

May 9, 2017

Real Estate Investment Trust Securities Issuer
 Sekisui House Reit, Inc.
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 (Securities Code: 3309)

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Notice Concerning Revisions of Forecast of Management Status and Distribution
for Fiscal Period Ending October 2017 and
Forecast of Management Status and Distribution for Fiscal Period Ending April 2018

Sekisui House Reit, Inc. (“SHR”) announces the following revisions of the forecast of the management status and distribution for the fiscal period ending October 2017 (from May 1, 2017 to October 31, 2017) announced on December 13, 2016. SHR also newly announces the following forecast of the management status and distribution for the fiscal period ending April 2018 (from November 1, 2017 to April 30, 2018).

1. Content of Revision

(1) Content of Revision of Forecast of Management Status and Distribution for Fiscal Period Ending October 2017

	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
Previous forecast (A)	4,149 mn yen	2,657 mn yen	2,315 mn yen	2,314 mn yen	2,590 yen	0 yen
Revised forecast (B)	4,581 mn yen	2,979 mn yen	2,617 mn yen	2,616 mn yen	2,700 yen	0 yen
Increase/decrease (B-A)	431 mn yen	321 mn yen	301 mn yen	301 mn yen	110yen	0 yen
Rate of increase/decrease	10.4%	12.1%	13.0%	13.0%	4.2%	0.0%

(2) Content of Forecast of Management Status and Distribution for Fiscal Period Ending April 2018

	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
Fiscal Period Ending April 2018	4,652 mn yen	2,994 mn yen	2,617 mn yen	2,616 mn yen	2,700 yen	0 yen

(Reference)

Fiscal period ending October 2017: Forecast number of investment units issued and outstanding at end of period: 969,000 units
 (Previous announcement assumed 894,000 investment units as of such date.)
 Fiscal period ending April 2018: Forecast number of investment units issued and outstanding at end of period: 969,000 units

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(Notes)

1. The calculation of the forecast figures above are the current figures calculated based on the assumptions stated in the attached "Assumptions Underlying Forecast of Management Status and Distribution for Fiscal Period Ending October 2017 and Fiscal Period Ending April 2018." Accordingly, the actual operating revenue, operating income, ordinary income, net income and distribution per unit (excluding distribution in excess of earnings) may vary due to future additional acquisition or sale of real estate, etc., real estate market and other developments, the number to be issued of new investment units actually determined, change in other circumstances surrounding SHR and other factors. In addition, the forecast is not a guarantee of the amount of distribution.
2. The forecast may be revised in the event that discrepancies above a certain level from the forecast above are expected.
3. Figures are rounded down to the nearest specified unit and percentages are rounded to the nearest first decimal place. The same shall apply hereinafter.

2. Reason for Revision of Forecast of Management Status and Distribution, Reason for Announcement

In line with the decisions made on the issuance of new investment units through public offering and the assets acquisition, etc. announced today in "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units" and "Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate and its Lease (Garden City Shinagawa Gotenyama: Additional Acquisition; Hommachi Garden City: Additional Acquisition)," SHR announces the following revisions of the forecast of the management status and distribution for the fiscal period ending October 2017 announced on December 13, 2016 due to changes in the assumptions used for calculation. SHR also newly announces the forecast of the management status and distribution for the fiscal period ending April 2018.

There are no changes as of today to the forecast of management status and distribution for the fiscal period ending April 2017 announced on December 13, 2016.

*This material is distributed to the press club of the Tokyo Stock Exchange (Kabuto Club), the press club of the Ministry of Land, Infrastructure, Transport and Tourism, and the press club for construction trade publications of the Ministry of Land, Infrastructure, Transport and Tourism.

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

[Attachment]

Assumptions Underlying Forecast of Management Status and Distribution for Fiscal Period Ending October 2017
and Fiscal Period Ending April 2018

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> ● Fiscal period ending October 2017 (6th fiscal period): From May 1, 2017 to October 31, 2017 (184 days) ● Fiscal period ending April 2018 (7th fiscal period): From November 1, 2017 to April 30, 2018 (181 days)
Assets under management	<ul style="list-style-type: none"> ● The assumption is that acquisition of trust beneficiary interests in real estate to be newly acquired (the “to-be-acquired assets”) (For details of the to-be-acquired assets”, please refer to “Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate and its Lease (Garden City Shinagawa Gotenyama: Additional Acquisition; Hommachi Garden City: Additional Acquisition)”) announced today.) is made on May 24, 2017, in addition to trust beneficiary interests in real estate held by SHR (6 properties in total) (the “already-acquired assets” as of today, and that there will be no change in assets under management (acquisition of new property, sale of existing property, etc.) through to the end of the fiscal period ending April 2018 (7th fiscal period) other than the acquisition of the to-be-acquired assets. ● The actual assets under management may vary due to change in assets under management.
Operating revenue	<ul style="list-style-type: none"> ● Lease business revenue of the already-acquired assets is calculated by taking into account lease agreements effective as of today, market trends and other factors and lease business revenue of the to-be-acquired assets is calculated by taking into account the information provided by the seller, etc. of the property, lease agreement that is scheduled to become effective on the scheduled date of acquisition of the to-be-acquired assets, market trends and other factors. ● Operating revenue is based on the assumption that there will be no delinquent or unpaid rent by tenants.
Operating expenses	<ul style="list-style-type: none"> ● Of expenses related to rent business, which constitute a major component of operating expenses, expenses other than depreciation are calculated by reflecting the factors causing fluctuation in expenses based on historical data of the respective assets for the already-acquired assets, and are calculated reflecting the factors causing fluctuation in expenses based on historical data taking into account the information provided by the seller, etc. of the property and lease agreement that is scheduled to become effective on the scheduled date of acquisition of the to-be-acquired assets. ● In general, property tax, city planning tax and depreciable asset tax in the fiscal year of acquisition of assets acquired are calculated on a pro rata basis and reimbursed at the time of acquisition with seller, but the amount equivalent to the reimbursement is included in the cost of acquisition and thus not recognized as expenses in the fiscal period of acquisition. In the case of Garden City Shinagawa Gotenyama acquired additionally in fiscal period ending October 2016 (4th fiscal period)(additionally acquired portion for the second time)(The portion acquired in May 24, 2016. For details, please refer to “Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate and its Lease (Garden City Shinagawa Gotenyama: Additional Acquisition and 2 other properties)”) announced on May 9, 2016.) is assumed to be recognized as expenses from fiscal period ending October 2017 (6th fiscal period). Furthermore, the total amount of property tax, city planning tax and depreciable asset tax included in the acquisition amount of the to-be-acquired assets is assumed to be 79 million yen (corresponding to 222 days). Among the assets to be acquired, in the case of Garden City Shinagawa Gotenyama (additional acquisition portion), fiscal 2018 property tax, city planning tax and depreciable asset tax are assumed to be recognized as expenses starting from the fiscal period ending October 2018 (8th fiscal period); and in the case of Hommachi Garden City (hotel portion), fiscal 2018 property tax, city planning tax and depreciable asset tax corresponding to the four months from January 1, 2018 to April 30, 2018 are assumed to be recognized as expenses in the fiscal period ending April 2018 (7th fiscal period). ● Taxes and public dues of 333 million yen and 372 million yen are expected for the fiscal period ending October 2017 (6th fiscal period) and for the fiscal period ending April 2018 (7th fiscal period) respectively. ● Repair expenses for buildings are recognized as expenses in the amount assumed to be necessary in the respective business period based on the amount projected by the asset management company (Sekisui House Investment Advisors, Ltd.), taking into account the amount on the engineering report and appraisal report. However, such factors as emergency repair expenses possibly arising from unforeseeable factors causing building damage, etc., the variation in the amount depending on the fiscal year generally being large and not being an amount that arises periodically may result in repair expenses in the respective business period differing materially from the forecast amount. ● Depreciation, which is calculated using the straight-line method inclusive of incidental expenses, etc., is expected to be 730 million yen in the fiscal period ending October 2017 (6th fiscal period) and 731

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	<p>million yen in the fiscal period ending April 2018 (7th fiscal period).</p> <ul style="list-style-type: none"> ● Asset management fee is expected to be 357 million yen in the fiscal period ending October 2017 (6th fiscal period) and 369 million yen in the fiscal period ending April 2018 (7th fiscal period).
Non-operating expenses	<ul style="list-style-type: none"> ● As expenses related to the issuance of new investment units through public offering and secondary offering of investment units, which were resolved at a meeting of the board of directors held today, approximately 13 million yen in the fiscal period ending October 2017 (6th fiscal period) and 13 million yen in the fiscal period ending April 2018 (7th fiscal period) is expected and is assumed to be amortized over a period of 3 years using the straight-line method. ● Interest expenses, interest expenses on investment corporation bonds and other borrowing related expenses are expected to be 346 million yen in the fiscal period ending October 2017 (6th fiscal period) and 362 million yen in the fiscal period ending April 2018 (7th fiscal period).
Interest-bearing liabilities	<ul style="list-style-type: none"> ● SHR's loan balance as of today is 75,300 million yen, investment corporation bonds is 2,000 million yen and total of interest-bearing liabilities is 77,300 million yen. The assumption is that short term loan of 7,600 million yen are made in May 2017 from qualified institutional investors as provided in Article 2, Paragraph 3, Item 1 of the Financial Instruments and Exchange Act for part of acquisition fund, etc. of the to-be-acquired assets and in the event that new investment units are issued by way of third-party allotment for the maximum number of 3,600 units stated in "investment units" column below, the proceeds thereof will be used as the source of funds to repay short term loan mentioned above. ● The assumption is that the abovementioned short term loan after partial repayment will be refinanced in the fiscal period ending October 2017 (6th fiscal period). ● LTV as of the end of the fiscal period ended October 2016 (4th fiscal period) is 40.8%, and LTV at the end of the fiscal period ending October 2017 (6th fiscal period) and at the end of the fiscal period ending April 2018 (7th fiscal period) are expected to be around the same level. ● The following formula is used in the calculation of LTV. LTV = Expected total interest-bearing liabilities ÷ Expected total assets × 100 ● LTV may vary depending on the issue amount of the new investment units to be issued through public offering this time and the number of new investment units to be issued through third-party allotment.
Investment units	<ul style="list-style-type: none"> ● The assumption is that, in addition to the 894,000 units issued and outstanding as of today, the number of investment units scheduled to be newly issued through public offering (71,400 units) and in the issuance of new investment units by way of third-party allotment (maximum of 3,600 units) in line with the secondary offering of investment units (over-allotment), for which resolution was passed at a meeting of the board of directors held today, will all be issued. For details, please refer to "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units" announced on May 9, 2017. ● The assumption is that there will be no change in the number of investment units due to issuance of new investment units, etc. other than the above through to the end of the fiscal period ending April 2018 (7th fiscal period).
Distribution per unit (excluding distribution in excess of earnings)	<ul style="list-style-type: none"> ● Distribution per unit (excluding distribution in excess of earnings) is calculated by assuming the cash distribution policy set forth in the articles of incorporation of SHR. ● Distribution per unit (excluding distribution in excess of earnings) may vary due to various factors, including fluctuation in rent income accompanying change in assets under management, change in tenants, etc., or incurrence of unexpected repairs and fluctuation in interest rates.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> ● There are no plans at this time for distribution of cash in excess of earnings (distribution in excess of earnings per unit).
Other	<ul style="list-style-type: none"> ● The assumption is that there will be no revision of laws and regulations, tax systems, accounting standards, listing regulations, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above. ● The assumption is that there will be no unforeseen serious change in general economic trends and real estate market conditions, etc.

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