



積水ハウス・SI レジデンシャル投資法人
Sekisui House SI Residential Investment Corporation

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22nd

Semi-Annual Report
22nd Fiscal Period

from April 1, 2016 to September 30, 2016



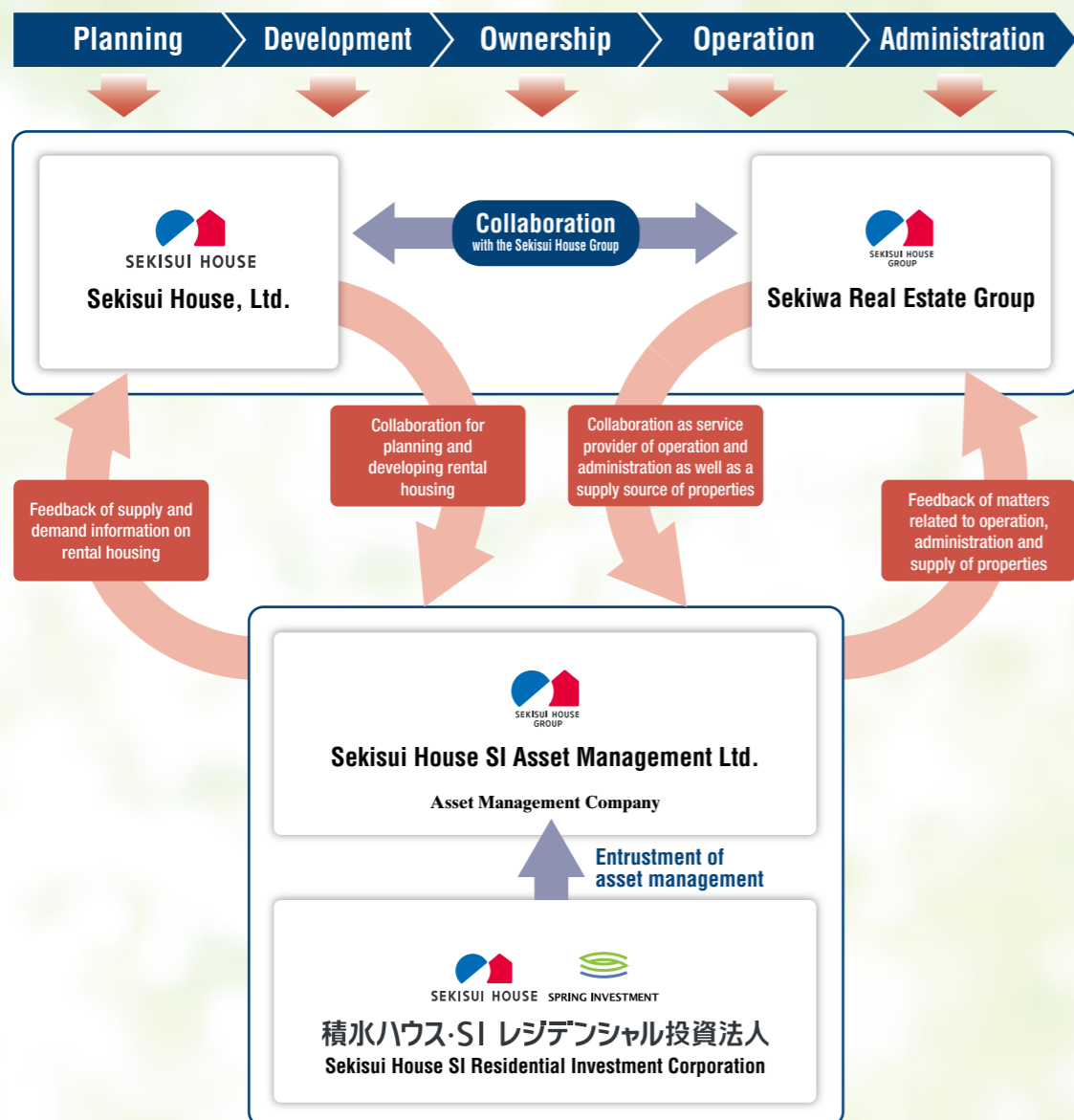
積水ハウス・SI レジデンシャル投資法人
Sekisui House SI Residential Investment Corporation

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Sekisui House SI Residential Investment Corporation (the Investment Corporation) is a J-REIT investing in residential properties, with Sekisui House, Ltd. serving as the main sponsor.

Collaborative Structure with the Sekisui House Group

The Investment Corporation has established a collaborative structure with the Sekisui House Group, the top manufacturer in the housing industry, which makes it possible to manage the investment properties over their life cycles from acquisition to operation and administration.



Features of the Investment Corporation

- 1** Served by Sekisui House, Ltd. (Sekisui House), a leading company in the housing industry, as the main sponsor
- 2** Portfolio of highly competitive residential properties centering on Greater Tokyo / Major Urban Areas
- 3** Strong and solid financial base backed by the credibility of Sekisui House
- 4** Working to obtain environmental certifications through asset management with environmental awareness

Outline of Portfolio Development Policy

- Invests in real estate-related assets that are mainly used as residences**
- Positions Greater Tokyo / Major Urban Areas as the focused investment area, while conducting diversified investment in Greater Tokyo / Other Urban Areas and Major Cities Nationwide**
- Invests in properties comprised of a variety of residential types, primarily Single and Compact Type residences**

To Our Unitholders



Osamu Minami
Executive Director, Sekisui House
SI Residential Investment Corporation
President, Sekisui House
SI Asset Management, Ltd.

南 修

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

Let me report on the business results of Sekisui House SI Residential Investment Corporation (the "Investment Corporation") for the fiscal period ended September 2016 (22nd fiscal period).

The Investment Corporation makes it a basic strategy to build a portfolio that is centered on the high-quality rental residential properties planned and developed by the Sekisui House Group, aiming to invest in real estate-related assets that are mainly used as residences. As for the existing retail properties, the Investment Corporation will consider making decisions to dispose them at the appropriate time while endeavoring to continue their stable management for the moment.

Based on this policy, we disposed four suburban retail properties in November 2015. Following this move, we worked to enhance our residential portfolio during the fiscal period under review by acquiring high-quality rental residences planned, developed or owned by the Sekisui House Group. Specifically, we acquired four properties, comprising Prime Maison SHIBUYA and Prime Maison HATSUDAI from Sekisui House as well as Esty Maison UEMACHIDAI and Esty Maison KOBE-SANNOMIYA from Sekiwa Real Estate Kansai, a wholly-owned subsidiary of Sekisui House.

Moreover, we disposed b-town MINAMIAOYAMA, one of the two existing retail properties that we owned at the beginning of the 22nd fiscal period, for a price that brought us gain on sale. As of the end of the fiscal period, HAMAMATSU Plaza is the only retail property we own. We also disposed part (measured area: 6.62m²) of the land of Esty Maison HIGASHISHINJUKU, a residential property, in the fiscal period under review for a price generating gain on sale for us. We had received an offer to purchase the said land and, after investigating the impact of the disposition, determined that the disposition would not deteriorate the value of the property.

Due to the above, the number of properties we own increased to 111 properties as of the end of the 22nd fiscal period, with the asset size totaling 199.1 billion yen, and the ratio of residential properties in the entire portfolio rose to 98.1%. In terms of the occupancy ratio of the entire portfolio for the fiscal period, the period-end occupancy ratio stood at 96.8% and the period average occupancy ratio was 96.5%, both remaining at high levels continuously.

In terms of financing, the Investment Corporation refinanced existing loans totaling 10 billion yen (all with floating interest rates and an average loan period of approximately 8 months) that matured in August 2016, working to shift to fixed interest rate debts and extend loan periods in an effort to further reinforce our financial base. Moreover, it made early repayment of an existing loan totaling 1.5 billion yen by utilizing the proceeds from the disposition of b-town MINAMIAOYAMA. By doing so, we endeavored to conservatively control LTV and reduce borrowing costs.

As a result of these endeavors, the Investment Corporation posted operating revenue of 6,693 million yen, operating income of 2,739 million yen and net income of 2,192 million yen for the 22nd fiscal period, with cash distribution per unit coming to 2,145 yen.

Furthermore, after entering the fiscal period ending March 2017 (23rd fiscal period), the Investment Corporation issued new investment units through public offering in October 2016, and used the procured funds to acquire two residential properties – Prime Maison SHIROKANE-TAKANAWA and Prime Maison ICHIGAYAYAMABUSHICHO – from Sekisui House on November 1, 2016. Moreover, in line with the resolution regarding the implementation of the public offering, the Investment Corporation executed a commitment line contract with a maximum commitment line amount 10 billion yen in October 2016, in order to secure flexible and stable means for procuring funds.

Catapulting on this public offering, the Investment Corporation will proactively implement measures for the new Phase III of its growth strategy, as announced in May 2016, with an ongoing effort to maximize the interest of its unitholders.

We appreciate your continued support as in the past.

Summary of Management Results for the 22nd Fiscal Period Ended September 2016

Status of Business Results and Cash Distributions	<ul style="list-style-type: none"> Operating revenue: ¥6,693 million, operating income: ¥2,739 million, net income: ¥2,192 million, provision for reserve for reduction entry: ¥8 million Cash distribution per unit: ¥2,145 (up 0.7% over initial forecast)
Financing Activities	<ul style="list-style-type: none"> Conducted new borrowings (¥6.5 billion in total) to fund the acquisition of 4 residential properties acquired in April 2016 Conducted refinance of existing loans totaling ¥10 billion that matured in August 2016 Conducted early repayment of an existing loan totaling ¥1.5 billion in September 2016 by utilizing part of proceeds from disposition of a retail property
Status of Portfolio Management	<ul style="list-style-type: none"> Occupancy ratio (entire portfolio): 96.8% (at end of 22nd fiscal period (September 30, 2016)) Acquired 4 residential properties through the property pipelines of the Sekisui House Group Disposed a retail property and a residential property (part of the land) with the intention of further reinforcing stability and enhancing the quality of the portfolio

Performance Highlights

Cash Distribution per Unit

22nd Fiscal Period Ended September 2016 **Cash distribution per unit ¥2,145**

Business Results and Cash Distributions

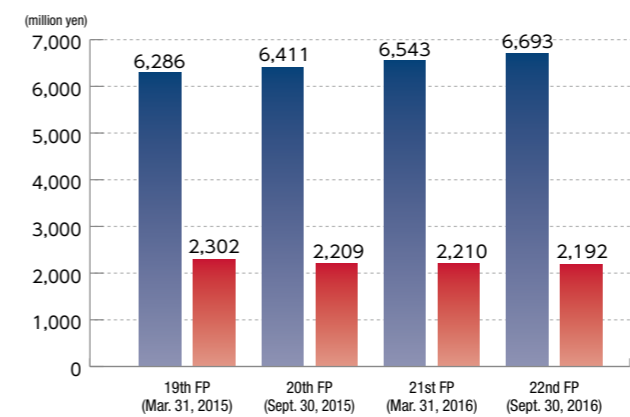
Settlement Date	Mar. 2015	Sept. 2015	Mar. 2016	Sept. 2016	Mar. 2017	Sept. 2017
Fiscal Period	19th FP	20th FP	21st FP	22nd FP	23rd FP (Forecast)	24th FP (Forecast)
Operating revenue (million yen)	6,286	6,411	6,543	6,693	6,857	6,845
Operating income (million yen)	2,814	2,743	2,741	2,739	2,975	2,948
Ordinary income (million yen)	2,305	2,211	2,214	2,193	2,412	2,401
Net income (million yen)	2,302	2,209	2,210	2,192	2,410	2,399
Provision for reserve for reduction entry (million yen)	77	49	47	8	-	-
Cash distribution per unit (yen)	2,185	2,122	2,125	2,145	2,180	2,170

(Note 1) The values of respective items in the "Mar. 2017 23rd FP (Forecast)" and "Sept. 2017 24th FP (Forecast)" column are the figures as of November 15, 2016 (the announcement date of business results) calculated under certain assumptions. The actual operating revenue, operating income, ordinary income, net income, provision for reserve for reduction entry and cash distribution per unit may be subject to change due to such factors as additional acquisitions or dispositions of real estate in the future, changes in the real estate and other markets and changes in the asset management environment and other conditions surrounding the Investment Corporation. In addition, the Investment Corporation does not guarantee any actual results or cash distribution amount in providing the forecast figures.

(Note 2) Cash distribution per unit for the fiscal period ended March 2015 (19th fiscal period), the fiscal period ended September 2015 (20th fiscal period), the fiscal period ended March 2016 (21st fiscal period) and the fiscal period ended September 2016 (22nd fiscal period) are calculated based on the amount of unappropriated retained earnings less the provision for reserve for reduction entry of 77 million yen, 49 million yen, 47 million yen and 8 million yen, respectively, divided by the number of investment units issued as of the end of each fiscal period.

Changes in Business Results

Operating Revenue / Net Income



Cash Distribution per Unit

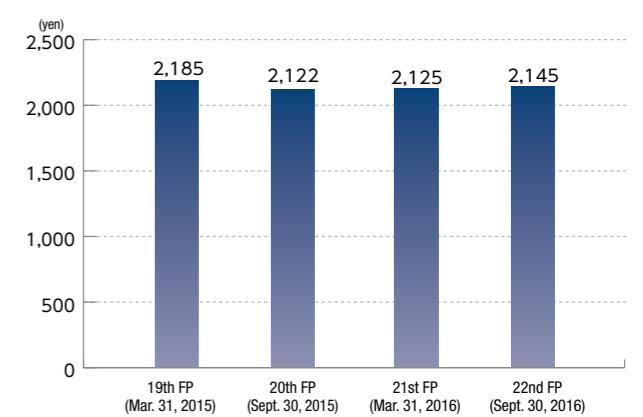


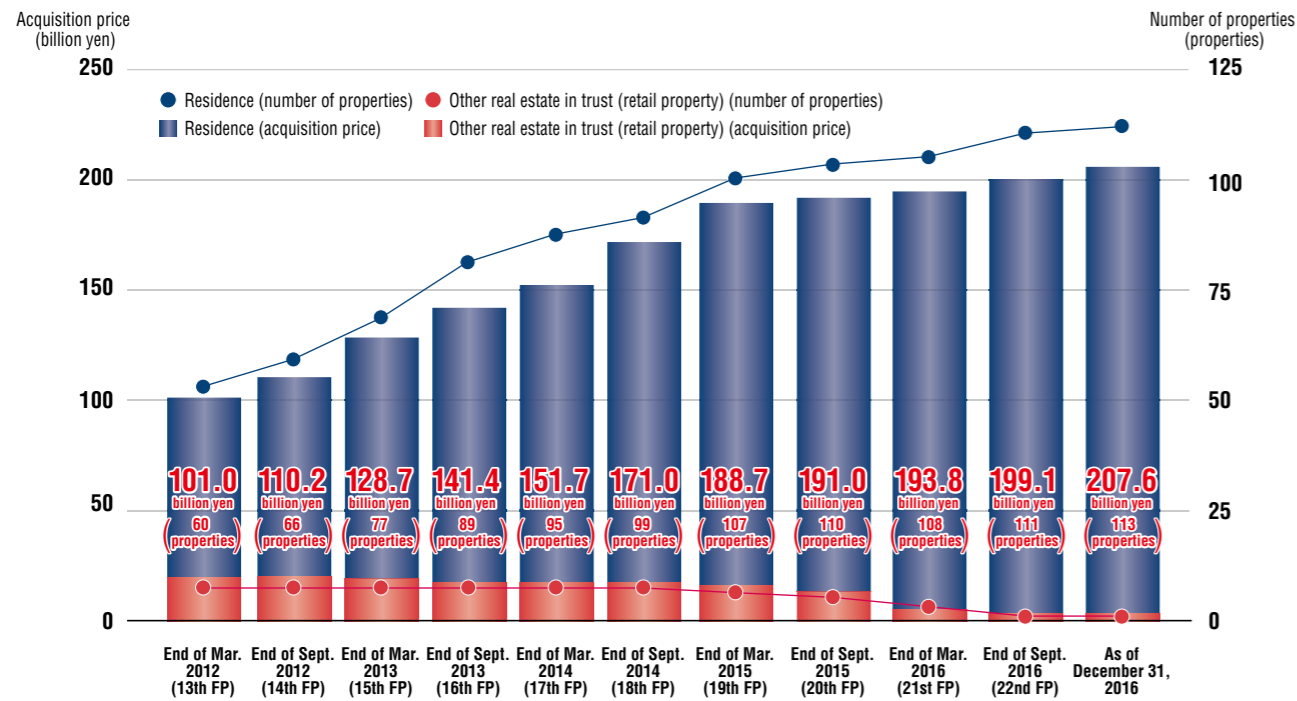
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Portfolio Management

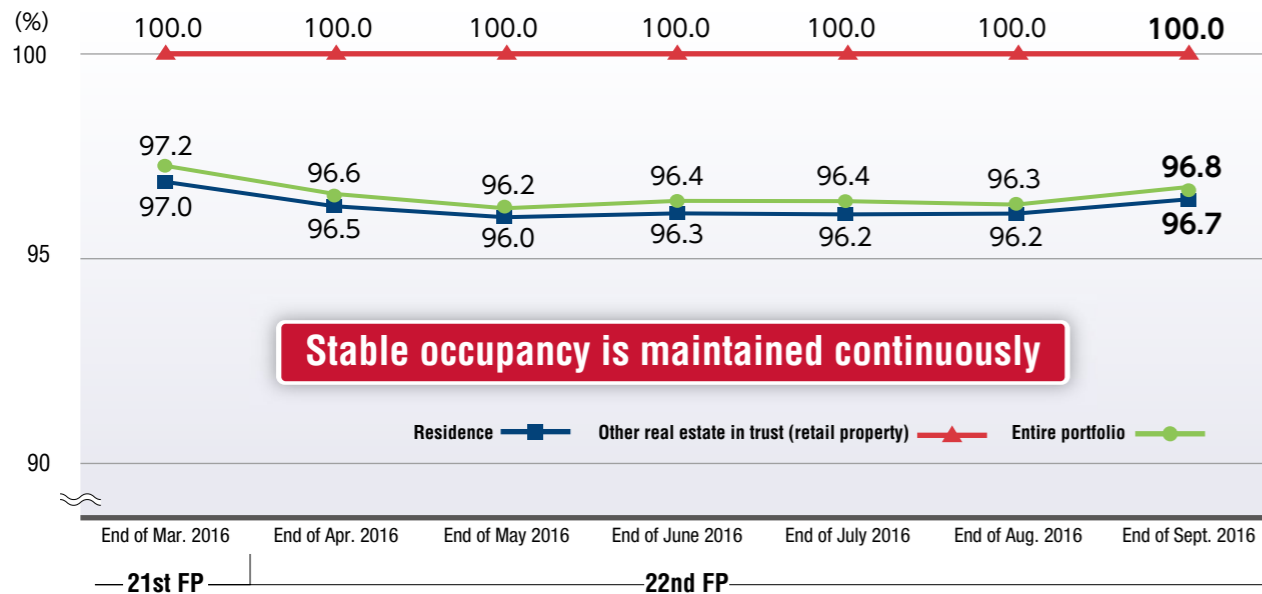
Changes in Asset Size

The Investment Corporation acquired 4 properties from the Sekisui House Group at the beginning of the 22nd fiscal period, achieving the asset size of 200 billion yen. Meanwhile, the Investment Corporation disposed part of the land of Esty Maison HIGASHISHINJUKU in July 2016 and b-town MINAMIAOYAMA in September 2016. These transactions left the asset size at 199.1 billion yen at the end of the 22nd fiscal period, with the ratio of residential properties at 98.1% against only a single retail property remaining in the portfolio. Subsequently, the Investment Corporation acquired 2 properties from Sekisui House by using proceeds from issuance of new investment units through public offering. As of December 31, 2016, the asset size stood at 207.6 billion yen with the ratio of residential properties at 98.2%.



Changes in Occupancy Ratio

In the 22nd fiscal period, the Investment Corporation conducted leasing activities with a focus on the optimum balance of occupancy and rent of each property and each unit. Consequently, the occupancy ratio of the entire portfolio was 96.5% on average throughout the period and stood at 96.8% as of the end of the 22nd fiscal period, continuing to stay at high levels similar to the preceding fiscal period.



Stable occupancy is maintained continuously

(Note) The occupancy ratio in the above graph indicates the ratio of total leased area to the total leasable area in each category for the properties of the corresponding category held by the Investment Corporation as of the end of each month from March 2016 to September 2016, rounded to the first decimal place.

Endeavors to Reduce Costs of Investment Properties

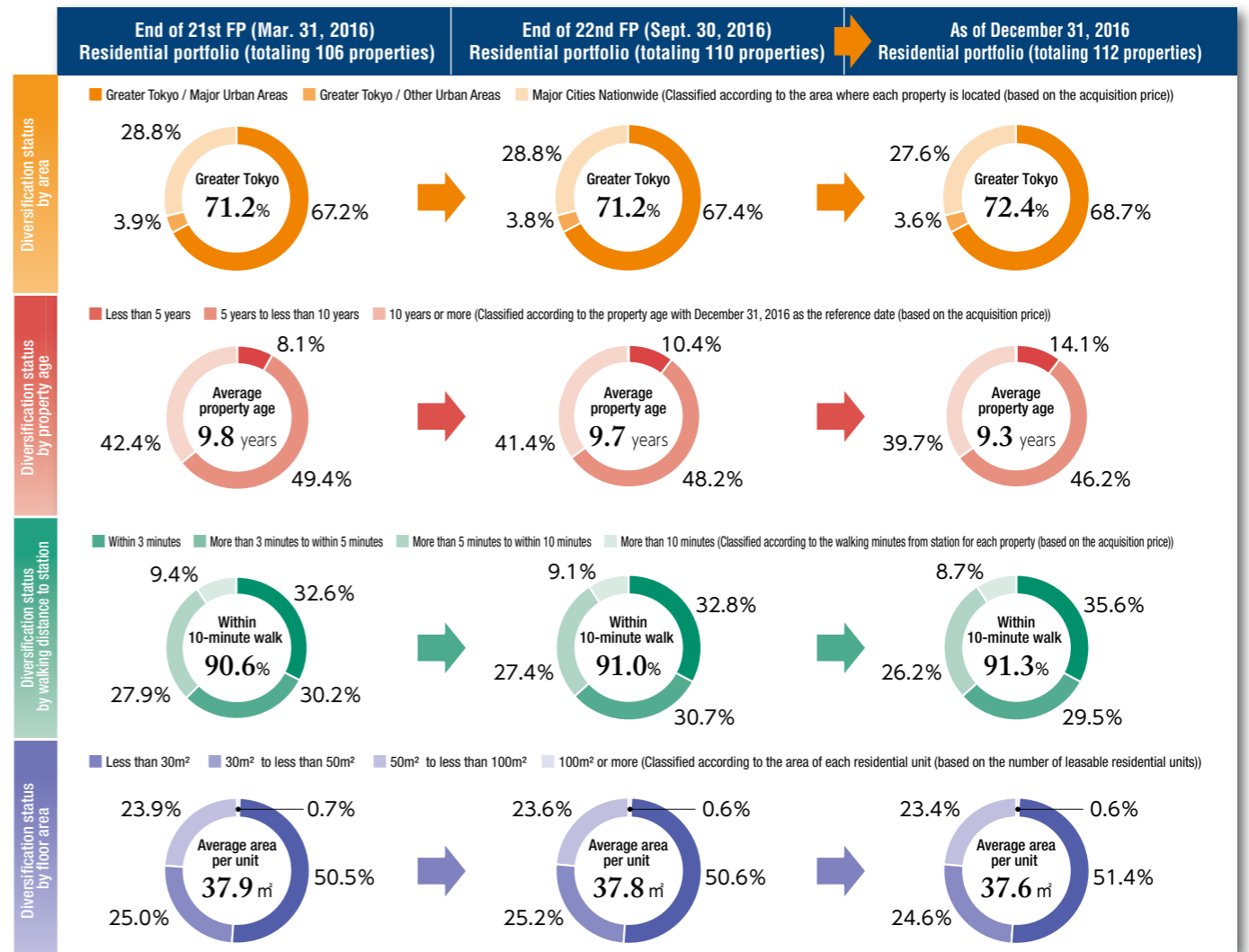
Changed power supply companies for some properties in order to reduce electricity use costs in common areas.

Region	Property name	Previous electricity use costs	Electricity use costs after change (estimate)	Reduction rate	Expected amount of annual decrease
Properties in areas covered by Tokyo Electric Power Company	Esty Maison AZABUNAGASAKA and 47 other properties	Approx. 35 million yen / year	Approx. 32 million yen / year	7.8%	Approx. 2.7 million yen / year
Properties in areas covered by Kansai Electric Power Company Total	Esty Maison KYOBASHI and 11 other properties	Approx. 15 million yen / year	Approx. 14 million yen / year	9.5%	Approx. 1.4 million yen / year
Total	60 properties (Introduced at 54.5% of 110 residential properties in total)	Approx. 50 million yen / year	Approx. 46 million yen / year	8.3%	Approx. 4.2 million yen / year

- No special cost burden with the change in power supply companies
- Decrease in the electricity use costs contributes directly to the improvement of portfolio profitability

(Note) "Expected amount of annual decrease" through introduction of new power supply companies are figures calculated by the Asset Management Company based on proposal materials prepared by new power supply companies.

(Reference) Status of the Residential Portfolio

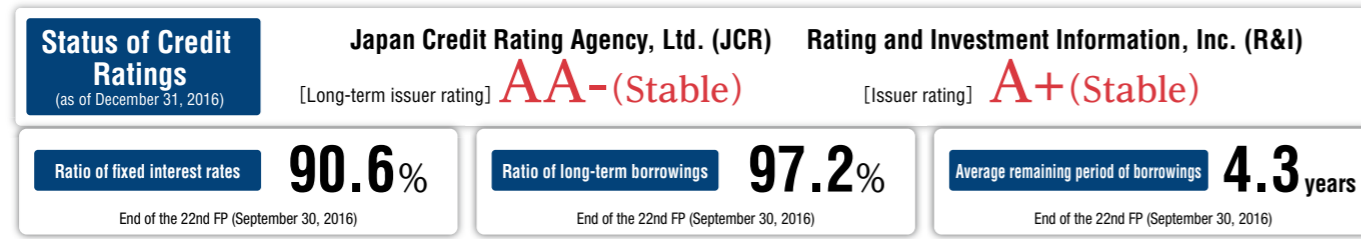


(Note 1) "Average property age" is calculated by seeking the weighted average of the building age of each property (with December 31, 2016 set as the base date) with the investment ratio calculated based on the acquisition price, rounded down to the nearest first decimal place.
 (Note 2) "Average area per unit" is calculated based on the total leasable residential area owned properties and the total number of leasable residential units as of each point of time, rounded down to the nearest first decimal place.

Further Reinforcement of Financial Base

Status of Financial Soundness

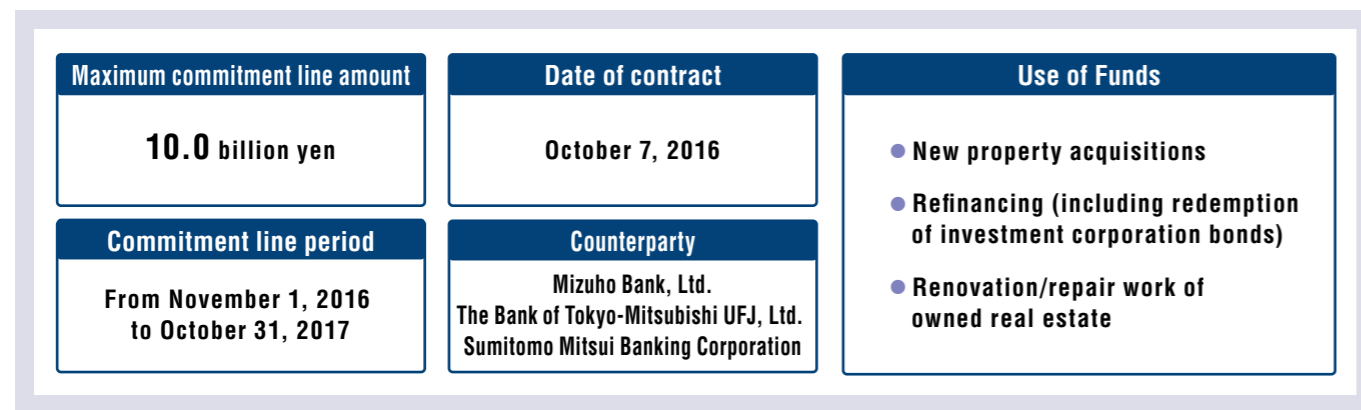
As an indicator demonstrating the stability of its financial base, the Investment Corporation has been granted the following credit ratings from two Japanese rating agencies. Moreover, the Investment Corporation is working to maintain the ratio of fixed interest rates, the ratio of long-term borrowings and the average remaining period of borrowings at current levels from the perspective of the stability of its financial base.



(Note 1) "Ratio of fixed interest rates" includes the interest rates of borrowings that have been practically fixed by concluding interest rate swap contracts, and "ratio of long-term borrowings" includes current portion of long-term loans payable within one year. The ratios are rounded to the first decimal place.
 (Note 2) "Average remaining period of borrowings" is the remaining period of interest-bearing debt to the repayment dates weighted average by the balance of interest-bearing debt, and is rounded down to the first decimal place. The same follows hereafter.

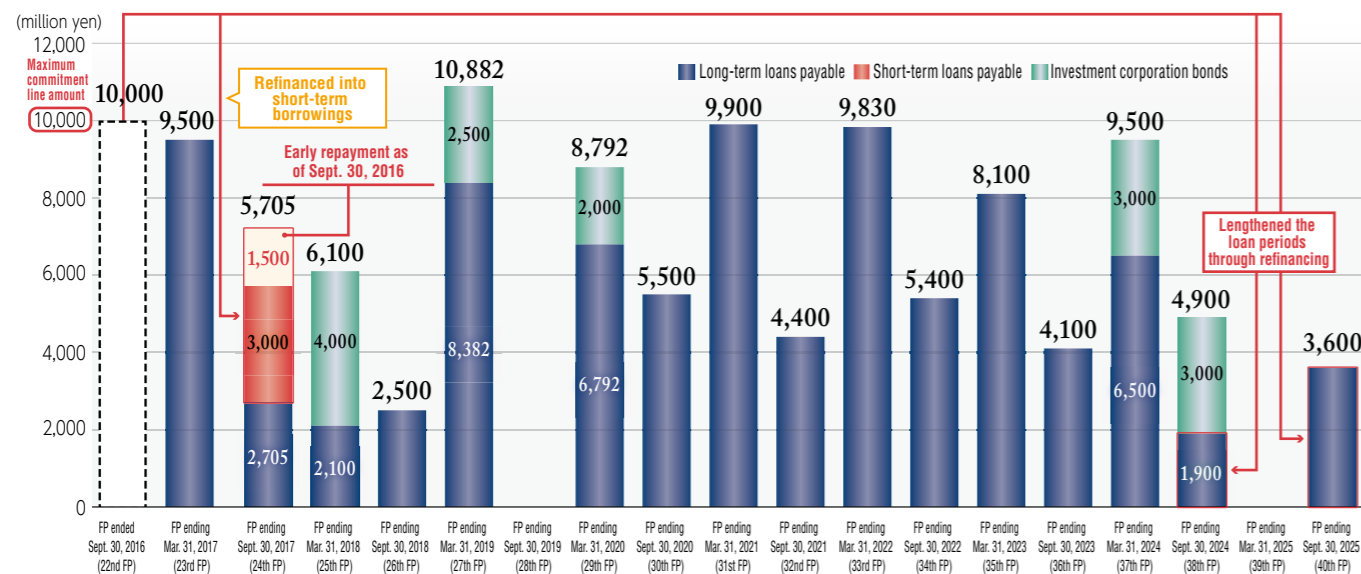
Conclusion of Commitment Line Contract

As of October 7, 2016, the Investment Corporation concluded a commitment line contract with three Japanese megabanks in order to secure flexible and stable means for procuring funds.



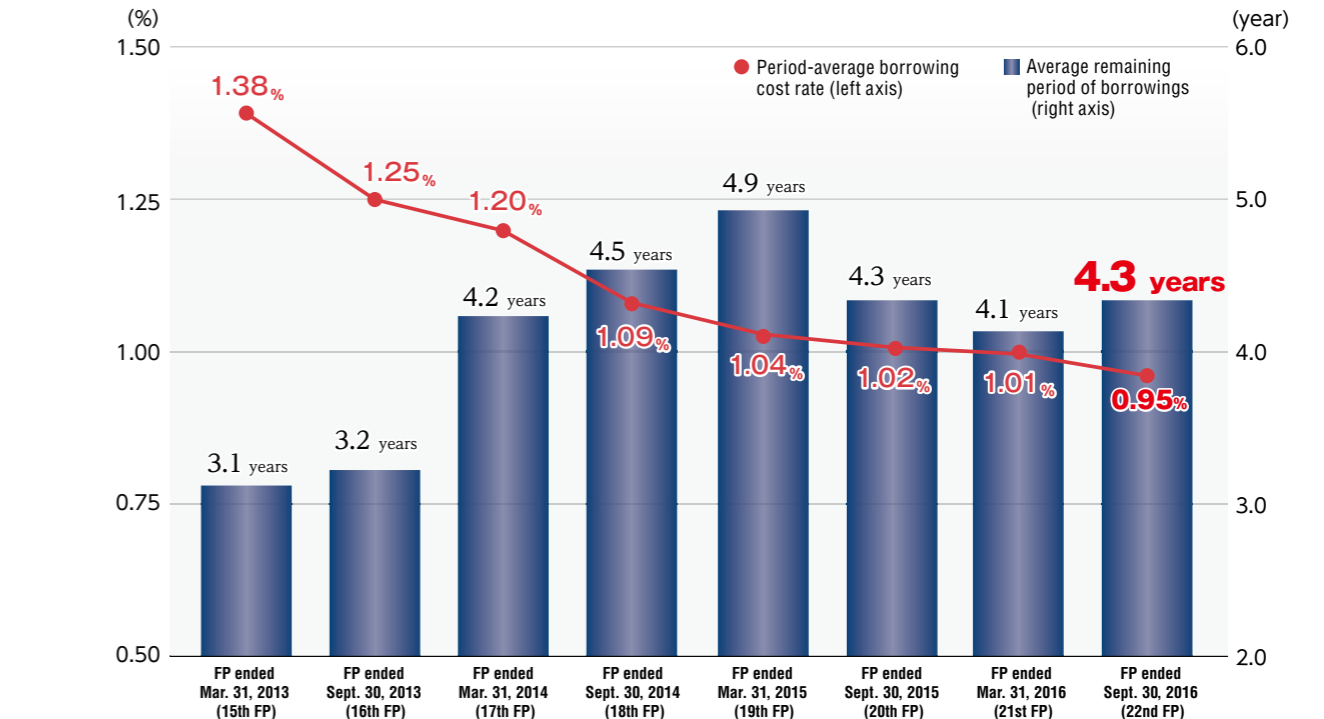
Maturity Ladder (as of End of the 22nd FP (September 30, 2016))

The Investment Corporation is promoting to diversify repayment dates of its borrowings with an aim to further enhance the stability of its financial base. Going forward, it will work to flatten the repayment amount for each fiscal period within the maximum commitment line amount of 10 billion yen as a benchmark.



Changes in Period-Average Borrowing Cost Rates and Average Remaining Period of Borrowings

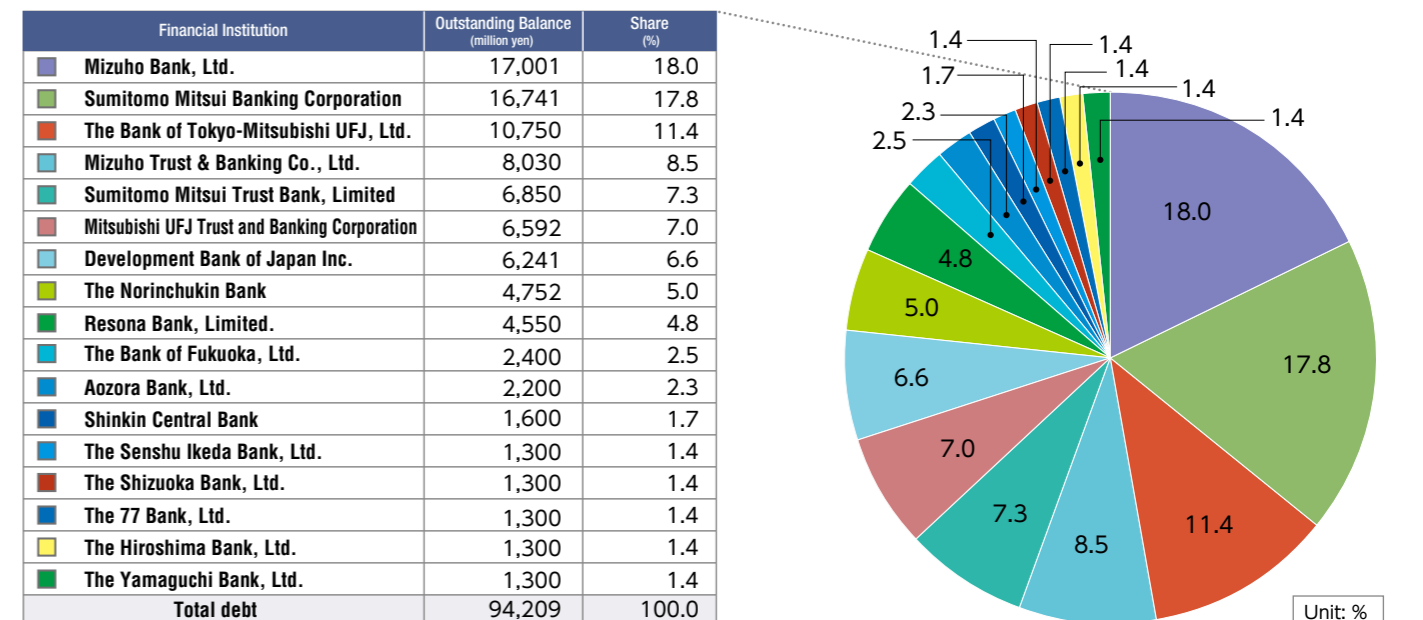
The Investment Corporation is conducting fund procurement with an intention to reinforce its financial base by reducing borrowing cost rates while working to lengthen borrowing periods under the low-interest rate environment. In the 22nd fiscal period, the Investment Corporation refinanced 10 billion yen in floating interest rate loans maturing in the fiscal period, of which 5.5 billion yen was refinanced to longer-term loans with fixed interest rates that were lower than the average procurement interest rate as of the end of the 21st fiscal period. The period-average borrowing cost rate for the 22nd fiscal period stood at 0.95%, and the average remaining period of borrowings was 4.3 years as of the end of the fiscal period.



(Note) "Period-average borrowing cost rate" is calculated by using the formula below and is rounded to the second decimal place:
 Period-average borrowing cost rate = Period borrowing cost (annualized) / Balance of period-average interest-bearing debt
 Borrowing cost = Interest expenses (excluding break funding cost) + borrowing related expenses + interest expenses on investment corporation bonds

Status of Bank Formation

The Investment Corporation has constructed the bank formation comprising 17 financial institutions centering on the three Japanese megabanks, based on the credibility of Sekisui House. The borrowing status of the Investment Corporation as of September 30, 2016 is as follows.



Examples of Initiatives in CSR and Environmental Activities

Aiming to realize its basic principle of “providing high-quality residences through the J-REIT scheme” and “creating affluent and fulfilling lifestyles,” the Investment Corporation conducts real estate investment management with due consideration given to the environment, society and governance, in accordance with the “Sustainability Vision” advocated by Sekisui House. The Investment Corporation is conscious of its societal responsibilities, and has established sustainability policy and objectives which it complies with and implements across the breadth of its operations. Major examples of its initiatives are presented below.

LED light fixture replacement work in common areas

Intended to reduce electricity consumption and greenhouse gas (CO₂) emissions in common areas

22nd fiscal period ended September 2016

Newly implemented at **5** properties

Implemented at a total of **25** properties

- Electricity consumption (cumulative total): Expected decrease of approx. **912,793kwh** annually
- Greenhouse gas emissions (cumulative total): Expected decrease of approx. **474ton** annually

Energy-saving conversion of air conditioners in exclusive areas

Intended to reduce electricity consumption and greenhouse gas (CO₂) emissions in exclusive areas

22nd fiscal period ended September 2016

Newly implemented at **140** units

Implemented at a total of **393** units

- Electricity consumption: Expected annual reduction of approx. **13%**
- Greenhouse gas emissions: Expected approx. **112kg** annual reduction

Management that considers the environment and society

Realize a sustainable society

Provide high-quality residences through the J-REIT scheme

Five properties acquired DBJ Green Building Certification

Certification rank

DBJ Green Building (4stars)

Prime Maison YOKOHAMA NIHON-ODORI

Prime Maison GOTENYAMA EAST

Prime Maison SHINAGAWA

DBJ Green Building (3stars)

Prime Maison GINZA EAST

DBJ Green Building (2stars)

Esty Maison OJIMA

Continued participation in the 2016 GRESB sustainability survey

Acquired superior “Green Star” rating in the 2016 GRESB sustainability survey and was selected as “Sector Leader” (ranked first) in Asia’s Residential Sector, both for the second consecutive year. Also acquired “4 Stars” (five-level rating with the highest being “5 Stars”) in the GRESB rating that was introduced in fiscal 2016

GRESB 2016 Sector Leader

Residential Portfolio Map

In order to mitigate the risks associated with unipolar concentration of the portfolio, including risks related to the local economy and earthquakes, the Investment Corporation positions Greater Tokyo / Major Urban Areas as the focused investment area while conducting diversified investment in Greater Tokyo / Other Urban Areas and Major Cities Nationwide.



Management Discussion and Analysis

1. Changes in Operating Results and Other Management Data

Fiscal Period	Unit	18th Fiscal Period (April 1, 2014 - September 30, 2014)	19th Fiscal Period (October 1, 2014 - March 31, 2015)	20th Fiscal Period (April 1, 2015 - September 30, 2015)	21st Fiscal Period (October 1, 2015 - March 31, 2016)	22nd Fiscal Period (April 1, 2016 - September 30, 2016)
Accounting Period						
Operating revenue	mm yen	5,591	6,286	6,411	6,543	6,693
(Rent revenue - real estate)	mm yen	(5,591)	(6,134)	(6,330)	(6,332)	(6,674)
Operating expenses	mm yen	3,127	3,472	3,667	3,801	3,953
(Expenses related to rent business)	mm yen	(2,560)	(2,835)	(2,975)	(3,065)	(3,218)
Operating income	mm yen	2,463	2,814	2,743	2,741	2,739
Ordinary income	mm yen	1,952	2,305	2,211	2,214	2,193
Net income	(a) mm yen	1,950	2,302	2,209	2,210	2,192
Total assets	(b) mm yen	176,892	194,035	195,280	198,290	203,257
(Period-on-period variation)	%	(+12.8)	(+9.7)	(+0.6)	(+1.5)	(+2.5)
Net assets	(c) mm yen	81,010	91,227	91,213	91,263	91,292
(Period-on-period variation)	%	(+15.6)	(+12.6)	(-0.0)	(+0.1)	(+0.0)
Unitholders' capital	mm yen	79,059	88,925	88,925	88,925	88,925
Investment units issued	(d) units	915,240	1,018,110	1,018,110	1,018,110	1,018,110
Net assets per unit	(c)/(d) yen	88,512	89,605	89,590	89,639	89,668
Total cash distributions	(e) mm yen	1,950	2,224	2,160	2,163	2,183
Cash distribution per unit	(e)/(d) yen	2,131	2,185	2,122	2,125	2,145
(Earnings distribution per unit)	yen	(2,131)	(2,185)	(2,122)	(2,125)	(2,145)
(Distribution in excess of earnings per unit)	yen	(-)	(-)	(-)	(-)	(-)
Ordinary income to total assets	(Note 2) %	1.2 (2.3)	1.2 (2.5)	1.1 (2.3)	1.1 (2.2)	1.1 (2.2)
Return on unitholders' equity	(Note 2) %	2.6 (5.2)	2.7 (5.4)	2.4 (4.8)	2.4 (4.8)	2.4 (4.8)
Unitholders' equity ratio	(c)/(b) %	45.8	47.0	46.7	46.0	44.9
(Period-on-period variation)		(+1.1)	(+1.2)	(-0.3)	(-0.7)	(-1.1)
Distribution payout ratio	(Note 3) %	99.9	96.6	97.7	97.8	99.6
[Other reference information]						
Number of investment properties	(Note 4) properties	99	107	110	108	111
Total leasable area	m ²	357,494.91	399,249.82	400,210.45	368,622.60	376,936.98
Period-end occupancy ratio	(Note 4) %	97.1	97.4	96.7	97.2	96.8
Depreciation	mm yen	1,252	1,369	1,431	1,468	1,582
Capital expenditures	mm yen	68	153	97	293	302
Leasing NOI (net operating income)	(Note 2) mm yen	4,283	4,669	4,786	4,735	5,038

(Note 1) Consumption tax is not included in operating revenue, etc.

(Note 2) The indicators are calculated by using the following methods. In addition, annualized figures in accordance with the number of management days are provided in the parenthesis in parallel.

Ordinary income to total assets	Ordinary income / Average total assets Average total assets = (Period-beginning total assets + Period-end total assets) / 2
Return on unitholders' equity	Net income / Average net assets Average net assets = (Period-beginning net assets + Period-end net assets) / 2
Leasing NOI	Leasing income for the fiscal period (Rent revenue-real estate - Expenses related to rent business) + Depreciation

(Note 3) Distribution payout ratio is calculated by using the following method, and is rounded down to the nearest specified unit.

Cash distribution per unit (excluding distribution in excess of earnings per unit) / Net income per unit

For the 18th and 19th fiscal periods, however, the following method is employed as the Investment Corporation issued new investment units in the periods.

Total cash distributions / Net income

(Note 4) Number of investment properties indicates the number of properties that are considered to be single units respectively in light of common sense. In addition, the period-end occupancy ratio indicates the ratio of the total leased area to the total leasable area as of the account closing date.

2. Asset Management Status for the 22nd Fiscal Period

(1) Brief History of the Investment Corporation

Sekisui House SI Residential Investment Corporation (the "Investment Corporation") is an investment corporation with Sekisui House, Ltd. ("Sekisui House"), a leading company in the housing industry, serving as the main sponsor (Note 1), and has worked to establish a stable portfolio primarily comprising residential properties.

At the 6th General Meeting of Unitholders held on June 11, 2014, the Investment Corporation's Articles of Incorporation was partially revised to remove retail properties, which had previously been identified as a supplementary investment target, from its investment horizons and to solely invest in real estate related assets that are mainly used (Note 2) as residences. With the revision, which was aimed at shifting the Investment Corporation into a REIT specialized in residential properties, its investment targets were limited to residential properties. At the same time, it was resolved to change the Investment Corporation's trade name from Sekisui House SI Investment Corporation to Sekisui House SI Residential Investment Corporation in order to strongly demonstrate the shift of its investment targets.

The Investment Corporation's basic strategy is to build a portfolio that is centered on the high-quality rental residential properties developed by the Sekisui House Group (Note 3) with Sekisui House as the core company. Under this strategy, it works to expand the asset size with a focus on maximizing the interests of its investors as well as to reinforce its financial base. By doing so, the Investment Corporation aims to become a leading company among REITs investing in residential properties.

(Note 1) "Sponsors" refers to Sekisui House and Spring Investment Co., Ltd. ("Spring Investment"), the shareholders of Sekisui House SI Asset Management, Ltd., to which the Investment Corporation entrusts the management of its assets (the "Asset Management Company"). Of the outstanding shares of the Asset Management Company, 75% is held by Sekisui House and 25% by Spring Investment. As Sekisui House owns the majority of the Asset Management Company's equity interest, it is described as the "main sponsor." The same follows hereafter.

(Note 2) "Mainly used" means that a majority of the total exclusive area of the relevant real estate-related asset is allocated for a specific use. The same follows hereafter.

(Note 3) The Sekisui House Group refers to the group encompassing Sekisui House and its 205 subsidiaries and 23 affiliated companies (as of the end of January 2016). The same follows hereafter.

(2) Operating Environment and Asset Management Results

1) Operating Environment

During the 22nd fiscal period, the Japanese economy remained on course for a modest recovery, although sluggishness was observed in exports and production due to the impact of slowdown in emerging economies, among other factors.

The Tokyo Stock Exchange (TSE) REIT Index, which had remained flat at around 1,900 points, temporarily soared to 1,980 points in April 2016, partly due to expectations for additional monetary easing measures possibly taken by the Bank of Japan (BOJ). In May, the figure fell in stages because of such factors as the impact of the negative interest rate policy by the BOJ finishing the first round, heightened uncertainty of the domestic economy and profit-taking sale by foreign investors associated with the stronger yen. It further dropped in the latter half of June because of the risk-averse mindset enhanced globally by the U.K.'s decision to leave the European Union (EU), or Brexit. The index rebounded, however, as the long-term bond yields stably remained low in the negative domain while distribution yields increased amid the overall stock market facing difficult conditions, among other reasons. By the end of June, the figure regained to the level before the Brexit decision, and subsequently remained solid at the 1,800 points level. However, the BOJ's Monetary Policy Meeting held on September 20 and 21 decided to introduce the Quantitative and Qualitative Monetary Easing with Yield Curve Control and announced that long-term yields of Japanese government bonds will remain around zero percent. Given this, the TSE REIT Index dropped, temporarily falling below 1,800 points for the first time in three months. Later, the Index remained on a weak note at the 1,700 points level, against the backdrop of the long-term bond yields increasing on the observation of the U.S. interest rate hike to be made in October or thereafter, etc.

As for the land price trend, the national average dropped at a decelerated rate of decrease for residential land and turned to a level-off for commercial land from the downward trend that had continued through last year, according to the government's Prefectural Land Price Survey as of July 1, 2016. Presumably, this is a result of the market being bolstered by housing demand encouraged by low interest rates and housing mortgage tax reduction and other measures, and also reflects such factors as growing demand for stores and hotels due to an increase in foreign tourists. By area, the average in the three major metropolitan areas (the Greater Tokyo, Osaka Area and Nagoya Area) indicates a generally stronger upward trend in the commercial land price. While the residential land price continued to rise at a pace that is moderate but comparable with the previous year, the upward trend was observed to slow in the Nagoya Area. In regional areas, both the residential land and commercial land prices in the four regional cities (Sapporo-shi, Sendai-shi, Hiroshima-shi and Fukuoka-shi) showed an increase at a higher pace than in the three major metropolitan areas, and areas other than these cities also demonstrated a lower rate of price decrease.

As for the rental housing market, the vacancy rate increased for rental apartments in the Greater Tokyo as supply became unbalanced versus demand due to an increase in construction of wooden and light gauge steel-framed rental apartments as countermeasures against the inheritance tax. With the rental condominiums (mainly with reinforced concrete structures) owned by J-REITs, however, both the occupancy ratio and rent levels have remained stable. In the Greater Tokyo/Major Urban Areas, the Investment Corporation's focused investment area, the supply and demand environment is expected to remain favorable for some time, as continued population inflow from other areas allows expectations for stable demand for rental condominiums while supply continues to stay at a low level.

2) Asset Management Results

A. Measures for maximizing the interests of unitholders

[Changes in the asset size]

The Investment Corporation started the 22nd fiscal period with management of 108 properties it owned as of March 31, 2016, having total acquisition price of 193,890 million yen (excluding, however, miscellaneous acquisition related expenses, fixed property taxes, city planning taxes, consumption taxes and local consumption taxes; the same follows hereafter). The Investment Corporation acquired four residential properties in April 2016 (total acquisition price of 6,810 million yen). With the acquisition, the total acquisition price of the properties owned by the Investment Corporation amounted to 200.7 billion yen, reaching the asset size of 200 billion yen that it laid out as a goal of its growth strategy. Subsequently, the Investment Corporation disposed part of the land of a residential property in July 2016 and one of the existing retail properties (Note) in September 2016 (total acquisition price of 1,536 million yen). As a result, the properties owned by the Investment Corporation as of the end of the fiscal period under review totaled 111 properties (110 residential properties and a single retail property), with the total acquisition price amounting to 199,163 million yen (195,342 million yen for residential properties and 3,820 million yen for the retail property).

(Note) Existing retail properties refer to real estate-related assets that are mainly used as retail facilities and that the Investment Corporation continuously holds. The same follows hereafter.

The table below indicates the properties acquired or disposed during the 22nd fiscal period.

<Newly acquired properties>

Property No.	Property Name	Location	Acquisition Price (million yen)	Acquisition Date
Residence-114	Prime Maison SHIBUYA	Shibuya, Shibuya-ku, Tokyo	2,190	April 1, 2016
Residence-115	Prime Maison HATSUDAI	Hatsudai, Shibuya-ku, Tokyo	2,700	April 1, 2016
Residence-116	Esty Maison UEMACHIDAI	Uehonmachi-nishi, Chuo-ku, Osaka-shi, Osaka	950	April 1, 2016
Residence-117	Esty Maison KOBE-SANNOMIYA	Onoe-dori, Chuo-ku, Kobe-shi, Hyogo	970	April 1, 2016

<Disposed properties>

Property No.	Property Name	Location	Disposition Price (million yen)	Disposition Date
Residence-75	Esty Maison HIGASHISHINJUKU (part of the land) (Note)	Shinjuku, Shinjuku-ku, Tokyo	23	July 29, 2016
Retail-4	b-town MINAMIAOYAMA	Minami-Aoyama, Minato-ku, Tokyo	1,560	September 16, 2016

(Note) The Investment Corporation disposed part (measured area: 6.62m²) of the land of Esty Maison HIGASHISHINJUKU

[Enhancing a residential portfolio centering on the property pipelines with the Sekisui House Group]

Utilizing the property pipelines of the Sekisui House Group, the Investment Corporation acquired two Prime Maison Series properties from Sekisui House in April 2016, and acquired two residential properties from Sekiwa Real Estate Kansai, Ltd., the first acquisition from the company, which it had held in recognition of their values. On the other hand, the Investment Corporation disposed one of its existing properties in September 2016. Consequently, the Investment Corporation owns only a single existing retail property as of December 31, 2016.

Moreover, in October 2016 after the 22nd fiscal period was closed, the Investment Corporation issued new investment units through public offering, and used the funds from the issuance to acquire two Prime Maison Series properties from Sekisui House in November 2016. As a result of these activities, the asset size of the Investment Corporation's portfolio stood at 207.6 billion yen in terms of the total acquisition price as of December 31, 2016 with the ratio of residential properties increasing from 97.2% at the end of the 21st fiscal period to 98.2% as of December 31, 2016.

Through these endeavors to enhance the residential portfolio centering on the property pipelines with the Sekisui House Group, the Investment Corporation worked to mitigate management risks in the future, successfully reinforcing the stability of the earning base of its portfolio even further.

B. Implementation of Leasing Activities and Measures to Enhance Property Value

[Thoroughly managing and administrating leasing activities]

For the properties it owns, the Investment Corporation successfully kept the occupancy ratio of the entire portfolio at as high as 96.8% as of the end of the 22nd fiscal period (September 30, 2016), and worked to enhance earnings by implementing measures to increase cash flows, such as raising rents and reducing downtime. In the opinion of the Investment Corporation, such a high occupancy ratio is an outcome of its highly competitive portfolio centering on residential properties that are "relatively newly built" and "close to railroad stations" and comprise "Single and Compact Type" units, and is a result of having thoroughly implemented leasing management.

Specifically, as part of its leasing strategy, a system was established to allow management and control of the latest progress status in lease contracts and cancellations. Moreover, collaboration with property management companies was strengthened to accelerate setting of leasing terms and conditions. This enabled timely grasp of the tenant needs trends, helping to shorten downtime. For residential units that had been vacant for a long time, flexible arrangements were made, such as modifying leasing terms and conditions to more appropriate ones, in an effort to increase the occupancy ratios and generate earnings as soon as possible. For highly competitive properties and residential units, endeavors were made to increase earnings by proactively taking such measures as raising rents upon tenant replacement and contract renewals and obtaining key money upon concluding new contracts.

[Thoroughly controlling rent business costs]

On top of securing earnings based on thorough leasing management, the Investment Corporation and the Asset Management Company conduct thorough control of rent business costs in order to secure stable cash flows.

Specifically, in accordance with liberalization of electricity retail sales in Japan, electric power suppliers were switched for some properties to those that provide power supply less inexpensively than the current suppliers. In addition, LED light fixtures in common areas were continuously replaced to achieve cost reductions. Efforts were also made to reduce costs by thoroughly examining the details of works to restore units to original conditions.

[Thoroughly implementing quality control of investment properties]

The Investment Corporation and the Asset Management Company aim to maintain and improve the occupancy ratios and rent levels by implementing optimum repairs intended to maintain and enhance the value and competitiveness of the investment properties.

In the fiscal period under review, a renovation work was conducted for the residential units of Esty Maison GINZA, which is expected to achieve internal growth including a rise in rents, to modify their floor plans and specifications to meet what tenants need. In addition, large-scale repairs based on the results of deterioration diagnosis surveys, etc. were conducted systematically for three properties in an effort to reinforce the appeal of the owned properties.

Moreover, in accordance with an increase in the number of investment properties to manage, the Asset Management Company separated operations on developing long-term repair plans as well as investigation and management, etc. of repair works for the investment properties, which had been the duties of the Asset Management Department, in the 22nd fiscal period, and newly established the Engineering Management Department as of July 1, 2016 as a department specifically engaged in such operations.

C. Initiatives on CSR and Realizing a Sustainable Society

The Investment Corporation established its environmental basic policy, sustainability policy and environmental targets in the 19th fiscal period ended March 2015. Based on these policies, the Investment Corporation has cooperated with Sekisui House, which was the first in the housing industry to be recognized as an Eco-First Company by the Ministry of the Environment, to promote initiatives for energy-saving and environmental awareness in response to the requirements of the times through such measures as enhancing energy efficiency of its owned properties and acquiring environmentally friendly properties.

In the 22nd fiscal period, the Investment Corporation promoted adoption of energy-efficient air-conditioning units and installation of LED lighting to its properties, which it had conducted from time to time, as environmental-friendly measures.

In addition, in order to understand where its environmental awareness initiatives in comparison with others and use as reference for its future endeavors, the Investment Corporation has worked to obtain environmental recognition and certifications by external assessment organizations.

During the fiscal period under review, the Investment Corporation was granted the DBJ Green Building Certification (Note 1) for three of its owned properties (Prime Maison GINZA EAST, Prime Maison YOKOHAMA NIHON-ODORI and Esty Maison OJIMA) by Development Bank of Japan Inc. Together with the two properties that were certified in January 2015, the Investment Corporation has obtained the Certification for five properties (of which, three properties were given 4 Stars, a higher rank) to date.

Moreover, in the sustainability survey for real estate companies conducted in 2016 by Global Real Estate Sustainability Benchmark ("GRESB")(Note 2), the Investment Corporation acquired the "Green Star" rating, as it did in 2015, and was selected as "Sector Leader" (ranked first) in Asia's Residential Sector for the second consecutive year, the first such achievement among J-REITs investing in residential properties. On top of this, the Investment Corporation obtained "4 Stars" (five-level rating with the highest being "5 Stars") in the GRESB Rating that was introduced in 2016 to show a participant's relative status of comprehensive scores.

Going forward, the Investment Corporation will continue to further promote its initiatives on realizing a sustainable society, including measures to mitigate environmental burdens, with an aim to achieve its basic principal of "providing high-quality residences through the J-REIT scheme" and "creating affluent and fulfilling lifestyles."

(Note 1) The DBJ Green Building Certification System is designed to mark buildings by using a scoring model originally developed by Development Bank of Japan Inc. and select blue-chip real estate that meets the demands of the times. Its purpose is to promote real properties that demonstrate environmental performance as well as security measures and disaster prevention measures and take into account the social requirements from various stakeholders surrounding the properties ("Green Buildings").

(Note 2) The GRESB is a benchmark system established in 2009 primarily by major European pension funds, which played a major role in establishing the Principles for Responsible Investment (PRI), for the purpose of enhancing shareholder value by applying environmental, social and governance (ESG) considerations to real estate investments.

(3) Summary of Fund Procurement

During the 22nd fiscal period, the Investment Corporation newly borrowed 6,500 million yen in long-term loans payable (loan period: approximately seven years and 11 months) in April 2016, in order to fund property acquisitions. In August 2016, it borrowed 3,600 million yen (loan period: approximately nine years), 1,900 million yen (loan period: eight years) and 4,500 million yen (loan period: approximately one year) to fund the refinance of loans totaling 10,000 million yen (comprising loans of 2.8 billion yen, 1.2 billion yen and 6.0 billion yen with loan period of one year and two months, 11 months and six months, respectively) that matured, in an effort to lengthen borrowing periods and diversify repayment dates. On the other hand, the Investment Corporation made early repayment of part (1,500 million yen) of the aforementioned 4,500 million yen in a loan with loan period of approximately one year in September 2016 by utilizing proceeds from disposition of an existing retail property.

As a result of the above, the Investment Corporation had the balance of interest-bearing debts standing at 108,709 million yen (3,000 million yen in short-term loans payable, 91,209 million yen in long-term loans payable (including 12,205 million yen in current portion of long-term loans payable) and 14,500 million yen in investment corporation bonds) as of September 30, 2016.

In addition, the Investment Corporation has been granted the following credit ratings as of December 31, 2016.

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

(4) Summary of Business Results and Distributions

As a result of these management efforts, the Investment Corporation posted operating revenue of 6,693 million yen, operating income of 2,739 million yen after deducting such operating expenses as outsourcing expenses, utilities expenses and asset management fees, ordinary income of 2,193 million yen and net income of 2,192 million yen in the 22nd fiscal period.

Furthermore, the Investment Corporation decided to internally reserve part of the gain on sale of part of the land of Esty Maison HIGASHISHINJUKU it disposed in July 2016 and b-town MINAMIAOYAMA it disposed in September 2016 as reserve for reduction entry by applying to the Special Measures in Case Land or Other Property is Acquired in Advance in 2009 or 2010 under Article 66-2 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; as amended) (the "Special Taxation Measures Act"). Pursuant to this policy, the Investment Corporation decided to distribute the entire amount of the unappropriated retained earnings after deducting 8 million yen as the provision for reserve for reduction entry, which is within the scope of application to Article 66-2 of the Special Taxation Measures Act, with the aim of having the maximum amount of profit distributions deducted as expenses based on application of the special provisions for taxation on investment corporations (Article 67-15 of the Special Taxation Measures Act).

As a result, the cash distribution per unit came to 2,145 yen for the 22nd fiscal period.

3. Future Management Policies and Vital Issues

(1) Investment Environment

Looking ahead, the Japanese economy is anticipated to remain for some time in a state featuring a slower pace of recovery, with exports and production staying somewhat stagnant due to the impact of slowdown in emerging economies and other factors, according to the Outlook for Economic Activity and Prices (October 2016) by BOJ. Subsequently, as domestic demand will follow an upward trend as a virtuous cycle from income to spending will continue in both the household and corporate sectors, exports are anticipated to increase gradually in the face of such factors as emerging economies starting to outgrow the slowdown. However, attention must continue to be paid to the risk of the Japanese economy being pushed downward by the heightened uncertainty in overseas economies, such as the business downswing in emerging Asian countries including China and in countries exporting natural resources as well as the Brexit (the U.K. leaving the EU).

As for the fund procurement environment, the Monetary Policy Meeting of BOJ held on September 20 and 21, 2016 newly adopted the Quantitative and Qualitative Monetary Easing with Yield Curve Control, a new framework of reinforced monetary easing, demonstrating the BOJ's policy to control yield curve of government bonds. In its policy, the BOJ targets to have long-term bond yields remain at around zero percent. Accordingly, it is expected that, by implementing this policy, the BOJ will keep the low interest rate environment while suppressing excessive decreases or increases in long-term bond yields. In the J-REIT market, this is anticipated to lower the risk of rising long-term interest rates.

In the real estate transaction market, investors still remain highly willing to invest, backed by the favorable fund procurement environment, and competition over acquisition continues to be overheated. Although the expected return level has already reached the lowest level before the global financial crisis and there is less room for a further decrease, it is assumed that there will be a further inflow of investment monies into real estate as investment targets that are expected to generate relatively high returns. As such, real estate prices will presumably rise moderately or stay at a high level.

Based on this view, the Investment Corporation will conduct acquisitions and management of assets by carefully discerning the asset management environment in terms of the business conditions including the future impact of the negative interest rate environment, the supply and demand balance status and the orientations of domestic and foreign investors.

(2) Management Policy and Vital Issues

A. External Growth Strategy

With an aim to realize maximum value for its unitholders, the Investment Corporation endeavors to build a portfolio that centers on high-quality rental residential properties planned and developed by the Sekisui House Group, for which Sekisui House, the main sponsor, serves as the core company.

In this endeavor, the Investment Corporation positions Greater Tokyo / Major Urban Areas as the focused investment area as well as the core area of its property portfolio. At the same time, in order to mitigate the risks associated with heavy concentration of the portfolio on Greater Tokyo such as regional economic risks and earthquake risks, the Investment Corporation will work to diversify investments to a certain degree as it investigates acquisitions of properties that allow expectations for stable rental demand, from among those located in Greater Tokyo / Other Urban Areas and in Major Cities Nationwide including Major Urban Areas where use of the nationwide networks of the Sekisui House Group is expected to prove effective as much as in Greater Tokyo / Major Urban Areas. As for the residential types as investment targets, the Investment Corporation will invest primarily in properties comprised mainly of the Single and Compact Type residences for which relatively high rental demand and profitability can be expected, as well as in properties comprised mainly of the Family Type residences for which stable earnings can be expected, giving due consideration to area characteristics. The Investment Corporation will also selectively invest in properties comprised mainly of the Large Type residences after carefully analyzing site environments and such. Moreover, it will invest in student housing, company housing and serviced housing for the elderly, after making comprehensive and careful analyses.

In terms of the property acquisition routes, the Investment Corporation will focus on utilizing the Sekisui House Group's ability to supply properties, while also using property information provided by Spring Investment, the co-sponsor, and endeavoring to acquire properties from outside sources by collecting property information through the proprietary networks of the Asset Management Company. Even in the real estate market where prices are soaring, the Investment Corporation will acquire properties that it considers to contribute to enhancing its profitability, in view of the areas and property characteristics, while working to keep the yields at proper levels. By doing so, the Investment Corporation will aim to steadily achieve expansion of the asset size centering on high-quality rental residential properties.

As for HAMAMATSU Plaza, the sole existing retail property it owns as of December 31, 2016, the Investment Corporation will make efforts to achieve its stable management and, in cooperation with Sekisui House, work to enhance the appeal and asset value of the entire facilities while investigating selling the property at an appropriate time. In addition, among the residential properties it owns, the Investment Corporation will investigate replacement of low-yielding properties or those that are built many years ago and expected to generate more repair expenses and other costs in the future, in an effort to enhance the quality of its portfolio.

B. Internal Growth Strategy

As stated above, the Asset Management Company newly established the Engineering Management Department in the 22nd fiscal period as a department specifically engaged in developing long-term repair plans as well as investigation and management, etc. of repair works for the investment properties. With this, the Asset Management Company will work to thoroughly conduct quality control of the investment properties owned by the Investment Corporation, including implementation of refurbishments and renovations against aging and obsolescence of their exclusive and common areas, which hamper leasing, at appropriate times. The Asset Management Company will also conduct a variety of repair works that are intended to maximize cost performance. Through these measures, it aims to strengthen internal growth.




Moreover, in accordance with full liberalization of electricity retail sales in Japan, electric power suppliers have been switched for some properties, which should reduce costs for the 23rd fiscal period and thereafter. The Investment Corporation will also continuously replace lighting fixtures in common areas to LED lamps, and fully investigate the details and amounts of works to restore to original conditions, in an effort to reduce operational costs. In addition, for the costs related to management operations of owned properties, it will also take cost reduction measures such as investigating and maximizing their cost performance.

Moreover, the Investment Corporation will further deepen business coordination with the property management companies in order to focus on enhancing occupancy ratios and reducing downtime as well as increasing rents and obtaining key money upon concluding new contracts, while working to maintain and improve the contract renewal ratio and increase rents upon renewing existing contracts with tenants. By doing so, it will aim to enhance profitability.

For properties it acquires from the Sekisui House Group, the Investment Corporation will, in principle, consign property management services to the Sekiwa Real Estate Group (Note) in charge of the relevant areas in which the said properties are located, in order to improve the occupancy ratio and enhance the operational and administrative efficiency through the synergy effect with the Sekisui House Group. Moreover, the Investment Corporation has gradually unified the property management companies involved in the existing residential properties to the Sekiwa Real Estate group. This is understood to have enabled the Investment Corporation to realize tenant attraction and efficient administration by taking advantage of the Sekiwa Real Estate Group's know-how on property management services, backed by the track record of lease management for approximately 576 thousand units throughout Japan (as of July 31, 2016), and its nationwide networks. Going forward, the Investment Corporation will keep this policy in an aim to maintain and improve its medium- and long-term performance. Furthermore, in an effort to establish the brand, the Investment Corporation is unifying the property name brands to "Esty Maison", as a rule, for residential properties it acquired from other than the Sekisui House Group. By doing so, and in combination with the "Prime Maison" brand for Sekisui House's rental residential properties and the "MAST" series brand for the Sekiwa Real Estate Group's rental residential properties, the Investment Corporation will implement its comprehensive brand strategy to demonstrate the superior quality of its properties.

(Note) "Sekiwa Real Estate Group" represents a group of companies comprising, as the core, the Sekiwa Real Estate companies (7 companies) and their subsidiaries and affiliates. Furthermore, the "Sekiwa Real Estate companies (7 companies)" refers to the seven companies of Sekiwa Real Estate, Ltd., Sekiwa Real Estate Kanto, Ltd., Sekiwa Real Estate Tohoku, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chugoku, Ltd. and Sekiwa Real Estate Kyushu, Ltd., which are wholly-owned subsidiaries of Sekisui House, and the core companies of the real estate division of the Sekisui House Group that are expanding nationwide presence in Japan. The same follows hereafter.

<Summary of the Investment Corporation's Major Brands>

Brand Name	Prime Maison	Esty Maison	MAST Series
Logo type			
Explanation on brand	Brand of Sekisui House High-quality urban rental condominiums planned and developed by Sekisui House by utilizing its know-how or in which it invests in recognition of the value	Proprietary Brand of the Investment Corporation As a rule, high-quality urban rental condominiums the Investment Corporation acquired from outside the Sekisui House Group	Brand of the Sekiwa Real Estate Group As a rule, high-quality rental residential properties planned and developed by the Sekiwa Real Estate companies (7 companies), which belong to the Sekisui House Group, or those in which they own in recognition of the value

(3) Financial Strategy, etc.

For the loan-to-value ratio (LTV), which represents the ratio of the balance of borrowings, investment corporation bonds and interest-bearing lease and guarantee deposits to the total of assets owned by the Investment Corporation, the Asset Management Guidelines of the Asset Management Company sets the ceiling at 60%. However, as the policy it has followed to date, the Investment Corporation makes it a basic rule to maintain LTV at a conservative level, with the lower half of the 50% level as the target ceiling for the time being. Furthermore, the Investment Corporation's LTV, which stood at 53.5% as of the end of the 22nd fiscal period, is anticipated to be decreased to 50.6% as of December 31, 2016 due to issuance of new investment units through public offering conducted in October 2016 and early repayment of part (1.8 billion yen) of an existing loan conducted on December 9, 2016.

On October 7, 2016 after the 22nd fiscal period was closed, the Investment Corporation concluded a commitment line contract in order to secure flexible and stable means for procuring funds for acquisition of new properties, repayment of existing loans, redemption of investment corporation bonds and renovation/repair work of properties it owns.

For future borrowings, the Investment Corporation will promote further reinforcement of its financial base by continuously taking these measures that contribute to achieving the goal.

4. Significant Events Occurring after Settling the 22nd Fiscal Period

(1) Issuance of New Investment Units

Based on the resolutions made at the board of directors' meetings held on October 7 and October 19, 2016, the Investment Corporation issued new investment units as described below, in order to use the proceeds to fund acquisitions of specified assets and miscellaneous acquisition related expenses. Payment completed on October 26, 2016 for the investment units issued through public offering. As for the new investment units issued through third-party allotment, Mizuho Securities Co., Ltd., the allottee, notified about subscribing for the whole of the investment units to be offered (4,160 units). Payment completed on November 14, 2016.

As a result, unitholders' capital increased to 98,633,978,945 yen, with the number of investment units issued and outstanding totaling 1,105,510 units.

[Issuance of investment units through public offering (public offering)]	
Number of investment units outstanding:	83,240 units
Issue price (offer price):	114,855 yen per unit
Total issue price (total offer price):	9,560,530,200 yen
Paid-in amount (issue amount):	111,085 yen per unit
Total paid-in amount (total issue amount):	9,246,715,400 yen
Payment date:	October 26, 2016
Starting date for calculating distributions:	October 1, 2016

[Issuance of investment units by way of third-party allotment]	
Number of investment units outstanding:	4,160 units
Paid-in amount (issue amount):	11,085 yen per unit
Total paid-in amount (total issue amount):	462,113,600 yen
Payment date:	November 14, 2016
Starting date for calculating distributions:	October 1, 2016
Third party allottee:	Mizuho Securities Co., Ltd.

(Reference Information)

A. New Asset Acquisitions

The Investment Corporation acquired the following properties as of November 1, 2016.

Property No.	Property Name	Location (Note)	Acquisition Price (million yen)	Acquisition Date
Residence-118	Prime Maison SHIROKANE-TAKANAWA	Mita, Minato-ku, Tokyo	4,500	November 1, 2016
Residence-119	Prime Maison ICHIGAYAYAMABUSHICHO	Ichigaya Yamabushicho, Shinjuku-ku, Tokyo	4,000	November 1, 2016

(Note) The location is based on the indication in the registry.

B. Early Repayment of Existing Loans

As of December 9, 2016, the Investment Corporation conducted early repayment of part of the following borrowings.

Lender	Drawdown Date	Loan Amount (million yen)	Balance at End of Period (million yen) (Note 1)	Amount of Early Repayment (million yen)	Balance after Repayment (million yen)	Interest Rate	Repayment Date	Repayment Method	Use	Collateral
Mizuho Bank, Ltd.	August 31, 2016	1,500	1,000	600	400	0.20500% (Note 2)	August 31, 2017	Lump-sum repayment upon maturity	Funds for repayment of existing loans	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		1,500	1,000	600	400					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,500	1,000	600	400					
Total		4,500	3,000	1,800	1,200					

(Note 1) The amount of the short-term loans borrowed as of August 31, 2016 was initially 4.5 billion yen. Of the amount, the Investment Corporation made early repayment of 1.5 billion yen as of September 30, 2016.

(Note 2) The interest rate indicates the figure applicable as of the date of early repayment.

C. Establishment of Commitment Line

The Investment Corporation concluded a commitment line contract as of October 7, 2016, as described below.

Maximum commitment line amount:	10,000,000,000 yen
Start date of commitment line	November 1, 2016
Ending date of commitment line	October 31, 2017
Collateral	Unsecured and unguaranteed
Counterparty	Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation
Use of Funds	Funds for property acquisitions, refinancing (including redemption of investment corporation bonds) and renovation/repair work of real estate the Investment Corporation owns.

D. Change of Asset Management Fee System and Determination of Applicable Fee Rates

With regard to the asset management fees paid to the Asset Management Company by the Investment Corporation, a shift was made to the asset management fee system that focuses on the linkage with actual operating performance assets under management from the 23rd fiscal period ending March 2017. The fee rates applicable in the new asset management fee system were determined as of October 7, 2016, as described below.

Asset Management Fee System before Change			Asset Management Fee System after Change			
Classification	Fee Calculation Base	Fee Rate [Applicable Rate]	Fee Calculation Base	Fee Rate		
				[Maximum Rate]	[Applicable Rate]	
Asset management fee 1	Real estate appraisal value, etc.	0.4% per annum	Amount of total assets at the end of the immediately preceding fiscal period	Up to 200 billion yen	0.22% per annum	0.15% per annum
				Above 200 billion yen		0.10% per annum
Asset management fee 2	Income before income taxes	3.0%	NOI (real estate rental income before depreciation)		5.0%	4.0%

5. Itemized Portfolio Assets

The following table provides details of the assets (real estate and trust beneficiary interests in real estate as major entrusted property, etc.) owned by the Investment Corporation as of September 30, 2016.

Property Name	Location (residence indication)	Form of Ownership	Total Leasable Floor Area (m ²)	Estimated Value at End of Period (Note 1) (million yen)	Book Value (million yen)	
Residence-1	Esty Maison GINZA	3-11-19 Ginza, Chuo-ku, Tokyo	Trust beneficiary interests	5,515.43	6,130	4,737
Residence-3	Esty Maison AZABUNAGASAKA	5-13-12 Roppongi, Minato-ku, Tokyo	Trust beneficiary interests	2,019.10	1,690	1,614
Residence-4	Esty Maison EBISU II	4-13-1 Higashi, Shibuya-ku, Tokyo	Trust beneficiary interests	2,062.10	1,920	1,882
Residence-5	Esty Maison EBISU	1-13-4 Hiroo, Shibuya-ku, Tokyo	Trust beneficiary interests	781.02	815	640
Residence-6	Esty Maison KANDA	2-3-4 Kandata-cho, Chiyoda-ku, Tokyo	Trust beneficiary interests	1,706.54	1,500	1,272
Residence-8	Esty Maison KITASHINJUKU	1-28-17 Kita-Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,881.19	1,500	1,170
Residence-10	Esty Maison ASAKUSA KOMAGATA	1-10-9 Komagata, Taito-ku, Tokyo	Trust beneficiary interests	2,978.28	2,040	1,710
Residence-11	Esty Maison MACHIDA	2-1-17 Hara-machida, Machida-shi, Tokyo	Trust beneficiary interests	3,090.89	1,510	1,160
Residence-12	Esty Maison KAWASAKI	14-24 Ogawa-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	3,741.01	2,350	1,830
Residence-14	Esty Maison SHINKAWASAKI	1-4 Furuichiba, Saiwai-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	3,737.47	1,210	930
Residence-15	Esty Maison YOKOHAMA	3-33-1 Tsuruya-cho, Kanagawa-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	2,823.73	2,040	1,901
Residence-16	Esty Maison KAMEIDO	6-57-11 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	2,279.21	1,520	1,420
Residence-17	Esty Maison MEGURO	2-10-12 Mita, Meguro-ku, Tokyo	Trust beneficiary interests	1,070.13	1,030	794
Residence-18	Esty Maison YACHIYO MIDORIGAOKA	1-2-8 Midorigaoka, Yachiyo-shi, Chiba	Trust beneficiary interests	4,815.26	1,180	1,173
Residence-19	Esty Maison SUGAMO	4-14-15 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	2,619.17	1,580	1,454
Residence-20	Esty Maison KYOBASHI	2-7-10 Higashinoda-cho, Miyakojima-ku, Osaka-shi, Osaka	Trust beneficiary interests	4,613.04	2,880	2,307
Residence-21	Esty Maison MEGUROHONCHO	4-8-21 Megurohoncho, Meguro-ku, Tokyo	Trust beneficiary interests	1,656.02	1,100	1,118
Residence-22	Esty Maison HAKURAKU	1-18-19 Rokkakubashi, Kanagawa-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	1,285.83	898	717
Residence-23	Esty Maison MINAMIHORIE	2-12-10 Minamihorie, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,804.48	1,010	947
Residence-24	Esty Maison GOTANDA	7-7-2 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	3,871.15	2,960	2,752
Residence-25	Esty Maison OISENDAZAKA	5-9-10 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,979.85	2,590	2,229
Residence-26	Esty Maison SHINAGAWA SEASIDE	3-25-20 Higashi-Shinagawa, Shinagawa-ku, Tokyo, etc.	Trust beneficiary interests	2,602.30	1,980	1,980
Residence-27	Esty Maison MINAMIAZABU	1-10-8 Minamiazabu, Minato-ku, Tokyo	Trust beneficiary interests	1,082.12	1,190	1,198
Residence-28	Esty Maison JOTO	2-11-8 Noe, Joto-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,065.92	949	979
Residence-29	Esty Maison TSUKAMOTO	2-13-5 Tsukamoto, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,321.04	1,050	1,120
Residence-30	Esty Maison KAWASAKI II	12-4 Ogawa-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	2,824.86	1,920	1,727
Residence-31	Esty Maison AZABUJUBAN	1-11-1 Azabujuban, Minato-ku, Tokyo	Trust beneficiary interests	1,755.31	2,630	2,604
Residence-33	Esty Maison ITABASHIHONCHO	14-14 Yamato-cho, Itabashi-ku, Tokyo	Trust beneficiary interests	1,274.49	927	915
Residence-34	Esty Maison OIZUMIGAKUEN	2-12-15 Higashi-Oizumi, Nerima-ku, Tokyo	Trust beneficiary interests	1,362.36	778	795
Residence-35	Esty Maison TENJINHIGASHI I	4-3 Susaki-machi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,058.82	352	381
Residence-36	Esty Maison TENJINHIGASHI II	6-12 Susaki-machi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,943.72	714	717
Residence-37	Esty Maison SHIJONISHINOTOIN	697 Myodenji-cho, Shijo-sagaru, Nishinotoin-dori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interests	2,261.28	1,190	1,288
Residence-39	Esty Maison HIGASHISHINAGAWA	1-10-1 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,936.72	2,310	2,446
Residence-40	Esty Maison HACHIOJIMINAMINO	3-2-8 Nishikatakura, Hachioji-shi, Tokyo	Trust beneficiary interests	2,155.16	875	887
Residence-41	Esty Maison NISHINAKAJIMA	2-8-21 Higashinakajima, Higashiyodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,643.42	1,900	1,926
Residence-42	Esty Maison ITABASHIKUYAKUSHOMAE	2-46-11 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interests	3,915.81	2,490	2,486
Residence-43	Esty Maison MUSASHIKOYAMA	3-1-7 Ebara, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,176.78	1,020	948
Residence-44	Esty Maison SENDAGI	3-49-1 Sendagi, Bunkyo-ku, Tokyo	Trust beneficiary interests	897.30	683	712
Residence-45	Esty Maison YOTSUYASAKAMACHI	6-20 Yotsuyasakamachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	2,453.17	2,050	2,191
Residence-46	Esty Maison HAKATAHIGASHI	7-2-80 Yoshizuka, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	9,106.08	2,400	2,028
Residence-47	Esty Maison KAMIGOFUKU	13-3 Kamigofukumachi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	2,261.91	803	811
Residence-48	Esty Maison SANGENJAYA	2-16-9 Sengenjaya, Setagaya-ku, Tokyo	Trust beneficiary interests	856.08	860	837
Residence-50	Prime Maison MUSASHINONOMORI	5-15-3 Josuihoncho, Kodaira-shi, Tokyo	Trust beneficiary interests	3,924.58	1,780	1,490
Residence-51	Prime Maison HIGASHISAKURA	2-10-14 Higashisakura, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	3,118.11	1,470	1,046
Residence-52	Prime Maison KAYABAKOEN	2-7-13 Kayaba, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,163.98	797	600
Residence-53	Esty Maison SANGENJAYA II	3-11-6 Shimouma, Setagaya-ku, Tokyo	Trust beneficiary interests	894.64	827	671
Residence-54	Esty Maison ITABASHI C6	32-16 Oyama-higashi-cho, Itabashi-ku, Tokyo	Trust beneficiary interests	4,036.66	2,540	2,119
Residence-55	MAST HAKATA	4-22-25 Hakata Ekimae, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	9,614.80	2,440	1,802
Residence-56	Esty Maison KINSHICHO	1-1-8 Kinshi, Sumida-ku, Tokyo	Trust beneficiary interests	1,611.54	1,250	1,035
Residence-57	Esty Maison MUSASHIKOGANEI	2-6-5 Honcho, Koganei-shi, Tokyo	Trust beneficiary interests	2,275.24	1,700	1,452
Residence-58	Prime Maison GOKISO	2-17-2 Ayuchitori, Showa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	4,427.65	1,880	1,543
Residence-59	Prime Maison YUHIGAOKA	5-4-13 Ueshio, Tennoji-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,040.35	917	762
Residence-60	Prime Maison KITATANABE	4-9-17 Kitatanabe, Higashiumiyoshi-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,798.97	594	506
Residence-61	Prime Maison MOMOCHIHAMA	3-9-1 Momochihama, Sawara-ku Fukuoka-shi, Fukuoka	Trust beneficiary interests	7,514.76	1,990	1,787
Residence-62	Esty Maison AKIHABARA	3-4-2 Ueno, Taito-ku, Tokyo	Trust beneficiary interests	2,324.65	1,930	1,506

Property Name	Location (residence indication)	Form of Ownership	Total Leasable Floor Area (m ²)	Estimated Value at End of Period (Note 1) (million yen)	Book Value (million yen)	
Residence-63	Esty Maison SASAZUKA	1-61-17 Sasazuka, Shibuya-ku, Tokyo	Trust beneficiary interests	3,701.70	3,200	2,783
Residence-64	Prime Maison GINZA EAST	1-2-1 Tsukiji, Chuo-ku, Tokyo	Trust beneficiary interests	6,177.20	5,990	5,004
Residence-65	Prime Maison TAKAMI	2-6-7 Takami, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,016.79	1,010	865
Residence-66	Prime Maison YADAMINAMI	3-11-7 Yadamiami, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,168.59	799	681
Residence-67	Prime Maison TERIHA	1-3-7 Kashiiteriha, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	6,728.20	1,280	1,055
Residence-68	Esty Maison HIGASHISHIRAKABE	3-9-36 Yoshino, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	4,014.07	1,530	1,276
Residence-69	Esty Maison SENGOKU	4-6-17 Sengoku, Bunkyo-ku, Tokyo	Trust beneficiary interests	1,498.13	1,300	1,085
Residence-70	Esty Maison DAIZAWA	2-39-13 Daizawa, Setagaya-ku, Tokyo	Trust beneficiary interests	2,352.90	2,170	1,888
Residence-71	Esty Maison TOGOSHI	1-25-5 Togoshi, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,943.17	1,660	1,371
Residence-72	Esty Maison KAWARAMACHI	3-2-10 Kawaramachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,486.48	1,860	1,581
Residence-73	Esty Maison NISHITENMA	5-15-3 Nishitenma, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,877.90	1,630	1,388
Residence-74	Esty Maison SHIROKANEDAI	1-1-4 Kamiosaki, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,675.11	2,250	1,962
Residence-75	Esty Maison HIGASHISHINJUKU	6-22-5 Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,889.50	1,550	1,350
Residence-76	Esty Maison MOTOAZABU	3-6-6 Motoazabu, Minato-ku, Tokyo	Trust beneficiary interests	1,199.86	1,460	1,176
Residence-77	Esty Maison TORITSUDAIGAKU	2-7-17 Tairamachi, Meguro-ku, Tokyo	Trust beneficiary interests	1,035.78	816	735
Residence-78	Esty Maison MUSASHIKOYAMA II	3-11-4 Koyama, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,073.59	999	843
Residence-79	Esty Maison NAKANO	5-48-2 Chuo, Nakano-ku, Tokyo	Trust beneficiary interests	2,023.72	1,800	1,537
Residence-80	Esty Maison SHINNAKANO	6-10-7 Honcho, Nakano-ku, Tokyo	Trust beneficiary interests	1,107.57	972	845
Residence-81	Esty Maison NAKANOFUJIMICHO	5-13-1 Yayoicho, Nakano-ku, Tokyo	Trust beneficiary interests	1,299.60	946	864
Residence-82	Esty Maison TETSUGAKUDO	2-12-15 Matsugaoka, Nakano-ku, Tokyo	Trust beneficiary interests	1,531.89	1,110	947
Residence-83	Esty Maison KOENJI	5-25-26 Koenjiminami, Suginami-ku, Tokyo	Trust beneficiary interests	1,527.52	1,100	962
Residence-84	Esty Maison OSHIAGE	5-11-5 Narihira, Sumida-ku, Tokyo	Trust beneficiary interests	3,180.90	2,340	1,938
Residence-85	Esty Maison AKABANE	2-39-5 Akabane, Kita-ku, Tokyo	Trust beneficiary interests	4,302.84	3,140	2,692
Residence-86	Esty Maison OJI	2-25-8 Oji, Kita-ku, Tokyo	Trust beneficiary interests	2,289.44	1,590	1,363
Residence-87	Prime Maison WASEDA	544-11 Waseda Tsurumaki-cho, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,650.66	1,520	1,254
Residence-88	Prime Maison HATCHOBORI	4-11-9 Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interests	1,382.32	1,390	1,134
Residence-89	Prime Maison JINBOCHO	1-50-9 Kandajinbo-cho, Chiyoda-ku, Tokyo	Trust beneficiary interests	1,819.90	1,880	1,610
Residence-90	Prime Maison GOTENYAMA EAST	6-6-33 Kitashinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,512.91	2,710	2,107
Residence-91	MAST LIFE AKIHABARA	50-6 Kanda Sakumagashi, Chiyoda-ku, Tokyo	Trust beneficiary interests	803.36	524	478
Residence-92	Esty Maison AOI	1-14-20 Aoi, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	4,809.68	2,410	2,114
Residence-93	Esty Maison YAKUIN	1-13-8 Hirao, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	5,213.51	2,280	2,054
Residence-94	Esty Maison KINSHICHO II	3-5-19 Kotobashi, Sumida-ku, Tokyo	Trust beneficiary interests	9,469.65	7,920	6,731
Residence-95	Esty Maison OJIMA	5-32-5 Ojima, Koto-ku, Tokyo	Trust beneficiary interests	9,905.97	8,510	7,134
Residence-96	Prime Maison FUJIMIDAI	1-25 Fujimidai, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	5,704.63	2,020	1,767
Residence-97	Esty Maison TSURUMAI	2-20-1 Chiyoda, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	13,812.40	4,340	3,843
Residence-98	Prime Maison MORISHITA	3-6-4 Morishita, Koto-ku, Tokyo	Trust beneficiary interests	2,180.78	1,870	1,753
Residence-99	Prime Maison SHINAGAWA	1-3-16 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,107.88	1,890	1,710
Residence-100	Prime Maison ODORI KOEN	6-5-2 Odori-Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	7,360.37	3,020	2,713
Residence-101	Prime Maison MINAMI 2-JO	9-1-1 Minami 2jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	6,019.09	1,870	1,505
Residence-102	Prime Maison KAMOKAMOGAWA	1-6-1 Minami 7jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	4,102.08	1,200	996
Residence-103	Prime Maison CENTRAL PARK	4-2-5 Kashii Teriha, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	10,268.74	2,297	2,300
Residence-104	MAST LIFE YAHIRO	5-30-10 Yahiro, Sumida-ku, Tokyo	Trust beneficiary interests	3,409.16	1,830	1,707
Residence-105	Prime Maison EBISU	1-22-19 Ebisu, Shibuya-ku, Tokyo	Trust beneficiary interests	3,010.66	4,170	3,647
Residence-106	Esty Maison SHIBAURA	2-8-3 Shibaura, Minato-ku, Tokyo	Trust beneficiary interests	3,795.82	2,840	2,884
Residence-107	Granmast KANAZAWA NISHIZUMI	2-155-1 Nishizumi, Kanazawa-shi, Ishikawa	Trust beneficiary interests	4,634.50	1,070	1,049
Residence-108	Granmast UNOMORI	1-6-7 Unomori, Yokkaichi-shi, Mie	Trust beneficiary interests	2,280.00	801	772
Residence-109	Esty Maison TSUTSUJIGAOKA	1-14-19 Nishitsutsujigaoka, Chofu-shi, Tokyo, etc.	Trust beneficiary interests	1,849.70	901	916
Residence-110	Esty Maison KOHOKU TSUNASHIMA	8-45-25 Shin-yoshida Higashi, Kohoku-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficiary interests	6,867.48	2,700	2,855
Residence-111	MAST LIFE HINO	1-19-3 Shinmachi, Hino-shi, Tokyo	Trust beneficiary interests	2,827.55	1,370	1,345
Residence-112	Prime Maison YOKOHAMA NIHON-ODORI	1-4 Honcho, Naka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficiary interests	5,461.13	4,690	4,451
Residence-113	KOBE Women's Student Housing	7-1-6 Koyochi Naka, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interests	15,341.68	5,760	6,169
Residence-114	Prime Maison SHIBUYA	3-10-4 Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interests	1,972.59	2,300	2,243
Residence-115	Prime Maison HATSUDAI	1-45-2 Hatsudai, Shibuya-ku, Tokyo	Trust beneficiary interests	2,879.20	2,860	2,788
Residence-116	Esty Maison UEMACHIDAI	1-1-16 Uehonmachi-nishi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,225.52	994	988
Residence-117	Esty Maison KOBE-SANNOMIYA	3-2-27 Onoe-dori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	2,007.00	975	1,011
Residence subtotal				362,819.85	212,053	189,327
Retail-1	HAMAMATSU Plaza (Note 2)	1020-1 Kaminishi-cho, Higashi-ku, Hamamatsu-shi, Shizuoka, etc.	Trust beneficiary interests	14,117.13	2,597	3,666
Other real estate in trust (Retail property) subtotal				14,117.13	2,597	3,666
Total				376,936.98	214,650	192,994

(Note 1) The "Estimated Value at End of Period" indicates either the appraisal value or survey value by real estate appraisers with September 30, 2016 as the date of appraisal.

(Note 2) The real estate in trust is quasi-co-owned, and the figure represents the value obtained by multiplying the "leasable floor area" of the facility by 49%, which is the quasi-co-ownership interest of the Investment Corporation.

6. Change in Rental Business Results

The following table provides changes in rental business results for each property in which the Investment Corporation has invested.

Use	Property No.	Property Name	21st Fiscal Period (Oct. 1, 2015 – Mar. 31, 2016)				22nd Fiscal Period (Apr. 1, 2016 – Sept. 30, 2016)			
			Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rent Revenue throughout Period (million yen)	Ratio to Total Rent Revenues (%)	Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rent Revenue throughout Period (million yen)	Ratio to Total Rent Revenues (%)
Residence	Residence-1	Esty Maison GINZA	1	95.2	168	2.7	1	97.7	174	2.6
	Residence-3	Esty Maison AZABUNAGASAKA	1	91.4	50	0.8	1	88.4	47	0.7
	Residence-4	Esty Maison EBISU II	1	97.8	54	0.9	1	91.8	55	0.8
	Residence-5	Esty Maison EBISU	1	93.5	23	0.4	1	96.1	23	0.3
	Residence-6	Esty Maison KANDA	1	98.7	45	0.7	1	96.0	44	0.7
	Residence-8	Esty Maison KITASHINJUKU	1	97.4	45	0.7	1	94.0	46	0.7
	Residence-10	Esty Maison ASAKUSA KOMAGATA	1	96.4	65	1.0	1	100.0	66	1.0
	Residence-11	Esty Maison MACHIDA	1	96.4	52	0.8	1	90.8	51	0.8
	Residence-12	Esty Maison KAWASAKI	1	99.3	75	1.2	1	94.5	75	1.1
	Residence-13	Esty Maison IMAIKE	-	-	9	0.1	-	-	-	-
	Residence-14	Esty Maison SHINKAWASAKI	1	100.0	32	0.5	1	100.0	32	0.5
	Residence-15	Esty Maison YOKOHAMA	1	100.0	74	1.2	1	100.0	65	1.0
	Residence-16	Esty Maison KAMEIDO	1	95.9	52	0.8	1	98.9	52	0.8
	Residence-17	Esty Maison MEGURO	1	97.5	31	0.5	1	92.5	29	0.4
	Residence-18	Esty Maison YACHIYO MIDORIGAOKA	1	96.9	43	0.7	1	98.4	44	0.7
	Residence-19	Esty Maison SUGAMO	1	100.0	46	0.7	1	100.0	48	0.7
	Residence-20	Esty Maison KYOBASHI	1	96.1	90	1.4	1	96.7	92	1.4
	Residence-21	Esty Maison MEGUROHONCHO	1	93.4	32	0.5	1	93.0	31	0.5
	Residence-22	Esty Maison HAKURAKU	1	98.3	31	0.5	1	96.5	31	0.5
	Residence-23	Esty Maison MINAMIHORIE	1	100.0	34	0.5	1	92.1	33	0.5
	Residence-24	Esty Maison GOTANDA	1	93.5	91	1.4	1	98.6	93	1.4
	Residence-25	Esty Maison OISENDAIZAKA	1	98.7	78	1.2	1	100.0	81	1.2
	Residence-26	Esty Maison SHINAGAWA SEASIDE	1	95.3	60	1.0	1	97.3	66	1.0
	Residence-27	Esty Maison MINAMIAZABU	1	98.1	35	0.6	1	100.0	36	0.5
	Residence-28	Esty Maison JOTO	1	97.0	32	0.5	1	95.5	32	0.5
	Residence-29	Esty Maison TSUKAMOTO	1	97.9	39	0.6	1	90.6	38	0.6
	Residence-30	Esty Maison KAWASAKI II	1	97.7	61	1.0	1	96.1	59	0.9
	Residence-31	Esty Maison AZABUJUBAN	1	96.8	63	1.0	1	91.4	65	1.0
	Residence-33	Esty Maison ITABASHIHONCHO	1	95.4	28	0.4	1	98.4	29	0.4
	Residence-34	Esty Maison OIZUMIGAKUEN	1	98.3	26	0.4	1	96.6	26	0.4
	Residence-35	Esty Maison TENJINHIGASHI I	1	100.0	15	0.2	1	97.8	15	0.2
	Residence-36	Esty Maison TENJINHIGASHI II	1	100.0	28	0.4	1	97.6	28	0.4
	Residence-37	Esty Maison SHJONISHINOTOIN	1	92.0	40	0.6	1	92.9	37	0.6
	Residence-39	Esty Maison HIGASHISHINAGAWA	1	88.1	69	1.1	1	94.8	66	1.0
	Residence-40	Esty Maison HACHIOJIMINAMINO	1	96.5	32	0.5	1	94.2	32	0.5
	Residence-41	Esty Maison NISHINAKAJIMA	1	93.2	64	1.0	1	96.4	64	1.0
	Residence-42	Esty Maison ITABASHIKUYAKUSHOMAE	1	96.8	76	1.2	1	93.5	76	1.1
	Residence-43	Esty Maison MUSASHIKOYAMA	1	96.4	31	0.5	1	95.6	30	0.5
	Residence-44	Esty Maison SENDAGI	1	93.1	23	0.4	1	100.0	21	0.3
	Residence-45	Esty Maison YOTSUYASAKAMACHI	1	95.3	58	0.9	1	97.0	57	0.9
	Residence-46	Esty Maison HAKATAHIGASHI	1	95.6	84	1.3	1	97.1	85	1.3
	Residence-47	Esty Maison KAMIGOFUKU	1	98.5	28	0.4	1	100.0	28	0.4
	Residence-48	Esty Maison SANGENJAYA	1	100.0	24	0.4	1	100.0	24	0.4
	Residence-50	Prime Maison MUSASHINONOMORI	1	96.2	63	1.0	1	96.5	63	0.9
	Residence-51	Prime Maison HIGASHISAKURA	1	96.3	52	0.8	1	88.0	51	0.8
	Residence-52	Prime Maison KAYABAKOEN	1	96.1	28	0.4	1	96.5	28	0.4
	Residence-53	Esty Maison SANGENJAYA II	1	97.0	23	0.4	1	100.0	23	0.3
	Residence-54	Esty Maison ITABASHI C6	1	96.6	76	1.2	1	93.8	79	1.2
	Residence-55	MAST HAKATA	1	100.0	93	1.5	1	100.0	93	1.4
	Residence-56	Esty Maison KINSHICHO	1	100.0	35	0.6	1	100.0	35	0.5
	Residence-57	Esty Maison MUSASHIKOGANEI	1	96.1	53	0.8	1	97.1	50	0.8
	Residence-58	Prime Maison GOKISO	1	96.7	65	1.0	1	98.4	63	1.0
	Residence-59	Prime Maison YUHIGAOKA	1	100.0	30	0.5	1	88.7	29	0.4
	Residence-60	Prime Maison KITATANABE	1	95.5	21	0.3	1	88.5	22	0.3
	Residence-61	Prime Maison MOMOCHIHAMA	1	100.0	69	1.1	1	100.0	69	1.0
	Residence-62	Esty Maison AKIHABARA	1	96.2	57	0.9	1	96.2	55	0.8

Use	Property No.	Property Name	21st Fiscal Period (Oct. 1, 2015 – Mar. 31, 2016)				22nd Fiscal Period (Apr. 1, 2016 – Sept. 30, 2016)				
			Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rent Revenue throughout Period (million yen)	Ratio to Total Rent Revenues (%)	Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rent Revenue throughout Period (million yen)	Ratio to Total Rent Revenues (%)	
Residence	Residence-63	Esty Maison SASAZUKA	1	96.3	86	1.4	1	97.6	89	1.3	
	Residence-64	Prime Maison GINZA EAST	1	95.1	164	2.6	1	94.8	166	2.5	
	Residence-65	Prime Maison TAKAMI	1	89.4	31	0.5	1	96.1	33	0.5	
	Residence-66	Prime Maison YADAMINAMI	1	100.0	28	0.5	1	100.0	29	0.4	
	Residence-67	Prime Maison TERIHA	1	100.0	51	0.8	1	100.0	51	0.8	
	Residence-68	Esty Maison HIGASHISHIRAKABE	1	100.0	47	0.8	1	100.0	48	0.7	
	Residence-69	Esty Maison SENGOKU	1	98.4	36	0.6	1	97.0	36	0.5	
	Residence-70	Esty Maison DAIZAWA	1	92.1	57	0.9	1	97.6	56	0.8	
	Residence-71	Esty Maison TOGOSHI	1	98.9	49	0.8	1	97.9	48	0.7	
	Residence-72	Esty Maison KAWARAMACHI	1	94.9	59	0.9	1	96.3	59	0.9	
	Residence-73	Esty Maison NISHITENMA	1	95.8	52	0.8	1	96.3	50	0.8	
	Residence-74	Esty Maison SHIROKANEDAI	1	100.0	63	1.0	1	94.1	64	1.0	
	Residence-75	Esty Maison HIGASHISHINJUKU	1	100.0	46	0.7	1	87.9	43	0.7	
	Residence-76	Esty Maison MOTOAZABU	1	100.0	41	0.7	1	84.2	38	0.6	
	Residence-77	Esty Maison TORITSUDAIGAKU	1	96.0	24	0.4	1	94.3	23	0.4	
	Residence-78	Esty Maison MUSASHIKOYAMA II	1	97.8	29	0.5	1	97.3	28	0.4	
	Residence-79	Esty Maison NAKANO	1	98.9	51	0.8	1	95.3	50	0.8	
	Residence-80	Esty Maison SHINNAKANO	1	91.9	29	0.5	1	100.0	28	0.4	
	Residence-81	Esty Maison NAKANOFUJIMICHO	1	87.0	27	0.4	1	95.5	26	0.4	
	Residence-82	Esty Maison TETSUGAKUDO	1	100.0	32	0.5	1	85.7	31	0.5	
	Residence-83	Esty Maison KOENJI	1	95.4	31	0.5	1	95.8	32	0.5	
	Residence-84	Esty Maison OSHIAGE	1	96.8	68	1.1	1	99.1	70	1.0	
	Residence-85	Esty Maison AKABANE	1	91.0	91	1.4	1	86.2	79	1.2	
	Residence-86	Esty Maison OJI	1	96.5	46	0.7	1	97.7	46	0.7	
	Residence-87	Prime Maison WASEDA	1	94.5	42	0.7	1	91.9	41	0.6	
	Residence-88	Prime Maison HATCHOBORI	1	100.0	39	0.6	1	95.0	37	0.6	
	Residence-89	Prime Maison JINBOCHO	1	97.3	51	0.8	1	100.0	50	0.8	
	Residence-90	Prime Maison GOTENYAMA EAST	1	95.7	73	1.2	1	95.5	72	1.1	
	Residence-91	MAST LIFE AKIHABARA	1	100.0	15	0.2	1	100.0	15	0.2	
	Residence-92	Esty Maison AOI	1	95.7	75	1.2	1	95.4	74	1.1	
	Residence-93	Esty Maison YAKUIN	1	97.4	74	1.2	1	95.8	71	1.1	
	Residence-94	Esty Maison KINSHICHO II	1	97.4	217	3.4	1	98.2	218	3.3	
	Residence-95	Esty Maison OJIMA	1	96.2	236	3.7	1	95.5	236	3.5	
	Residence-96	Prime Maison FUJIMIDAI	1	95.5	69	1.1	1	91.1	71	1.1	
	Residence-97	Esty Maison TSURUMAI	1	100.0	155	2.4	1	100.0	155	2.3	
	Residence-98	Prime Maison MORISHITA	1	98.9	61	1.0	1	97.7	56	0.8	
	Residence-99	Prime Maison SHINAGAWA	1	96.9	56	0.9	1	98.8	57	0.9	
	Residence-100	Prime Maison ODORI KOEN	1	90.2	109	1.7	1	95.0	116	1.7	
	Residence-101	Prime Maison MINAMI 2-JO	1	99.1	67	1.1	1	100.0	68	1.0	
	Residence-102	Prime Maison KAMOKAMOGAWA	1	98.2	45	0.7	1	99.2	46	0.7	
	Residence-103	Prime Maison CENTRAL PARK	1	97.3	84	1.3	1	94.4	85	1.3	
	Residence-104	MAST LIFE YAHIRO	1	100.0	56	0.9	1	100.0	56	0.8	
	Residence-105	Prime Maison EBISU	1	95.2	106	1.7	1	95.4	111	1.7	
	Residence-106	Esty Maison SHIBAJURA	1	94.4	79	1.3	1	92.8	75	1.1	
	Residence-107	Granmast KANAZAWA NISHIZUMI	1	100.0	41	0.6	1	100.0	41	0.6	
	Residence-108	Granmast UNOMORI	1	100.0	26	0.4	1	100.0	26	0.4	
	Residence-109	Esty Maison TSUTSUJIGAOKA	1	94.1	29	0.5	1	100.0	29	0.4	
	Residence-110	Esty Maison KOHOKU TSUNASHIMA	1	100.0	79	1.3	1	100.0	83	1.2	
	Residence-111	MAST LIFE HINO	1	95.8	49	0.8	1	100.0	47	0.7	
	Residence-112	Prime Maison YOKOHAMA NIHON-ODORI	1	94.5	46	0.7	1	96.0	136	2.0	
	Residence-113	KOBE Women's Student Housing	1	100.0	36	0.6	1	100.0	222	3.3	
	Residence-114	Prime Maison SHIBUYA	-	-	-	-	1	96.6	61	0.9	
	Residence-115	Prime Maison HATSUDAI	-	-	-	-	1	100.0	76	1.1	
	Residence-116	Esty Maison UEMACHIDAI	-	-	-	-	1	94.0	31	0.5	
	Residence-117	Esty Maison KOBE-SANNOMIYA	-	-	-	-	1	93.2	30	0.5	
		Residence Subtotal		106	97.0	6,108	96.5	110	96.7	6,556	98.2

Use	Property No.	Property Name	21st Fiscal Period (Oct. 1, 2015 – Mar. 31, 2016)				22nd Fiscal Period (Apr. 1, 2016 – Sept. 30, 2016)			
			Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rent Revenue throughout Period (million yen)	Ratio to Total Rent Revenues (%)	Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rent Revenue throughout Period (million yen)	Ratio to Total Rent Revenues (%)
Other real estate in trust (Retail property)	Retail-1	HAMAMATSU Plaza	4	100.0	84	1.3	4	100.0	87	1.3
	Retail-3	RINKU HAGURAZAKI Plaza	-	-	49	0.8	-	-	-	-
	Retail-4	b-town MINAMIAOYAMA	1	100.0	33	0.5	-	-	31	0.5
	Retail-5	KOJIMA x BIC CAMERA Kamifukuoka store	-	-	13	0.2	-	-	-	-
	Retail-8	Joy Square YUGAWARA	-	-	25	0.4	-	-	-	-
	Retail-9	Bell Plaza Shopping Center	-	-	17	0.3	-	-	-	-
	Other real estate in trust (Retail property) subtotal		5	100.0	223	3.5	4	100.0	118	1.8
	Total		111	97.2	6,332	100.0	114	96.8	6,674	100.0

(Note 1) The "Number of Tenants" indicates the number of lessees (including master-lease companies) that are in direct lease agreement with the trustees for each asset already acquired as of the end of fiscal period. Furthermore, the "Master-lease Company" represents the lessee that has concluded a lease agreement for the entire building with the Investment Corporation or the trustee for the purpose of subleasing the property to third parties.

(Note 2) Of the properties that are subleased by the lessees to sublessees, for those from which the Investment Corporation receives rents that may vary depending on the leasing status to the sublessees, the indicated occupancy ratio is based on the occupancy status of the sublessees (the ratio of the leased floor area to the leasable floor area at the end of the relevant calculation period).

7. Capital Expenditures in the 22nd Fiscal Period

The following are the overview of works that fall under the category of the capital expenditures that the Investment Corporation conducted in real estate in trust in the 22nd fiscal period. In addition, the capital expenditure for the fiscal period under review totaled 302 million yen. Combining this with the 218 million yen in repair expenses, which were classified as expenses for the fiscal period, the Investment Corporation conducted construction of 521 million yen.

Real Estate Properties, etc. Name (Location)	Purpose	Period	Expenditures (million yen)
Esty Maison MACHIDA (Machida-shi, Tokyo)	Large-scale renovation	From: May 2016 To: September 2016	78
Esty Maison EBISU II (Shibuya-ku, Tokyo)	Large-scale renovation	From: May 2016 To: September 2016	60
Esty Maison KANDA (Chiyoda-ku, Tokyo)	Large-scale renovation	From: May 2016 To: September 2016	46
Esty Maison TSURUMAI (Nagoya-shi, Aichi)	Renovation of exclusive areas	From: April 2016 To: September 2016	17
Prime Maison ODORI KOEN and other 4 properties (Sapporo-shi, Hokkaido and other)	LED light fixture replacement work in common areas	From: August 2016 To: September 2016	14
Others			84
Total			302

8. Transactions with Interested Parties, Etc.

(1) Transaction Status

Category	Transaction Amount, Etc.	
	Purchase Amount, Etc.	Sale Amount, Etc.
Total Amount	6,810,000 thousand yen	1,583,500 thousand yen
Breakdown of Transactions with Interested Parties, Etc.		
Sekisui House Ltd.	4,890,000 thousand yen (71.8%)	- thousand yen (-%)
Sekiwa Real Estate Kansai Ltd.	1,920,000 thousand yen (28.2%)	- thousand yen (-%)
Total	6,810,000 thousand yen (100.0%)	- thousand yen (-%)

(2) Amount of Fees, Etc.

Category	Total Fees, Etc. (A) (thousand yen)	Breakdown of Transactions with Interested Parties, Etc.		Ratio to Total Amount (B/A) (%)
		Paid Party	Paid Amount (B) (thousand yen)	
Property Management Fees	484,166	Sekiwa Real Estate Ltd.	242,287	50.0
		Sekiwa Real Estate Chubu, Ltd.	52,893	10.9
		Sekiwa Real Estate Kansai, Ltd.	9,367	1.9
		Sekiwa Real Estate Kyushu, Ltd.	16,906	3.5
		Sekiwa Kanri Kansai Co., Ltd.	44,771	9.2
Brokerage Fees	146,207	Sekiwa Real Estate Ltd.	89,637	61.3
		Sekiwa Real Estate Chubu, Ltd.	5,991	4.1
		Sekiwa Real Estate Kansai, Ltd.	873	0.6
		Sekiwa Real Estate Kyushu, Ltd.	1,763	1.2
		Sekiwa Kanri Kansai Co., Ltd.	4,952	3.4

(Note) Interested parties, etc. refers to the interested parties of the Asset Management Company and is designated in Article 123 of the Enforcement Order of the Act on Investment Trusts and Investment Corporations and Article 26-1-27 of the regulation on management reports in investment trusts and investment corporations of the Investment Trusts Association, Japan.

Financial Section (Audited)

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Financial Statements

(1) Balance Sheet

	(Thousand yen)	
	21st Fiscal Period (As of March 31, 2016)	22nd Fiscal Period (As of September 30, 2016)
Assets		
Current assets		
Cash and deposits	3,428,890	4,001,779
Cash and deposits in trust	5,016,055	5,007,948
Operating accounts receivable	153,167	112,962
Consumption taxes receivable	-	1,264
Prepaid expenses	129,092	169,216
Deferred tax assets	238	34
Other	10,882	249
Allowance for doubtful accounts	(4,503)	(3,818)
Total current assets	8,733,823	9,289,637
Non-current assets		
Property, plant and equipment		
Buildings in trust	101,392,020	103,979,697
Accumulated depreciation	(13,697,199)	(15,100,421)
Buildings in trust, net	87,694,821	88,879,276
Structures in trust	878,502	900,614
Accumulated depreciation	(193,509)	(218,092)
Structures in trust, net	684,992	682,522
Machinery and equipment in trust	1,926,908	1,972,641
Accumulated depreciation	(506,550)	(572,081)
Machinery and equipment in trust, net	1,420,357	1,400,560
Tools, furniture and fixtures in trust	207,186	263,641
Accumulated depreciation	(71,023)	(86,492)
Tools, furniture and fixtures in trust, net	136,163	177,148
Land in trust	98,617,010	101,708,485
Construction in progress in trust	-	52,047
Total property, plant and equipment	188,553,346	192,900,040
Intangible assets		
Leasehold rights in trust	148,001	145,982
Trademark rights	293	-
Other	162	246
Total intangible assets	148,456	146,229
Investments and other assets		
Lease and guarantee deposits	242,672	242,672
Long-term prepaid expenses	367,336	450,323
Other	138,969	144,827
Total investments and other assets	748,977	837,823
Total non-current assets	189,450,780	193,884,092
Deferred assets		
Investment corporation bond issuance costs	67,286	59,740
Investment unit issuance costs	38,195	23,691
Total deferred assets	105,482	83,431
Total assets	198,290,085	203,257,161

	(Thousand yen)	
	21st Fiscal Period (As of March 31, 2016)	22nd Fiscal Period (As of September 30, 2016)
Liabilities		
Current liabilities		
Operating accounts payable	336,786	412,267
Short-term loans payable	7,200,000	3,000,000
Current portion of long-term loans payable	12,300,000	12,205,000
Accounts payable – other	638,446	601,937
Accrued expenses	54,079	55,940
Income taxes payable	3,798	1,295
Accrued consumption taxes	17,913	-
Advances received	237,827	236,797
Other	12,322	12,779
Total current liabilities	20,801,174	16,526,017
Non-current liabilities		
Investment corporation bonds	14,500,000	14,500,000
Long-term loans payable	69,709,500	79,004,500
Tenant leasehold and security deposits in trust	2,016,256	1,934,556
Total non-current liabilities	86,225,756	95,439,056
Total liabilities	107,026,930	111,965,074
Net assets		
Unitholders' equity		
Unitholders' capital	88,925,149	88,925,149
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	127,423	174,521
Total voluntary retained earnings	127,423	174,521
Unappropriated retained earnings	2,210,581	2,192,416
Total surplus	2,338,004	2,366,937
Total unitholders' equity	91,263,154	91,292,087
Total net assets	91,263,154	91,292,087
Total liabilities and net assets	198,290,085	203,257,161

See accompanying "Notes to Financial Statements".

(2) Statement of Income and Retained Earnings

(Thousand yen)

	21st Fiscal Period (October 1, 2015 – March 31, 2016)	22nd Fiscal Period (April 1, 2016 – September 30, 2016)
Operating revenue		
Rent revenue - real estate	6,332,700	6,674,711
Gain on sales of real estate properties	210,403	18,431
Total operating revenue	6,543,103	6,693,142
Operating expenses		
Expenses related to rent business	3,065,906	3,218,278
Asset management fee	471,120	484,273
Asset custody fee	15,666	15,847
Administrative service fees	35,447	35,968
Directors' compensations	3,600	3,600
Provision of allowance for doubtful accounts	3,638	449
Other operating expenses	205,900	195,040
Total operating expenses	3,801,279	3,953,458
Operating income	2,741,823	2,739,684
Non-operating income		
Interest income	830	57
Reversal of distributions payable	288	263
Other	-	206
Total non-operating income	1,119	527
Non-operating expenses		
Interest expenses	382,821	395,333
Interest expenses on investment corporation bonds	56,269	56,491
Amortization of investment corporation bond issuance costs	7,546	7,546
Borrowing related expenses	67,453	72,304
Amortization of investment unit issuance costs	14,503	14,503
Other	108	108
Total non-operating expenses	528,703	546,288
Ordinary income	2,214,239	2,193,924
Income before income taxes	2,214,239	2,193,924
Income taxes - current	3,925	1,303
Income taxes - deferred	(181)	203
Total income taxes	3,744	1,507
Net income	2,210,494	2,192,416
Retained earnings brought forward	86	-
Unappropriated retained earnings	2,210,581	2,192,416

See accompanying "Notes to Financial Statements".

(3) Statement of Changes in Net Assets

21st fiscal period (from October 1, 2015 to March 31, 2016)

(Thousand yen)

	Unitholders' equity						Total Net Assets
	Unitholders' capital	Surplus			Total unitholders' equity		
		Voluntary retained earnings	Unappropriated retained earnings	Total surplus			
Reserve for reduction entry	Total voluntary retained earnings						
Balance as of October 1, 2015	88,925,149	77,988	77,988	2,209,951	2,287,939	91,213,089	91,213,089
Changes of items during the fiscal period							
Provision for reserve for reduction entry		49,435	49,435	(49,435)	-	-	-
Distribution from surplus				(2,160,429)	(2,160,429)	(2,160,429)	(2,160,429)
Net Income				2,210,494	2,210,494	2,210,494	2,210,494
Total changes of items during the fiscal period	-	49,435	49,435	629	50,065	50,065	50,065
Balance as of March 31, 2016	88,925,149	127,423	127,423	2,210,581	2,338,004	91,263,154	91,263,154

22nd fiscal period (from April 1, 2016 to September 30, 2016)

(Thousand yen)

	Unitholders' equity						Total Net Assets
	Unitholders' capital	Surplus			Total unitholders' equity		
		Voluntary retained earnings	Unappropriated retained earnings	Total surplus			
Reserve for reduction entry	Total voluntary retained earnings						
Balance as of April 1, 2016	88,925,149	127,423	127,423	2,210,581	2,338,004	91,263,154	91,263,154
Changes of items during the fiscal period							
Provision for reserve for reduction entry		47,097	47,097	(47,097)	-	-	-
Distribution from surplus				(2,163,483)	(2,163,483)	(2,163,483)	(2,163,483)
Net Income				2,192,416	2,192,416	2,192,416	2,192,416
Total changes of items during the fiscal period	-	47,097	47,097	(18,164)	28,932	28,932	28,932
Balance as of September 30, 2016	88,925,149	174,521	174,521	2,192,416	2,366,937	91,292,087	91,292,087

See accompanying "Notes to Financial Statements".

(4) Statement of Cash Distributions

Item	21st Fiscal Period (October 1, 2015 – March 31, 2016)	22nd Fiscal Period (April 1, 2016 – September 30, 2016)
I. Unappropriated retained earnings	2,210,581,192 yen	2,192,416,724 yen
II. Cash distributions	2,163,483,750 yen	2,183,845,950 yen
(Cash distributions per unit)	(2,125 yen)	(2,145 yen)
III. Voluntary retained earnings		
Provision for reserve for reduction entry	47,097,442 yen	8,570,774 yen
IV. Retained earnings carried forward	0 yen	0 yen
Method for calculating cash distributions	As provided in Article 34-1-2 of its Articles of Incorporation, the Investment Corporation makes it a basic policy to make cash distributions in excess of the amount equivalent to 90% of the distributable income amount as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Following this policy, and in consideration of the fact that individual unitholders must calculate the capital gains or losses for cash distributions in excess of earnings when the Investment Corporation distributes cash in excess of earnings as stipulated in Article 34-1-4 of its Articles of Incorporation, the Investment Corporation distributed 2,163,483,750 yen, which is the entire amount of the unappropriated retained earnings after deducting the provision for reserve for reduction entry, as stipulated in Article 66-2 of the Act on Special Measures Concerning Taxation.	As provided in Article 34-1-2 of its Articles of Incorporation, the Investment Corporation makes it a basic policy to make cash distributions in excess of the amount equivalent to 90% of the distributable income amount as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Following this policy, and in consideration of the fact that individual unitholders must calculate the capital gains or losses for cash distributions in excess of earnings when the Investment Corporation distributes cash in excess of earnings as stipulated in Article 34-1-4 of its Articles of Incorporation, the Investment Corporation distributed 2,183,845,950 yen, which is the entire amount of the unappropriated retained earnings after deducting the provision for reserve for reduction entry, as stipulated in Article 66-2 of the Act on Special Measures Concerning Taxation.

(5) Statement of Cash Flows

(Thousand yen)

	21st Fiscal Period (October 1, 2015 – March 31, 2016)	22nd Fiscal Period (April 1, 2016 – September 30, 2016)
Cash flows from operating activities		
Income before income taxes	2,214,239	2,193,924
Depreciation	1,468,539	1,582,665
Amortization of investment corporation bond issuance costs	7,546	7,546
Amortization of investment unit issuance costs	14,503	14,503
Increase (decrease) in allowance for doubtful accounts	3,411	(685)
Interest income	(830)	(57)
Interest expenses	439,091	451,824
Decrease (increase) in operating accounts receivable	(21,858)	40,205
Decrease (increase) in prepaid expenses	27,888	(23,556)
Decrease (increase) in consumption taxes receivable	-	(1,264)
Increase (decrease) in operating accounts payable	22,175	(2,656)
Increase (decrease) in accounts payable - other	17,026	23,078
Increase (decrease) in accrued consumption taxes	(20,719)	(17,913)
Increase (decrease) in advances received	(52,508)	(1,030)
Decrease in property, plant and equipment in trust due to sale	8,240,718	1,502,287
Decrease (increase) in long-term prepaid expenses	8,814	(99,555)
Other, net	(2,429)	11,080
Subtotal	12,365,609	5,680,397
Interest income received	830	57
Interest expenses paid	(440,372)	(449,964)
Income taxes paid	(1,603)	(3,807)
Net cash provided by operating activities	11,924,463	5,226,683
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(12,290,967)	(7,411,375)
Purchase of intangible assets	-	(43)
Proceeds from tenant leasehold and security deposits in trust	225,239	140,160
Repayments of tenant leasehold and security deposits in trust	(456,288)	(221,860)
Decrease (increase) in investments and other assets, net	(8,587)	(5,857)
Net cash used in investing activities	(12,530,603)	(7,498,977)
Cash flows from financing activities		
Proceeds from short-term loans payable	7,200,000	4,500,000
Repayments of short-term loans payable	(4,650,000)	(8,700,000)
Proceeds from long-term loans payable	4,100,000	12,000,000
Repayments of long-term loans payable	(3,550,000)	(2,800,000)
Dividends paid	(2,160,005)	(2,162,923)
Net cash provided by financing activities	939,994	2,837,076
Net increase (decrease) in cash and cash equivalents	333,854	564,782
Cash and cash equivalents at the beginning of period	8,111,090	8,444,945
Cash and cash equivalents at the end of period	8,444,945	9,009,728

See accompanying "Notes to Financial Statements".

Notes to Financial Statements

1. Organization

Sekisui House SI Residential Investment Corporation (the "Investment Corporation") is a Japanese real estate investment corporation established in April 2005 under the Act on Investment Trusts and Investment Corporations (the "Investment Trusts Act") and listed on the Tokyo Stock Exchange in July 2005. Since March 2010, it has been sponsored by Sekisui House, Ltd., a leading company in the housing industry, and Spring Investment Co., Ltd., an international fund manager, and has worked to establish a stable portfolio primarily comprising residential properties. In June 2014, the Investment Corporation changed its name to the present one to demonstrate its new strategy of solely investing in real properties that are mainly used as residences while removing retail properties, which had previously been identified as a supplementary investment target, from its investment horizons. The Investment Corporation is externally managed by a licensed asset management company, Sekisui House SI Asset Management, Ltd.

2. Basis of Presentation

The Investment Corporation 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 Trusts 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 a translation of the financial statements of the Investment Corporation, 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 more familiar to readers outside Japan. In addition, the notes to financial statements include certain information which might not be required under Japanese GAAP but is presented herein as additional information.

The Investment Corporation's fiscal period is a six-month period, which ends at the end of March and September of each year. The Investment Corporation 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 total shown in the financial statements and notes thereto do not necessarily agree with the sum of the individual account balances.

3. Summary of Significant Accounting Policies

1. Depreciation method for non-current assets	<p>(1) Property, plant and equipment Depreciation is calculated using the straight-line method. The estimated useful lives of major property, plant and equipment are as follows:</p> <table style="margin-left: 20px;"> <tr> <td>Buildings in trust</td> <td>3 – 66 years</td> </tr> <tr> <td>Structures in trust</td> <td>3 – 50 years</td> </tr> <tr> <td>Machinery and equipment in trust</td> <td>7 – 48 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td>2 – 15 years</td> </tr> </table> <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 contract.</p>	Buildings in trust	3 – 66 years	Structures in trust	3 – 50 years	Machinery and equipment in trust	7 – 48 years	Tools, furniture and fixtures in trust	2 – 15 years
Buildings in trust	3 – 66 years								
Structures in trust	3 – 50 years								
Machinery and equipment in trust	7 – 48 years								
Tools, furniture and fixtures in trust	2 – 15 years								
2. Accounting for deferred assets	<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>								

3. Standards for recording allowance	<p>Allowance for doubtful accounts For allowance for doubtful accounts against possible losses arising from default on receivables, uncollectable amount is estimated and recorded by investigating collectability on a case-by-case examination for doubtful and other specific receivables.</p>
4. Standards for recording revenues and expenses	<p>Accounting treatment of property taxes, etc. Property taxes, city planning taxes and depreciable asset taxes ("property taxes, etc.") assessed for the real estate owned by the Investment Corporation are charged as expenses at an amount attributable to each fiscal period as expenses related to rent business. Property taxes etc. that the Investment Corporation pays to the seller in connection with acquisition of real estate (including trust beneficiary interests in real estate as entrusted property) as they are deemed to be attributable to the Investment Corporation are included in the acquisition cost of the acquired real estate, instead of expenses. Property taxes, etc. capitalized as a part of the acquisition cost amounted to 29,241 thousand yen for the 21st fiscal period and 29,900 thousand yen for the 22nd fiscal period, respectively.</p>
5. Method of hedge accounting	<p>(1) Method of hedge accounting Special accounting is applied for interest rate swap transactions.</p> <p>(2) Hedging instruments and hedged items Hedging instrument: interest rate swap transactions Hedged items: interest expenses on loans payable</p> <p>(3) Hedging policy Based on its basic policy for risk management, the Investment Corporation utilizes derivative transactions in order to hedge risks designated in its Articles of Incorporation.</p> <p>(4) Method for assessing the effectiveness of hedging Assessment of the effectiveness of hedging is omitted as requirements are satisfied for special accounting for interest rate swap transactions.</p>
6. Scope of funds (cash and cash equivalents) in the statement of cash flows	<p>The funds (cash and cash equivalents) in the statements 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 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of value fluctuation.</p>
7. Other significant items fundamental to preparing the financial statements	<p>(1) Accounting methods for trust beneficiary interests in real estate, etc. as entrusted property Regarding trust beneficiary interests in real estate, etc. as entrusted property, all asset and liability accounts of the entrusted properties as well as all revenue and expense accounts generated by the entrusted properties are recorded in relevant accounts on the balance sheet and statement of income and retained earnings.</p> <p>Furthermore, the following accounts are considered material and thus stated separately in the balance sheet related to entrusted properties from the relevant accounts.</p> <ol style="list-style-type: none"> 1) Cash and deposits in trust 2) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust 3) Leasehold rights in trust 4) Tenant leasehold and security deposits in trust <p>(2) Accounting for consumption taxes National and local consumption taxes are excluded from the transaction amounts. Non-deductible consumption taxes for acquisition of assets are included in the acquisition cost of each asset.</p>

4. Note to Balance Sheet

Minimum total net assets designated in Article 67-4 of the Investment Trusts Act

(Thousand yen)	
21st Fiscal Period (As of March 31, 2016)	22nd Fiscal Period (As of September 30, 2016)
50,000	50,000

5. Notes to Statement of Income and Retained Earnings

Breakdown of real estate rental revenues and expenses

	(Thousand yen)	
	21st Fiscal Period (October 1, 2015 – March 31, 2016)	22nd Fiscal Period (April 1, 2016 – September 30, 2016)
A. Real estate rental revenues		
Rent revenue - real estate		
Rents	6,120,483	6,470,566
Other revenue	212,216	204,144
Total real estate rental revenue	6,332,700	6,674,711
B. Real estate rental expenses		
Expenses related to rent business		
Outsourcing expenses	604,056	631,260
Utilities expenses	92,107	86,735
Insurance expenses	7,334	7,771
Repair expenses	225,891	218,848
Property and other taxes	371,609	380,518
Trust fees	45,297	43,254
Other	251,204	267,339
Depreciation	1,468,403	1,582,549
Total real estate rental expenses	3,065,906	3,218,278
C. Real estate rental revenues and expenses (A – B)	3,266,794	3,456,432

Breakdown of gain on sales of real estate properties

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

(Thousand yen)	
Esty Maison IMAIKE	
Revenue from sales of real estate	300,000
Cost of real estate sold	265,338
Other sales expenses	12,475
Gain on sales of real estate properties	22,186
RINKU HAGURAZAKI Plaza, KOJIMA x BIC CAMERA Kamifukuoka store, Joy Square YUGAWARA and Bell Plaza Shopping Center	
Revenue from sales of real estate	8,500,000
Cost of real estate sold	7,975,267
Other sales expenses	336,515
Gain on sales of real estate properties	188,216

22nd Fiscal Period (from April 1, 2016 to September 30, 2016)

(Thousand yen)	
Esty Maison HIGASHISHINJUKU (part of land)	
Revenue from sales of real estate	23,500
Cost of real estate sold	7,154
Other sales expenses	2,261
Gain on sales of real estate properties	14,084
b-town MINAMIAOYAMA	
Revenue from sales of real estate	1,560,000
Cost of real estate sold	1,495,133
Other sales expenses	60,519
Gain on sales of real estate properties	4,346

6. Notes to Statement of Changes in Net Assets

	21st Fiscal Period (October 1, 2015 – March 31, 2016)	22nd Fiscal Period (April 1, 2016 – September 30, 2016)
Total number of authorized investment units and total number of investment units issued		
Total number of authorized investment units	10,000,000 units	10,000,000 units
Total number of investment units issued	1,018,110 units	1,018,110 units

7. Notes to Statement of Cash Flows

Reconciliation of the Cash and cash equivalents at the end of period in the statement of cash flows with the corresponding accounts on the balance sheet

	(Thousand yen)	
	21st Fiscal Period (October 1, 2015 – March 31, 2016)	22nd Fiscal Period (April 1, 2016 – September 30, 2016)
Cash and deposits	3,428,890	4,001,779
Cash and deposits in trust	5,016,055	5,007,948
Cash and cash equivalents	8,444,945	9,009,728

8. Lease Transactions

Operating lease transactions as lessee

		(Thousand yen)	
Future lease payable equivalents		21st Fiscal Period (As of March 31, 2016)	22nd Fiscal Period (As of September 30, 2016)
Due within one year		24,648	24,648
Due after one year		879,112	866,788
Total		903,760	891,436

Operating lease transactions as lessor

		(Thousand yen)	
Future lease receivable equivalents		21st Fiscal Period (As of March 31, 2016)	22nd Fiscal Period (As of September 30, 2016)
Due within one year		1,875,009	1,663,229
Due after one year		6,126,026	5,630,344
Total		8,001,035	7,293,574

9. Financial Instruments

1. Matters Concerning Status of Financial Instruments

(1) Policy on Handling Financial Instruments

The Investment Corporation raises necessary funds (through additional issuance of investment units, borrowings and issuance of investment corporation bonds) in light of its financial plans and surplus fund management plans. With regard to surplus fund management, the Investment Corporation focuses on safety and liquidity, and manages them as interest-bearing ordinary bank deposits or short-term time deposits in order to avoid market risks as much as possible. As for derivative transactions, the Investment Corporation may use them to hedge against interest rate fluctuation risks, and will not conduct any speculative transactions.

(2) Description of Financial Instruments and Associated Risks, and Risk Management Structure

Operating accounts receivable are exposed to credit risks of customers. In order to mitigate such risks, the Investment Corporation works to select tenants by taking into account the tenants' credibility and has established a management system for controlling the status of rent payment.

Lease and guarantee deposits from rental properties are exposed to credit risks of the companies to do business with. In order to mitigate such risks, the Investment Corporation works to periodically grasp the financial conditions, etc. of such companies.

The possibility, conditions and subsequent burden of interest payments for borrowings and issuance of investment corporation bonds are impacted by the interest rate situations and other factors. Thus, there is no guarantee that the Investment Corporation can successfully make borrowings or issue investment corporation bonds at a time when and under the conditions that it prefers. In addition, if borrowings are made at floating interest rates, interest payments may increase due to later fluctuations in the interest rates. Depending on the lending attitude of financial institutions, new borrowings may not be possible or the Investment Corporation may have to borrow funds under disadvantageous conditions in terms of interest rates, collateral provision and financial covenants, etc.

Concerning the market risks (interest rate fluctuation risk, etc.) related to the above-mentioned borrowings and investment corporation bonds, the Investment Corporation works to mitigate them in accordance with the Derivative Transactions Handling and Risk Management Regulations, an internal rule designated by the Asset Management Company.

Moreover, for the management of liquidity risk related to fund raising (risk of failing to execute repayment on the repayment dates), the department in charge at the Asset Management Company prepares and updates cash flow plans in a timely manner based on reports from its respective departments. The liquidity risk is also managed by such measures as maintaining liquidity on hand at a certain level.

(3) Supplementary Explanation on Matters Concerning Fair Value, etc. of Financial Instruments

The fair value of financial instruments, aside from values based on market price, include values based on reasonable calculations when there is no market price. Certain variable factors are adopted in calculating those values, and there may be cases where the values will vary when different assumptions are adopted. As for the contract value and other conditions of derivative transactions indicated in "2. Matters Concerning Fair Value, Etc. of Financial Instruments", the value itself is not an indicator showing the market risks related to such transactions.

2. Matters Concerning Fair Value, etc. of Financial Instruments

The following are the book values recorded on the balance sheet, fair values and the difference between these amounts. The following tables do not include those for which determining the fair value is recognized to be extremely difficult.

21st Fiscal Period (As of March 31, 2016)

	(Thousand yen)		
	Book Value Recorded on the Balance Sheet	Fair Value	Difference
(1) Cash and deposits	3,428,890	3,428,890	-
(2) Cash and deposits in trust	5,016,055	5,016,055	-
(3) Operating accounts receivable	153,167	153,167	-
Allowance for doubtful accounts	(4,503)	(4,503)	-
	148,663	148,663	-
Total of assets	8,593,609	8,593,609	-
(4) Operating accounts payable	336,786	336,786	-
(5) Short-term loans payable	7,200,000	7,200,000	-
(6) Current portion of long-term loans payable	12,300,000	12,362,929	62,929
(7) Investment corporation bonds	14,500,000	14,643,879	143,879
(8) Long-term loans payable	69,709,500	70,882,883	1,173,383
Total of liabilities	104,046,286	105,426,479	1,380,192
(9) Derivative transactions	-	-	-

22nd Fiscal Period (As of September 30, 2016)

	(Thousand yen)		
	Book Value Recorded on the Balance Sheet	Fair Value	Difference
(1) Cash and deposits	4,001,779	4,001,779	-
(2) Cash and deposits in trust	5,007,948	5,007,948	-
(3) Operating accounts receivable	112,962	112,962	-
Allowance for doubtful accounts	(3,818)	(3,818)	-
	109,143	109,143	-
Total of assets	9,118,872	9,118,872	-
(4) Operating accounts payable	412,267	412,267	-
(5) Short-term loans payable	3,000,000	3,000,000	-
(6) Current portion of long-term loans payable	12,205,000	12,244,468	39,468
(7) Investment corporation bonds	14,500,000	14,697,914	197,914
(8) Long-term loans payable	79,004,500	80,236,082	1,231,582
Total of liabilities	109,121,767	110,590,733	1,468,965
(9) Derivative transactions	-	-	-

(Note 1) Calculation method for fair value of financial instruments and matters concerning derivative transactions

(1) Cash and deposits, (2) Cash and deposits in trust and (3) Operating accounts receivable

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

In calculating the fair value of operating accounts receivable, it is difficult to determine the credit risk individually. Accordingly, allowance for doubtful accounts is deemed as credit risk.

(4) Operating accounts payable and (5) Short-term loans payable

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

(6) Current portion of long-term loans payable and (8) Long-term loans payable

The fair value of those with floating interest rates is based on the book value, as it reflects the market interest rate within a short period of time and thus is considered to be nearly equal to the book value. (However, the fair value of certain long-term loans payable with floating interest rates that qualifies for the special accounting of interest rate swaps [see Note "11. Derivative Transactions "] is based on the method of calculating by discounting the sum of its principal and interest payments net of any cash flows from the interest-rate swap by a reasonably estimated rate assumed as being applicable to a new similar borrowing to be made by the Investment Corporation.) The present value of those with fixed interest rates is based on the method of discounting the combined total of principal and interest by a reasonably estimated rate assumed as being applicable to a new similar borrowing to be made by the Investment Corporation.

(7) Investment corporation bonds

As the investment corporation bonds of the Investment Corporation are traded over the counter through negotiations, it is difficult to indicate the fair value as the market price. The present value is based on the method of calculating by discounting the combined total of principal and interest by a reasonably estimated rate assumed as being applicable to a similar bond issuance.

(9) Derivative transactions

See Note "11. Derivative Transactions".

(Note 2) Scheduled redemption amount of monetary claims

21st Fiscal Period (As of March 31, 2016)

	(Thousand yen)					
	Due in 1 Year or Less	Due after 1 year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
(1) Cash and deposits	3,428,890	-	-	-	-	-
(2) Cash and deposits in trust	5,016,055	-	-	-	-	-
(3) Operating accounts receivable	153,167	-	-	-	-	-
Total of assets	8,598,113	-	-	-	-	-

22nd Fiscal Period (As of September 30, 2016)

	(Thousand yen)					
	Due in 1 Year or Less	Due after 1 year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
(1) Cash and deposits	4,001,779	-	-	-	-	-
(2) Cash and deposits in trust	5,007,948	-	-	-	-	-
(3) Operating accounts receivable	112,962	-	-	-	-	-
Total of assets	9,122,690	-	-	-	-	-

(Note 3) Scheduled redemption and repayment amount of investment corporation bonds and borrowings

21st Fiscal Period (As of March 31, 2016)

	(Thousand yen)					
	Due in 1 Year or Less	Due after 1 year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
(1) Short-term loans payable	7,200,000	-	-	-	-	-
(2) Investment corporation bonds	-	4,000,000	2,500,000	2,000,000	-	6,000,000
(3) Long-term loans payable	12,300,000	4,805,000	10,882,000	6,792,500	15,400,000	31,830,000
Total of liabilities	19,500,000	8,805,000	13,382,000	8,792,500	15,400,000	37,830,000

22nd Fiscal Period (As of September 30, 2016)

	(Thousand yen)					
	Due in 1 Year or Less	Due after 1 year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
(1) Short-term loans payable	3,000,000	-	-	-	-	-
(2) Investment corporation bonds	-	4,000,000	2,500,000	2,000,000	-	6,000,000
(3) Long-term loans payable	12,205,000	4,600,000	8,382,000	12,292,500	14,300,000	39,430,000
Total of liabilities	15,205,000	8,600,000	10,882,000	14,292,500	14,300,000	45,430,000

(Note 4) Financial instruments for which discerning of fair value is recognized to be extremely difficult

	(Thousand yen)	
Category	21st Fiscal Period (As of March 31, 2016)	22nd Fiscal Period (As of September 30, 2016)
(1) Lease and guarantee deposits	242,672	242,672
(2) Tenant leasehold and security deposits in trust	2,016,256	1,934,556

- (1) Lease and guarantee deposits
Lease and guarantee deposits are not subject to disclosure of fair value because discerning of fair value is recognized to be extremely difficult as reasonable estimation of cash flows is impossible since there is no market price and also since it is difficult to calculate the deposit period in effect.
- (2) Tenant leasehold and security deposits in trust
Tenant leasehold and security deposits in trust, which are deposited by the tenants of rental properties, are not subject to disclosure of fair value because reasonable estimation of cash flows is recognized to be extremely difficult since there is no market price and also since it is difficult to calculate the deposit period in effect.

10. Securities

21st Fiscal Period (As of March 31, 2016)

Not applicable

22nd Fiscal Period (As of September 30, 2016)

Not applicable

11. Derivative Transactions

1. Derivatives to which hedge accounting is not applied

21st Fiscal Period (As of March 31, 2016)

Not applicable

22nd Fiscal Period (As of September 30, 2016)

Not applicable

2. Derivatives to which hedge accounting is applied

21st Fiscal Period (As of March 31, 2016)

The following is the contract amount or amount equivalent to the principal provided in the contract, etc. as of the balance sheet date for each method of hedge accounting.

Method of Hedge Accounting	Type of Derivative Transactions	Main Hedged Item	Contract Amount (Note 1)		Fair Value	Calculation Method for the Fair Value
				Of Which, over 1 Year		
Special accounting for interest rate swaps	Interest rate swap transaction Receivable floating; Payable fixed	Long-term loans payable	73,509,500	64,009,500	(Note 2)	-

(Note 1) The contract amount of interest rate swaps is indicated based on the notional principal amount.
 (Note 2) Transactions for which special accounting for interest rate swaps is applied are combined with long-term loans payable, the hedged item. Accordingly, their fair value is included in the fair value of the relevant long-term loans payable (See Note "9. Financial Instruments" 2. Matters Concerning Fair Value, etc. of Financial Instruments (Note 1) (8) Long-term loans payable.).

22nd Fiscal Period (As of September 30, 2016)

The following is the contract amount or amount equivalent to the principal provided in the contract, etc. as of balance sheet date for each method of hedge accounting.

Method of Hedge Accounting	Type of Derivative Transactions	Main Hedged Item	Contract Amount (Note 1)		Fair Value	Calculation Method for the Fair Value
				Of Which, over 1 Year		
Special accounting for interest rate swaps	Interest rate swap transaction Receivable floating; Payable fixed	Long-term loans payable	73,509,500	61,304,500	(Note 2)	-

(Note 1) The contract amount of interest rate swaps is indicated based on the notional principal amount.
 (Note 2) Transactions for which special accounting for interest rate swaps is applied are combined with long-term loans payable, the hedged item. Accordingly, their fair value is included in the fair value of the relevant long-term loans payable (See Note "9. Financial Instruments" 2. Matters Concerning Fair Value, etc. of Financial Instruments (Note 1) (8) Long-term loans payable.).

12. Retirement Benefits

21st Fiscal Period (As of March 31, 2016)

Not applicable as the Investment Corporation does not have any retirement benefit plan.

22nd Fiscal Period (As of September 30, 2016)

Not applicable as the Investment Corporation does not have any retirement benefit plan.

13. Income Taxes

1. Deferred tax assets and deferred tax liabilities consisted of the following:

	(Thousand yen)	
	21st Fiscal Period (As of March 31, 2016)	22nd Fiscal Period (As of September 30, 2016)
Deferred tax assets:		
Amortization of leasehold rights in trust	5,338	5,978
Amount of allowance for doubtful accounts not deductible from taxable income	1,429	1,211
Amount of accrued business taxes not deductible from taxable income	238	34
Subtotal deferred tax assets	7,005	7,225
Valuation allowance	(6,767)	(7,190)
Total deferred tax assets	238	34
Deferred tax assets, net	238	34

2. Reconciliation of the statutory tax rate to the Effective Income Tax Rate

	21st Fiscal Period (As of March 31, 2016)	22nd Fiscal Period (As of September 30, 2016)
Statutory tax rate	32.31%	31.74%
(Adjustment)		
Deductible cash distributions	(31.57%)	(31.59%)
Provision for reserve for reduction entry	(0.69%)	(0.12%)
Other	0.12%	0.04%
Effective income tax rate	0.17%	0.07%

14. Equity Method Income and Retained Earnings

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

Not applicable as the Investment Corporation does not have any affiliated companies.

22nd Fiscal Period (from April 1, 2016 to September 30, 2016)

Not applicable as the Investment Corporation does not have any affiliated companies.

15. Assets Retirement Obligations

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

Not applicable

22nd Fiscal Period (from April 1, 2016 to September 30, 2016)

Not applicable

16. Transactions with Related Parties

1. Parent Company and Major Corporation Unitholders

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

Not applicable

22nd Fiscal Period (from April 1, 2016 to September 30, 2016)

Not applicable

2. Subsidiaries and Affiliates

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

Not applicable

22nd Fiscal Period (from April 1, 2016 to September 30, 2016)

Not applicable

3. Sister Companies

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

Not applicable

22nd Fiscal Period (from April 1, 2016 to September 30, 2016)

Not applicable

4. Directors and Major Individual Unitholders

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

Classification	Name	Business Description or Occupation	Share of Voting Rights [or Ownership of Such in the Investment Corporation]	Description of Transaction	Transaction Amount (thousand yen)	Category	Balance at the End of Period (thousand yen)
Director and its close relatives	Osamu Minami	Executive Director of the Investment Corporation and President of Sekisui House SI Asset Management, Ltd.	-	Payment of asset management fees to Sekisui House SI Asset Management, Ltd. (Note 1)	609,360 (Note 2)	Accounts payable - other	558,058
				Payment of institution operation and administration fees to Sekisui House SI Asset Management, Ltd. (Note 3)	1,400	Accounts payable - other	1,512

(Note 1) The transaction was conducted by Osamu Minami as representative of a third party (Sekisui House SI Asset Management, Ltd.), and the fees are based on the terms and conditions designated in the Articles of Incorporation of the Investment Corporation.

(Note 2) The figure includes 67,840 thousand yen as asset management fees related to property acquisitions, which have been capitalized in the book value of individual real properties, and 70,400 thousand yen of asset management fees related to property disposition, which have been recorded in other sales expenses.

(Note 3) The transaction was conducted by Osamu Minami as representative of a third party (Sekisui House SI Asset Management, Ltd.), and the fees are based on the institution operation and administration agreement.

(Note 4) Of the amounts in the above table, consumption taxes are not included in the transaction amount but are included in the balance at the end of period.

22nd Fiscal Period (from April 1, 2016 to September 30, 2016)

Classification	Name	Business Description or Occupation	Share of Voting Rights [or Ownership of Such in the Investment Corporation]	Description of Transaction	Transaction Amount (thousand yen)	Category	Balance at the End of Period (thousand yen)
Director and its close relatives	Osamu Minami	Executive Director of the Investment Corporation and President of Sekisui House SI Asset Management, Ltd.	-	Payment of asset management fees to Sekisui House SI Asset Management, Ltd. (Note 1)	524,181 (Note 2)	Accounts payable - other	536,493
				Payment of institution operation and administration fees to Sekisui House SI Asset Management, Ltd. (Note 3)	6,100	Accounts payable - other	1,512

(Note 1) The transaction was conducted by Osamu Minami as representative of a third party (Sekisui House SI Asset Management, Ltd.), and the fees are based on the terms and conditions designated in the Articles of Incorporation of the Investment Corporation.

(Note 2) The figure includes 27,240 thousand yen as asset management fees related to property acquisitions, which have been capitalized in the book value of individual real properties, and 12,668 thousand yen of asset management fees related to property disposition, which have been recorded in other sales expenses.

(Note 3) The transaction was conducted by Osamu Minami as representative of a third party (Sekisui House SI Asset Management, Ltd.), and the fees are based on the institution operation and administration agreement.

(Note 4) Of the amounts in the above table, consumption taxes are not included in the transaction amount but are included in the balance at the end of period.

17. Segment Information

[Segment Information]

Descriptions are omitted as the Investment Corporation has a single business segment of real estate leasing business.

[Related Information]

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

(1) Information by product and service

Descriptions are omitted as the Investment Corporation's operating revenue under single product/service classification for outside customers exceeds 90% of operating revenue recorded in the statement of income and retained earnings.

(2) Information by region

(a) Operating revenue

Descriptions are omitted as the Investment Corporation's operating revenue for outside customers in Japan exceeds 90% of operating revenue recorded in the statement of income and retained earnings.

(b) Property, plant and equipment

Descriptions are omitted as the amount of the Investment Corporation's property, plant and equipment located in Japan exceeds 90% of property, plant and equipment recorded in the balance sheet.

(3) Information by major customer

Descriptions are omitted as the Investment Corporation's operating revenue for any individual outside customer is less than 10% of operating revenue recorded in the statement of income and retained earnings.

22nd Fiscal Period (from April 1, 2016 to September 30, 2016)

(1) Information by product and service

Descriptions are omitted as the Investment Corporation's operating revenue under single product/service classification for outside customers exceeds 90% of operating revenue recorded in the statement of income and retained earnings.

(2) Information by region

(a) Operating revenue

Descriptions are omitted as the Investment Corporation's operating revenue for outside customers in Japan exceeds 90% of operating revenue recorded in the statement of income and retained earnings.

(b) Property, plant and equipment

Descriptions are omitted as the amount of the Investment Corporation's property, plant and equipment located in Japan exceeds 90% of property, plant and equipment recorded in the balance sheet.

(3) Information by major customer

Descriptions are omitted as the Investment Corporation's operating revenue for any individual outside customer is less than 10% of operating revenue recorded in the statement of income and retained earnings.

18. Per Unit Information

Item	Period	21st Fiscal Period (October 1, 2015 – March 31, 2016)	22nd Fiscal Period (April 1, 2016 – September 30, 2016)
Net assets per unit		89,639 yen	89,668 yen
Net income per unit		2,171 yen	2,153 yen

(Note 1) Diluted net income per unit has not been presented since no warrants or convertible bonds are outstanding.

(Note 2) Net income per unit has been calculated based on the following data:

Item	Period	21st Fiscal Period (October 1, 2015 – March 31, 2016)	22nd Fiscal Period (April 1, 2016 – September 30, 2016)
Net Income (thousand yen)		2,210,494	2,192,416
Amount not attributable to ordinary unitholders (thousand yen)		-	-
Net income attributable to ordinary investment units (thousand yen)		2,210,494	2,192,416
Average number of units during the fiscal period (units)		1,018,110	1,018,110

19. Rental Properties

The Investment Corporation owns assets as trust beneficiary interests in real estate as entrusted property, which comprises rental residential properties and rental retail properties. Real estate rental revenues and expenses for the relevant rental properties amounted to 3,266,794 thousand yen for the 21st fiscal period and 3,456,432 thousand yen for the 22nd fiscal period, respectively. The following table provides the book value recorded on the balance sheet, amount of change during the period and fair value of these rental properties.

(Thousand yen)			
	21st Fiscal Period (October 1, 2015 – March 31, 2016)	22nd Fiscal Period (April 1, 2016– September 30, 2016)	
Book value recorded on the balance sheet			
Balance at the beginning of period	186,002,975	188,701,461	
Amount of net change during period	2,698,486	4,292,620	
Balance at the end of period	188,701,461	192,994,081	
Fair value at the end of period	207,565,700	214,650,000	

(Note 1) Book value recorded on the balance sheet indicates the book value less accumulated depreciation.

(Note 2) Net change during the 21st fiscal period is comprised of increases primarily attributable to new acquisitions of 3 properties (12,113,113 thousand yen) and decrease primarily attributable to disposition of Esty Maison IMAIKE, RINKU HAGURAZAKI Plaza, KOJIMA × BIC CAMERA Kamifukuoka store, Joy Square YUGAWARA and Bell Plaza Shopping Center (8,240,605 thousand yen) and depreciation (1,468,403 thousand yen). Net change during the 22nd fiscal period is comprised of increases primarily attributable to new acquisitions of 4 properties (7,061,224 thousand yen) and decrease primarily attributable to disposition of Esty Maison HIGASHISHINJUKU (part of the land) and b-town MINAMIAOYAMA (1,502,287 thousand yen) and depreciation (1,582,549 thousand yen).

(Note 3) Pursuant to the Articles of Incorporation, the fair value at the end of period indicates the appraisal value or surveyed value provided by outside real estate appraisers with the respective appraisal dates of March 31, 2016 and September 30, 2016.

20. Significant Subsequent Events

[Issuance of New Investment Units]

Based on the resolutions made at the board of directors' meetings held on October 7 and October 19, 2016, the Investment Corporation issued new investment units as described below, in order to use the proceeds to fund acquisitions of specified assets and expenses incidental to the acquisitions. Payment was completed on October 26, 2016 for the investment units issued through public offering. As for the new investment units issued through third-party allotment, Mizuho Securities Co., Ltd., the allottee, notified about subscribing for the whole of the investment units offered (4,160 units). Payment was completed on November 14, 2016. As a result, unitholders' capital increased to 98,633,978,945 yen, with the number of investment units issued and outstanding totaling 1,105,510 units.

<Issuance of investment units through public offering (public offering)>

Number of investment units issued: 83,240 units
 Issue price (offer price): 114,855 yen per unit
 Total issue price (total offer price): 9,560,530,200 yen
 Paid-in amount (issue amount): 111,085 yen per unit
 Total paid-in amount (total issue amount): 9,246,715,400 yen
 Payment date: October 26, 2016
 Starting date for calculating distributions: October 1, 2016

<Issuance of investment units by way of third-party allotment>

Number of investment units issued: 4,160 units
 Paid-in amount (issue amount): 111,085 yen per unit
 Total paid-in amount (total issue amount): 462,113,600 yen
 Payment date: November 14, 2016
 Starting date for calculating distributions: October 1, 2016
 Third party allottee: Mizuho Securities Co., Ltd.

21. Detailed Schedules

1. Schedule of Securities

Not applicable

Real estate trust beneficiary interests are included in the Summary of Detailed Schedule of Real Properties.

2. Schedule of Contract Amount, Etc. and Fair Value of Derivative Transactions and Forward Exchange Transactions

(Thousand yen)				
Category	Type	Contract Amount (Note 1)		Fair Value (Note 2)
			Of Which, over 1 Year	
Transaction other than market transaction	Interest rate swap transaction Receivable floating; payable fixed	73,509,500	61,304,500	-
Total		73,509,500	61,304,500	

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

(Note 2) Description of fair value is omitted as the transactions satisfy the requirements for special accounting under the accounting standards for financial instruments.

3. Summary of Detailed Schedule of Real Properties

(Million yen)								
Type of Assets	Balance as of April 1, 2016	Increase during the Period	Decrease during the Period	Balance as of September 30, 2016	Accumulated or Amortization	Depreciation during the Period	Net Balance as of September 30, 2016	Remarks
Property, plant and equipment	Buildings in trust	101,392	2,879	292	103,979	15,100	1,474	88,879 (Note)
	Structures in trust	878	22	0	900	218	24	682 (Note)
	Machinery and equipment in trust	1,926	45	-	1,972	572	65	1,400 (Note)
	Tools, furniture and fixtures in trust	207	56	-	263	86	15	177 (Note)
	Land in trust	98,617	4,373	1,281	101,708	-	-	101,708 (Note)
	Construction in progress in trust	-	52	-	52	-	-	52
	Total	203,021	7,429	1,574	208,877	15,977	1,580	192,900
Intangible assets	Leasehold rights in trust	164	-	-	164	18	2	145
	Trademark rights	0	0	0	-	-	0	- (Note)
	Other	6	0	-	6	6	0	0
	Total	171	0	0	171	25	2	146

(Note) The amount of increase during the 22nd fiscal period is primarily attributable to the acquisition of Prime Maison SHIBUYA, Prime Maison HATSUDAI, Esty Maison UEMACHIDAI and Esty Maison KOBE-SANNOMIYA. The amount of decrease during the 22nd fiscal period is attributable to the disposition of Esty Maison HIGASHISHINJUKU (part of land) and b-town MINAMIAOYAMA.

4. Schedule of Other Specified Assets

Not applicable

Real estate trust beneficiary interests are included in the Summary of Detailed Schedule of Real Properties.

5. Schedule of Investment Corporation Bonds

Name	Issue Date	Balance as of April 1, 2016 (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2016 (million yen)	Coupon Rate (%)	Redemption Date	Purpose	Collateral
First Series Unsecured Investment Corporation Bonds	February 28, 2013	4,000	-	4,000	0.630	February 28, 2018	(Note 1)	Unsecured
Second Series Unsecured Investment Corporation Bonds	February 28, 2013	2,000	-	2,000	1.000	February 28, 2020		
Third Series Unsecured Investment Corporation Bonds	February 28, 2014	2,500	-	2,500	0.374	February 28, 2019	(Note 2)	
Fourth Series Unsecured Investment Corporation Bonds	February 28, 2014	3,000	-	3,000	1.069	February 28, 2024		
Fifth Series Unsecured Investment Corporation Bonds	August 29, 2014	3,000	-	3,000	0.871	August 30, 2024		
Total		14,500	-	14,500				

(Note 1) The proceeds are used as funds for repayment of borrowings and acquisition of real estate trust beneficiary interests, etc.

(Note 2) The proceeds are used as funds for repayment of borrowings, etc.

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

(Note 4) Amounts of investment corporation bonds to be redeemed annually within five years after the date of the balance sheet are as follows.

(Million yen)

Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years
-	4,000	2,500	2,000	-

6. Schedule of Loans Payable

Category	Lender	Balance as of April 1, 2016 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2016 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
Short-term loans payable	Mizuho Bank, Ltd.	400	-	400	-	0.21614%	August 31, 2016	Lump-sum upon maturity	(Note 4)	Unsecured/Unsecured
	Sumitomo Mitsui Banking Corporation	400	-	400	-					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	400	-	400	-					
	Mizuho Bank, Ltd.	2,000	-	2,000	-					
	Sumitomo Mitsui Banking Corporation	2,000	-	2,000	-	0.21614%	August 31, 2016			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000	-	2,000	-					
	Mizuho Bank, Ltd.	-	1,500	500	1,000	0.20682%	August 31, 2017 (Note 2)			
	Sumitomo Mitsui Banking Corporation	-	1,500	500	1,000					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	1,500	500	1,000					
	Subtotal		7,200	4,500	8,700	3,000				
Long-term loans payable	Aozora Bank, Ltd.	100	-	-	100	1.18975%	February 28, 2017 (Note 3)	Lump-sum upon maturity	(Note 4)	Unsecured/Unsecured
	Shinkin Central Bank	100	-	-	100					
	Mizuho Bank, Ltd.	200	-	-	200					
	Mizuho Trust & Banking Co., Ltd.	200	-	-	200					
	Sumitomo Mitsui Banking Corporation	200	-	-	200					
	Sumitomo Mitsui Trust Bank, Limited	100	-	-	100					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	100	-	-	100					
	Mitsubishi UFJ Trust and Banking Corporation	300	-	-	300					
	Resona Bank, Limited	200	-	-	200					
	Development Bank of Japan Inc.	1,200	-	-	1,200					
	The Bank of Fukuoka, Ltd.	500	-	-	500	1.19475%	February 28, 2017 (Note 3)			
	Mizuho Bank, Ltd.	400	-	-	400					
	Sumitomo Mitsui Banking Corporation	1,100	-	-	1,100					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,300	-	-	1,300					
	The Yamaguchi Bank, Ltd.	500	-	-	500					
	Development Bank of Japan Inc.	941	-	-	941	1.15475%	February 28, 2019			
	Mizuho Bank, Ltd.	1,470	-	-	1,470					
	Sumitomo Mitsui Banking Corporation	1,470	-	-	1,470					
	The Norinchukin Bank	2,352	-	-	2,352	0.95750%	August 31, 2017 (Note 3)			
	Mizuho Bank, Ltd.	176	-	-	176					
Sumitomo Mitsui Banking Corporation	176	-	-	176						
Mizuho Bank, Ltd.	750	-	-	750	0.89900%	February 28, 2019				
Mizuho Trust & Banking Co., Ltd.	2,250	-	-	2,250						
Sumitomo Mitsui Banking Corporation	750	-	-	750						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	750	-	-	750						

	Category	Balance as of April 1, 2016 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2016 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
	Lender									
Long-term loans payable	Mizuho Bank, Ltd.	400	-	-	400	1.02225%	February 28, 2020	Lump-sum upon maturity	(Note 5)	Unsecured/Unguaranteed
	Mizuho Trust & Banking Co., Ltd.	500	-	-	500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,700	-	-	1,700					
	Mitsubishi UFJ Trust and Banking Corporation	2,142	-	-	2,142					
	Resona Bank, Limited	500	-	-	500					
	The 77 Bank, Ltd.	500	-	-	500	0.75600%	February 28, 2018			
	The Hiroshima Bank, Ltd.	500	-	-	500					
	Mizuho Bank, Ltd.	100	-	-	100					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500	-	-	500					
	Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500					
	Aozora Bank, Ltd.	200	-	-	200	0.65475%	February 28, 2017 (Note 3)			
	Shinkin Central Bank	200	-	-	200					
	Mizuho Bank, Ltd.	300	-	-	300					
	Mizuho Trust & Banking Co., Ltd.	400	-	-	400					
	Sumitomo Mitsui Banking Corporation	300	-	-	300					
	Sumitomo Mitsui Trust Bank, Limited	200	-	-	200					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	700	-	-	700					
	Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500					
	Resona Bank, Limited	200	-	-	200					
	Aozora Bank, Ltd.	1,000	-	-	1,000					
	Mizuho Bank, Ltd.	500	-	-	500	1.17200%	August 31, 2020			
	Mizuho Trust & Banking Co., Ltd.	200	-	-	200					
	Sumitomo Mitsui Trust Bank, Limited	2,500	-	-	2,500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	600	-	-	600					
	Mitsubishi UFJ Trust and Banking Corporation	200	-	-	200					
	Resona Bank, Limited	500	-	-	500					
	Aozora Bank, Ltd.	500	-	-	500					
	Mizuho Bank, Ltd.	200	-	-	200					
	Mizuho Trust & Banking Co., Ltd.	200	-	-	200	0.47471%	August 31, 2018			
	Sumitomo Mitsui Banking Corporation	1,100	-	-	1,100					
Sumitomo Mitsui Trust Bank, Limited	500	-	-	500						

	Category	Balance as of April 1, 2016 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2016 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
	Lender									
Long-term loans payable	Mizuho Bank, Ltd.	300	-	-	300	1.17350%	February 28, 2022	Lump-sum upon maturity	(Note 5)	Unsecured/Unguaranteed
	Sumitomo Mitsui Banking Corporation	300	-	-	300					
	Sumitomo Mitsui Trust Bank, Limited	400	-	-	400					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800	-	-	800					
	Mizuho Bank, Ltd.	400	-	-	400					
	Mizuho Trust & Banking Co., Ltd.	980	-	-	980	1.11000%	February 28, 2022			
	Sumitomo Mitsui Banking Corporation	500	-	-	500					
	Sumitomo Mitsui Trust Bank, Limited	1,500	-	-	1,500					
	Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500					
	Resona Bank, Limited	800	-	-	800					
	The Senshu Ikeda Bank, Ltd.	500	-	-	500	0.95225%	February 26, 2021			
	Mizuho Bank, Ltd.	400	-	-	400					
	Mizuho Trust & Banking Co., Ltd.	500	-	-	500					
	Sumitomo Mitsui Banking Corporation	500	-	-	500					
	Sumitomo Mitsui Trust Bank, Limited	500	-	-	500					
	Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500					
	The Yamaguchi Bank, Ltd.	500	-	-	500					
	Resona Bank, Limited	500	-	-	500					
	Mizuho Bank, Ltd.	405	-	-	405					
	Sumitomo Mitsui Banking Corporation	1,145	-	-	1,145					
	The Shizuoka Bank, Ltd.	500	-	-	500	0.79614%	February 28, 2020			
	Shinkin Central Bank	500	-	-	500					
	The Bank of Fukuoka, Ltd.	500	-	-	500					
	Mizuho Bank, Ltd.	300	-	-	300					
	Sumitomo Mitsui Banking Corporation	300	-	-	300					
	Mizuho Bank, Ltd.	2,500	-	-	2,500	0.96475%	August 31, 2022			
	Sumitomo Mitsui Banking Corporation	2,000	-	-	2,000					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	900	-	-	900					
	Mizuho Bank, Ltd.	2,450	-	-	2,450	0.83600%	August 31, 2021			
	Sumitomo Mitsui Banking Corporation	1,950	-	-	1,950					

Category	Lender	Balance as of April 1, 2016 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2016 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
	The Senshu Ikeda Bank, Ltd.	200	-	-	200					
	The Shizuoka Bank, Ltd.	200	-	-	200					
	The 77 Bank, Ltd.	200	-	-	200					
	Shinkin Central Bank	200	-	-	200					
	The Norinchukin Bank	500	-	-	500					
	The Hiroshima Bank, Ltd.	200	-	-	200					
	The Bank of Fukuoka, Ltd.	700	-	-	700					
	Mizuho Bank, Ltd.	1,000	-	-	1,000					
	Mizuho Trust & Banking Co., Ltd.	800	-	-	800					
	Sumitomo Mitsui Banking Corporation	600	-	-	600					
	Sumitomo Mitsui Trust Bank, Limited	300	-	-	300					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800	-	-	800					
	Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500					
	The Yamaguchi Bank, Ltd.	200	-	-	200					
	Resona Bank, Limited	500	-	-	500					
	Development Bank of Japan Inc.	1,000	-	-	1,000	0.85250%	February 28, 2023	Lump-sum upon maturity	(Note 4)	Unsecured/Unguaranteed
	The Norinchukin Bank	800	-	-	800					
	The Bank of Fukuoka, Ltd.	500	-	-	500					
	Mizuho Bank, Ltd.	500	-	-	500					
	Sumitomo Mitsui Banking Corporation	500	-	-	500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	300	-	-	300					
	Resona Bank, Limited	750	-	-	750					
	The Senshu Ikeda Bank, Ltd.	500	-	-	500					
	The Shizuoka Bank, Ltd.	500	-	-	500					
	The 77 Bank, Ltd.	500	-	-	500					
	Shinkin Central Bank	500	-	-	500					
	The Norinchukin Bank	500	-	-	500					
	The Hiroshima Bank, Ltd.	500	-	-	500					
	Mizuho Bank, Ltd.	600	-	-	600					
	Sumitomo Mitsui Banking Corporation	300	-	-	300					
	Mizuho Bank, Ltd.	700	-	700	-	0.21614%	August 31, 2016	(Note 4)		
	Sumitomo Mitsui Banking Corporation	700	-	700	-					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	700	-	700	-					
	Mitsubishi UFJ Trust and Banking Corporation	700	-	700	-					

Category	Lender	Balance as of April 1, 2016 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2016 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
	Mizuho Trust & Banking Co., Ltd.	1,000	-	-	1,000					
	Sumitomo Mitsui Banking Corporation	450	-	-	450					
	Development Bank of Japan Inc.	2,100	-	-	2,100	0.67400%	August 31, 2023			
	Mizuho Bank, Ltd.	100	-	-	100					
	Aozora Bank, Ltd.	-	200	-	200	0.46442%	February 29, 2024	Lump-sum upon maturity	(Note 4)	Unsecured/Unguaranteed
	The Norinchukin Bank	-	300	-	300					
	Mizuho Bank, Ltd.	-	1,100	-	1,100					
	Mizuho Trust & Banking Co., Ltd.	-	500	-	500					
	Sumitomo Mitsui Banking Corporation	-	1,100	-	1,100					
	Sumitomo Mitsui Trust Bank, Limited	-	450	-	450					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	700	-	700					
	The Yamaguchi Bank, Ltd.	-	100	-	100					
	Resona Bank, Limited	-	300	-	300					
	The Senshu Ikeda Bank, Ltd.	-	100	-	100					
	The Shizuoka Bank, Ltd.	-	100	-	100					
	The 77 Bank, Ltd.	-	100	-	100					
	Shinkin Central Bank	-	100	-	100					
	Development Bank of Japan Inc.	-	600	-	600					
	The Hiroshima Bank, Ltd.	-	100	-	100					
	The Bank of Fukuoka, Ltd.	-	200	-	200					
	Mitsubishi UFJ Trust and Banking Corporation	-	450	-	450					
	Development Bank of Japan Inc.	-	400	-	400	0.59750%	August 29, 2025			
	Mizuho Bank, Ltd.	-	800	-	800					
	Sumitomo Mitsui Banking Corporation	-	800	-	800					
	Mitsubishi UFJ Trust and Banking Corporation	-	1,000	-	1,000	0.57000%	August 29, 2025			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	600	-	600					
	The Norinchukin Bank	-	300	-	300	0.49500%	August 30, 2024		(Note 5)	
	Mizuho Bank, Ltd.	-	200	-	200					
	Mizuho Trust & Banking Co., Ltd.	-	500	-	500					
	Sumitomo Mitsui Banking Corporation	-	200	-	200					
	Sumitomo Mitsui Trust Bank, Limited	-	400	-	400					
	Resona Bank, Limited	-	300	-	300					
	Subtotal	82,009	12,000	2,800	91,209					
	Total	89,209	16,500	11,500	94,209					

(Note 1) The "average interest rate" is a weighted-average figure during the fiscal period and is rounded to the fifth decimal place. Furthermore, the average interest rate of borrowings for which the Investment Corporation conducted interest rate swap transactions for the purpose of hedging the interest rate fluctuation risk is the rate obtained by taking into account the effect of interest rate swaps.

(Note 2) The Investment Corporation borrowed short-term loans payable initially totaling 4.5 billion yen on August 31, 2016. Of the amount, the Investment Corporation made early repayment for 1.5 billion yen on September 30, 2016 and for 1.8 billion yen on December 9, 2016. The amount of the early repayment to each lender is 1.1 billion yen respectively.

(Note 3) These loans are recorded in the current liabilities on the balance sheet as current portion of long-term loans payable as of the end of the 22nd fiscal period.

(Note 4) These loans are used as funds for the acquisition of real estate trust beneficiary interests, etc.

(Note 5) These loans are used as funds for repayment of existing borrowings.

(Note 6) These loans are used as funds for redemption of the Second Series Unsecured Investment Corporation Bonds (with pari passu clause among specified investment corporation bonds and with limitations on resale among qualified institutional investors) issued in March 2007.

(Note 7) Amounts of long-term loans payable to be repaid annually within five years after the date of the balance sheet are as follows.

(Million yen)				
Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years
12,205	4,600	8,382	12,292	14,300



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Independent Auditor's Report

The Board of Directors
 Sekisui House SI Residential Investment Corporation

We have audited the accompanying financial statements of Sekisui House SI Residential Investment Corporation, which comprise the balance sheet as at September 30, 2016, and the statements of income and retained earnings, changes in net assets, cash distributions, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sekisui House SI Residential Investment Corporation as at September 30, 2016, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

December 22, 2016
 Tokyo, Japan

Overview of the Investment Corporation

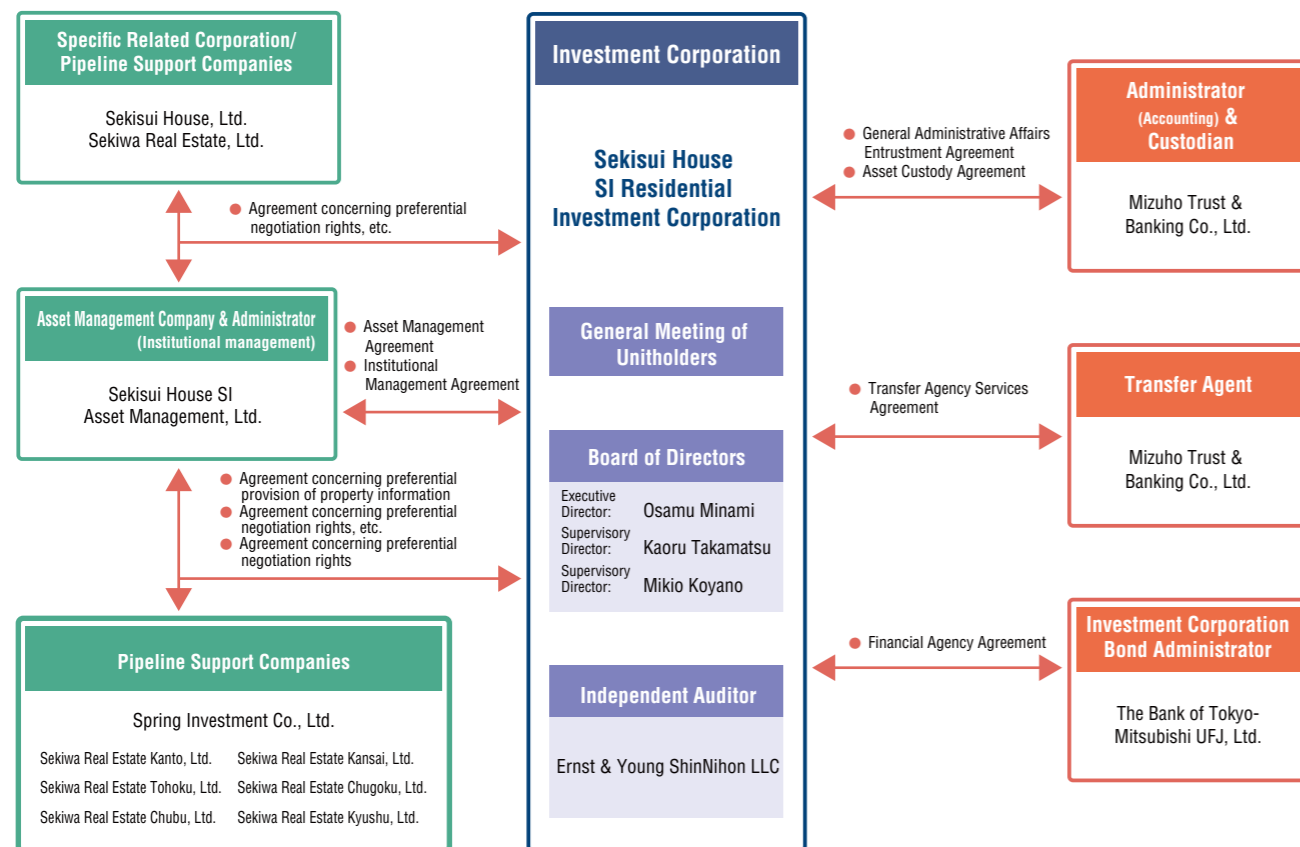
Trade Name	Sekisui House SI Residential Investment Corporation
Address	3-1-31 Minami-Aoyama, Minato-ku, Tokyo Tel: +81-3-5770-8973 (main number)
Representative	Osamu Minami, Executive Director
Asset Management Company	Sekisui House SI Asset Management, Ltd.
Fiscal Term	End of March and end of September
History	<ul style="list-style-type: none"> April 20, 2005 Registration and Establishment under Article 166 of the Act Concerning Investment Trusts and Investment Corporations (Investment Trusts Act) May 19, 2005 Implementation of registration by the Prime Minister under Article 187 of the Investment Trusts Act. (registration number: Director of Kanto Local Finance Bureau No.33) July 28, 2005 Listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange

Overview of the Asset Management Company

Corporate Name	Sekisui House SI Asset Management, Ltd.
Head Office	3-1-31 Minami-Aoyama, Minato-ku, Tokyo Tel: +81-3-5770-8973 (main number)
Paid-in Capital	200 million yen
Shareholders	<ul style="list-style-type: none"> Sekisui House, Ltd. 75% Spring Investment Co., Ltd. 25%
Directors	<ul style="list-style-type: none"> President: Osamu Minami Executive Vice President: Nobuyoshi Sato Senior Managing Director: Koji Sakamoto (in charge of IR & Financial Affairs Department, Engineering Management Department, Real Estate Investment Department and Management Department) Director: Masaki Katsura (in charge of Asset Management Department) Director (part-time): Yoshiki Inazawa (Senior Manager, Accounting & Finance Department, Sekisui House, Ltd.) Auditor (part-time): Naoki Kawamura (Section Manager, Legal Department, Sekisui House, Ltd.)
History	<ul style="list-style-type: none"> July 28, 2004 Established April 18, 2005 Obtained license as asset management agent for investment corporation under the Investment Trusts Act (approval number: No. 41 licensed by the Prime Minister)

Organizational Structure

Based on its Articles of Incorporation, the Investment Corporation manages the funds paid in by the unitholders by investing primarily in real estate and related assets. The following diagram indicates the operational roles and assignments of the companies involved in the management and administration of the Investment Corporation.



Structure to Manage the Investment Corporation

The asset management of the Investment Corporation is entrusted to Sekisui House SI Asset Management, Ltd., the asset management company. The following diagram shows the organizational chart of the asset management company and its institutions in charge of compliance. Furthermore, "Engineering Management Department" was newly established as of July 1, 2016, as a department that is dedicatedly engaged in preparing long-term repair plans and investigating and controlling large-scale repairs, etc. for the investment properties of the Investment Corporation.

