

March 17, 2025

Real Estate Investment Trust Securities Issuer
 Sekisui House Reit, Inc.
 Representative: Atsuhiko Kida, Executive Director
 (Securities Code: 3309)

Asset Management Company
 Sekisui House Asset Management, Ltd.
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**Notice Concerning Additional Investment in an Overseas Real Estate Holding Corporation
 (City Ridge (Additional Acquisition))**

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 make additional investments in two U.S. LLCs (hereinafter referred to as the “Two Overseas SPCs”) located in the United States of America, which hold overseas real estate (referred to as the “Additional Investment”), and the Two Overseas SPCs will additionally acquire the following residential asset (hereinafter referred to as the “Asset Acquisition), “City Ridge”.

At the time of the decision on the Asset Acquisition, since the seller falls under the category of interested persons, etc. as provided in Article 201 Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (the “Investment Trusts Act”), and under the category of interested parties as provided in SHA’s internal rules: Rules for Transactions with Interested Parties, SHA has obtained, in accordance with such Rules for Transactions with Interested Parties, the consent of SHR based on approval at the Board of Directors Meeting of SHR held today.

1. Summary of the Asset Acquisition

Property name	Type of use	Location	Planned acquisition price (Note 1)	Expected appraisal NOI yield (Note 2)	Expected dividend yield (Note 3)	Planned acquisition date	Seller
City Ridge (Additional Acquisition) (Note 4)	Residence	Washington D.C. U.S.A.	299 mm USD (44,221 mm yen)	5.1%	3.6%	June 6, 2025	NASH – Roadside 3900 Wisconsin, LLC

- a. Type of specified asset : Real estate
- b. Contract date : March 17, 2025
- c. Brokerage : Not applicable
- d. Acquisition financing : Own funds (Note 5)
- e. Settlement method : Payment is scheduled in installments as follows (Note 6)

Planned payment date		Planned payment price	Exchange rate
Contract date	March 17, 2025	14,950k USD (2,229,194k yen)	1 USD= 149.11 JPY
Two business days after completion of TOPA (Note 7)	May 1, 2025	14,950k USD (2,214,095k yen)	1 USD= 148.10 JPY
Planned acquisition date	June 6, 2025	269,100k USD (39,778,362k yen)	1 USD= 147.82 JPY
Total		299,000k USD (44,221,651k yen)	—

Disclaimer: This translation is for informational purposes only. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail.

- (Note 1) The exchange rate between the U.S. dollar and the Japanese yen is based on the following exchange rates as of today obtained from Sumitomo Mitsui Trust Bank, Limited: the spot rate of 1 USD = 149.11 JPY for the payment price of 14,950 thousand USD on March 17, 2025, the forward exchange rate of 1 USD = 148.10 JPY for the planned payment price of 14,950 thousand USD on May 1, 2025, and the forward exchange rate of 1 USD = 147.82 JPY for the planned payment price of 269,100 thousand USD on June 6, 2025. Additionally, in this document, 1 USD = 147.82 JPY is used as the exchange rate from this point forward. The same applies hereinafter.
- (Note 2) “Expected appraisal NOI yield” is calculated by dividing each NOI (each year from 1 to 10) based on the DCF method described in the appraisal report as of February 28, 2025, with the planned acquisition price to obtain the assumed NOI yield for each year, and the simple average of these figures are shown above. The NOI is based on the assumption that operating revenues and operating expenses will increase by 3% each year. The same applies hereinafter.
- (Note 3) “Expected dividend yield” is calculated by deducting SPC operating expenses, etc. estimated by SHA from each NOI (each year from 1 to 10) based on the DCF method described in the appraisal report as of February 28, 2025, respectively, then divided by the planned acquisition price to obtain the assumed dividend yield for each year, and the simple average of these figures are shown above. Furthermore, in the event that rent received from tenants falls below the minimum rent guarantee, the difference will not be recorded as profit in the accounting of the Two Overseas SPCs. Therefore, it is assumed that the said amount will be distributed using the unrealized gains of the property (the difference when the appraisal value exceeds the book value) as a dividend source. For more information on the minimum rent guarantee, please refer to “3. Description of the Additional Investments and Asset Acquisition; (2) Overview of the Asset to be Acquired; Monthly rent”.
- (Note 4) Of the “City Ridge” complex facility, the Two Overseas SPCs acquired ownership interest in all of the exclusively-owned portions that are used for residential purposes of the four buildings along with the land equivalent to the total site of 26,536 SF (2,465.18 m²) on November 15, 2024. Of the “City Ridge” complex facility, the Asset Acquisition is for the additional acquisition of ownership interest in all of the exclusively-owned portions that are used for residential purposes of the two buildings and the ownership interest in all of the exclusively-owned portions of the underground residential parking garage along with the land equivalent to the total site of 55,847 SF (5,188.18 m²) (hereinafter referred to as the “Asset to be Acquired”). Additionally, the Two Overseas SPCs will each acquire a 50% co-ownership interest of the Asset to be Acquired.
- (Note 5) “Acquisition financing” represents the funds to be paid by the Two Overseas SPCs upon the Asset Acquisition.
- (Note 6) The payments due on March 17, 2025 and May 1, 2025 (totaling 29,900 thousand USD) will be deposited in an escrow account until the planned acquisition date. Escrow is a third-party depository that ensures the security of transactions by having a trusted third-party act as an intermediary in commercial transactions.
- (Note 7) “TOPA (Tenant Opportunity to Purchase Act)” is a Washington D.C. law that makes it mandatory for property owners to offer first right of refusal to tenants from the perspective of protecting such tenants from forced eviction in the case where such owners wish to transfer the property. The second planned payment date of May 1, 2025 is the scheduled payment date in the event that no interest in acquisition is received from the incorporated tenant organization (hereinafter simply referred to as the “Tenant Organization”) within 45 days of the seller making an offer of sale to the Tenant Organization which will be made after the contract conclusion between SHR and the seller. However, if the Tenant Organization expresses an interest in acquiring the property within the given period, the law allows for a minimum 120-day negotiation period after receiving the statement of interest, as well as an additional 120-day financing period after entering an agreement with the Tenant Organization, with a possible extension provision of 240 days if a written estimate is provided stating the decision with respect to financing or financial assistance.

2. Reason for the Asset Acquisition

SHR conducts the Asset Acquisition based on the targets and policies of asset management stipulated in its Articles of Incorporation, with the aim of enhancing its portfolio and further strengthening its earnings base.

As announced in the “Notice Concerning Partial Changes of the Internal Regulation of the Asset Management Company (Management Guideline)” dated May 28, 2024, SHA has decided to change its portfolio development policy to aim for a more residential-centered portfolio by increasing the investment ratio of residential properties to 70%~100% (acquisition price basis), and has also made changes to allow acquisitions of only U.S. residential for the time being of up to 30% (acquisition price basis) within the residential investment portfolio.

This change is made in response to the fact that while prices of rental condominiums in Japan remains high and securing sufficient quality investment opportunities continues to be difficult, the sponsor, Sekisui House, Ltd. (“Sekisui House”), is developing urban rental housing (multi-family (Note 1)) in the U.S. that meets SHR’s investment criteria in terms of quality, competitiveness, and location, etc. Therefore, by taking full advantage of the Sekisui House Group’s (Note 2) real estate development and management capabilities, etc. SHR aims to achieve “stable growth” in Japan as well as “proactive growth” in the U.S.

“City Ridge” is a mixed-use community made up of several buildings including 6 residential buildings, office and commercial facilities. As announced in the “Notice Concerning Investment in Overseas Real Estate Holding Corporation (City Ridge)” dated August 22, 2024 and the “Notice Concerning Additional Investment in Overseas Real Estate Holding Corporation (City Ridge)” dated November 12, 2024, SHR acquired four residential buildings through the investment in the Two Overseas SPCs on November 15, 2024 (hereinafter referred to as the “First Acquisition”). In addition, as announced in the “Notice Concerning Disposition of Trust Beneficiary Interest in

Domestic Real Estate (Disposition of Akasaka Garden City)” dated October 11, 2024, SHR decided to dispose of one office building for 54.6 billion yen on May 30, 2025. In the process of considering how to utilize the proceeds from this sale, SHR underwent repeated discussions with Sekisui House regarding the acquisition of the two residential buildings and the parking garage of “City Ridge”, and upon careful consideration, determined that the Asset Acquisition would contribute to maximizing unitholder value, and therefore decided on the additional acquisition.

Moreover, as with the First Acquisition, a minimum rent until November 30, 2027 for the Asset to be Acquired is guaranteed by NASH – Roadside 3900 Wisconsin, LLC, the seller, after the Asset Acquisition, thus stable revenue can be expected.

In addition, the U.S. rental housing market trends and the characteristics of the Asset to be Acquired taken into consideration upon deciding the Asset Acquisition are as follows:

(Note 1) “Multi-family” refers to an apartment complex where multiple households reside.

(Note 2) “Sekisui House Group” refers to a group of companies comprised of Sekisui House, its consolidated subsidiaries and its affiliates accounted for by the equity method.

(1) U.S. rental housing market (multi-family) trends

Due to slowing inflation and steady economic growth, the U.S. rental housing market continued to show recovery in 2024, with rental demand for residential units for 2024 increasing 67.8% from the previous year to approximately 546 thousand units. Although the supply of units for 2024 exceeded this demand by approximately 138 thousand units to just above 685 thousand units, causing the vacancy rate to rise from 7.7% at the end of 2023 to 8.1% by the end of 2024, overall rent growth has remained stable at around 1.0%, and with the forecasts for 2025 showing an improvement in the supply-demand balance, the vacancy rate is expected to decline, and increase change in rents can be expected in the latter half of 2025.

As for the rental housing market in the Washington D.C. metro area (Note 1), where the property is located, the average rent is \$2,211/month as of the end of December 2024, which is 29.0% higher than the national average of \$1,714/month, and the area is expected to continue generating stable, high rents in the future. Furthermore, the median household income in Washington D.C. exceeded 108 thousand USD as of 2023, higher than the U.S. median household income at 77 thousand USD during the same period. By state, Washington D.C. had the highest median household income, suggesting economic strength to support high rents. There are no major concerns about the balance between new supply of rental housing and new demand in the Washington D.C. metropolitan area as it is expected to continue balancing out in 2025, and the vacancy rate is expected to remain in the 7% range. In terms of population, as of July 1, 2024, the population in Washington D.C. exceeded 702 thousand, a 3.4% increase from the previous year. Washington D.C. also has a five-year economic development plan from 2023 to 2027 called “DC’s Comeback Plan” to raise the population to 725 thousand by 2028 according to said plan.

From a medium to long term perspective, the U.S. economy will maintain a high growth rate compared to Japan, with nominal GDP (USD base) for the U.S. being approximately 3.2 times that of Japan as of 2020, and up to approximately 6.2 times that of Japan in 2024. Moreover, the U.S. population at the end of 2024 increased 0.8% compared to the end of 2023, exceeding 340 million people and showing a continuous population growth. Although the U.S. Federal Reserve implemented its first interest rate cut in September 2024 for the first time in four years, inflation has remained resilient, causing the Federal Reserve to press pause on future interest rate cuts. Despite additional uncertainties surrounding the new administration’s tariff policy, the U.S. economy is currently showing strong performance, and economic growth is expected in the medium to long term.

(Note 1) The “Washington D.C. metro area” includes all of Washington, D.C., and parts of Maryland, Virginia, and West Virginia. The same applies hereinafter.

(Note 2) Data regarding the U.S. and Georgetown/Wisconsin Avenue rental housing market are based on the data of real estate information analysis platform provided by Costar Group.

(Note 3) The U.S. and Japanese nominal GDP (USD base) are based on the data disclosed by the International Monetary Fund.

(Note 4) Household income is based on the data disclosed by the U.S. Census Bureau.



(2) Location characteristics

The property is located in the Georgetown/Wisconsin Avenue area in Washington D.C., the capital of the U.S., and is surrounded by the Capital Building, the White House and the Supreme Court. The area is also home to many other famous historical monuments and buildings including the Lincoln Memorial, along with several museums and art galleries. There is an abundance in nature such as the Potomac River and the Smithsonian National Zoo. Many well-known universities, including American University, are located near the property. In Washington D.C., as of 2023, 65.9% of its residents over the age of 25 has earned a bachelor's degree or higher. Furthermore, the federal government and related industries are large employers, with 27.1% of all of Washington D.C. residents employed by local, state or federal government.

(Note) The number of Washington D.C. residents with a bachelor's degree or higher and the percentage employed by local, state, and federal governments are based on the data disclosed by the United States Census Bureau.

(3) Property characteristics

The rental housing of the property consists of six buildings, which are organized under four different brands. Of the six buildings, two buildings, which are comprised of one brand, are the subject of this Asset Acquisition. The property has a full range of amenities available to all residents, including a co-working space terrace, 24-hour fitness gym, library, rooftop greenhouse, pet spa and washing station, electric car rentals, 24-hour concierge and a members-only rooftop pool club with theater screen, along with other amenities making this a luxurious property where tenants can spend quality time without having to leave the grounds.

Exclusive features include elevated kitchen appliances, quartz countertops, custom Italian cabinetry, kitchen island with USB port, double vanity, separate walk-in shower and outdoor fireplaces in select units.

Within the property grounds is a child daycare, supermarket, several restaurants and offices, and the property has easy access to downtown D.C., where many government buildings are located. In addition, several schools are located in the surrounding area, and demand is expected mainly from relatively high-income single adults who seek convenience and a high-quality living environment.

a. Crescendo North and South

Crescendo is divided into two buildings, North and South, each with 9 floors above ground and a total of 340 units with rooms consisting of Studios, 1 Bed, 2 Bed, 3 Bed and Penthouse units. Crescendo has a common lobby lounge with concierge and leasing office, and a child daycare located on the premises next to a residents-only playground. Amenities in the two buildings include a lounge area in the lobby, a fitness center, a co-working area for residents, and two rooftops including one with a multi-purpose "Creators Studio" area for cooking classes, etc., and a pizza oven. The commercial facilities such as child daycare, bakery, etc. that are leased to tenants are not subject to the Asset Acquisition.

3. Description of the Additional Investment and Asset Acquisition
(1) Overview of the Two Overseas SPCs

Business operator name	<ul style="list-style-type: none"> • SHR Ridge Square Partners I, LLC • SHR Ridge Square Partners II, LLC 								
Scheduled additional investment date	March 17, 2025, May 1, 2025 and June 6, 2025								
Scheduled additional investment amount	305 million USD (45,182 million JPY) Breakdown: Property acquisition funds 299 million USD (44,221 million JPY) Acquisition costs 6 million USD (960 million JPY)								
Financing for acquisition of investment securities	Own funds (Note) The funds to be paid by SHR upon additional investment in the Two Overseas SPCs are shown.								
Type of specified asset	Investment securities (Securities)								
Overview	<ul style="list-style-type: none"> • LLC (Limited Liability Company) incorporated in Delaware, U.S. • Balance Sheet Summary <table border="1" style="margin-left: 20px;"> <tr> <th colspan="2">SHR Ridge Square Partners I, LLC</th> </tr> <tr> <td>Overseas real estate, etc. 295 million USD (43,606 million JPY)</td> <td>Capital 295 million USD (43,606 million JPY)</td> </tr> </table> <table border="1" style="margin-left: 20px;"> <tr> <th colspan="2">SHR Ridge Square Partners II, LLC</th> </tr> <tr> <td>Overseas real estate, etc. 295 million USD (43,606 million JPY)</td> <td>Capital 295 million USD (43,606 million JPY)</td> </tr> </table> <p>(Note 1) The above amounts are estimated as of June 6, 2025, the planned acquisition date.</p> <p>(Note 2) Overseas real estate, etc. includes acquisition costs of the Asset to be Acquired expected. The real estate appraisal value (as of February 28, 2025) is 302 million USD.</p> <p>(Note 3) SHR will invest the entire amount of capital in the Two Overseas SPCs.</p> <ul style="list-style-type: none"> • Fiscal Year <ul style="list-style-type: none"> • SHR Ridge Square Partners I, LLC One year from January 1 of each year to the last day of December. Therefore, for the fiscal period that includes the planned acquisition date of the Asset to be Acquired, operating revenues, expenses, etc. will be reflected in the financial results from June 6, 2025 to the last day of December 2025. • SHR Ridge Square Partners II, LLC One year from July 1 of each year to the last day of June of the following year. Therefore, for the fiscal period that includes the planned acquisition date of the Asset to be Acquired, operating revenues, expenses, etc. will be reflected in the financial results. However, the first fiscal year shall be from June 6, 2025 to the last day of June 2025. • Dividends <ul style="list-style-type: none"> • SHR Ridge Square Partners I, LLC Payment within 4 months after the end of the fiscal year. • SHR Ridge Square Partners II, LLC Payment within 4 months after the end of the fiscal year. 	SHR Ridge Square Partners I, LLC		Overseas real estate, etc. 295 million USD (43,606 million JPY)	Capital 295 million USD (43,606 million JPY)	SHR Ridge Square Partners II, LLC		Overseas real estate, etc. 295 million USD (43,606 million JPY)	Capital 295 million USD (43,606 million JPY)
SHR Ridge Square Partners I, LLC									
Overseas real estate, etc. 295 million USD (43,606 million JPY)	Capital 295 million USD (43,606 million JPY)								
SHR Ridge Square Partners II, LLC									
Overseas real estate, etc. 295 million USD (43,606 million JPY)	Capital 295 million USD (43,606 million JPY)								

(2) Overview of the Asset to be Acquired

Property name		City Ridge (Additional Acquisition)
Type of specified asset		Real estate
Appraisal value (Date of value)		302 million USD (44,641 million JPY) (February 28, 2025)
Appraiser		DAIWA REAL ESTATE APPRAISAL CO.,LTD.
Location		20 Ridge Square NW, Washington D.C. (Crescendo)
Land	Site area	422,891 SF (39,286.49 m ²)
Building	Use	Apartment complex
	Construction completion	Crescendo North: December 2022 Crescendo South: December 2022
	Structure / Floors	RC/9F, B3F
	Total floor area	1,799,846 SF (167,205.69 m ²)
Type of ownership		Ownership (co-ownership interest)
Collateral		None

Status of leasing and management	
Leasable area	309,930 SF (28,790.54 m ²) (Leasable units: 340 units) Crescendo North: 159,578 SF (14,823.83 m ²) (177 units) Crescendo South: 150,352 SF (13,966.71 m ²) (163 units)
Leased area	277,244 SF (25,754.23 m ²) (Leased units: 306 units) Crescendo North: 144,025 SF (13,379.05 m ²) (161 units) Crescendo South: 133,219 SF (12,375.18 m ²) (145 units)
Occupancy rate	89.5% (as of the end of February 2025)
Number of tenants	306
Monthly rent	1,199 thousand USD (177,325 thousand JPY) (Note) A minimum rent guarantee of 1,458 thousand USD (215,570 thousand JPY) will be provided by NASH - Roadside 3900 Wisconsin, LLC from June 6, 2025 to November 30, 2027 for the property's gross income.
Leasehold and security deposits	151 thousand USD (22,346 thousand JPY)
Property management company	Roadside Realty, LLC (planned)

Outline of building engineering report		
Building replacement cost	155 million USD (23,032 million JPY)	
Repair expense	Emergency repair	—
	Short-term repair	—
	Long-term repair	59 thousand USD (8,777 thousand JPY)
Investigator	DAIWA REAL ESTATE APPRAISAL CO.,LTD.	

Outline of earthquake PML appraisal	
PML value	— (Note) As earthquake risks in the U.S. is limited to the west coast, there is no practice of conducting seismic risk studies for buildings on the east coast. Therefore, PML value has not been assessed for this property.
Investigator	—
Building designer, constructor, building inspector	
Building designer	SHALOM BARANES ASSOCIATES, PC
Structure designer	Tadger Cohen Edelson
Constructor	Whiting Turner

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Building inspector	Government of the District of Columbia
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Matters of special note
Not applicable.

- (Note 1) Of the “City Ridge” complex facility, the acquisition target is the ownership interest in all of the exclusively-owned portions that are used for residential purposes of the two buildings and the ownership interest in all of the exclusively-owned portions of the underground residential parking garage along with the land equivalent to the total site of 55,847 SF (5,188.18 m²).
- (Note 2) “Appraisal value”, “building replacement cost” and “repair expense” are the amounts corresponding to the acquisition portion described in (Note 1) above. The same applies hereinafter.
- (Note 3) “Site area” indicates the land area of the site or the entire land, “Structure/Floors” indicates the structure and number of stories corresponding to the entire complex facility, and “Total floor area” indicates the floor space of the entire complex facility.
- (Note 4) “Leasable area” is the total leasable area of the exclusively owned areas corresponding to the acquisition portion described in (Note 1) above.

[Explanation of “3. Description of the Additional Investment and the Asset Acquisition (2) Overview of the Asset to be Acquired”]

- (1) “Appraisal value (Date of value)” is the appraisal value along with the date of valuation prepared by the appraisal agency that SHR and SHA have entrusted with the appraisal of the investment real estate, where the appraisal value is rounded down to the nearest million USD. The appraisal of the Asset to be Acquired was conducted by FON Valuation Services, LLC and DAIWA REAL ESTATE APPRAISAL CO., LTD. incorporating the “local appraisal assistance method”. The “local appraisal assistance method” refers to a method in which a Japanese real estate appraiser requests a local appraiser to collect and provide basic materials, etc. necessary for the appraisal, and to perform other tasks to assist the appraiser in conducting the appraisal, upon which the appraiser receives services related to the local appraisal support work and conducts the appraisal. SHR has appointed FON Valuation Services, LLC as the local appraiser. The same applies hereinafter.
- (2) “Location” is as indicated on the sale and purchase contract or the “appraisal report.
- (3) “Site area” is the total land area based on the Alta Survey or the building plans. In addition, 1 SF is converted to 0.09290 m². The same applies hereinafter.
- (4) “Use” indicates the main type of property indicated in the building plans. For the Asset to be Acquired, the use of the relevant exclusive area corresponding to the portion to be acquired is stated.
- (5) “Construction completion” is based on the indication on the Certificate of Occupancy.
- (6) “Structure / Floors” is based on the building plans or the PCA Report. Furthermore, the following abbreviations are used. For the Asset to be Acquired, the structure and number of floors of the “City Ridge” complex, not that of the exclusive portion to be acquired, are shown.
RC: Reinforced concrete structure; SRC: Steel reinforced concrete structure; S: Steel-framed structure
- (7) “Total floor area” is the total floor area of all the buildings indicated in the building plans.
- (8) “Type of ownership” is the classification of the type of ownership, such as ownership right held or to be held by the Two Overseas SPCs regarding the Asset to be Acquired.
- (9) “Collateral” outlines the collateral borne by SHR (after the Asset Acquisition), if any.
- (10) “Leasable area” refers to the total floor area which is considered to be available for leasing based on each lease agreement, etc., effective as of the end of February 2025.
- (11) “Leased area” is the sum of the leased area indicated in each lease agreement effective as of the end of February 2025.
- (12) “Occupancy rate” is the ratio of leased area to leasable area rounded to the first decimal place.
- (13) “Number of tenants” is based on the contents of each lease agreement effective as of the end of February 2025.
- (14) “Monthly rent” refers to the total amount of the monthly rent as indicated in each lease agreement effective as of the end of February 2025 (excluding usage fee for parking. 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 USD 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.
Additionally, “minimum rent guarantee” includes all income except for parking income from the Asset to be Acquired (including rents, concessions, commission income including security deposits and pet rents, bad debts such as unvested rents, and other incidental income, but excluding income from warehousing, rent from rooftop space, etc., and income from hosting events, etc.). The same applies hereinafter.
- (15) “Leasehold and security deposits” is the total amount of the leasehold and security deposits as indicated in each lease agreement effective as of the end of February 2025 (excluding leasehold of parking. The same applies hereinafter.), rounded down to the nearest thousand USD.
- (16) “Property management company” refers to the company that the Two Overseas SPCs plan to entrust property management operations

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to after the Asset Acquisition.

- (17) "Building replacement cost" is based on the building engineering report, rounded down to the nearest million USD.
- (18) "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.
- (19) "Matters of special note" is the matters considered important in relation to rights, use, etc. of the Asset to be Acquired, and the matters considered important in consideration of the degree of impact on the valuation, profitability and liquidity of the Asset 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 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

4. Profile of the Seller

Name	NASH – Roadside 3900 Wisconsin, LLC
Address	3939 Wisconsin Avenue, NW, Suite 100, Washington, D.C.
Representative	Undisclosed
Business activities	Real estate investments and other related activities
Capital	Undisclosed
Established	October 2016
Net asset	Undisclosed
Gross asset	Undisclosed
Major shareholder (shareholding ratio)	NASH TDC-1 Holdings, LLC (95.0%) (Note) For other shareholders, the attributes of antisocial forces, etc., are verified.

Relationship with SHR and SHA

Capital relationship	The said company is a company in which Sekisui House holds 95.0% equity interest through its subsidiaries (Sekisui House holds 100% of the total issued shares of SHA). The said company falls within the definitions of an Interest Person as stipulated in Article 201 Paragraph 1 of the Investment Trusts Act, by falling within the definition of Parent Company, etc., and the category of interested parties as stipulated in SHA's internal rules: Rules for Transactions with Interested Parties.
Personal relationship	There is no personal relationship that should be noted.
Business relationship	There is no business relationship that should be noted.
Related party	The said company is owned by a subsidiary of Sekisui House, the parent company of SHA, and falls within the definition of a related party.

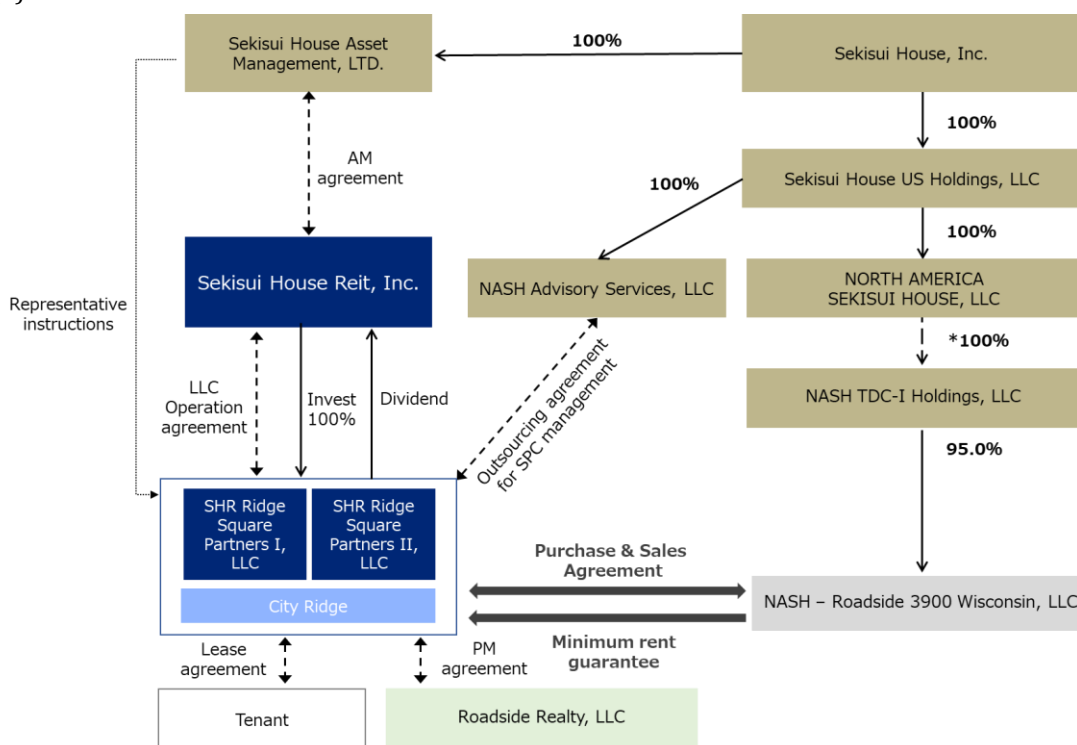
5. Status of Property Sellers

	Previous owner, etc.	Owner before last, etc.
Name	NASH – Roadside 3900 Wisconsin, LLC	Other than those with special interest
Relationship with a party classified as having a relationship of special interest	Please refer to "4. Profile the Seller" above	—

Background and reason for acquisition	Acquisition for development	—
Acquisition price	Omitted as held for more than one year	—
Time of acquisition	November 2016	—

6. Summary Chart of Transaction Flow for the Asset Acquisition

(1) Outline of the investment structure

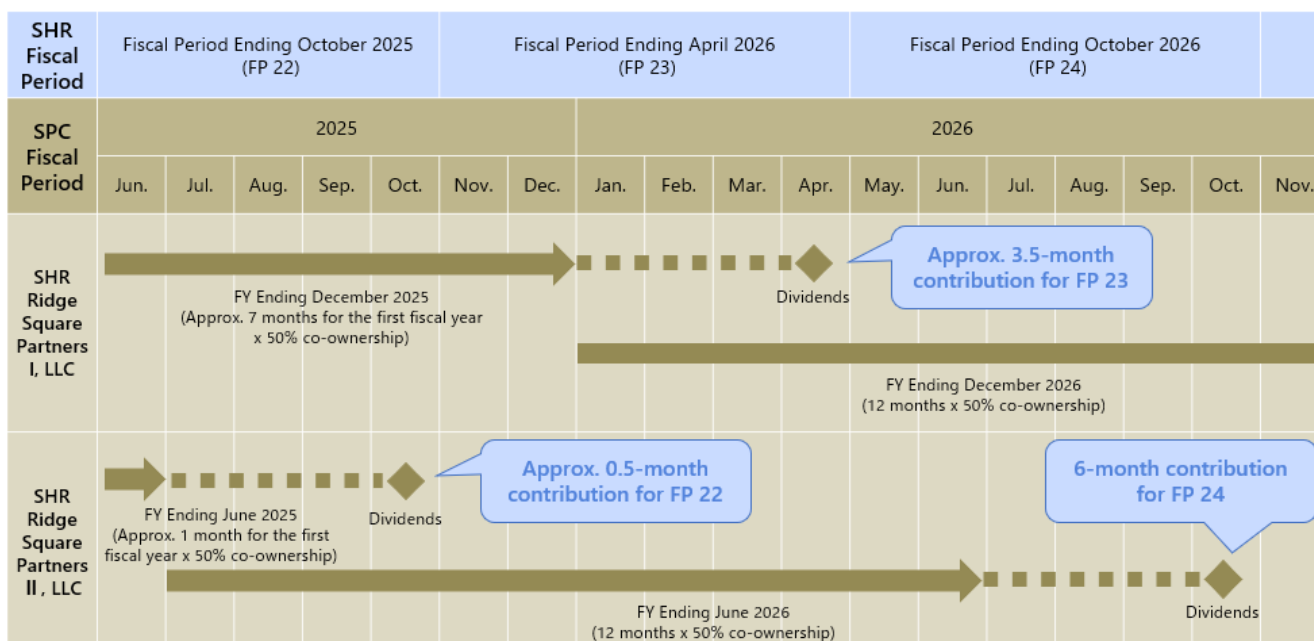


*NASH TDC-I Holdings, LLC is an indirect subsidiary of NORTH AMERICA SEKISUI HOUSE, LLC.

(2) Revenue recognition of the Two Overseas SPCs

As described in “(1) Outline of the investment structure” above, by additionally investing in the Two Overseas SPCs and each SPC to hold 50% (co-ownership interest) of the Asset to be Acquired, which is the underlying asset (Asset to be Acquired), and by making the fiscal year of each SPC staggered, SHR will receive dividends in each fiscal period of SHR.

In addition, as mentioned in the “Notice Concerning Change in Fiscal Year for Overseas Real Estate Holding Corporations (The Ivey on Boren, City Ridge)” announced separately today, it has been decided to change the fiscal year of the Two Overseas SPCs after May 2025. The fiscal year for “SHR Ridge Square Partners I, LLC” will end in December, and the payment of dividends will be made by the end of April, within four months after the closing date. Therefore, for the fiscal period that includes the scheduled acquisition date of the Asset to be Acquired, operating revenues, expenses, etc. will be reflected in the financial results from June 6, 2025 to the end of December, 2025. The fiscal year for “SHR Ridge Square Partners II, LLC” will end in June, and the payment of dividends will be made by the end of October, within four months after the closing date. Therefore, for the fiscal period including the scheduled acquisition date of the Asset to be Acquired, operating revenues, expenses, etc. will be reflected in the financial results from June 6, 2025 to the end of June 2025.



(3) Overview of applicable taxation

[Taxation on overseas real estate investment, etc.]

SHR will acquire U.S. real estate, etc. through an overseas real estate holding corporation in the U.S. The said overseas real estate holding corporation is subject to U.S. corporate income tax, etc. on the income earned from the U.S. real estate, etc. SHR will receive dividends on the profits after the U.S. corporate income tax, etc. is imposed. However, the system of excluding dividends of foreign subsidiaries from taxable income is not applied in the calculation of taxable income of SHR, and the dividends are included in the amount of income taxable.

If the tax burden ratio of the overseas real estate holding corporation is less than 27% and the overseas real estate holding corporation falls under the category of specified foreign affiliated company as defined in the Act on Special Measures Concerning Taxation, it is subject to the special taxation rules for income related to foreign affiliated companies (Controlled Foreign Company Rules) and its local income will be added to SHR's taxable income.

In this case, the amount of certain dividends, etc. from the foreign real estate holding corporation after the aggregation will be excluded from gross income. This determination is to be made for each fiscal year of the overseas real estate holding corporation.

With respect to foreign corporate tax borne by an investment corporation on investments in real estate, etc. outside Japan, if withholding tax is imposed on the amount of dividends, etc. paid by the investment corporation to investors, a certain amount of foreign corporate tax is deducted from the amount of such withholding tax (hereinafter referred to as "fund foreign tax credit") pursuant to the provisions of the Special Taxation Measures Law. The amount of dividends, etc. received by unitholders eligible for the Fund Foreign Tax Credit is the amount of dividends, etc. paid by the investment corporation plus the amount of foreign corporate tax to be credited, and the amount of withholding income tax is the amount of dividends, etc. after such addition multiplied by the withholding income tax rate. Furthermore, foreign corporate taxes paid within an overseas real estate holding corporation in a year in which the overseas real estate holding corporation is not subject to the foreign subsidiary taxation system is not eligible for the fund foreign tax credit.

7. Approach Regarding the Scope of Hedging Foreign Exchange Risk and Hedge Ratios

The scope of hedging foreign exchange risk and the hedge ratio when receiving distributions from overseas real estate holding corporations shall be flexibly adjusted according to market conditions and other factors. Of the additional investment amount in the overseas real estate holding corporations, 14,950 thousand USD (5% of the planned acquisition price) will be paid today, and the remaining 284,050 thousand USD (95% of the planned

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acquisition price) will be hedged against foreign exchange risk at the time of acquisition through forward exchange contracts. In addition, for a certain period of time, SHR will consider hedging foreign exchange fluctuation risk through forward exchange contracts or other appropriate methods for each such period, assuming distributions of profits and losses and cash flows, etc., from equity interests in overseas real estate holding corporations.

8. Transactions with Interested Persons, etc.

As described above, NASH – Roadside 3900 Wisconsin, LLC, the seller of the Asset to be Acquired falls within the category of interested persons, etc. as provided in Article 201 Paragraph 1 of the Investment Trusts Act and the category of interested parties under the Rules for Transactions with Interested Parties (which is SHA's internal rule). Given this, upon the execution of the agreement for the transfer of trust beneficiary interests concerning the Asset to be Acquired with NASH – Roadside 3900 Wisconsin, LLC, SHR has undergone the decision-making procedures as stipulated in the aforementioned Rules for Transactions with Interested Parties (including the consent of SHR based on the approval of SHR's board of directors today).

9. 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 damages or other losses due to errors or inaccuracies in the representations and warranties made by the buyer, the seller may terminate the Purchase Agreement and accept the deposit that the seller has received from the buyer at that time as a schedule of compensation.

10. Future Outlook

Regarding the Additional Investment and Asset Acquisition, as the planned acquisition date for the Asset to be Acquired is June 6, 2025, there will be no impact on the forecasts of performance for the fiscal period ending April 30, 2025 (November 1, 2024 – April 30, 2025) and the impact will be minimal for 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. Thus, there will be no changes in the forecasts of performance.

11. Other Matters Necessary for Investor's Appropriate Understanding/Judgement of Relevant Information

With regard to the risks associated with the Additional Investment and the Asset Acquisition, please refer to the contents of "Part 1. Fund Information; Section 1. Status of Fund; 3. Investment Risks" of the securities report submitted on January, 30 2025. (available in Japanese only.)

12. Summary of the Appraisal Report of the Asset to be Acquired

Property name	City Ridge (Additional Acquisition)
Appraisal value	302,000,000 USD (44,641,640,000 JPY)
Method	Local Appraisal Assistance Method (Note 1)
Name of appraisal firm	DAIWA REAL ESTATE APPRAISAL CO.,LTD.
Name of local appraisal firm	FON Valuation Services, LLC
Date of value	February 28, 2025

(Thousand USD)

Item	Details	Description, etc.
Income approach value	302,000	Determined by associating the value based on direct capitalization method to the value by DCF method.
Value based on direct capitalization method	301,000	—
Operating revenue	19,297	—
Gross potential income	20,188	Assessed by taking into account the rental income, etc. based on the current lease agreement (the fixed rent guarantee for the first 3 years after acquisition is not taken into account).
Vacancy loss, etc.	891	Assessed by taking into account the occupancy status and supply and demand of similar real estate in addition to the actual occupancy status of previous years.
Operating expenses	6,155	—
Maintenance and management fee	1,362	Assessed by taking into account the most recent actual amounts and the forecasted amounts.
Utilities expenses	825	Assessed by taking into account the most recent actual amounts and the forecasted amounts.
Repair expenses	821	Assessed by taking into account the most recent actual amounts and the forecasted amounts.
Property management fee	530	Assessed by taking into account the fees of the scheduled contract along with the leasing conditions of similar real estate.
Tenant leasing cost, etc.	170	Assessed by taking into account the tenant leasing costs of similar real estate.
Property taxes	1,502	Assessed by taking into account the most recent actual amounts and the forecasted amounts.
Insurance premium	194	Assessed by taking into account the most recent actual amounts and the forecasted amounts.
Other expenses	747	Assessed by taking into account the most recent actual amounts and the forecasted amounts.
Net operating income (NOI)	13,142	—
Gain on management of income from lump-sum payment	—	Not recorded in consideration of local custom.
Capital expenditures	68	Assessed by taking into account the level of similar real estate.
Net cash flow (NCF)	13,074	—
Capitalization rate	4.35%	Assessed by adjusting the spread attributed by the location conditions, building conditions, and other conditions, and by taking into account the future uncertainty along with the transaction yields of similar real estate, etc.
Value of earnings calculated by discounted cash flow (DCF) method	302,000	—
Operating revenue	22,409	Average of the holding period (10 years) in the DCF method.
Operating expenses	7,170	Average of the holding period (10 years) in the DCF method.
Net operating income (NOI)	15,238	Average of the holding period (10 years) in the DCF method.

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Net cash flow (NCF)	15,160	Average of the holding period (10 years) in the DCF method.
Discount rate	6.35%	Assessed by taking into account the individuality of the subject property comprehensively, while using the investment yields of similar real estate as reference.
Terminal capitalization rate	4.85%	Assessed by taking into account the transaction yields of similar real estate as reference, and taking into account the future trend of investment yields, the risk of the subject property as an investment, the general forecast of future economic growth rate and real estate price and rent trends comprehensively.
Cost method value	185,000	—
Ratio of land	10.6%	—
Ratio of building	89.4%	—

Items considered upon determining appraisal value	Not applicable.
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(Note 1) For the definition of “local appraisal assistance method”, please refer to “[Explanation of “3. Description of the Additional Investment and the Asset Acquisition (2) Overview of the Asset to be Acquired” above]. SHR has obtained the real estate appraisal report based on the local appraisal assistance method in accordance with the “Guidelines for Overseas Investment Real Estate Appraisal” (formulated on January 25, 2008) established by the Ministry of Land, Infrastructure, Transport and Tourism.

(Note 2) The amounts in the table above are rounded down to the nearest thousand USD, and the total amount may not match the figures for operating revenue, operating expenses and other items.

*Comparison with average rent unit price for the lease agreement

Average rent unit price for the appraisal price	\$4.73/SF (\$50.93/ m ²)
Average rent unit price for lease agreements	\$4.32/SF (\$46.57/ m ²)

(Note 1) “Average rent unit price for the appraisal price” is the average rent unit price based on the “rental income inclusive of common area fee” in the direct capitalization method described in the appraisal report.

(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 Additional Investment and the Asset Acquisition (2) Overview of the Asset to be Acquired” above.

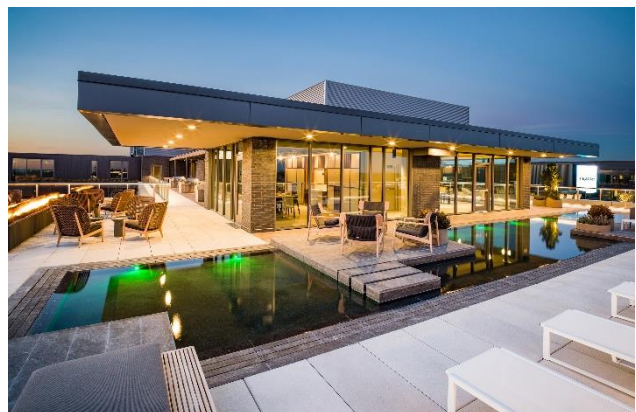
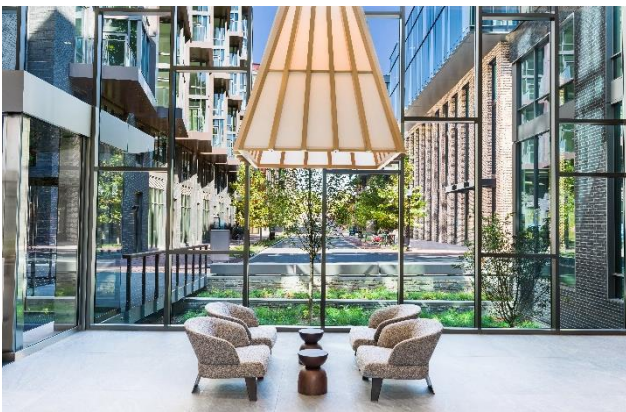
* Sekisui House Reit, Inc. website: <https://sekisuihouse-reit.co.jp/en/>

<Attachment>

Reference Material: Property Photograph and Surrounding Area Map of the Asset to be Acquired



Reference Material: Property Photograph and Surrounding Area Map of the Asset to be Acquired
City Ridge (Photo by: David Madison Photography)



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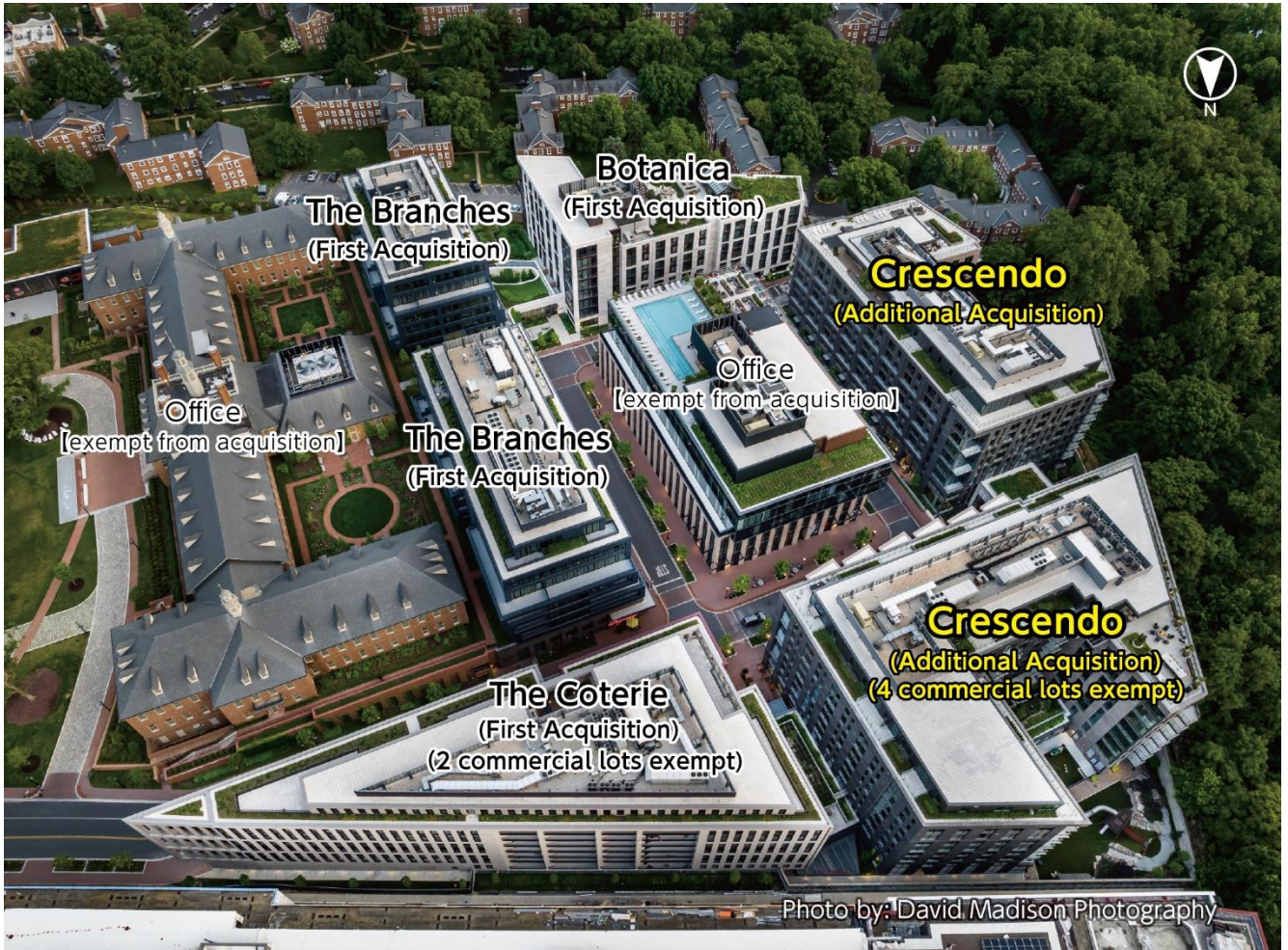


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