



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



19th Semi-Annual Report

19th Fiscal Period

(from October 1, 2014 to March 31, 2015)

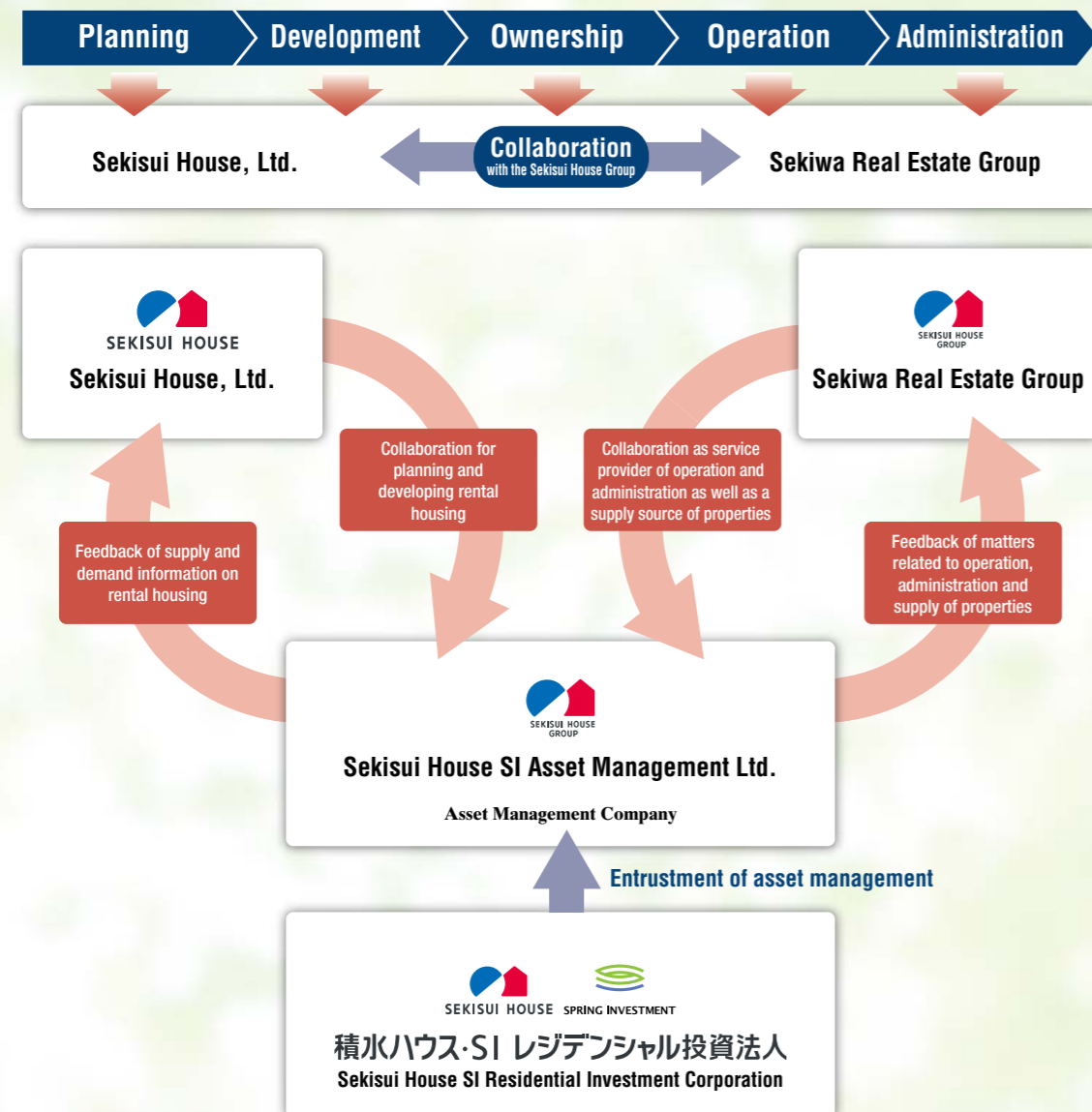


積水ハウス・SI レジデンシャル投資法人
Sekisui House SI Residential Investment Corporation

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	¥191.0 billion	Ratio of residential properties	93.0%	Ratio of Greater Tokyo for residential properties	72.4%
Number of owned properties	110 properties	Number of residential properties	104 properties	Number of residential properties in Greater Tokyo	70 properties
As of July 24, 2015		As of July 24, 2015		As of July 24, 2015	

Portfolio of Relatively New Properties Achieving High Occupancy

Occupancy Ratio			Average Property Age		
Entire portfolio	96.0%	Residential properties	95.2%	Entire portfolio	8.8 years
As of June 30, 2015			As of July 24, 2015		
				Residential properties	8.5 years

Credit Ratings Based on Stable Financial Base

Status of Credit Ratings			
Japan Credit Rating Agency, Ltd. (JCR) (Long-term issuer rating)	AA- (Stable)	Rating and Investment Information, Inc. (R&I) (Issuer rating)	A+ (Stable)
As of July 24, 2015			

Outline of Portfolio Development Policy

- Invests in real estate-related assets that are mainly used as residences
- Positions Greater Tokyo / Major Urban Area 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 the Single and Compact Type residences

To Our Unitholders



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

南 修

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") works to expand its asset size 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 reinforce the portfolio's stability and further enhance its profitability. Let me report on the business results of the Investment Corporation for the fiscal period ended March 2015 (19th fiscal period).

In the fiscal period under review, the Investment Corporation acquired eight residential properties, including Prime Maison MORISHITA, from Sekisui House, Ltd. and Sekiwa Real Estate, Ltd. etc. using funds procured through the public offering it conducted at the beginning of the period. Moreover, through a proprietary acquisition channel of the Asset Management Company, the Investment Corporation newly acquired a residential property, Esty Maison SHIBAURA, located in the Shibaura area where further progress is expected given the planned establishment of a new station on the JR Yamanote Line and redevelopment projects slated around Tamachi Station. On the other hand, we have steadily sold our retail properties in order to reinforce the stability of the portfolio. In the 19th fiscal period, we assigned b-town JINGUMAE II, a retail property, at a price surpassing both the book value and the appraisal value. Consequently, the number of owned properties increased to 107 as of the end of the fiscal period, with the asset size totaling 188.7 billion yen, an increase by approximately 10.3% compared with the end of the 18th fiscal period. The ratio of residential properties in the asset size rose to 91.3%.

In terms of the occupancy ratio for the 19th fiscal period, the period-end occupancy ratio stood at 97.4%, up 0.3 points from the end of the 18th fiscal period while the period average occupancy ratio was 97.0%, up 0.3 points period-on-period, both maintaining high levels.

On the financial side, the Investment Corporation newly borrowed 6.65 billion yen in total to fund the acquisition of the properties. It also conducted refinancing of borrowings totaling 15.35 billion yen in an effort to further lower the borrowing cost rate and promote lengthening of borrowing periods.

As a result of above-mentioned endeavors, the Investment Corporation posted operating revenue of 6,286 million yen, operating income of 2,814 million yen and net income of 2,302 million yen for the 19th fiscal period. Distribution per unit stood at 2,185 yen.

On top of these, we acquired two residential properties (Granmast KANAZAWA NISHIIJUMI and Granmast UNOMORI) from Sekiwa Real Estate Chubu, Ltd. in April 2015 and a residential property (Esty Maison TSUTSUJIGAOKA) through a proprietary property acquisition channel of the Asset Management Company in May 2015, respectively, while assigning part of the land of RINKU HAGURAZAKI Plaza (*sokochi*), a retail property, in April 2015. The acquisition of Granmast KANAZAWA NISHIIJUMI and Granmast UNOMORI was realized pursuant to the partial revision to our management policy in June 2014, in which the investment area other than Greater Tokyo was broadly set in order to take full advantage of the recognition and know-how, and nationwide real estate network of the Sekisui House Group. The acquisition marks the first selective investment in residential properties located in the investment area newly designated in the revised management policy.

Going forward, we will continue striving to maximize unitholder value by promoting steady expansion of asset size through utilization of the comprehensive strengths of the Sekisui House Group, among other measures. We appreciate your continuing support.

Performance Highlights

Distribution per Unit

19th Fiscal Period Ended March 2015 **Cash distribution per unit ¥2,185**

Business Results and Distribution

Settlement Date	Mar. 2013	Sept. 2013	Mar. 2014	Sept. 2014	Mar. 2015	Sept. 2015
Fiscal Period	15th FP	16th FP	17th FP	18th FP	19th FP	20th FP (Forecast)
Operating revenue (million yen)	4,038	4,688	4,952	5,591	6,286	6,411
Operating income (million yen)	1,908	2,179	2,242	2,463	2,814	2,730
Ordinary income (million yen)	1,435	1,684	1,767	1,952	2,305	2,194
Net income (million yen)	1,433	1,681	1,765	1,950	2,302	2,192
Provision for reserve for reduction entry (million yen)	-	-	-	-	77	34
Cash distribution per unit (yen)	2,091 (10,459)	2,107 (10,537)	2,212 (11,062)	2,131 (10,655)	2,185 (10,925)	2,120 (10,600)

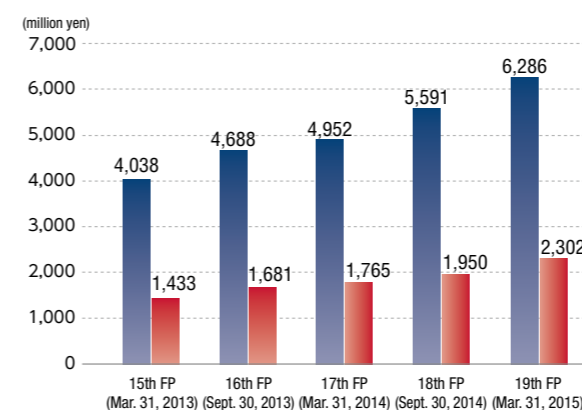
(Note 1) The values of respective items in the 20th fiscal period ending September 2015 (forecast) are the figures as of May 18, 2015 (announcement of business results) calculated under certain assumptions. The actual operating revenue, operating income, ordinary income, net income, provision for reserve for reduction entry and distribution per unit may be subject to change due to such factors as additional acquisitions or assignments 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 parenthesis 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) is calculated based on the amount of unappropriated retained earnings less the provision for reserve for reduction entry of 77 million yen, divided by the number of investment units issued as of the end of the fiscal period.

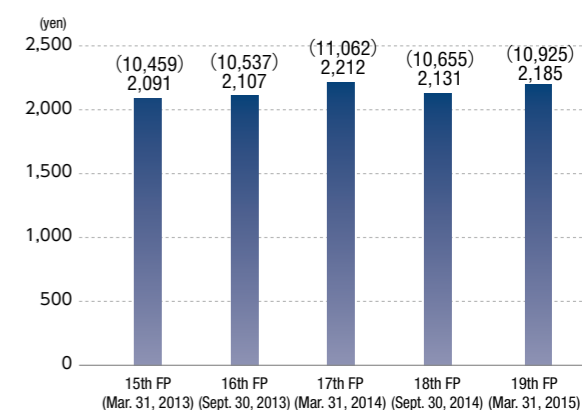
(Note 3) With regard to the 57 million yen (planned) as gain on partial sale of RINKU HAGURAZAKI Plaza (*sokochi*) for the 20th fiscal period ending September 2015, the Investment Corporation assumes to record 34 million yen (planned) as provision for reserve for reduction entry to the extent applicable to the Special Provisions for Taxation on Investment Corporations under Article 67-15 of the Act on Special Measures Concerning Taxation and the Special Measures in Case Land or Other Property is Acquired in Advance in 2009 or 2010 under Article 66-2 of the said law. However, the actual amount of the internal reserve may be subject to change.

Changes in Business Results

Operating Revenue / Net Income



Cash Distribution per Unit



Summary of Management Results for the 19th Fiscal Period Ended March 2015

Business Results and Cash Distributions	<ul style="list-style-type: none"> Operating revenue: ¥6,286 million, operating income: ¥2,814 million, net income: ¥2,302 million, provision for reserve for reduction entry: ¥77 million Cash distribution per unit: ¥2,185 (up 2.6% over initial forecast)
Financing Activities	<ul style="list-style-type: none"> Procured approximately ¥9.86 billion in October 2014 through public offering, the second public offering in two consecutive fiscal periods Conducted new borrowings (¥6.65 billion in total) to fund the acquisition of 9 residential properties purchased in November 2014, January 2015 and March 2015 Refinanced ¥15.35 billion in existing borrowings that matured in February 2015
Portfolio Management Status	<ul style="list-style-type: none"> Occupancy ratio (entire portfolio): 97.4% (at the end of 19th fiscal period (March 31, 2015)) Acquired 9 properties in total, of which 8 residential properties were acquired by exercising preferential negotiation rights granted by the Sekisui House Group and a residential property was acquired by utilizing a proprietary property acquisition channel of the Asset Management Company Assigned a retail property with an intention to further reinforce the stability of the portfolio

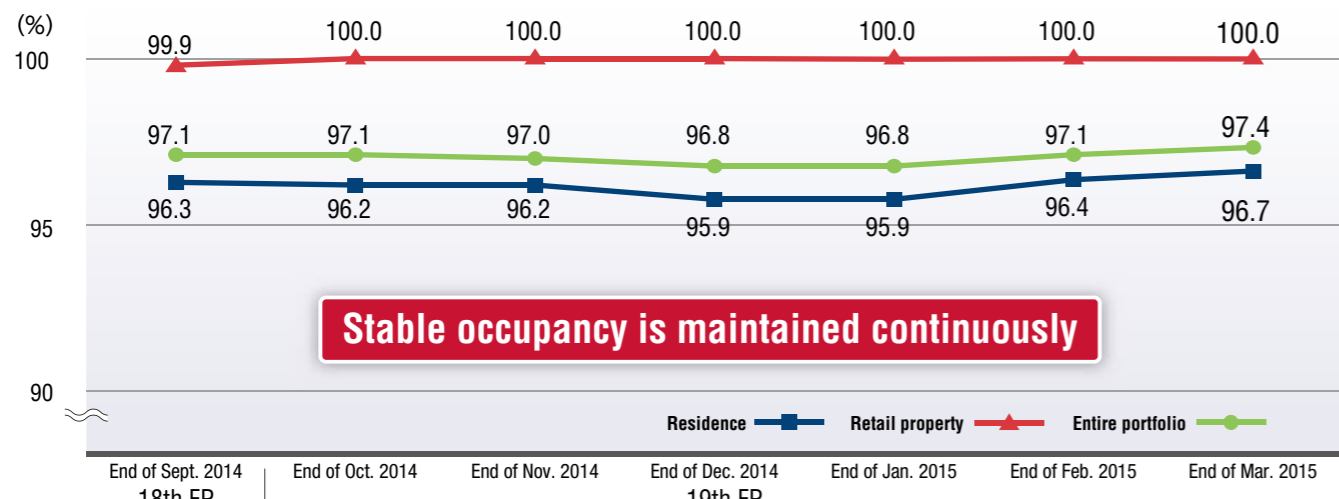
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Portfolio Management

Changes in Occupancy Ratio

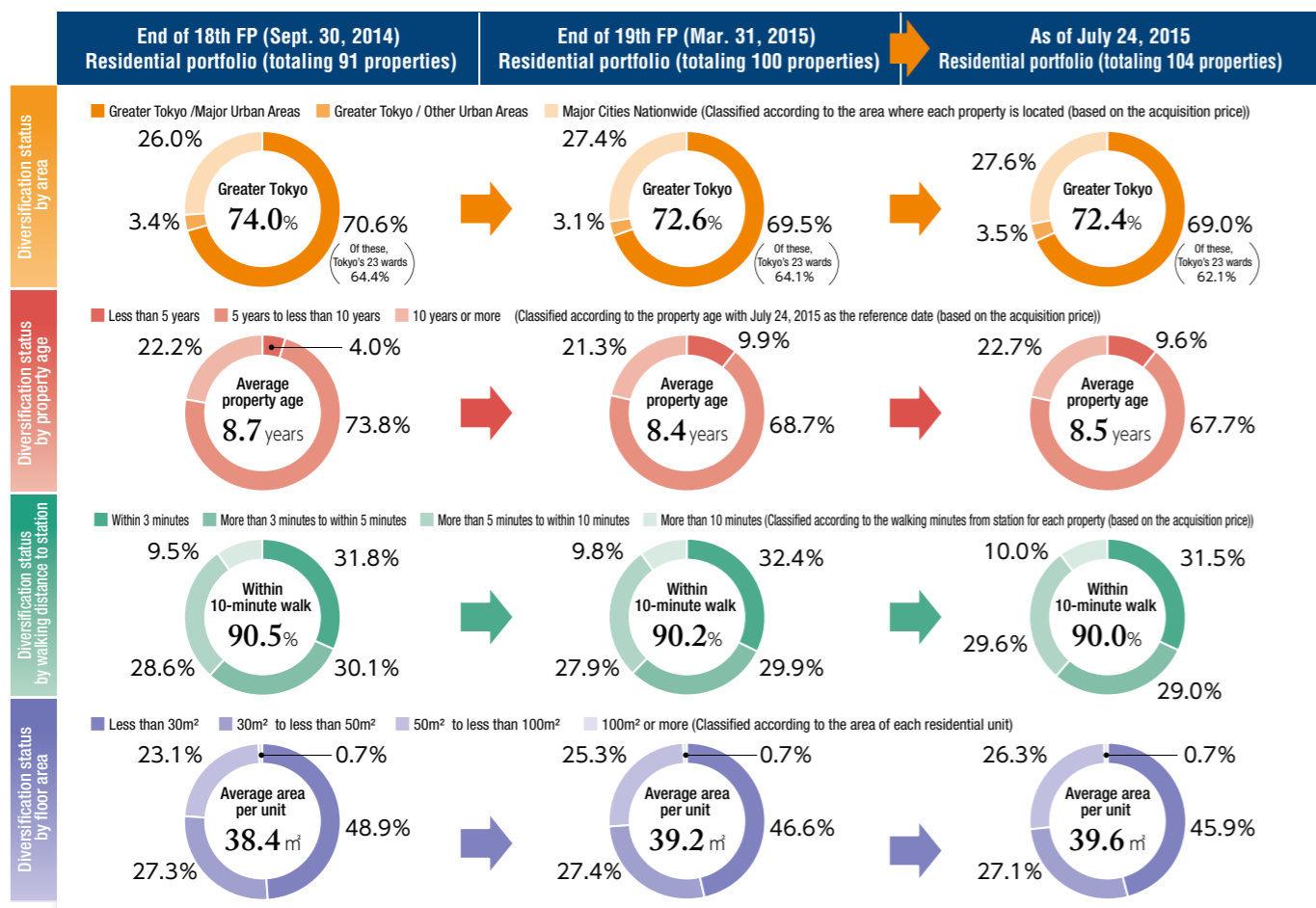
Aiming to secure rental income stably over the long term, the Investment Corporation collaborated with the property management companies to focus on managing properties in pursuit of intensively controlled and more efficient leasing management. As a result of this endeavor, the occupancy ratio of the entire portfolio stood at 97.4% as of the end of the 19th fiscal period (March 31, 2015), continuing to stay at a high level.



Stable occupancy is maintained continuously

(Note) The occupancy ratio in the above graph indicates the ratio of total leased area to the total leasable area in each category for the properties of the corresponding category held by the Investment Corporation as of the end of each month from September 2014 to March 2015, rounded to the nearest first decimal place.

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

Further Reinforcement of Financial Base

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

Stabilization of the Financial Base

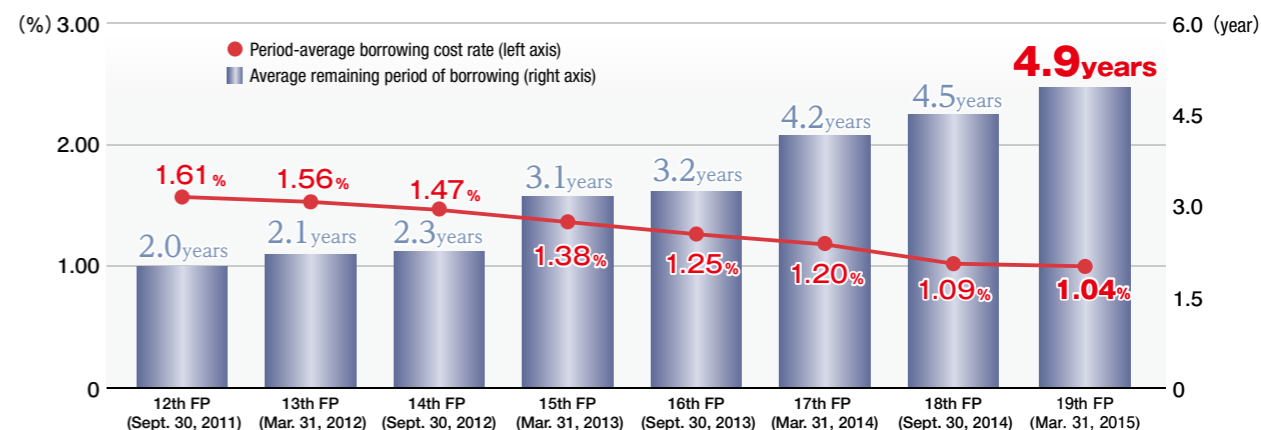
The Investment Corporation is promoting stabilization of its financial base by endeavoring to fix interest rates, lengthen the borrowing periods and through other measures.



(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 is rounded to the nearest first decimal place.
(Note 2) "Ratio of long-term borrowings" includes current portion of long-term loans payable within one year, and is rounded to the nearest first decimal place.
(Note 3) "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 nearest first decimal place. The same follows hereafter.

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

Since the sponsor change, the Investment Corporation has worked to lengthen the average remaining period of borrowings and reduce the borrowing costs.

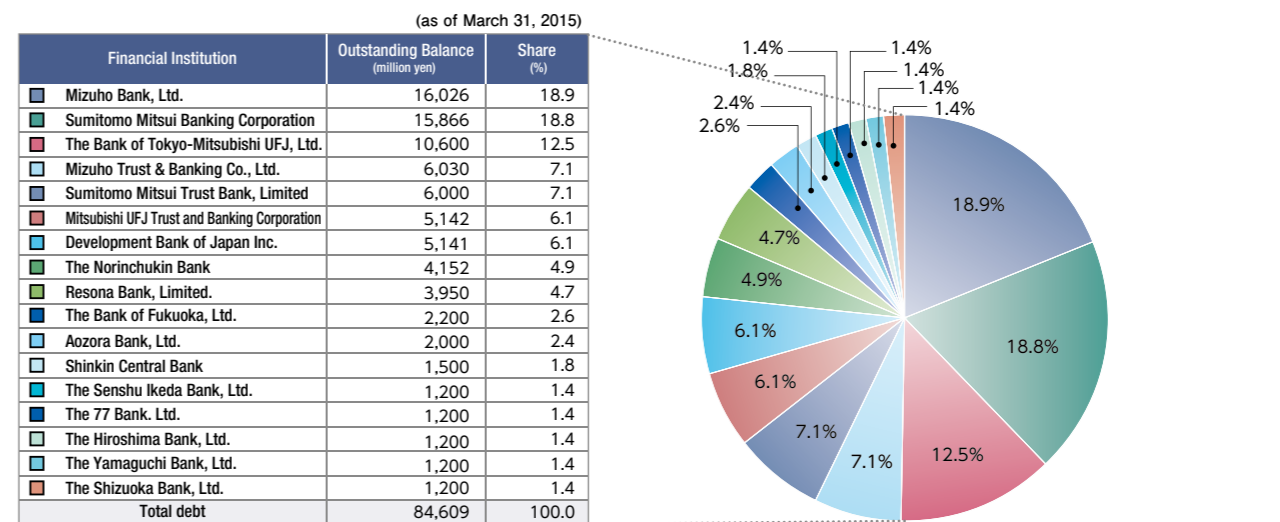


(Note) "Period-average borrowing cost rate" is calculated by using the formula below, and is rounded to the nearest second decimal place:
Period-average borrowing cost rate = Period borrowing cost (annualized) / Balance of period-average interest-bearing debt

Status of Bank Formation

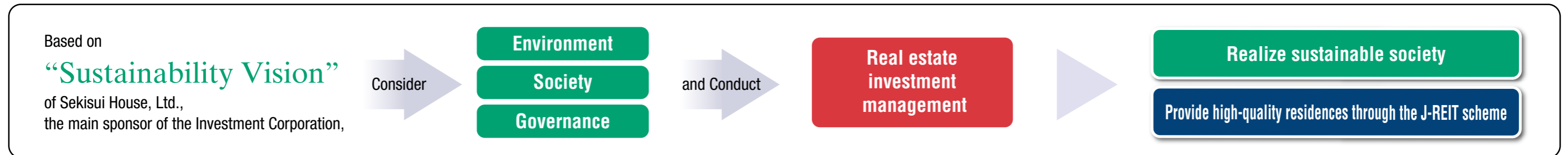
The Investment Corporation has promoted construction of the bank formation comprising major Japanese financial institutions centering on megabanks, based on the credibility of Sekisui House, Ltd.

As of March 31, 2015, the Investment Corporation has borrowed funds from 17 financial institutions in total.



CSR and Environmental Activities

Establishment of Environmental Basic Policy



Sustainability Policy

1 Compliance with Environment-related Laws, Regulations and Rules

In addition to performing in-house training for the purpose of enhancing knowledge with regard to environment-related laws, regulations and rules, we conduct real estate investment and management while maintaining compliance with environment-related laws, regulations and rules toward the realization of a sustainable society.

2 Energy Conservation Measures

We conduct measurement and management of energy consumption levels of properties owned by the Investment Corporation, and proactively promote activities toward the conservation of energy.


Case Study | Replacement to LED light fixtures

In an attempt to reduce energy consumption and greenhouse gas emissions in common areas, we are proceeding with the phased replacement of existing light fixtures with LED light fixtures in common areas.

Phased introduction began in September 2014 → Introduction completed at 8 properties (as of the end of March 2015)

- Approx. 56% annual reduction in electricity usage forecasted
- Approx. 138 ton annual reduction in greenhouse gas (CO₂) emissions forecasted

*Calculations made by Asset Management Company based on materials provided by vendor entrusted with light fixture replacement



3 Resource Depletion Countermeasures

Through the effective use of limited resources and energy conservation measures, we proactively undertake measures against the depletion of resources.


Case Study | Installation of water-saving equipment (flow control valves)

In an attempt to counter the depletion of resources through a reduction in water usage, we are proceeding with the installation of water-saving equipment featuring flow control valves and water-saving showers as necessary.

Phased introduction began in March 2015 → Introduction completed at 157 locations (as of the end of March 2015)

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

*Calculations made by Asset Management Company based on materials provided by vendor entrusted with flow control valve installation



4 Biodiversity Activities

In accordance with the “Gohon no ki” (Five Trees) project promoted by Sekisui House, Ltd., we give consideration to biodiversity and conduct maintenance and management of planting, selecting tree species while considering vegetation existing within each region.

5 Information Disclosure

While regularly monitoring environmental activities, we disclose information concerning sustainability performance on our website. Furthermore, we will continue our efforts to acquire recognition from outside agencies, such as the DBJ Green Building Certification*.

*For details of the DBJ Green Building Certification, please refer to the next page.

6 Contributing to Regions in which We Own Properties

While promoting the establishment of facilities to enable tenants to continue living safely and securely in the event of a disaster, by opening our facilities to neighborhood residents when a disaster occurs, we are contributing to areas in which we own properties.

DBJ Green Building Certification

In January 2015, the Investment Corporation received a high-rank (4 stars) recognition by Development Bank of Japan Inc. (DBJ) for two of its owned properties (Prime Maison SHINAGAWA and Prime Maison GOTENYAMA EAST) as “Properties with exceptionally high environmental & social awareness.” This is the first case of the DBJ Green Building Certification granted to residential properties.



Prime Maison GOTENYAMA EAST

Prime Maison SHINAGAWA

Assessment Points

- Proactively promotes energy saving and energy creation by employing LED lighting for not only common areas but also exclusive areas, as well as installing photovoltaic power generation panels, to demonstrate how sustainable residences should be.
- Conducts greening on the rooftop and walls, and gives considerations to biodiversity by frequently planting Japan’s original, wild and native species that have long been familiar to the local community, based on the “Gohon no ki” (Five Trees) project promoted by Sekisui House, Ltd., the developer.
- (Particularly for Prime Maison SHINAGAWA) Responds to a variety of tenant needs by introducing latest facilities, including installment of electric vehicle battery chargers as well as emergency power sources that are directly connected to the photovoltaic power generation panels to supply electricity to the common areas.

DBJ Green Building Certification

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



Portfolio Map

In order to mitigate the risks associated with unipolar concentration of the portfolio, including risks related to local economy and earthquakes, the Investment Corporation positions Greater Tokyo / Major Urban Area 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 MOMOCHIHAMA
- 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 KAYABAOKEN
- 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-39 Esty Maison HIGASHISHINAGAWA | Residence-81 Esty Maison NAKANOFUJIMICHO |
| Residence-3 Esty Maison AZABUNAGASAKA | Residence-42 Esty Maison ITABASHIKUYAKUSHOMAE | Residence-82 Esty Maison TETSUGAKUDO |
| Residence-4 Esty Maison EBISU II | Residence-43 Esty Maison MUSASHIKOYAMA | Residence-83 Esty Maison KOENJI |
| Residence-5 Esty Maison EBISU | Residence-44 Esty Maison SENDAGI | Residence-84 Esty Maison OSHIAGE |
| Residence-6 Esty Maison KANDA | Residence-45 Esty Maison YOTSUYASAKAMACHI | Residence-85 Esty Maison AKABANE |
| Residence-8 Esty Maison KITASHINJUKU | Residence-48 Esty Maison SANGENJAYA | Residence-86 Esty Maison OJI |
| Residence-10 Esty Maison ASAKUSA KOMAGATA | Residence-53 Esty Maison SANGENJAYA II | Residence-87 Prime Maison WASEDA |
| Residence-12 Esty Maison KAWASAKI | Residence-54 Esty Maison ITABASHI C6 | Residence-88 Prime Maison HATCHOBORI |
| Residence-14 Esty Maison SHINKAWASAKI | Residence-56 Esty Maison KINSHICHO | Residence-89 Prime Maison JINBOCHO |
| Residence-15 Esty Maison YOKOHAMA | Residence-57 Esty Maison MUSASHIKOGANEI | Residence-90 Prime Maison GOTENYAMA EAST |
| Residence-16 Esty Maison KAMEIDO | Residence-62 Esty Maison AKIHABARA | Residence-91 MAST LIFE AKIHABARA |
| Residence-17 Esty Maison MEGURO | Residence-63 Prime Maison SASAZUKA | Residence-94 Esty Maison KINSHICHO II |
| Residence-19 Esty Maison SUGAMO | Residence-64 Prime Maison GINZA EAST | Residence-95 Esty Maison OJIMA |
| Residence-21 Esty Maison MEGUROHONCHO | Residence-69 Esty Maison SENGOKU | Residence-98 Prime Maison MORISHITA |
| Residence-22 Esty Maison HAKURAKU | Residence-70 Esty Maison DAIZAWA | Residence-99 Prime Maison SHINAGAWA |
| Residence-24 Esty Maison GOTANDA | Residence-71 Esty Maison TOGOSHI | Residence-104 MAST LIFE YAHIRO |
| Residence-25 Esty Maison OISENDAIZAKA | Residence-74 Esty Maison SHIROKANEDAI | Residence-105 Prime Maison EBISU |
| Residence-26 Esty Maison SHINAGAWA SEASIDE | Residence-75 Esty Maison HIGASHISHINJUKU | Residence-106 Esty Maison SHIBAURA |
| Residence-27 Esty Maison MINAMIAZABU | Residence-76 Esty Maison MOTOAZABU | Residence-110 Esty Maison KOHOKU TSUNASHIMA (Acquired in 20th FP) (Note) |
| Residence-30 Esty Maison KAWASAKI II | Residence-77 Esty Maison TORITSUDAIGAKU | Retail-4 b-town MINAMIAOYAMA |
| Residence-31 Esty Maison AZABUJUBAN | Residence-78 Esty Maison MUSASHIKOYAMA II | Retail-7 b-toss IKEBUKURO (Assigned in 20th FP) |
| Residence-33 Esty Maison ITABASHIHONCHO | Residence-79 Esty Maison NAKANO | |
| Residence-34 Esty Maison OIZUMIGAKUEN | Residence-80 Esty Maison SHINNAKANO | |

(Note) Esty Maison KOHOKU TSUNASHIMA represents the property's name after change, as the Investment Corporation will change the brand name of the property to Esty Maison after providing tenants with a certain period of notice of the change.

Greater Tokyo / Other Urban Areas

- Residence-11 Esty Maison MACHIDA
- Residence-18 Esty Maison YACHYO MIDORIGAOKA
- Residence-40 Esty Maison HACHIOJIMINAMINO
- Residence-50 Prime Maison MUSASHINONOMORI
- Residence-109 Esty Maison TSUTSUJIGAOKA (Acquired in 20th FP)
- Retail-5 KOJIMA x BIC CAMERA Kamifukuoka store (Formerly, KOJIMA NEW KAMIFUKUOKATEN)
- Retail-8 Joy Square YUGAWARA



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

- Residence-37 Esty Maison SHIONISHINOTOIN
- Residence-100 Prime Maison ODORI KOEN
- Residence-101 Prime Maison MINAMI 2-JO
- Residence-102 Prime Maison KAMOKAMOGAWA
- Residence-107 Granmast KANAZAWA NISHIZUMI (Acquired in 20th FP)
- Residence-108 Granmast UNOMORI (Acquired in 20th FP)
- Retail-1 HAMAMATSU Plaza
- Retail-3 RINKU HAGURAZAKI Plaza
- Retail-9 Bell Plaza Shopping Center



Management Discussion and Analysis

Overview of Asset Management

1. Changes in Operating Results and Other Management Data

Fiscal Period	Unit	15th Fiscal Period (October 1, 2012 - March 31, 2013)	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)
Accounting period						
Operating revenue	mm yen	4,038	4,688	4,952	5,591	6,286
Rent revenue - real estate	mm yen	(4,032)	(4,683)	(4,917)	(5,591)	(6,134)
Operating expenses	mm yen	2,130	2,508	2,710	3,127	3,472
Expenses related to rent business	mm yen	(1,745)	(2,066)	(2,233)	(2,560)	(2,835)
Operating income	mm yen	1,908	2,179	2,242	2,463	2,814
Ordinary income	mm yen	1,435	1,684	1,767	1,952	2,305
Net income (a)	mm yen	1,433	1,681	1,765	1,950	2,302
Total assets (b)	mm yen	133,843	148,871	156,878	176,892	194,035
(Period-on-period variation)	%	(+17.2)	(+11.2)	(+5.4)	(+12.8)	(+9.7)
Net assets (c)	mm yen	59,188	69,976	70,059	81,010	91,227
(Period-on-period variation)	%	(+14.5)	(+18.2)	(+0.1)	(+15.6)	(+12.6)
Unitholders' capital	mm yen	57,755	68,294	68,294	79,059	88,925
Investment units issued (d)	units	137,070	159,605	159,605	915,240	1,018,110
Net assets per unit (c)/(d)	yen	431,813	438,432	(Note 5) 87,791	88,512	89,605
Total cash distributions (e)	mm yen	1,433	1,681	1,765	1,950	2,224
Cash distribution per unit (e)/(d)	yen	10,459	10,537	11,062	2,131	2,185
Earnings distribution per unit	yen	(10,459)	(10,537)	(11,062)	(2,131)	(2,185)
Distribution in excess of earnings per unit	yen	(—)	(—)	(—)	(—)	(—)
Ordinary income to total assets (Note 2)	%	1.2(2.3)	1.2(2.4)	1.2(2.3)	1.2(2.3)	1.2(2.5)
Return on unitholders' equity (Note 2)	%	2.6(5.2)	2.6(5.2)	2.5(5.1)	2.6(5.2)	2.7(5.4)
Unitholders' equity ratio (c)/(b)	%	44.2	47.0	44.7	45.8	47.0
(Period-on-period variation)		(-1.1)	(2.8)	(-2.3)	(1.1)	(1.2)
Distribution payout ratio (Note 3)	%	100.0	99.9	100.0	99.9	96.6
[Other reference information]						
Number of investment properties (Note 4)	properties	77	89	95	99	107
Total leasable area	m ²	295,116.85	301,179.47	318,602.26	357,494.91	399,249.82
Period-end occupancy ratio (Note 4)	%	97.7	97.1	97.5	97.1	97.4
Depreciation	mm yen	853	1,018	1,073	1,252	1,369
Capital expenditures	mm yen	23	17	86	68	153
Leasing NOI (net operating income) (Note 2)	mm yen	3,141	3,636	3,757	4,283	4,669

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

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

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

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

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

For the 15th, 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 5-for-1 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 ended March 2014. 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 19th 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 Investment Corporation's asset management company 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 promoting expansion of its asset size, primarily through acquiring rental residential properties developed by the Sekisui House Group (Note 2), with a focus on maximizing the interests of its unitholders, as well as by working to reinforce its financial base.

(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 January 2015).

(2) Investment Environment and Asset Management Results

1) Operating Environment

During the 19th fiscal period, the Japanese economy presumably remained on course for a modest recovery, showing a steady improvement in the employment and income environments as well as a pickup in exports backed by the recovery in overseas economies, etc., although improvement in consumer spending was dull in certain areas.

Under these circumstances, the Tokyo Stock Exchange (TSE) REIT Index soared in the first half of the fiscal period, given the long-term interest rates in Japan continuing to show a downward trend and due to the decision made by the Bank of Japan (BOJ) at its Monetary Policy Meeting held on October 31, 2014 to increase its purchases of long-term government bonds at a pace of approximately 80 trillion yen annually, up 30 trillion yen, and to triple its purchases of J-REITs to approximately 90 billion yen annually. Subsequently, in the latter half of the fiscal period, the TSE REIT Index showed unstable movements as the long-term interest rate levels took an upward turn and became unstable after entering 2015. As a whole, however, the Index remained solid, partly bolstered by the BOJ's purchases.

As for the land price trend, the national average decreased at a slower pace for residential land and shifted from a decrease to a leveling-off for commercial land for the first time in seven years, according to the Land Price Survey as of January 1, 2015. On the average in the three major metropolitan areas (the Greater Tokyo, Osaka Area and Nagoya Area), both the residential and commercial land prices have increased for two consecutive years. Moreover, in the three major metropolitan areas, land prices increased in slightly less than half of the surveyed sites for residential land and slightly more than 70% for commercial land. As such, land prices are observed to be recovering, due to such factors as a decrease in the vacancy rate of office buildings and the tendency to use commercial land as condominium sites.

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 driving cars and 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, the number of housing starts exceeded the level of the year-earlier month for the first time in 13 months, according to the Statistics on Building Construction Starts (March 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 (April 2015) by the Bank of Japan, department store sales throughout Japan have continued to show an improving trend, bolstered by a pickup of demand from the decline in reaction to the front-loaded increase and the asset effect from higher stock prices, as well as by an increase in sales for foreigners visiting Japan. Moreover, while supermarket sales nationwide were relatively weak, convenience store sales have shown a slightly upward trend. Accordingly, it is considered that rents for stores, which are influenced by private consumption trends, have been recovering. For example, there is an observed tendency in which advertised rents soar in expectation of the economic recovery going forward in such areas as Ginza and Omotesando in Tokyo.

2) Asset Management Results

A. Measures for expanding the asset size

[Changes in the asset size]

The Investment Corporation started the 19th fiscal period with management of 99 properties it owned as of September 30, 2014, having total acquisition price of 171,099 million yen (excluding, however, miscellaneous acquisition related expenses, fixed property taxes, city planning taxes, consumption taxes and local consumption taxes; the same follows hereafter). Following the assignment of a retail property (acquisition price of 1,043 million yen) in October 2014, the Investment Corporation acquired

seven residential properties in November 2014, a residential property in January 2015 and a residential property in March 2015, respectively (with total acquisition price of 18,715 million yen). As a result, the properties owned by the Investment Corporation as of the end of the fiscal period under review totaled 107 properties (100 residential properties and 7 retail properties), with the total acquisition price amounting to 188,771 million yen (172,277 million yen for residential properties and 16,493 million yen for retail properties).

The table below indicates the properties assigned or acquired during the 19th fiscal period.

<Assigned property>

Property No.	Property Name	Location	Assignment Price (million yen)	Assignment Date
Retail-2	b-town JINGUMAE II	Jingumae, Shibuya-ku, Tokyo	1,200	October 3, 2014

<Newly acquired properties>

Property No.	Property Name	Location	Acquisition Price (million yen)	Acquisition Date
Residence-98	Prime Maison MORISHITA	Morishita, Koto-ku, Tokyo	1,720	November 4, 2014
Residence-99	Prime Maison SHINAGAWA	Kita-Shinagawa, Shinagawa-ku, Tokyo	1,680	November 4, 2014
Residence-100	Prime Maison ODORI KOEN	Odori-Nishi, Chuo-ku, Sapporo-shi, Hokkaido	2,660	November 4, 2014
Residence-101	Prime Maison MINAMI 2-JO	Minami 2jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	1,470	November 4, 2014
Residence-102	Prime Maison KAMOKAMOGAWA	Minami 7jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	970	November 4, 2014
Residence-103	Prime Maison CENTRAL PARK	Kashii Teriha, Higashi-ku, Fukuoka-shi, Fukuoka	2,230	November 4, 2014
Residence-104	MAST LIFE YAHIRO	Yahiro, Sumida-ku, Tokyo	1,670	November 4, 2014
Residence-105	Prime Maison EBISU	Ebisu, Shibuya-ku, Tokyo	3,585	January 15, 2015
Residence-106	Esty Maison SHIBAURA	Shibaura, Minato-ku, Tokyo	2,730	March 31, 2015

[Implementation of two public offerings in two consecutive fiscal periods and property replacement]

The Investment Corporation issued new investment units through public offering in April 2014. Using the funds procured from the public offering plus borrowings and cash on hand, it acquired four residential properties in May 2014. Moreover, in October 2014, it conducted another public offering for two consecutive fiscal periods, and used the funds procured from the public offering as well as borrowings and cash on hand to acquire seven Prime Maison Series properties from Sekisui House and a MAST Series property from Sekiwa Real Estate, Ltd. ("Sekiwa Real Estate"), respectively. In line with the latter public offering, the Investment Corporation also transferred a retail property, the first such assignment since the amendments to its Articles of Incorporation in June 2014. The funds from the sale of the property were used to partly fund the above-mentioned new acquisitions, realizing a property replacement of the portfolio. Through these series of initiatives, the Investment Corporation was able to steadily expand the asset size and enhance 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. Specific measures included implementation of renewals of aged and obsolete exclusive areas, which can be obstacles to leases, in a timely manner and measures that are not only environmentally friendly but also helpful to reduce operational costs, such as introduction of energy-saving air-conditioning equipment, introduction of LED lighting to common areas and installation of water-saving equipment. Consequently, the occupancy ratio of the entire residential properties stood at 96.7% as of the end of the 19th fiscal period.

Moreover, Prime Maison SHINAGAWA and Prime Maison GOTENYAMA EAST, two of the residential properties owned by the Investment Corporation, were granted the DBJ Green Building Certification by Development Bank of Japan Inc. (DBJ), the first case of the Certification granted to residential properties of J-REITs, in recognition that they are "properties with exceptionally high environmental & social awareness."

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 March 31, 2015.

As a result of these endeavors, the occupancy ratio of the entire portfolio was 97.4% as of the end of the fiscal period under review.

(3) Summary of Fund Procurement

During the 19th fiscal period, the Investment Corporation newly borrowed 1,000 million yen in short-term loans payable (loan period: approximately 10 months) in November 2014, 2,800 million yen in long-term loans payable in January 2015 (loan period: approximately a year and two months) and 2,850 million yen in short-term loans payable in March 2015 (loan period: approximately 11 months). In February 2015, it borrowed 8,100 million yen with a loan period of approximately 8 years, 3,350 million yen with a loan period of approximately 7 years and 3,900 million yen with a loan period of approximately 6 years, as funds for refinancing the borrowings that matured (15,350 million yen in total). These arrangements helped promote further extension of borrowing periods and diversification of repayment days. Of the long-term loans payable in these funds for refinancing, the interest rates were fixed in effect for borrowings with floating interest rates by concluding interest rate swap agreements in order to hedge the risk of rising interest rates.

As a result of the above, the Investment Corporation had the balance of interest-bearing debts standing at 99,109 million yen (3,850 million yen in short-term loans payable, 80,759 million yen in long-term loans payable (including 5,650 million yen in current portion of long-term loans payable) and 14,500 million yen in investment corporation bonds) as of March 31, 2015.

In addition, the Investment Corporation has been granted the following credit ratings as of July 24, 2015 in the 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 6,286 million yen, operating income of 2,814 million yen after deducting such operating expenses as outsourcing expenses, utilities expenses and asset management fees, ordinary income of 2,305 million yen and net income of 2,302 million yen in the 19th fiscal period.

Furthermore, the Investment Corporation decided to internally reserve part of the gain on sale of b-town JINGUMAE II 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. Pursuant to this policy, the Investment Corporation decided to distribute the entire amount of the unappropriated retained earnings after deducting 77million yen as the provision for reserve for reduction entry, which is within the scope of application to Article 66-2 of the Act on Special Measures Concerning Taxation, 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 Act on Special Measures Concerning Taxation).

As a result, the cash distribution per unit came to 2,185 yen for the 19th fiscal period.

3. Future Management Policies and Vital Issues

(1) Investment Environment

With regard to the outlook of the Japanese economy, domestic demand will remain solid and exports are expected to head for a moderate increase, according to the Outlook for Economic Activity and Prices (April 2015) by the Bank of Japan. As such, a virtuous cycle from income to spending is likely to be maintained in both the household and corporate sectors. The economy is forecasted to continue growing at a rate surpassing the potential growth rate for fiscal 2015 through fiscal 2016, as consumer spending in fiscal 2015 is anticipated to benefit from lower energy prices that push up real income and to recover from the drop following the rush demand prior to the consumption tax rate hike.

However, a certain upswing or downswing may possibly arise for the future outlook, depending on such overseas economic trends as the outlook of emerging economies, the European debt problem and the recovery pace of the U.S. economy as well as such factors as changes in expectations of household and corporate sectors for growth over a medium to long term and confidence in the medium- to long-term sustainability of the national finance. Close monitoring of the future trends and outcome of these factors will be required.

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 and intensified competition over acquisitions of construction sites. Accordingly, the expected investment return will presumably continue to show a decreasing trend for some time. 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, Ltd., the main sponsor, serves as the core company. In this endeavor, the Investment Corporation positions Greater Tokyo / Major Urban Area 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 regional cities around Japan, 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 channels, 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 work to reinforce property competitiveness and reduce operational costs by continuously conducting such initiatives as building renovation and unit renewal work, which it has been implementing at any time, as well 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 reduce vacancy periods (down time) 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 and renewal fees upon renewing existing contracts.

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 545,000 units throughout Japan (as of January 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, Ltd. 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	<div style="border: 1px solid black; padding: 5px; text-align: center;">Brand of Sekisui House</div> <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>	<div style="border: 1px solid black; padding: 5px; text-align: center;">Proprietary Brand of the Investment Corporation</div> <p>As a rule, high-quality urban rental condominiums the Investment Corporation acquired from outside the Sekisui House Group</p>	<div style="border: 1px solid black; padding: 5px; text-align: center;">Brand of the Sekiwa Real Estate Group</div> <p>As a rule, high-quality rental residential properties planned and developed by the Sekiwa Real Estate companies that belong to the Sekisui House Group</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 so that 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. Furthermore, the Investment Corporation's LTV stood at 51.1% as of the end of the 19th fiscal period as a result of the issuance of new investment units through public offering conducted in the fiscal period. The Investment Corporation will effectively utilize the capacity for borrowings created by the decreased LTV, while investigating diversification of the fund procurement means and conducting fund procurement through appropriate means, paying close attention to the market environment.

4. Significant Events Occurring after Settling the 19th Fiscal Period

Not applicable.

(Reference Information)

A. New Asset Acquisitions

The Investment Corporation acquired the following four properties as of April 2, 2015, May 14, 2015 and July 10, 2015.

Property No.	Property Name	Location (Note 2)	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 (Note 1)	Shin-yoshida Higashi, Kohoku-ku, Yokohama-shi, Kanagawa	2,680	July 10, 2015

(Note 1) Although Esty Maison KOHOKU TSUNASHIMA is named Gran Coeur Kohoku Tsunashima as of the date of this document, the Investment Corporation will change the brand name of the property to Esty Maison after providing tenants with a certain period of notice of the change. Accordingly, the property's name after change is used here.

(Note 2) The location is based on the indication on the registry.

B. Assignments of Owned Property

The Investment Corporation assigned the following part of property as of April 28, 2015 and a property as of June 12, 2015.

Property No.	Property Name	Location (Note 2)	Sale Price (million yen)	Sale Date
Retail-3	RINKU HAGURAZAKI Plaza (Note 1)	Tajiri-cho, Sennan-gun, Osaka and other	1,150	April 28, 2015
Retail-7	b-toss IKEBUKURO	Nishi-Ikebukuro, Toshima-ku, Tokyo	2,050	June 12, 2015

(Note 1) RINKU HAGURAZAKI Plaza is a commercial facility 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. Of these sections, the Investment Corporation assigned the land section for which Kojima Co., Ltd. was the lessee.

(Note 2) The location is based on the indication on the registry.

C. 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.	April 2, 2015	600	0.30500% (Note 1)	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						
Total		1,800						
Mizuho Bank, Ltd.	July 10, 2015	700	0.30500% (Note 2)	Floating	August 31, 2016	Lump-sum repayment	Funds for acquisition of real estate beneficiary interest, etc.	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		700						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		700						
Mitsubishi UFJ Trust and Banking Corporation		700						
Total		2,800						

(Note 1) The interest rate is applicable for the period from June 30, 2015 to July 31, 2015.

(Note 2) The interest rate is applicable for the period from July 10, 2015 to July 31, 2015.

D. Early Repayment of Loans

As for the below-stated borrowings, the Investment Corporation conducted early repayment on May 29, 2015 and June 30, 2015.

< Individual loan contract (loan period: approximately 10 months)>

Lender	Loan Amount (million yen)	Applicable Interest Rate	Drawdown Date	Principal Repayment Date	Early Repayment Date	Amount of Repayment (million yen)	Balance after Repayment (million yen)	Security
Mizuho Bank, Ltd.	500	0.33000% (Floating interest rate) (Note)	November 4, 2014	August 31, 2015	May 29, 2015	500	-	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation	500					500		

(Note) The interest rate is applicable for the period from April 30, 2015 to May 29, 2015.

< Individual loan contract (loan period: approximately 1 year and 2 months)>

Lender	Loan Amount (million yen)	Applicable Interest Rate	Drawdown Date	Principal Repayment Date	Early Repayment Date	Amount of Repayment (million yen)	Balance after Repayment (million yen)	Security
Mizuho Bank, Ltd.	800	0.33000% (Floating interest rate) (Note)	January 15, 2015	February 29, 2016	June 30, 2015	600	200	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation	800					600	200	
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,200					900	300	

(Note) The interest rate is applicable for the period from May 29, 2015 to June 30, 2015.

Financial Section (Audited)

7. Capital Expenditures in the 19th 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 19th fiscal period. In addition, the capital expenditure for the fiscal period under review totaled 153 million yen. Combining this with the 165 million yen in repair expenses, which were classified as expenses for the fiscal period, the Investment Corporation conducted construction of 318 million yen.

Real Estate Property Name (Location)	Purpose	Period	Expenditures (million yen)
Joy Square YUGAWARA (Ashigarashimo-gun, Kanagawa)	Water-proofing of roof top	From: January 2015 To: March 2015	27
Esty Maison SHIROKANEDAI (Shinagawa-ku, Tokyo)	Renewal of common areas	From December 2014 To: March 2015	24
Esty Maison OJIMA and other 5 properties (Koto-ku, Tokyo and others)	Installation of LEDs for the lighting equipment of common areas	From: October 2014 To: November 2014	19
Esty Maison SHINKAWASAKI (Kawasaki-shi, Kanagawa)	Replacement of electric water heaters	From: November 2014 To: December 2014	11
Others			69
Total			153

8. Transactions with Interested Parties, Etc.

(1) Transaction Status

Category	Transaction Amount, Etc.	
	Purchase Amount, Etc.	Sale Amount, Etc.
Total Amount	18,715,000 thousand yen	1,200,000 thousand yen
Breakdown of Transactions with Interested Parties, Etc.		
Sekisui House Ltd.	13,200,000 thousand yen (70.5%)	—
Sekiwa Real Estate Ltd.	1,670,000 thousand yen (8.9%)	—
Total	14,870,000 thousand yen (79.5%)	—

(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	415,728	Sekiwa Real Estate Ltd.	195,640	47.1
		Sekiwa Real Estate Chubu, Ltd.	45,757	11.0
		Sekiwa Real Estate Kansai, Ltd.	25,391	6.1
		Sekiwa Real Estate Kyushu, Ltd.	16,285	3.9
Brokerage Fees	132,524	Sekiwa Real Estate Ltd.	78,684	59.4
		Sekiwa Real Estate Chubu, Ltd.	5,855	4.4
		Sekiwa Real Estate Kansai, Ltd.	5,308	4.0
		Sekiwa Real Estate Kyushu, Ltd.	1,120	0.8

(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.

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Financial Statements

(1) Balance Sheet

	(Thousand yen)	
	18th Fiscal Period (As of September 30, 2014)	19th Fiscal Period (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	3,595,652	2,941,105
Cash and deposits in trust	4,769,531	5,128,664
Operating accounts receivable	145,036	177,233
Prepaid expenses	137,101	139,619
Deferred tax assets	99	132
Consumption taxes receivable	69,086	39,852
Other	912	392
Allowance for doubtful accounts	(1,681)	(1,965)
Total current assets	8,715,737	8,425,035
Non-current assets		
Property, plant and equipment		
Buildings in trust	82,643,364	91,755,319
Accumulated depreciation	(10,188,991)	(11,426,535)
Buildings in trust, net	72,454,373	80,328,783
Structures in trust	594,179	709,720
Accumulated depreciation	(141,133)	(161,054)
Structures in trust, net	453,045	548,666
Machinery and equipment in trust	1,292,569	1,733,045
Accumulated depreciation	(321,942)	(381,382)
Machinery and equipment in trust, net	970,626	1,351,662
Tools, furniture and fixtures in trust	102,935	135,744
Accumulated depreciation	(44,439)	(51,990)
Tools, furniture and fixtures in trust, net	58,496	83,753
Land in trust	93,263,002	102,216,751
Total property, plant and equipment	167,199,543	184,529,619
Intangible assets		
Leasehold rights in trust	154,055	152,037
Trademark rights	-	865
Other	1,164	535
Total intangible assets	155,220	153,438
Investments and other assets		
Lease and guarantee deposits	235,682	235,667
Long-term prepaid expenses	341,576	417,468
Other	120,354	125,152
Total investments and other assets	697,613	778,288
Total non-current assets	168,052,377	185,461,345
Deferred assets		
Investment corporation bond issuance costs	89,884	82,379
Investment unit issuance costs	34,991	67,202
Total deferred assets	124,876	149,582
Total assets	176,892,990	194,035,963

(Thousand yen)

	18th Fiscal Period (As of September 30, 2014)	19th Fiscal Period (As of March 31, 2015)
Liabilities		
Current liabilities		
Operating accounts payable	289,892	413,818
Short-term loans payable	8,700,000	3,850,000
Current portion of long-term loans payable	6,650,000	5,650,000
Accounts payable – other	446,304	538,448
Accrued expenses	64,192	58,090
Income taxes payable	2,079	2,545
Advances received	303,927	286,678
Other	12,782	13,128
Total current liabilities	16,469,179	10,812,711
Non-current liabilities		
Investment corporation bonds	14,500,000	14,500,000
Long-term loans payable	62,609,500	75,109,500
Tenant leasehold and security deposits in trust	2,303,807	2,385,824
Total non-current liabilities	79,413,307	91,995,324
Total liabilities	95,882,486	102,808,035
Net assets		
Unitholders' equity		
Unitholders' capital	79,059,711	88,925,149
Surplus		
Unappropriated retained earnings	1,950,792	2,302,778
Total surplus	1,950,792	2,302,778
Total unitholders' equity	81,010,504	91,227,928
Total net assets	81,010,504	91,227,928
Total liabilities and net assets	176,892,990	194,035,963

See accompanying "Notes to the Financial Statements".

(2) Statement of Income and Retained Earnings

(Thousand yen)		
	18th Fiscal Period (April 1, 2014 – September 30, 2014)	19th Fiscal Period (October 1, 2014 – March 31, 2015)
Operating revenue		
Rent revenue - real estate	5,591,570	6,134,681
Gain on sale of real estate properties	-	152,133
Total operating revenue	5,591,570	6,286,815
Operating expenses		
Expenses related to rent business	2,560,551	2,835,075
Asset management fee	360,826	417,097
Asset custody fee	13,752	14,751
Administrative service fees	31,116	33,940
Directors' compensations	3,600	3,600
Provision of allowance for doubtful accounts	1,387	467
Other operating expenses	156,425	167,141
Total operating expenses	3,127,659	3,472,074
Operating income	2,463,911	2,814,740
Non-operating income		
Interest income	770	863
Reversal of distributions payable	220	226
Interest on tax refund	12	39
Other	160	-
Total non-operating income	1,163	1,129
Non-operating expenses		
Interest expenses	390,802	371,253
Interest expenses on investment corporation bonds	45,969	56,058
Amortization of investment corporation bond issuance costs	6,491	7,505
Borrowing related expenses	62,645	62,345
Amortization of investment unit issuance costs	6,113	13,547
Other	93	108
Total non-operating expenses	512,115	510,820
Ordinary income	1,952,959	2,305,049
Income before income taxes	1,952,959	2,305,049
Income taxes - current	2,236	2,721
Income taxes - deferred	(15)	(33)
Total income taxes	2,220	2,687
Net income	1,950,739	2,302,362
Retained earnings brought forward	53	416
Unappropriated retained earnings	1,950,792	2,302,778

See accompanying "Notes to the Financial Statements".

(3) Statement of Changes in Net Assets

18th fiscal period (from April 1, 2014 to September 30, 2014)

(Thousand yen)					
	Unitholders' equity			Total unitholders' equity	Total Net Assets
	Unitholders' capital	Surplus			
		Unappropriated retained earnings	Total surplus		
Balance as of April 1, 2014	68,294,216	1,765,604	1,765,604	70,059,821	70,059,821
Changes of items during the fiscal period					
Issuance of new investment units	10,765,494			10,765,494	10,765,494
Distribution from surplus		(1,765,550)	(1,765,550)	(1,765,550)	(1,765,550)
Net Income		1,950,739	1,950,739	1,950,739	1,950,739
Total changes of items during the fiscal period	10,765,494	185,188	185,188	10,950,682	10,950,682
Balance as of September 30, 2014	79,059,711	1,950,792	1,950,792	81,010,504	81,010,504

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

(4) Statement of Cash Distributions

Item	18th Fiscal Period (April 1, 2014 – September 30, 2014)	19th Fiscal Period (October 1, 2014 – March 31, 2015)
I. Unappropriated retained earnings	1,950,792,909 yen	2,302,778,596 yen
II. Cash distributions	1,950,376,440 yen	2,224,570,350 yen
(Cash distributions per unit)	(2,131 yen)	(2,185 yen)
III. Voluntary retained earnings		
Provision for reserve for reduction entry	-	77,988,021 yen
IV. Retained earnings brought forward	416,469 yen	220,225 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 1,950,376,440 yen, which is the entire amount of the unappropriated retained earnings excluding the fractions less than one yen per investment unit, as distribution of earnings.	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.

(5) Statement of Cash Flows

	(Thousand yen)	
	18th Fiscal Period (April 1, 2014 – September 30, 2014)	19th Fiscal Period (October 1, 2014 – March 31, 2015)
Cash flows from operating activities		
Income before income taxes	1,952,959	2,305,049
Depreciation	1,253,358	1,370,428
Amortization of investment corporation bond issuance costs	6,491	7,505
Amortization of investment unit issuance costs	6,113	13,547
Increase (decrease) in allowance for doubtful accounts	811	283
Interest income	(770)	(863)
Interest expenses	436,771	427,312
Decrease (increase) in operating accounts receivable	14,550	(32,197)
Decrease (increase) in prepaid expenses	(17,820)	16,166
Decrease (increase) in consumption taxes receivable	(55,600)	29,234
Increase (decrease) in operating accounts payable	(9,730)	104,169
Increase (decrease) in accounts payable - other	46,905	64,100
Increase (decrease) in advances received	45,588	(17,248)
Decrease due to sale of property, plant and equipment in trust	-	1,013,276
Decrease (increase) in long-term prepaid expenses	(44,472)	(94,576)
Other, net	(17,565)	639
Subtotal	3,617,591	5,206,827
Interest income received	770	863
Interest expenses paid	(442,406)	(433,413)
Income taxes paid	(2,161)	(2,255)
Net cash provided by operating activities	3,173,793	4,772,022
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(20,382,717)	(19,664,034)
Purchase of intangible assets	-	(1,084)
Proceeds from tenant leasehold and security deposits in trust	505,853	257,606
Repayments of tenant leasehold and security deposits in trust	(169,690)	(175,589)
Decrease (increase) in investments and other assets, net	(4,904)	(4,782)
Net cash used in investing activities	(20,051,459)	(19,587,884)
Cash flows from financing activities		
Proceeds from short-term loans payable	8,700,000	3,850,000
Repayments of short-term loans payable	(3,300,000)	(8,700,000)
Proceeds from long-term loans payable	9,800,000	18,150,000
Repayments of long-term loans payable	(9,509,000)	(6,650,000)
Proceeds from issuance of investment corporation bonds	2,976,428	-
Proceeds from issuance of investment units	10,724,389	9,819,679
Dividends paid	(1,765,719)	(1,949,232)
Net cash provided by financing activities	17,626,098	14,520,447
Net increase (decrease) in cash and cash equivalents	748,432	(295,414)
Cash and cash equivalents at the beginning of period	7,616,751	8,365,184
Cash and cash equivalents at the end of period	8,365,184	8,069,769

See accompanying "Notes to the Financial Statements".

Notes to Financial Statements

1. Organization

Sekisui House SI Residential Investment Corporation (the "Investment Corporation"), formerly Sekisui House SI 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 to income 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 55,017 thousand yen for the 18th fiscal period and 17,432 thousand yen for the 19th 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.</p> <p>Furthermore, the following accounts are considered material and thus stated separately in the balance sheet related to entrusted properties from the relevant accounts.</p> <ol style="list-style-type: none"> 1) Cash and deposits in trust 2) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust and land in trust 3) Leasehold rights in trust 4) Tenant leasehold and security deposits in trust <p>(2) Accounting for consumption taxes National and local consumption taxes are excluded from the transaction amounts. Non-deductible consumption taxes for acquisition of assets are included in the acquisition cost of each asset.</p>

4. Note to Balance Sheet

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

(Thousand yen)	
18th Fiscal Period (As of September 30, 2014)	19th Fiscal Period (As of March 31, 2015)
50,000	50,000

5. Notes to Statement of Income and Retained Earnings

Breakdown of real estate rental revenues and expenses

(Thousand yen)		
	18th Fiscal Period (April 1, 2014 – September 30, 2014)	19th Fiscal Period (October 1, 2014 – March 31, 2015)
A. Real estate rental revenues		
Rent revenue - real estate		
Rents	5,386,820	5,911,526
Other revenue	204,749	223,154
Total real estate rental revenue	5,591,570	6,134,681
B. Real estate rental expenses		
Expenses related to rent business		
Outsourcing expenses	496,630	559,345
Utilities expenses	111,148	123,823
Insurance expenses	6,448	6,670
Repair expenses	135,879	165,718
Property and other taxes	288,457	287,329
Trust fees	45,038	45,247
Other	224,210	277,351
Depreciation	1,252,737	1,369,589
Total real estate rental expenses	2,560,551	2,835,075
C. Real estate rental revenues and expenses (A – B)	3,031,018	3,299,606

Breakdown of gain on sale of real estate properties

18th Fiscal Period (from April 1, 2014 to September 30, 2014)
Not applicable

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

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

6. Notes to Statement of Changes in Net Assets

	18th Fiscal Period (April 1, 2014 – September 30, 2014)	19th Fiscal Period (October 1, 2014 – March 31, 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	915,240 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)		
	18th Fiscal Period (April 1, 2014 – September 30, 2014)	19th Fiscal Period (October 1, 2014 – March 31, 2015)
Cash and deposits	3,595,652	2,941,105
Cash and deposits in trust	4,769,531	5,128,664
Cash and cash equivalents	8,365,184	8,069,769

8. Lease Transactions

Operating lease transactions as lessee

(Thousand yen)		
	18th Fiscal Period (As of September 30, 2014)	19th Fiscal Period (As of March 31, 2015)
Future lease payable equivalents		
Due within one year	23,820	24,588
Due after one year	885,310	901,560
Total	909,130	926,148

Operating lease transactions as lessor

(Thousand yen)		
	18th Fiscal Period (As of September 30, 2014)	19th Fiscal Period (As of March 31, 2015)
Future lease receivable equivalents		
Due within one year	1,205,298	1,402,092
Due after one year	2,610,294	2,723,965
Total	3,815,592	4,126,058

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.

18th Fiscal Period (As of September 30, 2014)

	Book Value Recorded on the Balance Sheet	Fair Value	Difference
(1) Cash and deposits	3,595,652	3,595,652	-
(2) Cash and deposits in trust	4,769,531	4,769,531	-
(3) Operating accounts receivable	145,036	145,036	-
Allowance for doubtful accounts	(1,681)	(1,681)	-
	143,354	143,354	-
Total of assets	8,508,538	8,508,538	-
(4) Operating accounts payable	289,892	289,892	-
(5) Short-term loans payable	8,700,000	8,700,000	-
(6) Current portion of long-term loans payable	6,650,000	6,654,571	4,571
(7) Investment corporation bonds	14,500,000	14,141,843	(358,156)
(8) Long-term loans payable	62,609,500	62,576,856	(32,643)
Total of liabilities	92,749,392	92,363,163	(386,229)
(9) Derivative transactions	-	-	-

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

	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	-	-	-

(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

18th Fiscal Period (As of September 30, 2014)

	(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	3,595,652	-	-	-	-	-
(2) Cash and deposits in trust	4,769,531	-	-	-	-	-
(3) Operating accounts receivable	145,036	-	-	-	-	-
Total of assets	8,510,220	-	-	-	-	-

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	-	-	-	-	-

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

18th Fiscal Period (As of September 30, 2014)

	(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	8,700,000	-	-	-	-	-
(2) Investment corporation bonds	-	-	-	4,000,000	2,500,000	8,000,000
(3) Long-term loans payable	6,650,000	2,850,000	12,205,000	4,600,000	8,382,000	34,572,500
Total of liabilities	15,350,000	2,850,000	12,205,000	8,600,000	10,882,000	42,572,500

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

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

	(Thousand yen)	
Category	18th Fiscal Period (As of September 30, 2014)	19th Fiscal Period (As of March 31, 2015)
(1) Lease and guarantee deposits	235,682	235,667
(2) Tenant leasehold and security deposits in trust	2,303,807	2,385,824

- (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

18th Fiscal Period (As of September 30, 2014)

Not applicable

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

Not applicable

11. Derivative Transactions

1. Derivatives to which hedge accounting is not applied

18th Fiscal Period (As of September 30, 2014)

Not applicable

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

Not applicable

2. Derivatives to which hedge accounting is applied

18th Fiscal Period (As of September 30, 2014)

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

Method of Hedge Accounting	Type of Derivative Transactions	Main Hedged Item	Contract Amount (Note 1)		Fair Value	Calculation Method for the Fair Value
				Of Which, over 1 Year		
Special accounting for interest rate swaps	Interest rate swap transaction Receivable floating; Payable fixed	Long-term loans payable	63,909,500	57,259,500	(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 for accounting purposes. 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.).

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

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

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

18th Fiscal Period (As of September 30, 2014)

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

19th Fiscal Period (As of March 31, 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)

	18th Fiscal Period (As of September 30, 2014)	19th Fiscal Period (As of March 31, 2015)
Deferred tax assets:		
Amortization of leasehold rights in trust	3,675	4,129
Amount of allowance for doubtful accounts not deductible from taxable income	-	427
Amount of accrued business taxes not deductible from taxable income	99	132
Subtotal deferred tax assets	3,775	4,689
Valuation allowance	(3,675)	(4,557)
Total deferred tax assets	99	132
Deferred tax assets, net	99	132

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

	18th Fiscal Period (As of September 30, 2014)	19th Fiscal Period (As of March 31, 2015)
Statutory tax rate	34.16%	34.15%
(Adjustment)		
Deductible cash distributions	(34.11%)	(32.96%)
Provision for reserve for reduction entry	-%	(1.16%)
Other	0.06%	0.09%
Effective income tax rate	0.11%	0.12%

3. Adjustment of Deferred Tax Assets and Deferred Tax Liabilities due to Changes in Income Tax Rate

With the Act Concerning Partial Amendment of the Income Tax Act, Etc. (Act No. 9 of 2015) promulgated on March 31, 2015, the income tax rate will be lowered, effective for the fiscal period starting on or after April 1, 2015. Accordingly, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities concerning temporary differences that are expected to be reversed in and after the fiscal period ending September 2015 (the 20th fiscal period) will be changed to 32.31%. The impact of this change on the deferred tax assets and deferred tax liabilities at the end of the 19th fiscal period was minimal.

14. Equity Method Income and Retained Earnings

18th Fiscal Period (from April 1, 2014 to September 30, 2014)

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

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

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

15. Assets Retirement Obligations

18th Fiscal Period (from April 1, 2014 to September 30, 2014)

Not applicable

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

Not applicable

16. Transactions with Related Parties

1. Parent Company and Major Corporation Unitholders
18th Fiscal Period (from April 1, 2014 to September 30, 2014)
 Not applicable

19th Fiscal Period (from October 1, 2014 to March 31, 2015)
 Not applicable

2. Subsidiaries and Affiliates
18th Fiscal Period (from April 1, 2014 to September 30, 2014)
 Not applicable

19th Fiscal Period (from October 1, 2014 to March 31, 2015)
 Not applicable

3. Sister Companies
18th Fiscal Period (from April 1, 2014 to September 30, 2014)
 Not applicable

19th Fiscal Period (from October 1, 2014 to March 31, 2015)
 Not applicable

4. Directors and Major Individual Unitholders

18th Fiscal Period (from April 1, 2014 to September 30, 2014)

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)	493,606 (Note 2)	Accounts payable – other	389,692
				Payment of institution operation and administration fees to Sekisui House SI Asset Management, Ltd. (Note 3)	6,100	Accounts payable – other	1,512

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

(Note 2) The figure includes 132,780 thousand yen as asset management fees related to property acquisitions, which have been capitalized in the book value of individual real properties.

(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.

(Note 5) The tenure of office of Koji Sakamoto as Executive Officer expired on June 11, 2014. Osamu Minami was appointed as Executive Director at the general meeting of unitholders of the Investment Corporation, taking office effective June 12, 2014. The transaction amounts indicate the figures for the 18th fiscal period in which Koji Sakamoto was in the position of Executive Director.

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 assignment, 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]

18th Fiscal Period (from April 1, 2014 to September 30, 2014)

(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.

(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.
 (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.

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.

(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.

(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.

18. Per Unit Information

Item	Period	18th Fiscal Period (April 1, 2014 – September 30, 2014)	19th Fiscal Period (October 1, 2014 – March 31, 2015)
Net assets per unit		88,512 yen	89,605 yen
Net income per unit		2,163 yen	2,289 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	18th Fiscal Period (April 1, 2014 – September 30, 2014)	19th Fiscal Period (October 1, 2014 – March 31, 2015)
Net Income (thousand yen)		1,950,739	2,302,362
Amount not attributable to ordinary unitholders (thousand yen)		-	-
Net income attributable to ordinary investment units (thousand yen)		1,950,739	2,302,362
Average number of units during the fiscal period (units)		901,478	1,005,513

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 3,031,018 thousand yen for the 18th fiscal period and 3,299,606 thousand yen for the 19th 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)	
	18th Fiscal Period (April 1, 2014 – September 30, 2014)	19th Fiscal Period (October 1, 2014 – March 31, 2015)
Book value recorded on the balance sheet		
Balance at the beginning of period	148,249,019	167,353,736
Amount of net change during period	19,104,717	17,328,049
Balance at the end of period	167,353,736	184,681,786
Fair value at the end of period	173,301,700	194,662,100

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

(Note 2) Net change during the 18th fiscal period is comprised of increases primarily attributable to new acquisitions of 4 properties (20,288,623 thousand yen) and decrease primarily attributable to depreciation (1,252,737 thousand yen). 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 sale of b-town JINGUMAE II (1,013,276 thousand yen) and depreciation (1,369,589 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 September 30, 2014 and March 31, 2015, respectively.

20. Significant Subsequent Events

Not applicable

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 October 1, 2014	Increase during the Period	Decrease during the Period	Balance as of March 31, 2015	Accumulated Depreciation		Net Balance as of March 31, 2015	Remarks
					Or Accumulated Amortization	Depreciation during the Period		
Property, plant and equipment	Buildings in trust	82,643	9,286	175	91,755	11,426	1,280	80,328 (Note)
	Structures in trust	594	115	-	709	161	19	548 (Note)
	Machinery and equipment in trust	1,292	440	-	1,733	381	59	1,351 (Note)
	Tools, furniture and fixtures in trust	102	33	0	135	51	7	83 (Note)
	Land in trust	93,263	9,834	880	102,216	-	-	102,216 (Note)
	Total	177,896	19,710	1,056	196,550	12,020	1,367	184,529
Intangible assets	Leasehold rights in trust	164	-	-	164	12	2	152
	Trademark rights	-	1	-	1	0	0	0
	Other	6	-	-	6	5	0	0
	Total	171	1	-	172	18	2	153

(Note) The amount of increase during the 19th fiscal period is primarily attributable to the acquisition of Prime Maison MORISHITA, Prime Maison SHINAGAWA, Prime Maison ODORI KOEN, Prime Maison MINAMI 2-JO, Prime Maison KAMOKAMOGAWA, Prime Maison CENTRAL PARK, MAST LIFE YAHIRO, Prime Maison EBISU and Esty Maison SHIBAURA. The amount of decrease during the 19th fiscal period is attributable to the sale of b-town JINGUMAE II.

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 October 1, 2014 (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 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
Total		14,500	-	14,500				

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

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

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

(Note 4) Amounts of investment corporation bonds to be redeemed 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 October 1, 2014 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 2015 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks																																																																																																																																																																																																																			
		<table border="1"> <tr> <td rowspan="7">Short-term loans payable</td> <td>Mizuho Bank, Ltd.</td> <td>4,350</td> <td>-</td> <td>4,350</td> <td>-</td> <td rowspan="2">0.33261%</td> <td rowspan="2">February 27, 2015</td> <td rowspan="7">Lump-sum upon maturity</td> <td rowspan="7">(Note 4)</td> <td rowspan="7">Unsecured/Unguaranteed</td> </tr> <tr> <td>Sumitomo Mitsui Banking Corporation</td> <td>4,350</td> <td>-</td> <td>4,350</td> <td>-</td> </tr> <tr> <td>Mizuho Bank, Ltd.</td> <td>-</td> <td>500</td> <td>-</td> <td>500</td> <td rowspan="2">0.33261%</td> <td rowspan="2">August 31, 2015 (Note 2)</td> </tr> <tr> <td>Sumitomo Mitsui Banking Corporation</td> <td>-</td> <td>500</td> <td>-</td> <td>500</td> </tr> <tr> <td>Mizuho Bank, Ltd.</td> <td>-</td> <td>950</td> <td>-</td> <td>950</td> <td rowspan="3">0.30500%</td> <td rowspan="3">February 29, 2016</td> </tr> <tr> <td>Sumitomo Mitsui Banking Corporation</td> <td>-</td> <td>950</td> <td>-</td> <td>950</td> </tr> <tr> <td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</td> <td>-</td> <td>950</td> <td>-</td> <td>950</td> </tr> <tr> <td>Subtotal</td> <td>8,700</td> <td>3,850</td> <td>8,700</td> <td>3,850</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td rowspan="17">Long-term loans payable</td> <td>Development Bank of Japan Inc.</td> <td>2,000</td> <td>-</td> <td>-</td> <td>2,000</td> <td rowspan="3">1.57000%</td> <td rowspan="3">February 29, 2016 (Note 3)</td> <td rowspan="17">Lump-sum upon maturity</td> <td rowspan="17">(Note 5)</td> <td rowspan="17">Unsecured/Unguaranteed</td> </tr> <tr> <td>Mizuho Bank, Ltd.</td> <td>425</td> <td>-</td> <td>-</td> <td>425</td> </tr> <tr> <td>Sumitomo Mitsui Banking Corporation</td> <td>425</td> <td>-</td> <td>-</td> <td>425</td> </tr> <tr> <td>The Norinchukin Bank</td> <td>1,500</td> <td>-</td> <td>1,500</td> <td>-</td> <td rowspan="2">1.15900%</td> <td rowspan="2">February 27, 2015</td> </tr> <tr> <td>Mizuho Bank, Ltd.</td> <td>500</td> <td>-</td> <td>500</td> <td>-</td> </tr> <tr> <td>Sumitomo Mitsui Banking Corporation</td> <td>500</td> <td>-</td> <td>500</td> <td>-</td> <td rowspan="7">0.99850%</td> <td rowspan="7">February 27, 2015</td> </tr> <tr> <td>Resona Bank, Limited</td> <td>950</td> <td>-</td> <td>950</td> <td>-</td> </tr> <tr> <td>The Senshu Ikeda Bank, Ltd.</td> <td>500</td> <td>-</td> <td>500</td> <td>-</td> </tr> <tr> <td>The Shizuoka Bank, Ltd.</td> <td>500</td> <td>-</td> <td>500</td> <td>-</td> </tr> <tr> <td>The 77 Bank, Ltd.</td> <td>500</td> <td>-</td> <td>500</td> <td>-</td> </tr> <tr> <td>Shinkin Central Bank</td> <td>500</td> <td>-</td> <td>500</td> <td>-</td> </tr> <tr> <td>The Hiroshima Bank, Ltd.</td> <td>500</td> <td>-</td> <td>500</td> <td>-</td> </tr> <tr> <td>Mizuho Bank, Ltd.</td> <td>700</td> <td>-</td> <td>700</td> <td>-</td> <td rowspan="10">1.18975%</td> <td rowspan="10">February 28, 2017</td> </tr> <tr> <td>Aozora Bank, Ltd.</td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> <tr> <td>Shinkin Central Bank</td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> <tr> <td>Mizuho Bank, Ltd.</td> <td>200</td> <td>-</td> <td>-</td> <td>200</td> </tr> <tr> <td>Mizuho Trust & Banking Co., Ltd.</td> <td>200</td> <td>-</td> <td>-</td> <td>200</td> </tr> <tr> <td>Sumitomo Mitsui Banking Corporation</td> <td>200</td> <td>-</td> <td>-</td> <td>200</td> </tr> <tr> <td>Sumitomo Mitsui Trust Bank, Limited</td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> <tr> <td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> <tr> <td>Mitsubishi UFJ Trust and Banking Corporation</td> <td>300</td> <td>-</td> <td>-</td> <td>300</td> </tr> <tr> <td>Resona Bank, Limited</td> <td>200</td> <td>-</td> <td>-</td> <td>200</td> </tr> <tr> <td>Development Bank of Japan Inc.</td> <td>1,200</td> <td>-</td> <td>-</td> <td>1,200</td> <td rowspan="5">1.19475%</td> <td rowspan="5">February 28, 2017</td> </tr> <tr> <td>The Bank of Fukuoka, Ltd.</td> <td>500</td> 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payable	Development Bank of Japan Inc.	2,000	-	-	2,000	1.57000%	February 29, 2016 (Note 3)	Lump-sum upon maturity	(Note 5)	Unsecured/Unguaranteed	Mizuho Bank, Ltd.	425	-	-	425	Sumitomo Mitsui Banking Corporation	425	-	-	425	The Norinchukin Bank	1,500	-	1,500	-	1.15900%	February 27, 2015	Mizuho Bank, Ltd.	500	-	500	-	Sumitomo Mitsui Banking Corporation	500	-	500	-	0.99850%	February 27, 2015	Resona Bank, Limited	950	-	950	-	The Senshu Ikeda Bank, Ltd.	500	-	500	-	The Shizuoka Bank, Ltd.	500	-	500	-	The 77 Bank, Ltd.	500	-	500	-	Shinkin Central Bank	500	-	500	-	The Hiroshima Bank, Ltd.	500	-	500	-	Mizuho Bank, Ltd.	700	-	700	-	1.18975%	February 28, 2017	Aozora Bank, Ltd.	100	-	-	100	Shinkin Central Bank	100	-	-	100	Mizuho Bank, Ltd.	200	-	-	200	Mizuho Trust & Banking Co., Ltd.	200	-	-	200	Sumitomo Mitsui Banking Corporation	200	-	-	200	Sumitomo Mitsui Trust Bank, Limited	100	-	-	100	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	100	-	-	100	Mitsubishi UFJ Trust and Banking Corporation	300	-	-	300	Resona Bank, Limited	200	-	-	200	Development Bank of Japan Inc.	1,200	-	-	1,200	1.19475%	February 28, 2017	The Bank of Fukuoka, Ltd.	500	-	-	500	Mizuho Bank, Ltd.	400	-	-	400	Sumitomo Mitsui Banking Corporation	1,100	-	-	1,100	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,300	-	-	1,300	The Yamaguchi Bank, Ltd.	500	-	-	500
Short-term loans payable	Mizuho Bank, Ltd.	4,350	-	4,350	-	0.33261%	February 27, 2015	Lump-sum upon maturity	(Note 4)	Unsecured/Unguaranteed																																																																																																																																																																																																																			
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	Category	Balance as of October 1, 2014 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 2015 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
	Lender									
Long-term loans payable	Development Bank of Japan Inc.	941	—	—	941	1.15475%	February 28, 2019	Lump-sum upon maturity	(Note 5)	Unsecured/Unguaranteed
	Mizuho Bank, Ltd.	1,470	—	—	1,470					
	Sumitomo Mitsui Banking Corporation	1,470	—	—	1,470					
	The Norinchukin Bank	2,352	—	—	2,352	0.95750%	August 31, 2017			
	Mizuho Bank, Ltd.	176	—	—	176					
	Sumitomo Mitsui Banking Corporation	176	—	—	176					
	Mizuho Bank, Ltd.	750	—	—	750	0.89900%	February 28, 2019			
	Mizuho Trust & Banking Co., Ltd.	2,250	—	—	2,250					
	Sumitomo Mitsui Banking Corporation	750	—	—	750					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	750	—	—	750	1.02225%	February 28, 2020			
	Mizuho Bank, Ltd.	400	—	—	400					
	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					

	Category	Balance as of October 1, 2014 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 2015 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
	Lender									
Long-term loans payable	The 77 Bank, Ltd.	500	—	—	500	0.75600%	February 28, 2018	Lump-sum upon maturity	(Note 5)	Unsecured/Unguaranteed
	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			
	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	1.17200%	August 31, 2020			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	700	—	—	700					
	Mitsubishi UFJ Trust and Banking Corporation	500	—	—	500					
	Resona Bank, Limited	200	—	—	200					
	Aozora Bank, Ltd.	1,000	—	—	1,000					
	Mizuho Bank, Ltd.	500	—	—	500	1.17350%	February 28, 2022			
	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	0.58920%	August 31, 2018			
	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	1.11000%	February 28, 2022			
	Mizuho Bank, Ltd.	300	—	—	300					
	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	(Note 5)				
	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						

Category	Lender	Balance as of October 1, 2014 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 2015 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
Long-term loans payable	The Senshu Ikeda Bank, Ltd.	500	—	—	500	0.95225%	February 26, 2021		(Note 5)	
	Mizuho Bank, Ltd.	400	—	—	400					
	Mizuho Trust & Banking Co., Ltd.	500	—	—	500					
	Sumitomo Mitsui Banking Corporation	500	—	—	500					
	Sumitomo Mitsui Trust Bank, Limited	500	—	—	500					
	Mitsubishi UFJ Trust and Banking Corporation	500	—	—	500					
	The Yamaguchi Bank, Ltd.	500	—	—	500					
	Resona Bank, Limited	500	—	—	500					
	Mizuho Bank, Ltd.	405	—	—	405	0.79614%	February 28, 2020			
	Sumitomo Mitsui Banking Corporation	1,145	—	—	1,145					
	The Shizuoka Bank, Ltd.	500	—	—	500	0.97300%	February 26, 2021	Lump-sum upon maturity	(Note 4)	Unsecured/Unguaranteed
	Shinkin Central Bank	500	—	—	500					
	The Bank of Fukuoka, Ltd.	500	—	—	500					
	Mizuho Bank, Ltd.	300	—	—	300					
	Sumitomo Mitsui Banking Corporation	300	—	—	300	0.96475%	August 31, 2022		(Note 5)	
	Mizuho Bank, Ltd.	2,500	—	—	2,500					
	Sumitomo Mitsui Banking Corporation	2,000	—	—	2,000					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	900	—	—	900	0.83600%	August 31, 2021		(Note 5)	
	Mizuho Bank, Ltd.	2,450	—	—	2,450					
	Sumitomo Mitsui Banking Corporation	1,950	—	—	1,950	0.33036%	February 29, 2016 (Note 3)		(Note 4)	
Mizuho Bank, Ltd.	—	800	—	800						
Sumitomo Mitsui Banking Corporation	—	800	—	800						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	1,200	—	1,200						

Category	Lender	Balance as of October 1, 2014 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 2015 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
Long-term loans payable	Aozora Bank, Ltd.	—	200	—	200	0.86650%	February 28, 2023			
	The Senshu Ikeda Bank, Ltd.	—	200	—	200					
	The Shizuoka Bank, Ltd.	—	200	—	200					
	The 77 Bank, Ltd.	—	200	—	200					
	Shinkin Central Bank	—	200	—	200					
	The Norinchukin Bank	—	500	—	500					
	The Hiroshima Bank, Ltd.	—	200	—	200					
	The Bank of Fukuoka, Ltd.	—	700	—	700					
	Mizuho Bank, Ltd.	—	1,000	—	1,000					
	Mizuho Trust & Banking Co., Ltd.	—	800	—	800					
	Sumitomo Mitsui Banking Corporation	—	600	—	600	0.73975%	February 28, 2022	Lump-sum upon maturity	(Note 5)	Unsecured/Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	—	300	—	300					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	800	—	800					
	Mitsubishi UFJ Trust and Banking Corporation	—	500	—	500					
	The Yamaguchi Bank, Ltd.	—	200	—	200					
	Resona Bank, Limited	—	500	—	500					
	Development Bank of Japan Inc.	—	1,000	—	1,000					
	The Norinchukin Bank	—	800	—	800					
	The Bank of Fukuoka, Ltd.	—	500	—	500					
	Mizuho Bank, Ltd.	—	500	—	500					
Sumitomo Mitsui Banking Corporation	—	500	—	500	0.62800%	February 26, 2021				
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	300	—	300						
Resona Bank, Limited	—	750	—	750						
The Senshu Ikeda Bank, Ltd.	—	500	—	500						
The Shizuoka Bank, Ltd.	—	500	—	500						
The 77 Bank, Ltd.	—	500	—	500						
Shinkin Central Bank	—	500	—	500						
The Norinchukin Bank	—	500	—	500						
The Hiroshima Bank, Ltd.	—	500	—	500						
Mizuho Bank, Ltd.	—	600	—	600						
Sumitomo Mitsui Banking Corporation	—	300	—	300						
Subtotal		69,259	18,150	6,650	80,759					
Total		77,959	22,000	15,350	84,609					

(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) 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 19th fiscal period.

- (Note 4) These loans are used as funds for the acquisition of real estate trust beneficiary interests, etc.
- (Note 5) These loans are used as funds for repayment of existing borrowings.
- (Note 6) These loans are used as funds for redemption of the Second Series Unsecured Investment Corporation Bonds (with pari passu clause among specified investment corporation bonds and with limitations on resale among qualified institutional investors) issued in March 2007.
- (Note 7) Amounts of long-term loans payable to be repaid 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
5,650	9,500	4,805	10,882	6,792



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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 March 31, 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 March 31, 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 ShinNihon LLC

June 18, 2015
 Tokyo, Japan

Overview of the Investment Corporation

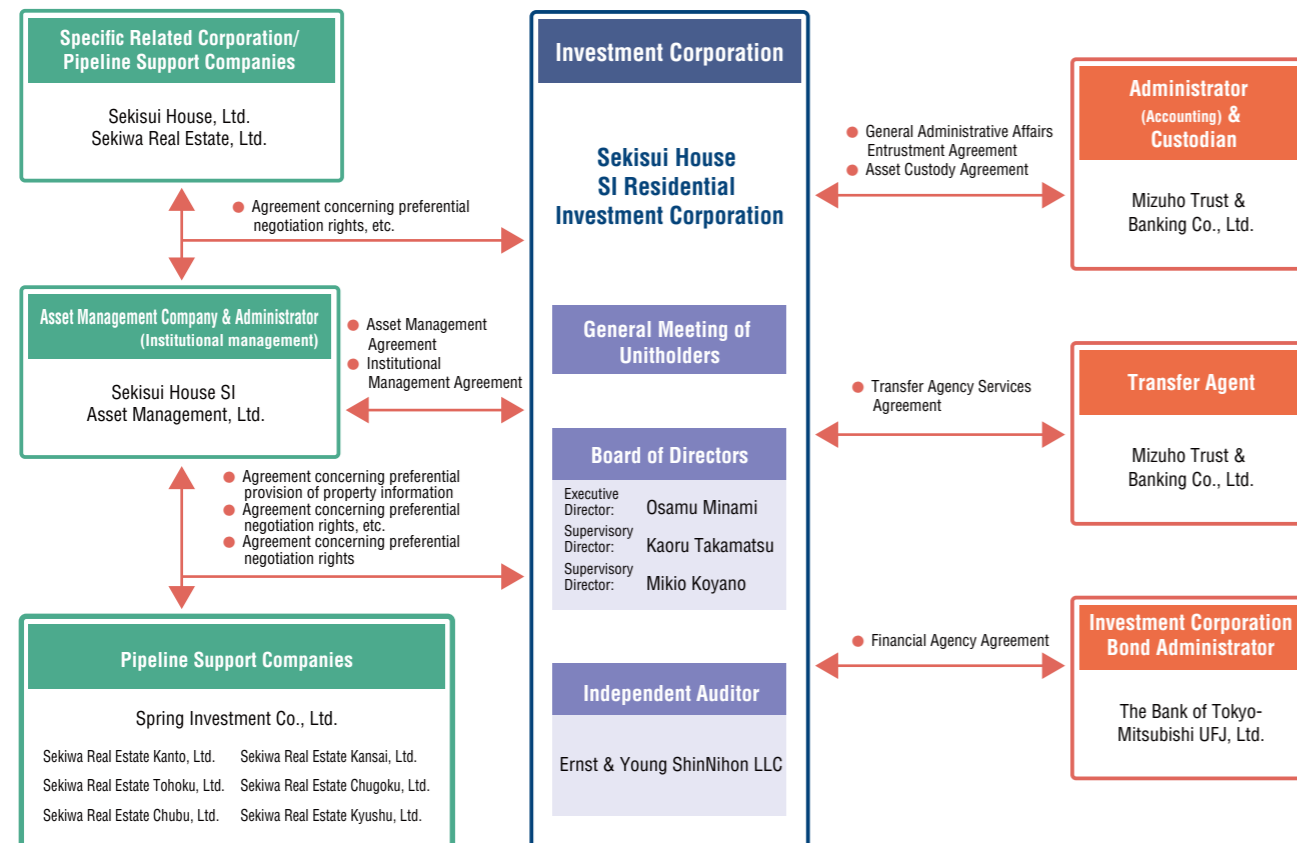
Trade Name	Sekisui House SI Residential Investment Corporation	
Address	3-1-31 Minami-Aoyama, Minato-ku, Tokyo Tel: +81-3-5770-8973 (main number)	
Representative	Osamu Minami	Executive Director
Asset Management Company	Sekisui House SI Asset Management, Ltd.	
Fiscal Term	End of March and end of September	
History	April 20, 2005	Registration and Establishment under Article 166 of the Act Concerning Investment Trusts and Investment Corporations (Investment Trusts Act).
	May 19, 2005	Implementation of registration by the Prime Minister under Article 187 of the Investment Trusts Act. (registration number: Director of Kanto Local Finance Bureau No.33)
	July 28, 2005	Listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange (securities code: 8973)

Overview of Asset Management Company

Corporate Name	Sekisui House SI Asset Management, Ltd.	
Head Office	3-1-31 Minami-Aoyama, Minato-ku, Tokyo Tel: +81-3-5770-8973 (main number)	
Paid-in Capital	200 million yen	
Shareholders	Sekisui House, Ltd	75%
	Spring Investment Co., Ltd.	25%
Directors	President:	Osamu Minami
	Executive Vice President:	Nobuyoshi Sato
	Senior Managing Director:	Koji Sakamoto (in charge of IR & Financial Affairs Department, Real Estate Investment Department and Management Department)
	Director:	Masaki Katsura (in charge of Asset Management Department)
	Director (part-time):	Yoshiaki Inazawa (Senior Manager, Accounting & Finance Department, Sekisui House, Ltd.)
	Auditor (part-time):	Naoki Kawamura (Section Manager, Legal Department, Sekisui House, Ltd.)
History	July 28, 2004	Established
	April 18, 2005	Obtained license as asset management agent for investment corporation under the Investment Trusts Act (approval number: No. 41 licensed by the Prime Minister)

Organizational Structure

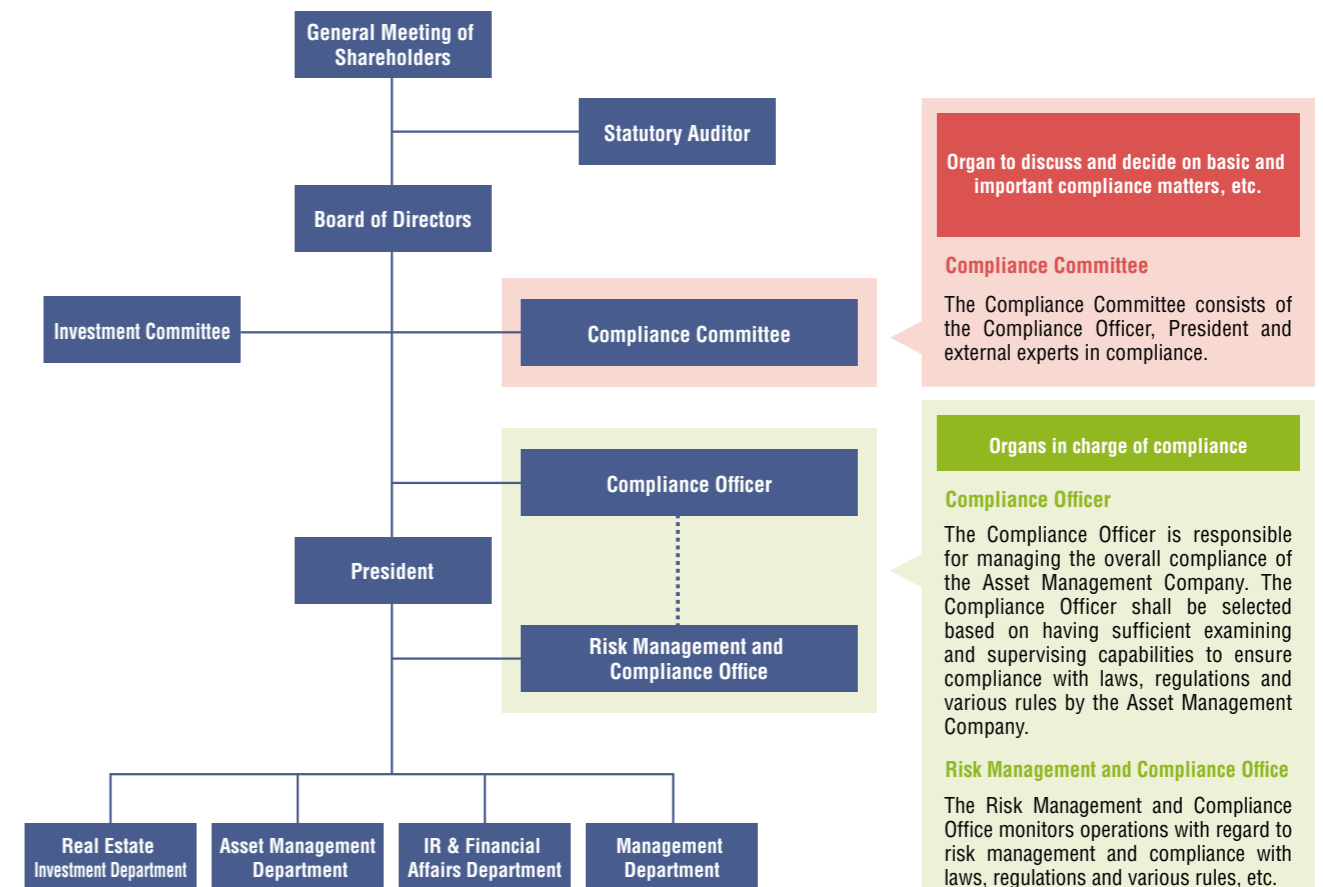
Based on its Articles of Incorporation, the Investment Corporation manages the funds paid in by the unitholders by investing primarily in real estate and related assets. The following diagram indicates the operational roles and assignments of the companies involved in the management and administration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



(Note) In accordance with the completion of the procedure to abolish the special accounts, the agreement concerning administration of special accounts with Mizuho Trust & Banking Co., Ltd., the special account administrator, was terminated as of January 16, 2015.

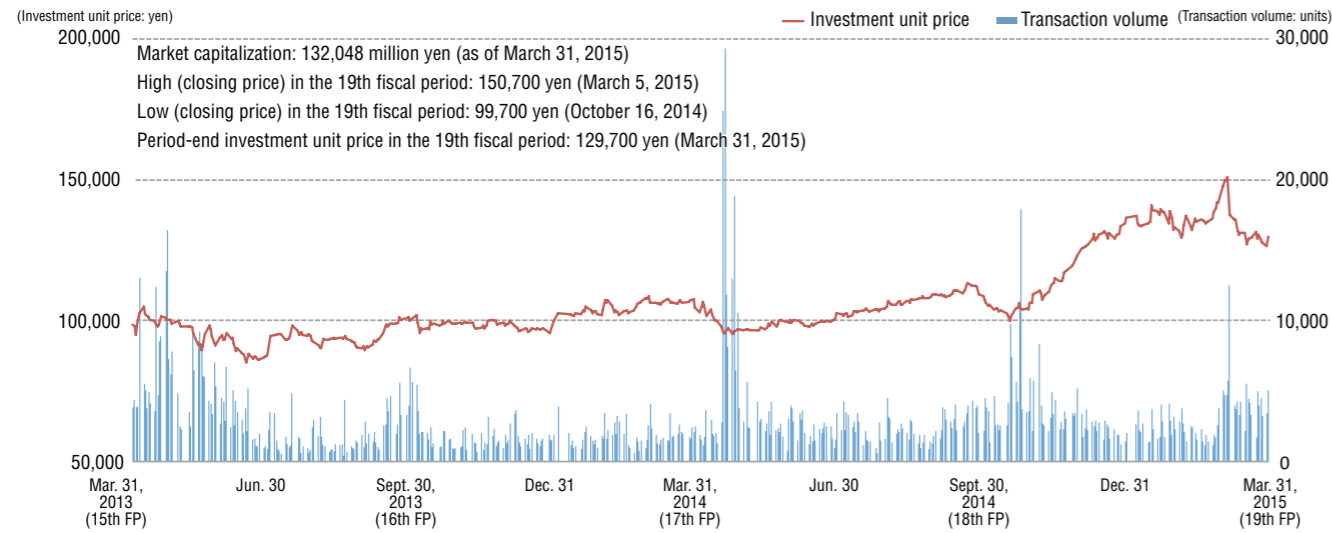
Structure to Manage the Investment Corporation

The asset management of the Investment Corporation is entrusted to Sekisui House SI Asset Management, Ltd., the asset management company. The following diagram shows the organizational chart of the asset management company and its institutions in charge of compliance.



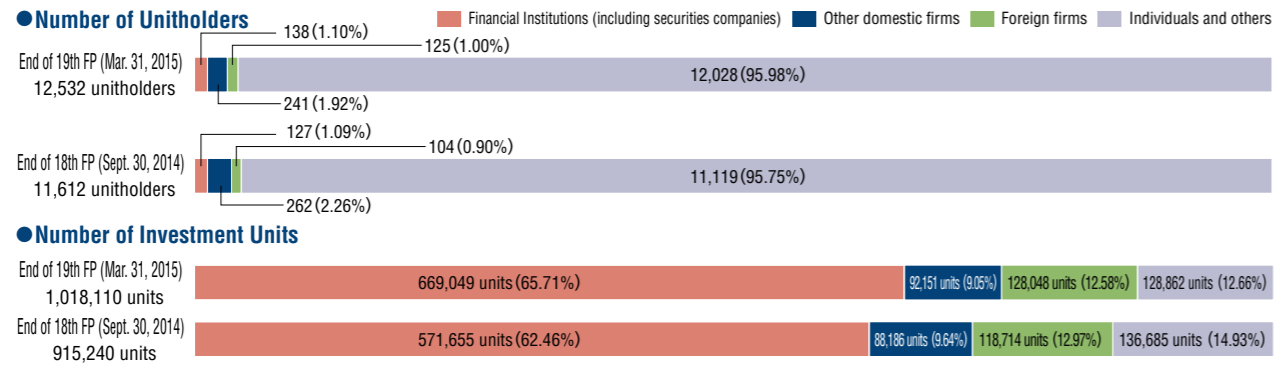
Unitholders Information

Changes in Investment Unit Price and Transaction Volume in the Last Two Years (March 31, 2013 - March 31, 2015)



(Note) As a five-for-one split of the investment units was implemented on April 1, 2014, the investment units have been traded at one-fifth (the ex-rights) unit price on and after March 27, 2014. In consideration of the impact of the split, the above graph is based on the actual figures of "Investment unit price" for March 27, 2014 and earlier being divided by five and actual figures of "Trading volume" being multiplied by five.

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 March 31, 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)	255,935	25.13
The Master Trust Bank of Japan, Ltd. (Trust Account)	70,351	6.90
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	53,750	5.27
Sekisui House, Ltd.	39,000	3.83
The Nomura Trust and Banking Co., Ltd. (Trust Account)	38,342	3.76
Nomura Bank (Luxembourg) S.A	33,484	3.28
Mizuho Trust & Banking Co., Ltd.	20,739	2.03
THE FUJI FIRE AND MARINE INSURANCE COMPANY, LIMITED	20,630	2.02
Deutsche Bank AG London-PB Non-Treaty Clients 613	19,759	1.94
The Hachijuni Bank, Ltd.	17,704	1.73
Total	569,694	55.95

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