

# FP 16 Semi-Annual Report

From May 1, 2022 to October 31, 2022



**SEKISUI HOUSE REIT, INC.**

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# Outline of Asset Management Operation

## 1. Developments in Asset Management in the Fiscal Period under Review

### (1) Brief History 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<sup>(Note 1)</sup>, 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<sup>(Note 2)</sup>.

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<sup>(Note 3)</sup> and commercial properties<sup>(Note 4)</sup> 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 shall apply 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 shall apply hereinafter.

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

## (2) Management Environment and Management Performance

### a. Management Environment

During the fiscal period under review, the Japanese economy improved moderately.

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 as of October 31, 2022 (the “end of the fiscal period under review”) approximately 97% (acquisition price basis) of the portfolio. As for residences, demand for single type for single persons, which is susceptible to changes in the employment environment, has begun to pick up from bottoming out, and the occupancy rate for residences as a whole remained stable with a shift to positive compared to the previous year. As for office buildings, although the office leasing market is showing signs of movement, the trend to decrease office floor space resulted in a lack of strong growth in demand. This in turn resulted in vacancy rates to remain flat or to increase, and rent levels slightly declined. 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 October 2022) approached 0.5 million as the Japanese government accepted individual trips and resumed visa exemptions. 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. Management Performance

Under the circumstances described in “a. Management Environment” above, SHR, with the aim of securing stable revenue and further improving its profitability, SHR replaced assets with the disposition of one hotel property and acquisition of two residential properties.

As a result, the number of properties SHR owned as of the end of the fiscal period under review was 120 (comprising 113 residential properties and 7 commercial properties) with an aggregate acquisition price<sup>(Note)</sup> 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 97.1% for residential properties, 94.6% for commercial properties and 96.4% 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 shall apply hereinafter.

## (3) Overview of Fund Procurement

### a. Borrowings

On May 31, 2022, SHR decided to undertake new long-term borrowings totaling 6,000 million yen to be used for partial repayment of short-term loans, in addition to refinancing a total of 10,000 million yen for the purpose of repaying 7,000 million yen in borrowings due for repayment and redeeming 3,000 million yen of investment corporation bonds that were due for redemption in this fiscal period. Furthermore, a portion of the proceeds from the disposition of assets effective August 2, 2022 was used to repay a total of 5,400 million yen in long-term borrowings that was due on August 31, 2022.

Likewise, with the aim of enhancing unitholder value over the medium to long term, SHR used approximately 4,000 million yen of cash on hand to acquire and cancel own investment units.

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 45.2%.

Additionally, on October 26, 2022, SHR reestablished a commitment line agreement with a maximum amount of 15,000 million yen to secure flexible and stable financing methods.

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) Overview of Business Performance and Distributions

Results in the fiscal period under review are operating revenue of 15,797 million yen, operating income of 8,078 million yen and ordinary income of 7,205 million yen, resulting in net income of 7,204 million yen. In addition, concerning cash distributions, SHR decided to distribute 7,509 million yen, which is the amount of unappropriated retained earnings after adding reversal of reserve for temporary difference adjustments (222 million yen) and reversal of reserve for reduction entry (82 million yen) 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) (the “Special Taxation Measures Act”)).

## 2. Status of Capital Increase, etc.

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	12th fiscal period	13th fiscal period	14th fiscal period	15th fiscal period	16th fiscal period
	From: May 1, 2020 To: Oct. 31, 2020	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
High (yen)	78,700	93,100	98,600	86,700	85,600
Low (yen)	62,500	72,700	86,200	73,600	75,500

### 3. Performance of Distribution, etc.

Distribution per unit for the fiscal period under review (the 16th fiscal period) is 1,714 yen. The policy is to distribute 7,509 million yen, which is the amount of unappropriated retained earnings after adding reversal of reserve for temporary difference adjustments (222 million yen) and reversal of reserve for reduction entry (82 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).

Fiscal period	12th fiscal period From: May 1, 2020 To: Oct. 31, 2020	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
Total amount of unappropriated retained earnings (thousand yen)	6,992,995	7,103,009	8,520,020	6,745,643	7,204,510
Amount of accumulated earnings (thousand yen)	—	103,708	1,195,848	—	—
Total amount of cash distribution (thousand yen)	7,226,402	7,183,515	7,732,464	7,524,063	7,509,860
[Distribution per unit] (yen)	[1,685]	[1,675]	[1,803]	[1,698]	[1,714]
Total amount of distribution of earnings out of the total amount of cash distribution (thousand yen)	7,226,402	7,183,515	7,732,464	7,524,063	7,509,860
[Distribution of earnings per unit] (yen)	[1,685]	[1,675]	[1,803]	[1,698]	[1,714]
Total amount of refund of investment in capital out of the total amount of cash distribution (thousand yen)	—	—	—	—	—
[Amount of refund of investment in capital per unit] (yen)	[—]	[—]	[—]	[—]	[—]
Total distribution amount from reserve for temporary difference adjustments out of total amount of refund of investment in capital (thousand yen)	—	—	—	—	—
[Distribution amount from reserve for temporary difference adjustments per unit out of a amount of refund of investment in capital per unit] (yen)	[—]	[—]	[—]	[—]	[—]
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 a 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 accelerate in housing, which is the base of living within the real estate leasing market. Likewise, we believe that housing units with relatively large floor plans will continue to perform well. With regard to offices, where business activities are based, supply and demand are expected to ease further due to the trend of contractual area shrinking due to changes in tenant needs following the expansion of remote work and the prospect of new supply in the future, and we anticipate that rents will remain weak. Hotel market is expected to recover due to the Japanese government's policy support and the relaxation of immigration restrictions. However, it is necessary to continue to pay close attention to the infection status in each country and region as well as the international situation.

In the real estate transaction market, SHR believes that the expected yields will remain at low levels for the foreseeable future amid accommodative financial conditions due to COVID-19.

##### (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<sup>(Note 1)</sup> 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<sup>(Note 2)</sup> can be fully utilized.

SHR has set the three major metropolitan areas<sup>(Note 1)</sup> 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<sup>(Note 3)</sup> possess (a) property management (“PM”) 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 shall apply 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 shall apply 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. The same shall apply hereinafter.

### (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) Borrowing of Funds

SHR conducted borrowing of funds on November 30, 2022, for use as repayment funds of the long-term borrowings (3,000 million yen) which was due for repayment, on the same date as follows.

Fixed Interest Rate Borrowings

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	MUFG Bank, Ltd. (Note 6)	700	1.005%	November 30, 2022	Borrowing based on individual loan agreement, dated November 25, 2022. The lenders under the loan agreement are as indicated to the left of this table.	November 29, 2030	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	Mizuho Bank, Ltd.	350						
	Sumitomo Mitsui Banking Corporation	650						
	Sumitomo Mitsui Trust Bank, Limited	350						
	Resona Bank, Limited.	300						
	Development Bank of Japan Inc.	650						
Total		3,000	—	—	—	—	—	—

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

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

(Note 3) The first interest payment date will be the last day of May 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 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 ESG Loan for J-REIT.

# Outline of the Investment Corporation

## 1. Status of Capital

Fiscal period	As of the end of 12th fiscal period (Oct. 31, 2020)	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)
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	4,288,666	4,431,133	4,381,482
Unitholders' capital (million yen)	149,210	149,210	149,210	161,283	161,283
Number of unitholders (persons)	19,279	18,942	18,637	20,876	21,154

## 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)	1,130,285	25.80
The Master Trust Bank of Japan, Ltd. (Trust Account)	689,267	15.73
Sekisui House, Ltd.	200,750	4.58
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	190,116	4.34
STATE STREET BANK WEST CLIENT - TREATY 505234	64,016	1.46
SSBTC CLIENT OMNIBUS ACCOUNT	61,984	1.41
SMBC Nikko Securities Inc.	58,808	1.34
STATE STREET BANK AND TRUST COMPANY 505103	57,752	1.32
The Shinkumi Federation Bank	45,726	1.04
JP MORGAN CHASE BANK 385771	44,331	1.01
Total	2,543,035	58.04

(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 15th fiscal period (Apr. 30, 2022)		As of the end of 16th fiscal period (Oct. 31, 2022)	
			Total amount held (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)	Total amount held (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Real estate in trust	Residential properties	Greater Tokyo	196,684	33.9	209,517	36.7
		Other areas	56,158	9.7	55,896	9.8
	Commercial properties	Three major metropolitan areas	297,294	51.3	274,312	48.0
		Other areas	—	—	—	—
Total of real estate in trust			550,137	94.9	539,726	94.5
Equity interest in a silent partnership (Note 4)			—	—	486	0.1
Deposits and other assets			29,794	5.1	30,786	5.4
Total amount of assets			579,931	100.0	570,999	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 under the heading “As a percentage of 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 as the business operator.

## 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 <sup>2</sup> ) (Note 2)	Leased area (m <sup>2</sup> ) (Note 3)	Occupancy rate (%) (Note 4)	As a percentage of total property-related operating revenue (%) (Note 5)	Usage type
Garden City Shinagawa Gotenyama	69,754	38,577.99	32,611.77	84.5	10.9	Office building
Akasaka Garden City (Note 6)	50,055	21,735.43	19,432.79	89.4	6.8	Office building
Gotenyama SH Building	49,326	19,999.97	19,999.97	100.0	7.2	Office building
Hommachi Minami Garden City	42,112	29,657.53	29,657.53	100.0	8.8	Office building
Hommachi Garden City (Office building portion) (Note 7)	36,064	17,006.94	17,006.94	100.0	6.0	Office building
Hommachi Garden City (Hotel portion) (Note 7)	16,691	18,092.98	18,092.98	100.0	2.7	Hotel
Prime Maison EGOTANOMORI	11,173	29,048.95	28,301.31	97.4	1.9	Residence
Prime Maison Nakameguro	10,212	6,033.98	5,840.02	96.8	1.5	Residence
Esty Maison Ojima	8,261	9,905.97	9,501.66	95.9	1.6	Residence

Prime Maison Shirokanedai Tower	7,894	6,772.89	6,448.84	95.2	1.6	Residence
Total	301,548	196,832.63	186,893.81	95.0	49.0	—

- (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 shall apply 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 shall apply 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 shall apply 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 shall apply hereinafter.
- (Note 7) “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 shall apply hereinafter.

### 3. Details of Assets (Real Estate, etc.) in the Portfolio

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 number (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	6,595	7,770
	R-002	Esty Maison Azabunagasaka	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,762	2,000
	R-003	Esty Maison Ebisu II	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,021	2,430
	R-004	Esty Maison Ebisu	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	914	935
	R-005	Esty Maison Kanda	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	1,545	1,910
	R-006	Esty Maison Kitashinjuku	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,528	1,850
	R-007	Esty Maison Asakusakomagata	Taito-ku, Tokyo	Real estate trust beneficiary interests	2,071	2,530
	R-008	Esty Maison Kawasaki	Kawasaki-shi, Kanagawa	Real estate trust beneficiary interests	2,367	2,840
	R-010	Esty Maison Kameido	Koto-ku, Tokyo	Real estate trust beneficiary interests	1,479	1,910
	R-011	Esty Maison Meguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	1,067	1,360
	R-012	Esty Maison Sugamo	Toshima-ku, Tokyo	Real estate trust beneficiary interests	1,587	1,880
	R-013	Esty Maison Kyobashi	Osaka-shi, Osaka	Real estate trust beneficiary interests	2,908	3,110
	R-014	Esty Maison Hakuraku	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	881	980
	R-015	Esty Maison Minamihorie	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,112	1,170
	R-016	Esty Maison Gotanda (Note 4)	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	3,025	3,600
	R-017	Esty Maison Oisendaizaka	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,696	3,040
	R-018	Esty Maison Shinagawa Seaside	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,108	2,540
	R-019	Esty Maison Minamiazabu	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,288	1,420
	R-021	Esty Maison Kawasaki II	Kawasaki-shi, Kanagawa	Real estate trust beneficiary interests	1,879	2,470
	R-022	Esty Maison Azabujuban	Minato-ku, Tokyo	Real estate trust beneficiary interests	2,706	3,050
	R-023	Esty Maison Itabashihoncho	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	973	1,050
	R-027	Esty Maison Musashikoyama (Note 5)	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,004	1,220
	R-028	Esty Maison Sendagi (Note 6)	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	674	822
	R-030	Esty Maison Hakatahigashi	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,188	2,680
	R-033	Prime Maison Musashinonomori	Kodaira-shi, Tokyo	Real estate trust beneficiary interests	1,766	2,260
	R-034	Prime Maison Higashisakura	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,545	1,730
	R-035	Prime Maison Kayabakoen	Nagoya-shi, Aichi	Real estate trust beneficiary interests	814	959
	R-036	Esty Maison Sangenjaya II	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	758	932



Usage type	Property number (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-037	Esty Maison Itabashi C6	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	2,449	2,900
	R-038	Sha Maison Stage Hakata <sup>(Note 7)</sup>	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,332	2,830
	R-039	Esty Maison Kinshicho	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,191	1,430
	R-040	Esty Maison Musashikoganei	Koganei-shi, Tokyo	Real estate trust beneficiary interests	1,739	2,100
	R-041	Prime Maison Gokiso	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,934	2,200
	R-042	Prime Maison Yuhigaoka	Osaka-shi, Osaka	Real estate trust beneficiary interests	863	1,120
	R-043	Prime Maison Kitatanabe	Osaka-shi, Osaka	Real estate trust beneficiary interests	611	711
	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	1,890	2,130
	R-046	Esty Maison Sasazuka	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	3,369	3,830
	R-047	Prime Maison Ginza East	Chuo-ku, Tokyo	Real estate trust beneficiary interests	6,169	7,320
	R-048	Prime Maison Takami	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,052	1,160
	R-049	Prime Maison Yadaminami	Nagoya-shi, Aichi	Real estate trust beneficiary interests	839	926
	R-050	Prime Maison Teriha	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	1,160	1,340
	R-051	Esty Maison Higashishirakabe	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,598	1,790
	R-052	Esty Maison Sengoku	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	1,328	1,480
	R-053	Esty Maison Daizawa	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	2,213	2,580
	R-054	Esty Maison Togoshi	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,711	2,060
	R-055	Esty Maison Nishitemma	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,596	1,800
	R-056	Esty Maison Shirokanedai	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,366	3,050
	R-057	Esty Maison Higashishinjuku	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,593	2,000
	R-058	Esty Maison Motoazabu	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,506	1,820
	R-059	Esty Maison Toritsudaigaku	Meguro-ku, Tokyo	Real estate trust beneficiary interests	837	1,000
	R-060	Esty Maison Musashikoyama II	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	989	1,160
	R-061	Esty Maison Nakano	Nakano-ku, Tokyo	Real estate trust beneficiary interests	1,806	2,050
	R-062	Esty Maison Shinnakano	Nakano-ku, Tokyo	Real estate trust beneficiary interests	976	1,100
	R-063	Esty Maison Nakanofujimicho	Nakano-ku, Tokyo	Real estate trust beneficiary interests	947	1,090
	R-064	Esty Maison Tetsugakudo	Nakano-ku, Tokyo	Real estate trust beneficiary interests	1,102	1,260
	R-065	Esty Maison Koenji	Suginami-ku, Tokyo	Real estate trust beneficiary interests	1,121	1,350
	R-066	Esty Maison Oshiage	Sumida-ku, Tokyo	Real estate trust beneficiary interests	2,384	2,820

Usage type	Property number (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-067	Esty Maison Akabane	Kita-ku, Tokyo	Real estate trust beneficiary interests	3,087	3,640
	R-068	Esty Maison Oji	Kita-ku, Tokyo	Real estate trust beneficiary interests	1,557	1,860
	R-069	Prime Maison Waseda	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,493	1,910
	R-070	Prime Maison Hatchobori	Chuo-ku, Tokyo	Real estate trust beneficiary interests	1,370	1,660
	R-071	Prime Maison Jimbocho	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	1,853	2,180
	R-072	Prime Maison Gotenyama East	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,860	3,420
	R-073	Sha Maison Stage Akihabara	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	587	624
	R-074	Esty Maison Aoi	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,336	2,600
	R-075	Esty Maison Yakuin	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,545	2,700
	R-076	Esty Maison Kinshicho II	Sumida-ku, Tokyo	Real estate trust beneficiary interests	7,868	10,100
	R-077	Esty Maison Ojima	Koto-ku, Tokyo	Real estate trust beneficiary interests	8,261	11,400
	R-078	Prime Maison Fujimidai	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,141	2,220
	R-079	Esty Maison Tsurumai	Nagoya-shi, Aichi	Real estate trust beneficiary interests	4,484	5,070
	R-080	Prime Maison Morishita	Koto-ku, Tokyo	Real estate trust beneficiary interests	1,817	2,220
	R-081	Prime Maison Shinagawa	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,875	2,230
	R-082	Prime Maison Odorikoen	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	3,018	3,200
	R-083	Prime Maison Minami 2-jo	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	1,799	2,020
	R-084	Prime Maison Kamokamogawa	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	1,172	1,250
	R-085	Prime Maison Central Park <sup>(Note 8)</sup>	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,126	2,464
	R-086	Sha Maison Stage Yahiro	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,806	2,080
	R-087	Prime Maison Ebisu	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	4,238	5,560
	R-088	Sha Maison Stage Kanazawa Nishiizumi	Kanazawa-shi, Ishikawa	Real estate trust beneficiary interests	999	978
	R-089	Esty Maison Unomori	Yokkaichi-shi, Mie	Real estate trust beneficiary interests	757	832
	R-091	Sha Maison Stage Hino	Hino-shi, Tokyo	Real estate trust beneficiary interests	1,285	1,550
	R-092	Prime Maison Yokohama Nihon-odori	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	4,578	5,160
	R-093	Kobe Women's Student Housing	Kobe-shi, Hyogo	Real estate trust beneficiary interests	5,198	6,310
	R-094	Prime Maison Shibuya	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,372	2,720
	R-095	Prime Maison Hatsudai	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,897	3,280
	R-096	Esty Maison Uemachidai	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,051	1,200
	R-098	Prime Maison Shirokane-takanawa	Minato-ku, Tokyo	Real estate trust beneficiary interests	4,766	5,380

Usage type	Property number (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-099	Prime Maison Ichigayayamabushicho	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	4,086	4,260
	R-100	Esty Maison Morishita	Sumida-ku, Tokyo	Real estate trust beneficiary interests	627	711
	R-101	Prime Maison Shirokanedai Tower	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	7,894	10,800
	R-102	Prime Maison Otsuka	Toshima-ku, Tokyo	Real estate trust beneficiary interests	3,658	4,640
	R-103	Prime Maison Asakusabashi	Taito-ku, Tokyo	Real estate trust beneficiary interests	1,667	2,100
	R-104	Prime Maison Daikanyama	Meguro-ku, Tokyo	Real estate trust beneficiary interests	2,506	3,310
	R-105	Prime Maison Gotenyama West	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	3,389	4,670
	R-106	Esty Maison Toyosu Residence <sup>(Note 9)</sup>	Koto-ku, Tokyo	Real estate trust beneficiary interests	5,721	7,460
	R-108	Esty Maison Ijiri	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	388	431
	R-109	Prime Maison Mitatsunamachi	Minato-ku, Tokyo	Real estate trust beneficiary interests	2,038	2,460
	R-110	Prime Maison Hongo	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	2,588	3,000
	R-111	Prime Maison Kuramae	Taito-ku, Tokyo	Real estate trust beneficiary interests	2,175	2,510
	R-112	Esty Maison Yokohama-aobadai <sup>(Note 10)</sup>	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	2,998	3,490
	R-113	Esty Maison Shizuoka Takajo	Shizuoka-shi, Shizuoka	Real estate trust beneficiary interests	662	663
	R-114	Sha Maison Stage Hirose-dori	Sendai-shi, Miyagi	Real estate trust beneficiary interests	870	934
	R-115	Esty Maison HIGASHIBETSUIN	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,262	2,210
	R-116	Esty Maison Kayaba	Nagoya-shi, Aichi	Real estate trust beneficiary interests	935	949
	R-117	Esty Maison SHIRAKABEMINAMI	Nagoya-shi, Aichi	Real estate trust beneficiary interests	681	692
	R-118	Prime Maison Shimokitazawa	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	2,639	2,670
	R-119	Prime Maison Meguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	2,356	2,420
	R-120	Prime Maison Ryogoku	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,573	1,580
	R-121	Prime Maison Nakameguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	10,212	10,800
	R-122	Prime Maison Itabashi	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	4,965	5,000
	R-123	Prime Maison EGOTANOMORI <sup>(Note 11)</sup>	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	11,173	10,900
	R-124	Prime Maison Waseda dori	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	2,261	2,520
Subtotal			-	-	265,414	310,093

Usage type	Property number (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	69,754	87,900
	O-002	Gotenyama SH Building	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	49,326	61,700
	O-003	Hommachi Minami Garden City	Osaka-shi, Osaka	Real estate trust beneficiary interests	42,112	54,800
	O-004	Hommachi Garden City (Office building portion)	Osaka-shi, Osaka	Real estate trust beneficiary interests	36,064	45,000
	O-005	HK Yodoyabashi Garden Avenue <sup>(Note 12)</sup>	Osaka-shi, Osaka	Real estate trust beneficiary interests	4,174	6,230
	O-006	Hirokoji Garden Avenue	Nagoya-shi, Aichi	Real estate trust beneficiary interests	6,131	7,370
	O-007	Akasaka Garden City	Minato-ku, Tokyo	Real estate trust beneficiary interests	50,055	51,900
Subtotal			-	-	257,621	314,900
Hotel	H-001	Hommachi Garden City (Hotel portion)	Osaka-shi, Osaka	Real estate trust beneficiary interests	16,691	18,100
	Subtotal		-	-	16,691	18,100
Total			-	-	539,726	643,093

(Note 1) “Property number” is the number assigned by property after classifying the properties owned by SHR by usage type, and the letters R, O and H refer to residence, office building and hotel, respectively. The same shall apply hereinafter.

(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) “Estimated 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 leasehold right 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 number	Name of real estate, etc.	15th fiscal period From: Nov. 1, 2021 To: Apr. 30, 2022				16th fiscal period From: May 1, 2022 To: Oct. 31, 2022			
			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)	As a percentage of 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)	As a percentage of total property-related operating revenue (%) (Note 4)
Residence	R-001	Esty Maison Ginza	1	98.1	178	1.2	1	97.3	181	1.2
	R-002	Esty Maison Azabunagasaka	1	89.7	46	0.3	1	95.6	46	0.3
	R-003	Esty Maison Ebisu II	1	94.7	56	0.4	1	92.8	56	0.4
	R-004	Esty Maison Ebisu	1	88.9	21	0.1	1	100.0	23	0.2
	R-005	Esty Maison Kanda	1	94.8	44	0.3	1	92.2	44	0.3
	R-006	Esty Maison Kitashinjuku	1	89.9	44	0.3	1	95.3	44	0.3
	R-007	Esty Maison Asakusakomagata	1	91.1	64	0.4	1	96.4	63	0.4
	R-008	Esty Maison Kawasaki	1	98.6	77	0.5	1	96.8	77	0.5
	R-010	Esty Maison Kameido	1	95.9	53	0.4	1	99.0	52	0.3
	R-011	Esty Maison Meguro	1	95.0	30	0.2	1	91.8	29	0.2
	R-012	Esty Maison Sugamo	1	97.2	49	0.3	1	95.0	52	0.3
	R-013	Esty Maison Kyobashi	1	97.8	86	0.6	1	98.9	88	0.6
	R-014	Esty Maison Hakuraku	1	96.5	31	0.2	1	94.7	29	0.2
	R-015	Esty Maison Minamihorie	1	94.2	33	0.2	1	100.0	34	0.2
	R-016	Esty Maison Gotanda	1	98.9	96	0.7	1	96.4	95	0.6
	R-017	Esty Maison Oisendaizaka	1	93.9	77	0.5	1	94.7	78	0.5
	R-018	Esty Maison Shinagawa Seaside	1	94.1	64	0.4	1	91.7	63	0.4
	R-019	Esty Maison Minamiazabu	1	96.2	33	0.2	1	86.5	31	0.2
	R-021	Esty Maison Kawasaki II	1	99.2	63	0.4	1	96.7	64	0.4
	R-022	Esty Maison Azabuiuban	1	94.0	65	0.4	1	97.4	65	0.4
	R-023	Esty Maison Itabashihoncho	1	95.4	30	0.2	1	95.4	28	0.2
	R-027	Esty Maison Musashikovama	1	95.9	30	0.2	1	98.3	29	0.2
	R-028	Esty Maison Sendagi	1	97.3	22	0.2	1	100.0	22	0.1
	R-030	Esty Maison Hakatahigashi	1	97.7	86	0.6	1	99.0	87	0.6
	R-033	Prime Maison Musashinonomori	1	92.6	67	0.5	1	93.5	64	0.4
	R-034	Prime Maison Higashisakura	1	96.5	51	0.4	1	97.8	52	0.3
	R-035	Prime Maison Kavabakoen	1	92.8	30	0.2	1	100.0	30	0.2
	R-036	Esty Maison Sangenjaya II	1	92.2	23	0.2	1	92.1	23	0.2
	R-037	Esty Maison Itabashi C6	1	97.4	78	0.5	1	92.4	79	0.5
	R-038	Sha Maison Stage Hakata	1	100.0	96	0.7	1	100.0	96	0.6
	R-039	Esty Maison Kinshicho	1	91.7	35	0.2	1	97.2	35	0.2

Usage Type	Property number	Name of real estate, etc.	15th fiscal period From: Nov. 1, 2021 To: Apr. 30, 2022				16th fiscal period From: May 1, 2022 To: Oct. 31, 2022			
			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)	As a percentage of 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)	As a percentage of total property-related operating revenue (%) (Note 4)
Residence	R-040	Esty Maison Musashikoganei	1	100.0	56	0.4	1	95.1	54	0.4
	R-041	Prime Maison Gokiso	1	98.3	64	0.4	1	98.3	63	0.4
	R-042	Prime Maison Yuhigaoka	1	100.0	30	0.2	1	96.4	30	0.2
	R-043	Prime Maison Kitatanabe	1	100.0	23	0.2	1	96.1	22	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	91.2	55	0.4	1	96.2	55	0.4
	R-046	Esty Maison Sasazuka	1	98.0	90	0.6	1	95.4	90	0.6
	R-047	Prime Maison Ginza East	1	94.4	172	1.2	1	93.5	173	1.2
	R-048	Prime Maison Takami	1	100.0	33	0.2	1	100.0	34	0.2
	R-049	Prime Maison Yadaminami	1	100.0	29	0.2	1	100.0	29	0.2
	R-050	Prime Maison Teriha	1	100.0	51	0.4	1	100.0	52	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	98.7	37	0.3	1	95.6	37	0.2
	R-053	Esty Maison Daizawa	1	91.0	61	0.4	1	97.7	63	0.4
	R-054	Esty Maison Togoshi	1	97.8	50	0.3	1	98.8	49	0.3
	R-055	Esty Maison Nishitemma	1	93.9	52	0.4	1	96.9	51	0.3
	R-056	Esty Maison Shirokanedai	1	96.1	70	0.5	1	92.5	73	0.5
	R-057	Esty Maison Higashishinjuku	1	98.2	49	0.3	1	96.3	47	0.3
	R-058	Esty Maison Motoazabu	1	100.0	43	0.3	1	100.0	41	0.3
	R-059	Esty Maison Toritsudaigaku	1	94.9	23	0.2	1	100.0	23	0.2
	R-060	Esty Maison Musashikoyama II	1	97.8	29	0.2	1	95.2	30	0.2
	R-061	Esty Maison Nakano	1	98.9	53	0.4	1	98.9	53	0.4
	R-062	Esty Maison Shinnakano	1	100.0	30	0.2	1	96.1	28	0.2
	R-063	Esty Maison Nakanofujimicho	1	100.0	28	0.2	1	93.2	28	0.2
	R-064	Esty Maison Tetsugakudo	1	91.5	34	0.2	1	95.2	34	0.2
	R-065	Esty Maison Koenji	1	96.6	33	0.2	1	100.0	34	0.2
	R-066	Esty Maison Oshiage	1	96.3	72	0.5	1	95.0	70	0.5

Usage Type	Property number	Name of real estate, etc.	15th fiscal period From: Nov. 1, 2021 To: Apr. 30, 2022				16th fiscal period From: May 1, 2022 To: Oct. 31, 2022			
			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)	As a percentage of 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)	As a percentage of total property-related operating revenue (%) (Note 4)
Residence	R-067	Esty Maison Akabane	1	98.2	94	0.6	1	99.4	94	0.6
	R-068	Esty Maison Oji	1	92.0	46	0.3	1	97.7	48	0.3
	R-069	Prime Maison Waseda	1	92.4	41	0.3	1	97.6	45	0.3
	R-070	Prime Maison Hatchobori	1	93.1	36	0.2	1	88.8	36	0.2
	R-071	Prime Maison Jimbocho	1	94.8	51	0.3	1	100.0	53	0.4
	R-072	Prime Maison Gotenyama East	1	95.9	90	0.6	1	100.0	83	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	98.8	71	0.5	1	96.3	71	0.5
	R-075	Esty Maison Yakuin	1	98.4	75	0.5	1	95.0	74	0.5
	R-076	Esty Maison Kinshicho II	1	97.1	223	1.5	1	99.1	228	1.5
	R-077	Esty Maison Ojima	1	93.2	242	1.6	1	95.9	247	1.6
	R-078	Prime Maison Fujimidai	1	98.5	74	0.5	1	88.7	72	0.5
	R-079	Esty Maison Tsurumai	1	100.0	155	1.1	1	100.0	155	1.0
	R-080	Prime Maison Morishita	1	94.3	58	0.4	1	97.7	53	0.4
	R-081	Prime Maison Shinagawa	1	93.9	56	0.4	1	100.0	58	0.4
	R-082	Prime Maison Odorikoen	1	88.8	110	0.7	1	90.1	109	0.7
	R-083	Prime Maison Minami 2-jo	1	99.3	75	0.5	1	98.5	75	0.5
	R-084	Prime Maison Kamokamogawa	1	97.2	48	0.3	1	98.2	48	0.3
	R-085	Prime Maison Central Park	1	94.7	88	0.6	1	96.6	87	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	96.4	112	0.8	1	98.6	112	0.7
	R-088	Sha Maison Stage Kanazawa Nishiizumi	1	100.0	39	0.3	1	100.0	43	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	100.0	51	0.4	1	98.1	51	0.3
	R-092	Prime Maison Yokohama Nihon-odori	1	94.3	139	0.9	1	98.2	141	0.9
	R-093	Kobe Women's Student Housing	1	98.9	219	1.5	1	98.9	219	1.5
	R-094	Prime Maison Shibuya	1	93.4	60	0.4	1	94.8	63	0.4
	R-095	Prime Maison Hatsudai	1	98.3	81	0.6	1	98.2	80	0.5
	R-096	Esty Maison Uemachidai	1	95.7	34	0.2	1	100.0	33	0.2



Usage type	Property number	Name of real estate, etc.	15th fiscal period From: Nov. 1, 2021 To: Apr. 30, 2022				16th fiscal period From: May 1, 2022 To: Oct. 31, 2022			
			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)	As a percentage of 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)	As a percentage of total property-related operating revenue (%) (Note 4)
Residence	R-098	Prime Maison Shirokane-takanawa	1	94.4	115	0.8	1	95.6	115	0.8
	R-099	Prime Maison Ichigayayamabushi cho	1	87.9	95	0.6	1	93.0	99	0.7
	R-100	Esty Maison Morishita	1	100.0	18	0.1	1	100.0	19	0.1
	R-101	Prime Maison Shirokanedai	1	97.0	230	1.6	1	95.2	234	1.6
	R-102	Prime Maison Otsuka	1	91.7	110	0.8	1	92.4	110	0.7
	R-103	Prime Maison Asakusabashi	1	93.6	50	0.3	1	97.5	49	0.3
	R-104	Prime Maison Daikanyama	1	95.5	72	0.5	1	97.4	70	0.5
	R-105	Prime Maison Gotenyama West	1	100.0	121	0.8	1	95.9	123	0.8
	R-106	Esty Maison Tovosu Residence	1	94.9	474	3.2	1	96.8	472	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	89.4	51	0.3	1	90.6	59	0.4
	R-110	Prime Maison Hongo	1	89.2	66	0.5	1	100.0	67	0.4
	R-111	Prime Maison Kuramae	1	94.3	57	0.4	1	97.7	60	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 HIGASHIBETSUI	1	100.0	69	0.5	1	100.0	69	0.5
	R-116	Esty Maison Kayaba	1	100.0	30	0.2	1	100.0	29	0.2
	R-117	Esty Maison SHIRAKABE	1	100.0	20	0.1	1	100.0	20	0.1
	R-118	Prime Maison Shimokitazawa	1	81.9	57	0.4	1	94.3	55	0.4
	R-119	Prime Maison Meguro	1	96.4	49	0.3	1	100.0	48	0.3
	R-120	Prime Maison Ryogoku	1	96.7	36	0.2	1	86.6	34	0.2
	R-121	Prime Maison Nakameguro	1	95.4	110	0.8	1	96.8	221	1.5
	R-122	Prime Maison Itabashi	1	92.4	50	0.3	1	95.8	113	0.8
	R-123	Prime Maison EGOTANOMORI	—	—	—	—	1	97.4	290	1.9
	R-124	Prime Maison Waseda dori	—	—	—	—	1	97.8	25	0.2
	Subtotal		12	96.5	7,690	52.1	12	97.1	8,197	54.3



Usage type	Property number	Name of real estate, etc.	15th fiscal period From: Nov. 1, 2021 To: Apr. 30, 2022				16th fiscal period From: May 1, 2022 To: Oct. 31, 2022			
			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)	As a percentage of 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)	As a percentage of total property-related operating revenue (%) (Note 4)
Office building	O-001	Garden City Shinagawa Gotenyama	1	98.6	1,837	12.5	1	84.5	1,650	10.9
	O-002	Gotenyama SH Building	1	100.0	1,088	7.4	1	100.0	1,088	7.2
	O-003	Hommachi Minami Garden City	1	100.0	1,303	8.8	1	100.0	1,322	8.8
	O-004	Hommachi Garden City (Office building portion)	1	100.0	903	6.1	1	100.0	903	6.0
	O-005	HK Yodoyabashi Garden Avenue	1	100.0	163	1.1	1	100.0	168	1.1
	O-006	Hirokoji Garden Avenue	1	100.0	206	1.4	1	100.0	211	1.4
	O-007	Akasaka Garden City	1	89.4	944	6.4	1	89.4	1,028	6.8
Subtotal			4	97.9	6,448	43.7	4	93.9	6,374	42.3
Hotel	H-001	Hommachi Garden City (Hotel portion)	1	100.0	402	2.7	1	100.0	402	2.7
	H-002	The Ritz-Carlton, Kyoto	1	100.0	215	1.5	—	—	109	0.7
Subtotal			2	100.0	618	4.2	1	100.0	511	3.4
Total			17	97.0	14,756	100.0	16	96.4	15,082	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 18, 16, 8, 7 and 20, respectively as of the end of the 15th fiscal period (from Nov. 1, 2021 to Apr. 30, 2022) and 17, 16, 8, 7 and 20, respectively as of the end of the 16th fiscal period (from May 1, 2022 to Oct. 31, 2022).

(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		Estimated value <sup>(Note1)</sup>		Valuation gain or loss (thousand yen)	Remarks
			Unit price	Price (thousand yen)	Unit price	Price (thousand yen)		
Equity interest in a silent partnership with Godo Kaisha Gemini1 as the business operator	Silent partnership equity interests	—	—	486,179	—	486,179	—	—
Total	—	—	—	486,179	—	486,179	—	—

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

(Note 2) 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.

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)	13,750,000	4,750,000	(12,202)
Transaction other than market transaction	Interest rate swap transaction (Under which floating interest rates are receivable and fixed interest rates are payable)	117,611,000	103,301,000	—(Note 3)
Total		131,361,000	108,051,000	(12,202)

(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. Schedule of Capital Expenditures

The main capital expenditure amounts accompanying renovation work, etc. currently planned for properties owned by SHR, are as follows. However, a portion of such amounts may ultimately be classified as expenses in the course of the accounting process.

Name of real estate, etc. (location)	Purpose	Scheduled period	Scheduled amount (million yen) (Note)		
			Total amount	Payment for the fiscal period under review	Amount already paid
Esty Maison Akabane (Akabane, Kita-ku, Tokyo)	Large-scale repairs	From: November 2022 To: April 2023	124	—	—
Prime Maison Musashinonomori (Josuihoncho, Kodaira-shi, Tokyo)	Large-scale repairs	From: May 2023 To: October 2023	119	—	—
Sha Maison Stage Hirose-dori (Tachimachi, Aoba-ku, Sendai-shi, Miyagi)	Large-scale repairs	From: May 2023 To: October 2023	99	—	—
Esty Maison Nakano (Chuo, Nakano-ku, Tokyo)	Large-scale repairs	From: May 2023 To: October 2023	84	—	—
Sha Maison Stage Hino (Shinmachi, Hino-shi, Tokyo)	Large-scale repairs	From: November 2022 To: April 2023	77	—	—

(Note) “Scheduled amount” refers to the amount arrived at by multiplying (i) the full amount required for the work by (ii) the ratio of the compartmentalized ownership interest or quasi co-ownership interest owned by SHR, when SHR owns compartmentalized ownership interest in the property or quasi co-ownership interest in the real estate trust beneficiary interests for the property (in the event SHR owns a quasi co-ownership interest related to trust beneficiary interest whose trust estate is composed of compartmentalized ownership interest, the total cost multiplied by the ratio of compartmentalized ownership interest and then multiplied by the quasi co-ownership interest ratio) that is subject to the relevant work.

## 2. Capital Expenditures During Period

An overview of capital expenditures conducted by SHR for its properties during the fiscal period under review is as set forth in the following table. Total capital expenditures during the fiscal period under review was 722 million yen and, together with 390 million yen of repair expenses charged to expenses in the fiscal period under review, work amounting to 1,112 million yen was implemented.

Name of real estate, etc. (location)	Purpose	Period	Payment amount (million yen)
Prime Maison Ginza East (Tsukiji, Chuo-ku, Tokyo)	Large-scale repair	From: May 2022 To: October 2022	164
Prime Maison Higashisakura (Higashisakura, Higashi-ku, Nagoya-shi, Aichi)	Large-scale repair	From: May 2022 To: October 2022	135
Other capital expenditures			422
Total			722

## 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<sup>(Note)</sup>.

(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	15th fiscal period From: Nov. 1, 2021 To: Apr. 30, 2022	16th fiscal period From: May 1, 2022 To: Oct. 31, 2022
Asset management fee	910,076	1,021,403
Asset custody fee	10,387	10,679
Administrative service fees	48,100	49,974
Directors' compensations	3,600	3,600
Other expenses	266,326	356,800
Total	1,238,491	1,442,457

(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 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)
Equity interest in the silent partnership with Godo Kaisha Geminil as the business operator	August 1, 2022	480	—	—	—	—
Prime Maison EGOTANOMORI	August 2, 2022	10,500	—	—	—	—
Prime Maison Waseda dori	August 2, 2022	2,200	—	—	—	—
The Ritz-Carlton, Kyoto	—	—	August 2, 2022	23,000	22,288	710
Total	—	13,180	—	23,000	22,288	710

(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 shall apply 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)

Acquisition or Disposition	Name of real estate, etc.	Transaction date	Type of asset	Acquisition/disposition price (million yen)	Appraisal value (million yen) (Note)	Appraiser	Date of appraisal
Acquisition	Prime Maison EGOTANOMORI	August 2, 2022	Real estate trust beneficiary interests	10,500	10,800	Rich Appraisal Institute co.,Ltd.	June 1, 2022
	Prime Maison Waseda dori	August 2, 2022	Real estate trust beneficiary interests	2,200	2,420	Japan Real Estate Institute	June 1, 2022
Disposition	The Ritz-Carlton, Kyoto	August 2, 2022	Real estate trust beneficiary interests	23,000	22,295	Rich Appraisal Institute co.,Ltd.	April 30, 2022

(Note) The appraisal value stated above is derived by applying the “Real Estate Appraisal Standards; Particulars; Chapter 3: Appraisal on Value of Real Estate Subject to Securitization.”

(2) Equity Interest in a Silent Partnership

Acquisition or Disposition	Stock name	Transaction date	Acquisition price (million yen)	Appraisal value (million yen)
Acquisition	Equity interest in the silent partnership with Godo Kaisha Gemini1 as the business operator	August 1, 2022	480	480

(Note) Regarding transactions that require an investigation into the price, etc. of specified assets in accordance with Article 201, Clause 2 of the Investment Trust Act (1 acquisition transaction of the equity interest in the silent partnership), 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. <sup>(Note 1)</sup>

(1) Status of Transactions

Category	Amount of purchase and sale, etc.			
	Amount of purchase, etc.		Amount of sale, etc.	
Total amount	12,700 million yen		23,000 million yen	
Breakdown of status of transactions with interested persons, etc.				
Sekisui House, Ltd.	12,700 million yen	[100.0%]	23,000 million yen	[100.0%]

(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)	1,067,854	Sekisui House Real Estate Tokyo, Ltd.	469,451	44.0
		Sekisui House Real Estate Chubu, Ltd.	67,781	6.3
		Sekisui House GM Partners, Ltd.	49,739	4.7
		Sekisui House, Ltd.	31,805	3.0
		Sekisui House Real Estate Kyushu, Ltd.	18,819	1.8
		Sekisui House Real Estate Kansai, Ltd.	3,673	0.3
		Sekisui House Real Estate Tohoku, Ltd.	1,050	0.1
		SH Hotel Systems Ltd.	148	0.0

(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.	309,671 thousand yen
Sekisui House, Ltd.	298,243 thousand yen
Sekisui House Real Estate Chubu, Ltd.	94,108 thousand yen
Sekisui House Real Estate Kyushu, Ltd.	45,151 thousand yen
Sekisui House GM Partners, Ltd.	19,735 thousand yen
Sekisui House Real Estate Tohoku, Ltd.	4,303 thousand yen
Sekisui House Real Estate Kansai, Ltd.	1,134 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

In the fiscal period under review, there is no information regarding the matters, etc. provided in Items 2, 3, 5, 6 and 8 of Article 109, Paragraph 2 of the Investment Trusts Act approved at a meeting of the board of directors of SHR, as well as other matters deemed important.

#### (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

	(Thousands of yen)	
	15th Fiscal Period (As of April 30, 2022)	16th Fiscal Period (As of October 31, 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	11,154,608	11,416,266
Cash and deposits in trust	16,033,132	16,340,838
Operating accounts receivable	188,420	198,066
Prepaid expenses	259,778	300,452
Other	159,040	58,286
Allowance for doubtful accounts	(1,022)	(2,653)
<b>Total current assets</b>	<b>27,793,958</b>	<b>28,311,256</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings in trust	180,182,133	184,641,536
Accumulated depreciation	(21,399,288)	(23,440,710)
Buildings in trust, net	158,782,845	161,200,826
Structures in trust	1,587,002	1,620,073
Accumulated depreciation	(302,079)	(333,254)
Structures in trust, net	1,284,922	1,286,818
Machinery and equipment in trust	2,424,138	2,387,047
Accumulated depreciation	(385,167)	(433,368)
Machinery and equipment in trust, net	2,038,970	1,953,678
Vehicles in trust	153	—
Accumulated depreciation	(153)	—
Vehicles in trust, net	0	—
Tools, furniture and fixtures in trust	774,779	870,024
Accumulated depreciation	(218,587)	(276,299)
Tools, furniture and fixtures in trust, net	556,192	593,724
Land in trust	385,124,884	368,656,815
Construction in progress in trust	12,859	17,859
<b>Total property, plant and equipment</b>	<b>547,800,674</b>	<b>533,709,723</b>
Intangible assets		
Leasehold rights in trust	2,348,619	6,034,763
Other	4,876	3,622
<b>Total intangible assets</b>	<b>2,353,495</b>	<b>6,038,385</b>
Investments and other assets		
Investment securities	—	486,179
Lease and guarantee deposits	801,516	1,530,346
Long-term prepaid expenses	641,322	625,332
Other	369,782	157,179
<b>Total investments and other assets</b>	<b>1,812,621</b>	<b>2,799,038</b>
<b>Total non-current assets</b>	<b>551,966,791</b>	<b>542,547,147</b>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	121,255	107,395
Investment unit issuance costs	49,105	33,602
<b>Total deferred assets</b>	<b>170,361</b>	<b>140,997</b>
<b>Total assets</b>	<b>579,931,111</b>	<b>570,999,401</b>

	(Thousands of yen)			
	15th Fiscal Period (As of April 30, 2022)		16th Fiscal Period (As of October 31, 2022)	
<b>Liabilities</b>				
<b>Current liabilities</b>				
Operating accounts payable		835,543		1,116,383
Short-term loans payable		13,700,000		7,700,000
Current portion of investment corporation bonds		3,000,000		—
Current portion of long-term loans payable		23,500,000		31,310,000
Accounts payable – other		1,043,814		1,169,452
Accrued expenses		190,432		217,054
Income taxes payable		580		584
Accrued consumption taxes		—		678,924
Advances received		697,331		712,064
Derivatives liabilities		26,049		10,052
Other		34,121		12,758
<b>Total current liabilities</b>		43,027,874		42,927,275
<b>Non-current liabilities</b>				
Investment corporation bonds		31,500,000		31,500,000
Long-term loans payable		191,942,000		187,732,000
Tenant leasehold and security deposits in trust		14,669,870		14,353,152
Derivatives liabilities		7,847		2,149
Other		871		—
<b>Total non-current liabilities</b>		238,120,589		233,587,302
<b>Total liabilities</b>		281,148,463		276,514,577
<b>Net assets</b>				
<b>Unitholders' equity</b>				
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)
Capital surplus, net		128,598,415		124,598,450
Voluntary reserve				
Reserve for reduction entry		388,798		993,722
Reserve for special account for reduction entry		1,195,848		—
Reserve for temporary difference adjustments	*4	604,535	*4	417,038
Total voluntary reserve		2,189,182		1,410,761
Unappropriated retained earnings		6,745,643		7,204,510
Total surplus		137,533,240		133,213,722
<b>Total unitholders' equity</b>		298,816,545		294,497,026
<b>Valuation and translation adjustments</b>				
Deferred gains or losses on hedges		(33,897)		(12,202)
<b>Total valuation and translation adjustments</b>		(33,897)		(12,202)
<b>Total net assets</b>	*1	298,782,647	*1	294,484,824
<b>Total liabilities and net assets</b>		579,931,111		570,999,401

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

## (2) Statement of Income and Retained Earnings

(Thousands of yen)

	15th Fiscal Period (From November 1, 2021 to April 30, 2022)		16th Fiscal Period (From May 1, 2022 to October 31, 2022)	
<b>Operating revenue</b>				
Rent revenue – real estate	*1	14,355,305	*1	14,623,738
Other lease business revenue	*1	401,481	*1	459,098
Gain on sale of real estate properties		—	*2	710,583
Gain on investments in silent partnership		—		3,650
Total operating revenue		14,756,787		15,797,070
<b>Operating expenses</b>				
Expenses related to rent business	*1	5,892,357	*1	6,275,960
Asset management fees		910,076		1,021,403
Asset custody fees		10,387		10,679
Administrative service fees		48,100		49,974
Directors' compensation		3,600		3,600
Provision of allowance for doubtful accounts		—		1,693
Bad debt expenses		154		—
Other operating expenses		266,172		355,107
Total operating expenses		7,130,848		7,718,418
<b>Operating income</b>		7,625,938		8,078,652
<b>Non-operating income</b>				
Interest income		160		131
Reversal of distribution payable		693		588
Interest on refund		—		539
Reversal of allowance for doubtful accounts		892		—
Total non-operating income		1,745		1,258
<b>Non-operating expenses</b>				
Interest expenses		609,966		639,740
Interest expenses on investment corporation bonds		77,431		76,266
Borrowing related expenses		124,916		122,424
Amortization of investment unit issuance costs		51,013		15,502
Amortization of investment corporation bond issuance costs		15,183		13,860
Other		2,924		7,001
Total non-operating expenses		881,435		874,796
<b>Ordinary income</b>		6,746,248		7,205,115
<b>Income before income taxes</b>		6,746,248		7,205,115
Income taxes – current		605		605
Total income taxes		605		605
<b>Net income</b>		6,745,643		7,204,510
<b>Unappropriated retained earnings</b>		6,745,643		7,204,510

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

### (3) Statement of Changes in Net Assets

15th Fiscal Period (From November 1, 2021 to April 30, 2022)

(Thousands of yen)

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus	Voluntary reserve			
			Reserve for reduction entry	Reserve for special account for reduction entry	Reserve for temporary difference adjustments	Total voluntary reserve
Balance at beginning of period	149,210,081	128,598,415	726,488	—	675,138	1,401,626
Changes of items during period						
Issuance of new investment units	12,073,223					
Reversal of reserve for reduction entry			(337,690)			(337,690)
Provision of reserve for special account for reduction entry				1,195,848		1,195,848
Reversal of reserve for temporary difference adjustments					(70,602)	(70,602)
Distribution from surplus						
Net income						
Net changes of items other than unitholders' equity						
Total changes of items during period	12,073,223	—	(337,690)	1,195,848	(70,602)	787,555
Balance at end of period	*161,283,304	128,598,415	388,798	1,195,848	604,535	2,189,182

(Thousands of 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	8,520,020	138,520,062	287,730,143	(87,376)	(87,376)	287,642,766
Changes of items during period						
Issuance of new investment units			12,073,223			12,073,223
Reversal of reserve for reduction entry	337,690	—	—			—
Provision of reserve for special account for reduction entry	(1,195,848)	—	—			—
Reversal of reserve for temporary difference adjustments	70,602	—	—			—
Distribution from surplus	(7,732,464)	(7,732,464)	(7,732,464)			(7,732,464)
Net income	6,745,643	6,745,643	6,745,643			6,745,643
Net changes of items other than unitholders' equity				53,479	53,479	53,479
Total changes of items during period	(1,774,377)	(986,821)	11,086,401	53,479	53,479	11,139,880
Balance at end of period	6,745,643	137,533,240	298,816,545	(33,897)	(33,897)	298,782,647

	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	*161,283,304	128,598,415	(3,999,964)	124,598,450	993,722	—	417,038

	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)

(Thousands of yen)

	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

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

#### (4) Statement of Cash Distributions

Item	15th Fiscal Period (From November 1, 2021 to April 30, 2022)	16th Fiscal Period (From May 1, 2022 to October 31, 2022)
I. Unappropriated retained earnings	6,745,643,069yen	7,204,510,234yen
II. Reversal of voluntary reserve		
Reversal of reserve for reduction entry	590,923,444yen	82,441,009yen
Reversal of reserve for temporary difference adjustments	* 187,497,321yen	* 222,908,905yen
III. Cash distributions	7,524,063,834yen	7,509,860,148yen
[Cash distributions per unit]	[1,698yen]	[1,714yen]
IV. Retained earnings carried forward	— yen	— 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 7,524,063,834 yen, which is obtained by adding a reversal of the reserve for temporary difference adjustments (187,497,321yen) and a reversal of the reserve for reduction entry (590,923,444 yen) 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 7,509,860,148yen, 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>

## (5) Statement of Cash Flows

(Thousands of yen)

	15th Fiscal Period (From November 1, 2021 to April 30, 2022)	16th Fiscal Period (From May 1, 2022 to October 31, 2022)
<b>Cash flows from operating activities</b>		
Income before income taxes	6,746,248	7,205,115
Depreciation and amortization	2,490,587	2,574,622
Amortization of investment corporation bond issuance costs	15,183	13,860
Amortization of investment unit issuance costs	51,013	15,502
Interest income	(160)	(131)
Interest expenses	687,397	716,007
Decrease (increase) in operating accounts receivable	(24,399)	(9,646)
Decrease (increase) in consumption taxes receivable	(156,161)	156,161
Decrease (increase) in prepaid expenses	(24,812)	(40,674)
Decrease (increase) in long-term prepaid expenses	(76,433)	15,990
Increase (decrease) in operating accounts payable	(128,589)	181,951
Increase (decrease) in accounts payable – other	(459,575)	124,450
Increase (decrease) in accrued consumption taxes	(492,221)	678,924
Increase (decrease) in advances received	8,972	14,733
Decrease due to sale of property, plant and equipment in trust	—	22,309,047
Other, net	33,923	(61,136)
Subtotal	8,670,970	33,894,779
Interest income received	160	131
Interest expenses paid	(731,910)	(707,296)
Income taxes paid	(606)	(600)
Net cash provided by operating activities	7,938,613	33,187,013
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(37,539,645)	(10,421,309)
Purchase of intangible assets in trust	—	(3,726,416)
Purchase of intangible assets	(2,472)	(420)
Purchases of investment securities	—	(482,529)
Payments for lease and guarantee deposits	—	(728,830)
Proceeds from tenant leasehold and security deposits in trust	1,027,185	344,981
Repayments of tenant leasehold and security deposits in trust	(307,660)	(661,699)
Decrease (increase) in other investments	(10,811)	(18,585)
Net cash provided by (used in) investing activities	(36,833,404)	(15,694,808)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	13,700,000	—
Repayments of short-term loans payable	—	(6,000,000)
Proceeds from long-term loans payable	26,830,000	16,000,000
Repayments of long-term loans payable	(26,830,000)	(12,400,000)
Redemption of investment corporation bonds	—	(3,000,000)
Proceeds from issuance of investment units	12,022,819	—
Purchase of own investment units	—	(3,999,964)
Dividends paid	(7,731,990)	(7,522,876)
Net cash provided by (used in) financing activities	17,990,829	(16,922,840)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(10,903,961)</b>	<b>569,364</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>38,091,702</b>	<b>27,187,740</b>
<b>Cash and cash equivalents at end of period</b>	<b>* 27,187,740</b>	<b>* 27,757,104</b>

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>8-61 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	8-61 years	Tools, furniture and fixtures	2-15 years
Buildings	3-69 years								
Structures	6-52 years								
Machinery and equipment	8-61 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> <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 and 12,201 thousand yen for the 15th fiscal period.</p>	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>6. Method of hedge accounting</p>	<p>(1)Method of hedge accounting 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 Hedging instruments: Interest rate swap transactions Hedged items: Interest on loans</p> <p>(3)Hedging policy 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 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 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>
<p>7. Scope of funds in the statement of cash flows</p>	<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>
<p>8. Other significant matters serving as basis for preparation of financial statements</p>	<p>Accounting for trust beneficiary interests of real estate, etc. as assets in trust 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. 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"> <li>1) Cash and deposits in trust</li> <li>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</li> <li>3) Tenant leasehold and security deposits in trust</li> </ol>

#### 4. Notes to Balance Sheet

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

	(Thousands of yen)	
	15th Fiscal Period (As of April 30, 2022)	16th Fiscal Period (As of October 31, 2022)
	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.

	(Thousands of yen)	
	15th Fiscal Period (As of April 30, 2022)	16th Fiscal Period (As of October 31, 2022)
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

	15th Fiscal Period (As of April 30, 2022)	16th Fiscal Period (As of October 31, 2022)
Total number of units cancelled	—	49,651 units
Total amount cancelled	—	3,999,964 thousand yen

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

	(Thousands of yen)	
	15th Fiscal Period (As of April 30, 2022)	16th Fiscal Period (As of October 31, 2022)
Gain on negative goodwill (*)		
Initial amount	1,556,827	1,556,827
Balance at beginning of period	675,138	604,535
Reserve amount during period	—	—
Reversal amount during period	70,602	187,497
Balance at end of period	604,535	417,038
Reason for reserve and reversal	Appropriated for distributions	Appropriated for distributions

(\*) Reserve of a part of gain on negative goodwill that arose in the previous fiscal period; 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.

## 5. Notes to Statement of Income and Retained Earnings

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

	(Thousands of yen)			
	15th Fiscal Period (From November 1, 2021 to April 30, 2022)		16th Fiscal Period (From May 1, 2022 to October 31, 2022)	
A. Property-related operating revenue				
Rent revenue – real estate				
Rental income	14,008,141		14,263,700	
Other	347,164	14,355,305	360,038	14,623,738
Other lease business revenue				
Utilities revenue	180,119		241,565	
Other	221,361	401,481	217,532	459,098
Total property-related operating revenue		14,756,787		15,082,836
B. Property-related operating expenses				
Expenses related to rent business				
Subcontract expenses	569,716		597,696	
Property management fees	468,688		470,667	
Trust fees	44,248		43,221	
Utilities expenses	311,649		391,838	
Property and other taxes	1,017,039		1,065,322	
Insurance expenses	17,407		18,820	
Repair expenses	336,792		390,295	
Depreciation	2,489,720		2,573,621	
Other expenses related to rent business	637,094	5,892,357	724,475	6,275,960
Total property-related operating expenses		5,892,357		6,275,960
C. Property-related operating income [A – B]		8,864,429		8,806,876

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

15th Fiscal Period (From November 1, 2021 to April 30, 2022)

Not applicable.

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

(Thousands of 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

## 6. Notes to Statement of Changes in Net Assets

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

	15th Fiscal Period (From November 1, 2021 to April 30, 2022)	16th Fiscal Period (From May 1, 2022 to October 31, 2022)
Total number of authorized investment units	20,000,000units	20,000,000units
Total number of investment units issued	4,431,133units	4,381,482units

## 7. Notes to Statement of Cash Distributions

\*Reserve for temporary difference adjustments

15th Fiscal Period (From November 1, 2021 to April 30, 2022)	16th Fiscal Period (From May 1, 2022 to October 31, 2022)
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 187,497,321 yen for the 15th 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 222,908,905 yen for the 16th fiscal period.

## 8. Notes to Statement of Cash Flows

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

(Thousands of yen)

	15th Fiscal Period (From November 1, 2021 to April 30, 2022)	16th Fiscal Period (From May 1, 2022 to October 31, 2022)
Cash and deposits	11,154,608	11,416,266
Cash and deposits in trust	16,033,132	16,340,838
Cash and cash equivalents	27,187,740	27,757,104

## 9. Lease Transactions

Operating lease transactions as lessee

Future minimum lease payments

(Thousands of yen)

	15th Fiscal Period (As of April 30, 2022)	16th Fiscal Period (As of October 31, 2022)
Due within 1 year	418,944	777,936
Due after 1 year	19,587,867	41,449,423
Total	20,006,811	42,227,359

Operating lease transactions as lessor

Future minimum lease income

(Thousands of yen)

	15th Fiscal Period (As of April 30, 2022)	16th Fiscal Period (As of October 31, 2022)
Due within 1 year	8,687,998	11,245,203
Due after 1 year	30,148,623	29,814,333
Total	38,836,622	41,059,536

## 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 April 30, 2022 and October 31, 2022, and the difference between them are as follows.

#### 15th Fiscal Period (As of April 30, 2022)

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.

(Thousands of yen)

	Book value recorded on the balance sheet	Fair value	Difference
(1) Current portion of investment corporation bonds	3,000,000	2,999,400	(600)
(2) Current portion of long-term loans payable	23,500,000	23,515,516	15,516
(3) Investment corporation bonds	31,500,000	31,419,572	(80,427)
(4) Long-term loans payable	191,942,000	191,807,694	(134,305)
Total liabilities	249,942,000	249,742,183	(199,816)
(5) Derivative transactions (*)	(33,897)	(33,897)	—
Total derivative transactions (*)	(33,897)	(33,897)	—

(\*) 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”.

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.

(Thousands of 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”.



(Note 2) Repayment schedule of investment corporation bonds and loans after the closing date  
15th Fiscal Period (As of April 30, 2022)

(Thousands of 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	3,000,000	12,000,000	4,000,000	2,000,000	10,500,000
Long-term loans payable	23,500,000	40,050,000	29,505,000	32,543,000	14,737,000	75,107,000

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

(Thousands of 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

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

In accordance with the treatments 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 set down on Paragraph 4-1 of “Implementation Guidance on Fair Value Measurement of Financial Instruments” (ASBJ Guidance No.19, March 31, 2020) has 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.

## 11. Securities

15th Fiscal Period (From November 1, 2021 to April 30, 2022)

Not applicable.

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

Not applicable.

## 12. Derivative Transactions

1. Derivatives to which hedge accounting is not applied

15th Fiscal Period (From November 1, 2021 to April 30, 2022)

Not applicable.

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

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.

15th Fiscal Period (As of April 30, 2022)

(Thousands of 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	19,150,000	6,650,000	(33,897)	*1
Special accounting treatment for interest rate swaps	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	Long-term loans payable	122,661,000	115,961,000	*2	—

\*1 Fair value is quoted by counterparties based on the prevailing market interest rates.

\*2 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)”).

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

(Thousands of 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)	*1
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	*2	—

\*1 Fair value is quoted by counterparties based on the prevailing market interest rates.

\*2 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

15th Fiscal Period (From November 1, 2021 to April 30, 2022)

Not applicable.

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

Not applicable.

## 14. Income Taxes

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

	(Thousands of yen)	
	15th Fiscal Period (As of April 30, 2022)	16th Fiscal Period (As of October 31, 2022)
Deferred tax assets		
Valuation difference on assets acquired due to merger	1,518,552	1,498,036
Amortization of leasehold rights in trust	54,459	65,937
Deferred gains or losses on hedges	10,664	3,838
Deferred tax assets (subtotal)	1,583,676	1,567,813
Valuation allowance for total deductible temporary difference	(1,583,676)	(1,567,813)
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

	(%)	
	15th Fiscal Period (As of April 30, 2022)	16th Fiscal Period (As of October 31, 2022)
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible cash distribution	(35.09)	(32.79)
Changes in valuation allowance	0.88	0.96
Reversal of reserve for reduction entry	2.76	0.36
Other	0.00	0.02
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

15th Fiscal Period (From November 1, 2021 to April 30, 2022)

Not applicable.

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

Not applicable.

## 16. Transactions with Related Parties

1. Parent company and major corporate unitholders.  
15th Fiscal Period (From November 1, 2021 to April 30, 2022)  
Not applicable.  
  
16th Fiscal Period (From May 1, 2022 to October 31, 2022)  
Not applicable.
2. Subsidiaries and affiliates.  
15th Fiscal Period (From November 1, 2021 to April 30, 2022)  
Not applicable.  
  
16th Fiscal Period (From May 1, 2022 to October 31, 2022)  
Not applicable.
3. Sister companies.  
15th Fiscal Period (From November 1, 2021 to April 30, 2022)  
Not applicable.  
  
16th Fiscal Period (From May 1, 2022 to October 31, 2022)  
Not applicable.
4. Directors and major individual unitholders.  
15th Fiscal Period (From November 1, 2021 to April 30, 2022)  
Not applicable.  
  
16th Fiscal Period (From May 1, 2022 to October 31, 2022)  
Not applicable.

## 17. Revenue Recognition

1. Breakdown of revenue from contracts with customers  
15th Fiscal Period (From November 1, 2021 to April 30, 2022)

(Thousands of yen)

	Revenue from contracts with customers *1	Net sales to external customers
Sale of real estate, etc.	—	*2 —
Utilities revenue	180,119	180,119
Other	—	14,576,667
Total	180,119	14,756,787

\*1 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.

\*2 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.

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

(Thousands of yen)

	Revenue from contracts with customers *1	Net sales to external customers
Sale of real estate, etc.	23,000,000	*2 710,583
Utilities revenue	241,565	241,565
Other	—	14,844,921
Total	23,241,565	15,797,070

\*1 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.

\*2 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

15th Fiscal Period (From November 1, 2021 to April 30, 2022)

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

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

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.

(Thousands of yen)

	15th Fiscal Period (From November 1, 2021 to April 30, 2022)	16th Fiscal Period (From May 1, 2022 to October 31, 2022)
Claims arising from contracts with customers (Balance at beginning of period)	40,544	43,843
Claims arising from contracts with customers (Balance at end of period)	43,843	55,312
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

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

15th Fiscal Period (From November 1, 2021 to April 30, 2022)

Not applicable.

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

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.

(Thousands of yen)

	15th Fiscal Period (From November 1, 2021 to April 30, 2022)	16th Fiscal Period (From May 1, 2022 to October 31, 2022)
Carrying amount		
Balance at beginning of period	515,206,980	550,137,107
Amount of increase (decrease) during period	34,930,127	(10,410,480)
Balance at end of period	550,137,107	539,726,627
Fair value at end of period	647,973,000	643,093,000

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

(Note 2) Net increase during the 15th fiscal period is mainly attributable to the acquisition of 3 new properties (36,721,421 thousand yen), offset by depreciation (2,489,720 thousand yen). 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).

(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 15th and 16th 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

15th Fiscal Period (From November 1, 2021 to April 30, 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

(Thousands of yen)

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

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

(Thousands of yen)

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

## 21. Per Unit Information

	15th Fiscal Period (From November 1, 2021 to April 30, 2022)	16th Fiscal Period (From May 1, 2022 to October 31, 2022)
Net assets per unit	67,428yen	67,211yen
Net income per unit	1,522yen	1,636yen

(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.

The following is the basis for calculating net income per unit.

	15th Fiscal Period (From November 1, 2021 to April 30, 2022)	16th Fiscal Period (From May 1, 2022 to October 31, 2022)
Net income (Thousands of yen)	6,745,643	7,204,510
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	6,745,643	7,204,510
Average number of investment units during period (Units)	4,430,365	4,402,287

## 22. Significant Subsequent Events

Not Applicable

## (7) Supplementary Schedules

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

### 1. Schedule of securities

#### (1) Shares

Not applicable.

#### (2) Securities other than shares

(Thousands of yen)

Type	Brand Name	Face value	Book value	Accrued interest	Prepaid accrued interest	Valuation *1	Valuation profit/loss	Remarks
TK (tokumei kumiai) equity interest	TK (tokumei kumiai) real estate equity interest in Gemini1 GK TK	480,000	486,179	—	—	486,179	—	—
Total		480,000	486,179	—	—	486,179	—	—

\*1 “Valuation” is the book value.

\*2 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.

### 2. Contract amount and fair value of derivative transactions

(Thousands of yen)

Category	Type	Contract amount (*1)		Fair value (*2)
			Of which, over 1 year	
Transaction other than market transaction	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	13,750,000	4,750,000	(12,202)
Transaction other than market transaction	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	117,611,000	103,301,000	— (*3)
Total		131,361,000	108,051,000	(12,202)

\*1 The contract amount of interest rate swap transactions is based on the notional principal amount.

\*2 Fair value is quoted by counterparties based on the prevailing market interest rates.

\*3 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

(Thousands of 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	180,182,133	8,669,133	4,209,730	184,641,536	23,440,710	2,375,866	161,200,826	*1 *2
	Structures in trust	1,587,002	40,266	7,194	1,620,073	333,254	32,113	1,286,818	
	Machinery and equipment in trust	2,424,138	28,358	65,449	2,387,047	433,368	56,260	1,953,678	
	Vehicles in trust	153	—	153	—	—	—	—	
	Tools, furniture and fixtures in trust	774,779	125,901	30,656	870,024	276,299	69,049	593,724	
	Land in trust	385,124,884	1,658,333	18,126,401	368,656,815	—	—	368,656,815	*1 *2
	Construction in progress in trust	12,859	17,859	12,859	17,859	—	—	17,859	
	Subtotal	570,105,951	10,539,852	22,452,446	558,193,357	24,483,633	2,533,289	533,709,723	
Intangible assets	Leasehold rights in trust	2,552,025	3,726,416	—	6,278,442	243,678	40,272	6,034,763	
	Other	18,137	420	902	17,655	14,033	1,061	3,622	
	Subtotal	2,570,163	3,726,837	902	6,296,097	257,711	41,333	6,038,385	
Total		572,676,114	14,266,689	22,453,349	564,489,455	24,741,345	2,574,622	539,748,109	

\*1 The increase during the fiscal period under review is mainly attributable to the acquisition of Prime Maison EGOTANOMORI and Prime Maison Waseda dori.

\*2 The decrease during the fiscal period under review is attributable to the disposition of The Ritz Carlton, Kyoto.

### 4. Schedule of otherspecified 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 (Thousands of yen )	Amount of decrease during period (Thousands of yen )	Balance at end of period (Thousands of 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	(Note 1)	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 Second Series Unsecured Investment Corporation Bond	July 13, 2017	3,000,000	3,000,000	—	0.240	July 13, 2022		
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	—	34,500,000	3,000,000	31,500,000	—	—	—	—

(Note 1) The funds are used to repay borrowings or redemption of existing investment corporation bonds, etc.

(Note 2) These investment corporation bonds are equipped with pari passu clause among specified investment corporation bonds.

(Note 3) The following is the maturity schedule of investment corporation bonds within five years of the balance sheet date.

(Thousands of 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	—	10,000,000	9,000,000	2,000,000	—

## 6. Schedule of loans payable

(Thousands of yen)

(Thousands of 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.	5,310,000	—	2,330,000	2,980,000	0.24507	Jan. 31, 2023 (Note4)			
	Mizuho Bank, Ltd.	4,360,000	—	1,910,000	2,450,000					
	Sumitomo Mitsui Banking Corporation	4,030,000	—	1,760,000	2,270,000					
Long-term loans payable	MUFG Bank, Ltd.	900,000	—	900,000	—	0.96475	Aug. 31, 2022			
	Mizuho Bank, Ltd.	2,500,000	—	2,500,000	—					
	Sumitomo Mitsui Banking Corporation	2,000,000	—	2,000,000	—					
	MUFG Bank, Ltd.	4,600,000	—	—	4,600,000	1.47450	Nov. 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	0.85250				
	Development Bank of Japan Inc.	1,000,000	—	—	1,000,000					
	MUFG Bank, Ltd.	1,300,000	—	—	1,300,000	0.86650	Feb. 28, 2023 (Note3)			
	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	0.86650				
	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	Nov. 30, 2022 (Note3)			
	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	1.00850				
	MUFG Bank, Ltd.	750,000	—	—	750,000					
	MUFG Bank, Ltd.	500,000	—	—	500,000	1.01850	Nov. 30, 2023			
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	0.67400					
Mizuho Bank, Ltd.	100,000	—	—	100,000						
Development Bank of Japan Inc.	2,100,000	—	—	2,100,000	0.68030	Aug. 31, 2023 (Note3)				
Mizuho Bank, Ltd.	450,000	—	—	450,000						
Sumitomo Mitsui Banking Corporation	450,000	—	—	450,000						
Mizuho Trust & Banking Co., Ltd.	1,000,000	—	—	1,000,000						

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.	700,000	—	—	700,000	0.63800	Feb. 29, 2024	Lump-sum payment at maturity	(Note2)	Un- secured Un- guaran- teed
	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					
	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	Aug. 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					
	MUFG Bank, Ltd.	1,810,000	—	—	1,810,000	0.60500	Sep. 8, 2026			
	MUFG Bank, Ltd.	440,000	—	—	440,000	0.67000				
	Mizuho Bank, Ltd.	900,000	—	—	900,000					
	MUFG Bank, Ltd.	600,000	—	—	600,000	0.61000	Feb. 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						
MUFG Bank, Ltd.	1,500,000	—	—	1,500,000	0.72500	Feb. 27, 2026				
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						

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.	990,000	—	—	990,000	0.37000	Nov. 30, 2023	Lump-sum payment at maturity	(Note2)	Un- secured Un- guaran- teed	
	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				Aug. 29, 2025
	The Norinchukin Bank	2,352,000	—	—	2,352,000	0.32000	Jul. 13, 2022				
	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	—						0.35341
	Development Bank of Japan Inc.	550,000	—	550,000	—						
	MUFG Bank, Ltd.	750,000	—	—	750,000	0.34000	May. 31, 2023 (Note3)				
	Mizuho Bank, Ltd.	1,050,000	—	—	1,050,000	0.41800					
	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						
	MUFG Bank, Ltd.	500,000	—	—	500,000	0.56500	Feb. 27, 2026				
	MUFG Bank, Ltd.	500,000	—	—	500,000	0.63500					
	Mizuho Bank, Ltd.	100,000	—	—	100,000						
	The 77 Bank, Ltd.	500,000	—	—	500,000						
	The Hiroshima Bank, Ltd.	500,000	—	—	500,000						
	MUFG Bank, Ltd.	1,900,000	—	—	1,900,000	0.70000	Aug. 31, 2027				
	Mizuho Bank, Ltd.	4,200,000	—	—	4,200,000	0.78300					
	Sumitomo Mitsui Banking Corporation	1,900,000	—	—	1,900,000						
	Development Bank of Japan Inc.	376,000	—	—	376,000	0.28568	Aug. 30, 2024				
	MUFG Bank, Ltd.	300,000	—	—	300,000	0.34900					
	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	Feb. 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- guaran- teed	
	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				Aug. 30, 2024
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000						
	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	0.40580					
	The Norinchukin Bank	200,000	—	—	200,000						
	Shinkin Central Bank	200,000	—	—	200,000		0.41388				
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000						0.55600
	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	0.56600					
	The Norinchukin Bank	500,000	—	—	500,000						
	MUFG Bank, Ltd.	1,400,000	—	—	1,400,000		0.68500				
	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	0.69500					
	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							
Mizuho Bank, Ltd.	1,410,000	—	—	1,410,000							
Sumitomo Mitsui Banking Corporation	1,200,000	—	—	1,200,000							
Sumitomo Mitsui Trust Bank, Limited	1,300,000	—	—	1,300,000	0.28100						
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					
Mizuho Bank, Ltd.	1,500,000	—	—	1,500,000							
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	0.42000						
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					

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.	1,170,000	—	—	1,170,000	0.46000	Feb. 28, 2029	Lump-sum payment at maturity	(Note2)	Un- secured Un- guaran- teed
	Development Bank of Japan Inc.	900,000	—	—	900,000	0.44000				
	The Senshu Ikeda Bank, Ltd.	300,000	—	—	300,000					
	MUFG Bank, Ltd.	1,200,000	—	—	1,200,000	0.27300	Nov. 30, 2023			
	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	0.44100	May. 29, 2026			
	MUFG Bank, Ltd.	1,400,000	—	—	1,400,000					
	Mizuho Bank, Ltd.	300,000	—	—	300,000					
	Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000	0.59900	May. 31, 2028			
	The Norinchukin Bank	800,000	—	—	800,000					
	MUFG Bank, Ltd.	1,700,000	—	—	1,700,000					
	Mizuho Bank, Ltd.	1,300,000	—	—	1,300,000	0.29150	Aug. 29, 2025			
	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	0.50000	Aug. 29, 2025			
	Development Bank of Japan Inc.	800,000	—	—	800,000					
	Mizuho Bank, Ltd.	605,000	—	—	605,000					
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000	0.28000	Aug. 31, 2028			
	MUFG Bank, Ltd.	2,500,000	—	—	2,500,000					
	Mizuho Bank, Ltd.	400,000	—	—	400,000					
	Sumitomo Mitsui Banking Corporation	545,000	—	—	545,000	0.49500	Aug. 31, 2028			
	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	Feb. 28, 2025			
	Mizuho Bank, Ltd.	300,000	—	—	300,000					
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000					
	Sumitomo Mitsui Trust Bank, Limited	2,500,000	—	—	2,500,000	0.29700	Feb. 28, 2025			
	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	Aug. 31, 2027			
	Mizuho Bank, Ltd.	990,000	—	—	990,000					
	Sumitomo Mitsui Banking Corporation	1,840,000	—	—	1,840,000					
	Sumitomo Mitsui Trust Bank, Limited	600,000	—	—	600,000	0.46600	Aug. 31, 2027			
	Mizuho Trust & Banking Co., Ltd.	700,000	—	—	700,000					
	Resona Bank, Limited	500,000	—	—	500,000					
	The Norinchukin Bank	400,000	—	—	400,000	0.46600	Aug. 31, 2027			
	Shinkin Central Bank	200,000	—	—	200,000					
	The Senshu Ikeda Bank, Ltd.	200,000	—	—	200,000					
	The 77 Bank, Ltd.	400,000	—	—	400,000	0.45000	May. 30, 2025			
	The Yamaguchi Bank, Ltd.	200,000	—	—	200,000					
	MUFG Bank, Ltd.	1,370,000	—	—	1,370,000					
	Development Bank of Japan Inc.	400,000	—	—	400,000	0.36000	May. 30, 2025			
	MUFG Bank, Ltd.	300,000	—	—	300,000					
	Mizuho Bank, Ltd.	100,000	—	—	100,000					
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000	0.28600	May. 30, 2025			
	Sumitomo Mitsui Trust Bank, Limited	1,380,000	—	—	1,380,000					

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.	800,000	—	—	800,000	0.50700	Nov. 30, 2028	Lump-sum payment at maturity	(Note2)	Un- secured Un- guaran- teed								
	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	0.43500												
	Development Bank of Japan Inc.	370,000	—	—	370,000													
	MUFG Bank, Ltd.	200,000	—	—	200,000	0.28400	Aug. 29, 2025											
	Mizuho Bank, Ltd.	600,000	—	—	600,000													
	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	0.29400												
	The Shizuoka Bank, Ltd.	1,000,000	—	—	1,000,000													
	MUFG Bank, Ltd.	300,000	—	—	300,000						0.55850	Feb. 28, 2029						
	Mizuho Bank, Ltd.	700,000	—	—	700,000													
	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	0.56850												
	The Yamaguchi Bank, Ltd.	500,000	—	—	500,000													
	The Hiroshima Bank, Ltd.	500,000	—	—	500,000													
	Mizuho Bank, Ltd.	1,280,000	—	—	1,280,000													
	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	0.25607	Aug. 30, 2024											
	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	0.47500	Aug. 31, 2029											
	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													
	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	0.26502	Nov. 30, 2023											
	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													
					0.46000						May. 31, 2028							



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.	2,490,000	—	—	2,490,000	0.60200	Nov. 29, 2030	Lump-sum payment at maturity	(Note2)	Un- secured Un- guaran- teed
	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	Feb. 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	0.66500	Feb. 28, 2030			
	MUFG Bank, Ltd.	1,120,000	—	—	1,120,000					
	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		May. 31, 2029			
	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					
	Mizuho Bank, Ltd.	—	400,000	—	400,000					
	Mizuho Trust & Banking Co., Ltd.	—	300,000	—	300,000					
	Resona Bank, Limited	—	300,000	—	300,000					
	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					
	MUFG Bank, Ltd.	—	1,160,000	—	1,160,000	0.26567	Jul. 11, 2024			
	Mizuho Bank, Ltd.	—	960,000	—	960,000					
	Sumitomo Mitsui Banking Corporation	—	880,000	—	880,000					
	Sumitomo Mitsui Trust Bank, Limited	—	550,000	—	550,000	0.55000	Feb. 26, 2027			
	Mizuho Trust & Banking Co., Ltd.	—	350,000	—	350,000					
	Resona Bank, Limited	—	500,000	—	500,000					
	The Norinchukin Bank	—	400,000	—	400,000					
	MUFG Bank, Ltd.	—	1,400,000	—	1,400,000	0.85500	Feb. 28, 2030			
	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					
	Total	229,142,000	16,000,000	18,400,000	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) Early repayment was made on May 31, 2022.

(Note 5) The following is the maturity schedule of long-term loans within five years of the balance sheet date.

(Thousands of 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	31,310,000	35,545,000	34,213,000	25,780,000	21,687,000

# 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 October 31, 2022, 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 October 31, 2022, 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

January 30, 2023

小島 亘司

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Koji Ojima  
Designated Engagement Partner  
Certified Public Accountant

海上 大介

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Daisuke Unagami  
Designated Engagement Partner  
Certified Public Accountant