for Issuance

The fund is for use as partial repayment of the existing borrowings.

3. Amount, Specific Use and Scheduled Outlay of Funds to be Procured

(1) Amount of funds to be procured

1,979 million yen (estimated approximate net proceeds)

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

The fund will be used for partial early repayment of the existing borrowings on September 9, 2016.

For details, please refer to “II. Early Repayment of the Existing Borrowings” stated below.

II. Early Repayment of the Existing Borrowings

1. Content of the Early Repayment

Category	Lender	Drawdown date	Repayment date	Balance before repayment (million yen)	Balance after repayment (million yen)	Scheduled repayment date
Short term	Loan syndicate with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger (Note 1)	May 24, 2016	May 23, 2017	9,200	—	September 9, 2016

(Note 1) The loan syndicate comprises The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation.

(Note 2) For details of borrowings, please refer to the “Notice Concerning Borrowing of Funds” announced on May 20, 2016.

2. Funds for Repayment

The estimated approximate net proceeds of 1,979 million yen resulting from issuance of the investment corporation bonds described in “I. Issuance of the Investment Corporation Bonds” above will be used for the Early Repayment. Of the difference of 7,221 million yen between the total repayment amount of 9,200 million yen and the estimated approximate net proceeds of 1,979 million yen, SHR plans to repay 7,200 million yen with long-term loans to be borrowed and 21 million yen with cash on hand. The overview of the long-term loans to be borrowed will be announced when it has been finalized.

III. Status of Loans, etc. after Issuance of the First Series Bonds and the Early Repayment

(Unit: million yen)

	Before issuance of the First Series Bonds and the Early Repayment (As of September 2, 2016)	After issuance of the First Series Bonds and the Early Repayment (As of September 9, 2016)	Increase (Decrease)
Short-term loans (Note 1)	9,200	—	(9,200)
Long-term loans (Note 1)	68,100	75,300	7,200
Total loans	77,300	75,300	(2,000)
Investment corporation bonds	—	2,000	2,000
Total interest-bearing liabilities	77,300	77,300	—

(Note 1) Short-term loans refer to loans due for repayment in a period of one year or less, and long-term loans refer to loans due for repayment in a period of more than one year.

(Note 2) It is assumed that 7,200 million yen in short-term loans will be refinanced to long-term loans by the date of the Early Repayment (September 9, 2016).

IV. Future Outlook

There are no changes to the forecast of management status and distribution as the issuance of the First Series Bonds and the Early Repayment is already incorporated in the management status and distribution forecast for the fiscal period ending October 2016 (May 1, 2016 – October 31, 2016) and the fiscal period ending April 2017 (November 1, 2016 – April 30, 2017) announced on June 14, 2016.

V. Other Matters Necessary for Investors' Appropriate Understanding/Judgment of Concerned Information

Concerning the risks associated with fund procurement, etc. due to issuance of the First Series Bonds, there is no change from the content of "Part 1. Fund Information; Section 1. Status of Fund; 3. Investment Risks" of the securities registration statement submitted on July 27, 2016.

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