



# 23<sup>rd</sup>

## Semi-Annual Report 23rd Fiscal Period

From October 1, 2016 to March 31, 2017



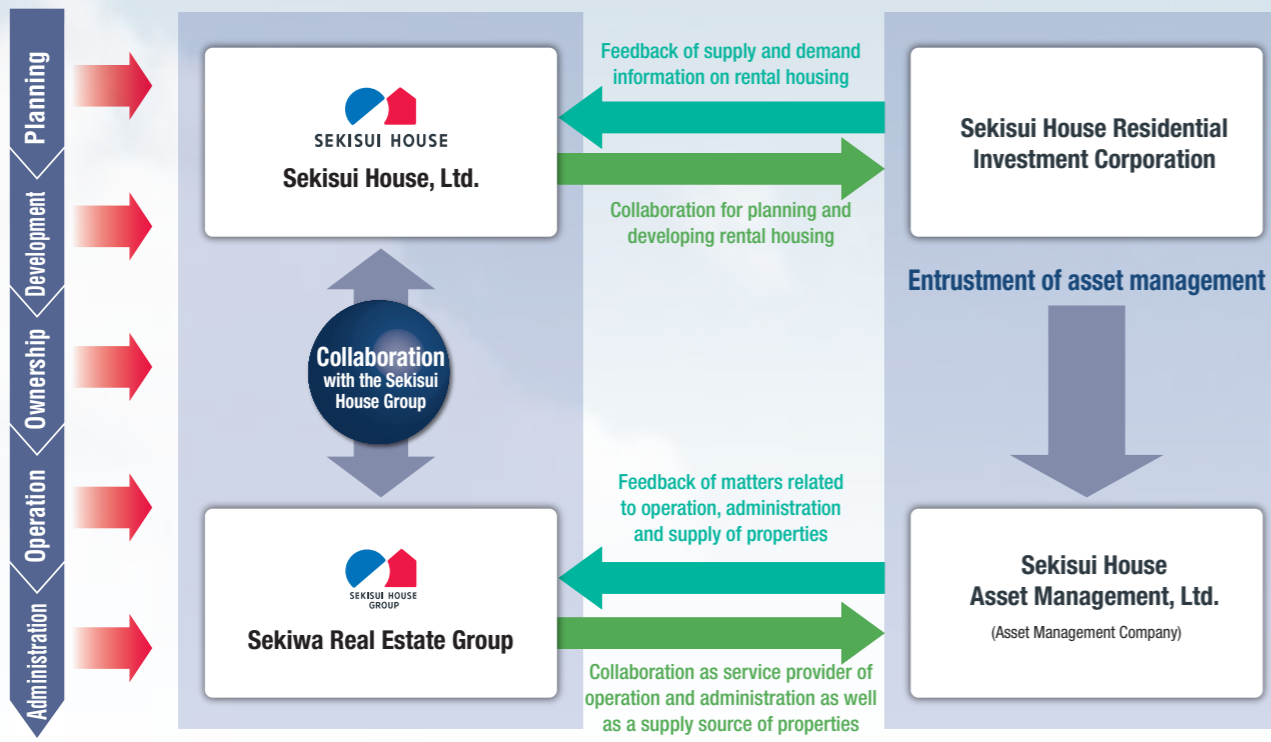
# Sekisui House Residential Investment Corporation (the Investment Corporation) is a J-REIT investing in residential properties, with Sekisui House, Ltd. serving as sponsor.

## Sekisui House, Ltd. Becoming our Sole Sponsor

The sponsorship scheme of the Investment Corporation shifted to sole sponsorship, as Sekisui House, Ltd. acquired the Asset Management Company's shares (representing 25% of all shares) owned by Spring Investment Co., Ltd., which had been the co-sponsor, as of March 29, 2017.



After the shift to sole sponsorship, we remain committed to achieving continuous external growth and steady internal growth through collaboration with the Sekisui House Group, aiming to maximize the interest of our unitholders.



## Topics of the 23rd Fiscal Period Ended March 2017

### — Conducted Replacement of Investment Properties —

**Property disposed on January 31, 2017**  
**Esty Maison YACHIYOMIDORIGAOKA**

Located in Yachiyo-shi, Chiba (Greater Tokyo / Other Urban Areas)

Property age: **19 years** (as of the disposition date)

**Property acquired on March 17, 2017**  
**Esty Maison MORISHITA**

Located in Sumida-ku, Tokyo (Greater Tokyo / Major Urban Areas)

Property age: **0.3 years** (as of June 30, 2017)

Replacement

Item	Disposed Property (Yachiyo Midorigaoka)	Acquired Property (Morishita)
Disposition/Acquisition price	1,250 million yen	628 million yen
Appraisal value	1,180 million yen (as of end of 22nd fiscal period (September 30, 2016))	636 million yen (appraisal value upon acquisition)
Actual NOI yield	Before depreciation: 4.6%; After depreciation: <b>3.3%</b>	Before depreciation: 4.6%; After depreciation: <b>3.6%</b>

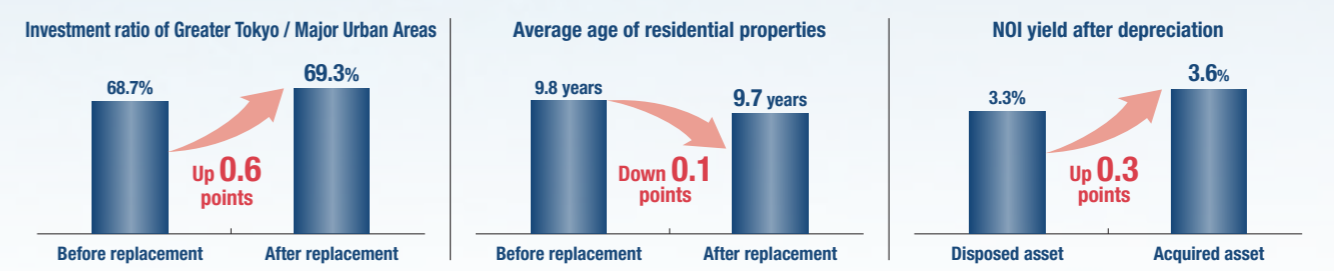
Gain on sale: **32 million yen** (after deducting disposition-related expenses)

Part of the gain on sale was reserved internally as reserve for reduction entry in the 23rd fiscal period

Occupancy ratio: **100.0%** (as of April 30, 2017)

Concluded a real estate sale and purchase contract before the building was completed. Leased up the property quickly after acquiring it.

### Significances of the Property Replacement



(Note 1) For the above "Actual NOI yield (Before depreciation)" and "Actual NOI yield (After depreciation)," the annual yield over acquisition price has been calculated based on the actual NOI for the 22nd fiscal period ended September 2016 for the former and based on the actual NOI after deducting depreciation for the same fiscal period for the latter, both rounded to the first decimal place. For "Appraisal NOI yield (Before depreciation)" and "Appraisal NOI yield (After depreciation)," the annual yield over acquisition price has been calculated based on the NOI yield obtained under the direct capitalization method and stated on the real estate appraisal report for the former and based on the appraisal NOI after deducting assumed depreciation for the latter, both rounded to the first decimal place.

(Note 2) The above "Investment ratio of Greater Tokyo / Major Urban Areas" indicates the ratio calculated by dividing the total acquisition price of the residential portfolio that is classified into relevant investment areas before and after the replacement, by the total acquisition price of the entire residential portfolio, rounded to the first decimal place. "Average age of residential properties" indicates the average building age of the entire residential portfolio before and after the replacement, with June 30, 2017 set as the base date and rounded down to the first decimal place.



## 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 fiscal period ended March 2017 (23rd fiscal period).

Approved by the 8th General Meeting of Unitholders held in June 7, 2017, the Investment Corporation changed its trade name from Sekisui House SI Residential Investment Corporation to Sekisui House Residential Investment Corporation as of the same date. This was in association with Spring Investment Co., Ltd., the co-shareholder of the Investment Corporation's Asset Management Company, transferring all of the Asset Management Company's shares it owns to Sekisui House, Ltd., the parent company of the Asset Management Company, in March 2017. In line with this, the Asset Management Company also changed its trade name to Sekisui House Asset Management, Ltd. in March 2017. To date, the Investment Corporation has made it a basic strategy to build a portfolio that centers on high-quality rental residential properties planned and developed by the Sekisui House Group, and has invested in and managed real estate-related assets that are mainly used as residences. With Sekisui House, Ltd. becoming the sole sponsor, we will endeavor to deepen our relationship with the Sekisui House Group even further and promote continuous external growth, steady internal growth and strengthen our stable financial base that supports external and internal growth.

In the 23rd fiscal period, we acquired two residential properties, Prime Maison SHIROKANE-TAKANAWA and Prime Maison ICHIGAYAYAMABUSHICHO, from Sekisui House, Ltd. in November 2016 using funds procured through a public offering conducted in October 2016. Catapulting on this public offering, we have been proactively working on the new stage in Phase III of our growth strategy announced in May 2016. With an aim to achieve "Promotion of profitability and qualitative improvement of the portfolio through property replacements," which is upheld as one of the measures of our external growth strategy, we disposed Esty Maison YACHIYOMIDORIGAOKA in January 2017 and then acquired Esty Maison MORISHITA in March 2017.

Due to the above, the number of properties we own increased to 113 properties as of the end of the 23rd fiscal period, with the asset size totaling 206.9 billion yen, and the ratio of residential properties in the entire portfolio rose to 98.2%. In terms of the occupancy ratio of the entire portfolio for the fiscal period, the period-end occupancy ratio stood at 97.8% and the period-average occupancy ratio was 97.1%, indicating high levels surpassing those of the previous fiscal period.

In terms of financing, the Investment Corporation procured 9,708 million yen through the abovementioned public offering conducted for the first time in two years in October 2016. With the public offering, not only was our stable financial base further reinforced, leading to lowering the LTV level and expansion of borrowing capacity, but liquidity of investment units is also expected to increase due to the expanded market capitalization. Concerning existing loans, we also promoted extension of loan periods, fixing of interest rates and diversification of repayment dates by making early repayment of loans totaling 3.0 billion yen in December 2016 and March 2017 while refinancing loans totaling 9.5 billion yen that matured in February 2017. In addition, we executed a commitment line contract with a maximum commitment line amount of 10 billion yen in October 2016, in order to secure flexible and stable means for procuring funds along with public offerings.

As a result of these endeavors, the Investment Corporation posted operating revenue of 6,919 million yen, operating income of 3,060 million yen and net income of 2,501 million yen for the 23rd fiscal period, with cash distribution per unit coming to 2,234 yen.

Going forward, the Investment Corporation will continue to strive to maximize the interest of its unitholders aiming for expansion of the asset size, while maintaining / improving the level of cash distribution.

We appreciate your continued support.

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## Performance Highlights

### Cash Distribution per Unit

#### Actual cash distribution

23rd Fiscal Period Ended March 2017 Cash distribution per unit **¥2,234**

#### Forecast cash distribution

24th Fiscal Period Ending September 2017 Cash distribution per unit **¥2,200** (forecast)

25th Fiscal Period Ending March 2018 Cash distribution per unit **¥2,220** (forecast)

### Business Results and Cash Distributions

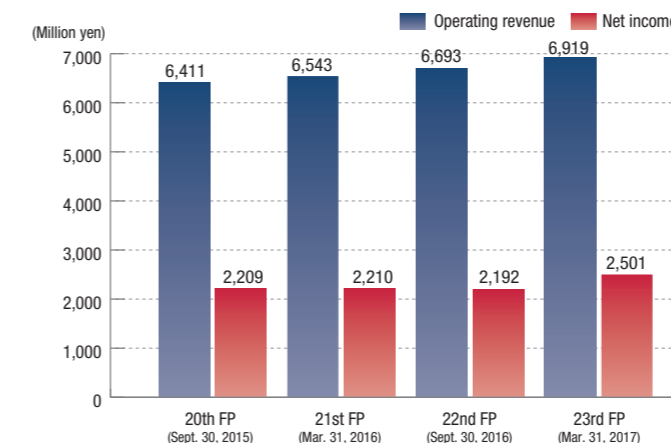
Settlement Date	Sept. 2015	Mar. 2016	Sept. 2016	Mar. 2017	Sept. 2017	Mar. 2018
Fiscal Period	20th FP	21st FP	22nd FP	23rd FP	24th FP (forecast)	25th FP (forecast)
Operating revenue (million yen)	6,411	6,543	6,693	<b>6,919</b>	6,896	6,938
Operating income (million yen)	2,743	2,741	2,739	<b>3,060</b>	2,974	2,989
Ordinary income (million yen)	2,211	2,214	2,193	<b>2,502</b>	2,434	2,456
Net income (million yen)	2,209	2,210	2,192	<b>2,501</b>	2,432	2,454
Provision for reserve for reduction entry (million yen)	49	47	8	<b>31</b>	-	-
Cash distribution per unit (yen)	2,122	2,125	2,145	<b>2,234</b>	2,200	2,220

(Note 1) The values of respective items in the "Sept. 2017 24th FP (forecast)" and "Mar. 2018 25th FP (forecast)" columns are the figures as of May 12, 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 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.

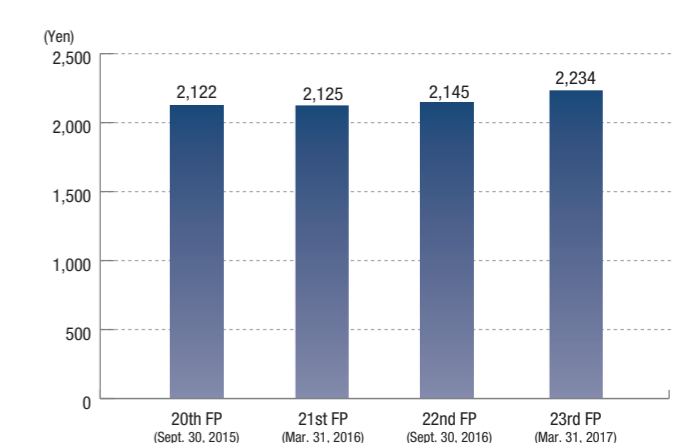
(Note 2) "Cash distribution per unit" for the "Sept. 2015 20th FP," "Mar. 2016 21st FP," "Sept. 2016 22nd FP" and "Mar. 2017 23rd FP" columns are calculated based on the amount of unappropriated retained earnings less the provision for reserve for reduction entry of 49 million yen, 47 million yen, 8 million yen and 31 million yen, respectively, divided by the number of investment units issued as of the end of each fiscal period.

### Changes in Business Results

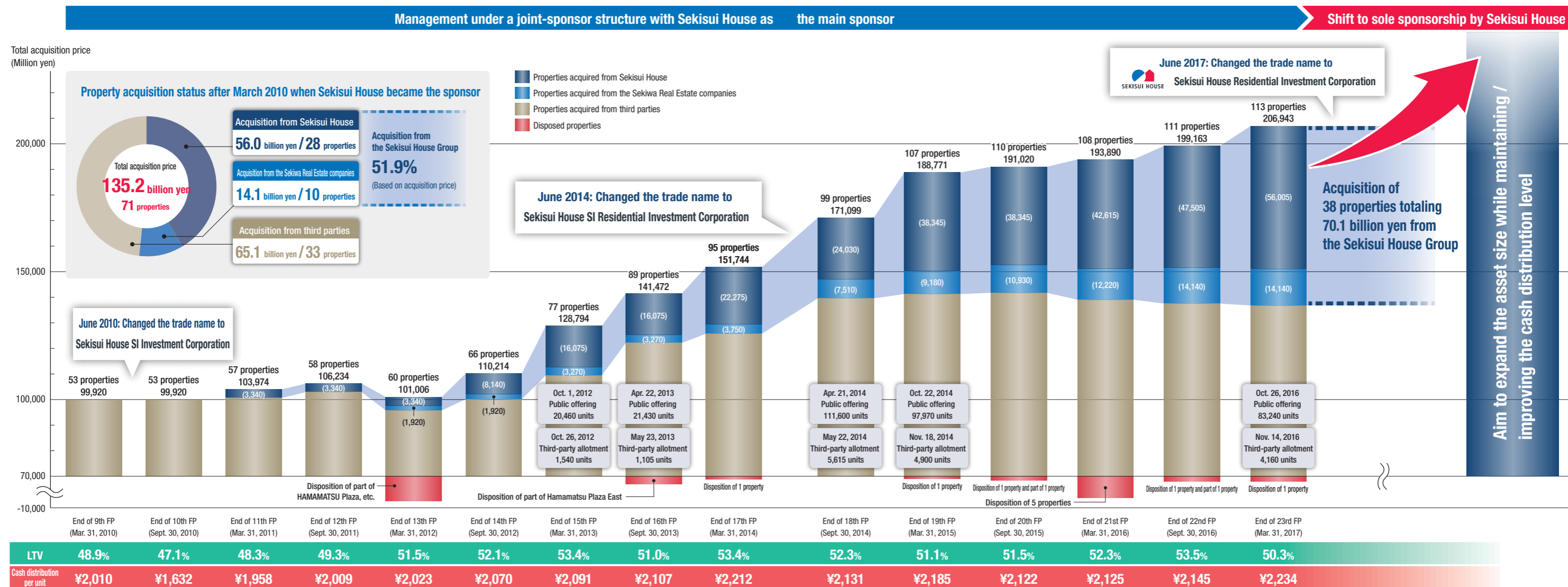
#### Operating Revenue / Net Income



#### Cash Distribution per Unit



# Steady Growth Based on Use of Comprehensive Capabilities of the Sekisui House Group

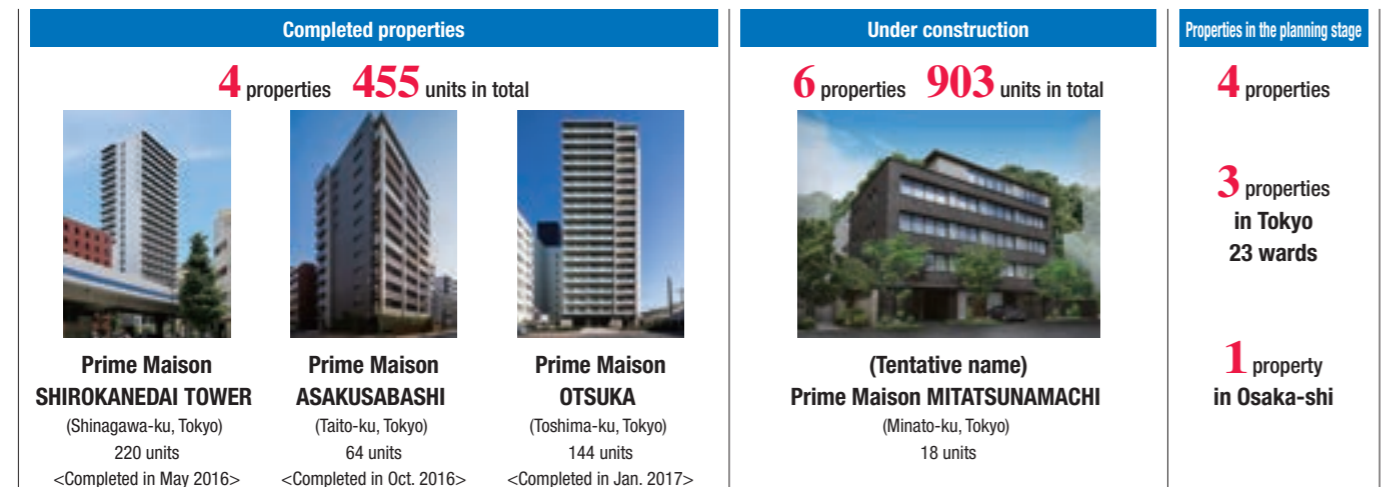


(Note 1) "LTV" is calculated by dividing the total interest-bearing debt (total of borrowings, investment corporation bonds, and interest-bearing tenant leasehold and security deposits) at the end of each fiscal period by total assets at the end of each fiscal period, rounded to the first decimal place. 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 fiscal period ended March 2014 (the 17th FP) 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

— **13** out of **14** properties are located in Greater Tokyo / Major Urban Areas (Tokyo 23 wards: 12, Yokohama-shi: 1) —

As of May 15, 2017 (the 23rd FP Business Results Briefing date)

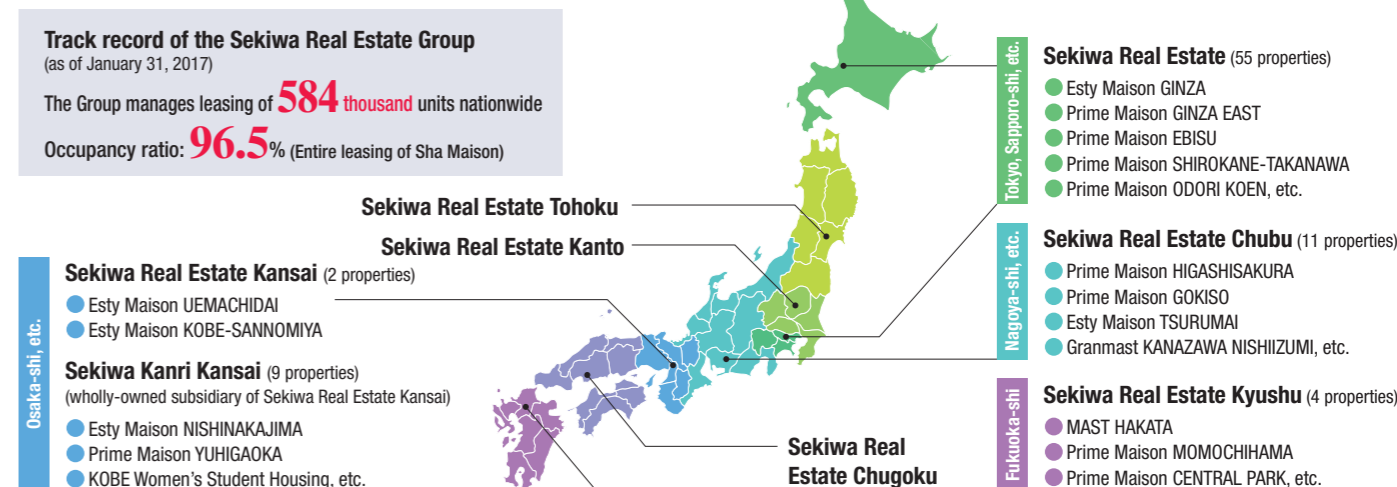


(Note) With regard to the properties above, the Investment Corporation has no specific plans to acquire any of them as of June 30, 2017.

## 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 June 30, 2017

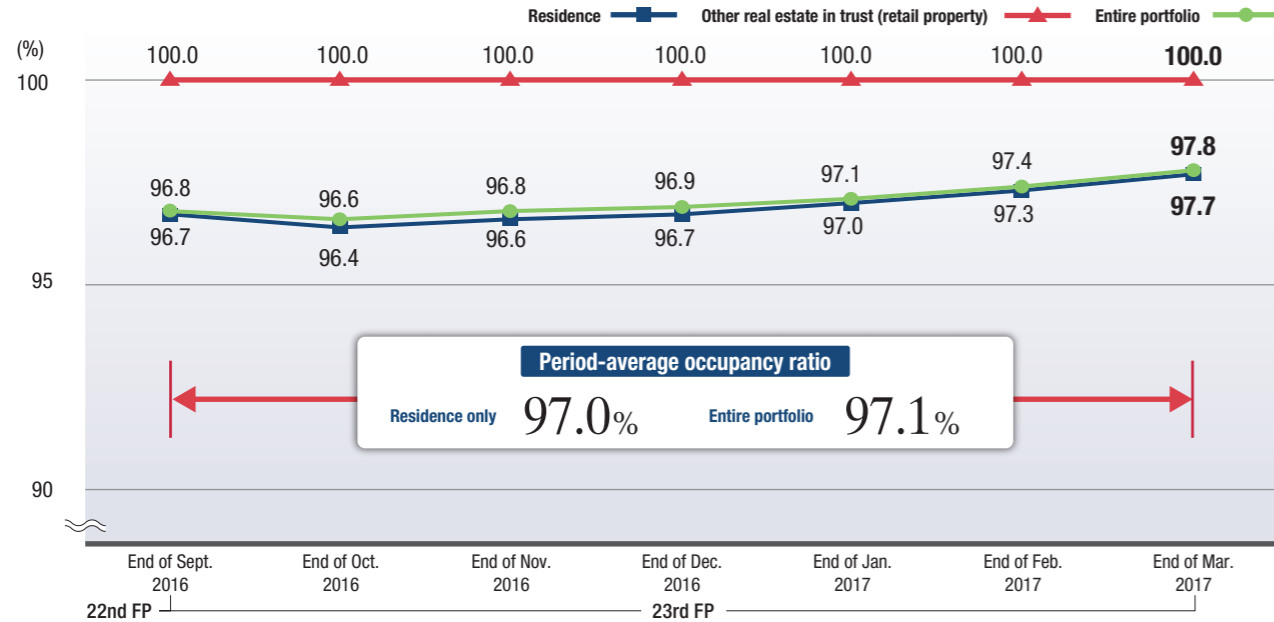


(Note) "Sha Maison" is a brand for rental housing constructed by Sekisui House and managed by the Sekiwa Real Estate Group.

# Portfolio Management

## Changes in Occupancy Ratio

In the 23rd 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 of 97.1% on average and 97.8% at the end of the fiscal period, standing at a high level surpassing the previous fiscal period.



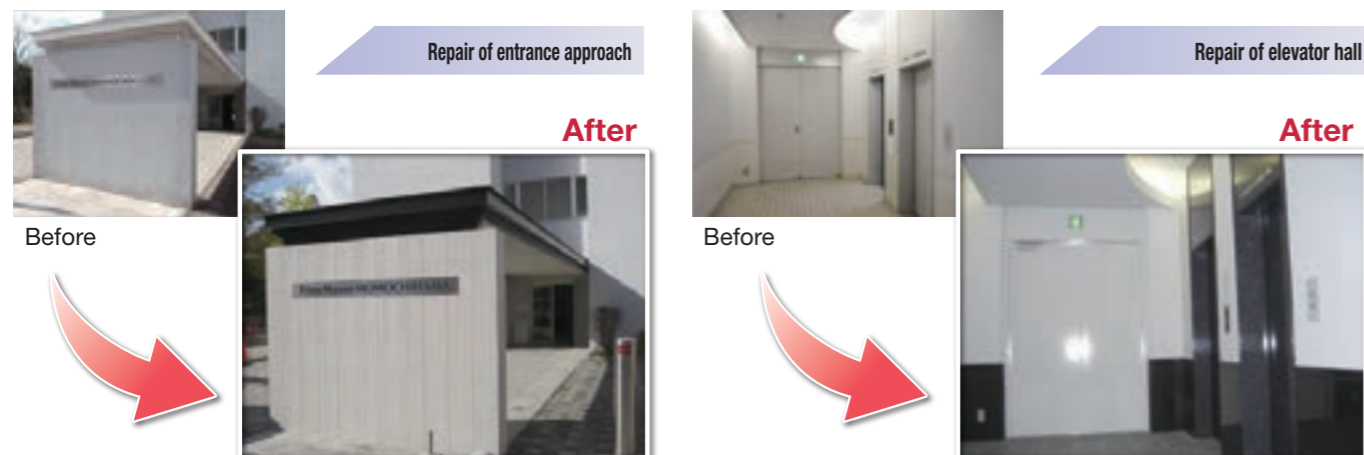
(Note 1) The occupancy ratio in the above graph indicates the ratio of total leased area to the total leasable area in each category for the properties of the corresponding category held by the Investment Corporation as of the end of each month from September 2016 to March 2017, rounded to the first decimal place.  
 (Note 2) "Period-average occupancy ratio" indicates the average of the occupancy ratios at the end of each month during the 23rd fiscal period.

## Large-Scale Repair Work

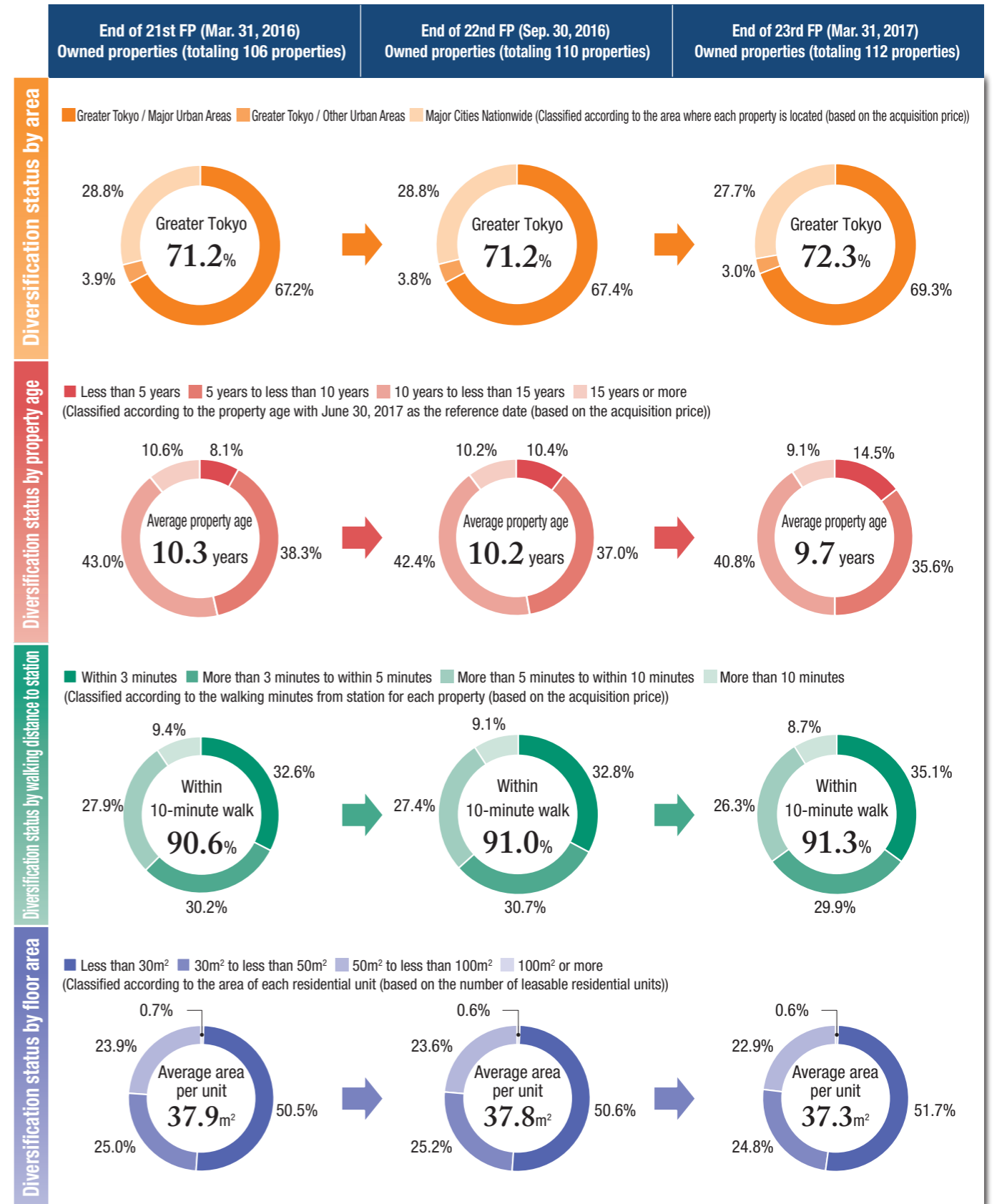
In the 23rd fiscal period, large-scale repair works, etc. were implemented at the following properties based on the property ages and results of deterioration diagnosis. The Investment Corporation intends to implement large-scale repair works and such in a planned manner going forward.

Property name	Property age As of June 30, 2017	Construction cost (excluding consumption tax)	Details of work	Construction Period
Prime Maison MOMOCHIHAMA	21.3 years	¥114 million	Renovation and painting of exterior walls and hallway walls of common areas, waterproofing balconies, etc. (Entrance repair work was done simultaneously at Prime Maison MOMOCHIHAMA)	May 2016 to November 2016
Esty Maison MUSASHIKOGANEI	12.4 years	¥73 million		November 2016 to March 2017
Esty Maison KITASHINJUKU	12.9 years	¥43 million		November 2016 to March 2017

### Prime Maison MOMOCHIHAMA



## (Reference) Status of the Residential Portfolio



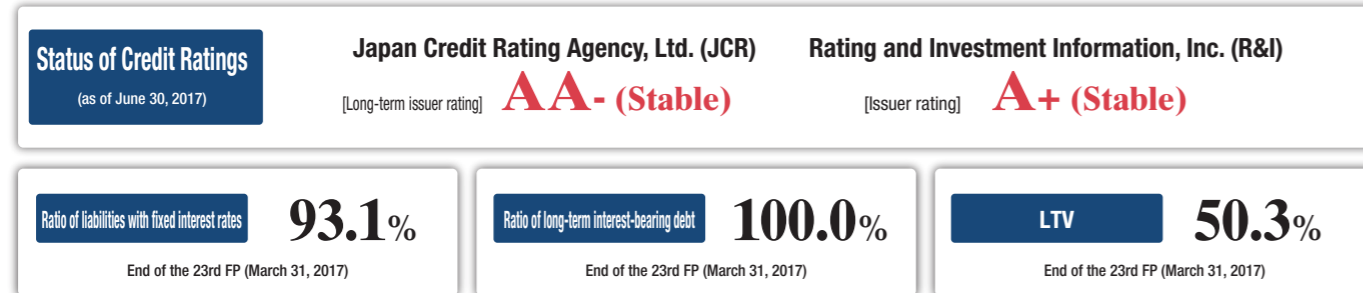
(Note 1) "Average property age" is calculated by seeking the weighted average of the building age of each property (with June 30, 2017 set as the base date) with the investment ratio calculated based on the acquisition price, rounded down to the first decimal place.  
 (Note 2) "Average area per unit" is calculated based on the total leasable residential area owned properties and the total number of leasable residential units as of each point of time, 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%.



## 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 23rd fiscal period are as follows.



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

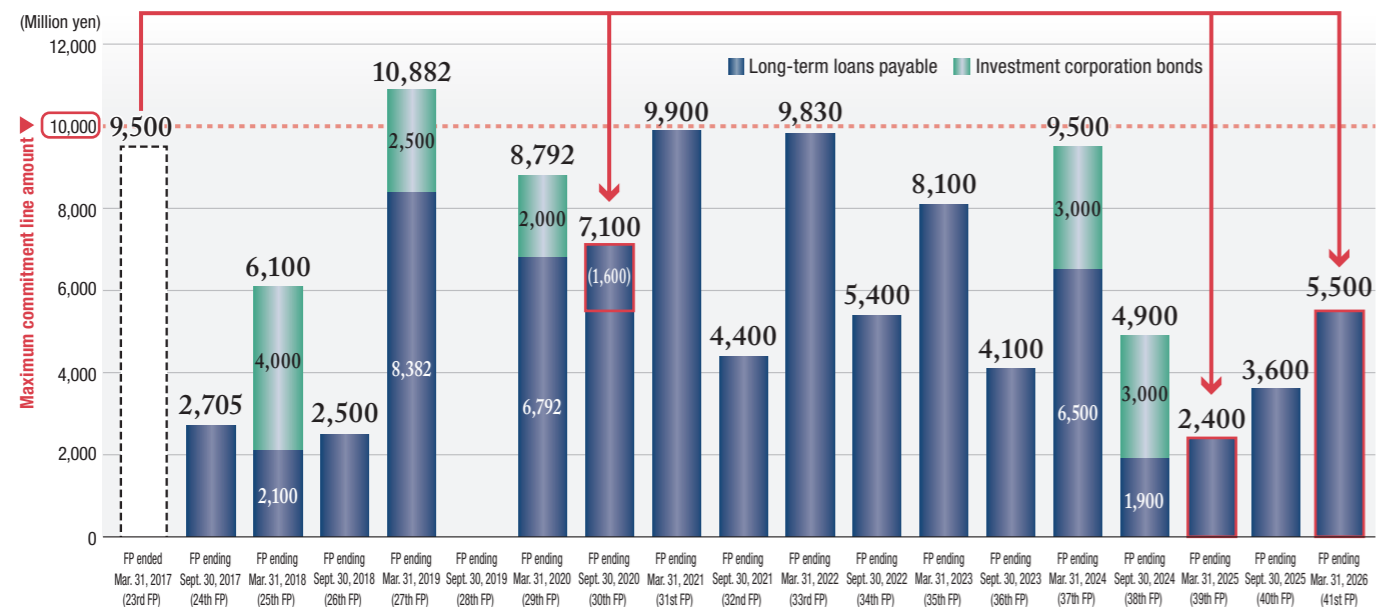
### Conclusion of Commitment Line Contract (as of end of the 23rd FP (March 31, 2017))

On October 7, 2016, the Investment Corporation concluded a commitment line contract with three Japanese megabanks in order to secure flexible and stable means for procuring funds. The Investment Corporation intends to maintain the commitment line even after the end of contract period.

Counterparty	Maximum commitment line amount	Unused maximum commitment line balance	Contract period
Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation	¥10,000 million	¥10,000 million	From November 1, 2016 to October 31, 2017

### Maturity Ladder (as of end of the 23rd FP (March 31, 2017))

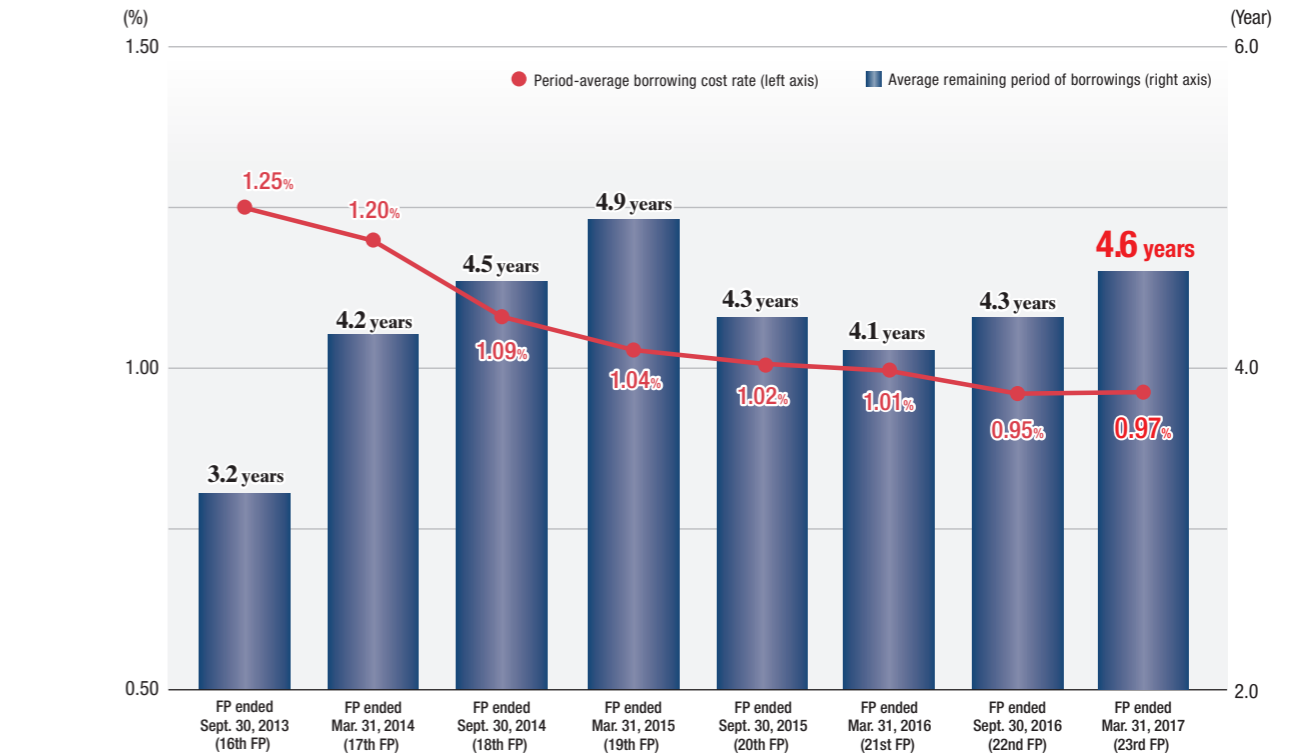
The Investment Corporation is promoting to diversify repayment dates of its borrowings with an aim to further enhance the stability of its financial base. Going forward, it will work to flatten the repayment amount for each fiscal period within the maximum commitment line amount of 10 billion yen as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



(Note) Amounts in the above 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 23rd fiscal period stood at 0.97%, and the average remaining period of borrowings was 4.6 years as of the end of the fiscal period.

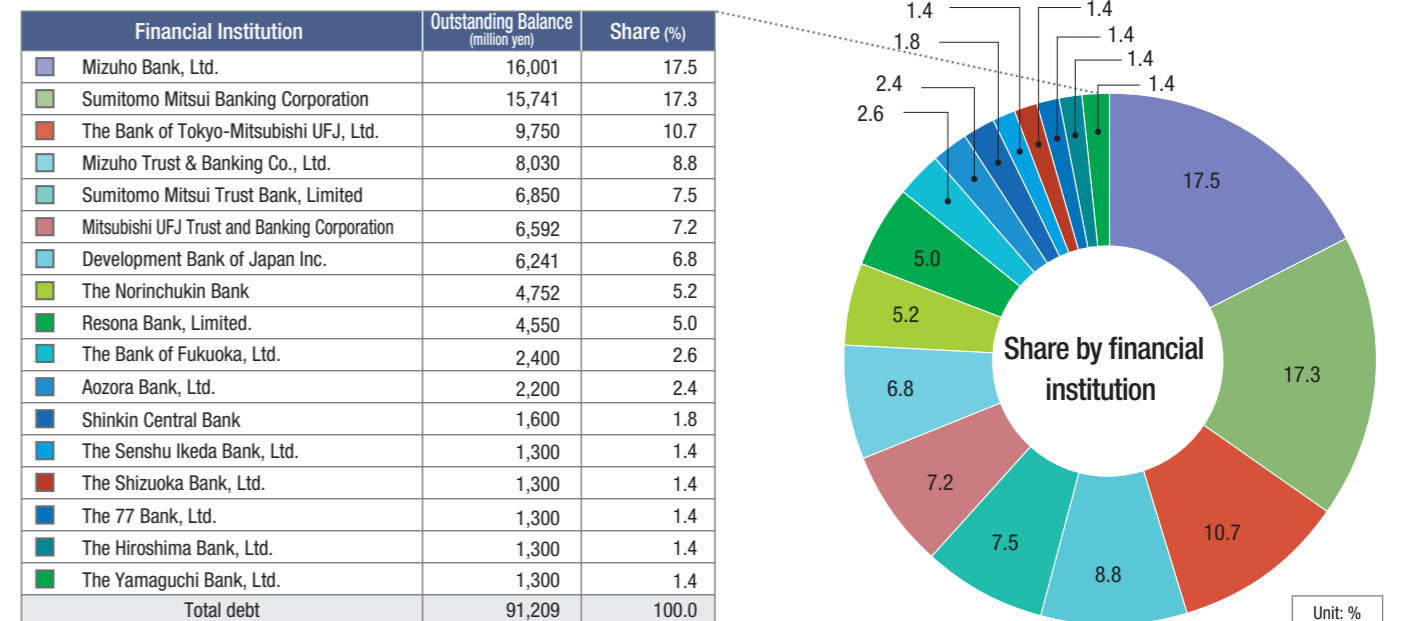


(Note 1) "Period-average borrowing cost rate" is calculated by using the formula below and is rounded to the second decimal place:  

$$\text{Period-average borrowing cost rate} = \frac{\text{Period borrowing cost (annualized)} / \text{Balance of period-average interest-bearing debt}}{\text{Borrowing cost} = \text{Interest expenses} + \text{borrowing related expenses} + \text{interest expenses on investment corporation bonds (excluding expenses for early repayment and commitment line contract)}}$$
  
 (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 (as of end of the 23rd FP (March 31, 2017))

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.



(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



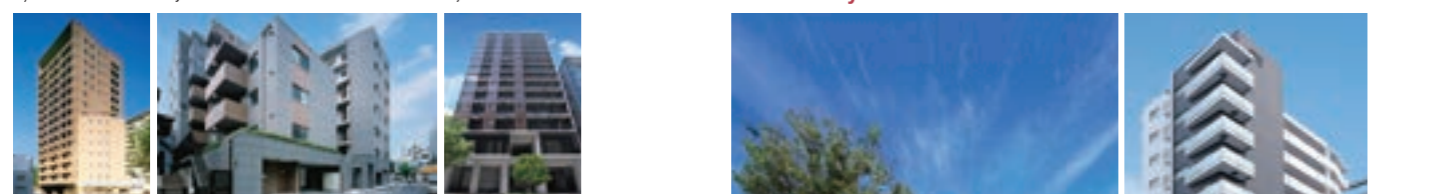
Prime Maison SHIROKANE-TAKANAWA Prime Maison ICHIGAYAMABUSHICHO Prime Maison HATSUDAI Prime Maison SHIBUYA Prime Maison MORISHTA Prime Maison JINBOCHO Prime Maison WASEDA Prime Maison HATCHOBORI MAST LIFE YAHIRO MAST LIFE AKIHABARA



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 ITABASHIKU/YAKUSHOAE 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 MORISHTA

## Greater Tokyo / Other Urban Areas



Prime Maison MUSASHINONOMORI MAST LIFE HINO

## Major Cities Nationwide (Fukuoka-shi)

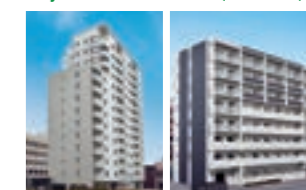


Prime Maison CENTRAL PARK MAST HAKATA



Prime Maison MOMOCHIHAMA Prime Maison TERIHA Esty Maison HAKATAHIGASHI

## Major Cities Nationwide (Other areas)



Granmast KANAZAWA NISHIZUMI Granmast UNOMORI

## Major Cities Nationwide (Nagoya-shi)



Prime Maison GOKISO Prime Maison HIGASHISAKURA Prime Maison TAKAMI Prime Maison YADAMINAMI

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

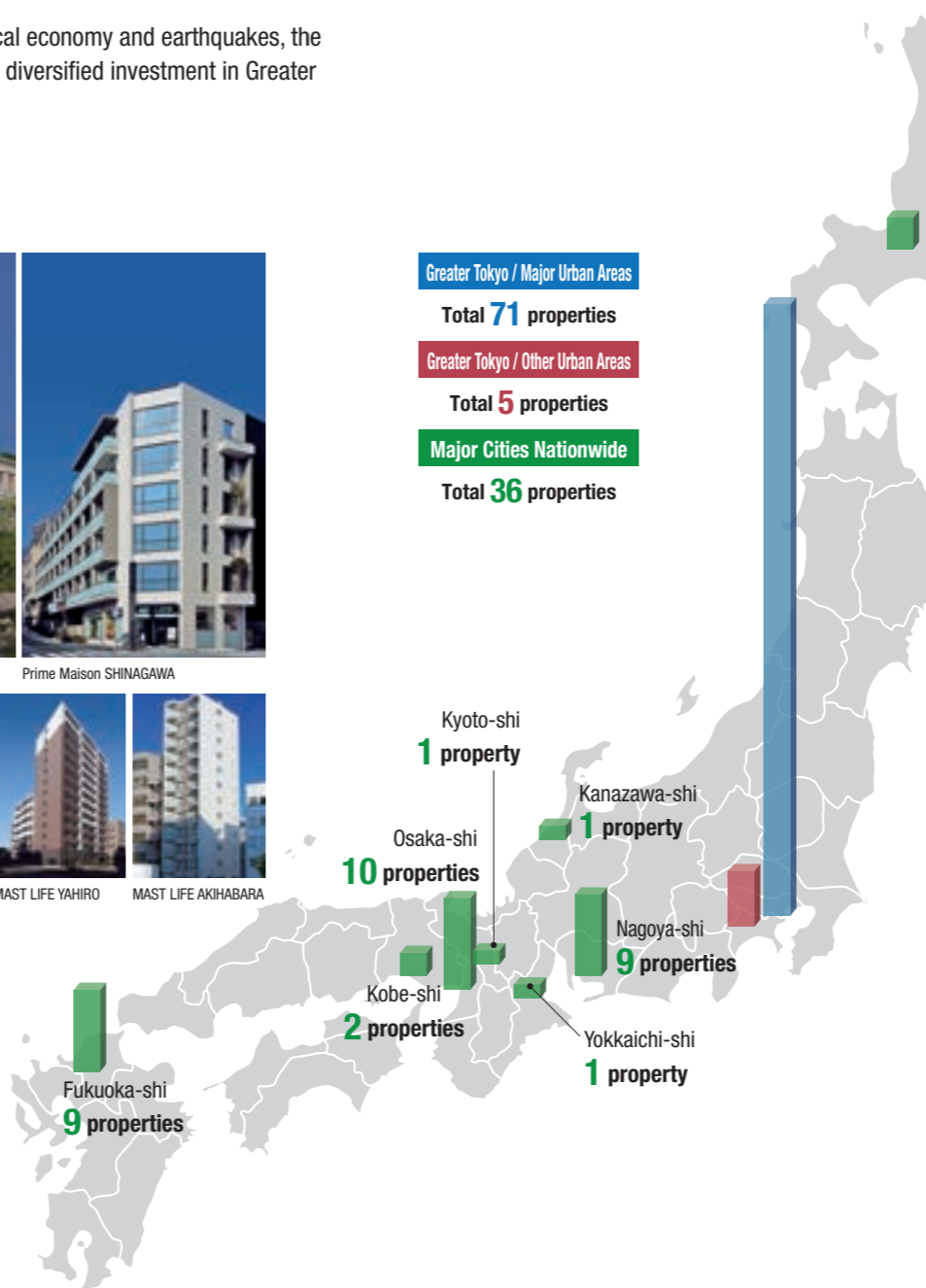


Prime Maison YUHIGAOKA Prime Maison KITATANABE Esty Maison KYOBASHI Esty Maison SHUONSHINOTON Kobe Women's Student Housing

## Major Cities Nationwide (Sapporo-shi)



Prime Maison ODORI KOEN Prime Maison MINAMI 2-JO Prime Maison KAMOKAMOGAWA









# Management Discussion and Analysis

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

Fiscal Period	Unit	19th Fiscal Period (October 1, 2014 - March 31, 2015)	20th Fiscal Period (April 1, 2015 - September 30, 2015)	21st Fiscal Period (October 1, 2015 - March 31, 2016)	22nd Fiscal Period (April 1, 2016 - September 30, 2016)	23rd Fiscal Period (October 1, 2016 - March 31, 2017)
Accounting Period						
Operating revenue	mm yen	6,286	6,411	6,543	6,693	6,919
(Rent revenue - real estate)	mm yen	(6,134)	(6,330)	(6,332)	(6,674)	(6,886)
Operating expenses	mm yen	3,472	3,667	3,801	3,953	3,858
(Expenses related to rent business)	mm yen	(2,835)	(2,975)	(3,065)	(3,218)	(3,259)
Operating income	mm yen	2,814	2,743	2,741	2,739	3,060
Ordinary income	mm yen	2,305	2,211	2,214	2,193	2,502
Net income	(a) mm yen	2,302	2,209	2,210	2,192	2,501
Total assets	(b) mm yen	194,035	195,280	198,290	203,257	210,166
(Period-on-period variation)	%	(+9.7)	(+0.6)	(+1.5)	(+2.5)	(+3.4)
Net assets	(c) mm yen	91,227	91,213	91,263	91,292	101,318
(Period-on-period variation)	%	(+12.6)	(-0.0)	(+0.1)	(+0.0)	(+11.0)
Unitholders' capital	mm yen	88,925	88,925	88,925	88,925	98,633
Investment units issued	(d) units	1,018,110	1,018,110	1,018,110	1,018,110	1,105,510
Net assets per unit	(c)/(d) yen	89,605	89,590	89,639	89,668	91,648
Total cash distributions	(e) mm yen	2,224	2,160	2,163	2,183	2,469
Cash distribution per unit	(e)/(d) yen	2,185	2,122	2,125	2,145	2,234
(Earnings distribution per unit)	yen	(2,185)	(2,122)	(2,125)	(2,145)	(2,234)
(Distribution in excess of earnings per unit)	yen	(-)	(-)	(-)	(-)	(-)
Ordinary income to total assets	(Note 2) %	1.2 (2.5)	1.1 (2.3)	1.1 (2.2)	1.1 (2.2)	1.2 (2.4)
Return on unitholders' equity	(Note 2) %	2.7 (5.4)	2.4 (4.8)	2.4 (4.8)	2.4 (4.8)	2.6 (5.2)
Unitholders' equity ratio	(c)/(b) %	47.0	46.7	46.0	44.9	48.2
(Period-on-period variation)		(+1.2)	(-0.3)	(-0.7)	(-1.1)	(+3.3)
Distribution payout ratio	(Note 3) %	96.6	97.7	97.8	99.6	98.7
[Other reference information]						
Number of investment properties	(Note 4) properties	107	110	108	111	113
Total leasable area	m <sup>2</sup>	399,249.82	400,210.45	368,622.60	376,936.98	380,893.44
Period-end occupancy ratio	(Note 4) %	97.4	96.7	97.2	96.8	97.8
Depreciation	mm yen	1,369	1,431	1,468	1,582	1,606
Capital expenditures	mm yen	153	97	293	302	397
Leasing NOI (net operating income)	(Note 2) mm yen	4,669	4,786	4,735	5,038	5,234

(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 19th and 23rd fiscal periods, however, the following method is employed as the Investment Corporation issued new investment units in the periods.

Total cash distributions / Net income

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

## 2. Asset Management Status for the 23rd 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

#### 1) Operating Environment

During the 23rd 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 remaining solid backed by steady improvements in the employment and income environment, among other factors.

As for the land price trend, the national average stopped falling for the first time in 9 years and leveled-off for residential land, while rising for two consecutive years for commercial land, according to the Land Price Survey as of January 1, 2017. As such, the combined average for residential and commercial land, etc. has increased for two straight years. Presumably, this is a result of housing demand being bolstered by the continued low interest rate environment and by housing mortgage tax reduction and other measures, 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 average in the three major metropolitan areas (the Greater Tokyo, Osaka Area and Nagoya Area) indicates an increase almost as slight as the previous year in the residential land, while the commercial land price showed a generally stronger upward trend. In regional areas, both the residential land and commercial land prices in Sapporo-shi, Sendai-shi, Hiroshima-shi and Fukuoka-shi showed an increase at a higher pace than in the three major metropolitan areas, and regional areas other than these cities also demonstrated a lower rate of price decrease.

As for the rental housing market, construction starts of housing for rent showed an upward trend due to such factors as an increase in construction of wooden and light gauge steel-framed rental apartments as countermeasures against the inheritance tax. However, construction starts of rental condominiums (mainly with reinforced concrete structures) increased only at a restrained pace, and both the occupancy ratio and rent levels of rental condominiums owned by J-REITs have remained stable. In the Greater Tokyo / Major Urban Areas, the Investment Corporation's focused investment area, the supply and demand environment is expected to remain favorable in the face of population inflow from other areas continuing and supply of rental condominiums remaining stable.

Under such circumstances, the Investment Corporation acquired three properties and disposed a property in the 23rd fiscal period, as well as achieving a high occupancy ratio and better profitability.

In November 2016, the Investment Corporation acquired two Prime Maison series properties planned and developed by Sekisui House, with acquisition price totaling 8,500 million yen (excluding, however, miscellaneous acquisition related expenses, fixed asset taxes, city planning taxes, consumption taxes and local consumption taxes; the same follows hereafter), by using funds procured through a public offering it conducted in October 2016. In January 2017, the Investment Corporation disposed Esty Maison YACHIYOMIDORIGAOKA (disposition price: 1,250 million yen, gain on sale: 32 million yen) located in the Greater Tokyo / Other Urban Areas, out of concerns about increased repair costs of the property in the future due to its aging and in consideration of the fact that gain on sale can be obtained by disposing it, among other factors. Moreover, as an asset to replace the property, the Investment Corporation acquired Esty Maison MORISHITA (acquisition price: 628 million yen (Note)), a newly-built property located in the Greater Tokyo / Major Urban Areas that it positions as the focused investment area, in March 2017, in an effort to reinforce its portfolio.

In terms of occupancy ratio, the Investment Corporation thoroughly implemented leasing management, as it focused on concluding lease contracts for vacant residential units as early as possible against the backdrop of favorable leasing market conditions. This brought the occupancy ratio of its residential portfolio to the highest level (period average occupancy ratio: 97.0%, period-end occupancy ratio: 97.7%) since its listing. The figure for the entire portfolio was also at an extremely high level (period average occupancy ratio: 97.1%, period-end occupancy ratio: 97.8%). In addition, the Investment Corporation proactively raised rents while paying due considerations to the occupancy ratio, achieving higher profitability.

(Note) The acquisition price of Esty Maison MORISHITA represents the transaction amount indicated in the trust beneficiary interest transfer agreement (excluding, however, miscellaneous acquisition related expenses, fixed asset taxes, city planning taxes, consumption taxes and local consumption taxes), plus the amount of expenses for the additional facility construction conducted before the acquisition by the request of the Investment Corporation. The same follows hereafter.

## 2) Asset Management Results

### A. Changes in the asset size

The Investment Corporation started the 23rd fiscal period with management of 111 properties (110 residential properties and one retail property) it owned as of September 30, 2016, with a total acquisition price of 199,163 million yen (195,342 million yen for residential properties and 3,820 million yen for the retail property). Subsequently, as stated above, the Investment Corporation acquired two residential properties (total acquisition price: 8,500 million yen) in November 2016 and, while disposing a residential property (acquisition price: 1,348 million yen) in January 2017 and acquired a residential property (acquisition price: 628 million yen) in March 2017. As a result, the properties owned by the Investment Corporation as of the end of the fiscal period under review totaled 113 properties (112 residential properties and one retail property), with the total acquisition price amounting to 206,943 million yen (203,122 million yen for residential properties and 3,820 million yen for the retail property).

The table below indicates the properties acquired or disposed during the 23rd fiscal period.

#### <Newly acquired properties>

Property No.	Property Name	Location	Acquisition Price (million yen)	Acquisition Date
Residence-118	Prime Maison SHIROKANE-TAKANAWA	Mita, Minato-ku, Tokyo	4,500	November 1, 2016
Residence-119	Prime Maison ICHIGAYAYAMABUSHICHO	Ichigaya Yamabushicho, Shinjuku-ku, Tokyo	4,000	November 1, 2016
Residence-120	Esty Maison MORISHITA	Kikukawa, Sumida-ku, Tokyo	628	March 17, 2017

#### <Disposed property>

Property No.	Property Name	Location	Disposition Price (million yen)	Disposition Date
Residence-18	Esty Maison YACHIYOMIDORIGAOKA	Midorigaoka, Yachiyo-shi, Chiba	1,250	January 31, 2017

### B. 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. A Sustainability Committee has been set up 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 23rd fiscal period, the Investment Corporation promoted such measures as the introduction of LED lighting to its properties, which it had conducted from time to time, the adoption of energy-efficient air-conditioning units and the installation of disaster relief vending machines, as its initiatives on CSR and environmental activities. As for obtainment of environmental certifications by external agencies, period monitoring was conducted with regard to the DBJ Green Building Certification (Note). The effort led to the upgrading of certification ranks for three properties (Prime Maison SHINAGAWA, Prime Maison GINZA EAST and Esty Maison OJIMA; from 4 stars to 5 stars, from 3 stars to 4 stars and from 2 stars to 3 stars, respectively) out of the five properties that have been certified. Moreover, another property (KOBE Women's Student Housing) was newly granted the Certification (for 3 stars).

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

### (3) Summary of Fund Procurement

During the 23rd fiscal period, the Investment Corporation borrowed 5,500 million yen (loan period: nine years), 2,400 million yen (loan period: eight years) and 1,600 million yen (loan period: three years and six months) in order to fund the refinancing of loans totaling 9,500 million yen (comprising loans of 6,500 million yen and 3,000 million yen with a loan period of five years and four years, respectively) that matured in February 2017, in an effort to lengthen borrowing periods and diversify repayment dates. On the other hand, the Investment Corporation made early repayment of short-term loans payable (3,000 million yen in total) in December 2016 and March 2017, respectively.

As a result of the above, the Investment Corporation had the total of interest-bearing debts standing at 105,709 million yen (91,209 million yen in long-term loans payable (including 4,805 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 the current portion of investment corporation bonds) as of the end of the 23rd fiscal period (March 31, 2017). The "Loan-to-Value Ratio" (LTV), the ratio of the balance of borrowings, investment corporation bonds and interest-bearing lease and guarantee deposits to the total of assets owned by the Investment Corporation, was 50.3% as of the end of the 23rd fiscal period.

In October 2016, the Investment Corporation concluded a commitment line contract 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. The following table indicates the commitment line status as of the end of the 23rd fiscal period.

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

In addition, the Investment Corporation has been granted the following credit ratings as of June 30, 2017.

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

### (4) Summary of Business Results and Distributions

As a result of these management efforts, the Investment Corporation posted operating revenue of 6,919 million yen, operating income of 3,060 million yen after deducting such operating expenses as outsourcing expenses, utilities expenses and asset management fees, ordinary income of 2,502 million yen and net income of 2,501 million yen in the 23rd fiscal period.

Furthermore, the Investment Corporation decided to internally reserve part of the gain on sale of Esty Maison YACHIYOMIDORIGAOKA disposed in January 2017 as reserve for reduction entry by applying to the Special Measures in Case Land or Other Property is Acquired in Advance in 2009 or 2010 under Article 66-2 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; as amended) (the "Special Taxation Measures Act"). Pursuant to this policy, the Investment Corporation decided to distribute the entire amount of the unappropriated retained earnings after deducting 31 million yen as the provision for reserve for reduction entry, which is within the scope of application to Article 66-2 of the Special Taxation Measures Act, with the aim of having the maximum amount of profit distributions deducted as expenses based on application of the special provisions for taxation on investment corporations (Article 67-15 of the Special Taxation Measures Act).

As a result, the cash distribution per unit came to 2,234 yen for the 23rd fiscal period.

## 3. Future Management Policies and Vital Issues

### (1) Investment Environment

Looking ahead, the Japanese economy is expected to see domestic demand follow an upward trend due to improvements in the employment and income environment, backed by the continuation of "Quantitative and Qualitative Monetary Easing with Yield Curve Control" by the Bank of Japan and various economic measures by the government. However, attention must continue to be paid to the risk of the Japanese economy being pushed downward by the economic trends in the U.S. and the impact of monetary policy operations on the international financial market, among other factors.



In the domestic real estate market, real estate transaction amount has shown a declining trend, falling from the previous year for two consecutive years of 2015 and 2016. Nevertheless, backed by the favorable fund procurement environment thanks to the monetary easing policy, demand for real estate investment, which should bring stable rental income, is expected to remain strong. 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 route. 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 as well as accessibility 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 June 30, 2017, 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. Through these measures, the Investment Corporation aims to strengthen its internal growth.




Moreover, the Investment Corporation will work to reduce operational costs by promoting replacement of light fixtures in common areas to LED lamps and fully investigating the details and amounts of repair work. In addition, for the costs related to management operations of owned properties, it will also take cost reduction measures such as investigating and maximizing their cost performance.

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 1) 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 584 thousand units throughout Japan (as of January 31, 2017), and its nationwide networks. Going forward, the Investment Corporation will keep this policy in an aim to maintain and improve its medium- and long-term performance. Furthermore, in an effort to establish the brand, the Investment Corporation is unifying the property name brands to "Esty Maison," as a rule, for residential properties it acquired from other than the Sekisui House Group. By doing so, and in combination with the "Prime Maison" brand for Sekisui House's rental residential properties and the "MAST" series brand for the Sekiwa Real Estate Group's rental residential properties, the Investment Corporation will implement its comprehensive brand strategy to demonstrate the superior quality of its properties. As for HAMAMATSU Plaza, the retail property, the Investment Corporation will endeavor to achieve stable management by improving parking lots, etc. and reviewing facility operations, among other measures, in preparation for store opening by succeeding tenants of the former Ito Yokado Building, in an effort to enhance the appeal and synergy of the entire facility and thus increase the number of visitors (Note 2).

(Note 1) The "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.

(Note 2) Hamamatsu Plaza is currently a commercial complex that comprises a total of six buildings, four in the Hamamatsu Plaza East area (the Akachan Honpo Building, the Xebio Building, the Hamapla & Frespo Building and a management building) and two in the Hamamatsu Plaza West area (the Hamamatsu West Building and the Hamamatsu Plaza Sports Building (Zexis)). Note that the former Ito-Yokado Building, which was located in the Hamamatsu Plaza East area, has been completely demolished after the closing of the store operated by Ito-Yokado Co., Ltd. Costco Wholesale Japan, Ltd. is currently proceeding with plans to open a store on the site of the former Ito-Yokado Building. (This plan is referred to as the "Costco Wholesale Japan Opening Plan" hereafter. The buildings located in the Hamamatsu Plaza East area are collectively referred to as "Hamamatsu Plaza East" hereafter.) The Investment Corporation acquired trust beneficiary interests in real estate other than the Hamapla & Frespo Building and the Hamamatsu Plaza Sports Building (Zexis) on July 28, 2005, and began operations, but disposed portions to Sekisui House, Ltd. on March 30, 2012, and September 30, 2013, and thus currently holds only 49% quasi-co-ownership of trust beneficiary interests in real estate in the part of Hamamatsu Plaza East, which excludes the site of the Costco Wholesale Japan Opening Plan.

<Summary of the Investment Corporation's Major Brands>

Brand Name	Prime Maison	Esty Maison	MAST Series
Logo type			
Explanation on brand	<p>Brand of Sekisui House</p> <p>High-quality urban rental apartments planned and developed by Sekisui House by utilizing its know-how or in which it invests in recognition of the value</p>	<p>Proprietary Brand of the Investment Corporation</p> <p>As a rule, high-quality urban rental apartments the Investment Corporation acquired from outside the Sekisui House Group</p>	<p>Brand of the Sekiwa Real Estate Group</p> <p>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</p>

**(3) Financial Strategy, etc.**

For the "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 23rd Fiscal Period**

Not applicable

5. Changes in Rental Business Results

(1) 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 March 31, 2017.

Property Name	Location (residence indication)	Form of Ownership	Total Leasable Floor Area (m <sup>2</sup> )	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	6,240	4,714
Residence-3	Esty Maison AZABUNAGASAKA	5-13-12 Roppongi, Minato-ku, Tokyo	Trust beneficiary interests	2,019.10	1,730	1,604
Residence-4	Esty Maison EBISU II	4-13-1 Higashi, Shibuya-ku, Tokyo	Trust beneficiary interests	2,062.10	1,970	1,875
Residence-5	Esty Maison EBISU	1-13-4 Hiroo, Shibuya-ku, Tokyo	Trust beneficiary interests	781.02	835	638
Residence-6	Esty Maison KANDA	2-3-4 Kandata-cho, Chiyoda-ku, Tokyo	Trust beneficiary interests	1,706.54	1,540	1,266
Residence-8	Esty Maison KITASHINJUKU	1-28-17 Kita-Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,881.19	1,520	1,212
Residence-10	Esty Maison ASAKUSA KOMAGATA	1-10-9 Komagata, Taito-ku, Tokyo	Trust beneficiary interests	2,978.28	2,100	1,699
Residence-11	Esty Maison MACHIDA	2-1-17 Hara-machida, Machida-shi, Tokyo	Trust beneficiary interests	3,090.89	1,530	1,146
Residence-12	Esty Maison KAWASAKI	14-24 Ogawa-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	3,741.01	2,360	1,815
Residence-14	Esty Maison SHINKAWASAKI	1-4 Furuichiba, Saiwai-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	3,737.47	1,200	925
Residence-15	Esty Maison YOKOHAMA	3-33-1 Tsuruya-cho, Kanagawa-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	2,823.73	2,090	1,884
Residence-16	Esty Maison KAMEIDO	6-57-11 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	2,279.21	1,550	1,406
Residence-17	Esty Maison MEGURO	2-10-12 Mita, Meguro-ku, Tokyo	Trust beneficiary interests	1,070.13	1,040	788
Residence-19	Esty Maison SUGAMO	4-14-15 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	2,619.17	1,550	1,447
Residence-20	Esty Maison KYOBASHI	2-7-10 Higashinoda-cho, Miyakojima-ku, Osaka-shi, Osaka	Trust beneficiary interests	4,613.04	2,910	2,275
Residence-21	Esty Maison MEGUROHONCHO	4-8-21 Megurohoncho, Meguro-ku, Tokyo	Trust beneficiary interests	1,656.02	1,120	1,112
Residence-22	Esty Maison HAKURAKU	1-18-19 Rokkakubashi, Kanagawa-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	1,285.83	917	709
Residence-23	Esty Maison MINAMIHORIE	2-12-10 Minamihorie, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,804.48	1,010	940
Residence-24	Esty Maison GOTANDA	7-7-2 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	3,871.15	3,030	2,737
Residence-25	Esty Maison OISENDAIZAKA	5-9-10 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,979.85	2,660	2,216
Residence-26	Esty Maison SHINAGAWA SEASIDE	3-25-20 Higashi-Shinagawa, Shinagawa-ku, Tokyo, etc.	Trust beneficiary interests	2,602.30	1,980	1,966
Residence-27	Esty Maison MINAMIAZABU	1-10-8 Minamiazabu, Minato-ku, Tokyo	Trust beneficiary interests	1,082.12	1,190	1,191
Residence-28	Esty Maison JOTO	2-11-8 Noe, Joto-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,065.92	949	972
Residence-29	Esty Maison TSUKAMOTO	2-13-5 Tsukamoto, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,321.04	1,060	1,112
Residence-30	Esty Maison KAWASAKI II	12-4 Ogawa-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	2,824.86	1,850	1,715
Residence-31	Esty Maison AZABUJUBAN	1-11-1 Azabujuban, Minato-ku, Tokyo	Trust beneficiary interests	1,755.31	2,580	2,597
Residence-33	Esty Maison ITABASHIHONCHO	14-14 Yamato-cho, Itabashi-ku, Tokyo	Trust beneficiary interests	1,274.49	907	909
Residence-34	Esty Maison OIZUMIGAOKUEN	2-12-15 Higashi-Oizumi, Nerima-ku, Tokyo	Trust beneficiary interests	1,362.36	764	789
Residence-35	Esty Maison TENJINHIGASHI I	4-3 Susaki-machi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,058.82	359	376
Residence-36	Esty Maison TENJINHIGASHI II	6-12 Susaki-machi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,943.72	728	708
Residence-37	Esty Maison SHIJONISHINOTOIN	697 Myodenji-cho, Shijo-sagaru, Nishinotoin-dori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interests	2,261.28	1,150	1,275
Residence-39	Esty Maison HIGASHISHINAGAWA	1-10-1 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,936.72	2,350	2,430
Residence-40	Esty Maison HACHIOJIMINAMINO	3-2-8 Nishikatakura, Hachioji-shi, Tokyo	Trust beneficiary interests	2,155.16	875	879
Residence-41	Esty Maison NISHINAKAJIMA	2-8-21 Higashinakajima, Higashiyodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,643.42	1,900	1,902
Residence-42	Esty Maison ITABASHIKUYAKUSHOMAE	2-46-11 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interests	3,915.81	2,480	2,469
Residence-43	Esty Maison MUSASHIKOYAMA	3-1-7 Ebara, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,176.78	1,020	940
Residence-44	Esty Maison SENDAGI	3-49-1 Sendagi, Bunkyo-ku, Tokyo	Trust beneficiary interests	897.30	682	707
Residence-45	Esty Maison YOTSUYASAKAMACHI	6-20 Yotsuyasakamachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	2,453.17	2,050	2,176
Residence-46	Esty Maison HAKATAHIGASHI	7-2-80 Yoshizuka, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	9,106.08	2,390	2,007
Residence-47	Esty Maison KAMIGOFUKU	13-3 Kamigofukumachi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	2,261.91	819	802
Residence-48	Esty Maison SANGENJAYA	2-16-9 Sangenjaya, Setagaya-ku, Tokyo	Trust beneficiary interests	856.08	805	832
Residence-50	Prime Maison MUSASHINONOMORI	5-15-3 Josuihoncho, Kodaira-shi, Tokyo	Trust beneficiary interests	3,924.58	1,820	1,481
Residence-51	Prime Maison HIGASHISAKURA	2-10-14 Higashisakura, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	3,118.11	1,470	1,033
Residence-52	Prime Maison KAYABAKOEN	2-7-13 Kayaba, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,163.98	765	595
Residence-53	Esty Maison SANGENJAYA II	3-11-6 Shimoura, Setagaya-ku, Tokyo	Trust beneficiary interests	894.64	777	665
Residence-54	Esty Maison ITABASHI C6	32-16 Oyama-higashi-cho, Itabashi-ku, Tokyo	Trust beneficiary interests	4,036.66	2,590	2,097
Residence-55	MAST HAKATA	4-22-25 Hakata Ekimae, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	9,614.80	2,480	1,775
Residence-56	Esty Maison KINSHICHO	1-1-8 Kinshi, Sumida-ku, Tokyo	Trust beneficiary interests	1,611.54	1,280	1,024
Residence-57	Esty Maison MUSASHIKOGANEI	2-6-5 Honcho, Koganei-shi, Tokyo	Trust beneficiary interests	2,275.24	1,710	1,520
Residence-58	Prime Maison GOKISO	2-17-2 Ayuchitori, Showa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	4,427.65	1,910	1,524
Residence-59	Prime Maison YUHIGAOKA	5-4-13 Ueshio, Tennoji-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,040.35	920	753
Residence-60	Prime Maison KITATANABE	4-9-17 Kitatanabe, Higashiumiyoshi-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,798.97	604	500
Residence-61	Prime Maison MOMOCHIHAMA	3-9-1 Momochihama, Sawara-ku Fukuoka-shi, Fukuoka	Trust beneficiary interests	7,514.76	2,030	1,898
Residence-62	Esty Maison AKIHABARA	3-4-2 Ueno, Taito-ku, Tokyo	Trust beneficiary interests	2,324.65	1,980	1,489
Residence-63	Esty Maison SASAZUKA	1-61-17 Sasazuka, Shibuya-ku, Tokyo	Trust beneficiary interests	3,701.70	3,280	2,769
Residence-64	Prime Maison GINZA EAST	1-2-1 Tsukiji, Chuo-ku, Tokyo	Trust beneficiary interests	6,177.20	6,150	4,964

Property Name	Location (residence indication)	Form of Ownership	Total Leasable Floor Area (m <sup>2</sup> )	Estimated Value at End of Period (Note 1) (million yen)	Book Value (million yen)	
Residence-65	Prime Maison TAKAMI	2-6-7 Takami, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,016.79	1,030	856
Residence-66	Prime Maison YADAMINAMI	3-11-7 Yadaminami, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,168.59	813	673
Residence-67	Prime Maison TERIHA	1-3-7 Kashiiteriha, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	6,728.20	1,310	1,041
Residence-68	Esty Maison HIGASHISHIRAKABE	3-9-36 Yoshino, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	4,014.07	1,560	1,260
Residence-69	Esty Maison SENGOKU	4-6-17 Sengoku, Bunkyo-ku, Tokyo	Trust beneficiary interests	1,498.13	1,330	1,079
Residence-70	Esty Maison DAIZAWA	2-39-13 Daizawa, Setagaya-ku, Tokyo	Trust beneficiary interests	2,352.90	2,220	1,879
Residence-71	Esty Maison TOGOSHI	1-25-5 Togoshi, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,943.17	1,690	1,361
Residence-72	Esty Maison KAWARAMACHI	3-2-10 Kawaramachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,486.48	1,890	1,562
Residence-73	Esty Maison NISHITENMA	5-15-3 Nishitenma, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,877.90	1,660	1,373
Residence-74	Esty Maison SHIROKANEDAI	1-1-4 Kamiosaki, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,675.11	2,330	1,951
Residence-75	Esty Maison HIGASHISHINJUKU	6-22-5 Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,889.50	1,600	1,337
Residence-76	Esty Maison MOTOZABU	3-6-6 Motozabu, Minato-ku, Tokyo	Trust beneficiary interests	1,199.86	1,490	1,169
Residence-77	Esty Maison TORITSUDAIGAKU	2-7-17 Tairamachi, Meguro-ku, Tokyo	Trust beneficiary interests	1,035.78	833	730
Residence-78	Esty Maison MUSASHIKOYAMA II	3-11-4 Koyama, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,073.59	1,020	836
Residence-79	Esty Maison NAKANO	5-48-2 Chuo, Nakano-ku, Tokyo	Trust beneficiary interests	2,023.72	1,840	1,524
Residence-80	Esty Maison SHINNAKANO	6-10-7 Honcho, Nakano-ku, Tokyo	Trust beneficiary interests	1,107.57	993	839
Residence-81	Esty Maison NAKANOFUJIMICHO	5-13-1 Yayoicho, Nakano-ku, Tokyo	Trust beneficiary interests	1,299.60	948	858
Residence-82	Esty Maison TETSUGAKUDO	2-12-15 Matsugaoka, Nakano-ku, Tokyo	Trust beneficiary interests	1,531.89	1,140	938
Residence-83	Esty Maison KOENJI	5-25-26 Koenjiminami, Suginami-ku, Tokyo	Trust beneficiary interests	1,527.52	1,110	956
Residence-84	Esty Maison OSHIAGE	5-11-5 Narihira, Sumida-ku, Tokyo	Trust beneficiary interests	3,180.90	2,400	1,921
Residence-85	Esty Maison AKABANE	2-39-5 Akabane, Kita-ku, Tokyo	Trust beneficiary interests	4,302.84	3,220	2,666
Residence-86	Esty Maison OJI	2-25-8 Oji, Kita-ku, Tokyo	Trust beneficiary interests	2,289.44	1,630	1,349
Residence-87	Prime Maison WASEDA	544-11 Waseda Tsurumaki-cho, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,650.66	1,560	1,243
Residence-88	Prime Maison HATCHOBORI	4-11-9 Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interests	1,382.32	1,430	1,123
Residence-89	Prime Maison JINBOCHO	1-50-9 Kandajinbo-cho, Chiyoda-ku, Tokyo	Trust beneficiary interests	1,819.90	1,920	1,597
Residence-90	Prime Maison GOTENYAMA EAST	6-6-33 Kitashinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,512.91	2,790	2,098
Residence-91	MAST LIFE AKIHABARA	50-6 Kanda Sakumagashi, Chiyoda-ku, Tokyo	Trust beneficiary interests	803.36	543	474
Residence-92	Esty Maison AOI	1-14-20 Aoi, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	4,809.68	2,450	2,090
Residence-93	Esty Maison YAKUIN	1-13-8 Hirao, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	5,213.51	2,330	2,034
Residence-94	Esty Maison KINSHICHO II	3-5-19 Kotobashi, Sumida-ku, Tokyo	Trust beneficiary interests	9,469.65	8,100	6,667
Residence-95	Esty Maison OJIMA	5-32-5 Ojima, Koto-ku, Tokyo	Trust beneficiary interests	9,905.97	8,520	7,069
Residence-96	Prime Maison FUJIMIDAI	1-25 Fujimidai, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	5,704.63	2,020	1,752
Residence-97	Esty Maison TSURUMAI	2-20-1 Chiyoda, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	13,812.40	4,420	3,806
Residence-98	Prime Maison MORISHITA	3-6-4 Morishita, Koto-ku, Tokyo	Trust beneficiary interests	2,180.78	1,900	1,740
Residence-99	Prime Maison SHINAGAWA	1-3-16 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,107.88	1,940	1,701
Residence-100	Prime Maison ODORI KOEN	6-5-2 Odori-Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	7,360.37	3,090	2,694
Residence-101	Prime Maison MINAMI 2-JO	9-1-1 Minami 2jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	6,019.09	1,910	1,492
Residence-102	Prime Maison KAMOKAMOGAWA	1-6-1 Minami 7jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	4,102.08	1,220	988
Residence-103	Prime Maison CENTRAL PARK	4-2-5 Kashiiteriha, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	10,268.74	2,298	2,283
Residence-104	MAST LIFE YAHIRO	5-30-10 Yahiro, Sumida-ku, Tokyo	Trust beneficiary interests	3,409.16	1,880	1,697
Residence-105	Prime Maison EBISU	1-22-19 Ebisu, Shibuya-ku, Tokyo	Trust beneficiary interests	3,010.66	4,250	3,634
Residence-106	Esty Maison SHIBAURA	2-8-3 Shibaura, Minato-ku, Tokyo	Trust beneficiary interests	3,795.82	2,910	2,873
Residence-107	Granmast KANAZAWA NISHIZUMI	2-155-1 Nishizumi, Kanazawa-shi, Ishikawa	Trust beneficiary interests	4,634.50	1,100	1,038
Residence-108	Granmast UNOMORI	1-6-7 Unomori, Yokkaichi-shi, Mie	Trust beneficiary interests	2,280.00	817	765
Residence-109	Esty Maison TSUTSUJIGAOKA	1-14-19 Nishitsutsujigaoka, Chofu-shi, Tokyo, etc.	Trust beneficiary interests	1,849.70	913	911
Residence-110	Esty Maison KOHOKU TSUNASHIMA	8-45-25 Shin-yoshida Higashi, Kohoku-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficiary interests	6,867.48	2,750	2,847
Residence-111	MAST LIFE HINO	1-19-3 Shinmachi, Hino-shi, Tokyo	Trust beneficiary interests	2,827.55	1,370	1,334
Residence-112	Prime Maison YOKOHAMA NIHON-ODORI	1-4 Honcho, Naka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficiary interests	5,461.13	4,690	4,421
Residence-113	KOBE Women's Student Housing	7-1-6 Koyochi Naka, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interests	15,341.68	5,780	6,087
Residence-114	Prime Maison SHIBUYA	3-10-4 Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interests	1,972.59	2,310	2,238
Residence-115	Prime Maison HATSUDAI	1-45-2 Hatsudai, Shibuya-ku, Tokyo	Trust beneficiary interests	2,879.20	2,860	2,776
Residence-116	Esty Maison UEMACHIDAI	1-1-16 Uehonmachi-nishi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,225.52	1,020	983
Residence-117	Esty Maison KOBE-SANNOMIYA	3-2-27 Onoe-dori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	2,007.00	976	1,005
Residence-118	Prime Maison SHIROKANE-TAKANAWA	4-7-26 Mita, Minato-ku, Tokyo	Trust beneficiary interests	3,923.76	4,690	4,610
Residence-119	Prime Maison ICHIGAYAYAMABUSHICHO	2-5 Ichigaya Yamabushicho, Shinjuku-ku, Tokyo	Trust beneficiary interests	4,099.04	4,200	4,102
Residence-120	Esty Maison MORISHITA	1-13-11 Kikukawa, Sumida-ku, Tokyo	Trust beneficiary interests	748.92	643	658
Residence subtotal				366,776.31	223,213	196,296
Retail-1	HAMAMATSU Plaza (Note 2)	1020-1 Kaminishi-cho, Higashi-ku, Hamamatsu-shi, Shizuoka, etc.	Trust beneficiary interests	14,117.13	2,802	3,714
Other real estate in trust (Retail property) subtotal				14,117.13	2,802	3,714
Total				380,893.44	226,015	200,010

(Note 1) The "Estimated Value at End of Period" indicates either the appraisal value or survey value by real estate appraisers with March 31, 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	22nd Fiscal Period (Apr. 1, 2016 – Sept. 30, 2016)				23rd Fiscal Period (Oct. 1, 2016 – Mar. 31, 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-1	Esty Maison GINZA	1	97.7	174	2.6	1	98.0	176	2.6	
Residence-3	Esty Maison AZABUNAGASAKA	1	88.4	47	0.7	1	91.5	47	0.7	
Residence-4	Esty Maison EBISU II	1	91.8	55	0.8	1	97.5	55	0.8	
Residence-5	Esty Maison EBISU	1	96.1	23	0.3	1	85.0	21	0.3	
Residence-6	Esty Maison KANDA	1	96.0	44	0.7	1	95.6	44	0.6	
Residence-8	Esty Maison KITASHINJUKU	1	94.0	46	0.7	1	92.9	47	0.7	
Residence-10	Esty Maison ASAKUSA KOMAGATA	1	100.0	66	1.0	1	100.0	66	1.0	
Residence-11	Esty Maison MACHIDA	1	90.8	51	0.8	1	98.4	51	0.7	
Residence-12	Esty Maison KAWASAKI	1	94.5	75	1.1	1	96.6	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	52	0.8	1	98.9	54	0.8	
Residence-17	Esty Maison MEGURO	1	92.5	29	0.4	1	100.0	31	0.5	
Residence-18	Esty Maison YACHIYOMIDORIGAOKA	1	98.4	44	0.7	-	-	29	0.4	
Residence-19	Esty Maison SUGAMO	1	100.0	48	0.7	1	97.3	49	0.7	
Residence-20	Esty Maison KYOBASHI	1	96.7	92	1.4	1	99.4	91	1.3	
Residence-21	Esty Maison MEGUROHONCHO	1	93.0	31	0.5	1	93.4	32	0.5	
Residence-22	Esty Maison HAKURAKU	1	96.5	31	0.5	1	92.7	30	0.4	
Residence-23	Esty Maison MINAMIHORIE	1	92.1	33	0.5	1	97.0	33	0.5	
Residence-24	Esty Maison GOTANDA	1	98.6	93	1.4	1	96.6	95	1.4	
Residence-25	Esty Maison OISENDAIZAKA	1	100.0	81	1.2	1	97.9	78	1.1	
Residence-26	Esty Maison SHINAGAWA SEASIDE	1	97.3	66	1.0	1	98.3	65	0.9	
Residence-27	Esty Maison MINAMIAZABU	1	100.0	36	0.5	1	100.0	36	0.5	
Residence-28	Esty Maison JOTO	1	95.5	32	0.5	1	100.0	32	0.5	
Residence-29	Esty Maison TSUKAMOTO	1	90.6	38	0.6	1	100.0	38	0.6	
Residence-30	Esty Maison KAWASAKI II	1	96.1	59	0.9	1	100.0	61	0.9	
Residence-31	Esty Maison AZABUJUBAN	1	91.4	65	1.0	1	98.8	68	1.0	
Residence-33	Esty Maison ITABASHIHONCHO	1	98.4	29	0.4	1	98.4	29	0.4	
Residence-34	Esty Maison OIZUMIGAKUEN	1	96.6	26	0.4	1	96.2	25	0.4	
Residence-35	Esty Maison TENJINHIGASHI I	1	97.8	15	0.2	1	94.4	15	0.2	
Residence-36	Esty Maison TENJINHIGASHI II	1	97.6	28	0.4	1	98.8	27	0.4	
Residence-37	Esty Maison SHIJONISHINOTOIN	1	92.9	37	0.6	1	100.0	41	0.6	
Residence-39	Esty Maison HIGASHISHINAGAWA	1	94.8	66	1.0	1	93.6	71	1.0	
Residence-40	Esty Maison HACHIOJIMINAMINO	1	94.2	32	0.5	1	96.5	32	0.5	
Residence-41	Esty Maison NISHINAKAJIMA	1	96.4	64	1.0	1	96.9	64	0.9	
Residence-42	Esty Maison ITABASHIKUYAKUSHOMAE	1	93.5	76	1.1	1	99.2	77	1.1	
Residence-43	Esty Maison MUSASHIKOYAMA	1	95.6	30	0.5	1	98.2	30	0.4	
Residence-44	Esty Maison SENDAGI	1	100.0	21	0.3	1	93.1	22	0.3	
Residence-45	Esty Maison YOTSUYASAKAMACHI	1	97.0	57	0.9	1	100.0	61	0.9	
Residence-46	Esty Maison HAKATAHIGASHI	1	97.1	85	1.3	1	97.6	85	1.2	
Residence-47	Esty Maison KAMIGOFUKU	1	100.0	28	0.4	1	98.5	29	0.4	
Residence-48	Esty Maison SANGENJAYA	1	100.0	24	0.4	1	94.4	24	0.4	
Residence-50	Prime Maison MUSASHINONOMORI	1	96.5	63	0.9	1	97.9	60	0.9	
Residence-51	Prime Maison HIGASHISAKURA	1	88.0	51	0.8	1	98.6	51	0.8	
Residence-52	Prime Maison KAYBAKOEN	1	96.5	28	0.4	1	100.0	30	0.4	
Residence-53	Esty Maison SANGENJAYA II	1	100.0	23	0.3	1	100.0	24	0.4	
Residence-54	Esty Maison ITABASHI C6	1	93.8	79	1.2	1	97.9	79	1.2	
Residence-55	MAST HAKATA	1	100.0	93	1.4	1	100.0	92	1.3	
Residence-56	Esty Maison KINSHICHO	1	100.0	35	0.5	1	100.0	35	0.5	
Residence-57	Esty Maison MUSASHIKOGANEI	1	97.1	50	0.8	1	95.1	53	0.8	
Residence-58	Prime Maison GOKISO	1	98.4	63	1.0	1	98.4	64	0.9	
Residence-59	Prime Maison YUHIGAOKA	1	88.7	29	0.4	1	100.0	30	0.4	
Residence-60	Prime Maison KITATANABE	1	88.5	22	0.3	1	100.0	21	0.3	
Residence-61	Prime Maison MOMOCHIYAMA	1	100.0	69	1.0	1	100.0	69	1.0	
Residence-62	Esty Maison AKIHABARA	1	96.2	55	0.8	1	96.2	56	0.8	
Residence-63	Esty Maison SASAZUKA	1	97.6	89	1.3	1	96.6	92	1.3	
Residence-64	Prime Maison GINZA EAST	1	94.8	166	2.5	1	97.2	167	2.4	

Use	Property No.	Property Name	22nd Fiscal Period (Apr. 1, 2016 – Sept. 30, 2016)				23rd Fiscal Period (Oct. 1, 2016 – Mar. 31, 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-65	Prime Maison TAKAMI	1	96.1	33	0.5	1	89.9	33	0.5	
Residence-66	Prime Maison YADAMINAMI	1	100.0	29	0.4	1	96.6	28	0.4	
Residence-67	Prime Maison TERIHA	1	100.0	51	0.8	1	100.0	51	0.8	
Residence-68	Esty Maison HIGASHISHIRAKABE	1	100.0	48	0.7	1	100.0	48	0.7	
Residence-69	Esty Maison SENGOKU	1	97.0	36	0.5	1	91.7	37	0.6	
Residence-70	Esty Maison DAIZAWA	1	97.6	56	0.8	1	97.6	59	0.9	
Residence-71	Esty Maison TOGOSHI	1	97.9	48	0.7	1	99.0	48	0.7	
Residence-72	Esty Maison KAWARAMACHI	1	96.3	59	0.9	1	94.7	59	0.9	
Residence-73	Esty Maison NISHITENMA	1	96.3	50	0.8	1	94.8	51	0.7	
Residence-74	Esty Maison SHIROKANEDAI	1	94.1	64	1.0	1	94.1	62	0.9	
Residence-75	Esty Maison HIGASHISHINJUKU	1	87.9	43	0.7	1	98.2	47	0.7	
Residence-76	Esty Maison MOTOAZABU	1	84.2	38	0.6	1	100.0	32	0.5	
Residence-77	Esty Maison TORITSUDAIGAKU	1	94.3	23	0.4	1	95.3	24	0.4	
Residence-78	Esty Maison MUSASHIKOYAMA II	1	97.3	28	0.4	1	100.0	28	0.4	
Residence-79	Esty Maison NAKANO	1	95.3	50	0.8	1	97.9	50	0.7	
Residence-80	Esty Maison SHINNAKANO	1	100.0	28	0.4	1	95.9	27	0.4	
Residence-81	Esty Maison NAKANOFUJIMICHO	1	95.5	26	0.4	1	93.4	28	0.4	
Residence-82	Esty Maison TETSUGAKUDO	1	85.7	31	0.5	1	97.6	33	0.5	
Residence-83	Esty Maison KOENJI	1	95.8	32	0.5	1	95.1	32	0.5	
Residence-84	Esty Maison OSHIAGE	1	99.1	70	1.0	1	98.8	70	1.0	
Residence-85	Esty Maison AKABANE	1	86.2	79	1.2	1	97.0	85	1.2	
Residence-86	Esty Maison OJI	1	97.7	46	0.7	1	98.9	48	0.7	
Residence-87	Prime Maison WASEDA	1	91.9	41	0.6	1	93.0	43	0.6	
Residence-88	Prime Maison HATCHOBORI	1	95.0	37	0.6	1	90.0	37	0.5	
Residence-89	Prime Maison JINBOCHO	1	100.0	50	0.8	1	93.6	54	0.8	
Residence-90	Prime Maison GOTENYAMA EAST	1	95.5	72	1.1	1	95.7	79	1.2	
Residence-91	MAST LIFE AKIHABARA	1	100.0	15	0.2	1	100.0	15	0.2	
Residence-92	Esty Maison AOI	1	95.4	74	1.1	1	96.3	75	1.1	
Residence-93	Esty Maison YAKUIN	1	95.8	71	1.1	1	96.4	74	1.1	
Residence-94	Esty Maison KINSHICHO II	1	98.2	218	3.3	1	95.8	219	3.2	
Residence-95	Esty Maison OJIMA	1	95.5	236	3.5	1	98.9	235	3.4	
Residence-96	Prime Maison FUJIMIDAI	1	91.1	71	1.1	1	91.0	70	1.0	
Residence-97	Esty Maison TSURUMAI	1	100.0	155	2.3	1	100.0	155	2.3	
Residence-98	Prime Maison MORISHITA	1	97.7	56	0.8	1	100.0	55	0.8	
Residence-99	Prime Maison SHINAGAWA	1	98.8	57	0.9	1	100.0	55	0.8	
Residence-100	Prime Maison ODORI KOEN	1	95.0	116	1.7	1	92.3	116	1.7	
Residence-101	Prime Maison MINAMI 2-JO	1	100.0	68	1.0	1	99.1	68	1.0	
Residence-102	Prime Maison KAMOKAMOGAWA	1	99.2	46	0.7	1	98.0	47	0.7	
Residence-103	Prime Maison CENTRAL PARK	1	94.4	85	1.3	1	100.0	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	95.4	111	1.7	1	100.0	112	1.6	
Residence-106	Esty Maison SHIBAURA	1	92.8	75	1.1	1	95.8	79	1.2	
Residence-107	Granmast KANAZAWA NISHIZUMI	1	100.0	41	0.6	1	100.0	41	0.6	
Residence-108	Granmast UNOMORI	1	100.0	26	0.4	1	100.0	26	0.4	
Residence-109	Esty Maison TSUTSUJIGAOKA	1	100.0	29	0.4	1	92.2	29	0.4	
Residence-110	Esty Maison KOHOKU TSUNASHIMA	1	100.0	83	1.2	1	100.0	80	1.2	
Residence-111	MAST LIFE HINO	1	100.0	47	0.7	1	98.1	47	0.7	
Residence-112	Prime Maison YOKOHAMA NIHON-ODORI	1	96.0	136	2.0	1	98.1	143	2.1	
Residence-113	KOBE Women's Student Housing	1	100.0	222	3.3	1	100.0	222	3.2	
Residence-114	Prime Maison SHIBUYA	1	96.6	61	0.9	1	96.6	63	0.9	
Residence-115	Prime Maison HATSUDAI	1	100.0	76	1.1	1	94.7	80	1.2	
Residence-116	Esty Maison UEMACHIDAI	1	94.0	31	0.5	1	97.5	31	0.5	
Residence-117	Esty Maison KOBE-SANNOMIYA	1	93.2	30	0.5	1	98.3	29	0.4	
Residence-118	Prime Maison SHIROKANE-TAKANAWA	-	-	-	-	1	98.1	103	1.5	
Residence-119	Prime Maison ICHIGAYAMABUSHICHO	-	-	-	-	1	93.9	85	1.2	
Residence-120	Esty Maison MORISHITA	-	-	-	-	1	95.1	3	0.1	
Residence subtotal			110	96.7	6,556	98.2	112	97.7	6,799	98.7

Use	Property No.	Property Name	22nd Fiscal Period (Apr. 1, 2016 – Sept. 30, 2016)				23rd Fiscal Period (Oct. 1, 2016 – Mar. 31, 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	4	100.0	87	1.3
	Retail-4	b-town MINAMIAOYAMA	-	-	31	0.5	-	-	-	-
	Other real estate in trust (Retail property) subtotal		4	100.0	118	1.8	4	100.0	87	1.3
	Total		114	96.8	6,674	100.0	116	97.8	6,886	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 23rd 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 23rd fiscal period. In addition, the capital expenditure for the fiscal period under review totaled 397 million yen. Combining this with the 201 million yen in repair expenses, which were classified as expenses for the fiscal period, the Investment Corporation conducted construction of 599 million yen.

Real Estate Properties, etc. Name (Location)	Purpose	Period	Expenditures (million yen)
Prime Maison MOMOCHIHAMA (Fukuoka-shi, Fukuoka)	Large-scale renovation	From: May 2016 To: November 2016	120
Esty Maison MUSASHIKOGANEI (Koganei-shi, Tokyo)	Large-scale renovation	From: November 2016 To: March 2017	77
HAMAMATSU Plaza (Hamamatsu-shi, Shizuoka)	Renovation of south exit and north-side parking lot	From: December 2015 To: March 2017	60
Esty Maison KITASHINJUKU (Shinjuku-ku, Tokyo)	Large-scale renovation	From: November 2016 To: March 2017	47
Esty Maison GOTANDA (Shinagawa-ku, Tokyo)	LED light fixture replacement work in common areas	From: January 2017 To: January 2017	1
Others			90
Total			397

## 8. Transactions with Interested Parties, Etc.

### (1) Transaction Status

Category	Transaction Amount, Etc.	
	Purchase Amount, Etc.	Sale Amount, Etc.
Total Amount	9,128,575 thousand yen	1,250,000 thousand yen
Breakdown of Transactions with Interested Parties, Etc.		
Sekisui House, Ltd.	8,500,000 thousand yen (93.1%)	- thousand yen (-%)
Total	8,500,000 thousand yen (93.1%)	- thousand yen (-%)

### (2) Amount of Fees, Etc.

Category	Total Fees, Etc. (A) (thousand yen)	Breakdown of Transactions with Interested Parties, Etc.		Ratio to Total Amount (B / A) (%)
		Paid Party	Paid Amount (B) (thousand yen)	
Property Management Fees	496,754	Sekiwa Real Estate Ltd.	257,685	51.9
		Sekiwa Real Estate Chubu, Ltd.	52,932	10.7
		Sekiwa Real Estate Kansai, Ltd.	5,213	1.0
		Sekiwa Real Estate Kyushu, Ltd.	16,992	3.4
		Sekiwa Kanri Kansai Co., Ltd.	48,952	9.9
Brokerage Fees	158,800	Sekiwa Real Estate Ltd.	100,442	63.3
		Sekiwa Real Estate Chubu, Ltd.	8,588	5.4
		Sekiwa Real Estate Kansai, Ltd.	1,376	0.9
		Sekiwa Real Estate Kyushu, Ltd.	1,941	1.2
		Sekiwa Kanri Kansai Co., Ltd.	5,995	3.8

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





# Financial Statements

## (1) Balance Sheet

(Thousand yen)

	22nd Fiscal Period (As of September 30, 2016)	23rd Fiscal Period (As of March 31, 2017)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,001,779	3,793,152
Cash and deposits in trust	5,007,948	5,096,818
Operating accounts receivable	112,962	146,649
Consumption taxes receivable	1,264	-
Prepaid expenses	169,216	150,392
Deferred tax assets	34	32
Other	249	87
Allowance for doubtful accounts	(3,818)	(2,628)
<b>Total current assets</b>	<b>9,289,637</b>	<b>9,184,504</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings in trust	103,979,697	106,007,452
Accumulated depreciation	(15,100,421)	(16,309,706)
Buildings in trust, net	88,879,276	89,697,745
Structures in trust	900,614	983,036
Accumulated depreciation	(218,092)	(243,251)
Structures in trust, net	682,522	739,785
Machinery and equipment in trust	1,972,641	2,022,031
Accumulated depreciation	(572,081)	(618,529)
Machinery and equipment in trust, net	1,400,560	1,403,501
Tools, furniture and fixtures in trust	263,641	298,133
Accumulated depreciation	(86,492)	(100,337)
Tools, furniture and fixtures in trust, net	177,148	197,795
Land in trust	101,708,485	107,827,854
Construction in progress in trust	52,047	-
Total property, plant and equipment	192,900,040	199,866,683
Intangible assets		
Leasehold rights in trust	145,982	143,964
Other	246	110
Total intangible assets	146,229	144,075
Investments and other assets		
Lease and guarantee deposits	242,672	242,672
Long-term prepaid expenses	450,323	473,891
Other	144,827	152,239
Total investments and other assets	837,823	868,802
<b>Total non-current assets</b>	<b>193,884,092</b>	<b>200,879,561</b>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	59,740	52,234
Investment unit issuance costs	23,691	49,813
<b>Total deferred assets</b>	<b>83,431</b>	<b>102,048</b>
<b>Total assets</b>	<b>203,257,161</b>	<b>210,166,114</b>

(Thousand yen)

	22nd Fiscal Period (As of September 30, 2016)	23rd Fiscal Period (As of March 31, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	412,267	314,916
Short-term loans payable	3,000,000	-
Current portion of investment corporation bonds	-	4,000,000
Current portion of long-term loans payable	12,205,000	4,805,000
Accounts payable – other	601,937	569,457
Accrued expenses	55,940	54,222
Income taxes payable	1,295	1,261
Accrued consumption taxes	-	11,147
Advances received	236,797	230,640
Other	12,779	10,332
<b>Total current liabilities</b>	<b>16,526,017</b>	<b>9,996,979</b>
<b>Non-current liabilities</b>		
Investment corporation bonds	14,500,000	10,500,000
Long-term loans payable	79,004,500	86,404,500
Tenant leasehold and security deposits in trust	1,934,556	1,946,227
<b>Total non-current liabilities</b>	<b>95,439,056</b>	<b>98,850,727</b>
<b>Total liabilities</b>	<b>111,965,074</b>	<b>108,847,707</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	88,925,149	98,633,978
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	174,521	183,091
Total voluntary retained earnings	174,521	183,091
Unappropriated retained earnings	2,192,416	2,501,336
Total surplus	2,366,937	2,684,427
<b>Total unitholders' equity</b>	<b>91,292,087</b>	<b>101,318,406</b>
<b>Total net assets</b>	<b>91,292,087</b>	<b>101,318,406</b>
<b>Total liabilities and net assets</b>	<b>203,257,161</b>	<b>210,166,114</b>

See accompanying "Notes to Financial Statements."



**(2) Statement of Income and Retained Earnings**

(Thousand yen)

	22nd Fiscal Period (April 1, 2016 – September 30, 2016)	23rd Fiscal Period (October 1, 2016 – March 31, 2017)
<b>Operating revenue</b>		
Rent revenue - real estate	6,674,711	6,886,897
Gain on sales of real estate properties	18,431	32,176
Total operating revenue	6,693,142	6,919,074
<b>Operating expenses</b>		
Expenses related to rent business	3,218,278	3,259,096
Asset management fee	484,273	360,581
Asset custody fee	15,847	16,135
Administrative service fees	35,968	36,151
Directors' compensations	3,600	3,600
Provision of allowance for doubtful accounts	449	1,583
Other operating expenses	195,040	181,193
Total operating expenses	3,953,458	3,858,342
<b>Operating income</b>	2,739,684	3,060,731
<b>Non-operating income</b>		
Interest income	57	46
Reversal of distributions payable	263	616
Other	206	18
Total non-operating income	527	680
<b>Non-operating expenses</b>		
Interest expenses	395,333	394,811
Interest expenses on investment corporation bonds	56,491	56,060
Amortization of investment corporation bond issuance costs	7,546	7,505
Borrowing related expenses	72,304	79,099
Amortization of investment unit issuance costs	14,503	21,211
Other	108	117
Total non-operating expenses	546,288	558,806
<b>Ordinary income</b>	2,193,924	2,502,606
<b>Income before income taxes</b>	2,193,924	2,502,606
Income taxes - current	1,303	1,268
Income taxes - deferred	203	2
Total income taxes	1,507	1,270
<b>Net income</b>	2,192,416	2,501,336
<b>Retained earnings brought forward</b>	-	-
<b>Unappropriated retained earnings</b>	2,192,416	2,501,336

See accompanying "Notes to Financial Statements."

**(3) Statement of Changes in Net Assets**

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

(Thousand yen)

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

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

See accompanying "Notes to Financial Statements."

**(4) Statement of Cash Distributions**

Item	22nd Fiscal Period (April 1, 2016 – September 30, 2016)	23rd Fiscal Period (October 1, 2016 – March 31, 2017)
I. Unappropriated retained earnings	2,192,416,724 yen	2,501,336,041 yen
II. Cash distributions (Cash distributions per unit)	2,183,845,950 yen (2,145 yen)	2,469,709,340 yen (2,234 yen)
III. Voluntary retained earnings Provision for reserve for reduction entry	8,570,774 yen	31,626,701 yen
IV. Retained earnings carried forward	0 yen	0 yen
Method for calculating cash distributions	As provided in Article 34-1-2 of its Articles of Incorporation, the Investment Corporation makes it a basic policy to make cash distributions in excess of the amount equivalent to 90% of the distributable income amount as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Following this policy, and in consideration of the fact that individual unitholders must calculate the capital gains or losses for cash distributions in excess of earnings when the Investment Corporation distributes cash in excess of earnings as stipulated in Article 34-1-4 of its Articles of Incorporation, the Investment Corporation distributed 2,183,845,950 yen, which is the entire amount of the unappropriated retained earnings after deducting the provision for reserve for reduction entry, as stipulated in Article 66-2 of the Act on Special Measures Concerning Taxation.	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, which is the entire amount of the unappropriated retained earnings after deducting the provision for reserve for reduction entry, as stipulated in Article 66-2 of the Act on Special Measures Concerning Taxation.

**(5) Statement of Cash Flows**

(Thousand yen)

	22nd Fiscal Period (April 1, 2016 – September 30, 2016)	23rd Fiscal Period (October 1, 2016 – March 31, 2017)
<b>Cash flows from operating activities</b>		
Income before income taxes	2,193,924	2,502,606
Depreciation	1,582,665	1,606,450
Amortization of investment corporation bond issuance costs	7,546	7,505
Amortization of investment unit issuance costs	14,503	21,211
Increase (decrease) in allowance for doubtful accounts	(685)	(1,190)
Interest income	(57)	(46)
Interest expenses	451,824	450,872
Decrease (increase) in operating accounts receivable	40,205	(33,687)
Decrease (increase) in prepaid expenses	(23,556)	23,708
Decrease (increase) in consumption taxes receivable	(1,264)	1,264
Increase (decrease) in operating accounts payable	(2,656)	24,544
Increase (decrease) in accounts payable - other	23,078	(141,153)
Increase (decrease) in accrued consumption taxes	(17,913)	11,147
Increase (decrease) in advances received	(1,030)	(6,156)
Decrease due to sale of property, plant and equipment in trust	1,502,287	1,168,045
Decrease (increase) in long-term prepaid expenses	(99,555)	(28,452)
Other, net	11,080	(2,799)
Subtotal	5,680,397	5,603,871
Interest income received	57	46
Interest expenses paid	(449,964)	(452,590)
Income taxes paid	(3,807)	(1,302)
Net cash provided by operating activities	5,226,683	5,150,025
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(7,411,375)	(9,751,609)
Purchase of intangible assets	(43)	(125)
Proceeds from tenant leasehold and security deposits in trust	140,160	155,193
Repayments of tenant leasehold and security deposits in trust	(221,860)	(143,522)
Decrease (increase) in investments and other assets, net	(5,857)	(7,412)
Net cash used in investing activities	(7,498,977)	(9,747,475)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	4,500,000	-
Repayments of short-term loans payable	(8,700,000)	(3,000,000)
Proceeds from long-term loans payable	12,000,000	9,500,000
Repayments of long-term loans payable	(2,800,000)	(9,500,000)
Proceeds from issuance of new investment units	-	9,661,495
Dividends paid	(2,162,923)	(2,183,802)
Net cash provided by financing activities	2,837,076	4,477,693
<b>Net increase (decrease) in cash and cash equivalents</b>	564,782	(119,757)
<b>Cash and cash equivalents at the beginning of period</b>	8,444,945	9,009,728
<b>Cash and cash equivalents at the end of period</b>	9,009,728	8,889,971

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 (securities 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 23rd fiscal period (March 31, 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 29,900 thousand yen for the 22nd fiscal period and 3,952 thousand yen for the 23rd 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 and land 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. Note to Balance Sheet

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

(Thousand yen)	
22nd Fiscal Period (As of September 30, 2016)	23rd Fiscal Period (As of March 31, 2017)
50,000	50,000

Commitment line contract

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

(Thousand yen)		
	22nd Fiscal Period (As of September 30, 2016)	23rd Fiscal Period (As of March 31, 2017)
Maximum commitment line amount	-	10,000,000
Used commitment line balance	-	-
Difference	-	10,000,000

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

Breakdown of real estate rental revenues and expenses

(Thousand yen)		
	22nd Fiscal Period (April 1, 2016 – September 30, 2016)	23rd Fiscal Period (October 1, 2016 – March 31, 2017)
A. Real estate rental revenues		
Rent revenue - real estate		
Rents	6,470,566	6,668,229
Other revenue	204,144	218,667
Total real estate rental revenue	6,674,711	6,886,897
B. Real estate rental expenses		
Expenses related to rent business		
Outsourcing expenses	631,260	656,606
Utilities expenses	86,735	84,388
Insurance expenses	7,771	8,013
Repair expenses	218,848	201,751
Property and other taxes	380,518	377,346
Trust fees	43,254	43,196
Other	267,339	281,374
Depreciation	1,582,549	1,606,420
Total real estate rental expenses	3,218,278	3,259,096
C. Real estate rental revenues and expenses (A – B)	3,456,432	3,627,800



## Breakdown of gain on sales of real estate properties

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

(Thousand yen)

Esty Maison HIGASHISHINJUKU (part of land)		
Revenue from sales of real estate		23,500
Cost of real estate sold	7,154	
Other sales expenses	2,261	9,415
Gain on sales of real estate properties		14,084

## b-town MINAMIAOYAMA

Revenue from sales of real estate		1,560,000
Cost of real estate sold	1,495,133	
Other sales expenses	60,519	1,555,653
Gain on sales of real estate properties		4,346

**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

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

	22nd Fiscal Period (April 1, 2016 – September 30, 2016)	23rd Fiscal Period (October 1, 2016 – March 31, 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	1,018,110 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)

	22nd Fiscal Period (April 1, 2016 – September 30, 2016)	23rd Fiscal Period (October 1, 2016 – March 31, 2017)
Cash and deposits	4,001,779	3,793,152
Cash and deposits in trust	5,007,948	5,096,818
Cash and cash equivalents	9,009,728	8,889,971

## 8. Lease Transactions

## Operating lease transactions as lessee

Future lease payable equivalents (Thousand yen)

	22nd Fiscal Period (As of September 30, 2016)	23rd Fiscal Period (As of March 31, 2017)
Due within one year	24,648	24,648
Due after one year	866,788	854,464
Total	891,436	879,112

## Operating lease transactions as lessor

Future lease receivable equivalents (Thousand yen)

	22nd Fiscal Period (As of September 30, 2016)	23rd Fiscal Period (As of March 31, 2017)
Due within one year	1,663,229	1,600,910
Due after one year	5,630,344	5,422,695
Total	7,293,574	7,023,605

## 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.

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

(Thousand yen)

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

### 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) Short-term loans payable	-	-	-
(6) Current portion of investment corporation bonds	4,000,000	4,013,033	13,033
(7) Current portion of long-term loans payable	4,805,000	4,819,804	14,804
(8) Investment corporation bonds	10,500,000	10,611,537	111,537
(9) Long-term loans payable	86,404,500	87,034,282	629,782
Total of liabilities	106,024,416	106,793,575	769,158
(10) Derivative transactions	-	-	-

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

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

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

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

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

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

(6) Current portion of investment corporation bonds and (8) 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.

(7) Current portion of long-term loans payable and (9) 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.

(10) Derivative transactions

See Note “11. Derivative Transactions.”

(Note 2) Scheduled redemption amount of monetary claims

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

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

**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	-	-	-	-	-

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

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

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

**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) Short-term loans payable	-	-	-	-	-	-
(2) Investment corporation bonds	4,000,000	2,500,000	2,000,000	-	-	6,000,000
(3) 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

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

(Thousand yen)		
Category	22nd Fiscal Period (As of September 30, 2016)	23rd Fiscal Period (As of March 31, 2017)
(1) Lease and guarantee deposits	242,672	242,672
(2) Tenant leasehold and security deposits in trust	1,934,556	1,946,227

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

Not applicable

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

Not applicable

**11. Derivative Transactions**

## 1. Derivatives to which hedge accounting is not applied

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

Not applicable

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

Not applicable

## 2. Derivatives to which hedge accounting is applied

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

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

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

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

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



**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.

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) (9) Long-term loans payable).

**12. Retirement Benefits****22nd Fiscal Period (As of September 30, 2016)**

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

**23rd Fiscal Period (As of March 31, 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)	
	22nd Fiscal Period (As of September 30, 2016)	23rd Fiscal Period (As of March 31, 2017)
Deferred tax assets:		
Amortization of leasehold rights in trust	5,978	6,619
Amount of allowance for doubtful accounts not deductible from taxable income	1,211	834
Amount of accrued business taxes not deductible from taxable income	34	32
Subtotal deferred tax assets	7,225	7,485
Valuation allowance	(7,190)	(7,453)
Total deferred tax assets	34	32
Deferred tax assets, net	34	32

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

	22nd Fiscal Period (As of September 30, 2016)	23rd Fiscal Period (As of March 31, 2017)
Statutory tax rate	31.74%	31.74%
(Adjustment)		
Deductible cash distributions	(31.59%)	(31.32%)
Provision for reserve for reduction entry	(0.12%)	(0.40%)
Other	0.04%	0.03%
Effective income tax rate	0.07%	0.05%

**14. Equity Method Income and Retained Earnings****22nd Fiscal Period (from April 1, 2016 to September 30, 2016)**

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

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

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

**15. Assets Retirement Obligations****22nd Fiscal Period (from April 1, 2016 to September 30, 2016)**

Not applicable

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

Not applicable

**16. Transactions with Related Parties**

1. Parent Company and Major Corporation Unitholders

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

Not applicable

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

Not applicable

2. Subsidiaries and Affiliates

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

Not applicable

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

Not applicable

3. Sister Companies

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

Not applicable

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

Not applicable

4. Directors and Major Individual Unitholders

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

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

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

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

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

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

### 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.

## 17. Segment Information

[Segment Information]

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

[Related Information]

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

(1) Information by product and service

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

(2) Information by region

(a) Operating revenue

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

(b) Property, plant and equipment

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

(3) Information by major customer

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

### 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.

## 18. Per Unit Information

Item	Period	22nd Fiscal Period (April 1, 2016 – September 30, 2016)	23rd Fiscal Period (October 1, 2016 – March 31, 2017)
Net assets per unit		89,668 yen	91,648 yen
Net income per unit		2,153 yen	2,288 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	22nd Fiscal Period (April 1, 2016 – September 30, 2016)	23rd Fiscal Period (October 1, 2016 – March 31, 2017)
Net Income (thousand yen)		2,192,416	2,501,336
Amount not attributable to ordinary unitholders (thousand yen)		-	-
Net income attributable to ordinary investment units (thousand yen)		2,192,416	2,501,336
Average number of units during the fiscal period (units)		1,018,110	1,093,070

## 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 3,456,432 thousand yen for the 22nd fiscal period and 3,627,800 thousand yen for the 23rd 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)

	22nd Fiscal Period (April 1, 2016 – September 30, 2016)	23rd Fiscal Period (October 1, 2016 – March 31, 2017)
Book value recorded on the balance sheet		
Balance at the beginning of period	188,701,461	192,994,081
Amount of net change during period	4,292,620	7,016,565
Balance at the end of period	192,994,081	200,010,647
Fair value at the end of period	214,650,000	226,015,800

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

(Note 2) Net change during the 22nd fiscal period is comprised of increases primarily attributable to new acquisitions of 4 properties (7,061,224 thousand yen) and decrease primarily attributable to disposition of Esty Maison HIGASHISHINJUKU (part of the land) and b-town MINAMIAOYAMA (1,502,287 thousand yen) and depreciation (1,582,549 thousand yen). 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).

(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 September 30, 2016 and March 31, 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	64,009,500	59,204,500	-
Total		64,009,500	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 October 1, 2016	Increase during the Period	Decrease during the Period	Balance as of March 31, 2017	Accumulated or Amortization	Depreciation during the Period	Net Balance as of March 31, 2017	Remarks
Property, plant and equipment	Buildings in trust	103,979	3,136	1,108	106,007	16,309	1,494	89,697 (Note)
	Structures in trust	900	83	1	983	243	25	739 (Note)
	Machinery and equipment in trust	1,972	71	21	2,022	618	66	1,403 (Note)
	Tools, furniture and fixtures in trust	263	42	7	298	100	17	197 (Note)
	Land in trust	101,708	6,457	337	107,827	-	-	107,827 (Note)
	Construction in progress in trust	52	-	52	-	-	-	-
	Total	208,877	9,791	1,529	217,138	17,271	1,604	199,866
Intangible assets	Leasehold rights in trust	164	-	-	164	20	2	143
	Other	6	-	0	6	6	0	0 (Note)
	Total	171	-	0	171	27	2	144

(Note) The amount of increase during the 23rd fiscal period is primarily attributable to the acquisition of Prime Maison SHIROKANE-TAKANAWA, Prime Maison ICHIGAYAYAMABUSHICHO and Esty Maison MORISHITA. The amount of decrease during the 23rd fiscal period is attributable to the disposition of Esty Maison YACHIYOMIDORIGAOKA.

### 4. Schedule of Other Specified Assets

Not applicable

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

## 5. Schedule of Investment Corporation Bonds

Name	Issue Date	Balance as of October 1, 2016 (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 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 23rd fiscal period.

(Note 2) The proceeds are used as funds for repayment of borrowings and acquisition of real estate trust beneficiary interests, etc.

(Note 3) The proceeds are used as funds for repayment of 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 October 1, 2016 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 2017 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
Short-term loans payable	Mizuho Bank, Ltd.	1,000	-	1,000	-	0.20500%	August 31, 2017 (Note 2)	Lump-sum upon maturity	(Note 4)	Unsecured/Unguaranteed
	Sumitomo Mitsui Banking Corporation	1,000	-	1,000	-					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000	-	1,000	-					
	Subtotal	3,000	-	3,000	-					
Long-term loans payable	Aozora Bank, Ltd.	100	-	100	-	1.18975%	February 28, 2017	Lump-sum upon maturity	(Note 5)	Unsecured/Unguaranteed
	Shinkin Central Bank	100	-	100	-					
	Mizuho Bank, Ltd.	200	-	200	-					
	Mizuho Trust & Banking Co., Ltd.	200	-	200	-					
	Sumitomo Mitsui Banking Corporation	200	-	200	-					
	Sumitomo Mitsui Trust Bank, Limited	100	-	100	-					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	100	-	100	-					
	Mitsubishi UFJ Trust and Banking Corporation	300	-	300	-					
	Resona Bank, Limited	200	-	200	-					
	Development Bank of Japan Inc.	1,200	-	1,200	-					
	The Bank of Fukuoka, Ltd.	500	-	500	-	1.19475%	February 28, 2017	Lump-sum upon maturity	(Note 6)	Unsecured/Unguaranteed
	Mizuho Bank, Ltd.	400	-	400	-					
	Sumitomo Mitsui Banking Corporation	1,100	-	1,100	-					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,300	-	1,300	-					
	The Yamaguchi Bank, Ltd.	500	-	500	-					
	Development Bank of Japan Inc.	941	-	-	941					
	Mizuho Bank, Ltd.	1,470	-	-	1,470					
	Sumitomo Mitsui Banking Corporation	1,470	-	-	1,470					
	The Norinchukin Bank	2,352	-	-	2,352					
	Mizuho Bank, Ltd.	176	-	-	176					
	Sumitomo Mitsui Banking Corporation	176	-	-	176					
	Mizuho Bank, Ltd.	750	-	-	750					
	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					
	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	1.02225%	February 28, 2020	Lump-sum upon maturity	(Note 4)	Unsecured/Unguaranteed
	Resona Bank, Limited	500	-	-	500					
	The 77 Bank, Ltd.	500	-	-	500					
	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						
Mizuho Bank, Ltd.	100	-	-	100						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500	-	-	500						
Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500	0.75600%					
Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500						

Category	Balance as of October 1, 2016 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 2017 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks	
Long-term loans payable	Aozora Bank, Ltd.	200	-	200	-	0.65475%	February 28, 2017	Lump-sum upon maturity	(Note 5)	Unsecured/Unguaranteed
	Shinkin Central Bank	200	-	200	-					
	Mizuho Bank, Ltd.	300	-	300	-					
	Mizuho Trust & Banking Co., Ltd.	400	-	400	-					
	Sumitomo Mitsui Banking Corporation	300	-	300	-					
	Sumitomo Mitsui Trust Bank, Limited	200	-	200	-					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	700	-	700	-					
	Mitsubishi UFJ Trust and Banking Corporation	500	-	500	-					
	Resona Bank, Limited	200	-	200	-					
	Aozora Bank, Ltd.	1,000	-	-	1,000					
	Mizuho Bank, Ltd.	500	-	-	500					
	Mizuho Trust & Banking Co., Ltd.	200	-	-	200					
	Sumitomo Mitsui Trust Bank, Limited	2,500	-	-	2,500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	600	-	-	600					
	Mitsubishi UFJ Trust and Banking Corporation	200	-	-	200					
	Resona Bank, Limited	500	-	-	500					
	Aozora Bank, Ltd.	500	-	-	500					
	Mizuho Bank, Ltd.	200	-	-	200					
	Mizuho Trust & Banking Co., Ltd.	200	-	-	200	0.45819%	August 31, 2018	Lump-sum upon maturity	(Note 5)	Unsecured/Unguaranteed
	Sumitomo Mitsui Banking Corporation	1,100	-	-	1,100					
	Sumitomo Mitsui Trust Bank, Limited	500	-	-	500					
	Mizuho Bank, Ltd.	300	-	-	300					
	Sumitomo Mitsui Banking Corporation	300	-	-	300					
	Sumitomo Mitsui Trust Bank, Limited	400	-	-	400					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800	-	-	800					
	Mizuho Bank, Ltd.	400	-	-	400					
	Mizuho Trust & Banking Co., Ltd.	980	-	-	980					
	Sumitomo Mitsui Banking Corporation	500	-	-	500					
	Sumitomo Mitsui Trust Bank, Limited	1,500	-	-	1,500					
	Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500					
	Resona Bank, Limited	800	-	-	800					
	The Senshu Ikeda Bank, Ltd.	500	-	-	500					
Mizuho Bank, Ltd.	400	-	-	400						
Mizuho Trust & Banking Co., Ltd.	500	-	-	500						
Sumitomo Mitsui Banking Corporation	500	-	-	500						
Sumitomo Mitsui Trust Bank, Limited	500	-	-	500						
Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500	0.95225%	February 26, 2021	Lump-sum upon maturity	(Note 4)	Unsecured/Unguaranteed	
The Yamaguchi Bank, Ltd.	500	-	-	500						
Resona Bank, Limited	500	-	-	500						
Mizuho Bank, Ltd.	405	-	-	405						
Sumitomo Mitsui Banking Corporation	1,145	-	-	1,145						
The Shizuoka Bank, Ltd.	500	-	-	500						
Shinkin Central Bank	500	-	-	500						
The Bank of Fukuoka, Ltd.	500	-	-	500						
Mizuho Bank, Ltd.	300	-	-	300						
Sumitomo Mitsui Banking Corporation	300	-	-	300						0.79614%
Sumitomo Mitsui Trust Bank, Limited	500	-	-	500						
Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500						
The Yamaguchi Bank, Ltd.	500	-	-	500						
Resona Bank, Limited	500	-	-	500						
Mizuho Bank, Ltd.	405	-	-	405						
Sumitomo Mitsui Banking Corporation	1,145	-	-	1,145						
The Shizuoka Bank, Ltd.	500	-	-	500						
Shinkin Central Bank	500	-	-	500						
The Bank of Fukuoka, Ltd.	500	-	-	500	0.97300%	February 26, 2021	Lump-sum upon maturity	(Note 5)	Unsecured/Unguaranteed	
Mizuho Bank, Ltd.	300	-	-	300						
Sumitomo Mitsui Banking Corporation	300	-	-	300						

Category	Balance as of October 1, 2016 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 2017 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
Mizuho Bank, Ltd.	2,500	-	-	2,500	0.96475%	August 31, 2022	Lump-sum upon maturity	(Note 4)	Unsecured/Unguaranteed
Sumitomo Mitsui Banking Corporation	2,000	-	-	2,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	900	-	-	900					
Mizuho Bank, Ltd.	2,450	-	-	2,450					
Sumitomo Mitsui Banking Corporation	1,950	-	-	1,950	0.83600%	August 31, 2021			
Aozora Bank, Ltd.	200	-	-	200	0.86650%	February 28, 2023		(Note 4)	
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	Lump-sum upon maturity	(Note 4)	Unsecured/Unguaranteed
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	0.62800%	February 26, 2021		(Note 5)	
Resona Bank, Limited	750	-	-	750					
The Senshu Ikeda Bank, Ltd.	500	-	-	500					
The Shizuoka Bank, Ltd.	500	-	-	500					
The 77 Bank, Ltd.	500	-	-	500					
Shinkin Central Bank	500	-	-	500					
The Norinchukin Bank	500	-	-	500					
The Hiroshima Bank, Ltd.	500	-	-	500					
Mizuho Bank, Ltd.	600	-	-	600					
Sumitomo Mitsui Banking Corporation	300	-	-	300					
Mizuho Bank, Ltd.	450	-	-	450					
Mizuho Trust & Banking Co., Ltd.	1,000	-	-	1,000					
Sumitomo Mitsui Banking Corporation	450	-	-	450					
Development Bank of Japan Inc.	2,100	-	-	2,100					
Mizuho Bank, Ltd.	100	-	-	100					
Aozora Bank, Ltd.	200	-	-	200					
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					

Category	Balance as of October 1, 2016 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 2017 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
The Senshu Ikeda Bank, Ltd.	100	-	-	100	0.50500%	February 29, 2024		(Note 5)	Unsecured/Unguaranteed
The Shizuoka Bank, Ltd.	100	-	-	100					
The 77 Bank, Ltd.	100	-	-	100					
Shinkin Central Bank	100	-	-	100					
Development Bank of Japan Inc.	600	-	-	600	0.50500%	February 29, 2024	Lump-sum upon maturity	(Note 5)	Unsecured/Unguaranteed
The Hiroshima Bank, Ltd.	100	-	-	100					
The Bank of Fukuoka, Ltd.	200	-	-	200					
Mitsubishi UFJ Trust and Banking Corporation	450	-	-	450					
Mizuho Bank, Ltd.	800	-	-	800					
Sumitomo Mitsui Banking Corporation	800	-	-	800					
Mitsubishi UFJ Trust and Banking Corporation	1,000	-	-	1,000	0.57000%	August 29, 2025		(Note 5)	Unsecured/Unguaranteed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	600	-	-	600					
The Norinchukin Bank	300	-	-	300					
Mizuho Bank, Ltd.	200	-	-	200					
Mizuho Trust & Banking Co., Ltd.	500	-	-	500	0.49500%	August 30, 2024	Lump-sum upon maturity	(Note 5)	Unsecured/Unguaranteed
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		(Note 5)	Unsecured/Unguaranteed
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		(Note 5)	Unsecured/Unguaranteed
The Norinchukin Bank	-	300	-	300					
Mizuho Bank, Ltd.	-	200	-	200					
Mizuho Trust & Banking Co., Ltd.	-	600	-	600					
Sumitomo Mitsui Banking Corporation	-	300	-	300	0.67000%	February 28, 2025		(Note 5)	Unsecured/Unguaranteed
Resona Bank, Limited	-	400	-	400					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	600	-	600					
Sumitomo Mitsui Banking Corporation	-	1,600	-	1,600					
Subtotal	91,209	9,500	9,500	91,209					
Total	94,209	9,500	12,500	91,209					

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

(Note 2) The Investment Corporation borrowed short-term loans payable initially totaling 4.5 billion yen on August 31, 2016. Of the amount, the Investment Corporation made early repayment for 1.5 billion yen on September 30, 2016, leaving the balance at the beginning of the 23rd fiscal period at 3.0 billion yen. Of this balance, the Investment Corporation made early repayment for 1.8 billion yen on December 9, 2016 and for 1.2 billion yen on March 15, 2017, respectively.

(Note 3) 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 23rd fiscal period.

(Note 4) These loans are used as funds for repayment of existing borrowings.

(Note 5) These loans are used as funds for the acquisition of real estate trust beneficiary interests, etc.

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

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

(Million yen)				
Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years
4,805	10,882	6,792	17,000	14,230



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 www.shinnihon.or.jp

## 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 March 31, 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 March 31, 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*

June 27, 2017  
 Tokyo, Japan



## Overview of the Investment Corporation

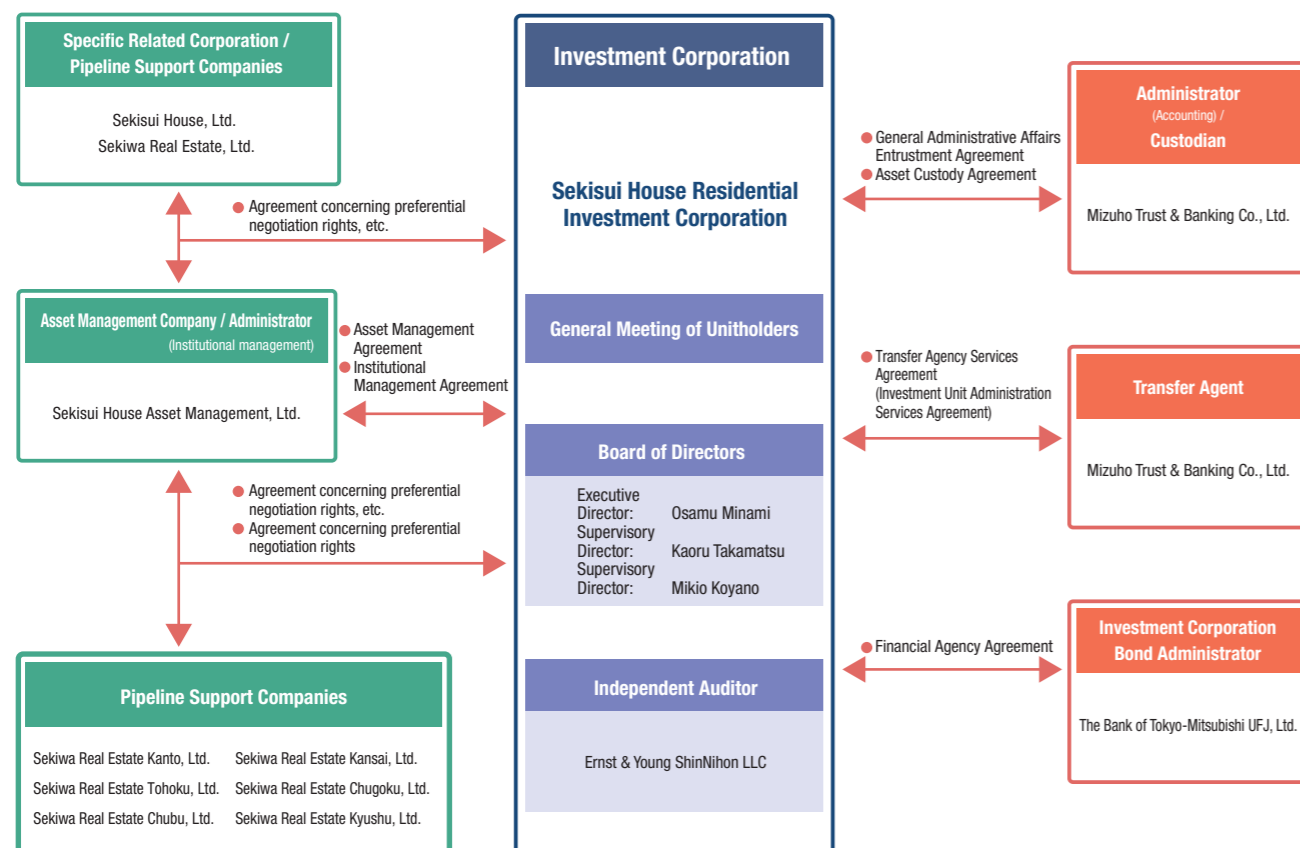
Trade Name	Sekisui House Residential Investment Corporation
Address	3-1-31 Minami-Aoyama, Minato-ku, Tokyo Tel: +81-3-5770-8973 (main number)
Representative	Osamu Minami, Executive Director
Asset Management Company	Sekisui House Asset Management, Ltd.
Fiscal Term	End of March and end of September
History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

## Overview of the Asset Management Company

Trade Name	Sekisui House Asset Management, Ltd.
Head Office	3-1-31 Minami-Aoyama, Minato-ku, Tokyo Tel: +81-3-5770-8973 (main number)
Paid-in Capital	200 million yen
Shareholders	Sekisui House, Ltd. 100%
Directors	<p>President: Osamu Minami</p> <p>Executive Vice President: Nobuyoshi Sato</p> <p>Senior Managing Director: Koji Sakamoto</p> <p>Director (part-time): Masami Matsumoto (Senior Manager, Accounting &amp; Finance Department, Sekisui House, Ltd.)</p> <p>Auditor (part-time): Naoki Kawamura (Senior Manager, Legal Department, Sekisui House, Ltd.)</p>
History	<p>July 28, 2004 Established</p> <p>January 27, 2005 Certified as entrustment-based agency under the Building Lots and Buildings Transaction Business Act (License No.31 issued by the Minister of Land, Infrastructure, Transportation and Tourism)</p> <p>April 18, 2005 Certified as asset management operator of investment corporations under the Investment Trusts Act (License No. 41 issued by the Prime Minister)</p> <p>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))</p>

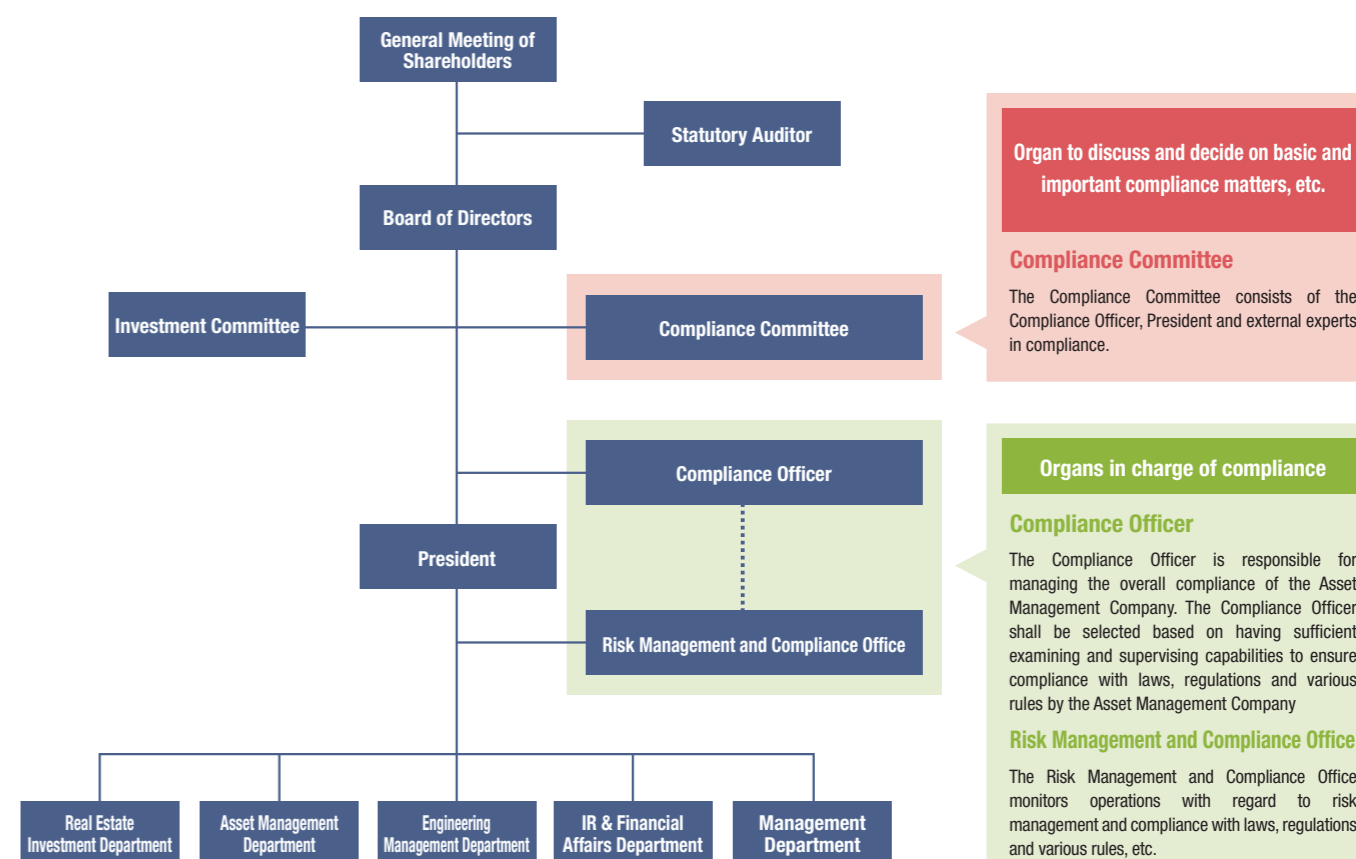
### Organizational Structure

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



### Structure to Manage the Investment Corporation

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



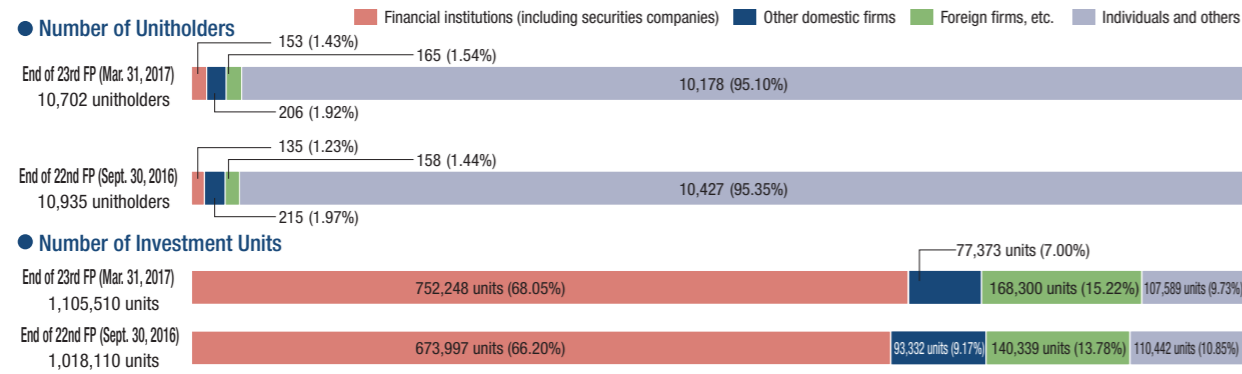
# Unitholders Information

# MEMO

## Changes in Investment Unit Price and Transaction Volume in the Last Two Years (March 31, 2015 – March 31, 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 March 31, 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)	306,022	27.68
The Master Trust Bank of Japan, Ltd. (Trust Account)	78,069	7.06
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	73,867	6.68
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	39,527	3.57
Sekisui House, Ltd.	39,000	3.52
THE HACHIJUNI BANK, LTD.	19,964	1.80
DEUTSCHE BANK AG LONDON-PB NON-TREATY CLIENTS 613	19,740	1.78
THE FUJI FIRE AND MARINE INSURANCE COMPANY, LIMITED	17,130	1.54
The Hokuriku Bank, Ltd.	16,991	1.53
Mitsubishi UFJ Trust and Banking Corporation	16,103	1.45
<b>Total</b>	<b>626,413</b>	<b>56.66</b>

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