SEKISUI HOUSE REIT, INC.

December 27, 2024

Real Estate Investment Trust Securities Issuer
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(Securities Code: 3309)
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Notice Concerning Acquisition of Trust Beneficiary Interest in Domestic Real Estate (Acquisition of Esty Maison Nishiyokohama and Two Other Properties)

Sekisui House Reit, Inc. ("SHR") hereby announces that Sekisui House Asset Management, Ltd. ("SHA"), to which SHR entrusts management of its assets, has decided today for SHR to acquire the following assets ("Asset Acquisition") as described below.

1. Summary of the Asset Acquisition

Property name (Note 1)	Type of use	Location	Planned acquisition price (Note 2)	Appraisal NOI yield (Note 3)	Appraisal NOI yield after depreciation (Note 4)	Planned acquisition date	Seller
Esty Maison Nishiyokohama	Residence	Yokohama-shi, Kanagawa	580 mm yen	4.0%	3.3%	March 31, 2025	Living Create, Inc.
Esty Maison Urawa II	Residence	Saitama-shi, Saitama	1,430 mm yen	3.8%	3.1%	May 30, 2025	ROYAL CORPORATION CO., LTD.
Esty Maison Kawagoe	Residence	Kawagoe-shi, Saitama	898 mm yen	4.3%	3.1%		
Total			2,908 mm yen	4.0%	3.2%	-	-

a. Type of specified asset : Trust beneficiary interests in trust assets which are comprised of domestic real estate (planned) (Note 5)
b. Contract date : December 27, 2024
c. Brokerage : Applicable (Note 6)
d. Acquisition financing : Own funds
e. Settlement method : Payment of entire amount at time of delivery

(Note 1) The name of the property "Esty Maison Nishiyokohama" is "Ti Leaf Yokohama West" as of today, but after the acquisition of the properties by SHR, the brand name of the property is scheduled to be changed to "Esty Maison" after the tenants are notified for a certain period of time. Therefore, the name of the property after the change is mentioned above. The same applies hereinafter.
(Note 2) "Planned acquisition price" is the sale and purchase price stated in each trust beneficiary interest transfer agreement or real estate purchase agreement concluded between SHR and the seller (excluding consumption tax, local consumption tax, commission for sales, and other various expenses; rounded down to the nearest million yen). The same applies hereinafter.
(Note 3) "Appraisal NOI yield" is calculated by dividing the appraisal NOI of each appraisal report as of December 1, 2024 by the planned acquisition price, and rounded to the first decimal place. "Total" is calculated as the weighted average of the appraisal NOI yield for each property based on the planned acquisition price and rounded to the first decimal place.
(Note 4) "Appraisal NOI yield after depreciation" is calculated by subtracting the amount of estimated depreciation (annual amount) from the appraisal NOI in each appraisal report as of December 1, 2024, then dividing the result by the planned acquisition price, respectively, and rounded to the first decimal place. "Total" is calculated as the weighted average of the appraisal NOI yield after depreciation for each property based on the planned acquisition price and rounded to the first decimal place.
(Note 5) "Esty Maison Urawa II" and "Esty Maison Kawagoe" will be delivered after settlement as physical real estate, but will be converted to trust beneficiary interests promptly after the acquisition of the properties by SHR. The same applies hereinafter.

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(Note 6) The broker for the acquisition has no capital, personal and/or business relationship with SHR or SHA that needs to be specified and does not fall within the definition of interested persons, etc. of SHR and SHA.

2. Reason for the Asset Acquisition

Based on the targets and policies of asset management stipulated in the Articles of Incorporation of SHR, the assets to be acquired ("Assets to be Acquired") will be acquired with the aim of enhancing the residence portfolio and further strengthening the earnings base in the Greater Tokyo area (Note). The characteristics of the Assets to be Acquired that were focused on when deciding to acquire the property are as follows.

(Note) "Greater Tokyo area" refers to Tokyo, Kanagawa, Chiba, and Saitama prefectures.

a. Esty Maison Nishiyokohama

i. Location characteristics

The property is located approximately a three-minute walk from Nishi-Yokohama Station on the Sotetsu Main Line and is conveniently accessible to Yokohama Station, one of the most prominent terminal stations in Japan, where six railroad companies come and go including JR lines, Yokohama Minatomirai Railway Minatomirai Line, Keikyu Main Line, and Yokohama Municipal Subway Blue Line. The area where the property is located is dotted with relatively large parks such as Shaguji Park and Yokohama English Garden, in addition to daily living facilities such as supermarkets and shopping streets, creating a relaxing living environment. The area around Yokohama Station has a vibrant and bustling environment with many commercial facilities, office buildings with stores, and restaurants, including a complex directly connected to the station, and the rich urban environment of Yokohama can be enjoyed.

ii. Property characteristics

The property consists of seven floors above ground with a total of 30 units, comprised of 1K rooms. The property is equipped with automatic locks, intercoms with monitors, bathroom ventilation dryers, delivery boxes, etc. Demand is expected mainly from singles who value living environment and places importance in location.

b. Esty Maison Urawa II

i. Location characteristics

The property is located approximately a 10-minute walk from Urawa Station on the JR Shonan-Shinjuku Line, Utsunomiya Line, Takasaki Line, and Keihin-Tohoku Line. Urawa Station has developed as the administrative and cultural center of Saitama City, and the Saitama Prefectural Government Office and Saitama City Hall are located nearby. Urawa Station has convenient transportation to Tokyo city center as it takes approximately 25 minutes to Shinjuku Station and approximately 26 minutes to Tokyo Station, and also has easy access to Shibuya and Shinagawa Stations without transfer. The area surrounding the station has a high density of stores, including large-scale retail stores such as department stores, making it convenient for residents. In addition, a redevelopment project is underway at the west exit area of Urawa Station, and further development is expected as the gateway to the prefectural capital.

ii. Property characteristics

The property consists of 10 floors above ground, with a total of 46 units (including one office), comprised of 1K and 1LDK rooms. The property is equipped with automatic locks, intercoms with monitors, delivery boxes, bathroom ventilation dryers, etc. Demand is expected mainly from singles and DINKS who value convenience and proximity to the Tokyo city center.

c. Esty Maison Kawagoe

i. Location characteristics

The property is located approximately a four-minute walk from Hon-Kawagoe Station on the Seibu Shinjuku Line, and approximately a 9-minute walk from Kawagoe-shi Station on the Tobu Tojo Line. Kawagoe is known

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as Koedo (Little Edo), a place that evokes the Edo era, and it is popular as a tourist destination with good access from Tokyo city center. It takes approximately 54 minutes from Hon-Kawagoe Station to Seibu-Shinjuku Station without transfer, and approximately 32 minutes from Kawagoe-shi Station to Ikebukuro Station.

ii. Property characteristics

The property consists of 10 floors above ground, with a total of 38 units (including two offices), comprised of 1K and 1LDK rooms. The property is equipped with automatic locks, intercoms with monitors, delivery boxes, bathroom ventilation dryers, etc. Demand is expected mainly from singles and DINKS who value convenience and proximity to the Tokyo city center.

3. Description of the Assets to be Acquired

(1) Esty Maison Nishiyokohama

Overview of specified asset		
Property name		Esty Maison Nishiyokohama
Planned acquisition date		March 31, 2025
Type of specified asset		Trust beneficiary interest (planned)
Trustee		To be determined
Period of trust contract		To be determined
Planned acquisition price		580 million yen
Appraisal value (Date of value)		631 million yen (December 1, 2024)
Appraiser		Chuo Real Estate Appraisal Co., Ltd.
Location		23-4 Minamisengencho, Nishi-ku, Yokohama-shi, Kanagawa
Land	Lot	23-4 Minamisengencho, Nishi-ku, Yokohama-shi, Kanagawa
	Site area	229.56 m²
	Use district	Neighborhood commercial district
	Building coverage ratio	80%
	Floor area ratio	300%
	Type of ownership	Ownership
Building	Use	Apartment complex
	Construction completion	March 2006
	Structure / Floors	RC/7F
	Total floor area	820.89 m²
	Type of ownership	Ownership
Collateral		None
Status of leasing and management		
Leasable area		656.40 m² (Leasable units: 30 units)
Leased area		656.40 m² (Leased units: 30 units)
Occupancy rate		100.0% (as of the end of November 2024)
Number of tenants		1
Monthly rent		2,346 thousand yen
Leasehold and security deposits		2,179 thousand yen
Property management company		To be determined
Master lease company		To be determined
Master lease type		To be determined
Contract period		To be determined
Outline of building engineering report		
Building replacement cost		198 million yen

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Repair expense	Emergency repair	—
	Short-term repair	—
	Long-term repair	1,079 thousand yen
Investigator		JCIA

Outline of earthquake PML appraisal	
PML value	6.9%
Investigator	Sompo Risk Management Inc.
Building designer, constructor, building inspector	
Building designer	Bizon Architectural Design Office, Inc.
Structure designer	Bizon Architectural Design Office, Inc.
Constructor	Daisho Corporation
Building inspector	Bureau Veritas Japan
Matters of special note	
Not applicable.	

(2) Esty Maison Urawa II

Overview of specified asset		
Property name		Esty Maison Urawa II
Planned acquisition date		May 30, 2025
Type of specified asset		Trust beneficiary interest (planned)
Trustee		To be determined
Period of trust contract		To be determined
Planned acquisition price		1,430 million yen
Appraisal value (Date of value)		1,450 million yen (December 1, 2024)
Appraiser		Daiwa Real Estate Appraisal Co., Ltd
Location		1-124-1 Tokiwa, Urawa-ku, Saitama-shi, Saitama
Land	Lot	1-124-1 Tokiwa, Urawa-ku, Saitama-shi, Saitama, 3 other lots
	Site area	340.58 m^2
	Use district	Commercial district
	Building coverage ratio	80%
	Floor area ratio	400%
	Type of ownership	Ownership
Building	Use	Apartment complex, office
	Construction completion	March 2025 (planned)
	Structure / Floors	RC/10F
	Total floor area	1,595.80 m^2
	Type of ownership	Ownership
Collateral		None
Status of leasing and management		
Leasable area		1,304.75 m^2 (Leasable units: 46 units (including 1 office))
Leased area		—(Not yet completed)
Occupancy rate		—
Number of tenants		—
Monthly rent		—
Leasehold and security deposits		—

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Property management company		To be determined
Master lease company		To be determined
Master lease type		To be determined
Contract period		To be determined
Outline of building engineering report		
Building replacement cost		361 million yen
Repair expense	Emergency repair	—
	Short-term repair	—
	Long-term repair	1,271 thousand yen
Investigator		JCIA

Outline of earthquake PML appraisal	
PML value	4.9%
Investigator	Sompo Risk Management Inc.
Building designer, constructor, building inspector	
Building designer	MATSUNAGA KENSETSU Co., Ltd.
Structure designer	Nikko Sekkei
Constructor	MATSUNAGA KENSETSU Co.,Ltd.
Building inspector	Saitama housing inspection center
Matters of special note	
Not applicable.	

(3) Esty Maison Kawagoe

Overview of specified asset		
Property name		Esty Maison Kawagoe
Planned acquisition date		May 30, 2025
Type of specified asset		Trust beneficiary interest (planned)
Trustee		To be determined
Period of trust contract		To be determined
Planned acquisition price		898 million yen
Appraisal value (Date of value)		901 million yen (December 1, 2024)
Appraiser		Daiwa Real Estate Appraisal Co., Ltd
Location		1-5-6 Nakahara-cho, Kawagoe-shi, Saitama
Land	Lot	1-5-6 Nakahara-cho, Kawagoe-shi, Saitama, one other lot
	Site area	306.86 m^2
	Use district	Commercial district
	Building coverage ratio	80%
	Floor area ratio	400%
	Type of ownership	Ownership
Building	Use	Apartment complex, office
	Construction completion	January 2025 (planned)
	Structure / Floors	RC/10F
	Total floor area	1,410.69 m^2
	Type of ownership	Ownership
Collateral		None
Status of leasing and management		

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Leasable area		1,215.78 m² (Leasable units: 38 units (including 2 offices))
Leased area		—(Not yet completed)
Occupancy rate		—
Number of tenants		—
Monthly rent		—
Leasehold and security deposits		—
Property management company		To be determined
Master lease company		To be determined
Master lease type		To be determined
Contract period		To be determined
Outline of building engineering report		
Building replacement cost		319 million yen
Repair expense	Emergency repair	—
	Short-term repair	—
	Long-term repair	1,256 thousand yen
Investigator		JCIA

Outline of earthquake PML appraisal	
PML value	5.2%
Investigator	Sompo Risk Management Inc.
Building designer, constructor, building inspector	
Building designer	MATSUNAGA KENSETSU Co., Ltd.
Structure designer	IZUMI STRUCTURE OFFICE
Constructor	MATSUNAGA KENSETSU Co.,Ltd.
Building inspector	URABAN HOUSING EVALUATION CENTER
Matters of special note	
Not applicable.	

[Explanation of "3. Description of the Assets to be Acquired"]

(1) "Appraisal value (Date of value)" is the appraisal value or the survey value along with the date of valuation prepared by the appraisal agency or price survey research agency that SHR and SHA have entrusted with the appraisal or survey of the investment real estate, where the appraisal value or survey value is rounded down to the nearest million yen. In addition, the survey report is based on the Act on Real Estate Appraisal (Act No. 152 of 1963) and the "Guidelines Concerning Determination of the Purpose and Scope of Business when Real Estate Appraisers Conduct Price Surveys Relating to Real Estate and Statements on Results Report" stipulated by the Ministry of Land, Infrastructure, Transport and Tourism, thus was issued as a price survey that does not conform to real estate appraisal standards.

(2) "Location" is the indication of the residential address. Residential address is based on the notice delivered by municipalities, the written property outline or written explanation of important matters. Furthermore, if there is no implementation of indication of residential address or no indication of residential address in the written property outline and written explanation of important matters, "Location" is the content of "Location of the building" section in the registry (including registration information; the same applies hereinafter) or the indication method used in practice as the location.

(3) "Lot" and "Site area" are the parcel number (in cases where there are several, then one of them) and the sum total of parcel area based on that stated in the registry.

(4) "Use district" is the type of use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968, including amendments thereto) (the "City Planning Act").

(5) "Building coverage ratio," which is the ratio of the building area of the building to the site area as provided in Article 53 of the Building Standards Act (Act No. 201 of 1950, including amendments thereto) (the "Building Standards Act"), is the percentage figure provided in accordance with the Building Standards Act, the City Planning Act and other related laws and regulations.

(6) "Floor area ratio," which is the ratio of the total floor area of the building to the site area as provided in Article 52 of the Building Standards Act, is the percentage figure provided in accordance with the Building Standards Act, the City Planning Act and other related laws and regulations.

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(7) For "Land", "Type of ownership" is the classification of the type of ownership, such as ownership right and compartmentalized ownership interest held or to be held by the trustee of the real estate trust for real estate in trust.
(8) "Use" indicates the main type of property indicated in the registry or the application for confirmation.
(9) "Construction completion" is based on that stated in the registry or the application for confirmation.
(10) "Structure / Floors" is based on that stated in the registry or the application for confirmation. Furthermore, the following abbreviations are used.
RC: Reinforced concrete structure; SRC: Steel reinforced concrete structure; S: Steel-framed structure
(11) "Total floor area" is the sum total of floor area of the building or building in trust (excluding annex buildings, etc.) indicated in the registry or the application for confirmation.
(12) For "Building", "Type of ownership" is the classification of the type of ownership, such as ownership right and compartmentalized ownership interest held or to be held by the trustee of the real estate trust for real estate in trust.
(13) "Collateral" outlines the collateral borne by SHR (after the Asset Acquisition), if any.
(14) "Leasable area" refers to the total floor area which is considered to be available for leasing based on each lease agreement or building drawings, etc., effective as of the end of November 2024.
(15) "Leased area" is the sum of the leased area indicated in each lease agreement or the leased area based on building drawings, etc., effective as of the end of November 2024.
(16) "Occupancy rate" is the ratio of leased area to leasable area rounded to the first decimal place.
(17) "Number of tenants" is based on the contents of each lease agreement effective as of the end of November 2024. In addition, as for the Assets to be Acquired, since a master lease agreement is planned to be concluded between the trustee and the master lease company, the number of the master lessee under the master lease agreement is stated in number of tenants. Please refer to (21) below for the definition of "master lease company" and "master lease agreement".
(18) "Monthly rent" refers to the total amount of the monthly rent as indicated in each lease agreement with end-tenants effective as of the end of November 2024 (excluding usage fee for parking, warehouses, signboards, etc. but including common area fees. Consumption tax and local consumption tax are not included. The same applies hereinafter. Additionally, even if there is a provision for free rent or rent holiday in the said each lease agreement, the free rent and rent holiday as of the same day will not be considered.), rounded down to the nearest thousand yen respectively. Furthermore, the term "Free rent" is an agreement which sets up a free or fairly low rent for a certain period (mainly at the time of moving in), and "Rent holiday" is an agreement which sets up a free or fairly low rent regularly or irregularly, for a certain period during the rental period. The same applies hereinafter.
(19) "Leasehold and security deposits" is the total amount of the leasehold and security deposits as indicated in each lease agreement with end-tenants effective as of the end of November 2024 (excluding leasehold of parking), and is rounded down to the nearest thousand yen.
(20) "Property management company" refers to the company that is planned to be entrusted with property management operations after the acquisition of the Assets to be Acquired by SHR.
(21) "Master lease company" refers to the company that is planned to conclude a master lease agreement with the trustee after the acquisition of the Assets to be Acquired by SHR and become the master lease company. Furthermore, "master lease agreement" is a lease agreement of a building concluded in bulk for the purpose of the lessee subleasing the building to third parties. The same applies hereinafter.
(22) "Master lease type" describes the type of master lease agreement which will become valid after the acquisition of the Assets to be Acquired by SHR. "Fixed-rent type" is a master lease in which the rent that the master lessee pays is a fixed amount regardless of the rent that the sublessee pays to the master lessee. "Pass-through type" is a master lease in which the rent that the master lessee pays is always the same amount as the rent that the end-tenant pays to the master lessee.
(23) "Contract period" is based on the contents of each master lease agreement (including amendment thereto) to be executed at the time of acquisition of the Assets to be Acquired by SHR.
(24) "Building replacement cost" is based on the building engineering report, excluding consumption tax, rounded down to the nearest million yen.
(25) "Repair expenses" are based on that stated in the building engineering reports. "Short-term repair" is the investigator's estimate of the repair and renewal expenses required within one year at the time of investigation. "Long-term repair" is the investigator's estimate of the annual average amount of the repair and renewal expenses for 12 years at the time of investigation, rounded down to the nearest thousand yen, respectively. However, in cases where the annual average is not indicated in the building engineering reports, calculates the annual average by SHA based on the total repair and renewal expenses for the 12-year period indicated in the building engineering reports and rounds down to the nearest thousand yen.
(26) "PML value" is based on the earthquake PML appraisal report calculated by Sompo Risk Management Inc. for the Assets to be Acquired or the building engineering report stating PML calculated by Sompo Risk Management Inc. The concerned statement is no more than an indication of the opinion of the reporting party, and SHR does not guarantee the accuracy of the content thereof.
Furthermore, "PML" refers to a "probable maximum loss" due to an earthquake. Although there is no consistent strict definition, in this press release, "PML value" expresses the loss amount (loss amount equivalent to 475 years of reproduction) with an excess probability of 10% over the assumed expected use period (50 years = general lifespan of the building) is expressed as a percentage of the replacement cost. However, the amount of probable loss is limited to that for direct loss on the building (structure, finishing and building

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equipment) only that are caused by earthquake ground motion, and does not include damage to equipment, furniture, fixtures, etc., loss caused by post-earthquake water or fire disasters, compensation for disaster victims, operating loss due to interruption of business operations and other secondary damages.

(27) "Matters of special note" is the matters considered important in relation to rights, use, etc. of the Assets to be Acquired, and the matters considered important in consideration of the degree of impact on the valuation, profitability and liquidity of the Assets to be Acquired including the following matters.

a. Key limitations or restrictions by laws and regulations
b. Key burdens or limitations pertaining to rights, etc. (including establishment of security interest)
c. Key structures, etc. crossing the boundary between the real estate or real estate in trust and the adjacent land or issues with boundary confirmation, etc., as well as agreements, etc. thereof, if any
d. Key matters agreed upon or agreements, etc. with co-owners or compartmentalized ownership holders

(28) The items marked "to be determined" will be announced once determined.

4. Profile of the Seller

(1) Esty Maison Nishiyokohama

Name	Living Create, Inc.
Address	3-32-1 Takada, Toshima-ku, Tokyo
Representative	Yasuyuki Kawasaki, President and Representative Director
Business activities	Planning, development and rental management of condominiums Design, management and construction of home remodeling and interior decoration, etc.
Capital	50 million yen (as of the end of February 2024)
Established	November 1982
Net asset	3,028 million yen (as of the end of February 2024)
Gross asset	4,049 million yen (as of the end of February 2024)
Major shareholder (shareholding ratio)	Union Asset Corporation (100.0%) (as of the end of February 2024) (Note) Shareholding ratio is calculated excluding treasury stock.
Relationship between SHR and SHA and the company concerned	
Capital relationship	No noteworthy capital relationships.
Personal relationship	No noteworthy personal relationships.
Business relationship	No noteworthy business relationships.
Applicable status to related parties	Not a related party of SHR or SHA.

(2) Esty Maison Urawa II, Esty Maison Kawagoe

Name	ROYAL CORPORATION CO., LTD.
Address	1-5-9 Nakamachi, Urawa-ku, Saitama-shi, Saitama
Representative	Eiichi Tajima, Representative Director
Business activities	Real estate business (condominium development, land sales, property leasing) Wellness business (sauna revenue, sauna facility production, sales and operation), etc.
Capital	30 million yen (as of the end of March 2024)
Established	January 2000
Net asset	0.8 billion yen (as of the end of March 2024)
Gross asset	4.7 billion yen (as of the end of March 2024)
Major shareholder	Eiichi Tajima (100.0%) (as of the end of March 2024)

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(shareholding ratio)		
Relationship between SHR and SHA and the company concerned		
	Capital relationship	No noteworthy capital relationships.
	Personal relationship	No noteworthy personal relationships.
	Business relationship	No noteworthy business relationships.
	Applicable status to related parties	Not a related party of SHR or SHA.

5. Status of Property Seller
   Because the Asset Acquisition is not an acquisition from interested persons of SHR or SHA, descriptions are omitted.

6. Impact on Financial Status of SHR in the Event of Failure to Fulfill Forward Commitment, etc.
   The sales and purchase contract for the acquisition of the Asset Acquisition (hereinafter referred to as the "Transfer Agreement") falls within forward commitments, etc. by investment corporations as stipulated in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. defined by the Financial Services Agency. Based on the Transfer Agreement, in the event that the seller suffers damage due to any error or inaccuracy in the representations and warranties of SHR, SHR shall compensate or indemnify the seller for such damage up to 20% of the transaction amount within the scope of reasonable causal relation. However, the Transfer Agreement is with condition that procurement of funds necessary for the payment of the acquisition price, etc. by SHR has been completed on the date of the execution of the transaction.

7. Future Outlook
   The effect of this Asset Acquisition on the results of SHR is minimal, and there is no impact on the forecasts of performance for the fiscal period ending April 30, 2025 (November 1, 2024 – April 30, 2025) and the fiscal period ending October 31, 2025 (May 1, 2025 – October 31, 2025) as mentioned in the "Financial Report for the Fiscal Period Ended October 31, 2024" announced on December 16, 2024.

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8. Summary of the Appraisal Report, etc. of the Assets to be Acquired

(1) Esty Maison Nishiyokohama

Property name	Esty Maison Nishiyokohama
Appraisal value	631,000,000 yen
Name of appraisal firm	Chuo Real Estate Appraisal Co., Ltd.
Date of value	December 1, 2024

(Thousand yen)

Item	Details	Description, etc.
Income approach value	631,000	Determined by placing an emphasis on the value calculated using the DCF method and compared it with the value using the direct capitalization method.
Value based on direct capitalization method	642,000	-
Operating revenue	30,188	-
Gross potential income	31,697	Assessed taking into account the current lease conditions and rent/common area fee levels, etc. of similar cases.
Vacancy loss, etc.	1,509	Assessed by taking into account the occupancy performance of the subject property and similar cases, future market trend forecasts, etc.
Operating expenses	6,736	-
Maintenance and management fee	1,180	Assessed based on the scheduled BM contract terms, taking into account the past actual performance and level of cost of similar cases.
Utilities expenses	523	Assessed based on actual performance, taking into account the level of cost of similar cases.
Repair expenses	1,329	Assessed by taking into account the repair cost estimate noted in the engineering report and the appraisal value obtained from a stable mid to long term perspective based on the subject property's use, age, structure, management status, etc.
Property management fee	525	Assessed based on the expected PM contract conditions, taking into account the level of cost of similar cases.
Tenant leasing cost, etc.	1,227	Assessed based on the expected PM contract conditions, taking into account the level of cost of similar cases.
Property taxes	1,762	Assessed taking into account the most recent actual value and the appraisal value.
Insurance premium	190	Assessed taking into account the most recent actual value, etc.
Other expenses	—	-
Net operating income (NOI)	23,452	-
Gain on management of income from lump-sum payment	21	Assessed based on the assumption that the investment yield is 1.0%.
Capital expenditures	374	Assessed by taking into account the estimated renewal cost based on the engineering report and the appraisal value obtained from a stable mid to long term perspective based on the subject property's use, age, structure, management status, etc.
Net cash flow (NCF)	23,099	-
Capitalization rate	3.6%	Assessed by taking into account the individual characteristics of the subject property such as its location, building specifications and rights, etc., while using the investment yields from similar transactions as reference.
Value of earnings calculated by discounted cash flow (DCF) method	626,000	-

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Discount rate	3.4%	Assessed with reference to the investment yield from similar transactions, and taking into account the subject property's distinctness and valuation scenario, etc.
Terminal capitalization rate	3.8%	Assessed with reference to the investment yield from similar transactions, and taking into account the subject property's distinctness, valuation scenario and risk premium such as future market fluctuation risk.
Cost method value	415,000	-
Ratio of land	79.0%	-
Ratio of building	21.0%	-

Items considered upon determining appraisal value	As the main consumers of the subject property are investors who place importance on profitability, the appraisal value was determined based on the income approach value, while keeping the cost price estimate as reference.

(Note) As the amounts in the table above are rounded down to the nearest thousand yen, the amounts may not add up to the figures for operating revenue, operating expenses and other items. The same applies hereinafter.

*Comparison with average rent unit price for the lease agreement

Average rent unit price for the appraisal price	3,590 yen/m² (11,868 yen/tsubo)
Average rent unit price for lease agreements	3,578 yen/m² (11,829 yen/tsubo)

(Note 1) "Average rent unit price for the appraisal price" is the average rent unit price based on the "rent revenue from rental rooms with common area charges" in the direct capitalization method described in the appraisal report. The same applies hereinafter.
(Note 2) "Average rent unit price for lease agreements" is the average rent unit price based on the Monthly rent in "3. Description of the Assets to be Acquired" above. The same applies hereinafter.
(Note 3) "Average rent unit price for the appraisal price" and "Average rent unit price for lease agreements" both exclude store rents and office rents. The same applies hereinafter.

(2) Esty Maison Urawa II

Property name	Esty Maison Urawa II
Appraisal value	1,450,000,000 yen
Name of appraisal firm	Daiwa Real Estate Appraisal Co., Ltd.
Date of value	December 1, 2024

(Thousand yen)

Item	Details	Description, etc.
Income approach value	1,450,000	Assessed by using the standardized net income value based on the DCF method and verifying the value from the direct capitalization method.
Value based on direct capitalization method	1,510,000	Assessed by capitalizing the standardized net cash flow deemed stable in the medium to long term at the capitalization rate.
Operating revenue	65,579	-
Gross potential income	68,323	Assessed and recorded standardized estimated rental revenue and common area fees, etc., for the subject property based on the level of new rents for similar cases in the same demand/supply zone and their trends, and taking into account the subject property's competitiveness over the medium to long term.
Vacancy loss, etc.	2,743	Valued based on the standard vacancy rate of similar real estate, and taking into account the competitiveness of the property.
Operating expenses	11,632	-
Maintenance and management fee	2,436	Utilized the planned contract value as it was deemed appropriate.
Utilities expenses	852	Assessed with reference to the level of similar cases.
Repair expenses	920	Assessed and recorded expenses by referring to the

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		engineering report and actual value of similar cases, while taking into account the replacement rate and vacancy rate.
Property management fee	1,277	Utilized the planned contract value as it was deemed appropriate.
Tenant leasing cost, etc.	1,839	Recorded the replacement portion based on the assumed replacement rate after considering tenant recruitment expenses, etc. assessed based on the level of similar cases.
Property taxes	3,332	For land, valued based on the actual amount, taking into account the burden level and land price trends. For buildings, the estimated tax amount is assessed and recorded from a medium to long term perspective based on the level of similar cases, taking into account age-related corrections.
Insurance premium	217	Assessed and recorded based on the level of similar cases.
Other expenses	757	Assessed and recorded maintenance costs and other expenses based on actual amounts.
Net operating income (NOI)	53,947	-
Gain on management of income from lump-sum payment	66	The amount calculated by multiplying the investment yield by the estimated amount of security deposits, etc., after comprehensively taking into account both investment and procurement aspects of the actual investment of lump-sum deposits is recorded.
Capital expenditures	1,013	Assessed with reference to the engineering report and renewal cost of similar cases, and recorded after taking into account the CM fee.
Net cash flow (NCF)	53,000	-
Capitalization rate	3.5%	The yield of similar cases located in the lowest risk area is used as the standard, and the spread is adjusted based on the location and building conditions of the subject property, such as the building grade, age and level of facilities, as well as the expected new rent compared to the market rent, rights, contract conditions and other conditions. In addition, the assessment was based on the capitalization rate in the appraisal of J-REIT properties in the same supply and demand area.
Value of earnings calculated by discounted cash flow (DCF) method	1,430,000	-
Discount rate	3.3%	Valued based on the methods of comparing with transaction of similar cases and of making adjustment to rates of other financial assets by considering individual factors of the property, and with refence to interviews with investors.
Terminal capitalization rate	3.7%	Valued based on the capitalization rate, comprehensively considering future uncertainty such as possibility of increased capital expenditure due to aging of the property, change of market trend and loss of liquidity because of passage of time.
Cost method value	1,620,000	-
Ratio of land	74.4%	-
Ratio of building	25.6%	-

Items considered upon determining appraisal value	Since consumers in the real estate trading market tend to focus on the profitability and investment profitability of the subject property when conducting transactions, the appraisal value was determined with reference to the income approach value as the standard, which is more persuasive than the estimated value.

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*Comparison with average rent unit price for the lease agreement

Average rent unit price for the appraisal price	4,076 yen/m² (13,475 yen/tsubo)
Average rent unit price for lease agreements	-

(3) Esty Maison Kawagoe

Property name	Esty Maison Kawagoe
Appraisal value	901,000,000 yen
Name of appraisal firm	Daiwa Real Estate Appraisal Co., Ltd.
Date of value	December 1, 2024

(Thousand yen)

Item	Details	Description, etc.
Income approach value	901,000	Assessed by using the standardized net income value based on the DCF method and verifying the value from the direct capitalization method.
Value based on direct capitalization method	939,000	Assessed by capitalizing the standardized net cash flow deemed stable in the medium to long term at the capitalization rate.
Operating revenue	48,749	-
Gross potential income	50,917	Assessed and recorded standardized estimated rental revenue and common area fees, etc., for the subject property based on the level of new rents for similar cases in the same demand/supply zone and their trends, and taking into account the subject property's competitiveness over the medium to long term.
Vacancy loss, etc.	2,167	Valued based on the standard vacancy rate of similar real estate, and taking into account the competitiveness of the property.
Operating expenses	10,347	-
Maintenance and management fee	2,736	Utilized the planned contract value as it was deemed appropriate.
Utilities expenses	750	Assessed with reference to the level of similar cases.
Repair expenses	806	Assessed and recorded expenses by referring to the engineering report and actual value of similar cases, while taking into account the replacement rate and vacancy rate.
Property management fee	965	Utilized the planned contract value as it was deemed appropriate.
Tenant leasing cost, etc.	1,318	Recorded the replacement portion based on the assumed replacement rate after considering tenant recruitment expenses, etc. assessed based on the level of similar cases.
Property taxes	2,917	For land, valued based on the actual amount, taking into account the burden level and land price trends. For buildings, the estimated tax amount is assessed and recorded from a medium to long term perspective based on the level of similar cases, taking into account age-related corrections.
Insurance premium	191	Assessed and recorded based on the level of similar cases.
Other expenses	661	Assessed and recorded maintenance costs and other expenses based on actual amounts.
Net operating income (NOI)	38,401	-
Gain on management of income from lump-sum payment	53	The amount calculated by multiplying the investment yield by the estimated amount of security deposits, etc., after comprehensively taking into account both investment and procurement aspects of the actual investment of lump-sum deposits is recorded.

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Capital expenditures	895	Assessed with reference to the engineering report and renewal cost of similar cases, and recorded after taking into account the CM fee.
Net cash flow (NCF)	37,559	-
Capitalization rate	4.0%	The yield of similar cases located in the lowest risk area is used as the standard, and the spread is adjusted based on the location and building conditions of the subject property, such as the building grade, age and level of facilities, as well as the expected new rent compared to the market rent, rights, contract conditions and other conditions. In addition, the assessment was based on the capitalization rate in the appraisal of J-REIT properties in the same supply and demand area.
Value of earnings calculated by discounted cash flow (DCF) method	885,000	-
Discount rate	3.8%	Valued based on the methods of comparing with transaction of similar cases and of making adjustment to rates of other financial assets by considering individual factors of the property, and with refence to interviews with investors.
Terminal capitalization rate	4.2%	Valued based on the capitalization rate, comprehensively considering future uncertainty such as possibility of increased capital expenditure due to aging of the property, change of market trend and loss of liquidity because of passage of time.
Cost method value	774,000	-
Ratio of land	52.5%	-
Ratio of building	47.5%	-

Items considered upon determining appraisal value	Since consumers in the real estate trading market tend to focus on the profitability and investment profitability of the subject property when conducting transactions, the appraisal value was determined with reference to the income approach value as the standard, which is more persuasive than the estimated value.

*Comparison with average rent unit price for the lease agreement

Average rent unit price for the appraisal price	3,181 yen/m^2（10,516 yen/tsubo）
Average rent unit price for lease agreements	-

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

<Attachment>
Reference Material: Property Photograph and Surrounding Area Map of the Assets to be Acquired

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<Attachment>
Reference Material: Property Photograph and Surrounding Area Map of the Assets to be Acquired

1. Esty Maison Nishiyokohama





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2. Esty Maison Urawa II





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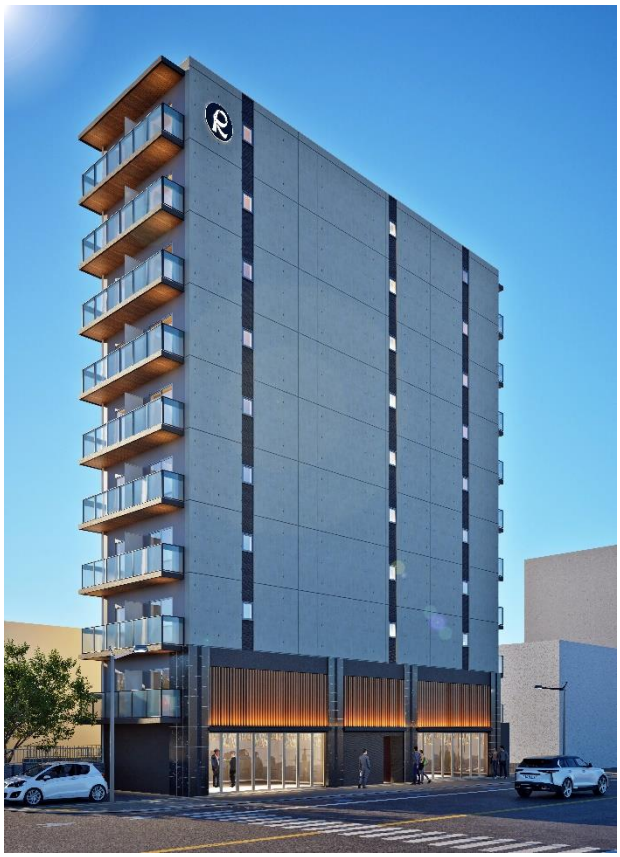
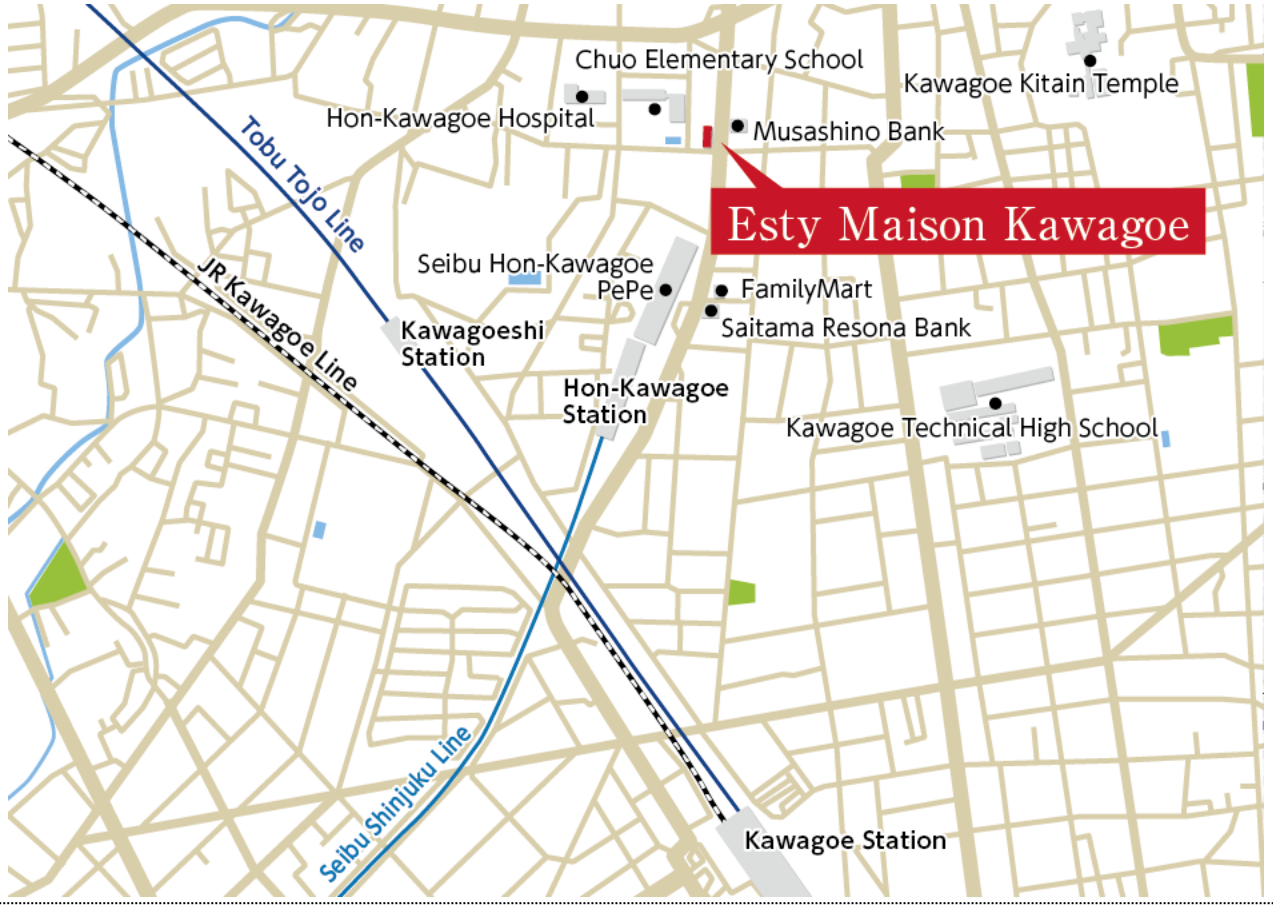
3. Esty Maison Kawagoe





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