



# 20<sup>th</sup> Semi-Annual Report

## 20th Fiscal Period

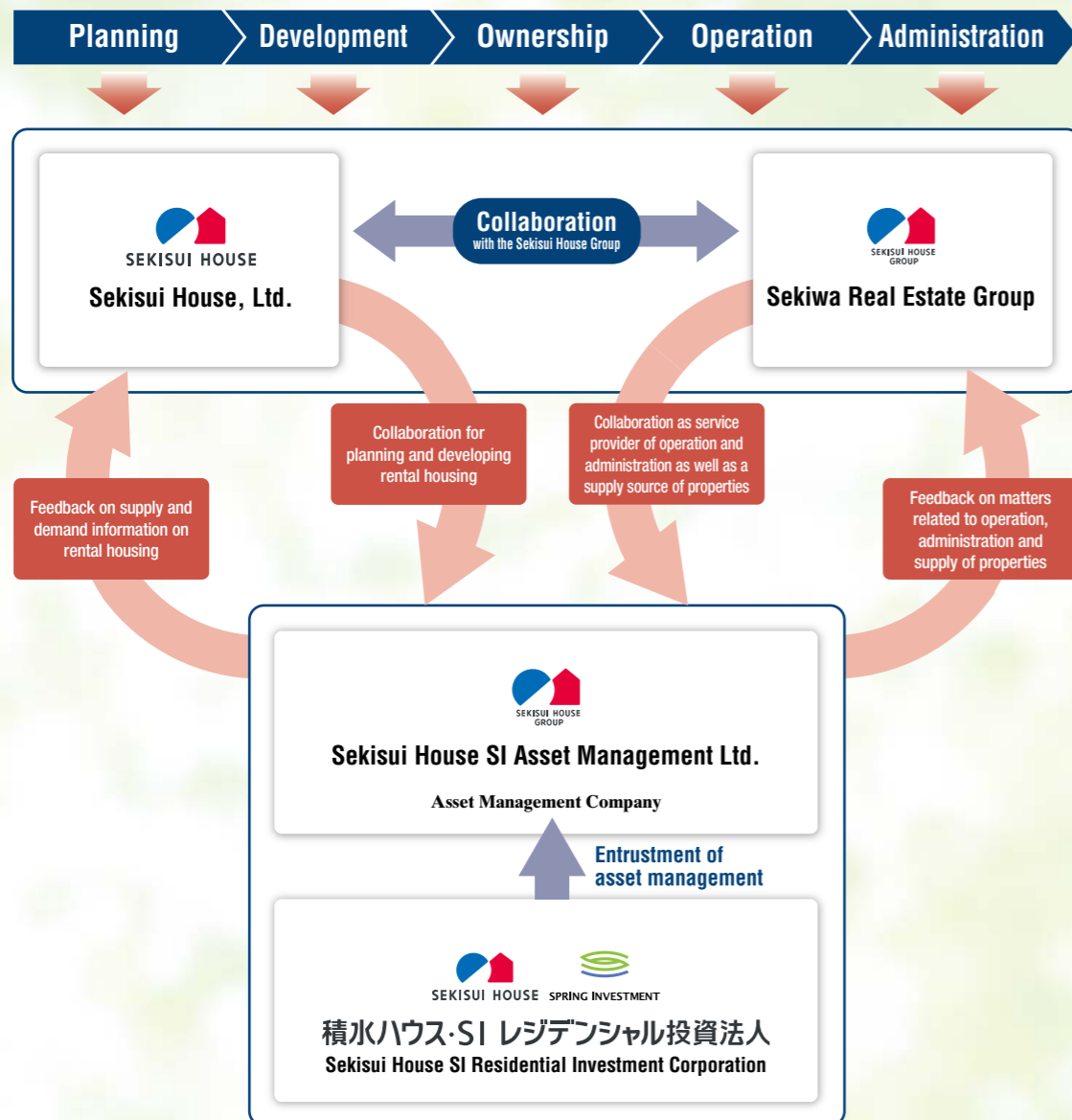
(from April 1, 2015 to September 30, 2015)



# 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

### Residential Portfolio Focused on Greater Tokyo that Has a Deep and Broad Demand Base

Asset Size		Investment Ratio of Residential Properties		Investment Ratio of Greater Tokyo for Residential Properties	
Total acquisition price	¥184.2 billion	Ratio of residential properties	97.1%	Ratio of Greater Tokyo for residential properties	72.6%
Number of owned properties	107 properties	Number of residential properties	105 properties	Number of residential properties in Greater Tokyo	71 properties
<small>As of December 31, 2015</small>		<small>As of December 31, 2015</small>		<small>As of December 31, 2015</small>	

### Portfolio of Relatively New Properties Achieving High Occupancy

Occupancy Ratio		Average Property Age	
Entire portfolio	96.0%	Entire portfolio	9.0 years
Residential properties	95.8%	Residential properties	8.9 years
<small>As of November 30, 2015</small>		<small>As of December 31, 2015</small>	

### Credit Ratings Based on Stable Financial Base

Status of Credit Ratings			
Japan Credit Rating Agency, Ltd. (JCR)	AA-	Rating and Investment Information, Inc. (R&I)	A+
<small>(Long-term issuer rating)</small>	<small>(Stable)</small>	<small>(Issuer rating)</small>	<small>(Stable)</small>
<small>As of December 31, 2015</small>			

## 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.

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Dear Investors,

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

Sekisui House SI Residential Investment Corporation (the "Investment Corporation") was listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. (the TSE J-REIT market) in July 2005. Since then, the Investment Corporation has steadily accumulated a track record of securing stable earnings and solid growth in its investment properties from a medium- to long-term perspective. As we entered our eleventh year in July 2015, we would like to express our gratitude to our unitholders for the support they have extended us. Now, let me report on the business results of the Investment Corporation for the fiscal period ended September 2015 (20th 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 disposing them at the appropriate time while endeavoring to continue their stable management.

In the fiscal period under review as well, under the aforementioned policy, the Investment Corporation acquired Granmast KANAZAWA NISHIIZUMI and Granmast UNOMORI from Sekiwa Real Estate Chubu, Ltd., a Sekisui House Group company, in April, and Esty Maison TSUTSUJIGAOKA in May and Esty Maison KOHOKU TSUNASHIMA in July, respectively, through proprietary property acquisition routes of the Asset Management Company. Meanwhile, of the existing retail properties, we disposed part of RINKU HAGURAZAKI Plaza (*sokochi*) in April and b-toss IKEBUKURO in June by accurately taking opportunities in the booming real estate transaction market, both at a price higher than the book value and the appraisal value.

Consequently, the number of properties owned increased to 110 as of the end of the 20th fiscal period, with the asset size totaling 191.0 billion yen. The ratio of residential properties in the entire portfolio rose to 93.0%. In terms of the occupancy ratio of the entire portfolio for the fiscal period, the period-end occupancy ratio stood at 96.7% and the period average occupancy ratio was 96.2%, both maintaining high levels.

On the financial side, the Investment Corporation newly borrowed 4.6 billion yen in total to partly fund the acquisition of Granmast KANAZAWA NISHIIZUMI and Granmast UNOMORI in April and Esty Maison KOHOKU TSUNASHIMA in July. It also made early repayment of loans totaling 3.1 billion yen in May and June by utilizing proceeds from the disposition of existing retail properties mentioned above, among other sources. As such, we continued our efforts to maintain a stable financial base.

As a result of these endeavors, the Investment Corporation posted an operating revenue of 6,411 million yen, operating income of 2,743 million yen and net income of 2,209 million yen for the 20th fiscal period.

Furthermore, on October 1, 2015 or at the very beginning of the 21st fiscal period ending March 2016, the Investment Corporation acquired MAST LIFE HINO, located in Hino City, Tokyo, from Sekiwa Real Estate, Ltd. The acquisition increased its number of owned properties to 111 and expanded the asset size to 192.3 billion yen as of November 16, 2015 (the announcement date of business results for the 20th fiscal period).

Going forward, we will continue striving to maximize unitholder value by building a portfolio that is centered on the high-quality rental residential properties planned and developed by the Sekisui House Group, while taking into account the distribution levels, with an aim to further increase earnings through expansion of asset size. We appreciate your continued support as in the past.

## Performance Highlights

### Distribution per Unit

20th Fiscal Period Ended September 2015 **Cash distribution per unit ¥2,122**

### Business Results and Distribution

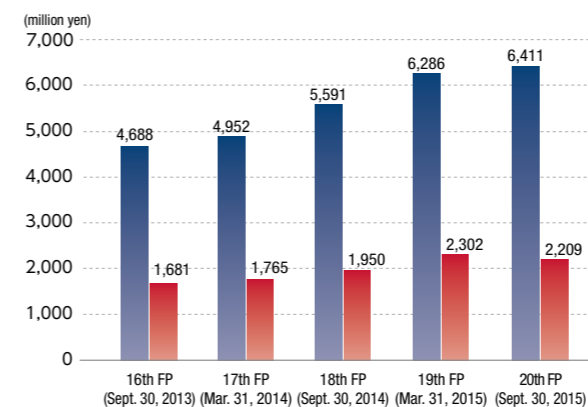
Settlement Date	Sept. 2013	Mar. 2014	Sept. 2014	Mar. 2015	Sept. 2015	Mar. 2016
Fiscal Period	16th FP	17th FP	18th FP	19th FP	20th FP	21st FP (Forecast)
Operating revenue (million yen)	4,688	4,952	5,591	6,286	6,411	6,429
Operating income (million yen)	2,179	2,242	2,463	2,814	2,743	2,683
Ordinary income (million yen)	1,684	1,767	1,952	2,305	2,211	2,161
Net income (million yen)	1,681	1,765	1,950	2,302	2,209	2,158
Provision for reserve for reduction entry (million yen)	-	-	-	77	49	-
Cash distribution per unit (yen)	2,107 (10,537)	2,212 (11,062)	2,131 (10,655)	2,185 (10,925)	2,122 (10,610)	2,120 (10,600)

(Note 1) The values of respective items in the "Mar. 2016 21st FP (Forecast)" column are the figures that reflect the revisions announced on November 30, 2015 to the management status forecast for the fiscal period ending March 2016. The actual operating revenue, operating income, ordinary income, net income, provision for reserve for reduction entry and distribution per unit may be subject to change due to such factors as additional acquisitions or dispositions of real properties 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 distribution amount in providing the forecast figures. Furthermore, the Investment Corporation executed a five-for-one split of its investment units on April 1, 2014. Taking into account the effect of the investment unit split, the distribution per unit for the fiscal period ended March 2014 (17th fiscal period) and before represents the figure obtained by dividing the actual distribution per unit for each period (figure in parenthesis) by 5. For the fiscal period ended September 2014 (18th fiscal period) and after, the figure in parentheses for each period indicates the value obtained by multiplying the actual distribution per unit or the forecast by 5. The same follows hereafter.

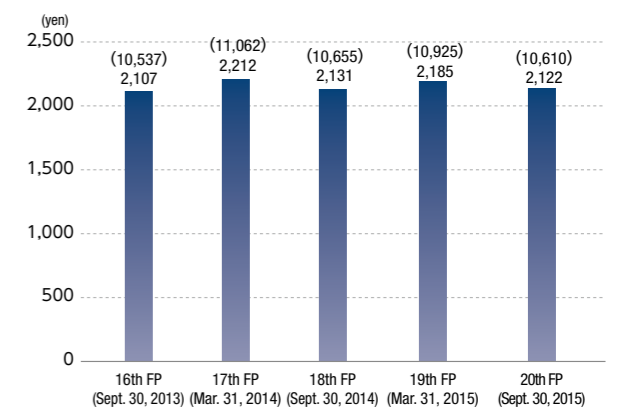
(Note 2) Distribution per unit for the fiscal period ended March 2015 (19th fiscal period) and the fiscal period ended September 2015 (20th fiscal period) is calculated based on the amount of unappropriated retained earnings less the provision for reserve for reduction entry of 77 million yen and 49 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



## Summary of Management Results for the 20th Fiscal Period Ended September 2015

Business Results and Cash Distributions	<ul style="list-style-type: none"> <li>Operating revenue: ¥6,411 million, operating income: ¥2,743 million, net income: ¥2,209 million, provision for reserve for reduction entry: ¥49 million</li> <li>Cash distribution per unit: <b>¥2,122</b> (up 0.1% over initial forecast)</li> </ul>
Financing Activities	<ul style="list-style-type: none"> <li>Conducted new borrowings (¥4.6 billion in total) to fund the acquisition of 3 residential properties purchased in April and July 2015</li> <li>Conducted early repayment of loans totaling ¥3.1 billion in May and June 2015 by utilizing proceeds from disposition of retail properties</li> </ul>
Portfolio Management Status	<ul style="list-style-type: none"> <li>Occupancy ratio (entire portfolio): 96.7% (at end of 20th fiscal period (September 30, 2015))</li> <li>Acquired 4 residential properties, of which 2 were acquired through the property pipelines of the Sekisui House Group and the other 2 by utilizing proprietary property acquisition routes of the Asset Management Company</li> <li>Disposed part of RINKU HAGURAZAKI Plaza (<i>sokochi</i>) as well as b-toss IKEBUKURO, both of which are retail properties, with the intention of further reinforcing portfolio stability</li> </ul>

## Table of Contents

3 To Our Unitholders

4 Performance Highlights

5 Portfolio Management

6 Further Reinforcement of Financial Base

7 CSR and Environmental Activities

9 Portfolio Map

11 Management Discussion and Analysis

22 Financial Section (Audited)

23 Financial Statements

I. Balance Sheet

II. Statement of Income and Retained Earnings

III. Statement of Changes in Net Assets

IV. Statement of Cash Distributions

V. Statement of Cash Flows

29 Notes to Financial Statements

49 Independent Auditor's Report

51 Overview of the Investment Corporation and Asset Management Company

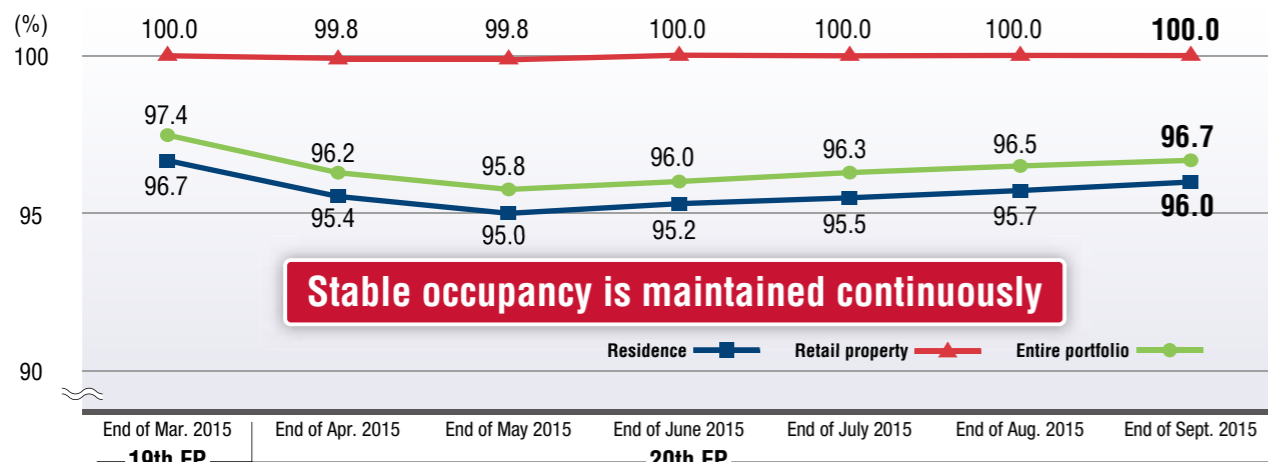
53 Unitholders Information

## Portfolio Management

In an effort to secure stable rental income, the Investment Corporation implements strategic leasing activities to suit the building and area characteristics and other features of individual properties it owns, in coordination with property management companies centering on Sekiwa Real Estate companies.

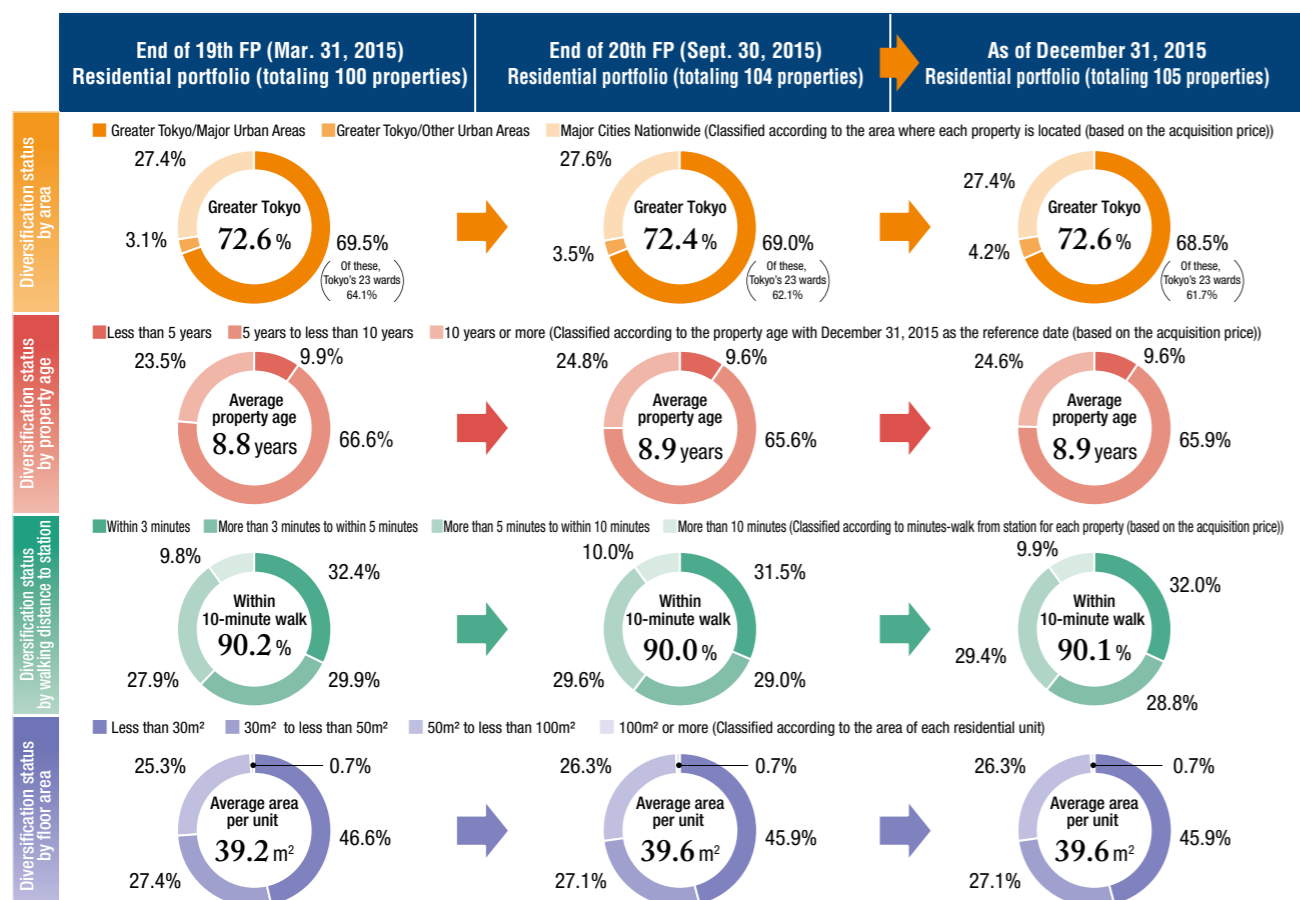
### Changes in Occupancy Ratio

In the first half of the 20th fiscal period, some properties showed lower occupancy. Nevertheless, as the Investment Corporation conducted agile and flexible leasing activities, the occupancy ratio of the entire portfolio was 96.2% on average throughout the fiscal period and stood at 96.7% as of the end of the period (September 30, 2015), continuing to stay at high levels.



(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 2015 to September 2015, rounded to the first decimal place.

### (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, 2015 set as the base date) with the investment ratio calculated based on the acquisition price, rounded down to the first decimal place.  
 (Note 2) "Average area per unit" is calculated based on the total leasable residential area of owned properties and the total number of rentable residential units as of each point of time, rounded down to the first decimal place.

## Further Reinforcement of Financial Base

The Investment Corporation is promoting further reinforcement of its financial base through financial strategies such as reducing borrowing costs and lengthening borrowing periods, given the credibility of Sekisui House, Ltd.

### Stabilization of the Financial Base

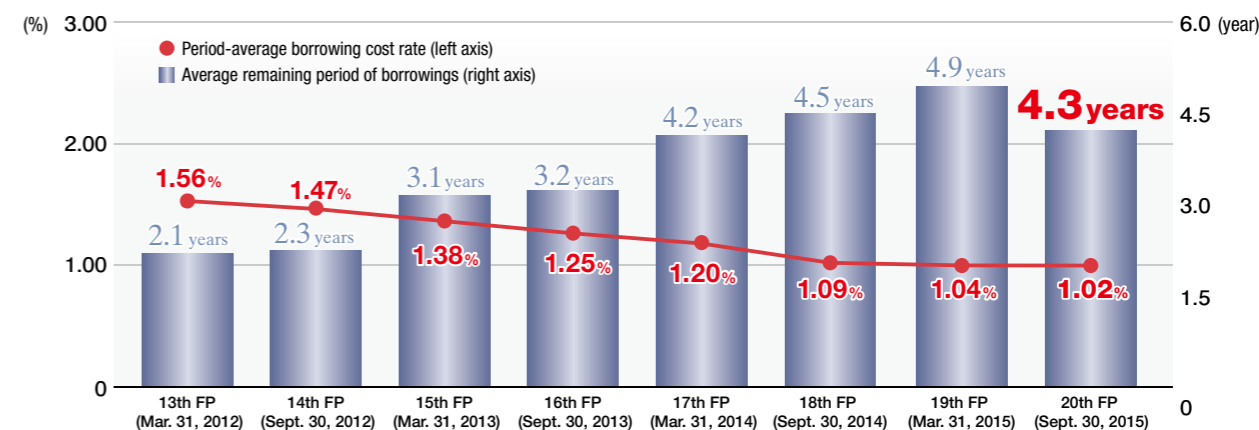
The Investment Corporation is working to maintain the ratio of fixed interest rates, the ratio of long-term borrowings and the average remaining period of borrowings at current levels from the perspective of stabilizing its financial base.



(Note 1) "Ratio of fixed interest rates" includes the interest rates of borrowings that have been practically fixed by concluding interest rate swap agreements, 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.

### Changes in Period-Average Borrowing Cost Rate and Average Remaining Period of Borrowings

In the fiscal period under review, the Investment Corporation achieved a further decrease in the period-average borrowing cost rate as it reduced borrowing related expenses on top of the lowered spread upon refinancing in the 19th fiscal period contributing throughout the 20th fiscal period.

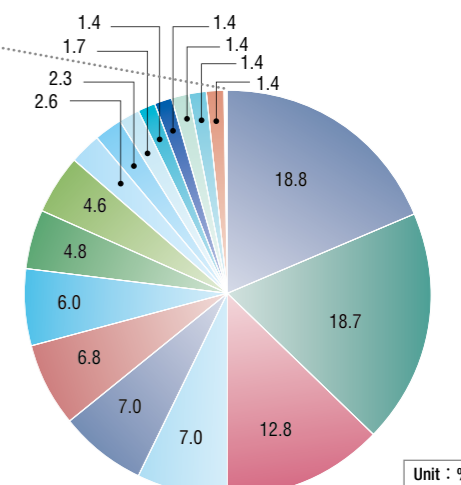


(Note) "Period-average borrowing cost rate" is calculated by using the formula below and is rounded to the second decimal place:  
 Period-average borrowing cost rate = Period borrowing cost (annualized) / Balance of period-average interest-bearing debt  
 Borrowing cost = Interest expenses + borrowing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

### Status of Bank Formation

The Investment Corporation has promoted construction of the bank formation comprising 17 financial institutions centering on the 3 Japanese megabanks, based on the credibility of Sekisui House, Ltd. The borrowing status of the Investment Corporation as of September 30, 2015 is as follows.

Financial Institution	Outstanding Balance (million yen)	Share (%)
Mizuho Bank, Ltd.	16,226	18.8
Sumitomo Mitsui Banking Corporation	16,066	18.7
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,000	12.8
Mizuho Trust & Banking Co., Ltd.	6,030	7.0
Sumitomo Mitsui Trust Bank, Limited	6,000	7.0
Mitsubishi UFJ Trust and Banking Corporation	5,842	6.8
Development Bank of Japan Inc.	5,141	6.0
The Norinchukin Bank	4,152	4.8
Resona Bank, Limited.	3,950	4.6
The Bank of Fukuoka, Ltd.	2,200	2.6
Aozora Bank, Ltd.	2,000	2.3
Shinkin Central Bank	1,500	1.7
The Senshu Ikeda Bank, Ltd.	1,200	1.4
The 77 Bank, Ltd.	1,200	1.4
The Hiroshima Bank, Ltd.	1,200	1.4
The Yamaguchi Bank, Ltd.	1,200	1.4
The Shizuoka Bank, Ltd.	1,200	1.4
<b>Total debt</b>	<b>86,109</b>	<b>100.0</b>

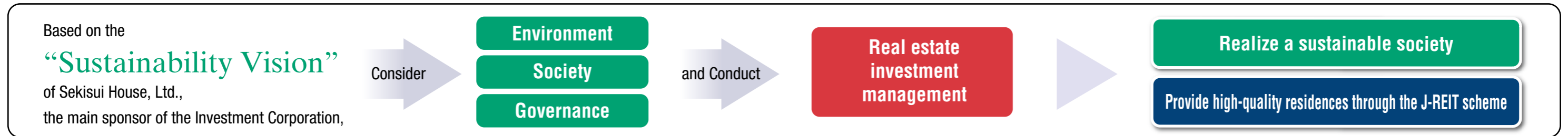


Unit : %

# CSR and Environmental Activities

The Investment Corporation established its Environmental Basic Policy, Sustainability Policy and objectives in the 19th fiscal period ended March 2015. In the fiscal period under review, it implemented the following initiatives as well as acquired recognition from outside agencies.

## Environmental Basic Policy




## Case Studies of CSR and Environmental Activities

### Replaced lighting equipment in common areas with LED lamps

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

20th fiscal period ended September 2015

Additionally implemented at **6** properties  
Replacement completed at **14** properties in total




- Approx. 481,492kwh annual reduction in electricity usage forecast
- Approx. 211 ton annual reduction in greenhouse gas emissions forecast

### Replaced air-conditioning units in exclusive areas with energy-saving units

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

20th fiscal period ended September 2015

Additionally implemented at **100** units  
Replacement completed at **162** units in total




- Approx. 13% annual reduction per unit in electricity usage forecast
- Approx. 112kg annual reduction per unit in greenhouse gas emissions forecast

### Implemented installation of water-saving equipment (flow control valves)

Intended to counter the depletion of resources through a reduction in water usage in common areas

20th fiscal period ended September 2015

Additionally implemented at **9** locations in **5** properties  
Implementation completed at **168** locations in **95** properties in total




- Through the installation of flow control valves, which do not affect water pressure can lead to a reduction in water usage, a single flow control valve is estimated to result in an approx. 30% reduction in water usage.

### Installed vending machines equipped for disaster relief

Intended to introduce facilities to enable tenants to continue living safely and securely in the event of a disaster, as well as contributing to areas in which we own properties

20th fiscal period ended September 2015

Installed at **8** properties



- Installed vending machines which sell drinks in normal operations as ordinary machines, can allow people to take drinks out easily and free of charge during disasters and other emergencies.

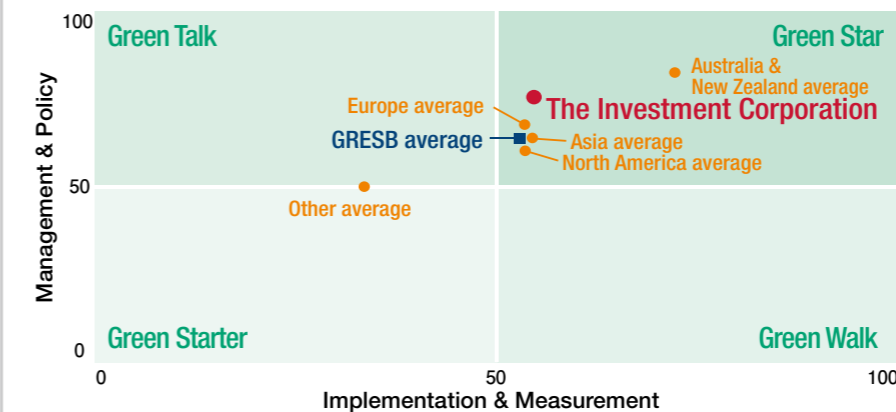
## Global Real Estate Sustainability Benchmark ("GRESB")

The Investment Corporation acquired the highest "Green Star" rating in the 2015 Global Real Estate Sustainability Benchmark ("GRESB") Survey to real estate companies, the first ever for a residential J-REIT. Furthermore, the Investment Corporation was selected as "Sector Leader" in Asia's Residential Sector (ranked first).



### Assessment Model

The GRESB survey evaluates two dimensions, "Management and Policy," with respect to consideration for the environment, society and governance, and "Implementation and Measurement," with respect to actual effort. The result is divided into four categories ("Green Star," "Green Talk," "Green Walk" and "Green Starter") based on the GRESB evaluation model.



- ### Assessment Points
- Establishment of a policy for sustainability and management system of such policy
  - Proactive implementation of measures to mitigate environmental impact such as energy-saving activities
  - Implementation of monitoring with an aim of enhancement of sustainability performance
  - Establishment of a system of collaboration with stakeholders such as tenants of properties

### Overview of the Global Real Estate Sustainability Benchmark ("GRESB")

The GRESB is a benchmark system for evaluating sustainability performance in the real estate sector, established in 2009 primarily by major European pension fund groups, which played a major role in establishing the United Nations-backed Principles for Responsible Investment Initiative, for the purpose of enhancing shareholder value by applying environmental, social and governance (ESG) considerations to real estate investments. As of September 2015, 51 major institutional investors are GRESB members with total assets under management of approximately 732 trillion yen (approximately US\$6.1 trillion [at a rate of 120 yen to the U.S. dollar]) and use GRESB in selecting investment objects and discussions with clients in which they invest.

# 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.

## Major Cities Nationwide (Osaka City)

- Residence-20 Esty Maison KYOBASHI
- Residence-23 Esty Maison MINAMIHORIE
- Residence-28 Esty Maison JOTO
- Residence-29 Esty Maison TSUKAMOTO
- Residence-41 Esty Maison NISHINAKAJIMA
- Residence-59 Prime Maison YUHIGAOKA
- Residence-60 Prime Maison KITATANABE
- Residence-72 Esty Maison KAWARAMACHI
- Residence-73 Esty Maison NISHITENMA



## Major Cities Nationwide (Fukuoka City)

- Residence-35 Esty Maison TENJINHIGASHI I
- Residence-36 Esty Maison TENJINHIGASHI II
- Residence-46 Esty Maison HAKATAHIGASHI
- Residence-47 Esty Maison KAMIGOFUKU
- Residence-55 MAST HAKATA
- Residence-61 Prime Maison MOMOCHIHAMMA
- Residence-67 Prime Maison TERIHA
- Residence-93 Esty Maison YAKUIN
- Residence-103 Prime Maison CENTRAL PARK



## Major Cities Nationwide (Nagoya City)

- Residence-13 Esty Maison IMAIKE
- Residence-51 Prime Maison HIGASHISAKURA
- Residence-52 Prime Maison KAYABAKOEN
- Residence-58 Prime Maison GOKISO
- Residence-65 Prime Maison TAKAMI
- Residence-66 Prime Maison YADAMINAMI
- Residence-68 Esty Maison HIGASHISHIRAKABE
- Residence-92 Esty Maison AOI
- Residence-96 Prime Maison FUJIMIDAI
- Residence-97 Esty Maison TSURUMAI



## Greater Tokyo/Major Urban Areas



- |                                            |                                               |                                             |
|--------------------------------------------|-----------------------------------------------|---------------------------------------------|
| Residence-1 Esty Maison GINZA              | Residence-34 Esty Maison OIZUMIGAKUEN         | Residence-79 Esty Maison NAKANO             |
| Residence-3 Esty Maison AZABUNAGASAKA      | Residence-39 Esty Maison HIGASHISHINAGAWA     | Residence-80 Esty Maison SHINNAKANO         |
| Residence-4 Esty Maison EBISU II           | Residence-42 Esty Maison ITABASHIKUYAKUSHOMAE | Residence-81 Esty Maison NAKANOFUJIMICHO    |
| Residence-5 Esty Maison EBISU              | Residence-43 Esty Maison MUSASHIKOYAMA        | Residence-82 Esty Maison TETSUGAKUDO        |
| Residence-6 Esty Maison KANDA              | Residence-44 Esty Maison SENDAGI              | Residence-83 Esty Maison KOENJI             |
| Residence-8 Esty Maison KITASHINJUKU       | Residence-45 Esty Maison YOTSUYASAKAMACHI     | Residence-84 Esty Maison OSHIAGE            |
| Residence-10 Esty Maison ASAKUSA KOMAGATA  | Residence-48 Esty Maison SANGENJAYA           | Residence-85 Esty Maison AKABANE            |
| Residence-12 Esty Maison KAWASAKI          | Residence-53 Esty Maison SANGENJAYA II        | Residence-86 Esty Maison OJI                |
| Residence-14 Esty Maison SHINKAWASAKI      | Residence-54 Esty Maison ITABASHI C6          | Residence-87 Prime Maison WASEDA            |
| Residence-15 Esty Maison YOKOHAMA          | Residence-56 Esty Maison KINSHICHO            | Residence-88 Prime Maison HATCHOBORI        |
| Residence-16 Esty Maison KAMEIDO           | Residence-57 Esty Maison MUSASHIKOGANEI       | Residence-89 Prime Maison JINBOCHO          |
| Residence-17 Esty Maison MEGURO            | Residence-62 Esty Maison AKIHABARA            | Residence-90 Prime Maison GOTENYAMA EAST    |
| Residence-19 Esty Maison SUGAMO            | Residence-63 Esty Maison SASAZUKA             | Residence-91 MAST LIFE AKIHABARA            |
| Residence-21 Esty Maison MEGUROHONCHO      | Residence-64 Prime Maison GINZA EAST          | Residence-94 Esty Maison KINSHICHO II       |
| Residence-22 Esty Maison HAKURAKU          | Residence-69 Esty Maison SENGOKU              | Residence-95 Esty Maison OJIMA              |
| Residence-24 Esty Maison GOTANDA           | Residence-70 Esty Maison DAIZAWA              | Residence-98 Prime Maison MORISHITA         |
| Residence-25 Esty Maison OISENDAIZAKA      | Residence-71 Esty Maison TOGOSHI              | Residence-99 Prime Maison SHINAGAWA         |
| Residence-26 Esty Maison SHINAGAWA SEASIDE | Residence-74 Esty Maison SHIROKANEDAI         | Residence-104 MAST LIFE YAHIRO              |
| Residence-27 Esty Maison MINAMIAZABU       | Residence-75 Esty Maison HIGASHISHINJUKU      | Residence-105 Prime Maison EBISU            |
| Residence-30 Esty Maison KAWASAKI II       | Residence-76 Esty Maison MOTOAZABU            | Residence-106 Esty Maison SHIBAURA          |
| Residence-31 Esty Maison AZABUJUBAN        | Residence-77 Esty Maison TORITSUDAIGAKU       | Residence-110 Esty Maison KOHOKU TSUNASHIMA |
| Residence-33 Esty Maison ITABASHIHONCHO    | Residence-78 Esty Maison MUSASHIKOYAMA II     | Retail-4 b-town MINAMIAOYAMA                |

## Greater Tokyo/Other Urban Areas

- Residence-11 Esty Maison MACHIDA
- Residence-18 Esty Maison YACHIYO MIDORIGAOKA
- Residence-40 Esty Maison HACHIOJIMINAMINO
- Residence-50 Prime Maison MUSASHINONOMORI
- Residence-109 Esty Maison TSUTSUJIGAOKA
- Residence-111 MAST LIFE HINO (Acquired in 21st FP)
- Retail-5 KOJIMA x BIC CAMERA Kamifukuoka store (Disposed in 21st FP)(Note)
- Retail-8 Joy Square YUGAWARA (Disposed in 21st FP)



(Note) KOJIMA x BIC CAMERA Kamifukuoka store was formerly called KOJIMA NEW KAMIFUKUOKATEN but the property name was changed to the present one as of June 22, 2015. The same follows hereafter.

## Major Cities Nationwide (Kyoto City, Sapporo City, Hamamatsu City and other areas)

- Residence-37 Esty Maison SHIJONISHINOTOIN
- Residence-100 Prime Maison ODORI KOEN
- Residence-101 Prime Maison MINAMI 2-JO
- Residence-102 Prime Maison KAMOKAMOGAWA
- Residence-107 Granmast KANAZAWA NISHIZUMI
- Residence-108 Granmast UNOMORI
- Retail-1 HAMAMATSU Plaza
- Retail-3 RINKU HAGURAZAKI Plaza (Disposed in 21st FP)
- Retail-9 Bell Plaza Shopping Center (Disposed in 21st FP)



# Management Discussion and Analysis

## Overview of Asset Management

### 1. Changes in Operating Results and Other Management Data

Fiscal Period	Unit	16th Fiscal Period (April 1, 2013 - September 30, 2013)	17th Fiscal Period (October 1, 2013 - March 31, 2014)	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)
Accounting period						
Operating revenue	mm yen	4,688	4,952	5,591	6,286	6,411
Rent revenue - real estate	mm yen	(4,683)	(4,917)	(5,591)	(6,134)	(6,330)
Operating expenses	mm yen	2,508	2,710	3,127	3,472	3,667
Expenses related to rent business	mm yen	(2,066)	(2,233)	(2,560)	(2,835)	(2,975)
Operating income	mm yen	2,179	2,242	2,463	2,814	2,743
Ordinary income	mm yen	1,684	1,767	1,952	2,305	2,211
Net income (a)	mm yen	1,681	1,765	1,950	2,302	2,209
Total assets (b)	mm yen	148,871	156,878	176,892	194,035	195,280
(Period-on-period variation)	%	(+11.2)	(+5.4)	(+12.8)	(+9.7)	(+0.6)
Net assets (c)	mm yen	69,976	70,059	81,010	91,227	91,213
(Period-on-period variation)	%	(+18.2)	(+0.1)	(+15.6)	(+12.6)	(-0.0)
Unitholder's capital	mm yen	68,294	68,294	79,059	88,925	88,925
Investment units issued (d)	units	159,605	159,605	915,240	1,018,110	1,018,110
Net assets per unit (c)/(d)	yen	438,432	(Note 5) 87,791	88,512	89,605	89,590
Total cash distributions (e)	mm yen	1,681	1,765	1,950	2,224	2,160
Cash distribution per unit (e)/(d)	yen	10,537	11,062	2,131	2,185	2,122
Earnings distribution per unit	yen	(10,537)	(11,062)	(2,131)	(2,185)	(2,122)
Distribution in excess of earnings per unit	yen	(—)	(—)	(—)	(—)	(—)
Ordinary income to total assets (Note 2)	%	1.2 (2.4)	1.2 (2.3)	1.2 (2.3)	1.2 (2.5)	1.1 (2.3)
Return on unitholders' equity (Note 2)	%	2.6 (5.2)	2.5 (5.1)	2.6 (5.2)	2.7 (5.4)	2.4 (4.8)
Unitholders' equity ratio (c)/(b)	%	47.0	44.7	45.8	47.0	46.7
(Period-on-period variation)		(2.8)	(-2.3)	(1.1)	(1.2)	(-0.3)
Distribution payout ratio (Note 3)	%	99.9	100.0	99.9	96.6	97.7
[Other reference information]						
Number of investment properties (Note 4)	properties	89	95	99	107	110
Total leasable area	m <sup>2</sup>	301,179.47	318,602.26	357,494.91	399,249.82	400,210.45
Period-end occupancy ratio (Note 4)	%	97.1	97.5	97.1	97.4	96.7
Depreciation	mm yen	1,018	1,073	1,252	1,369	1,431
Capital expenditures	mm yen	17	86	68	153	97
Leasing NOI (net operating income) (Note 2)	mm yen	3,636	3,757	4,283	4,669	4,786

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

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

Distribution per unit (excluding distribution in excess of earnings per unit) / Net income per unit  
For the 16th, 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.

(Note 5) The Investment Corporation implemented a five-for-one split of its investment units with March 31, 2014 and April 1, 2014 as the record date and the effective date, respectively. Accordingly, net assets per unit have been calculated on the assumption that the split of investment units was conducted at the beginning of the 17th fiscal period. Furthermore, net assets per units for the 17th fiscal period stands at 438,957 yen when it is calculated without assuming that the split of investment units was conducted at the beginning of the 17th fiscal period.

### 2. Asset Management Status for the 20th Fiscal Period

#### (1) Brief History of the Investment Corporation

Sekisui House SI Residential Investment Corporation (the "Investment Corporation") is an investment corporation sponsored by Sekisui House, Ltd. ("Sekisui House"), a leading company in the housing industry, and Spring Investment Co., Ltd. ("Spring Investment"), an international fund manager, and has worked to establish a stable portfolio primarily comprising residential properties.

The Investment Corporation listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. on July 28, 2005. Subsequently, as Sekisui House and Spring Investment were selected as new sponsors replacing the former sponsor, they acquired the outstanding shares of the asset management company to which the Investment Corporation entrusts the management of its assets on March 8, 2010, with 75% equity interest held by Sekisui House and 25% by Spring Investment. This firmly established a collaboration system with the two companies serving as joint sponsors for the Investment Corporation and the asset management company.

Later, at the Sixth 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 1) as residences. At the same time, it was resolved to change the Investment Corporation's trade name to Sekisui House SI Residential Investment Corporation in order to strongly demonstrate the shift of its investment targets.

The Investment Corporation aims to become a leading company among REITs investing in residential properties by building a highly stable portfolio that is centered on the high-quality rental residential properties developed by the Sekisui House Group (Note 2) as well as by working to reinforce its financial base, in an effort to maximize the interests of its unitholders.

(Note 1) "Mainly used" means that a majority of the total exclusive area of the relevant real estate-related asset is allocated for a specific use.

(Note 2) The Sekisui House Group refers to the group encompassing Sekisui House and its 194 subsidiaries and 20 affiliated companies (as of the end of July 2015).

#### (2) Investment Environment and Asset Management Results

##### 1) Operating Environment

During the 20th fiscal period, the Japanese economy presumably remained on course for a modest recovery, as witnessed by capital investment showing a moderate upward trend in light of improved corporate earnings, etc. and by a steady improvement in the employment and income environments, although impacts of slowdown in emerging economies on Japan's exports and production are observed.

Under these circumstances, the Tokyo Stock Exchange (TSE) REIT Index remained solid and generally within the range of 1,800 to 1,900 points through the end of June. The figure dropped sharply in July and thereafter, however, as investors became more risk-averse due to the impact of the Greek debt problem and the Chinese stock market plunge, among other reasons. Subsequently in September, the Index increased month-on-month for the first time in 5 months, given steady improvements observed in the real estate fundamentals and long-term interest rates remaining stable at low levels. The figure marked the second consecutive month with an increase in October, given the receding anticipation of a U.S. interest rate hike and other factors, and has remained solid thereafter.

As for the land price trend, the national average continued to show a downward trend both for residential land and commercial land, but the rate of decrease was decelerated, according to the government's Prefectural Land Price Survey as of July 1, 2015. Presumably, the decelerating rate of decrease 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 trends as a growing willingness to invest in real estate in light of the favorable fund procurement environment resulting from the monetary easing measures.

By area, the average in the three major metropolitan areas (the Greater Tokyo, Osaka Area and Nagoya Area) indicates an increase at a higher rate in the commercial land price and a continued rise in the residential land price, though at a mild pace. In these areas, land prices increased in slightly less than 70% of the surveyed sites for commercial land and more than 40% for residential land, respectively. In regional areas, meanwhile, more than 70% of the surveyed sites showed a decrease in both the residential land and commercial land prices. However, there was a larger number of sites with an increase or leveling-off. In particular, core regional cities demonstrated a higher rate of price increase both for residential land and commercial land.

In terms of the demand trend for rental residential properties, the number of single-person households centering on young people is increasing in Greater Tokyo and some major cities including government designated cities because of population inflow from other regions. In addition, there continue to be a decreased orientation for possessing one's own houses, primarily among young generations, due to changes of mind-sets such as turning away from buying their own homes as well as due to more diversified lifestyles. Given these backgrounds, latent demand for rental residential properties remain solid, and rental condominiums featuring superior locations and quality enjoy stable occupancy.

As for the supply trend for rental residential properties, supply has increased year-on-year for the 5 consecutive months until September as the impact of the drop following the rush demand prior to the consumption tax rate hike in April 2014 has faded, according to the Statistics on Building Construction Starts (October 2015) by the Ministry of Land, Infrastructure, Transport and Tourism. However, as the figure continues to remain at a low level, the supply and demand situation in the rental residential properties market is believed to largely remain in good shape.

Meanwhile, according to the Monthly Report of Recent Economic and Financial Developments (November 2015) by the Bank of Japan, the labor supply and demand situation demonstrated a clear improvement trend both for new opening ratio and effective opening-to-application ratio, and employee compensation also moderately increased. Consumer spending has remained solid against the backdrop of a steady improvement in the employment and income environments. Accordingly, it is considered that rents for stores, which are influenced by private consumption trends, have been levelling off or recovering.

**2) Asset Management Results**

**A. Measures for maximizing the interests of unitholders**

[Changes in the asset size]

The Investment Corporation started the 20th fiscal period with management of 107 properties it owned as of March 31, 2015, having total acquisition price of 188,771 million yen (excluding, however, miscellaneous acquisition related expenses, fixed property taxes, city planning taxes, consumption taxes and local consumption taxes; the same follows hereafter). After acquiring two residential properties in April 2015, the Investment Corporation acquired a residential property in May and another in July (total acquisition price of 5,301 million yen). On the other hand, it disposed part of a retail property in April 2015 and another retail property in June (total acquisition price of 3,052 million yen). As a result, the properties owned by the Investment Corporation as of the end of the fiscal period under review totaled 110 properties (104 residential properties and 6 retail properties), with the total acquisition price amounting to 191,020 million yen (177,579 million yen for residential properties and 13,441 million yen for retail properties).

The table below indicates the properties acquired or disposed during the 20th fiscal period.

<Newly acquired properties>

Property No.	Property Name	Location	Acquisition Price (million yen)	Acquisition Date
Residence-107	Granmast KANAZAWA NISHIIZUMI	Nishiizumi, Kanazawa-shi, Ishikawa	1,005	April 2, 2015
Residence-108	Granmast UNOMORI	Unomori, Yokkaichi-shi, Mie	745	April 2, 2015
Residence-109	Esty Maison TSUTSUJIGAOKA	Nishitsutsujigaoka, Chofu-shi, Tokyo	871	May 14, 2015
Residence-110	Esty Maison KOHOKU TSUNASHIMA	Shin-yoshida Higashi, Kohoku-ku, Yokohama-shi, Kanagawa	2,680	July 10, 2015

<Disposed properties>

Property No.	Property Name	Location	Disposition Price (million yen)	Disposition Date
Retail-3	RINKU HAGURAZAKI Plaza (land section for which Kojima Co., Ltd. was the lessee)(Note)	Tajiri-cho, Sennan-gun, Osaka, etc.	1,150	April 28, 2015
Retail-7	b-toss IKEBUKURO	Nishiikebukuro, Toshima-ku, Tokyo	2,050	June 12, 2015

(Note) RINKU HAGURAZAKI Plaza is a retail property comprised of three sections where Kohnan Shoji Co., Ltd., AEONTOWN Co., Ltd. and Kojima Co., Ltd. respectively have fixed-term land leasehold rights for business purposes as the lessees. These sections are separated from each other by roads. Of RINKU HAGURAZAKI Plaza, the portion disposed in the 20th fiscal period represents the real estate trust beneficiary interest in the section where Kojima Co., Ltd. had fixed-term land leasehold rights for business purposes as the lessee as of the disposition date.

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

The Investment Corporation acquired two MAST Series properties from Sekiwa Real Estate Chubu, Ltd. in April 2015, while acquiring two properties in May and July 2015 through the proprietary routes of the asset management company. Moreover, the Investment Corporation disposed part of a retail property in April 2015 and another retail property in June 2015. Through these series of initiatives, the Investment Corporation was able to further reinforce the stability of the earning base by enhancing the residential portfolio.

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

During the fiscal period, the Investment Corporation conducted leasing activities by paying attention to the trends in the surrounding rental markets in accordance with the property locations, residential types and tenant classifications. At the same time, it took various measures aiming to enhance property values and tenant satisfaction. Specifically, as measures to enhance leases, the Investment Corporation created added value by implementing renewals of aged and obsolete exclusive areas in a timely manner and introducing new facilities intended for better amenities, and installed model rooms. Moreover, it endeavored to improve tenant satisfaction by investigating the resident questionnaire results and fed back what can be improved to the relevant properties. Consequently, the occupancy ratio of the entire residential properties stood at 96.0% as of the end of the 20th fiscal period. Moreover, while endeavoring to increase incidental revenue by such measures as installing mobile phone base stations at its properties and to keep the rent levels upon tenant replacement and contract renewals, the Investment Corporation proactively worked to raise rents for more competitive residential units, which started to produce results. The Investment Corporation also implemented measures that are not only environmentally friendly but also helpful to reduce operational costs, such as introduction of LED lighting to common areas and installation of water-saving equipment.

For retail properties, stable occupancy has been maintained from the beginning of the fiscal period, with the occupancy ratio of the entire retail properties standing at 100.0% as of September 30, 2015.

As a result of these endeavors, the occupancy ratio of the entire portfolio was 96.7% as of the end of the fiscal period under review.

**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 promoted 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. For such reasons, the Investment Corporation has cooperated with Sekisui House, the main sponsor, which was the first in the housing industry to be recognized as an Eco-First Company by the Ministry of the Environment.

In addition, the Investment Corporation is working to obtain environmental recognition and certifications by external assessment institutions in order to grasp its position in the environmental awareness initiatives and use them as references. Following the acquisition of DBJ Green Building Certification in the previous fiscal year for certain buildings recognized as "Properties with exceptionally high environmental & social awareness" the Investment Corporation participated in the sustainability responsiveness survey by the Global Real Estate Sustainability Benchmark (GRESB) (Note) of real estate business operators in the 20th fiscal period. As a result, it acquired the highest "Green Star" ranking, the first ever for a residential J-REIT, and was selected as a "Sector Leader" in Asia's Residential Sector (ranked first).

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

(Note) The Global Real Estate Sustainability Benchmark (GRESB) is a benchmark system established in 2009 primarily by major European pension fund groups, which played a major role in establishing the United Nation-backed Principles for Responsible Investment Initiative, with the aim of enhancing shareholder value by applying environmental, social and governance considerations to real estate investments.

**(3) Summary of Fund Procurement**

During the 20th fiscal period, the Investment Corporation newly borrowed 1,800 million yen in short-term loans payable (loan period: approximately 11 months) in April 2015 and 2,800 million yen in long-term loans payable in July 2015 (loan period: approximately a year and two months). On the other hand, the Investment Corporation made early repayment of borrowings (3,100 million yen in total) in May and June 2015 by utilizing proceeds from dispositions of certain retail properties.

As a result of the above, the Investment Corporation had the balance of interest-bearing debts standing at 100,609 million yen (4,650 million yen in short-term loans payable, 81,459 million yen in long-term loans payable (including 6,350 million yen in current portion of long-term loans payable) and 14,500 million yen in investment corporation bonds) as of September 30, 2015.

In addition, the Investment Corporation has been granted the following credit ratings as of December 31, 2015 in light of the stable financial base established through these endeavors.

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 6,411 million yen, operating income of 2,743 million yen after deducting such operating expenses as outsourcing expenses, utilities expenses and asset management fees, ordinary income of 2,211 million yen and net income of 2,209 million yen in the 20th fiscal period.

Furthermore, the Investment Corporation decided to internally reserve part of the gain on sale of part of RINKU HAGURAZAKI Plaza (land section for which Kojima Co., Ltd. was the lessee) and b-toss IKEBUKURO 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 49 million yen as the provision for reduction entry, which is within the scope of application to Article 66-2 of the Special Taxation Measures Act, and excluding the fractions less than one yen per investment unit, 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 2,122 yen for the 20th fiscal period.

**3. Future Management Policies and Vital Issues**

**(1) Investment Environment**

Looking ahead, the Japanese economy is expected to recover moderately, given the employment and income environments continuing to show an improvement as well as various political measures proving effective, according to the Outlook for Economic Activity and Prices (October 2015) by the Bank of Japan. Exports are anticipated to stay within a level-off range for some time but will subsequently rise gradually as emerging economies start to outgrow the slowdown. In terms of domestic demand, a virtuous cycle from income to spending will presumably keep running firmly in both the household and corporate sectors, as companies keep their proactive attitude toward investment and consumer spending remains solid. However, attention must continue to be paid to the impact of the changes in the global monetary environment including concerns about a slowdown in the Chinese economy and the trends of the U.S. monetary policy.

In the real estate transaction market, the increase in real estate prices attributed to the expansion of the "quantitative and qualitative monetary easing" announced by the Bank of Japan on October 31, 2014 will probably continue going forward, amid the intensifying competition over properties due to diversification of market participants and the rents entering the upward phase. On the other hand, supply of new properties including high-quality rental residential properties, etc. is projected to remain at a low level over a medium term, primarily because of the increase in construction costs, among other factors. Accordingly, the expected investment return will presumably continue to show a decreasing trend for some time, given that the acquisition environment will become even more difficult. 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 and interest rate trends, 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, while setting Greater Tokyo / Other Urban Areas as areas to achieve a risk distribution effect for the Greater Tokyo residential portfolio. Moreover, in order to mitigate the risk associated with heavy concentration of the portfolio on Greater Tokyo, 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, carefully selected from among properties located in major metropolitan areas and Major Cities Nationwide by making the best use of the nationwide networks of the Sekisui House Group. 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.

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 existing retail properties it owns, the Investment Corporation will investigate selling them as a rule, while making efforts to achieve their stable management in cooperation with Sekisui House.






### B. Internal Growth Strategy

The Investment Corporation will continue to implement various measures to enhance cash flows from its owned properties. For residential properties, it will conduct large-scale repairs in a planned manner on top of building renovation and unit renewal work that it has been implementing at any time. At the same time, the Investment Corporation will work to reinforce property competitiveness and reduce operational costs by continuously conducting such initiatives as replacement of common area lighting to LED lamps. In addition, it will further strengthen coordination with the property management companies in an effort to enhance occupancy ratios and maintain and improve the contract renewal ratio. It will also focus on increasing rents upon concluding new contracts and renewing existing contracts with tenants, and on obtaining key money upon concluding new contracts. Moreover, the Investment Corporation will aim to increase revenues by endeavoring to improve the occupancy ratios of the parking lots at its properties.

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) companies that cover the 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 companies. 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 561,000 units throughout Japan (as of October 31, 2015), 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 which are wholly-owned subsidiaries of Sekisui House and expanding nationwide presence in Japan, and their subsidiaries and affiliates. Furthermore, the "Sekiwa Real Estate 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, Ltd. and the core companies of the real estate division of the Sekisui House Group.

<Summary of the Investment Corporation's Major Brands>

Brand Name	Prime Maison	Esty Maison	MAST Series
Logo type			
Explanation on brand	<p><b>Brand of Sekisui House</b></p> <p>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</p>	<p><b>Proprietary Brand of the Investment Corporation</b></p> <p>As a rule, high-quality urban rental condominiums the Investment Corporation acquired from outside the Sekisui House Group</p>	<p><b>Brand of the Sekiwa Real Estate Group</b></p> <p>As a rule, high-quality rental residential properties planned and developed by the Sekiwa Real Estate companies, which belong to the Sekisui House Group, or those in which they own in recognition of the value</p>

As for the retail properties, which are characterized by the fact that their earnings are impacted by the changes in the business climate and the competition environment in surrounding areas, the Investment Corporation will maintain close communications with the tenants on a daily basis and promptly respond to problems that may occur, in order to cope with such changes as soon as possible. By doing so, the Investment Corporation endeavors to maintain and enhance the value of the facilities.

### (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. Meanwhile, the Investment Corporation will investigate diversification of the fund procurement means and conduct fund procurement through appropriate means, paying close attention to the market environment.

### 4. Significant Events Occurring after Settling the 20th Fiscal Period

The Investment Corporation conducted the following significant event after the end of the 20th fiscal period (September 30, 2015).

#### Disposition of Owned Properties

The Investment Corporation disposed the following assets as an inseparable transaction under special provisions.

[Four retail properties of RINKU HAGURAZAKI Plaza (Note 1), KOJIMA x BIC CAMERA Kamifukuoka store, Joy Square Yugawara and Bell Plaza Shopping Center]

Disposed assets:	Trust beneficiary interests in real estate
Disposition price:	8,500 million yen
Agreement execution date and disposition date:	November 30, 2015
Buyer:	– (Note 2)

(Note 1) As described in (2) Investment Environment and Asset Management Results, 2) Asset Management Results, A. Measures for maximizing the interests of unitholders [Changes in the asset size], the Investment Corporation disposed part of the property on April 28, 2015. The portion disposed as of November 30, 2015 represents the real estate trust beneficiary interest in the section where Kohnan Shoji Co., Ltd. and AEONTOWN Co., Ltd. respectively had fixed-term land leasehold rights for business purposes as the lessees as of the disposition date.

(Note 2) The buyers are not disclosed as consent on disclosure has not been obtained from the buyers.

(Reference Information)

#### A. New Asset Acquisition

The Investment Corporation acquired the following property as of October 1, 2015.

Property No.	Property Name	Location (Note)	Acquisition Price (million yen)	Acquisition Date
Residence-111	MAST LIFE HINO	Shinmachi, Hino-shi, Tokyo	1,290	October 1, 2015

(Note) The "Location" represents the indication in the registry of the building.

#### B. Borrowing of Funds

The Investment Corporation borrowed funds as follows in order to allocate them for acquiring real estate trust beneficiary interests and for other purposes

Lender	Drawdown Date	Loan amount (million yen)	Interest Rate	Fixed/Floating	Repayment Date	Repayment Method	Use	Collateral
Mizuho Bank, Ltd.	October 1, 2015	400	0.30500% (Note)	Floating	August 31, 2016	Lump-sum repayment	Funds for acquisition of real estate beneficiary interest, etc.	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		400						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		400						
<b>Total</b>		<b>1,200</b>						

(Note) The interest rate is applicable for the period from November 30, 2015 to December 30, 2015.

#### C. Early Repayment of Existing Borrowings

The Investment Corporation made early repayment of the following borrowings for the full amount as of December 7, 2015.

Lender	Drawdown Date	Loan amount (million yen)	Interest Rate	Fixed/Floating	Repayment Date	Repayment Method	Use	Collateral
Mizuho Bank, Ltd.	March 31, 2015	950	0.30500% (Note)	Floating	February 29, 2016	Lump-sum repayment	Funds for acquisition of real estate beneficiary interest, etc.	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		950						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		950						
Mizuho Bank, Ltd.	April 2, 2015	600	0.30500% (Note)	Floating	February 29, 2016	Lump-sum repayment	Funds for acquisition of real estate beneficiary interest, etc.	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		600						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		600						
Development Bank of Japan Inc.	May 9, 2011	2,000	1.57000% (Note)	Fixed	February 29, 2016	Lump-sum repayment	Funds for repayment of existing borrowings	Unsecured and unguaranteed
Mizuho Bank, Ltd.		425						
Sumitomo Mitsui Banking Corporation		425						
Mizuho Bank, Ltd.	January 15, 2015	200	0.33000% (Note)	Floating	February 29, 2016	Lump-sum repayment	Funds for acquisition of real estate beneficiary interest, etc.	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		200						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		300						
<b>Total</b>		<b>8,200</b>						

(Note) The interest rates indicate the figures as of the early repayment date.

## 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, 2015.

	Property Name	Location (residence indication)	Form of Ownership	Total Leasable Floor Area (m²)	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	5,970	4,786
Residence-3	Esty Maison AZABUNAGASAKA	5-13-12 Roppongi, Minato-ku, Tokyo	Trust beneficiary interests	2,019.10	1,660	1,632
Residence-4	Esty Maison EBISU II	4-13-1 Higashi, Shibuya-ku, Tokyo	Trust beneficiary interests	2,062.10	1,870	1,839
Residence-5	Esty Maison EBISU	1-13-4 Hiroo, Shibuya-ku, Tokyo	Trust beneficiary interests	781.02	807	646
Residence-6	Esty Maison KANDA	2-3-4 Kanda-cho, Chiyoda-ku, Tokyo	Trust beneficiary interests	1,706.54	1,460	1,239
Residence-8	Esty Maison KITASHINJUKU	1-28-17 Kita-Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,881.19	1,460	1,184
Residence-10	Esty Maison ASAKUSA KOMAGATA	1-10-9 Komagata, Taïto-ku, Tokyo	Trust beneficiary interests	2,978.28	2,000	1,667
Residence-11	Esty Maison MACHIDA	2-1-17 Hara-machida, Machida-shi, Tokyo	Trust beneficiary interests	3,090.89	1,470	1,110
Residence-12	Esty Maison KAWASAKI	14-24 Ogawa-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	3,741.01	2,320	1,858
Residence-13	Esty Maison IMAIKE	3-12-28 Imaike, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	1,296.22	204	266
Residence-14	Esty Maison SHINKAWASAKI	1-4 Furuichiba, Saiwai-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	3,737.47	1,190	941
Residence-15	Esty Maison YOKOHAMA	3-33-1 Tsuruya-cho, Kanagawa-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	2,823.73	2,060	1,935
Residence-16	Esty Maison KAMEIDO	6-57-11 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	2,279.21	1,450	1,446
Residence-17	Esty Maison MEGURO	2-10-12 Mita, Meguro-ku, Tokyo	Trust beneficiary interests	1,070.13	1,030	804
Residence-18	Esty Maison YACHIYO MIDORIGAOKA	1-2-8 Midorigaoka, Yachiyo-shi, Chiba	Trust beneficiary interests	4,815.26	1,140	1,185
Residence-19	Esty Maison SUGAMO	4-14-15 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	2,619.17	1,580	1,470
Residence-20	Esty Maison KYOBASHI	2-7-10 Higashinoda-cho, Miyakojima-ku, Osaka-shi, Osaka	Trust beneficiary interests	4,613.04	2,770	2,366
Residence-21	Esty Maison MEGUROHONCHO	4-8-21 Megurohoncho, Meguro-ku, Tokyo	Trust beneficiary interests	1,656.02	1,050	1,130
Residence-22	Esty Maison HAKURAKU	1-18-19 Rokokubashi, Kanagawa-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	1,285.83	855	731
Residence-23	Esty Maison MINAMIHORIE	2-12-10 Minamihorie, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,804.48	998	963
Residence-24	Esty Maison GOTANDA	7-7-2 Nishi-Gotlanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	3,871.15	2,830	2,787
Residence-25	Esty Maison OISENDAZAKA	5-9-10 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,979.85	2,540	2,254
Residence-26	Esty Maison SHINAGAWA SEASIDE	3-25-20 Higashi-Shinagawa, Shinagawa-ku, Tokyo, etc.	Trust beneficiary interests	2,602.30	2,010	2,008
Residence-27	Esty Maison MINAMIAZABU	1-10-8 Minamiaizabu, Minato-ku, Tokyo	Trust beneficiary interests	1,082.12	1,180	1,211
Residence-28	Esty Maison JOTO	2-11-8 Noe, Joto-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,065.92	954	993
Residence-29	Esty Maison TSUKAMOTO	2-13-5 Tsukamoto, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,321.04	1,050	1,135
Residence-30	Esty Maison KAWASAKI II	12-4 Ogawa-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	2,824.86	1,950	1,750
Residence-31	Esty Maison AZABUJUBAN	1-11-1 Azabujuban, Minato-ku, Tokyo	Trust beneficiary interests	1,755.31	2,610	2,618
Residence-33	Esty Maison ITABASHIHONCHO	14-14 Yamato-cho, Itabashi-ku, Tokyo	Trust beneficiary interests	1,274.49	943	927
Residence-34	Esty Maison OIZUMIGAKUEN	2-12-15 Higashi-Oizumi, Nerima-ku, Tokyo	Trust beneficiary interests	1,362.36	823	807
Residence-35	Esty Maison TENJINHIGASHI I	4-3 Susaki-machi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,058.82	389	391
Residence-36	Esty Maison TENJINHIGASHI II	6-12 Susaki-machi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,943.72	718	736
Residence-37	Esty Maison SHIJONISHINOTOIN	697 Myodenji-cho, Shijo-sagaru, Nishinotoin-dori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interests	2,261.28	1,140	1,312
Residence-39	Esty Maison HIGASHISHINAGAWA	1-10-1 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,936.72	2,370	2,479
Residence-40	Esty Maison HACHIOJIMINAMINO	3-2-8 Nishikatakura, Hachioji-shi, Tokyo	Trust beneficiary interests	2,155.16	855	903
Residence-41	Esty Maison NISHINAKAJIMA	2-8-21 Higashinakajima, Higashiyodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,643.42	1,880	1,971
Residence-42	Esty Maison ITABASHIKUYAKUSHOMAE	2-46-11 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interests	3,915.81	2,540	2,519
Residence-43	Esty Maison MUSASHIKOYAMA	3-1-7 Ebara, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,176.78	1,050	963
Residence-44	Esty Maison SENDAGI	3-49-1 Sendagi, Bunkyo-ku, Tokyo	Trust beneficiary interests	897.30	709	724
Residence-45	Esty Maison YOTSUYASAKAMACHI	6-20 Yotsuyasakamachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	2,453.17	1,990	2,222
Residence-46	Esty Maison HAKATAHIGASHI	7-2-80 Yoshizuka, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	9,106.08	2,440	2,071
Residence-47	Esty Maison KAMIGOFUKU	13-3 Kamigofukumachi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	2,261.91	856	831
Residence-48	Esty Maison SANGENJAYA	2-16-9 Sangenjaya, Setagaya-ku, Tokyo	Trust beneficiary interests	856.08	840	850
Residence-50	Prime Maison MUSASHINONOMORI	5-15-3 Josuihoncho, Kodaira-shi, Tokyo	Trust beneficiary interests	3,924.58	1,850	1,508
Residence-51	Prime Maison HIGASHISAKURA	2-10-14 Higashisakura, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	3,118.11	1,400	1,070
Residence-52	Prime Maison KAYBAKOEN	2-7-13 Kayaba, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,163.98	756	611
Residence-53	Esty Maison SANGENJAYA II	3-11-6 Shimouma, Setagaya-ku, Tokyo	Trust beneficiary interests	894.64	819	683
Residence-54	Esty Maison ITABASHI C6	32-16 Oyama-higashi-cho, Itabashi-ku, Tokyo	Trust beneficiary interests	4,036.66	2,430	2,160
Residence-55	MAST HAKATA	4-22-25 Hakata Ekimae, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	9,614.80	2,380	1,853
Residence-56	Esty Maison KINSHICHO	1-1-8 Kinshi, Sumida-ku, Tokyo	Trust beneficiary interests	1,611.54	1,230	1,057
Residence-57	Esty Maison MUSASHIKOGANEI	2-6-5 Honcho, Koganei-shi, Tokyo	Trust beneficiary interests	2,275.24	1,630	1,470
Residence-58	Prime Maison GOKISO	2-17-2 Ayuchitori, Showa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	4,427.65	1,820	1,579
Residence-59	Prime Maison YUHIGAOKA	5-4-13 Ueshio, Tennoji-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,040.35	904	780
Residence-60	Prime Maison KITATANABE	4-9-17 Kitatanabe, Higashiumiyoshi-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,798.97	594	519
Residence-61	Prime Maison MOMOCHIHAMA	3-9-1 Momojihama, Sawara-ku Fukuoka-shi, Fukuoka	Trust beneficiary interests	7,514.76	1,970	1,799
Residence-62	Esty Maison AKIHABARA	3-4-2 Ueno, Taïto-ku, Tokyo	Trust beneficiary interests	2,324.65	1,860	1,533

	Property Name	Location (residence indication)	Form of Ownership	Total Leasable Floor Area (m²)	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	3,060	2,810
Residence-64	Prime Maison GINZA EAST	1-2-1 Tsukiji, Chuo-ku, Tokyo	Trust beneficiary interests	6,177.20	5,740	5,085
Residence-65	Prime Maison TAKAMI	2-6-7 Takami, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,016.79	985	883
Residence-66	Prime Maison YADAMINAMI	3-11-7 Yadamunami, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,168.59	768	696
Residence-67	Prime Maison TERIHA	1-3-7 Kashiiteriha, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	6,728.20	1,240	1,078
Residence-68	Esty Maison HIGASHISHIRAKABE	3-9-36 Yoshino, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	4,014.07	1,490	1,307
Residence-69	Esty Maison SENGOKU	4-6-17 Sengoku, Bunkyo-ku, Tokyo	Trust beneficiary interests	1,498.13	1,240	1,098
Residence-70	Esty Maison DAIZAWA	2-39-13 Daizawa, Setagaya-ku, Tokyo	Trust beneficiary interests	2,352.90	2,060	1,908
Residence-71	Esty Maison TOGOSHI	1-25-5 Togoshi, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,943.17	1,600	1,392
Residence-72	Esty Maison KAWARAMACHI	3-2-10 Kawaramachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,486.48	1,830	1,613
Residence-73	Esty Maison NISHITENMA	5-15-3 Nishitenma, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,877.90	1,610	1,416
Residence-74	Esty Maison SHIROKANEDAI	1-1-4 Kamiosaki, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,675.11	2,230	1,982
Residence-75	Esty Maison HIGASHISHINJUKU	6-22-5 Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,889.50	1,520	1,381
Residence-76	Esty Maison MOTOAZABU	3-6-6 Motoazabu, Minato-ku, Tokyo	Trust beneficiary interests	1,199.86	1,440	1,190
Residence-77	Esty Maison TORITSUDAIGAKU	2-7-17 Tairamachi, Meguro-ku, Tokyo	Trust beneficiary interests	1,035.78	804	744
Residence-78	Esty Maison MUSASHIKOYAMA II	3-11-4 Koyama, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,073.59	957	856
Residence-79	Esty Maison NAKANO	5-48-2 Chuo, Nakano-ku, Tokyo	Trust beneficiary interests	2,023.72	1,720	1,561
Residence-80	Esty Maison SHINNAKANO	6-10-7 Honcho, Nakano-ku, Tokyo	Trust beneficiary interests	1,107.57	934	858
Residence-81	Esty Maison NAKANOFUJIMICHO	5-13-1 Yayoicho, Nakano-ku, Tokyo	Trust beneficiary interests	1,299.60	940	876
Residence-82	Esty Maison TETSUGAKUDO	2-12-15 Matsugaoka, Nakano-ku, Tokyo	Trust beneficiary interests	1,531.89	1,100	964
Residence-83	Esty Maison KOENJI	5-25-26 Koenjinmami, Suginami-ku, Tokyo	Trust beneficiary interests	1,527.52	1,090	975
Residence-84	Esty Maison OSHIAGE	5-11-5 Narihira, Sumida-ku, Tokyo	Trust beneficiary interests	3,180.90	2,300	1,973
Residence-85	Esty Maison AKABANE	2-39-5 Akabane, Kita-ku, Tokyo	Trust beneficiary interests	4,302.84	3,050	2,749
Residence-86	Esty Maison OJI	2-25-8 Oji, Kita-ku, Tokyo	Trust beneficiary interests	2,289.44	1,520	1,391
Residence-87	Prime Maison WASEDA	544-11 Waseda Tsurumaki-cho, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,650.66	1,490	1,276
Residence-88	Prime Maison HATCHOBORI	4-11-9 Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interests	1,382.32	1,350	1,155
Residence-89	Prime Maison JINBOCHO	1-50-9 Kandajinbo-cho, Chiyoda-ku, Tokyo	Trust beneficiary interests	1,819.90	1,790	1,635
Residence-90	Prime Maison GOTENYAMA EAST	6-6-33 Kitashinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,512.91	2,570	2,127
Residence-91	MAST LIFE AKIHABARA	50-6 Kanda Sakumagashi, Chiyoda-ku, Tokyo	Trust beneficiary interests	803.36	511	485
Residence-92	Esty Maison AOI	1-14-20 Aoi, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	4,809.68	2,320	2,164
Residence-93	Esty Maison YAKUIN	1-13-8 Hirao, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	5,213.51	2,260	2,089
Residence-94	Esty Maison KINSHICHO II	3-5-19 Kotobashi, Sumida-ku, Tokyo	Trust beneficiary interests	9,469.65	7,720	6,861
Residence-95	Esty Maison OJIMA	5-32-5 Ojima, Koto-ku, Tokyo	Trust beneficiary interests	9,905.97	8,340	7,261
Residence-96	Prime Maison FUJIMIDAI	1-25 Fujimidai, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	5,704.63	1,930	1,799
Residence-97	Esty Maison TSURUMAI	2-20-1 Chiyoda, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	13,812.40	4,160	3,889
Residence-98	Prime Maison MORISHITA	3-6-4 Morishita, Koto-ku, Tokyo	Trust beneficiary interests	2,180.78	1,830	1,776
Residence-99	Prime Maison SHINAGAWA	1-3-16 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,107.88	1,790	1,728
Residence-100	Prime Maison ODORI KOEN	6-5-2 Odori-Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	7,360.37	2,980	2,745
Residence-101	Prime Maison MINAMI 2-JO	9-1-1 Minami 2jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	6,019.09	1,780	1,528
Residence-102	Prime Maison KAMOKAMOGAWA	1-6-1 Minami 7jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	4,102.08	1,160	1,011
Residence-103	Prime Maison CENTRAL PARK	4-2-5 Kashii Teriha, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	10,268.74	2,273	2,326
Residence-104	MAST LIFE YAHIRO	5-30-10 Yahiro, Sumida-ku, Tokyo	Trust beneficiary interests	3,409.16	1,770	1,729
Residence-105	Prime Maison EBISU	1-22-19 Ebisu, Shibuya-ku, Tokyo	Trust beneficiary interests	3,010.66	4,070	3,672
Residence-106	Esty Maison SHIBAURA	2-8-3 Shibaura, Minato-ku, Tokyo	Trust beneficiary interests	3,795.82	2,780	2,850
Residence-107	Granmast KANAZAWA NISHIZUMI	2-155-1 Nishizumi, Kanazawa-shi, Ishikawa	Trust beneficiary interests	4,634.50	1,050	1,069
Residence-108	Granmast UNOMORI	1-6-7 Unomori, Yokkaichi-shi, Mie	Trust beneficiary interests	2,280.00	771	788
Residence-109	Esty Maison TSUTSUJIGAOKA	1-14-19 Nishitsutsujigaoka, Chofu-shi, Tokyo, etc.	Trust beneficiary interests	1,849.70	909	926
Residence-110	Esty Maison KOHOKU TSUNASHIMA	8-45-25 Shin-yoshida Higashi, Kohoku-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficiary interests	6,867.48	2,708	2,882
Residence subtotal				331,401.40	189,194	172,889
Retail-1	HAMAMATSU Plaza (Note 2)	1020-1 Kaminishi-cho, Higashi-ku, Hamamatsu-shi, Shizuoka, etc.	Trust beneficiary interests	14,117.13	2,440	3,631
Retail-3	RINKU HAGURAZAKI Plaza	605-1 Kashoji Tajiri-cho, Sennan-gun, Osaka, etc.	Trust beneficiary interests	39,931.54	4,010	3,653
Retail-4	b-town MINAMIAOYAMA	3-6-7 Minamiaoyama, Minato-ku, Tokyo	Trust beneficiary interests	769.93	1,140	1,501
Retail-5	KOJIMA x BIC CAMERA Kamifukuoka store	5-10-18 Kamifukuoka, Fujimino-shi, Saitama	Trust beneficiary interests	3,413.40	1,140	1,247
Retail-8	Joy Square YUGAWARA	1-1617-54 Chuo, Yugawaramachi, Ashigarashimo-gun, Kanagawa	Trust beneficiary interests	4,404.35	1,580	1,702
Retail-9	Bell Plaza Shopping Center	1647-7 Nakamaruko, Ueda-shi, Nagano, etc.	Trust beneficiary interests	6,172.70	1,190	1,375
Other real estate in trust (Retail property) subtotal				68,809.05	11,500	13,113
Total				400,210.45	200,694	186,002

(Note 1) The "Estimated Value at End of Period" indicates either the appraisal value or survey value by real estate appraisers with September 30, 2015 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. Changes 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	19th Fiscal Period (Oct. 1, 2014 – Mar. 31, 2015)				20th Fiscal Period (Apr. 1, 2015 – Sept. 30, 2015)			
			Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rental Revenue throughout Period (million yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rental Revenue throughout Period (million yen)	Ratio to Total Rental Revenues (%)
Residence-1	Esty Maison GINZA		1	100.0	177	2.9	1	97.6	173	2.7
Residence-3	Esty Maison AZABUNAGASAKA		1	85.3	45	0.7	1	98.0	46	0.7
Residence-4	Esty Maison EBISU II		1	95.7	56	0.9	1	83.8	50	0.8
Residence-5	Esty Maison EBISU		1	96.1	23	0.4	1	96.1	24	0.4
Residence-6	Esty Maison KANDA		1	100.0	45	0.7	1	93.2	44	0.7
Residence-8	Esty Maison KITASHINJUKU		1	94.2	44	0.7	1	98.1	46	0.7
Residence-10	Esty Maison ASAKUSA KOMAGATA		1	96.5	63	1.0	1	95.6	64	1.0
Residence-11	Esty Maison MACHIDA		1	95.8	53	0.9	1	95.8	53	0.8
Residence-12	Esty Maison KAWASAKI		1	98.0	76	1.2	1	94.0	75	1.2
Residence-13	Esty Maison IMAIKE		1	96.9	15	0.3	1	91.4	14	0.2
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	62	1.0	1	100.0	65	1.0
Residence-16	Esty Maison KAMEIDO		1	98.9	52	0.9	1	89.6	51	0.8
Residence-17	Esty Maison MEGURO		1	91.8	29	0.5	1	97.5	30	0.5
Residence-18	Esty Maison YACHIO MIDORIGAOKA		1	98.4	44	0.7	1	91.4	43	0.7
Residence-19	Esty Maison SUGAMO		1	94.7	48	0.8	1	92.5	47	0.7
Residence-20	Esty Maison KYOBASHI		1	97.0	92	1.5	1	93.9	84	1.3
Residence-21	Esty Maison MEGUROHONCHO		1	96.9	32	0.5	1	89.8	32	0.5
Residence-22	Esty Maison HAKURAKU		1	98.2	30	0.5	1	92.9	30	0.5
Residence-23	Esty Maison MINAMIHORIE		1	98.6	35	0.6	1	95.4	34	0.5
Residence-24	Esty Maison GOTANDA		1	96.0	92	1.5	1	91.3	90	1.4
Residence-25	Esty Maison OISENDAIZAKA		1	99.2	80	1.3	1	99.2	78	1.2
Residence-26	Esty Maison SHINAGAWA SEASIDE		1	98.2	64	1.1	1	91.1	63	1.0
Residence-27	Esty Maison MINAMIAZABU		1	98.1	35	0.6	1	98.1	35	0.6
Residence-28	Esty Maison JOTO		1	97.0	32	0.5	1	93.6	32	0.5
Residence-29	Esty Maison TSUKAMOTO		1	88.5	37	0.6	1	95.8	39	0.6
Residence-30	Esty Maison KAWASAKI II		1	96.1	67	1.1	1	93.5	61	1.0
Residence-31	Esty Maison AZABUJUBAN		1	100.0	67	1.1	1	92.6	66	1.0
Residence-33	Esty Maison ITABASHIHONCHO		1	95.4	29	0.5	1	89.2	27	0.4
Residence-34	Esty Maison OIZUMIGAKUEN		1	91.2	24	0.4	1	93.2	24	0.4
Residence-35	Esty Maison TENJINHIGASHI I		1	97.8	15	0.3	1	93.5	15	0.2
Residence-36	Esty Maison TENJINHIGASHI II		1	98.8	27	0.4	1	95.1	28	0.4
Residence-37	Esty Maison SHUJONISHINOTOIN		1	97.8	46	0.8	1	95.6	40	0.6
Residence-39	Esty Maison HIGASHISHINAGAWA		1	97.6	72	1.2	1	92.3	68	1.1
Residence-40	Esty Maison HACHIOJIMINAMINO		1	98.8	33	0.5	1	95.3	33	0.5
Residence-41	Esty Maison NISHINAKAJIMA		1	91.5	61	1.0	1	93.0	63	1.0
Residence-42	Esty Maison ITABASHIKUYAKUSHOMAE		1	92.8	73	1.2	1	95.1	76	1.2
Residence-43	Esty Maison MUSASHIKOYAMA		1	97.4	31	0.5	1	96.0	31	0.5
Residence-44	Esty Maison SENDAGI		1	97.7	22	0.4	1	95.8	21	0.3
Residence-45	Esty Maison YOTSUYASAKAMACHI		1	98.1	54	0.9	1	96.7	58	0.9
Residence-46	Esty Maison HAKATAHIGASHI		1	98.9	85	1.4	1	94.7	84	1.3
Residence-47	Esty Maison KAMIGOFUKU		1	97.0	28	0.5	1	92.5	28	0.4
Residence-48	Esty Maison SANGENJAYA		1	100.0	24	0.4	1	100.0	23	0.4
Residence-50	Prime Maison MUSASHINONOMORI		1	97.6	63	1.0	1	96.4	62	1.0
Residence-51	Prime Maison HIGASHISAKURA		1	97.3	53	0.9	1	95.8	51	0.8
Residence-52	Prime Maison KAYABAHOEN		1	100.0	29	0.5	1	92.4	28	0.4
Residence-53	Esty Maison SANGENJAYA II		1	100.0	23	0.4	1	91.2	23	0.4
Residence-54	Esty Maison ITABASHI C6		1	94.6	77	1.3	1	91.1	77	1.2
Residence-55	MAST HAKATA		1	100.0	93	1.5	1	100.0	93	1.5
Residence-56	Esty Maison KINSHICHO		1	97.3	35	0.6	1	97.2	35	0.6
Residence-57	Esty Maison MUSASHIKOGANEI		1	93.2	53	0.9	1	97.1	51	0.8
Residence-58	Prime Maison GOKISO		1	90.7	64	1.1	1	96.7	64	1.0
Residence-59	Prime Maison YUHIGAOKA		1	100.0	30	0.5	1	100.0	31	0.5
Residence-60	Prime Maison KITATANABE		1	100.0	23	0.4	1	91.4	21	0.3
Residence-61	Prime Maison MOMOCHIYAMA		1	100.0	68	1.1	1	100.0	69	1.1
Residence-62	Esty Maison AKIHABARA		1	100.0	55	0.9	1	97.5	56	0.9
Residence-63	Esty Maison SASAZUKA		1	97.8	91	1.5	1	88.2	86	1.4
Residence-64	Prime Maison GINZA EAST		1	97.3	165	2.7	1	96.3	162	2.6

Use	Property No.	Property Name	19th Fiscal Period (Oct. 1, 2014 – Mar. 31, 2015)				20th Fiscal Period (Apr. 1, 2015 – Sept. 30, 2015)			
			Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rental Revenue throughout Period (million yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rental Revenue throughout Period (million yen)	Ratio to Total Rental Revenues (%)
Residence-65	Prime Maison TAKAMI		1	92.4	33	0.5	1	89.3	31	0.5
Residence-66	Prime Maison YADAMINAMI		1	96.2	27	0.4	1	95.7	27	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	47	0.7
Residence-69	Esty Maison SENGOKU		1	89.7	37	0.6	1	98.4	35	0.6
Residence-70	Esty Maison DAIZAWA		1	93.4	58	1.0	1	95.4	56	0.9
Residence-71	Esty Maison TOGOSHI		1	98.9	48	0.8	1	100.0	49	0.8
Residence-72	Esty Maison KAWARAMACHI		1	99.0	61	1.0	1	94.5	60	1.0
Residence-73	Esty Maison NISHITENMA		1	93.3	53	0.9	1	95.5	52	0.8
Residence-74	Esty Maison SHIROKANEDAI		1	97.9	58	0.9	1	95.8	60	1.0
Residence-75	Esty Maison HIGASHISHINJUKU		1	92.2	41	0.7	1	97.9	44	0.7
Residence-76	Esty Maison MOTOAZABU		1	100.0	40	0.7	1	100.0	41	0.6
Residence-77	Esty Maison TORITSUDAIGAKU		1	93.5	23	0.4	1	87.1	22	0.4
Residence-78	Esty Maison MUSASHIKOYAMA II		1	100.0	29	0.5	1	100.0	30	0.5
Residence-79	Esty Maison NAKANO		1	98.9	51	0.8	1	95.2	50	0.8
Residence-80	Esty Maison SHINNAKANO		1	98.0	28	0.5	1	98.0	28	0.4
Residence-81	Esty Maison NAKANOFUJIMICHO		1	87.4	27	0.4	1	90.8	26	0.4
Residence-82	Esty Maison TETSUGAKUDO		1	80.6	30	0.5	1	90.0	27	0.4
Residence-83	Esty Maison KOENJI		1	96.7	30	0.5	1	96.6	33	0.5
Residence-84	Esty Maison OSHIAGE		1	96.7	69	1.1	1	98.4	67	1.1
Residence-85	Esty Maison AKABANE		1	98.8	96	1.6	1	100.0	93	1.5
Residence-86	Esty Maison OJI		1	94.0	46	0.8	1	94.4	45	0.7
Residence-87	Prime Maison WASEDA		1	97.6	42	0.7	1	98.5	43	0.7
Residence-88	Prime Maison HATCHOBORI		1	93.2	38	0.6	1	96.9	37	0.6
Residence-89	Prime Maison JINBOCHO		1	98.6	53	0.9	1	100.0	53	0.8
Residence-90	Prime Maison GOTENYAMA EAST		1	92.2	75	1.2	1	95.3	76	1.2
Residence-91	MAST LIFE AKIHABARA		1	100.0	15	0.2	1	100.0	15	0.2
Residence-92	Esty Maison AOI		1	94.5	77	1.3	1	93.1	71	1.1
Residence-93	Esty Maison YAKUIN		1	96.7	74	1.2	1	96.9	72	1.1
Residence-94	Esty Maison KINSHICHO II		1	95.2	210	3.4	1	96.5	214	3.4
Residence-95	Esty Maison OJIMA		1	98.8	239	3.9	1	98.9	238	3.8
Residence-96	Prime Maison FUJIMIDAI		1	88.7	68	1.1	1	92.4	67	1.1
Residence-97	Esty Maison TSURUMAI		1	100.0	155	2.5	1	100.0	155	2.5
Residence-98	Prime Maison MORISHITA		1	97.7	44	0.7	1	97.7	57	0.9
Residence-99	Prime Maison SHINAGAWA		1	97.3	42	0.7	1	96.0	54	0.9
Residence-100	Prime Maison ODORI KOEN		1	94.1	93	1.5	1	90.9	108	1.7
Residence-101	Prime Maison MINAMI 2-JO		1	98.3	52	0.9	1	100.0	64	1.0
Residence-102	Prime Maison KAMOKAMOGAWA		1	98.0	35	0.6	1	97.4	45	0.7
Residence-103	Prime Maison CENTRAL PARK		1	91.4	70	1.1	1	94.3	77	1.2
Residence-104	MAST LIFE YAHIRO		1	100.0	45	0.7	1	100.0	56	0.9
Residence-105	Prime Maison EBISU		1	99.0	45	0.7	1	99.2	106	1.7
Residence-106	Esty Maison SHIBAURA		1	95.8	0	0.0	1	91.6	77	1.2
Residence-107	Granmast KANAZAWA NISHIZUMI		-	-	-	-	1	100.0	40	0.6
Residence-108	Granmast UNOMORI		-	-	-	-	1	100.0	26	0.4
Residence-109	Esty Maison TSUTSUJIGAOKA		-	-	-	-	1	92.3	19	0.3
Residence-110	Esty Maison KOHOKU TSUNASHIMA		-	-	-	-	1	100.0	36	0.6
Other Real Estate in Trust (Retail property)	Residence subtotal		100	96.7	5,570	90.8	104	96.0	5,855	92.5
	Retail-1	HAMAMATSU Plaza	4	100.0	100	1.6	4	100.0	90	1.4
	Retail-3	RINKU HAGURAZAKI Plaza	3	100.0	182	3.0	2	100.0	151	2.4
	Retail-4	b-town MINAMIAOYAMA	1	100.0	32	0.5	1	100.0	33	0.5
	Retail-5	KOJIMA × BIC CAMERA Kamifukuoka store	1	100.0	48	0.8	1	100.0	40	0.6
	Retail-7	b-toss IKEBUKURO	1	100.0	64	1.1	-	-	23	0.4
	Retail-8	Joy Square YUGAWARA	1	100.0	80	1.3	1	100.0	79	1.3
	Retail-9	Bell Plaza Shopping Center	1	100.0	54	0.9	1	100.0	54	0.9
	Other real estate in trust (Retail property) subtotal		12	100.0	564	9.2	10	100.0	474	7.5
	Total		112	97.4	6,134	100.0	114	96.7	6,330	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 leaseable floor area at the end of the relevant calculation period).

## 7. Capital Expenditures in the 20th Fiscal Period

The following are the overview of works that fall under the category of the capital expenditures the Investment Corporation conducted in real estate in trust in the 20th fiscal period. In addition, the capital expenditure for the fiscal period under review totaled 97 million yen. Combining this with the 171 million yen in repair expenses, which were classified as expenses for the fiscal period, the Investment Corporation conducted construction of 268 million yen.

Real Estate Property Name (Location)	Purpose	Period	Expenditures (million yen)
Esty Maison TSURUMAI (Nagoya-shi, Aichi)	Renovation of exclusive areas	From: April 2015 To: September 2015	18
MAST HAKATA and other 5 properties (Fukuoka-shi, Fukuoka and others)	Installation of LEDs for the lighting equipment of common areas	From: April 2015 To: May 2015	16
Others			63
	Total		97

## 8. Transactions with Interested Parties, Etc.

### (1) Transaction Status

Category	Transaction Amount, Etc.	
	Purchase Amount, Etc.	Sale Amount, Etc.
Total Amount	5,301,563 thousand yen	3,200,000 thousand yen
Breakdown of Transactions with Interested Parties, Etc.		
Sekiwa Real Estate Chubu, Ltd.	1,750,000 thousand yen (33.0%)	- thousand yen (-%)
Total	1,750,000 thousand yen (33.0%)	- 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	443,530	Sekiwa Real Estate Ltd.	213,704	48.2
		Sekiwa Real Estate Chubu, Ltd.	52,620	11.9
		Sekiwa Real Estate Kansai, Ltd.	25,262	5.7
		Sekiwa Real Estate Kyushu, Ltd.	16,904	3.8
Brokerage Fees	128,922	Sekiwa Real Estate Ltd.	70,499	54.7
		Sekiwa Real Estate Chubu, Ltd.	8,694	6.7
		Sekiwa Real Estate Kansai, Ltd.	6,084	4.7
		Sekiwa Real Estate Kyushu, Ltd.	2,292	1.8

(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)

### Contents

Financial Statements	
Balance Sheet	23
Statement of Income and Retained Earnings	25
Statement of Changes in Net Assets	26
Statement of Cash Distributions	27
Statement of Cash Flows	28
Notes to Financial Statements	29
Independent Auditor's Report	49

## Financial Statements

### (1) Balance Sheet

(Thousand yen)

	19th Fiscal Period (As of March 31, 2015)	20th Fiscal Period (As of September 30, 2015)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,941,105	3,141,338
Cash and deposits in trust	5,128,664	4,969,752
Operating accounts receivable	177,233	131,308
Prepaid expenses	139,619	162,509
Deferred tax assets	132	56
Consumption taxes receivable	39,852	-
Other	392	2,272
Allowance for doubtful accounts	(1,965)	(1,092)
<b>Total current assets</b>	<b>8,425,035</b>	<b>8,406,145</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings in trust	91,755,319	94,630,254
Accumulated depreciation	(11,426,535)	(12,698,031)
Buildings in trust, net	80,328,783	81,932,222
Structures in trust	709,720	760,950
Accumulated depreciation	(161,054)	(181,940)
Structures in trust, net	548,666	579,009
Machinery and equipment in trust	1,733,045	1,769,631
Accumulated depreciation	(381,382)	(443,633)
Machinery and equipment in trust, net	1,351,662	1,325,998
Tools, furniture and fixtures in trust	135,744	171,783
Accumulated depreciation	(51,990)	(62,591)
Tools, furniture and fixtures in trust, net	83,753	109,192
Land in trust	102,216,751	101,906,410
Total property, plant and equipment	184,529,619	185,852,834
Intangible assets		
Leasehold rights in trust	152,037	150,019
Trademark rights	865	511
Other	535	201
Total intangible assets	153,438	150,732
Investments and other assets		
Lease and guarantee deposits	235,667	242,672
Long-term prepaid expenses	417,468	370,621
Other	125,152	130,382
Total investments and other assets	778,288	743,675
<b>Total non-current assets</b>	<b>185,461,345</b>	<b>186,747,242</b>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	82,379	74,833
Investment unit issuance costs	67,202	52,699
<b>Total deferred assets</b>	<b>149,582</b>	<b>127,532</b>
<b>Total assets</b>	<b>194,035,963</b>	<b>195,280,920</b>

(Thousand yen)

	19th Fiscal Period (As of March 31, 2015)	20th Fiscal Period (As of September 30, 2015)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	413,818	256,505
Short-term loans payable	3,850,000	4,650,000
Current portion of long-term loans payable	5,650,000	6,350,000
Accounts payable – other	538,448	562,861
Accrued expenses	58,090	55,361
Income taxes payable	2,545	1,476
Accrued consumption taxes	-	38,632
Advances received	286,678	290,336
Other	13,128	5,851
<b>Total current liabilities</b>	<b>10,812,711</b>	<b>12,211,025</b>
<b>Non-current liabilities</b>		
Investment corporation bonds	14,500,000	14,500,000
Long-term loans payable	75,109,500	75,109,500
Tenant leasehold and security deposits in trust	2,385,824	2,247,305
<b>Total non-current liabilities</b>	<b>91,995,324</b>	<b>91,856,805</b>
<b>Total liabilities</b>	<b>102,808,035</b>	<b>104,067,831</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	88,925,149	88,925,149
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	-	77,988
Total voluntary retained earnings	-	77,988
Unappropriated retained earnings	2,302,778	2,209,951
Total surplus	2,302,778	2,287,939
<b>Total unitholders' equity</b>	<b>91,227,928</b>	<b>91,213,089</b>
<b>Total net assets</b>	<b>91,227,928</b>	<b>91,213,089</b>
<b>Total liabilities and net assets</b>	<b>194,035,963</b>	<b>195,280,920</b>

See accompanying "Notes to the Financial Statements".

## (2) Statement of Income and Retained Earnings

	(Thousand yen)	
	19th Fiscal Period (October 1, 2014 – March 31, 2015)	20th Fiscal Period (April 1, 2015 – September 30, 2015)
<b>Operating revenue</b>		
Rent revenue - real estate	6,134,681	6,330,724
Gain on sales of real estate properties	152,133	81,031
Total operating revenue	6,286,815	6,411,756
<b>Operating expenses</b>		
Expenses related to rent business	2,835,075	2,975,490
Asset management fee	417,097	458,937
Asset custody fee	14,751	15,900
Administrative service fees	33,940	36,269
Directors' compensations	3,600	3,600
Provision of allowance for doubtful accounts	467	1,040
Other operating expenses	167,141	176,719
Total operating expenses	3,472,074	3,667,959
<b>Operating income</b>	2,814,740	2,743,797
<b>Non-operating income</b>		
Interest income	863	760
Reversal of distributions payable	226	254
Interest on tax refund	39	15
Compensation income	-	2,500
Other	-	31
Total non-operating income	1,129	3,562
<b>Non-operating expenses</b>		
Interest expenses	371,253	389,721
Interest expenses on investment corporation bonds	56,058	56,677
Amortization of investment corporation bond issuance costs	7,505	7,546
Borrowing related expenses	62,345	67,364
Amortization of investment unit issuance costs	13,547	14,503
Other	108	109
Total non-operating expenses	510,820	535,922
<b>Ordinary income</b>	2,305,049	2,211,437
<b>Income before income taxes</b>	2,305,049	2,211,437
Income taxes - current	2,721	1,630
Income taxes - deferred	(33)	76
Total income taxes	2,687	1,706
<b>Net income</b>	2,302,362	2,209,731
<b>Retained earnings brought forward</b>	416	220
<b>Unappropriated retained earnings</b>	2,302,778	2,209,951

See accompanying "Notes to the Financial Statements".

## (3) Statement of Changes in Net Assets

19th fiscal period (from October 1, 2014 to March 31, 2015)

	(Thousand yen)				
	Unitholders' equity			Total unitholders' equity	Total Net Assets
	Unitholders' capital	Surplus			
		Unappropriated retained earnings	Total surplus		
Balance as of October 1, 2014	79,059,711	1,950,792	1,950,792	81,010,504	81,010,504
Changes of items during the fiscal period					
Issuance of new investment units	9,865,438			9,865,438	9,865,438
Distribution from surplus		(1,950,376)	(1,950,376)	(1,950,376)	(1,950,376)
Net Income		2,302,362	2,302,362	2,302,362	2,302,362
Total changes of items during the fiscal period	9,865,438	351,985	351,985	10,217,424	10,217,424
Balance as of March 31, 2015	88,925,149	2,302,778	2,302,778	91,227,928	91,227,928

20th fiscal period (from April 1, 2015 to September 30, 2015)

	(Thousand yen)						
	Unitholders' equity					Total unitholders' equity	Total Net Assets
	Unitholders' capital	Surplus			Total surplus		
		Voluntary retained earnings	Unappropriated retained earnings	Total surplus			
		Reserve for reduction entry	Total voluntary retained earnings				
Balance as of April 1, 2015	88,925,149	-	-	2,302,778	2,302,778	91,227,928	91,227,928
Changes of items during the fiscal period							
Provision for reserve for reduction entry		77,988	77,988	(77,988)	-	-	-
Distribution from surplus				(2,224,570)	(2,224,570)	(2,224,570)	(2,224,570)
Net Income				2,209,731	2,209,731	2,209,731	2,209,731
Total changes of items during the fiscal period	-	77,988	77,988	(92,827)	(14,839)	(14,839)	(14,839)
Balance as of September 30, 2015	88,925,149	77,988	77,988	2,209,951	2,287,939	91,213,089	91,213,089

See accompanying "Notes to the Financial Statements".

#### (4) Statement of Cash Distributions

Item	19th Fiscal Period (October 1, 2014 – March 31, 2015)	20th Fiscal Period (April 1, 2015 – September 30, 2015)
I. Unappropriated retained earnings	2,302,778,596 yen	2,209,951,548 yen
II. Cash distributions	2,224,570,350 yen	2,160,429,420 yen
(Cash distributions per unit)	(2,185 yen)	(2,122 yen)
III. Voluntary retained earnings		
Provision for reserve for reduction entry	77,988,021 yen	49,435,695 yen
IV. Retained earnings carried forward	220,225 yen	86,433 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 unitholder must calculate the capital gains or losses for the 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 2,224,570,350 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, and excluding the fractions less than one yen per investment unit.	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 unitholder must calculate the capital gains or losses for the 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 2,160,429,420 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, and excluding the fractions less than one yen per investment unit.

#### (5) Statement of Cash Flows

(Thousand yen)

	19th Fiscal Period (October 1, 2014 – March 31, 2015)	20th Fiscal Period (April 1, 2015 – September 30, 2015)
<b>Cash flows from operating activities</b>		
Income before income taxes	2,305,049	2,211,437
Depreciation	1,370,428	1,431,514
Amortization of investment corporation bond issuance costs	7,505	7,546
Amortization of investment unit issuance costs	13,547	14,503
Increase (decrease) in allowance for doubtful accounts	283	(872)
Interest income	(863)	(760)
Interest expenses	427,312	446,398
Decrease (increase) in operating accounts receivable	(32,197)	45,924
Decrease (increase) in prepaid expenses	16,166	(27,728)
Decrease (increase) in consumption taxes receivable	29,234	39,852
Increase (decrease) in operating accounts payable	104,169	(96,361)
Increase (decrease) in accounts payable - other	64,100	49,596
Increase (decrease) in accrued consumption taxes	-	38,632
Increase (decrease) in advances received	(17,248)	3,657
Decrease due to sale of property, plant and equipment in trust	1,013,276	3,050,207
Decrease (increase) in long-term prepaid expenses	(94,576)	51,685
Other, net	639	(9,412)
Subtotal	5,206,827	7,255,821
Interest income received	863	760
Interest expenses paid	(433,413)	(449,127)
Income taxes paid	(2,255)	(2,699)
Net cash provided by operating activities	4,772,022	6,804,754
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(19,664,034)	(5,888,720)
Purchase of intangible assets	(1,084)	-
Proceeds from tenant leasehold and security deposits in trust	257,606	175,051
Repayments of tenant leasehold and security deposits in trust	(175,589)	(313,570)
Decrease (increase) in investments and other assets, net	(4,782)	(12,234)
Net cash used in investing activities	(19,587,884)	(6,039,473)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	3,850,000	1,800,000
Repayments of short-term loans payable	(8,700,000)	(1,000,000)
Proceeds from long-term loans payable	18,150,000	2,800,000
Repayments of long-term loans payable	(6,650,000)	(2,100,000)
Proceeds from issuance of investment units	9,819,679	-
Dividends paid	(1,949,232)	(2,223,959)
Net cash provided by financing activities	14,520,447	(723,959)
<b>Net increase (decrease) in cash and cash equivalents</b>	(295,414)	41,321
<b>Cash and cash equivalents at the beginning of period</b>	8,365,184	8,069,769
<b>Cash and cash equivalents at the end of period</b>	8,069,769	8,111,090

See accompanying "Notes to the 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 basically 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 which is 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 – 36 years</td> </tr> <tr> <td>Machinery and equipment in trust</td> <td>3 – 29 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 – 36 years	Machinery and equipment in trust	3 – 29 years	Tools, furniture and fixtures in trust	2 – 15 years
Buildings in trust	3 – 66 years								
Structures in trust	3 – 36 years								
Machinery and equipment in trust	3 – 29 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 purchase 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 17,432 thousand yen for the 19th fiscal period and 25,707 thousand yen for the 20th 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"> <li>1) Cash and deposits in trust</li> <li>2) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust and land in trust</li> <li>3) Leasehold rights in trust</li> <li>4) Tenant leasehold and security deposits in trust</li> </ol> <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)	
19th Fiscal Period (As of March 31, 2015)	20th Fiscal Period (As of September 30, 2015)
50,000	50,000

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

Breakdown of real estate rental revenues and expenses

(Thousand yen)		
	19th Fiscal Period (October 1, 2014 – March 31, 2015)	20th Fiscal Period (April 1, 2015 – September 30, 2015)
<b>A. Real estate rental revenues</b>		
Rent revenue - real estate		
Rents	5,911,526	6,141,793
Other revenue	223,154	188,931
Total real estate rental revenue	6,134,681	6,330,724
<b>B. Real estate rental expenses</b>		
Expenses related to rent business		
Outsourcing expenses	559,345	572,913
Utilities expenses	123,823	114,778
Insurance expenses	6,670	7,148
Repair expenses	165,718	171,157
Property and other taxes	287,329	379,071
Trust fees	45,247	46,373
Other	277,351	253,043
Depreciation	1,369,589	1,431,003
Total real estate rental expenses	2,835,075	2,975,490
<b>C. Real estate rental revenues and expenses (A – B)</b>	3,299,606	3,355,234

Breakdown of gain on sales of real estate properties

##### 19th Fiscal Period (from October 1, 2014 to March 31, 2015)

(Thousand yen)		
b-town JINGUMAE II		
Revenue from sales of real estate		1,200,000
Cost of real estate sold	1,013,276	
Other sales expenses	34,590	1,047,866
Gain on sales of real estate properties		152,133

##### 20th Fiscal Period (from April 1, 2015 to September 30, 2015)

(Thousand yen)		
RINKU HAGURAZAKI Plaza (land section for which Kojima Co., Ltd. was the lessee)		
Revenue from sales of real estate		1,150,000
Cost of real estate sold	1,081,515	
Other sales expenses	10,762	1,092,277
Gain on sales of real estate properties		57,722
b-toss IKEBUKURO		
Revenue from sales of real estate		2,050,000
Cost of real estate sold	1,968,522	
Other sales expenses	58,168	2,026,691
Gain on sales of real estate properties		23,308

#### 6. Notes to Statement of Changes in Net Assets

	19th Fiscal Period (October 1, 2014 – March 31, 2015)	20th Fiscal Period (April 1, 2015 – September 30, 2015)
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)		
	19th Fiscal Period (October 1, 2014 – March 31, 2015)	20th Fiscal Period (April 1, 2015 – September 30, 2015)
Cash and deposits	2,941,105	3,141,338
Cash and deposits in trust	5,128,664	4,969,752
Cash and cash equivalents	8,069,769	8,111,090

#### 8. Lease Transactions

##### Operating lease transactions as lessee

(Thousand yen)		
Future lease payable equivalents	19th Fiscal Period (As of March 31, 2015)	20th Fiscal Period (As of September 30, 2015)
Due within one year	24,588	24,588
Due after one year	901,560	889,266
Total	926,148	913,854

**Operating lease transactions as lessor**

Future lease receivable equivalents (Thousand yen)

	19th Fiscal Period (As of March 31, 2015)	20th Fiscal Period (As of September 30, 2015)
Due within one year	1,402,092	1,592,239
Due after one year	2,723,965	2,665,308
Total	4,126,058	4,257,547

**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.

**19th Fiscal Period (As of March 31, 2015)**

(Thousand yen)

	Book Value Recorded on the Balance Sheet	Fair Value	Difference
(1) Cash and deposits	2,941,105	2,941,105	-
(2) Cash and deposits in trust	5,128,664	5,128,664	-
(3) Operating accounts receivable	177,233	177,233	-
Allowance for doubtful accounts	(1,965)	(1,965)	-
	175,268	175,268	-
Total of assets	8,245,038	8,245,038	-
(4) Operating accounts payable	413,818	413,818	-
(5) Short-term loans payable	3,850,000	3,850,000	-
(6) Current portion of long-term loans payable	5,650,000	5,681,529	31,529
(7) Investment corporation bonds	14,500,000	14,314,837	(185,162)
(8) Long-term loans payable	75,109,500	75,127,767	18,267
Total of liabilities	99,523,318	99,387,952	(135,365)
(9) Derivative transactions	-	-	-

**20th Fiscal Period (As of September 30, 2015)**

(Thousand yen)

	Book Value Recorded on the Balance Sheet	Fair Value	Difference
(1) Cash and deposits	3,141,338	3,141,338	-
(2) Cash and deposits in trust	4,969,752	4,969,752	-
(3) Operating accounts receivable	131,308	131,308	-
Allowance for doubtful accounts	(1,092)	(1,092)	-
	130,216	130,216	-
Total of assets	8,241,307	8,241,307	-
(4) Operating accounts payable	256,505	256,505	-
(5) Short-term loans payable	4,650,000	4,650,000	-
(6) Current portion of long-term loans payable	6,350,000	6,360,009	10,009
(7) Investment corporation bonds	14,500,000	14,394,622	(105,377)
(8) Long-term loans payable	75,109,500	75,394,749	285,249
Total of liabilities	100,866,005	101,055,887	189,881
(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

19th Fiscal Period (As of March 31, 2015)

(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	2,941,105	-	-	-	-	-
(2) Cash and deposits in trust	5,128,664	-	-	-	-	-
(3) Operating accounts receivable	177,233	-	-	-	-	-
Total of assets	8,247,003	-	-	-	-	-

20th Fiscal Period (As of September 30, 2015)

(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	3,141,338	-	-	-	-	-
(2) Cash and deposits in trust	4,969,752	-	-	-	-	-
(3) Operating accounts receivable	131,308	-	-	-	-	-
Total of assets	8,242,399	-	-	-	-	-

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

19th Fiscal Period (As of March 31, 2015)

(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	3,850,000	-	-	-	-	-
(2) Investment corporation bonds	-	-	4,000,000	2,500,000	2,000,000	6,000,000
(3) Long-term loans payable	5,650,000	9,500,000	4,805,000	10,882,000	6,792,500	43,130,000
Total of liabilities	9,500,000	9,500,000	8,805,000	13,382,000	8,792,500	49,130,000

20th Fiscal Period (As of September 30, 2015)

(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	4,650,000	-	-	-	-	-
(2) Investment corporation bonds	-	-	4,000,000	2,500,000	2,000,000	6,000,000
(3) Long-term loans payable	6,350,000	12,205,000	4,600,000	8,382,000	12,292,500	37,630,000
Total of liabilities	11,000,000	12,205,000	8,600,000	10,882,000	14,292,500	43,630,000

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

(Thousand yen)

Category	19th Fiscal Period (As of March 31, 2015)	20th Fiscal Period (As of September 30, 2015)
(1) Lease and guarantee deposits	235,667	242,672
(2) Tenant leasehold and security deposits in trust	2,385,824	2,247,305

(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

19th Fiscal Period (As of March 31, 2015)

Not applicable

20th Fiscal Period (As of September 30, 2015)

Not applicable

## 11. Derivative Transactions

1. Derivatives to which hedge accounting is not applied

### 19th Fiscal Period (As of March 31, 2015)

Not applicable

### 20th Fiscal Period (As of September 30, 2015)

Not applicable

2. Derivatives to which hedge accounting is applied

### 19th Fiscal Period (As of March 31, 2015)

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.

(Thousand yen)

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	71,609,500	71,609,500	(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 "Financial Instruments" 2. Matters Concerning Fair Value, Etc. of Financial Instruments (Note 1) (8) Long-term loans payable.).

### 20th Fiscal Period (As of September 30, 2015)

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.

(Thousand yen)

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	71,609,500	71,609,500	(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 "Financial Instruments" 2. Matters Concerning Fair Value, Etc. of Financial Instruments (Note 1) (8) Long-term loans payable.).

## 12. Retirement Benefits

### 19th Fiscal Period (As of March 31, 2015)

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

### 20th Fiscal Period (As of September 30, 2015)

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

## 13. Income Taxes

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

(Thousand yen)

	19th Fiscal Period (As of March 31, 2015)	20th Fiscal Period (As of September 30, 2015)
Deferred tax assets:		
Amortization of leasehold rights in trust	4,129	4,781
Amount of allowance for doubtful accounts not deductible from taxable income	427	352
Amount of accrued business taxes not deductible from taxable income	132	56
Subtotal deferred tax assets	4,689	5,191
Valuation allowance	(4,557)	(5,134)
Total deferred tax assets	132	56
Deferred tax assets, net	132	56

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

	19th Fiscal Period (As of March 31, 2015)	20th Fiscal Period (As of September 30, 2015)
Statutory tax rate	34.15%	32.31%
(Adjustment)		
Deductible cash distributions	(32.96%)	(31.56%)
Provision for reserve for reduction entry	(1.16%)	(0.72%)
Other	0.09%	0.05%
Effective income tax rate	0.12%	0.08%

## 14. Equity Method Income and Retained Earnings

### 19th Fiscal Period (from October 1, 2014 to March 31, 2015)

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

### 20th Fiscal Period (from April 1, 2015 to September 30, 2015)

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

## 15. Assets Retirement Obligations

### 19th Fiscal Period (from October 1, 2014 to March 31, 2015)

Not applicable

### 20th Fiscal Period (from April 1, 2015 to September 30, 2015)

Not applicable

## 16. Transactions with Related Parties

### 1. Parent Company and Major Corporation Unitholders

#### 19th Fiscal Period (from October 1, 2014 to March 31, 2015)

Not applicable

#### 20th Fiscal Period (from April 1, 2015 to September 30, 2015)

Not applicable

### 2. Subsidiaries and Affiliates

#### 19th Fiscal Period (from October 1, 2014 to March 31, 2015)

Not applicable

#### 20th Fiscal Period (from April 1, 2015 to September 30, 2015)

Not applicable

### 3. Sister Companies

#### 19th Fiscal Period (from October 1, 2014 to March 31, 2015)

Not applicable

#### 20th Fiscal Period (from April 1, 2015 to September 30, 2015)

Not applicable

### 4. Directors and Major Individual Unitholders

#### 19th Fiscal Period (from October 1, 2014 to March 31, 2015)

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)	516,937 (Note 2)	Accounts payable – other	474,053
				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 90,240 thousand yen as asset management fees related to property acquisitions, which have been capitalized in the book value of individual real properties, and 9,600 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.

#### 20th Fiscal Period (from April 1, 2015 to September 30, 2015)

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)	519,950 (Note 2)	Accounts payable – other	495,652
				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 35,412 thousand yen as asset management fees related to property acquisitions, which have been capitalized in the book value of individual real properties, and 25,600 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]

#### 19th Fiscal Period (from October 1, 2014 to March 31, 2015)

##### (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.

#### 20th Fiscal Period (from April 1, 2015 to September 30, 2015)

##### (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	19th Fiscal Period (October 1, 2014 – March 31, 2015)	20th Fiscal Period (April 1, 2015 – September 30, 2015)
Net assets per unit		89,605 yen	89,590 yen
Net income per unit		2,289 yen	2,170 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	19th Fiscal Period (October 1, 2014 – March 31, 2015)	20th Fiscal Period (April 1, 2015 – September 30, 2015)
Net Income (thousand yen)		2,302,362	2,209,731
Amount not attributable to ordinary unitholders (thousand yen)		-	-
Net income attributable to ordinary investment units (thousand yen)		2,302,362	2,209,731
Average number of units during the fiscal period (units)		1,005,513	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. The real estate rental revenues and expenses for the relevant rental properties amounted to 3,299,606 thousand yen for the 19th fiscal period and 3,355,234 thousand yen for the 20th 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)

	19th Fiscal Period (October 1, 2014 – March 31, 2015)	20th Fiscal Period (April 1, 2015 – September 30, 2015)
Book value recorded on the balance sheet		
Balance at the beginning of period	167,353,736	184,681,786
Amount of net change during period	17,328,049	1,321,189
Balance at the end of period	184,681,786	186,002,975
Fair value at the end of period	194,662,100	200,694,200

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

(Note 2) Net change during the 19th fiscal period is comprised of increases primarily attributable to new acquisitions of 9 properties (19,557,719 thousand yen) and decrease primarily attributable to disposition of b-town JINGUMAE II (1,013,276 thousand yen) and depreciation (1,369,589 thousand yen). Net change during the 20th fiscal period is comprised of increases primarily attributable to new acquisitions of 4 properties (5,696,499 thousand yen) and decrease primarily attributable to disposition of part of RINKU HAGURAZAKI Plaza (*sokochi*) and b-toss IKEBUKURO (3,050,037 thousand yen) and depreciation (1,431,003 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 appraisal dates of March 31, 2015 and September 30, 2015, respectively.

20. Significant Subsequent Events

[Disposition of Owned Properties]

The Investment Corporation disposed the following assets as an inseparable transaction under special provisions.

[Four retail properties of RINKU HAGURAZAKI Plaza, KOJIMA x BIC CAMERA Kamifukuoka store, Joy Square Yugawara and Bell Plaza Shopping Center]

Disposed assets: Trust beneficiary interests in real estate

Disposition price: 8,500 million yen

Agreement execution date

and disposition date: November 30, 2015

Buyer: - See Note below

Impact on earnings: The Investment Corporation plans to record approximately 187 million yen of gain on sale of real estate properties for the 21st fiscal period (October 1, 2015 - March 31, 2016).

(Note) The buyers are not disclosed as consent on disclosure has not been obtained from the buyers.

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 transactions Receive float / pay fixed	71,609,500	71,609,500	-
Total		71,609,500	71,609,500	

(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, 2015	Increase during the Period	Decrease during the Period	Balance as of September 30, 2015	Accumulated Depreciation		Net Balance as of September 30, 2015	Remarks
					or Accumulated Amortization	Depreciation during the Period		
Property, plant and equipment	Buildings in trust	91,755	3,177	302	94,630	12,698	1,335	81,932 (Note)
	Structures in trust	709	51	0	760	181	20	579 (Note)
	Machinery and equipment in trust	1,733	36	-	1,769	443	62	1,325 (Note)
	Tools, furniture and fixtures in trust	135	36	-	171	62	10	109 (Note)
	Land in trust	102,216	2,500	2,810	101,906	-	-	101,906 (Note)
	Total	196,550	5,802	3,113	199,239	13,386	1,428	185,852
Intangible assets	Leasehold rights in trust	164	-	-	164	14	2	150
	Trademark rights	1	-	0	0	0	0	0 (Note)
	Other	6	-	-	6	6	0	0
	Total	172	-	0	172	21	2	150

(Note) The amount of increase during the 20th fiscal period is primarily attributable to the acquisition of Granmast

KANAZAWA NISHIIZUMI, Granmast UNOMORI, Esty Maison TSUTSUJIGAOKA and Esty Maison KOHOKU TSUNASHIMA. The amount of decrease during the 20th fiscal period is attributable to the sale of part of RINKU HAGURAZAKI Plaza (*sokochi*) and b-toss IKEBUKURO.

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, 2015 (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2015 (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	(Note 1)	Unsecured
Third Series Unsecured Investment Corporation Bonds	February 28, 2014	2,500	-	2,500	0.374	February 28, 2019	(Note 2)	Unsecured
Fourth Series Unsecured Investment Corporation Bonds	February 28, 2014	3,000	-	3,000	1.069	February 28, 2024	(Note 2)	Unsecured
Fifth Series Unsecured Investment Corporation Bonds	August 29, 2014	3,000	-	3,000	0.871	August 30, 2024	(Note 2)	Unsecured
<b>Total</b>		<b>14,500</b>	<b>-</b>	<b>14,500</b>				

(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 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, 2015 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2015 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
Short-term loans payable	Mizuho Bank, Ltd.	500	-	500	-	0.33000%	August 31, 2015 (Note 2)	Lump-sum upon maturity	(Note 6)	Unsecured/ Unguaranteed
	Sumitomo Mitsui Banking Corporation	500	-	500	-					
	Mizuho Bank, Ltd.	950	-	-	950	0.30500%	February 29, 2016 (Note 3)			
	Sumitomo Mitsui Banking Corporation	950	-	-	950					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	950	-	-	950					
	Mizuho Bank, Ltd.	-	600	-	600	0.30500%	February 29, 2016 (Note 3)			
	Sumitomo Mitsui Banking Corporation	-	600	-	600					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	600	-	600					
<b>Subtotal</b>	<b>3,850</b>	<b>1,800</b>	<b>1,000</b>	<b>4,650</b>						
Long-term loans payable	Development Bank of Japan Inc.	2,000	-	-	2,000	1.57000%	February 29, 2016 (Note 3) (Note 4)	Lump-sum upon maturity	(Note 7)	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd.	425	-	-	425					
	Sumitomo Mitsui Banking Corporation	425	-	-	425					
	Aozora Bank, Ltd.	100	-	-	100	1.18975%	February 28, 2017			
	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	1.19475%	February 28, 2017			
	Resona Bank, Limited	200	-	-	200					
	Development Bank of Japan Inc.	1,200	-	-	1,200					
	The Bank of Fukuoka, Ltd.	500	-	-	500					
	Mizuho Bank, Ltd.	400	-	-	400					
	Sumitomo Mitsui Banking Corporation	1,100	-	-	1,100	1.15475%	February 28, 2019			
	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						

	Category	Balance as of April 1, 2015 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2015 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
	Lender									
Long-term loans payable	The Norinchukin Bank	2,352	-	-	2,352	0.95750%	August 31, 2017	Lump-sum upon maturity	Unsecured/ Unguaranteed	(Note 7)
	Mizuho Bank, Ltd.	176	-	-	176					
	Sumitomo Mitsui Banking Corporation	176	-	-	176					
	Mizuho Bank, Ltd.	750	-	-	750	0.89900%	February 28, 2019			(Note 6)
	Mizuho Trust & Banking Co., Ltd.	2,250	-	-	2,250					
	Sumitomo Mitsui Banking Corporation	750	-	-	750					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	750	-	-	750					
	Mizuho Bank, Ltd.	400	-	-	400	1.02225%	February 28, 2020			(Note 7)
	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			(Note 7)
	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 6)
	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						

	Category	Balance as of April 1, 2015 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2015 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
	Lender									
Long-term loans payable	Aozora Bank, Ltd.	1,000	-	-	1,000	1.17200%	August 31, 2020	Lump-sum upon maturity	Unsecured/ Unguaranteed	(Note 7)
	Mizuho Bank, Ltd.	500	-	-	500					
	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					
	Sumitomo Mitsui Banking Corporation	1,100	-	-	1,100					
	Sumitomo Mitsui Trust Bank, Limited	500	-	-	500					
	Mizuho Bank, Ltd.	300	-	-	300	1.17350%	February 28, 2022			(Note 6)
	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	1.11000%	February 28, 2022			(Note 7)
	Mizuho Trust & Banking Co., Ltd.	980	-	-	980					
	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						
Mizuho Bank, Ltd.	400	-	-	400						
Mizuho Trust & Banking Co., Ltd.	500	-	-	500	0.95225%	February 26, 2021				
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						



Category	Lender	Balance as of April 1, 2015 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2015 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks	
											Long-term loans payable
	Sumitomo Mitsui Banking Corporation	1,145	-	-	1,145						
	The Shizuoka Bank, Ltd.	500	-	-	500						
	Shinkin Central Bank	500	-	-	500	0.97300%	February 26, 2021	Lump-sum upon maturity	(Note 6)	Unsecured/Unguaranteed	
	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	Lump-sum upon maturity	(Note 7)	Unsecured/Unguaranteed	
	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	Lump-sum upon maturity	(Note 7)	Unsecured/Unguaranteed	
	Sumitomo Mitsui Banking Corporation	1,950	-	-	1,950						
	Mizuho Bank, Ltd.	800	-	600	200						
	Sumitomo Mitsui Banking Corporation	800	-	600	200	0.33000%	February 29, 2016 (Note 4) (Note 5)	Lump-sum upon maturity	(Note 6)	Unsecured/Unguaranteed	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,200	-	900	300						
	Aozora Bank, Ltd.	200	-	-	200						
	The Senshu Ikeda Bank, Ltd.	200	-	-	200			Lump-sum upon maturity	(Note 7)	Unsecured/Unguaranteed	
	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	0.86650%	February 28, 2023				
	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						

Category	Lender	Balance as of April 1, 2015 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2015 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
	The Norinchukin Bank	800	-	-	800	0.73975%	February 28, 2022			
	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	0.62800%	February 26, 2021			
	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	0.30500%	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					
	Subtotal	80,759	2,800	2,100	81,459					
	Total	84,609	4,600	3,100	86,109					

(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 made early repayment of the full amount of these loans on May 29, 2015.

(Note 3) The Investment Corporation made early repayment of the full amount of these loans on December 7, 2015.

(Note 4) 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 20th fiscal period.

(Note 5) The Investment Corporation made early repayment of these loans partly on June 30, 2015 and of the full amount of the balance remaining as of the end of the 20th fiscal period on December 7, 2015.

(Note 6) These loans are used as funds for the acquisition of real estate trust beneficiary interests, etc.

(Note 7) These loans are used as funds for repayment of existing borrowings.

(Note 8) 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 9) Amounts of long-term loans payable to be repaid 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
6,350	12,205	4,600	8,382	12,292



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Fax: +81 3 3503 1197  
www.shinnihon.or.jp

**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, 2015, 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, 2015, 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 Shin Nihon LLC*

December 17, 2015  
Tokyo, Japan

**MEMO**

Horizontal lines for memo content

## Overview of the Investment Corporation

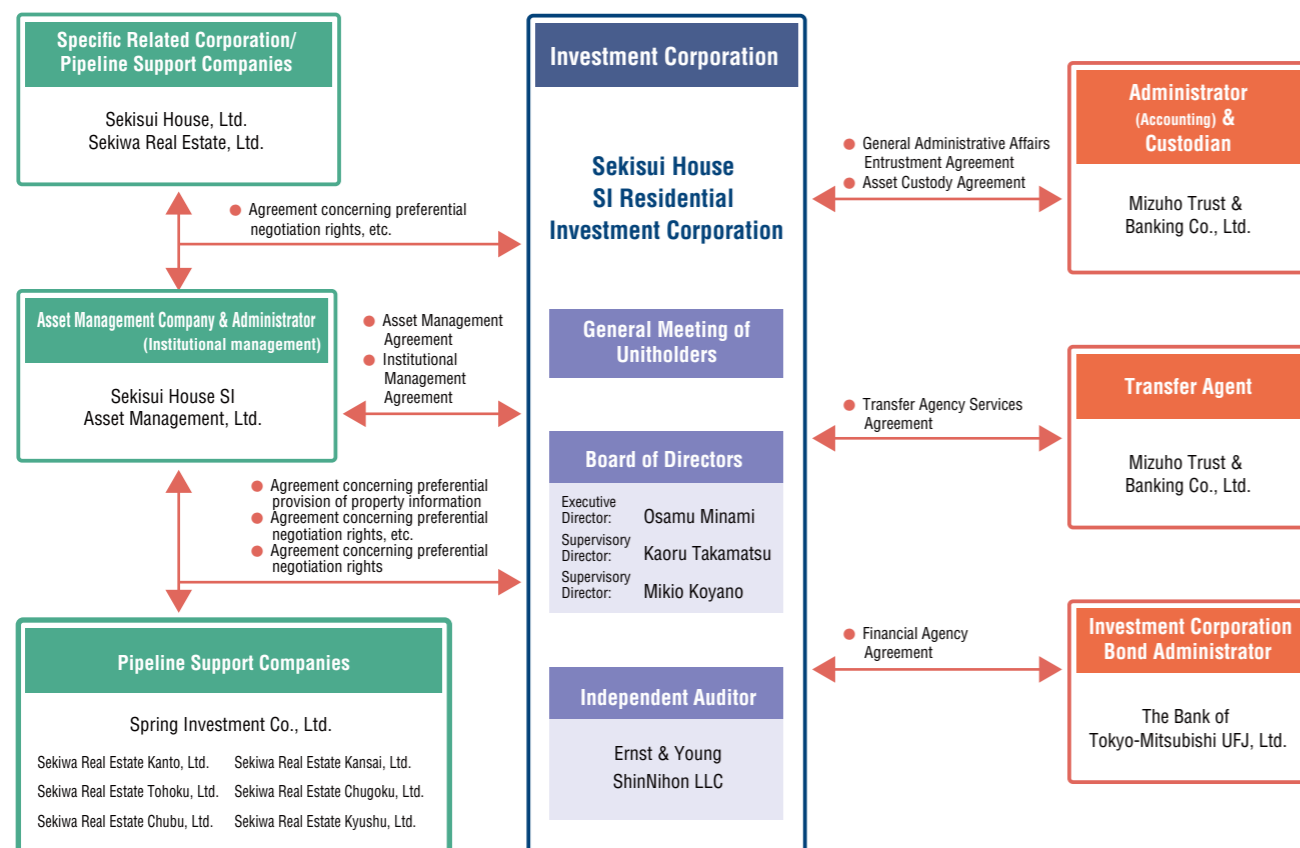
<b>Trade Name</b>	Sekisui House SI Residential Investment Corporation
<b>Address</b>	3-1-31 Minami-Aoyama, Minato-ku, Tokyo Tel: +81-3-5770-8973 (main number)
<b>Representative</b>	Osamu Minami Executive Director
<b>Asset Management Company</b>	Sekisui House SI Asset Management, Ltd.
<b>Fiscal Term</b>	End of March and end of September
<b>History</b>	<p>April 20, 2005 Registration and Establishment under Article 166 of the Act Concerning Investment Trusts and Investment Corporations (Investment Trusts Act).</p> <p>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)</p> <p>July 28, 2005 Listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange</p>

## Overview of Asset Management Company

<b>Corporate Name</b>	Sekisui House SI Asset Management, Ltd.
<b>Head Office</b>	3-1-31 Minami-Aoyama, Minato-ku, Tokyo Tel: +81-3-5770-8973 (main number)
<b>Paid-in Capital</b>	200 million yen
<b>Shareholders</b>	Sekisui House, Ltd. 75% Spring Investment Co., Ltd. 25%
<b>Directors</b>	<p>President: Osamu Minami</p> <p>Executive Vice President: Nobuyoshi Sato</p> <p>Senior Managing Director: Koji Sakamoto (in charge of IR &amp; Financial Affairs Department, Real Estate Investment Department and Management Department)</p> <p>Director: Masaki Katsura (in charge of Asset Management Department)</p> <p>Director (part-time): Yoshiaki Inazawa (Senior Manager, Accounting &amp; Finance Department, Sekisui House, Ltd.)</p> <p>Auditor (part-time): Naoki Kawamura (Section Manager, Legal Department, Sekisui House, Ltd.)</p>
<b>History</b>	<p>July 28, 2004 Established</p> <p>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)</p>

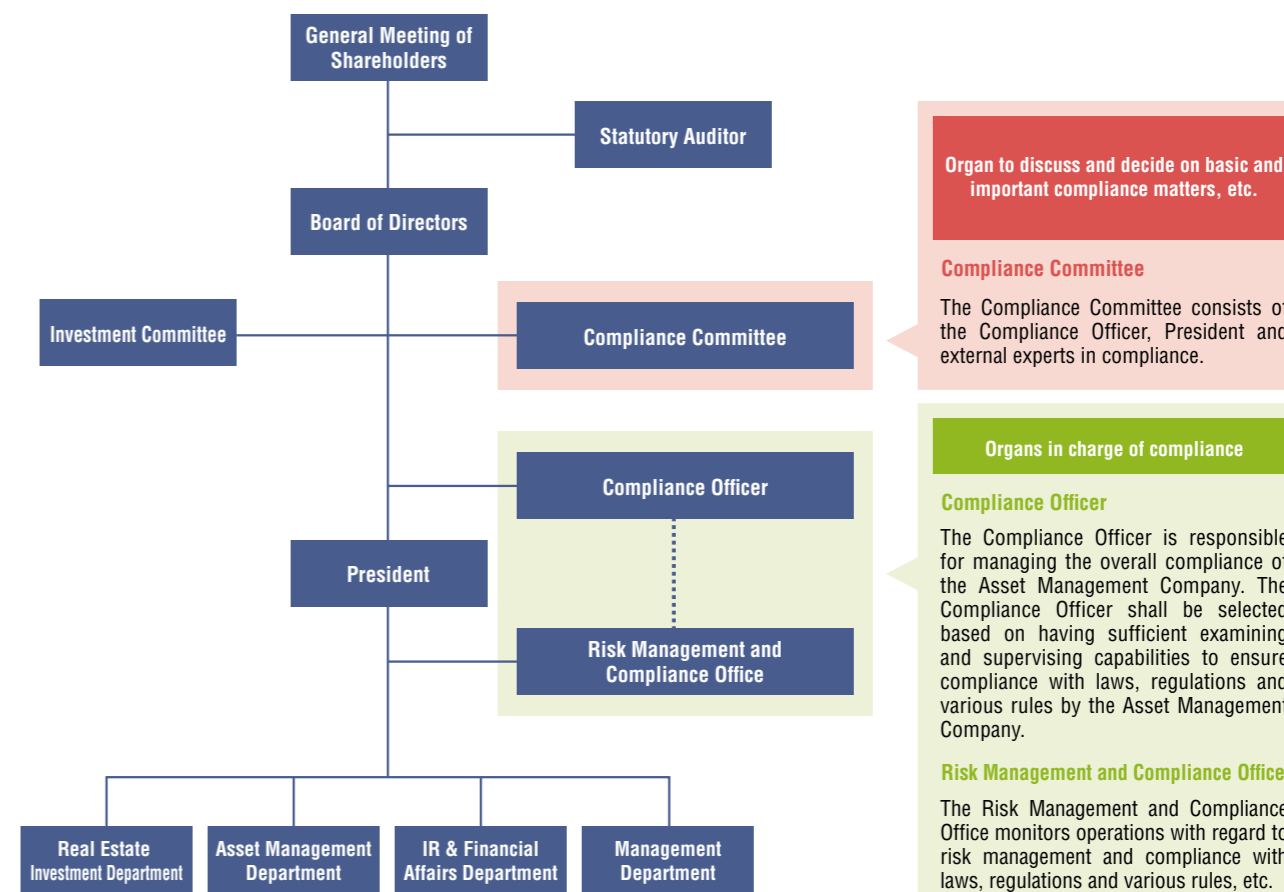
### Organizational Structure

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.



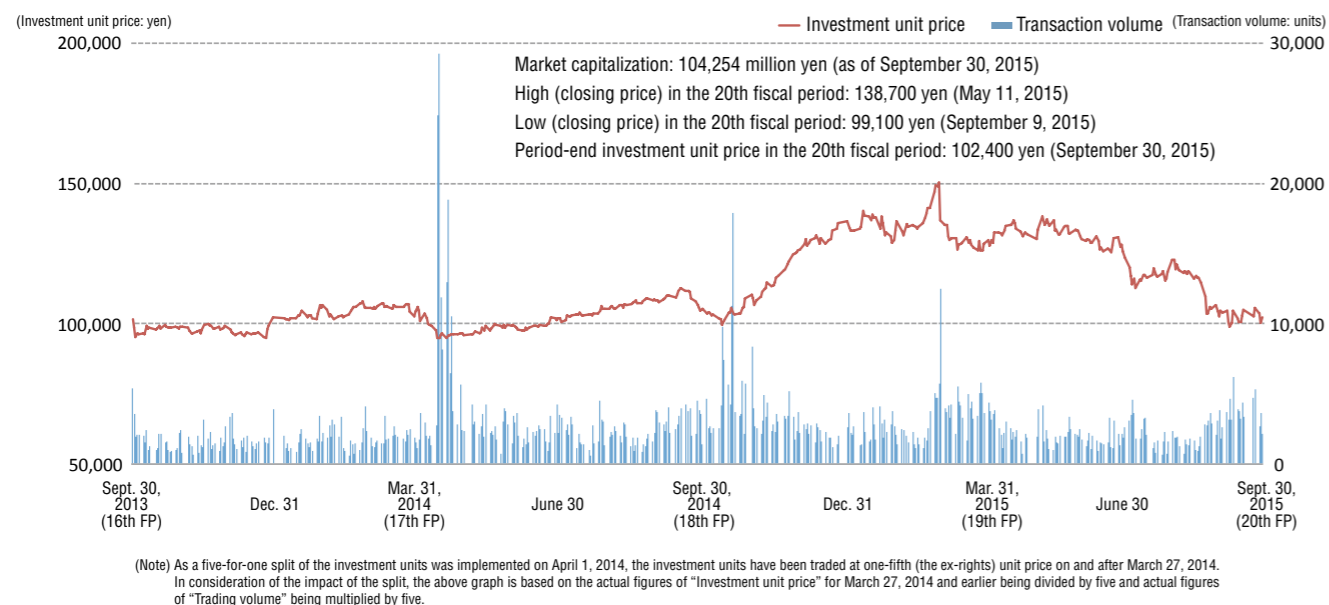
### Structure to Manage the Investment Corporation

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 organs in charge of compliance.

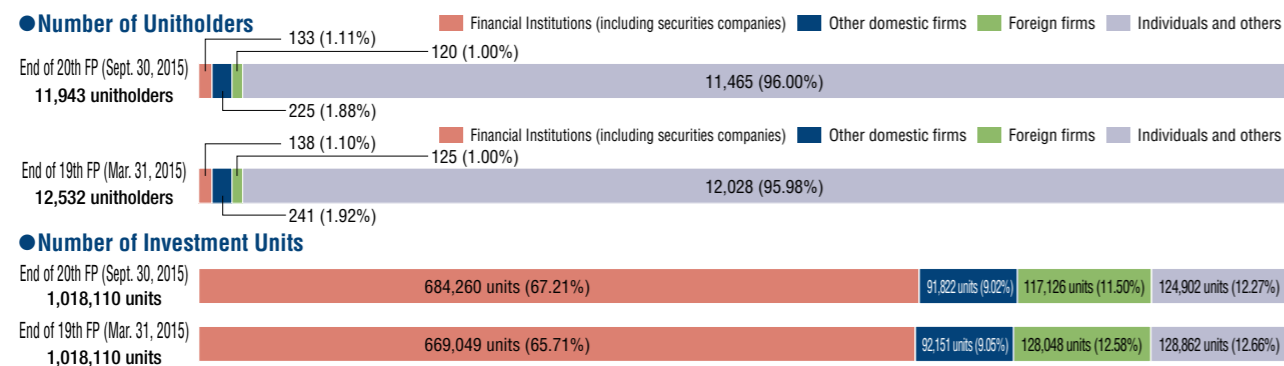


# Unitholders Information

## Changes in Investment Unit Price and Transaction Volume in the Last Two Years (Sept. 30, 2013 - Sept. 30, 2015)



## Unitholder Composition



## Major Unitholders

The following table shows the 10 largest unitholders according to the ratio of their owned investment units to the total number of investment units issued as of September 30, 2015.

Name / Company Name	Investment Units Owned (units)	Ratio of Investment Units Owned to Total Investment Units Issued (%) (Note)
Japan Trustee Services Bank, Ltd. (Trust Account)	245,758	24.13
The Master Trust Bank of Japan, Ltd. (Trust Account)	84,584	8.30
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	59,358	5.83
Sekisui House, Ltd.	39,000	3.83
The Nomura Trust and Banking Co., Ltd. (Trust Account)	36,128	3.54
Nomura Bank (Luxembourg) S.A	23,035	2.26
THE FUJI FIRE AND MARINE INSURANCE COMPANY, LIMITED	20,630	2.02
The Hachijuni Bank, Ltd.	19,754	1.94
Mizuho Trust & Banking Co., Ltd.	18,830	1.84
BNY for GCM Client Accounts (E) BD	15,416	1.51
<b>Total</b>	<b>562,493</b>	<b>55.24</b>

Note: The ratios of investment units owned to total investment units issued are rounded down to the nearest second decimal place.

## MEMO