

March 19, 2024

Real Estate Investment Trust Securities Issuer
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 (Securities Code: 3309)

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Notice Concerning Revisions to the Forecast of Operating Results and Distributions
for the Fiscal Period Ending April 30, 2024 and the Fiscal Period Ending October 31, 2024

Sekisui House Reit, Inc. (“SHR”) announces that it has decided to make the following revisions to its forecast of operating results and distributions for the fiscal period ending April 30, 2024 (from November 1, 2023 to April 30, 2024) and the fiscal period ending October 31, 2024 (from May 1, 2024 to October 31, 2024) (“the Forecasts”) of SHR announced in the “Financial Report for the Fiscal Period Ended October 31, 2023” dated December 21, 2023.

1. Revisions to the Forecasts

 (1) Revisions to the Forecast of Operating Results and Distributions for the Fiscal Period Ending April 30, 2024
 (19th Fiscal Period)

	Operating Revenue (Million yen)	Operating Income (Million yen)	Ordinary Income (Million yen)	Net Income (Million yen)	Recognition of Allowance for Temporary Difference Adjustment (Million yen)	Total Distribution (Million yen)
Previous Forecast (A)	17,321	8,851	7,875	7,873	166	8,040
Revised Forecast (B)	22,002	5,712	4,756	4,754	4,175	8,929
Difference (B-A)	4,681	(3,138)	(3,118)	(3,118)	4,009	889
Rate of Change	27.0%	(35.5)%	(39.6)%	(39.6)%	2,407.9%	11.1%

	Distributions Per Unit (including distributions in excess of earnings) (yen)	Distributions Per Unit (excluding distributions in excess of earnings) (yen)	Distributions in Excess of Earnings Per Unit (yen)
Previous Forecast (A)	1,835	1,797	38
Revised Forecast (B)	2,038	1,085	953
Difference (B-A)	203	(712)	915
Rate of Change	11.1%	(39.6)%	2,407.9%

(Reference) Forecasted total number of investment units issued and outstanding at the end of the fiscal year : 4,381,482 units

Forecasted net income per unit at the end of the 19th fiscal period : 1,085 yen

(2) Revisions to the Forecast of Operating Results and Distributions for the Fiscal Period Ending October 31, 2024
(20th Fiscal Period)

	Operating Revenue (Million yen)	Operating Income (Million yen)	Ordinary Income (Million yen)	Net Income (Million yen)	Recognition/ Reversal of Allowance for Temporary Difference Adjustment (Million yen)	Total Distribution (Million yen)
Previous Forecast (A)	16,956	8,511	7,424	7,422	166	7,588
Revised Forecast (B)	21,220	12,446	11,400	11,399	(3,812)	7,588
Difference (B-A)	4,263	3,934	3,975	3,977	(3,978)	0
Rate of Change	25.1%	46.2%	53.6%	53.6%	(2,389.7)%	0.0%

	Distributions Per Unit (including distributions in excess of earnings) (yen)	Distributions Per Unit (excluding distributions in excess of earnings) (yen)	Distributions in Excess of Earnings Per Unit (yen)
Previous Forecast (A)	1,732	1,694	38
Revised Forecast (B)	1,732	1,732	0
Difference (B-A)	0	38	(38)
Rate of Change	0.0%	2.2%	(100.0)%

(Reference) Forecasted total number of investment units issued and outstanding at the end of the fiscal year : 4,381,482 units
Forecasted net income per unit at the end of the 19th fiscal period : 2,601 yen

- (Note 1) The above forecasts are calculated as of today, based on the assumptions set forth in the attached "Prerequisites for the Forecast of Operating Results and Distributions for the Fiscal Period Ending April 30, 2024 and Fiscal Period Ending October 31, 2024". The actual operating revenues, operating income, ordinary income, net income, total distribution, recognition/reversal of allowance for temporary difference adjustment, distributions per unit (including distributions in excess of earnings), distributions per unit (excluding distributions in excess of earnings), and distributions in excess of earnings per unit may vary due to future acquisition or disposition of properties, changes in the real estate market, and other factors surrounding SHR. The Forecasts do not guarantee the amount of distributions stated above.
- (Note 2) The Forecasts may be revised when a certain level of discrepancy from the above forecasts are expected.
- (Note 3) Amounts are rounded down to the nearest specified unit. The same applies hereinafter.
- (Note 4) Rate of change is rounded to the nearest first decimal place.

2. Reason for Revisions to the Forecasts

As stated in the "Notice Concerning Disposition and Acquisition of Trust Beneficiary Interests in Domestic Real Estate (Disposition of Garden City Shinagawa Gotenyama and Two Other Properties and Acquisition of Prime Maison Yushima and Six Other Properties)" separately announced by SHR today, it has been decided to dispose of Garden City Shinagawa Gotenyama in two installments in the fiscal period ending April 30, 2024 (19th fiscal period) and in the fiscal period ending October 31, 2024 (20th fiscal period), Hommachi Garden City (Hotel portion) in the fiscal period ending April 30, 2024 (19th fiscal period), Hommachi Garden City (Office building portion) in two installments in the fiscal period ending October 31, 2024 (20th fiscal period) and in the fiscal period ending April 30, 2025 (21st fiscal period), and in turn acquire seven new residential properties as of April 1, 2024.

As a result, SHR has decided to revise the Forecasts due to changes in the assumptions used in the calculation of the Forecasts, which were announced in the "Financial Report for the Fiscal Period Ended October 31, 2023" dated December 21, 2023, resulting in changes in operating revenue, etc. of 10% or more for the fiscal period ending April 30, 2024 (19th fiscal period) and the fiscal period ending October 31, 2024 (20th fiscal period) along with other effects.

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

Attachment

Prerequisites for the Forecast of Operating Results and Distributions for the
Fiscal Period Ending April 30, 2024 and Fiscal Period Ending October 31, 2024

Item	Prerequisites
Calculation period	<ul style="list-style-type: none"> • Fiscal period ending April 30, 2024 (19th fiscal period): November 1, 2023 – April 30, 2024 (182 days) • Fiscal period ending October 31, 2024 (20th fiscal period): May 1, 2024 – October 31, 2024 (184 days)
Assets under management	<ul style="list-style-type: none"> • Regarding the real estate trust beneficiary interests (total of 124 properties) owned by SHR ("existing assets") and silent partnership equity interests, it is assumed that the following dispositions will be executed: the disposition of the 10% quasi co-ownership interest of the trust beneficiary interest related to the office building "Gotenyama SH Building" for a total of 10 times (5 years and 10 periods) every six months from October 31, 2023, the disposition of 51.0% of the quasi co-ownership of real estate trust beneficiary interests in the office building "Garden City Shinagawa Gotenyama" on March 19, 2024 and disposition of 49.0% of the quasi co-ownership of real estate trust beneficiary interests on May 1, 2024, the disposition of the real estate trust beneficiary interests in the hotel "Hommachi Garden City (Hotel portion)" on April 30, 2024, the disposition of 65.0% of the quasi co-ownership of the real estate trust beneficiary interests in the office building "Hommachi Garden City (Office building portion)" on May 1, 2024 and disposition of 35.0% of the quasi co-ownership of the real estate trust beneficiary interests on November 1, 2024, respectively (these properties to be disposed (three office buildings and one hotel property) are hereinafter referred to as the "Assets to be Disposed"). In addition, the acquisition of seven new residential properties (Prime Maison Yushima and six other properties) (the "Assets to be Acquired") on April 1, 2024 as real estate trust beneficiary interests is also expected. Other than the disposition of the Assets to be Disposed and the acquisition of the Assets to be Acquired, no changes in assets under management (acquisition of new assets, disposition of existing assets, etc.) until the end of the fiscal period ending October 31, 2024 (20th fiscal period) are presumed. For details of the Assets to be Disposed and the Assets to be Acquired, please refer to the "Notice Concerning Disposition and Acquisition of Trust Beneficiary Interests in Domestic Real Estate (Disposition of Garden City Shinagawa Gotenyama and Two Other Properties and Acquisition of Prime Maison Yushima and Six Other Properties)" separately announced by SHR today. • Actual figures may fluctuate due to changes in assets under management.
Operating revenue	<ul style="list-style-type: none"> • A decrease and an increase in revenue is expected due to the disposition of the Assets to be Disposed and the acquisition of the Assets to be Acquired. • Property-related operating revenue for the Existing Assets are calculated based on lease agreements in effect as of today while taking into consideration the market environment and trends of individual tenants, etc. For the Assets to be Acquired, calculations are based on information provided by the sellers of the properties, lease agreements, which will be in effect as of the time of the acquisition of each Assets to be Acquired, while taking into consideration the market environment and trends of individual tenants, etc. • Gain on disposition of real estate properties are expected to be 6,832 million yen in the fiscal period ending April 30, 2024 (19th fiscal period) and 7,822 million yen in the fiscal period ending October 31, 2024 (20th fiscal period) due to the disposition of the Assets to be Disposed. • Operating revenue assumes that there will be no delinquency or non-payment of rent by tenants.

<p>Operating expenses</p>	<ul style="list-style-type: none"> • Loss on disposition of real estate properties is expected to be 4,233 million yen in the fiscal period ending April 30, 2024 (19th fiscal period) due to the disposition of the Assets to be Disposed. In addition, impairment loss of 4,008 million yen is expected to be recorded in the fiscal period ending April 30, 2024 (19th fiscal period). • Of the property-related operating expenses, which is the main portion of the operating expense, expenses other than depreciation for the Existing Assets are calculated based on past performance figures and reflects variable factors of expenses. In addition, the Assets to be Acquired are calculated based on historical data, taking into account information provided by the sellers of the properties, and each lease agreement, etc., that is to be in effect after the acquisition of each Asset to be Acquired, and reflecting factors that may cause expenses to fluctuate. • Property and other taxes are expected to be 1,225 million yen in the fiscal period ending April 30, 2024 (19th fiscal period) and 889 million yen in the fiscal period ending October 31, 2024 (20th fiscal period). • Generally, fixed property tax, city planning tax and the depreciable property tax for the acquisition year of the Asset to be Acquired are calculated on a proportional basis with the seller and settled at the time of the acquisition. The amount equivalent to the settlement amount will be included in the acquisition cost, thus will not be recorded as an expense. The total amount of fixed property tax, city planning tax, and depreciable property tax including the cost of acquisition for the Assets to be Acquired is assumed to be 51 million yen (equivalent to 275 days). Fixed property tax, city planning tax, and the depreciable property tax for the Assts to be Acquired is expected to be recorded as expenses from the fiscal period ending April 30, 2025 (21st fiscal period). • For building repair expenses, the amount assumed to be necessary for each operating period is recorded as expenses based on the amount planned by Sekisui House Asset Management, Ltd., to which SHR entrusts management of its assets, taking into consideration the amount listed on the engineering report and the appraisal report. However, due to the possibility of urgent repair costs due to damage to buildings due to unforeseen factors, the difference in the amount being generally large depending on the year, and the fact that the amount does not occur regularly, building repair expenses for each operating period may differ significantly from the estimated amount. • Depreciation is calculated using the straight-line method, including incidental expenses, and is expected to be 2,708 million yen in the fiscal period ending April 30, 2024 (19th fiscal period) and 2,369 million yen in the fiscal period ending October 31, 2024 (20th fiscal period). • Asset management fees are expected to be 694 million yen in the fiscal period ending April 30, 2024 (19th fiscal period) and 2,126 million yen in the fiscal period ending October 31, 2024 (20th fiscal period).
<p>Non-operating expenses</p>	<ul style="list-style-type: none"> • Investment unit issuance expenses will be depreciated over three years using the straight-line method, with the expected depreciation of investment unit issuance expense to be 8 million yen in the fiscal period ending April 30, 2024 (19th fiscal period) and 8 million yen in the fiscal period ending October 31, 2024 (20th fiscal period). • Interest expenses, interest on investment corporation bonds, and other borrowing-related expenses are expected to be 922 million yen in the fiscal period ending April 30, 2024 (19th fiscal period) and 1,015 million yen in the fiscal period ending October 31, 2024 (20th fiscal period).
<p>Interest-bearing liabilities</p>	<ul style="list-style-type: none"> • As of today, the balance of loans payable of SHR is 228,742 million yen, the balance of investment corporation bonds is 28,500 million yen, and the total interest-bearing debt is 257,242 million yen.

	<ul style="list-style-type: none"> • Total amount of borrowings and investment corporation bonds due for repayment and redemption during the fiscal period ending October 31, 2024 (20th fiscal period) is 25,705 million yen. It is assumed that the funds for repayment will be procured entirely through borrowings or the issuance of investment corporation bonds. • As of the end of the fiscal period ending April 30, 2024 (19th fiscal period) and fiscal period ending October 31, 2024 (20th fiscal period), the LTV of total assets are both estimated to be approximately 45.7%. • The following formula is used to calculate the LTV of total assets. LTV of total assets = Total interest-bearing debt (estimated) / Total assets (estimated) x100
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> • It is assumed that based on 4,381,482 units issued as of the date of this document, there will be no change in the number of investment units due to additional issuance of new investment units and/or acquisition or cancellation of own investment units by the end of the fiscal period ending October 31, 2024 (20th fiscal period).
Discrepancy between tax and accounting reporting	<ul style="list-style-type: none"> • Depreciation and other discrepancies between tax and accounting reporting (the difference between accounting profit and taxable income; the same applies hereinafter), for the fiscal period ending April 30, 2024 (19th fiscal period) is expected to be 4,175 million yen in excess of income tax discrepancies (refers to a tax discrepancy where income for tax purposes exceeds income for accounting purposes; the same applies hereinafter). For the fiscal period ending October 31, 2024 (20th fiscal period), it is expected that the tax discrepancy in excess of profit (refers to a tax discrepancy where accounting profit exceeds income for tax purposes) will be 3,824 million yen due to the subtraction of impairment losses. • Regarding the above discrepancies between tax and accounting reporting, to avoid the occurrence of tax burden including corporate tax, as described in "Distribution per unit (excluding distribution in excess of earnings)" and "Distribution in excess of earnings per unit" below, the policy is to distribute the amount equivalent to the discrepancies between tax and accounting reporting.
Distribution per unit (excluding distribution in excess of earnings)	<ul style="list-style-type: none"> • Distribution per unit (excluding distribution in excess of earnings) is calculated based on the policy for the distribution of cash stipulated in the Articles of Incorporation of SHR. • Distribution per unit (excluding distribution in excess of earnings) is subject to fluctuate due to various factors including changes in assets under management, changes in rental income due to changes in tenants, occurrence of unexpected repairs, changes in interest rates, etc.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> • Distributions in excess of earnings per unit is calculated based on the policy stipulated in the Articles of Incorporation of SHR. • The cash distribution in excess of earnings (distribution in excess of earnings) is calculated on the assumption that the total amount of discrepancies between tax and accounting reporting will be distributed as ATA in order to avoid the occurrence of tax burden such as corporate tax. • It is assumed that ATA of 4,175 million yen will be allocated for distribution in the fiscal period ending April 30, 2024 (19th fiscal period) as a distribution in excess of earnings related to the amount equivalent to the discrepancies between tax and accounting reporting that is expected to be generated in the relevant fiscal period as stated in the "Discrepancy between tax and accounting reporting" above. It is assumed that no distribution in excess of earnings will be made for the fiscal period ending October 31, 2024 (20th fiscal period).
Others	<ul style="list-style-type: none"> • It is assumed that no revision to laws, tax systems, accounting standards, listing regulations, regulations of the Investment Trusts Association, Japan, etc., that affect the figures in the Forecast will be implemented. • It is assumed that there will be no unexpected material changes in general economic trends, real estate market conditions, etc.