



SEKISUI HOUSE REIT, INC.

Semi-Annual Report

14<sup>th</sup>

From May 1, 2021 to October 31, 2021



SEKISUI HOUSE REIT, INC.

Securities Code **3309**

4-15-1, Akasaka, Minato-ku, Tokyo  
<https://sekisuihouse-reit.co.jp/en/>

Pictures on the cover

- Akasaka Garden City (additional acquisition)
- Prime Maison Shimokitazawa
- Prime Maison Meguro
- Prime Maison Ryogoku

In the FP 14th, SHR disposed nine properties and acquired three new residentials for the asset reshuffling. All of the three residentials acquired this time are newly-built properties located in Tokyo 23 wards. We also additionally acquired Akasaka Garden City, an environmentally friendly large-scale office building, in accordance with public offering in the beginning of the FP 15th.



# Managing assets to better provide for people, society and the future

- Maximize unitholder value
- Provide high-quality social capital
- A REIT that leads the way into an era of the 100-year lifespan

## Features

Priority investment in Prime Properties centering on  
“Strategic Location” and “High Quality”

Growth strategy that take full advantage of the versatile support  
by Sekisui House Group

Adopting a mechanism that emphasizes unitholder profit

Strong financial foundation based on sound and stable financial operations

Designate “high quality” residential and commercial properties located in “strategic locations”  
as “Prime Properties” and continue to invest primarily in Prime Properties.

## Highlights of Business Results

### Distribution per unit

Actual Distribution per Unit    FP ended October 2021 (FP 14th)

JPY 1,803

### Business Results and Distribution

Fiscal Period	FP ended Apr. 2021 (FP 13th) Actual	FP ended Oct. 2021 (FP 14th) Actual	FP ending Apr. 2022 (FP 15th) Forecast (Note)	FP ending Oct. 2022 (FP 16th) Forecast (Note)
Operating revenue (million yen)	15,055	17,291	14,748	14,848
Operating income (million yen)	7,989	9,413	7,603	7,560
Ordinary income (million yen)	7,103	8,520	6,702	6,651
Net income (million yen)	7,103	8,520	6,701	6,650
Distribution per unit (yen)	1,675	1,803	1,698	1,688

(Note) The respective figures for “FP ending Apr. 2022 (FP 15th) Forecast” and “FP ending Oct. 2022 (FP 16th) Forecast” are as of December 15, 2021 (the announcement date of business results) calculated based upon certain assumptions. Actual Operating revenue, Operating income, Ordinary income, Net income, and Distribution per unit may differ materially due to various factors. The above forecasts are not intended to be guarantees of business results or the actual amount of distribution.

## To our Unitholders

I would like to express our sincere gratitude for your continued and loyal patronage.

I hereby report on the management status and financial results for the 14th fiscal period ended October 2021.

In the fiscal period under review, SHR announced our first follow-on public offering since June 2019 (2 years and 5 months ago). Additionally, we leveraged sponsor support to the hilt to acquire and dispose assets, thereby strengthening our base for earnings through external growth. On August 20, 2021, we disposed 9 residential properties, which were expected to see deteriorating earnings due to the need for major repairs and maintenance, for 17.1 billion yen. As a result, a capital gain and loss of +2.4 billion yen was booked and an amount of 1.1 billion yen was added to internal reserves. Moreover, on September 1, 2021, we acquired 3 residential properties for 6.4 billion yen. Furthermore, in the following period, we acquired an additional portion in the environmentally friendly office building Akasaka Garden City for 21.3 billion yen on November 1, 2021, and we plan to acquire 2 residential properties for 14.8 billion yen on February 1, 2022.

As a result of the above, management performance for the fiscal period under review resulted in operating revenue of 17,291 million yen, operating income of 9,413 million yen, ordinary income of 8,520 million yen and net income of 8,520 million yen, with the distribution per unit declared for the fiscal period of 1,803 yen. SHR's asset size is 527.7 billion yen (245.5 billion yen for office buildings, 242.9 billion yen for residential properties, and 39.3 billion yen for hotels). Although assets in the portfolio decreased by 8.0 billion yen from the end of the previous fiscal period, the asset size of the portfolio is expected to increase to 563.8 billion yen considering the acquisition of assets from the following fiscal period onward.

For the occupancy rate as of the end of the 14th fiscal period ended October 2021, office buildings at 97.4%, residential properties at 96.8%, hotels at 100.0%, and the portfolio as a whole at 97.2% which continued to maintain high levels.

SHR together with Sekisui House, a sponsor who aims to become a leading company in ESG management, continues to promote initiatives for ESG. As a major initiative in the fiscal period under review, we forecasted and evaluated risks and opportunities in our business based on risk scenarios in addressing climate change, and re-evaluated our current efforts toward resolving environmental issues. Also, in November 2021, 5 residential properties acquired Green Certification and the percentage of properties that have acquired Green Certification rose to 58.2%.

Although the spread of the COVID-19 pandemic and restrictions on movement through measures to prevent the spread of the infection continue to affect economic activities, we will strive for steady operation in order to stabilize distributions and achieve steady growth.

I ask unitholders for your continued support and encouragement.



January 2022

Executive Director of Sekisui House Reit, Inc.

**Atsuhiko Kida**

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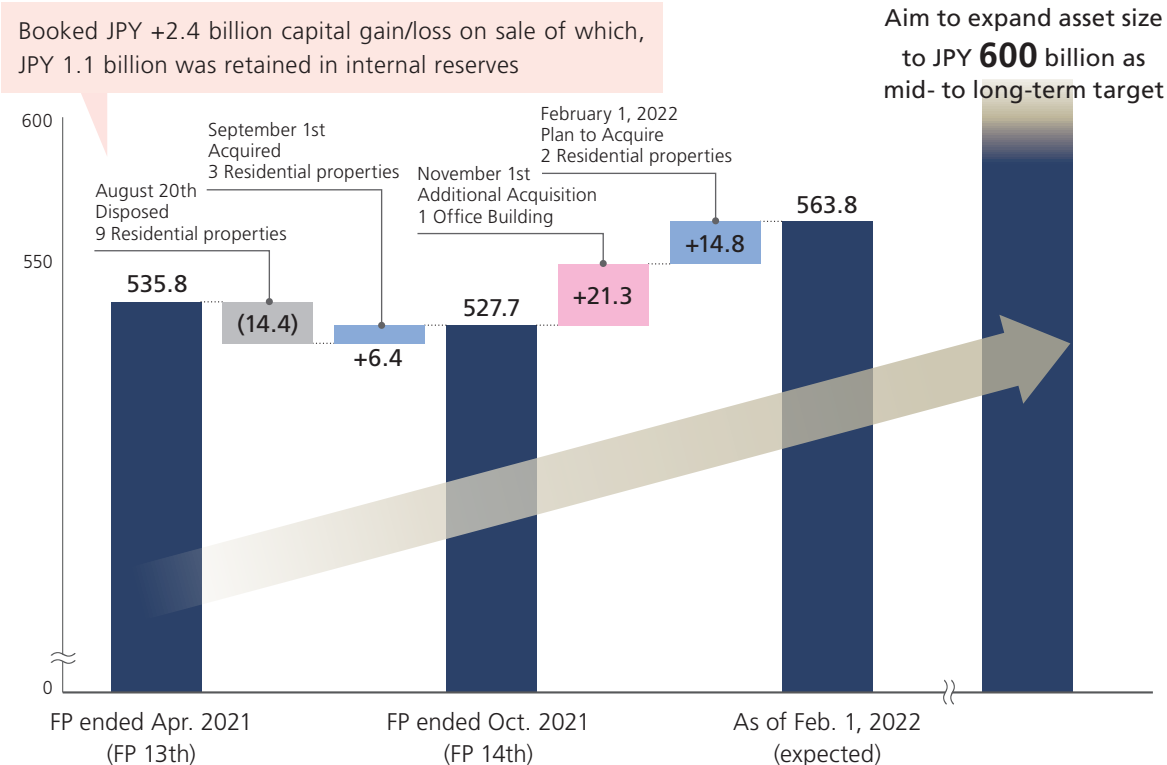
## TOPICS

## In November 2021, conducted a public offering and

## the asset size is expected to expand to JPY 563.8 billion

Secured funds to stabilize the DPU via capital gain and achieved external growth by utilizing sponsor support

((Planned) Acquisition price basis / JPY billion)




## Overview of the Fifth Public Offering

Offering method	Domestic primary offering
Number of investment units	Total 142,467 units Primary offering : 137,500 units Third-party allotment : 4,967 units
Offer price for the primary offering	JPY 87,574
Issue amount	JPY 84,744
Amount of funds raised	JPY 12.07 billion (third-party allotment : JPY 0.42 billion)
Issuance resolution date	October 18, 2021
Issuance condition determination date	October 25, 2021
Payment date	Primary offering : November 1, 2021 Third-party allotment : November 29, 2021


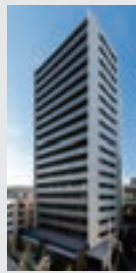
## Overview of (planned) acquisition assets

Acquired September 1, 2021 Residential		Acquired September 1, 2021 Residential	
Prime Maison Shimokitazawa		Prime Maison Meguro	
Location	Setagaya-ku, Tokyo	Location	Meguro-ku, Tokyo
Acquisition price	JPY 2,580 million	Acquisition price	JPY 2,310 million
Appraisal value (Note 1)	JPY 2,580 million	Appraisal value (Note 1)	JPY 2,310 million
Appraisal NOI yield (Note 1)	3.6%	Appraisal NOI yield (Note 1)	3.6%
Occupancy rate (Note 2)	98.3%	Occupancy rate (Note 2)	92.6%

Acquired September 1, 2021 Residential		Acquired November 1, 2021 Office building	
Prime Maison Ryogoku		Akasaka Garden City (additional acquisition)	
Location	Sumida-ku, Tokyo	Location	Minato-ku, Tokyo
Acquisition price	JPY 1,530 million	Acquisition price	JPY 21,300 million
Appraisal value (Note 1)	JPY 1,540 million	Appraisal value (Note 1)	JPY 21,700 million
Appraisal NOI yield (Note 1)	3.9%	Appraisal NOI yield (Note 1)	3.6%
Occupancy rate (Note 2)	91.0%	Occupancy rate (Note 2)	91.6%

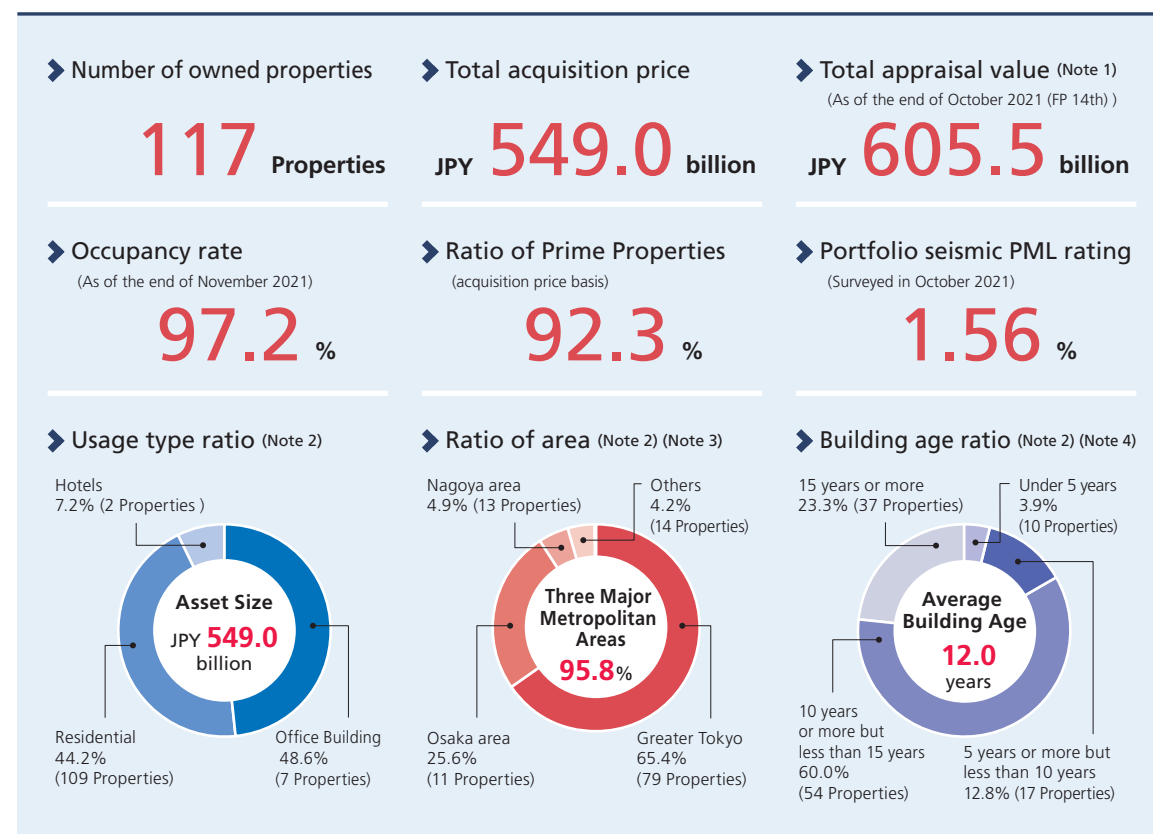
Planned to be acquired February 1, 2022 Residential		Planned to be acquired February 1, 2022 Residential	
Prime Maison Nakameguro		Prime Maison Itabashi	
Location	Meguro-ku, Tokyo	Location	Itabashi-ku, Tokyo
(Planned) Acquisition price	JPY 10,000 million	(Planned) Acquisition price	JPY 4,800 million
Appraisal value (Note 1)	JPY 10,300 million	Appraisal value (Note 1)	JPY 4,810 million
Appraisal NOI yield (Note 1)	3.7%	Appraisal NOI yield (Note 1)	3.9%
Occupancy rate (Note 2)	94.7%	Occupancy rate (Note 2)	86.6%

(Note 1) "Appraisal value" and "Appraisal NOI yield" are based on the most recent appraisal reports as of December 15, 2021 (the announcement date of business results). For "Akasaka Garden City (additional acquisition)" is based on the appraisal report as of September 1, 2021, for the other five residential properties are based on the appraisal reports as of the end of October 2021.

(Note 2) Occupancy rate is as of the end of October, 2021.

# Overview of Portfolio

As of December 15, 2021 (announcement date of business results)



## Financial status

➤ Total asset LTV (As of the end of October 2021 (FP 14th))

**45.0 %**

➤ Long-term debt ratio

**100.0 %**

➤ Fixed interest rate debt ratio

**97.3 %**

## Credit rating status

Japan Credit Rating Agency, Ltd. (JCR)

**AA (Stable)**

Rating and Investment Information, Inc. (R&amp;I)

**AA- (Stable)**

(Note 1) The appraisal value of Akasaka Garden City (additional acquisition portion) acquired on November 1, 2021 is not included.

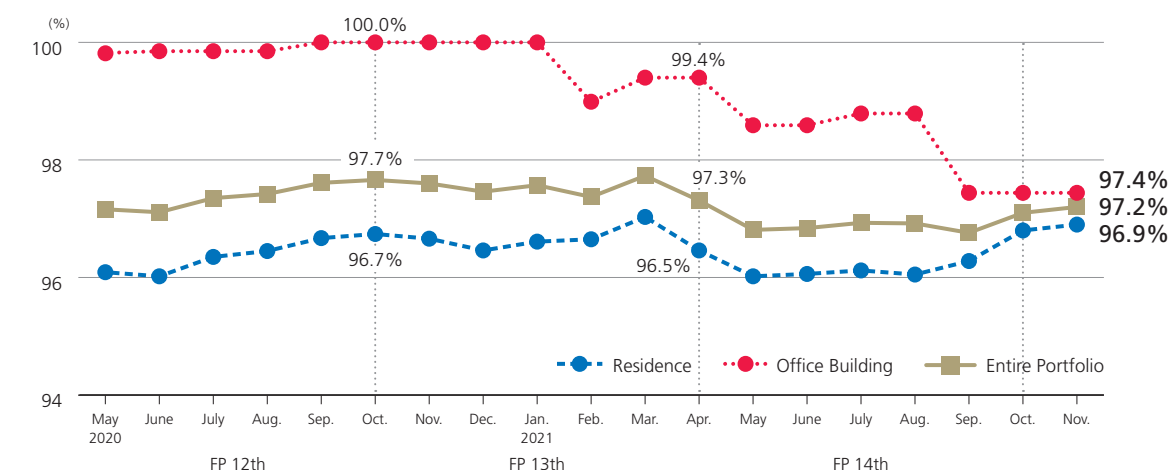
(Note 2) "Hommachi Garden City" is counted as two properties –one for the office portion and one for the hotel portion– when calculating figures for "Usage type ratio", and is counted as one property when calculating figures for "Ratio of area" and "Building age ratio".

(Note 3) "Three Major Metropolitan Areas" refer to "Greater Tokyo", "Osaka area" and "Nagoya area". The "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 4) Regarding the "Esty Maison Yokohama-aobadai", "Building age ratio" is calculated as one property for each of the North Building and South Building due to different construction dates.

## Operation Status

➤ Trends of Occupancy Rate



As of December 15, 2021 (announcement date of business results)

Asset	Operation status, etc.
<b>Office Building</b>	<ul style="list-style-type: none"> <li>Properties in Osaka area and Nagoya area maintain stable operations with a 100.0% occupancy rate.</li> <li>As for properties in Greater Tokyo, some tenants have canceled their lease or returned space, but some of the vacancies have been leased up. Moving forward we will focus on backfilling space quickly.</li> <li>To a certain extent, vacancy risk has been factored into performance forecasts, and internal reserves will be used to stabilize the DPU.</li> </ul>
<b>Residential</b>	<ul style="list-style-type: none"> <li>The occupancy rate remains stable at about 96% amid the COVID-19 pandemic.</li> <li>For occupancy rate by area, major cities nationwide have been strong, despite some weakness in Tokyo 23 wards.</li> <li>Occupancy rate by room type seems to have bottomed out despite the relatively weak situation in single type in Tokyo 23 wards.</li> <li>Rent trends bottomed out from a deteriorating trend and are showing a gradual recovery trend.</li> </ul>
<b>Hotels</b>	<ul style="list-style-type: none"> <li>Assuming a certain degree of recovery in domestic demand driven by the lifting of emergency declarations, progress in vaccinations, Go To travel, etc.</li> <li>Assuming to book only fixed rent as revenue from the 2 hotels in FP ending April 2022 (FP 15th) and FP ending October 2022 (FP 16th).</li> <li>Plan to reverse internal reserves to stabilize the DPU and offset the negative impact from revenue shortfalls corresponding to variable rent from The Ritz-Carlton, Kyoto.</li> </ul> <p>※ As SHR has concluded a master lease agreement, the occupancy rate has remained at 100.0% (may differ from the actual room occupancy rate at the hotels).</p>

# Portfolio Map

As of December 15, 2021 (announcement date of business results)



PM : Prime Maison GC : Garden City GA : Garden Avenue  
(Note) "Hommachi GC" is counted as two properties –one for the office portion and one for the hotel.

# ESG Initiatives

SHAM and SHR contribute to a sustainable society by conducting real estate investment management with due consideration given to ESG in accordance with the "Sustainable Vision" advocated by Sekisui House, the sponsor, which aims to become a leading company in ESG management.

SHAM has established Sustainability Policy in order to connect its overall business operations with sustainability objectives. The Sustainability Committee sets up targets, monitors compliance, evaluates the effect of measures implemented, and investigates improvement measures on a regular basis.

In addition, SHR aims to promote sustainability initiatives through business activities with greater specificity, identifies materiality (important issues) and sets targets (KPIs) for solving each of them. We will pursue mutual sustainability between society and us by promoting initiatives to resolve materiality.

## Major assessment from external organizations

### 2021 GRESB Assessment

- Acquired "3 Stars" in the "GRESB Rating" of 2021 GRESB Real Estate Assessment, rating of five levels based on relative assessment.
- Acquired highest rank "A" in 2021 GRESB Public Disclosure for two consecutive years.



### MSCI ESG Ratings

MSCI ESG Ratings investigate, analyze, and rate the extent to which companies are appropriately managing the risks and opportunities related to ESG and provides a comprehensive corporate ESG rating of seven levels, ranging from "AAA" to "CCC". SHR acquired "A" in 2021, which has been upgraded two ranks from "BB" in 2019.



## Initiatives we support

### TCFD (Task Force on Climate-Related Financial Disclosures)

TCFD recommends that companies disclose their risks and opportunities related to climate change. SHAM expressed agreement with TCFD recommendations in July 2020.



### PRI (Principles for Responsible Investment)

SHAM agreed with PRI's basic stance of advocating the incorporation of ESG issues into investment-analysis and decision-making processes, SHAM ratified the PRI in March, 2019.



### United Nations Global Compact

Sekisui House Group expressed its commitment to respect human rights in the "Sekisui House Group Corporate Code of Conduct" and the "Sekisui House Group Corporate Ethics Guidelines," which are the explicit foundations of its corporate activities. The Group also has expressed support for the 10 principles of the "United Nations Global Compact".



## Continue issuance of ESG Report

SHR and SHAM issue an annual ESG Report to help readers understand our efforts to realize a sustainable society and to engage with stakeholders. ESG Report, issued in January 2022, contains the results of scenario-analysis based on TCFD recommendations, in addition to upgrading the CO<sub>2</sub> emissions reduction targets. In order to enhance the reliability of ESG Report, we have also received third-party verification from SGS Japan Inc. for our environmental performance indicators.



## ESG Initiatives

### Environment

In recent years, climate change, such as global warming, has put the environment, society, and corporate activities at great risk. We recognize that solving environmental problems, as typified by climate change, is one of our key issues. Based on this understanding, we have set reduction targets for energy-related indicators and are promoting decarbonization efforts.

#### ■ Reduction of CO<sub>2</sub> emissions

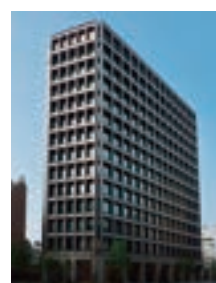
SHR reviewed the materiality (important issues) and raised the reduction target for CO<sub>2</sub> emissions intensity from the previous 20% reduction target in fiscal year 2030 compared to fiscal year 2018 to 50%. We will step up our efforts to make environmental considerations even more effective for realizing a carbon neutral society.

#### ■ Portfolio CO<sub>2</sub> emissions intensity (Target year : FY 2030)

Target (KPI)	Result (FY 2020)
Reduce 50% (vs. FY 2018)	18.8% reduction (vs. FY 2018)

#### ■ Current status of initiatives

The power supply and demand for two properties, HK Yodoyabashi Garden Avenue and Hommachi Minami Garden City, were switched to electricity generated from renewable energy sources. This makes the CO<sub>2</sub> emission factor zero, thereby achieving actual carbon-free operation when electricity is used. In residence areas as well, we plan to successively switch electricity to renewable energy in the common areas, and we will work to reduce CO<sub>2</sub> emissions over the medium to long term.



HK Yodoyabashi GA



Hommachi Minami GC

#### ■ Total number of introduction of environmental consideration facilities

SHR has been introducing LED lighting and energy efficient air conditioner, etc. in residential properties.

LED lighting	Total 62 properties	Effects of introducing LED lighting and energy efficient air conditioners
Energy efficient air conditioner	Total 3,154 units	Expect to reduce annual CO <sub>2</sub> emissions about 6.8% (vs. FY 2018)

#### ■ Invest in green real estate

Percentage of portfolio with green certifications (based on total floor area)

Target (KPI)	Result (As of Dec. 15, 2021)
70% or more by the end of FY 2022	58.2%

#### Current status of initiatives

- Acquired Certification for CASBEE for Real Estate for "S rank" in HK Yodoyabashi Garden Avenue
- Newly acquired DBJ Green Building Certification in Sha Maison Stage Yahiro and other 4 properties



- Sha Maison Stage Yahiro
- Sha Maison Stage Kanazawa Nishiizumi
- Sha Maison Stage Hino
- Sha Maison Stage Hirose-dori



- Sha Maison Stage Akihabara

### Social

The significance of SHR in providing resilient buildings that can withstand disasters, and in preparing to minimize damage in the event of a contingency is even greater. We believe that the role of us is to make the properties owned by us a safe and secure space, and a comfortable place that improves the quality of life on a daily basis.

#### ■ Providing safe, secure, and comfortable spaces

SHR has installed and introduced equipment, etc., as appropriate, that will allow tenant companies and residents to spend time safely and with peace of mind.

In addition, we regularly conduct tenant satisfaction surveys, and share the survey results with property management companies and other entities to develop measures to further improve services.

[Backup supplies for disaster]  
Esty Maison Ojima and others[Bench with oven function]  
Esty Maison Kyobashi

#### ■ Contributions to society

##### Matching employee donations program : "Sekisui House Matching Program"

Employees set aside the amount they want from their salaries and Sekisui House adds the same amount of subsidies to make donations.

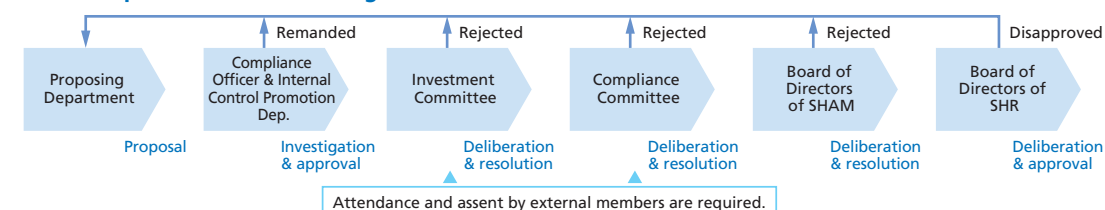


### Governance

#### ■ Strengthening Corporate Governance System

For the purpose of tightening examinations on transactions with interested parties, including the acquisition of portfolio assets and the entrustment of property management services, SHAM has adopted frameworks under which each decision to be made by Investment Committee and Compliance Committee must be conditional upon the attendance and assent by external members appointed from professionals who have no special interest with interested parties of SHAM, such as Sekisui House; and preliminary review by Compliance Officer and Internal Control Promotion Department, deliberations and resolution in respective meetings of Investment Committee and Compliance Committee, and deliberations and resolution for approval of the Board of Directors of SHAM, and consent of SHR based on deliberations and resolution of the Board of SHR are required.

#### An example of decision making flow



To promote diversity, SHR plans to propose the selection of a female supervisory director (Accountant) at the general meeting of unitholders scheduled for January 26, 2022.

If the proposal is approved as proposed, the ratio of female executives will be 33.3%.

Please refer to the following link for SHR's ESG information.  
[https://sekisuihouse-reit.co.jp/assets/pdf/ESG\\_Report\\_en.pdf](https://sekisuihouse-reit.co.jp/assets/pdf/ESG_Report_en.pdf)

# 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, housing for elderly with service, fee-based homes for the aged, and daycare centers (\*); the same shall apply hereinafter.) and other non-residential business purposes. The same shall apply hereinafter.

(\*) Some housing for elderly with service, fee-based homes for the aged, and daycare 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

Although the Japanese economy during the fiscal period under review continues to pick up amid previously severe conditions due to the effects of COVID-19, the pace of the recovery is weakening.

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, 2021 (the “end of the fiscal period”) approximately 93% (acquisition price basis) of the portfolio. As for the residence, demand for single type for single persons, which is easily affected by changes in the employment environment, remained on a weakening trend, but overall new contract rents remained above the previous rents, and occupancy rate showed signs of picking up toward the end of the fiscal period. As for the office buildings, vacancy rate in the market is on an uptrend due to factors such as the continuation of limited tenant relocation needs. However, the impact was minimal, and both occupancy rate and rent level remained generally firm. On the other hand, for hotels that make up about 7% of SHR’s portfolio (acquisition price basis), travel demand worldwide has stagnated due to restrictions on travel and immigration in each country in response to the spread of COVID-19. Similarly, domestic demand has been declining, so the harsh situation continues, and it is assumed that the recovery of demand for accommodation will take some time.

In addition, in the real estate trading market, asset types that are less susceptible to the COVID-19 pandemic tend to be preferred. Against the backdrop of worldwide monetary easing and other factors, domestic and overseas investors continue to have a strong desire to acquire properties, and the high-quality properties that SHR considers to be investment targets are scarce, and expected yields has remained at low levels.

b. Management Performance

Under the circumstances described in “a. Management Environment” above, SHR sold nine properties and acquired three new properties and reshuffled assets with the aim of enhancing its portfolio, further strengthening its earnings base, recording gains on dispositions, and stabilizing the level of distributions by retaining a portion of them internally.

As a result, the number of properties SHR owned as of the end of the fiscal period under review was 117 (comprising 109 residential properties and eight commercial properties) with an aggregate acquisition price<sup>(Note)</sup> of 527,786 million yen (242,966 million yen for residential properties and 284,820 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 96.8% for residential properties, 97.9% for commercial properties and 97.2% 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

SHR refinanced a total of 8,760 million yen with the aim of repaying borrowings due this fiscal period and also issued a green bond (the 9th Investment Corporation Bond, 10-year maturity, total issuance of 2,000 million yen) on May 19, 2021, which were used for early repayment of the long-term borrowings raised on November 30, 2020. In addition, on August 31, 2021, 3,000 million yen in short-term borrowings were early repaid using part of the disposition proceeds from the disposition of assets as of August 20, 2021.

As a result, the balance of interest-bearing liabilities as of the end of the fiscal period under review is 249,942 million yen and the ratio of total interest-bearing liabilities to total assets (“LTV (total assets basis)”) is 45.0%. Furthermore, in order to ensure the stability and flexibility of financing measures, a commitment line agreement, with a maxium amount of 15,000 million yen was signed again on October 25, 2021.

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 17,291 million yen, operating income of 9,413 million yen and ordinary income of 8,520 million yen, resulting in net income of 8,520 million yen. In addition, concerning cash distributions, SHR decided to distribute 7,732 million yen, which is the amount of unappropriated retained earnings after adding reversal of reserve for temporary difference adjustments (70 million yen) and reversal of reserve for reduction entry (337 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”)) and reserving reserve for reduction entry (1,195 million yen) stipulated in Article 65-7 of 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 24, 2017	Public offering	9,661	109,702	71,400	965,400	(Note 1)
June 12, 2017	Third-party allotment	487	110,189	3,600	969,000	(Note 2)
May 1, 2018	Split of investment units	—	110,189	969,000	1,938,000	(Note 3)
May 1, 2018	Allocation of investment units through merger	—	110,189	1,824,091	3,762,091	(Note 4)
June 10, 2019	Public offering	37,162	147,351	501,500	4,263,591	(Note 5)
July 9, 2019	Third-party allotment	1,858	149,210	25,075	4,288,666	(Note 6)

- (Note 1) New investment units were issued at an issue price of 139,912 yen (with the issue amount being 135,320 yen) per unit through a public offering to procure funds for the acquisition of new properties.
- (Note 2) New investment units were issued at an issue amount of 135,320 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 3) 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 4) 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 5) 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 6) 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.

[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	10th fiscal period	11th fiscal period	12th fiscal period	13th fiscal period	14th fiscal period
	From: May 1, 2019 To: Oct. 31, 2019	From: Nov. 1, 2019 To: Apr. 30, 2020	From: May 1, 2020 To: Oct. 31, 2020	From: Nov. 1, 2020 To: Apr. 30, 2021	From: May 1, 2021 To: Oct. 31, 2021
High (yen)	103,700	99,700	78,700	93,100	98,600
Low (yen)	77,200	47,150	62,500	72,700	86,200



## 3. Performance of Distribution, etc.

Distribution per unit for the fiscal period under review (the 14th fiscal period) is 1,803 yen. The policy is to distribute 7,732 million yen, which is the amount of unappropriated retained earnings after adding reversal of reserve for temporary difference adjustments (70 million yen) and reversal of reserve for reduction entry (337 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) and reserving reserve for reduction entry (1,195 million yen) stipulated in Article 65-7 of the Special Taxation Measures Act.

Fiscal period	10th fiscal period From: May 1, 2019 To: Oct. 31, 2019	11th fiscal period From: Nov. 1, 2019 To: Apr. 30, 2020	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
Total amount of unappropriated retained earnings (thousand yen)	7,405,454	6,991,331	6,992,995	7,103,009	8,520,020
Amount of accumulated earnings (thousand yen)	775,495	—	—	103,708	1,195,848
Total amount of cash distribution (thousand yen)	6,994,814	7,140,628	7,226,402	7,183,515	7,732,464
[Distribution per unit] (yen)	[1,631]	[1,665]	[1,685]	[1,675]	[1,803]
Total amount of distribution of earnings out of the total amount of cash distribution (thousand yen)	6,994,814	7,140,628	7,226,402	7,183,515	7,732,464
[Distribution of earnings per unit] (yen)	[1,631]	[1,665]	[1,685]	[1,675]	[1,803]
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 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 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 recover, partly due to the effects of various policies and improvements in the overseas economy, as it thoroughly takes measures to prevent the spread of COVID-19 and promotes vaccinations. However, paying close attention to the downside risks due to impacts throughout the supply chain is necessary. In addition, it is necessary to closely monitor the effects of trends in infection and fluctuation in financial and capital markets both in Japan and overseas. Against this background, SHR believes that it is necessary to continue to pay close attention to the possibility of a decline in the influx of population into the Tokyo metropolitan area, which was affected by COVID-19, and the impact of the new normal on tenant trends in residential, which is the living hub of the real estate leasing market. Concerning office buildings, which are operation bases in the real estate leasing market, SHR anticipates that vacancy rates in the office market are trending upward and that rents will remain weak due to concerns about the economic downturn associated with the impact of COVID-19 and the expansion of remote work.

As for hotels, SHR believes that demand for hotel rooms is expected to remain severe for the time being due to factors such as the decrease in the number of foreign tourists visiting Japan due to immigration restrictions in each country and a decline in the number of domestic tourists. In the real estate transaction market, SHR believes that the situation in which expected yields remain at low levels will continue for the foreseeable future amid accommodative financial conditions due to the COVID-19 pandemic.

## (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 the 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 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

### (1) Issuance of new investment units

SHR resolved at the Board of Directors meetings held on October 18, 2021 and October 25, 2021 to issue new investment units, and the payment of new investment units through public offering and third-party allotment was completed on November 1, 2021 and November 29, 2021, respectively. As a result, the total amount of unitholders’ capital was 161,283,304,673 yen and the number of investment units issued and outstanding was 4,431,133 units.

Regarding the issuance of new investment units through third-party allotment due to secondary offering via over-allotment, the allottee has notified SHR that they will apply for a portion of the number of investment units scheduled to be issued. As a result, the number of new investment units and the total amount to be paid (issue amount) related to the third-party allotment have been changed as follows, respectively.

#### a. Issuance of new investment units through public offering

Number of investment units issued:	137,500 units
Issue price:	87,574 yen per unit
Total amount of issue price:	12,041,425,000 yen
Amount to be paid in (issue amount):	84,744 yen
Total amount to be paid in (total issue amount):	11,652,300,000 yen
Payment date:	November 1, 2021

#### b. Issuance of new investment units by way of third-party allotment

Number of investment units issued:	4,967 units (Planned to be issued: 6,875 units)
Amount to be paid in (issue amount):	84,744 yen per unit
Total amount to be paid in (total issue amount):	420,923,448 yen (Planned total amount to be paid: 582,615,000 yen)
Payment date:	November 29, 2021
Allottee:	Nomura Securities Co., Ltd.

#### c. Use of the funds to be procured

The funds raised through the issuance of new investment units through the public offering described above will be used to partially fund the acquisition of Akasaka Garden City, which was additionally acquired on November 1, 2021, and the funds raised through the issuance of new investment units through third-party allotment will be used to partially fund the acquisition of Prime Maison Nakameguro and Prime Maison Itabashi, which are scheduled to be acquired on February 1, 2022.

#### (Reference Information)

##### (1) Assets Acquisition

SHR has concluded the Trust Beneficiary Interest Trading Agreement with the decision to acquire two residentials dated July 30, 2021 and one office building dated October 18, 2021 as follows. The acquisition of one office building was completed on November 1, 2021, and the acquisition of two residentials is scheduled to be completed on February 1, 2022.

Property name	Type of use	Location	(Planned) acquisition price ( million yen )	(Planned) acquisition date	Seller
Akasaka Garden City (additional acquisition portion) (Note)	Office Building	Minato-ku, Tokyo	21,300	November 1, 2021	Yagenzaka SPC
Prime Maison Nakameguro	Residence	Meguro-ku, Tokyo	10,000	February 1, 2022	Sekisui House, Ltd.
Prime Maison Itabashi		Itabashi-ku, Tokyo	4,800		
(Planned) total acquisition price			36,100	—	—

(Note) SHR has acquired 65.45% of the quasi-co-ownership interest of the trust beneficiary interest in real estate with respect to the compartmentalized ownership interest in all of the exclusively-owned portions of the basement 1st to 4th above ground and 11th to 19th floors of the building of “Akasaka Garden City”, as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (approximately 66.3%)) at an acquisition price of 28,700 million yen on June 10, 2019. SHR additionally acquired the trust beneficiary interest in all of the exclusively-owned portions of the 5th to 9th floor and the accompanying right of site (ratio of right of site: 273,490/1,000,000 (approximately 27.3%)) and in 96.05% of co-ownership of all of the exclusively-owned portions of the 10th floor and the accompanying right of site (ratio of right of site: 54,698/1,000,000 (approximately 5.5%)) on November 1, 2021.

## (2) Borrowing of Funds

SHR conducted the following borrowing of funds on November 30, 2021 for use as repayment funds of a long-term borrowing (17,000 million yen) which was due for repayment on the same day.

### a. Fixed Interest Rate Borrowing

Category	Lender (Note 1)	Borrowing amount (million yen)	Interest rate (Note2) (Note 3)	Drawdown date	Borrowing method	Repayment date (Note 4)	Repayment method (Note 5)	Security
Long-term	MUFG Bank, Ltd. (Note 6)	1,060	0.460%	November 30, 2021	Borrowing based on individual loan agreement, dated November 25, 2021. The lenders under the loan agreement are as indicated to the left of this table.	May 31, 2028	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	Mizuho Bank, Ltd.	340						
	Sumitomo Mitsui Banking Corporation	760						
	Sumitomo Mitsui Trust Bank, Limited	1,500						
	Resona Bank, Limited.	1,400						
	Development Bank of Japan Inc.	800						
	The Norinchukin Bank	700						
Total		6,560	—	—	—	—	—	—

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

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

(Note 3) The first interest payment date will be the last day of May 2022. Subsequent interest payment dates will be the last day of every six months and the principal repayment date. Where the relevant date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls into the next calendar month) the immediately preceding business day.

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

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

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

### b. Floating Interest Rate Borrowing

Category	Lender (Note 1)	Borrowing amount (million yen)	Interest rate (Note2) (Note 3)	Drawdown date	Borrowing method	Repayment date (Note 4)	Repayment method (Note 5)	Security
Long-term	MUFG Bank, Ltd. (Note 6)	1,550	Base rate (JBA 1-month Japanese Yen TIBOR) plus 0.190% (Note 7)	November 30, 2021	Borrowing based on individual loan agreement, dated November 25, 2021. The lenders under the loan agreement are as indicated to the left of this table.	November 30, 2023	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	Mizuho Bank, Ltd.	1,270						
	Sumitomo Mitsui Banking Corporation	1,180						
	MUFG Bank, Ltd. (Note 6)	2,490	Base rate (JBA 3-month Japanese Yen TIBOR) plus 0.405% (Note 8) (Note 9)			November 29, 2030		
	Mizuho Bank, Ltd.	790						
	Sumitomo Mitsui Banking Corporation	1,760						
	Sumitomo Mitsui Trust Bank, Limited	500						
	Mizuho Trust & Banking Co., Ltd.	900						
Total		10,440	—	—	—	—	—	

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

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

(Note 3) The base rate applicable to the calculation period for the interest payable on an interest payment date shall be the Japanese Yen TIBOR (Tokyo Inter Bank Offered Rate), corresponding to the calculation period of the interest, two business days prior to the immediately preceding relevant interest payment date. The Japanese Yen TIBOR is published by the Japanese Bankers Association (JBA) TIBOR Administration. The base rate is subject to review every interest payment date. Where no rate that corresponds to the interest calculation period exists, the base rate shall be that which corresponds to the concerned period calculated based on the method provided for in the relevant individual loan agreement. For changes in the base rate (being the Japanese Yen TIBOR published by JBA), please check the website of JBA TIBOR Administration (<http://www.jbatibor.or.jp/english/rate/>). In addition, SHR plans to effectively fix the interest rate of a portion of the above borrowings through interest rate swap agreement. There will be an announcement regarding the interest rate fixed on the basis of the interest rate swap agreement to be arranged, once such details have been determined.

(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.

(Note 7) The first interest payment date will be the last day of December 2021. Subsequent interest payment dates will be the last day of every month and the principal repayment date. Where the relevant date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls into the next calendar month) the immediately preceding business day.

(Note 8) The first interest payment date will be the last day of February 2022. Subsequent interest payment dates will be the last day of every three 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 9) The interest rate swap agreement effectively fixed the interest rate at 0.602%.



Outline of the investment corporation

1. Status of Capital

Fiscal period	As of the end of 10th fiscal period (Oct. 31, 2019)	As of the end of 11th fiscal period (Apr. 30, 2020)	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)
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	4,288,666	4,288,666
Unitholders' capital (million yen)	149,210	149,210	149,210	149,210	149,210
Number of unitholders (persons)	18,986	19,230	19,279	18,942	18,637

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)	973,034	22.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	725,159	16.91
Sekisui House, Ltd.	200,750	4.68
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	154,911	3.61
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	132,291	3.08
SMBC Nikko Securities Inc.	131,080	3.06
STATE STREET BANK WEST CLIENT - TREATY 505234	61,823	1.44
JP MORGAN CHASE BANK 385781	52,030	1.21
JAPAN SECURITIES FINANCE CO., LTD.	49,126	1.15
THE SHINKUMI FEDERATION BANK	42,614	0.99
Total	2,522,818	58.83

(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 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.	—
Supervisory Director	Shigeru Nomura	President, Shigeru Nomura Certified Public Accountant Office Outside Director, Eiken Chemical Co., Ltd. Member of Corporate Revitalization Committee, The Resolution and Collection Corporation (RCC)	1,800
	Tatsushi Omiya	Outside Director, QB Net Holdings Co., Ltd. Lawyer, Lex Law Office Outside Auditor, QB Net Co., Ltd. Outside Director, BTC Corporation	1,800
Independent Auditor	Ernst & Young ShinNihon LLC	—	19,200 (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 preparing comfort letters for the issuance of the Ninth Series Unsecured Investment Corporation Bonds in May 2021, as well as 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 Exective Directors and Supervisory Directors	(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.
	(Ratio of Insurance Premiums to be Borne) All insurance premiums for all insured persons are borne by SHR
	(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.

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 13th fiscal period (Apr. 30, 2021)		As of the end of 14th fiscal period (Oct. 31, 2021)	
			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	186,270	33.5	181,971	32.7
		Other areas	60,579	10.9	56,509	10.2
	Commercial properties	Three major metropolitan areas	277,526	49.9	276,725	49.8
		Other areas	—	—	—	—
Total of real estate in trust			524,375	94.2	515,206	92.7
Deposits and other assets			32,193	5.8	40,438	7.3
Total amount of assets			556,569	100.0	555,644	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.

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 (m²) (Note 2)	Leased area (m²) (Note 3)	Occupancy rate (%) (Note 4)	As a percentage of total property-related operating revenue (%) (Note 5)	Usage type
Garden City Shinagawa Gotenyama	70,119	38,577.99	36,861.13	95.5	13.1	Office building
Gotenyama SH Building	49,606	19,999.97	19,999.97	100.0	7.5	Office building
Hommachi Minami Garden City	42,483	29,657.53	29,657.53	100.0	9.0	Office building
Hommachi Garden City (Office building portion) <sup>(Note 6)</sup>	36,439	17,006.94	17,006.94	100.0	6.2	Office building
Akasaka Garden City <sup>(Note 7)</sup>	28,700	12,472.81	10,947.17	87.8	4.3	Office building
The Ritz-Carlton, Kyoto <sup>(Note 8)</sup>	22,169	11,496.08	11,496.08	100.0	1.5	Hotel
Hommachi Garden City (Hotel portion) <sup>(Note 6)</sup>	16,819	18,092.98	18,092.98	100.0	2.8	Hotel
Esty Maison Ojima	8,343	9,905.97	9,551.15	96.4	1.7	Residence
Esty Maison Kinshicho II	7,957	9,469.65	9,107.84	96.2	1.5	Residence
Prime Maison Shirokanedai Tower	7,939	6,772.89	6,389.07	94.3	1.6	Residence
Total	290,576	173,452.81	169,109.86	97.5	49.2	—

(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 and The Ritz-Carlton, Kyoto, the figure indicates the area corresponding to the quasi co-ownership interest 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 total 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) “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.
- (Note 7) For “Akasaka Garden City”, SHR owns 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%)), and the figures indicate the value corresponding to the quasi co-ownership interest. The same shall apply hereinafter.
- (Note 8) For “The Ritz-Carlton, Kyoto”, SHR owns 49% quasi co-ownership interest of trust beneficiary interest in real estate for the property as of the end of the fiscal period under review. The figures indicate the value corresponding to the quasi co-ownership interest SHR owns. The same shall apply hereinafter.

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

The following table sets forth 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	6,471	7,320
	R-002	Esty Maison Azabunagasaka	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,763	1,940
	R-003	Esty Maison Ebisu II	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,020	2,340
	R-004	Esty Maison Ebisu	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	918	920
	R-005	Esty Maison Kanda	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	1,554	1,850
	R-006	Esty Maison Kitashinjuku	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,539	1,770
	R-007	Esty Maison Asakusakomagata	Taito-ku, Tokyo	Real estate trust beneficiary interests	2,092	2,450
	R-008	Esty Maison Kawasaki	Kawasaki-shi, Kanagawa	Real estate trust beneficiary interests	2,403	2,760
	R-010	Esty Maison Kameido	Koto-ku, Tokyo	Real estate trust beneficiary interests	1,495	1,880
	R-011	Esty Maison Meguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	1,072	1,270
	R-012	Esty Maison Sugamo	Toshima-ku, Tokyo	Real estate trust beneficiary interests	1,595	1,830
	R-013	Esty Maison Kyobashi	Osaka-shi, Osaka	Real estate trust beneficiary interests	2,956	3,070
	R-014	Esty Maison Hakuraku	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	891	976
	R-015	Esty Maison Minamihorie	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,040	1,140
	R-016	Esty Maison Gotanda <sup>(Note 4)</sup>	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	3,039	3,500
	R-017	Esty Maison Oisendaizaka	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,725	3,000
	R-018	Esty Maison Shinagawa Seaside	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,116	2,470
	R-019	Esty Maison Minamiazabu	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,285	1,380
	R-021	Esty Maison Kawasaki II	Kawasaki-shi, Kanagawa	Real estate trust beneficiary interests	1,909	2,420
	R-022	Esty Maison Azabujuban	Minato-ku, Tokyo	Real estate trust beneficiary interests	2,714	3,040
	R-023	Esty Maison Itabashihoncho	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	902	1,030
	R-027	Esty Maison Musashikoyama <sup>(Note 5)</sup>	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,015	1,190
	R-028	Esty Maison Sendagi <sup>(Note 6)</sup>	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	678	800



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)
	R-030	Esty Maison Hakatahigashi	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,233	2,560
	R-033	Prime Maison Musashinonomori	Kodaira-shi, Tokyo	Real estate trust beneficiary interests	1,778	2,120
	R-034	Prime Maison Higashisakura	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,433	1,660
	R-035	Prime Maison Kayabakoen	Nagoya-shi, Aichi	Real estate trust beneficiary interests	824	925
	R-036	Esty Maison Sangenjaya II	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	762	871
	R-037	Esty Maison Itabashi C6	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	2,478	2,830
	R-038	Sha Maison Stage Hakata <sup>(Note 7)</sup>	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,405	2,740
	R-039	Esty Maison Kinshicho	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,208	1,350
	R-040	Esty Maison Musashikoganei	Koganei-shi, Tokyo	Real estate trust beneficiary interests	1,747	2,090
	R-041	Prime Maison Gokiso	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,968	2,140
	R-042	Prime Maison Yuhigaoka	Osaka-shi, Osaka	Real estate trust beneficiary interests	875	1,060
	R-043	Prime Maison Kitatanabe	Osaka-shi, Osaka	Real estate trust beneficiary interests	622	671
	R-044	Prime Maison Momochihama	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	1,912	2,150
	R-045	Esty Maison Akihabara	Taito-ku, Tokyo	Real estate trust beneficiary interests	1,907	2,060
	R-046	Esty Maison Sasazuka	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	3,386	3,780
	R-047	Prime Maison Ginza East	Chuo-ku, Tokyo	Real estate trust beneficiary interests	6,058	7,000
	R-048	Prime Maison Takami	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,069	1,160
	R-049	Prime Maison Yadaminami	Nagoya-shi, Aichi	Real estate trust beneficiary interests	853	891
	R-050	Prime Maison Teriha	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	1,178	1,320
	R-051	Esty Maison Higashishirakabe	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,622	1,730
	R-052	Esty Maison Sengoku	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	1,331	1,470
	R-053	Esty Maison Daizawa	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	2,223	2,510
	R-054	Esty Maison Togoshi	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,724	1,950
	R-055	Esty Maison Nishitemma	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,617	1,730
	R-056	Esty Maison Shirokanedai	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,377	2,930
	R-057	Esty Maison Higashishinjuku	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,608	1,860
	R-058	Esty Maison Motoazabu	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,512	1,710

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)
	R-059	Esty Maison Toritsudaigaku	Meguro-ku, Tokyo	Real estate trust beneficiary interests	841	919
	R-060	Esty Maison Musashikoyama II	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	999	1,130
	R-061	Esty Maison Nakano	Nakano-ku, Tokyo	Real estate trust beneficiary interests	1,820	2,010
	R-062	Esty Maison Shinnakano	Nakano-ku, Tokyo	Real estate trust beneficiary interests	984	1,070
	R-063	Esty Maison Nakanofujimicho	Nakano-ku, Tokyo	Real estate trust beneficiary interests	953	1,050
	R-064	Esty Maison Tetsugakudo	Nakano-ku, Tokyo	Real estate trust beneficiary interests	1,114	1,240
	R-065	Esty Maison Koenji	Suginami-ku, Tokyo	Real estate trust beneficiary interests	1,127	1,270
	R-066	Esty Maison Oshiage	Sumida-ku, Tokyo	Real estate trust beneficiary interests	2,410	2,670
	R-067	Esty Maison Akabane	Kita-ku, Tokyo	Real estate trust beneficiary interests	3,131	3,550
	R-068	Esty Maison Oji	Kita-ku, Tokyo	Real estate trust beneficiary interests	1,577	1,850
	R-069	Prime Maison Waseda	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,512	1,810
	R-070	Prime Maison Hatchobori	Chuo-ku, Tokyo	Real estate trust beneficiary interests	1,390	1,620
	R-071	Prime Maison Jimbocho	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	1,877	2,070
	R-072	Prime Maison Gotenyama East	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,874	3,200
	R-073	Sha Maison Stage Akihabara	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	542	608
	R-074	Esty Maison Aoi	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,361	2,510
	R-075	Esty Maison Yakuin	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,571	2,570
	R-076	Esty Maison Kinshicho II	Sumida-ku, Tokyo	Real estate trust beneficiary interests	7,957	9,500
	R-077	Esty Maison Ojima	Koto-ku, Tokyo	Real estate trust beneficiary interests	8,343	10,200
	R-078	Prime Maison Fujimidai	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,170	2,180
	R-079	Esty Maison Tsurumai	Nagoya-shi, Aichi	Real estate trust beneficiary interests	4,545	4,960
	R-080	Prime Maison Morishita	Koto-ku, Tokyo	Real estate trust beneficiary interests	1,841	2,130
	R-081	Prime Maison Shinagawa	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,895	2,170
	R-082	Prime Maison Odorikoen	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	3,052	3,120
	R-083	Prime Maison Minami 2-jo	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	1,820	1,890
	R-084	Prime Maison Kamokamogawa	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	1,197	1,180
	R-085	Prime Maison Central Park <sup>(Note 8)</sup>	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,163	2,424
	R-086	Sha Maison Stage Yahiro	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,825	2,030
	R-087	Prime Maison Ebisu	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	4,265	5,170
	R-088	Sha Maison Stage Kanazawa Nishiizumi	Kanazawa-shi, Ishikawa	Real estate trust beneficiary interests	1,012	956

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-089	Esty Maison Unomori	Yokkaichi-shi, Mie	Real estate trust beneficiary interests	772	813
	R-091	Sha Maison Stage Hino	Hino-shi, Tokyo	Real estate trust beneficiary interests	1,308	1,480
	R-092	Prime Maison Yokohama Nihon-odori	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	4,642	5,010
	R-093	Kobe Women's Student Housing	Kobe-shi, Hyogo	Real estate trust beneficiary interests	5,319	5,870
	R-094	Prime Maison Shibuya	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,385	2,660
	R-095	Prime Maison Hatsudai	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,921	3,200
	R-096	Esty Maison Uemachidai	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,065	1,150
	R-098	Prime Maison Shirokane-takanawa	Minato-ku, Tokyo	Real estate trust beneficiary interests	4,796	5,470
	R-099	Prime Maison Ichigayayamabushicho	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	4,115	4,270
	R-100	Esty Maison Morishita	Sumida-ku, Tokyo	Real estate trust beneficiary interests	633	709
	R-101	Prime Maison Shirokanedai Tower	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	7,939	10,300
	R-102	Prime Maison Otsuka	Toshima-ku, Tokyo	Real estate trust beneficiary interests	3,687	4,510
	R-103	Prime Maison Asakusabashi	Taito-ku, Tokyo	Real estate trust beneficiary interests	1,678	2,060
	R-104	Prime Maison Daikanyama	Meguro-ku, Tokyo	Real estate trust beneficiary interests	2,520	3,170
	R-105	Prime Maison Gotenyama West	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	3,412	4,360
	R-106	Esty Maison Toyosu Residence <sup>(Note 9)</sup>	Koto-ku, Tokyo	Real estate trust beneficiary interests	5,854	7,160
	R-108	Esty Maison Ijiri	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	393	421
	R-109	Prime Maison Mitatsunamachi	Minato-ku, Tokyo	Real estate trust beneficiary interests	2,047	2,330
	R-110	Prime Maison Hongo	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	2,605	2,830
	R-111	Prime Maison Kuramae	Taito-ku, Tokyo	Real estate trust beneficiary interests	2,193	2,410
	R-112	Esty Maison Yokohama-aobadai <sup>(Note 10)</sup>	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	3,020	3,330
	R-113	Esty Maison Shizuoka Takajo	Shizuoka-shi, Shizuoka	Real estate trust beneficiary interests	671	662
	R-114	Sha Maison Stage Hirose-dori	Sendai-shi, Miyagi	Real estate trust beneficiary interests	876	909
	R-115	Esty Maison HIGASHIBETSUIN	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,275	2,200
	R-116	Esty Maison Kayaba	Nagoya-shi, Aichi	Real estate trust beneficiary interests	938	946
	R-117	Esty Maison SHIRAKABEMINAMI	Nagoya-shi, Aichi	Real estate trust beneficiary interests	686	682
	R-118	Prime Maison Shimokitazawa	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	2,655	2,580
	R-119	Prime Maison Meguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	2,368	2,310
	R-120	Prime Maison Ryogoku	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,585	1,540
	Subtotal		-	-	238,481	270,013

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	70,119	89,100
	O-002	Gotenyama SH Building	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	49,606	61,700
	O-003	Hommachi Minami Garden City	Osaka-shi, Osaka	Real estate trust beneficiary interests	42,483	56,000
	O-004	Hommachi Garden City (Office building portion)	Osaka-shi, Osaka	Real estate trust beneficiary interests	36,439	44,800
	O-005	HK Yodoyabashi Garden Avenue <sup>(Note 11)</sup>	Osaka-shi, Osaka	Real estate trust beneficiary interests	4,220	6,410
	O-006	Hirokoji Garden Avenue	Nagoya-shi, Aichi	Real estate trust beneficiary interests	6,167	7,190
	O-007	Akasaka Garden City	Minato-ku, Tokyo	Real estate trust beneficiary interests	28,700	30,000
	Subtotal		-	-	237,737	295,200
Hotel	H-001	Hommachi Garden City (Hotel portion)	Osaka-shi, Osaka	Real estate trust beneficiary interests	16,819	18,000
	H-002	The Ritz-Carlton, Kyoto	Kyoto-shi, Kyoto	Real estate trust beneficiary interests	22,169	22,295
	Subtotal		-	-	38,988	40,295
Total			-	-	515,206	605,508

(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) 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.	13th fiscal period From: Nov. 1, 2020 To: Apr. 30, 2021				14th fiscal period From: May 1, 2021 To: Oct. 31, 2021			
			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	97.9	174	1.2	1	95.7	177	1.2
	R-002	Esty Maison Azabunagasaka	1	85.1	51	0.3	1	90.3	48	0.3
	R-003	Esty Maison Ebisu II	1	96.7	57	0.4	1	96.8	58	0.4
	R-004	Esty Maison Ebisu	1	96.1	23	0.2	1	92.1	23	0.2
	R-005	Esty Maison Kanda	1	92.4	45	0.3	1	94.8	43	0.3
	R-006	Esty Maison Kitashinjuku	1	83.4	41	0.3	1	92.2	44	0.3
	R-007	Esty Maison Asakusakomagata	1	97.5	64	0.4	1	97.4	65	0.5
	R-008	Esty Maison Kawasaki	1	96.6	78	0.5	1	96.7	76	0.5
	R-010	Esty Maison Kameido	1	96.9	53	0.4	1	94.9	52	0.4
	R-011	Esty Maison Meguro	1	91.8	32	0.2	1	92.4	29	0.2
	R-012	Esty Maison Sugamo	1	97.7	49	0.3	1	97.1	50	0.4
	R-013	Esty Maison Kyobashi	1	96.5	88	0.6	1	94.7	85	0.6
	R-014	Esty Maison Hakuraku	1	98.2	29	0.2	1	100.0	30	0.2
	R-015	Esty Maison Minamihorie	1	97.0	33	0.2	1	98.4	34	0.2
	R-016	Esty Maison Gotanda	1	95.7	94	0.6	1	96.8	91	0.6
	R-017	Esty Maison Oisendaizaka	1	97.1	78	0.5	1	94.7	76	0.5
	R-018	Esty Maison Shinagawa Seaside	1	94.2	64	0.4	1	96.5	63	0.4
	R-019	Esty Maison Minamiazabu	1	100.0	34	0.2	1	90.4	34	0.2
	R-020	Esty Maison Tsukamoto <sup>(Note 5)</sup>	1	100.0	39	0.3	—	—	24	0.2
	R-021	Esty Maison Kawasaki II	1	92.2	63	0.4	1	94.3	62	0.4
	R-022	Esty Maison Azabujuban	1	96.2	66	0.4	1	98.3	66	0.5
	R-023	Esty Maison Itabashihoncho	1	93.8	34	0.2	1	98.5	29	0.2
	R-024	Esty Maison Oizumigakuen <sup>(Note 5)</sup>	1	100.0	26	0.2	—	—	16	0.1
	R-025	Esty Maison Higashishinagawa <sup>(Note 5)</sup>	1	97.2	69	0.5	—	—	43	0.3
	R-026	Esty Maison Itabashikuyakushomae <sup>(Note 5)</sup>	1	94.4	77	0.5	—	—	43	0.3
	R-027	Esty Maison Musashikoyama	1	86.4	29	0.2	1	98.3	31	0.2
	R-028	Esty Maison Sendagi	1	92.3	22	0.2	1	94.9	22	0.2
	R-029	Esty Maison Yotsuyasakamachi <sup>(Note 5)</sup>	1	91.9	60	0.4	—	—	36	0.3

Usage type	Property number	Name of real estate, etc.	13th fiscal period From: Nov. 1, 2020 To: Apr. 30, 2021				14th fiscal period From: May 1, 2021 To: Oct. 31, 2021			
			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-030	Esty Maison Hakatahigashi	1	96.9	86	0.6	1	99.5	86	0.6
	R-031	Esty Maison Kamigofuku <sup>(Note 5)</sup>	1	97.0	29	0.2	—	—	17	0.1
	R-032	Esty Maison Sangenjaya <sup>(Note 5)</sup>	—	—	15	0.1	—	—	—	—
	R-033	Prime Maison Musashinonomori	1	100.0	65	0.4	1	98.6	67	0.5
	R-034	Prime Maison Higashisakura	1	94.6	52	0.3	1	98.5	51	0.4
	R-035	Prime Maison Kayabakoen	1	100.0	29	0.2	1	100.0	29	0.2
	R-036	Esty Maison Sangenjaya II	1	92.0	24	0.2	1	100.0	24	0.2
	R-037	Esty Maison Itabashi C6	1	93.5	75	0.5	1	94.1	75	0.5
	R-038	Sha Maison Stage Hakata	1	100.0	94	0.6	1	100.0	94	0.7
	R-039	Esty Maison Kinshicho	1	95.8	34	0.2	1	100.0	36	0.3
	R-040	Esty Maison Musashikoganei	1	99.0	56	0.4	1	99.0	54	0.4
	R-041	Prime Maison Gokiso	1	97.7	64	0.4	1	98.3	64	0.4
	R-042	Prime Maison Yuhigaoka	1	96.4	29	0.2	1	96.4	29	0.2
	R-043	Prime Maison Kitatanabe	1	92.6	22	0.2	1	93.2	23	0.2
	R-044	Prime Maison Momochihama	1	100.0	69	0.5	1	100.0	69	0.5
	R-045	Esty Maison Akihabara	1	98.7	56	0.4	1	94.9	67	0.5
	R-046	Esty Maison Sasazuka	1	93.4	90	0.6	1	97.5	90	0.6
	R-047	Prime Maison Ginza East	1	95.9	172	1.2	1	90.9	171	1.2
	R-048	Prime Maison Takami	1	85.8	33	0.2	1	100.0	33	0.2
	R-049	Prime Maison Yadaminami	1	96.2	28	0.2	1	100.0	28	0.2
	R-050	Prime Maison Teriha	1	100.0	51	0.3	1	100.0	51	0.4
	R-051	Esty Maison Higashishirakabe	1	100.0	46	0.3	1	100.0	46	0.3
	R-052	Esty Maison Sengoku	1	97.0	37	0.3	1	88.1	36	0.3
	R-053	Esty Maison Daizawa	1	97.8	61	0.4	1	98.8	63	0.4
	R-054	Esty Maison Togoshi	1	95.5	48	0.3	1	96.8	50	0.4
	R-055	Esty Maison Nishitemma	1	95.8	53	0.4	1	93.9	49	0.3
	R-056	Esty Maison Shirokanedai	1	95.0	71	0.5	1	93.9	69	0.5
	R-057	Esty Maison Higashishinjuku	1	94.8	46	0.3	1	96.0	46	0.3
	R-058	Esty Maison Motoazabu	1	92.6	41	0.3	1	100.0	38	0.3
	R-059	Esty Maison Toritsudaigaku	1	100.0	23	0.2	1	96.0	23	0.2



Usage type	Property number	Name of real estate, etc.	13th fiscal period From: Nov. 1, 2020 To: Apr. 30, 2021				14th fiscal period From: May 1, 2021 To: Oct. 31, 2021			
			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-060	Esty Maison Musashikoyama II	1	100.0	29	0.2	1	97.8	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	91.8	28	0.2	1	91.6	27	0.2
	R-063	Esty Maison Nakanofujimicho	1	95.1	28	0.2	1	94.4	29	0.2
	R-064	Esty Maison Tetsugakudo	1	97.0	34	0.2	1	97.0	34	0.2
	R-065	Esty Maison Koenji	1	94.4	34	0.2	1	96.7	33	0.2
	R-066	Esty Maison Oshiage	1	96.4	71	0.5	1	98.3	70	0.5
	R-067	Esty Maison Akabane	1	94.6	97	0.7	1	97.6	96	0.7
	R-068	Esty Maison Oji	1	96.6	49	0.3	1	95.5	48	0.3
	R-069	Prime Maison Waseda	1	89.7	43	0.3	1	89.3	44	0.3
	R-070	Prime Maison Hatchobori	1	96.2	38	0.3	1	91.2	38	0.3
	R-071	Prime Maison Jimbocho	1	91.4	52	0.4	1	97.3	51	0.4
	R-072	Prime Maison Gotenyama East	1	91.1	104	0.7	1	95.9	91	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	83.1	62	0.4	1	93.4	64	0.4
	R-075	Esty Maison Yakuin	1	97.3	75	0.5	1	98.1	74	0.5
	R-076	Esty Maison Kinshicho II	1	97.8	225	1.5	1	96.2	223	1.5
	R-077	Esty Maison Ojima	1	95.1	247	1.7	1	96.4	243	1.7
	R-078	Prime Maison Fujimidai	1	90.8	66	0.4	1	98.6	72	0.5
	R-079	Esty Maison Tsurumai	1	100.0	155	1.0	1	100.0	155	1.1
	R-080	Prime Maison Morishita	1	96.6	56	0.4	1	97.7	55	0.4
	R-081	Prime Maison Shinagawa	1	90.2	56	0.4	1	100.0	57	0.4
	R-082	Prime Maison Odorikoen	1	94.3	118	0.8	1	91.0	115	0.8
	R-083	Prime Maison Minami 2-jo	1	98.4	73	0.5	1	100.0	73	0.5
	R-084	Prime Maison Kamokamogawa	1	98.1	46	0.3	1	95.3	47	0.3
	R-085	Prime Maison Central Park	1	99.4	88	0.6	1	98.7	89	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	99.0	111	0.7	1	99.2	110	0.8
	R-088	Sha Maison Stage Kanazawa Nishiizumi	1	100.0	39	0.3	1	100.0	39	0.3
	R-089	Esty Maison Unomori	1	100.0	27	0.2	1	100.0	27	0.2

Usage type	Property number	Name of real estate, etc.	13th fiscal period From: Nov. 1, 2020 To: Apr. 30, 2021				14th fiscal period From: May 1, 2021 To: Oct. 31, 2021			
			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-090	Esty Maison Kohoku Tsunashima <sup>(Note 5)</sup>	1	100.0	78	0.5	—	—	47	0.3
	R-091	Sha Maison Stage Hino	1	98.4	48	0.3	1	99.0	49	0.3
	R-092	Prime Maison Yokohama Nihon-odori	1	94.4	140	0.9	1	97.8	139	1.0
	R-093	Kobe Women's Student Housing	1	100.0	222	1.5	1	98.9	221	1.5
	R-094	Prime Maison Shibuya	1	95.3	63	0.4	1	93.6	62	0.4
	R-095	Prime Maison Hatsudai	1	96.0	78	0.5	1	97.4	80	0.6
	R-096	Esty Maison Uemachidai	1	91.1	33	0.2	1	100.0	33	0.2
	R-097	Esty Maison Kobe-sannomiya <sup>(Note 5)</sup>	1	100.0	31	0.2	—	—	18	0.1
	R-098	Prime Maison Shirokane-takanawa	1	93.9	120	0.8	1	91.1	115	0.8
	R-099	Prime Maison Ichigayayamabushicho	1	92.3	101	0.7	1	88.0	102	0.7
	R-100	Esty Maison Morishita	1	95.1	20	0.1	1	100.0	19	0.1
	R-101	Prime Maison Shirokanedai Tower	1	94.4	236	1.6	1	94.3	226	1.6
	R-102	Prime Maison Otsuka	1	91.9	115	0.8	1	93.5	109	0.8
	R-103	Prime Maison Asakusabashi	1	93.8	49	0.3	1	89.8	49	0.3
	R-104	Prime Maison Daikanyama	1	95.0	67	0.4	1	91.6	68	0.5
	R-105	Prime Maison Gotenyama West	1	91.3	108	0.7	1	93.3	113	0.8
	R-106	Esty Maison Tovosu Residence	1	97.0	481	3.2	1	95.9	471	3.3
	R-107	Esty Maison Kokura <sup>(Note 5)</sup>	1	94.3	32	0.2	—	—	18	0.1
	R-108	Esty Maison Ijiri	1	100.0	13	0.1	1	100.0	13	0.1
	R-109	Prime Maison Mitatsunamachi	1	80.1	51	0.3	1	89.5	49	0.3
	R-110	Prime Maison Hongo	1	96.1	64	0.4	1	93.3	67	0.5
	R-111	Prime Maison Kuramae	1	95.7	62	0.4	1	95.8	59	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 Stage Hirose-dori	1	100.0	29	0.2	1	100.0	29	0.2
	R-115	Esty Maison HIGASHIBETSUIN	1	100.0	11	0.1	1	100.0	69	0.5
	R-116	Esty Maison Kavaba	1	100.0	5	0.0	1	96.2	30	0.2
	R-117	Esty Maison SHIRAKABEMINAMI	1	100.0	3	0.0	1	100.0	20	0.1
	R-118	Prime Maison Shimokitazawa	—	—	—	—	1	98.3	19	0.1
	R-119	Prime Maison Meguro	—	—	—	—	1	92.6	15	0.1
	R-120	Prime Maison Ryogoku	—	—	—	—	1	91.0	11	0.1
	Subtotal		13	96.5	7,772	52.1	12	96.8	7,671	53.0

Usage type	Property number	Name of real estate, etc.	13th fiscal period From: Nov. 1, 2020 To: Apr. 30, 2021				14th fiscal period From: May 1, 2021 To: Oct. 31, 2021			
			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	100.0	1,947	13.0	1	95.5	1,895	13.1
	O-002	Gotenyama SH Building	1	100.0	1,088	7.3	1	100.0	1,089	7.5
	O-003	Hommachi Minami Garden City	1	99.2	1,285	8.6	1	100.0	1,299	9.0
	O-004	Hommachi Garden City (Office building portion)	1	100.0	903	6.1	1	100.0	903	6.2
	O-005	HK Yodoyabashi Garden Avenue	1	100.0	162	1.1	1	100.0	165	1.1
	O-006	Hirokoji Garden Avenue	1	100.0	208	1.4	1	100.0	213	1.5
	O-007	Akasaka Garden City	1	95.9	677	4.5	1	87.8	617	4.3
	Subtotal		4	99.4	6,274	42.0	4	97.4	6,184	42.7
Hotel	H-001	Hommachi Garden City (Hotel portion)	1	100.0	402	2.7	1	100.0	402	2.8
	H-002	The Ritz-Carlton, Kyoto	1	100.0	475	3.2	1	100.0	215	1.5
	Subtotal		2	100.0	878	5.9	2	100.0	618	4.3
Total			18	97.3	14,925	100.0	17	97.2	14,474	100.0

(Note 1) “Total number of tenants” refers to the sum total of the number of tenants under, and indicated in, the respective lease agreements for each property that are valid as of the end of fiscal period under review (or, if a master lease agreement that is valid as of the end of each fiscal period has been concluded for the property, the number of lessees under the master lease agreement). In the “Subtotal” and “Total” columns, however, a tenant that leases spaces in multiple properties is counted as one. Furthermore, of the office buildings, the total number of end tenants for Garden City Shinagawa Gotenyama, Hommachi Minami Garden City, HK Yodoyabashi Garden Avenue, Hirokoji Garden Avenue and Akasaka Garden City where pass-through type master lease agreements have been concluded is 17, 15, 8, 7 and 17, respectively as of the end of the 13th fiscal period (from Nov. 1, 2020 to Apr. 30, 2021) and 17, 16, 8, 7 and 17 respectively as of the end of the 13th fiscal period (from May. 1, 2021 to Oct. 31, 2021).

(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 sum 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. The 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 “Esty Maison Tsukamoto”, “Esty Maison Oizumigakuen”, “Esty Maison Higashishinagawa”, “Esty Maison Itabashikuyakushomae”, “Esty Maison Yotsuyasakamachi”, “Esty Maison Kamigofuku”, “Esty Maison Kohoku Tsunashima”, “Esty Maison Kobe-sannomiya”, and “Esty Maison Kokura” on August 20, 2021. Accordingly, “Property-related operating revenue [during fiscal period]” and “As a percentage of total property-related operating revenue” for the properties in the above table indicate the figures for the duration SHR owned it in the fiscal period under review. Moreover, SHR disposed “Esty Maison Sangenjaya” on February 26, 2021. 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 it in the 13th fiscal period (from Nov. 1, 2020 to Apr. 31, 2021).

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  
Not applicable.
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) <sup>(Note 1)</sup>		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)	28,980,000	13,750,000	(87,376)
Transaction other than market transaction	Interest rate swap transaction (Under which floating interest rates are receivable and fixed interest rates are payable)	123,391,000	101,341,000	— (Note 3)
Total		152,371,000	115,091,000	(87,376)

(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” 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) <sup>(Note)</sup>		
			Total amount	Payment for the fiscal period under review	Amount already paid
The Ritz-Carlton, Kyoto (Hokodencho, Nijo-Ohashi Agaru, Nakagyo-ku, Kyoto-shi, Kyoto)	Interior Renovation	From: November 2021 To: August 2022	215	—	—
Prime Maison Ginza East (Tsukiji, Chuo-ku, Tokyo)	Large-scale repairs	From: May 2022 To: October 2022	149	—	—
Prime Maison Higashisakura (Higashisakura, Higashi-ku, Nagoya-shi, Aichi)	Large-scale repairs	From: May 2022 To: October 2022	129	—	—
Esty Maison Ginza (Ginza, Chuo-ku, Tokyo)	Large-scale repairs	From: October 2021 To: April 2022	120	—	—
Esty Maison Itabashihoncho (Yamato-cho, Itabashi-ku, Tokyo)	Large-scale repairs	From: November 2021 To: March 2022	75	—	—
Esty Maison Minamihorie (Minamihorie, Nishi-ku, Osaka-shi, Osaka)	Large-scale repairs	From: November 2021 To: March 2022	75	—	—

(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 727 million yen and, together with 370 million yen of repair expenses charged to expenses in the fiscal period under review, work amounting to 1,098 million yen was implemented.

Name of real estate, etc. (location)	Purpose	Period	Payment amount (million yen)
Prime Maison Gokiso (Ayuchitori, Showa-ku, Nagoya-shi, Aichi)	Large-scale repair	From: May 2021 To: October 2021	121
Esty Maison Minamiazabu (Minamiazabu, Minato-ku, Tokyo)	Large-scale repair	From: June 2021 To: October 2021	46
Other capital expenditures			559
Total			727

### 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	13th fiscal period From: Nov. 1, 2020 To: Apr. 30, 2021	14th fiscal period From: May 1, 2021 To: Oct. 31, 2021
Asset management fee	1,029,670	1,308,717
Asset custody fee	10,368	10,398
Administrative service fees	48,207	48,320
Directors’ compensations	3,600	3,600
Other expenses	268,104	373,112
Total	1,359,951	1,744,149

(Note) In addition to the amounts shown above, the asset management fees contain 2,895 thousand yen for the 13th fiscal period and 51,450 thousand yen for the 14th fiscal period, respectively as management fee for property disposition, which was recorded as other disposition-related expenses.

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)
Prime Maison Shimokitazawa	September 1, 2021	2,580	—	—	—	—
Prime Maison Meguro	September 1, 2021	2,310	—	—	—	—
Prime Maison Ryogoku	September 1, 2021	1,530	—	—	—	—
Esty Maison Tsukamoto	—	—	August 20, 2021	1,440	1,027	363
Esty Maison Oizumigakuen	—	—	August 20, 2021	925	767	125
Esty Maison Higashishinagawa	—	—	August 20, 2021	3,160	2,286	768
Esty Maison Itabashikuyakushomae	—	—	August 20, 2021	3,125	2,452	566
Esty Maison Yotsuyasakamachi	—	—	August 20, 2021	2,610	2,125	397
Esty Maison Kamigofuku	—	—	August 20, 2021	970	773	163
Esty Maison Kohoku Tsunashima	—	—	August 20, 2021	3,175	2,686	382
Esty Maison Kobe-sannomiya	—	—	August 20, 2021	1,015	930	50
Esty Maison Kokura	—	—	August 20, 2021	730	1,069	(364)
Total	—	6,420	—	17,150	14,118	2,452

(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 price or disposition price (million yen)	Appraisal value (million yen) (Note)	Appraiser	Date of appraisal
Acquisition	Prime Maison Shimokitazawa	September 1, 2021	Real estate trust beneficiary interests	2,580	2,580	Tanizawa Sogo Appraisal Co., Ltd.	July 1, 2021
	Prime Maison Meguro	September 1, 2021	Real estate trust beneficiary interests	2,310	2,310	Tanizawa Sogo Appraisal Co., Ltd.	July 1, 2021
	Prime Maison Ryogoku	September 1, 2021	Real estate trust beneficiary interests	1,530	1,540	Tanizawa Sogo Appraisal Co., Ltd.	July 1, 2021
Disposition	Esty Maison Tsukamoto	August 20, 2021	Real estate trust beneficiary interests	1,440	1,110	Japan Real Estate Institute	April 30, 2021
	Esty Maison Oizumigakuen	August 20, 2021	Real estate trust beneficiary interests	925	858	JLL Morii Valuation & Advisory K.K.	April 30, 2021
	Esty Maison Higashishinagawa	August 20, 2021	Real estate trust beneficiary interests	3,160	2,390	DAIWA REAL ESTATE APPRAISAL CO., LTD.	April 30, 2021
	Esty Maison Itabashikuyakushomae	August 20, 2021	Real estate trust beneficiary interests	3,125	2,750	JLL Morii Valuation & Advisory K.K.	April 30, 2021
	Esty Maison Yotsuyasakamachi	August 20, 2021	Real estate trust beneficiary interests	2,610	2,340	JLL Morii Valuation & Advisory K.K.	April 30, 2021
	Esty Maison Kamigofuku	August 20, 2021	Real estate trust beneficiary interests	970	825	Rich Appraisal Institute co., Ltd	April 30, 2021
	Esty Maison Kohoku Tsunashima	August 20, 2021	Real estate trust beneficiary interests	3,175	3,033	Japan Real Estate Institute	April 30, 2021
	Esty Maison Kobe-sannomiya	August 20, 2021	Real estate trust beneficiary interests	1,015	1,000	Chuo Real Estate Appraisal Co., Ltd.	April 30, 2021
	Esty Maison Kokura	August 20, 2021	Real estate trust beneficiary interests	730	1,050	Rich Appraisal Institute co., Ltd	April 30, 2021

(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) 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	6,420 million yen	17,150 million yen
Breakdown of status of transactions with interested persons, etc.		
Sekisui House, Ltd.	6,420 million yen [100.0%]	— million yen [—%]

(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)	998,511	Sekisui House Real Estate Tokyo, Ltd.	403,263	40.4
		Sekisui House Real Estate Chubu, Ltd.	72,475	7.3
		Sekisui House GM Partners, Ltd.	51,449	5.2
		Sekisui House Real Estate Kyushu, Ltd.	18,519	1.9
		Sekisui House, Ltd.	14,400	1.4
		Sekisui House Real Estate Kansai, Ltd.	5,538	0.6
		Sekisui House Real Estate Tohoku, Ltd.	1,050	0.1
		SH Hotel Systems Ltd.	294	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	285,298	thousand yen
Sekisui House, Ltd.	120,744	thousand yen
Sekisui House Real Estate Chubu, Ltd.	112,045	thousand yen
Sekisui House Real Estate Kyushu, Ltd.	41,602	thousand yen
Sekisui House GM Partners, Ltd.	26,854	thousand yen
Sekisui House Real Estate Kansai, Ltd.	5,366	thousand yen
Sekisui House Real Estate Tohoku, Ltd.	2,884	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) General Meeting of Unitholders

During the fiscal period under review, SHR held no General Meeting of Unitholders.

(2) 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.

<MEMO>

## Financial Section (Audited)

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## 1. Financial Statements

## (1) Balance Sheet

	(Thousands of yen)	
	13th Fiscal Period (As of April 30, 2021)	14th Fiscal Period (As of October 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	10,572,674	23,040,298
Cash and deposits in trust	19,136,112	15,051,403
Operating accounts receivable	172,760	164,021
Prepaid expenses	240,044	234,965
Other	624	35,114
Allowance for doubtful accounts	(1,914)	(1,914)
<b>Total current assets</b>	30,120,301	38,523,889
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings in trust	176,427,935	172,993,457
Accumulated depreciation	(17,338,960)	(19,081,364)
Buildings in trust, net	159,088,974	153,912,093
Structures in trust	1,598,252	1,570,228
Accumulated depreciation	(247,163)	(270,436)
Structures in trust, net	1,351,088	1,299,791
Machinery and equipment in trust	2,249,222	2,277,190
Accumulated depreciation	(284,113)	(330,564)
Machinery and equipment in trust, net	1,965,109	1,946,626
Vehicles in trust	153	153
Accumulated depreciation	(134)	(153)
Vehicles in trust, net	19	0
Tools, furniture and fixtures in trust	545,942	664,503
Accumulated depreciation	(118,298)	(158,552)
Tools, furniture and fixtures in trust, net	427,644	505,950
Land in trust	359,142,655	355,167,709
Total property, plant and equipment	521,975,492	512,832,171
Intangible assets		
Leasehold rights in trust	2,399,470	2,374,044
Other	3,941	3,361
Total intangible assets	2,403,411	2,377,406
Investments and other assets		
Lease and guarantee deposits	790,715	801,516
Long-term prepaid expenses	596,753	564,888
Other	458,272	358,970
Total investments and other assets	1,845,740	1,725,376
<b>Total non-current assets</b>	526,224,644	516,934,954
<b>Deferred assets</b>		
Investment corporation bond issuance costs	131,998	136,439
Investment unit issuance costs	92,328	49,715
<b>Total deferred assets</b>	224,326	186,154
<b>Total assets</b>	556,569,273	555,644,998

	(Thousands of yen)	
	13th Fiscal Period (As of April 30, 2021)	14th Fiscal Period (As of October 31, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	706,342	1,071,071
Short-term loans payable	3,000,000	—
Current portion of investment corporation bonds	—	3,000,000
Current portion of long-term loans payable	35,590,000	39,230,000
Accounts payable – other	1,184,669	1,502,916
Accrued expenses	192,116	201,082
Income taxes payable	583	582
Accrued consumption taxes	229,907	492,221
Advances received	686,522	688,358
Derivatives liabilities	50,169	37,980
Other	88,569	57,492
<b>Total current liabilities</b>	41,728,880	46,281,705
<b>Non-current liabilities</b>		
Investment corporation bonds	32,500,000	31,500,000
Long-term loans payable	181,852,000	176,212,000
Tenant leasehold and security deposits in trust	14,118,413	13,950,345
Derivatives liabilities	123,070	49,396
Other	26,510	8,783
<b>Total non-current liabilities</b>	228,619,994	221,720,526
<b>Total liabilities</b>	270,348,874	268,002,231
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	149,210,081	149,210,081
Surplus		
Capital surplus	128,598,415	128,598,415
Voluntary reserve		
Reserve for reduction entry	649,425	726,488
Reserve for temporary difference adjustments	832,707	675,138
Total voluntary reserve	1,482,132	1,401,626
Unappropriated retained earnings	7,103,009	8,520,020
Total surplus	137,183,557	138,520,062
<b>Total unitholders' equity</b>	286,393,638	287,730,143
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges	(173,239)	(87,376)
<b>Total valuation and translation adjustments</b>	(173,239)	(87,376)
<b>Total net assets (Note 5)</b>	286,220,398	287,642,766
<b>Total liabilities and net assets</b>	556,569,273	555,644,998

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

**(2) Statement of Income and Retained Earnings**

(Thousands of yen)

	13th Fiscal Period (From November 1, 2020 to April 30, 2021)	14th Fiscal Period (From May 1, 2021 to October 31, 2021)
<b>Operating revenue</b>		
Rent revenue – real estate <b>(Note 6)</b>	14,537,588	14,065,955
Other lease business revenue <b>(Note 6)</b>	387,419	408,122
Gain on sale of real estate properties <b>(Note 6)</b>	130,080	2,817,273
Total operating revenue	15,055,088	17,291,351
<b>Operating expenses</b>		
Expenses related to rent business <b>(Note 6)</b>	5,706,053	5,769,153
Loss on sale of real estate properties <b>(Note 6)</b>	—	364,362
Asset management fees	1,029,670	1,308,717
Asset custody fees	10,368	10,398
Administrative service fees	48,207	48,320
Directors' compensation	3,600	3,600
Provision of allowance for doubtful accounts	284	—
Other operating expenses	267,820	373,112
Total operating expenses	7,066,004	7,877,666
<b>Operating income</b>	7,989,083	9,413,685
<b>Non-operating income</b>		
Interest income	143	147
Reversal of distribution payable	915	649
Total non-operating income	1,059	797
<b>Non-operating expenses</b>		
Interest expenses	640,664	647,886
Interest expenses on investment corporation bonds	72,701	77,935
Borrowing related expenses	113,927	107,191
Amortization of investment unit issuance costs	42,613	42,613
Amortization of investment corporation bond issuance costs	14,202	15,183
Other	2,419	3,046
Total non-operating expenses	886,528	893,857
<b>Ordinary income</b>	7,103,614	8,520,625
<b>Income before income taxes</b>	7,103,614	8,520,625
Income taxes – current	605	605
Total income taxes	605	605
<b>Net income</b>	7,103,009	8,520,020
<b>Unappropriated retained earnings</b>	7,103,009	8,520,020

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

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

13th Fiscal Period (From November 1, 2020 to April 30, 2021)

(Thousands of yen)

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus	Voluntary reserve			Unappropriated retained earnings
			Reserve for reduction entry	Reserve for temporary difference adjustments	Total voluntary reserve	
Balance at beginning of period	149,210,081	128,598,415	746,169	969,369	1,715,539	6,992,995
Changes of items during period						
Reversal of reserve for reduction entry			(96,744)		(96,744)	96,744
Reversal of reserve for temporary difference adjustments				(136,661)	(136,661)	136,661
Distribution from surplus						(7,226,402)
Net income						7,103,009
Net changes of items other than unitholders' equity						
Total changes of items during period	—	—	(96,744)	(136,661)	(233,406)	110,013
Balance at end of period <b>(Note 7)</b>	149,210,081	128,598,415	649,425	832,707	1,482,132	7,103,009

(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	
	Total surplus				
Balance at beginning of period	137,306,950	286,517,031	(257,812)	(257,812)	286,259,219
Changes of items during period					
Reversal of reserve for reduction entry	—	—			—
Reversal of reserve for temporary difference adjustments	—	—			—
Distribution from surplus	(7,226,402)	(7,226,402)			(7,226,402)
Net income	7,103,009	7,103,009			7,103,009
Net changes of items other than unitholders' equity			84,572	84,572	84,572
Total changes of items during period	(123,393)	(123,393)	84,572	84,572	(38,820)
Balance at end of period (Note 7)	137,183,557	286,393,638	(173,239)	(173,239)	286,220,398



14th Fiscal Period (From May 1, 2021 to October 31, 2021)

(Thousands of yen)

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus	Voluntary reserve			Unappropriated retained earnings
			Reserve for reduction entry	Reserve for temporary difference adjustments	Total voluntary reserve	
Balance at beginning of period	149,210,081	128,598,415	649,425	832,707	1,482,132	7,103,009
Changes of items during period						
Provision of reserve for reduction entry			103,708		103,708	(103,708)
Reversal of reserve for reduction entry			(26,645)		(26,645)	26,645
Reversal of reserve for temporary difference adjustments				(157,569)	(157,569)	157,569
Distribution from surplus						(7,183,515)
Net income						8,520,020
Net changes of items other than unitholders' equity						
Total changes of items during period	—	—	77,062	(157,569)	(80,506)	1,417,011
Balance at end of period (Note 7)	149,210,081	128,598,415	726,488	675,138	1,401,626	8,520,020

(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	
	Total surplus				
Balance at beginning of period	137,183,557	286,393,638	(173,239)	(173,239)	286,220,398
Changes of items during period					
Provision of reserve for reduction entry	—	—			—
Reversal of reserve for reduction entry	—	—			—
Reversal of reserve for temporary difference adjustments	—	—			—
Distribution from surplus	(7,183,515)	(7,183,515)			(7,183,515)
Net income	8,520,020	8,520,020			8,520,020
Net changes of items other than unitholders' equity			85,863	85,863	85,863
Total changes of items during period	1,336,504	1,336,504	85,863	85,863	1,422,367
Balance at end of period (Note 7)	138,520,062	287,730,143	(87,376)	(87,376)	287,642,766

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

(4) Statement of Cash Distributions

Item	13th Fiscal Period (From November 1, 2020 to April 30, 2021)	14th Fiscal Period (From May 1, 2021 to October 31, 2021)
I . Unappropriated retained earnings	7,103,009,154yen	8,520,020,261yen
II . Reversal of voluntary reserve		
Reversal of reserve for reduction entry	26,645,983yen	337,690,182yen
Reversal of reserve for temporary difference adjustments (Note 8)	157,569,331yen	70,602,414yen
III . Cash distributions	7,183,515,550yen	7,732,464,798yen
[Cash distributions per unit]	[1,675yen]	[1,803yen]
IV . Voluntary reserve		
Provision of reserve for reduction entry (Note 8)	103,708,918yen	1,195,848,059yen
V . 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 7,183,515,550 yen, which is obtained by adding a reversal of the reserve for temporary difference adjustments (157,569,331 yen) and a reversal of the reserve for reduction entry (26,645,983 yen) to unappropriated retained earnings and reserving a reserve for reduction entry (103,708,918 yen) provided in Article 65-7 of the Act on Special Measures Concerning Taxation, 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 7,732,464,798 yen, which is obtained by adding a reversal of the reserve for temporary difference adjustments (70,602,414 yen) and a reversal of the reserve for reduction entry (337,690,182yen) to unappropriated retained earnings and reserving a reserve for reduction entry (1,195,848,059yen) provided in Article 65-7 of the Act on Special Measures Concerning Taxation, 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)	
	13th Fiscal Period (From November 1, 2020 to April 30, 2021)	14th Fiscal Period (From May 1, 2021 to October 31, 2021)
<b>Cash flows from operating activities</b>		
Income before income taxes	7,103,614	8,520,625
Depreciation and amortization	2,468,892	2,456,359
Amortization of investment corporation bond issuance costs	14,202	15,183
Amortization of investment unit issuance costs	42,613	42,613
Interest income	(143)	(147)
Interest expenses	713,366	725,822
Decrease (increase) in operating accounts receivable	11,945	8,739
Decrease (increase) in prepaid expenses	(13,430)	5,079
Decrease (increase) in long-term prepaid expenses	(52,624)	31,864
Increase (decrease) in operating accounts payable	(225,576)	237,832
Increase (decrease) in accounts payable – other	54,916	317,338
Increase (decrease) in accrued consumption taxes	(27,686)	262,314
Increase (decrease) in advances received	(20,701)	1,836
Decrease due to sale of property, plant and equipment in trust	800,488	14,118,910
Other, net	2,496	(37,497)
Subtotal	10,872,372	26,706,872
Interest income received	143	147
Interest expenses paid	(764,914)	(762,781)
Income taxes paid	(607)	(605)
Net cash provided by operating activities	10,106,994	25,943,633
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(4,605,816)	(7,217,500)
Purchase of intangible assets in trust	(400)	(128)
Payments for lease and guarantee deposits	—	(10,801)
Proceeds from tenant leasehold and security deposits in trust	268,386	234,296
Repayments of tenant leasehold and security deposits in trust	(277,664)	(402,363)
Decrease (increase) in other investments	9,037	38,012
Net cash provided by (used in) investing activities	(4,606,458)	(7,358,485)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	3,000,000	—
Repayments of short-term loans payable	—	(3,000,000)
Proceeds from long-term loans payable	20,950,000	8,760,000
Repayments of long-term loans payable	(20,950,000)	(10,760,000)
Proceeds from issuance of investment corporation bonds	—	1,980,375
Dividends paid	(7,225,421)	(7,182,607)
Net cash provided by (used in) financing activities	(4,225,421)	(10,202,232)
<b>Net increase (decrease) in cash and cash equivalents</b>	1,275,114	8,382,915
<b>Cash and cash equivalents at beginning of period</b>	28,433,672	29,708,786
<b>Cash and cash equivalents at end of period (Note 9)</b>	29,708,786	38,091,702

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) 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. Method of depreciation and amortization of non-current assets	(1)Property, plant and equipment (including assets in trust) Depreciation is calculated using the straight-line method. The useful lives of principal property, plant and equipment are as follows: Buildings 3-69 years Structures 6-52 years Machinery and equipment 8-61 years Vehicles in trust 2 years Tools, furniture and fixtures 2-15 years
	(2)Intangible assets Intangible assets are amortized utilizing the straight-line method. Leasehold rights in trust are amortized on a straight-line basis over the remaining life of each fixed-term land lease contract. (3)Long-term prepaid expenses Long-term prepaid expenses are amortized utilizing the straight-line method.
2. Accounting for deferred assets	(1) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods. (2) Investment unit issuance costs Investment unit issuance costs are amortized utilizing the straight-line method (over 3 years).

3. Standards for recording allowance	Allowance for doubtful accounts 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.
4. Standards for revenue and expense recognition	<p>(1)Revenue recognition 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. 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 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. 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> <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.</p> <p>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> <p>(2)Accounting for property taxes 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. 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. Property taxes capitalized as a part of the acquisition cost amounted to 4,274 thousand yen for the 14th fiscal period and 14,444 thousand yen for the 13th fiscal period.</p>
5. Method of hedge accounting	<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>

6. Scope of funds in the statement of cash flows	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.
7. Other significant matters serving as basis for preparation of financial statements	<p>(1)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> <p>1) Cash and deposits in trust 2) Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust; Leasehold rights in trust 3) Tenant leasehold and security deposits in trust</p> <p>(2)Accounting for consumption tax, etc. Consumption tax and local consumption tax are excluded from the corresponding transaction amounts.</p>

#### 4. Notes on Changes in Accounting Policies

##### 1. Adoption of Accounting Standard, etc. for Revenue Recognition

SHR adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, "Revenue Recognition Accounting Standard") from the beginning of the current fiscal period and recognized revenue when control of promised goods or services is transferred to customers in an amount that is expected to be received in exchange for those goods or services.

SHR follows the transitional treatment stipulated in the provisions of paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospective application of a new accounting policy prior to the beginning of the current fiscal period is reflected in retained earnings at the beginning of the current fiscal period, and the new accounting policy has been applied from the beginning of current fiscal period.

In accordance with the transitional treatment stipulated in Section 89-3 of the Revenue Recognition Accounting Standard, related information for the previous period is not included in the notes to the financial statements.

The effect of this change on the financial statements for the current fiscal period is immaterial.

##### 2. Application of Accounting Standard for Fair Value Measurement

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Accounting Standard for Fair Value Measurement") and other standards were applied from the beginning of the current fiscal period, and in accordance with the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policy stipulated by the Accounting Standard for Fair Value Measurement will be applied in the future. The effect of this change on the financial statements for the current fiscal period is immaterial.

In accordance with the provisions of Article 2, Paragraph 5 of the Cabinet Office Ordinance on the Partial Revision of Regulations for Terminology, Forms and Preparation Methods of Financial Statements" (Cabinet Office Ordinance No. 61 of September 24, 2021), the matters stipulated in Article 8-6-2, Paragraph 1, Item 3 of the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc. after the revision has been omitted.

**5. Notes to Balance Sheet**

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

	(Thousands of yen)	
	13th Fiscal Period (As of April 30, 2021)	14th Fiscal Period (As of October 31, 2021)
	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)	
	13th Fiscal Period (As of April 30, 2021)	14th Fiscal Period (As of October 31, 2021)
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. Matters concerning accounting for reserve and reversal of reserve for temporary difference adjustments

	(Thousands of yen)	
	13th Fiscal Period (As of April 30, 2021)	14th Fiscal Period (As of October 31, 2021)
Gain on negative goodwill (*)		
Initial amount	1,556,827	1,556,827
Balance at beginning of period	969,369	832,707
Reserve amount during period	—	—
Reversal amount during period	136,661	157,569
Balance at end of period	832,707	675,138
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.

**6. Notes to Statement of Income and Retained Earnings**

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

	(Thousands of yen)			
	13th Fiscal Period (From November 1, 2020 to April 30, 2021)		14th Fiscal Period (From May 1, 2021 to October 31, 2021)	
A. Property-related operating revenue				
Rent revenue – real estate				
Rental income	14,195,706		13,723,818	
Other	341,881	14,537,588	342,137	14,065,955
Other lease business revenue				
Utilities revenue	146,360		186,534	
Other	241,058	387,419	221,588	408,122
Total property-related operating revenue		14,925,007		14,474,077
B. Property-related operating expenses				
Expenses related to rent business				
Subcontract expenses	559,551		566,204	
Property management fees	449,580		432,691	
Trust fees	41,941		41,461	
Utilities expenses	249,684		272,573	
Property and other taxes	1,032,034		1,028,390	
Insurance expenses	17,220		17,777	
Repair expenses	302,077		370,952	
Depreciation	2,468,170		2,455,615	
Other expenses related to rent business	585,792	5,706,053	583,485	5,769,153
Total property-related operating expenses		5,706,053		5,769,153
C. Property-related operating income [A – B]		9,218,954		8,704,924

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

13th Fiscal Period (From November 1, 2021 to April 30, 2021)

	(Thousands of yen)
Esty Maison Sangenjaya	
Proceeds from sale of real estate property	965,000
Cost of real estate property	800,488
Other sales expenses	34,430
Gain on sale of real estate property	130,080

14th Fiscal Period (From May 1, 2021 to October 31, 2021)

	(Thousands of yen)
Esty Maison Tsukamoto	
Proceeds from sale of real estate property	1,440,000
Cost of real estate property	1,027,615
Other sales expenses	48,874
Gain on sale of real estate property	363,510
Esty Maison Oizumigakuen	
Proceeds from sale of real estate property	925,000
Cost of real estate property	767,326
Other sales expenses	31,777
Gain on sale of real estate property	125,896



## Esty Maison Higashishinagawa

Proceeds from sale of real estate property	3,160,000
Cost of real estate property	2,286,573
Other sales expenses	105,076
Gain on sale of real estate property	768,350

## Esty Maison Itabashikuyakushomae

Proceeds from sale of real estate property	3,125,000
Cost of real estate property	2,452,314
Other sales expenses	106,464
Gain on sale of real estate property	566,220

## Esty Maison Yotsuyasakamachi

Proceeds from sale of real estate property	2,610,000
Cost of real estate property	2,125,030
Other sales expenses	87,633
Gain on sale of real estate property	397,336

## Esty Maison Kamigofuku

Proceeds from sale of real estate property	970,000
Cost of real estate property	773,476
Other sales expenses	32,778
Gain on sale of real estate property	163,744

## Esty Maison Kohoku Tsunashima

Proceeds from sale of real estate property	3,175,000
Cost of real estate property	2,686,769
Other sales expenses	106,190
Gain on sale of real estate property	382,039

## Esty Maison Kobe-sannomiya

Proceeds from sale of real estate property	1,015,000
Cost of real estate property	930,182
Other sales expenses	34,641
Gain on sale of real estate property	50,175

## Esty Maison Kokura

Proceeds from sale of real estate property	730,000
Cost of real estate property	1,069,621
Other sales expenses	24,740
Loss on sale of real estate property	364,362

**7. Notes to Statement of Changes in Net Assets**

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

	13th Fiscal Period (From November 1, 2020 to April 30, 2021)	14th Fiscal Period (From May 1, 2021 to October 31, 2021)
Total number of authorized investment units	20,000,000units	20,000,000units
Total number of investment units issued	4,288,666units	4,288,666units

**8. Notes to Statement of Cash Distributions**

## Reserve for temporary difference adjustments

13th Fiscal Period (From November 1, 2020 to April 30, 2021)	14th Fiscal Period (From May 1, 2021 to October 31, 2021)
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 157,569,331 yen for the 13th 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 70,602,414 yen for the 14th fiscal period.

**9. Notes to Statement of Cash Flows**

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

(Thousands of yen)

	13th Fiscal Period (From November 1, 2020 to April 30, 2021)	14th Fiscal Period (From May 1, 2021 to October 31, 2021)
Cash and deposits	10,572,674	23,040,298
Cash and deposits in trust	19,136,112	15,051,403
Cash and cash equivalents	29,708,786	38,091,702

**10. Lease Transactions**

Operating lease transactions as lessee

Future minimum lease payments

(Thousands of yen)

	13th Fiscal Period (As of April 30, 2021)	14th Fiscal Period (As of October 31, 2021)
Due within 1 year	418,128	418,128
Due after 1 year	19,985,268	19,760,937
Total	20,403,396	20,179,065

Operating lease transactions as lessor

Future minimum lease income

(Thousands of yen)

	13th Fiscal Period (As of April 30, 2021)	14th Fiscal Period (As of October 31, 2021)
Due within 1 year	11,422,799	9,917,289
Due after 1 year	35,137,850	31,391,871
Total	46,560,650	41,309,160

## 11. 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.

#### (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, 2021 and October 31, 2021, and the difference between them are as follows.

#### 13th Fiscal Period (As of April 30, 2021)

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.

	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	35,590,000	35,666,077	76,077
(3) Investment corporation bonds	32,500,000	32,505,523	5,523
(4) Long-term loans payable	181,852,000	183,710,480	1,858,480
Total liabilities	252,942,000	254,882,081	1,940,081
(5) Derivative transactions (*)	(173,239)	(173,239)	—
Total derivative transactions (*)	(173,239)	(173,239)	—

(\*) 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 “13. 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 “13. Derivative Transactions”.

#### 14th Fiscal Period (As of October 31, 2021)

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.

	Book value recorded on the balance sheet	Fair value	Difference
(1) Current portion of investment corporation bonds	3,000,000	2,998,800	(1,200)
(2) Current portion of long-term loans payable	39,230,000	39,246,355	16,355
(3) Investment corporation bonds	31,500,000	31,556,573	56,573
(4) Long-term loans payable	176,212,000	177,677,299	1,465,299
Total liabilities	249,942,000	251,479,028	1,537,028
(5) Derivative transactions (*)	(87,376)	(87,376)	—
Total derivative transactions (*)	(87,376)	(87,376)	—

(\*) 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 “13. 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 “13. Derivative Transactions”.

(Note 2) Repayment schedule of investment corporation bonds and loans after the closing date

13th Fiscal Period (As of April 30, 2021)

(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	10,500,000
Long-term loans payable	35,590,000	25,500,000	36,050,000	26,695,000	32,543,000	61,064,000

14th Fiscal Period (As of October 31, 2021)

(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	—	10,000,000	9,000,000	2,000,000	10,500,000
Long-term loans payable	39,230,000	31,310,000	28,545,000	34,213,000	25,780,000	56,364,000

**12. Securities**

13th Fiscal Period (From November 1, 2020 to April 30, 2021)

Not applicable.

14th Fiscal Period (From May 1, 2021 to October 31, 2021)

Not applicable.

**13. Derivative Transactions**

1. Derivatives to which hedge accounting is not applied

13th Fiscal Period (From November 1, 2020 to April 30, 2021)

Not applicable.

14th Fiscal Period (From May 1, 2021 to October 31, 2021)

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.

13th Fiscal Period (As of April 30, 2021)

(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	33,380,000	19,150,000	(173,239)	*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	123,391,000	106,391,000	*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 “ 11. Financial Instruments; 2. Matters concerning fair value of financial instruments (Note 1)”).

14th Fiscal Period (As of October 31, 2021)

(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	28,980,000	13,750,000	(87,376)	*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	123,391,000	101,341,000	*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 “ 11. Financial Instruments; 2. Matters concerning fair value of financial instruments (Note 1)”).

**14. Retirement Benefits**

13th Fiscal Period (From November 1, 2020 to April 30, 2021)

Not applicable.

14th Fiscal Period (From May 1, 2021 to October 31, 2021)

Not applicable.

**15. Income Taxes**

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

(Thousands of yen)		
	13th Fiscal Period (As of April 30, 2021)	14th Fiscal Period (As of October 31, 2021)
Deferred tax assets		
Valuation difference on assets acquired due to merger	2,131,089	2,092,448
Amortization of leasehold rights in trust	40,844	47,652
Deferred gains or losses on hedges	54,501	27,488
Deferred tax assets (subtotal)	2,226,435	2,167,589
Valuation allowance for total deductible temporary difference	(2,226,435)	(2,167,589)
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

	(%)	
	13th Fiscal Period (As of April 30, 2021)	14th Fiscal Period (As of October 31, 2021)
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible cash distribution	(31.80)	(28.54)
Changes in valuation allowance	0.68	0.25
Reversal of reserve for reduction entry	0.12	1.25
Provision of reserve for reduction entry	(0.46)	(4.42)
Other	0.01	0.01
Effective income tax rate after application of tax-effect accounting	0.01	0.01

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

13th Fiscal Period (From November 1, 2020 to April 30, 2021)

Not applicable.

14th Fiscal Period (From May 1, 2021 to October 31, 2021)

Not applicable.

**17. Transactions with Related Parties**

1. Parent company and major corporate unitholders.

13th Fiscal Period (From November 1, 2020 to April 30, 2021)

Not applicable.

14th Fiscal Period (From May 1, 2021 to October 31, 2021)

Not applicable.

2. Subsidiaries and affiliates.

13th Fiscal Period (From November 1, 2020 to April 30, 2021)

Not applicable.

14th Fiscal Period (From May 1, 2021 to October 31, 2021)

Not applicable.

3. Sister companies.

13th Fiscal Period (From November 1, 2020 to April 30, 2021)

Not applicable.

14th Fiscal Period (From May 1, 2021 to October 31, 2021)

Not applicable.

4. Directors and major individual unitholders.

13th Fiscal Period (From November 1, 2020 to April 30, 2021)

Type	Name	Description of business or occupation	Percentage of voting rights held by (in) SHR	Description of transaction	Transaction amount (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
Director or close relative	Junichi Inoue	Executive Director of SHR and Representative Director of Sekisui House Asset Management, Ltd.	—	Payment of asset management fees to Sekisui House Asset Management, Ltd. (Note 1)	1,032,565	Accounts payable — other	1,132,637

(Note 1) A transaction conducted by Junichi Inoue as a representative of a third party (Sekisui House Asset Management, Ltd.) and the fee amount is based on terms and conditions set forth in the Articles of Incorporation of SHR.

(Note 2) The amount includes 2,895 thousand yen of asset management fees pertaining to real estate sales.

(Note 3) Consumption taxes are not included in the transaction amount but are included in the balance at end of period.

(Note 4) Junichi Inoue resigned from the position of Executive Director on January 31, 2021, and Atsuhiko Kida, Substitute Executive Director, was appointed as the Executive Director on February 1, 2021. The transaction amount includes the transaction amount for the current term, including the period of Atsuhiko Kida's tenure. Junichi Inoue resigned as the President & Representative Director of Sekisui House Asset Management, Ltd. on February 1, 2021, and Toru Abe was appointed President & Representative Director of the company on the same day.

14th Fiscal Period (From May 1, 2021 to October 31, 2021)

Not applicable.

**18. Revenue Recognition**

1. Breakdown of revenue from contracts with customers

14th Fiscal Period (From May 1, 2021 to October 31, 2021)

	(Thousands of yen)	
	Revenue from contracts with customers	Net sales to external customers
Sale of real estate, etc.	17,150,000	2,452,911
Utilities revenue	186,534	186,534
Other	—	14,651,906
Total	17,336,534	17,291,351

(Note 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.

(Note 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. In the current fiscal period, a loss on sale of real estate properties is included.

2. Information to understand revenue from contracts with customers

14th Fiscal Period (From May 1, 2021 to October 31, 2021)

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)
	14th Fiscal Period (From May 1, 2021 to October 31, 2021)
Claims arising from contracts with customers (Balance at beginning of period)	34,411
Claims arising from contracts with customers (Balance at end of period)	40,544
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.

**19. Asset Retirement Obligations**

13th Fiscal Period (From November 1, 2020 to April 30, 2021)

Not applicable.

14th Fiscal Period (From May 1, 2021 to October 31, 2021)

Not applicable.

**20. 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)		
	13th Fiscal Period (From November 1, 2020 to April 30, 2021)	14th Fiscal Period (From May 1, 2021 to October 31, 2021)
Carrying amount		
Balance at beginning of period	523,075,672	524,375,562
Amount of increase (decrease) during period	1,299,890	(9,168,582)
Balance at end of period	524,375,562	515,206,980
Fair value at end of period	610,153,000	605,508,000

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

(Note 2) Net increase during the 13th fiscal period is mainly attributable to the acquisition of 3 new properties (3,914,120 thousand yen), offset by a decrease during the period mainly attributable to the disposition of one property (800,488 thousand yen) that SHR had owned and depreciation (2,468,170 thousand yen). Net increase during the 14th fiscal period is mainly attributable to the acquisition of 3 new properties (6,617,273 thousand yen), offset by a decrease during the period mainly attributable to the disposition of 9 properties (14,057,491 thousand yen) that SHR had owned and depreciation (2,455,615 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 13th and 14th fiscal periods for investment and rental properties is presented in “6. Notes to Statement of Income and Retained Earnings”.

**21. 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

13th Fiscal Period (From November 1, 2020 to April 30, 2021)

## (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.	1,364,382	Real estate leasing business

14th Fiscal Period (From May 1, 2021 to October 31, 2021)

## (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

**22. Per Unit Information**

	13th Fiscal Period (From November 1, 2020 to April 30, 2021)	14th Fiscal Period (From May 1, 2021 to October 31, 2021)
Net assets per unit	66,738yen	67,070yen
Net income per unit	1,656yen	1,986yen

(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.

	13th Fiscal Period (From November 1, 2020 to April 30, 2021)	14th Fiscal Period (From May 1, 2021 to October 31, 2021)
Net income (Thousands of yen)	7,103,009	8,520,020
Amount not attributable to common unitholders (Thousands of yen)		—
Net income attributable to common investment units (Thousands of yen)	7,103,009	8,520,020
Average number of investment units during period (Units)	4,288,666	4,288,666

23. Significant Subsequent Events

SHR resolved at the Board of Directors meetings held on October 18, 2021 and October 25, 2021 to issue new investment units, and the payments for new investment units through public offering and third-party allotment were completed on November 1, 2021 and November 29, 2021, respectively.

As a result, the total amount of investment was 161,283,304,673 yen and the number of investment units issued and outstanding was 4,431,133 units.

Regarding the issuance of new investment units through third-party allotment due to overallotment, the allotment destination has notified us that they will apply for a portion of the number of investment units scheduled to be issued.

As a result, the number of new investment units and the total amount to be paid (issue amount) related to the third-party allotment have been changed as follows, respectively.

Issuance of new investment units through public offering	
Number of new investment units to be issued	137,500 units
Issue price	87,574 yen per unit
Total amount of issue price	12,041,425,000 yen
Amount to be paid in (issue amount)	84,744 yen per unit
Total amount to be paid in (total issue amount)	11,652,300,000 yen
Payment date	November 1, 2021
Issuance of new investment units through third-party allotment	
Number of new investment units to be issued	4,967 units
(Number of investment units planned to be issued	6,875 units)
Amount to be paid in (issue amount)	84,744 yen per unit
Total amount to be paid in (total issue amount)	420,923,448 yen
(Total amount planned to be paid in	582,615,000 yen)
Payment date	November 29, 2021
Allottee	Nomura Securities Co., Ltd.

The funds raised through the issuance of new investment units through the public offering described above were used to partially fund the acquisition of Akasaka Garden City, which was additionally acquired on November 1, 2021, and the funds raised through the issuance of new investment units through third-party allotment will be used to partially fund the acquisition of Prime Maison Nakameguro and Prime Maison Itabashi, which are scheduled to be acquired on February 1, 2022.

(7) Supplementary Schedules

14th Fiscal Period (From May 1, 2021 to October 31, 2021)

1. Schedule of securities
- (1) Shares
- Not applicable.
- (2) Securities other than shares
- Not applicable.

2. Contract amount and fair value of derivative transactions

(Thousands of yen)				
Category	Type	Contract amount (Note 1)		Fair value (Note 2)
			Of which, over 1 year	
Transaction other than market transaction	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	28,980,000	13,750,000	(87,376)
Transaction other than market transaction	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	123,391,000	101,341,000	(Note 3)
Total		152,371,000	115,091,000	(87,376)

(Note 1) The contract amount of interest rate swap transactions is based on the notional principal amount.  
(Note 2) Fair value is quoted by counterparties based on the prevailing market interest rates.  
(Note 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	176,427,935	2,445,076	5,879,554	172,993,457	19,081,364	2,294,435	153,912,093	(Note1) (Note2)
	Structures in trust	1,598,252	19,402	47,426	1,570,228	270,436	31,989	1,299,791	(Note1) (Note2)
	Machinery and equipment in trust	2,249,222	63,241	35,273	2,277,190	330,564	52,193	1,946,626	(Note1) (Note2)
	Vehicles in trust	153	—	—	153	153	19	0	
	Tools, furniture and fixtures in trust	545,942	160,687	42,126	664,503	158,552	51,461	505,950	(Note2)
	Land in trust	359,142,655	4,655,862	8,630,808	355,167,709	—	—	355,167,709	(Note1) (Note2)
	Subtotal	539,964,162	7,344,270	14,635,189	532,673,243	19,841,071	2,430,099	512,832,171	
Intangible assets	Leasehold rights in trust	2,552,025	—	—	2,552,025	177,980	25,425	2,374,044	
	Other	15,411	253	—	15,665	12,304	833	3,361	
	Subtotal	2,567,437	253	—	2,567,691	190,284	26,259	2,377,406	
Total		542,531,599	7,344,524	14,635,189	535,240,934	20,031,356	2,456,359	515,209,577	

(Note1) The increase during the fiscal period under review is mainly attributable to the acquisition of Prime Maison Shimokitazawa, Prime Maison Meguro, and Prime Maison Ryogoku.

(Note2) The decrease during the fiscal period under review is attributable to the disposition of Esty Maison Tsukamoto, Esty Maison Oizumigakuen, Esty Maison Higashishinagawa, Esty Maison Itabashikuyakushomae, Esty Maison Yotsuyasakamachi, Esty Maison Kamigofuku, Esty Maison Kohoku Tsunashima, Esty Maison Kobe-sannomiya, and Esty Maison Kokura.

4. Schedule of other specified assets

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

5. Schedule of investment corporation bonds

Name	Issue date	Balance at beginning of period (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 2)	Unsecured
SHI Fifth Series Unsecured Investment Corporation Bond	August 29, 2014	3,000,000	—	3,000,000	0.871	August 30,2024	(Note 2)	Unsecured
SHR First Series Unsecured Investment Corporation Bond	September 8, 2016	2,000,000	—	2,000,000	0.340	September 8, 2026	(Note 2)	Unsecured
SHR Second Series Unsecured Investment Corporation Bond	July 13, 2017	3,000,000	—	3,000,000	0.240	July 13, 2022	(Note 2)	Unsecured
SHR Third Series Unsecured Investment Corporation Bond (Green Bonds)	July 11, 2019	4,000,000	—	4,000,000	0.220	July 11, 2024	(Note 2)	Unsecured
SHR Fourth Series Unsecured Investment Corporation Bond (Green Bonds)	July 11, 2019	2,500,000	—	2,500,000	0.570	July 11, 2029	(Note 2)	Unsecured
SHR Fifth Series Unsecured Investment Corporation Bond (Green Bonds)	November 1, 2019	5,000,000	—	5,000,000	0.220	November 1, 2024	(Note 2)	Unsecured
SHR Sixth Series Unsecured Investment Corporation Bond (Green Bonds)	February 28, 2020	2,000,000	—	2,000,000	0.500	February 28, 2030	(Note 3)	Unsecured
SHR Seventh Series Unsecured Investment Corporation Bond (Green Bonds)	September 9, 2020	4,000,000	—	4,000,000	0.250	September 9, 2025	(Note 2)	Unsecured
SHR Eighth Series Unsecured Investment Corporation Bond (Green Bonds)	September 9, 2020	4,000,000	—	4,000,000	0.510	September 9, 2030	(Note 2)	Unsecured
SHR Ninth Series Unsecured Investment Corporation Bond (Green Bonds)	May 19, 2021	—	—	2,000,000	0.460	May 19, 2031	(Note 2)	Unsecured
Total	—	32,500,000	—	34,500,000	—	—	—	—

(Note 1) The funds are used to repay borrowings and acquire trust beneficiary interests in real estate, etc.

(Note 2) The proceeds are used as funds for repayment of loans payable.

(Note 3) The proceeds are used as funds for redemption of existing investment corporation bonds.

(Note 4) These investment corporation bonds are equipped with pari passu clause among specified investment corporation bonds.

(Note 5) 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	3,000,000	—	10,000,000	9,000,000	2,000,000

6. Schedule of loans payable

(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	Repaymen t method	Use of proceeds	Security						
Short- term loans payable	MUFG Bank, Ltd.	1,160,000	—	1,160,000	—	0.25499	Mar. 31, 2022 (Note4)		Purchase of assets and related expenses							
	Mizuho Bank, Ltd.	960,000	—	960,000	—											
	Sumitomo Mitsui Banking Corporation	880,000	—	880,000	—											
Long- term loans payable	MUFG Bank, Ltd.	800,000	—	—	800,000	1.17350	Feb. 28, 2022 (Note2)	Lump- sum payment at maturity								
	Mizuho Bank, Ltd.	300,000	—	—	300,000											
	Sumitomo Mitsui Banking Corporation	300,000	—	—	300,000											
	Sumitomo Mitsui Trust Bank, Limited	400,000	—	—	400,000											
	MUFG Bank, Ltd.	500,000	—	—	500,000	1.11000	Feb. 28, 2022 (Note2)									
	Mizuho Bank, Ltd.	400,000	—	—	400,000											
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000											
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	—	—	1,500,000											
	Mizuho Trust & Banking Co., Ltd.	980,000	—	—	980,000											
	Resona Bank, Limited	800,000	—	—	800,000											
	Mizuho Bank, Ltd.	2,450,000	—	2,450,000	—	0.83600	Aug. 31, 2021									
	Sumitomo Mitsui Banking Corporation	1,950,000	—	1,950,000	—											
	MUFG Bank, Ltd.	900,000	—	—	900,000	0.96475	Aug. 31, 2022 (Note2)									
	Mizuho Bank, Ltd.	2,500,000	—	—	2,500,000											
	Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000											
	MUFG Bank, Ltd.	5,100,000	—	—	5,100,000	0.94060	Nov. 30, 2021 (Note2)									
	Mizuho Bank, Ltd.	2,400,000	—	—	2,400,000											
	Sumitomo Mitsui Banking Corporation	3,700,000	—	—	3,700,000											
	Sumitomo Mitsui Trust Bank, Limited	2,000,000	—	—	2,000,000											
	Mizuho Trust & Banking Co., Ltd.	900,000	—	—	900,000											
	Resona Bank, Limited	1,400,000	—	—	1,400,000											
	Development Bank of Japan Inc.	800,000	—	—	800,000	1.47450	Nov. 30, 2024									
	The Norinchukin Bank	700,000	—	—	700,000											
	MUFG Bank, Ltd.	4,600,000	—	—	4,600,000											
	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	0.73975	Feb. 28, 2022 (Note2)										
MUFG Bank, Ltd.	300,000	—	—	300,000												
Mizuho Bank, Ltd.	500,000	—	—	500,000												
Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000												
Resona Bank, Limited	750,000	—	—	750,000												
The Norinchukin Bank	800,000	—	—	800,000												
	THE BANK OF FUKUOKA, 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	Repaymen t method	Use of proceeds	Security
Long-term loans payable	Development Bank of Japan Inc.	1,000,000	—	—	1,000,000	0.85250	Feb. 28, 2023			Un-secured Un-guaran- teed
	MUFG Bank, Ltd.	1,300,000	—	—	1,300,000	0.86650				
	Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000					
	Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000					
	Sumitomo Mitsui Trust Bank, Limited	300,000	—	—	300,000					
	Mizuho Trust & Banking Co., Ltd.	800,000	—	—	800,000					
	Resona Bank, Limited	500,000	—	—	500,000					
	The Norinchukin Bank	500,000	—	—	500,000					
	THE BANK OF FUKUOKA, LTD.	700,000	—	—	700,000					
	Aozora Bank, Ltd.	200,000	—	—	200,000					
	Shinkin Central Bank	200,000	—	—	200,000					
	The Senshu Ikeda Bank, Ltd.	200,000	—	—	200,000					
	The Shizuoka Bank, Ltd.	200,000	—	—	200,000					
	The 77 Bank, Ltd.	200,000	—	—	200,000					
	The Hiroshima Bank, Ltd.	200,000	—	—	200,000					
	The Yamaguchi Bank, Ltd.	200,000	—	—	200,000					
	MUFG Bank, Ltd.	700,000	—	—	700,000	0.88470				
	Development Bank of Japan Inc.	650,000	—	—	650,000	0.88500	Nov. 30, 2022			
	Mizuho Bank, Ltd.	350,000	—	—	350,000	0.89470				
	Sumitomo Mitsui Banking Corporation	650,000	—	—	650,000					
	Sumitomo Mitsui Trust Bank, Limited	350,000	—	—	350,000					
	Resona Bank, Limited	300,000	—	—	300,000					
	MUFG Bank, Ltd.	750,000	—	—	750,000	1.00850				
	MUFG Bank, Ltd.	500,000	—	—	500,000	1.01850				
	Mizuho Bank, Ltd.	400,000	—	—	400,000					
	Sumitomo Mitsui Banking Corporation	700,000	—	—	700,000					
	Sumitomo Mitsui Trust Bank, Limited	350,000	—	—	350,000					
	Mizuho Trust & Banking Co., Ltd.	300,000	—	—	300,000	0.67400				
	Resona Bank, Limited	100,000	—	—	100,000					
	Mizuho Bank, Ltd.	100,000	—	—	100,000					
	Development Bank of Japan Inc.	2,100,000	—	—	2,100,000		0.67400	Aug. 31, 2023		
	Mizuho Bank, Ltd.	450,000	—	—	450,000	0.68030				
	Sumitomo Mitsui Banking Corporation	450,000	—	—	450,000					
	Mizuho Trust & Banking Co., Ltd.	1,000,000	—	—	1,000,000					
	MUFG Bank, Ltd.	700,000	—	—	700,000	0.63800	Feb. 29, 2024			
	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						
Development Bank of Japan Inc.	600,000	—	—	600,000	0.50500					
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						



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	Repaymen t method	Use of proceeds	Security
Long-term loans payable	Mizuho Bank, Ltd.	200,000	—	—	200,000	0.49500	Aug. 30, 2024	Repayme nt of loans payable		Un- secured Un- guaran- teed
	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	0.57000				
	MUFG Bank, Ltd.	600,000	—	—	600,000					
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000					
	Mizuho Bank, Ltd.	800,000	—	—	800,000					
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000					
	Development Bank of Japan Inc.	400,000	—	—	400,000	0.59750	Aug. 29, 2025			
	MUFG Bank, Ltd.	1,810,000	—	—	1,810,000					
	MUFG Bank, Ltd.	440,000	—	—	440,000					
	Mizuho Bank, Ltd.	900,000	—	—	900,000					
	MUFG Bank, Ltd.	600,000	—	—	600,000					
	Mizuho Bank, Ltd.	200,000	—	—	200,000	0.67000	Feb. 28, 2025			
	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				
	MUFG Bank, Ltd.	800,000	—	—	800,000					
	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	0.77880	Feb. 27, 2026	Lump- sum payment at maturity		
	Aozora Bank, Ltd.	300,000	—	—	300,000					
	The Yamaguchi Bank, Ltd.	500,000	—	—	500,000					
	Sumitomo Mitsui Banking Corporation	870,000	—	870,000	—					
	Sumitomo Mitsui Trust Bank, Limited	480,000	—	480,000	—	0.28499	Aug. 31, 2021			
	Resona Bank, Limited	300,000	—	300,000	—					
	The Norinchukin Bank	210,000	—	210,000	—					
	MUFG Bank, Ltd.	990,000	—	—	990,000					
	MUFG Bank, Ltd.	260,000	—	—	260,000	0.45254	Nov. 30, 2023			
	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						
MUFG Bank, Ltd.	750,000	—	—	750,000						
Mizuho Bank, Ltd.	1,050,000	—	—	1,050,000						
Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000	0.34800	Jul. 13, 2022 (Note2)				
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						
Development Bank of Japan Inc.	550,000	—	—	550,000	0.35341					

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	Repaymen t method	Use of proceeds	Security	
Long-term loans payable	MUFG Bank, Ltd.	750,000	—	—	750,000	0.34000	May. 31, 2023	Lump- sum payment at maturity	Repayme nt of loans payable	Un- secured	
	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						
	Development Bank of Japan Inc.	550,000	—	—	550,000	0.42622					
	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						
	Mizuho Bank, Ltd.	1,480,000	—	1,480,000	—	0.25499	Aug. 31, 2021				
	Sumitomo Mitsui Banking Corporation	320,000	—	320,000	—						
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	500,000	—						
	Mizuho Trust & Banking Co., Ltd.	200,000	—	200,000	—						
	Development Bank of Japan Inc.	376,000	—	—	376,000	0.28568	Aug. 30, 2024				
	MUFG Bank, Ltd.	300,000	—	—	300,000	0.34900	Aug. 30, 2024				
	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	0.48000	Feb. 26, 2027				
	Development Bank of Japan Inc.	565,000	—	—	565,000						
	MUFG Bank, Ltd.	450,000	—	—	450,000						
	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						
	MUFG Bank, Ltd.	500,000	—	—	500,000	0.29900	May. 31, 2023				
	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						
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000						
	Mizuho Bank, Ltd.	800,000	—	—	800,000	0.39580	Aug. 30, 2024				
	Sumitomo Mitsui Banking Corporation	700,000	—	—	700,000						0.40580
	Sumitomo Mitsui Trust Bank, Limited	400,000	—	—	400,000						
	Mizuho Trust & Banking Co., Ltd.	400,000	—	—	400,000						
	Resona Bank, Limited	200,000	—	—	200,000						
	The Norinchukin Bank	200,000	—	—	200,000						

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	Repaymen t method	Use of proceeds	Security	
Long-term loans payable	Shinkin Central Bank	200,000	—	—	200,000	0.41388	Aug. 31, 2026	Lump-sum payment at maturity	Repaymen t of loans payable	Un- secured Un- guaran- teed	
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.55600					
	Mizuho Bank, Ltd.	800,000	—	—	800,000	0.56600					
	Sumitomo Mitsui Banking Corporation	700,000	—	—	700,000						
	Sumitomo Mitsui Trust Bank, Limited	200,000	—	—	200,000						
	Mizuho Trust & Banking Co., Ltd.	400,000	—	—	400,000						
	Resona Bank, Limited	200,000	—	—	200,000						
	The Norinchukin Bank	500,000	—	—	500,000						
	MUFG Bank, Ltd.	1,400,000	—	—	1,400,000	0.68500	Feb. 29, 2028				
	Mizuho Bank, Ltd.	2,400,000	—	—	2,400,000	0.69500					
	Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000						
	Sumitomo Mitsui Trust Bank, Limited	200,000	—	—	200,000						
	Mizuho Trust & Banking Co., Ltd.	400,000	—	—	400,000						
	Resona Bank, Limited	300,000	—	—	300,000						
	THE BANK OF FUKUOKA, LTD.	300,000	—	—	300,000						
	The Senshu Ikeda Bank, Ltd.	200,000	—	—	200,000						
	The 77 Bank, Ltd.	200,000	—	—	200,000						
	The Yamaguchi Bank, Ltd.	200,000	—	—	200,000						
	Mizuho Bank, Ltd.	1,410,000	—	—	1,410,000						0.28100
	Sumitomo Mitsui Banking Corporation	1,200,000	—	—	1,200,000						
	Sumitomo Mitsui Trust Bank, Limited	1,300,000	—	—	1,300,000						
	Mizuho Trust & Banking Co., Ltd.	600,000	—	—	600,000						
	Resona Bank, Limited	700,000	—	—	700,000						
	Shinkin Central Bank	200,000	—	—	200,000						
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.27100	Feb. 27, 2026				
	Mizuho Bank, Ltd.	1,500,000	—	—	1,500,000	0.42000					
	Sumitomo Mitsui Banking Corporation	1,230,000	—	—	1,230,000						
	Sumitomo Mitsui Trust Bank, Limited	200,000	—	—	200,000						
	Mizuho Trust & Banking Co., Ltd.	600,000	—	—	600,000						
	Resona Bank, Limited	800,000	—	—	800,000						
	The Norinchukin Bank	900,000	—	—	900,000						
	THE BANK OF FUKUOKA, LTD.	400,000	—	—	400,000						
	Shinkin Central Bank	300,000	—	—	300,000						
	The 77 Bank, Ltd.	300,000	—	—	300,000						
	The Yamaguchi Bank, Ltd.	300,000	—	—	300,000						
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.41000					Feb. 28, 2029
	MUFG Bank, Ltd.	1,170,000	—	—	1,170,000	0.46000					
	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						
	Mizuho Bank, Ltd.	200,000	—	—	200,000	0.27300	Nov. 30, 2023				
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000						
	Sumitomo Mitsui Trust Bank, Limited	1,800,000	—	—	1,800,000						
	MUFG Bank, Ltd.	1,400,000	—	—	1,400,000	0.44100	May. 29, 2026				
	Mizuho Bank, Ltd.	300,000	—	—	300,000						
	Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000						
	The Norinchukin Bank	800,000	—	—	800,000						

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	Repaymen t method	Use of proceeds	Security
Long-term loans payable	MUFG Bank, Ltd.	1,700,000	—	—	1,700,000	0.59900	May. 31, 2028	Lump-sum payment at maturity	Repaymen t of loans payable	Un- secured Un- guaran- teed
	Mizuho Bank, Ltd.	1,300,000	—	—	1,300,000					
	Sumitomo Mitsui Banking Corporation	1,200,000	—	—	1,200,000					
	Mizuho Trust & Banking Co., Ltd.	600,000	—	—	600,000					
	Resona Bank, Limited	900,000	—	—	900,000					
	Development Bank of Japan Inc.	800,000	—	—	800,000	0.50000				
	Mizuho Bank, Ltd.	605,000	—	—	605,000	0.29150	Aug. 29, 2025			
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000					
	MUFG Bank, Ltd.	2,500,000	—	—	2,500,000					
	Mizuho Bank, Ltd.	400,000	—	—	400,000	0.49500	Aug. 31, 2028			
	Sumitomo Mitsui Banking Corporation	545,000	—	—	545,000					
	Mizuho Trust & Banking Co., Ltd.	500,000	—	—	500,000					
	Resona Bank, Limited	500,000	—	—	500,000					
	MUFG Bank, Ltd.	1,542,000	—	—	1,542,000	0.47500				
	Mizuho Bank, Ltd.	300,000	—	—	300,000	0.29700	Feb. 28, 2025			
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000					
	Sumitomo Mitsui Trust Bank, Limited	2,500,000	—	—	2,500,000					
	Resona Bank, Limited	500,000	—	—	500,000					
	THE BANK OF FUKUOKA, LTD.	200,000	—	—	200,000					
	MUFG Bank, Ltd.	400,000	—	—	400,000	0.28700				
	Mizuho Bank, Ltd.	990,000	—	—	990,000	0.46600	Aug. 31, 2027			
	Sumitomo Mitsui Banking Corporation	1,840,000	—	—	1,840,000					
	Sumitomo Mitsui Trust Bank, Limited	600,000	—	—	600,000					
	Mizuho Trust & Banking Co., Ltd.	700,000	—	—	700,000					
	Resona Bank, Limited	500,000	—	—	500,000					
	The Norinchukin Bank	400,000	—	—	400,000					
	Shinkin Central Bank	200,000	—	—	200,000					
	The Senshu Ikeda Bank, Ltd.	200,000	—	—	200,000					
	The 77 Bank, Ltd.	400,000	—	—	400,000					
	The Yamaguchi Bank, Ltd.	200,000	—	—	200,000					
	MUFG Bank, Ltd.	1,370,000	—	—	1,370,000	0.45000	Aug. 31, 2027			
	Development Bank of Japan Inc.	400,000	—	—	400,000	0.36000				
	MUFG Bank, Ltd.	750,000	—	750,000	—	0.27364	Nov. 30, 2022 (Note3)			
	Mizuho Bank, Ltd.	640,000	—	640,000	—					
	Sumitomo Mitsui Banking Corporation	610,000	—	610,000	—					
	MUFG Bank, Ltd.	300,000	—	—	300,000	0.28600	May. 30, 2025			
	Mizuho Bank, Ltd.	100,000	—	—	100,000					
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000					
	Sumitomo Mitsui Trust Bank, Limited	1,380,000	—	—	1,380,000					
	MUFG Bank, Ltd.	800,000	—	—	800,000	0.50700	Nov. 30, 2028			
	Mizuho Bank, Ltd.	210,000	—	—	210,000					
	Sumitomo Mitsui Banking Corporation	1,800,000	—	—	1,800,000					
	Sumitomo Mitsui Trust Bank, Limited	300,000	—	—	300,000					
	Mizuho Trust & Banking Co., Ltd.	870,000	—	—	870,000					
	Resona Bank, Limited	1,100,000	—	—	1,100,000					
	The Norinchukin Bank	1,020,000	—	—	1,020,000					
	Development Bank of Japan Inc.	370,000	—	—	370,000	0.43500				



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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, 2021, 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, 2021, 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.

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.

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	Repaymen t method	Use of proceeds	Security
Long-term loans payable	MUFG Bank, Ltd.	200,000	—	—	200,000	0.28400	Aug. 29, 2025	Lump-sum payment at maturity	Repaymen t of loans payable	Un- secured Un- guaran- teed
	Mizuho Bank, Ltd.	600,000	—	—	600,000	0.29400				
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000					
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000					
	THE BANK OF FUKUOKA, LTD.	500,000	—	—	500,000					
	Shinkin Central Bank	1,000,000	—	—	1,000,000					
	The 77 Bank, Ltd.	500,000	—	—	500,000					
	The Shizuoka Bank, Ltd.	1,000,000	—	—	1,000,000	0.55850				
	MUFG Bank, Ltd.	300,000	—	—	300,000		0.56850			
	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					
	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	0.24727				
	Sumitomo Mitsui Banking Corporation	—	1,030,000	—	1,030,000					
	Sumitomo Mitsui Trust Bank, Limited	—	500,000	—	500,000					
	Mizuho Bank, Ltd.	—	2,650,000	—	2,650,000	0.47500				
	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					
Total	220,442,000	8,760,000	13,760,000	215,442,000						

(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) 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 3) Early repayment was made on May 20, 2021.

(Note 4) Early repayment was made on August 31, 2021.

(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	39,230,000	31,310,000	28,545,000	34,213,000	25,780,000



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 25, 2022

小島 亘司

Koji Ojima  
Designated Engagement Partner  
Certified Public Accountant

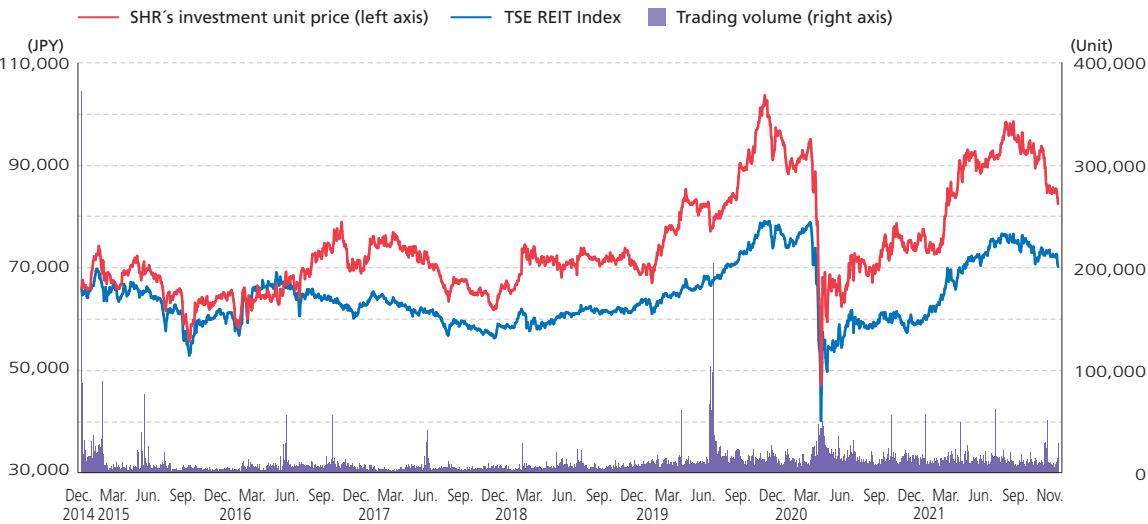
海上 大介

Daisuke Unagami  
Designated Engagement Partner  
Certified Public Accountant



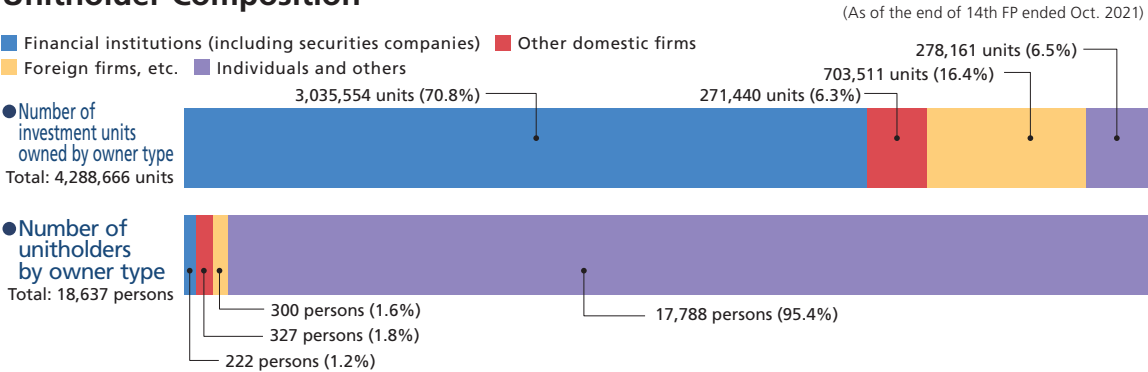
Unitholder Information

Change in Investment Unit Price and Trading Volume (From December 3, 2014 to November 30, 2021)



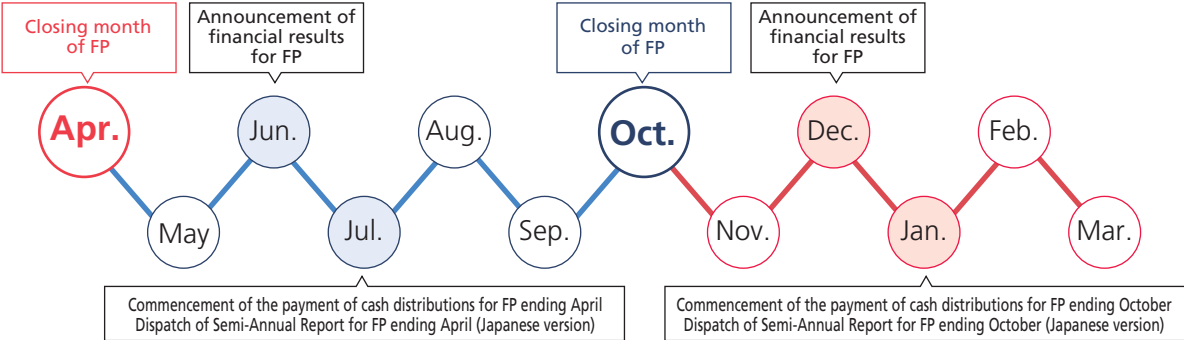
(Note 1) Closing price and trading volume of the investment unit of SHR in a regular trading session at Tokyo Stock Exchange, Inc. are indicated.  
(Note 2) As a two-for-one split of investment units was implemented on May 1, 2018, investment units have been traded at halved (the ex-rights) unit price on and after April 25, 2018. In consideration of the impact of the split, the above graph is based on actual figures of "Investment Unit Price" for April 24, 2018 and earlier being divided by two and actual figures of "Trading Volume" being multiplied by two.  
(Note 3) Change in TSE REIT Index is indicated after converting the closing price of TSE REIT Index on the listing date of SHR (December 3, 2014) to JPY 66,000, the amount gained after adjusting the two-for-one split to the closing price of the investment unit of SHR in a regular trading session. Furthermore, TSE REIT Index refers to the weighted average-type index of market capitalization of all REIT counters listed on the Tokyo Stock Exchange.

Unitholder Composition



(Note) Total of ratios may not add up to 100.0% as ratios are indicated as rounded to the first decimal place.

IR Calendar



Unitholder Memo

Unitholder Memo

Account Closing Date	End of April and October of each year
Record Date for Determining Distribution Payment	End of April and October of each year (Cash distribution will be paid out within 3 months from the record date.)
General Meeting of Unitholders	General meeting of unitholders shall be convened on January 1, 2022 and onwards without delay, and subsequently be convened on January 1 every 2 years and onwards without delay. In addition, the general meetings of unitholders may be held from time to time when it is necessary.
Date to Determine Exercising of Voting Rights by Unitholders	Date stipulated in Article 12 of the Articles of Incorporation
Listed Stock Exchange	Tokyo Stock Exchange, Inc. (Securities Code: 3309)
Newspaper Posting Public Notice	The Nikkei
Transfer Agent	Mizuho Trust & Banking Co., Ltd.
Contact	Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. 2-8-4 Izumi, Suginami-ku, Tokyo Phone: 0120-288-324 (Toll Free only in Japan)

Concerning Procedures to Change Registered Address, etc.

Please contact your securities company to change registered address, name, etc.

Concerning Receiving Cash Distribution

You can receive your "cash distribution" by bringing your "distributions receipt" to a nearby Japan Post Bank or post office. In cases where the reception period has elapsed, please specify how you wish to receive dividends on the back of the "distributions receipt" and then mail it to the place of contact mentioned above, or receive cash distribution directly at the service counter of the head office/branch of Mizuho Trust & Banking Co., Ltd. In addition, with respect to future cash distribution, if you wish to receive them through transfer to a bank account you specify or other measures, please contact your securities company, etc. Please receive your "cash distribution" on an early date as we will be unable to pay them if they are not received within 3 years from the commencement date of payments of cash distribution.

Guide to website of Sekisui House Reit, Inc.

<https://sekisuihouse-reit.co.jp/en/>

SHR strives for timely and accurate information disclosure via the website. The latest cash distribution, finance, investment property and other information useful to investors are made available for viewing on the website.

