

# FP 20 Semi-Annual Report

From May 1, 2024 to October 31, 2024

Securities Code 3309  
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<https://sekisuihouse-reit.co.jp/en/>

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# Outline of Asset Management Operation

## 1. Overview of the Fiscal Period under Review

### (1) Major Developments of the Investment Corporation

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

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

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

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

In addition to "stable growth" in Japan, SHR also decided that acquiring urban rental housing in the U.S. developed by Sekisui House would contribute to maximizing unitholder value by incorporating "proactive growth" from overseas (U.S.). Thus, SHR acquired one overseas residential property through the investment in two LLCs located in the U.S. that own overseas real estate.

(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 applies hereinafter.

(Note 2) In association with the Investment Corporation Merger, Sekisui House Asset Management, Ltd. (the "former SHA"), the asset management company for SHI, and Sekisui House Asset Management, Ltd. (former name: Sekisui House Investment Advisors, Ltd.) ("SHA"), 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 SHA being the surviving company and the former SHA 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, serviced apartments (\*), serviced housing for the elderly, and paid nursing homes). The same applies hereinafter.

(\*) "Serviced apartments" refer to furnished residences with appliances where a dedicated operator provides certain services to users.

(Note 4) "Commercial properties" refer to real estate whose principal use is for office buildings, hotels and retail and other properties and other non-residential business purposes. The same applies hereinafter.

## (2) Operation Environment and Operation Performance

### a. Operation Environment

During the fiscal period under review, the Japanese economy has been recovering moderately, although there are still some areas that remain stagnant.

Under these circumstances, regarding residential properties in the domestic real estate leasing market, the supply and demand situation has continued to tighten due to the inflow of population into urban areas with large economic scales, as the improvement of the employment environment centered on Tokyo has continued. The occupancy rate for new buildings in all major metropolitan areas has greatly exceeded the previous year's rate, and the effects of efforts to increase rents when tenants are replaced have also contributed to the continued rise in rents for all room types. As for office buildings, in the five central wards of Tokyo, vacancy rates for properties with good locations have been declining while there have been signs of a rise in rent levels, even in an environment where new supply has increased due to a recovery in demand for relocation to better locations and expansion due to improvements in corporate locations and business development. However, vacancy rates have remained high in properties that are struggling in terms of location, and rent levels have also been weak. In central Osaka, vacancy rates have been rising due to new supply, but demand has been strong and rent levels have risen gradually.

Furthermore, in the domestic real estate transaction market, although the negative interest rate policy has been lifted, the accommodative financial environment has been maintained, and real estate investors have maintained a very aggressive investment attitude toward domestic high-quality properties, thus expected yields have continued to remain low.

In the fiscal period under review, the U.S. economy's nominal GDP (based on U.S. dollars) was approximately 3.2 times that of Japan in 2019, and up to 5.5 times that of Japan in 2023, confirming that the U.S. maintains a higher growth rate compared to Japan. In addition, the U.S. population at the end of 2023 increased by 0.5% over 330 million from the end of 2022, and the population growth rate has been increasing since COVID-19. Regarding the real estate transaction market, due to the adjustment of real estate prices triggered by the monetary tightening policy in the U.S. since March 2022, SHR believes real estate prices will continue to stay at a level that allows SHR to consider acquisitions for the time being. Furthermore, in the real estate leasing market, rents have increased 34.6% between 2014 and 2022, and the median household income across the U.S. has also increased by 39.0% over the same period, resulting in continued rent increases.

### b. Operation Performance

Under the circumstances described in "(a) Operation Environment" above, SHR disposed of 3 office building properties (49/100 of the ownership share, 65/100 of the ownership share and 10/100 of the ownership share, respectively) and acquired 5 domestic residential properties with the aim of improving profitability and securing stable revenue of the portfolio. In addition to "stable growth" in Japan, it has been determined that incorporating "proactive growth" from overseas (U.S.) will contribute to maximizing unitholder value, and therefore acquired one overseas residential property through the investment in two LLCs located in the U.S. that own overseas real estate.

As of the end of the fiscal period under review, the number of properties SHR owned (including overseas properties) was 136 (comprised of 129 residential properties and 7 commercial properties) with an aggregate acquisition price<sup>(Note)</sup> of 534,475 million yen (375,165 million yen for residential properties and 159,310 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 96.2% for residential properties, 98.3% for commercial properties and 96.5% 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. In addition, for overseas real estate, the exchange rate at the time of acquisition is used to convert the value to yen. The same applies hereinafter.

## (3) Overview of Fund Procurement

### a. Borrowing of Funds

SHR refinanced a total of 25,705 million yen to repay 18,705 million yen in borrowings that became due

during the fiscal period under review and to redeem 7,000 million yen of investment corporation bonds that became due for redemption. Of such refinancing, 15,475 million yen was executed as a green loan within the scope of eligible green debt based on the Green Finance Framework established in 2022.

As a result, the balance of interest-bearing liabilities as of the end of the fiscal period under review is 257,242 million yen and the ratio of total interest-bearing liabilities to total assets ("LTV (total assets basis)") is 45.3%.

Furthermore, in order to secure flexible and stable means of raising funds, SHR re-established a commitment line agreement with a maximum amount of 15,000 million yen on October 25, 2024.

## b. Credit Rating

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

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

## (4) ESG Initiatives

### a. Overview of the fiscal period under review

On the environmental aspect, SHR acquired Prime Maison Morishita WEST, which is the second ZEH (Net Zero Energy House) property. SHR has set "investing in real estate with excellent environmental performance" as a materiality (important issue) and has set a goal of owning more than 10 or more ZEH properties by 2030. In addition, SHR aims to maintain a green certification ratio of 70% or more throughout the whole portfolio, and it was 82.9% at end of period.

On the social aspect, SHR has worked to improve tenant satisfaction by installing a system in some residences that allows for delivery directly to the front door even in auto-lock buildings, and introducing car sharing services in the on-site parking lot.

As a result of the efforts to resolve issues, SHR received "4 Stars" in the 2024 GRESB Real Estate Assessment, which is one rank higher than the previous year. SHR also received the highest "A" in the GRESB Disclosure Assessment for the fifth consecutive year. In addition, SHR received an "AA" rating in the MSCI ESG Rating, following the previous year.

### b. Climate change initiatives

Based on the recognition that environmental initiatives, as typified by climate change, are one of the key issues in ESG-conscious investment management, SHR and SHA have set "promoting response to climate change" as SHR's materiality, and consider various risks and opportunities associated with climate change as the key points in its business strategy. In addition, SHA has established a Sustainability Committee as a decision-making body for sustainability, and has formulated policies and targets, and is promoting efforts related to climate change mitigation and adaptation.

Furthermore, under the company-wide risk management system, SHR assesses risks and opportunities to its business activities, evaluating their financial impact, and considering and implementing countermeasures, assuming various situations that may occur in the future due to climate change.

As a response to climate change, SHR has been working to reduce GHG emissions by switching to renewable energy at its properties. As a result, GHG emissions (Scope 1 and Scope 2) in 2023 were 69.1% lower than in 2021, and the initial target (a 42% reduction by 2030) was achieved ahead of schedule. Therefore, a new GHG emission reduction target has been set with 2023 as the base year.

#### GHG Emissions Reduction Target

Regarding total GHG emissions, with 2023 as the base year:

- Medium term target (by 2030): Reduce 42% of Scope 1 and Scope 2 emissions  
Reduce 25% of Scope 3 emissions
- Long term target (by 2050): Achieve net zero  
Reduce 90% or more of Scope 1, Scope 2, Scope 3 and neutralize residual emissions

## (5) Overview of Business Performance and Distributions

Results in the fiscal period under review are operating revenue of 21,751 million yen, operating income of

12,849 million yen and ordinary income of 11,824 million yen, resulting in net income of 11,824 million yen. In the fiscal period under review, 3,861 million yen of allowance for temporary difference adjustments ("ATA") was reversed due to the disposal of "Garden City Shinagawa Gotenyama" on May 1, 2024. As a result, concerning cash distribution, 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) ("Special Taxation Measures Act")), SHR decided to distribute 7,961 million yen of the unappropriated retained earnings for the current fiscal period as distribution of retained earnings.

## 2. Change in Total Number of Investment Units Issued and Outstanding

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

Date	Event	Unitholders' capital (million yen)		Total number of investment units issued and outstanding (units)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
November 1, 2021	Public offering	11,652	160,862	137,500	4,426,166	(Note 1)
November 29, 2021	Third-party allotment	420	161,283	4,967	4,431,133	(Note 2)
October 17, 2022	Cancellation	—	161,283	(49,651)	4,381,482	(Note 3)
December 21, 2023	Reversal of ATA	4	161,287	—	4,381,482	(Note 4)
June 14, 2024	Reversal of ATA	2	161,290	—	4,381,482	(Note 5)
December 16, 2024	Reversal of ATA	3,861	165,151	—	4,381,482	(Note 6)

(Note 1) New investment units were issued at an issue price of 87,574 yen (with the issue amount being 84,744 yen) per unit through a public offering to procure funds for the acquisition of new properties.

(Note 2) New investment units were issued at an issue amount of 84,744 yen per unit by way of third-party allotment, with the proceeds thereof intended to be used for the acquisition of new properties.

(Note 3) From June 16, 2022 to September 7, 2022, SHR acquired its own investment units through market purchases via the Tokyo Stock Exchange based on a discretionary transaction contract with a securities company. As resolved at SHR's Board of Directors Meeting on September 30, 2022, all acquired investment units were canceled on October 17, 2022. In addition, funds related to the buyback of investment units were deducted from the capital surplus, thus there is no change in Unitholders' Capital.

(Note 4) At SHR's Board of Directors Meeting held on December 21, 2023, a resolution was passed for the reversal of ATA and incorporate it into the unitholders' capital.

(Note 5) At SHR's Board of Directors Meeting held on June 14, 2024, a resolution was passed for the reversal of ATA and incorporate it into the unitholders' capital.

(Note 6) At SHR's Board of Directors Meeting held on December 16, 2024, a resolution was passed for the reversal of ATA and incorporate it into the unitholders' capital.

### [Changes in Market Price of Investment Securities]

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

Fiscal period	16th fiscal period	17th fiscal period	18th fiscal period	19th Fiscal Period	20th Fiscal Period
	From: May 1, 2022 To: Oct. 31, 2022	From: Nov. 1, 2022 To: Apr. 30, 2023	From: May 1, 2023 To: Oct. 31, 2023	From: Nov. 1, 2023 To: Apr.30, 2024	From: May 1, 2024 To: Oct.31, 2024
High (yen)	85,600	81,500	86,900	84,700	84,200
Low (yen)	75,500	68,600	76,800	73,200	72,500



### 3. Statement of Cash Distributions

Distribution per unit for the fiscal period under review (the 20th fiscal period) is 1,817 yen. SHR applies the special treatment of corporation taxation (Article 67-15 of the Special Taxation Measures Act), which deducts the amount equivalent to distribution of earnings from taxable income of investment corporations, and decided to distribute 7,961 million yen of the unappropriated retained earnings for the current fiscal period after reversing 3,861 million yen of ATA as distributions of retained earnings.

Fiscal period	16th fiscal period From: May 1, 2022 To: Oct. 31, 2022	17th fiscal period From: Nov. 1, 2022 To: Apr. 30, 2023	18th fiscal period From: May 1, 2023 To: Oct. 31, 2023	19th fiscal period From: Nov. 1, 2023 To: Apr. 30, 2024	20th fiscal period From: May 1, 2024 To: Oct. 31, 2024
Total amount of unappropriated retained earnings (thousand yen)	7,204,510	6,637,238	7,417,987	4,958,844	11,824,874
Amount of accumulated earnings (thousand yen)	—	9,334	4,578	612	2,702
Total amount of cash distribution (thousand yen)	7,509,860	7,803,419	8,657,808	9,179,204	7,961,152
[Distribution per unit] (yen)	[1,714]	[1,781]	[1,976]	[2,095]	[1,817]
Total amount of distribution of earnings out of the total amount of cash distribution (thousand yen)	7,509,860	7,733,315	7,409,086	4,955,456	7,961,152
[Distribution of earnings per unit] (yen)	[1,714]	[1,765]	[1,691]	[1,131]	[1,817]
Total amount of refund of investment in capital out of the total amount of cash distribution (thousand yen)	—	70,103	1,248,722	4,223,748	—
[Amount of refund of investment in capital per unit] (yen)	[—]	[16]	[285]	[964]	[—]
Total distribution amount from ATA out of total amount of refund of investment in capital (thousand yen)	—	70,103	1,248,722	4,223,748	—
[Distribution amount from ATA per unit out of amount of refund of investment in capital per unit] (yen)	[—]	[16]	[285]	[964]	[—]
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 Operational Policy

### (1) Future Trends Outlook

It is expected that the Japanese economy will continue its gradual recovery, with an improving employment and income environment with the effects of various policies. However, the downturn in the overseas economy poses a risk of downward pressure on the Japanese economy amid the continued high interest rates in Europe and the U.S. and continued stagnation of the real estate market in China. In addition, due attention should be paid to the effects of inflation, the situation in the Middle East, and changes in financial capital markets.

In this environment, the employment and income environment has improved for the residential real estate rental market, which is the base of daily life, and it is believed that the trend toward a return to central Tokyo and the separation of households will continue. As rents are also expected to continue to rise, it is believed that this trend will continue; however, there are also increasing uncertainties such as inflation and rising interest rates, and SHR believes that these trends must be closely monitored.

Regarding offices, where business activities are based, demand remains strong in the five central wards of Tokyo, but there are concerns that secondary vacancies will become apparent due to continued new supply and relocations, and that the disparity between areas and properties will widen due to superiority in terms of location. In addition, new supply in central Osaka is expected to decrease in the future, and while demand is strong, large new buildings completed in 2024 have a certain amount of vacancy, and SHR believes that the impact on the market will need to be closely monitored.

In the domestic real estate transaction market, although there are concerns about cap rates rising due to higher interest rates and soaring construction costs, the domestic financing environment remains favorable compared to overseas, and the investment appetite of real estate investors and business companies has not yet weakened. Thus, SHR believes that the expected yields will remain at low levels for the foreseeable future.

As for the U.S. economy, despite the Federal Reserve's implementation of monetary tightening policies over the past two years, the U.S. economy has not deteriorated and continued to grow in the second half of 2023, leading us to believe that economic growth can be expected in the medium to long term. Regarding the real estate transaction market, due to the adjustment of real estate prices triggered by the monetary tightening policies in the U.S. since March 2022, SHR believes that the expected yields will continue to be at levels that SHR can consider acquisitions for the time being.

### (2) Future Operational 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 SHA on its own.

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

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

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

redevelopment of owned properties.

Furthermore, SHR has concluded agreements concerning preferential negotiation rights (and others) with the Six Sekisui House Real Estate Companies. Thus, particularly with residential properties, SHR will be able to receive support in acquiring properties for external growth, such as granting of preferential negotiation rights regarding sale of domestic real estate, etc. owned or developed by the Six Sekisui House Real Estate Companies.

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

When SHR invests in real estate located overseas, it will, in principle, invest in real estate developed by Sekisui House or entities invested by Sekisui House and operated by reliable real estate operators in the relevant country or region, or assets backed by such real estate. SHR believes that by incorporating overseas real estate into its portfolio, which is centered on domestic real estate, it will be able to capture the "stable growth" of Japan as well as the "proactive growth" of the region in which the overseas real estate is located, and achieve further growth together with Sekisui House, the sponsor, which is conducting business in the region.

(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 applies hereinafter.

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

### (3) Financial Strategy

SHR has adopted as its policy to conduct 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, the LTV (total assets basis) policy was set at a cruising range of 45 to 50% for the time being, and the policy is to manage conservatively while paying attention to securing sufficient funding capacity.

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

### (i) Acquisition of Asset

SHR acquired the following overseas real estate through investment in two LLCs located in the U.S. (the "Two Overseas LLCs") that own overseas real estate.

#### a. Investment in the Two Overseas LLCs

Name	Location	Investment date	Investment price	Investment ratio
SHR Ridge Square Partners I, LLC	Delaware, U.S.A.	August 22, 2024 (Note 1)	14 mm USD (2,073 mm yen) (Note 2)	—
		November 14, 2024	125 mm USD (18,077 mm yen) (Note 3)	
		November 14, 2024	2 mm USD (350 mm yen) (Note 4)	
		Total	142 mm USD (20,501 mm yen)	
SHR Ridge Square Partners II, LLC	Delaware, U.S.A.	August 22, 2024 (Note 1)	14 mm USD (2,073 mm yen) (Note 2)	—
		November 14, 2024	125 mm USD (18,077 mm yen) (Note 3)	
		November 14, 2024	2 mm USD (350 mm yen) (Note 4)	
		Total	142 mm USD (20,501 mm yen)	

(Note 1) Investment was completed in the 20th fiscal period.

(Note 2) Converted to yen at the exchange rate of 1 USD=145.505 yen, which was the exchange rate at the time of investment.

(Note 3) Converted to yen at the forward exchange rate of 1 USD=143.755 yen, which was concluded on August 22, 2024.

(Note 4) Converted to yen at the exchange rate of 1 USD=155.75 yen, which was the exchange rate as of November 14, 2024.

#### b. Real estate acquired by the Two Overseas LLCs

Property name	Type of use	Location	Acquisition price (Note 1)	Acquisition date	Seller
City Ridge (Note 2)	Residence	Washington D.C., U.S.A.	279 mm USD (40,156 mm yen)	November 15, 2024	NASH - Roadside 3900 Wisconsin, LLC

(Note 1) Of the acquisition price, 27,900 thousand USD (10%) was converted into yen at the exchange rate at the time of investment of 1 USD=145.505 yen, and 251,100 thousand USD (90%) was converted to yen at the exchange rate of the forward exchange contract concluded on August 22, 2024 of 1 USD=143.755 yen.

(Note 2) The Two Overseas LLCs acquired ownership of all the exclusive residential portions of the four buildings of the property, as well as ownership of the associated land area of 26,536 sq/ft (2,465.18 m<sup>2</sup>).

### (ii) Disposition of Asset

SHR concluded a contract on March 19, 2024 for the disposition of one real estate trust beneficiary interests regarding "Homachi Garden City", and the disposition was completed on November 1, 2024, as follows.

As a result of this disposition, SHR expects to record a gain on disposition of real estate etc. of 3,143 million yen in the fiscal period ending April 30, 2025 (from November 1, 2024 to April 30, 2025).

Property name	Type of use	Location	Disposition price (million yen) (Note)	Disposition date	Buyer
Homachi Garden City (Office building portion) (quasi co-ownership interest 35.0%)	Office building	Osaka-shi, Osaka	15,575	November 1, 2024	Godo Kaisha Pothos

(Note) "Disposition price" is the sale and purchase price stated in the sale and purchase agreement (excluding various expenses such as consumption tax, local consumption tax and sales commission, and rounded down the nearest million yen).

### (iii) Decision on Matters Related to the Acquisition of Own Investment Units

At the Board of Directors Meeting held on December 16, 2024, SHR resolved the following matters related

to the acquisition of its own investment units pursuant to the provisions of Article 80-2 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent amendments) (hereinafter referred to as the "Investment Trust Act"), which is applied by replacing the terms and phrases pursuant to the provisions of Article 80-5, Paragraph 2 of the said Act. All acquired investment units are scheduled to be cancelled during the fiscal period ending April 30, 2025.

a. Reasons for the acquisition of own investment units

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

b. Details of the acquisition

Planned total number of investment units to be acquired: up to 35,000 units

Planned total acquisition price of the investment units: up to 2,000 million yen

Acquisition method: Market purchase on the Tokyo Stock Exchange based on a discretionary transaction contract with a securities company for the acquisition of own investment units

Acquisition period: From December 17, 2024 to March 31, 2025

(Reference Information)

(i) Acquisition of Asset

SHR decided on the acquisition of three domestic residential properties and executed a sale and purchase agreement as of December 27, 2024.

Property name (Note 1)	Type of use	Location	Planned acquisition price (million yen) (Note 2)	Planned acquisition date	Seller
Esty Maison Nishiyokohama	Residence	Yokohama-shi, Kanagawa	580	March 31, 2025	Living Create, Inc.
Esty Maison Urawa II	Residence	Saitama-shi, Saitama	1,430	May 30, 2025	ROYAL CORPORATION CO., LTD.
Esty Maison Kawagoe	Residence	Kawagoe-shi, Saitama	898		
Total planned acquisition price			2,908	—	—

(Note 1) The name of the property "Esty Maison Nishiyokohama" is "Ti Leaf Yokohama West" as of the date of this document, but after the acquisition of the properties by SHR, the brand name of the property is scheduled to be changed to "Esty Maison" after the tenants are notified for a certain period of time. Therefore, the name of the property after the change is mentioned above.

(Note 2) "Planned acquisition price" is the sale and purchase price stated in each trust beneficiary interest transfer agreement or real estate purchase agreement concluded between SHR and the seller (excluding consumption tax, local consumption tax, commission for sales, and other various expenses; rounded down to the nearest million yen).

(ii) Disposition of Asset

a. SHR decided on the disposition of one office building (in this a. section referred to as the "Asset Disposition") and executed a sale and purchase agreement as of March 29, 2023, as follows. The Asset Disposition is scheduled to be carried out in 10 equal installments from the end of October 2023, with 10/100 of the ownership share to be disposed on each planned disposition date. As of the date of this document, the first through the third disposition has been executed, and a gain on sale of real estate properties is expected to be recorded during each calculation period as follows.

Property name	Type of use	Location	Total disposition price (million yen) (Note 1)	Planned disposition date (Note 2)	Buyer
Gotenyama SH Building	Office building	Shinagawa-ku, Tokyo	70,000	stated as below	TIS Inc.

				(Unit: million yen)
	Planned disposition date (Note 2)	Planned disposition price (Note 1)	Gain on disposition (expected) (Note 3)	Calculation period
4	End of April 2025	7,000 (10%)	2,106	Ending April 2025 (FP 21)

5	End of October 2025	7,000 (10%)	2,117	Ending October 2025 (FP 22)
6	End of April 2026	7,000 (10%)	2,127	Ending April 2026 (FP 23)
7	End of October 2026	7,000 (10%)	2,142	Ending October 2026 (FP 24)
8	End of April 2027	7,000 (10%)	2,156	Ending April 2027 (FP 25)
9	End of October 2027	7,000 (10%)	2,170	Ending October 2027 (FP 26)
10	End of April 2028	7,000 (10%)	2,185	Ending April 2028 (FP 27)

(Note 1) "Total disposition price" and "Planned disposition price" is the sale and purchase price stated in the sale and purchase agreement (excluding various expenses such as consumption tax, local consumption tax and sales commission, and rounded down to the nearest million yen).

(Note 2) In the event that the "planned disposition date" is not a business day, the said date will be the immediately preceding business day.

(Note 3) "Gain on disposition (expected)" is the approximate value to be recorded on each planned disposition date as of the date of this document and is subject to change.

b. SHR decided on the disposition of one office building (in this b. section referred to as the "Asset Disposition") and executed a sale and purchase agreement as of October 11, 2024, as follows. The Asset Disposition is scheduled to be carried out on May 30, 2025, and a gain on sale of real estate of 3,070 million yen is expected to be recorded in the fiscal period ending October 31, 2025 (from May 1, 2025 to October 31, 2025).

Property name	Type of use	Location	Planned disposition price (million yen) (Note 1)	Planned disposition date	Buyer
Akasaka Garden City (Note 2)	Office building	Minato-ku, Tokyo	54,600	May 30, 2025	Aoyama Investments SPC

(Note 1) "Planned disposition price" is the sale and purchase price stated in the sale and purchase agreement (excluding various expenses such as consumption tax, local consumption tax and sales commission, and rounded down to the nearest million yen).

(Note 2) Of the "Akasaka Garden City" property, the Asset Disposition refers to 65.45% quasi co-ownership interest of the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor underground through 4th floor above ground and 11th floor to 19th floor above ground as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (approximately 66.3%)), and the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 5th to 9th floor as well as the accompanying right of site (ratio of right of site: 273,490/1,000,000 (approximately 27.3%)), and 96.05% co-ownership interest regarding the compartmentalized ownership interest in all of the exclusively owned portions of the 10th floor and the accompanying right of site (ratio of right of site: 54,698/1,000,000 (approximately 5.5%)).

#### (ii) Issuance of Investment Corporation Bonds

SHR decided to issue investment corporation bonds (hereinafter referred to as the "Investment Corporation Bonds" in (ii) below) on October 25, 2024 based on the resolution on the issuance of the Investment Corporation Bonds adopted at the Board of Director's Meeting held on February 19, 2024, and the payment was completed on November 1, 2024.

Name	:	Sekisui House Reit, Inc. 10th Series Unsecured Investment Corporation Bonds (with pari passu clause among specified investment corporation bonds) (Green Bonds) (the "Bond #10 (5-year Bond)") Sekisui House Reit, Inc. 11th Series Unsecured Investment Corporation Bonds (with pari passu clause among specified investment corporation bonds) (Green Bonds) (the "Bond #11 (10-year Bond)")
Total issue amount	:	Bond #10 (5-year Bond) 2.2 billion yen Bond #11 (10-year Bond) 2.8 billion yen
Interest rate	:	Bond #10 (5-year Bond) 0.963% per annum Bond #11 (10-year Bond) 1.542% per annum
Payment date	:	November 1, 2024
Collateral and guarantee	:	No secured mortgage or guarantee is applicable, and no assets are specifically reserved as security for the Investment Corporation Bonds.
Redemption method and date	:	The total amount will be redeemed on November 1, 2029 for Bond #10 (5-year Bond) and on November 1, 2034 for Bond #11 (10-year Bond), respectively. SHR may purchase and cancel the bonds at any time on or after the day following the payment date, unless otherwise provided by law or by the Japan Securities Depository Center, Inc.

Credit ratings	:	AA (Japan Credit Rating Agency, Ltd.)
Fiscal agent, issuing agent and paying agent	:	MUFG Bank, Ltd.
Use of funds	:	The funds were used to redeem the Sekisui House Reit, Inc. Fifth Series Unsecured Investment Corporation Bonds (with pari passu clause among specified investment corporation bonds) (Green Bonds) which was due for redemption on November 1, 2024, amounting to 5.0 billion yen.

(iii) Borrowing of Funds

On November 13, 2024, SHR decided to undertake new borrowings in order to cover part of the funds paid by SHR as capital and related expenses upon investment in the Two Overseas LLCs.

(Floating Interest Rate Borrowing)

Category	Lenders	Borrowing amount (mm yen)	Interest rate (Note 1) (Note 2)	Drawdown date	Borrowing method	Repayment date (Note 3)	Repayment method (Note 4)	Security
Short-term	MUFG Bank, Ltd.	5,540	Base rate (JBA 1-month Japanese Yen TIBOR) plus 0.170% (Note 5)	November 13, 2024	Borrowing based on individual loan agreement, dated November 7, 2024.  The lenders under the loan agreement are as indicated to the left of this table.	November 13, 2025	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	Mizuho Bank, Ltd.	4,500						
	Sumitomo Mitsui Banking Corporation	4,160						
Total		14,200	—	—	—	—	—	—

(Note 1) The borrowing expenses and other charge payable to the lenders are not included.

(Note 2) The base rate applicable to the calculation period for the interest payable on an interest payment date shall be the Japanese Yen TIBOR (Tokyo Inter Bank Offered Rate), corresponding to the calculation period of the interest, two business days prior to the immediately preceding relevant interest payment date. The Japanese Yen TIBOR is published by the Japanese Bankers Association (JBA) TIBOR Administration. The base rate is subject to review every interest payment date. Where no rate that corresponds to the interest calculation period exists, the base rate shall be that which corresponds to the concerned period calculated based on the method provided for in the relevant individual loan agreement. For changes in the base rate (being the Japanese Yen TIBOR published by JBA), please check the website of JBA TIBOR Administration (<https://www.jbatibor.or.jp/english/rate/>).

(Note 3) 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 into the next calendar month) the immediately preceding business day.

(Note 4) SHR may, by giving prior written notice and if certain other terms and conditions are met, make early repayment of the borrowings (in whole or in part), in the period between the drawdown date and the repayment date.

(Note 5) The first interest payment date will be the last day of November 2024. 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.

(iv) Borrowing of Funds

On November 29, 2024, SHR decided to undertake new borrowings (the "Borrowings") to fund the repayment of long term borrowings totaling 10,000 million yen that was due for repayment on the same day. Furthermore, part of the borrowings was procured through green loans based on the Green Finance Framework established by SHR.



a. Fixed Interest Rate Borrowing (Green Loan, Other)

Category	Lenders	Borrowing amount (mm yen)	Interest rate (Note 1) (Note 2)	Drawdown date	Borrowing method	Repayment date (Note 3)	Repayment method (Note 4)	Security
Long-term	Sumitomo Mitsui Banking Corporation	1,800	1.115%	November 29, 2024	Borrowing based on individual loan agreement, dated November 26, 2024.	November 30, 2029	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	MUFG Bank, Ltd. (Note 5)	4,600	1.535%			November 30, 2033		
	Mizuho Bank, Ltd. (Note 5)	700						
	Development Bank of Japan Inc. (Note 5)	300	The lenders under the loan agreement are as indicated to the left of this table.					
Total		7,400	—	—	—	—	—	—

(Note 1) The interest rate will be announced once determined.

(Note 2) The first interest payment date will be the last day of May 2025. Subsequent interest payment dates will be the last day of every six months and the principal repayment date. Where the relevant date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls into the next calendar month) the immediately preceding business day.

(Note 3) 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 into the next calendar month) the immediately preceding business day.

(Note 4) SHR may, by giving prior written notice and if certain other terms and conditions are met, make early repayment of the borrowings (in whole or in part), in the period between the drawdown date and the repayment date.

(Note 5) The borrowings are green loan.

b. Floating Interest Rate Borrowing (Green Loan)

Category	Lenders	Borrowing amount (mm yen)	Interest rate (Note 1) (Note 2)	Drawdown date	Borrowing method	Repayment date (Note 3)	Repayment method (Note 4)	Security
Long-term	Sumitomo Mitsui Banking Corporation	1,900	Base rate (JBA 1-month Japanese Yen TIBOR) plus 0.385% (Note 5) (Note 6)	November 29, 2024	Borrowing based on individual loan agreement, dated November 26, 2024. The lenders under the loan agreement are as indicated to the left of this table.	November 30, 2033	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	700						
Total		2,600	—	—	—	—	—	—

(Note 1) The borrowing expenses and other charge payable to the lenders are not included.

(Note 2) The base rate applicable to the calculation period for the interest payable on an interest payment date shall be the Japanese Yen TIBOR (Tokyo Inter Bank Offered Rate), corresponding to the calculation period of the interest, two business days prior to the immediately preceding relevant interest payment date. The Japanese Yen TIBOR is published by the Japanese Bankers Association (JBA) TIBOR Administration. The base rate is subject to review every interest payment date. Where no rate that corresponds to the interest calculation period exists, the base rate shall be that which corresponds to the concerned period calculated based on the method provided for in the relevant individual loan agreement. For changes in the base rate (being the Japanese Yen TIBOR published by JBA), please check the website of JBA TIBOR Administration (<https://www.jbatibor.or.jp/english/rate/>).

(Note 3) 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 into the next calendar month) the immediately preceding business day.

(Note 4) SHR may, by giving prior written notice and if certain other terms and conditions are met, make early repayment of the borrowings (in whole or in part), in the period between the drawdown date and the repayment date.

(Note 5) The first interest payment date will be the last day of December 2024. 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 6) The interest rate is effectively fixed at 1.49875% through an interest rate swap agreement.

# Outline of the Investment Corporation

## 1. Status of Capital

Fiscal period	As of the end of 16th fiscal period (Oct. 31, 2022)	As of the end of 17th fiscal period (Apr. 30, 2023)	As of the end of 18th fiscal period (Oct. 31, 2023)	As of the end of 19th fiscal period (Apr. 30, 2024)	As of the end of 20th fiscal period (Oct. 31, 2024)
Total number of investment units authorized (units)	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total number of investment units issued and outstanding (units)	4,381,482	4,381,482	4,381,482	4,381,482	4,381,482
Unitholders' capital (million yen)	161,283	161,283	161,283	161,287	161,290
Number of unitholders (persons)	21,154	23,270	22,864	25,455	26,663

## 2. Matters Concerning Investment Units

Of the unitholders as of the end of the fiscal period under review, the following are the top ten unitholders in terms of investment unitholding ratio.

Name	Number of units owned (units)	Percentage of owned units to total units issued and outstanding (%)
Custody Bank of Japan, Ltd. (Trust Account)	1,128,294	25.75
The Master Trust Bank of Japan, Ltd. (Trust Account)	692,751	15.81
Sekisui House, Ltd.	200,750	4.58
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	199,007	4.54
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	84,800	1.94
STATE STREET BANK WEST CLIENT - TREATY 505234	67,572	1.54
STATE STREET BANK AND TRUST COMPANY 505103	66,970	1.53
SMBC Nikko Securities Inc.	55,307	1.26
Meiji Yasuda Life Insurance Company	53,721	1.23
Mizuho Securities Co., Ltd.	41,992	0.96
Total	2,591,164	59.14

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

### 3. Matters Concerning Directors, etc.

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

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

Position	Name	Key concurrently held position, etc.	Total amount of compensation for each position during period (thousand yen)
Executive Director	Atsuhiko Kida	Director, Sekisui House Asset Management, Ltd.	—
Supervisor Director	Yu Yada	Lawyer, HIFUMI Law	1,800
	Rei Yamashita	Certified Public Accountant, Rei Yamashita Certified Public Accountant Office	1,800
	Ayako Sugiura	Real estate appraiser, SUGIURA APPRAISAL CO., LTD.	1,800
Independent Auditor	Ernst & Young ShinNihon LLC	—	20,100 (Note 2) (Note 3)
	Marcum LLP (Note 4)	—	6,856 (Note 5)

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

(Note 2) The total amount of compensation for the independent auditor, as stated above, is an approximation and includes compensation for auditing matters related to English financial statements.

(Note 3) During the fiscal period under review, no work for remuneration based on non-audit services occurred. The amount of remuneration based on non-audit services to persons belonging to the same network as the accounting auditor is 9,400 thousand yen.

(Note 4) The Company audits the overseas real estate holding corporations established in the U.S.

(Note 5) No compensation based on non-audit services was incurred during the fiscal period under review. The exchange rate is converted into yen based on the average exchange rate during the period (1 USD = 156.63 yen (rounded down to the second decimal place)).

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

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

#### 4. Matters Concerning the Director's Liability Insurance Contract

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

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

#### 5. Asset Management Company, Asset Custodian and Administrative Agents

The following table sets forth information on the asset management company, asset custodian and administrative agents of SHR as of the end of the fiscal period under review.

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 Investment Corporation Bonds)	MUFG Bank, Ltd.
Administrative Agent (Administrative Agent for Operation of Administrative Instruments)	Mitsubishi UFJ Trust and Banking Corporation
Administrative Agent (Administrative Agent for Acquisition of Own Investment Units)	Mizuho Securities Co., 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.	19th Fiscal Period (As of Apr. 30, 2024)		20th Fiscal Period (As of Oct. 31, 2024)				
			Total amount held (million yen) (Note 1)	Ratio to total assets (%) (Note 2)	Total amount held (million yen) (Note 1)	Ratio to total assets (%) (Note 2)	Foreign currency assets held (million yen)		
							Foreign exchange valuation gains/losses (Note 3)	Ratio to total assets (%) (Note 2)	
Real estate in trust	Residential properties	Greater Tokyo	243,538	43.1	263,207	46.3	—	—	—
		Other areas	54,576	9.7	54,351	9.6	—	—	—
	Commercial properties, etc.	Three major metropolitan areas	211,238	37.4	152,960	26.9	—	—	—
		Other areas	—	—	—	—	—	—	—
Total of real estate in trust			509,352	90.1	470,519	82.8	—	—	—
Investments in capital of subsidiaries and associates (Note 4)			—	—	55,878	9.8	55,878	(857)	9.8
Silent partnership equity interests (Note 5)			649	0.1	673	0.1	—	—	—
Deposits and other assets			55,029	9.7	41,274	7.3	—	—	—
Total amount of assets			565,030	100.0	568,345	100.0	55,878	(857)	9.8

(Note 1) "Total amount held" is recorded on the balance sheet the carrying amount (or, for "real estate in trust", the book value after depreciation and impairment loss) as of the end of each fiscal period, rounded down to the nearest million yen.

(Note 2) Figures for "Ratio to total assets" have been rounded to the nearest first decimal place.

(Note 3) "Foreign exchange valuation gains/losses" is the amount obtained by subtracting the book value at the end of the fiscal period under review converted at the exchange rate at the time of acquisition, from the book value at the end of the period converted at the exchange rate at the end of the period. The exchange rate at the end of the fiscal period under review was 1 USD=153.64 yen.

(Note 4) This is an investment in a corporation (overseas real estate holding corporation) as stipulated in Article 221(2), Paragraph 1 of the Enforcement Regulations of the Act on Investment Trusts and Investment Corporations.

(Note 5) This is the equity interest in a silent partnership with Godo Kaisha Gemini1 and Godo Kaisha Gemini2 as the business operator. It has been decided that the equity interest in a silent partnership with Godo Kaisha Gemini1 will be refunded as of October 11, 2024.

## 2. Major Portfolio Assets

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

Name of real estate, etc.	Book value at the end of period (million yen) (Note 1)	Leasable area (m <sup>2</sup> ) (Note 2)	Leased area (m <sup>2</sup> ) (Note 3)	Occupancy rate (%) (Note 4)	As a percentage of total property-related operating revenue (%) (Note 5)	Usage type
Akasaka Garden City (Note 6)	49,840	21,735.42	20,718.33	95.3	7.1	Office building
Hommachi Minami Garden City	41,384	29,657.53	29,283.17	98.7	9.6	Office building
Gotenyama SH Building (Note 7)	34,137	13,999.98	13,999.98	100.0	6.4	Office building
Hommachi Garden City (Office building portion) (Note 8)	12,377	5,952.43	5,952.43	100.0	2.3	Office building
Prime Maison EGOTANOMORI	10,710	29,048.95	28,164.76	97.0	4.6	Residence
Prime Maison Yushima	10,224	6,671.59	6,438.00	96.5	1.7	Residence
Prime Maison Nakameguro	10,098	6,033.98	5,765.57	95.6	1.6	Residence
Prime Maison Morishita WEST	8,431	5,559.57	4,974.33	89.5	0.6	Residence
Esty Maison Ojima	8,080	9,905.97	9,447.65	95.4	1.9	Residence
Prime Maison Shirokanedai Tower	7,803	6,772.89	6,548.13	96.7	1.7	Residence
Total	193,086	135,338.31	131,292.35	97.0	37.6	—

(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 applies 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 applies 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 "Gotenyama SH Building", the figures indicate the area corresponding to the portions owned by SHR. The same applies hereinafter.

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

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

(Note 6) For "Akasaka Garden City", as of June 10, 2019, SHR owned 65.45% quasi co-ownership interest of trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor under ground through 4th floor above ground and 11th floor through 19th floor above ground of the building, as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (or approximately 66.3%)). As of November 1, 2021, SHR acquired the trust beneficiary interest in all of the exclusively-owned portions of the 5th floor through 9th floor above ground of the building, as well as the accompanying right of site (ratio of right of site: 273,490/1,000,000 (or approximately 27.3%)) and in 96.05% of co-ownership of all of the exclusively-owned portions of the 10th floor above ground of the building, as well as the accompanying right of site (ratio of right of site: 54,698/1,000,000 (or approximately 5.5%)), and the figures indicate the value corresponding to the portions owned by SHR. Furthermore, as stated in the above "Outline of Asset Management Operation 5. Significant Subsequent Events (Reference Information) (ii) Disposition of Asset, b.", a decision was made to dispose of the real estate trust beneficiary rights on October 11, 2024, and a sales and purchase agreement was concluded. The same applies hereinafter.

(Note 7) As of October 31, 2024, SHR has disposed of 30/100 (30.0%) of the quasi co-ownership interest in "Gotenyama SH Building", and owned a 70.0% quasi co-ownership interest in a real estate trust beneficiary interest in the property. Therefore, the amount corresponding to the portion owned by SHR is stated. The same applies hereinafter.

(Note 8) "Hommachi Garden City" comprises the portions used as office building and retail property ("Hommachi Garden City (Office building portion)") and the portions used as a hotel ("Hommachi Garden City (Hotel portion)"). In this document, the overview and other information regarding the property may be described separately for the Office building portion and the Hotel portion. The same applies hereinafter. SHR disposed of "Hommachi Garden City (Hotel portion)" as of April 30, 2024. In addition, as of May 1, 2024, SHR has already disposed of 65/100 (65.0%) of the quasi co-ownership interest in the "Hommachi Garden City (Office building portion)" and holds a 35.0% quasi co-ownership interest in the property as of October 31, 2024. Therefore, the amount corresponding to the quasi co-ownership interest held by SHR is shown. As of November 1, 2024, 35/100 (35.0%) of the quasi co-ownership interest in "Hommachi Garden City (Office building portion)" was disposed. The same applies hereinafter.



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

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

Usage type	Property No. (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 (Domestic)	R-001	Esty Maison Ginza	Chuo-ku, Tokyo	Real estate trust beneficiary interests	6,585	8,310
	R-002	Esty Maison Azabunagasaka	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,750	2,020
	R-003	Esty Maison Ebisu II	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,021	2,560
	R-004	Esty Maison Ebisu	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	911	966
	R-005	Esty Maison Kanda	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	1,522	2,000
	R-006	Esty Maison Kitashinjuku	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,506	1,960
	R-007	Esty Maison Asakusakomagata	Taito-ku, Tokyo	Real estate trust beneficiary interests	2,031	2,570
	R-008	Esty Maison Kawasaki	Kawasaki-shi, Kanagawa	Real estate trust beneficiary interests	2,316	2,860
	R-010	Esty Maison Kameido	Koto-ku, Tokyo	Real estate trust beneficiary interests	1,433	1,980
	R-011	Esty Maison Meguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	1,051	1,460
	R-012	Esty Maison Sugamo	Toshima-ku, Tokyo	Real estate trust beneficiary interests	1,574	2,080
	R-013	Esty Maison Kyobashi	Osaka-shi, Osaka	Real estate trust beneficiary interests	2,814	3,290
	R-014	Esty Maison Hakuraku	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	866	1,020
	R-015	Esty Maison Minamihorie	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,093	1,230
	R-016	Esty Maison Gotanda <sup>(Note 4)</sup>	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,990	3,820
	R-017	Esty Maison Oisendaizaka	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,641	3,230
	R-018	Esty Maison Shinagawa Seaside	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,096	2,670
	R-019	Esty Maison Minamiazabu	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,283	1,510
	R-021	Esty Maison Kawasaki II	Kawasaki-shi, Kanagawa	Real estate trust beneficiary interests	1,826	2,580
	R-022	Esty Maison Azabujuban	Minato-ku, Tokyo	Real estate trust beneficiary interests	2,694	3,190
	R-023	Esty Maison Itabashihoncho	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	949	1,100
	R-027	Esty Maison Musashikoyama <sup>(Note 5)</sup>	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	983	1,280
	R-028	Esty Maison Sendagi <sup>(Note 6)</sup>	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	664	865
	R-030	Esty Maison Hakatahigashi	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,111	2,880

Usage type	Property No. (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 (Domestic)	R-033	Prime Maison Musashinonomori	Kodaira-shi, Tokyo	Real estate trust beneficiary interests	1,886	2,450
	R-034	Prime Maison Higashisakura	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,508	1,810
	R-035	Prime Maison Kayabakoen	Nagoya-shi, Aichi	Real estate trust beneficiary interests	797	980
	R-036	Esty Maison Sangenjaya II	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	748	987
	R-037	Esty Maison Itabashi C6	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	2,386	3,110
	R-038	Sha Maison Stage Hakata (Note 7)	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,207	2,710
	R-039	Esty Maison Kinshicho	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,165	1,510
	R-040	Esty Maison Musashikoganei	Koganei-shi, Tokyo	Real estate trust beneficiary interests	1,715	2,230
	R-041	Prime Maison Gokiso	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,878	2,280
	R-042	Prime Maison Yuhigaoka	Osaka-shi, Osaka	Real estate trust beneficiary interests	892	1,200
	R-043	Prime Maison Kitatanabe	Osaka-shi, Osaka	Real estate trust beneficiary interests	593	772
	R-044	Prime Maison Momochihama	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	1,954	2,390
	R-045	Esty Maison Akihabara	Taito-ku, Tokyo	Real estate trust beneficiary interests	1,854	2,230
	R-046	Esty Maison Sasazuka	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	3,333	3,850
	R-047	Prime Maison Ginza East	Chuo-ku, Tokyo	Real estate trust beneficiary interests	6,088	7,470
	R-048	Prime Maison Takami	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,027	1,180
	R-049	Prime Maison Yadaminami	Nagoya-shi, Aichi	Real estate trust beneficiary interests	828	967
	R-050	Prime Maison Teriha	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	1,150	1,370
	R-051	Esty Maison Higashishirakabe	Nagoya-shi, Aichi	Real estate trust beneficiary interests	1,666	1,870
	R-052	Esty Maison Sengoku	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	1,310	1,530
	R-053	Esty Maison Daizawa	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	2,193	2,650
	R-054	Esty Maison Togoshi	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,682	2,200
	R-055	Esty Maison Nishitemma	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,558	1,780
	R-056	Esty Maison Shirokanedai	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,357	3,310
	R-057	Esty Maison Higashishinjuku	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,567	2,220
	R-058	Esty Maison Motoazabu	Minato-ku, Tokyo	Real estate trust beneficiary interests	1,491	2,130

Usage type	Property No. (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 (Domestic)	R-059	Esty Maison Toritsudaigaku	Meguro-ku, Tokyo	Real estate trust beneficiary interests	874	1,170
	R-060	Esty Maison Musashikoyama II	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	971	1,230
	R-061	Esty Maison Nakano	Nakano-ku, Tokyo	Real estate trust beneficiary interests	1,849	2,230
	R-062	Esty Maison Shinnakano	Nakano-ku, Tokyo	Real estate trust beneficiary interests	956	1,140
	R-063	Esty Maison Nakanofujimicho	Nakano-ku, Tokyo	Real estate trust beneficiary interests	937	1,120
	R-064	Esty Maison Tetsugakudo	Nakano-ku, Tokyo	Real estate trust beneficiary interests	1,076	1,350
	R-065	Esty Maison Koenji	Suginami-ku, Tokyo	Real estate trust beneficiary interests	1,108	1,450
	R-066	Esty Maison Oshiage	Sumida-ku, Tokyo	Real estate trust beneficiary interests	2,332	3,050
	R-067	Esty Maison Akabane	Kita-ku, Tokyo	Real estate trust beneficiary interests	3,147	3,800
	R-068	Esty Maison Oji	Kita-ku, Tokyo	Real estate trust beneficiary interests	1,519	1,900
	R-069	Prime Maison Waseda	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	1,462	2,060
	R-070	Prime Maison Hatchobori	Chuo-ku, Tokyo	Real estate trust beneficiary interests	1,331	1,760
	R-071	Prime Maison Jimbocho	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	1,810	2,310
	R-072	Prime Maison Gotenyama East	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	2,855	3,750
	R-073	Sha Maison Stage Akihabara	Chiyoda-ku, Tokyo	Real estate trust beneficiary interests	580	659
	R-074	Esty Maison Aoi	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,286	2,610
	R-075	Esty Maison Yakuin	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,503	2,620
	R-076	Esty Maison Kinshicho II	Sumida-ku, Tokyo	Real estate trust beneficiary interests	7,690	11,100
	R-077	Esty Maison Ojima	Koto-ku, Tokyo	Real estate trust beneficiary interests	8,080	12,000
	R-078	Prime Maison Fujimidai	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,101	2,290
	R-079	Esty Maison Tsurumai	Nagoya-shi, Aichi	Real estate trust beneficiary interests	4,414	5,080
	R-080	Prime Maison Morishita	Koto-ku, Tokyo	Real estate trust beneficiary interests	1,770	2,250
	R-081	Prime Maison Shinagawa	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	1,836	2,300
	R-082	Prime Maison Odorikoen	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	2,951	3,320
R-083	Prime Maison Minami 2-jo	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	1,739	2,110	
R-084	Prime Maison Kamokamogawa	Sapporo-shi, Hokkaido	Real estate trust beneficiary interests	1,118	1,310	

Usage type	Property No. (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 (Domestic)	R-085	Prime Maison Central Park <sup>(Note 8)</sup>	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	2,334	2,595
	R-086	Sha Maison Stage Yahiro	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,774	2,170
	R-087	Prime Maison Ebisu	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	4,184	5,860
	R-089	Esty Maison Unomori	Yokkaichi-shi, Mie	Real estate trust beneficiary interests	723	836
	R-091	Sha Maison Stage Hino	Hino-shi, Tokyo	Real estate trust beneficiary interests	1,336	1,650
	R-092	Prime Maison Yokohama Nihon-odori	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	4,457	5,310
	R-093	Kobe Women 's Student Housing	Kobe-shi, Hyogo	Real estate trust beneficiary interests	5,093	6,370
	R-094	Prime Maison Shibuya	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,349	2,820
	R-095	Prime Maison Hatsudai	Shibuya-ku, Tokyo	Real estate trust beneficiary interests	2,846	3,420
	R-096	Esty Maison Uemachidai	Osaka-shi, Osaka	Real estate trust beneficiary interests	1,032	1,270
	R-098	Prime Maison Shirokane-takanawa	Minato-ku, Tokyo	Real estate trust beneficiary interests	4,709	5,690
	R-099	Prime Maison Ichigayayamabushicho	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	4,026	4,430
	R-100	Esty Maison Morishita	Sumida-ku, Tokyo	Real estate trust beneficiary interests	615	743
	R-101	Prime Maison Shirokanedai Tower	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	7,803	11,500
	R-102	Prime Maison Otsuka	Toshima-ku, Tokyo	Real estate trust beneficiary interests	3,599	4,810
	R-103	Prime Maison Asakusabashi	Taito-ku, Tokyo	Real estate trust beneficiary interests	1,645	2,130
	R-104	Prime Maison Daikanyama	Meguro-ku, Tokyo	Real estate trust beneficiary interests	2,479	3,530
	R-105	Prime Maison Gotenyama West	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	3,372	5,110
	R-106	Esty Maison Toyosu Residence <sup>(Note 9)</sup>	Koto-ku, Tokyo	Real estate trust beneficiary interests	6,217	7,750
	R-108	Esty Maison Ijiri	Fukuoka-shi, Fukuoka	Real estate trust beneficiary interests	433	442
	R-109	Prime Maison Mitatsunamachi	Minato-ku, Tokyo	Real estate trust beneficiary interests	2,015	2,560
	R-110	Prime Maison Hongo	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	2,557	3,090
R-111	Prime Maison Kuramae	Taito-ku, Tokyo	Real estate trust beneficiary interests	2,141	2,610	
R-112	Esty Maison Yokohama-aobadai <sup>(Note 10)</sup>	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	2,957	3,660	
R-113	Esty Maison Shizuoka Takajo	Shizuoka-shi, Shizuoka	Real estate trust beneficiary interests	724	631	
R-114	Sha Maison Stage Hirose-dori	Sendai-shi, Miyagi	Real estate trust beneficiary interests	960	972	

Usage type	Property No. (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 (Domestic)	R-115	Esty Maison HIGASHIBETSUIN	Nagoya-shi, Aichi	Real estate trust beneficiary interests	2,247	2,230
	R-116	Esty Maison Kayaba	Nagoya-shi, Aichi	Real estate trust beneficiary interests	928	957
	R-117	Esty Maison SHIRAKABEMINAMI	Nagoya-shi, Aichi	Real estate trust beneficiary interests	673	706
	R-118	Prime Maison Shimokitazawa	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	2,609	2,850
	R-119	Prime Maison Meguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	2,330	2,570
	R-120	Prime Maison Ryogoku	Sumida-ku, Tokyo	Real estate trust beneficiary interests	1,549	1,630
	R-121	Prime Maison Nakameguro	Meguro-ku, Tokyo	Real estate trust beneficiary interests	10,098	11,200
	R-122	Prime Maison Itabashi	Itabashi-ku, Tokyo	Real estate trust beneficiary interests	4,873	5,270
	R-123	Prime Maison EGOTANOMORI <sup>(Note 11)</sup>	Nakano-ku, Tokyo	Real estate trust beneficiary interests	10,710	11,400
	R-124	Prime Maison Waseda dori	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	2,237	2,710
	R-125	Esty Maison Noborito	Kawasaki-shi, Kanagawa	Real estate trust beneficiary interests	519	517
	R-126	Esty Maison Omori	Ota-ku, Tokyo	Real estate trust beneficiary interests	3,817	4,020
	R-127	Esty Maison Monzennakacho	Koto-ku, Tokyo	Real estate trust beneficiary interests	1,671	1,750
	R-128	Esty Maison Akabane II	Kita-ku, Tokyo	Real estate trust beneficiary interests	1,043	1,130
	R-129	Prime Maison Yushima	Bunkyo-ku, Tokyo	Real estate trust beneficiary interests	10,224	10,500
	R-130	Prime Maison Nakanosakaue	Nakano-ku, Tokyo	Real estate trust beneficiary interests	5,611	5,580
	R-131	Prime Maison Honancho	Nakano-ku, Tokyo	Real estate trust beneficiary interests	3,294	3,370
	R-132	Prime Maison Monzennakacho	Koto-ku, Tokyo	Real estate trust beneficiary interests	3,278	3,330
	R-133	Prime Maison Nishiwaseda	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	2,626	2,580
	R-134	Prime Maison Asakusa EAST	Sumida-ku, Tokyo	Real estate trust beneficiary interests	2,236	2,230
R-135	Prime Maison Sakurashinmachi	Setagaya-ku, Tokyo	Real estate trust beneficiary interests	1,887	1,870	
R-136	Esty Maison Minamigyotoku	Ichikawa-shi, Chiba	Real estate trust beneficiary interests	1,010	982	
R-137	Prime Maison Morishita WEST	Koto-ku, Tokyo	Real estate trust beneficiary interests	8,431	8,670	
R-138	Prime Maison Yokohama WEST	Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	7,560	7,870	
R-139	Esty Maison Myoden	Ichikawa-shi, Chiba	Real estate trust beneficiary interests	1,524	1,500	

Usage type	Property No. (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 (Domestic)	R-140	Esty Maison Urawa	Saitama-shi, Saitama	Real estate trust beneficiary interests	1,292	1,260
	Residence (Domestic) Subtotal		-	-	317,558	381,227
Residence (Overseas)	A-001	The Ivey on Boren (Note 12)	Seattle, Washington, U.S.A.	Real estate	—	50,854 (331 million USD)
	Residence (Overseas) Subtotal		-	-	—	50,854
Office building	O-002	Gotenyama SH Building	Shinagawa-ku, Tokyo	Real estate trust beneficiary interests	34,137	44,400
	O-003	Hommachi Minami Garden City	Osaka-shi, Osaka	Real estate trust beneficiary interests	41,384	54,700
	O-004	Hommachi Garden City (Office building portion)	Osaka-shi, Osaka	Real estate trust beneficiary interests	12,377	14,980
	O-005	HK Yodoyabashi Garden Avenue (Note 13)	Osaka-shi, Osaka	Real estate trust beneficiary interests	4,143	6,470
	O-006	Hirokoji Garden Avenue	Nagoya-shi, Aichi	Real estate trust beneficiary interests	6,049	7,280
	O-007	Akasaka Garden City	Minato-ku, Tokyo	Real estate trust beneficiary interests	49,840	50,400
	O-008	Shinjuku Hirose Building	Shinjuku-ku, Tokyo	Real estate trust beneficiary interests	5,027	5,170
Office Building Subtotal		-	-	152,960	183,400	
Portfolio Total		-	-	470,519	615,481	

(Note 1) "Property No." is classified by use of properties held by SHR, whereby each property is given a number and any of the following letters: R representing residences (domestic), A representing residences (overseas), O representing office buildings, and H representing hotels, respectively. The same applies 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 valuation date ending on the fiscal period under review, rounded down to the nearest million yen (nearest million USD).

(Note 4) For Esty Maison Gotanda, SHR owns real estate trust beneficiary interests for the compartmentalized ownership interest to part of the exclusively-owned portions of the building and for the accompanying right of site (ratio of right of site: 387,036/426,933 (or approximately 90.7%)).

(Note 5) For Esty Maison Musashikoyama, SHR owns real estate trust beneficiary interests for the compartmentalized ownership interest to part of the exclusively-owned portions of the building and for the accompanying right of site (ratio of right of site: 117,678/127,609 (or approximately 92.2%)).

(Note 6) For Esty Maison Sendagi, SHR owns real estate trust beneficiary interests for the compartmentalized ownership interest to part of the exclusively-owned portions of the building and for the accompanying right of site (ratio of right of site: 89,730/103,842 (or approximately 86.4%)).

(Note 7) Sha Maison Stage Hakata is a property on a leased land owned by the Urban Renaissance Agency and for which a general fixed-term leasehold right is established with a lease term of 50 years from December 1, 2002.

(Note 8) Part of the land of Prime Maison Central Park (lot number: 23-32) is a leased land, while the building (store) on the leased land is owned by the lessee.

(Note 9) Esty Maison Toyosu Residence is a property on a leased land owned by the Urban Renaissance Agency and for which a general fixed-term leasehold right is established with a lease term of 65 years from March 17, 2006.

(Note 10) Esty Maison Yokohama-aobadai is comprised by two buildings, Esty Maison Yokohama-aobadai North and Esty Maison Yokohama-aobadai South. As the two buildings are located on the same site, SHR manages these buildings as a single property referring to collectively as Esty Maison Yokohama-aobadai and the total amount of each building is indicated.

(Note 11) Prime Maison EGOTANOMORI is a property on a leased land owned by the Urban Renaissance Agency and for which a general fixed-term leasehold right is established with a lease term of 70 years from April 24, 2015.

- (Note 12) SHR owns "The Ivey on Boren" through investments in SHR Boren Avenue Partners I, LLC and SHR Boren Avenue Partners II, LLC, which are overseas real estate holding corporations. These two overseas LLCs have acquired ownership of all of the exclusively-owned portions of the 5th floor through the 44th floor above ground and all of the exclusively-owned portions of the 1st floor through the 7th floor underground along with the land equivalent to 19,007 sq/ft (1,765.75 m<sup>2</sup>) which is the total site 21,234 sq/ft (1,972.63 m<sup>2</sup>) multiplied by the ownership interest ratio (89.51%). "Location" is as indicated on the applicable building plans. "Acquisition price" has been converted to yen at the exchange rate at the time of acquisition (1 USD=156.95 yen). "Book value at the end of the period" is not stated because SHR does not directly own the property. "Appraisal value at the end of period" has been converted at the exchange rate at the end of fiscal period under review (1 USD=153.64 yen).
- (Note 13) 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 No.	Name of real estate, etc.	19th fiscal period From: Nov. 1, 2023 To: Apr. 30, 2024				20th fiscal period From: May 1, 2024 To: Oct. 31, 2024			
			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 fiscal [during fiscal period] (million yen) (Note 3)	Ratio to 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 fiscal [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)
Residence (Domestic)	R-001	Esty Maison Ginza	1	96.9	184	1.2	1	91.1	179	1.3
	R-002	Esty Maison Azabunagasaka	1	100.0	47	0.3	1	91.9	49	0.4
	R-003	Esty Maison Ebisu II	1	94.1	57	0.4	1	95.9	57	0.4
	R-004	Esty Maison Ebisu	1	96.1	24	0.2	1	92.8	23	0.2
	R-005	Esty Maison Kanda	1	98.7	47	0.3	1	98.7	47	0.3
	R-006	Esty Maison Kitashinjuku	1	97.7	47	0.3	1	97.4	50	0.4
	R-007	Esty Maison Asakusakomagata	1	98.2	68	0.5	1	96.3	69	0.5
	R-008	Esty Maison Kawasaki	1	95.9	76	0.5	1	96.1	78	0.6
	R-010	Esty Maison Kameido	1	99.0	54	0.4	1	96.9	54	0.4
	R-011	Esty Maison Meguro	1	94.4	30	0.2	1	100.0	30	0.2
	R-012	Esty Maison Sugamo	1	89.2	50	0.3	1	95.0	53	0.4
	R-013	Esty Maison Kyobashi	1	95.8	88	0.6	1	97.8	90	0.7
	R-014	Esty Maison Hakuraku	1	98.2	31	0.2	1	98.2	31	0.2
	R-015	Esty Maison Minamihorie	1	100.0	34	0.2	1	96.8	34	0.3
	R-016	Esty Maison Gotanda	1	94.9	96	0.6	1	98.3	97	0.7
	R-017	Esty Maison Oisendaizaka	1	95.2	79	0.5	1	100.0	82	0.6
	R-018	Esty Maison Shinagawa Seaside	1	95.1	65	0.4	1	96.4	66	0.5
	R-019	Esty Maison Minamiazabu	1	100.0	35	0.2	1	94.2	35	0.3
	R-021	Esty Maison Kawasaki II	1	98.4	63	0.4	1	100.0	64	0.5
	R-022	Esty Maison Azabujuban	1	96.5	66	0.4	1	98.7	67	0.5
	R-023	Esty Maison Itabashihoncho	1	100.0	30	0.2	1	93.8	30	0.2



Usage type	Property No.	Name of real estate, etc.	19th fiscal period From: Nov. 1, 2023 To: Apr. 30, 2024				20th fiscal period From: May 1, 2024 To: Oct. 31, 2024			
			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 fiscal [during fiscal period] (million yen) (Note 3)	Ratio to 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 fiscal [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)
Residence (Domestic)	R-027	Esty Maison Musashikoyama	1	100.0	32	0.2	1	98.2	31	0.2
	R-028	Esty Maison Sendagi	1	92.1	24	0.2	1	92.6	22	0.2
	R-030	Esty Maison Hakatahigashi	1	98.3	88	0.6	1	98.3	89	0.7
	R-033	Prime Maison Musashinonomori	1	92.8	67	0.4	1	95.4	67	0.5
	R-034	Prime Maison Higashisakura	1	97.3	50	0.3	1	89.8	50	0.4
	R-035	Prime Maison Kayabakoen	1	96.1	29	0.2	1	92.2	29	0.2
	R-036	Esty Maison Sangenjaya II	1	100.0	25	0.2	1	97.0	25	0.2
	R-037	Esty Maison Itabashi C6	1	97.5	82	0.5	1	91.9	80	0.6
	R-038	Sha Maison Stage Hakata	1	100.0	95	0.6	1	100.0	95	0.7
	R-039	Esty Maison Kinshicho	1	90.3	37	0.2	1	100.0	36	0.3
	R-040	Esty Maison Musashikoganei	1	97.1	57	0.4	1	95.1	55	0.4
	R-041	Prime Maison Gokiso	1	96.4	66	0.4	1	96.7	64	0.5
	R-042	Prime Maison Yuhigaoka	1	96.4	29	0.2	1	100.0	30	0.2
	R-043	Prime Maison Kitatanabe	1	96.6	23	0.2	1	92.1	21	0.2
	R-044	Prime Maison Momochihama	1	100.0	69	0.5	1	100.0	69	0.5
	R-045	Esty Maison Akihabara	1	97.4	58	0.4	1	96.2	59	0.4
	R-046	Esty Maison Sasazuka	1	95.8	91	0.6	1	98.8	93	0.7
	R-047	Prime Maison Ginza East	1	93.6	180	1.2	1	92.1	179	1.3
	R-048	Prime Maison Takami	1	97.2	33	0.2	1	93.8	30	0.2
	R-049	Prime Maison Yadaminami	1	92.8	25	0.2	1	92.3	28	0.2
	R-050	Prime Maison Teriha	1	100.0	53	0.3	1	100.0	53	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	40	0.3	1	97.3	40	0.3	

Usage type	Property No.	Name of real estate, etc.	19th fiscal period From: Nov. 1, 2023 To: Apr. 30, 2024				20th fiscal period From: May 1, 2024 To: Oct. 31, 2024			
			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 fiscal [during fiscal period] (million yen) (Note 3)	Ratio to 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 fiscal [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)
Residence (Domestic)	R-053	Esty Maison Daizawa	1	100.0	64	0.4	1	100.0	66	0.5
	R-054	Esty Maison Togoshi	1	100.0	51	0.3	1	97.9	51	0.4
	R-055	Esty Maison Nishitemma	1	99.1	52	0.3	1	94.5	52	0.4
	R-056	Esty Maison Shirokanedai	1	100.0	80	0.5	1	92.6	80	0.6
	R-057	Esty Maison Higashishinjuku	1	95.9	49	0.3	1	95.8	50	0.4
	R-058	Esty Maison Motoazabu	1	100.0	44	0.3	1	100.0	44	0.3
	R-059	Esty Maison Toritsudaigaku	1	81.4	23	0.2	1	100.0	24	0.2
	R-060	Esty Maison Musashikoyama II	1	97.8	31	0.2	1	95.2	31	0.2
	R-061	Esty Maison Nakano	1	97.7	54	0.4	1	96.3	54	0.4
	R-062	Esty Maison Shinnakano	1	100.0	30	0.2	1	96.2	30	0.2
	R-063	Esty Maison Nakanofujimicho	1	100.0	29	0.2	1	97.0	30	0.2
	R-064	Esty Maison Tetsugakudo	1	95.5	35	0.2	1	98.5	36	0.3
	R-065	Esty Maison Koenji	1	100.0	35	0.2	1	93.3	35	0.3
	R-066	Esty Maison Oshiage	1	100.0	74	0.5	1	100.0	76	0.6
	R-067	Esty Maison Akabane	1	96.4	100	0.7	1	95.2	99	0.7
	R-068	Esty Maison Oji	1	94.2	50	0.3	1	98.9	51	0.4
	R-069	Prime Maison Waseda	1	90.6	45	0.3	1	90.4	43	0.3
	R-070	Prime Maison Hatchobori	1	98.1	39	0.3	1	96.9	39	0.3
	R-071	Prime Maison Jimbocho	1	93.3	53	0.4	1	92.3	52	0.4
	R-072	Prime Maison Gotenyama East	1	90.7	86	0.6	1	100.0	97	0.7
	R-073	Sha Maison Stage Akihabara	1	100.0	16	0.1	1	100.0	17	0.1
R-074	Esty Maison Aoi	1	94.2	69	0.5	1	87.6	68	0.5	
R-075	Esty Maison Yakuin	1	99.4	77	0.5	1	96.1	79	0.6	

Usage type	Property No.	Name of real estate, etc.	19th fiscal period From: Nov. 1, 2023 To: Apr. 30, 2024				20th fiscal period From: May 1, 2024 To: Oct. 31, 2024			
			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 fiscal [during fiscal period] (million yen) (Note 3)	Ratio to 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 fiscal [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)
Residence (Domestic)	R-076	Esty Maison Kinshicho II	1	96.6	235	1.5	1	98.2	238	1.7
	R-077	Esty Maison Ojima	1	96.7	262	1.7	1	95.4	265	1.9
	R-078	Prime Maison Fujimidai	1	92.2	68	0.5	1	89.7	68	0.5
	R-079	Esty Maison Tsurumai	1	100.0	157	1.0	1	100.0	155	1.1
	R-080	Prime Maison Morishita	1	97.7	59	0.4	1	98.8	56	0.4
	R-081	Prime Maison Shinagawa	1	98.2	59	0.4	1	100.0	60	0.4
	R-082	Prime Maison Odorikoen	1	98.7	119	0.8	1	94.4	118	0.9
	R-083	Prime Maison Minami 2-jo	1	95.4	75	0.5	1	96.7	76	0.6
	R-084	Prime Maison Kamokamogawa	1	96.3	49	0.3	1	93.1	47	0.3
	R-085	Prime Maison Central Park	1	97.9	89	0.6	1	98.0	90	0.7
	R-086	Sha Maison Stage Yahiro	1	100.0	56	0.4	1	100.0	56	0.4
	R-087	Prime Maison Ebisu	1	97.4	113	0.7	1	99.0	116	0.9
	R-089	Esty Maison Unomori	1	100.0	27	0.2	1	100.0	27	0.2
	R-091	Sha Maison Stage Hino	1	94.0	51	0.3	1	96.2	50	0.4
	R-092	Prime Maison Yokohama Nihon-odori	1	95.6	139	0.9	1	94.8	139	1.0
	R-093	Kobe Women's Student Housing	1	100.0	221	1.5	1	100.0	221	1.6
	R-094	Prime Maison Shibuya	1	100.0	65	0.4	1	98.8	66	0.5
	R-095	Prime Maison Hatsudai	1	97.4	81	0.5	1	92.3	82	0.6
	R-096	Esty Maison Uemachidai	1	98.1	34	0.2	1	95.3	34	0.3
R-098	Prime Maison Shirokane-takanawa	1	93.7	125	0.8	1	95.0	122	0.9	
R-099	Prime Maison Ichigayamabushicho	1	91.1	104	0.7	1	93.1	105	0.8	

Usage type	Property No.	Name of real estate, etc.	19th fiscal period From: Nov. 1, 2023 To: Apr. 30, 2024				20th fiscal period From: May 1, 2024 To: Oct. 31, 2024			
			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 fiscal [during fiscal period] (million yen) (Note 3)	Ratio to 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 fiscal [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)
Residence (Domestic)	R-100	Esty Maison Morishita	1	100.0	19	0.1	1	100.0	19	0.1
	R-101	Prime Maison Shirokanedai Tower	1	97.0	237	1.6	1	96.7	239	1.7
	R-102	Prime Maison Otsuka	1	96.8	114	0.8	1	91.7	116	0.9
	R-103	Prime Maison Asakusabashi	1	98.8	51	0.3	1	98.0	52	0.4
	R-104	Prime Maison Daikanyama	1	94.7	69	0.5	1	100.0	72	0.5
	R-105	Prime Maison Gotenyama West	1	96.7	129	0.9	1	100.0	131	1.0
	R-106	Esty Maison Toyosu Residence	1	96.5	492	3.2	1	95.1	483	3.5
	R-108	Esty Maison Ijiri	1	100.0	13	0.1	1	100.0	13	0.1
	R-109	Prime Maison Mitatsunamachi	1	100.0	59	0.4	1	100.0	62	0.5
	R-110	Prime Maison Hongo	1	92.3	68	0.4	1	93.4	68	0.5
	R-111	Prime Maison Kuramae	1	97.6	61	0.4	1	98.9	62	0.5
	R-112	Esty Maison Yokohama-aobadai	1	100.0	86	0.6	1	100.0	86	0.6
	R-113	Esty Maison Shizuoka Takajo	1	100.0	23	0.2	1	100.0	23	0.2
	R-114	Sha Maison StageHirose-dori	1	100.0	29	0.2	1	100.0	29	0.2
	R-115	Esty Maison HIGASHIBETSU IN	1	100.0	69	0.5	1	100.0	69	0.5
	R-116	Esty Maison Kayaba	1	92.5	30	0.2	1	88.7	27	0.2
	R-117	Esty Maison SHIRAKABE MINAMI	1	100.0	20	0.1	1	100.0	20	0.1
	R-118	Prime Maison Shimokitazawa	1	90.9	58	0.4	1	100.0	61	0.4
	R-119	Prime Maison Meguro	1	88.2	51	0.3	1	100.0	49	0.4
	R-120	Prime Maison Ryogoku	1	93.3	35	0.2	1	92.3	36	0.3
	R-121	Prime Maison Nakameguro	1	94.7	228	1.5	1	95.6	223	1.6

Usage type	Property No.	Name of real estate, etc.	19th fiscal period From: Nov. 1, 2023 To: Apr. 30, 2024				20th fiscal period From: May 1, 2024 To: Oct. 31, 2024			
			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 fiscal [during fiscal period] (million yen) (Note 3)	Ratio to 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 fiscal [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)
Residence (Domestic)	R-122	Prime Maison Itabashi	1	97.6	123	0.8	1	93.9	122	0.9
	R-123	Prime Maison EGOTANOMORI	1	98.4	628	4.1	1	97.0	636	4.6
	R-124	Prime Maison Waseda dori	1	93.0	56	0.4	1	91.9	57	0.4
	R-125	Esty Maison Noborito	1	96.8	14	0.1	1	100.0	14	0.1
	R-126	Esty Maison Omori	1	98.2	12	0.1	1	98.0	74	0.5
	R-127	Esty Maison Monzennakacho	1	81.8	4	0.0	1	100.0	28	0.2
	R-128	Esty Maison Akabane II	1	63.2	1	0.0	1	100.0	17	0.1
	R-129	Prime Maison Yushima	1	96.2	35	0.2	1	96.5	234	1.7
	R-130	Prime Maison Nakanosakaue	1	95.5	16	0.1	1	94.1	113	0.8
	R-131	Prime Maison Honancho	1	90.0	10	0.1	1	95.8	69	0.5
	R-132	Prime Maison Monzennakacho	1	97.9	12	0.1	1	95.7	74	0.5
	R-133	Prime Maison Nishiwaseda	1	93.8	8	0.1	1	93.6	50	0.4
	R-134	Prime Maison Asakusa EAST	1	93.4	6	0.0	1	93.3	41	0.3
	R-135	Prime Maison Sakurashinmachi	1	90.9	5	0.0	1	85.8	36	0.3
	R-136	Esty Maison Minamigyotoku	—	—	—	—	1	100.0	19	0.1
	R-137	Prime Maison Morishita WEST	—	—	—	—	1	89.5	77	0.6
	R-138	Prime Maison Yokohama WEST	—	—	—	—	1	95.4	75	0.6
	R-139	Esty Maison Myoden	—	—	—	—	1	97.5	5	0.0
	R-140	Esty Maison Urawa	—	—	—	—	1	100.0	4	0.0
			Subtotal	12	97.0	8,875	58.3	12	96.5	9,720
Residence (Overseas)	A-001	The Ivey on Boren	—	—	—	—	385	92.2	(Note 8) —	—
		Subtotal	—	—	—	—	385	92.2	—	—

Usage type	Property No.	Name of real estate, etc.	19th fiscal period From: Nov. 1, 2023 To: Apr. 30, 2024				20th fiscal period From: May 1, 2024 To: Oct. 31, 2024			
			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 fiscal [during fiscal period] (million yen) (Note 3)	Ratio to 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 fiscal [during fiscal period] (million yen) (Note 3)	Ratio to Total Property-related operating revenue (%) (Note 4)
Office building	O-001	Garden City Shinagawa Gotenyama (Note 5)	1	86.9	1,355	8.9	—	—	—	—
	O-002	Gotenyama SH Building	1	100.0	979	6.4	1	100.0	870	6.4
	O-003	Hommachi Minami Garden City	1	98.7	1,296	8.5	1	98.7	1,316	9.6
	O-004	Hommachi Garden City (Office building portion) (Note 6)	1	100.0	903	5.9	1	100.0	316	2.3
	O-005	HK Yodoyabashi Garden Avenue	1	100.0	164	1.1	1	100.0	171	1.3
	O-006	Hirokoji Garden Avenue	1	100.0	207	1.4	1	100.0	212	1.6
	O-007	Akasaka Garden City	1	95.3	946	6.2	1	95.3	975	7.1
	O-008	Shinjuku Hirose Building	3	100.0	85	0.6	3	100.0	121	0.9
	Subtotal		7	96.6	5,941	39.0	8	98.3	3,985	29.1
Hotel	H-001	Hommachi Garden City (Hotel portion) (Note 7)	—	—	400	2.6	—	—	—	—
	Subtotal		—	—	400	2.6	—	—	—	—
	Total		19	96.9	15,216	100.0	405	96.5	13,705	100.0

(Note 1) "Total number of tenants" refers to the sum total of the number of tenants under, and indicated in, the respective lease agreements for each property that are valid as of the end of each fiscal period (or, if a master lease agreement that is valid as of the end of each fiscal period has been concluded for the property, the number of lessees under the master lease agreement). In the "Subtotal" and "Total" columns, however, a tenant that leases spaces in multiple properties is counted as one (excluding "The Ivey on Boren"). 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 21, 15, 8, 7 and 20, respectively as of the end of the 19th fiscal period (from Nov. 1, 2023 to Apr. 30, 2024) and the total number of tenants for "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 15, 8, 7 and 20, respectively as of the end of the 20th fiscal period (from May 1, 2024 to Oct. 31, 2024).

(Note 2) "Occupancy rate" refers to the ratio of leased area to leasable area of each property as of the end of each fiscal period, rounded to the nearest first decimal place. The figures indicated in the "Subtotal" columns are the ratio of the subtotal of leased area of each property classified by usage type to the subtotal of leasable area of each property classified by usage type, and the figure indicated in the "Total" column is the ratio of the total of leased area of each property to the sum total of leasable area of each property, as the occupancy rate of the entire portfolio. Both figures have been rounded to the nearest first decimal place.

(Note 3) "Property-related operating revenue [during fiscal period]" indicates the property-related operating revenue of each property for each fiscal period, rounded down to the nearest million yen.

- (Note 4) Figures under the heading "Ratio to 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 of "Garden City Shinagawa Gotenyama" as of May 1, 2024. Accordingly, "Property-related operating revenue [during fiscal period]" and "Ratio to Total Property-related operating revenue" for the property in the above table indicate the figures for the duration SHR owned it in the 19th fiscal period (from Nov. 1, 2023 to Apr. 30, 2024).
- (Note 6) SHR disposed of 65/100 (65.0%) quasi co-ownership interest of the "Hommachi Garden City (Office building portion)" as of May 1, 2024. Therefore, the above figures for "Real Estate Rental Revenue (during fiscal period)" and "Ratio to Total Real Estate Rental Revenue" of the property in the above table indicate the figures for the ownership ratio SHR owned it in the 20th fiscal period (from May 1, 2024 to Oct. 31, 2024).
- (Note 7) SHR disposed of "Hommachi Garden City (Hotel portion)" as of April 30, 2024. Therefore, the above figures for "Real Estate Rental Revenue (during fiscal period)" and "Ratio to Total Real Estate Rental Revenue" of the property in the above table indicate the figures for the duration SHR owned it in the 19th fiscal period (from Nov. 1, 2023 to Apr. 30, 2024).
- (Note 8) For real estate rental revenue etc. that is the basis for calculating the dividends paid to SHR during the fiscal period under review, please refer to "Notes to the Statement of Income and Retained Earnings, \*3. Breakdown of Dividends Received" in the (6) Notes to the Financial Statements below.

4. Details of Renewable Energy Power Generation Facility, etc.

Not applicable.

5. Details of Right to Operate Public Facility, etc.

Not applicable.

6. Details of Investment Securities

The following are the details for investment securities as of the end of the fiscal period under review.

Asset name	Asset type	Quantity	Book value		Valuation (Note1)		Valuation gain or loss (thousand yen)	Remarks
			Unit price	Price (thousand yen)	Unit price	Price (thousand yen)		
SHR Boren Avenue Partners I, LLC	Investments in capital of subsidiaries and associates	—	—	25,854,807	—	25,854,807	—	(Note 2)
SHR Boren Avenue Partners II, LLC	Investments in capital of subsidiaries and associates	—	—	25,854,807	—	25,854,807	—	(Note 2)
SHR Ridge Square Partners I, LLC	Investments in capital of subsidiaries and associates	—	—	2,084,345	—	2,084,345	—	(Note 3)
SHR Ridge Square Partners II, LLC	Investments in capital of subsidiaries and associates	—	—	2,084,345	—	2,084,345	—	(Note 3)
Silent partnership equity interests with Gemini1 LLC as the operator	Silent Partnership Equity Interests	—	—	471,180	—	471,180	—	(Note 4)
Silent partnership equity interests with Gemini2 LLC as the operator	Silent Partnership Equity Interests	—	—	202,102	—	202,102	—	(Note 5)
Total	—	—	—	56,551,587	—	56,551,587	—	—

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

(Note 2) This is an investment in a corporation that owns overseas real estate, and the asset acquired by the overseas real estate holding corporation is "The Ivey on Boren". On May 29, 2024, each corporation acquired a 50% co-ownership interest in the property.

(Note 3) This is an investment in a corporation that owns overseas real estate, and the asset acquired by the overseas real estate holding corporation is "City Ridge". On November 15, 2024, each corporation acquired a 50% co-ownership interest in the property.

(Note 4) The underlying asset refers to 34.55% quasi co-ownership interest of the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor underground through 4th floor above ground and 11th floor through 19th floor above ground of the "Akasaka Garden City" building, as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (or approximately 66.3%)), which has not yet been acquired by SHR.

(Note 5) The underlying asset refers to the trust beneficiary interest in real estate of the "Ningyocho PREX".



## 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)
			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)	90,632,000	68,047,000	—(Note 2)
Transaction other than market transaction	Forward exchange contract (Purchased USD)	36,154,382	—	2,486,077 (Note 3)
Total		126,786,382	68,047,000	2,486,077

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

(Note 2) The fair value is omitted because the transaction meets the criteria for special accounting under the Accounting Standards for Financial Instruments.

(Note 3) Calculated based on prices, etc. presented by financial institutions with which SHR does business.

## 8. Status of Other Assets

Trust beneficiary interests with real estate as the main assets in trust are stated in "3. Details of Assets (Real Estate, etc.) in the Portfolio" and "6. Details of Investment Securities" above. As of the end of the fiscal period under review, there are no specified assets other than real estate, etc., asset-backed securities, etc. and infrastructure assets, etc. in the portfolio.

## 9. Status of Holding of Assets by Country and Region

As of the end of the fiscal period under review, SHR's asset holdings by country and region are as follows.

Country name	Total amount held (million yen)	Appraisal value at the end of period (million yen)		Number of properties
			Ratio to total assets (%)	
Japan	470,519	564,627	91.1	135
U.S.	(Note 1) 55,878	(Note 2) 55,020	8.9	1 (Note 3)
Total	526,397	619,647	100.0	136

(Note 1) "Total amount held" in the U.S. is the amount on the balance sheet (book value of "Investments in capital of subsidiaries and associates" ) at the end of the fiscal period under review, rounded down to the nearest million yen.

(Note 2) The amount is converted into yen at the exchange rate of 1 USD = 153.64 yen at the end of the fiscal period under review.

(Note 3) "Number of properties" in the U.S. is the number of properties owned by overseas real estate holding corporations established in the U.S.

# Capital Expenditures for Property

## 1. Scheduled Capital Expenditures

The principal capital expenditures associated with renovation work, etc. currently planned for properties owned by SHR are as follows. Please note that some of the planned construction costs may be classified as expenses for accounting purposes.

Name of real estate, etc. (location)	Purpose	Planned period	Planned Construction Costs (million yen) <sup>(Note)</sup>		
			Total	Payment for current fiscal period	Amount already paid
Esty Maison Ojima (Koto-ku, Tokyo)	Large-scale repairs	From: January 2025 To: August 2025	307	—	—
Kobe Women's Student Housing (Kobe-shi, Hyogo)	Large-scale repairs	From: June 2024 To: February 2025	275	—	—
Prime Maison Kamokamogawa (Sapporo-shi, Hokkaido)	Large-scale repairs	From: April 2025 To: October 2025	213	—	—
Esty Maison HIGASHIBETSUIN (Nagoya-shi, Aichi)	Large-scale repairs	From: October 2024 To: April 2025	118	—	—
Esty Maison Daizawa (Setagaya-ku, Tokyo)	Large-scale repairs	From: April 2025 To: October 2025	83	—	—

(Note) "Planned Construction Costs" refers to the amount obtained by multiplying the total cost required for construction by the proportion of ownership or quasi co-ownership interest in the compartmentalized ownership held by SHR (if SHR owns a quasi co-ownership interest in the real estate trust beneficiary interest with compartmentalized ownership as trust property, the total cost is multiplied by the ownership ratio of the compartmentalized ownership, and then the quasi co-ownership amount is multiplied by percentage), if SHR owns the sectional ownership or the quasi co-ownership interest in the real estate trust beneficiary right of the property subject to the construction.

## 2. Capital Expenditures During the Period

An overview of capital expenditures for properties owned by SHR during the fiscal period under review is as follows. In addition, the total capital expenditure for the current fiscal period was 1,490 million yen, and a total of 1,917 million yen of construction work was carried out, including repair expenses of 426 million yen classified as expenses for the current fiscal period.

Name of real estate, etc. (location)	Purpose	Period	Payment amount (million yen)
Esty Maison Toyosu Residence (Koto-ku, Tokyo)	Large-scale repairs	From: November 2023 To: October 2024	758
Other Capital Expenditures			731
Total			1,490

## 3. Cash Reserves for Long-Term Repair Plans

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

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

# Condition of Expenses and Debts

## 1. Details of Expenses Pertaining to Management, etc.

(Unit: thousand yen)

Item	19th fiscal period From: Nov. 1, 2023 To: Apr. 30, 2024	20th fiscal period From: May 1, 2024 To: Oct. 31, 2024
Asset management fee	716,972	2,287,424
Asset custody fee	10,553	10,500
Administrative service fees	49,671	50,107
Directors' compensations	4,500	5,400
Other expenses	383,272	532,155
<b>Total</b>	<b>1,164,969</b>	<b>2,885,587</b>

(Note) In addition to the amounts shown above, the "Asset management fee" contains the asset management fees of 85,050 thousand yen for the 19th fiscal period, which is included in the other selling expenses for the disposition of properties, and the asset management fees of 33,450 thousand yen for the 19th fiscal period, which is included in the book value of the real estate, etc. for the acquisition of properties. Moreover, the "Asset management fee" contains the asset management fees of 107,775 thousand yen for the 20th fiscal period, which is included in the other selling expenses for the disposition of properties, and the asset management fees of 10,830 thousand yen for the 20th fiscal period, which is included in the book value of the real estate, etc. for the acquisition of properties.

## 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) (Note1)	Disposition date	Disposition price (million yen) (Note1)	Book value (million yen)	Gain (Loss) on sale (million yen)
Garden City Shinagawa Gotenyama (49.0% quasi co-ownership)	—	—	May 1, 2024	29,890	29,874	11
Hommachi Garden City (Office building portion) (65.0% quasi co-ownership)	—	—	May 1, 2024	28,925	23,090	5,745
SHR Boren Avenue Partners I, LLC Investments in capital of subsidiaries and associates (Note 2)	May 28, 2024	25,830 (164 million USD)	—	—	—	—
SHR Boren Avenue Partners II, LLC Investments in capital of subsidiaries and associates (Note 2)	May 28, 2024	25,830 (164 million USD)	—	—	—	—
SHR Ridge Square Partners I, LLC Investments in capital of subsidiaries and associates (Note 3)	August 22, 2024	2,073 (14 million USD)	—	—	—	—
SHR Ridge Square Partners II, LLC Investments in capital of subsidiaries and associates (Note 3)	August 22, 2024	2,073 (14 million USD)	—	—	—	—
Esty Maison Minamigyotoku	May 31, 2024	950	—	—	—	—
Prime Maison Morishita WEST	August 5, 2024	8,200	—	—	—	—
Prime Maison Yokohama WEST	August 5, 2024	7,350	—	—	—	—
Esty Maison Myoden	September 30, 2024	1,450	—	—	—	—
Esty Maison Urawa	September 30, 2024	1,210	—	—	—	—
Gotenyama SH Building (10% quasi co-ownership)	—	—	October 31, 2024	7,000	4,876	2,101
Total	—	74,967	—	65,815	57,841	7,859

(Note 1) "Acquisition price" and "Disposition price" indicate the transaction prices shown in the sales and purchase agreements for respective owned properties (excluding consumption tax, local consumption tax and miscellaneous expenses including transaction fees), rounded down to the nearest million yen. The same applies hereinafter.

(Note 2) Converted into yen at the rate of 1 USD = 156.95 yen, the exchange rate at the time of investment.

(Note 3) Converted into yen at the rate of 1 USD = 145.505 yen, the exchange rate at the time of investment.

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

Not applicable.

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

### 3. Investigation into Value, etc. of Specified Assets

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

Acquisition or Disposition	Name of real estate, etc.	Transaction date	Type of asset	Acquisition/disposition price (million yen)	Appraisal value (million yen) <small>(Note 1)</small>	Appraiser	Date of appraisal
Acquisition	Esty Maison Minamigyotoku	May 31, 2024	Real estate trust beneficiary interests	950	982	JLL Morii Valuation & Advisory K.K.	April 1, 2024
Acquisition	Prime Maison Morishita WEST	August 5, 2024	Real estate trust beneficiary interests	8,200	8,670	Rich Appraisal Institute Co., Ltd.	July 1, 2024
Acquisition	Prime Maison Yokohama WEST	August 5, 2024	Real estate trust beneficiary interests	7,350	7,870	Rich Appraisal Institute Co., Ltd.	July 1, 2024
Acquisition	Esty Maison Myoden	September 30, 2024	Real estate trust beneficiary interests	1,450	1,500	JLL Morii Valuation & Advisory K.K.	September 1, 2024
Acquisition	Esty Maison Urawa	September 30, 2024	Real estate trust beneficiary interests	1,210	1,260	DAIWA REAL ESTATE APPRAISAL CO., LTD.	September 1, 2024
Disposition	Garden City Shinagawa Gotenyama (49.0% quasi co-ownership)	May 1, 2024	Real estate trust beneficiary interests	29,890	<small>(Note 2)</small> 32,683	DAIWA REAL ESTATE APPRAISAL CO., LTD.	October 31, 2023
Disposition	Hommachi Garden City (Office building portion) (65.0% quasi co-ownership)	May 1, 2024	Real estate trust beneficiary interests	28,925	<small>(Note3)</small> 27,170	Japan Real Estate Institute	April 30, 2024
Disposition	Gotenyama SH Building (10% quasi co-ownership)	October 31, 2024	Real estate trust beneficiary interests	7,000	<small>(Note4)</small> 6,350	Tanizawa Sogo Appraisal Co., Ltd.	April 30, 2023

(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) The amount is calculated by multiplying the real estate appraisal value of 66,700 million yen for the entire property by the quasi co-ownership interest of 49.0% in the trust beneficiary right disposed.

(Note 3) The amount is calculated by multiplying the real estate appraisal value of 41,800 million yen for the entire property by the quasi co-ownership interest of 65.0% in the trust beneficiary right disposed.

(Note 4) The amount is calculated by multiplying the real estate appraisal value of 63,500 million yen for the entire property by the quasi co-ownership interest of 10.0% in the trust beneficiary right disposed.

(2) Real estate, etc. acquired by overseas real estate holding corporations (appraisal value)

Acquisition or Disposition	Name of real estate, etc.	Transaction date	Type of asset	Acquisition/disposition price (million USD)	Appraisal value (million USD) (Note)	Appraiser	Date of appraisal
Acquisition	The Ivey on Boren	May 29, 2024	Real estate (U.S.)	328	329	DAIWA REAL ESTATE APPRAISAL CO., LTD.	March 15, 2024

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

(3) Others

With regard to transactions requiring investigation of the value of specified assets, etc., in accordance with Article 201, Paragraph 2 of the Investment Trusts Act, Akasaka Audit LLC conducts investigations based on Practical Guidelines for Professional Services 4460 “Practical Guidelines for Agreed-upon Procedures for Investigations of the Value of Specified Assets for Investment Trusts and Investment Corporations” published by the Japanese Institute of Certified Public Accountants (JICPA). SHR has been notified of the results of the said investigation.

For the current period, one forward exchange contract transaction was the subject of an investigation, and for this transaction, SHR commissioned an investigation into the name of the counterparty, issue, contract value, type of financial instrument or financial index, put or call, strike price, strike period, trading period, and other matters concerning the details of the said OTC derivative transaction, etc.

#### 4. Status of Transactions with Interested Persons, etc.<sup>(Note 1)</sup>

##### (1) Status of Transactions

Category	Amount of purchase and sale, etc.	
	Amount of purchase, etc.	Amount of sale, etc.
Total amount	19,160 million yen	65,815 million yen
Breakdown of status of transactions with interested persons, etc.		
Sekisui House, Ltd.	15,550 million yen [81.2 %]	— million yen [— %]
Total	15,550 million yen [81.2 %]	— 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 <small>(Note 2)</small>	1,058,024	Sekisui House Real Estate Tokyo, Ltd.	592,102	56.0
		Sekisui House Real Estate Chubu, Ltd.	60,259	5.7
		Sekisui House GM Partners, Ltd.	36,581	3.5
		Sekisui House Real Estate Kyushu, Ltd.	18,969	1.8
		Sekisui House, Ltd.	13,559	1.3
		Sekisui House Real Estate Kansai, Ltd.	3,897	0.4
		Sekisui House Real Estate Tohoku, Ltd.	1,050	0.1

(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	340,413	thousand yen
Sekisui House Real Estate Chubu, Ltd.	109,818	thousand yen
Sekisui House Real Estate Kyushu, Ltd.	52,137	thousand yen
Sekisui House GM Partners, Ltd.	27,965	thousand yen
Sekiwa Total Support Co., ltd.	10,956	thousand yen
Sekisui House Real Estate Kansai, Ltd.	6,246	thousand yen
Sekisui House Real Estate Tohoku, Ltd.	3,083	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 SHA does not concurrently engage in any type I financial instruments or type II financial instruments business (as defined in the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended)), building lots and buildings transaction business, or specified joint real estate ventures.

## Other Information

### 1. Notice

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

During the fiscal period under review, there was no matter approved by the Board of Directors of SHR or other information deemed important, such as matters stipulated in Article 109, Paragraph 2, Item 2, Item 3, Item 5, Item 6 and Item 8 of the Investment Trusts Act.

#### (2) Fraction of Amounts and Ratios

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



# 1. Financial Statements

## (1) Balance Sheet

(Thousand yen)

	19th Fiscal Period (As of April 30, 2024)	20th Fiscal Period (As of October 31, 2024)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	33,680,216	14,645,874
Cash and deposits in trust	17,845,283	15,500,004
Operating accounts receivable	221,518	684,692
Income taxes refund receivable	876	773
Prepaid expenses	296,575	330,466
Derivatives	—	2,486,077
Other	307,507	5,013,550
Allowance for doubtful accounts	(1,111)	(185)
<b>Total current assets</b>	<b>52,350,867</b>	<b>38,661,255</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings in trust	178,643,432	166,469,042
Accumulated depreciation	(27,400,982)	(25,264,310)
Buildings in trust, net	151,242,450	141,204,731
Structures in trust	1,557,352	1,638,991
Accumulated depreciation	(395,211)	(407,065)
Structures in trust, net	1,162,140	1,231,926
Machinery and equipment in trust	2,459,646	2,606,291
Accumulated depreciation	(597,717)	(659,290)
Machinery and equipment in trust, net	1,861,929	1,947,001
Tools, furniture and fixtures in trust	1,255,814	1,472,841
Accumulated depreciation	(537,262)	(642,962)
Tools, furniture and fixtures in trust, net	718,552	829,879
Land in trust	348,497,395	319,490,912
Construction in progress in trust	262,100	—
<b>Total property, plant and equipment</b>	<b>503,744,567</b>	<b>464,704,451</b>
<b>Intangible assets</b>		
Leasehold rights in trust	5,869,408	5,814,290
Other	19,162	16,827
<b>Total intangible assets</b>	<b>5,888,571</b>	<b>5,831,117</b>
<b>Investments and other assets</b>		
Investments in capital of subsidiaries and associates	—	55,878,304
Investment securities	649,002	673,283
Lease and guarantee deposits	1,530,226	1,614,786
Long-term prepaid expenses	622,951	750,519
Deferred tax assets	7	—
Other	168,317	175,309
<b>Total investments and other assets</b>	<b>2,970,506</b>	<b>59,092,202</b>
<b>Total non-current assets</b>	<b>512,603,645</b>	<b>529,627,771</b>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	67,799	56,217
Investment unit issuance costs	8,400	—
<b>Total deferred assets</b>	<b>76,200</b>	<b>56,217</b>
<b>Total assets</b>	<b>565,030,712</b>	<b>568,345,244</b>

(Thousand yen)

	19th Fiscal Period (As of April 30, 2024)		20th Fiscal Period (As of October 31, 2024)	
<b>Liabilities</b>				
Current liabilities				
Operating accounts payable	911,330		1,435,894	
Short-term loans payable	5,160,000		5,160,000	
Current portion of investment corporation bonds	12,000,000		9,000,000	
Current portion of long-term loans payable	32,505,000		34,213,000	
Accounts payable – other	2,145,488		3,608,679	
Accrued expenses	323,261		372,418	
Accrued consumption taxes	1,364,271		218,884	
Advances received	721,807		737,032	
Other	12,717		5,366	
Total current liabilities	55,143,875		54,751,276	
Non-current liabilities				
Investment corporation bonds	16,500,000		12,500,000	
Long-term loans payable	191,077,000		196,369,000	
Tenant leasehold and security deposits in trust	12,783,739		10,067,735	
Total non-current liabilities	220,360,739		218,936,735	
Total liabilities	275,504,615		273,688,012	
<b>Net assets</b>				
Unitholders' equity				
Unitholders' capital	161,287,627		161,290,403	
Surplus				
Capital surplus	128,598,415		128,598,415	
Deduction from capital surplus				
Allowance for temporary difference adjustments	*4	(1,314,502)	*4	(5,535,475)
Other deduction from capital surplus	*3	(4,004,287)	*3	(4,007,063)
Total deduction from capital surplus	(5,318,790)		(9,542,539)	
Capital surplus, net	123,279,624		119,055,875	
Unappropriated retained earnings	4,958,844		11,824,874	
Total surplus	128,238,469		130,880,750	
Total unitholders' equity	289,526,097		292,171,154	
Valuation and translation adjustments				
Deferred gains or losses on hedges	—		2,486,077	
Total valuation and translation adjustments	—		2,486,077	
Total net assets	*1	289,526,097	*1	294,657,231
Total liabilities and net assets	565,030,712		568,345,244	

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

## (2) Statement of Income and Retained Earnings

(Thousand yen)

	19th Fiscal Period (From November 1, 2023 to April 30, 2024)		20th Fiscal Period (From May 1, 2024 to October 31, 2024)	
<b>Operating revenue</b>				
Rent revenue – real estate	*1	14,761,986	*1	13,176,423
Other lease business revenue	*1	454,787	*1	529,316
Gain on sale of real estate properties	*2	6,854,718	*2	7,859,061
Dividend income		—	*3	148,847
Gain on investments in silent partnership		6,768		38,171
<b>Total operating revenue</b>		<b>22,078,262</b>		<b>21,751,820</b>
<b>Operating expenses</b>				
Expenses related to rent business	*1	6,783,722	*1	6,017,167
Loss on sale of real estate properties	*2	4,224,299		—
Impairment losses	*4	4,008,462		—
Asset management fees		716,972		2,287,424
Asset custody fees		10,553		10,500
Administrative service fees		49,671		50,107
Directors' compensation		4,500		5,400
Other operating expenses		383,272		532,155
<b>Total operating expenses</b>		<b>16,181,454</b>		<b>8,902,754</b>
<b>Operating income</b>		<b>5,896,807</b>		<b>12,849,065</b>
<b>Non-operating income</b>				
Interest income		153		4,458
Reversal of distribution payable		731		947
Compensation for damage		3,736		—
Reversal of allowance for doubtful accounts		1,653		125
<b>Total non-operating income</b>		<b>6,274</b>		<b>5,530</b>
<b>Non-operating expenses</b>				
Interest expenses		722,174		801,538
Interest expenses on investment corporation bonds		68,574		51,364
Borrowing related expenses		132,864		142,236
Amortization of investment unit issuance costs		8,400		8,400
Amortization of investment corporation bond issuance costs		13,198		11,582
Other		2,696		14,600
<b>Total non-operating expenses</b>		<b>947,909</b>		<b>1,029,722</b>
<b>Ordinary income</b>		<b>4,955,173</b>		<b>11,824,874</b>
Income before income taxes		4,955,173		11,824,874
Income taxes – current		759		605
Income taxes – deferred		146		7
<b>Total income taxes</b>		<b>906</b>		<b>612</b>
<b>Net income</b>		<b>4,954,266</b>		<b>11,824,261</b>
Retained earnings brought forward		4,578		612
<b>Unappropriated retained earnings</b>		<b>4,958,844</b>		<b>11,824,874</b>

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

(3) Statement of Changes in Net Assets  
19th Fiscal Period (From November 1, 2023 to April 30, 2024)

(Thousand yen)

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				Capital surplus, net
		Capital surplus	Deduction from capital surplus			
	Allowance for temporary difference adjustments		Other deduction from unitholders' capital surplus	Total deduction from unitholders' capital surplus		
Balance at beginning of period	161,283,304	128,598,415	(70,103)	(3,999,964)	(4,070,068)	124,528,346
Changes of items during period						
Distribution from surplus						
Reversal of allowance for temporary difference adjustments	4,323		4,323	(4,323)	—	—
Distributions in excess of earnings from allowance for temporary difference adjustments			(1,248,722)		(1,248,722)	(1,248,722)
Net income						
Net changes of items other than unitholders' equity						
Total changes of items during period	4,323	—	(1,244,399)	(4,323)	(1,248,722)	(1,248,722)
Balance at end of period	*1 161,287,627	128,598,415	(1,314,502)	(4,004,287)	(5,318,790)	123,279,624

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Unappropriated retained earnings	Total surplus				
Balance at beginning of period	7,417,987	131,946,334	293,229,639	(2,775)	(2,775)	293,226,863
Changes of items during period						
Distribution from surplus	(7,409,086)	(7,409,086)	(7,409,086)			(7,409,086)
Reversal of allowance for temporary difference adjustments	(4,323)	(4,323)	—			—
Distributions in excess of earnings from allowance for temporary difference adjustments		(1,248,722)	(1,248,722)			(1,248,722)
Net income	4,954,266	4,954,266	4,954,266			4,954,266
Net changes of items other than unitholders' equity				2,775	2,775	2,775
Total changes of items during period	(2,459,142)	(3,707,864)	(3,703,541)	2,775	2,775	(3,700,765)
Balance at end of period	4,958,844	128,238,469	289,526,097	—	—	289,526,097

## 20th Fiscal Period (From May 1, 2024 to October 31, 2024)

(Thousand yen)

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				Capital surplus, net
		Capital surplus	Deduction from capital surplus			
	Allowance for temporary difference adjustments		Other deduction from unitholders' capital surplus	Total deduction from unitholders' capital surplus		
Balance at beginning of period	161,287,627	128,598,415	(1,314,502)	(4,004,287)	(5,318,790)	123,279,624
Changes of items during period						
Distribution from surplus						
Reversal of allowance for temporary difference adjustments	2,775		2,775	(2,775)	—	—
Distributions in excess of earnings from allowance for temporary difference adjustments			(4,223,748)		(4,223,748)	(4,223,748)
Net income						
Net changes of items other than unitholders' equity						
Total changes of items during period	2,775	—	(4,220,972)	(2,775)	(4,223,748)	(4,223,748)
Balance at end of period	*1 161,290,403	128,598,415	(5,535,475)	(4,007,063)	(9,542,539)	119,055,875

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Unappropriated retained earnings	Total surplus				
Balance at beginning of period	4,958,844	128,238,469	289,526,097	—	—	289,526,097
Changes of items during period						
Distribution from surplus	(4,955,456)	(4,955,456)	(4,955,456)			(4,955,456)
Reversal of allowance for temporary difference adjustments	(2,775)	(2,775)	—			—
Distributions in excess of earnings from allowance for temporary difference adjustments		(4,223,748)	(4,223,748)			(4,223,748)
Net income	11,824,261	11,824,261	11,824,261			11,824,261
Net changes of items other than unitholders' equity				2,486,077	2,486,077	2,486,077
Total changes of items during period	6,866,029	2,642,281	2,645,056	2,486,077	2,486,077	5,131,134
Balance at end of period	11,824,874	130,880,750	292,171,154	2,486,077	2,486,077	294,657,231

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

## (4) Statement of Cash Distributions

Item	19th Fiscal Period (From November 1, 2023 to April 30, 2024)	20th Fiscal Period (From May 1, 2024 to October 31, 2024)
I. Unappropriated retained earnings	4,958,844,944 yen	11,824,874,642 yen
II. Amount added to distributions in excess of earnings		
Allowance for temporary difference adjustments	*1 4,223,748,648 yen	— yen
III. Capitalization	2,775,930 yen	3,861,019,787 yen
Reversal of allowance for temporary difference adjustment	2,775,930 yen	3,861,019,787 yen
IV. Cash distributions	9,179,204,790 yen	7,961,152,794 yen
[Cash distributions per unit]	[2,095 yen]	[1,817 yen]
Of which, distributions of earnings	4,955,456,142 yen	7,961,152,794 yen
[Of which, distributions of earnings per unit]	[1,131 yen]	[1,817 yen]
Of which, allowance for temporary difference adjustments	*1 4,223,748,648 yen	— yen
[Of which, distributions in excess of earnings per unit [associated with the allowance for temporary difference adjustments]]	[964 yen]	[— yen]
V. Retained earnings carried forward	612,872 yen	2,702,061 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 4,955,456,142 yen, which is unappropriated retained earnings as distribution of earnings.</p> <p>In addition, pursuant to the policy for "distribution of money in excess of profits" as set forth in Article 46, Paragraph 2 of the Articles of Incorporation of SHR, SHR decided to make a distribution for the 4,223,748,648 yen in allowance for temporary difference adjustments for the purpose of reflecting the effect (including impairment losses) on distributions of tax and accounting differences.</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 that out of unappropriated retained earnings, 3,861,019,787 yen was reversed to the allowance for temporary differences and 7,961,152,794 yen was to be distributed as distributions.</p>

## (5) Statement of Cash Flows

(Thousand yen)

	19th Fiscal Period (From November 1 2023 to April 30, 2024)	20th Fiscal Period (From May 1, 2024 to October 31, 2024)
<b>Cash flows from operating activities</b>		
Income before income taxes	4,955,173	11,824,874
Depreciation and amortization	2,710,085	2,385,888
Amortization of investment corporation bond issuance costs	13,198	11,582
Amortization of investment unit issuance costs	8,400	8,400
Impairment losses	4,008,462	—
Interest income	(153)	(4,458)
Interest expenses	790,749	852,902
Decrease (increase) in operating accounts receivable	16,512	(463,173)
Decrease (increase) in prepaid expenses	14,110	(33,891)
Decrease (increase) in long-term prepaid expenses	3,948	(127,567)
Increase (decrease) in operating accounts payable	(20,558)	510,795
Increase (decrease) in accounts payable – other	(378,336)	1,460,116
Increase (decrease) in accrued consumption taxes	992,130	(1,145,386)
Increase (decrease) in advances received	28,888	15,225
Decrease due to sale of property, plant and equipment in trust	56,734,725	57,841,266
Other, net	(288,913)	252,928
Subtotal	69,588,423	73,389,502
Interest income received	153	4,458
Interest expenses paid	(772,775)	(803,867)
Income taxes paid	(3,385)	(501)
Net cash provided by operating activities	68,812,415	72,589,591
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(42,158,907)	(21,117,510)
Purchase of intangible assets in trust	(579)	—
Payments for investments in capital of subsidiaries and associates	—	(55,878,304)
Proceeds from refunds of investment securities	18,523	10,482
Proceeds from tenant leasehold and security deposits in trust	795,429	1,029,339
Repayments of tenant leasehold and security deposits in trust	(2,103,041)	(3,745,343)
Decrease (increase) in other investments	(6,382)	(91,746)
Net cash provided by (used in) investing activities	(43,454,958)	(79,793,082)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	2,160,000	3,000,000
Repayments of short-term loans payable	—	(3,000,000)
Proceeds from long-term loans payable	16,680,000	22,705,000
Repayments of long-term loans payable	(15,840,000)	(15,705,000)
Redemption of investment corporation bonds	(3,000,000)	(12,000,000)
Dividends paid	(8,656,919)	(9,176,129)
Net cash provided by (used in) financing activities	(8,656,919)	(14,176,129)
Net increase (decrease) in cash and cash equivalents	16,700,537	(21,379,620)
Cash and cash equivalents at beginning of period	34,824,962	51,525,500
Cash and cash equivalents at end of period	*1 51,525,500	*1 30,145,879

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

## (6) Notes to Financial Statements

### 1. Organization

Sekisui House Reit, Inc. ( “SHR” ) is a Japanese real estate investment corporation established in September 2014 under the Act on Investment Trusts and Investment Corporations of Japan (the “Investment Trust Act” ). On December 3, 2014, SHR commenced its investment operations when it was listed on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange, and it acquired three properties (total acquisition cost of 114.3 billion yen) on the same day.

SHR implemented a 2-for-1 split of its investment units with May 1, 2018 as the effective date.

SHR conducted an absorption-type merger with Sekisui House Residential Investment Corporation ( “SHI” ) as the dissolved corporation, setting May 1, 2018 as the effective date.

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

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

### 2. Basis of Presentation

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

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

SHR’s fiscal period is a six-month period, which ends at the end of April and October of each year.

SHR does not prepare consolidated financial statements as it has no subsidiaries.

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



### 3. Summary of Significant Accounting Policies

<p>1. Standards and methods for valuation of assets</p>	<p>Securities</p> <p>(1) Investments in capital of subsidiaries and associates Investments for an overseas real estate holding corporation, as set forth in Article 221-2-1 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations, are stated utilizing the moving average cost method.</p> <p>(2) Other securities Silent partnership equity interests The amount equivalent to the share of the net profit or loss of the silent partnership will be incorporated.</p>
<p>2. Method of depreciation and amortization of non-current assets</p>	<p>(1) Property, plant and equipment (including assets in trust) Depreciation is calculated using the straight-line method. The useful lives of principal property, plant and equipment are as follows: Buildings 2-69 years Structures 2-52 years Machinery and equipment 2-61 years Tools, furniture and fixtures 2-15 years</p> <p>(2) Intangible assets Intangible assets are amortized utilizing the straight-line method. Leasehold rights in trust are amortized on a straight-line basis over the remaining life of each fixed-term land lease contract.</p> <p>(3) Long-term prepaid expenses Long-term prepaid expenses are amortized utilizing the straight-line method.</p>
<p>3. Accounting for deferred assets</p>	<p>(1) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods.</p> <p>(2) Investment unit issuance costs Investment unit issuance costs are amortized utilizing the straight-line method (over 3 years).</p>
<p>4. Standards for recording allowance</p>	<p>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.</p>
<p>5. Conversion of assets and liabilities in foreign currency into Japanese yen</p>	<p>Receivables and payables denominated in foreign currencies are translated into yen at the exchange rate in effect at the end of fiscal year, and differences arising from the translation are included in the statements of income.</p>

<p>6. Standards for revenue and expense recognition</p>	<p>(1) Revenue recognition</p> <p>The details of the main performance obligations relating to revenue arising from contracts with customers and the timing (usual timing of revenue recognition) when such performance obligations are satisfied areas follows.</p> <p>1) Sale of real estate, etc.</p> <p>With regard to the sale of real estate, etc., income is calculated based on when the buyer gains control over the real estate, etc., at the point in time the delivery obligation stipulated in the contract relating to the sale of the real estate is satisfied.</p> <p>2) Utilities revenue</p> <p>Utilities revenue mainly represents water utility revenue. With regard to water utility revenue, revenue is calculated based on the provision of electricity, water, etc. to lessees, as customers, under lease contracts for real estate, etc., and the agreements that are attached to the contracts.</p> <p>As for the water utility revenue when SHR is deemed to be acting as an agent in the transaction, revenue is recognized at the net amount after deducting the amount to be paid to other parties from the amount received as the payment for electricity, gas, etc. supplied by those other parties.</p> <p>Rent revenue                      SHR generally recognizes rent revenue, including fixed rent revenues, variable rent revenues and common area charges, on an accrual basis over the term of each lease agreement.</p> <p>Other lease business revenue      Other lease business revenue is recognized in accordance with Japanese GAAP, typically as the amounts under the relevant agreements become due.</p> <p>(2) Accounting for property taxes</p> <p>In accounting for property tax, city planning tax, depreciable asset tax, etc. on real estate, etc., of the tax amount assessed and determined, the amount corresponding to the applicable calculation period is expensed as expenses related to rent business.</p> <p>Reimbursement of property tax, paid to the seller upon the acquisition of real estate or trust beneficiary interests of real estate as assets in trust, is not recognized as expenses related to rent business in the corresponding fiscal period but included in the acquisition cost of the property.</p> <p>Property taxes capitalized as a part of the acquisition cost amounted to 565 thousand yen for the 19th fiscal period and 75,353 thousand yen for the 20th fiscal period.</p>
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7. Method of hedge accounting	<p>(1) Method of hedge accounting Deferral hedge accounting is applied. However, the special accounting treatment is applied to interest rate swaps that meet the criteria for the special accounting treatment.</p> <p>(2) Hedging instruments and hedged items (Loans) Hedging instruments: Interest rate swap transactions Hedged items: Interest on loans (Future transactions denominated in a foreign currency) Hedging instruments: exchange contracts Hedged items: future transactions denominated in a foreign currency</p> <p>(3) Hedging policy SHR conducts derivative transactions for the purpose of hedging the risks set forth in its Articles of Incorporation based on its basic risk management policy.</p> <p>(4) Method for assessing the effectiveness of hedging Interest rate swaps meet the criteria for the special accounting treatment and an assessment of the effectiveness is thus omitted.</p> <p>(5) Special accounting treatment Under the special accounting treatment, interest rate swaps are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in or deducted from interest expense. Any amounts received under interest rate swaps subject to such accounting treatment are not recognized as income on the accompanying statements of income and retained earnings but rather have the effect of decreasing interest expenses.</p>
8. 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.
9. Other significant matters serving as basis for preparation of financial statements	<p>Accounting for trust beneficiary interests of real estate, etc. as assets in trust Concerning trust beneficiary interests of real estate, etc. as assets in trust, all accounts of assets and liabilities within assets in trust as well as all accounts of revenue and expenses from the assets in trust are recognized in the relevant account items on the balance sheet and the statement of income and retained earnings. The following material items of the assets in trust recognized in the relevant account items are separately listed on the balance sheet.</p> <ol style="list-style-type: none"> <li>1) Cash and deposits in trust</li> <li>2) Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust; Leasehold rights in trust</li> <li>3) Tenant leasehold and security deposits in trust</li> </ol>

#### 4. Significant accounting estimates

##### Impairment Losses of Fixed Assets

##### 1. Amounts recorded in the financial statements

(Thousand yen)

	19th Fiscal Period (As of April 30, 2024)	20th Fiscal Period (As of October 31, 2024)
Impairment Losses	4,008,462	—
Property, plant and equipment	503,744,567	464,704,451
Intangible Assets	5,888,571	5,831,117

## 2. Information on the nature of significant accounting estimates for identified items

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

In accordance with Accounting Standard for Impairment of Fixed Assets, SHR has adopted the accounting treatment to reduce the book value of fixed assets to the recoverable amount when recovery of the investment is no longer expected due to a decline in profitability.

In adopting the accounting treatment, each property owned by SHR is regarded as a single asset group, and SHR makes an evaluation whether it is required to recognize impairment losses when there are indications of impairment due to continued negative operating income or cash flow, changes in the range or method of use that significantly reduce the recoverable amounts, a significant deterioration of the business environment, and a significant decline in the market value, etc.

The estimated future cash flows are used to determine whether to recognize impairment losses. If impairment losses are deemed necessary, the book value is reduced to the recoverable amount, and the reduced amount is recorded as impairment losses.

In estimating the future cash flow, the assumed rents, property-related expenses, and discount rate, etc. are determined by comprehensively considering the market trends and transaction cases of similar properties, etc. in reference to information from outside experts, such as assumptions used for real estate appraisals. The performance and the market value of each property may be affected by the trends in the real estate rental market and real estate transaction market.

Since it is difficult to accurately predict these various events, changes in the assumptions used for the estimates may affect financial position, operating results, and cash flows of SHR in the following fiscal period.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

In accordance with Accounting Standard for Impairment of Fixed Assets, SHR has adopted the accounting treatment to reduce the book value of fixed assets to the recoverable amount when recovery of the investment is no longer expected due to a decline in profitability.

In adopting the accounting treatment, each property owned by SHR is regarded as a single asset group, and SHR makes an evaluation whether it is required to recognize impairment losses when there are indications of impairment due to continued negative operating income or cash flow, changes in the range or method of use that significantly reduce the recoverable amounts, a significant deterioration of the business environment, and a significant decline in the market value, etc.

The estimated future cash flows are used to determine whether to recognize impairment losses. If impairment losses are deemed necessary, the book value is reduced to the recoverable amount, and the reduced amount is recorded as impairment losses.

In estimating the future cash flow, the assumed rents, property-related expenses, and discount rate, etc. are determined by comprehensively considering the market trends and transaction cases of similar properties, etc. in reference to information from outside experts, such as assumptions used for real estate appraisals. The performance and the market value of each property may be affected by the trends in the real estate rental market and real estate transaction market.

Since it is difficult to accurately predict these various events, changes in the assumptions used for the estimates may affect financial position, operating results, and cash flows of SHR in the following fiscal period.

## 5. Notes to Balance Sheet

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

(Thousand yen)

	19th Fiscal Period (As of April 30, 2024)	20th Fiscal Period (As of October 31, 2024)
	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.

(Thousand yen)

	19th Fiscal Period (As of April 30, 2024)	20th Fiscal Period (As of October 31, 2024)
Total amount of commitment line	15,000,000	15,000,000
Balance executed as loans	—	—
Unused line of credit	15,000,000	15,000,000

### \*3. Status of cancellation of own investment units

	19th Fiscal Period (As of April 30, 2024)	20th Fiscal Period (As of October 31, 2024)
Total number of units cancelled	49,651 units	49,651 units
Total amount cancelled	3,999,964 thousand yen	3,999,964 thousand yen

(Note) There were no cancellations of own investment units during the fiscal period under review.

### \*4. Allowance for Temporary Difference Adjustments

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

#### 1. Reason for provision, related assets etc. and amount of provision

(Thousand yen)

Related assets, etc.	Reason for provision	Initial amount	Balance at beginning of period	Amount of provision during period	Amount of reversal during period	Balance at end of period	Reason for reversal
Buildings in trust, etc.	Excess depreciation related to depreciation at merger	366,727	63,004	303,722	—	366,727	—
Deferred gains or losses on hedges	Incurrence of loss on valuation of interest swaps	7,099	7,099	—	4,323	2,775	Changes in fair value of derivatives
Gain on sale of real estate properties	Lump-sum record the expenses of split sale	945,000	—	945,000	—	945,000	—
Total		1,318,826	70,103	1,248,722	4,323	1,314,502	

#### 2. Specific method of reversal

Item	Method of reversal
Buildings in trust, etc.	In principle, the allowance for temporary difference adjustments related to a merger is not reversed.
Deferred gains or losses on hedges	Schedule to be reversed based on changes in fair value of derivatives as hedging instruments.
Gain on sale of real estate properties	Schedule to be reversed as of sale of applicable properties.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

1. Reason for provision, related assets etc. and amount of provision

(Thousand yen)

Related assets, etc.	Reason for provision	Initial amount	Balance at beginning of period	Amount of provision during period	Amount of reversal during period	Balance at end of period	Reason for reversal
Buildings in trust, etc.	Excess depreciation related to depreciation at merger	598,533	366,727	231,806	—	598,533	—
Deferred gains or losses on hedges	Incurrence of loss on valuation of interest swaps	7,099	2,775	—	2,775	—	Changes in fair value of derivatives
Gain on sale of real estate properties	Lump-sum record the expenses of split sale	945,000	945,000	(105,000)	—	840,000	Sale of applicable properties
Land in trust, etc.	Record of impairment losses	3,991,040	—	3,991,040	—	3,991,040	—
Buildings in trust, etc.	Excess depreciation related to impairment losses	50,783	—	50,783	—	50,783	—
Leasehold rights in trust	Depreciation of leasehold rights in trust	55,118	—	55,118	—	55,118	—
Total		5,647,574	1,314,502	4,223,748	2,775	5,535,475	

2. Specific method of reversal

Item	Method of reversal
Buildings in trust, etc.	In principle, the allowance for temporary difference adjustments related to a merger is not reversed.
Deferred gains or losses on hedges	Schedule to be reversed based on changes in fair value of derivatives as hedging instruments.
Gain on sale of real estate properties	Schedule to be reversed as of sale of applicable properties.
Impairment losses	Schedule to be reversed as of sale of applicable properties.
Depreciation as Impairment losses	Schedule to be reversed as of sale of applicable properties were processed impairment losses.
Leasehold rights in trust	Schedule to be reversed such as of sale of applicable properties.

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

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

	(Thousand yen)			
	19th Fiscal Period (From November 1 2023 to April 30, 2024)		20th Fiscal Period (From May 1, 2024 to October 31, 2024)	
A. Property-related operating revenue				
Rent revenue – real estate				
Rental income	14,385,078		12,805,015	
Other	376,908	14,761,986	371,408	13,176,423
Other lease business revenue				
Utilities revenue	189,499		244,206	
Other	265,288	454,787	285,110	529,316
Total property-related operating revenue		15,216,774		13,705,740
B. Property-related operating expenses				
Expenses related to rent business				
Subcontract expenses	614,346		548,995	
Property management fees	537,124		510,048	
Trust fees	44,008		37,137	
Utilities expenses	379,968		384,986	
Property and other taxes	1,224,156		891,295	
Insurance expenses	17,838		18,407	
Repair expenses	411,154		426,469	
Depreciation	2,707,623		2,383,416	
Other expenses related to rent business	847,501	6,783,722	816,411	6,017,167
Total property-related operating expenses		6,783,722		6,017,167
C. Property-related operating income [A – B]		8,433,052		7,688,573

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

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

	(Thousand yen)
Garden City Shinagawa Gotenyama	
Proceeds from sale of real estate property	31,110,000
Cost of real estate property	35,327,086
Other sales expenses	7,213
Loss on sale of real estate property	4,224,299

	(Thousand yen)
Hommachi Garden City (Hotel portion)	
Proceeds from sale of real estate property	21,350,000
Cost of real estate property	16,516,847
Other sales expenses	66,402
Gain on sale of real estate property	4,766,750

	(Thousand yen)
Gotenyama SH Building	
Proceeds from sale of real estate property	7,000,000
Cost of real estate property	4,890,791
Other sales expenses	21,240
Gain on sale of real estate property	2,087,968

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

(Thousand yen)

Garden City Shinagawa Gotenyama	
Proceeds from sale of real estate property	29,890,000
Cost of real estate property	29,874,040
Other sales expenses	3,991
Gain on sale of real estate property	11,968

(Thousand yen)

Hommachi Garden City (Office building portion)	
Proceeds from sale of real estate property	28,925,000
Cost of real estate property	23,090,398
Other sales expenses	89,470
Gain on sale of real estate property	5,745,130

(Thousand yen)

Gotenyama SH Building	
Proceeds from sale of real estate property	7,000,000
Cost of real estate property	4,876,827
Other sales expenses	21,210
Gain on sale of real estate property	2,101,962

\*3. Breakdown of dividends received

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

Not applicable.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

The entire amount of the maximum distributable amount 968,717USD (148,847 thousand yen) based on the results of the fiscal period ended July 2024 of investment in an overseas real estate holding corporation was paid to SHR as dividends, which were calculated on the following basis.

SHR Boren Avenue Partners I, LLC

(Items of statements of income and the basis of calculating dividends(From April 4, 2024 to July 31, 2024)

	Unit:USD	Unit:thousand yen
Revenues related to real estate leasing business	1,637,432	256,470
Expenses related to real estate leasing business	541,311	84,785
Other expenses	55,609	8,710
Gain on valuation of Investment properties	526,496	82,465
Loss on valuation of Rent guaranteed assets	340,784	53,376
Net income before income taxes	1,226,224	192,063
Income taxes	257,507	40,333
Maximum distributable amount	968,717	148,847
Dividends	968,717	148,847

(Note1) The table above is based on the accounting standards of IFRS, although disclosure is not based on the standards of IFRS.

(Note2) For the exchange rate, the period-average exchange rate (USD 1 = JPY 156.63 (rounded down to the second decimal place)) is used.

(Note3) Maximum distributable amount and dividends are converted to the yen value by using the forward exchange rate on October 30, 2024, of USD 1 = JPY 153.654.



\*4. Impairment losses

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

Impairment losses for the fiscal period ended April 30,2024 were as follows:

(Thousand yen)

Property Name	Location	Type	Impairment losses
Garden City Shinagawa Gotenyama	Shinagawa-ku, Tokyo	Land in trust, etc.	4,008,462

In assessing impairment losses, each property owned by SHR is regarded as a single asset group.

The book value for one asset group planned to be sold was reduced to its recoverable amount and the amount of the reduction(4,008,462 thousand yen) was recorded under operating expenses as impairment losses.

The breakdown of the impairment losses is buildings in trust of 573,075 thousand yen, structures in trust of 33 thousand yen, tools, furniture and fixtures in trust of 100 thousand yen, and land in trust of 3,435,252 thousand yen.

The impairment losses on the sale are deemed to have the nature of operating expenses and thus recorded under operating expenses in accordance with Article 48, Paragraph 2 of the Regulation on Accountings of Investment Corporations.

The recoverable amount for the asset group is measured at net realizable value. Net realizable value is calculated by deducting the estimated costs of disposal from the actual selling price.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

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

	19th Fiscal Period (From November 1 2023 to April 30, 2024)	20th Fiscal Period (From May 1, 2024 to October 31, 2024)
Total number of authorized investment units	20,000,000units	20,000,000units
Total number of investment units issued	4,381,482units	4,381,482units

8. Notes to Statement of Cash Distributions

\*1 Allowance for Temporary Difference Adjustments

19th Fiscal Period (From November 1 2023 to April 30, 2024)

1. Reason for provision, related assets etc. and amount of provision

(Thousand yen)

Related assets, etc.	Reason for provision	Amount of allowance for temporary difference adjustments
Buildings in trust, etc.	Excess depreciation related to depreciation at merger	231,806
Land in trust, etc.	Record of impairment losses	3,991,040
Gain on sale of real estate properties	Record the split sales expenses as combined calculation	(105,000)
Buildings in trust, etc.	Excess depreciation related to impairment losses	50,783
Leasehold rights in trust	Depreciation of leasehold rights in trust	55,118
Total		4,223,748

2. Reason for reversal, related assets, etc. and amount of reversal

(Thousand yen)

Related assets, etc.	Reason for reversal	Amount of allowance for temporary difference adjustments
Deferred gains or losses on hedges	Changes in fair value of derivatives as hedging instruments.	2,775
Total		2,775

3. Specific method of reversal

Item	Method of reversal
Buildings in trust, etc.	In principle, the allowance for temporary difference adjustments related to a merger is not reversed.
Deferred gains or losses on hedges	Schedule to be reversed based on changes in fair value of derivatives as hedging instruments.
Gain on sale of real estate properties	Schedule to be reversed as of sale of applicable properties.
Impairment losses	Schedule to be reversed as of sale of applicable properties.
Depreciation as Impairment losses	Schedule to be reversed as of sale of applicable properties were processed impairment losses.
Leasehold rights in trust	Schedule to be reversed such as of sale of applicable properties.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

1. Reason for provision, related assets etc. and amount of provision

Not applicable.

2. Reason for reversal, related assets, etc. and amount of reversal

(Thousand yen)

Related assets, etc.	Reason for reversal	Amount of allowance for temporary difference adjustments
Buildings in trust, etc.	Excess depreciation related to depreciation at merger	(230,685)
Land in trust, etc.	Record of impairment losses	3,991,040
Gain on sale of real estate properties	Record the split sales expenses as combined calculation	105,000
Buildings in trust, etc.	Excess depreciation related to impairment losses	50,783
Leasehold rights in trust	Depreciation of leasehold rights in trust	(55,118)
Total		3,861,019

3. Specific method of reversal

Item	Method of reversal
Buildings in trust, etc.	In principle, the allowance for temporary difference adjustments related to a merger is not reversed.
Gain on sale of real estate properties	Schedule to be reversed as of sale of applicable properties.
Impairment losses	Schedule to be reversed as of sale of applicable properties.
Depreciation as Impairment losses	Schedule to be reversed as of sale of applicable properties were processed impairment losses.
Leasehold rights in trust	Schedule to be reversed such as of sale of applicable properties.

## 9. Notes to Statement of Cash Flows

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

(Thousand yen)

	19th Fiscal Period (From November 1 2023 to April 30, 2024)	20th Fiscal Period (From May 1, 2024 to October 31, 2024)
Cash and deposits	33,680,216	14,645,874
Cash and deposits in trust	17,845,283	15,500,004
Cash and cash equivalents	51,525,500	30,145,879

## 10. Lease Transactions

Operating lease transactions as lessee

Future minimum lease payments

(Thousand yen)

	19th Fiscal Period (As of April 30, 2024)	20th Fiscal Period (As of October 31, 2024)
Due within 1 year	823,452	823,452
Due after 1 year	42,635,018	42,223,292
Total	43,458,470	43,046,744

Operating lease transactions as lessor

Future minimum lease income

(Thousand yen)

	19th Fiscal Period (As of April 30, 2024)	20th Fiscal Period (As of October 31, 2024)
Due within 1 year	6,068,645	6,068,693
Due after 1 year	15,972,781	16,534,253
Total	22,041,426	22,602,947

## 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. Investment securities are investments in TK (tokumei kumiai) and are exposed to the credit risk of the issuer and the risk of fluctuations in the value of real estate, etc.

Trade receivables denominated in foreign currencies in connection with acquisitions of overseas real estate are exposed to foreign exchange fluctuation risk. However, the asset management company monitors this risk and has a system in place to consider whether or not to hedge the risk by using derivative transactions such as forward exchange contracts.

There are cases where foreign currency transactions are conducted in relation to investments in overseas real estate, etc. Such transactions involve the risk of exchange rate fluctuations, and fluctuations in foreign exchange rates may have a negative impact on SHR's profit and loss. If the yen appreciates against foreign currencies, the yen value of foreign currency transactions related to investments in overseas real estate, etc. may decrease, which may have a negative impact on SHR's net income.

In addition, when assets and liabilities denominated in foreign currencies arise in connection with investments in overseas real estate, etc., some of these items are converted into yen at the foreign exchange rates prevailing at the time of account settlement for the purpose of preparing financial statements. These items may have a negative impact on SHR's net income due to exchange rate fluctuations.

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

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

2. Matters concerning fair value of financial instruments

The carrying amount and fair value of financial instruments as of April 30, 2024 and October 31, 2024 and the difference between them are as follows.

19th Fiscal Period (As of April 30, 2024)

Investments in TK (tokumei kumiai) real estate equity interest (Note 4) are not included in the table below. Information on “Cash and deposits,” “Cash and deposits in trust,” and “Short-term loans payable” is omitted as these are settled within a short period of time, thus the fair value approximates the book value. Also, as “Tenant leasehold and security deposits in trust” are immaterial, related notes are omitted.

(Thousand yen)

	Book value recorded on the balance sheet	Fair value	Difference
(1) Current portion of investment corporation bonds	12,000,000	11,993,198	(6,802)
(2) Current portion of long-term loans payable	32,505,000	32,552,118	47,118
(3) Investment corporation bonds	16,500,000	16,117,000	(383,000)
(4) Long-term loans payable	191,077,000	189,318,127	(1,758,872)
Total liabilities	252,082,000	249,980,444	(2,101,555)
(5) Derivative transactions (*)	(—)	(—)	—
Total derivative transactions (*)	(—)	(—)	—

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

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

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

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

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

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

As the long-term loans payable with floating interest rates reflect interest rate changes within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value (provided, however, that for long-term loans payable with floating interest rates that qualify for the special accounting treatment of interest rate swaps (please refer to “13. Derivative Transactions” ), the fair value is based on the method of calculation in which the sum total amount of principal and interest accounted for with the interest rate swap is discounted by the rate assumed in the event of a similar new drawdown). In addition, for those with fixed interest rates, the fair value is based on the method of calculation in which the sum total amount of principal and interest is discounted by the rate assumed in the event of a similar new drawdown corresponding to the remaining period.

(5) Derivative transactions

Please refer to “13. Derivative Transactions” .

20th Fiscal Period (As of October 31, 2024)

Investments in TK (tokumei kumiai) real estate equity interest (Note 4) are not included in the table below. Information on “Cash and deposits,” “Cash and deposits in trust,” and “Short-term loans payable” is omitted as these are settled within a short period of time, thus the fair value approximates the book value. Also, as “Tenant leasehold and security deposits in trust” are immaterial, related notes are omitted.

(Thousand yen)

	Book value recorded on the balance sheet	Fair value	Difference
(1) Current portion of investment corporation bonds	9,000,000	8,986,019	(13,980)
(2) Current portion of long-term loans payable	34,213,000	34,170,550	(42,449)
(3) Investment corporation bonds	12,500,000	12,140,200	(359,800)
(4) Long-term loans payable	196,369,000	194,652,502	(1,716,497)
Total liabilities	252,082,000	249,949,272	(2,132,727)
(5) Derivative transactions (*)	2,486,077	2,486,077	—
Total derivative transactions (*)	2,486,077	2,486,077	—

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

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

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

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

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

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

As the long-term loans payable with floating interest rates reflect interest rate changes within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value (provided, however, that for long-term loans payable with floating interest rates that qualify for the special accounting treatment of interest rate swaps (please refer to “13. Derivative Transactions” ), the fair value is based on the method of calculation in which the sum total amount of principal and interest accounted for with the interest rate swap is discounted by the rate assumed in the event of a similar new drawdown). In addition, for those with fixed interest rates, the fair value is based on the method of calculation in which the sum total amount of principal and interest is discounted by the rate assumed in the event of a similar new drawdown corresponding to the remaining period.

(5) Derivative transactions

Please refer to “13. Derivative Transactions” .

(Note 2) Repayment schedule of investment corporation bonds and loans after the closing date  
19th Fiscal Period (As of April 30, 2024)

(Thousand yen)

	Due in 1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Due after 5 years
Investment corporation bonds	12,000,000	4,000,000	2,000,000	—	—	10,500,000
Long-term loans payable	32,505,000	35,843,000	19,637,000	36,290,000	30,487,000	68,820,000

20th Fiscal Period (As of October 31, 2024)

(Thousand yen)

	Due in 1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Due after 5 years
Investment corporation bonds	9,000,000	2,000,000	—	—	2,500,000	8,000,000
Long-term loans payable	34,213,000	29,080,000	30,197,000	31,627,000	30,120,000	75,345,000

(Note 3) Investments in capital of subsidiaries and associates

In accordance with the treatment stipulated in Paragraph 5 of “Implementation Guidance on Fair Value Measurement of Financial Instruments” (ASBJ Guidance No.19, March 31, 2020, Accounting Standards Board of Japan), matters described in Paragraph 4-1 of “Implementation Guidance on Fair Value Measurement of Financial Instruments” (ASBJ Guidance No.19, March 31, 2020) have been omitted.

The carrying amount on the balance sheet for investments in LLCs located in the U.S. that own overseas interest according to the above implementation is 55,878,304 thousand yen for the 20th fiscal period.

(Note 4) Investments in TK (tokumei kumiai) real estate equity interest

In accordance with the treatment stipulated in Paragraph 24-16 of “Implementation Guidance on Accounting for Fair Value Measurement” (ASBJ Guidance No.31, June 17, 2021, Accounting Standards Board of Japan), matters described in Paragraph 4-1 of “Implementation Guidance on Fair Value Measurement of Financial Instruments” (ASBJ Guidance No.19, March 31, 2020) have been omitted. The carrying amount on the balance sheet for investments in TK real estate equity interest according to the above implementation is 649,002 thousand yen for the 19th fiscal period and 673,283 thousand yen for the 20th fiscal period.

## 12. Securities

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

Not applicable.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

Not applicable.

## 13. Derivative Transactions

1. Derivatives to which hedge accounting is not applied

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

Not applicable.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

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.

19th Fiscal Period (As of April 30, 2024)

(Thousand 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		
Special accounting treatment for interest rate swaps	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	Long-term loans payable	96,951,000	76,632,000	(Note)	—

(Note) 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)” ).

20th Fiscal Period (As of October 31, 2024)

(Thousand 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		
Special accounting treatment for interest rate swaps	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	Long-term loans payable	90,632,000	68,047,000	(Note1)	—
Designation of forward exchange	Forward exchange contract Purchased,USD	Investments in capital of subsidiaries and associates	36,154,382	—	2,486,077	(Note2)

(Note1) 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)” ).

(Note2) Calculated based on prices, etc. presented by financial institutions with which SHR does business.

#### 14. Retirement Benefits

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

Not applicable.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

Not applicable.



## 15. Income Taxes

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

	(Thousand yen)	
	19th Fiscal Period (As of April 30, 2024)	20th Fiscal Period (As of October 31, 2024)
Deferred tax assets		
Valuation difference on assets acquired due to merger	1,458,749	1,452,157
Amortization of leasehold rights in trust	114,383	130,532
Sale cost of split sale	264,264	231,231
Impairment losses	1,261,062	—
Amortization difference of impairment losses processing	15,976	—
Accrued business taxes not deductible from taxable income	7	—
Deferred tax assets (subtotal)	3,114,443	1,813,921
Valuation allowance for total deductible temporary difference	(3,114,436)	(1,813,921)
Total deferred tax assets	7	—
Net deferred tax assets	7	—

### 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

	(%)	
	19th Fiscal Period (As of April 30, 2024)	20th Fiscal Period (As of October 31, 2024)
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible cash distribution	(58.28)	(21.11)
Changes in valuation allowance	26.83	(10.35)
Other	0.01	0.01
Effective income tax rate after application of tax-effect accounting	0.02	0.01

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

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

Not applicable.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

Not applicable.

## 17. Transactions with Related Parties

### 1. Parent company and major corporate unitholders.

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

Not applicable.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

Not applicable.

### 2. Subsidiaries and affiliates.

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

Not applicable.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

Not applicable.

3. Sister companies.  
19th Fiscal Period (From November 1, 2023 to April 30, 2024)  
Not applicable.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)  
Not applicable.

4. Directors and major individual unitholders.  
19th Fiscal Period (From November 1, 2023 to April 30, 2024)  
Not applicable.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)  
Not applicable.

## 18. Revenue Recognition

1. Breakdown of revenue from contracts with customers  
19th Fiscal Period (From November 1, 2023 to April 30, 2024)

(Thousand yen)

	Revenue from contracts with customers (Note1)	Net sales to external customers
Sale of real estate, etc.	59,460,000	(Note2) 2,630,418
Utilities revenue	189,499	189,499
Other	—	15,034,044
Total	59,649,499	17,853,962

(Note1) Rental revenue, etc. subject to ASBJ Statement No. 13, “Accounting Standard for Lease Transactions” is not included in “Revenue from Contracts with Customers” because such revenue is excluded from the application of the revenue recognition standard. Revenues from contracts with major customers consist of revenues from the sale of real estate and other assets and utilities revenue.

(Note2) Regarding the sale of real estate, etc., in accordance with Article 48, Paragraph 2 of the Regulations on Accounting of Investment Corporations (Cabinet Office Ordinance No. 47, 2006), gain on the sale of real estate properties, etc. is shown in the statement of income and retained earnings after deducting cost of real estate property and direct sales expenses from the proceeds from the sale of real estate, etc.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

(Thousand yen)

	Revenue from contracts with customers (Note1)	Net sales to external customers
Sale of real estate, etc.	65,815,000	(Note2) 7,859,061
Utilities revenue	244,206	244,206
Other	—	13,648,552
Total	66,059,206	21,751,820

(Note1) Rental revenue, etc. subject to ASBJ Statement No. 13, “Accounting Standard for Lease Transactions” is not included in “Revenue from Contracts with Customers” because such revenue is excluded from the application of the revenue recognition standard. Revenues from contracts with major customers consist of revenues from the sale of real estate and other assets and utilities revenue.

(Note2) Regarding the sale of real estate, etc., in accordance with Article 48, Paragraph 2 of the Regulations on Accounting of Investment Corporations (Cabinet Office Ordinance No. 47, 2006), gain on the sale of real estate properties, etc. is shown in the statement of income and retained earnings after deducting cost of real estate property and direct sales expenses from the proceeds from the sale of real estate, etc.

2. Information to understand revenue from contracts with customers

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

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

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

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

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

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

(Thousand yen)

	19th Fiscal Period (From November 1 2023 to April 30, 2024)	20th Fiscal Period (From May 1, 2024 to October 31, 2024)
Claims arising from contracts with customers (Balance at beginning of period)	55,289	35,535
Claims arising from contracts with customers (Balance at end of period)	35,535	50,279
Contract assets (Balance at beginning of period)	—	—
Contract assets (Balance at end of period)	—	—
Contract liabilities (Balance at beginning of period)	—	—
Contract liabilities (Balance at end of period)	—	—

(2) Transaction prices allocated to the remaining performance obligations

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

As of April 30, 2024, the transaction price allocated to the remaining performance obligations related to the sale of real estate, etc. is 56,000,000 thousand yen for which the sale and purchase agreement was entered into on March 29, 2023 and 74,390,000 thousand yen for which the sale and purchase agreement was entered into on March 19, 2024.

SHR assumes to recognize revenue for the remaining performance obligations as follows upon delivery of mentioned real estate.

1. Agreement allocation as of March 29, 2023

(Thousand yen)

	Planned disposition date	Planned disposition price	Calculation period for revenue recognition
3	End of October 2024	7,000,000 (10%)	Ending October 2024 (FP 20)
4	End of April 2025	7,000,000 (10%)	Ending April 2025 (FP 21)
5	End of October 2025	7,000,000 (10%)	Ending October 2025 (FP 22)
6	End of April 2026	7,000,000 (10%)	Ending April 2026 (FP 23)
7	End of October 2026	7,000,000 (10%)	Ending October 2026 (FP 24)
8	End of April 2027	7,000,000 (10%)	Ending April 2027 (FP 25)
9	End of October 2027	7,000,000 (10%)	Ending October 2027 (FP 26)
10	End of April 2028	7,000,000 (10%)	Ending April 2028 (FP 27)

## 2. Agreement allocation as of March 19, 2024

Planned disposition date	Planned disposition price	(Thousand yen)
		Calculation period for revenue recognition
May 1, 2024	58,815,000	Ending October 2024 (FP 20)
November 1, 2024	15,575,000	Ending April 2025 (FP 21)

With regard to utilities revenue, SHR recognizes proceeds in the amount that SHR has the right to claim in accordance with Clause 19 of the Accounting Standard for Revenue Recognition, because SHR has the right to receive from the lessee, as the customer, an amount of compensation directly corresponding to the value of the items provided up to the end of the fiscal period. Accordingly, SHR applies the provisions of Clause 80-22(2) of Accounting Standard for Revenue Recognition and does not include related information in the notes on transaction prices allocated to the remaining performance obligations.

### 20th Fiscal Period (From May 1, 2024 to October 31, 2024)

As of October 31, 2024, the transaction price allocated to the remaining performance obligations related to the sale of real estate, etc. is 49,000,000 thousand yen for which the sale and purchase agreement was entered into on March 29, 2023, 15,575,000 thousand yen for which the sale and purchase agreement was entered into on March 19, 2024 and 54,600,000 thousand yen for which the sale and purchase agreement was entered into on October 11, 2024.

SHR assumes to recognize revenue for the remaining performance obligations as follows upon delivery of mentioned real estate.

## 1. Agreement allocation as of March 29, 2023

	Planned disposition date	Planned disposition price	(Thousand yen)
			Calculation period for revenue recognition
4	End of April 2025	7,000,000 (10%)	Ending April 2025 (FP 21)
5	End of October 2025	7,000,000 (10%)	Ending October 2025 (FP 22)
6	End of April 2026	7,000,000 (10%)	Ending April 2026 (FP 23)
7	End of October 2026	7,000,000 (10%)	Ending October 2026 (FP 24)
8	End of April 2027	7,000,000 (10%)	Ending April 2027 (FP 25)
9	End of October 2027	7,000,000 (10%)	Ending October 2027 (FP 26)
10	End of April 2028	7,000,000 (10%)	Ending April 2028 (FP 27)

## 2. Agreement allocation as of March 19, 2024

Planned disposition date	Planned disposition price	(Thousand yen)
		Calculation period for revenue recognition
November 1, 2024	15,575,000	Ending April 2025 (FP 21)

## 3. Agreement allocation as of October 11, 2024

Planned disposition date	Planned disposition price	(Thousand yen)
		Calculation period for revenue recognition
May 30, 2025	54,600,000	Ending October 2025 (FP 22)

With regard to utilities revenue, SHR recognizes proceeds in the amount that SHR has the right to claim in accordance with Clause 19 of the Accounting Standard for Revenue Recognition, because SHR has the right to receive from the lessee, as the customer, an amount of compensation directly corresponding to the value of the items provided up to the end of the fiscal period. Accordingly, SHR applies the provisions of Clause 80-22(2) of Accounting Standard for Revenue Recognition and does not include related information in the notes on transaction prices allocated to the remaining performance obligations.

## 19. Limitations on Management of Assets

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

Not applicable.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

SHR invested in SHR Boren Avenue Partners I, LLC, SHR Boren Avenue Partners II, LLC, SHR Ridge Square Partners I, LLC and SHR Ridge Square Partners II, LLC as overseas real estate holding corporations when the investment exceeds the amount obtained by multiplying the total investment of the overseas real estate holding corporation (excluding the investment of the overseas real estate holding corporation) by the rate designated in Article 221 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations. The details of each overseas real estate holding corporation are as follows.

### 1. SHR Boren Avenue Partners I, LLC

(1) Total investment price 164,577,000USD (25,830,360,150yen)

(Note)Converted to yen at the exchange rate of 1 USD=156.95 yen, which was the exchange rate at the time of investment.

(2) Investment ratio (The percentage of investment by overseas real estate holding corporations that are part of SHR's assets to the total investment amount) 100%

(3) Amounts of major items in the balance sheets and statements of income and retained earnings

With regard to the closing of accounts of SHR Boren Avenue Partners I, LLC for the fiscal period ended July 2024 (From April 4, 2024 to July 31, 2024), audits have been completed by Marcum LLP on the basis of US's accounting standards (equivalent to IFRS). Of the company's audited financial statement for the fiscal period ended July 2023 based on the relevant laws, amounts of major items in the balance sheets and statements of income and retained earnings are as follows.

Items on the balance sheets (As of July 31, 2024)

	Unit:USD	Unit:thousand yen
Total current assets	2,156,793	331,369
Total non-current assets	164,189,624	25,226,093
(Of which, total investment properties)	164,189,624	25,226,093
Total current liabilities	726,330	111,593
Total non-current liabilities	192,328	29,549
Total net assets	165,427,759	25,416,320

(Notes 1) For the balance sheets, figures of the financial statements prepared on the basis of Malaysia's accounting standards (equivalent to IFRS) have been reclassified to figures based on Japanese accounting standards (although disclosure is not based on Japanese accounting standard).

(Notes 2) Converted to yen at the exchange rate of 1 USD=153.64 yen, which was the exchange rate at the end of the fiscal period under review.

Items on the statements of income and retained earnings (From April 4, 2024 to July 31, 2024)

	Unit:USD	Unit:thousand yen
Net sales	1,764,670	276,400
Income before income taxes	1,043,087	163,378
Net income	850,759	133,254

(Notes1) For the statements of income and retained earnings, figures of the financial statements prepared on the basis of US's accounting standards (equivalent to IFRS) have been reclassified to figures based on Japanese accounting standards (although disclosure is not based on Japanese accounting standard). 968,717USD (148,847 thousand yen) was paid as dividend to SHR on October 30, 2024. Converted to yen at the exchange rate of 1 USD=153.654 yen, which was the exchange rate at the time of receiving dividends.

### 2. SHR Boren Avenue Partners II, LLC

(1) Total investment price 164,577,000USD (25,830,360,150yen)

(Note)Converted to yen at the exchange rate of 1 USD=156.95 yen, which was the exchange rate at the time of investment.

(2) Investment ratio (The percentage of investment by overseas real estate holding corporations that are part of SHR's assets to the total investment amount) 100%

(3) Amounts of major items in the balance sheets and statements of income and retained earnings  
Not applicable as the fiscal year end has not yet arrived.

### 3. SHR Ridge Square Partners I, LLC

(1) Total investment price 14,250,000USD (2,073,446,250yen)

(Note)Converted to yen at the exchange rate of 1 USD=145.505 yen, which was the exchange rate at the time of investment.

(2) Investment ratio (The percentage of investment by overseas real estate holding corporations that are part of SHR's assets to the total investment amount) 100%

(3) Amounts of major items in the balance sheets and statements of income and retained earnings  
Not applicable as the fiscal year end has not yet arrived.

### 4. SHR Ridge Square Partners II, LLC

(1) Total investment price 14,250,000USD (2,073,446,250yen)

(Note)Converted to yen at the exchange rate of 1 USD=145.505 yen, which was the exchange rate at the time of investment.

(2) Investment ratio (The percentage of investment by overseas real estate holding corporations that are part of SHR's assets to the total investment amount) 100%

(3) Amounts of major items in the balance sheets and statements of income and retained earnings  
Not applicable as the fiscal year end has not yet arrived.

## 20. Asset Retirement Obligations

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

Not applicable.

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

Not applicable.

## 21. 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.

(Thousand yen)

	19th Fiscal Period (From November 1 2023 to April 30, 2024)	20th Fiscal Period (From May 1, 2024 to October 31, 2024)
Carrying amount		
Balance at beginning of period	530,985,035	509,352,445
Amount of increase (decrease) during period	(21,632,589)	(38,833,192)
Balance at end of period	509,352,445	470,519,253
Fair value at end of period	613,549,000	574,022,000

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

(Note 2) Net increase during the 19th fiscal period is mainly attributable to capital expenditure (1,026,323 thousand yen) and the acquisition of 11 new properties (40,793,160 thousand yen), offset by a decrease during the period mainly attributable to disposition of 3 properties (56,734,725 thousand yen), impairment losses (4,008,462 thousand yen) and depreciation (2,707,632 thousand yen). Net increase during the 20th fiscal period is mainly attributable to capital expenditure (1,490,461 thousand yen) and the acquisition of 5 new properties (19,844,698 thousand yen), offset by a decrease during the period mainly attributable to disposition of 3 properties (57,841,266 thousand yen) and depreciation (2,383,416 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by outside real estate appraisers. Of the fair value at end of the previous period, Gotenyama SH Building consists of total disposition price (3rd to 10th) contracted on March 29, 2023, Garden City Shinagawa Gotenyama consists of disposition price at May 1, 2024 contracted on March 19, 2024, and Hommachi Garden City (Office building portion) consists of disposition price at May 1, 2024 and November 1, 2024 contracted on March 19, 2024. Of the fair value at end of the current period, Gotenyama SH Building consists of total disposition price (4th to 10th) contracted on March 29, 2023, Hommachi Garden City (Office building portion) consists of disposition price at November 1, 2024 contracted on March 19, 2024 and Akasaka Garden City consists of disposition price at May 30, 2025 contracted on October 11, 2024.

The property-related operating income in the 19th and 20th fiscal periods for investment and rental properties is presented in “5. Notes to Statement of Income and Retained Earnings” .

## 22. 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

19th Fiscal Period (From November 1, 2023 to April 30, 2024)

#### (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

(Thousand yen)

Name of customer	Operating revenue	Name of related segment
Godo Kaisha Pothos	4,766,750	Real estate leasing business
TIS Inc.	3,067,461	Real estate leasing business
Sekisui House, Ltd.	1,362,595	Real estate leasing business

20th Fiscal Period (From May 1, 2024 to October 31, 2024)

## (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

(Thousand yen)

Name of customer	Operating revenue	Name of related segment
Godo Kaisha Pothos	5,745,130	Real estate leasing business
TIS Inc.	2,972,575	Real estate leasing business

## 23. Per Unit Information

	19th Fiscal Period (From November 1 2023 to April 30, 2024)	20th Fiscal Period (From May 1, 2024 to October 31, 2024)
Net assets per unit	66,079 yen	67,250 yen
Net income per unit	1,130 yen	2,698 yen

(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.

(Note 2) The basis for calculating net income per unit is as follows.

	19th Fiscal Period (From November 1 2023 to April 30, 2024)	20th Fiscal Period (From May 1, 2024 to October 31, 2024)
Net income (Thousand yen)	4,954,266	11,824,261
Amount not attributable to common unitholders (Thousand yen)	—	—
Net income attributable to common investment units (Thousand yen)	4,954,266	11,824,261
Average number of investment units during period (Units)	4,381,482	4,381,482



## 24. Significant Subsequent Events

### 1. Acquisition of Asset

SHR acquired the following overseas real estate through investment in two LLCs located in the U.S.(the "Two Overseas LLCs")that own overseas real estate.

#### a. Investment in the Two Overseas LLCs

Name	Location	Investment date	Investment price	Investment ratio
SHR Ridge Square Partners I, LLC	Delaware, U.S.A	August 22, 2024(Note 1)	14mm USD (2,073mm yen)(Note 2)	—
		November 14, 2024	125mm USD (18,077mm yen)(Note 3)	
		November 14, 2024	2mm USD (350mm yen)(Note 4)	
		Total	142mm USD (20,501mm yen)	100.0%
SHR Ridge Square Partners II, LLC	Delaware, U.S.A	August 22, 2024(Note 1)	14mm USD (2,073mm yen)(Note 2)	—
		November 14, 2024	125mm USD (18,077mm yen)(Note 3)	
		November 14, 2024	2mm USD (350mm yen)(Note 4)	
		Total	142mm USD (20,501mm yen)	100.0%

(Note 1) Investment was completed in the 20th fiscal period.

(Note 2) Converted to yen at the exchange rate of 1 USD=145.505 yen, which was the exchange rate at the time of investment.

(Note 3) Converted to yen at the forward exchange rate of 1 USD=143.755 yen, which was concluded on August 22, 2024.

(Note 4) Converted to yen at the exchange rate of 1 USD=155.75 yen, which was the exchange rate as of November 14, 2024.

#### b. Real estate acquired by the Two Overseas LLCs

Property name	Type of use	Location	Acquisition price (Note 1)	Acquisition date	Seller
City Ridge(Note 2)	Residence	Washington D.C., U.S.A.	279 mm USD (40,156 mm yen)	November 15, 2024	NASH-Roadside 3900 Wisconsin, LLC

(Note 1) Of the acquisition price, 27,900 thousand USD (10%) was converted into yen at the exchange rate at the time of investment of 1 USD=145.505 yen, and 251,100 thousand USD (90%) was converted to yen at the exchange rate of the forward exchange contract concluded on August 22, 2024 of 1 USD=143.755 yen.

(Note 2) The Two Overseas LLCs acquired ownership of all the exclusive residential portions of the four buildings of the property, as well as ownership of the associated land area of 26,536 sq/ft (2,465.18 m<sup>2</sup>).

### 2. Disposition of Asset

SHR concluded a contract on March 19, 2024 for the disposition of two real estate trust beneficiary interests, and the disposition was completed on November 1, 2024, as follows.

As a result of this disposition, SHR expects to record a gain on disposition of real estate of 3,143 million yen in the fiscal period ending April 30, 2025 (from November 1, 2024 to April 30, 2025)

Property name	Type of use	Location	Disposition price (million yen) (Note)	Disposition date	Buyer
Hommachi Garden City (Office building portion)	(quasi co-ownership interest 35.0%) Office building	Osaka-shi, Osaka	15,575	November 1, 2024	Godo Kaisha Pothos

(Note) "Disposition price" is the sale and purchase price stated in the sale and purchase agreement (excluding various expenses such as consumption tax, local consumption tax and sales commission, and rounded down the nearest million yen).

### 3. Decision on Matters Related to the Acquisition of Own Investment Units

At the Board of Directors Meeting held on December 16, 2024, SHR resolved the following matters related to the acquisition of its own investment units pursuant to the provisions of Article 80-2 of the Act on Investment Trusts and Investment Corporations, which is applied by replacing the terms and phrases pursuant to the provisions of Article 80-5, Paragraph 2 of the said Act. All acquired investment units are scheduled to be cancelled during the fiscal period ending April 30, 2025.

#### a. Reasons for the acquisition of own investment units

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

#### b. Details of the acquisition

Planned total number of investment units to be acquired: up to 35,000 units

Planned total acquisition price of the investment units: 2,000 million yen

Acquisition method: Market purchase on the Tokyo Stock Exchange based on a discretionary transaction contract with a securities company for the acquisition of own investment units

Acquisition period: From December 17, 2024 to March 31, 2025

## 25. Additional Information

### 1. Disposition of Asset

SHR decided on the disposition of trust beneficiary interest in domestic real estate and entered into a purchase and sale agreement as of March 29, 2023 as follows. The disposition of the quasi co-ownership interest in trust beneficiary interest is scheduled to be carried out in 10 equal installments, with 10/100 of the ownership share to be disposed on each planned disposition date. As of the date of this document, the first disposition, the second disposition and the third disposition have been executed, and a gain on sale of real estate properties is expected to be recorded during each calculation period as follows.

Property name	Type of use	Location	Total disposition price (Note 1) (million yen)	Planned disposition date (Note2)	Buyer
Gotenyama SH Building	Office building	Shinagawa-ku, Tokyo	70,000	stated as below	TIS Inc.

(Unit: million yen)

	Planned disposition date (Note 2)	Planned disposition price (Note 1)	Gain on disposition (expected) (Note 3)	Calculation period
4	End of April 2025	7,000 (10%)	2,106	Ending April 2025 (FP 21)
5	End of October 2025	7,000 (10%)	2,117	Ending October 2025 (FP 22)
6	End of April 2026	7,000 (10%)	2,127	Ending April 2026 (FP 23)
7	End of October 2026	7,000 (10%)	2,142	Ending October 2026 (FP 24)
8	End of April 2027	7,000 (10%)	2,156	Ending April 2027 (FP 25)
9	End of October 2027	7,000 (10%)	2,170	Ending October 2027 (FP 26)
10	End of April 2028	7,000 (10%)	2,185	Ending April 2028 (FP 27)

(Note 1) "Total disposition price" and "Planned disposition price" is the sale and purchase price stated in the sale and purchase agreement (excluding consumption tax, local consumption tax, commission for sales, and other various expenses; rounded down to the nearest million yen).

(Note 2) In the event that the "planned disposition date" is not a business day, the said date will be the immediately preceding business day.

(Note 3) "Gain on disposition (expected)" is the approximate value to be recorded on each planned disposition date as of the date of this document and is subject to change.

### 2. Disposition of Asset

SHR decided on the disposition of trust beneficiary interest in domestic real estate and entered into a purchase and sale agreement as of October 11, 2024 as follows. The Asset Disposition is scheduled to be carried out on May 30, 2025, and a gain on sale of real estate of 3,070 million yen is expected to be recorded in the fiscal period ending October 31, 2025 (from May 1, 2025 to October 31, 2025).

Property name	Type of use	Location	(Planned disposition price (million yen) (Note 1)	Planned disposition date	Buyer
Akasaka Garden City (Note 2)	Office building	Minato-ku, Tokyo	54,600	May 30, 2025	Aoyama Investments SPC

(Note 1) "Planned disposition price" is the sale and purchase price stated in the sale and purchase agreement (excluding various expenses such as consumption tax, local consumption tax and sales commission, and rounded down to the nearest million yen).

(Note 2) Of the "Akasaka Garden City" property, the Asset Disposition refers to 65.45% quasi co-ownership interest of the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor underground through 4th floor above ground and 11th floor to 19th floor above ground as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (approximately 66.3%)), and the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 5th to 9th floor as well as the accompanying right of site (ratio of right of site): 273,490/1,000,000 (approximately 27.3%), and 96.05% co-ownership interest regarding the compartmentalized ownership interest in all of the exclusively owned portions of the 10th floor and the accompanying right of site (ratio of right of site: 54,698/1,000,000 (approximately 5.5%))

(7) Supplementary Schedules  
20th Fiscal Period (From May 1, 2024 to October 31, 2024)

1. Schedule of securities  
(1) Shares

Currency	Brand name	Stock number	Acquisition price		Valuation (Note1)		Valuation profit/loss	Remarks
			Unit price	Amount	Unit price	Amount		
USD	SHR Boren Avenue Partners I, LLC	—	—	164,577	—	164,577	—	(Note2)
				25,830,360 thousand yen		25,830,360 thousand yen		
	SHR Boren Avenue Partners II, LLC	—	—	164,577	—	164,577	—	(Note2)
				25,830,360 thousand yen		25,830,360 thousand yen		
	SHR Ridge Square Partners I, LLC	—	—	14,250	—	14,250	—	(Note3)
				2,073,446 thousand yen		2,073,446 thousand yen		
	SHR Ridge Square Partners II, LLC	—	—	14,250	—	14,250	—	(Note3)
				2,073,446 thousand yen		2,073,446 thousand yen		
Total	4 brands	—	—	357,654	—	357,654	—	—
				55,807,612 thousand yen		55,807,612 thousand yen		

(Note1) "Valuation" is the acquisition cost, as the shares have no market value.

(Note2) These are the investment in two LLCs located in the U.S. that own overseas real estate and the asset acquired by the two LLCs is "The Ivey on Boren". Each of them acquired 50% of the co-ownership interest on May 29, 2024. The figures are converted into yen at the exchange rate of USD1 = 156.95 yen, which was at the time of investment.

(Note3) These are the investment in two LLCs located in the U.S. that own overseas real estate and the asset acquired by the two LLCs is "City Ridge". Each of them acquired 50% of the co-ownership interest on November 15, 2024. The figures are converted into yen at the exchange rate of USD1 = 145.505 yen, which was at the time of investment.

(2) Securities other than shares

(Thousand yen)

Type	Brand Name	Face value	Book value	Accrued interest	Prepaid accrued interest	Valuation (Note1)	Valuation profit/loss	Remarks
TK (tokumei kumiai) equity interest	TK (tokumei kumiai) real estate equity interest in Gemini1 GK TK	480,000	471,180	—	—	471,180	—	(Note2)
TK (tokumei kumiai) equity interest	TK (tokumei kumiai) real estate equity interest in Gemini2 GK TK	220,000	202,102	—	—	202,102	—	(Note3)
Total		700,000	673,283	—	—	673,283	—	—

(Note1) "Valuation" is the book value.

(Note2) Asset management refers to silent partnerships 34.55% quasi co-ownership interest of the trust beneficiary interest in real estate regarding the compartmentalized ownership interest in all of the exclusively-owned portions of the 1st floor underground through 4th floor above ground and 11th floor through 19th floor above ground of the "Akasaka Garden City" building, as well as the accompanying right of site (ratio of right of site: 662,768/1,000,000 (or approximately 66.3%)), and has not yet been acquired by SHR.

(Note3) The underlying asset refers to the trust beneficiary interest in real estate of "Ningyocho PREX".

2. Contract amount and fair value of derivative transactions

(Thousand yen)

Category	Type	Contract amount (Note1)		Fair value (Note2)
			Of which, over 1 year	
Transaction other than market transaction	Interest rate swap transaction Floating interest rate receivable and fixed interest rate payable	90,632,000	68,047,000	— (Note2)
Transaction other than market transaction	Forward exchange contract Purchased ,USD	36,154,382	—	2,486,077 (Note3)
Total		126,786,382	68,047,000	2,486,077

(Note1) The contract amount of interest rate swap transactions is based on the notional principal amount.

(Note2) The fair value is omitted because the transaction meets the criteria for the special accounting treatment under the Accounting Standards for Financial Instruments.

(Note3) Calculated based on prices, etc. presented by financial institutions with which SHR does business.

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

(Thousand yen)

Type of assets	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Accumulated depreciation or accumulated amortization		Net balance at end of period	Notes	
						For the period			
Property, plant and equipment	Buildings in trust	178,643,432	6,633,891	18,808,282	166,469,042	25,264,310	2,123,692	141,204,731	*1 *2
	Structures in trust	1,557,352	162,205	80,566	1,638,991	407,065	32,846	1,231,926	
	Machinery and equipment in trust	2,459,646	150,132	3,487	2,606,291	659,290	62,621	1,947,001	
	Tools, furniture and fixtures in trust	1,255,814	224,060	7,034	1,472,841	642,962	109,079	829,879	
	Land in trust	348,497,395	14,223,089	43,229,572	319,490,912	—	—	319,490,912	*1 *2
	Construction in progress intrust	262,100	—	262,100	—	—	—	—	
	Subtotal	532,675,742	21,393,380	62,391,043	491,678,079	26,973,627	2,328,240	464,704,451	
Intangible assets	Leasehold rights in trust	6,278,442	—	—	6,278,442	464,151	55,118	5,814,290	
	Other	39,604	194	—	39,799	22,971	2,529	16,827	
	Subtotal	6,318,046	194	—	6,318,241	487,123	57,648	5,831,117	
Total	538,993,788	21,393,574	62,391,043	497,996,320	27,460,751	2,385,888	470,535,568		

\*1 The increase during the fiscal period under review is mainly attributable to the acquisition of 5 residences.

\*2 The decrease during the fiscal period under review is mainly attributable to the disposition of Garden City Shinagawa Gotenyama, Hommachi Garden City(Office building portion) and Gotenyama SH Building.

### 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 (Thousand yen )	Amount of decrease during period (Thousand yen )	Balance at end of period (Thousand yen )	Coupon rate (%)	Redemption date	Use of proceeds	Security
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		
SHR Third Series Unsecured Investment Corporation Bond (Green Bonds)	July 11, 2019	4,000,000	4,000,000	—	0.220	July 11, 2024		
SHR Fourth Series Unsecured Investment Corporation Bond (Green Bonds)	July 11, 2019	2,500,000	—	2,500,000	0.570	July 11, 2029		
SHR Fifth Series Unsecured Investment Corporation Bond (Green Bonds)	November 1, 2019	5,000,000	—	5,000,000	0.220	November 1, 2024 (Note1)		
SHR Sixth Series Unsecured Investment Corporation Bond (Green Bonds)	February 28, 2020	2,000,000	—	2,000,000	0.500	February 28, 2030		
SHR Seventh Series Unsecured Investment Corporation Bond (Green Bonds)	September 9, 2020	4,000,000	—	4,000,000	0.250	September 9, 2025		
SHR Eighth Series Unsecured Investment Corporation Bond (Green Bonds)	September 9, 2020	4,000,000	—	4,000,000	0.510	September 9, 2030		
SHR Ninth Series Unsecured Investment Corporation Bond (Green Bonds)	May 19, 2021	2,000,000	—	2,000,000	0.460	May 19, 2031		
Total	—	28,500,000	7,000,000	21,500,000	—	—		

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

(Note 2) The funds are used to repay borrowings or redemption of existing investment corporation bonds, etc.

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

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

(Thousand 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	9,000,000	2,000,000	—	—	2,500,000

## 6. Schedule of loans payable

(Thousand yen)

category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Short-term loans payable	MUFG Bank, Ltd.	922,000	—	922,000	—	0.36273	May 31,2024		(Note2)	Un-secured Un-guaranteed
	Mizuho Bank, Ltd.	735,000	—	735,000	—					
	Sumitomo Mitsui Banking Corporation	675,000	—	675,000	—					
	Sumitomo Mitsui Trust Bank, Limited	383,000	—	383,000	—					
	Mizuho Trust & Banking Co., Ltd.	285,000	—	285,000	—					
	MUFG Bank, Ltd.	1,500,000	—	—	1,500,000	0.41744	Feb 28,2025			
	MUFG Bank, Ltd.	260,000	—	—	260,000	0.41744	Feb 28,2025			
	Mizuho Bank, Ltd.	210,000	—	—	210,000					
	Sumitomo Mitsui Banking Corporation	190,000	—	—	190,000					
	MUFG Bank, Ltd.	—	922,000	—	922,000	0.42853	May 30,2025			
	Mizuho Bank, Ltd.	—	735,000	—	735,000					
	Sumitomo Mitsui Banking Corporation	—	675,000	—	675,000					
	Sumitomo Mitsui Trust Bank, Limited	—	383,000	—	383,000					
	Mizuho Trust & Banking Co., Ltd.	—	285,000	—	285,000					
Long-term loans payable	MUFG Bank, Ltd.	4,600,000	—	—	4,600,000	1.47450	Nov 30,2024 (Note3)	Lumpsum payment at maturity	(Note2)	Un-secured Un-guaranteed
	Mizuho Bank, Ltd.	700,000	—	—	700,000					
	Sumitomo Mitsui Banking Corporation	3,700,000	—	—	3,700,000					
	Sumitomo Mitsui Trust Bank, Limited	700,000	—	—	700,000					
	Development Bank of Japan Inc.	300,000	—	—	300,000					
	Mizuho Bank, Ltd.	200,000	—	200,000	—	0.49500	Aug 30,2024			
	Sumitomo Mitsui Banking Corporation	200,000	—	200,000	—					
	Sumitomo Mitsui Trust Bank, Limited	400,000	—	400,000	—					
	Mizuho Trust & Banking Co., Ltd.	500,000	—	500,000	—					
	Resona Bank, Limited	300,000	—	300,000	—					
	The Norinchukin Bank	300,000	—	300,000	—	0.57000	Aug 29,2025 (Note3)			
	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 (Note3)			
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000					
	Development Bank of Japan Inc.	400,000	—	—	400,000					
	MUFG Bank, Ltd.	1,810,000	—	—	1,810,000					
	MUFG Bank, Ltd.	440,000	—	—	440,000	0.67000	Sep 8,2026			
	Mizuho Bank, Ltd.	900,000	—	—	900,000					
	MUFG Bank, Ltd.	600,000	—	—	600,000	0.61000	Feb 28,2025 (Note3)			
	MUFG Bank, Ltd.	600,000	—	—	600,000					
Mizuho Bank, Ltd.	200,000	—	—	200,000	0.67000	Feb 28,2025 (Note3)				
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				



category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Long-term loans payable	MUFG Bank, Ltd.	800,000	—	—	800,000	0.77880	Feb 27,2026	Lumpsum payment at maturity	(Note2)	Un-secured Un-guaranteed
	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					
	Mizuho Bank, Ltd.	176,000	—	—	176,000	0.61380	Aug 29,2025 (Note3)			
	The Norinchukin Bank	2,352,000	—	—	2,352,000					
	MUFG Bank, Ltd.	500,000	—	—	500,000	0.63500	Feb 27,2026			
	MUFG Bank, Ltd.	500,000	—	—	500,000					
	Mizuho Bank, Ltd.	100,000	—	—	100,000					
	The 77 Bank, Ltd.	500,000	—	—	500,000					
	The Hiroshima Bank, Ltd.	500,000	—	—	500,000	0.70000	Aug 31,2027			
	MUFG Bank, Ltd.	1,900,000	—	—	1,900,000					
	Mizuho Bank, Ltd.	4,200,000	—	—	4,200,000	0.78300	Aug 31,2027			
	Sumitomo Mitsui Banking Corporation	1,900,000	—	—	1,900,000					
	Development Bank of Japan Inc.	376,000	—	376,000	—	0.28568	Aug 30,2024			
	MUFG Bank, Ltd.	300,000	—	300,000	—					
	Mizuho Bank, Ltd.	2,459,000	—	2,459,000	—	0.35900	Aug 30,2024			
	Sumitomo Mitsui Banking Corporation	260,000	—	260,000	—					
	Mizuho Trust & Banking Co., Ltd.	900,000	—	900,000	—					
	Development Bank of Japan Inc.	565,000	—	—	565,000	0.48000	Feb 26,2027			
	MUFG Bank, Ltd.	450,000	—	—	450,000					
	Mizuho Bank, Ltd.	1,332,000	—	—	1,332,000	0.57500	Feb 26,2027			
	Sumitomo Mitsui Banking Corporation	390,000	—	—	390,000					
	Mizuho Trust & Banking Co., Ltd.	1,350,000	—	—	1,350,000					
	MUFG Bank, Ltd.	1,000,000	—	1,000,000	—					
	Mizuho Bank, Ltd.	800,000	—	800,000	—	0.40580	Aug 30,2024			
	Sumitomo Mitsui Banking Corporation	700,000	—	700,000	—					
	Sumitomo Mitsui Trust Bank, Limited	400,000	—	400,000	—					
Mizuho Trust & Banking Co., Ltd.	400,000	—	400,000	—						
Resona Bank, Limited	200,000	—	200,000	—						
The Norinchukin Bank	200,000	—	200,000	—						
Shinkin Central Bank	200,000	—	—	200,000						
MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.41388	Aug 31,2026				
Mizuho Bank, Ltd.	800,000	—	—	800,000						
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						
Mizuho Trust & Banking Co., Ltd.	400,000	—	—	400,000						
Resona Bank, Limited	200,000	—	—	200,000						
The Norinchukin Bank	500,000	—	—	500,000						
MUFG Bank, Ltd.	1,400,000	—	—	1,400,000			0.68500	Feb 29,2028		

category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Long-term loans payable	Mizuho Bank, Ltd.	2,400,000	—	—	2,400,000	0.69500	Feb 29,2028	Lumpsum payment at maturity	(Note2)	Un-secured Un-guaranteed
	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.	1,500,000	—	—	1,500,000	0.42000	Feb 27,2026			
	Sumitomo Mitsui Banking Corporation	1,230,000	—	—	1,230,000					
	Sumitomo Mitsui Trust Bank, Limited	200,000	—	—	200,000					
	Mizuho Trust & Banking Co., Ltd.	600,000	—	—	600,000					
	Resona Bank, Limited	800,000	—	—	800,000					
	The Norinchukin Bank	900,000	—	—	900,000					
	THE BANK OF FUKUOKA, LTD.	400,000	—	—	400,000					
	Shinkin Central Bank	300,000	—	—	300,000					
	The 77 Bank, Ltd.	300,000	—	—	300,000					
	The Yamaguchi Bank, Ltd.	300,000	—	—	300,000					
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.41000	Feb 27,2026			
	MUFG Bank, Ltd.	1,170,000	—	—	1,170,000	0.46000	Feb 28,2029			
	Development Bank of Japan Inc.	900,000	—	—	900,000	0.44000	Feb 28,2029			
	The Senshu Ikeda Bank, Ltd.	300,000	—	—	300,000					
	MUFG Bank, Ltd.	1,400,000	—	—	1,400,000	0.44100	May 29,2026			
	Mizuho Bank, Ltd.	300,000	—	—	300,000					
	Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000					
	The Norinchukin Bank	800,000	—	—	800,000					
	MUFG Bank, Ltd.	1,700,000	—	—	1,700,000	0.59900	May 31,2028			
	Mizuho Bank, Ltd.	1,300,000	—	—	1,300,000					
	Sumitomo Mitsui Banking Corporation	1,200,000	—	—	1,200,000					
Mizuho Trust & Banking Co., Ltd.	600,000	—	—	600,000						
Resona Bank, Limited	900,000	—	—	900,000						
Development Bank of Japan Inc.	800,000	—	—	800,000	0.50000	May 31,2028				
Mizuho Bank, Ltd.	605,000	—	—	605,000	0.29150	Aug 29,2025 (Note3)				
Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000						
MUFG Bank, Ltd.	2,500,000	—	—	2,500,000	0.28000	Aug 29,2025 (Note3)				
Mizuho Bank, Ltd.	400,000	—	—	400,000	0.49500	Aug 31,2028				
Sumitomo Mitsui Banking Corporation	545,000	—	—	545,000						
Mizuho Trust & Banking Co., Ltd.	500,000	—	—	500,000						
Resona Bank, Limited	500,000	—	—	500,000						
MUFG Bank, Ltd.	1,542,000	—	—	1,542,000	0.47500	Aug 31,2028				

category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Long-term loans payable	Mizuho Bank, Ltd.	300,000	—	—	300,000	0.29700	Feb 28,2025 (Note3)	Lumpsum payment at maturity	(Note2)	Un-secured Un-guaranteed
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000					
	Sumitomo Mitsui Trust Bank, Limited	2,500,000	—	—	2,500,000					
	Resona Bank, Limited	500,000	—	—	500,000					
	THE BANK OF FUKUOKA, LTD.	200,000	—	—	200,000					
	MUFG Bank, Ltd.	400,000	—	—	400,000	0.28700	Feb 28,2025 (Note3)			
	Mizuho Bank, Ltd.	990,000	—	—	990,000	0.46600	Aug 31,2027			
	Sumitomo Mitsui Banking Corporation	1,840,000	—	—	1,840,000					
	Sumitomo Mitsui Trust Bank, Limited	600,000	—	—	600,000					
	Mizuho Trust & Banking Co., Ltd.	700,000	—	—	700,000					
	Resona Bank, Limited	500,000	—	—	500,000					
	The Norinchukin Bank	400,000	—	—	400,000					
	Shinkin Central Bank	200,000	—	—	200,000					
	The Senshu Ikeda Bank, Ltd.	200,000	—	—	200,000					
	The 77 Bank, Ltd.	400,000	—	—	400,000					
	The Yamaguchi Bank, Ltd.	200,000	—	—	200,000					
	MUFG Bank, Ltd.	1,370,000	—	—	1,370,000	0.45000	Aug 31,2027			
	Development Bank of Japan Inc.	400,000	—	—	400,000	0.36000	Aug 31,2027			
	MUFG Bank, Ltd.	300,000	—	—	300,000	0.28600	May 30,2025 (Note3)			
	Mizuho Bank, Ltd.	100,000	—	—	100,000					
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000					
	Sumitomo Mitsui Trust Bank, Limited	1,380,000	—	—	1,380,000					
	MUFG Bank, Ltd.	800,000	—	—	800,000	0.50700	Nov 30,2028			
	Mizuho Bank, Ltd.	210,000	—	—	210,000					
	Sumitomo Mitsui Banking Corporation	1,800,000	—	—	1,800,000					
	Sumitomo Mitsui Trust Bank, Limited	300,000	—	—	300,000					
	Mizuho Trust & Banking Co., Ltd.	870,000	—	—	870,000					
	Resona Bank, Limited	1,100,000	—	—	1,100,000					
	The Norinchukin Bank	1,020,000	—	—	1,020,000					
	Development Bank of Japan Inc.	370,000	—	—	370,000					
MUFG Bank, Ltd.	200,000	—	—	200,000						
Mizuho Bank, Ltd.	600,000	—	—	600,000						
Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000	0.29400	Aug 29,2025 (Note3)				
Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000						
THE BANK OF FUKUOKA, LTD.	500,000	—	—	500,000						
Shinkin Central Bank	1,000,000	—	—	1,000,000						
The 77 Bank, Ltd.	500,000	—	—	500,000						
The Shizuoka Bank, Ltd.	1,000,000	—	—	1,000,000						
MUFG Bank, Ltd.	300,000	—	—	300,000						
MUFG Bank, Ltd.	300,000	—	—	300,000			0.55850	Feb 28,2029		

category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Long-term loans payable	Mizuho Bank, Ltd.	700,000	—	—	700,000	0.56850	Feb 28,2029	Lumpsum payment at maturity	(Note2)	Un-secured Un-guaranteed
	Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000					
	Mizuho Trust & Banking Co., Ltd.	500,000	—	—	500,000					
	Resona Bank, Limited	500,000	—	—	500,000					
	The Norinchukin Bank	500,000	—	—	500,000					
	The Senshu Ikeda Bank, Ltd.	1,000,000	—	—	1,000,000					
	The Yamaguchi Bank, Ltd.	500,000	—	—	500,000					
	The Hiroshima Bank, Ltd.	500,000	—	—	500,000					
	Mizuho Bank, Ltd.	1,280,000	—	1,280,000	—	0.42246	Aug 30,2024			
	Sumitomo Mitsui Banking Corporation	1,030,000	—	1,030,000	—					
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	500,000	—					
	Mizuho Bank, Ltd.	2,650,000	—	—	2,650,000	0.47500	Aug 31,2029			
	Sumitomo Mitsui Banking Corporation	2,110,000	—	—	2,110,000					
	Sumitomo Mitsui Trust Bank, Limited	480,000	—	—	480,000					
	Mizuho Trust & Banking Co., Ltd.	200,000	—	—	200,000					
	Resona Bank, Limited	300,000	—	—	300,000					
	The Norinchukin Bank	210,000	—	—	210,000					
	MUFG Bank, Ltd.	1,060,000	—	—	1,060,000					
	Mizuho Bank, Ltd.	340,000	—	—	340,000	0.46000	May 31,2028			
	Sumitomo Mitsui Banking Corporation	760,000	—	—	760,000					
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	—	—	1,500,000					
	Resona Bank, Limited	1,400,000	—	—	1,400,000					
	Development Bank of Japan Inc.	800,000	—	—	800,000					
	The Norinchukin Bank	700,000	—	—	700,000					
	MUFG Bank, Ltd.	2,490,000	—	—	2,490,000					
	Mizuho Bank, Ltd.	790,000	—	—	790,000	0.60200	Nov 29,2030			
	Sumitomo Mitsui Banking Corporation	1,760,000	—	—	1,760,000					
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000					
	Mizuho Trust & Banking Co., Ltd.	900,000	—	—	900,000					
	MUFG Bank, Ltd.	480,000	—	—	480,000					
Mizuho Bank, Ltd.	360,000	—	—	360,000	0.52200	Feb 29,2028				
Sumitomo Mitsui Banking Corporation	390,000	—	—	390,000						
Sumitomo Mitsui Trust Bank, Limited	900,000	—	—	900,000						
Resona Bank, Limited	750,000	—	—	750,000						
THE BANK OF FUKUOKA, LTD.	500,000	—	—	500,000						
MUFG Bank, Ltd.	1,120,000	—	—	1,120,000						
Mizuho Bank, Ltd.	840,000	—	—	840,000	0.66500	Feb 28,2030				
Sumitomo Mitsui Banking Corporation	910,000	—	—	910,000						
Sumitomo Mitsui Trust Bank, Limited	1,000,000	—	—	1,000,000						
Mizuho Trust & Banking Co., Ltd.	980,000	—	—	980,000						
Resona Bank, Limited	800,000	—	—	800,000						
The Norinchukin Bank	800,000	—	—	800,000						

category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Long-term loans payable	Sumitomo Mitsui Trust Bank, Limited	1,100,000	—	—	1,100,000	0.66500	May 31,2029	Lumpsum payment at maturity	(Note2)	Un-secured Un-guaranteed
	Mizuho Bank, Ltd.	400,000	—	—	400,000					
	Mizuho Trust & Banking Co., Ltd.	300,000	—	—	300,000					
	Resona Bank, Limited	300,000	—	—	300,000					
	The Norinchukin Bank	400,000	—	—	400,000					
	THE BANK OF FUKUOKA, LTD.	300,000	—	—	300,000					
	Shinkin Central Bank	300,000	—	—	300,000					
	The 77 Bank, Ltd.	300,000	—	—	300,000					
	The Yamaguchi Bank, Ltd.	400,000	—	—	400,000					
	The Shizuoka Bank, Ltd.	300,000	—	—	300,000					
	The Hiroshima Bank, Ltd.	300,000	—	—	300,000					
	Aozora Bank, Ltd.	300,000	—	—	300,000					
	Nippon Life Insurance Company	1,000,000	—	—	1,000,000					
	The Joyo Bank, Ltd	300,000	—	—	300,000					
	MUFG Bank, Ltd.	1,160,000	—	1,160,000	—	0.37933	Jul 11,2024			
	Mizuho Bank, Ltd.	960,000	—	960,000	—					
	Sumitomo Mitsui Banking Corporation	880,000	—	880,000	—	0.55000	Feb 26,2027			
	Sumitomo Mitsui Trust Bank, Limited	550,000	—	—	550,000					
	Mizuho Trust & Banking Co., Ltd.	350,000	—	—	350,000					
	Resona Bank, Limited	500,000	—	—	500,000					
	The Norinchukin Bank	400,000	—	—	400,000	0.85500	Feb 28,2030			
	MUFG Bank, Ltd.	1,400,000	—	—	1,400,000					
	Mizuho Bank, Ltd.	1,050,000	—	—	1,050,000					
	Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000					
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000					
	Mizuho Trust & Banking Co., Ltd.	300,000	—	—	300,000					
	Resona Bank, Limited	450,000	—	—	450,000					
	Development Bank of Japan Inc.	550,000	—	—	550,000					
	The Norinchukin Bank	350,000	—	—	350,000	1.00500	Nov 29,2030			
	MUFG Bank, Ltd.	700,000	—	—	700,000					
	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						
Development Bank of Japan Inc.	650,000	—	—	650,000	0.85500	Feb 29,2028				
Mizuho Bank, Ltd.	200,000	—	—	200,000						
Sumitomo Mitsui Banking Corporation	400,000	—	—	400,000						
Sumitomo Mitsui Trust Bank, Limited	200,000	—	—	200,000						
Mizuho Trust & Banking Co., Ltd.	200,000	—	—	200,000						
Resona Bank, Limited	200,000	—	—	200,000						
The Shizuoka Bank, Ltd.	200,000	—	—	200,000						
The Hiroshima Bank, Ltd.	200,000	—	—	200,000						
Aozora Bank, Ltd.	200,000	—	—	200,000						
The Joyo Bank, Ltd	200,000	—	—	200,000						
MUFG Bank, Ltd.	500,000	—	—	500,000						

category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Long-term loans payable	Mizuho Bank, Ltd.	500,000	—	—	500,000	1.21000	Feb 28,2031	Lumpsum payment at maturity	(Note2)	Un-secured Un-guaranteed
	The Norinchukin Bank	500,000	—	—	500,000					
	Shinkin Central Bank	600,000	—	—	600,000					
	The 77 Bank, Ltd.	500,000	—	—	500,000					
	The Yamaguchi Bank, Ltd.	500,000	—	—	500,000					
	Nippon Life Insurance Company	500,000	—	—	500,000					
	THE NISHI-NIPPON CITY BANK, LTD.	500,000	—	—	500,000	1.11000	Feb 28,2031			
	Sumitomo Mitsui Banking Corporation	300,000	—	—	300,000					
	THE BANK OF FUKUOKA, LTD.	500,000	—	—	500,000					
	THE JUHACHI-SHINWA BANK, LTD.	500,000	—	—	500,000	1.21000	Feb 28,2031			
	MUFG Bank, Ltd.	300,000	—	—	300,000					
	MUFG Bank, Ltd.	600,000	—	—	600,000	0.49484	Feb 26,2027			
	Mizuho Bank, Ltd.	500,000	—	—	500,000					
	Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000					
	Sumitomo Mitsui Trust Bank, Limited	300,000	—	—	300,000					
	Mizuho Trust & Banking Co., Ltd.	400,000	—	—	400,000					
	Resona Bank, Limited	500,000	—	—	500,000					
	The Shizuoka Bank, Ltd.	200,000	—	—	200,000					
	Mizuho Bank, Ltd.	500,000	—	—	500,000					
	Mizuho Trust & Banking Co., Ltd.	400,000	—	—	400,000					
	The Norinchukin Bank	500,000	—	—	500,000					
	Development Bank of Japan Inc.	1,000,000	—	—	1,000,000	1.10500	Feb 28,2030			
	THE BANK OF FUKUOKA, LTD.	700,000	—	—	700,000					
	Shinkin Central Bank	200,000	—	—	200,000					
	The 77 Bank, Ltd.	200,000	—	—	200,000					
	The Yamaguchi Bank, Ltd.	200,000	—	—	200,000					
	The Senshu Ikeda Bank, Ltd.	200,000	—	—	200,000					
	The Hiroshima Bank, Ltd.	200,000	—	—	200,000					
	Aozora Bank, Ltd.	200,000	—	—	200,000					
	MUFG Bank, Ltd.	700,000	—	—	700,000					
	Nippon Life Insurance Company	2,000,000	—	—	2,000,000					
	Nippon Life Insurance Company	2,000,000	—	—	2,000,000	1.04000	Jan 30,2032			
Nippon Life Insurance Company	2,000,000	—	—	2,000,000	1.12000	Nov 30,2032				
Mizuho Bank, Ltd.	570,000	—	—	570,000	0.87500	May 31,2030				
Sumitomo Mitsui Trust Bank, Limited	1,240,000	—	—	1,240,000						
Mizuho Trust & Banking Co., Ltd.	470,000	—	—	470,000						
Resona Bank, Limited	1,150,000	—	—	1,150,000						
The Norinchukin Bank	850,000	—	—	850,000						
Development Bank of Japan Inc.	550,000	—	—	550,000						
Sumitomo Mitsui Banking Corporation	200,000	—	—	200,000						
MUFG Bank, Ltd.	670,000	—	—	670,000	0.82500	May 31,2030				
MUFG Bank, Ltd.	670,000	—	—	670,000	0.87500	May 31,2030				

category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Long-term loans payable	Sumitomo Mitsui Banking Corporation	1,200,000	—	—	1,200,000	0.43744	Aug 31,2027	Lumpsum payment at maturity	(Note2)	Un-secured Un-guaranteed
	Mizuho Bank, Ltd.	1,410,000	—	—	1,410,000					
	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					
	Mizuho Bank, Ltd.	550,000	—	—	550,000	1.03500	Aug 30,2030			
	Mizuho Trust & Banking Co., Ltd.	1,000,000	—	—	1,000,000					
	Development Bank of Japan Inc.	2,100,000	—	—	2,100,000					
	Sumitomo Mitsui Banking Corporation	450,000	—	—	450,000	0.98500	Aug 30,2030			
	THE BANK OF FUKUOKA, LTD.	400,000	—	—	400,000	1.12000	Aug 29,2031			
	Shinkin Central Bank	300,000	—	—	300,000					
	The Yamaguchi Bank, Ltd.	300,000	—	—	300,000					
	MUFG Bank, Ltd.	990,000	—	—	990,000	0.43744	Nov 28,2025			
	Mizuho Bank, Ltd.	810,000	—	—	810,000					
	Sumitomo Mitsui Banking Corporation	740,000	—	—	740,000					
	Sumitomo Mitsui Trust Bank, Limited	440,000	—	—	440,000					
	Mizuho Trust & Banking Co., Ltd.	320,000	—	—	320,000					
	MUFG Bank, Ltd.	900,000	—	—	900,000	0.43744	Nov 30,2027			
	Mizuho Bank, Ltd.	110,000	—	—	110,000					
	Sumitomo Mitsui Banking Corporation	250,000	—	—	250,000					
	Sumitomo Mitsui Trust Bank, Limited	1,140,000	—	—	1,140,000					
	Mizuho Trust & Banking Co., Ltd.	100,000	—	—	100,000					
	Resona Bank, Limited	100,000	—	—	100,000					
	Mizuho Bank, Ltd.	230,000	—	—	230,000	1.19500	Nov 29,2030			
	Sumitomo Mitsui Trust Bank, Limited	570,000	—	—	570,000					
	Mizuho Trust & Banking Co., Ltd.	100,000	—	—	100,000					
	Development Bank of Japan Inc.	220,000	—	—	220,000	1.14500	Nov 29,2030			
	Sumitomo Mitsui Banking Corporation	510,000	—	—	510,000					
	MUFG Bank, Ltd.	1,810,000	—	—	1,810,000	1.19500	Nov 29,2030			
The Norinchukin Bank	400,000	—	—	400,000	1.25500	Aug 31,2032				
Shinkin Central Bank	400,000	—	—	400,000						
The Yamaguchi Bank, Ltd.	400,000	—	—	400,000						
THE NISHI-NIPPON CITY BANK, LTD.	300,000	—	—	300,000						
Sumitomo Mitsui Trust Bank, Limited	450,000	—	—	450,000	1.11500	Feb 28,2031				
Resona Bank, Limited	300,000	—	—	300,000						
The Norinchukin Bank	300,000	—	—	300,000						
Sumitomo Mitsui Banking Corporation	910,000	—	—	910,000	1.06500	Feb 28,2031				

category	Lender	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Average interest rate (%) (Note 1)	Repayment due date	Repayment method	Use of proceeds	Security
Long-term loans payable	Mizuho Bank, Ltd.	890,000	—	—	890,000	1.18000	Aug 29,2031	Lumpsum payment at maturity	(Note2)	Un-secured Un-guaranteed
	Mizuho Trust & Banking Co., Ltd.	500,000	—	—	500,000					
	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 Yamaguchi Bank, Ltd.	100,000	—	—	100,000					
	The 77 Bank, Ltd.	100,000	—	—	100,000					
	The Senshu Ikeda Bank, Ltd.	100,000	—	—	100,000					
	The Shizuoka Bank, Ltd.	100,000	—	—	100,000					
	The Hiroshima Bank, Ltd.	100,000	—	—	100,000					
	Aozora Bank, Ltd.	200,000	—	—	200,000					
	MUFG Bank, Ltd.	890,000	—	—	890,000	1.18000	Aug 29,2031			
	MUFG Bank, Ltd.	—	1,160,000	—	1,160,000	1.17500	Aug 30,2030			
	Mizuho Bank, Ltd.	—	960,000	—	960,000					
	Sumitomo Mitsui Banking Corporation	—	880,000	—	880,000	0.70081	Aug 31,2032			
	Mitsubishi UFJ Trust and Banking Corporation	—	4,000,000	—	4,000,000					
	MUFG Bank, Ltd.	—	1,000,000	—	1,000,000	0.95500	Aug 31,2029			
	Mizuho Bank, Ltd.	—	800,000	—	800,000					
	Sumitomo Mitsui Trust Bank, Limited	—	400,000	—	400,000					
	Mizuho Trust & Banking Co., Ltd.	—	400,000	—	400,000					
	Resona Bank, Limited	—	500,000	—	500,000					
	The Norinchukin Bank	—	200,000	—	200,000					
	Sumitomo Mitsui Banking Corporation	—	930,000	—	930,000					
	MUFG Bank, Ltd.	—	300,000	—	300,000	1.14500	Aug 29,2031			
	Mizuho Bank, Ltd.	—	2,659,000	—	2,659,000					
	Mizuho Trust & Banking Co., Ltd.	—	1,400,000	—	1,400,000					
The Norinchukin Bank	—	300,000	—	300,000						
Development Bank of Japan Inc.	—	376,000	—	376,000	0.63909	Aug 29,2031				
Mizuho Bank, Ltd.	—	1,280,000	—	1,280,000						
Sumitomo Mitsui Banking Corporation	—	1,260,000	—	1,260,000						
Sumitomo Mitsui Trust Bank, Limited	—	900,000	—	900,000						
Mitsubishi UFJ Trust and Banking Corporation	—	2,000,000	—	2,000,000	0.80727	Aug 31,2033				
Nippon Life Insurance Company	—	1,000,000	—	1,000,000	1.52000	Aug 31,2034				
Total		228,742,000	25,705,000	18,705,000	235,742,000					

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

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

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

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

(Thousand 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	34,213,000	29,080,000	30,197,000	31,627,000	30,120,000



## Independent Auditor's Report

The Board of Directors  
Sekisui House Reit, Inc.

### ***The Audit of the Financial Statements***

#### **Opinion**

We have audited the accompanying financial statements of Sekisui House Reit, Inc., (the Company), which comprise the balance sheet as at October 31, 2024, and the statement of income and retained earnings, changes in net assets, cash distributions, cash flows and supplementary schedules for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2024, 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

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

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

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

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

We have nothing to report in this regard.

## **Responsibilities of Management and Supervisory Director for the Financial Statements**

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

***Fee-related Information***

The fees for the audits of the financial statements of the Company and other services provided by us and other EY member firms for the six months period ended October 31, 2024, are 20 million yen and 9 million yen, respectively.

**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 Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

January 30, 2025

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Yuji Mukaide  
Designated Engagement Partner  
Certified Public Accountant

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Daisuke Unagami  
Designated Engagement Partner  
Certified Public Accountant