

FP 15 Semi-Annual Report

From November 1, 2021 to April 30, 2022



SEKISUI HOUSE REIT, INC.

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Outline of Asset Management Operation

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

(1) Brief History of the Investment Corporation

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

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

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

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

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

During the fiscal period under review, the Japanese economy showed signs of recovery amid the alleviation of the severe conditions caused by COVID-19.

Under these circumstances, in the real estate leasing market, residential and office buildings which are positioned by SHR as core assets in its portfolio, constitutes as of April 30, 2022 (the “end of the fiscal period under review”) approximately 93% (acquisition price basis) of the portfolio. As for residential, demand for single type for single persons, which is easily affected by changes in the employment environment, remained on a weakening trend, but overall occupancy rate remained stable as a result of focusing on tenant leasing activities, such as relaxing of offer conditions, etc. As for the office buildings, although the office leasing market is showing signs of movement, the trend to decrease office floor space resulted in a lack of strong growth in demand. This in turn resulted in vacancy rates to remain flat or to increase, and rent levels slightly declined. On the other hand, for hotels that make up about 7% of SHR’s portfolio (acquisition price basis), foreign visitors to Japan (estimated by the Japan National Tourism Organization in April 2022) exceeded 0.1 million people for the first time in about two years. However, the environment remained at a level of approximately 95% lower than the level in the same month of 2019, before the impact of COVID-19, and the harsh environment continued partly due to the effects of the re-spread of COVID-19 variants.

Furthermore, in the real estate trading market, despite increasing uncertainty related to international affairs, expected yields have remained at low levels as real estate investors maintain their positive stance toward high-quality properties in Japan under the accommodative monetary policy outlined by the Bank of Japan.

b. Management Performance

Under the circumstances described in “a. Management Environment” above, SHR, with the aim of enhancing its portfolio from the sponsors, Sekisui House and Sekisui House Group, and further strengthening its earnings base, acquired a total of three new properties (one of which was an additional acquisition) including one office building developed by Sekisui House and two residential properties developed or owned by Sekisui House.

As a result, the number of properties SHR owned as of the end of the fiscal period under review was 119 (comprising 111 residential properties and eight commercial properties) with an aggregate acquisition price^(Note) of 563,886 million yen (257,766 million yen for residential properties and 306,120 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 96.5% for residential properties, 98.3% for commercial properties and 97.0% 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. Issuance of New Investment Units

SHR issued 137,500 new investment units through a public offering on November 1, 2021, and 4,967 new investment units through third-party allotment on November 29, 2021. As a result, the total investment at the end of the fiscal period under review was 161,283 million yen, with a total number of investment units issued and outstanding at 4,431,133 units.

b. Borrowings

SHR refinanced a total of 26,830 million yen with the aim of repaying borrowings due this fiscal period and also financed short-term borrowings of 13,700 million yen on February 1, 2022, to finance the acquisition of trust beneficiary interest in real estate and partial related expenses.

As a result, the balance of interest-bearing liabilities as of the end of the fiscal period under review is 263,642 million yen and the ratio of total interest-bearing liabilities to total assets (“LTV (total assets basis)”) is 45.5%.

c. 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 14,756 million yen, operating income of 7,625 million yen and ordinary income of 6,746 million yen, resulting in net income of 6,745 million yen. In addition, concerning cash distributions, SHR decided to distribute 7,524 million yen, which is the amount of unappropriated retained earnings after adding reversal of reserve for temporary difference adjustments (187 million yen) and reversal of reserve for reduction entry (590 million yen) based on the application of special tax treatment for investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended) (the “Special Taxation Measures Act”)).

2. Status of Capital Increase, etc.

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

Date	Event	Unitholders' capital (million yen)		Total number of investment units issued and outstanding (units)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
May 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)
November 1, 2021	Public offering	11,652	160,862	137,500	4,426,166	(Note 7)
November 29, 2021	Third-party allotment	420	161,283	4,967	4,431,133	(Note 8)

(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.

(Note 7) New investment units were issued at an issue price of 87,574 yen (with the issue amount being 84,744 yen) per unit through a public offering to procure funds for the acquisition of new properties.

(Note 8) New investment units were issued at an issue amount of 84,744 yen per unit by way of third-party allotment, with the proceeds thereof intended to be used for the acquisition of new properties.

[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	11th fiscal period	12th fiscal period	13th fiscal period	14th fiscal period	15th fiscal period
	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	From: Nov. 1, 2021 To: Apr. 30, 2022
High (yen)	99,700	78,700	93,100	98,600	86,700
Low (yen)	47,150	62,500	72,700	86,200	73,600

3. Performance of Distribution, etc.

Distribution per unit for the fiscal period under review (the 15th fiscal period) is 1,698 yen. The policy is to distribute 7,524 million yen, which is the amount of unappropriated retained earnings after adding reversal of reserve for temporary difference adjustments (187 million yen) and reversal of reserve for reduction entry (590 million yen) in application of the special treatment of corporation tax under which the amount equivalent to distribution of earnings is deductible from the taxable income of investment corporations as deductible expenses (Article 67-15 of the Special Taxation Measures Act).

Fiscal period	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	15th fiscal period From: Nov 1, 2021 To: Apr. 30, 2022
Total amount of unappropriated retained earnings (thousand yen)	6,991,331	6,992,995	7,103,009	8,520,020	6,745,643
Amount of accumulated earnings (thousand yen)	—	—	103,708	1,195,848	—
Total amount of cash distribution (thousand yen)	7,140,628	7,226,402	7,183,515	7,732,464	7,524,063
[Distribution per unit] (yen)	[1,665]	[1,685]	[1,675]	[1,803]	[1,698]
Total amount of distribution of earnings out of the total amount of cash distribution (thousand yen)	7,140,628	7,226,402	7,183,515	7,732,464	7,524,063
[Distribution of earnings per unit] (yen)	[1,665]	[1,685]	[1,675]	[1,803]	[1,698]
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, as the Japanese government takes all possible measures to combat COVID-19 and economic and social activities become normalized. However, amid concerns over the impact of the resurgence of infections in China and the prolonged situation in Ukraine, it is necessary to pay close attention to the downside risks due to constraints in supply chain, rising raw material prices, and changes in the financial and capital markets. In addition, it is necessary to closely monitor the effects of trends in infection.

Against this background, although there are signs of improvement in employment, the residential sector, which is the living hub of the real estate leasing market, is still being affected by COVID-19. Therefore, it is necessary to closely monitor the situation in the influx of population in the Tokyo metropolitan area. Additionally, it is believed that housing units with relatively large floor area will continue to perform well.

Concerning office buildings, which are the operation bases in the real estate leasing market, SHR anticipates that rents will remain weak due to the trend of decreasing office floor space to accommodate the expansion of remote work, along with the new oversupply of buildings in the future.

As for hotels, the Japanese government has announced a policy of gradually reviewing border countermeasures against COVID-19, and SHR believes that it is necessary to closely monitor the status of infections in each country, changes in immigration regulations, and international conditions.

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 COVID-19.

(2) Future Management Policy and Challenges to Address

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

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

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

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

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

Furthermore, SHR has concluded agreements concerning preferential negotiation rights (and others) with the Six Sekisui House Real Estate Companies. Thus, particularly with residential properties, SHR will be able to

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

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

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

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

(3) Financial Strategy

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

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

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

5. Significant Subsequent Events

(1) Disposition of Asset

On June 15, 2022, SHR resolved to dispose the quasi co-ownership interest in trust beneficiary interest of one property, and entered a sale and purchase contract as follows.

Approximately 613 million yen will be recorded as a gain on disposition for the fiscal period ending October 31, 2022 (from May 1, 2022 to October 31, 2022) by this disposition.

Property name:	The Ritz-Carlton, Kyoto
Type of use:	Hotel
Location:	Kyoto-shi, Kyoto
Planned disposition price:	23,000 million yen (Note)
Sale and purchase contract date:	June 15, 2022
Planned disposition date:	August 2, 2022
Buyer:	Sekisui House, Ltd.

(Note) "Planned disposition price" is the sale and purchase price stated in the sale and purchase contract (excluding consumption tax and local consumption tax and commission and other various expenses; rounded down to the nearest million yen).

(2) Determination of Matters Pertaining to the Investment Units Buyback Program

SHR resolved at the Board of Directors meeting held on June 15, 2022, the investment units buyback program ("the Buyback") based on the provisions of Article 80-2 of the Act on Investment Trusts and Investment Corporations, which is applied by replacing the terms and phrases pursuant to the provisions of Article 80-5, Paragraph 2 of the said Act, as follows.

Moreover, all of the acquired investment units are scheduled to be cancelled during the fiscal period ending October 31, 2022.

a. Reason for the Buyback

After comprehensively considering the level of the investment unit price, cash on hand, financial condition, market environment, etc., SHR has determined that increasing the NAV per unit through the acquisition and cancellation of its own investment units and improving the distribution per unit ("DPU") will contribute to improving unitholder value.

b. Details of Matters Concerning the Buyback

Planned total number of investment units to be acquired:	Up to 70,000 units
Planned total acquisition price of the investment units:	Up to 4,000 million yen
Acquisition method:	Market purchase via Tokyo Stock Exchange based on a discretionary transaction contract with a securities company
Acquisition period:	From June 16, 2022 to September 30, 2022

(Reference Information)

(1) Acquisition of Assets

SHR decided to acquire two residentials dated June 15, 2022

Property name	Type of use	Location	Planned acquisition price (million yen)	Planned acquisition date	Seller
Prime Maison EGOTANOMORI	Residence	Nakano-ku, Tokyo	10,500	August 2, 2022	Sekisui House, Ltd.
Prime Maison Waseda dori		Shinjuku-ku, Tokyo	2,200		
Total			12,700	—	—

(2) Acquisition of Asset (Equity Interest in an Anonymous Association)

SHR has decided to acquire equity interest in an anonymous association dated July 28, 2022.

By obtaining the equity interest in the anonymous association, SHR is scheduled to acquire preferential negotiating rights for the real estate subject to trust.

Property name	Underlying asset	Location	Planned investment amount	Equity interest ratio	Planned acquisition date
Equity interest in anonymous association Godo Kaisha Gemini1	Akasaka Garden City (Note)	Minato-ku, Tokyo	480 million yen	12.4%	August 1, 2022

(Note) Underlying asset refers to 34.55% quasi co-ownership interest of the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor underground through 4th floor above ground and 11th floor through 19th floor above ground of the “Akasaka Garden City” building, as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (or approximately 66.3%)), and has not yet been acquired by SHR. Of the “Akasaka Garden City” building, SHR holds 65.45% quasi co-ownership interest of the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor underground through 4th floor above ground and 11th floor to 19th floor above ground as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (approximately 66.3%)), and the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 5th to 9th floor as well as the accompanying right of site (ratio of right of site) : 273,490/1,000,000 (approximately 27.3%), and 96.05% quasi co-ownership interest of the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 10th floor and the accompanying right of site (ratio of right of site: 54,698/1,000,000 (approximately 5.5%)).

(3) Borrowing of Funds (Positive Impact Finance)

SHR conducted borrowing of funds through Positive Impact Finance on May 31, 2022 to fund partial early repayment (which was executed on the same day) of a short-term borrowing totaling 13,700 million yen procured on February 1, 2022, as follows.

Category	Lenders (Note 1)	Borrowing amount (mm yen)	Interest rate (Note 2) (Note 3)	Drawdown date	Borrowing method	Repayment date (Note 4)	Repayment method (Note 5)	Security
Long-term	Sumitomo Mitsui Trust Bank, Limited	1,100	0.665%	May 31, 2022	Borrowing based on individual loan agreement, dated May 26, 2022. The lenders under the loan agreement are as indicated to	May 31, 2029	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	Mizuho Bank, Ltd.	400						
	Mizuho Trust & Banking Co., Ltd.	300						
	Resona Bank, Limited.	300						
	The Norinchukin Bank	400						
	THE BANK OF FUKUOKA, LTD.	300						

	Shinkin Central Bank	300			the left of this table.			
	The 77 Bank, Ltd.	300						
	The Yamaguchi Bank, Ltd.	400						
	The Shizuoka Bank, Ltd.	300						
	The Hiroshima Bank, Ltd.	300						
	Aozora Bank, Ltd.	300						
	Nippon Life Insurance Company	1,000						
	The Joyo Bank, Ltd.	300						
	Total	6,000	—	—	—	—	—	—

(Note 1) Sumitomo Mitsui Trust Bank, Limited is the arranger 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 November 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 borrowings (in whole or in part), in the period between the drawdown date and the repayment date.

(4) Borrowing of Funds

SHR conducted borrowing of funds on July 11, 2022 for the redemption of the Sekisui House Reit, Inc. Second Series Unsecured Investment Corporation Bonds (with pari passu clause among specified investment corporation bonds) (the “Second Series Bonds”) which was due for redemption on July 13, 2022 as follows.

As a result of these borrowings, the Second Series Bonds were redeemed on the same day.

Category	Lenders (Note 1)	Borrowing amount (mm yen)	Interest rate (Note 2) (Note 3) (Note 4) (Note 5)	Drawdown date	Borrowing method	Repayment date (Note 6)	Repayment method (Note 7)	Security
Long-term	MUFG Bank, Ltd. (Note 8)	1,160	Base rate (JBA 1-month Japanese Yen TIBOR) plus 0.190%	July 11, 2022	Borrowing based on individual loan agreement, dated July 6, 2022. The lenders under the loan agreement are as indicated to the left of this table.	July 11, 2024	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	Mizuho Bank, Ltd.	960						
	Sumitomo Mitsui Banking Corporation	880						
	Total	3,000	—	—	—	—	—	—

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

- (Note 4) The first interest payment date will be the last day of July 2022. Subsequent interest payment dates will be the last day of every month and the principal repayment date. Where the relevant date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls into the next calendar month) the immediately preceding business day.
- (Note 5) The first interest calculation period is from July 11, 2022 to the last day of July 2022.
- (Note 6) 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 7) 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 8) The borrowing from MUFG Bank, Ltd. is ESG Loan for J-REIT.

(5) Borrowing of Funds

SHR conducted borrowing of funds for use as repayment funds of the long-term borrowings (7,000 million yen) which was due for repayment on July 13, 2022, as follows.

Category	Lenders (Note 1)	Borrowing amount (mm yen)	Interest rate (Note 2) (Note 3)	Drawdown date	Borrowing method	Repayment date (Note 4)	Repayment method (Note 5)	Security			
Long-term	Sumitomo Mitsui Trust Bank, Limited	550	0.550%	July 13, 2022	Borrowing based on individual loan agreement, dated July 8, 2022. The lenders under the loan agreement are as indicated to the left of this table.	February 26, 2027	Lump-sum repayment at maturity	Unsecured and Unguaranteed			
	Mizuho Trust & Banking Co., Ltd.	350									
	Resona Bank, Limited.	500									
	The Norinchukin Bank	400									
	MUFG Bank, Ltd. (Note 6)	1,400	0.855%								
	Mizuho Bank, Ltd.	1,050									
	Sumitomo Mitsui Banking Corporation	600									
	Sumitomo Mitsui Trust Bank, Limited	500									
	Mizuho Trust & Banking Co., Ltd.	300									
	Resona Bank, Limited.	450									
	Development Bank of Japan Inc.	550									
	The Norinchukin Bank	350									
Total		7,000	—	—	—	—	—				

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

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

(Note 3) The first interest calculation period is from July 13, 2022 to the last day of February 2023.

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

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

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

Outline of the Investment Corporation

1. Status of Capital

Fiscal period	As of the end of 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)	As of the end of 15th fiscal period (Apr. 30, 2022)
Total number of investment units authorized (units)	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total number of investment units issued and outstanding (units)	4,288,666	4,288,666	4,288,666	4,288,666	4,431,133
Unitholders' capital (million yen)	149,210	149,210	149,210	149,210	161,283
Number of unitholders (persons)	19,230	19,279	18,942	18,637	20,876

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)	977,577	22.06
The Master Trust Bank of Japan, Ltd. (Trust Account)	712,508	16.08
Sekisui House, Ltd.	200,750	4.53
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	185,872	4.19
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	150,965	3.41
STATE STREET BANK WEST CLIENT - TREATY 505234	63,356	1.43
SSBTC CLIENT OMNIBUS ACCOUNT	55,578	1.25
JP MORGAN CHASE BANK 385781	49,503	1.12
SMBC Nikko Securities Inc.	49,026	1.11
THE SHINKUMI FEDERATION BANK	45,726	1.03
Total	2,490,861	56.21

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

3. Matters Concerning Directors, etc.

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

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

Position	Name	Key concurrently held position, etc.	Total amount of compensation for each position during period (thousand yen)
Executive Director	Atsuhiko Kida	Director, Sekisui House Asset Management, Ltd.	—
Supervisory Director (Note 2)	Shigeru Nomura	Certified Public Accountant, President, Shigeru Nomura Certified Public Accountant Office	900
	Tatsushi Omiya	Lawyer, Lex Law Office	900
	Yu Yada	Lawyer, HIFUMI Law	900
	Rei Yamashita	Certified Public Accountant, Rei Yamashita Certified Public Accountant Office	900
Independent Auditor	Ernst & Young ShinNihon LLC	—	17,400 (Note 3)

(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) Supervisory Directors Shigeru Nomura and Tatsushi Omiya resigned on January 31, 2022 due to the expiration of their terms of office. In addition, Yu Yada and Rei Yamashita were appointed as new supervisory directors as of February 1, 2022.

(Note 3) The total amount of compensation for the independent auditor, as stated above, is an approximation and includes compensation for auditing matters related to English financial statements.

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

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

4. Matters Concerning the Director's Liability Insurance Contract

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

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

5. Asset Management Company, Asset Custodian and Administrative Agents

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

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

Condition of Investment Assets

1. Composition of Assets of the Investment Corporation

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

Type of asset	Asset category	Geographical area, etc.	As of the end of 14th fiscal period period (Oct. 31, 2021)		As of the end of 15th fiscal period period (Apr. 30, 2022)	
			Total amount held (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)	Total amount held (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Real estate in trust	Residential properties	Greater Tokyo	181,971	32.7	196,684	33.9
		Other areas	56,509	10.2	56,158	9.7
	Commercial properties	Three major metropolitan areas	276,725	49.8	297,294	51.3
		Other areas	—	—	—	—
Total of real estate in trust			515,206	92.7	550,137	94.9
Deposits and other assets			40,438	7.3	29,794	5.1
Total amount of assets			555,644	100.0	579,931	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 (m ²) (Note 2)	Leased area (m ²) (Note 3)	Occupancy rate (%) (Note 4)	As a percentage of total property-related operating revenue (%) (Note 5)	Usage type
Garden City Shinagawa Gotenyama	69,924	38,577.99	38,051.07	98.6	12.5	Office building
Akasaka Garden City (Note 6)	50,126	21,735.43	19,432.79	89.4	6.4	Office building
Gotenyama SH Building	49,466	19,999.97	19,999.97	100.0	7.4	Office building
Hommachi Minami Garden City	42,301	29,657.53	29,657.53	100.0	8.8	Office building
Hommachi Garden City (Office building portion) (Note 7)	36,248	17,006.94	17,006.94	100.0	6.1	Office building
The Ritz-Carlton, Kyoto (Note 8)	22,119	11,496.08	11,496.08	100.0	1.5	Hotel
Hommachi Garden City (Hotel portion) (Note 7)	16,759	18,092.98	18,092.98	100.0	2.7	Hotel
Prime Maison Nakameguro	10,224	6,033.98	5,754.09	95.4	0.8	Residence
Esty Maison Ojima	8,298	9,905.97	9,229.79	93.2	1.6	Residence
Prime Maison Shirokanedai Tower	7,916	6,772.89	6,571.08	97.0	1.6	Residence
Total	313,386	179,279.76	175,292.32	97.8	49.3	—

- (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 portions owned by SHR. The same shall apply hereinafter.
- (Note 4) “Occupancy rate” refers to the ratio of leased area to leasable area of each property as of the end of the fiscal period under review, rounded to the nearest first decimal place. The figure indicated in the “Total” column indicates the ratio of the sum 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) For “Akasaka Garden City”, as of June 10, 2019, SHR owned 65.45% quasi co-ownership interest of trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor under ground through 4th floor above ground and 11th floor through 19th floor above ground of the building, as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (or approximately 66.3%)). As of November 1, 2021, SHR acquired the trust beneficiary interest in all of the exclusively-owned portions of the 5th floor through 9th floor above ground of the building, as well as the accompanying right of site (ratio of right of site: 273,490/1,000,000 (or approximately 27.3%)) and in 96.05% of co-ownership of all of the exclusively-owned portions of the 10th floor above ground of the building, as well as the accompanying right of site (ratio of right of site: 54,698/1,000,000 (or approximately 5.5%)) (hereinafter sometimes referred to as “Akasaka Garden City (additional acquisition portion)”), and the figures indicate the value corresponding to the portions owned by SHR. The same shall apply hereinafter.
- (Note 7) “Hommachi Garden City” comprises the portions used as office building and retail property (“Hommachi Garden City (Office building portion)”) and the portions used as a hotel (“Hommachi Garden City (Hotel portion)”). In this document, the overview and other information regarding the property may be described separately for the Office building portion and the Hotel portion. The same shall apply hereinafter.
- (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 portions SHR owns. The same shall apply hereinafter.

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

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

Usage type	Property number (Note 1)	Name of real estate, etc.	Location (Note 2)	Type of ownership	Book value at the end of period (million yen)	Estimated value at the end of period (million yen) (Note 3)
Residence	R-001	Esty Maison Ginza	Chuo-ku, Tokyo	Real estate trust beneficiary interests	6,604	7,550
	R-002	Esty Maison Azabunagasaka	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,765	1,940
	R-003	Esty Maison Ebisu II	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,020	2,370
	R-004	Esty Maison Ebisu	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	917	920
	R-005	Esty Maison Kanda	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	1,548	1,860
	R-006	Esty Maison Kitashinjuku	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,533	1,800
	R-007	Esty Maison Asakusakomagata	Taito-ku, Tokyo	Real estate trust beneficiary interests	2,082	2,470
	R-008	Esty Maison Kawasaki	Kawasaki-shi, Kanagawa	Real estate trust beneficiary interests	2,384	2,770
	R-010	Esty Maison Kameido	Koto-ku, Tokyo	Real estate trust beneficiary interests	1,489	1,880
	R-011	Esty Maison Meguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	1,070	1,320
	R-012	Esty Maison Sugamo	Toshima-ku, Tokyo	Real estate trust beneficiary interests	1,590	1,840
	R-013	Esty Maison Kyobashi	Osaka-shi, Osaka	Real estate trust beneficiary interests	2,932	3,120
	R-014	Esty Maison Hakuraku	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	884	976
	R-015	Esty Maison Minamihorie	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,118	1,140
	R-016	Esty Maison Gotanda ^(Note 4)	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	3,033	3,510
	R-017	Esty Maison Oisendaizaka	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,710	3,010
	R-018	Esty Maison Shinagawa Seaside	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,112	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	1,894	2,430
	R-022	Esty Maison Azabujuban	Minato-ku, Tokyo	Real estate trust beneficiary interests	2,710	3,040
	R-023	Esty Maison Itabashihoncho	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	979	1,030
	R-027	Esty Maison Musashikoyama ^(Note 5)	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,010	1,190
	R-028	Esty Maison Sendagi ^(Note 6)	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	677	801
	R-030	Esty Maison Hakatahigashi	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,210	2,610
	R-033	Prime Maison Musashinonomori	Kodaira-shi, Tokyo	Real estate trust beneficiary interests	1,771	2,180
	R-034	Prime Maison Higashisakura	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,422	1,700
	R-035	Prime Maison Kayabakoen	Nagoya-shi, Aichi	Real estate trust beneficiary interests	819	949
	R-036	Esty Maison Sangenjaya II	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	760	892

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-037	Esty Maison Itabashi C6	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	2,464	2,840
	R-038	Sha Maison Stage Hakata ^(Note 7)	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,367	2,820
	R-039	Esty Maison Kinshicho	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,199	1,370
	R-040	Esty Maison Musashikoganei	Koganei-shi, Tokyo	Real estate trust beneficiary interests	1,741	2,140
	R-041	Prime Maison Gokiso	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,952	2,180
	R-042	Prime Maison Yuhigaoka	Osaka-shi, Osaka	Real estate trust beneficiary interests	868	1,090
	R-043	Prime Maison Kitatanabe	Osaka-shi, Osaka	Real estate trust beneficiary interests	616	700
	R-044	Prime Maison Momochihama	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	1,902	2,180
	R-045	Esty Maison Akihabara	Taito-ku, Tokyo	Real estate trust beneficiary interests	1,896	2,090
	R-046	Esty Maison Sasazuka	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	3,379	3,780
	R-047	Prime Maison Ginza East	Chuo-ku, Tokyo	Real estate trust beneficiary interests	6,035	7,170
	R-048	Prime Maison Takami	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,060	1,160
	R-049	Prime Maison Yadaminami	Nagoya-shi, Aichi	Real estate trust beneficiary interests	845	910
	R-050	Prime Maison Teriha	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	1,165	1,320
	R-051	Esty Maison Higashishirakabe	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,608	1,750
	R-052	Esty Maison Sengoku	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	1,333	1,470
	R-053	Esty Maison Daizawa	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	2,219	2,510
	R-054	Esty Maison Togoshi	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,718	2,020
	R-055	Esty Maison Nishitemma	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,606	1,760
	R-056	Esty Maison Shirokanedai	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,372	2,980
	R-057	Esty Maison Higashishinjuku	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,600	1,920
	R-058	Esty Maison Motoazabu	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,509	1,750
	R-059	Esty Maison Toritsudaigaku	Meguro-ku, Tokyo	Real estate trust beneficiary interests	840	971
	R-060	Esty Maison Musashikoyama II	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	994	1,130
	R-061	Esty Maison Nakano	Nakano-ku, Tokyo	Real estate trust beneficiary interests	1,813	2,010
	R-062	Esty Maison Shinnakano	Nakano-ku, Tokyo	Real estate trust beneficiary interests	980	1,070
	R-063	Esty Maison Nakanofujimicho	Nakano-ku, Tokyo	Real estate trust beneficiary interests	949	1,060
	R-064	Esty Maison Tetsugakudo	Nakano-ku, Tokyo	Real estate trust beneficiary interests	1,108	1,240
	R-065	Esty Maison Koenji	Suginami-ku, Tokyo	Real estate trust beneficiary interests	1,123	1,290
	R-066	Esty Maison Oshiage	Sumida-ku, Tokyo	Real estate trust beneficiary interests	2,396	2,750

Usage type	Property number (Note 1)	Name of real estate, etc.	Location (Note 2)	Type of ownership	Book value at the end of period (million yen)	Estimated value at the end of period (million yen) (Note 3)
Residence	R-067	Esty Maison Akabane	Kita-ku, Tokyo	Real estate trust beneficiary interests	3,110	3,550
	R-068	Esty Maison Oji	Kita-ku, Tokyo	Real estate trust beneficiary interests	1,567	1,850
	R-069	Prime Maison Waseda	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,502	1,860
	R-070	Prime Maison Hatchobori	Chuo-ku, Tokyo	Real estate trust beneficiary interests	1,380	1,630
	R-071	Prime Maison Jimbocho	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	1,865	2,130
	R-072	Prime Maison Gotenyama East	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,865	3,360
	R-073	Sha Maison Stage Akihabara	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	589	608
	R-074	Esty Maison Aoi	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,345	2,530
	R-075	Esty Maison Yakuin	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,557	2,640
	R-076	Esty Maison Kinshicho II	Sumida-ku, Tokyo	Real estate trust beneficiary interests	7,912	9,860
	R-077	Esty Maison Ojima	Koto-ku, Tokyo	Real estate trust beneficiary interests	8,298	11,000
	R-078	Prime Maison Fujimidai	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,155	2,180
	R-079	Esty Maison Tsurumai	Nagoya-shi, Aichi	Real estate trust beneficiary interests	4,515	4,960
	R-080	Prime Maison Morishita	Koto-ku, Tokyo	Real estate trust beneficiary interests	1,830	2,180
	R-081	Prime Maison Shinagawa	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,885	2,170
	R-082	Prime Maison Odorikoen	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	3,033	3,180
	R-083	Prime Maison Minami 2-jo	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	1,817	1,960
	R-084	Prime Maison Kamokamogawa	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	1,185	1,220
	R-085	Prime Maison Central Park ^(Note 8)	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,141	2,464
	R-086	Sha Maison Stage Yahiro	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,814	2,040
	R-087	Prime Maison Ebisu	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	4,251	5,390
	R-088	Sha Maison Stage Kanazawa Nishiizumi	Kanazawa-shi, Ishikawa	Real estate trust beneficiary interests	1,005	956
	R-089	Esty Maison Unomori	Yokkaichi-shi, Mie	Real estate trust beneficiary interests	765	814
	R-091	Sha Maison Stage Hino	Hino-shi, Tokyo	Real estate trust beneficiary interests	1,297	1,510
	R-092	Prime Maison Yokohama Nihon-odori	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	4,610	5,030
	R-093	Kobe Women's Student Housing	Kobe-shi, Hyogo	Real estate trust beneficiary interests	5,258	6,170
	R-094	Prime Maison Shibuya	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,379	2,680
	R-095	Prime Maison Hatsudai	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,909	3,200
	R-096	Esty Maison Uemachidai	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,058	1,180
	R-098	Prime Maison Shirokane-takanawa	Minato-ku, Tokyo	Real estate trust beneficiary interests	4,781	5,300

Usage type	Property number (Note 1)	Name of real estate, etc.	Location (Note 2)	Type of ownership	Book value at the end of period (million yen)	Estimated value at the end of period (million yen) (Note 3)
Residence	R-099	Prime Maison Ichigayayamabushicho	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	4,101	4,250
	R-100	Esty Maison Morishita	Sumida-ku, Tokyo	Real estate trust beneficiary interests	630	726
	R-101	Prime Maison Shirokanedai Tower	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	7,916	10,500
	R-102	Prime Maison Otsuka	Toshima-ku, Tokyo	Real estate trust beneficiary interests	3,672	4,570
	R-103	Prime Maison Asakusabashi	Taito-ku, Tokyo	Real estate trust beneficiary interests	1,672	2,070
	R-104	Prime Maison Daikanyama	Meguro-ku, Tokyo	Real estate trust beneficiary interests	2,513	3,210
	R-105	Prime Maison Gotenyama West	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	3,400	4,530
	R-106	Esty Maison Toyosu Residence ^(Note 9)	Koto-ku, Tokyo	Real estate trust beneficiary interests	5,785	7,250
	R-108	Esty Maison Ijiri	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	391	421
	R-109	Prime Maison Mitatsunamachi	Minato-ku, Tokyo	Real estate trust beneficiary interests	2,042	2,390
	R-110	Prime Maison Hongo	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	2,597	2,890
	R-111	Prime Maison Kuramae	Taito-ku, Tokyo	Real estate trust beneficiary interests	2,184	2,470
	R-112	Esty Maison Yokohama-aobadai ^(Note 10)	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	3,009	3,400
	R-113	Esty Maison Shizuoka Takajo	Shizuoka-shi, Shizuoka	Real estate trust beneficiary interests	667	662
	R-114	Sha Maison Stage Hirose-dori	Sendai-shi, Miyagi	Real estate trust beneficiary interests	873	929
	R-115	Esty Maison HIGASHIBETSUIN	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,267	2,200
	R-116	Esty Maison Kayaba	Nagoya-shi, Aichi	Real estate trust beneficiary interests	937	947
	R-117	Esty Maison SHIRAKABEMINAMI	Nagoya-shi, Aichi	Real estate trust beneficiary interests	683	682
	R-118	Prime Maison Shimokitazawa	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	2,647	2,610
	R-119	Prime Maison Meguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	2,362	2,370
	R-120	Prime Maison Ryogoku	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,579	1,550
	R-121	Prime Maison Nakameguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	10,224	10,600
	R-122	Prime Maison Itabashi	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	4,974	4,860
Subtotal			-	-	252,842	290,268

Usage type	Property number (Note 1)	Name of real estate, etc.	Location (Note 2)	Type of ownership	Book value at the end of period (million yen)	Estimated value at the end of period (million yen) (Note 3)
Office building	O-001	Garden City Shinagawa Gotenyama	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	69,924	89,700
	O-002	Gotenyama SH Building	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	49,466	61,700
	O-003	Hommachi Minami Garden City	Osaka-shi, Osaka	Real estate trust beneficiary interests	42,301	56,000
	O-004	Hommachi Garden City (Office building portion)	Osaka-shi, Osaka	Real estate trust beneficiary interests	36,248	45,000
	O-005	HK Yodoyabashi Garden Avenue ^(Note 11)	Osaka-shi, Osaka	Real estate trust beneficiary interests	4,197	6,340
	O-006	Hirokoji Garden Avenue	Nagoya-shi, Aichi	Real estate trust beneficiary interests	6,150	7,370
	O-007	Akasaka Garden City	Minato-ku, Tokyo	Real estate trust beneficiary interests	50,126	51,200
Subtotal			-	-	258,415	317,310
Hotel	H-001	Hommachi Garden City (Hotel portion)	Osaka-shi, Osaka	Real estate trust beneficiary interests	16,759	18,100
	H-002	The Ritz-Carlton, Kyoto	Kyoto-shi, Kyoto	Real estate trust beneficiary interests	22,119	22,295
Subtotal			-	-	38,878	40,395
Total			-	-	550,137	647,973

(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.	14th fiscal period				15th fiscal period			
			From: May. 1, 2021		To: Oct. 31, 2021		From: Nov 1, 2021		To: Apr. 30, 2022	
			Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen)(Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)	Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen)(Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)
Residence	R-001	Esty Maison Ginza	1	95.7	177	1.2	1	98.1	178	1.2
	R-002	Esty Maison Azabunagasaka	1	90.3	48	0.3	1	89.7	46	0.3
	R-003	Esty Maison Ebisu II	1	96.8	58	0.4	1	94.7	56	0.4
	R-004	Esty Maison Ebisu	1	92.1	23	0.2	1	88.9	21	0.1
	R-005	Esty Maison Kanda	1	94.8	43	0.3	1	94.8	44	0.3
	R-006	Esty Maison Kitashinjuku	1	92.2	44	0.3	1	89.9	44	0.3
	R-007	Esty Maison Asakusakomagata	1	97.4	65	0.5	1	91.1	64	0.4
	R-008	Esty Maison Kawasaki	1	96.7	76	0.5	1	98.6	77	0.5
	R-010	Esty Maison Kameido	1	94.9	52	0.4	1	95.9	53	0.4
	R-011	Esty Maison Meguro	1	92.4	29	0.2	1	95.0	30	0.2
	R-012	Esty Maison Sugamo	1	97.1	50	0.4	1	97.2	49	0.3
	R-013	Esty Maison Kyobashi	1	94.7	85	0.6	1	97.8	86	0.6
	R-014	Esty Maison Hakuraku	1	100.0	30	0.2	1	96.5	31	0.2
	R-015	Esty Maison Minamihorie	1	98.4	34	0.2	1	94.2	33	0.2
	R-016	Esty Maison Gotanda	1	96.8	91	0.6	1	98.9	96	0.7
	R-017	Esty Maison Oisendaizaka	1	94.7	76	0.5	1	93.9	77	0.5
	R-018	Esty Maison Shinagawa Seaside	1	96.5	63	0.4	1	94.1	64	0.4
	R-019	Esty Maison Minamiazabu	1	90.4	34	0.2	1	96.2	33	0.2
	R-020	Esty Maison Tsukamoto ^(Note 5)	—	—	24	0.2	—	—	—	—
	R-021	Esty Maison Kawasaki II	1	94.3	62	0.4	1	99.2	63	0.4
	R-022	Esty Maison Azabujuban	1	98.3	66	0.5	1	94.0	65	0.4
	R-023	Esty Maison Itabashihoncho	1	98.5	29	0.2	1	95.4	30	0.2
	R-024	Esty Maison Oizumigakuen ^(Note 5)	—	—	16	0.1	—	—	—	—
	R-025	Esty Maison Higashishinagawa ^(Note 5)	—	—	43	0.3	—	—	—	—
	R-026	Esty Maison Itabashikuyakush omae ^(Note 5)	—	—	43	0.3	—	—	—	—
	R-027	Esty Maison Musashikoyama	1	98.3	31	0.2	1	95.9	30	0.2
	R-028	Esty Maison Sendagi	1	94.9	22	0.2	1	97.3	22	0.2
	R-029	Esty Maison Yotsuyasakamachi ^(Note 5)	—	—	36	0.3	—	—	—	—
	R-030	Esty Maison Hakatahigashi	1	99.5	86	0.6	1	97.7	86	0.6

Usage type	Property number	Name of real estate, etc.	14th fiscal period From: May. 1, 2021 To: Oct. 31, 2021				15th fiscal period From: Nov 1, 2021 To: Apr. 30, 2022			
			Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)	Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)
Residence	R-031	Esty Maison Kamigofuku ^(Note 5)	—	—	17	0.1	—	—	—	—
	R-033	Prime Maison Musashinonomori	1	98.6	67	0.5	1	92.6	67	0.5
	R-034	Prime Maison Higashisakura	1	98.5	51	0.4	1	96.5	51	0.4
	R-035	Prime Maison Kayabakoen	1	100.0	29	0.2	1	92.8	30	0.2
	R-036	Esty Maison Sangenjaya II	1	100.0	24	0.2	1	92.2	23	0.2
	R-037	Esty Maison Itabashi C6	1	94.1	75	0.5	1	97.4	78	0.5
	R-038	Sha Maison Stage Hakata	1	100.0	94	0.7	1	100.0	96	0.7
	R-039	Esty Maison Kinshicho	1	100.0	36	0.3	1	91.7	35	0.2
	R-040	Esty Maison Musashikoganei	1	99.0	54	0.4	1	100.0	56	0.4
	R-041	Prime Maison Gokiso	1	98.3	64	0.4	1	98.3	64	0.4
	R-042	Prime Maison Yuhigaoka	1	96.4	29	0.2	1	100.0	30	0.2
	R-043	Prime Maison Kitatanabe	1	93.2	23	0.2	1	100.0	23	0.2
	R-044	Prime Maison Momochihama	1	100.0	69	0.5	1	100.0	69	0.5
	R-045	Esty Maison Akihabara	1	94.9	67	0.5	1	91.2	55	0.4
	R-046	Esty Maison Sasazuka	1	97.5	90	0.6	1	98.0	90	0.6
	R-047	Prime Maison Ginza East	1	90.9	171	1.2	1	94.4	172	1.2
	R-048	Prime Maison Takami	1	100.0	33	0.2	1	100.0	33	0.2
	R-049	Prime Maison Yadaminami	1	100.0	28	0.2	1	100.0	29	0.2
	R-050	Prime Maison Teriha	1	100.0	51	0.4	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	88.1	36	0.3	1	98.7	37	0.3
	R-053	Esty Maison Daizawa	1	98.8	63	0.4	1	91.0	61	0.4
	R-054	Esty Maison Togoshi	1	96.8	50	0.4	1	97.8	50	0.3
	R-055	Esty Maison Nishitemma	1	93.9	49	0.3	1	93.9	52	0.4
	R-056	Esty Maison Shirokanedai	1	93.9	69	0.5	1	96.1	70	0.5
	R-057	Esty Maison Higashishinjuku	1	96.0	46	0.3	1	98.2	49	0.3
	R-058	Esty Maison Motoazabu	1	100.0	38	0.3	1	100.0	43	0.3
	R-059	Esty Maison Toritsudaigaku	1	96.0	23	0.2	1	94.9	23	0.2
	R-060	Esty Maison Musashikoyama II	1	97.8	30	0.2	1	97.8	29	0.2

Usage type	Property number	Name of real estate, etc.	14th fiscal period From: May. 1, 2021 To: Oct. 31, 2021				15th fiscal period From: Nov 1, 2021 To: Apr. 30, 2022			
			Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)	Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)
Residence	R-061	Esty Maison Nakano	1	98.9	53	0.4	1	98.9	53	0.4
	R-062	Esty Maison Shinnakano	1	91.6	27	0.2	1	100.0	30	0.2
	R-063	Esty Maison Nakanofujimicho	1	94.4	29	0.2	1	100.0	28	0.2
	R-064	Esty Maison Tetsugakudo	1	97.0	34	0.2	1	91.5	34	0.2
	R-065	Esty Maison Koenji	1	96.7	33	0.2	1	96.6	33	0.2
	R-066	Esty Maison Oshiage	1	98.3	70	0.5	1	96.3	72	0.5
	R-067	Esty Maison Akabane	1	97.6	96	0.7	1	98.2	94	0.6
	R-068	Esty Maison Oji	1	95.5	48	0.3	1	92.0	46	0.3
	R-069	Prime Maison Waseda	1	89.3	44	0.3	1	92.4	41	0.3
	R-070	Prime Maison Hatchobori	1	91.2	38	0.3	1	93.1	36	0.2
	R-071	Prime Maison Jimbocho	1	97.3	51	0.4	1	94.8	51	0.3
	R-072	Prime Maison Gotenyama East	1	95.9	91	0.6	1	95.9	90	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	93.4	64	0.4	1	98.8	71	0.5
	R-075	Esty Maison Yakuin	1	98.1	74	0.5	1	98.4	75	0.5
	R-076	Esty Maison Kinshicho II	1	96.2	223	1.5	1	97.1	223	1.5
	R-077	Esty Maison Ojima	1	96.4	243	1.7	1	93.2	242	1.6
	R-078	Prime Maison Fujimidai	1	98.6	72	0.5	1	98.5	74	0.5
	R-079	Esty Maison Tsurumai	1	100.0	155	1.1	1	100.0	155	1.1
	R-080	Prime Maison Morishita	1	97.7	55	0.4	1	94.3	58	0.4
	R-081	Prime Maison Shinagawa	1	100.0	57	0.4	1	93.9	56	0.4
	R-082	Prime Maison Odorikoen	1	91.0	115	0.8	1	88.8	110	0.7
	R-083	Prime Maison Minami 2-jo	1	100.0	73	0.5	1	99.3	75	0.5
	R-084	Prime Maison Kamokamogawa	1	95.3	47	0.3	1	97.2	48	0.3
	R-085	Prime Maison Central Park	1	98.7	89	0.6	1	94.7	88	0.6
	R-086	Sha Maison Stage Yaihiro	1	100.0	56	0.4	1	100.0	56	0.4
	R-087	Prime Maison Ebisu	1	99.2	110	0.8	1	96.4	112	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
	R-090	Esty Maison Kohoku Tsunashima ^(Note 5)	—	—	47	0.3	—	—	—	—

Usage type	Property number	Name of real estate, etc.	14th fiscal period From: May. 1, 2021 To: Oct. 31, 2021				15th fiscal period From: Nov 1, 2021 To: Apr. 30, 2022			
			Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen)(Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)	Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen)(Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)
Residence	R-091	Sha Maison Stage Hino	1	99.0	49	0.3	1	100.0	51	0.4
	R-092	Prime Maison Yokohama Nihon-	1	97.8	139	1.0	1	94.3	139	0.9
	R-093	Kobe Women's Student Housing	1	98.9	221	1.5	1	98.9	219	1.5
	R-094	Prime Maison Shibuya	1	93.6	62	0.4	1	93.4	60	0.4
	R-095	Prime Maison Hatsudai	1	97.4	80	0.6	1	98.3	81	0.6
	R-096	Esty Maison Uemachidai	1	100.0	33	0.2	1	95.7	34	0.2
	R-097	Esty Maison Kobe-sannomiya (Note 5)	—	—	18	0.1	—	—	—	—
	R-098	Prime Maison Shirokane-	1	91.1	115	0.8	1	94.4	115	0.8
	R-099	Prime Maison Ichigayayamabush	1	88.0	102	0.7	1	87.9	95	0.6
	R-100	Esty Maison Morishita	1	100.0	19	0.1	1	100.0	18	0.1
	R-101	Prime Maison Shirokanedai	1	94.3	226	1.6	1	97.0	230	1.6
	R-102	Prime Maison Otsuka	1	93.5	109	0.8	1	91.7	110	0.8
	R-103	Prime Maison Asakusabashi	1	89.8	49	0.3	1	93.6	50	0.3
	R-104	Prime Maison Daikanvama	1	91.6	68	0.5	1	95.5	72	0.5
	R-105	Prime Maison Gotenvama West	1	93.3	113	0.8	1	100.0	121	0.8
	R-106	Esty Maison Toyosu Residence	1	95.9	471	3.3	1	94.9	474	3.2
	R-107	Esty Maison Kokura (Note 5)	—	—	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	89.5	49	0.3	1	89.4	51	0.3
	R-110	Prime Maison Hongo	1	93.3	67	0.5	1	89.2	66	0.5
	R-111	Prime Maison Kuramae	1	95.8	59	0.4	1	94.3	57	0.4
	R-112	Esty Maison Yokohama-	1	100.0	86	0.6	1	100.0	86	0.6
	R-113	Esty Maison Shizuoka Takajo	1	100.0	23	0.2	1	100.0	23	0.2
	R-114	Sha Maison StageHirose-dori	1	100.0	29	0.2	1	100.0	29	0.2
	R-115	Esty Maison HIGASHIBETSU	1	100.0	69	0.5	1	100.0	69	0.5
	R-116	Esty Maison Kayaba	1	96.2	30	0.2	1	100.0	30	0.2
	R-117	Esty Maison SHIRAKABE	1	100.0	20	0.1	1	100.0	20	0.1
	R-118	Prime Maison Shimokitazawa	1	98.3	19	0.1	1	81.9	57	0.4
	R-119	Prime Maison Meguro	1	92.6	15	0.1	1	96.4	49	0.3
	R-120	Prime Maison Rvogoku	1	91.0	11	0.1	1	96.7	36	0.2
	R-121	Prime Maison Nakameguro	—	—	—	—	1	95.4	110	0.8
	R-122	Prime Maison Itabashi	—	—	—	—	1	92.4	50	0.3
	Subtotal		12	96.8	7,671	53.0	12	96.5	7,690	52.1

Usage type	Property number	Name of real estate, etc.	14th fiscal period From: May. 1, 2021 To: Oct. 31, 2021				15th fiscal period From: Nov 1, 2021 To: Apr. 30, 2022			
			Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)	Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)
Office building	O-001	Garden City Shinagawa Gotenyama	1	95.5	1,895	13.1	1	98.6	1,837	12.5
	O-002	Gotenyama SH Building	1	100.0	1,089	7.5	1	100.0	1,088	7.4
	O-003	Hommachi Minami Garden City	1	100.0	1,299	9.0	1	100.0	1,303	8.8
	O-004	Hommachi Garden City (Office building portion)	1	100.0	903	6.2	1	100.0	903	6.1
	O-005	HK Yodoyabashi Garden Avenue	1	100.0	165	1.1	1	100.0	163	1.1
	O-006	Hirokoji Garden Avenue	1	100.0	213	1.5	1	100.0	206	1.4
	O-007	Akasaka Garden City	1	87.8	617	4.3	1	89.4	944	6.4
Subtotal			4	97.4	6,184	42.7	4	97.9	6,448	43.7
Hotel	H-001	Hommachi Garden City (Hotel portion)	1	100.0	402	2.8	1	100.0	402	2.7
	H-002	The Ritz-Carlton, Kyoto	1	100.0	215	1.5	1	100.0	215	1.5
Subtotal			2	100.0	618	4.3	2	100.0	618	4.2
Total			17	97.2	14,474	100.0	17	97.0	14,756	100.0

(Note 1) “Total number of tenants” refers to the sum total of the number of tenants under, and indicated in, the respective lease agreements for each property that are valid as of the end of fiscal period under review (or, if a master lease agreement that is valid as of the end of each fiscal period has been concluded for the property, the number of lessees under the master lease agreement). In the “Subtotal” and “Total” columns, however, a tenant that leases spaces in multiple properties is counted as one. Furthermore, of the office buildings, the total number of end tenants for Garden City Shinagawa Gotenyama, Hommachi Minami Garden City, HK Yodoyabashi Garden Avenue, Hirokoji Garden Avenue and Akasaka Garden City where pass-through type master lease agreements have been concluded is 17, 16, 8, 7 and 17, respectively as of the end of the 14th fiscal period (from May 1, 2021 to Oct. 31, 2021) and 18, 16, 8, 7 and 20, respectively as of the end of the 15th fiscal period (from Nov. 1, 2021 to Apr. 30, 2022).

(Note 2) “Occupancy rate” refers to the ratio of leased area to leasable area of each property as of the end of each fiscal period, rounded to the nearest first decimal place. The figures indicated in the “Subtotal” columns are the ratio of the subtotal of leased area of each property classified by usage type to the subtotal of leasable area of each property classified by usage type, and the figure indicated in the “Total” column is the ratio of the 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 property in the above table indicate the figures for the duration SHR owned them in the 14th fiscal period (from May. 1, 2021 to Oct. 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) (Note 1)		Fair value (thousand yen) (Note 2)
			Amount due after 1 year	
Transaction other than market transaction	Interest rate swap transaction (Under which floating interest rates are receivable and fixed interest rates are payable)	19,150,000	6,650,000	(33,897)
Transaction other than market transaction	Interest rate swap transaction (Under which floating interest rates are receivable and fixed interest rates are payable)	122,661,000	115,961,000	—(Note 3)
Total		141,811,000	122,611,000	(33,897)

(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) (Note)		
			Total amount	Payment for the fiscal period under review	Amount already paid
Prime Maison Ginza East (Tsukiji, Chuo-ku, Tokyo)	Large-scale repairs	From: May 2022 To: October 2022	150	—	—
Esty Maison Akabane (Akabane, Kita-ku, Tokyo)	Large-scale repairs	From: November 2022 To: April 2023	149	—	—
Prime Maison Higashisakura (Higashisakura, Higashi-ku, Nagoya-shi, Aichi)	Large-scale repairs	From: May 2022 To: October 2022	123	—	—
Sha Maison Stage Hino (Shinmachi, Hino-shi, Tokyo)	Large-scale repairs	From: November 2022 To: April 2023	94	—	—
Esty Maison Ijiri (Ijiri, Minami-ku, Fukuoka-shi, Fukuoka)	Large-scale repairs	From: November 2022 To: April 2023	64	—	—

(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 700 million yen and, together with 336 million yen of repair expenses charged to expenses in the fiscal period under review, work amounting to 1,037 million yen was implemented.

Name of real estate, etc. (location)	Purpose	Period	Payment amount (million yen)
Esty Maison Minamihorie (Minamihorie, Nishi-ku, Osaka-shi, Osaka)	Large-scale repair	From: November 2021 To: March 2022	82
Esty Maison Itabashihoncho (Yamato-cho, Itabashi-ku, Tokyo)	Large-scale repair	From: November 2021 To: March 2022	83
Esty Maison Ginza (Ginza, Chuo-ku, Tokyo)	Large-scale repair	From: October 2021 To: April 2022	132
Sha Maison Stage Akihabara (Kanda Sakumagashi, Chiyoda-ku, Tokyo)	Large-scale repair	From: January 2022 To: April 2022	48
Other capital expenditures			355
Total			700

3. Cash Reserves for Long-Term Repair Plans

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

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

Condition of Expenses and Debts

1. Details of Expenses Pertaining to Management, etc.

(Unit: thousand yen)

Item	14th fiscal period From: May 1, 2021 To: Oct. 31, 2021	15th fiscal period From: Nov. 1, 2021 To: Apr. 30, 2022
Asset management fee	1,308,717	910,076
Asset custody fee	10,398	10,387
Administrative service fees	48,320	48,100
Directors' compensations	3,600	3,600
Other expenses	373,112	266,326
Total	1,744,149	1,238,491

(Note) In addition to the amounts shown above, the asset management fees contain 51,450 thousand yen for the 14th fiscal period 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)	Book value (million yen)	Gain (Loss) on sale (million yen)
Akasaka Garden City (second acquisition portion)	November 1, 2021	21,300	—	—	—	—
Prime Maison Nakameguro	February 1, 2022	10,000	—	—	—	—
Prime Maison Itabashi	February 1, 2022	4,800	—	—	—	—
Total	—	36,100	—	—	—	—

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

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

Not applicable.

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

3. Investigation into Value, etc. of Specified Assets

- (1) Real Estate, etc. (Appraisal)

Acquisition or Disposition	Name of real estate, etc.	Transaction date	Type of asset	Acquisition/disposition price (million yen)	Appraisal value (million yen) (Note)	Appraiser	Date of appraisal
Acquisition	Akasaka Garden City (second acquisition portion)	November 1, 2021	Real estate trust beneficiary interests	21,300	21,700	Chuo Real Estate Appraisal Co., Ltd.	September 1, 2021
	Prime Maison Nakameguro	February 1, 2022	Real estate trust beneficiary interests	10,000	10,300	Tanizawa Sogo Appraisal Co., Ltd.	July 1, 2021
	Prime Maison Itabashi	February 1, 2022	Real estate trust beneficiary interests	4,800	4,810	Tanizawa Sogo Appraisal Co., Ltd.	July 1, 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

Concerning transactions requiring investigations into the value, etc. of specified assets pursuant to Article 201, Paragraph 2 of the Investment Trusts Act, Akasaka Audit LLC has conducted the investigations pursuant to Practical Guidelines for Specialized Operations 4460 “Practical Guidelines for Agreed-Upon Procedures Pertaining to Investigation into the Value, etc. of Specified Assets of Investment Trusts and Investment Corporations” published by The Japanese Institute of Certified Public Accountants, and SHR has been notified of the results of the investigations.

The transactions subject to investigations in the fiscal period under review were three interest rate swap transactions. For the transactions, investigations into the name of the counterparty to the transaction, the type

of financial instrument or financial indicator involved, the transaction period, other matters concerning the content of the over-the-counter transaction of derivatives, etc. have been entrusted.

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

(1) Status of Transactions

Category	Amount of purchase and sale, etc.			
	Amount of purchase, etc.		Amount of sale, etc.	
Total amount	36,100 million yen		－ million yen	
Breakdown of status of transactions with interested persons, etc.				
Yagenzaka Special Purpose Company	21,300 million yen	[59.0%]	－ million yen	[－ %]
Sekisui House, Ltd.	14,800 million yen	[41.0%]	－ 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)	1,038,082	Sekisui House Real Estate Tokyo, Ltd.	435,826	42.0
		Sekisui House Real Estate Chubu, Ltd.	68,615	6.6
		Sekisui House GM Partners, Ltd.	50,132	4.8
		Sekisui House, Ltd.	26,400	2.5
		Sekisui House Real Estate Kyushu, Ltd.	18,538	1.8
		Sekisui House Real Estate Kansai, Ltd.	3,462	0.3
		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.	289,749 thousand yen
Sekisui House, Ltd.	213,278 thousand yen
Sekisui House Real Estate Chubu, Ltd.	73,387 thousand yen
Sekisui House GM Partners, Ltd.	21,729 thousand yen
Sekisui House Real Estate Kyushu, Ltd.	18,245 thousand yen
Sekisui House Real Estate Tohoku, Ltd.	3,326 thousand yen
Sekisui House Real Estate Kansai, Ltd.	1,951 thousand yen

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

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

Other Information

1. Notice

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

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

(2) Fraction of Amounts and Ratios

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

1. Financial Statements

(1) Balance Sheet

(Thousands of yen)

	14th Fiscal Period (As of October 31, 2021)	15th Fiscal Period (As of April 30, 2022)
Assets		
Current assets		
Cash and deposits	23,040,298	11,154,608
Cash and deposits in trust	15,051,403	16,033,132
Operating accounts receivable	164,021	188,420
Prepaid expenses	234,965	259,778
Other	35,114	159,040
Allowance for doubtful accounts	(1,914)	(1,022)
Total current assets	38,523,889	27,793,958
Non-current assets		
Property, plant and equipment		
Buildings in trust	172,993,457	180,182,133
Accumulated depreciation	(19,081,364)	(21,399,288)
Buildings in trust, net	153,912,093	158,782,845
Structures in trust	1,570,228	1,587,002
Accumulated depreciation	(270,436)	(302,079)
Structures in trust, net	1,299,791	1,284,922
Machinery and equipment in trust	2,277,190	2,424,138
Accumulated depreciation	(330,564)	(385,167)
Machinery and equipment in trust, net	1,946,626	2,038,970
Vehicles in trust	153	153
Accumulated depreciation	(153)	(153)
Vehicles in trust, net	0	0
Tools, furniture and fixtures in trust	664,503	774,779
Accumulated depreciation	(158,552)	(218,587)
Tools, furniture and fixtures in trust, net	505,950	556,192
Land in trust	355,167,709	385,124,884
Construction in progress in trust	—	12,859
Total property, plant and equipment	512,832,171	547,800,674
Intangible assets		
Leasehold rights in trust	2,374,044	2,348,619
Other	3,361	4,876
Total intangible assets	2,377,406	2,353,495
Investments and other assets		
Lease and guarantee deposits	801,516	801,516
Long-term prepaid expenses	564,888	641,322
Other	358,970	369,782
Total investments and other assets	1,725,376	1,812,621
Total non-current assets	516,934,954	551,966,791
Deferred assets		
Investment corporation bond issuance costs	136,439	121,255
Investment unit issuance costs	49,715	49,105
Total deferred assets	186,154	170,361
Total assets	555,644,998	579,931,111

(Thousands of yen)

	14th Fiscal Period (As of October 31, 2021)	15th Fiscal Period (As of April 30, 2022)
Liabilities		
Current liabilities		
Operating accounts payable	1,071,071	835,543
Short-term loans payable	—	13,700,000
Current portion of investment corporation bonds	3,000,000	3,000,000
Current portion of long-term loans payable	39,230,000	23,500,000
Accounts payable – other	1,502,916	1,043,814
Accrued expenses	201,082	190,432
Income taxes payable	582	580
Accrued consumption taxes	492,221	—
Advances received	688,358	697,331
Derivatives liabilities	37,980	26,049
Other	57,492	34,121
Total current liabilities	46,281,705	43,027,874
Non-current liabilities		
Investment corporation bonds	31,500,000	31,500,000
Long-term loans payable	176,212,000	191,942,000
Tenant leasehold and security deposits in trust	13,950,345	14,669,870
Derivatives liabilities	49,396	7,847
Other	8,783	871
Total non-current liabilities	221,720,526	238,120,589
Total liabilities	268,002,231	281,148,463
Net assets		
Unitholders' equity		
Unitholders' capital	149,210,081	161,283,304
Surplus		
Capital surplus	128,598,415	128,598,415
Voluntary reserve		
Reserve for reduction entry	726,488	388,798
Reserve for special account for reduction entry	—	1,195,848
Reserve for temporary difference adjustments	675,138	604,535
Total voluntary reserve	1,401,626	2,189,182
Unappropriated retained earnings	8,520,020	6,745,643
Total surplus	138,520,062	137,533,240
Total unitholders' equity	287,730,143	298,816,545
Valuation and translation adjustments		
Deferred gains or losses on hedges	(87,376)	(33,897)
Total valuation and translation adjustments	(87,376)	(33,897)
Total net assets (Note 5)	287,642,766	298,782,647
Total liabilities and net assets	555,644,998	579,931,111

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

(2) Statement of Income and Retained Earnings

(Thousands of yen)

	14th Fiscal Period (From May 1, 2021 to October 31, 2021)	15th Fiscal Period (From November 1, 2021 to April 30, 2022)
Operating revenue		
Rent revenue – real estate (Note 5)	14,065,955	14,355,305
Other lease business revenue (Note 5)	408,122	401,481
Gain on sale of real estate properties (Note 5)	2,817,273	—
Total operating revenue	17,291,351	14,756,787
Operating expenses		
Expenses related to rent business (Note 5)	5,769,153	5,892,357
Loss on sale of real estate properties (Note 5)	364,362	—
Asset management fees	1,308,717	910,076
Asset custody fees	10,398	10,387
Administrative service fees	48,320	48,100
Directors' compensation	3,600	3,600
Bad debt expenses	—	154
Other operating expenses	373,112	266,172
Total operating expenses	7,877,666	7,130,848
Operating income	9,413,685	7,625,938
Non-operating income		
Interest income	147	160
Reversal of distribution payable	649	693
Reversal of allowance for doubtful accounts	—	892
Total non-operating income	797	1,745
Non-operating expenses		
Interest expenses	647,886	609,966
Interest expenses on investment corporation bonds	77,935	77,431
Borrowing related expenses	107,191	124,916
Amortization of investment unit issuance costs	42,613	51,013
Amortization of investment corporation bond issuance costs	15,183	15,183
Other	3,046	2,924
Total non-operating expenses	893,857	881,435
Ordinary income	8,520,625	6,746,248
Income before income taxes	8,520,625	6,746,248
Income taxes – current	605	605
Total income taxes	605	605
Net income	8,520,020	6,745,643
Unappropriated retained earnings	8,520,020	6,745,643

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

(3) Statement of Changes in Net Assets

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 6)	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 6)	138,520,062	287,730,143	(87,376)	(87,376)	287,642,766

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus	Voluntary reserve			
			Reserve for reduction entry	Reserve for special account for reduction entry	Reserve for temporary difference adjustments	Total voluntary reserve
Balance at beginning of period	149,210,081	128,598,415	726,488	—	675,138	1,401,626
Changes of items during period						
Issuance of new investment units	12,073,223					
Reversal of reserve for reduction entry			(337,690)			(337,690)
Provision of reserve for special account for reduction entry				1,195,848		1,195,848
Reversal of reserve for temporary difference adjustments					(70,602)	(70,602)
Distribution from surplus						
Net income						
Net changes of items other than unitholders' equity						
Total changes of items during period	12,073,223	—	(337,690)	1,195,848	(70,602)	787,555
Balance at end of period (Note 6)	161,283,304	128,598,415	388,798	1,195,848	604,535	2,189,182

(Thousands of yen)

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

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

(4) Statement of Cash Distributions

Item	14th Fiscal Period (From May 1, 2021 to October 31, 2021)	15th Fiscal Period (From November 1, 2021 to April 30, 2022)
I . Unappropriated retained earnings	8,520,020,261yen	6,745,643,069yen
II . Reversal of voluntary reserve		
Reversal of reserve for reduction entry	337,690,182yen	590,923,444yen
Reversal of reserve for temporary difference adjustments (Note 7)	70,602,414yen	187,497,321yen
III . Cash distributions	7,732,464,798yen	7,524,063,834yen
[Cash distributions per unit]	[1,803yen]	[1,698yen]
IV . Voluntary reserve		
Provision of reserve for reduction entry (Note 7)	1,195,848,059yen	— yen
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 7,732,464,798 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>	<p>The basic policy is to distribute in excess of an amount equivalent to 90% of the amount of earnings available for distribution of SHR provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation as set forth in Article 46, Paragraph 1, Item 2 of the Articles of Incorporation of SHR.</p> <p>Based on such policy, SHR decided to distribute 7,524,063,834 yen, which is obtained by adding a reversal of the reserve for temporary difference adjustments (187,497,321yen) and a reversal of the reserve for reduction entry (590,923,444 yen) to unappropriated retained earnings, as distribution of earnings.</p> <p>SHR will not distribute cash in excess of earnings as set forth in Article 46, Paragraph 2 of the Articles of Incorporation of SHR.</p>

(5) Statement of Cash Flows

(Thousands of yen)

	14th Fiscal Period (From May 1, 2021 to October 31, 2021)	15th Fiscal Period (From November 1, 2021 to April 30, 2022)
Cash flows from operating activities		
Income before income taxes	8,520,625	6,746,248
Depreciation and amortization	2,456,359	2,490,587
Amortization of investment corporation bond issuance costs	15,183	15,183
Amortization of investment unit issuance costs	42,613	51,013
Interest income	(147)	(160)
Interest expenses	725,822	687,397
Decrease (increase) in operating accounts receivable	8,739	(24,399)
Decrease (increase) in consumption taxes receivable	—	(156,161)
Decrease (increase) in prepaid expenses	5,079	(24,812)
Decrease (increase) in long-term prepaid expenses	31,864	(76,433)
Increase (decrease) in operating accounts payable	237,832	(128,589)
Increase (decrease) in accounts payable – other	317,338	(459,575)
Increase (decrease) in accrued consumption taxes	262,314	(492,221)
Increase (decrease) in advances received	1,836	8,972
Decrease due to sale of property, plant and equipment in trust	14,118,910	—
Other, net	(37,497)	33,923
Subtotal	26,706,872	8,670,970
Interest income received	147	160
Interest expenses paid	(762,781)	(731,910)
Income taxes paid	(605)	(606)
Net cash provided by operating activities	25,943,633	7,938,613
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(7,217,500)	(37,539,645)
Purchase of intangible assets in trust	(128)	—
Purchase of intangible assets	—	(2,472)
Payments for lease and guarantee deposits	(10,801)	—
Proceeds from tenant leasehold and security deposits in trust	234,296	1,027,185
Repayments of tenant leasehold and security deposits in trust	(402,363)	(307,660)
Decrease (increase) in other investments	38,012	(10,811)
Net cash provided by (used in) investing activities	(7,358,485)	(36,833,404)
Cash flows from financing activities		
Proceeds from short-term loans payable	—	13,700,000
Repayments of short-term loans payable	(3,000,000)	—
Proceeds from long-term loans payable	8,760,000	26,830,000
Repayments of long-term loans payable	(10,760,000)	(26,830,000)
Proceeds from issuance of investment corporation bonds	1,980,375	—
Proceeds from issuance of investment units	—	12,022,819
Dividends paid	(7,182,607)	(7,731,990)
Net cash provided by (used in) financing activities	(10,202,232)	17,990,829
Net increase (decrease) in cash and cash equivalents	8,382,915	(10,903,961)
Cash and cash equivalents at beginning of period	29,708,786	38,091,702
Cash and cash equivalents at end of period (Note 8)	38,091,702	27,187,740

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	<p>(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:</p> <table><tr><td>Buildings</td><td>3-69 years</td></tr><tr><td>Structures</td><td>6-52 years</td></tr><tr><td>Machinery and equipment</td><td>8-61 years</td></tr><tr><td>Vehicles in trust</td><td>2 years</td></tr><tr><td>Tools, furniture and fixtures</td><td>2-15 years</td></tr></table> <p>(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.</p> <p>(3) Long-term prepaid expenses Long-term prepaid expenses are amortized utilizing the straight-line method.</p>	Buildings	3-69 years	Structures	6-52 years	Machinery and equipment	8-61 years	Vehicles in trust	2 years	Tools, furniture and fixtures	2-15 years
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. Accounting for deferred assets	<p>(1) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods.</p> <p>(2) Investment unit issuance costs Investment unit issuance costs are amortized utilizing the straight-line method (over 3 years).</p>										

3. Standards for recording allowance	<p>Allowance for doubtful accounts</p> <p>To prepare for possible losses arising from default on receivables, the estimated uncollectable amount is recorded by examining collectability on a case-by-case basis for doubtful and other specific receivables.</p>
4. Standards for revenue and expense recognition	<p>(1)Revenue recognition</p> <p>The details of the main performance obligations relating to revenue arising from contracts with customers and the timing (usual timing of revenue recognition) when such performance obligations are satisfied are as follows.</p> <p>1) Sale of real estate, etc.</p> <p>With regard to the sale of real estate, etc., income is calculated based on when the buyer gains control over the real estate, etc., at the point in time the delivery obligation stipulated in the contract relating to the sale of the real estate is satisfied.</p> <p>2) Utilities revenue</p> <p>Utilities revenue mainly represents water utility revenue. With regard to water utility revenue, revenue is calculated based on the provision of electricity, water, etc. to lessees, as customers, under lease contracts for real estate, etc., and the agreements that are attached to the contracts.</p> <p>As for the water utility revenue when SHR is deemed to be acting as an agent in the transaction, revenue is recognized at the net amount after deducting the amount to be paid to other parties from the amount received as the payment for electricity, gas, etc. supplied by those other parties.</p> <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</p> <p>In accounting for property tax, city planning tax, depreciable asset tax, etc. on real estate, etc., of the tax amount assessed and determined, the amount corresponding to the applicable calculation period is expensed as expenses related to rent business.</p> <p>Reimbursement of property tax, paid to the seller upon the acquisition of real estate or trust beneficiary interests of real estate as assets in trust, is not recognized as expenses related to rent business in the corresponding fiscal period but included in the acquisition cost of the property.</p> <p>Property taxes capitalized as a part of the acquisition cost amounted to 12,201 thousand yen for the 15th fiscal period and 4,274 thousand yen for the 14th 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	<p>The funds (cash and cash equivalents) in the statement of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p>
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> <ol style="list-style-type: none"> 1) Cash and deposits in trust 2) Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust; Leasehold rights in trust 3) Tenant leasehold and security deposits in trust

4. Notes to Balance Sheet

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

(Thousands of yen)

14th Fiscal Period (As of October 31, 2021)	15th Fiscal Period (As of April 30, 2022)
50,000	50,000

2. Commitment line agreement

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

(Thousands of yen)

	14th Fiscal Period (As of October 31, 2021)	15th Fiscal Period (As of April 30, 2022)
Total amount of commitment line	15,000,000	15,000,000
Balance executed as loans	—	—
Unused line of credit	15,000,000	15,000,000

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

(Thousands of yen)

	14th Fiscal Period (As of October 31, 2021)	15th Fiscal Period (As of April 30, 2022)
Gain on negative goodwill (*)		
Initial amount	1,556,827	1,556,827
Balance at beginning of period	832,707	675,138
Reserve amount during period	—	—
Reversal amount during period	157,569	70,602
Balance at end of period	675,138	604,535
Reason for reserve and reversal	Appropriated for distributions	Appropriated for distributions

(*) Reserve of a part of gain on negative goodwill that arose in the previous fiscal period; SHR plans to drawdown at least 1% of the reserve for each fiscal period (corresponding to the amount of the reserve expensed equally over 50 years) and appropriate the amount for cash distributions, starting from the fiscal period following the fiscal period in which the reserve was made.

5. Notes to Statement of Income and Retained Earnings

1. Breakdown of property-related operating revenue and expenses

	(Thousands of yen)			
	14th Fiscal Period (From May 1, 2021 to October 31, 2021)		15th Fiscal Period (From November 1, 2021 to April 30, 2022)	
A. Property-related operating revenue				
Rent revenue – real estate				
Rental income	13,723,818		14,008,141	
Other	342,137	14,065,955	347,164	14,355,305
Other lease business revenue				
Utilities revenue	186,534		180,119	
Other	221,588	408,122	221,361	401,481
Total property-related operating revenue		14,474,077		14,756,787
B. Property-related operating expenses				
Expenses related to rent business				
Subcontract expenses	566,204		569,716	
Property management fees	432,691		468,688	
Trust fees	41,461		44,248	
Utilities expenses	272,573		311,649	
Property and other taxes	1,028,390		1,017,039	
Insurance expenses	17,777		17,407	
Repair expenses	370,952		336,792	
Depreciation	2,455,615		2,489,720	
Other expenses related to rent business	583,485	5,769,153	637,094	5,892,357
Total property-related operating expenses		5,769,153		5,892,357
C. Property-related operating income [A – B]		8,704,924		8,864,429

2. Breakdown of gain on sale of real estate properties

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

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

Not applicable.

6. Notes to Statement of Changes in Net Assets

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

	14th Fiscal Period (From May 1, 2021 to October 31, 2021)	15th Fiscal Period (From November 1, 2021 to April 30, 2022)
Total number of authorized investment units	20,000,000units	20,000,000units
Total number of investment units issued	4,288,666units	4,431,133units

7. Notes to Statement of Cash Distributions

Reserve for temporary difference adjustments

14th Fiscal Period (From May 1, 2021 to October 31, 2021)	15th Fiscal Period (From November 1, 2021 to April 30, 2022)
With regard to the reserve for temporary difference adjustments, SHR plans to drawdown at least 1% of the reserve for each fiscal period (corresponding to the amount of the reserve expensed equally over 50 years) and appropriate the amount for cash distributions, starting from the fiscal period following the fiscal period in which the reserve was made. SHR decided to drawdown 70,602,414 yen for the 14th 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 187,497,321 yen for the 15th fiscal period.

8. Notes to Statement of Cash Flows

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

(Thousands of yen)

	14th Fiscal Period (From May 1, 2021 to October 31, 2021)	15th Fiscal Period (From November 1, 2021 to April 30, 2022)
Cash and deposits	23,040,298	11,154,608
Cash and deposits in trust	15,051,403	16,033,132
Cash and cash equivalents	38,091,702	27,187,740

9. Lease Transactions

Operating lease transactions as lessee

Future minimum lease payments

(Thousands of yen)

	14th Fiscal Period (As of October 31, 2021)	15th Fiscal Period (As of April 30, 2022)
Due within 1 year	418,128	418,944
Due after 1 year	19,760,937	19,587,867
Total	20,179,065	20,006,811

Operating lease transactions as lessor

Future minimum lease income

(Thousands of yen)

	14th Fiscal Period (As of October 31, 2021)	15th Fiscal Period (As of April 30, 2022)
Due within 1 year	9,917,289	8,687,998
Due after 1 year	31,391,871	30,148,623
Total	41,309,160	38,836,622

10. Financial Instruments

1. Status of financial instruments

(1) Policy for financial instruments

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

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

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

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

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

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

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

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

2. Matters concerning fair value of financial instruments

The carrying amount and fair value of financial instruments as of October 31, 2021 and April 30, 2022, and the difference between them are as follows.

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.

(Thousands of yen)

	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 “12. Derivative Transactions”), the fair value is based on the method of calculation in which the sum total amount of principal and interest accounted for with the interest rate swap is discounted by the rate assumed in the event of a similar new drawdown). In addition, for those with fixed interest rates, the fair value is based on the method of calculation in which the sum total amount of principal and interest is discounted by the rate assumed in the event of a similar new drawdown corresponding to the remaining period.

(5) Derivative transactions

Please refer to “12. Derivative Transactions”.

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

Information on “Cash and deposits,” “Cash and deposits in trust,” and “Short-term loans payable” is omitted as these are settled within a short period of time, thus the fair value approximates the book value. Also, as “Tenant leasehold and security deposits in trust” are immaterial, related notes are omitted.

(Thousands of yen)

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

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

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

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

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

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

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

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

(5) Derivative transactions

Please refer to “12. Derivative Transactions”.

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

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

(Thousands of yen)						
	Due in 1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Due after 5 years
Investment corporation bonds	3,000,000	3,000,000	12,000,000	4,000,000	2,000,000	10,500,000
Long-term loans payable	23,500,000	40,050,000	29,505,000	32,543,000	14,737,000	75,107,000

11. Securities

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

Not applicable.

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

Not applicable.

12. Derivative Transactions

1. Derivatives to which hedge accounting is not applied

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

Not applicable.

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

Not applicable.

2. Derivatives to which hedge accounting is applied

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

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 “10. Financial Instruments; 2. Matters concerning fair value of financial instruments (Note 1)”).

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

(Thousands of yen)

Method of hedge accounting	Type of derivative transactions	Main hedged item	Contract amount		Fair value	Calculation method of fair value
				Of which, over 1 year		
Principal method	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	Long-term loans payable	19,150,000	6,650,000	(33,897)	*1
Special accounting treatment for interest rate swaps	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	Long-term loans payable	122,661,000	115,961,000	*2	—

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

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

13. Retirement Benefits

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

Not applicable.

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

Not applicable.

14. Income Taxes

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

(Thousands of yen)

	14th Fiscal Period (As of October 31, 2021)	15th Fiscal Period (As of April 30, 2022)
Deferred tax assets		
Valuation difference on assets acquired due to merger	2,092,448	1,518,552
Amortization of leasehold rights in trust	47,652	54,459
Deferred gains or losses on hedges	27,488	10,664
Deferred tax assets (subtotal)	2,167,589	1,583,676
Valuation allowance for total deductible temporary difference	(2,167,589)	(1,583,676)
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

	(%)	
	14th Fiscal Period (As of October 31, 2021)	15th Fiscal Period (As of April 30, 2022)
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible cash distribution	(28.54)	(35.09)
Changes in valuation allowance	0.25	0.88
Reversal of reserve for reduction entry	1.25	2.76
Provision of reserve for reduction entry	(4.42)	—
Other	0.01	0.00
Effective income tax rate after application of tax-effect accounting	0.01	0.01

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

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

Not applicable.

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

Not applicable.

16. Transactions with Related Parties

1. Parent company and major corporate unitholders.

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

Not applicable.

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

Not applicable.

2. Subsidiaries and affiliates.

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

Not applicable.

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

Not applicable.

3. Sister companies.

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

Not applicable.

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

Not applicable.

4. Directors and major individual unitholders.

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

Not applicable.

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

Not applicable.

17. 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 *1	Net sales to external customers
Sale of real estate, etc.	17,150,000	*2 2,452,911
Utilities revenue	186,534	186,534
Other	—	14,651,906
Total	17,336,534	17,291,351

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

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

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

(Thousands of yen)

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

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

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

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”

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

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

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

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

	(Thousands of yen)	
	14th Fiscal Period (From May 1, 2021 to October 31, 2021)	15th Fiscal Period (From November 1, 2021 to April 30, 2022)
Claims arising from contracts with customers (Balance at beginning of period)	34,411	40,544
Claims arising from contracts with customers (Balance at end of period)	40,544	43,843
Contract assets (Balance at beginning of period)	—	—
Contract assets (Balance at end of period)	—	—
Contract liabilities (Balance at beginning of period)	—	—
Contract liabilities (Balance at end of period)	—	—

(2) Transaction prices allocated to the remaining performance obligations

With regard to utilities revenue, SHR recognizes proceeds in the amount that SHR has the right to claim in accordance with Clause 19 of the Accounting Standard for Revenue Recognition, because SHR has the right to receive from the lessee, as the customer, an amount of compensation directly corresponding to the value of the items provided up to the end of the fiscal period.

Accordingly, SHR applies the provisions of Clause 80-22(2) of Accounting Standard for Revenue Recognition and does not include related information in the notes on transaction prices allocated to the remaining performance obligations.

18. Asset Retirement Obligations

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

Not applicable.

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

Not applicable.

19. Investment and Rental Properties

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

	(Thousands of yen)	
	14th Fiscal Period (From May 1, 2021 to October 31, 2021)	15th Fiscal Period (From November 1, 2021 to April 30, 2022)
Carrying amount		
Balance at beginning of period	524,375,562	515,206,980
Amount of increase (decrease) during period	(9,168,582)	34,930,127
Balance at end of period	515,206,980	550,137,107
Fair value at end of period	605,508,000	647,973,000

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

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

(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 14th and 15th fiscal periods for investment and rental properties is presented in "5. Notes to Statement of Income and Retained Earnings".

20. Segment Information

1. Segment information

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

2. Related information

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

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

(1) Information about products and services

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

(2) Information about geographic areas

1) Operating revenue

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

2) Property, plant and equipment

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

(3) Information about major customers

(Thousands of yen)

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

21. Per Unit Information

	14th Fiscal Period (From May 1, 2021 to October 31, 2021)	15th Fiscal Period (From November 1, 2021 to April 30, 2022)
Net assets per unit	67,070yen	67,428yen
Net income per unit	1,986yen	1,522yen

(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.

	14th Fiscal Period (From May 1, 2021 to October 31, 2021)	15th Fiscal Period (From November 1, 2021 to April 30, 2022)
Net income (Thousands of yen)	8,520,020	6,745,643
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	8,520,020	6,745,643
Average number of investment units during period (Units)	4,288,666	4,430,365

22. Significant Subsequent Events

1. Disposition of Asset

On June 15, 2022, SHR resolved to dispose the quasi co-ownership interest in trust beneficiary interest of one property, and entered a sale and purchase contract as follows.

The effect on profit and loss from this disposition will be approximately 613 million yen from a gain on disposition to be recorded for the fiscal period ending October 31, 2022 (from May 1, 2022 to October 31, 2022).

Property name : The Ritz Carlton, Kyoto
Type of use : Hotel
Location : Kyoto-shi, Kyoto
Planned disposition price) : 23,000 million yen (Note1)
Sale and purchase contract Date : June 15, 2022
Planned disposition Date : August 2, 2022
Buyer : Sekisui House, Ltd.

(Note1) “Planned disposition price” is the sale and purchase price stated in the sale and purchase agreement (excluding consumption tax and local consumption tax and commission and other various expenses; rounded down to the nearest million yen).

2. Determination of Matters Pertaining to the Investment Units Buyback Program

SHR hereby announces that at the Board of Directors Meeting held June 15, 2022, the investment units buyback program (“the Buyback”) based on the provisions of Article 80-2 of the Act on Investment Trusts and Investment Corporations, which is applied by replacing the terms and phrases pursuant to the provisions of Article 80-5, Paragraph 2 of the said Act, has been resolved as described below. Moreover, all of the acquired investment units are scheduled to be cancelled during the fiscal period ending October 31, 2022.

(1) Reason for the Buyback

After comprehensively considering the level of the investment unit price, cash on hand, financial condition, market environment, etc., SHR has determined that increasing the NAV per unit through the acquisition and cancellation of its own investment units and improving the distribution per unit (“DPU”) will contribute to improving unitholder value.

(2) Details of the Matters Concerning the Buyback

Planned total number of investment units to be acquired : Up to 70,000 units
Planned total acquisition price of the investment units : Up to 4,000,000,000 yen
Methods of the Buyback : Market purchase via Tokyo Stock Exchange based on a discretionary transaction contract with a securities company
Acquisition period : From June 16, 2022 to September 30, 2022

(7) Supplementary Schedules

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

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 (*1)		Fair value (*2)
			Of which, over 1 year	
Transaction other than market transaction	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	19,150,000	6,650,000	(33,897)
Transaction other than market transaction	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	122,661,000	115,961,000	— (*3)
Total		141,811,000	122,611,000	(33,897)

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

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

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

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

(Thousands of yen)

Type of assets		Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Accumulated depreciation		Net balance at end of period	Notes
						or accumulated amortization	For the period		
Property, plant and equipment	Buildings in trust	172,993,457	7,188,676	—	180,182,133	21,399,288	2,317,924	158,782,845	*
	Structures in trust	1,570,228	16,773	—	1,587,002	302,079	31,642	1,284,922	
	Machinery and equipment in trust	2,277,190	146,947	—	2,424,138	385,167	54,603	2,038,970	
	Vehicles in trust	153	—	—	153	153	—	0	
	Tools, furniture and fixtures in trust	664,503	110,276	—	774,779	218,587	60,034	556,192	
	Land in trust	355,167,709	29,957,174	—	385,124,884	—	—	385,124,884	*
	Construction in progress in trust	—	12,859	—	12,859	—	—	12,859	
	Subtotal	532,673,243	37,432,707	—	570,105,951	22,305,276	2,464,204	547,800,674	
Intangible assets	Leasehold rights in trust	2,552,025	—	—	2,552,025	203,406	25,425	2,348,619	
	Other	15,665	2,472	—	18,137	13,261	957	4,876	
	Subtotal	2,567,691	2,472	—	2,570,163	216,667	26,383	2,353,495	
Total		535,240,934	37,435,180	—	572,676,114	22,521,944	2,490,587	550,154,170	

* The increase during the fiscal period under review is mainly attributable to the acquisition of Prime Maison Nakameguro, Prime Maison Itabashi, and Akasaka Garden City (additional acquisition portion).

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 1)	Unsecured
SHI Fifth Series Unsecured Investment Corporation Bond	August 29, 2014	3,000,000	—	3,000,000	0.871	August 30, 2024		Unsecured
SHR First Series Unsecured Investment Corporation Bond	September 8, 2016	2,000,000	—	2,000,000	0.340	September 8, 2026		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		Unsecured
SHR Fourth Series Unsecured Investment Corporation Bond (Green Bonds)	July 11, 2019	2,500,000	—	2,500,000	0.570	July 11, 2029		Unsecured
SHR Fifth Series Unsecured Investment Corporation Bond (Green Bonds)	November 1, 2019	5,000,000	—	5,000,000	0.220	November 1, 2024		Unsecured
SHR Sixth Series Unsecured Investment Corporation Bond (Green Bonds)	February 28, 2020	2,000,000	—	2,000,000	0.500	February 28, 2030		Unsecured
SHR Seventh Series Unsecured Investment Corporation Bond (Green Bonds)	September 9, 2020	4,000,000	—	4,000,000	0.250	September 9, 2025		Unsecured
SHR Eighth Series Unsecured Investment Corporation Bond (Green Bonds)	September 9, 2020	4,000,000	—	4,000,000	0.510	September 9, 2030		Unsecured
SHR Ninth Series Unsecured Investment Corporation Bond (Green Bonds)	May 19, 2021	2,000,000	—	2,000,000	0.460	May 19, 2031		Unsecured
Total	—	34,500,000	—	34,500,000	—	—	—	—

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

(Note 2) . As of the end of the fiscal period under review, these bonds are recorded as “Current portion of investment corporation bonds” in “Current liabilities” on the balance sheet.

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

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

(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	3,000,000	12,000,000	4,000,000	2,000,000

6. Schedule of loans payable

(Thousands of yen)

(Thousands of yen)										
category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Short-term loans payable	MUFG Bank, Ltd.	—	5,310,000	—	5,310,000	0.24863	Jan. 31, 2023	Lump-sum payment at maturity	(Note2)	Un-secured Un-guaranteed
	Mizuho Bank, Ltd.	—	4,360,000	—	4,360,000					
	Sumitomo Mitsui Banking Corporation	—	4,030,000	—	4,030,000					
Long-term loans payable	MUFG Bank, Ltd.	800,000	—	800,000	—	1.17350	Feb. 28, 2022			
	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			
	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	—					
	MUFG Bank, Ltd.	900,000	—	—	900,000	0.96475	Aug. 31, 2022 (Note3)			
	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			
	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	—					
	The Norinchukin Bank	700,000	—	700,000	—					
	MUFG Bank, Ltd.	4,600,000	—	—	4,600,000	1.47450	Nov. 30, 2024			
	Mizuho Bank, Ltd.	700,000	—	—	700,000					
	Sumitomo Mitsui Banking Corporation	3,700,000	—	—	3,700,000					
	Sumitomo Mitsui Trust Bank, Limited	700,000	—	—	700,000					
	Development Bank of Japan Inc.	300,000	—	—	300,000					
	MUFG Bank, Ltd.	300,000	—	300,000	—	0.73975	Feb. 28, 2022			
	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	—						
Development Bank of Japan Inc.	1,000,000	—	—	1,000,000	0.85250	Feb. 28, 2023 (Note3)				
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						

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	Aozora Bank, Ltd.	200,000	—	—	200,000	0.86650	Feb. 28, 2023 (Note3)	Lump- sum payment at maturity	(Note2)	Un- secured Un-guaran- teed
	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	0.88470				
	MUFG Bank, Ltd.	700,000	—	—	700,000					
	Development Bank of Japan Inc.	650,000	—	—	650,000	0.88500	Nov. 30, 2022 (Note3)			
	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	Nov. 30, 2023			
	MUFG Bank, Ltd.	500,000	—	—	500,000	1.01850				
	Mizuho Bank, Ltd.	400,000	—	—	400,000					
	Sumitomo Mitsui Banking Corporation	700,000	—	—	700,000					
	Sumitomo Mitsui Trust Bank, Limited	350,000	—	—	350,000					
	Mizuho Trust & Banking Co., Ltd.	300,000	—	—	300,000					
	Resona Bank, Limited	100,000	—	—	100,000					
	Mizuho Bank, Ltd.	100,000	—	—	100,000	0.67400	Aug. 31, 2023			
	Development Bank of Japan Inc.	2,100,000	—	—	2,100,000					
	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	0.50500				
	Development Bank of Japan Inc.	600,000	—	—	600,000					
THE BANK OF FUKUOKA, LTD.	200,000	—	—	200,000						
Shinkin Central Bank	100,000	—	—	100,000						
The Senshu Ikeda Bank, Ltd.	100,000	—	—	100,000						
The Shizuoka Bank, Ltd.	100,000	—	—	100,000						
The 77 Bank, Ltd.	100,000	—	—	100,000						
The Hiroshima Bank, Ltd.	100,000	—	—	100,000						
Mizuho Bank, Ltd.	200,000	—	—	200,000	0.49500	Aug. 30, 2024				
Sumitomo Mitsui Banking Corporation	200,000	—	—	200,000						
Sumitomo Mitsui Trust Bank, Limited	400,000	—	—	400,000						
Mizuho Trust & Banking Co., Ltd.	500,000	—	—	500,000						
Resona Bank, Limited	300,000	—	—	300,000						
The Norinchukin Bank	300,000	—	—	300,000						

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.	600,000	—	—	600,000	0.57000	Aug. 29, 2025	Lump-sum payment at maturity	(Note2)	Un- secured Un- guaran- teed	
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.59750					
	Mizuho Bank, Ltd.	800,000	—	—	800,000						
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000						
	Development Bank of Japan Inc.	400,000	—	—	400,000						
	MUFG Bank, Ltd.	1,810,000	—	—	1,810,000		0.60500				Sep. 8, 2026
	MUFG Bank, Ltd.	440,000	—	—	440,000	0.67000					
	Mizuho Bank, Ltd.	900,000	—	—	900,000						
	MUFG Bank, Ltd.	600,000	—	—	600,000	0.61000	Feb. 28, 2025				
	Mizuho Bank, Ltd.	200,000	—	—	200,000	0.67000					
	Sumitomo Mitsui Trust Bank, Limited	300,000	—	—	300,000						
	Mizuho Trust & Banking Co., Ltd.	600,000	—	—	600,000						
	Resona Bank, Limited	400,000	—	—	400,000						
	Shinkin Central Bank	300,000	—	—	300,000						
	MUFG Bank, Ltd.	1,500,000	—	—	1,500,000	0.72500					Feb. 27, 2026
	MUFG Bank, Ltd.	800,000	—	—	800,000	0.77880					
	Mizuho Bank, Ltd.	700,000	—	—	700,000						
	Development Bank of Japan Inc.	1,200,000	—	—	1,200,000						
	THE BANK OF FUKUOKA, LTD.	500,000	—	—	500,000						
	Aozora Bank, Ltd.	300,000	—	—	300,000						
	The Yamaguchi Bank, Ltd.	500,000	—	—	500,000						
	MUFG Bank, Ltd.	990,000	—	—	990,000		0.37000				
	MUFG Bank, Ltd.	260,000	—	—	260,000	0.45254					
	Mizuho Bank, Ltd.	550,000	—	—	550,000						
	Mizuho Trust & Banking Co., Ltd.	220,000	—	—	220,000						
	Development Bank of Japan Inc.	220,000	—	—	220,000						
	Mizuho Bank, Ltd.	176,000	—	—	176,000	0.61380	Aug. 29, 2025				Jul. 13, 2022 (Note3)
	The Norinchukin Bank	2,352,000	—	—	2,352,000	0.32000					
	MUFG Bank, Ltd.	750,000	—	—	750,000	0.34800					
	Mizuho Bank, Ltd.	1,050,000	—	—	1,050,000						
	Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000						
	Sumitomo Mitsui Trust Bank, Limited	1,050,000	—	—	1,050,000						
	Mizuho Trust & Banking Co., Ltd.	650,000	—	—	650,000						
	Resona Bank, Limited	950,000	—	—	950,000	0.35341					
	The Norinchukin Bank	750,000	—	—	750,000						
	MUFG Bank, Ltd.	650,000	—	—	650,000						
	Development Bank of Japan Inc.	550,000	—	—	550,000						
	MUFG Bank, Ltd.	750,000	—	—	750,000	0.34000	May. 31, 2023				
	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	0.42622						
MUFG Bank, Ltd.	650,000	—	—	650,000							
Development Bank of Japan Inc.	550,000	—	—	550,000							
MUFG Bank, Ltd.	500,000	—	—	500,000	0.56500	Feb. 27, 2026					
MUFG Bank, Ltd.	500,000	—	—	500,000	0.63500						
Mizuho Bank, Ltd.	100,000	—	—	100,000							
The 77 Bank, Ltd.	500,000	—	—	500,000							
The Hiroshima Bank, Ltd.	500,000	—	—	500,000							

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.	1,900,000	—	—	1,900,000	0.70000	Aug. 31, 2027	Lump-sum payment at maturity	(Note2)	Un- secured Un- guaran- teed
	Mizuho Bank, Ltd.	4,200,000	—	—	4,200,000	0.78300				
	Sumitomo Mitsui Banking Corporation	1,900,000	—	—	1,900,000					
	Development Bank of Japan Inc.	376,000	—	—	376,000	0.28568	Aug. 30, 2024			
	MUFG Bank, Ltd.	300,000	—	—	300,000	0.35900				
	Mizuho Bank, Ltd.	2,459,000	—	—	2,459,000					
	Sumitomo Mitsui Banking Corporation	260,000	—	—	260,000					
	Mizuho Trust & Banking Co., Ltd.	900,000	—	—	900,000	0.48000				
	Development Bank of Japan Inc.	565,000	—	—	565,000					
	MUFG Bank, Ltd.	450,000	—	—	450,000		0.56500			
	Mizuho Bank, Ltd.	1,332,000	—	—	1,332,000					
	Sumitomo Mitsui Banking Corporation	390,000	—	—	390,000					
	Mizuho Trust & Banking Co., Ltd.	1,350,000	—	—	1,350,000	0.57500				
	MUFG Bank, Ltd.	500,000	—	—	500,000					
	Mizuho Bank, Ltd.	500,000	—	—	500,000					
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000	0.29900				
	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	0.39580	Aug. 30, 2024			
	Mizuho Bank, Ltd.	800,000	—	—	800,000	0.40580				
	Sumitomo Mitsui Banking Corporation	700,000	—	—	700,000					
	Sumitomo Mitsui Trust Bank, Limited	400,000	—	—	400,000					
	Mizuho Trust & Banking Co., Ltd.	400,000	—	—	400,000					
	Resona Bank, Limited	200,000	—	—	200,000					
	The Norinchukin Bank	200,000	—	—	200,000					
	Shinkin Central Bank	200,000	—	—	200,000					
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.55600	Aug. 31, 2026			
	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						

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.	1,410,000	—	—	1,410,000	0.28100	Aug. 31, 2023	Lump-sum payment at maturity	(Note2)	Un-secured Un-guaran- teed	
	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	0.27300	Nov. 30, 2023				
	Mizuho Bank, Ltd.	200,000	—	—	200,000						
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000						
	Sumitomo Mitsui Trust Bank, Limited	1,800,000	—	—	1,800,000						
	MUFG Bank, Ltd.	1,400,000	—	—	1,400,000	0.44100	May. 29, 2026				
	Mizuho Bank, Ltd.	300,000	—	—	300,000						
	Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000						
	The Norinchukin Bank	800,000	—	—	800,000						
	MUFG Bank, Ltd.	1,700,000	—	—	1,700,000	0.59900	May. 31, 2028				
Mizuho Bank, Ltd.	1,300,000	—	—	1,300,000							
Sumitomo Mitsui Banking Corporation	1,200,000	—	—	1,200,000							
Mizuho Trust & Banking Co., Ltd.	600,000	—	—	600,000							
Resona Bank, Limited	900,000	—	—	900,000							
Development Bank of Japan Inc.	800,000	—	—	800,000	0.50000	Aug. 29, 2025					
Mizuho Bank, Ltd.	605,000	—	—	605,000	0.29150						
Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000							
MUFG Bank, Ltd.	2,500,000	—	—	2,500,000	0.28000						
Mizuho Bank, Ltd.	400,000	—	—	400,000	0.49500	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						

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.	300,000	—	—	300,000	0.29700	Feb. 28, 2025	Lump-sum payment at maturity	(Note2)	Un- secured Un- guaran- teed	
	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	Aug. 31, 2027				
	Mizuho Bank, Ltd.	990,000	—	—	990,000	0.46600					
	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.	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	0.50700	Nov. 30, 2028				
	MUFG Bank, Ltd.	800,000	—	—	800,000						
	Mizuho Bank, Ltd.	210,000	—	—	210,000						
	Sumitomo Mitsui Banking Corporation	1,800,000	—	—	1,800,000						
	Sumitomo Mitsui Trust Bank, Limited	300,000	—	—	300,000						
	Mizuho Trust & Banking Co., Ltd.	870,000	—	—	870,000						
	Resona Bank, Limited	1,100,000	—	—	1,100,000						
	The Norinchukin Bank	1,020,000	—	—	1,020,000	0.43500	Aug. 29, 2025				
	Development Bank of Japan Inc.	370,000	—	—	370,000						
	MUFG Bank, Ltd.	200,000	—	—	200,000	0.28400	Aug. 29, 2025				
	Mizuho Bank, Ltd.	600,000	—	—	600,000	0.29400					
Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000							
Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000							
THE BANK OF FUKUOKA, LTD.	500,000	—	—	500,000							
Shinkin Central Bank	1,000,000	—	—	1,000,000							
The 77 Bank, Ltd.	500,000	—	—	500,000							
The Shizuoka Bank, Ltd.	1,000,000	—	—	1,000,000							
MUFG Bank, Ltd.	300,000	—	—	300,000	0.55850	Feb. 28, 2029					
Mizuho Bank, Ltd.	700,000	—	—	700,000	0.56850						
Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000							
Mizuho Trust & Banking Co., Ltd.	500,000	—	—	500,000							
Resona Bank, Limited	500,000	—	—	500,000							
The Norinchukin Bank	500,000	—	—	500,000							

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	The Senshu Ikeda Bank, Ltd.	1,000,000	—	—	1,000,000	0.56850	Feb. 28, 2029	Lump-sum payment at maturity	(Note2)	Un-secured Un-guaran- teed
	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	0.25064	Aug. 30, 2024			
	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	Aug. 31, 2029			
	Sumitomo Mitsui Banking Corporation	2,110,000	—	—	2,110,000					
	Sumitomo Mitsui Trust Bank, Limited	480,000	—	—	480,000					
	Mizuho Trust & Banking Co., Ltd.	200,000	—	—	200,000					
	Resona Bank, Limited	300,000	—	—	300,000					
	The Norinchukin Bank	210,000	—	—	210,000	0.26942	Nov. 30, 2023			
	MUFG Bank, Ltd.	—	1,550,000	—	1,550,000					
	Mizuho Bank, Ltd.	—	1,270,000	—	1,270,000					
	Sumitomo Mitsui Banking Corporation	—	1,180,000	—	1,180,000	0.46000	May. 31, 2028			
	MUFG Bank, Ltd.	—	1,060,000	—	1,060,000					
	Mizuho Bank, Ltd.	—	340,000	—	340,000					
	Sumitomo Mitsui Banking Corporation	—	760,000	—	760,000					
	Sumitomo Mitsui Trust Bank, Limited	—	1,500,000	—	1,500,000					
	Resona Bank, Limited	—	1,400,000	—	1,400,000					
	Development Bank of Japan Inc.	—	800,000	—	800,000					
	The Norinchukin Bank	—	700,000	—	700,000	0.60200	Nov. 29, 2030			
	MUFG Bank, Ltd.	—	2,490,000	—	2,490,000					
	Mizuho Bank, Ltd.	—	790,000	—	790,000					
	Sumitomo Mitsui Banking Corporation	—	1,760,000	—	1,760,000					
	Sumitomo Mitsui Trust Bank, Limited	—	500,000	—	500,000					
	Mizuho Trust & Banking Co., Ltd.	—	900,000	—	900,000	0.52200	Feb. 29, 2028			
	MUFG Bank, Ltd.	—	480,000	—	480,000					
	Mizuho Bank, Ltd.	—	360,000	—	360,000					
	Sumitomo Mitsui Banking Corporation	—	390,000	—	390,000					
	Sumitomo Mitsui Trust Bank, Limited	—	900,000	—	900,000					
	Resona Bank, Limited	—	750,000	—	750,000					
THE BANK OF FUKUOKA, LTD.	—	500,000	—	500,000	0.66500	Feb. 28, 2030				
MUFG Bank, Ltd.	—	1,120,000	—	1,120,000						
Mizuho Bank, Ltd.	—	840,000	—	840,000						
Sumitomo Mitsui Banking Corporation	—	910,000	—	910,000						
Sumitomo Mitsui Trust Bank, Limited	—	1,000,000	—	1,000,000						
Mizuho Trust & Banking Co., Ltd.	—	980,000	—	980,000						
Resona Bank, Limited	—	800,000	—	800,000						
The Norinchukin Bank	—	800,000	—	800,000						
	Total	215,442,000	40,530,000	26,830,000	229,142,000					

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

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

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

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

(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	23,500,000	40,050,000	29,505,000	32,543,000	14,737,000

Independent Auditor's Report

The Board of Directors
Sekisui House Reit, Inc.

Opinion

We have audited the accompanying financial statements of Sekisui House Reit, Inc., (the Company), which comprise the balance sheet as at April 30, 2022, and the statement of income and retained earnings, changes in net assets, cash distributions, cash flows and supplementary schedules for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2022, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Other Information

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

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and Supervisory Director for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Ernst & Young ShinNihon LLC
Tokyo, Japan

July 28, 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