

Real Estate Investment Trust Securities Issuer
Sekisui House SI Residential Investment Corporation
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Representative: Osamu Minami, Executive Director
(Securities Code: 8973)

Asset Management Company
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Notice Concerning Fee Rates to Be Applied in the New Asset Management Fee System

Sekisui House SI Residential Investment Corporation (the “Investment Corporation”) hereby announces that it has determined the fee rates to be actually applied (the “applicable rates”) in calculating each asset management fee under the new asset management fee system that will become effective from the 23rd fiscal period ending March 2017 (October 1, 2016 to March 31, 2017), as described below.

1. Determination of the Applicable Rates in the New Asset Management Fee System

As stated in the press release titled “Notice Concerning Resolutions at the 7th General Meeting of Unitholders” dated June 10, 2016, the Investment Corporation submitted agendas concerning partial amendments to the Articles of Incorporation (Note), including changes to the system regarding 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 “Changes”), at its 7th General Meeting of Unitholders Investment Corporation held on June 10, 2016. The agendas were approved and passed by the General Meeting of Unitholders as proposed.

Since no applicable rate for each asset management fee had been determined as only the upper limit of fee rate for each asset management fee had been set in the new asset management fee system after the Changes, the Investment Corporation and the Asset Management Company discussed and came to an agreement on the applicable rates today.

The fee system and the applicable rates that will become effective from the 23rd fiscal period ending March 2017 (October 1, 2016 to March 31, 2017) are as follows.

(Note) For the details of the agenda concerning partial changes to the Articles of Incorporation including the Changes, please refer to the press release titled “Notice Concerning Partial Amendments to the Articles of Incorporation and Appointment of Directors” dated April 28, 2016.

[Overview of the new asset management fee system and the applicable rates]

Classification	Fee Calculation Base		Fee Rate	
			Maximum Fee Rate	Applicable Rate
Asset management fee 1	Amount of total assets at the end of the immediately preceding fiscal period	Up to 200 billion yen	0.22% per annum	0.15% per annum
		Above 200 billion yen		0.10% per annum
Asset management fee 2	NOI (real estate rental income before depreciation)		5.0%	4.0%
Acquisition fee	Acquisition price (or appraisal value of the real estate-related asset for acquisition by way of exchange, and invested capital in case of equity investment)		0.8% (0.4%) (Note 1)	0.8% (0.4%) (Note 1)
Disposition fee	Disposition price (or appraisal value of the real estate-related asset for disposition by way of exchange)		0.8% (0.4%) (Note 1)	0.8% (0.4%) (Note 1)
Merger fee	Appraisal value of real estate-related asset inherited through merger		0.8%	— (Note 2)

(Note 1) The figure in parenthesis (0.4%) will be applied in cases of transactions with interested parties, etc.

(Note 2) The applicable rate for the merger fee has been left undetermined as there is no specific plan on any merger. The applicable rate will be determined in the future as needed through discussions.

積水ハウス・SI レジデンシャル投資法人

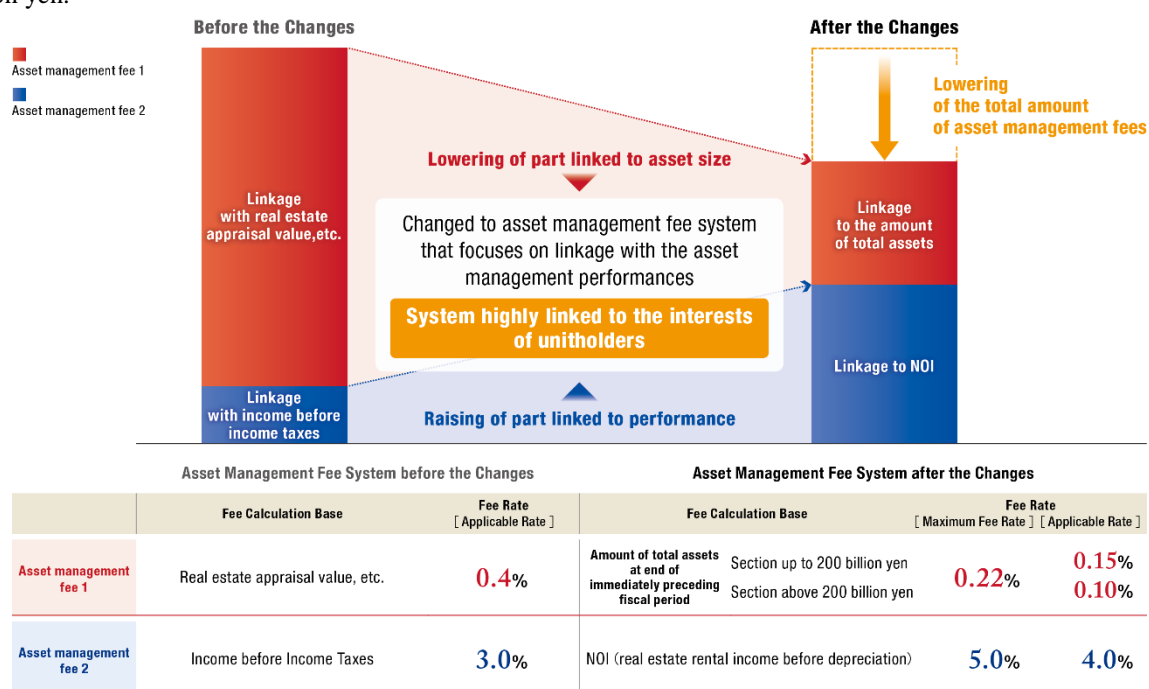
Sekisui House SI Residential Investment Corporation

2. Purposes of the Changes

In the asset management fee system after the Changes, the fee calculation base for asset management fee 1 has been changed from the real estate appraisal value, etc. to the amount of total assets, and the fee rate on it has been lowered. Meanwhile, the fee calculation base for asset management fee 2 has been changed from income before income taxes to NOI (real estate rental income before depreciation), and the fee rate on it has been raised.

With this arrangement, which has lowered the fee rate for asset management fee 1 which is linked to the asset size of investment properties owned by the Investment Corporation and raised the fee rate for asset management fee 2 which is linked to the management performance for the investment properties, the Investment Corporation believes that the new asset management fee system after the Changes should further contribute to “maximizing the interests of unitholders” it pursues.

Moreover, while the actual results of asset management fee 1 and asset management fee 2 for the 21st fiscal period ended March 2016 (the immediately preceding fiscal period of the Investment Corporation) totaled 471 million yen, the figure would be 336 million yen when the said fees are re-calculated by using the formulas for these fees after the Changes and applying the applicable rates as described in 1. above, representing a decrease of approximately 134 million yen.



3. Future Outlook

As described in the press release titled “Notice Concerning Revisions to Management Status Forecast and Distribution Forecast for the 22nd Fiscal Period Ended September 2016 and Management Status Forecast and Distribution Forecast for the 23rd Fiscal Period Ending March 2017 and for the 24th Fiscal Period Ending September 2017” separately announced today, the Investment Corporation has revised its management status forecast for the 22nd fiscal period ended September 2016 (April 1, 2016 to September 30, 2016) that was disclosed in the Financial Report for the Fiscal Period Ended March 31, 2016 dated May 16, 2016 (corrected on June 8, 2016). However, the Changes will give no impact on the Investment Corporation’s management status forecast and cash distribution forecast for the 22nd fiscal period ended September 2016, as they will become effective from the 23rd fiscal period ending March 2017 (October 1, 2016 to March 31, 2017).

As for the management status forecasts for the 23rd fiscal period ending March 2017 (October 1, 2016 to March 31, 2017) and the 24th fiscal period ending September 2017 (April 1, 2017 to September 30, 2017), please refer to the press release titled “Notice Concerning Revisions to Management Status Forecast and Distribution Forecast for the 22nd Fiscal Period Ended September 2016 and Management Status Forecast and Distribution Forecast for the 23rd Fiscal Period Ending March 2017 and for the 24th Fiscal Period Ending September 2017 ” separately announced today.

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

Disclaimer: This translation is for informational purpose only. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail. This document is an English translation of a press release for public announcement regarding fee rates to be applied in the new asset management fee system by Sekisui House SI Residential Investment Corporation, and has not been prepared for the purpose of solicitation of investment. We caution investors to refer to the Investment Corporation's prospectus and notice of amendments thereto, if any, without fail and to undertake investment at their own decision and responsibility.