



# 12<sup>th</sup>

## Financial Results Briefing

December 16, 2020



**SEKISUI HOUSE REIT, INC.**



Fiscal Period 12  
Ended October 31, 2020

# Managing assets to better provide for people, society and the future

- Maximize unitholder value
- Provide high-quality social capital
- A REIT that leads the way into an era of the 100-year lifespan

Based on the fundamental philosophy “Love of Humanity” advocated by the Sekisui House Group, Sekisui House REIT (SHR) aims to achieve sustainable growth for all stakeholders—unitholders, tenants and employees alike—at the same time it aims to maximize unitholder value through sustainable growth at SHR.

Through our asset management activities, we work together with Sekisui House to enhance building value and strive to provide high-quality real estate assets.

These assets are social capital built for a new era. They are environmentally friendly and provide safety, peace of mind comfort to residents, workers, visitors and the broader community.

Moreover, we contribute to building a better future by tackling social challenges through our ESG (Environmental, Social and Governance) strategy and pursuing sustainability for the REIT and society as a whole, while we position SHR to lead the way into a new era of centenarians.



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# Executive Summary

## 1 FP 12(October 2020) DPU was JPY 1,685, beating guidance by JPY 21.

- ✓ The DPU result was up JPY 20 (+1.2%), vs. the previous period and up JPY 21 (+1.3%) vs. the guidance announced on June 15, 2020.
- ✓ The impact from the COVID-19 pandemic (JPY- 0.3 per unit) was covered with an internal reserve reversal and allocated distributions.
- ✓ The DPU forecast is JPY 1,641 for FP 13(April 2021) and JPY 1,626 for FP 14 (October 2021). The per-unit impact from the COVID-19 pandemic (not including tenant departures) is forecast to be JPY - 0.8 in FP 13 and JPY - 61 in FP 14. SHR plans to reverse internal reserves to maintain cash distributions.

## 2 Continue to promote stabilizing our financial standing

- ✓ SHR issued its 7<sup>th</sup> and 8<sup>th</sup> rounds of green bonds during the period, making it the third consecutive period of bond issuances for SHR for sum of JPY 21.5 billion.
- ✓ Plan to continue to control LTV(45.1% at the end of FP 12) at conservative levels.
- ✓ Maintained credit ratings (JCR:AA, R&I:AA-) amid the pandemic.

## 3 In December, SHR issued its first ESG Report (Japanese Ver.) and is poised to bolster ESG activities.

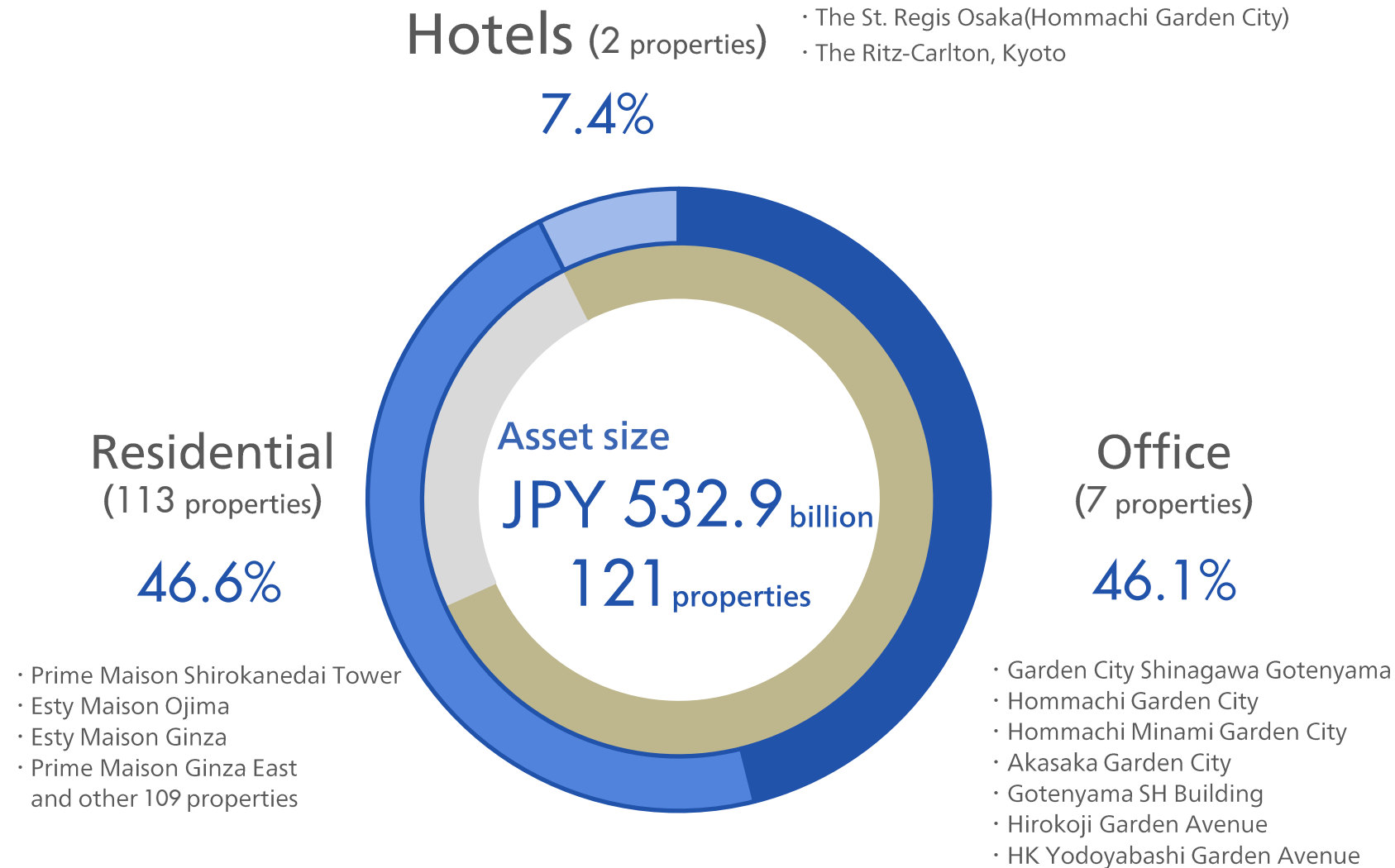
- ✓ Identified materiality, set KPIs and announced initiatives aimed at resolving material issues.
- ✓ Acquired Green Star for the fourth consecutive year in the FY 2020 GRESB Real Estate Assessment.
- ✓ Making solid progress toward bolstering ESG activities, including announcing our agreement with TCFD recommendations.



# SHR's Portfolio

## ■ Diversification of SHR's Portfolio (as of the end of FP 12/acquisition price basis)

### ➤ Diversification by asset type



### Acquisition from Sekisui House Group

75.7%

JPY 403.3 billion/ 59 properties

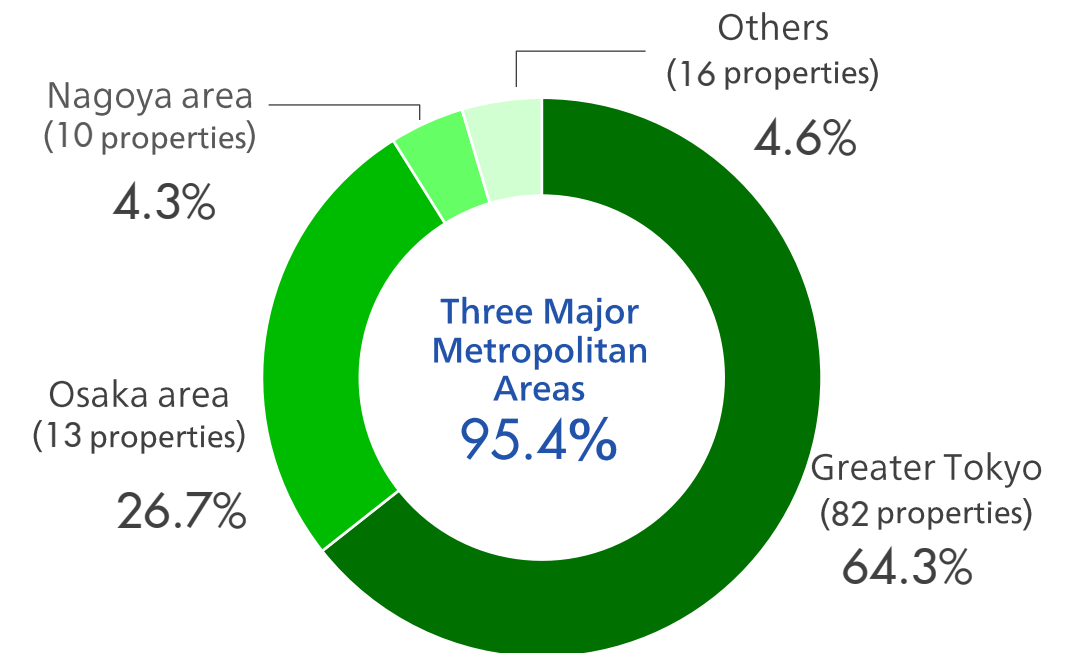
Sekisui House, Ltd.

JPY 385.2 billion/ 46 properties

Sekisui House Real Estate Companies

JPY 18.1 billion/ 13 properties

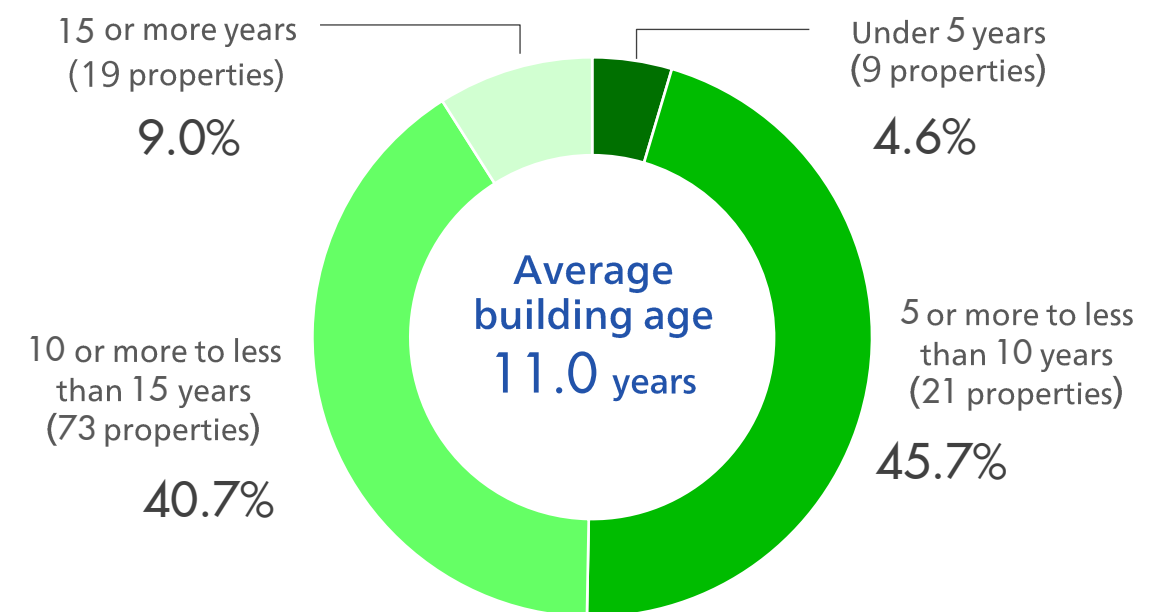
### ➤ Diversification by area



Three Major Metropolitan Areas by assets

Office 100%/ Residential 90%/ Hotels 100%

### ➤ Diversification by building age



Average building age by assets

Office 10.3 years/ Residential 12.0 years/ Hotels 8.5 years

\* Hommachi GC is counted as two properties--one for the office portion and one for the hotel portion--when calculating number of properties for specific asset types.

# Financial Result (FP 12)

- Compared to FP11, FP 12 revenue increased due to the full-period operation of properties acquired in FP11; however, profit increased slightly due to a decline in occupancy rate in the residential portfolio and increased costs, including the expensing of property taxes on properties acquired in FP10. DPU increased as the impact by COVID-19 was offset by reversal of internal reserves.
- Net income beat guidance as the actual impact from the COVID-19 pandemic was milder than expected compared to our conservative estimates.

	FP12 (ended Oct.2020) Result	Vs. Previous Period	Comparison with Forecast	FP 11 (ended Apr.2020) Result	FP 12 guidance (announced on Jun.15, 2020)
Operating Revenue	14,826 JPY million	+236 JPY million	(21) JPY million	14,590 JPY million	14,847 JPY million
Operating Income	7,868 JPY million	(5) JPY million	+89 JPY million	7,874 JPY million	7,779 JPY million
Ordinary Income	6,993 JPY million	+1 JPY million	+107 JPY million	6,991 JPY million	6,886 JPY million
Net Income	6,992 JPY million	+1 JPY million	+107 JPY million	6,991 JPY million	6,885 JPY million
Internal Reserve	233 JPY million	+84 JPY million	(17) JPY million	149 JPY million	250 JPY million
Total Distribution	7,226 JPY million	+85 JPY million	+90 JPY million	7,140 JPY million	7,136 JPY million
Net Income per unit	1,630 JPY	— JPY	+25 JPY	1,630 JPY	1,605 JPY
DPU	1,685 JPY	+20 JPY	+21 JPY	1.665 JPY	1,664 JPY

(as of the end of FP 12)

Internal Reserve : JPY 1,482 million (JPY 832 million in RTA and JPY 649 million in reserve for reduction entry)

	NOI		NOI Yield		Average occupancy rate during the period	
	FP12 (Result)	Vs. Previous Period	FP12 (Result)	Vs. Previous Period	FP12 (Result)	Vs. Previous Period
Office	5,140 JPY million	(18) JPY million	4.2 %	- pt.	99.9 %	+0.2 pt.
Residential	5,671 JPY million	(133) JPY million	4.6 %	(0.1) pt.	96.4 %	(1.0) pt.
Hotels	798 JPY million	+132 JPY million	4.1 %	+0.3 pt.	100.0 %	- pt.
Entire portfolio	11,610 JPY million	(20) JPY million	4.4 %	- pt.	97.4 %	(0.6) pt.

# Factors Impacting FP 12 Result

## ■ Operating conditions in each asset type (tenant)

### ➤ Office

- Profit beat plan as conservative cost assumptions outweighed a decline in utilities revenues as more people worked from home.
- The two departures in FP 12 were both backfilled, before the end of FP 12.
- Costs related to office leasing activities were taken out of internal reserves as planned.
- Office tenants did request rent concessions; however, no reductions have been granted currently. Pending tenant negotiations continue.

### ➤ Residential

- Profit beat plan as conservative re-tenanting cost assumptions outweighed revenue shortfalls due to the market slowdown since spring.
- Occupancy rate declined 0.2 pt. vs. guidance on an increase in cancellations. Meanwhile, new contracts have maintained momentum.
- The impact from rent concessions to residential tenants has been negligible, and rent delinquencies have remained consistent with historical levels since May.

	May to Jul. 2020	Aug. to Oct. 2020	Total	• Delinquency rate (At least 3 months overdue. Residential tenants only.)			
				FP 9 (Apr.2019)	FP 10 (Oct. 2019)	FP 11 (Apr. 2020)	FP 12 (Oct.2020)
New leases signed	400	445	845	0.52%	0.60%	0.40%	0.63%
Cancellations	420	422	842				

### ➤ Retail tenants

- There have been some requests for rent concessions from retail tenants, but since the end of FP 11 the volume of requests has not increased substantially.

#### ➤ Status of rent concessions

	As of June 15, 2020			As of the end of November 2020					
	Requests	Abatement	Grace	Requests	Abatement	Grace	Withdrawn	Under negotiations	Departed
Office tenants	2	-	-	3	-	-	2	1	-
Retail tenants	22	1	1	23	3	5	13	1	1
Residential tenants	Several	-	-	Several	-	-	-	-	-
Portfolio total		1	1		3	5	15	2	1

\* Where the same tenant was granted both grace and an abatement, the matter was counted as an abatement.

- The impact from COVID-19 (abatement JPY-1.4 million ,(JPY -0.3 yen per unit) was setoff by internal reserve reversal.

## ■ Asset management fees linked to SHR unit price performance

- As of the end of FP 11, SHR unit price performance was -4% vs. TSE REIT Index performance.  
Therefore, the rate for Asset Management fee I was reduced -0.004% to 0.136% from 0.14%.

# Financial Forecast (FP 13/FP 14)

- In FP 13, SHR expects a decline in profit due to the COVID-19 pandemic. Some of that profit shortfall will be offset by reversing internal reserves to stabilize DPU.
- In FP 14, SHR expects a much larger decline vs. FP 13 forecast as variable rent income from hotels falls to zero. However, the impact on DPU will be minimized by reversing internal reserves.

	Forecast		Result
	FP 13 (ending Apr.2021)	FP 14 (ending Oct.2021)	FP 12 (ended Oct.2020)
Operating Revenue	14,868 JPY million	14,526 JPY million	14,826 JPY million
Operating Income	7,714 JPY million	7,439 JPY million	7,868 JPY million
Ordinary Income	6,814 JPY million	6,525 JPY million	6,993 JPY million
Net Income	6,814 JPY million	6,525 JPY million	6,992 JPY million
Internal Reserve	223 JPY million	448 JPY million	233 JPY million
Total Distribution	7,037 JPY million	6,973 JPY million	7,226 JPY million
Net Income per unit	1,588 JPY	1,521 JPY	1,630 JPY
DPU	1,641 JPY	1,626 JPY	1,685 JPY

(as of the end of FP 14)

Internal Reserve : JPY 810 million (JPY 498 million in RTA and JPY 312 million in reserve for reduction entry)

	NOI		NOI Yield		Average occupancy rate during the period	
	FP13 (Forecast)	FP14 (Forecast)	FP13 (Forecast)	FP14 (Forecast)	FP13 (Forecast)	FP14 (Forecast)
Office	5,127 JPY million	5,067 JPY million	4.2 %	4.1 %	99.6 %	99.1 %
Residential	5,613 JPY million	5,591 JPY million	4.5 %	4.5 %	96.5 %	96.4 %
Hotels	774 JPY million	513 JPY million	3.9 %	2.6 %	100.0 %	100.0 %
Entire portfolio	11,514 JPY million	11,173 JPY million	4.3 %	4.2 %	97.4 %	97.2 %



# Assumptions for FP 13 and FP 14 forecasts

## ■ Forecast assumptions by asset type

### ➤ Office

- The vacancy of office in FP 13 is almost fixed as of publication date.
- For FP 14, the vacancy risk is expected (equivalent to a minus over JPY 20 million during the period) as the cancellation fixed and announced as of the end of November.
- Utilities revenues will be added in FP 13 due to the implementation of pass-through for part of offices during FP 11. However, the forecast is more conservative to the past. Forecasts assume a more conservative level in FP 14 compared to the result of FP 12.
- SHR estimates no increase of rent during FP13 and FP 14 excluding those has been confirmed.

### ➤ Residential

- Recently the cancellation rate has increased above historical levels, so forecast assumptions for cancellation increase about 10% compared to pervious period, and for cancellation rate of FP 13 and FP 14 are conservative.
- For FP 14, though it is expected a partial recovery from the impact of COVID-19. SHR remains conservatively forecasts occupancy rate same as the result of FP 12.
- SHR estimates no increase of rent during FP13 and FP 14 excluding those fixed in the end of FP 12 from residential tenants.

### ➤ Hotels

- For The St. Regis Osaka (Hommachi GC), rent for FP 13 and FP 14 assume only fixed rent and no variable rent income tied to hotel revenue.
- FP 13 rental income from The Ritz Carlton, Kyoto, is confirmed the same as FP 12.  
As of publication, the variable component of FP 14 rental income is not expected to happen, only fixed rent shall be count. The difference in rental income in FP 14 compared to FP 13 will be offset by reversing internal reserves to pay out cash distributions.

### ➤ Retail tenants

- Assume no change to the status quo as there has been no substantial change to the situation involving requests for rent concessions from retail tenants.

## ■ Asset management fees linked to SHR unit price performance

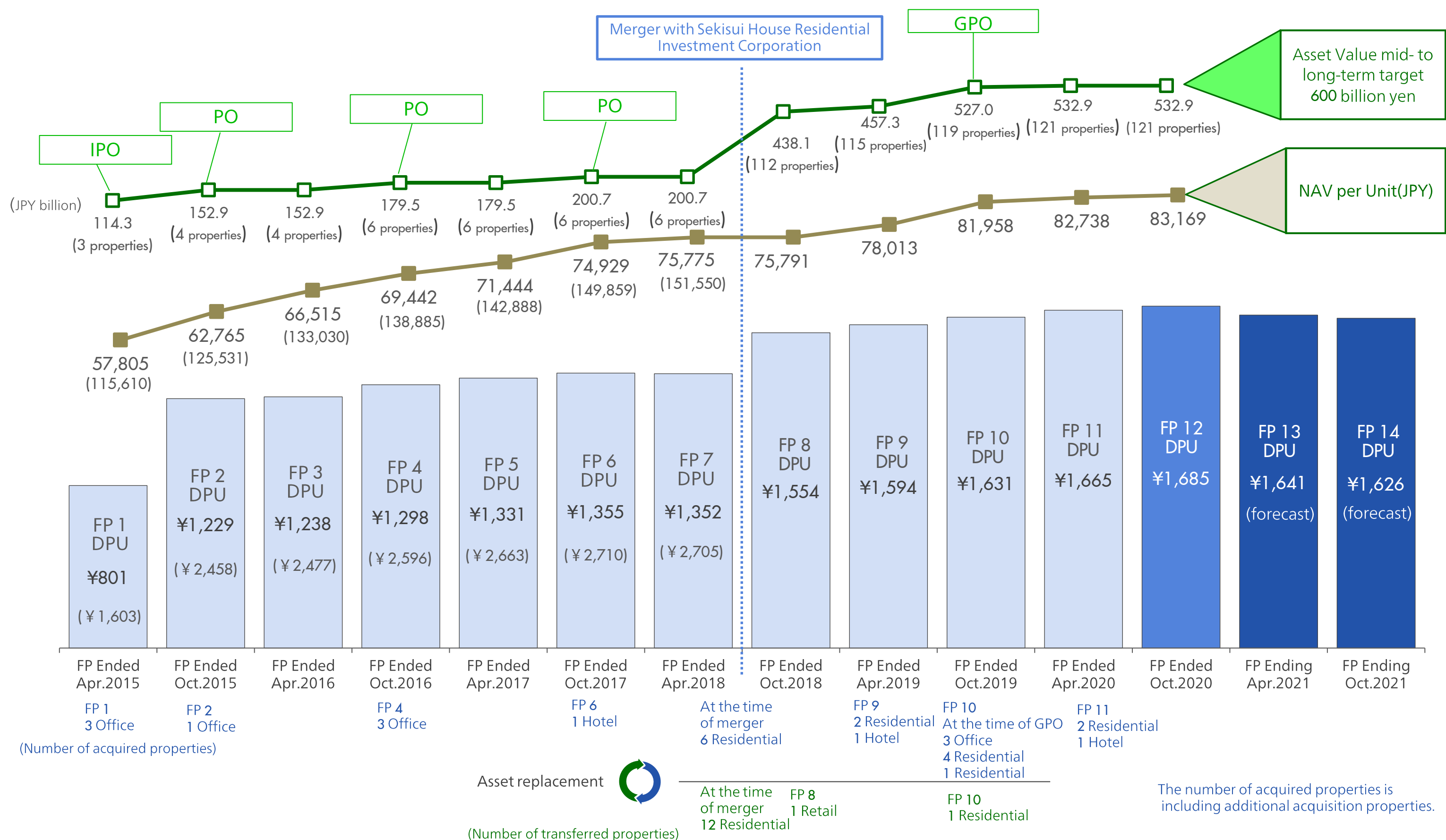
- As of the end of FP 12, SHR unit price performance is expected to be +7% vs. TSE REIT Index performance (outperformance).  
Therefore, for FP 13, the rate for Asset Management fee I will increase 0.007% to 0.147% vs. the base rate of 0.14%.  
For FP 14, forecasts assume 0.143%, an increase of 0.003% over the base rate of 0.14%.

# Profit and Loss Comparison

(unit : JPY million)

	FP11	FP12			FP13		FP14		FP12
	Result	Result	Vs. FP11 Result	Vs. Guidance	Forecast	Vs. FP12 Result	Forecast	Vs. FP13 Guidance	Guidance
Property-related operating revenue	14,590	14,826	+236	(21)	14,868	+42	14,526	(341)	14,847
Rent revenue – real estate	14,196	14,410	+213	+4	14,508	+98	14,140	(367)	14,405
Other lease business revenue	393	416	+22	(25)	360	(56)	386	+25	442
Utilities revenue	133	186	+53	(18)	149	(37)	179	+30	205
Non-refundable deposits received	84	72	(11)	(13)	62	(10)	66	+3	86
Renewal fees income	142	127	(15)	(0)	131	+4	121	(9)	127
Other miscellaneous income	32	29	(3)	+7	17	(12)	19	+1	22
Property-related operating expenses	5,372	5,660	+288	(96)	5,820	+159	5,816	(3)	5,757
Subcontract expenses	513	561	+48	+1	558	(2)	558	(0)	560
Property management fees	425	435	+10	(6)	476	+40	443	(32)	441
Trust fees	41	44	+2	(1)	41	(2)	41	+0	45
Utilities expenses	239	277	+38	(37)	266	(11)	274	+8	315
Property and other taxes	912	1,027	+114	(2)	1,046	+19	1,071	+24	1,029
Property tax	887	999	+112	(0)	1,017	+18	1,042	+24	999
Insurance expenses	16	17	+0	+0	16	(0)	16	+0	16
Repair expenses	292	291	(1)	(8)	333	+42	347	+14	299
Other expenses related to rent business	519	561	+42	(43)	614	+53	599	(15)	604
Depreciation	2,413	2,444	+31	+2	2,466	+21	2,462	(3)	2,442
Property-related operating income	9,217	9,165	(51)	+74	9,048	(117)	8,710	(338)	9,090
Selling, general and administrative expenses	1,343	1,297	(46)	(14)	1,333	+36	1,270	(63)	1,311
Asset management fees	1,015	984	(30)	+17	979	(5)	926	(53)	967
Operating income	7,874	7,868	(5)	+89	7,714	(153)	7,439	(274)	7,779
Non-operating income	7	10	+2	+0	0	(10)	0	-	9
Non-operating expenses	889	885	(4)	(17)	899	+14	914	+14	902
Ordinary income	6,991	6,993	+1	+107	6,814	(178)	6,525	(289)	6,886
Net Income	6,991	6,992	+1	+107	6,814	(178)	6,525	(289)	6,885
Capital Expenditures	650	591	(58)	+50	623	+32	714	+91	540
· Amount of expensing of property taxes of each period: FP12 Result JPY 111 million, FP 13 forecast JPY 5 million, FP 14 forecast 8 million.									
Property-related operating revenue (Office)	6,025	6,223	+198	(12)	6,265	+41	6,203	(61)	6,236
(Residential)	7,797	7,716	(80)	(8)	7,725	+8	7,704	(20)	7,725
(Hotels)	767	886	+118	-	878	(8)	618	(259)	886
Property-related operating income (Office)	4,341	4,321	(20)	+46	4,305	(15)	4,244	(61)	4,275
(Residential)	4,324	4,168	(156)	+23	4,091	(76)	4,076	(14)	4,144
(Hotels)	551	676	+124	+5	651	(25)	389	(261)	670

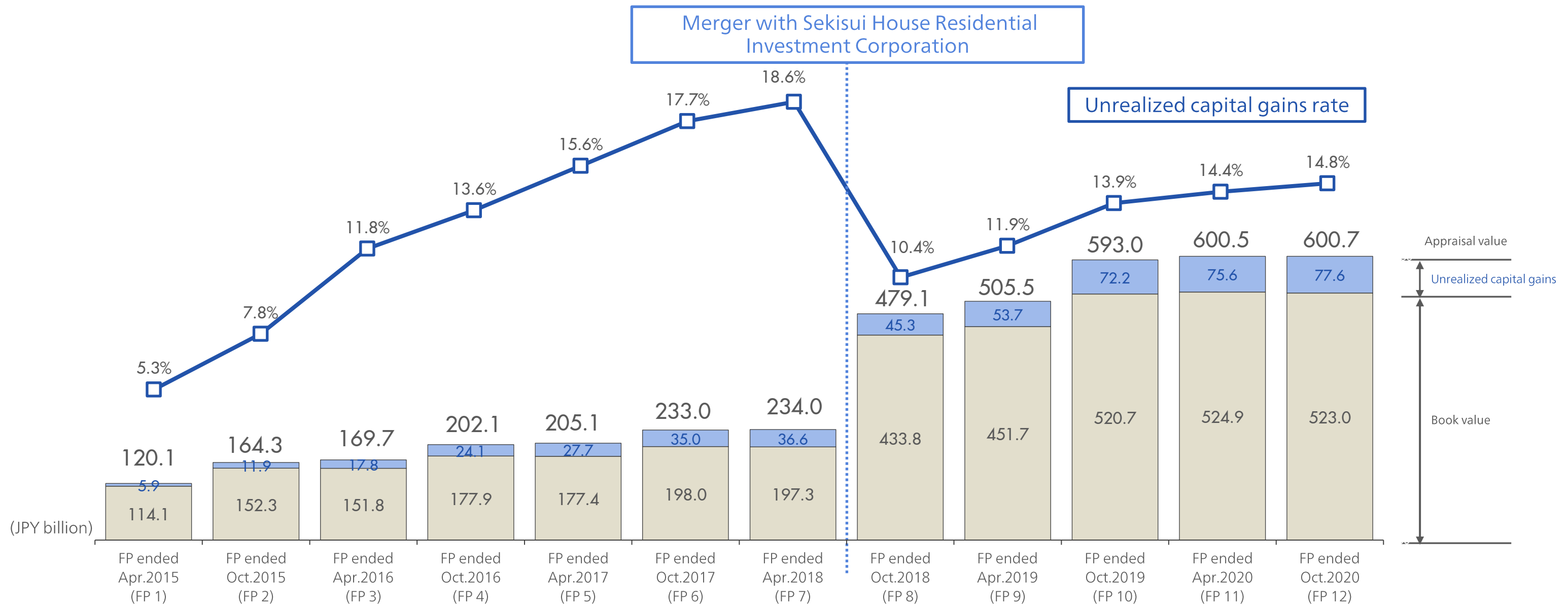
# DPU and NAV per Unit



\* As a two-for-one split of investment units was implemented on May 1, 2018, and in consideration of the impact of the split, DPU and NAV per unit for each period prior to the FP8 are calculated by dividing the actual figures by two, and the amounts are rounded down to the nearest decimal.

# Trends of Appraisal Value

## ➤ Trends of Appraisal value and unrealized capital gains rate

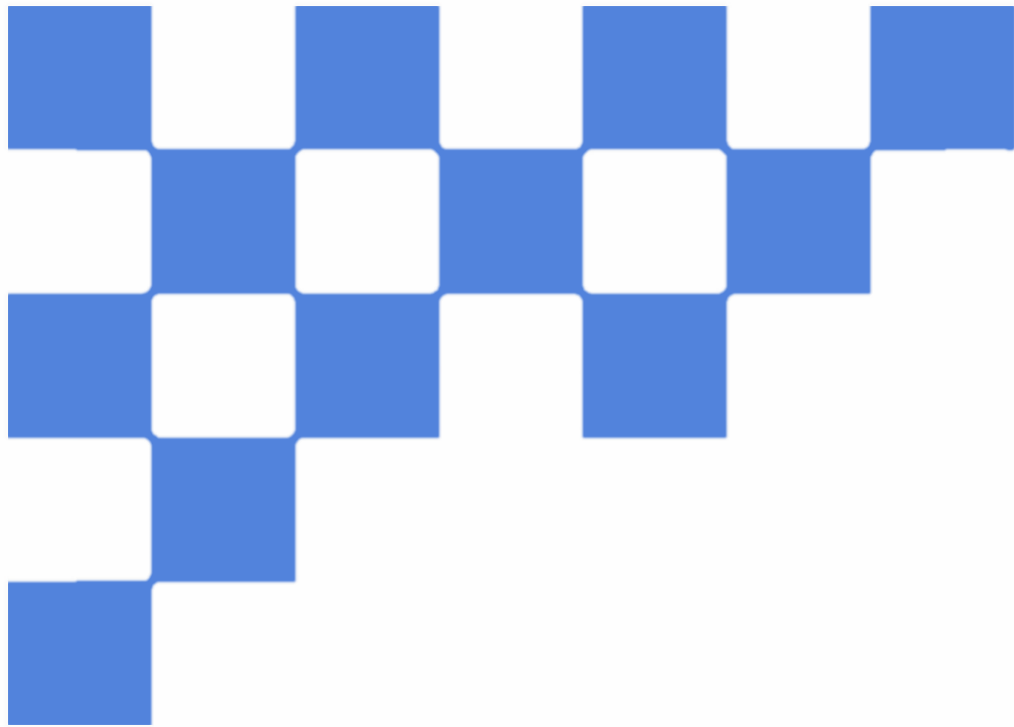


## ➤ Breakdown of appraisal value by asset type as of the 12th Fiscal Period

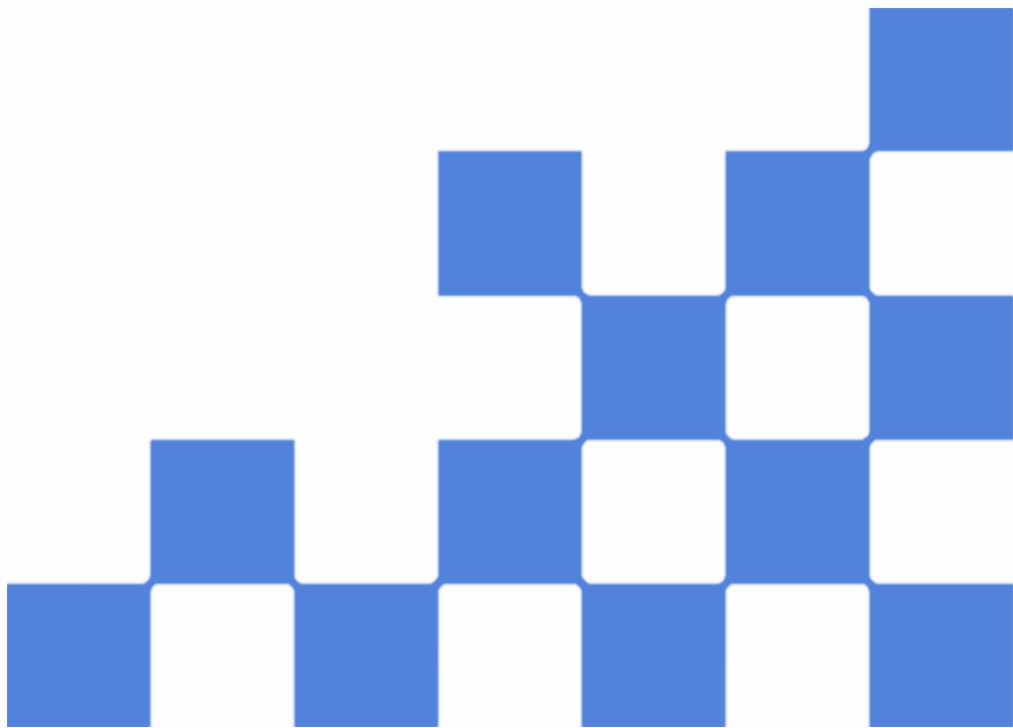
	Office		Residential		Hotels		Entire portfolio	
	FP 12 Result	Vs. FP 11	FP 12 Result	Vs. FP 11	FP 12 Result	Vs. FP 11	FP 12 Result	Vs. FP 11
Appraisal value	295.5 <sup>JPY billion</sup>	— <sup>JPY billion</sup>	264.7 <sup>JPY billion</sup>	+1.9 <sup>JPY billion</sup>	40.4 <sup>JPY billion</sup>	(1.7) <sup>JPY billion</sup>	600.7 <sup>JPY billion</sup>	+0.1 <sup>JPY billion</sup>
Average cap rate	3.4 %	— pt.	4.1 %	— pt.	3.5 %	+0.1 pt.	3.7 %	— pt.
Unrealized capital gains	56.3 <sup>JPY billion</sup>	+0.7 <sup>JPY billion</sup>	20 <sup>JPY billion</sup>	+2.8 <sup>JPY billion</sup>	1.2 <sup>JPY billion</sup>	(1.6) <sup>JPY billion</sup>	77.6 <sup>JPY billion</sup>	+1.9 <sup>JPY billion</sup>
Unrealized capital gains rate	23.5 %	+0.4 pt.	8.2 %	+1.2 pt.	3.3 %	(4.2) pt.	14.8 %	+0.4 pt.

\* The appraisal value of The St. Regis Osaka is same value as of FP 11.





# Portfolio of SHR



# Office Portfolio

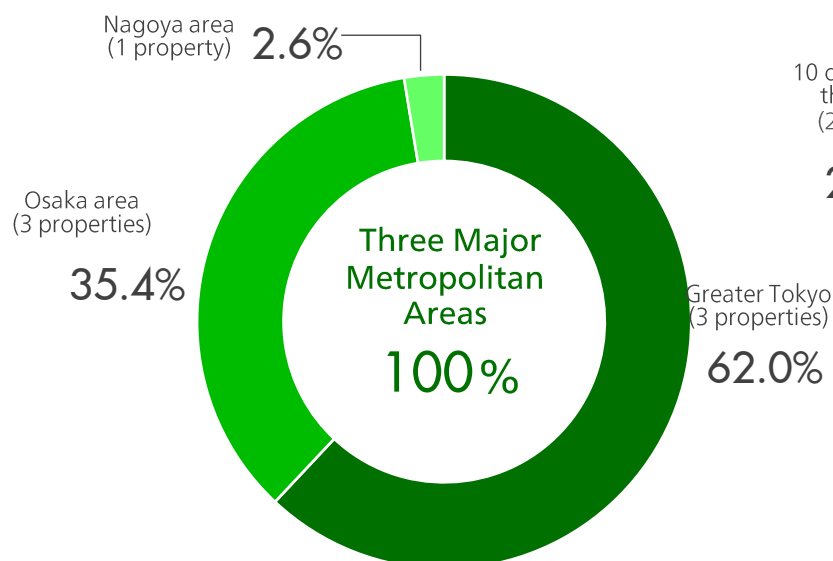
## ➤ Portfolio list

	Location	Acquisition price		Leasable area		End-tenant average rent (JPY/tsubo)		End-tenant occupancy rate	
		(JPY million)	%	(m <sup>2</sup> )	%	As of End of FP 11	As of End of FP 12	As of End of FP 11	As of End of FP 12
Garden City Shinagawa Gotenyama	Shinagawa-ku, Tokyo	71,950	13.5%	38,577.99	7.0%	26,586	26,629	99.9 %	100 %
Akasaka Garden City	Minato-ku, Tokyo	28,700	5.4%	12,472.80	2.3%	29,821	30,119	100 %	100 %
Hommachi Minami Garden City	Osaka-shi, Osaka	44,000	8.3%	29,657.53	5.4%	22,479	22,610	100 %	100 %
Hommachi Garden City (office portion)	Osaka-shi, Osaka	38,600	7.2%	17,006.94	3.1%	32,077	31,703	99.7 %	99.7 %
HK Yodoyabashi Garden Avenue	Osaka-shi, Osaka	4,400	0.8%	4,554.52	0.8%	16,164	17,847	100 %	100 %
Hirokoji Garden Avenue	Nagoya-shi, Aichi	6,350	1.2%	4,442.75	0.8%	23,746	23,772	100 %	100 %
Gotenyama SH Building	Shinagawa-ku, Tokyo	51,500	9.7%	19,999.97	3.6%	30,000	30,000	100 %	100 %
Office total		245,500	46.1%	126,712.50	22.9%	26,742	26,825	99.9 %	100.0 %
Office portfolio total calculated assuming the office portion of Hommachi GC is on a fixed-rent master lease						26,369	26,502	100.0 %	100 %

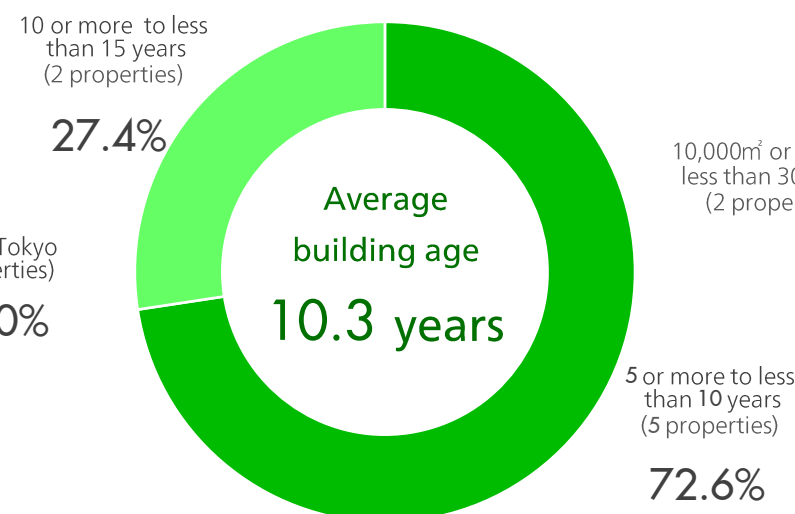
- ✓ The office portion of Hommachi Garden City on a fixed-rent master lease with Sekisui House **Fixed rent price : 29,280 JPY/tsubo**
- The fixed-rent master leases for Garden City Shinagawa Gotenyama and Hommachi Minami Garden City were converted to pass-through leases in FP 11 ended April 2020.
- The timing of converting the office portion of Hommachi Garden City to a pass-through lease is yet to be determined.

## ➤ Diversification (acquisition price basis)

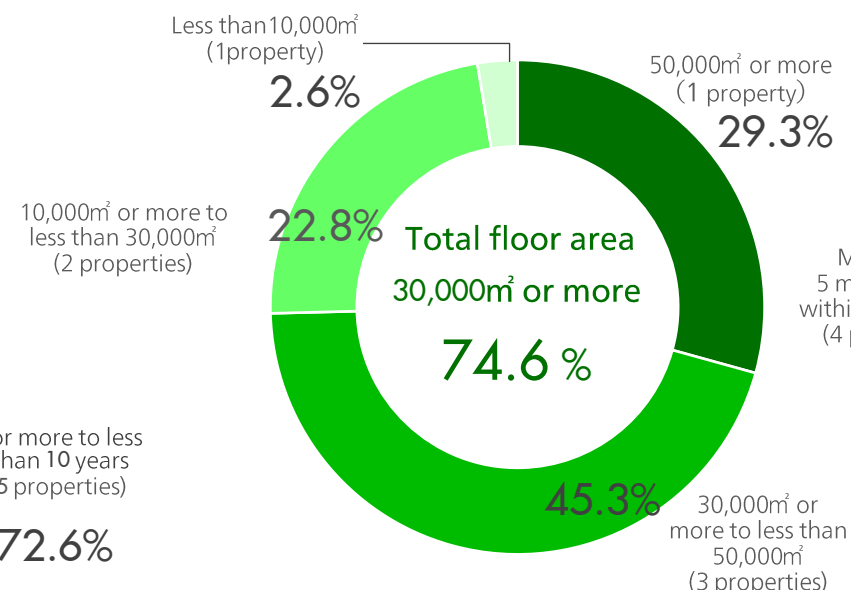
### ✓ By area



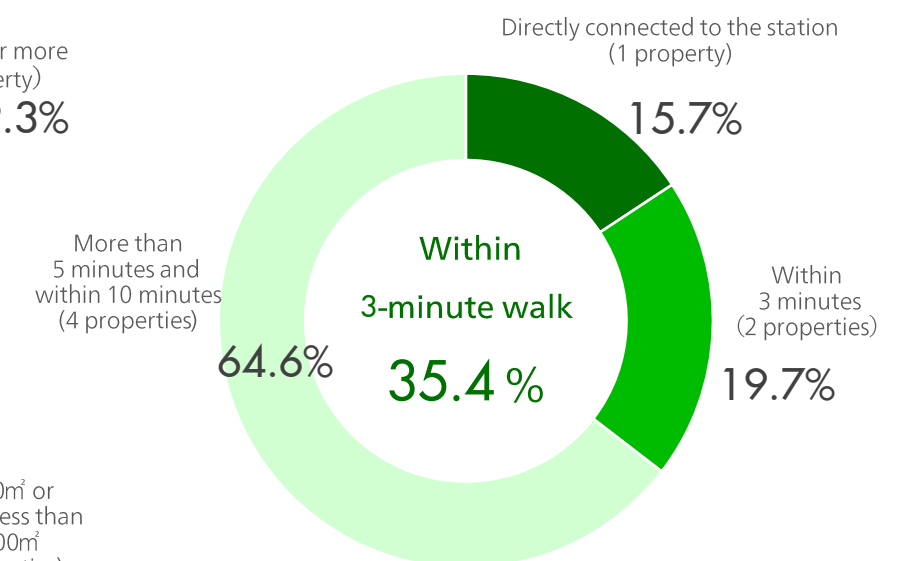
### ✓ By building age



### ✓ By total floor area



### ✓ By time to nearest station by walking

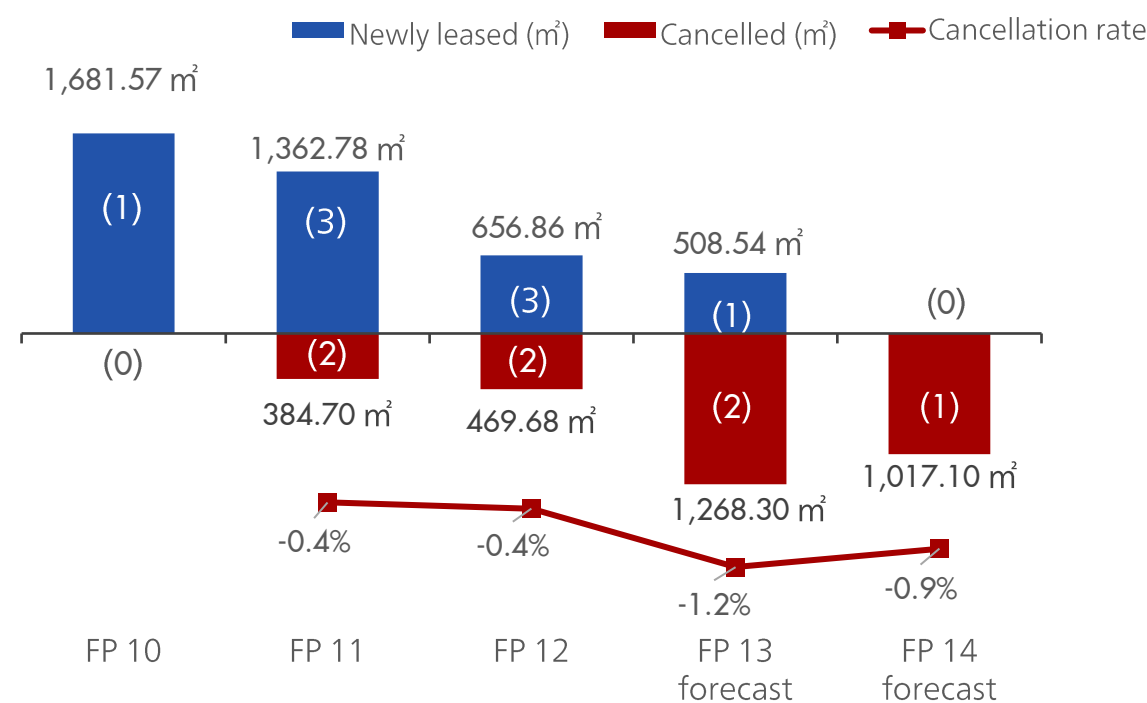


\* The existing fixed-rent master lease for the office portion of Hommachi Garden City expires May 18, 2022 (however the lease may be terminated before that date).

\* Percentages for the acquisition price and leasable area are provided as percentages of the total portfolio.

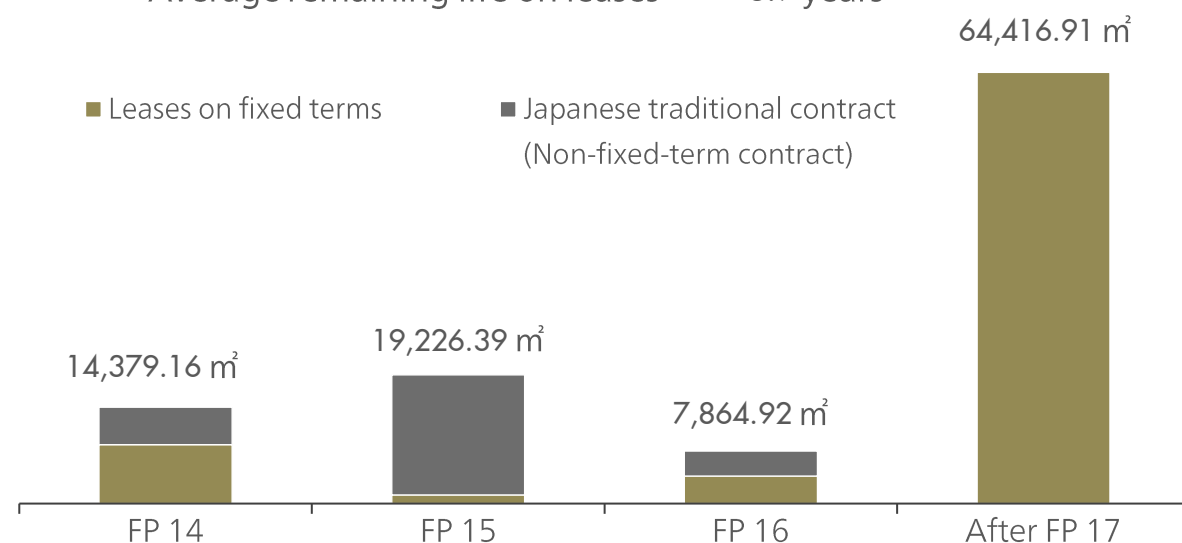
# Office: Tenant Renewals

## ➤ Trends in cancellations and new leases (including existing tenants adding or returning space)



## ➤ Slated for renewal in FP 14 and thereafter

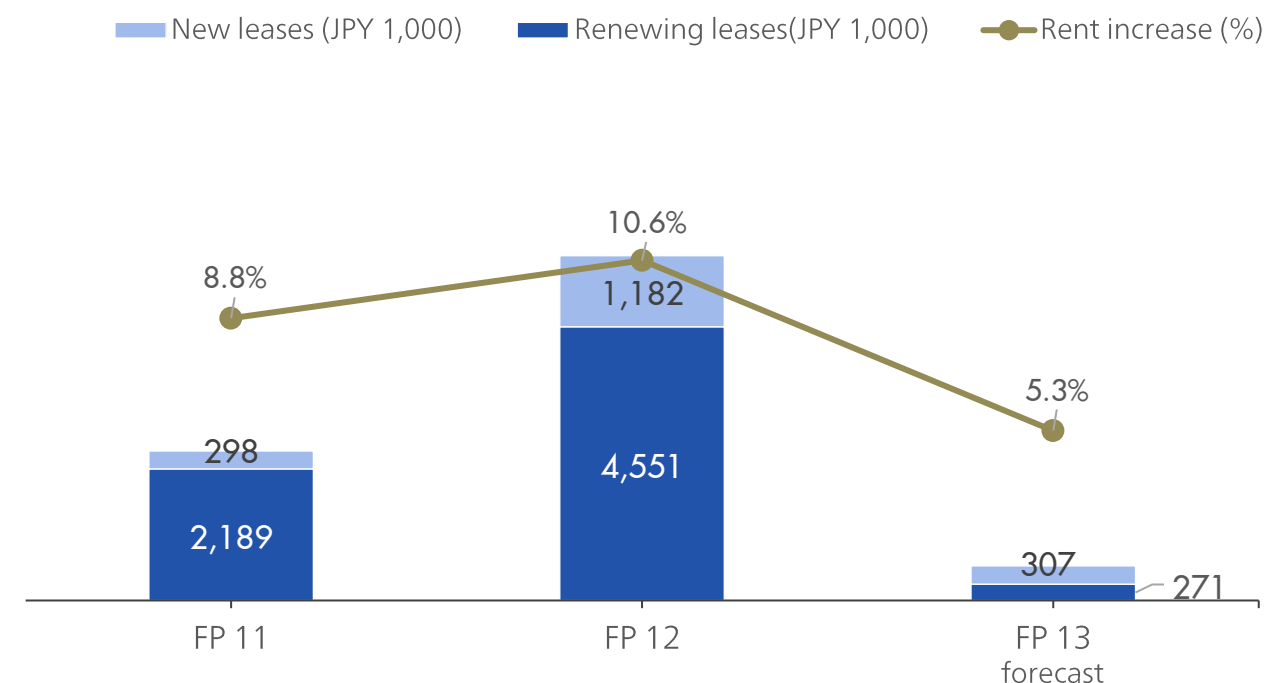
Percentage of leases on fixed terms 74.5 %  
 Average lease duration 6.9 years  
 Average remaining life on leases 3.9 years



## ➤ Renewal Result

	FP 11	FP 12	FP 13 (forecast)
Slated for renewal	19,971.47m <sup>2</sup> (13)	10,331.23m <sup>2</sup> (12)	2,143.63m <sup>2</sup> (6)
Renewed	19,586.77m <sup>2</sup> (11)	9,861.55m <sup>2</sup> (11)	875.33m <sup>2</sup> (4)
Vacated	(384.7)m <sup>2</sup> (2)	(343.54)m <sup>2</sup> (1)	(1,268.30)m <sup>2</sup> (2)
Space returned	— (—)	(126.14)m <sup>2</sup> (1)	— (—)
Renewed at higher price	3,171.31m <sup>2</sup> (5)	7,867.68m <sup>2</sup> (9)	703.01m <sup>2</sup> (2)
Renewed at lower price	— (—)	— (—)	— (—)
Renewed at same price	16,415.16m <sup>2</sup> (6)	1,993.87m <sup>2</sup> (2)	172.32m <sup>2</sup> (2)

## ➤ Rent trends (Increase in monthly rent price)



\* Figures for end tenants in the office portion of Hommachi Garden City, which is on a fixed-rent master lease, and retail tenants in office have been excluded from calculations on this page.

\* Cancellation rate was calculated based on leasable area and excluding Hommachi GC, which is on a fixed-rent master lease.

\* Area slated for renewal in FP 14 and thereafter includes area subject to cancellation.

\* In the rent trends graph, monthly rent price includes utilities fees, rents on new leases are compared to prior tenant's rent, and rents on renewing leases are compared to rent before renewal.

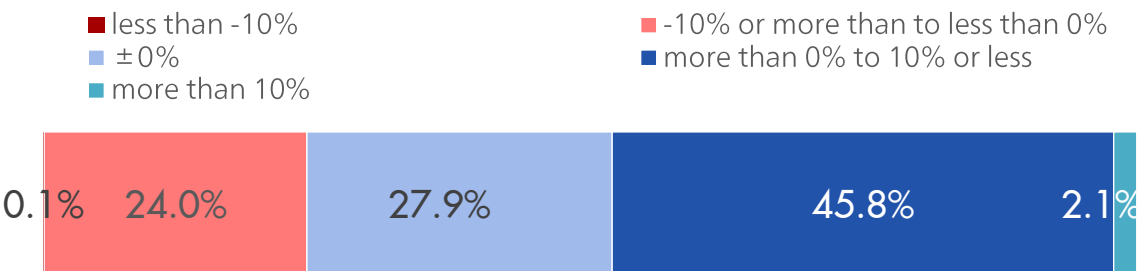
\* The rent increase (%) has calculated based on space where rent was increased.

# Office: Tenant Profile

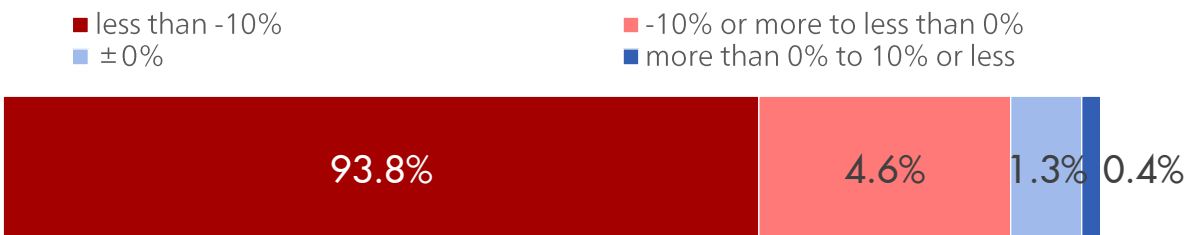
## ➤ Rent gap

- End-tenant rent below market rent: Greater Tokyo 24.1%, Osaka area 98.3%
- Rent Gap: Greater Tokyo 0.3% higher, Osaka area 17.2% lower

### ➤ Greater Tokyo: GC Shinagawa Gotenyama, Akasaka GC



### ➤ Osaka area: Hommachi Minami GC, HK Yodoyabashi GA



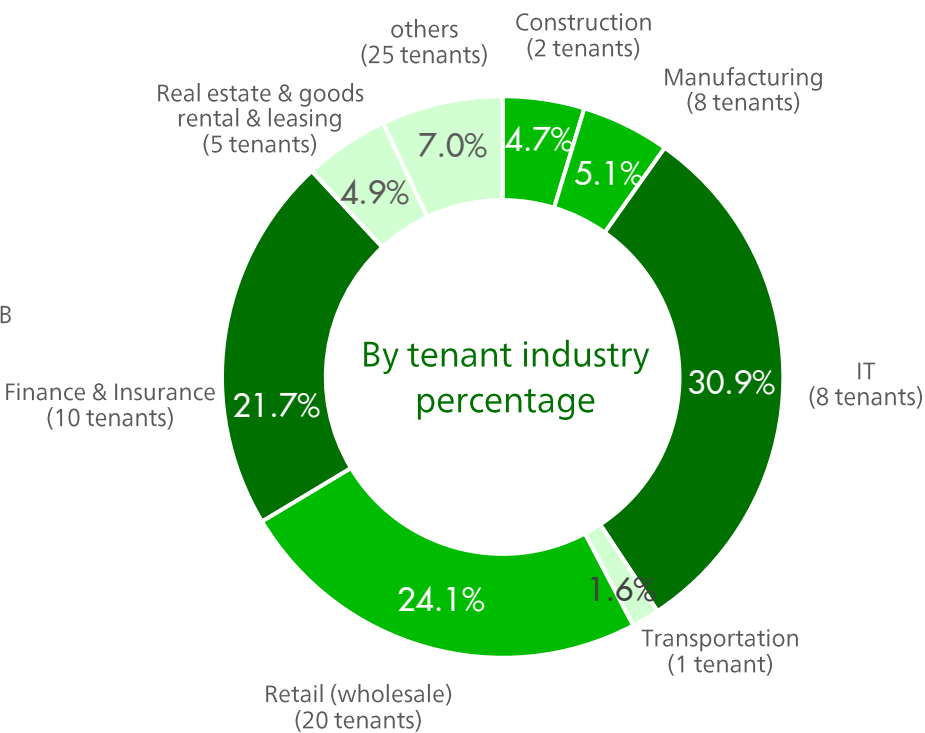
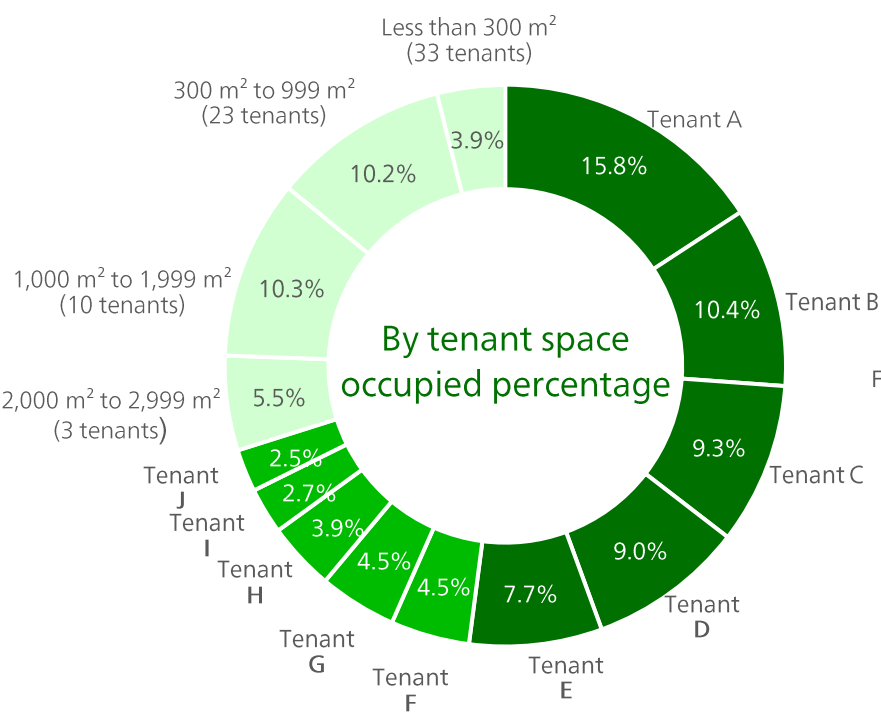
## ➤ End tenant diversification (Based on 79 end tenants in the total portfolio as of the end of FP 12)

### ✓ Top 5 tenants by leasable area 52.1 %

Tenant	Industry	Leasable area	Property
A	IT	19,999.97 m <sup>2</sup>	Gotenyama SH Building
B	IT	13,126.72 m <sup>2</sup>	GC Shinagawa Gotenyama
C	Retail (wholesale)	11,769.00 m <sup>2</sup>	Hommachi GC
D	Retail (wholesale)	11,366.43 m <sup>2</sup>	GC Shinagawa Gotenyama
E	Finance & Insurance	9,690.83 m <sup>2</sup>	Hommachi Minami GC

### ✓ Top 10 tenants by leasable area 70.1%

Property	% of portfolio	Tenant(s)
GC Shinagawa Gotenyama	23.9 %	Tenants B, D and F
Hommachi Minami GC	16.1 %	Tenants E, G and H
Gotenyama SH building	15.8 %	Tenant A
Hommachi GC	9.3 %	Tenant C
Akasaka GC	2.7 %	Tenant I
Hirokoji GA	2.5 %	Tenant J



\* Rent gap calculated for office portfolio as of the end of FP 12 and excludes Gotenyama SH building, which is a single tenant property, and the office portion of Hommachi Garden City, which is on a fixed-rent master lease.

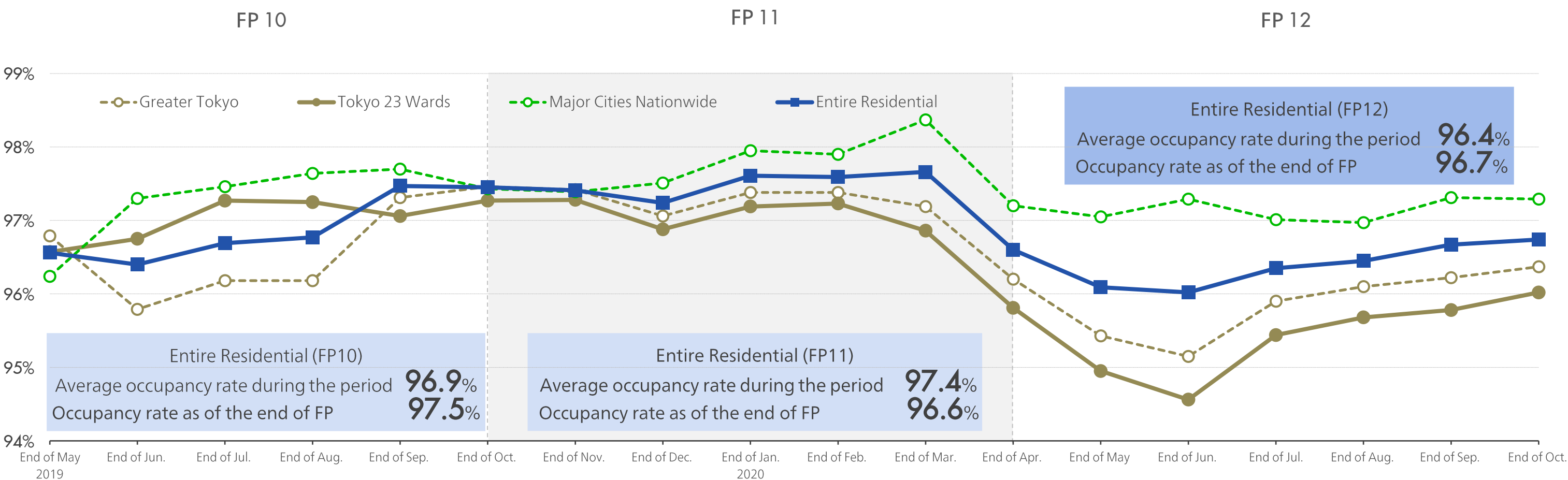
\* End tenant diversification calculated based on office portfolio as of the end of FP 12.

\* End tenant industry diversification is made by asset management company based on "Japan Standard Industrial Classification".



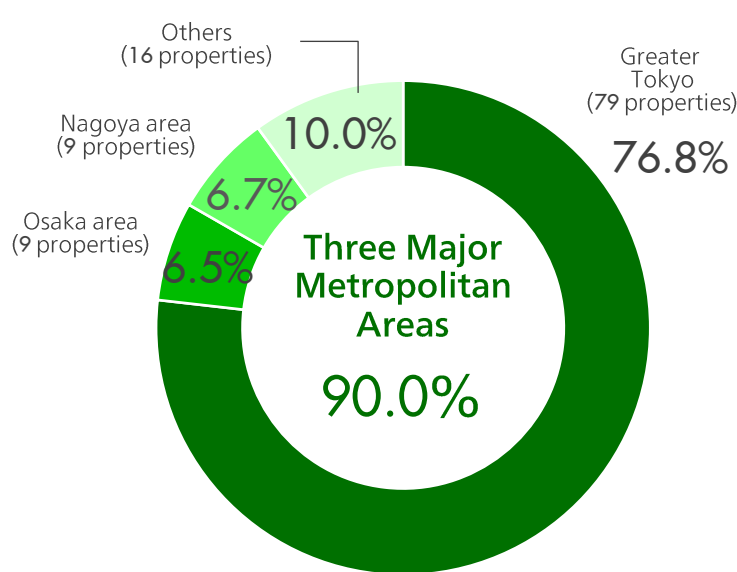
# Residential Portfolio

## ➤ Occupancy rate of the Residential Portfolio

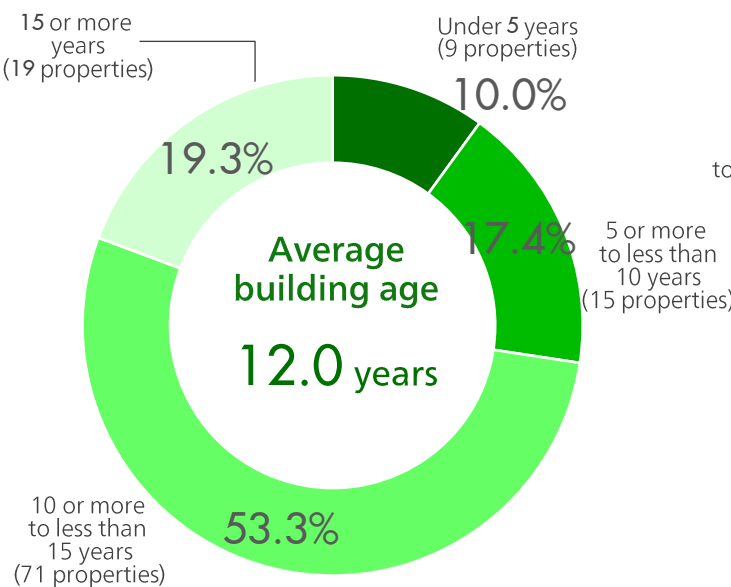


## ➤ Diversification (acquisition price basis excluding diversification by unit area)

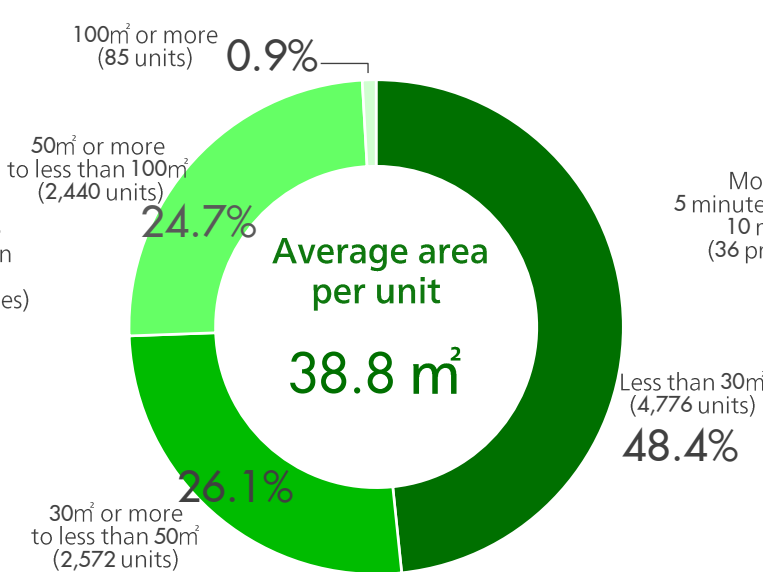
### ✓ Diversification by area



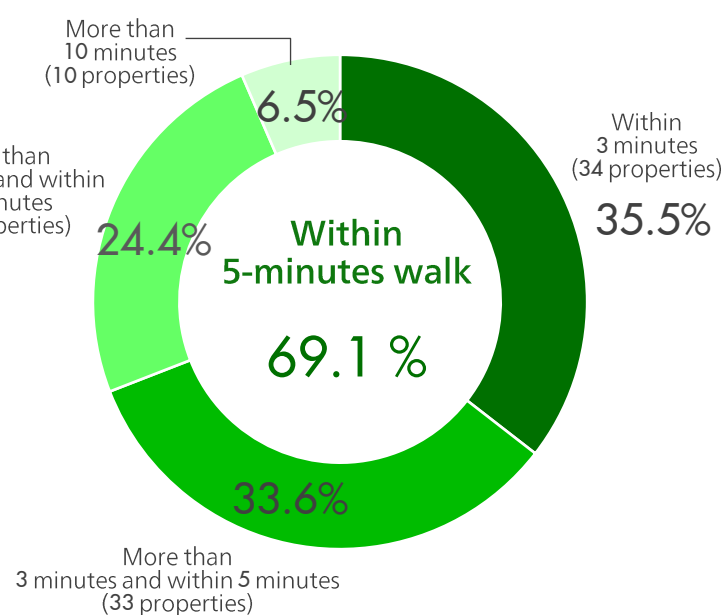
### ✓ Diversification by building age



### ✓ Diversification by unit area (leasable units basis)



### ✓ Diversification by time to the nearest station by walking

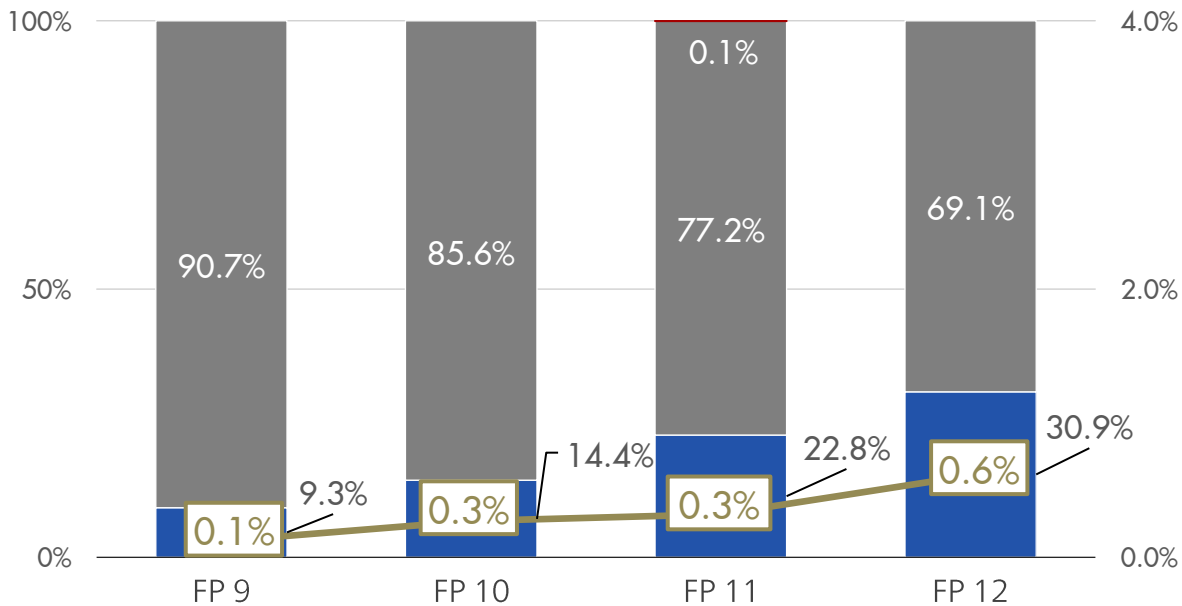
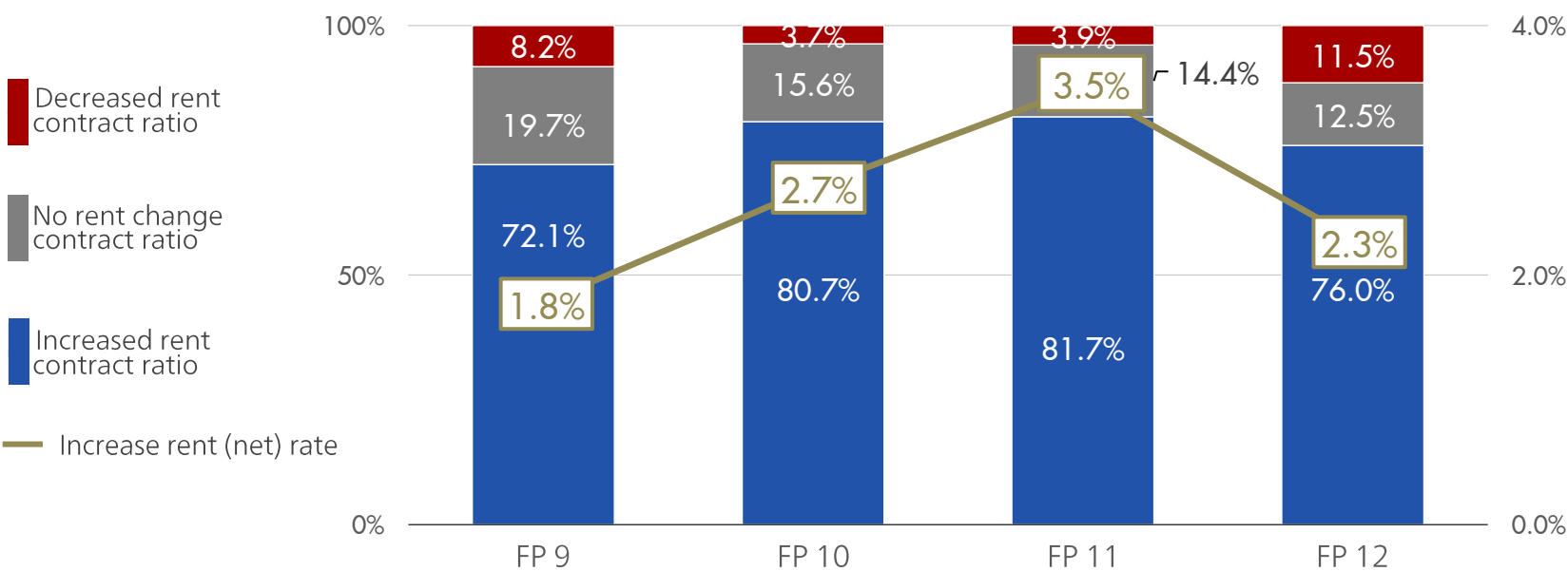


# Rent Trends of Residential

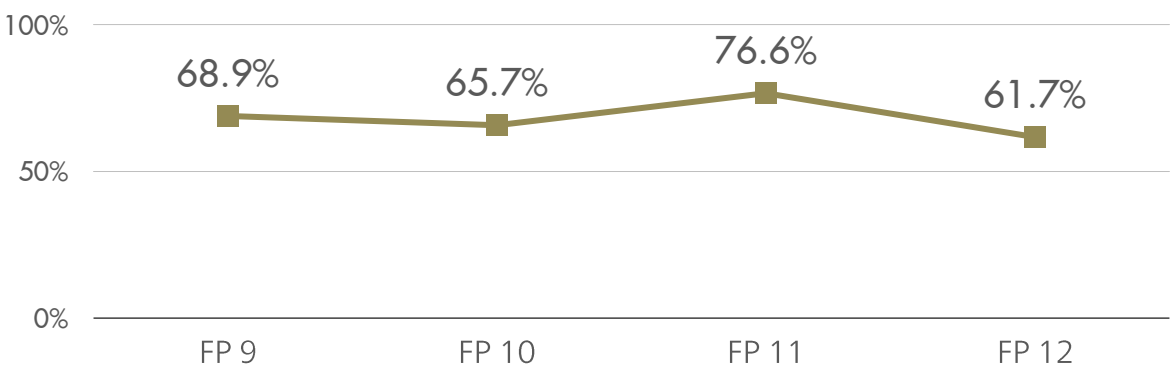
## ➤ Contract Rent

	New Contract			
	FP ended Apr. 2019 (FP 9)	FP ended Oct. 2019 (FP 10)	FP ended Apr. 2020 (FP 11)	FP ended Oct. 2020 (FP 12)
Monthly rent /no. of contracts	JPY104.91 million / 814	JPY124.80 million / 891	JPY107.54 million / 764	JPY119.72 million / 845
Increase in rent /no. of contracts	JPY2.21 million / 587	JPY3.61 million / 719	JPY3.85 million / 624	JPY3.72 million / 642
Decrease in rent /no. of contracts	JPY(0.37) million / 67	JPY(0.32) million / 33	JPY(0.20) million / 30	JPY(1.02) million / 97
Increase rent (net)	JPY1.84 million	JPY3.28 million	JPY3.65 million	JPY2.69 million

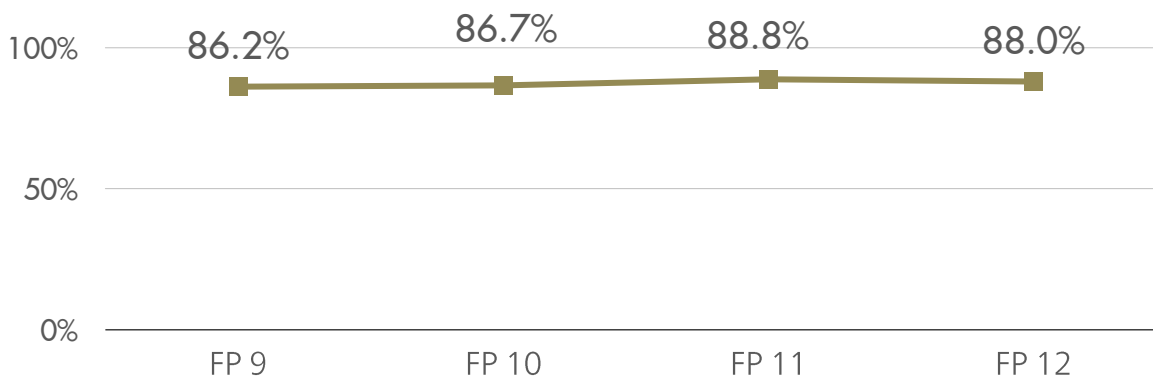
	Renewal Contract			
	FP ended Apr. 2019 (FP 9)	FP ended Oct. 2019 (FP 10)	FP ended Apr. 2020 (FP 11)	FP ended Oct. 2020 (FP 12)
Monthly rent /no. of contracts	JPY170.60 million / 1,361	JPY147.74 million / 1,121	JPY200.11 million / 1,615	JPY170.26 million / 1,296
Increase in rent /no. of contracts	JPY0.21 million / 126	JPY0.41 million / 161	JPY0.63 million / 368	JPY1.02 million / 400
Decrease in rent /no. of contracts	- / -	- / -	JPY(0.00) million / 1	- / -
Increase rent (net)	JPY0.21 million	JPY0.41 million	JPY0.63 million	JPY1.02 million



## ➤ Non Refundable Deposit Received



## ➤ Rate of Renewal



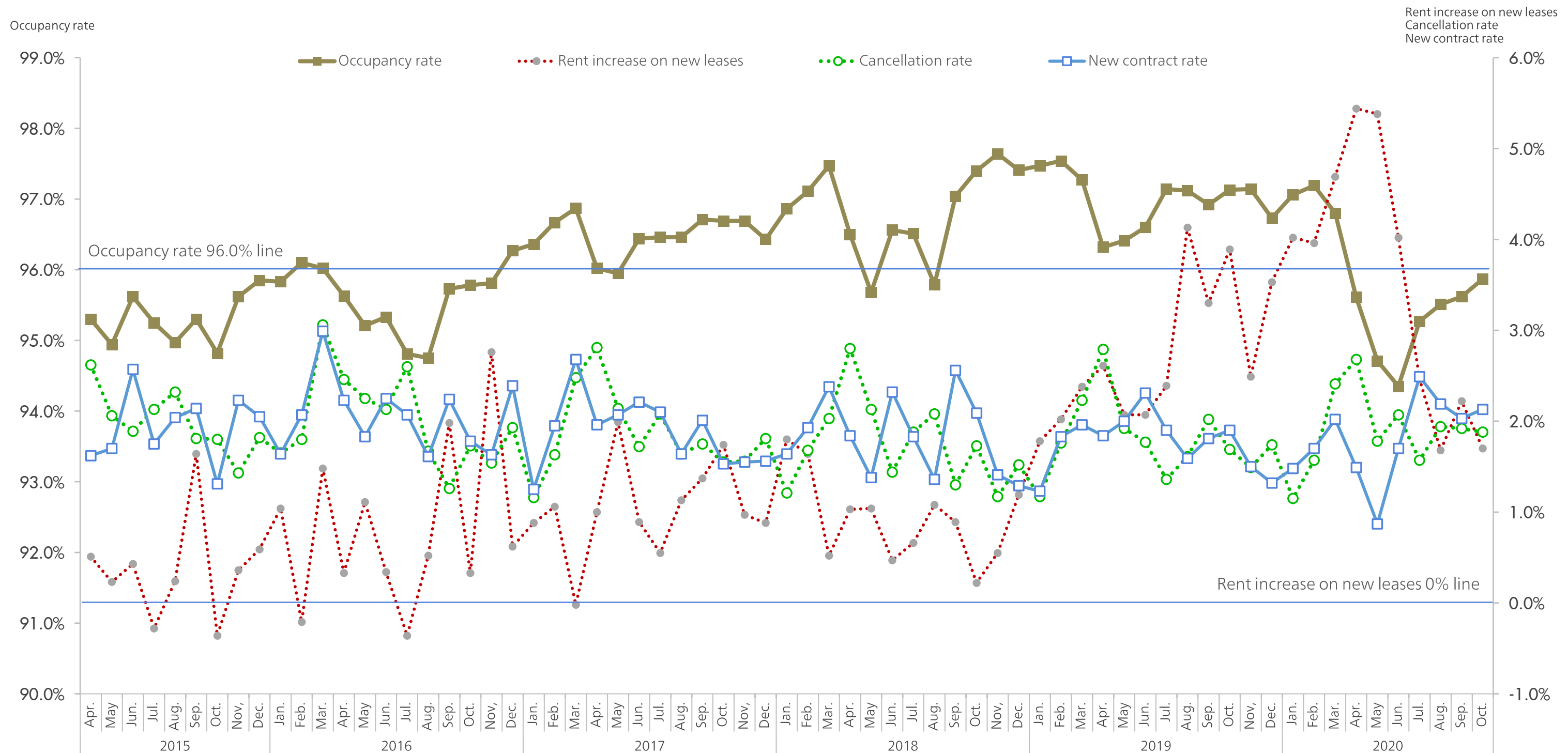
\* Monthly rent comparison of new contract and renewal contract is calculated including utilities.

# Monthly Trend in the Residential Portfolio(Tokyo 23 Wards)

May 2020 lease signings plummeted and occupancy rate stagnated due to the stay-at-home order issued April 7, 2020, and kept in place for about two months.

Rent growth peaked at a record high +5.4% in April 2020. Thereafter, however, focus has been placed on occupancy rates, and rent growth has ranged between 1% and 2%.

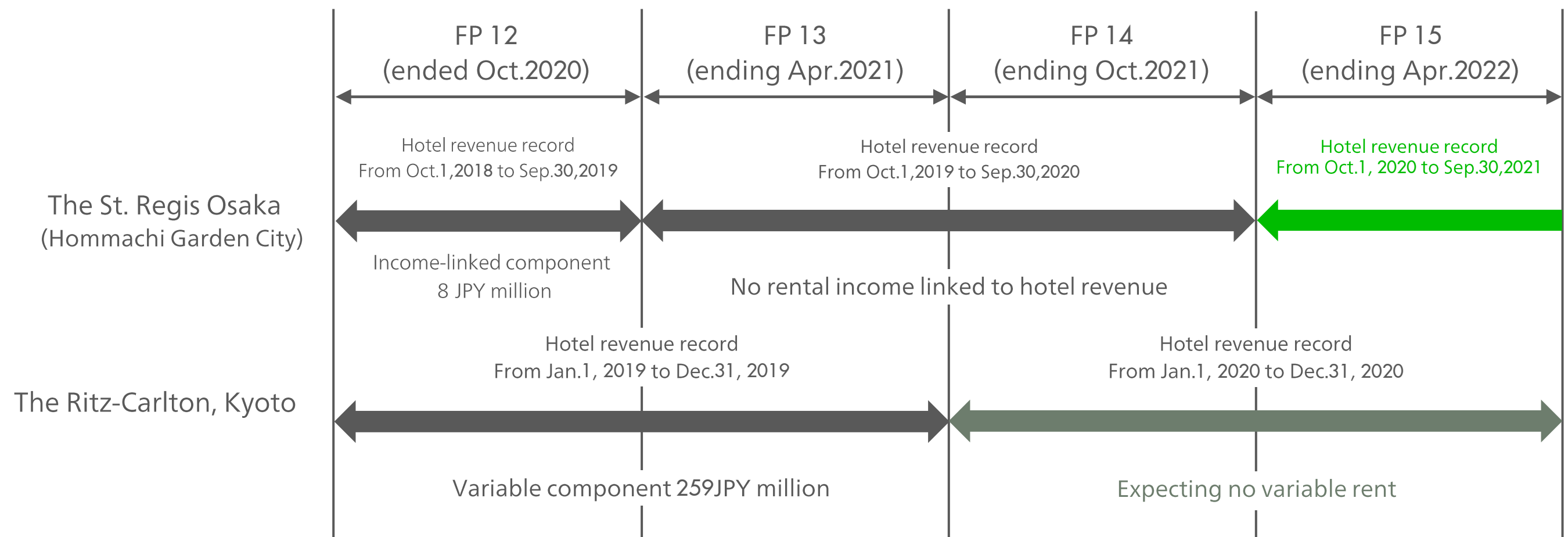
- Change in occupancy rate and rent increase on new leases by month (Tokyo 23wards)
  - ✓ Calculated for residential portfolio, excluding retail and office. Also excludes residential buildings leased as an entire building or subleased.



\* Cancellation rate is calculated by cancellation space per month / total leasable area(excluding retail, offices, and residential building leased as entire building or subleased.)

# Hotels Portfolio

- Hotel operations continue to suffer due to the impact from the COVID-19 pandemic. As a result, SHR expects to receive only fixed rent and no revenue participation for the period of time affected. Based on the revenue schedules, that would mean no variable rent starting in FP 13 for The St. Regis Osaka and FP 14 for The Ritz Carlton, Kyoto.
  - SHR plans to stabilize DPU by reversing internal reserves to offset the shortfall in variable rent from The Ritz Carlton, Kyoto.
- Revenue schedules: The relationship between hotel revenue records and SHR's rental income

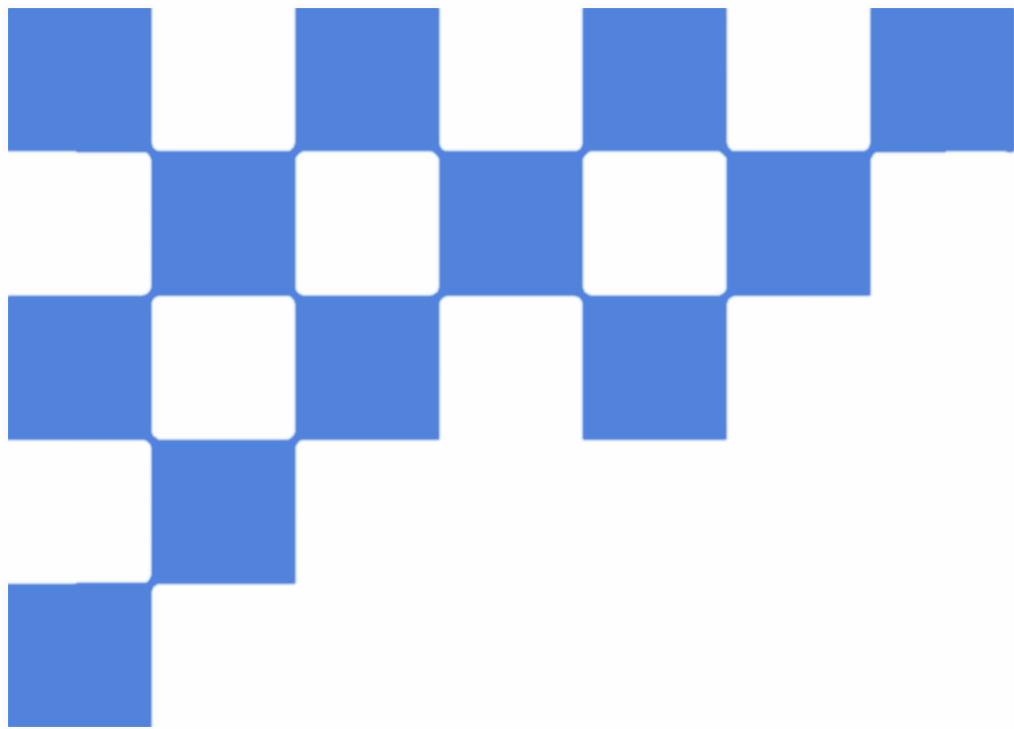


➤ Hotel rental income by fiscal period

	FP 12 (ended Oct. 2020)	FP 13 (ending Apr. 2021)	FP 14 (ending Oct. 2021)
The St. Regis Osaka	410 JPY million	402 JPY million	402 JPY million
(income-linked component)	(8 JPY million)	- JPY million	- JPY million
The Ritz-Carlton, Kyoto	475 JPY million	475 JPY million	215 JPY million
(Variable component)	(259 JPY million)	(259 JPY million)	- JPY million

In FP 14, the difference of JPY 259 Million in rental income vs. FP 13 for The Ritz Carlton, Kyoto, is to be offset by reversing internal reserves to pay cash distributions.





Financial Base



# Financial Base (1)

## ➤ Financial indicators

	as of Dec. 15, 2020	End of FP 11
Total interest-bearing liabilities	249.9 JPY billion	249.9 JPY billion
Long-term debt ratio	100 %	94.8 %
Fixed interest rate debt ratio	97.5 %	91.4 %
Average maturity	7.1 years	6.8 years
Average period remaining to maturity	3.9 years	3.7 years
Average interest rate	0.63 %	0.64 %
LTV (Total asset basis)	45.1%	(End of FP 12)
	45.1%	(End of FP 11)

## ■ Credit ratings (Issuer ratings)

- Rating and Investment Information, Inc. (R&I): AA-(Stable)
- Japan Credit Rating Agency, Ltd. (JCR): AA(Stable)

## ■ Commitment line contracts

- Set a limit of JPY 15 billion with a 3-bank syndicate (MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation)

## ■ Incorporated Global Index

- FTSE EPRA/NAREIT Global Real Estate Index Series
- MSCI Japan Small Cap Index
- Thomson Reuters GPR / APREA Investable 100 Index
- S&P Global Property
- GPR 250 Index/ GPR 250 REIT Index
- TSE REIT Core Index

## ■ Recent financial activities (from 15, Jun. 2020 to 15, Dec. 2020)

### • Borrowings

Lender	Balance (JPY million)	Interest Rate	Drawdown Date	Borrowing Period (years)
MUFG Bank, Ltd.	400	0.287%	Aug. 31, 2020	4.5
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited., The Bank of Fukuoka, Ltd.	4,000	Fixed by interest rate swap transactions 0.297%	Aug. 31, 2020	4.5
Development Bank of Japan Inc.	400	0.360%	Aug. 31, 2020	7
MUFG Bank, Ltd.	1,370	0.450%	Aug. 31, 2020	7
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited, The Norinchukin Bank, Shinkin Central Bank, The Senshu Ikeda Bank, Ltd., The 77 Bank, Ltd., The Yamaguchi Bank, Ltd.	6,030	Fixed by interest rate swap transactions 0.466%	Aug. 31, 2020	7
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	2,000	Floating Base Rate (JBA1-month JPY TIBOR) +0.190%	Nov. 30, 2020	2
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited	2,580	Fixed by interest rate swap transactions 0.286%	Nov. 30, 2020	4.5
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited, The Norinchukin Bank	6,100	Fixed by interest rate swap transactions 0.507%	Nov. 30, 2020	8
Development Bank of Japan Inc.	370	0.435%	Nov. 30, 2020	8

### • Investment corporation bonds (current period results)

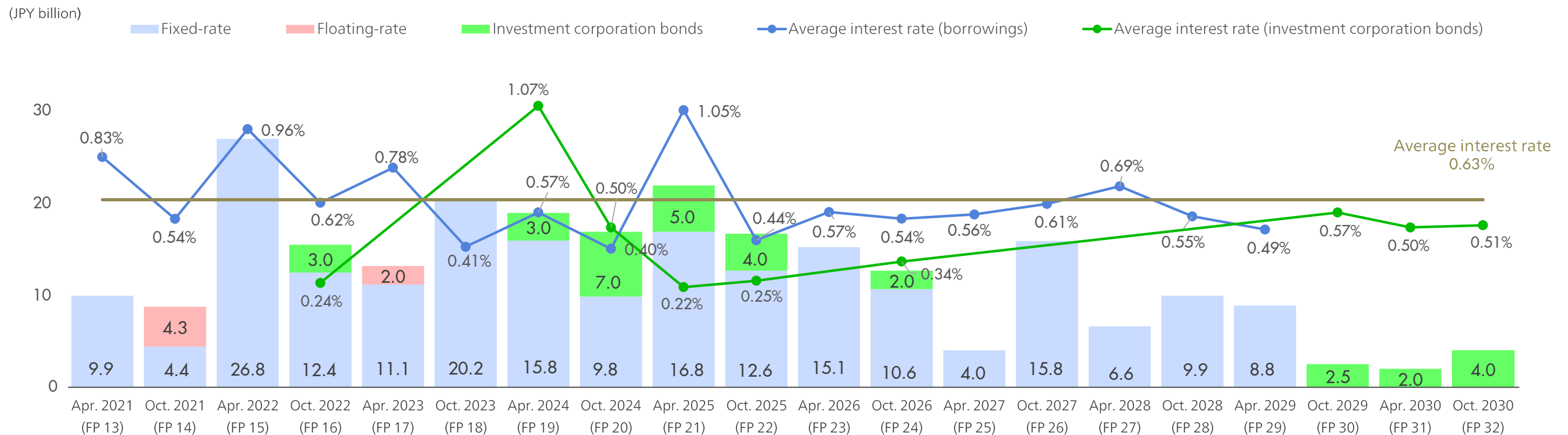
	Issue Amount (JPY million)	Interest Rate	Drawdown Date	Redemption period (years)
Green Bonds (The 7 <sup>th</sup> series)	4,000	0.250 %	Sep. 9, 2020	5
Green Bonds (The 8 <sup>th</sup> series)	4,000	0.510 %	Sep. 9, 2020	10

Green bond refers to a bond issued to procure funds required for a green project (environmentally friendly investment project). The above-mentioned green bonds are issued under the Green Bond Framework. With regard to the framework, a second party opinion has been received from Sustainalytics, a third-party entity.

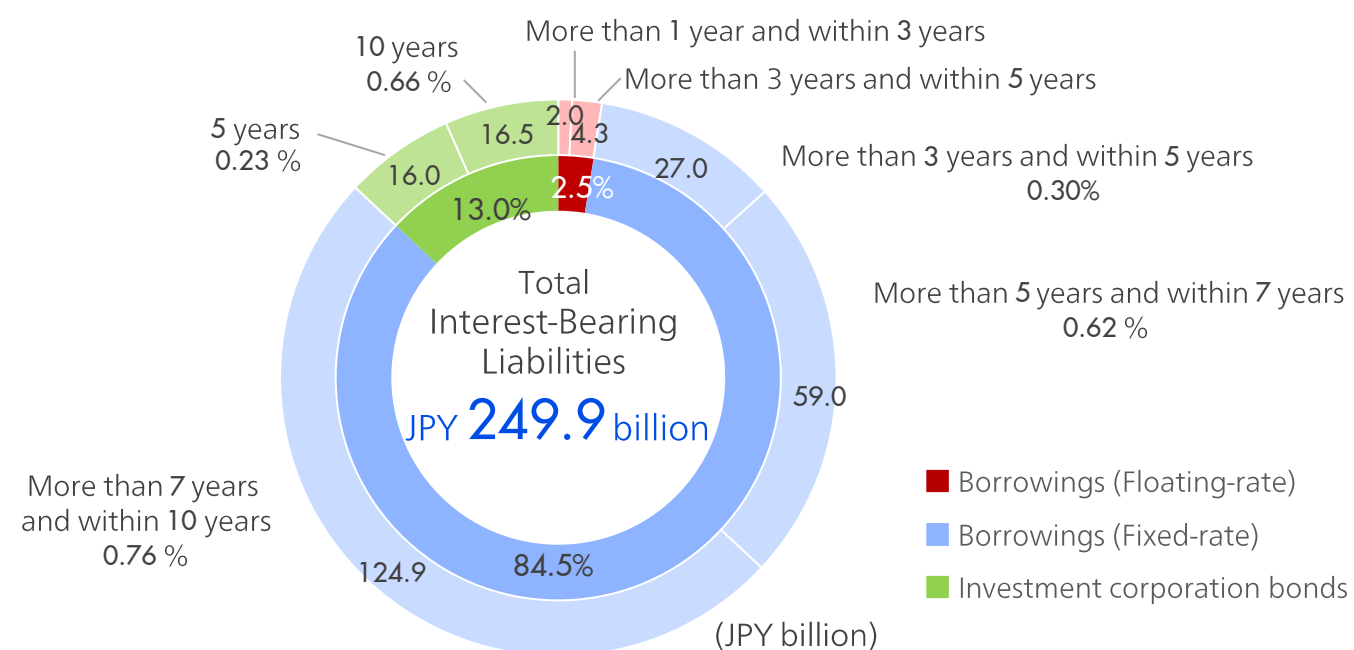
# Financial Base (2)

(As of December 15, 2020)

## ➤ Diversification of Maturity Dates

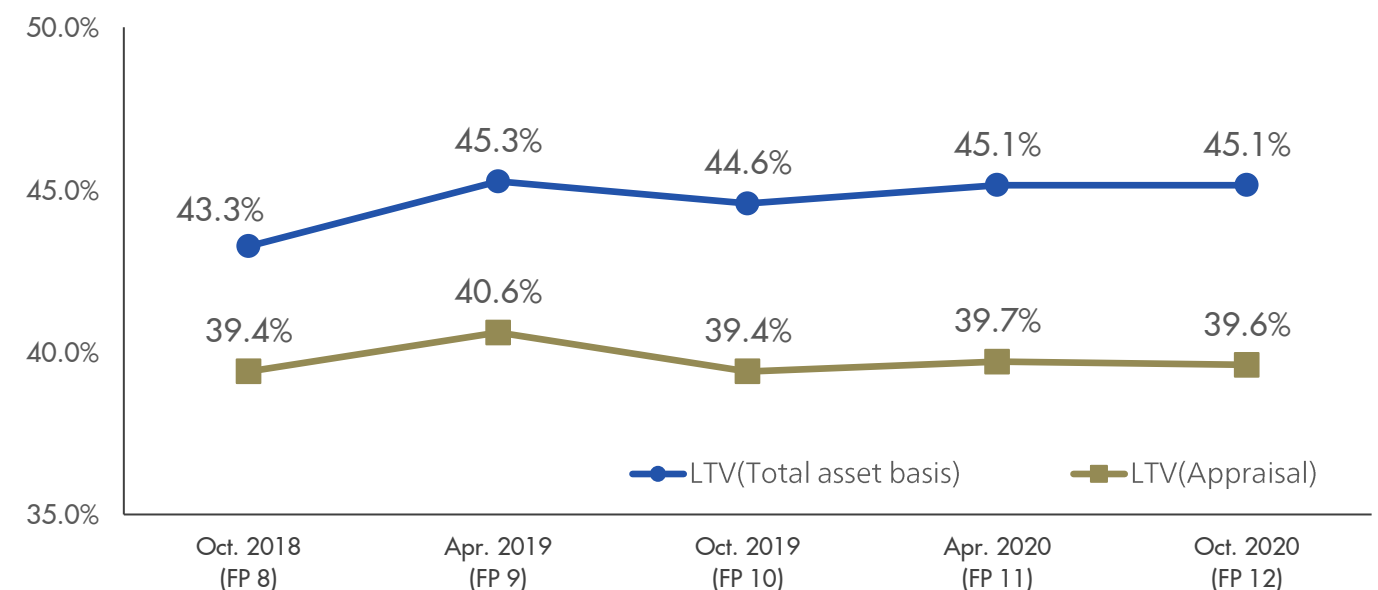


## ➤ Diversification of Maturity Period



## ➤ LTV Trends (end of each Fiscal Periods)

LTV control policy (Total asset basis) : Maintaining a conservative policy  
LTV ratio at mid-40% range (Upper limit is approximately 50%)



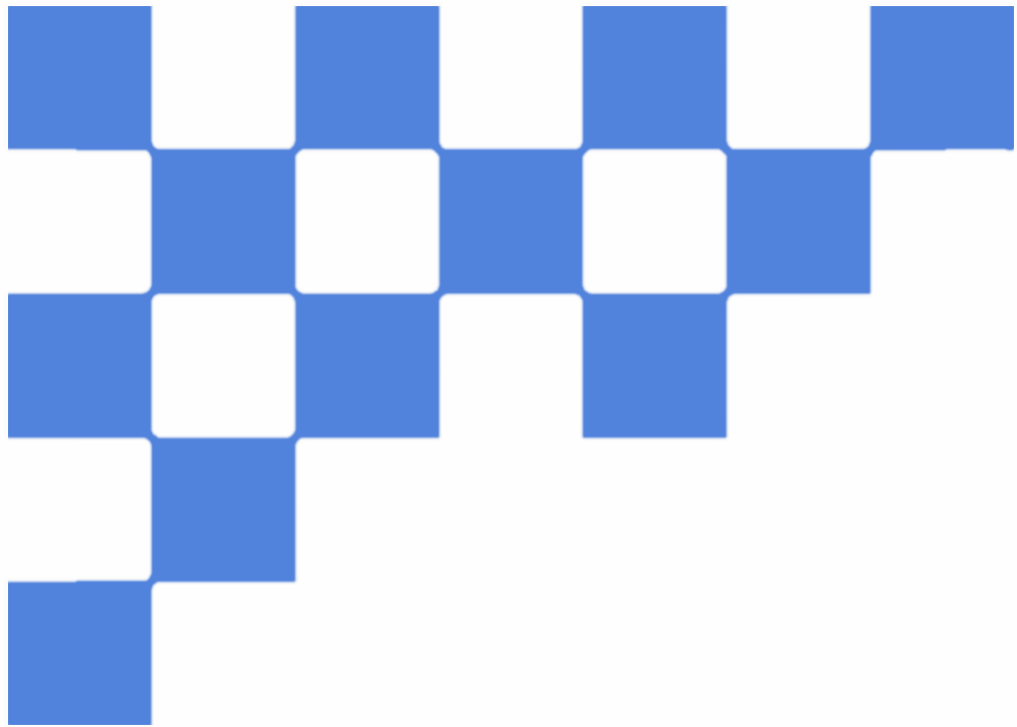
\* Diversification of Maturity Dates as a whole, "average interest rate" (Borrowings fixed under interest rate swap agreements are calculated using interest rates fixed under interest rate swap agreements.) represents the weighted average (annual rate) of the interest rates applicable as of December 15, 2020 based on the amounts of total interest-bearing liabilities, while "average interest rate" of each fiscal period represents the weighted average (annual rate) of the interest rates applicable as of December 15, 2020, based on the borrowings to be repaid or investment corporation bonds to be redeemed at the respective fiscal periods.

# Trends of Major Management Indexes

Fiscal Period Month/Year		FP8 Oct. 2018	FP9 Apr. 2019	FP10 Oct. 2019	FP11 Apr. 2020	FP12 Oct. 2020
Operating days	days	184	181	184	182	184
Operating revenue	JPY million	12,174	12,369	14,683	14,590	14,826
Profit from real estate leasing business	JPY million	12,166	12,369	13,879	14,590	14,826
Gain on sale of real estate properties	JPY million	8	-	804	-	-
Leasing NOI	JPY million	9,729	9,915	11,123	11,630	11,610
Depreciation	JPY million	2,142	2,189	2,369	2,413	2,444
Net Income	JPY million	7,402	5,894	7,405	6,991	6,992
Capital Expenditures	JPY million	572	638	826	650	591
Total assets	JPY million	457,588	474,985	547,989	553,988	554,067
Total interest-bearing liabilities	JPY million	197,932	214,932	244,242	249,942	249,942
LTV (total asset basis)	%	43.3	45.3	44.6	45.1	45.1
LTV based on appraisal value	%	39.4	40.6	39.4	39.7	39.6
Net assets	JPY million	245,663	245,695	286,192	286,323	286,259
Total Distributions	JPY million	5,846	5,996	6,994	7,140	7,226
ROE (annualized)	%	6.0	4.8	5.5	4.9	4.8
DSCR (Debt service coverage ratio)	times	10.3	11.4	11.9	12.3	12.7
FFO (Funds from operations)	JPY million	7,244	8,084	8,971	9,405	9,438
AFFO (Adjusted funds from operations)	JPY million	6,672	7,445	8,145	8,755	8,847
FFO pay out ratio	%	80.7	74.2	78.0	75.9	76.6
Total number of investment units issued	units	3,762,091	3,762,091	4,288,666	4,288,666	4,288,666
Net asset per unit	JPY	65,299	65,308	66,732	66,762	66,747
NAV per unit	JPY	75,791	78,013	81,958	82,738	83,169
Net Income per unit	JPY	1,967	1,566	1,775	1,630	1,630
DPU (Distributions per unit)	JPY	1,554	1,594	1,631	1,665	1,685
FFO per unit	JPY	1,925	2,148	2,091	2,193	2,200
Reversal of internal reserve	JPY million	-	102	364	149	233
Reversal of RTA	JPY million	-	102	364	119	136
Internal reserve at the end of the period (after cash distributions paid)	JPY million	1,556	1,454	1,864	1,715	1,482
Period-end investment unit price (closing price)	JPY	70,500	80,300	99,900	66,000	73,000
Implied cap rate (based on period-end investment unit price)	%	4.3	3.9	3.3	4.5	4.2
Number of owned properties at period-end	units	112	115	119	121	121
Total acquisition price	JPY million	438,145	457,375	527,065	532,910	532,910
Total appraisal value	JPY million	479,147	505,577	593,054	600,583	600,728
Unrealized capital gains	JPY million	45,316	53,794	72,294	75,653	77,652
Unrealized capital gains as a percentage of portfolio value	%	10.4	11.9	13.9	14.4	14.8

- Leasing NOI = Property-related operating revenue - Property-related operating expenses + Depreciation
- Total asset LTV = Total interest-bearing liabilities ÷ Total asset × 100
- LTV based on appraisal value = Total interest-bearing liabilities ÷ Total appraisal value × 100
- ROE = Net Income ÷ [(Net assets at beginning of the period + Net assets at end of period) ÷ 2] × 100
- DSCR = (Ordinary income + interest expenses on borrowing and corporation bond + depreciation +/- Gains or losses from the sale of real estate properties, etc.) ÷ interest expense

- FFO = Net Income + Depreciation +/- Gains or losses from the sale of real estate properties, etc. +/- extraordinary income or losses
- AFFO = FFO - Capital Expenditure
- FFO Pay out ratio = Total Distribution ÷ FFO
- NAV per unit = (Net assets at end of period + Unrealized capital gain - Total Distribution) ÷ Total number of investment
- Net Income per unit = Net Income ÷ Investment units on a weighted average based on the number of days
- Implied cap rate = NOI (annualized) ÷ (Market capitalization at end of each period + Interest-bearing liabilities + Refundable deposits held in trust - Cash deposits)



# Growth Strategy





# Policy on the Reversal of Internal Reserves

- SHR plans to continue to reverse internal reserves to resolve discrepancies between figures for tax and accounting purposes and to stabilize cash distributions.
  - Responding to revenue shortfalls resulting from the effects of COVID-19
    - Leverage to offset FP 14 and FP 15 rental income shortfall from The Ritz Carlton, Kyoto
      - Internal reserves will be reversed and paid out as cash distributions to offset any shortfall in FP 14 rental income compared to FP 13 in an amount corresponding to the 49% stake owned by SHR.
      - For FP 15, internal reserves will be reversed and paid out as cash distributions to offset any shortfall in rental income compared to FP 13 in an amount corresponding to 9% of its ownership stake. For the remaining 40% stake, cash distributions will be paid out under an equivalent policy.
    - Leverage to respond to revenue shortfalls due to requests for rent relief from retail tenants, etc.
      - SHR plans to act with caution and flexibility while paying consideration to current circumstances in response to tenant requests for rent relief.
  - Measures supporting office leasing activities
    - SHR plans to reverse internal reserves and pay out cash distributions to offset any temporary revenue shortfalls that may arise when office tenants renew leases.
  - With regard to discrepancies between tax and accounting reporting that remain since the REIT's merger, for the time being SHR will avoid being subject to taxation by taking reversals from its Reserve for Temporary Adjustments (RTA).
  - After the RTA has been depleted, distributions will be paid out in excess of profits from an Allowance for Temporary Adjustments (ATA) account to avoid being subject to taxation (It is assumed RTA can be reversed until FP 17).
- Result and Forecast of Internal Reserves

(JPY million)

	FP 12	FP 13	FP 14	FP 15	FP 16	FP 17	FP 18	FP 19	FP 20	FP 21
Internal reserves as of end of each period	1,482	1,258	810	Various due to the reversal of reserve for reduction entry						
RTA	832	671	498	302	87	0				
Reserve for Reduction Entry	649	587	312	Reservable till RTA to zero						
Reversal of Internal Reserve	233	223	448	Various due to the reversal of Reserve for Reduction						
RTA	136	161	173	196	214	87				
Reserve for Reduction Entry	96	62	274	Policy of reversal JPY 312 million by FP 17						
Distributions in excess of profits using ATA	Distributions will be paid out on excess of profits from ATA account to avoid being subject to taxation after the RTA has been depleted.					145	238	254	254	259
Amount corresponding to discrepancies between tax and accounting reporting	135	159	170	196	214	232	238	254	254	259

# Future Growth Strategy

## ■ About DPU targets

- The JPY 1,800 DPU mid-term target will be shelved for now. SHR will reinstate a mid-term target after the pandemic subsides.
- Given the current situation, continue to manage the portfolio with a focus on stabilizing DPU by leveraging internal reserves for the foreseeable future.

(In the event that gain generated during reshuffle assets, it will be reversed as reduction entry for the funds of future distribution expanding. )

## ■ Management policy

Keep a cautious and discerning eye on the effects of the COVID-19 pandemic. Promote a strategy of reshuffling assets without capital increasing given the current unit price levels in relation to NAV.

### ➤ External growth:

- Maintain a selective investment approach and strive to build a portfolio focused on office and residential.
- Continue to search for opportunities to reshuffle assets in a way that will enhance portfolio quality.

### ➤ Internal growth:

- In the office portfolio, continue to focus on locking in tenants through lease renewals.
- In the residential portfolio, focus on maintaining or increasing occupancy rates while also seeking opportunities to raise rents.
- In the hotel portfolio, further strengthen relationships with hotel operators to capture demand from domestic customers.

### ➤ Financing strategies:

- Continue to advance diversification of funding sources and lowering financing costs upon refinancing opportunities.
- Aim to control LTV at conservative levels, targeting a run-rate in the mid 40% range.

### ➤ ESG policy:

- Make efforts aimed at inclusion in major ESG indexes.
- Actively advance initiatives targeting KPIs set for each materiality.

# Urban Redevelopment Business by Sekisui House

## Relationships with our sponsor's business

- ✓ Within the Sekisui House Group's business strategy, SHR functions as an exit strategy for its urban redevelopment projects.
    - First right of refusal on sale of real estate owned or developed by Sekisui House, Ltd.
    - First right of refusal on sale of residential real estate owned by Sekisui House Real Estate companies
    - First right of refusal to negotiate acquiring remaining ownership stakes on properties under joint ownership schemes with Sekisui House, Ltd.
- | Property name           | Location         | Remaining stake not yet acquired by SHR |
|-------------------------|------------------|---|
| Akasaka Garden City     | Minato-ku, Tokyo | 34.55%                                  |
| The Ritz-Carlton, Kyoto | Kyoto-shi, Kyoto | 51.00%                                  |
- ✓ Outsource PM work on some assets under management to Sekisui House Real Estate Group
    - Number of properties where PM is outsourced to Sekisui House Real Estate Group: 84 (72.9% of residential properties)

### 5th Medium-term Management Plan of Sekisui House Group (Announced March 2020)

- ✓ Business strategy for development projects
  - Developing properties based on awareness of ROA
  - Stabilize management through improvement of asset turnover and acquisition prime land
- ✓ Urban redevelopment business
 

[Policies] Secure stable pipeline and strengthen exit strategy

[Geographies]

  - Actively participate in urban redevelopment projects in major cities and conduct developments focusing on hotel projects and commercial facilities.
  - Expand Prime Maison and other rental condominiums for single persons mainly in Tokyo Metropolitan area, and focus on fast turnover-type projects.
  - Promote regional revitalization through the Michi-no-Eki Stations Project in cooperation with municipal governments in regional areas.

## Prime Maison by Sekisui House

Completed properties: 7  
(1,030 residential units)

Properties under construction: 5  
(519 residential units)

Properties under planning

PM Egotanomori  
〔Nakano-ku, Tokyo〕

PM Meguro  
〔Meguro-ku, Tokyo〕

PM Itabashi  
〔Itabashi-ku, Tokyo〕

PM Ryogoku  
〔Sumida-ku, Tokyo〕

PM Nakameguro  
〔Meguro-ku, Tokyo〕

PM Shimokitazawa  
〔Setagaya-ku, Tokyo〕

PM Waseda-dori  
〔Shinjuku-ku, Tokyo〕

PM Honancho  
(tentative name)  
〔Nakano-ku, Tokyo〕

PM Shimbashi  
(tentative name)  
〔Minato-ku, Tokyo〕

PM Yushima  
(tentative name)  
〔Bunkyo-ku, Tokyo〕

PM Monzen-nakacho  
(tentative name)  
〔Koto-ku, Tokyo〕

PM Nakano-sakaue  
(tentative name)  
〔Nakano-ku, Tokyo〕

〔 Illustration  
uncompleted 〕

5 properties

## Sekisui House urban redevelopment projects (excluding Prime Maison)

1993

2006

2010

2011

2013

2015

2019

2020

Future projects

Umeda Sky Building  
(Shin Umeda City)

Acquired asset (partially)

Acquired asset

Acquired asset

Acquired asset

Acquired asset

Acquired asset

Acquired asset (partially)

Acquired asset (partially)

\* "Sekisui House Real Estate Group" refers to a group of companies comprised of Six Sekisui House Real Estate Companies as the core, and of its subsidiaries and affiliates.

\* As of the date of this publication, there are no specific plans to acquire the assets identified here as not yet acquired by SHR (including quasi-co-ownership stakes not yet acquired).

\* Some of the above projects are joint projects involving Sekisui House and other business partners. Illustrations provided for projects under construction. Actual results may differ.



# ESG Strategy

- SHR issued its first ESG report (Japanese Ver.) in December 2020, demonstrating its strengthened focus on ESG activities.
  - The ESG report identifies materiality, sets KPIs and announces initiatives aimed at resolving material issues.
  - SHR plans to issue an ESG report annually moving forward.
- External certifications and International initiatives
  - Acquired a **Green Star** for the 4th consecutive year under the **2020 GRESB Real Estate Assessment**
  - Acquired highest rank **A** under the **2020 GRESB Real Estate Disclosure Assessment**
  - SHAM expressed agreement with **TCFD recommendations** (July 2020)
  - SHAM agreed with and ratified the **Principles for Responsible Investing (PRI)** (March 2019)
  - Sekisui House Group expressed its support for the **Ten Principles of the United Nations Global Compact**
  - Acquired **S rank** in the ESG Assessments of J-REITs by MUFG, Supported by JCR (April 2019)
  - Acquired **DBJ Green Building Certification** and **Certification for CASBEE Real Estate**
    - Acquisition of DBJ Green Building Certification: 51 properties (5 office, 46 residential). All 3 stars or higher.
    - Acquisition of Certification for CASBEE Real Estate: 5 office buildings for highest rank, S



## TOPICS

### Sekisui House--Aiming to become a leading ESG company

Sponsor Sekisui House is doing business with the aim of becoming a leading company in ESG management under the global vision, "Make home the happiest place in the world." Initiatives aimed at improving the environment and diversity have led to high marks from many external third parties. As a result, the company has been selected for inclusion within the following evaluation systems and ESG investment indexes.

- Selected for the Climate Change A List, the highest rank, for the second time and second consecutive year by CDP, an environmental non-profit organization with global renown in the environmental field.
- Acquired first certification in Japan's homebuilding industry for greenhouse gas reductions under the International initiative, SBT (Science Based Targets) Initiative.
- Selected for Nadeshiko 2018 in recognition of the company's efforts to promote greater empowerment of women in the workforce. The Nadeshiko index is jointly managed by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.
- Selected to as a Forward-looking IT Company 2019 for its IT strategy execution. The index is jointly managed by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.
- Selected Silver Class for the second consecutive year in the Homebuilding division of the SAM Sustainability Award, a sustainability rating run by Robeco SAM, a Swiss research firm that conducts research and ratings in socially responsible investing (SRI) globally. Following three consecutive years since 2016 selected to Gold Class, selected to Class for five consecutive years.
- Included in ESG investment indexes, Dow Jones Sustainability World Index (DJSI World) and Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific), for five and four consecutive years, respectively. Also, selected as Industry Leader for acquiring the highest score in the Homebuilding Industry.
- Selected for inclusion in all four ESG indexes adopted by the Government Pension Investment Fund (GPIF)
  - FTSE Blossom Japan Index, created by FTSE Russell, a global index provider.
  - MSCI Japan ESG Select Leaders Index and MSCI Japan Empowering Women Index (WIN), developed by MSCI
  - S&P/JPX Carbon Efficient Index, developed jointly by S&P Dow Jones Index and the Tokyo Stock Exchange.

# Identifying Materiality and KPIs (excerpt)

	Materiality	Target (KPI)	Achievements and planned initiatives
Environment	Reduction of CO <sub>2</sub> emissions	<ul style="list-style-type: none"> <li>Portfolio CO<sub>2</sub> emissions (intensity)</li> <li>Reduce 20% vs. FY 2018 levels (Target year:2030)</li> </ul>	FY 2019 achievement: Reduced 1.6%(intensity) Conversion to LED lighting and use of clean energy
	Coexistence of humankind and nature and activities for the resources environment	<ul style="list-style-type: none"> <li>Advance greenification and respect biodiversity</li> <li>Manage waste appropriately</li> <li>Promote reduction in water usage</li> </ul>	Actively leverage native species under the "Gohon no ki"(Five Trees) and advance greenification Example: GC Shinagawa Gotenyama rooftop garden I n stall flow control valves
	Invest in real estate with excellent environmental performance	<ul style="list-style-type: none"> <li>Percentage of portfolio with green certification: 70%(Target year: 2030)</li> </ul>	Green certification: 55.9% (as of December 15, 2020)
Social	Provide residents and tenants with secure and comfortable space that offers peace of mind	<ul style="list-style-type: none"> <li>Continual surveys on resident and tenant satisfaction</li> <li>Disclosure on risk of earthquakes and flooding</li> <li>Regular monitoring of initiatives toward sustainability in the supply chain</li> </ul>	Implement measures to improve service in light of satisfaction survey results Portfolio seismic PML rating: 1.58% Percentage of portfolio with water immersion risk (0.5m or more water immersion): 47.3%
	Contributions to society	<ul style="list-style-type: none"> <li>As a member of society, contribute to greater vitality in the community and countermeasures aimed at preventing damage from natural and other disasters</li> <li>Participate in Sekisui House matching program</li> </ul>	Vending machines for damage relief and AED (automatic external defibrillator), etc. Install equipment for disaster prevention Introduce shared bicycles and food trucks
	Create a workplace that is a great place to work	(Target year for a. through d.: 2023) a. Percentage of women in management positions: 7% b. Average total monthly work hours per person: 162 hours c. Average usage of paid leave: 70% d. Use of paternity leave: 100% e. Annual participation in external training events: 2 times per person f. Annual training participation rate: 100% <ul style="list-style-type: none"> <li>Practice Sekisui House Group's policies for human rights</li> </ul>	Results for FY 2019 a. Percentage of women in management positions: 3.8% b. Average total monthly work hours per person: 168.8 hours c. Average usage of paid leave: 67.9% d. Use of paternity leave: 100% e. Annual participation in external training events: 0.9 times per person f. Annual training participation rate: 57.1%
Governance	Strengthen corporate governance structure	<ul style="list-style-type: none"> <li>Enhance effectiveness of executive committee and board of directors</li> <li>Strengthen internal controls structure</li> </ul>	Study use of external consultants Periodically implement process checks on internal controls, including the implementation of internal audits
	Disclosure to and dialog with stakeholders	<ul style="list-style-type: none"> <li>Timely and appropriate disclosure of information and enhanced utility of disclosures</li> <li>Build relationships of trust with stakeholders</li> </ul>	Issued ESG report (Japanese Ver.)(December 2020) Hold IR meetings with institutional investors and earnings briefings for individual investors

\* KPIs are excerpted based on major items from ESG report 2020.



# ESG Initiatives

## Environment

### ➤ Reduction of CO<sub>2</sub> emissions

- FY 2019 achievement: Reduced 1.6% (intensity)  
(FY 2018: 0.064t-CO<sub>2</sub>/m<sup>2</sup> FY2019: 0.063t-CO<sub>2</sub>/m<sup>2</sup>)
- Introduce environmentally friendly features such as solar panels, LED lighting and laminated low-E pair glass, which features insulating and heat-reflecting capabilities.
- Achievement for conversion to LED lighting of 61 residential  
Expected to reduce 703t-CO<sub>2</sub> emission annually  
Expected to reduce 1,443mWh of electricity usage annually

Solar panels



Prime Maison Gotenyama East

LED lighting



HK Yodoyabashi Garden Avenue

### ➤ Invest in real estate with excellent environmental performance

- Percentage of environmental certification (by total floor area) **55.9%**.
- Acquired DBJ Green Building Certification at **51** properties, all **3 stars** or higher.
- Acquired Certification for CASBEE Real Estate for **5** office buildings, all with the highest **S rank**.  
\* Both on a five-point scale



DBJ Green Building



### ➤ Coexistence of humankind and nature and activities for the natural environment

- Maintain and manage plantings of greenery using species suited for the ecosystem, based on Gohon no ki indigenous landscaping concept promoted by sponsor, Sekisui House.

#### **Gohon no ki** indigenous landscaping concept promoted by Sekisui House

Since 2001, Sekisui House has promoted the planting of native species under its "Gohon no ki indigenous landscaping concept". The plan advocates planting local native species--three trees for the birds and two for the butterflies. -- As of FY2019, a total of 16.11 million trees have been planted under this plan. The design concept is reflected in assets under management at SHR, as well.

Rooftop garden



Garden City Shinagawa Gotenyama

## Social

### ➤ Contributions to society

Contribute to greater vitality in the community and countermeasures aimed at preventing damage from natural and other disasters

- Install automatic vending machines for disaster relief.
- Install AEDs (automatic external defibrillators)
- Introduce shared bicycles



### ➤ Create a rewarding workplace

#### • Training system

Company bears educational and testing expenses to help employees acquire various specialized qualifications  
Periodically conduct training on compliance, human rights and sexual harassment

#### • Initiatives related to the COVID-19 pandemic

Introduction of work-from-home and web-conferencing  
Install anti-aerosol panels and partitions in the office, disinfect the workplace and check employee temperatures.

## Governance

### ➤ Asset management fees aligned with investor interests

A portion of the asset management fee has been tied to investment unit price performance to better align the interest of investors and the asset management company.

Management fee I (Linked to total assets and investment units price performance)
--

Total assets × (0.14% (annual) + From -0.02% up to +0.02% based on performance vs. TSE REIT Index))
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### ➤ Disclosure to and dialog with stakeholders

#### Issued ESG report (Japanese Ver.)

Issued in December 2020 to further understanding among stakeholders about the initiatives and achievements in ESG at SHR and the asset management company.



# Response to Natural Disasters

- Recognize risk of damage from earthquakes and flooding and strengthen BCP countermeasures  
Acquired a high score that exceeds the global average in the 2020 GRESB Resilience Module, which surveys resilience against climate change.

➤ Earthquake risk

**Portfolio seismic PML rating** 1.58% (as of the end of FP 12)

- In general, the portfolio seismic PML rating should be 10% or lower.
- Study taking out earthquake insurance on any properties that have a seismic PML rating of 20% or more. (Currently, there are no such properties in the portfolio.)

• Seismic PML ratings of top 5 properties (by acquisition price)

Property	% of portfolio	Seismic PML rating
Garden City Shinagawa Gotenyama	13.5 %	0.82 %
Gotenyama SH Building	9.7 %	1.35 %
Hommachi Minami Garden City	8.3 %	2.28 %
Hommachi Garden City (office portion)	7.2 %	2.29 %
Akasaka Garden City	5.4 %	1.59 %

- Top 2 portfolio properties (23.2% of portfolio) employ a seismically isolated structure (Esty Maison Nishitenma (Osaka-shi) residential building utilizes a seismically isolated apparatus)
- Other, the top properties also employ seismic-dampening braces, etc., to reduce seismic risk.
- Reduce seismic risk through geographic diversification of residential buildings.
- Prepare various measures to ensure the safety and peace of mind of tenants and employees.

Install emergency power supply



• GC Shinagawa Gotenyama

Install disaster prevention centers



• Akasaka GC  
• GC Shinagawa Gotenyama

Adopt seismically isolated structures



• GC Shinagawa Gotenyama  
• Gotenyama SH building  
• EM Nishitemma

Distribute backup supplies for disaster prevention



• EM Ojima and others

➤ Flooding risk

- Percentage of portfolio with water immersion risk (0.5m or more water immersion): 47.3%
- No assets under management have been immersed in water while in the portfolio.
- If flooding were to occur, we would consider covering it with insurance.

• Water immersion depth categorization (by acquisition price)

	less than 0.5m	0.5m or more than to less than 2.0m	2.0m or more than to less than 3.0m	3.0m or more
Office	28.6%	1.2%	—	16.3%
Greater Tokyo	28.6%	—	—	—
Osaka area	—	—	—	16.3%
Nagoya area	—	1.2%	—	—
Residential	24.2%	3.0%	9.6%	9.8%
Greater Tokyo	17.8%	2.7%	8.2%	7.0%
Osaka area	0.5%	—	—	1.3%
Nagoya area	2.9%	0.3%	—	—
other	3.0%	—	1.4%	1.5%
Hotels	—	—	—	7.4%
Osaka area	—	—	—	7.4%
Total	52.7%	4.2%	9.6%	33.5%

- Place facilities room on floor with small risk of water immersion.(Hommachi Minami GC, Hommachi GC)
- Prevent water immersion by raising the level of the building's first floor (HK Yodoyabashi GA)

\* Information on water immersion provided above is current for assets under management as of December 15, 2020. Water immersion refers to water immersion in first-floor dedicated space.

\* Water immersion categorization is prepared based on an assessment of flooding prone areas (Ministry of Land, Infrastructure, Transport and Tourism and Prefectures / external water (plan size, maximum size, high tide) and internal water), flooding forecast maps and hazard maps.



# Appendix



# Balance Sheet

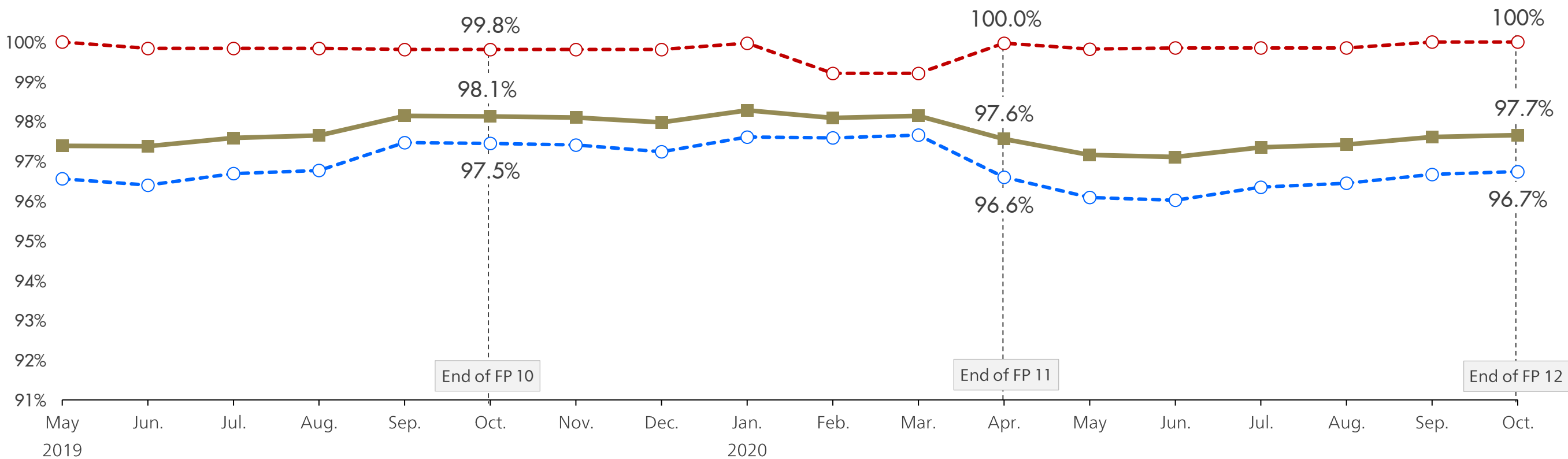
	FP 11 (April 30, 2020)	FP 12 (October 31, 2020)		(Unit: JPY thousand)	FP 11 (April 30, 2020)	FP 12 (October 31, 2020)
Assets			Liabilities			
Current assets			Current liabilities			
Cash and deposits	8,712,829	9,424,900	Operating accounts payable	800,601	1,030,204	
Cash and deposits in trust	17,828,103	19,008,771	Short-term loans payable	13,100,000	–	
Operating accounts receivable	193,901	184,706	Current portion of long-term loans payable	28,050,000	29,710,000	
Prepaid expenses	219,243	226,584	Accounts payable – other	1,169,454	1,129,034	
Other	2,922	449	Accrued expenses	185,218	186,325	
Allowance for doubtful accounts	(1,726)	(1,805)	Income taxes payable	586	585	
Total current assets	26,955,273	28,843,605	Accrued consumption taxes	474,411	257,594	
Non-current assets			Advances received	430,486	707,223	
Property, plant and equipment			Derivative debt	55,983	29,558	
Buildings in trust	174,333,341	174,776,368	Other	140,795	109,267	
Accumulated depreciation	(12,740,101)	(15,046,546)	Total current liabilities	44,407,537	33,159,794	
Buildings in trust, net	161,593,240	159,729,822	Non-current liabilities			
Structures in trust	1,571,922	1,571,922	Investment corporation bonds	24,500,000	32,500,000	
Accumulated depreciation	(184,087)	(215,642)	Long-term loans payable	184,292,000	187,732,000	
Structures in trust, net	1,387,834	1,356,279	Tenant leasehold and security deposits in trust	14,074,235	14,127,690	
Machinery and equipment in trust	2,217,849	2,236,271	Derivative debt	284,954	228,253	
Accumulated depreciation	(183,002)	(233,151)	Other	106,366	60,558	
Machinery and equipment in trust, net	2,034,846	2,003,120	Total non-current liabilities	223,257,555	234,648,502	
Vehicles in trust	153	153	Total liabilities	267,665,093	267,808,297	
Accumulated depreciation	(57)	(96)				
Vehicles in trust, net	96	57				
Tools, furniture and fixtures in trust	309,530	439,351	Net assets			
Accumulated depreciation	(46,432)	(77,651)	Unitholders' equity			
Tools, furniture and fixtures in trust, net	263,097	361,700	Unitholders' capital	149,210,081	149,210,081	
Land in trust	357,199,586	357,199,586	Surplus			
Construction in progress in trust	–	61,142	Capital surplus	128,598,415	128,598,415	
Total property, plant and equipment	522,478,701	520,711,708	Voluntary retained earnings			
Intangible assets			Reserve for reduction entry	775,495	746,169	
Leasehold rights in trust	2,450,322	2,424,896	Reserve for temporary difference adjustments	1,089,341	969,369	
Other	4,517	4,010	Total voluntary retained earnings	1,864,837	1,715,539	
Total intangible assets	2,454,840	2,428,906	Unappropriated retained earnings	6,991,331	6,992,995	
Investments and other assets			Total surplus	137,454,583	137,306,950	
Lease and guarantee deposits	790,700	790,700	Total unitholders' equity	286,664,665	286,517,031	
Long-term prepaid expenses	544,044	544,128	Valuation and translation adjustments			
Other	482,274	467,324	Deferred hedging gain/loss	(340,937)	(257,812)	
Total investments and other assets	1,817,018	1,802,153	Total of valuation and translation adjustments	(340,937)	(257,812)	
Total non-current assets	526,750,560	524,942,768	Total net assets	286,323,727	286,259,219	
Deferred assets						
Investment corporation bond issuance costs	105,431	146,200				
Investment unit issuance costs	177,554	134,941				
Total deferred assets	282,986	281,142				
Total assets	553,988,820	554,067,516	Total liabilities and net assets	553,988,820	554,067,516	

\* As of the date of this publication, audit procedures for the financial documents based on the Act on Investment Trusts and Investment Corporations have been completed but audit procedures for the financial statements based on the Financial Instruments and Exchange Act have yet to be completed.

# Occupancy Rate by Asset Type

■ Maintained stable occupancy rate under severe market environment

➤ Occupancy rate by month



➤ Occupancy rate by asset type

	FP ended Oct. 2019 (FP 10)			FP ended Apr. 2020 (FP 11)			FP ended Oct. 2020 (FP 12)		
	End of the FP	Period-average	Highest	End of the FP	Period-average	Highest	End of the FP	Period-average	Highest
Office	99.8%	99.9%	End of May 100%	100.0%	99.7%	End of Jan. and Apr. 100.0%	100%	99.9%	End of Sep. and Oct. 100%
Residential	97.5%	96.9%	End of Sep. 97.5%	96.6%	97.4%	End of Mar. 97.7%	96.7%	96.4%	End of Oct. 96.7%
Hotels	100%	100%	100%	100%	100%	100%	100%	100%	100%
Entire portfolio	98.1%	97.7%	End of Sep. 98.1%	97.6%	98.0%	End of Jan. 98.3%	97.7%	97.4%	End of Oct. 97.7%

\* The occupancy rate in the above graph records the ratio of the total leased area of the total leasable area of operating assets that belong to the asset type for SHR as of the end of each month from May 2019 to October 2020.

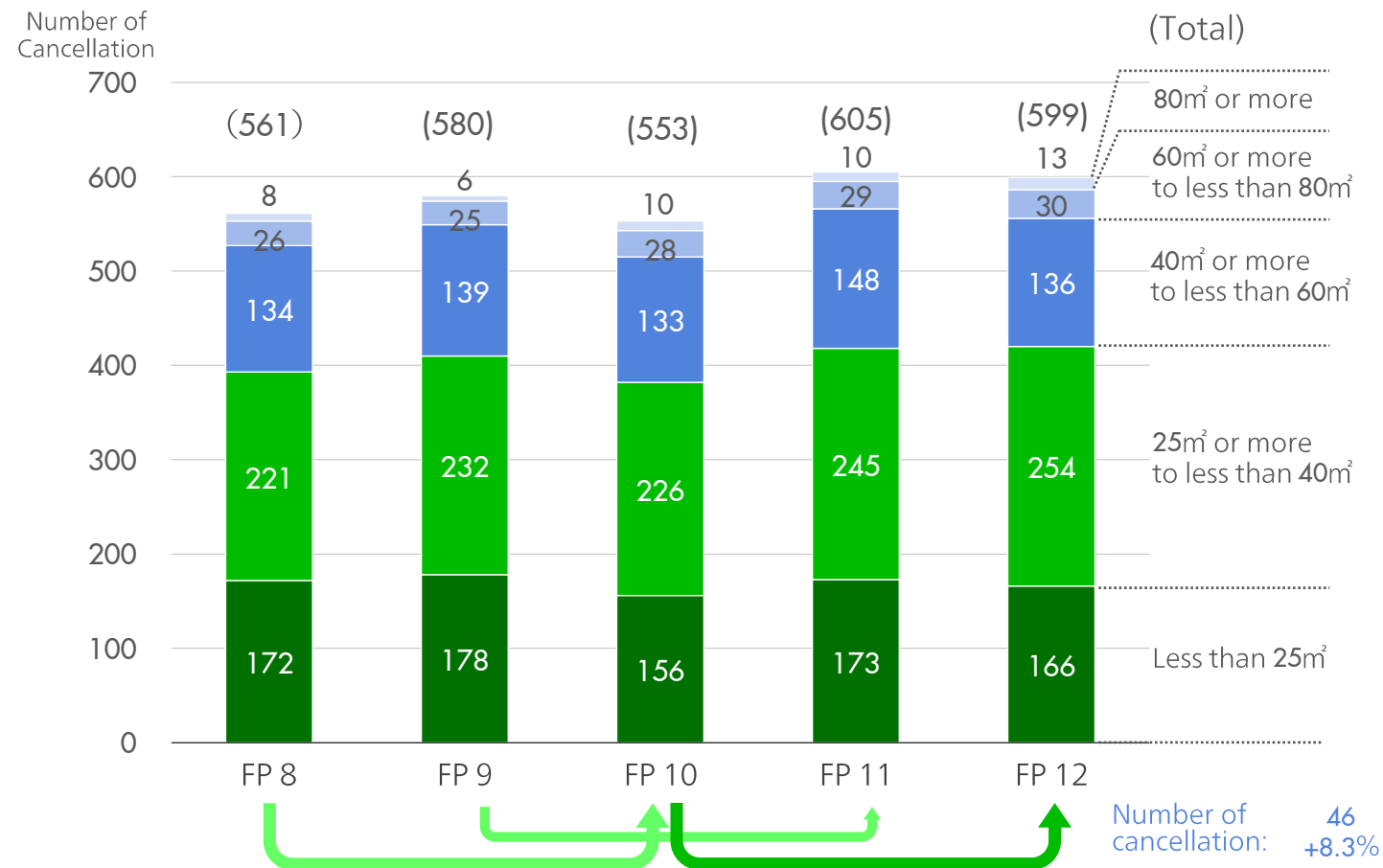
\* Occupancy rate of Hotels is 100% as each hotels is leased as entire building. It is difference between that in business.



# Residential : Cancellations and Occupancy Rate

## ■ Cancellations on the rise compared to the same time last year due to the COVID-19 pandemic.

### ➤ Cancellations by leasable area in Tokyo 23 wards



### • Cancellation trend and characteristic of residential in Tokyo 23 wards

	FP 10	FP 11	FP 12
Cancellations for residential from 25m <sup>2</sup> or more to less than 40m <sup>2</sup> as a percentage of the whole	40.9%	40.5%	42.4%
Cancellations for residential from 100 JPY thousand to less than 150 JPY thousand as a percentage of residential portfolio	44.3% (245)	42.3% (256)	4.6% (267)
Corporate cancellations (number of cancellations and as percentage of total cancellations in residential portfolio)	28.6% (158)	32.2% (195)	26.5% (159)
Corporate lease signings(number of signing and percentage of signings among leasable housing in Tokyo 23 Wards)	31.0% (1,679)	30.1% (1,627)	30.2% (1,632)

- Residential from 25m<sup>2</sup> to less than 40m<sup>2</sup> account for a larger proportion of cancellations compared to the same period last year.
- Though cancellations among the average rent (more than JPY 100 thousand to less than 150 thousand) increased, cancellation rate is almost unchanged. And with no conspicuous trend.
- Rate of cancellations from corporate clients down slightly year-on-year

The average of Tokyo 23 ward :

Leasable area 35.2m<sup>2</sup>

Monthly rent JPY148 thousand

## ■ Occupancy Rate for Residential by Area

	FP ended Oct. 2019 (FP 10)		FP ended Apr. 2020 (FP 11)		FP ended Apr. 2020 (FP 12)	
	Period-average	End of the FP	Period-average	End of the FP	Period-average	End of the FP
Greater Tokyo	96.6%	97.5%	97.1%	96.2%	95.9%	96.4%
Tokyo 23 Wards	97.0%	97.3%	96.9%	95.8%	95.4%	96.0%
Major Cities Nationwide	97.3%	97.4%	97.7%	97.2%	97.2%	97.3%
Nagoya-shi	96.6%	96.4%	96.9%	95.5%	95.8%	96.1%
Osaka-shi	95.8%	96.4%	96.6%	97.0%	97.2%	97.7%
Fukuoka-shi	98.5%	99.3%	99.1%	98.5%	98.8%	99.2%
Sapporo-shi	94.2%	93.4%	94.2%	95.2%	92.8%	91.4%
Entire area	96.9%	97.5%	97.4%	96.6%	96.4%	96.7%

\* The average of occupancy rate in Tokyo 23 Wards is the average of 5,184 residential in operational in Tokyo 23 Wards as of the end of FP12. Monthly rent includes the utility fees.

\* Cancellations percentage of cancellation trend and characteristic of residential in Tokyo 23 wards is calculated based on the total cancellations in Tokyo 23 wards.

# Residential : Rent Trends by Area

## ■ Rent Trends by Investment Area (Unit Rent per tsubo)

Based on the residential held from the end of FP 11 to the end of FP 12

	FP ended April 2020 (end of FP 11)		FP ended October 2020 (end of FP 12)		Change	
	(A)		(B)		(B) – (A)	((B)-(A))/(A)
Greater Tokyo	JPY	13,619 / tsubo	JPY	13,638 / tsubo	+ JPY 19 / tsubo	+ 0.1 %
Tokyo 23 Wards	JPY	13,918 / tsubo	JPY	13,931 / tsubo	+ JPY 13 / tsubo	+ 0.1 %
Others	JPY	10,931 / tsubo	JPY	10,993 / tsubo	+ JPY 62 / tsubo	+ 0.6 %
Major Cities Nationwide	JPY	7,092 / tsubo	JPY	7,098 / tsubo	+ JPY 6 / tsubo	+ 0.1 %
<b>Total</b>	JPY	11,686 / tsubo	JPY	11,700 / tsubo	+ JPY 14 / tsubo	+ 0.1 %

## ■ Rent Trends in New Contracts by Investment Area and Building Age

	FP ended October 2020 (end of FP 12)		
	Number of new contracts	Change in rent (net)	Ratio of change in rent
<b>By Area</b>			
Greater Tokyo	664	+ JPY 2,477 thousand	+ 2.5 %
Tokyo 23 Wards	603	+ JPY 2,347 thousand	+ 2.6 %
Others	61	+ JPY 129 thousand	+ 2.0 %
Major Cities Nationwide	181	+ JPY 220 thousand	+ 1.1 %
<b>Total</b>	845	+ JPY 2,697 thousand	+ 2.3 %

### By Building Age (Tokyo 23 Wards)

Less than 5 years	86	+ JPY 100 thousand	+ 0.6 %
5 years or more to less than 10 years	106	+ JPY 380 thousand	+ 2.2 %
10 years or more to less than 15 years	354	+ JPY 1,518 thousand	+ 3.2 %
More than 15 years	57	+ JPY 349 thousand	+ 3.3 %
<b>Total</b>	603	+ JPY 2,347 thousand	+ 2.6 %

## ■ Rent Gap

Rent Gap:

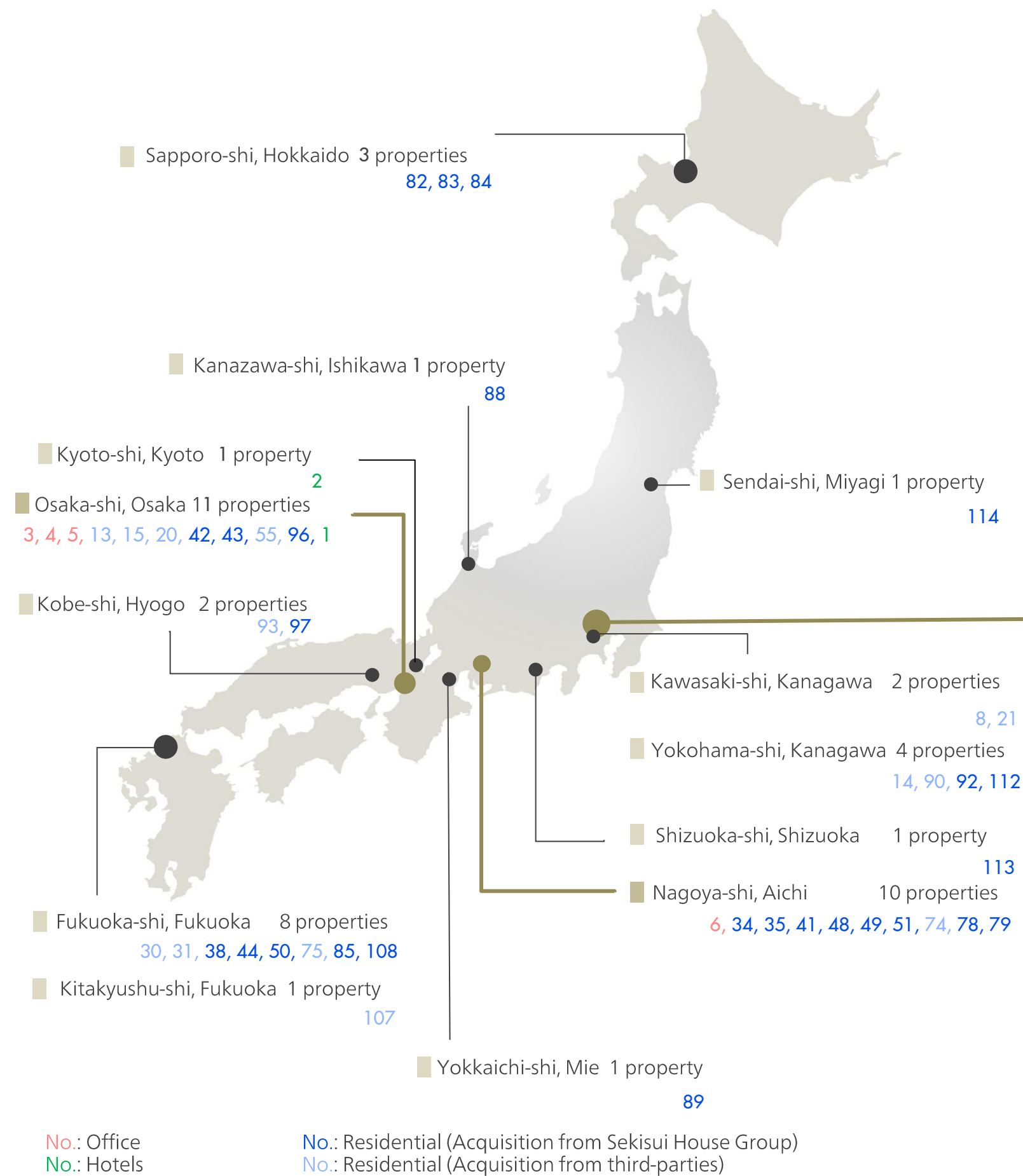
Rent gap is the percentage difference between market rents and end tenant contract rents in cases where market rents (expected rents on new leases as assessed by Style Act) exceed end tenant contract rents in effect as of the end October 2020 (FP 12).

	Rent Gap
Greater Tokyo	6.0 % lower
Tokyo 23 Wards	6.1 % lower
Others	5.1 % lower
Major Cities Nationwide	4.2 % lower
<b>Total</b>	5.8 % lower

\* Unit rent per tsubo and change in rent(net) excluding stores and offices in residential, as well as the rent of residential in which fixed-rent master lease agreements have been concluded and which are leased to specific end tenants collectively for a long time are not included in calculating the above figures.

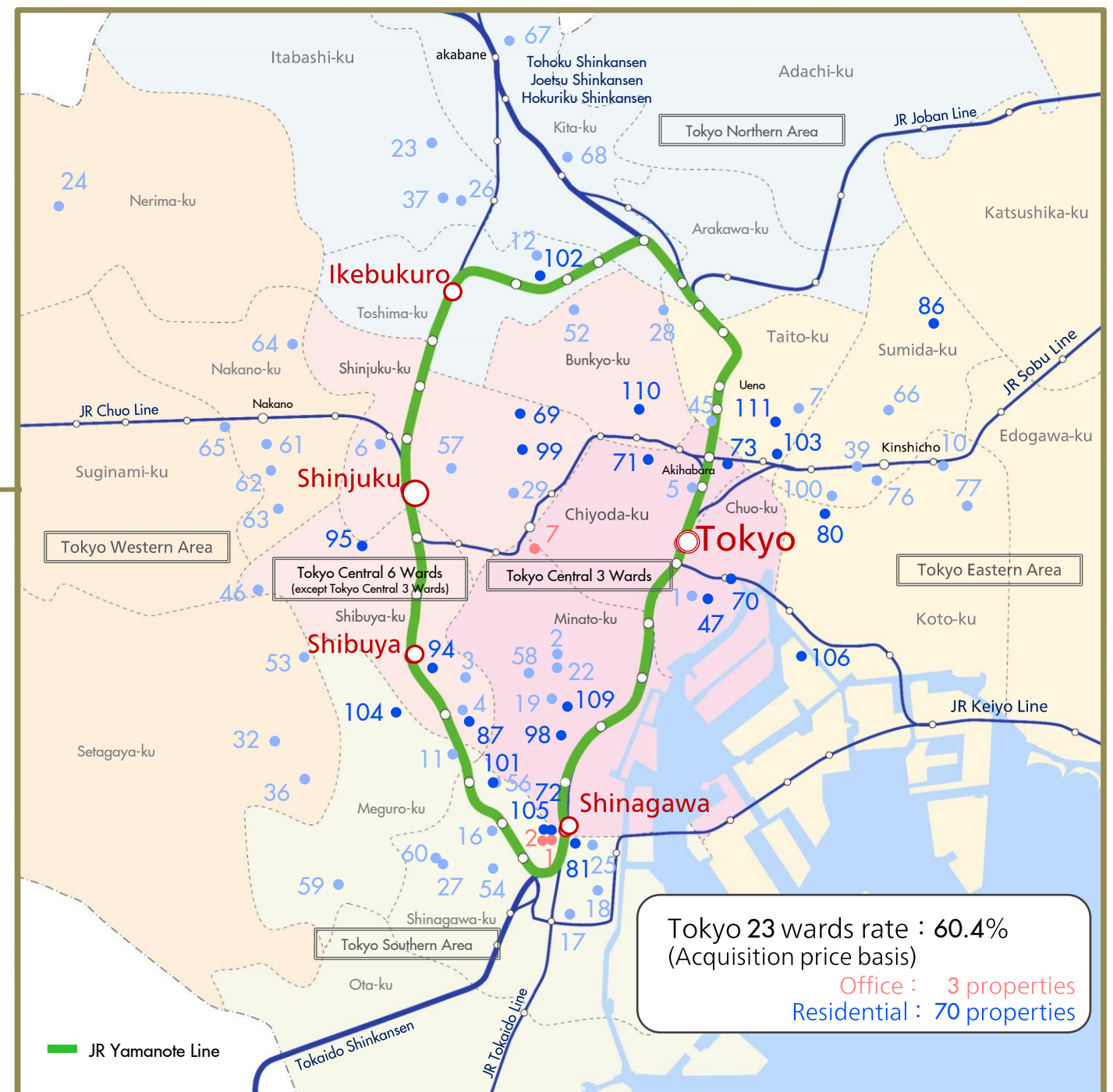
\* Building age is categorized the years of construction as of the end of FP 12.

## Portfolio MAP



## Tokyo 23 wards 73 properties

As of the date of this publication



# Portfolio-Building Policy

Maintain historic approach to investing primarily in office and retail assets  
Set a new combined value for hotel, retail and the like as a mid- to long-term target for portfolio composition

■ Portfolio composition by asset type

Building the residential of bases sustainable living and office of sustainable bases of operation as core assets of portfolio.

Asset type	Specific examples of asset type	Percentage of portfolio (by acquisition price)	New mid- to long-term target for portfolio composition*	As of the date of this publication
Core assets				
Office	Office Data center	30~55%	About 45%	46.1%
Residential	Residential Student and corporate dormitories	30~55%	About 45%	46.6%
Hotels	Hotels	0~30%	About 10%	7.4%
Retail, etc.	Retail Serviced apartments Senior assets 〔Serviced apartments for seniors, Private nursing homes, Day care centers〕	0~10%	About 0%~10%	—

Set a new combined value

About 15%  
(Hotels at about 10%)

• Represents approximate guidelines for portfolio composition to target over the mid- to long-term. Does not represent a guarantee or commitment to reach the composition targets, and actual portfolio composition may differ substantially.

■ Investment geography by asset type

Asset type	Priority geography	Portfolio composition by geography (based on acquisition price)	As of the publication of this document
Office, Hotels, Retail, etc.	Three major metropolitan areas (Greater Tokyo, Osaka, Nagoya)	80% or more	100.0%
Residential	Greater Tokyo	70% or more	76.8%

\* As of December 15, 2020, SHR has revisited its asset management guidelines to reflect the changes in its current vision.



Appendix

Portfolio List (1)

Overview of Portfolio

Asset type	Number of properties	Number of PP	PP ratio (%)	Acquisition price (JPY million)	Investment ratio (%)	Leasable area (㎡)	Occupancy rate (%)	Average building age
Office	7	7	100	245,500	46.1	126,712.50	100	10.3
Residential	113	84	81.4	248,090	46.6	396,478.74	96.7	12.0
Hotels	2	2	100	39,320	7.4	29,589.06	100	8.5
Total	121	92	91.3	532,910	100.0	552,780.30	97.7	11.0

Owned Properties

Property No.	PP	Property name	Location	Acquisition price (JPY million)	Investment ratio (%)	Leasable area (㎡)	Occupancy rate (%)	Completion date
O-001	★	Garden City Shinagawa Gotenyama	Shinagawa-ku, Tokyo	71,950	13.5	38,577.99	100	Feb. 2011
O-002	★	Gotenyama SH Building	Shinagawa-ku, Tokyo	51,500	9.7	19,999.97	100	Feb. 2011
O-003	★	Hommachi Minami Garden City	Osaka-shi, Osaka	44,000	8.3	29,657.53	100	Feb. 2011
O-004	★	Hommachi Garden City (Office portion)	Osaka-shi, Osaka	38,600	7.2	17,006.94	100	May 2010
O-005	★	HK Yodoyabashi Garden Avenue	Osaka-shi, Osaka	4,400	0.8	4,554.52	100	Jul. 2015
O-006	★	Hirokoji Garden Avenue	Nagoya-shi, Aichi	6,350	1.2	4,442.75	100	Mar. 2011
O-007	★	Akasaka Garden City	Minato-ku, Tokyo	28,700	5.4	12,472.80	100	Jan. 2006
Office Subtotal				245,500	46.1	126,712.50	100	
R-001	★	Esty Maison Ginza	Chuo-ku, Tokyo	6,540	1.2	5,515.43	96.9	Feb. 2005
R-002	★	Esty Maison Azabunagasaka	Minato-ku, Tokyo	1,790	0.3	2,019.10	95.1	Jan. 2004
R-003	★	Esty Maison Ebisu II	Shibuya-ku, Tokyo	2,040	0.4	2,062.10	95.7	Jun. 2003
R-004	★	Esty Maison Ebisu	Shibuya-ku, Tokyo	873	0.2	781.02	100	Oct. 2004
R-005	★	Esty Maison Kanda	Chiyoda-ku, Tokyo	1,610	0.3	1,706.54	95.5	Feb. 2004
R-006	★	Esty Maison Kitashinjuku	Shinjuku-ku, Tokyo	1,590	0.3	1,881.19	92.3	Aug. 2004
R-007	★	Esty Maison Asakusakomagata	Taito-ku, Tokyo	2,190	0.4	2,978.28	95.4	Jul. 2004
R-008		Esty Maison Kawasaki	Kawasaki-shi, Kanagawa	2,400	0.5	3,741.01	96.0	Jul. 2004
R-010	★	Esty Maison Kameido	Koto-ku, Tokyo	1,580	0.3	2,279.21	96.8	Nov. 2005
R-011	★	Esty Maison Meguro	Meguro-ku, Tokyo	1,060	0.2	1,070.13	100	Nov. 2005
R-012		Esty Maison Sugamo	Toshima-ku, Tokyo	1,630	0.3	2,619.17	97.3	Feb. 2007
R-013	★	Esty Maison Kyobashi	Osaka-shi, Osaka	2,970	0.6	4,613.04	97.0	Mar. 2006
R-014		Esty Maison Hakuraku	Yokohama-shi, Kanagawa	931	0.2	1,285.83	93.0	Feb. 2006
R-015	★	Esty Maison Minamihorie	Osaka-shi, Osaka	1,060	0.2	1,804.48	98.4	Feb. 2007
R-016	★	Esty Maison Gotanda	Shinagawa-ku, Tokyo	3,110	0.6	3,871.15	91.7	Mar. 2006
R-017	★	Esty Maison Oisendaizaka	Shinagawa-ku, Tokyo	2,720	0.5	2,979.85	97.1	Aug. 2006
R-018		Esty Maison Shinagawa Seaside	Shinagawa-ku, Tokyo	2,050	0.4	2,602.30	93.3	Jun. 2006

(As of October 31, 2020)

Property No.	PP	Property name	Location	Acquisition price (JPY million)	Investment ratio (%)	Leasable area (㎡)	Occupancy rate (%)	Completion date
R-019	★	Esty Maison Minamiazabu	Minato-ku, Tokyo	1,250	0.2	1,082.12	98.1	Aug. 2006
R-020	★	Esty Maison Tsukamoto	Osaka-shi, Osaka	1,080	0.2	2,321.04	99.0	Aug. 2006
R-021		Esty Maison Kawasaki II	Kawasaki-shi, Kanagawa	1,910	0.4	2,824.86	96.7	Feb. 2007
R-022		Esty Maison Azabujuban	Minato-ku, Tokyo	2,690	0.5	1,755.31	98.7	Feb. 2007
R-023		Esty Maison Itabashihoncho	Itabashi-ku, Tokyo	937	0.2	1,274.49	98.4	Feb. 2007
R-024		Esty Maison Oizumigakuen	Nerima-ku, Tokyo	790	0.1	1,362.36	98.3	Feb. 2007
R-025	★	Esty Maison Higashishinagawa	Shinagawa-ku, Tokyo	2,390	0.4	2,936.72	95.8	May 2008
R-026	★	Esty Maison Itabashikuyakushomae	Itabashi-ku, Tokyo	2,540	0.5	3,915.81	95.1	Apr. 2007
R-027		Esty Maison Musashikoyama	Shinagawa-ku, Tokyo	1,050	0.2	1,176.78	94.6	Nov. 2007
R-028	★	Esty Maison Sendagi	Bunkyo-ku, Tokyo	698	0.1	897.30	100	Jan. 2008
R-029	★	Esty Maison Yotsuyasakamachi	Shinjuku-ku, Tokyo	2,090	0.4	2,453.17	96.4	Mar. 2008
R-030	★	Esty Maison Hakatahigashi	Fukuoka-shi, Fukuoka	2,400	0.5	9,106.08	97.7	Nov. 2007
R-031		Esty Maison Kamigofuku	Fukuoka-shi, Fukuoka	821	0.2	2,261.91	97.0	Mar. 2008
R-032	★	Esty Maison Sangenjaya	Setagaya-ku, Tokyo	822	0.2	856.08	94.5	Jan. 2008
R-033	★	Prime Maison Musashinonomori	Kodaira-shi, Tokyo	1,850	0.3	3,924.58	95.2	Dec. 2007
R-034	★	Prime Maison Higashisakura	Nagoya-shi, Aichi	1,500	0.3	3,118.11	94.5	Feb. 2008
R-035	★	Prime Maison Kayabakoen	Nagoya-shi, Aichi	801	0.2	2,163.98	100	Nov. 2006
R-036	★	Esty Maison Sangenjaya II	Setagaya-ku, Tokyo	785	0.1	894.64	100	Jan. 2008
R-037	★	Esty Maison Itabashi C6	Itabashi-ku, Tokyo	2,560	0.5	4,036.66	91.9	Mar. 2008
R-038	★	MAST Hakata	Fukuoka-shi, Fukuoka	2,360	0.4	9,614.80	100	Jan. 2005
R-039	★	Esty Maison Kinshicho	Sumida-ku, Tokyo	1,260	0.2	1,611.54	95.8	Sep. 2006
R-040	★	Esty Maison Musashikoganei	Koganei-shi, Tokyo	1,790	0.3	2,275.24	100	Feb. 2005
R-041	★	Prime Maison Gokiso	Nagoya-shi, Aichi	1,950	0.4	4,427.65	92.7	Oct. 2008
R-042	★	Prime Maison Yuhigaoka	Osaka-shi, Osaka	909	0.2	2,040.35	92.3	Feb. 2007
R-043	★	Prime Maison Kitatanabe	Osaka-shi, Osaka	601	0.1	1,798.97	100	Jun. 2006
R-044	★	Prime Maison Momochihama	Fukuoka-shi, Fukuoka	1,940	0.4	7,514.76	100	Feb. 1996
R-045	★	Esty Maison Akihabara	Taito-ku, Tokyo	1,930	0.4	2,324.65	98.7	Feb. 2006
R-046		Esty Maison Sasazuka	Shibuya-ku, Tokyo	3,340	0.6	3,701.70	98.0	Sep. 2004
R-047	★	Prime Maison Ginza East	Chuo-ku, Tokyo	6,250	1.2	6,177.20	97.7	Feb. 2006
R-048	★	Prime Maison Takami	Nagoya-shi, Aichi	1,050	0.2	2,016.79	100	Aug. 2008
R-049	★	Prime Maison Yadaminami	Nagoya-shi, Aichi	812	0.2	2,168.59	96.2	Jul. 2007
R-050	★	Prime Maison Teriha	Fukuoka-shi, Fukuoka	1,260	0.2	6,728.20	100	Aug. 2005
R-051	★	Esty Maison Higashishirakabe	Nagoya-shi, Aichi	1,580	0.3	4,014.07	100	Feb. 2006
R-052	★	Esty Maison Sengoku	Bunkyo-ku, Tokyo	1,360	0.3	1,498.13	94.3	Aug. 2009
R-053	★	Esty Maison Daizawa	Setagaya-ku, Tokyo	2,270	0.4	2,352.90	98.8	Feb. 2010
R-054		Esty Maison Togoshi	Shinagawa-ku, Tokyo	1,770	0.3	1,943.17	97.9	Jun. 2009
R-055	★	Esty Maison Nishitemma	Osaka-shi, Osaka	1,680	0.3	2,877.90	100	Nov. 2007



Appendix

Portfolio List (2)

(As of October 31, 2020)

Property No.	PP	Property name	Location	Acquisition price (JPY million)	Investment ratio (%)	Leasable area (m)	Occupancy rate (%)	Completion date
R-056	★	Esty Maison Shirokanedai	Shinagawa-ku, Tokyo	2,400	0.5	2,675.11	98.8	Sep. 2003
R-057	★	Esty Maison Higashishinjuku	Shinjuku-ku, Tokyo	1,680	0.3	1,889.50	97.9	Apr. 2009
R-058	★	Esty Maison Motoazabu	Minato-ku, Tokyo	1,540	0.3	1,199.86	100	Nov. 2009
R-059		Esty Maison Toritsudaigaku	Meguro-ku, Tokyo	861	0.2	1,035.78	90.1	Feb. 2009
R-060	★	Esty Maison Musashikoyama II	Shinagawa-ku, Tokyo	1,030	0.2	1,073.59	100	May 2009
R-061		Esty Maison Nakano	Nakano-ku, Tokyo	1,870	0.4	2,023.72	100	Jun. 2009
R-062		Esty Maison Shinnakano	Nakano-ku, Tokyo	1,020	0.2	1,107.57	98.0	Oct. 2009
R-063		Esty Maison Nakanofujimicho	Nakano-ku, Tokyo	984	0.2	1,299.60	97.8	Feb. 2009
R-064		Esty Maison Tetsugakudo	Nakano-ku, Tokyo	1,160	0.2	1,531.89	98.5	Oct. 2009
R-065		Esty Maison Koenji	Suginami-ku, Tokyo	1,160	0.2	1,527.52	98.5	Mar. 2009
R-066	★	Esty Maison Oshiage	Sumida-ku, Tokyo	2,490	0.5	3,180.90	95.5	Apr. 2010
R-067	★	Esty Maison Akabane	Kita-ku, Tokyo	3,290	0.6	4,302.84	98.8	Nov. 2009
R-068		Esty Maison Oji	Kita-ku, Tokyo	1,650	0.3	2,289.44	98.9	Jul. 2010
R-069	★	Prime Maison Waseda	Shinjuku-ku, Tokyo	1,580	0.3	1,650.66	93.9	Nov. 2012
R-070	★	Prime Maison Hatchobori	Chuo-ku, Tokyo	1,460	0.3	1,382.32	94.3	Nov. 2012
R-071	★	Prime Maison Jimbocho	Chiyoda-ku, Tokyo	1,960	0.4	1,819.90	98.6	Mar. 2013
R-072	★	Prime Maison Gotenyama East	Shinagawa-ku, Tokyo	2,910	0.5	2,512.91	88.8	Jan. 2011
R-073	★	MAST LIFE Akihabara	Chiyoda-ku, Tokyo	555	0.1	803.36	100	Oct. 2006
R-074	★	Esty Maison Aoi	Nagoya-shi, Aichi	2,460	0.5	4,809.68	86.6	Oct. 2007
R-075	★	Esty Maison Yakuin	Fukuoka-shi, Fukuoka	2,430	0.5	5,213.51	97.3	Feb. 2006
R-076	★	Esty Maison Kinshicho II	Sumida-ku, Tokyo	8,250	1.5	9,469.65	98.1	Jan. 2008
R-077	★	Esty Maison Ojima	Koto-ku, Tokyo	8,630	1.6	9,905.97	97.0	Sep. 2007
R-078	★	Prime Maison Fujimidai	Nagoya-shi, Aichi	2,070	0.4	5,704.63	92.3	Apr. 2007
R-079	★	Esty Maison Tsurumai	Nagoya-shi, Aichi	4,490	0.8	13,812.40	100	Nov. 1999
R-080	★	Prime Maison Morishita	Koto-ku, Tokyo	1,930	0.4	2,180.78	98.8	May 2013
R-081	★	Prime Maison Shinagawa	Shinagawa-ku, Tokyo	1,960	0.4	2,107.88	97.4	Feb. 2014
R-082	★	Prime Maison Odorikoen	Sapporo-shi, Hokkaido	3,160	0.6	7,360.37	87.5	Dec. 2008
R-083	★	Prime Maison Minami 2-jo	Sapporo-shi, Hokkaido	1,930	0.4	6,019.09	96.5	Nov. 2009
R-084	★	Prime Maison Kamokamogawa	Sapporo-shi, Hokkaido	1,250	0.2	4,102.08	90.8	Oct. 2009
R-085	★	Prime Maison Central Park	Fukuoka-shi, Fukuoka	2,309	0.4	10,268.74	100	Feb. 2011
R-086	★	MAST LIFE Yahiro	Sumida-ku, Tokyo	1,910	0.4	3,409.16	100	Jan. 2011
R-087	★	Prime Maison Ebisu	Shibuya-ku, Tokyo	4,360	0.8	3,010.66	95.0	Jun. 2014
R-088		Granmast Kanazawa Nishiizumi	Kanazawa-shi, Ishikawa	1,080	0.2	4,634.50	100	Sep. 2007
R-089		Granmast Unomori	Yokkaichi-shi, Mie	830	0.2	2,280.00	100	Apr. 2009
R-090		Esty Maison Kohoku Tsunashima	Yokohama-shi, Kanagawa	2,750	0.5	6,867.48	100	Mar. 2002
R-091	★	MAST LIFE Hino	Hino-shi, Tokyo	1,390	0.3	2,827.55	98.6	Jan. 2010
R-092	★	Prime Maison Yokohama Nihon-odori	Yokohama-shi, Kanagawa	4,870	0.9	5,461.13	99.1	Jun. 2014
R-093		Kobe Women's Student Housing	Kobe-shi, Hyogo	5,880	1.1	15,341.68	100	Feb. 2002

Property No.	PP	Property name	Location	Acquisition price (JPY million)	Investment ratio (%)	Leasable area (m)	Occupancy rate (%)	Completion date
R-094	★	Prime Maison Shibuya	Shibuya-ku, Tokyo	2,430	0.5	1,972.59	88.6	Jul. 2014
R-095	★	Prime Maison Hatsudai	Shibuya-ku, Tokyo	3,010	0.6	2,879.20	95.1	Dec. 2014
R-096		Esty Maison Uemachidai	Osaka-shi, Osaka	1,040	0.2	2,225.52	97.7	Aug. 2005
R-097		Esty Maison Kobe-sannomiya	Kobe-shi, Hyogo	971	0.2	2,007.00	98.4	Mar. 2007
R-098	★	Prime Maison Shirokane-takanawa	Minato-ku, Tokyo	4,900	0.9	3,923.76	95.7	Jun. 2015
R-099	★	Prime Maison Ichigayayamabushicho	Shinjuku-ku, Tokyo	4,220	0.8	4,099.04	93.2	Oct. 2015
R-100	★	Esty Maison Morishita	Sumida-ku, Tokyo	655	0.1	748.92	100	Feb. 2017
R-101	★	Prime Maison Shirokanedai Tower	Shinagawa-ku, Tokyo	7,950	1.5	6,772.89	93.5	May 2016
R-102	★	Prime Maison Otsuka	Toshima-ku, Tokyo	3,700	0.7	3,921.35	94.9	Jan. 2017
R-103	★	Prime Maison Asakusabashi	Taito-ku, Tokyo	1,680	0.3	2,033.06	93.8	Oct. 2016
R-104	★	Prime Maison Daikanyama	Meguro-ku, Tokyo	2,520	0.5	1,779.17	78.4	Jan. 2017
R-105	★	Prime Maison Gotenyama West	Shinagawa-ku, Tokyo	3,400	0.6	3,569.73	88.2	Jan. 2011
R-106	★	Esty Maison Toyosu Residence	Koto-ku, Tokyo	6,050	1.1	23,538.73	98.0	Feb. 2008
R-107		Esty Maison Kokura	Kitakyushu-shi, Fukuoka	1,040	0.2	3,062.59	88.8	Feb. 2006
R-108		MAST Ijiri	Fukuoka-shi, Fukuoka	390	0.1	1,430.60	100	Jan. 2008
R-109	★	Prime Maison Mitatsunamachi	Minato-ku, Tokyo	2,040	0.4	1,387.12	89.7	Oct. 2017
R-110	★	Prime Maison Hongo	Bunkyo-ku, Tokyo	2,600	0.5	2,423.46	90.0	Mar. 2018
R-111	★	Prime Maison Kuramae	Taito-ku, Tokyo	2,190	0.4	2,259.40	93.1	Nov. 2018
R-112	★	Esty Maison Yokohama-aobadai	Yokohama-shi, Kanagawa	3,020	0.6	6,808.84	100	Jul. 1990
R-113		Esty Maison Shizuoka Takajo	Shizuoka-shi, Shizuoka	660	0.1	1,731.52	100	Feb. 2006
R-114		GRAND MAST Hirose-dori	Sendai-shi, Miyagi	865	0.2	2,552.40	100	Jan. 2006
Residential Subtotal				248,090	46.6	396,478.74	96.7	
H-001	★	The St. Regis Osaka (Hommachi Garden City (Hotel portion))	Osaka-shi, Osaka	17,200	3.2	18,092.98	100	May 2010
H-002	★	The Ritz-Carlton, Kyoto	Kyoto-shi, Kyoto	22,120	4.2	11,496.08	100	Oct. 2013
Hotels Subtotal				39,320	7.4	29,589.06	100	

- \* PP refers to prime properties which are high quality real estate located in strategic location.
- \* The acquisition price of assets taken over as a result of the merger with Sekisui House Residential Investment Corporation use the appraisal value as priced on April 30, 2018, the day before the merger took effect.

Appendix

List of Interest-Bearing Liabilities (1)

■ Borrowings (as of the date of this publication)

(Unit : JPY million)

➤ Current portion of long-term borrowing payable

Lender	Balance	Interest Rate	Drawdown Date	Repayment Date
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., The Senshu Ikeda Bank, Ltd., The Yamaguchi Bank, Ltd.	3,900	0.95225% <sup>*</sup>	Feb. 28, 2014	Feb. 26, 2021
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Bank of Fukuoka, Ltd., Shinkin Central Bank, The Shizuoka Bank, Ltd.	2,100	0.97300% <sup>*</sup>	Mar. 28, 2014	Feb. 26, 2021
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	4,400	0.83600% <sup>*</sup>	Aug. 29, 2014	Aug. 31, 2021
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., Development Bank of Japan Inc., The Norinchukin Bank	17,000	0.94060% <sup>*</sup>	Dec. 3, 2014	Nov. 30, 2021
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Norinchukin Bank, Shinkin Central Bank, The Senshu Ikeda Bank, Ltd., The Shizuoka Bank, Ltd., The 77 Bank, Ltd., The Hiroshima Bank, Ltd.	3,900	0.62800% <sup>*</sup>	Feb. 27, 2015	Feb. 26, 2021
Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited., The Norinchukin Bank	1,860	Base Rate (JBA 1-month JPY TIBOR) +0.20000%	Aug. 31, 2017	Aug. 31, 2021
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd.	2,500	Base Rate (JBA 1-month JPY TIBOR) +0.17000%	Aug. 31, 2018	Aug. 31, 2021

➤ Long-term borrowing payable

Lender	Balance	Interest Rate	Drawdown Date	Repayment Date
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited	1,800	1.17350% <sup>*</sup>	Jan. 31, 2014	Feb. 28, 2022
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited.	4,680	1.11000% <sup>*</sup>	Feb. 28, 2014	Feb. 28, 2022
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	5,400	0.96475% <sup>*</sup>	Aug. 29, 2014	Aug. 31, 2022
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Development Bank of Japan Inc.	10,000	1.47450% <sup>*</sup>	Dec. 3, 2014	Nov. 30, 2024
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Resona Bank, Limited., The Norinchukin Bank, The Bank of Fukuoka, Ltd.	3,350	0.73975% <sup>*</sup>	Feb. 27, 2015	Feb. 28, 2022
Development Bank of Japan Inc.	1,000	0.85250%	Feb. 27, 2015	Feb. 28, 2023
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., The Norinchukin Bank, The Bank of Fukuoka, Ltd., Aozora Bank, Ltd., Shinkin Central Bank, The Senshu Ikeda Bank, Ltd., The Shizuoka Bank, Ltd., The 77 Bank, Ltd., The Hiroshima Bank, Ltd., The Yamaguchi Bank, Ltd.	7,100	0.86650% <sup>*</sup>	Feb. 27, 2015	Feb. 28, 2023
MUFG Bank, Ltd.	700	0.88470%	Jul. 31, 2015	Nov. 30, 2022
Development Bank of Japan Inc.	650	0.88500%	Jul. 31, 2015	Nov. 30, 2022
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited.	1,650	0.89470% <sup>*</sup>	Jul. 31, 2015	Nov. 30, 2022
MUFG Bank, Ltd.	750	1.00850%	Jul. 31, 2015	Nov. 30, 2023
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited.	2,350	1.01850% <sup>*</sup>	Jul. 31, 2015	Nov. 30, 2023
Mizuho Bank, Ltd., Development Bank of Japan Inc.	2,200	0.67400%	Jan. 29, 2016	Aug. 31, 2023
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Trust & Banking Co., Ltd.	1,900	0.68030% <sup>*</sup>	Jan. 29, 2016	Aug. 31, 2023
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., The Norinchukin Bank, Aozora Bank, Ltd., The Yamaguchi Bank, Ltd.	4,750	0.63800% <sup>*</sup>	Apr. 1, 2016	Feb. 29, 2024
MUFG Bank, Ltd., Development Bank of Japan Inc., The Bank of Fukuoka, Ltd., Shinkin Central Bank, The Senshu Ikeda Bank, Ltd., The Shizuoka Bank, Ltd., The 77 Bank, Ltd., The Hiroshima Bank, Ltd.	1,750	0.50500%	Apr. 1, 2016	Feb. 29, 2024
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., The Norinchukin Bank	1,900	0.49500%	Aug. 31, 2016	Aug. 30, 2024
MUFG Bank, Ltd.	600	0.57000%	Aug. 31, 2016	Aug. 29, 2025
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Development Bank of Japan Inc.	3,000	0.59750%	Aug. 31, 2016	Aug. 29, 2025
MUFG Bank, Ltd.	1,810	0.60500%	Sep. 9, 2016	Sep. 8, 2026
MUFG Bank, Ltd., Mizuho Bank, Ltd.	1,340	0.67000%	Sep. 9, 2016	Sep. 8, 2026
MUFG Bank, Ltd.	600	0.61000%	Feb. 28, 2017	Feb. 28, 2025
Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., Shinkin Central Bank	1,800	0.67000%	Feb. 28, 2017	Feb. 28, 2025
MUFG Bank, Ltd.	1,500	0.72500%	Feb. 28, 2017	Feb. 27, 2026
MUFG Bank, Ltd., Mizuho Bank, Ltd., Development Bank of Japan Inc., The Bank of Fukuoka, Ltd., Aozora Bank, Ltd., The Yamaguchi Bank, Ltd.	4,000	0.77880%	Feb. 28, 2017	Feb. 27, 2026
MUFG Bank, Ltd.	990	0.37000%	Aug. 31, 2017	Nov. 30, 2023

Appendix

# List of Interest-Bearing Liabilities (2)

Lender	Balance	Interest Rate	(Unit : JPY million)	
			Drawdown Date	Repayment Date
MUFG Bank, Ltd., Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., Development Bank of Japan Inc.	1,250	0.45254%	Aug. 31, 2017	Nov. 30, 2023
Mizuho Bank, Ltd., The Norinchukin Bank	2,528	0.61380%	Aug. 31, 2017	Aug. 29, 2025
MUFG Bank, Ltd.	750	0.32000%	Nov. 30, 2017	Jul. 13, 2022
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., The Norinchukin Bank	5,050	0.34800% <sup>*</sup>	Nov. 30, 2017	Jul. 13, 2022
MUFG Bank, Ltd., Development Bank of Japan Inc.	1,200	0.35341%	Nov. 30, 2017	Jul. 13, 2022
MUFG Bank, Ltd.	750	0.34000%	Nov. 30, 2017	May 31, 2023
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., The Norinchukin Bank	5,050	0.41800% <sup>*</sup>	Nov. 30, 2017	May 31, 2023
MUFG Bank, Ltd., Development Bank of Japan Inc.	1,200	0.42622%	Nov. 30, 2017	May 31, 2023
MUFG Bank, Ltd.	500	0.56500%	Feb. 28, 2018	Feb. 27, 2026
MUFG Bank, Ltd., Mizuho Bank, Ltd., The 77 Bank, Ltd., The Hiroshima Bank, Ltd.	1,600	0.63500%	Feb. 28, 2018	Feb. 27, 2026
MUFG Bank, Ltd.	1,900	0.70000%	May 31, 2018	Aug. 31, 2027
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	6,100	0.78300% <sup>*</sup>	May 31, 2018	Aug. 31, 2027
Development Bank of Japan Inc.	376	0.28568%	Feb. 28, 2019	Aug. 30, 2024
MUFG Bank, Ltd.	300	0.34900%	Feb. 28, 2019	Aug. 30, 2024
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Trust & Banking Co., Ltd.	3,619	0.35900% <sup>*</sup>	Feb. 28, 2019	Aug. 30, 2024
Development Bank of Japan Inc.	565	0.48000%	Feb. 28, 2019	Feb. 26, 2027
MUFG Bank, Ltd.	450	0.56500%	Feb. 28, 2019	Feb. 26, 2027
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Trust & Banking Co., Ltd.	3,072	0.57500% <sup>*</sup>	Feb. 28, 2019	Feb. 26, 2027
MUFG Bank, Ltd.	500	0.29900%	Mar. 29, 2019	May 31, 2023
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., The Norinchukin Bank	2,200	0.30900% <sup>*</sup>	Mar. 29, 2019	May 31, 2023
MUFG Bank, Ltd.	1,000	0.39580%	Mar. 29, 2019	Aug. 30, 2024
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., The Norinchukin Bank	2,700	0.40580% <sup>*</sup>	Mar. 29, 2019	Aug. 30, 2024
Shinkin Central Bank	200	0.41388%	Mar. 29, 2019	Aug. 31, 2026
MUFG Bank, Ltd.	1,000	0.55600%	Mar. 29, 2019	Aug. 31, 2026
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., The Norinchukin Bank	2,800	0.56600% <sup>*</sup>	Mar. 29, 2019	Aug. 31, 2026
MUFG Bank, Ltd.	1,400	0.68500%	Mar. 29, 2019	Feb. 29, 2028
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., The Bank of Fukuoka, Ltd., The Senshu Ikeda Bank, Ltd., The 77 Bank, Ltd., The Yamaguchi Bank, Ltd.	5,200	0.69500% <sup>*</sup>	Mar. 29, 2019	Feb. 29, 2028
MUFG Bank, Ltd.	1,000	0.27100%	Sep. 30, 2019	Aug. 31, 2023
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., Shinkin Central Bank	5,410	0.28100% <sup>*</sup>	Sep. 30, 2019	Aug. 31, 2023
MUFG Bank, Ltd.	1,000	0.41000%	Sep. 30, 2019	Feb. 27, 2026
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., The Norinchukin Bank, The Bank of Fukuoka, Ltd., Shinkin Central Bank, The 77 Bank, Ltd., The Yamaguchi Bank, Ltd.	6,530	0.42000% <sup>*</sup>	Sep. 30, 2019	Feb. 27, 2026
Development Bank of Japan Inc., The Senshu Ikeda Bank, Ltd.	1,200	0.44000%	Sep. 30, 2019	Feb. 28, 2029
MUFG Bank, Ltd.	1,170	0.46000%	Sep. 30, 2019	Feb. 28, 2029
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited	4,000	0.27300% <sup>*</sup>	Nov. 29, 2019	Nov. 30, 2023
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Norinchukin Bank	3,500	0.44100% <sup>*</sup>	Nov. 29, 2019	May 29, 2026
Development Bank of Japan Inc.	800	0.50000%	Nov. 29, 2019	May 31, 2028
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited.	5,700	0.59900% <sup>*</sup>	Nov. 29, 2019	May 31, 2028

Appendix

# List of Interest-Bearing Liabilities (3)

(Unit : JPY million)

Lender	Balance	Interest Rate	Drawdown Date	Repayment Date
MUFG Bank, Ltd.	2,500	0.28000%	Feb. 28, 2020	Aug. 29, 2025
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	1,405	0.29150%*	Feb. 28, 2020	Aug. 29, 2025
MUFG Bank, Ltd.	1,542	0.47500%	Feb. 28, 2020	Aug. 31, 2028
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited.	1,945	0.49500%	Feb. 28, 2020	Aug. 31, 2028
MUFG Bank, Ltd.	400	0.28700%	Aug. 31, 2020	Feb. 28, 2025
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited., The Bank of Fukuoka, Ltd.	4,000	0.29700%*	Aug. 31, 2020	Feb. 28, 2025
Development Bank of Japan Inc.	400	0.36000%	Aug. 31, 2020	Aug. 31, 2027
MUFG Bank, Ltd.	1,370	0.45000%	Aug. 31, 2020	Aug. 31, 2027
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., The Norinchukin Bank, Shinkin Central Bank, The Senshu Ikeda Bank, Ltd., The 77 Bank, Ltd., The Yamaguchi Bank, Ltd.	6,030	0.46600%*	Aug. 31, 2020	Aug. 31, 2027
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	2,000	Base Rate (JBA 1-month JPY TIBOR) +0.19000%	Nov. 30, 2020	Nov. 30, 2022
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited	2,580	0.28600%*	Nov. 30, 2020	May 30, 2025
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., The Norinchukin Bank	6,100	0.50700%*	Nov. 30, 2020	Nov. 30, 2028
Development Bank of Japan Inc.	370	0.43500%	Nov. 30, 2020	Nov. 30, 2028
Total Borrowings	217,442	-	-	-

■ Investment Corporation Bonds (as of the date of this publication)

		Issue Amount	Interest Rate	Issue Date	Redemption Date
Sekisui House Residential Investment Corporation Fourth Series Unsecured Investment Corporation Bonds	(with pari passu clause among specified investment corporation bonds)	3,000	1.06900%	Feb. 28, 2014	Feb. 28, 2024
Sekisui House Residential Investment Corporation Fifth Series Unsecured Investment Corporation Bonds	(with pari passu clause among specified investment corporation bonds)	3,000	0.87100%	Aug. 29, 2014	Aug. 30, 2024
Sekisui House Reit, Inc. First Series Unsecured Investment Corporation Bonds	(with pari passu clause among specified investment corporation bonds)	2,000	0.34000%	Sep. 08, 2016	Sep. 08, 2026
Sekisui House Reit, Inc. Second Series Unsecured Investment Corporation Bonds	(with pari passu clause among specified investment corporation bonds)	3,000	0.24000%	Jul. 13, 2017	Jul. 13, 2022
Sekisui House Reit, Inc. Third Series Unsecured Investment Corporation Bonds	Green Bonds (with pari passu clause among specified investment corporation bonds)	4,000	0.22000%	Jul. 11, 2019	Jul. 11, 2024
Sekisui House Reit, Inc. Fourth Series Unsecured Investment Corporation Bonds	Green Bonds (with pari passu clause among specified investment corporation bonds)	2,500	0.57000%	Jul. 11, 2019	Jul. 11, 2029
Sekisui House Reit, Inc. Fifth Series Unsecured Investment Corporation Bonds	Green Bonds (with pari passu clause among specified investment corporation bonds)	5,000	0.22000%	Nov. 1, 2019	Nov. 1, 2024
Sekisui House Reit, Inc. Sixth Series Unsecured Investment Corporation Bonds	Green Bonds (with pari passu clause among specified investment corporation bonds)	2,000	0.50000%	Feb. 28, 2020	Feb. 28, 2030
Sekisui House Reit, Inc. Seventh Series Unsecured Investment Corporation Bonds	Green Bonds (with pari passu clause among specified investment corporation bonds)	4,000	0.25000%	Sep. 9, 2020	Sep. 9, 2025
Sekisui House Reit, Inc. Eighth Series Unsecured Investment Corporation Bonds	Green Bonds (with pari passu clause among specified investment corporation bonds)	4,000	0.51000%	Sep. 9, 2020	Sep. 9, 2030
Total Investment Corporation Bonds		32,500	-	-	-
Total Interest-Bearing Liabilities		249,942	-	-	-

\* The interest rates fixed by the interest rate swap agreements are stated as the borrowings are signed with the agreements to hedge the rising risk of interest rate.



Period-end Appraisal Values (1)

(Appraisal date: October 31, 2020)														
Property No.	Property name	Estimated value (JPY million)		Book value (JPY million)	Unrealized capital gain/loss (JPY million)	Profit return method			Discounted cash flow method				Appraisal NOI (JPY million)	
		Period-on-period	Revenue price (JPY million)			Direct capitalization yield (%)		Revenue price (JPY million)	Discount rate (%)		Final capitalization yield (%)			
						Period-on-period	Period-on-period		Period-on-period	Period-on-period	Period-on-period	Period-on-period		
O-001	Garden City Shinagawa Gotenyama	89,100	—	70,453	18,646	92,000	3.2	—	87,800	3.0	—	3.4	—	2,964
O-002	Gotenyama SH Building	61,700	—	49,885	11,814	63,200	3.3	—	61,000	3.3	—	3.5	—	2,063
O-003	Hommachi Minami Garden City	56,400	—	42,848	13,551	57,700	3.5	—	55,800	3.2	—	3.7	—	2,044
O-004	Hommachi Garden City (Office portion)	44,800	—	36,795	8,004	45,600	3.4	—	43,900	3.2	—	3.6	—	1,552
O-005	HK Yodoyabashi Garden Avenue	6,360	—	4,264	2,095	6,560	3.6	—	6,270	3.7	—	3.8	—	239
O-006	Hirokoji Garden Avenue	7,190	—	6,210	979	7,290	4.1	—	7,150	3.9	—	4.3	—	303
O-007	Akasaka Garden City	30,000	—	28,775	1,224	30,600	3.4	—	29,700	3.2	—	3.6	—	1,033
Office Subtotal		295,550	—	239,233	56,316	302,950	—	—	291,620	—	—	—	—	10,200
R-001	Esty Maison Ginza	6,940	—	6,493	446	7,140	3.7	—	6,850	3.9	—	3.9	—	272
R-002	Esty Maison Azabunagasaka	1,870	10	1,768	101	1,910	3.8	—	1,850	3.9	—	4.0	—	76
R-003	Esty Maison Ebisu II	2,220	30	2,024	195	2,270	3.8	—	2,200	3.9	—	4.0	—	89
R-004	Esty Maison Ebisu	893	(10)	924	(31)	915	3.7	—	883	3.8	—	3.9	—	36
R-005	Esty Maison Kanda	1,740	—	1,567	172	1,770	3.8	—	1,730	3.9	—	4.0	—	69
R-006	Esty Maison Kitashinjuku	1,710	—	1,550	159	1,730	4.0	—	1,700	4.0	—	4.2	—	71
R-007	Esty Maison Asakusakomagata	2,370	—	2,112	257	2,400	4.0	—	2,360	4.0	—	4.2	—	100
R-008	Esty Maison Kawasaki	2,660	—	2,443	216	2,690	4.1	—	2,650	4.1	—	4.3	—	115
R-010	Esty Maison Kameido	1,760	—	1,518	241	1,780	4.3	—	1,750	4.1	—	4.5	—	81
R-011	Esty Maison Meguro	1,220	30	1,080	139	1,240	3.7	(0.1)	1,190	3.5	(0.1)	3.9	(0.1)	47
R-012	Esty Maison Sugamo	1,750	10	1,603	146	1,780	3.9	—	1,710	3.7	—	4.1	—	72
R-013	Esty Maison Kyobashi	3,030	30	2,996	33	3,070	4.5	(0.1)	3,010	4.4	(0.1)	4.6	(0.1)	142
R-014	Esty Maison Hakuraku	982	—	902	79	996	4.4	—	976	4.2	—	4.6	—	46
R-015	Esty Maison Minamihorie	1,100	—	1,047	52	1,120	4.2	—	1,080	4.0	—	4.4	—	51
R-016	Esty Maison Gotanda	3,280	(10)	3,054	225	3,300	4.2	—	3,270	3.9	—	4.4	—	143
R-017	Esty Maison Oisendaizaka	2,820	(40)	2,751	68	2,860	4.0	—	2,800	3.8	—	4.2	—	119
R-018	Esty Maison Shinagawa Seaside	2,360	—	2,125	234	2,400	3.9	—	2,310	3.7	—	4.1	—	97
R-019	Esty Maison Minamiazabu	1,330	(10)	1,241	88	1,360	3.6	—	1,300	3.4	—	3.8	—	51
R-020	Esty Maison Tsukamoto	1,120	—	1,041	78	1,130	4.6	(0.1)	1,110	4.4	(0.1)	4.8	(0.1)	55
R-021	Esty Maison Kawasaki II	2,290	220	1,939	350	2,330	4.1	—	2,250	3.9	—	4.3	—	97
R-022	Esty Maison Azabujuban	2,920	30	2,722	197	2,980	3.6	—	2,860	3.4	—	3.8	—	108
R-023	Esty Maison Itabashihoncho	991	(3)	908	82	1,010	4.0	—	972	3.8	—	4.2	—	42
R-024	Esty Maison Oizumigakuen	838	—	773	64	853	4.1	—	822	3.9	—	4.3	—	37
R-025	Esty Maison Higashishinagawa	2,390	—	2,310	79	2,420	4.2	—	2,370	4.0	—	4.4	—	108
R-026	Esty Maison Itabashikuyakushomae	2,690	10	2,468	221	2,730	4.0	—	2,640	3.8	—	4.2	—	116
R-027	Esty Maison Musashikoyama	1,150	20	1,025	124	1,170	4.0	—	1,120	3.8	—	4.2	—	48
R-028	Esty Maison Sendagi	760	7	684	75	774	4.0	—	746	3.8	—	4.2	—	33
R-029	Esty Maison Yotsuyasakamachi	2,280	—	2,069	210	2,320	3.9	—	2,230	3.7	—	4.1	—	92
R-030	Esty Maison Hakatahigashi	2,460	50	2,278	181	2,480	4.9	(0.1)	2,450	4.9	(0.1)	5.0	(0.1)	130
R-031	Esty Maison Kamigofuku	830	17	785	44	842	4.7	(0.1)	825	4.7	(0.1)	4.8	(0.1)	44
R-032	Esty Maison Sangenjaya	872	1	803	68	890	3.9	—	864	4.0	—	4.1	—	37
R-033	Prime Maison Musashinonomori	1,960	—	1,796	163	1,970	4.5	—	1,960	4.4	—	4.7	—	96
R-034	Prime Maison Higashisakura	1,590	—	1,448	141	1,590	4.5	—	1,590	4.4	—	4.7	—	76
R-035	Prime Maison Kayabakoen	882	1	836	45	881	4.7	—	882	4.6	—	4.9	—	44
R-036	Esty Maison Sangenjaya II	837	(5)	767	69	854	4.0	—	829	4.1	—	4.2	—	36
R-037	Esty Maison Itabashi C6	2,670	(20)	2,494	175	2,700	4.2	—	2,650	4.0	—	4.4	—	120

Period-end Appraisal Values (2)

(Appraisal date: October 31, 2020)

Property No.	Property name	Estimated value (JPY million)		Book value (JPY million)	Unrealized capital gain/loss (JPY million)	Profit return method			Discounted cash flow method					Appraisal NOI (JPY million)
		Period-on-period	Revenue price (JPY million)			Direct capitalization yield (%)		Revenue price (JPY million)	Discount rate (%)		Final capitalization yield (%)			
						Period-on-period	Period-on-period		Period-on-Period	Period-on-period				
R-038	MAST Hakata	2,550	50	2,475	74	2,540	4.7	(0.1)	2,560	4.1	(0.1)	4.9	(0.1)	133
R-039	Esty Maison Kinshicho	1,300	–	1,223	76	1,310	4.1	–	1,290	3.9	–	4.3	–	57
R-040	Esty Maison Musashikoganei	1,990	10	1,757	232	2,030	4.1	–	1,970	4.2	–	4.3	–	85
R-041	Prime Maison Gokiso	2,050	–	1,877	172	2,060	4.5	–	2,040	4.5	–	4.7	–	99
R-042	Prime Maison Yuhigaoka	1,010	30	885	124	1,020	4.3	(0.1)	990	4.1	(0.1)	4.5	(0.1)	45
R-043	Prime Maison Kitatanabe	648	13	578	69	655	4.6	(0.1)	641	4.4	(0.1)	4.8	(0.1)	32
R-044	Prime Maison Momochihama	2,080	–	1,915	164	2,090	4.7	–	2,080	4.4	–	4.9	–	110
R-045	Esty Maison Akihabara	2,010	–	1,922	87	2,030	4.1	–	2,000	3.9	–	4.3	–	88
R-046	Esty Maison Sasazuka	3,500	–	3,397	102	3,560	4.0	–	3,480	3.8	–	4.2	–	145
R-047	Prime Maison Ginza East	6,650	–	6,101	548	6,730	3.9	–	6,620	3.7	–	4.1	–	270
R-048	Prime Maison Takami	1,110	–	1,028	81	1,120	4.3	–	1,100	4.4	–	4.5	–	51
R-049	Prime Maison Yadaminami	864	(1)	865	(1)	865	4.7	–	863	4.6	–	4.9	–	43
R-050	Prime Maison Teriha	1,290	–	1,200	89	1,300	4.9	–	1,290	4.7	–	5.1	–	74
R-051	Esty Maison Higashishirakabe	1,650	10	1,641	8	1,660	4.6	–	1,640	4.5	–	4.8	–	79
R-052	Esty Maison Sengoku	1,380	–	1,337	42	1,400	3.9	–	1,370	3.7	–	4.1	–	57
R-053	Esty Maison Daizawa	2,300	–	2,235	64	2,340	3.9	–	2,280	3.7	–	4.1	–	93
R-054	Esty Maison Togoshi	1,840	20	1,732	107	1,880	3.9	–	1,820	4.0	–	4.1	–	76
R-055	Esty Maison Nishitemma	1,680	(10)	1,638	41	1,690	4.3	–	1,670	4.4	–	4.5	–	77
R-056	Esty Maison Shirokanedai	2,700	120	2,380	319	2,740	3.8	(0.1)	2,660	3.6	(0.1)	4.0	(0.1)	107
R-057	Esty Maison Higashishinjuku	1,770	10	1,628	141	1,800	3.9	–	1,760	4.0	–	4.1	–	73
R-058	Esty Maison Motoazabu	1,610	–	1,516	93	1,640	3.7	–	1,590	3.8	–	3.9	–	62
R-059	Esty Maison Toritsudaigaku	870	–	846	23	889	3.8	–	862	3.9	–	4.0	–	34
R-060	Esty Maison Musashikoyama II	1,060	–	1,004	55	1,070	4.0	–	1,050	3.8	–	4.2	–	44
R-061	Esty Maison Nakano	1,860	–	1,829	30	1,890	4.0	–	1,850	3.8	–	4.2	–	79
R-062	Esty Maison Shinnakano	1,030	–	992	37	1,040	4.1	–	1,020	3.9	–	4.3	–	44
R-063	Esty Maison Nakanofujimicho	1,020	–	961	58	1,040	4.0	–	1,010	4.1	–	4.2	–	42
R-064	Esty Maison Tetsugakudo	1,180	–	1,125	54	1,200	4.1	–	1,170	3.9	–	4.3	–	50
R-065	Esty Maison Koenji	1,200	–	1,135	64	1,220	3.9	–	1,190	4.0	–	4.1	–	49
R-066	Esty Maison Oshiage	2,550	30	2,419	130	2,580	4.1	–	2,530	4.1	–	4.3	–	110
R-067	Esty Maison Akabane	3,360	–	3,176	183	3,400	4.2	–	3,340	4.0	–	4.4	–	149
R-068	Esty Maison Oji	1,730	(10)	1,597	132	1,760	4.2	0.1	1,720	4.0	0.1	4.4	0.1	77
R-069	Prime Maison Waseda	1,700	40	1,531	168	1,730	3.7	(0.1)	1,670	3.5	(0.1)	3.9	(0.1)	66
R-070	Prime Maison Hatchobori	1,570	50	1,410	159	1,590	3.7	(0.1)	1,540	3.5	(0.1)	3.9	(0.1)	60
R-071	Prime Maison Jimbocho	1,970	–	1,901	68	2,000	4.0	–	1,960	3.8	–	4.2	–	82
R-072	Prime Maison Gotenyama East	2,980	–	2,874	105	2,990	3.8	–	2,980	3.6	–	4.0	–	117
R-073	MAST LIFE Akihabara	569	–	545	23	580	4.1	–	564	3.9	–	4.3	–	25
R-074	Esty Maison Aoi	2,440	–	2,387	52	2,470	4.5	–	2,420	4.5	–	4.7	–	117
R-075	Esty Maison Yakuin	2,470	10	2,597	(127)	2,500	4.3	–	2,450	4.4	–	4.5	–	114
R-076	Esty Maison Kinshicho II	9,040	240	8,035	1,004	9,190	3.9	(0.1)	8,890	3.7	(0.1)	4.1	(0.1)	369
R-077	Esty Maison Ojima	9,610	340	8,409	1,200	9,770	3.9	(0.1)	9,450	3.7	(0.1)	4.1	(0.1)	393
R-078	Prime Maison Fujimidai	2,120	–	2,042	77	2,140	4.8	–	2,110	4.6	–	5.0	–	110
R-079	Esty Maison Tsurumai	4,780	(10)	4,597	182	4,840	4.9	–	4,760	4.7	–	5.1	–	250
R-080	Prime Maison Morishita	2,020	–	1,866	153	2,040	4.0	–	2,010	4.0	–	4.2	–	84
R-081	Prime Maison Shinagawa	2,040	–	1,913	126	2,070	4.0	–	2,020	3.8	–	4.2	–	84



# Period-end Appraisal Values (3)

(Appraisal date: October 31, 2020)

Property No.	Property name	Estimated value (JPY million)		Book value (JPY million)	Unrealized capital gain/loss (JPY million)	Profit return method			Discounted cash flow method				Appraisal NOI (JPY million)		
		Period-on-period	Revenue price (JPY million)			Direct capitalization yield (%)		Revenue price (JPY million)	Discount rate (%)		Final capitalization yield (%)				
						Period-on-period	Period-on-period		Period-on-period	Period-on-period					
R-082	Prime Maison Odorikoen	3,060	50	3,081	(21)	3,090	4.6	(0.1)	3,020	4.4	(0.1)	4.8	(0.1)	158	
R-083	Prime Maison Minami 2-jo	1,770	60	1,851	(81)	1,780	4.7	(0.1)	1,750	4.5	(0.1)	4.9	(0.1)	98	
R-084	Prime Maison Kamokamogawa	1,120	10	1,216	(96)	1,120	4.7	(0.1)	1,110	4.5	(0.1)	4.9	(0.1)	63	
R-085	Prime Maison Central Park	2,355	60	2,202	152	2,230	5.0	(0.1)	2,210	4.8	(0.1)	5.1	(0.1)	128	
R-086	MAST LIFE Yahiro	1,970	–	1,847	122	1,990	4.3	–	1,960	4.1	–	4.5	–	89	
R-087	Prime Maison Ebisu	4,890	130	4,292	597	4,990	3.5	(0.1)	4,790	3.3	(0.1)	3.7	(0.1)	179	
R-088	Granmast Kanazawa Nishiizumi	1,040	10	1,031	8	1,050	5.1	–	1,030	4.9	–	5.3	–	56	
R-089	Granmast Unomori	825	–	789	35	839	5.2	–	819	5.0	–	5.4	–	46	
R-090	Esty Maison Kohoku Tsunashima	East West Annex	2,970	48	2,704	265	1,330	4.3	(0.1)	1,300	4.1	(0.1)	4.5	(0.1)	140
							1,080	4.3	(0.1)	1,050	4.1	(0.1)	4.5	(0.1)	
							587	4.3	(0.1)	572	4.1	(0.1)	4.5	(0.1)	
R-091	MAST LIFE Hino	1,410	–	1,331	78	1,410	4.6	(0.1)	1,410	4.4	(0.1)	4.7	(0.1)	69	
R-092	Prime Maison Yokohama Nihon-odori	4,790	(220)	4,707	82	4,870	4.1	–	4,710	3.9	–	4.3	–	210	
R-093	Kobe Women’s Student Housing	6,260	120	5,462	797	6,320	4.9	(0.1)	6,200	4.7	(0.1)	5.1	(0.1)	326	
R-094	Prime Maison Shibuya	2,610	–	2,398	211	2,660	3.7	–	2,550	3.5	–	3.9	–	99	
R-095	Prime Maison Hatsudai	3,210	–	2,946	263	3,270	3.8	–	3,150	3.6	–	4.0	–	125	
R-096	Esty Maison Uemachidai	1,060	–	1,075	(15)	1,070	4.4	–	1,060	4.1	–	4.6	–	50	
R-097	Esty Maison Kobe-sannomiya	977	–	940	36	997	4.6	–	969	4.4	–	4.8	–	50	
R-098	Prime Maison Shirokane-takanawa	5,270	10	4,825	444	5,370	3.7	–	5,160	3.5	–	3.9	–	201	
R-099	Prime Maison Ichigayayamabushicho	4,220	(20)	4,144	75	4,300	3.9	(0.1)	4,190	3.7	(0.1)	4.1	(0.1)	172	
R-100	Esty Maison Morishita	673	–	639	33	681	4.2	–	669	4.0	–	4.4	–	28	
R-101	Prime Maison Shirokanedai Tower	9,780	130	7,984	1,795	10,000	3.7	–	9,680	3.8	–	3.9	–	374	
R-102	Prime Maison Otsuka	4,330	–	3,716	613	4,420	3.9	–	4,290	4.0	–	4.1	–	174	
R-103	Prime Maison Asakusabashi	1,960	–	1,689	270	2,000	3.9	–	1,940	4.0	–	4.1	–	79	
R-104	Prime Maison Daikanyama	3,040	–	2,533	506	3,110	3.7	–	3,010	3.8	–	3.9	–	116	
R-105	Prime Maison Gotenyama West	4,180	50	3,423	756	4,230	3.7	–	4,160	3.8	–	3.9	–	160	
R-106	Esty Maison Toyosu Residence	6,930	130	5,980	949	7,090	-	–	6,860	4.2	–	–	–	351	
R-107	Esty Maison Kokura	1,040	20	1,081	(41)	1,050	4.9	(0.1)	1,040	4.7	(0.1)	5.0	(0.1)	54	
R-108	MAST Ijiri	418	(1)	398	19	424	4.6	–	416	4.4	–	4.8	–	21	
R-109	Prime Maison Mitatsunamachi	2,180	–	2,057	122	2,240	4.0	–	2,150	3.8	–	4.2	–	90	
R-110	Prime Maison Hongo	2,690	–	2,623	66	2,710	4.0	–	2,680	3.8	–	4.2	–	110	
R-111	Prime Maison Kuramae	2,290	–	2,210	79	2,310	4.1	–	2,280	3.9	–	4.3	–	95	
R-112	Esty Maison Yokohama-aobadai	North South	3,170	10	3,041	128	1,490	4.5	–	1,460	4.3	–	4.7	–	152
							1,730	4.6	–	1,690	4.4	–	4.8	–	
R-113	Esty Maison Shizuoka Takajo	661	–	677	(16)	672	5.0	–	656	4.8	–	5.2	–	37	
R-114	GRAND MAST Hirose-dori	871	2	884	(13)	879	4.6	–	867	4.4	–	4.8	–	45	
Residential Subtotal		264,736	1,909	244,694	20,041	268,503	–	–	261,927	–	–	–	–	11,608	
H-001	The St. Regis Osaka (Hommachi Garden City (Hotel portion))	18,000	–	16,925	1,074	18,200	3.6	–	17,700	3.4	–	3.8	–	665	
H-002	The Ritz-Carlton, Kyoto	22,442	(1,764)	22,222	219	22,834	3.5	0.2	22,295	3.2	0.1	3.6	0.1	919	
Hotel Subtotal		40,442	(1,764)	39,148	1,293	41,034	–	–	39,995	–	–	–	–	1,584	
Portfolio Total		600,728	145	523,075	77,652	612,487	–	–	593,542	–	–	–	–	23,393	

\* Period-end appraisal value, direct capitalization yield, discount rate, final capitalization yield and appraisal NOI are values set forth in the real estate appraisal documents or values set forth in the real estate survey documents, which are the result of pricing surveys that do not follow real estate appraisal evaluation standards.

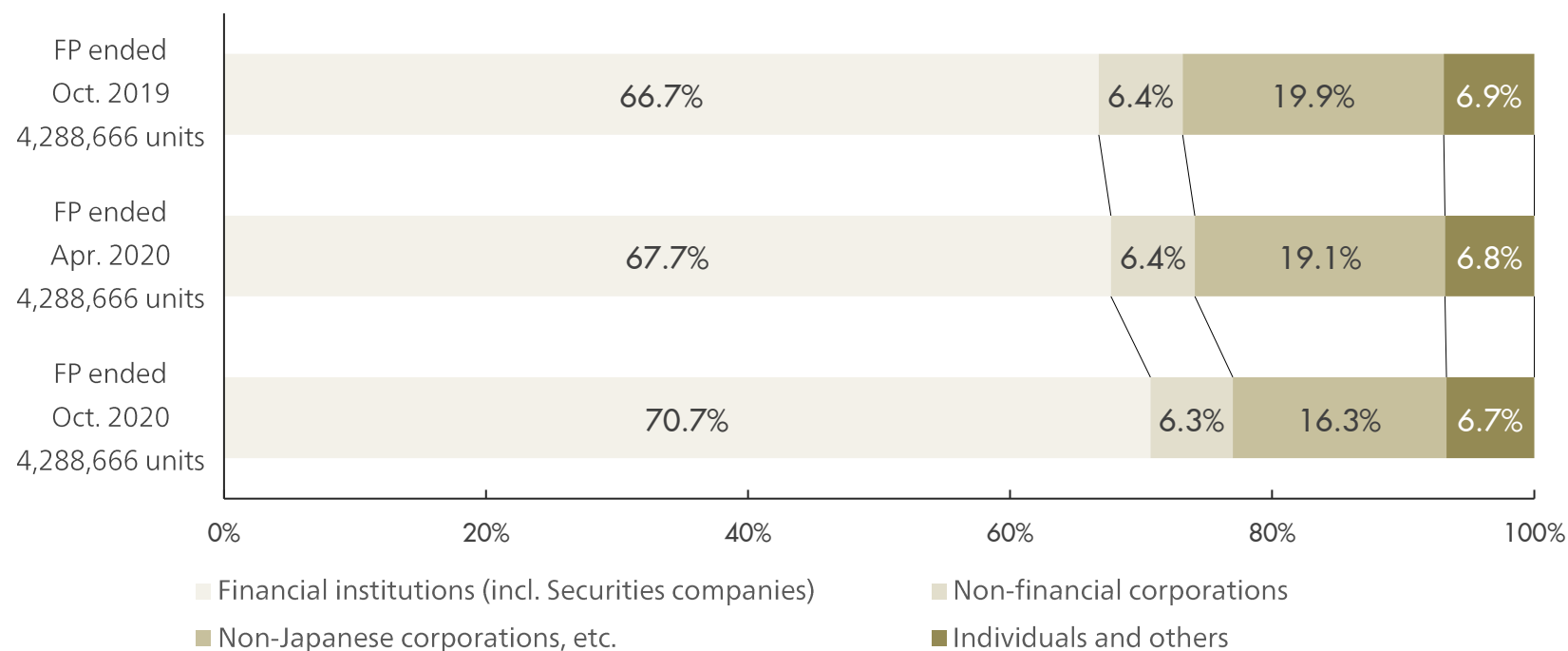
\* Period-on-period figures are comparisons as of the end of October 2020 versus the end of April 2020. The total change is provided for the office subtotal, residential subtotal, hotel subtotal and the portfolio total.

# Unitholders Composition

## ■ Number of Investment Units by Unitholder Type and Unitholders

Unitholder type	Investment Units						Unitholders				
	FP ended Apr. 2020		FP ended Oct. 2020		Change		FP ended Apr. 2020		FP ended Oct. 2020		Change
	units(c)	ratio(d)	units(c)	ratio(d)	(c)-(a)	(d)-(b)	units(e)	ratio(f)	units(g)	ratio(h)	(g)-(e)
Individuals and others	290,765	6.8%	286,423	6.7%	(4,342)	(0.1)pt	18,451	95.9%	18,471	95.8%	+20
Financial institutions	2,795,173	65.2%	2,824,088	65.9%	+28,915	+0.7pt	191	1.0%	197	1.0%	+6
City banks	—	—	—	—	—	—	—	—	—	—	—
Regional banks	388,608	9.1%	401,687	9.4%	+13,079	+0.3pt	48	0.2%	50	0.3%	+2
Trust banks	2,113,843	49.3%	2,091,554	48.8%	(22,289)	(0.5)pt	12	0.1%	9	0.0%	(3)
Life insurers	68,504	1.6%	92,899	2.2%	+24,395	+0.6pt	7	0.0%	8	0.0%	+1
Casualty insurers	6,915	0.2%	—	—	(6,915)	(0.2) pt	1	0.0%	—	—	(1)
Shinkin banks	115,605	2.7%	114,757	2.7%	(848)	—	64	0.3%	64	0.3%	—
Others	101,698	2.4%	123,191	2.9%	+21,493	+0.5pt	59	0.3%	66	0.3%	+7
Non-financial corporations	276,486	6.4%	270,707	6.3%	(5,779)	(0.1) pt	338	1.8%	341	1.8%	+3
Non-Japanese corporations, etc.	817,332	19.1%	699,675	16.3%	(117,657)	(2.8) pt	229	1.2%	248	1.3%	+19
Securities companies	108,910	2.5%	207,773	4.8%	+98,863	+2.3pt	21	0.1%	22	0.1%	+1
<b>Total</b>	<b>4,288,666</b>	<b>100.0%</b>	<b>4,288,666</b>	<b>100.0%</b>	<b>—</b>	<b>—</b>	<b>19,230</b>	<b>100.0%</b>	<b>19,279</b>	<b>100.0%</b>	<b>+49</b>

## ■ Change Ratio in Investment Units



## ■ Fiscal Period Ended October 2020 – Top 5 Unitholders

Company name	No. of investment units owned	Ratio
Custody Bank of Japan, Ltd. (Trust Account)	1,041,318	24.3%
The Master Trust Bank of Japan, Ltd. (Trust Account)	704,667	16.4%
Sekisui House, Ltd.	200,750	4.7%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	195,991	4.6%
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	106,021	2.5%

# Overview of Asset Management Company

## Overview of Asset Management Company

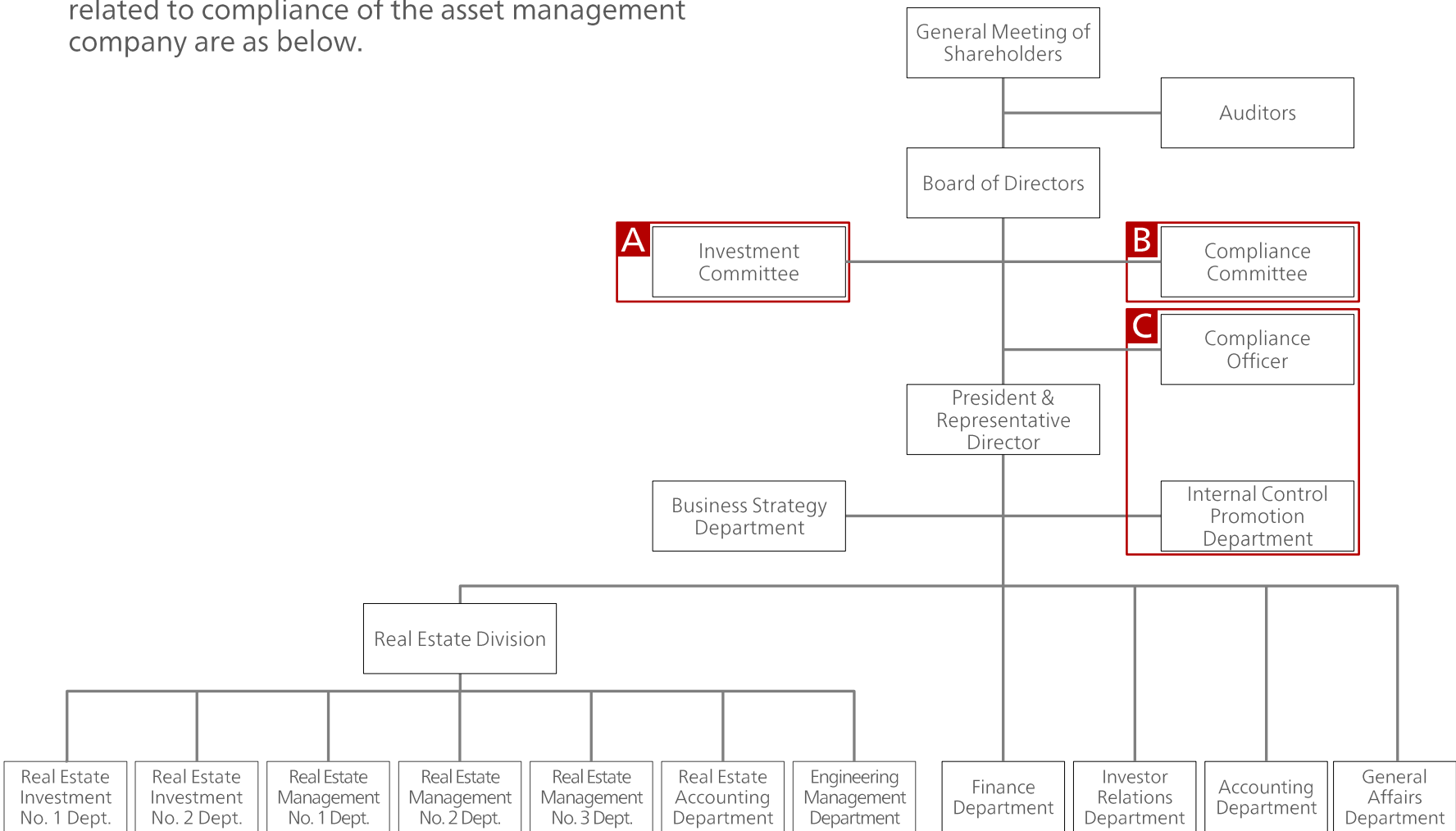


President & Representative Director  
Junichi Inoue

- Corporate name: Sekisui House Asset Management, Ltd.
- Head office: 4-15-1 Akasaka, Minato-ku, Tokyo
- Capital: 400 million yen
- Number of Directors and Employees: 59 (As of the date of this publication)
- Shareholder: Sekisui House, Ltd. (100%)
- Licenses and registration, etc. :
  - Licensed for building lots and buildings transaction business  
License No.(2) 96411 issued by the Governor of Tokyo
  - Certified as an entrustment-based agency  
License No.82 issued by the Minister of Land, Infrastructure, Transportation and Tourism
  - Registered as a financial instruments business operator  
Registration (Kinsho) No.2791 issued by the Director of Kanto Local Finance Bureau

## Organization Chart

The organization chart and administrative organs related to compliance of the asset management company are as below.



## Asset Management Fee

- Management Fee I (linked to total assets and Investment units performance):  
Total assets × 0.12%-0.16% 〈annual〉 (Depends on performance of SHR's investment unit price to TSE REIT index)
  - Management Fee II (linked to DPU and Operating income):  
DPU<sup>2</sup> × Operating income<sup>3</sup> × 0.002% × 2 (split ratio)
  - Management Fee III (acquisition fees):  
Acquisition price × 0.3% (Transactions with related parties: None)
  - Management Fee IV (disposition fees):  
Sale price × 0.3% (Transactions with related parties: None)
  - Management Fee V (merger fees):  
Value of Real Estate-Related Assets held by counter party × 0.4%
- Note 1: With regard to rates, applicable rates or expected rates are stated.  
Note 2: Calculated as the distributable amount before deduction of Management Fee II divided by the total number of issued investment units.  
Note 3: Operating Income before deduction of Management Fee II

## Compliance Structure

**A** The organization that deliberates and makes decisions on matters related to management policy and other asset management issues  
**Investment committee**  
Committee members: The external committee members<sup>1</sup>, President & Representative Director (chairman), all full-time Directors including Compliance Officer who has the status as a Director and General Manager of Real Estate Division, Chief Manager of Business Strategy Dept., Finance Dept., IR Dept., Accounting Dept. and General Affairs Dept. While the selection and dismissal of the external committee members is conducted at the asset management company's Board of Directors Meeting, the approval of the SHR's board of directors' meeting is required either before or afterwards.  
Note 1: Currently a total of two members are selected as the external committee members including one real estate appraiser and one attorney, who have no significant stakeholder relationship with the asset management company, the asset management company's officers and employees, nor its related parties.

**B** The organization that deliberates and makes decisions on matters related to compliance in asset management  
**Compliance committee**  
Committee members: The external committee members<sup>2</sup>, Compliance Officer (chairman) , President & Representative Director and all full-time Directors.  
While the selection and dismissal of external committee members is conducted at the asset management company's Board of Directors Meeting, the approval of SHR's board of directors' meeting is required either before or afterwards.  
Note 2: Currently one attorney has been selected as an external committee member who has no significant relationship with the asset management company, the asset management company's officers and employees, nor its related parties.

**C** Organization responsible for compliance  
**Compliance officer**  
Person responsible for the compliance of SHR and the asset management company. Personnel with sufficient screening and surveillance capabilities are selected to observe compliance with legislation and norms.  
**Internal Control Promotion Department**  
Internal Control Promotion Department conducts work related to the asset management company's risk management, monitoring the status of legislation and regulations, and internal auditing.

# About the Terminology used in this Presentation

## P.2 SHR's Portfolio

- The Sekisui House Real Estate companies are: Sekisui House Real Estate Tokyo, Ltd., Sekisui House Real Estate Tohoku, Ltd., Sekisui House Real Estate Chubu, Ltd., Sekisui House Real Estate Kansai, Ltd., Sekisui House Real Estate Chugoku&Shikoku, Ltd., and Sekisui House Real Estate Kyushu, Ltd.
- Average building age is the building age as of end of October 2020 (FP 12), weighted by acquisition price. The same applies throughout this publication.
- Esty Maison Yokohama-aobadai is counted as two properties- one for North and one for South –when calculating diversification by building age. The same applies throughout this publication.
- Unless specified otherwise, Hommachi Garden City is counted as two properties –one for the office portion and one for the hotel portion- when calculating figures for specific asset types, and is counted as one property when calculating figures for the portfolio as a whole, by area and by building age. The same applies throughout this publication.

## P.3 Financial Results(FP 12)

- NOI yield is the yield calculated by dividing annualized actual NOI by the total acquisition value of assets under management. Average occupancy rate during the period is the average actual and forecast monthly occupancy rate as of the end of each month that falls within the relevant period. The same applies throughout this publication.

## P.4 Factors Impacting FP 12 Results

- Delinquency rate is an average value for found by divided the monthly rent in arrears in each month of the fiscal period by the total contract rent due that month.

## P.5 Financial Forecast (FP 13/FP 14)

- NOI yield is the yield calculated by dividing annualized forecast NOI by the total acquisition value of assets under management. Average occupancy rate during each period is the average actual and forecast monthly occupancy rate as of the end of each month that falls within the relevant period. The same applies throughout this publication.

## P.8 DPU and NPV per Unit

- Nav per unit is calculated using NAV, an amount arrived at by deducting total distributions from net assets at market value (net assets on the balance sheet plus unrealized gain for the end of each FP). The same applies throughout this publication.

## P.9 Trends of Appraisal Value

- Average cap rate is calculated by taking the capitalization yield of each property using the direct capitalization method as a weighted average by the appraisal value of each property. See pages 42 to 44 for details on capitalization yields and appraisal values for each property.

## P.11 Office Portfolio

- End-tenant rent is the total monthly rent of each tenant per each lease agreement (including utilities, but not including fees for parking, storage and signage, etc.) divided by total leasable area (tsubo). However, any free rent incentives in effect at the time are not applied and variable rent components are counted by using an average value from the past year.
- End-tenant rent of office total is calculated using an average of the each end-tenant rent leases weighted by area leased, based on end-tenant leases.

## P.12 Office : Tenant Renewals

- The percentage of leases on fixed terms is fixed-term leases, based on end-tenant leases in effect as of the end of October 2020 (FP 12), as a percentage of gross leasable area.
- The average lease duration and the average remaining life of leases are calculated using an average of the durations or remaining life on leases weighted by area leased, based on end-tenant leases in effect as of the end of October 2020 (FP 12). However, for those end tenants who have executed a lease renewal as of the date of this publication, the duration and remaining life on the lease renewal is taken into consideration.

## P.13 Office : Tenant Profile

- Rent gap is the percentage difference between market rents and end tenant contract rents in cases where market rents (expected rents on new leases as assessed by CBRE) exceed end tenant contract rents in effect as of the end of October 2020 (FP 12).



# About the terminology used in this presentation

## P.34 Residential: Rent Trends by Area

- Rent gap is expressed as the percentage difference between contract rents with end tenants as of the end of October 2020 (FP 12) and market rents (expected new rents on standard floors assessed by Style Act). In addition, the calculation is made excluding end tenants whose rents are exceeded the market rents.

## P.37-38 Portfolio List

- Where the asset comprises multiple buildings with different completion dates, the completion date of the building first completed is used.

## P.42-44 Period-end Appraisal Values

- Prime Maison Momochihama and Esty Maison Higashishirakabe are under fixed-rent master lease agreements. The discount rate differs depending on the contract duration, per the master lease agreement. For the sake of convenience, the discount rate provided here assumes a duration extending out to the expiration of the agreements.
- A portion of the land under Prime Maison Central Park (lot number 23-32) is leased land. DCF is the method to find the income value for the portion of leased land, so figures for direct capitalization yield, discount rate, and final capitalization yield apply to the residential portion only. The period-end appraisal value is the sum of the income value for the residential portion and the income value for the leased land portion found by DCF. Appraisal NOI is the sum of appraisal NOI for the residential portion and appraisal NOI from the first fiscal year, found by DCF, for the leased land portion.
- At Esty Maison Toyosu Residence, the source of land use rights lie in a fixed-term land leasehold. Therefore, given the fact that the income period is a limited period of time, a capitalization method over a definite term is used. Therefore, no direct capitalization yield or final capitalization yield have been established. For the sake of convenience, the discount rate provided is the discount rate out to the holding period expiration.

## Explanation of this Presentation

- This presentation may use the following abbreviations: PM for Prime Maison, EM for Esty Maison, GC for Garden City and GA for Garden Avenue, which are brand names for portfolio properties. Also, the abbreviation fixed-rent ML may be used to refer to fixed-rent master lease.
- Unless specified otherwise, monetary values have been rounded down and percentages have been rounded to the first decimal place.





**SEKISUI HOUSE REIT, INC.**