

積水ハウス・SI レジデンシャル投資法人
Sekisui House SI Residential Investment Corporation

TRANSLATION

April 28, 2016

Real Estate Investment Trust Securities Issuer
Sekisui House SI Residential Investment Corporation
3-1-31 Minami-Aoyama, Minato-ku, Tokyo
Representative: Osamu Minami, Executive Director
(Securities Code: 8973)

Asset Management Company
Sekisui House SI Asset Management, Ltd.
3-1-31 Minami-Aoyama, Minato-ku, Tokyo
Representative: Osamu Minami, President
Inquiries: Yoshiya Sasaki, General Manager
IR & Financial Affairs Department
TEL: +81-3-5770-8973 (main)

Notice Concerning Partial Amendments to the Articles of Incorporation and Appointment of Directors

Sekisui House SI Residential Investment Corporation (the “Investment Corporation”) hereby announces that resolution was made at its Board of Directors’ meeting held on April 28, 2016 to submit the following matters concerning partial amendments to the Articles of Incorporation and the appointment of directors to its 7th general meeting of unitholders to be held on June 10, 2016 (the “General Meeting of Unitholders”) for approval. Furthermore, the following matters are agendas planned to be proposed to the General Meeting of Unitholders and, in case there are any changes, etc. to the agendas hereafter, the Investment Corporation will promptly announce them.

The partial amendments to the Articles of Incorporation and the appointment of directors shall become effective upon approval by the resolution at the General Meeting of Unitholders.

1. Partial Amendments to the Articles of Incorporation

Essentials and backgrounds of the partial amendments to the Articles of Incorporation are as follows. (Unless otherwise specified, the article numbers of the Articles of Incorporation mentioned in this section are the numbers in the current Articles of Incorporation.)

- (1) In accordance with the revisions to the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Prime Minister’s Office Ordinance No. 129 of 2000, as amended) (the “Investment Trusts Act Enforcement Ordinance”), necessary modifications shall be made to relevant provisions in order to clarify that the Investment Corporation shall manage its assets as investments primarily in real estate assets and such as defined under Item 1 (f), Article 105 of the Investment Trusts Act Enforcement Ordinance. Along with this, modifications shall be made to the descriptions of Article 28 of the current Articles of Incorporation that identify the investment target of the Investment Corporation. (Article 2, Paragraph 1 of Article 27 and Paragraphs 1 through 3 of Article 28 of the current Articles of Incorporation)
- (2) As the requirements for an investment corporation to apply for special taxation measures were amended due to the revisions to the Ordinance for Enforcement of the Act on Special Measures Concerning Taxation (Ministry of Finance Ordinance No. 15 of 1957, as amended), relevant provisions regarding investment restrictions that have become unnecessary shall be deleted. (Paragraph 5 of Article 27 of the current Articles of Incorporation)
- (3) As renewable energy generation facilities were added to the category of specified assets due to the revisions to the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, as amended), necessary modifications shall be made to relevant provisions in order to add the said assets to the investment target of the Investment Corporation. (Item 1 of Paragraph 2 and Item 3 of Paragraph 3 of Article 28 of the current Articles of Incorporation)
- (4) Changes shall be made to the types of assets identified as the investment target of the Investment Corporation in order to allow it to invest in assets that are recognized to be necessary or advantageous in light of its basic policy for asset management. (Paragraph 3 of Article 28 of the current Articles of Incorporation)

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- (5) In order to respond to the revisions to the tax system (including relevant laws and regulations) with regard to the issue of incidence of taxation in relation to the inconsistency between profits for accounting purposes and tax purposes regarding investment corporations, new provisions shall be established to stipulate that the Investment Corporation may make cash distributions in excess of earnings in order to reduce its tax burdens. At the same time, necessary modifications, etc. shall be made to the relevant provisions. (Paragraph 1 of Article 34 of the current Articles of Incorporation)
- (6) With regard to the asset management fees paid to Sekisui House SI Asset Management, Ltd., to which the Investment Corporation entrusts management of its assets (the “Asset Management Company”), the following new provisions will be established and the following modifications shall be made to the provisions regarding the asset management fees. The modifications are designed to make a shift to the asset management fee system that focuses on the linkage to the Asset Management Company’s performance in the leasing and other management operations for the real estate-related assets in which the Investment Corporation invests, and to further clarify the standards for the payment of asset management fees when specified assets are acquired or disposed. With regard to the following new provisions and modifications, a supplementary provision will be newly established to stipulate that they shall become effective from October 1, 2016. (Article 36 of the current Articles of Incorporation)
 - 1) For the asset management fee 1, the fee calculation base shall be changed from the real estate appraisal values, etc. to the amount of total assets, and the maximum fee rate shall be set for the calculation. Also, for the asset management fee 2, the fee calculation base shall be changed from income before income taxes to real estate rental income, etc. before deducting depreciation, etc., and the maximum fee rate shall be set for the calculation.
 - 2) For the asset management fee to be paid for the services of acquiring or disposing specified assets, the scope of the fee shall be limited to acquiring or disposing real estate-related assets and clarifications shall be made for handling the fee when acquiring or disposing by way of exchange or when acquiring through equity investment. In addition, the maximum fee rate shall be set for the calculation.
 - 3) A merger fee shall be newly established in order to clarify the handling of the fee when the Investment Corporation merges with another investment corporation and acquires real estate-related assets as succession from the merged investment corporation.

(Note) The amendments of the asset management fee above shall become effective from the fiscal period ending March 31, 2017 (23th fiscal period) if they are approved at the General Meeting of Unitholders. While the total amount of the asset management fee 1 and asset management fee 2 for the fiscal period ended September 30, 2015 (20th fiscal period), the most recent fiscal period of the Investment Corporation, was 458 million yen, estimated total amount of the asset management fee 1 and asset management fee 2 based on the amended fee calculation base and by the maximum fee rate would be 453 million yen, decreasing around 5 million yen. Moreover, the Investment Corporation and the Asset Management Company will determine the applicable rate for the asset management fees after consultation and will announce once it is determined.
- (7) Other than the above, expressions will be changed and clarified, provisions will be prepared, words and phrases will be revised, and corrections will be made to the terminology, etc.

2. Appointment of Directors

(1) Appointment of 1 Executive Director

As the term of office of Executive Director Osamu Minami will expire on June 11, 2016, the Investment Corporation will propose an agenda concerning the new appointment of 1 Executive Director (candidate: Osamu Minami). In this proposal, the provisions of Paragraph 2 of Article 99 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; the “Investment Trusts Act”) and the proviso to the first sentence of Paragraph 2 of Article 17 of the current Articles of Incorporation will be applied, so that the term of office of Executive Director will be from June 12, 2016, on which the Executive Director will assume office, to the end of the general meeting of unitholders which will be held within 30 days from the day following the day when two years have passed from the appointment and to which appointment of Executive Director is

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proposed as an agenda. Furthermore, the agenda regarding appointment of the Executive Director has been proposed with the unanimous consent of all the Supervisory Directors.

(2) Appointment of 1 Substitute Executive Director

In preparation for the event of the number of Executive Directors falling below what is set forth by laws and regulations, the Investment Corporation will propose an agenda concerning the appointment of 1 Substitute Executive Director (candidate: Nobuyoshi Sato). In this proposal, the period during which the resolution on the appointment of the Substitute Executive Director shall remain in force will be until the expiration of the term of office of the Executive Director in the above agenda of appointment of Executive Director, pursuant to the provision in Paragraph 3 of Article 17 of the current Articles of Incorporation. Furthermore, the agenda regarding appointment of the Substitute Executive Director has been proposed with the unanimous consent of all the Supervisory Directors.

(3) Appointment of 2 Supervisory Directors

As the term of office of Supervisory Directors Kaoru Takamatsu and Mikio Koyano will expire on June 11, 2016, the Investment Corporation will propose an agenda concerning the appointment of 2 Supervisory Directors (candidate: Kaoru Takamatsu and Mikio Koyano). In this proposal, the proviso to the first sentence of Paragraph 2 of Article 17 of the current Articles of Incorporation will be applied, so that the term of office of the Supervisory Directors will be from June 12, 2016, on which the Supervisory Directors will assume office, to the end of the general meeting of unitholders which will be held within 30 days from the day following the day when two years have passed from the appointment and to which appointment of Supervisory Directors is proposed as an agenda.

3. Schedule

April 28, 2016:	Approval of the agenda to be submitted to the General Meeting of Unitholders by the Board of Directors
May 26, 2016:	Sending of notices of convocation of the General Meeting of Unitholders (planned)
June 10, 2016:	Holding of the General Meeting of Unitholders and submission of the agenda concerning the partial amendments to the Articles of Incorporation and appointment of directors (planned)

(Note) After the approval at the General Meeting of Unitholders, the Investment Corporation will promptly make necessary filing and other procedures based on relevant laws and regulations.

4. Others

The Asset Management Company has resolved to make partial amendments to the asset management guidelines, one of its internal rules, on the condition precedent that the proposal for the partial amendments to the Articles of Incorporation is approved at the General Meeting of Unitholders. For details of the amendments, please refer to the press release titled “Notice Concerning Partial Amendments to Asset Management Guidelines at Asset Management Company” that the Investment Corporation separately announced today.

Moreover, the Asset Management Company will partially amend its statement of operational procedures as of June 10, 2016, in order to ensure consistency with the amended Articles of Incorporation (to be revised as of June 10, 2016) and otherwise prepare provisions, change and clarify expressions and modify terminology, among other purposes, on the condition precedent that the proposal for the partial amendments to the Articles of Incorporation is approved at the General Meeting of Unitholders. Moreover, the Investment Corporation and the Asset Management Company will conclude an agreement to modify the asset management agreement concluded between them on April 21, 2005 (as amended), and the Investment Corporation will promptly make necessary filing and other procedures based on relevant laws and regulations.

* Sekisui House SI Residential Investment Corporation website: <http://www.shsi-reit.co.jp/eng/>