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

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Notice Concerning Valuation of Succeeded Assets and Amount of Negative Goodwill
From Merger with Sekisui House Residential Investment Corporation

Sekisui House Reit, Inc. (“SHR”) hereby announces that the merger with Sekisui House Residential Investment Corporation (“SHI”) (the “Investment Corporation Merger”) became effective as of today, as described in the press release “Notice Concerning Completion of Merger with Sekisui House Residential Investment Corporation” released today, and since, in conjunction with that, the appraisal value of the real estate trust beneficiary interests (the “Succeeded Assets”) from SHI, the dissolved corporation in the absorption-type merger as of the effective date of the Investment Corporation Merger, that is the basis for the valuation of the Succeeded Assets has largely been determined, as described below.

In addition, the estimated amount of negative goodwill generated by the Investment Corporation Merger has been calculated on the basis of the investment unit value as of the effective date of the Investment Corporation Merger (investment unit price (closing price) as of April 27, 2018) for the total value of the investment units of SHR allocated and delivered to the investors of SHI as the price for the Investment Corporation Merger by SHR as the acquiring corporation in the Investment Corporation Merger, and that is also announced.

1. Evaluated Amount of Succeeded Assets from SHI

The Succeeded Assets from SHI in conjunction with the Investment Corporation Merger are 101 properties, excluding 12 properties for which sale has been completed as of today (“Sold Assets”), and the total valuation of the Succeeded Assets from SHI is 214.8 billion yen. As a result, the assets under management of SHR are 113 properties, including 6 properties for which acquisition is completed as of today (“Acquired Assets”) and 6 properties of assets under management already held prior to the effective date of the Investment Corporation Merger (“SHR Continuous Held Assets”), and the asset size (total amount of acquisition price of assets under management) has reached 440.8 billion yen.

For the acquisition price and appraisal value of individual properties of the Succeeded Assets from SHI, please see the “[Reference Materials] List of Succeeded Assets from SHI (excluding Sold Assets)” below.

< Asset Size of SHR >

	Number of properties	Total acquisition price ^(Note 2)	Total appraisal value ^(Note 3)
Succeeded Assets from SHI (excluding Sold Assets) ^(Note 1)	101 properties	214,824 million yen	214,824 million yen
Acquired Assets ^(Note 1)	6 properties	25,300 million yen	27,210 million yen
SHR Continuous Held Assets	6 properties	200,750 million yen	233,080 million yen
Total	113 properties	440,874 million yen	475,114 million yen

- Note 1: For the details of the Sold Assets and the Acquired Assets please see the press release “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)” released by SHR on January 24, 2018, and the press release “Notice Concerning Completion of Acquisition (Prime Maison Shirokanedai Tower and Five Other Properties) and Completion of Sale (Esty Maison Machida and Eleven Other Properties) of Trust Beneficiary Interests in Domestic Real Estate” released by SHR today; the same hereafter.
- Note 2: “Total acquisition price” does not include acquisition expenses, fixed assets tax, city planning tax, consumption tax, and local consumption tax; the same hereafter. Also, in regard to the Succeeded Assets from SHI (excluding the Sold Assets), since the appraisal value set out in the appraisal reports which SHR has obtained will be the actual amount received by SHR by the purchase method of accounting treatment with SHI as the acquired corporation and SHR as the acquiring corporation, the value listed as the “Total acquisition price” is the same as the “Total appraisal value” listed in the above.
- Note 3: In the “Total appraisal value”, the total amount of respective valuation based on the appraisal value by real estate appraisers as of the valuation date set out below is listed.
- Succeeded Assets from SHI (excluding Sold Assets): April 30, 2018
 - Acquired Assets: April 1, 2018
 - SHR Continuous Held Assets: October 31, 2017
- Note 4: The numerical value set out is the numerical value before audit by an auditor.

2. Amount of Negative Goodwill to be Recorded upon the Investment Corporation Merger

SHR estimates the amount^(Note 1) of negative goodwill to be recorded upon the Investment Corporation Merger as 2,261 million yen, and premised on application of the Accounting Standards for Business Combinations (Accounting Standards Board of Japan Statement No. 21, as amended September 13, 2013; “Business Combinations Accounting Standards”), the amount of negative goodwill will be recorded as extraordinary income for the fiscal period ending October 31, 2018 (May 1, 2018 to October 31, 2018).

The amount of negative goodwill is estimated on the assumption of 243,393 million yen as the total of assets received from SHI, the acquired corporation under the Business Combinations Accounting Standards, 112,533 million yen as the total assumed obligations from SHI, and 128,598 million yen as the acquisition cost of the Investment Corporation Merger (total value of investment units of SHR allocated to the unit holders of SHI as the price for the acquisition calculated based on 70,500 yen as the investment unit price (closing price) of SHR as of April 27, 2018). The amount of negative goodwill is not fixed at this point in time, so there is a possibility of variation in the above amount.

- Note 1: “Negative Goodwill” is the difference in the case where the acquisition price of the acquiring corporation for accounting purpose (SHR) is less than the current net asset value of the acquired corporation for accounting purpose (SHI) at the time the merger is effective.
- Note 2: The numerical value set out is the numerical value before audit by an auditor.

3. Future Outlook

In regard to the forecast of operating results of SHR taking into consideration the valuation of the above Succeeded Assets from SHI and the expected amount of negative goodwill, please see the press release “Notice Concerning Revisions of Forecast of Operating Results and Distributions for the Fiscal Periods Ending October 31, 2018 and April 30, 2019” released today by SHR.

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

< Attached Materials >

[Reference Materials] List of Succeeded Assets from SHI (excluding Sold Assets)

[Reference Materials] List of Succeeded Assets from SHI (excluding Sold Assets)
(Valuation Date of Appraisal Value: April 30, 2018)

Use	Property name	Location	Acquisition price (million yen) (Note 1)	Appraisal value (million yen) (Note 2)	Appraisal agency
Residence	Esty Maison Ginza	Chuo-ku, Tokyo	6,540	6,540	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Azabunagasaka	Minato-ku, Tokyo	1,790	1,790	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Ebisu II	Shibuya-ku, Tokyo	2,040	2,040	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Ebisu	Shibuya-ku, Tokyo	873	873	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Kanda	Chiyoda-ku, Tokyo	1,610	1,610	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Kitashinjuku	Shinjuku-ku, Tokyo	1,590	1,590	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Asakusakomagata	Taito-ku, Tokyo	2,190	2,190	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Kawasaki	Kawasaki-shi, Kanagawa	2,400	2,400	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Yokohama	Yokohama-shi, Kanagawa	2,110	2,110	Daiwa Real Estate Appraisal Co., Ltd.
	Esty Maison Kameido	Koto-ku, Tokyo	1,580	1,580	Daiwa Real Estate Appraisal Co., Ltd.
	Esty Maison Meguro	Meguro-ku, Tokyo	1,060	1,060	Japan Real Estate Institute
	Esty Maison Sugamo	Toshima-ku, Tokyo	1,630	1,630	JLL Morii Valuation & Advisory K.K.
	Esty Maison Kyobashi	Osaka-shi, Osaka	2,970	2,970	Richi Appraisal Institute
	Esty Maison Hakuraku	Yokohama-shi, Kanagawa	931	931	Daiwa Real Estate Appraisal Co., Ltd.
	Esty Maison Minamihorie	Osaka-shi, Osaka	1,060	1,060	JLL Morii Valuation & Advisory K.K.
	Esty Maison Gotanda	Shinagawa-ku, Tokyo	3,110	3,110	Daiwa Real Estate Appraisal Co., Ltd.
	Esty Maison Oisendaizaka	Shinagawa-ku, Tokyo	2,720	2,720	Daiwa Real Estate Appraisal Co., Ltd.
	Esty Maison Shinagawa Seaside	Shinagawa-ku, Tokyo	2,050	2,050	JLL Morii Valuation & Advisory K.K.
	Esty Maison Minamiazabu	Minato-ku, Tokyo	1,250	1,250	JLL Morii Valuation & Advisory K.K.
Esty Maison Tsukamoto	Osaka-shi, Osaka	1,080	1,080	Japan Real Estate Institute	

Use	Property name	Location	Acquisition price (million yen) (Note 1)	Appraisal value (million yen) (Note 2)	Appraisal agency
Residence	Esty Maison Kawasaki II	Kawasaki-shi, Kanagawa	1,910	1,910	JLL Morii Valuation & Advisory K.K.
	Esty Maison Azabujuban	Minato-ku, Tokyo	2,690	2,690	JLL Morii Valuation & Advisory K.K.
	Esty Maison Itabashihoncho	Itabashi-ku, Tokyo	937	937	JLL Morii Valuation & Advisory K.K.
	Esty Maison Oizumigakuen	Nerima-ku, Tokyo	790	790	JLL Morii Valuation & Advisory K.K.
	Esty Maison Higashishinagawa	Shinagawa-ku, Tokyo	2,390	2,390	Daiwa Real Estate Appraisal Co., Ltd.
	Esty Maison Itabashikuyakushomae	Itabashi-ku, Tokyo	2,540	2,540	JLL Morii Valuation & Advisory K.K.
	Esty Maison Musashikoyama	Shinagawa-ku, Tokyo	1,050	1,050	JLL Morii Valuation & Advisory K.K.
	Esty Maison Sendagi	Bunkyo-ku, Tokyo	698	698	JLL Morii Valuation & Advisory K.K.
	Esty Maison Yotsuyasakamachi	Shinjuku-ku, Tokyo	2,090	2,090	JLL Morii Valuation & Advisory K.K.
	Esty Maison Hakatahigashi	Fukuoka-shi, Fukuoka	2,400	2,400	Richi Appraisal Institute
	Esty Maison Kamigofuku	Fukuoka-shi, Fukuoka	821	821	Richi Appraisal Institute
	Esty Maison Sangenjaya	Setagaya-ku, Tokyo	822	822	Tanizawa Sogo Appraisal Co., Ltd.
	Prime Maison Musashinonomori	Kodaira-shi, Tokyo	1,850	1,850	Tanizawa Sogo Appraisal Co., Ltd.
	Prime Maison Higashisakura	Nagoya-shi, Aichi	1,500	1,500	Tanizawa Sogo Appraisal Co., Ltd.
	Prime Maison Kayabakoen	Nagoya-shi, Aichi	801	801	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Sangenjaya II	Setagaya-ku, Tokyo	785	785	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Itabashi C6	Itabashi-ku, Tokyo	2,560	2,560	Daiwa Real Estate Appraisal Co., Ltd.
	MAST Hakata	Fukuoka-shi, Fukuoka	2,360	2,360	Japan Real Estate Institute
	Esty Maison Kinshicho	Sumida-ku, Tokyo	1,260	1,260	Chuo Real Estate Appraisal Co., Ltd.
	Esty Maison Musashikoganei	Koganei-shi, Tokyo	1,790	1,790	Tanizawa Sogo Appraisal Co., Ltd.
Prime Maison Gokiso	Nagoya-shi, Aichi	1,950	1,950	Tanizawa Sogo Appraisal Co., Ltd.	

Use	Property name	Location	Acquisition price (million yen) (Note 1)	Appraisal value (million yen) (Note 2)	Appraisal agency
Residence	Prime Maison Yuhigaoka	Osaka-shi, Osaka	909	909	Japan Real Estate Institute
	Prime Maison Kitatanabe	Osaka-shi, Osaka	601	601	Japan Real Estate Institute
	Prime Maison Momochihama	Fukuoka-shi, Fukuoka	1,940	1,940	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Akihabara	Taito-ku, Tokyo	1,930	1,930	Chuo Real Estate Appraisal Co., Ltd.
	Esty Maison Sasazuka	Shibuya-ku, Tokyo	3,340	3,340	Daiwa Real Estate Appraisal Co., Ltd.
	Prime Maison Ginza East	Chuo-ku, Tokyo	6,250	6,250	Chuo Real Estate Appraisal Co., Ltd.
	Prime Maison Takami	Nagoya-shi, Aichi	1,050	1,050	Tanizawa Sogo Appraisal Co., Ltd.
	Prime Maison Yadaminami	Nagoya-shi, Aichi	812	812	Tanizawa Sogo Appraisal Co., Ltd.
	Prime Maison Teriha	Fukuoka-shi, Fukuoka	1,260	1,260	Daiwa Real Estate Appraisal Co., Ltd.
	Esty Maison Higashishirakabe	Nagoya-shi, Aichi	1,580	1,580	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Sengoku	Bunkyo-ku, Tokyo	1,360	1,360	Daiwa Real Estate Appraisal Co., Ltd.
	Esty Maison Daizawa	Setagaya-ku, Tokyo	2,270	2,270	Daiwa Real Estate Appraisal Co., Ltd.
	Esty Maison Togoshi	Shinagawa-ku, Tokyo	1,770	1,770	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Nishitemma	Osaka-shi, Osaka	1,680	1,680	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Shirokanedai	Shinagawa-ku, Tokyo	2,400	2,400	Japan Real Estate Institute
	Esty Maison Higashishinjuku	Shinjuku-ku, Tokyo	1,680	1,680	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Motoazabu	Minato-ku, Tokyo	1,540	1,540	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Toritsudaigaku	Meguro-ku, Tokyo	861	861	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Musashikoyama II	Shinagawa-ku, Tokyo	1,030	1,030	Daiwa Real Estate Appraisal Co., Ltd.
	Esty Maison Nakano	Nakano-ku, Tokyo	1,870	1,870	Daiwa Real Estate Appraisal Co., Ltd.
Esty Maison Shinnakano	Nakano-ku, Tokyo	1,020	1,020	Daiwa Real Estate Appraisal Co., Ltd.	

Use	Property name	Location	Acquisition price (million yen) (Note 1)	Appraisal value (million yen) (Note 2)	Appraisal agency
Residence	Esty Maison Nakanofujimicho	Nakano-ku, Tokyo	984	984	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Tetsugakudo	Nakano-ku, Tokyo	1,160	1,160	Daiwa Real Estate Appraisal Co., Ltd.
	Esty Maison Koenji	Suginami-ku, Tokyo	1,160	1,160	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Oshiage	Sumida-ku, Tokyo	2,490	2,490	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Akabane	Kita-ku, Tokyo	3,290	3,290	Daiwa Real Estate Appraisal Co., Ltd.
	Esty Maison Oji	Kita-ku, Tokyo	1,650	1,650	Daiwa Real Estate Appraisal Co., Ltd.
	Prime Maison Waseda	Shinjuku-ku, Tokyo	1,580	1,580	Japan Real Estate Institute
	Prime Maison Hatchobori	Chuo-ku, Tokyo	1,460	1,460	Japan Real Estate Institute
	Prime Maison Jimbocho	Chiyoda-ku, Tokyo	1,960	1,960	Chuo Real Estate Appraisal Co., Ltd.
	Prime Maison Gotenyama East	Shinagawa-ku, Tokyo	2,910	2,910	Chuo Real Estate Appraisal Co., Ltd.
	MAST LIFE Akihabara	Chiyoda-ku, Tokyo	555	555	Daiwa Real Estate Appraisal Co., Ltd.
	Esty Maison Aoi	Nagoya-shi, Aichi	2,460	2,460	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Yakuin	Fukuoka-shi, Fukuoka	2,430	2,430	Tanizawa Sogo Appraisal Co., Ltd.
	Esty Maison Kinshicho II	Sumida-ku, Tokyo	8,250	8,250	Japan Real Estate Institute
	Esty Maison Ojima	Koto-ku, Tokyo	8,630	8,630	Japan Real Estate Institute
	Prime Maison Fujimidai	Nagoya-shi, Aichi	2,070	2,070	Daiwa Real Estate Appraisal Co., Ltd.
	Esty Maison Tsurumai	Nagoya-shi, Aichi	4,490	4,490	Daiwa Real Estate Appraisal Co., Ltd.
	Prime Maison Morishita	Koto-ku, Tokyo	1,930	1,930	Tanizawa Sogo Appraisal Co., Ltd.
	Prime Maison Shinagawa	Shinagawa-ku, Tokyo	1,960	1,960	Daiwa Real Estate Appraisal Co., Ltd.
	Prime Maison Odorikoen	Sapporo-shi, Hokkaido	3,160	3,160	Japan Real Estate Institute
Prime Maison Minami 2-jo	Sapporo-shi, Hokkaido	1,930	1,930	Japan Real Estate Institute	
Prime Maison Kamokamogawa	Sapporo-shi, Hokkaido	1,250	1,250	Japan Real Estate Institute	

Use	Property name	Location	Acquisition price (million yen) (Note 1)	Appraisal value (million yen) (Note 2)	Appraisal agency
Residence	Prime Maison Central Park	Fukuoka-shi, Fukuoka	2,309	2,309	Richi Appraisal Institute
	MAST LIFE Yahiro	Sumida-ku, Tokyo	1,910	1,910	Daiwa Real Estate Appraisal Co., Ltd.
	Prime Maison Ebisu	Shibuya-ku, Tokyo	4,360	4,360	Japan Real Estate Institute
	Granmast Kanazawa Nishiizumi	Kanazawa-shi, Ishikawa	1,080	1,080	Daiwa Real Estate Appraisal Co., Ltd.
	Granmast Unomori	Yokkaichi-shi, Mie	830	830	Daiwa Real Estate Appraisal Co., Ltd.
	Esty Maison Kohoku Tsunashima	Yokohama-shi, Kanagawa	2,750	2,750	Japan Real Estate Institute
	MAST LIFE Hino	Hino-shi, Tokyo	1,390	1,390	Richi Appraisal Institute
	Prime Maison Yokohama Nihon-Odori	Yokohama-shi, Kanagawa	4,870	4,870	JLL Morii Valuation & Advisory K.K.
	Kobe Women's Student Housing	Kobe-shi, Hyogo	5,880	5,880	Japan Real Estate Institute
	Prime Maison Shibuya	Shibuya-ku, Tokyo	2,430	2,430	JLL Morii Valuation & Advisory K.K.
	Prime Maison Hatsudai	Shibuya-ku, Tokyo	3,010	3,010	JLL Morii Valuation & Advisory K.K.
	Esty Maison Uemachidai	Osaka-shi, Osaka	1,040	1,040	Chuo Real Estate Appraisal Co., Ltd.
	Esty Maison Kobe-Sannomiya	Kobe-shi, Hyogo	971	971	Chuo Real Estate Appraisal Co., Ltd.
	Prime Maison Shirokane-Takanawa	Minato-ku, Tokyo	4,900	4,900	JLL Morii Valuation & Advisory K.K.
	Prime Maison Ichigayayamabushicho	Shinjuku-ku, Tokyo	4,220	4,220	Richi Appraisal Institute
	Esty Maison Morishita	Sumida-ku, Tokyo	655	655	Chuo Real Estate Appraisal Co., Ltd.
Residence – subtotal			212,095	212,095	
Retail property, etc.	Hamamatsu Plaza	Hamamatsu-shi, Shizuoka	2,729	2,729	Richi Appraisal Institute
Retail property, etc. – subtotal			2,729	2,729	
Succeeded Assets from SHI (excluding Sold Assets) total			214,824	214,824	

Note 1: For the "Acquisition price" of the Succeeded Assets from SHI (excluding Sold Assets), the appraisal value set out in the appraisal reports which SHR has obtained will be the actual amount received by SHR by the purchase method of accounting treatment with SHI as the acquired corporation and SHR as the acquiring corporation, the value listed as the "Acquisition price" is the same as the "Appraisal value" listed in the above. Any amount less than a million yen has been rounded down.

Note 2: In the "Appraisal value", the valuation amount based on the appraisal value by real estate appraisers as of the valuation date of April 30, 2018, is listed. Any amount less than a million yen has been rounded down.