

# Semi-Annual Report

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





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

### Features of the Investment Corporation

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

Asset Size		Investment Ratio of Residential Properties		Investment Ratio of Greater Tokyo for Residential Properties	
Total Acquisition Price	¥186.0 billion	Ratio of residential properties	91.1%	Ratio of Greater Tokyo for residential properties	72.1%
Number of owned properties	106 properties (as of January 31, 2015)	Number of residential properties	99 properties (as of January 31, 2015)	Number of residential properties in Greater Tokyo	67 properties (as of January 31, 2015)

#### Portfolio of Relatively New Properties Achieving High Occupancy

Occupancy Ratio			Average Property Age		
Entire portfolio	96.8%	Residential properties	95.9%	Entire portfolio	8.1 year
	(as of December 31, 2014)			Residential properties	7.7 year
					(as of January 31, 2015)

#### Credit Ratings Based on Stable Financial Base

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

### Outline of Portfolio Development Policy

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

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



## To Our Unitholders



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

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Dear Investors,

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

Sekisui House SI Residential Investment Corporation (the "Investment Corporation") aims to further enhance its profitability through expanding its asset size by building a portfolio that is centered on the high-quality residential properties planned and developed by the Sekisui House Group, for which Sekisui House, Ltd. ("Sekisui House"), the main sponsor, serves as the core company, while taking into account the distribution levels. Let me report to you the business results of the Investment Corporation for the fiscal period ended September 2014 (18th fiscal period).

In the fiscal period under review, the Investment Corporation newly acquired four properties in May 2014 using the proceeds obtained from issuing new investment units through public offering conducted at the beginning of the period. They comprise Esty Maison KINSHICHO II, Esty Maison OJIMA, Prime Maison FUJIMIDAI and Esty Maison TSURUMAI, purchased from a bridge fund and the Sekisui House Group. Consequently, the number of owned properties increased to 99 by the end of the fiscal period, with the asset size totaling 171,099 million yen, an increase by approximately 12.8% compared with the end of the 17th fiscal period and about 1.7 times the size at the time of the sponsor change in 2010.

In July, the Investment Corporation newly concluded agreements concerning preferential negotiation rights with Sekiwa Real Estate Tohoku, Ltd. and Sekiwa Real Estate Chugoku, Ltd. This resulted in pipeline support agreements being concluded with all Sekiwa Real Estate companies (7 companies), comprehensively covering the investment target areas of the Investment Corporation through the nationwide networks of the Sekisui House Group.

Moreover, the period-end occupancy ratio of the entire portfolio stood at 97.1% while the period average occupancy ratio was 96.7%, both maintaining high levels.

On the financial side, the Investment Corporation newly borrowed 8.7 billion yen to partly fund the acquisition of the above-mentioned properties. In August 2014, we also conducted refinancing of borrowings totaling 12.8 billion yen. The refinancing activities included the issuance of the Fifth Series Unsecured Investment Corporation Bond (3 billion yen).

As a result of these endeavors, the Investment Corporation posted operating revenue of 5,591 million yen, operating income of 2,463 million yen and net income of 1,950 million yen. Furthermore, we conducted a five-for-one split of investment units on April 1, 2014, intending to create an environment which should make it easier for retail investors to make investments. Accordingly, distribution per unit stood at 2,131 yen.

As already announced, the Investment Corporation partially revised its Articles of Incorporation through resolution at its Sixth General Meeting of Unitholders held in June 2014, in order to transform itself from a "diversified REIT centering on residential properties" to a "REIT specialized in residential properties." Moreover, the Investment Corporation changed its trade name to "Sekisui House SI Residential Investment Corporation" in addition to making other arrangements, and relocated its head office together with the asset management company. Entering the 19th fiscal period ending March 2015, we conducted another public offering, which marks the fourth public offering conducted in the three years since the sponsor change.

Going forward, we will strive to maximize unitholder value by promoting steady expansion of asset size through utilization of the comprehensive strengths of Sekisui House, among other measures.

We appreciate your continuing support.

## Performance Highlights

### Distribution per Unit

18th Fiscal Period Ended September 2014 Cash distribution per unit **¥2,131**

### Business Results and Distribution

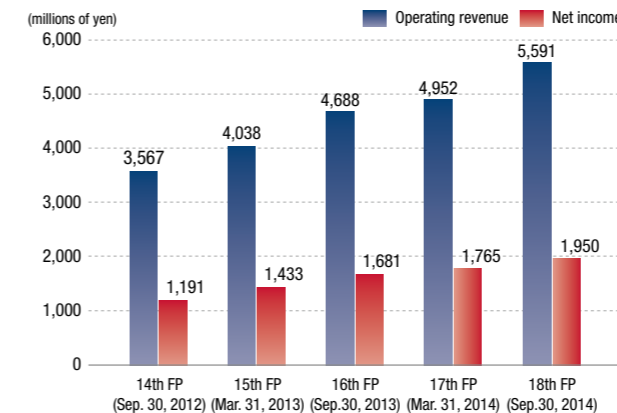
Settlement Date	Sep. 2012	Mar. 2013	Sep. 2013	Mar. 2014	Sep. 2014	Mar. 2015
Fiscal Period	14th FP	15th FP	16th FP	17th FP	18th FP	19th FP (Forecast)
Operating revenue (millions of yen)	3,567	4,038	4,688	4,952	5,591	6,252
Operating income (millions of yen)	1,663	1,908	2,179	2,242	2,463	2,771
Ordinary income (millions of yen)	1,193	1,435	1,684	1,767	1,952	2,249
Net income (millions of yen)	1,191	1,433	1,681	1,765	1,950	2,247
Cash distribution per unit (yen)	2,070 (10,351)	2,091 (10,459)	2,107 (10,537)	2,212 (11,062)	2,131 (10,655)	2,130 (10,650)

(Note 1) The values of respective items in the 19th fiscal period ending March 2015 (forecast) are the figures as of November 17, 2014 calculated under certain assumptions. The actual operating revenue, operating income, ordinary income, net income and distribution per unit may be subject to change due to such factors as additional acquisitions or sales of real properties in the future, changes in the real estate and other markets, and changes in the asset management environment and other conditions surrounding the Investment Corporation. In addition, the Investment Corporation does not guarantee any actual results or distribution amount in providing the forecast figures. Furthermore, the Investment Corporation executed a five-for-one split of its investment units on April 1, 2014. Taking into account the effect of the investment unit split, the distribution per unit for the fiscal period ended March 2014 (17th fiscal period) and before represents the figure obtained by dividing the actual distribution per unit for each period (figure in parenthesis) by 5. For the fiscal period ended September 2014 (18th fiscal period) and after, the figure in parenthesis for each period indicates the value obtained by multiplying the actual distribution per unit or the forecast by 5. The same follows hereafter.

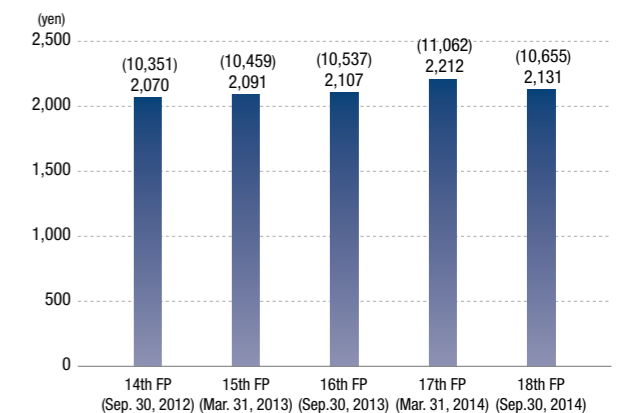
(Note 2) With regard to the 151 million yen (planned) as gain on sale of b-town Jingumae II for the 19th fiscal period ending March 2015, the Investment Corporation assumes to record 78 million yen (planned) as reserve for reduction to the extent applicable to the Special Provisions for Taxation on Investment Corporations under Article 67-15 of the Act on Special Measures Concerning Taxation and the Special Measures in Case Land or Other Property is Acquired in Advance in 2009 or 2010 under Article 66-2 of the said law. However, the actual amount of the internal reserve may be subject to change.

### Changes in Business Results

#### Operating Revenue / Net Income



#### Cash Distribution per Unit



### Summary of Management Results for the 18th Fiscal Period Ended September 2014

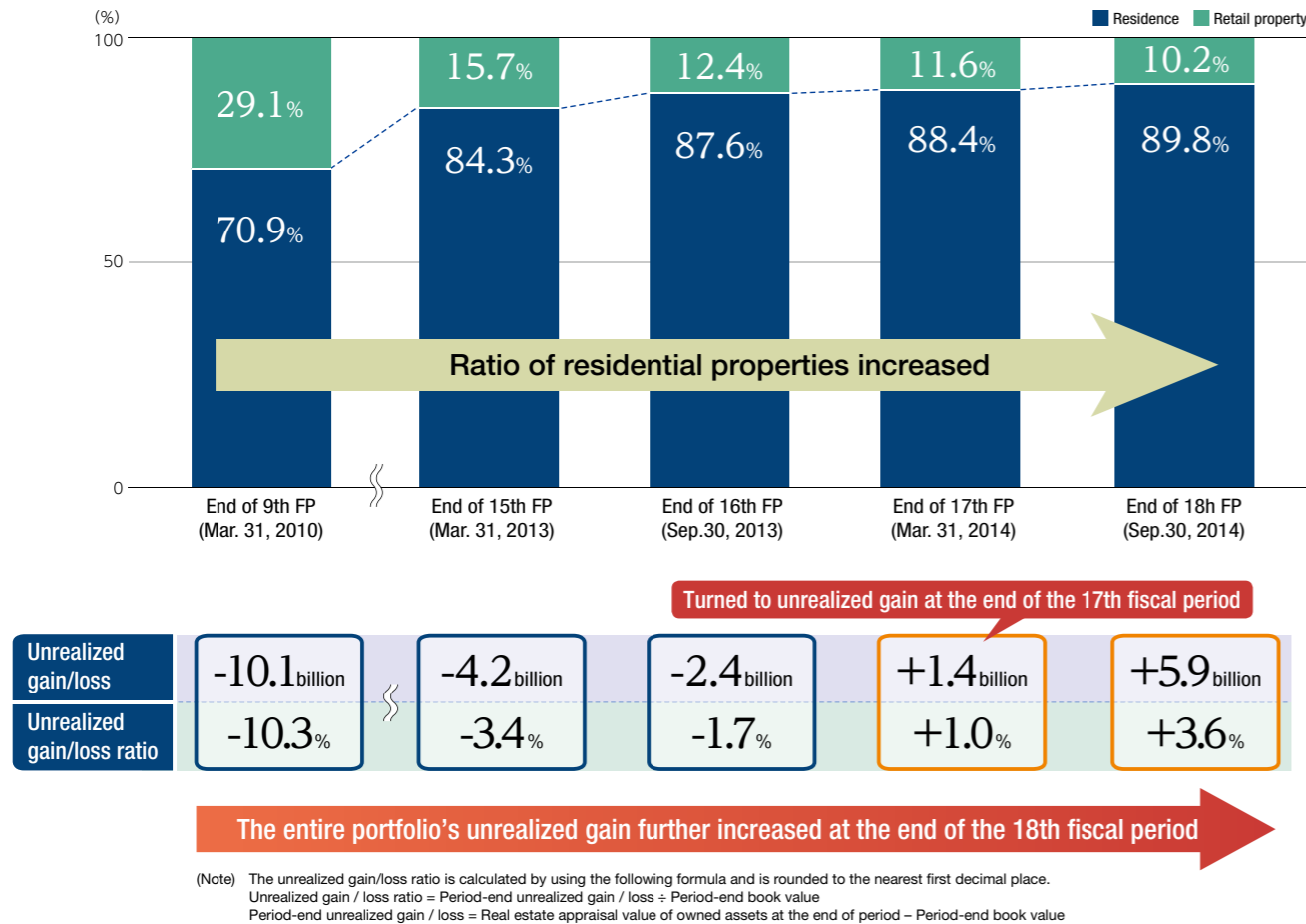
Business Results and Cash Distributions	<ul style="list-style-type: none"> <li>Operating revenue: ¥5,591 million, operating income: ¥2,463 million, net income: ¥1,950 million</li> <li>Cash distribution per unit: <b>¥2,131</b> (up 0.5% over initial forecast)</li> </ul>
Financing Activities	<ul style="list-style-type: none"> <li>Procured approximately ¥10.7 billion in April 2014 through public offering, the third public offering in three consecutive years</li> <li>Refinanced ¥12.8 billion in existing borrowings that matured in August 2014</li> <li>Issued the Fifth Series Investment Corporation Bonds (10-year bonds / ¥3.0 billion) as part of the above-mentioned refinancing</li> <li>Conducted new borrowings (¥8.7 billion) to fund the acquisition of four residential properties purchased in May 2014</li> </ul>
Portfolio Management Status	<ul style="list-style-type: none"> <li>Occupancy ratio (entire portfolio): 97.1% (the end of 18th fiscal period (September 30, 2014))</li> <li>Acquired four properties in total, comprising two residential properties from the Sekisui House Group and the other two residential properties by executing the preferential negotiation rights obtained in March 2013</li> </ul>

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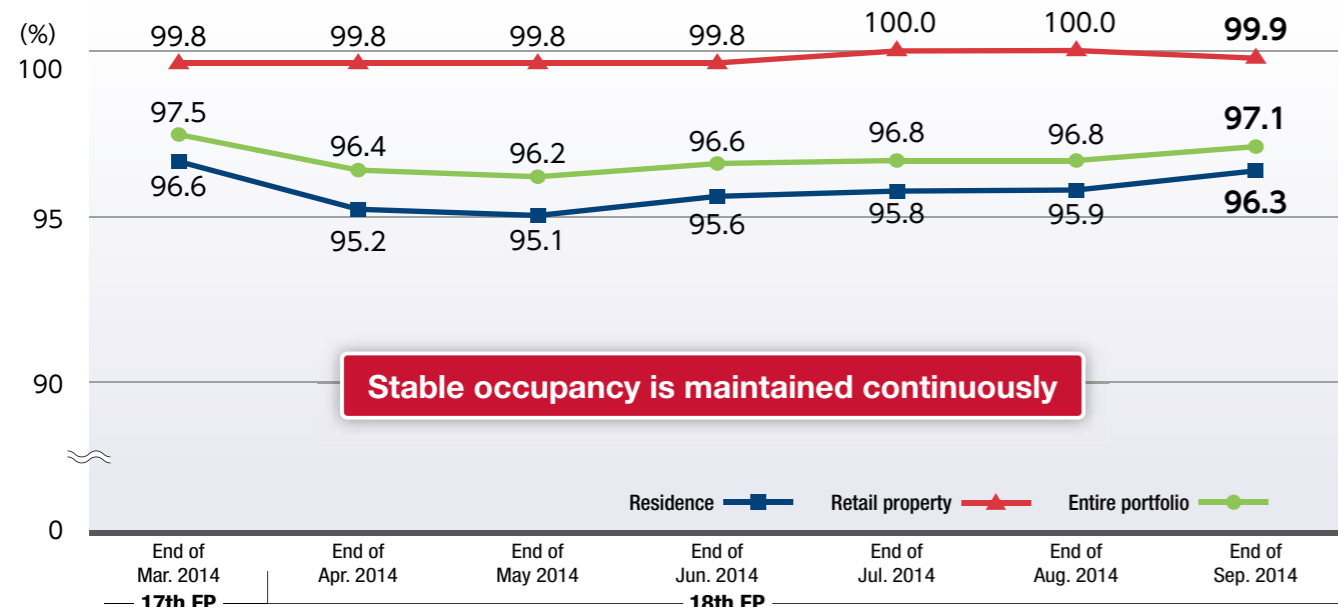
# Portfolio Management

## Ratio of Residential Properties Increased in Accordance with Expansion of Asset Size, Turning Unrealized Loss to Unrealized Gain



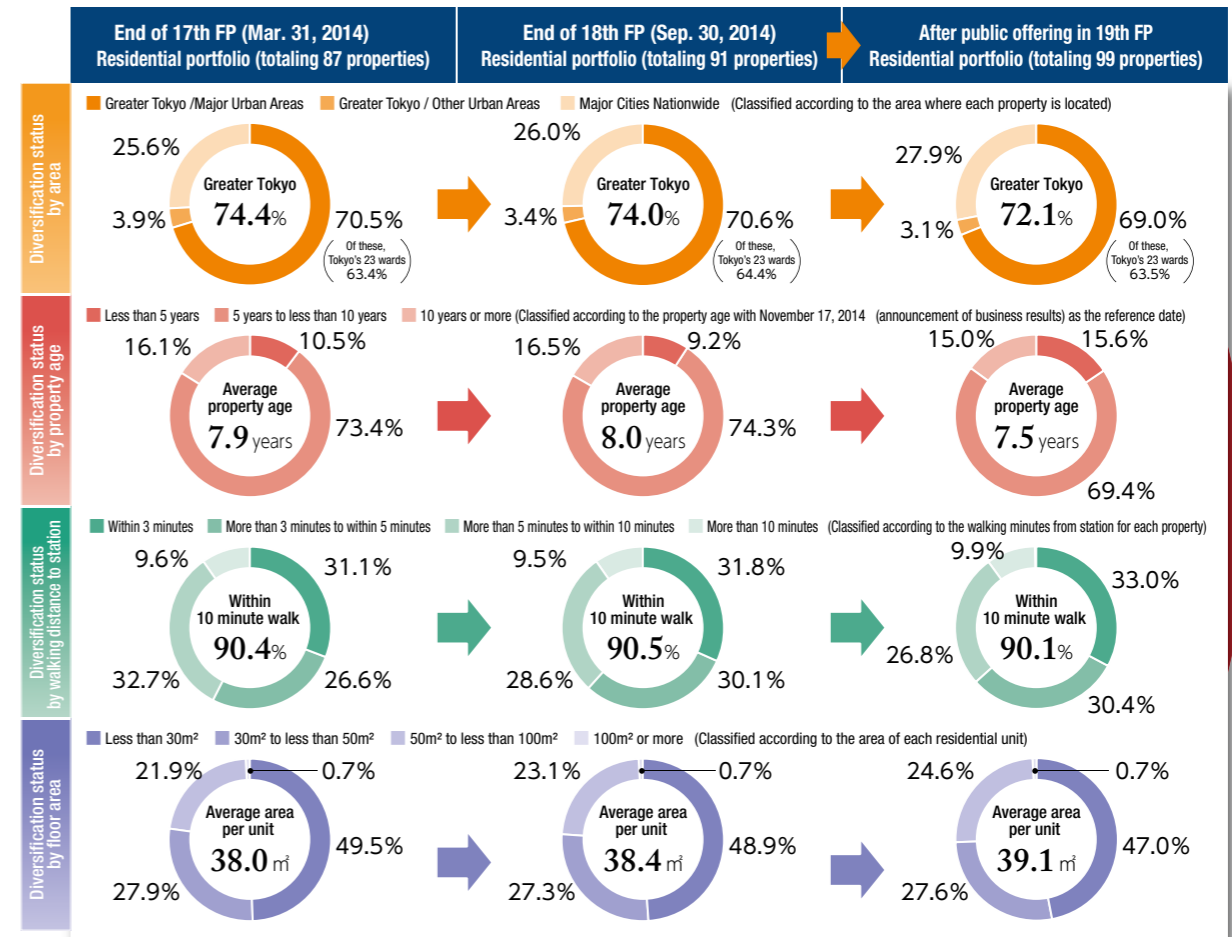
## Changes in Occupancy Ratio

Aiming to secure rental income stably over the long term, the Investment Corporation collaborated with the property management companies to focus on managing properties in pursuit of intensively controlled and more efficient leasing management. As a result of this endeavor, the occupancy ratio have remained stable.



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

## Qualitative Improvement of the Residential Portfolio



(Note 1) The "average property age" is calculated by seeking the weighted average of the building age of each property with the investment ratio calculated based on the acquisition price, rounded down to the nearest first decimal place.  
 (Note 2) The "average area per unit" is calculated based on the total leasable residential area of owned properties and the total number of rentable residential units as of each period, rounded down to the nearest first decimal place.

## Expansion of the Pipeline Support Agreements with the Sekisui House Group

Apart from Sekisui House, the Investment Corporation concluded pipeline support agreements with Sekiwa Real Estate Tohoku, Ltd. and Sekiwa Real Estate Chugoku, Ltd. on July 31, 2014. This resulted in the pipeline support agreements having been concluded with all the Sekiwa Real Estate companies (7 companies), comprehensively covering the investment target areas of the Investment Corporation.



Name of the Agreement	Party to the Agreement	Granting of preferential negotiation rights for owned properties, etc.	Provision of information concerning properties owned by third parties	Preferential provision of information concerning sale of properties in connection with discretionary investment business and investment advisory business
Agreement Concerning Preferential Negotiation Rights, Etc.	Sekisui House, Sekiwa Real Estate and Sekiwa Real Estate Kanto	Yes	Yes	—
Agreement Concerning Preferential Negotiation Rights	Sekiwa Real Estate Tohoku, Sekiwa Real Estate Chubu, Sekiwa Real Estate Kansai, Sekiwa Real Estate Chugoku and Sekiwa Real Estate Kyushu	Yes	—	—
Agreement Concerning Preferential Provision of Property Information	Spring Investment	—	Yes	Yes



# Portfolio Map

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

## Major Cities Nationwide (Osaka City)

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



## Major Cities Nationwide (Fukuoka City)

- Residence-35 Esty Maison TENJINHIGASHI I
- Residence-36 Esty Maison TENJINHIGASHI II
- Residence-46 Esty Maison HAKATAHIGASHI
- Residence-47 Esty Maison KAMIGOFUKU
- Residence-55 MAST HAKATA
- Residence-61 Prime Maison MOMOCHIHAMA
- Residence-67 Prime Maison TERIHA
- Residence-93 Esty Maison YAKUIN
- Residence-103 Prime Maison CENTRAL PARK (Acquired in 19th FP)



## Major Cities Nationwide (Nagoya City)

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



## Greater Tokyo /Major Urban Areas



- |  |   |   |
|--|---|---|
| Residence-1 Esty Maison GINZA              | Residence-34 Esty Maison OIZUMIGAKUEN         | Residence-79 Esty Maison NAKANO                           |
| Residence-3 Esty Maison AZABUNAGASAKA      | Residence-39 Esty Maison HIGASHISHINAGAWA     | Residence-80 Esty Maison SHINNAKANO                       |
| Residence-4 Esty Maison EBISU II           | Residence-42 Esty Maison ITABASHIKUYAKUSHOMAE | Residence-81 Esty Maison NAKANOFUJIMICHO                  |
| Residence-5 Esty Maison EBISU              | Residence-43 Esty Maison MUSASHIKOYAMA        | Residence-82 Esty Maison TETSUGAKUDO                      |
| Residence-6 Esty Maison KANDA              | Residence-44 Esty Maison SENDAGI              | Residence-83 Esty Maison KOENJI                           |
| Residence-8 Esty Maison KITASHINJUKU       | Residence-45 Esty Maison YOTSUYASAKAMACHI     | Residence-84 Esty Maison OSHIAGE                          |
| Residence-10 Esty Maison ASAKUSA KOMAGATA  | Residence-48 Esty Maison SANGENJAYA           | Residence-85 Esty Maison AKABANE                          |
| Residence-12 Esty Maison KAWASAKI          | Residence-53 Esty Maison SANGENJAYA II        | Residence-86 Esty Maison OJI                              |
| Residence-14 Esty Maison SHINKAWASAKI      | Residence-54 Esty Maison ITABASHI C6          | Residence-87 Prime Maison WASEDA                          |
| Residence-15 Esty Maison YOKOHAMA          | Residence-56 Esty Maison KINSHICHO            | Residence-88 Prime Maison HATCHOBORI                      |
| Residence-16 Esty Maison KAMEIDO           | Residence-57 Esty Maison MUSASHIKOGANEI       | Residence-89 Prime Maison JINBOCHO                        |
| Residence-17 Esty Maison MEGURO            | Residence-62 Esty Maison AKIHABARA            | Residence-90 Prime Maison GOTENYAMA EAST                  |
| Residence-19 Esty Maison SUGAMO            | Residence-63 Esty Maison SASAZUKA             | Residence-91 MAST LIFE AKIHABARA                          |
| Residence-21 Esty Maison MEGUROHONCHO      | Residence-64 Prime Maison GINZA EAST          | Residence-92 Esty Maison KINSHICHO II                     |
| Residence-22 Esty Maison HAKURAKU          | Residence-69 Esty Maison SENGOKU              | Residence-95 Esty Maison OJIMA                            |
| Residence-24 Esty Maison GOTANDA           | Residence-70 Esty Maison DAIZAWA              | Residence-98 Prime Maison MORISHITA (Acquired in 19th FP) |
| Residence-25 Esty Maison OISENDAIZAKA      | Residence-71 Esty Maison TOGOSHI              | Residence-99 Prime Maison SHINAGAWA (Acquired in 19th FP) |
| Residence-26 Esty Maison SHINAGAWA SEASIDE | Residence-74 Esty Maison SHIROKANEDAI         | Residence-104 MAST LIFE YAHIRO (Acquired in 19th FP)      |
| Residence-27 Esty Maison MINAMIAZABU       | Residence-75 Esty Maison HIGASHISHINJUKU      | Residence-105 Prime Maison EBISU (Acquired in 19th FP)    |
| Residence-30 Esty Maison KAWASAKI II       | Residence-76 Esty Maison MOTOAZABU            | Retail-2 b-town JINGUMAE II (Sold in 19th FP) (Note)      |
| Residence-31 Esty Maison AZABUJUBAN        | Residence-77 Esty Maison TORITSUDAIGAKU       | Retail-4 b-town MINAMIAOYAMA                              |
| Residence-33 Esty Maison ITABASHIHONCHO    | Residence-78 Esty Maison MUSASHIKOYAMA II     | Retail-7 b-toss IKEBUKURO                                 |

## Greater Tokyo / Other Urban Areas

- Residence-11 Esty Maison MACHIDA
- Residence-18 Esty Maison YACHIYO MIDORIGAOKA
- Residence-40 Esty Maison HACHIOJIMINAMINO
- Residence-50 Prime Maison MUSASHINONOMORI
- Retail-5 KOJIMA NEW KAMIFUKUOKATEN
- Retail-8 Joy Square YUGAWARA



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

- Residence-37 Esty Maison SHIJONISHINOTOIN
- Residence-100 Prime Maison ODORI KOEN (Acquired in 19th FP)
- Residence-101 Prime Maison MINAMI 2-JO (Acquired in 19th FP)
- Residence-102 Prime Maison KAMOKAMOGAWA (Acquired in 19th FP)
- Retail-1 HAMAMATSU Plaza
- Retail-3 RINKU HAGURAZAKI Plaza
- Retail-9 Bell Plaza Shopping Center



(Note) b-town JINGUMAE II was sold on October 3, 2014.



# Itemized Portfolio Assets

The following table provides details of the assets (real estate and trust beneficiary interests in real estate as major entrusted property, etc.) owned by the Investment Corporation as of September 30, 2014.

Property Name	Location (residence indication)	Form of Ownership	Total rentable area (m <sup>2</sup> )	Appraisal Value at End of Period (Note 1) (millions of yen)	Book Value (millions of yen)
Residence-1	Esty Maison GINZA	3-11-19 Ginza, Chuo-ku, Tokyo	5,515.43	5,810	4,842
Residence-3	Esty Maison AZABUNAGASAKA	5-13-12 Roppongi, Minato-ku, Tokyo	2,019.10	1,590	1,649
Residence-4	Esty Maison EBISU II	4-13-1 Higashi, Shibuya-ku, Tokyo	2,062.10	1,820	1,850
Residence-5	Esty Maison EBISU	1-13-4 Hiroo, Shibuya-ku, Tokyo	781.02	774	653
Residence-6	Esty Maison KANDA	2-3-4 Kandata-cho, Chiyoda-ku, Tokyo	1,706.54	1,380	1,249
Residence-8	Esty Maison KITASHINJUKU	1-28-17 Kita-Shinjuku, Shinjuku-ku, Tokyo	1,881.19	1,430	1,197
Residence-10	Esty Maison ASAKUSA KOMAGATA	1-10-9 Komagata, Taito-ku, Tokyo	2,978.28	1,950	1,690
Residence-11	Esty Maison MACHIDA	2-1-17 Hara-machida, Machida-shi, Tokyo	3,090.89	1,450	1,140
Residence-12	Esty Maison KAWASAKI	14-24 Ogawa-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	3,741.01	2,280	1,890
Residence-13	Esty Maison IMAIKE	3-12-28 Imaike, Chikusa-ku, Nagoya-shi, Aichi	1,296.22	195	270
Residence-14	Esty Maison SHINKAWASAKI	1-4 Furuichiba, Saiwai-ku, Kawasaki-shi, Kanagawa	3,737.47	1,150	944
Residence-15	Esty Maison YOKOHAMA	3-33-1 Tsuruya-cho, Kanagawa-ku, Yokohama-shi, Kanagawa	2,823.73	2,010	1,960
Residence-16	Esty Maison KAMEIDO	6-57-11 Kameido, Koto-ku, Tokyo	2,279.21	1,410	1,473
Residence-17	Esty Maison MEGURO	2-10-12 Mita, Meguro-ku, Tokyo	1,070.13	987	815
Residence-18	Esty Maison YACHIYO MIDORIGAOKA	1-2-8 Midorigaoka, Yachiyo-shi, Chiba	4,815.26	1,120	1,198
Residence-19	Esty Maison SUGAMO	4-14-15 Sugamo, Toshima-ku, Tokyo	2,619.17	1,510	1,486
Residence-20	Esty Maison KYOBASHI	2-7-10 Higashinoda-cho, Miyakojima-ku, Osaka-shi, Osaka	4,613.04	2,700	2,425
Residence-21	Esty Maison MEGUROHONCHO	4-8-21 Megurohoncho, Meguro-ku, Tokyo	1,656.02	998	1,142
Residence-22	Esty Maison HAKURAKU	1-18-19 Rokkakubashi, Kanagawa-ku, Yokohama-shi, Kanagawa	1,285.83	829	746
Residence-23	Esty Maison MINAMIHORIE	2-12-10 Minamihorie, Nishi-ku, Osaka-shi, Osaka	1,804.48	1,020	977
Residence-24	Esty Maison GOTANDA	7-7-2 Nishi-Gotanda, Shinagawa-ku, Tokyo	3,871.15	2,780	2,822
Residence-25	Esty Maison OISENDAIZAKA	5-9-10 Higashi-Oi, Shinagawa-ku, Tokyo	2,979.85	2,450	2,279
Residence-26	Esty Maison SHINAGAWA SEASIDE	3-25-20 Higashi-Shinagawa, Shinagawa-ku, Tokyo, etc.	2,602.30	1,940	2,036
Residence-27	Esty Maison MINAMIAZABU	1-10-8 Minamiazabu, Minato-ku, Tokyo	1,082.12	1,130	1,224
Residence-28	Esty Maison JOTO	2-11-8 Noe, Joto-ku, Osaka-shi, Osaka	2,065.92	940	1,007
Residence-29	Esty Maison TSUKAMOTO	2-13-5 Tsukamoto, Yodogawa-ku, Osaka-shi, Osaka	2,321.04	1,060	1,153
Residence-30	Esty Maison KAWASAKI II	12-4 Ogawa-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	2,824.86	2,010	1,773
Residence-31	Esty Maison AZABUJUBAN	1-11-1 Azabujuban, Minato-ku, Tokyo	1,755.31	2,490	2,633
Residence-33	Esty Maison ITABASHIHONCHO	14-14 Yamato-cho, Itabashi-ku, Tokyo	1,274.49	905	939
Residence-34	Esty Maison OIZUMIGAKUEN	2-12-15 Higashi-Oizumi, Nerima-ku, Tokyo	1,362.36	811	816
Residence-35	Esty Maison TENJINHIGASHI I	4-3 Susaki-machi, Hakata-ku, Fukuoka-shi, Fukuoka	1,058.82	376	401
Residence-36	Esty Maison TENJINHIGASHI II	6-12 Susaki-machi, Hakata-ku, Fukuoka-shi, Fukuoka	1,943.72	698	755
Residence-37	Esty Maison SHIJONISHINOTOIN	697 Myodenji-cho, Shijo-sagaru, Nishinotoin-dori, Shimogyo-ku, Kyoto-shi, Kyoto	2,261.28	1,070	1,328
Residence-39	Esty Maison HIGASHISHINAGAWA	1-10-1 Higashi-Shinagawa, Shinagawa-ku, Tokyo	2,936.72	2,320	2,511
Residence-40	Esty Maison HACHIOJIMINAMINO	3-2-8 Nishikatakura, Hachioji-shi, Tokyo	2,155.16	958	919
Residence-41	Esty Maison NISHINAKAJIMA	2-8-21 Higashinakajima, Higashiyodogawa-ku, Osaka-shi, Osaka	3,643.42	1,920	2,019
Residence-42	Esty Maison ITABASHIKUYAKUSHOMAE	2-46-11 Itabashi, Itabashi-ku, Tokyo	3,915.81	2,450	2,551
Residence-43	Esty Maison MUSASHIKOYAMA	3-1-7 Ebara, Shinagawa-ku, Tokyo	1,176.78	1,010	978
Residence-44	Esty Maison SENDAGI	3-49-1 Sendagi, Bunkyo-ku, Tokyo	897.30	680	735
Residence-45	Esty Maison YOTSUYASAKAMACHI	15 Sakamachi, Shinjuku-ku, Tokyo	2,453.17	1,930	2,253
Residence-46	Esty Maison HAKATAHIGASHI	7-2-80 Yoshizuka, Hakata-ku, Fukuoka-shi, Fukuoka	9,106.08	2,350	2,110
Residence-47	Esty Maison KAMIGOFUKU	13-3 Kamigofukumachi, Hakata-ku, Fukuoka-shi, Fukuoka	2,261.91	828	850
Residence-48	Esty Maison SANGENJAYA	2-16-9 Sangenjaya, Setagaya-ku, Tokyo	856.08	820	862
Residence-50	Prime Maison MUSASHINONOMORI	5-15-3 Josuihoncho, Kodaira-shi, Tokyo	3,924.58	1,780	1,527
Residence-51	Prime Maison HIGASHISAKURA	2-10-14 Higashisakura, Higashi-ku, Nagoya-shi, Aichi	3,118.11	1,340	1,093
Residence-52	Prime Maison KAYBAKOEN	2-7-13 Kayaba, Chikusa-ku, Nagoya-shi, Aichi	2,163.98	734	622
Residence-53	Esty Maison SANGENJAYA II	3-11-6 Shimouma, Setagaya-ku, Tokyo	894.64	807	696
Residence-54	Esty Maison ITABASHI C6	32-16 Oyama-higashi-cho, Itabashi-ku, Tokyo	4,036.66	2,340	2,202
Residence-55	MAST HAKATA	4-22-25 Hakata Ekimae, Hakata-ku, Fukuoka-shi, Fukuoka	9,614.80	2,280	1,902
Residence-56	Esty Maison KINSHICHO	1-1-8 Kinshi, Sumida-ku, Tokyo	1,611.54	1,180	1,079
Residence-57	Esty Maison MUSASHIKOGANEI	2-6-5 Honcho, Koganei-shi, Tokyo	2,275.24	1,610	1,489
Residence-58	Prime Maison GOKISO	2-17-2 Ayuchitori, Showa-ku, Nagoya-shi, Aichi	4,427.65	1,760	1,615

Property Name	Location (residence indication)	Form of Ownership	Total rentable area (m <sup>2</sup> )	Appraisal Value at End of Period (Note 1) (millions of yen)	Book Value (millions of yen)
Residence-59	Prime Maison YUHIGAOKA	5-4-13 Ueshio, Tennoji-ku, Osaka-shi, Osaka	2,040.35	851	797
Residence-60	Prime Maison KITATANABE	4-9-17 Kitatanabe, Higashiumiyoshi-ku, Osaka-shi, Osaka	1,798.97	553	532
Residence-61	Prime Maison MOMOCHIHAMA	3-9-1 Momochihama, Sawara-ku Fukuoka-shi, Fukuoka	7,514.76	1,950	1,816
Residence-62	Esty Maison AKIHABARA	3-4-2 Ueno, Taito-ku, Tokyo	2,324.65	1,760	1,567
Residence-63	Esty Maison SASAZUKA	1-61-17 Sasazuka, Shibuya-ku, Tokyo	3,701.70	2,980	2,839
Residence-64	Prime Maison GINZA EAST	1-2-1 Tsukiji, Chuo-ku, Tokyo	6,177.20	5,580	5,168
Residence-65	Prime Maison TAKAMI	2-6-7 Takami, Chikusa-ku, Nagoya-shi, Aichi	2,016.79	955	901
Residence-66	Prime Maison YADAMINAMI	3-11-7 Yadaminami, Higashi-ku, Nagoya-shi, Aichi	2,168.59	749	712
Residence-67	Prime Maison TERIHA	1-3-7 Kashiiteriha, Higashi-ku, Fukuoka-shi, Fukuoka	6,728.20	1,220	1,103
Residence-68	Esty Maison HIGASHISHIRAKABE	3-9-36 Yoshino, Higashi-ku, Nagoya-shi, Aichi	4,014.07	1,440	1,337
Residence-69	Esty Maison SENGOKU	4-6-17 Sengoku, Bunkyo-ku, Tokyo	1,498.13	1,190	1,111
Residence-70	Esty Maison DAIZAWA	2-39-13 Daizawa, Setagaya-ku, Tokyo	2,352.90	1,970	1,928
Residence-71	Esty Maison TOGOSHI	1-25-5 Togoshi, Shinagawa-ku, Tokyo	1,943.17	1,520	1,412
Residence-72	Esty Maison KAWARAMACHI	3-2-10 Kawaramachi, Chuo-ku, Osaka-shi, Osaka	3,486.48	1,790	1,646
Residence-73	Esty Maison NISHITENMA	5-15-3 Nishitenma, Kita-ku, Osaka-shi, Osaka	2,877.90	1,590	1,448
Residence-74	Esty Maison SHIROKANEDAI	1-1-4 Kamisaki, Shinagawa-ku, Tokyo	2,675.11	2,140	1,977
Residence-75	Esty Maison HIGASHISHINJUKU	6-22-5 Shinjuku, Shinjuku-ku, Tokyo	1,889.50	1,490	1,405
Residence-76	Esty Maison MOTOAZABU	3-6-6 Motoazabu, Minato-ku, Tokyo	1,199.86	1,330	1,204
Residence-77	Esty Maison TORITSUDAIGAKU	2-7-17 Tairamachi, Meguro-ku, Tokyo	1,035.78	787	752
Residence-78	Esty Maison MUSASHIKOYAMA II	3-11-4 Koyama, Shinagawa-ku, Tokyo	1,073.59	921	869
Residence-79	Esty Maison NAKANO	5-48-2 Chuo, Nakano-ku, Tokyo	2,023.72	1,660	1,585
Residence-80	Esty Maison SHINNAKANO	6-10-7 Honcho, Nakano-ku, Tokyo	1,107.57	906	872
Residence-81	Esty Maison NAKANOFUJIMICHO	5-13-1 Yayoicho, Nakano-ku, Tokyo	1,299.60	920	888
Residence-82	Esty Maison TETSUGAKUDO	2-12-15 Matsugaoka, Nakano-ku, Tokyo	1,531.89	1,100	981
Residence-83	Esty Maison KOENJI	5-25-26 Koenjiminami, Suginami-ku, Tokyo	1,527.52	1,070	987
Residence-84	Esty Maison OSHIAGE	5-11-5 Narihira, Sumida-ku, Tokyo	3,180.90	2,210	2,006
Residence-85	Esty Maison AKABANE	2-39-5 Akabane, Kita-ku, Tokyo	4,302.84	2,940	2,805
Residence-86	Esty Maison OJI	2-25-8 Oji, Kita-ku, Tokyo	2,289.44	1,480	1,420
Residence-87	Prime Maison WASEDA	544-11 Waseda Tsurumaki-cho, Shinjuku-ku, Tokyo	1,650.66	1,390	1,299
Residence-88	Prime Maison HATCHOBORI	4-11-9 Hatchobori, Chuo-ku, Tokyo	1,382.32	1,260	1,178
Residence-89	Prime Maison JINBOCHO	1-50-9 Kandajinbo-cho, Chiyoda-ku, Tokyo	1,819.90	1,710	1,661
Residence-90	Prime Maison GOTENYAMA EAST	6-6-33 Kitashinagawa, Shinagawa-ku, Tokyo	2,512.91	2,530	2,148
Residence-91	MAST LIFE AKIHABARA	50-6 Kanda Sakumagashi, Chiyoda-ku, Tokyo	803.36	507	492
Residence-92	Esty Maison AOI	1-14-20 Aoi, Higashi-ku, Nagoya-shi, Aichi	4,809.68	2,240	2,210
Residence-93	Esty Maison YAKUIN	1-13-8 Hirao, Chuo-ku, Fukuoka-shi, Fukuoka	5,207.49	2,180	2,124
Residence-94	Esty Maison KINSHICHO II	3-5-19 Kotobashi, Sumida-ku, Tokyo	9,469.65	7,250	6,987
Residence-95	Esty Maison OJIMA	5-32-5 Ojima, Koto-ku, Tokyo	9,905.97	7,990	7,384
Residence-96	Prime Maison FUJIMIDAI	1-25 Fujimidai, Chigusa-ku, Nagoya-shi, Aichi	5,704.63	1,880	1,832
Residence-97	Esty Maison TSURUMAI	2-20-1 Chiyoda, Naka-ku, Nagoya-shi, Aichi	13,812.40	4,090	3,933
Residence subtotal			273,509.12	158,249	150,139
Retail-1	HAMAMATSU Plaza (Note 2)	1020-1 Kaminishi-cho, Higashi-ku, Hamamatsu-shi, Shizuoka, etc.	14,117.13	2,219	3,653
Retail-2	b-town JINGUMAE II	5-3-13 Jingumae, Shibuya-ku, Tokyo	499.67	983	1,013
Retail-3	RINKU HAGURAZAKI Plaza	605 Kashoji Tajiri-cho, Sennan-gun, Osaka, etc.	53,275.73	5,040	4,734
Retail-4	b-town MINAMIAOYAMA	3-6-7 Minamiaoyama, Minato-ku, Tokyo	769.93	1,120	1,508
Retail-5	KOJIMA NEW KAMIFUKUOKATEN	5-10-18 Kamifukuoka, Fujimino-shi, Saitama	3,413.40	1,330	1,254
Retail-7	b-toss IKEBUKURO	1-38-3 Nishi-Ikebukuro, Toshima-ku, Tokyo	1,332.88	1,640	1,974
Retail-8	Joy Square YUGAWARA	1-1617-54 Chuo, Yugawaramachi, Ashigarashimo-gun, Kanagawa	4,404.35	1,530	1,695
Retail-9	Bell Plaza Shopping Center	1647-7 Nakamaruko, Ueda-shi, Nagano, etc.	6,172.70	1,190	1,379
Other real estate in trust (Retail property) subtotal			83,985.79	15,052	17,214
Total			357,494.91	173,301	167,353

(Note 1) The "Appraisal Value at End of Period" indicates either the appraisal value or survey value by real estate appraisers with September 30, 2014 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 "rentable area" of the facility by 49%, which is the quasi-co-ownership interest of the Investment Corporation.

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

Use	Property No.	Property Name	17th Fiscal Period (Oct. 1, 2013 – Mar. 31, 2014)				18th Fiscal Period (Apr. 1, 2014 – Sep. 30, 2014)			
			Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rental Revenue throughout Period (millions of yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rental Revenue throughout Period (millions of yen)	Ratio to Total Rental Revenues (%)
Residence	Residence-1	Esty Maison GINZA	1	97.0	167	3.4	1	96.0	170	3.1
	Residence-3	Esty Maison AZABUNAGASAKA	1	98.7	50	1.0	1	90.6	50	0.9
	Residence-4	Esty Maison EBISU II	1	91.3	54	1.1	1	87.2	54	1.0
	Residence-5	Esty Maison EBISU	1	96.8	24	0.5	1	92.8	22	0.4
	Residence-6	Esty Maison KANDA	1	97.4	45	0.9	1	96.1	45	0.8
	Residence-7	Esty Maison SENDAGAYA	—	—	14	0.3	—	—	—	—
	Residence-8	Esty Maison KITASHINJUKU	1	88.3	46	0.9	1	98.7	42	0.8
	Residence-10	Esty Maison ASAKUSA KOMAGATA	1	98.6	63	1.3	1	97.7	65	1.2
	Residence-11	Esty Maison MACHIDA	1	96.3	52	1.1	1	95.5	53	1.0
	Residence-12	Esty Maison KAWASAKI	1	98.7	77	1.6	1	96.8	79	1.4
	Residence-13	Esty Maison IMAIKE	1	91.9	15	0.3	1	98.3	14	0.3
	Residence-14	Esty Maison SHINKAWASAKI	1	100.0	32	0.7	1	100.0	31	0.6
	Residence-15	Esty Maison YOKOHAMA	1	100.0	77	1.6	1	95.8	63	1.1
	Residence-16	Esty Maison KAMEIDO	1	100.0	53	1.1	1	96.0	52	0.9
	Residence-17	Esty Maison MEGURO	1	100.0	30	0.6	1	97.5	30	0.5
	Residence-18	Esty Maison YACHIYO MIDORIGAOKA	1	93.6	42	0.9	1	95.3	44	0.8
	Residence-19	Esty Maison SUGAMO	1	97.2	47	1.0	1	97.3	48	0.9
	Residence-20	Esty Maison KYOBASHI	1	95.4	89	1.8	1	99.4	92	1.7
	Residence-21	Esty Maison MEGUROHONCHO	1	96.4	32	0.7	1	100.0	34	0.6
	Residence-22	Esty Maison HAKURAKU	1	94.7	31	0.6	1	96.5	30	0.5
	Residence-23	Esty Maison MINAMIHORIE	1	98.6	35	0.7	1	97.2	35	0.6
	Residence-24	Esty Maison GOTANDA	1	96.0	93	1.9	1	94.6	90	1.6
	Residence-25	Esty Maison OISENDAIZAKA	1	97.4	78	1.6	1	96.1	80	1.4
	Residence-26	Esty Maison SHINAGAWA SEASIDE	1	97.2	64	1.3	1	96.7	65	1.2
	Residence-27	Esty Maison MINAMIAZABU	1	98.1	34	0.7	1	96.2	35	0.6
	Residence-28	Esty Maison JOTO	1	98.5	34	0.7	1	90.7	33	0.6
	Residence-29	Esty Maison TSUKAMOTO	1	100.0	40	0.8	1	96.9	40	0.7
	Residence-30	Esty Maison KAWASAKI II	1	99.2	61	1.3	1	96.0	63	1.1
	Residence-31	Esty Maison AZABUJUBAN	1	98.7	67	1.4	1	96.8	66	1.2
	Residence-33	Esty Maison ITABASHIHONCHO	1	96.9	28	0.6	1	93.8	28	0.5
	Residence-34	Esty Maison OIZUMIGAKUEN	1	95.9	24	0.5	1	94.6	26	0.5
	Residence-35	Esty Maison TENJINHIGASHI I	1	100.0	16	0.3	1	97.8	15	0.3
	Residence-36	Esty Maison TENJINHIGASHI II	1	100.0	28	0.6	1	96.3	27	0.5
	Residence-37	Esty Maison SHIJONISHINOTOIN	1	97.6	41	0.8	1	100.0	40	0.7
	Residence-39	Esty Maison HIGASHISHINAGAWA	1	96.4	71	1.5	1	96.1	71	1.3
	Residence-40	Esty Maison HACHIOJIMINAMINO	1	91.9	34	0.7	1	94.2	31	0.6
	Residence-41	Esty Maison NISHINAKAJIMA	1	96.1	67	1.4	1	92.9	66	1.2
	Residence-42	Esty Maison ITABASHIKUYAKUSHOMAE	1	100.0	75	1.5	1	91.9	78	1.4
	Residence-43	Esty Maison MUSASHIKOYAMA	1	94.8	31	0.6	1	100.0	30	0.5
	Residence-44	Esty Maison SENDAGI	1	100.0	23	0.5	1	97.6	21	0.4
	Residence-45	Esty Maison YOTSUYASAKAMACHI	1	92.8	57	1.2	1	85.1	56	1.0
	Residence-46	Esty Maison HAKATAHIGASHI	1	97.9	85	1.7	1	98.4	82	1.5
	Residence-47	Esty Maison KAMIGOFUKU	1	89.7	28	0.6	1	97.0	26	0.5
	Residence-48	Esty Maison SANGENJAYA	1	88.8	24	0.5	1	97.3	23	0.4
	Residence-50	Prime Maison MUSASHINONOMORI	1	98.7	62	1.3	1	93.2	63	1.1
	Residence-51	Prime Maison HIGASHISAKURA	1	93.6	52	1.1	1	95.0	50	0.9
	Residence-52	Prime Maison KAYABAOKEN	1	100.0	29	0.6	1	100.0	29	0.5
	Residence-53	Esty Maison SANGENJAYA II	1	97.0	24	0.5	1	91.1	23	0.4
	Residence-54	Esty Maison ITABASHI C6	1	93.3	76	1.5	1	94.5	78	1.4
	Residence-55	MAST HAKATA	1	100.0	93	1.9	1	100.0	93	1.7
	Residence-56	Esty Maison KINSHICHO	1	97.3	33	0.7	1	95.8	35	0.6
	Residence-57	Esty Maison MUSASHIKOGANEI	1	93.2	54	1.1	1	90.2	51	0.9
	Residence-58	Prime Maison GOKISO	1	96.9	62	1.3	1	98.3	65	1.2

Use	Property No.	Property Name	17th Fiscal Period (Oct. 1, 2013 – Mar. 31, 2014)				18th Fiscal Period (Apr. 1, 2014 – Sep. 30, 2014)				
			Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rental Revenue throughout Period (millions of yen)	Ratio to Total Rental Revenues (%)	Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rental Revenue throughout Period (millions of yen)	Ratio to Total Rental Revenues (%)	
Residence	Residence-59	Prime Maison YUHIGAOKA	1	92.8	30	0.6	1	87.7	27	0.5	
	Residence-60	Prime Maison KITATANABE	1	100.0	22	0.5	1	92.0	22	0.4	
	Residence-61	Prime Maison MOMOCHIHAMA	1	100.0	69	1.4	1	100.0	68	1.2	
	Residence-62	Esty Maison AKIHABARA	1	97.5	53	1.1	1	95.0	55	1.0	
	Residence-63	Esty Maison SASAZUKA	1	99.0	87	1.8	1	95.7	87	1.6	
	Residence-64	Prime Maison GINZA EAST	1	95.0	160	3.3	1	98.1	162	2.9	
	Residence-65	Prime Maison TAKAMI	1	85.9	32	0.7	1	100.0	32	0.6	
	Residence-66	Prime Maison YADAMINAMI	1	92.3	27	0.6	1	100.0	27	0.5	
	Residence-67	Prime Maison TERIHA	1	100.0	51	1.1	1	100.0	51	0.9	
	Residence-68	Esty Maison HIGASHISHIRAKABE	1	100.0	47	1.0	1	100.0	47	0.9	
	Residence-69	Esty Maison SENGOKU	1	97.3	37	0.8	1	94.4	37	0.7	
	Residence-70	Esty Maison DAIZAWA	1	100.0	60	1.2	1	97.6	60	1.1	
	Residence-71	Esty Maison TOGOSHI	1	96.9	48	1.0	1	100.0	47	0.8	
	Residence-72	Esty Maison KAWARAMACHI	1	94.3	59	1.2	1	95.1	57	1.0	
	Residence-73	Esty Maison NISHITENMA	1	93.9	53	1.1	1	95.0	54	1.0	
	Residence-74	Esty Maison SHIROKANEDAI	1	92.4	60	1.2	1	90.1	58	1.1	
	Residence-75	Esty Maison HIGASHISHINJUKU	1	96.7	46	0.9	1	94.0	45	0.8	
	Residence-76	Esty Maison MOTOAZABU	1	100.0	33	0.7	1	100.0	39	0.7	
	Residence-77	Esty Maison TORITSUDAIGAKU	1	100.0	21	0.4	1	92.8	22	0.4	
	Residence-78	Esty Maison MUSASHIKOYAMA II	1	97.3	28	0.6	1	100.0	28	0.5	
	Residence-79	Esty Maison NAKANO	1	94.8	51	1.1	1	92.1	49	0.9	
	Residence-80	Esty Maison SHINAKANO	1	95.7	30	0.6	1	96.2	28	0.5	
	Residence-81	Esty Maison NAKANOFUJIMICHO	1	97.7	27	0.6	1	100.0	29	0.5	
	Residence-82	Esty Maison TETSUGAKUDO	1	100.0	34	0.7	1	97.6	34	0.6	
	Residence-83	Esty Maison KOENJI	1	95.1	33	0.7	1	89.1	31	0.6	
	Residence-84	Esty Maison OSHIAGE	1	96.9	66	1.4	1	95.9	68	1.2	
	Residence-85	Esty Maison AKABANE	1	97.6	93	1.9	1	97.6	94	1.7	
	Residence-86	Esty Maison OJI	1	96.6	47	1.0	1	94.4	46	0.8	
	Residence-87	Prime Maison WASEDA	1	96.8	42	0.9	1	98.5	42	0.8	
	Residence-88	Prime Maison HATCHOBORI	1	93.8	34	0.7	1	100.0	37	0.7	
	Residence-89	Prime Maison JINBOCHO	1	96.4	50	1.0	1	93.6	49	0.9	
	Residence-90	Prime Maison GOTENYAMA EAST	1	95.7	68	1.4	1	100.0	72	1.3	
	Residence-91	MAST LIFE AKIHABARA	1	100.0	5	0.1	1	100.0	15	0.3	
	Residence-92	Esty Maison AOI	1	88.7	24	0.5	1	94.8	72	1.3	
	Residence-93	Esty Maison YAKUIN	1	92.2	1	0.0	1	94.0	73	1.3	
	Residence-94	Esty Maison KINSHICHO II	—	—	—	—	1	94.1	170	3.0	
	Residence-95	Esty Maison OJIMA	—	—	—	—	1	94.9	192	3.4	
	Residence-96	Prime Maison FUJIMIDAI	—	—	—	—	1	92.2	56	1.0	
	Residence-97	Esty Maison TSURUMAI	—	—	—	—	1	100.0	129	2.3	
		Residence subtotal		87	96.6	4,333	88.1	91	96.3	4,990	89.3
	Other Real Estate in Trust (Retail property)	Retail-1	HAMAMATSU Plaza	4	100.0	107	2.2	4	100.0	109	2.0
		Retail-2	b-town JINGUMAE II	1	100.0	23	0.5	1	100.0	24	0.4
		Retail-3	RINKU HAGURAZAKI Plaza	3	100.0	182	3.7	3	100.0	182	3.3
		Retail-4	b-town MINAMIAOYAMA	1	100.0	33	0.7	1	92.3	33	0.6
		Retail-5	KOJIMA NEW KAMIFUKUOKATEN	1	100.0	48	1.0	1	100.0	48	0.9
		Retail-7	b-toss IKEBUKURO	1	88.8	52	1.1	1	100.0	60	1.1
		Retail-8	Joy Square YUGAWARA	1	100.0	81	1.7	1	100.0	86	1.6
		Retail-9	Bell Plaza Shopping Center	1	100.0	55	1.1	1	100.0	55	1.0
			Other real estate in trust (Retail property) subtotal		13	99.8	583	11.9	13	99.9	600
		Total		100	97.5	4,917	100.0	104	97.1	5,591	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 each 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 area to the rentable area at the end of the relevant calculation period).



# Management Discussion and Analysis

## 1. Asset Management Status for the 18th Fiscal Period

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

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

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

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

The Investment Corporation works to expand its asset size, primarily through acquiring rental residential properties developed by Sekisui House, with a focus on maximization of the interests of its unitholders, and also endeavors to reinforce its financial base. By doing so, it aims to become the leading company among J-REITs investing in residential properties.

Furthermore, in consideration of the introduction of Nippon Individual Savings Account (NISA) in January 2014, the Investment Corporation conducted a five-for-one split of its investment units with March 31, 2014 and April 1, 2014 as the record date and the effective date, respectively. The split was intended to create an environment which should make it easier for retail investors to make investments, by lowering the amount per unit for investment.

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

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

#### 1) Operating Environment

During the 18th fiscal period, the Japanese economy showed some weakness, primarily in production, impacted by a decrease in demand in reaction to the rush demand prior to the consumption tax rate hike, etc. Recovery occasionally failed to pick up pace due to such foreign factors as the tense situations in the Ukraine and Middle East as well as unseasonable weather in Japan. Nevertheless, corporate sentiment was generally kept at a favorable level, and the economy presumably remained on course for a modest recovery, given the employment and income environments continuing to improve steadily.

Under these circumstances, the Tokyo Stock Exchange REIT Index remained strong, as it continued to rise for six consecutive months through September 2014 on a monthly basis, although it occasionally dropped temporarily due to fluctuations in the domestic and foreign stock exchanges and in long-term interest rates. The rise reflected the recognition in the market for the purchase of J-REIT investment units by the Bank of Japan and the high dividend yield of J-REITs due to the decreased long-term interest rates.

As for the land price trend, the national average was still decreasing both for commercial and residential land but the rate of decrease continued to shrink, according to the government's Prefectural Land Price Survey as of July 1, 2014. On the average in the three major metropolitan areas (the Greater Tokyo, Osaka Area and Nagoya Area), the residential land price took an upward turn and the commercial land price accelerated its pace of increase. Moreover, in the three major metropolitan areas, land prices increased in slightly less than half of the surveyed sites for residential land and slightly more than two-thirds for commercial land. As such, land prices are observed to be heading for recovery, due to such factors as progress made in redevelopment projects and real estate investment increasing as well as the office building market showing a recovery trend.

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

As for the supply trend for rental residential properties, the number of housing starts continue to remain at a low level, showing a year-on-year decrease for seven consecutive months, according to the Statistics on Building Construction Starts (September 2014) by the Ministry of Land, Infrastructure, Transport and Tourism. As such, the supply and demand situation in the rental residential properties market is believed to largely remain in good shape.

Meanwhile, according to the Monthly Report of Recent Economic and Financial Developments 2014 (October 2014) by the Bank of Japan, private consumption presumably remains resilient, with the effects of the decline in demand in reaction to the front-loaded increase waning on the whole despite some dispersions. Accordingly, it is considered that rents for stores, which are influenced by private consumption trends, have remained flat as a whole. For example, department store sales throughout Japan have picked up since May 2014 after significantly decreasing in April, and supermarket sales nationwide have also shown a moderate pickup trend since May following a large drop in April. Moreover, convenience store sales have continued a slightly upward trend, showing relatively smaller fluctuations after the rush demand, and there is an observed tendency in which the opening of some convenience stores that pay high rents in such areas as Ginza, Omotesando and Shinjuku lead the increase in rents.

## 2) Asset Management Results

### A. Measures for expanding the asset size

[Changes in the asset size]

The Investment Corporation started the 18th fiscal period with management of 95 properties it owned as of March 31, 2014, having total acquisition price of 151,744 million yen (excluding, however, miscellaneous acquisition related expenses, fixed property taxes, city planning taxes, consumption taxes and local consumption taxes; the same follows hereafter), and acquired four residential properties (with total acquisition price of 19,355 million yen) in May 2014. As a result, the properties owned by the Investment Corporation as of the end of the fiscal period under review totaled 99 properties (91 residential properties and 8 retail properties), with the total acquisition price amounting to 171,099 million yen (153,562 million yen for residential properties and 17,536 million yen for retail properties).

The table below indicates the properties acquired during the 18th fiscal period.

<Newly acquired properties>

Property No.	Property Name	Location	Acquisition Price (millions of yen)	Acquisition Date
Residence-94	Esty Maison KINSHICHO II	Kotobashi, Sumida-ku, Tokyo	6,720	May 1, 2014
Residence-95	Esty Maison OJIMA	Ojima, Koto-ku, Tokyo	7,120	May 1, 2014
Residence-96	Prime Maison FUJIMIDAI	Fujimidai, Chigusa-ku, Nagoya-shi, Aichi	1,755	May 1, 2014
Residence-97	Esty Maison TSURUMAI	Chiyoda, Naka-ku, Nagoya-shi, Aichi	3,760	May 1, 2014

[Use of diversified property acquisition channels and methods]

As part of diversifying the property acquisition methods, the Investment Corporation had obtained preferential negotiation rights for the acquisition of two residential properties from GK AQUA 2 in March 2013. The Investment Corporation exercised the said preferential negotiation rights to acquire the two properties in May 2014. In the same month, it also acquired a Prime Maison Series property from Sekisui House and a residential property from Sekiwa Real Estate Chubu, Ltd. As these show, the Investment Corporation conducted property acquisitions by utilizing the diversified property acquisition channels and methods it has established through its activities to date.

[Implementation of public offerings for two consecutive fiscal periods]

The Investment Corporation issued new investment units through public offering in April 2014. Using the funds procured from the public offering plus borrowings and cash on hand, it acquired the aforementioned four residential properties in May 2014. Moreover, in October 2014 (the 19th fiscal period), it conducted another public offering for two consecutive fiscal periods. The Investment Corporation decided to acquire seven Prime Maison Series properties from Sekisui House and a MAST Series property from Sekiwa Real Estate, Ltd. by using the funds procured through the public offering as well as borrowings and cash on hand. Of these properties, acquisition already completed for eight properties in November 2014 and January 2015. For details of the latest public offering and property acquisitions, please refer to 3. Significant Events Occurring after Settling the 18th Fiscal Period described below.

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

During the fiscal period, the Investment Corporation conducted leasing activities by paying attention to the trends in the surrounding rental markets in accordance with the property locations, residential types and tenant classifications. At the same time, it took various measures aiming to enhance property values and tenant satisfaction. Specific measures included implementation of renewals and renovations of aged and obsolete exclusive and common areas, which can be obstacle to leases, in a timely manner and introduction of LED lighting to common areas aimed at reducing power charges, all in an endeavor to improve property values and reduce costs. Consequently, the occupancy ratio of the entire residential properties stood at 96.3% as of the end of the 18th fiscal period.

For retail properties, joint efforts were made with the property management companies on the lease of b-toss Ikebukuro, which had had vacant sections since before the 17th fiscal period. With leasing of the property completed, the occupancy ratio of the entire retail properties stood at 99.9% as of September 30, 2014.

As a result of these endeavors, the occupancy ratio of the entire portfolio was 97.1% as of the end of the fiscal period under review.

### (3) Summary of Fund Procurement

During the 18th fiscal period, the Investment Corporation newly borrowed 8,700 million yen in short-term loans payable (loan period: approximately 10 months) in May 2014 in order to fund property acquisitions. In August 2014, it borrowed 5,400 million yen with a loan period of approximately 8 years and 4,400 million yen with a loan period of approximately 7 years, as well as issuing investment corporation bonds totaling 3,000 million yen with a redemption period of 10 years, as funds for refinancing the borrowings that matured (12,809 million yen in total). These arrangements helped promote further extension of borrowing periods and diversification of repayment days. Taking advantage of the favorable financing environment, the Investment Corporation issued the said investment corporation bonds with an applicable coupon rate that was lower by 0.198 points than the investment corporation bonds it issued in February 2014 having the same redemption period. Moreover, for the long-term loans payable, the interest rates were fixed in effect by concluding interest rate swap agreements in order to hedge the risk of rising interest rates.

As a result of the above, the Investment Corporation had the balance of interest-bearing liabilities standing at 92,459 million yen (8,700 million yen in short-term loans payable, 69,259 million yen in long-term loans payable (including 6,650 million yen in current portion of long-term loans payable) and 14,500 million yen in investment corporation bonds) as of September 30, 2014.



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

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

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

As a result of these management efforts, the Investment Corporation posted operating revenue of 5,591 million yen, operating income of 2,463 million yen after deducting such operating expenses as outsourcing expenses, utilities expenses and asset management fees, ordinary income of 1,952 million yen and net income of 1,950 million yen in the 18th fiscal period. With regard to the cash distributions, the Investment Corporation decided to distribute the entire amount of the unappropriated retained earnings excluding the fractions less than one yen per investment unit, with the aim of having the maximum amount of profit distributions deducted as expenses based on application of the special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation). As a result, the cash distribution per unit came to 2,131 yen for the 18th fiscal period.

## 2. Future Management Policies and Vital Issues

### (1) Investment Environment

With regard to the outlook of the Japanese economy, domestic demand will maintain firmness and exports are expected to head for a moderate increase, according to the Outlook for Economic Activity and Prices (October 2014) by the Bank of Japan. As such, a virtuous cycle from income to spending is likely to be maintained in both the household and corporate sectors. For the second half of fiscal 2014, the economy is anticipated to remain solid, given a steady improvement in the employment and income environments, although the impact of the reaction to the rush demand prior to the consumption tax rate hike will linger for some time centering on personal consumption. However, a certain upswing or downswing may possibly arise for the future outlook, depending on such overseas economic trends as the outlook of emerging economies, the European debt problem and the recovery pace of the U.S. economy as well as such factors as the impact of the consumption tax rate increase, changes in expectations of household and corporate sectors for growth over a medium to long term and confidence in the medium- to long-term sustainability of the national finance. Close monitoring of the future trends and outcome of these factors will be required.

In the real estate transaction market, the increase in real estate prices attributed to the monetary easing policy will probably continue going forward, amid the intensifying competition over properties due to diversification of market participants and the rents entering the upward phase, thanks to the expanded “quantitative and qualitative monetary easing” announced by the Bank of Japan on October 31, 2014 and the change of the policy asset mix for the medium-term plan by the Government Pension Investment Fund (GPIF) it announced on the same day. On the other hand, supply of new properties including high-quality rental residential properties, etc. is projected to remain at a low level over a medium term, primarily because of the increase in construction costs and intensified competition over acquisitions of construction sites. Accordingly, the expected investment return will presumably continue to show a decreasing trend for some time. Based on this view, the Investment Corporation will manage its assets by carefully discerning the asset management environment in terms of the business and interest rate trends, the supply and demand balance status and the orientations of domestic and foreign investors.

### (2) Management Policy and Vital Issues

#### A. External Growth Strategy

With an aim to realize maximum value for its unitholders, the Investment Corporation endeavors to build a portfolio that centers on high-quality rental residential properties planned and developed by the Sekisui House Group, for which Sekisui House, Ltd., the main sponsor, serves as the core company. In this endeavor, the Investment Corporation positions Greater Tokyo / Major Urban Area as the focused investment area as well as the core area of its property portfolio, while setting Greater Tokyo / Other Urban Areas as areas to achieve a risk distribution effect for the Greater Tokyo residential portfolio. Moreover, in order to mitigate the risk associated with heavy concentration of the portfolio on Greater Tokyo, the Investment Corporation will work to diversify investments to a certain degree as it investigates acquisitions of properties that allow expectations for stable rental demand, carefully selected from among properties located in major metropolitan areas and major regional cities around Japan, by making the best use of the nationwide networks of the Sekisui House Group. As for the residential types as investment targets, the Investment Corporation will invest primarily in properties comprised mainly of the Single and Compact Type residences for which relatively high rental demand and profitability can be expected, as well as in properties comprised mainly of the Family Type residences for which stable earnings can be expected, giving due consideration to area characteristics. The Investment Corporation will also selectively invest in properties comprised mainly of the Large Type residences after carefully analyzing site environments and such.

In terms of the property acquisition channels, the Investment Corporation will not only utilize the Sekisui House Group’s ability to supply properties but also use property information provided by Spring Investment, the co-sponsor, and endeavor to acquire properties from outside sources by collecting property information through the proprietary networks of the asset management company. By doing so, the Investment Corporation will work to steadily expand and diversify the acquisition opportunities, and aim to reinforce profitability through expanding the asset size centering on high-quality rental residential properties.




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

### B. Internal Growth Strategy

The Investment Corporation will continue to implement various measures to enhance cash flows from its owned properties. For residential properties, it will work to reinforce property competitiveness by conducting building renovation and unit renewal work, and further strengthen coordination with the property management companies to reduce vacancy periods (down time) and maintain and improve the contract renewal ratio.

Specifically, in order to improve the occupancy ratio and enhance the operational and administrative efficiency through the synergy effect with the Sekisui House Group, the Investment Corporation will, in principle, consign property management services for the properties it acquires from the Sekisui House Group to the Sekiwa Real Estate Group companies that cover the areas in which the said properties are located. Moreover, as the Investment Corporation has gradually unified the property management companies involved in the existing residential properties to the Sekiwa Real Estate companies, it aims to maintain and improve medium- and long-term performance through tenant attraction and efficient centralized 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 537,000 units throughout Japan (as of July 31, 2014), and its nationwide networks. 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.

<Summary of the Investment Corporation’s Major Brands>

Brand Name	Credit Rating Agency	Credit Rating Agency	Credit Rating Agency
Logo type			
Explanation on brand	<p>Brand of Sekisui House</p> <p>High-quality urban rental condominiums planned and developed by Sekisui House by utilizing its know-how or in which it invests in recognition of the value</p>	<p>Proprietary Brand of the Investment Corporation</p> <p>As a rule, high-quality urban rental condominiums 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 that belong to the Sekisui House Group</p>

As for the retail properties, which are characterized by the fact that their earnings are impacted by the changes in the business climate and the competition environment in surrounding areas, the Investment Corporation will maintain close communications with the tenants on a daily basis and promptly respond to problems that may occur, in order to cope with such changes as soon as possible. Moreover, the Investment Corporation will endeavor to enhance the value of the facilities by conducting renovations, etc. of the properties as needed, and further enhance its leasing activities.

### (3) Financial Strategy, Etc.

For the loan-to-value ratio (LTV), which represents the ratio of the balance of borrowings, investment corporation bonds and interest-bearing lease and guarantee deposits to the total of assets owned by the Investment Corporation, the Asset Management Guidelines of the asset management company sets the ceiling at 60%. However, as the policy it has followed to date, the Investment Corporation makes it a basic rule to maintain LTV at a conservative level, with the lower half of the 50% level as the target ceiling for the time being. Furthermore, while the Investment Corporation’s LTV stood at 52.3% as of the end of the 18th fiscal period, the figure is expected to have been lowered to some extent as of the date of this document due to the issuance of new investment units through public offering and other measures as mentioned before. The Investment Corporation will effectively utilize the capacity for property acquisition created by the decreased LTV, while investigating diversification of the fund procurement means and conducting fund procurement through appropriate means, paying close attention to the market environment.

## 3. Significant Events Occurring after Settling the 18th Fiscal Period

### (1) Issuance of New Investment Units

At the board of directors’ meetings held on October 3 and October 15, 2014, the Investment Corporation resolved on the issuance of new investment units as described below, in order to use the proceeds for part of the funds for acquisitions of specified assets and expenses incidental to the acquisitions. Payment completed on October 22, 2014 for the investment units issued through public offering.

As for the new investment units to be issued through third-party allotment, Mizuho Securities Co., Ltd., the allottee, notified on November 12, 2014 about subscribing for the whole of the investment units to be offered (4,900 units). Payment completed on November 18, 2014.

As a result, unitholders’ capital increased to 88,925,149,945 yen, with the number of investment units issued and outstanding totaling 1,018,110 units.

## Financial Section

[Issuance of investment units through public offering (primary offering)]

Number of units issued	: 97,970 units
Issue price (offer price)	: 99,157 yen per unit
Total issue price (total offer price)	: 9,714,411,290 yen
Paid-in amount (issue amount)	: 95,902 yen per unit
Total paid-in amount (total issue amount)	: 9,395,518,940 yen
Payment date	: October 22, 2014
Starting date for calculating distributions	: October 1, 2014

[Issuance of investment units by way of third-party allotment]

Number of units issued	: 4,900 units
Paid-in amount (issue amount)	: 95,902 yen per unit
Total paid-in amount (total issue amount)	: 469,919,800 yen
Payment date	: November 18, 2014
Starting date for calculating distributions	: October 1, 2014
Third party allottee	: Mizuho Securities Co., Ltd.

(Reference Information)

### A. Assignment of Owned Property

The Investment Corporation sold the following property as of October 3, 2014.

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

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

### B. New Asset Acquisitions

The Investment Corporation acquired the following eight properties as of November 4, 2014 and January 15, 2015.

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

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

### C. Borrowing of Funds

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

Lender	Drawdown Date	Loan amount (millions of yen)	Interest Rate	Fixed/ Floating	Repayment Date	Repayment Method	Use	Collateral
Mizuho Bank, Ltd.	November 4, 2014	500	0.33000% (Note 1)	Floating	August 31, 2015	Lump-sum repayment	Fund for acquisition of real estate beneficiary interest, etc.	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		500						
Mizuho Bank, Ltd.	January 15, 2015	800	0.33000% (Note 2)	Floating	February 29, 2016	Lump-sum repayment	Fund for acquisition of real estate beneficiary interest, etc.	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		800						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,200						
Total		3,800						

(Note 1) The interest rate is applicable for the period from January 30, 2015 to February 27, 2015.

(Note 2) The interest rate is applicable for the period from January 30, 2015 to February 27, 2015.

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## Financial Statements

### (1) Balance Sheet

	(Thousands of yen)	
	17th Fiscal Period (As of March 31, 2014)	18th Fiscal Period (As of September 30, 2014)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,442,531	3,595,652
Cash and deposits in trust	4,174,220	4,769,531
Operating accounts receivable	159,587	145,036
Prepaid expenses	116,460	137,101
Deferred tax assets	83	99
Consumption taxes receivable	13,486	69,086
Other	337	912
Allowance for doubtful accounts	(870)	(1,681)
<b>Total current assets</b>	<u>7,905,837</u>	<u>8,715,737</u>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings in trust	71,913,979	82,643,364
Accumulated depreciation	(9,013,788)	(10,188,991)
Buildings in trust, net	<u>62,900,190</u>	<u>72,454,373</u>
Structures in trust	551,871	594,179
Accumulated depreciation	(122,933)	(141,133)
Structures in trust, net	<u>428,937</u>	<u>453,045</u>
Machinery and equipment in trust	961,624	1,292,569
Accumulated depreciation	(270,751)	(321,942)
Machinery and equipment in trust, net	<u>690,872</u>	<u>970,626</u>
Tools, furniture and fixtures in trust	86,395	102,935
Accumulated depreciation	(38,322)	(44,439)
Tools, furniture and fixtures in trust, net	<u>48,072</u>	<u>58,496</u>
Land in trust	84,024,725	93,263,002
Total property, plant and equipment	<u>148,092,799</u>	<u>167,199,543</u>
Intangible assets		
Leasehold rights in trust	156,073	154,055
Other	1,793	1,164
Total intangible assets	<u>157,867</u>	<u>155,220</u>
Investments and other assets		
Lease and guarantee deposits	235,682	235,682
Long-term prepaid expenses	299,924	341,576
Other	115,450	120,354
Total investments and other assets	<u>651,056</u>	<u>697,613</u>
<b>Total non-current assets</b>	<u>148,901,723</u>	<u>168,052,377</u>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	70,665	89,884
Investment unit issuance costs	-	34,991
<b>Total deferred assets</b>	<u>70,665</u>	<u>124,876</u>
<b>Total assets</b>	<u>156,878,226</u>	<u>176,892,990</u>

	(Thousands of yen)	
	17th Fiscal Period (As of March 31, 2014)	18th Fiscal Period (As of September 30, 2014)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	305,654	289,892
Short-term loans payable	3,300,000	8,700,000
Current portion of long-term loans payable	16,159,000	6,650,000
Accounts payable – other	416,881	446,304
Accrued expenses	69,827	64,192
Income taxes payable	2,005	2,079
Advances received	258,338	303,927
Other	29,553	12,782
<b>Total current liabilities</b>	<u>20,541,260</u>	<u>16,469,179</u>
<b>Non-current liabilities</b>		
Investment corporation bond	11,500,000	14,500,000
Long-term loans payable	52,809,500	62,609,500
Tenant leasehold and security deposits in trust	1,967,645	2,303,807
<b>Total non-current liabilities</b>	<u>66,277,145</u>	<u>79,413,307</u>
<b>Total liabilities</b>	<u>86,818,405</u>	<u>95,882,486</u>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	68,294,216	79,059,711
Surplus		
Unappropriated retained earnings	1,765,604	1,950,792
Total surplus	<u>1,765,604</u>	<u>1,950,792</u>
<b>Total unitholders' equity</b>	<u>70,059,821</u>	<u>81,010,504</u>
<b>Total net assets</b>	<u>70,059,821</u>	<u>81,010,504</u>
<b>Total liabilities and net assets</b>	<u>156,878,226</u>	<u>176,892,990</u>

See accompanying notes to the financial statements.

## (2) Statement of Income and Retained Earnings

	(Thousands of yen)	
	17th Fiscal Period (October 1, 2013 – March 31, 2014)	18th Fiscal Period (April 1, 2014 – September 30, 2014)
<b>Operating revenue</b>		
Rent revenue - real estate	4,917,718	5,591,570
Gain on sales of real estate properties	35,189	-
Total operating revenue	4,952,907	5,591,570
<b>Operating expenses</b>		
Expenses related to rent business	2,233,689	2,560,551
Asset management fee	326,184	360,826
Asset custody fee	13,167	13,752
Administrative service fees	30,636	31,116
Directors' compensations	3,600	3,600
Provision of allowance for doubtful accounts	870	1,387
Other operating expenses	102,244	156,425
Total operating expenses	2,710,393	3,127,659
<b>Operating income</b>	2,242,513	2,463,911
<b>Non-operating income</b>		
Interest income	665	770
Reversal of distributions payable	139	220
Interest on tax refund	80	12
Compensation income	5,674	-
Other	38	160
Total non-operating income	6,598	1,163
<b>Non-operating expenses</b>		
Interest expenses	389,965	390,802
Interest expenses on investment corporation bonds	25,964	45,969
Amortization of investment corporation bond issuance costs	3,837	6,491
Borrowing related expenses	61,631	62,645
Amortization of investment unit issuance costs	-	6,113
Other	45	93
Total non-operating expenses	481,443	512,115
<b>Ordinary income</b>	1,767,668	1,952,959
<b>Income before income taxes</b>	1,767,668	1,952,959
Income taxes - current	2,140	2,236
Income taxes - deferred	12	(15)
Total income taxes	2,153	2,220
<b>Net income</b>	1,765,515	1,950,739
<b>Retained earnings brought forward</b>	88	53
<b>Unappropriated retained earnings</b>	1,765,604	1,950,792

See accompanying notes to the financial statements.

## (3) Statement of Changes in Net Assets

17th fiscal period (from October 1, 2013 to March 31, 2014)

	(Thousands of yen)				
	Unitholders' equity			Total unitholders' equity	Total Net Assets
	Unitholders' capital	Surplus			
		Unappropriated retained earnings	Total surplus		
Balance as of October 1, 2013	68,294,216	1,681,846	1,681,846	69,976,063	69,976,063
Changes during the fiscal period					
Distribution from surplus		(1,681,757)	(1,681,757)	(1,681,757)	(1,681,757)
Net Income		1,765,515	1,765,515	1,765,515	1,765,515
Total changes of items during the fiscal period	-	83,757	83,757	83,757	83,757
Balance as of March 31, 2014	68,294,216	1,765,604	1,765,604	70,059,821	70,059,821

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

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



#### (4) Statement of Cash Distributions

Item	17th Fiscal Period (October 1, 2013 – March 31, 2014)	18th Fiscal Period (April 1, 2014 – September 30, 2014)
I. Unappropriated retained earnings	1,765,604,403 yen	1,950,792,909 yen
II. Cash distributions	1,765,550,510 yen	1,950,376,440 yen
(Cash distributions per unit)	(11,062 yen)	(2,131 yen)
III. Retained earnings brought forward	53,893 yen	416,469 yen
Method for calculating cash distributions	As provided in Article 34-1-2 of its Articles of Incorporation, the Investment Corporation makes it a basic policy to make cash distributions in excess of the amount equivalent to 90% of the distributable income amount as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Following this policy, and in consideration of the fact that individual unitholder must calculate the capital gains or losses for the cash distributions in excess of earnings when the Investment Corporation distributes cash in excess of earnings as stipulated in Article 34-1-4 of its Articles of Incorporation, the Investment Corporation distributed 1,765,550,510 yen, which is the entire amount of the unappropriated retained earnings excluding the fractions less than one yen per investment unit, as distribution of earnings.	As provided in Article 34-1-2 of its Articles of Incorporation, the Investment Corporation makes it a basic policy to make cash distributions in excess of the amount equivalent to 90% of the distributable income amount as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Following this policy, and in consideration of the fact that individual unitholder must calculate the capital gains or losses for the cash distributions in excess of earnings when the Investment Corporation distributes cash in excess of earnings as stipulated in Article 34-1-4 of its Articles of Incorporation, the Investment Corporation distributed 1,950,376,440 yen, which is the entire amount of the unappropriated retained earnings excluding the fractions less than one yen per investment unit, as distribution of earnings.

#### (5) Statement of Cash Flows

	(Thousands of yen)	
	17th Fiscal Period (October 1, 2013 – March 31, 2014)	18th Fiscal Period (April 1, 2014 – September 30, 2014)
<b>Cash flows from operating activities</b>		
Income before income taxes	1,767,668	1,952,959
Depreciation	1,074,178	1,253,358
Amortization of investment corporation bond issuance costs	3,837	6,491
Amortization of investment unit issuance costs	-	6,113
Increase (decrease) in allowance for doubtful accounts	(469)	811
Interest income	(665)	(770)
Interest expenses	415,929	436,771
Decrease (increase) in operating accounts receivable	(75,870)	14,550
Decrease (increase) in prepaid expenses	16,378	(17,820)
Decrease (increase) in consumption taxes receivable	24,025	(55,600)
Increase (decrease) in operating accounts payable	21,709	(9,730)
Increase (decrease) in accounts payable - other	28,259	46,905
Increase (decrease) in advances received	(74,706)	45,588
Decrease due to sale of property, plant and equipment in trust	541,099	-
Decrease (increase) in long-term prepaid expenses	(77,749)	(44,472)
Other, net	33,757	(17,565)
Subtotal	3,697,381	3,617,591
Interest income received	665	770
Interest expenses paid	(426,084)	(442,406)
Income taxes paid	(1,237)	(2,161)
Net cash provided by operating activities	3,270,725	3,173,793
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(11,270,645)	(20,382,717)
Proceeds from tenant leasehold and security deposits in trust	182,627	505,853
Repayments of tenant leasehold and security deposits in trust	(118,079)	(169,690)
Decrease (increase) in investments and other assets, net	(5,493)	(4,904)
Net cash used in investing activities	(11,211,591)	(20,051,459)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	3,300,000	8,700,000
Repayments of short-term loans payable	(4,900,000)	(3,300,000)
Proceeds from long-term loans payable	14,030,000	9,800,000
Repayments of long-term loans payable	(10,137,000)	(9,509,000)
Proceeds from issuance of investment corporation bonds	5,458,785	2,976,428
Proceeds from issuance of investment units	-	10,724,389
Dividends paid	(1,680,732)	(1,765,719)
Net cash provided by financing activities	6,071,052	17,626,098
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,869,813)</b>	<b>748,432</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>9,486,565</b>	<b>7,616,751</b>
<b>Cash and cash equivalents at the end of period</b>	<b>7,616,751</b>	<b>8,365,184</b>

See accompanying notes to the financial statements.

## Notes to Financial Statements

### 1. Organization

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

### 2. Basis of Presentation

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

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

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

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

### 3. Summary of Significant Accounting Policies

1. Depreciation method for non-current assets	<p>(1) Property, plant and equipment Depreciation is calculated using the straight-line method. The estimated useful lives of major property, plant and equipment are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Buildings in trust</td> <td style="text-align: right;">3 – 60 years</td> </tr> <tr> <td style="padding-left: 20px;">Structures in trust</td> <td style="text-align: right;">3 – 20 years</td> </tr> <tr> <td style="padding-left: 20px;">Machinery and equipment in trust</td> <td style="text-align: right;">3 – 15 years</td> </tr> <tr> <td style="padding-left: 20px;">Tools, furniture and fixtures in trust</td> <td style="text-align: right;">2 – 15 years</td> </tr> </table> <p>(2) Intangible assets Intangible assets are amortized utilizing the straight-line method. Leasehold rights in trust are amortized on a straight-line basis over the remaining life of each contract.</p>	Buildings in trust	3 – 60 years	Structures in trust	3 – 20 years	Machinery and equipment in trust	3 – 15 years	Tools, furniture and fixtures in trust	2 – 15 years
Buildings in trust	3 – 60 years								
Structures in trust	3 – 20 years								
Machinery and equipment in trust	3 – 15 years								
Tools, furniture and fixtures in trust	2 – 15 years								
2. Accounting for deferred assets	<p>(1) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods.</p> <p>(2) Investment unit issuance costs Investment unit issuance costs are amortized utilizing the straight-line</p>								

	method (over 3 years).
3. Standards for recording allowance	<p>Allowance for doubtful accounts For allowance for doubtful accounts against possible losses arising from default on receivables, uncollectable amount is estimated and recorded by investigating collectability on a case-by-case examination for doubtful and other specific receivables.</p>
4. Standards for recording revenues and expenses	<p>Accounting treatment of property taxes, etc. Property taxes, city planning taxes and depreciable asset taxes ("property taxes, etc.") assessed for the real estate owned by the Investment Corporation are charged to income at an amount attributable to each fiscal period as expenses related to rent business. Property taxes etc. that the Investment Corporation pays to the seller in connection with purchase of real estate (including trust beneficiary interests in real estate as entrusted property) as they are deemed to be attributable to the Investment Corporation are included in the acquisition cost of the acquired real estate, instead of expenses. Property taxes, etc. capitalized as a part of the acquisition cost amounted to 23,828 thousand yen for the 17th fiscal period and 55,017 thousand yen for the 18th fiscal period, respectively.</p>
5. Method of hedge accounting	<p>(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.</p>
6. Scope of funds (cash and cash equivalents) in the statement of cash flows	<p>The funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of value fluctuation.</p>
7. Other significant items fundamental to preparing the financial statements	<p>(1) Accounting methods for trust beneficiary interests in real estate, etc. as entrusted property Regarding trust beneficiary interests in real estate, etc. as entrusted property, all asset and liability accounts of the entrusted properties as well as all revenue and expense accounts generated by the entrusted properties are recorded in relevant accounts on the balance sheet and statement of income.  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.</p>



#### 4. Note to Balance Sheet

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

(Thousands of yen)	
17th Fiscal Period (As of March 31, 2014)	18th Fiscal Period (As of September 30, 2014)
50,000	50,000

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

Breakdown of real estate rental revenues and expenses

(Thousands of yen)		
	17th Fiscal Period (October 1, 2013 – March 31, 2014)	18th Fiscal Period (April 1, 2014 – September 30, 2014)
<b>A. Real estate rental revenues</b>		
Rent revenue - real estate		
Rents	4,730,488	5,386,820
Other revenue	187,229	204,749
Total real estate rental revenue	4,917,718	5,591,570
<b>B. Real estate rental expenses</b>		
Expenses related to rent business		
Outsourcing expenses	455,559	496,630
Utilities expenses	92,975	111,148
Insurance expenses	5,833	6,448
Repair expenses	134,577	135,879
Property and other taxes	225,664	288,457
Trust fees	46,046	45,038
Other	199,475	224,210
Depreciation	1,073,556	1,252,737
Total real estate rental expenses	2,233,689	2,560,551
<b>C. Real estate rental revenues and expenses (A – B)</b>	2,684,028	3,031,018

Breakdown of gain on sale of real estate properties

<b>17th Fiscal Period (from October 1, 2013 to March 31, 2014)</b>		
(Thousands of yen)		
Esty Maison SENDAGAYA		
Revenue from sale of real estate		600,000
Cost of real estate sale	541,099	
Other sale expenses	23,711	564,810
Gain on sale of real estate properties		35,189

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

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

	17th Fiscal Period (October 1, 2013 – March 31, 2014)	18th Fiscal Period (April 1, 2014 – September 30, 2014)
Total number of authorized investment units and number of investment units issued and outstanding		
Total number of authorized investment units	2,000,000 units	10,000,000 units
Number of investment units issued and outstanding	159,605 units	915,240 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

(Thousands of yen)		
	17th Fiscal Period (As of March 31, 2014)	18th Fiscal Period (As of September 30, 2014)
Cash and deposits	3,442,531	3,595,652
Cash and deposits in trust	4,174,220	4,769,531
Cash and cash equivalents	7,616,751	8,365,184

#### 8. Lease Transactions

##### Operating lease transactions as lessee

(Thousands of yen)		
	17th Fiscal Period (As of March 31, 2014)	18th Fiscal Period (As of September 30, 2014)
Future lease payable equivalents		
Due within one year	23,760	23,820
Due after one year	894,960	885,310
Total	918,720	909,130

##### Operating lease transactions as lessor

(Thousands of yen)		
	17th Fiscal Period (As of March 31, 2014)	18th Fiscal Period (As of September 30, 2014)
Future lease receivable equivalents		
Due within one year	1,033,454	1,205,298
Due after one year	1,733,173	2,610,294
Total	2,766,627	3,815,592

## 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 funds management plans. With regard to surplus funds, 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.

#### 17th Fiscal Period (As of March 31, 2014)

	Book Value Recorded on the Balance Sheet	Fair Value	Difference
(Thousands of yen)			
(1) Cash and deposits	3,442,531	3,442,531	-
(2) Cash and deposits in trust	4,174,220	4,174,220	-
(3) Operating accounts receivable	159,587	159,587	-
Allowance for doubtful accounts	(870)	(870)	-
	158,717	158,717	-
<b>Total of assets</b>	<b>7,775,469</b>	<b>7,775,469</b>	<b>-</b>
(4) Operating accounts payable	305,654	305,654	-
(5) Short-term loans payable	3,300,000	3,300,000	-
(6) Current portion of long-term loans payable	16,159,000	16,218,576	59,576
(7) Investment corporation bonds	11,500,000	11,253,422	(246,577)
(8) Long-term loans payable	52,809,500	52,798,649	(10,850)
<b>Total of liabilities</b>	<b>84,074,154</b>	<b>83,876,302</b>	<b>(197,852)</b>
(9) Derivative transactions	-	-	-

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

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

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

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



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

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

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

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

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

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

(7) Investment corporation bonds

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

(9) Derivative transactions

See Notes "Derivative Transactions".

(Note 2) Scheduled redemption amount of monetary claims

17th Fiscal Period (As of March 31, 2014)

(Thousands of 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	3,442,531	-	-	-	-	-
(2) Cash and deposits in trust	4,174,220	-	-	-	-	-
(3) Operating accounts receivable	159,587	-	-	-	-	-
<b>Total of assets</b>	<b>7,776,339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

(Thousands of yen)						
	Due in 1 Year or Less	Due after 1 year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
(1) Cash and deposits	3,595,652	-	-	-	-	-
(2) Cash and deposits in trust	4,769,531	-	-	-	-	-
(3) Operating accounts receivable	145,036	-	-	-	-	-
<b>Total of assets</b>	<b>8,510,220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

17th Fiscal Period (As of March 31, 2014)

(Thousands of 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	3,300,000	-	-	-	-	-
(2) Investment corporation bonds	-	-	-	4,000,000	2,500,000	5,000,000
(3) Long-term loans payable	16,159,000	2,850,000	9,500,000	4,805,000	10,882,000	24,772,500
<b>Total of liabilities</b>	<b>19,459,000</b>	<b>2,850,000</b>	<b>9,500,000</b>	<b>8,805,000</b>	<b>13,382,000</b>	<b>29,772,500</b>

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

(Thousands of yen)						
	Due in 1 Year or Less	Due after 1 year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
(1) Short-term loans payable	8,700,000	-	-	-	-	-
(2) Investment corporation bonds	-	-	-	4,000,000	2,500,000	8,000,000
(3) Long-term loans payable	6,650,000	2,850,000	12,205,000	4,600,000	8,382,000	34,572,500
<b>Total of liabilities</b>	<b>15,350,000</b>	<b>2,850,000</b>	<b>12,205,000</b>	<b>8,600,000</b>	<b>10,882,000</b>	<b>42,572,500</b>

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

(Thousands of yen)		
Category	17th Fiscal Period (As of March 31, 2014)	18th Fiscal Period (As of September 30, 2014)
(1) Lease and guarantee deposits	235,682	235,682
(2) Tenant leasehold and security deposits in trust	1,967,645	2,303,807

- (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. Negotiable Securities

17th Fiscal Period (As of March 31, 2014)

Not applicable

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

Not applicable

## 11. Derivative Transactions

1. Derivatives to which hedge accounting is not applied

17th Fiscal Period (As of March 31, 2014)

Not applicable

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

Not applicable

2. Derivatives to which hedge accounting is applied

**17th Fiscal Period (As of March 31, 2014)**

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

(Thousands of yen)

Method of Hedge Accounting	Type of Derivative Transactions	Main Hedged Item	Contract Amount (Note 1)		Fair Value	Calculation Method for the Fair Value
				Of Which, over 1 year		
Special accounting for interest rate swaps	Interest rate swap transaction Receivable floating; Payable fixed	Long-term loans payable	54,109,500	47,459,500	(Note 2)	-

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

(Note 2) Transactions for which special accounting for interest rate swaps is applied are combined with long-term loans payable for accounting purposes. Accordingly, their fair value is included in the fair value of the relevant long-term loans payable (See Note "Financial Instruments" 2. Matters Concerning Fair Value, Etc. of Financial Instruments (Note 1) (8) Long-term loans payable.).

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

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

(Thousands of yen)

Method of Hedge Accounting	Type of Derivative Transactions	Main Hedged Item	Contract Amount (Note 1)		Fair Value	Calculation Method for the Fair Value
				Of Which, over 1 year		
Special accounting for interest rate swaps	Interest rate swap transaction Receivable floating; Payable fixed	Long-term loans payable	63,909,500	57,259,500	(Note 2)	-

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

(Note 2) Transactions for which special accounting for interest rate swaps is applied are combined with long-term loans payable for accounting purposes. Accordingly, their fair value is included in the fair value of the relevant long-term loans payable (See Note "Financial Instruments" 2. Matters Concerning Fair Value, Etc. of Financial Instruments (Note 1) (8) Long-term loans payable.).

12. Retirement Benefits

**17th Fiscal Period (As of March 31, 2014)**

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

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

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

13. Income Taxes

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

(Thousands of yen)

	17th Fiscal Period (As of March 31, 2014)	18th Fiscal Period (As of September 30, 2014)
Deferred tax assets:		
Amortization of leasehold rights in trust	2,987	3,675
Amount of accrued business taxes not deductible from taxable income	83	99
Subtotal deferred tax assets	3,071	3,775
Valuation allowance	(2,987)	(3,675)
Total deferred tax assets	83	99
Deferred tax assets, net	83	99

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

	17th Fiscal Period (As of March 31, 2014)	18th Fiscal Period (As of September 30, 2014)
Statutory tax rate	36.59%	34.16%
(Adjustment)		
Deductible cash distributions	(36.55%)	(34.11%)
Other	0.08%	0.06%
Effective income tax rate	0.12%	0.11%

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

With the Local Corporation Tax Act (Act No.11 of 2014) and the Act for Partial Amendment to Local Tax Law, Etc. (Act No. 4 of 2014) promulgated on March 31, 2014, the local corporation tax has been established and a part of the local tax has been reclassified as national tax, effective for the fiscal year starting on or after October 1, 2014. Accordingly, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities concerning temporary differences that are expected to be resolved in and after the fiscal period ending March 2015 (the 19th fiscal period) will be changed to 34.15%. The impact of this change on the deferred tax assets and deferred tax liabilities at the end of the 18th fiscal period was minimal.

14. Equity Method Income and Retained Earnings

**17th Fiscal Period (from October 1, 2013 to March 31, 2014)**

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

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

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

15. Assets Retirement Obligations

**17th Fiscal Period (from October 1, 2013 to March 31, 2014)**

Not applicable

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

Not applicable



## 16. Transactions with Related Parties

### 1. Parent Company and Major Corporation Unitholders

#### 17th Fiscal Period (from October 1, 2013 to March 31, 2014)

Not applicable

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

Not applicable

### 2. Subsidiaries and Affiliates

#### 17th Fiscal Period (from October 1, 2013 to March 31, 2014)

Not applicable

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

Not applicable

### 3. Sister Companies

#### 17th Fiscal Period (from October 1, 2013 to March 31, 2014)

Not applicable

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

Not applicable

### 4. Directors and Major Individual Unitholders

#### 17th Fiscal Period (from October 1, 2013 to March 31, 2014)

Classification	Name	Business Description or Occupation	Share of Voting Rights [or Ownership of Such in the Investment Corporation]	Description of Transaction	Transaction Amount (thousands of yen)	Category	Balance at the End of Period (thousands of yen)
Director and its close relatives	Junichi Inoue	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)	391,048 (Note 2)	Accounts payable – other	359,361
				Payment of institution operation and administration fees to Sekisui House SI Asset Management, Ltd. (Note 3)	1,400	Accounts payable – other	1,470
				Receipt of damage compensation for Hamamatsu Plaza, etc. (Note 4)	5,674	-	-

(Note 1) The transaction was conducted by Junichi Inoue 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 60,064 thousand yen of asset management fees related to property acquisitions, which have been capitalized in the book value of individual real properties, and 4,800 thousand yen of asset management fees related to property assignment, which have been recorded in other sales expenses.

(Note 3) The transaction was conducted by Junichi Inoue 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) The transaction was conducted by Junichi Inoue as representative of a third party (Sekisui House SI Asset Management, Ltd.), claiming refund of for overpayment of property tax and city planning tax for Hamamatsu Plaza and 6 other properties owned by the Investment Corporation.

(Note 5) Of the amounts in the above table, consumption taxes are not included in the transaction amount, but are included in the balance at the end of period.

(Note 6) Junichi Inoue resigned from office of Executive Director as of March 20, 2014, and Koji Sakamoto took office as Executive Director on the same date. The transaction amounts indicates the figures for the 17th fiscal period in

which Koji Sakamoto was in the position of Executive Director. Furthermore, Junichi Inoue resigned from office of President of Sekisui House SI Asset Management, Ltd. effective March 20, 2014, and Osamu Minami took office as President on the same date.

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

Classification	Name	Business Description or Occupation	Share of Voting Rights [or Ownership of Such in the Investment Corporation]	Description of Transaction	Transaction Amount (thousands of yen)	Category	Balance at the End of Period (thousands of yen)
Director and its close relatives	Osamu Minami	Executive Director of the Investment Corporation and President of Sekisui House SI Asset Management, Ltd.	-	Payment of asset management fees to Sekisui House SI Asset Management, Ltd. (Note 1)	493,606 (Note 2)	Accounts payable – other	389,692
				Payment of institution operation and administration fees to Sekisui House SI Asset Management, Ltd. (Note 3)	6,100	Accounts payable – other	1,512

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

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

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

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

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

## 17. Segment Information

### [Segment Information]

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

### [Related Information]

#### 17th Fiscal Period (from October 1, 2013 to March 31, 2014)

##### (1) Information by product and service

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

##### (2) Information by region

###### (a) Operating revenue

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

###### (b) Property, plant and equipment

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

##### (3) Information by major customer

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

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

##### (1) Information by product and service

Descriptions are omitted as the Investment Corporation's operating revenue under single product/service

classification for outside customers exceeds 90% of operating revenue recorded in the statement of income.

(2) Information by region

(a) Operating revenue

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

(b) Property, plant and equipment

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

(3) Information by major customer

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

### 18. Per Unit Information

Item	Period	17th Fiscal Period (October 1, 2013 – March 31, 2014)	18th Fiscal Period (April 1, 2014 – September 30, 2014)
Net assets per unit		87,791 yen	88,512 yen
Net income per unit		2,212 yen	2,163 yen

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

(Note 2) The Investment Corporation implemented a 5-for-1 split of its investment units on April 1, 2014 as the effective date. Accordingly, net assets per unit and net income per unit have been calculated on the assumption that the split of investment units was conducted at the beginning of the 17th fiscal period ended March 2014.

(Note 3) Net income per unit has been calculated based on the following data:

Item	Period	17th Fiscal Period (October 1, 2013 – March 31, 2014)	18th Fiscal Period (April 1, 2014 – September 30, 2014)
Net Income (thousands of yen)		1,765,515	1,950,739
Amount not attributable to ordinary unitholders (thousands of yen)		-	-
Net income attributable to ordinary investment units (thousands of yen)		1,765,515	1,950,739
Average number of units during the fiscal period (units)		798,025	901,478

### 19. Rental Properties

The Investment Corporation owns assets as trust beneficiary interests in real estate as entrusted property, which comprises rental residential properties and rental retail properties. The real estate rental revenues and expenses for the relevant rental properties amounted to 2,684,028 thousand yen for the 17th fiscal period and 3,031,018 thousand yen for the 18th 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.

(Thousands of yen)

	17th Fiscal Period (October 1, 2013 – March 31, 2014)	18th Fiscal Period (April 1, 2014 – September 30, 2014)
Book value recorded on the balance sheet		
Balance at the beginning of period	138,507,635	148,249,019
Amount of net change during period	9,741,383	19,104,717
Balance at the end of period	148,249,019	167,353,736
Fair value at the end of period	149,737,600	173,301,700

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

(Note 2) Net change during the 17th fiscal period is comprised of increase primarily attributable to new acquisitions of 7 properties (11,269,443 thousand yen) and decrease primarily attributable to assignment of Esty Maison SENDAGAYA (541,099 thousand yen) and depreciation (1,073,556 thousand yen). Net change during the 18th fiscal period is comprised of increases primarily attributable to new acquisitions of 4 properties (20,288,623 thousand yen) and decrease primarily attributable to depreciation and amortization (1,252,737 thousand yen).

(Note 3) Pursuant to the Articles of Incorporation, the fair value at the end of period indicates the appraisal value or surveyed value provided by outside real estate appraisers with appraisal dates of March 31, 2014 and September 30, 2014, respectively.

### 20. Significant Subsequent Events

#### 1. Issuance of New Investment Units

At the board of directors' meetings held on October 3 and October 15, 2014, the Investment Corporation resolved on the issuance of new investment units as described below, in order to use the proceeds for part of the funds for acquisitions of specified assets and expenses incidental to the acquisitions. Payment completed on October 22, 2014 for the investment units issued through public offering, and on November 18, 2014 for the investment units issued by way of third-party allotment, respectively.

As a result, unitholders' capital increased to 88,925,149,945 yen, with the number of investment units issued and outstanding totaling 1,018,110 units.

[Issuance of investment units through public offering (primary offering)]

Number of units issued:	97,970 units
Issue price (offer price):	99,157 yen per unit
Total issue price (total offer price):	9,714,411,290 yen
Paid-in amount (issue amount):	95,902 yen per unit
Total paid-in amount (total issue amount):	9,395,518,940 yen
Payment date:	October 22, 2014
Starting date for calculating distributions:	October 1, 2014

[Issuance of investment units of investment units by way of third-party allotment]

Number of units issued:	4,900 units
Paid-in amount (issue amount):	95,902 yen per unit
Total paid-in amount (total issue amount):	469,919,800 yen
Payment date:	November 18, 2014
Starting date for calculating distributions:	October 1, 2014
Third party allottee:	Mizuho Securities Co., Ltd.



## 21. Detailed Schedules

### 1. Schedule of Securities

Not applicable

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

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

(Thousands of yen)

Category	Type	Contract Amount (Note 1)		Fair Value (Note 2)
			Of Which, over 1 year	
Transaction other than market transaction	Interest rate swap transactions Receive float / pay fixed	63,909,500	57,259,500	-
Total		63,909,500	57,259,500	

(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

(Millions of yen)

Type of Assets	Balance as of April 1, 2014	Increase during the Period	Decrease during the Period	Balance as of September 30, 2014	Accumulated Depreciation		Net Balance as of September 30, 2014	Remarks
					Or Accumulated Amortization	Depreciation during the Period		
Property, plant and equipment	Buildings in trust	71,913	10,729	-	82,643	10,188	1,175	72,454 (Note)
	Structures in trust	551	42	-	594	141	18	453 (Note)
	Machinery and equipment in trust	961	330	-	1,292	321	51	970 (Note)
	Tools, furniture and fixtures in trust	86	16	-	102	44	6	58 (Note)
	Land in trust	84,024	9,238	-	93,263	-	-	93,263 (Note)
	Total	157,538	20,357	-	177,896	10,696	1,250	167,199
Intangible assets	Leasehold rights in trust	164	-	-	164	10	2	154
	Other	6	-	-	6	5	0	1
	Total	171	-	-	171	16	2	155

(Note) The amount of increase during the 18th fiscal period is primarily attributable to the acquisition of Esty Maison KINSHICHO II, Esty Maison OJIMA, Prime Maison FUJIMIDAI and Esty Maison TSURUMAI.

### 4. Schedule of Other Specified Assets

Not applicable

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

### 5. Schedule of Investment Corporation Bonds

Name	Issue Date	Balance as of April 1, 2014 (millions of yen)	Decrease during the Period (millions of yen)	Balance as of September 30, 2014 (millions of yen)	Coupon Rate (%)	Redemption Date	Purpose	Collateral
First Series Unsecured Investment Corporation Bonds	February 28, 2013	4,000	-	4,000	0.630	February 28, 2018	(Note 1)	Unsecured
Second Series Unsecured Investment Corporation Bonds	February 28, 2013	2,000	-	2,000	1.000	February 28, 2020	(Note 1)	Unsecured
Third Series Unsecured Investment Corporation Bonds	February 28, 2014	2,500	-	2,500	0.374	February 28, 2019	(Note 2)	Unsecured
Fourth Series Unsecured Investment Corporation Bonds	February 28, 2014	3,000	-	3,000	1.069	February 28, 2024	(Note 2)	Unsecured
Fifth Series Unsecured Investment Corporation Bonds	August 29, 2014	-	-	3,000	0.871	August 30, 2024	(Note 2)	Unsecured
Total		11,500	-	14,500				

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

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

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

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

(Millions of 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

6. Schedule of Loans Payable

	Category	Balance as of April 1, 2014 (millions of yen)	Increase during the Period (millions of yen)	Decrease during the Period (millions of yen)	Balance as of September 30, 2014 (millions of yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
	Lender									
Short-term loans payable	Mizuho Bank, Ltd.	1,100	-	1,100	-	0.34636%	August 29, 2014	Lump-sum upon maturity	(Note 3)	Unsecured/Unguaranteed
	Sumitomo Mitsui Banking Corporation	1,100	-	1,100	-					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,100	-	1,100	-					
	Mizuho Bank, Ltd.	-	4,350	-	4,350	0.34636%	February 27, 2015			
	Sumitomo Mitsui Banking Corporation	-	4,350	-	4,350					
	Subtotal	3,300	8,700	3,300	8,700					
Long-term loans payable	Mizuho Bank, Ltd.	4,954	-	4,954	-	1.43000%	August 31, 2014	Lump-sum upon maturity	(Note 4)	Unsecured/Unguaranteed
	Sumitomo Mitsui Banking Corporation	3,954	-	3,954	-					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	600	-	600	-					
	Development Bank of Japan Inc.	2,000	-	-	2,000	1.57000%	February 29, 2016			
	Mizuho Bank, Ltd.	425	-	-	425					
	Sumitomo Mitsui Banking Corporation	425	-	-	425	1.15900%	February 27, 2015 (Note 2)			
	The Norinchukin Bank	1,500	-	-	1,500					
	Mizuho Bank, Ltd.	500	-	-	500					
	Sumitomo Mitsui Banking Corporation	500	-	-	500					
	Resona Bank, Limited	950	-	-	950					

	Category	Balance as of April 1, 2014 (millions of yen)	Increase during the Period (millions of yen)	Decrease during the Period (millions of yen)	Balance as of September 30, 2014 (millions of yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
	Lender									
Long-term loans payable	The Senshu Ikeda Bank, Ltd.	500	-	-	500	0.99850%	February 27, 2015 (Note 2)	Lump-sum upon maturity	(Note 3)	Unsecured/Unguaranteed
	The Shizuoka Bank, Ltd.	500	-	-	500					
	The 77 Bank, Ltd.	500	-	-	500					
	Shinkin Central Bank	500	-	-	500					
	The Hiroshima Bank, Ltd.	500	-	-	500					
	Mizuho Bank, Ltd.	700	-	-	700					
	Aozora Bank, Ltd.	100	-	-	100					
	Shinkin Central Bank	100	-	-	100					
	Mizuho Bank, Ltd.	200	-	-	200					
	Mizuho Trust & Banking Co., Ltd.	200	-	-	200					
	Sumitomo Mitsui Banking Corporation	200	-	-	200					
	Sumitomo Mitsui Trust Bank, Limited	100	-	-	100					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	100	-	-	100					
	Mitsubishi UFJ Trust and Banking Corporation	300	-	-	300					
	Resona Bank, Limited	200	-	-	200					
	Development Bank of Japan Inc.	1,200	-	-	1,200	1.19475%	February 28, 2017			
	The Bank of Fukuoka, Ltd.	500	-	-	500					
	Mizuho Bank, Ltd.	400	-	-	400					
	Sumitomo Mitsui Banking Corporation	1,100	-	-	1,100					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,300	-	-	1,300					
The Yamaguchi Bank, Ltd.	500	-	-	500	1.15475%	February 28, 2019				
Development Bank of Japan Inc.	941	-	-	941						
Mizuho Bank, Ltd.	1,470	-	-	1,470						
Sumitomo Mitsui Banking Corporation	1,470	-	-	1,470	0.95750%	August 31, 2017				
The Norinchukin Bank	2,352	-	-	2,352						
Mizuho Bank, Ltd.	176	-	-	176	0.89900%	February 28, 2019				
Sumitomo Mitsui Banking Corporation	176	-	-	176						
Mizuho Bank, Ltd.	750	-	-	750						
Mizuho Trust & Banking Co., Ltd.	2,250	-	-	2,250	1.02225%	February 28, 2020				
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						
Resona Bank, Limited	500	-	-	500						

Category	Lender	Balance as of April 1, 2014 (millions of yen)	Increase during the Period (millions of yen)	Decrease during the Period (millions of yen)	Balance as of September 30, 2014 (millions of yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks		
Long-term loans payable	The 77 Bank, Ltd.	500	-	-	500	0.75600%	February 28, 2018		(Note 4)	Unsecured/ Unguaranteed		
	The Hiroshima Bank, Ltd.	500	-	-	500							
	Mizuho Bank, Ltd.	100	-	-	100							
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500	-	-	500							
	Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500							
	Aozora Bank, Ltd.	200	-	-	200	0.65475%	February 28, 2017		(Note 3)			
	Shinkin Central Bank	200	-	-	200							
	Mizuho Bank, Ltd.	300	-	-	300							
	Mizuho Trust & Banking Co., Ltd.	400	-	-	400							
	Sumitomo Mitsui Banking Corporation	300	-	-	300							
	Sumitomo Mitsui Trust Bank, Limited	200	-	-	200							
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	700	-	-	700							
	Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500							
	Resona Bank, Limited	200	-	-	200							
	Aozora Bank, Ltd.	1,000	-	-	1,000						1.17200%	August 31, 2020
Mizuho Bank, Ltd.	500	-	-	500								
Mizuho Trust & Banking Co., Ltd.	200	-	-	200								
Sumitomo Mitsui Trust Bank, Limited	2,500	-	-	2,500								
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	600	-	-	600								
Mitsubishi UFJ Trust and Banking Corporation	200	-	-	200								
Resona Bank, Limited	500	-	-	500								
Aozora Bank, Ltd.	500	-	-	500	0.61060%	August 31, 2018		(Note 4)				
Mizuho Bank, Ltd.	200	-	-	200								
Mizuho Trust & Banking Co., Ltd.	200	-	-	200								
Sumitomo Mitsui Banking Corporation	1,100	-	-	1,100								
Sumitomo Mitsui Trust Bank, Limited	500	-	-	500								
Mizuho Bank, Ltd.	300	-	-	300	1.17350%	February 28, 2022		(Note 3)				
Sumitomo Mitsui Banking Corporation	300	-	-	300								
Sumitomo Mitsui Trust Bank, Limited	400	-	-	400								
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800	-	-	800								
Mizuho Bank, Ltd.	400	-	-	400								
Mizuho Trust & Banking Co., Ltd.	980	-	-	980	1.11000%	February 28, 2022		(Note 4)				
Sumitomo Mitsui Banking Corporation	500	-	-	500								
Sumitomo Mitsui Trust Bank, Limited	1,500	-	-	1,500								
Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500								
Resona Bank, Limited	800	-	-	800								

Category	Lender	Balance as of April 1, 2014 (millions of yen)	Increase during the Period (millions of yen)	Decrease during the Period (millions of yen)	Balance as of September 30, 2014 (millions of yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks			
Long-term loans payable	The Senshu Ikeda Bank, Ltd.	500	-	-	500	0.95225%	February 26, 2021		(Note 4)	Unsecured/ Unguaranteed			
	Mizuho Bank, Ltd.	400	-	-	400								
	Mizuho Trust & Banking Co., Ltd.	500	-	-	500								
	Sumitomo Mitsui Banking Corporation	500	-	-	500								
	Sumitomo Mitsui Trust Bank, Limited	500	-	-	500								
	Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500								
	The Yamaguchi Bank, Ltd.	500	-	-	500								
	Resona Bank, Limited	500	-	-	500								
	Mizuho Bank, Ltd.	405	-	-	405						0.79614%	February 28, 2020	Lump-sum upon maturity
	Sumitomo Mitsui Banking Corporation	1,145	-	-	1,145								
	The Shizuoka Bank, Ltd.	500	-	-	500	0.97300%	February 26, 2021		(Note 3)				
	Shinkin Central Bank	500	-	-	500								
	The Bank of Fukuoka, Ltd.	500	-	-	500								
	Mizuho Bank, Ltd.	300	-	-	300								
	Sumitomo Mitsui Banking Corporation	300	-	-	300								
	Mizuho Bank, Ltd.	-	2,500	-	2,500	0.96475%	August 31, 2022		(Note 4)				
	Sumitomo Mitsui Banking Corporation	-	2,000	-	2,000								
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	900	-	900								
	Mizuho Bank, Ltd.	-	2,450	-	2,450	0.83600%	August 31, 2021		(Note 4)				
	Sumitomo Mitsui Banking Corporation	-	1,950	-	1,950								
Subtotal	68,968	9,800	9,509	69,259									
Total	72,268	18,500	12,809	77,959									

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

(Note 2) These loans are recorded in the current liabilities on the balance sheet as current portion of long-term loans payable as of the end of the 18th fiscal period.

(Note 3) These loans are used as funds for the acquisition of real estate trust beneficiary interests, etc.

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

(Note 5) 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 6) Amounts of long-term loans payable to be repaid within five years after the date of the balance sheet are as follows.

(Millions of yen)				
Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years
6,650	2,850	12,205	4,600	8,382





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## Independent Auditor's Report

The Board of Directors  
Sekisui House SI Residential Investment Corporation

We have audited the accompanying financial statements of Sekisui House SI Residential Investment Corporation, which comprise the balance sheet as at September 30, 2014, and the statements of income and retained earnings, changes in net assets, cash distributions, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sekisui House SI Residential Investment Corporation as at September 30, 2014, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

December 24, 2014  
Tokyo, Japan

*Ernst & Young ShinNihon LLC*