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Real Estate Investment Trust Securities Issuer
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 Sekisui House Residential Investment Corporation
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 (Securities Code: 8973)

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Notice Concerning Forecast of Operating Results for the Fiscal Period Ending April 30, 2018 (Final Fiscal Period)
 and Merger Consideration

As announced in the “Notice Concerning Conclusion of a Merger Agreement between Sekisui House Reit, Inc. and Sekisui House Residential Investment Corporation” released today, Sekisui House Residential Investment Corporation (“SHI”) intends to implement an absorption-type merger (the “Investment Corporation Merger”) on the effective date of May 1, 2018, with Sekisui House Reit, Inc. (“SHR”) as the surviving corporation and SHI as the dissolving corporation, and executed a merger agreement (the “Investment Corporation Merger Agreement”) today. In relation to this, SHI intends to submit a proposal to its general meeting of unitholders, which is scheduled to be held on March 27, 2018, regarding an amendment of its articles of incorporation to change its fiscal period end dates from March 31 and September 30 to April 30 and October 31, respectively. Provided that such amendment of the articles of incorporation is approved at the general meeting of unitholders, SHI’s final fiscal period, if the Investment Corporation Merger comes into effect, is scheduled to be the seven-month period from October 1, 2017 to April 30, 2018 (the “fiscal period ending April 30, 2018”). Further, the change in the fiscal period end dates will be effective immediately following approvals of Investment Corporation Merger and an amendment of its articles of incorporation at the general meeting of unitholders.

Earnings forecasts for the fiscal period ending March 31, 2018 (October 1, 2017 to March 31, 2018) and for the fiscal period ending September 30, 2018 (April 1, 2018 to September 30, 2018) were announced in “Financial Report for the Fiscal Period ended September 30, 2017” released on November 15, 2017. In connection with the execution of the Investment Corporation Merger Agreement, SHI hereby releases the following details regarding earnings forecasts for the fiscal period ending April 30, 2018 (October 1, 2017 to April 30, 2018), which will be its final fiscal period if the proposal to amend the articles of incorporation as described above is adopted and approved at the general meeting of unitholders and the Investment Corporation Merger comes into effect, and the forecasted merger consideration in the form of cash distributions to be paid instead of cash distributions for the final fiscal period.

1. Earnings forecasts and forecasted merger consideration in the form of cash distributions for the final fiscal period (fiscal period ending April 30, 2018 (October 1, 2017 to April 30, 2018))

	Operating Revenue (Million yen)	Operating Income (Million yen)	Ordinary Income (Million yen)	Net Income (Million yen)	Merger Consideration in the Form of Cash Distributions per Unit (yen)
Fiscal period ending April 30, 2018 (seven months)	8,149	3,375	2,772	2,770	2,700

Note 1: The period in question for the earnings forecast for the fiscal period ending April 30, 2018 and the forecasted merger consideration in the form of cash distributions is the seven-month period from October 1, 2017 until April 30, 2018.

Note 2: Forecast total number of outstanding units at the end of the fiscal period: 1,105,510 units

Note 3: The above forecasted figures are the estimated figures as of today calculated based on certain assumptions, on the

premise that the Investment Corporation Merger will come into effect. The actual operating revenue, operating income, ordinary income, net income, and merger consideration in the form of cash distributions per unit may vary due to trends in the real estate market and the like, and changes in the investment environment and other conditions surrounding SHI. The forecasts should not be construed as a guarantee of the amount of merger consideration in the form of cash distributions.

Note 4: As the proceeds of cash distributions for SHI's final fiscal period, SHR as the surviving corporation after the Investment Corporation Merger intends, based on the amount of distributable profit of SHI, to distribute merger consideration in the form of cash distributions to the unitholders listed or recorded on the final unitholders register of SHI (excluding the unitholders of SHI who have demanded purchase of their investment units pursuant to the provisions of Article 149-3 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (excluding unitholders who have withdrawn those purchase demands); the "Unitholders Subject to Allocation" or to the registered investment unit pledgees of their investment units as of April 30, 2018, which is the day immediately preceding the effective date of the Investment Corporation Merger, in an amount equivalent to the merger consideration in the form of cash distributions for the final fiscal period (i.e., the amount of distributable profit of SHI as of the day immediately preceding the effective date of the Investment Corporation Merger divided by the number of investment units that is obtained by deducting (a) the number of investment units held by unitholders other than the Unitholders Subject to Allocation from (b) the total number of outstanding investment units of SHI as of the day immediately preceding the effective date of the Investment Corporation Merger (fractions of yen to be rounded down to the nearest whole yen)). As a result, the amount of merger consideration in the form of cash distributions will vary depending on the status of exercise of put option of investment units. Because the status of such exercise cannot be confirmed at present, the forecasted figures above assume that put option of investment units is not exercised.

Note 5: Amounts less than one unit have been rounded down.

[Reference] Forecast of operating results for the fiscal period ending March 31, 2018 (October 1, 2017 to March 31, 2018)

(as announced in "Financial Report for the Fiscal Period ended September 30, 2017" dated November 15, 2017)

	Operating Revenue (Million yen)	Operating Income (Million yen)	Ordinary Income (Million yen)	Net Income (Million yen)	Distributions per Unit (not including distributions in excess of earnings) (yen)	Distributions in Excess of Earnings per Unit (yen)
Fiscal period ending March 31, 2018	6,965	2,986	2,467	2,465	2,230	0

Note 1: For the assumptions underlying the forecast of operating result for the fiscal period ending March 31, 2018, please see "Financial Report for the Fiscal Period ended September 30, 2017" released by SHI on November 15, 2017.

Note 2: Amounts less than one unit have been rounded down.

2. Reason for Announcement

Earnings forecasts for the fiscal period ending March 31, 2018 (October 1, 2017 to March 31, 2018) and for the fiscal period ending September 30, 2018 (April 1, 2018 to September 30, 2018) were announced in "Financial Report for the Fiscal Period ended September 30, 2017" released on November 15, 2017. In connection with the execution of the Investment Corporation Merger Agreement, however, SHI intends to submit a proposal to its general meeting of unitholders, which is scheduled to be held on March 27, 2018, regarding an amendment of its articles of incorporation to change the ends of its fiscal period from the current last days of March and September to the last days of April and October. Provided that the amendment is approved at the general meeting of unitholders, the seven months from October 1, 2017 to April 30, 2018 will be SHI's final fiscal period if the Investment Corporation Merger comes into effect, and SHI hereby announces the following details regarding earnings forecasts for the fiscal period ending April 30, 2018 (October 1, 2017 to April 30, 2018) and forecasted cash distributions on merger to be paid as the proceeds of merger consideration in the form of cash distributions for the final fiscal period.

SHI is releasing the earnings forecasts for the fiscal period ending April 30, 2018 (October 1, 2017 to April 30, 2018) and the forecasted merger consideration in the form of cash distributions as forecasts as of the present, on the assumption that the proposals pertaining to the approval of the Investment Corporation Merger Agreement and to the amendment of the articles of incorporation to change the end of the fiscal period as set forth above will be adopted and approved at the general meeting of unitholders scheduled to be held on March 27, 2018. During the fiscal year ending April 30, 2018, ¥124 million in expenses related to the Investment Corporation Merger are expected to be recorded. SHI plans to drawdown the full amount of the ¥214 million established out of the portion of the gain on sale of property that it has internally retained to date as reserve for reduction entry, and to use that as the source of the payment of merger

consideration in the form of cash distributions.

In addition, the earnings forecast for the fiscal year ending March 31, 2018 (October 1, 2017 to March 31, 2018) set forth above under Reference does not take into account the Investment Corporation Merger coming into effect, and it assumes that there would not be an Investment Corporation Merger or any related transactions, etc.^(Note)

For forecasts regarding earnings and distributions per unit for SHR as the surviving corporation after the Investment Corporation Merger, please see “Notice Concerning the Forecast of Operating Results and Distributions Subsequent to the Merger of Sekisui House Reit, Inc. and Sekisui House Residential Investment Corporation for the Fiscal Periods Ending October 31, 2018 and April 30, 2019” announced by SHR and SHI today.

Note: As announced in “Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate and Leases (Prime Maison Shirokanedai Tower and Five Other Properties) and Sale and Cancellation of Leases (Esty Maison Machida and Eleven Other Properties)” that was released by SHR and SHI today, SHI has decided, with the Investment Corporation Merger, to sell 12 residential properties out of its portfolio assets on May 1, 2018 (the effective date of the Investment Corporation Merger) for a total planned sale price of ¥ 16.4 billion (the “Asset Sale”) to third parties, and to acquire six residential properties from Sekisui House, Ltd. for a total planned acquisition price of ¥ 25.3 billion on the same date (the “Asset Acquisition”); hereinafter referred to collectively with the Asset Sale as the “Asset Replacement”). The Investment Corporation Merger coming into effect is not a condition precedent under the sale and purchase agreement pertaining to the Asset Replacement. Accordingly, the Asset Replacement is scheduled to take place even if the Investment Corporation Merger is not implemented due to a failure to obtain an approval of the Investment Corporation Merger Agreement at the general meeting of unitholders of either SHI or SHR or due to other grounds. In that case, SHI will examine and discuss changing, by agreement with Sekisui House, Ltd., all or part of the assets it will acquire through the Asset Acquisition or the conditions for the sale and purchase under the sale and purchase agreement pertaining to the Asset Acquisition (including, but not limited to, changing the acquisition price and the timing of the acquisition), or taking other appropriate measures, while taking into consideration the impact of the Asset Replacement on the financial condition of SHI. Earnings forecasts for SHI if the Investment Corporation Merger is not implemented and other future projections are undetermined at this time.

*Address of the website of the investment corporation

Sekisui House Residential Investment Corporation:

<http://www.shi-reit.co.jp/eng/>

Appendix

Assumptions for earnings forecasts for the fiscal period ending April 30, 2018 (final fiscal period) (seven-month period) and forecasted merger consideration in the form of cash distributions

Item	Assumptions
Accounting Period	<ul style="list-style-type: none"> Fiscal year ending April 30, 2018 (25th Term): October 1, 2017 to April 30, 2018 (212 days)
Assets under Management	<ul style="list-style-type: none"> It is assumed that through April 30, 2018 there will be no changes (e.g., acquisition of new properties or sale of existing properties) in the 113 properties currently held by SHI as of today. Any changes in assets scheduled to be acquired or sold on May 1, 2018 are not taken into consideration as this date is not part of the 25th fiscal period ending April 30, 2018. In reality, there may be changes due to changes in assets under management.
Operating Revenue	<ul style="list-style-type: none"> Based on lease agreements in effect as of today, leasing business revenue calculation takes into consideration the competitiveness of properties and changes in tenants expected as of today. Rent levels are calculated in consideration of competing properties in the surrounding area, market trends and the like. Operating revenue assumes that tenants will not be delinquent on rent or fail to pay rent.
Operating Expenses	<ul style="list-style-type: none"> Among leasing business expenses, which are the primary operating expenses, expenses other than depreciation and amortization have been calculated by reflecting the factors behind the fluctuation in expenses based on information as of today and past results. Management expenses are anticipated to be about ¥789 million. With respect to property taxes and city planning taxes and the like on portfolio real estate, of the taxation amount assessed and determined, the amount corresponding to the relevant accounting period is accounted for as leasing business expenses. Property taxes and city planning taxes and the like accounted for as leasing business expenses are anticipated to be about ¥479 million. Furthermore, although generally in sale and purchase of real estate, property tax and city planning tax and the like are calculated proportionally by period with the previous owner and settled at the time of acquisition, the amount equal to such a settlement is included in the acquisition cost and not recorded as expenses. The 2018 amount of property tax and city planning tax and the like on the assets under management acquired by SHI on and after January 1, 2017 will not be recorded as leasing business expenses for the fiscal period ending April 30, 2018. Instead, they will be accounted for as leasing business expenses for SHR as the surviving corporation after the Investment Corporation Merger starting in the fiscal year ending October 31, 2018. The amount of building repair expenses that is anticipated to be necessary for the relevant accounting period is recorded as expenses. However, the actual repair expenses for the relevant accounting period may be significantly different from the forecasted amount due to, for example, possibility of repair expenses for unforeseen repairs, the amount generally tends to vary significantly from year to year, and they are not regularly occurring expenses. Depreciation and amortization are calculated using the straight-line method including incidental expenses and future additional capital expenditure, and are anticipated to be about ¥1,871 million in the fiscal period ending April 30, 2018.
Non-Operating Expenses	<ul style="list-style-type: none"> Interest expenses, interest on investment corporation bonds, and financing-related expenses are anticipated to total about ¥584 million in the fiscal period ending April 30, 2018. Amortization of investment corporation bond issuance expenses is anticipated to be about ¥7 million in the fiscal period ending April 30, 2018. Amortization of investment unit issuance expenses is anticipated to be about ¥10 million in the fiscal period ending April 30, 2018.

Item	Assumptions
Interest-bearing Liabilities	<ul style="list-style-type: none"> • As of today, SHI holds an interest-bearing liability balance of ¥105,532 million (long-term borrowing of ¥91,032 million (of which ¥4,600 million in long-term borrowing is scheduled to be repaid within one year) and investment corporation bonds of ¥14,500 million (of which ¥4,000 million in investment corporation bonds is scheduled to be redeemed within one year)), and its LTV ratio is 50.3% (estimated). • It is assumed that the entire amount of the ¥2,100 million of borrowing and the ¥4,000 million of investment corporation bonds with repayment deadlines and redemption deadlines in the fiscal period ending April 30, 2018 will be refinanced. • It is assumed that there will be no new borrowing or the like other than the above. Therefore, it is assumed that the LTV ratio at the end of the fiscal period ending April 30, 2018 will be the same level as of today. • The following formula is used in the calculation of the LTV ratio and the result is rounded off after the first decimal place. $\text{LTV ratio} = \text{total amount of interest-bearing liabilities} \div \text{total amount of assets} \times 100$
Total Number of Investment Units Outstanding	<ul style="list-style-type: none"> • It is assumed that the number of investment units outstanding as of today is 1,105,510 units, and it is assumed that subsequently no change will be made through the additional issuance of investment units or the like through the end of the fiscal period ending April 30, 2018.
Merger Consideration in the Form of Cash Distributions per Unit	<ul style="list-style-type: none"> • Merger consideration in the form of cash distributions (merger consideration in the form of cash distributions per unit) will be paid as the proceeds of cash distributions for the fiscal period ending April 30, 2018 (the final fiscal period) and are calculated on the assumption of the cash distribution policy stipulated in SHI's articles of incorporation. • SHI plans to drawdown the full amount of the ¥214 million established out of the part of gain on sale of property that it has internally retained to date as reserve for reduction entry, and to use that as the source of the payment of merger consideration in the form of cash distributions. • The merger consideration in the form of cash distributions per unit may change due to various factors, including the status of the exercise of put option of investment units in relation to the Investment Corporation Merger, expenses related to the Investment Corporation Merger, changes in assets under management, changes in rent income following changes in tenants and the like, and the occurrence of unexpected repairs.
Other	<ul style="list-style-type: none"> • It is assumed that there will be no changes in legislation, taxation, accounting standards, listing regulations, and rules and requirements imposed by The Investment Trusts Association, Japan that would impact the aforementioned forecasts. • It is assumed that there will be no unforeseen material changes in general economic trends and real estate market conditions and the like.