

Summary of Financial Results for the Fiscal Period Ended May 31, 2025 (REIT)

July 16, 2025

Issuer of REIT Securities: SOSiLA Logistics REIT, Inc. (SLR) Stock exchange listing: Tokyo Stock Exchange
 Securities code: 2979 URL: <https://sosila-reit.co.jp/en/>
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Supplementary materials for financial results: Yes

Investors & analysts meeting: Yes

(Values are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Period Ended May 31, 2025 (from December 1, 2024 to May 31, 2025)

(1) Operating Results

(Percentages indicate change from the previous period)

	Operating revenue		Operating profit		Ordinary profit		Profit	
Period ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 2025	4,738	9.5	2,229	10.8	1,958	9.7	1,957	9.7
Nov. 2024	4,326	1.7	2,011	0.3	1,785	0.7	1,784	0.7

	Profit per unit	Return on equity	Ratio of ordinary profit to total assets	Ratio of ordinary profit to operating revenues
Period ended	Yen	%	%	%
May 2025	2,690	2.5	1.3	41.3
Nov. 2024	2,452	2.3	1.2	41.3

(2) Distributions

	Distributions per unit (excluding surplus cash distributions)	Total distributions (excluding surplus cash distributions)	Surplus cash distributions per unit	Total surplus cash distributions	Distributions per unit (including surplus cash distributions)	Total distributions (including surplus cash distributions)	Payout ratio	Ratio of distributions to net assets
Period ended	Yen	Million yen	Yen	Million yen	Yen	Million yen	%	%
May 2025	2,691	1,957	333	242	3,024	2,199	100.0	2.5
Nov. 2024	2,452	1,783	333	242	2,785	2,026	100.0	2.3

(Note 1) Of the surplus cash distributions per unit of 333 yen in the fiscal period ended November 30, 2024, the allowance for temporary difference adjustments was 22 yen and contribution refunds that fell under distributions accompanying a decrease in capital under tax law were 311 yen.

Of the surplus cash distributions per unit of 333 yen in the fiscal period ended May 31, 2025, the allowance for temporary difference adjustments was 22 yen and contribution refunds that fell under distributions accompanying a decrease in capital under tax law were 311 yen.

(Note 2) The ratios of a reduction in unitholders' paid-in capital attributable to surplus cash distributions (contribution refunds that fell under distributions accompanying a decrease in capital under tax law) in the fiscal period ended November 30, 2024, and the fiscal period ended May 31, 2025, were both 0.003. This calculation is pursuant to Article 23, Paragraph 1, Item 5 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965, as amended).

(3) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per unit
Period ended	Million yen	Million yen	%	Yen
May 2025	149,614	79,008	52.8	108,603
Nov. 2024	146,387	79,077	54.0	108,697

(4) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the fiscal period
Period ended	Million yen	Million yen	Million yen	Million yen
May 2025	5,172	(6,338)	1,274	7,290
Nov. 2024	2,757	22	(2,013)	7,181

2. Forecasts for the Fiscal Period Ending November 30, 2025 (from June 1, 2025 to November 30, 2025) and May 31, 2026 (from December 1, 2025 to May 31, 2026)

(Percentages indicate change from the previous period)

	Operating revenue		Operating profit		Ordinary profit		Profit		Distributions per unit (excluding surplus cash distributions)	Surplus cash distributions per unit	Distributions per unit (including surplus cash distributions)
Period ending	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen	Yen
Nov. 2025	4,769	0.6	2,239	0.5	1,960	0.1	1,959	0.1	2,693	347	3,040
May 2026	4,263	(10.6)	2,030	(9.3)	1,691	(13.7)	1,690	(13.7)	2,324	326	2,650

(Reference) Forecasted profit per unit for the fiscal period ending November 30, 2025: 2,693 yen

Forecasted profit per unit for the fiscal period ending May 31, 2026: 2,324 yen

* Other

(1) Changes in Accounting Policies, Accounting Estimates or Restatements

- (a) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (b) Changes in accounting policies due to other reasons: None
- (c) Changes in accounting estimates: None
- (d) Restatements: None

(2) Number of Investment Units Issued and Outstanding

(a) Number of investment units issued and outstanding at the end of the fiscal period including treasury units:
As of May 31, 2025 727,500 units As of Nov. 30, 2024 727,500 units

(b) Number of treasury units at end of period:
As of May 31, 2025 0 units As of Nov. 30, 2024 0 units

* Summary of financial results is not inside the scope of audit procedure by certified public accountants or audit corporations.

* Special note

The forward-looking statements in this material are based on information currently available to SOSiLA Logistics REIT, Inc. ("SLR") and on certain assumptions that SLR believes are reasonable. Actual operating performance may differ substantially due to various factors. Furthermore, those statements shall not be deemed a guarantee or any commitment of the amount of future distributions and surplus cash distributions. For information on the assumptions for the earnings forecasts and notes for use of the earnings forecasts, refer to the Assumptions for the Forecasts for Investment Results for the Fiscal Periods Ending November 30, 2025 (from June 1, 2025 to November 30, 2025) and May 31, 2026 (from December 1, 2025 to May 31, 2026) on page 3.

Assumptions for the Forecasts for Investment Results for the Fiscal Periods Ending November 30, 2025 (from June 1, 2025 to November 30, 2025) and May 31, 2026 (from December 1, 2025 to May 31, 2026)

Item	Assumption
Accounting period	<ul style="list-style-type: none"> - Period ending November 30, 2025: June 1, 2025 to November 30, 2025 (183 days) - Period ending May 31, 2026: December 1, 2025 to May 31, 2026 (182 days)
Portfolio	<ul style="list-style-type: none"> - It is assumed that there will be no changes in the portfolio (including acquisitions of new properties and the disposal of owned properties) until May 31, 2026 in the real estate trust beneficiary interests (for a total of 17 properties) and the silent partnership equity interest (for one property) (hereinafter, the "Existing Properties") that were held by SLR as of July 16, 2025. - In fact, there may be changes in portfolio, including acquisitions of new properties and the disposal of existing properties.
Operating revenues	<ul style="list-style-type: none"> - Rent revenues from the Existing Properties are calculated primarily based on lease agreements provided by current beneficiaries and others, trends in tenants and the market in the past, and lease agreements effective as of July 16, 2025, and in consideration of expected occupancy rates based on forecasts for rents and changes in tenants after acquisition and forecasts for changes in rents. - It is assumed that tenants will pay rents without delinquency or withholding. - It is assumed that a gain on the sale of properties of 457 million yen will be posted in the fiscal period ending November 30, 2025 as a result of the transfer of the 50% quasi-co-ownership interest in "LiCS Narita".
Operating expenses	<ul style="list-style-type: none"> - In operating rental expenses, major operating expenses, expenses other than depreciation are calculated from variable factors based on past results. - Rent revenues (excluding gains on the sale of properties and distributions from the silent partnership) minus operating rental expenses (including depreciation), are expected to be 2,342 million yen in the fiscal period ending November 30, 2025 and 2,537 million yen in the fiscal period ending May 31, 2026. - Property taxes and city planning taxes are expected to be 393 million yen in the fiscal period ending November 30, 2025 and 395 million yen in the fiscal period ending May 31, 2026. - In general, if real estate is sold, property taxes and city planning taxes for the first fiscal year of acquisition are prorated between the existing beneficiary and the purchaser so that the purchaser shall pay taxes in accordance with the period when the real estate is held and will be settled at the time of acquisition. However, SLR included the amount equivalent of this settlement in the acquisition cost. As a result, property taxes and city planning taxes with respect to LiCS Gunma Ota and SOSiLA Yashio (10% quasi-co-ownership interest) acquired on February 28, 2025, which will be recorded as expenses from the fiscal period ending May 31, 2026, are expected to be 9 million yen (for six months). - Building repair expenses, which are calculated based on the medium- to long-term repair and maintenance plans of Sumisho Realty Management Co., Ltd. ("the Asset Manager"), are anticipated to be 237 million yen in the fiscal period ending November 30, 2025 and 40 million yen in the fiscal period ending May 31, 2026. The amounts mentioned above include expenses required for replacement of LED lighting at SOSiLA Nishiyodogawa I. Expenses of 145 million yen will be recorded in the fiscal period ending November 30, 2025. Repair expenses in each accounting period may differ substantially from the expected amounts because repair expenses may be incurred suddenly due to damage to buildings and other unforeseeable factors, the expected amounts vary significantly from year to year in general, and repair expenses are not incurred regularly, among other factors. - Depreciation expenses, including ancillary costs, are calculated using the straight-line method. They are expected to be 759 million yen for the fiscal period ending November 30, 2025 and 755 million yen for the fiscal period ending May 31, 2026.
Non-operating expenses	<ul style="list-style-type: none"> - Interest expenses and other borrowing related expenses are expected to be 279 million yen in the fiscal period ending November 30, 2025 and 338 million yen in the fiscal period ending May 31, 2026.
Interest-bearing debt	<ul style="list-style-type: none"> - Total interest-bearing debt is assumed to be 65,320 million yen as of November 30, 2025 and 65,320 million yen as of May 31, 2026. - It is assumed that interest-bearing debt the repayment and redemption deadlines for which are approaching by May 31, 2026 will be entirely refinanced. - LTV is expected to be approximately 43.7% on November 30, 2025 and 43.9% on May 31, 2026. - LTV is calculated using the formula below and rounded to the first decimal place. $\text{LTV} = \text{Total interest-bearing debt} / \text{Total assets} \times 100$
Investment units	<ul style="list-style-type: none"> - The number of investment units issued and outstanding in the fiscal period ending November 30, 2025, and in the fiscal period ending May 31, 2026, is assumed to be 727,500, the number of investment units issued and outstanding as of July 16, 2025. - It is assumed that there will be no changes in the number of investment units issued and outstanding until May 31, 2026.
Distributions per unit (excluding surplus cash distributions)	<ul style="list-style-type: none"> - Distributions per unit (excluding surplus cash distributions) are calculated based on the assumption that cash will be distributed in accordance with the cash distribution policy set out in the Articles of Incorporation of SLR. - Distributions per unit (excluding surplus cash distributions) may change as a result of changes in rent income due to changes in assets under management and tenants, and unexpected repairs, among other factors.

Item	Assumption
Surplus cash distributions per unit	<ul style="list-style-type: none"> - Surplus cash distributions per unit are calculated in accordance with the Articles of Incorporation of SLR and the policy set out in the asset management guidelines, which are the internal rules of the Asset Manager. - Total surplus cash distributions are calculated as the sum of 30% of the expected depreciation (excluding the amortization of leasehold rights in trust, etc.), temporary surplus cash distributions intended to level out distributions per unit (including surplus cash distributions), and the allowance for temporary difference adjustments. Total surplus cash distributions are expected to be 252 million yen in the fiscal period ending November 30, 2025 and 237 million yen in the fiscal period ending May 31, 2026. - It is assumed that there is no concrete fear as of July 16, 2025 that the external economic environment, the real estate market and the financial position of SLR will deteriorate significantly. - SLR aims to pay surplus cash distributions in amounts equal to 30% of the depreciation (excluding amortization of leasehold rights in trust, etc.). In general, SLR will regularly pay surplus cash distributions each fiscal period. - SLR may not distribute more cash than the distributed amount if it believes that distributing that much cash is inappropriate, considering the economic environment, trends in the real estate market and rental market, portfolio and the financial position. - In addition to regular surplus cash distributions, SLR may pay temporary surplus cash distributions to maintain the stability of distributions per unit if distributions per unit are expected to fall temporarily to a certain degree due to financing including the issuance of new investment units, among other factors. In addition, in the event of any tax discrepancy (including, but not limited to, tax discrepancies resulting from asset retirement obligations (including interest expenses), amortization of fixed-term leaseholds, etc.), distributions of the allowance for temporary difference adjustments or any other treatment shall be made with the aim of avoiding the generation of taxable income, taking into account the impact of such tax discrepancy on distributions. - Maximum surplus cash distributions (regular surplus cash distributions, temporary surplus cash distributions and distributions of the allowance for temporary difference adjustments), shall be 60% of the accumulated depreciation at the end of the fiscal period minus accumulated depreciation at the end of the immediately preceding fiscal period.
Others	<ul style="list-style-type: none"> - It is assumed that no revision that will impact the forecasts above will be made to laws and regulations, the tax system, accounting standards, the listing rules of the Tokyo Stock Exchange, Inc. and the rules of the Investment Trusts Association, Japan, etc. - It is assumed that no unexpected material change will arise in overall economic trends and real estate market conditions.

(2) Investment Risk

Disclosure is omitted, as there have been no material changes from the details described in the “Investment Risk” section of the Securities Registration Statement (filed on February 26, 2025).

2. Financial Statements

(1) Balance Sheet

(Thousands of yen)

	As of Nov. 30, 2024	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	3,674,125	4,084,355
Cash and deposits in trust	3,507,827	3,206,446
Operating accounts receivable	348,171	319,010
Prepaid expenses	78,639	111,616
Income taxes refund receivable	—	138
Other	1,105	4,384
Total current assets	7,609,869	7,725,951
Non-current assets		
Property, plant and equipment		
Buildings in trust	66,370,570	67,601,709
Accumulated depreciation	(5,296,068)	(5,873,733)
Buildings in trust, net	61,074,501	61,727,976
Structures in trust	3,109,527	3,139,079
Accumulated depreciation	(625,897)	(692,969)
Structures in trust, net	2,483,630	2,446,110
Machinery and equipment in trust	437,600	219,628
Accumulated depreciation	(88,558)	(51,407)
Machinery and equipment in trust, net	349,041	168,220
Tools, furniture and fixtures in trust	4,016	7,324
Accumulated depreciation	(790)	(1,357)
Tools, furniture and fixtures in trust, net	3,225	5,966
Land in trust	72,904,500	74,056,915
Total property, plant and equipment	136,814,900	138,405,188
Intangible assets		
Land leasehold interests in trust	1,746,637	1,731,804
Software	184	—
Total intangible assets	1,746,821	1,731,804
Investments and other assets		
Investment securities	—	1,538,967
Long-term prepaid expenses	128,825	128,312
Deferred tax assets	34	27
Guarantee deposits	10,000	10,000
Leasehold and guarantee deposits in trust	52,265	52,265
Other	2,652	3,213
Total investments and other assets	193,778	1,732,785
Total non-current assets	138,755,501	141,869,779
Deferred assets		
Investment corporation bond issuance costs	22,588	19,014
Total deferred assets	22,588	19,014
Total assets	146,387,960	149,614,745

(Thousands of yen)

	As of Nov. 30, 2024	As of May 31, 2025
Liabilities		
Current liabilities		
Operating accounts payable	224,683	125,893
Current portion of long-term borrowings	—	9,100,000
Accounts payable	10,146	5,322
Accrued expenses	537,247	553,992
Income taxes payable	1,210	773
Accrued consumption taxes	107,895	75,738
Advances received	744,782	759,961
Other	8,384	33,077
Total current liabilities	1,634,350	10,654,758
Non-current liabilities		
Investment corporation bonds	4,600,000	4,600,000
Long-term borrowings	57,420,000	51,620,000
Leasehold and security deposits received in trust	3,521,304	3,595,430
Asset retirement obligations	135,008	135,717
Total non-current liabilities	65,676,312	59,951,148
Total liabilities	67,310,663	70,605,906
Net Assets		
Unitholders' equity		
Unitholders' capital	78,953,179	78,953,179
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	(86,150)	(102,155)
Other deduction from unitholders' capital	(1,573,820)	(1,800,073)
Total deduction from unitholders' capital	(1,659,970)	(1,902,228)
Unitholders' capital, net	77,293,208	77,050,950
Surplus		
Unappropriated retained earnings (undisposed loss)	1,784,088	1,957,888
Total surplus	1,784,088	1,957,888
Total unitholders' equity	79,077,296	79,008,838
Total net assets	79,077,296	79,008,838
Total liabilities and net assets	146,387,960	149,614,745

(2) Statement of Income

(Thousands of yen)

	For the period from June 1, 2024 to November 30, 2024	For the period from December 1, 2024 to May 31, 2025
Operating revenue		
Rent revenues	4,096,634	4,098,398
Other rent revenues	229,827	188,978
Gain on sale of properties	–	430,792
Distribution of silent partnerships	–	20,643
Total operating revenues	4,326,461	4,738,813
Operating expenses		
Rental expenses	1,768,811	1,935,581
Asset management fees	416,097	430,869
Asset custody and administrative service fees	26,756	26,920
Remuneration for directors	3,000	3,000
Other operating expenses	100,440	113,286
Total operating expenses	2,315,105	2,509,657
Operating profit	2,011,356	2,229,156
Non-operating income		
Interest income	672	3,499
Gain on forfeiture of unclaimed distributions	347	236
Other	–	24
Total non-operating income	1,019	3,760
Non-operating expenses		
Interest expenses	178,541	202,818
Interest expenses on investment corporation bonds	12,217	12,080
Amortization of investment corporation bond issuance costs	3,574	3,574
Borrowing related expenses	32,701	55,625
Other	–	9
Total non-operating expenses	227,034	274,108
Ordinary profit	1,785,341	1,958,807
Profit before income taxes	1,785,341	1,958,807
Income taxes - current	1,312	1,170
Income taxes - deferred	(5)	7
Total income taxes	1,307	1,178
Profit	1,784,034	1,957,629
Retained earnings brought forward	54	258
Unappropriated retained earnings (undisposed loss)	1,784,088	1,957,888

(3) Statement of Unitholders' Equity

For the period from June 1, 2024 to November 30, 2024

(Thousands of yen)

	Unitholders' equity				Unitholders' capital, net	
	Unitholders' capital					
	Unitholders' capital	Deduction from unitholders' capital				
		Allowance for temporary difference adjustments	Other deduction from unitholders' capital	Total deduction from unitholders' capital		
Balance at the beginning of period	78,953,179	(70,145)	(1,347,568)	(1,417,713)	77,535,465	
Change during period						
Surplus cash distributions due to an allowance for temporary difference adjustments		(16,005)		(16,005)	(16,005)	
Other surplus cash distributions			(226,252)	(226,252)	(226,252)	
Dividends of surplus						
Profit						
Total changes during period	–	(16,005)	(226,252)	(242,257)	(242,257)	
Balance at the end of period	78,953,179	(86,150)	(1,573,820)	(1,659,970)	77,293,208	

(Thousands of yen)

	Unitholders' equity			Total net assets
	Surplus		Total unitholders' equity	
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at the beginning of period	1,772,244	1,772,244	79,307,710	79,307,710
Change during period				
Surplus cash distributions due to an allowance for temporary difference adjustments			(16,005)	(16,005)
Other surplus cash distributions			(226,252)	(226,252)
Dividends of surplus	(1,772,190)	(1,772,190)	(1,772,190)	(1,772,190)
Profit	1,784,034	1,784,034	1,784,034	1,784,034
Total changes during period	11,844	11,844	(230,413)	(230,413)
Balance at the end of period	1,784,088	1,784,088	79,077,296	79,077,296

For the period from December 1, 2024 to May 31, 2025

(Thousands of yen)

	Unitholders' equity				
	Unitholders' capital				
	Unitholders' capital	Deduction from unitholders' capital			Unitholders' capital, net
		Allowance for temporary difference adjustments	Other deduction from unitholders' capital	Total deduction from unitholders' capital	
Balance at the beginning of period	78,953,179	(86,150)	(1,573,820)	(1,659,970)	77,293,208
Change during period					
Surplus cash distributions due to an allowance for temporary difference adjustments		(16,005)		(16,005)	(16,005)
Other surplus cash distributions			(226,252)	(226,252)	(226,252)
Dividends of surplus					
Profit					
Total changes during period	–	(16,005)	(226,252)	(242,257)	(242,257)
Balance at the end of period	78,953,179	(102,155)	(1,800,073)	(1,902,228)	77,050,950

(Thousands of yen)

	Unitholders' equity		Total unitholders' equity	Total net assets		
	Surplus					
	Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at the beginning of period	1,784,088	1,784,088	79,077,296	79,077,296		
Change during period						
Surplus cash distributions due to an allowance for temporary difference adjustments			(16,005)	(16,005)		
Other surplus cash distributions			(226,252)	(226,252)		
Dividends of surplus	(1,783,830)	(1,783,830)	(1,783,830)	(1,783,830)		
Profit	1,957,629	1,957,629	1,957,629	1,957,629		
Total changes during period	173,799	173,799	(68,458)	(68,458)		
Balance at the end of period	1,957,888	1,957,888	79,008,838	79,008,838		

(4) Statement of Cash Distribution

	For the period from June 1, 2024 to November 30, 2024	For the period from December 1, 2024 to May 31, 2025
I. Unappropriated retained earnings (undisposed loss)	1,784,088,655 yen	1,957,888,095 yen
II. Surplus cash distributions	242,257,500 yen	242,257,500 yen
Of which, an allowance for temporary difference adjustments	16,005,000 yen	16,005,000 yen
Of which, other deduction from unitholders' capital	226,252,500 yen	226,252,500 yen
III. Distributions	2,026,087,500 yen	2,199,960,000 yen
(Distributions per unit)	(2,785 yen)	(3,024 yen)
Of which, distributions of retained earnings	1,783,830,000 yen	1,957,702,500 yen
(Of which, distributions of retained earnings per unit)	(2,452 yen)	(2,691 yen)
Of which, an allowance for temporary difference adjustments	16,005,000 yen	16,005,000 yen
(Of which, surplus cash distributions per unit (those pertaining to an allowance for temporary differences adjustments))	(22 yen)	(22 yen)
Of which, other surplus cash distributions	226,252,500 yen	226,252,500 yen
(Of which, surplus cash distributions per unit (those pertaining to other surplus cash distributions))	(311 yen)	(311 yen)
IV. Retained earnings carried forward	258,655 yen	185,595 yen

	For the period from June 1, 2024 to November 30, 2024	For the period from December 1, 2024 to May 31, 2025
Calculation method of distribution amount	<p>Under the distribution policy established in Article 36, Paragraph 1 of the Articles of Incorporation of SLR, the distribution amount shall exceed 90% of the amount equivalent to the profit available for distributions provided for in Article 67-15 of the Act on Special Measures Concerning Taxation.</p> <p>Based on the policy, SLR declared the distribution amount of 1,783,830,000 yen which was the amount equivalent to the maximum integral multiples of number of investment units issued and outstanding (727,500 investment units) as of the reporting fiscal period.</p> <p>Under the policy on the distribution of money established in Article 36, Paragraph 2 of the Articles of Incorporation of SLR, SLR will make distributions in excess of profit (contribution refunds that fall under distributions accompanying a decrease in capital under tax law) every period. SLR will also distribute an allowance for temporary difference adjustments, taking into account expenses related to asset retirement obligations and the impact of the difference in excess income pertaining to the amortization of leasehold interests in land of general fixed-term land leasehold rights, etc. between the accounting and tax treatments on distributions.</p> <p>Under this policy, as surplus cash distributions, SLR has decided to distribute 242,257,500 yen, which is the sum of 226,252,500 yen (contribution refunds that fall under distributions accompanying a decrease in capital under tax law), which amounts to approximately 30% of depreciation (excluding the amortization of leasehold interests in land in trust, etc.), and 16,005,000 yen (an allowance for temporary difference adjustments), which is approximately equivalent to the difference in excess income between the accounting and tax treatments on distributions.</p>	<p>Under the distribution policy established in Article 36, Paragraph 1 of the Articles of Incorporation of SLR, the distribution amount shall exceed 90% of the amount equivalent to the profit available for distributions provided for in Article 67-15 of the Act on Special Measures Concerning Taxation.</p> <p>Based on the policy, SLR declared the distribution amount of 1,957,702,500 yen which was the amount equivalent to the maximum integral multiples of number of investment units issued and outstanding (727,500 investment units) as of the reporting fiscal period.</p> <p>Under the policy on the distribution of money established in Article 36, Paragraph 2 of the Articles of Incorporation of SLR, SLR will make distributions in excess of profit (contribution refunds that fall under distributions accompanying a decrease in capital under tax law) every period. SLR will also distribute an allowance for temporary difference adjustments, taking into account expenses related to asset retirement obligations and the impact of the difference in excess income pertaining to the amortization of leasehold interests in land of general fixed-term land leasehold rights, etc. between the accounting and tax treatments on distributions.</p> <p>Under this policy, as surplus cash distributions, SLR has decided to distribute 242,257,500 yen, which is the sum of 226,252,500 yen (contribution refunds that fall under distributions accompanying a decrease in capital under tax law), which amounts to approximately 30% of depreciation (excluding the amortization of leasehold interests in land in trust, etc.), and 16,005,000 yen (an allowance for temporary difference adjustments), which is approximately equivalent to the difference in excess income between the accounting and tax treatments on distributions.</p>

(5) Statement of Cash Flows

(Thousands of yen)

	For the period from June 1, 2024 to November 30, 2024	For the period from December 1, 2024 to May 31, 2025
Cash flows from operating activities		
Profit before income taxes	1,785,341	1,958,807
Depreciation	773,222	773,355
Amortization of investment corporation bond issuance costs	3,574	3,574
Interest income	(672)	(3,499)
Interest expenses	190,759	214,898
Decrease (increase) in operating accounts receivable	21,438	29,161
Increase (decrease) in accrued consumption taxes	(19,592)	(32,157)
Decrease (increase) in prepaid expenses	20,905	(32,976)
Increase (decrease) in operating accounts payable	140,896	(112,564)
Increase (decrease) in accounts payable - other	2,815	(4,824)
Increase (decrease) in accrued expenses	1,308	16,432
Increase (decrease) in advances received	25	11,539
Decrease (increase) in long-term prepaid expenses	27,196	513
Decrease in property, plant and equipment in trust due to sale	-	2,539,071
Others	1,814	24,121
Subtotal	2,949,034	5,385,453
Interest received	672	3,499
Interest paid	(191,024)	(214,586)
Income taxes paid	(1,315)	(1,745)
Net cash provided by (used in) operating activities	2,757,367	5,172,621
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(40,178)	(4,873,213)
Proceeds from leasehold and security deposits received in trust	62,921	159,918
Refund of leasehold and guarantee deposits received in trust	(15)	(85,793)
Purchase of investment securities	-	(1,538,967)
Net cash provided by (used in) investing activities	22,727	(6,338,055)
Cash flows from financing activities		
Repayments of short-term borrowings	(1,320,000)	-
Proceeds from long-term borrowings	1,320,000	4,620,000
Repayments of long-term borrowings	-	(1,320,000)
Distributions paid	(2,013,813)	(2,025,716)
Net cash provided by (used in) financing activities	(2,013,813)	1,274,283
Net increase (decrease) in cash and cash equivalents	766,282	108,849
Cash and cash equivalents at the beginning of period	6,415,670	7,181,952
Cash and cash equivalents at the end of period	7,181,952	7,290,802