

October 18, 2021

Real Estate Investment Trust Securities Issuer

Sekisui House Reit, Inc.

 Representative: Atsuhiko Kida, 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  
(Akasaka Garden City: Additional Acquisition)

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 asset (the "Property" or "Asset to be Acquired") as described below.

Since the counterparty to the acquisition of the asset 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 Investment Trusts Act and 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 Acquisition

The Asset to be Acquired that SHR decided to acquire this time is "Akasaka Garden City", a high-quality office building developed by the sponsor, Sekisui House, Ltd. ("Sekisui House"), and an additional interest will be acquired by utilizing the bridge fund invested by Sekisui House.

Property name	Type of use	Location	Planned acquisition price (Note 1)	Seller
Akasaka Garden City (additional acquisition portion) (Note 2)	Office Building	Minato-ku, Tokyo	21,300 million yen	Yagenzaka SPC

- (1) Type of specified asset : Trust beneficiary interest in trust asset which comprises domestic real estate
- (2) Sale and purchase contract date : October 18, 2021
- (3) Planned acquisition date : November 1, 2021 (Note 3)
- (4) Acquisition financing : Proceeds from the issuance of new investment units through public offering for which a resolution was passed at the meeting of the board of directors of SHR held on October 18, 2021 (Note 4) and

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cash on hand.

(5) 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 and commission and other various expenses; rounded down to the nearest million yen). The same shall apply hereinafter.

(Note 2) SHR has acquired 65.45% of the quasi-co-ownership interest of the trust beneficiary interest (may be hereinafter referred to as “Akasaka Garden City (owned portion)”) in real estate with respect to the compartmentalized ownership interest in all of the exclusively-owned portions of the basement 1st to 4th above ground and 11th to 19th floors of the building of “Akasaka Garden City”, as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (approximately 66.3%)) at an acquisition price of 28,700 million yen on June 10, 2019.

SHR plans to additionally acquire the trust beneficiary interest (may be hereinafter referred to as “Akasaka Garden City (additional acquisition portion)”) in all of the exclusively-owned portions of the 5th to 9th floor and the accompanying right of site (ratio of right of site: 273,490/1,000,000 (approximately 27.3%)) and in 96.05% of co-ownership of all of the exclusively-owned portions of the 10th floor and the accompanying right of site (ratio of right of site: 54,698/1,000,000 (approximately 5.5%)) on the planned acquisition date.

(Note 3) If the pricing date for the issuance of new investment units through public offering (any day during the period from October 25, 2021 (Monday) until October 27, 2021 (Wednesday)) stated in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced today changes, the anticipated acquisition date will be postponed as follows. Such date may be changed upon agreement between SHR and the present owner or the present beneficiary. The same shall apply hereafter.

a. If the pricing date is October 25, 2021 (Monday) or October 26, 2021 (Tuesday), the planned acquisition date will be November 1, 2021 (Monday).

b. If the pricing date is October 27, 2021 (Wednesday), the anticipated acquisition date will be November 2, 2021 (Tuesday).

(Note 4) Please refer to “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced today for details.

## 2. Reason for the Acquisition

SHR will acquire the Asset to be Acquired in order to enhance its “Office Building” portfolio and further strengthen the its revenue base in accordance with the targets and policies of asset management as stipulated in SHR’s Articles of Incorporation.

SHR considers for investment high-quality residential and commercial properties, etc. located at strategic locations that are expected to generate stable earnings over the medium to long term, and these are referred to as Prime Properties, and are priority investment targets. SHR has determined that the Asset to be Acquired falls under Prime Properties based on the location characteristics and property characteristics described below.

Upon the acquisition of Asset to be Acquired, SHR’s portfolio is expected to expand to total assets under management of 117 properties and a total (planned) acquisition price of 549.0 billion yen, and the Prime Property ratio is expected to rise to 92.3%. Furthermore, after the acquisition of two residential properties (Note 1) scheduled to be acquired on February 1, 2022, the asset size of the SHR is expected to expand to 563.8 billion yen (119 properties) based on (planned) acquisition price, and the Prime Property ratio is expected to increase to 92.6 %.

### (1) Location characteristics

The property is located in the commercial district in the vicinity of Akasaka Goyochi, along the street near Aoyama Street, approximately eight-minute walk from each of “Akasaka-mitsuke” Station (where two lines are available), “Nagata-cho” Station (where three lines are available) and “Aoyama-itcho” Station (where three lines are available), and approximately nine-minute walk from “Akasaka” station, which altogether enables the use of seven subway lines of Tokyo Metro Ginza Line, Marunouchi Line, Hanzomon Line, Yurakucho Line, Namboku Line,

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Chiyoda Line and Toei Oedo Line. It has excellent location condition with high accessibility.

The Akasaka area is a highly-concentrated business district in the center of Tokyo, adjacent to Kasumigaseki area and Nagata-cho area, where many government offices are located. The area also has a strong commercial aspect, with various restaurants, shops and a commercial complex such as Akasaka Sacas. Luxury flats and hotels, and embassies are located in the area as well, which adds class to the district, too. The environment is great for offices and many foreign-owned corporations have their offices in the area. A high tenant demand is expected from various business companies including IT, broadcasting, advertising and apparel.

## (2) Property characteristics

The property is a high-quality office building completed in 2006, with a facade that takes advantage of the natural color of gemstone materials. The standard floor area is approximately 470 tsubo of dividable, regular-shaped spaces without pillars, which allows a high multiplicity of uses. With the ceiling height of 2,800 mm and the raised floor of 100 mm, the space is open and bright, and it is equipped with telecommunication facilities compatible with various media including fiber optic line (private line) and metal line (public line).

In addition, this property is an environmentally-friendly office building equipped with deep window sills that reduce the entry of direct sunlight into the room, Low-e double-glazed glass (highly-insulating multi-layer glass) that has lesser solar heat gain coefficient than standard glass and controls the indoor temperature change caused by sunlight, four air-conditioning zones in one floor and double-layer rollerblinds.

For the Akasaka Garden City (owned portion), it has received the "S Rank" rating, which is the highest ranking of the four-tier rating of CASBEE Real Estate Certification (Note 2).

Moreover, in case of an emergency, the building above ground has rigid-frame iron structure with a seismic control device that is reputable for its resistance to earthquakes. An accumulator battery is installed for the emergency light in common space in case of power failure due to emergency and an emergency generator will operate to maintain the minimum necessary operation of the building when the power cannot be restored soon. It also gives consideration to the business continuity plans (BCPs) of tenant companies, for whom continuous supply of electricity is necessary, with spaces for generators (maximum: 500 kVA) for providing power in case of disaster.

(Note 1) SHR plans to acquire "Prime Maison Nakameguro" and "Prime Maison Itabashi" on February 1, 2022. For details, please refer to "Notice Concerning Acquisition and Disposition of Trust Beneficiary Interest in Domestic Real Estate (Acquisition of Prime Maison Shimokitazawa and Four Other Properties and Disposition of Esty Maison Tsukamoto and Eight Other Properties)" announced on July 30, 2021.

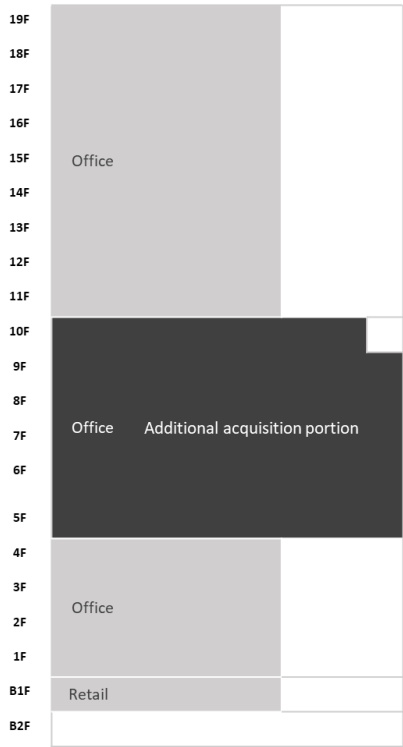
(Note 2) CASBEE for Real Estate Certification was developed with the aim of making use of the results of the environmental assessment of buildings under CASBEE (Comprehensive Assessment System for Built Environment Efficiency) in real estate evaluation. It scores buildings under each of the evaluation items in five categories, comprising "1. Energy & Greenhouse Gases", "2. Water", "3. Use of Resources & Safety", "4. Biodiversity & Sustainable Site", and "5. Indoor Environment". Based on the scores, the evaluation results are given one of four ranks: Rank S, Rank A, Rank B+, and Rank B. In addition, "CASBEE" is a comprehensive assessment of the quality of a building, evaluating features such as interior comfort and scenic aesthetics, in consideration of environment practices that include using materials and equipment that save energy or achieve smaller environmental loads.

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**3. Description of the Asset to be Acquired**

Overview of specified asset		
Property name		Akasaka Garden City (additional acquisition portion)
Planned acquisition date		November 1, 2021
Type of specified asset		Trust beneficiary interest (Note 1)
Trustee		Mizuho Trust & Banking Co., Ltd
Period of trust contract		From March 28, 2007 to December 31, 2027
Planned acquisition price		21,300 million yen
Appraisal value (Date of value)		21,700 million yen (September 1, 2021) (Note 2)
Location (indication of residential address)		4-15-1 Akasaka, Minato-ku, Tokyo
Land	Lot	4-1500-1 Akasaka, Minato-ku, Tokyo
	Site area	6,888.97 m <sup>2</sup> (Note 3)
	Use district	Commercial district, Category 1 residential district
	Building coverage ratio	80% / 60%
	Floor area ratio	700% / 500% / 400% / 300%
	Type of ownership	Right of site (co-ownership interest) (Note 1)
Building	Use	Office
	Construction completion	January 2006
	Structure / Floors	S, SRC, RC / B2F / 19F (Note 3)
	Total floor area	46,776.76 m <sup>2</sup> (Note 3)
	Type of ownership	Compartmentalized ownership interest (Note 1)
Collateral		None
Status of leasing and management		
Leasable area		9,262.62 m <sup>2</sup> (Note 4)
Leased area		8,485.62 m <sup>2</sup> (Note 4)
Occupancy rate		91.6 % (Note 4)
Number of tenants		1 (4)
Monthly rent		71,031 thousand yen (Note 5)
Leasehold and security deposits		677,208 thousand yen (Note 5)
Property management company		Sekisui House, Ltd.
Master lease company		Sekisui House, Ltd.
Master lease type		Pass-through type
Contract period		From November 1, 2021 to March 31, 2022
Outline of building engineering report		
Building replacement cost		4,538 million yen (Note 2)
Repair expenses	Emergency repair	-
	Short-term repair	-

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Long-term repair	9,404 thousand yen (Note 2)
Investigator	Tokyo Bldg-Tech Center Co., Ltd.
Outline of earthquake PML report	
PML value	1.59 %
Investigator	Sompo Risk Management Inc.
Building designer, constructor, building inspector	
Building designer	Nihon Sekkei, Inc.
Structure designer	Nihon Sekkei, Inc.
Constructor	Kajima Corporation
Building inspector	Japan ERI Co., Ltd, The Building Center of Japan
Matters of special note	
<ul style="list-style-type: none"> <li>• The Trustee and the co-owners of unit ownership on the 10th floor agree that they may not make a claim for partition of the property in co-ownership with respect to the relevant unit ownership without the prior written consent of the other co-owners for a period of five years from March 30, 2018.</li> <li>• We have agreed with the seller to take remedial measures at the seller's responsibility and expense, although there are some items pointed out in the legal inspections based on relevant regulations such as the Fire Defense Law.</li> </ul>	
Diagram of rights (exclusively-owned portion)	
 <p style="text-align: center;"> <span style="display: inline-block; width: 15px; height: 10px; background-color: #cccccc; border: 1px solid black; margin-right: 5px;"></span> Owned portion (Quashi-co-ownership stakes 65.45%)  <span style="display: inline-block; width: 15px; height: 10px; background-color: #333333; border: 1px solid black; margin-right: 5px;"></span> Additional acquisition portion (5-9F (100%)), Co-ownership stakes of (10F (96.05%))         </p>	

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(Note 1) SHR plans to additionally acquire the trust beneficiary interest in all of the exclusively-owned portions of the Property's building from the 5th to 9th floors and the accompanying right of site (ratio of right of site: 273,490/1,000,000 (approximately 27.3%)) and in 96.05 % of co-ownership of all of the exclusively-owned portions of the 10th floor and the accompanying right of site (ratio of right of site: 54,698/1,000,000 (approximately 5.5%)).

After the acquisition, SHR plans to jointly hold a 65.45% of the quasi-co-ownership interest of trust beneficiary interest with respect to the compartmentalized ownership interest in all of exclusively-owned portions from the 1st basement floor to 4th floor above ground and from the 11th to 19th floors of the building, as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (approximately 66.3%)).

(Note 2) "Appraisal Value", "Building replacement cost", and "Long-term repair" are the amounts corresponding to the additional acquisition portion described in (Note 1) above based on the figures for the entire building.

(Note 3) "Site Area" indicates the area of the site or the entire land, while "Structure / Floors" indicates the structure and number of floors of the entire building, and "Total floor area" indicates the floor area of the entire building.

(Note 4) "Leasable area" is the sum of the leasable area of each exclusively-owned portion for trust beneficiary interest to be acquired by SHR as described in (Note 1) above (100% of the exclusively-owned portion from the 5th to 9th floors, and 96.05% of the exclusively-owned portion for the 10th floor).

"Leased area" used for the calculation of "Occupancy rate" is the sum of the leased area stated in each lease agreement with end-tenants or the leased area based on building drawings, etc. (100% of the exclusively-owned portion from the 5th to 9th floors, and 96.05% of the exclusively-owned portion for the 10th floor). Leasable area of the entire compartmentalized ownership interest is 9,324.00 m<sup>2</sup> and leased area is 8,547.00 m<sup>2</sup>.

(Note 5) "Monthly rent" and "Leasehold and security deposits" are the amounts corresponding to the trust beneficiary interests to be acquired by SHR described in (Note 1) above, respectively.

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[Explanation of Description of the Asset to be Acquired]

- (1) "Appraisal value (Date of value)" is the appraisal value and date of value stated in the real estate appraisal report prepared by the real estate appraisal firm that SHR and SHAM has entrusted with appraisal of investment real estate, where the appraisal value is rounded down to the nearest million yen.
- (2) "Location (indication of residential address)" is the indication of residential address 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 (indication of residential address)" is the parcel number based on that stated in the registry (including registration information; the same applies hereinafter) (in cases where there are several, then one of them) or the indication method used in practice as the location.
- (3) "Lot" and "Site area" is 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.
- (4) "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, including amendments thereto) (the "City Planning Act")
- (5) "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, including amendments thereto) (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.
- (6) "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.
- (7) For "Land," "Type of ownership" is the type of right held or to be held by the trustee of the real estate trust for real estate in trust.
- (8) "Use" is the major type indicated in the registry. Furthermore, in the case of a building under compartmentalized ownership interest, "Use" is the use of the concerned exclusively-owned portions.
- (9) "Construction completion" is based on that stated in the registry.
- (10) "Structure / Floors" is based on that stated in the registry. In cases where SHR acquires exclusively-owned portions of a building under compartmentalized 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
- (11) "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.
- (12) 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 SHR. Compartmentalized ownership interest refers to the ownership right to the exclusively-owned portions of a building under compartmentalized ownership interest.
- (13) "Collateral" outlines the collateral is borne or to be borne by SHR, if any, after the acquisition of the trust beneficiary interest by SHR.
- (14) "Leasable area" refers to the floor area which is considered to be available for leasing based on the lease agreements or building drawings, etc. for the Asset to be Acquired effective as of August 31, 2021, rounded down to the second decimal place, unless otherwise stated.
- (15) "Leased area" is the sum of the leased area indicated in the lease agreement for the Asset to be Acquired effective as of August 31, 2021 or the leased area based on building drawings, etc. (However, if there is a fixed-rent type master lease agreement with the master lease company, regardless of whether there is a lease agreement with the end tenant or not, each of the leasable area is stated.)
- (16) "Occupancy rate" is the ratio of leased area to leasable area for the Asset to be Acquired, rounded to one decimal place.
- (17) "Number of tenants" assumes that the master lease agreement will be concluded between the trustee and the master lease company regarding the Asset to be Acquired, so that the master lease company will obtain the consent for becoming the lessor from all end tenants, and it is stated as "1". In addition, in the case where a pass-through type master lease agreement is concluded with respect to the property whose use is classified as office buildings, the total number of end tenants pertaining to such property (in case of additional acquisition, the total number of end tenants of exclusively-owned portions to be additionally acquired by SHR) is stated in parentheses. Please refer to (21) below for the definition of "master lease company" and "master lease agreement"
- (18) "Monthly rent" is rounded down to the nearest thousand yen of the monthly rent for the Asset to be Acquired (the monthly rent excludes usage fee for parking warehouses, signboards, etc. but includes common area fees) stated in each lease agreement with the end tenant as of August 31, 2021 (however, if a fixed-rent type master lease agreement has been concluded with the master lease company, use the monthly rent stated in the master lease agreement contract.) Even if free rent or rent holiday is provided for in such lease agreement, the free rent and rent holiday as of the same day shall not be taken into consideration. In the case where multiple lease agreements are concluded, the total of such amounts will be used) (excluding consumption tax and local consumption tax).  
In the case where there are provisions in the lease agreement to the effect that the rent will increase gradually according to the period, the amount of monthly rent uses the amount applicable as of August 31, 2021. "Free rent" is an agreement which sets up a free or reasonably

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minimum rent for a certain period (mainly at the time of moving into a new house), and “Free holiday” is an agreement which sets up a free or reasonably minimum rent regularly or irregularly, only for a certain period during the certain rental period (The same shall apply hereinafter).

- (19) “Leasehold and security deposits” is the total amount of the leasehold and security deposits (not including deposits for parking lots) stipulated in each lease agreement effective as of August 31, 2021, rounded down to the nearest thousand yen. (however, if a fixed-rent master lease agreement is concluded with the master lease company, such master lease agreement is used)
- (20) “Property management company” is the company to be entrusted with property management services after the acquisition by SHR.
- (21) “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 shall apply hereinafter.
- (22) “Master lease type” is the type of master lease 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 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.
- (23) “Contract period” is the period from the planned acquisition date to the date of termination of the lease stipulated in each lease agreement (in the case where a master lease agreement is concluded with respect to such property, the master lease agreement) to become effective at the time of acquisition of the Asset to be Acquired.
- (24) “Building replacement cost” is based on the building engineering report, excluding consumption tax, rounded down to the nearest million yen.
- (25) “Repair expenses” are based on that stated in the building engineering reports and rounded it down to the nearest thousand yen. “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.
- (26) “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 Asset 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 value” 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.
- (27) “Matters of special note” is the matters considered important in relation to rights, use, etc. of the Asset to be Acquired, and the matters considered important in consideration of the degree of impact on the valuation, profitability and liquidity of the Asset to be Acquired including the following matters. In case where the Asset to be Acquired is held in the form of co-ownership interest (including quasi-co-ownership of trust beneficiary interest in real estate) or compartmentalized ownership interest, summary description which illustrates the holding scheme with a simple diagram is also indicated.
  - 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

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**4. Seller Profile**

(1) Name	Yagenzaka Special Purpose Company
(2) Address	C/O Silsphere Accounting firm, 1-6-15 Hirakawa-cho, Chiyoda-ku, Tokyo
(3) Representative	Takafumi Inaba, Director
(4) Business activities	<ul style="list-style-type: none"> <li>• Business pertaining to the acceptance of the transfer of specified assets and the management and disposition thereof in accordance with the Asset Securitization Plan under the Act on the Securitization of Assets.</li> <li>• Other business incidental to the business pertaining to the foregoing securitization of specified assets described above.</li> </ul>
(5) Specified capital	100 thousand yen
(6) Established	October 2017
(7) Net asset	Undisclosed (Note)
(8) Gross asset	Undisclosed (Note)
(9) Major investor (investment ratio)	Undisclosed (Note)
(10) Relationship with SHR and SHAM	
Capital relationship	The company is a special purpose company invested by Sekisui House, which holds 100% of the total issued shares of SHAM.
Personal relationship	No notable personal relationship.
Business relationship	No notable personal relationship.
Related party	The company is an affiliated company of Sekisui House, which is the parent company of SHAM, and falls within the definition of a related party. In addition, the company falls under the category of interested party stipulated in the Investment Trust Law and falls under the category of interested party stipulated in the Rules for the Transactions with Interested Parties stipulated by SHAM as internal regulations.

(Note) Undisclosed as the seller's consent has not been obtained.

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**5. Status of Property Buyers, Etc.**

	Previous owner/Trust beneficiary	Owner before last/Trust beneficiary
Name	Yagenzaka Special Purpose Company	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. Seller Profile (10) Relationship with SHR and SHAM” above.	—
Background and reason for acquisition	Acquisition for investment management	—
Acquisition price	Omitted since the property has been owned for over 1 year	—
Time of acquisition	December 2017	—

**6. Transactions with Interested Persons, Etc.**

As described above, Yagenzaka Special Purpose Company, the seller of the Asset to be Acquired, fall within the definitions of the Interested Person, etc. and the Interested Party under the Rules for Transactions with Interested Parties (which is the SHAM’s internal rule). Given this, SHAM has taken 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 to execute the Agreement for the Transfer of Trust Beneficiary Interests concerning the Asset to be Acquired with Yagenzaka Special Purpose Company.

Furthermore, for the Asset to be Acquired, SHR plans to conclude the building lease agreement wherein Sekisui House is the lessee (master lease company) and outsource the property management business to it. As for the lease of building and outsourcing of operations, since Sekisui House is the parent company of SHAM, and falls within the definitions of the Interested Person, etc. and the Interested Party, for the leasing of the building 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**

Please refer to “Notice Concerning Revisions to the Forecast of Operating Results and Distributions for the Fiscal Period Ending April 30, 2022 and the Forecast of Operating Results and Distributions for the Fiscal Period Ending October 31, 2022” announced today.

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**8. Summary of Appraisal Report**

Property name	Akasaka Garden City (additional acquisition portion)
Appraisal value	21,700,000,000 yen
Name of appraisal firm	Chuo Real Estate Appraisal Co., Ltd.
Date of value	September 1, 2021

(thousand yen)

Item	Details	Description, etc.
Income approach value	21,700,000	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	22,700,000	Assessed as the net cash flow being stable in the medium to long term, discounted by the capitalization rate.
Operating revenue	1,002,613	—
Gross potential income	1,055,382	Recorded the rental income (including income from common area fee) which takes the current rent and the new rent, etc. into account and the utilities income.
Vacancy loss, etc.	52,769	Assessed by setting occupancy rate (vacancy rate) being stable in the medium to long-term taking the past occupancy, etc. of the subject property and similar property into account.
Operating expenses	233,492	—
Maintenance and management fee	71,137	Assessed based on the current maintenance fee taking the past results as well as the fee level, etc. for similar property into account.
Utilities expenses	46,461	Assessed by taking the past results and the fee level, etc. for similar property into account.
Repair expenses	2,719	Recorded assessed amount of potential small repair expenses for exclusively-owned portions which takes into account the age, etc. of the building (as small repair expenses for common area is included in the maintenance fee, after examining the past results and estimated repair expenses in the engineering report, it is determined that additional recording is not necessary.).
Property management fee	24,170	Recorded by taking the current contract terms and conditions as well as the fee rate, etc. for similar property into account.
Tenant leasing cost, etc.	7,986	Assessed based on estimated average tenant turnover period, etc. by reference to fee level, etc. for similar property.
Property taxes	80,492	Assessed based on the most recent actual amount, etc.
Insurance premium	527	Recorded the estimated amount.
Other expenses	0	Not recorded.
Net operating income (NOI)	769,121	—
Gain on management of income from lump-sum payment	7,986	Assessed using the investment return of 1.0%.
Capital expenditures	4,079	Recorded assessed amount of potential capital expenditures for exclusively-owned portions which takes into account the age, etc. of the building (as capital expenditures for common area is accumulated by the management association's parking management, after examining the past results as well as estimated large repair expenses and renewal expenses in the engineering report, it is determined that additional recording is not necessary.).

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Net cash flow (NCF)	773,028	—
Capitalization rate	3.4%	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	21,200,000	—
Discount rate	3.2%	Assessed by taking the individual factors and the appraisal scenario, etc. of the subject property into account referring to the investment return rate for transactions, etc. of similar property.
Terminal capitalization rate	3.6%	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	22,800,000	—
Ratio of land	90.8%	—
Ratio of building	9.2%	—
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.	

Note: Amounts of "Appraisal value" and each estimated value in the above table are stated in amounts corresponding to the portion of additional acquisition based on figures for the entire building. 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	9,075 yen/m <sup>2</sup> (30,000 yen/tsubo)
Average rent unit price for lease agreements	8,371 yen/m <sup>2</sup> (27,672 yen/tsubo)

(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 above appraisal.

(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 Asset to be Acquired" above.

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

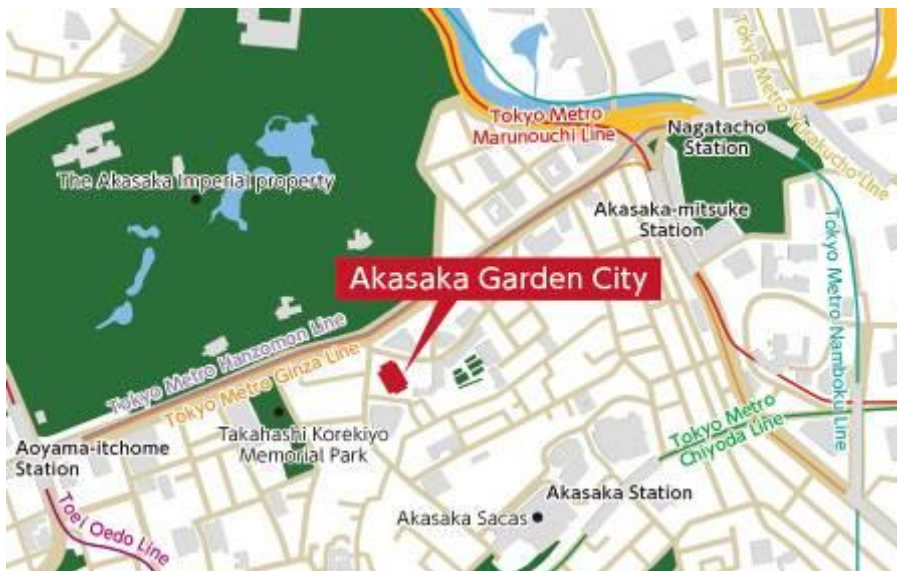
<Attachments>

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

Reference Material 2: Portfolio List after the Acquisition of the Asset to be Acquired and two residential properties to be acquired on February 1, 2022.

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



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**Reference Material 2: Portfolio List after the Acquisition of the Asset to be Acquired and two residential properties to be acquired on February 1, 2022.**

Property number (Note 1)	Property name	Location	(Planned) Date of acquisition (Note 2)	(Planned) Acquisition price (million yen) (Note 3)	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	0.4
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	0.5
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-021	Esty Maison Kawasaki II	Kawasaki-shi, Kanagawa	May 1, 2018	1,910	0.3
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-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-030	Esty Maison Hakatahigashi	Fukuoka-shi, Fukuoka	May 1, 2018	2,400	0.4
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	0.1
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	Sha Maison Stage 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	0.3
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	0.3
R-045	Esty Maison Akihabara	Taito-ku, Tokyo	May 1, 2018	1,930	0.3
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	1.1
R-048	Prime Maison Takami	Nagoya-shi, Aichi	May 1, 2018	1,050	0.2

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Property number (Note 1)	Property name	Location	(Planned) Date of acquisition (Note 2)	(Planned) Acquisition price (million yen) (Note 3)	Investment ratio (%) (Note 4)
R-049	Prime Maison Yadaminami	Nagoya-shi, Aichi	May 1, 2018	812	0.1
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	0.2
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	0.4
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	0.3
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	0.4
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	0.3
R-072	Prime Maison Gotenyama East	Shinagawa-ku, Tokyo	May 1, 2018	2,910	0.5
R-073	Sha Maison Stage Akihabara	Chiyoda-ku, Tokyo	May 1, 2018	555	0.1
R-074	Esty Maison Aoi	Nagoya-shi, Aichi	May 1, 2018	2,460	0.4
R-075	Esty Maison Yakuin	Fukuoka-shi, Fukuoka	May 1, 2018	2,430	0.4
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	1.5
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	0.3
R-081	Prime Maison Shinagawa	Shinagawa-ku, Tokyo	May 1, 2018	1,960	0.3
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	0.3
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	Sha Maison Stage Yahiro	Sumida-ku, Tokyo	May 1, 2018	1,910	0.3
R-087	Prime Maison Ebisu	Shibuya-ku, Tokyo	May 1, 2018	4,360	0.8
R-088	Sha Maison Stage Kanazawa Nishiizumi	Kanazawa-shi, Ishikawa	May 1, 2018	1,080	0.2
R-089	Esty Maison Unomori	Yokkaichi-shi, Mie	May 1, 2018	830	0.1

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R-091	Sha Maison Stage Hino	Hino-shi, Tokyo	May 1, 2018	1,390	0.2
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	1.0
R-094	Prime Maison Shibuya	Shibuya-ku, Tokyo	May 1, 2018	2,430	0.4
R-095	Prime Maison Hatsudai	Shibuya-ku, Tokyo	May 1, 2018	3,010	0.5
R-096	Esty Maison Uemachidai	Osaka-shi, Osaka	May 1, 2018	1,040	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	0.7
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	1.4
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	0.4
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-108	Esty Maison 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	0.5
R-113	Esty Maison Shizuoka Takajo	Shizuoka-shi, Shizuoka	January 31, 2020	660	0.1
R-114	Sha Maison Stage Hirose-dori	Sendai-shi, Miyagi	April 20, 2020	865	0.2
R-115	Esty Maison HIGASHIBETSUIN	Nagoya-shi, Aichi	April 1, 2021	2,190	0.4
R-116	Esty Maison Kayaba	Nagoya-shi, Aichi	April 1, 2021	900	0.2
R-117	Esty Maison SHIRAKABEMINAMI	Nagoya-shi, Aichi	April 1, 2021	660	0.1
R-118	Prime Maison Shimokitazawa	Setagaya-ku, Tokyo	September 1, 2021	2,580	0.5
R-119	Prime Maison Meguro	Meguro-ku, Tokyo	September 1, 2021	2,310	0.4
R-120	Prime Maison Ryogoku	Sumida-ku, Tokyo	September 1, 2021	1,530	0.3
R-121	Prime Maison Nakameguro	Meguro-ku, Tokyo	February 1, 2022	10,000	1.8
R-122	Prime Maison Itabashi	Itabashi-ku, Tokyo	February 1, 2022	4,800	0.9
Residential properties (Residences) – subtotal				257,766	45.7
O-001	Garden City Shinagawa Gotenyama	Shinagawa-ku, Tokyo	December 3, 2014 May 24, 2016 May 24, 2017 June 10, 2019	71,950	12.8
O-002	Gotenyama SH Building	Shinagawa-ku, Tokyo	December 3, 2014	51,500	9.1
O-003	Hommachi Minami Garden City	Osaka-shi, Osaka	December 3, 2014 June 10, 2019	44,000	7.8
O-004	Hommachi Garden City (Office building portion)	Osaka-shi, Osaka	May 19, 2015	38,600	6.8
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	1.1
O-007	Akasaka Garden City	Minato-ku, Tokyo	June 10, 2019 November 1, 2021	50,000	8.9

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Property number (Note 1)	Property name	Location	(Planned) Date of acquisition (Note 2)	(Planned) Acquisition price (million yen) (Note 3)	Investment ratio (%) (Note 4)
Office buildings – subtotal				266,800	47.3
H-001	Hommachi Garden City (Hotel portion)	Osaka-shi, Osaka	May 24, 2017	17,200	3.1
H-002	The Ritz-Carlton, Kyoto	Kyoto-shi, Kyoto	January 31, 2019 April 20, 2020	22,120	3.9
Hotels – subtotal				39,320	7.0
Commercial properties (office buildings and hotels) – subtotal				306,120	54.3
SHR's portfolio (residential properties and commercial properties) – total				563,886	100.0

(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.

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