SEKISUI HOUSE RESIDENTIAL INVESTMENT CORPORATION

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Semi-Annual Report 24th Fiscal Period

24th From April 1, 2017 to September 30, 2017

24

SEKISUI HOUSE RESIDENTIAL INVESTMENT CORPORATION

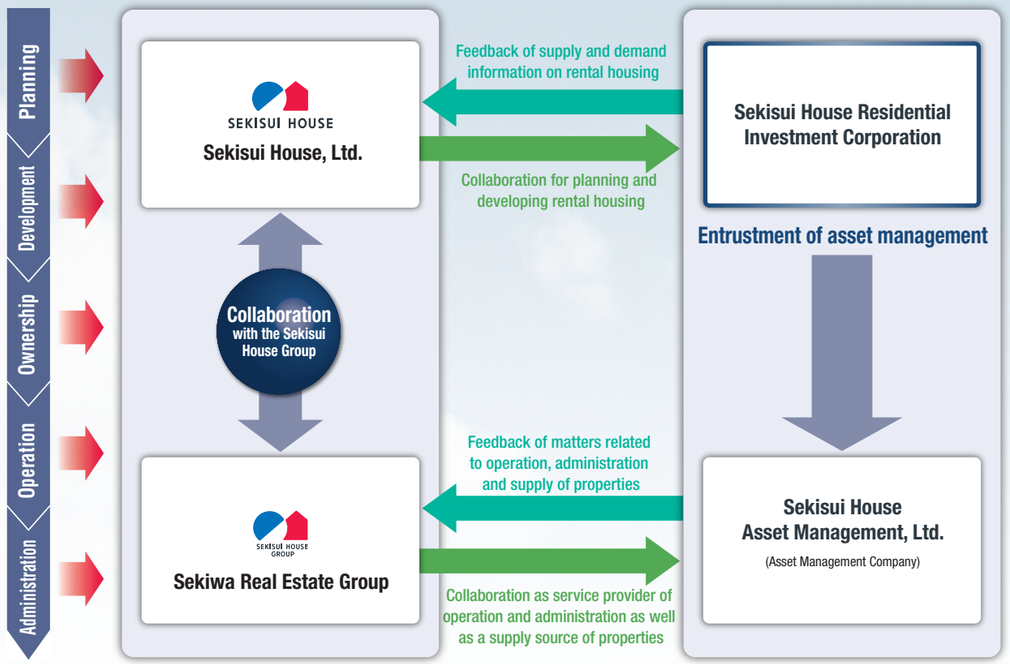
3-1-31 Minami-Aoyama, Minato-ku, Tokyo http://www.shi-reit.co.jp/eng/

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

Features of the Investment Corporation

1. **Sekisui House,** a leading company in the housing industry, **as the sponsor**
2. **Highly competitive residential portfolio** centering on Greater Tokyo / Major Urban Areas
3. **Solid financial base** backed by the credibility of Sekisui House
4. Acquisition of environmental certification through **environmentally-conscious management**

Collaborative Structure with Sekisui House Group



Topics of the 24th Fiscal Period Ended September 2017

2017 GRESB Assessment

Selected as
"Sector Leader"
(ranked first)
in the Asia Residential Sector for
the third consecutive year

GRESB REAL ESTATE Sector Leader 2017

GRESB ★★★★ 2017

The Investment Corporation participated in the 2017 GRESB Assessment conducted by Global Real Estate Sustainability Benchmark ("GRESB") and achieved "Green Star," which proves receipt of high scores in the GRESB Real Estate Assessment, and acquired "4 Stars" (five-level rating with the highest being "5 Stars") in the GRESB Rating following the previous year. Furthermore, the GRESB awards the title of "Sector Leader" to real estate companies, REITs and funds with outstanding efforts on sustainability that have received the highest ranking in each sector in each region. The Investment Corporation was selected as "Sector Leader" in the Asia residential sector (ranked first) for the third consecutive year.

*The GRESB is a benchmark system for evaluating sustainability performance in the real estate sector, established in 2009 primarily by major European pension funds, which played a major role in establishing the Principles for Responsible Investment (PRI), for the purpose of enhancing shareholder value by applying environment, society and governance (ESG) considerations to real estate investments.

*The GRESB Real Estate Assessment is an assessment on sustainability efforts of real estate companies, REITs and funds, not of individual real estates. A total of 850 entities participated in the 2017 GRESB Real Estate Assessment in the world

(Reference) Acquisition Status of DBJ Green Building Certification

The Investment Corporation has acquired DBJ Green Building Certification for a total of six properties in a period up to the 24th fiscal period since acquiring the first such certification as a residential REIT in 2015 for two of the properties in its portfolio.

Certification rank

DBJ Green Building (5 Stars)

Prime Maison SHINAGAWA

Certification rank

DBJ Green Building (4 Stars)

Prime Maison GOTENYAMA EAST

Prime Maison GINZA EAST

Prime Maison YOKOHAMA NIHON-ODORI

Certification rank

DBJ Green Building (3 Stars)

Esty Maison OJIMA

KOBE Women's Student Housing

* The DBJ Green Building Certification System recognizes outstanding properties that respond to the demands of the times. The system was established based on a proprietary scoring model developed by the Development Bank of Japan, and serves to improve the environmental functionality of buildings while encouraging the prevalence of properties that demonstrate awareness of societal demands.

To Our Unitholders

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

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

I hereby report on the business results of Sekisui House Residential Investment Corporation (the "Investment Corporation") for the 24th fiscal period ended September 2017.

In the 24th fiscal period, while urban areas saw an increasing trend in population inflow backed by steady improvement in employment situation, we conducted finely-tuned leasing capturing features of each residence against the backdrop of limited supply of quality rental apartments. As a result of such efforts, occupancy remained favorable for a first half of the fiscal year, which is a low season, maintaining high levels of the period-end occupancy ratio (97.1%) and the period-average occupancy ratio (96.9%) for the entire portfolio. Rent trends in new contracts and contract renewals also remained strong, indicating a continuous upward trend in rents.

As the real estate market saw a declining trend in cap rates and further intensifying acquisition competition for residential properties that we target, we did not make any new property acquisition in the 24th fiscal period upon careful assessment of property information based on our policy of maintaining appropriate views on acquisition yield levels. Consequently, there was no change to the asset size in the 24th fiscal period with the number of properties we owned at the end of the fiscal period at 113, of which total acquisition price stood at 206.9 billion yen.

In terms of financing, we realized extension of loan periods and reduction of borrowing costs by repaying part of 2,705 million yen that had matured using cash on hand and refinancing the remaining 2,528 million yen. In addition, upon the ending of the commitment term in October 2017 with a maximum commitment line amount of 10 billion yen executed in October 2016, we executed a new commitment line agreement under the same conditions.

As a result of these endeavors, the Investment Corporation posted operating revenue of 6,916 million yen, operating income of 3,001 million yen and net income of 2,493 million yen for the 24th fiscal period, with cash distribution per unit coming to 2,255 yen.

Furthermore, concerning the CSR and environmental activities in which we have actively engaged, we participated in the 2017 GRESB Assessment conducted by Global Real Estate Sustainability Benchmark ("GRESB") as did in 2016, and were selected as "Sector Leader" in the Asia residential sector (ranked first) for the third consecutive year as well as achieved "Green Star," which proves receipt of high scores in the GRESB Real Estate Assessment and received "4 Stars" in the "GRESB Rating."

The 24th fiscal period was the first fiscal period we operated after changing its trade name to Sekisui House Residential Investment Corporation in June this year in response to Sekisui House, Ltd. becoming the sole sponsor in March. The Investment Corporation will continue to strive to realize continuous external growth and steady internal growth as well as to reinforce stable financial base that supports them, with an aim to maximize the interest of its unitholders and maintain/improve the level of cash distributions by further deepening collaborative relationship with Sekisui House Group.

We appreciate your continued support.

Table of Contents

1 Topics of the 24th Fiscal Period Ended September 2017
2 To Our Unitholders
3 Performance Highlights
4 Growth Track Based on Use of Comprehensive Capabilities of the Sekisui House Group
6 Portfolio Management
8 Initiatives for Further Reinforcement of Financial Base
10 Major Properties Owned by the Investment Corporation
12 CSR and Environmental Activity Case Studies
13 Management Discussion and Analysis
23 Financial Section (Audited)
24 Financial Statements
I. Balance Sheet
II. Statement of Income and Retained Earnings
III. Statement of Changes in Net Assets
IV. Statement of Cash Distributions
V. Statement of Cash Flows
30 Notes to Financial Statements
49 Independent Auditor's Report
50 Overview of the Investment Corporation and Asset Management Company
52 Unitholders Information

Performance Highlights

Cash Distribution per Unit

Actual cash distribution

24th Fiscal Period Ended September 2017 **Cash distribution per unit** ¥2,255

Forecast cash distributions

25th Fiscal Period Ending March 2018 **Cash distribution per unit** ¥2,230 (forecast)

26th Fiscal Period Ending September 2018 **Cash distribution per unit** ¥2,200 (forecast)

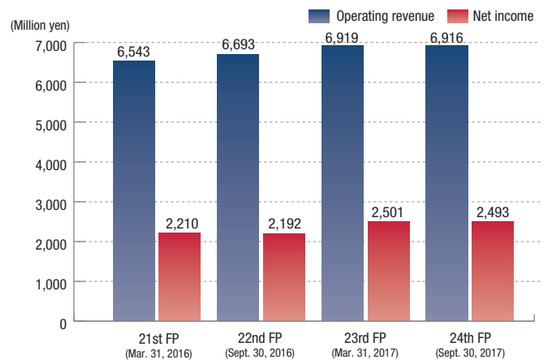
Business Results and Cash Distributions

Settlement Date	Mar. 2016	Sept. 2016	Mar. 2017	Sept. 2017	Mar. 2018	Sept. 2018
Fiscal Period	21st FP	22nd FP	23rd FP	24th FP	25th FP (forecast)	26th FP (forecast)
Operating revenue (million yen)	6,543	6,693	6,919	**6,916**	6,965	6,902
Operating income (million yen)	2,741	2,739	3,060	**3,001**	2,986	2,950
Ordinary income (million yen)	2,214	2,193	2,502	**2,494**	2,467	2,434
Net income (million yen)	2,210	2,192	2,501	**2,493**	2,465	2,432
Provision for reserve for reduction entry (million yen)	47	8	31	**-**	-	-
Cash distribution per unit (yen)	2,125	2,145	2,234	**2,255**	2,230	2,200

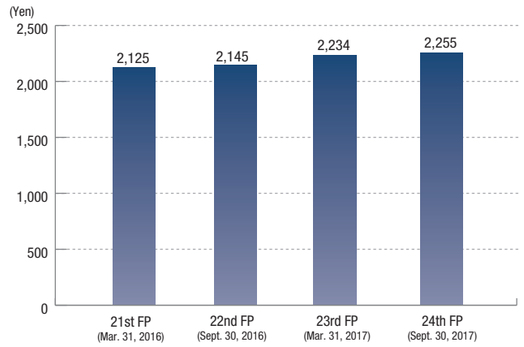
(Note 1) The values of respective items in the "Mar. 2018 25th FP (forecast)" and "Sept. 2018 26th FP (forecast)" columns are the figures as of November 15, 2017 (the announcement date of business results) calculated under certain assumptions. The actual operating revenue, operating income, ordinary income, net income, provision for reserve for reduction entry and cash distribution per unit are subject to change due to such factors as additional acquisitions or dispositions of real estate and other investment assets in the future, changes in the real estate and other markets, and changes in the asset management environment and other conditions surrounding the Investment Corporation. In addition, the Investment Corporation does not guarantee any actual results or cash distribution amount in providing the forecast figures.
(Note 2) "Cash distribution per unit" for the "Mar. 2016 21st FP," "Sept. 2016 22nd FP" and "Mar. 2017 23rd FP" columns are calculated based on the amount of unappropriated retained earnings less the provision for reserve for reduction entry of 47 million yen, 8 million yen and 31 million yen, respectively, divided by the number of investment units issued as of the end of each fiscal period.
(Note 3) The Investment Corporation has internally reserved part of the gain on sale of properties as reserve for reduction entry by applying to the special taxation measures under the Act on Special Measures Concerning Taxation. The cumulative amount of internal reserves as reduction entry as of the end of the 24th fiscal period ended September 30, 2017 is 214 million yen.

Changes in Business Results

Operating Revenue / Net Income

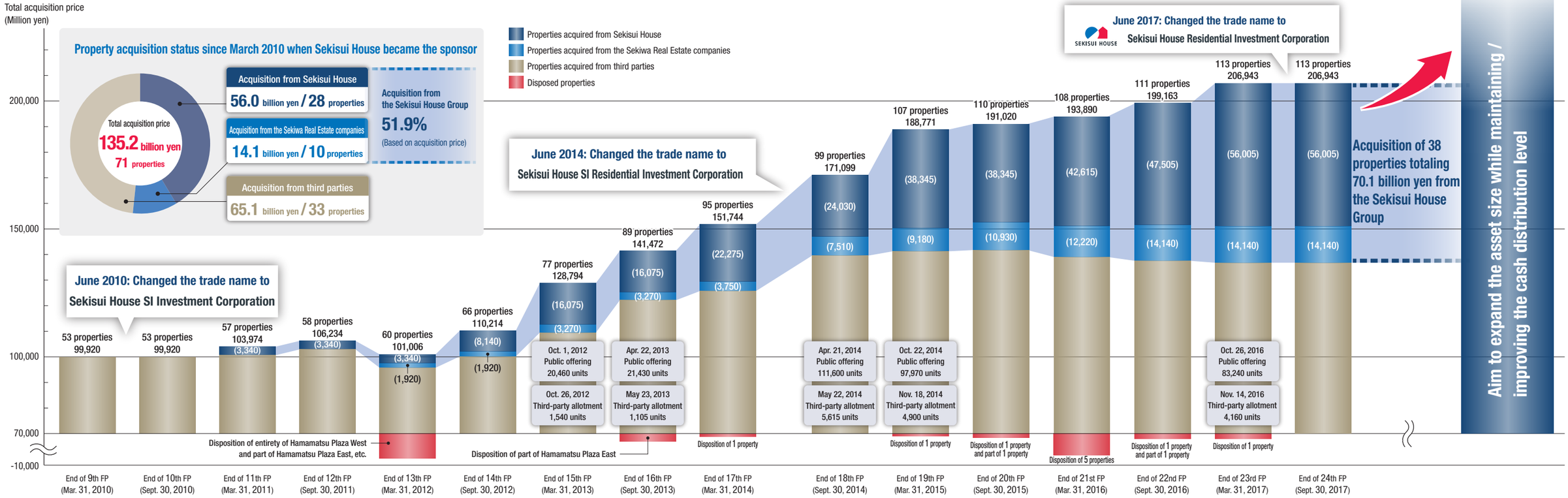


Cash Distribution per Unit



Growth Track Based on Use of Comprehensive Capabilities of the Sekisui House Group

Management under a joint-sponsor structure with Sekisui House as the main sponsor → **Shift to sole sponsorship by Sekisui House**



	9th FP	10th FP	11th FP	12th FP	13th FP	14th FP	15th FP	16th FP	17th FP	18th FP	19th FP	20th FP	21st FP	22nd FP	23rd FP	24th FP
LTV	48.9%	47.1%	48.3%	49.3%	51.5%	52.1%	53.4%	51.0%	53.4%	52.3%	51.1%	51.5%	52.3%	53.5%	50.3%	50.3%
Cash distribution per unit	¥2,010	¥1,632	¥1,958	¥2,009	¥2,023	¥2,070	¥2,091	¥2,107	¥2,212	¥2,131	¥2,185	¥2,122	¥2,125	¥2,145	¥2,234	¥ 2,255

(Note 1) "LTV" is calculated by dividing the total interest-bearing debt at the end of each fiscal period by total assets at the end of each fiscal period, rounded to the first decimal place. The same follows hereafter.
(Note 2) A five-for-one split of investment units was implemented on April 1, 2014. In consideration of the impact of the split, "Cash distribution per unit" for the 17th fiscal period ended March 2014 or earlier indicates figures obtained by dividing actual figures by 5.

"Prime Maison" and Others Developed by Sekisui House through Property Planning Meetings with the Asset Management Company

— All **14** properties are located in Greater Tokyo / Major Urban Areas (Tokyo 23 wards: 13, Yokohama-shi: 1) —

As of November 15, 2017 (the announcement date of business results)

Completed properties: **5** properties **473** units in total

Prime Maison SHIROKANEDAI TOWER
(Shinagawa-ku, Tokyo)
220 units
<Completed in May 2016>

Prime Maison ASAKUSABASHI
(Taito-ku, Tokyo)
64 units
<Completed in Oct. 2016>

Prime Maison OTSUKA
(Toshima-ku, Tokyo)
144 units
<Completed in Jan. 2017>

Prime Maison DAIKANYAMA
(Meguro-ku, Tokyo)
27 units
<Completed in January 2017>

Prime Maison MITATSUNAMACHI
(Minato-ku, Tokyo)
18 units
<Completed in October 2017>

Under construction: **6** properties **910** units in total

(Tentative name) Prime Maison EGOTANOMORI
(Nakano-ku, Tokyo)
526 units

Properties in the planning stage: **3** properties

All properties in Tokyo 23 wards

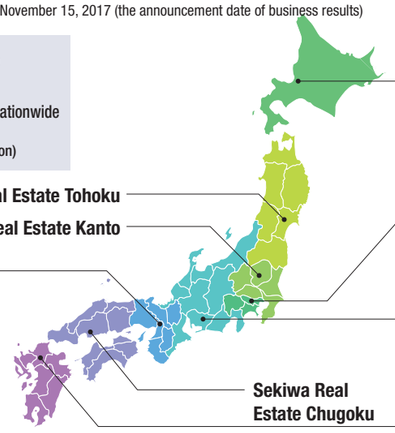
(Note) With regard to the properties above, the Investment Corporation has no specific plans to acquire any of them as of December 26, 2017 (the announcement date of this document).

Status of Property Management Service Entrustment to the Sekiwa Real Estate Group

— Property management of **81** out of **112** residential properties in total is entrusted —

As of November 15, 2017 (the announcement date of business results)

Track record of the Sekiwa Real Estate Group
(as of July 31, 2017)
The Group manages leasing of **595** thousand units nationwide
Occupancy ratio: **96.8%** (Entire leasing of Sha Maison)



Sekiwa Real Estate (55 properties) — Tokyo, Sapporo-shi, etc.
- Esty Maison GINZA
- Prime Maison GINZA EAST
- Prime Maison EBISU
- Prime Maison SHIROKANE-TAKANAWA
- Prime Maison ODORI KOEN, etc.

Sekiwa Real Estate Chubu (11 properties) — Nagoya-shi, etc.
- Prime Maison HIGASHISAKURA
- Prime Maison GOKISO
- Esty Maison TSURUMAI
- Granmast KANAZAWA NISHIIZUMI, etc.

Sekiwa Real Estate Kansai (2 properties) — Osaka-shi, etc.
- Esty Maison UEMACHIDAI
- Esty Maison KOBE-SANNOMIYA

Sekiwa Kanri Kansai (9 properties)
(wholly-owned subsidiary of Sekiwa Real Estate Kansai)
- Esty Maison NISHINAKAJIMA
- Prime Maison YUHIGAOKA
- KOBE Women's Student Housing, etc.

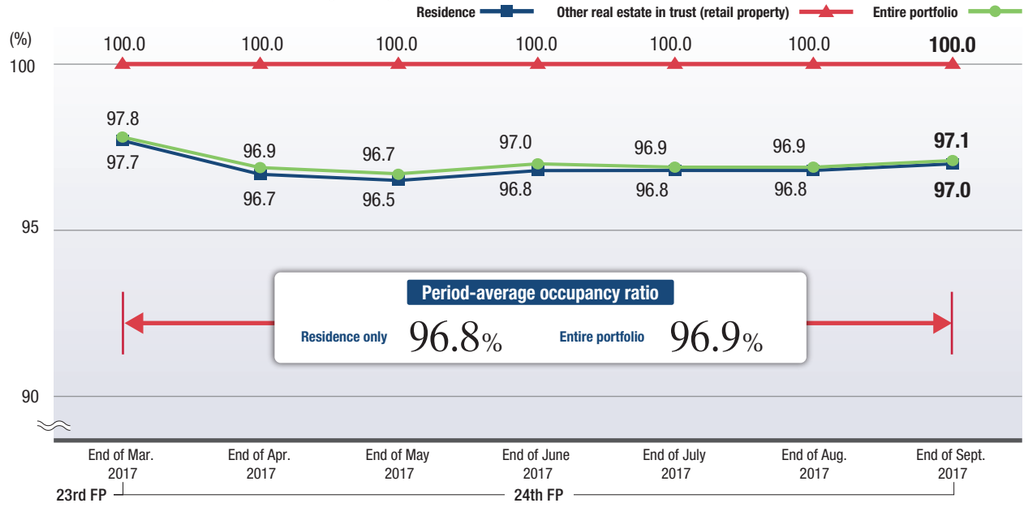
Sekiwa Real Estate Kyushu (4 properties) — Fukuoka-shi
- MAST HAKATA
- Prime Maison MOMOCHIHAMA
- Prime Maison CENTRAL PARK, etc.

(Note) "Sha Maison" is a brand for rental housing constructed by Sekisui House and managed by the Sekiwa Real Estate Group.

Portfolio Management

Changes in Occupancy Ratio

In the 24th fiscal period, the Investment Corporation conducted strategic leasing activities with a focus on the optimum balance of occupancy and rent of each property and each unit in a favorable rental market environment, and achieved the occupancy ratio for the entire portfolio of 96.9% on average and 97.1% at the end of the fiscal period, remaining at a high level.

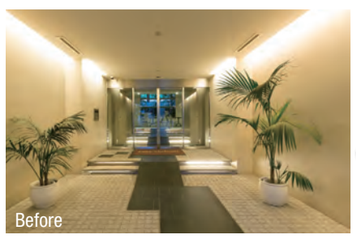


(Note 1) The occupancy ratio in the above graph indicates the ratio of total leased area to the total leasable area in each category for the properties of the corresponding category held by the Investment Corporation as of the end of each month from March 2017 to September 2017, rounded to the first decimal place.
(Note 2) "Period-average occupancy ratio" indicates the average of the occupancy ratios at the end of each month during the 24th fiscal period.

Renovation Work of Entrance of Esty Maison EBISU II

In order to maintain/improve property competitiveness, we renovated the entrance of the property, which was completed about 14 years ago.

Details of work	Construction cost (excluding consumption tax)	Construction Period
Installation of decorative walls, decorative ceiling and lighting equipment such as indirect lighting fixtures, etc. in the entrance hall and entrance approach	¥16 million (entire amount was capital expenditure)	August 2017 to September 2017



Repair of entrance approach

- Creating space emphasizing continuity from the entrance hall
- Adding a sense of depth by installing wood-like decorative walls and ceiling

(Reference) Status of the Residential Portfolio

There is no change from the previous fiscal period (23rd fiscal period ended March 2017) since there was no acquisition of new properties or disposition of owned properties in the 24th fiscal period ended September 2017.

	End of 22nd FP (Sep. 30, 2016) Owned properties (totaling 110 properties)	End of 23rd FP (Mar. 31, 2017) Owned properties (totaling 112 properties)	End of 24th FP (Sep. 30, 2017) Owned properties (totaling 112 properties)
Diversification status by area	Greater Tokyo 71.2% (28.8%, 3.8%, 67.4%)	Greater Tokyo 72.3% (27.7%, 3.0%, 69.3%)	Greater Tokyo 72.3% (27.7%, 3.0%, 69.3%)
Diversification status by property age	Average property age 10.5 years (10.2%, 9.1%, 48.6%, 32.1%)	Average property age 10.1 years (9.1%, 13.2%, 46.7%, 30.9%)	Average property age 10.1 years (9.1%, 13.2%, 46.7%, 30.9%)
Diversification status by walking distance to station	Within 10-minute walk 91.0% (9.1%, 27.4%, 32.8%, 30.7%)	Within 10-minute walk 91.3% (8.7%, 26.3%, 35.1%, 29.9%)	Within 10-minute walk 91.3% (8.7%, 26.3%, 35.1%, 29.9%)
Diversification status by floor area	Average area per unit 37.8 m² (0.6%, 23.6%, 25.2%, 50.6%)	Average area per unit 37.3 m² (0.6%, 22.9%, 24.8%, 51.7%)	Average area per unit 37.3 m² (0.6%, 22.9%, 24.8%, 51.7%)

Diversification status by area: Greater Tokyo / Major Urban Areas; Greater Tokyo / Other Urban Areas; Major Cities Nationwide
(Classified according to the area where each property is located (based on the acquisition price))

Diversification status by property age: Less than 5 years; 5 years to less than 10 years; 10 years to less than 15 years; 15 years or more
(Classified according to the property age with November 15, 2017 (the announcement date of business results) set as the base date (based on the acquisition price))

Diversification status by walking distance to station: Within 3 minutes; More than 3 minutes to within 5 minutes; More than 5 minutes to within 10 minutes; More than 10 minutes
(Classified according to the walking minutes from station for each property (based on the acquisition price))

Diversification status by floor area: Less than 30m²; 30m² to less than 50m²; 50m² to less than 100m²; 100m² or more
(Classified according to the area of each residential unit (based on the number of leasable residential units))

(Note 1) "Average property age" is calculated by seeking the weighted average of the building age of each property (with November 15, 2017 (the announcement date of business results) set as the base date) with the investment ratio calculated based on the acquisition price, rounded down to the first decimal place.
(Note 2) "Average area per unit" is calculated based on the total leasable residential area owned properties and the total number of leasable residential units as of each point of the end of period, rounded down to the first decimal place.
(Note 3) The ratios of the above diversification statuses are rounded to the first decimal place. Accordingly, the ratios may not add up to 100%.

Initiatives for Further Reinforcement of Financial Base

Status of Financial Soundness

As an indicator demonstrating the stability of its financial base, the Investment Corporation has been granted the following credit ratings from two Japanese rating agencies. Ratio of liabilities with fixed interest rates, ratio of long-term interest-bearing debt and LTV (ratio of interest-bearing debt to total assets) as of the end of the 24th fiscal period are as follows.

Status of Credit Ratings
As of November 15, 2017 (the announcement date of business results)

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

Ratio of liabilities with fixed interest rates	Ratio of long-term interest-bearing debt	LTV
93.1%	100.0%	50.3%
End of the 24th FP (September 30, 2017)	End of the 24th FP (September 30, 2017)	End of the 24th FP (September 30, 2017)

(Note) "Ratio of liabilities with fixed interest rates" includes borrowings with the interest rates that have been practically fixed by concluding interest rate swap agreements, and "Ratio of long-term interest-bearing debt" includes current portion of long-term loans payable within one year and investment corporation bonds maturing within one year. The ratios are rounded to the first decimal place.

Conclusion of Commitment Line Agreement

Upon the ending of the commitment term based on the commitment line agreement concluded with three Japanese megabanks on October 7, 2016 to secure flexible and stable means for procuring funds, the Investment Corporation concluded a new commitment line agreement as follows. There is no change to the main contents of the agreement.

Maximum commitment line amount
¥10,000 million

Term of commitment line
From November 1, 2017 to October 31, 2018

Date of agreement
October 6, 2017

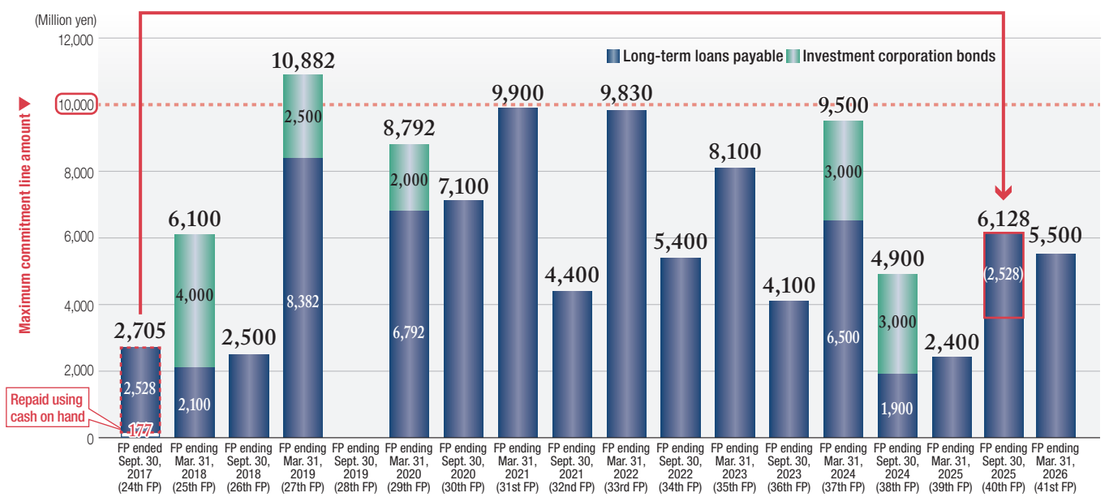
Lenders
Mizuho Bank, Ltd.
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Sumitomo Mitsui Banking Corporation

Use of funds
- Property acquisitions
- Refinancing (including redemption of investment corporation bonds)
- Renovation / repair work of real estate owned by the Investment Corporation

Maturity Ladder

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

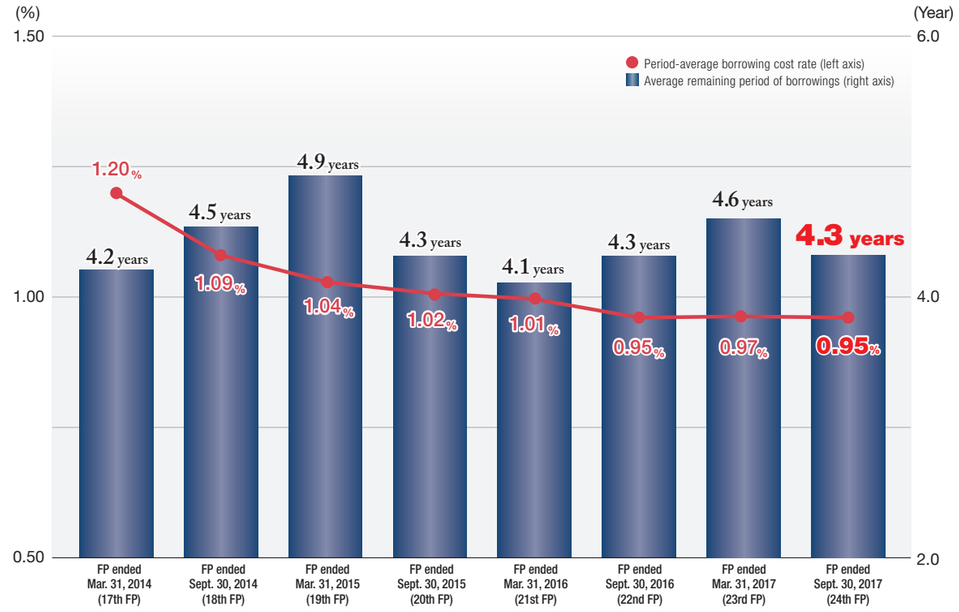
(As of the end of the 24th fiscal period ended September 2017)



(Note) Amounts in the graph and table are rounded down to the nearest million yen. The same follows hereafter.

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

The Investment Corporation is conducting fund procurement with an intention to reinforce its financial base while working to lengthen borrowing periods under the low-interest rate environment. The period-average borrowing cost rate for the 24th fiscal period stood at 0.95%, and the average remaining period of borrowings was 4.3 years as of the end of the fiscal period.



(Note 1) "Period-average borrowing cost rate" is calculated by using the formula below and is rounded to the second decimal place:
Period-average borrowing cost rate = Period borrowing cost (annualized) / Balance of period-average interest-bearing debt
Borrowing cost = Interest expenses + borrowing related expenses + interest expenses on investment corporation bonds (excluding expenses for early repayment and commitment line agreement)

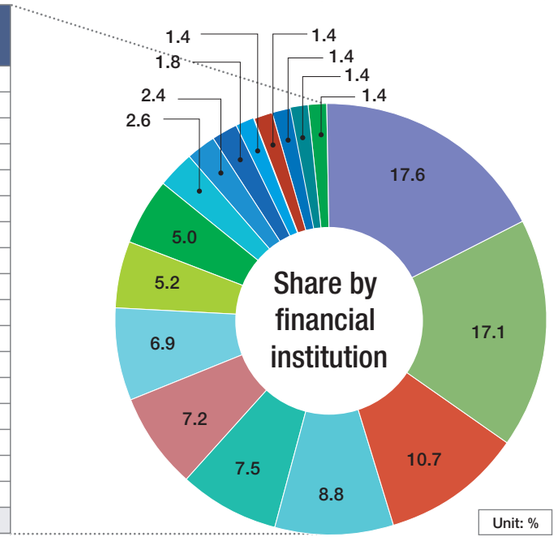
(Note 2) "Average remaining period of borrowings" is the remaining period of interest-bearing debt to the repayment dates (redemption dates) at the end of each fiscal period weighted average by the balance of interest-bearing debt, and is rounded down to the first decimal place.

Status of Bank Formation

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

(As of the end of the 24th fiscal period ended September 2017)

Financial Institution	Outstanding Balance (million yen)	Share (%)
Mizuho Bank, Ltd.	16,001	17.6
Sumitomo Mitsui Banking Corporation	15,565	17.1
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	9,750	10.7
Mizuho Trust & Banking Co., Ltd.	8,030	8.8
Sumitomo Mitsui Trust Bank, Limited	6,850	7.5
Mitsubishi UFJ Trust and Banking Corporation	6,592	7.2
Development Bank of Japan Inc.	6,241	6.9
The Norinchukin Bank	4,752	5.2
Resona Bank, Limited.	4,550	5.0
The Bank of Fukuoka, Ltd.	2,400	2.6
Aozora Bank, Ltd.	2,200	2.4
Shinkin Central Bank	1,600	1.8
The Senshu Ikeda Bank, Ltd.	1,300	1.4
The Shizuoka Bank, Ltd.	1,300	1.4
The 77 Bank, Ltd.	1,300	1.4
The Hiroshima Bank, Ltd.	1,300	1.4
The Yamaguchi Bank, Ltd.	1,300	1.4
Total debt	91,032	100.0



(Note) "Share" is rounded to the first decimal place.

Major Properties Owned by the Investment Corporation

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

Greater Tokyo / Major Urban Areas

Prime Maison GINZA EAST

Prime Maison YOKOHAMA NIHON-ODORI

Prime Maison EBISU

Prime Maison GOTENYAMA EAST

Prime Maison SHINAGAWA

Prime Maison SHIROKANE-TAKANAWA

Prime Maison ICHIGAYAYAMABUSHICHO

Prime Maison HATSUDAI

Prime Maison SHIBUYA

Prime Maison MORISHTA

Prime Maison JINBOCHO

Prime Maison WASEDA

Prime Maison HATCHOBORI

MAST LIFE YAHIRO

MAST LIFE AKIHABARA

Esty Maison OJIMA

Esty Maison KINSHICHO II

Esty Maison GINZA

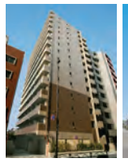
Esty Maison GOTANDA

Esty Maison SASAZUKA

Esty Maison SHIBAURA

Esty Maison AKABANE

Esty Maison AZABUJUBAN


Esty Maison ITABASHIKUYAKUSHOMAE

Esty Maison KOHOKU TSUNASHIMA

Esty Maison HIGASHISHINAGAWA

Esty Maison OISENDAIZAKA

Esty Maison YOTSUYASAKAMACHI

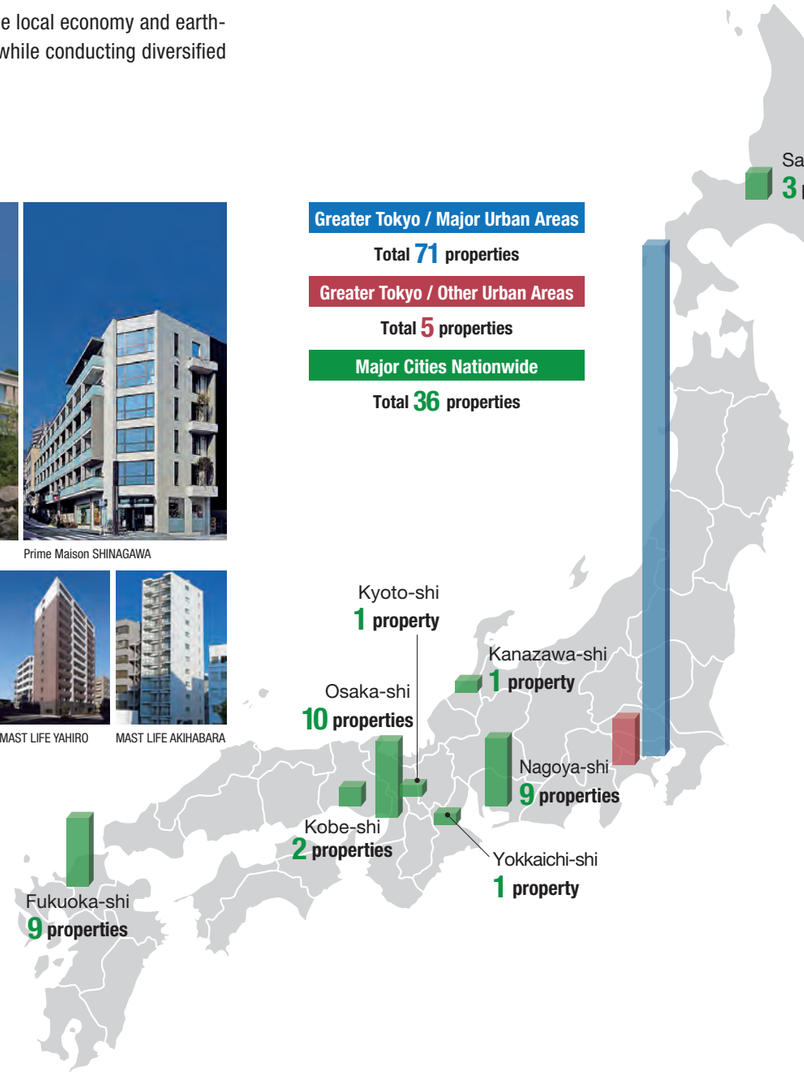
Esty Maison ITABASHI C6

Esty Maison SHINAGAWA SEASIDE

Esty Maison KAWASAKI

Esty Maison YOKOHAMA

Esty Maison MORISHITA



Major Cities Nationwide (Sapporo-shi)

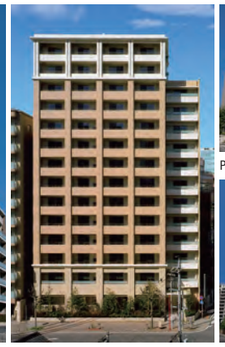
Prime Maison ODORI KOEN

Prime Maison MINAMI 2-JO

Prime Maison KAMOKAMOGAWA

Major Cities Nationwide (Nagoya-shi)

Prime Maison GOKISO


Prime Maison HIGASHISAKURA

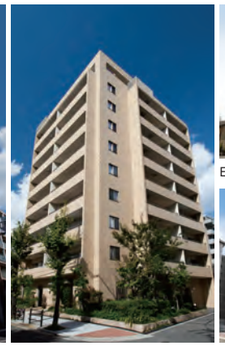
Prime Maison FUJIMIDAI

Prime Maison TAKAMI

Prime Maison YADAMINAMI

Major Cities Nationwide (Osaka-shi, Kyoto-shi and Kobe-shi)

Prime Maison YUHIGAOKA


Prime Maison KITATANABE

Esty Maison KYOBASHI

Esty Maison SHIJONISHINOTOIN

Esty Maison KOBE-SANNOMIYA

Kobe Women's Student Housing

Greater Tokyo / Other Urban Areas

Prime Maison MUSASHINONOMORI

MAST LIFE HINO

Major Cities Nationwide (Fukuoka-shi)

Prime Maison CENTRAL PARK

MAST HAKATA

Prime Maison MOMOCHIHAMA

Prime Maison TERIHA

Esty Maison HAKATAHIGASHI

Major Cities Nationwide (Other areas)

Granmast KANAZAWA NISHIIZUMI

Granmast UNOMORI

CSR and Environmental Activity Case Studies

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

Energy conservation measures

LED light fixture replacement work in common areas

As of the end of September 2017

Implemented at a total of 38 properties

- Electricity consumption (cumulative): Expected annual reduction of approx. **1,189,098**kwh
- Greenhouse gas (CO_2) emissions (cumulative): Expected annual reduction of approx. **610** t-CO_2

* Estimation by the Asset Management Company based on the proposal material prepared by the operator of replacement work

Replacement of air conditioners in exclusive areas with energy-saving models

As of the end of September 2017

Implemented at a total of 677 A/C units

Comparison of air conditioning units with "★★2 Stars" energy efficiency and those with "★★★★4 Stars" energy efficiency

- Electricity consumption (cumulative): Expected annual reduction of approx. **150,971**kwh
- Greenhouse gas (CO_2) emissions (cumulative): Expected annual reduction of approx. **71** t-CO_2

* Estimation by the Asset Management Company based on the publicly disclosed materials from Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry

Management that considers the environment and society

Realize a sustainable society

Provide high-quality residences through the J-REIT scheme

Installation of water saving equipment on faucets in common use areas

As of the end of September 2017

Installed at 168 locations (cumulative)

- Water saving effect
  Expected to save water by around **30**% per flow control valve
  by installing flow control valves that save water without decreasing water pressure and other usability

In addition to the above, replaced bathroom water faucets, showerheads, kitchen water faucets, etc. with those that are expected to save water by around 20% - 30% compared to the conventional models as necessary, in exclusive areas.

Resource depletion countermeasures

Installation of emergency equipment, etc.

As of the end of September 2017

Mainly implemented initiatives below

- Installation of disaster-relief vending machines
- Installation of automated external defibrillators (AED)
- Installation of emergency cabinets in elevators

Contributing to regions in which we own properties

(Note) The above figures for expected annual reduction are estimates and do not guarantee actual reductions.

Management Discussion and Analysis

1. Changes in Operating Results and Other Management Data

Fiscal Period / Accounting Period		Unit	20th Fiscal Period (April 1, 2015 - September 30, 2015)	21st Fiscal Period (October 1, 2015 - March 31, 2016)	22nd Fiscal Period (April 1, 2016 - September 30, 2016)	23rd Fiscal Period (October 1, 2016 - March 31, 2017)	24th Fiscal Period (April 1, 2017 - September 30, 2017)
Operating revenue		mm yen	6,411	6,543	6,693	6,919	6,916
[Rent revenue - real estate]		mm yen	[6,330]	[6,332]	[6,674]	[6,886]	[6,916]
Operating expenses		mm yen	3,667	3,801	3,953	3,858	3,914
[Expenses related to rent business]		mm yen	[2,975]	[3,065]	[3,218]	[3,259]	[3,298]
Operating income		mm yen	2,743	2,741	2,739	3,060	3,001
Ordinary income		mm yen	2,211	2,214	2,193	2,502	2,494
Net income	(a)	mm yen	2,209	2,210	2,192	2,501	2,493
Total assets	(b)	mm yen	195,280	198,290	203,257	210,166	210,009
[Period-on-period variation]		%	[+0.6]	[+1.5]	[+2.5]	[+3.4]	[-0.1]
Net assets	(c)	mm yen	91,213	91,263	91,292	101,318	101,341
[Period-on-period variation]		%	[-0.0]	[+0.1]	[+0.0]	[+11.0]	[+0.0]
Unitholders' capital		mm yen	88,925	88,925	88,925	98,633	98,633
Investment units issued	(d)	units	1,018,110	1,018,110	1,018,110	1,105,510	1,105,510
Net assets per unit	(c)/(d)	yen	89,590	89,639	89,668	91,648	91,669
Total cash distributions	(e)	mm yen	2,160	2,163	2,183	2,469	2,492
Cash distribution per unit	(e)/(d)	yen	2,122	2,125	2,145	2,234	2,255
[Earnings distribution per unit]		yen	[2,122]	[2,125]	[2,145]	[2,234]	[2,255]
[Distribution in excess of earnings per unit]		yen	[-]	[-]	[-]	[-]	[-]
Ordinary income to total assets	(Note 2)	%	1.1 [2.3]	1.1 [2.2]	1.1 [2.2]	1.2 [2.4]	1.2 [2.4]
Return on unitholders' equity	(Note 2)	%	2.4 [4.8]	2.4 [4.8]	2.4 [4.8]	2.6 [5.2]	2.5 [4.9]
Unitholders' equity ratio	(c)/(b)	%	46.7	46.0	44.9	48.2	48.3
[Period-on-period variation]			[-0.3]	[-0.7]	[-1.1]	[+3.3]	[+0.1]
Distribution payout ratio	(Note 3)	%	97.7	97.8	99.6	98.7	100.0
[Other reference information]							
Number of investment properties	(Note 4)	properties	110	108	111	113	113
Total leasable area		m^2	400,210.45	368,622.60	376,936.98	380,893.44	382,734.80
Period-end occupancy ratio	(Note 4)	%	96.7	97.2	96.8	97.8	97.1
Depreciation		mm yen	1,431	1,468	1,582	1,606	1,602
Capital expenditures		mm yen	97	293	302	397	446
Leasing NOI (net operating income)	(Note 2)	mm yen	4,786	4,735	5,038	5,234	5,220

(Note 1) Consumption tax is not included in operating revenue, etc.
(Note 2) The indicators are calculated by using the following methods. In addition, annualized figures in accordance with the number of management days are provided in the parenthesis in parallel.

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

(Note 3) Distribution payout ratio is calculated by using the following method, and is rounded down to the nearest specified unit.
Cash distribution per unit (excluding distribution in excess of earnings per unit) / Net income per unit
For the 23rd fiscal period, however, the following method is employed as the Investment Corporation issued new investment units in the periods.
Total cash distributions / Net income
(Note 4) Number of investment properties indicates the number of properties that are considered to be single units respectively in light of common sense. In addition, the period-end occupancy ratio indicates the ratio of the total leased area to the total leasable area as of the account closing date.

2. Asset Management Status for the 24th Fiscal Period

(1) Brief History of the Investment Corporation

The Investment Corporation listed on the Real Estate Investment Trust Securities Market (the J-REIT market) of Tokyo Stock Exchange, Inc. on July 28, 2005. Subsequently, since 2010, it has worked to establish a stable portfolio primarily comprising residential properties as an investment corporation sponsored by Sekisui House, Ltd. ("Sekisui House"), a leading company in the housing industry.

At the 6th General Meeting of Unitholders held on June 11, 2014, the Investment Corporation's Articles of Incorporation was partially revised to remove retail properties, which had previously been identified as a supplementary investment target, from its investment horizons and to solely invest in real estate related assets that are mainly used (Note 1) as residences. With the revision, which was aimed at shifting the Investment Corporation into a REIT specialized in residential properties, its investment targets were limited to residential properties.

The Investment Corporation's basic strategy is to build a portfolio that is centered on the high-quality rental residential properties planned and developed by the Sekisui House Group (Note 2) with Sekisui House as the core company. Under this strategy, it works to expand the asset size with a focus on maximizing the interests of its investors as well as to reinforce its financial base. By doing so, the Investment Corporation aims to become a leading company among REITs investing in residential properties.

(Note 1) "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 225 subsidiaries and 26 affiliated companies (as of the end of January 2017). The same follows hereafter.

(2) Operating Environment and Asset Management Results

During the 24th fiscal period, the Japanese economy remained on course for a modest recovery, with capital investment showing a mild upward trend amid improvements in corporate earnings and consumer spending further strengthening backed by steady improvements in the employment and income environment, among other factors.

As for the land price trend, in terms of the national average, the range of drop continued to shrink for residential land while turning upward from being leveled-off last year for commercial land, according to the Prefectural Land Price Survey as of July 1, 2017. Presumably, this is a result of housing demand being bolstered by policies to support housing acquisition and such amid improving employment situation, and also reflects such factors as growing demand for stores and hotels due to an increase in the number of foreign tourists and other causes. By area, the commercial land price has shown a generally stronger upward trend in the three major metropolitan areas (the Greater Tokyo, Osaka Area and Nagoya Area). As for residential land price, it continued to rise at almost the same pace as the previous year, though rather slight, in the Greater Tokyo and Nagoya Area while remaining flat in Osaka Area. In regional areas, both the residential land and commercial land prices in the four regional cities (Sapporo-shi, Sendai-shi, Hiroshima-shi and Fukuoka-shi) showed an increase at a higher pace than in the three major metropolitan areas, and areas other than these cities also continued to demonstrate a lower rate of price decrease.

As for the rental housing market, particularly in the Greater Tokyo / Major Urban Areas, which is the Investment Corporation's focused investment area, the supply and demand environment has continued to remain favorable in the face of population inflow from other areas continuing and supply of rental condominiums remaining low.

As for the real estate transaction market, active transactions continued as overseas investors boosted transaction volume. On the other hand, J-REIT market saw a decrease in funds raised through public offering against the backdrop of the transaction price level remaining high for all real estate.

Under such circumstances, the Investment Corporation did not make any new acquisitions during the 24th fiscal period. However, it strived to collect information on properties that could be subject for acquisition and to strengthen financial base (improvement in profitability) of properties it owned. As a result, the occupancy ratio of its residential portfolio marked the highest level (period average occupancy ratio: 96.8%, period-end occupancy ratio: 97.0%) since its listing for a fiscal period ending September, which is a low season; and the figures for the entire portfolio also stood at a high level (period average occupancy ratio: 96.9%, period-end occupancy ratio: 97.1%). In addition, rents also showed a trend of increase as in the previous fiscal period.

(3) Changes in the Asset Size

Since no acquisition or disposition was made in the 24th fiscal period, the assets owned by the Investment Corporation remain unchanged since the beginning of the fiscal period. Therefore, the Investment Corporation owned 113 properties (112 residential properties and 1 retail property) with a total acquisition price of 206,943 million yen (203,122 million yen for residential properties and 3,820 million yen for the retail property) as of the end of the 24th fiscal period.

(4) Initiatives on CSR and Realizing a Sustainable Society

The Investment Corporation established its environmental basic policy, sustainability policy and objectives in the 19th fiscal period ended March 2015, based on the Sustainability Vision upheld by Sekisui House, which was the first in the housing industry to be recognized as an Eco-First Company by the Minister of the Environment. Based on these policies, etc., the Investment Corporation has cooperated with Sekisui House to promote its initiatives for CSR and environmental activities that meet the needs of the times, through such measures as enhancing energy conservation of its owned properties and acquiring environmentally friendly properties. Furthermore, Sekisui House Asset Management, Ltd. (the "Asset Management Company") has set up a Sustainability Committee to see how the policies are followed and assess the effectiveness of implemented measures on a regular basis. In addition, in order to understand where our environmental awareness initiatives are positioned, endeavors were made to obtain environmental recognition and certifications by external assessment organizations, and a system has been established to enable the Investment Corporation to continuously take initiatives on CSR and for realizing a sustainable society.

In the 24th fiscal period, the Investment Corporation promoted such measures as introduction of LED lighting to its properties, which it had conducted from time to time, adoption of energy-efficient air-conditioning units and installation of water-saving equipment, as its initiatives on CSR and environmental activities. As for obtainment of environmental recognition and certifications by external agencies, the Investment Corporation achieved "Green Star" in the 2017 GRESB Assessment of real estate companies, REITs and funds conducted by Global Real Estate Sustainability Benchmark ("GRESB") (Note) following the previous year, and also acquired "4 Stars" (five-level rating with the highest being "5 Stars") in the GRESB Rating which shows a participant's relative status of overall GRESB score. Furthermore, GRESB awards the title of "Sector Leader" to real estate companies, REITs and funds with outstanding efforts on sustainability that have received the highest ranking in each sector in each region. The Investment Corporation was selected as "Sector Leader" in the Asia residential sector (ranked first) for the third consecutive year. In addition, the "GRESB Public Disclosure (five-level rating from "A" to "E")" was launched this year to measure environment, society and governance (ESG) disclosures for more than 450 listed real estate vehicles with coverage of the entire FTSE EPRA/NAREIT Developed Index components. The Investment Corporation has achieved "C," which is the global average level.

The Investment Corporation is resolved to promote its basic principle of "providing high-quality residences through the J-REIT scheme" and "creating affluent and fulfilling lifestyles" by continuously implementing its initiatives based on the above-mentioned policies.

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

(5) Summary of Fund Procurement

During the 24th fiscal period, the Investment Corporation borrowed 2,528 million yen (loan period: 8 years) to repay part of a loan totaling 2,705 million yen (loan period: 5 years and 1 month) that matured in August 2017 and extended borrowing periods. The difference between the repaid amount and the loan amount (177 million yen) was repaid using cash on hand.

As a result of the above, as of the end of the 24th fiscal period, the Investment Corporation's balance of interest-bearing debt was 105,532 million yen (91,032 million yen in long-term loans payable (including 4,600 million yen in current portion of long-term loans payable) and 14,500 million yen in investment corporation bonds (including 4,000 million yen in current portion of investment corporation bonds); and the ratio of the balance of borrowings, investment corporation bonds and interest-bearing lease and guarantee deposits to total assets owned by the Investment Corporation (the "Loan-to-Value Ratio (LTV)") was 50.3%.

In addition, the Investment Corporation concluded a commitment line agreement with Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation (maximum commitment line amount: 10,000 million yen) in order to secure flexible and stable means for procuring funds.

In addition, the Investment Corporation has been granted the following credit ratings as of December 26, 2017 (the announcement date of this document).

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)

(6) Summary of Business Results and Distributions

As a result of these management efforts, the Investment Corporation posted operating revenue of 6,916 million yen, operating income of 3,001 million yen after deducting such operating expenses as outsourcing expenses, utilities expenses and asset management fees, ordinary income of 2,494 million yen and net income of 2,493 million yen in the 24th fiscal period. The Investment Corporation decided to distribute the entire amount of the unappropriated retained earnings, excluding the fractional amount where distribution per unit would be less than 1 yen, with the aim of having the maximum amount of earning 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 2,255 yen for the 24th fiscal period.

3. Future Management Policies and Vital Issues

(1) Investment Environment

Looking ahead, the Japanese economy is expected to continue to moderately expand as a positive circulation of income and expenditure continues in both corporate and household economies and domestic demand takes an upward trend against the backdrop of a financial environment under monetary easing policy so extreme as well as of government spending under the large-scale economic policy.

However, attention must continue to be paid to the risk of the Japanese economy being pushed downward by such factors as the impact of the U.S. economic policy operations on the international financial market, the development and impact of the Brexit negotiations and geopolitical risks.

In the domestic real estate transaction market, investment demand for real estate which is likely to bring stable rental income is expected to remain strong backed by the favorable fund procurement environment thanks to the monetary easing policy, resulting in continuation of the harsh acquisition environment. As for the rental housing market, a favorable environment is expected to continue as seen in the previous fiscal period.

Under such circumstances, the Investment Corporation will conduct acquisitions and management of assets by carefully discerning the economic and interest rate trends, the supply and demand balance trends and the orientations of domestic and foreign investors.

(2) Management Policy and Vital Issues

1) External Growth Strategy

With an aim to realize maximum value for its unitholders, the Investment Corporation endeavors to build a portfolio with a focus on acquiring investment properties from the Sekisui House Group, for which Sekisui House, the sponsor, serves as the core company. The Investment Corporation will also endeavor to acquire properties from outside sources by continuously collecting property information in a proprietary manner. In selecting the real estate-related assets it invests in, the Investment Corporation will make comprehensive considerations of such macroeconomic factors as economic conditions and the real estate market trends, such geographical factors as the environment surrounding the areas where the real estate properties are located, urban planning status and its future outlook, and such individual factors as the size and shape of the land and buildings of the real estate properties and their conditions of connections to roads. For the real estate-related assets that are believed to have superiority over a long term as a result of these considerations, the Investment Corporation will forecast cash flows they will generate and, based on the forecast, will investigate and make judgments as to their values using the income approach.

As for HAMAMATSU Plaza, the sole existing retail property (Note) it owns as of December 26, 2017 (the announcement date of this document), the Investment Corporation will make efforts to achieve its stable management and, in cooperation with Sekisui House, work to enhance the appeal and asset value of the entire facilities while investigating selling the property at an appropriate time.

(Note) "Existing retail property" refers to a real estate-related asset that the Investment Corporation owns continuously and that is mainly for use as a retail facility.

2) Internal Growth Strategy

The Investment Corporation will continuously implement various measures to enhance the profitability and asset value of its investment properties from a medium to long-term perspective.

For the properties owned by the Investment Corporation, it will implement refurbishments and renovations at appropriate times to prevent aging and obsolescence of their exclusive and common areas, which hamper leasing. It will also promote a variety of repair works that are intended to maximize cost performance, including thoroughly conducting quality control of the investment properties. The Investment Corporation aims to maintain and enhance asset value through these measures.

For properties it acquires from the Sekisui House Group, the Investment Corporation will, in principle, consign property management services to the Sekiwa Real Estate Group (Note) in charge of the relevant areas in which the said properties are located, in order to improve the occupancy ratio and enhance the operational and administrative efficiency through the synergy effect with the Sekisui House Group. Moreover, the Investment Corporation has gradually unified the property management companies involved in the existing residential properties to the Sekiwa Real Estate group. This is understood to have enabled the Investment Corporation to realize tenant attraction and efficient administration by taking advantage of the Sekiwa Real Estate Group's know-how on property management services, backed by the track record of lease management for approximately 595 thousand units throughout Japan (as of July 31, 2017), and its nationwide networks. Going forward, the Investment Corporation will keep this policy with an aim to enhance the profitability of its investment properties. 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. As for the retail property HAMAMATSU Plaza, Costco Hamamatsu Warehouse opened on September 1, 2017 on the site owned by Sekisui House. In line with this, the Investment Corporation is determined to continue working on stable operation through improvements of the facility, etc. to generate a synergy effect for existing tenants.

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

<Summary of the Investment Corporation's Major Brands>

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

(3) Financial Strategy, Etc.

For Loan-to-Value Ratio (LTV), 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. For future borrowings, the Investment Corporation will make it a basic policy to procure funds focused on long-term, fixed interest rate debts with diversified repayment dates, while continuing its endeavors to reduce fund procurement costs by fully considering the optimum balance of fixed and floating interest rate loans.

4. Significant Events Occurring after Settling the 24th Fiscal Period

Not applicable

(Reference Information)

Establishment of commitment line

A commitment line agreement was concluded on October 6, 2017 as follows. This agreement establishes a new commitment line upon the ending of the commitment term on October 31, 2017 under the commitment line agreement concluded on October 7, 2016.

Maximum commitment line amount	10,000 million yen
Start date of commitment line	November 1, 2017
Ending date of commitment line	October 31, 2018
Collateral	Unsecured and unguaranteed
Lenders	Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation
Use of funds	Funds for property acquisitions, refinancing (including redemption of investment corporation bonds) and renovation / repair work of real estate owned by the Investment Corporation

5. Itemized Portfolio Assets

The following table provides details of the assets (real estate and trust beneficiary interests in real estate as major entrusted property, etc.) owned by the Investment Corporation as of September 30, 2017.

Property Name		Location (residence indication)	Form of Ownership	Total Leasable Floor Area (m²)	Estimated Value at End of Period (Note 1) (million yen)	Book Value (million yen)
Residence-1	Esty Maison GINZA	3-11-19 Ginza, Chuo-ku, Tokyo	Trust beneficiary interests	5,515.43	6,390	4,687
Residence-3	Esty Maison AZABUNAGASAKA	5-13-12 Roppongi, Minato-ku, Tokyo	Trust beneficiary interests	2,019.10	1,760	1,605
Residence-4	Esty Maison EBISU II	4-13-1 Higashi, Shibuya-ku, Tokyo	Trust beneficiary interests	2,062.10	2,000	1,885
Residence-5	Esty Maison EBISU	1-13-4 Hiroo, Shibuya-ku, Tokyo	Trust beneficiary interests	781.02	855	634
Residence-6	Esty Maison KANDA	2-3-4 Kandata-cho, Chiyoda-ku, Tokyo	Trust beneficiary interests	1,706.54	1,570	1,260
Residence-8	Esty Maison KITASHINJUKU	1-28-17 Kita-Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,881.19	1,550	1,206
Residence-10	Esty Maison ASAKUSA KOMAGATA	1-10-9 Komagata, Taito-ku, Tokyo	Trust beneficiary interests	2,978.28	2,140	1,686
Residence-11	Esty Maison MACHIDA	2-1-17 Hara-machida, Machida-shi, Tokyo	Trust beneficiary interests	3,090.89	1,550	1,133
Residence-12	Esty Maison KAWASAKI	14-24 Ogawa-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	3,741.01	2,360	1,800
Residence-14	Esty Maison SHINKAWASAKI	1-4 Furuichiba, Saiwai-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	3,737.47	1,230	919
Residence-15	Esty Maison YOKOHAMA	3-33-1 Tsuruya-cho, Kanagawa-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	2,823.73	2,130	1,866
Residence-16	Esty Maison KAMEIDO	6-57-11 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	2,279.21	1,580	1,393
Residence-17	Esty Maison MEGURO	2-10-12 Mita, Meguro-ku, Tokyo	Trust beneficiary interests	1,070.13	1,060	783
Residence-19	Esty Maison SUGAMO	4-14-15 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	2,619.17	1,590	1,498
Residence-20	Esty Maison KYOBASHI	2-7-10 Higashinoda-cho, Miyakojima-ku, Osaka-shi, Osaka	Trust beneficiary interests	4,613.04	2,970	2,246
Residence-21	Esty Maison MEGUROHONCHO	4-8-21 Megurohoncho, Meguro-ku, Tokyo	Trust beneficiary interests	1,656.02	1,130	1,106
Residence-22	Esty Maison HAKURAKU	1-18-19 Rokkakubashi, Kanagawa-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	1,285.83	932	701
Residence-23	Esty Maison MINAMIHORIE	2-12-10 Minamihorie, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,804.48	1,040	934
Residence-24	Esty Maison GOTANDA	7-7-2 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	3,871.15	3,090	2,719
Residence-25	Esty Maison OISENDAIZAKA	5-9-10 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,979.85	2,730	2,204
Residence-26	Esty Maison SHINAGAWA SEASIDE	3-25-20 Higashi-Shinagawa, Shinagawa-ku, Tokyo, etc.	Trust beneficiary interests	2,602.30	2,010	1,953
Residence-27	Esty Maison MINAMIAZABU	1-10-8 Minamiazabu, Minato-ku, Tokyo	Trust beneficiary interests	1,082.12	1,220	1,184
Residence-28	Esty Maison JOTO	2-11-8 Noe, Joto-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,065.92	951	966
Residence-29	Esty Maison TSUKAMOTO	2-13-5 Tsukamoto, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,321.04	1,080	1,103
Residence-30	Esty Maison KAWASAKI II	12-4 Ogawa-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	2,824.86	1,860	1,705
Residence-31	Esty Maison AZABUJUBAN	1-11-1 Azabujuban, Minato-ku, Tokyo	Trust beneficiary interests	1,755.31	2,620	2,589
Residence-33	Esty Maison ITABASHIHONCHO	14-14 Yamato-cho, Itabashi-ku, Tokyo	Trust beneficiary interests	1,274.49	927	903
Residence-34	Esty Maison OIZUMIGAKUEN	2-12-15 Higashi-Oizumi, Nerima-ku, Tokyo	Trust beneficiary interests	1,362.36	773	783
Residence-35	Esty Maison TENJINHIGASHI I	4-3 Susaki-machi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,058.82	364	373
Residence-36	Esty Maison TENJINHIGASHI II	6-12 Susaki-machi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,943.72	738	700
Residence-37	Esty Maison SHIJONISHINOTOIN	697 Myodenji-cho, Shijo-sagaru, Nishinotoin-dori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interests	2,261.28	1,170	1,263
Residence-39	Esty Maison HIGASHISHINAGAWA	1-10-1 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,936.72	2,400	2,413
Residence-40	Esty Maison HACHIOJIMINAMINO	3-2-8 Nishikatakura, Hachioji-shi, Tokyo	Trust beneficiary interests	2,155.16	875	871
Residence-41	Esty Maison NISHINAKAJIMA	2-8-21 Higashinakajima, Higashiyodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,643.42	1,900	1,880
Residence-42	Esty Maison ITABASHIKUYAKUSHOMAE	2-46-11 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interests	3,915.81	2,480	2,453
Residence-43	Esty Maison MUSASHIKOYAMA	3-1-7 Ebara, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,176.78	1,040	932
Residence-44	Esty Maison SENDAGI	3-49-1 Sendagi, Bunkyo-ku, Tokyo	Trust beneficiary interests	897.30	697	701
Residence-45	Esty Maison YOTSUYASAKAMACHI	6-20 Yotsuyasakamachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	2,453.17	2,090	2,161
Residence-46	Esty Maison HAKATAHIGASHI	7-2-80 Yoshizuka, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	9,106.08	2,400	2,154
Residence-47	Esty Maison KAMIGOFUKU	13-3 Kamigofukumachi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	2,261.91	821	793
Residence-48	Esty Maison SANGENJAYA	2-16-9 Sangenjaya, Setagaya-ku, Tokyo	Trust beneficiary interests	856.08	824	826
Residence-50	Prime Maison MUSASHINONOMORI	5-15-3 Josuihoncho, Kodaira-shi, Tokyo	Trust beneficiary interests	3,924.58	1,860	1,472
Residence-51	Prime Maison HIGASHISAKURA	2-10-14 Higashisakura, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	3,118.11	1,490	1,021
Residence-52	Prime Maison KAYABAKOEN	2-7-13 Kayaba, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,163.98	787	590
Residence-53	Esty Maison SANGENJAYA II	3-11-6 Shimouma, Setagaya-ku, Tokyo	Trust beneficiary interests	894.64	786	659
Residence-54	Esty Maison ITABASHI C6	32-16 Oyama-higashi-cho, Itabashi-ku, Tokyo	Trust beneficiary interests	4,036.66	2,640	2,076
Residence-55	MAST HAKATA	4-22-25 Hakata Ekimae, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	9,614.80	2,360	1,749
Residence-56	Esty Maison KINSHICHO	1-1-8 Kinshi, Sumida-ku, Tokyo	Trust beneficiary interests	1,611.54	1,220	1,013
Residence-57	Esty Maison MUSASHIKOGANEI	2-6-5 Honcho, Koganei-shi, Tokyo	Trust beneficiary interests	2,275.24	1,740	1,512
Residence-58	Prime Maison GOKISO	2-17-2 Ayuchitori, Showa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	4,427.65	1,890	1,507
Residence-59	Prime Maison YUHIGAOKA	5-4-13 Ueshio, Tennoji-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,040.35	909	744
Residence-60	Prime Maison KITATANABE	4-9-17 Kitatanabe, Higashisumiyoshi-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,798.97	601	495
Residence-61	Prime Maison MOMOCHIHAMA	3-9-1 Momochihama, Sawara-ku Fukuoka-shi, Fukuoka	Trust beneficiary interests	7,514.76	1,900	1,891
Residence-62	Esty Maison AKIHABARA	3-4-2 Ueno, Taito-ku, Tokyo	Trust beneficiary interests	2,324.65	1,980	1,473
Residence-63	Esty Maison SASAZUKA	1-61-17 Sasazuka, Shibuya-ku, Tokyo	Trust beneficiary interests	3,701.70	3,350	2,756
Residence-64	Prime Maison GINZA EAST	1-2-1 Tsukiji, Chuo-ku, Tokyo	Trust beneficiary interests	6,177.20	6,160	4,924
Residence-65	Prime Maison TAKAMI	2-6-7 Takami, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,016.79	1,050	849
Residence-66	Prime Maison YADAMINAMI	3-11-7 Yadaminami, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,168.59	821	666
Residence-67	Prime Maison TERIHA	1-3-7 Kashiiteriha, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	6,728.20	1,360	1,027
Residence-68	Esty Maison HIGASHISHIRAKABE	3-9-36 Yoshino, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	4,014.07	1,580	1,246
Residence-69	Esty Maison SENGOKU	4-6-17 Sengoku, Bunkyo-ku, Tokyo	Trust beneficiary interests	1,498.13	1,360	1,072
Residence-70	Esty Maison DAIZAWA	2-39-13 Daizawa, Setagaya-ku, Tokyo	Trust beneficiary interests	2,352.90	2,280	1,869
Residence-71	Esty Maison TOGOSHI	1-25-5 Togoshi, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,943.17	1,730	1,351
Residence-72	Esty Maison KAWARAMACHI	3-2-10 Kawaramachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,486.48	1,940	1,546
Residence-73	Esty Maison NISHITENMA	5-15-3 Nishitenma, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,877.90	1,680	1,359
Residence-74	Esty Maison SHIROKANEDAI	1-1-4 Kamiosaki, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,675.11	2,390	1,942
Residence-75	Esty Maison HIGASHISHINJUKU	6-22-5 Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,889.50	1,640	1,325
Residence-76	Esty Maison MOTOAZABU	3-6-6 Motoazabu, Minato-ku, Tokyo	Trust beneficiary interests	1,199.86	1,510	1,162
Residence-77	Esty Maison TORITSUDAIGAKU	2-7-17 Tairamachi, Meguro-ku, Tokyo	Trust beneficiary interests	1,035.78	842	726
Residence-78	Esty Maison MUSASHIKOYAMA II	3-11-4 Koyama, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,073.59	1,040	829
Residence-79	Esty Maison NAKANO	5-48-2 Chuo, Nakano-ku, Tokyo	Trust beneficiary interests	2,023.72	1,870	1,512
Residence-80	Esty Maison SHINNAKANO	6-10-7 Honcho, Nakano-ku, Tokyo	Trust beneficiary interests	1,107.57	1,020	832
Residence-81	Esty Maison NAKANOFUJIMICHO	5-13-1 Yayoicho, Nakano-ku, Tokyo	Trust beneficiary interests	1,299.60	967	852
Residence-82	Esty Maison TETSUGAKUDO	2-12-15 Matsugaoka, Nakano-ku, Tokyo	Trust beneficiary interests	1,531.89	1,170	930
Residence-83	Esty Maison KOENJI	5-25-26 Koenjiminami, Suginami-ku, Tokyo	Trust beneficiary interests	1,527.52	1,140	949
Residence-84	Esty Maison OSHIAGE	5-11-5 Narihira, Sumida-ku, Tokyo	Trust beneficiary interests	3,180.90	2,440	1,904
Residence-85	Esty Maison AKABANE	2-39-5 Akabane, Kita-ku, Tokyo	Trust beneficiary interests	4,302.84	3,300	2,637
Residence-86	Esty Maison OJI	2-25-8 Oji, Kita-ku, Tokyo	Trust beneficiary interests	2,289.44	1,660	1,335
Residence-87	Prime Maison WASEDA	544-11 Waseda Tsurumaki-cho, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,650.66	1,580	1,232
Residence-88	Prime Maison HATCHOBORI	4-11-9 Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interests	1,382.32	1,460	1,112
Residence-89	Prime Maison JINBOCHO	1-50-9 Kandajinbo-cho, Chiyoda-ku, Tokyo	Trust beneficiary interests	1,819.90	1,920	1,584
Residence-90	Prime Maison GOTENYAMA EAST	6-6-33 Kitashinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,512.91	2,820	2,087
Residence-91	MAST LIFE AKIHABARA	50-6 Kanda Sakumagashi, Chiyoda-ku, Tokyo	Trust beneficiary interests	803.36	555	471
Residence-92	Esty Maison AOI	1-14-20 Aoi, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	4,809.68	2,490	2,066
Residence-93	Esty Maison YAKUIN	1-13-8 Hirao, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	5,213.51	2,370	2,016
Residence-94	Esty Maison KINSHICHO II	3-5-19 Kotobashi, Sumida-ku, Tokyo	Trust beneficiary interests	9,469.65	8,340	6,602
Residence-95	Esty Maison OJIMA	5-32-5 Ojima, Koto-ku, Tokyo	Trust beneficiary interests	9,905.97	8,730	7,005
Residence-96	Prime Maison FUJIMIDAI	1-25 Fujimidai, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	5,704.63	2,080	1,756
Residence-97	Esty Maison TSURUMAI	2-20-1 Chiyoda, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	13,812.40	4,500	3,781
Residence-98	Prime Maison MORISHITA	3-6-4 Morishita, Koto-ku, Tokyo	Trust beneficiary interests	2,180.78	1,920	1,727
Residence-99	Prime Maison SHINAGAWA	1-3-16 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,107.88	1,980	1,691
Residence-100	Prime Maison ODORI KOEN	6-5-2 Odori-Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	7,360.37	3,160	2,675
Residence-101	Prime Maison MINAMI 2-JO	9-1-1 Minami 2jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	6,019.09	1,940	1,479
Residence-102	Prime Maison KAMOKAMOGAWA	1-6-1 Minami 7jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	4,102.08	1,250	979
Residence-103	Prime Maison CENTRAL PARK	4-2-5 Kashii Teriha, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	10,268.74	2,309	2,266
Residence-104	MAST LIFE YAHIRO	5-30-10 Yahiro, Sumida-ku, Tokyo	Trust beneficiary interests	3,409.16	1,910	1,686
Residence-105	Prime Maison EBISU	1-22-19 Ebisu, Shibuya-ku, Tokyo	Trust beneficiary interests	3,010.66	4,360	3,622
Residence-106	Esty Maison SHIBAURA	2-8-3 Shibaura, Minato-ku, Tokyo	Trust beneficiary interests	3,795.82	2,910	2,870
Residence-107	Granmast KANAZAWA NISHIIZUMI	2-155-1 Nishiizumi, Kanazawa-shi, Ishikawa	Trust beneficiary interests	4,634.50	1,090	1,031
Residence-108	Granmast UNOMORI	1-6-7 Unomori, Yokkaichi-shi, Mie	Trust beneficiary interests	2,280.00	830	757
Residence-109	Esty Maison TSUTSUJIGAOKA	1-14-19 Nishitsutsujigaoka, Chofu-shi, Tokyo, etc.	Trust beneficiary interests	1,849.70	913	955
Residence-110	Esty Maison KOHOKU TSUNASHIMA	8-45-25 Shin-yoshida Higashi, Kohoku-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficiary interests	6,867.48	2,751	2,833
Residence-111	MAST LIFE HINO	1-19-3 Shinmachi, Hino-shi, Tokyo	Trust beneficiary interests	2,827.55	1,390	1,323
Residence-112	Prime Maison YOKOHAMA NIHON-ODORI	1-4 Honcho, Naka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficiary interests	5,461.13	4,790	4,391
Residence-113	KOBE Women's Student Housing	7-1-6 Koyocho Naka, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interests	15,341.68	5,880	6,006
Residence-114	Prime Maison SHIBUYA	3-10-4 Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interests	1,972.59	2,360	2,232
Residence-115	Prime Maison HATSUDAI	1-45-2 Hatsudai, Shibuya-ku, Tokyo	Trust beneficiary interests	2,879.20	2,940	2,764
Residence-116	Esty Maison UEMACHIDAI	1-1-16 Uehonmachi-nishi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,225.52	1,020	977
Residence-117	Esty Maison KOBE-SANNOMIYA	3-2-27 Onoe-dori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	2,007.00	976	998
Residence-118	Prime Maison SHIROKANE-TAKANAWA	4-7-26 Mita, Minato-ku, Tokyo	Trust beneficiary interests	3,923.76	4,800	4,596
Residence-119	Prime Maison ICHIGAYAYAMABUSHICHO	2-5 Ichigaya Yamabushicho, Shinjuku-ku, Tokyo	Trust beneficiary interests	4,099.04	4,220	4,089
Residence-120	Esty Maison MORISHITA	1-13-11 Kikukawa, Sumida-ku, Tokyo	Trust beneficiary interests	748.92	643	656
Residence subtotal				366,776.31	226,547	195,150
Retail-1	HAMAMATSU Plaza (Note 2)	1020-1 Kaminishi-cho, Higashi-ku, Hamamatsu-shi, Shizuoka, etc.	Trust beneficiary interests	15,958.49	2,891	3,705
Other real estate in trust (Retail property) subtotal				15,958.49	2,891	3,705
Total				382,734.80	229,438	198,856

(Note 1) The "Estimated Value at End of Period" indicates either the appraisal value or survey value by real estate appraisers with September 30, 2017 as the date of appraisal.
(Note 2) The real estate in trust is quasi-co-owned, and the figure represents the value obtained by multiplying the "leasable floor area" of the facility by 49%, which is the quasi-co-ownership interest of the Investment Corporation.

6. Changes in Rental Business Results

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

Use	Property No.	Property Name	23rd Fiscal Period (Oct. 1, 2016 – Mar. 31, 2017)				24th Fiscal Period (Apr. 1, 2017 – Sept. 30, 2017)			
			Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rent Revenue throughout Period (million yen)	Ratio to Total Rent Revenues (%)	Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rent Revenue throughout Period (million yen)	Ratio to Total Rent Revenues (%)
Residence	Residence-1	Esty Maison GINZA	1	98.0	176	2.6	1	97.4	173	2.5
	Residence-3	Esty Maison AZABUNAGASAKA	1	91.5	47	0.7	1	91.5	48	0.7
	Residence-4	Esty Maison EBISU II	1	97.5	55	0.8	1	97.9	56	0.8
	Residence-5	Esty Maison EBISU	1	85.0	21	0.3	1	100.0	22	0.3
	Residence-6	Esty Maison KANDA	1	95.6	44	0.6	1	96.3	45	0.7
	Residence-8	Esty Maison KITASHINJUKU	1	92.9	47	0.7	1	100.0	48	0.7
	Residence-10	Esty Maison ASAKUSA KOMAGATA	1	100.0	66	1.0	1	94.5	64	0.9
	Residence-11	Esty Maison MACHIDA	1	98.4	51	0.7	1	91.8	51	0.7
	Residence-12	Esty Maison KAWASAKI	1	96.6	74	1.1	1	95.3	74	1.1
	Residence-14	Esty Maison SHINKAWASAKI	1	100.0	32	0.5	1	100.0	32	0.5
	Residence-15	Esty Maison YOKOHAMA	1	100.0	65	1.0	1	100.0	65	1.0
	Residence-16	Esty Maison KAMEIDO	1	98.9	54	0.8	1	97.0	54	0.8
	Residence-17	Esty Maison MEGURO	1	100.0	31	0.5	1	95.0	31	0.5
	Residence-18	Esty Maison YACHIYOMIDORIGAOKA	-	-	29	0.4	-	-	-	-
	Residence-19	Esty Maison SUGAMO	1	97.3	49	0.7	1	100.0	50	0.7
	Residence-20	Esty Maison KYOBASHI	1	99.4	91	1.3	1	96.9	89	1.3
	Residence-21	Esty Maison MEGUROHONCHO	1	93.4	32	0.5	1	86.0	29	0.4
	Residence-22	Esty Maison HAKURAKU	1	92.7	30	0.4	1	96.5	30	0.4
	Residence-23	Esty Maison MINAMIHORIE	1	97.0	33	0.5	1	96.8	34	0.5
	Residence-24	Esty Maison GOTANDA	1	96.6	95	1.4	1	94.3	92	1.3
	Residence-25	Esty Maison OISENDAIZAKA	1	97.9	78	1.1	1	98.7	77	1.1
	Residence-26	Esty Maison SHINAGAWA SEASIDE	1	98.3	65	0.9	1	93.4	63	0.9
	Residence-27	Esty Maison MINAMIAZABU	1	100.0	36	0.5	1	98.1	35	0.5
	Residence-28	Esty Maison JOTO	1	100.0	32	0.5	1	93.6	33	0.5
	Residence-29	Esty Maison TSUKAMOTO	1	100.0	38	0.6	1	97.9	40	0.6
	Residence-30	Esty Maison KAWASAKI II	1	100.0	61	0.9	1	96.9	61	0.9
	Residence-31	Esty Maison AZABUJUBAN	1	98.8	68	1.0	1	91.8	66	1.0
	Residence-33	Esty Maison ITABASHIHONCHO	1	98.4	29	0.4	1	95.4	28	0.4
	Residence-34	Esty Maison OIZUMIGAKUEN	1	96.2	25	0.4	1	89.8	26	0.4
	Residence-35	Esty Maison TENJINHIGASHI I	1	94.4	15	0.2	1	100.0	15	0.2
	Residence-36	Esty Maison TENJINHIGASHI II	1	98.8	27	0.4	1	93.9	28	0.4
	Residence-37	Esty Maison SHIJONISHINOTOIN	1	100.0	41	0.6	1	95.5	41	0.6
	Residence-39	Esty Maison HIGASHISHINAGAWA	1	93.6	71	1.0	1	94.4	71	1.0
	Residence-40	Esty Maison HACHIOJIMINAMINO	1	96.5	32	0.5	1	97.7	34	0.5
	Residence-41	Esty Maison NISHINAKAJIMA	1	96.9	64	0.9	1	92.1	64	0.9
	Residence-42	Esty Maison ITABASHIKUYAKUSHOMAE	1	99.2	77	1.1	1	96.0	76	1.1
	Residence-43	Esty Maison MUSASHIKOYAMA	1	98.2	30	0.4	1	100.0	31	0.5
	Residence-44	Esty Maison SENDAGI	1	93.1	22	0.3	1	100.0	22	0.3
	Residence-45	Esty Maison YOTSUYASAKAMACHI	1	100.0	61	0.9	1	96.7	60	0.9
	Residence-46	Esty Maison HAKATAHIGASHI	1	97.6	85	1.2	1	97.5	91	1.3
	Residence-47	Esty Maison KAMIGOFUKU	1	98.5	29	0.4	1	98.5	28	0.4
	Residence-48	Esty Maison SANGENJAYA	1	94.4	24	0.4	1	88.8	24	0.4
	Residence-50	Prime Maison MUSASHINONOMORI	1	97.9	60	0.9	1	96.4	63	0.9
	Residence-51	Prime Maison HIGASHISAKURA	1	98.6	51	0.8	1	88.9	50	0.7
	Residence-52	Prime Maison KAYABAKOEN	1	100.0	30	0.4	1	93.0	27	0.4
	Residence-53	Esty Maison SANGENJAYA II	1	100.0	24	0.4	1	88.8	23	0.3
	Residence-54	Esty Maison ITABASHI C6	1	97.9	79	1.2	1	97.0	78	1.1
	Residence-55	MAST HAKATA	1	100.0	92	1.3	1	100.0	93	1.3
	Residence-56	Esty Maison KINSHICHO	1	100.0	35	0.5	1	91.6	35	0.5
	Residence-57	Esty Maison MUSASHIKOGANEI	1	95.1	53	0.8	1	98.0	52	0.8
	Residence-58	Prime Maison GOKISO	1	98.4	64	0.9	1	92.7	59	0.9
	Residence-59	Prime Maison YUHIGAOKA	1	100.0	30	0.4	1	100.0	30	0.4
	Residence-60	Prime Maison KITATANABE	1	100.0	21	0.3	1	96.6	23	0.3
	Residence-61	Prime Maison MOMOCHIHAMA	1	100.0	69	1.0	1	100.0	68	1.0
	Residence-62	Esty Maison AKIHABARA	1	96.2	56	0.8	1	97.5	56	0.8
	Residence-63	Esty Maison SASAZUKA	1	96.6	92	1.3	1	97.5	88	1.3
	Residence-64	Prime Maison GINZA EAST	1	97.2	167	2.4	1	95.9	165	2.4
	Residence-65	Prime Maison TAKAMI	1	89.9	33	0.5	1	92.9	33	0.5
	Residence-66	Prime Maison YADAMINAMI	1	96.6	28	0.4	1	96.1	28	0.4
	Residence-67	Prime Maison TERIHA	1	100.0	51	0.8	1	100.0	53	0.8
	Residence-68	Esty Maison HIGASHISHIRAKABE	1	100.0	48	0.7	1	100.0	47	0.7
	Residence-69	Esty Maison SENGOKU	1	91.7	37	0.6	1	98.4	37	0.5
	Residence-70	Esty Maison DAIZAWA	1	97.6	59	0.9	1	98.9	59	0.9
	Residence-71	Esty Maison TOGOSHI	1	99.0	48	0.7	1	97.8	49	0.7
	Residence-72	Esty Maison KAWARAMACHI	1	94.7	59	0.9	1	95.0	59	0.9
	Residence-73	Esty Maison NISHITENMA	1	94.8	51	0.7	1	97.1	51	0.7
	Residence-74	Esty Maison SHIROKANEDAI	1	94.1	62	0.9	1	97.8	66	1.0
	Residence-75	Esty Maison HIGASHISHINJUKU	1	98.2	47	0.7	1	97.8	47	0.7
	Residence-76	Esty Maison MOTOAZABU	1	100.0	32	0.5	1	100.0	39	0.6
	Residence-77	Esty Maison TORITSUDAIGAKU	1	95.3	24	0.4	1	100.0	21	0.3
	Residence-78	Esty Maison MUSASHIKOYAMA II	1	100.0	28	0.4	1	97.8	30	0.4
	Residence-79	Esty Maison NAKANO	1	97.9	50	0.7	1	100.0	51	0.7
	Residence-80	Esty Maison SHINNAKANO	1	95.9	27	0.4	1	98.0	28	0.4
	Residence-81	Esty Maison NAKANOFUJIMICHO	1	93.4	28	0.4	1	100.0	29	0.4
	Residence-82	Esty Maison TETSUGAKUDO	1	97.6	33	0.5	1	96.9	33	0.5
	Residence-83	Esty Maison KOENJI	1	95.1	32	0.5	1	100.0	32	0.5
	Residence-84	Esty Maison OSHIAGE	1	98.8	70	1.0	1	100.0	71	1.0
	Residence-85	Esty Maison AKABANE	1	97.0	85	1.2	1	98.2	93	1.4
	Residence-86	Esty Maison OJI	1	98.9	48	0.7	1	100.0	47	0.7
	Residence-87	Prime Maison WASEDA	1	93.0	43	0.6	1	96.1	43	0.6
	Residence-88	Prime Maison HATCHOBORI	1	90.0	37	0.5	1	96.9	37	0.5
	Residence-89	Prime Maison JINBOCHO	1	93.6	54	0.8	1	93.6	52	0.8
	Residence-90	Prime Maison GOTENYAMA EAST	1	95.7	79	1.2	1	89.0	78	1.1
	Residence-91	MAST LIFE AKIHABARA	1	100.0	15	0.2	1	100.0	15	0.2
	Residence-92	Esty Maison AOI	1	96.3	75	1.1	1	88.7	75	1.1
	Residence-93	Esty Maison YAKUIN	1	96.4	74	1.1	1	97.1	74	1.1
	Residence-94	Esty Maison KINSHICHO II	1	95.8	219	3.2	1	97.6	215	3.1
	Residence-95	Esty Maison OJIMA	1	98.9	235	3.4	1	98.0	239	3.5
	Residence-96	Prime Maison FUJIMIDAI	1	91.0	70	1.0	1	91.2	69	1.0
	Residence-97	Esty Maison TSURUMAI	1	100.0	155	2.3	1	100.0	155	2.2
	Residence-98	Prime Maison MORISHITA	1	100.0	55	0.8	1	94.3	56	0.8
	Residence-99	Prime Maison SHINAGAWA	1	100.0	55	0.8	1	98.3	56	0.8
	Residence-100	Prime Maison ODORI KOEN	1	92.3	116	1.7	1	96.0	116	1.7
	Residence-101	Prime Maison MINAMI 2-JO	1	99.1	68	1.0	1	96.5	69	1.0
	Residence-102	Prime Maison KAMOKAMOGAWA	1	98.0	47	0.7	1	92.5	45	0.7
	Residence-103	Prime Maison CENTRAL PARK	1	100.0	87	1.3	1	98.6	87	1.3
	Residence-104	MAST LIFE YAHIRO	1	100.0	56	0.8	1	100.0	56	0.8
	Residence-105	Prime Maison EBISU	1	100.0	112	1.6	1	94.8	108	1.6
	Residence-106	Esty Maison SHIBAURA	1	95.8	79	1.2	1	98.6	78	1.1
	Residence-107	Granmast KANAZAWA NISHIIZUMI	1	100.0	41	0.6	1	100.0	41	0.6
	Residence-108	Granmast UNOMORI	1	100.0	26	0.4	1	100.0	26	0.4
	Residence-109	Esty Maison TSUTSUJIGAOKA	1	92.2	29	0.4	1	89.7	27	0.4
	Residence-110	Esty Maison KOHOKU TSUNASHIMA	1	100.0	80	1.2	1	100.0	78	1.1
	Residence-111	MAST LIFE HINO	1	98.1	47	0.7	1	100.0	48	0.7
	Residence-112	Prime Maison YOKOHAMA NIHON-ODORI	1	98.1	143	2.1	1	92.8	135	2.0
	Residence-113	KOBE Women's Student Housing	1	100.0	222	3.2	1	100.0	222	3.2
	Residence-114	Prime Maison SHIBUYA	1	96.6	63	0.9	1	100.0	62	0.9
	Residence-115	Prime Maison HATSUDAI	1	94.7	80	1.2	1	96.6	80	1.2
	Residence-116	Esty Maison UEMACHIDAI	1	97.5	31	0.5	1	100.0	32	0.5
	Residence-117	Esty Maison KOBE-SANNOMIYA	1	98.3	29	0.4	1	94.8	29	0.4
	Residence-118	Prime Maison SHIROKANE-TAKANAWA	1	98.1	103	1.5	1	96.9	126	1.8
	Residence-119	Prime Maison ICHIGAYAYAMABUSHICHO	1	93.9	85	1.2	1	99.4	106	1.5
	Residence-120	Esty Maison MORISHITA	1	95.1	3	0.1	1	100.0	18	0.3
		Residence subtotal	112	97.7	6,799	98.7	112	97.0	6,824	98.7

Use	Property No.	Property Name	23rd Fiscal Period (Oct. 1, 2016 – Mar. 31, 2017)				24th Fiscal Period (Apr. 1, 2017 – Sept. 30, 2017)			
			Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rent Revenue throughout Period (million yen)	Ratio to Total Rent Revenues (%)	Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rent Revenue throughout Period (million yen)	Ratio to Total Rent Revenues (%)
Other Real Estate in Trust (Retail property)	Retail-1	HAMAMATSU Plaza	4	100.0	87	1.3	5	100.0	91	1.3
	Other real estate in trust (Retail property) subtotal		4	100.0	87	1.3	5	100.0	91	1.3
Total			116	97.8	6,886	100.0	117	97.1	6,916	100.0

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

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

7. Capital Expenditures in the 24th Fiscal Period

The following are the overview of works that fall under the category of the capital expenditures that the Investment Corporation conducted in real estate in trust in the 24th fiscal period. In addition, the capital expenditure for the fiscal period under review totaled 446 million yen. Combining this with the 211 million yen in repair expenses, which were classified as expenses for the fiscal period, the Investment Corporation conducted construction of 657 million yen.

Property Name (Location)	Purpose	Period	Expenditures (million yen)
Esty Maison HAKATAHIGASHI (Fukuoka-shi, Fukuoka)	Large-scale renovation	From: December 2016 To: September 2017	167
Esty Maison SUGAMO (Toshima-ku, Tokyo)	Large-scale renovation	From: June 2017 To: September 2017	59
Esty Maison TSUTSUJIGAOKA (Chofu-shi, Tokyo)	Large-scale renovation	From: May 2017 To: September 2017	51
Prime Maison MOMOCHIHAMA and other 11 properties (Fukuoka-shi, Fukuoka and other)	LED light fixture replacement work in common areas	From: April 2017 To: September 2017	22
Prime Maison FUJIMIDAI (Nagoya-shi, Aichi)	Large-scale renovation	From: June 2017 To: August 2017	19
Others			124
Total			446

8. Transactions with Interested Parties, Etc.

(1) Transaction Status

Not applicable.

(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	494,658	Sekiwa Real Estate Ltd.	257,505	52.1
		Sekiwa Real Estate Chubu, Ltd.	52,751	10.7
		Sekiwa Real Estate Kansai, Ltd.	5,251	1.1
		Sekiwa Real Estate Kyushu, Ltd.	16,863	3.4
		Sekiwa Kanri Kansai Co., Ltd.	49,039	9.9
Brokerage Fees	143,812	Sekiwa Real Estate Ltd.	87,453	60.8
		Sekiwa Real Estate Chubu, Ltd.	6,577	4.6
		Sekiwa Real Estate Kansai, Ltd.	1,281	0.9
		Sekiwa Real Estate Kyushu, Ltd.	931	0.6
		Sekiwa Kanri Kansai Co., Ltd.	4,225	2.9

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

Financial Section (Audited)

Contents

Financial Statements
Balance Sheet 24
Statement of Income and Retained Earnings 26
Statement of Changes in Net Assets 27
Statement of Cash Distributions 28
Statement of Cash Flows 29
Notes to Financial Statements 30
Independent Auditor's Report 49

Financial Statements

(1) Balance Sheet

(Thousand yen)

	23rd Fiscal Period (As of March 31, 2017)	24th Fiscal Period (As of September 30, 2017)
Assets		
Current assets		
Cash and deposits	3,793,152	5,259,432
Cash and deposits in trust	5,096,818	4,658,956
Operating accounts receivable	146,649	115,509
Prepaid expenses	150,392	167,210
Deferred tax assets	32	76
Other	87	623
Allowance for doubtful accounts	(2,628)	(2,499)
Total current assets	9,184,504	10,199,308
Non-current assets		
Property, plant and equipment		
Buildings in trust	106,007,452	106,390,873
Accumulated depreciation	(16,309,706)	(17,796,436)
Buildings in trust, net	89,697,745	88,594,437
Structures in trust	983,036	987,265
Accumulated depreciation	(243,251)	(269,583)
Structures in trust, net	739,785	717,682
Machinery and equipment in trust	2,022,031	2,029,841
Accumulated depreciation	(618,529)	(685,360)
Machinery and equipment in trust, net	1,403,501	1,344,481
Tools, furniture and fixtures in trust	298,133	349,478
Accumulated depreciation	(100,337)	(120,455)
Tools, furniture and fixtures in trust, net	197,795	229,023
Land in trust	107,827,854	107,828,487
Construction in progress in trust	-	35,856
Total property, plant and equipment	199,866,683	198,749,967
Intangible assets		
Leasehold rights in trust	143,964	141,946
Other	110	98
Total intangible assets	144,075	142,044
Investments and other assets		
Lease and guarantee deposits	242,672	242,662
Long-term prepaid expenses	473,891	438,169
Other	152,239	158,778
Total investments and other assets	868,802	839,609
Total non-current assets	200,879,561	199,731,621
Deferred assets		
Investment corporation bond issuance costs	52,234	44,688
Investment unit issuance costs	49,813	33,512
Total deferred assets	102,048	78,201
Total assets	210,166,114	210,009,131

(Thousand yen)

	23rd Fiscal Period (As of March 31, 2017)	24th Fiscal Period (As of September 30, 2017)
Liabilities		
Current liabilities		
Operating accounts payable	314,916	249,227
Current portion of investment corporation bonds	4,000,000	4,000,000
Current portion of long-term loans payable	4,805,000	4,600,000
Accounts payable – other	569,457	657,587
Accrued expenses	54,222	52,886
Income taxes payable	1,261	1,917
Accrued consumption taxes	11,147	19,927
Advances received	230,640	245,694
Other	10,332	4,423
Total current liabilities	9,996,979	9,831,663
Non-current liabilities		
Investment corporation bonds	10,500,000	10,500,000
Long-term loans payable	86,404,500	86,432,500
Tenant leasehold and security deposits in trust	1,946,227	1,903,196
Total non-current liabilities	98,850,727	98,835,696
Total liabilities	108,847,707	108,667,360
Net assets		
Unitholders' equity		
Unitholders' capital	98,633,978	98,633,978
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	183,091	214,718
Total voluntary retained earnings	183,091	214,718
Unappropriated retained earnings	2,501,336	2,493,073
Total surplus	2,684,427	2,707,792
Total unitholders' equity	101,318,406	101,341,771
Total net assets	101,318,406	101,341,771
Total liabilities and net assets	210,166,114	210,009,131

See accompanying "Notes to Financial Statements."

(2) Statement of Income and Retained Earnings

(Thousand yen)

	23rd Fiscal Period (October 1, 2016 – March 31, 2017)	24th Fiscal Period (April 1, 2017 – September 30, 2017)
Operating revenue		
Rent revenue - real estate	6,886,897	6,916,462
Gain on sales of real estate properties	32,176	-
Total operating revenue	6,919,074	6,916,462
Operating expenses		
Expenses related to rent business	3,259,096	3,298,248
Asset management fee	360,581	364,317
Asset custody fee	16,135	16,529
Administrative service fees	36,151	37,232
Directors' compensations	3,600	3,600
Provision of allowance for doubtful accounts	1,583	1,672
Other operating expenses	181,193	193,109
Total operating expenses	3,858,342	3,914,711
Operating income	3,060,731	3,001,751
Non-operating income		
Interest income	46	44
Reversal of distributions payable	616	255
Settlement received	-	30,000
Other	18	215
Total non-operating income	680	30,515
Non-operating expenses		
Interest expenses	394,811	379,879
Interest expenses on investment corporation bonds	56,060	56,689
Amortization of investment corporation bond issuance costs	7,505	7,546
Borrowing related expenses	79,099	76,787
Amortization of investment unit issuance costs	21,211	16,301
Other	117	108
Total non-operating expenses	558,806	537,313
Ordinary income	2,502,606	2,494,953
Income before income taxes	2,502,606	2,494,953
Income taxes - current	1,268	1,923
Income taxes - deferred	2	(44)
Total income taxes	1,270	1,879
Net income	2,501,336	2,493,073
Retained earnings brought forward	-	-
Unappropriated retained earnings	2,501,336	2,493,073

See accompanying "Notes to Financial Statements."

(3) Statement of Changes in Net Assets

23rd fiscal period (from October 1, 2016 to March 31, 2017)

(Thousand yen)

	Unitholders' equity						Total Net Assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings	Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings				
Balance as of October 1, 2016	88,925,149	174,521	174,521	2,192,416	2,366,937	91,292,087	91,292,087
Changes of items during the fiscal period							
Issuance of new investment units	9,708,829					9,708,829	9,708,829
Provision for reserve for reduction entry		8,570	8,570	(8,570)	-	-	-
Distribution from surplus				(2,183,845)	(2,183,845)	(2,183,845)	(2,183,845)
Net Income				2,501,336	2,501,336	2,501,336	2,501,336
Total changes of items during the fiscal period	9,708,829	8,570	8,570	308,919	317,490	10,026,319	10,026,319
Balance as of March 31, 2017	98,633,978	183,091	183,091	2,501,336	2,684,427	101,318,406	101,318,406

24th fiscal period (from April 1, 2017 to September 30, 2017)

(Thousand yen)

	Unitholders' equity						Total Net Assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings	Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings				
Balance as of April 1, 2017	98,633,978	183,091	183,091	2,501,336	2,684,427	101,318,406	101,318,406
Changes of items during the fiscal period							
Provision for reserve for reduction entry		31,626	31,626	(31,626)	-	-	-
Distribution from surplus				(2,469,709)	(2,469,709)	(2,469,709)	(2,469,709)
Net Income				2,493,073	2,493,073	2,493,073	2,493,073
Total changes of items during the fiscal period	-	31,626	31,626	(8,262)	23,364	23,364	23,364
Balance as of September 30, 2017	98,633,978	214,718	214,718	2,493,073	2,707,792	101,341,771	101,341,771

See accompanying "Notes to Financial Statements."

(4) Statement of Cash Distributions

Item	23rd Fiscal Period (October 1, 2016 – March 31, 2017)	24th Fiscal Period (April 1, 2017 – September 30, 2017)
I. Unappropriated retained earnings	2,501,336,041 yen	2,493,073,959 yen
II. Cash distributions	2,469,709,340 yen	2,492,925,050 yen
(Cash distributions per unit)	(2,234 yen)	(2,255 yen)
III. Voluntary retained earnings		
Provision for reserve for reduction entry	31,626,701 yen	0 yen
IV. Retained earnings carried forward	0 yen	148,909 yen
Method for calculating cash distributions	As provided in Article 34-1-2 of its Articles of Incorporation, the Investment Corporation makes it a basic policy to make cash distributions in excess of the amount equivalent to 90% of the distributable income amount as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Following this policy, and in consideration of the fact that individual unitholders must calculate the capital gains or losses for cash distributions in excess of earnings when the Investment Corporation distributes cash in excess of earnings as stipulated in Article 34-1-4 of its Articles of Incorporation, the Investment Corporation distributed 2,469,709,340 yen, as distribution of earnings, which is the entire amount of the unappropriated retained earnings after deducting the provision for reserve for reduction entry, as stipulated in Article 66-2 of the Act on Special Measures Concerning Taxation.	As provided in Article 34-1-2 of its Articles of Incorporation, the Investment Corporation makes it a basic policy to make cash distributions in excess of the amount equivalent to 90% of the distributable income amount as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Following this policy, and in consideration of the fact that individual unitholders must calculate the capital gains or losses for cash distributions in excess of earnings when the Investment Corporation distributes cash in excess of earnings as stipulated in Article 34-1-4 of its Articles of Incorporation, the Investment Corporation distributed 2,492,925,050 yen, which is the entire amount of the unappropriated retained earnings excluding the fractional amount where distribution per unit would be less than 1 yen, as distribution of earnings.

(5) Statement of Cash Flows

(Thousand yen)

	23rd Fiscal Period (October 1, 2016 – March 31, 2017)	24th Fiscal Period (April 1, 2017 – September 30, 2017)
Cash flows from operating activities		
Income before income taxes	2,502,606	2,494,953
Depreciation	1,606,450	1,602,040
Amortization of investment corporation bond issuance costs	7,505	7,546
Amortization of investment unit issuance costs	21,211	16,301
Increase (decrease) in allowance for doubtful accounts	(1,190)	(128)
Interest income	(46)	(44)
Interest expenses	450,872	436,568
Decrease (increase) in operating accounts receivable	(33,687)	31,140
Decrease (increase) in prepaid expenses	23,708	(16,368)
Decrease (increase) in consumption taxes receivable	1,264	-
Increase (decrease) in operating accounts payable	24,544	(62,881)
Increase (decrease) in accounts payable - other	(141,153)	4,769
Increase (decrease) in accrued consumption taxes	11,147	8,779
Increase (decrease) in advances received	(6,156)	15,053
Decrease due to sale of property, plant and equipment in trust	1,168,045	-
Decrease (increase) in long-term prepaid expenses	(28,452)	35,271
Other, net	(2,799)	(6,701)
Subtotal	5,603,871	4,566,300
Interest income received	46	44
Interest expenses paid	(452,590)	(437,904)
Income taxes paid	(1,302)	(1,268)
Net cash used in operating activities	5,150,025	4,127,172
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(9,751,609)	(402,755)
Purchase of intangible assets	(125)	-
Proceeds from tenant leasehold and security deposits in trust	155,193	119,201
Repayments of tenant leasehold and security deposits in trust	(143,522)	(162,232)
Decrease (increase) in investments and other assets, net	(7,412)	(6,528)
Net cash used in investing activities	(9,747,475)	(452,315)
Cash flows from financing activities		
Repayments of short-term loans payable	(3,000,000)	-
Proceeds from long-term loans payable	9,500,000	2,528,000
Repayments of long-term loans payable	(9,500,000)	(2,705,000)
Proceeds from issuance of new investment units	9,661,495	-
Dividends paid	(2,183,802)	(2,469,439)
Net cash used in financing activities	4,477,693	(2,646,439)
Net increase (decrease) in cash and cash equivalents	(119,757)	1,028,417
Cash and cash equivalents at the beginning of period	9,009,728	8,889,971
Cash and cash equivalents at the end of period	8,889,971	9,918,388

See accompanying “Notes to Financial Statements.”

Notes to Financial Statements

1. Organization

Sekisui House Residential Investment Corporation (the "Investment Corporation") is a real estate investment trust (REIT) specialized in residential properties, established in April 2005 under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; as amended) (the "Investment Trusts Act") and listed on the Real Estate Investment Trust Section (J-REIT market) of the Tokyo Stock Exchange in July 2005 (security code: 8973).

Since listing, the Investment Corporation has made it a basic policy to conduct management with the aim of securing stable earnings and steady growth of investment properties from a medium- to long-term perspective, and worked to build a portfolio that is centered on the high-quality rental residential properties planned and developed by the Sekisui House Group (Note) with Sekisui House, Ltd., the sponsor, as the core company. As a result of these endeavors, its asset size has grown to 206.9 billion yen (based on the acquisition price) with 113 properties at the end of the 24th fiscal period (September 30, 2017).

The Investment Corporation will utilize the comprehensive strengths of the Sekisui House Group on housing, backed by the ample track records and know-how accumulated by the Group through widely implementing housing-related businesses, to the utmost for its external growth and internal growth. By doing so, the Investment Corporation will aim to maximize its business value as well as the interests of its unitholders.

The Investment Corporation has executed an asset management agreement with Sekisui House Asset Management, Ltd., a 100%-owned subsidiary of Sekisui House, Ltd., to consign operations related to management of its assets.

(Note) The Sekisui House Group refers to the corporate group encompassing Sekisui House and its 225 subsidiaries and 26 affiliated companies (at the end of January 2017). The same follows hereafter.

2. Basis of Presentation

The Investment Corporation maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), including provisions set forth in the Financial Instruments and Exchange Act, the Investment Trusts Act, the Companies Act and the related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are a translation of the financial statements of the Investment Corporation, which were prepared in accordance with Japanese GAAP and were presented in its Securities Report filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format more familiar to readers outside Japan. In addition, the notes to financial statements include certain information which might not be required under Japanese GAAP but is presented herein as additional information.

The Investment Corporation's fiscal period is a six-month period, which ends at the end of March and September of each year. The Investment Corporation does not prepare consolidated financial statements as it has no subsidiaries.

Unless otherwise specified, amounts have been rounded down to the nearest thousand yen in the accompanying financial statements and the notes thereto. As a result, the total shown in the financial statements and notes thereto do not necessarily agree with the sum of the individual account balances.

3. Summary of Significant Accounting Policies

1. Depreciation method for non-current assets	(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: Buildings in trust 3 – 66 years Structures in trust 3 – 50 years Machinery and equipment in trust 7 – 48 years Tools, furniture and fixtures in trust 2 – 15 years (2) 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.
2. Accounting for deferred assets	(1) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods. (2) Investment unit issuance costs Investment unit issuance costs are amortized utilizing the straight-line method (over 3 years).
3. Standards for recording allowance	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.
4. Standards for recording revenues and expenses	Accounting treatment of property taxes, etc. Property taxes, city planning taxes and depreciable asset taxes ("property taxes, etc.") assessed for the real estate owned by the Investment Corporation are charged as expenses at an amount attributable to each fiscal period as expenses related to rent business. Property taxes etc. that the Investment Corporation pays to the seller in connection with acquisition of real estate (including trust beneficiary interests in real estate as entrusted property) as they are deemed to be attributable to the Investment Corporation are included in the acquisition cost of the acquired real estate, instead of expenses. Property taxes, etc. capitalized as a part of the acquisition cost amounted to 3,952 thousand yen for the 23rd fiscal period and 632 thousand yen for the 24th fiscal period, respectively.
5. Method of hedge accounting	(1) Method of hedge accounting Special accounting is applied for interest rate swap transactions. (2) Hedging instruments and hedged items Hedging instrument: interest rate swap transactions Hedged items: interest expenses on loans payable (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. (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.
6. Scope of funds (cash and cash equivalents) in the statement of cash flows	The funds (cash and cash equivalents) in the statement 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.

7. Other significant items fundamental to preparing the financial statements	(1) Accounting methods for trust beneficiary interests in real estate, etc. as entrusted property Regarding trust beneficiary interests in real estate, etc. as entrusted property, all asset and liability accounts of the entrusted properties as well as all revenue and expense accounts generated by the entrusted properties are recorded in relevant accounts on the balance sheet and statement of income and retained earnings. Furthermore, the following accounts are considered material and thus stated separately in the balance sheet related to entrusted properties from the relevant accounts. 1) Cash and deposits in trust 2) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust 3) Leasehold rights in trust 4) Tenant leasehold and security deposits in trust (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.

4. Notes to Balance Sheet

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

(Thousand yen)

23rd Fiscal Period (As of March 31, 2017)	24th Fiscal Period (As of September 30, 2017)
50,000	50,000

Commitment line contract
The Investment Corporation concluded a commitment line contract with three banks for borrowings.

(Thousand yen)

	23rd Fiscal Period (As of March 31, 2017)	24th Fiscal Period (As of September 30, 2017)
Maximum commitment line amount	10,000,000	10,000,000
Used commitment line balance	-	-
Difference	10,000,000	10,000,000

5. Notes to Statement of Income and Retained Earnings

Breakdown of real estate rental revenues and expenses

(Thousand yen)

	23rd Fiscal Period (October 1, 2016 – March 31, 2017)		24th Fiscal Period (April 1, 2017 – September 30, 2017)	
A. Real estate rental revenues				
Rent revenue - real estate				
Rents	6,668,229		6,710,863	
Other revenue	218,667		205,599	
Total real estate rental revenue		6,886,897		6,916,462
B. Real estate rental expenses				
Expenses related to rent business				
Outsourcing expenses	656,606		641,120	
Utilities expenses	84,388		88,192	
Insurance expenses	8,013		7,988	
Repair expenses	201,751		211,070	
Property and other taxes	377,346		427,505	
Trust fees	43,196		42,881	
Other	281,374		277,462	
Depreciation	1,606,420		1,602,027	
Total real estate rental expenses		3,259,096		3,298,248
C. Real estate rental revenues and expenses (A – B)		3,627,800		3,618,213

Breakdown of gain on sales of real estate properties

23rd Fiscal Period (from October 1, 2016 to March 31, 2017)

(Thousand yen)

Esty Maison YACHIYOMIDORIGAOKA		
Revenue from sales of real estate		1,250,000
Cost of real estate sold	1,168,146	
Other sales expenses	49,676	1,217,823
Gain on sales of real estate properties		32,176

24th Fiscal Period (from April 1, 2017 to September 30, 2017)

Not applicable.

6. Notes to Statement of Changes in Net Assets

	23rd Fiscal Period (October 1, 2016 – March 31, 2017)	24th Fiscal Period (April 1, 2017 – September 30, 2017)
Total number of authorized investment units and total number of investment units issued		
Total number of authorized investment units	10,000,000 units	10,000,000 units
Total number of investment units issued	1,105,510 units	1,105,510 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)

	23rd Fiscal Period (October 1, 2016 – March 31, 2017)	24th Fiscal Period (April 1, 2017 – September 30, 2017)
Cash and deposits	3,793,152	5,259,432
Cash and deposits in trust	5,096,818	4,658,956
Cash and cash equivalents	8,889,971	9,918,388

8. Lease Transactions

Operating lease transactions as lessee

Future lease payable equivalents (Thousand yen)

	23rd Fiscal Period (As of March 31, 2017)	24th Fiscal Period (As of September 30, 2017)
Due within one year	24,648	24,648
Due after one year	854,464	842,140
Total	879,112	866,788

Operating lease transactions as lessor

Future lease receivable equivalents (Thousand yen)

	23rd Fiscal Period (As of March 31, 2017)	24th Fiscal Period (As of September 30, 2017)
Due within one year	1,600,910	1,668,267
Due after one year	5,422,695	5,141,374
Total	7,023,605	6,809,641

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.

23rd Fiscal Period (As of March 31, 2017)

(Thousand yen)

	Book Value Recorded on the Balance Sheet	Fair Value	Difference
(1) Cash and deposits	3,793,152	3,793,152	-
(2) Cash and deposits in trust	5,096,818	5,096,818	-
(3) Operating accounts receivable	146,649	146,649	-
Allowance for doubtful accounts	(2,628)	(2,628)	-
	144,020	144,020	-
Total of assets	9,033,991	9,033,991	-
(4) Operating accounts payable	314,916	314,916	-
(5) Current portion of investment corporation bonds	4,000,000	4,013,033	13,033
(6) Current portion of long-term loans payable	4,805,000	4,819,804	14,804
(7) Investment corporation bonds	10,500,000	10,611,537	111,537
(8) Long-term loans payable	86,404,500	87,034,282	629,782
Total of liabilities	106,024,416	106,793,575	769,158
(9) Derivative transactions	-	-	-

24th Fiscal Period (As of September 30, 2017)

(Thousand yen)

	Book Value Recorded on the Balance Sheet	Fair Value	Difference
(1) Cash and deposits	5,259,432	5,259,432	-
(2) Cash and deposits in trust	4,658,956	4,658,956	-
(3) Operating accounts receivable	115,509	115,509	-
Allowance for doubtful accounts	(2,499)	(2,499)	-
	113,009	113,009	-
Total of assets	10,031,398	10,031,398	-
(4) Operating accounts payable	249,227	249,227	-
(5) Current portion of investment corporation bonds	4,000,000	4,001,341	1,341
(6) Current portion of long-term loans payable	4,600,000	4,602,023	2,023
(7) Investment corporation bonds	10,500,000	10,605,967	105,967
(8) Long-term loans payable	86,432,500	86,936,457	503,957
Total of liabilities	105,781,727	106,395,018	613,291
(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

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.

(5) Current portion of investment corporation bonds and (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.

(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.

(9) Derivative transactions

See Note “11. Derivative Transactions.”

(Note 2) Scheduled redemption amount of monetary claims

23rd Fiscal Period (As of March 31, 2017)

(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	3,793,152	-	-	-	-	-
(2) Cash and deposits in trust	5,096,818	-	-	-	-	-
(3) Operating accounts receivable	146,649	-	-	-	-	-
Total of assets	9,036,620	-	-	-	-	-

24th Fiscal Period (As of September 30, 2017)

(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	5,259,432	-	-	-	-	-
(2) Cash and deposits in trust	4,658,956	-	-	-	-	-
(3) Operating accounts receivable	115,509	-	-	-	-	-
Total of assets	10,033,898	-	-	-	-	-

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

23rd Fiscal Period (As of March 31, 2017)

(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) Investment corporation bonds	4,000,000	2,500,000	2,000,000	-	-	6,000,000
(2) Long-term loans payable	4,805,000	10,882,000	6,792,500	17,000,000	14,230,000	37,500,000
Total of liabilities	8,805,000	13,382,000	8,792,500	17,000,000	14,230,000	43,500,000

24th Fiscal Period (As of September 30, 2017)

(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) Investment corporation bonds	4,000,000	2,500,000	2,000,000	-	-	6,000,000
(2) Long-term loans payable	4,600,000	8,382,000	13,892,500	14,300,000	15,230,000	34,628,000
Total of liabilities	8,600,000	10,882,000	15,892,500	14,300,000	15,230,000	40,628,000

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

(Thousand yen)

Category	23rd Fiscal Period (As of March 31, 2017)	24th Fiscal Period (As of September 30, 2017)
(1) Lease and guarantee deposits	242,672	242,662
(2) Tenant leasehold and security deposits in trust	1,946,227	1,903,196

(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

23rd Fiscal Period (As of March 31, 2017)

Not applicable

24th Fiscal Period (As of September 30, 2017)

Not applicable

11. Derivative Transactions

1. Derivatives to which hedge accounting is not applied

23rd Fiscal Period (As of March 31, 2017)

Not applicable

24th Fiscal Period (As of September 30, 2017)

Not applicable

2. Derivatives to which hedge accounting is applied

23rd Fiscal Period (As of March 31, 2017)

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

(Thousand yen)

Method of Hedge Accounting	Type of Derivative Transactions	Main Hedged Item	Contract Amount (Note 1)		Fair Value	Calculation Method for the Fair Value
				Of Which, over 1 Year		
Special accounting for interest rate swaps	Interest rate swap transaction Receivable floating; Payable fixed	Long-term loans payable	64,009,500	59,204,500	(Note 2)	-

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

24th Fiscal Period (As of September 30, 2017)

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

(Thousand yen)

Method of Hedge Accounting	Type of Derivative Transactions	Main Hedged Item	Contract Amount (Note 1)		Fair Value	Calculation Method for the Fair Value
				Of Which, over 1 Year		
Special accounting for interest rate swaps	Interest rate swap transaction Receivable floating; Payable fixed	Long-term loans payable	61,304,500	59,204,500	(Note 2)	-

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

12. Retirement Benefits

23rd Fiscal Period (As of March 31, 2017)

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

24th Fiscal Period (As of September 30, 2017)

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

13. Income Taxes

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

(Thousand yen)

	23rd Fiscal Period (As of March 31, 2017)	24th Fiscal Period (As of September 30, 2017)
Deferred tax assets:		
Amortization of leasehold rights in trust	6,619	7,259
Amount of allowance for doubtful accounts not deductible from taxable income	834	793
Amount of accrued business taxes not deductible from taxable income	32	76
Subtotal deferred tax assets	7,485	8,129
Valuation allowance	(7,453)	(8,053)
Total deferred tax assets	32	76
Deferred tax assets, net	32	76

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

	23rd Fiscal Period (As of March 31, 2017)	24th Fiscal Period (As of September 30, 2017)
Statutory tax rate	31.74%	31.74%
(Adjustment)		
Deductible cash distributions	(31.32%)	(31.71%)
Provision for reserve for reduction entry	(0.40%)	-%
Other	0.03%	0.05%
Effective income tax rate	0.05%	0.08%

14. Equity Method Income and Retained Earnings

23rd Fiscal Period (from October 1, 2016 to March 31, 2017)
Not applicable as the Investment Corporation does not have any affiliated companies.

24th Fiscal Period (from April 1, 2017 to September 30, 2017)
Not applicable as the Investment Corporation does not have any affiliated companies.

15. Assets Retirement Obligations

23rd Fiscal Period (from October 1, 2016 to March 31, 2017)
Not applicable

24th Fiscal Period (from April 1, 2017 to September 30, 2017)
Not applicable

16. Transactions with Related Parties

1. Parent Company and Major Corporation Unitholders
23rd Fiscal Period (from October 1, 2016 to March 31, 2017)
Not applicable

24th Fiscal Period (from April 1, 2017 to September 30, 2017)
Not applicable

2. Subsidiaries and Affiliates
23rd Fiscal Period (from October 1, 2016 to March 31, 2017)
Not applicable

24th Fiscal Period (from April 1, 2017 to September 30, 2017)
Not applicable

3. Sister Companies
23rd Fiscal Period (from October 1, 2016 to March 31, 2017)
Not applicable

24th Fiscal Period (from April 1, 2017 to September 30, 2017)
Not applicable

4. Directors and Major Individual Unitholders

23rd Fiscal Period (from October 1, 2016 to March 31, 2017)

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 Asset Management, Ltd.	-	Payment of asset management fees to Sekisui House Asset Management, Ltd. (Note 1)	409,597 (Note 2)	Accounts payable - other	394,845
				Payment of institution operation and administration fees to Sekisui House 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 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 39,016 thousand yen as asset management fees related to property acquisitions, which have been capitalized in the book value of individual real properties, and 10,000 thousand yen of asset management fees related to property disposition, which have been recorded in other sales expenses.
(Note 3) The transaction was conducted by Osamu Minami as representative of a third party (Sekisui House 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.

24th Fiscal Period (from April 1, 2017 to September 30, 2017)

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 Asset Management, Ltd.	-	Payment of asset management fees to Sekisui House Asset Management, Ltd. (Note 1)	364,317 (Note 2)	Accounts payable - other	393,463
				Payment of institution operation and administration fees to Sekisui House 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 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) Since no property acquisition or disposition was made during the 24th fiscal period, there is no asset management fees related to property acquisitions, which have been capitalized in the book value of individual real properties; or asset management fees related to property disposition, which have been recorded in other sales expenses.
(Note 3) The transaction was conducted by Osamu Minami as representative of a third party (Sekisui House 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]

23rd Fiscal Period (from October 1, 2016 to March 31, 2017)

(1) Information by product and service

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

(2) Information by region

(a) Operating revenue

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

(b) Property, plant and equipment

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

(3) Information by major customer

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

24th Fiscal Period (from April 1, 2017 to September 30, 2017)

(1) Information by product and service

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

(2) Information by region

(a) Operating revenue

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

(b) Property, plant and equipment

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

(3) Information by major customer

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

18. Per Unit Information

Item / Period	23rd Fiscal Period (October 1, 2016 – March 31, 2017)	24th Fiscal Period (April 1, 2017 – September 30, 2017)
Net assets per unit	91,648 yen	91,669 yen
Net income per unit	2,288 yen	2,255 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	23rd Fiscal Period (October 1, 2016 – March 31, 2017)	24th Fiscal Period (April 1, 2017 – September 30, 2017)
Net Income (thousand yen)	2,501,336	2,493,073
Amount not attributable to ordinary unitholders (thousand yen)	-	-
Net income attributable to ordinary investment units (thousand yen)	2,501,336	2,493,073
Average number of units during the fiscal period (units)	1,093,070	1,105,510

19. Rental Properties

The Investment Corporation owns assets as trust beneficiary interests in real estate as entrusted property, which comprises rental residential properties and rental retail properties. Real estate rental revenues and expenses for the relevant rental properties amounted to 3,627,800 thousand yen for the 23rd fiscal period and 3,618,213 thousand yen for the 24th 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)

		23rd Fiscal Period (October 1, 2016 – March 31, 2017)	24th Fiscal Period (April 1, 2017 – September 30, 2017)
Book value recorded on the balance sheet			
	Balance at the beginning of period	192,994,081	200,010,647
	Amount of net change during period	7,016,565	(1,154,590)
	Balance at the end of period	200,010,647	198,856,057
Fair value at the end of period		226,015,800	229,438,000

(Note 1) Book value recorded on the balance sheet indicates the book value less accumulated depreciation.
(Note 2) Net change during the 23rd fiscal period is comprised of increases primarily attributable to new acquisitions of 3 properties (9,393,337 thousand yen) and decrease primarily attributable to disposition of Esty Maison YACHIYOMIDORIGAOKA (1,168,146 thousand yen) and depreciation (1,606,420 thousand yen). Net change during the 24th fiscal period is primarily comprised of decrease attributable to depreciation (1,602,027 thousand yen).
(Note 3) Pursuant to the Articles of Incorporation, the fair value at the end of period indicates the appraisal value or surveyed value provided by outside real estate appraisers with the respective appraisal dates of March 31, 2017 and September 30, 2017.

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 transaction Receivable floating; payable fixed	61,304,500	59,204,500	-
Total		61,304,500	59,204,500	

(Note 1) The contract amount of interest rate swaps is indicated based on the notional principal amount.
(Note 2) Description of fair value is omitted as the transactions satisfy the requirements for special accounting under the accounting standards for financial instruments.

3. Summary of Detailed Schedule of Real Properties

(Million yen)

Type of Assets		Balance as of April 1, 2017	Increase during the Period	Decrease during the Period	Balance as of September 30, 2017	Accumulated Depreciation or Accumulated Amortization	Depreciation during the Period	Net Balance as of September 30, 2017	Remarks
Property, plant and equipment	Buildings in trust	106,007	383	-	106,390	17,796	1,486	88,594	
	Structures in trust	983	4	-	987	269	26	717	
	Machinery and equipment in trust	2,022	7	-	2,029	685	66	1,344	
	Tools, furniture and fixtures in trust	298	51	-	349	120	20	229	
	Land in trust	107,827	0	-	107,828	-	-	107,828	
	Construction in progress in trust	-	35	-	35	-	-	35	
	Total	217,138	483	-	217,621	18,871	1,600	198,749	
Intangible assets	Leasehold rights in trust	164	-	-	164	22	2	141	
	Other	6	-	-	6	6	0	0	
	Total	171	-	-	171	29	2	142	

4. Schedule of Other Specified Assets

Not applicable
Real estate trust beneficiary interests are included in the Summary of Detailed Schedule of Real Properties.

5. Schedule of Investment Corporation Bonds

Name	Issue Date	Balance as of April 1, 2017 (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2017 (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)	(Note 2)	Unsecured
Second Series Unsecured Investment Corporation Bonds	February 28, 2013	2,000	-	2,000	1.000	February 28, 2020		
Third Series Unsecured Investment Corporation Bonds	February 28, 2014	2,500	-	2,500	0.374	February 28, 2019	(Note 3)	
Fourth Series Unsecured Investment Corporation Bonds	February 28, 2014	3,000	-	3,000	1.069	February 28, 2024		
Fifth Series Unsecured Investment Corporation Bonds	August 29, 2014	3,000	-	3,000	0.871	August 30, 2024		
Total		14,500	-	14,500				

(Note 1) These investment corporation bonds are recorded in the current liabilities on the balance sheet as current portion of investment corporation bonds at the end of the 24th fiscal period.
(Note 2) The proceeds are used as funds for repayment of existing borrowings and acquisition of real estate trust beneficiary interests, etc.
(Note 3) The proceeds are used as funds for repayment of existing borrowings, etc.
(Note 4) These investment corporation bonds are equipped with pari passu clause among specified investment corporation bonds.
(Note 5) Amounts of investment corporation bonds to be redeemed annually within five years after the date of the balance sheet are as follows.

(Million yen)

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

6. Schedule of Loans Payable

Category	Lender	Balance as of April 1, 2017 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2017 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
Long-term loans payable	Development Bank of Japan Inc.	941	-	-	941	1.15475%	February 28, 2019	Lump-sum upon maturity	(Note 3)	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		(Note 4)	
	Mizuho Trust & Banking Co., Ltd.	2,250	-	-	2,250					
	Sumitomo Mitsui Banking Corporation	750	-	-	750					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	750	-	-	750					
	Mizuho Bank, Ltd.	400	-	-	400	1.02225%	February 28, 2020		(Note 3)	
	Mizuho Trust & Banking Co., Ltd.	500	-	-	500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,700	-	-	1,700					
	Mitsubishi UFJ Trust and Banking Corporation	2,142	-	-	2,142					
	Resona Bank, Limited	500	-	-	500					
	The 77 Bank, Ltd.	500	-	-	500	0.75600%	February 28, 2018 (Note 2)			
	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.	1,000	-	-	1,000	1.17200%	August 31, 2020			
	Mizuho Bank, Ltd.	500	-	-	500					
	Mizuho Trust & Banking Co., Ltd.	200	-	-	200					
	Sumitomo Mitsui Trust Bank, Limited	2,500	-	-	2,500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	600	-	-	600					
	Mitsubishi UFJ Trust and Banking Corporation	200	-	-	200					
	Resona Bank, Limited	500	-	-	500					
	Aozora Bank, Ltd.	500	-	-	500	0.45727%	August 31, 2018 (Note 2)			
	Mizuho Bank, Ltd.	200	-	-	200					
	Mizuho Trust & Banking Co., Ltd.	200	-	-	200					
	Sumitomo Mitsui Banking Corporation	1,100	-	-	1,100					
	Sumitomo Mitsui Trust Bank, Limited	500	-	-	500					
	Mizuho Bank, Ltd.	300	-	-	300	1.17350%	February 28, 2022		(Note 4)	
	Sumitomo Mitsui Banking Corporation	300	-	-	300					
	Sumitomo Mitsui Trust Bank, Limited	400	-	-	400					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800	-	-	800					
	Mizuho Bank, Ltd.	400	-	-	400	1.11000%	February 28, 2022		(Note 3)	
	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 April 1, 2017 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2017 (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	Lump-sum upon maturity	(Note 3)	Unsecured/ Unguaranteed
	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		(Note 4)	
	Shinkin Central Bank	500	-	-	500					
	The Bank of Fukuoka, Ltd.	500	-	-	500					
	Mizuho Bank, Ltd.	300	-	-	300					
	Sumitomo Mitsui Banking Corporation	300	-	-	300					
	Mizuho Bank, Ltd.	2,500	-	-	2,500	0.96475%	August 31, 2022		(Note 3)	
	Sumitomo Mitsui Banking Corporation	2,000	-	-	2,000					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	900	-	-	900					
	Mizuho Bank, Ltd.	2,450	-	-	2,450	0.83600%	August 31, 2021			
	Sumitomo Mitsui Banking Corporation	1,950	-	-	1,950					
	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					
	Sumitomo Mitsui Trust Bank, Limited	300	-	-	300					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800	-	-	800					
	Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500					
	The Yamaguchi Bank, Ltd.	200	-	-	200					
	Resona Bank, Limited	500	-	-	500					
	Development Bank of Japan Inc.	1,000	-	-	1,000	0.85250%	February 28, 2023			
	The Norinchukin Bank	800	-	-	800	0.73975%	February 28, 2022			
	The Bank of Fukuoka, Ltd.	500	-	-	500					
	Mizuho Bank, Ltd.	500	-	-	500					
	Sumitomo Mitsui Banking Corporation	500	-	-	500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	300	-	-	300					
	Resona Bank, Limited	750	-	-	750					
	The Senshu Ikeda Bank, Ltd.	500	-	-	500	0.62800%	February 26, 2021			
	The Shizuoka Bank, Ltd.	500	-	-	500					
	The 77 Bank, Ltd.	500	-	-	500					
	Shinkin Central Bank	500	-	-	500					
	The Norinchukin Bank	500	-	-	500					
	The Hiroshima Bank, Ltd.	500	-	-	500					
	Mizuho Bank, Ltd.	600	-	-	600					
	Sumitomo Mitsui Banking Corporation	300	-	-	300					

Category	Lender	Balance as of April 1, 2017 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2017 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
Long-term loans payable	Mizuho Bank, Ltd.	450	-	-	450	0.68030%	August 31, 2023	Lump-sum upon maturity	(Note 4)	Unsecured/ Unguaranteed
	Mizuho Trust & Banking Co., Ltd.	1,000	-	-	1,000					
	Sumitomo Mitsui Banking Corporation	450	-	-	450					
	Development Bank of Japan Inc.	2,100	-	-	2,100	0.67400%	August 31, 2023			
	Mizuho Bank, Ltd.	100	-	-	100					
	Aozora Bank, Ltd.	200	-	-	200	0.45503%	February 29, 2024			
	The Norinchukin Bank	300	-	-	300					
	Mizuho Bank, Ltd.	1,100	-	-	1,100					
	Mizuho Trust & Banking Co., Ltd.	500	-	-	500					
	Sumitomo Mitsui Banking Corporation	1,100	-	-	1,100					
	Sumitomo Mitsui Trust Bank, Limited	450	-	-	450					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	700	-	-	700					
	The Yamaguchi Bank, Ltd.	100	-	-	100					
	Resona Bank, Limited	300	-	-	300					
	The Senshu Ikeda Bank, Ltd.	100	-	-	100	0.50500%	February 29, 2024			
	The Shizuoka Bank, Ltd.	100	-	-	100					
	The 77 Bank, Ltd.	100	-	-	100					
	Shinkin Central Bank	100	-	-	100					
	Development Bank of Japan Inc.	600	-	-	600					
	The Hiroshima Bank, Ltd.	100	-	-	100					
	The Bank of Fukuoka, Ltd.	200	-	-	200					
	Mitsubishi UFJ Trust and Banking Corporation	450	-	-	450					
	Development Bank of Japan Inc.	400	-	-	400	0.59750%	August 29, 2025		(Note 3)	
	Mizuho Bank, Ltd.	800	-	-	800					
	Sumitomo Mitsui Banking Corporation	800	-	-	800					
	Mitsubishi UFJ Trust and Banking Corporation	1,000	-	-	1,000					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	600	-	-	600	0.57000%	August 29, 2025			
	The Norinchukin Bank	300	-	-	300	0.49500%	August 30, 2024			
	Mizuho Bank, Ltd.	200	-	-	200					
	Mizuho Trust & Banking Co., Ltd.	500	-	-	500					
	Sumitomo Mitsui Banking Corporation	200	-	-	200					
	Sumitomo Mitsui Trust Bank, Limited	400	-	-	400					
	Resona Bank, Limited	300	-	-	300					
	Aozora Bank, Ltd.	300	-	-	300	0.77880%	February 27, 2026			
	Development Bank of Japan Inc.	1,200	-	-	1,200					
	The Bank of Fukuoka, Ltd.	500	-	-	500					
	Mizuho Bank, Ltd.	700	-	-	700					
	Mitsubishi UFJ Trust and Banking Corporation	800	-	-	800					
	The Yamaguchi Bank, Ltd.	500	-	-	500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500	-	-	1,500	0.72500%	February 27, 2026			
	Shinkin Central Bank	300	-	-	300	0.67000%	February 28, 2025			
	Mizuho Bank, Ltd.	200	-	-	200					
	Mizuho Trust & Banking Co., Ltd.	600	-	-	600					
	Sumitomo Mitsui Trust Bank, Limited	300	-	-	300					
	Resona Bank, Limited	400	-	-	400					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	600	-	-	600	0.61000%	February 28, 2025			
	Sumitomo Mitsui Banking Corporation	1,600	-	-	1,600	0.31000%	August 31, 2020			

Category	Lender	Balance as of April 1, 2017 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of September 30, 2017 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
Long-term loans payable	The Norinchukin Bank	—	2,352	—	2,352	0.61380%	August 29, 2025	Lump-sum upon maturity	(Note 3)	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd.	—	176	—	176					
Total		91,209	2,528	2,705	91,032					

(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) These loans are recorded in the current liabilities on the balance sheet as current portion of long-term loans payable at the end of the 24th fiscal period.

(Note 3) These loans are used as funds for repayment of existing borrowings.

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

(Note 5) Amounts of long-term loans payable to be repaid annually within five years after the date of the balance sheet are as follows.

(Million yen)

Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years
4,600	8,382	13,892	14,300	15,230

Independent Auditor's Report

EY
Building a better working world

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Independent Auditor's Report

The Board of Directors
Sekisui House Residential Investment Corporation

We have audited the accompanying financial statements of Sekisui House Residential Investment Corporation, which comprise the balance sheet as at September 30, 2017, 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 Residential Investment Corporation as at September 30, 2017, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

December 25, 2017
Tokyo, Japan

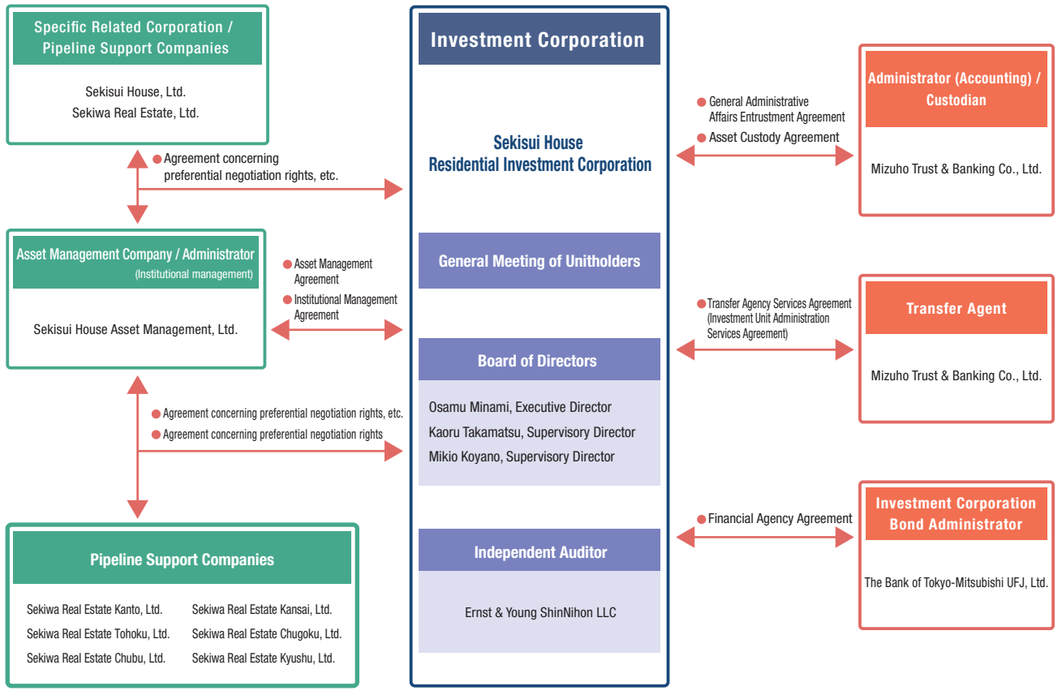
A member firm of Ernst & Young Global Limited

Overview of the Investment Corporation

Trade Name	Sekisui House Residential Investment Corporation
Address	3-1-31 Minami-Aoyama, Minato-ku, Tokyo
Representative	Osamu Minami, Executive Director
Asset Management Company	Sekisui House 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 on Investment Trusts and Investment Corporations (the "Investment Trusts Act") May 19, 2005 Implementation of registration by the Prime Minister under Article 187 of the Investment Trusts Act (Registration No.33 issued by the Director of Kanto Local Finance Bureau) July 28, 2005 Listed on the Tokyo Stock Exchange

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.

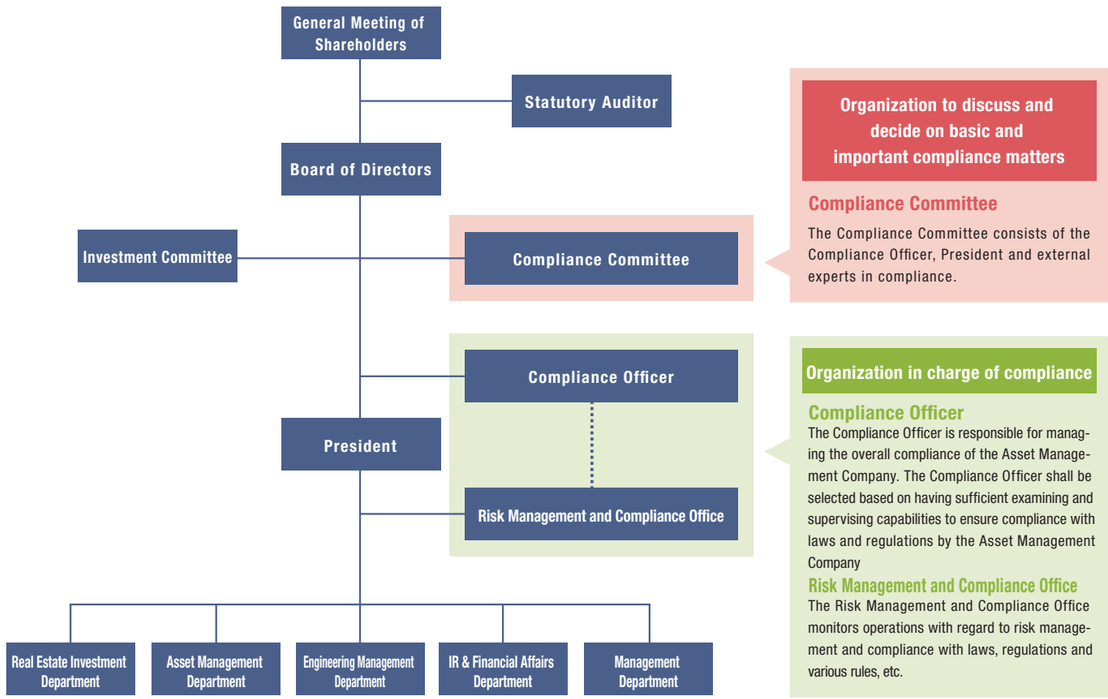


Overview of the Asset Management Company

Trade Name	Sekisui House Asset Management, Ltd.
Address	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.
Directors	Osamu Minami, President Nobuyoshi Sato, Executive Vice President Koji Sakamoto, Senior Managing Director Masami Matsumoto, Director (part-time) (Senior Manager, Accounting & Finance Department, Sekisui House, Ltd.) Naoki Kawamura, Auditor (part-time) (Senior Manager, Legal Department, Sekisui House, Ltd.)
History	July 28, 2004 Established January 27, 2005 Certified as entrustment-based agency services for transactions under the Building Lots and Buildings Transaction Business Act (License No.31 issued by the Minister of Land, Infrastructure, Transport and Tourism) April 18, 2005 Certified as asset management operator of investment corporations under the Investment Trusts Act (License No. 41 issued by the Prime Minister) September 30, 2007 Registered as a financial instruments business operator under the Financial Instruments and Exchange Act (Registration No.337 issued by the Director of Kanto Local Finance Bureau (Kinsho))

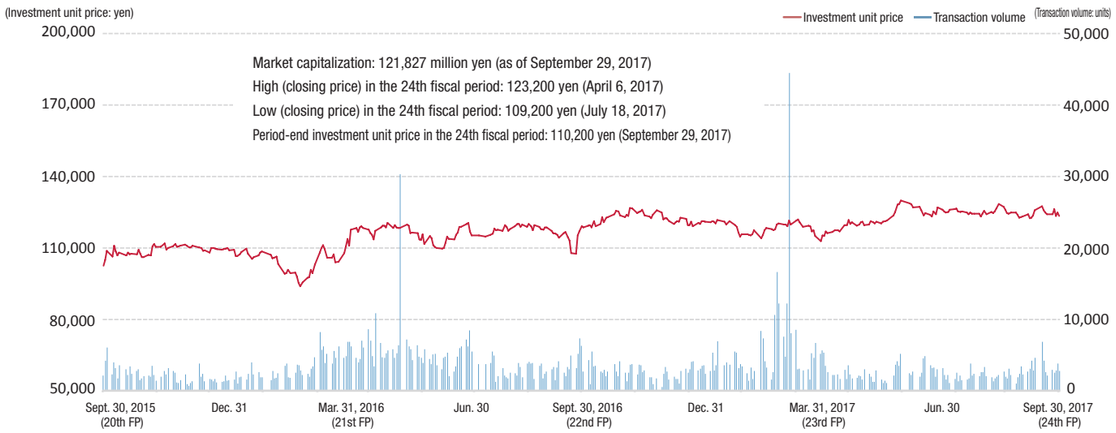
Structure to Manage the Investment Corporation

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

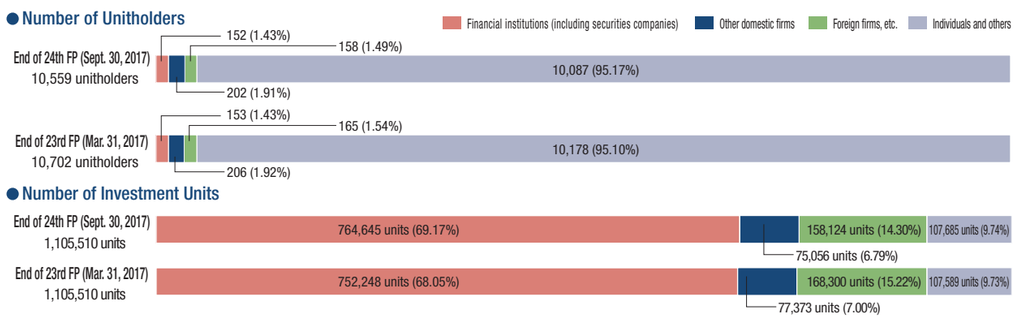


Unitholders Information

Changes in Investment Unit Price and Transaction Volume in the Last Two Years (September 30, 2015 – September 30, 2017)



Unitholders Composition



Major Unitholders

The following table shows the 10 largest unitholders according to the ratio of their owned investment units to the total number of investment units issued as of September 30, 2017.

Name / Company Name	Number of Investment Units Owned (units)	Ratio of Investment Units Owned to Total Investment Units Issued (%) (Note)
Japan Trustee Services Bank, Ltd. (Trust Account)	289,331	26.17
The Master Trust Bank of Japan, Ltd. (Trust Account)	123,568	11.17
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	42,104	3.80
Sekisui House, Ltd.	39,000	3.52
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	27,624	2.49
Mitsubishi UFJ Trust and Banking Corporation	20,103	1.81
THE HACHIJUNI BANK, LTD.	19,964	1.80
DEUTSCHE BANK AG LONDON-GPF CLIENT OMNI-FULL TAX 613	19,785	1.78
STATE STREET BANK-WEST PENSION FUND CLIENTS EXEMPT 505233	19,035	1.72
THE FUJI FIRE AND MARINE INSURANCE COMPANY, LIMITED	17,130	1.54
Total	617,644	55.86

(Note) The "Ratio of Investment Units Owned to Total Investment Units Issued" are rounded down to the nearest second decimal place.

MEMO