

Fiscal Results Briefing
7th Fiscal Period Ended April 30, 2018

June 15, 2018

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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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Executive summary

1 Creation of a diversified REIT having residential properties and office buildings planned and developed by Sekisui House as its core assets

- On May 1, 2018, marked completion of merger between Sekisui House Reit, Inc. (SHR) and Sekisui House Residential Investment Corporation (SHI)
- The scale of assets has increased to JPY 440.8 billion through asset replacement implemented simultaneously with the merger by acquiring properties from the sponsor
- After announcing the merger, Japan Credit Rating Agency, Ltd. (JCR) changed credit rating outlooks from AA- (Stable) ⇒ AA- (Positive)

2 Increased distribution per unit

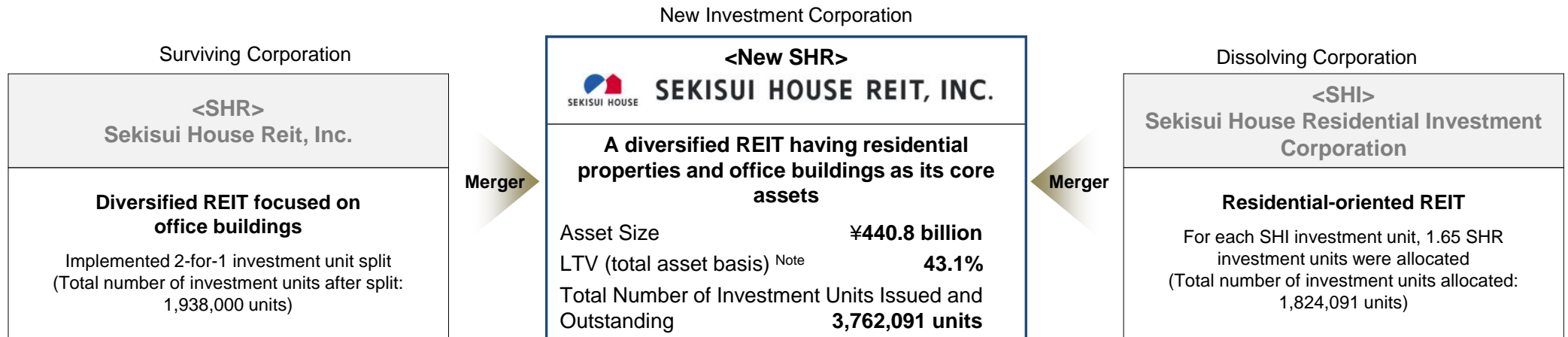
- SHR's distribution per unit for the fiscal period ended April 30, 2018 (the 7th fiscal period) and SHI's merger consideration per unit for the fiscal period ended April 30, 2018 (the 25th fiscal period), its final fiscal period, both resulted above the forecast respectively announced
- Distribution per unit of the New SHR after the merger for the fiscal period ending October 31, 2018 (the 8th fiscal period) and the fiscal period ending April 30, 2019 (the 9th fiscal period) have been revised upward to JPY 1,531 and JPY 1,526 respectively

3 Future growth strategy aiming further improvement in unitholder value

- Aim for the asset scale of JPY 600 billion through external growth strategy that focuses on pipeline with Sekisui House Group
- Continue operations that emphasize stability of income by developing a high-quality portfolio through priority investment in prime properties
- Aim to enhance liquidity of investment units, valuation and credit rating with maintaining financial stability

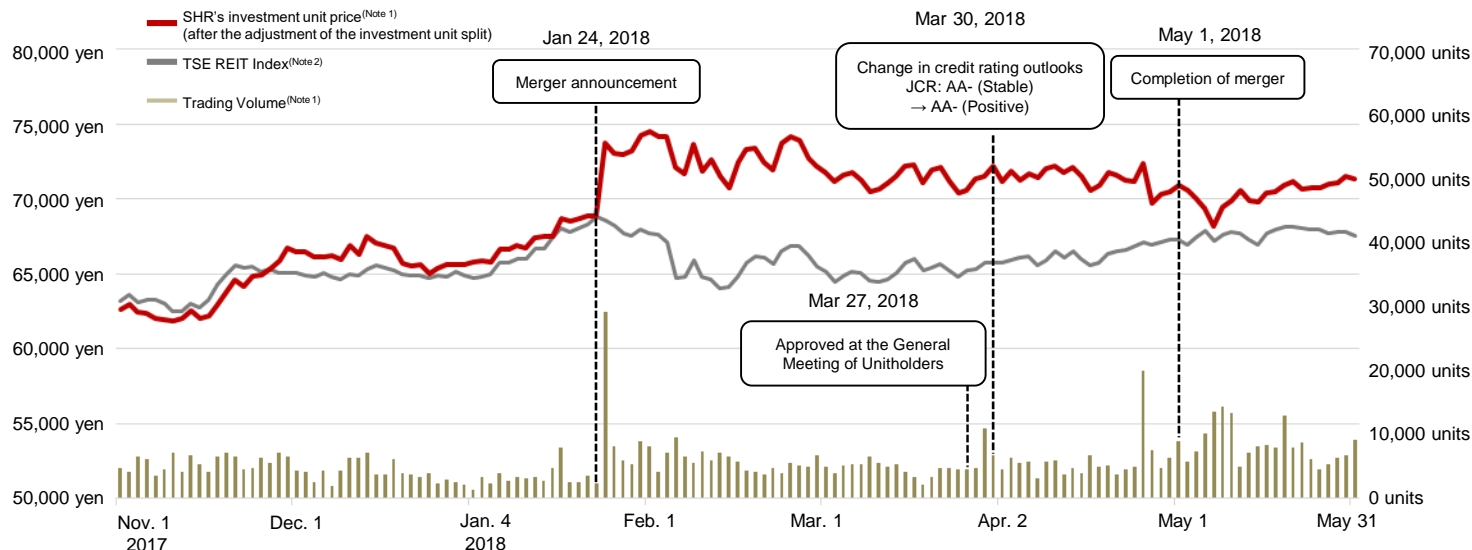
Overview of the Merger

On May 1, 2018, marked completion of merger and turned into a highly stable diversified REIT having high quality residential properties and office buildings as its core assets



Note: LTV (total asset basis) = total amount of interest-bearing liabilities / total amount of assets (expected amount after the asset replacement on May 1, 2018) × 100

Change in SHR's Investment Unit Prices and Volume (November 1, 2017 – May 31, 2018)



Status of SHR's investment unit performance

Jan. 24, 2018 (Merger announcement) to May 31, 2018 (After completion of merger)

Investment unit price

Increased 3.7% after announcing the merger
[Outperformed TSE REIT index by 5.7%]

Sales price per day
(Note 3)

Increased 40.9%

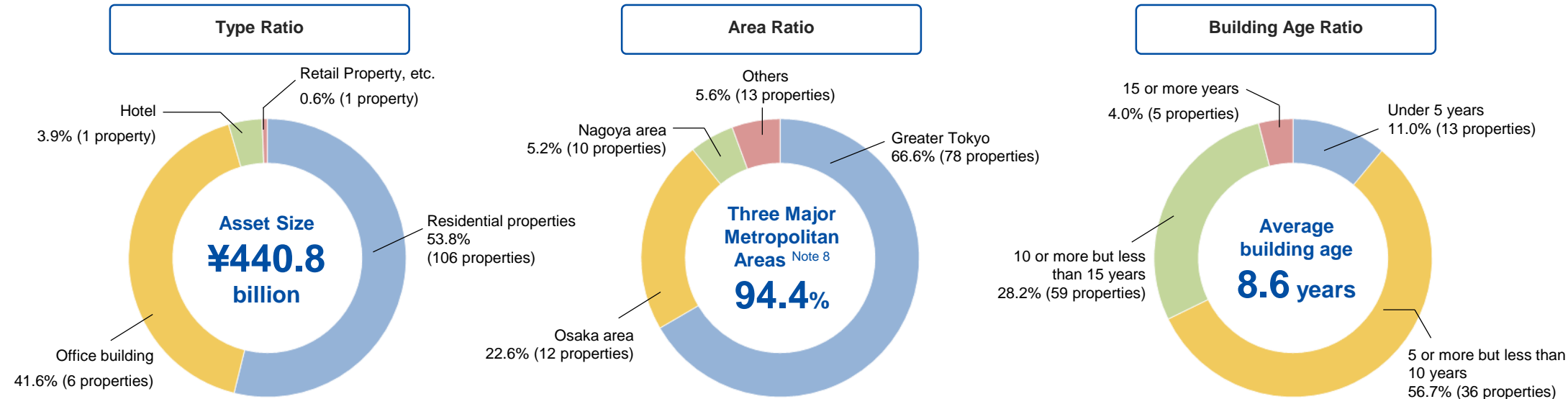
Note 1: As a two-for-one split of investment units was implemented on May 1, 2018, investment units have been traded at halved (the ex-rights) unit price on and after April 25, 2018. In consideration of the impact of the split, the above graph is based on actual figures of "Investment Unit Price" before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

Note 2: Change in TSE REIT Index is indicated after converting the closing price of TSE REIT Index on January 24, 2018 to JPY68,850, the amount gained after adjusting the two-for-one split to the closing price of the investment unit of SHR in a regular trading session in order to make it easier to compare with the SHR's Investment Unit Prices.

Note 3: The sales price per day is indicating increase rate for the sales price of the investment unit of SHR in a regular trading session based on comparison of average amount per day in April 2018 and May 2018.

Outline of Portfolio after the Merger

		SHR ^{Note 1}	SHI ^{Note 1}	Acquired properties	Sold properties	New SHR ^{Note 2} (after the merger)	
Portfolio	Asset size	¥200.7 billion	¥206.9 billion	¥25.3 billion	¥16.4 billion	¥440.8 billion	
	Number of properties	6 properties	113 properties	6 properties	12 properties	113 properties	
	NOI yield	Based on actual results of the latest fiscal period	Based on actual results of the latest fiscal period	Based on appraised NOI	Based on actual results of the latest fiscal period	Based on forecasts for the 8th fiscal period	
	Acquisition price basis	Before depreciation	4.2%	5.1%	4.8% ^{Note 3}	4.4% ^{Note 4, Note5}	4.4% ^{Note 6}
		After depreciation	3.4%	3.6%	3.7% ^{Note 3}	2.7% ^{Note 4, Note5}	3.4% ^{Note 6}
Average building age ^{Note 7}		7.3 years	10.7 years	4.5 years	14.1 years ^{Note 5}	8.6 years	



Note 1: For both SHR and SHI, data is based on settlement figures for the fiscal period ended April 30, 2018 and other information as of the end of that fiscal period.

Note 2: Figures based on the asset size as of the date of this document which reflect acquisition of 6 properties and sales of 12 properties completed on May 1, 2018 are indicated.

Note 3: Yield based on appraised NOI stated in appraisal reports for the acquired properties is stated (here and hereinafter). Projected depreciation for the acquired properties is used for the calculation of NOI yield after depreciation.

Note 4: Yield calculated on the basis of annualized actual NOI amounts of SHI for the fiscal period ended April 30, 2018 is stated (here and hereinafter). Actual depreciation for the same period is used for calculating NOI yield after depreciation.

Note 5: Calculated on the basis of the SHI acquisition prices.

Note 6: Calculated on the basis of the forecasts for the fiscal period ending October 31, 2018 (here and hereinafter).

Note 7: Weighted average of building age calculated on the basis of the building age as of May 1, 2018, the date of merger completion, and the acquisition price is stated respectively (here and hereinafter).

Note 8: The “Three Major Metropolitan Areas” are Greater Tokyo, Osaka Area and Nagoya Area (here and hereinafter). The “Greater Tokyo” includes Tokyo, Kanagawa Prefecture, Chiba Prefecture, and Saitama Prefecture; the “Osaka Area” includes Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture, and Nara Prefecture; and the “Nagoya Area” includes Aichi Prefecture (here and hereinafter).

Note 9: As for Hommachi Garden City, Type ratio is stated as if the respective building under sectional ownership of office building portion and hotel portion were separate buildings according to the uses of each portion, and when calculating the area ratio and building age ratio the property is treated as one property.

Residential Properties (Residence) Portfolio

Asset size and number of properties

Total acquisition price: **¥237.3** billion in **106** properties

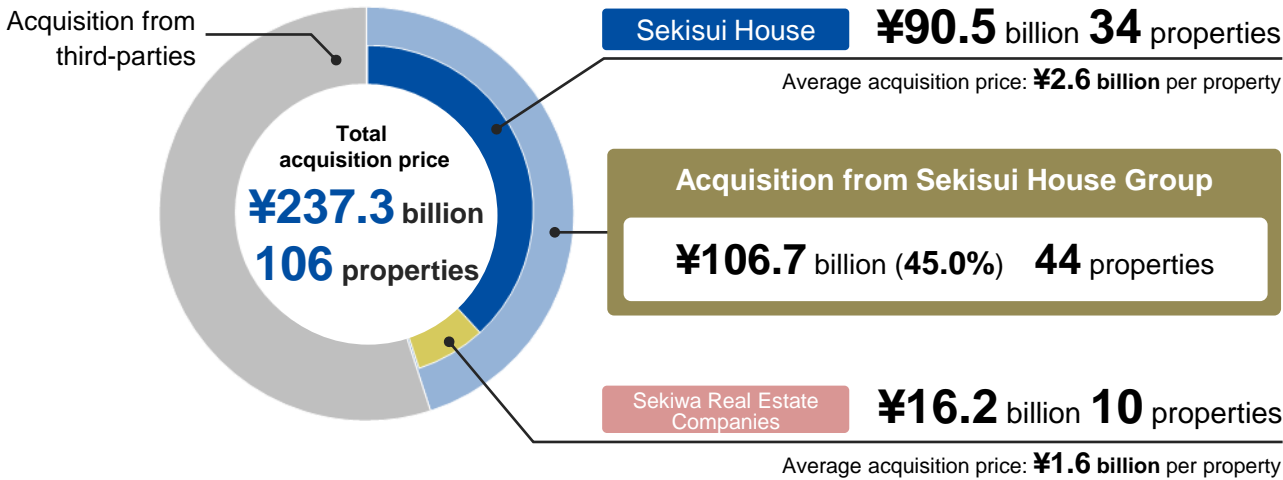
Average acquisition price
¥2.2 billion per property

Forecast NOI yield

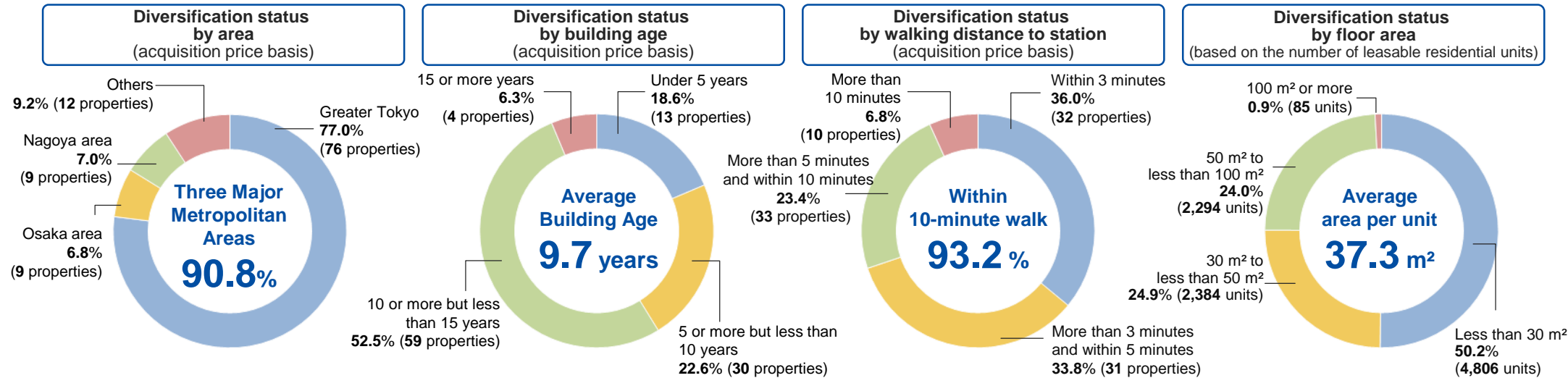
Before depreciation **4.6** %
After depreciation **3.4** %
(Based on forecast of 8th FP)

Ratio of prime properties Note 1
81.6 %
(80 properties)

Ratio of acquisition from Sekisui House Group



Diversification Status of Portfolio



Note 1: Ratio of prime properties is the ratio of properties that fall under prime properties within the owned assets calculated based on acquisition price and indicated by rounding to the first decimal place (here and hereinafter). Prime properties is the title given to high-quality residential properties and commercial properties standing in strategic locations (here and hereinafter). Please refer to page 28 for "strategic location," "high-quality" and "prime properties".

Note 2: Ratios of diversification status above are indicated by rounding to the first decimal place. Accordingly, ratio totals may not add up to 100%.

Commercial Properties (Office building, Hotel, Retail property, etc.) Portfolio

Asset size and number of properties

Total acquisition price: **¥203.4** billion in **7** properties

Average acquisition price

¥33.4 billion per property
(average of 6 properties excluding Hamamatsu Plaza)

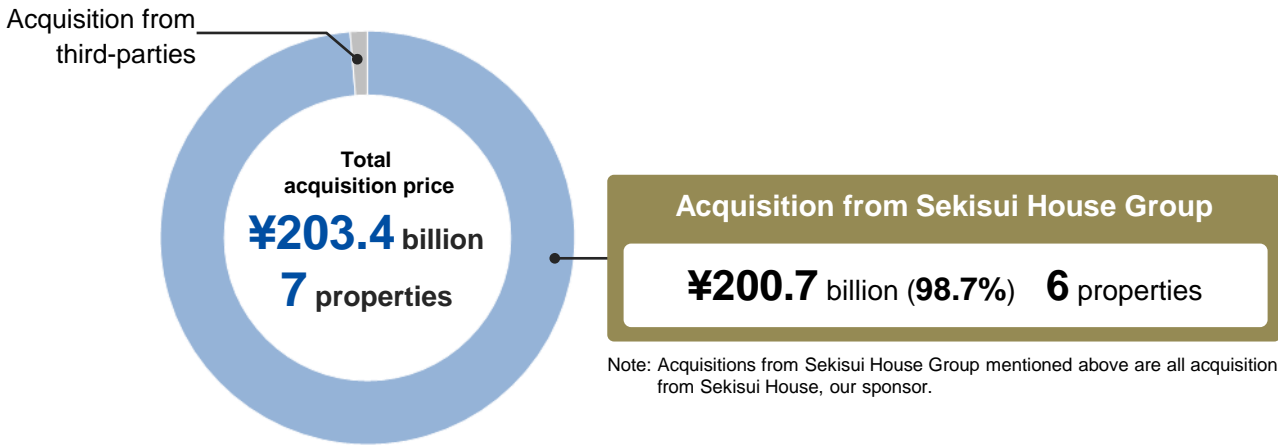
Forecast NOI yield

Before depreciation **4.1** %
After depreciation **3.4** %
(Based on forecast of 8th FP)

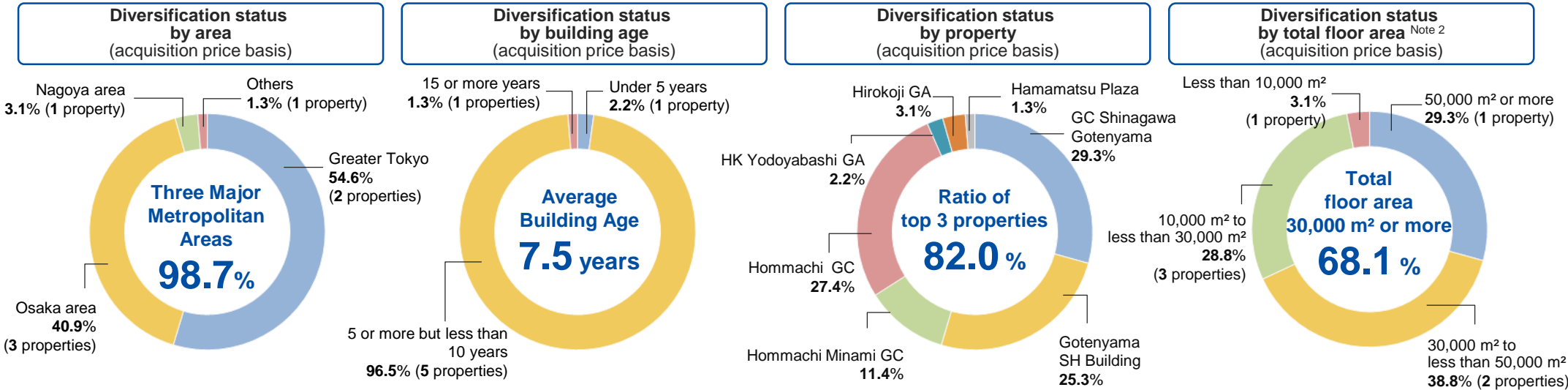
Ratio of prime properties

100.0 %
(Hamamatsu Plaza is outside of the target)

Ratio of acquisition from Sekisui House Group



Diversification Status of Portfolio Note 1



Note 1: Ratios of diversification status above are indicated by rounding to the first decimal place. Accordingly, ratio totals may not add up to 100%.

Note 2: Diversification status by total floor area is calculated based on floor area stated in the registry for the entire building. As for Hamamatsu Plaza, Xebio Building of Hamamatsu Plaza East, the building of Hamapla & Frespo Building that is located in sites for other parts, and various facilities of gas station for Costco members are owned by the tenants and the sites are leased land. Thus, these are not included in the figure for total floor area.

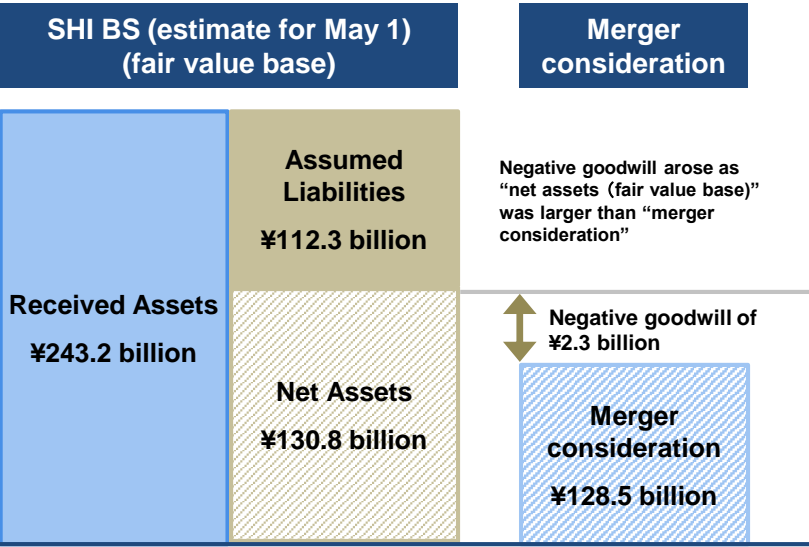
Utilization Policy of Negative Goodwill Arising in Conjunction with the Merger

Scheduled to record JPY 2.3 billion of gains on negative goodwill from the merger as extraordinary income in the fiscal period ending October 31, 2018 (the 8th fiscal period)

Goodwill calculation method

Calculated based on difference between “SHI net assets (fair value base)” and “merger consideration” as of time when merger took effect May 1,2018

Merger consideration (= total price of SHR's investment unit allotted to SHI unitholders)
= SHR's investment unit price of JPY70,500 as of April 27 (closing price) × 1,824,091 units = JPY 128.5 billion



Negative goodwill arose as “net assets (fair value base)” was larger than “merger consideration”

Discrepancies between accounting and taxation purposes on depreciation and other factors

Discrepancies between accounting and taxation purposes on depreciation and other factors are scheduled to arise continuously even after the fiscal period ending October 31, 2019 (the 10th fiscal period)

Occurrence of a tax burden is planned to be avoided through following methods

When amounts remain in the RTA	When reversal of RTA has completed
Reverse and distribute the amount equivalent to discrepancies between accounting and taxation purposes	Make distributions in excess of earnings as allowance for temporary difference adjustment (ATA)

Utilization policy of negative goodwill

8th Fiscal Period (ending Oct. 2018)

1. Make distributions for the amount equivalent to the discrepancies between accounting and taxation purposes other than gains on negative goodwill (avoid occurrence of tax burden)
2. Make distributions for the amount equivalent to income decreased due to recording of loss on sales of Hamamatsu Plaza on accounting purposes
3. Reserve the amounts remaining as reserve for temporary difference adjustment (RTA) to the extent the conduit requirements are satisfied (internal reserve)

9th Fiscal Period (ending Apr. 2019)

4. Reverse RTA and appropriate it to the following distributions
 - Distributions for the amount equivalent to the discrepancies between accounting and taxation purposes on depreciation and other factors (avoid occurrence of tax burden)
 - Distributions for the amount equivalent to income decreased due to absence of rent business income from Hamamatsu Plaza

After 10th Fiscal Period (ending Oct. 2019)

5. RTA will be utilized flexibly, as long as there are amounts remaining in the RTA, including the reversal for appropriating it to the following distributions
 - Distributions for the amount equivalent to the discrepancies between accounting and taxation purposes in each fiscal period, etc. (avoid occurrence of tax burden)
 - Distributions to stabilize or improve distribution levels

Although sales of Hamamatsu Plaza has not been officially decided, it is expected that a loss on sales of JPY 100 million will arise for accounting purposes but a loss on sales of JPY 1,057 million will arise for taxation purposes, assuming it will be sold at the end of the fiscal period ending October 31, 2018 (8th fiscal period) for the planned acquisition prices as of the merger (appraisal price as of the end of the fiscal period ended April 30, 2018).

Financial Results After the Merger

Financial Indices (as of the date of this document)

Total assets LTV 43.1%	Total interest-bearing liabilities ¥197.9 billion	Long-term debt ratio 100.0%
Average remaining term of interest-bearing liabilities 4.1 years	Fixed interest rate debt ratio 91.3%	Average financing interest rate 0.77%

Credit Rating Information

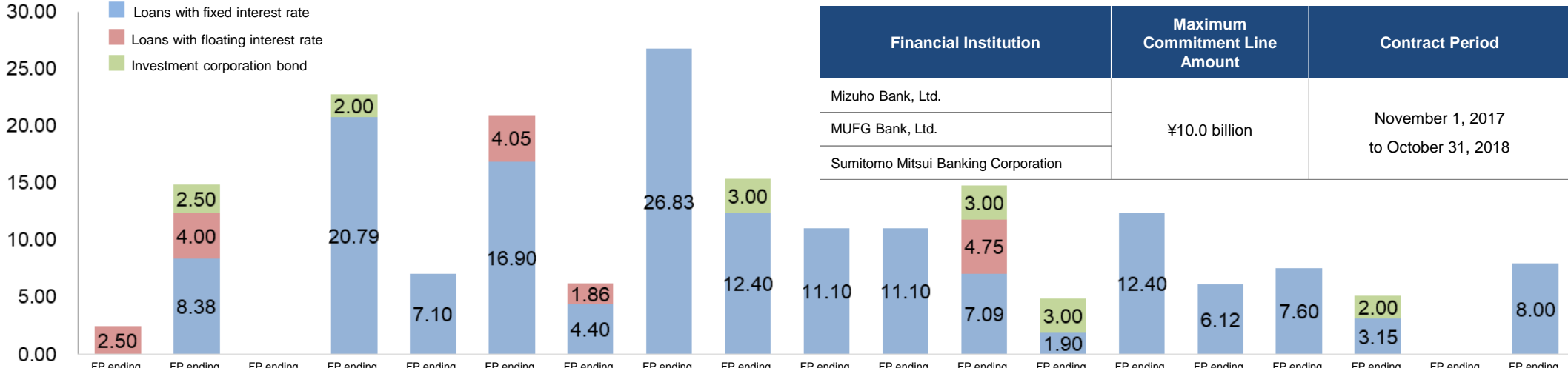
With the following points recognized by JCR, the credit rating outlook was changed on March 30, 2018

- Stable operation can be expected even after the merger through utilization of the integrated corporate strength of the Sekisui House Group
- Enhancement of the portfolio and diversification of properties will be achieved through expansion of asset size resulting from the merger.

Rating agency	Before the change	After the change
JCR	AA- (Stable)	AA- (Positive)

Status of Diversification of repayment dates (as of the date of this document)

(billion yen)



Status of interest-bearing liabilities (as of the date of this document)

Financial Institution	Balance (billion yen)	Percentage	Financial Institution	Balance (billion yen)	Percentage
MUFG Bank, Ltd.	43.6	23.9%	Aozora Bank, Ltd.	2.2	1.2%
Sumitomo Mitsui Banking Corporation	35.7	19.6%	Shinkin Central Bank	1.6	0.9%
Mizuho Bank, Ltd.	31.7	17.4%	The Senshu Ikeda Bank, Ltd.	1.3	0.7%
Sumitomo Mitsui Trust Bank, Limited	16.3	8.9%	The Shizuoka Bank, Ltd.	1.3	0.7%
Mizuho Trust & Banking Co., Ltd.	12.2	6.7%	The 77 Bank, Ltd.	1.3	0.7%
Resona Bank, Limited	10.5	5.8%	The Hiroshima Bank, Ltd.	1.3	0.7%
Development Bank of Japan, Inc.	10.4	5.7%	The Yamaguchi Bank, Ltd.	1.3	0.7%
The Norinchukin Bank	8.9	4.9%	Loan Total	182.4	100.0%
The Bank of Fukuoka, Ltd.	2.4	1.3%	Total Investment Corporation Bonds	15.5	-
			Total Interest-Bearing Liabilities	197.9	-

Status of Commitment Line

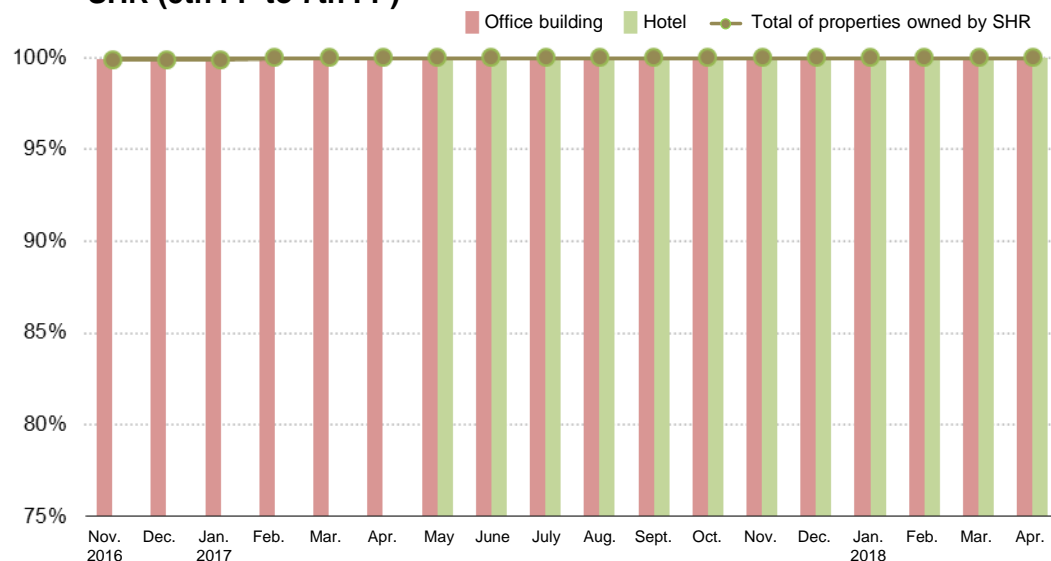
Financial Institution	Maximum Commitment Line Amount	Contract Period
Mizuho Bank, Ltd.	¥10.0 billion	November 1, 2017 to October 31, 2018
MUFG Bank, Ltd.		
Sumitomo Mitsui Banking Corporation		

3. Operating Results of SHR/SHI for Immediately Preceding FP

Occupancy Status of SHR and SHI

Monthly occupancy ratio

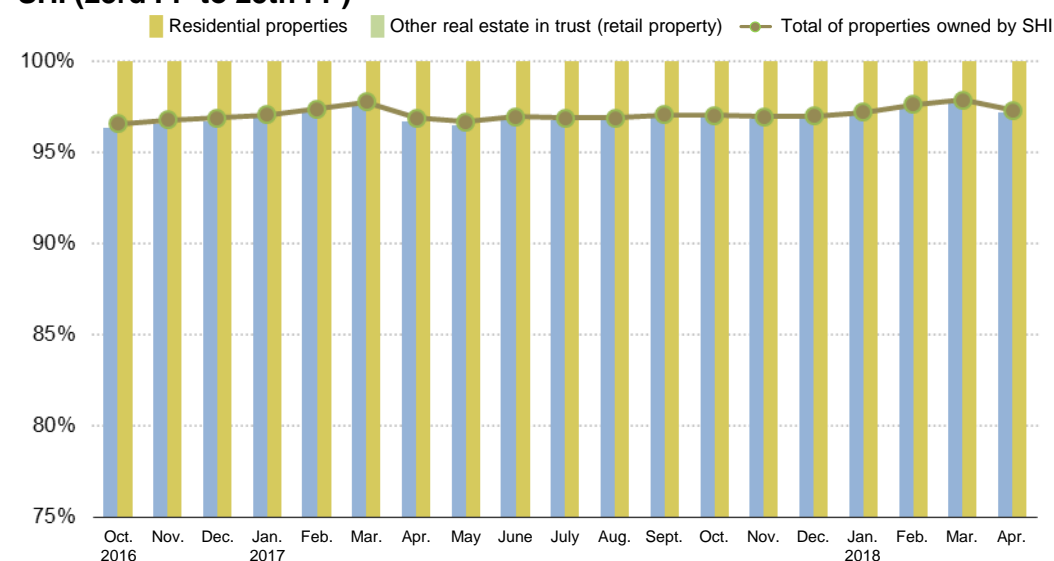
SHR (5th FP to 7th FP)



Occupancy ratios for SHR

	FP ended Apr. 2017 (5th FP)		FP ended Oct. 2017 (6th FP)		FP ended Apr. 2018 (7th FP)	
	As of the end of the FP	Average during the FP	As of the end of the FP	Average during the FP	As of the end of the FP	Average during the FP
Office building	100.0%	99.97%	100.0%	100.0%	100.0%	100.0%
Hotel	—	—	100.0%	100.0%	100.0%	100.0%
Total	100.0%	99.97%	100.0%	100.0%	100.0%	100.0%

SHI (23rd FP to 25th FP)



Occupancy ratios for SHI

	FP ended Mar. 2017 (23rd FP)		FP ended Sept. 2017 (24th FP)		FP ended Apr. 2018 (25th FP)	
	As of the end of the FP	Average during the FP	As of the end of the FP	Average during the FP	As of the end of the FP	Average during the FP
Residential properties	97.7%	97.0%	97.0%	96.8%	97.2%	97.2%
Other real estate in trust (retail property)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total	97.8%	97.1%	97.1%	96.9%	97.4%	97.3%

Note 1: Occupancy ratios in the above chart indicate the rate of total leased floor area to the total leasable floor area for the properties in each category owned by SHR and SHI as of the end of each month from November 2016 to April 2018 for SHR and from October 2016 to April 2018 for SHI.







Note 2: Among occupancy ratios in the above table, "Average during the FP" figures for each period indicate the average of occupancy ratios as of the end of each month during the respective fiscal period of SHR and SHI.

Note 3: The figures above are rounded to the nearest first decimal place, except for those of office building for SHR's fiscal period ended Apr. 2017 (5th FP).

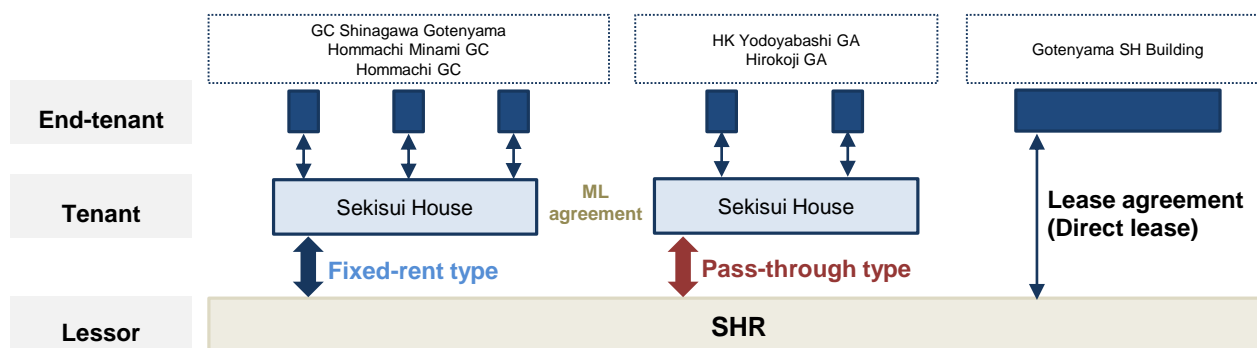
Rent Trends of Office Buildings and Hotel (Properties Owned by SHR)

Continue with operations emphasizing stability with a focus on fixed-rent type master lease agreements after the merger

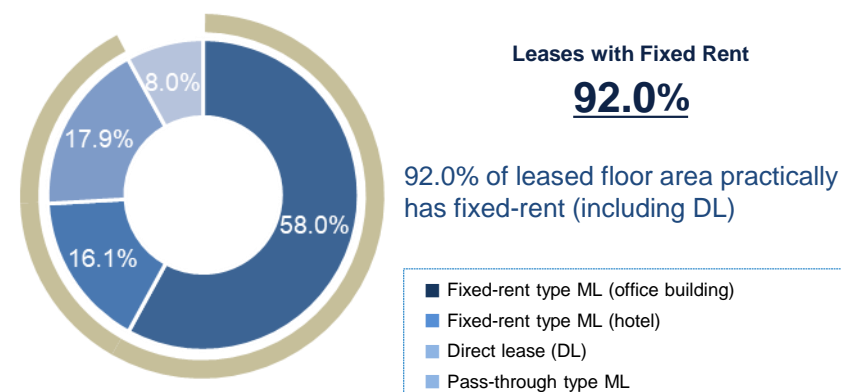
■ Status of lease agreements of portfolio properties

Property Name	GC Shinagawa Gotenyama			Hommachi Minami GC	Hommachi GC		Gotenyama SH Building	HK Yodoyabashi GA	Hirokoji GA	Entire portfolio
Photo of Properties										-
Lease Type	Fixed-Rent Type Master Lease (ML)						Direct Lease(DL)	Pass-Through Type Master Lease (ML)		-
Contract Period (ML/DL)	Portion originally acquired Dec. 2014 to Dec. 2019	Portion additionally acquired May 2016 to Dec. 2019	Portion additionally acquired May 2017 to Dec. 2019	Dec. 2014 to Dec. 2019	Office building portion May 2015 to May 2020	Hotel portion May 2017 to May 2020	Mar. 2011 to Feb. 2031	May 2016 to May 2019	May 2016 to May 2019	-
Period-end Contract Unit Rent per Tsubo (ML/DL)	¥23,250 per tsubo	¥23,250 per tsubo	¥23,250 per tsubo	¥19,360 per tsubo	¥29,280 per tsubo	¥12,257 per tsubo	¥30,000 per tsubo	¥16,164 per tsubo	¥23,363 per tsubo	¥22,732 per tsubo

■ Types of leasing scheme (concept)



■ Diversification of lease types (based on leased floor area) Note 1



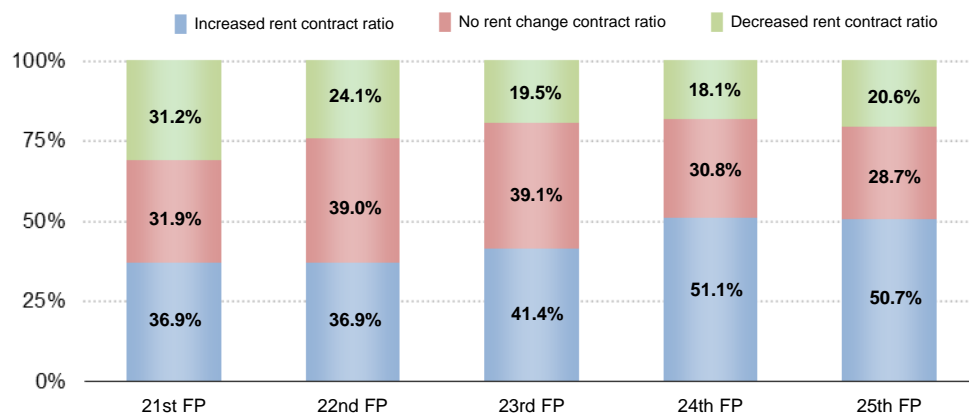
Note 1: The ratio of the leased floor area for each lease type under the relevant lease agreements (or, if a master lease agreement is concluded for the property, the master lease agreement), in respect of the properties, that are valid as of the date of this document, to the total sum of the leased floor areas indicated in such lease agreements is indicated, rounded to the nearest first decimal place.

Note 2: Master lease, direct lease, Garden City and Garden Avenue may be abbreviated as ML, DL, GC and GA, respectively.

Rent Trends of Residential Properties (Properties Owned by SHI) (1)

Rent Trends in New Contracts

	21st FP	22nd FP	23rd FP	24th FP	25th FP <small>Note 2</small>
No. of new contracts	887	885	944	880	1,030
Total increase in rent (number of cases)	¥1,576 thousand (327)	¥1,472 thousand (327)	¥1,871 thousand (391)	¥1,913 thousand (450)	¥2,204 thousand (522)
Total decrease in rent (number of cases)	-¥1,517 thousand (277)	-¥1,150 thousand (213)	-¥1,220 thousand (184)	-¥873 thousand (159)	-¥1,336 thousand (212)
Change in rent (net)	¥59 thousand	¥321 thousand	¥650 thousand	¥1,040 thousand	¥868 thousand
Rate of change in rent against previous rent <small>Note 1</small>	0.1%	0.3%	0.6%	1.0%	0.7%

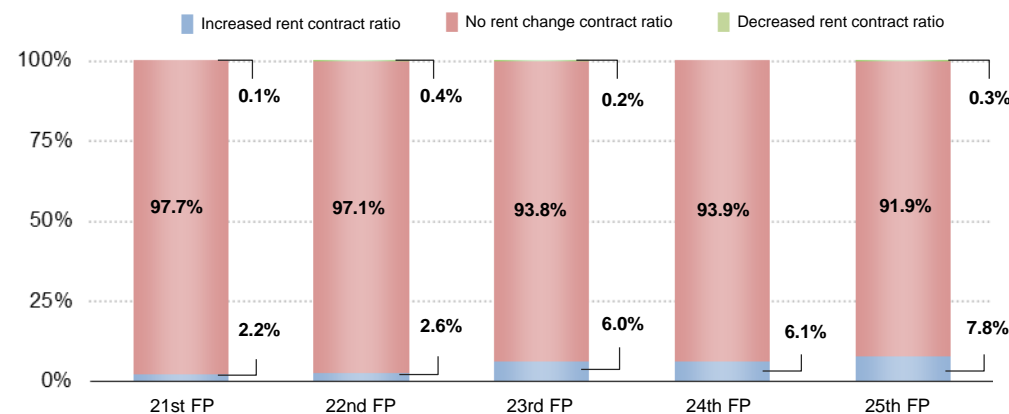


Rent Trends in New Contracts by Investment Area

25th FP	No. of new contracts	Change in rent (net)	Rate of change in rent <small>Note 1</small>
Greater Tokyo / Major Urban Areas	638	¥931 thousand	1.1%
Greater Tokyo / Other Urban Areas	68	¥34 thousand	0.5%
Major Cities Nationwide	324	-¥96 thousand	-0.3%
Total	1,030	¥868 thousand	0.7%

Rent Trends in Contract Renewals

	21st FP	22nd FP	23rd FP	24th FP	25th FP <small>Note 2</small>
No. of contract renewals	1,406	1,135	1,251	1,127	1,860
Total increase in rent (number of cases)	¥62 thousand (31)	¥91 thousand (29)	¥124 thousand (75)	¥216 thousand (69)	¥293 thousand (145)
Total decrease in rent (number of cases)	-¥7 thousand (2)	-¥17 thousand (4)	-¥15 thousand (2)	-	-¥63 thousand (5)
Change in rent (net)	¥55 thousand	¥74 thousand	¥109 thousand	¥216 thousand	¥230 thousand
Rate of change in rent against previous rent <small>Note 1</small>	0.0%	0.1%	0.1%	0.2%	0.1%



Rent Trends in Contract Renewals by Investment Area

25th FP	No. of contract renewals	Change in rent (net)	Rate of change in rent <small>Note 1</small>
Greater Tokyo / Major Urban Areas	1,234	¥226 thousand	0.1%
Greater Tokyo / Other Urban Areas	100	¥4 thousand	0.0%
Major Cities Nationwide	526	-	-
Total	1,860	¥230 thousand	0.1%

Note 1: The "Rate of change in rent against previous rent" and "Rate of change in rent" above are the ratio of the total change in rent (net) for each fiscal period for new or renewed contracts against the total of previous rent, and both ratios are rounded to the first decimal place.

Note 2: As SHI changed its business period of the 25th fiscal period to seven months, the figures represent those for a seven-month period from October 2017 to the end of April 2018.

Rent Trends of Residential Properties (Properties Owned by SHI) (2)

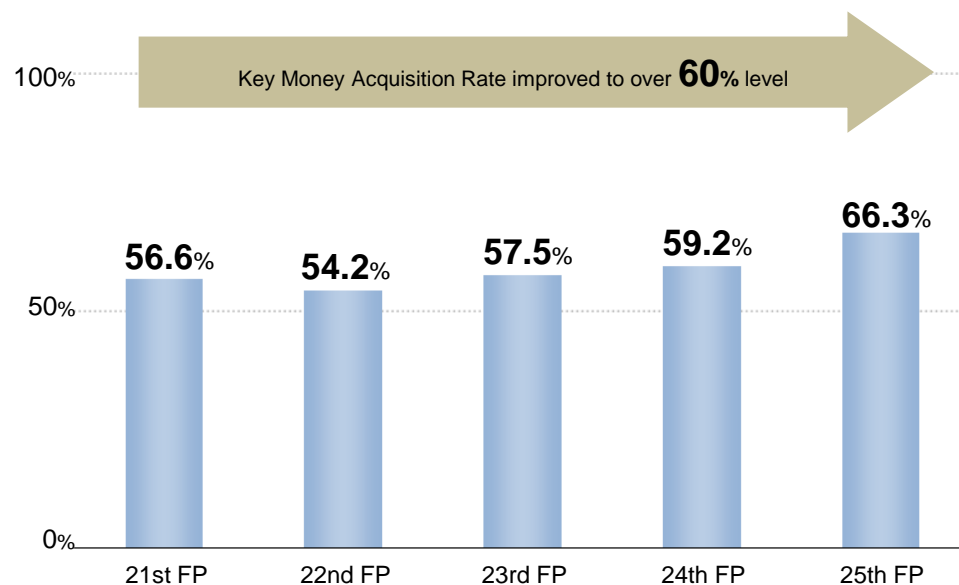
■ Trend in rent for occupied space by former investment area

Based on residential properties owned as of the end of the 25th FP (No properties were acquired or sold from the end of the 24th FP)

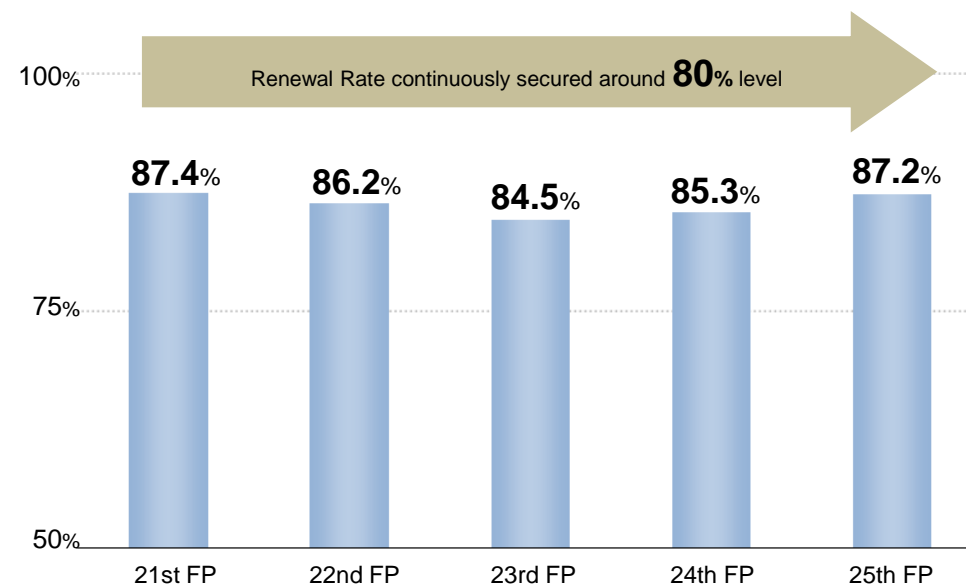
	End of FP ended September 2017 (end of 24th FP)		End of FP ended April 2018 (end of 25th FP)		Amount of change in unit rent per tsubo (against end of 24th FP)	Rate of change in unit rent per tsubo (against end of 24th FP)
	Period-end occupancy ratio	Period-end unit rent per tsubo	Period-end occupancy ratio	Period-end unit rent per tsubo		
Greater Tokyo / Major Urban Areas	96.8%	¥13,122 per tsubo	96.7%	¥13,144 per tsubo	+¥22	0.2%
Greater Tokyo / Other Urban Areas	95.4%	¥8,735 per tsubo	96.5%	¥8,766 per tsubo	+¥31	0.4%
Major Cities Nationwide	95.3%	¥7,356 per tsubo	96.2%	¥7,338 per tsubo	-¥18	-0.3%
Overall	96.2%	¥10,886 per tsubo	96.5%	¥10,880 per tsubo	-¥6	-0.1%

Note: The rent and the floor area of shops and offices in residential properties, as well as the rent and the floor area of residential properties in relation to which fixed-rent type master lease agreements have been concluded with master lease companies are not included in calculating the above figures.

■ Changes in Key Money Acquisition Rate



■ Changes in Renewal Rate



Financial Forecast for the FP Ending October 31, 2018 (8th FP) and April 30, 2019 (9th FP) of New SHR

Fiscal Period
ending October 2018 (8th FP)
Forecast distribution

(Announced on June 15, 2018)
¥1,531 per unit

■ Overview of revision to financial forecast for the fiscal period ending October 31, 2018 (8th FP)

	Financial forecast announced on June 15, 2018
Operating revenue	¥12,136 million
Operating income	¥5,570 million
Ordinary income	¥4,878 million
Net income (of which, profit on negative goodwill)	¥7,178 million (¥2,300 million)
Reserve for temporary difference adjustment (RTA), etc.	-¥1,418 million
Total distribution	¥5,759 million
Distribution per unit	¥1,531

Fiscal Period
ending April 2019 (9th FP)
Forecast distribution

(Announced on June 15, 2018)
¥1,526 per unit

■ Overview of revision to financial forecast for the fiscal period ending April 30, 2019 (9th FP)

	Financial forecast announced on June 15, 2018
Operating revenue	¥12,078 million
Operating income	¥6,346 million
Ordinary income	¥5,604 million
Net income	¥5,603 million
Drawdown of RTA	¥139 million
Total distribution	¥5,740 million
Distribution per unit	¥1,526

[Reference]

Impact of appearance of property and other asset taxes, etc. and consumption tax hike in and after fiscal period ending October 31, 2019 (10th FP) (Forecast)



- Amount of property and other asset taxes, etc. appearing for properties newly acquired on May 1, 2018

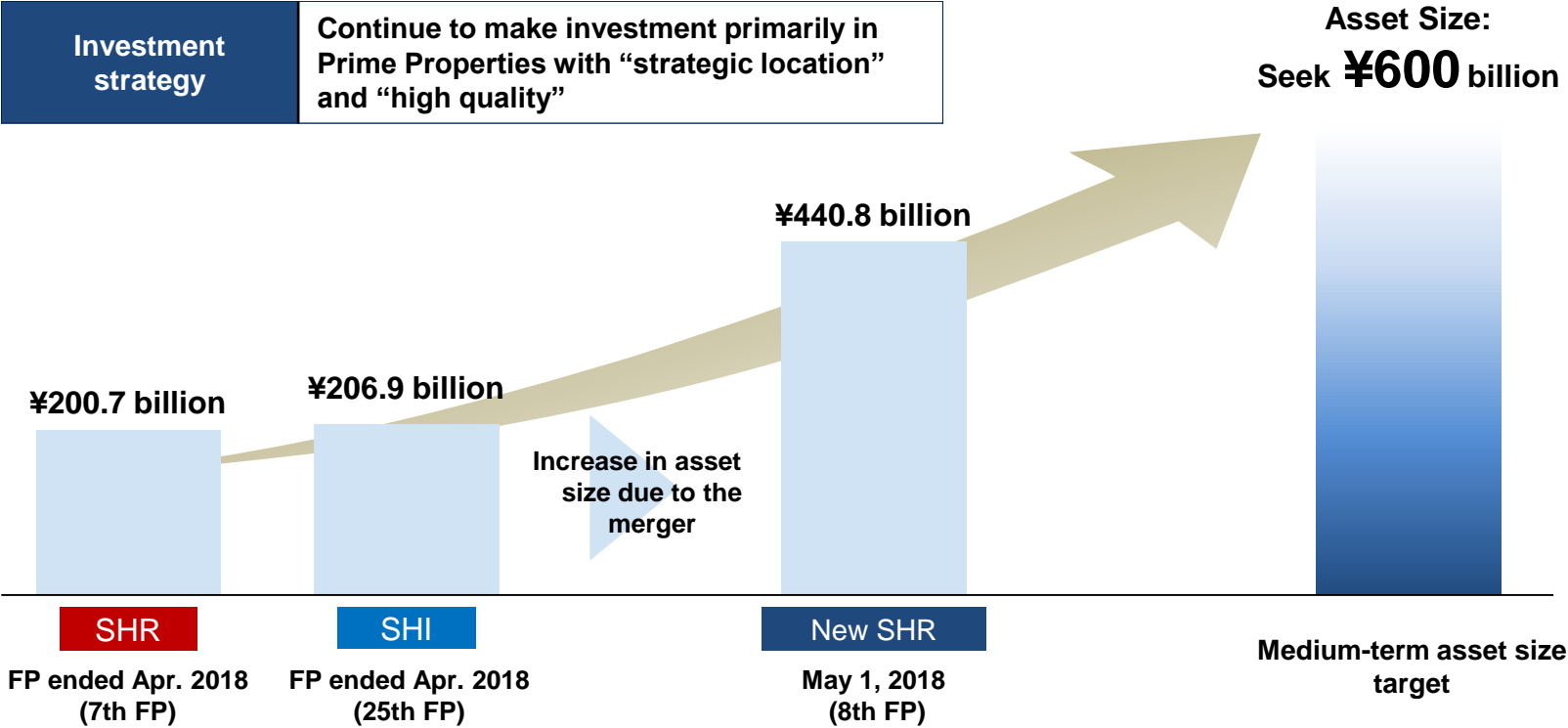
About 14 yen per unit/FP

- Amount of increase in SG&A due to increase in consumption tax planned for October 2019

About 8 yen per unit/FP

Future Growth Strategy

Seek to increase the asset size while maintaining a stable and high quality portfolio



Investment ratio target by type upon achieving asset size of 600.0 billion yen	
Residential properties	About 45%
Office building	About 45%
Hotel	About 10%
Retail properties, etc.	About 0 to10%

(Reference) Investment ratio by type as of the date of this document	
Residence	53.8%
Office building	41.6%
Hotel	3.9%
Retail properties, etc.	0.6%

External growth strategy	<ul style="list-style-type: none">■ Utilization of Sekisui House’s property supply capability for residential properties, commercial properties, etc.■ Utilization of property acquisition opportunities centering on residential properties from Sekiwa Real Estate companies■ Strengthening of know-how and information gathering network unique to the asset management company
Internal growth strategy	<ul style="list-style-type: none">■ Utilization of PM skills tailored to characteristics of properties of Sekisui House and Sekiwa Real Estate Group■ Maintenance and improvement of real estate value through renovation, value-enhancement, etc.■ Adoption of leasing schemes in accordance with property characteristics
Financial strategy	<ul style="list-style-type: none">■ Increase of total market value and enhancement of liquidity of investment units by way of public offering at an appropriate timing■ Conservative LTV control by setting maximum total assets LTV at around 45%■ Fund procurement mainly with long-terms and fixed interest rates, diversification of repayment deadlines and reduction of interest rates

Seek to enhance unitholder value while paying attention to the level of distribution

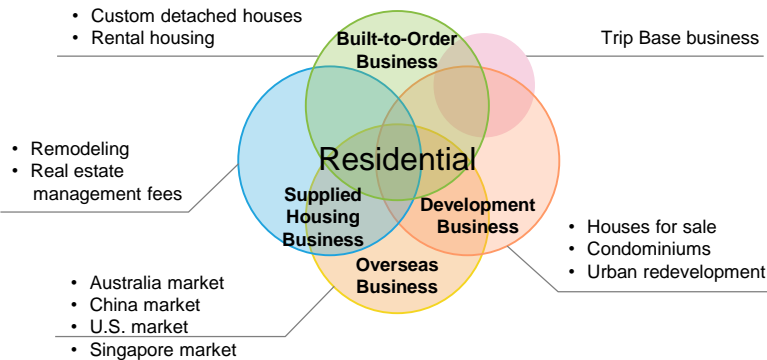
Distribution target
Aim to achieve distribution per unit of 1,600 yen at an early stage

Increase of varied growth opportunities by utilizing the integrated corporate strength of Sekisui House Group

Support from Sekisui House Group for External Growth Enhancing Growth Potential

■ Sekisui House Group Business Strategies

The development business of the Sekisui House Group promote the creation of quality communities through environment creation-oriented development and promote stable growth by increasing the asset turnover ratio.

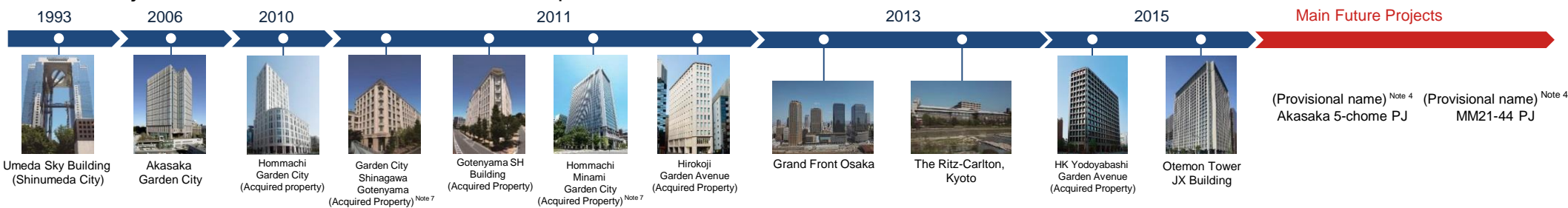


Source: Sekisui House

■ Office Buildings Developed by Sekisui House for which SHR has Preferential Negotiating Rights ^{Note 2}

Property Name	Location	Unacquired Floor Area Ratio ^{Note 5}
Garden City Shinagawa Gotenyama	Shinagawa-ku, Tokyo	19.0%
Hommachi Minami Garden City	Osaka-shi, Osaka	43.6%

■ Main Projects in Sekisui House's Urban Redevelopment Business ^{Note 2, Note 6}



Note 1: As to acquisition prices of residential properties, SHI's acquisition prices are indicated for those acquired by SHI and SHR's acquisition prices are indicated for those acquired by SHR.

Note 2: As of the date of this document, there are no specific acquisition plans for the properties indicated as Prime Maison Planned and Developed by Sekisui House, Office Buildings Developed by Sekisui House for which SHR has Preferential Negotiating Rights or Main Projects in Sekisui House's Urban Redevelopment Business.

Note 3: The images presented for properties under construction are images of the planned completed structures based on design drawings and the actual buildings may differ.

Note 4: Projects currently under consideration by Sekisui House; subject to change or cancellation without notice.

Note 5: The "unacquired floor area ratio" is the ratio of the unacquired floor area for which SHR has preferential negotiating rights to the total exclusive-use floor area of the building.

Note 6: The indicated properties include joint ventures with other companies and properties that have been sold.

Note 7: SHR has acquired a portion and has preferential negotiating rights for the remain.

ESG Policy and Major Initiatives

■ ESG policy

Sekisui House, the sponsor of SHR, upholds

"Sustainable Vision" *

Compliance with and implementation of the Sustainability Policy established by the asset management company

Real estate investment management with due consideration given to the environment, society and governance (ESG)

Provision of "bases for sustainable living" for residents

Provision of sustainable bases of operation for tenant companies

* The "Sustainability Vision" of Sekisui House

In order to contribute to the formulation of a sustainable society, Sekisui House Group indicates the creation and provision of the "Four Key Values" as their "Sustainability Vision": Environmental value, Economic value, Social value, and Homeowner value.

■ Major ESG initiatives

Acquisition of DBJ Green Building Certification



[Acquisition status of DBJ Green Building Certification]

- Received the certification in June 2018 for **all of 6 residential properties** acquired simultaneously with the merger

38 out of 113 owned properties have received the certification

55.0% of the portfolio (based on acquisition price)

Participation in the GRESB assessment



[Acquisition status of GRESB assessment]

- GRESB assessment in FY2017
 - GRESB assessment: **Green Star**
 - GRESB rating: **3 Stars**
 - GRESB Public Disclosure: **C** (global average)
 - Participation in the Health & Wellbeing Module
- The asset management company became a GRESB member in June 2018.

Reduction of CO₂ emissions (Residential properties/As of April 30, 2018)

- Replacement of light fixture in common areas with LED



Total of
44 properties

Electricity consumption (expected)

Annual reduction of approx. **1,270,496 kwh**

CO₂ emissions (expected)

Annual reduction of approx. **647 t-CO₂**

- Replacement of air conditioners in exclusive areas with energy-efficient models



Total of
836 A/C units

Electricity consumption (expected)

Annual reduction of approx. **186,205 kwh**

CO₂ emissions (expected)


Annual reduction of approx. **88 t-CO₂**





Note: For details of ESG, please refer to page 38 to page 40 of Appendix; and for details of reinforcement of governance at the asset management company, please refer to page 45.

Acquisition of Environmental Certification from External Agencies

Received DBJ Green Building Certification in June 2018 for all of 6 properties acquired simultaneously with the merger

■ Acquisition status of DBJ Green Building Certification


**4 Stars**







Prime Maison Shirokanedai tower

Prime Maison Gotenyama West

Prime Maison Daikanyama

**3 Stars**




Prime Maison Otsuka


Prime Maison Asakusabashi

Esty Maison Toyosu Residence

■ Record of acquisition of DBJ Green Building Certification (as of the date of this document)


**5 Stars**
Total 2 properties

Office building




Garden City Shinagawa Gotenyama


Residence



Prime Maison Shinagawa


**4 Stars**
Total 14 properties

Office building




Hommachi Minami Garden City

Residence




Prime Maison Ginza East

In addition to the three properties above,
<Office building>
HK Yodoyabashi Garden Avenue
Hirokoji Garden Avenue
Hommachi Garden City (Office building portion)
<Residence>
Prime Maison Yokohama Nihon-odori
Prime Maison Shirokane-takanawa
Prime Maison Gotenyama East
Prime Maison Odorikoen
Prime Maison Hatsudai
Esty Maison Ginza


**3 Stars**
Total 22 properties

Residence



Prime Maison Ichigayayamabushicho

Residence



Esty Maison Ojima

In addition to the three properties above,
<Residence>
Prime Maison Musashinonomori
Prime Maison Kayabakoen
Prime Maison Takami
Prime Maison Teriha
Prime Maison Minami 2-jo
Prime Maison Kamokamogawa
Prime Maison Central Park
Prime Maison Ebisu
Prime Maison Shibaura
MAST Hakata
Esty Maison Ebisu II
Esty Maison Kyobashi
Esty Maison Nishitenma
Esty Maison Shirokanedai
Esty Maison Akabane
Esty Maison Morishita
KOBE Women's Student Housing

The DBJ Green Building Certification System recognizes outstanding properties that respond to the demands of the times. The system was established based on a proprietary scoring model developed by the Development Bank of Japan, and serves to improve the environmental functionality of buildings while encouraging the prevalence of properties that demonstrate awareness of societal demands.



Asset acquired in the 8th fiscal period
Prime Maison Daikanyama



Appendix

Balance Sheet

■ Balance Sheet of SHR (7th Fiscal Period Ended April 2018)

(unit: thousand yen)

	6th Fiscal Period October 31, 2017	7th Fiscal Period April 30, 2018
Assets		
Current assets		
Cash and deposits	1,756,618	2,607,767
Cash and deposits in trust	6,518,376	7,005,235
Operating accounts receivable	19,330	18,804
Prepaid expenses	76,198	96,381
Deferred tax assets	7	21
Consumption taxes receivable	372,744	-
Other	-	133
Total current assets	8,743,275	9,728,343
Non-current assets		
Property, plant and equipment		
Buildings in trust	59,604,170	59,654,248
Accumulated depreciation	-3,399,530	-4,121,631
Buildings in trust, net	56,204,639	55,532,616
Structures in trust	683,807	684,357
Accumulated depreciation	-52,592	-61,803
Structures in trust, net	631,215	622,554
Machinery and equipment in trust	921	921
Accumulated depreciation	-58	-93
Machinery and equipment in trust, net	862	827
Tools, furniture and fixtures in trust	1,259	3,053
Accumulated depreciation	-447	-638
Tools, furniture and fixtures in trust, net	811	2,414
Land in trust	141,218,283	141,218,283
Total property, plant and equipment	198,055,813	197,376,695
Intangible assets		
Other	3,147	2,412
Total intangible assets	3,147	2,412
Investments and other assets		
Lease and guarantee deposits	20,181	20,181
Long-term prepaid expenses	227,164	246,911
Total investments and other assets	247,345	267,092
Total non-current assets	198,306,306	197,646,200
Deferred assets		
Investment corporation bond issuance costs	35,045	32,125
Investment unit issuance costs	57,907	43,523
Total deferred assets	92,952	75,648
Total assets	207,142,534	207,450,193

	6th Fiscal Period October 31, 2017	7th Fiscal Period April 30, 2018
Liabilities		
Current liabilities		
Operating accounts payable	172,924	143,489
Current portion of long-term loans payable	14,000,000	-
Accounts payable – other	402,587	414,997
Accrued expenses	82,238	91,512
Income taxes payable	743	1,048
Accrued consumption taxes	-	318,392
Other	-	0
Total current liabilities	14,658,493	969,440
Non-current liabilities		
Investment corporation bonds	5,000,000	5,000,000
Long-term loans payable	65,400,000	79,400,000
Tenant leasehold and security deposits in trust	9,268,730	9,269,955
Total non-current liabilities	79,668,730	93,669,955
Total liabilities	94,327,223	94,639,396
Net assets		
Unitholders' equity		
Unitholders' capital	110,189,294	110,189,294
Surplus		
Unappropriated retained earnings	2,626,016	2,621,502
Total surplus	2,626,016	2,621,502
Total unitholders' equity	112,815,310	112,810,796
Total net assets	112,815,310	112,810,796
Total liabilities and net assets	207,142,534	207,450,193

Note: 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 not been completed yet.

Statement of Income and Retained Earnings

■ Profit and Loss Statement of SHR (7th Fiscal Period Ended April 2018)

(unit: thousand yen)

	6th Fiscal Period From May 1, 2017 to October 31, 2017	7th Fiscal Period From November 1, 2017 to April 30, 2018
Operating revenue		
Rent revenue - real estate	4,550,426	4,629,845
Other lease business revenue	30,081	25,742
Total operating revenue	4,580,508	4,655,588
Operating expenses		
Expenses related to rent business	1,178,033	1,223,022
Asset management fee	359,562	370,434
Asset custody fee	3,526	3,786
Administrative service fees	11,485	12,732
Directors' compensations	3,600	3,600
Other operating expenses	36,614	47,548
Total operating expenses	1,592,823	1,661,123
Operating income	2,987,685	2,994,464
Non-operating income		
Interest income	46	39
Interest on refund	-	1,442
Total non-operating income	46	1,482
Non-operating expenses		
Interest expenses	293,464	296,306
Interest expenses on investment corporation bond	5,568	6,959
Borrowing related expenses	43,160	52,322
Amortization of investment unit issuance costs	14,384	14,384
Amortization of investment corporation bond issuance costs	2,258	2,919
Other	2,416	537
Total non-operating expenses	361,252	373,430
Ordinary Income	2,626,479	2,622,516
Income before income taxes	2,626,479	2,622,516
Income taxes – current	750	1,054
Income taxes – deferred	9	-14
Total income taxes	759	1,039
Net income	2,625,719	2,621,476
Retained earnings brought forward	296	26
Unappropriated retained earnings	2,626,016	2,621,502

Note: 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 not been completed yet.

Balance Sheet

■ Balance Sheet of SHI (25th Fiscal Period Ended April 2018 (Unaudited))

	24th Fiscal Period September 30, 2017	25th Fiscal Period April 30, 2018
Assets		
Current assets		
Cash and deposits	5,259,432	5,882,205
Cash and deposits in trust	4,658,956	5,511,714
Operating accounts receivable	115,509	120,088
Prepaid expenses	167,210	197,009
Deferred tax assets	76	81
Other	623	80,583
Allowance for doubtful accounts	-2,499	- 1,882
Total current assets	10,199,308	11,789,799
Non-current assets		
Property, plant and equipment		
Buildings in trust	106,390,873	106,936,616
Accumulated depreciation	- 17,796,436	- 19,540,950
Buildings in trust, net	88,594,437	87,395,666
Structures in trust	987,265	987,605
Accumulated depreciation	- 269,583	- 300,730
Structures in trust, net	717,682	686,875
Machinery and equipment in trust	2,029,841	2,031,290
Accumulated depreciation	- 685,360	- 763,676
Machinery and equipment in trust, net	1,344,481	1,267,613
Tools, furniture and fixtures in trust	349,478	402,779
Accumulated depreciation	- 120,455	- 147,961
Tools, furniture and fixtures in trust, net	229,023	254,817
Land in trust	107,828,487	107,828,487
Construction in progress in trust	35,856	128,908
Total property, plant and equipment	198,749,967	197,562,369
Intangible assets		
Leasehold rights in trust	141,946	139,591
Other	98	83
Total intangible assets	142,044	139,675
Investments and other assets		
Lease and guarantee deposits	242,662	242,662
Long-term prepaid expenses	438,169	386,883
Other	158,778	166,741
Total investments and other assets	839,609	796,287
Total non-current assets	199,731,621	198,498,332
Deferred assets		
Investment corporation bond issuance costs	44,688	36,743
Investment unit issuance costs	33,512	23,472
Total deferred assets	78,201	60,215
Total assets	210,009,131	210,348,347

	24th Fiscal Period September 30, 2017	25th Fiscal Period April 30, 2018
Liabilities		
Current liabilities		
Operating accounts payable	249,227	277,859
Current portion of investment corporation bonds	4,000,000	2,500,000
Current portion of long-term loans payable	4,600,000	14,882,000
Accounts payable – other	657,587	611,873
Accrued expenses	52,886	102,291
Income taxes payable	1,917	2,124
Accrued consumption taxes	19,927	9,905
Advances received	245,694	238,795
Other	4,423	5,704
Total current liabilities	9,831,663	18,630,554
Non-current liabilities		
Investment corporation bonds	10,500,000	8,000,000
Long-term loans payable	86,432,500	80,150,500
Tenant leasehold and security deposits in trust	1,903,196	1,877,018
Total non-current liabilities	98,835,696	90,027,518
Total liabilities	108,667,360	108,658,073
Net assets		
Unitholders' equity		
Unitholders' capital	98,633,978	98,633,978
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	214,718	214,718
Total voluntary retained earnings	214,718	214,718
Unappropriated retained earnings	2,493,073	2,841,576
Total surplus	2,707,792	3,056,295
Total unitholders' equity	101,341,771	101,690,274
Total net assets	101,341,771	101,690,274
Total liabilities and net assets	210,009,131	210,348,347

Note: As of the date of this document, audit procedures for the financial statements based on the Financial Instruments and Exchange Act have not been completed yet.

Statement of Income and Retained Earnings

■ Profit and Loss Statement of SHI (25th Fiscal Period Ended April 2018 (Unaudited))

(unit: thousand yen)

	24th Fiscal Period From April 1, 2017 to September 30, 2017	25th Fiscal Period From October 1, 2017 to April 30, 2018
Operating revenue		
Rent revenue - real estate	6,916,462	8,174,332
Total operating revenue	6,916,462	8,174,332
Operating expenses		
Expenses related to rent business	3,298,248	3,885,818
Asset management fee	364,317	426,954
Asset custody fee	16,529	19,273
Administrative service fees	37,232	43,110
Directors' compensations	3,600	4,200
Merger-related expenses	-	129,226
Provision of allowance for doubtful accounts	1,672	212
Other operating expenses	193,109	221,863
Total operating expenses	3,914,711	4,730,658
Operating income	3,001,751	3,443,674
Non-operating income		
Interest income	44	49
Reversal of distributions payable	255	747
Settlement received	30,000	-
Other	215	2
Total non-operating income	30,515	799
Non-operating expenses		
Interest expenses	379,879	436,750
Interest expenses on investment corporation bonds	56,689	61,123
Amortization of investment corporation bond issuance costs	7,546	7,945
Borrowing related expenses	76,787	84,919
Amortization of investment unit issuance costs	16,301	10,040
Other	108	138
Total non-operating expenses	537,313	600,917
Ordinary Income	2,494,953	2,843,555
Income before income taxes	2,494,953	2,843,555
Income taxes – current	1,923	2,132
Income taxes – deferred	- 44	- 4
Total income taxes	1,879	2,127
Net income	2,493,073	2,841,427
Retained earnings brought forward	-	148
Unappropriated retained earnings	2,493,073	2,841,576

Note: As of the date of this document, audit procedures for the financial statements based on the Financial Instruments and Exchange Act have not been completed yet.

Overview of SHR's Business Results for Fiscal Period Ended April 30, 2018 (7th FP)

■ Comparison with forecasts

	Financial report forecast (announced on Dec. 13, 2017)	Results for FP ended Apr. 30, 2018 (7th FP) 181 days	Change	
Operating revenue	¥4,646 million	¥4,655 million	+¥9 million	+0.2%
Operating income	¥2,992 million	¥2,994 million	+¥1 million	+0.0%
Ordinary income	¥2,617 million	¥2,622 million	+¥4 million	+0.2%
Net income	¥2,616 million	¥2,621 million	+¥4 million	+0.2%
Distribution per unit	¥2,700	¥2,705	+¥5	+0.2%

Major breakdown of comparison with forecasts

Operating income and expenses	Amount affecting income
Property-related operating income	
• Increase in NOI	+¥9 million
Increase in SG&A (Selling, general and administrative expenses)	-¥8 million
Non-operating income and expenses	
Increase in non-operating income	+¥1 million
Decrease in non-operating expenses	+¥1 million

■ Comparison with previous FP

	Results for FP ended Oct. 31, 2017 (6th FP) 184 days	Results for FP ended Apr. 30, 2018 (7th FP) 181 days	Change	
Operating revenue	¥4,580 million	¥4,655 million	+¥75 million	+1.6%
Operating income	¥2,987 million	¥2,994 million	+¥6 million	+0.2%
Ordinary income	¥2,626 million	¥2,622 million	-¥3 million	-0.2%
Net income	¥2,625 million	¥2,621 million	-¥4 million	-0.2%
Distribution per unit	¥2,710	¥2,705	-¥5	-0.2%

Major breakdown of comparison with previous FP

Operating income and expenses	Amount affecting income
Property-related operating income	
• Increase in NOI	+¥31 million
• Full-year contribution of properties acquired in the 6th FP	+¥24 million
• Increase in NOI of existing properties	+¥6 million
• Increase in depreciation	-¥1 million
Increase in SG&A	-¥23 million
Non-operating income and expenses	
Increase in non-operating expenses	-¥12 million

■ NOI and NOI yield result by type

	FP ended October 31, 2017 (6th FP)				FP ended April 2018 (7th FP)			
	NOI	NOI Yield	NOI after depreciation	NOI yield after depreciation	NOI	NOI Yield	NOI after depreciation	NOI yield after depreciation
Office building	¥3,787 million	4.1%	¥3,126 million	3.4%	¥3,804 million	4.1%	¥3,142 million	3.4%
Hotel	¥344 million	4.6%	¥275 million	3.7%	¥359 million	4.2%	¥289 million	3.4%
Total	¥4,132 million	4.2%	¥3,402 million	3.4%	¥4,164 million	4.1%	¥3,432 million	3.4%

Note: Amounts of less than the indicated unit are rounded down, and percentages are rounded to the first decimal place. Yield is calculated by dividing annualized NOI and NOI after depreciation of the portfolio assets by total acquisition price of the portfolio assets, and indicated rounded to the first decimal place

Overview of SHI's Business Results for Fiscal Period Ended April 30, 2018 (25th FP)

■ Comparison with forecasts

	Forecast at the time of merger announcement (announced on January 24, 2018)	Results for FP ended Apr. 30, 2018 (25th FP) 212 days	Change	
Operating revenue	¥8,149 million	¥8,174 million	+¥24 million	+0.3%
Operating income	¥3,375 million	¥3,443 million	+¥68 million	+2.0%
Ordinary income	¥2,772 million	¥2,843 million	+¥71 million	+2.6%
Net income	¥2,770 million	¥2,841 million	+¥71 million	+2.6%
Drawdown of reserve for reduction entry	¥214 million	¥214 million	-	-
Merger consideration per unit	¥2,700	¥2,764	+¥64	+2.4%

Major breakdown of comparison with forecasts

Operating income and expenses	Amount affecting income
Property-related operating income	
• Increase in NOI	+¥62 million
• Increase in depreciation	-¥12 million
Decrease in SG&A (Selling, general and administrative expenses)	+¥18 million
Non-operating income and expenses	
Decrease in non-operating expenses	+¥1 million

■ Comparison with previous FP

	Results for FP ended Sep. 31, 2017 (24th FP) 183 days	Results for FP ended Apr. 30, 2018 (25th FP) 212 days	Change	
Operating revenue	¥6,916 million	¥8,174 million	+¥1,257 million	+18.2%
Operating income	¥3,001 million	¥3,443 million	+¥441 million	+14.7%
Ordinary income	¥2,494 million	¥2,843 million	+¥348 million	+14.0%
Net income	¥2,493 million	¥2,841 million	+¥348 million	+14.0%
Drawdown of reserve for reduction entry	-	¥214 million	+¥214 million	-
Merger consideration per unit	¥2,255	¥2,764	+¥509	+22.6%

Major breakdown of comparison with previous FP

[Major factors for difference] Change of the 25th FP business period from 6 months to 7 months	
Operating income and expenses	Amount affecting income
Property-related operating income	
• Increase in NOI	+¥952 million
• Increase in depreciation	-¥281 million
Increase in SG&A	-¥228 million
• Accrual of merger-related expenses	-¥129 million
Non-operating income and expenses	
Decrease in non-operating income	-¥29 million
Increase in non-operating expenses	-¥63 million

■ NOI and NOI yield result by type

	FP ended September 31, 2017 (24th FP)				FP ended April 2018 (25th FP)			
	NOI	NOI Yield	NOI after depreciation	NOI yield after depreciation	NOI	NOI Yield	NOI after depreciation	NOI yield after depreciation
Residential properties	¥5,155 million	5.1%	¥3,562 million	3.5%	¥6,086 million	5.2%	¥4,213 million	3.6%
Retail properties	¥65 million	3.4%	¥55 million	2.9%	¥86 million	3.9%	¥74 million	3.4%
Total	¥5,220 million	5.0%	¥3,618 million	3.5%	¥6,172 million	5.1%	¥4,288 million	3.6%

Note: Amounts of less than the indicated unit are rounded down, and percentages are rounded to the first decimal place. Yield is calculated by dividing annualized NOI and NOI after depreciation of the portfolio assets by total acquisition price of the portfolio assets, and indicated rounded to the first decimal place

Portfolio Development Policy

■ Portfolio Development Policy by Type

Build a portfolio with “residential properties” as “bases and centers of human life” and “office buildings” as “business activity bases”, as core assets
Investment in hotels that are expected to continue growing

Asset Category	Type	Examples of Specific Asset Types	Investment Ratio by Type (acquisition price basis)	New SHR (As of the date of this document)	Investment ratio target by type upon achieving an asset size of 600 billion yen
Residential Properties	Core Assets Residence	Residences Student dormitories Company housing	30–55%	53.8%	Around 45%
	Office building	Office buildings Data centers	30–55%	41.6%	Around 45%
Commercial Properties	Hotel	Hotels Service apartments	0–30%	3.9%	Around 10%
	Retail property, etc.	Retail properties, Senior properties (Housing for the elderly with services, Fee-based homes for the aged, Daycare centers)	0–10%	0.6%	Around 0–10%

■ Investment Areas by Asset Category

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

Asset Category	Priority Investment Area	Investment Ratio by Area (acquisition price basis)	New SHR (As of the date of this document)
Residential Properties	Greater Tokyo	Not less than 70%	77.0%
Commercial Properties	Three Major Metropolitan Areas (Greater Tokyo, Osaka Area, Nagoya Area)	Not less than 80%	98.7%

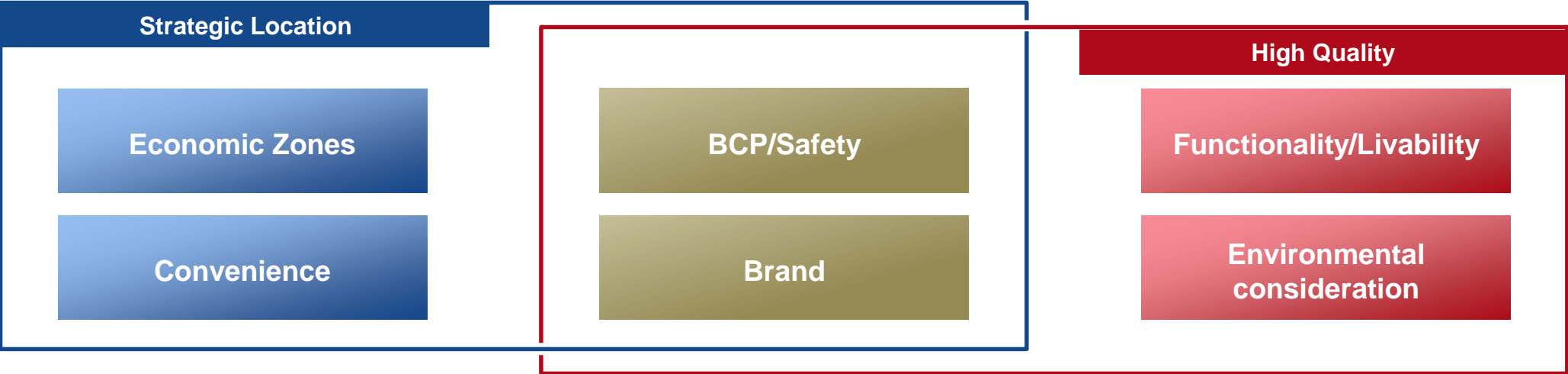
Continuous investment in prime properties

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



Overview of Assets Acquired (6 properties in all)

Property Name		Prime Maison Shirokanedai tower	Prime Maison Otsuka	Prime Maison Asakusabashi	Prime Maison Daikanyama	Prime Maison Gotenyama West	Esty Maison Toyosu Residence ^{Note 2}
Appearance							
Seller		Sponsor (Sekisui House)					
Location		Shinagawa-ku, Tokyo	Toshima-ku, Tokyo	Taito-ku, Tokyo	Meguro-ku, Tokyo	Shinagawa-ku, Tokyo	Koto-ku, Tokyo
Acquisition Price		¥7,950 million	¥3,700 million	¥1,680 million	¥2,520 million	¥3,400 million	¥6,050 million
Appraisal Value ^{Note 1}		¥8,570 million	¥3,970 million	¥1,800 million	¥2,730 million	¥3,680 million	¥6,460 million
Appraisal NOI Yield (acquisition price basis)	Before depreciation	4.4%	4.6%	4.6%	4.5%	4.5%	5.7%
	After depreciation	3.8%	3.8%	3.9%	3.9%	3.8%	3.3%
Occupancy Rate	End of Mar. 2018	97.0%	88.6%	95.0%	74.6%	89.3%	98.4%
	End of Apr. 2018	98.1%	85.7%	93.1%	79.6%	89.3%	99.4%
Acquisition Date		May 1, 2018					
Completion Date (Building Age ^{Note 1})		May 20, 2016 (2.0 years)	Jan. 11, 2017 (1.3 years)	Oct. 7, 2016 (1.6 years)	Jan. 12, 2017 (1.3 years)	Jan. 18, 2011 (7.3 years)	Feb. 28, 2008 (10.2 years)

Note 1: Appraisal values are as of April 1, 2018, and building ages are as of May 1, 2018.

Note 2: The property name of the “Esty Maison Toyosu Residence” is “Toyosu Residence” as of the date of this document, but there is a plan to change the property brand name to “Esty Maison”, and therefore, the name after the change is stated (here and hereafter).

Overview of Assets Sold (12 properties in all)

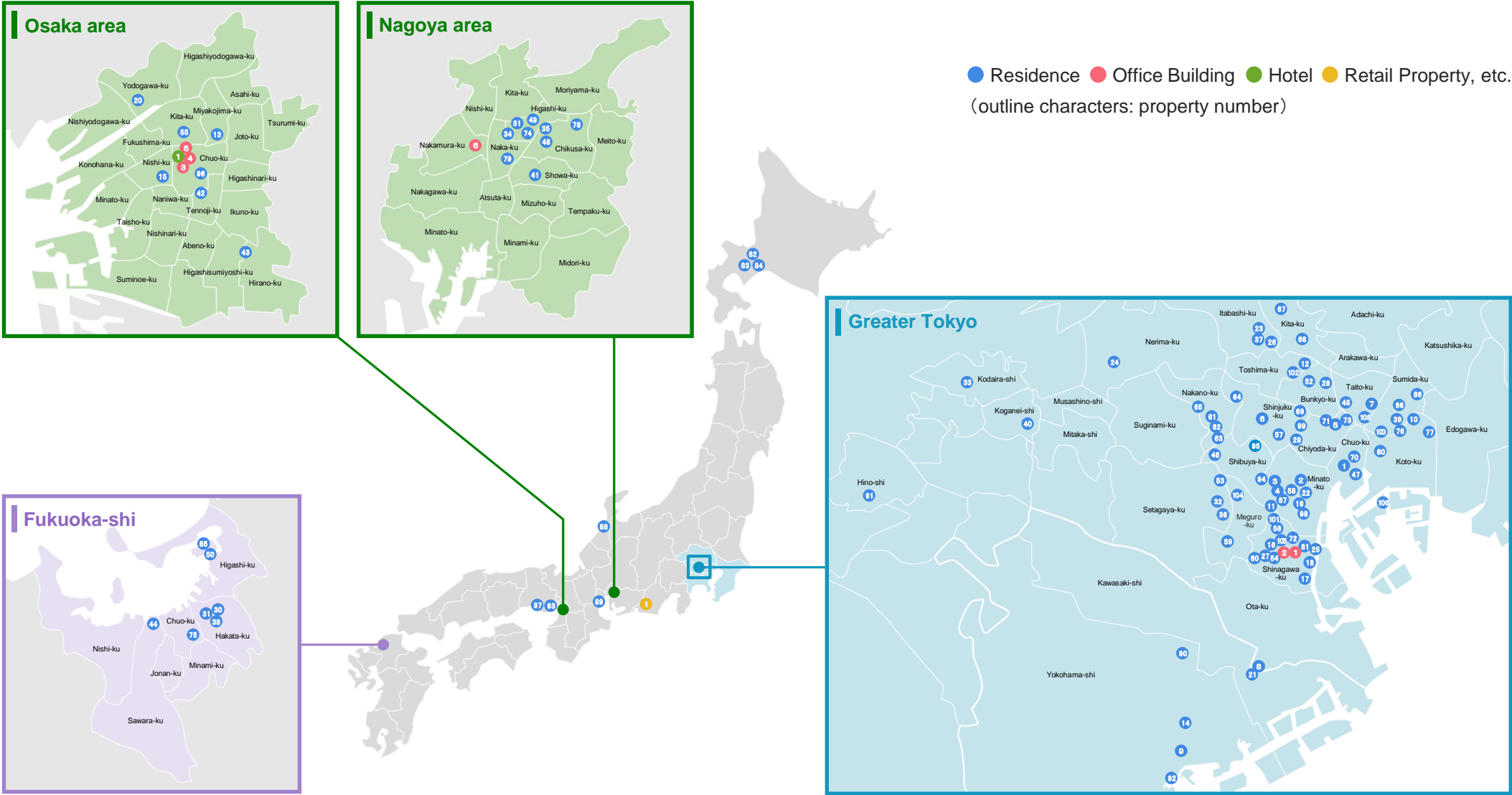
Property name	Esty Maison Machida	Esty Maison Shinkawasaki	Esty Maison Megurohoncho	Esty Maison Joto	Esty Maison Tenjinhigashi I	Esty Maison Tenjinhigashi II
Buyer	Undisclosed					
Location	Machida-shi, Tokyo	Kawasaki-shi, Kanagawa	Meguro-ku, Tokyo	Osaka-shi, Osaka	Fukuoka-shi, Fukuoka	Fukuoka-shi, Fukuoka
Sale Price	Undisclosed					
Appraisal Value ^{Note}	1,570 million yen	1,250 million yen	1,130 million yen	951 million yen	364 million yen	738 million yen
NOI Yield (Before depreciation)	5.1%	5.1%	3.3%	3.9%	4.4%	5.0%
Sale Date	May 1, 2018					
Completion Date (Building Age ^{Note})	Feb. 23, 2004 (14.2 years)	Mar. 5, 1999 (19.2 years)	Feb. 22, 2006 (12.2 years)	Aug. 31, 2006 (11.7 years)	Jan. 31, 2007 (11.3 years)	May 23, 2007 (11.0 years)

Property name	Esty Maison Shijonishinotoin	Esty Maison Hachiojiminamino	Esty Maison Nishinakajima	Esty Maison Kawaramachi	Esty Maison Shibaura	Esty Maison Tsutsujigaoka
Buyer	Undisclosed					
Location	Kyoto-shi, Kyoto	Hachioji-shi, Tokyo	Osaka-shi, Osaka	Osaka-shi, Osaka	Minato-ku, Tokyo	Chofu-shi, Tokyo
Sale Price	Undisclosed					
Appraisal Value ^{Note}	1,180 million yen	873 million yen	1,900 million yen	1,980 million yen	2,960 million yen	918 million yen
NOI Yield (Before depreciation)	3.7%	4.7%	4.1%	4.9%	4.6%	4.3%
Sale Date	May 1, 2018					
Completion Date (Building Age ^{Note})	Apr. 8, 2008 (10.1 years)	Mar. 6, 2007 (11.2 years)	Apr. 18, 2007 (11.0 years)	Oct. 17, 2006 (11.5 years)	Aug. 26, 1996 (21.7 years)	Mar. 9, 2002 (16.2 years)

Note: Appraisal values are as of April 30, 2018, and building ages are as of May 1, 2018.

Portfolio Map

As of the date of this document



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 ²)	Occupancy Rate (%)	Completion Date
R001	★	Esty Maison Ginza	Chuo-ku, Tokyo	6,540	1.5	5,515.43	97.7	Feb. 2005
R002	★	Esty Maison Azabunagasaka	Minato-ku, Tokyo	1,790	0.4	2,019.10	100.0	Jan. 2004
R003	★	Esty Maison Ebisu II	Shibuya-ku, Tokyo	2,040	0.5	2,062.10	100.0	Jun. 2003
R004	★	Esty Maison Ebisu	Shibuya-ku, Tokyo	873	0.2	781.02	92.8	Oct. 2004
R005	★	Esty Maison Kanda	Chiyoda-ku, Tokyo	1,610	0.4	1,706.54	97.4	Feb. 2004
R006	★	Esty Maison Kitashinjuku	Shinjuku-ku, Tokyo	1,590	0.4	1,881.19	96.4	Aug. 2004
R007	★	Esty Maison Asakusakomagata	Taito-ku, Tokyo	2,190	0.5	2,978.28	100.0	Jul. 2004
R008		Esty Maison Kawasaki	Kawasaki-shi, Kanagawa	2,400	0.5	3,741.01	97.5	Jul. 2004
R009		Esty Maison Yokohama	Yokohama-shi, Kanagawa	2,110	0.5	2,823.73	100.0	Jan. 2007
R010	★	Esty Maison Kameido	Koto-ku, Tokyo	1,580	0.4	2,279.21	98.0	Nov. 2005
R011	★	Esty Maison Meguro	Meguro-ku, Tokyo	1,060	0.2	1,070.13	97.5	Nov. 2005
R012		Esty Maison Sugamo	Toshima-ku, Tokyo	1,630	0.4	2,619.17	100.0	Feb. 2007
R013	★	Esty Maison Kyobashi	Osaka-shi, Osaka	2,970	0.7	4,613.04	96.7	Mar. 2006
R014		Esty Maison Hakuraku	Yokohama-shi, Kanagawa	931	0.2	1,285.83	93.1	Feb. 2006
R015	★	Esty Maison Minamihorie	Osaka-shi, Osaka	1,060	0.2	1,804.48	95.4	Feb. 2007
R016	★	Esty Maison Gotanda	Shinagawa-ku, Tokyo	3,110	0.7	3,871.15	91.1	Mar. 2006
R017	★	Esty Maison Oisendaizaka	Shinagawa-ku, Tokyo	2,720	0.6	2,979.85	97.9	Aug. 2006
R018		Esty Maison Shinagawa Seaside	Shinagawa-ku, Tokyo	2,050	0.5	2,602.30	95.2	Jun. 2006
R019	★	Esty Maison Minamiazabu	Minato-ku, Tokyo	1,250	0.3	1,082.12	86.5	Aug. 2006
R020	★	Esty Maison Tsukamoto	Osaka-shi, Osaka	1,080	0.2	2,321.04	96.9	Aug. 2006
R021		Esty Maison Kawasaki II	Kawasaki-shi, Kanagawa	1,910	0.4	2,824.86	99.3	Feb. 2007
R022		Esty Maison Azabujuban	Minato-ku, Tokyo	2,690	0.6	1,755.31	98.9	Feb. 2007
R023		Esty Maison Itabashihoncho	Itabashi-ku, Tokyo	937	0.2	1,274.49	98.5	Feb. 2007
R024		Esty Maison Oizumigakuen	Nerima-ku, Tokyo	790	0.2	1,362.36	92.9	Feb. 2007
R025	★	Esty Maison Higashishinagawa	Shinagawa-ku, Tokyo	2,390	0.5	2,936.72	88.8	May 2008
R026	★	Esty Maison Itabashikuyakushomae	Itabashi-ku, Tokyo	2,540	0.6	3,915.81	96.0	Apr. 2007
R027		Esty Maison Musashikoyama	Shinagawa-ku, Tokyo	1,050	0.2	1,176.78	94.0	Nov. 2007
R028	★	Esty Maison Sendagi	Bunkyo-ku, Tokyo	698	0.2	897.30	100.0	Jan. 2008
R029	★	Esty Maison Yotsuyasakamachi	Shinjuku-ku, Tokyo	2,090	0.5	2,453.17	98.2	Mar. 2008
R030	★	Esty Maison Hakatahigashi	Fukuoka-shi, Fukuoka	2,400	0.5	9,106.08	98.0	Nov. 2007
R031		Esty Maison Kamigofuku	Fukuoka-shi, Fukuoka	821	0.2	2,261.91	95.7	Mar. 2008
R032	★	Esty Maison Sangenjaya	Setagaya-ku, Tokyo	822	0.2	856.08	97.2	Jan. 2008
R033	★	Prime Maison Musashinonomori	Kodaira-shi, Tokyo	1,850	0.4	3,924.58	94.0	Dec. 2007
R034	★	Prime Maison Higashisakura	Nagoya-shi, Aichi	1,500	0.3	3,118.11	94.5	Feb. 2008
R035	★	Prime Maison Kayabakoen	Nagoya-shi, Aichi	801	0.2	2,163.98	96.1	Nov. 2006
R036	★	Esty Maison Sangenjaya II	Setagaya-ku, Tokyo	785	0.2	894.64	92.2	Jan. 2008
R037	★	Esty Maison Itabashi C6	Itabashi-ku, Tokyo	2,560	0.6	4,036.66	93.6	Mar. 2008
R038	★	MAST Hakata	Fukuoka-shi, Fukuoka	2,360	0.5	9,614.80	100.0	Jan. 2005
R039	★	Esty Maison Kinshicho	Sumida-ku, Tokyo	1,260	0.3	1,611.54	98.6	Sep. 2006
R040	★	Esty Maison Musashikoganei	Koganei-shi, Tokyo	1,790	0.4	2,275.24	97.1	Feb. 2005

Property No.	PP Property	Property name	Location	Acquisition Price (million yen)	Investment Ratio (%)	Leasable Area (m ²)	Occupancy Rate (%)	Completion Date
R041	★	Prime Maison Gokiso	Nagoya-shi, Aichi	1,950	0.4	4,427.65	92.6	Oct. 2008
R042	★	Prime Maison Yuhigaoka	Osaka-shi, Osaka	909	0.2	2,040.35	100.0	Feb. 2007
R043	★	Prime Maison Kitatanabe	Osaka-shi, Osaka	601	0.1	1,798.97	100.0	Jun. 2006
R044	★	Prime Maison Momochihama	Fukuoka-shi, Fukuoka	1,940	0.4	7,514.76	100.0	Feb. 1996
R045	★	Esty Maison Akihabara	Taito-ku, Tokyo	1,930	0.4	2,324.65	100.0	Feb. 2006
R046		Esty Maison Sasazuka	Shibuya-ku, Tokyo	3,340	0.8	3,701.70	96.7	Sep. 2004
R047	★	Prime Maison Ginza East	Chuo-ku, Tokyo	6,250	1.4	6,177.20	96.5	Feb. 2006
R048	★	Prime Maison Takami	Nagoya-shi, Aichi	1,050	0.2	2,016.79	92.7	Aug. 2008
R049	★	Prime Maison Yadaminami	Nagoya-shi, Aichi	812	0.2	2,168.59	96.1	Jul. 2007
R050	★	Prime Maison Teriha	Fukuoka-shi, Fukuoka	1,260	0.3	6,728.20	100.0	Aug. 2005
R051	★	Esty Maison Higashishirakabe	Nagoya-shi, Aichi	1,580	0.4	4,014.07	100.0	Feb. 2006
R052	★	Esty Maison Sengoku	Bunkyo-ku, Tokyo	1,360	0.3	1,498.13	100.0	Aug. 2009
R053	★	Esty Maison Daizawa	Setagaya-ku, Tokyo	2,270	0.5	2,352.90	91.1	Feb. 2010
R054		Esty Maison Togoshi	Shinagawa-ku, Tokyo	1,770	0.4	1,943.17	100.0	Jun. 2009
R055	★	Esty Maison Nishitemma	Osaka-shi, Osaka	1,680	0.4	2,877.90	95.3	Nov. 2007
R056	★	Esty Maison Shirokanedai	Shinagawa-ku, Tokyo	2,400	0.5	2,675.11	100.0	Sep. 2003
R057	★	Esty Maison Higashishinjuku	Shinjuku-ku, Tokyo	1,680	0.4	1,889.50	94.8	Apr. 2009
R058	★	Esty Maison Motoazabu	Minato-ku, Tokyo	1,540	0.3	1,199.86	100.0	Nov. 2009
R059		Esty Maison Toritsudaigaku	Meguro-ku, Tokyo	861	0.2	1,035.78	91.8	Feb. 2009
R060	★	Esty Maison Musashikoyama II	Shinagawa-ku, Tokyo	1,030	0.2	1,073.59	97.3	May 2009
R061		Esty Maison Nakano	Nakano-ku, Tokyo	1,870	0.4	2,023.72	96.5	Jun. 2009
R062		Esty Maison Shinnakano	Nakano-ku, Tokyo	1,020	0.2	1,107.57	100.0	Oct. 2009
R063		Esty Maison Nakanofujimicho	Nakano-ku, Tokyo	984	0.2	1,299.60	95.4	Feb. 2009
R064		Esty Maison Tetsugakudo	Nakano-ku, Tokyo	1,160	0.3	1,531.89	97.6	Oct. 2009
R065		Esty Maison Koenji	Suginami-ku, Tokyo	1,160	0.3	1,527.52	96.6	Mar. 2009
R066	★	Esty Maison Oshiage	Sumida-ku, Tokyo	2,490	0.6	3,180.90	98.8	Apr. 2010
R067	★	Esty Maison Akabane	Kita-ku, Tokyo	3,290	0.7	4,302.84	98.8	Nov. 2009
R068		Esty Maison Oji	Kita-ku, Tokyo	1,650	0.4	2,289.44	97.8	Jul. 2010
R069	★	Prime Maison Waseda	Shinjuku-ku, Tokyo	1,580	0.4	1,650.66	89.4	Nov. 2012
R070	★	Prime Maison Hatchobori	Chuo-ku, Tokyo	1,460	0.3	1,382.32	96.9	Nov. 2012
R071	★	Prime Maison Jimbocho	Chiyoda-ku, Tokyo	1,960	0.4	1,819.90	97.3	Mar. 2013
R072	★	Prime Maison Gotenyama East	Shinagawa-ku, Tokyo	2,910	0.7	2,512.91	95.5	Jan. 2011
R073	★	MAST LIFE Akihabara	Chiyoda-ku, Tokyo	555	0.1	803.36	100.0	Oct. 2006
R074	★	Esty Maison Aoi	Nagoya-shi, Aichi	2,460	0.6	4,809.68	92.1	Oct. 2007
R075	★	Esty Maison Yakuin	Fukuoka-shi, Fukuoka	2,430	0.6	5,213.51	97.5	Feb. 2006
R076	★	Esty Maison Kinshicho II	Sumida-ku, Tokyo	8,250	1.9	9,469.65	97.6	Jan. 2008
R077	★	Esty Maison Ojima	Koto-ku, Tokyo	8,630	2.0	9,905.97	97.7	Sep. 2007
R078	★	Prime Maison Fujimidai	Nagoya-shi, Aichi	2,070	0.5	5,704.63	94.3	Apr. 2007
R079	★	Esty Maison Tsurumai	Nagoya-shi, Aichi	4,490	1.0	13,812.40	100.0	Nov. 1999
R080	★	Prime Maison Morishita	Koto-ku, Tokyo	1,930	0.4	2,180.78	98.9	May 2013

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 (m²)	Occupancy Rate (%)	Completion Date
R081	★	Prime Maison Shinagawa	Shinagawa-ku, Tokyo	1,960	0.4	2,107.88	97.1	Feb. 2014
R082	★	Prime Maison Odorikoen	Sapporo-shi, Hokkaido	3,160	0.7	7,360.37	93.7	Dec. 2008
R083	★	Prime Maison Minami 2-jo	Sapporo-shi, Hokkaido	1,930	0.4	6,019.09	99.2	Nov. 2009
R084	★	Prime Maison Kamokamogawa	Sapporo-shi, Hokkaido	1,250	0.3	4,102.08	98.2	Oct. 2009
R085	★	Prime Maison Central Park	Fukuoka-shi, Fukuoka	2,309	0.5	10,268.74	99.3	Feb. 2011
R086	★	MAST LIFE Yahiro	Sumida-ku, Tokyo	1,910	0.4	3,409.16	100.0	Jan. 2011
R087	★	Prime Maison Ebisu	Shibuya-ku, Tokyo	4,360	1.0	3,010.66	94.7	Jun. 2014
R088		Granmast Kanazawa Nishiizumi	Kanazawa-shi, Ishikawa	1,080	0.2	4,634.50	100.0	Sep. 2007
R089		Granmast Unomori	Yokkaichi-shi, Mie	830	0.2	2,280.00	100.0	Apr. 2009
R090		Esty Maison Kohoku Tsunashima	Yokohama-shi, Kanagawa	2,750	0.6	6,867.48	100.0	Note 5
R091	★	MAST LIFE Hino	Hino-shi, Tokyo	1,390	0.3	2,827.55	97.1	Jan. 2010
R092	★	Prime Maison Yokohama Nihon-odori	Yokohama-shi, Kanagawa	4,870	1.1	5,461.13	94.9	Jun. 2014
R093		Kobe Women's Student Housing	Kobe-shi, Hyogo	5,880	1.3	15,341.68	100.0	Feb. 2002
R094	★	Prime Maison Shibuya	Shibuya-ku, Tokyo	2,430	0.6	1,972.59	100.0	Jul. 2014
R095	★	Prime Maison Hatsudai	Shibuya-ku, Tokyo	3,010	0.7	2,879.20	90.3	Dec. 2014
R096		Esty Maison Uemachidai	Osaka-shi, Osaka	1,040	0.2	2,225.52	91.9	Aug. 2005
R097		Esty Maison Kobe-sannomiya	Kobe-shi, Hyogo	971	0.2	2,007.00	93.2	Mar. 2007
R098	★	Prime Maison Shirokane-takanawa	Minato-ku, Tokyo	4,900	1.1	3,923.76	94.5	Jun. 2015
R099	★	Prime Maison Ichigayayamabushicho	Shinjuku-ku, Tokyo	4,220	1.0	4,099.04	99.1	Oct. 2015
R100	★	Esty Maison Morishita	Sumida-ku, Tokyo	655	0.1	748.92	100.0	Feb. 2017
R101	★	Prime Maison Shirokanedai Tower	Shinagawa-ku, Tokyo	7,950	1.8	6,772.89	-	May 2016
R102	★	Prime Maison Otsuka	Toshima-ku, Tokyo	3,700	0.8	3,921.35	-	Jan. 2017
R103	★	Prime Maison Asakusabashi	Taito-ku, Tokyo	1,680	0.4	2,033.06	-	Oct. 2016
R104	★	Prime Maison Daikanyama	Meguro-ku, Tokyo	2,520	0.6	1,779.17	-	Jan. 2017
R105	★	Prime Maison Gotenyama West	Shinagawa-ku, Tokyo	3,400	0.8	3,569.73	-	Jan. 2011
R106	★	Esty Maison Toyosu Residence	Koto-ku, Tokyo	6,050	1.4	23,538.73	-	Feb. 2008
Residence Subtotal				237,395	53.8	377,646.54	97.3	

Property No.	PP Property	Property name	Location	Acquisition Price (million yen)	Investment Ratio (%)	Leasable Area (m²)	Occupancy Rate (%)	Completion Date
O001	★	Garden City Shinagawa Gotenyama	Shinagawa-ku, Tokyo	59,600	13.5	31,236.34	100.0	Feb. 2011
O002	★	Gotenyama SH Building	Shinagawa-ku, Tokyo	51,500	11.7	19,999.97	100.0	Feb. 2011
O003	★	Hommachi Minami Garden City	Osaka-shi, Osaka	23,100	5.2	16,699.46	100.0	Feb. 2011
O004	★	Hommachi Garden City (Office building portion)	Osaka-shi, Osaka	38,600	8.8	17,006.94	100.0	May 2010
O005	★	HK Yodoyabashi Garden Avenue	Osaka-shi, Osaka	4,400	1.0	4,554.52	100.0	Jul. 2015
O006	★	Hirokoji Garden Avenue	Nagoya-shi, Aichi	6,350	1.4	4,442.75	100.0	Mar. 2011
Office Building Properties Subtotal				183,550	41.6	93,939.98	100.0	

Property No.	PP Property	Property name	Location	Acquisition Price (million yen)	Investment Ratio (%)	Leasable Area (m²)	Occupancy Rate (%)	Completion Date
H001	★	Hommachi Garden City (Hotel portion)	Osaka-shi, Osaka	17,200	3.9	18,092.98	100.0	May 2010
Hotel Property Subtotal				17,200	3.9	18,092.98	100.0	

Property No.	PP Property	Property name	Location	Acquisition Price (million yen)	Investment Ratio (%)	Leasable Area (m²)	Occupancy Rate (%)	Completion Date
C001		Hamamatsu Plaza	Hamamatsu-shi, Shizuoka	2,729	0.6	15,958.49	100.0	Nov. 2000
Retail Property, etc. Subtotal				2,729	0.6	15,958.49	100.0	

Overview of Portfolio

Type	Number of properties	Number of PP Properties	PP Ratio (%)	Acquisition Price (million yen)	Investment Ratio (%)	Leasable Area (m²)	Occupancy Rate (%)	Average Building Age
Residence	106	80	81.6	237,395	53.8	377,646.54	97.3	9.7 years
Office Building	6	6	100.0	183,550	41.6	93,939.98	100.0	7.3 years
Hotel	1	1	100.0	17,200	3.9	18,092.98	100.0	8.0 years
Retail Property, etc.	1	-	-	2,729	0.6	15,958.49	100.0	17.5 years
Total	113	86	90.0	440,874	100.0	505,637.99	98.0	8.6 years

Note 1: "PP Properties" are assets that fall under the category of Prime Properties. Hamamatsu Plaza (retail property, etc.) is not included in the target of assessment of Prime Properties. For Prime Properties, please refer to page 28.

Note 2: "Acquisition Price" is the appraisal value as of April 30, 2018, the day before the effective date of the merger, as 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 3: "Investment Ratio" indicates the ratio of acquisition prices of each asset to the total acquisition prices of assets held. Figures are rounded to the nearest first decimal place.

Note 4: "Occupancy Rate" is indicated based on the information as of April 30, 2018. Therefore, "Prime Maison Shirokanedai Tower," "Prime Maison Otsuka," "Prime Maison Asakusabashi," "Prime Maison Daikanyama," "Prime Maison Gotenyama West" and "Esty Maison Toyosu Residence," which were acquired on May 1, 2018, are not included.

Note 5: "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 6: Data on "Hommachi Garden City" is stated as if the office building portion and hotel portion were separate buildings according to the uses 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 7: "PP Ratio" in the Overview of Portfolio indicates the ratio based on acquisition price. Figures in the total column of "PP Ratio" are calculated by excluding Hamamatsu Plaza (retail property, etc.) which is not included in the target of assessment of Prime Properties.

Note 8: "Average Building Age" in the Overview of Portfolio are stated as the weighted average calculated on the basis of the building age as of May 1, 2018 based on the acquisition price.

Overview of Appraisal (1)

■ Properties owned as of the date of this document

Property No.	Property Name	Estimated Value at the End of Period (million yen)		Book Value (million yen)	Unrealized Gain/Loss (million yen)	Direct Capitalization (%)		Discount Rate (%)		Terminal Capitalization Rate (%)		Appraisal NOI (million yen)
		As of Apr. 30, 2018	Difference from Previous Period			As of Apr. 30, 2018	Period on period	As of Apr. 30, 2018	Period on period	As of Apr. 30, 2018	Period on period	
R001	Esty Maison Ginza	6,540	150	4,656	1,883	4.0	-0.1	4.2	-0.1	4.2	-0.1	273
R002	Esty Maison Azabunagasaka	1,790	30	1,597	192	4.1	-0.1	4.2	-0.1	4.3	-0.1	77
R003	Esty Maison Ebisu II	2,040	40	1,875	164	4.1	-0.1	4.2	-0.1	4.3	-0.1	88
R004	Esty Maison Ebisu	873	18	631	241	4.0	-0.1	4.1	-0.1	4.2	-0.1	37
R005	Esty Maison Kanda	1,610	40	1,255	354	4.1	-0.1	4.2	-0.1	4.3	-0.1	69
R006	Esty Maison Kitashinjuku	1,590	40	1,198	391	4.3	-0.1	4.3	-0.1	4.5	-0.1	70
R007	Esty Maison Asakusakomagata	2,190	50	1,676	513	4.3	-0.1	4.3	-0.1	4.5	-0.1	99
R008	Esty Maison Kawasaki	2,400	40	1,782	617	4.4	-0.1	4.4	-0.1	4.6	-0.1	113
R009	Esty Maison Yokohama	2,110	-20	1,847	262	4.5	0.0	4.3	0.0	4.7	0.0	101
R010	Esty Maison Kameido	1,580	0	1,447	132	4.5	0.0	4.3	0.0	4.7	0.0	77
R011	Esty Maison Meguro	1,060	0	778	281	4.2	0.0	4.0	0.0	4.4	0.0	47
R012	Esty Maison Sugamo	1,630	40	1,489	140	4.2	-0.1	4.0	-0.1	4.4	-0.1	72
R013	Esty Maison Kyobashi	2,970	0	2,211	758	4.7	0.0	4.6	0.0	4.8	0.0	145
R014	Esty Maison Hakuraku	931	-1	693	237	4.6	0.0	4.4	0.0	4.8	0.0	46
R015	Esty Maison Minamihorie	1,060	20	926	133	4.5	-0.1	4.3	-0.1	4.7	-0.1	51
R016	Esty Maison Gotanda	3,110	20	2,700	409	4.4	0.0	4.1	0.0	4.6	0.0	143
R017	Esty Maison Oisendaizaka	2,720	-10	2,190	529	4.2	0.0	4.0	0.0	4.4	0.0	120
R018	Esty Maison Shinagawa Seaside	2,050	40	1,937	112	4.2	-0.1	4.0	-0.1	4.4	-0.1	95
R019	Esty Maison Minamiazabu	1,250	30	1,176	73	3.9	-0.1	3.7	-0.1	4.1	-0.1	53
R020	Esty Maison Tsukamoto	1,080	0	1,093	-13	5.0	0.0	4.8	0.0	5.2	0.0	57
R021	Esty Maison Kawasaki II	1,910	50	1,692	217	4.4	-0.1	4.2	-0.1	4.6	-0.1	93
R022	Esty Maison Azabujuban	2,690	70	2,581	108	3.9	-0.1	3.7	-0.1	4.1	-0.1	109
R023	Esty Maison Itabashihoncho	937	10	896	40	4.3	-0.1	4.1	-0.1	4.5	-0.1	43
R024	Esty Maison Oizumigakuen	790	17	777	12	4.4	-0.1	4.2	-0.1	4.6	-0.1	38
R025	Esty Maison Higashishinagawa	2,390	-10	2,395	-5	4.3	0.0	4.1	0.0	4.5	0.0	111
R026	Esty Maison Itabashikuyakushomae	2,540	60	2,433	106	4.3	-0.1	4.1	-0.1	4.5	-0.1	118
R027	Esty Maison Musashikoyama	1,050	10	924	125	4.3	0.0	4.1	0.0	4.5	0.0	48
R028	Esty Maison Sendagi	698	1	695	2	4.3	0.0	4.1	0.0	4.5	0.0	32
R029	Esty Maison Yotsuyasakamachi	2,090	0	2,143	-53	4.2	0.0	4.0	0.0	4.4	0.0	91
R030	Esty Maison Hakatahigashi	2,400	0	2,140	259	5.1	0.0	5.1	0.0	5.2	0.0	132
R031	Esty Maison Kamigofuku	821	0	782	38	4.9	0.0	4.9	0.0	5.0	0.0	45
R032	Esty Maison Sangenjaya	822	-2	819	2	4.2	0.0	4.3	0.0	4.4	0.0	38
R033	Prime Maison Musashinonomori	1,850	-10	1,461	388	4.8	0.0	4.7	0.0	5.0	0.0	97
R034	Prime Maison Higashisakura	1,500	10	1,007	492	4.8	0.0	4.7	0.0	5.0	0.0	76
R035	Prime Maison Kayabakoen	801	14	583	217	5.0	-0.1	4.9	-0.1	5.2	-0.1	43
R036	Esty Maison Sangenjaya II	785	-1	653	131	4.3	0.0	4.4	0.0	4.5	0.0	37
R037	Esty Maison Itabashi C6	2,560	-80	2,141	418	4.4	0.1	4.2	0.1	4.6	0.1	120
R038	MAST Hakata	2,360	0	1,718	641	5.1	0.0	4.5	0.0	5.3	0.0	134
R039	Esty Maison Kinshicho	1,260	40	1,000	259	4.2	-0.1	4.0	-0.1	4.4	-0.1	57
R040	Esty Maison Musashikoganei	1,790	50	1,498	291	4.4	-0.1	4.5	-0.1	4.6	-0.1	82

Note: Notes regarding this page can be found on page 37.

Overview of Appraisal (2)

Property No.	Property Name	Estimated Value at the End of Period (million yen)		Book Value (million yen)	Unrealized Gain/Loss (million yen)	Direct Capitalization (%)		Discount Rate (%)		Terminal Capitalization Rate (%)		Appraisal NOI (million yen)
		As of Apr. 30, 2018	Difference from Previous Period			As of Apr. 30, 2018	Period on period	As of Apr. 30, 2018	Period on period	As of Apr. 30, 2018	Period on period	
R041	Prime Maison Gokiso	1,950	60	1,486	463	4.7	-0.1	4.7	-0.1	4.9	-0.1	98
R042	Prime Maison Yuhigaoka	909	0	735	173	4.7	0.0	4.5	0.0	4.9	0.0	44
R043	Prime Maison Kitatanabe	601	0	488	112	5.0	0.0	4.8	0.0	5.2	0.0	32
R044	Prime Maison Momochihama	1,940	40	1,879	60	5.0	-0.1	4.7	-0.1	5.2	-0.1	110
R045	Esty Maison Akihabara	1,930	-50	1,454	475	4.2	-0.1	4.0	-0.1	4.4	-0.1	88
R046	Esty Maison Sasazuka	3,340	-10	2,738	601	4.2	0.0	4.0	0.0	4.4	0.0	146
R047	Prime Maison Ginza East	6,250	90	4,875	1,374	4.0	-0.1	3.8	-0.1	4.2	-0.1	262
R048	Prime Maison Takami	1,050	0	839	210	4.5	-0.1	4.6	-0.1	4.7	-0.1	50
R049	Prime Maison Yadaminaami	812	-9	657	154	5.0	-0.1	4.9	-0.1	5.2	-0.1	43
R050	Prime Maison Teriha	1,260	-100	1,191	68	5.1	0.0	4.9	0.0	5.3	0.0	75
R051	Esty Maison Higashishirakabe	1,580	0	1,228	351	4.9	-0.1	4.8	-0.1	5.1	-0.1	82
R052	Esty Maison Sengoku	1,360	0	1,064	295	4.0	0.0	3.8	0.0	4.2	0.0	56
R053	Esty Maison Daizawa	2,270	-10	1,857	412	4.0	0.0	3.8	0.0	4.2	0.0	93
R054	Esty Maison Togoshi	1,770	40	1,339	430	4.1	-0.1	4.2	-0.1	4.3	-0.1	74
R055	Esty Maison Nishitemma	1,680	0	1,350	329	4.6	0.0	4.7	0.0	4.8	0.0	80
R056	Esty Maison Shirokanedai	2,400	10	1,931	468	4.1	0.0	3.9	0.0	4.3	0.0	102
R057	Esty Maison Higashishinjuku	1,680	40	1,310	369	4.1	-0.1	4.2	-0.1	4.3	-0.1	71
R058	Esty Maison Motoazabu	1,540	30	1,154	385	3.9	-0.1	4.0	-0.1	4.1	-0.1	62
R059	Esty Maison Toritsudaigaku	861	19	721	139	4.0	-0.1	4.1	-0.1	4.2	-0.1	36
R060	Esty Maison Musashikoyama II	1,030	-10	821	208	4.1	0.0	3.9	0.0	4.3	0.0	44
R061	Esty Maison Nakano	1,870	0	1,498	371	4.1	0.0	3.9	0.0	4.3	0.0	79
R062	Esty Maison Shinnakano	1,020	0	824	195	4.2	0.0	4.0	0.0	4.4	0.0	44
R063	Esty Maison Nakanofujimicho	984	17	845	138	4.2	-0.1	4.3	-0.1	4.4	-0.1	43
R064	Esty Maison Tetsugakudo	1,160	-10	920	239	4.2	0.0	4.0	0.0	4.4	0.0	51
R065	Esty Maison Koenji	1,160	20	942	217	4.1	-0.1	4.2	-0.1	4.3	-0.1	49
R066	Esty Maison Oshiage	2,490	50	1,883	606	4.3	-0.1	4.3	-0.1	4.5	-0.1	110
R067	Esty Maison Akabane	3,290	-10	2,603	686	4.3	0.0	4.1	0.0	4.5	0.0	146
R068	Esty Maison Oji	1,650	-10	1,318	331	4.3	0.0	4.1	0.0	4.5	0.0	73
R069	Prime Maison Waseda	1,580	0	1,219	360	4.1	0.0	3.9	0.0	4.3	0.0	66
R070	Prime Maison Hatchobori	1,460	0	1,099	360	4.1	0.0	3.9	0.0	4.3	0.0	61
R071	Prime Maison Jimbocho	1,960	40	1,569	390	4.1	-0.1	3.9	-0.1	4.3	-0.1	82
R072	Prime Maison Gotenyama East	2,910	90	2,076	833	3.9	-0.1	3.7	-0.1	4.1	-0.1	117
R073	MAST LIFE Akihabara	555	0	466	88	4.3	0.0	4.1	0.0	4.5	0.0	26
R074	Esty Maison Aoi	2,460	-30	2,038	421	4.8	0.0	4.8	0.0	5.0	0.0	123
R075	Esty Maison Yakuin	2,430	60	1,993	436	4.6	-0.1	4.7	-0.1	4.8	-0.1	117
R076	Esty Maison Kinshicho II	8,250	-90	6,526	1,723	4.3	0.1	4.1	0.1	4.5	0.1	365
R077	Esty Maison Ojima	8,630	-100	6,930	1,699	4.3	0.1	4.1	0.1	4.5	0.1	382
R078	Prime Maison Fujimidai	2,070	-10	1,740	329	5.0	0.0	4.8	0.0	5.2	0.0	109
R079	Esty Maison Tsurumai	4,490	-10	3,764	725	5.0	0.0	4.8	0.0	5.2	0.0	235
R080	Prime Maison Morishita	1,930	10	1,712	217	4.3	-0.1	4.3	-0.1	4.5	-0.1	85

Note: Notes regarding this page can be found on page 37.

Overview of Appraisal (3)

Property No.	Property Name	Estimated Value at the End of Period (million yen)		Book Value (million yen)	Unrealized Gain/Loss (million yen)	Direct Capitalization (%)		Discount Rate (%)		Terminal Capitalization Rate (%)		Appraisal NOI (million yen)
		As of Apr. 30, 2018	Difference from Previous Period			As of Apr. 30, 2018	Period on period	As of Apr. 30, 2018	Period on period	As of Apr. 30, 2018	Period on period	
R081	Prime Maison Shinagawa	1,960	-20	1,680	279	4.2	0.0	4.0	0.0	4.4	0.0	85
R082	Prime Maison Odorikoen	3,160	0	2,652	507	4.9	0.0	4.7	0.0	5.1	0.0	163
R083	Prime Maison Minami 2-jo	1,930	-10	1,463	466	5.0	0.0	4.8	0.0	5.2	0.0	102
R084	Prime Maison Kamokamogawa	1,250	0	968	281	5.0	0.0	4.8	0.0	5.2	0.0	66
R085	Prime Maison Central Park	2,309	0	2,246	62	5.2	0.0	5.0	0.0	5.3	0.0	125
R086	MAST LIFE Yahiro	1,910	0	1,673	236	4.5	0.0	4.3	0.0	4.7	0.0	89
R087	Prime Maison Ebisu	4,360	0	3,606	753	4.0	0.0	3.8	0.0	4.2	0.0	179
R088	Granmast Kanazawa Nishiizumi	1,080	-10	1,018	61	5.3	0.0	5.1	0.0	5.5	0.0	61
R089	Granmast Unomori	830	0	748	81	5.2	0.0	5.0	0.0	5.4	0.0	46
R090	Esty Maison Kohoku Tsunashima	2,750	-1	2,858	-108	4.7	0.0	4.5	0.0	4.9	0.0	140
R091	MAST LIFE Hino	1,390	0	1,311	78	4.8	0.0	4.6	0.0	4.9	0.0	70
R092	Prime Maison Yokohama Nihon-odori	4,870	80	4,354	515	4.3	-0.1	4.1	-0.1	4.5	-0.1	215
R093	Kobe Women's Student Housing	5,880	0	5,909	-29	5.2	0.0	5.0	0.0	5.4	0.0	325
R094	Prime Maison Shibuya	2,430	70	2,224	205	4.0	-0.1	3.8	-0.1	4.2	-0.1	99
R095	Prime Maison Hatsudai	3,010	70	2,750	259	4.1	-0.1	3.9	-0.1	4.3	-0.1	127
R096	Esty Maison Uemachidai	1,040	20	971	68	4.5	-0.1	4.2	-0.1	4.7	-0.1	51
R097	Esty Maison Kobe-sannomiya	971	-5	989	-18	4.7	0.0	4.5	0.0	4.9	0.0	52
R098	Prime Maison Shirokane-takanawa	4,900	100	4,578	321	4.0	-0.1	3.8	-0.1	4.2	-0.1	202
R099	Prime Maison Ichigayayamabushicho	4,220	0	4,072	147	4.1	0.0	3.9	0.0	4.3	0.0	180
R100	Esty Maison Morishita	655	12	652	2	4.3	-0.1	4.1	-0.1	4.5	-0.1	28
R101	Prime Maison Shirokanedai Tower	8,570	-	-	-	4.0	-	4.1	-	4.2	-	351
R102	Prime Maison Otsuka	3,970	-	-	-	4.2	-	4.3	-	4.4	-	171
R103	Prime Maison Asakusabashi	1,800	-	-	-	4.2	-	4.3	-	4.4	-	78
R104	Prime Maison Daikanyama	2,730	-	-	-	4.0	-	4.1	-	4.2	-	113
R105	Prime Maison Gotenyama West	3,680	-	-	-	4.0	-	4.1	-	4.2	-	152
R106	Esty Maison Toyosu Residence	6,460	-	-	-	-	-	4.5	-	-	-	343
	Residence Total	239,305	1,219	179,346	32,748	4.4	-	4.3	-	4.6	-	11,048
O001	Garden City Shinagawa Gotenyama	71,300	300	58,826	12,473	3.3	0.0	3.0	0.0	3.5	0.0	2,430
O002	Gotenyama SH Building	58,500	0	50,583	7,916	3.5	0.0	3.5	0.0	3.7	0.0	2,064
O003	Hommachi Minami Garden City	29,100	500	22,374	6,725	3.7	-0.1	3.4	-0.1	3.9	-0.1	1,128
O004	Hommachi Garden City	44,700	100	37,705	6,994	3.5	0.0	3.3	0.0	3.7	0.0	1,594
O005	HK Yodoyabashi Garden Avenue	5,590	20	4,368	1,221	4.0	0.0	4.0	0.0	4.1	0.0	235
O006	Hirokoji Garden Avenue	7,150	40	6,304	845	4.2	0.0	4.0	0.0	4.4	0.0	308
	Office Building Total	216,340	960	180,163	36,176	3.7	-	3.5	-	3.9	-	7,762
H001	Hommachi Garden City	17,700	0	17,213	486	3.8	0.0	3.6	0.0	4.0	0.0	691
	Hotel Total	17,700	0	17,213	486	3.8	-	3.6	-	4.0	-	691
C001	Hamamatsu Plaza	2,729	-161	3,694	-965	5.8	-0.1	5.5	-0.1	5.9	-0.1	96
	Retail Property, etc. Total	2,729	-161	3,694	-965	5.8	-	5.5	-	5.9	-	96
	Portfolio Total	476,074	2,017	380,417	68,447	4.4	-	4.3	-	4.6	-	19,595

Overview of Appraisal (4)

■ Assets Sold as of May 1, 2018

Property Name	Estimated Value at the End of Period (million yen)		Book Value (million yen)	Unrealized Gain/Loss (million yen)	Direct Capitalization (%)		Discount Rate (%)		Terminal Capitalization Rate (%)		Appraisal NOI (million yen)
	As of Apr. 30, 2018	Difference from Previous Period			As of Apr. 30, 2018	Period on period	As of Apr. 30, 2018	Period on period	As of Apr. 30, 2018	Period on period	
Esty Maison Machida	1,570	20	1,115	454	4.7	-0.1	4.6	-0.1	4.9	-0.1	77
Esty Maison Shinkawasaki	1,250	20	966	283	5.0	-0.1	3.8	-0.1	5.2	-0.1	69
Esty Maison Megurohoncho	1,130	0	1,137	-7	4.2	0.0	4.0	0.0	4.4	0.0	49
Esty Maison Joto	951	0	959	-8	5.0	0.0	4.8	0.0	5.2	0.0	50
Esty Maison Tenjinhigashi I	364	0	367	-3	5.1	0.0	4.9	0.0	5.3	0.0	21
Esty Maison Tenjinhigashi II	738	0	689	48	5.1	0.0	4.9	0.0	5.3	0.0	40
Esty Maison Shijonishinotoin	1,180	10	1,248	-68	4.9	0.0	4.7	0.0	5.1	0.0	62
Esty Maison Hachiojiminamino	873	-2	861	11	5.0	0.0	4.9	0.0	5.1	0.0	50
Esty Maison Nishinakajima	1,900	0	1,853	46	4.9	0.0	4.7	0.0	5.1	0.0	98
Esty Maison Kawaramachi	1,980	40	1,526	453	4.6	-0.1	4.7	-0.1	4.8	-0.1	95
Esty Maison Shibaura	2,960	50	2,859	100	4.2	-0.1	4.0	-0.1	4.4	-0.1	137
Esty Maison Tsutsujigaoka	918	5	947	-29	4.4	-0.1	4.5	-0.1	4.6	-0.1	44
Total	15,814	143	14,532	1,281	4.8	-	4.5	-	5.0	-	798

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" are the amount based on real estate appraisal as of April 30, 2018 by real estate appraisers while the figures for "Prime Maison Shirokanedai Tower," "Prime Maison Otsuka," "Prime Maison Asakusabashi," "Prime Maison Daikanyama," "Prime Maison Gotenyama West" and Esty Maison Toyosu Residence," which were acquired on May 1, 2018, are the amount based on real estate appraisal as of April 1, 2018 by real estate appraisers. "Book Value" indicates the amount recorded on the balance sheets of SHR and SHI as of April 30, 2018.

Note 3: "Direct Capitalization Rate," "Discount Rate" and "Terminal Capitalization Rate" in Residence Total, Office Building Total, Hotel Total, Retail Property, etc. Total and Portfolio Total are the simple averages of the figures for the owned properties indicated above, and are rounded to the first decimal place. Also, when part of an owned asset is a leased land, such part is excluded from the basis of the calculation of the simple average.

Note 4: A fixed-rent type master lease agreement has been concluded with Sekiwa Real Estate Kyushu, Ltd. with regard to Prime Maison MOMOCHIHAMA. In calculating the period-end estimated value as of April 30, 2018, the property's discount rate until the expiry of the agreement is 4.7% (Period on period: -0.1%) and the discount rate after expiry of the agreement is 4.9% (Period on period: -0.1%). Also, a fixed-rent type master lease agreement has been concluded with Sekiwa Real Estate Chubu, Ltd. with regard to Esty Maison HIGASHI SHIRAKABE. In calculating the period-end estimated value as of April 30, 2018, the property's discount rate until the expiry of the agreement is 4.8% (Period on period: 0.0%) and the discount rate after expiry of the agreement is 4.9% (Period on period: -0.1%). For the sake of convenience, the above chart shows the discount rates until the expiry of the agreements.

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 by the DCF method, and thus no "Direct Capitalization Rate" or "Terminal Capitalization Rate" for the leased land are established. Therefore, the "Direct Capitalization Rate" and "Terminal Capitalization Rate" in the above table only indicate those for the residential portion. The "Discount Rate" of the leased land portion are calculated to be 4.7% (Period on period: 0.0%), at the fiscal period ended April 30, 2018 by the DCF method.

Note 6: As for Esty Maison Toyosu Residence, 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. In calculating the appraisal value as of April 1, 2018, the discount rate is 4.5% but the discount rate upon the assessment of sale price after the expiry of the holding period is 4.7%. For the sake of convenience, the above chart shows the discount rates until the expiry of the holding period.

Note 7: In calculating "Difference from Previous Period" and "Period on Period," the comparison between the figures as of September 30, 2017 and that as of April 30, 2018 is indicated for residences and retail properties owned by SHI and comparison between the figures as of October 31, 2017 and that as of April 30, 2018 is indicated for office buildings and hotels owned by SHR. Residence Total, Office Building Total, Hotel Total, Retail Property, etc. Total and Portfolio Total indicate the aggregate amount of changes of properties owned. "Difference from Previous Period" and "Period on Period" are not indicated for the 6 properties that were newly acquired on May 1, 2018.

Note 8: Hamamatsu Plaza is a commercial complex centered on Costco Hamamatsu Warehouse, which opened on September 1, 2017, and, as of the date of this document, is comprised of the Costco Hamamatsu Warehouse Building, Xebio Building, Akachan Honpo Building, Hamapla & Frespo Building, a management building and a gas station for Costco members in the Hamamatsu Plaza East area, and Hamamatsu West Building (being constructed as of the date of this document) as well as the Hamamatsu Plaza Sports Building (Zexis) in the Hamamatsu Plaza West area. SHR holds only 49% quasi-co-ownership of trust beneficiary interests in real estate of Hamamatsu Plaza East, excluding building of Costco Hamamatsu Warehouse and underlying land. Therefore, the "Estimated Value at End of Period" and "Book Value" above are the amounts that correspond to SHR's 49% quasi-co-ownership.

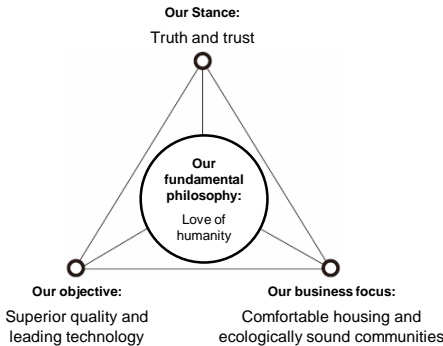
Note 9: As mentioned in Note 8 above, the Hamapla & Frespo Building and the gas station for Costco Members located in the Hamamatsu Plaza East area are leased land; therefore, the DCF method was used to calculate the income approach value for the leased land portion, and "Direct Capitalization Rate" and "Terminal Capitalization Rate" are not indicated. In addition, "Discount Rate" in the table above is indicated for the property excluding the Hamapla & Frespo Building and the gas station for Costco Members. The discount rates as of April 30, 2018 for leased land for the Hamapla & Frespo Building and the gas station for Costco Members, calculated using the DCF method, are both 4.7% (period-on-period: -0.1%).

ESG initiatives of Sekisui House

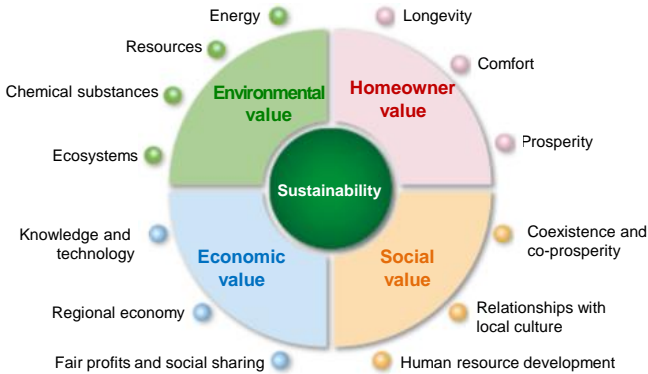
<Development of Philosophy and Value Creation>

Sekisui House defined “a sustainable society” in 2005 as the vision to aspire under the corporate philosophy of “love of humanity,” announcing in connection four values—environmental, economic, social and homeowner—in order to attain and confirm this goal, which is intended to achieve balanced management, and has been proactive in pursuing such efforts as issuing a “sustainability report” each year.

Corporate Philosophy



4 Values and 13 Guidelines



<Main Initiatives of Sekisui House and Accolade from Third Parties>

Environment

E

S

G

Selected by RobecoSAM in Swiss for the “Gold Class,” the highest rank in the residential construction division of “RobecoSAM Sustainability Award 2018,” for 3 consecutive years. (73 companies around the world and 5 Japanese companies were selected)

F

S

G

Selected by S&P Dow Jones Indices in the U.S. and Robeco SAM in Swiss for the Dow Jones Sustainability World Index (DJSI World) for two consecutive years.

F

S

G

Selected by FTSE Group in the U.K. for “FTSE4Good Global Index” and “FTSE4Good Japan Index” brand

E

Obtained the first certification of “SBT (Science Based Targets) Initiative” in Japan in the residential industry concerning CO₂ reduction

E

Received FY2017 Environment Minister’s Award for Global Warming Prevention Activities/Organizer: Ministry of the Environment and 27th Grand Prize for the Global Environment Award/Organizer: Fuji Sankei Group

Social

S

Selected by the Ministry of Economy, Trade and Industry for the New Diversity Management Selection 100 as a company that promotes diversity management

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. (The only company that was selected five times in the residential and construction industry)

S

Obtained “Eruboshi” Certification from Minister of Health, Labor and Welfare based on the Act on Promotion of Women’s Participation and Advancement in the Workplace

S

Obtained “Kurumin” Certification from Minister of Health, Labor and Welfare based on the Act on Advancement of Measures to Support Raising Next-Generation Children

S

Received “Minister of State for Special Missions Award” as an advanced company empowering female employees in 2017

F

S

G

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

Governance

G

Introduction of retirement system at the age of 70 for the President and Representative Director

G

Appointment of outside female executives

G

Transparency and revitalization of operation of the Board of Directors

G

Establishment of management meeting

G

Clarification of the divisions of directors

G

Evaluation of effectiveness of the Board of Directors

Sustainability Policy of Asset Management Company

1. Compliance with ESG-related Laws and Regulations and Rules

We implement in-house training for the purpose of enhancing knowledge with regard to ESG-related laws, regulations and rules, and abide by such laws, regulations and rules in conducting real estate investment management with considerations given to ESG.

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

To plan for the achievement of a low-carbon society and actively promote the efficient use of energy, we have set reduction targets for energy use at the properties held by SHR in accordance with laws and regulations and shall follow a plan-do-check-act (PDCA) cycle to achieve the targets.

3. Water and Resource Saving Measures

We shall actively contribute to the creation of a recycling-based society by promoting measures and public awareness activities for reducing water use and implementing the three Rs (reduce, reuse and recycle) in relation to resources.

4. Biodiversity

In accordance with the "Gohon no ki" (Five Trees) Planning promoted by Sekisui House, we conduct maintenance and management of planting and other greenery measures, centering on tree species with consideration given to the native vegetation and other ecosystem matters. By doing so, we aim to realize harmony with nature and the surrounding environment.

5. Comfort and Safety

We shall provide high-quality homes where residents of residential properties can lead their lives in comfort, as well as convenient, safe and comfortable spaces that contribute to enhancing the productivity of tenant companies in commercial properties.

We will also promote the installation of facilities to ensure that residents can live safely and securely in the event of a disaster alongside the provision of "sustainable bases of operation" to tenant companies with considerations given to their business continuity plans (BCPs).

6. Contributing to Regions and Communities

We create activity and prosperity by participating in local events and through other means, in an effort to find common interest with the regions and communities as well as to invigorate them.

7. Cooperation with Stakeholders

To implement initiatives based on this policy, we shall strive to cooperate with property management companies and other partners, residents of residential properties, tenant companies and facility users of commercial properties, and other stakeholders.

8. Supply Chain Management

We adopt the perspectives of green procurement and corporate social responsibilities in our investment and management operations in order to promote ESG awareness through our supply chains.

9. Information Disclosure

While regularly monitoring our action measures, etc. regarding ESG, we disclose information concerning sustainability performance on our website and through other media. In addition, we will continue our efforts to acquire environmental certification and recognition from outside assessment agencies.

■ "Gohon no ki" (Five Trees) Planning Promoted by Sekisui House

"Gohon no ki" (Five Trees) Planning is a Sekisui House original proposal for the creation of gardens and communities where the ecosystem is taken into consideration and local indigenous trees are used for gardening. In this planning, "Five Trees" indicates that Japanese indigenous trees will be promoted as "three trees for birds and two trees for butterflies."

Examples of Initiatives for ESG

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

Introduction of environmentally friendly facilities

Solar power generation panels



Garden City Shinagawa Gotenyama



Prime Maison Gotenyama West

Low-e double-glazed windows



Hommachi Minami Garden City

LED lighting



HK Yodoyabashi Garden Avenue

Replacement of lights for common areas with LED lighting in residential properties

Implemented at a total of
44 properties

Electricity consumption

Expected total annual reduction of
Around **1,270,496 kwh**



Greenhouse gas emissions

Expected total annual reduction of
Around **647 t-CO₂**

Promotion of energy-saving of air conditioners for common areas in residential properties

Replaced a total of
836 A/C units

Electricity consumption

Expected total annual reduction of
Around **186,205 kwh**



Greenhouse gas emissions

Expected total annual reduction of
Around **88 t-CO₂**

Biodiversity Activities

“Gohon no ki” (Five Trees) Planning
Promoted by Sekisui House
Examples

Wall garden



Prime Maison Yokohama Nihon-odori

Rooftop garden



Hommachi Garden City

Rooftop garden



Garden City Shinagawa Gotenyama

Contributing to Regions and Communities

Disaster-relief vending machines



Prime Maison Ginza East, etc

Concert held in entrance hall



Hommachi Garden City

Installing automated external defibrillators (AED)



Christmas tree display



Hommachi Garden City

Comfort and Safety Measures

Emergency electricity supply unit



Garden City Shinagawa Gotenyama

24-hour disaster prevention center



Garden City Shinagawa Gotenyama

Installing emergency cabinets for elevators



Distribution of stockpiled emergency supplies to tenants



Example of Esty Maison Ojima

Note: The above examples are examples of initiatives for ESG implemented by SHR or SHI by the date of this document. The figures for expected reductions above are estimated by Asset Management Company based on materials provided by the replacement work operator and 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.

Overview of Interest-Bearing Liabilities (1)

Loans

As of the date of this document

Term	Lender	Balance (million yen)	Interest Rate	Drawdown Date	Repayment Date	Remarks
Long	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Development Bank of Japan Inc.	3,882	1.15475% ^{Note 2}	Aug. 2, 2012	Feb. 28, 2019	Unsecured and Unguaranteed
	MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Trust & Banking Co., Ltd.	4,500	0.89900% ^{Note 2}	Feb. 8, 2013	Feb. 28, 2019	
	MUFG Bank, Ltd., Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited	5,242	1.02225% ^{Note 2}	Feb. 28, 2013	Feb. 28, 2020	
	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Aozora Bank, Ltd.	2,500	Base Rate (JBA 3-month JPY TIBOR) +0.40000%	Aug. 30, 2013	Aug. 31, 2018	
	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% ^{Note 2}		Aug. 31, 2020	
	MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited	1,800	1.17350% ^{Note 2}	Jan. 31, 2014	Feb. 28, 2022	
	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	1,550	0.79614% ^{Note 2}	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, The Senshu Ikeda Bank, Ltd., The Yamaguchi Bank, Ltd.	3,900	0.95225% ^{Note 2}		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% ^{Note 2}		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% ^{Note 2}	Mar. 28, 2014	Feb. 26, 2021	
	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	4,400	0.83600% ^{Note 2}	Aug. 29, 2014	Aug. 31, 2021	
	MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	5,400	0.96475% ^{Note 2}		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	14,000	0.65830% ^{Note 2}	Dec. 3, 2014	Nov. 30, 2019	
	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% ^{Note 2}		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% ^{Note 2}		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% ^{Note 2}	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% ^{Note 2}		Feb. 28, 2022	
	Development Bank of Japan Inc.	1,000	0.85250%		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% ^{Note 2}		Feb. 28, 2023	
	MUFG Bank, Ltd.	1,650	0.61760%		Nov. 30, 2020	
	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% ^{Note 2}	Jul. 31, 2015	Nov. 30, 2020	
	MUFG Bank, Ltd.	700	0.88470%		Nov. 30, 2022	
	Development Bank of Japan Inc.	650	0.88500%		Nov. 30, 2022	
	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited	1,650	0.89470% ^{Note 2}		Nov. 30, 2022	

Note: Footnotes regarding this page can be found on page 43.

Overview of Interest-Bearing Liabilities (2)

Term	Lender	Balance (million yen)	Interest Rate	Drawdown Date	Repayment Date	Remarks
Long	MUFG Bank, Ltd.	750	1.00850%	Jul. 31, 2015	Nov. 30, 2023	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	2,350	1.01850% ^{Note 2}		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% ^{Note 2}		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	Base Rate (JBA 1-month JPY TIBOR) +0.42500%	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%		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. 29, 2025	
	MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Development Bank of Japan Inc.	3,000	0.59750%		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. 8, 2026	
	MUFG Bank, Ltd., Mizuho Bank, Ltd.	1,340	0.67000%		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, 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, 2025	
	MUFG Bank, Ltd.	1,500	0.72500%		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. 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%		Nov. 30, 2023	
	MUFG Bank, Ltd., Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., Development Bank of Japan Inc.	1,250	0.45254%		Nov. 30, 2023	
	Mizuho Bank, Ltd., The Norinchukin Bank	2,528	0.61380%		Aug. 29, 2025	
	MUFG Bank, Ltd.	750	0.32000%	Nov. 30, 2017	Jul. 13, 2022	
	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited, The Norinchukin Bank	5,050	0.34800% ^{Note 2}		Jul. 13, 2022	
	MUFG Bank, Ltd., Development Bank of Japan Inc.	1,200	0.35341%		Jul. 13, 2022	

Note: Footnotes regarding this page can be found on page 43.

Overview of Interest-Bearing Liabilities (3)

Term	Lender	Balance (million yen)	Interest Rate	Drawdown Date	Repayment Date	Remarks
Long	MUFG Bank, Ltd.	750	0.34000%	Nov. 30, 2017	May 31, 2023	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	0.41800% ^{Note 2}		May 31, 2023	
	MUFG Bank, Ltd., Development Bank of Japan Inc.	1,200	0.42622%		May 31, 2023	
	MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	4,000	Base Rate (JBA 1-month JPY TIBOR) +0.18000%	Feb. 27, 2018	Feb. 28, 2019	
	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. 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% ^{Note 2}		Aug. 31, 2027	
Total Loans		182,432	-	-	-	-

Investment Corporation Bonds

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
Sekisui House Residential Investment Corporation Third Series Unsecured Investment Corporation Bonds (with a clause that ranks them pari passu among specified investment corporation bonds)	2,500	0.37400%	Feb. 28, 2014	Feb. 28, 2019	
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	
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. 8, 2016	Sep. 8, 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	
Total Investment Corporation Bonds	15,500	-	-	-	-
Total Interest-Bearing Liabilities		197,932	-	-	-

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

■ Breakdown of the number of unitholders and number of investment units by unitholder type

	Sekisui House Reit, Inc. (SHR)				Sekisui House Residential Investment Corporation (SHI)			
	FP ended April 2018				FP ended April 2018			
	Unitholders		Investment Units		Unitholders		Investment Units	
	Unitholders	Ratio (%)	Investment Units (units)	Ratio (%)	Unitholders	Ratio (%)	Investment Units (units)	Ratio (%)
Individuals and others	12,389	95.61	90,646	9.35	9,597	94.97	106,114	9.60
Financial institutions	144	1.11	651,304	67.21	129	1.28	701,583	63.46
City banks	0	0.00	0	0.00	0	0.00	0	0.00
Regional banks	25	0.19	79,610	8.22	35	0.35	166,462	15.06
Trust banks	10	0.08	507,593	52.38	12	0.12	460,497	41.65
Life insurers	5	0.04	11,573	1.19	2	0.02	6,616	0.60
Casualty insurers	2	0.02	1,601	0.17	3	0.03	10,449	0.95
Shinkin banks	56	0.43	32,298	3.33	47	0.47	39,911	3.61
Others	46	0.35	18,629	1.92	30	0.30	17,648	1.60
Non-financial corporations	241	1.86	88,182	9.10	200	1.98	72,506	6.56
Non-Japanese corporations	167	1.29	128,128	13.22	167	1.65	193,958	17.54
Securities companies	17	0.13	10,740	1.11	12	0.12	31,349	2.84
Total	12,958	100.00	969,000	100.00	10,105	100.00	1,105,510	100.00

Note: Percentages on this page are rounded to the nearest second decimal place.

■ Major shareholders of SHR immediately before the merger

Company Name	Number of Investment Units Owned	
	Number of Investment Units Owned (units)	Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	262,107	27.05
The Master Trust Bank of Japan, Ltd. (Trust Account)	157,431	16.25
Sekisui House, Ltd.	65,200	6.73
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	48,212	4.98
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	25,359	2.62
State Street Bank and Trust Company 505012	16,218	1.67
THE HACHIJUNI BANK, LTD.	12,818	1.32
State Street Bank-West Pension Fund Clients-Exempt 505233	10,388	1.07
THE HOKURIKU BANK, LTD.	10,098	1.04
Stitching Pension Fund Metal en Technique	10,004	1.03
Total	617,835	63.76

■ Major shareholders of SHI immediately before the merger

Company Name	Number of Investment Units Owned	
	Number of Investment Units Owned (units)	Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	224,957	20.35
The Master Trust Bank of Japan, Ltd. (Trust Account)	150,517	13.62
Sekisui House, Ltd.	39,000	3.53
Citigroup Global Markets Japan Inc.	27,170	2.46
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	27,029	2.44
BARCLAYS CAPITAL SECURITIES LIMITED	22,158	2.00
Mitsubishi UFJ Trust and Banking Corporation	20,753	1.88
DEUTSCHE BANK AG LOMDON-GPF CLIENTSOMNI-FULL TAX 613	19,915	1.80
State Street Bank-West Pension Fund Clients-Exempt 505233	18,816	1.70
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	18,182	1.64
Total	568,497	51.42

Overview of Asset Management Company and Reinforcement of Governance

■ Overview of Asset Management Company

Corporate name	Sekisui House Asset Management, Ltd.
Head office	4-15-1 Akasaka, Minato-ku, Tokyo
Capital	400 million yen
President & Representative Director	Junichi Inoue
Number of employees	60
Shareholder	Sekisui House, Ltd. (100%)
Licenses and registration, etc.	Licensed for building lots and buildings transaction business License No.(1) 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

■ Asset Management Fee

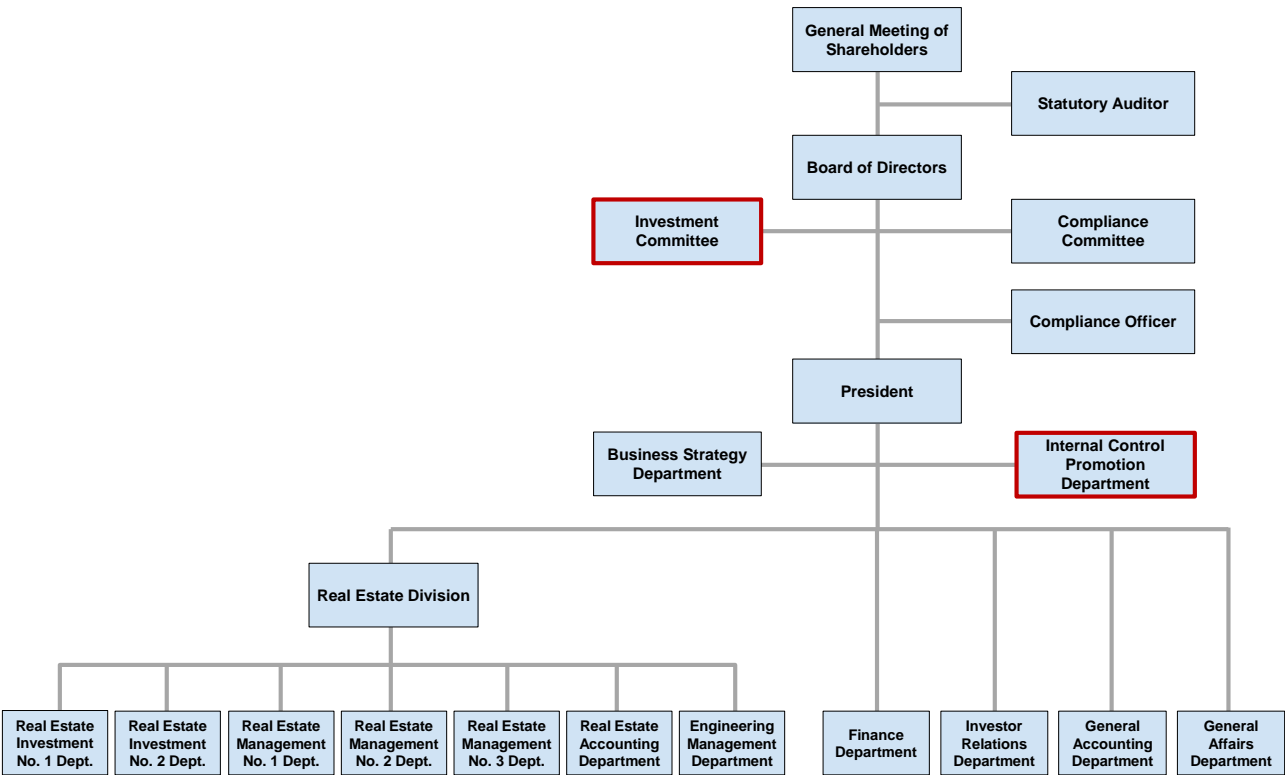
Management Fee I (linked to total assets)	Total assets × 0.15%
Management Fee II (linked to performance)	(DPU ^{Note 2} × Operating income ^{Note 3} × 0.002%) × 2 (split ratio)
Management Fee III (acquisition fees)	Acquisition purchase price × 0.3% (Transactions with related parties: None)
Management 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 investment corporation × 0.4%

Note 1: With regard to rates, unless otherwise specified, applicable rates or expected rates are stated instead of maximum rates.
Note 2: Calculated as the distributable amount of before deduction of Management Fee II divided by the total number of issued investment units.
Note 3: Operating Income of before deduction of Management Fee II.

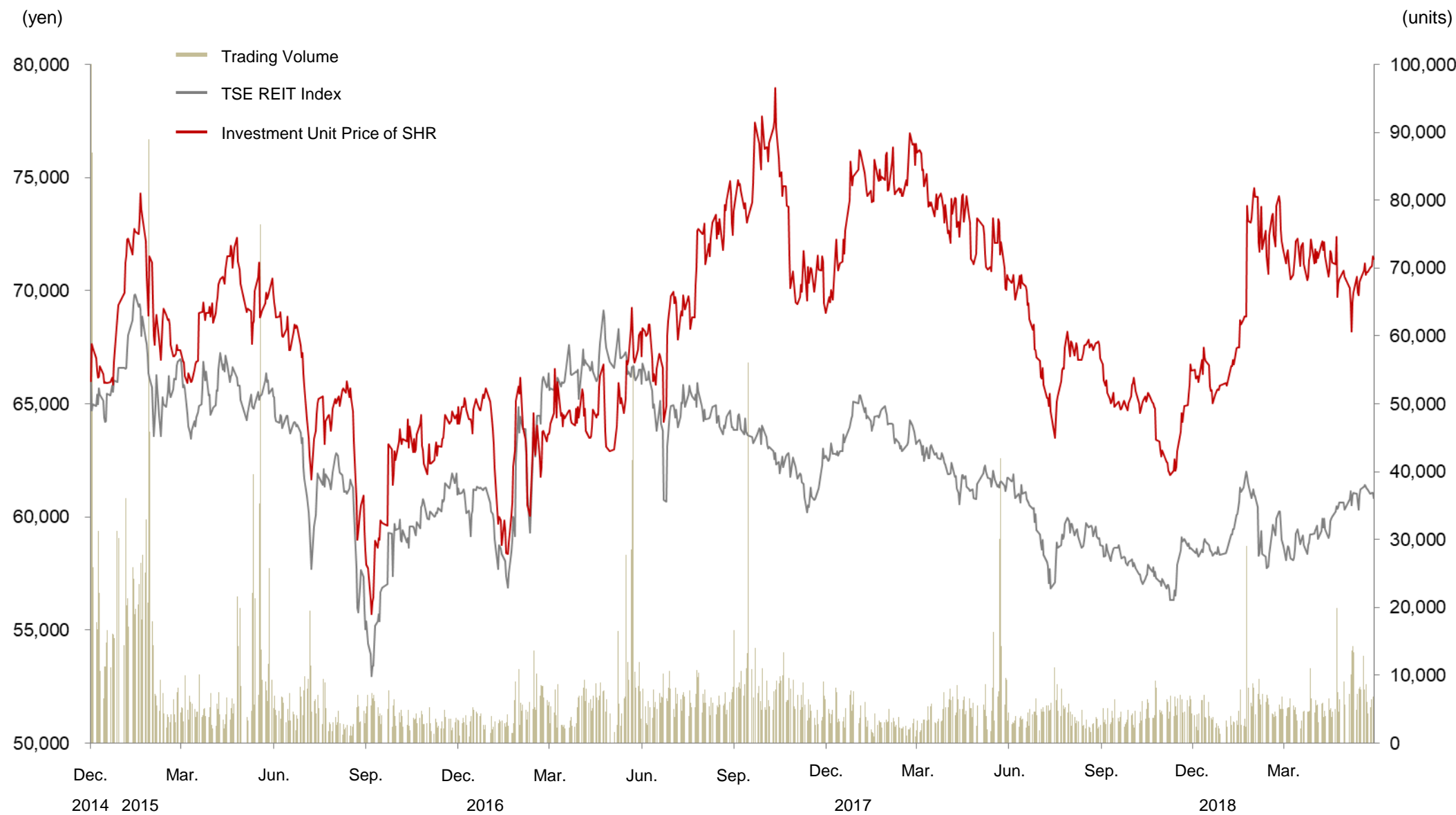
■ Reinforcement of governance catapulting on the merger

- Newly established the **Internal Control Promotion Department** which controls and supervises risk management, internal audit, legal affairs, etc.
- At the Investment Committee which plays an important role in the decision-making process, **increased the number of external committee members from one (real estate appraiser) to two (real estate appraiser and lawyer).**

<Organizational Structure>



Changes in Unit Price (December 3, 2014 – May 31, 2018)



(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 25, 2018 and earlier being divided by two and actual figures of "Trading Volume" 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.



SEKISUI HOUSE REIT, INC.