



May 18, 2018

Real Estate Investment Trust Securities Issuer
Sekisui House Reit, Inc.
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(Securities Code: 3309)

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Notice Concerning Handling of Fractional Investment Units Resulting from the Merger

In connection with the absorption-type merger between Sekisui House Reit Investment Corporation (“SHR”) and Sekisui House Residential Investment Corporation (“SHI”) which came into effect on May 1, 2018, (the “Investment Corporation Merger”), the unitholders stated or recorded in the final unitholders register of SHI as of April 30, 2018, (the “Unitholders Subject to Allocation”) were allotted investment units of SHR. As a result, some Unitholders Subject to Allocation are now entitled to receive fractional investment units of less than one unit (the “Fractional investment units”) according to the number of investment units allotted.

Pursuant to the provisions of Article 88 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended), SHR plans to dispose of such Fractional investment units through market transactions and distribute the proceeds thereof (the “Sales proceeds of the Fractional investment units”) to the Unitholders Subject to Allocation entitled to receive the Fractional investment units in proportion to their total number of fractional investment units.

SHR will notify the Unitholders Subject to Allocation concerned of information on the relevant amounts to be distributed, the distribution method and other related matters of Sales proceeds of the Fractional investment units by mail, and plans to commence payment of the proceeds by around the latter half of July 2018.

1. Allotment of investment units

Unitholders Subject to Allocation (that is, the unitholders who held investment units of SHI on April 24, 2018, the last date of cum-rights trading), are entitled to receive allotment of investment units of SHR.

	SHR	SHI
Allocation of investment units under Investment Corporation Merger	1	1.65

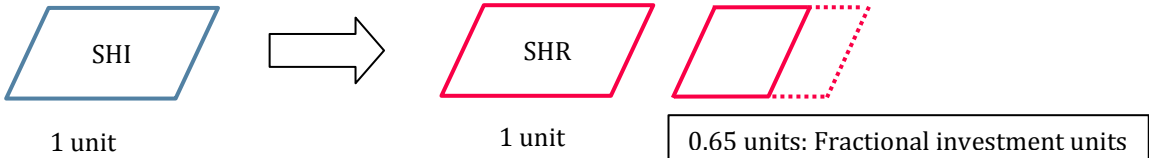
(Note) The number of new SHR investment units issued as a result of the Investment Corporation Merger is 1,824,091 units.

2. Calculation method of allotted investment units

Formula: Number of SHI investment units held × 1.65 = Number of SHR investment units allotted

(1) An Unitholder Subject to Allocation who held one SHI investment unit as of the record date
 The number of SHR investment units allotted following the Investment Corporation Merger to the Unitholder Subject to Allocation is 1.65 units.

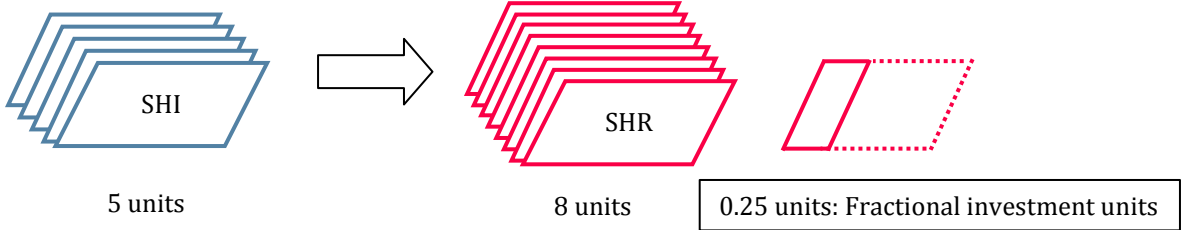
(Reference diagram)



Sales proceeds equivalent to 0.65 units, which are less than one investment unit, will be paid to the Unitholder Subject to Allocation

(2) An Unitholder Subject to Allocation who held five SHI investment units as of the record date
 The number of SHR investment units allotted following the Investment Corporation Merger to the Unitholder Subject to Allocation is 8.25 units.

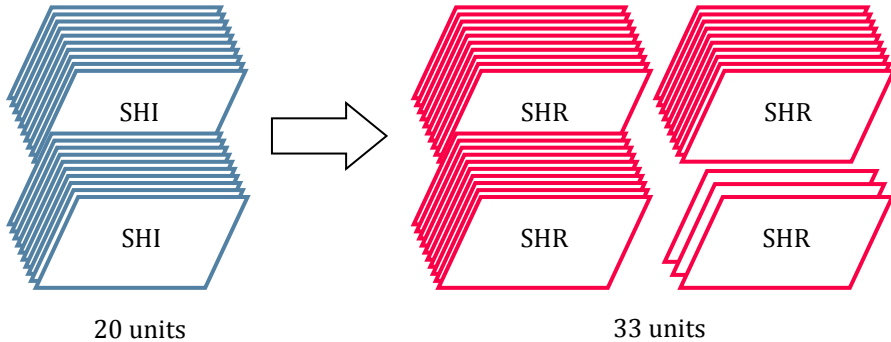
(Reference diagram)



Sales proceeds equivalent to 0.25 units, which are less than one investment unit, will be paid to the Unitholder Subject to Allocation

(3) An Unitholder Subject to Allocation who held 20 SHI investment units as of the record date
 The number of SHR investment units allotted following the Investment Corporation Merger to the Unitholder Subject to Allocation is 33 units.

(Reference diagram)



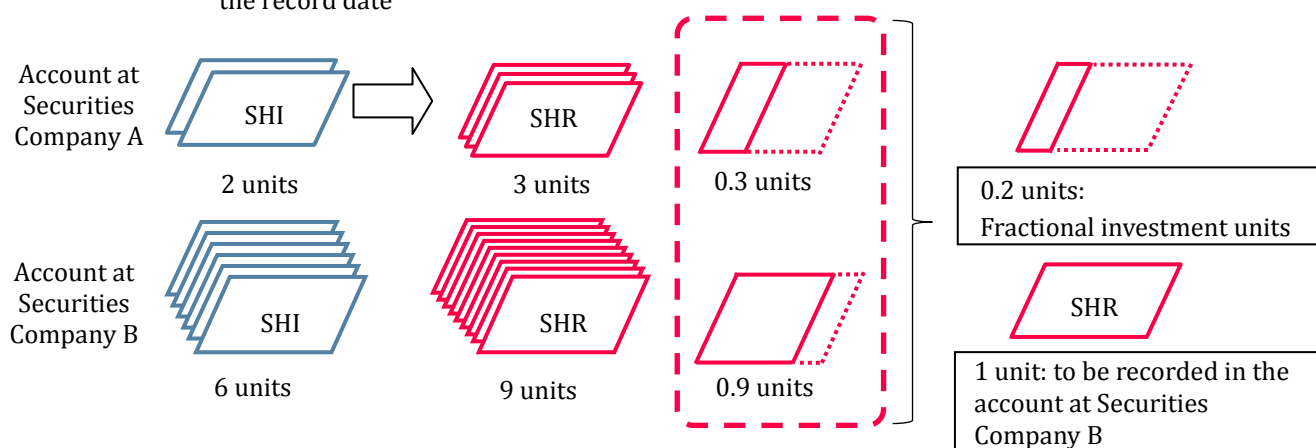
As there are no Fractional investment units, no cash payment equivalent to sales proceeds of fractional units will be made.

(4) An Unitholder Subject to Allocation who held SHI investment units in accounts at multiple securities companies

If a unitholder held SHI investment units in accounts at multiple securities companies as of the record date, the Fractional investment units will be processed based on name-based aggregation and calculation of the total number of units. If the number of units held by a unitholder, which is calculated by adding up the Fractional investment units in each account at the respective securities companies, is one unit or more, the integral number of the units will be recorded in the securities company account holding the largest number of units of SHI and the Fractional investment units through such aggregation process will be treated as shown above.

(Reference diagram)

(Example) An Unitholder Subject to Allocation who held two SHI investment units in an account at Securities Company A and six of the same investment units at Securities Company B as of the record date



The total number of Fractional investment units in each account at the respective securities companies is 1.2 units. Of the units, one unit will be recorded in the securities company account holding the largest number of SHI investment units (in the above case, the account at Securities Company B). In addition, with respect to the remaining fractional 0.2 units following the aggregation, which are less than one unit, the unitholder will be paid an amount equivalent to the sales proceeds of the Fractional investment units.

3. Schedule (planned)

June 15, 2018	Dispatch of notice letters of allotted number of investment units (Note 1)
the latter half of July 2018	Commencement of payments of merger consideration (Note 2) and Sales proceeds of the Fractional investment units

(Note 1) Letters will be dispatched to the Unitholders Subject to Allocation.

(Note 2) As the proceeds of cash distributions for SHI's final fiscal period (October 1, 2017, to April 30, 2018), SHR plans to make payment of delivered money due to the Investment Corporation Merger equivalent to the cash distribution for the final fiscal period to the Unitholders Subject to Allocation or the registered pledgees of investment units held. Please refer to the "Notice Concerning Forecast of Operating Results for the Fiscal Period Ending April 30, 2018, (Final Fiscal period) and Merger Consideration" dated January 24, 2018, prepared by SHI as a forecast of the merger consideration due to the Investment Corporation Merger by SHI. The merger consideration is undetermined currently and will be notified as soon as it is finalized.

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