



SEKISUI HOUSE REIT, INC.

Fiscal Results Briefing **8th Fiscal Period Ended October 31, 2018**

December 17, 2018

The
8th
Fiscal Period

Presentation Material

May 1, 2018
to
October 31, 2018



<Notes for This Document>

Effective May 1, 2018, Sekisui House REIT, Inc. merged with Sekisui House Residential Investment Corporation.

Throughout this document, Sekisui House REIT, Inc. will be abbreviated as “SHR” while Sekisui House Residential Investment Corporation may be referred to as “SHI.”

In addition, with the merger, SHR has taken on the properties (residential and retail properties) of SHI, the dissolved company in the absorption-type merger, and there are sections in this document where the operating results, etc., prior to the merger with SHI are recorded.

In this document, “22nd Fiscal Period Ended September 2016,” “23rd Fiscal Period Ended March 2017,” “24th Fiscal Period Ended September 2017,” and “25th Fiscal Period Ended April 2018” refer to the calculation period of the four fiscal periods directly prior to the merger with SHI.

Moreover, for the most recent fiscal period, “25th Fiscal Period Ended April 2018,” the operational period has been changed to seven months, and figures between October 1, 2017 and April 30, 2018 are indicated.

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- The material containing the information required under Article 23(1) and (2) of the AIFMD is available at <http://sekisuihouse-reit.co.jp/en/ir/library.html>

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

Characteristics of Sekisui House Reit, Inc. (“SHR”)

Characteristic 1	<ul style="list-style-type: none"> SHR’s sponsor is Sekisui House, Ltd. (“Sekisui House”), one of the leading homebuilders in Japan. 	Current AUM (aggregate acquisition price) 439.1 billion yen
Characteristic 2	<ul style="list-style-type: none"> SHR is a highly stable "diversified REIT" with core assets of high quality "residential properties and office buildings" 	Current Portfolio (asset type) Residences 54.3% Office buildings 41.8% Hotel 3.9%
	<ul style="list-style-type: none"> Investing in Residential properties located in Greater Tokyo (76.6%) and Commercial Properties located in major metropolitan areas (100%); Greater Tokyo, the Osaka area and the Nagoya area (acquisition price basis). 	Current Portfolio (area) Tokyo, Osaka & Nagoya 94.8%
	<ul style="list-style-type: none"> Investing in Prime Properties featuring “strategic locations” and “high quality”. 	NAV per unit (as of end of 8 th FP) 75,517 yen
Characteristic 3	<ul style="list-style-type: none"> Strong relationships with major domestic financial institutions. 	LTV (as of end of 8 th FP) 43.3%

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

Note2: The figures are as of December 14, 2018.

Executive Summary

Profile of Sekisui House Reit, Inc.

Corporate Profile

Trade name
Asset management company
Sponsor

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



Owned Assets

Aggregate acquisition price
Number of properties

JPY 439.1 bil
113 properties

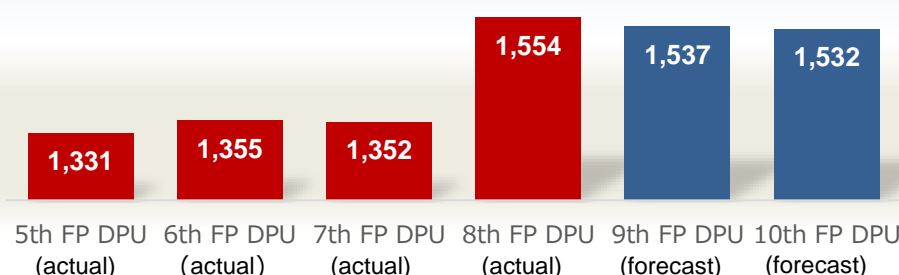
<Major Owned Assets>



Distributions

Fiscal period ends
Actual for 8th fiscal period
Forecast for 9th fiscal period
Forecast for 10th fiscal period

April and October of each year
JPY 1,554 per unit
JPY 1,537 per unit
JPY 1,532 per unit



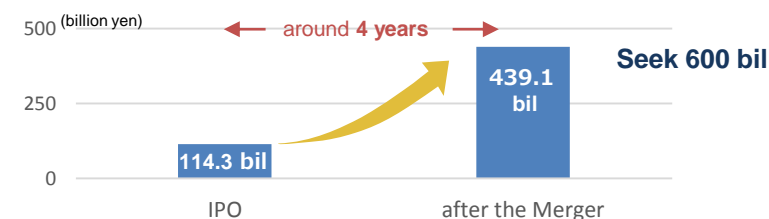
Financial information

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

JPY 197.9 bil
JPY 110.1 bil
3,762,091 units
AA- (positive) [JCR]

Highlight

- Around a 30.7-fold expansion of asset size from the time of IPO
- Achieved the target of 400 billion yen in asset size in around 4 years since IPO



Note: The figures are as of December 14, 2018.

Executive Summary

Growth Strategies Utilizing Sekisui House's Support

■ Sekisui House's Corporate Profile and Business Strategies

About Sekisui House

Sekisui House's Corporate Profile (As of July 31, 2018)

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

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

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

Cumulative Number of Houses Built : **2,403,963 houses**

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

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

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

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

In 2017, Sekisui House Reit Inc. merged with Sekisui House Residential Investment Corporation as a diversified REIT.

■ Commitment of properties by Sekisui House Group to its sponsored J-REITs (as of December 14, 2018)

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

Asset Type	Number of Properties (Note)	Transaction Price
Office (2007-2018)	8 properties	235.0 billion yen
Residential (2010-2018)	61 properties	128.9 billion yen
Total (2007-2018)	63 properties	363.9 billion yen

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

Priority strategies for each business model

[Built-to-Order Business]

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

[Supplied Housing Business]

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

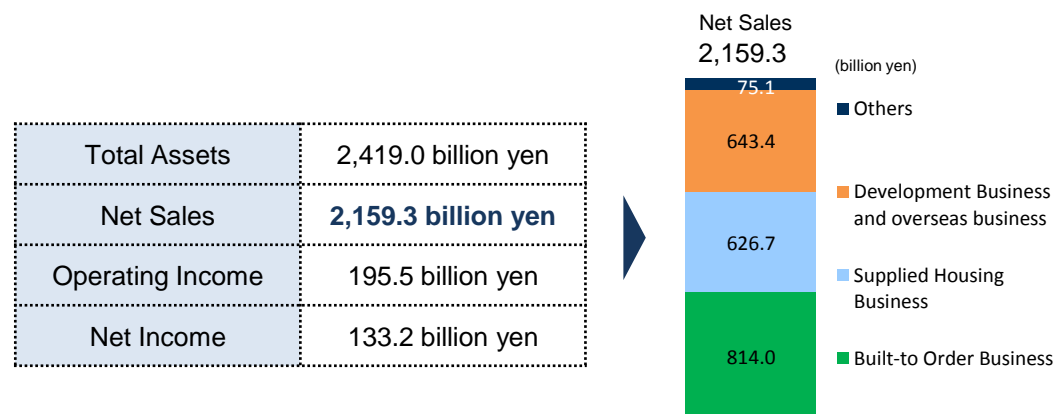
[Development Business]

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

[Overseas Business]

Provide Sekisui House Quality globally based on the environmental technologies cultivated in Japan.

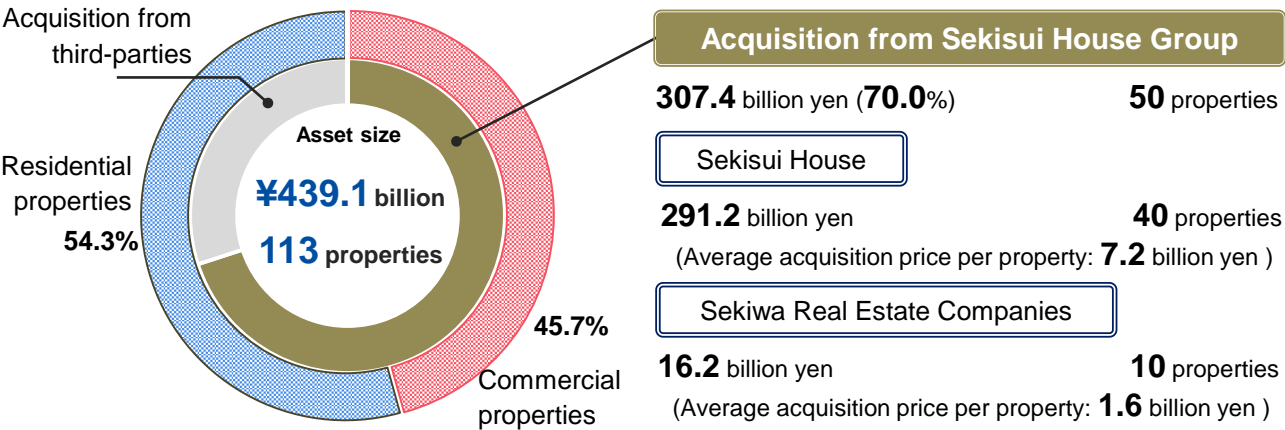
■ Sekisui House's Consolidated Financial Statements FY2017(Feb/17-Jan/18)



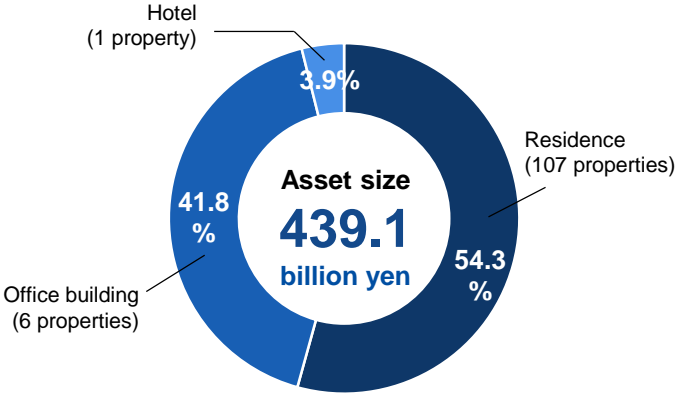
1. Overview of Portfolio

Overview of Portfolio

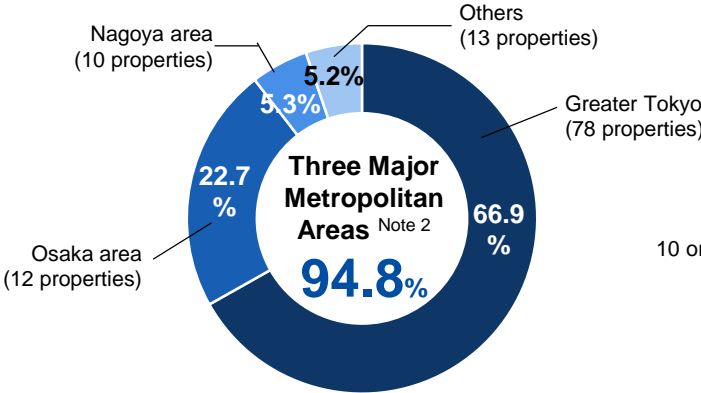
Asset size	Number of properties
Total 439.1 billion yen	113 properties
Average acquisition price	Forecast NOI yield (9th forecast)
3.8 billion yen per property	Before depreciation 4.4% After depreciation 3.4%
Ratio of prime properties	Portfolio PML value
89.8% (86 properties)	1.83% (As of survey in October 2018)



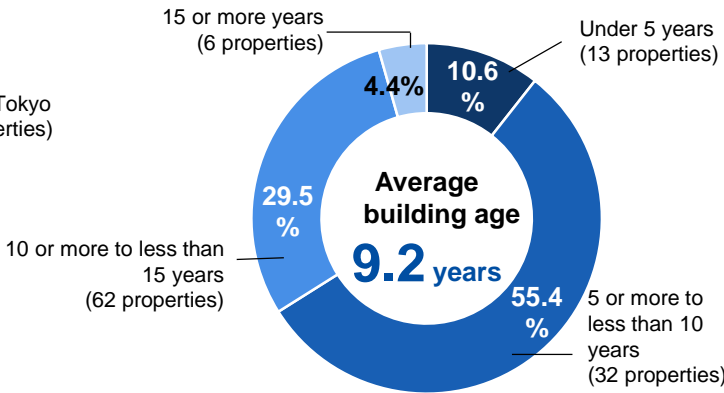
Diversification status by use
(acquisition price basis)



Diversification status by area
(acquisition price basis)



Diversification status by building age
(acquisition price basis)



Note 1: Unless otherwise mentioned, information is recorded as of the date of this document.

Note 2: The "Three Major Metropolitan Areas" are Greater Tokyo, Osaka Area and Nagoya Area (here and hereinafter). "Greater Tokyo" includes Tokyo, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture; "Osaka Area" includes Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture and Nara Prefecture; and "Nagoya Area" includes Aichi Prefecture (here and hereinafter).

Note 3: In calculating "Diversification status by use age" "Hommachi Garden City" is recorded as one property each in an office building and a hotel, but is calculated as one building when calculating "Ratio of Prime properties" "Diversification status by area" and "Diversification status by building age."

Note 4: As ratios are rounded to the first decimal place, there are cases when the total ratio does not reach 100% (here and hereinafter).

Diversification Status of Portfolio

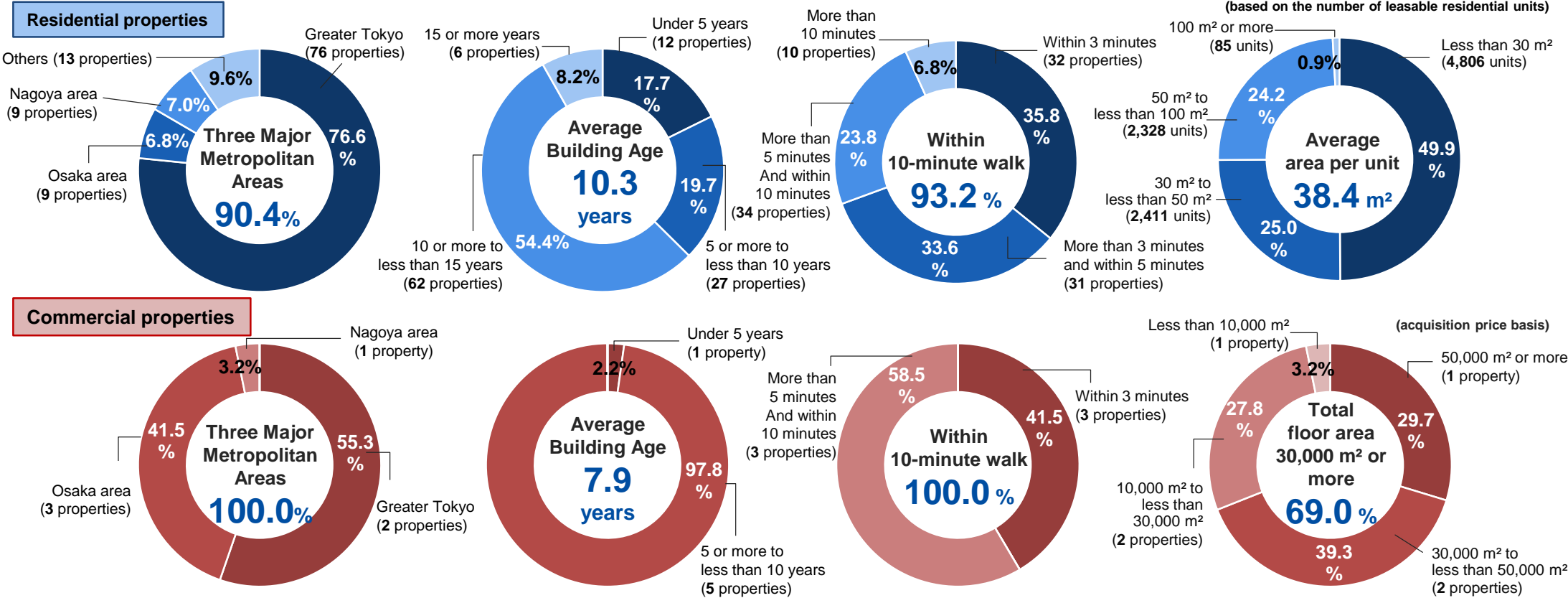
	Asset size	Number of properties	Average acquisition price	Forecast NOI yield <small>(9th FP forecast)</small>	Ratio of prime properties
Residential properties (residence)	Total 238.4 billion yen	107 properties	2.2 billion yen per property	Before depreciation 4.6% After depreciation 3.4%	81.2% (80 properties)
Commercial properties (Office building, hotel)	Total 200.7 billion yen	6 properties	33.4 billion yen per property	Before depreciation 4.1% After depreciation 3.4%	100.0% (all properties)

Diversification status
by area
(acquisition price basis)

Diversification status
by building age
(acquisition price basis)

Diversification status
by time to nearest station by walking
(acquisition price basis) Note 1

Diversification status by
floor area Note 1, Note 2



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

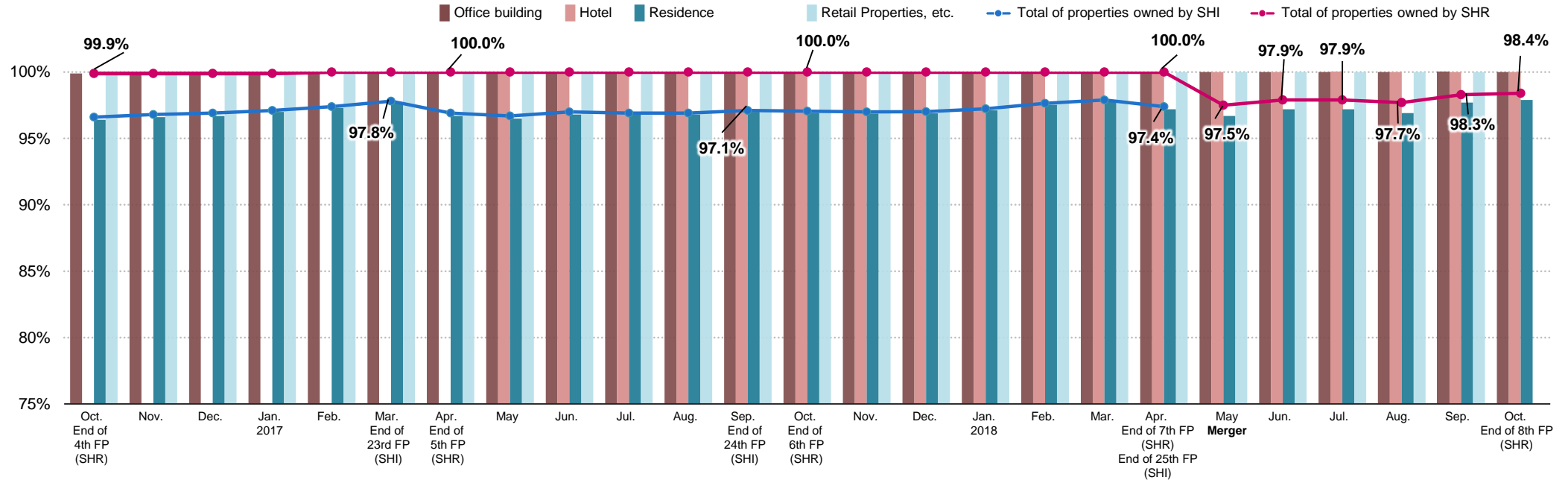
Note 2: "Diversification status by floor area" of commercial properties, etc. is based on the floor area stated in the registry for the entire building and the ratio is calculated based on the acquisition price.

2. Operating Results of the 8th Fiscal Period

2. Operating Results of the 8th Fiscal Period

Changes in Occupancy Ratios

Change in Occupancy Ratios by Month



Occupancy Ratios by Use

		FP ended Apr. 2017 / FP ended Mar. 2017 (5th FP / 23rd FP)			FP ended Oct. 2017 / FP ended Sep. 2017 (6th FP / 24th FP)			FP ended Apr. 2018 (7th FP / 25th FP)			FP ended Oct. 2018 (8th FP)		
		As of the end of the FP	Average during the FP	Highest	As of the end of the FP	Average during the FP	Highest	As of the end of the FP	Average during the FP	Highest	As of the end of the FP	Average during the FP	Highest
Residential Properties	Residence	97.7%	97.0%	(End of Mar.) 97.7%	97.0%	96.8%	(End of Sep.) 97.0%	97.2%	97.2%	(End of Mar.) 97.8%	97.9%	97.3%	(End of Oct.) 97.9%
	Office building	100.0%	99.97%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Hotel	—	—	—	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Retail property, etc.	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	—	100.0%	100.0%
Entire portfolio											98.4%	97.9%	98.4%

Note 1: The occupancy ratio in the above graph records the ratio of the aggregate leased area of the aggregate leasable area of operating assets that belong to the use for SHR and SHI as of the end of each month from October 2016 to October 2018.

Note 2: "Average during the FP" for each period in the above table's occupancy ratio indicates the average value of occupancy ratio as of the end of each month that belongs to each period. In addition, "Highest" shows both the highest occupancy ratio and the relevant date for each month that belongs to each period.

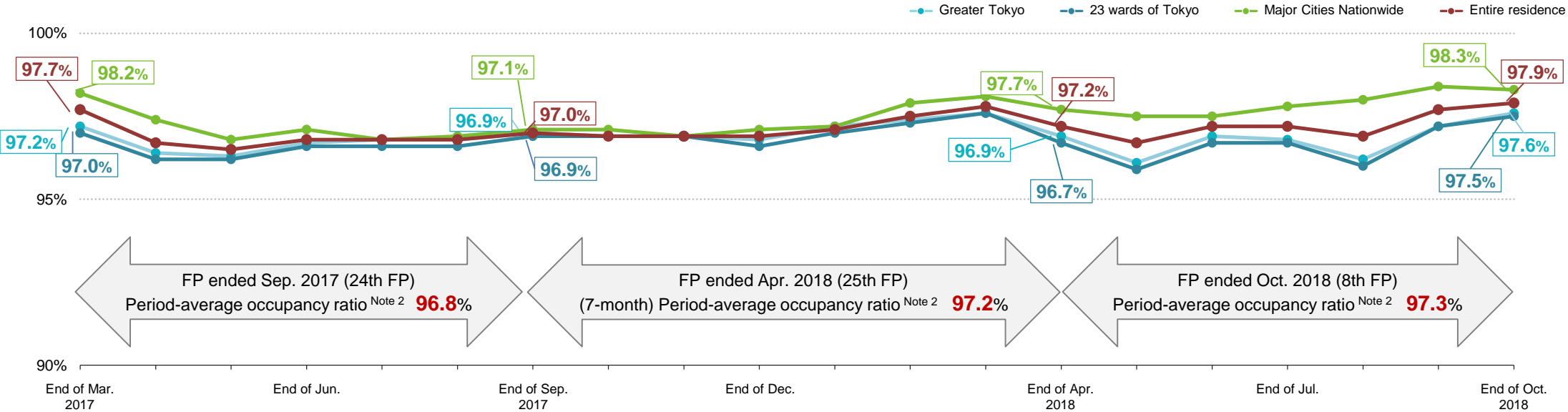
Note 3: Excluding the occupancy ratio of office buildings for the fiscal period ended April 2017 (5th FP), the values above are rounded to the first decimal place.

Occupancy Status of Residential Properties

■ Occupancy Ratios for Residences by Investment Area

		Greater Tokyo		Major Cities Nationwide					Total
			23 wards of Tokyo		Nagoya	Osaka	Fukuoka	Sapporo	
FP ended Sep. 2017 (24th FP)	As of the end of the FP	96.9%	96.9%	97.1%	95.0%	96.3%	98.7%	95.4%	97.0%
	Average during the FP	96.6%	96.5%	97.0%	95.4%	96.4%	98.2%	95.2%	96.8%
FP ended Apr. 2018 (25th FP)	As of the end of the FP	96.9%	96.7%	97.7%	96.4%	96.0%	99.1%	96.6%	97.2%
	Average during the FP	97.0%	97.0%	97.4%	95.6%	95.5%	98.9%	97.2%	97.2%
FP ended Oct. 2018 (8th FP)	As of the end of the FP	97.6%	97.5%	98.3%	97.4%	96.8%	99.1%	97.8%	97.9%
	Average during the FP	96.8%	96.7%	97.9%	96.7%	96.0%	98.9%	97.6%	97.3%

■ Monthly Trends in Occupancy Ratios for Residences by Investment Area ^{Note 1}



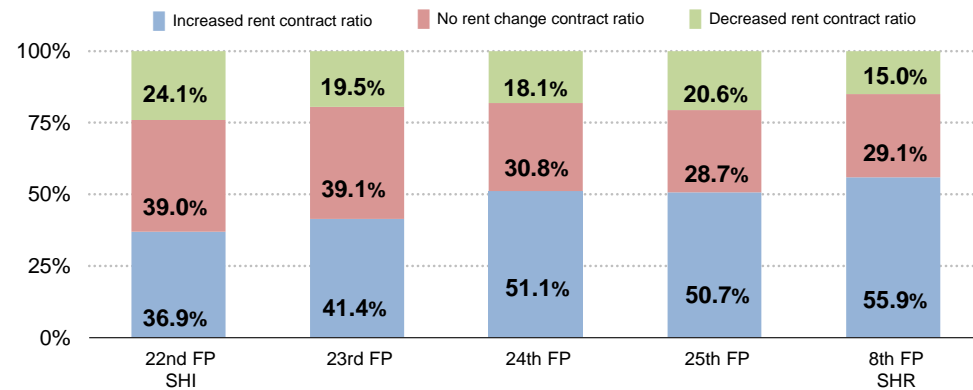
Note 1: "Occupancy ratio" is the ratio of the aggregate leased area of the aggregate leasable area at the end of each month broken down by investment area, based on residential properties owned as of the end of each month. The value above are rounded to the first decimal place.

Note 2: "Period-average occupancy ratio" is the average occupancy ratio for the end of each month within each period.

Rent Trends of Residential Properties (1)

Rent Trends in New Contracts

	FP ended Sep. 2016 (22nd FP)	FP ended Mar. 2017 (23rd FP)	FP ended Sep. 2017 (24th FP)	FP ended Apr. 2018 (25th FP)	FP ended Oct. 2018 (8th FP)
No. of new contracts	885	944	880	1,030	859
Newly contracted rents (monthly rent) ^{Note 1}	¥106,261 thousand	¥112,843 thousand	¥108,775 thousand	¥122,367 thousand	¥115,316 Thousand
Total increase in rent (number of cases)	¥1,472 thousand (327)	¥1,871 thousand (391)	¥1,913 thousand (450)	¥2,204 thousand (522)	¥1,541 thousand (480)
Total decrease in rent (number of cases)	-¥1,150 thousand (213)	-¥1,220 thousand (184)	-¥873 thousand (159)	-¥1,336 thousand (212)	-¥789 thousand (129)
Change in rent (net) (number of cases)	¥321 thousand	¥650 thousand	¥1,040 thousand	¥868 thousand	¥751 thousand
Rate of change in rent against previous rent ^{Note 2}	0.3%	0.6%	1.0%	0.7%	0.7%

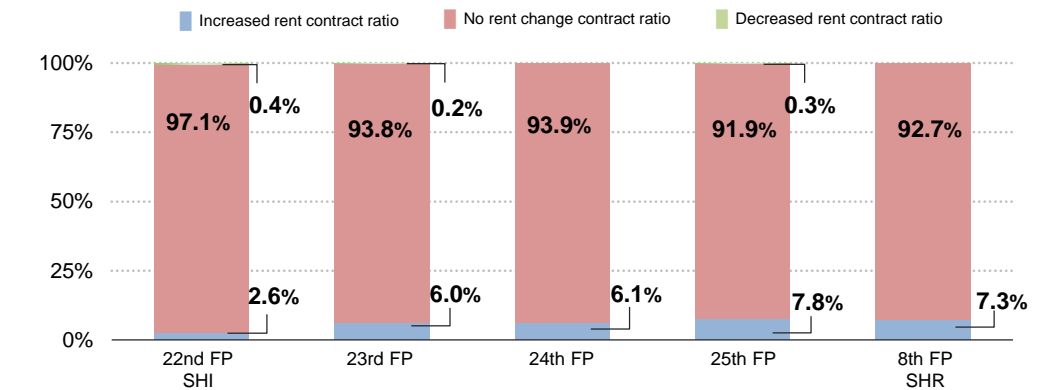


Rent Trends in New Contracts by Investment Area

FP ended Oct. 2018 (8th FP)	No. of new contracts	Change in rent (net)	Rate of change in rent ^{Note 2}
Greater Tokyo	682	¥692 thousand	0.7%
23 wards of Tokyo	618	¥619 thousand	0.7%
Others	64	¥73 thousand	1.2%
Major Cities Nationwide	177	¥59 thousand	0.3%
Total	859	¥751 thousand	0.7%

Rent Trends in Contract Renewals

	FP ended Sep. 2016 (22nd FP)	FP ended Mar. 2017 (23rd FP)	FP ended Sep. 2017 (24th FP)	FP ended Apr. 2018 (25th FP)	FP ended Oct. 2018 (8th FP)
No. of contract renewals	1,135	1,251	1,127	1,860	1,127
Renewed contracted rents (monthly rent) ^{Note 1}	¥140,653 thousand	¥150,085 thousand	¥137,240 thousand	¥214,506 thousand	¥146,256 thousand
Total increase in rent (number of cases)	¥91 thousand (29)	¥124 thousand (75)	¥216 thousand (69)	¥293 thousand (145)	¥183 thousand (82)
Total decrease in rent (number of cases)	-¥17 thousand (4)	-¥15 thousand (2)	-	-¥63 thousand (5)	-
Change in rent (net) (number of cases)	¥74 thousand	¥109 thousand	¥216 thousand	¥230 thousand	¥183 thousand
Rate of change in rent against previous rent ^{Note 2}	0.1%	0.1%	0.2%	0.1%	0.1%



Rent Trends in Contract Renewals by Investment Area

FP ended Oct. 2018 (8th FP)	No. of contract renewals	Change in rent (net)	Rate of change in rent ^{Note 2}
Greater Tokyo	834	¥180 thousand	0.2%
23 wards of Tokyo	726	¥160 thousand	0.2%
Others	108	¥20 thousand	0.2%
Major Cities Nationwide	293	¥3 thousand	0.0%
Total	1,127	¥183 thousand	0.1%

Note 1: "Newly contracted rents (monthly rent)" and "Renewed contract rents (monthly rent)" are the total of monthly rents when contracts are newly conclude or renewed in each period, including common service fees.

Note 2: "Rate of change in rent against previous rent" and "Rate of change in rent" 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.

2. Operating Results of the 8th Fiscal Period

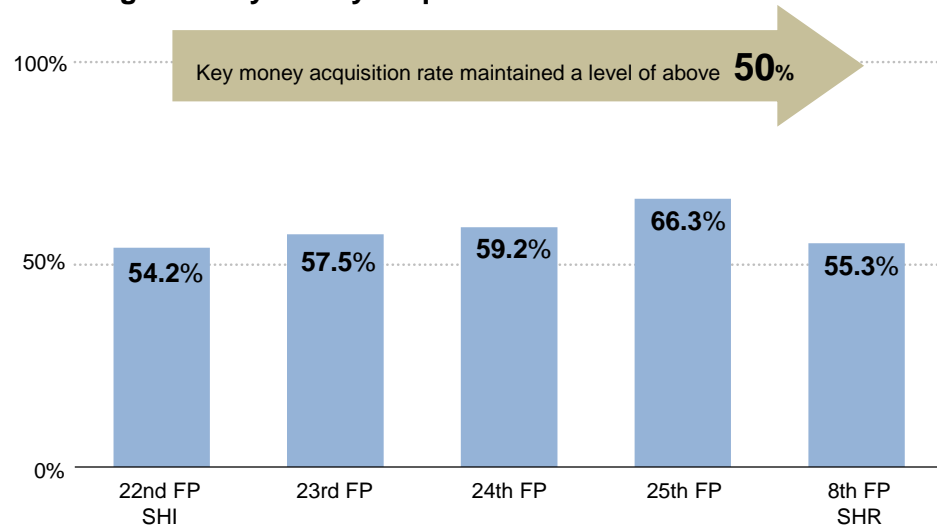
Rent Trends of Residential Properties (2)

■ Trends in Rent for Occupied Space by Investment Area

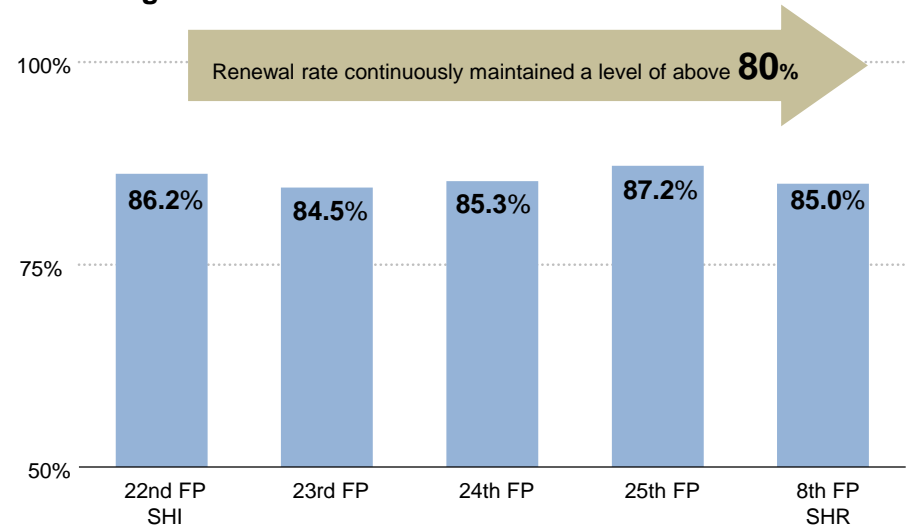
Based on 100 residential properties owned as of the end of the 8th FP upon succeeding them due to the merger					Residences owned as of the end of the 8th FP (based on 106 properties)
	End of FP ended April 2018 (end of 25th FP) Period-end unit rent per tsubo	End of FP ended October 2018 (end of 8th FP) Period-end unit rent per tsubo	Amount of change in unit rent per tsubo/ rate of change in unit rent per tsubo (against the end of 25th FP)		End of FP ended October 2018 (end of 8th FP) Period-end unit rent per tsubo
Greater Tokyo	¥13,240 per tsubo	¥13,254 per tsubo	+¥14	+0.1%	¥13,346 per tsubo
23 Wards of Tokyo	¥13,621 per tsubo	¥13,639 per tsubo	+¥18	+0.1%	¥13,659 per tsubo
Others	¥10,920 per tsubo	¥10,909 per tsubo	-¥11	-0.1%	¥10,909 per tsubo
Major Cities Nationwide	¥7,081 per tsubo	¥7,089 per tsubo	+¥8	+0.1%	¥7,089 per tsubo
Total	¥11,148 per tsubo	¥11,159 per tsubo	+¥11	+0.1%	¥11,512 per tsubo

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 which fixed-rent type master lease agreements have been concluded are not included in calculating the above figures.

■ Changes in Key Money Acquisition Rate









■ Changes in Renewal Rate



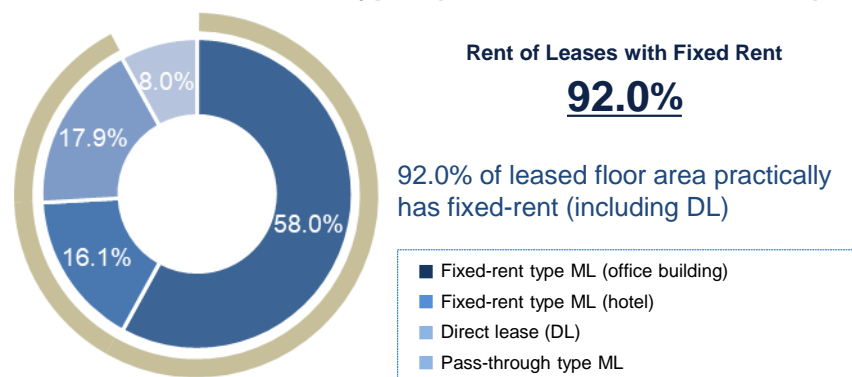
Rent Trends of Office Buildings and Hotel (1)

With operations keying in stability centered around fixed-rent type master lease agreements, office buildings and hotel continue operations at an **occupancy rate of 100%** from the previous period.

■ Status of Lease Agreements of Portfolio Properties ^{Note 1}

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						Direct Lease	Pass-Through Type Master Lease		-
Contract Period	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	¥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	¥23,557 per tsubo	¥22,739 per tsubo

■ Diversification of Lease Types (based on leased floor area) ^{Note 2}



- Since being listed on the Tokyo Stock Exchange, there has been an awareness towards the issue of portfolio diversification, and in order to diminish risk regarding tenant agreement annulments, fixed-rent type master lease agreements have been widely utilized.
- Although the diversification of the portfolio progressed to a certain level with the merger, continued efforts will be made to diversify it by increasing the number of office buildings and hotel properties.

Note 1: Garden City may be abbreviated as "GC," while Garden Avenue may be abbreviated as "GA" (here and hereinafter).

Note 2: 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 first decimal place. In addition, master lease may be abbreviated as "ML," while direct lease may be abbreviated as "DL" here and here in after.

Rent Trends of Office Buildings and Hotel (2)

Income-Linked Rent at Hommachi Garden City (hotel portion)



ML company (lessee):
Sekisui House (sponsor)

End tenant (hotel brand):
The St. Regis Osaka

<Topics>

On November 5, 2018, Wajo, a teppanyaki restaurant, opened

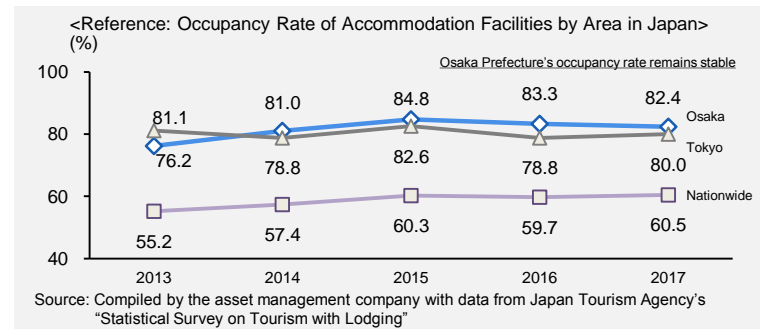
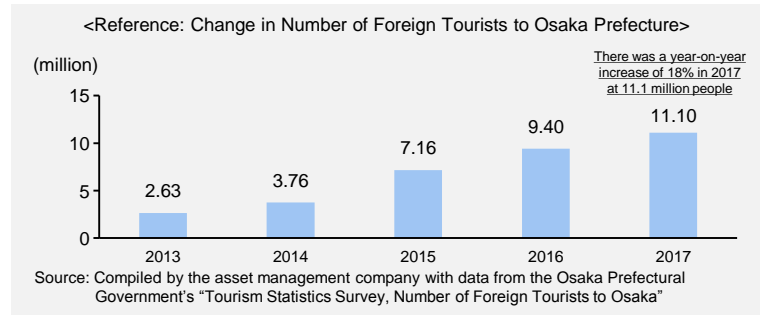
Income-linked rent generated as rent business revenue from the fiscal period ended November 2018 to the fiscal period ending October 2019 (9th FP and 10th FP)

<How income-linked rent work>

- This property uses fixed-rent type master lease agreements that includes income linked rents as a portion of the fixed rent
- If the lessee, who is the master lessee, obtains income exceeding a certain amount, a rent linked to the income (income linked rent) occurs

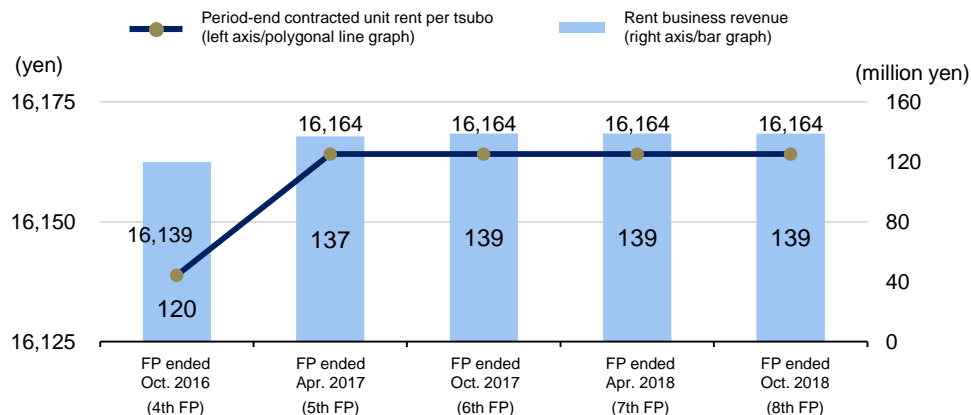
With a strong inbound demand in the background, the lessee, who is the master lessee (Sekisui House), obtained income exceeding a certain amount

In addition to securing stable cashflow, internal growth was realized through income-linked rent

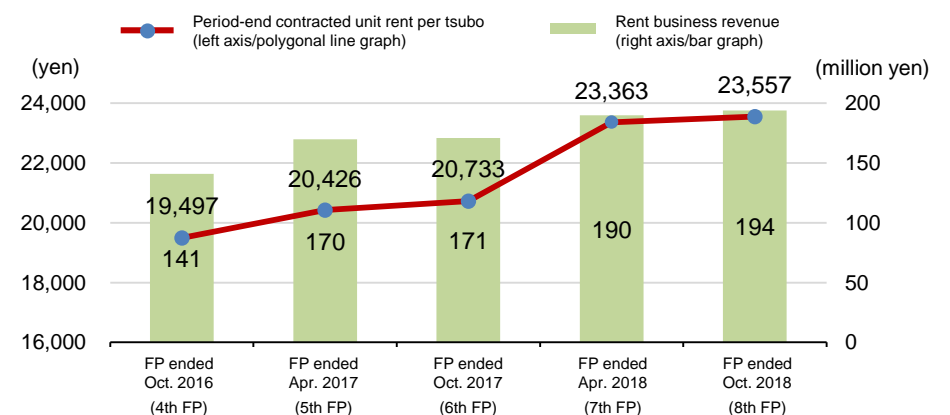


Change in Period-end Contracted Unit Rent per Tsubo and Rent Business Revenue for Pass-through Properties

<HK Yodoyabashi Garden Avenue>



<Hirokoji Garden Avenue>



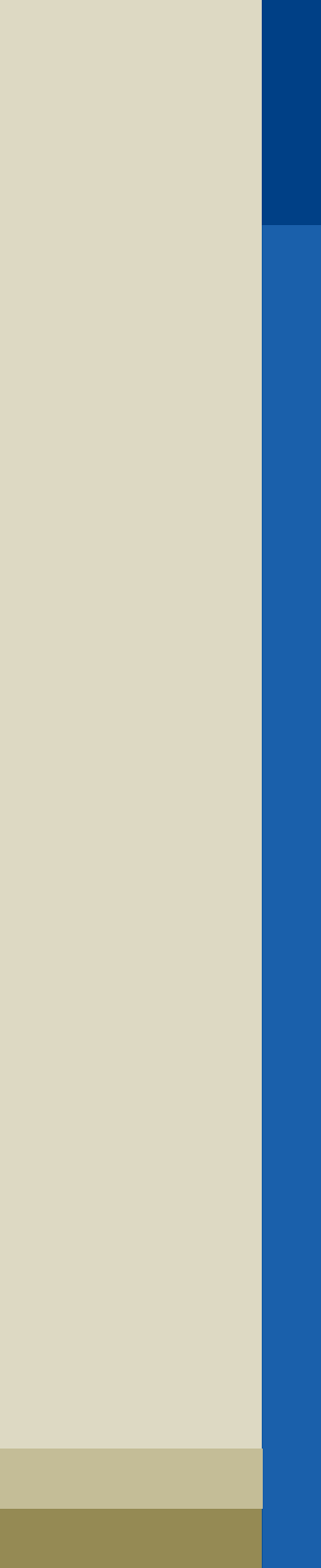
2. Operating Results of the 8th Fiscal Period

Results and Forecast of NOI and NOI Yield by Use

Residence	FP ended October 2018 (8th FP) Forecast (A)	FP ended October 2018 (8th FP) Results (B)	Change (B) - (A)	FP ending April 2019 (9th FP) Forecast	FP ending October 2019 (10th FP) Forecast
Operating revenue	7,370 million yen	7,399 million yen	+29 million yen	7,458 million yen	7,381 million yen
NOI / NOI Yield	5,435 million yen / 4.6%	5,499 million yen / 4.6%	+63 million yen	5,490 million yen / 4.6%	5,401 million yen / 4.5%
NOI after depreciation / NOI yield after depreciation	4,023 million yen / 3.4%	4,093 million yen / 3.4%	+69 million yen	4,065 million yen / 3.4%	3,954 million yen / 3.3%
Period-average occupancy ratio	96.6%	97.3%	+0.7pt	97.2%	96.4%
Office buildings	FP ended October 2018 (8th FP) Forecast (A)	FP ended October 2018 (8th FP) Results (B)	Change (B) - (A)	FP ending April 2019 (9th FP) Forecast	FP ending October 2019 (10th FP) Forecast
Operating revenue	4,262 million yen	4,264 million yen	+2 million yen	4,257 million yen	4,263 million yen
NOI / NOI Yield	3,795 million yen / 4.1%	3,813 million yen / 4.2%	+17 million yen	3,779 million yen / 4.1%	3,785 million yen / 4.1%
NOI after depreciation / NOI yield after depreciation	3,132 million yen / 3.4%	3,150 million yen / 3.4%	+18 million yen	3,114 million yen / 3.4%	3,119 million yen / 3.4%
Period-average occupancy ratio	100.0%	100.0%	-	100.0%	100.0%
Hotel	FP ended October 2018 (8th FP) Forecast (A)	FP ended October 2018 (8th FP) Results (B)	Change (B) - (A)	FP ending April 2019 (9th FP) Forecast	FP ending October 2019 (10th FP) Forecast
Operating revenue	402 million yen	402 million yen	-	404 million yen	404 million yen
NOI / NOI Yield	334 million yen / 3.9%	337 million yen / 3.9%	+2 million yen	326 million yen / 3.8%	338 million yen / 3.9%
NOI after depreciation / NOI yield after depreciation	264 million yen / 3.1%	267 million yen / 3.1%	+2 million yen	256 million yen / 3.0%	268 million yen / 3.1%
Period-average occupancy ratio	100.0%	100.0%	-	100.0%	100.0%
Total	FP ended October 2018 (8th FP) Forecast ^{Note 1} (A)	FP ended October 2018 (8th FP) Results ^{Note 1} (B)	Change (B) - (A)	FP ending April 2019 (9th FP) Forecast	FP ending October 2019 (10th FP) Forecast
Operating revenue	12,136 million yen	12,174 million yen	+37 million yen	12,120 million yen	12,050 million yen
NOI / NOI Yield	9,637 million yen / 4.4%	9,729 million yen / 4.4%	+91 million yen	9,596 million yen / 4.4%	9,526 million yen / 4.3%
NOI after depreciation / NOI yield after depreciation	7,488 million yen / 3.4%	7,586 million yen / 3.4%	+98 million yen	7,436 million yen / 3.4%	7,342 million yen / 3.3%
Period-average occupancy ratio	97.5%	97.9%	+0.4pt	97.8%	97.2%

Note 1: "Total" for "Fiscal period ended October 2018 (8th FP) forecast" and "Fiscal period ended October 2018 (8th FP) results" include figures for Hamamatsu Plaza (retail properties, etc.) which was sold during the 8th FP. However, "Results and Forecast of NOI and NOI Yield by Use" does not include retail properties, etc.), so the total will not add up when adding NOI by each use.

Note 2: The above forecast is calculated based on certain presumptions as of the date of this document, and real values can change based on future additional acquisitions or disposition of real estate, changes in real estate market, etc., and changes in the operating environment and other situations that surround SHR, etc. Moreover, the forecasts do not guarantee actual results.



3. Financial Results Beyond the 8th Fiscal Period

Financial Results

Financial Indices

(as of the end of the fiscal period ended October 2018 (8th FP))

Total assets LTV	Total interest-bearing liabilities	Long-term debt ratio
43.3%	¥197.9 billion	100.0%
Average number of years spent financing	Fixed interest rate debt ratio	Average financing interest rate
6.9 years	93.7%	0.77%

Credit Rating Information

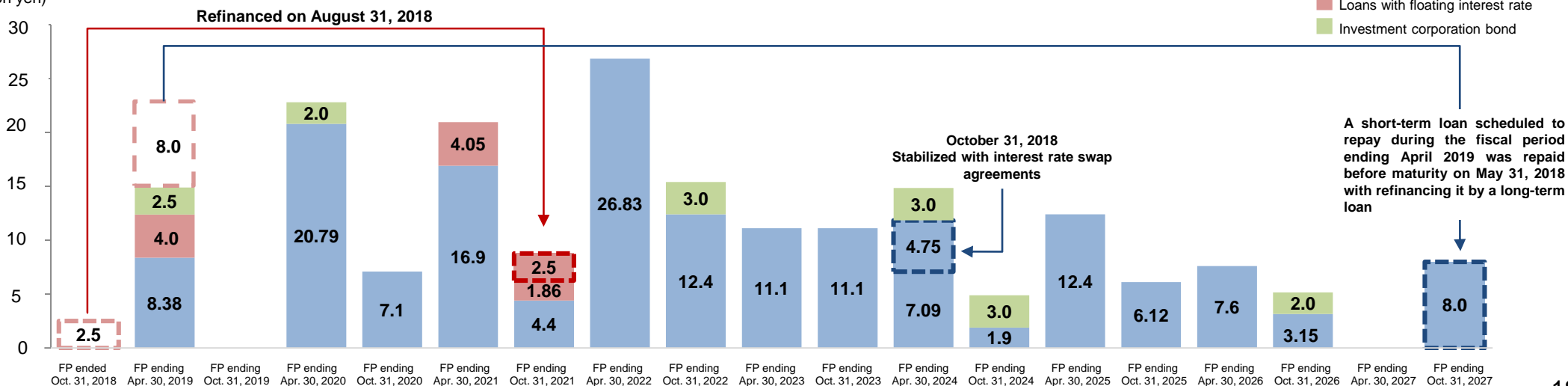
Rating agency	Long-term issuer rating
Japan Credit Rating Agency, Ltd. (JCR)	AA- (Positive)

Status of Commitment Line Agreement

Financial Institution	Contract Period	Maximum Commitment Line Amount
MUFG Bank, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation	November 1, 2018 to October 31, 2019	Increased from 10 billion yen to 15 billion yen

Status of Diversification of Repayment Dates (as of the end of the fiscal period ended October 2018 (8th FP))

(billion yen)



Current Period Financial Activities

In the fiscal period ended October 2018 (8th FP) the improvement of the fixed interest rate debt ratio was promoted while long-term debt ratio was maintained at 100%

- (May 31, 2018) A bridge loan (short term, floating) taken out on May 1, 2018 for property acquisition was refinanced and made long-term with fixed interest rates.

Before refinancing (at new loan)	After refinancing
Loan total: ¥8.0 billion Interest rate: Floating (Base rate +0.180%) Borrowing period: 1 year	¥8.0 billion Fixed (Average financing interest rate: 0.763%) Approx. 9.3 years

- (August 31, 2018) Reduction in interest rates through refinancing existing loans

Before refinancing	After refinancing
Loan total: ¥2.5 billion Interest rate: Floating (Base rate +0.400%) Borrowing period: 5 years	¥2.5 billion Floating (Base rate +0.170%) 3 years

- (October 31, 2018) Hedge against the risk of rising interest rates within the remaining loan period through interest rate swap agreements on existing loans

Relevant loans	After interest rate swap agreement
Loan total: ¥4.75 billion Interest rate: Floating (Base rate +0.425%) Borrowing period: Approx. 7.9 years	Stabilized interest rates at 0.638% (relevant period: approximately 5.3 years)

Initiatives towards Issuance of Green Bonds

- Purpose of issuing green bonds ^{Note 1}

➢ Further promotion of asset management considering ESG

➢ Strengthening capital procurement base through expanding investors who have an interest in ESG investment

Intended Use of Green Bond Funds

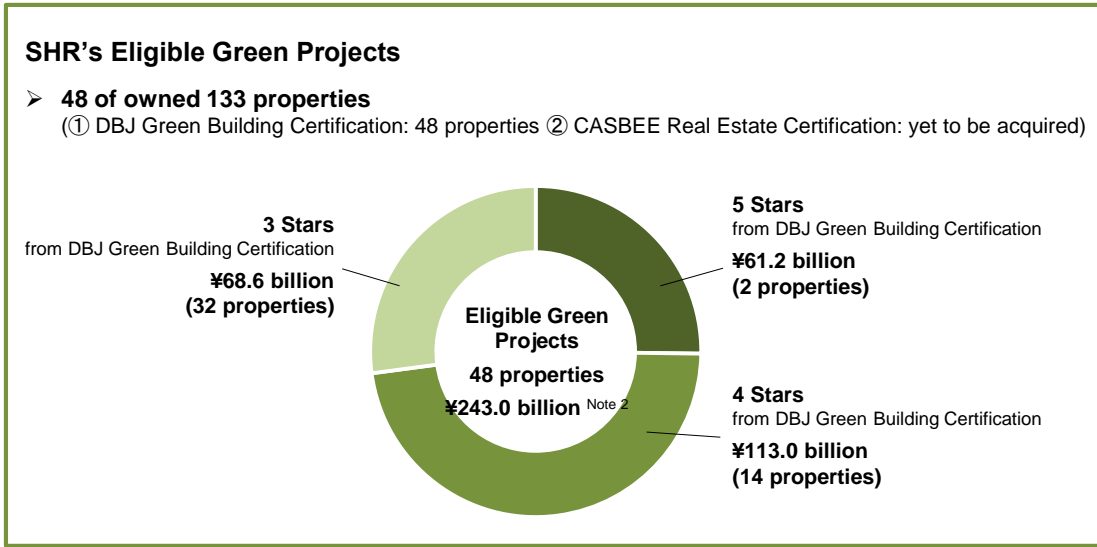
For acquisition of **Eligible Green Projects**, refinancing loans and redemption of investment corporation bonds

<What are Eligible Green Projects?>

Properties which have been evaluated and selected by the asset management company's sustainability committee which involves President & Representative Director and all executives, that also hold or will acquire third-party certification of any of the following.

1. 3, 4, or 5 stars from DBJ Green Building Certification

2. A or S Rank from CASBEE Real Estate Certification



Eligibility of Green Bonds

- A Green Bond Framework was drawn up under the Green Bond Principles, etc., of International Capital Market Association (ICMA)

➢ The balance and procured funds, etc., from green bond issuances will be managed based on the Green Bond Framework

➢ Scheduled disclosure of quantitative indices for green eligible assets (quantity of electricity consumption, quantity of water consumption, and quantity of CO₂ emissions) and relevant status of procured funds based on Green Bond Framework at the end of March, annually

● Obtained a second-party opinion for the eligibility of the Green Bond Framework from Sustainalytics, an international ESG evaluation company

➢ Met the Green Bond Principles 2018 published by ICMA and Japan's Green Bond Guidelines, 2017

➢ Of the four criteria in the Green Bond Principles, aligned with market-best practices in terms of the Process for Project Evaluation and Selection and Reporting disclosure.

SUSTAINALYTICS

GreenBond Platform

Note 1: Green bonds are bonds issued by companies, funds and municipalities, etc., to procure funds for green projects (environmental consideration-type investment and lending projects), and are generally issued under the Green Bond Principles declared by ICMA. SHR submitted amendment of shelf registration statement towards green bond issuance on December 14, 2018.

Note 2: In calculating the acquisition price of Eligible Green Projects, the assets succeeded from SHI due to the merger with SHI effective May 1, 2018, the acquisition price is the acquisition price at the time SHI acquired the property (when a partial sale, etc., occurred after, it will reflect the relevant sale, etc.).

Note 3: The Financial Support Programme for Green Bond Issuance, presupposes that green bonds are issued within three years upon the decision of subsidy, and when an issuance supporter registered with Ministry of Environment's Green Bond Issuance Promotion Platform conducts issuance support operations, such as external revues, etc., the costs are provided to the relevant issuance supporter as subsidies to help costs.

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4. Growth Strategy

Future Growth Strategy

Aim to maximize investor value by realizing growth while focusing on stability by maximizing strong sponsor support

Strategic goals

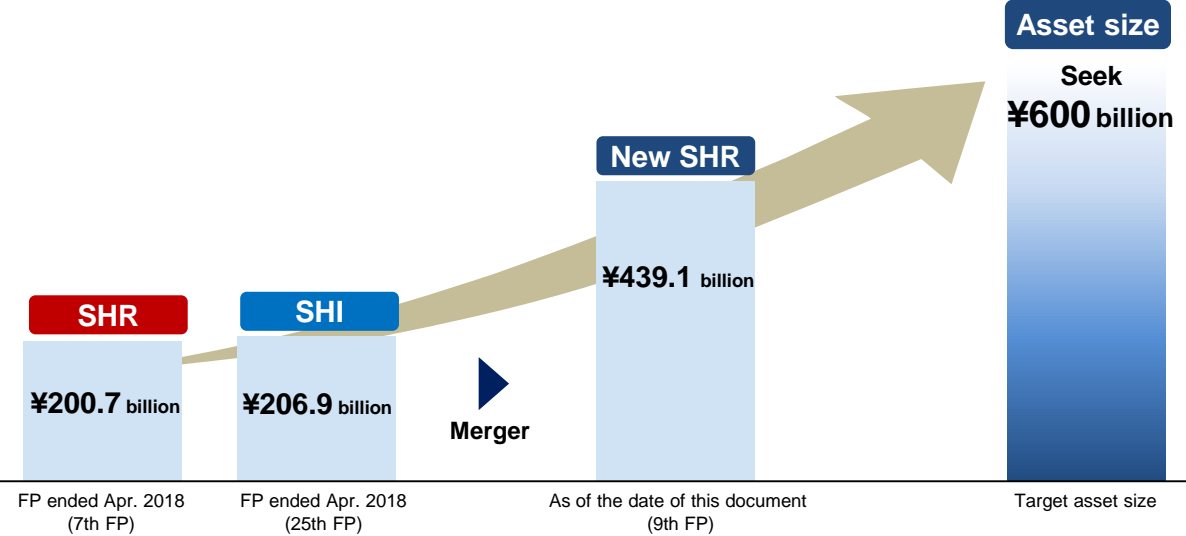
Target achievement period

Investment strategy

Aim to maintain stable and high-quality portfolio while aiming to expanding assets to 600 billion yen

Considering the status of real estate and financial markets, a target achievement period will not be established and a stance of selective investments will be maintained

Continue focused investments in prime properties rooted in “strategic location” and “high-quality”



Investment ratio target by use upon achieving asset size of 600.0 billion yen <small>Note</small>		(Reference) Investment ratio by use as of the date of this document
Residence	About 45%	54.3%
Office building	About 45%	41.8%
Hotel	About 10%	3.9%
Retail properties, etc.	About 0 to 10%	—%

Note: See page 43 for details on Portfolio Development Policy.

Basic Ideas on Fund Procurement Methods

- Funds needed to expand asset scale will be procured with the optimum method considering distribution levels, NAV levels per unit, LTV levels, and the situation and environment at the time.
- When conducting public offerings, consider the points listed above and focus on whether it would contribute to or detract from the improvement of investor value to appropriately make decisions.

➤ Current environment recognition

The real estate market has further heated and cap rates continue to decline. It is recognized that the environment requires even more caution regarding the timing of selecting relevant investment targets and public offerings.

With improving investor value as the highest priority, the “Asset Size: Seek ¥600 billion” for the “Medium-term asset size target” on page 23 of the Presentation Materials of the fiscal period ended April 2018 (7th FP), remains the asset size target despite no intent for early accomplishment.

Highest priority matters in considering public offerings

Improving investor value

Current Operating Policy

Aim for the early accomplishment of distribution per unit on the 1,600-yen level

- Fiscal period ending April 2019 (9th FP) Distribution per unit forecast: up 4.1% or more from 1,537 yen
- Fiscal period ending October 2019 (10th FP) Distribution per unit forecast: up 4.4% or more from 1,532 yen

▶ Intention to raise distribution levels

■ Important Points in Accomplishing Distribution Targets

External growth	<ul style="list-style-type: none">■ Property acquisition utilizing gain on sale of Hamamatsu Plaza■ Steady external growth utilizing room for borrowing
Internal growth	<ul style="list-style-type: none">■ Proactively raise rent prices centering on residential properties to improve profitability
Financial strategy	<ul style="list-style-type: none">■ Diversify fund procurement methods and reduce interest rate costs through refinancing■ Improve credit rating “AA- (positive)” received from JCR

[reference] Impact of consumption tax hike in and after
fiscal period ending April 2020 (11th FP)

<Expected cost increases due to consumption tax hike>

Per period 27 million yen (estimate)



Per unit approximately 7 yen per period

(calculated based on the number of investment units issued and outstanding as of the date of this document)

■ LTV Control Principles

- Upper limit goal of around 45% was changed to around 50% for total-asset-basis LTV.
- Cruising level goal for total-asset-basis LTV set at the middle of the 40% level, maintaining a conservative policy for LTV control.

Room for borrowing based on total asset basis LTV

Approx. ¥61.7 billion

(Total asset basis LTV up to 50% which is target of upper limit goal)

(Reason for change)

Aiming to agilely secure acquisition opportunities of good properties within the heating real estate market by continuing conservative LTV control and improving the flexibility of funds procurement methods.

■ Cash Management Policy

- Depending on the investment unit price of SHR, it may be recognized that utilizing surplus funds to acquire it's own investment units is an effective method in terms of capital policy.
- Make considerations agilely and flexibly for various measures to improve investor value such as the maintenance and improvement of portfolio profits and improvements of an index per unit.

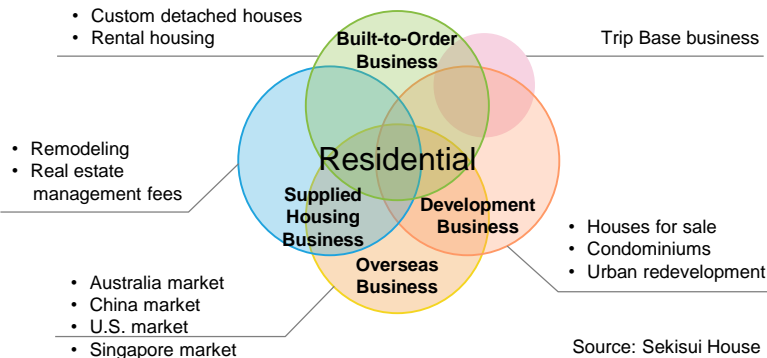
Note: There are no specific plans to acquire SHR's investment unit as of the date of this document.

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

Support from Sekisui House Group for External Growth Enhancing Growth Potential

■ Sekisui House Group Business Strategies

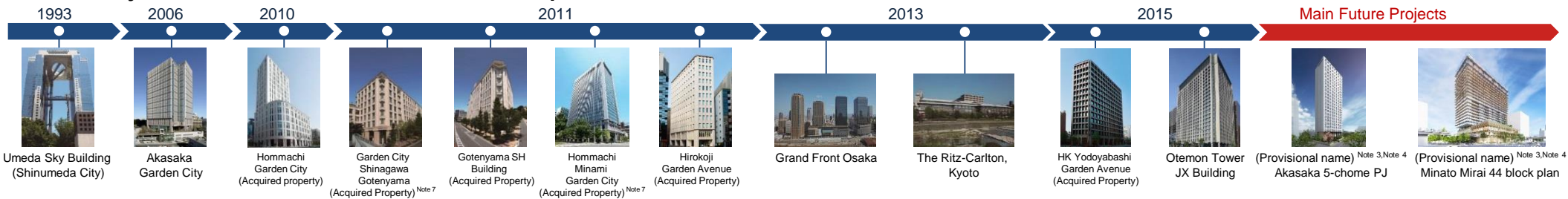
The development business of the Sekisui House Group promotes the creation of quality communities through environment creation-oriented development and stable growth by increasing the asset turnover ratio.



■ Office Buildings Developed by Sekisui House for Which SHR Has Preferential Negotiation 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 figures labeled "Properties under construction" and "Main future projects" are conceptual drawings created based on the drawing and specifications, and could differ from reality.

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 remaining portion.

■ Property Transaction Results with Sekisui House Group

Acquisitions		Sales	
Use	Number of Properties/ Acquisition (planned) price	Use	Number of Properties/ Assignment (planned) price
Office Buildings, Hotels	6 properties / ¥200.7 billion	Retail Property	1 property / ¥10.8 billion
Residence ^{Note 1}	44 properties / ¥95.4 billion	Residence	1 property / ¥0.7 billion
Total	50 properties / ¥296.1 billion	Total	2 properties / ¥11.6 billion

■ Prime Maison Planned and Developed by Sekisui House ^{Note 2}

Completed Properties	Properties Under Construction ^{Note 3}	Planned Properties ^{Note 4}
4 properties / 636 units	7 properties / 615 units	4 properties (All in 23 wards of Tokyo)
 Prime Maison Mita Tsunamachi (Minato-ku, Tokyo)	 Prime Maison Egotanomori (Nakani-ku, Tokyo)	 Prime Maison Meguro (Meguro-ku, Tokyo)
 Prime Maison Hongo (Bunkyo-ku, Tokyo)	 Prime Maison Nakameguro (Meguro-ku, Tokyo)	 Prime Maison Ryogoku (Sumida-ku, Tokyo)

5. ESG Initiatives

ESG Initiatives (Acquisition of External Certification)

■ Acquisition of GRESB Assessment

- **Acquired Green Star, the highest ranking, for the second year** in a row during the 2018 GRESB real estate assessment.
- **Gained GRESB membership** in June 2018 as an asset management company (4th asset management company as a J-REIT).

<Evaluations acquired in 2018>

GRESB assessment	Green Star
GRESB rating	★★★★
GRESB Public Disclosure	B
Health and Wellbeing Module	Participated
Resilience Module	Participated



■ Acquisition of DBJ Green Building Certification

- **Received new certification for 16 residential properties for a total of 48 properties, or 58.6% of the portfolio (based on gross floor area).**
- **All certifications for the 48 properties are 3 Stars or above, and the total number of stars^{Note} is top among J-REITs.**

<Properties that acquired certification in June 2018>

4 stars
Total
3 properties

DBJ Green Building

Prime Maison Shirokanedai Tower
Prime Maison Daikanyama
Prime Maison Gotenyama West

3 stars
Total
3 properties

DBJ Green Building

Prime Maison Otsuka
Prime Maison Asakusabashi
Esty Maison Toyosu Residence

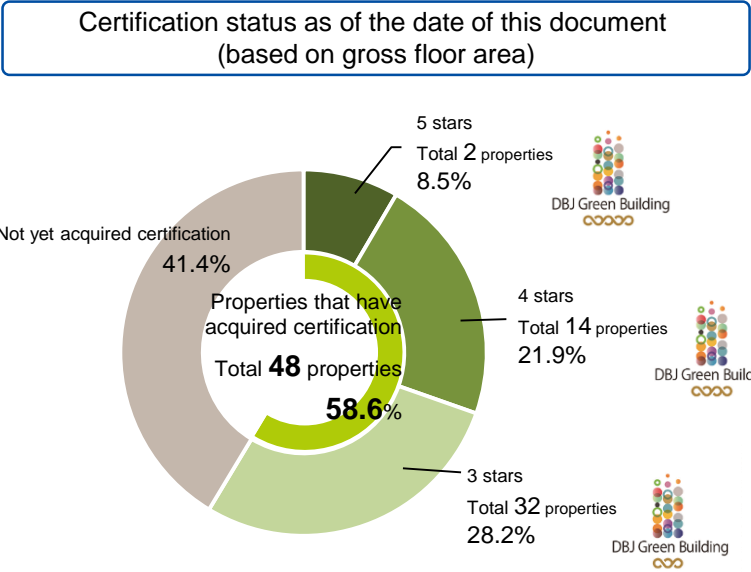
<Properties that acquired certification in October 2018>

3 stars
Total
10 properties

DBJ Green Building

Prime Maison Higashisakura
Prime Maison Gokiso
Prime Maison Yuhigaoka
Prime Maison Kitatanabe
Prime Maison Yadaminami

Prime Maison Waseda
Prime Maison Hachobori
Prime Maison Jimbocho
Prime Maison Fujimidai
Prime Maison Morishita



Note: Total number of stars (162 stars) is calculated based on the total evaluation of properties that acquired certification (1-5 rating).

ESG Initiatives (Environment, Social)

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

Efficient use of energy through facilities considerate of the environment

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

Conducted at **4 properties** during the 8th FP
Implemented at a total of **43 properties**

Electricity consumption

Expected total annual reduction of around **1,189,083 kwh** ^{Note}

Greenhouse gas emissions

Expected total annual reduction of around **602 t-CO₂** ^{Note}

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

Installed **169 units** during the 8th FP
Replaced a total of **932 A/C units**

Electricity consumption

Expected total annual reduction of around **207,836 kwh** ^{Note}

Greenhouse gas emissions

Expected total annual reduction of around **96.0 t-CO₂** ^{Note}

Biodiversity Activities

Large-scale mixed-use developments by Sekisui House “Gotenyama Project”

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



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



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)



Prime Maison Yokohama Nihon-odori, etc.

Implementation of share cycle



Garden City Shinagawa Gotenyama

Comfort and Safety Measures

Emergency electricity supply unit



Garden City Shinagawa Gotenyama

Installing emergency cabinets for elevators



Prime Maison Gotenyama East, etc.

24-hour disaster prevention center



Garden City Shinagawa Gotenyama

Distribution of stockpiled emergency supplies to tenants

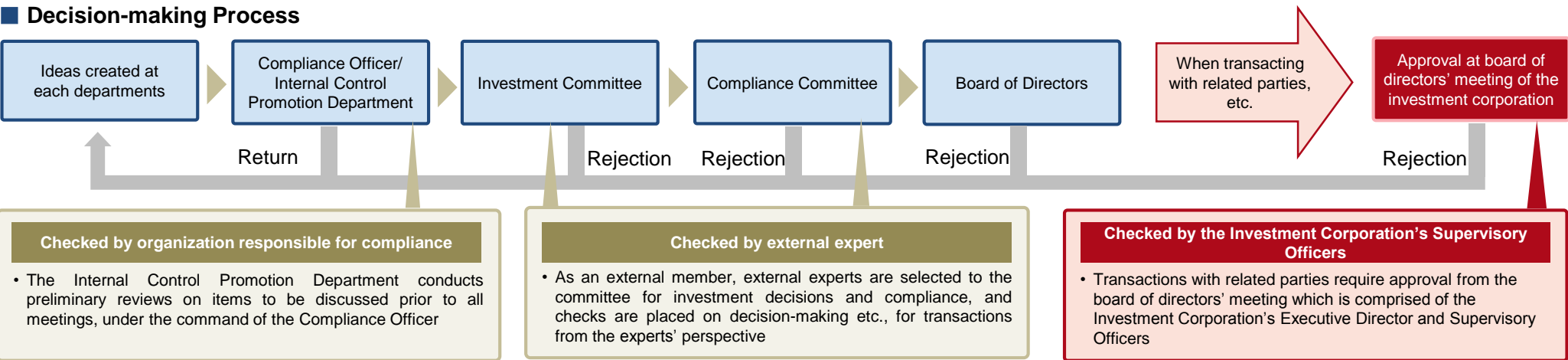


Esty Maison Ojima, etc.

Note: The figures for expected reductions above are estimated by the 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.

ESG Initiatives (Governance Structure)

Decision-making Process

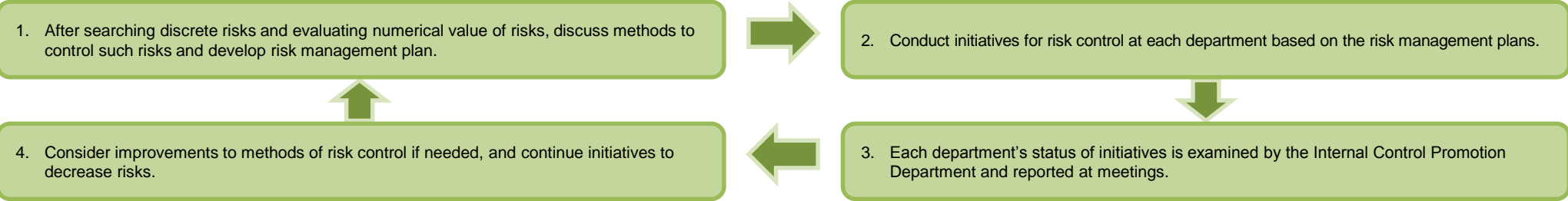


Standards for Transacting with Related parties

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

Risk Management Structure

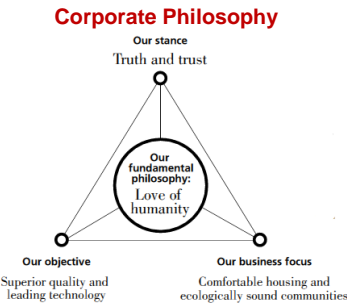
Every fiscal year, initiatives to respond to discrete risks are conducted based on the below cycle at the asset management company. It works to clear “weaknesses” and “oversights” in operations.



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 “a love of humanity,” announcing its vision to achieve balanced management based on four values—environmental, economic, social and homeowner. Moreover, 13 guidelines were established based on the four key values .



<A leading company of ESG management>

Sekisui House has announced its 2050 Vision, which targets zero CO₂ emissions from residences, and having established a long-term vision for 2050, it has also displayed its medium-term initiatives with an outlook for 2030. In addition, it has also announced its vision to become an leading company for ESG management as part of its long-term vision for BEYOND 2020.

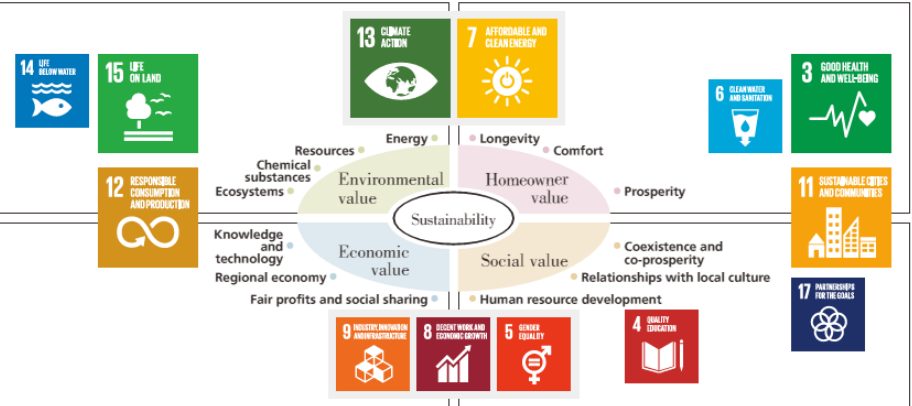
2050 challenges

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

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

The Four key values and 13 Guidelines contain the international establishment of “sustainability,” and is part of a plan that aims to contribute to accomplishing the SDGs, the Sustainable Development Goals, which are the shared goals of international society, through creating living environments.

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



Source: Sekisui House “Sustainability Report 2018”

Environmental management

Lead the world with zero-energy housing, contribute to the world with RE100 initiative

E

S

G

Simultaneously selected by Switzerland’s RobecoSAM as “Gold Class” and “Industry Mover” in the housing construction category of RobecoSAM Sustainability Award 2018.

E

S

G

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

E

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

Social improvement

Make diversity a driver of growth

S

Selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for the Nadeshiko brand 2018 as a company that promotes the active participation of women. (The only company that was selected five times in the residential and construction industry).

S

Declared “Hello Papa Paid Leave” of paternal leave of one month or more, encouraging complete paid childcare leave for one month with full pay.

S

Start up “residential life research facility” that researches “happiness,” the first such facility in Japan.

E

S

G

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

Strengthen Governance

Innovation and communication

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.

MEMO



Appendix

Balance Sheet

	7th Fiscal Period April 30, 2018	8th Fiscal Period October 31, 2018
Assets		
Current assets		
Cash and deposits	2,607,767	9,230,651
Cash and deposits in trust	7,005,235	12,859,502
Operating accounts receivable	18,804	145,522
Prepaid expenses	96,381	154,213
Other	133	5,114
Allowance for doubtful accounts	-	-499
Total current assets	9,728,322	22,394,506
Non-current assets		
Property, plant and equipment		
Buildings in trust	59,654,248	154,045,698
Accumulated depreciation	-4,121,631	-6,157,456
Buildings in trust, net	55,532,616	147,888,242
Structures in trust	684,357	1,483,975
Accumulated depreciation	-61,803	-91,713
Structures in trust, net	622,554	1,392,261
Machinery and equipment in trust	921	2,093,637
Accumulated depreciation	-93	-45,276
Machinery and equipment in trust, net	827	2,048,361
Tools, furniture and fixtures in trust	3,053	59,994
Accumulated depreciation	-638	-3,391
Tools, furniture and fixtures in trust, net	2,414	56,602
Land in trust	141,218,283	279,918,555
Construction in progress in trust	-	43,344
Total property, plant and equipment	197,376,695	431,347,368
Intangible assets		
Leasehold rights in trust	-	2,526,599
Other	2,412	8,346
Total intangible assets	2,412	2,534,946
Investments and other assets		
Lease and guarantee deposits	20,181	800,700
Long-term prepaid expenses	246,911	279,284
Deferred tax assets	21	-
Other	-	173,347
Total investments and other assets	267,114	1,253,331
Total non-current assets	197,646,222	435,135,646
Deferred assets		
Investment corporation bond issuance costs	32,125	29,205
Investment unit issuance costs	43,523	29,139
Total deferred assets	75,648	58,344
Total assets	207,450,193	457,588,497

(unit: thousand yen)

	7th Fiscal Period April 30, 2018	8th Fiscal Period October 31, 2018
Liabilities		
Current liabilities		
Operating accounts payable	143,489	640,450
Current portion of investment corporation bonds	-	2,500,000
Current portion of long-term loans payable	-	12,382,000
Accounts payable – other	414,997	623,167
Accrued expenses	91,512	195,311
Income taxes payable	1,048	590
Accrued consumption taxes	318,392	200,653
Advances received	-	311,576
Derivative debt	-	15,009
Other	0	201,664
Total current liabilities	969,440	17,070,424
Non-current liabilities		
Investment corporation bonds	5,000,000	13,000,000
Long-term loans payable	79,400,000	170,050,500
Tenant leasehold and security deposits in trust	9,269,955	10,964,384
Derivative debt	-	511,956
Other	-	327,370
Total non-current liabilities	93,669,955	194,854,211
Total liabilities	94,639,396	211,924,636
Net assets		
Unitholders' equity		
Unitholders' capital	110,189,294	110,189,294
Surplus		
Capital surplus	-	128,598,415
Unappropriated retained earnings	2,621,502	7,403,117
Total surplus	2,621,502	136,001,532
Total unitholders' equity	112,810,796	246,190,826
Valuation and translation adjustments		
Deferred hedging gain/loss	-	-526,965
Total of valuation and translation adjustments	-	-526,965
Total net assets	112,810,796	245,663,860
Total liabilities and net assets		
	207,450,193	457,588,497

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 yet to be completed.

Statement of Income and Retained Earnings

(unit: thousand yen)

	7th Fiscal Period From November 1, 2017 to April 30, 2018	8th Fiscal Period From May 1, 2018 to October 31, 2018
Operating revenue		
Rent revenue - real estate	4,629,845	11,913,550
Other lease business revenue	25,742	252,879
Gain on sales of real estate properties	-	8,114
Total operating revenue	4,655,588	12,174,544
Operating expenses		
Expenses related to rent business	1,223,022	4,579,453
Asset management fee	370,434	517,151
Asset custody fee	3,786	8,486
Administrative service fees	12,732	49,959
Directors' compensations	3,600	3,600
Merger-related expenses	-	941,174
Provision of allowance for doubtful accounts	-	324
Other operating expenses	47,548	280,439
Total operating expenses	1,661,123	6,380,588
Operating income	2,994,464	5,793,955
Non-operating income		
Interest income	39	98
Reversal of distributions payable	-	1,716
Consumption tax refund	-	49,862
Interest on refund	1,442	-
Other	-	143
Total non-operating income	1,482	51,820
Non-operating expenses		
Interest expenses	296,306	599,481
Interest expenses on investment corporation bond	6,959	51,218
Borrowing related expenses	52,322	67,576
Amortization of investment unit issuance costs	14,384	14,384
Amortization of investment corporation bond issuance costs	2,919	2,919
Other	537	734
Total non-operating expenses	373,430	736,314
Ordinary Income	2,622,516	5,109,461
Extraordinary income		
Gain on negative goodwill	-	2,293,923
Extraordinary income total	-	2,293,923
Income before income taxes	2,622,516	7,403,385
Income taxes – current	1,054	605
Income taxes – deferred	-14	21
Total income taxes	1,039	626
Net income	2,621,476	7,402,759
Retained earnings brought forward	26	357
Unappropriated retained earnings	2,621,502	7,403,117

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 yet to be completed.

(Reference) SHI's Financial Statement for the 25th Fiscal Period

■ Balance Sheet

	25th Fiscal Period April 30, 2018
Assets	
Current assets	
Cash and deposits	5,882,205
Cash and deposits in trust	5,511,714
Operating accounts receivable	120,088
Prepaid expenses	197,009
Deferred tax assets	81
Other	80,583
Allowance for doubtful accounts	-1,882
Total current assets	11,789,799
Non-current assets	
Property, plant and equipment	
Buildings in trust	106,936,616
Accumulated depreciation	-19,540,950
Buildings in trust, net	87,395,666
Structures in trust	987,605
Accumulated depreciation	-300,730
Structures in trust, net	686,875
Machinery and equipment in trust	2,031,290
Accumulated depreciation	-763,676
Machinery and equipment in trust, net	1,267,613
Tools, furniture and fixtures in trust	402,779
Accumulated depreciation	-147,961
Tools, furniture and fixtures in trust, net	254,817
Land in trust	107,828,487
Construction in progress in trust	128,908
Total property, plant and equipment	197,562,369
Intangible assets	
Leasehold rights in trust	139,591
Other	83
Total intangible assets	139,675
Investments and other assets	
Lease and guarantee deposits	242,662
Long-term prepaid expenses	386,883
Other	166,741
Total investments and other assets	796,287
Total non-current assets	198,498,332
Deferred assets	
Investment corporation bond issuance costs	36,743
Investment unit issuance costs	23,472
Total deferred assets	60,215
Total assets	210,348,347

(unit: thousand yen)

	25th Fiscal Period April 30, 2018
Liabilities	
Current liabilities	
Operating accounts payable	277,859
Current portion of investment corporation bonds	2,500,000
Current portion of long-term loans payable	14,882,000
Accounts payable – other	611,873
Accrued expenses	102,291
Income taxes payable	2,124
Accrued consumption taxes	9,905
Advances received	238,795
Other	5,704
Total current liabilities	18,630,554
Non-current liabilities	
Investment corporation bonds	8,000,000
Long-term loans payable	80,150,500
Tenant leasehold and security deposits in trust	1,877,018
Total non-current liabilities	90,027,518
Total liabilities	108,658,073
Net assets	
Unitholders' equity	
Unitholders' capital	98,633,978
Surplus	
Voluntary retained earnings	
Reserve for reduction entry	214,718
Total voluntary retained earnings	214,718
Unappropriated retained earnings	2,841,576
Total surplus	3,056,295
Total unitholders' equity	101,690,274
Total net assets	101,690,274
Total liabilities and net assets	210,348,347

■ Statement of Income and Retained Earnings

(unit: thousand yen)

	25th Fiscal Period From October 1, 2017 to April 30, 2018
Operating revenue	
Rent revenue - real estate	8,174,332
Total operating revenue	8,174,332
Operating expenses	
Expenses related to rent business	3,885,818
Asset management fee	426,954
Asset custody fee	19,273
Administrative service fees	43,110
Directors' compensations	4,200
Merger-related expenses	129,226
Provision of allowance for doubtful accounts	212
Other operating expenses	221,863
Total operating expenses	4,730,658
Operating income	3,443,674
Non-operating income	
Interest income	49
Reversal of distributions payable	747
Other	2
Total non-operating income	799
Non-operating expenses	
Interest expenses	436,750
Interest expenses on investment corporation bonds	61,123
Amortization of investment corporation bond issuance costs	7,945
Borrowing related expenses	84,919
Amortization of investment unit issuance costs	10,040
Other	138
Total non-operating expenses	600,917
Ordinary Income	2,843,555
Income before income taxes	2,843,555
Income taxes – current	2,132
Income taxes – deferred	- 4
Total income taxes	2,127
Net income	2,841,427
Retained earnings brought forward	148
Unappropriated retained earnings	2,841,576

Overview of Financial Results for Fiscal Period Ended October 2018 (8th FP)

■ Comparison Between Forecast (announced June 15, 2018) and Actual Results of 8th Fiscal Period

	(million yen)		
	FP ended October 2018 (8th FP) forecast	FP ended October 2018 (8th FP) results	Change
Operating revenue	12,136	12,174	+37
Operating income	5,570	5,793	+223
Ordinary income	4,878	5,109	+230
Extraordinary income (Gain on negative goodwill)	2,300	2,293	-6
Net income	7,178	7,402	+224
Reserve for temporary difference adjustment (RTA)	-1,418	-1,556	-138
Total distribution	5,759	5,846	+86
Distribution per unit	1,531 yen	1,554 yen	+23 yen (+1.5%)

NOI	9,637	9,729	+91
NOI Yield	4.4%	4.4% ^{Note 1}	0pt
NOI after depreciation	7,488	7,586	+98
NOI yield after depreciation	3.4%	3.4% ^{Note 1}	0pt
Period-average occupancy rate	97.5%	97.9%	+0.4pt

Note 1: Yield is calculated by dividing the annualized actual NOI amounts of the fiscal period ended October 2018 (8th FP) by the total acquisition price of operating assets.

In addition, actual depreciation for the same period is used for calculating NOI yield after depreciation (here and hereinafter).

Note 2: Amounts of less than the indicated unit are rounded down, and percentages are rounded to the first decimal place.

(million yen)	
Main causes of differences between forecast and results of 8th FP	
Amount affecting income and total distribution	
Operating income and expenses	
• Increased profit on real estate sales/lack of loss on sale	+109
<div> <div>The anticipated loss on sale of ¥100 million at the time of the sale of Hamamatsu Plaza did not occur, and ¥8 million in gain on sale was obtained instead of loss on sale.</div> </div>	
• Increase in property-related operating income	+98
<div> <div>Residential properties +69</div> <div>Commercial properties, etc. +28</div> </div>	
• Decrease in SG&A (Selling, general and administrative expenses)	+16
Non-operating income and expenses	
• Increase in non-operating income	+1
• Decrease in non-operating expenses	+6
Extraordinary income	
• Decrease in gain on negative goodwill coinciding with closing accounts	-6
Increase of reserve for temporary difference adjustment	
• Because the expected loss on sale of real estate did not occur when Hamamatsu Plaza was sold	-94
• Because there was decline in the amount of discrepancies between accounting and taxation purposes other than gain on negative goodwill	-50

Financial Forecast for Fiscal Period Ending April 2019 (9th FP) and Fiscal Period Ending October 2019 (10th FP)

■ Comparison of the Results of the 8th FP and Forecast of the 9th FP, Comparison of the Forecasts for the 9th FP and the 10th FP

	Fiscal period ending April 2019 (9th FP)		Fiscal period ending October 2019 (10th FP)	
	Current forecast ^{Note 1}	Comparison with results of 8th FP	Current forecast ^{Note 1}	Comparison with forecast of 9th FP
Operating revenue	12,120	-54	12,050	-69
Operating income	6,353	+559	6,267	-86
Ordinary income	5,624	+515	5,538	-86
Extraordinary income (Gains on negative goodwill)	-	-2,293	-	-
Net income	5,624	-1,778	5,537	-86
Reserve for temporary difference adjustment (RTA)	158	+1,715	225	+67
Total distribution amount	5,782	-63	5,763	-18
Distribution per unit	1,537 yen	-17 yen (-1.1%)	1,532 yen	-5 yen (-0.3%)

NOI	9,596	-132	9,526	-70
NOI Yield	4.4% ^{Note 2}	0pt	4.3% ^{Note 2}	-0.1pt
NOI after depreciation	7,436	-150	7,342	-94
NOI yield after depreciation	3.4% ^{Note 2}	0pt	3.3% ^{Note 2}	-0.1pt
Period-average occupancy rate	97.8%	-0.1pt	97.2%	-0.6pt

Note 1: For the current forecasts for the fiscal period ending April 2019 (9th FP) and the fiscal period ending October 2019 (10th FP), the period-end total asset LTV premised around the same as the results of the fiscal period ended October 2018 (8th FP) at 43.3%, and the total number of investment units issued and outstanding premised at 3,762,091, the number issued as of the date of this document.

Note 2: Yield is calculated by dividing the annualized forecasted NOI amounts of the fiscal period ending April 2019 (9th FP) and the fiscal period ending October 2019 by total acquisition price of operating assets. In addition, forecasted depreciation for each period is used for calculating NOI yield after depreciation (here and hereinafter)

(million yen)

(million yen)

Main causes of differences between results of the 8th FP and forecast of 9th FP	
	Amount affecting income
Operating income and expenses	
• Absence of gain on sale	-8
• Decrease in property-related operating income	-150
Absence of property-related operating income from Hamamatsu Plaza	-75
Residential properties	-27
Commercial properties, etc. (excluding Hamamatsu Plaza)	-46
• Decrease in SG&A	+718
Non-operating income and expenses	
• Decrease in non-operating income	-21
• Increase in non-operating expenses	-23

Main causes of differences between forecast of 9th FP and 10th FP	
	Amount affecting income
Operating income and expenses	
• Decline in property-related operating income	-94
Residential properties	-111
Commercial properties, etc.	+16
• Decrease in SG&A	+7
Non-operating income and expenses	
• Increase in non-operating income	+14
• Increase in non-operating expenses	-14

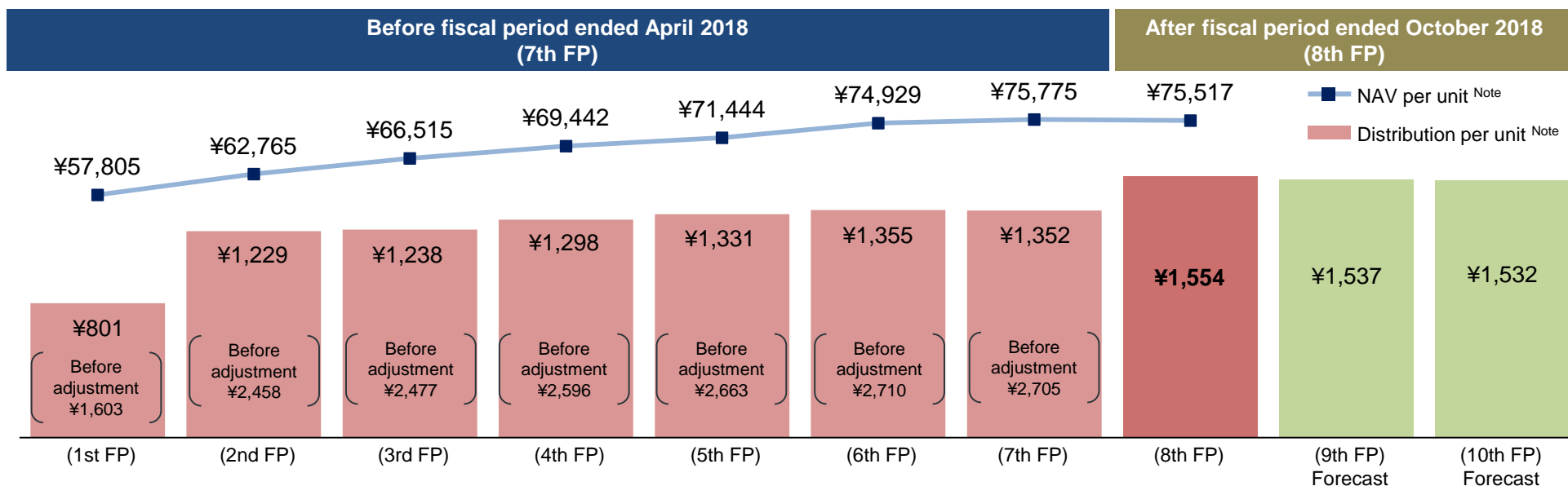
[Reference]

Comparison to previous 9th FP forecast (announced June 15, 2018)

Previous 9th FP forecast	Current 9th FP forecast
Distribution per unit: ¥1,526 yen	Upwards revision of +¥11 yen

Change in NAV and Distribution Per Unit

Aiming to achieve distribution per unit of the 1,600-yen level at an early stage as well as improving NAV per unit.



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

NAV per unit is calculated based on the total investment amount at the end of each period, the total investment surplus, and unrealized capital gains (= appraisal value at each period-end, etc. - book value), and are rounded down to the nearest unit.

State by Use for Period-end for Fiscal Period Ended October 2018 (8th FP)

	Residences	Office buildings	Hotels	Entire portfolio	(Reference) as of May 1, 2018 Entire portfolio
Number of properties ^{Note 1}	106 properties	6 properties	1 property	112 properties	113 properties
Total appraisal value	242.4 billion yen	219.0 billion yen	17.7 billion yen	479.1 billion yen	476.0 billion yen
Unrealized capital gains ^{Note 2}	5.2 billion yen	39.4 billion yen	0.5 billion yen	45.3 billion yen	37.9 billion yen ^{Note 4}
Unrealized capital gains ratio ^{Note 3}	2.2%	22.0%	3.2%	10.4% (+1.7pt) ^{Note 5}	8.7%

Note 1: When calculating "number of properties" by use, "Hommachi Garden City" is recorded as one property each in an office building and a hotel, but is calculated as one building when calculating the "number of properties" for the entire portfolio (here and hereinafter).

Note 2: "Unrealized capital gains" are calculated by subtracting the book value from the appraisal value, etc., which are rounded down values of less than one unit.

Note 3: "Unrealized capital gains ratio" are calculated by dividing unrealized capital gains at each point by the book value, and are rounded to the nearest first decimal place.


Note 4: In calculating unrealized capital gains as of May 1, 2018, the total appraisal value for SHR's operating assets and SHI's succeeded assets (excluding the 12 properties transferred as of May 1, 2018) is as of the end of April 2018, and for the six properties acquired as of May 1, 2018 is based on the appraisal value as of April 1, 2018. In addition, the expected book value as of June 15, 2018, when the previous financial results were published, is used for the six properties acquired as of May 1, 2018.

Note 5: The values inside the brackets for "entire portfolio" and "unrealized capital gains ratio" records the comparison between the "unrealized capital gains ratio" as of the end of the fiscal period ended October 2018 (8th FP) and the "unrealized capital gains ratio" as of May 1, 2018.

Sale of Hamamatsu Plaza (retail properties, etc.)

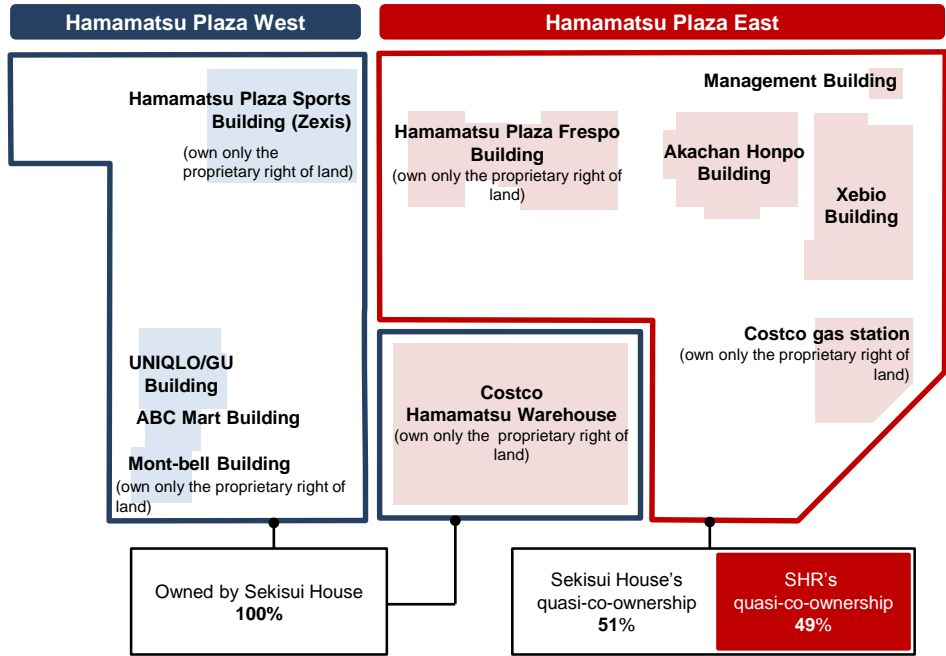
In accordance with the anticipated sale of Hamamatsu Plaza published in the previous financial results, the entire building was sold together with the portion owned by Sekisui House in the 8th FP.

- <Key points of the sale>
- With the sale of the entire Hamamatsu Plaza, upon renovation of the entire facility in cooperation with the sponsor, gain on sale was obtained given a sale at the price exceeding the appraisal value was realized.
 - With the sale of a suburban-type retail property, the quality of portfolio whose core assets are residences and office buildings improved, targeted prime property as important investments.
 - The disposition price will be utilized towards various measures that will contribute to investor profits such as property acquisitions, etc.

Retail properties, etc.	All regions of Japan excluding the three major metropolitan areas	Quasi-co-ownership 49%	Building age ^{Note 1} 18.0 years
	Location	1020-1 Kaminishi-cho, Higashi-ku, Hamamatsu-shi, Shizuoka and others	
	Buyer	Undisclosed ^{Note 2}	
	Sale date	October 29, 2018	
Appraisal value ^{Note 1}	Disposition price	Book value ^{Note 3}	Gain on sales ^{Note 3}
2,729 million yen	2,799 million yen	2,727 million yen	8 million yen
	8th FP forecast	8th FP results	Difference
Rent business profits	101 million yen	100 million yen	-1 million yen
Rent business costs	33 million yen	24 million yen	-9 million yen
Rent business income	68 million yen	75 million yen	+7 million yen

While the sale date was earlier than anticipated, the rent business income exceeded expectations with the decrease in leasing costs

<Ownership breakdown as of sale date>



Note 1: "Building age" is recorded as the age of the building as of the sale date rounded to the nearest first decimal place. Moreover, "Appraisal value" is recorded based on the real estate appraisal value as of April 30, 2018.

Note 2: "Buyer" is undisclosed as the buyer's consent has not been obtained.

Note 3: "Book value" is the price as of the sale date and "Gain on sale" is the price after deducting sale expenses, etc., each rounded down to the nearest million yen.

Acquisition of Esty Maison Kokura (residence)

Utilizing an asset management company’s own route, a residential property was acquired from a third party, which is located in Kokura, a central location of Kitakyushu City



Acquisition price	Appraisal value <small>Note 1</small>
1,040 million yen	1,050 million yen
Appraised NOI yield <small>Note 2</small>	
Before depreciation 5.4%	After depreciation 3.9%



Residential properties	Major cities throughout Japan	Building age <small>Note 1</small> 12.8 years	Does not fit the criteria as a prime property <small>Note 3</small>
Location		4-2-5 Kyo-machi, Kokura Kita-ku, Kitakyushu-shi, Fukuoka	
Seller		Undisclosed <small>Note 4</small>	
Gross floor area		3,334.44 m²	
Number of floors		RC structure/14 F	
Acquisition date		November 29, 2018	
Number of leasable residential units		61 units	
Occupancy ratio		87.4% (as of end of October 2018)	



Location characteristics

- Approximately a 6-minute walk to Kokura Station on the JR, the Sanyo Shinkansen Line and the Kitakyushu Monorail.
- Kokura Kita-ku, Kitakyushu City, where the property is located, is the center of politics, economy, and administration of the city.
- The area surrounding Kokura Station is the leading commercial area within the city.

Property characteristics

- The property carries room types that can meet the needs of bachelors, DINKs, and families.
- All living rooms have an opening facing the south, making both sunlight and airflow pleasant.

Located near Kokura Station and with excellent accessibility, convenience as well as a quiet living environment, demand from near Kokura Station and from commuters into Kitakyushu City is expected.

Note 1: "Appraisal value" is recorded based on the real estate appraisal value as of November 1, 2018. Moreover, "Building age" is recorded as the age of the building as of the date of this document rounded to the nearest first decimal place.

Note 2: Of "Appraised NOI yield," "Before depreciation" is the appraised NOI based on the direct capitalization approach of the real estate investment value, which does not include the depreciation of acquired assets, while "After depreciation" uses the same appraised NOI and then subtracts the total expected depreciation of the fiscal period ending April 2019 (9th FP) and the fiscal period ending October 2019 (10th FP) and divide them by acquisition price (the appraisal NOI before depreciation and the appraisal NOI after depreciation). Values are rounded to the nearest first decimal place.

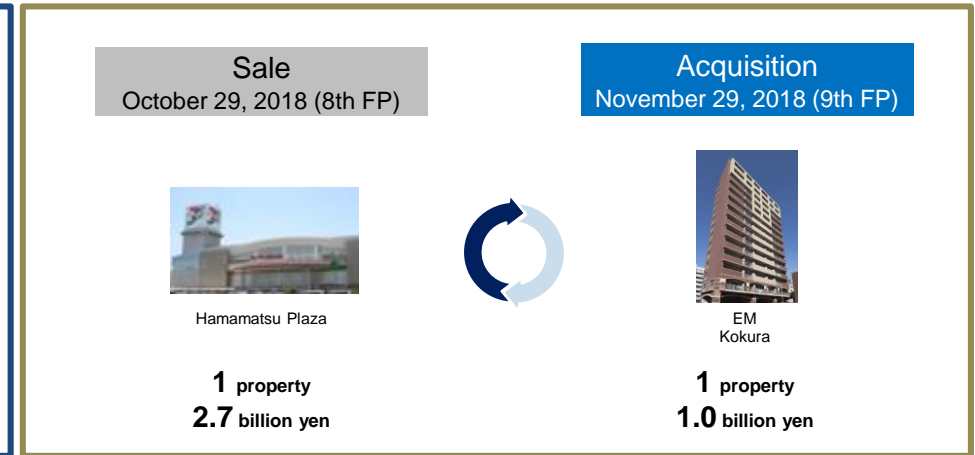
Note 3: A prime property (sometimes abbreviated to "PP" hereinafter) is a name for high-quality residential or commercial properties in strategic locations (here and hereinafter). For details on prime properties, see page 44.

Note 4: "Seller" is undisclosed as the seller's consent has not been obtained.

Asset Replacement after the Merger

Realize further external growth and portfolio quality improvement simultaneously with the merger

Advance portfolio construction with residences and office buildings as core assets



Portfolio	May 1, 2018 (effective date of merger)	
	Asset size	440.8 billion yen
	Number of Properties	113 properties
	NOI Yield	Results of 8th FP 4.4%
	(Acquisition price base)	Before depreciation
	After depreciation	3.4%
	Average building age ^{Note 1}	8.6 years
	Prime property ratio ^{Note2}	90.0%

End of October 2018 (8th FP)
438.1 billion yen
112 properties
Sale of Hamamatsu Plaza in 8th FP
Acquisition of EM Kokura in 9th FP

As of the date of this document			
Entire portfolio	Residential properties	Office building	Hotel
439.1 billion yen	238.4 billion yen	183.5 billion yen	17.2 billion yen
113 properties	107 properties	6 properties	1 property
Forecast for 9th FP 4.4%	4.6%	4.1%	3.8%
3.4%	3.4%	3.4%	3.0%
9.2 years	10.3 years	7.9 years	8.6 years
89.8%	81.2%	100.0%	100.0%

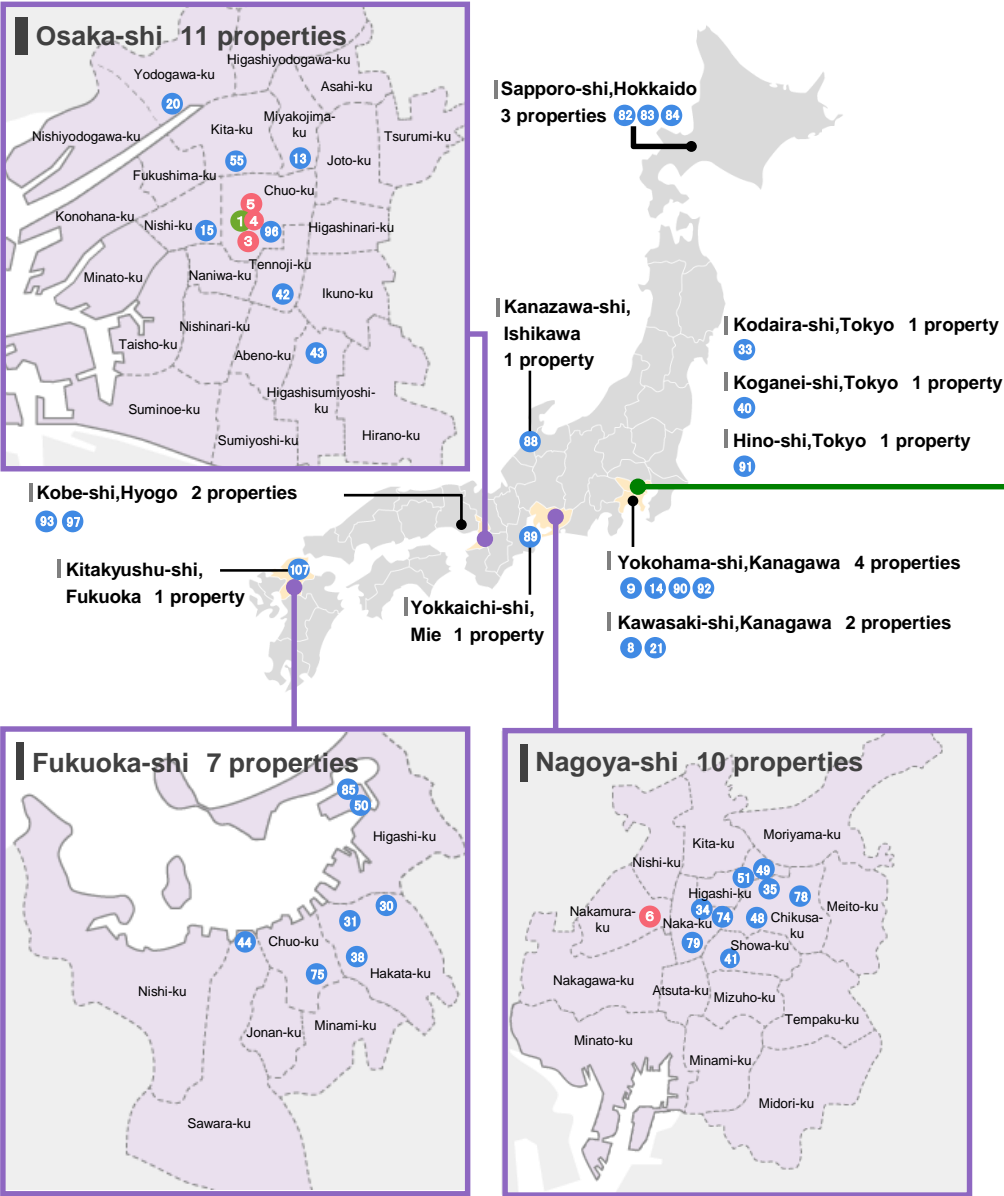
Note 1: "Average building age" is the weighted average of age of buildings by acquisition price as of May 1, 2018 or the date of this document and each is recorded (here and hereinafter).

Note 2: "Prime property ratio" is calculated based on the ratio of prime properties of all assets based on acquisition price, and is rounded to the first decimal place (here and hereinafter).
However, as Hamamatsu Plaza sold during the 8th FP is not considered a prime property, it is excluded from the calculations of "Prime property ratio."

Note 3: "Prime Maison" is sometimes abbreviated as "PM" (here and hereinafter).

Portfolio Map

As of the date of this document



● Residence
● Office Building
● Hotel
(outline characters: property number)

Portfolio Earthquake PML
Note2

1.83%

Note1: "Tokyo 23 wards ratio" is calculated based on acquisition price and rounded to the second decimal place.

Note2: "Portfolio Earthquake PML" is stated based on the Portfolio Earthquake PML Evaluation Report, which was acquired from the evaluation company as of October 2018.

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	98.2	Feb. 2005
R002	★	Esty Maison Azabunagasaka	Minato-ku, Tokyo	1,790	0.4	2,019.10	90.0	Jan. 2004
R003	★	Esty Maison Ebisu II	Shibuya-ku, Tokyo	2,040	0.5	2,062.10	97.8	Jun. 2003
R004	★	Esty Maison Ebisu	Shibuya-ku, Tokyo	873	0.2	781.02	100.0	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	96.9	Aug. 2004
R007	★	Esty Maison Asakusakomagata	Taito-ku, Tokyo	2,190	0.5	2,978.28	99.2	Jul. 2004
R008		Esty Maison Kawasaki	Kawasaki-shi, Kanagawa	2,400	0.5	3,741.01	98.7	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	97.9	Nov. 2005
R011	★	Esty Maison Meguro	Meguro-ku, Tokyo	1,060	0.2	1,070.13	95.0	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	97.6	Mar. 2006
R014		Esty Maison Hakuraku	Yokohama-shi, Kanagawa	931	0.2	1,285.83	98.2	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	96.4	Mar. 2006
R017	★	Esty Maison Oisendaizaka	Shinagawa-ku, Tokyo	2,720	0.6	2,979.85	98.4	Aug. 2006
R018		Esty Maison Shinagawa Seaside	Shinagawa-ku, Tokyo	2,050	0.5	2,602.30	93.3	Jun. 2006
R019	★	Esty Maison Minamiazabu	Minato-ku, Tokyo	1,250	0.3	1,082.12	98.1	Aug. 2006
R020	★	Esty Maison Tsukamoto	Osaka-shi, Osaka	1,080	0.2	2,321.04	95.8	Aug. 2006
R021		Esty Maison Kawasaki II	Kawasaki-shi, Kanagawa	1,910	0.4	2,824.86	100.0	Feb. 2007
R022		Esty Maison Azabujuban	Minato-ku, Tokyo	2,690	0.6	1,755.31	94.0	Feb. 2007
R023		Esty Maison Itabashihoncho	Itabashi-ku, Tokyo	937	0.2	1,274.49	96.9	Feb. 2007
R024		Esty Maison Oizumigakuen	Nerima-ku, Tokyo	790	0.2	1,362.36	98.3	Feb. 2007
R025	★	Esty Maison Higashishinagawa	Shinagawa-ku, Tokyo	2,390	0.5	2,936.72	97.2	May 2008
R026	★	Esty Maison Itabashikuyakushomae	Itabashi-ku, Tokyo	2,540	0.6	3,915.81	92.0	Apr. 2007
R027		Esty Maison Musashikoyama	Shinagawa-ku, Tokyo	1,050	0.2	1,176.78	95.6	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	100.0	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	95.9	Dec. 2007
R034	★	Prime Maison Higashisakura	Nagoya-shi, Aichi	1,500	0.3	3,118.11	100.0	Feb. 2008
R035	★	Prime Maison Kayabakoen	Nagoya-shi, Aichi	801	0.2	2,163.98	100.0	Nov. 2006
R036	★	Esty Maison Sangenjaya II	Setagaya-ku, Tokyo	785	0.2	894.64	97.0	Jan. 2008
R037	★	Esty Maison Itabashi C6	Itabashi-ku, Tokyo	2,560	0.6	4,036.66	96.2	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	100.0	Sep. 2006
R040	★	Esty Maison Musashikoganei	Koganei-shi, Tokyo	1,790	0.4	2,275.24	98.0	Feb. 2005

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

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	96.6	Oct. 2008
R042	★	Prime Maison Yuhigaoka	Osaka-shi, Osaka	909	0.2	2,040.35	95.9	Feb. 2007
R043	★	Prime Maison Kitatanabe	Osaka-shi, Osaka	601	0.1	1,798.97	95.5	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	96.2	Feb. 2006
R046		Esty Maison Sasazuka	Shibuya-ku, Tokyo	3,340	0.8	3,701.70	97.6	Sep. 2004
R047	★	Prime Maison Ginza East	Chuo-ku, Tokyo	6,250	1.4	6,177.20	98.6	Feb. 2006
R048	★	Prime Maison Takami	Nagoya-shi, Aichi	1,050	0.2	2,016.79	97.2	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	95.7	Aug. 2009
R053	★	Esty Maison Daizawa	Setagaya-ku, Tokyo	2,270	0.5	2,352.90	100.0	Feb. 2010
R054		Esty Maison Togoshi	Shinagawa-ku, Tokyo	1,770	0.4	1,943.17	98.8	Jun. 2009
R055	★	Esty Maison Nishitemma	Osaka-shi, Osaka	1,680	0.4	2,877.90	96.1	Nov. 2007
R056	★	Esty Maison Shirokanedai	Shinagawa-ku, Tokyo	2,400	0.5	2,675.11	96.2	Sep. 2003
R057	★	Esty Maison Higashishinjuku	Shinjuku-ku, Tokyo	1,680	0.4	1,889.50	100.0	Apr. 2009
R058	★	Esty Maison Motoazabu	Minato-ku, Tokyo	1,540	0.4	1,199.86	85.2	Nov. 2009
R059		Esty Maison Toritsudaigaku	Meguro-ku, Tokyo	861	0.2	1,035.78	100.0	Feb. 2009
R060	★	Esty Maison Musashikoyama II	Shinagawa-ku, Tokyo	1,030	0.2	1,073.59	97.8	May 2009
R061		Esty Maison Nakano	Nakano-ku, Tokyo	1,870	0.4	2,023.72	98.4	Jun. 2009
R062		Esty Maison Shinnakano	Nakano-ku, Tokyo	1,020	0.2	1,107.57	98.0	Oct. 2009
R063		Esty Maison Nakanofujimicho	Nakano-ku, Tokyo	984	0.2	1,299.60	97.7	Feb. 2009
R064		Esty Maison Tetsugakudo	Nakano-ku, Tokyo	1,160	0.3	1,531.89	95.4	Oct. 2009
R065		Esty Maison Koenji	Suginami-ku, Tokyo	1,160	0.3	1,527.52	100.0	Mar. 2009
R066	★	Esty Maison Oshiage	Sumida-ku, Tokyo	2,490	0.6	3,180.90	97.7	Apr. 2010
R067	★	Esty Maison Akabane	Kita-ku, Tokyo	3,290	0.7	4,302.84	97.6	Nov. 2009
R068		Esty Maison Oji	Kita-ku, Tokyo	1,650	0.4	2,289.44	98.9	Jul. 2010
R069	★	Prime Maison Waseda	Shinjuku-ku, Tokyo	1,580	0.4	1,650.66	93.0	Nov. 2012
R070	★	Prime Maison Hatchobori	Chuo-ku, Tokyo	1,460	0.3	1,382.32	96.2	Nov. 2012
R071	★	Prime Maison Jimbocho	Chiyoda-ku, Tokyo	1,960	0.4	1,819.90	100.0	Mar. 2013
R072	★	Prime Maison Gotenyama East	Shinagawa-ku, Tokyo	2,910	0.7	2,512.91	100.0	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	92.3	Oct. 2007
R075	★	Esty Maison Yakuin	Fukuoka-shi, Fukuoka	2,430	0.6	5,213.51	96.1	Feb. 2006
R076	★	Esty Maison Kinshicho II	Sumida-ku, Tokyo	8,250	1.9	9,469.65	98.7	Jan. 2008
R077	★	Esty Maison Ojima	Koto-ku, Tokyo	8,630	2.0	9,905.97	99.1	Sep. 2007
R078	★	Prime Maison Fujimidai	Nagoya-shi, Aichi	2,070	0.5	5,704.63	92.2	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	98.8	May 2013

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	100.0	Feb. 2014
R082	★	Prime Maison Odorikoen	Sapporo-shi, Hokkaido	3,160	0.7	7,360.37	96.5	Dec. 2008
R083	★	Prime Maison Minami 2-jo	Sapporo-shi, Hokkaido	1,930	0.4	6,019.09	99.3	Nov. 2009
R084	★	Prime Maison Kamokamogawa	Sapporo-shi, Hokkaido	1,250	0.3	4,102.08	98.1	Oct. 2009
R085	★	Prime Maison Central Park	Fukuoka-shi, Fukuoka	2,309	0.5	10,268.74	98.7	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	98.2	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 6
R091	★	MAST LIFE Hino	Hino-shi, Tokyo	1,390	0.3	2,827.55	99.0	Jan. 2010
R092	★	Prime Maison Yokohama Nihon-odori	Yokohama-shi, Kanagawa	4,870	1.1	5,461.13	93.6	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	96.6	Jul. 2014
R095	★	Prime Maison Hatsudai	Shibuya-ku, Tokyo	3,010	0.7	2,879.20	98.2	Dec. 2014
R096		Esty Maison Uemachidai	Osaka-shi, Osaka	1,040	0.2	2,225.52	100.0	Aug. 2005
R097		Esty Maison Kobe-sannomiya	Kobe-shi, Hyogo	971	0.2	2,007.00	98.2	Mar. 2007
R098	★	Prime Maison Shirokane-takanawa	Minato-ku, Tokyo	4,900	1.1	3,923.76	97.5	Jun. 2015
R099	★	Prime Maison Ichigayayamabushicho	Shinjuku-ku, Tokyo	4,220	1.0	4,099.04	95.4	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	96.6	May 2016
R102	★	Prime Maison Otsuka	Toshima-ku, Tokyo	3,700	0.8	3,921.35	94.9	Jan. 2017
R103	★	Prime Maison Asakusabashi	Taito-ku, Tokyo	1,680	0.4	2,033.06	100.0	Oct. 2016
R104	★	Prime Maison Daikanyama	Meguro-ku, Tokyo	2,520	0.6	1,779.17	91.8	Jan. 2017
R105	★	Prime Maison Gotenyama West	Shinagawa-ku, Tokyo	3,400	0.8	3,569.73	95.9	Jan. 2011
R106	★	Esty Maison Toyosu Residence	Koto-ku, Tokyo	6,050	1.4	23,538.73	98.4	Feb. 2008
R107		Esty Maison Kokura	Kitakyushu-shi, Fukuoka	1,040	0.2	3,062.59	-	Feb. 2006
Residence Subtotal				238,435	54.3	380,709.13	97.9	

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	13.6	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	5.3	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	41.8	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	

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	107	80	81.2	238,435	54.3	380,709.13	97.9	10.3 years
Office Building	6	6	100.0	183,550	41.8	93,939.98	100.0	7.9 years
Hotel	1	1	100.0	17,200	3.9	18,092.98	100.0	8.6 years
Retail Property, etc.	-	-	-	-	-	-	-	-
Total	113	86	89.8	439,185	100.0	492,742.09	98.4	9.2 years

Note 1: "PP Properties" are assets that fall under the category of Prime Properties. For Prime Properties, please refer to page 46.

Note 2: "Property No." is classified by use of properties held by the investment corporation, whereby each property is given a number and any of the following letters: R representing residences, O representing office buildings, and H representing hotels, respectively.

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

Note 4: "Investment Ratio" indicates the ratio of acquisition price of each asset to the total acquisition price of assets held. Figures are rounded to the nearest first decimal place.

Note 5: "Occupancy Rate" is indicated based on the information as of October 31, 2018. Therefore, "Esty Maison Kokura," which was acquired on November 29, 2018, is not included.

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

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

Note 8: "PP Ratio" in the Overview of Portfolio indicates the ratio based on acquisition price.

Note 9: "Average Building Age" in the Overview of Portfolio is stated as the weighted average calculated on the basis of the building age as of the date of this document based on the acquisition price.

Portfolio Development Policy

■ Portfolio Development Policy by Use

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

Asset Category	Type	Examples of Specific Asset Types	Investment Ratio by Type (acquisition price basis)	As of the date of this document	Investment ratio target by type upon achieving an asset size of 600 billion yen (Note)
Residential Properties	Core Assets				
	Residence	Residences Student dormitories Company housing	30–55%	54.3%	Around 45%
Commercial Properties	Office building	Office buildings Data centers	30–55%	41.8%	Around 45%
	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%	Around 0–10%

Note: Target investment ratio by type upon achieving an asset size of 600 billion yen is not guaranteed or promised for respective ratios, and could drastically differ from real results.

■ Investment Areas by Asset Category

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

Asset Category	Priority Investment Area	Investment Ratio by Area (acquisition price basis)	As of the date of this document
Residential Properties	Greater Tokyo	Not less than 70%	76.6%
Commercial Properties	Three Major Metropolitan Areas (Greater Tokyo, Osaka Area, Nagoya Area)	Not less than 80%	100%

Note: These ratios may differ temporarily in case of acquisition of properties meeting the investment criteria based on the growth strategy.

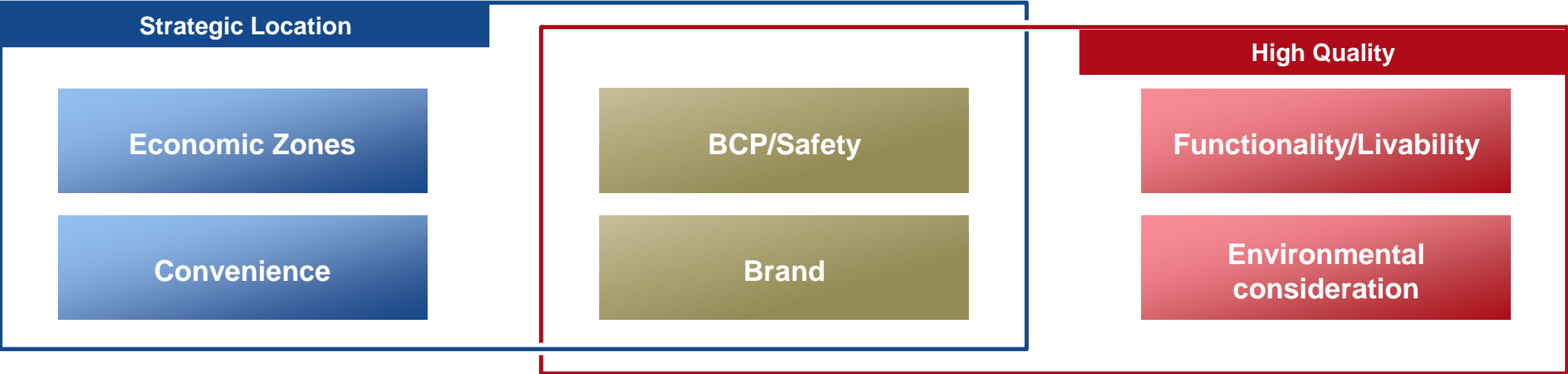
Continuous Investment in Prime Properties

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

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

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

■ Elements of Strategic Locations and High Quality



Estimated Value at the End of Period (1)

■ Properties Owned as of the End of October 2018

Property No.	Property Name	Estimated Value at the End of Period (million yen)		Book Value (million yen)	Unrealized Gain/Loss (million yen)	Direct Capitalization Rate (%)		Discount Rate (%)		Terminal Capitalization Rate (%)		Appraisal NOI (million yen)
		As of Oct. 31, 2018	Difference from Previous Period			As of Oct. 31, 2018	Period on period	As of Oct. 31, 2018	Period on period	As of Oct. 31, 2018	Period on period	
R001	Esty Maison Ginza	6,700	160	6,527	172	3.9	-0.1	4.1	-0.1	4.1	-0.1	272
R002	Esty Maison Azabunagasaka	1,840	50	1,785	54	4.0	-0.1	4.1	-0.1	4.2	-0.1	77
R003	Esty Maison Ebisu II	2,090	50	2,036	53	4.0	-0.1	4.1	-0.1	4.2	-0.1	88
R004	Esty Maison Ebisu	896	23	870	25	3.9	-0.1	4.0	-0.1	4.1	-0.1	37
R005	Esty Maison Kanda	1,650	40	1,601	48	4.0	-0.1	4.1	-0.1	4.2	-0.1	69
R006	Esty Maison Kitashinjuku	1,630	40	1,580	49	4.2	-0.1	4.2	-0.1	4.4	-0.1	70
R007	Esty Maison Asakusakomagata	2,240	50	2,175	64	4.2	-0.1	4.2	-0.1	4.4	-0.1	99
R008	Esty Maison Kawasaki	2,530	130	2,376	153	4.3	-0.1	4.3	-0.1	4.5	-0.1	116
R009	Esty Maison Yokohama	2,110	-	2,097	12	4.5	-	4.3	-	4.7	-	101
R010	Esty Maison Kameido	1,590	10	1,566	23	4.5	-	4.3	-	4.7	-	77
R011	Esty Maison Meguro	1,080	20	1,097	-17	4.1	-0.1	3.9	-0.1	4.3	-0.1	47
R012	Esty Maison Sugamo	1,660	30	1,624	35	4.1	-0.1	3.9	-0.1	4.3	-0.1	72
R013	Esty Maison Kyobashi	3,000	30	2,946	53	4.6	-0.1	4.5	-0.1	4.7	-0.1	144
R014	Esty Maison Hakuraku	932	1	925	6	4.6	-	4.4	-	4.8	-	46
R015	Esty Maison Minamihorie	1,070	10	1,056	13	4.4	-0.1	4.2	-0.1	4.6	-0.1	51
R016	Esty Maison Gotanda	3,130	20	3,098	31	4.4	-	4.1	-	4.6	-	143
R017	Esty Maison Oisendaizaka	2,720	-	2,705	14	4.2	-	4.0	-	4.4	-	120
R018	Esty Maison Shinagawa Seaside	2,080	30	2,042	37	4.1	-0.1	3.9	-0.1	4.3	-0.1	94
R019	Esty Maison Minamiazabu	1,270	20	1,247	22	3.8	-0.1	3.6	-0.1	4.0	-0.1	52
R020	Esty Maison Tsukamoto	1,080	-	1,071	8	4.9	-0.1	4.7	-0.1	5.1	-0.1	56
R021	Esty Maison Kawasaki II	1,950	40	1,895	54	4.3	-0.1	4.1	-0.1	4.5	-0.1	93
R022	Esty Maison Azabujuban	2,750	60	2,686	63	3.8	-0.1	3.6	-0.1	4.0	-0.1	108
R023	Esty Maison Itabashihoncho	955	18	930	24	4.2	-0.1	4.0	-0.1	4.4	-0.1	43
R024	Esty Maison Oizumigakuen	805	15	786	18	4.3	-0.1	4.1	-0.1	4.5	-0.1	38
R025	Esty Maison Higashishinagawa	2,330	-60	2,373	-43	4.4	0.1	4.2	0.1	4.6	0.1	110
R026	Esty Maison Itabashikuyakushomae	2,590	50	2,526	63	4.2	-0.1	4.0	-0.1	4.4	-0.1	117
R027	Esty Maison Musashikoyama	1,060	10	1,045	14	4.2	-0.1	4.0	-0.1	4.4	-0.1	48
R028	Esty Maison Sendagi	711	13	695	15	4.2	-0.1	4.0	-0.1	4.4	-0.1	32
R029	Esty Maison Yotsuyasakamachi	2,140	50	2,085	54	4.1	-0.1	3.9	-0.1	4.3	-0.1	91
R030	Esty Maison Hakatahigashi	2,420	20	2,375	44	5.0	-0.1	5.0	-0.1	5.1	-0.1	130
R031	Esty Maison Kamigofuku	816	-5	814	1	4.8	-0.1	4.8	-0.1	4.9	-0.1	44
R032	Esty Maison Sangenjaya	830	8	817	12	4.1	-0.1	4.2	-0.1	4.3	-0.1	37
R033	Prime Maison Musashinonomori	1,880	30	1,839	40	4.7	-0.1	4.6	-0.1	4.9	-0.1	96
R034	Prime Maison Higashisakura	1,530	30	1,488	41	4.7	-0.1	4.6	-0.1	4.9	-0.1	77
R035	Prime Maison Kayabakoen	819	18	794	24	4.9	-0.1	4.8	-0.1	5.1	-0.1	43
R036	Esty Maison Sangenjaya II	804	19	781	22	4.2	-0.1	4.3	-0.1	4.4	-0.1	36
R037	Esty Maison Itabashi C6	2,560	-	2,544	15	4.4	-	4.2	-	4.6	-	120
R038	MAST Hakata	2,400	40	2,327	72	5.0	-0.1	4.4	-0.1	5.2	-0.1	134
R039	Esty Maison Kinshicho	1,270	10	1,251	18	4.2	-	4.0	-	4.4	-	58
R040	Esty Maison Musashikoganei	1,870	80	1,783	86	4.3	-0.1	4.4	-0.1	4.5	-0.1	84

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

Estimated Value at the End of Period (2)

Property No.	Property Name	Estimated Value at the End of Period (million yen)		Book Value (million yen)	Unrealized Gain/Loss (million yen)	Direct Capitalization Rate (%)		Discount Rate (%)		Terminal Capitalization Rate (%)		Appraisal NOI (million yen)
		As of Oct. 31, 2018	Difference from Previous Period			As of Oct. 31, 2018	Period on period	As of Oct. 31, 2018	Period on period	As of Oct. 31, 2018	Period on period	
R041	Prime Maison Gokiso	1,950	-	1,934	15	4.7	-	4.7	-	4.9	-	98
R042	Prime Maison Yuhigaoka	929	20	903	25	4.6	-0.1	4.4	-0.1	4.8	-0.1	44
R043	Prime Maison Kitatanabe	614	13	596	17	4.9	-0.1	4.7	-0.1	5.1	-0.1	32
R044	Prime Maison Momochihama	1,990	50	1,931	58	4.9	-0.1	4.6	-0.1	5.1	-0.1	110
R045	Esty Maison Akihabara	1,940	10	1,916	23	4.2	-	4.0	-	4.4	-	88
R046	Esty Maison Sasazuka	3,340	-	3,429	-89	4.2	-	4.0	-	4.4	-	146
R047	Prime Maison Ginza East	6,360	110	6,219	140	4.0	-	3.8	-	4.2	-	265
R048	Prime Maison Takami	1,050	-	1,042	7	4.5	-	4.6	-	4.7	-	51
R049	Prime Maison Yadaminami	820	8	809	10	4.9	-0.1	4.8	-0.1	5.1	-0.1	42
R050	Prime Maison Teriha	1,240	-20	1,247	-7	5.1	-	4.9	-	5.3	-	74
R051	Esty Maison Higashishirakabe	1,590	10	1,568	21	4.8	-0.1	4.7	-0.1	5.0	-0.1	80
R052	Esty Maison Sengoku	1,330	-30	1,355	-25	4.0	-	3.8	-	4.2	-	56
R053	Esty Maison Daizawa	2,240	-30	2,262	-22	4.0	-	3.8	-	4.2	-	93
R054	Esty Maison Togoshi	1,770	-	1,762	7	4.0	-0.1	4.1	-0.1	4.2	-0.1	74
R055	Esty Maison Nishitemma	1,650	-30	1,670	-20	4.5	-0.1	4.6	-0.1	4.7	-0.1	79
R056	Esty Maison Shirokanedai	2,400	-	2,392	7	4.1	-	3.9	-	4.3	-	103
R057	Esty Maison Higashishinjuku	1,720	40	1,669	50	4.0	-0.1	4.1	-0.1	4.2	-0.1	72
R058	Esty Maison Motoazabu	1,550	10	1,534	15	3.8	-0.1	3.9	-0.1	4.0	-0.1	61
R059	Esty Maison Toritsudaigaku	851	-10	857	-6	3.9	-0.1	4.0	-0.1	4.1	-0.1	35
R060	Esty Maison Musashikoyama II	1,030	-	1,024	5	4.1	-	3.9	-	4.3	-	44
R061	Esty Maison Nakano	1,810	-60	1,861	-51	4.1	-	3.9	-	4.3	-	79
R062	Esty Maison Shinnakano	995	-25	1,014	-19	4.2	-	4.0	-	4.4	-	44
R063	Esty Maison Nakanofujimicho	994	10	979	14	4.1	-0.1	4.2	-0.1	4.3	-0.1	43
R064	Esty Maison Tetsugakudo	1,140	-20	1,154	-14	4.2	-	4.0	-	4.4	-	50
R065	Esty Maison Koenji	1,170	10	1,154	15	4.0	-0.1	4.1	-0.1	4.2	-0.1	49
R066	Esty Maison Oshiage	2,440	-50	2,475	-35	4.2	-0.1	4.2	-0.1	4.4	-0.1	108
R067	Esty Maison Akabane	3,240	-50	3,266	-26	4.3	-	4.1	-	4.5	-	147
R068	Esty Maison Oji	1,620	-30	1,638	-18	4.3	-	4.1	-	4.5	-	74
R069	Prime Maison Waseda	1,610	30	1,570	39	4.0	-0.1	3.8	-0.1	4.2	-0.1	66
R070	Prime Maison Hatchobori	1,490	30	1,450	39	4.0	-0.1	3.8	-0.1	4.2	-0.1	61
R071	Prime Maison Jimbocho	1,970	10	1,948	21	4.1	-	3.9	-	4.3	-	83
R072	Prime Maison Gotenyama East	2,950	40	2,902	47	3.9	-	3.7	-	4.1	-	117
R073	MAST LIFE Akihabara	551	-4	552	-1	4.3	-	4.1	-	4.5	-	26
R074	Esty Maison Aoi	2,480	20	2,444	35	4.7	-0.1	4.7	-0.1	4.9	-0.1	121
R075	Esty Maison Yakuin	2,470	40	2,418	51	4.5	-0.1	4.6	-0.1	4.7	-0.1	116
R076	Esty Maison Kinshicho II	8,420	170	8,205	214	4.2	-0.1	4.0	-0.1	4.4	-0.1	365
R077	Esty Maison Ojima	8,790	160	8,583	206	4.2	-0.1	4.0	-0.1	4.4	-0.1	381
R078	Prime Maison Fujimidai	2,060	-10	2,061	-1	5.0	-	4.8	-	5.2	-	109
R079	Esty Maison Tsurumai	4,490	-	4,705	-215	5.0	-	4.8	-	5.2	-	234
R080	Prime Maison Morishita	1,970	40	1,917	52	4.2	-0.1	4.2	-0.1	4.4	-0.1	85

Estimated Value at the End of Period (3)

Property No.	Property Name	Estimated Value at the End of Period (million yen)		Book Value (million yen)	Unrealized Gain/Loss (million yen)	Direct Capitalization Rate (%)		Discount Rate (%)		Terminal Capitalization Rate (%)		Appraisal NOI (million yen)
		As of Oct. 31, 2018	Difference from Previous Period			As of Oct. 31, 2018	Period on period	As of Oct. 31, 2018	Period on period	As of Oct. 31, 2018	Period on period	
R081	Prime Maison Shinagawa	1,970	10	1,950	19	4.2	-	4.0	-	4.4	-	86
R082	Prime Maison Odorikoen	3,200	40	3,154	45	4.8	-0.1	4.6	-0.1	5.0	-0.1	161
R083	Prime Maison Minami 2-jo	1,950	20	1,913	36	4.9	-0.1	4.7	-0.1	5.1	-0.1	101
R084	Prime Maison Kamokamogawa	1,280	30	1,237	42	4.9	-0.1	4.7	-0.1	5.1	-0.1	66
R085	Prime Maison Central Park	2,362	53	2,287	74	5.1	-0.1	4.9	-0.1	5.2	-0.1	131
R086	MAST LIFE Yahiro	1,910	-	1,897	12	4.5	-	4.3	-	4.7	-	89
R087	Prime Maison Ebisu	4,480	120	4,346	133	3.9	-0.1	3.7	-0.1	4.1	-0.1	179
R088	Granmast Kanazawa Nishiizumi	1,060	-20	1,068	-8	5.3	-	5.1	-	5.5	-	59
R089	Granmast Unomori	830	-	820	9	5.2	-	5.0	-	5.4	-	46
R090	Esty Maison Kohoku Tsunashima	2,814	64	2,742	71	4.6	-0.1	4.4	-0.1	4.8	-0.1	140
R091	MAST LIFE Hino	1,410	20	1,378	31	4.7	-0.1	4.5	-0.1	4.8	-0.1	69
R092	Prime Maison Yokohama Nihon-odori	4,880	10	4,837	42	4.2	-0.1	4.0	-0.1	4.4	-0.1	211
R093	Kobe Women's Student Housing	5,880	-	5,795	84	5.2	-	5.0	-	5.4	-	325
R094	Prime Maison Shibuya	2,480	50	2,423	56	3.9	-0.1	3.7	-0.1	4.1	-0.1	99
R095	Prime Maison Hatsudai	3,070	60	2,997	72	4.0	-0.1	3.8	-0.1	4.2	-0.1	126
R096	Esty Maison Uemachidai	1,050	10	1,094	-44	4.5	-	4.2	-	4.7	-	51
R097	Esty Maison Kobe-sannomiya	971	-	964	6	4.7	-	4.5	-	4.9	-	51
R098	Prime Maison Shirokane-takanawa	5,010	110	4,884	125	3.9	-0.1	3.7	-0.1	4.1	-0.1	201
R099	Prime Maison Ichigayayamabushicho	4,250	30	4,204	45	4.0	-0.1	3.8	-0.1	4.2	-0.1	177
R100	Esty Maison Morishita	658	3	651	6	4.3	-	4.1	-	4.5	-	28
R101	Prime Maison Shirokanedai Tower	8,950	-	8,072	877	3.9	-	4.0	-	4.1	-	356
R102	Prime Maison Otsuka	4,090	-	3,775	314	4.1	-	4.2	-	4.3	-	173
R103	Prime Maison Asakusabashi	1,860	-	1,711	148	4.1	-	4.2	-	4.3	-	78
R104	Prime Maison Daikanyama	2,850	-	2,560	289	3.9	-	4.0	-	4.1	-	114
R105	Prime Maison Gotenyama West	3,850	-	3,459	390	3.9	-	4.0	-	4.1	-	155
R106	Esty Maison Toyosu Residence	6,510	-	6,218	291	-	-	4.4	-	-	-	338
	Residence Total	242,437	2,232	237,160	5,276	-	-	-	-	-	-	11,038
O001	Garden City Shinagawa Gotenyama	71,400	100	58,667	12,732	3.3	-	3.0	-	3.5	-	2,434
O002	Gotenyama SH Building	60,100	1,600	50,443	9,656	3.4	-0.1	3.4	-0.1	3.6	-0.1	2,064
O003	Hommachi Minami Garden City	29,900	800	22,268	7,631	3.6	-0.1	3.3	-0.1	3.8	-0.1	1,128
O004	Hommachi Garden City	44,700	-	37,512	7,187	3.5	-	3.3	-	3.7	-	1,594
O005	HK Yodoyabashi Garden Avenue	5,750	160	4,346	1,403	3.9	-0.1	3.9	-0.1	4.0	-0.1	236
O006	Hirokoji Garden Avenue	7,160	10	6,286	873	4.2	-	4.0	-	4.4	-	308
	Office Building Total	219,010	2,670	179,524	39,485	-	-	-	-	-	-	7,768
H001	Hommachi Garden City	17,700	-	17,145	554	3.8	-	3.6	-	4.0	-	691
	Hotel Total	17,700	-	17,145	554	-	-	-	-	-	-	691
	Portfolio Total	479,147	4,902	433,830	45,316	-	-	-	-	-	-	19,498

Estimated Value at the End of Period (4)

- Note 1: Amounts of less than one million yen are rounded down.
- Note 2: "Estimated Value at the end of Period," "Direct Capitalization Rate," "Discount Rate," "Terminal Capitalization Rate" and "Appraisal NOI" for each period ending in April are the amount recorded in appraisal reports as of the end of the relevant period, while for each period ending in October they are the amount recorded in appraisal reports as of the end of the relevant period or the results of appraisal reports that do not conform to real estate appraisal standards. "Book Value" indicates the amount recorded on the balance sheets as of October 31, 2018.
- Note 3: A fixed-rent type master lease agreement has been concluded with Sekiwa Real Estate Kyushu, Ltd. with regard to "Prime Maison MOMOCHIHAMA". While discount rates differ based on the agreement period, for the sake of convenience, the above chart shows the discount rates until the expiry of the agreement.
- Note 4: A fixed-rent type master lease agreement has been concluded with Sekiwa Real Estate Chubu, Ltd. with regard to "Esty Maison HIGASHI SHIRAKABE". While discount rates differ based on the agreement period, for the sake of convenience, the above chart shows the discount rates until the expiry of the agreement.
- Note 5: Part of the land of "Prime Maison CENTRAL PARK" (Lot: 23-32) is leased land and the income approach value for the leased land is calculated through the DCF method, thus no "Direct Capitalization Rate" or "Terminal Capitalization Rate" for the leased land are established. Therefore, the above "Capitalization Rate," "Discount Rate" and "Terminal Capitalization Rate" only indicate those for the residential portion. Moreover, as mentioned above, because the DCF method is used to calculate the income approach value for the leased land, the above "Estimated Value at the end of Period" is the result of adding the income approach value of the residential portion and the income approach value of the leased land portion calculated through the DCF method, and the above "Appraisal NOI" is the result of adding the appraisal NOI of the residential portion with the appraisal NOI of the first fiscal year of the leased land portion calculated through the DCF method.
- Note 6: "Esty Maison Kohoku Tsunashima" comprises three buildings (East, West and Annex), and the "Estimated Value at the end of Period" and "Appraisal NOI" are the total value of each building.
- Note 7: As for "Esty Maison Toyosu Residence", the capitalization method over a definite term is adopted as the right to use the land is a fixed-term land leasehold and thus the income period is limited. Therefore, no "Capitalization Rate" or "Terminal Capitalization Rate" are established. For the sake of convenience, the above chart shows the discount rates until the expiry of the agreements.
- Note 8: In calculating "Difference from Previous Period" and "Period on Period," the comparison between the figures as of April 30, 2010 and those as of October 31, 2018 is indicated. Residence Total, Office Building Total, Hotel Total, Retail Property, etc. Total and Portfolio Total indicate the aggregate amount of changes of properties owned at each point in time.

Overview of Interest-Bearing Liabilities (1)

Loans

> Current portion of long-term loans payable

As of the date of this document

Lender	Balance (million yen)	Interest Rate	Drawdown Date	Repayment Date	Remarks
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., 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,	4,000	Base Rate (JBA 1-month JPY TIBOR) +0.18000%	Feb. 27, 2018	Feb. 28, 2019	

> Long-term loans payable

Lender	Balance (million yen)	Interest Rate	Drawdown Date	Repayment Date	Remarks
MUFG Bank, Ltd., Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited	5,242	1.02225% ^{Note 2}	Feb. 28, 2013	Feb. 28, 2020	Unsecured and Unguaranteed
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. 30, 2013	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. 28, 2014	Feb. 26, 2021	
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited	4,680	1.11000% ^{Note 2}	Feb. 28, 2014	Feb. 28, 2022	
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Bank of Fukuoka, Ltd., Shinkin Central Bank, The Shizuoka Bank	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. 29, 2014	Aug. 31, 2022	
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited, Development Bank of Japan Inc., The Norinchukin Bank	17,000	0.94060% ^{Note 2}	Dec. 3, 2014	Nov. 30, 2021	
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Development Bank of Japan Inc.	10,000	1.47450% ^{Note 2}	Dec. 3, 2014	Nov. 30, 2024	
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Norinchukin Bank, Shinkin Central Bank, The Senshu Ikeda Bank, Ltd., The Shizuoka Bank, Ltd., The 77 Bank, Ltd., The Hiroshima Bank, Ltd.	3,900	0.62800% ^{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. 27, 2015	Feb. 28, 2022	
Development Bank of Japan Inc.	1,000	0.85250%	Feb. 27, 2015	Feb. 28, 2023	

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

Overview of Interest-Bearing Liabilities (2)

Lender	Balance (million yen)	Interest Rate	Drawdown Date	Repayment Date	Remarks
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., 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. 27, 2015	Feb. 28, 2023	Unsecured and Unguaranteed
MUFG Bank, Ltd.	1,650	0.61760%	Jul. 31, 2015	Nov. 30, 2020	
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Resona Bank, Limited, The Norinchukin Bank	5,350	0.62760% ^{Note 2}	Jul. 31, 2015	Nov. 30, 2020	
MUFG Bank, Ltd.	700	0.88470%	Jul. 31, 2015	Nov. 30, 2022	
Development Bank of Japan Inc.	650	0.88500%	Jul. 31, 2015	Nov. 30, 2022	
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited	1,650	0.89470% ^{Note 2}	Jul. 31, 2015	Nov. 30, 2022	
MUFG Bank, Ltd.	750	1.00850%	Jul. 31, 2015	Nov. 30, 2023	
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Resona Bank, Limited	2,350	1.01850% ^{Note 2}	Jul. 31, 2015	Nov. 30, 2023	
Mizuho Bank, Ltd., Development Bank of Japan Inc.	2,200	0.67400%	Jan. 29, 2016	Aug. 31, 2023	
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Trust & Banking Co.	1,900	0.68030% ^{Note 2}	Jan. 29, 2016	Aug. 31, 2023	
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Resona Bank, Limited, The Norinchukin Bank, Aozora Bank, Ltd., The Yamaguchi Bank, Ltd.	4,750	0.63800% ^{Note 2}	Apr. 01, 2016	Feb. 29, 2024	
MUFG Bank, Ltd., Development Bank of Japan Inc., The Bank of Fukuoka, Ltd., Shinkin Central Bank, The Senshu Ikeda Bank, Ltd., The Shizuoka Bank, Ltd., The 77 Bank, Ltd., The Hiroshima Bank, Ltd.	1,750	0.50500%	Apr. 01, 2016	Feb. 29, 2024	
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Resona Bank, Limited, The Norinchukin Bank	1,900	0.49500%	Aug. 31, 2016	Aug. 30, 2024	
MUFG Bank, Ltd.	600	0.57000%	Aug. 31, 2016	Aug. 29, 2025	
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Development Bank of Japan Inc.	3,000	0.59750%	Aug. 31, 2016	Aug. 29, 2025	
Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Resona Bank, Limited, Development Bank of Japan Inc., The Norinchukin Bank	4,050	Base Rate (JBA 1-month JPY TIBOR) +0.22500%	Sep. 09, 2016	Nov. 30, 2020	
MUFG Bank, Ltd.	1,810	0.60500%	Sep. 09, 2016	Sep. 08, 2026	
MUFG Bank, Ltd., Mizuho Bank, Ltd.	1,340	0.67000%	Sep. 09, 2016	Sep. 08, 2026	
Sumitomo Mitsui Banking Corporation	1,600	0.31000%	Feb. 28, 2017	Aug. 31, 2020	
MUFG Bank, Ltd.	600	0.61000%	Feb. 28, 2017	Feb. 28, 2025	
Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Resona Bank, Limited, Shinkin Central Bank	1,800	0.67000%	Feb. 28, 2017	Feb. 28, 2025	

Overview of Interest-Bearing Liabilities (3)

Lender	Balance (million yen)	Interest Rate	Drawdown Date	Repayment Date	Remarks
MUFG Bank, Ltd.	1,500	0.72500%	Feb. 28, 2017	Feb. 27, 2026	Unsecured and Unguaranteed
MUFG Bank, Ltd., Mizuho Bank, Ltd., Development Bank of Japan Inc., The Bank of Fukuoka, Ltd., Aozora Bank, Ltd., The Yamaguchi Bank, Ltd.	4,000	0.77880%	Feb. 28, 2017	Feb. 27, 2026	
Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited, The Norinchukin Bank	1,860	Base Rate (JBA 1-month JPY TIBOR) +0.20000%	Aug. 31, 2017	Aug. 31, 2021	
MUFG Bank, Ltd.	990	0.37000%	Aug. 31, 2017	Nov. 30, 2023	
MUFG Bank, Ltd., Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Development Bank of Japan Inc.	1,250	0.45254%	Aug. 31, 2017	Nov. 30, 2023	
Mizuho Bank, Ltd., The Norinchukin Bank	2,528	0.61380%	Aug. 31, 2017	Aug. 29, 2025	
MUFG Bank, Ltd.	750	0.32000%	Nov. 30, 2017	Jul. 13, 2022	
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Resona Bank, Limited, The Norinchukin Bank	5,050	0.34800% ^{Note 2}	Nov. 30, 2017	Jul. 13, 2022	
MUFG Bank, Ltd., Development Bank of Japan Inc.	1,200	0.35341%	Nov. 30, 2017	Jul. 13, 2022	
MUFG Bank, Ltd.	750	0.34000%	Nov. 30, 2017	May 31, 2023	
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Resona Bank, Limited, The Norinchukin Bank	5,050	0.41800% ^{Note 2}	Nov. 30, 2017	May 31, 2023	
MUFG Bank, Ltd., Development Bank of Japan Inc.	1,200	0.42622%	Nov. 30, 2017	May 31, 2023	
MUFG Bank, Ltd.	500	0.56500%	Feb. 28, 2018	Feb. 27, 2026	
MUFG Bank, Ltd., Mizuho Bank, Ltd., The 77 Bank, Ltd., The Hiroshima Bank, Ltd.	1,600	0.63500%	Feb. 28, 2018	Feb. 27, 2026	
MUFG Bank, Ltd.	1,900	0.70000%	May 31, 2018	Aug. 31, 2027	
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	6,100	0.78300% ^{Note 2}	May 31, 2018	Aug. 31, 2027	
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co.	2,500	Base Rate (JBA 1-month JPY TIBOR) +0.17000%	Aug. 31, 2018	Aug. 31, 2021	
Total Loans	182,432	-	-	-	-

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

Overview of Interest-Bearing Liabilities (4)

■ Investment Corporation Bonds

> Current portion of investment corporation bonds

As of the date of this document

Name	Issue Amount (million yen)	Interest Rate	Issue Date	Redemption Date	Remarks
Sekisui House Residential Investment Corporation 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	Unsecured and Unguaranteed

> Investment corporation bonds with repayment period date exceeding one year

Name	Issue Amount (million yen)	Interest Rate	Issue Date	Redemption Date	Remarks
Sekisui House Residential Investment Corporation 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 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. 08, 2016	Sep. 08, 2026	
Sekisui House Reit, Inc. Second Series Unsecured Investment Corporation Bonds (with a clause that ranks them pari passu among specified investment corporation bonds)	3,000	0.24000%	Jul. 13, 2017	Jul. 13, 2022	
Total Investment Corporation Bonds	15,500	-	-	-	-
Total Interest-Bearing Liabilities	197,932 million yen				

■ Debt Balance by Financial Institution

As of the date of this document

Financial institutions	Balance (million yen)	Ratio
MUFG Bank, Ltd.	43,642	23.9%
Sumitomo Mitsui Banking Corporation	35,015	19.2%
Mizuho Bank, Ltd.	33,031	18.1%
Sumitomo Mitsui Trust Bank, Limited	16,310	8.9%
Mizuho Trust & Banking Co., Ltd.	12,220	6.7%
Resona Bank, Limited	10,550	5.8%
Development Bank of Japan Inc.	10,481	5.7%
The Norinchukin Bank	8,982	4.9%
The Bank of Fukuoka, Ltd.	2,400	1.3%
Aozora Bank, Ltd.	1,700	0.9%
Shinkin Central Bank	1,600	0.9%
The Senshu Ikeda Bank, Ltd.	1,300	0.7%
The Shizuoka Bank, Ltd.	1,300	0.7%
The 77 Bank, Ltd.	1,300	0.7%
The Hiroshima Bank, Ltd.	1,300	0.7%
The Yamaguchi Bank, Ltd.	1,300	0.7%
Total Loans	182,432	100.0%

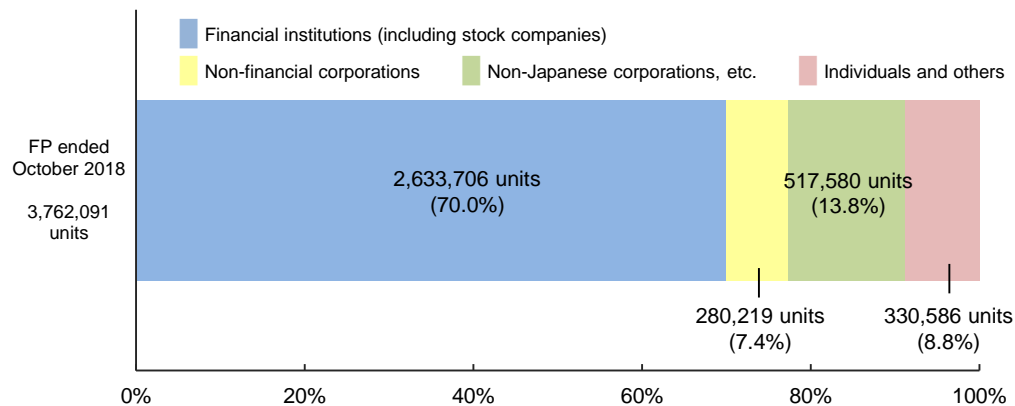
Note 1: Amounts of less than one million yen are rounded down.

Note 2: Interest rate swap agreements are concluded in order to avoid the risk of rising interest rates, and the interest rates indicated are the rates fixed with the interest rate swap agreements.

Unitholders Composition

■ Number of Investment Units by Unitholder Type

Unitholder type	FP ended April 2018		FP ended October 2018		Change	
	Investment Units (units)	Ratio (%)	Investment Units (units)	Ratio (%)	Investment Units (units)	(pt.)
Individuals and others	90,646	9.4	330,586	8.8	239,940	-0.6
Financial institutions	651,304	67.2	2,580,497	68.6	1,929,193	1.4
City banks	-	-	-	-	-	-
Regional banks	79,610	8.2	397,800	10.6	318,190	2.4
Trust banks	507,593	52.4	1,929,995	51.3	1,422,402	-1.1
Life insurers	11,573	1.2	38,920	1.0	27,347	-0.2
Casualty insurers	1,601	0.2	27,492	0.7	25,891	0.6
Shinkin banks	32,298	3.3	109,153	2.9	76,855	-0.4
Others	18,629	1.9	77,137	2.1	58,508	0.1
Non-financial corporations	88,182	9.1	280,219	7.4	192,037	-1.7
Non-Japanese corporations, etc.	128,128	13.2	517,580	13.8	389,452	0.5
Securities companies	10,740	1.1	53,209	1.4	42,469	0.3
Total	969,000	100.0	3,762,091	100.0	2,793,091	-



Note: The above percentage are indicated by rounding to the first decimal place.

■ Number of Unitholders by Unitholder Type

Unitholder type	FP ended April 2018		FP ended October 2018		Change	
	Unitholders	Ratio (%)	Unitholders	Ratio (%)	Unitholders	(pt.)
Individuals and others	12,389	95.6	19,533	96.3	7,144	0.6
Financial institutions	144	1.1	190	0.9	46	-0.2
City banks	-	-	-	-	-	-
Regional banks	25	0.2	48	0.2	23	0.0
Trust banks	10	0.1	10	0.0	-	-0.0
Life insurers	5	0.0	7	0.0	2	-0.0
Casualty insurers	2	0.0	4	0.0	2	0.0
Shinkin banks	56	0.4	67	0.3	11	-0.1
Others	46	0.4	54	0.3	8	-0.1
Non-financial corporations	241	1.9	357	1.8	116	-0.1
Non-Japanese corporations, etc.	167	1.3	194	1.0	27	-0.3
Securities companies	17	0.1	19	0.1	2	-0.0
Total	12,958	100.0	20,293	100.0	7,335	-

■ As of the End of the Fiscal Period Ended October 2018—Top 5 Unitholders

Company Name	Number of Investment Units Owned	Ratio
Japan Trustee Services Bank, Ltd. (Trust Account)	968,015 units	25.7%
The Master Trust Bank of Japan, Ltd. (Trust Account)	600,269 units	16.0%
Sekisui House, Ltd.	194,750 units	5.2%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	153,801 units	4.1%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	112,152 units	3.0%

Changes in Unit Price (December 3, 2014 – November 30, 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.

Overview of Asset Management Company

Overview of Asset Management Company

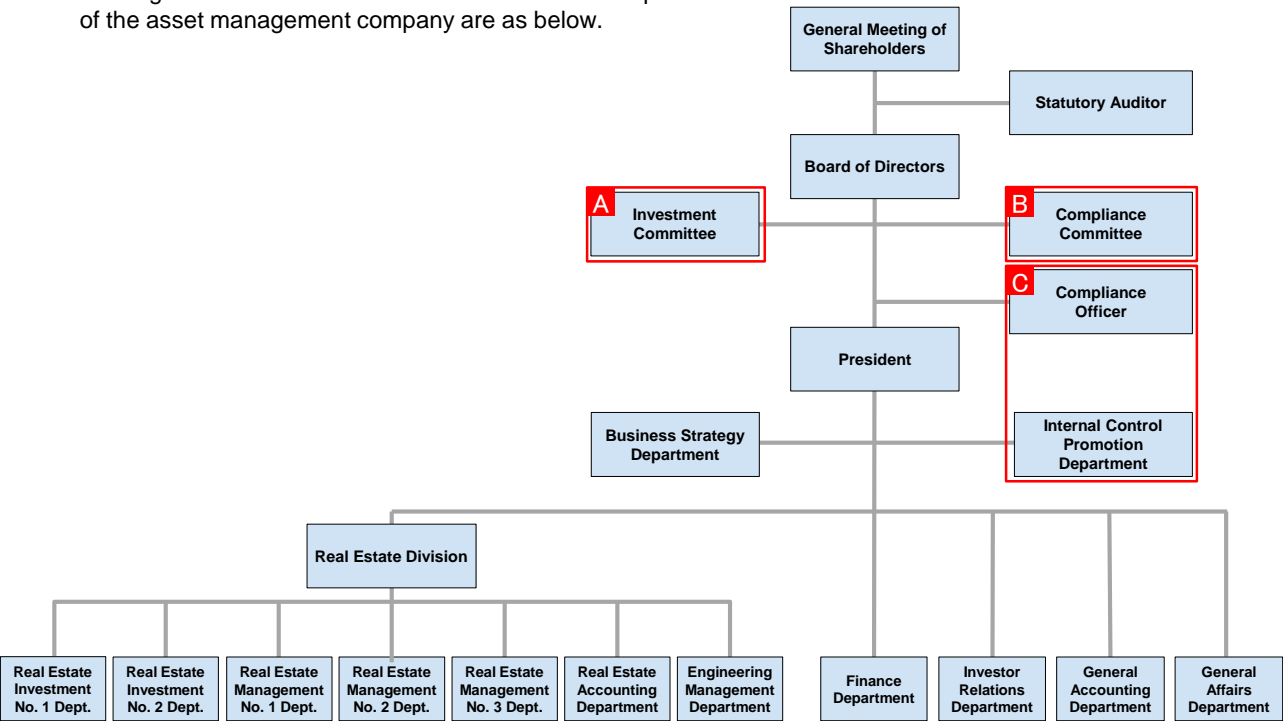


President &
Representative Director
Junichi Inoue

Corporate name	Sekisui House Asset Management, Ltd.
Head office	4-15-1 Akasaka, Minato-ku, Tokyo
Capital	400 million yen
Number of Employees	60 (As of the date of this document)
Shareholder	Sekisui House, Ltd. (100%)
Licenses and registration, etc.	Licensed for building lots and buildings transaction business License No.(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

Organization Chart

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



Asset Management Fee

Management Fee I (linked to total assets)	Total assets × 0.15%
Management Fee II (linked to performance)	$(DPU^{\text{Note 2}} \times \text{Operating income}^{\text{Note 3}} \times 0.002\%) \times 2$ (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 applicable rates or expected rates are stated.

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.

Compliance Structure

A An institution that deliberates and makes decisions on matters related to management policy and other asset management issues

Investment committee

It is comprised of the President & Representative Director (committee head) and all full-time Directors including the Compliance Officer, who has the status as a Director, the Real Estate Division Head, the Financial Department Head, the Investor Relations Department Head, General Accounting Department Head, and the General Affairs Department Head and external committee members (Note). While the selection and dismissal of the external committee is conducted at the asset management company's Board of Directors Meeting, the approval of the SHR's board of directors' meeting is required either before or afterwards.

Note: Currently a total of two members are selected to the external committee including one real estate appraiser and one attorney, who have no significant stakeholder relationship with the asset management company, the asset management company's Board of Directors, nor its related parties.

B An institution that deliberates and makes decisions on matters related to compliance in asset management

Compliance committee

It is comprised of the Compliance Officer (committee head) and all full-time Directors including the President & Representative Director, in addition to the external committee members (Note). While the selection and dismissal of external committee members is conducted at the asset management company's Board of Directors Meeting, the approval of SHR's board of directors' meeting is required either before or afterwards.

Note: Currently one attorney has been selected as an external committee member who has no significant relationship with the asset management company, the asset management company's Board of Directors, nor its related parties.

C Institutions responsible for compliance

Compliance officer

Responsible for the compliance of SHR and the asset management company in addition to the integration of the operations of Internal Control Promotion Department. Personnel with sufficient screening and surveillance capabilities are selected to observe compliance with legislation and norms.

Internal Control Promotion Department

Conducts work related to the asset management company's risk management, work related to monitoring the status of legislation and regulations, and work related to internal auditing.

MEMO

MEMO

MEMO



SEKISUI HOUSE REIT, INC.