

June 15, 2018

Real Estate Investment Trust Securities Issuer

Sekisui House Reit, Inc.

 Representative: Junichi Inoue, Executive Director
(Securities Code: 3309)

Asset Management Company:

Sekisui House Asset Management, Ltd.

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Notice Concerning Determination of Operating Results for the Fiscal Period Ended April 30, 2018 (Final Fiscal Period) and Merger Consideration, Etc., of Sekisui House Residential Investment Corporation

Sekisui House Reit, Inc. (“SHR”) announced today the determination of the financial results for the fiscal period ended April 30, 2018 (final fiscal period) of Sekisui House Residential Investment Corporation (“SHI”) , which merged with SHR effective on May 1, 2018 (the “Investment Corporation Merger”), and the cash distribution on merger as follows.

I. Operating results and merger consideration in the form of cash distributions for the final fiscal period (fiscal period ended 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)	Net Income Per unit (yen)	Merger Consideration in the Form of Cash Distributions per Unit (yen)(Note 3)	Total of Merger Consideration in the Form of Cash Distributions (Million yen) (Note 4)
Fiscal period ended April 30, 2018 (seven months) (Note 1)	8,174	3,443	2,843	2,841	2,570	2,764	3,055

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

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

Note 3: Instead of cash distribution for SHI’s final fiscal period, SHR will make a cash distribution on merger to the unitholders listed or recorded on the final unitholders register of SHI as of the day immediately prior to the effective date of the Investment Corporation Merger (April 30, 2018), in an amount equivalent to the cash distributions for the final fiscal period based on SHI’s distributable profit (the payment on merger will be the amount of distributable profit of SHI as of the day immediately prior to the date of the merger (April 30, 2018) divided by the number of investment units issued and outstanding of SHI, as of the day immediately prior to the date of the merger (amounts less than one yen are rounded down)).

Note 4: Gross cash distribution on merger for the fiscal period ended April 30, 2018 (3,055 million yen) includes reversal of reserve for reduction entry (214 million yen), and differs from the amount of Net income.

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

II. Schedule date of Merger Consideration Payment in the Form of Cash Distributions
July 20, 2018

【Exhibit】

Reference Information of the grounds of SHI’s Merger Consideration in the Form of Cash Distributions

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

(Reference Information of the grounds of SHI's Merger Consideration in the Form of Cash Distributions)

(1) Balance Sheet

	(Thousand yen)
	25th Fiscal Period (As of April 30, 2018)
Assets	
Current assets	
Cash and deposits	5,882,205
Cash and deposits in trust	5,511,714
Operating accounts receivable	120,088
Prepaid expenses	197,009
Deferred tax assets	81
Other	80,583
Allowance for doubtful accounts	(1,882)
Total current assets	11,789,799
Non-current assets	
Property, plant and equipment	
Buildings in trust	106,936,616
Accumulated depreciation	(19,540,950)
Buildings in trust, net	87,395,666
Structures in trust	987,605
Accumulated depreciation	(300,730)
Structures in trust, net	686,875
Machinery and equipment in trust	2,031,290
Accumulated depreciation	(763,676)
Machinery and equipment in trust, net	1,267,613
Tools, furniture and fixtures in trust	402,779
Accumulated depreciation	(147,961)
Tools, furniture and fixtures in trust, net	254,817
Land in trust	107,828,487
Construction in progress in trust	128,908
Total property, plant and equipment	197,562,369
Intangible assets	
Leasehold rights in trust	139,591
Other	83
Total intangible assets	139,675
Investments and other assets	
Lease and guarantee deposits	242,662
Long-term prepaid expenses	386,883
Other	166,741
Total investments and other assets	796,287
Total non-current assets	198,498,332
Deferred assets	
Investment corporation bond issuance costs	36,743
Investment unit issuance costs	23,472
Total deferred assets	60,215
Total assets	210,348,347

(Thousand yen)

	25th Fiscal Period (As of April 30, 2018)
Liabilities	
Current liabilities	
Operating accounts payable	277,859
Current portion of investment corporation bonds	2,500,000
Current portion of long-term loans payable	14,882,000
Accounts payable – other	611,873
Accrued expenses	102,291
Income taxes payable	2,124
Accrued consumption taxes	9,905
Advances received	238,795
Other	5,704
Total current liabilities	18,630,554
Non-current liabilities	
Investment corporation bonds	8,000,000
Long-term loans payable	80,150,500
Tenant leasehold and security deposits in trust	1,877,018
Total non-current liabilities	90,027,518
Total liabilities	108,658,073
Net assets	
Unitholders' equity	
Unitholders' capital	98,633,978
Surplus	
Voluntary retained earnings	
Reserve for reduction entry	214,718
Total voluntary retained earnings	214,718
Unappropriated retained earnings	2,841,576
Total surplus	3,056,295
Total unitholders' equity	101,690,274
Total net assets	101,690,274
Total liabilities and net assets	210,348,347

(2) Statement of Income and Retained Earnings

(Thousand yen)

	25th Fiscal Period (October 1, 2017 – April 30, 2018)
Operating revenue	
Rent revenue - real estate	8,174,332
Total operating revenue	8,174,332
Operating expenses	
Expenses related to rent business	3,885,818
Asset management fee	426,954
Asset custody fee	19,273
Administrative service fees	43,110
Directors' compensations	4,200
Merger Expenses	129,226
Provision of allowance for doubtful accounts	212
Other operating expenses	221,863
Total operating expenses	4,730,658
Operating income	3,443,674
Non-operating income	
Interest income	49
Reversal of distributions payable	747
Other	2
Total non-operating income	799
Non-operating expenses	
Interest expenses	436,750
Interest expenses on investment corporation bonds	61,123
Amortization of investment corporation bond issuance costs	7,945
Borrowing related expenses	84,919
Amortization of investment unit issuance costs	10,040
Other	138
Total non-operating expenses	600,917
Ordinary income	2,843,555
Income before income taxes	2,843,555
Income taxes - current	2,132
Income taxes - deferred	-4
Total income taxes	2,127
Net income	2,841,427
Retained earnings brought forward	148
Unappropriated retained earnings	2,841,576

(3) Statement of Changes in Net Assets

25th fiscal period (from October 1, 2017 to April 30, 2018)

(Thousand yen)

	Unitholders' equity						Total Net Assets
	Unitholders' capital	Surplus				Total Unitholders' capital	
		Voluntary retained earnings		Unappropriated retained earnings	Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings				
Balance as of October 1, 2017	98,633,978	214,718	214,718	2,493,073	2,707,792	101,341,771	101,341,771
Changes of items during the fiscal period							
Distribution from surplus				(2,492,925)	(2,492,925)	(2,492,925)	(2,492,925)
Net Income				2,841,427	2,841,427	2,841,427	2,841,427
Total changes of items during the fiscal period	-	-	-	348,502	348,502	348,502	348,502
Balance as of April 30, 2018	98,633,978	214,718	214,718	2,841,576	3,056,295	101,690,274	101,690,274

(4) Statement of Cash Distributions

Item	25th Fiscal Period (October 1, 2017 –April 30, 2018)
I. Unappropriated retained earnings	2,841,576,607 yen
II. Voluntary retained earnings	
Reversal of reserve for reduction entry	214,718,633 yen
III. Cash distributions	3,055,629,640 yen
(Cash distributions per unit)	(2,764 yen)
IV. Retained earnings carried forward	665,600 yen
Method for calculating cash distributions	<p>Based on the merger agreement concluded between SHI and SHR on January 24, 2018, a cash distribution on merger shall be paid to the unitholders listed or recorded on the final unitholders register of SHI on April 30, 2018, the day immediately prior to the effective date of the merger (May 1, 2018). The per-unit amount of this distribution is specified as that reached by dividing SHI's entire distributable profit as of April 30, 2018, the day immediately prior to the effective date of the merger (May 1, 2018) by the number of SHI's investment units issued and outstanding as of the same day (with any amount less than one yen truncated). In line with this policy, the merger distribution per unit calculated by dividing 3,056,295,240 yen, the sum of 2,841,576,607 yen of the unappropriated retained earnings for the current fiscal year and 214,718,633 yen of the reversal of reserve for reduction entry, by 1,105,510 units of the total number of issued and outstanding investment units was 2,764 yen. 3,055,629,640 yen shall be paid as the merger distribution, which is the value obtained by multiplying the total number of issued investment units by 1,105,510 units.</p>

Note 1: "Cash Distribution" is used in referring to a merger consideration in the form of cash distributions.