

December 21, 2023

Real Estate Investment Trust Securities Issuer

Sekisui House Reit, Inc.

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(Securities Code: 3309)

Asset Management Company

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**Notice Concerning Acquisition of Trust Beneficiary Interest in Domestic Real Estate**  
**(Shinjuku Hirose Building and Three Other Properties)**

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 assets (hereinafter referred to as the “Asset Acquisition”) as described below.

**1. Summary of the Asset Acquisition**

Property name (Note 1)	Type of use	Location	(Planned) acquisition price (Note 2)	(Planned) acquisition date	Seller
Shinjuku Hirose Building	Office building	Shinjuku-ku, Tokyo	5,000 million yen	December 21, 2023	G10 Japan 4 TMK
Esty Maison Omori	Residence	Ota-ku, Tokyo	3,600 million yen	March 1, 2024	TOKYO NISSHO ESTEM CO.,Ltd.
Esty Maison Monzennakacho		Koto-ku, Tokyo	1,570 million yen		
Esty Maison Akabane II		Kita-ku, Tokyo	980 million yen		
Total (planned) acquisition price			11,150 million yen	—	—

- a. Type of specified asset : Trust beneficiary interests in trust assets which are comprised of domestic real estate
- b. Contract date : December 21, 2023
- c. Brokerage : Not applicable for Shinjuku Hirose Building  
Applicable for Esty Maison Omori, Esty Maison Monzennakacho, Esty Maison Akabane II (Note 3)
- d. Acquisition financing : Own funds and borrowings
- e. Settlement method : Payment of entire amount at time of delivery

(Note 1) The names of the properties “Esty Maison Omori”, “Esty Maison Monzennakacho” and “Esty Maison Akabane II” are “Estem Plaza Tokyo Omori”, “Estem Court Monzennakacho” and “Estem Court Akabane” respectively as of today, but after the acquisition of the properties by SHR, the brand name of the properties are scheduled to be changed to “Esty Maison”. Therefore, the name of the properties after the change is mentioned above. The same applies hereinafter.

(Note 2) “(Planned) acquisition price” is the sale and purchase price stated in the trust beneficiary interest transfer agreements concluded between SHR and the sellers (excluding consumption tax, local consumption tax, commission for sales, and other various expenses; rounded down to the nearest million yen). The same applies hereinafter.

(Note 3) The broker has no capital, personal and/or business relationship with SHR or SHAM that needs to be specified and does not fall within the definition of interested persons of SHR and SHAM.

## 2. Reason for the Asset Acquisition

Based on the targets and policies of asset management stipulated in the Articles of Incorporation of SHR, the assets to be acquired (“(Planned) Assets to be Acquired”) will be acquired with the aim of enhancing the office building portfolio and residence portfolio and further strengthening the earnings base.

Among the (Planned) Assets to be Acquired, the office building “Shinjuku Hirose Building” is a medium-sized office building located in Shinjuku-ku, Tokyo. As of the end of October 2023, the building is 38.4 years old and 91.1% of the total leasable area is leased to one major tenant. Although there is a risk of tenant concentration, the fact that the office building is located on the corner of Gaiennishi Avenue and Shinjuku Avenue and has high visibility as it faces the main street and transportation is convenient as it is approximately a five-minute walk from the nearest station, it is believed that re-tenanting is possible.

In addition, the three residential properties, “Esty Maison Omori”, “Esty Maison Monzennakacho” and “Esty Maison Akabane II” are rental condominiums centered on single-type apartments located in Tokyo 23 wards. As of the end of October 2023, the properties are under construction or unoccupied properties. However, leasing activities will begin promptly after today, and SHR aims to achieve early profitability by promoting occupancy in the spring of 2024, which is known as the busy season for the domestic rental housing market.

The characteristics of the (Planned) Assets to be Acquired that were focused on when deciding to acquire each property are as follows.

### (1) Shinjuku Hirose Building

#### a. Location characteristics

The property is a medium-sized office building with high visibility as it is located on the corner of Gaiennishi Avenue and Shinjuku Avenue. Approximately a five-minute walk from Yotsuya-sanchome Station on the Tokyo Metro Marunouchi Line, approximately a seven-minute walk from Shinjuku-gyoemmae Station and approximately a 13-minute walk from Akebonobashi Station on the Toei Shinjuku Line, and Sendagaya Station on the JR Chuo Line and JR Sobu Line, the property location provides transportation convenience with access to multiple routes.

The Shinjuku area is one of Tokyo’s leading business districts, with several corporate headquarters and the Tokyo Metropolitan Government Office, and the area surrounding the property is also lined with high-rise office buildings and residences. There is a post office, multiple convenience stores and restaurants in the surrounding vicinity, creating a comfortable working environment for office workers.

#### b. Property characteristics

The property is comprised of 10 floors above ground with a convenience store located on the first floor. Natural stone material is used for the entrance, with a solar power generator installed on the rooftop, in addition to LED lighting installed in some areas of the facility, making it an environmentally friendly property. Due to its excellent location, building size and equipment specifications, rental demand is expected to be primarily from medium-sized and small businesses.

### (2) Esty Maison Omori

#### a. Location characteristics

The property is located approximately a five-minute walk from Omori Station on the JR Keihin-Tohoku Line and approximately a nine-minute walk from Omorikaigan Station on the Keikyū Main Line, with favorable access to Shinagawa and Shibuya. In addition, the Omori area, where the property is located, is rich in commercial facilities such as shopping streets, large complex buildings and supermarkets, making it a convenient location for residing in. Furthermore, there are several leisure facilities such as parks and an aquarium, and communal facilities such as libraries and hospitals, making this location an ideal environment for living.

b. Property characteristics

The property will be a condominium with 14 floors above ground which consists of 93 units and 1DK, 1LDK and 2LDK rooms. The property will have an elegant feel, with abundant plants and lighting, in addition to an open entrance hall with a two-story atrium. The facilities will be equipped with auto-lock, security camera, intercom with monitor, bathroom ventilation heating and dryers, delivery boxes and a sky deck, etc., in addition to free internet and Wi-Fi. A wide range of demand is expected, including singles, DINKS and families with children who value safety and convenience.

(3) Esty Maison Monzennakacho

a. Location characteristics

The property is located approximately an eight-minute walk from Monzen-nakacho Station and Kiba Station on the Tokyo Metro Tozai Line, and approximately a 10-minute walk from Monzen-nakacho Station on the Toei Subway Oedo Line and has convenient access to major metropolitan stations such as Tokyo Station and Otemachi Station. The Monzennakacho area is known as a traditional town with a downtown atmosphere centered around Tomioka Hachimangu Shrine and Fukagawa Fudo-do Temple and is also the home of great figures such as Mastuo Basho and Ino Tadataka.

Nearby is Fukagawa Gatharia, a commercial facility with a large supermarket, movie theater and restaurants, as well as Kiba Park which is known as a vast metropolitan park. The property is located in a residential area outside of the commercial area, providing convenience and comfort.

b. Property characteristics

The property is a condominium with 12 floors above ground and 44 units in total, comprised of 1DK rooms all facing east. It also has a modern exterior that blends in with the calm surrounding landscape. As for equipment, the living rooms are equipped with a wireless LAN ceiling light with built-in Bluetooth speakers that allows tenants to remotely control the air conditioner and lighting from the outside, creating a smart home. Additionally, the property is equipped with auto-lock, security camera, intercom with monitor, bathroom ventilation heating and dryers and delivery boxes, etc., and demand is expected from singles who value convenience.

(4) Esty Maison Akabane II

a. Location characteristics

The property is located approximately a four-minute walk from Akabane-Iwabuchi Station on the Tokyo Metro Namboku Line, and approximately a five-minute walk from Akabane Station on the JR Keihin-Tohoku Line and the Saikyo Line, etc., and has convenient access to the city center such as Ikebukuro Station, Shinjuku Station and Tokyo Station.

The Akabane area, where the property is located, is home to multiple shops, including the Akabane Ichibangai Shopping District lined with several restaurants and the LaLa Garden Akabane Suzuran Shopping Street. In addition, there are plenty of large commercial facilities by the west exit of Akabane Station. Nearby are convenient facilities such as a supermarket, post office, hospital and parks, providing an ideal living environment.

b. Property characteristics

The property is a condominium with 11 floors above ground and 30 units in total, comprised of 1K and 1DK rooms. It is characterized by a stately exterior with a light gray color scheme. As for equipment, the facilities include auto-lock, security camera, intercom with monitor, bathroom ventilation heating and dryers, delivery boxes and a wireless LAN ceiling light with built-in Bluetooth speakers. Demand is expected from singles and students who want to experience advanced facilities and convenience of a smart home.

**3. Description of the (Planned) Assets to be Acquired**
**(1) Shinjuku Hirose Building**

Overview of specified asset		
Property name	Shinjuku Hirose Building	
Acquisition date	December 21, 2023	
Type of specified asset	Trust beneficiary interest	
Trustee	Mitsubishi UFJ Trust and Banking Corporation	
Period of trust contract	From July 1, 2022 to the end of December 2033	
Acquisition price	5,000 million yen	
Appraisal value (Date of value)	5,120 million yen (December 1, 2023)	
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.	
Location	4-7-1 Yotsuya, Shinjuku-ku, Tokyo	
Land	Lot	4-7-1 Yotsuya, Shinjuku-ku, Tokyo and six other lots
	Site area	589.84 m <sup>2</sup>
	Use district	Commercial district
	Building coverage ratio	80%
	Floor area ratio	700%
	Type of ownership	Ownership
Building	Use	Office
	Construction completion	June 1985
	Structure / Floors	SRC/10F
	Total floor area	3,602.38 m <sup>2</sup>
	Type of ownership	Ownership
Collateral	None	

Status of leasing and management	
Leasable area	3,120.48 m <sup>2</sup>
Leased area	3,120.48 m <sup>2</sup>
Occupancy rate	100.0% (as of the end of October 2023)
Number of tenants	3
Monthly rent	17,086 thousand yen
Leasehold and security deposits	146,896 thousand yen
Property management company	BEST・PROPERTY CORPORATION
Master lease company	—
Master lease type	—
Contract period	—

Outline of building engineering report		
Building replacement cost	1,381 million yen	
Repair expense	Emergency repair	1,110 thousand yen
	Short-term repair	—
	Long-term repair	8,310 thousand yen
Investigator	ERI SOLUTION CO.,LTD.	

Outline of earthquake PML appraisal	
PML value	6.3%

Investigator	Sompo Risk Management Inc.
Building designer, constructor, building inspector	
Building designer	SANWATATEMONO Co., Ltd.
Structure designer	SANWATATEMONO Co., Ltd.
Constructor	SANWATATEMONO Co., Ltd.
Building inspector	Shinjuku ward chief architect
Matters of special note	
Boundary confirmation documents have not been concluded with all co-owners of the adjacent land to the south. In addition, there are some corrections under the Building Standards Act, however, it has been agreed that these will be corrected at the seller's responsibility and expense.	

**(2) Esty Maison Omori**

Overview of specified asset		
Property name	Esty Maison Omori	
Planned acquisition date	March 1, 2024	
Type of specified asset	Trust beneficiary interest (planned)	
Trustee	To be determined (Note)	
Period of trust contract	To be determined (Note)	
Planned acquisition price	3,600 million yen	
Appraisal value (Date of value)	4,000 million yen (December 1, 2023)	
Appraiser	Chuo Real Estate Appraisal Co., Ltd.	
Location	1-15-5 Omorikita, Ota-ku, Tokyo	
Land	Lot	1-15-5 Omorikita, Ota-ku, Tokyo
	Site area	533.98 m <sup>2</sup>
	Use district	Commercial district
	Building coverage ratio	80%
	Floor area ratio	500%
	Type of ownership	Ownership
Building	Use	Apartment complex
	Construction completion	January 2024 (planned)
	Structure / Floors	RC/14F
	Total floor area	2,995.45 m <sup>2</sup>
	Type of ownership	Ownership
Collateral	None	

Status of leasing and management	
Leasable area	2,457.68 m <sup>2</sup> (Leasable units: 93 units)
Leased area	— (Under construction)
Occupancy rate	—
Number of tenants	—
Monthly rent	—
Leasehold and security deposits	—
Property management company	To be determined (Note)
Master lease company	To be determined (Note)
Master lease type	To be determined (Note)
Contract period	To be determined (Note)

Outline of building engineering report		
Building replacement cost	846 million yen	
Repair expense	Emergency repair	—
	Short-term repair	—
	Long-term repair	530 thousand yen
Investigator	ERI SOLUTION CO.,LTD.	

Outline of earthquake PML appraisal	
PML value	4.6%
Investigator	Sompo Risk Management Inc.
Building designer, constructor, building inspector	
Building designer	Nikki Sekkei Co., Ltd.
Structure designer	Beams Design Consultant Co.,Ltd.
Constructor	IKEDA CONSTRUCTION Co., Ltd.
Building inspector	URABAN HOUSING EVALUATION CENTER
Matters of special note	
None	

**(3) Esty Maison Monzennakacho**

Overview of specified asset		
Property name	Esty Maison Monzennakacho	
Planned acquisition date	March 1, 2024	
Type of specified asset	Trust beneficiary interest (planned)	
Trustee	To be determined (Note)	
Period of trust contract	To be determined (Note)	
Planned acquisition price	1,570 million yen	
Appraisal value (Date of value)	1,730 million yen (December 1, 2023)	
Appraiser	Chuo Real Estate Appraisal Co., Ltd.	
Location	2-9-9 Tomioka, Koto-ku, Tokyo	
Land	Lot	2-23-6 Tomioka, Koto-ku, Tokyo
	Site area	299.49 m <sup>2</sup>
	Use district	Neighborhood commercial district
	Building coverage ratio	80%
	Floor area ratio	400%
	Type of ownership	Ownership
Building	Use	Apartment complex
	Construction completion	January 2023
	Structure / Floors	RC/12F
	Total floor area	1,312.88 m <sup>2</sup>
	Type of ownership	Ownership
Collateral	None	

Status of leasing and management	
Leasable area	1,121.12 m <sup>2</sup> (Leasable units: 44 units)
Leased area	— (Unoccupied)

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Occupancy rate	—
Number of tenants	—
Monthly rent	—
Leasehold and security deposits	—
Property management company	To be determined (Note)
Master lease company	To be determined (Note)
Master lease type	To be determined (Note)
Contract period	To be determined (Note)

Outline of building engineering report		
Building replacement cost	429 million yen	
Repair expense	Emergency repair	—
	Short-term repair	—
	Long-term repair	520 thousand yen
Investigator	ERI SOLUTION CO.,LTD.	

Outline of earthquake PML appraisal	
PML value	7.4%
Investigator	Sompo Risk Management Inc.
Building designer, constructor, building inspector	
Building designer	Nikki Sekkei Co., Ltd.
Structure designer	ENA Design Consultant Inc.
Constructor	SANKYOKENSETU Inc.
Building inspector	JCIA
Matters of special note	
None	

**(4) Esty Maison Akabane II**

Overview of specified asset		
Property name	Esty Maison Akabane II	
Planned acquisition date	March 1, 2024	
Type of specified asset	Trust beneficiary interest (planned)	
Trustee	To be determined (Note)	
Period of trust contract	To be determined (Note)	
Planned acquisition price	980 million yen	
Appraisal value (Date of value)	1,130 million yen (December 1, 2023)	
Appraiser	Chuo Real Estate Appraisal Co., Ltd.	
Location	1-28-8 Akabane, Kita-ku, Tokyo	
Land	Lot	1-28-3 Akabane, Kita-ku, Tokyo
	Site area	231.35 m <sup>2</sup>
	Use district	Commercial district
	Building coverage ratio	80%
	Floor area ratio	500%
	Type of ownership	Ownership
Building	Use	Apartment complex
	Construction completion	April 2023

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	Structure / Floors	RC/11F
	Total floor area	892.54 m <sup>2</sup>
	Type of ownership	Ownership
Collateral		None

Status of leasing and management	
Leasable area	757.80 m <sup>2</sup> (Leasable units: 30 units)
Leased area	— (Unoccupied)
Occupancy rate	—
Number of tenants	—
Monthly rent	—
Leasehold and security deposits	—
Property management company	To be determined (Note)
Master lease company	To be determined (Note)
Master lease type	To be determined (Note)
Contract period	To be determined (Note)

Outline of building engineering report		
Building replacement cost	300 million yen	
Repair expense	Emergency repair	60 thousand yen
	Short-term repair	—
	Long-term repair	480 thousand yen
Investigator	ERI SOLUTION CO.,LTD.	

Outline of earthquake PML appraisal	
PML value	5.3%
Investigator	Sompo Risk Management Inc.
Building designer, constructor, building inspector	
Building designer	City Life Co., Ltd.
Structure designer	Space Design Solution Inc.
Constructor	Kyoeigumi Inc.
Building inspector	J Architecture Inspection Center
Matters of special note	
None	

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

- (1) “Appraisal value (Date of value)” is the appraisal value or the survey value along with the date of valuation prepared by the appraisal agency or price survey research agency that SHR and SHAM have entrusted with the appraisal or survey of the investment real estate, where the appraisal value or survey value is rounded down to the nearest million yen. In addition, the survey report is based on the Act on Real Estate Appraisal (Act No. 152 of 1963) and the “Guidelines Concerning Determination of the Purpose and Scope of Business when Real Estate Appraisers Conduct Price Surveys Relating to Real Estate and Statements on Results Report” stipulated by the Ministry of Land, Infrastructure, Transport and Tourism, thus was issued as a price survey that does not conform to real estate appraisal standards.
- (2) “Location” is the indication of the 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" indicates the main type of property 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 each lease agreement or building drawings, etc., effective as of the end of October 2023.
- (15) "Leased area" is the sum of the leased area indicated in each lease agreement or the leased area based on building drawings, etc., effective as of the end of October 2023.
- (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 each lease agreement effective as of the end of October 2023 or the contents of each new lease agreement scheduled to be concluded at the time of acquisition. Please refer to (21) below for the definition of "master lease company" and "master lease agreement".
- (18) "Monthly rent" refers to the monthly rent as indicated in each lease agreement effective as of the end of October 2023 (excluding usage fee for parking, warehouses, signboards, etc. but including common area fees. Consumption tax and local consumption tax are not included. The same applies hereinafter. Additionally, even if there is a provision for free rent or rent holiday in the said each lease agreement, the free rent and rent holiday as of the same day will not be considered.), rounded down to the nearest thousand yen respectively. Furthermore, the term "Free rent" is an agreement which sets up a free or fairly low rent for a certain period (mainly at the time of moving in), and "Rent holiday" is an agreement which sets up a free or fairly low rent regularly or irregularly, for a certain period during the rental period. The same applies hereinafter.
- (19) "Leasehold and security deposits" is the total amount of the leasehold and security deposits as indicated in each lease agreement effective as of the end of October 2023 (excluding leasehold of parking), and is rounded down to the nearest thousand yen.
- (20) "Property management company" refers to the company that is (planned to be) entrusted with property management operations after the acquisition of the (Planned) Assets to be Acquired by SHR.
- (21) "Master lease company" refers to the company that has or plans to conclude a master lease agreement with the trustee after the acquisition of the (Planned) Assets to be Acquired by SHR and become the master lease company. Furthermore, "master lease agreement" is a lease agreement of a building concluded in bulk for 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 the (Planned) Assets to be Acquired by SHR. "Fixed-rent type" is a master lease in which the rent that the master lessee pays are 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 pay 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 (which will become) valid after the acquisition of the (Planned) Assets to be Acquired by SHR.
- (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 earthquake PML appraisal report calculated by Sompo Risk Management Inc. for the (Planned) Assets to be Acquired or the building engineering report stating PML calculated by Sompo Risk Management 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 lifespan 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. of the (Planned) Assets to be Acquired, and the matters considered important in consideration of the degree of impact on the valuation, profitability and liquidity of the (Planned) 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) The items marked "to be determined" will be announced once determined.

#### 4. Profile of Seller

##### (1) Shinjuku Hirose Building

Name	G10 Japan 4 TMK
Address	3-22-10-201 Toranomom, Minato-ku, Tokyo
Representative	Takeshi Nakamura, Director
Business activities	<ul style="list-style-type: none"> <li>• Operations related to the acquisition of specified assets and its management and disposal in accordance with the asset liquidation plan based on the Act on the Securitization of Assets</li> <li>• Any other work incidental to the operations related to the securitization of the above-mentioned specified assets</li> </ul>
Specified capital	Undisclosed (Note)
Established	Undisclosed (Note)
Net asset	Undisclosed (Note)
Gross asset	Undisclosed (Note)
Major investor (investment ratio)	Undisclosed (Note)

##### Relationship between SHR and SHAM and the company concerned

Capital relationship	No noteworthy capital relationships.
Personal relationship	No noteworthy personal relationships.
Business relationship	No noteworthy business relationships.
Applicable status to related parties	Not a related party of SHR or SHAM.

(Note) Undisclosed as consent for disclosure has not been obtained from the seller.

##### (2) Esty Maison Omori, Esty Maison Monzennakacho, Esty Maison Akabane II

Name	TOKYO NISSHO ESTEM CO.,Ltd.
Address	Hibiya Central Building 20F, 1-2-9 Nishi-shimbashi, Minato-ku, Tokyo
Representative	Toshimitsu Sawa, Representative Director
Business activities	Sales of own condominiums, etc.
Capital	90 million yen (as of the end of February 2023)

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Established	November 2004
Net asset	Undisclosed (Note)
Gross asset	Undisclosed (Note)
Major shareholder (shareholding ratio)	Undisclosed (Note)

Relationship between SHR and SHAM and the company concerned	
Capital relationship	No noteworthy capital relationships.
Personal relationship	No noteworthy personal relationships.
Business relationship	No noteworthy business relationships.
Applicable status to related parties	Not a related party of SHR or SHAM.

(Note) Undisclosed as consent for disclosure has not been obtained from the seller.

## 5. Status of Property Sellers

### (1) Shinjuku Hirose Building

	Previous owner, etc.	Owner before last, etc.
Name	G10 Japan 4 TMK	—
Relationship with a party classified as having a relationship of special interest	Please refer to “4. Profile of Seller” above.	—
Background and reason for acquisition	Acquisition for operation	—
Acquisition price	—	—
Time of acquisition	—	—

### (2) Esty Maison Omori

	Previous owner, etc.	Owner before last, etc.
Name	TOKYO NISSHO ESTEM Co.,Ltd.	—
Relationship with a party classified as having a relationship of special interest	Please refer to “4. Profile of Seller” above.	—
Background and reason for acquisition	Acquisition for development	—
Acquisition price	—	—
Time of acquisition	—	—

### (3) Esty Maison Monzennakacho

	Previous owner, etc.	Owner before last, etc.
Name	TOKYO NISSHO ESTEM Co.,Ltd.	—
Relationship with	Please refer to “4. Profile of Seller”	—

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a party classified as having a relationship of special interest	above.	
Background and reason for acquisition	Acquisition for development	—
Acquisition price	—	—
Time of acquisition	—	—

**(4) Esty Maison Akabane II**

	Previous owner, etc.	Owner before last, etc.
Name	TOKYO NISSHO ESTEM Co.,Ltd.	—
Relationship with a party classified as having a relationship of special interest	Please refer to “4. Profile of Seller” above.	—
Background and reason for acquisition	Acquisition for development	—
Acquisition price	—	—
Time of acquisition	—	—

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

The sales and purchase contract for the acquisition of Esty Maison Omori, Esty Maison Monzennakacho and Esty Maison Akabane II of the Asset Acquisition (hereinafter referred to as the “Transfer Agreement”) falls within 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 Transfer Agreement, in the event that the seller suffers damage due to any error or inaccuracy in the representations and warranties of SHR, SHR shall compensate or indemnify the seller for such damage up to 20% of the transaction amount within the scope of reasonable causal relation. However, the Transfer Agreement 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.

**7. 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 October 31, 2023” announced today.

**8. Summary of the Appraisal Report, etc. of the (Planned) Assets to be Acquired**
**(1) Shinjuku Hirose Building**

Property name	Shinjuku Hirose Building
Appraisal value	5,120,000,000 yen
Name of appraisal firm	Tanizawa Sogo Appraisal Co., Ltd.
Date of value	December 1, 2023

(Thousand yen)

Item	Details	Description, etc.
Income approach value	5,120,000	Determined that the income approach value using the DCF method, which derives the price by clearly indicating future changes in net revenue, has higher explanatory power and is more persuasive, thus the income approach value is

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		determined using the DCF method as the standard and verified with the direct capitalization method.
Value based on direct capitalization method	5,340,000	—
Operating revenue	237,044	—
Gross potential income	249,322	Assessed based on standard and stable rental income, common area fee income, parking lot income, antenna income, etc.
Vacancy loss, etc.	12,277	Assessed based on medium to long term normalized vacancy rate for real estate and parking.
Operating expenses	66,634	—
Maintenance and management fee	9,848	Assessed based on the outsourcing contract and income and expenditure reports, etc.
Utilities expenses	26,960	Assessed based on the income and expenditure reports, etc.
Repair expenses	2,760	Assessed based on the engineering report and similar cases.
Property management fee	4,299	Assessed based on the outsourcing contract, etc. (CM/LM fees not included).
Tenant leasing cost, etc.	1,755	Assessed by comparing with the performance level of similar cases, etc.
Property taxes	18,779	Assessed based on 2023 taxation materials, etc.
Insurance premium	690	Assessed at a standard rate based on similar cases.
Other expenses	1,540	Assessed based on income and expenditure reports, etc.
Net operating income (NOI)	170,409	—
Gain on management of income from lump-sum payment	1,475	Recorded investment profit based on an assessed investment yield of 1.0%.
Capital expenditures	6,210	Assessed based on the engineering report and similar cases.
Net cash flow (NCF)	165,674	—
Capitalization rate	3.1%	Assessed by comparing the yields of multiple transactions in neighboring areas or similar areas within the same supply and demand area, and further considered the marketability of the subject property, trends in the real estate investment market, etc., in addition to determining the relationship with the discount rate.
Value of earnings calculated by discounted cash flow (DCF) method	5,020,000	—
Discount rate	3.2%	Assessed based on the base yield of an office building being determined using the accumulation method based on the yield of financial instruments and adding the individual risk of the subject property to the base yield.
Terminal capitalization rate	3.3%	Assessed based on the capitalization rate, taking into account future forecast uncertainty.
Cost method value	4,710,000	Estimated by adjusting depreciation to the replacement cost of the subject property.
Ratio of land	92.8%	—
Ratio of building	7.2%	—
Items considered upon determining appraisal value	Based on the price formation process that emphasizes the profitability of the subject property by market participants (consumers), the purpose of the request, along with the type of “rental housing and its site”, the standard is a revenue price that appropriately reflects the investor’s investment profitability, and the appraisal value is determined based on the income approach value after verification using the cumulative price.	

(Note) As the amounts are given in units of thousand yen, the amounts may not add up to the figures for operating revenue, operating

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expenses and other items.

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

Average rent unit price for the appraisal price	5,596 yen/m <sup>2</sup> (18,500 yen/tsubo)
Average rent unit price for lease agreements	5,351 yen/m <sup>2</sup> (17,690 yen/tsubo)

(Note 1) "Average rent unit price for the appraisal price" 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. The same applies hereinafter.

(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 (Planned) Assets to be Acquired" above. The same applies hereinafter.

(2) Esty Maison Omori

Property name	Esty Maison Omori
Appraisal value	4,000,000,000 yen
Name of appraisal firm	Chuo Real Estate Appraisal Co., Ltd.
Date of value	December 1, 2023

(Thousand yen)

Item	Details	Description, etc.
Income approach value	4,000,000	Determined by the DCF method with an emphasis on the income approach value, in addition to associating the income approach value determined by direct capitalization method.
Value based on direct capitalization method	4,150,000	—
Operating revenue	157,219	—
Gross potential income	161,998	Assessed by taking into account the rent and common area fee levels of similar real estate.
Vacancy loss, etc.	4,779	Assessed by taking into account the operating history of similar real estate and future market trend forecasts, etc.
Operating expenses	28,137	—
Maintenance and management fee	5,721	Assessed by taking into account the individuality of the subject property, with reference to the level of cost of similar real estate, etc.
Utilities expenses	1,859	Assessed by taking into account the level of cost, etc. of similar real estate.
Repair expenses	984	Assessed by taking into account the repair cost estimate based on the engineering report and the assessed value determined from a medium to long term stable perspective based on the purpose, building age, structure, management status, etc. of the subject building.
Property management fee	4,563	Assessed by taking into account the level of cost, etc. of similar real estate.
Tenant leasing cost, etc.	4,660	Assessed by taking into account the level of cost, etc. of similar real estate.
Property taxes	8,987	Recorded the assessed value.
Insurance premium	850	Assessed by taking into account the level of cost, etc. of similar real estate.
Other expenses	513	Assessed by taking into account the level of cost, etc. of similar real estate.
Net operating income (NOI)	129,082	—
Gain on management of income from lump-sum payment	117	Assessed with an investment yield of 1.0%.
Capital expenditures	635	Assessed by taking into account the renewal cost estimate based on the engineering report and the assessed value determined from a medium to long term stable perspective

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			based on the purpose, building age, structure, management status, etc. of the subject building.
	Net cash flow (NCF)	128,564	—
	Capitalization rate	3.1%	Assessed by taking into account the investment yields from transactions of similar real estate, and taking into account the individuality of the subject property, such as location conditions, building specifications, ownership structure, etc.
	Value of earnings calculated by discounted cash flow (DCF) method	3,940,000	—
	Discount rate	2.9%	Assessed by taking into account the individuality of the subject property, valuation scenario, etc., with reference to investment yields related to transactions of similar real estate.
	Terminal capitalization rate	3.3%	Assessed by taking into account the investment yields from transactions of similar real estate, etc., and taking into account the individuality of the subject property, valuation scenario, and risk premium such as future market fluctuation risk, etc.
	Cost method value	3,590,000	—
	Ratio of land	74.7%	—
	Ratio of building	25.3%	—

Items considered upon determining appraisal value

The main consumer of the subject property are investors who place emphasis on profitability, thus the estimated value is used as a reference only, and the appraisal value is determined based on the income approach 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	5,279 yen/m <sup>2</sup> (17,451 yen/tsubo)
Average rent unit price for lease agreements	—

(3) Esty Maison Monzennakacho

Property name	Esty Maison Monzennakacho
Appraisal value	1,730,000,000 yen
Name of appraisal firm	Chuo Real Estate Appraisal Co., Ltd.
Date of value	December 1, 2023

(Thousand yen)

Item	Details	Description, etc.
Income approach value	1,730,000	Determined by the DCF method with an emphasis on the income approach value, in addition to associating the income approach value determined by direct capitalization method.
Value based on direct capitalization method	1,790,000	—
Operating revenue	69,703	—
Gross potential income	71,922	Assessed by taking into account the rent and common area fee levels of similar real estate.
Vacancy loss, etc.	2,219	Assessed by taking into account the operating history of similar real estate and future market trend forecasts, etc.
Operating expenses	13,998	—
Maintenance and management fee	4,036	Assessed by taking into account the level of cost, etc. of similar real estate.
Utilities expenses	783	Assessed by taking into account the level of cost, etc. of similar real estate.
Repair expenses	560	Assessed by taking into account the repair cost estimate based

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		on the engineering report and the assessed value determined from a medium to long term stable perspective based on the purpose, building age, structure, management status, etc. of the subject building.
Property management fee	2,023	Assessed by taking into account the level of cost, etc. of similar real estate.
Tenant leasing cost, etc.	2,074	Assessed by taking into account the level of cost, etc. of similar real estate.
Property taxes	3,859	Recorded the assessed value.
Insurance premium	420	Recorded the assessed value.
Other expenses	243	Assessed based on estimates, etc.
Net operating income (NOI)	55,705	—
Gain on management of income from lump-sum payment	52	Assessed with an investment yield of 1.0%.
Capital expenditures	279	Assessed by taking into account the renewal cost estimate based on the engineering report and the assessed value determined from a medium to long term stable perspective based on the purpose, building age, structure, management status, etc. of the subject building.
Net cash flow (NCF)	55,478	—
Capitalization rate	3.1%	Assessed by taking into account the investment yields from transactions of similar real estate, and taking into account the individuality of the subject property, such as location conditions, building specifications, ownership structure, etc.
Value of earnings calculated by discounted cash flow (DCF) method	1,700,000	—
Discount rate	2.9%	Assessed by taking into account the individuality of the subject property, valuation scenario, etc., with reference to investment yields related to transactions of similar real estate.
Terminal capitalization rate	3.3%	Assessed by taking into account the investment yields from transactions of similar real estate, etc., and taking into account the individuality of the subject property, valuation scenario, and risk premium such as future market fluctuation risk, etc.
Cost method value	1,640,000	—
Ratio of land	72.6%	—
Ratio of building	27.4%	—

Items considered upon determining appraisal value	The main consumer of the subject property are investors who place emphasis on profitability, thus the estimated value is used as a reference only, and the appraisal value is determined based on the income approach value.
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(Note) As the amounts are given in units of thousand yen, the amounts may not add up to the figures for operating revenue, operating expenses and other items.

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

Average rent unit price for the appraisal price	5,143 yen/m <sup>2</sup> (17,002 yen/tsubo)
Average rent unit price for lease agreements	—

(4) Esty Maison Akabane II

Property name	Esty Maison Akabane II
Appraisal value	1,130,000,000 yen
Name of appraisal firm	Chuo Real Estate Appraisal Co., Ltd.
Date of value	December 1, 2023

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(Thousand yen)

Item	Details	Description, etc.
Income approach value	1,130,000	Determined by the DCF method with an emphasis on the income approach value, in addition to associating the income approach value determined by direct capitalization method.
Value based on direct capitalization method	1,160,000	—
Operating revenue	46,685	—
Gross potential income	48,239	Assessed by taking into account the rent and common area fee levels of similar real estate.
Vacancy loss, etc.	1,554	Assessed by taking into account the operating history of similar real estate and future market trend forecasts, etc.
Operating expenses	10,464	—
Maintenance and management fee	3,819	Assessed by taking into account the level of cost, etc. of similar real estate.
Utilities expenses	441	Assessed by taking into account the level of cost, etc. of similar real estate.
Repair expenses	413	Assessed by taking into account the repair cost estimate based on the engineering report and the assessed value determined from a medium to long term stable perspective based on the purpose, building age, structure, management status, etc. of the subject building.
Property management fee	1,344	Assessed by taking into account the level of cost, etc. of similar real estate.
Tenant leasing cost, etc.	1,148	Assessed by taking into account the level of cost, etc. of similar real estate.
Property taxes	2,807	Recorded the assessed value.
Insurance premium	290	Recorded the assessed value.
Other expenses	202	Assessed based on estimates, etc.
Net operating income (NOI)	36,221	—
Gain on management of income from lump-sum payment	34	Assessed with an investment yield of 1.0%.
Capital expenditures	225	Assessed by taking into account the renewal cost estimate based on the engineering report and the assessed value determined from a medium to long term stable perspective based on the purpose, building age, structure, management status, etc. of the subject building.
Net cash flow (NCF)	36,030	—
Capitalization rate	3.1%	Assessed by taking into account the investment yields from transactions of similar real estate, and taking into account the individuality of the subject property, such as location conditions, building specifications, ownership structure, etc.
Value of earnings calculated by discounted cash flow (DCF) method	1,110,000	—
Discount rate	2.9%	Assessed by taking into account the individuality of the subject property, valuation scenario, etc., with reference to investment yields related to transactions of similar real estate.
Terminal capitalization rate	3.3%	Assessed by taking into account the investment yields from transactions of similar real estate, etc., and taking into account the individuality of the subject property, valuation scenario, and risk premium such as future market fluctuation risk, etc.
Cost method value	1,170,000	—
Ratio of land	73.6%	—

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Ratio of building	26.4%	—
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Items considered upon determining appraisal value	The main consumer of the subject property are investors who place emphasis on profitability, thus the estimated value is used as a reference only, and the appraisal value is determined based on the income approach value.
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(Note) As the amounts are given in units of thousand yen, the amounts may not add up to the figures for operating revenue, operating expenses and other items.

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

Average rent unit price for the appraisal price	4,991 yen/m <sup>2</sup> (16,500 yen/tsubo)
Average rent unit price for lease agreements	—

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

<Attachment>

Reference Material: Property Photograph and Surrounding Area Map of the (Planned) Assets to be Acquired

Reference Material: Property Photograph and Surrounding Area Map of the (Planned) Assets to be Acquired

1. Shinjuku Hirose Building



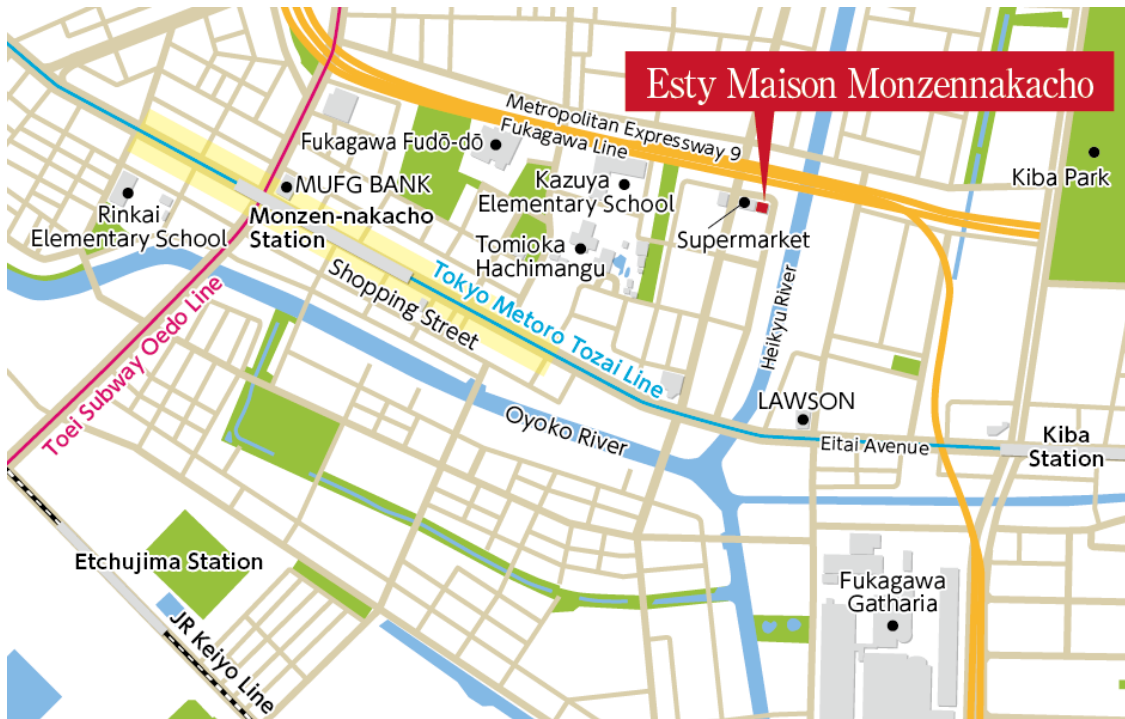
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2. Esty Maison Omori



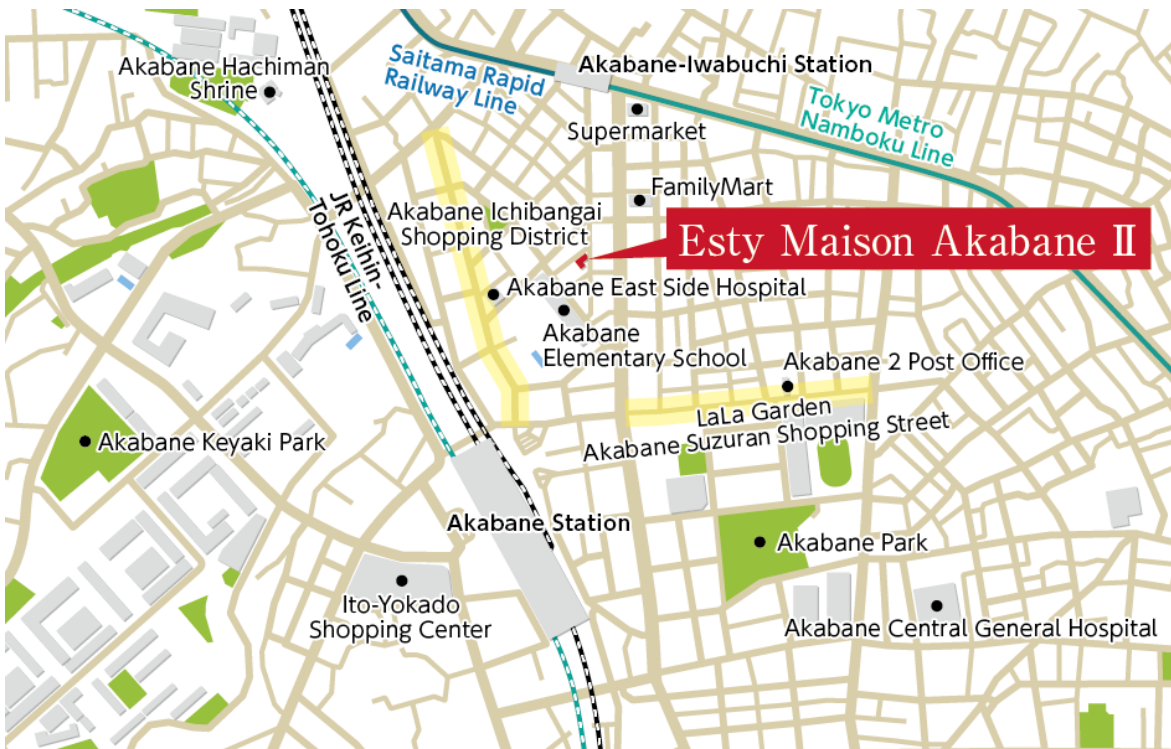
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3. Esty Maison Monzennakacho



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4. Esty Maison Akabane II



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