

April 15, 2020

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 Acquisition of Trust Beneficiary Interest in Domestic Real Estate
(The Ritz-Carlton, Kyoto (Additional Acquisition) and GRAND MAST Hirose-dori)**

Sekisui House Reit, Inc. ("SHR") hereby announces that Sekisui House Asset Management, Ltd., to which SHR entrusts management of its assets ("SHAM") decided today for SHR to acquire the following assets (the "Assets to be Acquired") as described below.

Since the counterparties to these acquisitions of the Assets to be Acquired fall under the category of interested persons, etc. as provided in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (the "Investment Trusts Act"), and under the category of interested parties as provided in SHAM's internal rules: Rules for Transactions with Interested Parties, SHAM has obtained, in accordance with the Rules for Transactions with Interested Parties, the consent of SHR based on approval at the meeting of the board of directors of SHR held today.

1. Summary of the Assets to be Acquired

SHR will acquire the following two properties. The Ritz-Carlton, Kyoto, which is an additional acquisition, is a hotel of Marriott International, Inc.'s highest-end brand planned and developed by Sekisui House, Ltd. ("Sekisui House"), the sponsor of SHR. GRAND MAST Hirose-dori, which is a newly acquisition, is a rental condominium planned and developed by Sekisui House Real Estate Tohoku, Ltd. ("Sekisui House Real Estate Tohoku"), a wholly-owned subsidiary of Sekisui House. These acquisitions are a part of the growth strategy to make the most of the real estate development and operation capabilities of the Sekisui House Group (Note).

(Note) "Sekisui House Group" refers to a group of companies comprised of Sekisui House and its consolidated subsidiaries and its affiliates accounted for by the equity method.

Property name	Type of use	Location	Planned acquisition price (Note 1)	Seller
The Ritz-Carlton, Kyoto (additional acquisition: 9% of quasi co-ownership interest) (Note 2)	Hotel	Kyoto-shi, Kyoto	4,320 million yen	Sekisui House, Ltd.
GRAND MAST Hirose-dori	Residence	Sendai-shi, Miyagi	865 million yen	Sekisui House Real Estate Tohoku, Ltd.
Total planned acquisition price			5,185 million yen	—

(1) Type of specified asset : Trust beneficiary interests in trust assets which are comprised of domestic real estate

(2) Sale and purchase contract date : April 15, 2020

(3) Brokerage : Not applicable

- (4) Planned acquisition date : April 20, 2020
 (5) Acquisition financing : Borrowing (Note 3) and cash on hand
 (6) Settlement method : Payment of entire amount at time of delivery

(Note 1) The “planned acquisition price” is the sale and purchase price stated in the sale and purchase agreement (excluding consumption tax and local consumption tax as well as commission and other various expenses; rounded down to the nearest million yen). The same shall apply hereinafter.

(Note 2) SHR has acquired 40% of the quasi co-ownership interest of the trust beneficiary interest in real estate of The Ritz-Carlton, Kyoto with an acquisition price of 17,800 million yen on January 31, 2019 (“Owned Ownership”). In addition, SHR will acquire 9% of the quasi co-ownership interest of the trust beneficiary interest in real estate (may be referred to as “Additional Ownership”) as of the planned acquisition date and as a result of the acquisition of the Additional Ownership, SHR will own 49% of the quasi co-ownership interest of the trust beneficiary interest in real estate of the property.

(Note 3) For the details of the borrowing, please refer to the press release “Notice Concerning Borrowing of Funds” separately announced by SHR today.

2. Reason for the Acquisition

Based on SHR’s basic policy to provide high-quality social capital and maximize unitholder value by conducting asset management that pursues stable earnings over the medium to long term and steady growth of its investment assets, SHR intends to focus on “prime properties”, which are uniquely defined as “high-quality” and “strategic locations” in accordance with the investment target and investment policy stipulated in its Articles of Incorporation. Since SHR positions residences and office buildings as core assets to constitute its portfolio and intends to invest in hotels as well, SHR will acquire the Assets to be Acquired in an aim to build a portfolio that combines high stability and quality. The characteristics of the Assets to be Acquired taken into consideration upon deciding on the acquisition are as follows:

(1) The Ritz-Carlton, Kyoto

a. Location characteristics

The property is located in Kyoto-shi, a market where further growth is expected owing to stable domestic demand and inbound demand as Japan’s leading tourist city. The property, situated on the bank of the Nijo-Ohashi Bridge on the Kamogawa River that flows from north to south of Kyoto-shi, is in a rarely-found location suitable for urban-type resort hotels which is close to the famous entertainment districts in Kyoto such as Gion, Kawaramachi and Ponto-cho, and offers a scenic view of the Higashiyama Sanju-Roppo mountain range that runs between the Kamogawa River and Mount Hieizan. Additionally, the property is located approximately six minutes on foot from Sanjo Station on the Keihan Main Line. It is close to major tourist sites in Kyoto such as the Kyoto Imperial Palace and Nijo Castle, and to Kyoto City Office, and therefore suitable for guests staying for either sightseeing or business.

SHR believes that the combination of “The Ritz-Carlton, Kyoto” and the “rarely-found favorable location of scenic beauty” in Kyoto-shi, a world’s popular tourist destination, has extremely strong appeal to wealthy individuals and tourists visiting Japan.

According to the Japan Tourism Agency’s statistical survey on accommodation and travel, in 2019, the total number of nights spent by visitors and the total number of nights spent by inbound visitors in Kyoto is 21.07 million and 7.96 million (preliminary figures) respectively. Compared to 16.98 million and 3.29 million in 2014, when The Ritz-Carlton, Kyoto opened, the total number of nights spent by visitors and the total number of nights spent by inbound visitors increased by approximately 1.2 times and 2.4 times, respectively. Due to the recent coronavirus (COVID-19) outbreak, although the total number of nights spent by visitors and the total number of nights spent by inbound visitors are expected to decline temporarily, SHR believes that the number of tourists visiting Kyoto is expected to recover in the medium to long term.

b. Property characteristics

The Ritz-Carlton is the highest-end brand of the Marriott International, Inc., one of the world's leading hotel chains, and has been renowned for its luxury hotels, with successful hotel operations in many countries around the world and hotel management know-how of an international standard. The property has also been highly praised by third parties since its opening in February 2014 as The Ritz-Carlton, Kyoto, including becoming the first hotel in the Kansai region to win a Five Star award from Forbes Travel Guide 2018.

The building of the property was newly constructed in 2013 by Sekisui House, the sponsor of SHR. It adopts an exterior design harmonizing with the historical surrounding environment, while trying to fuse Japanese tradition with contemporary Western style. The property has luxury specifications that match the brand image of The Ritz-Carlton, with four gardens created based on the concept of inheriting the history of Kyoto, and high-quality space arranged with the essence of the traditions and cultures of Kyoto and displaying many artworks selected based on the concept of The Tale of Genji. The total number of guest rooms is 134, and the average floor area of the guest rooms is over 50m². The property also offers hospitality of the highest standard in its restaurants, banquet rooms and spas.

The tenant of the property is SH Hotel Systems, Ltd. ("SH Hotel Systems"), a wholly owned subsidiary of Sekisui House and a hotel operating company in the Sekisui House Group. SH Hotel Systems executes a building lease agreement with the trustee.

(2) GRAND MAST Hirose-dori

a. Location characteristics

The property is located approximately six minutes on foot from Omachi Nishi-koen Station on the Sendai Municipal subway Tozai Line, and approximately eight minutes on foot from Hirose-dori Station on the Sendai Municipal subway Namboku Line. In addition to Nishi Park, which is famous for its cherry blossom viewing spots, and the most bustling arcade shopping district around Sendai Station nearby, it is also within walking distance of the Miyagi Prefectural Government, Sendai City Hall, and Aoba Ward Office, making it convenient for living. From Omachi Nishi-koen Station, it takes approximately three minutes to Sendai Station on the Sendai Municipal subway Tozai Line, and it takes approximately a minute from Hirose-dori Station to Sendai Station on the Sendai Municipal subway Namboku Line, and the access to Sendai Station on the JR Tohoku Shinkansen Line and JR Tohoku Line is also good.

Sendai-shi, where the property is located, is the biggest city and a center of economy and government of the Tohoku region. Especially Aoba-ku plays a role as a central region where commercial facilities and administrative agencies are concentrated and many commuters and tourists are gathered from both inside and outside the city. In addition, it has cultural zones that represent the college town nature of Sendai through many universities and research institutes, including Tohoku University. It also has educational and cultural facilities such as museums and scientific museums, and Sendai International Center, which is a hub for international cultural exchange.

b. Property characteristics

The property consists of 13 stories above ground and 60 units in total, and all types of rooms consist of 1LDK. Facilities include a free-of-charge internet Wi-Fi, face-to-face counter kitchens, video intercoms, and soundproofing floors. Because of their excellent living convenience and residential environments, stable demand is expected primarily for single-person residents.

3. Description of the Assets to be Acquired

(1) The Ritz-Carlton, Kyoto (additional acquisition: 9% of quasi co-ownership interest)

Overview of specified asset		
Property name		The Ritz-Carlton, Kyoto
Planned acquisition date		April 20, 2020
Type of specified asset		9% of quasi co-ownership interest in trust beneficiary interest (49% including Owned Ownership)
Trustee		Mizuho Trust & Banking Co., Ltd.
Period of trust contract		From January 30, 2006 to April 30, 2021
Planned acquisition price		4,320 million yen
Appraisal value (Date of value)		4,446 million yen (April 1, 2020)
Appraiser		Rich Appraisal Institute Co., Ltd.
Location		Kamogawa Nijo-Ohashi Hotori, Nakagyo-ku, Kyoto-shi, Kyoto
Land	Lot	543 Hokodencho, Nijo-Ohashi Agaru, Nakagyo-ku, Kyoto-shi, Kyoto and six other lots
	Site area	6,178.57 m ²
	Use district	Commercial district
	Building coverage ratio	80%
	Floor area ratio	400%
	Type of ownership	Proprietorship
Building	Use	Hotel
	Construction completion	October 2013
	Structure / Floors	RC with stainless steel sheet roof / B3F, 5F
	Total floor area	23,461.39 m ²
	Type of ownership	Proprietorship
Collateral		None
Status of leasing and management		
Leasable area		2,111.53 m ² (11,496.08 m ² including Owned Ownership) (Note 1)
Leased area		2,111.53 m ² (11,496.08 m ² including Owned Ownership) (Note 1)
Occupancy rate		100.0%
Number of tenants		1
Monthly rent		<p>Monthly rent for the period from May 1, 2020 to the end of April 2021 (Note 2)</p> <p>Additional Ownership : 14,557 thousand yen</p> <p>Owned Ownership : 64,700 thousand yen</p> <p>Total : 79,257 thousand yen</p> <p>The above monthly rent consists of fixed rent and variable rent. Monthly rent for Additional Ownership consists of 6,604 thousand yen of fixed rent and 7,953 thousand yen of variable rent, and monthly rent for Owned Ownership consists of 29,352 thousand yen of fixed rent and 35,347 thousand yen of variable rent. As a result, the total amount of the monthly rent consists of 35,956 thousand yen of fixed rent and 43,301 thousand yen of variable rent.</p>

		<u>How to calculate variable rent</u> The monthly variable rent for the period from May 1 each year to the end of the following April is the amount (i) obtained by subtracting amount of the monthly fixed rent emerged for the period from January 1 to the end of December of the previous year (“Each Percentage Rent Calculation Period”) from the hotel business revenue of the lessee (the profits of the hotel operator in the property based on its financial report) in Each Percentage Rent Calculation Period plus certain adjustments (ii) divided by 12 months.
Leasehold and security deposits		—
Property management company		SH Hotel Systems, Ltd.
Master lease company		—
Master lease type		—
Contract period		From January 31, 2019 to April 30, 2021
Outline of building engineering report (Note 3)		
Building replacement cost		637 million yen
Repair expenses	Emergency repair	—
	Short-term repair	—
	Long-term repair	1,010 thousand yen
Investigator		Tokyo Bldg-Tech Center Co., Ltd.
Outline of earthquake PML report		
PML value		4.19%
Investigator		SOMPO Risk Management Inc.
Designer, constructor, building inspector		
Building designer		Nikken Sekkei Ltd.
Structure designer		Nikken Sekkei Ltd.
Constructor		Obayashi Corporation
Building inspector		Bureau Veritas Japan Co., Ltd.
Matters of special note		
<p>Sekisui House and SHR have executed a written quasi co-owners agreement on January 31, 2019 and an amendment of a written quasi co-owners agreement upon the acquisition of the Additional Ownership (collectively referred to as the “Agreement” in this section), agreeing to mutual right of first negotiation, etc. The outlines of the Agreement are as follows.</p> <p>a. In the event that Sekisui House or SHR seeks to dispose the quasi co-ownership interest to a third party, the party seeking to dispose (the “offeror” in this section) must notify the other party (the “counterparty” in this section) of the terms and conditions and other information related to the concerned disposition before any negotiations of disposition take place with a third party and, if the counterparty requests consultations concerning purchase of the quasi co-ownership interest, the offeror shall hold consultations on the terms and conditions of disposition in good faith with the counterparty and no negotiations concerning disposition of the quasi co-ownership interest shall take place with a third party during the prescribed consultation period. Furthermore, only if an acceptance of the offer to dispose is not received by the offeror from the counterparty within the prescribed consultation period or if consultations fail to reach an agreement may the offeror be entitled to dispose the quasi co-ownership interest to a third party; provided, however, that the terms and conditions of the concerned disposition shall not be of more advantageous content to the</p>		

third party than the terms and conditions notified to the counterparty above.

- b. In the event of failure to perform the obligations provided in the Agreement, Sekisui House or SHR shall be entitled to notify the other party that the obligations be performed and, if the concerned obligations are not performed within the prescribed period, to request that the quasi co-ownership interest held by the other party be disposed with compensation.
- c. In order for Sekisui House or SHR to dispose or transfer to a third party, provide as collateral or otherwise dispose of its quasi co-ownership interest without undergoing the procedures described in a. above, it shall obtain consent from the counterparty.
- d. In the event that Sekisui House or SHR is to dispose part of the quasi co-ownership interest not to the counterparty but to a third party, the third party shall succeed to the status under the Agreement to the extent of the ratio of quasi co-ownership interest subject to the concerned disposition.
- e. Certain matters including disposal of trust beneficiary, establishment of mortgage or lien, repair work which exceeds certain amount and change of agreements executed by trustee in connection with this property need mutual agreement between SHR and Sekisui House.
- f. In the event that co-ownership interest in this property is returned from trustee to beneficiary in kind, claims on division of co-ownership parts in accordance with Article 256 of the Civil Code (Act No. 89 of 1896, as amended) shall not be made for five years from the effective return date.

(Note 1) Represents the area calculated by multiplying the total leasable area of the building of 23,461.39m² by the ratio of quasi co-ownership interest of the Additional Ownership (9%) and to be held by SHR in total after the acquisition of the Additional Ownership (49%), as rounded to the nearest second decimal place, respectively.

(Note 2) The rent of the Additional Ownership for the period from planned acquisition date to the end of April 2020 is the amount calculated on a pro rata basis based on 13,208 thousand yen of the monthly rent of April 2020 which consists of 6,604 thousand yen of fixed rent and 6,604 thousand yen of variable rent. In addition, the rent of the Owned Ownership for the period from the acquisition date (January 31, 2019) to the end of April 2020 is 58,704 thousand yen consists of 29,352 thousand yen of fixed rent and 29,352 thousand yen of variable rent other than the rent for January 2019 which is calculated on a pro rata basis.

(Note 3) The amounts in the columns under the section "Outline of building engineering report" are not the amounts for the entire building, but represent the amounts in proportion to the ratio of quasi co-ownership interest of Additional Ownership (9%).

(2) GRAND MAST Hirose-dori

Overview of specified asset		
Property name		GRAND MAST Hirose-dori
Planned acquisition date		April 20, 2020
Type of specified asset		Trust beneficiary interest (planned)
Trustee		Mitsubishi UFJ Trust and Banking Corporation (planned)
Period of trust contract		From April 20, 2020 to April 30, 2030 (planned)
Planned acquisition price		865 million yen
Appraisal value (Date of value)		869 million yen (March 1, 2020)
Appraiser		Chuo Real Estate Appraisal Co., Ltd.
Location		2-14 Tachimachi, Aoba-ku, Sendai-shi, Miyagi
Land	Lot	2-7 Tachimachi, Aoba-ku, Sendai-shi, Miyagi
	Site area	661.98 m ²
	Use district	Commercial district
	Building coverage ratio	80%
	Floor area ratio	500%
	Type of ownership	Proprietorship
Building	Use	Apartment complex
	Construction completion	January 2006
	Structure / Floors	RC/13F
	Total floor area	2,757.02 m ²
	Type of ownership	Proprietorship
Collateral		None
Status of leasing and management		
Leasable area		2,552.40 m ² (number of leasable residential units: 60)
Leased area		2,339.70 m ² (number of leased residential units: 55)
Occupancy rate		91.7%
Number of tenants		1
Monthly rent		4,567 thousand yen
Leasehold and security deposits		5,732 thousand yen
Property management company		Sekisui House Real Estate Tohoku, Ltd. (planned)
Master lease company		Sekisui House Real Estate Tohoku, Ltd. (planned)
Master lease type		Fixed-rent type
Contract period		From April 20, 2020 to April 30, 2025 (planned)
Outline of building engineering report		
Building replacement cost		716 million yen
Repair expenses	Emergency repair	—
	Short-term repair	—
	Long-term repair	5,376 thousand yen
Investigator		Tokyo Bldg-Tech Center Co., Ltd.

Outline of earthquake PML report	
PML value	2.03%
Investigator	SOMPO Risk Management Inc.
Designer, constructor, building inspector	
Building designer	Sekisui House, Ltd. and Ando Corporation
Structure designer	Ando Corporation
Constructor	Ando Corporation
Building inspector	Miyagi Prefecture Building & Housing Center
Matters of special note	
None	

[Explanation of “3. Description of the Assets to be Acquired”]

- (1) “Type of specified asset” is the type of right to be acquired by SHR.
- (2) “Trustee” is the party that is the trustee or to become the trustee after the acquisition by SHR.
- (3) “Period of trust contract” indicates the scheduled trust term as of the date of this document in case the trust contract is not concluded.
- (4) “Appraisal value (Date of value)” is the appraisal value and date of value stated in the real estate appraisal report prepared by the appraiser that SHR and SHAM have entrusted with appraisal of each of the investment real estate, where the appraisal value is rounded down to the nearest million yen.
- (5) “Location” is the indication of residential address. Residential address is based on the notice delivered by municipalities, the written property outline or written explanation of important matters. Furthermore, if there is no implementation of indication of residential address or no indication of residential address in the written property outline and written explanation of important matters, “Location” is the content of “Location of the building” section in the registry (including registration information; the same shall apply hereinafter) or the indication method used in practice as the location.
- (6) “Lot” and “Site area” are the parcel number (in cases where there are several, then one of them) and the sum total of parcel area based on that stated in the registry. Furthermore, even if the acquisition is quasi co-ownership interest in land, “Site area” is the parcel area for the entire land.
- (7) “Use district” is the type of use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968, as amended) (the “City Planning Act”).
- (8) “Building coverage ratio,” which is the ratio of the building area of the building to the site area as provided in Article 53 of the Building Standards Act (Act No. 201 of 1950, as amended) (the “Building Standards Act”), is the percentage figure provided in accordance with the Building Standards Act, the City Planning Act and other related laws and regulations.
- (9) “Floor area ratio,” which is the ratio of the total floor area of the building to the site area as provided in Article 52 of the Building Standards Act, is the percentage figure provided in accordance with the Building Standards Act, the City Planning Act and other related laws and regulations.
- (10) For “Land,” “Type of ownership” is the category of such ownership (such as fee simple or compartmentalized ownership), regarding the right held or to be held by the trustee of the real estate trust for real estate in trust.
- (11) “Use” is the major type indicated in the registry.
- (12) “Construction completion” is based on that stated in the registry.
- (13) “Structure / Floors” is based on that stated in the registry. In addition, in case where SHR acquires quasi co-ownership interest, “Structure / Floors” is the structure and number of floors for the entire building. Furthermore, the following abbreviations are used in “Structure / Floors.”
RC: Reinforced concrete structure; SRC: Steel reinforced concrete structure; S: Steel-framed structure
- (14) “Total floor area” is the sum total of floor area of the building or building in trust (excluding annex buildings, etc.) indicated in the registry. In addition, in case where SHR acquires quasi co-ownership interest, “Total floor area” is the floor area for the entire building.
- (15) For “Building,” “Type of ownership” is the classification of the type of ownership, such as ownership right and compartmentalized ownership interest held or to be held by the trustee of the real estate trust for real estate in trust.
- (16) “Collateral” outlines the collateral borne by SHR after acquisition, if any.
- (17) “Leasable area” refers to the floor area which is considered to be available for leasing based on the lease agreements or building drawings, etc., effective as of the end of March 2020, rounded down to the second decimal place, unless otherwise noted.
- (18) “Leased area” is the sum total of the leased area indicated in the lease agreements effective as of the end of March 2020 or the leased area based on building drawings, etc.
- (19) “Occupancy rate” is the ratio of leased area to leasable area rounded to the first decimal place.
- (20) “Number of tenants” is the total number of tenants based on the content of each of the lease agreements concluded or to be newly

concluded with the tenants at the time of acquisition of the Assets to be Acquired. However, as for GRAND MAST Hirose-dori, the total number is stated as “1” on the assumption that all end tenants have agreed to the master lease company being the lessor since a new master lease agreement is planned to be concluded between the trustee and the master lease company. Please refer to (24) below for the definition of “master lease company” and “master lease agreement.”

- (21) “Monthly rent” is the monthly rent for the Assets to be Acquired (excludes usage fee for parking lot, garage or signboard, etc. but includes common area fees for GRAND MAST Hirose-dori. The same shall apply hereinafter), rounded down to the nearest thousand yen, based on the content of each of the lease agreements concluded or to be newly concluded with the tenants at the time of acquisition of the Assets to be Acquired.
- (22) “Leasehold and security deposits” is the amount of the leasehold stipulated in the lease agreement concluded or to be newly concluded with the tenants at the time of acquisition of the Assets to be acquired, rounded down to the nearest thousand yen.
- (23) “Property management company” is the company entrusted or to be entrusted with property management services after the acquisition by SHR.
- (24) “Master lease company” is the company that is to become the master lease company by concluding a master lease agreement with the trustee after the acquisition by SHR. Furthermore, “master lease agreement” is a lease agreement of a building concluded in bulk in the purpose of the lessee subleasing the building to third parties. The same applies hereinafter.
- (25) “Master lease type” is the type of master lease agreement that is to become effective after the acquisition by SHR. “Fixed-rent type” is a master lease in which the rent that the master lessee pays is a fixed amount regardless of the rent that the sublessee pays to the master lessee. “Pass-through type” is a master lease in which the rent that the master lessee pays is always the same amount as the rent that the end-tenant pays to the master lessee.
- (26) “Contract period” is stated based on the content of the lease agreement concluded or to be concluded with tenant at the time of acquisition of the Assets to be Acquired.
- (27) “Building replacement cost” is based on the building engineering report, excluding consumption tax, rounded down to the nearest million yen.
- (28) “Repair expenses” are based on that stated in the building engineering reports. “Short-term repair” is the investigator’s estimate of the repair and renewal expenses required within one year at the time of investigation. “Long-term repair” is the investigator’s estimate of the annual average amount of the repair and renewal expenses for 12 years at the time of investigation.
- (29) “PML value” is based on the statement in the seismic risk evaluation report by SOMPO Risk Management Inc. or the building engineering report stating PML calculated by SOMPO Risk Management Inc. for the Assets to be Acquired. The concerned statement is no more than an indication of the opinion of the reporting party, and SHR does not guarantee the accuracy of the content thereof.
Furthermore, “PML” refers to a “probable maximum loss” due to an earthquake. Although there is no consistent strict definition, in this press release, “PML value” expresses the extent of damage that may be suffered due to an earthquake which is assumed to occur in 50 years (the general use period of the building) and cause a loss of 10% exceedance probability as a percentage (%) of the amount of probable loss corresponding to the 90% non-exceedance probability against the replacement cost. However, the amount of probable loss is limited to that for direct loss on the building (structure, finishing and building equipment) only that are caused by earthquake ground motion, and does not include damage to equipment, furniture, fixtures, etc., loss caused by post-earthquake water or fire disasters, compensation for disaster victims, operating loss due to interruption of business operations and other secondary damages.
- (30) “Matters of special note” is the matters considered important in relation to rights, use, etc. of the Assets to be Acquired, and the matters considered important in consideration of the degree of impact on the valuation, profitability and liquidity of the Assets to be Acquired including the following matters.
 - a. Key limitations or restrictions by laws and regulations
 - b. Key burdens or limitations pertaining to rights, etc. (including establishment of security interest)
 - c. Key structures, etc. crossing the boundary between the real estate or real estate in trust and the adjacent land or issues with boundary confirmation, etc., as well as agreements, etc. thereof, if any
 - d. Key matters agreed upon or agreements, etc. with co-owners or compartmentalized ownership holders

4. Profile of Seller

(1) The Ritz-Carlton, Kyoto

Name	Sekisui House, Ltd.
Address	1-1-88, Oyodonaka, Kita-ku, Osaka-shi, Osaka
Representative	Yoshihiro Nakai, President & Representative Director
Business activities	Planning, design, construction, contracting and supervision of houses, other buildings and development business; as well as sale, leasing and management of real estates, consulting of real estate management and businesses related thereto.
Capital	202,591 million yen (as of the end of January 2020)
Established	August 1960
Net asset	1,306,850 million yen (consolidated) (as of the end of January 2020)
Gross asset	2,634,748 million yen (consolidated) (as of the end of January 2020)
Major shareholder (shareholding ratio)	The Master Trust Bank of Japan, Ltd. (trust account) (9.20%) Japan Trustee Services Bank, Ltd. (trust account) (5.41%) Sekisui Chemical Co., Ltd. (5.38%) (All of the above quoted as of the end of January 2020)
Relationship with SHR and SHAM	
Capital relationship	As of the date of this document, Sekisui House owns 4.68% of the total issued investment units of the SHR. Furthermore, Sekisui House owns 100% of the total issued shares of SHAM and falls within the definitions of an Interested Person as stipulated in the Investment Trusts Act and an Interested Party as stipulated in SHAM's internal rules: Rules for Transactions with Interested Parties.
Personal relationship	As of the date of this document, Sekisui House has dispatched to SHAM one Part-time Director and one Part-time Auditor. Furthermore, 13 persons among the executive and regular employees of SHAM are seconded from Sekisui House.
Business relationship	Sekisui House has concluded the Sponsor Support Agreement and the Memorandum of Understanding concerning Holding of Investment Units with SHR and SHAM and the Memorandum of Understanding concerning Use of Trademarks with SHR. Furthermore, Sekisui House is the seller of a part of the owned properties of SHR and SHR has entered into master lease agreement and property management agreement with Sekisui House for a part of owned properties of SHR.
Related party	Sekisui House is the parent company to SHAM and falls within the definition of a related party.

(2) GRAND MAST Hirose-dori

Name	Sekisui House Real Estate Tohoku, Ltd.
Address	2-16-10 Honcho, Aoba-ku, Sendai-shi, Miyagi
Representative	Ichio Nagamine, President & Representative Director
Business activities	Sale and leasing of real estates
Capital	200 million yen (as of the end of January 2019)
Established	August 1983
Net asset	12,409 million yen (as of the end of January 2019)
Gross asset	21,189 million yen (as of the end of January 2019)

Major shareholder (shareholding ratio)	Sekisui House, Ltd. (wholly-owning parent company)
Relationship with SHR and SHAM	
Capital relationship	Sekisui House Real Estate Tohoku is a subsidiary, wherein Sekisui House (which owns 100% of the total issued shares of SHAM) owns 100% of the voting rights. Sekisui House Real Estate Tohoku falls within the definitions of the Interested Person as stipulated in Investment Trusts Act and an Interested Party as stipulated in SHAM's internal rules: Rules for Transactions with Interested Parties.
Personal relationship	No notable personal relationship
Business relationship	Sekisui House Real Estate Tohoku has concluded an agreement concerning preferential negotiation right in order to establish the pipeline for property information centering on residence, with SHR and SHAM. Furthermore, Sekisui House Real Estate Tohoku is the seller of a part of the owned properties of SHR and SHR has entered into master lease agreement and property management agreement with Sekisui House Real Estate Tohoku for a part of owned properties of SHR.
Related party	Sekisui House Real Estate Tohoku is a subsidiary of Sekisui House that is the parent company of SHAM, and falls within the definition of a related party.

5. Status of Property Buyers, etc.

(1) The Ritz-Carlton, Kyoto

	Previous owner, etc.	Owner before last, etc.
Name	Sekisui House, Ltd.	A party that does not have a relationship of special interest
Relationship with a party classified as having a relationship of special interest	Please refer to "4. Profile of Seller, (1) The Ritz-Carlton, Kyoto" above.	—
Background and reason for acquisition	Acquisition for development	—
Acquisition price	—	—
Time of acquisition	—	—

(2) GRAND MAST Hirose-dori

	Previous owner, etc.	Owner before last, etc.
Name	Sekisui House Real Estate Tohoku, Ltd.	A party that does not have a relationship of special interest
Relationship with a party classified as having a relationship of special interest	Please refer to "4. Profile of Seller, (2) GRAND MAST Hirose-dori" above.	—
Background and reason for acquisition	Acquisition for development	—
Acquisition price	—	—
Time of acquisition	—	—

6. Transactions with Interested Persons, etc.

As described above, Sekisui House and Sekisui House Real Estate Tohoku, the sellers of the Assets to be Acquired, fall within the definitions of the Interested Person, etc. under the Investment Trusts Act and the Interested Parties under the Rules for Transactions with Interested Parties (which is SHAM's internal rule). Given this, upon the execution of the agreement for the transfer of trust beneficiary interests concerning the Assets to be Acquired with Sekisui House and Sekisui House Real Estate Tohoku, SHR's consent has been obtained upon approval of SHR's board of directors after preliminary review and approval by compliance officer, deliberation and decision or resolution by SHAM's investment committee, compliance committee and board of directors, in accordance with the aforementioned Rules for Transactions with Interested Parties.

Furthermore, for The Ritz-Carlton, Kyoto among the Assets to be Acquired, SHR concludes the Building Lease Agreement wherein SH Hotel Systems (that falls within the definitions of the Interested Person, etc. and the Interested Party) is the lessee and outsource the property management business to SH Hotel Systems. In addition, for GRAND MAST Hirose-dori among the Assets to be Acquired, SHR plans to conclude the Building Lease Agreement wherein Sekisui House Real Estate Tohoku is the lessee (master lease company) and plans to outsource the property management business to Sekisui House Real Estate Tohoku. For the leasing of these buildings and the outsourcing of businesses, the decision-making procedures (including SHR's consent based on the approval of the SHR's board of directors held today) stipulated in the Rules for Transactions with Interested Parties have been taken as well.

7. Future Outlook

As the impact of the acquisition of the Assets to be Acquired on the operating result of SHR is small, SHR will not make any revisions to its forecast of operating results for fiscal periods ending April 30, 2020 (from November 1, 2019 to April 30, 2020) and October 31, 2020 (from May 1, 2020 to October 31, 2020) stated in the "Financial Report for the Fiscal Period Ended October 31, 2019" announced on December 13, 2019.

Regarding The Ritz-Carlton, Kyoto, as described in "3. Description of the Assets to be Acquired" above, variable rent until the end of the fiscal period ending April 30, 2021 (from November 1, 2020 to April 30, 2021) is determined based on the hotel business revenue of the lessee for the period from January 1, 2019 to December 31, 2019, and is not affected by the spread of the coronavirus (COVID-19). On the other hand, variable rent for the fiscal periods ending October 31, 2021 (from May 1, 2021 to October 31, 2021) and April 30, 2022 (from November 1, 2021 to April 30, 2022) is to be calculated based on the hotel business revenue for the period from January 1, 2020 to December 31, 2020, on the assumption that the current lease agreement will be renewed under the same terms and conditions on April 30, 2021, the expiration date of the current lease agreement. If the amount of each variable rent for the fiscal period ending October 31, 2021 and April 30, 2022 is lower than the amount of variable rent for the fiscal period ending April 30, 2021 due to the spread of the coronavirus (COVID-19), the amount corresponding to the reduction in 9% of quasi co-ownership interest for Additional Ownership (up to 47 million yen per fiscal period) will be reversed from the internal reserve of reserve for reduction entry and others. In addition, SHR is also considering to take measures to stabilize the level of distributions by reversing from the internal reserve of reserve for reduction entry and others for the 40% of quasi co-ownership interest for Owned Ownership within the certain limit. SHR considers this policy to be a temporary measure to stabilize distribution levels and expects to return to a robust growth trajectory with the recovery of hotel market in Kyoto after the spread of the coronavirus (COVID-19) is settled.

8. Summary of Appraisal Report of Assets to be Acquired

(1) The Ritz-Carlton, Kyoto

Property name	The Ritz-Carlton, Kyoto
Appraisal value	4,446,000,000 yen
Name of appraisal firm	Rich Appraisal Institute Co., Ltd.
Date of value	April 1, 2020

(Note) The "Appraisal value" above represent the amounts in proportion to the ratio of quasi co-ownership interest to be held by SHR (9%).
Amounts in the table below represent the amounts for the entire building.

(thousand yen)

Item	Details	Description, etc.
Income approach value	49,400,000	Estimated by primarily using the income approach value calculated by the DCF method, while correlating it to the income approach value calculated by the direct capitalization method.
Value based on direct capitalization method	50,400,000	—
Operating revenue	2,021,472	—
Gross potential income	2,021,472	As for the fixed rent and variable rent, anticipated standard rent stable in the medium to long term is recorded in consideration to hotel business operating results.
Vacancy loss, etc.	—	Not recorded as per the content of the agreement.
Operating expenses	111,019	—
Maintenance and management fee	—	Not recorded as per the content of the agreement.
Utilities expenses	—	Not recorded as per the content of the agreement.
Repair expenses	3,375	Assessed on the basis of the engineering report, levels for similar real estate, etc.
Property management fee	1,200	Recorded based on the property management agreement.
Tenant leasing cost, etc.	—	Not recorded as per the content of the agreement.
Property taxes	99,694	Recorded based on the fiscal year of 2019 actual amount.
Insurance premium	6,750	Recorded based on past results of the property, etc.
Other expenses	—	Not recorded
Net operating income (NOI)	1,910,452	—
Gain on management of income from lump-sum payment	—	Not recorded as per the content of the agreement.
Capital expenditures	(22,320)	Assessed on the basis of the engineering report, levels for similar real estate, etc.
FF & E	(225,929)	Recorded based on the relevant agreement.
Net cash flow (NCF)	1,662,203	—
Capitalization rate	3.3%	Assessed with comprehensive considerations given to the location conditions, individuality of the subject property and market trends, etc.
Value of earnings calculated by discounted cash flow (DCF) method	49,000,000	—
Discount rate	3.1%	Assessed with comprehensive considerations given to the location conditions, individuality of the subject property and market trends, etc.
Terminal capitalization rate	3.5%	Assessed based on the capitalization rate with comprehensive considerations given to the building deterioration after expiration of the possession period, market trends and uncertainty risks in the future, etc.

Cost method value	42,800,000	—
Ratio of land	85.0%	—
Ratio of building, etc.	15.0%	—

Items considered upon determining appraisal value	Determined the appraisal value based on the income approach value, recognizing the validity of the income approach value that reflects the price formation process by typical candidate purchasers of the subject property.
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(Note) As the amounts are given in units of thousand yen, the amounts may not add up to the figures for operating revenue, operating expenses and other items.

***Comparison with average rent unit price for the lease agreement**

Monthly rent (average rent unit price) for the appraisal price	15,161 thousand yen (23,735 yen/ <i>tsubo</i>)
Monthly rent (average rent unit price) for lease agreements	14,557 thousand yen (22,791 yen/ <i>tsubo</i>)

(Note 1) "Monthly rent (average rent unit price) for the appraisal price" is based on the "total revenue of fixed and variable rent" in the direct capitalization method described in the appraisal report and represents the amounts in proportion to the ratio of quasi co-ownership interest for the Additional Ownership (9%).

(Note 2) "Monthly rent (average rent unit price) for lease agreements" is the monthly rent for the Additional Ownership described in "3. Description of the Assets to be Acquired" above and average rent unit price calculated based on the monthly rent which SHR will receive from May 1, 2020.

(2) GRAND MAST Hirose-dori

Property name	GRAND MAST Hirose-dori
Appraisal value	869,000,000 yen
Name of appraisal firm	Chuo Real Estate Appraisal Co., Ltd.
Date of value	March 1, 2020

(thousand yen)

Item	Details	Description, etc.
Income approach value	869,000	Focusing on the income approach value calculated by the DCF method, determined by correlating it to the income approach value calculated by the direct capitalization method.
Value based on direct capitalization method	877,000	Assessed as the net cash flow being stable in the medium to long term, discounted by the capitalization rate.
Operating revenue	58,053	—
Gross potential income	58,053	Recorded rental revenue (including common area fee revenue) and other revenue (parking income, telephone pole installation fee) verified by the end tenant's new rent, master lessee burden items, etc. regarding planned contract rent.
Vacancy loss, etc.	—	Assessed by taking type of the agreement of the subject property.
Operating expenses	12,587	—
Maintenance and management fee	2,450	Assessed by taking the outsourcing agreement to be executed, the past figures and the maintenance and management fee of similar properties, etc.
Utilities expenses	1,072	Assessed based on past figures and utilities expenses of similar properties.
Repair expenses	1,484	Recorded potential small repair expenses and expense for restoration to original state. Based on the policy that small repair expenses shall be recorded after standardized in one-year unit, recorded the annual average amount of estimated repair expenses in the engineering report. Regarding expense for restoration to original state, assessed considering past figures and expensed of similar properties.
Property management fee	81	Assessed by taking the outsourcing agreement to be executed and the level of the property management fee of similar properties, etc.
Tenant leasing cost, etc.	—	Assessed by taking type of the agreement of the subject property.
Property taxes	4,856	Recorded the most recent actual amount.
Insurance premium	100	Adopted the estimated amount.
Other expenses	2,544	Recorded parking fee of parking lots on the separate site, internet usage fee and USEN usage fee.
Net operating income (NOI)	45,466	—
Gain on management of income from lump-sum payment	46	Assessed using the investment return of 1.0%.
Capital expenditures	(5,186)	Based on the policy that any potential expenses shall be recorded after standardized in one-year unit, recorded the annual average amount of estimated renewal expenses in the engineering report.
Net cash flow (NCF)	40,326	—
Capitalization rate	4.6%	Assessed by taking the individual factors of the subject property such as the location conditions, building conditions and rights, etc. into account referring to the investment return rate for transactions, etc. of similar property.

Value of earnings calculated by discounted cash flow (DCF) method	865,000	—
Discount rate	4.4%	Assessed by taking the individual factors and the appraisal scenario, etc. of the subject property into account referring to the investment capitalization rate for transactions, etc. of similar property.
Terminal capitalization rate	4.8%	Assessed by taking the individual factors, the appraisal scenario and projected trends in property prices and rent, etc. of the subject property into account referring to the investment return rate for transactions, etc. of similar property.
Cost method value	896,000	—
Ratio of land	62.6%	—
Ratio of building	37.4%	—

Items considered upon determining appraisal value	Determined the appraisal value based on the income approach value while using the cost method value solely for reference, as the main candidate purchasers of the subject property are the investors with their primary focus on profitability.
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(Note) As the amounts are given in units of thousand yen, the amounts may not add up to the figures for operating revenue, operating expenses and other items.

***Comparison with average rent unit price for the lease agreement**

Average rent unit price for the appraisal price	1,789 yen/m ² (5,915 yen/ <i>tsubo</i>)
Average rent unit price for lease agreements	1,789 yen/m ² (5,915 yen/ <i>tsubo</i>)

(Note 1) "Average rent unit price for the appraisal price" is the average rent unit price based on the "rental income inclusive of common area fee" in the direct capitalization method described in the appraisal report.

(Note 2) "Average rent unit price for lease agreements" is the average rent unit price based on the monthly rent in "3. Description of the Assets to be Acquired" above.

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

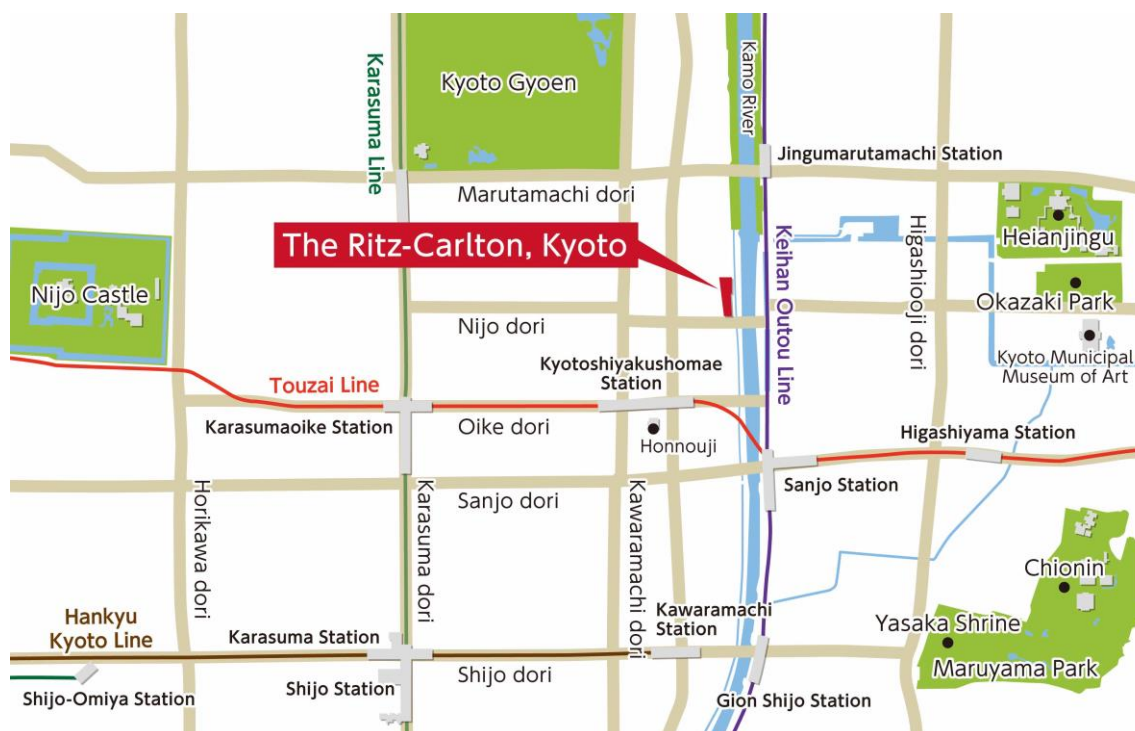
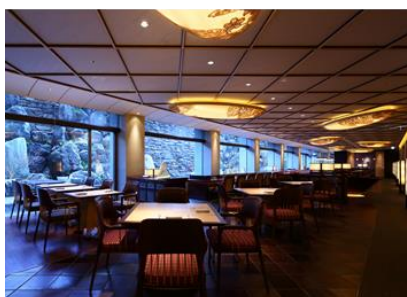
<Attachments>

Reference Material 1: Photograph and Map of the Surrounding Area of the Assets to be Acquired

Reference Material 2: Portfolio List after the Acquisition of Assets to be Acquired

Reference Material 1: Photograph and Map of the Surrounding Area of the Assets to be Acquired

(1) The Ritz-Carlton, Kyoto



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(2) GRAND MAST Hirose-dori



Reference Material 2: Portfolio List after the Acquisition of Assets to be Acquired

Property number (Note 1)	Property name	Location	(Planned) Date of acquisition (Note 2)	(Planned) Acquisition price (Note 3) (million yen)	Investment ratio (Note 4) (%)
R-001	Esty Maison Ginza	Chuo-ku, Tokyo	May 1, 2018	6,540	1.2
R-002	Esty Maison Azabunagasaka	Minato-ku, Tokyo	May 1, 2018	1,790	0.3
R-003	Esty Maison Ebisu II	Shibuya-ku, Tokyo	May 1, 2018	2,040	0.4
R-004	Esty Maison Ebisu	Shibuya-ku, Tokyo	May 1, 2018	873	0.2
R-005	Esty Maison Kanda	Chiyoda-ku, Tokyo	May 1, 2018	1,610	0.3
R-006	Esty Maison Kitashinjuku	Shinjuku-ku, Tokyo	May 1, 2018	1,590	0.3
R-007	Esty Maison Asakusakomagata	Taito-ku, Tokyo	May 1, 2018	2,190	0.4
R-008	Esty Maison Kawasaki	Kawasaki-shi, Kanagawa	May 1, 2018	2,400	0.5
R-010	Esty Maison Kameido	Koto-ku, Tokyo	May 1, 2018	1,580	0.3
R-011	Esty Maison Meguro	Meguro-ku, Tokyo	May 1, 2018	1,060	0.2
R-012	Esty Maison Sugamo	Toshima-ku, Tokyo	May 1, 2018	1,630	0.3
R-013	Esty Maison Kyobashi	Osaka-shi, Osaka	May 1, 2018	2,970	0.6
R-014	Esty Maison Hakuraku	Yokohama-shi, Kanagawa	May 1, 2018	931	0.2
R-015	Esty Maison Minamihorie	Osaka-shi, Osaka	May 1, 2018	1,060	0.2
R-016	Esty Maison Gotanda	Shinagawa-ku, Tokyo	May 1, 2018	3,110	0.6
R-017	Esty Maison Oisendaizaka	Shinagawa-ku, Tokyo	May 1, 2018	2,720	0.5
R-018	Esty Maison Shinagawa Seaside	Shinagawa-ku, Tokyo	May 1, 2018	2,050	0.4
R-019	Esty Maison Minamiazabu	Minato-ku, Tokyo	May 1, 2018	1,250	0.2
R-020	Esty Maison Tsukamoto	Osaka-shi, Osaka	May 1, 2018	1,080	0.2
R-021	Esty Maison Kawasaki II	Kawasaki-shi, Kanagawa	May 1, 2018	1,910	0.4
R-022	Esty Maison Azabujuban	Minato-ku, Tokyo	May 1, 2018	2,690	0.5
R-023	Esty Maison Itabashihoncho	Itabashi-ku, Tokyo	May 1, 2018	937	0.2
R-024	Esty Maison Oizumigakuen	Nerima-ku, Tokyo	May 1, 2018	790	0.1
R-025	Esty Maison Higashishinagawa	Shinagawa-ku, Tokyo	May 1, 2018	2,390	0.4
R-026	Esty Maison Itabashikuyakushomae	Itabashi-ku, Tokyo	May 1, 2018	2,540	0.5
R-027	Esty Maison Musashikoyama	Shinagawa-ku, Tokyo	May 1, 2018	1,050	0.2
R-028	Esty Maison Sendagi	Bunkyo-ku, Tokyo	May 1, 2018	698	0.1
R-029	Esty Maison Yotsuyasakamachi	Shinjuku-ku, Tokyo	May 1, 2018	2,090	0.4
R-030	Esty Maison Hakatahigashi	Fukuoka-shi, Fukuoka	May 1, 2018	2,400	0.5
R-031	Esty Maison Kamigofuku	Fukuoka-shi, Fukuoka	May 1, 2018	821	0.2
R-032	Esty Maison Sangenjaya	Setagaya-ku, Tokyo	May 1, 2018	822	0.2
R-033	Prime Maison Musashinonomori	Kodaira-shi, Tokyo	May 1, 2018	1,850	0.3
R-034	Prime Maison Higashisakura	Nagoya-shi, Aichi	May 1, 2018	1,500	0.3
R-035	Prime Maison Kayabakoen	Nagoya-shi, Aichi	May 1, 2018	801	0.2
R-036	Esty Maison Sangenjaya II	Setagaya-ku, Tokyo	May 1, 2018	785	0.1
R-037	Esty Maison Itabashi C6	Itabashi-ku, Tokyo	May 1, 2018	2,560	0.5
R-038	MAST Hakata	Fukuoka-shi, Fukuoka	May 1, 2018	2,360	0.4
R-039	Esty Maison Kinshicho	Sumida-ku, Tokyo	May 1, 2018	1,260	0.2
R-040	Esty Maison Musashikoganei	Koganei-shi, Tokyo	May 1, 2018	1,790	0.3
R-041	Prime Maison Gokiso	Nagoya-shi, Aichi	May 1, 2018	1,950	0.4
R-042	Prime Maison Yuhigaoka	Osaka-shi, Osaka	May 1, 2018	909	0.2
R-043	Prime Maison Kitatanabe	Osaka-shi, Osaka	May 1, 2018	601	0.1
R-044	Prime Maison Momochihama	Fukuoka-shi, Fukuoka	May 1, 2018	1,940	0.4

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Property number (Note 1)	Property name	Location	(Planned) Date of acquisition (Note 2)	(Planned) Acquisition price (Note 3) (million yen)	Investment ratio (Note 4) (%)
R-045	Esty Maison Akihabara	Taito-ku, Tokyo	May 1, 2018	1,930	0.4
R-046	Esty Maison Sasazuka	Shibuya-ku, Tokyo	May 1, 2018	3,340	0.6
R-047	Prime Maison Ginza East	Chuo-ku, Tokyo	May 1, 2018	6,250	1.2
R-048	Prime Maison Takami	Nagoya-shi, Aichi	May 1, 2018	1,050	0.2
R-049	Prime Maison Yadamina	Nagoya-shi, Aichi	May 1, 2018	812	0.2
R-050	Prime Maison Teriha	Fukuoka-shi, Fukuoka	May 1, 2018	1,260	0.2
R-051	Esty Maison Higashishirakabe	Nagoya-shi, Aichi	May 1, 2018	1,580	0.3
R-052	Esty Maison Sengoku	Bunkyo-ku, Tokyo	May 1, 2018	1,360	0.3
R-053	Esty Maison Daizawa	Setagaya-ku, Tokyo	May 1, 2018	2,270	0.4
R-054	Esty Maison Togoshi	Shinagawa-ku, Tokyo	May 1, 2018	1,770	0.3
R-055	Esty Maison Nishitemma	Osaka-shi, Osaka	May 1, 2018	1,680	0.3
R-056	Esty Maison Shirokanedai	Shinagawa-ku, Tokyo	May 1, 2018	2,400	0.5
R-057	Esty Maison Higashishinjuku	Shinjuku-ku, Tokyo	May 1, 2018	1,680	0.3
R-058	Esty Maison Motoazabu	Minato-ku, Tokyo	May 1, 2018	1,540	0.3
R-059	Esty Maison Toritsudaigaku	Meguro-ku, Tokyo	May 1, 2018	861	0.2
R-060	Esty Maison Musashikoyama II	Shinagawa-ku, Tokyo	May 1, 2018	1,030	0.2
R-061	Esty Maison Nakano	Nakano-ku, Tokyo	May 1, 2018	1,870	0.4
R-062	Esty Maison Shinnakano	Nakano-ku, Tokyo	May 1, 2018	1,020	0.2
R-063	Esty Maison Nakanofujimicho	Nakano-ku, Tokyo	May 1, 2018	984	0.2
R-064	Esty Maison Tetsugakudo	Nakano-ku, Tokyo	May 1, 2018	1,160	0.2
R-065	Esty Maison Koenji	Suginami-ku, Tokyo	May 1, 2018	1,160	0.2
R-066	Esty Maison Oshiage	Sumida-ku, Tokyo	May 1, 2018	2,490	0.5
R-067	Esty Maison Akabane	Kita-ku, Tokyo	May 1, 2018	3,290	0.6
R-068	Esty Maison Oji	Kita-ku, Tokyo	May 1, 2018	1,650	0.3
R-069	Prime Maison Waseda	Shinjuku-ku, Tokyo	May 1, 2018	1,580	0.3
R-070	Prime Maison Hatchobori	Chuo-ku, Tokyo	May 1, 2018	1,460	0.3
R-071	Prime Maison Jimbocho	Chiyoda-ku, Tokyo	May 1, 2018	1,960	0.4
R-072	Prime Maison Gotenyama East	Shinagawa-ku, Tokyo	May 1, 2018	2,910	0.5
R-073	MAST LIFE Akihabara	Chiyoda-ku, Tokyo	May 1, 2018	555	0.1
R-074	Esty Maison Aoi	Nagoya-shi, Aichi	May 1, 2018	2,460	0.5
R-075	Esty Maison Yakuin	Fukuoka-shi, Fukuoka	May 1, 2018	2,430	0.5
R-076	Esty Maison Kinshicho II	Sumida-ku, Tokyo	May 1, 2018	8,250	1.5
R-077	Esty Maison Ojima	Koto-ku, Tokyo	May 1, 2018	8,630	1.6
R-078	Prime Maison Fujimidai	Nagoya-shi, Aichi	May 1, 2018	2,070	0.4
R-079	Esty Maison Tsurumai	Nagoya-shi, Aichi	May 1, 2018	4,490	0.8
R-080	Prime Maison Morishita	Koto-ku, Tokyo	May 1, 2018	1,930	0.4
R-081	Prime Maison Shinagawa	Shinagawa-ku, Tokyo	May 1, 2018	1,960	0.4
R-082	Prime Maison Odorikoen	Sapporo-shi, Hokkaido	May 1, 2018	3,160	0.6
R-083	Prime Maison Minami 2-jo	Sapporo-shi, Hokkaido	May 1, 2018	1,930	0.4
R-084	Prime Maison Kamokamogawa	Sapporo-shi, Hokkaido	May 1, 2018	1,250	0.2
R-085	Prime Maison Central Park	Fukuoka-shi, Fukuoka	May 1, 2018	2,309	0.4
R-086	MAST LIFE Yahiro	Sumida-ku, Tokyo	May 1, 2018	1,910	0.4
R-087	Prime Maison Ebisu	Shibuya-ku, Tokyo	May 1, 2018	4,360	0.8
R-088	Granmast Kanazawa Nishiizumi	Kanazawa-shi, Ishikawa	May 1, 2018	1,080	0.2

Property number (Note 1)	Property name	Location	(Planned) Date of acquisition (Note 2)	(Planned) Acquisition price (Note 3) (million yen)	Investment ratio (Note 4) (%)
R-089	Granmast Unomori	Yokkaichi-shi, Mie	May 1, 2018	830	0.2
R-090	Esty Maison Kohoku Tsunashima	Yokohama-shi, Kanagawa	May 1, 2018	2,750	0.5
R-091	MAST LIFE Hino	Hino-shi, Tokyo	May 1, 2018	1,390	0.3
R-092	Prime Maison Yokohama Nihon-odori	Yokohama-shi, Kanagawa	May 1, 2018	4,870	0.9
R-093	Kobe Women's Student Housing	Kobe-shi, Hyogo	May 1, 2018	5,880	1.1
R-094	Prime Maison Shibuya	Shibuya-ku, Tokyo	May 1, 2018	2,430	0.5
R-095	Prime Maison Hatsudai	Shibuya-ku, Tokyo	May 1, 2018	3,010	0.6
R-096	Esty Maison Uemachidai	Osaka-shi, Osaka	May 1, 2018	1,040	0.2
R-097	Esty Maison Kobe-sannomiya	Kobe-shi, Hyogo	May 1, 2018	971	0.2
R-098	Prime Maison Shirokane-takanawa	Minato-ku, Tokyo	May 1, 2018	4,900	0.9
R-099	Prime Maison Ichigayayamabushicho	Shinjuku-ku, Tokyo	May 1, 2018	4,220	0.8
R-100	Esty Maison Morishita	Sumida-ku, Tokyo	May 1, 2018	655	0.1
R-101	Prime Maison Shirokanedai Tower	Shinagawa-ku, Tokyo	May 1, 2018	7,950	1.5
R-102	Prime Maison Otsuka	Toshima-ku, Tokyo	May 1, 2018	3,700	0.7
R-103	Prime Maison Asakusabashi	Taito-ku, Tokyo	May 1, 2018	1,680	0.3
R-104	Prime Maison Daikanyama	Meguro-ku, Tokyo	May 1, 2018	2,520	0.5
R-105	Prime Maison Gotenyama West	Shinagawa-ku, Tokyo	May 1, 2018	3,400	0.6
R-106	Esty Maison Toyosu Residence	Koto-ku, Tokyo	May 1, 2018	6,050	1.1
R-107	Esty Maison Kokura	Kitakyushu-shi, Fukuoka	November 29, 2018	1,040	0.2
R-108	MAST Ijiri	Fukuoka-shi, Fukuoka	January 31, 2019	390	0.1
R-109	Prime Maison Mitatsunamachi	Minato-ku, Tokyo	June 10, 2019	2,040	0.4
R-110	Prime Maison Hongo	Bunkyo-ku, Tokyo	June 10, 2019	2,600	0.5
R-111	Prime Maison Kuramae	Taito-ku, Tokyo	June 10, 2019	2,190	0.4
R-112	Esty Maison Yokohama-aobadai	Yokohama-shi, Kanagawa	June 10, 2019 September 27, 2019	3,020	0.6
R-113	Esty Maison Shizuoka Takajo	Shizuoka-shi, Shizuoka	January 31, 2020	660	0.1
R-114	GRAND MAST Hirose-dori	Sendai-shi, Miyagi	April 20, 2020	865	0.2
Residential properties (Residences) – subtotal				248,090	46.6
O-001	Garden City Shinagawa Gotenyama	Shinagawa-ku, Tokyo	December 3, 2014 May 24, 2016 May 24, 2017 June 10, 2019	71,950	13.5
O-002	Gotenyama SH Building	Shinagawa-ku, Tokyo	December 3, 2014	51,500	9.7
O-003	Hommachi Minami Garden City	Osaka-shi, Osaka	December 3, 2014 June 10, 2019	44,000	8.3
O-004	Hommachi Garden City (Office building portion)	Osaka-shi, Osaka	May 19, 2015	38,600	7.2
O-005	HK Yodoyabashi Garden Avenue	Osaka-shi, Osaka	May 24, 2016	4,400	0.8
O-006	Hirokoji Garden Avenue	Nagoya-shi, Aichi	May 24, 2016	6,350	1.2
O-007	Akasaka Garden City	Minato-ku, Tokyo	June 10, 2019	28,700	5.4
Office buildings – subtotal				245,500	46.1
H-001	Hommachi Garden City (Hotel portion)	Osaka-shi, Osaka	May 24, 2017	17,200	3.2
H-002	The Ritz-Carlton, Kyoto	Kyoto-shi, Kyoto	January 31, 2019 April 20, 2020	22,120	4.2
Hotels – subtotal				39,320	7.4
Commercial properties (office buildings and hotels) – subtotal				284,820	53.4
SHR's portfolio (residential properties and commercial properties) – total				532,910	100.0

Disclaimer: This translation is for informational purposes only. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail.

- (Note 1) "Property number" is the number assigned by property after classifying the properties held by SHR, and the letters R, O and H refer to residence, office building and hotel, respectively.
- (Note 2) "(Planned) Date of acquisition" of succeeded properties due to SHR's merger with Sekisui House Residential Investment Corporation ("SHI") (the "Investment Corporation Merger") with effective date of May 1, 2018, indicates to the effective date of the Investment Corporation Merger.
- (Note 3) "(Planned) Acquisition price" refers to the sale and purchase price set forth in the sale and purchase agreement for each property (excluding consumption tax and local consumption tax as well as commission and other various expenses; rounded down to the nearest million yen). Since, however, the assets under management succeeded from SHI as a result of the Investment Corporation Merger were accounted by the purchase method in which SHR was the acquiring corporation and SHI was the acquired corporation and the appraisal value obtained by SHR was the actual received amount by SHR, the valuation based on the appraisal by real estate appraiser as of April 30, 2018, the time of valuation, are shown in the "Acquisition price" columns. The amounts of such values are rounded down to the nearest million yen.
- (Note 4) "Investment ratio" shows the percentage of the (planned) acquisition price of each asset under management to the total (planned) acquisition price of the portfolio of SHR, which is rounded to the first decimal place. Accordingly, the sum of the investment ratios of the respective properties may differ from the figure shown in the "total" columns.