

FP 17 Semi-Annual Report

From November 1, 2022 to April 30, 2023



SEKISUI HOUSE REIT, INC.

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Outline of Asset Management Operation

1. Overview of the Fiscal Period under Review

(1) Major Developments of the Investment Corporation

Sekisui House Reit, Inc. (“SHR”) was established on September 8, 2014 as an investment corporation investing primarily in commercial properties including office buildings, hotels and retail and other properties, sponsored by Sekisui House, Ltd. (“Sekisui House”), a leading homebuilder representing Japan with an established development and management track record also in the property development business. SHR was listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”) on December 3, 2014 (securities code: 3309).

Sekisui House Residential Investment Corporation (“SHI,” and collectively with SHR, the “Two Investment Corporations”) was established on April 20, 2005 as an investment corporation investing primarily in residences and retail properties, with the corporate name of JOINT REIT Investment Corporation, and listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange on July 28, 2005. In March 2010, a collaboration system was established with Sekisui House serving as the main sponsor and Spring Investment Co., Ltd. as joint sponsor for the investment corporation, which was renamed from JOINT REIT Investment Corporation to Sekisui House SI Investment Corporation in June 2010. Later, in June 2014, its Articles of Incorporation were revised to set residences as the sole target of investment, and the corporate name was changed to Sekisui House SI Residential Investment Corporation. Subsequently, in association with the shift to a structure in which Sekisui House serves as the sole sponsor in March 2017, SHI was renamed to Sekisui House Residential Investment Corporation in June 2017.

The Two Investment Corporations, each under the support of the Sekisui House Group^(Note 1), had separately conducted asset management to expand their assets and secure stable returns by utilizing their respective strengths with the aim of continuous enhancement of unitholder value. However, intending to secure strong returns and stability and growth of cash distributions through promoting a steady increase of assets under management and endeavor to maximize unitholder value by further expanding the scale of their assets and increasing their market presence and expanding a variety of opportunities for growth through utilizing the integrated corporate strength of the Sekisui House Group, the Two Investment Corporations conducted an absorption-type merger with SHR as the surviving corporation and SHI as the dissolving corporation (the “Investment Corporation Merger”), setting May 1, 2018 as the effective date^(Note 2).

SHR’s investment policy is to conduct asset management that seeks to secure stable earnings over the medium to long term and steady growth of its investment assets, with residential properties^(Note 3) and commercial properties^(Note 4) as major investment targets.

(Note 1) “Sekisui House Group” refers to a group of companies comprised of Sekisui House and its consolidated subsidiaries and its affiliates accounted for by the equity method. The same applies hereinafter.

(Note 2) In association with the Investment Corporation Merger, Sekisui House Asset Management, Ltd. (the “former SHAM”), the asset management company for SHI, and Sekisui House Asset Management, Ltd. (former name: Sekisui House Investment Advisors, Ltd.) (“SHAM”), the asset management company for SHR, carried out an absorption-type merger as of the same date as the effective date of the Investment Corporation Merger, with SHAM being the surviving company and the former SHAM being the dissolving company, and changed the company name to the current one.

(Note 3) “Residential properties” refer to real estate whose principal use is residence (including student dormitories, company housing, furnished residences with appliances which do not fall under serviced apartments (*1) (*2)). The same applies hereinafter.

(*1) “Serviced apartments” refer to furnished residences with appliances where a dedicated operator provides certain services to users. The same applies hereinafter.

(*2) Some serviced apartments may fall under apartment houses as defined in the Building Standards Act (Act No. 201 of 1950, as amended) (the “Building Standards Act”). The same applies hereinafter.

(Note 4) “Commercial properties” refer to real estate whose principal use is for office buildings, hotels and retail and other properties (including serviced apartments, serviced housing for the elderly, paid nursing homes and adult care centers (*); the same shall apply hereinafter.) and other non-residential business purposes. The same applies hereinafter.

(*) Some serviced housing for the elderly, paid nursing homes and adult care centers may fall under apartment houses as defined in the Building Standards Act. The same applies hereinafter.

(2) Operation Environment and Operation Performance

a. Operation Environment

During the fiscal period under review, the Japanese economy showed weakness in certain areas, but improved moderately overall.

Under these circumstances, in the real estate leasing market, residences and office buildings which are positioned by SHR as core assets in its portfolio, constitutes for approximately 97% (acquisition price basis) of the portfolio as of April 30, 2023 (the "end of the fiscal period under review"). As for residences, supply and demand is strained due to the accelerating improvement in the employment environment, especially in the Tokyo metropolitan area. Rents were on an upward trend, and the occupancy rate of the entire residential portfolio increased significantly compared to the previous year, resulting in stable growth. As for office buildings, although the office leasing market is showing signs of activity, it has yet to show progressiveness. The trend to decrease office floor space continues, resulting in vacancy rates to remain flat or to increase, leading to a slight decline in rent levels. On the other hand, for hotels that make up about 3% of SHR's portfolio (acquisition price basis), foreign visitors to Japan (estimated by the Japan National Tourism Organization in April 2023) approached 1.94 million, which is the highest since October 2022 when the Japanese government accepted individual trips and resumed visa exemptions, and is approaching 2 million. Compared to the same month of 2019, which was before the spread of COVID-19, it is on the way to recovery. Furthermore, in the real estate transaction market, despite remained uncertainty related to international affairs, expected yields have remained at low levels as real estate investors maintain their positive investment stance toward high-quality properties in Japan under the accommodative monetary policy outlined by the Bank of Japan.

b. Operation Performance

As of the end of the fiscal period under review, the number of properties SHR owned was 120 (comprising 113 residential properties and 7 commercial properties) with an aggregate acquisition price^(Note) of 554,466 million yen (270,466 million yen for residential properties and 284,000 million yen for commercial properties).

Moreover, the occupancy rate of SHR's investment assets as of the end of the fiscal period under review stood at 97.2% for residential properties, 94.3% for commercial properties and 96.5% for the entire portfolio against the backdrop of the real estate leasing market as described above.

(Note) The "acquisition price" indicates the transaction price shown in the sales agreements for respective properties (excluding consumption tax, local consumption tax and commission and other various expenses, rounded down to the nearest million yen). For properties SHR succeeded from SHI through the Investment Corporation Merger, however, the value based on the appraisal by real estate appraisers with April 30, 2018 as the appraisal date is used as the acquisition price, because the acceptance price should be the appraisal value upon the acquisition by SHR as such properties are accounted for by the purchase method with SHR set as the acquiring corporation and SHI as the acquired corporation. The same applies hereinafter.

(3) Overview of Fund Procurement

a. Borrowing of Funds

SHR refinanced borrowings totaling 18,800 million yen for payment due during the fiscal period under review. Of which, 15,800 million yen are green loans within the scope of eligible green debt based on the Green Finance Framework established in December 2022.

As a result, the balance of interest-bearing liabilities as of the end of the fiscal period under review is 258,242 million yen and the ratio of total interest-bearing liabilities to total assets ("LTV (total assets basis)") is 45.4%.

b. Credit Rating

The following table sets forth the status of credit ratings of SHR as of the end of the fiscal period under review.

Credit Rating Agency	Rating Type
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating: AA Rating outlook: Stable
Japan Credit Rating Agency, Ltd. (JCR)	Bond rating: AA
Rating and Investment Information, Inc. (R&I)	Issuer rating: AA- Rating outlook: Stable

(4) ESG Initiatives

Based on the vision of “Managing assets to better provide for people, society and the future” , SHR identifies materiality (important issues) and establishes targets (KPIs) to promote initiatives aimed at resolving issues with a view to a sustainable society, while conducting real estate asset management with due consideration given to ESG (Environment, Social and Governance).

In this fiscal period under review, a new long term greenhouse gas (hereinafter referred to as "GHG") emissions reduction target was established to achieve net zero by FY 2050, and the medium term target was adjusted to reduce 42% of the absolute Scope 1 and Scope 2 GHG emissions by FY 2030 (compared to FY 2021). In addition, SHR has acquired SBTi validation through the Science Based Targets initiative ("SBTi") regarding the medium term GHG reduction target.

Furthermore, SHR promotes the acquisition of Green Certification for owned properties, and as of the end of the fiscal period under review, the acquisition rate (based on total floor area) was 78.9%, achieving the established KPI to acquire 70% or more by FY 2022. In terms of social initiatives, for the first time as SHR, Garden City Shinagawa Gotenyama acquired Certification for CASBEE Wellness Office with the highest evaluation "S Rank".

These ESG initiatives have been highly evaluated outside the company, resulting in SHR continuously being selected as a constituent of the MSCI Japan ESG Select Leaders Index, in addition to being selected as a constituent of the FTSE4Good Index Series provided by FTSE Russell this fiscal period.

(5) Overview of Business Performance and Distributions

Results in the fiscal period under review are operating revenue of 15,365 million yen, operating income of 7,508 million yen and ordinary income of 6,637 million yen, resulting in net income of 6,637 million yen. In addition, concerning cash distributions, based on the application of special tax treatment for investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended) (“Special Taxation Measures Act”)), SHR decided to distribute 7,733 million yen, which is obtained by adding a reversal of the reserve for temporary difference adjustments (“RTA”) (194 million yen) and a reversal of the reserve for reduction entry (911 million yen) to unappropriated retained earnings, as distribution of earnings. Furthermore, pursuant to the policy for “distribution of money in excess of profits” as set forth in Article 46, Paragraph 2 of the Articles of Incorporation of SHR, SHR decided to make a distribution for the 70 million yen in allowance for temporary difference adjustments (“ATA”) for the purpose of reflecting the effect on distributions of tax and accounting differences. Total distributions are 7,803 million yen.

2. Change in Total Number of Investment Units Issued and Outstanding

The following table sets forth the increase (/decrease) in unitholders' capital and the total number of investment units issued and outstanding for the last five years from the end of the fiscal period under review.

Date	Event	Unitholders' capital (million yen)		Total number of investment units issued and outstanding (units)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
May 1, 2018	Split of investment units	—	110,189	969,000	1,938,000	(Note 1)
May 1, 2018	Allocation of investment units through merger	—	110,189	1,824,091	3,762,091	(Note 2)
June 10, 2019	Public offering	37,162	147,351	501,500	4,263,591	(Note 3)
July 9, 2019	Third-party allotment	1,858	149,210	25,075	4,288,666	(Note 4)
November 1, 2021	Public offering	11,652	160,862	137,500	4,426,166	(Note 5)
November 29, 2021	Third-party allotment	420	161,283	4,967	4,431,133	(Note 6)
October 17, 2022	Cancellation	—	161,283	(49,651)	4,381,482	(Note 7)

(Note 1) SHR implemented a two-for-one split of investment units with April 30, 2018 as the record date and May 1, 2018 as the effective date.

(Note 2) Upon the Investment Corporation Merger, 1.65 SHR units following the investment unit split were allocated to every SHI unit on May 1, 2018 and 1,824,091 investment units were newly issued.

(Note 3) New investment units were issued at an issue price of 76,537 yen (with the issue amount being 74,103 yen) per unit through a public offering to procure funds for the acquisition of new properties.

(Note 4) New investment units were issued at an issue amount of 74,103 yen per unit by way of third-party allotment, with the proceeds thereof intended to be used for the partial repayment of the short-term loans that had been taken up to finance the acquisition of the new properties.

(Note 5) New investment units were issued at an issue price of 87,574 yen (with the issue amount being 84,744 yen) per unit through a public offering to procure funds for the acquisition of new properties.

(Note 6) New investment units were issued at an issue amount of 84,744 yen per unit by way of third-party allotment, with the proceeds thereof intended to be used for the acquisition of new properties.

(Note 7) From June 16, 2022 to September 7, 2022, SHR acquired its own investment units through market purchases via the Tokyo Stock Exchange based on a discretionary transaction contract with a securities company. As resolved at SHR's Board of Directors Meeting on September 30, 2022, all acquired investment units were canceled on October 17, 2022. In addition, funds related to the buyback of investment units were deducted from the capital surplus, thus there is no change in Unitholders' Capital.

[Changes in Market Price of Investment Securities]

The following table sets forth the fiscal period high and low (closing price) on the Tokyo Stock Exchange Real Estate Investment Trust Section on which SHR investment securities are listed.

Fiscal period	13th fiscal period	14th fiscal period	15th fiscal period	16th fiscal period	17th fiscal period
	From: Nov. 1, 2020 To: Apr. 30, 2021	From: May 1, 2021 To: Oct. 31, 2021	From: Nov. 1, 2021 To: Apr. 30, 2022	From: May 1, 2022 To: Oct. 31, 2022	From: Nov. 1, 2022 To: Apr. 30, 2023
High (yen)	93,100	98,600	86,700	85,600	81,500
Low (yen)	72,700	86,200	73,600	75,500	68,600

3. Statement of Cash Distributions

Distribution per unit for the fiscal period under review (the 17th fiscal period) is 1,781 yen. The policy is to distribute 7,733 million yen, which is the amount of unappropriated retained earnings after adding reversal of RTA (194 million yen) and reversal of reserve for reduction entry (911 million yen) in application of the special treatment of corporation tax under which the amount equivalent to distribution of earnings is deductible from the taxable income of investment corporations as deductible expenses (Article 67-15 of the Special Taxation Measures Act). In addition, based on the policy of distributing money beyond the profit stipulated in Article 46, Paragraph 2 of the Articles of Incorporation, SHR has decided to distribute ATA (70 million yen) as distributions in excess of earnings, taking into account the effect on distributions of tax and accounting differences. As a result, the total amount of distributions are 7,803 million yen.

Fiscal period	13th fiscal period From: Nov. 1, 2020 To: Apr. 30, 2021	14th fiscal period From: May 1, 2021 To: Oct. 31, 2021	15th fiscal period From: Nov. 1, 2021 To: Apr. 30, 2022	16th fiscal period From: May 1, 2022 To: Oct. 31, 2022	17th fiscal period From: Nov. 1, 2022 To: Apr. 30, 2023
Total amount of unappropriated retained earnings (thousand yen)	7,103,009	8,520,020	6,745,643	7,204,510	6,637,238
Amount of accumulated earnings (thousand yen)	103,708	1,195,848	—	—	9,334
Total amount of cash distribution (thousand yen)	7,183,515	7,732,464	7,524,063	7,509,860	7,803,419
[Distribution per unit] (yen)	[1,675]	[1,803]	[1,698]	[1,714]	[1,781]
Total amount of distribution of earnings out of the total amount of cash distribution (thousand yen)	7,183,515	7,732,464	7,524,063	7,509,860	7,733,315
[Distribution of earnings per unit] (yen)	[1,675]	[1,803]	[1,698]	[1,714]	[1,765]
Total amount of refund of investment in capital out of the total amount of cash distribution (thousand yen)	—	—	—	—	70,103
[Amount of refund of investment in capital per unit] (yen)	[—]	[—]	[—]	[—]	[16]
Total distribution amount from ATA out of total amount of refund of investment in capital (thousand yen)	—	—	—	—	70,103
[Distribution amount from ATA per unit out of amount of refund of investment in capital per unit] (yen)	[—]	[—]	[—]	[—]	[16]
Total distribution amount from distribution reducing unitholders' capital for tax purpose out of total amount of refund of investment in capital (thousand yen)	—	—	—	—	—
[Distribution amount from distribution reducing unitholders' capital for tax purpose out of amount of refund of investment in capital per unit] (yen)	[—]	[—]	[—]	[—]	[—]

4. Future Management Policy

(1) Future Trends Outlook

It is expected that the Japanese economy will pick up in the future, partly due to the effects of various policies with COVID-19 in mind. However, the downturn in the overseas economy poses a risk of downward pressure on the economy amid the continued global monetary tightening. In addition, due attention should be paid to the effects of inflation, supply-side constraints, and changes in financial markets. In this environment, as there are signs of an improvement in the employment environment, we believe that the trend toward a return to central Tokyo and the separation of households in rural areas will continue in housing, which is the base of living within the real estate leasing market. With regard to offices, where business activities are based, supply and demand are expected to ease due to the trend of contractual area shrinking due to changes in tenant needs following the expansion of remote work, the consolidation of bases and the impact of new supply, and thus we anticipate that rents will remain weak. Hotel market is expected to recover due the Japanese government's policy support and the relaxation of immigration restrictions, in addition to the increase in tourism demand accumulated globally. However, it is necessary to continue to pay close attention to international affairs.

In the real estate transaction market, SHR believes that the expected yields will remain at low levels for the foreseeable future amid a financial environment that maintains large-scale monetary easing.

(2) Future Management Policy and Challenges to Address

SHR will continue to focus on prime properties—high-quality residential properties and commercial properties situated in strategic locations—as its core investment targets among other main investment targets. By implementing growth strategies that take full advantage of the real estate development and operation capabilities and other strengths of the Sekisui House Group, which has established an extensive track record of developing and operating residential properties and commercial properties, SHR will seek to secure stable earnings over the medium to long term and steady growth of its investment assets and thereby aim to maximize unitholder value.

On the other hand, SHR will endeavor to expand its asset size by exploring investment opportunities through the initiatives of SHAM on its own.

Concerning main investment target areas in Japan for residential properties, SHR has set Greater Tokyo^(Note 1) as the core investment area with a focus on Tokyo 23 wards, which are believed to have a number of prime properties that offer locations accommodating residents' needs as well as excellent basic functions as a residence including comfort and safety and such and are expected to see strong leasing demand and supplies of prime properties. In addition, SHR will invest in other major cities throughout Japan outside of Greater Tokyo including government designated cities as well as their surrounding commutable areas, where networks of Sekisui House and Six Sekisui House Real Estate Companies^(Note 2) can be fully utilized.

SHR has set the three major metropolitan areas^(Note 1) with three large cities, namely the Tokyo 23 wards, Osaka City and Nagoya City, all of which SHR has knowledge in the course of developments by Sekisui House, as the core investment areas in Japan for commercial properties, with a focus on the three large cities, in which SHR can expect stable management against the backdrop of solidified demand resulting from being bases for tenant companies' business activities. In addition, major cities throughout Japan other than the three major metropolitan areas are set as investment areas.

SHR has executed a sponsor support agreement with Sekisui House. This agreement provides for utilization of the urban redevelopment business track record and know-how of Sekisui House, allowing SHR to seek from Sekisui House property acquisition support for external growth (pipeline support). Specifically, such support will (a) grant SHR preferential negotiation rights with regard to the sale of domestic real estate, etc. owned or developed by Sekisui House, (b) provide SHR with information on real estate, etc. owned or developed in Japan by third parties, (c) provide SHR with warehousing functions, and (d) provide SHR with support for the redevelopment of owned properties.

Furthermore, SHR has concluded agreements concerning preferential negotiation rights (and others) with the Six Sekisui House Real Estate Companies. Thus, particularly with residential properties, SHR will be able to receive support in acquiring properties for external growth, such as granting of preferential negotiation rights regarding sale of domestic real estate, etc. owned or developed by the Six Sekisui House Real Estate Companies.

Sekisui House and Sekisui House Real Estate Group^(Note 3) possess (a) property management skills based on their relationship with tenants, (b) know-how as a real estate developer to maintain/improve real estate value through large-scale repair, renovation/value enhancement, redevelopment, etc., and (c) know-how on developing various types of master leasing businesses. In relation to management of owned assets, by concluding a sponsor support agreement with Sekisui House, SHR and SHAM can seek (i) technologies and know-how that contribute to the improvement of tenant satisfaction or other factors, including energy efficiency and eco-friendliness, that contribute to the renovation/value enhancement of properties, (ii) personnel support, including provision of know-how required for the operation of SHR, and (iii) support in areas such as negotiation of master lease agreements with regard to commercial properties.

(Note 1) The “three major metropolitan areas” refer to “Greater Tokyo,” the “Osaka area” and the “Nagoya area,” where “Greater Tokyo” refers to Tokyo, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture, the “Osaka area” refers to Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture and Nara Prefecture and the “Nagoya area” refers to Aichi Prefecture. The same applies hereinafter.

(Note 2) “Six Sekisui House Real Estate Companies” is a collective name for Sekisui House Real Estate Tohoku, Ltd., Sekisui House Real Estate Tokyo, Ltd., Sekisui House Real Estate Chubu, Ltd., Sekisui House Real Estate Kansai, Ltd., Sekisui House Real Estate Chugoku&Shikoku, Ltd. and Sekisui House Real Estate Kyushu, Ltd., which are wholly-owned subsidiaries of Sekisui House Real Estate Holdings, Ltd., which is a wholly-owned subsidiary of Sekisui House, and are core companies of real estate unit of the Sekisui House Group operating nationwide. The same applies hereinafter.

(Note 3) “Sekisui House Real Estate Group” refers to a group of companies comprised of Six Sekisui House Real Estate Companies as the core, and of its subsidiaries and affiliates.

(3) Financial Strategy

SHR has adopted as its policy the conduct of stable and sound financial operations in order to secure stable earnings over the medium to long term and enhance unitholder value. Specifically, the policy is to form strong and stable business relationships with leading domestic financial institutions, centering on megabanks, bolstered by the creditworthiness of the sponsor, Sekisui House, and also to reduce refinancing risks and risks of fluctuations in interest rates by exploring the extension of borrowing periods and working to diversify dates for repayment, etc., while pursuing the optimum balance between fixed-rate and floating-rate debts.

In addition, with regard to LTV (total assets basis), although SHR has the policy to set the figure at 60% as its upper limit, SHR will control the figure at mid-40%, which is a conservative level, setting the upper limit for the time being at around 50% with a focus on securing its funding capabilities.

Furthermore, SHR will work to diversify its sources for direct and indirect financing, such as by issuing investment corporation bonds, in comprehensive consideration of the market environment, SHR’s financial standing and other factors, while continuing its endeavors for stable and sound financial operations.

5. Significant Subsequent Events

Not applicable.

(Reference information)

(1) Disposition of Asset

SHR decided on the disposition of trust beneficiary interest in domestic real estate and entered into a purchase and sale agreement as follows. The disposition of the quasi co-ownership interest in trust beneficiary interest is scheduled to be carried out in 10 equal installments, with 10/100 of the ownership share to be disposed on each planned disposition date.

As a result of this disposition, a gain on sale of real estate properties is expected to be recorded during each calculation period as follows.

Property name: Gotenyama SH Building

Type of use: Office building

Location: Shinagawa-ku, Tokyo

Planned disposition price: 70,000 million yen (Note 1)

Contract date: March 29, 2023

Buyer: TIS Inc.

(Unit: million yen)

	Planned disposition date (Note 2)	Planned disposition price (Note 1)	Gain on disposition (expected) (Note 3)	Calculation period
1:	End of October 2023	7,000 (10%)	1,017	Ending October 2023 (FP 18)
2:	End of April 2024	7,000 (10%)	2,080	Ending April 2024 (FP 19)
3:	End of October 2024	7,000 (10%)	2,093	Ending October 2024 (FP 20)
4:	End of April 2025	7,000 (10%)	2,107	Ending April 2025 (FP 21)
5:	End of October 2025	7,000 (10%)	2,121	Ending October 2025 (FP 22)
6:	End of April 2026	7,000 (10%)	2,135	Ending April 2026 (FP 23)
7:	End of October 2026	7,000 (10%)	2,149	Ending October 2026 (FP 24)
8:	End of April 2027	7,000 (10%)	2,163	Ending April 2027 (FP 25)
9:	End of October 2027	7,000 (10%)	2,177	Ending October 2027 (FP 26)
10:	End of April 2028	7,000 (10%)	2,191	Ending April 2028 (FP 27)

(Note 1) “Planned disposition price” is the sale and purchase price stated in the sale and purchase agreement for the quasi co-ownership interest in trust beneficiary interest (excluding consumption tax, local consumption tax, commission for sales, and other various expenses; rounded down to the nearest million yen).

(Note 2) In the event that the “planned disposition date” is not a business day, the said date will be the immediately preceding business day. The same applies hereinafter.

(Note 3) “Gain on disposition (expected)” is the approximate value to be recorded on each planned disposition date as of the date of this document and is subject to change. The same applies hereinafter.

(2) Borrowing of Funds

On May 31, 2023, SHR decided to undertake new borrowings in order to repay long-term borrowings totaling 9,700 million yen that was due on the same date, as follows. Of these borrowings, part of the borrowings will be financed as green loans executed based on the Green Finance Framework established by SHR in December 2022.

a. Fixed Interest Rate Borrowings (Green Loan)

Category	Lenders (Note 1)	Borrowing amount (mm yen)	Interest rate (Note 2) (Note 3)	Drawdown date	Borrowing method	Repayment date (Note 4)	Repayment method (Note 5)	Security
Long-term	Mizuho Bank, Ltd.	570	0.875%	May 31, 2023	Borrowing based on individual loan agreement, dated May 26, 2023. The lenders under the loan agreement are as indicated to the left of this table.	May 31, 2030	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,240						
	Mizuho Trust & Banking Co., Ltd.	470						
	Resona Bank, Limited.	1,150						
	The Norinchukin Bank	850						
	Development Bank of Japan Inc.	550						
	Sumitomo Mitsui Banking Corporation	200	0.825%					
	MUFG Bank, Ltd. (Note 6)	670	0.875%					
Total		5,700	—	—	—	—	—	—

(Note 1) MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation are arrangers of the above borrowings.

(Note 2) The borrowing expenses and other charges payable to the lender are not included.

(Note 3) The first interest payment date will be the last day of November 2023. Subsequent interest payment dates will be the last day of every six months and the principal repayment date. Where the relevant date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls into the next calendar month) the immediately preceding business day.

(Note 4) Where the repayment date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls in the next calendar month) the immediately preceding business day.

(Note 5) SHR may, by giving prior written notice and if certain other terms and conditions are met, make early repayment of the above borrowings (in whole or in part), in the period between the drawdown date and the repayment date.

(Note 6) The borrowing from MUFG Bank, Ltd. is an ESG Loan for J-REIT.

b. Floating Interest Rate Borrowings

Category	Lenders (Note 1)	Borrowing amount (mm yen)	Interest rate (Note 2) (Note 3) (Note 4)	Drawdown date	Borrowing method	Repayment date (Note 5)	Repayment method (Note 6)	Security
Short-term	MUFG Bank, Ltd. (Note 7)	1,230	Base rate (JBA 1-month Japanese Yen TIBOR) plus 0.170%	May 31, 2023	Borrowing based on individual loan agreement, dated May 26, 2023. The lenders under the loan agreement are as indicated to the left of this table.	May 31, 2024	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	Mizuho Bank, Ltd.	980						
	Sumitomo Mitsui Banking Corporation	900						
	Sumitomo Mitsui Trust Bank, Limited	510						
	Mizuho Trust & Banking Co., Ltd.	380						
Total		4,000	—	—	—	—	—	—

(Note 1) MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation are arrangers of the above borrowings.

(Note 2) The borrowing expenses and other charge payable to the lenders are not included.

(Note 3) The base rate applicable to the calculation period for the interest payable on an interest payment date shall be the Japanese Yen TIBOR (Tokyo Inter Bank Offered Rate), corresponding to the calculation period of the interest, two business days prior to the immediately preceding relevant interest payment date. The Japanese Yen TIBOR is published by the Japanese Bankers Association (JBA) TIBOR Administration. The base rate is subject to review every interest payment date. Where no rate that corresponds to the interest calculation period exists, the base rate shall be that which corresponds to the concerned period calculated based on the method provided for in the relevant individual loan agreement. For changes in the base rate (being the Japanese Yen TIBOR published by JBA), please check the website of JBA TIBOR Administration (<https://www.jbatibor.or.jp/english/rate/>).

(Note 4) The first interest payment date will be the last day of June 2023. Subsequent interest payment dates will be the last day of every month and the principal repayment date. Where the relevant date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls into the next calendar month) the immediately preceding business day.

(Note 5) Where the repayment date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls in the next calendar month) the immediately preceding business day.

(Note 6) SHR may, by giving prior written notice and if certain other terms and conditions are met, make early repayment of the borrowings (in whole or in part), in the period between the drawdown date and the repayment date.

(Note 7) The borrowing from MUFG Bank, Ltd. is an ESG Loan for J-REIT.

(3) Borrowing of Funds

On May 31, 2023, SHR decided to undertake new green loan borrowings in order to fund the early repayment of long-term borrowings totaling 4,000 million yen as follows.

Fixed Interest Rate Borrowings

Fixed Interest Rate Borrowings								
Category	Lender	Borrowing amount (mm yen)	Interest rate (Note 1) (Note 2)	Drawdown date	Borrowing method	Repayment date (Note 3)	Repayment method (Note 4)	Security
Long-term	Nippon Life Insurance Company	2,000	1.040%	May 31, 2023	Borrowing based on individual loan agreement, dated May 18, 2023.	January 30, 2032	Lump-sum repayment at maturity	Unsecured and Unguaranteed
		2,000	1.120%		The lender under the loan agreement is as indicated to the left of this table.	November 30, 2032		
Total		4,000	—	—	—	—	—	—

(Note 1) The borrowing expenses and other charges payable to the lender are not included.

(Note 2) The first interest payment date will be the last day of November 2023. Subsequent interest payment dates will be the last day of every six months and the principal repayment date. Where the relevant date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls into the next calendar month) the immediately preceding business day.

(Note 3) Where the repayment date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls in the next calendar month) the immediately preceding business day.

(Note 4) SHR may, by giving prior written notice and if certain other terms and conditions are met, make early repayment of the borrowings (in whole or in part), in the period between the drawdown date and the repayment date.

Outline of the Investment Corporation

1. Status of Capital

Fiscal period	As of the end of 13th fiscal period (Apr. 30, 2021)	As of the end of 14th fiscal period (Oct. 31, 2021)	As of the end of 15th fiscal period (Apr. 30, 2022)	As of the end of 16th fiscal period (Oct. 31, 2022)	As of the end of 17th fiscal period (Apr. 30, 2023)
Total number of investment units authorized (units)	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total number of investment units issued and outstanding (units)	4,288,666	4,288,666	4,431,133	4,381,482	4,381,482
Unitholders' capital (million yen)	149,210	149,210	161,283	161,283	161,283
Number of unitholders (persons)	18,942	18,637	20,876	21,154	23,270

2. Matters Concerning Investment Units

Of the unitholders as of the end of the fiscal period under review, the following are the top ten unitholders in terms of investment unitholding ratio.

Name	Number of units owned (units)	Percentage of owned units to total units issued and outstanding (%)
Custody Bank of Japan, Ltd. (Trust Account)	1,160,050	26.48
The Master Trust Bank of Japan, Ltd. (Trust Account)	694,467	15.85
Sekisui House, Ltd.	200,750	4.58
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	194,943	4.45
SMBC Nikko Securities Inc.	100,108	2.28
STATE STREET BANK WEST CLIENT - TREATY 505234	65,534	1.50
STATE STREET BANK AND TRUST COMPANY 505103	59,038	1.35
SSBTC CLIENT OMNIBUS ACCOUNT	50,830	1.16
The Shinkumi Federation Bank	45,726	1.04
JP MORGAN CHASE BANK 385770	45,266	1.03
Total	2,616,712	59.72

(Note) Percentage of owned units to total units issued and outstanding is rounded to the nearest second decimal place.

3. Matters Concerning Directors, etc.

(1) Name and other information of the executive director, supervisory directors, and an independent auditor

The following table sets forth information on the executive director, supervisory directors, and an independent auditor of SHR.

Position	Name	Key concurrently held position, etc.	Total amount of compensation for each position during period (thousand yen)
Executive Director	Atsuhiko Kida	Director, Sekisui House Asset Management, Ltd.	—
Supervisor Director	Yu Yada	Lawyer, HIFUMI Law	1,800
	Rei Yamashita	Certified Public Accountant, Rei Yamashita Certified Public Accountant Office	1,800
Independent Auditor	Ernst & Young ShinNihon LLC	—	17,400 (Note 2)

(Note 1) None of the executive director or supervisory directors owns SHR investment units in their own name or in the name of another person. In addition, supervisory directors may be officers of other corporations other than those stated above, but none of such corporations, including those stated above, has vested interest in SHR.

(Note 2) The total amount of compensation for the independent auditor, as stated above, is an approximation and includes compensation for auditing matters related to English financial statements.

(2) Policy for determining whether to dismiss or refuse the reappointment of independent auditor

Dismissal of the independent auditor is subject to consideration at a meeting of the board of directors of SHR in accordance with the provisions of the Investment Trusts Act. Refusal of reappointment of the independent auditor is also subject to consideration at a meeting of the board of directors of SHR by taking into account the quality of audits, amount of audit fee and various other circumstances in a comprehensive manner.

4. Matters Concerning the Director's Liability Insurance Contract

The directors' liability insurance contract concluded by SHR is as follows.

Scope of insured person	Overview of the contents of the Director's Liability Insurance Contract
All Executive Directors and Supervisory Directors	<p>(Overview of Insured Events Subject to Compensation) SHR concluded a directors' liability insurance contract with an insurance company as set forth in Article 116-3(1) of the Investment Trust Act and covers any damage that may arise when the insured assumes liability for the execution of its duties or receives a claim for the pursuit of such liability.</p> <p>(Ratio of Insurance Premiums to be Borne) All insurance premiums for all insured persons are borne by SHR</p> <p>(Measures to Ensure that the Appropriateness of the Execution of Duties by Directors, etc. is not Impaired) Up to 100 thousand yen for each insured person and up to 1 million yen for each series of liability are set as the immunity amount.</p>

5. Asset Management Company, Asset Custodian and Administrative Agents

The following table sets forth information on the asset management company, asset custodian and administrative agents of SHR as of the date of this document.

Entrustment category	Name
Asset Management Company	Sekisui House Asset Management, Ltd.
Asset Custodian	Mitsubishi UFJ Trust and Banking Corporation
Administrative Agent (Transfer Agent)	Mizuho Trust & Banking Co., Ltd.
Administrative Agent (Administrative Agent for Operation of Administrative Instruments)	Mitsubishi UFJ Trust and Banking Corporation
Administrative Agent (Administrative Agent for Investment Corporation Bonds)	MUFG Bank, Ltd.

Condition of Investment Assets

1. Composition of Assets of the Investment Corporation

The following table sets forth the composition of assets of SHR as of the end of the fiscal period under review.

Type of asset	Asset category	Geographical area, etc.	As of the end of 16th fiscal period (Oct. 31, 2022)		As of the end of 17th fiscal period (Apr. 30, 2023)	
			Total amount held (million yen) (Note 1)	Ratio to total assets (%) (Note 2)	Total amount held (million yen) (Note 1)	Ratio to total assets (%) (Note 2)
Real estate in trust	Residential properties	Greater Tokyo	209,517	36.7	208,848	36.7
		Other areas	55,896	9.8	55,642	9.8
	Commercial properties	Three major metropolitan areas	274,312	48.0	273,498	48.0
		Other areas	—	—	—	—
Total of real estate in trust			539,726	94.5	537,989	94.5
Silent partnership equity interest (Note 4)			486	0.1	684	0.1
Deposits and other assets			30,786	5.4	30,531	5.4
Total amount of assets			570,999	100.0	569,205	100.0

(Note 1) “Total amount held” is the carrying amount (or, for real estate in trust, the depreciated book value) as of the end of each fiscal period, rounded down to the nearest million yen.

(Note 2) Figures for “Ratio to total assets” have been rounded to the nearest first decimal place.

(Note 3) SHR does not own any overseas real estate, etc. as of the end of the fiscal period under review.

(Note 4) This is the equity interest in a silent partnership with Godo Kaisha Gemini1 and Godo Kaisha Gemini2 as the business operators.

2. Major Portfolio Assets

The following table sets forth an overview of the major portfolio assets (top ten properties by book value at the end of period) of SHR as of the end of the fiscal period under review.

Name of real estate, etc.	Book value at the end of period (million yen) (Note 1)	Leasable area (m ²) (Note 2)	Leased area (m ²) (Note 3)	Occupancy rate (%) (Note 4)	As a percentage of total property-related operating revenue (%) (Note 5)	Usage type
Garden City Shinagawa Gotenyama	69,570	38,577.99	32,611.77	84.5	10.6	Office building
Akasaka Garden City (Note 6)	49,985	21,735.43	18,995.17	87.4	6.5	Office building
Gotenyama SH Building (Note 7)	49,187	19,999.97	19,999.97	100.0	7.1	Office building
Hommachi Minami Garden City	41,931	29,657.53	29,657.53	100.0	8.5	Office building
Hommachi Garden City (Office building portion) (Note 8)	35,885	17,006.94	17,006.94	100.0	5.9	Office building
Hommachi Garden City (Hotel portion) (Note 8)	16,636	18,092.98	18,092.98	100.0	2.6	Hotel
Prime Maison EGOTANOMORI	11,056	29,048.95	28,258.00	97.3	4.0	Residence
Prime Maison Nakameguro	10,183	6,033.98	5,855.76	97.0	1.4	Residence
Esty Maison Ojima	8,220	9,905.97	9,772.77	98.7	1.7	Residence
Prime Maison Shirokanedai Tower	7,870	6,772.89	6,415.68	94.7	1.5	Residence
Total	300,527	196,832.63	186,666.57	94.8	49.9	—

(Note 1) “Book value at the end of period” refers to the depreciated book value of each property as of the end of the fiscal period under review, rounded down to the nearest million yen. The same applies hereinafter.

(Note 2) “Leasable area” refers to the floor area presumably available for leasing based on the lease agreement or building drawing, etc. for each property that is valid as of the end of the fiscal period under review, rounded down to the second decimal place. In cases where the properties SHR owns are co-ownership interest or quasi co-ownership interest of trust beneficiary interests in real estate for respective properties, the figure indicates the value obtained by multiplying the leasable area of real estate or real estate in trust (or the leasable area of exclusively owned portions for properties under compartmentalized ownership interest) by the ratio of the ownership interest owned by SHR or trustees. The same applies hereinafter.

(Note 3) “Leased area” refers to the sum total of the leased area indicated in the respective lease agreements, which are valid as of the end of the fiscal period under review, with the end tenants for each of the properties or the leased area based on building drawings. However, the leasable area of each property is indicated in case fixed-rent type master lease agreements have been concluded with the master lease companies, regardless of whether lease agreements have been concluded with the end tenants. For Akasaka Garden City, the figure indicates the area corresponding to the portions owned by SHR. The same applies hereinafter.

(Note 4) “Occupancy rate” refers to the ratio of leased area to leasable area of each property as of the end of the fiscal period under review, rounded to the nearest first decimal place. The figure indicated in the “Total” column indicates the ratio of the sum of leased area of each property to the sum total of leasable area of each property, rounded to the nearest first decimal place.

(Note 5) Figures under the heading “As a percentage of total property-related operating revenue” indicate the ratio of property-related operating revenue of each property for the fiscal period under review to total property-related operating revenue of each property of SHR’s entire portfolio for the fiscal period under review, rounded to the nearest first decimal place.

- (Note 6) For “Akasaka Garden City” , as of June 10, 2019, SHR owned 65.45% quasi co-ownership interest of trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor under ground through 4th floor above ground and 11th floor through 19th floor above ground of the building, as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (or approximately 66.3%)). As of November 1, 2021, SHR acquired the trust beneficiary interest in all of the exclusively-owned portions of the 5th floor through 9th floor above ground of the building, as well as the accompanying right of site (ratio of right of site: 273,490/1,000,000 (or approximately 27.3%)) and in 96.05% of co-ownership of all of the exclusively-owned portions of the 10th floor above ground of the building, as well as the accompanying right of site (ratio of right of site: 54,698/1,000,000 (or approximately 5.5%)), and the figures indicate the value corresponding to the portions owned by SHR. The same applies hereinafter.
- (Note 7) SHR has decided to transfer the trust beneficiary interest in real estate on March 29, 2023, and has concluded a purchase and sale agreement for the Gotenyama SH Building, as described in "Outline of Asset Management Operation, 5. Significant Subsequent Events (Reference Information)" above. The same applies hereinafter.
- (Note 8) “Hommachi Garden City” comprises the portions used as office building and retail property (“Hommachi Garden City (Office building portion)”) and the portions used as a hotel (“Hommachi Garden City (Hotel portion)” .) In this document, the overview and other information regarding the property may be described separately for the Office building portion and the Hotel portion. The same applies hereinafter.

3. Estimated value at the end of period

The following table lists an overview of the properties owned by SHR as of the end of the fiscal period under review.

Usage type	Property No. (Note 1)	Name of real estate, etc.	Location (Note 2)	Type of ownership	Book value at the end of period (million yen)	Estimated value at the end of period (million yen) (Note 3)
Residence	R-001	Esty Maison Ginza	Chuo-ku, Tokyo	Real estate trust beneficiary interests	6,586	7,980
	R-002	Esty Maison Azabunagasaka	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,765	2,030
	R-003	Esty Maison Ebisu II	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,024	2,490
	R-004	Esty Maison Ebisu	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	911	940
	R-005	Esty Maison Kanda	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	1,538	1,980
	R-006	Esty Maison Kitashinjuku	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,521	1,910
	R-007	Esty Maison Asakusakomagata	Taito-ku, Tokyo	Real estate trust beneficiary interests	2,062	2,610
	R-008	Esty Maison Kawasaki	Kawasaki-shi, Kanagawa	Real estate trust beneficiary interests	2,350	2,910
	R-010	Esty Maison Kameido	Koto-ku, Tokyo	Real estate trust beneficiary interests	1,465	1,930
	R-011	Esty Maison Meguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	1,063	1,440
	R-012	Esty Maison Sugamo	Toshima-ku, Tokyo	Real estate trust beneficiary interests	1,585	1,880
	R-013	Esty Maison Kyobashi	Osaka-shi, Osaka	Real estate trust beneficiary interests	2,885	3,200
	R-014	Esty Maison Hakuraku	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	877	993
	R-015	Esty Maison Minamihorie	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,111	1,170
	R-016	Esty Maison Gotanda ^(Note 4)	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	3,018	3,680
	R-017	Esty Maison Oisendaizaka	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,681	3,130
	R-018	Esty Maison Shinagawa Seaside	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,107	2,540
	R-019	Esty Maison Minamiazabu	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,286	1,420
	R-021	Esty Maison Kawasaki II	Kawasaki-shi, Kanagawa	Real estate trust beneficiary interests	1,863	2,470
	R-022	Esty Maison Azabujuban	Minato-ku, Tokyo	Real estate trust beneficiary interests	2,702	3,050
	R-023	Esty Maison Itabashihoncho	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	967	1,050
	R-027	Esty Maison Musashikoyama ^(Note 5)	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	999	1,220
	R-028	Esty Maison Sendagi ^(Note 6)	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	671	821
	R-030	Esty Maison Hakatahigashi	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,167	2,730

Usage type	Property No. (Note 1)	Name of real estate, etc.	Location (Note 2)	Type of ownership	Book value at the end of period (million yen)	Estimated value at the end of period (million yen) (Note 3)
Residence	R-033	Prime Maison Musashinonomori	Kodaira-shi, Tokyo	Real estate trust beneficiary interests	1,762	2,320
	R-034	Prime Maison Higashisakura	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,530	1,750
	R-035	Prime Maison Kayabakoen	Nagoya-shi, Aichi	Real estate trust beneficiary interests	808	971
	R-036	Esty Maison Sangenjaya II	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	755	957
	R-037	Esty Maison Itabashi C6	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	2,435	2,960
	R-038	Sha Maison Stage Hakata ^(Note 7)	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,296	2,910
	R-039	Esty Maison Kinshicho	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,182	1,500
	R-040	Esty Maison Musashikoganei	Koganei-shi, Tokyo	Real estate trust beneficiary interests	1,733	2,160
	R-041	Prime Maison Gokiso	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,918	2,210
	R-042	Prime Maison Yuhigaoka	Osaka-shi, Osaka	Real estate trust beneficiary interests	909	1,180
	R-043	Prime Maison Kitatanabe	Osaka-shi, Osaka	Real estate trust beneficiary interests	608	767
	R-044	Prime Maison Momochihama	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	1,902	2,240
	R-045	Esty Maison Akihabara	Taito-ku, Tokyo	Real estate trust beneficiary interests	1,881	2,230
	R-046	Esty Maison Sasazuka	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	3,361	3,820
	R-047	Prime Maison Ginza East	Chuo-ku, Tokyo	Real estate trust beneficiary interests	6,150	7,370
	R-048	Prime Maison Takami	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,043	1,160
	R-049	Prime Maison Yadaminami	Nagoya-shi, Aichi	Real estate trust beneficiary interests	830	939
	R-050	Prime Maison Teriha	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	1,150	1,360
	R-051	Esty Maison Higashishirakabe	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,612	1,790
	R-052	Esty Maison Sengoku	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	1,324	1,520
	R-053	Esty Maison Daizawa	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	2,212	2,650
	R-054	Esty Maison Togoshi	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,704	2,110
	R-055	Esty Maison Nishitemma	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,584	1,840
	R-056	Esty Maison Shirokanedai	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,367	3,180
	R-057	Esty Maison Higashishinjuku	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,587	2,080
	R-058	Esty Maison Motoazabu	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,500	1,870

Usage type	Property No. (Note 1)	Name of real estate, etc.	Location (Note 2)	Type of ownership	Book value at the end of period (million yen)	Estimated value at the end of period (million yen) (Note 3)
Residence	R-059	Esty Maison Toritsudaigaku	Meguro-ku, Tokyo	Real estate trust beneficiary interests	835	1,040
	R-060	Esty Maison Musashikoyama II	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	984	1,190
	R-061	Esty Maison Nakano	Nakano-ku, Tokyo	Real estate trust beneficiary interests	1,798	2,110
	R-062	Esty Maison Shinnakano	Nakano-ku, Tokyo	Real estate trust beneficiary interests	971	1,120
	R-063	Esty Maison Nakanofujimicho	Nakano-ku, Tokyo	Real estate trust beneficiary interests	948	1,120
	R-064	Esty Maison Tetsugakudo	Nakano-ku, Tokyo	Real estate trust beneficiary interests	1,096	1,290
	R-065	Esty Maison Koenji	Suginami-ku, Tokyo	Real estate trust beneficiary interests	1,122	1,380
	R-066	Esty Maison Oshiage	Sumida-ku, Tokyo	Real estate trust beneficiary interests	2,370	2,900
	R-067	Esty Maison Akabane	Kita-ku, Tokyo	Real estate trust beneficiary interests	3,208	3,700
	R-068	Esty Maison Oji	Kita-ku, Tokyo	Real estate trust beneficiary interests	1,548	1,890
	R-069	Prime Maison Waseda	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,483	2,040
	R-070	Prime Maison Hatchobori	Chuo-ku, Tokyo	Real estate trust beneficiary interests	1,360	1,740
	R-071	Prime Maison Jimbocho	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	1,843	2,280
	R-072	Prime Maison Gotenyama East	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,857	3,610
	R-073	Sha Maison Stage Akihabara	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	585	636
	R-074	Esty Maison Aoi	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,325	2,630
	R-075	Esty Maison Yakuin	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,534	2,780
	R-076	Esty Maison Kinshicho II	Sumida-ku, Tokyo	Real estate trust beneficiary interests	7,821	10,700
	R-077	Esty Maison Ojima	Koto-ku, Tokyo	Real estate trust beneficiary interests	8,220	12,000
	R-078	Prime Maison Fujimidai	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,130	2,240
	R-079	Esty Maison Tsurumai	Nagoya-shi, Aichi	Real estate trust beneficiary interests	4,487	5,080
	R-080	Prime Maison Morishita	Koto-ku, Tokyo	Real estate trust beneficiary interests	1,805	2,260
	R-081	Prime Maison Shinagawa	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,865	2,250
	R-082	Prime Maison Odorikoen	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	3,000	3,280
	R-083	Prime Maison Minami 2-jo	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	1,783	2,070
	R-084	Prime Maison Kamokamogawa	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	1,159	1,290

Usage type	Property No. (Note 1)	Name of real estate, etc.	Location (Note 2)	Type of ownership	Book value at the end of period (million yen)	Estimated value at the end of period (million yen) (Note 3)
Residence	R-085	Prime Maison Central Park ^(Note 8)	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,105	2,495
	R-086	Sha Maison Stage Yahiro	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,798	2,120
	R-087	Prime Maison Ebisu	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	4,224	5,930
	R-088	Sha Maison Stage Kanazawa Nishiizumi	Kanazawa-shi, Ishikawa	Real estate trust beneficiary interests	988	990
	R-089	Esty Maison Unomori	Yokkaichi-shi, Mie	Real estate trust beneficiary interests	748	836
	R-091	Sha Maison Stage Hino	Hino-shi, Tokyo	Real estate trust beneficiary interests	1,361	1,560
	R-092	Prime Maison Yokohama Nihon-odori	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	4,546	5,180
	R-093	Kobe Women's Student Housing	Kobe-shi, Hyogo	Real estate trust beneficiary interests	5,137	6,340
	R-094	Prime Maison Shibuya	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,366	2,720
	R-095	Prime Maison Hatsudai	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,884	3,280
	R-096	Esty Maison Uemachidai	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,046	1,260
	R-098	Prime Maison Shirokane-takanawa	Minato-ku, Tokyo	Real estate trust beneficiary interests	4,751	5,380
	R-099	Prime Maison Ichigayayamabushicho	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	4,070	4,270
	R-100	Esty Maison Morishita	Sumida-ku, Tokyo	Real estate trust beneficiary interests	624	740
	R-101	Prime Maison Shirokanedai Tower	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	7,870	11,100
	R-102	Prime Maison Otsuka	Toshima-ku, Tokyo	Real estate trust beneficiary interests	3,643	4,770
	R-103	Prime Maison Asakusabashi	Taito-ku, Tokyo	Real estate trust beneficiary interests	1,661	2,150
	R-104	Prime Maison Daikanyama	Meguro-ku, Tokyo	Real estate trust beneficiary interests	2,499	3,380
	R-105	Prime Maison Gotenyama West	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	3,384	4,760
	R-106	Esty Maison Toyosu Residence ^(Note 9)	Koto-ku, Tokyo	Real estate trust beneficiary interests	5,659	7,680
	R-108	Esty Maison Ijiri	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	433	437
	R-109	Prime Maison Mitatsunamachi	Minato-ku, Tokyo	Real estate trust beneficiary interests	2,032	2,540
	R-110	Prime Maison Hongo	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	2,579	3,070
	R-111	Prime Maison Kuramae	Taito-ku, Tokyo	Real estate trust beneficiary interests	2,167	2,600
	R-112	Esty Maison Yokohama-aobadai ^(Note 10)	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	2,988	3,660
	R-113	Esty Maison Shizuoka Takajo	Shizuoka-shi, Shizuoka	Real estate trust beneficiary interests	658	665

Usage type	Property No. (Note 1)	Name of real estate, etc.	Location (Note 2)	Type of ownership	Book value at the end of period (million yen)	Estimated value at the end of period (million yen) (Note 3)
Residence	R-114	Sha Maison Stage Hirose-dori	Sendai-shi, Miyagi	Real estate trust beneficiary interests	865	949
	R-115	Esty Maison HIGASHIBETSUIN	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,262	2,230
	R-116	Esty Maison Kayaba	Nagoya-shi, Aichi	Real estate trust beneficiary interests	932	951
	R-117	Esty Maison SHIRAKABEMINAMI	Nagoya-shi, Aichi	Real estate trust beneficiary interests	679	697
	R-118	Prime Maison Shimokitazawa	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	2,632	2,740
	R-119	Prime Maison Meguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	2,351	2,480
	R-120	Prime Maison Ryogoku	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,567	1,600
	R-121	Prime Maison Nakameguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	10,183	11,100
	R-122	Prime Maison Itabashi	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	4,942	5,110
	R-123	Prime Maison EGOTANOMORI ^(Note 11)	Nakano-ku, Tokyo	Real estate trust beneficiary interests	11,056	10,900
	R-124	Prime Maison Waseda dori	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	2,256	2,670
	Subtotal		-	-	264,490	317,384

Usage type	Property No. (Note 1)	Name of real estate, etc.	Location (Note 2)	Type of ownership	Book value at the end of period (million yen)	Estimated value at the end of period (million yen) (Note 3)
Office building	O-001	Garden City Shinagawa Gotenyama	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	69,570	88,000
	O-002	Gotenyama SH Building	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	49,187	63,500
	O-003	Hommachi Minami Garden City	Osaka-shi, Osaka	Real estate trust beneficiary interests	41,931	54,600
	O-004	Hommachi Garden City (Office building portion)	Osaka-shi, Osaka	Real estate trust beneficiary interests	35,885	44,600
	O-005	HK Yodoyabashi Garden Avenue ^(Note 12)	Osaka-shi, Osaka	Real estate trust beneficiary interests	4,190	6,240
	O-006	Hirokoji Garden Avenue	Nagoya-shi, Aichi	Real estate trust beneficiary interests	6,112	7,320
	O-007	Akasaka Garden City	Minato-ku, Tokyo	Real estate trust beneficiary interests	49,985	52,100
Subtotal			-	-	256,861	316,360
Hotel	H-001	Hommachi Garden City (Hotel portion)	Osaka-shi, Osaka	Real estate trust beneficiary interests	16,636	16,800
	Subtotal		-	-	16,636	16,800
Total			-	-	537,989	650,544

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

(Note 2) "Location" is indicated based on the statement in the registry. If there are multiple statements of locations in the registry, either one of them is indicated.

(Note 3) "Appraisal value at the end of period" refers to the value stated in each real estate appraisal report (with the end of April as the appraisal date) for each fiscal period ended April, and the value stated in each real estate appraisal report (with the end of October as the appraisal date) or the survey value stated in each real estate survey value report (with the end of October as the survey date) as a result of value surveys not pursuant to real estate appraisal standards, for each fiscal period ended October, rounded down to the nearest million yen.

(Note 4) For Esty Maison Gotanda, SHR owns real estate trust beneficiary interests for the compartmentalized ownership interest to part of the exclusively-owned portions of the building and for the accompanying right of site (ratio of right of site: 387,036/426,933 (or approximately 90.7%)).

(Note 5) For Esty Maison Musashikoyama, SHR owns real estate trust beneficiary interests for the compartmentalized ownership interest to part of the exclusively-owned portions of the building and for the accompanying right of site (ratio of right of site: 117,678/127,609 (or approximately 92.2%)).

(Note 6) For Esty Maison Sendagi, SHR owns real estate trust beneficiary interests for the compartmentalized ownership interest to part of the exclusively-owned portions of the building and for the accompanying right of site (ratio of right of site: 89,730/103,842 (or approximately 86.4%)).

(Note 7) Sha Maison Stage Hakata is a property on a leased land owned by the Urban Renaissance Agency and for which a general fixed-term leasehold right is established with a lease term of 50 years from December 1, 2002.

(Note 8) Part of the land of Prime Maison Central Park (lot number: 23-32) is a leased land, while the building (store) on the leased land is owned by the lessee.

(Note 9) Esty Maison Toyosu Residence is a property on a leased land owned by the Urban Renaissance Agency and for which a general fixed-term leasehold right is established with a lease term of 65 years from March 17, 2006.

(Note 10) Esty Maison Yokohama-aobadai is comprised by two buildings, Esty Maison Yokohama-aobadai North and Esty Maison Yokohama-aobadai South. As the two buildings are located on the same site, SHR manages these buildings as a single property referring to collectively as Esty Maison Yokohama-aobadai and the total amount of each building is indicated.

(Note 11) Prime Maison EGOTANOMORI is a property on a leased land owned by the Urban Renaissance Agency and for which a general fixed-term leaseholdright is established with a lease term of 70 years from April 24, 2015.

(Note 12) For HK Yodoyabashi Garden Avenue, SHR owns real estate trust beneficiary interests for the compartmentalized ownership interest to all of the exclusively owned portions of the 1st through 6th floors above ground of the building and for the accompanying right of site (ratio of right of site: 405,901/1,000,000 (or approximately 40.6%)).

The following table sets forth the change in status of leasing of real estate, etc. owned by SHR.

Usage type	Property No.	Name of real estate, etc.	16th fiscal period				17th fiscal period			
			From: May 1, 2022		To: Oct. 31, 2022		From: Nov. 1, 2022		To: Apr. 30, 2023	
			Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)	Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue fiscal [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)
Residence	R-001	Esty Maison Ginza	1	97.3	181	1.2	1	95.1	176	1.1
	R-002	Esty Maison Azabunagasaka	1	95.6	46	0.3	1	95.5	49	0.3
	R-003	Esty Maison Ebisu II	1	92.8	56	0.4	1	89.4	55	0.4
	R-004	Esty Maison Ebisu	1	100.0	23	0.2	1	96.1	24	0.2
	R-005	Esty Maison Kanda	1	92.2	44	0.3	1	94.2	45	0.3
	R-006	Esty Maison Kitashinjuku	1	95.3	44	0.3	1	97.6	48	0.3
	R-007	Esty Maison Asakusakomagata	1	96.4	63	0.4	1	98.6	67	0.4
	R-008	Esty Maison Kawasaki	1	96.8	77	0.5	1	98.0	76	0.5
	R-010	Esty Maison Kameido	1	99.0	52	0.3	1	98.9	54	0.4
	R-011	Esty Maison Meguro	1	91.8	29	0.2	1	95.0	30	0.2
	R-012	Esty Maison Sugamo	1	95.0	52	0.3	1	97.3	52	0.3
	R-013	Esty Maison Kyobashi	1	98.9	88	0.6	1	96.3	89	0.6
	R-014	Esty Maison Hakuraku	1	94.7	29	0.2	1	98.3	30	0.2
	R-015	Esty Maison Minamihorie	1	100.0	34	0.2	1	97.2	34	0.2
	R-016	Esty Maison Gotanda	1	96.4	95	0.6	1	95.8	95	0.6
	R-017	Esty Maison Oisendaizaka	1	94.7	78	0.5	1	97.9	79	0.5
	R-018	Esty Maison Shinagawa Seaside	1	91.7	63	0.4	1	97.5	62	0.4
	R-019	Esty Maison Minamiazabu	1	86.5	31	0.2	1	96.2	30	0.2
	R-021	Esty Maison Kawasaki II	1	96.7	64	0.4	1	99.3	64	0.4
	R-022	Esty Maison Azabujuban	1	97.4	65	0.4	1	97.5	65	0.4
	R-023	Esty Maison Itabashihoncho	1	95.4	28	0.2	1	98.4	30	0.2

Usage type	Property No.	Name of real estate, etc.	16th fiscal period				17th fiscal period			
			From: May 1, 2022		To: Oct. 31, 2022		From: Nov. 1, 2022		To: Apr. 30, 2023	
			Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)	Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue fiscal [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)
Residence	R-027	Esty Maison Musashikoyama	1	98.3	29	0.2	1	100.0	31	0.2
	R-028	Esty Maison Sendagi	1	100.0	22	0.1	1	100.0	23	0.2
	R-030	Esty Maison Hakatahigashi	1	99.0	87	0.6	1	98.6	87	0.6
	R-033	Prime Maison Musashinonomori	1	93.5	64	0.4	1	97.9	65	0.4
	R-034	Prime Maison Higashisakura	1	97.8	52	0.3	1	96.3	53	0.3
	R-035	Prime Maison Kayabakoen	1	100.0	30	0.2	1	96.5	30	0.2
	R-036	Esty Maison Sangenjaya II	1	92.1	23	0.2	1	97.0	24	0.2
	R-037	Esty Maison Itabashi C6	1	92.4	79	0.5	1	97.6	77	0.5
	R-038	Sha Maison Stage Hakata	1	100.0	96	0.6	1	100.0	96	0.6
	R-039	Esty Maison Kinshicho	1	97.2	35	0.2	1	97.2	35	0.2
	R-040	Esty Maison Musashikoganei	1	95.1	54	0.4	1	96.1	56	0.4
	R-041	Prime Maison Gokiso	1	98.3	63	0.4	1	92.5	65	0.4
	R-042	Prime Maison Yuhigaoka	1	96.4	30	0.2	1	96.4	30	0.2
	R-043	Prime Maison Kitatanabe	1	96.1	22	0.2	1	100.0	23	0.2
	R-044	Prime Maison Momochihama	1	100.0	69	0.5	1	100.0	69	0.5
	R-045	Esty Maison Akihabara	1	96.2	55	0.4	1	93.7	56	0.4
	R-046	Esty Maison Sasazuka	1	95.4	90	0.6	1	98.1	91	0.6
	R-047	Prime Maison Ginza East	1	93.5	173	1.2	1	100.0	179	1.2
	R-048	Prime Maison Takami	1	100.0	34	0.2	1	92.7	32	0.2
	R-049	Prime Maison Yadaminami	1	100.0	29	0.2	1	96.2	28	0.2
	R-050	Prime Maison Teriha	1	100.0	52	0.3	1	100.0	53	0.3
	R-051	Esty Maison Higashishirakabe	1	100.0	46	0.3	1	100.0	46	0.3
	R-052	Esty Maison Sengoku	1	95.6	37	0.2	1	98.4	38	0.3

Usage type	Property No.	Name of real estate, etc.	16th fiscal period				17th fiscal period			
			From: May 1, 2022		To: Oct. 31, 2022		From: Nov. 1, 2022		To: Apr. 30, 2023	
			Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)	Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)
Residence	R-053	Esty Maison Daizawa	1	97.7	63	0.4	1	98.8	61	0.4
	R-054	Esty Maison Togoshi	1	98.8	49	0.3	1	100.0	51	0.3
	R-055	Esty Maison Nishitemma	1	96.9	51	0.3	1	94.5	50	0.3
	R-056	Esty Maison Shirokanedai	1	92.5	73	0.5	1	91.4	73	0.5
	R-057	Esty Maison Higashishinjuku	1	96.3	47	0.3	1	94.2	48	0.3
	R-058	Esty Maison Motoazabu	1	100.0	41	0.3	1	100.0	43	0.3
	R-059	Esty Maison Toritsudaigaku	1	100.0	23	0.2	1	100.0	24	0.2
	R-060	Esty Maison Musashikoyama II	1	95.2	30	0.2	1	97.4	30	0.2
	R-061	Esty Maison Nakano	1	98.9	53	0.4	1	93.9	54	0.4
	R-062	Esty Maison Shinnakano	1	96.1	28	0.2	1	100.0	28	0.2
	R-063	Esty Maison Nakanofujimicho	1	93.2	28	0.2	1	100.0	28	0.2
	R-064	Esty Maison Tetsugakudo	1	95.2	34	0.2	1	100.0	35	0.2
	R-065	Esty Maison Koenji	1	100.0	34	0.2	1	96.4	35	0.2
	R-066	Esty Maison Oshiage	1	95.0	70	0.5	1	98.0	73	0.5
	R-067	Esty Maison Akabane	1	99.4	94	0.6	1	98.2	99	0.6
	R-068	Esty Maison Oji	1	97.7	48	0.3	1	97.8	49	0.3
	R-069	Prime Maison Waseda	1	97.6	45	0.3	1	97.0	46	0.3
	R-070	Prime Maison Hatchobori	1	88.8	36	0.2	1	90.6	36	0.2
	R-071	Prime Maison Jimbocho	1	100.0	53	0.4	1	97.3	54	0.4
	R-072	Prime Maison Gotenyama East	1	100.0	83	0.6	1	100.0	88	0.6
	R-073	Sha Maison Stage Akihabara	1	100.0	15	0.1	1	100.0	15	0.1
	R-074	Esty Maison Aoi	1	96.3	71	0.5	1	96.5	70	0.5
	R-075	Esty Maison Yakuin	1	95.0	74	0.5	1	99.3	75	0.5

Usage type	Property No.	Name of real estate, etc.	16th fiscal period				17th fiscal period			
			From: May 1, 2022		To: Oct. 31, 2022		From: Nov. 1, 2022		To: Apr. 30, 2023	
			Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)	Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)
Residence	R-076	Esty Maison Kinshicho II	1	99.1	228	1.5	1	97.7	230	1.5
	R-077	Esty Maison Ojima	1	95.9	247	1.6	1	98.7	257	1.7
	R-078	Prime Maison Fujimidai	1	88.7	72	0.5	1	92.0	69	0.5
	R-079	Esty Maison Tsurumai	1	100.0	155	1.0	1	100.0	156	1.0
	R-080	Prime Maison Morishita	1	97.7	53	0.4	1	98.9	56	0.4
	R-081	Prime Maison Shinagawa	1	100.0	58	0.4	1	95.5	59	0.4
	R-082	Prime Maison Odorikoen	1	90.1	109	0.7	1	92.4	115	0.8
	R-083	Prime Maison Minami 2-jo	1	98.5	75	0.5	1	97.7	75	0.5
	R-084	Prime Maison Kamokamogawa	1	98.2	48	0.3	1	97.3	51	0.3
	R-085	Prime Maison Central Park	1	96.6	87	0.6	1	99.4	90	0.6
	R-086	Sha Maison Stage Yahiro	1	100.0	56	0.4	1	100.0	56	0.4
	R-087	Prime Maison Ebisu	1	98.6	112	0.7	1	100.0	114	0.7
	R-088	Sha Maison Stage Kanazawa Nishiizumi	1	100.0	43	0.3	1	100.0	40	0.3
	R-089	Esty Maison Unomori	1	100.0	27	0.2	1	100.0	27	0.2
	R-091	Sha Maison Stage Hino	1	98.1	51	0.3	1	98.1	49	0.3
	R-092	Prime Maison Yokohama Nihon-odori	1	98.2	141	0.9	1	95.9	142	0.9
	R-093	Kobe Women's Student Housing	1	98.9	219	1.5	1	100.0	219	1.4
	R-094	Prime Maison Shibuya	1	94.8	63	0.4	1	91.5	64	0.4
	R-095	Prime Maison Hatsudai	1	98.2	80	0.5	1	95.1	82	0.5
	R-096	Esty Maison Uemachidai	1	100.0	33	0.2	1	94.7	33	0.2
	R-098	Prime Maison Shirokane-takanawa	1	95.6	115	0.8	1	90.3	113	0.7
	R-099	Prime Maison Ichigayayamabushicho	1	93.0	99	0.7	1	91.6	101	0.7

Usage type	Property No.	Name of real estate, etc.	16th fiscal period				17th fiscal period			
			From: May 1, 2022		To: Oct. 31, 2022		From: Nov. 1, 2022		To: Apr. 30, 2023	
			Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)	Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)
Residence	R-100	Esty Maison Morishita	1	100.0	19	0.1	1	96.6	20	0.1
	R-101	Prime Maison Shirokanedai Tower	1	95.2	234	1.6	1	94.7	235	1.5
	R-102	Prime Maison Otsuka	1	92.4	110	0.7	1	95.1	113	0.7
	R-103	Prime Maison Asakusabashi	1	97.5	49	0.3	1	88.9	50	0.3
	R-104	Prime Maison Daikanyama	1	97.4	70	0.5	1	97.2	73	0.5
	R-105	Prime Maison Gotenyama West	1	95.9	123	0.8	1	85.3	116	0.8
	R-106	Esty Maison Toyosu Residence	1	96.8	472	3.1	1	97.4	483	3.1
	R-108	Esty Maison Ijiri	1	100.0	13	0.1	1	100.0	13	0.1
	R-109	Prime Maison Mitatsunamachi	1	90.6	59	0.4	1	100.0	56	0.4
	R-110	Prime Maison Hongo	1	100.0	67	0.4	1	90.9	69	0.5
	R-111	Prime Maison Kuramae	1	97.7	60	0.4	1	85.5	61	0.4
	R-112	Esty Maison Yokohama-aobadai	1	100.0	86	0.6	1	100.0	86	0.6
	R-113	Esty Maison Shizuoka Takajo	1	100.0	23	0.2	1	100.0	23	0.2
	R-114	Sha Maison StageHirose-dori	1	100.0	29	0.2	1	100.0	29	0.2
	R-115	Esty Maison HIGASHIBETSU IN	1	100.0	69	0.5	1	100.0	69	0.5
	R-116	Esty Maison Kayaba	1	100.0	29	0.2	1	96.2	29	0.2
	R-117	Esty Maison SHIRAKABE MINAMI	1	100.0	20	0.1	1	100.0	20	0.1
	R-118	Prime Maison Shimokitazawa	1	94.3	55	0.4	1	100.0	59	0.4
	R-119	Prime Maison Meguro	1	100.0	48	0.3	1	100.0	48	0.3
	R-120	Prime Maison Ryogoku	1	86.6	34	0.2	1	100.0	33	0.2
	R-121	Prime Maison Nakameguro	1	96.8	221	1.5	1	97.0	221	1.4

Usage type	Property No.	Name of real estate, etc.	16th fiscal period				17th fiscal period			
			From: May 1, 2022		To: Oct. 31, 2022		From: Nov. 1, 2022		To: Apr. 30, 2023	
			Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)	Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue fiscal [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)
Residence	R-122	Prime Maison Itabashi	1	95.8	113	0.8	1	95.6	117	0.8
	R-123	Prime Maison EGOTANOMORI	1	97.4	290	1.9	1	97.3	609	4.0
	R-124	Prime Maison Waseda dori	1	97.8	25	0.2	1	93.7	55	0.4
	Subtotal		12	97.1	8,197	54.3	12	97.2	8,642	56.3
Office building	O-001	Garden City Shinagawa Gotenyama	1	84.5	1,650	10.9	1	84.5	1,633	10.6
	O-002	Gotenyama SH Building	1	100.0	1,088	7.2	1	100.0	1,088	7.1
	O-003	Hommachi Minami Garden City	1	100.0	1,322	8.8	1	100.0	1,311	8.5
	O-004	Hommachi Garden City (Office building portion)	1	100.0	903	6.0	1	100.0	903	5.9
	O-005	HK Yodoyabashi Garden Avenue	1	100.0	168	1.1	1	100.0	167	1.1
	O-006	Hirokoji Garden Avenue	1	100.0	211	1.4	1	100.0	208	1.4
	O-007	Akasaka Garden City	1	89.4	1,028	6.8	1	87.4	999	6.5
	Subtotal		4	93.9	6,374	42.3	4	93.6	6,313	41.1
Hotel	H-001	Hommachi Garden City (Hotel portion)	1	100.0	402	2.7	1	100.0	402	2.6
	H-002	The Ritz-Carlton, Kyoto	—	—	109	0.7	—	—	—	—
	Subtotal		1	100.0	511	3.4	1	100.0	402	2.6
Total			16	96.4	15,082	100.0	16	96.5	15,358	100.0

- (Note 1) “Total number of tenants” refers to the sum total of the number of tenants under, and indicated in, the respective lease agreements for each property that are valid as of the end of fiscal period under review (or, if a master lease agreement that is valid as of the end of each fiscal period has been concluded for the property, the number of lessees under the master lease agreement). In the “Subtotal” and “Total” columns, however, a tenant that leases spaces in multiple properties is counted as one. Furthermore, of the office buildings, the total number of end tenants for Garden City Shinagawa Gotenyama, Hommachi Minami Garden City, HK Yodoyabashi Garden Avenue, Hirokoji Garden Avenue and Akasaka Garden City where pass-through type master lease agreements have been concluded is 17, 16, 8, 7 and 20, respectively as of the end of the 16th fiscal period (from May 1, 2022 to Oct. 31, 2022) and 17, 16, 8, 7 and 18, respectively as of the end of the 17th fiscal period (from Nov. 1, 2022 to Apr. 30, 2023).
- (Note 2) “Occupancy rate” refers to the ratio of leased area to leasable area of each property as of the end of each fiscal period, rounded to the nearest first decimal place. The figures indicated in the “Subtotal” columns are the ratio of the subtotal of leased area of each property classified by usage type to the subtotal of leasable area of each property classified by usage type, and the figure indicated in the “Total” column is the ratio of the total of leased area of each property to the sum total of leasable area of each property, as the occupancy rate of the entire portfolio. Both figures have been rounded to the nearest first decimal place.
- (Note 3) “Property-related operating revenue [during fiscal period]” indicates the property-related operating revenue of each property for each fiscal period, rounded down to the nearest million yen.
- (Note 4) Figures under the heading “As a percentage of total property-related operating revenue” indicate the ratio of property-related operating revenue of each property for each fiscal period or the subtotal of property-related operating revenue of each property classified by usage type for each fiscal period to total property-related operating revenue of each property for each fiscal period, rounded to the nearest first decimal place.
- (Note 5) SHR disposed “The Ritz-Carlton, Kyoto” on August 2, 2022. Accordingly, “Property-related operating revenue [during fiscal period]” and “As a percentage of total property-related operating revenue” for the property in the above table indicate the figures for the duration SHR owned them in the 16th fiscal period (from May 1, 2022 to Oct. 31, 2022).

4. Details of Renewable Energy Power Generation Facility, etc.

Not applicable.

5. Details of Right to Operate Public Facility, etc.

Not applicable.

6. Details of Investment Securities

The following are the details for investment securities as of the end of the fiscal period under review.

Asset name	Asset type	Quantity	Book value		Valuation (Note 1)		Valuation gain or loss (thousand yen)	Remarks
			Unit price	Price (thousand yen)	Unit price	Price (thousand yen)		
Silent partnership equity interests with Godo Kaisha Gemini1 as the operator	Silent partnership equity interests	—	—	463,402	—	463,402	—	(Note 2)
Silent partnership equity interests with Godo Kaisha Gemini2 as the operator	Silent partnership equity interests	—	—	221,507	—	221,507	—	(Note 3)
Total	—	—	—	684,910	—	684,910	—	—

(Note 1) "Valuation" is the book value.

(Note 2) The underlying asset refers to 34.55% quasi co-ownership interest of the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor underground through 4th floor above ground and 11th floor through 19th floor above ground of the "Akasaka Garden City" building, as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (or approximately 66.3%)), which has not yet been acquired by SHR.

(Note 3) The underlying asset refers to the trust beneficiary interest in real estate of the "Ningyocho PREX".

7. Table of Status of Contract Amount, etc. and Fair Value of Specified Transactions

The following table sets forth the status of contract amount, etc. and fair value of specified transactions at SHR as of the end of the fiscal period under review.

Category	Type	Contract amount, etc. (thousand yen) (Note 1)		Fair value (thousand yen) (Note 2)
			Amount due after 1 year	
Transaction other than market transaction	Interest rate swap transaction (Under which floating interest rates are receivable and fixed interest rates are payable)	6,650,000	—	(7,099)
Transaction other than market transaction	Interest rate swap transaction (Under which floating interest rates are receivable and fixed interest rates are payable)	115,961,000	96,951,000	—(Note 3)
Total		122,611,000	96,951,000	(7,099)

(Note 1) The contract amount, etc. of interest rate swap transactions is based on notional principal amounts.

(Note 2) The fair value was calculated by the counterparty of the relevant transaction based on the actual market interest rate, etc.

(Note 3) The fair value is omitted because the transaction meets the criteria for special accounting under the Accounting Standards for Financial Instruments.

8. Status of Other Assets

Trust beneficiary interests with real estate as the main assets in trust are stated in “3. Details of Assets (Real Estate, etc.) in the Portfolio” and “6. Details of Investment Securities” above. As of the end of the fiscal period under review, there are no specified assets other than real estate, etc., asset-backed securities, etc. and infrastructure assets, etc. in the portfolio.

9. Status of Holding of Assets by Country and Region

As of the end of the fiscal period under review, there are no portfolio real estate, etc. in any other country or region besides Japan.

Capital Expenditures for Property

1. Scheduled Capital Expenditures

The principal capital expenditures associated with renovation work, etc. currently planned for properties owned by SHR are as follows. Please note that some of the planned construction costs may be classified as expenses for accounting purposes.

Name of real estate, etc. (location)	Purpose	Planned period	Planned Construction Costs (million yen) (Note)		
			Total	Payment for current fiscal period	Amount already paid
Prime Maison Central Park (Kashii, Teriha, Higashi-ku, Fukuoka-shi, Fukuoka)	Large-scale repairs	From: November 2023 To: April 2024	249	—	—
Hommachi Garden City (Office building portion) (Hommachi, Chuo-ku, Osaka-shi, Osaka)	LED lighting repairs	From: November 2023 To: April 2024	150	—	—
Prime Maison Musashinonomori (Josuihoncho, Kodaira-shi, Tokyo)	Large-scale repairs	From: June 2023 To: October 2023	117	—	—
Sha Maison Stage Hirose-dori (Tachimachi, Aoba-ku, Sendai-shi, Miyagi)	Large-scale repairs	From: May 2023 To: October 2023	96	—	—
Garden City Shinagawa Gotenyama (Kitashinagawa, Shinagawa-ku, Tokyo)	LED lighting repairs	From: November 2023 To: December 2023	89	—	—
Esty Maison Nakano (Chuo, Nakano-ku, Tokyo)	Large-scale repairs	From: May 2023 To: October 2023	66	—	—
Esty Maison Shizuoka Takajo (Takajo, Aoi-ku, Shizuoka-shi, Shizuoka)	Large-scale repairs	From: November 2023 To: April 2024	64	—	—

(Note) "Planned Construction Costs" refers to the amount obtained by multiplying the total cost required for construction by the proportion of ownership or quasi co-ownership interest in the compartmentalized ownership held by SHR (if SHR owns a quasi co-ownership interest in the real estate trust beneficiary interest with compartmentalized ownership as trust property, the total cost is multiplied by the ownership ratio of the compartmentalized ownership, and then the quasi co-ownership amount is multiplied by percentage), if SHR owns the sectional ownership or the quasi co-ownership interest in the real estate trust beneficiary right of the property subject to the construction.

2. Capital Expenditures During the Period

An overview of capital expenditures for properties owned by SHR during the fiscal period under review is as follows. In addition, the total capital expenditure for the current fiscal period was 896 million yen, and a total of 1,289 million yen of construction work was carried out, including repair expenses of 392 million yen classified as expenses for the current fiscal period.

Name of real estate, etc. (location)	Purpose	Period	Payment amount (million yen)
Prime Maison Yuhigaoka (Ueshio, Tennoji-ku, Osaka-shi, Osaka)	Large-scale repairs	From: November 2022 To: March 2023	52
Sha Maison Stage Hino (Shinmachi, Hino-shi, Tokyo)	Large-scale repairs	From: November 2022 To: March 2023	84
Esty Maison Akabane (Akabane, Kita-ku, Tokyo)	Large-scale repairs	From: November 2022 To: April 2023	136
Esty Maison Ijiri (Ijiri, Minami-ku, Fukuoka-shi, Fukuoka)	Large-scale repairs	From: November 2022 To: March 2023	47
Other capital expenditures			576
Total			896

3. Cash Reserves for Long-Term Repair Plans

SHR had no cash reserved for long-term repair plans as of the end of the fiscal period under review^(Note).

(Note) “Reserve fund for repair,” which has been reserved by management associations at the properties owned by SHR in order to secure expenses for repair works expected in the future, is not included in the cash reserves.

Condition of Expenses and Debts

1. Details of Expenses Pertaining to Management, etc.

(Unit: thousand yen)

Item	16th fiscal period From: May 1, 2022 To: Oct. 31, 2022	17th fiscal period From: Nov. 1, 2022 To: Apr. 30, 2023
Asset management fee	1,021,403	943,182
Asset custody fee	10,679	10,571
Administrative service fees	49,974	49,386
Directors' compensations	3,600	3,600
Other expenses	356,800	307,726
Total	1,442,457	1,314,467

(Note) In addition to the amounts shown above, the "Asset management fee" contains the asset management fees of 1,440 thousand yen for the 16th fiscal period and 660 thousand yen for the 17th fiscal period which were included in the book value of the silent partnership equity interest.

Condition of Investment Transactions

1. Status, etc. of Sale and Purchase of Real Estate, etc., Asset-Backed Securities, etc., Infrastructure Assets, etc. and Infrastructure-Related Assets

Name of real estate, etc.	Acquisition		Disposition			
	Acquisition date	Acquisition price (million yen) (Note)	Disposition date	Disposition price (million yen) (Note)	Book value (million yen)	Gain (Loss) on sale (million yen)
Silent partnership equity interests with Godo Kaisha Gemini2 as the operator	March 29, 2023	220	—	—	—	—
Total	—	220	—	—	—	—

(Note) “Acquisition price” and “Disposition price” indicate the transaction prices shown in the sales and purchase agreements for respective owned properties (excluding consumption tax, local consumption tax and miscellaneous expenses including transaction fees), rounded down to the nearest million yen. The same applies hereinafter.

2. Status, etc. in Respect of Sale and Purchase of Other Assets

Not applicable.

Main assets other than the abovementioned real estate, etc., asset-backed securities, etc., infrastructure assets, etc. and infrastructure-related assets are essentially bank deposits or bank deposits within assets in trust.

3. Investigation into Value, etc. of Specified Assets

(1) Real Estate, etc. (Appraisal)

Not applicable.

(2) Silent Partnership Equity Interests

Acquisition or Disposition	Stock name	Transaction date	Acquisition price (million yen)	Appraisal value (million yen)
Acquisition	Silent partnership equity interests with Godo Kaisha Gemini2 as the operator	March 29, 2023	220	220

(Note) Regarding transactions that require an investigation into the price, etc. of specified assets in accordance with Article 201, Paragraph 2 of the Investment Trust Act (1 acquisition transaction of the Silent partnership equity interests), Akasaka Limited Liability Audit Corporation conducts an investigation based on the “Practical Guidelines on the Agreed Procedures for Investigating the Price, etc. of Specialized Assets in Investment Trusts and Investment Corporations” in Guideline 4460 published by the Japan Certified Public Accountants Association. SHR has been notified of the results of the investigation.

(3) Others

Not applicable.

4. Status of Transactions with Interested Persons, etc.^(Note 1)

(1) Status of Transactions

Not applicable.

(2) Amount of Commission Fee, etc.

Category	Total amount of commission fee, etc. (A) (thousand yen)	Breakdown of transactions with interested persons, etc.		As a percentage of total amount (B/A) (%)
		Payee	Amount paid (B) (thousand yen)	
Management fee (Note 2)	1,095,551	Sekisui House Real Estate Tokyo, Ltd.	512,453	46.8
		Sekisui House Real Estate Chubu, Ltd.	69,635	6.4
		Sekisui House GM Partners, Ltd.	49,622	4.5
		Sekisui House, Ltd.	26,400	2.4
		Sekisui House Real Estate Kyushu, Ltd.	18,606	1.7
		Sekisui House Real Estate Kansai, Ltd.	3,435	0.3
		Sekisui House Real Estate Tohoku, Ltd.	1,050	0.1

(Note 1) “Interested persons, etc.” refers to interested persons, etc. of the asset management company with which SHR has executed an asset management entrustment agreement as provided in Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Order for Enforcement No. 480 of 2000, as amended) and Article 26, Item 27 of the Rules on Investment Reports, etc. of Investment Trusts and Investment Corporations of The Investment Trusts Association, Japan.

(Note 2) “Management fee” has been rounded down to the nearest thousand yen.

(Note 3) Other than the commission fee, etc. indicated above, the amounts paid to interested persons, etc. for repair works, etc. are as follows. The figures have been rounded down to the nearest thousand yen.

Sekisui House Real Estate Tokyo, Ltd	330,984	thousand yen
Sekisui House Real Estate Chubu, Ltd.	91,507	thousand yen
Sekisui House Real Estate Kyushu, Ltd.	39,061	thousand yen
Sekisui House GM Partners, Ltd.	29,298	thousand yen
Sekiwa Total Support Co., Ltd.	26,191	thousand yen
Sekisui House Real Estate Kansai, Ltd.	2,819	thousand yen
Sekisui House Real Estate Tohoku, Ltd.	1,378	thousand yen

5. Status, etc. of Transactions with the Asset Management Company Pertaining to Business Operations of Concurrent Business Engaged in by the Asset Management Company

There are no applicable transactions as of the end of the fiscal period under review, as SHAM does not concurrently engage in any type I financial instruments or type II financial instruments business (as defined in the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended)), building lots and buildings transaction business, or specified joint real estate ventures.

Other Information

1. Notice

(1) Meeting of the Board of Directors of the Investment Corporation

The major agreements and changes approved by the Board of Directors of the SHR during the fiscal year under review are outlined below.

Approval date	Item	Outline
Feb. 27, 2023	Entrustment of General Affairs Pertaining to Issuance of Investment Corporation Bonds	With regard to the entrustment of general affairs such as office work related to the issuance of investment corporation bonds, the candidate companies were approved and decisions on other necessary matters were left to the executive officers.

(2) Fraction of Amounts and Ratios

In this document, unless otherwise stated, figures are rounded down to the nearest whole number, and ratios are rounded off.

1. Financial Statements

(1) Balance Sheet

(Thousand yen)

	16th Fiscal Period (As of October 31, 2022)	17th Fiscal Period (As of April 30, 2023)
Assets		
Current assets		
Cash and deposits	11,416,266	10,950,123
Cash and deposits in trust	16,340,838	16,451,343
Operating accounts receivable	198,066	190,520
Income taxes refund receivable	—	1,243
Prepaid expenses	300,452	308,728
Other	58,286	170,352
Allowance for doubtful accounts	(2,653)	(2,791)
Total current assets	28,311,256	28,069,520
Non-current assets		
Property, plant and equipment		
Buildings in trust	184,641,536	185,350,612
Accumulated depreciation	(23,440,710)	(25,844,317)
Buildings in trust, net	161,200,826	159,506,295
Structures in trust	1,620,073	1,623,170
Accumulated depreciation	(333,254)	(365,798)
Structures in trust, net	1,286,818	1,257,371
Machinery and equipment in trust	2,387,047	2,419,653
Accumulated depreciation	(433,368)	(490,235)
Machinery and equipment in trust, net	1,953,678	1,929,418
Tools, furniture and fixtures in trust	870,024	1,015,435
Accumulated depreciation	(276,299)	(355,857)
Tools, furniture and fixtures in trust, net	593,724	659,578
Land in trust	368,656,815	368,656,815
Construction in progress in trust	17,859	—
Total property, plant and equipment	533,709,723	532,009,479
Intangible assets		
Leasehold rights in trust	6,034,763	5,979,645
Other	3,622	8,095
Total intangible assets	6,038,385	5,987,741
Investments and other assets		
Investment securities	486,179	684,910
Lease and guarantee deposits	1,530,346	1,530,346
Long-term prepaid expenses	625,332	643,969
Other	157,179	159,804
Total investments and other assets	2,799,038	3,019,030
Total non-current assets	542,547,147	541,016,251
Deferred assets		
Investment corporation bond issuance costs	107,395	94,196
Investment unit issuance costs	33,602	25,201
Total deferred assets	140,997	119,398
Total assets	570,999,401	569,205,170

(Thousand yen)

	16th Fiscal Period (As of October 31, 2022)	17th Fiscal Period (As of April 30, 2023)
Liabilities		
Current liabilities		
Operating accounts payable	1,116,383	923,839
Short-term loans payable	7,700,000	—
Current portion of investment corporation bonds	—	3,000,000
Current portion of long-term loans payable	31,310,000	40,050,000
Accounts payable – other	1,169,452	1,082,585
Accrued expenses	217,054	249,713
Income taxes payable	584	—
Accrued consumption taxes	678,924	—
Advances received	712,064	692,786
Derivatives liabilities	10,052	7,099
Other	12,758	8,932
Total current liabilities	42,927,275	46,014,955
Non-current liabilities		
Investment corporation bonds	31,500,000	28,500,000
Long-term loans payable	187,732,000	186,692,000
Tenant leasehold and security deposits in trust	14,353,152	14,380,909
Derivatives liabilities	2,149	—
Total non-current liabilities	233,587,302	229,572,909
Total liabilities	276,514,577	275,587,864
Net assets		
Unitholders’ equity		
Unitholders’ capital	161,283,304	161,283,304
Surplus		
Capital surplus	128,598,415	128,598,415
Deduction from capital surplus	*3 (3,999,964)	*3 (3,999,964)
Capital surplus, net	124,598,450	124,598,450
Voluntary reserve		
Reserve for reduction entry	993,722	911,281
Reserve for temporary difference adjustments	*4 417,038	*4 194,129
Total voluntary reserve	1,410,761	1,105,411
Unappropriated retained earnings	7,204,510	6,637,238
Total surplus	133,213,722	132,341,100
Total unitholders’ equity	294,497,026	293,624,405
Valuation and translation adjustments		
Deferred gains or losses on hedges	(12,202)	(7,099)
Total valuation and translation adjustments	(12,202)	(7,099)
Total net assets	*1 294,484,824	*1 293,617,306
Total liabilities and net assets	570,999,401	569,205,170

The accompanying notes are an integral part of these financial statements.

(2) Statement of Income and Retained Earnings

(Thousand yen)

		16th Fiscal Period (From May 1, 2022 to October 31, 2022)	17th Fiscal Period (From November 1, 2022 to April 30, 2023)
Operating revenue			
Rent revenue – real estate	*1	14,623,738	*1 14,908,879
Other lease business revenue	*1	459,098	*1 449,239
Gain on sale of real estate properties	*2	710,583	—
Gain on investments in silent partnership		3,650	7,818
Total operating revenue		15,797,070	15,365,937
Operating expenses			
Expenses related to rent business	*1	6,275,960	*1 6,543,453
Asset management fees		1,021,403	943,182
Asset custody fees		10,679	10,571
Administrative service fees		49,974	49,386
Directors' compensation		3,600	3,600
Provision of allowance for doubtful accounts		1,693	540
Other operating expenses		355,107	307,185
Total operating expenses		7,718,418	7,857,920
Operating income		8,078,652	7,508,017
Non-operating income			
Interest income		131	135
Reversal of distribution payable		588	768
Interest on refund		539	—
Settlement money from sale of real estate properties		—	1,005
Total non-operating income		1,258	1,909
Non-operating expenses			
Interest expenses		639,740	646,240
Interest expenses on investment corporation bonds		76,266	73,855
Borrowing related expenses		122,424	126,993
Amortization of investment unit issuance costs		15,502	8,400
Amortization of investment corporation bond issuance costs		13,860	13,198
Other		7,001	3,394
Total non-operating expenses		874,796	872,083
Ordinary income		7,205,115	6,637,843
Income before income taxes		7,205,115	6,637,843
Income taxes – current		605	605
Total income taxes		605	605
Net income		7,204,510	6,637,238
Unappropriated retained earnings		7,204,510	6,637,238

The accompanying notes are an integral part of these financial statements.

(3) Statement of Changes in Net Assets

16th Fiscal Period (From May 1, 2022 to October 31, 2022)

(Thousand yen)

	Unitholders' equity						
	Unitholders' capital	Surplus					
		Capital surplus			Voluntary reserve		
		Capital surplus	Deduction from capital surplus	Capital surplus, net	Reserve for reduction entry	Reserve for special account for reduction entry	Reserve for temporary difference adjustments
Balance at beginning of period	161,283,304	128,598,415	—	128,598,415	388,798	1,195,848	604,535
Changes of items during period							
Reversal of reserve for special account for reduction entry						(1,195,848)	
Provision of reserve for reduction entry					1,195,848		
Reversal of reserve for reduction entry					(590,923)		
Reversal of reserve for temporary difference adjustments							(187,497)
Distribution from surplus							
Net income							
Acquisition of own investment units							
Cancellation of own investment units			(3,999,964)	(3,999,964)			
Net changes of items other than unitholders' equity							
Total changes of items during period	—	—	(3,999,964)	(3,999,964)	604,924	(1,195,848)	(187,497)
Balance at end of period	*1 161,283,304	128,598,415	(3,999,964)	124,598,450	993,722	—	417,038

(Thousand yen)

(Thousand yen)

	Unitholders' equity					Valuation and translation adjustments	
	Surplus			Own investment units	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments
	Voluntary reserve	Unappropriated retained earnings	Total surplus				
	Total voluntary reserve						
Balance at beginning of period	2,189,182	6,745,643	137,533,240	—	298,816,545	(33,897)	(33,897)
Changes of items during period							
Reversal of reserve for special account for reduction entry	(1,195,848)	1,195,848	—		—		
Provision of reserve for reduction entry	1,195,848	(1,195,848)	—		—		
Reversal of reserve for reduction entry	(590,923)	590,923	—		—		
Reversal of reserve for temporary difference adjustments	(187,497)	187,497	—		—		
Distribution from surplus		(7,524,063)	(7,524,063)		(7,524,063)		
Net income		7,204,510	7,204,510		7,204,510		
Acquisition of own investment units				(3,999,964)	(3,999,964)		
Cancellation of own investment units			(3,999,964)	3,999,964	—		
Net changes of items other than unitholders' equity						21,695	21,695
Total changes of items during period	(778,420)	458,867	(4,319,518)	—	(4,319,518)	21,695	21,695
Balance at end of period	1,410,761	7,204,510	133,213,722	—	294,497,026	(12,202)	(12,202)

	Total net assets
Balance at beginning of period	298,782,647
Changes of items during period	
Reversal of reserve for special account for reduction entry	—
Provision of reserve for reduction entry	—
Reversal of reserve for reduction entry	—
Reversal of reserve for temporary difference adjustments	—
Distribution from surplus	(7,524,063)
Net income	7,204,510
Acquisition of own investment units	(3,999,964)
Cancellation of own investment units	—
Net changes of items other than unitholders' equity	21,695
Total changes of items during period	(4,297,823)
Balance at end of period	294,484,824

17th Fiscal Period (From November 1, 2022 to April 30, 2023)

(Thousand yen)

	Unitholders' equity						
	Unitholders' capital	Surplus					
		Capital surplus			Voluntary reserve		
		Capital surplus	Deduction from capital surplus	Capital surplus, net	Reserve for reduction entry	Reserve for temporary difference adjustments	Total voluntary reserve
Balance at beginning of period	161,283,304	128,598,415	(3,999,964)	124,598,450	993,722	417,038	1,410,761
Changes of items during period							
Reversal of reserve for reduction entry					(82,441)		(82,441)
Reversal of reserve for temporary difference adjustments						(222,908)	(222,908)
Distribution from surplus							
Net income							
Net changes of items other than unitholders' equity							
Total changes of items during period	—	—	—	—	(82,441)	(222,908)	(305,349)
Balance at end of period	*1 161,283,304	128,598,415	(3,999,964)	124,598,450	911,281	194,129	1,105,411

(Thousand yen)

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders ' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Unappropriated retained earnings	Total surplus				
Balance at beginning of period	7,204,510	133,213,722	294,497,026	(12,202)	(12,202)	294,484,824
Changes of items during period						
Reversal of reserve for reduction entry	82,441	—	—			—
Reversal of reserve for temporary difference adjustments	222,908	—	—			—
Distribution from surplus	(7,509,860)	(7,509,860)	(7,509,860)			(7,509,860)
Net income	6,637,238	6,637,238	6,637,238			6,637,238
Net changes of items other than unitholders' equity				5,103	5,103	5,103
Total changes of items during period	(567,271)	(872,621)	(872,621)	5,103	5,103	(867,518)
Balance at end of period	6,637,238	132,341,100	293,624,405	(7,099)	(7,099)	293,617,306

The accompanying notes are an integral part of these financial statements.

(4) Statement of Cash Distributions

Item	16th Fiscal Period (From May 1, 2022, to October 31, 2022)	17th Fiscal Period (From November 1, 2022, to April 30, 2023)
I . Unappropriated retained earnings	7,204,510,234 yen	6,637,238,451 yen
II . Reversal of voluntary reserve		
Reversal of reserve for reduction entry	82,441,009 yen	911,281,820 yen
Reversal of reserve for temporary difference adjustments	*1 222,908,905 yen	*1 194,129,553 yen
III Amount added to distributions in excess of earnings		
Allowance for temporary difference adjustments	— yen	*2 70,103,712 yen
IV . Cash distributions	7,509,860,148 yen	7,803,419,442 yen
[Cash distributions per unit]	[1,714 yen]	[1,781 yen]
Of which, distributions of earnings	— yen	7,733,315,730 yen
[Of which, distributions of earnings per unit]	[— yen]	[1,765 yen]
Of which, allowance for temporary difference adjustments	— yen	*2 70,103,712 yen
[Of which, distributions in excess of earnings per unit [associated with the allowance for temporary difference adjustments]]	[— yen]	[16 yen]
V . Retained earnings carried forward	— yen	9,334,094 yen
Method for calculating cash distributions	<p>The basic policy is to distribute in excess of an amount equivalent to 90% of the amount of earnings available for distribution of SHR provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation as set forth in Article 46, Paragraph 1, Item 2 of the Articles of Incorporation of SHR.</p> <p>Based on such policy, SHR decided to distribute 7,509,860,148yen, which is obtained by adding a reversal of the reserve for temporary difference adjustments (222,908,905yen) and a reversal of the reserve for reduction entry (82,441,009yen) to unappropriated retained earnings, as distribution of earnings.</p> <p>SHR will not distribute cash in excess of earnings as set forth in Article 46, Paragraph 2 of the Articles of Incorporation of SHR.</p>	<p>The basic policy is to distribute in excess of an amount equivalent to 90% of the amount of earnings available for distribution of SHR provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation as set forth in Article 46, Paragraph 1, Item 2 of the Articles of Incorporation of SHR.</p> <p>Based on such policy, SHR decided to distribute 7,733,315,730 yen, which is obtained by adding a reversal of the reserve for temporary difference adjustments (194,129,553 yen) and a reversal of the reserve for reduction entry(911,281,820 yen) to unappropriated retained earnings as distribution of earnings</p> <p>In addition, pursuant to the policy for "distribution of money in excess of profits" as set forth in Article 46, Paragraph 2 of the Articles of Incorporation of SHR, SHR decided to make a distribution for the 70,103,712 yen in allowance for temporary difference adjustments for the purpose of reflecting the effect on distributions of tax and accounting differences.</p>

(5) Statement of Cash Flows

(Thousand yen)

	16th Fiscal Period (From May 1, 2022 to October 31, 2022)	17th Fiscal Period (From November 1, 2022 to April 30, 2023)
Cash flows from operating activities		
Income before income taxes	7,205,115	6,637,843
Depreciation and amortization	2,574,622	2,629,281
Amortization of investment corporation bond issuance costs	13,860	13,198
Amortization of investment unit issuance costs	15,502	8,400
Interest income	(131)	(135)
Interest expenses	716,007	720,095
Decrease (increase) in operating accounts receivable	(9,646)	7,546
Decrease (increase) in consumption taxes receivable	156,161	(125,262)
Decrease (increase) in prepaid expenses	(40,674)	(8,275)
Decrease (increase) in long-term prepaid expenses	15,990	(18,637)
Increase (decrease) in operating accounts payable	181,951	(117,546)
Increase (decrease) in accounts payable – other	124,450	(87,023)
Increase (decrease) in accrued consumption taxes	678,924	(678,924)
Increase (decrease) in advances received	14,733	(19,277)
Decrease due to sale of property, plant and equipment in trust	22,309,047	—
Other, net	(61,136)	16,976
Subtotal	33,894,779	8,978,259
Interest income received	131	135
Interest expenses paid	(707,296)	(695,165)
Income taxes paid	(600)	(584)
Net cash provided by operating activities	33,187,013	8,282,644
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(10,421,309)	(947,849)
Purchase of intangible assets in trust	(3,726,416)	—
Purchase of intangible assets	(420)	(5,995)
Proceeds from refunds of investment securities	—	21,642
Purchases of investment securities	(482,529)	(221,507)
Payments for lease and guarantee deposits	(728,830)	—
Proceeds from tenant leasehold and security deposits in trust	344,981	1,521,103
Repayments of tenant leasehold and security deposits in trust	(661,699)	(1,493,347)
Decrease (increase) in other investments	(18,585)	(2,625)
Net cash provided by (used in) investing activities	(15,694,808)	(1,128,578)
Cash flows from financing activities		
Repayments of short-term loans payable	(6,000,000)	(7,700,000)
Proceeds from long-term loans payable	16,000,000	18,800,000
Repayments of long-term loans payable	(12,400,000)	(11,100,000)
Redemption of investment corporation bonds	(3,000,000)	—
Purchase of own investment units	(3,999,964)	—
Dividends paid	(7,522,876)	(7,509,703)
Net cash provided by (used in) financing activities	(16,922,840)	(7,509,703)
Net increase (decrease) in cash and cash equivalents	569,364	(355,637)
Cash and cash equivalents at beginning of period	27,187,740	27,757,104
Cash and cash equivalents at end of period	*1 27,757,104	*1 27,401,467

The accompanying notes are an integral part of these financial statements.

(6) Notes to Financial Statements

1. Organization

Sekisui House Reit, Inc. (“SHR”) is a Japanese real estate investment corporation established in September 2014 under the Act on Investment Trusts and Investment Corporations of Japan (the “Investment Trust Act”). On December 3, 2014, SHR commenced its investment operations when it was listed on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange, and it acquired three properties (total acquisition cost of 114.3 billion yen) on the same day.

SHR implemented a 2-for-1 split of its investment units with May 1, 2018 as the effective date.

SHR conducted an absorption-type merger with Sekisui House Residential Investment Corporation (“SHI”) as the dissolved corporation, setting May 1, 2018 as the effective date.

SHR is externally managed by a licensed asset management company, Sekisui House Asset Management, Ltd. (the “Asset Management Company”).

Sekisui House Asset Management, Ltd., previously called Sekisui House Investment Advisors, Ltd., carried out an absorption-type merger with Sekisui House Asset Management, Ltd. (the “former SHAM”), which was the asset management company for SHI, on May 1, 2018, with the Asset Management Company being the surviving company and the former SHAM being the dissolved company, and changed its company name to the current one.

2. Basis of Presentation

SHR maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), including provisions set forth in the Financial Instruments and Exchange Act, the Investment Trust Act, the Companies Act and the related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are basically a translation of the financial statements of SHR, which were prepared in accordance with Japanese GAAP and were presented in its Securities Report filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to the financial statements include certain information which might not be required under Japanese GAAP but is presented herein as additional information.

SHR’s fiscal period is a six-month period, which ends at the end of April and October of each year.

SHR does not prepare consolidated financial statements as it has no subsidiaries.

Unless otherwise specified, amounts have been rounded down to the nearest thousand yen in the accompanying financial statements and the notes thereto. As a result, the amounts shown in the financial statements and notes thereto do not necessarily agree with the sum of the individual account balances.

3. Summary of Significant Accounting Policies

1. Standards and methods for valuation of assets	<p>Securities</p> <p>Other securities</p> <p>Silent partnership equity interests</p> <p>The amount equivalent to the share of the net profit or loss of the silent partnership will be incorporated.</p>								
2. Method of depreciation and amortization of non-current assets	<p>(1) Property, plant and equipment (including assets in trust)</p> <p>Depreciation is calculated using the straight-line method.</p> <p>The useful lives of principal property, plant and equipment are as follows:</p> <table> <tr> <td>Buildings</td><td>3-69 years</td></tr> <tr> <td>Structures</td><td>6-52 years</td></tr> <tr> <td>Machinery and equipment</td><td>10-61 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>2-15 years</td></tr> </table> <p>(2) Intangible assets</p> <p>Intangible assets are amortized utilizing the straight-line method.</p> <p>Leasehold rights in trust are amortized on a straight-line basis over the remaining life of each fixed-term land lease contract.</p> <p>(3) Long-term prepaid expenses</p> <p>Long-term prepaid expenses are amortized utilizing the straight-line method.</p>	Buildings	3-69 years	Structures	6-52 years	Machinery and equipment	10-61 years	Tools, furniture and fixtures	2-15 years
Buildings	3-69 years								
Structures	6-52 years								
Machinery and equipment	10-61 years								
Tools, furniture and fixtures	2-15 years								
3. Accounting for deferred assets	<p>(1) Investment corporation bond issuance costs</p> <p>Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods.</p> <p>(2) Investment unit issuance costs</p> <p>Investment unit issuance costs are amortized utilizing the straight-line method (over 3 years).</p>								
4. Standards for recording allowance	<p>Allowance for doubtful accounts</p> <p>To prepare for possible losses arising from default on receivables, the estimated uncollectable amount is recorded by examining collectability on a case-by-case basis for doubtful and other specific receivables.</p>								
5. Standards for revenue and expense recognition	<p>(1) Revenue recognition</p> <p>The details of the main performance obligations relating to revenue arising from contracts with customers and the timing (usual timing of revenue recognition) when such performance obligations are satisfied are as follows.</p> <p>1) Sale of real estate, etc.</p> <p>With regard to the sale of real estate, etc., income is calculated based on when the buyer gains control over the real estate, etc., at the point in time the delivery obligation stipulated in the contract relating to the sale of the real estate is satisfied.</p> <p>2) Utilities revenue</p> <p>Utilities revenue mainly represents water utility revenue. With regard to water utility revenue, revenue is calculated based on the provision of electricity, water, etc. to lessees, as customers, under lease contracts for real estate, etc., and the agreements that are attached to the contracts.</p> <p>As for the water utility revenue when SHR is deemed to be acting as an agent in the transaction, revenue is recognized at the net amount after deducting the amount to be paid to other parties from the amount received as the payment for electricity, gas, etc. supplied by those other parties.</p> <table> <tr> <td>Rent revenue</td><td>SHR generally recognizes rent revenue, including fixed rent revenues, variable rent revenues and common area charges, on an accrual basis over the term of each lease agreement.</td></tr> <tr> <td>Other lease business revenue</td><td>Other lease business revenue is recognized in accordance with Japanese GAAP, typically as the amounts under the relevant agreements become due.</td></tr> </table>	Rent revenue	SHR generally recognizes rent revenue, including fixed rent revenues, variable rent revenues and common area charges, on an accrual basis over the term of each lease agreement.	Other lease business revenue	Other lease business revenue is recognized in accordance with Japanese GAAP, typically as the amounts under the relevant agreements become due.				
Rent revenue	SHR generally recognizes rent revenue, including fixed rent revenues, variable rent revenues and common area charges, on an accrual basis over the term of each lease agreement.								
Other lease business revenue	Other lease business revenue is recognized in accordance with Japanese GAAP, typically as the amounts under the relevant agreements become due.								

	<p>(2) Accounting for property taxes</p> <p>In accounting for property tax, city planning tax, depreciable asset tax, etc. on real estate, etc., of the tax amount assessed and determined, the amount corresponding to the applicable calculation period is expensed as expenses related to rent business.</p> <p>Reimbursement of property tax, paid to the seller upon the acquisition of real estate or trust beneficiary interests of real estate as assets in trust, is not recognized as expenses related to rent business in the corresponding fiscal period but included in the acquisition cost of the property.</p> <p>Property taxes capitalized as a part of the acquisition cost amounted to 54,790 thousand yen for the 16th fiscal period.</p>
6. Method of hedge accounting	<p>(1) Method of hedge accounting</p> <p>Deferral hedge accounting is applied. However, the special accounting treatment is applied to interest rate swaps that meet the criteria for the special accounting treatment.</p> <p>(2) Hedging instruments and hedged items</p> <p>Hedging instruments: Interest rate swap transactions</p> <p>Hedged items: Interest on loans</p> <p>(3) Hedging policy</p> <p>SHR conducts derivative transactions for the purpose of hedging the risks set forth in its Articles of Incorporation based on its basic risk management policy.</p> <p>(4) Method for assessing the effectiveness of hedging</p> <p>Interest rate swaps meet the criteria for the special accounting treatment and an assessment of the effectiveness is thus omitted.</p> <p>(5) Special accounting treatment</p> <p>Under the special accounting treatment, interest rate swaps are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in or deducted from interest expense. Any amounts received under interest rate swaps subject to such accounting treatment are not recognized as income on the accompanying statements of income and retained earnings but rather have the effect of decreasing interest expenses.</p>
7. Scope of funds in the statement of cash flows	<p>The funds (cash and cash equivalents) in the statement of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p>
8. Other significant matters serving as basis for preparation of financial statements	<p>Accounting for trust beneficiary interests of real estate, etc. as assets in trust</p> <p>Concerning trust beneficiary interests of real estate, etc. as assets in trust, all accounts of assets and liabilities within assets in trust as well as all accounts of revenue and expenses from the assets in trust are recognized in the relevant account items on the balance sheet and the statement of income and retained earnings.</p> <p>The following material items of the assets in trust recognized in the relevant account items are separately listed on the balance sheet.</p> <ol style="list-style-type: none"> 1) Cash and deposits in trust 2) Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust; Leasehold rights in trust 3) Tenant leasehold and security deposits in trust

4. Notes to Balance Sheet

*1. Minimum net assets designated in Article 67-4 of the Investment Trust Act

(Thousand yen)

	16th Fiscal Period (As of October 31, 2022)	17th Fiscal Period (As of April 30, 2023)
	50,000	50,000

2. Commitment line agreement

SHR has entered into a commitment line agreement with three financial institutions in order to secure flexible and stable financing.

(Thousand yen)

	16th Fiscal Period (As of October 31, 2022)	17th Fiscal Period (As of April 30, 2023)
Total amount of commitment line	15,000,000	15,000,000
Balance executed as loans	—	—
Unused line of credit	15,000,000	15,000,000

*3. Status of cancellation of own investment units

	16th Fiscal Period (As of October 31, 2022)	17th Fiscal Period (As of April 30, 2023)
Total number of units cancelled	49,651 units	49,651 units
Total amount cancelled	3,999,964 thousand yen	3,999,964 thousand yen

(Note) There were no cancellations of own investment units during the fiscal period under review.

*4. Matters concerning accounting for reserve and reversal of reserve for temporary difference adjustments

(Thousand yen)

	16th Fiscal Period (As of October 31, 2022)	17th Fiscal Period (As of April 30, 2023)
Gain on negative goodwill (*)		
Initial amount	1,556,827	1,556,827
Balance at beginning of period	604,535	417,038
Reserve amount during period	—	—
Reversal amount during period	187,497	222,908
Balance at end of period	417,038	194,129
Reason for reserve and reversal	Appropriated for distributions	Appropriated for distributions

(*) This is part of the gain on negative goodwill that occurred in the past fiscal years, and from the fiscal period following the fiscal period in which it was accumulated, SHR plans to reverse 1% or more of the corresponding amount divided equally over 50 years and apply it to cash distributions..

(*) This is part of the gain on negative goodwill that occurred in the past fiscal years, and from the fiscal period following the fiscal period in which it was accumulated, SHR plans to reverse 1% or more of the corresponding amount divided equally over 50 years and apply it to cash distributions.

5. Notes to Statement of Income and Retained Earnings

*1. Breakdown of property-related operating revenue and expenses

(Thousand yen)

	16th Fiscal Period (From May 1, 2022 to October 31, 2022)		17th Fiscal Period (From November 1, 2022 to April 30, 2023)	
A. Property-related operating revenue				
Rent revenue – real estate				
Rental income	14,263,700		14,540,845	
Other	360,038	14,623,738	368,034	14,908,879
Other lease business revenue				
Utilities revenue	241,565		216,387	
Other	217,532	459,098	232,852	449,239
Total property-related operating revenue		15,082,836		15,358,119
B. Property-related operating expenses				
Expenses related to rent business				
Subcontract expenses	597,696		621,291	
Property management fees	470,667		475,413	
Trust fees	43,221		49,506	
Utilities expenses	391,838		468,192	
Property and other taxes	1,065,322		1,066,052	
Insurance expenses	18,820		17,504	
Repair expenses	390,295		392,513	
Depreciation	2,573,621		2,627,759	
Other expenses related to rent business	724,475	6,275,960	825,218	6,543,453
Total property-related operating expenses		6,275,960		6,543,453
C. Property-related operating income [A – B]		8,806,876		8,814,666

*2. Breakdown of gain on sale of real estate properties

16th Fiscal Period (From May 1, 2022 to October 31, 2022)

(Thousand yen)

The Ritz-Carlton, Kyoto	
Proceeds from sale of real estate property	23,000,000
Cost of real estate property	22,288,419
Other sales expenses	996
Gain on sale of real estate property	710,583

17th Fiscal Period (From November 1, 2022 to April 30, 2023)

Not applicable.

6. Notes to Statement of Changes in Net Assets

*1 Total number of authorized investment units and total number of investment units issued

	16th Fiscal Period (From May 1, 2022 to October 31, 2022)	17th Fiscal Period (From November 1, 2022 to April 30, 2023)
Total number of authorized investment units	20,000,000units	20,000,000units
Total number of investment units issued	4,381,482units	4,381,482units

7. Notes to Statement of Cash Distributions

*1 Reserve for temporary difference adjustments

16th Fiscal Period (From May 1, 2022 to October 31, 2022)	17th Fiscal Period (From November 1, 2022 to April 30, 2023)
With regard to the reserve for temporary difference adjustments, SHR plans to drawdown at least 1% of the reserve for each fiscal period (corresponding to the amount of the reserve expensed equally over 50 years) and appropriate the amount for cash distributions, starting from the fiscal period following the fiscal period in which the reserve was made. SHR decided to drawdown 222,908,905 yen for the 16th fiscal period.	With regard to the reserve for temporary difference adjustments, SHR plans to drawdown at least 1% of the reserve for each fiscal period (corresponding to the amount of the reserve expensed equally over 50 years) and appropriate the amount for cash distributions, starting from the fiscal period following the fiscal period in which the reserve was made. SHR decided to drawdown 194,129,553 yen for the 17th fiscal period.

*2 Allowance for Temporary Difference Adjustments

16th Fiscal Period (From May 1, 2022 to October 31, 2022)

Not applicable.

17th Fiscal Period (From November 1, 2022 to April 30, 2023)

1. Reason for provision, related assets etc. and amount of provision

(Thousand yen)

Related assets, etc.	Reason for provision	Amount of allowance for temporary difference adjustments
Buildings in trust, etc.	Excess depreciation related to depreciation at merger	63,004
Deferred gains or losses on hedges	Incurrence of loss on valuation of interest swaps	7,099
Total		70,103

2. Specific method of reversal

Item	Method of reversal
Buildings in trust, etc.	In principle, the allowance for temporary difference adjustments related to a merger is not reversed.
Deferred gains or losses on hedges	Schedule to be reversed based on changes in fair value of derivatives as hedging instruments.

8. Notes to Statement of Cash Flows

*1 Reconciliation of cash and cash equivalents at end of period to the corresponding balance sheet items

(Thousand yen)

	16th Fiscal Period (From May 1, 2022 to October 31, 2022)	17th Fiscal Period (From November 1, 2022 to April 30, 2023)
Cash and deposits	11,416,266	10,950,123
Cash and deposits in trust	16,340,838	16,451,343
Cash and cash equivalents	27,757,104	27,401,467

9. Lease Transactions

Operating lease transactions as lessee

Future minimum lease payments

(Thousand yen)

	16th Fiscal Period (As of October 31, 2022)	17th Fiscal Period (As of April 30, 2023)
Due within 1 year	777,936	779,496
Due after 1 year	41,449,423	41,141,003
Total	42,227,359	41,920,499

Operating lease transactions as lessor

Future minimum lease income

(Thousand yen)

	16th Fiscal Period (As of October 31, 2022)	17th Fiscal Period (As of April 30, 2023)
Due within 1 year	11,245,203	10,507,655
Due after 1 year	29,814,333	14,022,741
Total	41,059,536	24,530,397

10. Financial Instruments

1. Status of financial instruments

(1) Policy for financial instruments

Making it a policy to conduct stable and sound financial operations that would contribute to steady growth of its investment assets as well as efficient management and stability of management, SHR shall procure funds through borrowings or the issuance of investment corporation bonds for the purposes of utilizing such funds for the acquisition of assets, payments of repair expenses or distributions, operations of SHR, repayment of obligations or other.

For derivative transactions, the policy is that derivative transactions shall be limited to those for the purpose of hedging the risk of fluctuations in interest rates on liabilities and foreign currency risk in the case of overseas real estate investments, and that no speculative transactions shall be conducted.

(2) Description of financial instruments and associated risks, and risk management structure

The funds procured through borrowings shall be used mainly for the acquisition of investment assets and for repayment of loans.

The availability and terms and conditions of borrowings and the issuance of investment corporation bonds may be affected by SHR's financial creditworthiness, the interest rate situation and other factors, and there is thus no guarantee that funds can be procured at SHR's desired timing and terms and conditions. Furthermore, loans with floating interest rates are susceptible to subsequent market trends.

SHR manages and limits the liquidity risk and the risk of fluctuations in interest rates associated with such fund procurement by diversifying fund procurement sources and means and by maintaining the ratio of interest-bearing liabilities to total assets and the ratio of floating-rate loans to total loans at appropriate levels. Furthermore, for certain loans with floating interest rates, derivative transactions (interest rate swap transactions) are used as a hedging instrument for hedging the risk of fluctuations in interest rates based on rules that set forth the basic policy for handling derivative transactions and risk management. Investment securities are investments in TK (tokumei kumiai) and are exposed to the credit risk of the issuer and the risk of fluctuations in the value of real estate, etc.

(3) Supplementary explanation of matters concerning fair value of financial instruments

As the calculations involve variable factors, there may be cases where the corresponding values will vary when different assumptions are adopted. In addition, the contract amounts of derivative transactions in “2. Matters concerning fair value of financial instruments” do not represent the market risk involved in the derivative transactions.

2. Matters concerning fair value of financial instruments

The carrying amount and fair value of financial instruments as of October 31, 2022 and April 30, 2023, and the difference between them are as follows.

16th Fiscal Period (As of October 31, 2022)

Investments in TK (tokumei kumiai) real estate equity interest (Note 3) are not included in the table below. Information on “Cash and deposits,” “Cash and deposits in trust,” and “Short-term loans payable” is omitted as these are settled within a short period of time, thus the fair value approximates the book value. Also, as “Tenant leasehold and security deposits in trust” are immaterial, related notes are omitted.

(Thousand yen)

	Book value recorded on the balance sheet	Fair value	Difference
(1) Current portion of investment corporation bonds	—	—	—
(2) Current portion of long-term loans payable	31,310,000	31,316,902	6,902
(3) Investment corporation bonds	31,500,000	31,306,127	(193,872)
(4) Long-term loans payable	187,732,000	187,048,027	(683,972)
Total liabilities	250,542,000	249,671,057	(870,942)
(5) Derivative transactions (*)	(12,202)	(12,202)	—
Total derivative transactions (*)	(12,202)	(12,202)	—

(*) Amounts arising from derivative transactions are shown on a net basis with any amounts inside square parentheses () indicating a net liability position.

(Note 1) Method of calculating the fair value of financial instruments

(1) Current portion of investment corporation bonds (3) Investment corporation bonds

The fair value of investment corporation bonds is based on the quoted market price.

Of the investment corporation bonds issued by SHR, the fair value of those with a market price is based on the quoted market price. For those where it is difficult to obtain the fair value based on the quoted market price, the fair value is based on the method of calculating by discounting the combined total of principal and interest by a reasonably estimated interest rate applicable when conducting similar fund procurement for the remaining period of the bonds.

(2) Current portion of long-term loans payable (4) Long-term loans payable

As the long-term loans payable with floating interest rates reflect interest rate changes within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value (provided, however, that for long-term loans payable with floating interest rates that qualify for the special accounting treatment of interest rate swaps (please refer to “12. Derivative Transactions”), the fair value is based on the method of calculation in which the sum total amount of principal and interest accounted for with the interest rate swap is discounted by the rate assumed in the event of a similar new drawdown). In addition, for those with fixed interest rates, the fair value is based on the method of calculation in which the sum total amount of principal and interest is discounted by the rate assumed in the event of a similar new drawdown corresponding to the remaining period.

(5) Derivative transactions

Please refer to “12. Derivative Transactions” .

17th Fiscal Period (As of April 30, 2023)

Investments in TK (tokumei kumiai) real estate equity interest (Note 3) are not included in the table below. Information on “Cash and deposits,” “Cash and deposits in trust,” and “Short-term loans payable” is omitted as these are settled within a short period of time, thus the fair value approximates the book value. Also, as “Tenant leasehold and security deposits in trust” are immaterial, related notes are omitted.

(Thousand yen)

	Book value recorded on the balance sheet	Fair value	Difference
(1) Current portion of investment corporation bonds	3,000,000	3,018,073	18,073
(2) Current portion of long-term loans payable	40,050,000	40,064,785	14,785
(3) Investment corporation bonds	28,500,000	28,295,100	(204,899)
(4) Long-term loans payable	186,692,000	186,584,845	(107,154)
Total liabilities	258,242,000	257,962,805	(279,194)
(5) Derivative transactions (*)	(7,099)	(7,099)	—
Total derivative transactions (*)	(7,099)	(7,099)	—

(*) Amounts arising from derivative transactions are shown on a net basis with any amounts inside square parentheses () indicating a net liability position.

(Note 1) Method of calculating the fair value of financial instruments

(1) Current portion of investment corporation bonds (3) Investment corporation bonds

The fair value of investment corporation bonds is based on the quoted market price.

Of the investment corporation bonds issued by SHR, the fair value of those with a market price is based on the quoted market price. For those where it is difficult to obtain the fair value based on the quoted market price, the fair value is based on the method of calculating by discounting the combined total of principal and interest by a reasonably estimated interest rate applicable when conducting similar fund procurement for the remaining period of the bonds.

(2) Current portion of long-term loans payable (4) Long-term loans payable

As the long-term loans payable with floating interest rates reflect interest rate changes within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value (provided, however, that for long-term loans payable with floating interest rates that qualify for the special accounting treatment of interest rate swaps (please refer to “12. Derivative Transactions”), the fair value is based on the method of calculation in which the sum total amount of principal and interest accounted for with the interest rate swap is discounted by the rate assumed in the event of a similar new drawdown). In addition, for those with fixed interest rates, the fair value is based on the method of calculation in which the sum total amount of principal and interest is discounted by the rate assumed in the event of a similar new drawdown corresponding to the remaining period.

(5) Derivative transactions

Please refer to “12. Derivative Transactions” .

(Note 2) Repayment schedule of investment corporation bonds and loans after the closing date
16th Fiscal Period (As of October 31, 2022)

(Thousand yen)

	Due in 1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Due after 5 years
Investment corporation bonds	—	10,000,000	9,000,000	2,000,000	—	10,500,000
Long-term loans payable	31,310,000	35,545,000	34,213,000	25,780,000	21,687,000	70,507,000

17th Fiscal Period (As of April 30, 2023)

(Thousand yen)

	Due in 1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Due after 5 years
Investment corporation bonds	3,000,000	12,000,000	4,000,000	2,000,000	—	10,500,000
Long-term loans payable	40,050,000	32,505,000	32,543,000	19,637,000	28,280,000	73,727,000

(Note 3) Investments in TK (tokumei kumiai) real estate equity interest

In accordance with the treatment stipulated in Paragraph 24-16 of “Implementation Guidance on Accounting for Fair Value Measurement” (ASBJ Guidance No.31, June 17, 2021, Accounting Standards Board of Japan), matters described in Paragraph 4-1 of “Implementation Guidance on Fair Value Measurement of Financial Instruments” (ASBJ Guidance No.19, March 31, 2020) have been omitted. The carrying amount on the balance sheet for investments in TK real estate equity interest according to the above implementation is 486,179 thousand yen for the 16th period and 684,910 thousand yen for the 17th fiscal period.

11. Securities

16th Fiscal Period (From May 1, 2022 to October 31, 2022)

Not applicable.

17th Fiscal Period (From November 1, 2022 to April 30, 2023)

Not applicable.

12. Derivative Transactions

1. Derivatives to which hedge accounting is not applied

16th Fiscal Period (From May 1, 2022 to October 31, 2022)

Not applicable.

17th Fiscal Period (From November 1, 2022 to April 30, 2023)

Not applicable.

2. Derivatives to which hedge accounting is applied

The following is the contract amount or the amount equivalent to the principal provided in the contract as of the closing date for each method of hedge accounting.

16th Fiscal Period (As of October 31, 2022)

(Thousand yen)

Method of hedge accounting	Type of derivative transactions	Main hedged item	Contract amount		Fair value	Calculation method of fair value
				Of which, over 1 year		
Principal method	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	Long-term loans payable	13,750,000	4,750,000	(12,202)	(Note1)
Special accounting treatment for interest rate swaps	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	Long-term loans payable	117,611,000	103,301,000	(Note2)	—

(Note1) Fair value is quoted by counterparties based on the prevailing market interest rates.

(Note2) As derivative transactions qualifying for the special accounting treatment for interest rate swaps are accounted for with the hedged long-term loans payable, the fair value is included in the fair value of the underlying long-term loans payable (please refer to “ 10. Financial Instruments; 2. Matters concerning fair value of financial instruments (Note 1)”).

17th Fiscal Period (As of April 30, 2023)

(Thousand yen)

Method of hedge accounting	Type of derivative transactions	Main hedged item	Contract amount		Fair value	Calculation method of fair value
				Of which, over 1 year		
Principal method	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	Long-term loans payable	6,650,000	—	(7,099)	(Note1)
Special accounting treatment for interest rate swaps	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	Long-term loans payable	115,961,000	96,951,000	(Note2)	—

(Note1) Fair value is quoted by counterparties based on the prevailing market interest rates.

(Note2) As derivative transactions qualifying for the special accounting treatment for interest rate swaps are accounted for with the hedged long-term loans payable, the fair value is included in the fair value of the underlying long-term loans payable (please refer to “ 10. Financial Instruments; 2. Matters concerning fair value of financial instruments (Note 1)”).

13. Retirement Benefits

16th Fiscal Period (From May 1, 2022 to October 31, 2022)

Not applicable.

17th Fiscal Period (From November 1, 2022 to April 30, 2023)

Not applicable.

14. Income Taxes

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

(Thousand yen)

	16th Fiscal Period (As of October 31, 2022)	17th Fiscal Period (As of April 30, 2023)
Deferred tax assets		
Valuation difference on assets acquired due to merger	1,498,036	1,482,723
Amortization of leasehold rights in trust	65,937	82,086
Deferred gains or losses on hedges	3,838	2,233
Deferred tax assets (subtotal)	1,567,813	1,567,042
Valuation allowance for total deductible temporary difference	(1,567,813)	(1,567,042)
Total deferred tax assets	—	—
Net deferred tax assets	—	—

2. Breakdown of major items that caused significant differences between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

(%)

	16th Fiscal Period (As of October 31, 2022)	17th Fiscal Period (As of April 30, 2023)
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible cash distribution	(32.79)	(36.98)
Changes in valuation allowance	0.96	1.20
Reversal of reserve for reduction entry	0.36	4.32
Other	0.02	0.01
Effective income tax rate after application of tax-effect accounting	0.01	0.01

15. Profit or Loss of Affiliates Accounted for Under the Equity Method

16th Fiscal Period (From May 1, 2022 to October 31, 2022)

Not applicable.

17th Fiscal Period (From November 1, 2022 to April 30, 2023)

Not applicable.

16. Transactions with Related Parties

1. Parent company and major corporate unitholders.

16th Fiscal Period (From May 1, 2022 to October 31, 2022)

Not applicable.

17th Fiscal Period (From November 1, 2022 to April 30, 2023)

Not applicable.

2. Subsidiaries and affiliates.

16th Fiscal Period (From May 1, 2022 to October 31, 2022)

Not applicable.

17th Fiscal Period (From November 1, 2022 to April 30, 2023)

Not applicable.

3. Sister companies.
16th Fiscal Period (From May 1, 2022 to October 31, 2022)
Not applicable.
- 17th Fiscal Period (From November 1, 2022 to April 30, 2023)
Not applicable.
4. Directors and major individual unitholders.
16th Fiscal Period (From May 1, 2022 to October 31, 2022)
Not applicable.
- 17th Fiscal Period (From November 1, 2022 to April 30, 2023)
Not applicable.

17. Revenue Recognition

1. Breakdown of revenue from contracts with customers
16th Fiscal Period (From May 1, 2022 to October 31, 2022)

(Thousand yen)

	Revenue from contracts with customers (Note1)	Net sales to external customers
Sale of real estate, etc.	23,000,000	(Note2) 710,583
Utilities revenue	241,565	241,565
Other	—	14,844,921
Total	23,241,565	15,797,070

(Note1) Rental revenue, etc. subject to ASBJ Statement No. 13, “Accounting Standard for Lease Transactions” is not included in “Revenue from Contracts with Customers” because such revenue is excluded from the application of the revenue recognition standard. Revenues from contracts with major customers consist of revenues from the sale of real estate and other assets and utilities revenue.

(Note2) Regarding the sale of real estate, etc., in accordance with Article 48, Paragraph 2 of the Regulations on Accounting of Investment Corporations (Cabinet Office Ordinance No. 47, 2006), gain on the sale of real estate properties, etc. is shown in the statement of income and retained earnings after deducting cost of real estate property and direct sales expenses from the proceeds from the sale of real estate, etc.

17th Fiscal Period (From November 1, 2022 to April 30, 2023)

(Thousand yen)

	Revenue from contracts with customers (Note1)	Net sales to external customers
Sale of real estate, etc.	—	(Note2) —
Utilities revenue	216,387	216,387
Other	—	15,149,550
Total	216,387	15,365,937

(Note1) Rental revenue, etc. subject to ASBJ Statement No. 13, “Accounting Standard for Lease Transactions” is not included in “Revenue from Contracts with Customers” because such revenue is excluded from the application of the revenue recognition standard. Revenues from contracts with major customers consist of revenues from the sale of real estate and other assets and utilities revenue.

(Note2) Regarding the sale of real estate, etc., in accordance with Article 48, Paragraph 2 of the Regulations on Accounting of Investment Corporations (Cabinet Office Ordinance No. 47, 2006), gain on the sale of real estate properties, etc. is shown in the statement of income and retained earnings after deducting cost of real estate property and direct sales expenses from the proceeds from the sale of real estate, etc.

2. Information to understand revenue from contracts with customers

16th Fiscal Period (From May 1, 2022 to October 31, 2022)

As stated in “3. Summary of Significant Accounting Policies”

17th Fiscal Period (From November 1, 2022 to April 30, 2023)

As stated in “3. Summary of Significant Accounting Policies”

3. Information on the relationship between performance obligations under contracts with customers and cash flows resulting from such contracts, and the amount and timing of proceeds expected to be recognized in the next fiscal period or thereafter from contracts with customers existing at the end of this fiscal period

(1) Balance of contract assets and contract liabilities, etc.

(Thousand yen)

	16th Fiscal Period (From May 1, 2022 to October 31, 2022)	17th Fiscal Period (From November 1, 2022 to April 30, 2023)
Claims arising from contracts with customers (Balance at beginning of period)	43,843	55,312
Claims arising from contracts with customers (Balance at end of period)	55,312	52,404
Contract assets (Balance at beginning of period)	—	—
Contract assets (Balance at end of period)	—	—
Contract liabilities (Balance at beginning of period)	—	—
Contract liabilities (Balance at end of period)	—	—

(2) Transaction prices allocated to the remaining performance obligations

16th Fiscal Period (From May 1, 2022 to October 31, 2022)

With regard to utilities revenue, SHR recognizes proceeds in the amount that SHR has the right to claim in accordance with Clause 19 of the Accounting Standard for Revenue Recognition, because SHR has the right to receive from the lessee, as the customer, an amount of compensation directly corresponding to the value of the items provided up to the end of the fiscal period. Accordingly, SHR applies the provisions of Clause 80-22(2) of Accounting Standard for Revenue Recognition and does not include related information in the notes on transaction prices allocated to the remaining performance obligations.

17th Fiscal Period (From November 1, 2022 to April 30, 2023)

As of April 30, 2023, the transaction price allocated to the remaining performance obligations related to the sale of real estate, etc. is 70,000,000 thousand yen for which the sale and purchase agreement was entered into on March 29, 2023.

SHR plans to recognize revenue for the remaining performance obligations as follows upon delivery of the abovementioned real estate.

			(Thousand yen)
	Planned disposition date	Planned disposition price	Calculation period for revenue recognition
1	End of October 2023	7,000,000 (10%)	Ending October 2023 (FP 18)
2	End of April 2024	7,000,000 (10%)	Ending April 2024 (FP 19)
3	End of October 2024	7,000,000 (10%)	Ending October 2024 (FP 20)
4	End of April 2025	7,000,000 (10%)	Ending April 2025 (FP 21)
5	End of October 2025	7,000,000 (10%)	Ending October 2025 (FP 22)
6	End of April 2026	7,000,000 (10%)	Ending April 2026 (FP 23)
7	End of October 2026	7,000,000 (10%)	Ending October 2026 (FP 24)
8	End of April 2027	7,000,000 (10%)	Ending April 2027 (FP 25)
9	End of October 2027	7,000,000 (10%)	Ending October 2027 (FP 26)
10	End of April 2028	7,000,000 (10%)	Ending April 2028 (FP 27)

With regard to utilities revenue, SHR recognizes proceeds in the amount that SHR has the right to claim in accordance with Clause 19 of the Accounting Standard for Revenue Recognition, because SHR has the right to receive from the lessee, as the customer, an amount of compensation directly corresponding to the value of the items provided up to the end of the fiscal period. Accordingly, SHR applies the provisions of Clause 80-22(2) of Accounting Standard for Revenue Recognition and does not include related information in the notes on transaction prices allocated to the remaining performance obligations.

18. Asset Retirement Obligations

16th Fiscal Period (From May 1, 2022 to October 31, 2022)

Not applicable.

17th Fiscal Period (From November 1, 2022 to April 30, 2023)

Not applicable.

19. Investment and Rental Properties

SHR owns rental office buildings, etc. in Tokyo and other areas for the purpose of earning revenue from leasing. The following is the carrying amount, amount of increase (decrease) during the period and fair value of these investment and rental properties.

(Thousand yen)

	16th Fiscal Period (From May 1, 2022 to October 31, 2022)	17th Fiscal Period (From November 1, 2022 to April 30, 2023)
Carrying amount		
Balance at beginning of period	550,137,107	539,726,627
Amount of increase (decrease) during period	(10,410,480)	(1,737,503)
Balance at end of period	539,726,627	537,989,124
Fair value at end of period	643,093,000	650,544,000

(Note 1) Carrying amount is the book value less accumulated depreciation.

(Note 2) Net increase during the 16th fiscal period is mainly attributable to the acquisition of 2 new properties (13,496,575 thousand yen), offset by a decrease during the period mainly attributable to the disposition of a property (22,085,268 thousand yen) that SHR had owned and depreciation (2,573,621 thousand yen). Net increase during the 17th fiscal period is mainly attributable to capital expenditures (890,711 thousand yen), offset by a decrease during the period mainly attributable to depreciation (2,627,759 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by outside real estate appraisers.

The property-related operating income in the 16th and 17th fiscal periods for investment and rental properties is presented in “5. Notes to Statement of Income and Retained Earnings”.

20. Segment Information

1. Segment information

Segment information is omitted because SHR operates a single segment, which is the real estate leasing business.

2. Related information

16th Fiscal Period (From May 1, 2022 to October 31, 2022)

(1) Information about products and services

Information about products and services is omitted because net sales to external customers for a single products and services category are in excess of 90% of operating revenue on the statement of income and retained earnings.

(2) Information about geographic areas

1) Operating revenue

Information about net sales is omitted because net sales to external customers in Japan are in excess of 90% of operating revenue on the statement of income and retained earnings.

2) Property, plant and equipment

Information about property, plant and equipment is omitted because the property, plant and equipment located in Japan is in excess of 90% of property, plant and equipment on the balance sheet.

(3) Information about major customers

(Thousand yen)

Name of customer	Operating revenue	Name of related segment
Sekisui House, Ltd.	1,363,547	Real estate leasing business

17th Fiscal Period (From November 1, 2022 to April 30, 2023)

(1) Information about products and services

Information about products and services is omitted because net sales to external customers for a single products and services category are in excess of 90% of operating revenue on the statement of income and retained earnings.

(2) Information about geographic areas

1) Operating revenue

Information about net sales is omitted because net sales to external customers in Japan are in excess of 90% of operating revenue on the statement of income and retained earnings.

2) Property, plant and equipment

Information about property, plant and equipment is omitted because the property, plant and equipment located in Japan is in excess of 90% of property, plant and equipment on the balance sheet.

(3) Information about major customers

(Thousand yen)

Name of customer	Operating revenue	Name of related segment
Sekisui House, Ltd.	1,363,547	Real estate leasing business

21. Per Unit Information

	16th Fiscal Period (From May 1, 2022 to October 31, 2022)	17th Fiscal Period (From November 1, 2022 to April 30, 2023)
Net assets per unit	67,211yen	67,013yen
Net income per unit	1,636yen	1,514yen

(Note 1) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units.

In addition, diluted net income per unit is not stated because there are no dilutive investment units.

(Note 2) The basis for calculating net income per unit is as follows.

	16th Fiscal Period (From May 1, 2022 to October 31, 2022)	17th Fiscal Period (From November 1, 2022 to April 30, 2023)
Net income (Thousand yen)	7,204,510	6,637,238
Amount not attributable to common unitholders (Thousand yen)	—	—
Net income attributable to common investment units (Thousand yen)	7,204,510	6,637,238
Average number of investment units during period (Units)	4,402,287	4,381,482

22. Significant Subsequent Events

Not applicable.

23. Additional Information

(i) Disposition of Asset

SHR decided on the disposition of trust beneficiary interest in domestic real estate and entered into a purchase and sale agreement as follows. The disposition of the quasi co-ownership interest in trust beneficiary interest is scheduled to be carried out in 10 equal installments, with 10% of the ownership share to be disposed on each planned disposition date.

As a result of this disposition, a gain on sale of real estate properties is expected to be recorded during each calculation period as follows.

Property name: Gotenyama SH Building

Type of use: Office building

Location: Shinagawa-ku, Tokyo

Planned disposition price: 70,000 million yen (Note 1)

Contract date: March 29, 2023

Buyer: TIS Inc.

(Million yen)

	Planned disposition date (Note 2)	Planned disposition price (Note 1)	Gain on disposition (expected) (Note 3)	Calculation period
1	End of October 2023	7,000 (10%)	1,017	Ending October 2023 (FP 18)
2	End of April 2024	7,000 (10%)	2,080	Ending April 2024 (FP 19)
3	End of October 2024	7,000 (10%)	2,093	Ending October 2024 (FP 20)
4	End of April 2025	7,000 (10%)	2,107	Ending April 2025 (FP 21)
5	End of October 2025	7,000 (10%)	2,121	Ending October 2025 (FP 22)
6	End of April 2026	7,000 (10%)	2,135	Ending April 2026 (FP 23)
7	End of October 2026	7,000 (10%)	2,149	Ending October 2026 (FP 24)
8	End of April 2027	7,000 (10%)	2,163	Ending April 2027 (FP 25)
9	End of October 2027	7,000 (10%)	2,177	Ending October 2027 (FP 26)
10	End of April 2028	7,000 (10%)	2,191	Ending April 2028 (FP 27)

(Note 1) "Planned disposition price" is the sale and purchase price stated in the sale and purchase agreement for the quasi co-ownership interest in trust beneficiary interest (excluding consumption tax, local consumption tax, sales commission, and other various expenses; rounded down to the nearest million yen).

(Note 2) In the event that the "planned disposition date" is not a business day, the said date will be the immediately preceding business day.

(Note 3) "Gain on disposition (expected)" is the approximate value to be recorded on each planned disposition date as of the date of this document and is subject to change.

(7) Supplementary Schedules

17th Fiscal Period (From November 1, 2022 to April 30, 2023)

1. Schedule of securities

(1) Shares

Not applicable.

(2) Securities other than shares

(Thousand yen)

Type	Brand Name	Face value	Book value	Accrued interest	Prepaid accrued interest	Valuation (Note1)	Valuation profit/loss	Remarks
TK (tokumei kumiai) equity interest	TK (tokumei kumiai) real estate equity interest in Gemini1 GK TK	480,000	463,402	—	—	463,402	—	(Note2)
TK (tokumei kumiai) equity interest	TK (tokumei kumiai) real estate equity interest in Gemini2 GK TK	220,000	221,507	—	—	221,507	—	(Note3)
Total		700,000	684,910	—	—	684,910	—	—

(Note1) "Valuation" is the book value.

(Note2) Asset management refers to silent partnerships 34.55% quasi co-ownership interest of the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor underground through 4th floor above ground and 11th floor through 19th floor above ground of the "Akasaka Garden City" building, as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (or approximately 66.3%)), and has not yet been acquired by SHR.

(Note3) The underlying asset refers to the trust beneficiary interest in real estate of "Ningyocho PREX".

2. Contract amount and fair value of derivative transactions

(Thousand yen)

Category	Type	Contract amount (Note1)		Fair value (Note2)
			Of which, over 1 year	
Transaction other than market transaction	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	6,650,000	—	(7,099)
Transaction other than market transaction	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	115,961,000	96,951,000	— (Note3)
Total		122,611,000	96,951,000	(7,099)

(Note1) The contract amount of interest rate swap transactions is based on the notional principal amount.

(Note2) Fair value is quoted by counterparties based on the prevailing market interest rates.

(Note3) The fair value is omitted because the transaction meets the criteria for the special accounting treatment under the Accounting Standards for Financial Instruments.

3. Schedule of property, plant and equipment and intangible assets

(Thousand yen)

Type of assets		Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Accumulated depreciation		Net balance at end of period	Notes
						or accumulated amortization	For the period		
Property, plant and equipment	Buildings in trust	184,641,536	709,597	521	185,350,612	25,844,317	2,403,672	159,506,295	
	Structures in trust	1,620,073	3,096	—	1,623,170	365,798	32,543	1,257,371	
	Machinery and equipment in trust	2,387,047	32,606	—	2,419,653	490,235	56,866	1,929,418	
	Tools, furniture and fixtures in trust	870,024	145,411	—	1,015,435	355,857	79,558	659,578	
	Land in trust	368,656,815	—	—	368,656,815	—	—	368,656,815	
	Construction in progress in trust	17,859	—	17,859	—	—	—	—	
	Subtotal	558,193,357	890,711	18,380	559,065,688	27,056,209	2,572,640	532,009,479	
Intangible assets	Leasehold rights in trust	6,278,442	—	—	6,278,442	298,796	55,118	5,979,645	
	Other	17,655	5,995	—	23,651	15,555	1,521	8,095	
	Subtotal	6,296,097	5,995	—	6,302,093	314,351	56,640	5,987,741	
Total		564,489,455	896,707	18,380	565,367,781	27,370,561	2,629,281	537,997,220	

4. Schedule of other specified assets

Real estate trust beneficiary interests are included above in “3. Schedule of property, plant and equipment and intangible assets” .

5. Schedule of investment corporation bonds

Name	Issue date	Balance at beginning of period (Thousand yen)	Amount of decrease during period (Thousand yen)	Balance at end of period (Thousand yen)	Coupon rate (%)	Redemption date	Use of proceeds	Security
SHI Fourth Series Unsecured Investment Corporation Bond	February 28, 2014	3,000,000	—	3,000,000	1.069	February 28, 2024 (Note1)	(Note 2)	Unsecured
SHI Fifth Series Unsecured Investment Corporation Bond	August 29, 2014	3,000,000	—	3,000,000	0.871	August 30, 2024		
SHR First Series Unsecured Investment Corporation Bond	September 8, 2016	2,000,000	—	2,000,000	0.340	September 8, 2026		
SHR Third Series Unsecured Investment Corporation Bond (Green Bonds)	July 11, 2019	4,000,000	—	4,000,000	0.220	July 11, 2024		
SHR Fourth Series Unsecured Investment Corporation Bond (Green Bonds)	July 11, 2019	2,500,000	—	2,500,000	0.570	July 11, 2029		
SHR Fifth Series Unsecured Investment Corporation Bond (Green Bonds)	November 1, 2019	5,000,000	—	5,000,000	0.220	November 1, 2024		
SHR Sixth Series Unsecured Investment Corporation Bond (Green Bonds)	February 28, 2020	2,000,000	—	2,000,000	0.500	February 28, 2030		
SHR Seventh Series Unsecured Investment Corporation Bond (Green Bonds)	September 9, 2020	4,000,000	—	4,000,000	0.250	September 9, 2025		
SHR Eighth Series Unsecured Investment Corporation Bond (Green Bonds)	September 9, 2020	4,000,000	—	4,000,000	0.510	September 9, 2030		
SHR Ninth Series Unsecured Investment Corporation Bond (Green Bonds)	May 19, 2021	2,000,000	—	2,000,000	0.460	May 19, 2031		
Total	—	31,500,000	—	31,500,000	—	—	—	—

(Note 1) As of the end of the fiscal period under review, these bonds are recorded as “Current portion of investment corporation bonds” in “Current liabilities” on the balance sheet.

(Note 2) The funds are used to repay borrowings or redemption of existing investment corporation bonds, etc.

(Note 3) These investment corporation bonds are equipped with pari passu clause among specified investment corporation bonds.

(Note 4) The following is the maturity schedule of investment corporation bonds within five years of the balance sheet date.

(Thousand yen)					
	Due in 1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Investment Corporation Bonds	3,000,000	12,000,000	4,000,000	2,000,000	—

6. Schedule of loans payable

(Thousand yen)

Category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security			
Short-term loans payable	MUFG Bank, Ltd.	2,980,000	—	2,980,000	—	0.23017	January 31, 2023	Lump-sum payment at maturity	(Note2)	Un-secured Un-guaranteed			
	Mizuho Bank, Ltd.	2,450,000	—	2,450,000	—								
	Sumitomo Mitsui Banking Corporation	2,270,000	—	2,270,000	—								
Long-term loans payable	MUFG Bank, Ltd.	4,600,000	—	—	4,600,000	1.47450	November 30, 2024						
	Mizuho Bank, Ltd.	700,000	—	—	700,000								
	Sumitomo Mitsui Banking Corporation	3,700,000	—	—	3,700,000								
	Sumitomo Mitsui Trust Bank, Limited	700,000	—	—	700,000								
	Development Bank of Japan Inc.	300,000	—	—	300,000								
	Development Bank of Japan Inc.	1,000,000	—	1,000,000	—	0.86650	February 28, 2023						
	MUFG Bank, Ltd.	1,300,000	—	1,300,000	—								
	Mizuho Bank, Ltd.	1,000,000	—	1,000,000	—								
	Sumitomo Mitsui Banking Corporation	600,000	—	600,000	—								
	Sumitomo Mitsui Trust Bank, Limited	300,000	—	300,000	—								
	Mizuho Trust & Banking Co., Ltd.	800,000	—	800,000	—								
	Resona Bank, Limited	500,000	—	500,000	—								
	The Norinchukin Bank	500,000	—	500,000	—								
	THE BANK OF FUKUOKA, LTD.	700,000	—	700,000	—								
	Aozora Bank, Ltd.	200,000	—	200,000	—								
	Shinkin Central Bank	200,000	—	200,000	—								
	The Senshu Ikeda Bank, Ltd.	200,000	—	200,000	—								
	The Shizuoka Bank, Ltd.	200,000	—	200,000	—								
	The 77 Bank, Ltd.	200,000	—	200,000	—								
	The Hiroshima Bank, Ltd.	200,000	—	200,000	—								
	The Yamaguchi Bank, Ltd.	200,000	—	200,000	—								
	MUFG Bank, Ltd.	700,000	—	700,000	—	0.88470	November 30, 2022						
	Development Bank of Japan Inc.	650,000	—	650,000	—	0.88500							
	Mizuho Bank, Ltd.	350,000	—	350,000	—	0.89470							
	Sumitomo Mitsui Banking Corporation	650,000	—	650,000	—								
	Sumitomo Mitsui Trust Bank, Limited	350,000	—	350,000	—								
	Resona Bank, Limited	300,000	—	300,000	—								
	MUFG Bank, Ltd.	750,000	—	—	750,000	1.00850	November 30, 2023 (Note3)						
	MUFG Bank, Ltd.	500,000	—	—	500,000	1.01850							
	Mizuho Bank, Ltd.	400,000	—	—	400,000								
	Sumitomo Mitsui Banking Corporation	700,000	—	—	700,000								
	Sumitomo Mitsui Trust Bank, Limited	350,000	—	—	350,000								
	Mizuho Trust & Banking Co., Ltd.	300,000	—	—	300,000								
	Resona Bank, Limited	100,000	—	—	100,000								
	Mizuho Bank, Ltd.	100,000	—	—	100,000	0.67400	August 31, 2023 (Note3)						
	Development Bank of Japan Inc.	2,100,000	—	—	2,100,000								

Category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Long-term loans payable	Mizuho Bank, Ltd.	450,000	—	—	450,000	0.68030	August 31, 2023 (Note3)	Lump-sum payment at maturity	(Note2)	Un-secured Un-guaranteed
	Sumitomo Mitsui Banking Corporation	450,000	—	—	450,000					
	Mizuho Trust & Banking Co., Ltd.	1,000,000	—	—	1,000,000					
	MUFG Bank, Ltd.	700,000	—	—	700,000	0.63800	February 29, 2024 (Note3)			
	Mizuho Bank, Ltd.	1,100,000	—	—	1,100,000					
	Sumitomo Mitsui Banking Corporation	1,100,000	—	—	1,100,000					
	Sumitomo Mitsui Trust Bank, Limited	450,000	—	—	450,000					
	Mizuho Trust & Banking Co., Ltd.	500,000	—	—	500,000					
	Resona Bank, Limited	300,000	—	—	300,000					
	The Norinchukin Bank	300,000	—	—	300,000					
	Aozora Bank, Ltd.	200,000	—	—	200,000					
	The Yamaguchi Bank, Ltd.	100,000	—	—	100,000					
	MUFG Bank, Ltd.	450,000	—	—	450,000	0.50500				
	Development Bank of Japan Inc.	600,000	—	—	600,000					
	THE BANK OF FUKUOKA, LTD.	200,000	—	—	200,000					
	Shinkin Central Bank	100,000	—	—	100,000					
	The Senshu Ikeda Bank, Ltd.	100,000	—	—	100,000					
	The Shizuoka Bank, Ltd.	100,000	—	—	100,000					
	The 77 Bank, Ltd.	100,000	—	—	100,000					
	The Hiroshima Bank, Ltd.	100,000	—	—	100,000					
	Mizuho Bank, Ltd.	200,000	—	—	200,000	0.49500	August 30, 2024			
	Sumitomo Mitsui Banking Corporation	200,000	—	—	200,000					
	Sumitomo Mitsui Trust Bank, Limited	400,000	—	—	400,000					
	Mizuho Trust & Banking Co., Ltd.	500,000	—	—	500,000					
	Resona Bank, Limited	300,000	—	—	300,000					
	The Norinchukin Bank	300,000	—	—	300,000					
	MUFG Bank, Ltd.	600,000	—	—	600,000	0.57000	August 29, 2025			
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.59750				
	Mizuho Bank, Ltd.	800,000	—	—	800,000					
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000					
Development Bank of Japan Inc.	400,000	—	—	400,000	0.60500					
MUFG Bank, Ltd.	1,810,000	—	—	1,810,000	0.67000	September 8, 2026				
MUFG Bank, Ltd.	440,000	—	—	440,000						
Mizuho Bank, Ltd.	900,000	—	—	900,000						
MUFG Bank, Ltd.	600,000	—	—	600,000	0.61000	February 28, 2025				
Mizuho Bank, Ltd.	200,000	—	—	200,000	0.67000					
Sumitomo Mitsui Trust Bank, Limited	300,000	—	—	300,000						
Mizuho Trust & Banking Co., Ltd.	600,000	—	—	600,000						
Resona Bank, Limited	400,000	—	—	400,000						
Shinkin Central Bank	300,000	—	—	300,000						

Category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Long-term loans payable	MUFG Bank, Ltd.	1,500,000	—	—	1,500,000	0.72500	February 27, 2026	Lump-sum payment at maturity	(Note2)	Un-secured Un-guaranteed
	MUFG Bank, Ltd.	800,000	—	—	800,000	0.77880				
	Mizuho Bank, Ltd.	700,000	—	—	700,000					
	Development Bank of Japan Inc.	1,200,000	—	—	1,200,000					
	THE BANK OF FUKUOKA, LTD.	500,000	—	—	500,000					
	Aozora Bank, Ltd.	300,000	—	—	300,000					
	The Yamaguchi Bank, Ltd.	500,000	—	—	500,000					
	MUFG Bank, Ltd.	990,000	—	—	990,000	0.37000	November 30, 2023 (Note3)			
	MUFG Bank, Ltd.	260,000	—	—	260,000	0.45254				
	Mizuho Bank, Ltd.	550,000	—	—	550,000					
	Mizuho Trust & Banking Co., Ltd.	220,000	—	—	220,000					
	Development Bank of Japan Inc.	220,000	—	—	220,000					
	Mizuho Bank, Ltd.	176,000	—	—	176,000	0.61380	August 29, 2025			
	The Norinchukin Bank	2,352,000	—	—	2,352,000	0.41800	May 31, 2023 (Note3)			
	MUFG Bank, Ltd.	750,000	—	—	750,000					
	Mizuho Bank, Ltd.	1,050,000	—	—	1,050,000					
	Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000					
	Sumitomo Mitsui Trust Bank, Limited	1,050,000	—	—	1,050,000					
	Mizuho Trust & Banking Co., Ltd.	650,000	—	—	650,000					
	Resona Bank, Limited	950,000	—	—	950,000					
	The Norinchukin Bank	750,000	—	—	750,000					
	MUFG Bank, Ltd.	650,000	—	—	650,000	0.42622				
	Development Bank of Japan Inc.	550,000	—	—	550,000	0.63500	February 27, 2026			
	MUFG Bank, Ltd.	500,000	—	—	500,000					
	MUFG Bank, Ltd.	500,000	—	—	500,000					
	Mizuho Bank, Ltd.	100,000	—	—	100,000					
	The 77 Bank, Ltd.	500,000	—	—	500,000					
	The Hiroshima Bank, Ltd.	500,000	—	—	500,000	0.78300	August 31, 2027			
	MUFG Bank, Ltd.	1,900,000	—	—	1,900,000					
	Mizuho Bank, Ltd.	4,200,000	—	—	4,200,000					
Sumitomo Mitsui Banking Corporation	1,900,000	—	—	1,900,000	0.28568	August 30, 2024				
Development Bank of Japan Inc.	376,000	—	—	376,000						
MUFG Bank, Ltd.	300,000	—	—	300,000						
Mizuho Bank, Ltd.	2,459,000	—	—	2,459,000	0.35900					
Sumitomo Mitsui Banking Corporation	260,000	—	—	260,000						
Mizuho Trust & Banking Co., Ltd.	900,000	—	—	900,000						
Development Bank of Japan Inc.	565,000	—	—	565,000	0.48000		February 26, 2027			
MUFG Bank, Ltd.	450,000	—	—	450,000	0.56500					
Mizuho Bank, Ltd.	1,332,000	—	—	1,332,000	0.57500					
Sumitomo Mitsui Banking Corporation	390,000	—	—	390,000						
Mizuho Trust & Banking Co., Ltd.	1,350,000	—	—	1,350,000						

Category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security	
Long-term loans payable	MUFG Bank, Ltd.	500,000	—	—	500,000	0.29900	May 31, 2023 (Note3)	Lump-sum payment at maturity	(Note2)	Un-secured Un-guaranteed	
	Mizuho Bank, Ltd.	500,000	—	—	500,000	0.30900					
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000						
	Sumitomo Mitsui Trust Bank, Limited	700,000	—	—	700,000						
	Mizuho Trust & Banking Co., Ltd.	200,000	—	—	200,000						
	Resona Bank, Limited	200,000	—	—	200,000						
	The Norinchukin Bank	100,000	—	—	100,000						0.39580
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.40580					
	Mizuho Bank, Ltd.	800,000	—	—	800,000						
	Sumitomo Mitsui Banking Corporation	700,000	—	—	700,000						
	Sumitomo Mitsui Trust Bank, Limited	400,000	—	—	400,000						
	Mizuho Trust & Banking Co., Ltd.	400,000	—	—	400,000						
	Resona Bank, Limited	200,000	—	—	200,000						
	The Norinchukin Bank	200,000	—	—	200,000		0.41388				
	Shinkin Central Bank	200,000	—	—	200,000	0.55600					
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000						0.56600
	Mizuho Bank, Ltd.	800,000	—	—	800,000						
	Sumitomo Mitsui Banking Corporation	700,000	—	—	700,000						
	Sumitomo Mitsui Trust Bank, Limited	200,000	—	—	200,000						
	Mizuho Trust & Banking Co., Ltd.	400,000	—	—	400,000						
	Resona Bank, Limited	200,000	—	—	200,000						
	The Norinchukin Bank	500,000	—	—	500,000	0.68500					
	MUFG Bank, Ltd.	1,400,000	—	—	1,400,000		0.69500				
	Mizuho Bank, Ltd.	2,400,000	—	—	2,400,000						
	Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000						
	Sumitomo Mitsui Trust Bank, Limited	200,000	—	—	200,000						
	Mizuho Trust & Banking Co., Ltd.	400,000	—	—	400,000						
	Resona Bank, Limited	300,000	—	—	300,000						
	THE BANK OF FUKUOKA, LTD.	300,000	—	—	300,000						
	The Senshu Ikeda Bank, Ltd.	200,000	—	—	200,000						
The 77 Bank, Ltd.	200,000	—	—	200,000							
The Yamaguchi Bank, Ltd.	200,000	—	—	200,000	0.28100						
Mizuho Bank, Ltd.	1,410,000	—	—	1,410,000		August 31, 2023 (Note3)					
Sumitomo Mitsui Banking Corporation	1,200,000	—	—	1,200,000							
Sumitomo Mitsui Trust Bank, Limited	1,300,000	—	—	1,300,000							
Mizuho Trust & Banking Co., Ltd.	600,000	—	—	600,000							
Resona Bank, Limited	700,000	—	—	700,000							
Shinkin Central Bank	200,000	—	—	200,000							
MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.27100						

Category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Long-term loans payable	Mizuho Bank, Ltd.	1,500,000	—	—	1,500,000	0.42000	February 27, 2026	Lump-sum payment at maturity	(Note2)	Un-secured Un-guaranteed
	Sumitomo Mitsui Banking Corporation	1,230,000	—	—	1,230,000					
	Sumitomo Mitsui Trust Bank, Limited	200,000	—	—	200,000					
	Mizuho Trust & Banking Co., Ltd.	600,000	—	—	600,000					
	Resona Bank, Limited	800,000	—	—	800,000					
	The Norinchukin Bank	900,000	—	—	900,000					
	THE BANK OF FUKUOKA, LTD.	400,000	—	—	400,000					
	Shinkin Central Bank	300,000	—	—	300,000					
	The 77 Bank, Ltd.	300,000	—	—	300,000					
	The Yamaguchi Bank, Ltd.	300,000	—	—	300,000					
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.41000	February 27, 2026			
	MUFG Bank, Ltd.	1,170,000	—	—	1,170,000	0.46000	February 28, 2029			
	Development Bank of Japan Inc.	900,000	—	—	900,000	0.44000	February 28, 2029			
	The Senshu Ikeda Bank, Ltd.	300,000	—	—	300,000					
	MUFG Bank, Ltd.	1,200,000	—	—	1,200,000	0.27300	November 30, 2023 (Note3)			
	Mizuho Bank, Ltd.	200,000	—	—	200,000					
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000					
	Sumitomo Mitsui Trust Bank, Limited	1,800,000	—	—	1,800,000					
	MUFG Bank, Ltd.	1,400,000	—	—	1,400,000	0.44100	May 29, 2026			
	Mizuho Bank, Ltd.	300,000	—	—	300,000					
	Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000					
	The Norinchukin Bank	800,000	—	—	800,000					
	MUFG Bank, Ltd.	1,700,000	—	—	1,700,000	0.59900	May 31, 2028			
	Mizuho Bank, Ltd.	1,300,000	—	—	1,300,000					
	Sumitomo Mitsui Banking Corporation	1,200,000	—	—	1,200,000					
	Mizuho Trust & Banking Co., Ltd.	600,000	—	—	600,000					
	Resona Bank, Limited	900,000	—	—	900,000					
	Development Bank of Japan Inc.	800,000	—	—	800,000	0.50000				
	Mizuho Bank, Ltd.	605,000	—	—	605,000	0.29150	August 29, 2025			
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000					
MUFG Bank, Ltd.	2,500,000	—	—	2,500,000	0.28000					
Mizuho Bank, Ltd.	400,000	—	—	400,000	0.49500	August 31, 2028				
Sumitomo Mitsui Banking Corporation	545,000	—	—	545,000						
Mizuho Trust & Banking Co., Ltd.	500,000	—	—	500,000						
Resona Bank, Limited	500,000	—	—	500,000						
MUFG Bank, Ltd.	1,542,000	—	—	1,542,000	0.47500					
Mizuho Bank, Ltd.	300,000	—	—	300,000	0.29700	February 28, 2025				
Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000						
Sumitomo Mitsui Trust Bank, Limited	2,500,000	—	—	2,500,000						
Resona Bank, Limited	500,000	—	—	500,000						
THE BANK OF FUKUOKA, LTD.	200,000	—	—	200,000						
MUFG Bank, Ltd.	400,000	—	—	400,000			0.28700			

Category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Long-term loans payable	Mizuho Bank, Ltd.	990,000	—	—	990,000	0.46600	August 31, 2027	Lump-sum payment at maturity	(Note2)	Un-secured Un-guaranteed
	Sumitomo Mitsui Banking Corporation	1,840,000	—	—	1,840,000					
	Sumitomo Mitsui Trust Bank, Limited	600,000	—	—	600,000					
	Mizuho Trust & Banking Co., Ltd.	700,000	—	—	700,000					
	Resona Bank, Limited	500,000	—	—	500,000					
	The Norinchukin Bank	400,000	—	—	400,000					
	Shinkin Central Bank	200,000	—	—	200,000					
	The Senshu Ikeda Bank, Ltd.	200,000	—	—	200,000					
	The 77 Bank, Ltd.	400,000	—	—	400,000					
	The Yamaguchi Bank, Ltd.	200,000	—	—	200,000					
	MUFG Bank, Ltd.	1,370,000	—	—	1,370,000	0.45000				
	Development Bank of Japan Inc.	400,000	—	—	400,000	0.36000				
	MUFG Bank, Ltd.	300,000	—	—	300,000	0.28600	May 30, 2025			
	Mizuho Bank, Ltd.	100,000	—	—	100,000					
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000					
	Sumitomo Mitsui Trust Bank, Limited	1,380,000	—	—	1,380,000					
	MUFG Bank, Ltd.	800,000	—	—	800,000	0.50700	November 30, 2028			
	Mizuho Bank, Ltd.	210,000	—	—	210,000					
	Sumitomo Mitsui Banking Corporation	1,800,000	—	—	1,800,000					
	Sumitomo Mitsui Trust Bank, Limited	300,000	—	—	300,000					
	Mizuho Trust & Banking Co., Ltd.	870,000	—	—	870,000					
	Resona Bank, Limited	1,100,000	—	—	1,100,000					
	The Norinchukin Bank	1,020,000	—	—	1,020,000					
	Development Bank of Japan Inc.	370,000	—	—	370,000					
	MUFG Bank, Ltd.	200,000	—	—	200,000	0.28400	August 29, 2025			
	Mizuho Bank, Ltd.	600,000	—	—	600,000	0.29400				
Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000						
Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000						
THE BANK OF FUKUOKA, LTD.	500,000	—	—	500,000						
Shinkin Central Bank	1,000,000	—	—	1,000,000						
The 77 Bank, Ltd.	500,000	—	—	500,000						
The Shizuoka Bank, Ltd.	1,000,000	—	—	1,000,000						
MUFG Bank, Ltd.	300,000	—	—	300,000	0.55850			February 28, 2029		
Mizuho Bank, Ltd.	700,000	—	—	700,000	0.56850					
Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000						
Mizuho Trust & Banking Co., Ltd.	500,000	—	—	500,000						
Resona Bank, Limited	500,000	—	—	500,000						
The Norinchukin Bank	500,000	—	—	500,000						
The Senshu Ikeda Bank, Ltd.	1,000,000	—	—	1,000,000						
The Yamaguchi Bank, Ltd.	500,000	—	—	500,000						
The Hiroshima Bank, Ltd.	500,000	—	—	500,000						

Category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Long-term loans payable	Mizuho Bank, Ltd.	1,280,000	—	—	1,280,000	0.25234	August 30, 2024	Lump-sum payment at maturity	(Note2)	Un-secured Un-guaranteed
	Sumitomo Mitsui Banking Corporation	1,030,000	—	—	1,030,000					
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000					
	Mizuho Bank, Ltd.	2,650,000	—	—	2,650,000	0.47500	August 31, 2029			
	Sumitomo Mitsui Banking Corporation	2,110,000	—	—	2,110,000					
	Sumitomo Mitsui Trust Bank, Limited	480,000	—	—	480,000					
	Mizuho Trust & Banking Co., Ltd.	200,000	—	—	200,000					
	Resona Bank, Limited	300,000	—	—	300,000					
	The Norinchukin Bank	210,000	—	—	210,000					
	MUFG Bank, Ltd.	1,550,000	—	—	1,550,000					
	Mizuho Bank, Ltd.	1,270,000	—	—	1,270,000					
	Sumitomo Mitsui Banking Corporation	1,180,000	—	—	1,180,000					
	MUFG Bank, Ltd.	1,060,000	—	—	1,060,000	0.46000	May 31, 2028			
	Mizuho Bank, Ltd.	340,000	—	—	340,000					
	Sumitomo Mitsui Banking Corporation	760,000	—	—	760,000					
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	—	—	1,500,000					
	Resona Bank, Limited	1,400,000	—	—	1,400,000					
	Development Bank of Japan Inc.	800,000	—	—	800,000					
	The Norinchukin Bank	700,000	—	—	700,000					
	MUFG Bank, Ltd.	2,490,000	—	—	2,490,000	0.60200	November 29, 2030			
	Mizuho Bank, Ltd.	790,000	—	—	790,000					
	Sumitomo Mitsui Banking Corporation	1,760,000	—	—	1,760,000					
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000					
	Mizuho Trust & Banking Co., Ltd.	900,000	—	—	900,000					
	MUFG Bank, Ltd.	480,000	—	—	480,000	0.52200	February 29, 2028			
	Mizuho Bank, Ltd.	360,000	—	—	360,000					
	Sumitomo Mitsui Banking Corporation	390,000	—	—	390,000					
	Sumitomo Mitsui Trust Bank, Limited	900,000	—	—	900,000					
	Resona Bank, Limited	750,000	—	—	750,000					
	THE BANK OF FUKUOKA, LTD.	500,000	—	—	500,000					
MUFG Bank, Ltd.	1,120,000	—	—	1,120,000	0.66500	February 28, 2030				
Mizuho Bank, Ltd.	840,000	—	—	840,000						
Sumitomo Mitsui Banking Corporation	910,000	—	—	910,000						
Sumitomo Mitsui Trust Bank, Limited	1,000,000	—	—	1,000,000						
Mizuho Trust & Banking Co., Ltd.	980,000	—	—	980,000						
Resona Bank, Limited	800,000	—	—	800,000						
The Norinchukin Bank	800,000	—	—	800,000						
Sumitomo Mitsui Trust Bank, Limited	1,100,000	—	—	1,100,000		May 31, 2029				
Mizuho Bank, Ltd.	400,000	—	—	400,000						
Mizuho Trust & Banking Co., Ltd.	300,000	—	—	300,000						

Category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Long-term loans payable	Resona Bank, Limited	300,000	—	—	300,000	0.66500	May 31, 2029	Lump-sum payment at maturity	(Note2)	Un-secured Un-guaranteed
	The Norinchukin Bank	400,000	—	—	400,000					
	THE BANK OF FUKUOKA, LTD.	300,000	—	—	300,000					
	Shinkin Central Bank	300,000	—	—	300,000					
	The 77 Bank, Ltd.	300,000	—	—	300,000					
	The Yamaguchi Bank, Ltd.	400,000	—	—	400,000					
	The Shizuoka Bank, Ltd.	300,000	—	—	300,000					
	The Hiroshima Bank, Ltd.	300,000	—	—	300,000					
	Aozora Bank, Ltd.	300,000	—	—	300,000					
	Nippon Life Insurance Company	1,000,000	—	—	1,000,000					
	The Joyo Bank, Ltd	300,000	—	—	300,000	0.24786	July 11, 2024			
	MUFG Bank, Ltd.	1,160,000	—	—	1,160,000					
	Mizuho Bank, Ltd.	960,000	—	—	960,000					
	Sumitomo Mitsui Banking Corporation	880,000	—	—	880,000	0.55000	February 26, 2027			
	Sumitomo Mitsui Trust Bank, Limited	550,000	—	—	550,000					
	Mizuho Trust & Banking Co., Ltd.	350,000	—	—	350,000					
	Resona Bank, Limited	500,000	—	—	500,000					
	The Norinchukin Bank	400,000	—	—	400,000	0.85500	February 28, 2030			
	MUFG Bank, Ltd.	1,400,000	—	—	1,400,000					
	Mizuho Bank, Ltd.	1,050,000	—	—	1,050,000					
	Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000					
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000					
	Mizuho Trust & Banking Co., Ltd.	300,000	—	—	300,000					
	Resona Bank, Limited	450,000	—	—	450,000					
	Development Bank of Japan Inc.	550,000	—	—	550,000					
	The Norinchukin Bank	350,000	—	—	350,000	1.00500	November 29, 2030			
	MUFG Bank, Ltd.	—	700,000	—	700,000					
	Mizuho Bank, Ltd.	—	350,000	—	350,000					
	Sumitomo Mitsui Banking Corporation	—	650,000	—	650,000					
	Sumitomo Mitsui Trust Bank, Limited	—	350,000	—	350,000					
Resona Bank, Limited	—	300,000	—	300,000						
Development Bank of Japan Inc.	—	650,000	—	650,000						
Mizuho Bank, Ltd.	—	200,000	—	200,000	0.85500	February 29, 2028				
Sumitomo Mitsui Banking Corporation	—	400,000	—	400,000						
Sumitomo Mitsui Trust Bank, Limited	—	200,000	—	200,000						
Mizuho Trust & Banking Co., Ltd.	—	200,000	—	200,000						
Resona Bank, Limited	—	200,000	—	200,000						
The Shizuoka Bank, Ltd.	—	200,000	—	200,000						
The Hiroshima Bank, Ltd.	—	200,000	—	200,000						
Aozora Bank, Ltd.	—	200,000	—	200,000						
The Joyo Bank, Ltd	—	200,000	—	200,000						
MUFG Bank, Ltd.	—	500,000	—	500,000						

Category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security	
Long-term loans payable	Mizuho Bank, Ltd.	—	500,000	—	500,000	1.21000	February 28, 2031	Lump-sum payment at maturity	(Note2)	Un-secured Un-guaranteed	
	The Norinchukin Bank	—	500,000	—	500,000						
	Shinkin Central Bank	—	600,000	—	600,000						
	The 77 Bank, Ltd.	—	500,000	—	500,000						
	The Yamaguchi Bank, Ltd.	—	500,000	—	500,000						
	Nippon Life Insurance Company	—	500,000	—	500,000						
	THE NISHI-NIPPON CITY BANK, LTD.	—	500,000	—	500,000	1.11000					
	Sumitomo Mitsui Banking Corporation	—	300,000	—	300,000						
	THE BANK OF FUKUOKA, LTD.	—	500,000	—	500,000						
	THE JUHACHI-SHINWA BANK, LTD.	—	500,000	—	500,000	0.26455					February 26, 2027
	MUFG Bank, Ltd.	—	300,000	—	300,000						
	MUFG Bank, Ltd.	—	600,000	—	600,000						
	Mizuho Bank, Ltd.	—	500,000	—	500,000						
	Sumitomo Mitsui Banking Corporation	—	600,000	—	600,000						
	Sumitomo Mitsui Trust Bank, Limited	—	300,000	—	300,000						
	Mizuho Trust & Banking Co., Ltd.	—	400,000	—	400,000	1.10500	February 28, 2030				
	Resona Bank, Limited	—	500,000	—	500,000						
	The Shizuoka Bank, Ltd.	—	200,000	—	200,000						
	Mizuho Bank, Ltd.	—	500,000	—	500,000						
	Mizuho Trust & Banking Co., Ltd.	—	400,000	—	400,000						
	The Norinchukin Bank	—	500,000	—	500,000						
	Development Bank of Japan Inc.	—	1,000,000	—	1,000,000						
	THE BANK OF FUKUOKA, LTD.	—	700,000	—	700,000						
	Shinkin Central Bank	—	200,000	—	200,000						
	The 77 Bank, Ltd.	—	200,000	—	200,000						
	The Yamaguchi Bank, Ltd.	—	200,000	—	200,000						
The Senshu Ikeda Bank, Ltd.	—	200,000	—	200,000							
The Hiroshima Bank, Ltd.	—	200,000	—	200,000							
Aozora Bank, Ltd.	—	200,000	—	200,000							
MUFG Bank, Ltd.	—	700,000	—	700,000							
	Total	226,742,000	18,800,000	18,800,000	226,742,000						

(Note 1) Average interest rate is the weighted average interest rate during the period. Interest rates are rounded to six decimal places. The interest rates for loans hedged by interest rate swap transactions used to hedge the risk of interest rate fluctuations are the interest rates reflecting the effect of the interest rate swaps.

(Note 2) Use of proceeds are purchase of assets and related expenses and repayment of loans payable.

(Note 3) As of the end of the fiscal period under review, these loans are recorded as “Current portion of long-term loans payable” in “Current liabilities” on the balance sheet.

(Note 4) The following is the maturity schedule of long-term loans within five years of the balance sheet date.

(Thousand yen)					
	Due in 1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Long-term loans payable	40,050,000	32,505,000	32,543,000	19,637,000	28,280,000

Independent Auditor's Report

The Board of Directors
Sekisui House Reit, Inc.

Opinion

We have audited the accompanying financial statements of Sekisui House Reit, Inc., (the Company), which comprise the balance sheet as at April 30, 2023, and the statement of income and retained earnings, changes in net assets, cash distributions, cash flows and supplementary schedules for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2023, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Semi-Annual Report that contains audited financial statements but does not include the financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Supervisory Director is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Supervisory Director for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Supervisory Director is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

July 28, 2023

Handwritten signature of Yuji Mukaide in blue ink, consisting of four characters: 向 (Mukai), 出 (Mukaide), 男 (Yuji), and 節 (Mukaide).

Yuji Mukaide
Designated Engagement Partner
Certified Public Accountant

Handwritten signature of Daisuke Unagami in blue ink, consisting of four characters: 海 (Unagami), 上 (Daisuke), 大 (Unagami), and 介 (Unagami).

Daisuke Unagami
Designated Engagement Partner
Certified Public Accountant