

July 28, 2022

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

 Representative: Atsuhiko Kida, Executive Director
 (Securities Code: 3309)

Asset Management Company

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Notice Concerning Acquisition of Asset (Equity Interest in an Anonymous Association)

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 the following asset (equity interest in an anonymous association) (hereinafter referred to as the “Asset Acquisition”) as described below.

1. Summary of the Asset Acquisition

Asset name	Underlying asset	Location	Planned investment price (Equity interest ratio)	Planned acquisition date
Equity interest in anonymous association Godo Kaisha Gemini1	Akasaka Garden City (Note)	Minato-ku, Tokyo	480 million yen (12.4%)	August 1, 2022

- a. Type of specified asset : Equity interest in an anonymous association with trust beneficiary interest in trust asset which is comprised of domestic real estate as the investment asset
- b. Sale and purchase contract date : July 28, 2022
- c. Brokerage : Not applicable
- d. Acquisition financing : Own funds
- e. Settlement method : Payment of entire amount on the planned acquisition date

(Note) “Underlying asset” refers to 34.55% quasi co-ownership interest of the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor underground through 4th floor above ground and 11th floor through 19th floor above ground of the “Akasaka Garden City” building (hereinafter referred to as the “Property”), as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (or approximately 66.3%)), and has not yet been acquired by SHR. The same applies hereinafter. Of the Property, SHR holds 65.45% quasi co-ownership interest of the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor underground through 4th floor above ground and 11th floor to 19th floor above ground as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (approximately 66.3%)), and the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 5th to 9th floor as well as the accompanying right of site (ratio of right of site) : 273,490/1,000,000 (approximately 27.3%), and 96.05% quasi co-ownership interest of the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in 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%)).

2. Reason for the Asset Acquisition

SHR conducts the Asset Acquisition based on the targets and policies of asset management stipulated in its Articles of Incorporation, with the aim of enhancing the “Office Building” portfolio in the medium- to long-term and securing external growth opportunities.

The real estate subject to the trust beneficiary interest, which will be the investment asset of the “equity interest

in anonymous association Godo Kaisha Gemini1” (the “Anonymous Association Equity”), is a part of “Akasaka Garden City” which SHR owns a portion of.

SHR is scheduled to acquire preferential negotiation rights regarding the acquisition of the trust beneficiary interests related to underlying asset by acquiring an investment stake in the Anonymous Association Equity. SHR believes that enhancing the “Office Building” portfolio by acquiring an environmentally-friendly large-scale office building in the future and securing growth potential through external growth will contribute to strengthening the earnings base from a medium-to long-term perspective. Such preferential negotiation rights will be held by SHR as a right and SHR will not be obligated to acquire the underlying asset (however, acquisition by SHR is not guaranteed.). In addition, by acquiring the Anonymous Association Equity, SHR expects to receive dividend income distributed from profits generated by the real estate property-related operating income of the underlying asset.

The characteristics of the Property that were focused on when deciding to acquire the investment stake in the Anonymous Association Equity are as follows.

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

The “Akasaka” area where the Property is located 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 2,800mm and the raised floor of 100mm, 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, the 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 roller blinds.

For Akasaka Garden City (part of the owned portion of SHR and the portion of the underlying asset as well), it has received the “S Rank” rating, which is the highest ranking of the four-tier rating of Certification for CASBEE for Real Estate (Note). 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 tenants, for whom continuous supply of electricity is necessary, with spaces for generators (maximum: 500 kVA) for providing power in case of disaster.

(Note) “Certification for CASBEE for Real Estate” is developed with the aim of utilizing the results of environmental evaluation of buildings in CASBEE (Comprehensive Assessment System for Built Environment Efficiency/ “Comprehensive Assessment System for Building Environmental Performance” for real estate evaluation. It is scored in five evaluation categories: “1. Energy/Global Warming Gas”, “2.

Water", "3. Resource Use/Safety", "4. Biodiversity/Site" and "5. Indoor Environment". It is then graded "S Rank", "A Rank", "B+ Rank" or "B Rank". CASBEE is also a comprehensive assessment of building qualities, including consideration for indoor comfort and landscape, as well as environmental considerations, such as energy conservation and the use of materials and equipment with low environmental impact.

3. Description of the Anonymous Association Equity

(1) Summary of the anonymous association to be invested in

Business operator name	Godo Kaisha Gemini1		
Planned acquisition date	August 1, 2022		
Type of specified asset	Anonymous association investment		
Effective period of anonymous association agreement	From July 28, 2022 to May 6, 2027		
Total amount of investments in anonymous association, etc.	3,880 million yen		
Planned investment price	480 million yen (Equity interest ratio 12.4%)		
Summary of the anonymous association agreement	<ul style="list-style-type: none"> Summary of the anonymous association investment 		
	Godo Kaisha Gemini1		
	Trust beneficiary interest in real estate, etc. 17,923 million yen	Non-recourse loans (Senior loan)	11,500 million yen
		Non-recourse loans (Mezzanine loan)	2,100 million yen
		Non-recourse loans (Other loan)	443 million yen
		Anonymous association investment, etc.	3,880 million yen
	(Note 1)	Trust beneficiary interest in real estate, etc. include expenses for obtaining trust beneficiary interest related to the underlying asset, and costs for establishing the anonymous association, etc. The real estate appraisal value (as of July 1, 2022) is 17,000 million yen.	
	(Note 2)	Of the Anonymous association investment, etc., SHR plans to invest 480 million yen (12.4%).	
	(Note 3)	Mitsubishi UFJ Trust and Banking Corporation is scheduled to become the asset manager of the Godo Kaisha Gemini1.	
	<ul style="list-style-type: none"> Calculation period 		
<p>The three-month period will be from February 1 to the end of April, from May 1 to the end of July, from August 1 to the end of October, and from November 1 to the end of January in the following year.</p> <p>However, the first calculation period will be from July 28, 2022 to the end of October, 2022.</p>			
<ul style="list-style-type: none"> Distribution of profits and losses 			
<p>In the event any profit arises in each calculation period, the business operator will distribute it to the investors in accordance with the investment ratio on the end of each calculation period. In addition, in the event any loss occurs during each calculation period, the business operator will, up to the amount of the loss, distribute such loss to the investors in accordance with the investment ratio on the end of each</p>			

	calculation period. However, in the event that the cumulative amount of losses to be distributed to equity investors exceeds the total amount of equity investment, the entire portion in excess will be distributed to the business operator.
Summary of preferential negotiating rights	<ul style="list-style-type: none"> • Description of rights The right to negotiate preferential purchase in the trust beneficiary interest related to the underlying asset to be acquired by the business operator on August 2, 2022, by the end of February 2027. • Purchase price A reasonable amount with a base price of 16,300 million yen agreed upon by Godo Kaisha Gemini1 and SHR.

(2) Summary of the underlying asset

Property name	Akasaka Garden City	
Type of specified asset	34.55% of quasi co-ownership interest in real estate trust beneficiary interest	
Trustee	Sumitomo Mitsui Trust Bank, Limited	
Period of trust contract	From July 28, 2006 to June 30, 2029	
Appraisal value (Date of value)	17,000 million yen (July 1, 2022) (Note 1)	
Appraiser	Tanizawa General Appraisal Institute, Inc.	
Location	4-15-1, Akasaka, Minato-ku, Tokyo	
Land	Lot	4-1500-1 Akasaka, Minato-ku, Tokyo
	Site area	6,888.97 m ² (Note 2)
	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)
Building	Use	Office, Retail
	Construction completion	January 2006
	Structure/Floors	S, SRC, RC / B2F / 19F (Note 2)
	Total floor area	46,776.76 m ² (Note 2)
	Type of ownership	Compartmentalized ownership interest
Collateral	A pledge will be established with the lender of the non-recourse loan to Godo Kaisha Gemini1, the business operator, as the pledgee.	
Status of leasing and management		
Leasable area	6,584.17 m ² (Note 3)	
Leased area	5,778.81 m ² (Note 3)	
Occupancy rate	87.8%	
Number of tenants	1 (17)	
Monthly rent	52,519 thousand yen (Note 1)	
Leasehold and security deposits	479,025 thousand yen (Note 1)	
Property management company	Kenedix Property Design, Inc. (planned) (Note 4)	
Master lease company	Sekisui House, Ltd. (planned)	
Master lease type	Pass-through type (planned)	
Contract period	From August 2, 2022 to June 30, 2029 (planned)	

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Outline of building engineering report (Note 5)		
Building replacement cost	5,287 million yen	
Repair expense	Emergency repair	—
	Short-term repair	—
	Long-term repair	23,801 thousand yen
Investigator	Japan Constructive Inspect Association, Inc.	

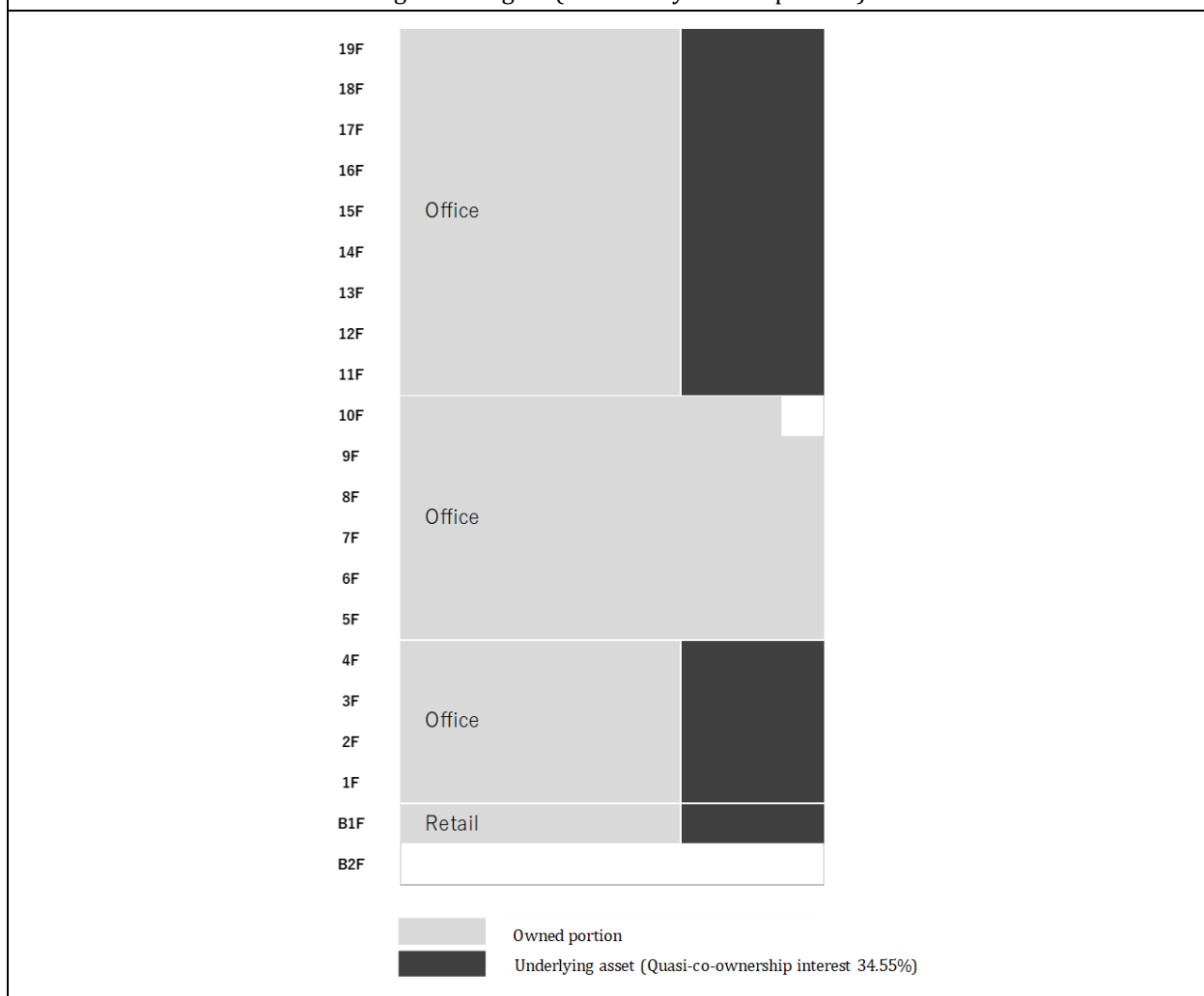
Outline of earthquake PML appraisal	
PML value	2.3%
Investigator	Japan Constructive Inspect Association, Inc.

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	
<p>• Along with the disposition of the trust beneficiary interest of the underlying asset from Sekisui House, Ltd. (“Sekisui House”) to Godo Kaisha Gemini1, the contractual status and rights and obligations of Sekisui House under the quasi co-owners agreement between Sekisui House, SHR, and Sumitomo Mitsui Trust Bank, Limited will be assumed by Godo Kaisha Gemini1 (collectively referred to as the “Agreement” in this section). Preferential negotiating rights will be agreed upon between the two parties. The outline of the Agreement is as follows.</p> <p>a. In the event that Godo Kaisha Gemini1 or SHR seeks to dispose of 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 for in the Agreement, Godo Kaisha Gemini1 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 Godo Kaisha Gemini1 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> <p>d. In the event that Godo Kaisha Gemini1 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.</p> <p>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 the Property need mutual agreement between SHR and Godo Kaisha Gemini1.</p> <p>f. In the event that co-ownership interest in the 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.</p>	

- Part of the underlying asset is leased by the Asset Managing Company under the Periodic Building Lease Agreement under Article 38 of the Leased Land and Rented House Act (Act No. 90, 1991, including subsequent amendments)(Lease Term: February 1, 2021 to January 31, 2024).

Diagram of rights (exclusively-owned portion)



- (Note 1) "Appraisal value," "Monthly rent," and "Leasehold and security deposits" are figures corresponding to a 34.55% quasi co-ownership interest in the real estate trust beneficiary interest that is the underlying asset.
- (Note 2) "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 3) "Leasable area" is the leasable area of each exclusively-owned portion of sectional ownership subject to quasi co-ownership of real estate trust beneficiary rights that is the underlying asset multiplied by 34.55% which is the quasi co-ownership ratio of real estate trust beneficiary rights that are trust-subject real estate, multiplied by 34.55%, which is the quasi-co-ownership ratio of real estate trust beneficiary rights that is the underlying asset, rounded to the nearest second decimal place.
 "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., multiplied by 34.55% of the quasi co-ownership ratio of the beneficial interest in the real estate trust that is the Underlying asset, rounded to the nearest second decimal place. Leasable area of the entire compartmentalized ownership interest is 19,056.98 m² and leased area is 16,725.98 m².
- (Note 4) Kenedix Property Management, Inc. merged with Space Design, Inc. and changed its name to Kenedix Property Design, Inc. on July 1, 2021.
- (Note 5) Figures in each column of the "Outline of building engineering report" are based on the figures for the entire building and correspond to a 34.55% quasi co-ownership interest in real estate trust beneficiary interest, which is the underlying asset.

[Explanation of “3. Description of the Anonymous Association Equity - (2) Summary of the underlying asset”]

- (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 Godo Kaisha Gemini1 has 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 Godo Kaisha Gemini1 (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 June 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 June 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 as of the end of June 2022. As for the underlying asset, 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” refers to the monthly rent (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 June 2022, rounded down to the nearest thousand yen respectively. Furthermore, in such lease agreements, if there is a stipulation for the sales percentage rent in which the amount of the rent is linked to sales, the average monthly rent for each month in the past year (from July 2021 to June 2022) is used.
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” is the amount of the deposit and security deposit shown in each lease agreement with end tenants effective as of the end of June 2022. Leasehold and security deposits shall be rounded down to the nearest thousand yen, respectively.
- (20) “Property management company” refers to the company that plans to entrust property management operations after the acquisition of Godo Kaisha Gemini1 for the underlying asset.
- (21) “Master lease company” refers to the company that plans to conclude a master lease agreement with the trustee after the acquisition of Godo Kaisha Gemini1 for the underlying asset and become the master lease company. 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 will become valid after the acquisition of Godo Kaisha Gemini1 for the underlying asset. “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 the lease agreement which will become valid after the acquisition of Godo Kaisha Gemini1 for the underlying asset.
- (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 building engineering report stating PML calculated by Japan Constructive Inspect Association, Inc. 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 loss amount (loss amount equivalent to 475 years of reproduction) with an excess probability of 10% over the assumed expected use period (50 years=general use period of the building) is expressed as a percentage of 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., and the matters considered important in consideration of the degree of impact on the valuation, profitability and liquidity including the following matters.
- a. Key limitations or restrictions by laws and regulations
 - b. Key burdens or limitations pertaining to rights, etc. (including establishment of security interest)
 - c. Key structures, etc. crossing the boundary between the real estate or real estate in trust and the adjacent land or issues with boundary confirmation, etc., as well as agreements, etc. thereof, if any
 - d. Key matters agreed upon or agreements, etc. with co-owners or compartmentalized ownership holders

4. Summary of the Business Operator of the Investment in Anonymous Association

Name	Godo Kaisha Gemini1
Location	4-2-10 Hacchobori, Chuo-ku, Tokyo, within AOJ Tax Accountant
Title and name of Representative	Representative member General Incorporated Association Gemini1 Person to execute duties Takahito Idesawa
Line of business	1. Acquisition, holding and disposal of real estate 2. Real estate leasing and management 3. Acquisition, holding and disposal of trust beneficial interests 4. Other business incidental to or related to the business listed in the preceding items
Capital	100,000 yen
Date of establishment	June 2022
Investor	General Incorporated Association Gemini1
Relationship between SHR and SHAM and the company concerned	
Capital relationship	There is no noteworthy capital relationship.
Personal relationship	There is no noteworthy personal relationship.
Business relationship	There is no noteworthy business relationship.
Applicable status to related parties	It does not fall under any of the related parties of SHR or SHAM.

5. Future Outlook

The impact of the Asset Acquisition on the results of SHR is immaterial, and there is no change in the forecast of the status of operations for the fiscal period ending October 31, 2022 (May 1, 2022 to October 31, 2022) and April 30, 2023 (November 1, 2022 to April 30, 2023) announced by SHR in its "Financial Report for the Fiscal Period Ended April 30, 2022" dated June 15, 2022.

6. Summary of the Appraisal Report of the Underlying Asset

Property name	Akasaka Garden City
Appraisal value	17,000,000,000 yen
Name of appraisal firm	Tanizawa General Appraisal Institute, Inc.
Date of value	July, 1 2022

(Thousand yen)

Item	Details	Description, etc.
Income approach value	17,000,000	Determined that the value indicated by the DCF method, which derives the value by explicitly indicating future changes in net income, is more explanatory and persuasive, and calculated by verifying the value indicated by the direct capitalization method using the value indicated by the DCF method as the standard.
Value based on direct capitalization method	17,600,000	-
Operating revenue	1,965,347	-
Gross potential income	2,068,773	Assessed as standard and stable rental income, common service fee income, parking lot income, etc.
Vacancy loss, etc.	103,425	Assessed based on medium- to long-term leveled vacancy rates and car parking availability rates.
Operation expenses	474,722	-
Maintenance and management fee	168,311	Assessed based on income and expenditure results, union management agreements, etc.
Utility expenses	83,469	Assessed based on income and expenditure results.
Repair expenses	22,965	Assessed based on engineering reports and similar cases.
Property management fee	24,617	Assessed based on outsourcing agreements, etc. (excluding advertising costs).
Tenant leasing cost, etc.	17,258	Based on the competitiveness of the target real estate and the level of similar real estate, etc., the assessment is based on the replacement rate recognized as a stable level.
Property taxes	154,492	Recorded based on fiscal year 2022 taxation data.
Insurance premium	1,053	Recorded based on insurance materials.
Other expenses	2,554	Assessed based on income and expenditure results.
Net operating income (NOI)	1,490,624	-
Gain on management of income from lump-sum payment	15,797	Assessed investment yield of 1.0% and recorded investment income.
Capital expenditures	30,724	Assessed based on engineering reports, similar cases, and management policies.
Net cash flow (NCF)	1,475,698	-
Capitalization rate	2.9%	Conduct a comparative study with multiple transaction yields in neighboring areas or similar areas within the same supply and demand area, and after comprehensively considering the marketability of the target real estate and trends in the real estate investment market, etc., pay attention to the relationship with the discount rate, and made an assessment.
Value of earnings calculated by discounted cash flow (DCF)	16,800,000	-

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method			
Discount rate	3.0%	Assessed the base yield of the office by the accumulation method based on the yield of financial products, etc., and assess by adding individual risks related to the target real estate to the base yield.	
Terminal capitalization rate	3.1%	Assessed based on return yield and taking into account uncertainty about future forecasts.	
Cost method value	10,500,000	-	
Ratio of land	73.9%	-	
Ratio of building	26.1%	-	

Items considered upon determining appraisal value	The appraisal value (equivalent to 34.55% of quasi co-ownership interest) is determined at income approach value based on cost method value, which appropriately reflects the investor's profitability, considering the process and purpose of the price formation with an emphasis on the profitability of the subject property of the market participant (the user) and the type of the property as a "building owned by division (tenant-occupied building) and its site."
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(Note 1) 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.

(Note 2) "Appraisal value", "Income approach value", "Value based on direct capitalization method", "Value of earnings calculated by discounted cash flow (DCF) method", and "Cost method value" represent amounts corresponding to 34.55% quasi co-ownership interest of the real estate trust beneficiary interest related to the underlying assets. In addition, each figure necessary to calculate "Net Income (NCF)" is the amount corresponding to all of the real estate trust beneficiary interests related to the underlying assets.

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

Average rent unit price for the appraisal price	8,708yen/ m ² (28,790yen/tsubo)
Average rent unit price for lease agreements	9,088yen/ m ² (30,040yen/tsubo)

(Note 1) "Average rent unit price related to appraisal" is the average rent unit price based on "rent revenue from rental rooms with common area charges" in the direct capitalization method described in the appraisal report.

(Note 2) "Average rent unit price related to lease contracts" is the average rent unit price based on the monthly rent in "3. Description of the Anonymous Association Equity - (2) Summary of the underlying asset" above.

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

<Attachments>

Reference Material: Photograph of the Property and Map of the Surrounding Area of the Property

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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.