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Real Estate Investment Trust Securities Issuer  
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Notice Concerning Acquisition and Disposition of Trust Beneficiary Interest in Domestic Real Estate  
(Acquisition of Prime Maison EGOTANOMORI and One Other Property  
and Disposition of The Ritz-Carlton, Kyoto)

Sekisui House Reit, Inc. (“SHR”) hereby announces that Sekisui House Asset Management, Ltd. (“SHAM”), to which SHR entrusts management of its assets, has decided today for SHR to acquire and dispose the following assets (hereinafter respectively referred to as the “Asset Acquisition” and the “Asset Disposition”; the Asset Acquisition and the Asset Disposition are hereinafter collectively referred to as the “Transaction”) as described below.

At the time of the decision on the Transaction, since the counterparty to the Transaction falls 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 Board of Directors Meeting of SHR held today.

1. Summary of the Transaction

(1) Summary of the Asset Acquisition

Property name	Type of use	Location	Planned acquisition price (Note 1)	Sales and purchase contract date	Planned acquisition date	Seller
Prime Maison EGOTANOMORI	Residence	Nakano-ku, Tokyo	10,500 million yen	To be determined (Note 2)	August 2, 2022 (Note 3)	Sekisui House, Ltd.
Prime Maison Waseda dori		Shinjuku-ku, Tokyo	2,200 million yen	June 15, 2022	August 2, 2022	
Total			12,700 million yen	—	—	—

- a. Type of specified asset : Trust beneficiary interests in trust assets which are comprised of domestic real estate
- b. Brokerage : Not applicable
- c. Acquisition financing : Proceeds from the Asset Disposition
- d. Settlement method : Payment of entire amount at time of delivery

(Note 1) “Planned acquisition price” refers to the amount described in each sale and purchase contract or the amount that has been determined as the price to be described in the sale and purchase price (excluding consumption tax, local consumption tax, commission and other various expenses; rounded down to the nearest million yen). The same applies hereinafter.

(Note 2) “Sales and purchase contract date” for “Prime Maison EGOTANOMORI” will be on or after the date of approval by the Urban Renaissance Agency, the owner of the leased land, for the transfer of the ordinary fixed-term land leasehold rights from Sekisui House, Ltd., the Seller, to the trustee. Discussions regarding the approval are in progress; however, this approval by the Urban Renaissance Agency has not been obtained as of today. The sales and purchase contract date will be disclosed as soon as it has been determined. The same applies hereinafter.

(Note 3) “Planned acquisition date” for “Prime Maison EGOTANOMORI” refers to the expected date of settlement as of today, and is subject to change due to the actual contract date and other conditions. The same applies hereinafter.

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**(2) Summary of the Asset Disposition**

Property name	Type of use	Planned disposition price (Note 1)	Book value (Note2)	Difference between planned disposition price and book value (Note 3)	Sale and purchase contract Date	Planned disposition Date	Buyer
The Ritz-Carlton, Kyoto	Hotel	23,000 million yen	22,324 million yen	675 million yen	June 15, 2022	August 2, 2022	Sekisui House, Ltd.
Total		23,000 million yen	22,324 million yen	675 million yen	—	—	—

- a. Type of specified asset : Trust beneficiary interests in trust asset which is comprised of domestic real estate
- b. Brokerage : Not applicable
- c. Settlement method : Receipt of entire amount at time of delivery

(Note 1) "Planned disposition 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 applies hereinafter.

(Note 2) "Book value" is the estimated value as of the date of disposition. The amount is rounded down to the nearest million yen.

(Note 3) For "Difference between planned disposition price and book value", the difference in disposition price and book value amount is rounded down to the nearest million yen.

**2. Reason for the Transaction**

SHR conducts the Transaction based on the targets and policies of asset management stipulated in its Articles of Incorporation, with the aim of improving the profitability of its portfolio and securing stable earnings.

In addition, SHR believes that the replacement of assets through the Transaction will have the following effects:

- Improving earnings efficiency (portfolio NOI yield) by disposing of the hotel with deteriorated earnings environment (NOI yield of 1.7%) and acquiring two residential properties (appraisal NOI yield of 4.9%).
- Securing stable funds for distributions by recording gain on disposition.
- Expanding investment in real estate with superior environmental performance, etc., in consideration of ESG.

In addition, while the investment ratio in hotels will temporarily decrease as a result of the Transaction, there will be no change in SHR's portfolio development policy and the investment ratio over the medium-to long-term. Once recovery in domestic tourism demand and inbound demand can be confirmed, SHR will aim to achieve external growth over the medium- to long-term while resuming investment in hotels including the mentioned Asset to be Disposed (Note 1). SHR will also continue to hold preferential negotiation rights for the Asset to be Disposed even after the Asset Disposition.

Asset to be Disposed	1 Hotel Property	Assets to be Acquired (Note 7)	2 Residential Properties
Planned disposition price	23,000 million yen	Planned acquisition price	12,700 million yen
Building age (Note 2)	8.7 years	Average building age (Note 8)	3.6 years
NOI (Note 3)	370 million yen	Appraisal NOI (Note 9)	627 million yen
NOI yield (Note 4)	1.7%	Appraisal NOI yield (Note 11)	4.9%
NOI after depreciation (Note 3)	264 million yen	Appraisal NOI after depreciation (Note 10)	379 million yen
NOI yield after depreciation (Note 4)	1.2%	Appraisal NOI yield after depreciation (Note 11)	3.0%
(Reference) Acquired price (Note 5)	22,120 million yen		
Gain on disposition (expected) (Note 6)	613 million yen		

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- (Note 1) "Asset to be Disposed" refers to the one hotel property described in 1. Summary of the Transaction (2) Summary of the Asset Disposition. The same applies hereinafter.
- (Note 2) "Building age" refers to the building age as of today.
- (Note 3) "NOI" and "NOI after depreciation" are the sum of the amounts of NOI and NOI after depreciation for the fiscal periods ended October 31, 2021 (14th Fiscal Period) and April 30, 2022 (15th Fiscal Period).
- (Note 4) "NOI yield" and "NOI yield after depreciation" are calculated by dividing the NOI and NOI after depreciation respectively described in (Note 3) by the acquired price and rounded to the first decimal place. The same applies hereinafter.
- (Note 5) "(Reference) acquired price" refers to the sum of the acquisition price of assets to be disposed at the time of acquisition.
- (Note 6) "Gain on disposition (expected)" refers to the approximate amount as of today, and is subject to change.
- (Note 7) "Assets to be Acquired" refers to the two residential properties described in 1. Summary of the Transaction (1) Summary of the Asset Acquisition. The same applies hereinafter.
- (Note 8) "Average building age" is calculated by weighting and averaging the building age of each building as of today with the planned acquisition price.
- (Note 9) "Appraisal NOI" refers to the sum of the amount of appraisal NOI of each appraisal report as of June 1, 2022.
- (Note 10) "Appraisal NOI after depreciation" refers to the amount obtained by subtracting the sum of the total estimated depreciation cost converted annually for the fiscal periods ending October 31, 2022 (16th Fiscal Period) and April 30, 2023 (17th Fiscal Period) from the appraisal NOI described in (Note 9) above.
- (Note 11) "Appraisal NOI yield" and "Appraisal NOI yield after depreciation" are calculated by dividing appraisal NOI and appraisal NOI after depreciation described in (Note 9) and (Note 10) by the expected acquisition price, respectively, and calculated by weighted average of the expected acquisition price base and rounded to the first decimal place.

## (1) Reason for the Asset Acquisition

Assets to be Acquired are, among others, rental condominiums planned and developed by Sekisui House, Ltd. ("Sekisui House"), the sponsor of SHR, and are to be acquired as part of a growth strategy that makes the most of the real estate development and management capabilities of the Sekisui House Group (Note 1), which has a wealth of experience. SHR considers high quality residential properties and commercial properties located in strategic locations to be investment targets that are expected to generate stable earnings over the medium-to long-term, and this is referred to as Prime Properties, and is a priority investment target. The Assets to be Acquired are located in Tokyo 23 wards, which is in Greater Tokyo (Note 2), an important investment area for SHR, and which a wealth of rental demand can be anticipated.

SHR also judges that both properties fall under the category of Prime Properties from the viewpoint of high basic performance as residences, such as comfort and safety, approaches to environmental considerations in response to social demands, and buildings suited to the townscape.

(Note 1) "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.

(Note 2) "Greater Tokyo" refers to Tokyo, Kanagawa prefecture, Chiba prefecture, and Saitama prefecture.

The characteristics of the Assets to be Acquired taken into consideration upon deciding on the Asset Acquisition are as follows:

### a. Prime Maison EGOTANOMORI

#### i. Location characteristics

The property is located approximately a 10-minute walk from Shin-egota Station on the Toei Subway Oedo Line and approximately a 15-minute walk from Numabukuro Station on the Seibu Shinjuku Line. This property consists of five properties: Prime Maison EGOTANOMORI EAST/WEST (rental condominiums for families), MAST ONE EGOTANOMORI (a rental condominium for students and single-persons), GRAND MAST EGOTANOMORI (serviced housing for the elderly) and NICHII HOME Egotanomori (a paid nursing home with long-term care) (hereinafter referred to as "Prime Maison EGOTANOMORI", and each building referred to as "Prime Maison EGOTANOMORI EAST", "Prime Maison EGOTANOMORI WEST", "MAST ONE EGOTANOMORI", "GRAND MAST EGOTANOMORI" and "NICHII HOME Egotanomori").

These properties are a part of the Egotanomori Project, which was developed under the concept of "creating a sustainable community nurtured by multiple generations", and are located on a premise of approximately 39,500 m<sup>2</sup> close to Egotanomori Park in cooperation with a condominium "Grande Maison EGOTANOMORI" and Tokyo General Hospital to form a residential area with a good living environment.

One section of the Prime Maison EGOTANOMORI consists of "Live In Labo", a place where diverse generations

in the region can come together to interact, and through this Live In Labo, interactions across generations and households help foster the community, and a town is created where one household can continue to live and choose a residence according to their life stage. There are also elementary schools, junior high schools, libraries, etc. in the neighborhood, as well as a children's club, a day-care center, a restaurant, and a convenience store on the premises, allowing people to live with peace of mind amid the establishment of a single community.

## ii. Property characteristics

The property has pedestrian-vehicle separation within the premises, with beauty and safety of the district pursued and maintained systematically. Additionally, concierges are placed at the entrance hall counters to provide a variety of lifestyle support services, and paid car sharing services and customer parking are also available. Solar power generation is installed on the roof of the buildings, which is used to sustain part of the electricity used in the common areas. This property is also equipped with a stockpile of disaster prevention equipment, a bench with oven function, and a well with access to water in case of a disaster.

As for this property, SHR intends to execute a pass-through type master lease agreement (Note 1) ("Pass-through Type ML Agreement") with Sekisui House Real Estate Tokyo, Ltd. ("Sekisui House Real Estate Tokyo") as the master lease company. Provided, however, as for GRAND MAST EGOTANOMORI, which is a senior asset (Note 2), a fixed rent covering the entire building is scheduled to be paid by the master lease company based on the special provision in the above Pass-through Type ML Agreement. In addition, a building lease contract for NICHII HOME Egotanomori, which is also a senior asset, has been concluded with one tenant covering the entire building (remaining term: 26.2 years). Furthermore, MAST ONE EGOTANOMORI is leased by two tenants (average remaining term: 6.8 years). Thanks to these tenants' composition, stable earnings are expected to be recorded from the property.

(Note 1) A "pass-through type master lease agreement" is a master lease method in which the rent paid by the master lease company is always the same as the rent paid by the end tenant. The same applies hereinafter.

(Note 2) "Senior asset" refers to serviced housing for the elderly, paid nursing homes and adult day care centers.

### (i) Prime Maison EGOTANOMORI EAST, Prime Maison EGOTANOMORI WEST

Prime Maison EGOTANOMORI EAST consists of 14 floors above ground and 175 units in total, and the rooms are 1LDK, 2LDK, and 3LDK. Prime Maison EGOTANOMORI WEST consists of nine floors above ground and 91 units (including three stores) in total, and the rooms are 1LDK, 2LDK and 4LDK. Both rental condominiums are ideal for families raising children, equipped with an entrance hall, a dual security system, and a guest room to accommodate friends and others. In addition, the use of "ENE-FARM", a residential fuel cell that simultaneously produces electricity and heat, is equipped in all units, allowing generated electricity to be used within the household and hot water made from the heat generated during power generation can be used in the bath and kitchen. The properties are also equipped with intercoms with monitors, bathtub with bathwater reheating functions, bathroom ventilation heating and dryers, bidet toilet, and a delivery box.

### (ii) GRAND MAST EGOTANOMORI

GRAND MAST EGOTANOMORI is a serviced housing for the elderly, and consists of 14 floors above ground and 121 units in total, and the rooms are 1LDK and 2LDK. The kitchen uses safe induction heating (IH) stoves and the entrance to the bathroom is barrier-free with no steps and equipped with handrails. The restrooms are also spacious so people in wheelchairs can access them without any inconvenience. In addition to providing daily life support services such as a daily safety check, an emergency button in the unit for emergency response and provision of lifestyle consultations, this property also provides interactive events and paid meal services to improve the quality of life.

## (iii) MAST ONE EGOTANOMORI

MAST ONE EGOTANOMORI is a rental condominium for students and single-persons, and consists of six floors above ground and 141 units in total, and the rooms are 1R, 1K and 1LDK. The premise is equipped with a crime prevention system that is managed by personnel 24 hours a day to ensure a secure lifestyle. Other equipment includes intercoms with monitors, bathtub with bathwater reheating functions, bidet toilet, and free internet.

## (iv) NICHII HOME Egotanomori

NICHII HOME Egotanomori is a paid nursing home for the elderly who need nursing and medical care, and consists of six floors above ground and 94 units in total, and the rooms are 88 units for single use, and six units for married couples. There are living and dining rooms that can be used not only for meals, but also for a variety of purposes including seasonal events and recreation. In addition, there are a full range of shared facilities, such as a functional training room, a lounge, a hair salon and a computer area. With three cooperative medical institutions, this property aims to provide a fun, worry-free lifestyle while still observing a reliable and well-developed medical system.

## b. Prime Maison Waseda dori

## i. Location characteristics

Prime Maison Waseda dori is located approximately a three-minute walk from Waseda Station on the Tokyo Metro Tozai Line, and approximately a 12-minute walk from Edogawabashi Station on the Tokyo Metro Yurakucho Line, and Ushigome-yanagicho Station on the Toei subway Oedo Line, making it convenient to access Shinjuku and Shibuya. The property is located in the “Waseda” area, which is known as an educational district with Waseda University and Gakushuin Women’s College, etc. are located, and the surrounding area is well-equipped with various convenience facilities such as supermarkets, post offices, and hospitals, providing a good living environment.

## ii. Property characteristics

The property consists of 11 floors above ground and 65 units in total, and the rooms are 1R, 1K, and 1LDK, characterized by a simple and modern appearance due to the cast concrete. In terms of equipment, automatic lock, security cameras, intercoms with monitors, bathroom ventilation heating and dryers, delivery boxes, etc. are equipped. This property is expected to receive demand from single-persons and DINKs who emphasize convenience.

SHR intends to execute a Pass-through Type ML Agreement with Sekisui House Real Estate Tokyo, as the master lease company.

## (2) Reason for the Asset Disposition

The asset to be disposed, “The Ritz-Carlton, Kyoto”, is the premier brand hotel of Marriott International of which SHR holds 49.0% quasi-co-ownership upon acquisitions of trust beneficiary interest in the said real estate as of January 2019 and April 2020.

Due to the recent spread of COVID-19, demand in domestic and inbound tourism have significantly decreased, and the hotel industry has continued to be severely affected. However, as of late, public health policy has shifted from initial response where severe preventative measures including restriction of travel were taken place, to taking measures to reduce the negative impact on economic activities to the greatest extent. This has resulted in a favorable economic recovery with strong tourism demand during the period when the state of emergency and pre-emergency measures was lifted. In terms of inbound demand, strict entry restrictions have been implemented for foreign nationals who wish to enter Japan for the purpose of leisure. However, as of June 2022, the Japanese government has implemented relaxation of immigration restrictions, and has indicated its intention to ease the restrictions on entry in stages, and expectations for recovery is on the rise.

As for the Asset to be Disposed, the rent is based on fixed rent plus a variable rent percentage determined by making certain adjustments to the hotel business revenue. However, from May 2021, the variable rent has been zero due to deteriorating operating conditions resulting from the recent impact of COVID-19. The NOI yield of the Asset to be Disposed is 1.7%, which is lower than the average NOI yield of the whole portfolio of 4.1%. Furthermore, the determination of the amount of variable rent is made annually and is based on the hotel business revenue for the period from January 1 through the end of December of each year for variable rent to be paid starting May 1 to the end of April of the following year. Based on the results of the business conditions from January 1, 2021 to the end of December 2021, it has been determined that variable rent will be zero from May 1, 2022 to the end of April 2023, which is equivalent to the fiscal period ending October 31, 2022 (16th Fiscal Period) and April 30, 2023 (17th Fiscal Period). In addition, it is assumed that it will take a considerable amount of time for inbound demand to fully recover, thus, SHR believes that it is difficult to obtain variable rent from May 1, 2023 to the end of April 2024, which is equivalent to the fiscal period ending October 31, 2023 (18th Fiscal Period) and April 30, 2024 (19th Fiscal Period).

Due to the above circumstances, after comprehensively examining trends in the real estate market and the domestic tourism market, in addition to the expected future earnings and profitability of the Asset to be Disposed and asset value, etc., SHR determined that the improvement in profitability of the portfolio (improvement in portfolio NOI yield) through the Asset Disposition will contribute to the maximization of unitholder value. The planned disposition price of 23,000 million yen exceeds the acquired price of 22,120 million yen in addition to the appraisal value (as of April 30, 2022) of 22,295 million yen, and a gain on disposition of 613 million yen is anticipated.

### 3. Description of the Assets to be Acquired

#### (1) Prime Maison EGOTANOMORI

Overview of specified asset		
Property name	Prime Maison EGOTANOMORI	
Planned acquisition date	August 2, 2022	
Type of specified asset	Trust beneficiary interest (planned)	
Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned)	
Period of trust contract	From August 2, 2022 to August 31, 2032 (planned)	
Planned acquisition price	10,500 million yen	
Appraisal value (Date of value)	10,800 million yen (June 1, 2022)	
Appraiser	Rich Appraisal Institute Co., Ltd.	
Location	3-14-1~5 Egota, Nakano-ku, Tokyo	
Land	Lot	3-1101-34 Egota, Nakano-ku, Tokyo and two other lots
	Site area	15,789.20 m <sup>2</sup>
	Use district	Category 1 exclusive high and medium building residential area
	Building coverage ratio	60%
	Floor area ratio	200%
	Type of ownership	Ordinary fixed-term land leasehold rights
Building	Use	Apartment complex, nursing home
	Construction completion	July 2018
	Structure / Floors	RC · S/14F
	Total floor area	38,093.02 m <sup>2</sup>
	Type of ownership	Proprietorship
Collateral	None	
Status of leasing and management		

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Leasable area	29,048.95 m <sup>2</sup> (number of units: 622 (including 3 stores)) <ul style="list-style-type: none"> <li>• Prime Maison EGOTANOMORI EAST 9,258.44 m<sup>2</sup> (number of units: 175)</li> <li>• Prime Maison EGOTANOMORI WEST 5,682.07 m<sup>2</sup> (number of units: 91 (including 3 stores))</li> <li>• GRAND MAST EGOTANOMORI 6,463.99 m<sup>2</sup> (number of units: 121)</li> <li>• MAST ONE EGOTANOMORI 3,665.91 m<sup>2</sup> (number of units: 141)</li> <li>• NICHII HOME Egotanomori 3,978.54 m<sup>2</sup> (number of units: 94)</li> </ul>	
Leased area	27,999.13 m <sup>2</sup> (number of leased residential units: 602 (including 3 stores)) <ul style="list-style-type: none"> <li>• Prime Maison EGOTANOMORI EAST 8,659.55 m<sup>2</sup> (number of units: 164)</li> <li>• Prime Maison EGOTANOMORI WEST 5,231.14 m<sup>2</sup> (number of units: 82 (including 3 stores))</li> <li>• GRAND MAST EGOTANOMORI 6,463.99 m<sup>2</sup> (number of units: 121)</li> <li>• MAST ONE EGOTANOMORI 3,665.91 m<sup>2</sup> (number of units: 141)</li> <li>• NICHII HOME Egotanomori 3,978.54 m<sup>2</sup> (number of units: 94)</li> </ul>	
Occupancy rate	96.4 % (as of the end of April 2022)	
Number of tenants	1	
Monthly rent	99,320 thousand yen	
Leasehold and security deposits	154,128 thousand yen	
Property management company	Sekisui House Real Estate Tokyo, Ltd. (planned)	
Master lease company	Sekisui House Real Estate Tokyo, Ltd. (planned)	
Master lease type	Pass-through type (planned) However, GRAND MAST EGOTANOMORI has a special fixed-rent agreement	
Contract period	From August 2, 2022 to August 31, 2032 (planned)	
Outline of building engineering report		
Building replacement cost	10,249 million yen	
Repair expenses	Emergency repair	—
	Short-term repair	—
	Long-term repair	3,772 thousand yen
Investigator	Tokyo Bldg-Tech Center Co., Ltd	
Outline of earthquake PML report		
PML value	4.5%	
Investigator	SOMPO Risk Management Inc.	
Designer, constructor, building inspector		
Building designer	Sakakura Associates architects and engineers	
Structure designer	CROSS Factory Co., Ltd.	
Constructor	Sekisui House, Ltd.	

Building inspector	The Housing Loan Progress Association
Matters of special note	
<p>The Urban Renaissance Agency is the landowner, and a general term leasehold has been established for a land lease period of 70 years from April 24, 2015.</p> <p>In addition, it is necessary to notify the landowner in advance of the details of the of the contract of transfer in writing and obtain a written approval from the landowner when transferring the term leasehold. The written consent of the landowner is also required for the transfer of ownership and the establishment of pledges, mortgages and other rights to be secured with respect to the subject property, and for reconstruction, expansion, or for any other work to be performed on the building, etc.</p> <p>During the period from the date of which 30 years have elapsed after the conclusion of the fixed-term leasehold contract to one year prior to the expiration date of the fixed-term lease period, the leaseholder and the landowner may mutually offer to transfer the subject land. If the other party accepts this offer, the landowner will transfer the subject land to the leaseholder within one year. The transfer price and other conditions of the transfer will be determined by the landowner.</p>	

Status of Tenants and Facility of GRAND MAST EGOTANOMORI (Explanation of Important Matters as of July 1, 2021)			
Operator	Sekisui House Real Estate Tokyo, Ltd.	Establishment date	October 1, 2018
Type of facility	Serviced housing for the elderly	Number of units	121 units
Type of rights to tenants	Ordinary lease contract	Capacity	242 persons
Unit area	45.69 m <sup>2</sup> ~ 71.10 m <sup>2</sup>	Number of occupants	92 persons
Requirements at the time of occupancy	Independent, support required, long-term care required	Occupancy rate	62.8%
Average age of occupant	81.9 years old	Average degree of care required by tenants	0.2
Payment method for user fee		Lump-sum payment	Monthly payment
	One-off fee	—	—
	Monthly usage fee	—	160~345 thousand yen
Staff related to long-term care	—	Night staff (minimum number of staff)	—
Cooperation medical institution	Nerima Higashi Clinic (Reimeikai Medical Corporation)		
Cooperation dental institution	—		

Status of Tenants and Facility of NICHII HOME Egotanomori (Explanation of Important Matters as of April 1, 2022)			
Operator	Nichii Carepalace Co.	Establishment date	October 1, 2018
Type of facility	Paid nursing home with long-term care	Number of units	94 units
Type of rights to tenants	Right of use	Capacity	100 persons
Unit area	19.50 m <sup>2</sup> ~ 39.00 m <sup>2</sup>	Number of occupants	83 persons



Requirements at the time of occupancy	Independent, support required, long-term care required	Occupancy rate	83.0%
Average age of occupant	88.5 years old	Average degree of care required by tenants	1.5
Payment method for user fee		Lump-sum payment	Monthly payment
	One-off fee	8,800~24,640 thousand yen	—
	Monthly usage fee	226~356 thousand yen	409~681 thousand yen
Staff related to long-term care	More than 2.5:1	Night staff (minimum number of staff)	More than 3 staffs
Cooperation medical institution	Yushoukai Living Care Clinic Nerima (Yushoukai Medical Corporation), General Tokyo Hospital (Kenkokukai Medical Corporation)		
Cooperation dental institution	Apex Medical Dental Clinic (Medical Corporation Meister)		

**(2) Prime Maison Waseda dori**

Overview of specified asset		
Property name	Prime Maison Waseda dori	
Planned acquisition date	August 2, 2022	
Type of specified asset	Trust beneficiary interest (planned)	
Trustee	Mizuho Trust & Banking Co., Ltd. (planned)	
Period of trust contract	From August 2, 2022 to August 31, 2032 (planned)	
Planned acquisition price	2,200 million yen	
Appraisal value (Date of value)	2,420 million yen (June 1, 2021)	
Appraiser	Japan Real Estate Institute	
Location	79-2 Wasedamachi, Shinjuku-ku, Tokyo	
Land	Lot	79-2 Wasedamachi, Shinjuku-ku, Tokyo
	Site area	471.66 m <sup>2</sup>
	Use district	Neighborhood commercial district, Category 2 residential district
	Building coverage ratio	80%, 60%
	Floor area ratio	400%, 400%
	Type of ownership	Proprietorship
Building	Use	Apartment complex
	Construction completion	February 2020
	Structure / Floors	RC/11F
	Total floor area	2,447.45 m <sup>2</sup>
	Type of ownership	Proprietorship
Collateral	None	
Status of leasing and management		
Leasable area	1,819.35 m <sup>2</sup> (number of leasable residential units: 65)	
Leased area	1,694.91 m <sup>2</sup> (number of leased residential units: 61)	
Occupancy rate	93.2 % (as of the end of April 2022)	
Number of tenants	1	
Monthly rent	9,371 thousand yen	

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Leasehold and security deposits	7,851 thousand yen	
Property management company	Sekisui House Real Estate Tokyo, Ltd. (planned)	
Master lease company	Sekisui House Real Estate Tokyo, Ltd. (planned)	
Master lease type	Pass-through type (planned)	
Contract period	From December 1, 2019 to September 30, 2032 (planned)	
Outline of building engineering report		
Building replacement cost	644 million yen	
Repair expenses	Emergency repair	—
	Short-term repair	—
	Long-term repair	157 thousand yen
Investigator	Tokyo Bldg-TechCenter Co., Ltd	
Outline of earthquake PML report		
PML value	3.3%	
Investigator	SOMPO Risk Management Inc.	
Designer, constructor, building inspector		
Building designer	Nakamura Akira Architect & Associates.	
Structure designer	CROSS Factory Co., Ltd.	
Constructor	Mabuchi Construction Co., Ltd.	
Building inspector	Bureau Veritas Japan Co., Ltd.	
Matters of special note		
None		

#### 4. Description of the Asset to be Disposed

##### The Ritz-Carlton, Kyoto

Overview of specified asset		
Property name	The Ritz-Carlton, Kyoto	
Planned disposition date	August 2, 2022	
Type of specified asset	49.0% of quasi co-ownership interest in trust beneficiary interest	
Trustee	Mizuho Trust & Banking Co., Ltd.	
Period of trust contract	From January 30, 2006 to April 30, 2031	
Planned disposition price	23,000 million yen	
Appraisal value (Date of value)	22,295 million yen (April 30, 2022)	
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 <sup>2</sup>
	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 <sup>2</sup>			
	Type of ownership	Proprietorship			
Collateral		None			
Status of leasing and management					
Leasable area		11,496.08 m <sup>2</sup> (Note)			
Leased area		11,496.08 m <sup>2</sup> (Note)			
Occupancy rate		end of Dec. 2021	end of Jan. 2022	end of Feb. 2022	end of Mar. 2022
		100.0%	100.0%	100.0%	100.0%
Number of tenants		1			
Monthly rent		Monthly rent for the period from May 1, 2022 to the end of April 2023 35,956 thousand yen (fixed rent of 35,956 thousand yen, no variable rent)			
		<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 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 May 1, 2022 to April 30, 2023			
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 on April 15, 2020 (collectively referred to as the “Agreement” in this section), agreeing to mutual preferential negotiation right, etc.</p> <p>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 offer to acquire is not made to 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 third party than the terms and conditions notified to the counterparty above.</p> <p>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.</p> <p>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.</p>					

- 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) will not be made for five years from the effective return date.

(Note) Represents the area calculated by multiplying the total leasable area of the building of 23,461.39m<sup>2</sup> by the ratio of quasi co-ownership interest in the trust beneficiary right owned by SHR (49%), as rounded to the second decimal place.

[Explanation of “3. Description of the Assets to be Acquired” and “4. Description of the Asset to be Disposed”]

- (1) “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 investment real estate, where the appraisal value is rounded down to the nearest million yen.
- (2) “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 applies hereinafter) or the indication method used in practice as the location.
- (3) “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.
- (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 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.
- (8) “Use” is the major type indicated in the registry.
- (9) “Construction completion” is based on that stated in the registry.
- (10) “Structure / Floors” is based on that stated in the registry. Furthermore, the following abbreviations are used.  
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 the trustee of the real estate trust for real estate in trust.
- (13) “Collateral” outlines the collateral borne by SHR (after acquisition), if any.
- (14) “Leasable area” refers to the total 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 April 2022.
- (15) “Leased area” is the sum total of the leased area indicated in the lease agreements or the leased area based on building drawings, etc., effective as of the end of April 2022.
- (16) “Occupancy rate” is the ratio of leased area to leasable area rounded to the first decimal place.
- (17) “Number of tenants” is the total number of tenants based on the contents of the lease agreement to be newly concluded at the time of acquisition for the Assets to be Acquired, and the contents of the lease agreement with the tenant as of the end of April 2022 for the Asset to be Disposed. As for the Assets to be Acquired, 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 (21) below for the definition of “master lease company” and “master lease agreement.”
- (18) “Monthly rent” for the Assets to be Acquired refers to the monthly rent (excludes usage fee for parking lots, garages, signboards, etc. but includes common area fees. Furthermore, excludes consumption tax and local consumption tax. The same applies hereinafter. Additionally, even if there is a provision for free rent or rent holiday in the said lease agreement, the free rent and rent holiday as of the same day will not be considered.) as indicated in each lease agreement as of the end of April 2022; and for the Asset to be Disposed refers to the monthly rent based on the contents of the lease agreement in effect as of the end of April 2022, rounded down to the nearest thousand yen respectively.

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- In addition, the term “Free rent” is an agreement which sets up a free or reasonably minimum rent for a certain period (mainly at the time of moving into a new house), and “Rent holiday” is an agreement which sets up a free or reasonably minimum rent regularly or irregularly, for a certain period during the rental period. The same applies hereinafter.
- (19) “Leasehold and security deposits” for the Assets to be Acquired is the amount of the deposit and security deposit (excludes the deposit for the parking lot. The same applies hereinafter) shown in each lease agreement with end tenants effective as of the end of April 2022. For the Asset to be Disposed, the amount is the total amount of deposit and security deposit in the lease agreement in effect as of the end of April 2022. Leasehold and security deposits shall be rounded down to the nearest thousand yen, respectively.
- (20) “Property management company” is the company to be entrusted with property management services or is scheduled to entrust property management work 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 for the Assets to be Acquired. 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.
- (22) “Master lease type” describes the type of master lease agreement which is scheduled to be valid after acquisition of the Assets to be Acquired. “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.
- (23) “Contract period” is based on the contents of each lease agreement of the contents to be concluded with tenant at the time of acquisition of the Assets to be Acquired, and based on the contents of the lease agreement that is valid as of today for the Asset to be Disposed.
- (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. “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 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.
- (27) “Matters of special note” is the matters considered important in relation to rights, use, etc. of each Asset to be Disposed and 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 Asset to be Disposed and 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
- (28) “Operator”, “Establishment date”, “Type of facility”, “Number of units”, “Type of rights to tenants”, “Capacity”, “Unit area”, “Number of occupants”, “Requirements at the time of occupancy”, “Occupancy rate”, “Average age of occupant”, “Payment method for user fee”, “Staff related to long-term care” and “Night staff system (minimum number of staff)” within the “Status of tenants and facility” are described based on information provided in the explanation of important matters related to the lease contract or based on information provided by operators. If there is no description in the explanation of important matters related to the lease contract nor is there information provided by the operator, or if approval for disclosure is not obtained, “—” is indicated. The same applies hereinafter.
- (29) “Payment method for user fee” is described as the most general and standard plan in the description of important matters related to the lease contract.
- (30) “Average degree of care required by tenants” is calculated by dividing the sum of the number of tenants by the degree of need for long-term care described in the explanation of important matters related to the lease contract (tenants who are independent are 0, support required 1 is 0.375, support required 2 is 1, long-term care 1 to long-term care 5 are 1 to 5, respectively) by the number of tenants, and rounded down to the second decimal place.
- (31) “Cooperation medical institution” and “Cooperation dental institution” refers to cooperating medical and dental institutions along with designated medical institutions listed in the explanation of important matters related to the lease contract.

**5. Profile of Seller and Buyer**

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 2022)
Established	August 1960
Net asset	1,520,959 million yen (consolidated) (as of the end of January 2022)
Gross asset	2,801,189 million yen (consolidated) (as of the end of January 2022)
Major shareholder (shareholding ratio)	The Master Trust Bank of Japan, Ltd. (trust account) (18.08%) Custody Bank of Japan, Ltd. (trust account) (5.73%) SMBC Nikko Securities Inc. (3.33%) (All of the above quoted as of the end of January 2022)

Relationship with SHR and SHAM	
Capital relationship	As of today, Sekisui House owns 4.53% of the total issued investment units of 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 today, Sekisui House has dispatched to SHAM one Part-time Director and one Part-time Auditor. Furthermore, 14 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 part of the assets that have been acquired by SHR and has concluded the Master Lease and Property Management Agreement for part of the assets that have been acquired.
Related party	Sekisui House is a parent company of SHAM, and falls within the definition of a related party.

**6. Status of Property Sellers**
**(1) Prime Maison EGOTANOMORI**

	Previous owner, etc.	Owner before last, etc.
Name	Sekisui House, Ltd.	—
Relationship with a party classified as having a relationship of special interest	Please refer to "5. Profile of Seller and Buyer" above.	—
Background and reason for acquisition	Acquisition for development	—
Acquisition price	—	—
Time of acquisition	—	—



**(2) Prime Maison Waseda dori**

	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 “5. Profile of Seller and Buyer” above.	—
Background and reason for acquisition	Acquisition for development	—
Acquisition price	—	—
Time of acquisition	—	—

**7. Transactions with Interested Persons, etc.**

As described above, Sekisui House, the seller of the Assets to be Acquired and buyer of the Asset to be Disposed, falls within the definitions of the Interested Person, etc. and the Interested Party 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 and Asset to be Disposed with Sekisui House, SHR has undergone the decision-making procedures as stipulated in the aforementioned Rules for Transactions with Interested Parties (including the consent of SHR based on the approval of SHR’s board of directors today).

SHR intends to conclude the building lease agreement concerning the Assets to be Acquired wherein Sekisui House Real Estate Tokyo is the lessee (master lease company) and outsource the property management business to Sekisui House Real Estate Tokyo. 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 on today) stipulated in the Rules for Transactions with Interested Parties have been taken by SHAM as well.

**8. Impact on Financial Status of SHR in the Event of Failure to Fulfill Forward Commitment, etc.**

Among the Transactions, the sale and purchase contract for the acquisition for Prime Maison Waseda dori (the “Sale and Purchase Contract”) falls under the forward commitments, etc. by investment corporations as stipulated in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. defined by the Financial Services Agency. Based on the Sale and Purchase Contract, in the event that the seller suffers damage due to any error or inaccuracy in the representations and warranties of SHR, SHR will compensate or indemnify the seller for such damage up to 20% of the transaction amount within the scope of reasonable causal relation. However, the Sale and Purchase Contract is with condition that procurement of funds necessary for the payment of the acquisition price, etc. by SHR has been completed on the date of the execution of the transaction.

**9. Future Outlook**

Please refer to 1. Operational Status (1) Operational Status ④ Forecast Regarding Business Performance for the Period in the “Financial Report for the Fiscal Period Ended April 30, 2022” announced today (available only in Japanese)

**10. Summary of the Appraisal Report of Assets to be Acquired**
**(1) Prime Maison EGOTANOMORI**

Property name	Prime Maison EGOTANOMORI
Appraisal value	10,800,000,000 Yen
Name of appraisal firm	Rich Appraisal Institute Co., Ltd.
Date of value	June 1, 2022

(thousand yen)

Item	Details	Description, etc.
Income approach value	10,800,000	Estimated by associating the income approach value indicated by the direct capitalization method (inwood method) with the value indicated by the DCF method.
Value based on direct capitalization method (inwood method)	10,700,000	—
Operating revenue	1,228,217	—
Gross potential income	1,272,256	Assessed based on actual results and similar cases.
Vacancy loss, etc.	44,039	Assessed based on the standard vacancy rate and individuality of the subject property.
Operating expenses	683,363	—
Maintenance and management fee	74,868	Assessed based on actual results and similar cases.
Utilities expenses	34,798	Assessed based on actual results and similar cases.
Repair expenses	5,071	Assessed based on engineering reports and similar cases.
Property management fee	25,015	Assessed based on the current contract and similar cases.
Tenant leasing cost, etc.	40,321	Assessed based on the replacement rate recognized as a stable level, taking into account actual results and the level of similar properties, etc.
Property taxes	91,180	Assessed based on the most recent taxation materials, etc.
Insurance premium	2,400	Recorded the actual amount.
Other expenses	409,708	Assessed based on land rent and expenditure results, etc.
Net operating income (NOI)	544,853	—
Gain on management of income from lump-sum payment	(5,748)	Assessed using the investment yield of 1.0% and recorded income from operations. (Loan guarantee deposits related to leased land recorded as investment loss.)
Capital expenditures	32,100	Assessed based on engineering reports and similar cases.
Net cash flow (NCF)	507,005	—
Discount rate	4.4%	Assessed by comprehensively considering the location, individuality, market trends, future uncertainties, etc. of the subject property.
Value of earnings calculated by discounted cash flow (DCF) method	10,900,000	—
Discount rate (during the holding period)	4.2%	Assessed by comprehensively considering the location, individuality, market trends, etc. of the subject property.
Discount rate (at the time of price assessment)	4.6%	Assessed by comprehensively considering the discount rate, building degradation after the expiration of the holding period, market trends, future uncertainties, etc.
Cost method value	11,400,000	—
Ratio of land	35.4%	—
Ratio of building	64.6%	—

Items considered upon determining appraisal value	Based on the appropriateness of the profit value reflecting the value forming process of a typical user of the subject property, the appraised value is set based on the income approach, examined such value by the cost method.
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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) 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	3,498 yen/ m <sup>2</sup> (11,562 yen/tsubo)
Average rent unit price for lease agreements	3,547 yen/ m <sup>2</sup> (11,726 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 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.

(2) Prime Maison Waseda dori

Property name	Prime Maison Waseda dori
Appraisal value	2,420,000,000 Yen
Name of appraisal firm	Japan Real Estate Institute
Date of value	June 1, 2022

(thousand yen)

Item	Details	Description, etc.
Income approach value	2,420,000	Assessed by linking the value based on the direct capitalization method with the value based on the DCF method.
Value based on direct capitalization method	2,420,000	—
Operating revenue	109,036	—
Gross potential income	114,920	Assessed based on rental income, etc. from rental units, etc. under current contracts.
Vacancy loss, etc.	5,884	Recorded based on the operation status and demand trend of similar properties, and considering past fiscal year figures of the vacancy rate.
Operating expenses	26,712	—
Maintenance and management fee	7,500	Recorded in consideration of the individuality of the subject property with reference to the actual amount for the past fiscal year results and the maintenance and management expenses of similar properties.
Utilities expenses	1,000	Recorded in consideration of the individuality of the subject property, etc. with reference to the actual amount for the past fiscal year results and the utilities expenses of similar properties.
Repair expenses	996	Recorded in consideration of the past fiscal year results, level of similar properties and engineering reports.
Property management fee	3,151	Recorded in consideration of the compensation rate of the current contract and the level of similar properties.
Tenant leasing cost, etc.	5,343	Recorded based on contract terms, past fiscal year results, lease terms of similar properties, etc.
Property taxes	7,882	Recorded based on taxes and public dues-related materials.
Insurance premium	337	Recorded based on the level of similar properties.
Other expenses	503	Recorded based on neighborhood membership fees, internet usage fees, etc.
Net operating income (NOI)	82,324	—
Gain on management of income from lump-sum payment	81	Recorded by multiplying the amount in security deposits that can be received stably over the medium- to long-term with the investment yield.
Capital expenditures	110	Assessed based on the past fiscal year results, similar cases, building age and engineering reports.
Net cash flow (NCF)	82,295	—

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.

Capitalization rate	3.4%	Assessed by adding or subtracting spreads attributable to the location, building conditions and other conditions of the subject property, as well as taking into account uncertainties in the future and transaction yields related to similar properties.
Value of earnings calculated by discounted cash flow (DCF) method	2,410,000	—
Discount rate	3.2%	Assessed by taking into account investment yield of similar properties and the individuality of the subject property.
Terminal capitalization rate	3.5%	Assessed by taking into account transaction yield of similar properties, forecast of future investment yield, riskiness of the subject property as an investment target, general forecasts of future economic growth rates, trends in real estate prices and rents, etc.
Cost method value	2,400,000	—
Ratio of land	74.9%	—
Ratio of building	25.1%	—
Items considered upon determining appraisal value	—	

(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	5,021 yen/ m <sup>2</sup> (16,601 yen/tsubo)
Average rent unit price for lease agreements	5,528 yen/ m <sup>2</sup> (18,277 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 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.

## 11. Summary of the Appraisal Report for the Asset to be Disposed

### The Ritz-Carlton, Kyoto

Property name	The Ritz-Carlton, Kyoto
Appraisal value	22,295,000,000 Yen
Name of appraisal firm	Rich Appraisal Institute Co., Ltd.
Date of value	April 30, 2022

(Note) "Appraisal value" mentioned above represents the value corresponding to the 49% quasi-co-ownership interest held by SHR. However, for each indicated value in the table below, the indicated value is that of the total property.

(thousand yen)

Item	Details	Description, etc.
Income approach value	45,500,000	Assessed by linking the value based on the direct capitalization method with the value based on the DCF method.
Value based on direct capitalization method	46,500,000	—
Operating revenue	1,996,936	—
Gross potential income	1,996,936	Assessed by regarding fixed rent and floating rent, standard rent obtained stably in the medium- to long-term along with the consideration of the operating income and expenditure status, etc. of the hotel.
Vacancy loss, etc.	—	Not recorded due to contract content
Operating expenses	119,831	—

Maintenance and management fee	—	Not recorded due to contract content
Utilities expenses	—	Not recorded due to contract content
Repair expenses	3,564	Assessed based on engineering reports and similar cases.
Property management fee	1,200	Assessed based on the outsourcing contract
Tenant leasing cost, etc.	—	Not recorded due to contract content
Property taxes	108,333	Assessed based on the latest actual value and land value trends
Insurance premium	6,734	Recorded based on actual value
Other expenses	—	Not recorded in this case
Net operating income (NOI)	1,877,104	—
Gain on management of income from lump-sum payment	—	Not recorded due to contract content
Capital expenditures	23,580	Assessed based on engineering reports and similar cases.
FF&E	224,423	Assessed based on contract content and similar cases.
Net cash flow (NCF)	1,629,101	—
Capitalization rate	3.5%	Assessed by taking into account the location, individuality, market trends, etc. of the subject property.
Value of earnings calculated by discounted cash flow (DCF) method	45,000,000	—
Discount rate	3.2%	Assessed by taking into account the location, individuality, market trends, etc. of the subject property.
Terminal capitalization rate	3.6%	Assessed by incorporating future unpredictability, deterioration of the building after the expiration of the holding period, market trends, etc. based on the capitalization rate.
Cost method value	37,800,000	—
Ratio of land	84.3%	—
Ratio of building	15.7%	—
Items considered upon determining appraisal value	Based on the appropriateness of the profit value reflecting the value forming process of a typical user of the subject property, the appraised value is set at the value based on the income approach.	

(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.

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

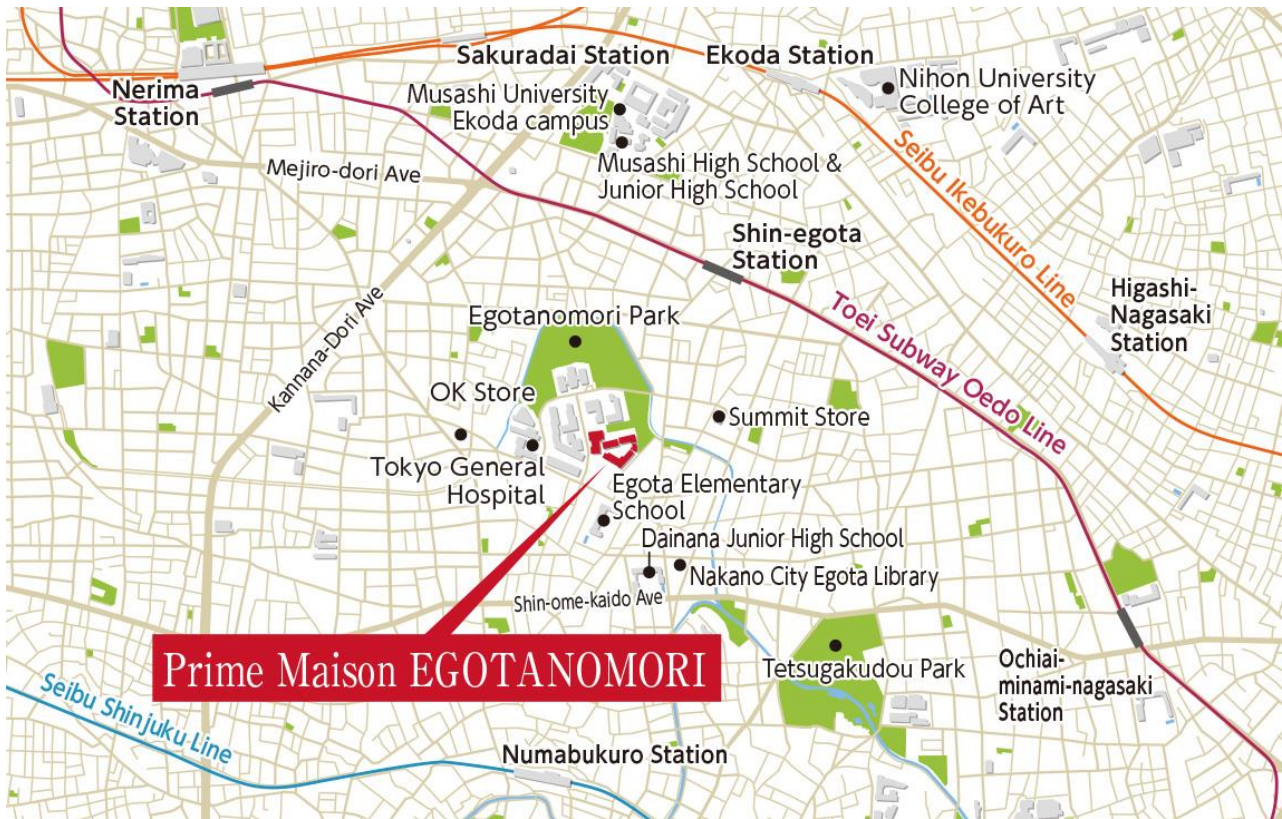
<Attachments>

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

Reference Material 2: Portfolio List after the Transaction



Reference Material 1: Property Photograph and Surrounding Area Map of the Assets to be Acquired  
 (1) Prime Maison EGOTANOMORI







(2) Prime Maison Waseda dori



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**Reference Material 2: Portfolio List after the Transaction**

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	0.4
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	0.3
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
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

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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-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	0.4
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	1.6
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	0.3
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	0.3
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
R-091	Sha Maison Stage 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	0.4

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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-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	0.8
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	1.4
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	0.5
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-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
R-123	Prime Maison EGOTANOMORI	Nakano-ku, Tokyo	August 2, 2022	10,500	1.9
R-124	Prime Maison Waseda dori	Shinjuku-ku, Tokyo	August 2, 2022	2,200	0.4
Residential properties (Residences) – subtotal				270,466	48.8
O-001	Garden City Shinagawa Gotenyama	Shinagawa-ku, Tokyo	December 3, 2014 May 24, 2016 May 24, 2017 June 10, 2019	71,950	13.0
O-002	Gotenyama SH Building	Shinagawa-ku, Tokyo	December 3, 2014	51,500	9.3
O-003	Hommachi Minami Garden City	Osaka-shi, Osaka	December 3, 2014 June 10, 2019	44,000	7.9
O-004	Hommachi Garden City (Office building portion)	Osaka-shi, Osaka	May 19, 2015	38,600	7.0
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	9.0
Office buildings – subtotal				266,800	48.1
H-001	Hommachi Garden City (Hotel portion)	Osaka-shi, Osaka	May 24, 2017	17,200	3.1
Hotels – subtotal				17,200	3.1
Commercial properties (office buildings and hotels) – subtotal				284,000	51.2

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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)
SHR's portfolio (residential properties and commercial properties) – total				554,466	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 amount described in each sale and purchase contract or the amount that has been determined as the price to be described in the sale and purchase price (excluding consumption tax, local consumption tax, commission and other various expenses; rounded down to the nearest million yen). However, the value of the assets under management succeeded from SHI as a result of the Investment Corporation Merger are based on the appraisal conducted by a real estate appraiser as of April 30, 2018, as the appraisal value acquired by SHR will be the accepted value per the purchase method of accounting with SHR as the acquirer and SHI as the acquiree. 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.