

December 13, 2019

Real Estate Investment Trust Securities Issuer
Sekisui House Reit, Inc.

Representative: Junichi Inoue, Executive Director
(Securities Code: 3309)

Asset Management Company

Sekisui House Asset Management, Ltd.

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Notice Concerning Partial Changes of Internal Rule of the Asset Management Company (Management Guideline)

Sekisui House Reit, Inc. ("SHR") announces that Sekisui House Asset Management, Ltd., to which SHR entrusts its asset management, has determined today to change Management Guideline, which is its internal rule, as described below.

1. Reason for the Change

SHR is aiming to build a portfolio which is both highly stable and of high quality while positioning residences and office buildings as the core assets of the portfolio and also investing in hotels which are expected to grow. SHR shall make the necessary changes in order to clarify its policy for establishing a portfolio concerning hotels.

2. Key Changes

(1) Change in Classification of Serviced Apartments

SHR changed the classification of Serviced apartments from hotels to retail and other properties.

The investment ratio of the main investment target assets by use will remain unchanged.

Reference: Investment ratio by use after the change (Changes are indicated by underline)

Main investment target assets	Use	Asset type	Investment ratio (acquisition price basis)	Target investment ratio in the medium to long term
Residential properties	Residence	Residences Student dormitories Company housings	30% - 55%	Approx. 45%
Commercial properties	Office building	Office buildings Data centers	30% - 55%	Approx. 45%
	Hotel	Hotels	0% - 30%	Approx. 10%
	Retail and other property	Retail properties <u>Serviced apartments</u> Senior properties (Note)	0% - 10%	Approx. 0% - 10%

(Note) Housings for the elderly with services, Fee-based homes for the aged and Daycare centers are included in Senior properties.

(2) Clarification of Investment Policy for Hotel

In order to invest in hotels that can be expected to be highly competitive over the medium to long term, simplified accommodations and the like will in principle not be invested. SHR's specific investment areas and investment classes of hotels have been clarified as follows.

In addition, SHR has designated "high-quality" residential properties and commercial properties located in "strategic location" among its main investment target as "prime properties," and has designated hotels that are located in Class S or Class A Areas and are ranked Upscale or higher as "prime properties".

a. Investment Area

Area Class	Area	Investment Policy (acquisition price basis)
Class S	Tokyo 23 wards, Yokohama-shi, Hakone-machi, Kyoto-shi, Osaka-shi, Kobe-shi, Sapporo-shi, Fukuoka-shi, Nagoya-shi, Hiroshima-shi, Kanazawa-shi, Naha-shi and Urayasu-shi	Main investment area (80% or higher)
Class A	Tokyo, Kanagawa, Osaka, Kyoto, Hyogo, Hokkaido, Fukuoka, Okinawa, Nara, Nagano, Shizuoka and Miyagi other than Class S Area, or areas where hotels that capture narrowed demand are located (ex. airport terminal hotel, etc.)	Investable area
Class B	Other than Class S or Class A	Selective investment

b. Investment Class

Hotel Class (Note)	Content	Investment Policy (acquisition price basis)
Luxury	Worldwide luxury hotel brands	Main investment class (70% or higher)
Upper Upscale	Worldwide exclusive hotel brands	
Upscale	Globally recognized standard hotel brands for higher end-level business/tourist use	Investable class
Upper Midscale	Globally recognized standard hotel brands for general business/tourist use	
Midscale	Budget and economic hotel brands	Not invested in principle
Economy	Lower price range than Midscale	

(Note) Hotel class will be decided base on the hotel class as of the date of acquisition.

3. Date of the Change of Management Guideline

December 13, 2019

4. Others

An extraordinary securities report has been submitted to Kanto Finance Bureau on December 13, 2019.

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