



SEKISUI HOUSE REIT, INC.

Picture on the cover

**Garden City Shinagawa Gotenyama
Gotenyama SH Building
Prime Maison Gotenyama East
Prime Maison Gotenyama West**

Garden City Shinagawa Gotenyama, a flagship property of Sekisui House Reit, Inc., and Gotenyama SH Building, Prime Maison Gotenyama East and Prime Maison Gotenyama West located in the neighborhood are developed by Sekisui House as a large-scale complex, Gotenyama Project. The project was granted environmental awards from public institutions for its creation of a large-scale greening that contributes to the natural restoration of the local area.



SEKISUI HOUSE REIT, INC.

Securities Code **3309**



Sekisui House Reit, Inc.

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

Semi-Annual
Report

11th
Fiscal Period

(From November 1, 2019 to April 30, 2020)

Sekisui House Reit, Inc. shares a corporate philosophy with Sekisui House and aims to **“provide high quality social capital”** and **“maximize unitholder value”**

Contents

Overview of SHR	1	Statement of Cash Distributions	46
Financial Section (Audited)	40	Statement of Cash Flows	47
Financial Statements	41	Notes to Financial Statements	48
Balance Sheet	41	Supplementary Schedules	64
Statement of Income and Retained Earnings ..	43	Independent Auditor's Report	75
Statement of Changes in Net Assets	44	Unitholder Information	77

Performance Highlights

Distribution per Unit

Distribution per Unit (Actual)

11th Fiscal Period Ended April 2020

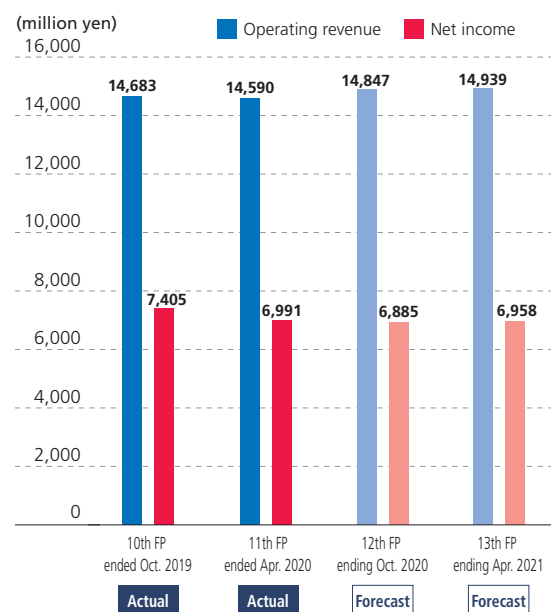
1,665 yen

Business Results and Distribution

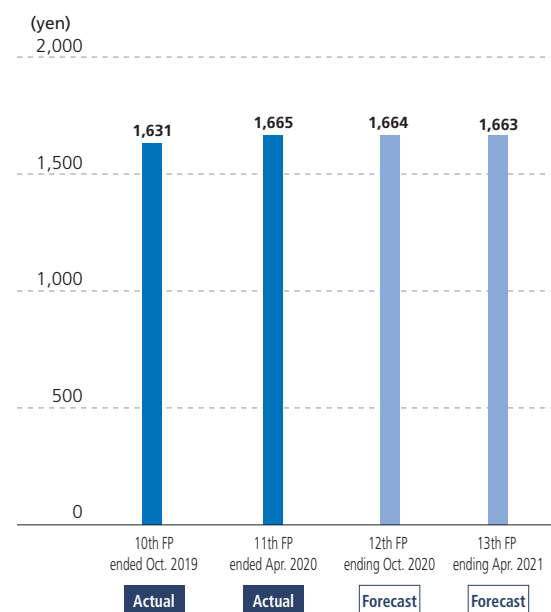
Fiscal Period	10th FP ended Oct. 2019 (Actual)	11th FP ended Apr. 2020 (Actual)	12th FP ending Oct. 2020 (Forecast) ^(Note)	13th FP ending Apr. 2021 (Forecast) ^(Note)
Operating revenue (million yen)	14,683	14,590	14,847	14,939
Operating income (million yen)	8,226	7,874	7,779	7,897
Ordinary income (million yen)	7,406	6,991	6,886	6,958
Net income (million yen)	7,405	6,991	6,885	6,958
Distribution per unit (yen)	1,631	1,665	1,664	1,663

(Note)The respective figures for "12th FP ending Oct. 2020 (Forecast)" and "13th FP ending Apr. 2021 (Forecast)" are as of June 15, 2020 (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 11th fiscal period ended April 2020 of Sekisui House Reit, Inc. ("SHR").

In the fiscal period under review, SHR acquired Esty Maison Shizuoka Takajo (Shizuoka-shi, Shizuoka) (residential property) in January 2020, The Ritz-Carlton, Kyoto which is the highest-end brand hotel of the Marriott International, Inc., (additional acquisition: 9% of quasi co-ownership interest) (Kyoto-shi, Kyoto) and GRAND MAST Hirose-dori (Sendai-shi, Miyagi) (residential property) in April 2020, from Sekisui House Group.

As a result, SHR owns 121 properties and its asset size is 532.9 billion yen (245.5 billion yen for office buildings, 248.0 billion yen for residential properties and 39.3 billion yen for hotels).

As for the occupancy rate as of the end of the 11th fiscal period ended April 2020, the office buildings at 100.0%, the residential properties at 96.6%, the hotels at 100.0%, and the portfolio as a whole at 97.6% 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 14,590 million yen, operating income of 7,874 million yen, ordinary income of 6,991 million yen and net income of 6,991 million yen, and the distribution per unit declared for the fiscal period was 1,665 yen.



SHR has conducted real estate management taking ESG into consideration to realize a sustainable society. In March 2020, SHR received highest rated "Rank S" in Certification for CASBEE for Real Estate for Akasaka Garden City owned by SHR to be evaluated working on its energy conservation efforts, having high earthquake resistance, and introducing a variety of tree species, mainly native species. In addition, SHR has strengthened governance, by increasing linkage between the profit of unitholders and the amount of management fees paid to the asset management company by introducing management fee structure linked to total assets and investment units performance from 12th fiscal period in which the rate of asset management fee I changes depending on performance of SHR's investment unit prices compared to TSE REIT index.

The spread of COVID-19 has had a major impact on economic activity worldwide. As a response, SHR and Sekisui House Asset Management, Ltd. ("SHAM") have implemented various measures to protect primarily health and safety of stakeholders. For example, SHR is providing support to tenants by allowing them to postpone rent payments, and SHAM is promoting initiative to avoid 3C (closed spaces, crowded places and close-contact setting) by introducing system of working from home and more flexible working hours. Unpredictable situation has been continued because COVID-19 has influenced in various industries in the world. However, SHR has promoted to realize "provide high quality social capital" and "maximize unitholder value" that are our corporate philosophy by taking necessary measures while closely monitoring future trends. I ask for the continued support and encouragement of unitholders.

July 2020

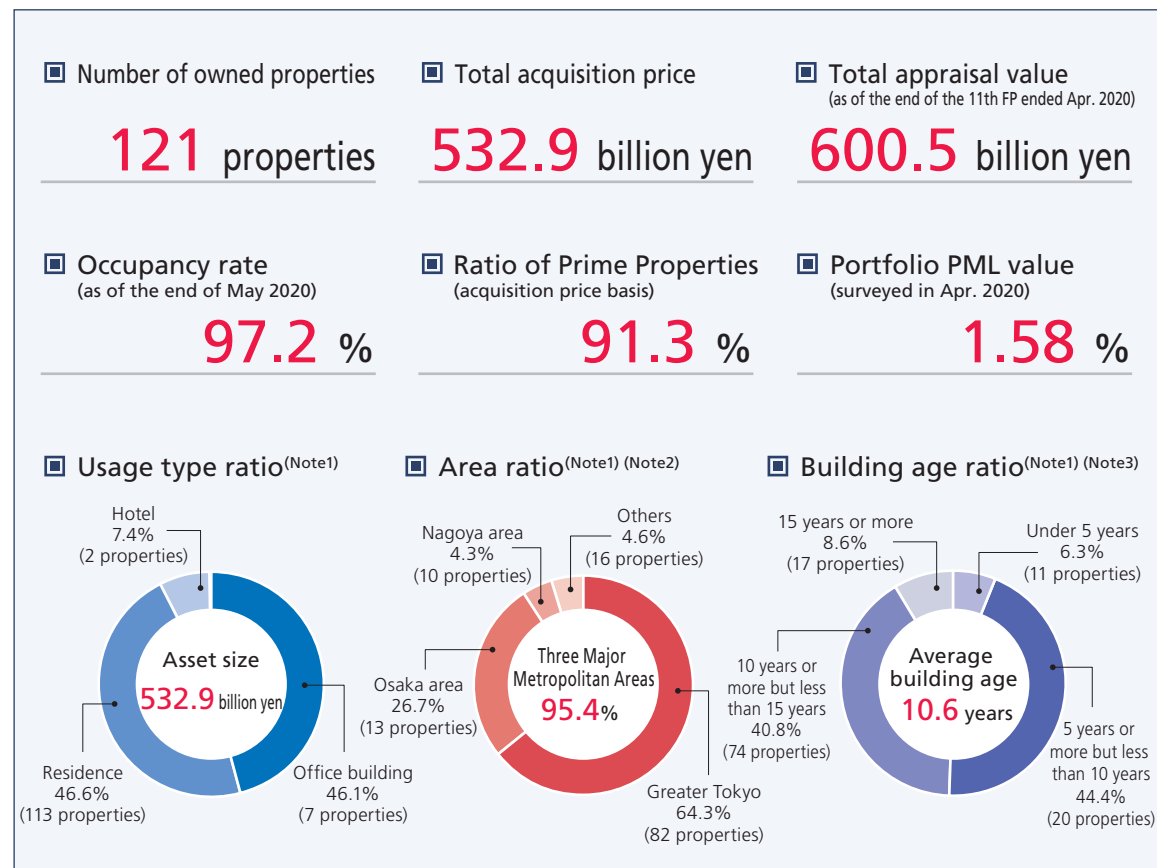
Junichi Inoue

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

Key Indicators

As of June 15, 2020 (the announcement date of business results)

Overview of Portfolio



Financial Status

■ LTV (total asset basis)
(as of the end of the 11th FP ended Apr. 2020)

45.1 %

■ Long-term debt ratio

98.0 %

■ Fixed interest rate debt ratio

91.4 %

Credit Rating

Japan Credit Rating Agency, Ltd. (JCR)

AA (Stable)

Rating and Investment Information, Inc. (R&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".

(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.

(Note 3) "Esty Maison Yokohama-aobadai" is counted as two properties the "North" and the "South", which were completed in different time, when calculating diversification by "Building age ratio".

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 investment in hotels that are expected to achieve continuous growth.

Asset category	Usage type	Examples of specific asset types	Investment ratio (acquisition price basis)	As of Jun. 15, 2020 (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%	46.6%	Approx. 45%
	Office building	Office buildings Data centers	30%-55%	46.1%	Approx. 45%
Commercial Properties	Hotel	Hotels	0%-30%	7.4%	Approx. 10%
	Retail and other properties	Retail properties Serviced apartments Senior properties ^(Note)	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 in Priority Investment Area by Asset Category

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

Asset category	Priority investment area	Investment ratio (acquisition price basis)	As of Jun. 15, 2020 (the announcement date of business results)
Residential Properties	Greater Tokyo	70% or higher	76.8%
Commercial Properties	Three Major Metropolitan Areas (Greater Tokyo, Osaka area, Nagoya area)	80% or higher	100.0%

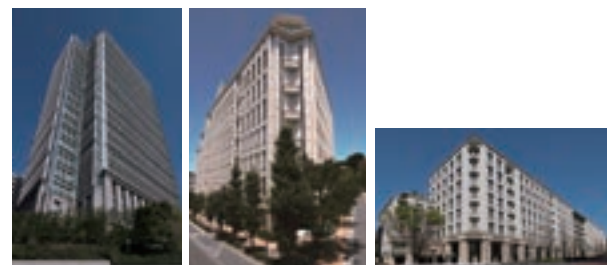
■ Investment Policy for Hotel

- 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

Portfolio Map

Major Owned Properties

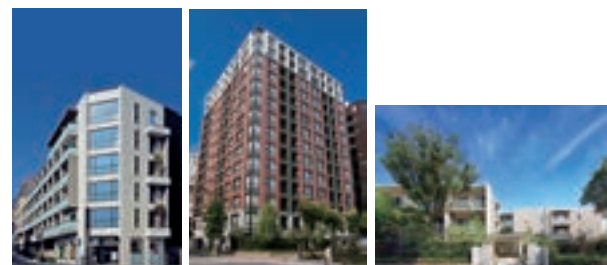
Greater Tokyo



■ Akasaka GC ■ Gotenjima SH Building ■ GC Shinagawa Gotenyama



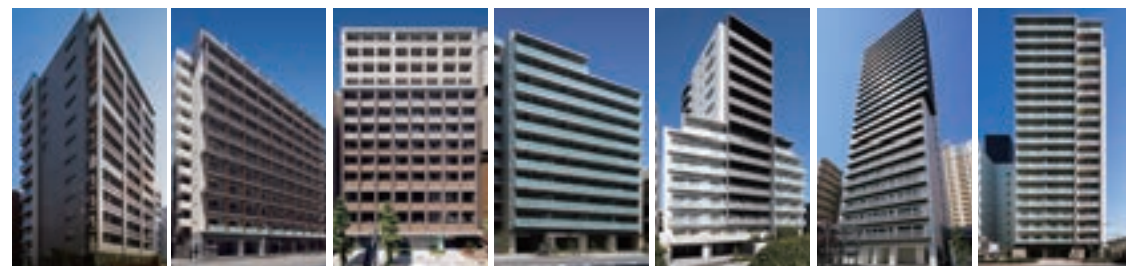
■ PM Hongo ■ PM Kuramae ■ PM Mitatsunomachi



■ PM Shinagawa ■ PM Ginza East ■ PM Musashinonomori



■ PM Gotenyama East ■ PM Daikanyama ■ PM Gotenyama West ■ EM Toyosu Residence

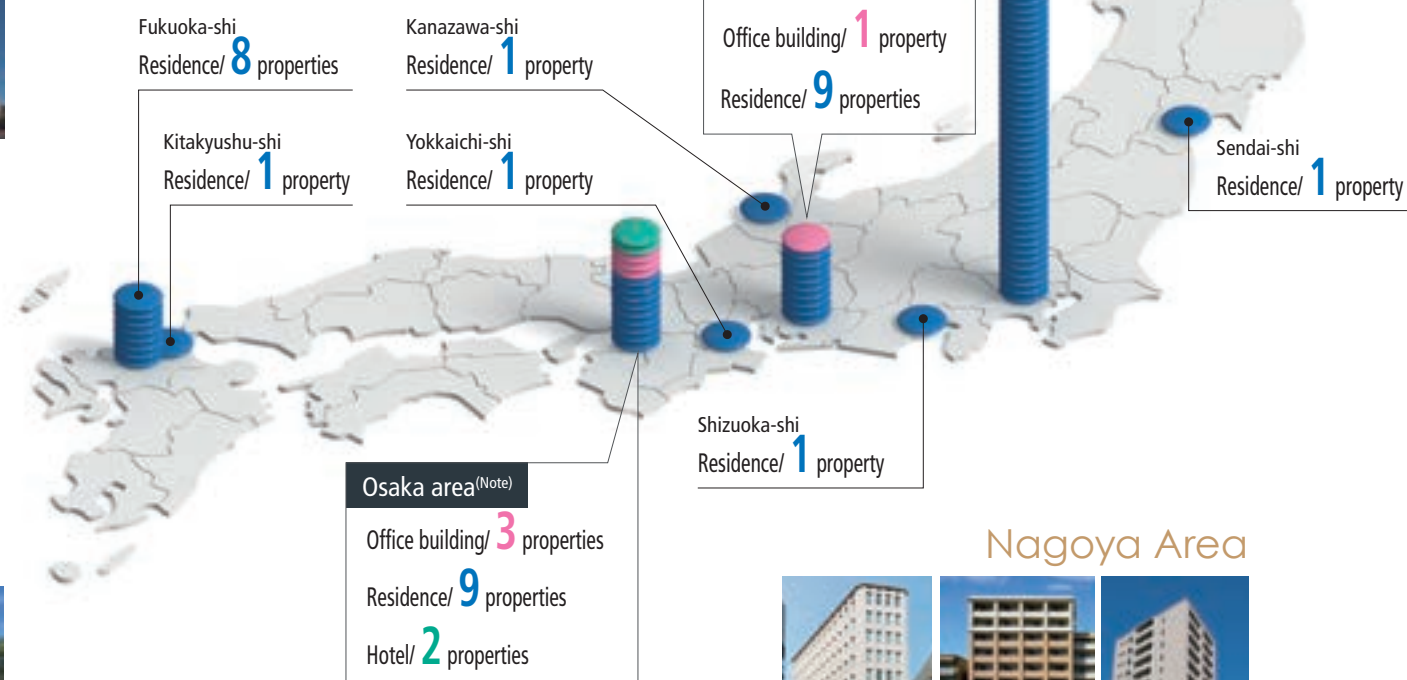


■ PM Asakusabashi ■ PM Ebisu ■ PM Yokohama Nihon-odori ■ PM Shirokane-takanawa ■ PM Ichigayamabushicho ■ PM Shirokanedai Tower ■ PM Otsuka

As of June 15, 2020 (the announcement date of business results)

Greater Tokyo	82 properties
Osaka area ^(Note)	14 properties
Nagoya area	10 properties
Others	16 properties

Office Building
Residence
Hotel



Osaka Area



■ Hommachi Minami GC ■ Hommachi GC ■ HK Yodoyabashi GA

Nagoya Area



■ Hirokoji GA ■ PM Higashisakura ■ PM Gokiso



■ PM Kitatanabe ■ PM Yuhigaoka ■ Kobe Women's Student Housing

Others



■ PM Odorikoen ■ PM Minami 2-jo ■ PM Kamokamogawa ■ MAST Hakata ■ PM Central Park



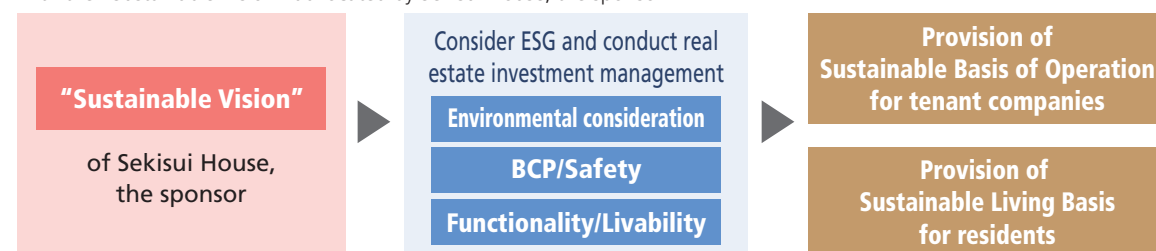
■ Office Building ■ Residence ■ Hotel PM: Prime Maison EM: Esty Maison GC: Garden City GA: Garden Avenue GM: GRAND MAST
(Note) "Hommachi Garden City," located in the Osaka area, is calculated by treating the office building portion as one property and hotel portion as one property.

SHR's ESG Initiatives

ESG Policy

Basic Policy

SHR and SHAM aim to provide “sustainable bases of operation” for tenant companies and “sustainable living basis” for residents 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.



Endorsement of Initiatives and Acquisition of External Certifications

Signing of the Principles for Responsible Investment (PRI)

SHAM has decided to support the basic approaches of the Principles for Responsible Investment (“PRI”) regarding ESG investment and became a signatory in March 2019.

Signatory of:



2019 GRESB Assessment

Selected as “Sector Leader”

in Asia/Diversified - Office/Residential Sector

GRESB Real Estate Assessment; **Acquired “Green Star” rating for the third consecutive year**



DBJ Green Building Certification/Certification for CASBEE for Real Estate

SHR newly acquired Certification for CASBEE for Real Estate for Akasaka Garden City in March 2020 and has acquired environmental certifications **for 52 properties out of the total of 121 owned properties (55.9% based on the total floor area). Received 3 Stars or higher** in DBJ Green Building Certification or **Rank S** in Certification for CASBEE for Real Estate for all certified properties.



Environment

SHR recognizes that dealing with environmental issues such as climate change is one of the key management issues. Based on this recognition, SHR sets targets for the environment-related indicators of owned properties, and introduces environmentally friendly facilities, such as LED lighting and energy-saving air conditioner, etc.

Targets/ KPI	● Target of Energy Consumption
	Reduce energy consumption intensity of our portfolio by 5% or more in 5 years until 2023
	● Target of CO ₂ Emission
	Reduce CO ₂ emission intensity of our portfolio by 5% or more in 5 years until 2023
	● Target of Water Consumption
	Maintain water consumption intensity of our portfolio at the level of 2018 in 5 years until 2023

(Note1) The period covered by the environmental targets is 5 years from 2018, which is the base year (until 2023).

(Note2) Calculated using data from April to next March of each year as an annual data.

Social

SHR promotes to install emergency cabinets for elevators and distribute stockpiled emergency supplies to enable tenant companies and residents to stay with security and safe. SHR has also contributed to local communities by making effort to improve convenience, environment awareness and health by installation of AED and introduction of bike share that is available to everyone.

● Emergency cabinet for elevators

Prime Maison Gotenryama East and others



● Stockpiled emergency supplies to tenants

Esty Maison Ojima and others



● Installation of AED

Prime Maison Yokohama Nihon-odori and others



● Introduction of Bike Share

Garden City Shinagawa Gotenryama



SHAM is making efforts to reduce overtime work and increase the ratio of employees taking annual paid leave to promote work-life balance. SHAM is promoting initiative to avoid 3C (closed spaces, crowded places and close-contact setting) by introducing system of working from home and more flexible working hours as a preventive measure against COVID-19.

Governance

The below Management Fee Structure is introduced to increase linkage between the amount of management fees paid to the asset management company and the profit of unitholders. SHR has strengthened governance by adopting Management Fee I (linked to total assets and investment units performance) that depends on performance of SHR's investment unit prices (distribution inclusive) compared to TSE REIT index (distribution inclusive) from 12th FP.

Management Fee I (linked to total assets and investment units performance)	Total assets x 0.12~ 0.16% (annual rate)
Management Fee II (linked to DPU and operating income)	(DPU x Operating income x 0.002%) x 2 ^(Note)
Management Fee III (acquisition fees)	Acquisition purchase price x 0.3% (Transactions with related parties: None)
Management Fee IV (disposition fees)	Sale price x 0.3% (Transactions with related parties: None)
Management Fee V (merger fees)	Value of Real Estate-Related Assets held by investment corporation x 0.4%

(Note) As SHR implemented a 2-for-1 split of the investment units with April 30, 2018 as the record date and May 1, 2018 as the effective date, Management Fee II (linked to DPU and operating income) is calculated by multiplying by 2, which is the split ratio.

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

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

Outline of asset management operation

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

(1) Brief History of the Investment Corporation

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

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

The Two Investment Corporations, each under the support of the Sekisui House Group^(Note 1), had separately conducted asset management 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^(Note 2).

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

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

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

(Note 3) “Residential properties” refer to real estate whose principal use is residence (including student dormitories, company housing, furnished residences with appliances which do not fall under serviced apartments (*1) (*2)). The same shall apply hereinafter. (*1) “Serviced apartments” refer to furnished residences with appliances where a dedicated operator provides certain services to users. The same shall apply hereinafter.

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

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

(*) Some housing for elderly with service, fee-based homes for the aged, and daycare centers may fall under apartment houses as defined in the Building Standards Act. The same shall apply hereinafter.

(2) Management Environment and Management Performance

a. Management Environment

During the first half of the fiscal period under review (from November 2019 to January 2020; the same shall apply hereinafter.), the Japanese economy continued to recover moderately from the previous fiscal period amid a gradual increase in capital against the backdrop of corporate profits, which have remained strong except in some industries, and steady improvement in the employment and income environment, despite continued weakness in exports and production. However, the Japanese economy has deteriorated rapidly since February 2020 due to the effects of COVID-19, which began in China in December 2019 and spread around the world, and the outlook remains unclear.

Under such circumstances, in the real estate leasing market, residences and office buildings, which are positioned by SHR as core assets of the portfolio and constitute approximately 93% of the portfolio (on an acquisition-price basis) as of April 30, 2020 (“as of the end of the fiscal period under review”), continued to have favorable supply-demand conditions and rental demand remained robust. During the first half of the fiscal period under review, hotels that constitute approximately 7% of SHR’s portfolio (on an acquisition-price basis) were recognized as having a favorable operating environment against the backdrop of steady growth in the number of foreign visitors to Japan. However, since February 2020, the number of foreign visitors to Japan has declined due to the restrictions on traveling or entering Japan by various countries against COVID-19, and domestic travelers have been restrained, which has hindered the operation of hotels.

In the real estate transaction market, investors in Japan and overseas have continued to have a strong desire to acquire properties under accommodative financial conditions, or 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. At present, however, the outlook is uncertain due to the impact of COVID-19.

b. Management Performance

In an environment in which the properties SHR considers to be investment targets are in short supply, SHR acquired a hotel developed by Sekisui House and two residential properties developed and owned by Sekisui House Group because they recognize it valuable a total of three properties (one of which was additionally acquired) by utilizing the pipeline support of Sekisui House, which is the sponsor, and the Sekisui House Group, which is centered on Sekisui House.

These transactions brought the number of properties SHR owned as of the end of the fiscal period under review to 121 (comprising 113 residential properties and 8 commercial properties) with an aggregate acquisition price^(Note) of 532,910 million yen (248,090 million yen for residential properties and 284,820 million yen for commercial properties).

Moreover, the occupancy rate of SHR’s investment assets as of the end of the fiscal period under review stood at 96.6% for residential properties, 100.0% for commercial properties and 97.6% for the entire portfolio against the backdrop of the real estate leasing market as described above.

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

(3) Overview of Fund Procurement

a. Borrowings and Issuance of Investment Corporation Bonds

On November 29, 2019, SHR refinanced long-term borrowings with total amount of 14,000 million yen due for repayment on November 30, 2019, at fixed interest rate long-term borrowings (of which 13,200 million yen was long-term borrowings with floating interest rates, but interest rates were effectively fixed by establishing interest rate swaps). On January 31, 2020, SHR procured a short-term borrowing in the total amount of 600 million yen to use as funds for partial payment on the acquisition of the real estate trust beneficiary interests and related expenses. SHR carry out 7,392 million yen of long-term borrowings at a fixed interest rate (of which 3,350 million yen was long-term borrowings with floating interest rates, but interest rates were effectively fixed by establishing interest rate swaps) on February 28, 2020 to repay the above short-term borrowing of 600 million yen before maturity and to repay long-term borrowings of 6,792.5 million yen, which were due for repayment on the same

date. In addition, on April 20, 2020, SHR procured a short-term borrowing in the total amount of 5,100 million yen to use as funds for partial payment on the acquisition of the real estate trust beneficiary interests and quasi co-ownership interest of trust beneficiary interest, and related expenses. Regarding investment corporation bonds, SHR issued green bonds on November 1, 2019 and February 28, 2020 respectively (the issuance amount of the fifth investment corporation bonds is 5,000 million yen and the issuance amount of the sixth investment corporation bonds is 2,000 million yen), and using the funds from this bonds and cash on hand, 5,000 million yen out of the short-term borrowing of 31,160 million yen procured on June 10, 2019 was repaid before maturity on November 5, 2019 and investment corporation bonds amounting to 2,000 million yen which were due for redemption on February 28, 2020 were redeemed.

As a result, fixed interest rate debt ratio in interest-bearing liabilities became 91.4% at the end of the fiscal period under review from 91.2% at the end of the previous fiscal period. The balance of interest-bearing liabilities at the end of the fiscal period under review is 249,942 million yen and the ratio of total interest-bearing liabilities to total assets (“LTV (total assets basis)”) is 45.1%.

b. Credit Rating

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

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

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

(4) Overview of Business Performance and Distributions

Results in the fiscal period under review are operating revenue of 14,590 million yen, operating income of 7,874 million yen and ordinary income of 6,991 million yen, resulting in net income of 6,991 million yen. In addition, concerning cash distributions, SHR decided to distribute 7,140 million yen, which is the amount of unappropriated retained earnings after adding reversal of reserve for temporary difference adjustments (119 million yen) and reversal of reserve for reduction entry (29 million yen) based on the application of special tax treatment for investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended) (the “Special Taxation Measures Act”)).

2. Status of Capital Increase, etc.

The following table sets forth the increase (/decrease) in unitholders’ capital and the total number of investment units issued and outstanding since in the last five years.

Date	Event	Unitholders’ capital (million yen)		Total number of investment units issued and outstanding (units)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
May 24, 2016	Public offering	11,706	99,450	95,200	889,200	(Note 1)
June 21, 2016	Third-party allotment	590	100,040	4,800	894,000	(Note 2)
May 24, 2017	Public offering	9,661	109,702	71,400	965,400	(Note 3)
June 12, 2017	Third-party allotment	487	110,189	3,600	969,000	(Note 4)
May 1, 2018	Split of investment units	—	110,189	969,000	1,938,000	(Note 5)
May 1, 2018	Allocation of investment units through merger	—	110,189	1,824,091	3,762,091	(Note 6)
June 10, 2019	Public offering	37,162	147,351	501,500	4,263,591	(Note 7)
July 9, 2019	Third-party allotment	1,858	149,210	25,075	4,288,666	(Note 8)

(Note 1) 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 2) 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 3) 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 4) 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 5) 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 6) 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 7) 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 8) 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	7th fiscal period		8th fiscal period	9th fiscal period	10th fiscal period	11th fiscal period
	Before the ex- rights date	After the ex- rights date				
	From: Nov. 1, 2017 To: Apr. 24, 2018	From: Apr. 25, 2018 To: Apr. 30, 2018	From: May 1, 2018 To: Oct. 31, 2018	From: Nov. 1, 2018 To: Apr. 30, 2019	From: May 1, 2019 To: Oct. 31, 2019	From: Nov. 1, 2019 To: Apr. 30, 2020
High (yen)	149,100	70,500	73,900	85,400	103,700	99,700
Low (yen)	123,700	69,700	68,200	67,100	77,200	47,150

(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 11th fiscal period) is 1,665 yen. The policy is to distribute 7,140 million yen, which is the amount of unappropriated retained earnings after adding reversal of reserve for temporary difference adjustments (119 million yen) and reversal of reserve for reduction entry (29 million yen) in application of the special treatment of corporation tax under which the amount equivalent to distribution of earnings is deductible from the taxable income of investment corporations as deductible expenses (Article 67-15 of the Special Taxation Measures Act).

Fiscal period	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	11th fiscal period From: Nov. 1, 2019 To: Apr. 30, 2020
Total amount of unappropriated retained earnings (thousand yen)	2,621,502	7,403,117	5,894,142	7,405,454	6,991,331
Amount of accumulated earnings (thousand yen)	357	1,556,827	—	775,495	—
Total amount of cash distribution (thousand yen)	2,621,145	5,846,289	5,996,773	6,994,814	7,140,628
[Distribution per unit] (yen)	[2,705]	[1,554]	[1,594]	[1,631]	[1,665]
Total amount of distribution of earnings out of the total amount of cash distribution (thousand yen)	2,621,145	5,846,289	5,996,773	6,994,814	7,140,628
[Distribution of earnings per unit] (yen)	[2,705]	[1,554]	[1,594]	[1,631]	[1,665]
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

In response to the spread of COVID-19, the Government of Japan issued a declaration of a state of emergency in relation to the novel coronavirus disease as of April 7, 2020, based on Article 32, Paragraph 1 of the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response (Act No. 31 of 2012, as amended), and requested seven prefectures to implement various measures, including voluntary restraint of going out. Subsequently, after the expansion and extension of the implementation period of the declaration and the lifting of the declaration in some implementation areas, the declaration was terminated by all prefectures as of May 25, 2020. As of the date of this document, the Government of Japan is making the decision to gradually relax various measures, such as voluntarily refraining from going out, in accordance with trends in the number of infected people. Various effects on economic activities due to the spread of COVID-19, including during the declaration period, such as the suspension of operations and the shortening of operating hours by some business categories, remain, and it will take a certain period of time to return to the situation before the spread of COVID-19, including concerns about the spread of the infection (the second wave).

Despite these circumstances, SHR believes that demand for residence and office building, which are living and operation bases in the real estate leasing market, will continue to be firm in general, but SHR considers that the impact of COVID-19 on tenant trends needs to be watched closely. On the other hand, with the spread of COVID-19 worldwide, the demand for hotel rooms is expected to remain severe for the time being due to factors such as the postponement of the Tokyo Olympic and Paralympic Games scheduled for 2020, the decrease in the number of foreign tourists visiting Japan due to the restrictions on travel and entry of each country, and the voluntary restraint on domestic travel.

After the Japanese government issued the declaration, temporary closures and closures were observed in some of SHR's retail tenants in residential properties and office buildings tenants and, as well as in two hotels of SHR's portfolio. In the future, similar measures will be taken by tenants depending on the situation of COVID-19. Therefore, it is necessary to pay close attention to the impact of COVID-19 on the economic activities of tenants.

In the real estate transaction market, SHR expects the cap rate to remain low for the foreseeable future, but SHR believes that it is necessary to carefully assess the situation of COVID-19 (including the period required for the conclusion of the pandemic and the degree of economic recovery after the end of the pandemic).

(2) Future Management Policy and Challenges to Address

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

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

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

SHR has executed a sponsor support agreement with Sekisui House. This agreement provides for utilization of

the urban redevelopment business track record and know-how of Sekisui House, allowing SHR to seek from Sekisui House property acquisition support for external growth (pipeline support). Specifically, such support will (a) grant 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 Six Sekisui House Real Estate Companies. Thus, particularly with residential properties, SHR will be able to receive support in acquiring properties for external growth, such as granting of preferential negotiation rights regarding sale of domestic real estate, etc. owned or developed by the Six Sekisui House Real Estate Companies.

Sekisui House and Sekisui House Real Estate Group^(Note 3) possess (a) property management (“PM”) skills based on their relationship with tenants, (b) know-how as a real estate developer to maintain/improve real estate value through large-scale repair, renovation/value enhancement, redevelopment, etc., and (c) know-how on developing various types of master leasing businesses. 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, Sekisui House 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 Sekisui House Real Estate Group by concluding a PM Agreement with Sekisui House 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) “Six Sekisui House Real Estate Companies” is a collective name for Sekisui House Real Estate Tokyo, Ltd., Sekisui House Real Estate Tohoku, Ltd., Sekisui House Real Estate Chubu, Ltd., Sekisui House Real Estate Kansai, Ltd., Sekisui House Real Estate Chugoku&Shikoku, Ltd. and Sekisui House Real Estate Kyushu, Ltd., which are wholly-owned subsidiaries of Sekisui House and are core companies of real estate unit of the Sekisui House Group operating nationwide. The same shall apply hereinafter.
- (Note 3) “Sekisui House Real Estate Group” refers to a group of companies comprised of Six Sekisui House Real Estate Companies as the core, and of its subsidiaries and affiliates. The same shall apply hereinafter.

(3) Financial Strategy

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

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

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

5. Significant Subsequent Events
Not applicable.

(Reference Information)

(1) Borrowing of Funds

SHR conducted the following borrowing of funds on May 29, 2020 for use as repayment funds of a short-term borrowing (8,000 million yen) which was due for repayment on May 29, 2020.

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.	3,109	Base rate (JBA 1-month Japanese Yen TIBOR) plus 0.170%	May 29, 2020	Borrowing based on individual loan agreement, dated May 26, 2020. The lenders under the loan agreement are as indicated to the left of this table.	May 31, 2021	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	Mizuho Bank, Ltd.	2,534						
	Sumitomo Mitsui Banking Corporation	2,357						
Total		8,000	—	—	—	—	—	—

- (Note 1) MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation are arrangers of the above borrowings.
- (Note 2) The borrowing expenses and other charge payable to the lenders are not included.
- (Note 3) The base rate applicable to the calculation period for the interest payable on an interest payment date shall be the 1-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 was the last day of June 2020. Subsequent interest payment dates will be the last day of every month and the principal repayment date. Where the relevant date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls into the next calendar month) the immediately preceding business day.
- (Note 5) The first interest calculation period is from May 29, 2020 to the last day of June 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.

Outline of the investment corporation

1. Status of Capital

Fiscal period	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)	As of the end of 11th fiscal period (Apr. 30, 2020)
Total number of investment units authorized (units)	10,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total number of investment units issued and outstanding (units)	969,000	3,762,091	3,762,091	4,288,666	4,288,666
Unitholders' capital (million yen)	110,189	110,189	110,189	149,210	149,210
Number of unitholders (persons)	12,958	20,293	18,736	18,986	19,230

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)	1,055,699	24.62
The Master Trust Bank of Japan, Ltd. (Trust Account)	676,488	15.77
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	204,996	4.78
Sekisui House, Ltd.	200,750	4.68
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	104,975	2.45
STATE STREET BANK WEST CLIENT - TREATY 505234	53,415	1.25
DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	49,211	1.15
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	40,520	0.94
STICHTING PENSIOEN FONDS METAAL EN TECHNIEK	39,002	0.91
JP MORGAN CHASE BANK 385771	37,632	0.88
Total	2,462,688	57.42

(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	—	21,900 (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 the Fifth and Sixth Series Unsecured Investment Corporation Bonds in November 2019 and February 2020, 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 10th fiscal period (Oct. 31, 2019)		As of the end of 11th fiscal period (Apr. 30, 2020)	
			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	189,258	34.5	188,641	34.1
		Other areas	55,720	10.2	57,019	10.3
	Commercial properties	Three major metropolitan areas	275,780	50.3	279,267	50.4
		Other areas	—	—	—	—
Total of real estate in trust			520,759	95.0	524,929	94.8
Deposits and other assets			27,230	5.0	29,059	5.2
Total amount of assets			547,989	100.0	553,988	100.0

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

(Note 2) Figures under the heading “As a percentage of total assets” have been rounded to the nearest first decimal place.

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

2. Major Portfolio Assets

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

Name of real estate, etc.	Book value at the end of period (million yen) (Note 1)	Leasable area (m²) (Note 2)	Leased area (m²) (Note 3)	Occupancy rate (%) (Note 4)	As a percentage of total property-related operating revenue (%) (Note 5)	Usage type
Garden City Shinagawa Gotenyama	70,635	38,577.99	38,545.79	99.9	12.2	Office building
Gotenyama SH Building	50,024	19,999.97	19,999.97	100.0	7.5	Office building
Hommachi Minami Garden City	43,032	29,657.53	29,657.53	100.0	8.6	Office building
Hommachi Garden City (Office building portion) ^(Note 6)	36,987	17,006.94	17,006.94	100.0	6.2	Office building
Akasaka Garden City ^(Note 7)	28,815	12,472.80	12,472.80	100.0	4.3	Office building
The Ritz-Carlton, Kyoto ^(Note 8)	22,265	11,496.08	11,496.08	100.0	2.4	Hotel
Hommachi Garden City (Hotel portion) ^(Note 6)	16,991	18,092.98	18,092.98	100.0	2.8	Hotel
Esty Maison Ojima	8,450	9,905.97	9,546.83	96.4	1.7	Residence
Esty Maison Kinshicho II	8,075	9,469.65	9,147.33	96.6	1.5	Residence
Prime Maison Shirokanedai Tower	8,006	6,772.89	6,548.26	96.7	1.6	Residence
Total	293,284	173,452.80	172,514.51	99.5	48.9	—

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

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

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

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

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

(Note 6) “Hommachi Garden City” comprises the portions used as office building and retail property (“Hommachi Garden City (Office building portion)”) and the portions used as a hotel (“Hommachi Garden City (Hotel portion)”). In this document, the overview and other information regarding the property may be described separately for the Office building portion and the Hotel portion. The same shall apply hereinafter.

(Note 7) For “Akasaka Garden City”, SHR owns 65.45% quasi co-ownership interest of trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor under ground through 4th floor above ground and 11th floor through 19th floor above ground of the building, as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (or approximately 66.3%)), and the figures indicate the value corresponding to the quasi co-ownership interest. The same shall apply hereinafter.

(Note 8) SHR additionally acquired 9% quasi co-ownership interest of trust beneficiary interest in real estate for “The Ritz-Carlton, Kyoto” on April 20, 2020 and SHR owns 49% quasi co-ownership interest of trust beneficiary interest in real estate for the property as of the end of the fiscal period under review.The figures indicate the value corresponding to the quasi co-ownership interest SHR owns. The same shall apply hereinafter.

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

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

Usage type	Property number (Note 1)	Name of real estate, etc.	Location (Note 2)	Type of ownership	Book value at the end of period (million yen)	Estimated value at the end of period (million yen) (Note 3)
Residence	R-001	Esty Maison Ginza	Chuo-ku, Tokyo	Real estate trust beneficiary interests	6,494	6,940
	R-002	Esty Maison Azabunagasaka	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,768	1,860
	R-003	Esty Maison Ebisu II	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,023	2,190
	R-004	Esty Maison Ebisu	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	922	903
	R-005	Esty Maison Kanda	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	1,574	1,740
	R-006	Esty Maison Kitashinjuku	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,556	1,710
	R-007	Esty Maison Asakusakomagata	Taito-ku, Tokyo	Real estate trust beneficiary interests	2,128	2,370
	R-008	Esty Maison Kawasaki	Kawasaki-shi, Kanagawa	Real estate trust beneficiary interests	2,467	2,660
	R-010	Esty Maison Kameido	Koto-ku, Tokyo	Real estate trust beneficiary interests	1,531	1,760
	R-011	Esty Maison Meguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	1,084	1,190
	R-012	Esty Maison Sugamo	Toshima-ku, Tokyo	Real estate trust beneficiary interests	1,607	1,740
	R-013	Esty Maison Kyobashi	Osaka-shi, Osaka	Real estate trust beneficiary interests	3,019	3,000
	R-014	Esty Maison Hakuraku	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	908	982
	R-015	Esty Maison Minamihorie	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,051	1,100
	R-016	Esty Maison Gotanda ^(Note 4)	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	3,065	3,290
	R-017	Esty Maison Oisendaizaka	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,764	2,860
	R-018	Esty Maison Shinagawa Seaside	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,134	2,360
	R-019	Esty Maison Minamiazabu	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,242	1,340
	R-020	Esty Maison Tsukamoto	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,048	1,120
	R-021	Esty Maison Kawasaki II	Kawasaki-shi, Kanagawa	Real estate trust beneficiary interests	1,953	2,070
	R-022	Esty Maison Azabujuban	Minato-ku, Tokyo	Real estate trust beneficiary interests	2,726	2,890
	R-023	Esty Maison Itabashihoncho	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	913	994
	R-024	Esty Maison Oizumigakuen	Nerima-ku, Tokyo	Real estate trust beneficiary interests	777	838
	R-025	Esty Maison Higashishinagawa	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,325	2,390
	R-026	Esty Maison Itabashikuyakushomae	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	2,481	2,680
	R-027	Esty Maison Musashikoyama ^(Note 5)	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,030	1,130
	R-028	Esty Maison Sendagi ^(Note 6)	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	686	753

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 ^(Note 7)	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	2,073	2,280
	R-030	Esty Maison Hakatahigashi	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,300	2,410
	R-031	Esty Maison Kamigofuku	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	791	813
	R-032	Esty Maison Sangenjaya	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	807	871
	R-033	Prime Maison Musashinonomori	Kodaira-shi, Tokyo	Real estate trust beneficiary interests	1,806	1,960
	R-034	Prime Maison Higashisakura	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,460	1,590
	R-035	Prime Maison Kayabakoen	Nagoya-shi, Aichi	Real estate trust beneficiary interests	843	881
	R-036	Esty Maison Sangenjaya II	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	770	842
	R-037	Esty Maison Itabashi C6	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	2,502	2,690
	R-038	MAST Hakata ^(Note 8)	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,234	2,500
	R-039	Esty Maison Kinshicho	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,228	1,300
	R-040	Esty Maison Musashikoganei	Koganei-shi, Tokyo	Real estate trust beneficiary interests	1,764	1,980
	R-041	Prime Maison Gokiso	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,890	2,050
	R-042	Prime Maison Yuhigaoka	Osaka-shi, Osaka	Real estate trust beneficiary interests	886	980
	R-043	Prime Maison Kitatanabe	Osaka-shi, Osaka	Real estate trust beneficiary interests	583	635
	R-044	Prime Maison Momochihama	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	1,924	2,080
	R-045	Esty Maison Akihabara	Taito-ku, Tokyo	Real estate trust beneficiary interests	1,937	2,010
	R-046	Esty Maison Sasazuka	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	3,402	3,500
	R-047	Prime Maison Ginza East	Chuo-ku, Tokyo	Real estate trust beneficiary interests	6,125	6,650
	R-048	Prime Maison Takami	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,036	1,110
	R-049	Prime Maison Yadaminami	Nagoya-shi, Aichi	Real estate trust beneficiary interests	871	865
	R-050	Prime Maison Teriha	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	1,211	1,290
	R-051	Esty Maison Higashishirakabe	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,654	1,640
	R-052	Esty Maison Sengoku	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	1,342	1,380
	R-053	Esty Maison Daizawa	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	2,242	2,300
	R-054	Esty Maison Togoshi	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,740	1,820
	R-055	Esty Maison Nishitemma	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,644	1,690
	R-056	Esty Maison Shirokanedai	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,386	2,580
	R-057	Esty Maison Higashishinjuku	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,637	1,760
	R-058	Esty Maison Motoazabu	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,521	1,610

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	848	870
	R-060	Esty Maison Musashikoyama II	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,009	1,060
	R-061	Esty Maison Nakano	Nakano-ku, Tokyo	Real estate trust beneficiary interests	1,837	1,860
	R-062	Esty Maison Shinnakano	Nakano-ku, Tokyo	Real estate trust beneficiary interests	998	1,030
	R-063	Esty Maison Nakanofujimicho	Nakano-ku, Tokyo	Real estate trust beneficiary interests	966	1,020
	R-064	Esty Maison Tetsugakudo	Nakano-ku, Tokyo	Real estate trust beneficiary interests	1,132	1,180
	R-065	Esty Maison Koenji	Suginami-ku, Tokyo	Real estate trust beneficiary interests	1,140	1,200
	R-066	Esty Maison Oshiage	Sumida-ku, Tokyo	Real estate trust beneficiary interests	2,433	2,520
	R-067	Esty Maison Akabane	Kita-ku, Tokyo	Real estate trust beneficiary interests	3,198	3,360
	R-068	Esty Maison Oji	Kita-ku, Tokyo	Real estate trust beneficiary interests	1,608	1,740
	R-069	Prime Maison Waseda	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,541	1,660
	R-070	Prime Maison Hatchobori	Chuo-ku, Tokyo	Real estate trust beneficiary interests	1,420	1,520
	R-071	Prime Maison Jimbocho	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	1,913	1,970
	R-072	Prime Maison Gotenyama East	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,881	2,980
	R-073	MAST LIFE Akihabara	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	547	569
	R-074	Esty Maison Aoi	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,401	2,440
	R-075	Esty Maison Yakuin	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,607	2,460
	R-076	Esty Maison Kinshicho II	Sumida-ku, Tokyo	Real estate trust beneficiary interests	8,075	8,800
	R-077	Esty Maison Ojima	Koto-ku, Tokyo	Real estate trust beneficiary interests	8,450	9,270
	R-078	Prime Maison Fujimidai	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,051	2,120
	R-079	Esty Maison Tsurumai	Nagoya-shi, Aichi	Real estate trust beneficiary interests	4,623	4,790
	R-080	Prime Maison Morishita	Koto-ku, Tokyo	Real estate trust beneficiary interests	1,879	2,020
	R-081	Prime Maison Shinagawa	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,921	2,040
	R-082	Prime Maison Odorikoen	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	3,100	3,010
	R-083	Prime Maison Minami 2-jo	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	1,865	1,710
	R-084	Prime Maison Kamokamogawa	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	1,226	1,110
	R-085	Prime Maison Central Park (Note 9)	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,223	2,295
	R-086	MAST LIFE Yahiro	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,860	1,970
	R-087	Prime Maison Ebisu	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	4,305	4,760
	R-088	Granmast Kanazawa Nishiizumi	Kanazawa-shi, Ishikawa	Real estate trust beneficiary interests	1,038	1,030

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	798	825
	R-090	Esty Maison Kohoku Tsunashima	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	2,714	2,922
	R-091	MAST LIFE Hino	Hino-shi, Tokyo	Real estate trust beneficiary interests	1,343	1,410
	R-092	Prime Maison Yokohama Nihon-odori	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	4,740	5,010
	R-093	Kobe Women's Student Housing	Kobe-shi, Hyogo	Real estate trust beneficiary interests	5,545	6,140
	R-094	Prime Maison Shibuya	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,404	2,610
	R-095	Prime Maison Hatsudai	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,959	3,210
	R-096	Esty Maison Uemachidai	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,081	1,060
	R-097	Esty Maison Kobe-sannomiya	Kobe-shi, Hyogo	Real estate trust beneficiary interests	944	977
	R-098	Prime Maison Shirokane-takanawa	Minato-ku, Tokyo	Real estate trust beneficiary interests	4,840	5,260
	R-099	Prime Maison Ichigayayamabushicho	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	4,160	4,240
	R-100	Esty Maison Morishita	Sumida-ku, Tokyo	Real estate trust beneficiary interests	642	673
	R-101	Prime Maison Shirokanedai Tower	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	8,006	9,650
	R-102	Prime Maison Otsuka	Toshima-ku, Tokyo	Real estate trust beneficiary interests	3,731	4,330
	R-103	Prime Maison Asakusabashi	Taito-ku, Tokyo	Real estate trust beneficiary interests	1,694	1,960
	R-104	Prime Maison Daikanyama	Meguro-ku, Tokyo	Real estate trust beneficiary interests	2,540	3,040
	R-105	Prime Maison Gotenyama West	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	3,433	4,130
	R-106	Esty Maison Toyosu Residence (Note 10)	Koto-ku, Tokyo	Real estate trust beneficiary interests	6,036	6,800
	R-107	Esty Maison Kokura	Kitakyushu-shi, Fukuoka	Real estate trust beneficiary interests	1,086	1,020
	R-108	MAST Ijiri	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	399	419
	R-109	Prime Maison Mitatsunamachi	Minato-ku, Tokyo	Real estate trust beneficiary interests	2,062	2,180
	R-110	Prime Maison Hongo	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	2,630	2,690
	R-111	Prime Maison Kuramae	Taito-ku, Tokyo	Real estate trust beneficiary interests	2,219	2,290
	R-112	Esty Maison Yokohama-aobadai (Note 11)	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	3,051	3,160
	R-113	Esty Maison Shizuoka Takajo	Shizuoka-shi, Shizuoka	Real estate trust beneficiary interests	679	661
	R-114	GRAND MAST Hirose-dori	Sendai-shi, Miyagi	Real estate trust beneficiary interests	889	869
	Subtotal		-	-	245,661	262,827

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	70,635	89,100
	O-002	Gotenyama SH Building	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	50,024	61,700
	O-003	Hommachi Minami Garden City	Osaka-shi, Osaka	Real estate trust beneficiary interests	43,032	56,400
	O-004	Hommachi Garden City (Office building portion)	Osaka-shi, Osaka	Real estate trust beneficiary interests	36,987	44,800
	O-005	HK Yodoyabashi Garden Avenue ^(Note 12)	Osaka-shi, Osaka	Real estate trust beneficiary interests	4,282	6,360
	O-006	Hirokoji Garden Avenue	Nagoya-shi, Aichi	Real estate trust beneficiary interests	6,232	7,190
	O-007	Akasaka Garden City	Minato-ku, Tokyo	Real estate trust beneficiary interests	28,815	30,000
Subtotal			-	-	240,010	295,550
Hotel	H-001	Hommachi Garden City (Hotel portion)	Osaka-shi, Osaka	Real estate trust beneficiary interests	16,991	18,000
	H-002	The Ritz-Carlton, Kyoto	Kyoto-shi, Kyoto	Real estate trust beneficiary interests	22,265	24,206
Subtotal			-	-	39,257	42,206
Total			-	-	524,929	600,583

- (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.	10th fiscal period From: May 1, 2019 To: Oct. 31, 2019				11th fiscal period From: Nov. 1, 2019 To: Apr. 30, 2020			
			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	96.8	176	1.3	1	95.4	178	1.2
	R-002	Esty Maison Azabunagasaka	1	95.5	51	0.4	1	93.4	50	0.3
	R-003	Esty Maison Ebisu II	1	95.9	58	0.4	1	98.1	57	0.4
	R-004	Esty Maison Ebisu	1	96.1	22	0.2	1	86.4	22	0.2
	R-005	Esty Maison Kanda	1	97.4	46	0.3	1	91.1	46	0.3
	R-006	Esty Maison Kitashinjuku	1	95.2	47	0.3	1	97.6	47	0.3
	R-007	Esty Maison Asakusakomagata	1	97.7	65	0.5	1	93.5	65	0.5
	R-008	Esty Maison Kawasaki	1	98.7	77	0.6	1	100.0	79	0.5
	R-009	Esty Maison Yokohama ^(Note 5)	—	—	13	0.1	—	—	—	—
	R-010	Esty Maison Kameido	1	97.9	54	0.4	1	93.9	55	0.4
	R-011	Esty Maison Meguro	1	100.0	32	0.2	1	97.5	32	0.2
	R-012	Esty Maison Sugamo	1	100.0	49	0.4	1	94.7	49	0.3
	R-013	Esty Maison Kyobashi	1	98.2	89	0.6	1	97.3	88	0.6
	R-014	Esty Maison Hakuraku	1	96.5	30	0.2	1	93.0	31	0.2
	R-015	Esty Maison Minamihorie	1	96.8	33	0.2	1	98.2	34	0.2
	R-016	Esty Maison Gotanda	1	92.0	92	0.7	1	92.4	90	0.6
	R-017	Esty Maison Oisendaizaka	1	96.8	77	0.6	1	96.0	77	0.5
	R-018	Esty Maison Shinagawa Seaside	1	98.3	64	0.5	1	91.9	65	0.5
	R-019	Esty Maison Minamiazabu	1	94.2	34	0.2	1	100.0	36	0.2
	R-020	Esty Maison Tsukamoto	1	99.0	39	0.3	1	97.9	39	0.3
	R-021	Esty Maison Kawasaki II	1	99.1	61	0.4	1	99.2	63	0.4
	R-022	Esty Maison Azabujuban	1	100.0	67	0.5	1	97.5	68	0.5
	R-023	Esty Maison Itabashihoncho	1	98.4	29	0.2	1	100.0	30	0.2
	R-024	Esty Maison Oizumigakuen	1	98.3	26	0.2	1	92.9	26	0.2
	R-025	Esty Maison Higashishinagawa	1	98.5	72	0.5	1	96.5	71	0.5
	R-026	Esty Maison Itabashikuyakush omae	1	97.6	77	0.6	1	95.2	79	0.5
	R-027	Esty Maison Musashikoyama	1	100.0	31	0.2	1	97.6	32	0.2
	R-028	Esty Maison Sendagi	1	95.8	22	0.2	1	100.0	24	0.2
	R-029	Esty Maison Yotsuyasakamachi	1	98.3	59	0.4	1	96.4	60	0.4

Usage type	Property number	Name of real estate, etc.	10th fiscal period From: May 1, 2019 To: Oct. 31, 2019				11th fiscal period From: Nov. 1, 2019 To: Apr. 30, 2020			
			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	99.3	85	0.6	1	96.3	86	0.6
	R-031	Esty Maison Kamigofuku	1	97.0	29	0.2	1	98.5	28	0.2
	R-032	Esty Maison Sangenjaya	1	94.4	24	0.2	1	94.5	25	0.2
	R-033	Prime Maison Musashinonomori	1	93.2	62	0.5	1	97.6	63	0.4
	R-034	Prime Maison Higashisakura	1	98.7	53	0.4	1	94.4	54	0.4
	R-035	Prime Maison Kayabakoen	1	88.6	29	0.2	1	100.0	28	0.2
	R-036	Esty Maison Sangenjaya II	1	97.1	24	0.2	1	92.2	23	0.2
	R-037	Esty Maison Itabashi C6	1	98.2	80	0.6	1	93.4	82	0.6
	R-038	MAST Hakata	1	100.0	93	0.7	1	100.0	93	0.6
	R-039	Esty Maison Kinshicho	1	98.6	36	0.3	1	100.0	37	0.3
	R-040	Esty Maison Musashikoganei	1	96.1	54	0.4	1	97.1	55	0.4
	R-041	Prime Maison Gokiso	1	98.5	65	0.5	1	91.2	65	0.4
	R-042	Prime Maison Yuhigaoka	1	91.8	28	0.2	1	96.4	29	0.2
	R-043	Prime Maison Kitatanabe	1	100.0	23	0.2	1	100.0	23	0.2
	R-044	Prime Maison Momochihama	1	100.0	70	0.5	1	100.0	73	0.5
	R-045	Esty Maison Akihabara	1	100.0	58	0.4	1	96.2	58	0.4
	R-046	Esty Maison Sasazuka	1	98.0	91	0.7	1	96.3	89	0.6
	R-047	Prime Maison Ginza East	1	97.9	172	1.2	1	99.2	180	1.2
	R-048	Prime Maison Takami	1	85.3	31	0.2	1	96.7	32	0.2
	R-049	Prime Maison Yadaminami	1	100.0	29	0.2	1	84.6	28	0.2
	R-050	Prime Maison Teriha	1	100.0	51	0.4	1	100.0	51	0.4
	R-051	Esty Maison Higashishirakabe	1	100.0	46	0.3	1	100.0	46	0.3
	R-052	Esty Maison Sengoku	1	100.0	39	0.3	1	98.7	39	0.3
	R-053	Esty Maison Daizawa	1	98.8	61	0.4	1	96.5	61	0.4
	R-054	Esty Maison Togoshi	1	99.0	50	0.4	1	100.0	50	0.3
	R-055	Esty Maison Nishitemma	1	95.6	51	0.4	1	95.5	51	0.4
	R-056	Esty Maison Shirokanedai	1	100.0	69	0.5	1	96.1	67	0.5
	R-057	Esty Maison Higashishinjuku	1	100.0	47	0.3	1	91.2	47	0.3
	R-058	Esty Maison Motoazabu	1	100.0	40	0.3	1	100.0	43	0.3
	R-059	Esty Maison Toritsudaigaku	1	100.0	24	0.2	1	94.9	23	0.2

Usage type	Property number	Name of real estate, etc.	10th fiscal period From: May 1, 2019 To: Oct. 31, 2019				11th fiscal period From: Nov. 1, 2019 To: Apr. 30, 2020			
			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	97.3	31	0.2	1	94.7	29	0.2
	R-061	Esty Maison Nakano	1	98.1	52	0.4	1	98.7	53	0.4
	R-062	Esty Maison Shinnakano	1	100.0	28	0.2	1	100.0	30	0.2
	R-063	Esty Maison Nakanofujimicho	1	100.0	28	0.2	1	100.0	29	0.2
	R-064	Esty Maison Tetsugakudo	1	92.1	34	0.2	1	95.2	34	0.2
	R-065	Esty Maison Koenji	1	100.0	34	0.2	1	94.6	33	0.2
	R-066	Esty Maison Oshiage	1	95.0	70	0.5	1	96.5	71	0.5
	R-067	Esty Maison Akabane	1	100.0	95	0.7	1	95.8	97	0.7
	R-068	Esty Maison Oji	1	95.5	49	0.4	1	97.8	49	0.3
	R-069	Prime Maison Waseda	1	93.0	45	0.3	1	95.4	43	0.3
	R-070	Prime Maison Hatchobori	1	100.0	39	0.3	1	91.9	38	0.3
	R-071	Prime Maison Jimbocho	1	98.6	53	0.4	1	100.0	52	0.4
	R-072	Prime Maison Gotenyama East	1	100.0	83	0.6	1	100.0	86	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	91.2	67	0.5	1	89.2	69	0.5
	R-075	Esty Maison Yakuin	1	97.5	74	0.5	1	97.3	74	0.5
	R-076	Esty Maison Kinshicho II	1	98.2	224	1.6	1	96.6	225	1.5
	R-077	Esty Maison Ojima	1	98.3	246	1.8	1	96.4	246	1.7
	R-078	Prime Maison Fujimidai	1	92.4	68	0.5	1	92.6	71	0.5
	R-079	Esty Maison Tsurumai	1	100.0	155	1.1	1	100.0	155	1.1
	R-080	Prime Maison Morishita	1	97.7	57	0.4	1	96.5	60	0.4
	R-081	Prime Maison Shinagawa	1	98.2	57	0.4	1	100.0	57	0.4
	R-082	Prime Maison Odorikoen	1	89.0	112	0.8	1	89.9	110	0.8
	R-083	Prime Maison Minami 2-jo	1	97.5	72	0.5	1	99.1	73	0.5
	R-084	Prime Maison Kamokamogawa	1	95.2	44	0.3	1	99.0	47	0.3
	R-085	Prime Maison Central Park	1	98.8	83	0.6	1	97.2	88	0.6
	R-086	MAST LIFE Yahiro	1	100.0	56	0.4	1	100.0	55	0.4
	R-087	Prime Maison Ebisu	1	98.3	110	0.8	1	97.2	111	0.8
	R-088	Granmast Kanazawa Nishiizumi	1	100.0	41	0.3	1	100.0	40	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.	10th fiscal period From: May 1, 2019 To: Oct. 31, 2019				11th fiscal period From: Nov. 1, 2019 To: Apr. 30, 2020			
			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	0.5
	R-091	MAST LIFE Hino	1	100.0	48	0.4	1	98.4	49	0.3
	R-092	Prime Maison Yokohama Nihon-odori	1	99.0	137	1.0	1	94.9	142	1.0
	R-093	Kobe Women's Student Housing	1	100.0	222	1.6	1	100.0	221	1.5
	R-094	Prime Maison Shibuya	1	100.0	64	0.5	1	90.2	64	0.4
	R-095	Prime Maison Hatsudai	1	98.3	80	0.6	1	95.1	81	0.6
	R-096	Esty Maison Uemachidai	1	92.1	32	0.2	1	94.7	32	0.2
	R-097	Esty Maison Kobe-sannomiya	1	98.2	31	0.2	1	94.1	31	0.2
	R-098	Prime Maison Shirokane-takanawa	1	95.7	127	0.9	1	95.4	131	0.9
	R-099	Prime Maison Ichigayayamabushicho	1	96.7	112	0.8	1	87.5	109	0.7
	R-100	Esty Maison Morishita	1	100.0	18	0.1	1	100.0	18	0.1
	R-101	Prime Maison Shirokanedai Tower	1	96.2	236	1.7	1	96.7	237	1.6
	R-102	Prime Maison Otsuka	1	95.7	118	0.9	1	93.5	116	0.8
	R-103	Prime Maison Asakusabashi	1	97.5	51	0.4	1	91.4	52	0.4
	R-104	Prime Maison Daikanyama	1	84.7	64	0.5	1	88.7	72	0.5
	R-105	Prime Maison Gotenyama West	1	96.8	115	0.8	1	96.3	121	0.8
	R-106	Esty Maison Toyosu Residence	1	96.2	469	3.4	1	96.9	475	3.3
	R-107	Esty Maison Kokura	1	90.3	32	0.2	1	89.9	33	0.2
	R-108	MAST Ijiri	1	100.0	13	0.1	1	100.0	13	0.1
	R-109	Prime Maison Mitatsunamachi	1	88.9	39	0.3	1	90.1	49	0.3
	R-110	Prime Maison Hongo	1	91.7	51	0.4	1	88.6	66	0.5
	R-111	Prime Maison Kuramae	1	96.8	43	0.3	1	95.7	61	0.4
	R-112	Esty Maison Yokohama-aobadai	1	100.0	39	0.3	1	100.0	86	0.6
	R-113	Esty Maison Shizuoka Takajo	—	—	—	—	1	100.0	11	0.1
	R-114	GRAND MAST Hirose-dori	—	—	—	—	1	100.0	1	0.0
	Subtotal		12	97.5	7,624	54.9	13	96.6	7,797	53.4

Usage type	Property number	Name of real estate, etc.	10th fiscal period From: May 1, 2019 To: Oct. 31, 2019				11th fiscal period From: Nov. 1, 2019 To: Apr. 30, 2020			
			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	99.9	1,584	11.4	1	99.9	1,776	12.2
	O-002	Gotenyama SH Building	1	100.0	1,088	7.8	1	100.0	1,088	7.5
	O-003	Hommachi Minami Garden City	1	100.0	1,044	7.5	1	100.0	1,261	8.6
	O-004	Hommachi Garden City (Office building portion)	1	100.0	903	6.5	1	100.0	903	6.2
	O-005	HK Yodoyabashi Garden Avenue	1	100.0	150	1.1	1	100.0	149	1.0
	O-006	Hirokoji Garden Avenue	1	100.0	216	1.6	1	100.0	213	1.5
	O-007	Akasaka Garden City	1	98.4	509	3.7	1	100.0	632	4.3
	Subtotal		2	99.8	5,497	39.6	2	100.0	6,025	41.3
Hotel	H-001	Hommachi Garden City (Hotel portion)	1	100.0	404	2.9	1	100.0	410	2.8
	H-002	The Ritz-Carlton, Kyoto	1	100.0	352	2.5	1	100.0	357	2.4
	Subtotal		2	100.0	757	5.5	2	100.0	767	5.3
Total			15	98.1	13,879	100.0	16	97.6	14,590	100.0

(Note 1) “Total number of tenants” refers to the sum total of the number of tenants under, and indicated in, the respective lease agreements for each property that are valid as of the end of fiscal period under review (or, if a master lease agreement that is valid as of the end of each fiscal period has been concluded for the property, the number of lessees under the master lease agreement). In the “Subtotal” and “Total” columns, however, a tenant that leases spaces in multiple properties is counted as one. Furthermore, of the office buildings, the total number of end tenants for Garden City Shinagawa Gotenyama, Hommachi Minami Garden City, HK Yodoyabashi Garden Avenue, Hirokoji Garden Avenue and Akasaka Garden City where pass-through type master lease agreements have been concluded is 10, 13, 7, 8 and 18, respectively as of the end of the 10th fiscal period (from May 1, 2019 to Oct. 31, 2019) and 17, 16, 7, 8 and 18 respectively as of the end of the 11th fiscal period (from Nov. 1, 2019 to Apr. 30, 2020). As of November 29, 2019, the Master Lease and Property Management Entrust Agreement was fully revised and changed from the fixed-rent type master lease agreement to pass-through type master lease agreement as of February 1, 2020 and December 1, 2019, respectively, with respect to some leased areas of Garden City Shinagawa Gotenyama and Hommachi Minami Garden City. Accordingly, the above aggregate number of end tenants as of the end of the 10th fiscal period (from May 1, 2019 to Oct. 31, 2019) represents the number of end tenants for some leased area of these properties for which pass-through type master lease agreement had been concluded as of the end of each fiscal period under review.

(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 in the 10th fiscal period (from May 1, 2019 to Oct. 31, 2019).

4. Details of Renewable Energy Power Generation Facility, etc.
Not applicable.

5. Details of Right to Operate Public Facility, etc.
Not applicable.

6. Details of Investment Securities
Not applicable.

7. Table of Status of Contract Amount, etc. and Fair Value of Specified Transactions
The following table sets forth the status of contract amount, etc. and fair value of specified transactions at SHR as of the end of the fiscal period under review.

Category	Type	Contract amount, etc. (thousand yen) ^(Note 1)		Fair value (thousand yen) (Note 2)
			Amount due after 1 year	
Transaction other than market transaction	Interest rate swap transaction (Under which floating interest rates are receivable and fixed interest rates are payable)	48,780,000	33,380,000	(340,937)
Transaction other than market transaction	Interest rate swap transaction (Under which floating interest rates are receivable and fixed interest rates are payable)	100,631,000	95,281,000	— (Note 3)
Total		149,411,000	128,661,000	(340,937)

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

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

9. Status of Holding of Assets by Country and Region
As of the end of the fiscal period under review, there are no portfolio real estate, etc. in any other country or region besides Japan.

Capital expenditures for property

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

Name of real estate, etc. (location)	Purpose	Scheduled period	Scheduled amount (million yen) ^(Note)		
			Total amount	Payment for the fiscal period under review	Amount already paid
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: June 2020 To: November 2020	134	—	—

(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 650 million yen and, together with 292 million yen of repair expenses charged to expenses in the fiscal period under review, work amounting to 942 million yen was implemented.

Name of real estate, etc. (location)	Purpose	Period	Payment amount (million yen)
Esty Maison Kyobashi (Higashinoda-cho, Miyakojima-ku, Osaka-shi, Osaka)	Large-scale repair	From: November 2019 To: March 2020	137
Esty Maison Oisendaizaka (Higashi-Oi, Shinagawa-ku, Tokyo)	Large-scale repair	From: October 2019 To: March 2020	99
Esty Maison Akihabara (Ueno, Taito-ku, Tokyo)	Large-scale repair	From: November 2019 To: March 2020	62
Esty Maison Ebisu (Hiroo, Shibuya-ku, Tokyo)	Large-scale repair	From: January 2020 To: April 2020	55
Other capital expenditures			295
Total			650

3. Cash Reserves for Long-Term Repair Plans
SHR had no cash reserved for long-term repair plans as of the end of the fiscal period under review^(Note).
(Note) “Reserve fund for repair,” which has been reserved by management associations at the properties owned by SHR in order to secure expenses for repair works expected in the future, is not included in the cash reserves.

Condition of expenses and debts

1. Details of Expenses Pertaining to Management, etc.

(Unit: thousand yen)

Item	10th fiscal period From: May 1, 2019 To: Oct. 31, 2019	11th fiscal period From: Nov. 1, 2019 To: Apr. 30, 2020
Asset management fee ^(Note)	1,036,070	1,015,215
Asset custody fee	9,344	10,295
Administrative service fees	43,689	47,879
Directors' compensations	3,600	3,600
Other expenses	239,715	266,602
Total	1,332,420	1,343,592

(Note) In addition to the amounts shown above, the asset management fees contain 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) <small>(Note 1)</small>	Disposition date	Disposition price (million yen)	Book value (million yen)	Gain (Loss) on sale (million yen)
Esty Maison Shizuoka Takajo	January 31, 2020	660	—	—	—	—
GRAND MAST Hirose-dori	April 20, 2020	865	—	—	—	—
The Ritz-Carlton, Kyoto ^(Note 2)	April 20, 2020	4,320	—	—	—	—
Total	—	5,845	—	—	—	—

(Note 1) “Acquisition price” indicates 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) SHR additionally acquired 9% quasi co-ownership interest of trust beneficiary interest in real estate for The Ritz-Carlton, Kyoto on April 20, 2020 and SHR owns 49% quasi co-ownership interest of trust beneficiary interest in real estate for the property as of the end of the fiscal period under review.

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)	Appraiser	Date of appraisal
Acquisition	Esty Maison Shizuoka Takajo	January 31, 2020	Real estate trust beneficiary interests	660	661	Daiwa Real Estate Appraisal Co., Ltd.	January 1, 2020
	GRAND MAST Hirose-dori	April 20, 2020	Real estate trust beneficiary interests	865	869	Chuo Real Estate Appraisal Co., Ltd.	March 1, 2020
	The Ritz-Carlton, Kyoto ^(Note 2)	April 20, 2020	Real estate trust beneficiary interests	4,320	4,446	Rich Appraisal Institute Co., Ltd.	April 1, 2020

(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) SHR additionally acquired 9% quasi co-ownership interest of trust beneficiary interest in real estate for The Ritz-Carlton, Kyoto on April 20, 2020. Therefore, “Appraisal value” of The Ritz-Carlton, Kyoto is indicated based on the ratio of quasi co-ownership interest SHR additionally acquired.

(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 five interest rate swap transactions. For the transactions, investigations into the name of the counterparty to the transaction, the type of financial instrument or financial indicator involved, the transaction period, other matters concerning the content of the over-the-counter transaction of derivatives, etc. have been entrusted.

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

(1) Status of Transactions

Category	Amount of purchase and sale, etc.	
	Amount of purchase, etc.	Amount of sale, etc.
Total amount	5,845 million yen	— million yen
Breakdown of status of transactions with interested persons, etc.		
Sekisui House, Ltd.	4,320 million yen [73.9%]	— million yen [—%]
Sekisui House Real Estate Tohoku, Ltd.	865 million yen [14.8%]	— million yen [—%]
Sekisui House Real Estate Chubu, Ltd.	660 million yen [11.3%]	— 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)	938,165	Sekisui House Real Estate Tokyo, Ltd.	418,499	44.6
		Sekisui House Real Estate Chubu, Ltd.	58,749	6.3
		Sekiwa Kanri Kansai Co., Ltd.	40,163	4.3
		Sekisui House, Ltd.	34,882	3.7
		Sekisui House Real Estate Kyushu, Ltd.	17,845	1.9
		Sekisui House Real Estate Kansai, Ltd.	6,407	0.7
		SH Hotel Systems Ltd.	243	0.0
		Sekisui House Real Estate Tohoku, Ltd.	64	0.0

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

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

(Note 3) Other than the commission fee, etc. indicated above, the amounts paid to interested persons, etc. for repair works, etc. are as follows.

The figures have been rounded down to the nearest thousand yen.

Sekisui House Real Estate Tokyo, Ltd.	289,699 thousand yen
Sekisui House, Ltd.	137,473 thousand yen
Sekisui House Real Estate Chubu, Ltd.	65,286 thousand yen
Sekisui House Real Estate Kyushu, Ltd.	29,944 thousand yen
Sekiwa Kanri Kansai Co., Ltd.	28,988 thousand yen
Sekisui House Real Estate Kansai, Ltd.	7,742 thousand yen

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

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

Other infomation

1. Notice
- (1) General Meeting of Unitholders
- During the fiscal period under review, SHR held its Fourth General Meeting of Unitholders on January 29, 2020. The following are the matters approved at the General Meeting of Unitholders.

Matters approved	Overview
Partial amendments to the Articles of Incorporation	<p>Partial amendments to the Articles of Incorporation were resolved as described below.</p> <p>(1) For the purpose of increasing the linkage between the amount of management fees paid to the asset management company and the profit of unitholders, SHR shall introduce the concept of "TSE REIT Index Performance-Linked Rate" to the calculation formula for Management Fee I (Ongoing Operational and Management Fee I). The TSE REIT Index Performance-Linked Rate will serve as an indicator to compare the degree of the increase and decrease in the investment unit price of SHR and the TSE REIT Index, in order to increase or decrease the management fees depending on whether the extent of the changes in the investment unit price of SHR were favorable compared to the extent of the changes in the TSE REIT Index. Thus, SHR shall change the provision in the Articles of Incorporation to the effect that the amount of Management Fee I (Ongoing Operational and Management Fee I) shall be increased or decreased by increasing or decreasing the applied rate multiplied to total assets to a certain extent. In addition, provisions that provide for necessary adjustments to the calculation formula for Management Fee I (Ongoing Operational and Management Fee I) shall be added in order to make the impact on Management Fee I (Ongoing Operational and Management Fee I) neutral when SHR conducts a split of the investment units or a Rights Offering (issuance of new investment units as a result of the exercise of investment unit acquisition rights related to an allotment without contribution to unitholders).</p> <p>(2) The amendment to the Articles of Incorporation described in (1) above will be effective as of May 1, 2020, which is the first day of the 12th business term of SHR, and a provision to that effect will be added as an appendix to the Articles of Incorporation.</p> <p>(3) In addition, wording corrections and other adjustments to the text shall be made in accordance with the addition of the provisions.</p>
Appointment of 1 (one) executive director	<p>Junichi Inoue was appointed as executive director.</p> <p>His term of office will be 2 years from February 1, 2020.</p>
Appointment of 1 (one) substitute executive director	<p>Atsuhiko Kida was appointed as substitute executive director.</p> <p>His term of office will be from February 1, 2020 to the end of the above executive director's term of office.</p>
Appointment of 2 (two) supervisory directors	<p>Shigeru Nomura and Tatsushi Omiya were appointed as supervisory directors.</p> <p>Their term of office will be 2 years from February 1, 2020.</p>
Appointment of 1 (one) substitute supervisory director	<p>Yu Yada was appointed as substitute supervisory director.</p> <p>His term of office will be from February 1, 2020 to the end of the above supervisory director's term of office.</p>

- (2) Meeting of the Board of Directors of the Investment Corporation
- In the fiscal period under review, regarding the matters, etc. provided in Items 2, 3, 5, 6 and 8 of Article 109, Paragraph 2 of the Investment Trusts Act, the followings describe matters approved at a meeting of the board of directors of SHR, as well as other matters deemed important.

Approval date	Matters approved	Overview
January 28, 2020	Conclusion of amendment agreement regarding asset management agreement	An amendment agreement regarding amendments to asset management fees whose condition precedent is approval of partial amendments to the Articles of Incorporation at SHR's Fourth General Meeting of Unitholders on January 29, 2020.

<MEMO>

Financial Section (Audited)

Contents

Financial Statements	
Balance Sheet	41
Statement of Income and Retained Earnings	43
Statement of Changes in Net Assets	44
Statement of Cash Distributions	46
Statement of Cash Flows	47
Notes to Financial Statements	48
Supplementary Schedules	64
Independent Auditor's Report	75

1. Financial Statements

(1) Balance Sheet

	(Thousands of yen)	
	10th Fiscal Period (As of October 31, 2019)	11th Fiscal Period (As of April 30, 2020)
Assets		
Current assets		
Cash and deposits	7,551,248	8,712,829
Cash and deposits in trust	17,134,730	17,828,103
Operating accounts receivable	196,322	193,901
Prepaid expenses	198,915	219,243
Other	153,267	2,922
Allowance for doubtful accounts	(778)	(1,726)
Total current assets	25,233,705	26,955,273
Non-current assets		
Property, plant and equipment		
Buildings in trust	172,504,565	174,333,341
Accumulated depreciation	(10,454,347)	(12,740,101)
Buildings in trust, net	162,050,217	161,593,240
Structures in trust	1,564,478	1,571,922
Accumulated depreciation	(152,627)	(184,087)
Structures in trust, net	1,411,851	1,387,834
Machinery and equipment in trust	2,193,249	2,217,849
Accumulated depreciation	(133,771)	(183,002)
Machinery and equipment in trust, net	2,059,477	2,034,846
Vehicles in trust	153	153
Accumulated depreciation	(19)	(57)
Vehicles in trust, net	134	96
Tools, furniture and fixtures in trust	214,116	309,530
Accumulated depreciation	(24,980)	(46,432)
Tools, furniture and fixtures in trust, net	189,135	263,097
Land in trust	352,572,801	357,199,586
Construction in progress in trust	5,494	—
Total property, plant and equipment	518,289,113	522,478,701
Intangible assets		
Leasehold rights in trust	2,475,748	2,450,322
Other	5,442	4,517
Total intangible assets	2,481,190	2,454,840
Investments and other assets		
Lease and guarantee deposits	790,700	790,700
Long-term prepaid expenses	498,514	544,044
Other	403,137	482,274
Total investments and other assets	1,692,352	1,817,018
Total non-current assets	522,462,655	526,750,560
Deferred assets		
Investment corporation bond issuance costs	65,615	105,431
Investment unit issuance costs	227,653	177,554
Total deferred assets	293,268	282,986
Total assets	547,989,630	553,988,820

	(Thousands of yen)	
	10th Fiscal Period (As of October 31, 2019)	11th Fiscal Period (As of April 30, 2020)
Liabilities		
Current liabilities		
Operating accounts payable	974,618	800,601
Short-term loans payable	13,000,000	13,100,000
Current portion of investment corporation bonds	2,000,000	—
Current portion of long-term loans payable	27,892,500	28,050,000
Accounts payable – other	1,205,134	1,169,454
Accrued expenses	196,924	185,218
Income taxes payable	588	586
Accrued consumption taxes	—	474,411
Advances received	431,905	430,486
Derivatives liabilities	50,959	55,983
Other	269,336	140,795
Total current liabilities	46,021,967	44,407,537
Non-current liabilities		
Investment corporation bonds	17,500,000	24,500,000
Long-term loans payable	183,850,000	184,292,000
Tenant leasehold and security deposits in trust	13,836,639	14,074,235
Derivatives liabilities	424,718	284,954
Other	163,835	106,366
Total non-current liabilities	215,775,192	223,257,555
Total liabilities	261,797,160	267,665,093
Net assets		
Unitholders' equity		
Unitholders' capital	149,210,081	149,210,081
Surplus		
Capital surplus	128,598,415	128,598,415
Voluntary reserve		
Reserve for reduction entry	—	775,495
Reserve for temporary difference adjustments	1,454,196	1,089,341
Total voluntary reserve	1,454,196	1,864,837
Unappropriated retained earnings	7,405,454	6,991,331
Total surplus	137,458,066	137,454,583
Total unitholders' equity	286,668,148	286,664,665
Valuation and translation adjustments		
Deferred gains or losses on hedges	(475,678)	(340,937)
Total valuation and translation adjustments	(475,678)	(340,937)
Total net assets (Note 4)	286,192,469	286,323,727
Total liabilities and net assets	547,989,630	553,988,820

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

(2) Statement of Income and Retained Earnings

(Thousands of yen)

	10th Fiscal Period (From May 1, 2019 to October 31, 2019)	11th Fiscal Period (From November 1, 2019 to April 30, 2020)
Operating revenue		
Rent revenue – real estate (Note 5)	13,539,686	14,196,787
Other lease business revenue (Note 5)	339,644	393,545
Gain on sale of real estate properties (Note 5)	804,126	—
Total operating revenue	14,683,458	14,590,332
Operating expenses		
Expenses related to rent business (Note 5)	5,124,966	5,372,698
Asset management fees	1,036,070	1,015,215
Asset custody fees	9,344	10,295
Administrative service fees	43,689	47,879
Directors' compensation	3,600	3,600
Provision of allowance for doubtful accounts	226	947
Other operating expenses	239,489	265,655
Total operating expenses	6,457,387	6,716,291
Operating income	8,226,071	7,874,041
Non-operating income		
Interest income	106	119
Reversal of distribution payable	1,415	1,238
Refunded consumption taxes	49,005	5,468
Other	684	607
Total non-operating income	51,211	7,433
Non-operating expenses		
Interest expenses	672,439	659,469
Interest expenses on investment corporation bonds	53,448	61,150
Borrowing related expenses	93,436	105,456
Amortization of investment unit issuance costs	42,905	49,973
Amortization of investment corporation bond issuance costs	5,212	9,880
Other	3,779	3,607
Total non-operating expenses	871,223	889,538
Ordinary income	7,406,059	6,991,936
Income before income taxes	7,406,059	6,991,936
Income taxes – current	605	605
Total income taxes	605	605
Net income	7,405,454	6,991,331
Unappropriated retained earnings	7,405,454	6,991,331

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

(3) Statement of Changes in Net Assets

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 (Note 6)	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

11th Fiscal Period (From November 1, 2019 to April 30, 2020)

(Thousands of yen)

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus	Voluntary reserve			Unappropriated retained earnings
			Reserve for reduction entry	Reserve for temporary difference adjustments	Total voluntary reserve	
Balance at beginning of period	149,210,081	128,598,415	—	1,454,196	1,454,196	7,405,454
Changes of items during period						
Provision of reserve for reduction entry			775,495		775,495	(775,495)
Reversal of reserve for temporary difference adjustments				(364,855)	(364,855)	364,855
Distribution from surplus						(6,994,814)
Net income						6,991,331
Net changes of items other than unitholders' equity						
Total changes of items during period	—	—	775,495	(364,855)	410,640	(414,123)
Balance at end of period (Note 6)	149,210,081	128,598,415	775,495	1,089,341	1,864,837	6,991,331

(Thousands of yen)

	Unitholders' equity		Valuation and translation adjustments		Total net assets
	Surplus	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Total surplus				
Balance at beginning of period	137,458,066	286,668,148	(475,678)	(475,678)	286,192,469
Changes of items during period					
Provision of reserve for reduction entry	—	—			—
Reversal of reserve for temporary difference adjustments	—	—			—
Distribution from surplus	(6,994,814)	(6,994,814)			(6,994,814)
Net income	6,991,331	6,991,331			6,991,331
Net changes of items other than unitholders' equity			134,740	134,740	134,740
Total changes of items during period	(3,482)	(3,482)	134,740	134,740	131,257
Balance at end of period (Note 6)	137,454,583	286,664,665	(340,937)	(340,937)	286,323,727

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

(4) Statement of Cash Distributions

Item	10th Fiscal Period (From May 1, 2019 to October 31, 2019)	11th Fiscal Period (From November 1, 2019 to April 30, 2020)
I . Unappropriated retained earnings	7,405,454,420yen	6,991,331,249yen
II . Reversal of voluntary reserve		
Reversal of reserve for reduction entry	—yen	29,325,584yen
Reversal of reserve for temporary difference adjustments (Note 7)	364,855,362yen	119,972,057yen
III . Cash distributions	6,994,814,246yen	7,140,628,890yen
[Cash distributions per unit]	[1,631yen]	[1,665yen]
IV . Voluntary reserve		
Provision of reserve for reduction entry (Note 7)	775,495,536yen	—yen
V . Retained earnings carried forward	—yen	—yen
Method for calculating cash distributions	<p>The basic policy is to distribute in excess of an amount equivalent to 90% of the amount of earnings available for distribution of SHR provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation as set forth in Article 46, Paragraph 1, Item 2 of the Articles of Incorporation of SHR.</p> <p>Based on such policy, SHR decided to distribute 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>	<p>The basic policy is to distribute in excess of an amount equivalent to 90% of the amount of earnings available for distribution of SHR provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation as set forth in Article 46, Paragraph 1, Item 2 of the Articles of Incorporation of SHR.</p> <p>Based on such policy, SHR decided to distribute 7,140,628,890 yen, which is obtained by adding a reversal of the reserve for temporary difference adjustments (119,972,057 yen) and a reversal of the reserve for reduction entry (29,325,584 yen) to unappropriated retained earnings, as distribution of earnings.</p> <p>SHR will not distribute cash in excess of earnings as set forth in Article 46, Paragraph 2 of the Articles of Incorporation of SHR.</p>

(5) Statement of Cash Flows

	(Thousands of yen)	
	10th Fiscal Period (From May 1, 2019 to October 31, 2019)	11th Fiscal Period (From November 1, 2019 to April 30, 2020)
Cash flows from operating activities		
Income before income taxes	7,406,059	6,991,936
Depreciation and amortization	2,370,528	2,414,284
Amortization of investment corporation bond issuance costs	5,212	9,880
Amortization of investment unit issuance costs	42,905	49,973
Interest income	(106)	(119)
Interest expenses	725,888	720,620
Decrease (increase) in operating accounts receivable	(39,188)	2,420
Decrease (increase) in consumption taxes receivable	(3,530)	150,619
Decrease (increase) in prepaid expenses	(30,629)	(20,327)
Decrease (increase) in long-term prepaid expenses	(101,955)	(45,530)
Increase (decrease) in operating accounts payable	173,060	(21,310)
Increase (decrease) in accounts payable – other	218,946	(37,507)
Increase (decrease) in accrued consumption taxes	—	474,411
Increase (decrease) in advances received	122,828	(1,419)
Decrease due to sale of property, plant and equipment in trust	2,073,098	—
Other, net	96,442	(97,429)
Subtotal	13,059,560	10,590,501
Interest income received	106	119
Interest expenses paid	(812,688)	(820,599)
Income taxes paid	(606)	(607)
Net cash provided by operating activities	12,246,372	9,769,414
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(73,243,672)	(6,730,228)
Proceeds from tenant leasehold and security deposits in trust	2,887,300	382,866
Repayments of tenant leasehold and security deposits in trust	(198,705)	(145,271)
Decrease (increase) in other investments	(22,687)	(78,645)
Net cash provided by (used in) investing activities	(70,577,764)	(6,571,279)
Cash flows from financing activities		
Proceeds from short-term loans payable	31,160,000	5,700,000
Repayments of short-term loans payable	(24,660,000)	(5,600,000)
Proceeds from long-term loans payable	16,310,000	21,392,000
Repayments of long-term loans payable	—	(20,792,500)
Proceeds from issuance of investment corporation bonds	6,455,456	6,950,303
Redemption of investment corporation bonds	—	(2,000,000)
Proceeds from issuance of investment units	38,789,674	—
Dividends paid	(5,996,933)	(6,992,986)
Net cash provided by (used in) financing activities	62,058,197	(1,343,183)
Net increase (decrease) in cash and cash equivalents	3,726,805	1,854,952
Cash and cash equivalents at beginning of period	20,959,174	24,685,979
Cash and cash equivalents at end of period (Note 8)	24,685,979	26,540,932

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 12,322 thousand yen for the 11th fiscal period and 157,506 thousand yen for the 10th 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>
---	--

4. Accounting Standards Issued but Not Yet Effective

New accounting standards and implementation guidance issued but not yet effective are as follows:

- “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30 issued on March 31, 2020)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States have jointly developed comprehensive accounting standards for revenue recognition and issued “Revenue from Contracts with Customers” (IFRS 15 (IASB) and Topic 606 (FASB)) in May 2014. Given the situation where IFRS 15 will be applied from fiscal years beginning on or after January 1, 2018 and that Topic 606 will be applied from fiscal years beginning after December 15, 2017, the ASBJ has developed comprehensive accounting standards for revenue recognition and issued them together with the implementation guidance.

The basic policy of the ASBJ when it developed the accounting standards for revenue recognition was to specify the accounting standards, incorporating the basic principles of IFRS 15 as a starting point, from the perspective of comparability between financial statements, which is one of the benefits of maintaining compatibility with IFRS 15. The basic policy also stipulates that if there is an item to which consideration should be given, such as practices that have been conducted thus far in Japan, alternative treatments will be added to the extent to which comparability is not impaired.

(2) Scheduled date of application

The accounting standards will be applied from the beginning of the fiscal period ending October 31, 2021.

(3) Impact of applying the accounting standards

The impact of applying “Accounting Standard for Revenue Recognition” and its guidance on SHR’s financial statements is currently under evaluation.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30 issued on July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 issued on July 4, 2019)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19 issued on March 31, 2019)

(1) Overview

The IASB and the FASB have established detailed guidance regarding fair value measurement (IFRS 13 “Fair Value Measurement” (IASB) and Topic 820 “Fair Value Measurement” (FASB)). The ASBJ has considered the guidance regarding fair value of financial instruments and disclosure in order to improve the comparability with such international accounting standards, and issued “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement.”

(2) Scheduled date of application

The accounting standards will be applied from the beginning of the fiscal period ending October 31, 2021.

(3) Impact of applying the accounting standards

The impact of applying the “Accounting Standard for Fair Value Measurement” and its guidance on SHR’s financial statements is currently under evaluation.

- “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24 issued on March 31, 2020)

(1) Overview

The ASBJ’s Standards Advisory Council recommended that the ASBJ consider enhancing disclosures for notes relating to “accounting policies and methods adopted in the cases where the relevant accounting standards were not clear.” In response to such recommendations, the ASBJ issued the revised “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections.”

(2) Scheduled date of application

The accounting standards will be applied from the end of the fiscal period ending April 30, 2021.

- “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31 issued on March 31, 2020)

(1) Overview

Paragraph 125 of International Accounting Standard 1 (IAS 1), “Presentation of Financial Statements,” (issued by the IASB in 2003) requires disclosure of information about the “assumptions the entity makes about the future, and other major sources of estimation uncertainty.” In this regard, there has been a request that the major sources of estimation uncertainty should be disclosed in the notes to financial statements under Japanese GAAP to provide useful information to users of financial statements. In response to this request, the ASBJ developed and issued “Accounting Standard for Disclosure of Accounting Estimates.”

(2) Scheduled date of application

The accounting standards will be applied from the end of the fiscal period ending April 30, 2021.

5. Notes to Balance Sheet

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

(Thousands of yen)		
	10th Fiscal Period (As of October 31, 2019)	11th Fiscal Period (As of April 30, 2020)
	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)		
	10th Fiscal Period (As of October 31, 2019)	11th Fiscal Period (As of April 30, 2020)
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)		
	10th Fiscal Period (As of October 31, 2019)	11th Fiscal Period (As of April 30, 2020)
Gain on negative goodwill (*)		
Initial amount	1,556,827	1,556,827
Balance at beginning of period	1,556,827	1,454,196
Reserve amount during period	—	—
Reversal amount during period	102,630	364,855
Balance at end of period	1,454,196	1,089,341
Reason for reserve and reversal	Appropriated for distributions	Appropriated for distributions

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

6. Notes to Statement of Income and Retained Earnings***1. Breakdown of property-related operating revenue and expenses**

	(Thousands of yen)			
	10th Fiscal Period (From May 1, 2019 to October 31, 2019)		11th Fiscal Period (From November 1, 2019 to April 30, 2020)	
A. Property-related operating revenue				
Rent revenue – real estate				
Rental income	13,248,088		13,872,687	
Other	291,597	13,539,686	324,099	14,196,787
Other lease business revenue				
Utilities revenue	115,719		133,486	
Other	223,925	339,644	260,058	393,545
Total property-related operating revenue		13,879,331		14,590,332
B. Property-related operating expenses				
Expenses related to rent business				
Subcontract expenses	422,160		513,204	
Property management fees	422,487		425,146	
Trust fees	40,591		41,484	
Utilities expenses	180,503		239,615	
Property and other taxes	860,133		912,239	
Insurance expenses	16,257		16,279	
Repair expenses	295,336		292,074	
Depreciation	2,369,076		2,413,359	
Other expenses related to rent business	518,418	5,124,966	519,294	5,372,698
Total property-related operating expenses		5,124,966		5,372,698
C. Property-related operating income [A – B]		8,754,364		9,217,633

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

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

11th Fiscal Period (From November 1, 2019 to April 30, 2020)

Not applicable.

7. Notes to Statement of Changes in Net Assets***1. Total number of authorized investment units and total number of investment units issued**

	10th Fiscal Period (From May 1, 2019 to October 31, 2019)	11th Fiscal Period (From November 1, 2019 to April 30, 2020)
Total number of authorized investment units	20,000,000units	20,000,000units
Total number of investment units issued	4,288,666units	4,288,666units

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

10th Fiscal Period (From May 1, 2019 to October 31, 2019)	11th Fiscal Period (From November 1, 2019 to April 30, 2020)
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.	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 119,972,057 yen for the 11th fiscal period.

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

(Thousands of yen)

	10th Fiscal Period (From May 1, 2019 to October 31, 2019)	11th Fiscal Period (From November 1, 2019 to April 30, 2020)
Cash and deposits	7,551,248	8,712,829
Cash and deposits in trust	17,134,730	17,828,103
Cash and cash equivalents	24,685,979	26,540,932

10. Lease Transactions

Operating lease transactions as lessee

Future minimum lease payments

(Thousands of yen)

	10th Fiscal Period (As of October 31, 2019)	11th Fiscal Period (As of April 30, 2020)
Due within 1 year	411,960	412,524
Due after 1 year	20,293,591	20,129,603
Total	20,705,551	20,542,127

Operating lease transactions as lessor

Future minimum lease income

(Thousands of yen)

	10th Fiscal Period (As of October 31, 2019)	11th Fiscal Period (As of April 30, 2020)
Due within 1 year	8,939,389	9,772,582
Due after 1 year	36,458,592	39,503,425
Total	45,397,982	49,276,008

11. Financial Instruments

1. Status of financial instruments

(1) Policy for financial instruments

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

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

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

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

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

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

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

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 October 31, 2019 and of April 30, 2020, 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)).

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.

11th Fiscal Period (As of April 30, 2020)

(Thousands of yen)

	Book value recorded on the balance sheet	Fair value	Difference
(1) Cash and deposits	8,712,829	8,712,829	—
(2) Cash and deposits in trust	17,828,103	17,828,103	—
Total assets	26,540,932	26,540,932	—
(3) Short-term loans payable	13,100,000	13,100,000	—
(4) Current portion of investment corporation bonds	—	—	—
(5) Current portion of long-term loans payable	28,050,000	28,068,195	18,195
(6) Investment corporation bonds	24,500,000	24,504,573	4,573
(7) Long-term loans payable	184,292,000	186,845,449	2,553,449
Total liabilities	249,942,000	252,518,219	2,576,219
(8) Derivative transactions (*)	(340,937)	(340,937)	—
Total derivative transactions (*)	(340,937)	(340,937)	—

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

(8) Derivative transactions

Please refer to “13. 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	10th Fiscal Period (As of October 31, 2019)	11th Fiscal Period (As of April 30, 2020)
Tenant leasehold and security deposits in trust	13,836,639	14,074,235

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

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	—	—	—	—	—

11th Fiscal Period (As of April 30, 2020)

(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	8,712,829	—	—	—	—	—
Cash and deposits in trust	17,828,103	—	—	—	—	—
Total	26,540,932	—	—	—	—	—

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

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

11th Fiscal Period (As of April 30, 2020)

(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	13,100,000	—	—	—	—	—
Investment corporation bonds	—	—	3,000,000	3,000,000	12,000,000	6,500,000
Long-term loans payable	28,050,000	35,590,000	23,500,000	36,050,000	22,295,000	66,857,000

12. Securities

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

Not applicable.

11th Fiscal Period (From November 1, 2019 to April 30, 2020)

Not applicable.

13. Derivative Transactions

1. Derivatives to which hedge accounting is not applied

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

Not applicable.

11th Fiscal Period (As of April 30, 2020)

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.

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

(Thousands of yen)

Method of hedge accounting	Type of derivative transactions	Main hedged item	Contract amount		Fair value	Calculation method of fair value
				Of which, over 1 year		
Principal method	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	Long-term loans payable	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 “11. Financial Instruments; 2. Matters concerning fair value of financial instruments (Note 1)”).

11th Fiscal Period (As of April 30, 2020)

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	48,780,000	33,380,000	(340,937)	*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	100,631,000	95,281,000	*2	—

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

*2 As derivative transactions qualifying for the special accounting treatment for interest rate swaps are accounted for with the hedged long-term loans payable, the fair value is included in the fair value of the underlying long-term loans payable (please refer to “ 11. Financial Instruments; 2. Matters concerning fair value of financial instruments (Note 1)”).

14. Retirement Benefits

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

Not applicable.

11th Fiscal Period (From November 1, 2019 to April 30, 2020)

Not applicable.

15. Income Taxes

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

(Thousands of yen)		
	10th Fiscal Period (As of October 31, 2019)	11th Fiscal Period (As of April 30, 2020)
Deferred tax assets		
Valuation difference on assets acquired due to merger	2,288,155	2,230,782
Amortization of leasehold rights in trust	20,422	27,229
Deferred gains or losses on hedges	149,648	107,259
Deferred tax assets (subtotal)	2,458,226	2,365,271
Valuation allowance for total deductible temporary difference	(2,458,226)	(2,365,271)
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

	10th Fiscal Period (As of October 31, 2019)		11th Fiscal Period (As of April 30, 2020)	
				(%)
Statutory tax rate		31.51		31.46
[Adjustments]				
Deductible cash distribution		(29.76)		(32.12)
Changes in valuation allowance		1.55		0.53
Provision of reserve for reduction entry		(3.30)		0.13
Other		0.01		0.01
Effective income tax rate after application of tax-effect accounting		0.01		0.01

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

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

Not applicable.

11th Fiscal Period (From November 1, 2019 to April 30, 2020)

Not applicable.

17. Transactions with Related Parties

1. Parent company and major corporate unitholders.

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

Not applicable.

11th Fiscal Period (From November 1, 2019 to April 30, 2020)

Not applicable.

2. Subsidiaries and affiliates.

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

Not applicable.

11th Fiscal Period (From November 1, 2019 to April 30, 2020)

Not applicable.

3. Sister companies.

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

Not applicable.

11th Fiscal Period (From November 1, 2019 to April 30, 2020)

Not applicable.

4. Directors and major individual unitholders.

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.

11th Fiscal Period (From November 1, 2019 to April 30, 2020)

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)	1,015,215	Accounts payable – other	1,116,736

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

18. Asset Retirement Obligations

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

Not applicable.

11th Fiscal Period (From November 1, 2019 to April 30, 2020)

Not applicable.

19. Investment and Rental Properties

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

(Thousands of yen)		
	10th Fiscal Period (From May 1, 2019 to October 31, 2019)	11th Fiscal Period (From November 1, 2019 to April 30, 2020)
Carrying amount		
Balance at beginning of period	451,782,070	520,759,366
Amount of increase (decrease) during period	68,977,295	4,169,657
Balance at end of period	520,759,366	524,929,023
Fair value at end of period	593,054,000	600,583,000

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

(Note 2) 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). Net increase during the 11th fiscal period is mainly attributable to the acquisition of 3 new properties (5,932,747 thousand yen), offset by depreciation (2,413,359 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 10th and 11th fiscal periods for investment and rental properties is presented in “6. Notes to Statement of Income and Retained Earnings”.

20. Segment Information

1. Segment information

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

2. Related information

10th Fiscal Period (From May 1, 2019 to October 31, 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.	3,270,352	Real estate leasing business

11th Fiscal Period (From November 1, 2019 to April 30, 2020)

(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.	2,143,854	Real estate leasing business

21. Per Unit Information

	10th Fiscal Period (From May 1, 2019 to October 31, 2019)	11th Fiscal Period (From November 1, 2019 to April 30, 2020)
Net assets per unit	66,732yen	66,762yen
Net income per unit	1,775yen	1,630yen

(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.

	10th Fiscal Period (From May 1, 2019 to October 31, 2019)	11th Fiscal Period (From November 1, 2019 to April 30, 2020)
Net income (Thousands of yen)	7,405,454	6,991,331
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	7,405,454	6,991,331
Average number of investment units during period (Units)	4,170,241	4,288,666

22. Significant Subsequent Events

Not applicable.

(7) Supplementary Schedules

11th Fiscal Period (From November 1, 2019 to April 30, 2020)

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	48,780,000	33,380,000	(340,937)
Transaction other than market transaction	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	100,631,000	95,281,000	(Note 3)
Total		149,411,000	128,661,000	(340,937)

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

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

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

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

(Thousands of yen)									
Type of assets		Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Accumulated depreciation		Net balance at end of period	Notes
						or accumulated amortization	For the period		
Property, plant and equipment	Buildings in trust	172,504,565	1,828,775	—	174,333,341	12,740,101	2,285,753	161,593,240	(Note 1)
	Structures in trust	1,564,478	7,443	—	1,571,922	184,087	31,459	1,387,834	
	Machinery and equipment in trust	2,193,249	24,599	—	2,217,849	183,002	49,230	2,034,846	
	Vehicles in trust	153	—	—	153	57	38	96	
	Tools, furniture and fixtures in trust	214,116	95,413	—	309,530	46,432	21,452	263,097	
	Land in trust	352,572,801	4,626,784	—	357,199,586	—	—	357,199,586	(Note 1)
	Construction in progress in trust	5,494	—	5,494	—	—	—	—	
	Subtotal	529,054,860	6,583,016	5,494	535,632,382	13,153,681	2,387,933	522,478,701	
Intangible assets	Leasehold rights in trust	2,552,025	—	—	2,552,025	101,703	25,425	2,450,322	
	Other	14,500	—	—	14,500	9,983	924	4,517	
	Subtotal	2,566,526	—	—	2,566,526	111,686	26,350	2,454,840	
Total		531,621,386	6,583,016	5,494	538,198,909	13,265,367	2,414,284	524,933,541	

(Note 1) The increase during the fiscal period under review is mainly attributable to the acquisition of Esty Maison Shizuoka Takajo, The Ritz-Carlton, Kyoto (Additional Acquisition) and GRAND MAST Hirose-dori.

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)	Unsecured
SHI Fourth Series Unsecured Investment Corporation Bond	February 28, 2014	3,000,000	—	3,000,000	1.069	February 28, 2024	(Note 2)	Unsecured
SHI Fifth Series Unsecured Investment Corporation Bond	August 29, 2014	3,000,000	—	3,000,000	0.871	August 30, 2024	(Note 2)	Unsecured
SHR First Series Unsecured Investment Corporation Bond	September 8, 2016	2,000,000	—	2,000,000	0.340	September 8, 2026	(Note 2)	Unsecured
SHR Second Series Unsecured Investment Corporation Bond	July 13, 2017	3,000,000	—	3,000,000	0.240	July 13, 2022	(Note 2)	Unsecured
SHR Third Series Unsecured Investment Corporation Bond (Green Bonds)	July 11, 2019	4,000,000	—	4,000,000	0.220	July 11, 2024	(Note 2)	Unsecured
SHR Fourth Series Unsecured Investment Corporation Bond (Green Bonds)	July 11, 2019	2,500,000	—	2,500,000	0.570	July 11, 2029	(Note 2)	Unsecured
SHR Fifth Series Unsecured Investment Corporation Bond (Green Bonds)	November 1, 2019	—	—	5,000,000	0.220	November 1, 2024	(Note 2)	Unsecured
SHR Sixth Series Unsecured Investment Corporation Bond (Green Bonds)	February 28, 2020	—	—	2,000,000	0.500	February 28, 2030	(Note 3)	Unsecured
Total	—	19,500,000	2,000,000	24,500,000	—	—	—	—

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

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

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

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

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

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

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	Repaym ent method	Use of proceeds	Security
Short-term loans payable	MUFG Bank, Ltd.	5,052,000	—	1,943,000	3,109,000	0.24197	May. 29, 2020 (Note2)		Purchase of assets and related expenses	
	Mizuho Bank, Ltd.	4,118,000	—	1,584,000	2,534,000					
	Sumitomo Mitsui Banking Corporation	3,830,000	—	1,473,000	2,357,000					
	MUFG Bank, Ltd.	—	200,000	200,000	—	0.23909	Jan. 29, 2021 (Note3)			
	Mizuho Bank, Ltd.	—	200,000	200,000	—					
	Sumitomo Mitsui Banking Corporation	—	200,000	200,000	—					
	MUFG Bank, Ltd.	—	1,670,000	—	1,670,000	0.25000	Mar. 31, 2021			
	Mizuho Bank, Ltd.	—	1,370,000	—	1,370,000					
	Sumitomo Mitsui Banking Corporation	—	1,260,000	—	1,260,000					
	MUFG Bank, Ltd.	—	300,000	—	300,000	0.25000				
	Mizuho Bank, Ltd.	—	260,000	—	260,000					
	Sumitomo Mitsui Banking Corporation	—	240,000	—	240,000					
Long-term loans payable	MUFG Bank, Ltd.	3,842,500	—	3,842,500	—	1.02225	Feb. 28, 2020	Repayme nt of loans payable	Un- secured Un- guaran- teed	
	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)			
	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					
	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	1.17350	Feb. 28, 2022			
	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	—	0.79614	Feb. 28, 2020			
	MUFG Bank, Ltd.	500,000	—	—	500,000					
	Mizuho Bank, Ltd.	400,000	—	—	400,000					
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000	0.95225	Feb. 26, 2021 (Note4)			
	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	Repay- ment method	Use of proceeds	Security
Long-term loans payable	Mizuho Bank, Ltd.	600,000	—	—	600,000	0.62800	Feb. 26, 2021 (Note4)	Lump- sum payment at maturity	Repayme- nt 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					
	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	0.73975	Feb. 28, 2022			
	Mizuho Bank, Ltd.	500,000	—	—	500,000					
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000					
	Resona Bank, Limited	750,000	—	—	750,000					
	The Norinchukin Bank	800,000	—	—	800,000					
	The Bank of Fukuoka, Ltd.	500,000	—	—	500,000	0.85250	Feb. 28, 2023			
	Development Bank of Japan Inc.	1,000,000	—	—	1,000,000					
	MUFG Bank, Ltd.	1,300,000	—	—	1,300,000					
	Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000					
	Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000					
	Sumitomo Mitsui Trust Bank, Limited	300,000	—	—	300,000					
	Mizuho Trust & Banking Co., Ltd.	800,000	—	—	800,000					
	Resona Bank, Limited	500,000	—	—	500,000					
	The Norinchukin Bank	500,000	—	—	500,000					
	The Bank of Fukuoka, Ltd.	700,000	—	—	700,000					
	Aozora Bank, Ltd.	200,000	—	—	200,000					
	Shinkin Central Bank	200,000	—	—	200,000					
	The Senshu Ikeda Bank, Ltd.	200,000	—	—	200,000					
	The Shizuoka Bank, Ltd.	200,000	—	—	200,000					
	The 77 Bank, Ltd.	200,000	—	—	200,000					
	The Hiroshima Bank, Ltd.	200,000	—	—	200,000					
	The Yamaguchi Bank, Ltd.	200,000	—	—	200,000					
	MUFG Bank, Ltd.	1,650,000	—	—	1,650,000	0.61760	Nov. 30, 2020 (Note4)			
	MUFG Bank, Ltd.	200,000	—	—	200,000					
	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						
MUFG Bank, Ltd.	700,000	—	—	700,000						
Development Bank of Japan Inc.	650,000	—	—	650,000	0.88500	Nov. 30, 2022				
Mizuho Bank, Ltd.	350,000	—	—	350,000						
Sumitomo Mitsui Banking Corporation	650,000	—	—	650,000						
Sumitomo Mitsui Trust Bank, Limited	350,000	—	—	350,000						
Resona Bank, Limited	300,000	—	—	300,000						

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	Repay- ment method	Use of proceeds	Security
Long-term loans payable	MUFG Bank, Ltd.	750,000	—	—	750,000	1.00850	Nov. 30, 2023	Lump-sum payment at maturity	Repayme- nt 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					
	Mizuho Bank, Ltd.	450,000	—	—	450,000	0.68030				
	Sumitomo Mitsui Banking Corporation	450,000	—	—	450,000					
	Mizuho Trust & Banking Co., Ltd.	1,000,000	—	—	1,000,000	0.63800	Feb. 29, 2024	Purchase of assets and related expenses		
	MUFG Bank, Ltd.	700,000	—	—	700,000					
	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				
	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	Aug. 29, 2025	Repayme- nt of loans payable		
	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	0.29688	Nov. 30, 2020 (Note 4)			
	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	Repaym ent 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	Repayme nt 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	Feb. 27, 2026				
	MUFG Bank, Ltd.	800,000	—	—	800,000	0.77880					
	Mizuho Bank, Ltd.	700,000	—	—	700,000						
	Development Bank of Japan Inc.	1,200,000	—	—	1,200,000						
	The Bank of Fukuoka, Ltd.	500,000	—	—	500,000						
	Aozora Bank, Ltd.	300,000	—	—	300,000						
	The Yamaguchi Bank, Ltd.	500,000	—	—	500,000						
	Sumitomo Mitsui Banking Corporation	870,000	—	—	870,000	0.27188	Aug. 31, 2021				
	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
	MUFG Bank, Ltd.	260,000	—	—	260,000	0.45254	Nov. 30, 2023				
	Mizuho Bank, Ltd.	550,000	—	—	550,000						
	Mizuho Trust & Banking Co., Ltd.	220,000	—	—	220,000						
	Development Bank of Japan Inc.	220,000	—	—	220,000	0.61380	Aug. 29, 2025				
	Mizuho Bank, Ltd.	176,000	—	—	176,000						
	The Norinchukin Bank	2,352,000	—	—	2,352,000						
	MUFG Bank, Ltd.	750,000	—	—	750,000						
	Mizuho Bank, Ltd.	1,050,000	—	—	1,050,000						
	Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000	0.34800	Jul. 13, 2022				
	Sumitomo Mitsui Trust Bank, Limited	1,050,000	—	—	1,050,000						
	Mizuho Trust & Banking Co., Ltd.	650,000	—	—	650,000						
	Resona Bank, Limited	950,000	—	—	950,000						
	The Norinchukin Bank	750,000	—	—	750,000						
	MUFG Bank, Ltd.	650,000	—	—	650,000	0.35341					
	Development Bank of Japan Inc.	550,000	—	—	550,000						
	MUFG Bank, Ltd.	750,000	—	—	750,000						
	Mizuho Bank, Ltd.	1,050,000	—	—	1,050,000	0.41800					May. 31, 2023
	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	Repay- ment 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	Repayme- nt of loans payable	Un- secured Un- guaran- teed
	MUFG Bank, Ltd.	500,000	—	—	500,000					
	Mizuho Bank, Ltd.	100,000	—	—	100,000	0.63500				
	The 77 Bank, Ltd.	500,000	—	—	500,000					
	The Hiroshima Bank, Ltd.	500,000	—	—	500,000					
	MUFG Bank, Ltd.	1,900,000	—	—	1,900,000	0.70000	Aug. 31, 2027			
	Mizuho Bank, Ltd.	4,200,000	—	—	4,200,000					
	Sumitomo Mitsui Banking Corporation	1,900,000	—	—	1,900,000	0.78300				
	Mizuho Bank, Ltd.	1,480,000	—	—	1,480,000		Aug. 31, 2021			
	Sumitomo Mitsui Banking Corporation	320,000	—	—	320,000					
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000	0.24188				
	Mizuho Trust & Banking Co., Ltd.	200,000	—	—	200,000					
	Development Bank of Japan Inc.	376,000	—	—	376,000	0.28568	Aug. 30, 2024			
	MUFG Bank, Ltd.	300,000	—	—	300,000	0.34900				
	Mizuho Bank, Ltd.	2,459,000	—	—	2,459,000					
	Sumitomo Mitsui Banking Corporation	260,000	—	—	260,000	0.35900				
	Mizuho Trust & Banking Co., Ltd.	900,000	—	—	900,000					
	Development Bank of Japan Inc.	565,000	—	—	565,000	0.48000	Feb. 26, 2027			
	MUFG Bank, Ltd.	450,000	—	—	450,000	0.56500				
	Mizuho Bank, Ltd.	1,332,000	—	—	1,332,000					
	Sumitomo Mitsui Banking Corporation	390,000	—	—	390,000	0.57500				
	Mizuho Trust & Banking Co., Ltd.	1,350,000	—	—	1,350,000		May. 31, 2023			
	MUFG Bank, Ltd.	500,000	—	—	500,000	0.29900				
	Mizuho Bank, Ltd.	500,000	—	—	500,000					
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000					
	Sumitomo Mitsui Trust Bank, Limited	700,000	—	—	700,000	0.30900				
	Mizuho Trust & Banking Co., Ltd.	200,000	—	—	200,000					
	Resona Bank, Limited	200,000	—	—	200,000					
	The Norinchukin Bank	100,000	—	—	100,000		Aug. 30, 2024			
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.39580				
	Mizuho Bank, Ltd.	800,000	—	—	800,000					
	Sumitomo Mitsui Banking Corporation	700,000	—	—	700,000					
	Sumitomo Mitsui Trust Bank, Limited	400,000	—	—	400,000	0.40580				
	Mizuho Trust & Banking Co., Ltd.	400,000	—	—	400,000					
	Resona Bank, Limited	200,000	—	—	200,000		Aug. 31, 2026			
	The Norinchukin Bank	200,000	—	—	200,000					
	Shinkin Central Bank	200,000	—	—	200,000	0.41388				
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.55600	Aug. 31, 2026			
	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	Repay- ment 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	Repayme- nt 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	Aug. 31, 2023				
	Sumitomo Mitsui Banking Corporation	1,200,000	—	—	1,200,000						
	Sumitomo Mitsui Trust Bank, Limited	1,300,000	—	—	1,300,000						
	Mizuho Trust & Banking Co., Ltd.	600,000	—	—	600,000						
	Resona Bank, Limited	700,000	—	—	700,000						
	Shinkin Central Bank	200,000	—	—	200,000						
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.27100	Feb. 27, 2026				
	Mizuho Bank, Ltd.	1,500,000	—	—	1,500,000	0.42000					
	Sumitomo Mitsui Banking Corporation	1,230,000	—	—	1,230,000						
	Sumitomo Mitsui Trust Bank, Limited	200,000	—	—	200,000						
	Mizuho Trust & Banking Co., Ltd.	600,000	—	—	600,000						
	Resona Bank, Limited	800,000	—	—	800,000						
	The Norinchukin Bank	900,000	—	—	900,000						
	The Bank of Fukuoka, Ltd.	400,000	—	—	400,000						
	Shinkin Central Bank	300,000	—	—	300,000						
	The 77 Bank, Ltd.	300,000	—	—	300,000						
	The Yamaguchi Bank, Ltd.	300,000	—	—	300,000		0.41000				Feb. 28, 2029
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000						
	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					

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	Repay- ment method	Use of proceeds	Security
Long-term loans payable	MUFG Bank, Ltd.	—	1,200,000	—	1,200,000	0.27300	Nov. 30, 2023	Lump-sum payment at maturity	Repay- ment of loans payable	Un- secured Un- guaran- teed
	Mizuho Bank, Ltd.	—	200,000	—	200,000					
	Sumitomo Mitsui Banking Corporation	—	800,000	—	800,000					
	Sumitomo Mitsui Trust Bank, Limited	—	1,800,000	—	1,800,000					
	MUFG Bank, Ltd.	—	1,400,000	—	1,400,000	0.44100	May. 29, 2026			
	Mizuho Bank, Ltd.	—	300,000	—	300,000					
	Sumitomo Mitsui Banking Corporation	—	1,000,000	—	1,000,000					
	The Norinchukin Bank	—	800,000	—	800,000					
	MUFG Bank, Ltd.	—	1,700,000	—	1,700,000	0.59900	May. 31, 2028			
	Mizuho Bank, Ltd.	—	1,300,000	—	1,300,000					
	Sumitomo Mitsui Banking Corporation	—	1,200,000	—	1,200,000					
	Mizuho Trust & Banking Co., Ltd.	—	600,000	—	600,000					
	Resona Bank, Limited	—	900,000	—	900,000	0.50000	Aug. 29, 2025			
	Development Bank of Japan Inc.	—	800,000	—	800,000					
	Mizuho Bank, Ltd.	—	605,000	—	605,000					
	Sumitomo Mitsui Banking Corporation	—	800,000	—	800,000	0.29150				
	MUFG Bank, Ltd.	—	2,500,000	—	2,500,000	0.28000	Aug. 31, 2028			
	Mizuho Bank, Ltd.	—	400,000	—	400,000	0.49500				
	Sumitomo Mitsui Banking Corporation	—	545,000	—	545,000					
	Mizuho Trust & Banking Co., Ltd.	—	500,000	—	500,000					
	Resona Bank, Limited	—	500,000	—	500,000					
	MUFG Bank, Ltd.	—	1,542,000	—	1,542,000					
		Total	224,742,500	27,092,000	26,392,500	225,442,000				

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

(Note 2) Early repayment was made on November 5, 2019.

(Note 3) Early repayment was made on February 28, 2020.

(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	28,050,000	35,590,000	23,500,000	36,050,000	22,295,000



Ernst & Young ShinNihon LLC
Hibiya Mitsui Tower, Tokyo Midtown Hibiya
1-1-2 Yurakucho, Chiyoda-ku
Tokyo 100-0006, Japan

Tel: +81 3 3503 1100
Fax: +81 3 3503 1187
ey.com

Independent Auditor's Report

The Board of Directors
Sekisui House Reit, Inc.

Opinion

We have audited the accompanying financial statements of Sekisui House Reit, Inc., (the Company), which comprise the balance sheet as at April 30, 2020, and the statement of income and retained earnings, changes in net assets, cash distributions, cash flows and supplementary schedules for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2020, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Responsibilities of Management and Supervisory Director for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.



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

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

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

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

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

Ernst & Young ShinNihon LLC
Tokyo, Japan

July 27, 2020

金子秀嗣

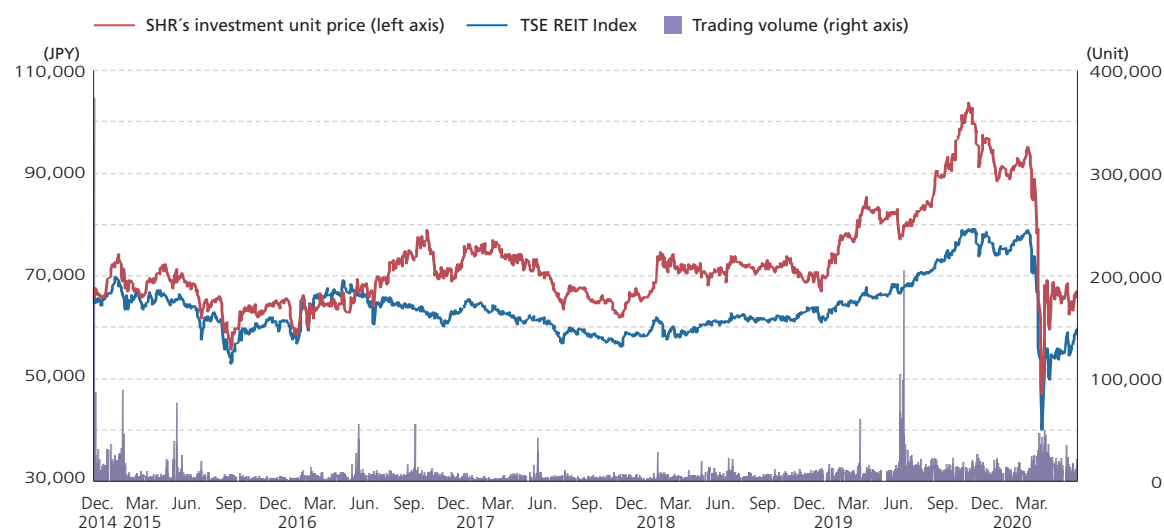
Shuji Kaneko
Designated Engagement Partner
Certified Public Accountant

小島直司

Koji Ojima
Designated Engagement Partner
Certified Public Accountant

Unitholder Information

Change in Investment Unit Price and Trading Volume (December 3, 2014 to May 31, 2020)



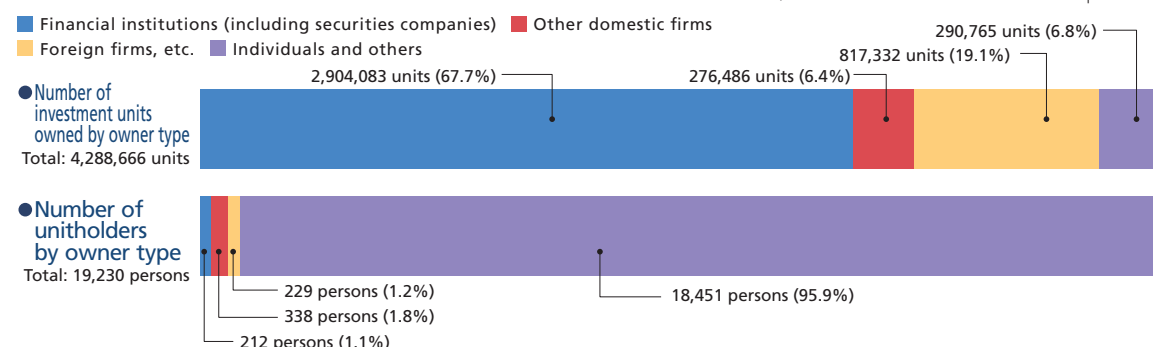
(Note 1) Closing price and trading volume of the investment unit of SHR in a regular trading session at Tokyo Stock Exchange, Inc. are indicated.

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

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

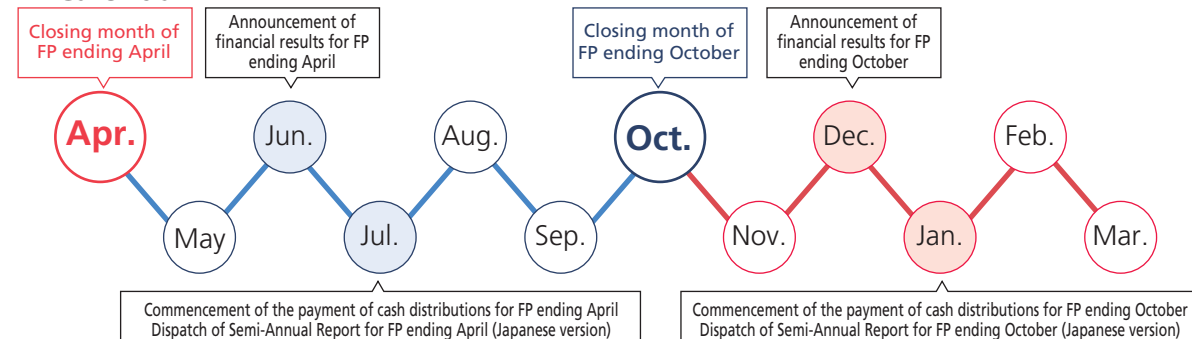
Unitholder Composition

(As of the end of the 11th FP ended Apr. 2020)



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

IR Calendar



Unitholder Memo

Unitholder Memo

Account Closing Date	End of April and October of each year
Record Date for Determining Distribution Payment	End of April and October of each year (Cash distribution will be paid out within 3 months from the record date.)
General Meeting of Unitholders	General meeting of unitholders shall be convened on January 1, 2022 and onwards without delay, and subsequently be convened on January 1 every 2 years and onwards without delay. In addition, the general meetings of unitholders may be held from time to time when it is necessary.
Date to Determine Exercising of Voting Rights by Unitholders	Date stipulated in Article 12 of the Articles of Incorporation
Listed Stock Exchange	Tokyo Stock Exchange, Inc. (Securities Code: 3309)
Newspaper Posting Public Notice	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

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

SHR strives for timely and accurate information disclosure via the website.

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

