

Summary of Financial Results for the Fiscal Period Ended November 30, 2023 (REIT)

January 17, 2024

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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Scheduled date of filing of Securities Report: February 27, 2024
 Scheduled date for commencement of distributions payments: February 15, 2024

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 November 30, 2023 (from June 1, 2023 to November 30, 2023)

(1) Operating Results (Percentages indicate change from the previous period)

Period ended	Operating revenues		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nov. 2023	4,336	3.4	2,041	5.5	1,818	8.3	1,817	8.3
May 2023	4,194	9.7	1,934	8.7	1,678	4.1	1,677	4.1

Period ended	Profit per unit	Return on equity	Ratio of ordinary profit to total assets	Ratio of ordinary profit to operating revenues
	Yen	%	%	%
Nov. 2023	2,497	2.3	1.2	41.9
May 2023	2,306	2.2	1.2	40.0

(2) Distributions

Period ended	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
	Yen	Million yen	Yen	Million yen	Yen	Million yen	%	%
Nov. 2023	2,498	1,817	332	241	2,830	2,058	100.0	2.3
May 2023	2,306	1,677	322	234	2,628	1,911	100.0	2.1

(Note 1) The payout ratio for the fiscal period ended May 31, 2023 was calculated using the following formula.

$$\text{Payout ratio} = \frac{\text{Total distributions (excluding surplus cash distributions)}}{\text{Profit}} \times 100$$

(Note 2) Of the surplus cash distributions per unit of 322 yen in the fiscal period ended May 31, 2023, 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 300 yen.

Of the surplus cash distributions per unit of 332 yen in the fiscal period ended November 30, 2023, 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 310 yen.

(Note 3) 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 May 31, 2023, and the fiscal period ended November 30, 2023, 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

Period ended	Total assets	Net assets	Equity ratio	Net assets per unit
	Million yen	Million yen	%	Yen
Nov. 2023	146,982	79,594	54.2	109,408
May 2023	146,070	79,689	54.6	109,538

(4) Cash Flows

Period ended	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
	Million yen	Million yen	Million yen	Million yen
Nov. 2023	3,606	(1,276)	(1,202)	6,260
May 2023	1,617	(17,794)	16,185	5,133

2. Forecasts for the Fiscal Period Ending May 31, 2024 (from December 1, 2023 to May 31, 2024) and November 30, 2024 (from June 1, 2024 to November 30, 2024)

(Percentages indicate change from the previous period)

Period ending	Operating revenues		Operating profit		Ordinary profit		Profit		Distributions per unit (excluding surplus cash distributions)	Surplus cash distributions per unit	Distributions per unit (including surplus cash distributions)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen	Yen
May 2024	4,249	(2.0)	1,973	(3.3)	1,743	(4.1)	1,742	(4.1)	2,394	371	2,765
Nov. 2024	4,307	1.4	1,984	0.5	1,764	1.3	1,763	1.3	2,425	340	2,765

(Reference) Forecasted profit per unit for the fiscal period ending May 31, 2024: 2,394 yen

Forecasted profit per unit for the fiscal period ending November 30, 2024: 2,424 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 Nov. 30, 2023 727,500 units
 - As of May 31, 2023 727,500 units
- (b) Number of treasury units at end of period:
 - As of Nov. 30, 2023 0 units
 - As of May 31, 2023 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 May 31, 2024 (from December 1, 2023 to May 31, 2024) and November 30, 2024 (from June 1, 2024 to November 30, 2024) on page 3.

Assumptions for the Forecasts for Investment Results for the Fiscal Periods Ending May 31, 2024 (from December 1, 2023 to May 31, 2024) and November 30, 2024 (from June 1, 2024 to November 30, 2024)

Item	Assumption
Accounting period	- Period ending May 31, 2024: December 1, 2023 to May 31, 2024 (183 days) - Period ending November 30, 2024: June 1, 2024 to November 30, 2024 (183 days)
Portfolio	- It is assumed that there were no changes in the portfolio (including acquisitions of new properties and the disposal of existing properties) until November 30, 2024 in the real estate trust beneficiary interests (for a total of 17 properties) that were held by SLR as of January 17, 2024. - There may be changes in the assets under management, including acquisition of new properties other than the properties to be acquired or the disposal of owned properties, etc.
Operating revenues	- Rent revenues are calculated primarily based on lease agreements effective as of January 17, 2024, trends in tenants and the market in the past, 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 there will be no gains or losses on the sale of properties.
Operating expenses	- 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) minus operating rental expenses (including depreciation), are expected to be 2,532 million yen in the fiscal period ending May 31, 2024 and 2,519 million yen in the fiscal period ending November 30, 2024. - Property taxes and city planning taxes are expected to be 388 million yen in the fiscal period ending May 31, 2024 and 400 million yen in the fiscal period ending November 30, 2024. 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. Accordingly, for SOSiLA Amagasaki (45% quasi-co-ownership interest) acquired on April 3, 2023 and LiCS Tokorozawa acquired on August 4, 2023, property taxes and city planning taxes will be recorded as expenses from the fiscal period ending May 31, 2024. The total amount of property taxes and city planning taxes for these two properties are expected to be 10 million yen for the fiscal period ending May 31, 2024 and 21 million yen (for six months) for the fiscal period ending November 30, 2024. - Building repair expenses, which are calculated based on the medium- to long-term repair and maintenance plans of Sumisho Realty Management Co., Ltd., are anticipated to be 62 million yen in the fiscal period ending May 31, 2024 and 63 million yen in the fiscal period ending November 30, 2024. 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 774 million yen for the fiscal period ending May 31, 2024 and 774 million yen for the fiscal period ending November 30, 2024.
Non-operating expenses	- Interest expenses and other borrowing related expenses are expected to be 230 million yen in the fiscal period ending May 31, 2024 and 219 million yen in the fiscal period ending November 30, 2024.
Interest-bearing debt	- Total interest-bearing debt is assumed to be 62,020 million yen as of May 31, 2024 and 62,020 million yen as of November 30, 2024. - It is assumed that short-term borrowings of 1,320 million yen that will come due by July 31, 2024 will be entirely refinanced. - LTV is expected to be approximately 42.3% on May 31, 2024 and 42.4% on November 30, 2024. - LTV is calculated using the formula below and rounded to the first decimal place. $LTV = \text{Total interest-bearing debt} / \text{Total assets} \times 100$
Investment units	- The number of investment units issued and outstanding in the fiscal period ending May 31, 2024, and in the fiscal period ending November 30, 2024, is assumed to be 727,500, the number of investment units issued and outstanding as of January 17, 2024. - It is assumed that there will be no change in the number of investment units issued and outstanding until November 30, 2024.
Distributions per unit (excluding surplus cash distributions)	- 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.

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 269 million yen in the fiscal period ending May 31, 2024 and 247 million yen in the fiscal period ending November 30, 2024. - It is assumed that there is no concrete fear as of January 17, 2024 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 August 29, 2023, including subsequent corrections).

2. Financial Statements

(1) Balance Sheet

(Thousands of yen)

	As of May 31, 2023	As of Nov. 30, 2023
Assets		
Current assets		
Cash and deposits	1,751,060	2,895,551
Cash and deposits in trust	3,382,357	3,365,314
Operating accounts receivable	279,646	331,035
Prepaid expenses	96,930	72,478
Consumption taxes receivable	849,881	–
Other	10,300	1,449
Total current assets	6,370,178	6,665,828
Non-current assets		
Property, plant and equipment		
Buildings in trust	65,974,338	66,332,767
Accumulated depreciation	(3,301,303)	(3,964,904)
Buildings in trust, net	62,673,035	62,367,863
Structures in trust	3,099,403	3,109,527
Accumulated depreciation	(397,442)	(473,432)
Structures in trust, net	2,701,961	2,636,095
Machinery and equipment in trust	437,600	437,600
Accumulated depreciation	(46,558)	(60,558)
Machinery and equipment in trust, net	391,041	377,041
Tools, furniture and fixtures in trust	604	604
Accumulated depreciation	(211)	(271)
Tools, furniture and fixtures in trust, net	392	332
Land in trust	71,882,056	72,904,500
Total property, plant and equipment	137,648,487	138,285,833
Intangible assets		
Land leasehold interests in trust	1,791,136	1,776,303
Software	3,001	2,062
Total intangible assets	1,794,137	1,778,365
Investments and other assets		
Long-term prepaid expenses	183,213	160,078
Deferred tax assets	25	23
Guarantee deposits	10,000	10,000
Leasehold and guarantee deposits in trust	52,265	52,265
Other	–	475
Total investments and other assets	245,505	222,843
Total non-current assets	139,688,129	140,287,042
Deferred assets		
Investment corporation bond issuance costs	12,147	29,737
Total deferred assets	12,147	29,737
Total assets	146,070,455	146,982,608

(Thousands of yen)

	As of May 31, 2023	As of Nov. 30, 2023
Liabilities		
Current liabilities		
Operating accounts payable	151,973	218,723
Short-term borrowings	3,590,000	1,320,000
Current portion of long-term borrowings	8,000,000	8,000,000
Accounts payable	39,914	9,774
Accrued expenses	486,359	547,583
Income taxes payable	1,139	1,101
Accrued consumption taxes	–	269,105
Advances received	730,260	725,806
Other	218,086	6,430
Total current liabilities	13,217,734	11,098,525
Non-current liabilities		
Investment corporation bonds	1,600,000	4,600,000
Long-term borrowings	48,100,000	48,100,000
Leasehold and security deposits received in trust	3,330,685	3,456,143
Asset retirement obligations	132,901	133,599
Total non-current liabilities	53,163,587	56,289,742
Total liabilities	66,381,321	67,388,268
Net Assets		
Unitholders' equity		
Unitholders' capital	78,953,179	78,953,179
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	(38,135)	(54,140)
Other deduction from unitholders' capital	(903,793)	(1,122,043)
Total deduction from unitholders' capital	(941,928)	(1,176,183)
Unitholders' capital, net	78,011,250	77,776,995
Surplus		
Unappropriated retained earnings (undisposed loss)	1,677,883	1,817,343
Total surplus	1,677,883	1,817,343
Total unitholders' equity	79,689,133	79,594,339
Total net assets	79,689,133	79,594,339
Total liabilities and net assets	146,070,455	146,982,608

(2) Statement of Income

(Thousands of yen)

	For the period from December 1, 2022 to May 31, 2023	For the period from June 1, 2023 to November 30, 2023
Operating revenues		
Rent revenues	3,931,196	4,065,183
Other rent revenues	262,950	271,552
Total operating revenues	4,194,146	4,336,736
Operating expenses		
Rental expenses	1,728,395	1,747,993
Asset management fees	374,917	421,660
Asset custody and administrative service fees	20,987	22,744
Remuneration for directors	3,000	3,000
Other operating expenses	132,716	100,252
Total operating expenses	2,260,017	2,295,650
Operating profit	1,934,129	2,041,086
Non-operating income		
Interest income	25	24
Gain on forfeiture of unclaimed distributions	-	512
Interest on tax refund	-	339
Total non-operating income	25	876
Non-operating expenses		
Interest expenses	155,794	174,145
Interest expenses on investment corporation bonds	3,182	11,502
Amortization of investment corporation bond issuance costs	1,457	3,573
Investment unit issuance expenses	35,369	-
Borrowing related expenses	59,728	34,559
Total non-operating expenses	255,532	223,780
Ordinary profit	1,678,622	1,818,182
Profit before income taxes	1,678,622	1,818,182
Income taxes - current	1,143	1,104
Income taxes - deferred	(0)	1
Total income taxes	1,143	1,106
Profit	1,677,479	1,817,075
Retained earnings brought forward	403	268
Unappropriated retained earnings (undisposed loss)	1,677,883	1,817,343

(3) Statement of Unitholders' Equity
For the period from December 1, 2022 to May 31, 2023

(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	72,999,325	(21,776)	(710,214)	(731,991)	72,267,334
Change during period					
Issuance of new investment units	5,953,854				5,953,854
Surplus cash distributions due to an allowance for temporary difference adjustments		(16,358)		(16,358)	(16,358)
Other surplus cash distributions			(193,578)	(193,578)	(193,578)
Dividends of surplus					
Profit					
Total changes during period	5,953,854	(16,358)	(193,578)	(209,937)	5,743,916
Balance at the end of period	78,953,179	(38,135)	(903,793)	(941,928)	78,011,250

(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	1,611,059	1,611,059	73,878,394	73,878,394
Change during period				
Issuance of new investment units			5,953,854	5,953,854
Surplus cash distributions due to an allowance for temporary difference adjustments			(16,358)	(16,358)
Other surplus cash distributions			(193,578)	(193,578)
Dividends of surplus	(1,610,656)	(1,610,656)	(1,610,656)	(1,610,656)
Profit	1,677,479	1,677,479	1,677,479	1,677,479
Total changes during period	66,823	66,823	5,810,739	5,810,739
Balance at the end of period	1,677,883	1,677,883	79,689,133	79,689,133

For the period from June 1, 2023 to November 30, 2023

(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	(38,135)	(903,793)	(941,928)	78,011,250
Change during period					
Surplus cash distributions due to an allowance for temporary difference adjustments		(16,005)		(16,005)	(16,005)
Other surplus cash distributions			(218,250)	(218,250)	(218,250)
Dividends of surplus					
Profit					
Total changes during period	–	(16,005)	(218,250)	(234,255)	(234,255)
Balance at the end of period	78,953,179	(54,140)	(1,122,043)	(1,176,183)	77,776,995

(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	1,677,883	1,677,883	79,689,133	79,689,133
Change during period				
Surplus cash distributions due to an allowance for temporary difference adjustments			(16,005)	(16,005)
Other surplus cash distributions			(218,250)	(218,250)
Dividends of surplus	(1,677,615)	(1,677,615)	(1,677,615)	(1,677,615)
Profit	1,817,075	1,817,075	1,817,075	1,817,075
Total changes during period	139,460	139,460	(94,794)	(94,794)
Balance at the end of period	1,817,343	1,817,343	79,594,339	79,594,339

(4) Statement of Cash Distribution

	For the period from December 1, 2022 to May 31, 2023	For the period from June 1, 2023 to November 30, 2023
I. Unappropriated retained earnings (undisposed loss)	1,677,883,105 yen	1,817,343,869 yen
II. Surplus cash distributions	234,255,000 yen	241,530,000 yen
Of which, an allowance for temporary differences	16,005,000 yen	16,005,000 yen
Of which, other deduction from unitholders' capital	218,250,000 yen	225,525,000 yen
III. Distributions	1,911,870,000 yen	2,058,825,000 yen
(Distributions per unit)	(2,628 yen)	(2,830 yen)
Of which, distributions of retained earnings	1,677,615,000 yen	1,817,295,000 yen
(Of which, distributions of retained earnings per unit)	(2,306 yen)	(2,498 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	218,250,000 yen	225,525,000 yen
(Of which, surplus cash distributions per unit (those pertaining to other surplus cash distributions))	(300 yen)	(310 yen)
IV. Retained earnings carried forward	268,105 yen	48,869 yen

<p>Calculation method of distribution amount</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 1,677,615,000 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 234,255,000 yen, which is the sum of 218,250,000 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 1,817,295,000 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 241,530,000 yen, which is the sum of 225,525,000 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>
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(5) Statement of Cash Flows

(Thousands of yen)

	For the period from December 1, 2022 to May 31, 2023	For the period from June 1, 2023 to November 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,678,622	1,818,182
Depreciation	740,595	770,120
Amortization of investment corporation bond issuance costs	1,457	3,573
Investment unit issuance expenses	35,369	–
Interest income	(25)	(24)
Interest expenses	158,976	185,648
Decrease (increase) in operating accounts receivable	4,561	(51,388)
Decrease (increase) in consumption taxes refund receivables	(849,881)	849,881
Increase (decrease) in accrued consumption taxes	(198,609)	269,105
Decrease (increase) in prepaid expenses	(25,870)	24,452
Increase (decrease) in operating accounts payable	(76,143)	77,492
Increase (decrease) in accounts payable - other	37,753	(30,140)
Increase (decrease) in accrued expenses	16,314	52,410
Increase (decrease) in advances received	69,664	(4,454)
Decrease (increase) in long-term prepaid expenses	(18,167)	23,135
Others	202,374	(203,447)
Subtotal	1,776,990	3,784,547
Interest received	25	24
Interest paid	(158,779)	(176,833)
Income taxes paid	(1,136)	(1,143)
Net cash provided by (used in) operating activities	1,617,099	3,606,595
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(18,207,355)	(1,401,739)
Proceeds from leasehold and security deposits received in trust	413,202	214,116
Refund of leasehold and guarantee deposits received in trust	(195)	(88,658)
Net cash provided by (used in) investing activities	(17,794,347)	(1,276,282)
Cash flows from financing activities		
Proceeds from short-term borrowings	3,290,000	1,320,000
Repayments of short-term borrowings	(1,100,000)	(3,590,000)
Proceeds from long-term borrowings	9,900,000	–
Proceeds from issuance of investment corporation bonds	–	2,978,836
Proceeds from issuance of investment units	5,918,484	–
Distributions paid	(1,822,544)	(1,911,702)
Net cash provided by (used in) financing activities	16,185,939	(1,202,865)
Net increase (decrease) in cash and cash equivalents	8,691	1,127,446
Cash and cash equivalents at the beginning of period	5,124,726	5,133,418
Cash and cash equivalents at the end of period	5,133,418	6,260,865