



**SEKISUI HOUSE REIT, INC.**

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

Semi-Annual  
Report

10<sup>th</sup>  
Fiscal Period

(From May 1, 2019 to 31 October, 2019)



**SEKISUI HOUSE REIT, INC.**

Picture on the cover

#### **Akasaka Garden City**

Akasaka Garden City is a high-quality office building completed in 2006 and located in the commercial district in the vicinity of Akasaka Goyochi, along the street near Aoyama Street. It has excellent location condition with high accessibility of seven subway lines of Tokyo Metro at “Akasaka-mitsuke” Station, “Nagatacho” Station, “Aoyama-itchome” Station and “Akasaka” Station. It has the façade that takes advantage of the natural color of gemstone materials and dividable regularshaped spaces without pillars which allows a high multiplicity of uses. In addition, with the ceiling height of 2,800mm, the space is open and bright. The property is also equipped indoor energy efficient facilities. Moreover, in case of a disaster, an accumulator battery is installed for the emergency light in common space to maintain the minimum necessary operation of the building and the property gives consideration to the business continuity plans (BCPs) of tenant companies.



## Performance Highlights

### Distribution per Unit

Distribution per Unit (Actual)

10th Fiscal Period Ended October 2019

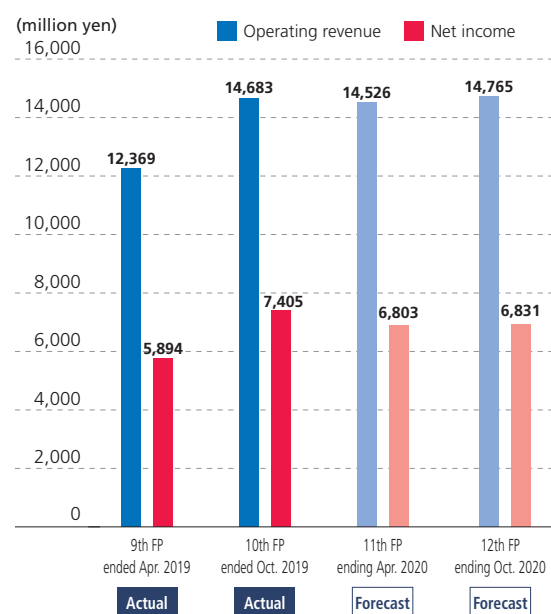
1,631 yen

### Business Results and Distribution

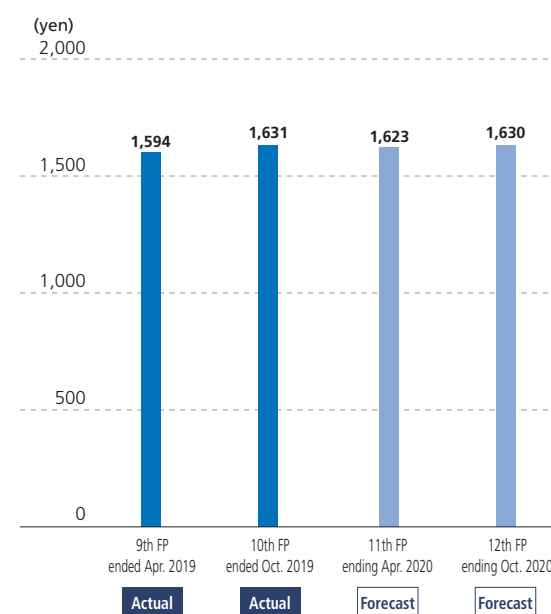
Fiscal Period	9th FP ended Apr. 2019 (Actual)	10th FP ended Oct. 2019 (Actual)	11th FP ending Apr. 2020 (Forecast) <sup>1</sup>	12th FP ending Oct. 2020 (Forecast) <sup>1</sup>
Operating revenue (million yen)	12,369	14,683	14,526	14,765
Operating income (million yen)	6,627	8,226	7,694	7,718
Ordinary income (million yen)	5,894	7,406	6,804	6,832
Net income (million yen)	5,894	7,405	6,803	6,831
Distribution per unit (yen)	1,594	1,631	1,623	1,630

(Note 1) The respective figures for "11th FP ending Apr. 2020 (Forecast)" and "12th FP ending Oct. 2020 (Forecast)" are as of December 13, 2019 (the announcement date of business results) calculated based upon certain assumptions. Actual operating revenue, operating income, ordinary income, net income and distribution per unit may differ materially due to various factors. The above forecasts are not intended to be guarantees of business results or the actual amount of distribution.

### Operating Revenue / Net Income



### Distribution per Unit



## Message to Our Unitholders

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

I hereby report on the management status and financial results for the 10th fiscal period ended October 2019 of Sekisui House Reit, Inc. ("SHR").

In the fiscal period under review, SHR acquired 7 properties, including 3 office buildings and 4 residences, through the first global offering as SHR in June 2019 (a public offering for both domestic and international markets), and conducted acquisition and disposition for each 1 residence as an asset replacement in September.

In the global offering, SHR newly acquired Akasaka Garden City (Tokyo), which is located in highly-concentrated business district in the center of Tokyo, and also additionally acquired 2 properties in Garden City Shinagawa Gotenyama (Tokyo) and Hommachi Minami Garden City (Osaka). In addition, SHR acquired 3 residences located in Tokyo; Prime Maison Mitatsunamachi, Prime Maison Hongo, and Prime Maison Kuramae, as well as Esty Maison Yokohama-aobadai North located in Kanagawa Prefecture, which is also residence. Moreover, with regard to the replacement of assets, Esty Maison Yokohama was disposed and Esty Maison Yokohama-aobadai South was acquired.

All of these properties are acquired by utilizing the pipeline support of Sekisui House, which is a sponsor of SHR. As a result, SHR owns 119 properties (111 residential properties and 8 commercial properties) and its asset size is 527.0 billion yen (246.5 billion yen for residential properties and 280.5 billion yen for commercial properties).

As for the occupancy rate as of the end of the 10th fiscal period ended October 2019, as rents at the time of new contracts continued to rise, mainly in

Greater Tokyo, the residential properties at 97.5%, the commercial properties at 99.9%, and the portfolio as a whole at 98.1% and continued to maintain high levels.

As a result of the above, management performance for the fiscal period under review resulted in operating revenue of 14,683 million yen, operating income of 8,226 million yen, ordinary income of 7,406 million yen and net income of 7,405 million yen, and the distribution per unit declared for the fiscal period was 1,631 yen.

Recently, there has been an increasing trend toward emphasizing the three elements of environmental, social and governance (ESG) in order for stakeholders to measure corporate sustainability globally. Sekisui House, which is the sponsor of SHR, is aiming to become a leading company in ESG management. In order to achieve sustainable growth and maximize unitholder value, SHR will also further promote real estate investment management with a focus on ESG. In the fiscal period under review, SHR obtained Green Star granted to participants highly evaluated at GRESB Real Estate Assessment in three consecutive years, and was able to retain the track record of being selected as "Sector Leader" in the Asia/Diversified – Office/Residential Sector.

I ask for the continued support and encouragement of unitholders.



**Junichi Inoue**

Executive Director of Sekisui House Reit, Inc.  
President & Representative Director of  
Sekisui House Asset Management, Ltd.

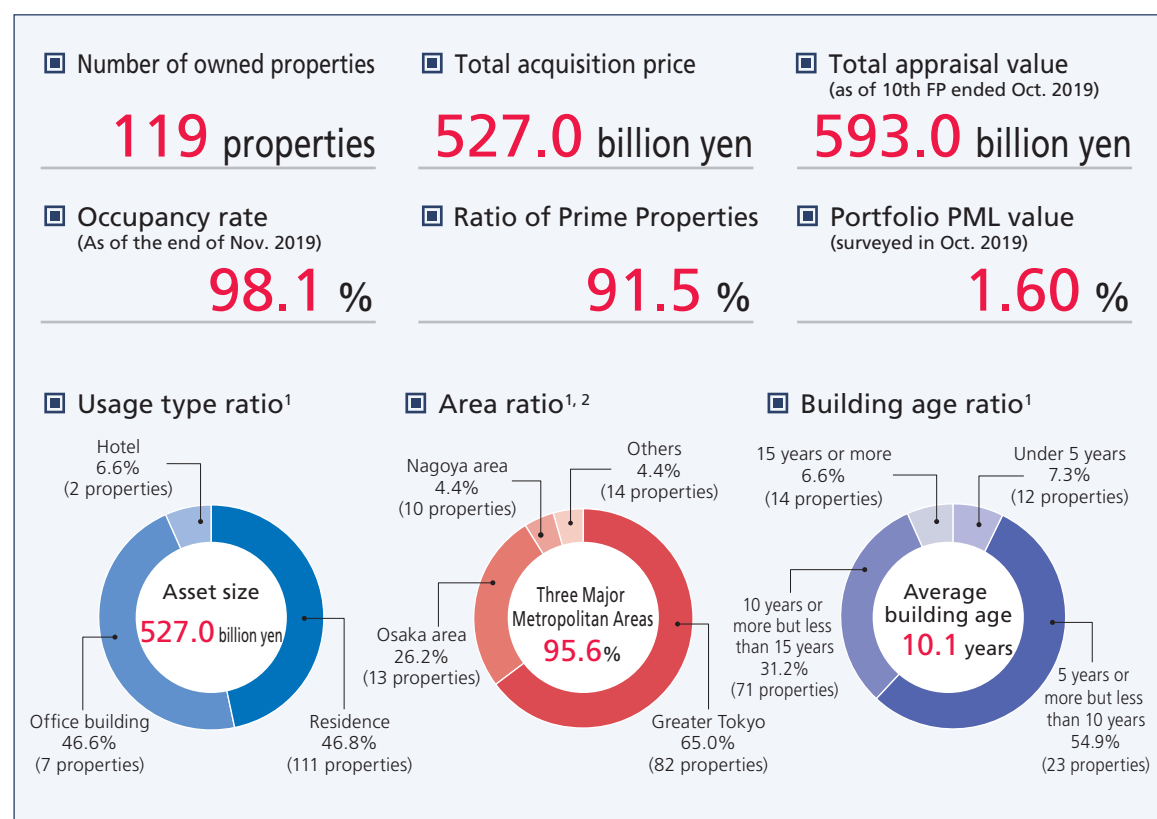
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## Key Indicators

As of December 13, 2019 (the announcement date of business results)

## Overview of Portfolio



## Financial Status

■ LTV (total asset basis)  
(as of the end of the 10th FP ended Oct. 2019)

**44.6 %**

■ Long-term debt ratio

**96.7 %**

■ Fixed interest rate debt ratio

**93.3 %**

## Credit Rating

Newly acquired credit rating from Rating and Investment Information, Inc. (R&I)

Japan Credit Rating Agency, Ltd. (JCR)

**AA (Stable)**

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

**AA- (Stable)**

(Note 1) "Hommachi Garden City" is calculated by treating the office building portion as one property and hotel portion as one property according to the usage type of the building under compartmentalized ownership for calculating "Usage type ratio," and the entire building as one property for calculating "Area ratio" and "Building age ratio." In addition, SHR acquired "Esty Maison Yokohama-aobadai North" on June 10, 2019 and "Esty Maison Yokohama-aobadai South" on September 27, 2019 respectively and manages these properties as a single property, collectively "Esty Maison Yokohama-aobadai", as these properties are located on the same site. Therefore, "Esty Maison Yokohama-aobadai" is deemed as one property for calculating "Usage type ratio" and "Area ratio". On the other hand, "Esty Maison Yokohama-aobadai North" and "Esty Maison Yokohama-aobadai South" are deemed as separate properties for calculating "Building age ratio".

(Note 2) The "Three Major Metropolitan Areas" refer to "Greater Tokyo," "Osaka area" and "Nagoya area." The "Greater Tokyo" refers to Tokyo, Kanagawa Prefecture, Chiba Prefecture, and Saitama Prefecture; the "Osaka area" refers to Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture, and Nara Prefecture; and the "Nagoya area" refers to Aichi Prefecture. The same shall apply hereinafter.

## Investment Policy

## Investment Strategies

■ Prime Properties centered on "Strategic Location" and "High Quality"

Designate "high quality" residential properties and commercial properties located in "strategic location" as "Prime Properties", and continue to invest primarily in Prime Properties with the aim of enhancing the quality of the portfolio

Asset category	Strategic location	High quality
Residential Properties	Sites suited for "bases for sustainable living" for residents	As residences, provide high-class fundamental functionality, such as comfort and safety, and give due consideration to the environment as a societal request to make comprehensive determinations regarding buildings suited to neighborhoods and the like.
Commercial Properties	Sites suited for "sustainable bases of operation" of tenant companies	In addition to the functionality sought by tenant companies, give consideration to the environment as a societal request and establish specifications suitable for BCP sites to make comprehensive determinations regarding buildings suited to neighborhoods and the like.

## Portfolio Development Policy

■ Investment Ratio by Usage Type

Build a portfolio with "residences" as "the sustainable bases of living for residents" and "office buildings" as "the sustainable bases of operation for business," as core assets, while promoting investments in hotels that are expected to achieve continuous growth.

Asset category	Usage type	Examples of specific asset types	Investment ratio by usage type (acquisition price basis)	As of Dec. 13, 2019 (the announcement date of business results)	Target investment ratio in the medium to long term
Residential Properties	Core assets Residence	Residences Student dormitories Company housings	30%~55%	46.8%	Approx. 45%
Commercial Properties	Office building	Office buildings Data centers	30%~55%	46.6%	Approx. 45%
	Hotel	Hotels	0%~30%	6.6%	Approx. 10%
	Retail and other properties	Retail properties Serviced apartments Senior properties <sup>1</sup>	0%~10%	—	Approx. 0%~10%

(Note) Housings for the elderly with services, Fee-based homes for the aged and Daycare centers are included in Senior properties.

■ Investment Ratio by Area and Asset Category

Set priority investment areas in light of the characteristics of each asset category.

Asset category	Priority investment area	Investment ratio by priority investment area (acquisition price basis)	As of Dec. 13, 2019 (the announcement date of business results)
Residential Properties	Greater Tokyo	70% or higher	77.2%
Commercial Properties	Three Major Metropolitan Areas (Greater Tokyo, Osaka area, Nagoya area)	80% or higher	100.0%

■ Investment Policy for Hotel

- Invest in hotels which can be expected to be highly competitive over the medium to long term (simplified accommodations and the like are in principle not be invested.)
- Invest primarily in hotels regarded as Prime Properties

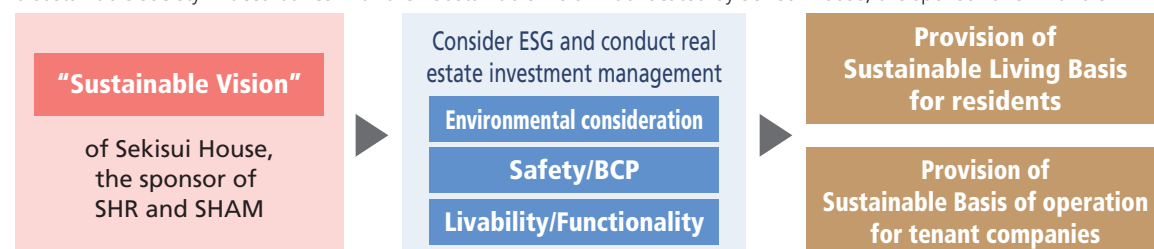


## SHR's ESG Initiatives

### ESG Policy

#### Basic Policy

SHR and Sekisui House Asset Management, Ltd. ("SHAM") aim to provide "sustainable living basis" for residents and "sustainable bases of operation" for tenant companies by conducting real estate investment management with due consideration given to the environment, social and governance in recognition of the shared responsibility to contribute to the realization of a sustainable society in accordance with the "Sustainable Vision" advocated by Sekisui House, the sponsor of SHR and SHAM.



#### Participation in Global Initiatives

##### Signing of the Principles for Responsible Investment (PRI)

SHAM has decided to support the basic approaches of the PRI and became a signatory.

Signatory of:



##### Expressing support for the UN Global Compact

Sekisui House Group has expressed support for the 10 principles of the UN Global Compact and is striving to create corporate culture respecting for the human rights.



#### 2019 GRESB Assessment

##### Selected as "Sector Leader"

in Asia/Diversified - Office/Residential Sector

GRESB Real Estate Assessment; **Acquired a "Green Star" rating for the third consecutive year**

GRESB is an annual benchmark assessment to evaluate ESG considerations in the real estate sector, and GRESB Real Estate Assessment evaluates sustainability efforts by real estate companies or REITs, etc., not of individual properties.



### Environment

SHR has actively introduced environmentally friendly facilities, including solar power generation panels, LED lighting, energy-saving air conditioners, and Low-e double-glazed windows which have heat shielding and heat insulating functions to the owned properties. As a result, many owned properties acquired environmental certifications.

#### DBJ Green Building Certification

Acquired DBJ Green Building Certification for 51 properties out of the total of 119 owned properties

**3 Stars or higher for all certified properties**

(Examples)



The DBJ Green Building Certification Program was launched by Development Bank of Japan Inc. ("DBJ").

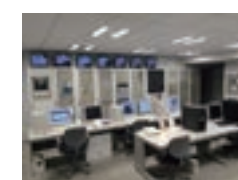
It evaluates and certifies properties which are required by society and economy based on comprehensive assessment of properties, while evaluating various factors such as properties' environmental features, disaster prevention, proper care for surrounding communities and communication with various stakeholders.

### Social

#### Initiatives for Tenant Companies and Residents and Contribution to Local Area and Communities

SHR is striving to stockpile and introduce equipment, such as distribution of emergency supplies or emergency toilet, etc. for the security and safety of tenant companies and residents. In addition, SHR takes initiatives to deepen communications and harmoniously co-exist with local communities where owned properties are located through installation of AED (Automated External Defibrillator) and disaster relief vending machines or participation in local events.

##### 24-hour disaster prevention center



Garden City  
Shinagawa Gotenyama

##### Installation of AED



Prime Maison  
Yokohama Nihon-odori and others

##### Disaster relief vending machines



Prime Maison  
Ginza East and others

#### Initiatives of the Asset Management Company

##### Encouraging male employees to take parental leave for one month or more

SHAM encourages eligible male employees who have a child under 3 years old, to take at least one month of parental leave.

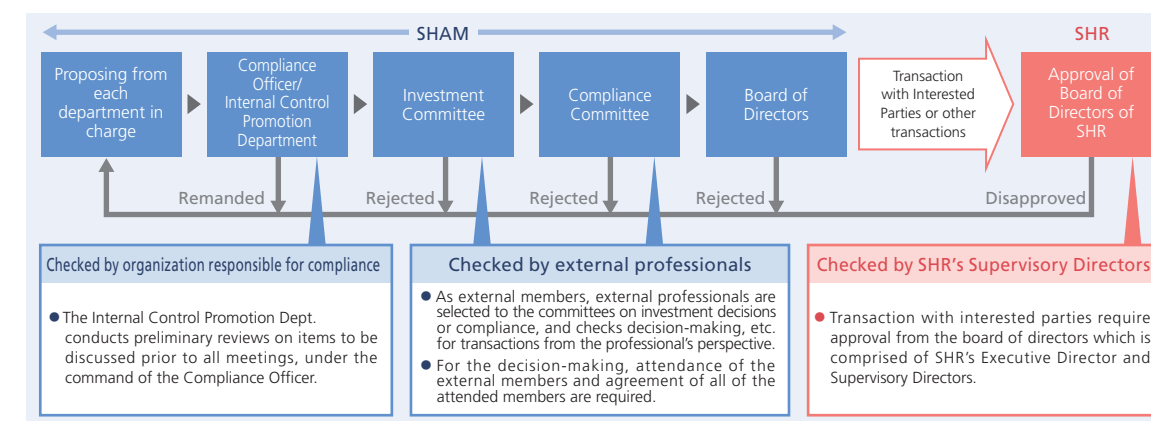
##### Creating a Comfortable Working Environment and Initiatives for the Health of Employees

SHR is working to create corporate culture that is open to the public by conducting surveys on employee ethics and the workplace environment and providing opportunities to discuss requests of employees. In addition, SHR conducts stress checks and walking challenge as initiatives for health.

### Governance

For the purpose of tightening examinations on transactions with interested parties, including the acquisition of portfolio assets and the entrustment of property management services, SHAM has established a governance system that is highly independent, transparent and sound, such as appointing external professionals who has no special interest to SHAM.

#### Decision Making Process



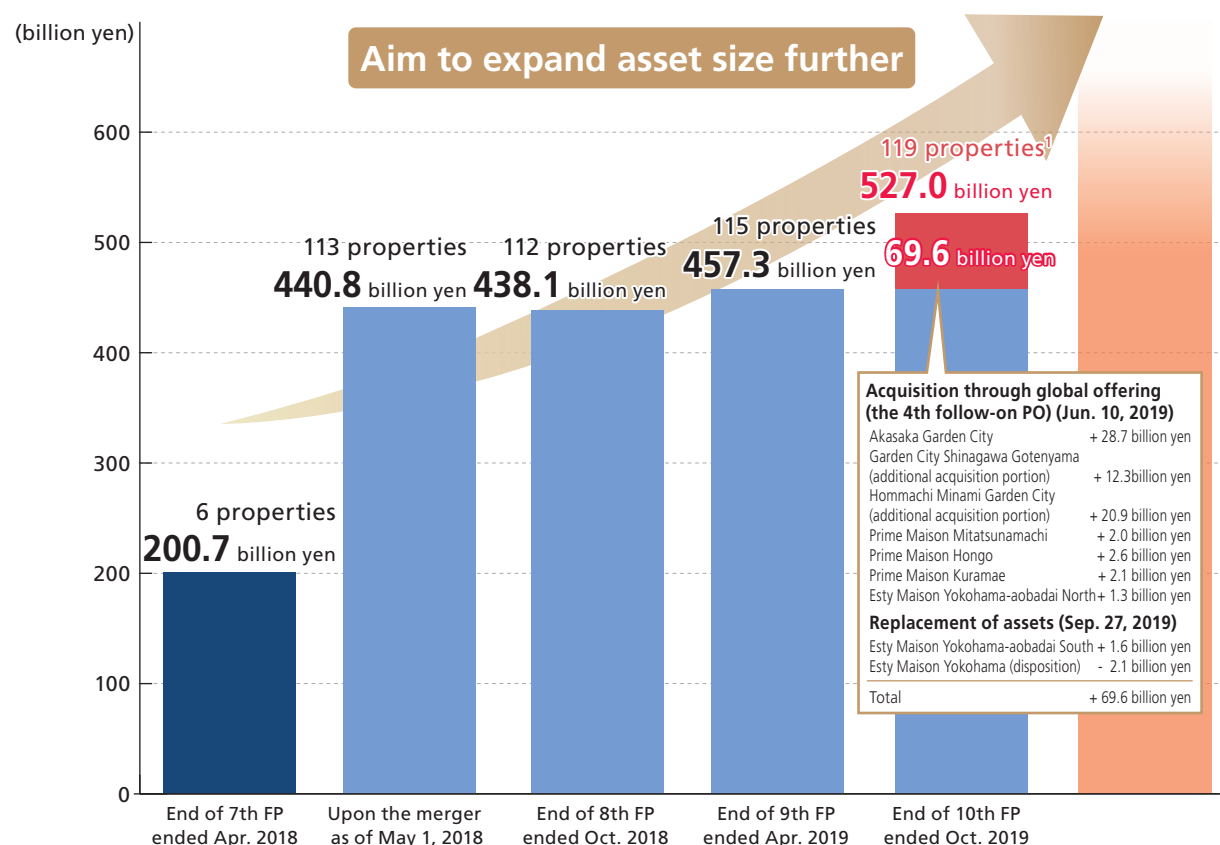
For more information in SHR's ESG, please refer to the website below.

Website(ESG) <http://sekisuihouse-reit.co.jp/en/esg/index.html>

# Promote Internal and External Growth Aiming to Maximize Unitholder Value

## Change in Asset Size

Promote strengthen portfolio through the first global offering as SHR (the 4th follow-on PO) and replacement of assets



(Note) In calculating the number of properties as of the end of the 10th fiscal period ended Oct. 2019, "Garden City Shinagawa Gotenyama (additional acquisition portion)" and "Hommachi Minami Garden City (additional acquisition portion)" are additional acquisition, and therefore, they are counted as one property together with the already owned portion. "Esty Maison Yokohama-aobadai North" and "Esty Maison Yokohama-aobadai South" are counted as one property as they are located on the same site.

## Assets replacement during the 10th FP ended Oct. 2019

Acquired Esty Maison Yokohama-aobadai South which is leased as a whole to a creditworthy tenant under a long-term lease  
Realized disposition of Esty Maison Yokohama with the price which is substantially higher than the appraisal value.

### Acquired asset

Usage type	Property name	Location	Acquisition price (million yen)	Appraisal value (million yen)	Appraisal NOI yield <sup>1</sup> (%)	Occupancy rate (%)
Residence	Esty Maison Yokohama-aobadai South	Yokohama-shi, Kanagawa	1,660	1,710	5.1	100.0

(Note 1) Appraisal NOI yield is calculated by dividing appraisal NOI indicated in the appraisal report based on direct capitalization method, which does not take into account the depreciation, by acquisition price.

### Disposed asset

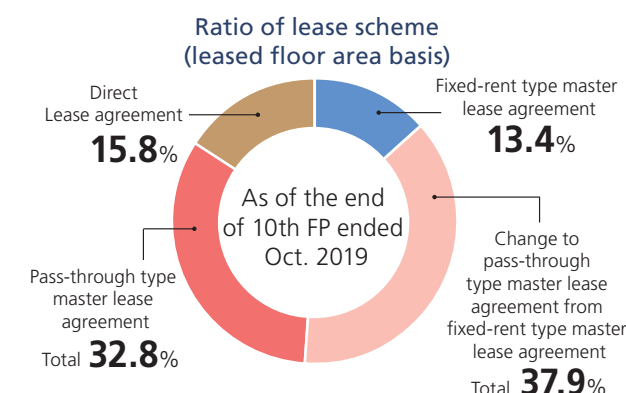
Usage type	Property name	Location	Disposition price (million yen)	Appraisal value (million yen)	Gain on disposition for accounting purposes <sup>1</sup> (million yen)	Contribution amount for increasing distribution amount <sup>2</sup> (million yen)
Residence	Esty Maison Yokohama	Yokohama-shi, Kanagawa	3,000	2,070	804	279 (per unit +65 yen)

(Note 1) Out of the "Gain on disposition for accounting purposes", SHR reserved 775 million yen internally as a reserve for reduction entry for utilizing to stabilize the level of distribution in the following fiscal periods.

(Note 2) "Esty Maison Yokohama" is the succeeded property due to the merger with Sekisui House Residential Investment Corporation. Therefore, the book value for taxation purposes and the book value for accounting purposes is different and the gain on disposition for taxation purposes has exceeded the gain on disposition for accounting purposes, resulting in an inconsistency between accounting and taxation purposes of 251 million yen arising. In order to avoid incurring a tax burden, SHR intends to reverse the reserve for temporary difference adjustment and distribute the amount equivalent to in an inconsistency between accounting and taxation purposes of 251 million yen. As a result, contribution amount for increasing distribution shall be 279 million yen, which is the amount deduct 775 million yen of reserve for reduction entry stated above (Note 1) and add 251 million yen of an inconsistency between accounting and taxation purposes to gain on disposition for accounting purposes.

## Create of Internal Growth Opportunities for Office Building

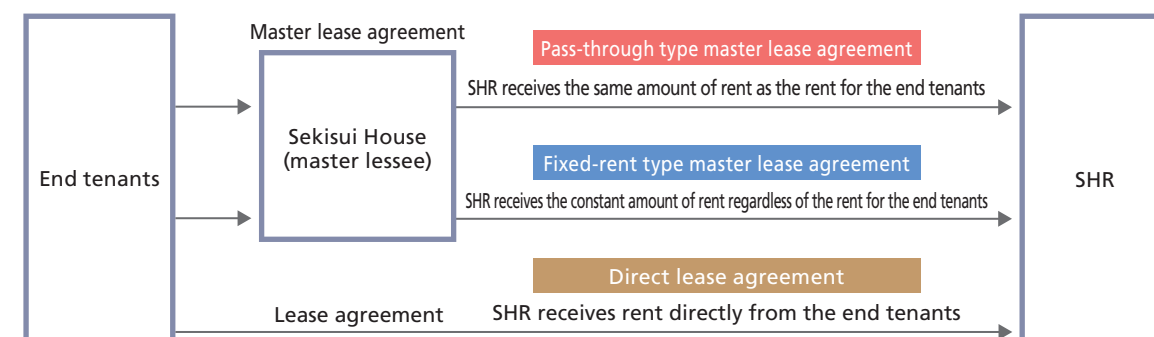
The master lease scheme of Hommachi Minami Garden City (owned portion), the portion already owned before conducting global offering (the 4th follow-on PO), has been changed from fixed-rent type master lease agreement to pass-through type master lease agreement in December 2019 as improvement of profit and stable management are expected against the backdrop of favorable real estate market. In addition, the master lease scheme of Garden City Shinagawa Gotenyama (owned portion) shall be changed from fixed-rent type master lease agreement to pass-through type master lease agreement in February 2020.



## Lease scheme of office building

Property name	Type of lease scheme	Ratio of leased floor area
Akasaka Garden City	Acquired in 10th FP Pass-through type master lease agreement	9.7%
Garden City Shinagawa Gotenyama	Acquired in 10th FP Pass-through type master lease agreement	5.8%
	Owned Scheduled to be changed on February 1, 2020 From fixed-rent type master lease agreement to pass-through type master lease agreement	24.7%
Hommachi Minami Garden City	Acquired in 10th FP Pass-through type master lease agreement	10.2%
	Owned Changed on December 1, 2019 From fixed-rent type master lease agreement to pass-through type master lease agreement	13.2%
Hommachi Garden City (Office building portion)	Fixed-rent type master lease agreement (expiring in May 2020)	13.4%
HK Yodoyabashi Garden Avenue	Pass-through type master lease agreement	3.6%
Hirokoji Garden Avenue	Pass-through type master lease agreement	3.5%
Gotenyama SH Building	Direct lease agreement	15.8%
<b>Total</b>		<b>100.0%</b>

## (Reference) Office Building Leasing Scheme Diagram (Illustration)





# Portfolio Map

## Major Owned Properties

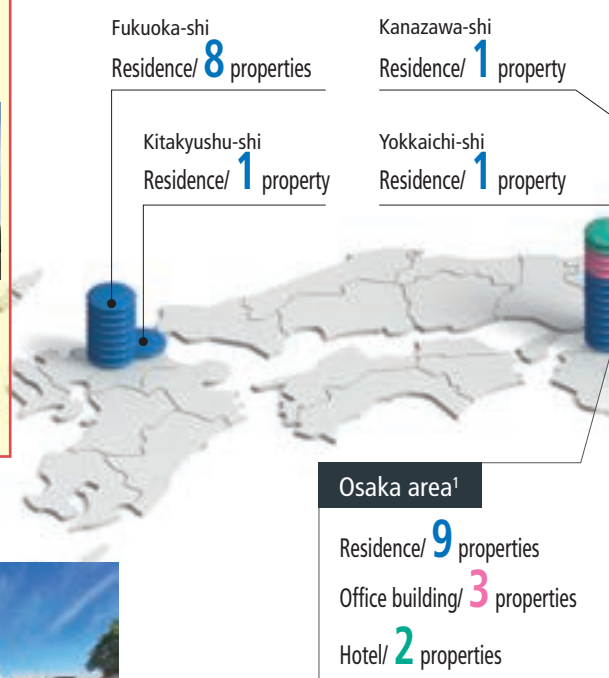
### Greater Tokyo



As of December 13, 2019 (the announcement date of business results)

Greater Tokyo	82 properties
Osaka area <sup>1</sup>	14 properties
Nagoya area	10 properties
Others	14 properties

■ Residence  
■ Office Building  
■ Hotel

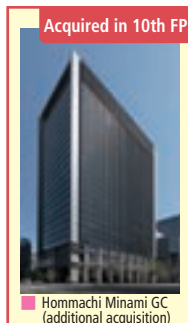


Greater Tokyo  
Residence/ 79 properties  
Office building/ 3 properties

Nagoya area  
Residence/ 9 properties  
Office building/ 1 property

Sapporo-shi Residence/ 3 properties

### Osaka Area



### Nagoya Area



### Others



■ Residence ■ Office Building ■ Hotel PM: Prime Maison EM: Esty Maison GC: Garden City GA: Garden Avenue GM: Granmast

(Note1) "Hommachi Garden City," located in the Osaka area, is calculated by treating the office building portion as one property and hotel portion as one property.

## Stable and Sound Financial Operations

As of December 13, 2019 (the announcement date of business results)

## Debt Finance

Total interest-bearing liabilities	244.2 billion yen
LTV (as of the end of 10th FP ended Oct. 2019)	44.6%
Fixed-interest rate debt ratio	93.3%
Long-term debt ratio	96.7%
Average interest rate <sup>1</sup>	0.67%
Average maturity	6.9 years

## Bank Formation

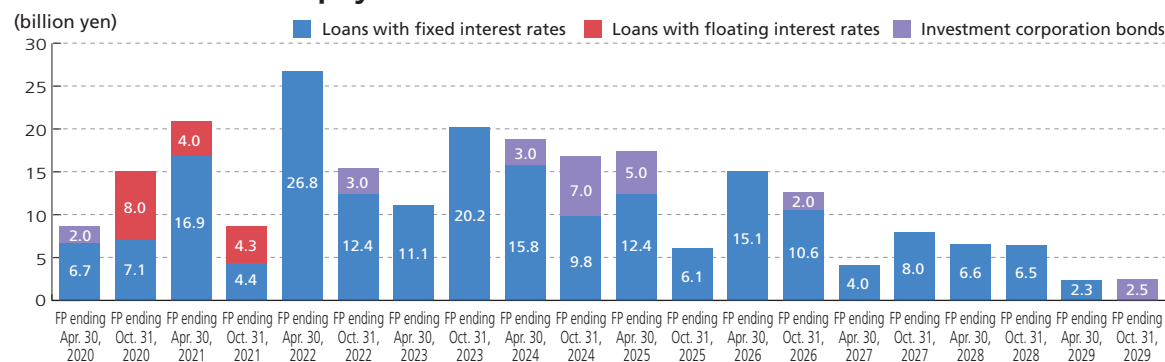
Financial institution	Balance (billion yen)	Percentage	Financial institution	Balance (billion yen)	Percentage
MUFG Bank, Ltd.	52.5	23.9%	Shinkin Central Bank	2.3	1.0%
Mizuho Bank, Ltd.	43.1	19.6%	The Senshu Ikeda Bank, Ltd.	1.8	0.8%
Sumitomo Mitsui Banking Corporation	39.8	18.1%	The 77 Bank, Ltd.	1.8	0.8%
Sumitomo Mitsui Trust Bank, Limited	19.3	8.8%	The Yamaguchi Bank, Ltd.	1.8	0.8%
Mizuho Trust & Banking Co., Ltd.	14.8	6.7%	Aozora Bank, Ltd.	1.7	0.8%
Resona Bank, Limited.	12.9	5.9%	The Shizuoka Bank, Ltd.	1.3	0.6%
Development Bank of Japan Inc.	11.3	5.2%	The Hiroshima Bank, Ltd.	1.3	0.6%
The Norinchukin Bank	10.6	4.9%	<b>Total Loans</b>	<b>219.7</b>	<b>100.0%</b>
The Bank of Fukuoka, Ltd.	3.1	1.4%	<b>Total Investment Corporation Bonds</b>	<b>24.5</b>	<b>—</b>
			<b>Total Interest-Bearing Liabilities</b>	<b>244.2</b>	<b>—</b>

(Note 1) "Average interest rate" indicates a weighted average (annual) interest rate using the balance of interest-bearing liabilities. In respect of the interest rates of interest-bearing liabilities for which an interest rate swap was conducted, interest rates taking into account the effect of the interest rate swap are used.

## Status of Commitment Line Agreement

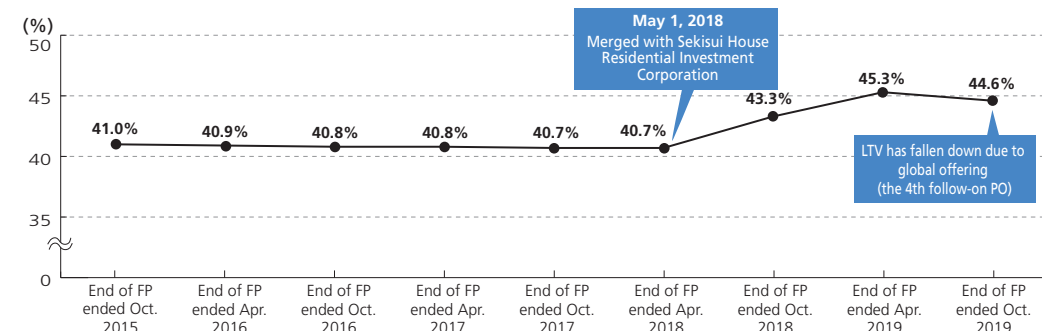
Financial Institution	Credit Limit Amount	Agreement Term
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation	15.0 billion yen	November 1, 2019 to October 31, 2020

## Diversification of Repayment Dates



## Change in LTV

Intend to control LTV conservatively at mid-40% range with upper limit of around 50% for the immediate period



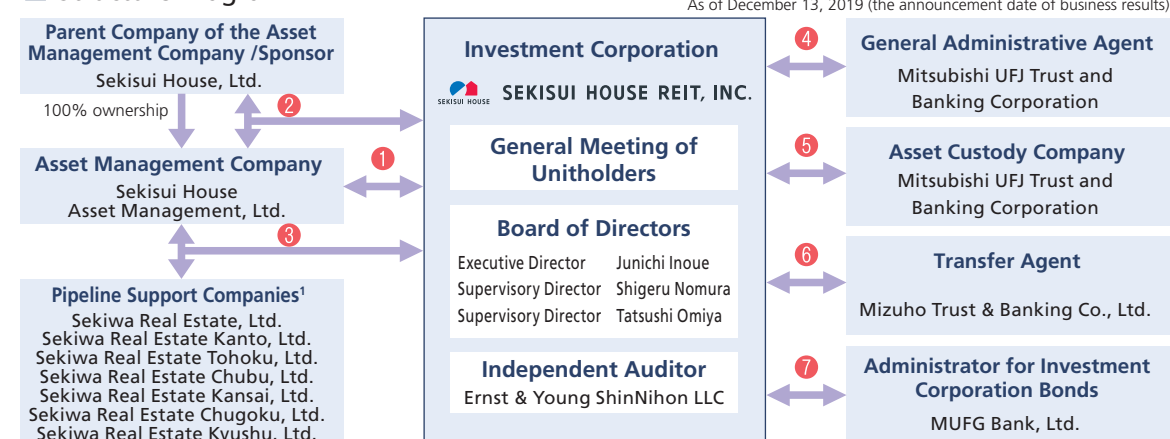
(Note) LTV (%) = Total interest-bearing liabilities / total assets × 100

## Overview of SHR and SHAM

## Overview of SHR

Name	Sekisui House Reit, Inc.	Asset Management Company	Sekisui House Asset Management, Ltd.
Representative	Junichi Inoue, Executive Director	Fiscal Period Ends	April and October of each year
Location	4-15-1 Akasaka, Minato-ku, Tokyo		

## Structure Diagram



① Asset Management Agreement ② Sponsor Support Agreement ③ Agreement on Preferential Negotiating Rights (etc.) ④ General Administrative Agreement ⑤ Asset Custody Agreement ⑥ Administrative Agreement (Administration of Investment Units) ⑦ Financial Agent Agreement

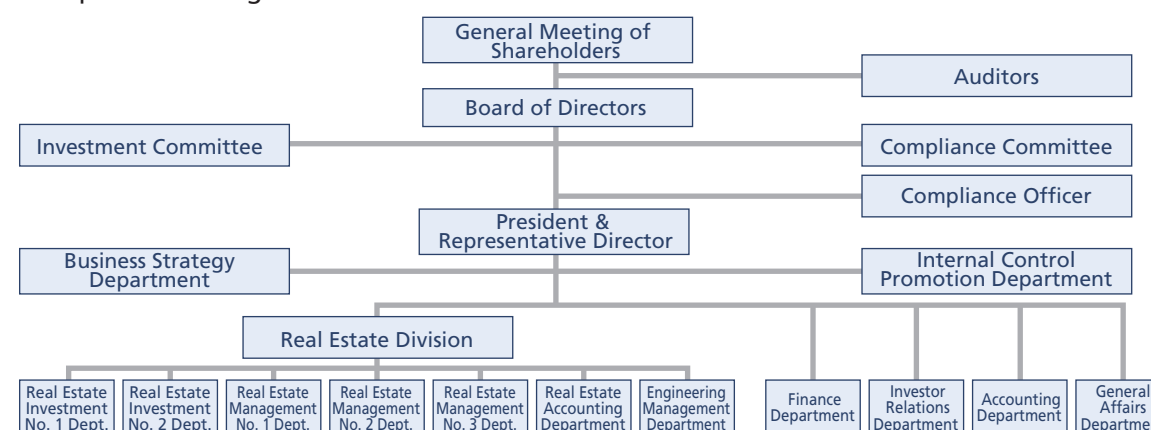
(Note 1) As of February 1, 2020, company name of Sekiwa Real Estate Companies will be changed to Sekisui House Real Estate Companies. In addition, Sekiwa Real Estate, Ltd. and Sekiwa Real Estate Kanto, Ltd. will be merged and will be Sekisui House Real Estate Tokyo, Ltd.

## Overview of SHAM

Corporate name	Sekisui House Asset Management, Ltd.	Location	4-15-1 Akasaka, Minato-ku, Tokyo
Representative	Junichi Inoue, President & Representative Director	Capital	400 million yen
		Shareholder	Sekisui House, Ltd. (100%)

Licenses and registration, etc. Licensed for building lots and buildings transaction business License No.(2) 96411 issued by the Governor of Tokyo. Certified as an entrustment-based agency License No.82 issued by the Minister of Land, Infrastructure, Transportation and Tourism. Registered as a financial instruments business operator Registration No.2791 issued by the Director-General of Kanto Local Finance Bureau (Kinsho).

## Operational Organizational Structure





Outline of asset management operation

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

(1) Brief History of the Investment Corporation

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

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

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

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

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

(Note 2) In association with the Investment Corporation Merger, Sekisui House Asset Management, Ltd. (the “former SHAM”), the asset management company for SHI, and Sekisui House Asset Management, Ltd. (former name: Sekisui House Investment Advisors, Ltd.) (the “Asset Management Company” or “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.

(Note 5) As for “residential properties” and “commercial properties”, since management guideline stipulated in SHAM has been revised on December 13, 2019, the definitions after the revision are indicated.

(2) Management Environment and Management Performance

a. Management Environment

The Japanese economy continued to recover gradually from the previous fiscal period, despite weaknesses in exports and production, due to a moderate increase in capital investment against the backdrop of corporate profits, which had been steady at high levels, and steady improvement in the employment and income environment.

Under such circumstances, the real estate leasing market both for residences and office buildings continued to have favorable supply-demand conditions, and rental demand remained robust. As for hotels, while there is a decreasing trend in the number of tourists visiting Japan from South Korea and other countries, the number of foreign tourists visiting Japan is still on an upward trend.

On the other hand, in the real estate transaction market, investors in Japan and overseas have continued to be highly motivated to acquire properties under favorable financial conditions, and the SHR has seen a shortage of superior properties that it considers to be an investment target, and expected cap rate has remained at low levels.

b. Management Performance

In an environment in which the properties SHR considers to be investment targets are in short supply, SHR has leveraged the pipeline support of Sekisui House, a sponsor of SHR, to acquire a total of seven properties, including three high-quality office buildings and four residences developed by Sekisui House (of which two properties were additionally acquired), using the funds raised by the public offering in June 2019. In addition, in September 2019, SHR disposed one residence, which had been expected to lose profitability for a certain period of time due to the retirement of a large tenant, to an outside third party, and acquired one residence from Sekisui House.

These transactions brought the number of properties SHR owned as of October 31, 2019 (“as of the end of the fiscal period under review”) to 119 (comprising 111 residential properties and 8 commercial properties) with an aggregate acquisition price<sup>(Note)</sup> of 527,065 million yen (246,565 million yen for residential properties and 280,500 million yen for commercial properties).

Moreover, the occupancy rate of SHR’s investment assets as of the end of the fiscal period under review stood at 97.5% for residential properties, 99.9% for commercial properties and 98.1% for the entire portfolio, bolstered by strong leasing demand against the backdrop of the solid economic growth 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

During the fiscal period under review, SHR issued new investment units through the public offering (of 501,500 units) on June 10, 2019, and issued additional new investment units by way of third-party allotment (of 25,075 units) on July 9 of the same year. As a result, as of the end of the fiscal period under review, unitholders’ capital is 149,210 million yen and the total number of investment units issued and outstanding is 4,288,666 units.

b. Borrowings and Issuance of Investment Corporation Bonds

SHR procured a short-term loan in the total amount of 31,160 million yen on June 10, 2019 to use as funds for the acquisition of the real estate trust beneficiary interests (total of 7 properties including additional acquisition of 2 properties) and related expenses. Of this short-term loan, 1,850 million yen was partially early repaid on July 12, 2019 through the issuance of new investment units by way of third-party allotment conducted on July 9, 2019. SHR refinanced 16,310 million yen into a fixed interest rate long-term loans on September 30, 2019 (of which 11,940 million yen was long-term loans with floating interest rates, but interest rates were effectively fixed by establishing interest rate swaps). On July 11, 2019, SHR issued its first green bonds (the issuance amount of the third investment corporation bonds is 4,000 million yen and the issuance amount of the fourth investment corporation bonds is 2,500 million yen), and, on July 12, 2019, using the funds from this bonds and cash on hand, SHR made early repayment of the short-term loan of 6,500 million yen procured on February 28, 2019 .

As a result, fixed interest rate debt ratio in interest-bearing liabilities became 91.2% at the end of the fiscal period under review from 93.1% at the end of the previous fiscal period. The balance of interest-bearing liabilities



at the end of the fiscal period under review is 244,242 million yen and the ratio of total interest-bearing liabilities to total assets (“LTV (total assets basis)”) is 44.6%.

At the end of the fiscal period under review, commitment line agreements with MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation were established at a maximum amount of 15,000 million yen. As the commitment deadline of the commitment line contract arrived on October 31, 2019, SHR re-entered into a commitment line contract with MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation on October 30, 2019 with the term of the contract from November 1, 2019 to October 31, 2020 and the maximum amount of 15,000 million yen in order to ensure flexible and stable financing methods.

#### 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

#### (4) Overview of Business Performance and Distributions

Results in the fiscal period under review are operating revenue of 14,683 million yen, operating income of 8,226 million yen and ordinary income of 7,406 million yen, resulting in net income of 7,405 million yen. In addition, concerning cash distributions, SHR decided to distribute 6,994 million yen, which is the amount of unappropriated retained earnings after adding reversal of reserve for temporary difference adjustments (364 million yen) based on the application of special tax treatment for investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended) (the “Special Taxation Measures Act”)) and reserving reserve for reduction entry (775 million yen) stipulated in Article 65-7 of the Special Taxation Measures Act.

#### 2. Status of Capital Increase, etc.

The following table sets forth the increase (/decrease) in unitholders’ capital and the total number of investment units issued and outstanding since the establishment of SHR through to 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	
September 8, 2014	Private placement for incorporation	200	200	2,000	2,000	(Note 1)
December 2, 2014	Public offering	63,690	63,890	600,000	602,000	(Note 2)
December 24, 2014	Third-party allotment	3,184	67,074	30,000	632,000	(Note 3)
May 19, 2015	Public offering	19,673	86,748	154,200	786,200	(Note 4)
June 12, 2015	Third-party allotment	995	87,743	7,800	794,000	(Note 5)
May 24, 2016	Public offering	11,706	99,450	95,200	889,200	(Note 6)
June 21, 2016	Third-party allotment	590	100,040	4,800	894,000	(Note 7)
May 24, 2017	Public offering	9,661	109,702	71,400	965,400	(Note 8)
June 12, 2017	Third-party allotment	487	110,189	3,600	969,000	(Note 9)
May 1, 2018	Split of investment units	—	110,189	969,000	1,938,000	(Note 10)
May 1, 2018	Allocation of investment units through merger	—	110,189	1,824,091	3,762,091	(Note 11)
June 10, 2019	Public offering	37,162	147,351	501,500	4,263,591	(Note 12)
July 9, 2019	Third-party allotment	1,858	149,210	25,075	4,288,666	(Note 13)

(Note 1) New investment units were issued at an issue price of 100,000 yen per unit upon the establishment of SHR.

(Note 2) New investment units were issued at an issue price of 110,000 yen (with the issue amount being 106,150 yen) per unit through a public offering to procure funds for the acquisition of new properties.

(Note 3) New investment units were issued at an issue amount of 106,150 yen per unit by way of third-party allotment and proceeds thereof were intended to be used to make partial repayment of loans. Out of proceeds from the issuance of new investment units (3,184 million yen), 111 million yen was allocated for partial repayment of loans and the remaining (3,073 million yen) was allocated, with the net proceeds from the public offering on May 19, 2015, to fund part of the acquisition cost of “Hommachi Garden City (Office building portion)” (as defined in “Condition of investment assets” “2. Major Portfolio Assets” below).

(Note 4) New investment units were issued at an issue price of 131,917 yen (with the issue amount being 127,587 yen) per unit through a public offering to procure funds for the acquisition of a new property.

(Note 5) New investment units were issued at an issue amount of 127,587 yen per unit by way of third-party allotment and proceeds thereof were intended to be used to make partial repayment of loans or as part of future acquisition funds for specified assets.

(Note 6) New investment units were issued at an issue price of 127,140 yen (with the issue amount being 122,967 yen) per unit through a public offering to procure funds for the acquisition of new properties.

(Note 7) New investment units were issued at an issue amount of 122,967 yen per unit by way of third-party allotment and proceeds thereof were intended to be used to make future partial repayment of loans or as part of future acquisition funds for specified assets.

(Note 8) 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 9) 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 10) 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 11) 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 12) 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 13) New investment units were issued at an issue amount of 74,103 yen per unit by way of third-party allotment, with the proceeds thereof intended to be used for the partial repayment of the short-term loans that had been taken up to finance the acquisition of the new properties.

## [Changes in Market Price of Investment Securities]

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

Fiscal period	6th fiscal period From: May 1, 2017 To: Oct. 31, 2017	7th fiscal period		8th fiscal period From: May 1, 2018 To: Oct. 31, 2018	9th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019	10th fiscal period From: May 1, 2019 To: Oct. 31, 2019
		Before the ex-rights date From: Nov. 1, 2017 To: Apr. 24, 2018	After the ex-rights date From: Apr. 25, 2018 To: Apr. 30, 2018			
High (yen)	146,400	149,100	70,500	73,900	85,400	103,700
Low (yen)	125,900	123,700	69,700	68,200	67,100	77,200

(Note) 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.

## 3. Performance of Distribution, etc.

Distribution per unit for the fiscal period under review (the 10th fiscal period) is 1,631 yen. The policy is to distribute 6,994,814 thousand yen, which is the amount of unappropriated retained earnings after adding reversal of reserve for temporary difference adjustments (364,855 thousand yen) in application of the special treatment of corporation tax under which the amount equivalent to distribution of earnings is deductible from the taxable income of investment corporations as deductible expenses (Article 67-15 of the Special Taxation Measures Act) and reserving reserve for reduction entry (775,495 thousand yen) stipulated in Article 65-7 of the Special Taxation Measures Act.

Fiscal period	6th fiscal period From: May 1, 2017 To: Oct. 31, 2017	7th fiscal period From: Nov. 1, 2017 To: Apr. 30, 2018	8th fiscal period From: May 1, 2018 To: Oct. 31, 2018	9th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019	10th fiscal period From: May 1, 2019 To: Oct. 31, 2019
Total amount of unappropriated retained earnings (thousand yen)	2,626,016	2,621,502	7,403,117	5,894,142	7,405,454
Amount of accumulated earnings (thousand yen)	26	357	1,556,827	—	775,495
Total amount of cash distribution (thousand yen)	2,625,990	2,621,145	5,846,289	5,996,773	6,994,814
[Distribution per unit] (yen)	[2,710]	[2,705]	[1,554]	[1,594]	[1,631]
Total amount of distribution of earnings out of the total amount of cash distribution (thousand yen)	2,625,990	2,621,145	5,846,289	5,996,773	6,994,814
[Distribution of earnings per unit] (yen)	[2,710]	[2,705]	[1,554]	[1,594]	[1,631]
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

Looking ahead, the Japanese economy is expected to continue recovering moderately, supported partly by the effects of various economic policies amid the employment and income situation continuing to improve, despite weakness remains in exports, industrial production and machinery investment, according to the Monthly Economic Report (October 2019) released by the Cabinet Office.

However, in addition to the effects of tensions over trade issues, the outlook for the Chinese economy, events in overseas economies such as the United Kingdom's exit from the European Union, and fluctuations in financial and capital markets, it is necessary to pay close attention to consumer sentiment after the consumption tax hike, and to the impact on the economy of a series of natural disasters, including Typhoon No. 19 in the first Reiwa Era.

Having such circumstances in mind, SHR believes that, in the real estate leasing market, demand will remain stable continuously both for residences and office buildings. Meanwhile, the hotel market will likely continue to see a strong demand against the backdrop of the change in number of foreign tourists visiting Japan over the previous year.

As to the real estate transaction market, the expected cap rate is likely to remain low for the time being.

(2) Future Management Policy and Challenges to Address

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

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

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

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

SHR has executed a sponsor support agreement with Sekisui House. This agreement provides for utilization of the urban redevelopment business track record and know-how of Sekisui House, allowing SHR to seek from Sekisui House property acquisition support for external growth (pipeline support). Specifically, such support will (a) grant to 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 Seven Sekiwa 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 Seven Sekiwa Real Estate Companies.

Sekisui House and Sekiwa Real Estate Group<sup>(Note 3)</sup> possess (a) property management (“PM”) skills based on their relationship with tenants, (b) know-how as a real estate developer to maintain/improve real estate value through large-scale repair, renovation/value enhancement, redevelopment, etc., and (c) know-how on developing various types of master leasing businesses. SHR and SHAM can, by concluding a PM services consignment agreement (“PM Agreement”) or a sponsor support agreement with Sekisui House, seek (a) property management services for commercial properties, and (b) in relation to management of owned assets for internal growth, (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. Furthermore, Sekiwa Real Estate Group possesses PM skills, including know-how on PM services proven by tenant solicitation utilizing its nationwide network and an abundant management track record. As such, SHR will capitalize on the PM skills possessed by Sekiwa Real Estate Group by concluding a PM Agreement with Sekiwa Real Estate Group for residential 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) “Seven Sekiwa Real Estate Companies” is a collective name for Sekiwa Real Estate, Ltd., Sekiwa Real Estate Kanto, Ltd., Sekiwa Real Estate Tohoku, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chugoku, Ltd. and Sekiwa Real Estate Kyushu, Ltd., which are wholly-owned subsidiaries of Sekisui House and are core companies of real estate unit of the Sekisui House Group operating nationwide. The same shall apply hereinafter.

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

(3) Financial Strategy

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

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

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

5. Significant Subsequent Events

Not applicable.

(Reference Information)

(1) Issuance of Investment Corporation Bonds

SHR decided to conduct issuance of new investment corporation bonds as stated below on October 25, 2019 based on the comprehensive resolution passed at a meeting of the board of directors of SHR held on February 25, 2019, and payment for such corporate bonds has been completed on November 1, 2019.

Name	: Sekisui House Reit, Inc. Fifth Series Unsecured Investment Corporation Bonds (with pari passu clause among specified investment corporation bonds) (Green Bonds)
Total issue amount	: 5,000 million yen
Interest rate	: 0.220% per annum
Payment date	: November 1, 2019



Collateral and guarantee	: No secured mortgage or guarantee is applicable, and no assets are specifically reserved as security.
Redemption method and date	: The total amount will be redeemed on November 1, 2024. The bonds may be repurchased and cancelled at any time after the payment date unless otherwise specified by Japan Securities Depository Center, Incorporated or laws and regulations.
Credit rating	: AA (Japan Credit Rating Agency, Ltd.)
Fiscal agent, issuing agent and paying agent	: MUFG Bank, Ltd.
Use of proceeds	: The proceeds were used for early repayment of short-term loans on November 5, 2019 (Note).

(Note) Details of the early repayment are as follows.

Category	Lender	Balance before repayment (million yen)	Repayment amount (million yen)	Balance after repayment (million yen)	Drawdown date	Repayment date	Early repayment date
Short-term	MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation	13,000	5,000	8,000	Jun. 10, 2019	May 29, 2020	Nov. 5, 2019

(2) Acquisition of Credit Rating

SHR announced that it newly acquired credit rating from Rating and Investment Information, Inc. (“R&I”) on November 18, 2019.

Subject of ratings	Rating	Rating outlook
Issuer rating	AA-	Stable

(3) Borrowing of Funds

SHR conducted the following borrowing of funds on November 29, 2019 for use as repayment funds of a long-term borrowing (14,000 million yen) which was due for repayment on November 30, 2019.

a. Fixed Interest Rate Borrowing

Category	Lender (Note 1)	Loan Amount (million yen)	Interest rate (Note 2) (Note 3) (Note 4)	Drawdown date	Borrowing method	Repayment date (Note 5)	Repayment method (Note 6)	Security
Long-term	Development Bank of Japan Inc.	800	0.500%	Nov. 29, 2019	Borrowing based on individual loan agreement, dated November 26, 2019. The lender under the loan agreement is as indicated to the left of this table.	May 31, 2028	Lump-sum repayment at maturity	Unsecured and Unguaranteed
Total		800	—	—	—	—	—	—

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

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

(Note 3) The first interest payment date will be the last day of February 2020. Subsequent interest payment dates will be the last day of August and February of each year 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) The first interest calculation period is from November 29, 2019 to the last day of February 2020.

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

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

b. Floating Interest Rate Borrowing

Category	Lenders (Note 1)	Loan Amount (million 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)	1,200	Base rate (JBA 3-month Japanese Yen TIBOR) plus 0.185% (Note 9)	Nov. 29, 2019	Borrowing based on individual loan agreement, dated November 26, 2019. The lenders under the loan agreement are as indicated to the left of this table.	Nov. 30, 2023	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	Mizuho Bank, Ltd.	200						
	Sumitomo Mitsui Banking Corporation	800						
	Sumitomo Mitsui Trust Bank, Limited	1,800						
	MUFG Bank, Ltd. (Note 8)	1,400	Base rate (JBA 3-month Japanese Yen TIBOR) plus 0.290% (Note 10)			May 29, 2026		
	Mizuho Bank, Ltd.	300						
	Sumitomo Mitsui Banking Corporation	1,000						
	The Norinchukin Bank	800						
	MUFG Bank, Ltd. (Note 8)	1,700	Base rate (JBA 3-month Japanese Yen TIBOR) plus 0.380% (Note 11)			May 31, 2028		
	Mizuho Bank, Ltd.	1,300						
	Sumitomo Mitsui Banking Corporation	1,200						
	Mizuho Trust & Banking Co., Ltd.	600						
	Resona Bank, Limited.	900						
Total		13,200	—	—	—	—	—	

- (Note 1) MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation are arrangers of the above borrowings.
- (Note 2) The borrowing expenses and other charge payable to the lenders are not included.
- (Note 3) The base rate applicable to the calculation period for the interest payable on an interest payment date shall be the 3-month Japanese Yen TIBOR (Tokyo InterBank Offered Rate) published by the Japanese Bankers Association (JBA) TIBOR Administration two business days prior to the immediately preceding relevant interest payment date. 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.
- (Note 4) The first interest payment date will be the last day of February 2020. Subsequent interest payment dates will be the last day of every three months and the principal repayment date. Where the relevant date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls into the next calendar month) the immediately preceding business day.
- (Note 5) The first interest calculation period is from November 29, 2019 to the last day of February 2020.
- (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 loans (in whole or in part), in the period between the drawdown date and the repayment date.
- (Note 8) The borrowings from MUFG Bank, Ltd. are ESG Loan for J-REIT.
- (Note 9) The interest rate is fixed at 0.273%, in fact, by conclusion of the interest rate swap agreement.
- (Note 10) The interest rate is fixed at 0.441%, in fact, by conclusion of the interest rate swap agreement.
- (Note 11) The interest rate is fixed at 0.599%, in fact, by conclusion of the interest rate swap agreement.

## Outline of the investment corporation

### 1. Status of Capital

Fiscal period	As of the end of 6th fiscal period (Oct. 31, 2017)	As of the end of 7th fiscal period (Apr. 30, 2018)	As of the end of 8th fiscal period (Oct. 31, 2018)	As of the end of 9th fiscal period (Apr. 30, 2019)	As of the end of 10th fiscal period (Oct. 31, 2019)
Total number of investment units authorized (units)	10,000,000	10,000,000	20,000,000	20,000,000	20,000,000
Total number of investment units issued and outstanding (units)	969,000	969,000	3,762,091	3,762,091	4,288,666
Unitholders' capital (million yen)	110,189	110,189	110,189	110,189	149,210
Number of unitholders (persons)	14,490	12,958	20,293	18,736	18,986

### 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 (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	1,010,534	23.56
The Master Trust Bank of Japan, Ltd. (Trust Account)	667,883	15.57
Sekisui House, Ltd.	200,750	4.68
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	173,539	4.05
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	90,878	2.12
Mitsubishi UFJ Trust and Banking Corporation	50,102	1.17
STATE STREET BANK WEST CLIENT - TREATY 505234	49,701	1.16
BNYM AS AGT/CLTS 10 PERCENT	45,044	1.05
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	44,106	1.03
JP MORGAN CHASE BANK 385771	34,492	0.80
Total	2,367,029	55.19

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

3. Matters Concerning Directors, etc.

- (1) Name and other information of executive director, supervisory directors and an independent auditor
- The following table sets forth information on the executive director, supervisory directors and an independent auditor of SHR as of the date of this document.

Position	Name	Key concurrently held position, etc.	Total amount of compensation for each position during period (thousand yen)
Executive Director	Junichi Inoue	President & Representative Director, Sekisui House Asset Management, Ltd.	—
Supervisory Director	Shigeru Nomura	President, Shigeru Nomura Certified Public Accountant Office Outside Director, Eiken Chemical Co., Ltd. Member of Corporate Revitalization Committee, The Resolution and Collection Corporation (RCC)	1,800
	Tatsushi Omiya	Outside Director, QB Net Holdings Co., Ltd. Lawyer, LEX Law Office	1,800
Independent Auditor	Ernst & Young ShinNihon LLC	—	46,900 (Note 2)

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

(Note 2) The total amount of compensation for the independent auditor, as stated above, is an approximation and includes compensation for preparing comfort letters for the issuance of new investment units in June 2019 and the issuance of the Third and Fourth Series Unsecured Investment Corporation Bonds in July 2019, as well as compensation for auditing matters related to English financial statements.

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

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

4. 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 9th fiscal period (Apr. 30, 2019)		As of the end of 10th fiscal period (Oct. 31, 2019)	
			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	182,060	38.3	189,258	34.5
		Other areas	55,768	11.7	55,720	10.2
	Commercial properties	Three major metropolitan areas	213,952	45.0	275,780	50.3
		Other areas	—	—	—	—
Total of real estate in trust			451,782	95.1	520,759	95.0
Deposits and other assets			23,203	4.9	27,230	5.0
Total amount of assets			474,985	100.0	547,989	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 <sup>2</sup> ) (Note 2)	Leased area (m <sup>2</sup> ) (Note 3)	Occupancy rate (%) (Note 4)	As a percentage of total property-related operating revenue (%) (Note 5)	Usage type
Garden City Shinagawa Gotenyama <sup>(Note 6)</sup>	70,825	38,577.99	38,545.79	99.9	11.4	Office building
Gotenyama SH Building	50,164	19,999.97	19,999.97	100.0	7.8	Office building
Hommachi Minami Garden City <sup>(Note 7)</sup>	43,204	29,657.53	29,657.53	100.0	7.5	Office building
Hommachi Garden City (Office building portion) <sup>(Note 8)</sup>	37,178	17,006.94	17,006.94	100.0	6.5	Office building
Akasaka Garden City <sup>(Note 9)</sup>	28,855	12,472.80	12,275.28	98.4	3.7	Office building
The Ritz-Carlton, Kyoto <sup>(Note 10)</sup>	17,941	9,384.56	9,384.56	100.0	2.5	Hotel
Hommachi Garden City (Hotel portion) <sup>(Note 8)</sup>	17,061	18,092.98	18,092.98	100.0	2.9	Hotel
Esty Maison Ojima	8,495	9,905.97	9,734.93	98.3	1.8	Residence
Esty Maison Kinshicho II	8,117	9,469.65	9,302.30	98.2	1.6	Residence
Prime Maison Shirokanedai Tower	8,028	6,772.89	6,516.50	96.2	1.7	Residence
Total	289,872	171,341.28	170,516.78	99.5	47.5	—



- (Note 1) “Book value at the end of period” refers to the depreciated book value of each property as of the end of the fiscal period under review, rounded down to the nearest million yen. The same shall apply hereinafter.
- (Note 2) “Leasable area” refers to the floor area presumably available for leasing based on the lease agreement or building drawing, etc. for each property that is valid as of the end of the fiscal period under review, rounded down to the second decimal place. In cases where the properties SHR owns are co-ownership interest or quasi co-ownership interest of trust beneficiary interests in real estate for respective properties, the figure indicates the value obtained by multiplying the leasable area of real estate or real estate in trust (or the leasable area of exclusively-owned portions for properties under compartmentalized ownership interest) by the ratio of the ownership interest owned by SHR or trustees. The same shall apply hereinafter.
- (Note 3) “Leased area” refers to the sum total of the leased area indicated in the respective lease agreements, which are valid as of the end of the fiscal period under review, with the end tenants for each of the properties or the leased area based on building drawings. However, the leasable area of each property is indicated in case fixed-rent type master lease agreements have been concluded with the master lease companies, regardless of whether lease agreements have been concluded with the end tenants. For Akasaka Garden City and The Ritz-Carlton, Kyoto, the figure indicates the area corresponding to the quasi co-ownership interest owned by SHR. The same shall apply hereinafter.
- (Note 4) “Occupancy rate” refers to the ratio of leased area to leasable area of each property as of the end of the fiscal period under review, rounded to the nearest first decimal place. The figure indicated in the “Total” column indicates the ratio of the sum total of leased area of each property to the sum total of leasable area of each property, rounded to the nearest first decimal place.
- (Note 5) Figures under the heading “As a percentage of total property-related operating revenue” indicate the ratio of property-related operating revenue of each property for the fiscal period under review to total property-related operating revenue of each property of SHR’s entire portfolio for the fiscal period under review, rounded to the nearest first decimal place.
- (Note 6) SHR additionally acquired the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor above ground and part of the exclusively-owned portions of the 5th floor above ground of the building of “Garden City Shinagawa Gotenyama”, as well as the accompanying right of site (ratio of right of site: 734,166/3,857,806 (or approximately 19.0%)) on June 10, 2019 (may be referred to as “Garden City Shinagawa Gotenyama (additional acquisition portion)”) and SHR owns all of “Garden City Shinagawa Gotenyama” as of the end of the fiscal period under review. The same shall apply hereinafter.
- (Note 7) SHR additionally acquired the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st to 12th floors above ground of the building of “Hommachi Minami Garden City”, as well as the accompanying right of site (ratio of right of site: 1,295,807/2,965,753 (or approximately 43.7%)) on June 10, 2019 (may be referred to as “Hommachi Minami Garden City (additional acquisition portion)”) and SHR owns all of “Hommachi Minami Garden City” as of the end of the fiscal period under review. The same shall apply hereinafter.
- (Note 8) Hommachi Garden City comprises the portions used as office building and retail property (“Hommachi Garden City (Office building portion)”) and the portions used as a hotel (“Hommachi Garden City (Hotel portion)”). In this document, the overview and other information regarding the property may be described separately for the Office building portion and the Hotel portion. The same shall apply hereinafter.
- (Note 9) For Akasaka Garden City, SHR owns 65.45% quasi co-ownership interest of trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor under ground through 4th floor above ground and 11th floor through 19th floor above ground of the building, as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (or approximately 66.3%)), and the figures indicate the value corresponding to the quasi co-ownership interest. The same shall apply hereinafter.
- (Note 10) For The Ritz-Carlton, Kyoto, SHR owns 40% quasi co-ownership interest of trust beneficiary interest in real estate for the property, and the figures indicate the value corresponding to the quasi co-ownership interest. The same shall apply hereinafter.

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

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

Usage type	Property number (Note 1)	Name of real estate, etc.	Location (Note 2)	Type of ownership	Book value at the end of period (million yen)	Estimated value at the end of period (million yen) (Note 3)
Residence	R-001	Esty Maison Ginza	Chuo-ku, Tokyo	Real estate trust beneficiary interests	6,504	6,900
	R-002	Esty Maison Azabunagasaka	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,773	1,930
	R-003	Esty Maison Ebisu II	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,027	2,180
	R-004	Esty Maison Ebisu	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	868	903
	R-005	Esty Maison Kanda	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	1,583	1,740
	R-006	Esty Maison Kitashinjuku	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,564	1,710
	R-007	Esty Maison Asakusakomagata	Taito-ku, Tokyo	Real estate trust beneficiary interests	2,144	2,360
	R-008	Esty Maison Kawasaki	Kawasaki-shi, Kanagawa	Real estate trust beneficiary interests	2,492	2,660
	R-010	Esty Maison Kameido	Koto-ku, Tokyo	Real estate trust beneficiary interests	1,542	1,760
	R-011	Esty Maison Meguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	1,088	1,190
	R-012	Esty Maison Sugamo	Toshima-ku, Tokyo	Real estate trust beneficiary interests	1,613	1,740
	R-013	Esty Maison Kyobashi	Osaka-shi, Osaka	Real estate trust beneficiary interests	2,903	3,000
	R-014	Esty Maison Hakuraku	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	913	975
	R-015	Esty Maison Minamihorie	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,051	1,110
	R-016	Esty Maison Gotanda <sup>(Note 4)</sup>	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	3,073	3,280
	R-017	Esty Maison Oisendaizaka	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,679	2,860
	R-018	Esty Maison Shinagawa Seaside	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,140	2,170
	R-019	Esty Maison Minamiazabu	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,243	1,330
	R-020	Esty Maison Tsukamoto	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,054	1,120
	R-021	Esty Maison Kawasaki II	Kawasaki-shi, Kanagawa	Real estate trust beneficiary interests	1,968	2,070
	R-022	Esty Maison Azabujuban	Minato-ku, Tokyo	Real estate trust beneficiary interests	2,727	2,890
	R-023	Esty Maison Itabashihoncho	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	918	994
	R-024	Esty Maison Oizumigakuen	Nerima-ku, Tokyo	Real estate trust beneficiary interests	779	838
	R-025	Esty Maison Higashishinagawa	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,341	2,390
	R-026	Esty Maison Itabashikuyakushomae	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	2,497	2,680
	R-027	Esty Maison Musashikoyama <sup>(Note 5)</sup>	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,035	1,130
	R-028	Esty Maison Sendagi <sup>(Note 6)</sup>	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	689	748

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-029	Esty Maison Yotsuyasakamachi <sup>(Note 7)</sup>	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	2,077	2,270
	R-030	Esty Maison Hakatahigashi	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,325	2,410
	R-031	Esty Maison Kamigofuku	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	798	814
	R-032	Esty Maison Sangenjaya	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	809	871
	R-033	Prime Maison Musashinonomori	Kodaira-shi, Tokyo	Real estate trust beneficiary interests	1,817	1,960
	R-034	Prime Maison Higashisakura	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,467	1,590
	R-035	Prime Maison Kayabakoen	Nagoya-shi, Aichi	Real estate trust beneficiary interests	848	876
	R-036	Esty Maison Sangenjaya II	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	773	842
	R-037	Esty Maison Itabashi C6	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	2,516	2,690
	R-038	MAST Hakata <sup>(Note 8)</sup>	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,266	2,500
	R-039	Esty Maison Kinshicho	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,232	1,300
	R-040	Esty Maison Musashikoganei	Koganei-shi, Tokyo	Real estate trust beneficiary interests	1,770	1,980
	R-041	Prime Maison Gokiso	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,904	2,050
	R-042	Prime Maison Yuhigaoka	Osaka-shi, Osaka	Real estate trust beneficiary interests	892	972
	R-043	Prime Maison Kitatanabe	Osaka-shi, Osaka	Real estate trust beneficiary interests	588	634
	R-044	Prime Maison Momochihama	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	1,916	2,080
	R-045	Esty Maison Akihabara	Taito-ku, Tokyo	Real estate trust beneficiary interests	1,888	2,010
	R-046	Esty Maison Sasazuka	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	3,408	3,500
	R-047	Prime Maison Ginza East	Chuo-ku, Tokyo	Real estate trust beneficiary interests	6,156	6,600
	R-048	Prime Maison Takami	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,040	1,110
	R-049	Prime Maison Yadaminami	Nagoya-shi, Aichi	Real estate trust beneficiary interests	878	864
	R-050	Prime Maison Teriha	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	1,222	1,290
	R-051	Esty Maison Higashishirakabe	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,666	1,640
	R-052	Esty Maison Sengoku	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	1,347	1,370
	R-053	Esty Maison Daizawa	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	2,250	2,300
	R-054	Esty Maison Togoshi	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,748	1,820
	R-055	Esty Maison Nishitemma	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,653	1,690
	R-056	Esty Maison Shirokanedai	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,386	2,560
	R-057	Esty Maison Higashishinjuku	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,648	1,760
	R-058	Esty Maison Motoazabu	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,525	1,580

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-059	Esty Maison Toritsudaigaku	Meguro-ku, Tokyo	Real estate trust beneficiary interests	850	863
	R-060	Esty Maison Musashikoyama II	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,015	1,060
	R-061	Esty Maison Nakano	Nakano-ku, Tokyo	Real estate trust beneficiary interests	1,846	1,860
	R-062	Esty Maison Shinnakano	Nakano-ku, Tokyo	Real estate trust beneficiary interests	1,003	1,030
	R-063	Esty Maison Nakanofujimicho	Nakano-ku, Tokyo	Real estate trust beneficiary interests	969	1,020
	R-064	Esty Maison Tetsugakudo	Nakano-ku, Tokyo	Real estate trust beneficiary interests	1,139	1,180
	R-065	Esty Maison Koenji	Suginami-ku, Tokyo	Real estate trust beneficiary interests	1,145	1,200
	R-066	Esty Maison Oshiage	Sumida-ku, Tokyo	Real estate trust beneficiary interests	2,447	2,560
	R-067	Esty Maison Akabane	Kita-ku, Tokyo	Real estate trust beneficiary interests	3,221	3,370
	R-068	Esty Maison Oji	Kita-ku, Tokyo	Real estate trust beneficiary interests	1,618	1,740
	R-069	Prime Maison Waseda	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,551	1,650
	R-070	Prime Maison Hatchobori	Chuo-ku, Tokyo	Real estate trust beneficiary interests	1,430	1,520
	R-071	Prime Maison Jimbocho	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	1,924	1,970
	R-072	Prime Maison Gotenyama East	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,888	2,980
	R-073	MAST LIFE Akihabara	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	549	569
	R-074	Esty Maison Aoi	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,412	2,540
	R-075	Esty Maison Yakuin	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,622	2,460
	R-076	Esty Maison Kinshicho II	Sumida-ku, Tokyo	Real estate trust beneficiary interests	8,117	8,800
	R-077	Esty Maison Ojima	Koto-ku, Tokyo	Real estate trust beneficiary interests	8,495	9,160
	R-078	Prime Maison Fujimidai	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,050	2,120
	R-079	Esty Maison Tsurumai	Nagoya-shi, Aichi	Real estate trust beneficiary interests	4,652	4,590
	R-080	Prime Maison Morishita	Koto-ku, Tokyo	Real estate trust beneficiary interests	1,892	2,020
	R-081	Prime Maison Shinagawa	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,930	2,040
	R-082	Prime Maison Odorikoen	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	3,115	3,010
	R-083	Prime Maison Minami 2-jo	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	1,882	1,740
	R-084	Prime Maison Kamokamogawa	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	1,239	1,130
	R-085	Prime Maison Central Park <sup>(Note 9)</sup>	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,245	2,294
	R-086	MAST LIFE Yahiro	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,872	1,970
	R-087	Prime Maison Ebisu	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	4,318	4,740
	R-088	Granmast Kanazawa Nishiizumi	Kanazawa-shi, Ishikawa	Real estate trust beneficiary interests	1,049	1,060

Usage type	Property number (Note 1)	Name of real estate, etc.	Location (Note 2)	Type of ownership	Book value at the end of period (million yen)	Estimated value at the end of period (million yen) (Note 3)
Residence	R-089	Granmast Unomori	Yokkaichi-shi, Mie	Real estate trust beneficiary interests	805	835
	R-090	Esty Maison Kohoku Tsunashima	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	2,724	2,932
	R-091	MAST LIFE Hino	Hino-shi, Tokyo	Real estate trust beneficiary interests	1,355	1,410
	R-092	Prime Maison Yokohama Nihon-odori	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	4,772	5,010
	R-093	Kobe Women's Student Housing	Kobe-shi, Hyogo	Real estate trust beneficiary interests	5,631	6,110
	R-094	Prime Maison Shibuya	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,410	2,610
	R-095	Prime Maison Hatsudai	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,971	3,210
	R-096	Esty Maison Uemachidai	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,084	1,060
	R-097	Esty Maison Kobe-sannomiya	Kobe-shi, Hyogo	Real estate trust beneficiary interests	951	977
	R-098	Prime Maison Shirokane-takanawa	Minato-ku, Tokyo	Real estate trust beneficiary interests	4,855	5,260
	R-099	Prime Maison Ichigayayamabushicho	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	4,174	4,260
	R-100	Esty Maison Morishita	Sumida-ku, Tokyo	Real estate trust beneficiary interests	645	673
	R-101	Prime Maison Shirokanedai Tower	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	8,028	9,590
	R-102	Prime Maison Otsuka	Toshima-ku, Tokyo	Real estate trust beneficiary interests	3,746	4,330
	R-103	Prime Maison Asakusabashi	Taito-ku, Tokyo	Real estate trust beneficiary interests	1,700	1,960
	R-104	Prime Maison Daikanyama	Meguro-ku, Tokyo	Real estate trust beneficiary interests	2,546	2,990
	R-105	Prime Maison Gotenyama West	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	3,440	4,130
	R-106	Esty Maison Toyosu Residence (Note 10)	Koto-ku, Tokyo	Real estate trust beneficiary interests	6,094	6,670
	R-107	Esty Maison Kokura	Kitakyushu-shi, Fukuoka	Real estate trust beneficiary interests	1,094	1,050
	R-108	MAST Ijiri	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	402	420
	R-109	Prime Maison Mitatsunamachi	Minato-ku, Tokyo	Real estate trust beneficiary interests	2,068	2,170
	R-110	Prime Maison Hongo	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	2,634	2,700
	R-111	Prime Maison Kuramae	Taito-ku, Tokyo	Real estate trust beneficiary interests	2,227	2,270
	R-112	Esty Maison Yokohama-aobadai (Note 11)	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	3,062	3,170
	Subtotal		-	-	244,979	260,634

Usage type	Property number (Note 1)	Name of real estate, etc.	Location (Note 2)	Type of ownership	Book value at the end of period (million yen)	Estimated value at the end of period (million yen) (Note 3)
Office building	O-001	Garden City Shinagawa Gotenyama	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	70,825	89,100
	O-002	Gotenyama SH Building	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	50,164	62,000
	O-003	Hommachi Minami Garden City	Osaka-shi, Osaka	Real estate trust beneficiary interests	43,204	56,400
	O-004	Hommachi Garden City (Office building portion)	Osaka-shi, Osaka	Real estate trust beneficiary interests	37,178	44,800
	O-005	HK Yodoyabashi Garden Avenue <sup>(Note 12)</sup>	Osaka-shi, Osaka	Real estate trust beneficiary interests	4,302	6,130
	O-006	Hirokoji Garden Avenue	Nagoya-shi, Aichi	Real estate trust beneficiary interests	6,246	7,370
	O-007	Akasaka Garden City	Minato-ku, Tokyo	Real estate trust beneficiary interests	28,855	30,100
	Subtotal		-	-	240,777	295,900
Hotel	H-001	Hommachi Garden City (Hotel portion)	Osaka-shi, Osaka	Real estate trust beneficiary interests	17,061	18,000
	H-002	The Ritz-Carlton, Kyoto	Kyoto-shi, Kyoto	Real estate trust beneficiary interests	17,941	18,520
	Subtotal		-	-	35,002	36,520
Total			-	-	520,759	593,054

(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) For Esty Maison Yotsuyasakamachi, 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: 245,317/329,739 (or approximately 74.4%)).

(Note 8) MAST 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 9) 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 10) 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 11) 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 12) For HK Yodoyabashi Garden Avenue, SHR owns real estate trust beneficiary interests for the compartmentalized ownership interest to all of the exclusively-owned portions of the 1st through 6th floors above ground of the building and for the accompanying right of site (ratio of right of site: 405,901/1,000,000 (or approximately 40.6%)).



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

Usage type	Property number	Name of real estate, etc.	9th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019				10th fiscal period From: May 1, 2019 To: Oct. 31, 2019			
			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	99.1	179	1.4	1	96.8	176	1.3
	R-002	Esty Maison Azabunagasaka	1	96.4	50	0.4	1	95.5	51	0.4
	R-003	Esty Maison Ebisu II	1	89.2	58	0.5	1	95.9	58	0.4
	R-004	Esty Maison Ebisu	1	100.0	23	0.2	1	96.1	22	0.2
	R-005	Esty Maison Kanda	1	95.6	46	0.4	1	97.4	46	0.3
	R-006	Esty Maison Kitashinjuku	1	97.7	47	0.4	1	95.2	47	0.3
	R-007	Esty Maison Asakusakomagata	1	97.7	67	0.5	1	97.7	65	0.5
	R-008	Esty Maison Kawasaki	1	97.5	76	0.6	1	98.7	77	0.6
	R-009	Esty Maison Yokohama (Note 5)	1	100.0	65	0.5	—	—	13	0.1
	R-010	Esty Maison Kameido	1	99.0	53	0.4	1	97.9	54	0.4
	R-011	Esty Maison Meguro	1	100.0	31	0.3	1	100.0	32	0.2
	R-012	Esty Maison Sugamo	1	90.1	49	0.4	1	100.0	49	0.4
	R-013	Esty Maison Kyobashi	1	94.4	89	0.7	1	98.2	89	0.6
	R-014	Esty Maison Hakuraku	1	93.0	30	0.2	1	96.5	30	0.2
	R-015	Esty Maison Minamihorie	1	100.0	34	0.3	1	96.8	33	0.2
	R-016	Esty Maison Gotanda	1	98.9	95	0.8	1	92.0	92	0.7
	R-017	Esty Maison Oisendaizaka	1	97.2	77	0.6	1	96.8	77	0.6
	R-018	Esty Maison Shinagawa Seaside	1	94.9	64	0.5	1	98.3	64	0.5
	R-019	Esty Maison Minamiazabu	1	92.3	34	0.3	1	94.2	34	0.2
	R-020	Esty Maison Tsukamoto	1	99.0	38	0.3	1	99.0	39	0.3
	R-021	Esty Maison Kawasaki II	1	93.0	63	0.5	1	99.1	61	0.4
	R-022	Esty Maison Azabujuban	1	97.4	67	0.5	1	100.0	67	0.5
	R-023	Esty Maison Itabashihoncho	1	100.0	29	0.2	1	98.4	29	0.2
	R-024	Esty Maison Oizumigakuen	1	96.6	27	0.2	1	98.3	26	0.2
	R-025	Esty Maison Higashishinagawa	1	93.8	70	0.6	1	98.5	72	0.5
	R-026	Esty Maison Itabashikuyakush omae	1	100.0	76	0.6	1	97.6	77	0.6
	R-027	Esty Maison Musashikoyama	1	94.0	31	0.3	1	100.0	31	0.2
	R-028	Esty Maison Sendagi	1	100.0	22	0.2	1	95.8	22	0.2
	R-029	Esty Maison Yotsuyasakamachi	1	100.0	62	0.5	1	98.3	59	0.4

Usage type	Property number	Name of real estate, etc.	9th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019				10th fiscal period From: May 1, 2019 To: Oct. 31, 2019			
			Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)	Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)
Residence	R-030	Esty Maison Hakatahigashi	1	98.9	85	0.7	1	99.3	85	0.6
	R-031	Esty Maison Kamigofuku	1	97.0	29	0.2	1	97.0	29	0.2
	R-032	Esty Maison Sangenjaya	1	97.2	24	0.2	1	94.4	24	0.2
	R-033	Prime Maison Musashinonomori	1	95.8	62	0.5	1	93.2	62	0.5
	R-034	Prime Maison Higashisakura	1	89.7	52	0.4	1	98.7	53	0.4
	R-035	Prime Maison Kayabakoen	1	96.3	29	0.2	1	88.6	29	0.2
	R-036	Esty Maison Sangenjaya II	1	100.0	24	0.2	1	97.1	24	0.2
	R-037	Esty Maison Itabashi C6	1	97.0	80	0.6	1	98.2	80	0.6
	R-038	MAST Hakata	1	100.0	93	0.8	1	100.0	93	0.7
	R-039	Esty Maison Kinshicho	1	97.2	37	0.3	1	98.6	36	0.3
	R-040	Esty Maison Musashikoganei	1	95.1	55	0.5	1	96.1	54	0.4
	R-041	Prime Maison Gokiso	1	96.5	65	0.5	1	98.5	65	0.5
	R-042	Prime Maison Yuhigaoka	1	100.0	30	0.2	1	91.8	28	0.2
	R-043	Prime Maison Kitatanabe	1	96.6	23	0.2	1	100.0	23	0.2
	R-044	Prime Maison Momochihama	1	100.0	69	0.6	1	100.0	70	0.5
	R-045	Esty Maison Akihabara	1	98.7	58	0.5	1	100.0	58	0.4
	R-046	Esty Maison Sasazuka	1	98.9	90	0.7	1	98.0	91	0.7
	R-047	Prime Maison Ginza East	1	98.7	174	1.4	1	97.9	172	1.2
	R-048	Prime Maison Takami	1	88.8	34	0.3	1	85.3	31	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	0.4	1	100.0	46	0.3
	R-052	Esty Maison Sengoku	1	97.3	38	0.3	1	100.0	39	0.3
	R-053	Esty Maison Daizawa	1	95.4	60	0.5	1	98.8	61	0.4
	R-054	Esty Maison Togoshi	1	97.9	50	0.4	1	99.0	50	0.4
	R-055	Esty Maison Nishitemma	1	96.9	51	0.4	1	95.6	51	0.4
	R-056	Esty Maison Shirokanedai	1	98.8	66	0.5	1	100.0	69	0.5
	R-057	Esty Maison Higashishinjuku	1	100.0	47	0.4	1	100.0	47	0.3
	R-058	Esty Maison Motoazabu	1	100.0	35	0.3	1	100.0	40	0.3
	R-059	Esty Maison Toritsudaigaku	1	100.0	23	0.2	1	100.0	24	0.2

Usage type	Property number	Name of real estate, etc.	9th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019				10th fiscal period From: May 1, 2019 To: Oct. 31, 2019			
			Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)	Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)
Residence	R-060	Esty Maison Musashikoyama II	1	97.4	29	0.2	1	97.3	31	0.2
	R-061	Esty Maison Nakano	1	96.8	52	0.4	1	98.1	52	0.4
	R-062	Esty Maison Shinnakano	1	92.9	27	0.2	1	100.0	28	0.2
	R-063	Esty Maison Nakanofujimicho	1	92.1	29	0.2	1	100.0	28	0.2
	R-064	Esty Maison Tetsugakudo	1	91.6	33	0.3	1	92.1	34	0.2
	R-065	Esty Maison Koenji	1	96.4	33	0.3	1	100.0	34	0.2
	R-066	Esty Maison Oshiage	1	97.5	72	0.6	1	95.0	70	0.5
	R-067	Esty Maison Akabane	1	94.6	97	0.8	1	100.0	95	0.7
	R-068	Esty Maison Oji	1	100.0	50	0.4	1	95.5	49	0.4
	R-069	Prime Maison Waseda	1	94.5	44	0.4	1	93.0	45	0.3
	R-070	Prime Maison Hatchobori	1	96.9	39	0.3	1	100.0	39	0.3
	R-071	Prime Maison Jimbocho	1	100.0	52	0.4	1	98.6	53	0.4
	R-072	Prime Maison Gotenyama East	1	100.0	84	0.7	1	100.0	83	0.6
	R-073	MAST LIFE Akihabara	1	100.0	15	0.1	1	100.0	15	0.1
	R-074	Esty Maison Aoi	1	85.7	69	0.6	1	91.2	67	0.5
	R-075	Esty Maison Yakuin	1	96.3	76	0.6	1	97.5	74	0.5
	R-076	Esty Maison Kinshicho II	1	95.7	223	1.8	1	98.2	224	1.6
	R-077	Esty Maison Ojima	1	97.7	244	2.0	1	98.3	246	1.8
	R-078	Prime Maison Fujimidai	1	94.1	69	0.6	1	92.4	68	0.5
	R-079	Esty Maison Tsurumai	1	100.0	155	1.3	1	100.0	155	1.1
	R-080	Prime Maison Morishita	1	97.7	57	0.5	1	97.7	57	0.4
	R-081	Prime Maison Shinagawa	1	98.9	56	0.5	1	98.2	57	0.4
	R-082	Prime Maison Odorikoen	1	89.2	113	0.9	1	89.0	112	0.8
	R-083	Prime Maison Minami 2-jo	1	100.0	71	0.6	1	97.5	72	0.5
	R-084	Prime Maison Kamokamogawa	1	88.8	46	0.4	1	95.2	44	0.3
	R-085	Prime Maison Central Park	1	93.1	87	0.7	1	98.8	83	0.6
	R-086	MAST LIFE Yahiro	1	100.0	56	0.5	1	100.0	56	0.4
	R-087	Prime Maison Ebisu	1	96.5	111	0.9	1	98.3	110	0.8
	R-088	Granmast Kanazawa Nishiizumi	1	100.0	41	0.3	1	100.0	41	0.3
	R-089	Granmast Unomori	1	100.0	26	0.2	1	100.0	26	0.2

Usage type	Property number	Name of real estate, etc.	9th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019				10th fiscal period From: May 1, 2019 To: Oct. 31, 2019			
			Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)	Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)
Residence	R-090	Esty Maison Kohoku Tsunashima	1	100.0	78	0.6	1	100.0	78	0.6
	R-091	MAST LIFE Hino	1	100.0	48	0.4	1	100.0	48	0.4
	R-092	Prime Maison Yokohama Nihon-odori	1	97.7	153	1.2	1	99.0	137	1.0
	R-093	Kobe Women's Student Housing	1	100.0	223	1.8	1	100.0	222	1.6
	R-094	Prime Maison Shibuya	1	96.2	65	0.5	1	100.0	64	0.5
	R-095	Prime Maison Hatsudai	1	92.9	82	0.7	1	98.3	80	0.6
	R-096	Esty Maison Uemachidai	1	100.0	33	0.3	1	92.1	32	0.2
	R-097	Esty Maison Kobe-sannomiya	1	100.0	31	0.3	1	98.2	31	0.2
	R-098	Prime Maison Shirokane-takanawa	1	96.3	122	1.0	1	95.7	127	0.9
	R-099	Prime Maison Ichigayayamabushicho	1	97.9	110	0.9	1	96.7	112	0.8
	R-100	Esty Maison Morishita	1	95.1	21	0.2	1	100.0	18	0.1
	R-101	Prime Maison Shirokanedai Tower	1	94.0	238	1.9	1	96.2	236	1.7
	R-102	Prime Maison Otsuka	1	96.1	115	0.9	1	95.7	118	0.9
	R-103	Prime Maison Asakusabashi	1	94.7	56	0.5	1	97.5	51	0.4
	R-104	Prime Maison Daikanyama	1	69.3	65	0.5	1	84.7	64	0.5
	R-105	Prime Maison Gotenyama West	1	96.3	118	1.0	1	96.8	115	0.8
	R-106	Esty Maison Toyosu Residence	1	95.4	467	3.8	1	96.2	469	3.4
	R-107	Esty Maison Kokura	1	86.4	26	0.2	1	90.3	32	0.2
	R-108	MAST Ijiri	1	100.0	6	0.1	1	100.0	13	0.1
	R-109	Prime Maison Mitatsunamachi	—	—	—	—	1	88.9	39	0.3
	R-110	Prime Maison Hongo	—	—	—	—	1	91.7	51	0.4
	R-111	Prime Maison Kuramae	—	—	—	—	1	96.8	43	0.3
	R-112	Esty Maison Yokohama-aobadai	—	—	—	—	1	100.0	39	0.3
	Subtotal		12	96.7	7,525	60.8	12	97.5	7,624	54.9

Usage type	Property number	Name of real estate, etc.	9th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019				10th fiscal period From: May 1, 2019 To: Oct. 31, 2019			
			Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)	Total number of tenants [at the end of fiscal period] (Note 1)	Occupancy rate [at the end of fiscal period] (%) (Note 2)	Property-related operating revenue [during fiscal period] (million yen) (Note 3)	As a percentage of total property-related operating revenue (%) (Note 4)
Office building	O-001	Garden City Shinagawa Gotenyama	1	100.0	1,318	10.7	1	99.9	1,584	11.4
	O-002	Gotenyama SH Building	1	100.0	1,088	8.8	1	100.0	1,088	7.8
	O-003	Hommachi Minami Garden City	1	100.0	588	4.8	1	100.0	1,044	7.5
	O-004	Hommachi Garden City (Office building portion)	1	100.0	905	7.3	1	100.0	903	6.5
	O-005	HK Yodoyabashi Garden Avenue	1	100.0	148	1.2	1	100.0	150	1.1
	O-006	Hirokoji Garden Avenue	1	100.0	210	1.7	1	100.0	216	1.6
	O-007	Akasaka Garden City	—	—	—	—	1	98.4	509	3.7
Subtotal			2	100.0	4,260	34.4	2	99.8	5,497	39.6
Hotel	H-001	Hommachi Garden City (Hotel portion)	1	100.0	406	3.3	1	100.0	404	2.9
	H-002	The Ritz-Carlton, Kyoto	1	100.0	178	1.4	1	100.0	352	2.5
Subtotal			2	100.0	584	4.7	2	100.0	757	5.5
Total			15	97.5	12,369	100.0	15	98.1	13,879	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 each fiscal period (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 HK Yodoyabashi Garden Avenue and Hirokoji Garden Avenue where pass-through type master lease agreements have been concluded is 7 and 8, respectively, both as of the end of the 9th fiscal period (from Nov. 1, 2018 to Apr. 30, 2019) and as of the end of the 10th fiscal period (from May 1, 2019 to Oct. 31, 2019). In addition, the total number of end tenants for Garden City Shinagawa Gotenyama (additional acquisition portion), Hommachi Minami Garden City (additional acquisition portion) and Akasaka Garden City as of the end of the 10th fiscal period (from May 1, 2019 to Oct. 31, 2019) is 10, 13 and 18, respectively.
- (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 Yokohama on September 27, 2019. Accordingly, “Property-related operating revenue [during fiscal period]” and “As a percentage of total property-related operating revenue” for the property in the above table indicate the figures for the duration SHR owned it.

4. Details of Renewable Energy Power Generation Facility, etc.  
Not applicable.
5. Details of Right to Operate Public Facility, etc.  
Not applicable.
6. Details of Investment Securities  
Not applicable.
7. Table of Status of Contract Amount, etc. and Fair Value of Specified Transactions  
The following table sets forth the status of contract amount, etc. and fair value of specified transactions at SHR as of the end of the fiscal period under review.

Category	Type	Contract amount, etc. (thousand yen) <sup>(Note 1)</sup>		Fair value (thousand yen) (Note 2)
			Amount due after 1 year	
Transaction other than market transaction	Interest rate swap transaction (Under which floating interest rates are receivable and fixed interest rates are payable)	55,572,500	43,280,000	(475,678)
Transaction other than market transaction	Interest rate swap transaction (Under which floating interest rates are receivable and fixed interest rates are payable)	98,081,000	84,081,000	— <sup>(Note 3)</sup>
Total		153,653,500	127,361,000	(475,678)

- (Note 1) The contract amount, etc. of interest rate swap transactions is based on notional principal amounts.
- (Note 2) The fair value was calculated by the counterparty of the relevant transaction based on the actual market interest rate, etc.
- (Note 3) The fair value is omitted because the transaction meets the criteria for special accounting under the Accounting Standards for Financial Instruments.

8. Status of Other Assets  
Trust beneficiary interests with real estate as the main assets in trust are stated in “3. Details of Assets (Real Estate, etc.) in the Portfolio” above. As of the end of the fiscal period under review, there are no specified assets other than real estate, etc., asset-backed securities, etc. and infrastructure assets, etc. in the portfolio.
9. Status of Holding of Assets by Country and Region  
As of the end of the fiscal period under review, there are no portfolio real estate, etc. in any other country or region besides Japan.



Capital expenditures for property

1. Schedule of Capital Expenditures

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

Name of real estate, etc. (location)	Purpose	Scheduled period	Scheduled amount (million yen) <sup>(Note)</sup>		
			Total amount	Payment for the fiscal period under review	Amount already paid
MAST Hakata (Hakataekimae, Hakata-ku, Fukuoka-shi, Fukuoka)	Large-scale repairs	From: February 2020 To: October 2020	249	—	—
Prime Maison Fujimidai (Fujimidai, Chikusa-ku, Nagoya- shi, Aichi)	Large-scale repairs	From: May 2020 To: October 2020	134	—	—
Esty Maison Kyobashi (Higashinoda-machi, Miyakojima- ku, Osaka-shi, Osaka)	Large-scale repairs	From: November 2019 To: March 2020	130	—	—
Esty Maison Oisendaizaka (Higashi-Oi, Shinagawa-ku, Tokyo)	Large-scale repairs	From: October 2019 To: March 2020	95	—	—
Esty Maison Akihabara (Ueno, Taito-ku, Tokyo)	Large-scale repairs	From: November 2019 To: March 2020	58	—	—
Hommachi Garden City (Office building portion) (Hommachi, Chuo-ku, Osaka-shi, Osaka)	Upgrading of central monitoring devices and peripheral equipment	From: April 2020 To: October 2020	28	—	—
Hommachi Garden City (Hotel portion) (Hommachi, Chuo-ku, Osaka-shi, Osaka)	Upgrading of central monitoring devices and peripheral equipment	From: April 2020 To: October 2020	25	—	—

(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 826 million yen and, together with 295 million yen of repair expenses charged to expenses in the fiscal period under review, work amounting to 1,121 million yen was implemented.

Name of real estate, etc. (location)	Purpose	Period	Payment amount (million yen)
Esty Maison Yakuin (Hirao, Chuo-ku, Fukuoka-shi, Fukuoka)	Large-scale repair	From: February 2019 To: October 2019	226
Esty Maison Higashishirakabe (Yoshino, Higashi-ku, Nagoya-shi, Aichi)	Large-scale repair	From: February 2019 To: June 2019	121
Esty Maison Shinagawa Seaside (Higashi-Shinagawa, Shinagawa-ku, Tokyo)	Large-scale repair	From: March 2019 To: October 2019	114
Hommachi Garden City (Office building portion) (Hommachi, Chuo-ku, Osaka-shi, Osaka)	New installation of coil units for ice heat storage system	From: May 2019 To: June 2019	46
Hommachi Garden City (Hotel portion) (Hommachi, Chuo-ku, Osaka-shi, Osaka)	New installation of coil units for ice heat storage system	From: May 2019 To: June 2019	42
Other capital expenditures			274
Total			826

3. Cash Reserves for Long-Term Repair Plans

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

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

Condition of expenses and debts

1. Details of Expenses Pertaining to Management, etc.

(Unit: thousand yen)

Item	9th fiscal period From: Nov. 1, 2018 To: Apr. 30, 2019	10th fiscal period From: May 1, 2019 To: Oct. 31, 2019
Asset management fee <sup>(Note)</sup>	826,100	1,036,070
Asset custody fee	9,083	9,344
Administrative service fees	42,953	43,689
Directors’ compensations	3,600	3,600
Other expenses	217,096	239,715
Total	1,098,833	1,332,420

(Note) In addition to the amounts shown above, the asset management fees contain 3,120 thousand yen as management fees for property acquisition, capitalized in the book value of real estate, etc., for the 9th fiscal period and 9,000 thousand yen as management fees for property disposition, recorded as other disposition-related expenses, for the 10th fiscal period.

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 1)	Disposition date	Disposition price (million yen) (Not 1)	Book value (million yen)	Gain (Loss) on sale (million yen) (Note 2)
Prime Maison Mitatsunamachi	June 10, 2019	2,040	—	—	—	—
Prime Maison Hongo	June 10, 2019	2,600	—	—	—	—
Prime Maison Kuramae	June 10, 2019	2,190	—	—	—	—
Esty Maison Yokohama-aobadai North	June 10, 2019	1,360	—	—	—	—
Garden City Shinagawa Gotenyama (additional acquisition portion)	June 10, 2019	12,350	—	—	—	—
Hommachi Minami Garden City (additional acquisition portion)	June 10, 2019	20,900	—	—	—	—
Akasaka Garden City	June 10, 2019	28,700	—	—	—	—
Esty Maison Yokohama-aobadai South	September 27, 2019	1,660	—	—	—	—
Esty Maison Yokohama	—	—	September 27, 2019	3,000	2,073	804
Total	—	71,800	—	3,000	2,073	804

(Note 1) “Acquisition price” and “Disposition price” indicate the transaction prices shown in the sales 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.

(Note 2) “Gain (Loss) on sale” indicates the amount calculated by subtracting book value and transaction fees from disposition price.

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

Not applicable.

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

3. Investigation into Value, etc. of Specified Assets

(1) Real Estate, etc. (Appraisal)

Acquisition or disposition	Name of real estate, etc.	Transaction date	Type of asset	Acquisition price or disposition price (million yen)	Appraisal value (million yen) (Note 1)	Appraiser	Date of appraisal
Acquisition	Prime Maison Mitatsunamachi	June 10, 2019	Real estate trust beneficiary interests	2,040	2,160	Chuo Real Estate Appraisal Co., Ltd.	April 1, 2019
	Prime Maison Hongo	June 10, 2019	Real estate trust beneficiary interests	2,600	2,700	Chuo Real Estate Appraisal Co., Ltd.	April 1, 2019
	Prime Maison Kuramae	June 10, 2019	Real estate trust beneficiary interests	2,190	2,260	Chuo Real Estate Appraisal Co., Ltd.	April 1, 2019
	Esty Maison Yokohama-aobadai North	June 10, 2019	Real estate trust beneficiary interests	1,360	1,460	Chuo Real Estate Appraisal Co., Ltd.	April 1, 2019
	Garden City Shinagawa Gotenyama (additional acquisition portion)	June 10, 2019	Real estate trust beneficiary interests	12,350	15,000	Daiwa Real Estate Appraisal Co., Ltd.	April 1, 2019
	Hommachi Minami Garden City (additional acquisition portion)	June 10, 2019	Real estate trust beneficiary interests	20,900	23,800	Richi Appraisal Institute	April 1, 2019
	Akasaka Garden City (Note 2)	June 10, 2019	Real estate trust beneficiary interests	28,700	29,900	Chuo Real Estate Appraisal Co., Ltd.	April 1, 2019
	Esty Maison Yokohama-aobadai South	September 27, 2019	Real estate trust beneficiary interests	1,660	1,710	Chuo Real Estate Appraisal Co., Ltd.	September 1, 2019
Disposition	Esty Maison Yokohama	September 27, 2019	Real estate trust beneficiary interests	3,000	2,070	Daiwa Real Estate Appraisal Co., Ltd.	April 30, 2019

(Note 1) 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.”

(Note 2) “Appraisal value” of Akasaka Garden City is indicated based on the ratio of quasi co-ownership interest SHR owns.

(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 two 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.<sup>(Note 1)</sup>

(1) Status of Transactions

Category	Amount of purchase and sale, etc.	
	Amount of purchase, etc.	Amount of sale, etc.
Total amount	71,800 million yen	3,000 million yen
Breakdown of status of transactions with interested persons, etc.		
Sekisui House, Ltd.	71,800 million yen [100.0%]	— million yen [—%]

(2) Amount of Commission Fee, etc.

Category	Total amount of commission fee, etc. (A) (thousand yen)	Breakdown of transactions with interested persons, etc.		As a percentage of total amount (B/A) (%)
		Payee	Amount paid (B) (thousand yen)	
Management fee (Note 2)	844,252	Sekiwa Real Estate, Ltd.	412,377	48.8
		Sekiwa Real Estate Chubu, Ltd.	55,948	6.6
		Sekiwa Kanri Kansai Co., Ltd.	40,284	4.8
		Sekisui House, Ltd.	31,759	3.8
		Sekiwa Real Estate Kyushu, Ltd.	18,958	2.2
		Sekiwa Real Estate Kansai, Ltd.	5,761	0.7
		SH Hotel Systems Ltd.	240	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, Ltd.	242,911 thousand yen
Sekiwa Real Estate, Ltd.	167,932 thousand yen
Sekiwa Real Estate Chubu, Ltd.	44,488 thousand yen
Sekiwa Kanri Kansai Co., Ltd.	27,133 thousand yen
Sekiwa Real Estate Kyushu, Ltd.	24,386 thousand yen
Sekiwa Real Estate Kansai, Ltd.	4,707 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.

Financial Section (Audited)

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## 1. Financial Statements

## (1) Balance Sheet

	(Thousands of yen)	
	9th Fiscal Period (As of April 30, 2019)	10th Fiscal Period (As of October 31, 2019)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	7,657,644	7,551,248
Cash and deposits in trust	13,301,529	17,134,730
Operating accounts receivable	157,133	196,322
Prepaid expenses	168,285	198,915
Other	212,703	153,267
Allowance for doubtful accounts	(973)	(778)
<b>Total current assets</b>	21,496,324	25,233,705
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings in trust	158,892,235	172,504,565
Accumulated depreciation	(8,236,920)	(10,454,347)
Buildings in trust, net	150,655,315	162,050,217
Structures in trust	1,500,004	1,564,478
Accumulated depreciation	(121,928)	(152,627)
Structures in trust, net	1,378,076	1,411,851
Machinery and equipment in trust	2,153,877	2,193,249
Accumulated depreciation	(91,694)	(133,771)
Machinery and equipment in trust, net	2,062,182	2,059,477
Vehicles in trust	—	153
Accumulated depreciation	—	(19)
Vehicles in trust, net	—	134
Tools, furniture and fixtures in trust	117,224	214,116
Accumulated depreciation	(10,983)	(24,980)
Tools, furniture and fixtures in trust, net	106,240	189,135
Land in trust	295,079,081	352,572,801
Construction in progress in trust	98,534	5,494
Total property, plant and equipment	449,379,431	518,289,113
Intangible assets		
Leasehold rights in trust	2,501,173	2,475,748
Other	6,894	5,442
Total intangible assets	2,508,068	2,481,190
Investments and other assets		
Lease and guarantee deposits	790,700	790,700
Long-term prepaid expenses	396,558	498,514
Other	373,282	403,137
Total investments and other assets	1,560,540	1,692,352
<b>Total non-current assets</b>	453,448,040	522,462,655
<b>Deferred assets</b>		
Investment corporation bond issuance costs	26,285	65,615
Investment unit issuance costs	14,755	227,653
<b>Total deferred assets</b>	41,040	293,268
<b>Total assets</b>	474,985,405	547,989,630

	(Thousands of yen)	
	9th Fiscal Period (As of April 30, 2019)	10th Fiscal Period (As of October 31, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	751,690	974,618
Short-term loans payable	6,500,000	13,000,000
Current portion of investment corporation bonds	2,000,000	2,000,000
Current portion of long-term loans payable	20,792,500	27,892,500
Accounts payable – other	986,348	1,205,134
Accrued expenses	189,758	196,924
Income taxes payable	590	588
Advances received	309,077	431,905
Derivatives liabilities	27,894	50,959
Other	189,700	269,336
<b>Total current liabilities</b>	31,747,560	46,021,967
<b>Non-current liabilities</b>		
Investment corporation bonds	11,000,000	17,500,000
Long-term loans payable	174,640,000	183,850,000
Tenant leasehold and security deposits in trust	11,148,044	13,836,639
Derivatives liabilities	515,034	424,718
Other	239,015	163,835
<b>Total non-current liabilities</b>	197,542,094	215,775,192
<b>Total liabilities</b>	229,289,654	261,797,160
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	110,189,294	149,210,081
Surplus		
Capital surplus	128,598,415	128,598,415
Voluntary reserve		
Reserve for temporary difference adjustments	1,556,827	1,454,196
Total voluntary reserve	1,556,827	1,454,196
Unappropriated retained earnings	5,894,142	7,405,454
Total surplus	136,049,385	137,458,066
<b>Total unitholders' equity</b>	246,238,679	286,668,148
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges	(542,929)	(475,678)
<b>Total valuation and translation adjustments</b>	(542,929)	(475,678)
<b>Total net assets (Note 4)</b>	245,695,750	286,192,469
<b>Total liabilities and net assets</b>	474,985,405	547,989,630

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

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

(Thousands of yen)

	9th Fiscal Period (From November 1, 2018 to April 30, 2019)	10th Fiscal Period (From May 1, 2019 to October 31, 2019)
<b>Operating revenue</b>		
Rent revenue – real estate <b>(Note 5)</b>	12,085,814	13,539,686
Other lease business revenue <b>(Note 5)</b>	284,165	339,644
Gain on sale of real estate properties <b>(Note 5)</b>	—	804,126
Total operating revenue	12,369,980	14,683,458
<b>Operating expenses</b>		
Expenses related to rent business <b>(Note 5)</b>	4,643,232	5,124,966
Asset management fees	826,100	1,036,070
Asset custody fees	9,083	9,344
Administrative service fees	42,953	43,689
Directors' compensation	3,600	3,600
Provision of allowance for doubtful accounts	483	226
Other operating expenses	216,612	239,489
Total operating expenses	5,742,066	6,457,387
<b>Operating income</b>	6,627,913	8,226,071
<b>Non-operating income</b>		
Interest income	111	106
Reversal of distribution payable	1,135	1,415
Refunded consumption taxes	30,680	49,005
Other	—	684
Total non-operating income	31,927	51,211
<b>Non-operating expenses</b>		
Interest expenses	607,995	672,439
Interest expenses on investment corporation bonds	48,755	53,448
Borrowing related expenses	89,904	93,436
Amortization of investment unit issuance costs	14,384	42,905
Amortization of investment corporation bond issuance costs	2,919	5,212
Other	1,135	3,779
Total non-operating expenses	765,094	871,223
<b>Ordinary income</b>	5,894,747	7,406,059
<b>Income before income taxes</b>	5,894,747	7,406,059
Income taxes – current	605	605
Total income taxes	605	605
<b>Net income</b>	5,894,142	7,405,454
<b>Unappropriated retained earnings</b>	5,894,142	7,405,454

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

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

9th Fiscal Period (From November 1, 2018 to April 30, 2019)

(Thousands of yen)

	Unitholders' equity				
	Unitholders' capital	Surplus			
		Capital surplus	Voluntary reserve		Unappropriated retained earnings
			Reserve for temporary difference adjustments	Total voluntary reserve	
Balance at beginning of period	110,189,294	128,598,415	—	—	7,403,117
Changes of items during period					
Reserve for temporary difference adjustments			1,556,827	1,556,827	(1,556,827)
Distribution from surplus					(5,846,289)
Net income					5,894,142
Net changes of items other than unitholders' equity					
Total changes of items during period	—	—	1,556,827	1,556,827	(1,508,974)
Balance at end of period <b>(Note 6)</b>	110,189,294	128,598,415	1,556,827	1,556,827	5,894,142

(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	136,001,532	246,190,826	(526,965)	(526,965)	245,663,860
Changes of items during period					
Reserve for temporary difference adjustments	—	—			—
Distribution from surplus	(5,846,289)	(5,846,289)			(5,846,289)
Net income	5,894,142	5,894,142			5,894,142
Net changes of items other than unitholders' equity			(15,963)	(15,963)	(15,963)
Total changes of items during period	47,852	47,852	(15,963)	(15,963)	31,889
Balance at end of period (Note 6)	136,049,385	246,238,679	(542,929)	(542,929)	245,695,750

10th Fiscal Period (From May 1, 2019 to October 31, 2019)

	(Thousands of yen)				
	Unitholders' equity				
	Unitholders' capital	Surplus			
		Capital surplus	Voluntary reserve		Unappropriated retained earnings
			Reserve for temporary difference adjustments	Total voluntary reserve	
Balance at beginning of period	110,189,294	128,598,415	1,556,827	1,556,827	5,894,142
Changes of items during period					
Issuance of new investment units	39,020,787				
Reversal of reserve for temporary difference adjustments			(102,630)	(102,630)	102,630
Distribution from surplus					(5,996,773)
Net income					7,405,454
Net changes of items other than unitholders' equity					
Total changes of items during period	39,020,787	—	(102,630)	(102,630)	1,511,312
Balance at end of period <b>(Note 6)</b>	149,210,081	128,598,415	1,454,196	1,454,196	7,405,454

(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	136,049,385	246,238,679	(542,929)	(542,929)	245,695,750
Changes of items during period					
Issuance of new investment units		39,020,787			39,020,787
Reversal of reserve for temporary difference adjustments	—	—			—
Distribution from surplus	(5,996,773)	(5,996,773)			(5,996,773)
Net income	7,405,454	7,405,454			7,405,454
Net changes of items other than unitholders' equity			67,251	67,251	67,251
Total changes of items during period	1,408,681	40,429,468	67,251	67,251	40,496,719
Balance at end of period (Note 6)	137,458,066	286,668,148	(475,678)	(475,678)	286,192,469

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

(4) Statement of Cash Distributions

Item	9th Fiscal Period (From November 1, 2018 to April 30, 2019 )	10th Fiscal Period (From May 1, 2019 to October 31, 2019 )
I . Unappropriated retained earnings	5,894,142,237yen	7,405,454,420yen
II . Reversal of voluntary reserve		
Reversal of reserve for temporary difference adjustments <b>(Note 7)</b>	102,630,817yen	364,855,362yen
III. Cash distributions	5,996,773,054yen	6,994,814,246yen
[Cash distributions per unit]	[1,594yen]	[1,631yen]
IV. Voluntary reserve		
Provision of reserve for reduction entry <b>(Note 7)</b>	—yen	775,495,536yen
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 5,996,773,054 yen, which is obtained by adding a reversal of the reserve for temporary difference adjustments (102,630,817 yen) to unappropriated retained earnings, as distribution of earnings.</p> <p>SHR will not distribute cash in excess of earnings as set forth in Article 46, Paragraph 2 of the Articles of Incorporation of SHR.</p>	<p>The basic policy is to distribute in excess of an amount equivalent to 90% of the amount of earnings available for distribution of SHR provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation as set forth in Article 46, Paragraph 1, Item 2 of the Articles of Incorporation of SHR.</p> <p>Based on such policy, SHR decided to distribute 6,994,814,246 yen, which is obtained by adding a reversal of the reserve for temporary difference adjustments (364,855,362 yen) to unappropriated retained earnings and reserving a reserve for reduction entry (775,495,536 yen) provided in Article 65-7 of the Act on Special Measures Concerning Taxation, as distribution of earnings.</p> <p>SHR will not distribute cash in excess of earnings as set forth in Article 46, Paragraph 2 of the Articles of Incorporation of SHR.</p>



## (5) Statement of Cash Flows

	(Thousands of yen)	
	9th Fiscal Period (From November 1, 2018 to April 30, 2019)	10th Fiscal Period (From May 1, 2019 to October 31, 2019)
<b>Cash flows from operating activities</b>		
Income before income taxes	5,894,747	7,406,059
Depreciation and amortization	2,190,566	2,370,528
Amortization of investment corporation bond issuance costs	2,919	5,212
Amortization of investment unit issuance costs	14,384	42,905
Interest income	(111)	(106)
Interest expenses	656,751	725,888
Decrease (increase) in operating accounts receivable	(11,611)	(39,188)
Decrease (increase) in consumption taxes receivable	(147,089)	(3,530)
Decrease (increase) in prepaid expenses	(14,072)	(30,629)
Decrease (increase) in long-term prepaid expenses	(117,273)	(101,955)
Increase (decrease) in operating accounts payable	(80,862)	173,060
Increase (decrease) in accounts payable – other	361,698	218,946
Increase (decrease) in accrued consumption taxes	(200,653)	—
Increase (decrease) in advances received	(2,499)	122,828
Decrease due to sale of property, plant and equipment in trust	—	2,073,098
Other, net	(59,850)	96,442
Subtotal	8,487,044	13,059,560
Interest income received	111	106
Interest expenses paid	(767,380)	(812,688)
Income taxes paid	(604)	(606)
Net cash provided by operating activities	7,719,170	12,246,372
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(19,999,067)	(73,243,672)
Proceeds from tenant leasehold and security deposits in trust	310,349	2,887,300
Repayments of tenant leasehold and security deposits in trust	(126,690)	(198,705)
Decrease (increase) in other investments	(189,934)	(22,687)
Net cash provided by (used in) investing activities	(20,005,342)	(70,577,764)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	23,500,000	31,160,000
Repayments of short-term loans payable	(17,000,000)	(24,660,000)
Proceeds from long-term loans payable	25,382,000	16,310,000
Repayments of long-term loans payable	(12,382,000)	—
Proceeds from issuance of investment corporation bonds	—	6,455,456
Redemption of investment corporation bonds	(2,500,000)	—
Proceeds from issuance of investment units	—	38,789,674
Dividends paid	(5,844,807)	(5,996,933)
Net cash provided by (used in) financing activities	11,155,192	62,058,197
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,130,979)	3,726,805
<b>Cash and cash equivalents at beginning of period</b>	22,090,154	20,959,174
<b>Cash and cash equivalents at end of period (Note 8)</b>	20,959,174	24,685,979

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

## (6) Notes to Financial Statements

## 1. Organization

Sekisui House Reit, Inc. (“SHR”) is a Japanese real estate investment corporation established in September 2014 under the Act on Investment Trusts and Investment Corporations of Japan (the “Investment Trust Act”). On December 3, 2014, SHR commenced its investment operations when it was listed on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange, and it acquired three properties (total acquisition cost of ¥114.3 billion) on the same day. SHR implemented a 2-for-1 split of its investment units with May 1, 2018 as the effective date. SHR conducted an absorption-type merger with Sekisui House Residential Investment Corporation (“SHI”) as the dissolved corporation, setting May 1, 2018 as the effective date.

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

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

## 2. Basis of Presentation

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

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

SHR’s fiscal period is a six-month period, which ends at the end of April and October of each year. SHR does not prepare consolidated financial statements as it has no subsidiaries.

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

## 3. Summary of Significant Accounting Policies

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

3. Standards for recording allowance	Allowance for doubtful accounts To prepare for possible losses arising from default on receivables, the estimated uncollectable amount is recorded by examining collectability on a case-by-case basis for doubtful and other specific receivables.
4. Standards for revenue and expense recognition	<p>(1)Revenue recognition</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 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 157,506 thousand yen for the 10th fiscal period and 39,028 thousand yen for the 9th fiscal period</p>
5. Method of hedge accounting	<p>(1)Method of hedge accounting</p> <p>Deferral hedge accounting is applied. However, the special accounting treatment is applied to interest rate swaps that meet the criteria for the special accounting treatment.</p> <p>(2)Hedging instruments and hedged items</p> <p>Hedging instruments: Interest rate swap transactions</p> <p>Hedged items: Interest on loans</p> <p>(3)Hedging policy</p> <p>SHR conducts derivative transactions for the purpose of hedging the risks set forth in its Articles of Incorporation based on its basic risk management policy.</p> <p>(4)Method for assessing the effectiveness of hedging</p> <p>Interest rate swaps meet the criteria for the special accounting treatment and an assessment of the effectiveness is thus omitted.</p> <p>(5)Special accounting treatment</p> <p>Under the special accounting treatment, interest rate swaps are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in or deducted from interest expense. Any amounts received under interest rate swaps subject to such accounting treatment are not recognized as income on the accompanying statements of income and retained earnings but rather have the effect of decreasing interest expenses.</p>
6. Scope of funds in the statement of cash flows	The funds (cash and cash equivalents) in the statement of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.

7. Other significant matters serving as basis for preparation of financial statements	<p>(1)Accounting for trust beneficiary interests of real estate, etc. as assets in trust</p> <p>Concerning trust beneficiary interests of real estate, etc. as assets in trust, all accounts of assets and liabilities within assets in trust as well as all accounts of revenue and expenses from the assets in trust are recognized in the relevant account items on the balance sheet and the statement of income and retained earnings.</p> <p>The following material items of the assets in trust recognized in the relevant account items are separately listed on the balance sheet.</p> <p>1) Cash and deposits in trust</p> <p>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</p> <p>3) Tenant leasehold and security deposits in trust</p> <p>(2)Accounting for consumption tax, etc.</p> <p>Consumption tax and local consumption tax are excluded from the corresponding transaction amounts.</p>
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**4. Notes to Balance Sheet**

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

	(Thousands of yen)	
	9th Fiscal Period (As of April 30, 2019)	10th Fiscal Period (As of October 31, 2019)
	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)	
	9th Fiscal Period (As of April 30, 2019)	10th Fiscal Period (As of October 31, 2019)
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)	
	9th Fiscal Period (As of April 30, 2019)	10th Fiscal Period (As of October 31, 2019)
Gain on negative goodwill (*)		
Initial amount	1,556,827	1,556,827
Balance at beginning of period	—	1,556,827
Reserve amount during period	1,556,827	—
Reversal amount during period	—	102,630
Balance at end of period	1,556,827	1,454,196
Reason for reserve and reversal	Reserve of a part of gain on negative goodwill by merger with SHI.	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)			
	9th Fiscal Period (From November 1, 2018 to April 30, 2019)		10th Fiscal Period (From May 1, 2019 to October 31, 2019)	
A. Property-related operating revenue				
Rent revenue – real estate				
Rental income	11,812,505		13,248,088	
Other	273,308	12,085,814	291,597	13,539,686
Other lease business revenue				
Utilities revenue	42,768		115,719	
Other	241,397	284,165	223,925	339,644
Total property-related operating revenue		12,369,980		13,879,331
B. Property-related operating expenses				
Expenses related to rent business				
Subcontract expenses	374,236		422,160	
Property management fees	374,765		422,487	
Trust fees	44,181		40,591	
Utilities expenses	113,511		180,503	
Property and other taxes	803,144		860,133	
Insurance expenses	14,533		16,257	
Repair expenses	282,133		295,336	
Depreciation	2,189,114		2,369,076	
Other expenses related to rent business	447,612	4,643,232	518,418	5,124,966
Total property-related operating expenses		4,643,232		5,124,966
C. Property-related operating income [A – B]		7,726,747		8,754,364

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

9th Fiscal Period (From November 1, 2018 to April 30, 2019)

Not applicable.

10th Fiscal Period (From May 1, 2019 to October 31, 2019)

(Thousands of yen)

Esty Maison Yokohama	
Proceeds from sale of real estate property	3,000,100
Cost of real estate property	2,073,098
Other sales expenses	122,874
Gain on sale of real estate property	804,126

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

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

	9th Fiscal Period (From November 1, 2018 to April 30, 2019)	10th Fiscal Period (From May 1, 2019 to October 31, 2019)
Total number of authorized investment units	20,000,000units	20,000,000units
Total number of investment units issued	3,762,091units	4,288,666units



**7. Notes to Statement of Cash Distributions**Reserve for temporary difference adjustments

9th Fiscal Period (From November 1, 2018 to April 30, 2019)	10th Fiscal Period (From May 1, 2019 to October 31, 2019)
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 102,630,817 yen for the 9th 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 364,855,362 yen for the 10th fiscal period.

**8. Notes to Statement of Cash Flows****\*1. Reconciliation of cash and cash equivalents at end of period to the corresponding balance sheet items**

(Thousands of yen)

	9th Fiscal Period (From November 1, 2018 to April 30, 2019)	10th Fiscal Period (From May 1, 2019 to October 31, 2019)
Cash and deposits	7,657,644	7,551,248
Cash and deposits in trust	13,301,529	17,134,730
Cash and cash equivalents	20,959,174	24,685,979

**9. Lease Transactions**

## Operating lease transactions as lessee

## Future minimum lease payments

(Thousands of yen)

	9th Fiscal Period (As of April 30, 2019)	10th Fiscal Period (As of October 31, 2019)
Due within 1 year	411,960	411,960
Due after 1 year	20,499,571	20,293,591
Total	20,911,531	20,705,551

## Operating lease transactions as lessor

## Future minimum lease income

(Thousands of yen)

	9th Fiscal Period (As of April 30, 2019)	10th Fiscal Period (As of October 31, 2019)
Due within 1 year	9,798,520	8,939,389
Due after 1 year	30,096,783	36,458,592
Total	39,895,304	45,397,982

**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**

The fair value of financial instruments, aside from values based on market price, includes values based on reasonable calculations when there is no market price. 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 following is the carrying amount and fair value of financial instruments as of April 30, 2019 and of October 31, 2019, and the difference between them.

The following table does not include those for which fair value is recognized to be extremely difficult to determine (please refer to (Note 2)).

## 9th Fiscal Period (As of April 30, 2019)

(Thousands of yen)

	Book value recorded on the balance sheet	Fair value	Difference
(1) Cash and deposits	7,657,644	7,657,644	—
(2) Cash and deposits in trust	13,301,529	13,301,529	—
Total assets	20,959,174	20,959,174	—
(3) Short-term loans payable	6,500,000	6,500,000	—
(4) Current portion of investment corporation bonds	2,000,000	2,013,069	13,069
(5) Current portion of long-term loans payable	20,792,500	20,828,447	35,947
(6) Investment corporation bonds	11,000,000	11,209,963	209,963
(7) Long-term loans payable	174,640,000	176,826,547	2,186,547
Total liabilities	214,932,500	217,378,028	2,445,528
(8) Derivative transactions(*)	[542,929]	[542,929]	—
Total derivative transactions(*)	[542,929]	[542,929]	—

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

## 10th Fiscal Period (As of October 31, 2019)

(Thousands of yen)

	Book value recorded on the balance sheet	Fair value	Difference
(1) Cash and deposits	7,551,248	7,551,248	—
(2) Cash and deposits in trust	17,134,730	17,134,730	—
Total assets	24,685,979	24,685,979	—
(3) Short-term loans payable	13,000,000	13,000,000	—
(4) Current portion of investment corporation bonds	2,000,000	2,005,760	5,760
(5) Current portion of long-term loans payable	27,892,500	27,900,332	7,832
(6) Investment corporation bonds	17,500,000	17,707,993	207,993
(7) Long-term loans payable	183,850,000	186,678,660	2,828,660
Total liabilities	244,242,500	247,292,746	3,050,246
(8) Derivative transactions(*)	(475,678)	(475,678)	—
Total derivative transactions(*)	(475,678)	(475,678)	—

(\*)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) Cash and deposits and (2) Cash and deposits in trust

As these are settled 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.

(3) Short-term loans payable

As these are settled within a short period of time and have floating interest rates, the fair value is approximately the same as the book value and is thus stated at that book value.

(4) Current portion of investment corporation bonds (6)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.

(5) Current portion of long-term loans payable (7) 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.

(8) Derivative transactions

Please refer to “12. Derivative Transactions”.

(Note 2) Financial instruments for which fair value is recognized to be extremely difficult to determine

Tenant leasehold and security deposits in trust are not subject to valuation of fair value because a reasonable estimation of cash flows is recognized to be extremely difficult because there is no market price and the difficulty of calculating the actual deposit period from when lessees move in to when they move out.

(Thousands of yen)

Item	9th Fiscal Period (As of April 30, 2019)	10th Fiscal Period (As of October 31, 2019)
Tenant leasehold and security deposits in trust	11,148,044	13,836,639

(Note 3) Redemption schedule of monetary claims after the closing date

## 9th Fiscal Period (As of April 30, 2019)

(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
Cash and deposits	7,657,644	—	—	—	—	—
Cash and deposits in trust	13,301,529	—	—	—	—	—
Total	20,959,174	—	—	—	—	—

## 10th Fiscal Period (As of October 31, 2019)

(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
Cash and deposits	7,551,248	—	—	—	—	—
Cash and deposits in trust	17,134,730	—	—	—	—	—
Total	24,685,979	—	—	—	—	—

(Note 4) Repayment schedule of investment corporation bonds and loans after the closing date

## 9th Fiscal Period (As of April 30, 2019)

(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
Short-term loans payable	6,500,000	—	—	—	—	—
Investment corporation bonds	2,000,000	—	—	3,000,000	3,000,000	5,000,000
Long-term loans payable	20,792,500	28,050,000	35,590,000	23,500,000	25,640,000	61,860,000

10th Fiscal Period (As of October 31, 2019)

	(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
Short-term loans payable	13,000,000	—	—	—	—	—
Investment corporation bonds	2,000,000	—	3,000,000	—	10,000,000	4,500,000
Long-term loans payable	27,892,500	29,710,000	39,230,000	31,310,000	21,735,000	61,865,000

# 11. Securities

9th Fiscal Period (From November 1, 2018 to April 30, 2019)

Not applicable.

10th Fiscal Period (From May 1, 2019 to October 31, 2019)

Not applicable.

# 12. Derivative Transactions

1. Derivatives to which hedge accounting is not applied

9th Fiscal Period (As of April 30, 2019)

Not applicable.

10th Fiscal Period (As of October 31, 2019)

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.

9th Fiscal Period (As of April 30, 2019)

Method of hedge accounting	Type of derivative transactions	Main hedged item	(Thousands of yen)		Fair value	Calculation method of fair value
			Contract amount	Of which, over 1 year		
Principal method	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	Long-term loans payable	55,572,500	48,780,000	(542,929)	*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	86,141,000	72,141,000	*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)”).

10th Fiscal Period (As of October 31, 2019)

Method of hedge accounting	Type of derivative transactions	Main hedged item	(Thousands of yen)		Fair value	Calculation method of fair value
			Contract amount	Of which, over 1 year		
Principal method	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	Long-term loans payable	55,572,500	43,280,000	(475,678)	*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	98,081,000	84,081,000	*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

9th Fiscal Period (From November 1, 2018 to April 30, 2019)

Not applicable.

10th Fiscal Period (From May 1, 2019 to October 31, 2019)

Not applicable.

# 14. Income Taxes

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

	(Thousands of yen)	
	9th Fiscal Period (As of April 30, 2019)	10th Fiscal Period (As of October 31, 2019)
Deferred tax assets		
Valuation difference on assets acquired due to merger	2,357,755	2,288,155
Amortization of leasehold rights in trust	13,671	20,422
Deferred gains or losses on hedges	171,511	149,648
Deferred tax assets (subtotal)	2,542,938	2,458,226
Valuation allowance for total deductible temporary difference	(2,542,938)	(2,458,226)
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

	(%)	
	9th Fiscal Period (As of April 30, 2019)	10th Fiscal Period (As of October 31, 2019)
Statutory tax rate	31.51	31.51
[Adjustments]		
Deductible cash distribution	(32.04)	(29.76)
Changes in valuation allowance	0.54	1.55
Provision of reserve for reduction entry	—	(3.30)
Other	0.00	0.01
Effective income tax rate after application of tax-effect accounting	0.01	0.01

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

9th Fiscal Period (From November 1, 2018 to April 30, 2019)

Not applicable.

10th Fiscal Period (From May 1, 2019 to October 31, 2019)

Not applicable.

16. Transactions with Related Parties

1. Parent company and major corporate unitholders.

9th Fiscal Period (From November 1, 2018 to April 30, 2019)

Not applicable.

10th Fiscal Period (From May 1, 2019 to October 31, 2019)

Not applicable.

2. Subsidiaries and affiliates.

9th Fiscal Period (From November 1, 2018 to April 30, 2019)

Not applicable.

10th Fiscal Period (From May 1, 2019 to October 31, 2019)

Not applicable.

3. Sister companies.

9th Fiscal Period (From November 1, 2018 to April 30, 2019)

Not applicable.

10th Fiscal Period (From May 1, 2019 to October 31, 2019)

Not applicable.

4. Directors and major individual unitholders.

9th Fiscal Period (From November 1, 2018 to April 30, 2019)

Type	Name	Description of business or occupation	Percentage of voting rights held by (in) SHR	Description of transaction	Transaction amount (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
Director or close relative	Junichi Inoue	Executive Director of SHR and Representative Director of Sekisui	—	Payment of asset management fees to Sekisui House	829,220 (Note 2)	Accounts payable — other	892,188

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

(Note 2) The amount includes 3,120 thousand yen of asset management fees pertaining to real estate acquisition included in the book value of property, plant and equipment.

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

10th Fiscal Period (From May 1, 2019 to October 31, 2019)

Type	Name	Description of business or occupation	Percentage of voting rights held by (in) SHR	Description of transaction	Transaction amount (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
Director or close relative	Junichi Inoue	Executive Director of SHR and Representative Director of Sekisui House Asset Management, Ltd.	—	Payment of asset management fees to Sekisui House Asset Management, Ltd. (Note 1)	1,045,071 (Note 2)	Accounts payable — other	1,133,704

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

(Note 2) The amount includes 9,000 thousand yen of asset management fees pertaining to real estate sales included in the book value of property, plant and equipment.

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

17. Asset Retirement Obligations

9th Fiscal Period (From November 1, 2018 to April 30, 2019)

Not applicable.

10th Fiscal Period (From May 1, 2019 to October 31, 2019)

Not applicable.

18. 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)		
	9th Fiscal Period (From November 1, 2018 to April 30, 2019)	10th Fiscal Period (From May 1, 2019 to October 30, 2019)
Carrying amount		
Balance at beginning of period	433,830,623	451,782,070
Amount of increase (decrease) during period	17,951,447	68,977,295
Balance at end of period	451,782,070	520,759,366
Fair value at end of period	505,577,000	593,054,000

(Note 1) Carrying amount is the book value less accumulated depreciation.  
(Note 2) Net increase during the 9th fiscal period is mainly attributable to the acquisition of 3 new properties (19,501,844 thousand yen), offset by depreciation (2,189,114 thousand yen). Net increase during the 10th fiscal period is mainly attributable to the acquisition of 7 new properties (72,593,252 thousand yen) offset by a decrease during the period mainly attributable to the disposition of one property (2,073,098 thousand yen) that SHR had owned and depreciation (2,369,076 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 9th and 10th fiscal periods for investment and rental properties is presented in “5. Notes to Statement of Income and Retained Earnings”.

19. 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  
9th Fiscal Period (From November 1, 2018 to April 30, 2019)

(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.	3,214,990	Real estate leasing business

- (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.	3,270,352	Real estate leasing business

20. Per Unit Information

	9th Fiscal Period (From November 1, 2018 to April 30, 2019)	10th Fiscal Period (From May 1, 2019 to October 31, 2019)
Net assets per unit	65,308yen	66,732yen
Net income per unit	1,566yen	1,775yen

(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.

	9th Fiscal Period (From November 1, 2018 to April 30, 2019)	10th Fiscal Period (From May 1, 2019 to October 31, 2019)
Net income (Thousands of yen)	5,894,142	7,405,454
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	5,894,142	7,405,454
Average number of investment units during period (Units)	3,762,091	4,170,241

21. Significant Subsequent Events

Not applicable.

(7) Supplementary Schedules

10th Fiscal Period (From May 1, 2019 to October 31, 2019)

1. Schedule of securities

(1) Shares

Not applicable.

(2) Securities other than shares

Not applicable.

2. Contract amount and fair value of derivative transactions

(Thousands of yen)

Category	Type	Contract amount (Note 1)		Fair value (Note 2)
			Of which, over 1 year	
Transaction other than market transaction	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	55,572,500	43,280,000	(475,678)
Transaction other than market transaction	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	98,081,000	84,081,000	(Note 3)
Total		153,653,500	127,361,000	(475,678)

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

(Note 2) Fair value is quoted by counterparties based on the prevailing market interest rates.

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

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

(Thousands of yen)

Type of assets		Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Accumulated depreciation or accumulated amortization		Net balance at end of period	Notes
							For the period		
Property, plant and equipment	Buildings in trust	158,892,235	14,348,425	736,095	172,504,565	10,454,347	2,249,806	162,050,217	(Note 1)
	Structures in trust	1,500,004	71,325	6,851	1,564,478	152,627	31,242	1,411,851	(Note 1)
	Machinery and equipment in trust	2,153,877	121,199	81,827	2,193,249	133,771	48,568	2,059,477	(Note 1)
	Vehicles in trust	—	153	—	153	19	19	134	
	Tools, furniture and fixtures in trust	117,224	97,546	654	214,116	24,980	14,013	189,135	(Note 1)
	Land in trust	295,079,081	58,780,819	1,287,100	352,572,801	—	—	352,572,801	(Note 1)
	Construction in progress in trust	98,534	5,494	98,534	5,494	—	—	5,494	
	Subtotal	457,840,959	73,424,965	2,211,063	529,054,860	10,765,747	2,343,650	518,289,113	
Intangible assets	Leasehold rights in trust	2,552,025	—	—	2,552,025	76,277	25,425	2,475,748	
	Other	14,500	—	—	14,500	9,058	1,452	5,442	
	Subtotal	2,566,526	—	—	2,566,526	85,335	26,877	2,481,190	
Total		460,407,485	73,424,965	2,211,063	531,621,386	10,851,083	2,370,528	520,770,303	

(Note 1) The increase during the fiscal period under review is mainly attributable to the acquisition of Garden City Shinagawa Gotenyama (additional acquisition), Honmachi Minami Garden City (additional acquisition), Akasaka Garden City, Prime Maison Mitatsunamachi, Prime Maison Hongo, Prime Maison Kuramae, and Esty Maison Yokohama-aobadai. The decrease during the fiscal period under review is attributable to the disposition of Esty Maison Yokohama.

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 Second Series Unsecured Investment Corporation Bond	February 28, 2013	2,000,000	—	2,000,000	1.000	February 28, 2020 (Note 1)	(Note 2)	Unsecured
SHI Fourth Series Unsecured Investment Corporation Bond	February 28, 2014	3,000,000	—	3,000,000	1.069	February 28, 2024	(Note 3)	Unsecured
SHI Fifth Series Unsecured Investment Corporation Bond	August 29, 2014	3,000,000	—	3,000,000	0.871	August 30, 2024	(Note 3)	Unsecured
SHR First Series Unsecured Investment Corporation Bond	September 8, 2016	2,000,000	—	2,000,000	0.340	September 8, 2026	(Note 3)	Unsecured
SHR Second Series Unsecured Investment Corporation Bond	July 13, 2017	3,000,000	—	3,000,000	0.240	July 13, 2022	(Note 3)	Unsecured
SHR Third Series Unsecured Investment Corporation Bond (Green Bonds)	July 11, 2019	—	—	4,000,000	0.220	July 11, 2024	(Note 3)	Unsecured
SHR Fourth Series Unsecured Investment Corporation Bond (Green Bonds)	July 11, 2019	—	—	2,500,000	0.570	July 11, 2029	(Note 3)	Unsecured
Total	—	13,000,000	—	19,500,000	—	—	—	—

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

(Note 2) The funds are used to repay borrowings and acquire trust beneficiary interests in real estate, etc.

(Note 3) The proceeds are used as funds for repayment of loans payable.

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

(Note 5) The following is the maturity schedule of investment corporation bonds within five years of the balance sheet date.

(Thousands of yen)					
	Due in 1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Investment Corporation Bonds	2,000,000	—	3,000,000	—	10,000,000

6. Schedule of loans payable

(Thousands of yen)

category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayme nt method	Use of proceeds	Security
Short-term loans payable	MUFG Bank, Ltd.	2,600,000	-	2,600,000	-	0.23143	Feb. 28, 2020 (Note2)	Lump-sum payment	Repayment of loans payable and Redemption of existing investment corporation bonds	Un- secured Un- guaran- teed
	Mizuho Bank, Ltd.	1,900,000	-	1,900,000	-					
	Sumitomo Mitsui Banking Corporation	2,000,000	-	2,000,000	-					
	MUFG Bank, Ltd.	-	12,110,000	7,058,000	5,052,000	0.24066	May. 29, 2020 (Note3)		Purchase of assets and related expenses	
	Mizuho Bank, Ltd.	-	9,870,000	5,752,000	4,118,000					
	Sumitomo Mitsui Banking Corporation	-	9,180,000	5,350,000	3,830,000					
Long-term loans payable	MUFG Bank, Ltd.	3,842,500	-	-	3,842,500	1.02225	Feb. 28, 2020 (Note4)	Lump-sum payment	Repayment of loans payable	
	Mizuho Bank, Ltd.	400,000	-	-	400,000					
	Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000					
	Resona Bank, Limited	500,000	-	-	500,000					
	MUFG Bank, Ltd.	800,000	-	-	800,000	1.17200	Aug. 31, 2020 (Note4)		Repayment of loans payable	
	Mizuho Bank, Ltd.	500,000	-	-	500,000					
	Sumitomo Mitsui Trust Bank, Limited	2,500,000	-	-	2,500,000					
	Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000					
	Resona Bank, Limited	500,000	-	-	500,000	1.17350	Feb. 28, 2022		Purchase of assets and related expenses	
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000					
	MUFG Bank, Ltd.	800,000	-	-	800,000					
	Mizuho Bank, Ltd.	300,000	-	-	300,000					
	Sumitomo Mitsui Banking Corporation	300,000	-	-	300,000	0.79614	Feb. 28, 2020 (Note4)		Repayment of loans payable	
	Sumitomo Mitsui Trust Bank, Limited	400,000	-	-	400,000					
	Mizuho Bank, Ltd.	405,000	-	-	405,000					
	Sumitomo Mitsui Banking Corporation	1,145,000	-	-	1,145,000					
	MUFG Bank, Ltd.	500,000	-	-	500,000	0.95225	Feb. 26, 2021		Repayment of loans payable	
	Mizuho Bank, Ltd.	400,000	-	-	400,000					
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000					
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000					
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000						
Resona Bank, Limited	500,000	-	-	500,000						
The Senshu Ikeda Bank, Ltd.	500,000	-	-	500,000						
The Yamaguchi Bank, Ltd.	500,000	-	-	500,000						



category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayme nt method	Use of proceeds	Security
Long-term loans payable	MUFG Bank, Ltd.	500,000	-	-	500,000	1.11000	Feb. 28, 2022		Repayment of loans payable	Un- secured Un- guaran- teed
	Mizuho Bank, Ltd.	400,000	-	-	400,000					
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000					
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	-	-	1,500,000					
	Mizuho Trust & Banking Co., Ltd.	980,000	-	-	980,000					
	Resona Bank, Limited	800,000	-	-	800,000					
	Mizuho Bank, Ltd.	300,000	-	-	300,000	0.97300	Feb. 26, 2021		Purchase of assets and related expenses	
	Sumitomo Mitsui Banking Corporation	300,000	-	-	300,000					
	The Bank of Fukuoka, Ltd.	500,000	-	-	500,000					
	Shinkin Central Bank	500,000	-	-	500,000					
	The Shizuoka Bank, Ltd.	500,000	-	-	500,000					
	Mizuho Bank, Ltd.	2,450,000	-	-	2,450,000					
	Sumitomo Mitsui Banking Corporation	1,950,000	-	-	1,950,000	0.83600	Aug. 31, 2021		Repayment of loans payable	
	MUFG Bank, Ltd.	900,000	-	-	900,000					
	Mizuho Bank, Ltd.	2,500,000	-	-	2,500,000	0.96475	Aug. 31, 2022			
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000					
	MUFG Bank, Ltd.	4,300,000	-	-	4,300,000	0.65830	Nov. 30, 2019 (Note4)	Lump- sum payment at maturity	Purchase of assets and related expenses	
	Mizuho Bank, Ltd.	1,800,000	-	-	1,800,000					
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000					
	Sumitomo Mitsui Trust Bank, Limited	1,800,000	-	-	1,800,000					
	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	0.94060	Nov. 30, 2021			
	The Norinchukin Bank	800,000	-	-	800,000					
	MUFG Bank, Ltd.	5,100,000	-	-	5,100,000					
	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	1.47450	Nov. 30, 2024			
	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					
	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					

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	Repayme nt method	Use of proceeds	Security		
Long-term loans payable	Mizuho Bank, Ltd.	600,000	-	-	600,000	0.62800	Feb. 26, 2021	Lump-sum payment at maturity	Repayment of loans payable	Un-secured Un-guaran- teed		
	Sumitomo Mitsui Banking Corporation	300,000	-	-	300,000							
	The Norinchukin Bank	500,000	-	-	500,000							
	Shinkin Central Bank	500,000	-	-	500,000						0.73975	Feb. 28, 2022
	The Senshu Ikeda Bank, Ltd.	500,000	-	-	500,000							
	The Shizuoka Bank, Ltd.	500,000	-	-	500,000							
	The 77 Bank, Ltd.	500,000	-	-	500,000							
	The Hiroshima Bank, Ltd.	500,000	-	-	500,000							
	MUFG Bank, Ltd.	300,000	-	-	300,000							
	Mizuho Bank, Ltd.	500,000	-	-	500,000	0.85250	Feb. 28, 2023					
	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							
	MUFG Bank, Ltd.	1,300,000	-	-	1,300,000						0.86650	Feb. 28, 2023
	Mizuho Bank, Ltd.	1,000,000	-	-	1,000,000							
	Sumitomo Mitsui Banking Corporation	600,000	-	-	600,000							
	Sumitomo Mitsui Trust Bank, Limited	300,000	-	-	300,000							
	Mizuho Trust & Banking Co., Ltd.	800,000	-	-	800,000							
	Resona Bank, Limited	500,000	-	-	500,000							
	The Norinchukin Bank	500,000	-	-	500,000							
	The Bank of Fukuoka, Ltd.	700,000	-	-	700,000							
	Aozora Bank, Ltd.	200,000	-	-	200,000							
	Shinkin Central Bank	200,000	-	-	200,000							
	The Senshu Ikeda Bank, Ltd.	200,000	-	-	200,000							
	The Shizuoka Bank, Ltd.	200,000	-	-	200,000							
	The 77 Bank, Ltd.	200,000	-	-	200,000							
	The Hiroshima Bank, Ltd.	200,000	-	-	200,000							
	The Yamaguchi Bank, Ltd.	200,000	-	-	200,000							
	MUFG Bank, Ltd.	1,650,000	-	-	1,650,000	0.61760	Nov. 30, 2020					
	MUFG Bank, Ltd.	200,000	-	-	200,000	0.62760						
	Mizuho Bank, Ltd.	950,000	-	-	950,000							
Sumitomo Mitsui Banking Corporation	1,650,000	-	-	1,650,000								
Sumitomo Mitsui Trust Bank, Limited	850,000	-	-	850,000								
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000								
Resona Bank, Limited	550,000	-	-	550,000								
The Norinchukin Bank	650,000	-	-	650,000	0.88470		Nov. 30, 2022					
MUFG Bank, Ltd.	700,000	-	-	700,000	0.88500							
Development Bank of Japan Inc.	650,000	-	-	650,000								
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								

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	Repayme nt method	Use of proceeds	Security	
Long-term loans payable	MUFG Bank, Ltd.	750,000	-	-	750,000	1.00850	Nov. 30, 2023		Repayment of loans payable	Un- secured Un- guaran- teed	
	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	0.67400	Aug. 31, 2023				
	Mizuho Bank, Ltd.	100,000	-	-	100,000						
	Development Bank of Japan Inc.	2,100,000	-	-	2,100,000						0.68030
	Mizuho Bank, Ltd.	450,000	-	-	450,000						
	Sumitomo Mitsui Banking Corporation	450,000	-	-	450,000						
	Mizuho Trust & Banking Co., Ltd.	1,000,000	-	-	1,000,000						
	MUFG Bank, Ltd.	700,000	-	-	700,000	0.63800	Feb. 29, 2024	Lump- sum payment at maturity	Purchase of assets and related expenses		
	Mizuho Bank, Ltd.	1,100,000	-	-	1,100,000						
	Sumitomo Mitsui Banking Corporation	1,100,000	-	-	1,100,000						
	Sumitomo Mitsui Trust Bank, Limited	450,000	-	-	450,000						
	Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000						
	Resona Bank, Limited	300,000	-	-	300,000						
	The Norinchukin Bank	300,000	-	-	300,000						
	Aozora Bank, Ltd.	200,000	-	-	200,000						
	The Yamaguchi Bank, Ltd.	100,000	-	-	100,000						
	MUFG Bank, Ltd.	450,000	-	-	450,000						0.50500
	Development Bank of Japan Inc.	600,000	-	-	600,000						
	The Bank of Fukuoka, Ltd.	200,000	-	-	200,000						
	Shinkin Central Bank	100,000	-	-	100,000						
	The Senshu Ikeda Bank, Ltd.	100,000	-	-	100,000						
	The Shizuoka Bank, Ltd.	100,000	-	-	100,000						
	The 77 Bank, Ltd.	100,000	-	-	100,000						
	The Hiroshima Bank, Ltd.	100,000	-	-	100,000						
	Mizuho Bank, Ltd.	200,000	-	-	200,000						
	Sumitomo Mitsui Banking Corporation	200,000	-	-	200,000	0.49500	Aug. 30, 2024				
	Sumitomo Mitsui Trust Bank, Limited	400,000	-	-	400,000						
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000							
Resona Bank, Limited	300,000	-	-	300,000							
The Norinchukin Bank	300,000	-	-	300,000	0.57000	Aug. 29, 2025					
MUFG Bank, Ltd.	600,000	-	-	600,000							
MUFG Bank, Ltd.	1,000,000	-	-	1,000,000							
Mizuho Bank, Ltd.	800,000	-	-	800,000	0.59750						
Sumitomo Mitsui Banking Corporation	800,000	-	-	800,000							
Development Bank of Japan Inc.	400,000	-	-	400,000							
Sumitomo Mitsui Banking Corporation	1,560,000	-	-	1,560,000	0.29291	Nov. 30, 2020					
Sumitomo Mitsui Trust Bank, Limited	830,000	-	-	830,000							
Mizuho Trust & Banking Co., Ltd.	370,000	-	-	370,000							
Resona Bank, Limited	550,000	-	-	550,000							
Development Bank of Japan Inc.	370,000	-	-	370,000							
The Norinchukin Bank	370,000	-	-	370,000							

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	Repayme nt method	Use of proceeds	Security
Long-term loans payable	MUFG Bank, Ltd.	1,810,000	-	-	1,810,000	0.60500	Sep. 8, 2026	Lump-sum payment at maturity	Repayment of loans payable	Un- secured Un- guaran- teed
	MUFG Bank, Ltd.	440,000	-	-	440,000	0.67000				
	Mizuho Bank, Ltd.	900,000	-	-	900,000					
	Sumitomo Mitsui Banking Corporation	1,600,000	-	-	1,600,000	0.31000	Aug. 31, 2020 (Note4)			
	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				
	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	0.26791				
	Sumitomo Mitsui Banking Corporation	870,000	-	-	870,000					
	Sumitomo Mitsui Trust Bank, Limited	480,000	-	-	480,000					
	Resona Bank, Limited	300,000	-	-	300,000					
	The Norinchukin Bank	210,000	-	-	210,000					
	MUFG Bank, Ltd.	990,000	-	-	990,000	0.37000	Nov. 30, 2023			
	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	0.61380				
	Development Bank of Japan Inc.	220,000	-	-	220,000					
	Mizuho Bank, Ltd.	176,000	-	-	176,000					
	The Norinchukin Bank	2,352,000	-	-	2,352,000	0.61380	Aug. 29, 2025			
	MUFG Bank, Ltd.	750,000	-	-	750,000	0.32000	Jul. 13, 2022			
	Mizuho Bank, Ltd.	1,050,000	-	-	1,050,000	0.34800				
	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	May. 31, 2023			
	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					
	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					

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	Repayme nt method	Use of proceeds	Security
Long-term loans payable	MUFG Bank, Ltd.	500,000	-	-	500,000	0.56500	Feb. 27, 2026	Lump-sum payment at maturity	Repayment of loans payable	Un-secured Un-guaran- teed
	MUFG Bank, Ltd.	500,000	-	-	500,000	0.63500				
	Mizuho Bank, Ltd.	100,000	-	-	100,000					
	The 77 Bank, Ltd.	500,000	-	-	500,000					
	The Hiroshima Bank, Ltd.	500,000	-	-	500,000					
	MUFG Bank, Ltd.	1,900,000	-	-	1,900,000	0.78300				
	Mizuho Bank, Ltd.	4,200,000	-	-	4,200,000					
	Sumitomo Mitsui Banking Corporation	1,900,000	-	-	1,900,000					
	Mizuho Bank, Ltd.	1,480,000	-	-	1,480,000		0.23791			
	Sumitomo Mitsui Banking Corporation	320,000	-	-	320,000	Aug. 31, 2021				
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000					
	Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000					
	Development Bank of Japan Inc.	376,000	-	-	376,000		0.28568			
	MUFG Bank, Ltd.	300,000	-	-	300,000	0.34900				
	Mizuho Bank, Ltd.	2,459,000	-	-	2,459,000	0.35900				
	Sumitomo Mitsui Banking Corporation	260,000	-	-	260,000					
	Mizuho Trust & Banking Co., Ltd.	900,000	-	-	900,000		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		0.57500			
	Sumitomo Mitsui Banking Corporation	390,000	-	-	390,000					
	Mizuho Trust & Banking Co., Ltd.	1,350,000	-	-	1,350,000	0.29900				
	MUFG Bank, Ltd.	500,000	-	-	500,000					
	Mizuho Bank, Ltd.	500,000	-	-	500,000					
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	0.30900				
	Sumitomo Mitsui Trust Bank, Limited	700,000	-	-	700,000					
	Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000					
	Resona Bank, Limited	200,000	-	-	200,000					
	The Norinchukin Bank	100,000	-	-	100,000	0.39580	Aug. 30, 2024			
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000					
	Mizuho Bank, Ltd.	800,000	-	-	800,000					
	Sumitomo Mitsui Banking Corporation	700,000	-	-	700,000	0.40580				
	Sumitomo Mitsui Trust Bank, Limited	400,000	-	-	400,000					
	Mizuho Trust & Banking Co., Ltd.	400,000	-	-	400,000					
	Resona Bank, Limited	200,000	-	-	200,000					
	The Norinchukin Bank	200,000	-	-	200,000	0.41388				
	Shinkin Central Bank	200,000	-	-	200,000					
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000		0.55600			
	Mizuho Bank, Ltd.	800,000	-	-	800,000					
	Sumitomo Mitsui Banking Corporation	700,000	-	-	700,000					
	Sumitomo Mitsui Trust Bank, Limited	200,000	-	-	200,000	0.56600				
	Mizuho Trust & Banking Co., Ltd.	400,000	-	-	400,000					
	Resona Bank, Limited	200,000	-	-	200,000					
	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	Repayme nt method	Use of proceeds	Security	
Long-term loans payable	MUFG Bank, Ltd.	1,400,000	-	-	1,400,000	0.68500	Feb. 29, 2028	Lump-sum payment at maturity	Repayment of loans payable	Un-secured Un-guaran- teed	
	Mizuho Bank, Ltd.	2,400,000	-	-	2,400,000	0.69500					
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000						
	Sumitomo Mitsui Trust Bank, Limited	200,000	-	-	200,000						
	Mizuho Trust & Banking Co., Ltd.	400,000	-	-	400,000						
	Resona Bank, Limited	300,000	-	-	300,000						
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000						
	The Senshu Ikeda Bank, Ltd.	200,000	-	-	200,000						
	The 77 Bank, Ltd.	200,000	-	-	200,000						
	The Yamaguchi Bank, Ltd.	200,000	-	-	200,000						
	Mizuho Bank, Ltd.	-	1,410,000	-	1,410,000						0.28100
	Sumitomo Mitsui Banking Corporation	-	1,200,000	-	1,200,000						
	Sumitomo Mitsui Trust Bank, Limited	-	1,300,000	-	1,300,000						
	Mizuho Trust & Banking Co., Ltd.	-	600,000	-	600,000						
	Resona Bank, Limited	-	700,000	-	700,000	0.27100					
	Shinkin Central Bank	-	200,000	-	200,000						
	MUFG Bank, Ltd.	-	1,000,000	-	1,000,000						
	Mizuho Bank, Ltd.	-	1,500,000	-	1,500,000						
	Sumitomo Mitsui Banking Corporation	-	1,230,000	-	1,230,000	0.42000					
	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				
	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						
		Total	201,932,500	47,470,000	24,660,000	224,742,500					

(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) Early repayment was made on July 12, 2019.

(Note 3) Early repayments were made on July 12, 2019 and on September 30, 2019.

(Note 4) 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 5) The following is the maturity schedule of long-term loans within five years of the balance sheet date.

(Thousands of yen)					
	Due in 1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Long-term loans payable	27,892,500	29,710,000	39,230,000	31,310,000	21,735,000



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## Independent Auditor's Report

The Board of Directors  
Sekisui House Reit, Inc.

We have audited the accompanying financial statements of Sekisui House Reit, Inc., which comprise the balance sheet as at October 31, 2019, and the statements of income and retained earnings, changes in net assets, cash distributions, cash flows, and supplementary schedules from May 1, 2019 to October 31, 2019 and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility 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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sekisui House Reit, Inc. as at October 31, 2019, and its financial performance and cash flows from May 1, 2019 to October 31, 2019 in conformity with accounting principles generally accepted in Japan.

*Ernst & Young Shinrihōn LLC*

January 27, 2020  
Tokyo, Japan

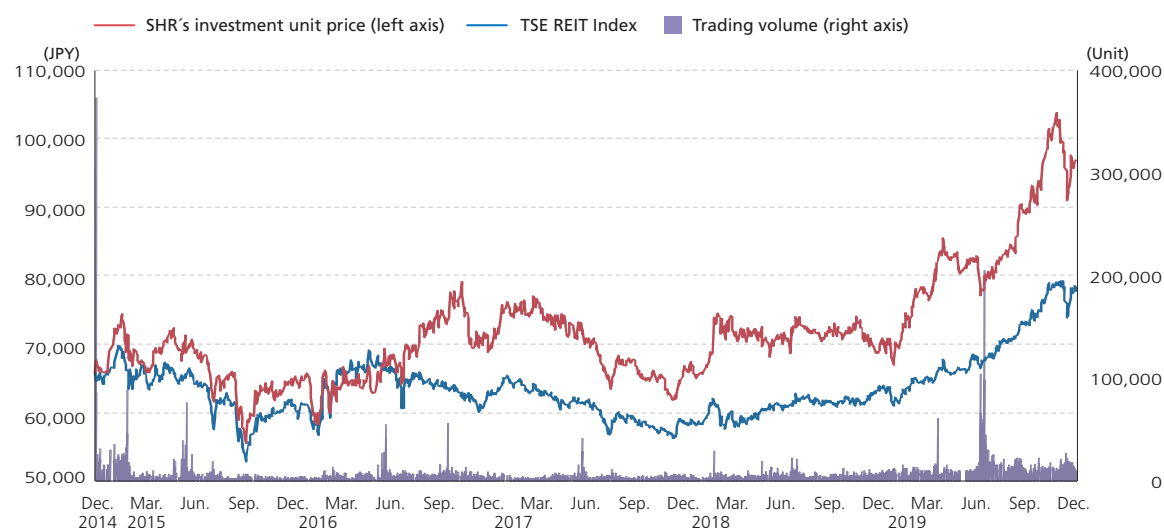
A member firm of Ernst & Young Global Limited

<MEMO>



# Unitholder Information

## Change in Investment Unit Price and Trading Volume (December 3, 2014 to November 29, 2019)



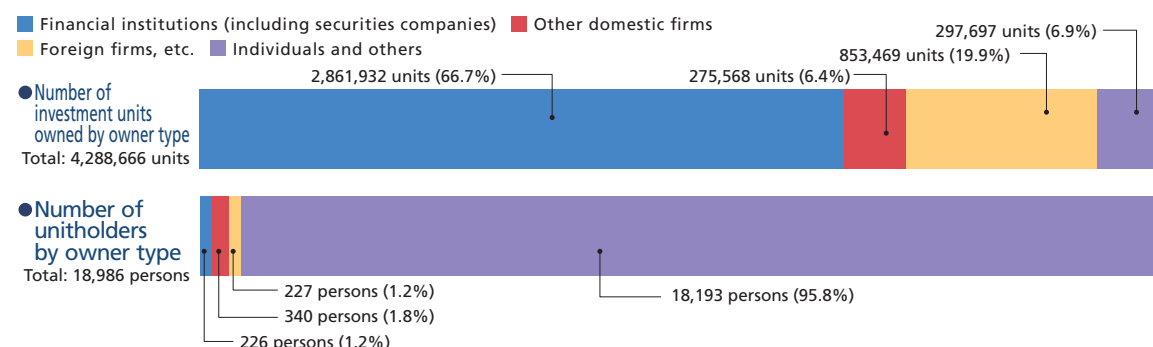
(Note 1) Closing price and trading volume of the investment unit of SHR in a regular trading session at Tokyo Stock Exchange, Inc. are indicated.

(Note 2) As a two-for-one split of investment units was implemented on May 1, 2018, investment units have been traded at halved (the ex-rights) unit price on and after April 25, 2018. In consideration of the impact of the split, the above graph is based on actual figures of "Investment Unit Price" for April 24, 2018 and earlier being divided by two and actual figures of "Trading Volume" being multiplied by two.

(Note 3) Change in TSE REIT Index is indicated after converting the closing price of TSE REIT Index on the listing date of SHR (December 3, 2014) to JPY 66,000, the amount gained after adjusting the two-for-one split to the closing price of the investment unit of SHR in a regular trading session. Furthermore, TSE REIT Index refers to the weighted average-type index of market capitalization of all REIT counters listed on the Tokyo Stock Exchange (TSE).

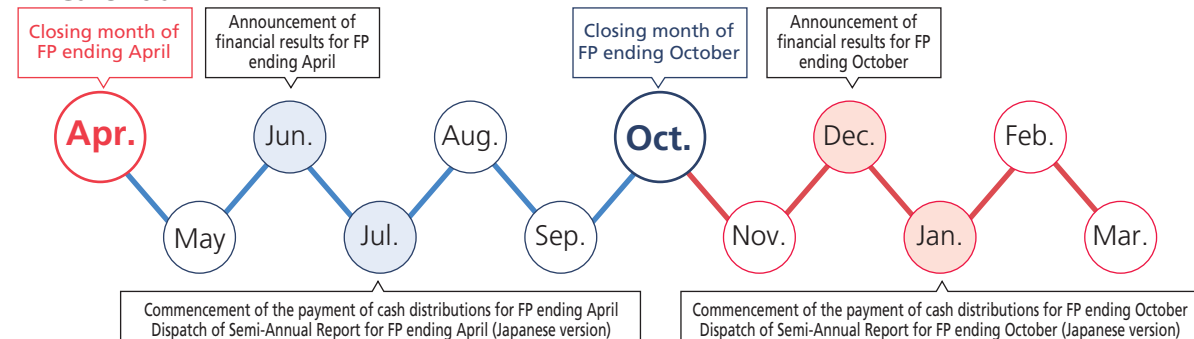
## Unitholder Composition

As of the end of the 10th fiscal period ended October 2019



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

## IR Calendar



# Unitholder Memo

## Unitholder Memo

Account Closing Date	End of April and October of each year
Record Date for Determining Distribution Payment	End of April and October of each year (Cash distribution will be paid out within 3 months from the record date.)
General Meeting of Unitholders	General meeting of unitholders shall be convened on January 1, 2020 and onwards without delay, and subsequently be convened on January 1 every 2 years and onwards without delay. In addition, the general meetings of unitholders may be held from time to time when it is necessary.
Date to Determine Exercising of Voting Rights by Unitholders	Date stipulated in Article 12 of the Articles of Incorporation
Listed Stock Exchange	Tokyo Stock Exchange, Inc. (Securities Code: 3309)
Newspaper Posting Public Notice	Nikkei Inc.
Transfer Agent	Mizuho Trust & Banking Co., Ltd.
Contact	Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. 1-2-1 Yaesu, Chuo-ku, Tokyo, 103-0028 Phone: 0120-288-324 (Toll Free only in Japan)

## Concerning Procedures to Change Registered Address, etc.

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

## Concerning Receiving Cash Distribution

You can receive your "cash distribution" by bringing your "distributions receipt" to a nearby Japan Post Bank or post office. In cases where the reception period has elapsed, please specify how you wish to receive dividends on the back of the "distributions receipt," and then mail it to the place of contact mentioned above, or receive cash distribution directly at the service counter of the head office/branch of Mizuho Trust & Banking Co., Ltd. In addition, with respect to future cash distribution, if you wish to receive them through transfer to a bank account you specify or other measures, please contact your securities company, etc.

Please receive your "cash distribution" on an early date as we will be unable to pay them if they are not received within 3 years from the commencement date of payments of cash distribution.

## Website of Sekisui House Reit, Inc.

### Guide to website

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

SHR strives for timely and accurate information disclosure via the website. IR information is also made available to subscribers via e-mail delivery (Japanese only) to provide access to the latest information.

The latest cash distribution, financial, investment property and other information useful to investors are made available for viewing on the website.

