

May 1, 2018

Real Estate Investment Trust Securities Issuer
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 (Securities Code: 3309)

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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

Sekisui House Reit, Inc. (“SHR”) hereby announces that it has completed, as of today, acquisition of real estate trust beneficiary interests in six residential properties (the “Asset Acquisition”) and sale of real estate trust beneficiary interests in twelve residential properties (the “Asset Sale”) stated in 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 as of January 24, 2018 (the “Press Release dated January 24, 2018”), as described below.

Further, we hereby announce the changed matters in the written real estate appraisals and the building engineering reports which SHR has newly obtained upon settlement and delivery of the real estate trust beneficiary interests with regard to six residential property of which SHR has completed acquisition as of today, as well as the matters described as “Undecided” in the Press Release dated January 24, 2018.

1. Outline of acquisition and sale

(1) Outline of the Asset Acquisition

The assets of which SHR has completed acquisition today (the “Acquired Assets”) are the real estate trust beneficiary interests for the six residential properties set forth below.

Property name	Seller	Acquisition price ^(Note 1)
Prime Maison Shirokanedai Tower	Sekisui House, Ltd.	7,950 million yen
Prime Maison Otsuka		3,700 million yen
Prime Maison Asakusabashi		1,680 million yen
Prime Maison Daikanyama		2,520 million yen
Prime Maison Gotenyama West		3,400 million yen
Esty Maison Toyosu Residence ^(Note 2)		6,050 million yen
Total acquisition price ^(Note 1)		25,300 million yen

Note 1: The “acquisition price” and “total acquisition price” do not include acquisition expenses, fixed asset tax, city planning tax, consumption tax, and local consumption tax; the same hereafter.

Note 2: The property name of the “Esty Maison Toyosu Residence” is “Toyosu Residence” as of today, but its property name is scheduled to be changed with the brand name “Esty Maison” after publicizing the change to the residents for a certain period of time, so the property name after such change has been stated; the same hereafter.

Note 3: For more details regarding the above Acquired Assets, please see also the Press Release dated January 24, 2018 and the subsequent

section of this document titled "2. Changes from 'Details of the Assets to be Acquired and Leases' in the Press Release dated January 24, 2018".

(2) Outline of the Asset Sale

The Assets of which SHR has completed sale as of today (the "Sold Assets") are the real estate trust beneficiary interests for the 12 residential properties set forth below.

Property name	Purchaser (Note 1)	Sale price (Note 1)
Esty Maison Machida	Undisclosed	Undecided
Esty Maison Shinkawasaki		
Esty Maison Megurohoncho		
Esty Maison Joto		
Esty Maison Tenjinhigashi I		
Esty Maison Tenjinhigashi II		
Esty Maison Shijonishinotoin		
Esty Maison Hachiojiminamino		
Esty Maison Nishinakajima		
Esty Maison Kawaramachi		
Esty Maison Shibaura		
Esty Maison Tsutsujigaoka		
Total sale price (Note 1)		16,400 million yen

Note 1: The purchasers of the Sold Assets are multiple domestic limited liability companies, of which all are special purpose companies established for the acceptance of assets. A single sale and purchase agreement has been entered with these limited liability companies to complete the acceptance of assets, since each limited liability company is financed by the same domestic special purpose company and is managed by the same asset management company. Since the transaction reflects a bulk sale, and since neither the purchasers of the Sold Assets nor the investor has given approval for disclosure, the sale price and purchaser information for individual properties will remain undisclosed. In addition, the "total sale price" does not include sale expenses, fixed asset tax, city planning tax, consumption tax, and local consumption tax; the same hereafter.

Note 2: For more details regarding the above Sold Assets, please see the Press Release dated January 24, 2018.

As disclosed in the press release "Notice Concerning Completion of Merger with Sekisui House Residential Investment Corporation" released as of today, the absorption-type merger with Sekisui House Residential Investment Corporation ("SHI") has become effective today (the "Investment Corporation Merger"), and the real estate trust beneficiary interests of SHI, a dissolving corporation in the absorption-type merger, have been succeeded to by SHR. As a result of the completion of the Asset Acquisition and the Asset Sale, the assets under management by SHR after the Investment Corporation Merger comprise 113 properties corresponding to 440.8 billion yen in asset size (the total amount of the acquisition prices of the assets under management).

For more details about the valuation of the real estate trust beneficiary interests succeeded to from SHI, please see the press release "Notice Concerning Valuation of Succeeded Assets and Amount of Negative Goodwill From Merger with Sekisui House Residential Investment Corporation" separately released as of today.

2. Changes from “Details of the Assets to be Acquired and Leases” in the Press Release dated January 24, 2018
(1) Prime Maison Shirokanedai Tower

Item		Description in the Press Release dated January 24, 2018	Changes upon completion of acquisition
Trustee		Undecided	Mizuho Trust & Banking Co., Ltd.
Trust term expiration date		Undecided	April 30, 2028
Outline of leasing and management	Agreement term expiration date	Undecided	April 30, 2028
Outline of written appraisal	Appraised value (thousand yen)	8,340,000	8,570,000
	Time of valuation	December 1, 2017	April 1, 2018
Outline of building engineering report (building condition appraisal), etc.	Building replacement cost (thousand yen)	2,347,000	2,389,000

(2) Prime Maison Otsuka

Item		Description in the Press Release dated January 24, 2018	Changes upon completion of acquisition
Trustee		Undecided	Mizuho Trust & Banking Co., Ltd.
Trust term expiration date		Undecided	April 30, 2028
Outline of leasing and management	Agreement term expiration date	Undecided	April 30, 2028
Outline of written appraisal	Appraised value (thousand yen)	3,860,000	3,970,000
	Time of valuation	December 1, 2017	April 1, 2018
Outline of building engineering report (building condition appraisal), etc.	Repair expenses (thousand yen) (2 to 12-year period)	6,540	9,010
	Building replacement cost (thousand yen)	1,401,000	1,424,000

(3) Prime Maison Asakusabashi

Item		Description in the Press Release dated January 24, 2018	Changes upon completion of acquisition
Trustee		Undecided	Mizuho Trust & Banking Co., Ltd.
Trust term expiration date		Undecided	April 30, 2028
Outline of leasing and management	Agreement term expiration date	Undecided	April 30, 2028
Outline of written appraisal	Appraised value (thousand yen)	1,760,000	1,800,000

	Time of valuation	December 1, 2017	April 1, 2018
Outline of building engineering report (building condition appraisal), etc.	Building replacement cost (thousand yen)	659,000	671,000

(4) Prime Maison Daikanyama

Item		Description in the Press Release dated January 24, 2018	Changes upon completion of acquisition
Trustee		Undecided	Mitsubishi UFJ Trust and Banking Corporation
Trust term expiration date		Undecided	April 30, 2028
Outline of leasing and management	Agreement term expiration date	Undecided	April 30, 2028
Outline of written appraisal	Appraised value (thousand yen)	2,650,000	2,730,000
	Time of valuation	December 1, 2017	April 1, 2018
Outline of building engineering report (building condition appraisal), etc.	Repair expenses (thousand yen) (2 to 12-year period)	3,520	4,900
	Building replacement cost (thousand yen)	757,000	771,000

(5) Prime Maison Gotenyama West

Item		Description in the Press Release dated January 24, 2018	Changes upon completion of acquisition
Trustee		Undecided	Mizuho Trust & Banking Co., Ltd.
Trust term expiration date		Undecided	April 30, 2028
Outline of leasing and management	Agreement term expiration date	Undecided	April 30, 2028
Outline of written appraisal	Appraised value (thousand yen)	3,560,000	3,680,000
	Time of valuation	December 1, 2017	April 1, 2018
Outline of building engineering report (building condition appraisal), etc.	Repair expenses (thousand yen) (2 to 12-year period)	74,260	84,720
	Building replacement cost (thousand yen)	1,851,000	1,883,000

(6) Esty Maison Toyosu Residence

Item		Description in the Press Release dated January 24, 2018	Changes upon completion of acquisition
Trust term expiration date		September 26, 2023	April 30, 2028
Outline of written appraisal	Appraisal value (thousand yen)	6,440,000	6,460,000
	Time of valuation	December 1, 2017	April 1, 2018
Outline of building engineering report (building condition appraisal), etc.	Repair expenses (thousand yen) (2 to 12-year period)	452,510	457,850
	Building replacement cost (thousand yen)	6,605,000	6,722,000

3. Summary of Appraisal Statements Regarding Acquired Assets

Changes from the descriptions in “14. Summary of Appraisal Statements Regarding Assets to be Acquired” of the Press Release dated January 24, 2018 are shown as underlined text.

Property name	Prime Maison Shirokanedai Tower
Appraisal price	<u>8,570,000,000 yen</u>
Name of appraisal agency	Tanizawa Sogo Appraisal Co., Ltd.
Time of valuation	<u>April 1, 2018</u>

(Unit: thousand yen)

Items	Details	Summary, etc.
Value based on income approach	<u>8,570,000</u>	It was determined that the value based on the income approach calculated using the DCF method, which calculates the value by defining fluctuations on future net operating income, is more persuasive and convincing, so trial calculations were performed using the direct capitalization method, based on the income amount according to the DCF method.
Value based on direct capitalization method	<u>8,680,000</u>	
Operating Revenue	<u>446,513</u>	
Lease revenue (including common area fee income)	441,752	Assessed as standard and stable lease income and parking lot income.
Parking lot revenue	27,240	
Other revenue	<u>14,512</u>	Key money, renewal fee, vending machine income, and bicycle registration fees recorded.
Vacant premises, etc. loss, etc.	-36,991	Assessed using vacancy rates and parking lots vacancy rates equalized over the medium- to long-term.
Operating Expenses	<u>94,955</u>	
Maintenance and management expenses	<u>21,537</u>	Assessed based on written cost estimates, etc.
Water and utility fees	<u>2,438</u>	Assessed based on expenditure records, etc.
Repair expenses	<u>7,511</u>	Assessed based on engineering reports and similar cases.
Property manager fee	12,960	Assessed based on service agreements (not including CM and LM fees).
Tenant solicitation expenses, etc.	<u>25,791</u>	Assessed based on a turnover rate deemed to be a stable standard, based on the competitiveness of the subject real property and similar properties, etc.

Taxes and other public charges	19,466	Assessed based on FY2017 tax materials.
Non-life insurance premiums	<u>338</u>	Assessed based on written estimates.
Other expenses	4,911	Assessed based on expenditure records, etc.
Net Operating Income (NOI)	<u>351,558</u>	
Revenue from investment of lump sum payments	<u>336</u>	Assessed using an investment yield of 1.0%. Investment income recorded.
Capital expenditure	<u>-4,780</u>	Assessed based on engineering reports and similar cases.
Net Income (NCF)	<u>347,115</u>	
Capitalization rate	<u>4.0%</u>	The rate was compared to multiple transactions in neighboring areas and similar areas within the same supply and demand area, etc., we took into account a comprehensive overview of the marketability of the subject real property and trends in the real property market, etc., and took note of the relationship to the discount rate when performing our assessment.
Value based on DCF method	<u>8,520,000</u>	
Discount rate	<u>4.1%</u>	We set a base yield for condominiums using the build up method, etc. based on the yield for financial products, and carried out our assessment by incorporating the specified risks for the subject real property into that base yield.
Final capitalization rate	<u>4.2%</u>	We carried out our assessment by incorporating future unpredictability, based on the capitalization rate.
Cost method value	<u>9,400,000</u>	Calculated by making depreciation corrections to the cost of replacement of the subject real property.
Land ratio	<u>72.2%</u>	
Building ratio	<u>27.8%</u>	

Other Matters Taken Into Consideration by the Appraisal Agency When Performing the Appraisal	Based on a value forming process and request purpose in which a market participant (purchaser) values profitability in the subject real property, as well as the typology as "a lease property and its site," we used as our standard an income amount that appropriately reflected future profitability for an investor to examine the cost method value and set the appraised value at the value based on the income approach.
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*Comparison with the current rent unit price

	Prime Maison Shirokanedai Tower
Average rent unit price for the appraisal price	5,435 yen/m ² (17,970 yen/ <i>tsubo</i>)
Average rent unit price for lease agreements	<u>5,541 yen/m²</u> <u>(18,318 yen/<i>tsubo</i>)</u>

Property name	Prime Maison Otsuka
Appraisal price	<u>3,970,000,000 yen</u>
Name of appraisal agency	Tanizawa Sogo Appraisal Co., Ltd.
Time of valuation	<u>April 1, 2018</u>

(Unit: thousand yen)

Items	Details	Summary, etc.
Value based on income approach	<u>3,970,000</u>	It was determined that the value based on the income approach calculated using the DCF method, which calculates the value by defining fluctuations on future net operating income, is more persuasive and convincing, so trial calculations were performed using the direct capitalization method, based on the income amount according to the DCF method.
Value based on direct capitalization method	<u>4,030,000</u>	
Operating Revenue	<u>224,479</u>	
Lease revenue (including common area fee income)	<u>220,369</u>	Assessed as standard and stable lease income and parking lot income.
Parking lot revenue	13,272	
Other revenue	<u>5,160</u>	Renewal fees, trunk room income, and bicycle parking lot registration fees recorded.
Vacant premises, etc. loss, etc.	<u>-14,323</u>	Assessed using vacancy rates and parking lots vacancy rates equalized over the medium- to long-term.
Operating Expenses	<u>52,754</u>	
Maintenance and management expenses	10,822	Assessed based on written cost estimates, etc.
Water and utility fees	2,352	Assessed based on expenditure records, etc.
Repair expenses	<u>4,300</u>	Assessed based on engineering reports and similar cases.
Property manager fee	<u>6,608</u>	Assessed based on service agreements (not including CM and LM fees).
Tenant solicitation expenses, etc.	<u>12,256</u>	Assessed based on a turnover rate deemed to be a stable standard, based on the competitiveness of the subject real property and similar properties, etc.
Taxes and other public charges	12,836	Assessed based on FY2017 tax materials, etc.
Non-life insurance premiums	<u>209</u>	Assessed based on written estimates.
Other expenses	<u>3,367</u>	Assessed based on expenditure records, etc.
Net Operating Income (NOI)	<u>171,724</u>	
Revenue from investment of lump sum payments	218	Assessed using an investment yield of 1.0%. Investment income recorded.
Capital expenditure	<u>-2,860</u>	Assessed based on engineering reports and similar cases.
Net Income (NCF)	<u>169,083</u>	
Capitalization rate	<u>4.2%</u>	The rate was compared to multiple transactions in neighboring areas and similar areas within the same supply and demand area, etc., we took into account a comprehensive overview of the marketability of the subject real property and trends in the real property market, etc., and took note of the relationship to the discount rate when performing our assessment.
Value based on DCF method	<u>3,940,000</u>	
Discount rate	<u>4.3%</u>	We set a base yield for condominiums using the build up method, etc. based on the yield for financial products, and carried out our assessment by incorporating the specified risks for the subject real property into that base yield.
Final capitalization rate	<u>4.4%</u>	We carried out our assessment by incorporating future unpredictability, based on the capitalization rate.

Cost method value	<u>4,050,000</u>	Calculated by making depreciation corrections to the cost of replacement of the subject real property.
Land ratio	<u>63.4%</u>	
Building ratio	<u>36.6%</u>	

Other Matters Taken Into Consideration by the Appraisal Agency When Performing the Appraisal	Based on a value forming process and request purpose in which a market participant (purchaser) values profitability in the subject real property, as well as the typology as “a lease property and its site,” we used as our standard an income amount that appropriately reflected future profitability for an investor to examine the cost method value and set the appraised value at the value based on the income approach.
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*Comparison with the current rent unit price

	Prime Maison Otsuka
Average rent unit price for the appraisal price	4,659 yen/m ² (15,400 yen/ <i>tsubo</i>)
Average rent unit price for lease agreements	<u>4,721 yen/m²</u> <u>(15,609 yen/<i>tsubo</i>)</u>

Property name	Prime Maison Asakusabashi
Appraisal price	<u>1,800,000,000 yen</u>
Name of appraisal agency	Tanizawa Sogo Appraisal Co., Ltd.
Time of valuation	<u>April 1, 2018</u>

(Unit: thousand yen)

Items	Details	Summary, etc.
Value based on income approach	<u>1,800,000</u>	It was determined that income approach value calculated using the DCF method, which calculates the value by defining fluctuations on future net operating income, is more persuasive and convincing, so trial calculations were performed using the direct capitalization method, based on the income amount according to the DCF method.
Value based on direct capitalization method	<u>1,830,000</u>	
Operating Revenue	103,906	
Lease revenue (including common area fee income)	105,540	Assessed as standard and stable lease income and parking lot income.
Parking lot revenue	1,200	
Other revenue	2,503	Key money, renewal fees, etc., and bicycle parking lot initial registration fees recorded.
Vacant premises, etc. loss, etc.	-5,337	Assessed using vacancy rates and parking lots vacancy rates equalized over the medium- to long-term.
Operating Expenses	<u>25,811</u>	
Maintenance and management expenses	<u>6,635</u>	Assessed based on written cost estimates, etc.
Water and utility fees	1,097	Assessed based on expenditure records, etc.
Repair expenses	<u>2,207</u>	Assessed based on engineering reports and similar cases.
Property manager fee	3,042	Assessed based on service agreements (not including CM and LM fees).
Tenant solicitation expenses, etc.	<u>6,074</u>	Assessed based on a turnover rate deemed to be a stable standard, based on the competitiveness of the subject real property and similar properties, etc.
Taxes and other public charges	5,307	Assessed based on FY2017 tax materials.
Non-life insurance premiums	<u>94</u>	Assessed based on written estimates.
Other expenses	1,350	Assessed based on expenditure records, etc.
Net Operating Income (NOI)	<u>78,095</u>	
Revenue from investment of lump sum payments	77	Assessed using an investment yield of 1.0%. Investment income recorded.
Capital expenditure	<u>-1,340</u>	Assessed based on engineering reports and similar cases.
Net Income (NCF)	<u>76,832</u>	
Capitalization rate	<u>4.2%</u>	The rate was compared to multiple transactions in neighboring areas and similar areas within the same supply and demand area, etc., we took into account a comprehensive overview of the marketability of the subject real property and trends in the real property market, etc., and took note of the relationship to the discount rate when performing our assessment.
Value based on DCF method	<u>1,780,000</u>	
Discount rate	<u>4.3%</u>	We set a base yield for condominiums using the build up method, etc. based on the yield for financial products, and carried out our assessment by incorporating the specified risks for the subject real property into that base yield.
Final Capitalization rate	<u>4.4%</u>	We carried out our assessment by incorporating future unpredictability, based on the capitalization rate.

Cost method value	<u>1,960,000</u>	Calculated by making depreciation corrections to the cost of replacement of the subject real property.
Land ratio	<u>68.8%</u>	
Building ratio	<u>31.2%</u>	

Other Matters Taken Into Consideration by the Appraisal Agency When Performing the Appraisal	Based on a value forming process and request purpose in which a market participant (purchaser) values profitability in the subject real property, as well as the typology as “a lease property and its site,” we used as our standard an income amount that appropriately reflected future profitability for an investor to examine the cost method value and set the appraised value at the value based on the income approach.
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*Comparison with the current rent unit price

	Prime Maison Asakusabashi
Average rent unit price for the appraisal price	4,326 yen/m ² (14,300 yen/ <i>tsubo</i>)
Average rent unit price for lease agreements	<u>4,342 yen/m²</u> <u>(14,356 yen/<i>tsubo</i>)</u>

Property name	Prime Maison Daikanyama
Appraisal price	<u>2,730,000,000 yen</u>
Name of appraisal agency	Tanizawa Sogo Appraisal Co., Ltd.
Time of valuation	<u>April 1, 2018</u>

(Unit: thousand yen)

Items	Details	Summary, etc.
Value based on income approach	<u>2,730,000</u>	It was determined that the value based on the income approach calculated using the DCF method, which calculates the value by defining fluctuations on future net operating income, is more persuasive and convincing, so trial calculations were performed using the direct capitalization method, based on the income amount according to the DCF method.
Value based on direct capitalization method	<u>2,790,000</u>	
Operating Revenue	145,454	
Lease revenue (including common area fee income)	140,800	Assessed as standard and stable lease income, and parking lot income.
Parking lot revenue	8,640	
Other revenue	6,558	Key money, renewal fees, and bicycle parking lot registration fees recorded.
Vacant premises, etc. loss, etc.	-10,544	Assessed using vacancy rates and parking lots vacancy rates equalized over the medium- to long-term.
Operating Expenses	<u>32,433</u>	
Maintenance and management expenses	5,337	Assessed based on written cost estimates, etc.
Water and utility fees	1,494	Assessed based on expenditure records, etc.
Repair expenses	<u>1,971</u>	Assessed based on engineering reports and similar cases.
Property manager fee	4,166	Assessed based on service agreements (not including CM and LM fees).
Tenant solicitation expenses, etc.	8,476	Assessed based on a turnover rate deemed to be a stable standard, based on the competitiveness of the subject real property and similar properties, etc.
Taxes and other public charges	<u>8,403</u>	Assessed based on FY2017 tax materials, etc.
Non-life insurance premiums	<u>110</u>	Assessed based on written estimates.
Other expenses	2,472	Assessed based on expenditure records, etc.
Net Operating Income (NOI)	<u>113,021</u>	
Revenue from investment of lump sum payments	227	Assessed using an investment yield of 1.0%. Investment income recorded.
Capital expenditure	<u>-1,540</u>	Assessed based on engineering reports and similar cases.
Net Income (NCF)	<u>111,708</u>	
Capitalization rate	<u>4.0%</u>	The rate was compared to multiple transactions in neighboring areas and similar areas within the same supply and demand area, etc., we took into account a comprehensive overview of the marketability of the subject real property and trends in the real property market, etc., and took note of the relationship to the discount rate when performing our assessment.
Value based on DCF method	<u>2,710,000</u>	
Discount rate	<u>4.1%</u>	We set a base yield for condominiums using the build up method, etc. based on the yield for financial products, and carried out our assessment by incorporating the specified risks for the subject real property into that base yield.
Final capitalization rate	<u>4.2%</u>	We carried out our assessment by incorporating future unpredictability, based on the capitalization rate.

Cost method value	<u>2,740,000</u>	Calculated by making depreciation corrections to the cost of replacement of the subject real property.
Land ratio	<u>75.5%</u>	
Building ratio	<u>24.5%</u>	

Other Matters Taken Into Consideration by the Appraisal Agency When Performing the Appraisal	Based on a value forming process and request purpose in which a market participant (purchaser) values profitability in the subject real property, as well as the typology as “a lease property and its site,” we used as our standard an income amount that appropriately reflected future profitability for an investor to examine the cost method value and set the appraised value at the value based on the income approach.
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*Comparison with the current rent unit price

	Prime Maison Daikanyama
Average rent unit price for the appraisal price	6,595 yen/m ² (21,800 yen/ <i>tsubo</i>)
Average rent unit price for lease agreements	<u>6,837 yen/m²</u> <u>(22,602 yen/<i>tsubo</i>)</u>

Property name	Prime Maison Gotenyama West
Appraisal price	<u>3,680,000,000 yen</u>
Name of appraisal agency	Tanizawa Sogo Appraisal Co., Ltd.
Time of valuation	<u>April 1, 2018</u>

(Unit: thousand yen)

Items	Details	Summary, etc.
Value based on income approach	<u>3,680,000</u>	It was determined that the value based on the income approach calculated using the DCF method, which calculates the value by defining fluctuations on future net operating income, is more persuasive and convincing, so trial calculations were performed using the direct capitalization method, based on the income amount according to the DCF method.
Value based on direct capitalization method	<u>3,710,000</u>	
Operating Revenue	215,306	
Lease revenue (including common area fee income)	218,981	Assessed as standard and stable lease income and parking lot income.
Parking lot revenue	12,240	
Other revenue	3,649	Renewal fee income recorded.
Vacant premises, etc. loss, etc.	-19,565	Assessed using vacancy rates and parking lots vacancy rates equalized over the medium- to long-term.
Operating Expenses	<u>62,674</u>	
Maintenance and management expenses	17,091	<u>Assessed based on written cost estimates, etc.</u>
Water and utility fees	3,426	Recorded based on expenditure records, etc.
Repair expenses	<u>5,121</u>	Assessed based on engineering reports and similar cases.
Property manager fee	6,349	Assessed based on service agreements (not including CM and LM fees).
Tenant solicitation expenses, etc.	12,773	Assessed based on a turnover rate deemed to be a stable standard, based on the competitiveness of the subject real property and similar properties, etc.
Taxes and other public charges	16,358	Assessed based on FY2017 tax materials.
Non-life insurance premiums	<u>259</u>	<u>Assessed based on written estimates.</u>
Other expenses	1,291	Assessed based on expenditure records, etc.
Net Operating Income (NOI)	<u>152,632</u>	
Revenue from investment of lump sum payments	520	Assessed using an investment yield of 1.0%. Investment income recorded.
Capital expenditure	<u>-4,700</u>	Assessed based on engineering reports and similar cases.
Net Income (NCF)	<u>148,452</u>	
Capitalization rate	<u>4.0%</u>	The rate was compared to multiple transactions in neighboring areas and similar areas within the same supply and demand area, etc., we took into account a comprehensive overview of the marketability of the subject real property and trends in the real property market, etc., and took note of the relationship to the discount rate when performing our assessment.
Value based on DCF method	<u>3,660,000</u>	
Discount rate	<u>4.1%</u>	We set a base yield for condominiums using the build up method, etc. based on the yield for financial products, and carried out our assessment by incorporating the specified risks for the subject real property into that base yield.
Final capitalization rate	<u>4.2%</u>	We carried out our assessment by incorporating future unpredictability, based on the capitalization rate.

Cost method value	<u>3,980,000</u>	Calculated by making depreciation corrections to the cost of replacement of the subject real property.
Land Ratio	<u>74.3%</u>	
Building Ratio	<u>25.7%</u>	

Other Matters Taken Into Consideration by the Appraisal Agency When Performing the Appraisal	Based on a value forming process and request purpose in which a market participant (purchaser) values profitability in the subject real property, as well as the typology as “a lease property and its site,” we used as our standard an income amount that appropriately reflected future profitability for an investor to examine the cost method value and set the appraised value at the value based on the income approach.
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*Comparison with the current rent unit price

	Prime Maison Gotenyama West
Average rent unit price for the appraisal price	5,112 yen/m ² (16,900 yen/ <i>tsubo</i>)
Average rent unit price for lease agreements	<u>5,397 yen/m²</u> (17,842 yen/ <i>tsubo</i>)

Property name	Esty Maison Toyosu Residence
Appraisal price	<u>6,460,000,000 yen</u>
Name of appraisal agency	Tanizawa Sogo Appraisal Co., Ltd.
Time of valuation	<u>April 1, 2018</u>

(Unit: thousand yen)

Items	Details	Summary, etc.
Value based on income approach	<u>6,460,000</u>	It was determined that the value based on the income approach calculated using the DCF method, which calculates the value by defining fluctuations on future net operating income, is more persuasive and convincing, so trial calculations were performed using the direct capitalization method (revised Inwood method), based on the income amount according to the DCF method.
Price using the direct capitalization method (revised Inwood method)	<u>6,680,000</u>	
Operating Revenue	<u>900,948</u>	
Lease revenue (including common area fee income)	903,095	Assessed as standard and stable lease income.
Water and utility fee revenue	1,633	Assessed based on expenditure records, etc.
Parking lot revenue	47,568	Assessed as standard and stable parking lot income.
Other revenue	12,892	Renewal fees and vending machine income, etc. recorded.
Vacant premises, etc. loss, etc.	<u>-64,240</u>	Assessed using vacancy rates and parking lots vacancy rates equalized over the medium- to long-term.
Operating Expenses	<u>557,261</u>	
Maintenance and management expenses	<u>44,064</u>	Assessed based on written cost estimates, etc.
Water and utility fees	7,344	Assessed based on expenditure records, etc.
Repair expenses	<u>22,498</u>	Assessed based on engineering reports and similar cases.
Property manager fee	<u>26,595</u>	Assessed based on service agreements (not including CM and LM fees).
Tenant solicitation expenses, etc.	31,956	Assessed based on a turnover rate deemed to be a stable standard, based on the competitiveness of the subject real property and similar properties, etc.
Taxes and other public charges	41,612	Assessed based on FY2017 tax materials.
Non-life insurance premiums	<u>953</u>	Assessed based on written estimates.
Other expenses	<u>382,236</u>	Land rent, etc. assessed based on expenditure records, etc.
Net Operating Income (NOI)	<u>343,687</u>	
Revenue from investment of lump sum payments	-4,462	Assessed using an investment yield of 1.0%. Investment income recorded. (Investment loss recorded for deposit guarantee money relating to land lease)
Capital expenditure	<u>-26,880</u>	Assessed based on engineering reports and similar cases.
Net Income (NCF)	<u>312,344</u>	
Discount rate	4.5%	We set a base yield for condominiums using the build up method, etc. based on the yield for financial products, and carried out our assessment by incorporating the specified risks for the subject real property into that base yield and also examining case studies of transactions, etc.
Value based on DCF method	<u>6,370,000</u>	
Discount rate (during the period held)	4.5%	We set a base yield for condominiums using the build up method, etc. based on the yield for financial products, and carried out our assessment by incorporating the specified risks for the subject real property into that base yield and also examining case studies of transactions, etc.

	Discount rate (when assessing the sale price)	4.7%	We carried out our assessment by incorporating future unpredictability, based on the discount rate during the period it was held.
Cost method value		<u>6,670,000</u>	Calculated by making depreciation corrections to the cost of replacement of the subject real property.
	Land ratio	<u>38.2%</u>	
	Building ratio	<u>61.8%</u>	

Other Matters Taken Into Consideration by the Appraisal Agency When Performing the Appraisal	Based on a value forming process and request purpose in which a market participant (purchaser) values profitability in the subject real property, as well as the typology as “a building with a fixed-term land lease (lease premises),” we used as our standard an income amount that appropriately reflected future profitability for an investor to examine the cost method value and set the appraised value at the value based on the income approach.
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*Comparison with the current rent unit price

	Esty Maison Toyosu Residence
Average rent unit price for the appraisal price	3,206 yen/m ² (10,600 yen/ <i>tsubo</i>)
Average rent unit price for lease agreements	<u>3,226 yen/m²</u> (<u>10,666 yen/<i>tsubo</i></u>)

Note 1: With respect to amounts of money, amounts under 1,000 yen were rounded down, so in some cases the total amount may not match the figures for operating income, operating expenses, or other items.

Note 2: “Average rent unit price for the appraisal price” is based on the stated “monthly lease revenue unit price (including common area fee income) calculated based on the “lease income (including common area fees income)” for the residential areas in the direct capitalization method in the above appraisal.

Note 3: “Average unit rent unit price for lease agreements” was calculated based on the total monthly rent income for effective lease agreements for the residential areas as of March 31, 2018.

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

<Attached Materials>

[Reference Material] Summary of Portfolio After Investment Corporation Merger, and Asset Acquisition and Asset Sale

[Reference Material] Summary of Portfolio After Investment Corporation Merger, and Asset Acquisition and Asset Sale

Property number (Note 1)	Property name	Location	Date of acquisition	Acquisition price ^(Note 2) (million yen)	Investment ratio ^(Note 3) (%)
R-001	Esty Maison Ginza	Chuo-ku, Tokyo	May 1, 2018	6,540	1.5
R-002	Esty Maison Azabunagasaka	Minato-ku, Tokyo	May 1, 2018	1,790	0.4
R-003	Esty Maison Ebisu II	Shibuya-ku, Tokyo	May 1, 2018	2,040	0.5
R-004	Esty Maison Ebisu	Shibuya-ku, Tokyo	May 1, 2018	873	0.2
R-005	Esty Maison Kanda	Chiyoda-ku, Tokyo	May 1, 2018	1,610	0.4
R-006	Esty Maison Kitashinjuku	Shinjuku-ku, Tokyo	May 1, 2018	1,590	0.4
R-007	Esty Maison Asakusakomagata	Taito-ku, Tokyo	May 1, 2018	2,190	0.5
R-008	Esty Maison Kawasaki	Kawasaki-shi, Kanagawa	May 1, 2018	2,400	0.5
R-009	Esty Maison Yokohama	Yokohama-shi, Kanagawa	May 1, 2018	2,110	0.5
R-010	Esty Maison Kameido	Koto-ku, Tokyo	May 1, 2018	1,580	0.4
R-011	Esty Maison Meguro	Meguro-ku, Tokyo	May 1, 2018	1,060	0.2
R-012	Esty Maison Sugamo	Toshima-ku, Tokyo	May 1, 2018	1,630	0.4
R-013	Esty Maison Kyobashi	Osaka-shi, Osaka	May 1, 2018	2,970	0.7
R-014	Esty Maison Hakuraku	Yokohama-shi, Kanagawa	May 1, 2018	931	0.2
R-015	Esty Maison Minamihorie	Osaka-shi, Osaka	May 1, 2018	1,060	0.2
R-016	Esty Maison Gotanda	Shinagawa-ku, Tokyo	May 1, 2018	3,110	0.7
R-017	Esty Maison Oisendaizaka	Shinagawa-ku, Tokyo	May 1, 2018	2,720	0.6
R-018	Esty Maison Shinagawa Seaside	Shinagawa-ku, Tokyo	May 1, 2018	2,050	0.5
R-019	Esty Maison Minamiazabu	Minato-ku, Tokyo	May 1, 2018	1,250	0.3
R-020	Esty Maison Tsukamoto	Osaka-shi, Osaka	May 1, 2018	1,080	0.2
R-021	Esty Maison Kawasaki II	Kawasaki-shi, Kanagawa	May 1, 2018	1,910	0.4
R-022	Esty Maison Azabujuban	Minato-ku, Tokyo	May 1, 2018	2,690	0.6
R-023	Esty Maison Itabashihoncho	Itabashi-ku, Tokyo	May 1, 2018	937	0.2
R-024	Esty Maison Oizumigakuen	Nerima-ku, Tokyo	May 1, 2018	790	0.2
R-025	Esty Maison Higashishinagawa	Shinagawa-ku, Tokyo	May 1, 2018	2,390	0.5
R-026	Esty Maison Itabashikuyakushomae	Itabashi-ku, Tokyo	May 1, 2018	2,540	0.6
R-027	Esty Maison Musashikoyama	Shinagawa-ku, Tokyo	May 1, 2018	1,050	0.2
R-028	Esty Maison Sendagi	Bunkyo-ku, Tokyo	May 1, 2018	698	0.2
R-029	Esty Maison Yotsuyasakamachi	Shinjuku-ku, Tokyo	May 1, 2018	2,090	0.5

Property number (Note 1)	Property name	Location	Date of acquisition	Acquisition price (Note 2) (million yen)	Investment ratio (Note 3) (%)
R-030	Esty Maison Hakatahigashi	Fukuoka-shi, Fukuoka	May 1, 2018	2,400	0.5
R-031	Esty Maison Kamigofuku	Fukuoka-shi, Fukuoka	May 1, 2018	821	0.2
R-032	Esty Maison Sangenjaya	Setagaya-ku, Tokyo	May 1, 2018	822	0.2
R-033	Prime Maison Musashinonomori	Kodaira-shi, Tokyo	May 1, 2018	1,850	0.4
R-034	Prime Maison Higashisakura	Nagoya-shi, Aichi	May 1, 2018	1,500	0.3
R-035	Prime Maison Kayabakoen	Nagoya-shi, Aichi	May 1, 2018	801	0.2
R-036	Esty Maison Sangenjaya II	Setagaya-ku, Tokyo	May 1, 2018	785	0.2
R-037	Esty Maison Itabashi C6	Itabashi-ku, Tokyo	May 1, 2018	2,560	0.6
R-038	MAST Hakata	Fukuoka-shi, Fukuoka	May 1, 2018	2,360	0.5
R-039	Esty Maison Kinshicho	Sumida-ku, Tokyo	May 1, 2018	1,260	0.3
R-040	Esty Maison Musashikoganei	Koganei-shi, Tokyo	May 1, 2018	1,790	0.4
R-041	Prime Maison Gokiso	Nagoya-shi, Aichi	May 1, 2018	1,950	0.4
R-042	Prime Maison Yuhigaoka	Osaka-shi, Osaka	May 1, 2018	909	0.2
R-043	Prime Maison Kitatanabe	Osaka-shi, Osaka	May 1, 2018	601	0.1
R-044	Prime Maison Momochihama	Fukuoka-shi, Fukuoka	May 1, 2018	1,940	0.4
R-045	Esty Maison Akihabara	Taito-ku, Tokyo	May 1, 2018	1,930	0.4
R-046	Esty Maison Sasazuka	Shibuya-ku, Tokyo	May 1, 2018	3,340	0.8
R-047	Prime Maison Ginza East	Chuo-ku, Tokyo	May 1, 2018	6,250	1.4
R-048	Prime Maison Takami	Nagoya-shi, Aichi	May 1, 2018	1,050	0.2
R-049	Prime Maison Yadaminami	Nagoya-shi, Aichi	May 1, 2018	812	0.2
R-050	Prime Maison Teriha	Fukuoka-shi, Fukuoka	May 1, 2018	1,260	0.3
R-051	Esty Maison Higashishirakabe	Nagoya-shi, Aichi	May 1, 2018	1,580	0.4
R-052	Esty Maison Sengoku	Bunkyo-ku, Tokyo	May 1, 2018	1,360	0.3
R-053	Esty Maison Daizawa	Setagaya-ku, Tokyo	May 1, 2018	2,270	0.5
R-054	Esty Maison Togoshi	Shinagawa-ku, Tokyo	May 1, 2018	1,770	0.4
R-055	Esty Maison Nishitemma	Osaka-shi, Osaka	May 1, 2018	1,680	0.4
R-056	Esty Maison Shirokanedai	Shinagawa-ku, Tokyo	May 1, 2018	2,400	0.5
R-057	Esty Maison Higashishinjuku	Shinjuku-ku, Tokyo	May 1, 2018	1,680	0.4
R-058	Esty Maison Motoazabu	Minato-ku, Tokyo	May 1, 2018	1,540	0.3
R-059	Esty Maison Toritsudaigaku	Meguro-ku, Tokyo	May 1, 2018	861	0.2
R-060	Esty Maison Musashikoyama II	Shinagawa-ku, Tokyo	May 1, 2018	1,030	0.2

Property number (Note 1)	Property name	Location	Date of acquisition	Acquisition price (Note 2) (million yen)	Investment ratio (Note 3) (%)
R-061	Esty Maison Nakano	Nakano-ku, Tokyo	May 1, 2018	1,870	0.4
R-062	Esty Maison Shinnakano	Nakano-ku, Tokyo	May 1, 2018	1,020	0.2
R-063	Esty Maison Nakanofujimicho	Nakano-ku, Tokyo	May 1, 2018	984	0.2
R-064	Esty Maison Tetsugakudo	Nakano-ku, Tokyo	May 1, 2018	1,160	0.3
R-065	Esty Maison Koenji	Suginami-ku, Tokyo	May 1, 2018	1,160	0.3
R-066	Esty Maison Oshiage	Sumida-ku, Tokyo	May 1, 2018	2,490	0.6
R-067	Esty Maison Akabane	Kita-ku, Tokyo	May 1, 2018	3,290	0.7
R-068	Esty Maison Oji	Kita-ku, Tokyo	May 1, 2018	1,650	0.4
R-069	Prime Maison Waseda	Shinjuku-ku, Tokyo	May 1, 2018	1,580	0.4
R-070	Prime Maison Hatchobori	Chuo-ku, Tokyo	May 1, 2018	1,460	0.3
R-071	Prime Maison Jimbocho	Chiyoda-ku, Tokyo	May 1, 2018	1,960	0.4
R-072	Prime Maison Gotenyama East	Shinagawa-ku, Tokyo	May 1, 2018	2,910	0.7
R-073	MAST LIFE Akihabara	Chiyoda-ku, Tokyo	May 1, 2018	555	0.1
R-074	Esty Maison Aoi	Nagoya-shi, Aichi	May 1, 2018	2,460	0.6
R-075	Esty Maison Yakuin	Fukuoka-shi, Fukuoka	May 1, 2018	2,430	0.6
R-076	Esty Maison Kinshicho II	Sumida-ku, Tokyo	May 1, 2018	8,250	1.9
R-077	Esty Maison Ojima	Koto-ku, Tokyo	May 1, 2018	8,630	2.0
R-078	Prime Maison Fujimidai	Nagoya-shi, Aichi	May 1, 2018	2,070	0.5
R-079	Esty Maison Tsurumai	Nagoya-shi, Aichi	May 1, 2018	4,490	1.0
R-080	Prime Maison Morishita	Koto-ku, Tokyo	May 1, 2018	1,930	0.4
R-081	Prime Maison Shinagawa	Shinagawa-ku, Tokyo	May 1, 2018	1,960	0.4
R-082	Prime Maison Odorikoen	Sapporo-shi, Hokkaido	May 1, 2018	3,160	0.7
R-083	Prime Maison Minami 2-jo	Sapporo-shi, Hokkaido	May 1, 2018	1,930	0.4
R-084	Prime Maison Kamokamogawa	Sapporo-shi, Hokkaido	May 1, 2018	1,250	0.3
R-085	Prime Maison Central Park	Fukuoka-shi, Fukuoka	May 1, 2018	2,309	0.5
R-086	MAST LIFE Yahiro	Sumida-ku, Tokyo	May 1, 2018	1,910	0.4
R-087	Prime Maison Ebisu	Shibuya-ku, Tokyo	May 1, 2018	4,360	1.0
R-088	Granmast Kanazawa Nishiizumi	Kanazawa-shi, Ishikawa	May 1, 2018	1,080	0.2
R-089	Granmast Unomori	Yokkaichi-shi, Mie	May 1, 2018	830	0.2
R-090	Esty Maison Kohoku Tsunashima	Yokohama-shi, Kanagawa	May 1, 2018	2,750	0.6
R-091	MAST LIFE Hino	Hino-shi, Tokyo	May 1, 2018	1,390	0.3

Property number (Note 1)	Property name	Location	Date of acquisition	Acquisition price (Note 2) (million yen)	Investment ratio (Note 3) (%)
R-092	Prime Maison Yokohama Nihon-Odori	Yokohama-shi, Kanagawa	May 1, 2018	4,870	1.1
R-093	Kobe Women's Student Housing	Kobe-shi, Hyogo	May 1, 2018	5,880	1.3
R-094	Prime Maison Shibuya	Shibuya-ku, Tokyo	May 1, 2018	2,430	0.6
R-095	Prime Maison Hatsudai	Shibuya-ku, Tokyo	May 1, 2018	3,010	0.7
R-096	Esty Maison Uemachidai	Osaka-shi, Osaka	May 1, 2018	1,040	0.2
R-097	Esty Maison Kobe-Sannomiya	Kobe-shi, Hyogo	May 1, 2018	971	0.2
R-098	Prime Maison Shirokane-Takanawa	Minato-ku, Tokyo	May 1, 2018	4,900	1.1
R-099	Prime Maison Ichigayayamabushicho	Shinjuku-ku, Tokyo	May 1, 2018	4,220	1.0
R-100	Esty Maison Morishita	Sumida-ku, Tokyo	May 1, 2018	655	0.1
R-101	Prime Maison Shirokanedai Tower	Shinagawa-ku, Tokyo	May 1, 2018	7,950	1.8
R-102	Prime Maison Otsuka	Toshima-ku, Tokyo	May 1, 2018	3,700	0.8
R-103	Prime Maison Asakusabashi	Taito-ku, Tokyo	May 1, 2018	1,680	0.4
R-104	Prime Maison Daikanyama	Meguro-ku, Tokyo	May 1, 2018	2,520	0.6
R-105	Prime Maison Gotenyama West	Shinagawa-ku, Tokyo	May 1, 2018	3,400	0.8
R-106	Esty Maison Toyosu Residence	Koto-ku, Tokyo	May 1, 2018	6,050	1.4
Residential properties (Residence) – subtotal				237,395	53.8
O-001	Garden City Shinagawa Gotenyama	Shinagawa-ku, Tokyo	December 3, 2014 May 24, 2016 May 24, 2017	59,600	13.5
O-002	Gotenyama SH Building	Shinagawa-ku, Tokyo	December 3, 2014	51,500	11.7
O-003	Hommachi Minami Garden City	Osaka-shi, Osaka	December 3, 2014	23,100	5.2
O-004	Hommachi Garden City (Office building portion)	Osaka-shi, Osaka	May 19, 2015	38,600	8.8
O-005	HK Yodoyabashi Garden Avenue	Osaka-shi, Osaka	May 24, 2016	4,400	1.0
O-006	Hirokoji Garden Avenue	Nagoya-shi, Aichi	May 24, 2016	6,350	1.4
Office buildings – subtotal				183,550	41.6
H-001	Hommachi Garden City (Hotel portion)	Osaka-shi, Osaka	May 24, 2017	17,200	3.9
Hotel – subtotal				17,200	3.9
C-001	Hamamatsu Plaza	Hamamatsu-shi, Shizuoka	May 1, 2018	2,729	0.6
Retail property, etc. – subtotal				2,729	0.6
Commercial properties (office buildings + hotel + retail property, etc.) – subtotal				203,479	46.2
SHR's portfolio (residential properties + commercial properties) – total				440,874	100.0

Note 1: "Property number" is the number assigned by property after classifying the properties held by SHR, and the letters R, O, H and C refer to residence, office, hotel and retail property, etc. respectively.

Note 2: "Acquisition price" refers to the sale and purchase price set forth in the sale and purchase agreement for each property (excluding consumption tax and local consumption tax as well as commission and other various expenses; rounded down to the nearest million yen). Since, however, the assets under management succeeded from SHI as a result of the Investment Corporation Merger will be

accounted by the purchase method in which SHR is the acquiring corporation and SHI is the acquired corporation and the appraisal value obtained by SHR will be the actual amount received by SHR, the valuation based on the appraisal by real estate appraiser as of April 30, 2018, the time of valuation, are shown in the "Acquisition price" columns. The amounts of such values are rounded down to the nearest million yen.

Note 3: "Investment ratio" shows the percentage of the acquisition price of each asset under management to the total acquisition price of the portfolio of SHR, which is rounded off to the first decimal place. Accordingly, the sum of the investment ratios of the respective properties may differ from the figure shown in the "total" columns.