

TRANSLATION

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Real Estate Investment Trust Securities Issuer  
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Asset Management Company  
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Notice Concerning Partial Amendments to Asset Management Guidelines at Asset Management Company

Sekisui House SI Asset Management, Ltd., to which Sekisui House SI Investment Corporation (the “Investment Corporation”) entrusts management of its assets (the “Asset Management Company”), hereby announces that it has resolved at its Board of Directors’ meeting held on April 3, 2014 to make partial amendments to the asset management guidelines, one of its internal rules, as described below.

1. Purpose and Background of Amendments

The Investment Corporation aims to maximize its business value as well as the unitholder interests with a basic strategy of building a portfolio that centers on high-quality rental residential properties developed by Sekisui House, Ltd. (“Sekisui House”), the main sponsor, under the cooperation system with Sekisui House.

In order to more vigorously implement this basic strategy and work to transform itself from a “diversified REIT centering on residential properties” to a “REIT specialized in residential properties,” the Investment Corporation plans to submit an agenda concerning partial amendments to its Articles of Incorporation, including modification of provisions to stipulate that it will invest only in residential properties, to its Sixth General Meeting of Unitholders to be held in June 2014 (the “General Meeting of Unitholders”) for approval.

On the condition that such proposal on the partial amendments to the Articles of Incorporation is approved at the General Meeting of Unitholders, the Asset Management Company will partially modify its asset management guidelines, as described below.

2. Essentials of Amendments

(1) Investment Target

The Investment Corporation will partially amend the relevant provisions of the Articles of Incorporation in order to provide that it shall manage its assets primarily as investments in real estate and other assets (representing real estate, leasehold interest in real estate, surface right and beneficiary interest in trust for these assets alone), 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) based on the Act for the Partial Revision of Financial Instruments and Exchange Act, Etc. (Law No. 45 of 2013) promulgated on June 19, 2013. In accordance with this amendment, descriptions on the investment target will also be modified in the asset management guidelines of the Asset Management Company.

(2) Investment Target by Use

From a perspective of securing stable earnings and enhancing the effect of diversification on risks, real estate-related assets that are mainly used (Note) as residence shall be identified as the investment target of the Investment Corporation and retail properties, which have been identified as supplementary investment target, shall be removed

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from the investment target. While efforts being made to stably manage retail properties owned as at the amendment to the investment target with the cooperation of Sekisui House, the main sponsor, sale of them should be considered in principle.

Furthermore, properties operated by dedicated management companies that provide general services such as student dorms, company housing, serviced housing for the elderly, fee based nursing homes and serviced apartments have been defined as “management-type residences” and included in the category of residences and, due to their risk characteristics, the maximum investment ratio in them has been set to 10% of the total portfolio as a target. In accordance with the amendment to the investment target mentioned above, however, the definition of the “management-type residences” will be deleted and it will be clarified that, of these properties, only student dorms, company housing and serviced housing for the elderly are included in the category of residences.

(Note) “Mainly used” means that a majority of the total exclusive area of the relevant real estate-related asset is allocated for a specific use.

## (2) Investment Target by Region

Based on the asset management guidelines, the Asset Management Company has classified the Greater Tokyo (referring to Tokyo, Kanagawa, Chiba and Saitama Prefectures; the same shall apply hereafter) into the two target investment areas, Greater Tokyo/Major Urban Areas and Greater Tokyo/Other Urban Areas, depending on their regional characteristics. In particular, it has set the Greater Tokyo/Major Urban Areas, where the rental market is large in size and the supply and demand balance is anticipated to remain favorable through the future, as the major investment target region and worked to secure stable earnings.

There will be no practical change in the investment stance toward the Greater Tokyo areas, and Greater Tokyo/Major Urban Areas will continue to be the focused investment areas. At the same time, in order to further enhance the stability of the Investment Corporation’s earnings, a new category of “Major Cities Nationwide” will be established in the investment area categories outside the Greater Tokyo.

Specifically, while maintaining the allocation ratio of the real estate-related assets in the Major Regional Cities, for which the figure has been set at around 20% of the entire residential portfolio as a target, for the purpose of reducing the risk of heavy concentration in the Greater Tokyo areas, the category will be changed to Major Cities Nationwide so as to include wider areas for investment, and investment will be conducted in real estate-related properties in Other Major Cities Nationwide in addition to the Major Urban Areas.

This change will make it possible to include the areas that fall under the category of either core cities, special ordinance cities or prefectural capitals in the investment target, on top of the government designated cities outside Greater Tokyo that have been part of the Investment Corporation’s target areas.

The Investment Corporation believes that Major Cities Nationwide is the investment area where it can expect to enjoy the benefit of utilizing the reputation, track record and know-how of the Sekisui House Group (Note) as well as the nationwide real estate leasing network of Sekiwa Real Estate companies (Note) that are fully-owned subsidiaries of Sekisui House, as it does in the Greater Tokyo areas. From the perspective of diversified investment by region, the Investment Corporation will make the best use of the nationwide network of the Sekisui House Group.

(Note) The “Sekisui House Group” represents a group of companies comprising Sekisui House and its 174 subsidiaries and 19 affiliates, while the “Sekiwa Real Estate companies” represents the 7 companies (Sekiwa Real Estate, Ltd., Sekiwa Real Estate Kanto, Ltd., Sekiwa Real Estate Tohoku, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chugoku, Ltd. and Sekiwa Real Estate Kyushu, Ltd.) which are wholly-owned subsidiaries of Sekisui House and core companies in the real estate division of the Sekisui House Group (as of the end of January 2014).

Based on these amendments, asset management of the Investment Corporation will be conducted through diversified investments by region with the following ratios as the target.

<Regional Categories for Investment Real Estate (after Amendments)>>

Investment Area Category		Specific Areas	Allocation ratio (Note 3) (Based on the acquisition price)
Greater Tokyo	Greater Tokyo / Major Urban Area (Focused investment area)	1) Tokyo: 23 wards, Musashino City, Mitaka City and Koganei City 2) Kanagawa Prefecture: Yokohama City and Kawasaki City	Approx. 70%
	Greater Tokyo / Other Urban Areas	1) All areas of Tokyo other than the above areas (except islands) and Kanagawa Prefecture 2) Chiba Prefecture and Saitama Prefecture	Approx. 80% in combination with Greater Tokyo / Major Urban Area
Major Cities Nationwide	Major Urban Areas	1) Sapporo City, Sendai City, Nagoya City, Kyoto City, Osaka City, Kobe City, Hiroshima City and Fukuoka City 2) Areas within commuting distance around the cities of above 1) (Note 1)	Approx. 20% (Up to roughly 10% for Other Major Cities Nationwide)
	Other Major Cities Nationwide	Government designated cities, etc. other than the above (Note 2)	

(Note 1) “Areas within commuting distance” represent the peripheral areas from which it generally requires around 30 minutes to commute to the central parts of Sapporo City, Sendai City, Nagoya City, Kyoto City, Osaka City, Kobe City, Hiroshima City and Fukuoka City.

(Note 2) “Government designated cities, etc. other than the above” represent cities in areas other than Greater Tokyo and that fall under the category of either government designated cities, core cities, special ordinance cities or prefectural capitals in areas other than Major Urban Areas.

(Note 3) “Approx.” in the allocation ratio means  $\pm 10\%$ .

(Note 4) Existing retail properties have been excluded from the calculation of the above allocation ratio.

### 3. Date of Amendments

April 3, 2014

(The amendments shall become effective on the condition that the above-mentioned partial amendments to the Articles of Incorporation are approved at the General Meeting of Unitholders.)

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