



# SEKISUI HOUSE REIT, INC.

## Fiscal Results Briefing 9th Fiscal Period Ended April 30, 2019

June 19, 2019

The  
**9th**  
Fiscal Period

**Presentation Material**

November 1, 2018  
to  
April 30, 2019



### <Notes for This Document>

- Sekisui House Reit, Inc. (“SHR”) has conducted its fourth public offering since its listing on June 10, 2019 (the “4th PO”), and as of the date of this document, it is scheduled to issue new investment units by way of third-party allotment related to the 4th PO on July 9, 2019 as a payment date. As for the figures after the 4th PO which are stated in this document, unless otherwise stated, the figures calculated based on the total number of investment units issued and outstanding (forecasted distribution per unit, NAV per unit, etc.) are calculated based on the total number of investment units issued and outstanding of 4,288,666 units based on the assumption that the total number of investment units for issuance by way of third-party allotment was 25,075 units for which subscription was fully made.
  
- Effective May 1, 2018, Sekisui House REIT, Inc. merged with Sekisui House Residential Investment Corporation. Throughout this document, Sekisui House REIT, Inc. will be abbreviated as “SHR” while Sekisui House Residential Investment Corporation may be referred to as “SHI.”  
In addition, with the merger, SHR has succeeded the properties (residential and retail properties) of SHI, the dissolved company in the absorption-type merger, and there are sections in this document where the operating results, etc., prior to the merger are recorded.  
In this document, “23rd Fiscal Period Ended March 2017,” “24th Fiscal Period Ended September 2017,” and “25th Fiscal Period Ended April 2018” refer to the calculation period of the three fiscal periods of SHI directly prior to the merger.  
Moreover, for the most recent fiscal period of SHI, “25th Fiscal Period Ended April 2018,” the operational period has been changed to seven months, and figures between October 1, 2017 and April 30, 2018 are indicated.

## Contents

### Summary

Executive Summary	...	3
-------------------	-----	---

### 1. External Growth

Further Expansion of Asset Size through the First Public Offering after the Merger	...	8
Continuous Improvement of Unitholder Value	...	9
Overview of New Acquisitions	...	10
Overview of the Assets Acquired in 9th FP	...	11
Overview of the Assets Acquired in 10th FP by the 4th PO (1)	...	12
Overview of the Assets Acquired in 10th FP by the 4th PO (2)	...	13
Overview of the Assets Acquired in 10th FP by the 4th PO (3)	...	14
Overview of Portfolio	...	15
Diversification Status of Portfolio	...	16

### 2. Internal Growth

Changes in Occupancy Rate	...	19
Occupancy Status of Residences	...	20
Rent Trends of Residences	...	21
Trends of Residences by Investment Area	...	22
Selection of a Lease Scheme for Office Buildings	...	23
Selection of a Hotel Lease Scheme	...	24
Results and Forecast of NOI and NOI Yield by Use	...	25

### 3. Financial Base

Financial Results	...	27
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### 4. Growth Strategy

Future Growth Strategy	...	29
Increase of Varied Enhancement Opportunities by Utilizing the Integrated Corporate Strength of the Sekisui House Group	...	30

### 5. ESG Initiatives

ESG Initiatives (Participation in International Initiatives and Obtaining External Certification)	...	32
ESG Initiatives (Environment and Social)	...	33
ESG Initiatives (Governance Structure)	...	34
ESG Initiatives of Sekisui House	...	35

### Appendix

Balance Sheet	...	37
Statement of Income and Retained Earnings	...	38
Overview of Financial Results for Fiscal Period Ended April 2019 (9th FP) (1)	...	39
Overview of Financial Results for Fiscal Period Ended April 2019 (9th FP) (2)	...	40
Forecast of Performance for Fiscal Period Ending October 2019 (10th FP) and Fiscal Period Ending April 2020 (11th FP)	...	41
Portfolio Map	...	42
List of Portfolio	...	43
Portfolio Development Policy	...	45
Continuous Investment in Prime Properties	...	46
Estimated Value at the End of Period	...	47
Overview of Interest-Bearing Liabilities	...	51
Unitholders Composition	...	55
Changes in Unit Price (December 3, 2014 – June 14, 2019)	...	56
Overview of Asset Management Company	...	57

# Executive Summary (1)

## Characteristics of Sekisui House Reit, Inc. ("SHR")

### Characteristic 1

- SHR's sponsor is **Sekisui House, Ltd. ("Sekisui House")**, one of the leading homebuilders in Japan.

Current AUM  
(aggregate acquisition price)  
**527.5 billion yen**

### Characteristic 2

- SHR is a highly stable "diversified REIT" with core assets of high quality "**residential properties and office buildings**"

Current Portfolio (asset type)  
**Residences 46.8%**  
**Office buildings 46.5%**  
**Hotel 6.6%**

- Investing in Residential properties located in **Greater Tokyo** (77.3%) and Commercial Properties located in **three major metropolitan areas** (100%); Greater Tokyo, the Osaka area and the Nagoya area (acquisition price basis).
- Investing in Prime Properties featuring "**strategic locations**" and "**high quality**".

Current Portfolio  
(area)  
**Three major metropolitan areas 95.6%**

NAV per unit  
(as of end of 9<sup>th</sup> FP)  
**78,013 yen**

### Characteristic 3

- **Strong relationships** with major domestic financial institutions.

LTV  
(as of end of 9<sup>th</sup> FP)  
**45.3%**

Note1: Money amounts less than the indicated figures are rounded down and percentage figures are rounded to the nearest first decimal place unless otherwise indicated in this document. The same shall apply hereinafter.

Note2: The figures are as of June 19, 2019.

# Executive Summary (2)

## Profile of Sekisui House Reit, Inc.

### Corporate Profile

Trade name  
Asset management company  
Sponsor

Sekisui House Reit, Inc. (securities code: 3309)  
Sekisui House Asset Management, Ltd.  
Sekisui House, Ltd.



### Owned Assets

Aggregate acquisition price  
Number of properties

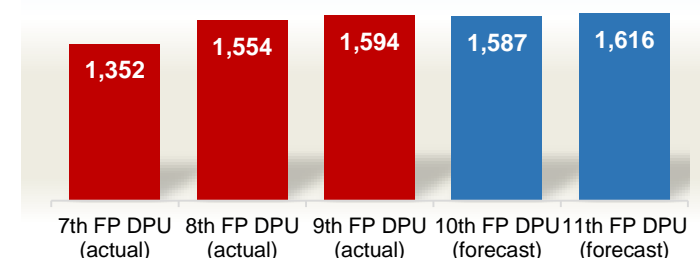
JPY 527.5 bil  
120 properties



### Distributions

Fiscal period ends  
Actual for 9<sup>th</sup> fiscal period  
Forecast for 10<sup>th</sup> fiscal period  
Forecast for 11<sup>th</sup> fiscal period

April and October of each year  
JPY 1,594 per unit  
JPY 1,587 per unit  
JPY 1,616 per unit



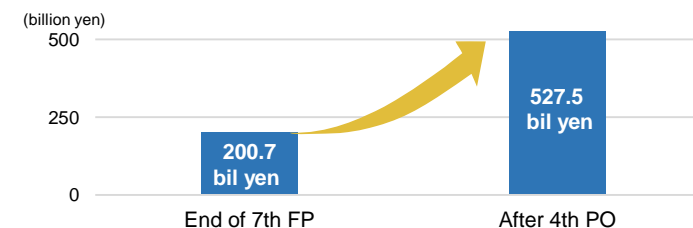
### Financial information

Total interest-bearing liabilities  
Unitholders' capital  
Number of investment units issued and outstanding  
Long-term issuer rating

JPY 246.0 bil  
JPY 147.3 bil  
4,263,591 units  
AA (stable) [JCR]

### Highlight

Around a 2.6-fold expansion of asset size since the end of 7th FP through the merger with SHI and 4th PO.



Note 1: The figures are as of June 19, 2019.



# Executive Summary (3)

## Growth Strategies Utilizing Sekisui House's Support

### ■ Sekisui House's Corporate Profile and Business Strategies

#### About Sekisui House

##### Sekisui House's Corporate Profile (As of January 31, 2019)

Corporation Name : **Sekisui House, Ltd.**

Date of Establishment : **August 1, 1960**

Capital Stock : **202,591.20 million yen**

Cumulative Number of Houses Built : **2,425,372 houses**

##### How Sekisui House became involved in the field of J-REIT

**Since 2005**, Sekisui House entered the J-REIT field by acquiring an equity stake in Japan Excellent Asset Management Co., Ltd., the asset manager for Japan Excellent Inc. (The capital ties have dissolved already.)

**In 2010**, Sekisui House acquired 75% of Joint Capital Partners Co., Ltd., the asset manager of Joint Reit Investment Corporation, later changed its trade name to Sekisui House Residential Investment Corporation.

**In December 2014**, Sekisui House Reit, Inc. was listed on the Tokyo Stock Exchange as diversified REIT.

**In 2018**, Sekisui House Reit Inc. merged with Sekisui House Residential Investment Corporation and started operation as a diversified REIT.

#### ■ Commitment of properties by Sekisui House Group to its sponsored J-REITs (as of June 19, 2019)

Collaboration with our J-REIT platform within Sekisui House's Development Business has become significantly more important.

Asset Type	Number of Properties <sup>1</sup>	Transaction Price
Commercial properties (2007-2019)	9 properties	314.8 billion yen
Residential properties (2010-2019)	66 properties	137.5 billion yen
<b>Total (2007-2019)</b>	<b>75 properties</b>	<b>452.3 billion yen</b>

Note 1: 2 office properties have been acquired by Japan Excellent, Inc. and 55 residential properties have been acquired by Sekisui House Residential Investment Corporation.

#### Priority strategies for each business model

##### **[Built-to-Order Business]**

Promote stable growth and work to create quality housing stock by supplying high-value-added houses.

##### **[Supplied Housing Business]**

Develop business for the purpose of increasing the asset value of quality housing stock created by the Built-to-Order Business.

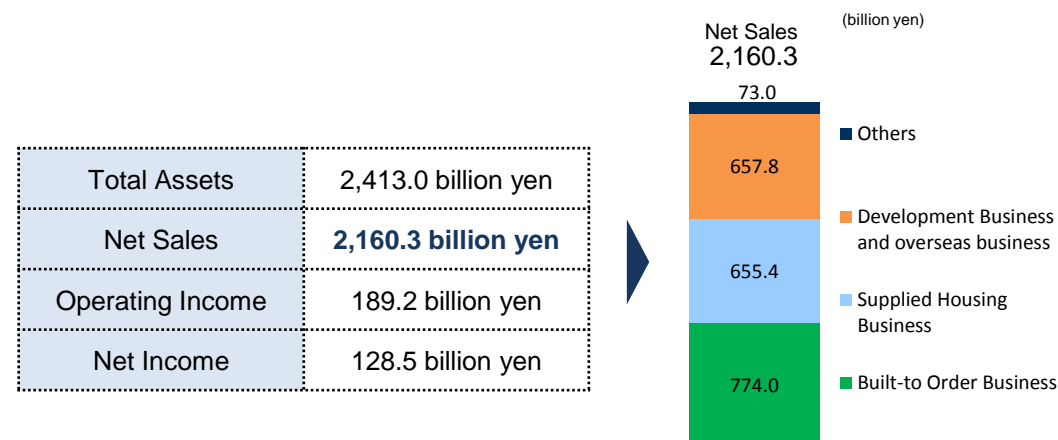
##### **[Development Business]**

Promote the creation of quality towns through the environment creation-oriented development and promote stable growth by increasing the asset turnover ratio.

##### **[Overseas Business]**

Provide *Sekisuihouse Quality* globally based on the environmental technologies cultivated in Japan.

### ■ Sekisui House's Consolidated Financial Statements FY2018 (Feb/18-Jan/19)



## MEMO

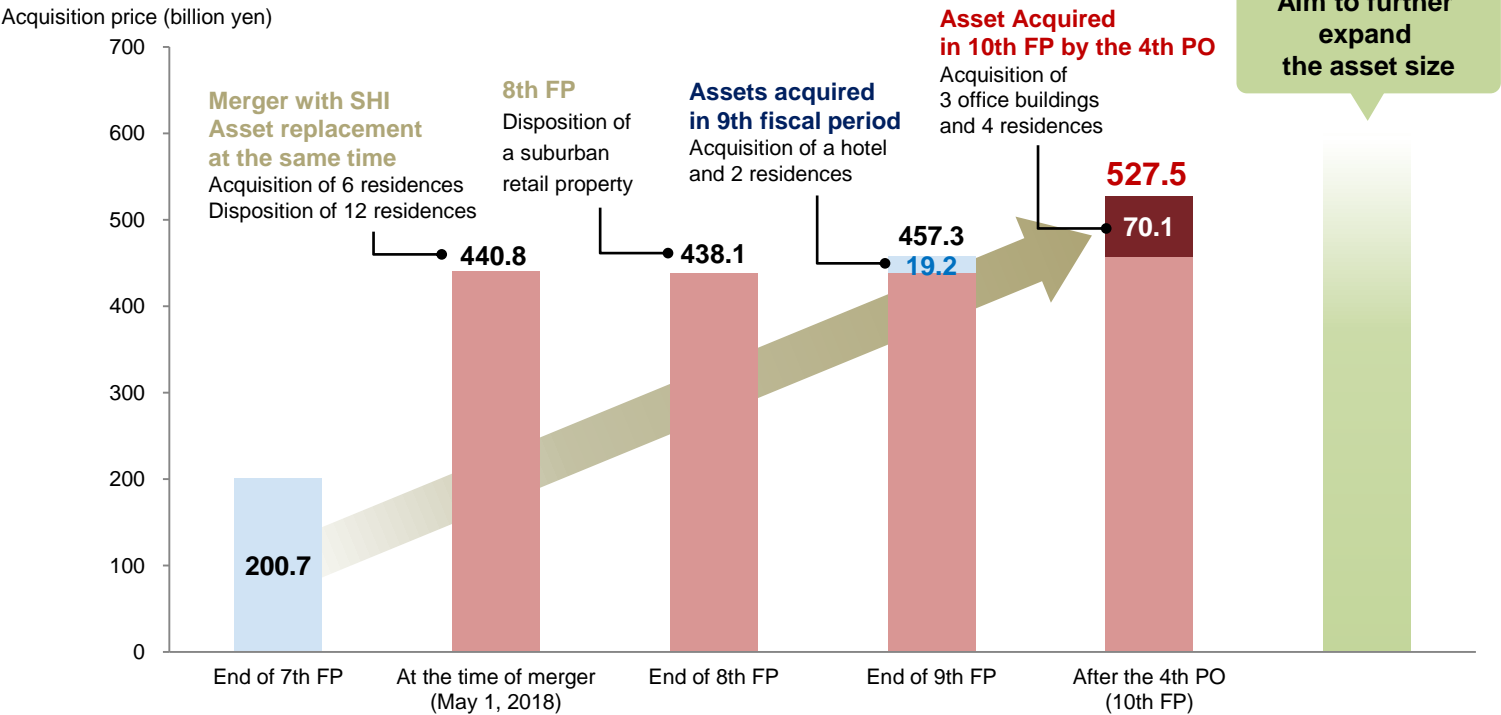
# 1. External Growth



# Further Expansion of Asset Size through the First Public Offering after the Merger

Through the utilization of borrowing capacity in the 9th FP and the first GPO in the 10th FP of June 2019 (the “4th PO”), asset size has increased to 527.5 billion yen (10th largest<sup>1</sup> among 63 J-REITs), and market capitalization has steadily expanded

■ Changes in Asset Size



	End of 7th FP	At the time of merger (May 1, 2018)	End of 8th FP	End of 9th FP	After the 4th PO (10th FP)	Comparison with the end of 8th FP
Number of properties	6 properties	113 properties	112 properties	115 properties	120 properties	+8 properties
Unrealized capital gains <sup>2</sup>	¥36.6 billion	-	¥45.3 billion	¥53.7 billion	¥60.9 billion	+¥15.6 billion
Market capitalization <sup>3</sup>	¥136.6 billion	¥266.7 billion	¥265.2 billion	¥302.0 billion	¥341.5 billion	+¥76.2 billion

Note 1: The asset size of each J-REIT is based on the total acquisition price of each J-REIT stated in the financial results and press releases, etc. announced as of June 14, 2019.

Note 2: "Unrealized capital gains" is calculated by deducting the book value from the appraisal value at each point in time and rounded down to the nearest unit. However, unrealized capital gains after the 4th PO is calculated by adding the unrealized capital gains on assets acquired in 10th FP by 4th PO (= appraised value as of April 1, 2019 – acquisition price) to the unrealized capital gains as of the end of the 9th FP. The same applies hereinafter.

Note 3: "Market capitalization" is calculated based on the closing price of investment units at each time point and the total number of investment units issued and outstanding. "Market capitalization" after the 4th PO is calculated based on the closing price of investment units and the total number of investment units issued and outstanding as of June 14, 2019.

Note 4: With regard to "LTV after the 4th PO", the estimated value is based on the assumption that the number of investment units issued by way of third-party allotment will be fully paid and the loans will be partially early repaid. The same applies hereinafter.

Assets acquired in 9th FP  
(3 properties 19.2 billion yen)

Hotel

The Ritz-Carlton Kyoto

Residence

Esty Maison Kokura

Residence

MAST Ijiri

Assets acquired in 10th FP by the 4th PO  
(7 properties 70.1 billion yen)

Office building

Akasaka Garden City

Office building

Garden City Shinagawa Gotenyama (Additional acquisition portion)

Office building

Hommachi Minami Garden City (Additional acquisition portion)

Residence

Prime Maison Mitatsunamachi

Residence

Prime Maison Hongo

Residence

Prime Maison Kuramae

Residence

Esty Maison Yokohama-aobadai North

Lower LTV due to the 4th PO

End of 9th FP

45.3%

0.6pt decline

After the 4th PO

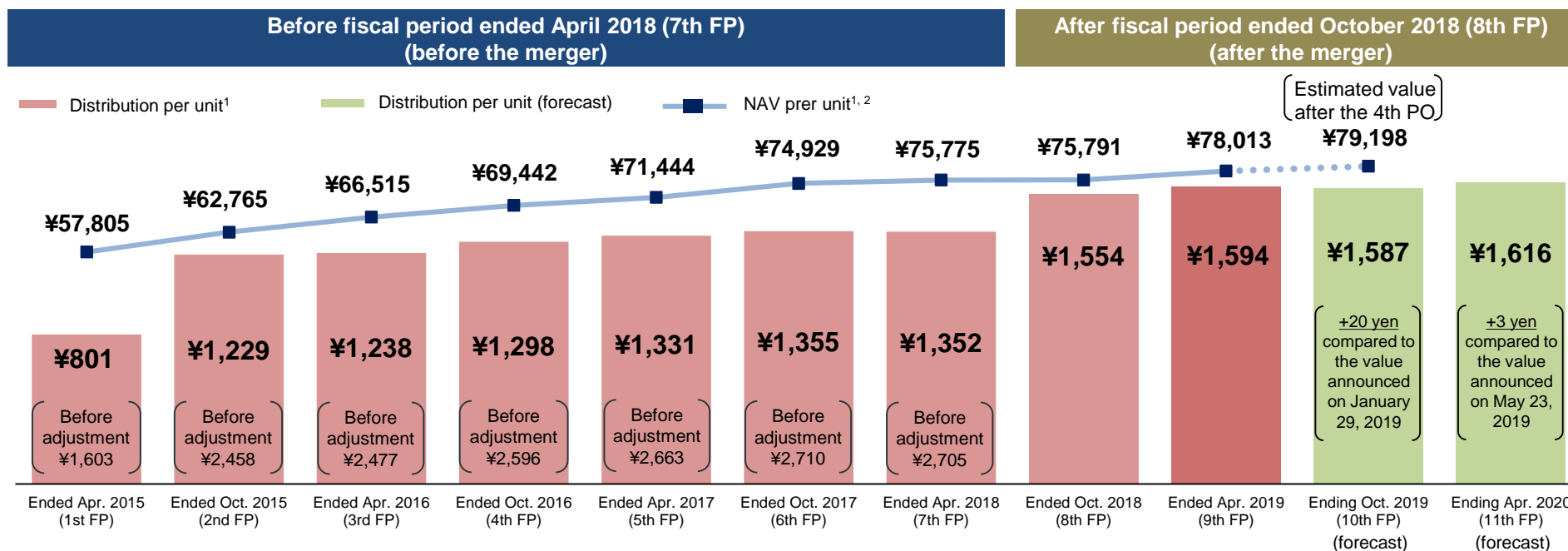
44.7%<sup>4</sup>

Borrowing capacity up to LTV 50%  
Approx. ¥57.3 billion

Maintaining a conservative LTV control policy  
with the LTV ratio at mid-40% range

# Continuous Improvement of Unitholder Value

Maximize utilizing the Sekisui House Group's support and promote DPU and NAV per unit steadily even after the merger



Note 1: As a two-for-one split of investment units was implemented on May 1, 2018, and in consideration of the impact of the split, "distribution per unit" and "NAV per unit" for each period before to the 7th FP are calculated by dividing the actual figures by two, and the amounts are rounded down to the nearest decimal.

Note 2: "NAV per unit" is calculated based on net assets on the balance sheet as of the end of each period plus unrealized capital gains, less total distributions (NAV). However, the "NAV per unit" after the 4th PO is calculated based on NAV at the end of the fiscal period ended April 2019 (9th FP) by taking into account the effect of the expected procurement amount including the third-party allotment by the 4th PO and the unrealized capital gain on assets acquired in the 10th FP.

## State by Use as of the end of Fiscal Period Ended April 2019 (9th FP)

	Residences	Office buildings	Hotels	Entire portfolio	Entire portfolio as of end of 8th FP
Number of properties <sup>1</sup>	108 properties	6 properties	2 properties	115 properties	112 properties
Total appraisal value	248.0 billion yen	221.2 billion yen	36.3 billion yen	505.5 billion yen	479.1 billion yen
Unrealized capital gains	10.2 billion yen	42.3 billion yen	1.2 billion yen	53.7 billion yen	45.3 billion yen
Unrealized capital gains ratio <sup>2</sup>	4.3%	23.6%	3.6%	11.9% (+1.5pt) <sup>3</sup>	10.4%

Note 1: When calculating "Number of properties" by use, "Homachi Garden City" is recorded as one property each in an office building and a hotel, but is calculated as one building when calculating the "Number of properties" for the entire portfolio. The same applies hereinafter.

Note 2: "Unrealized capital gains ratio" is calculated by dividing unrealized capital gains at each point by the book value.

Note 3: The values inside the brackets for "Entire portfolio" record the comparison between the "Unrealized capital gains ratio" as of the end of the fiscal period ended April 2019 (9th FP) and the "Unrealized capital gains ratio" as of the end of the fiscal period ended October 31, 2018 (8th FP).

# Overview of New Acquired Properties

Number of new acquired properties	Total acquisition price	Total appraisal value
10 properties	89.3 billion yen	97.2 billion yen
Ratio of acquisition from Sekisui House Group <sup>1</sup>	Average appraisal NOI yield <sup>2</sup>	Ratio of Prime Properties <sup>3</sup>
98.8 %	before depreciation 4.0 % after depreciation 3.5 %	98.4 %

## ■ Overview of New Acquired Properties

### <Assets acquired in 9th FP>

Asset type	Property name	Location	Acquisition price (million yen)	Appraisal value (million yen) <sup>4</sup>	Appraisal NOI yield (before depreciation) (%) <sup>2</sup>	Occupancy rate (%) <sup>5</sup>	Building age (years) <sup>6</sup>	Prime Property
Residence	Esty Maison Kokura	Kitakyusyu-shi, Fukuoka	1,040	1,050	5.4	86.4	13.3	-
	MAST Ijiri	Fukuoka-shi, Fukuoka	390	400	5.5	100.0	11.4	-
Hotel	The Ritz-Carlton, Kyoto	Kyoto-shi, Kyoto	17,800	18,480	4.0	100.0	5.7	○
Total / Average			19,230	19,930	4.1	97.0	6.2	-

### <Assets acquired in 10th FP by the 4th PO>

Asset type	Property name	Location	Acquisition price (million yen)	Appraisal value (million yen) <sup>4</sup>	Appraisal NOI yield (before depreciation) (%) <sup>2</sup>	Occupancy rate (%) <sup>5</sup>	Building age (years) <sup>6</sup>	Prime Property
Office building	Akasaka Garden City	Minatok-ku, Tokyo	28,700	29,900	3.6	98.4	13.4	○
	Garden City Shinagawa Gotenyama (additional acquisition portion)	Shinagawa-ku, Tokyo	12,350	15,000	4.2	100.0	8.3	○
	Hommachi Minami Garden City (additional acquisition portion)	Osaka-shi, Osaka	20,900	23,800	4.3	100.0	8.3	○
Residence	Prime Maison Mitatsunamachi	Minato-ku, Tokyo	2,040	2,160	4.4	79.9	1.7	○
	Prime Maison Hongo	Bunkyo-ku, Tokyo	2,600	2,700	4.3	91.7	1.3	○
	Prime Maison Kuramae	Taito-ku, Tokyo	2,190	2,260	4.3	81.8	0.6	○
	Esty Maison Yokohama-aobadai North	Yokohama-shi, Kanagawa	1,360	1,460	5.0	100.0	1.0	○
Total / Average			70,140	77,280	4.0	97.4	9.6	-

Note1: "Ratio of acquisition from Sekisui House Group" is the ratio of the total acquisition price of assets acquired from Sekisui House Group to the total acquisition price of new acquired properties.

Note2: Among the "(Average) appraisal NOI yield," the "before depreciation" is the (total) appraisal NOI based on the direct capitalization method, which does not take into account the depreciation of each new acquired property, while the "after depreciation" is the (total) of the appraisal NOI after deducting the annualized estimated depreciation for the fiscal period ending Apr. 2020 (11th FP), and divided by the (total) acquisition price. The same applies hereinafter.

Note3: The "Ratio of Prime Property" is calculated based on the acquisition price of assets that qualify as Prime Properties. Prime Property (hereinafter referred to as "PP"; the same applies hereinafter) refers to high-quality residential and commercial properties located in strategic locations. The same applies hereinafter. See page 46 for more information on the Prime Properties.

Note4: For "Esty Maison Kokura," "The Ritz-Carlton, Kyoto" and "MAST Ijiri," and "Assets acquired in 10th FP by the 4th PO," "Appraisal value" are indicated based on each real estate appraisal report as of Nov. 1, 2018, Dec. 31, 2018 and Apr. 1, 2019 respectively.

Note5: "(Average) occupancy rate" of each new acquired property is the ratio of (total) leased area to the (total) leasable area as of the end of Apr. 2019 for the assets acquired in 9th FP and as of the end of May 2019 for the assets acquired in 10th FP by the 4th PO.

The same applies hereinafter.

Note6: The "Building age" of each new acquired property is based on the date of this document, and the "average building age" of each new acquired property is weighted average by the acquisition price. The same applies hereinafter.

# Overview of the Assets Acquired in 9th FP

Hotel H-002

## The Ritz-Carlton, Kyoto

A luxury brand hotel of Marriott International, Inc. located in a scenic and a rare location

5-star hotels in Japan<sup>1</sup>

The Ritz-Carlton, Kyoto	Kyoto
Mandarin Oriental, Tokyo	Tokyo
Palace Hotel Tokyo	Tokyo
The Peninsula Tokyo	Tokyo
Shangri-La Hotel, Tokyo	Tokyo

Note 1: Sited from Forbes Travel Guide 2019.



A luxury hotel rooted in culture and tradition of Kyoto, rated “5-star” by “Forbes Travel Guide” for the first time among the Kansai area hotels

- Excellent and rare location which is highly suitable for an urban resort, with a scenic view of the Higashiyama Sanju-Roppo, and surrounded by many sightseeing places; Nijo Castle, Kyoto Gyoen, Gion area and etc.
- Suitable for both sightseeing and business purposes
- Top-quality hospitality and 134 luxury rooms with an average floor area of 50㎡

Location	Kamogawa Nijo-Hashi Hotori, Nakagyo-ku, Kyoto-shi, Kyoto
Structure	RC with stainless steel sheet roof / B3F, 5F
Completion	Oct. 2013
Total floor area	23,461.39㎡
Total leasable area <sup>2</sup>	9,384.56㎡
Type of specified asset	40.0% co-ownership interest
ML (ML type)	—

Note 2: “Total leasable area” reflects a ratio of co-ownership interest or compartmentalized ownership which SHR owns in each property. The same applies hereinafter.



Acquisition price	Appraisal value (As of Dec. 31, 2018)	NOI yield Before / After depreciation	Number of rooms
¥17,800mn	¥18,480mn	4.0% / 3.5%	134 rooms



Residence R-107

## Esty Maison Kokura

■ Located in Kokurakita-ku, the governmental and economic center of Kitakyushu-shi

■ Good sunlight and ventilation from southbound openings for all units

Location	Kyomachi, Kokurakita-ku, Kitakyushu-shi, Fukuoka
Structure	RC / 14F
Completion	Feb. 2006
Total Leasable area	3,062.59㎡ (61 units)
ML (ML type)	Haseko Livenet, Inc.(Pass-through type ML)

Acquisition price	¥1,040mn	NOI yield	Before / After depreciation 5.4% / 3.9%
Appraisal value (As of Nov. 1, 2018)	¥1,050mn	Occupancy rate (As of Apr. 30, 2019)	86.4%



Residence R-108

## MAST Ijiri

■ Good access to Tenjin and Hakata, the central area of Fukuoka-shi

■ Balanced mixture of rooms appealing to singles to families

Location	Ijiri, Minami-ku, Fukuoka-shi, Fukuoka
Structure	RC / 11F
Completion	Jan. 2008
Total Leasable area	1,430.60㎡ (30 units)
ML (ML type)	Sekiwa Real Estate Kyushu, Ltd.(Fixed-rent type ML)

Acquisition price	¥390mn	NOI yield	Before / After depreciation 5.5% / 4.1%
Appraisal value (As of Dec. 31, 2018)	¥400mn	Occupancy rate (As of Apr. 30, 2019)	100.0%



# Overview of the Assets Acquired in 10th FP by the 4th PO (1)

Office Building  
O-007

## Akasaka Garden City

High-quality and eco-friendly office building located in Akasaka area, a downtown area in Tokyo



Acquisition price	Appraisal value (As of Apr. 1, 2019)	NOI yield	Occupancy rate (As of May 31, 2019)
¥28,700mn	¥29,900mn	Before / After depreciation 3.6% / 3.4%	98.4%



High-quality office building built in 2006



Elevator bank separated into high / low floors



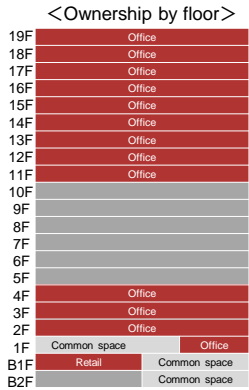
Eco-friendly office building with energy conservation and nature

### Multi-tenant office building located in central Tokyo

- In a location with convenient access to major areas in Tokyo via four train stations and seven metro lines
- The Akasaka area is a highly concentrated business district in the center of Tokyo, adjacent to Kasumigaseki area and Nagata-cho area, where many government offices are located.

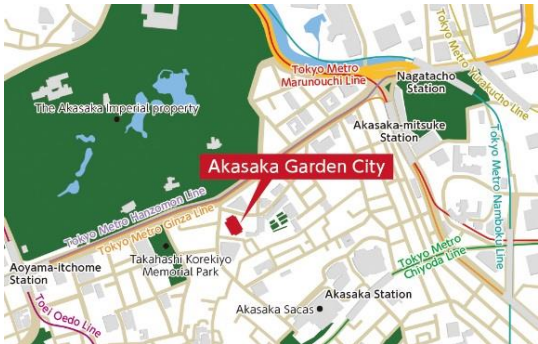
### High-quality office building developed by Sekisui House

- Featured with a multi-purpose design with the dividable standard floor area of around 1,554㎡ or 470 tsubo of regular-shaped spaces without pillars, and open and bright space with the ceiling height of 2,800mm and the raised floor of 100mm
- Equipped with energy conserving facilities of Low-E double-glazed glass and electric double blinds



■ Exclusive portions of the building, in which co-ownership interest acquired  
■ Owned by others

Location	Akasaka, Minato-ku, Tokyo
Structure	S・SRC・RC / B2F, 19F
Completion	Jan. 2006
Total floor area	46,776.76㎡
Total leasable area	12,472.80㎡
Type of specified asset	65.45% co-ownership interest in the compartmentalized ownership of the floors indicated above
ML (ML type)	Sekisui House (Pass-through type ML)





# Overview of the Assets Acquired in 10th FP by the 4th PO (2)

Office Building  
O-001

## Garden City Shinagawa Gotenyama

Eco-friendly, house-like office building in harmony with historic streetscape



High-grade office building built in 2011



Approx. 2,044 tsubo of standard floor area, which is one of the largest in Japan



Eco-friendly office building with advanced energy conservation system and nature

- Good convenience via four train stations including Shinagawa Station, and ten train lines
- Designed to be an eco-friendly building with energy-saving features and to meet tenant companies' business continuity plans (BCPs) through facilities such as a seismically-isolated structure, private power generators, etc.
- We will own 100.0% of compartmentalized ownership after this additional acquisition



Location	Kitashinagawa, Shinagawa-ku, Tokyo
Structure	RC / B1F, 9F
Completion	Feb. 2011
Total floor area	62,975.42㎡
Total leasable area	7,341.65㎡
Type of specified asset	Compartmentalized ownership (Approx. 19.0% of all)
ML (ML type)	Sekisui House (Pass-through type ML)

Acquisition price	¥12,350mn
Appraisal value (As of Apr. 1, 2019)	¥15,000mn
NOI yield	Before / After depreciation 4.2% / 3.7%
Occupancy rate (As of May 31, 2019)	100.0%

Office Building  
O-003

## Hommachi Minami Garden City

Landmark office building on Midosuji Street, main street of Osaka City



Located at the financial district in Chuo-ku, Osaka



Non-pile office with 2,800mm height and over 1,340㎡ or 400 tsubo of standard floor area



Office building with sense of liberation and massive feeling built in 2011

- Located on Midosuji Street, which is an established office area with a high concentration of financial institutions and insurance companies
- Good convenience via a train station with three metro lines and easy access to Shinkansen line and airports
- We will own 100.0% of compartmentalized ownership after this additional acquisition



Location	Kitakyuhojimachi, Chuo-ku, Osaka-shi, Osaka
Structure	S-SRC / B2F, 25F
Completion	Feb. 2011
Total floor area	46,010.88㎡
Total leasable area	12,958.07㎡
Type of specified asset	Compartmentalized ownership (Approx. 43.7% of all)
ML (ML type)	Sekisui House (Pass-through type ML)

Acquisition price	¥20,900mn
Appraisal value (As of Apr. 1, 2019)	¥23,800mn
NOI yield	Before / After depreciation 4.3% / 3.6%
Occupancy rate (As of May 31, 2019)	100.0%



Overview of the Assets Acquired in 10th FP by the 4th PO (3)

Residence R-109 Prime Maison Mitatsunamachi



Location	Mita, Minato-ku, Tokyo
Structure	RC / B1F, 5F
Completion	Oct. 2017
Total leasable area	1,387.12㎡ (18 units)
ML (ML type)	Sekiwa Real Estate, Ltd. (Pass-through type ML)

Acquisition price	¥2,040mn
Appraisal value (As of Apr. 1, 2019)	¥2,160mn



- Convenient access via three train stations and three metro lines, an approx. six-minute walk from the nearest train station

NOI yield	Before / After depreciation 4.4% / 3.8%
Occupancy rate (As of May 31, 2019)	79.9%

Residence R-111 Prime Maison Kuramae



Location	Kuramae, Taito-ku, Tokyo
Structure	RC / 14F
Completion	Nov. 2018
Total leasable area	2,259.40㎡ (65 units)
ML (ML type)	Sekiwa Real Estate, Ltd. (Pass-through type ML)

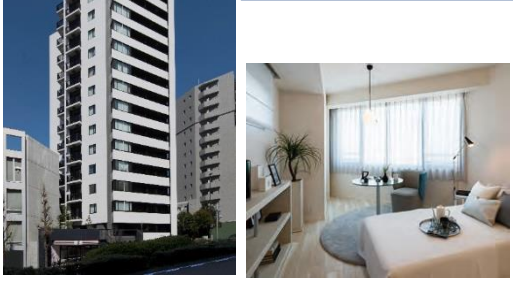
Acquisition price	¥2,190mn
Appraisal value (As of Apr. 1, 2019)	¥2,260mn



- Convenient access via two train stations and two metro lines, an approx. three-minute walk from the nearest train station

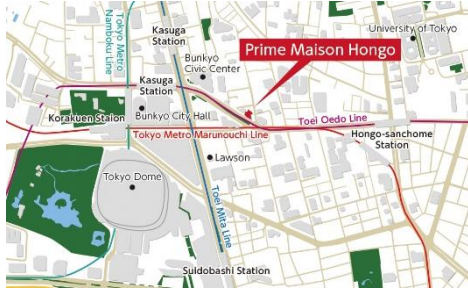
NOI yield	Before / After depreciation 4.3% / 3.5%
Occupancy rate (As of May 31, 2019)	81.8%

Residence R-110 Prime Maison Hongo



Location	Hongo, Bunkyo-ku, Tokyo
Structure	RC / B1F, 14F
Completion	Mar. 2018
Total leasable area	2,423.46㎡ (67 units)
ML (ML type)	Sekiwa Real Estate, Ltd. (Pass-through type ML)

Acquisition price	¥2,600mn
Appraisal value (As of Apr. 1, 2019)	¥2,700mn



- Convenient access via three train stations and three metro lines, an approx. four-minute walk from the nearest train station

NOI yield	Before / After depreciation 4.3% / 3.6%
Occupancy rate (As of May 31, 2019)	91.7%

Residence R-112 Esty Maison Yokohama-aobadai North



Location	Aobadai, Aoba-ku, Yokohama-shi, Kanagawa
Structure	RC / B1F, 3F
Completion	Jul. 2018
Total leasable area	2,723.24㎡ (32 units)
ML (ML type)	Sekiwa Real Estate, Ltd. (Pass-through type ML)

Acquisition price	¥1,360mn
Appraisal value (As of Apr. 1, 2019)	¥1,460mn

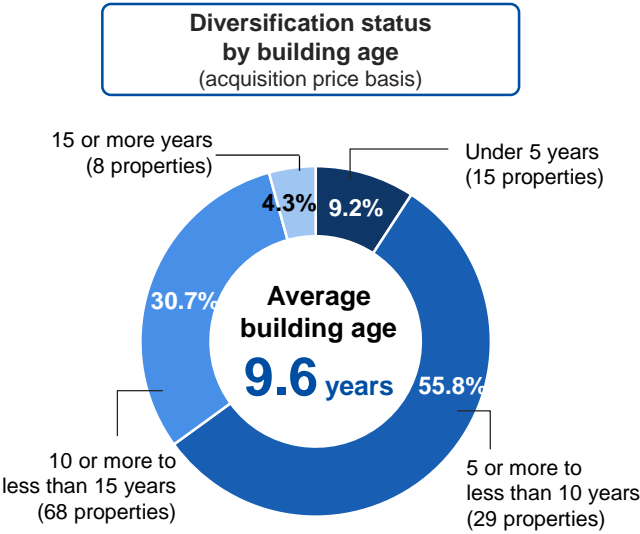
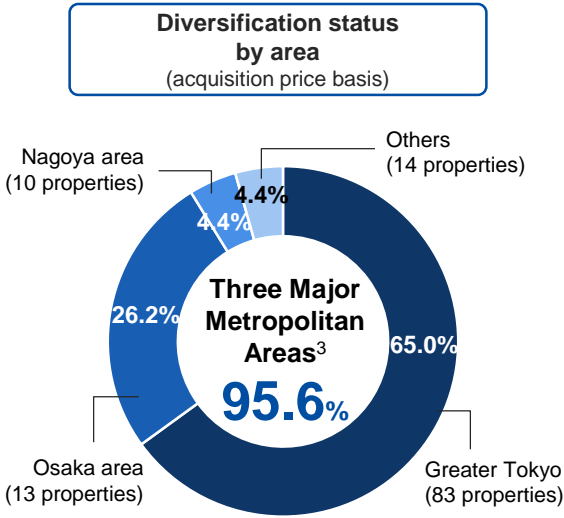
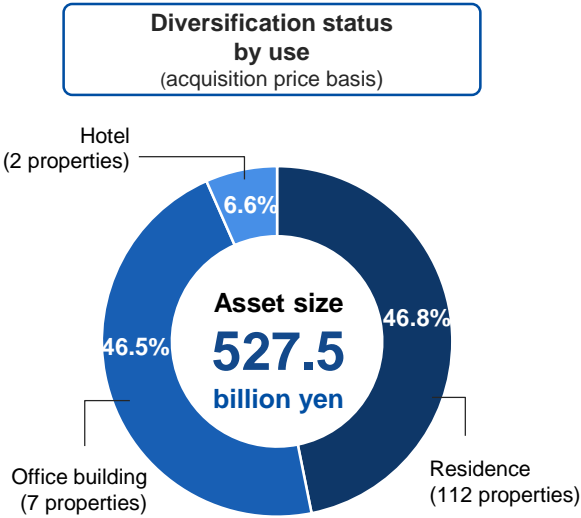
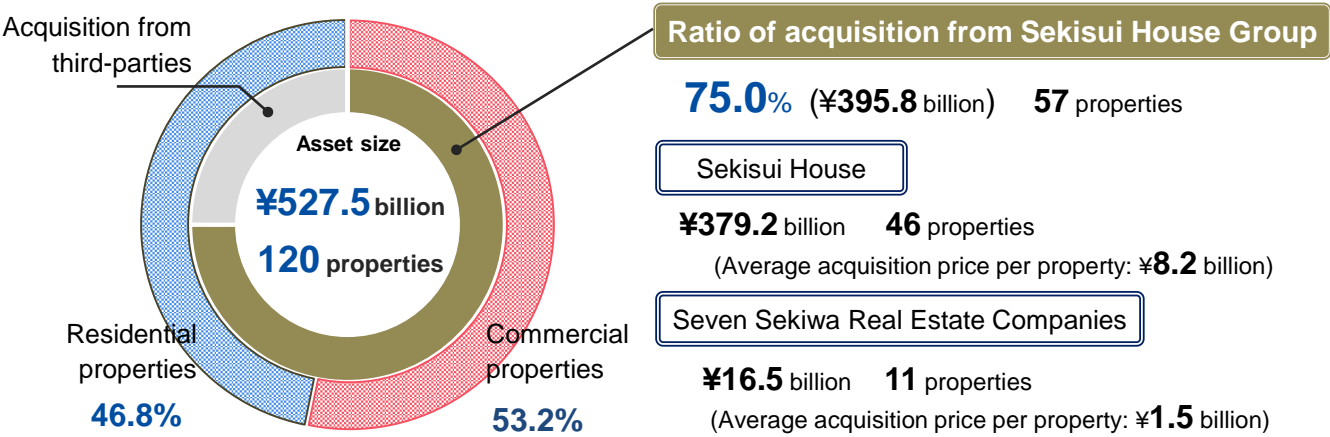


- Approx. ten-minute walk from the nearest station, enabling direct access to business and commercial centers in Tokyo and Yokohama

NOI yield	Before / After depreciation 5.0% / 4.0%
Occupancy rate (As of May 31, 2019)	100.0%

# Overview of Portfolio

<b>Asset size</b>  Total <b>527.5 billion yen</b>	<b>Number of properties</b>  <b>120 properties</b>
<b>Average acquisition price</b>  <b>4.3 billion yen per property</b>	<b>Forecast NOI yield <sup>(10th forecast)</sup></b>  Before depreciation <b>4.3%</b> After depreciation <b>3.4%</b>
<b>Ratio of Prime Properties</b>  <b>91.4%</b> (92 properties)	<b>Portfolio PML value</b>  <b>1.64%</b> (As of survey in April 2019)



Note 1: Unless otherwise mentioned, information is recorded as of the date of this document. As ratios are rounded to the first decimal place, there are cases when the total ratio does not reach 100%. The same applies hereinafter.

Note 2: In calculating "Diversification status by use", "Homachi Garden City" is recorded as one property each in an office building and a hotel, but is calculated as one building when calculating "Ratio of Prime Properties", "Ratio of acquisition from Sekisui House Group", "Diversification status by area" and "Diversification status by building age".

Note 3: The "Three Major Metropolitan Areas" is Greater Tokyo, Osaka Area and Nagoya Area. "Greater Tokyo" includes Tokyo, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture; "Osaka area" includes Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture and Nara Prefecture; and "Nagoya area" includes Aichi Prefecture. The same applies hereinafter.

# Diversification Status of Portfolio

	Asset size	Number of properties	Average acquisition price	Forecast NOI yield (10th FP forecast)	Ratio of Prime Properties
Residential properties (residence)	Total <b>247.0</b> billion yen	<b>112</b> properties	<b>2.2</b> billion yen per property	Before depreciation <b>4.5%</b> After depreciation <b>3.4%</b>	<b>81.7%</b> (84 properties)
Commercial properties (Office building and hotel)	Total <b>280.5</b> billion yen	<b>8</b> properties	<b>35.0</b> billion yen per property	Before depreciation <b>4.1%</b> After depreciation <b>3.5%</b>	<b>100.0%</b> (all properties)

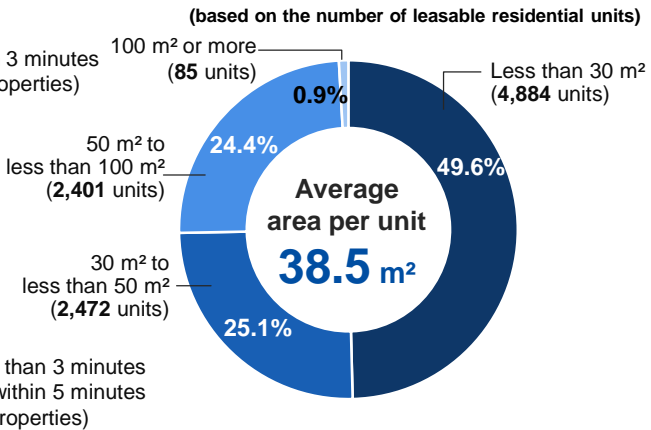
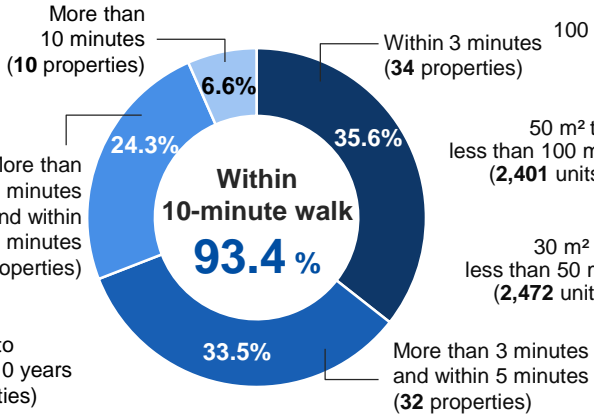
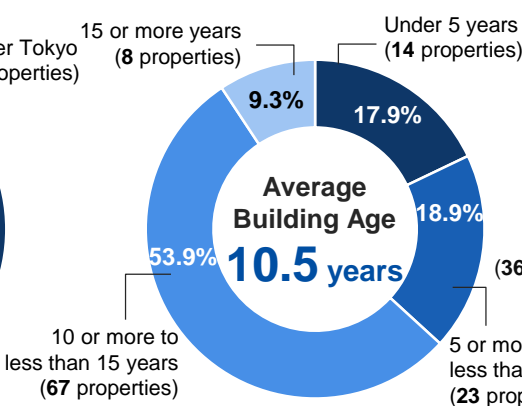
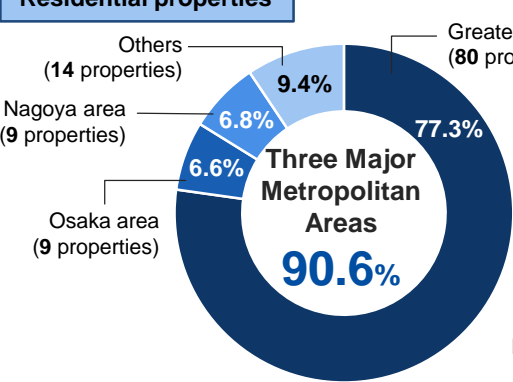
Diversification status  
by area  
(acquisition price basis)

Diversification status  
by building age  
(acquisition price basis)

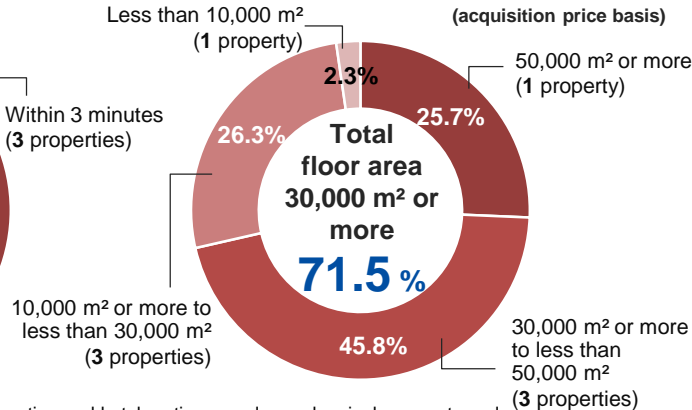
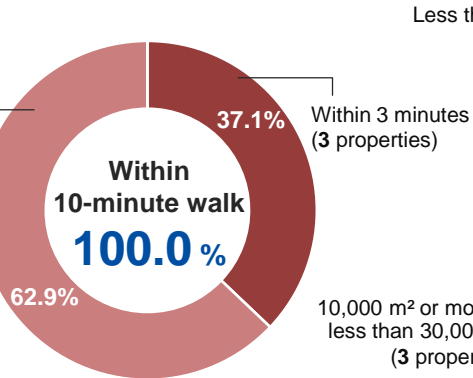
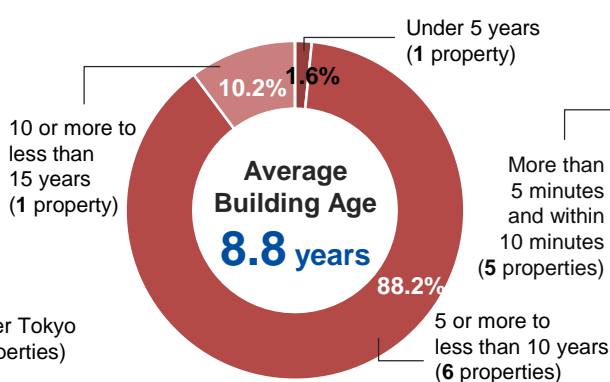
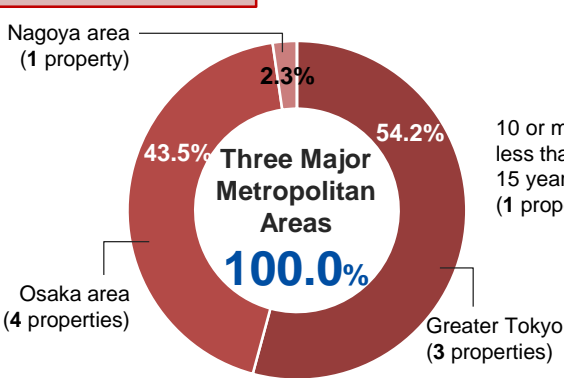
Diversification status  
by time to nearest station by walking  
(acquisition price basis)

Diversification status by  
floor area

Residential properties



Commercial properties



Note 1: In calculating the diversification status of commercial properties, "Hommachi Garden City" is calculated as if the building under sectional ownership of the office building portion and hotel portion was deemed a single property and not as separate buildings.

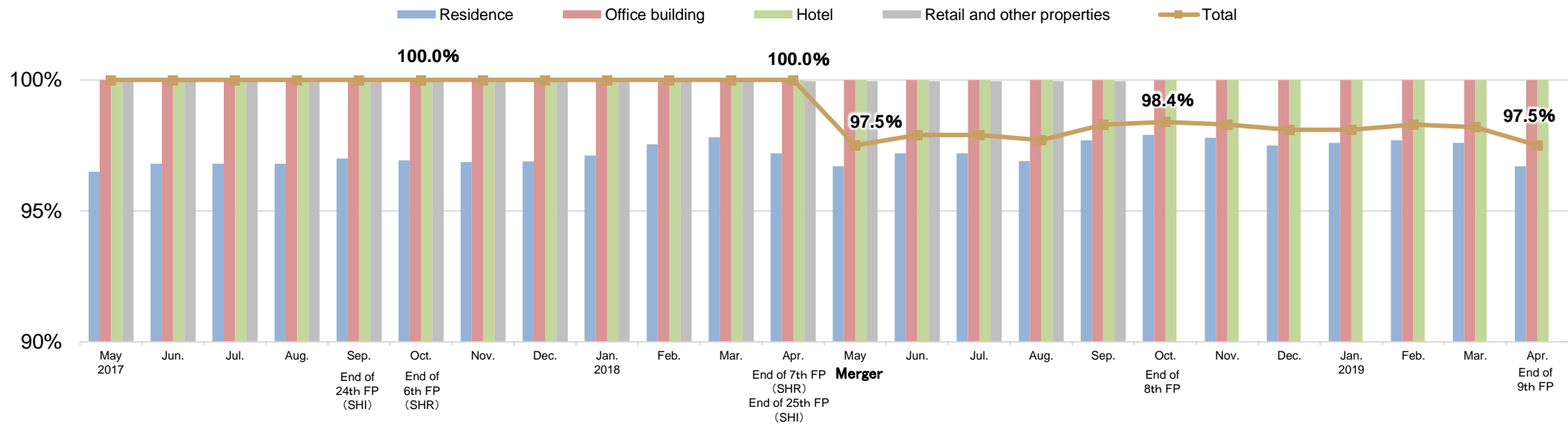
Note 2: "Diversification status by floor area" of commercial properties is based on the floor area stated in the registry for the entire building and the ratio is calculated based on the acquisition price.

## MEMO

## 2. Internal Growth

# Changes in Occupancy Rate

Change in Occupancy Rate by Month



Occupancy Rate by Use

		FP ended Oct. 2017 / FP ended Sep. 2017 (6th FP / 24th FP)			FP ended Apr. 2018 (7th FP / 25th FP)			FP ended Oct. 2018 (8th FP)			FP ended Apr. 2019 (9th FP)		
		As of end of the FP	Average during the FP	Highest	As of end of the FP	Average during the FP	Highest	As of end of the FP	Average during the FP	Highest	As of end of the FP	Average during the FP	Highest
Residential properties	Residence	97.0%	96.8%	(End of Sep.) 97.0%	97.2%	97.2%	(End of Mar.) 97.8%	97.9%	97.3%	(End of Oct.) 97.9%	96.7%	97.5%	(End of Nov.) 97.8%
Commercial properties	Office building	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Hotel	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Retail and other properties	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	—	100.0%	100.0%	—	—	—
Entire portfolio after the merger on May 1, 2018								98.4%	97.9%	(End of Oct.) 98.4%	97.5%	98.1%	(End of Nov.) 98.3%

Note 1: 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 use for SHR and SHI as of the end of each month from May 2017 to April 2019. In addition, "Total" in the above graph before the merger, prior to the end of 7th FP, shows the occupancy rate of entire portfolio for SHR before the merger.

Note 2: "Average during the FP" for each period indicates the average value of occupancy rate as of the end of each month that belongs to each period. The same applies hereinafter.

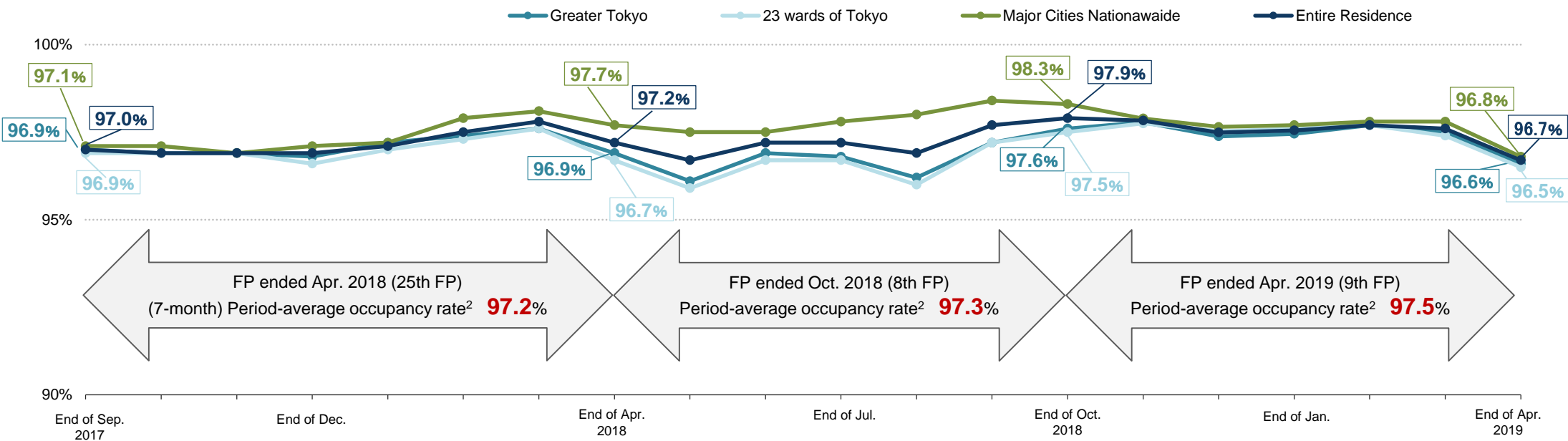


# Occupancy Status of Residences

■ Occupancy Rate for Residences by Investment Area<sup>1</sup>

		Greater Tokyo		Major Cities Nationwide					Total
			23 wards of Tokyo		Nagoya city	Osaka city	Fukuoka city	Sapporo city	
FP ended Apr. 2018 (25th FP)	As of end of the FP	96.9%	96.7%	97.7%	96.4%	96.0%	99.1%	96.6%	97.2%
	Average during the FP	97.0%	97.0%	97.4%	95.6%	95.5%	98.9%	97.2%	97.2%
FP ended Oct. 2018 (8th FP)	As of end of the FP	97.6%	97.5%	98.3%	97.4%	96.8%	99.1%	97.8%	97.9%
	Average during the FP	96.8%	96.7%	97.9%	96.7%	96.0%	98.9%	97.6%	97.3%
FP ended Apr. 2019 (9th FP)	As of end of the FP	96.6%	96.5%	96.8%	95.7%	97.6%	97.9%	92.8%	96.7%
	Average during the FP	97.4%	97.4%	97.6%	96.6%	97.1%	99.1%	95.2%	97.5%

■ Monthly Trends in Occupancy Rate for Residences by Investment Area<sup>1</sup>

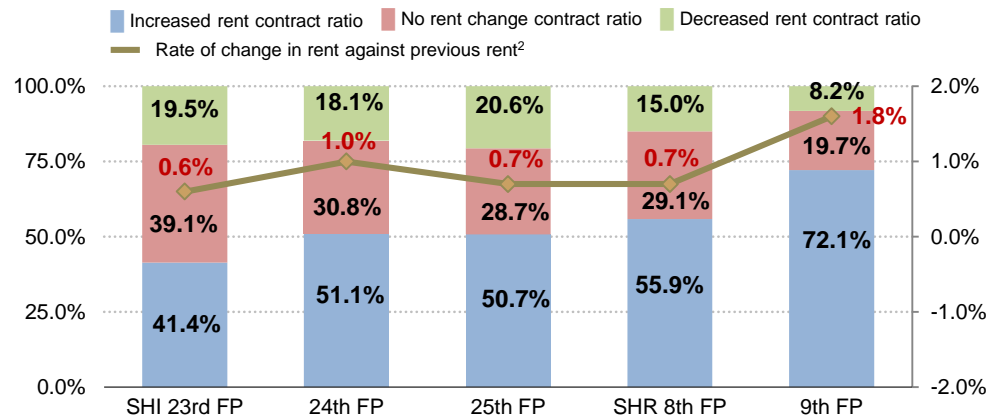


Note 1: "Occupancy Rate for Residences by Investment Area" is the rate of the total leased area of the total leasable area at the end of each month broken down by investment area, based on residences owned as of the end of each month.  
Note 2: "Period-average occupancy rate" is the average occupancy rate for the end of each month within each period.

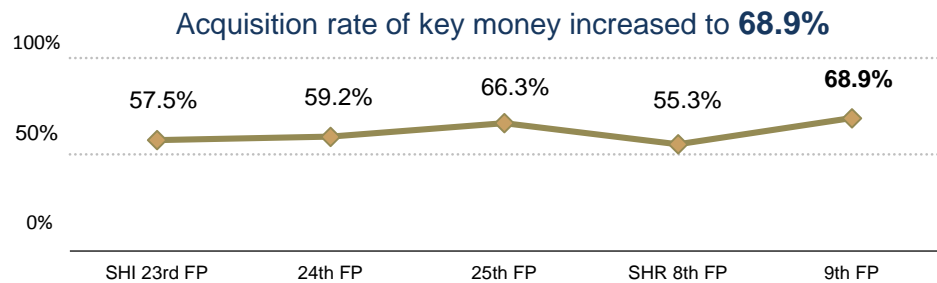
# Rent Trends of Residences

Rent Trends in New Contracts

	FP ended Mar. 2017 (23rd FP)	FP ended Sep. 2017 (24th FP)	FP ended Apr. 2018 (25th FP)	FP ended Oct. 2018 (8th FP)	FP ended Apr. 2019 (9th FP)
Number of new contracts	944	880	1,030	859	814
New contract rents (Monthly rent) <sup>1</sup>	¥112,843 thousand	¥108,775 thousand	¥122,367 thousand	¥115,316 thousand	¥104,912 thousand
Total increase in rent / number of cases	¥1,871 thousand / 391	¥1,913 thousand / 450	¥2,204 thousand / 522	¥1,541 thousand / 480	¥2,214 thousand / 587
Total decrease in rent / number of cases	(¥1,220) thousand / 184	(¥873) thousand / 159	(¥1,336) thousand / 212	(¥789) thousand / 129	(¥ 370) thousand / 67
Change in rent (net)	650 thousand	1,040 thousand	868 thousand	751 thousand	1,844 thousand

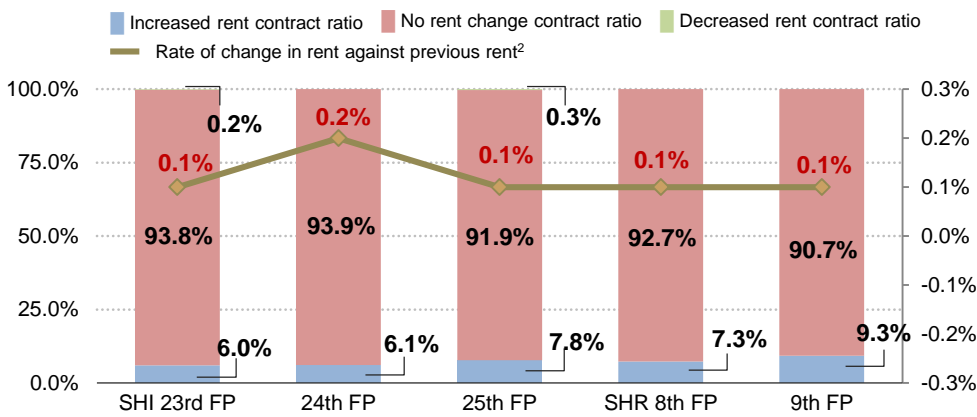


Changes in Key Money Acquisition Rate

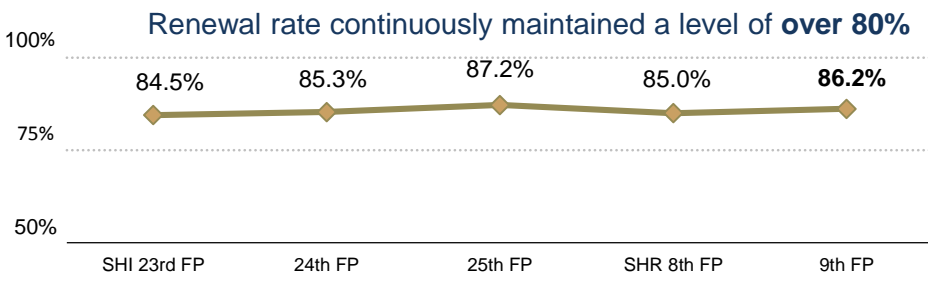


Rent Trends in Renewal Contracts

	FP ended Mar. 2017 (23rd FP)	FP ended Sep. 2017 (24th FP)	FP ended Apr. 2018 (25th FP)	FP ended Oct. 2018 (8th FP)	FP ended Apr. 2019 (9th FP)
Number of renewal contracts	1,251	1,127	1,860	1,127	1,361
Renewal contract rents (Monthly rent) <sup>1</sup>	¥150,085 thousand	¥137,240 thousand	¥214,506 thousand	¥146,256 thousand	¥170,609 thousand
Total increase in rent / number of cases	¥124 thousand / 75	¥216 thousand / 69	¥293 thousand / 145	¥183 thousand / 82	¥211 thousand / 126
Total decrease in rent / number of cases	(¥15) thousand / 2	- / -	(¥63) thousand / 5	- / -	- / -
Change in rent (net)	¥109 thousand	¥216 thousand	¥230 thousand	¥183 thousand	¥211 thousand



Changes in Renewal Rate



Note 1: "New contract rents" and "Renewal contract rents" are the total monthly rent at the time of new and renewal contracts in each period and include common service fees.  
Note 2: "Rate of change in rent against previous rent" represents the ratio of the total change in rent (net) at the time of new or renewal contracts to the total of the previous rent.

# Trends of Residences by Investment Area

## Rent Trends by Investment Area

Based on 106 residences owned as of the end of the 8th FP					Based on 108 residences owned as of the end of the 9th FP
	Period-end unit rent per tsubo as of the end of FP ended Oct. 2018 (end of 8th FP)	Period-end unit rent per tsubo as of the end of FP ended Apr. 2019 (end of 9th FP)	Change in unit rent per tsubo/ Rate of change in unit rent per tsubo <sup>2</sup> (against the end of 8th FP)		Period-end unit rent per tsubo as of the end of FP ended Apr. 2019 (end of 9th FP)
Greater Tokyo	¥13,346 / tsubo	¥13,374 / tsubo	+¥28	+0.2%	¥13,374 / tsubo
23 wards of Tokyo	¥13,659 / tsubo	¥13,685 / tsubo	+¥26	+0.2%	¥13,685 / tsubo
Others	¥10,909 / tsubo	¥10,952 / tsubo	+¥43	+0.4%	¥10,952 / tsubo
Major Cities Nationwide	¥7,089 / tsubo	¥7,096 / tsubo	+¥7	+0.1%	¥7,057 / tsubo
Total	¥11,512 / tsubo	¥11,552 / tsubo	+¥40	+0.3%	¥11,499 / tsubo

Note 1: Rent and floor area for stores and offices in residences, as well as the rent and the floor area of residences in which fixed-rent type master lease agreements have been concluded are not included in calculating the above figures.  
Note 2: "Rate of change in unit rent per tsubo" represents the ratio of the change in unit rent per tsubo for each investment area in each period to the unit rent per tsubo at the end of the 8th FP.

## Rent Trends in New Contracts by Investment Area

	FP ended Apr. 2019 (9th FP)		
	Number of new contracts	Change in rent (net)	Rate of change in rent <sup>1</sup>
Greater Tokyo	622	¥1,582 thousand	1.9%
23 wards of Tokyo	539	¥1,389 thousand	1.9%
Other	83	¥193 thousand	2.3%
Major Cities Nationwide	192	¥262 thousand	1.3%
Total	814	¥1,844 thousand	1.8%

## Rent Trends in Renewal Contracts by Investment Area

	FP ended Apr. 2019 (9th FP)		
	Number of renewal contracts	Change in rent (net)	Rate of change in rent <sup>1</sup>
Greater Tokyo	1,004	¥211 thousand	0.2%
23 wards of Tokyo	868	¥131 thousand	0.1%
Other	136	¥80 thousand	0.6%
Major Cities Nationwide	357	-	-
Total	1,361	¥211 thousand	0.1%

Note 1: "Rate of change in rent" represents the ratio of the sum total of change in rent (net) at the time of new or renewal contracts for each investment area in each period to the sum total of the previous rents.

# Selection of a Lease Scheme for Office Buildings

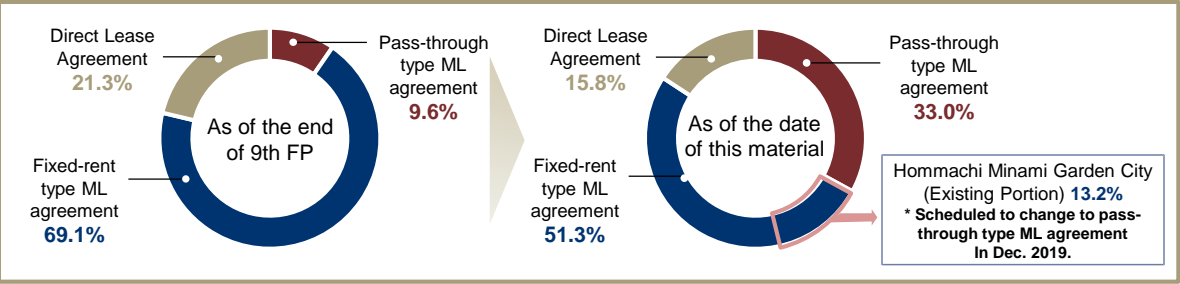
For properties that can be expected to improve profitability and stable operation,  
pursue internal growth opportunities by **adopting pass-through type master lease contracts**.

- As for the existing portion of Hommachi Minami Garden City, scheduled to change its lease scheme from a fixed-rent type ML to a pass-through type ML in Dec. 2019.
- Regarding the existing portions of Garden City Shinagawa Gotenyama and Hommachi Garden City (office building portion), examine the type of a lease agreement after confirming the status of the end tenant lease contract and the office market in the area where the property is located.

## Type of Lease Agreement for Office Buildings

Property Name		Type of lease agreement as of the end of 8th FP	Type of lease agreement as of the date of this material	Rent of fixed-rent type ML agreement (Yen/tsubo) <sup>1</sup>	Rent of end tenant (Yen/tsubo) <sup>2</sup>	End tenant occupancy rate as of the end of 9th FP
Akasaka Garden City	New	-	Pass-through type ML agreement	-	28,473	98.4%
Garden city Shinagawa Gotenyama	New	-	Pass-through type ML agreement	-	23,432	100.0%
	Owned	Fixed-rent type ML agreement	Fixed-rent type ML agreement (due in Dec. 2019)	23,250	26,068	91.5%
Hommachi Minami Garden City	New	-	Pass-through type ML agreement	-	22,877	100.0%
	Owned	Fixed-rent type ML agreement	Fixed-rent type ML agreement <small>Scheduled to change to pass-through type ML agreement in Dec. 2019</small>	19,360	21,321	100.0%
Hommachi Garden City (office building portion)		Fixed-rent type ML agreement	Fixed-rent type ML contract (due May 2020)	29,280	32,085	99.7%
HK Yodoyabashi Garden Avenue		Pass-through type ML agreement	Pass-through type ML agreement	-	16,164	100.0%
Hirokoji Garden Avenue		Pass-through type ML agreement	Pass-through type ML agreement	-	23,532	100.0%
Gotenyama SH Building		Direct lease agreement	Direct lease agreement	-	30,000	100.0%

## Trends in Ratio of Type of Lease Agreement for Office Buildings (Leased Floor Area Base)<sup>3</sup>



Assumption of operating results of Hommachi Minami Garden City (existing portion) scheduled to change to pass-through type ML agreement			
Type of lease agreement	10th FP	11th FP	12th FP
Fixed-rent type ML	Pass-through type ML (since Dec. 3, 2019)	Pass-through type ML	Pass-through type ML
NOI after depreciation (Forecast)	¥394 million <sup>4</sup> (¥92 per unit)	¥425 million <sup>4</sup> (¥99 per unit)	435 million yen <sup>4</sup> (¥101 per unit)

Incorporated into the forecasted distribution announced on June 18, 2019

Note 1: "Rent of fixed-rent type ML agreement" is calculated based on the fixed-rent type master lease agreement with the master lessee in effect as of the end of 9th FP, by dividing the monthly rent for each property by the number of tsubo of the leased floor area of the building indicated in the fixed-rent type master lease agreement for each property. The master lease may be abbreviated as "ML". The same applies hereinafter.

Note 2: "Rent of end tenant" is calculated based on the respective lease agreements with each end tenant that were in effect as of the end of 9th FP, by dividing the monthly rent for each property (including common area charges but not including costs relating to use of parking lots, warehouses, signs, etc.) by the number of tsubo of the leased floor area indicated in the respective lease agreements with each end tenant for each property. However, free rent as of the same date is not applied, and the average rent for the past year is used for the sales-linked rent.

Note 3: Figures represent the ratio of the leased floor area of each type of lease agreement to the total leased floor area indicated in each lease agreement (provided, however, that in cases where a master lease agreement has been concluded for the property, such master lease agreement) for each property in effect at each time point.

Note 4: Calculations are based on the assumption that there are no transfers of end-tenants as of the end of the 9th FP through the end of 12th FP. These assumptions are not guarantees of actual results.

# Selection of a Hotel Lease Scheme

Securing growth and stable cash flow by adopting a leasing scheme based on the characteristics of each hotel in a good hotel market

■ The Ritz-Carlton, Kyoto



- Enjoying earning upside potentials by adopting variable rent
- Designed to eliminate seasonality by calculating variable rent based on the previous year's annual revenue



**Variable rent**

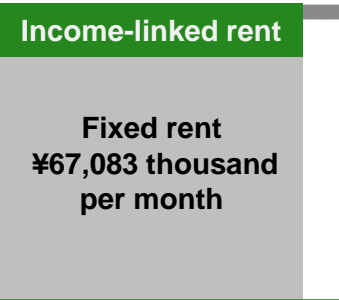
Calculation of monthly rent for one year from May of the following year based on a one-year hotel revenue record from January 1 of each year

(10th FP forecast)	(11th FP forecast)
¥29,352 thousand / month	¥29,352 thousand / month

■ Hommachi Garden City (hotel portion)



- Securing stable earnings by adopting master leases with higher fixed rent ratio
- Creating internal growth opportunities by combining income-linked rent



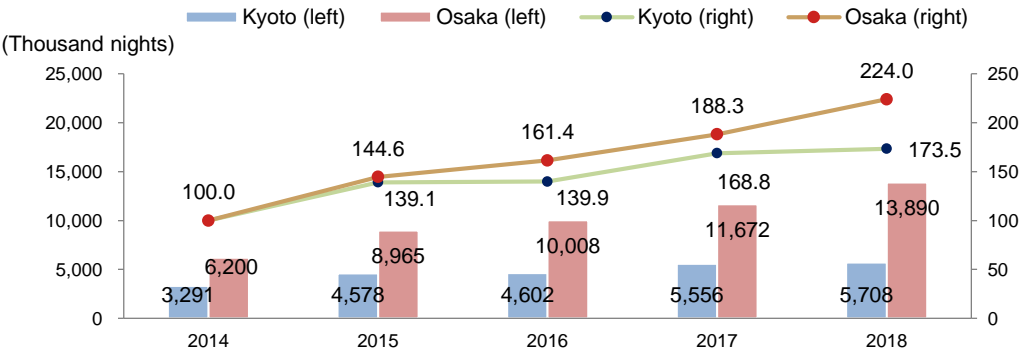
**Income-linked rent**

When the amount of revenue earned by Sekisui House, which is a master lessee, exceeds a certain amount, the amount is calculated in conjunction with such revenue.

(10th FP forecast)	(11th FP forecast) <sup>1</sup>
¥395 thousand / month	¥395 thousand / month

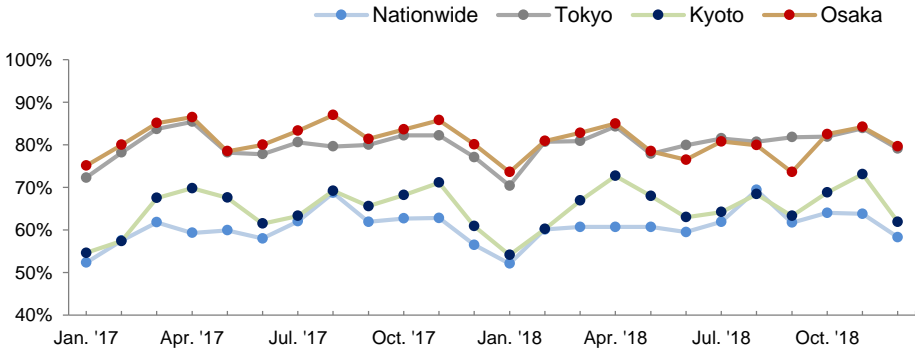
Note 1: As the income-linked rent factored in the 11th FP forecast has not yet been determined, it may differ from the actual figures.

<Total number and percentage increase of foreign guests in Osaka and Kyoto>



Source: "Annual Travel and Lodging Statistics" by Japan Tourism Agency  
Note 1: The total number of foreign guests is rounded down to the nearest unit, and the percentage increase is calculated by setting the total number of foreign guests as of 2014 as 100 and rounded to the nearest first decimal place.

<Changes in occupancy rates by area in Japan>



Source: "Annual Travel and Lodging Statistics" by Japan Tourism Agency

# Results and Forecast of NOI and NOI Yield by Use

<b>Residence</b>	FP ended April 2019 (9th FP) Forecast announced on December 14 2018 (A)	FP ended April 2019 (9th FP) Results (B)	Change (B) - (A)	FP ending October 2019 (10th FP) Forecast	FP ending April 2020 (11th FP) Forecast
Operating revenue	7,458 million yen	7,525 million yen	+66 million yen	7,600 million yen	7,718 million yen
NOI / NOI Yield	5,490 million yen / 4.6%	5,613 million yen / 4.7%	+123 million yen	5,578 million yen / 4.5%	5,652 million yen / 4.6%
NOI after depreciation / NOI yield after depreciation	4,065 million yen / 3.4%	4,186 million yen / 3.5%	+121 million yen	4,106 million yen / 3.4%	4,154 million yen / 3.4%
Period-average occupancy rate	97.2%	97.5%	+0.3pt	96.7%	97.2%
<b>Office building</b>	FP ended April 2019 (9th FP) Forecast announced on December 14 2018 (A)	FP ended April 2019 (9th FP) Results (B)	Change (B) - (A)	FP ending October 2019 (10th FP) Forecast	FP ending April 2020 (11th FP) Forecast
Operating revenue	4,257 million yen	4,260 million yen	+3 million yen	5,491 million yen	5,920 million yen
NOI / NOI Yield	3,779 million yen / 4.1%	3,792 million yen / 4.1%	+12 million yen	4,818 million yen / 4.2%	5,109 million yen / 4.2%
NOI after depreciation / NOI yield after depreciation	3,114 million yen / 3.4%	3,127 million yen / 3.4%	+12 million yen	4,025 million yen / 3.5%	4,292 million yen / 3.5%
Period-average occupancy rate	100.0%	100.0%	- pt	99.9%	99.9%
<b>Hotel</b>	FP ended April 2019 (9th FP) Forecast announced on December 14 2018 (A)	FP ended April 2019 (9th FP) Results (B)	Change (B) - (A)	FP ending October 2019 (10th FP) Forecast	FP ending April 2020 (11th FP) Forecast
Operating revenue	404 million yen	584 million yen	+179 million yen	757 million yen	757 million yen
NOI / NOI Yield	326 million yen / 3.8%	509 million yen / 3.9%	+183 million yen	664 million yen / 3.8%	669 million yen / 3.8%
NOI after depreciation / NOI yield after depreciation	256 million yen / 3.0%	412 million yen / 3.3%	+156 million yen	552 million yen / 3.2%	556 million yen / 3.2%
Period-average occupancy rate	100.0%	100.0%	- pt	100.0%	100.0%
<b>Total</b>	FP ended April 2019 (9th FP) Forecast announced on December 14 2018 (A)	FP ended April 2019 (9th FP) Results (B)	Change (B) - (A)	FP ending October 2019 (10th FP) Forecast	FP ending April 2020 (11th FP) Forecast
Operating revenue	12,120 million yen	12,369 million yen	+249 million yen	13,849 million yen	14,395 million yen
NOI / NOI Yield	9,596 million yen / 4.4%	9,915 million yen / 4.4%	+319 million yen	11,060 million yen / 4.3%	11,432 million yen / 4.3%
NOI after depreciation / NOI yield after depreciation	7,436 million yen / 3.4%	7,726 million yen / 3.5%	+289 million yen	8,685 million yen / 3.4%	9,002 million yen / 3.4%
Period-average occupancy rate	97.8%	98.1%	+0.3pt	97.6%	98.0%

Note : The above forecast is calculated based on certain presumptions as of the date of this document, and actual amount may change based on future additional acquisitions or disposition of real estate, changes in real estate market, etc., and changes in the operating environment and other situations that surround SHR, etc. Moreover, the forecasts are not guarantees of actual results.



### 3. Financial Base

# Financial Results

## Overview of the 4th PO

Form	Global offering (Reg.S+144A)	
Number of investment units issued	Total number:	526,575 units <sup>1</sup>
	Domestic offering:	371,356 units
	International offering:	130,144 units
	Third-party allotment:	25,075 units <sup>1</sup> (upper limit)
Issue price	¥76,537	
Issue price	¥74,103	
Amount procured (Proceeds including third-party allotment)	¥39.0 billion <sup>1</sup>	
Date of resolution of issuance	May 23, 2019	
Pricing date	June 3, 2019	
Payment date	Public Offerings :	June 10, 2019
	Third-party allotment:	July 9, 2019

## Financial Indicators (as of the date of this document)

Total interest-bearing liabilities	Long-term debt ratio	Fixed interest rate debt ratio	Average maturity	Average period remaining to maturity	Average interest rate (As of end of 9th FP)
¥246.0 billion	84.7%	81.3%	6.1 years	3.3 years	0.73%

## Credit Ratings

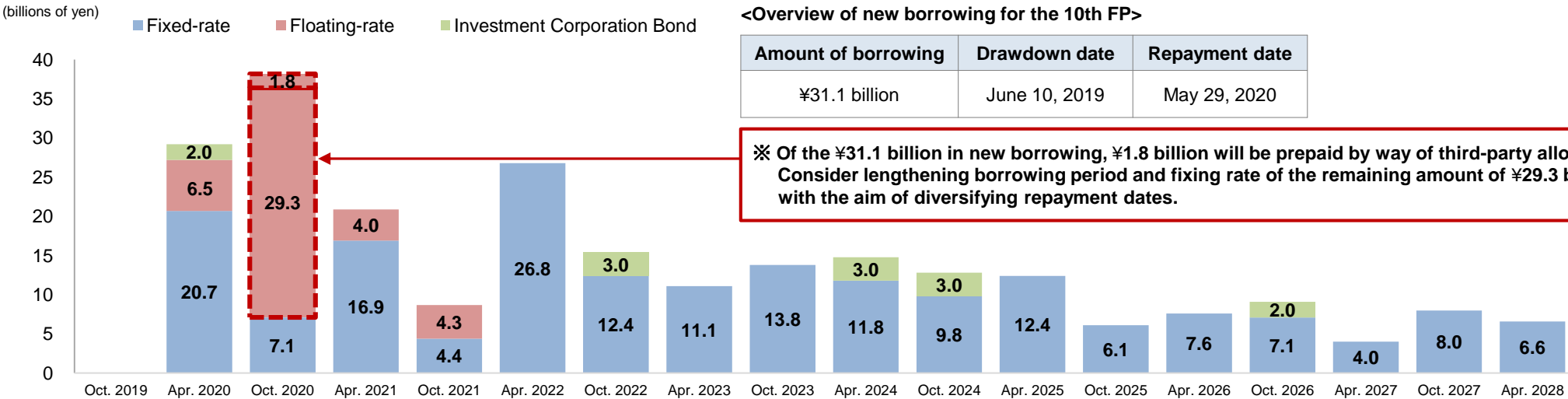
Upgraded one notch from AA- to AA on February 15, 2019

Rating agencies	Long-term issuer ratings
Japan Credit Rating Agency, Ltd.	<b>AA (Stable)</b>

## Commitment Line Contracts

Lender	Contract period	Maximum amount
MUFG Bank, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation	From November 1, 2018 to October 31, 2019	¥15.0 billion

## Diversification of Repayment Dates (as of the date of this document)



Note 1: With regard to the number of investment units for subscription by way of third-party allotment in connection with the secondary offering by over-allotment pertaining to the 4th PO, it is assumed that all of the 25,075 units will be offered and issued.

## 4. Growth Strategy

# Future Growth Strategy

Aim to maximize unitholder value by promoting both internal and external growth by fully utilizing strong sponsor support

Immediate distribution target	Aiming to secure stable distribution at ¥1,600 level per unit and to further accumulate upside factors
Attitude toward external growth	Taking into account of real estate and financial markets, aim to expand asset size to ¥600 billion while maintaining a carefully selected investment stance
Investment strategy	Continuing focused on investment in prime properties centered on "strategic location" and "high quality"

■ Key Points for Securing Stable Distributions and Accumulating Upside Factors


External growth	<ul style="list-style-type: none"><li>Acquisition of properties utilizing borrowing capacity</li><li>Maintaining an appropriate yield perspective</li></ul>
Internal growth	<ul style="list-style-type: none"><li>Aggressive rent increases for residences</li><li>Increase in rent for office buildings adopting pass-through type ML</li></ul>
Financial strategy	<ul style="list-style-type: none"><li>To reduce interest costs through refinancing</li><li>Diversification of financing methods (issue of green bonds, etc.)</li></ul>

Target of investment ratio by use at the time of achieving asset size of ¥600 billion		Investment ratio as of the date of this document
Residence	Around 45%	46.8%
Office building	Around 45%	46.5%
Hotel	Around 10%	6.6%
Retail and other properties	Around 0% to 10%	-

Note 1: Please refer to page 45 for details on our portfolio development policy.

(Reference) When lease scheme of Garden City Shinagawa Goteyama (owned portion) is changed to pass-through type ML (under consideration)			
	In case of fixed-rent type ML (current)	In case of changing to pass-through type ML	Balance
NOI after depreciation (forecast)	¥1,004 mil / year <sup>2</sup> (¥234 per unit)	¥1,051 mil / year <sup>3</sup> (¥245 per unit)	+¥46 mil (+¥10 per unit)

Note 2: Average NOI after depreciation based on forecasts of operating results for the 10th FP and the 11th FP.  
Note 3: Estimated NOI after depreciation per fiscal period calculated based on the end tenant occupancy rate assumption of 97.4%.

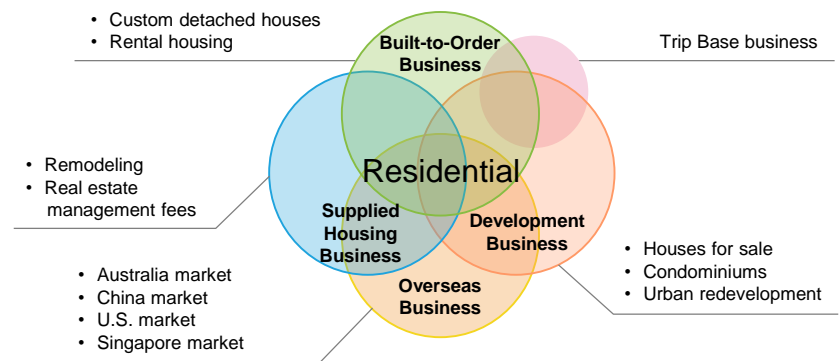
(Reference) Impact of property taxes, etc. to results of the 12th FP ending Oct. 2020
Property taxes, etc. related to acquired assets since Jan. 2019 (9 properties)
<b>Increase total of ¥112 million (compared with the 11th FP)</b>

<b>Approx. ¥26 per unit in the 12th FP</b>

4. Growth Strategy

Increase of Varied Enhancement Opportunities by Utilizing the Integrated Corporate Strength of the Sekisui House Group

Sekisui House Group Business Strategies

Our development business invests in the future growth of environmental creation development, aiming for stable growth through sustainable community development and an improved asset turnover rate.



Source: Sekisui House

Prime Maison Planned and Developed by Sekisui House<sup>1</sup>

Completed properties	Properties under construction <sup>2</sup>	Properties under planning <sup>3</sup>
<b>4 properties 747 units</b>	<b>4 properties 422 units</b>	<b>3 properties</b> (All 23 wards of Tokyo)
 Prime Maison Ryogoku Sumida-ku, Tokyo	 Prime Maison Egotanomori Nakano-ku, Tokyo	 Prime Maison Meguro Meguro-ku, Tokyo
 Prime Maison Itabashi Itabashi-ku, Tokyo	 Prime Maison Daizawa Setagaya-ku, Tokyo	 Prime Maison Waseda2 Shinjuku-ku, Tokyo
 Prime Maison Nakameguro Meguro-ku, Tokyo	 Prime Maison Yushima Bunkyo-ku, Tokyo	

Office Building and Hotel Developed by Sekisui House for which SHR has Preferential Negotiation Rights<sup>1</sup>

Property name	Location	Unacquired quasi-co-ownership interests <sup>4</sup>
Akasaka Garden City	Minato-ku, Tokyo	34.55%
The Ritz-Carlton, Kyoto	Kyoto-shi, Kyoto	60.00%

Main Projects in Sekisui House's Urban Redevelopment Business<sup>1, 5</sup>

1993	2006	2010	2011	2013	2015	Main future projects <sup>2, 3</sup>
 Umeda Sky Building (Shin Umeda City)	 Akasaka Garden City (Acquired asset <sup>6</sup> )	 Hommachi Garden city (Acquired asset)	 Garden City Shinagawa Gotenyama (Acquired asset)	 Gotenyama SH Building (Acquired asset)	 Hommachi Minami Garden City (Acquired asset)	 Hirokoji Garden Avenue (Acquired asset)
				 Grand Front Osaka	 The Ritz-Carlton, Kyoto (Acquired asset <sup>6</sup> )	 HK Yodobabashi Garden Avenue (Acquired asset)
					 Otemon Towor JX Building	 Akasaka 5-chome Project
						 Minato Mirai Block 44 Project
						 Shinsaibashi Hotel Project

Note 1: As of the date of this document, there are no specific acquisition plans for unacquired portions of the properties indicated as "Prime Maison Planned and Developed by Sekisui House", "Office Building and Hotel Developed by Sekisui House for which SHR has Preferential Negotiation Rights" or "Main Projects in Sekisui House's Urban Redevelopment Business".

Note 2: The figures labeled "Properties under construction" and "Main future projects" are conceptual drawings created based on the drawing and specifications, and may differ from actual ones. In addition, the name of each property is a provisional name.

Note 3: Projects currently under consideration by Sekisui House; subject to change or cancellation without notice.

Note 4: "Unacquired quasi-co-ownership interests" refers to the percentage of unacquired quasi-co-ownership interests for which SHR has a preferential negotiating right for the acquisition of trust beneficiary interests.

Note 5: The indicated properties include joint ventures with other companies and properties that have been sold.

Note 6: SHR has acquired a portion of the quasi-co-ownership interests, but has a preferential negotiating right covering the quasi-co-ownership interests that have not yet been acquired.

## 5. ESG Initiatives



# ESG Initiatives (Participation in International Initiatives and Obtaining External Certification)

## ■ Participation in International Initiatives

### ➢ Signing of the Principles for Responsible Investment (PRI)

The Asset Management Company (“SHAM”) signed this agreement in Mar. 2019 in support of the fundamental concept of the Principles for Responsible Investment (PRI), which advocates incorporating ESG issues into the investment analysis and decision-making processes.

<The Six Principles for Responsible Investment (PRI)>

- (1) We will incorporate ESG issues into investment analysis and decision-making processes.
- (2) We will be active owners and incorporate ESG issues into our ownership policies and practices.
- (3) We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- (4) We will promote acceptance and implementation of the Principles within the investment industry.
- (5) We will work together to enhance our effectiveness in implementing the Principles.
- (6) We will each report on our activities and progress towards implementing the Principles.



## ■ Acquisition of external certification

### ➢ Acquired “Green Star”, the highest ranking in “GRESB Real Estate Assessment” conducted in 2018 in two consecutive years .

### ➢ Acquired “S-Rank”, the highest rating in “MUFG ESG Rating Certificate for J-REIT supported by JCR”.

In Apr. 2019, SHR and SHAM were collectively granted the highest rank of “S” for its assessment and scoring of corporate ESG initiatives.

This rating is a service provided by Mitsubishi UFJ Research and Consulting Co., Ltd. and supported by Japan Credit Rating Agency, Ltd. (“JCR”).

#### Key Evaluation Points:

- 1) establishing ESG improvement systems, 2) promoting greenhouse gas (CO<sub>2</sub>) emission reduction activities proactively to its own assets, 3) striving to cooperate with residents, tenant companies and local communities, and 4) ensuring sense of compliance as a company.




<MUFG ESG Rating Certificate for J-REIT>



### ➢ Aggressive acquisition of environmental certification (total of 48 properties, 52.5% of portfolio (total floor area basis)) (as of the date of this document)

- Acquired DBJ Green Building certification for 48 properties, all 3 Stars or above
- Certification for CASBEE for Real Estate for 4 office buildings, all with the highest appraisal "S (Superior)"

Environmental certification	Evaluation rank	Number of properties		Total
		Residence	Office Buildings	
DBJ Green Building Certification	2018	2	1	3
	2018	2	4	6
	2017	7	-	7
	2018	12	-	12
	2017	20	-	20
Certification for CASBEE for Real Estate	S (Superior)	-	4	4

<Garden City Shinagawa Gotenyama>






SHR acquired the highest valuation in DBJ Green Building Certification and Certification for CASBEE for Real Estate

# ESG Initiatives (Environment and Social)

### Initiatives for a Low-Carbon Society and the Efficient Use of Energy


#### Efficient use of energy through environmentally conscious facilities

Solar panels




Garden City Shinagawa Gotenyama

Low-e double-glazed glass




Hommachi Minami Garden City

Prime Maison Gotenyama West



LED lighting



HK Yodoyabashi Garden Avenue



#### Effects of the introduction of environmentally conscious equipment in residential properties

Installation equipment	Replacement of lights for common areas with LED	Promotion of energy-saving of air conditioners for exclusive areas
Implemented in the 9th FP	6 properties	162 units
Cumulative total	49 properties already implemented	1,094 units already implemented
Expected annual reduction for electricity consumption <sup>1</sup>	Approx. 1,279,616 kWh	Approx. 243,962 kWh
Expected annual reduction in Greenhouse gas emissions <sup>1</sup>	Approx. 636t-CO <sub>2</sub>	Approx. 112t-CO <sub>2</sub>

### Biodiversity Activities

#### “Gotenyama Project”, large-scale complex developments by Sekisui House

“Gotenyama Project” was highly evaluated because it creates large scale green land that contributes to nature regeneration in the area, receiving “The Minister of Land, Infrastructure and Transport Prize” the highest-ranked award at the 11th “Competition for Rooftops, Wall Facings and New Green Spaces.”



“Gotenyama Project” is comprised of Garden City Shinagawa Gotenyama, Gotenyama SH Building, Prime Maison Gotenyama East, and Prime Maison Gotenyama West.

### Promoting Diversity and Working Style Reforms

In 2006, Sekisui House Group, to which SHAM belongs, declared as its basic human resource policy “**Human Resources Sustainability**,” supported by the three main pillars of “**Encouraging female employees to pursue career development**,” “**Promoting a variety of work styles and work-life balance**” and “**Effective utilization of human resources**.”

Under this policy, efforts have been made to create an environment and mechanisms where employees can achieve sustainable growth alongside companies.

#### Encouraging male employees to take parental leave for more than one month

In Sep. 2018, Sekisui House announced that it would fully take parental leave for at least one month for male employees. As a “Kids’ First Company,” Sekisui House is implementing initiatives to promote diversity as a leader in a society that supports child-rearing. As a member of the Sekisui House Group, SHAM is encouraging male employees to take parental leave for at least one month.

(Acquisition results: 100% for applicable employees)

### Comfort and Safety Measures

Installation of emergency electric supply unit



Garden City Shinagawa Gotenyama

24-hour disaster prevention center



Garden City Shinagawa Gotenyama

Installation of disaster prevention cabinets for elevators



Prime Maison Gotenyama East and other 4 properties

Distribution of disaster prevention stockpiles to tenants



Esty maison Ojima and 5 other properties

### Contributing to Regions and Communities

Disaster-relief Vending Machines



Prime Maison Ginza East and other 9 properties

Installment of AED (Automatic Exterior Defibrillator)



Prime Maison Yokohama Nihon-odori and other 4 properties

Concert held at an entrance hall



Honmachi Garden City

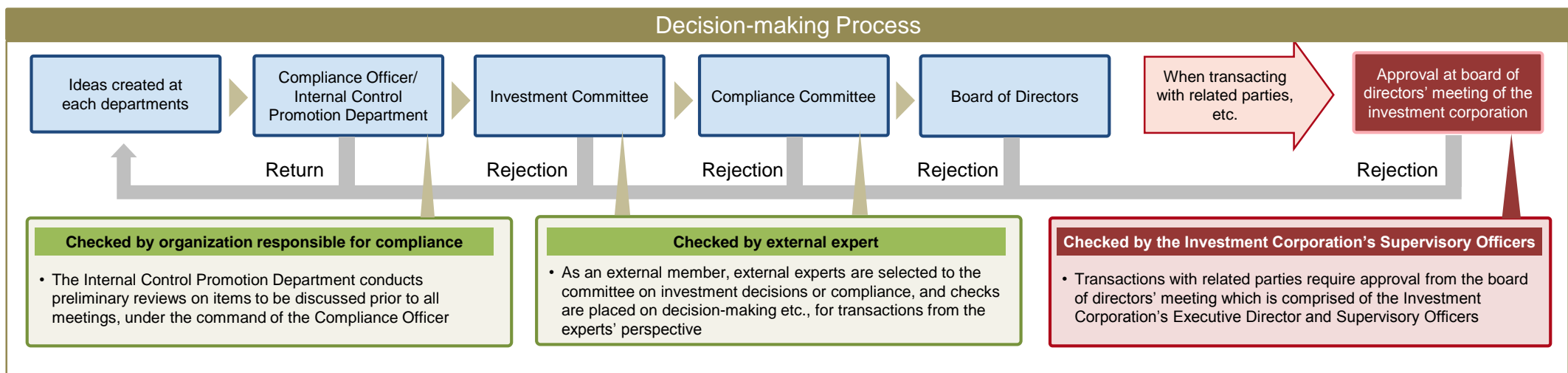
Introduction of the share cycle



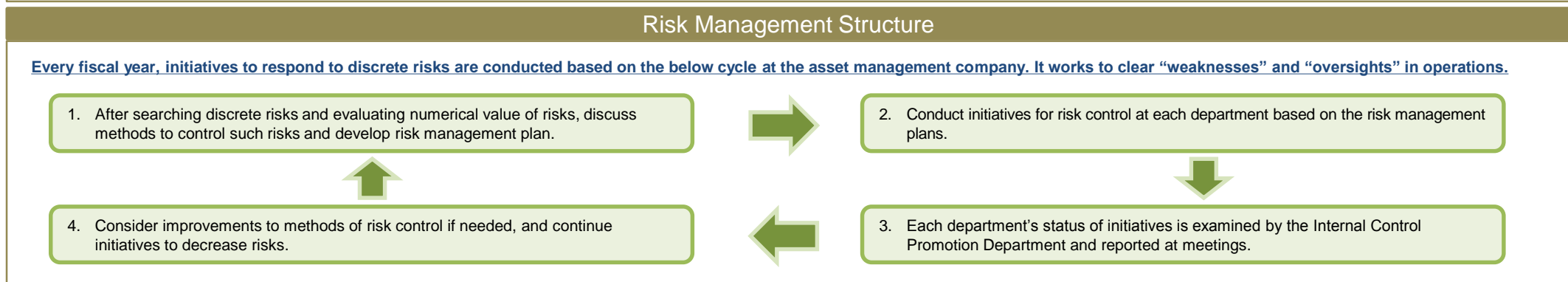
Garden City Shinagawa Gotenyama

Note 1: The figures for each expected reduction above are estimated by the asset management company based on materials provided by the replacement work operator or materials published by the Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry; there is no guarantee that the expected reductions will be realized.

# ESG Initiatives (Governance Structure)



Types and standards of transaction for Transacting with Related parties	
Acquiring specified assets from related parties	Acquisition price (excluding tax, acquisition costs, etc.) is not more than the amount of appraisal value, etc.
Selling specified assets to related parties	Sales price (excluding tax, sales costs, etc.) is not less than the amount of appraisal value, etc.
Paying agency fee to related parties	Decided upon considering contract condition levels within the remuneration parameter set by the Building Lots and Buildings Transaction Business Law and the difficulty of mediation.
Entrusting management, etc., of assets such as real estate to related parties	Subcontractor is selected upon evaluating results, financial structure, performance, etc., and payment is decided upon comprehensively considering market standard on commission, the contents of labor provided, and the total quantity of work, etc. (once annually in principle, the appropriateness of the subcontracted work is verified by an independent external evaluation organization).
Concluding leasing contracts of assets such as real estate to related parties	Consider the state of the market, and standard lease conditions for assets such as real estate. Acquire third party opinions on whether conditions are fair when needed.
Placing an order to related parties for construction, etc., which exceeds the amount below Residential properties: 5 million yen Commercial properties, etc.: 30 million yen	Compare and consider the estimated value and the contents of labor provided by the third party, and approve when not costly to the investment corporation.



# ESG initiatives of Sekisui House

## <Development of Philosophy and Value Creation>

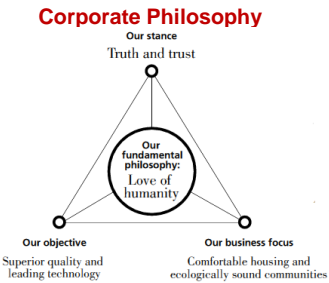
Sekisui House made a “Declaration of Sustainability” in 2005 as the vision to aspire under the corporate philosophy of “a love of humanity,” announcing its vision to achieve balanced management based on four key values – environmental, economic, social and homeowner. Moreover, 13 guidelines were established based on the four key values.

## <A leading company of ESG management>

Sekisui House has, in 2008, announced its “2050 Vision”, which targets zero CO<sub>2</sub> emissions from residences and having established a long-term vision for 2050, “Sustainability Vision 2050,” in 2016. It has also displayed its medium-term initiatives with an outlook for 2030 to share status of progress with stakeholders in 2017. With the realization of "Sustainability Vision 2050" as the long-term goal of ESG management, Sekisui House is making steady progress toward the realization of a sustainable society with the aim of becoming the leader in ESG management.

### 2050 challenges

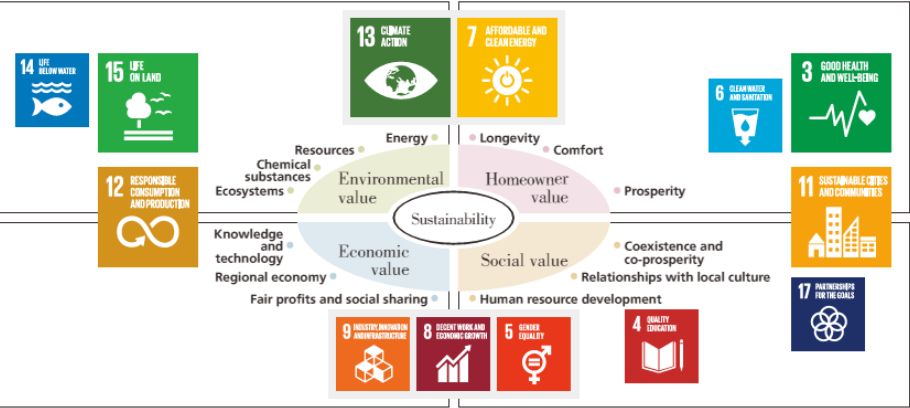
Zero CO <sub>2</sub> Emissions within the Housing Lifecycle	Maximize Ecosystem Networks through Business
Expanding Zero Emissions Initiatives Within the Housing Lifecycle	Maximizing Abundance in Housing and Communities



## <CSR management based on the Four key values and 13 Guidelines>

The Four key values and 13 Guidelines set forth in the Sustainable Vision in 2005 share the same direction with "SDGs (Sustainable Development Goals," which is a common goal of the international community. Through the business to create residential environments, Sekisui House face the challenge of "sustainability" and are continually promoting the achievement of the "SDGs" goals.

The Four Key Values, 13 Guidelines and SDGs (Direct and indirect contributions made through our business)



Source: Sekisui House "Sustainability Report 2019" (Japanese version)

### Environmental management

Promotion of net-zero-energy housing “Green First Zero”

F

S

G

Simultaneously selected by Switzerland’s RebecoSAM as “Silver Class” in the housing construction category of RebecoSAM Sustainability Award 2019.

F

S

G

Selected by U.S. S&P Dow Jones Indices and Swiss RebecoSAM for inclusion in the “Dow Jones Sustainability World Index (DJSI World)”, and the “Dow Jones Sustainability Asia Pacific Index”.

E

Obtained the first certification of “SBT (Science Based Targets) Initiative” in Japan in the residential industry concerning CO<sub>2</sub> reduction.

E

Recognized as CDP “Climate Change A List” for its climate change activities

### Social improvement

Make diversity a driver of growth

S

Selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for the “Nadeshiko brand 2018” as a company that promotes the active participation of women. (five times in total).

S

Declared “Complete paid parental leave for one month or more with full pay for male employees”, encouraging complete paid parental leave for one month with full pay.

S

Received the Gold Prize in the “PRIDE Index 2018”, an indicator for evaluating LGBT initiatives.

F

S

G

Selected as brand of “MSCI Japan ESG Select Leaders Index” and “MSCI Japan Empowering Women Index” provided by MSCI.

### Strengthen Governance

Innovation and communication

G

Establishment of management meeting.

G

Clarification of the divisions of directors and the Head Office restructuring.

G

Reform the proposal system.

G

Transparency and revitalization of operation of the Board of Directors.

G

Management succession plan

G

Revision of the Executive Compensation System

G

Ensuring the Independence of General Affairs Managers and Strengthening the Check-and-Check Function



# Appendix



# Balance Sheet

	8th Fiscal Period October 31, 2018	9th Fiscal Period April 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	9,230,651	7,657,644
Cash and deposits in trust	12,859,502	13,301,529
Operating accounts receivable	145,522	157,133
Prepaid expenses	154,213	168,285
Other	5,114	212,703
Allowance for doubtful accounts	(499)	(973)
<b>Total current assets</b>	<b>22,394,506</b>	<b>21,496,324</b>
Non-current assets		
Property, plant and equipment		
Buildings in trust	154,045,698	158,892,235
Accumulated depreciation	(6,157,456)	(8,236,920)
Buildings in trust, net	147,888,242	150,655,315
Structures in trust	1,483,975	1,500,004
Accumulated depreciation	(91,713)	(121,928)
Structures in trust, net	1,392,261	1,378,076
Machinery and equipment in trust	2,093,637	2,153,877
Accumulated depreciation	(45,276)	(91,694)
Machinery and equipment in trust, net	2,048,361	2,062,182
Tools, furniture and fixtures in trust	59,994	117,224
Accumulated depreciation	(3,391)	(10,983)
Tools, furniture and fixtures in trust, net	56,602	106,240
Land in trust	279,918,555	295,079,081
Construction in progress in trust	43,344	98,534
<b>Total property, plant and equipment</b>	<b>431,347,368</b>	<b>449,379,431</b>
Intangible assets		
Leasehold rights in trust	2,526,599	2,501,173
Other	8,346	6,894
<b>Total intangible assets</b>	<b>2,534,946</b>	<b>2,508,068</b>
Investments and other assets		
Lease and guarantee deposits	800,700	790,700
Long-term prepaid expenses	279,284	396,558
Other	173,347	373,282
<b>Total investments and other assets</b>	<b>1,253,331</b>	<b>1,560,540</b>
<b>Total non-current assets</b>	<b>435,135,646</b>	<b>453,448,040</b>
Deferred assets		
Investment corporation bond issuance costs	29,205	26,285
Investment unit issuance costs	29,139	14,755
<b>Total deferred assets</b>	<b>58,344</b>	<b>41,040</b>
<b>Total assets</b>	<b>457,588,497</b>	<b>474,985,405</b>

	8th Fiscal Period October 31, 2018	9th Fiscal Period April 30, 2019
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	640,450	751,690
Short-term loans payable	-	6,500,000
Current portion of investment corporation bonds	2,500,000	2,000,000
Current portion of long-term loans payable	12,382,000	20,792,500
Accounts payable – other	623,167	986,348
Accrued expenses	195,311	189,758
Income taxes payable	590	590
Accrued consumption taxes	200,653	-
Advances received	311,576	309,077
Derivative debt	15,009	27,894
Other	201,664	189,700
<b>Total current liabilities</b>	<b>17,070,424</b>	<b>31,747,560</b>
Non-current liabilities		
Investment corporation bonds	13,000,000	11,000,000
Long-term loans payable	170,050,500	174,640,000
Tenant leasehold and security deposits in trust	10,964,384	11,148,044
Derivative debt	511,956	515,034
Other	327,370	239,015
<b>Total non-current liabilities</b>	<b>194,854,211</b>	<b>197,542,094</b>
<b>Total liabilities</b>	<b>211,924,636</b>	<b>229,289,654</b>
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	110,189,294	110,189,294
Surplus		
Capital surplus	128,598,415	128,598,415
Voluntary retained earnings		
Reserve for temporary difference adjustments	-	1,556,827
Total voluntary retained earnings	-	1,556,827
Unappropriated retained earnings	7,403,117	5,894,142
<b>Total surplus</b>	<b>136,001,532</b>	<b>136,049,385</b>
<b>Total unitholders' equity</b>	<b>246,190,826</b>	<b>246,238,679</b>
Valuation and translation adjustments		
Deferred hedging gain/loss	(526,965)	(542,929)
Total of valuation and translation adjustments	(526,965)	(542,929)
<b>Total net assets</b>	<b>245,663,860</b>	<b>245,695,750</b>
<b>Total liabilities and net assets</b>	<b>457,588,497</b>	<b>474,985,405</b>

Note 1: As of the date of this document, 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. The same applies hereinafter.

# Statement of Income and Retained Earnings

(unit: thousand yen)

	8th Fiscal Period From May 1, 2018 to October 31, 2018	9th Fiscal Period From November 1, 2018 to April 30, 2019
Operating revenue		
Rent revenue - real estate	11,913,550	12,085,814
Other lease business revenue	252,879	284,165
Gain on sales of real estate properties	8,114	-
Total operating revenue	12,174,544	12,369,980
Operating expenses		
Expenses related to rent business	4,579,453	4,643,232
Asset management fee	517,151	826,100
Asset custody fee	8,486	9,083
Administrative service fees	49,959	42,953
Directors' compensations	3,600	3,600
Merger-related expenses	941,174	-
Provision of allowance for doubtful accounts	324	483
Other operating expenses	280,439	216,612
Total operating expenses	6,380,588	5,742,066
Operating income	5,793,955	6,627,913
Non-operating income		
Interest income	98	111
Reversal of distributions payable	1,716	1,135
Consumption tax refund	49,862	30,680
Other	143	-
Total non-operating income	51,820	31,927
Non-operating expenses		
Interest expenses	599,481	607,995
Interest expenses on investment corporation bond	51,218	48,755
Borrowing related expenses	67,576	89,904
Amortization of investment unit issuance costs	14,384	14,384
Amortization of investment corporation bond issuance costs	2,919	2,919
Other	734	1,135
Total non-operating expenses	736,314	765,094
Ordinary Income	5,109,461	5,894,747
Extraordinary income		
Gain on negative goodwill	2,293,923	-
Extraordinary income total	2,293,923	-
Income before income taxes	7,403,385	5,894,747
Income taxes – current	605	605
Income taxes – deferred	21	-
Total income taxes	626	605
Net income	7,402,759	5,894,142
Retained earnings brought forward	357	-
Unappropriated retained earnings	7,403,117	5,894,142

# Overview of Financial Results for Fiscal Period Ended April 2019 (9th FP) (1)

## ■ Comparison Between Actual Results for 8th Fiscal Period and 9th Fiscal Period

			(million yen)	(million yen)
	Result of FP ended October 2018 (8th FP) (A)	Result of FP ended April 2019 (9th FP) (B)	Comparison (B) – (A)	Main factors of differences between actual result for the 8th FP and the 9th FP
Operating revenue	12,174	12,369	+195	Amount affecting income and total distribution
Operating income	5,793	6,627	+833	<b>Operating income and expenses</b>
Ordinary income	5,109	5,894	+785	• Absence of gain on sale of real estate (Gain on sale of Hamamatsu Plaza disposed during the 8th FP) (8)
Extraordinary income (Gain on negative goodwill)	2,293	—	(2,293)	• Increase in property-related operating income +139
Net income	7,402	5,894	(1,508)	Absence of property-related operating income of Hamamatsu Plaza (75)
Reserve for temporary difference adjustment (RTA)	(1,556)	102	+1,659	Contribution of assets acquired in 9th FP (The Ritz-Carlton, Kyoto and 2 other properties) +162
Total distribution	5,846	5,996	+150	Properties owned at the end of the 8th FP +53
Distribution per unit	¥1,554	¥1,594	+¥40	<div> <div>Residential properties +80</div> <div>Commercial properties (27)</div> </div>
NOI	9,729	9,915	+186	• Decrease in SG&A (Selling, general and administrative expenses) +702
NOI Yield	4.4%	4.4%	0pt	<b>Non-operating income and expenses</b>
NOI after depreciation	7,586	7,726	+139	• Decrease in non-operating income (19)
NOI yield after depreciation	3.4%	3.5%	+0.1pt	• Increase in non-operating expenses (28)
Period-average occupancy rate	97.9%	98.1%	+0.2pt	<b>Extraordinary income</b>
				• Absence of gain on negative goodwill arising from merger (2,293)
				<b>Reserve for temporary difference adjustment (RTA)</b>
				• Difference between a portion of gain on negative goodwill reserved as RTA in the 8th FP and the reversal of the RTA in the 9th FP +1,659

# Overview of Financial Results for Fiscal Period Ended April 2019 (9th FP) (2)

■ Comparison of Results for the 9th Fiscal Period and Forecast for the 9th Fiscal Period (Announced on December 14, 2018)

	Fiscal period ended Apr. 2019 (9th FP)		Comparison with forecast for 9th FP (B) – (A)	(Reference) Revised forecast announced on Jan. 29, 2019	Main factors of differences between forecast and actual result for the 9th FP
	Forecast announced on Dec. 14, 2018 (A)	Result (B)			
Operating revenue	12,120	12,369	+249	12,311	<div>Amount affecting income and total distribution</div> <div>Operating income and expenses</div> <div>• Increase in property-related operating income +289</div> <div>Contribution of assets acquired in 9th FP (The Ritz-Carlton, Kyoto and another property) +153</div> <div>Properties premised for the 9th FP forecast announced on Dec. 14, 2018 +136</div> <div><div>Residential properties +117</div><div>Commercial properties +19</div></div> <div>• Increase in SG&amp;A (15)</div> <div>Non-operating income and expenses</div> <div>• Increase in non-operating income +1</div> <div>• Increase in non-operating expenses (5)</div> <div>Reversal of the RTA</div> <div>• Cancellation of Compensation for a decline in profit of Hamamatsu Plaza in the 8th FP (55)</div> <div><div>As a result of the acquisitions of The Ritz-Carlton, Kyoto</div><div>etc., compensation for the decline in profit has been completed</div></div>
Operating income	6,353	6,627	+274	6,485	
Ordinary income	5,624	5,894	+270	5,719	
Net income	5,624	5,894	+270	5,719	
Reserve for temporary difference adjustment (RTA)	158	102	(55)	100	
Total distribution	5,782	5,996	+214	5,819	
Distribution per unit	¥1,537	¥1,594	+¥57	¥1,547	
NOI	9,596	9,915	+319	9,775	
NOI Yield	4.4%	4.4%	0pt	4.4%	
NOI after depreciation	7,436	7,726	+289	7,586	
NOI yield after depreciation	3.4%	3.5%	+0.1pt	3.4%	
Period-average occupancy rate	97.8%	98.1%	+0.3pt	97.9%	

# Forecast of Performance for Fiscal Period Ending October 2019 (10th FP) and Fiscal Period Ending April 2020 (11th FP)

## Comparison of Results for the 9th FP and Forecast for the 10th FP, and Comparison of Forecast for 10th FP and 11th FP

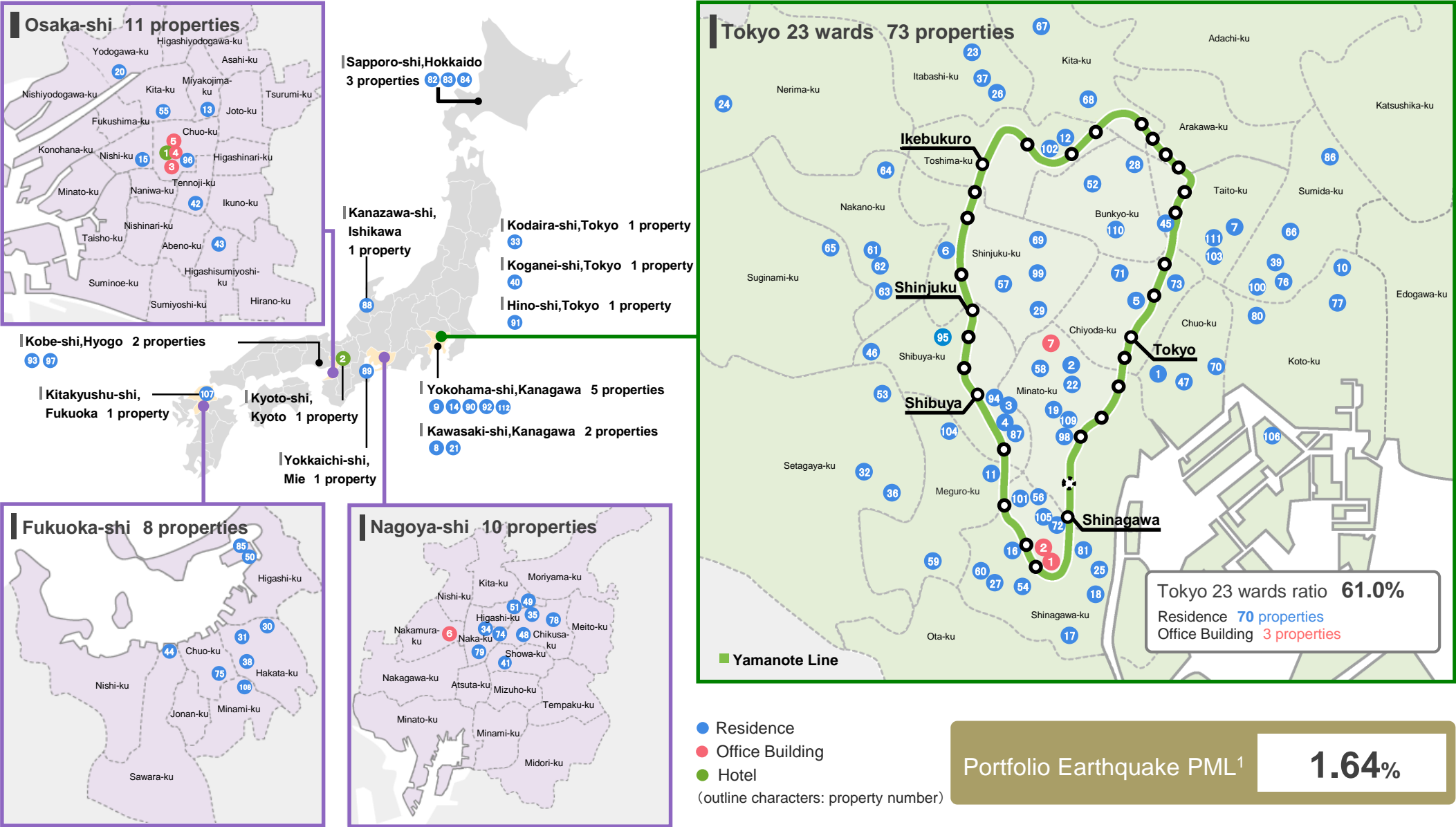
(million yen)						(million yen)	
	Result for FP ended Apr. 2019 (9th FP) (A)	FP ending Oct. 2019 (10th FP)		FP ending Apr. 2020 (11th FP)		Main factors of differences between result for the 9th FP and current forecast for 10th FP	
		Current forecast (B)	Comparison with result for 9th FP (B) – (A)	Current forecast (C)	Comparison with forecast for 10th FP (C) – (B)	Amount affecting income and total distribution	
Operating revenue	12,369	13,849	+1,479	14,395	+546	<b>Operating income and expenses</b>	
Operating income	6,627	7,475	+847	7,678	+202	• Increase in property-related operating income +958 Contribution of assets acquired in 10th FP by the 4th PO +1,027 Properties owned at the end of the 9th FP (69) Residential properties (197) Commercial properties +128 • Increase in SG&A (110)	
Ordinary income	5,894	6,636	+741	6,759	+123	<b>Non-operating income and expenses</b>	
Net income	5,894	6,635	+741	6,758	+123	• Increase in non-operating income +16 • Increase in non-operating expenses (122)	
Reserve for temporary difference adjustment (RTA)	102	170	+67	171	+1	<b>Reversal of the RTA</b>	
Total distribution	5,996	6,806	+809	6,930	+124	• Increase in tax accounting inconsistencies +11 • Decline due to withdrawal of large tenant in Esty Maison Yokohama <sup>1</sup> +56	
Distribution per unit	¥1,594	¥1,587	(¥7)	¥1,616	+¥29	<b>Main factors of differences between current forecast for 10th FP and 11th FP</b>	
						Amount affecting income and total distribution	
						<b>Operating income and expenses</b>	
						• Increase in property-related operating income +317 Contribution of assets acquired in 10th FP by the 4th PO +284 Properties owned at the end of the 9th FP +33 Residential properties (5) Commercial properties +38 • Increase in SG&A (114)	
						<b>Non-operating income and expenses</b>	
						• Decrease in non-operating income (43) • Increase in non-operating expenses (36)	
						<b>Reversal of the RTA</b>	
						• Increase in tax accounting inconsistencies +7 • Decline due to withdrawal of large tenant in Esty Maison Yokohama <sup>1</sup> (6)	
NOI	9,915	11,060	+1,144	11,432	+371		
NOI Yield	4.4%	4.3%	(0.1pt)	4.3%	0pt		
NOI after depreciation	7,726	8,685	+958	9,002	+317		
NOI yield after depreciation	3.5%	3.4%	(0.1pt)	3.4%	0pt		
Period-average occupancy rate	98.1%	97.6%	(0.5pt)	98.0%	+0.4pt		

Note 1: For “Esty Maison Yokohama”, the amount of profit equivalent that is expected to decrease due to the vacation will be reduced of a tenant from RTA and will be distributed who leases all housing units in a lump sum as of the end of May 2019.



# Portfolio Map

As of the date of this document



Note 1: Portfolio Earthquake PML" is stated based on the Portfolio Earthquake PML Evaluation Report, which was acquired from the evaluation company as of April 2019.

# List of Portfolio (1)

■ Properties Owned as of the Date of this Document

Property No.	PP Property	Property name	Location	Acquisition Price (million yen)	Investment Ratio (%)	Leasable Area (m <sup>2</sup> )	Occupancy Rate (%)	Completion Date	Property No.	PP Property	Property name	Location	Acquisition Price (million yen)	Investment Ratio (%)	Leasable Area (m <sup>2</sup> )	Occupancy Rate (%)	Completion Date
R-001	★	Esty Maison Ginza	Chuo-ku, Tokyo	6,540	1.2	5,515.43	99.1	Feb. 2005	R-043	★	Prime Maison Kitatanabe	Osaka-shi, Osaka	601	0.1	1,798.97	96.6	Jun. 2006
R-002	★	Esty Maison Azabunagasaka	Minato-ku, Tokyo	1,790	0.3	2,019.10	96.4	Jan. 2004	R-044	★	Prime Maison Momochihama	Fukuoka-shi, Fukuoka	1,940	0.4	7,514.76	100.0	Feb. 1996
R-003	★	Esty Maison Ebisu II	Shibuya-ku, Tokyo	2,040	0.4	2,062.10	89.2	Jun. 2003	R-045	★	Esty Maison Akihabara	Taito-ku, Tokyo	1,930	0.4	2,324.65	98.7	Feb. 2006
R-004	★	Esty Maison Ebisu	Shibuya-ku, Tokyo	873	0.2	781.02	100.0	Oct. 2004	R-046	★	Esty Maison Sasazuka	Shibuya-ku, Tokyo	3,340	0.6	3,701.70	98.9	Sep. 2004
R-005	★	Esty Maison Kanda	Chiyoda-ku, Tokyo	1,610	0.3	1,706.54	95.6	Feb. 2004	R-047	★	Prime Maison Ginza East	Chuo-ku, Tokyo	6,250	1.2	6,177.20	98.7	Feb. 2006
R-006	★	Esty Maison Kitashinjuku	Shinjuku-ku, Tokyo	1,590	0.3	1,881.19	97.7	Aug. 2004	R-048	★	Prime Maison Takami	Nagoya-shi, Aichi	1,050	0.2	2,016.79	88.8	Aug. 2008
R-007	★	Esty Maison Asakusakomagata	Taito-ku, Tokyo	2,190	0.4	2,978.28	97.7	Jul. 2004	R-049	★	Prime Maison Yadaminami	Nagoya-shi, Aichi	812	0.2	2,168.59	100.0	Jul. 2007
R-008	★	Esty Maison Kawasaki	Kawasaki-shi, Kanagawa	2,400	0.5	3,741.01	97.5	Jul. 2004	R-050	★	Prime Maison Teriha	Fukuoka-shi, Fukuoka	1,260	0.2	6,728.20	100.0	Aug. 2005
R-009	★	Esty Maison Yokohama	Yokohama-shi, Kanagawa	2,110	0.4	2,823.73	100.0	Jan. 2007	R-051	★	Esty Maison Higashishirakabe	Nagoya-shi, Aichi	1,580	0.3	4,014.07	100.0	Feb. 2006
R-010	★	Esty Maison Kameido	Koto-ku, Tokyo	1,580	0.3	2,279.21	99.0	Nov. 2005	R-052	★	Esty Maison Sengoku	Bunkyo-ku, Tokyo	1,360	0.3	1,498.13	97.3	Aug. 2009
R-011	★	Esty Maison Meguro	Meguro-ku, Tokyo	1,060	0.2	1,070.13	100.0	Nov. 2005	R-053	★	Esty Maison Daizawa	Setagaya-ku, Tokyo	2,270	0.4	2,352.90	95.4	Feb. 2010
R-012	★	Esty Maison Sugamo	Toshima-ku, Tokyo	1,630	0.3	2,619.17	90.1	Feb. 2007	R-054	★	Esty Maison Togoshi	Shinagawa-ku, Tokyo	1,770	0.3	1,943.17	97.9	Jun. 2009
R-013	★	Esty Maison Kyobashi	Osaka-shi, Osaka	2,970	0.6	4,613.04	94.4	Mar. 2006	R-055	★	Esty Maison Nishitemma	Osaka-shi, Osaka	1,680	0.3	2,877.90	96.9	Nov. 2007
R-014	★	Esty Maison Hakuraku	Yokohama-shi, Kanagawa	931	0.2	1,285.83	93.0	Feb. 2006	R-056	★	Esty Maison Shirokanedai	Shinagawa-ku, Tokyo	2,400	0.5	2,675.11	98.8	Sep. 2003
R-015	★	Esty Maison Minamihorie	Osaka-shi, Osaka	1,060	0.2	1,804.48	100.0	Feb. 2007	R-057	★	Esty Maison Higashishinjuku	Shinjuku-ku, Tokyo	1,680	0.3	1,889.50	100.0	Apr. 2009
R-016	★	Esty Maison Gotanda	Shinagawa-ku, Tokyo	3,110	0.6	3,871.15	98.9	Mar. 2006	R-058	★	Esty Maison Motoazabu	Minato-ku, Tokyo	1,540	0.3	1,199.86	100.0	Nov. 2009
R-017	★	Esty Maison Oisendaizaka	Shinagawa-ku, Tokyo	2,720	0.5	2,979.85	97.2	Aug. 2006	R-059	★	Esty Maison Toritsudaigaku	Meguro-ku, Tokyo	861	0.2	1,035.78	100.0	Feb. 2009
R-018	★	Esty Maison Shinagawa Seaside	Shinagawa-ku, Tokyo	2,050	0.4	2,602.30	94.9	Jun. 2006	R-060	★	Esty Maison Musashikoyama II	Shinagawa-ku, Tokyo	1,030	0.2	1,073.59	97.4	May 2009
R-019	★	Esty Maison Minamiazabu	Minato-ku, Tokyo	1,250	0.2	1,082.12	92.3	Aug. 2006	R-061	★	Esty Maison Nakano	Nakano-ku, Tokyo	1,870	0.4	2,023.72	96.8	Jun. 2009
R-020	★	Esty Maison Tsukamoto	Osaka-shi, Osaka	1,080	0.2	2,321.04	99.0	Aug. 2006	R-062	★	Esty Maison Shinnakano	Nakano-ku, Tokyo	1,020	0.2	1,107.57	92.9	Oct. 2009
R-021	★	Esty Maison Kawasaki II	Kawasaki-shi, Kanagawa	1,910	0.4	2,824.86	93.0	Feb. 2007	R-063	★	Esty Maison Nakanofujimicho	Nakano-ku, Tokyo	984	0.2	1,299.60	92.1	Feb. 2009
R-022	★	Esty Maison Azabujuban	Minato-ku, Tokyo	2,690	0.5	1,755.31	97.4	Feb. 2007	R-064	★	Esty Maison Tetsugakudo	Nakano-ku, Tokyo	1,160	0.2	1,531.89	91.6	Oct. 2009
R-023	★	Esty Maison Itabashihoncho	Itabashi-ku, Tokyo	937	0.2	1,274.49	100.0	Feb. 2007	R-065	★	Esty Maison Koenji	Suginami-ku, Tokyo	1,160	0.2	1,527.52	96.4	Mar. 2009
R-024	★	Esty Maison Oizumigakuen	Nerima-ku, Tokyo	790	0.1	1,362.36	96.6	Feb. 2007	R-066	★	Esty Maison Oshiage	Sumida-ku, Tokyo	2,490	0.5	3,180.90	97.5	Apr. 2010
R-025	★	Esty Maison Higashishinagawa	Shinagawa-ku, Tokyo	2,390	0.5	2,936.72	93.8	May 2008	R-067	★	Esty Maison Akabane	Kita-ku, Tokyo	3,290	0.6	4,302.84	94.6	Nov. 2009
R-026	★	Esty Maison Itabashikuyakushomae	Itabashi-ku, Tokyo	2,540	0.5	3,915.81	100.0	Apr. 2007	R-068	★	Esty Maison Oji	Kita-ku, Tokyo	1,650	0.3	2,289.44	100.0	Jul. 2010
R-027	★	Esty Maison Musashikoyama	Shinagawa-ku, Tokyo	1,050	0.2	1,176.78	94.0	Nov. 2007	R-069	★	Prime Maison Waseda	Shinjuku-ku, Tokyo	1,580	0.3	1,650.66	94.5	Nov. 2012
R-028	★	Esty Maison Sendagi	Bunkyo-ku, Tokyo	698	0.1	897.30	100.0	Jan. 2008	R-070	★	Prime Maison Hatchobori	Chuo-ku, Tokyo	1,460	0.3	1,382.32	96.9	Nov. 2012
R-029	★	Esty Maison Yotsuyasakamachi	Shinjuku-ku, Tokyo	2,090	0.4	2,453.17	100.0	Mar. 2008	R-071	★	Prime Maison Jimbocho	Chiyoda-ku, Tokyo	1,960	0.4	1,819.90	100.0	Mar. 2013
R-030	★	Esty Maison Hakatahigashi	Fukuoka-shi, Fukuoka	2,400	0.5	9,106.08	98.9	Nov. 2007	R-072	★	Prime Maison Gotenryama East	Shinagawa-ku, Tokyo	2,910	0.6	2,512.91	100.0	Jan. 2011
R-031	★	Esty Maison Kamigofuku	Fukuoka-shi, Fukuoka	821	0.2	2,261.91	97.0	Mar. 2008	R-073	★	MAST LIFE Akihabara	Chiyoda-ku, Tokyo	555	0.1	803.36	100.0	Oct. 2006
R-032	★	Esty Maison Sangenjaya	Setagaya-ku, Tokyo	822	0.2	856.08	97.2	Jan. 2008	R-074	★	Esty Maison Aoi	Nagoya-shi, Aichi	2,460	0.5	4,809.68	85.7	Oct. 2007
R-033	★	Prime Maison Musashinonomori	Kodaira-shi, Tokyo	1,850	0.4	3,924.58	95.8	Dec. 2007	R-075	★	Esty Maison Yakuin	Fukuoka-shi, Fukuoka	2,430	0.5	5,213.51	96.3	Feb. 2006
R-034	★	Prime Maison Higashisakura	Nagoya-shi, Aichi	1,500	0.3	3,118.11	89.7	Feb. 2008	R-076	★	Esty Maison Kinshicho II	Sumida-ku, Tokyo	8,250	1.6	9,469.65	95.7	Jan. 2008
R-035	★	Prime Maison Kayabakoen	Nagoya-shi, Aichi	801	0.2	2,163.98	96.3	Nov. 2006	R-077	★	Esty Maison Ojima	Koto-ku, Tokyo	8,630	1.6	9,905.97	97.7	Sep. 2007
R-036	★	Esty Maison Sangenjaya II	Setagaya-ku, Tokyo	785	0.1	894.64	100.0	Jan. 2008	R-078	★	Prime Maison Fujimidai	Nagoya-shi, Aichi	2,070	0.4	5,704.63	94.1	Apr. 2007
R-037	★	Esty Maison Itabashi C6	Itabashi-ku, Tokyo	2,560	0.5	4,036.66	97.0	Mar. 2008	R-079	★	Esty Maison Tsurumai	Nagoya-shi, Aichi	4,490	0.9	13,812.40	100.0	Nov. 1999
R-038	★	MAST Hakata	Fukuoka-shi, Fukuoka	2,360	0.4	9,614.80	100.0	Jan. 2005	R-080	★	Prime Maison Morishita	Koto-ku, Tokyo	1,930	0.4	2,180.78	97.7	May 2013
R-039	★	Esty Maison Kinshicho	Sumida-ku, Tokyo	1,260	0.2	1,611.54	97.2	Sep. 2006	R-081	★	Prime Maison Shinagawa	Shinagawa-ku, Tokyo	1,960	0.4	2,107.88	98.9	Feb. 2014
R-040	★	Esty Maison Musashikoganei	Koganei-shi, Tokyo	1,790	0.3	2,275.24	95.1	Feb. 2005	R-082	★	Prime Maison Odorikoen	Sapporo-shi, Hokkaido	3,160	0.6	7,360.37	89.2	Dec. 2008
R-041	★	Prime Maison Gokiso	Nagoya-shi, Aichi	1,950	0.4	4,427.65	96.5	Oct. 2008	R-083	★	Prime Maison Minami 2-jo	Sapporo-shi, Hokkaido	1,930	0.4	6,019.09	100.0	Nov. 2009
R-042	★	Prime Maison Yuhigaoka	Osaka-shi, Osaka	909	0.2	2,040.35	100.0	Feb. 2007	R-084	★	Prime Maison Kamokamogawa	Sapporo-shi, Hokkaido	1,250	0.2	4,102.08	88.8	Oct. 2009

Note: Notes regarding this page can be found on the following page.

# List of Portfolio (2)

Property No.	PP Property	Property name	Location	Acquisition Price (million yen)	Investment Ratio (%)	Leasable Area (m <sup>2</sup> )	Occupancy Rate (%)	Completion Date
R-085	★	Prime Maison Central Park	Fukuoka-shi, Fukuoka	2,309	0.4	10,268.74	93.1	Feb. 2011
R-086	★	MAST LIFE Yahiro	Sumida-ku, Tokyo	1,910	0.4	3,409.16	100.0	Jan. 2011
R-087	★	Prime Maison Ebisu	Shibuya-ku, Tokyo	4,360	0.8	3,010.66	96.5	Jun. 2014
R-088		Granmast Kanazawa Nishiizumi	Kanazawa-shi, Ishikawa	1,080	0.2	4,634.50	100.0	Sep. 2007
R-089		Granmast Unomori	Yokkaichi-shi, Mie	830	0.2	2,280.00	100.0	Apr. 2009
R-090		Esty Maison Kohoku Tsunashima	Yokohama-shi, Kanagawa	2,750	0.5	6,867.48	100.0	Note 6
R-091	★	MAST LIFE Hino	Hino-shi, Tokyo	1,390	0.3	2,827.55	100.0	Jan. 2010
R-092	★	Prime Maison Yokohama Nihon-odori	Yokohama-shi, Kanagawa	4,870	0.9	5,461.13	97.7	Jun. 2014
R-093		Kobe Women's Student Housing	Kobe-shi, Hyogo	5,880	1.1	15,341.68	100.0	Feb. 2002
R-094	★	Prime Maison Shibuya	Shibuya-ku, Tokyo	2,430	0.5	1,972.59	96.2	Jul. 2014
R-095	★	Prime Maison Hatsudai	Shibuya-ku, Tokyo	3,010	0.6	2,879.20	92.9	Dec. 2014
R-096		Esty Maison Uemachidai	Osaka-shi, Osaka	1,040	0.2	2,225.52	100.0	Aug. 2005
R-097		Esty Maison Kobe-sannomiya	Kobe-shi, Hyogo	971	0.2	2,007.00	100.0	Mar. 2007
R-098	★	Prime Maison Shirokane-takanawa	Minato-ku, Tokyo	4,900	0.9	3,923.76	96.3	Jun. 2015
R-099	★	Prime Maison Ichigayayamabushicho	Shinjuku-ku, Tokyo	4,220	0.8	4,099.04	97.9	Oct. 2015
R-100	★	Esty Maison Morishita	Sumida-ku, Tokyo	655	0.1	748.92	95.1	Feb. 2017
R-101	★	Prime Maison Shirokanedai Tower	Shinagawa-ku, Tokyo	7,950	1.5	6,772.89	94.0	May 2016
R-102	★	Prime Maison Otsuka	Toshima-ku, Tokyo	3,700	0.7	3,921.35	96.1	Jan. 2017
R-103	★	Prime Maison Asakusabashi	Taito-ku, Tokyo	1,680	0.3	2,033.06	94.7	Oct. 2016
R-104	★	Prime Maison Daikanyama	Meguro-ku, Tokyo	2,520	0.5	1,779.17	69.3	Jan. 2017
R-105	★	Prime Maison Gotenyama West	Shinagawa-ku, Tokyo	3,400	0.6	3,569.73	96.3	Jan. 2011
R-106	★	Esty Maison Toyosu Residence	Koto-ku, Tokyo	6,050	1.1	23,538.73	95.4	Feb. 2008
R107		Esty Maison Kokura	Kitakyushu-shi, Fukuoka	1,040	0.2	3,062.59	86.4	Feb. 2006
R-108		MAST Ijiri	Fukuoka-shi, Fukuoka	390	0.1	1,430.60	100.0	Jan. 2008
R-109	★	Prime Maison Mitatsunamachi	Minato-ku, Tokyo	2,040	0.4	1,387.12	-	Oct. 2017
R-110	★	Prime Maison Hongo	Bunkyo-ku, Tokyo	2,600	0.5	2,423.46	-	Mar. 2018
R-111	★	Prime Maison Kuramae	Taito-ku, Tokyo	2,190	0.4	2,259.40	-	Nov. 2018
R-112	★	Esty Maison Yokohama-aobadai North	Yokohama-shi, Kanagawa	1,360	0.3	2,723.24	-	Jul. 2018
Residence Subtotal				247,015	46.8	390,932.95		

Property No.	PP Property	Property name	Location	Acquisition Price (million yen)	Investment Ratio (%)	Leasable Area (m <sup>2</sup> )	Occupancy Rate (%)	Completion Date
O-001	★	Garden City Shinagawa Gotenyama	Shinagawa-ku, Tokyo	71,950	13.6	38,577.99	100.0	Feb. 2011
O-002	★	Gotenyama SH Building	Shinagawa-ku, Tokyo	51,500	9.8	19,999.97	100.0	Feb. 2011
O-003	★	Hommachi Minami Garden City	Osaka-shi, Osaka	44,000	8.3	29,657.53	100.0	Feb. 2011
O-004	★	Hommachi Garden City (Office building portion)	Osaka-shi, Osaka	38,600	7.3	17,006.94	100.0	May 2010
O-005	★	HK Yodoyabashi Garden Avenue	Osaka-shi, Osaka	4,400	0.8	4,554.52	100.0	Jul. 2015
O-006	★	Hirokoji Garden Avenue	Nagoya-shi, Aichi	6,350	1.2	4,442.75	100.0	Mar. 2011
O-007	★	Akasaka Garden City	Minato-ku, Tokyo	28,700	5.4	12,472.80	-	Jan. 2006
Office Building Subtotal				245,500	46.5	126,712.50		

Property No.	PP Property	Property name	Location	Acquisition Price (million yen)	Investment Ratio (%)	Leasable Area (m <sup>2</sup> )	Occupancy Rate (%)	Completion Date
H-001	★	Hommachi Garden City (Hotel portion)	Osaka-shi, Osaka	17,200	3.3	18,092.98	100.0	May 2010
H-002	★	The Ritz-Carlton, Kyoto	Kyoto-shi, Kyoto	17,800	3.4	9,384.56	100.0	Oct. 2013
Hotel Subtotal				35,000	6.6	27,477.54	100.0	

## Overview of Portfolio

Type	Number of properties	Number of PP Properties	PP Ratio (%)	Acquisition Price (million yen)	Investment Ratio (%)	Leasable Area (m <sup>2</sup> )	Occupancy Rate (%)	Average Building Age
Residence	112	84	81.7	247,015	46.8	390,932.95	96.7	10.5 years
Office Building	7	7	100.0	245,500	46.5	126,712.50	100.0	9.0 years
Hotel	2	2	100.0	35,000	6.6	27,477.54	100.0	7.4 years
Retail and other property	-	-	-	-	-	-	-	-
Total	120	92	91.4	527,515	100.0	545,122.99	97.5	9.6 years

Note 1: "Property No." is classified by use of properties held by the investment corporation, whereby each property is given a number and any of the following letters: R representing residences, O representing office buildings, and H representing hotels, respectively.

Note 2: "PP Properties" are assets that fall under the category of Prime Properties. For Prime Properties, please refer to page 46.

Note 3: "Acquisition Price" is the appraisal value as of April 30, 2018, the day before the effective date of the merger, for the assets succeeded from SHI. As for the assets held by SHR, the acquisition price is indicated. Amounts are rounded down to the nearest million yen.

Note 4: As "Investment Ratio" indicates the ratio of acquisition price of each asset to the total acquisition price of assets held, there is a case when the total of the investment ratio of residences, office building and hotel does not reach 100%.

Note 5: "Occupancy Rate" is indicated based on the information as of April 30, 2019. Therefore, "Akasaka Garden City", "Garden City Shinagawa Gotenyama (additional acquisition portion)", "Hommachi Minami Garden City (additional acquisition portion)", "Prime Maison Mitatsunamachi", "Prime Maison Hongo", "Prime Maison Kuramae" and "Esty Maison Yokohama-aobadai North", which are assets acquired in 10th FP by the 4th PO, are not included.

Note 6: "Esty Maison Kohoku Tsunashima" comprises three buildings (East, West, and Annex), and the "completion dates" are March 2002, October 2002, and September 2002, respectively.

Note 7: Data on "Hommachi Garden City" is stated as if the office building portion and hotel portion are separate buildings according to the use of each portion, and when calculating the total number of properties, the property is treated as one property. Therefore, items in the total column of "Number of Properties" and "Number of PP Properties" in the Overview of Portfolio differ from the total for each item.

Note 8: As for "Akasaka Garden City" and "The Ritz-Carlton, Kyoto", all figures other than "Occupancy rate" and "Completion Date" reflect quasi-co-ownership interests which are owned by SHR.

Note 9: "PP Ratio" in the Overview of Portfolio indicates the ratio based on acquisition price.

Note 10: "Average Building Age" in the Overview of Portfolio is stated as the weighted average calculated on the basis of the building age as of the date of this document based on the acquisition price.

# Portfolio Development Policy

## ■ Portfolio Development Policy by Use

Build a portfolio with “residences” as “the bases of living for residents” and “office buildings” as “the bases of operation for business”, as core assets.  
Promote investment in hotels for which continuous growth is expected.

Asset Category	Type	Examples of Specific Asset Types	Investment Ratio by Type (acquisition price basis)	As of the date of this document	Target of investment ratio by use at the time of achieving asset size of ¥600 billion <sup>1</sup>
Residential Properties	Core Assets Residence	Residences Student dormitories Company housing	30–55%	46.8%	Around 45%
	Office building	Office buildings Data centers	30–55%	46.5%	Around 45%
Commercial Properties	Hotel	Hotels Service apartments	0–30%	6.6%	Around 10%
	Retail and other properties	Retail properties, Senior properties (Housing for the elderly with services, Fee-based homes for the aged, Daycare centers)	0–10%	0%	Around 0–10%

Note 1: Target of investment ratio in mid to long term. SHR does not guarantee or promise that these ratios will be realized, and actual ratios could drastically differ.

## ■ Investment Areas by Asset Category

Priority investment areas will be set in light of the characteristics of each asset category.  
Regarding investment in overseas real estate: investment in residences and commercial properties will be allowed, but we will maintain a cautious stance for now.

Asset Category	Priority Investment Area	Investment Ratio by Area (acquisition price basis)	As of the date of this document
Residential Properties	Greater Tokyo	70% or higher	77.3%
Commercial Properties	Three Major Metropolitan Areas (Greater Tokyo, Osaka Area, Nagoya Area)	80% or higher	100.0%

Note: Actual ratios may deviate from the above ratio temporarily in case of acquisition of properties meeting the investment criteria based on the growth strategy.

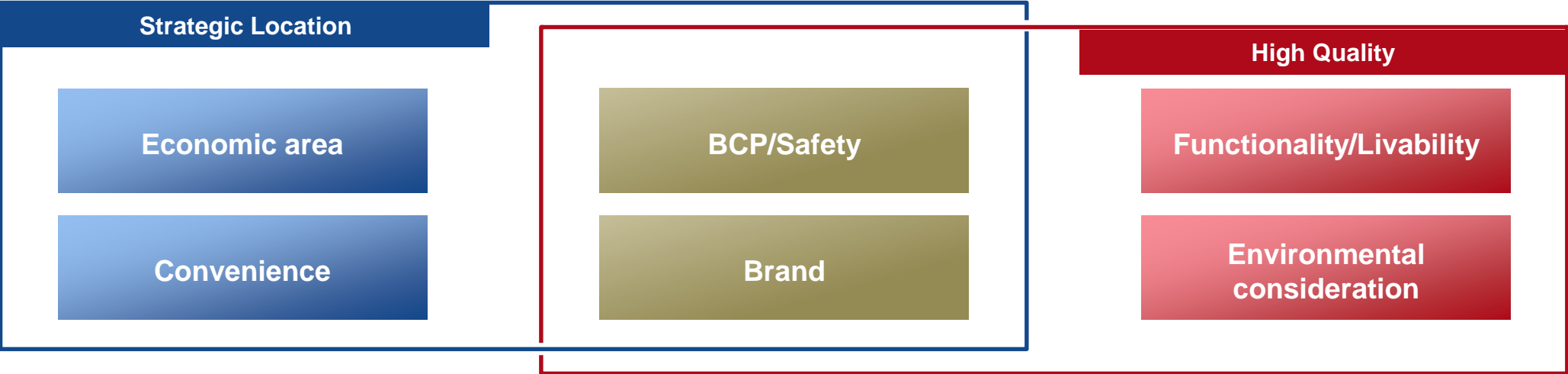
# Continuous Investment in Prime Properties

Priority investment in Prime Properties will be continued with the aim of enhancing the quality of the portfolio.

■ Prime Properties centered on “Strategic Location” and “High Quality”

	Strategic Location	High Quality
Residential Properties	Sites suited for “bases for sustainable living” for residents.	As residences, provide high-class fundamental functionality, such as comfort and safety, and give due consideration to the environment as a societal request to make comprehensive determinations regarding buildings suited to the neighborhoods and the like.
Commercial Properties	Sites suited for “sustainable bases of operation” of tenant companies.	In addition to the functionality sought by tenant companies, give consideration to the environment as a societal request and establish specifications suitable for BCP sites to make comprehensive determinations regarding buildings suited to the neighborhoods and the like.

■ Elements of “Strategic Locations” and “High Quality”





# Estimated Value at the End of Period (1)

■ Properties Owned as of the End of April 2019

Property No.	Property Name	Estimated Value at the End of Period (million yen)		Book Value (million yen)	Unrealized Capital Gain/Loss (million yen)	Direct Capitalization Rate (%)		Discount Rate (%)		Terminal Capitalization Rate (%)		Appraisal NOI (million yen)
		As of Apr. 30, 2019	Difference from Previous Period			As of Apr. 30, 2019	Period on period	As of Apr. 30, 2019	Period on period	As of Apr. 30, 2019	Period on period	
R-001	Esty Maison Ginza	6,870	170	6,514	355	3.8	(0.1)	4.0	(0.1)	4.0	(0.1)	273
R-002	Esty Maison Azabunagasaka	1,880	40	1,779	100	3.9	(0.1)	4.0	(0.1)	4.1	(0.1)	77
R-003	Esty Maison Ebisu II	2,120	30	2,031	88	3.9	(0.1)	4.0	(0.1)	4.1	(0.1)	88
R-004	Esty Maison Ebisu	880	(16)	869	10	3.8	(0.1)	3.9	(0.1)	4.0	(0.1)	36
R-005	Esty Maison Kanda	1,690	40	1,592	97	3.9	(0.1)	4.0	(0.1)	4.1	(0.1)	69
R-006	Esty Maison Kitashinjuku	1,650	20	1,573	76	4.1	(0.1)	4.1	(0.1)	4.3	(0.1)	70
R-007	Esty Maison Asakusakomagata	2,300	60	2,160	139	4.1	(0.1)	4.1	(0.1)	4.3	(0.1)	99
R-008	Esty Maison Kawasaki	2,600	70	2,516	83	4.2	(0.1)	4.2	(0.1)	4.4	(0.1)	115
R-009	Esty Maison Yokohama	2,070	(40)	2,084	(14)	4.5	-	4.2	(0.1)	4.6	(0.1)	99
R-010	Esty Maison Kameido	1,620	30	1,555	64	4.4	(0.1)	4.2	(0.1)	4.6	(0.1)	77
R-011	Esty Maison Meguro	1,110	30	1,093	16	4.0	(0.1)	3.8	(0.1)	4.2	(0.1)	47
R-012	Esty Maison Sugamo	1,690	30	1,618	71	4.0	(0.1)	3.8	(0.1)	4.2	(0.1)	72
R-013	Esty Maison Kyobashi	3,000	-	2,923	76	4.6	-	4.5	-	4.7	-	144
R-014	Esty Maison Hakuraku	952	20	918	33	4.5	(0.1)	4.3	(0.1)	4.7	(0.1)	46
R-015	Esty Maison Minamihorie	1,090	20	1,053	36	4.3	(0.1)	4.1	(0.1)	4.5	(0.1)	51
R-016	Esty Maison Gotanda	3,200	70	3,085	114	4.3	(0.1)	4.0	(0.1)	4.5	(0.1)	143
R-017	Esty Maison Oisendaizaka	2,790	70	2,693	96	4.1	(0.1)	3.9	(0.1)	4.3	(0.1)	120
R-018	Esty Maison Shinagawa Seaside	2,120	40	2,033	86	4.0	(0.1)	3.8	(0.1)	4.2	(0.1)	94
R-019	Esty Maison Minamiazabu	1,290	20	1,245	44	3.7	(0.1)	3.5	(0.1)	3.9	(0.1)	52
R-020	Esty Maison Tsukamoto	1,100	20	1,063	36	4.8	(0.1)	4.6	(0.1)	5.0	(0.1)	56
R-021	Esty Maison Kawasaki II	2,000	50	1,983	16	4.2	(0.1)	4.0	(0.1)	4.4	(0.1)	93
R-022	Esty Maison Azabujuban	2,820	70	2,730	89	3.7	(0.1)	3.5	(0.1)	3.9	(0.1)	108
R-023	Esty Maison Itabashihoncho	971	16	924	46	4.1	(0.1)	3.9	(0.1)	4.3	(0.1)	43
R-024	Esty Maison Oizumigakuen	818	13	782	35	4.2	(0.1)	4.0	(0.1)	4.4	(0.1)	38
R-025	Esty Maison Higashishinagawa	2,380	50	2,356	23	4.3	(0.1)	4.1	(0.1)	4.5	(0.1)	110
R-026	Esty Maison Itabashikuyakushomae	2,620	30	2,513	106	4.1	(0.1)	3.9	(0.1)	4.3	(0.1)	116
R-027	Esty Maison Musashikoyama	1,100	40	1,040	59	4.1	(0.1)	3.9	(0.1)	4.3	(0.1)	48
R-028	Esty Maison Sendagi	730	19	692	37	4.1	(0.1)	3.9	(0.1)	4.3	(0.1)	32
R-029	Esty Maison Yotsuyasakamachi	2,190	50	2,081	108	4.0	(0.1)	3.8	(0.1)	4.2	(0.1)	91
R-030	Esty Maison Hakatahigashi	2,410	(10)	2,350	59	5.0	-	5.0	-	5.1	-	130
R-031	Esty Maison Kamigofuku	815	(1)	805	9	4.8	-	4.8	-	4.9	-	44
R-032	Esty Maison Sangenjaya	850	20	813	36	4.0	(0.1)	4.1	(0.1)	4.2	(0.1)	37
R-033	Prime Maison Musashinonomori	1,920	40	1,828	91	4.6	(0.1)	4.5	(0.1)	4.8	(0.1)	96
R-034	Prime Maison Higashisakura	1,570	40	1,479	90	4.6	(0.1)	4.5	(0.1)	4.8	(0.1)	77
R-035	Prime Maison Kayabakoen	835	16	852	(17)	4.8	(0.1)	4.7	(0.1)	5.0	(0.1)	43
R-036	Esty Maison Sangenjaya II	822	18	777	44	4.1	(0.1)	4.2	(0.1)	4.3	(0.1)	36
R-037	Esty Maison Itabashi C6	2,620	60	2,528	91	4.3	(0.1)	4.1	(0.1)	4.5	(0.1)	120
R-038	MAST Hakata	2,450	50	2,294	155	4.9	(0.1)	4.3	(0.1)	5.1	(0.1)	134
R-039	Esty Maison Kinshicho	1,300	30	1,241	58	4.1	(0.1)	3.9	(0.1)	4.3	(0.1)	57
R-040	Esty Maison Musashikoganei	1,930	60	1,777	152	4.2	(0.1)	4.3	(0.1)	4.4	(0.1)	85

Note: Notes regarding this page can be found on page 50.

# Estimated Value at the End of Period (2)

Property No.	Property Name	Estimated Value at the End of Period (million yen)		Book Value (million yen)	Unrealized Capital Gain/Loss (million yen)	Direct Capitalization Rate (%)		Discount Rate (%)		Terminal Capitalization Rate (%)		Appraisal NOI (million yen)
		As of Apr. 30, 2019	Difference from Previous Period			As of Apr. 30, 2019	Period on period	As of Apr. 30, 2019	Period on period	As of Apr. 30, 2019	Period on period	
R-041	Prime Maison Gokiso	1,980	30	1,919	60	4.6	(0.1)	4.6	(0.1)	4.8	(0.1)	97
R-042	Prime Maison Yuhigaoka	951	22	897	53	4.5	(0.1)	4.3	(0.1)	4.7	(0.1)	44
R-043	Prime Maison Kitatanabe	624	10	592	31	4.8	(0.1)	4.6	(0.1)	5.0	(0.1)	32
R-044	Prime Maison Momochihama	2,050	60	1,923	126	4.8	(0.1)	4.5	(0.1)	5.0	(0.1)	110
R-045	Esty Maison Akihabara	2,000	60	1,902	97	4.1	(0.1)	3.9	(0.1)	4.3	(0.1)	88
R-046	Esty Maison Sasazuka	3,420	80	3,418	1	4.1	(0.1)	3.9	(0.1)	4.3	(0.1)	146
R-047	Prime Maison Ginza East	6,510	150	6,188	321	3.9	(0.1)	3.7	(0.1)	4.1	(0.1)	265
R-048	Prime Maison Takami	1,070	20	1,044	25	4.4	(0.1)	4.5	(0.1)	4.6	(0.1)	51
R-049	Prime Maison Yadaminami	848	28	880	(32)	4.8	(0.1)	4.7	(0.1)	5.0	(0.1)	43
R-050	Prime Maison Teriha	1,260	20	1,234	25	5.0	(0.1)	4.8	(0.1)	5.2	(0.1)	74
R-051	Esty Maison Higashishirakabe	1,620	30	1,557	62	4.7	(0.1)	4.6	(0.1)	4.9	(0.1)	80
R-052	Esty Maison Sengoku	1,360	30	1,351	8	3.9	(0.1)	3.7	(0.1)	4.1	(0.1)	56
R-053	Esty Maison Daizawa	2,300	60	2,255	44	3.9	(0.1)	3.7	(0.1)	4.1	(0.1)	93
R-054	Esty Maison Togoshi	1,820	50	1,754	65	3.9	(0.1)	4.0	(0.1)	4.1	(0.1)	75
R-055	Esty Maison Nishitemma	1,660	10	1,660	(0)	4.4	(0.1)	4.5	(0.1)	4.6	(0.1)	78
R-056	Esty Maison Shirokanedai	2,470	70	2,388	81	4.0	(0.1)	3.8	(0.1)	4.2	(0.1)	104
R-057	Esty Maison Higashishinjuku	1,720	-	1,658	61	4.0	-	4.1	-	4.2	-	73
R-058	Esty Maison Motoazabu	1,580	30	1,530	49	3.7	(0.1)	3.8	(0.1)	3.9	(0.1)	61
R-059	Esty Maison Toritsudaigaku	853	2	854	(1)	3.9	-	4.0	-	4.1	-	35
R-060	Esty Maison Musashikoyama II	1,050	20	1,019	30	4.0	(0.1)	3.8	(0.1)	4.2	(0.1)	44
R-061	Esty Maison Nakano	1,860	50	1,853	6	4.0	(0.1)	3.8	(0.1)	4.2	(0.1)	79
R-062	Esty Maison Shinnakano	1,020	25	1,008	11	4.1	(0.1)	3.9	(0.1)	4.3	(0.1)	44
R-063	Esty Maison Nakanofujimicho	995	1	974	20	4.1	-	4.2	-	4.3	-	43
R-064	Esty Maison Tetsugakudo	1,180	40	1,146	33	4.1	(0.1)	3.9	(0.1)	4.3	(0.1)	51
R-065	Esty Maison Koenji	1,170	-	1,149	20	4.0	-	4.1	-	4.2	-	49
R-066	Esty Maison Oshiage	2,510	70	2,461	48	4.1	(0.1)	4.1	(0.1)	4.3	(0.1)	109
R-067	Esty Maison Akabane	3,320	80	3,244	75	4.2	(0.1)	4.0	(0.1)	4.4	(0.1)	148
R-068	Esty Maison Oji	1,700	80	1,629	70	4.2	(0.1)	4.0	(0.1)	4.4	(0.1)	75
R-069	Prime Maison Waseda	1,610	-	1,561	48	3.9	(0.1)	3.7	(0.1)	4.1	(0.1)	66
R-070	Prime Maison Hatchobori	1,490	-	1,440	49	3.9	(0.1)	3.7	(0.1)	4.1	(0.1)	60
R-071	Prime Maison Jimbocho	1,970	-	1,936	33	4.0	(0.1)	3.8	(0.1)	4.2	(0.1)	82
R-072	Prime Maison Gotenyama East	2,970	20	2,895	74	3.8	(0.1)	3.6	(0.1)	4.0	(0.1)	117
R-073	MAST LIFE Akihabara	555	4	551	3	4.2	(0.1)	4.0	(0.1)	4.4	(0.1)	26
R-074	Esty Maison Aoi	2,510	30	2,427	82	4.6	(0.1)	4.6	(0.1)	4.8	(0.1)	120
R-075	Esty Maison Yakuin	2,430	(40)	2,406	23	4.4	(0.1)	4.5	(0.1)	4.6	(0.1)	116
R-076	Esty Maison Kinshicho II	8,600	180	8,160	439	4.1	(0.1)	3.9	(0.1)	4.3	(0.1)	364
R-077	Esty Maison Ojima	8,810	20	8,537	272	4.1	(0.1)	3.9	(0.1)	4.3	(0.1)	379
R-078	Prime Maison Fujimidai	2,080	20	2,051	28	4.9	(0.1)	4.7	(0.1)	5.1	(0.1)	110
R-079	Esty Maison Tsurumai	4,540	50	4,679	(139)	4.9	(0.1)	4.7	(0.1)	5.1	(0.1)	238
R-080	Prime Maison Morishita	2,010	40	1,904	105	4.1	(0.1)	4.1	(0.1)	4.3	(0.1)	85

Note: Notes regarding this page can be found on page 50.

# Estimated Value at the End of Period (3)

Property No.	Property Name	Estimated Value at the End of Period (million yen)		Book Value (million yen)	Unrealized Capital Gain/Loss (million yen)	Direct Capitalization Rate (%)		Discount Rate (%)		Terminal Capitalization Rate (%)		Appraisal NOI (million yen)
		As of Apr. 30, 2019	Difference from Previous Period			As of Apr. 30, 2019	Period on period	As of Apr. 30, 2019	Period on period	As of Apr. 30, 2019	Period on period	
R-081	Prime Maison Shinagawa	2,020	50	1,940	79	4.1	△ 0.1	3.9	△ 0.1	4.3	△ 0.1	86
R-082	Prime Maison Odorikoen	3,220	20	3,135	84	4.8	-	4.6	-	5.0	-	162
R-083	Prime Maison Minami 2-jo	1,990	40	1,899	90	4.8	△ 0.1	4.6	△ 0.1	5.0	△ 0.1	101
R-084	Prime Maison Kamokamogawa	1,310	30	1,227	82	4.8	△ 0.1	4.6	△ 0.1	5.0	△ 0.1	66
R-085	Prime Maison Central Park	2,363	1	2,266	96	5.1	-	4.9	-	5.2	-	131
R-086	MAST LIFE Yahiro	1,950	40	1,884	65	4.4	△ 0.1	4.2	△ 0.1	4.6	△ 0.1	89
R-087	Prime Maison Ebisu	4,580	100	4,332	247	3.8	△ 0.1	3.6	△ 0.1	4.0	△ 0.1	179
R-088	Granmast Kanazawa Nishiizumi	1,060	-	1,061	△1	5.2	△ 0.1	5.0	△ 0.1	5.4	△ 0.1	58
R-089	Granmast Unomori	830	-	814	15	5.2	-	5.0	-	5.4	-	46
R-090	Esty Maison Kohoku Tsunashima	2,877	63	2,732	144	4.5	△ 0.1	4.3	△ 0.1	4.7	△ 0.1	140
R-091	MAST LIFE Hino	1,410	-	1,366	43	4.7	-	4.5	-	4.8	-	69
R-092	Prime Maison Yokohama Nihon-odori	4,880	-	4,805	74	4.2	-	4.0	-	4.4	-	212
R-093	Kobe Women's Student Housing	5,990	110	5,716	273	5.1	△ 0.1	4.9	△ 0.1	5.3	△ 0.1	325
R-094	Prime Maison Shibuya	2,540	60	2,417	122	3.8	△ 0.1	3.6	△ 0.1	4.0	△ 0.1	99
R-095	Prime Maison Hatsudai	3,120	50	2,984	135	3.9	△ 0.1	3.7	△ 0.1	4.1	△ 0.1	125
R-096	Esty Maison Uemachidai	1,060	10	1,088	△28	4.4	△ 0.1	4.1	△ 0.1	4.6	△ 0.1	50
R-097	Esty Maison Kobe-sannomiya	977	6	957	19	4.6	△ 0.1	4.4	△ 0.1	4.8	△ 0.1	50
R-098	Prime Maison Shirokane-takanawa	5,120	110	4,869	250	3.8	△ 0.1	3.6	△ 0.1	4.0	△ 0.1	201
R-099	Prime Maison Ichigayayamabushicho	4,250	-	4,189	60	4.0	-	3.8	-	4.2	-	177
R-100	Esty Maison Morishita	672	14	648	23	4.2	△ 0.1	4.0	△ 0.1	4.4	△ 0.1	28
R-101	Prime Maison Shirokanedai Tower	9,240	290	8,049	1,190	3.8	△ 0.1	3.9	△ 0.1	4.0	△ 0.1	360
R-102	Prime Maison Otsuka	4,200	110	3,760	439	4.0	△ 0.1	4.1	△ 0.1	4.2	△ 0.1	173
R-103	Prime Maison Asakusabashi	1,900	40	1,706	193	4.0	△ 0.1	4.1	△ 0.1	4.2	△ 0.1	78
R-104	Prime Maison Daikanyama	2,880	30	2,553	326	3.8	△ 0.1	3.9	△ 0.1	4.0	△ 0.1	112
R-105	Prime Maison Gotenyama West	3,950	100	3,449	500	3.8	△ 0.1	3.9	△ 0.1	4.0	△ 0.1	155
R-106	Esty Maison Toyosu Residence	6,560	50	6,150	409	-	-	4.3	△ 0.1	-	-	336
R-107	Esty Maison Kokura	1,050	-	1,097	△47	5.0	-	4.8	-	5.1	-	56
R-108	MAST Ijiri	409	-	405	3	4.7	-	4.5	-	4.9	-	21
	Residence Subtotal	248,057	4,161	237,829	10,227	-	-	-	-	-	-	11,108
O-001	Garden City Shinagawa Gotenyama	71,200	△200	58,512	12,687	3.3	-	3.0	-	3.5	-	2,430
O-002	Gotenyama SH Building	61,900	1,800	50,303	11,596	3.3	△ 0.1	3.3	△ 0.1	3.5	△ 0.1	2,064
O-003	Hommachi Minami Garden City	30,300	400	22,168	8,131	3.6	-	3.3	-	3.8	-	1,131
O-004	Hommachi Garden City (Office building portion)	44,700	-	37,322	7,377	3.5	-	3.3	-	3.7	-	1,594
O-005	HK Yodoyabashi Garden Avenue	5,930	180	4,324	1,605	3.8	△ 0.1	3.8	△ 0.1	3.9	△ 0.1	237
O-006	Hirokoji Garden Avenue	7,170	10	6,267	902	4.2	-	4.0	-	4.4	-	309
	Office Building Subtotal	221,200	2,190	178,899	42,300	-	-	-	-	-	-	7,767
H-001	Hommachi Garden City (Hotel portion)	17,800	100	17,082	717	3.7	△ 0.1	3.5	△ 0.1	3.9	△ 0.1	678
H-002	The Ritz-Carlton, Kyoto	18,520	-	17,971	548	3.3	-	3.1	-	3.5	-	711
	Hotel Subtotal	36,320	100	35,053	1,266	-	-	-	-	-	-	1,389
	Portfolio Total	505,577	6,451	451,782	53,794	-	-	-	-	-	-	20,265

Note: Notes regarding this page can be found on page 50.

# Estimated Value at the End of Period (4)

- Note 1: Amounts of less than one million yen are rounded down.
- Note 2: "Estimated Value at the end of Period," "Direct Capitalization Rate," "Discount Rate," "Terminal Capitalization Rate" and "Appraisal NOI" for each period ended in April are the amount recorded in appraisal reports as of the end of the relevant period, while for each period ended in October are the amount recorded in appraisal reports as of the end of the relevant period or the results of appraisal reports that do not conform to real estate appraisal standards. "Book Value" indicates the amount recorded on the balance sheets as of April 30, 2019.
- Note 3: A fixed-rent type master lease agreement has been concluded with Sekiwa Real Estate Kyushu, Ltd. with regard to "Prime Maison Momochihama". While discount rates differ based on the agreement period, for the sake of convenience, the above chart shows the discount rates until the expiry of the agreement.
- Note 4: A fixed-rent type master lease agreement has been concluded with Sekiwa Real Estate Chubu, Ltd. with regard to "Esty Maison Higashishirakabe". While discount rates differ based on the agreement period, for the sake of convenience, the above chart shows the discount rates until the expiry of the agreement.
- Note 5: Part of the land of "Prime Maison Central Park" (Lot: 23-32) is leased land and the income approach value for the leased land is calculated through the DCF method, thus no "Direct Capitalization Rate" or "Terminal Capitalization Rate" for the leased land are established. Therefore, the above "Direct Capitalization Rate," "Discount Rate" and "Terminal Capitalization Rate" only indicate those for the residential portion. Moreover, as mentioned above, because the DCF method is used to calculate the income approach value for the leased land, the above "Estimated Value at the end of Period" is the result of adding the income approach value of the residential portion and the income approach value of the leased land portion calculated through the DCF method, and the above "Appraisal NOI" is the result of adding the appraisal NOI of the residential portion with the appraisal NOI of the first fiscal year of the leased land portion calculated through the DCF method.
- Note 6: "Esty Maison Kohoku Tsunashima" comprises three buildings (East, West and Annex), and the "Estimated Value at the end of Period" and "Appraisal NOI" are the total value of each building.
- Note 7: As for "Esty Maison Toyosu Residence", the capitalization method over a definite term is adopted as the right to use the land is a fixed-term land leasehold and thus the income period is limited. Therefore, no "Direct Capitalization Rate" or "Terminal Capitalization Rate" are established. For the sake of convenience, the above chart shows the discount rates until the expiry of the agreements.
- Note 8: As for "The Ritz-Carlton, Kyoto", "Estimated Value at the End of Period", "Book Value", "Unrealized Capital Gain/Loss" and "Appraisal NOI" reflect a ratio of quasi-co-ownership interest which SHR owns.
- Note 9: In calculating "Difference from Previous Period" and "Period on Period," the comparison between the figures as of October 31, 2018 and those as of April 30, 2019 is indicated. Residence Subtotal, Office Building Subtotal, Hotel Subtotal, and Portfolio Total indicate the aggregate amount of changes of properties owned at each point in time.

# Overview of Interest-Bearing Liabilities (1)

## Loans

➤ Short-term loans payable As of the date of this document

Lender	Balance (million yen)	Interest Rate	Drawdown Date	Repayment Date	Remarks
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	6,500	Base Rate (JBA 1-month JPY TIBOR) +0.17000%	Feb. 28, 2019	Feb. 28, 2020	Unsecured and Unguaranteed
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	31,160	Base Rate (JBA 1-month JPY TIBOR) +0.17000%	Jun. 10, 2019	May 29, 2020	

➤ Current portion of long-term loans payable

Lender	Balance (million yen)	Interest Rate	Drawdown Date	Repayment Date	Remarks
MUFG Bank, Ltd., Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited.	5,242	1.02225% <sup>2</sup>	Feb. 28, 2013	Feb. 28, 2020	Unsecured and Unguaranteed
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	1,550	0.79614% <sup>2</sup>	Feb. 28, 2014	Feb. 28, 2020	
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	14,000	0.65830% <sup>2</sup>	Dec. 3, 2014	Nov. 30, 2019	

➤ Long-term loans payable

Lender	Balance (million yen)	Interest Rate	Drawdown Date	Repayment Date	Remarks
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., Aozora Bank, Ltd.	5,500	1.17200% <sup>2</sup>	Aug. 30, 2013	Aug. 31, 2020	Unsecured and Unguaranteed
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited	1,800	1.17350% <sup>2</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., The Senshu Ikeda Bank, Ltd., The Yamaguchi Bank, Ltd.	3,900	0.95225% <sup>2</sup>	Feb. 28, 2014	Feb. 26, 2021	
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>2</sup>	Feb. 28, 2014	Feb. 28, 2022	
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Bank of Fukuoka, Ltd., Shinkin Central Bank, The Shizuoka Bank, Ltd.	2,100	0.97300% <sup>2</sup>	Mar. 28, 2014	Feb. 26, 2021	
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	4,400	0.83600% <sup>2</sup>	Aug. 29, 2014	Aug. 31, 2021	
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	5,400	0.96475% <sup>2</sup>	Aug. 29, 2014	Aug. 31, 2022	
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>2</sup>	Dec. 3, 2014	Nov. 30, 2021	
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>2</sup>	Dec. 3, 2014	Nov. 30, 2024	
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>2</sup>	Feb. 27, 2015	Feb. 26, 2021	
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>2</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>2</sup>	Feb. 27, 2015	Feb. 28, 2023	

Note: Notes regarding this page can be found on page 54.



# Overview of Interest-Bearing Liabilities (2)

Lender	Balance (million yen)	Interest Rate	Drawdown Date	Repayment Date	Remarks
MUFG Bank, Ltd.	1,650	0.61760%	Jul. 31, 2015	Nov. 30, 2020	Unsecured and Unguaranteed
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	5,350	0.62760% <sup>2</sup>	Jul. 31, 2015	Nov. 30, 2020	
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>2</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>2</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>2</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>2</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	
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	4,050	Base Rate (JBA 1-month JPY TIBOR) +0.22500%	Sep. 9, 2016	Nov. 30, 2020	
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	
Sumitomo Mitsui Banking Corporation	1,600	0.31000%	Feb. 28, 2017	Aug. 31, 2020	
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	
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	
MUFG Bank, Ltd.	990	0.37000%	Aug. 31, 2017	Nov. 30, 2023	
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	

Note: Notes regarding this page can be found on page 54.

# Overview of Interest-Bearing Liabilities (3)

Lender	Balance (million yen)	Interest Rate	Drawdown Date	Repayment Date	Remarks
MUFG Bank, Ltd.	750	0.32000%	Nov. 30, 2017	Jul. 13, 2022	Unsecured and Unguaranteed
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>2</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>2</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>2</sup>	May 31, 2018	Aug. 31, 2027	
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	
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>2</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>2</sup>	Feb. 28, 2019	Feb. 26, 2027	
MUFG Bank, Ltd.	500	0.29900%	Mar. 19, 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>2</sup>	Mar. 19, 2019	May 31, 2023	
MUFG Bank, Ltd.	1,000	0.39580%	Mar. 19, 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>2</sup>	Mar. 19, 2019	Aug. 30, 2024	
Shinkin Central Bank	200	0.41388%	Mar. 19, 2019	Aug. 31, 2026	
MUFG Bank, Ltd.	1,000	0.55600%	Mar. 19, 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>2</sup>	Mar. 19, 2019	Aug. 31, 2026	
MUFG Bank, Ltd.	1,400	0.68500%	Mar. 19, 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>2</sup>	Mar. 19, 2019	Feb. 29, 2028	
<b>Total Loans</b>	<b>233,092</b>	-	-	-	-

Note: Notes regarding this page can be found on page 54.

# Overview of Interest-Bearing Liabilities (4)

## ■ Investment Corporation Bonds

> Current portion of investment corporation bonds As of the date of this document

Name	Issue Amount (million yen)	Interest Rate	Issue Date	Redemption Date	Remarks
Sekisui House Residential Investment Corporation Second Series Unsecured Investment Corporation Bonds (with a clause that ranks them pari passu among specified investment corporation bonds)	2,000	1.00000%	Feb. 28, 2013	Feb. 28, 2020	Unsecured and Unguaranteed

> Investment corporation bonds with repayment period date exceeding one year

Name	Issue Amount (million yen)	Interest Rate	Issue Date	Redemption Date	Remarks
Sekisui House Residential Investment Corporation Fourth Series Unsecured Investment Corporation Bonds (with a clause that ranks them pari passu among specified investment corporation bonds)	3,000	1.06900%	Feb. 28, 2014	Feb. 28, 2024	Unsecured and Unguaranteed
Sekisui House Residential Investment Corporation Fifth Series Unsecured Investment Corporation Bonds (with a clause that ranks them pari passu 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 a clause that ranks them pari passu 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 a clause that ranks them pari passu among specified investment corporation bonds)	3,000	0.24000%	Jul. 13, 2017	Jul. 13, 2022	
<b>Total Investment Corporation Bonds</b>	<b>13,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Interest-Bearing Liabilities</b>	<b>246,092 million yen</b>				

## ■ Debt Balance by Financial Institution

As of the date of this document

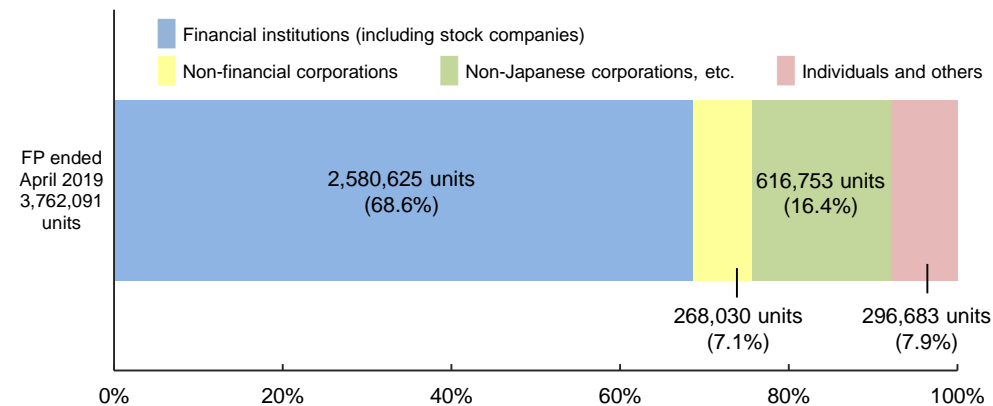
Financial institutions	Balance (million yen)	Ratio
MUFG Bank, Ltd.	60,952	26.1%
Mizuho Bank, Ltd.	49,472	21.2%
Sumitomo Mitsui Banking Corporation	46,225	19.8%
Sumitomo Mitsui Trust Bank, Limited	17,810	7.6%
Mizuho Trust & Banking Co., Ltd.	13,620	5.8%
Resona Bank, Limited.	11,450	4.9%
Development Bank of Japan Inc.	10,481	4.5%
The Norinchukin Bank	9,782	4.2%
The Bank of Fukuoka, Ltd.	2,700	1.2%
Shinkin Central Bank	1,800	0.8%
Aozora Bank, Ltd.	1,700	0.7%
The Senshu Ikeda Bank, Ltd.	1,500	0.6%
The 77 Bank, Ltd.	1,500	0.6%
The Yamaguchi Bank, Ltd.	1,500	0.6%
The Shizuoka Bank, Ltd.	1,300	0.6%
The Hiroshima Bank, Ltd.	1,300	0.6%
<b>Total Loans</b>	<b>233,092</b>	<b>100.0%</b>

Note 1: Amounts of less than one million yen are rounded down.  
 Note 2: Interest rate swap agreements are concluded in order to avoid the risk of rising interest rates, and the interest rates indicated are the rates fixed with the interest rate swap agreements.

# Unitholders Composition

■ Number of Investment Units by Unitholder Type

Unitholder type	FP ended October 2018		FP ended April 2019		Change	
	Investment Units (units)	Ratio (%)	Investment Units (units)	Ratio (%)	Investment Units (units)	(pt.)
Individuals and others	330,586	8.8	296,683	7.9	(33,903)	(0.9)
Financial institutions	2,580,497	68.6	2,458,934	65.4	(121,563)	(3.2)
City banks	-	-	-	-	-	-
Regional banks	397,800	10.6	374,349	10.0	(23,451)	(0.6)
Trust banks	1,929,995	51.3	1,824,616	48.5	(105,379)	(2.8)
Life insurers	38,920	1.0	46,219	1.2	7,299	0.2
Casualty insurers	27,492	0.7	24,646	0.7	(2,846)	-
Shinkin banks	109,153	2.9	104,758	2.8	(4,395)	(0.1)
Others	77,137	2.1	84,346	2.2	7,209	0.1
Non-financial corporations	280,219	7.4	268,030	7.1	(12,189)	(0.3)
Non-Japanese corporations, etc.	517,580	13.8	616,753	16.4	99,173	2.6
Securities companies	53,209	1.4	121,691	3.2	68,482	1.8
<b>Total</b>	<b>3,762,091</b>	<b>100.0</b>	<b>3,762,091</b>	<b>100.0</b>	<b>-</b>	<b>-</b>



■ Number of Unitholders by Unitholder Type

Unitholder type	FP ended October 2018		FP ended April 2019		Change	
	Unitholders	Ratio (%)	Unitholders	Ratio (%)	Unitholders	(pt.)
Individuals and others	19,533	96.3	17,977	95.9	(1,556)	(0.4)
Financial institutions	190	0.9	184	1.0	(6)	0.1
City banks	-	-	-	-	-	-
Regional banks	48	0.2	45	0.2	(3)	-
Trust banks	10	0.0	11	0.1	1	0.1
Life insurers	7	0.0	7	0.0	-	-
Casualty insurers	4	0.0	2	0.0	(2)	-
Shinkin banks	67	0.3	66	0.4	(1)	0.1
Others	54	0.3	53	0.3	(1)	-
Non-financial corporations	357	1.8	339	1.8	(18)	-
Non-Japanese corporations, etc.	194	1.0	210	1.1	16	0.1
Securities companies	19	0.1	26	0.1	7	-
<b>Total</b>	<b>20,293</b>	<b>100.0</b>	<b>18,736</b>	<b>100.0</b>	<b>(1,557)</b>	<b>-</b>

■ As of the End of the Fiscal Period Ended April 2019 - Top 5 Unitholders

Company Name	Number of Investment Units Owned	Ratio
Japan Trustee Services Bank, Ltd. (Trust Account)	955,225 units	25.4%
The Master Trust Bank of Japan, Ltd. (Trust Account)	556,487 units	14.8%
Sekisui House, Ltd.	194,750 units	5.2%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	142,384 units	3.8%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	75,523 units	2.0%

# Changes in Unit Price (December 3, 2014 – June 14, 2019)



Source: Tokyo Stock Exchange

Note 1: As a two-for-one split of investment units was implemented on May 1, 2018, investment units have been traded at one-second (the ex-rights) unit price on and after April 25, 2018. In consideration of the impact of the split, the above graph is based on actual figures of "Investment Unit Price" for April 24, 2018 and earlier being divided by two and actual figures of "Trading Volume" for April 24, 2018 being multiplied by two.

Note 2: For easier comparison with change in price of SHR, change in TSE REIT Index is converted by setting the closing price of TSE REIT Index on SHR's listing date (December 3, 2014) as 66,000 yen, which is an amount obtained after applying adjustment for the two-for-one split to the closing price of regular trading of SHR investment unit as of the same day. "TSE REIT Index" refers to the weighted average-type index of market capitalization of all REIT counters.



# Overview of Asset Management Company

## Overview of Asset Management Company

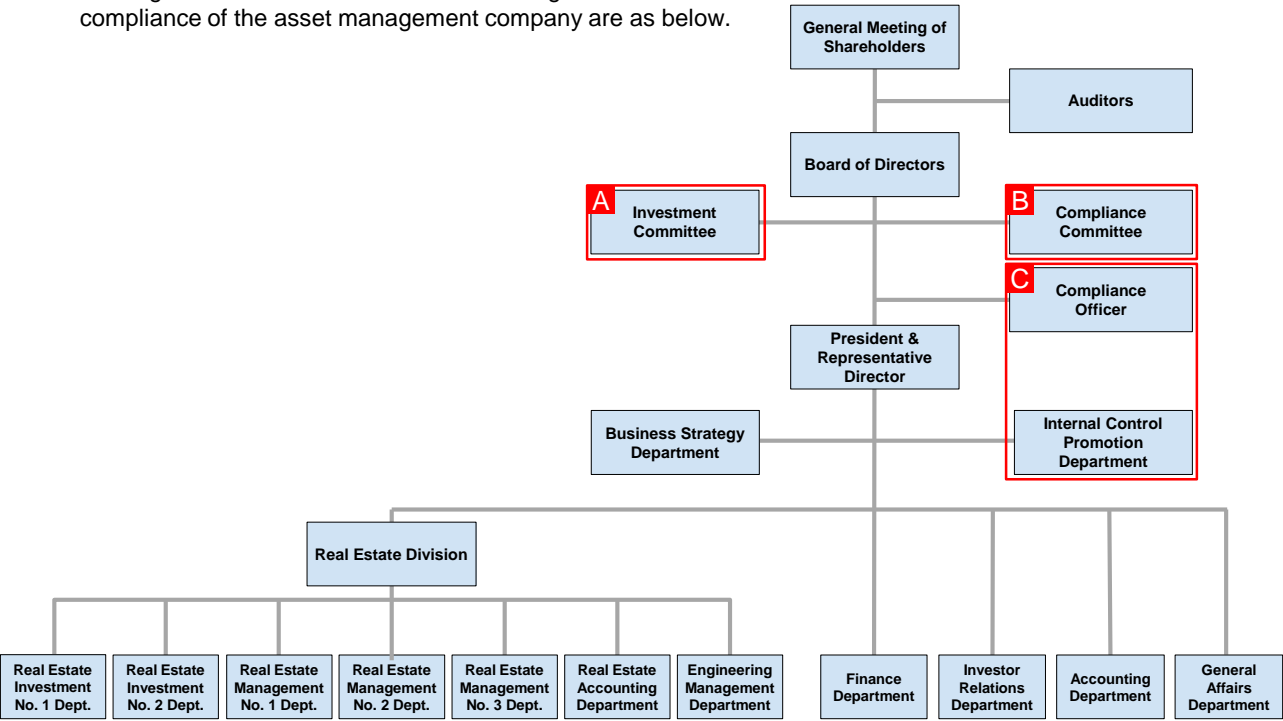


President &  
Representative Director  
Junichi Inoue

Corporate name	Sekisui House Asset Management, Ltd.
Head office	4-15-1 Akasaka, Minato-ku, Tokyo
Capital	400 million yen
Number of Employees	56 (As of the date of this document)
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)	Total assets × 0.15%
Management Fee II (linked to performance)	(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** An organ that deliberates and makes decisions on matters related to management policy and other asset management issues

**Investment committee**  
It is comprised of the President & Representative Director (committee head) and all full-time Directors including the Compliance Officer, who has the status as a Director, General Manager of Real Estate Division, Chief Manager of Financial Department, Chief Manager of Investor Relations Department, Chief Manager of Accounting Department, and Chief Manager of General Affairs Department and external committee members<sup>1</sup>. 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** An organ that deliberates and makes decisions on matters related to compliance in asset management

**Compliance committee**  
It is comprised of the Compliance Officer (chairman) and all full-time Directors including the President & Representative Director, in addition to the external committee members<sup>2</sup>. 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 in addition to the integration of the operations of Internal Control Promotion Department. 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, work related to monitoring the status of legislation and regulations, and work related to internal auditing.

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Asset Management Company: Sekisui House Asset Management, Ltd.

Registered by the Director of Kanto Local Finance Bureau, as a Financial Instruments Business Operator Registration (Kinsho) No. 2791.  
Member of the Investment Trusts Association, Japan

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**SEKISUI HOUSE REIT, INC.**