

積水ハウス・SI レジデンシャル投資法人  
Sekisui House SI Residential Investment Corporation

TRANSLATION

October 7, 2016

Real Estate Investment Trust Securities Issuer  
Sekisui House SI Residential Investment Corporation  
3-1-31 Minami-Aoyama, Minato-ku, Tokyo  
Representative: Osamu Minami, Executive Director  
(Securities Code: 8973)

Asset Management Company  
Sekisui House SI Asset Management, Ltd.  
3-1-31 Minami-Aoyama, Minato-ku, Tokyo  
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Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units

Sekisui House SI Residential Investment Corporation (the “Investment Corporation”) hereby announces that it has resolved at the Board of Directors’ meeting held today concerning issuance of new investment units and secondary offering of investment units, as described below.

1. Issuance of New Investment Units through Public Offering (Public Offering)

- (1) Total number of investment units to be offered : 83,240 units
- (2) Paid-in amount (issue amount) : To be determined  
(The amount will be determined at a Board of Directors’ meeting to be held on a date between October 19, 2016 (Wednesday) and October 24, 2016 (Monday) (the “Pricing Date”) in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, Etc. of Securities adopted by the Japan Securities Dealers Association. The paid-in amount (issue amount) is the paid-in amount for legal purposes under the Act on Investment Trusts and Investment Corporations, and represents the proceeds per investment unit of the Investment Corporation (the “Investment Units”) paid in by the Underwriters (as defined below) and received by the Investment Corporation.)
- (3) Total paid-in amount (total issue amount) : To be determined

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- (4) Issue price (offer price) : To be determined  
(The price will be provisionally calculated by multiplying the closing price of the Investment Units in a regular trading session at the Tokyo Stock Exchange, Inc. (the “TSE”) 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), in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, Etc. of Securities adopted by the Japan Securities Dealers Association, and then will be determined on the Pricing Date by taking into consideration demand conditions and other factors.)
- (5) Offering method : The offering of the Investment Units will be through a public offering, and underwritten in full by Mizuho Securities Co., Ltd. and SMBC Nikko Securities Inc. (collectively referred to as the “Joint Lead Managers”) along with Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Nomura Securities Co., Ltd. and Daiwa Securities Co., Ltd. (the above 5 companies are collectively referred to as the “Underwriters”).
- (6) Underwriting agreement : The Underwriters will pay the total paid-in amount (total issue amount) to the Investment Corporation on the payment date identified in (9) below. The difference between the total issue price (total offer price) and the total paid-in amount (total issue amount) in the public offering will be the proceeds of the Underwriters. The Investment Corporation will pay no underwriting fee to the Underwriters.
- (7) Subscription unit : One unit or more in multiples of one unit
- (8) Subscription period : From October 20, 2016 (Thursday) to October 21, 2016 (Friday)  
The above subscription period may be postponed in consideration of demand conditions and other factors, as follows:  
(i) The above subscription period if the Pricing Date is October 19, 2016 (Wednesday);  
(ii) From October 21, 2016 (Friday) to October 24, 2016 (Monday) if the Pricing Date is October 20, 2016 (Thursday);  
(iii) From October 24, 2016 (Monday) to October 25, 2016 (Tuesday) if the Pricing Date is October 21, 2016 (Friday);  
(iv) From October 25, 2016 (Tuesday) to October 26, 2016 (Wednesday) if the Pricing Date is October 24, 2016 (Monday).
- (9) Payment date : October 26, 2016 (Wednesday)  
The above payment date may be postponed in consideration of demand conditions and other factors, as follows:  
(i) The above payment date if the Pricing Date is October 19, 2016 (Wednesday);  
(ii) October 27, 2016 (Thursday) if the Pricing Date is October 20, 2016 (Thursday);  
(iii) October 28, 2016 (Friday) if the Pricing Date is October 21, 2016 (Friday);  
(iv) October 31, 2016 (Monday) if the Pricing Date is October 24, 2016 (Monday).
- (10) Delivery date : The business day immediately following the payment date
- (11) The issue price (offer price), paid-in amount (issue amount) and other items necessary for the issuance of the new investment units will be determined at a future Board of Directors’ meeting of the Investment Corporation.
- (12) Each of the aforementioned items shall be subject to the effectiveness of the filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended. The same applies for below).

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### 2. Secondary Offering of Investment Units (Over-Allotment) (Please refer to <Reference Information> 1. Details of the Secondary Offering (Over-Allotment) below.)

- (1) Seller : Mizuho Securities Co., Ltd
- (2) Number of investment units to be offered : 4,160 units  
The above-mentioned number indicates the maximum number of investment units to be offered through the secondary offering (over-allotment). There may be cases where this number is reduced or the secondary offering (over-allotment) itself does not take place at all, depending on demand conditions of the public offering and other factors. The number of investment units to be offered through the secondary offering will be determined at the Board of Directors' meeting of the Investment Corporation to be held on the Pricing Date taking into consideration the demand conditions of the public offering and other factors.
- (3) Offer price : To be determined  
(The offer price will be determined on the Pricing Date, and shall be same as the issue price (offer price) for the public offering.)
- (4) Total offer price : To be determined
- (5) Offering method : In consideration of the demand conditions of the public offering and other factors, Mizuho Securities Co., Ltd. will, aside from the public offering, offer the Investment Units (up to 4,160 units) borrowed from Sekisui House, Ltd. ("Sekisui House") (the "Borrowed Investment Units"), a unitholder of the Investment Corporation.
- (6) Subscription unit : One unit or more in multiples of one unit
- (7) Subscription period : Same as the subscription period for the public offering
- (8) Delivery date : Same as the delivery date for the public offering
- (9) If the public offering is suspended, the secondary offering through over-allotment will (also) be suspended.
- (10) The offer price and other items necessary for the secondary offering through over-allotment will be determined at a future Board of Directors' meeting of the Investment Corporation.
- (11) Each of the aforementioned items shall be subject to the effectiveness of the filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act of Japan.

### 3. Issuance of New Investment Units to be Offered by Way of Third-Party Allotment (Please refer to <Reference Information> 1. Details of the Secondary Offering (Over-Allotment) below.)

- (1) Number of investment units to be offered : 4,160 units
- (2) Paid-in amount (issue amount) : To be determined  
(The paid-in amount (issue amount) will be determined on the Pricing Date, and will be same as the paid-in amount (issue amount) for the public offering.)
- (3) Total paid-in amount (total issue amount) : To be determined
- (4) Third party allottee and number of investment units to be issued to the third party allottee : Mizuho Securities Co., Ltd. 4,160 units
- (5) Subscription unit : One unit or more in multiples of one unit
- (6) Subscription period (Subscription date) : November 11, 2016 (Friday)
- (7) Payment date : November 14, 2016 (Monday)
- (8) If there are no subscription for all or a part of the investment units on or before the subscription period (subscription date) described in (6) above, the issuance of such investment units will be canceled.
- (9) If the public offering is suspended, the issuance of new investment units by way of third-party allotment (the "Third-Party Allotment") will also be suspended.

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- (10) The paid-in amount (issue amount) and other items necessary for the Third-Party Allotment will be determined at a future Board of Directors' meeting of the Investment Corporation.
- (11) Each of the aforementioned items shall be subject to the effectiveness of the filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act of Japan.

### <Reference Information>

#### 1. Details of the Secondary Offering (Over-Allotment)

- (1) Taking into consideration the demand conditions and other factors upon the public offering, Mizuho Securities Co., Ltd. may implement a secondary offering of the Investment Units (up to 4,160 units) (secondary offering through over-allotment) borrowed from Sekisui House, a unitholder of the Investment Corporation, aside from the public offering. The number of investment units to be offered in the secondary offering through over-allotment is the maximum amount. The number may decrease or the secondary offering through over-allotment itself may not take place at all, depending on demand conditions and other factors.

In order to allow Mizuho Securities Co., Ltd. to acquire the Investment Units needed to return the Borrowed Investment Units upon the secondary offering through over-allotment, the Investment Corporation has resolved at its Board of Directors' meeting held today to issue the Investment Units of 4,160 units by way of the Third-Party Allotment, to Mizuho Securities Co., Ltd. as the allottee with the payment date on November 14, 2016 (Monday).

For the purpose of returning the Borrowed Investment Units, Mizuho Securities Co., Ltd. may also purchase the Investment Units up to the number of units for the secondary offering (over-allotment) at the TSE (the "syndicated cover transaction") during the period from the day following the close of the subscription period for the public offering and the secondary offering (over-allotment) to November 9, 2016 (Wednesday) (the "syndicated cover transaction period.") All of the Investment Units purchased by Mizuho Securities Co., Ltd. through the syndicated cover transaction shall be used to return the Borrowed Investment Units. There may be cases in which Mizuho Securities Co., Ltd. does not conduct the syndicated cover transaction at all or ends the syndicated cover transaction with the number of Investment Units that are smaller than the number of the Investment Units offered through the secondary offering (over-allotment), at its sole discretion during the syndicated cover transaction period.

Moreover, Mizuho Securities Co., Ltd. may conduct stabilizing transactions in correlation with the public offering and the secondary offering (over-allotment). The Investment Units purchased through such stabilizing transactions may be used, in whole or in part, to return the Borrowed Investment Units.

Mizuho 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 (over-allotment). As a result, there may be cases in which there will be no subscription to the Investment Units offered by way of the Third-Party Allotment in whole or in part, and accordingly the final number of the Investment Units issued by way of the Third-Party Allotment will decrease to that extent due to forfeiture of rights, or such issuance itself will not take place at all.

Whether the secondary offering through over-allotment takes place or not, and the number of investment units of the secondary offering through over-allotment if the secondary offering through over-allotment takes place, will be determined on the Pricing Date. If the secondary offering through over-allotment does not take place, the foregoing borrowing of Investment Units from Sekisui House, a unitholder of the Investment Corporation, by Mizuho Securities Co., Ltd. stated above does not take place. Accordingly, Mizuho Securities Co., Ltd. does not accept and does not apply the allotment of the Third-party Allotment, and the issuance of new investment units by way of the Third-party Allotment itself does not take place at all due to forfeiture. Moreover, the syndicated cover transaction on the TSE also does not take place.

- (2) Mizuho Securities Co., Ltd. shall conduct the transactions described in the above (1) upon consultation with SMBC Nikko Securities Inc.

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### 2. Changes in Number of Investment Units Outstanding after This Issuance of New Investment Units

Total number of Investment Units outstanding at present	1,018,110 units
Number of new Investment Units to be issued through public offering	83,240 units
Total number of Investment Units outstanding after new issuance through public offering	1,101,350 units
Number of new Investment Units to be issued by way of the Third-Party Allotment	4,160units (Note)
Total number of Investment Units outstanding after the Third-Party Allotment	1,105,510 units (Note)

(Note) The number is on the assumption that Mizuho Securities Co., Ltd. subscribes to all the Investment Units to be issued by the Third-Party Allotment and all such units are issued.

### 3. Reason for and Purpose of New Issuance

Having considered and investigated market trends, the levels of distributions, the loan-to-value ratio and other factors, the Investment Corporation decided to issue new Investment Units from the standpoint that acquisition of new specified assets (as defined in Paragraph 1 of Article 2 of the Act on Investment Trusts and Investment Corporations. The same applies for below) by utilizing funds procured by issuance of investment units will lead to improvement in profitability and enhancement of stability of the portfolio through expansion of its asset size.

### 4. Amount of Funds to be Procured, Use of Proceeds and Scheduled Expenditure Date

- (1) Amount of funds to be procured (approximate net balance the Investment Corporation will obtain)  
9,585 million yen (maximum)

(Note) The above-mentioned amount represents the sum of 9,128 million yen of net proceeds the Investment Corporation will receive from the public offering and the maximum amount of 456 million yen the Investment Corporation will receive from the Third-Party Allotment.

Moreover, the amount is an estimate calculated on the basis of the closing price of the Investment Units in a regular trading session at the TSE as of September 28, 2016 (Wednesday)

- (2) Specific use of the funds to be procured and scheduled expenditure date

The net proceeds the Investment Corporation will receive from the public offering (9,128 million yen) will be used as acquisition fund (including acquisition-related expenses) of to-be-acquired specified assets described in the press release titled “Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate (Prime Maison SHIROKANE-TAKANAWA and Prime Maison ICHIGAYAYAMABUSHICHO)” separately announced today. The remaining funds, if any, will be kept as cash on hand along with the maximum amount of proceeds (456 million yen) the Investment Corporation will receive from the Third-Party Allotment which was resolved on the same day as the public offering and be deposited at financial institutions until the expenditure, as part of funds for future acquisition of specified assets or a portion of repayment of borrowings.

### 5. Designated Destination of Distribution

None

### 6. Future Outlook

Please refer to the press release titled “Notice Concerning Revisions to Management Status Forecast and Distribution Forecast for the 22nd Fiscal Period Ended September 2016 and Management Status Forecast and Distribution Forecast for the 23rd Fiscal Period Ending March 2017 and for the 24th Fiscal Period Ending September 2017” separately announced today.

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### 7. Operating Results of the Past Three Fiscal Periods and Status of Equity Financing, etc.

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

	Fiscal period ended March 2015	Fiscal period ended September 2015	Fiscal period ended March 2016
Net income per unit (Note 2)	2,289 yen	2,170 yen	2,171 yen
Distribution per unit	2,185 yen	2,122 yen	2,125 yen
Payout ratio (Note 3)	96.6%	97.7%	97.8%
Net assets per unit	89,605 yen	89,590 yen	89,639 yen

(Note 1) Since the financial results for the fiscal period ended September 2016 has not been finalized, fiscal periods ended March 2015, September 2015 and March 2016 are shown as the past three fiscal periods, exclusively in this “(1) Operating results of the past three fiscal periods.”

(Note 2) “Net income per unit” is calculated by dividing current net income by the day-weighted average number of investment units during the relevant period.

(Note 3) The payout ratio for the fiscal period ended March 2015 is calculated by dividing total distributions by net income as new investment units were issued. The payout ratios for the fiscal periods ended September 2015 and March 2016 are calculated by dividing distribution per unit (excluding distribution in excess of earnings per unit) by net income per unit. The figures are rounded down to the first decimal place.

#### (2) Recent status of investment unit price

##### 1) Status in the last three fiscal periods

	Fiscal period ended September 2015	Fiscal period ended March 2016	Fiscal period ended September 2016
Opening price	127,100 yen	102,900 yen	114,500 yen
Highest price	139,500 yen	121,000 yen	127,300 yen
Lowest price	98,000 yen	93,100 yen	107,500 yen
Closing price	102,400 yen	115,700 yen	115,600 yen

##### 2) Status in the last six months

	May 2016	June 2016	July 2016	August 2016	September 2016	October 2016 (Note)
Opening price	114,800 yen	119,000 yen	119,000 yen	126,500 yen	120,000 yen	115,200 yen
Highest price	120,400 yen	120,000 yen	127,300 yen	127,000 yen	123,100 yen	117,200 yen
Lowest price	112,600 yen	107,500 yen	115,600 yen	119,000 yen	114,000 yen	114,200 yen
Closing price	120,000 yen	119,000 yen	126,600 yen	119,600 yen	115,600 yen	115,700 yen

(Note) The investment unit prices for October 2016 show the figures as of October 6, 2016.

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

	October 6, 2016
Opening price	115,200 yen
Highest price	116,000 yen
Lowest price	115,100 yen
Closing price	115,700 yen

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

None

### 8. Restrictions on Sale and Additional Issuance of Investment Units, etc.

- (1) Concerning the public offering, the Investment Corporation has agreed with the Joint Lead Managers that it will not additionally issue new Investment Units (except for an additional issuance in the case of the public offering, the Third-Party Allotment and a split of Investment Units, etc.) for a period of three months after the delivery date of the Investment Units through the public offering without prior written consent of the Joint Lead Managers.

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- (2) Concerning the public offering, Sekisui House, a unitholder of the Investment Corporation, has agreed with the Joint Lead Managers that it will not sell, dispose, pledge as collateral or lend to any other party or otherwise dispose of the Investment Units it owns (except for lending them for the secondary offering (over-allotment), etc.) for a period of six months after the delivery date of the Investment Units issued through the public offering without prior written consent of the Joint Lead Managers.
- (3) Concerning the public offering, Spring Investors Co., Ltd., a unitholder of the Investment Corporation, has agreed with the Joint Lead Managers that it will not sell, dispose, transfer, pledge as collateral or lend to any other party or otherwise dispose of the Investment Units it or its group companies, etc. own and the Investment Units newly purchased for a period of six months after the delivery date of the Investment Units issued through the public offering without prior written consent of the Joint Lead Managers (except in the case of transferring or disposing of all or part of the Investment Units to its group companies or affiliates on the condition that they agree to subject to the obligation similar to the restriction imposed on Spring Investors Co., Ltd. and, transferring or disposing of part of the Investment Units to affiliates of it and its group companies on the condition that such transfer or disposition satisfies certain conditions.).
- (4) In the event of the above (1) through (3), the Joint Lead Managers have the rights to cancel the agreed matters in part or in whole, or to shorten the period limitation, at their discretion.

\* Sekisui House SI Residential Investment Corporation website: <http://www.shsi-reit.co.jp/eng/>

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