



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

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21st

Semi-Annual Report
21st Fiscal Period

(from October 1, 2015 to March 31, 2016)

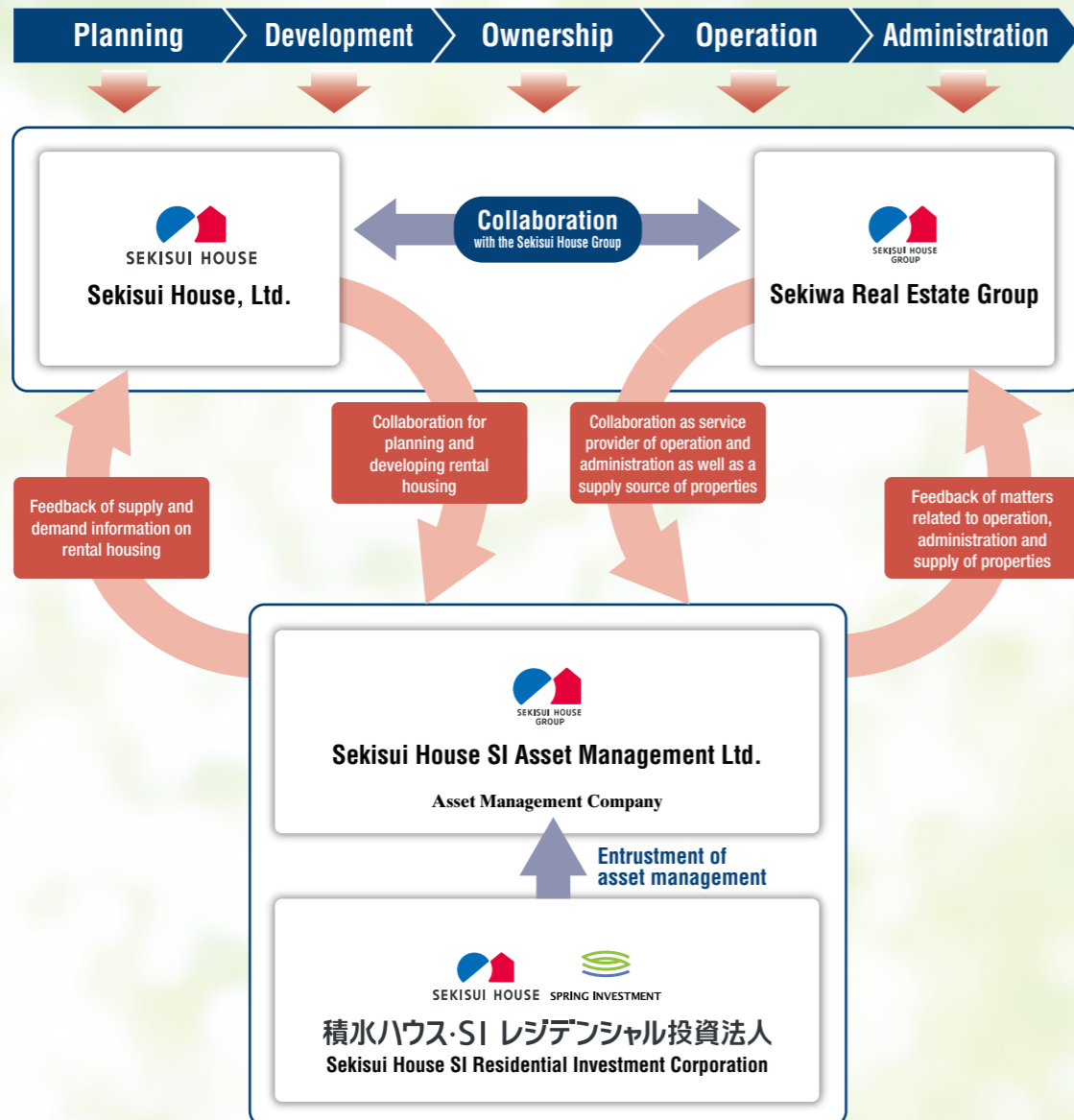


積水ハウス・SI レジデンシャル投資法人
Sekisui House SI Residential Investment Corporation

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

Collaborative Structure with the Sekisui House Group

The Investment Corporation has established a collaborative structure with the Sekisui House Group, the top manufacturer in the housing industry, which makes it possible to manage the investment properties over their life cycles from acquisition to operation and administration.



Features of the Investment Corporation

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

Asset Size		Investment Ratio of Residential Properties		Investment Ratio of Greater Tokyo for Residential Properties	
Total acquisition price	¥200.7 billion	Ratio of residential properties	97.3%	Ratio of Greater Tokyo for residential properties	71.2%
Number of owned properties	112 properties	Number of residential properties	110 properties	Number of residential properties in Greater Tokyo	74 properties
<small>As of June 30, 2016</small>		<small>As of June 30, 2016</small>		<small>As of June 30, 2016</small>	

Portfolio of Relatively New Properties Achieving High Occupancy

Occupancy Ratio		Average Property Age	
Entire portfolio	96.2%	Entire portfolio	9.3 years
Residential properties	96.0%	Residential properties	9.2 years
<small>As of May 31, 2016</small>		<small>As of June 30, 2016</small>	

Credit Ratings Based on Stable Financial Base

Status of Credit Ratings			
Japan Credit Rating Agency, Ltd. (JCR)	AA-	Rating and Investment Information, Inc. (R&I)	A+
<small>(Long-term issuer rating)</small>	<small>(Stable)</small>	<small>(Issuer rating)</small>	<small>(Stable)</small>
<small>As of June 30, 2016</small>			

Outline of Portfolio Development Policy

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

To Our Unitholders



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

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Dear Investors,

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

Under the basic policy of asset management to “secure stable earnings over the medium to long term and achieve solid growth in its assets under management,” Sekisui House SI Residential Investment Corporation (the “Investment Corporation”) aims to become a leading company among REITs investing in residential properties by making the best use of the comprehensive capabilities of the Sekisui House Group, for which Sekisui House, Ltd., the main sponsor, serves as the core company.

Now, let me report on the business results of the Investment Corporation for the fiscal period ended March 2016 (21st fiscal period).

The Investment Corporation makes it a basic strategy to build a portfolio that is centered on the high-quality rental residential properties planned and developed by the Sekisui House Group, aiming to invest in real estate-related assets that are mainly used as residences. As for the existing retail properties, the Investment Corporation will consider making decisions to dispose them at the appropriate time while endeavoring to continue their stable management for the moment.

In the fiscal period under review, the Investment Corporation acquired MAST LIFE HINO from Sekiwa Real Estate, Ltd. in October 2015, Prime Maison YOKOHAMA NIHON-ODORI from Sekisui House, Ltd. in January 2016, and KOBE Women's Student Housing through proprietary property acquisition routes of the Asset Management Company in March 2016, in an effort to enhance its residential portfolio. The acquisition of KOBE Women's Student Housing represents our first investment in a student housing. Since the percentage of students advancing to college is largely on the modest rise even amid the falling birth rate, demand for student housings in areas around colleges with many applicants is believed to remain stable. Meanwhile, we conducted disposition of the existing retail properties, disposing four of our existing retail properties in a lump sum in November 2015. By doing so, we were able to obtain gain on sale as a whole while curbing realization of unrealized loss from certain properties. Moreover, we disposed Esty Maison IMAIKE, a residential property, in January 2016, based on the judgment that the disposition should contribute to enhancement of the portfolio quality.

Consequently, the number of properties owned was 108 as of the end of the 21st fiscal period, with the asset size totaling 193.8 billion yen, and the ratio of residential properties in the entire portfolio rose to 97.2%. In terms of the occupancy ratio of the entire portfolio for the fiscal period, the period-end occupancy ratio stood at 97.2% and the period average occupancy ratio was 96.5%, both maintaining high levels.

In terms of financing, the Investment Corporation made early repayment of loans totaling 8.2 billion yen by utilizing part of the proceeds from the disposition of the four retail properties mentioned above, as we worked to stably control LTV and reduce borrowing costs. On the other hand, we newly borrowed 11.3 billion yen in total to fund the acquisition of the above-mentioned three residential properties, by taking advantage of our financial abilities including the borrowing capacity created by the said early repayment of loans.

As a result of these endeavors, the Investment Corporation posted operating revenue of 6,543 million yen, operating income of 2,741 million yen and net income of 2,210 million yen for the 21st fiscal period, with cash distribution per unit coming to 2,125 yen.

Moreover, on April 1, 2016 or at the beginning of the 22nd fiscal period ending September 2016, the Investment Corporation acquired Prime Maison SHIBUYA and Prime Maison HATSUDAI from Sekisui House, Ltd., and Esty Maison UEMACHIDAI and Esty Maison KOBE-SANNOMIYA from Sekiwa Real Estate Kansai, Ltd. The acquisition expanded the asset size to 200.7 billion yen, achieving the strategic target of “asset size of 200 billion yen while paying attention to the cash distribution level” set for Phase II of its growth strategy. Starting in the 22nd fiscal period, the Investment Corporation will shift to Phase III of its growth strategy, aiming for an “asset size of 300 billion yen while maintaining/increasing the cash distribution level.”

Furthermore, the Investment Corporation was included in the FTSE EPRA/NAREIT Global Real Estate Index Series on March 21, 2016. The inclusion should allow us to expect further broadening of our potential investor base and an increase in the liquidity of our investment units.

We appreciate your continued support as in the past.

Summary of Management Results for the 21st Fiscal Period Ended March 2016

Status of Business Results and Cash Distributions	<ul style="list-style-type: none"> Operating revenue: ¥6,543 million, operating income: ¥2,741 million, net income: ¥2,210 million, provision for reserve for reduction entry: ¥47 million Cash distribution per unit: ¥2,125 (up 0.2% over initial forecast)
Financing Activities	<ul style="list-style-type: none"> Conducted early repayment of loans totaling ¥8.2 billion in December 2015 by utilizing part of proceeds from disposition of retail properties Conducted new borrowings (¥11.3 billion in total) to fund the acquisition of 3 residential properties acquired in October 2015, January 2016 and March 2016
Status of Portfolio Management	<ul style="list-style-type: none"> Occupancy ratio (entire portfolio): 97.2% (at end of 21st fiscal period (March 31, 2016)) Acquired 3 properties comprising 2 residential properties through the property pipelines of the Sekisui House Group and a student housing by utilizing proprietary property acquisition routes of the Asset Management Company Disposed 4 retail properties and a residential property with the intention of further reinforcing stability, as well as enhancing the quality, of the portfolio

Performance Highlights

Cash Distribution per Unit

21st Fiscal Period Ended March 2016 **Cash distribution per unit ¥2,125**

Business Results and Distribution

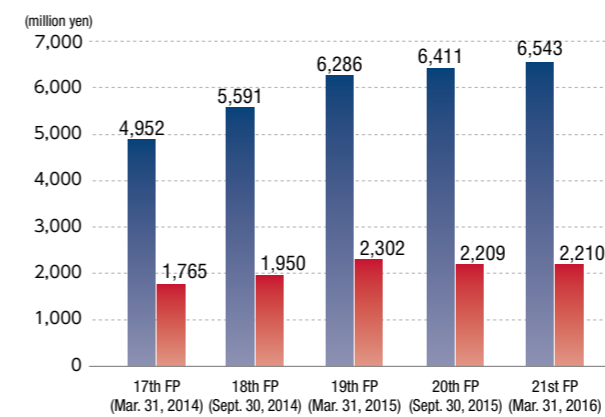
Settlement Date	Mar. 2014	Sept. 2015	Mar. 2015	Sept. 2015	Mar. 2016	Sept. 2016
Fiscal Period	17th FP	18th FP	19th FP	20th FP	21st FP	22nd FP (Forecast)
Operating revenue (million yen)	4,952	5,591	6,286	6,411	6,543	6,682
Operating income (million yen)	2,242	2,463	2,814	2,743	2,741	2,720
Ordinary income (million yen)	1,767	1,952	2,305	2,211	2,214	2,172
Net income (million yen)	1,765	1,950	2,302	2,209	2,210	2,169
Provision for reserve for reduction entry (million yen)	-	-	77	49	47	-
Cash distribution per unit (yen)	2,212 (11,062)	2,131 (10,655)	2,185 (10,925)	2,122 (10,610)	2,125 (10,625)	2,130 (10,650)

(Note 1) The values of respective items in the “Sept. 2016 22nd FP (Forecast)” column are the figures as of May 16, 2016 (the announcement date of business results) calculated under certain assumptions. The actual operating revenue, operating income, ordinary income, net income, provision for reserve for reduction entry and cash distribution per unit may be subject to change due to such factors as additional acquisitions or dispositions of real estate in the future, changes in the real estate and other markets and changes in the asset management environment and other conditions surrounding the Investment Corporation. In addition, the Investment Corporation does not guarantee any actual results or 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 cash distribution per unit for the fiscal period ended March 2014 (17th fiscal period) and before represents the figure obtained by dividing the actual cash distribution per unit for each period (figure in parenthesis) by 5. For the fiscal period ended September 2014 (18th fiscal period) and after, the figure in parentheses for each period indicates the value obtained by multiplying the actual cash distribution per unit or the forecast by 5. The same follows hereafter.

(Note 2) Cash distribution per unit for the fiscal period ended March 2015 (19th fiscal period), the fiscal period ended September 2015 (20th fiscal period) and the fiscal period ended March 2016 (21st fiscal period) is calculated based on the amount of unappropriated retained earnings less the provision for reserve for reduction entry of 77 million yen, 49 million yen and 47 million yen, respectively, divided by the number of investment units issued as of the end of each fiscal period.

Changes in Business Results

Operating Revenue / Net Income



Cash Distribution per Unit

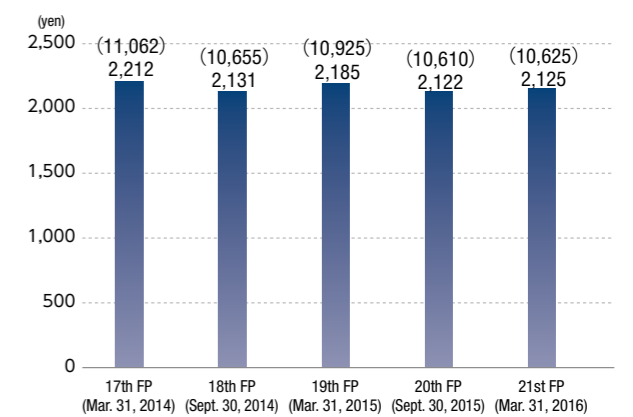


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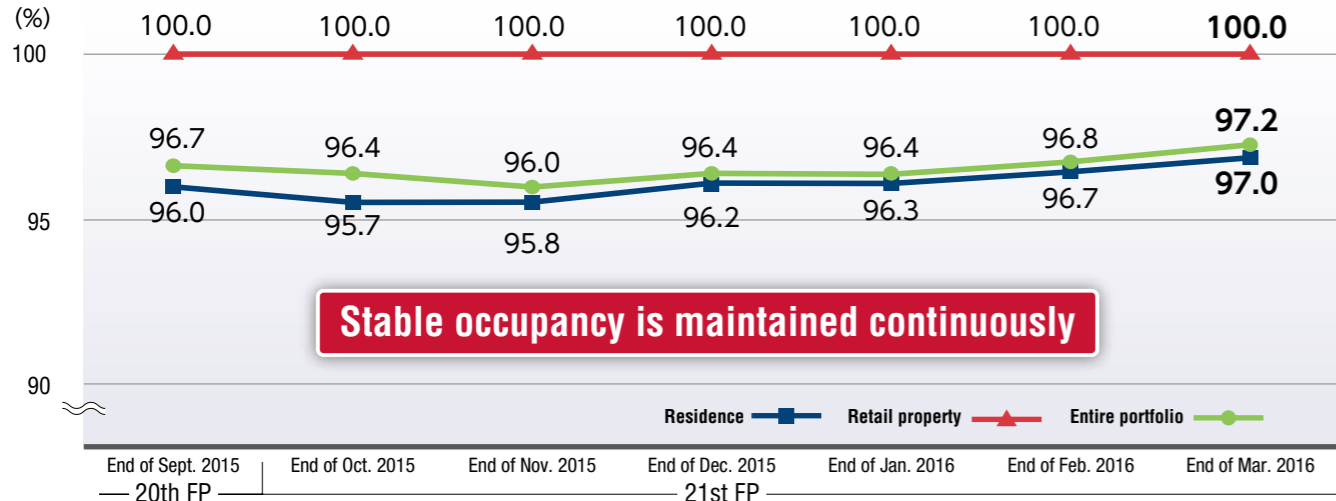
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Portfolio Management

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

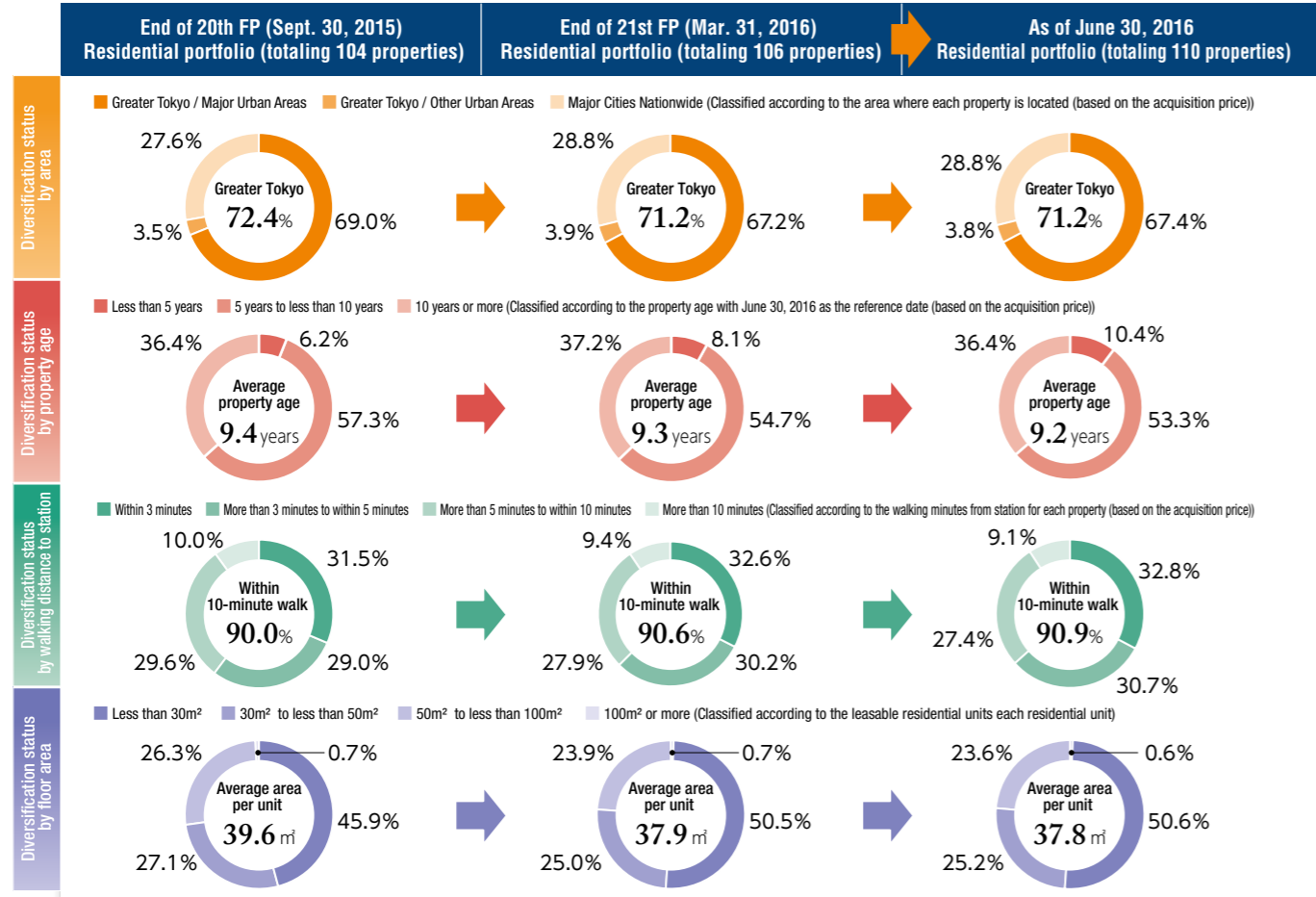
Changes in Occupancy Ratio

In the 21st fiscal period, focus was placed on leasing activities for residential properties that had been vacant for a long time on top of ordinary leasing activities. Consequently, the occupancy ratio of the entire portfolio was 96.5% on average throughout the period and stood at 97.2% as of the end of the period (March 31, 2016), continuing to stay at high levels.



(Note) The occupancy ratio in the above graph indicates the ratio of total leased area to the total leasable area in each category for the properties of the corresponding category held by the Investment Corporation as of the end of each month from September 2015 to March 2016, rounded to the first decimal place.

(Reference) Status of the Residential Portfolio



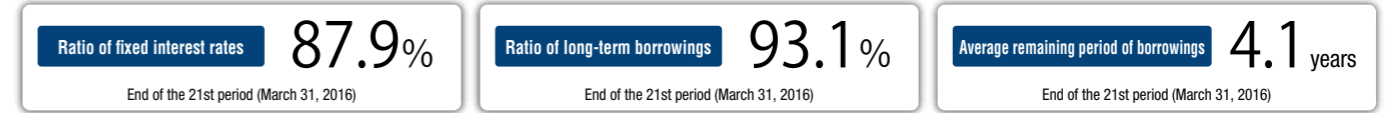
(Note 1) "Average property age" is calculated by seeking the weighted average of the building age of each property (with June 30, 2016 set as the base date) with the investment ratio calculated based on the acquisition price, rounded down to the nearest first decimal place.
(Note 2) "Average area per unit" is calculated based on the total leasable residential units of owned properties and the total number of leasable residential units as of each point of time, rounded down to the nearest first decimal place.

Stable Financial Base

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

Status of Financial Soundness

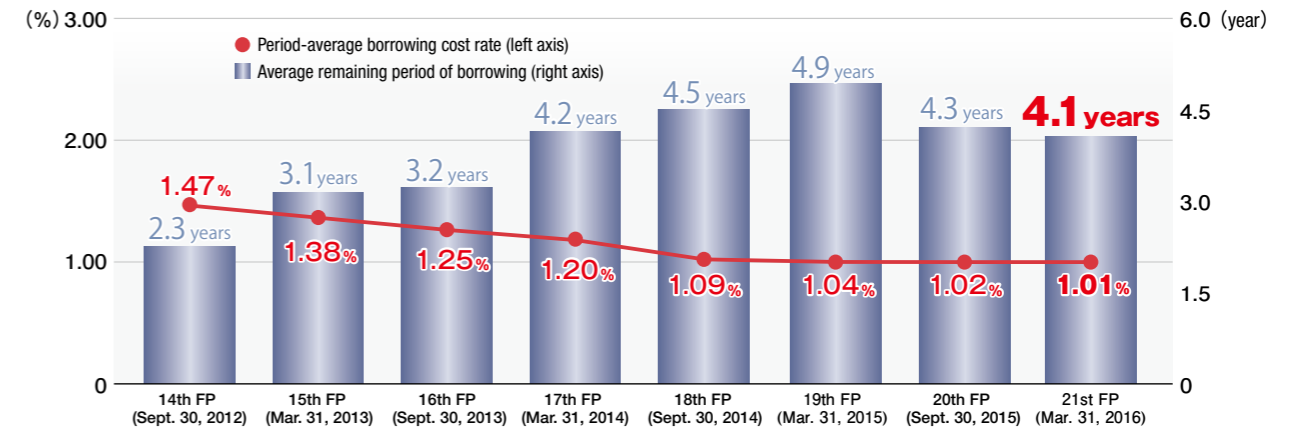
The Investment Corporation is working to maintain the ratio of fixed interest rates, the ratio of long-term borrowings and the average remaining period of borrowings at current levels from the perspective of financial soundness.



(Note 1) "Ratio of fixed interest rates" includes the interest rates of borrowings that have been practically fixed by concluding interest rate swap agreements, and "ratio of long-term borrowings" includes current portion of long-term loans payable within one year. The ratios are rounded to the first decimal place.
(Note 2) "Average remaining period of borrowings" is the remaining period of interest-bearing debt to the repayment dates weighted average by the balance of interest-bearing debt, and is rounded down to the first decimal place. The same follows hereafter.

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

In the fiscal period under review, the Investment Corporation successfully borrowed long-term loans at spreads practically lower than those of the previous rounds of borrowings, achieving a further decrease in the period-average borrowing cost rate.

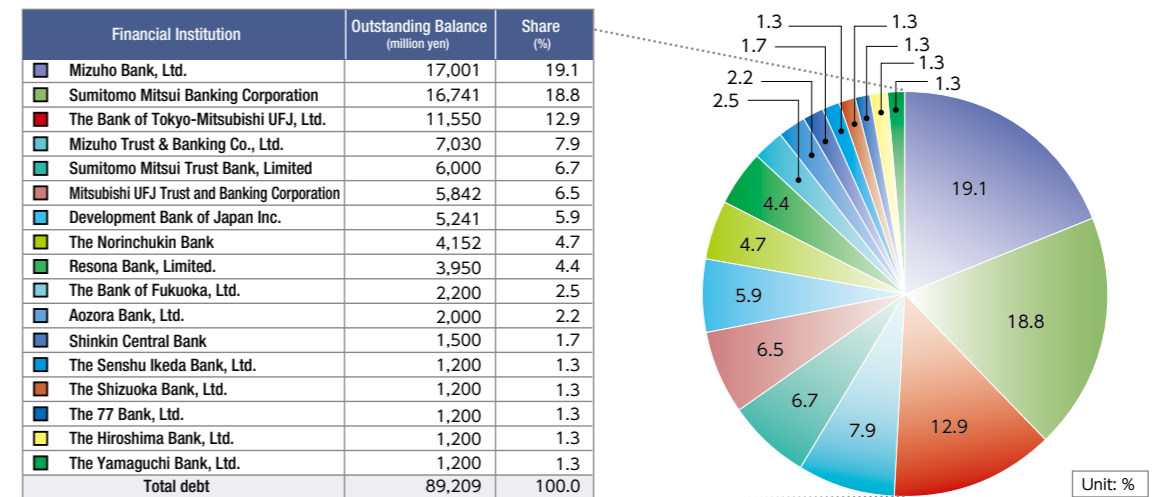


(Note) "Period-average borrowing cost rate" is calculated by using the formula below and is rounded to the second decimal place:
Period-average borrowing cost rate = Period borrowing cost (annualized) / Balance of period-average interest-bearing debt
Borrowing cost = Interest expenses (excluding break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

Status of Bank Formation

The Investment Corporation has constructed the bank formation comprising 17 financial institutions centering on the 3 Japanese megabanks, based on the credibility of Sekisui House, Ltd.

The borrowing status of the Investment Corporation as of March 31, 2016 is as follows.



Unit: %

Examples of Initiatives in CSR and Environmental Activities


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

LED light fixture replacement work in common areas

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

21st fiscal period ended March 2016

Newly implemented at **6** properties
Implemented at a total of **20** properties




- Electricity consumption (cumulative total): Expected decrease of approx. **740,907 kwh** annually
- Greenhouse gas emissions (cumulative total): Expected decrease of approx. **369t** annually

Energy-saving conversion of air conditioners in exclusive areas

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

21st fiscal period ended March 2016

Newly implemented at **91** units
Implemented at a total of **253** units



Comparison of air conditioning units with “2 Stars” energy efficiency and those with “4 Stars” energy efficiency

- Electricity consumption: Expected annual reduction of approx. **13%** in electricity consumption per unit
- Greenhouse gas emissions: Expected approx. **112kg** annual reduction in greenhouse gas emissions per unit

Management that considers the environment and society

Realize a sustainable society

Provide high-quality residences through the J-REIT scheme

Three properties newly certified in April 2016



DBJ Green Building 2015 **4 Stars**
Prime Maison YOKOHAMA NIHON-ODORI



DBJ Green Building 2015 **3 Stars**
Prime Maison GINZA EAST



DBJ Green Building 2015 **2 Stars**
Esty Maison OJIMA

- Already certified in January 2015
Prime Maison GOTENYAMA EAST (4 Stars)
Prime Maison SHINAGAWA (4 Stars)

Continued participation in GRESB environmental survey

Acquired the highest “Green Star” rating in the 2015 Global Real Estate Sustainability Benchmark (GRESB) environmental survey, the first ever for a residential J-REIT, and was selected as “Sector Leader” (ranked first) in Asia’s Residential Sector



Partial Amendments to the Asset Management Guidelines

The Asset Management Company made partial amendments to its asset management guidelines in accordance with the partial amendments made to the Articles of Incorporation of the Investment Corporation and approved at the 7th General Meeting of Unitholders held on June 10, 2016.

Essentials of Amendments to the Asset Management Guidelines

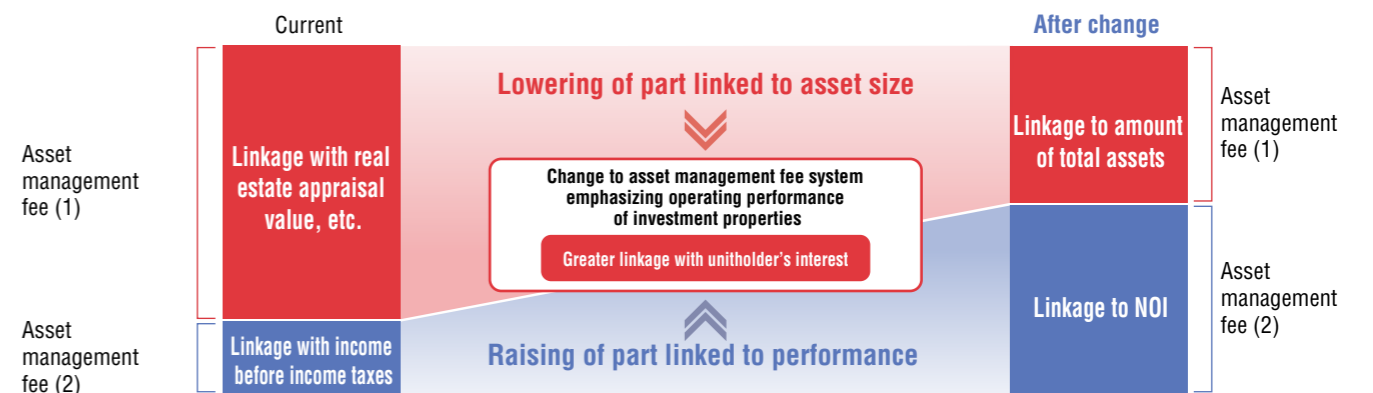
- Add renewable energy generation facilities to specified assets alongside partial amendments of the Articles of Incorporation as changes to the scope of specified assets have been made with legal revisions
- Maintain allocation ratio of approximately 70% for “Greater Tokyo/Major Urban Areas,” the focused investment area and core area for the portfolio
- Change allocation ratio of “Greater Tokyo/Other Urban Areas” and “Major Cities Nationwide” together to approximately 30% for greater flexibility in investment in areas other than “Greater Tokyo/Major Urban Areas”

Investment area category	Specific area	Allocation ratio (Note 3)	[Reference] Allocation ratio before change
Greater Tokyo	Greater Tokyo/Major Urban Areas (Focused investment area)	(1) Tokyo: 23 wards Musashino-shi, Mitaka-shi and Koganei-shi (2) Kanagawa: Yokohama-shi and Kawasaki-shi	Approx. 70%
	Greater Tokyo/Other Urban Areas	(1) Tokyo areas (except islands) and Kanagawa other than the above (2) Chiba and Saitama	Approx. 30% (10% or less for Other Major Cities Nationwide)
Major Cities Nationwide	Major Urban Areas	(1) Sapporo-shi, Sendai-shi, Nagoya-shi, Kyoto-shi, Osaka-shi, Kobe-shi, Hiroshima-shi and Fukuoka-shi (2) Areas within commuting distance from (1) above (Note 1)	
	Other Major Cities Nationwide	Government designated cities, etc. other than the above (Note 2)	

(Note 1) “Areas within commuting distance” represent the peripheral areas from which it generally requires around 30 minutes to commute to the central parts of Sapporo-shi, Sendai-shi, Nagoya-shi, Kyoto-shi, Osaka-shi, Kobe-shi, Hiroshima-shi and Fukuoka-shi.
(Note 2) “Government designated cities, etc. other than the above” represent cities in areas other than Greater Tokyo and that fall under the category of either government designated cities, core cities, special ordinance cities at the entry into force or prefectural capitals in areas other than Major Urban Areas.
(Note 3) “Approx.” in the allocation ratio means ± 10%.
(Note 4) Retail properties owned as of June 30, 2016 have been excluded from the calculation of the above allocation ratio.

Change in Asset Management Fee System

The Investment Corporation submitted a proposal to partially amend the Articles of Incorporation, including changing the asset management fee system for the Asset Management Company to one with greater linkage with unitholder’s interests, to its 7th General Meeting of Unitholders held on June 10, 2016 for approval. As the proposal was approved, the new asset management fee system will be applied in the 23rd fiscal period ending March 2017 and thereafter.



Classification	Current asset management fee system		Asset management fee system after change	
	Formula	Fee rate	Formula	Maximum fee rate
Asset management fee (1)	Real estate appraisal value, etc. × Fee rate (annual rate)	0.4%	Amount of total assets × Fee rate (annual rate)	Section up to ¥200 billion: 0.22% Section above ¥200 billion: 0.22%
Asset management fee (2)	Income before income taxes × Fee rate	3.0%	NOI × Fee rate	5.0%
Acquisition/disposition fee	Transaction price × Fee rate	0.8% (0.4%*)	Acquisition or disposition price × Fee rate	0.8% (0.4%*)
Merger fee	—	—	Appraisal value of real estate-related assets inherited through merger × Fee rate	0.8%

*The figure in parenthesis (0.4%) will be applied in cases of transactions with interested parties, etc.
(Note) “Amount of total assets” above refers to amount of the total assets as shown in the balance sheet of the preceding fiscal period of each operating period. Moreover, NOI refers to the amount in which the total expenses related to rent business (excluding depreciation and loss on disposal of fixed asset is subtracted from the total rent revenue-real estate (including dividends for equity interest in silent partnership on real estate and real estate-backed securities as well as similar revenue) calculated for each operating period.

Portfolio Map

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

Major Cities Nationwide (Osaka City)

- Residence-20 Esty Maison KYOBASHI
- Residence-23 Esty Maison MINAMIHORIE
- Residence-28 Esty Maison JOTO
- Residence-29 Esty Maison TSUKAMOTO
- Residence-41 Esty Maison NISHINAKAJIMA
- Residence-59 Prime Maison YUHIGAOKA
- Residence-60 Prime Maison KITATANABE
- Residence-72 Esty Maison KAWARAMACHI
- Residence-73 Esty Maison NISHITENMA
- Residence-116 Esty Maison UEMACHIDAI (Acquired in 22nd FP)



Major Cities Nationwide (Fukuoka City)

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



Major Cities Nationwide (Nagoya City)

- Residence-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-39 Esty Maison HIGASHISHINAGAWA | Residence-81 Esty Maison NAKANOFUJIMICHO |
| Residence-3 Esty Maison AZABUNAGASAKA | Residence-42 Esty Maison ITABASHIKUYAKUSHOMAE | Residence-82 Esty Maison TETSUGAKUDO |
| Residence-4 Esty Maison EBISU II | Residence-43 Esty Maison MUSASHIKOYAMA | Residence-83 Esty Maison KOENJI |
| Residence-5 Esty Maison EBISU | Residence-44 Esty Maison SENDAGI | Residence-84 Esty Maison OSHIAGE |
| Residence-6 Esty Maison KANDA | Residence-45 Esty Maison YOTSUYASAKAMACHI | Residence-85 Esty Maison AKABANE |
| Residence-8 Esty Maison KITASHINJUKU | Residence-48 Esty Maison SANGENJAYA | Residence-86 Esty Maison OJI |
| Residence-10 Esty Maison ASAKUSA KOMAGATA | Residence-53 Esty Maison SANGENJAYA II | Residence-87 Prime Maison WASEDA |
| Residence-12 Esty Maison KAWASAKI | Residence-54 Esty Maison ITABASHI C6 | Residence-88 Prime Maison HATCHOBORI |
| Residence-14 Esty Maison SHINKAWASAKI | Residence-56 Esty Maison KINSHICHO | Residence-89 Prime Maison JIMBOCHO |
| Residence-15 Esty Maison YOKOHAMA | Residence-57 Esty Maison MUSASHIKOGANEI | Residence-90 Prime Maison GOTENYAMA EAST |
| Residence-16 Esty Maison KAMEIDO | Residence-62 Esty Maison AKIHABARA | Residence-91 MAST LIFE AKIHABARA |
| Residence-17 Esty Maison MEGURO | Residence-63 Esty Maison SASAZUKA | Residence-94 Esty Maison KINSHICHO II |
| Residence-19 Esty Maison SUGAMO | Residence-64 Prime Maison GINZA EAST | Residence-95 Esty Maison OJIMA |
| Residence-21 Esty Maison MEGUROHONCHO | Residence-69 Esty Maison SENGOKU | Residence-98 Prime Maison MORISHITA |
| Residence-22 Esty Maison HAKURAKU | Residence-70 Esty Maison DAIZAWA | Residence-99 Prime Maison SHINAGAWA |
| Residence-24 Esty Maison GOTANDA | Residence-71 Esty Maison TOGOSHI | Residence-104 MAST LIFE YAHIRO |
| Residence-25 Esty Maison OISENDAIZAKA | Residence-74 Esty Maison SHIROKANEDAI | Residence-105 Prime Maison EBISU |
| Residence-26 Esty Maison SHINAGAWA SEASIDE | Residence-75 Esty Maison HIGASHISHINJUKU | Residence-106 Esty Maison SHIBAURA |
| Residence-27 Esty Maison MINAMIAZABU | Residence-76 Esty Maison MOTOAZABU | Residence-110 Esty Maison KOHOKU TSUNASHIMA |
| Residence-30 Esty Maison KAWASAKI II | Residence-77 Esty Maison TORITSUDAIGAKU | Residence-112 Prime Maison YOKOHAMA NIHON-ODORI |
| Residence-31 Esty Maison AZABUJUBAN | Residence-78 Esty Maison MUSASHIKOYAMA II | Residence-114 Prime Maison SHIBUYA (Acquired in 22nd FP) |
| Residence-33 Esty Maison ITABASHIHONCHO | Residence-79 Esty Maison NAKANO | Residence-115 Prime Maison HATSUDAI (Acquired in 22nd FP) |
| Residence-34 Esty Maison OIZUMIGAKUEN | Residence-80 Esty Maison SHINNAKANO | Retail-4 b-town MINAMIAOYAMA |



Greater Tokyo / Other Urban Areas

- Residence-11 Esty Maison MACHIDA
- Residence-18 Esty Maison YACHIO MIDORIGAOKA
- Residence-40 Esty Maison HACHIOJIMINAMINO
- Residence-50 Prime Maison MUSASHINONOMORI
- Residence-109 Esty Maison TSUTSUJIGAOKA
- Residence-111 MAST LIFE HINO



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

- Residence-37 Esty Maison SHUONISHINOTOIN
- Residence-100 Prime Maison ODORI KOEN
- Residence-101 Prime Maison MINAMI 2-JO
- Residence-102 Prime Maison KAMOKAMOGAWA
- Residence-107 Granmast KANAZAWA NISHIZUMI
- Residence-108 Granmast UNOMORI
- Residence-113 KOBE Women's Student Housing
- Residence-117 Esty Maison KOBE-SANNOMIYA (Acquired in 22nd FP)
- Retail-1 HAMAMATSU Plaza



Management Discussion and Analysis

Overview of Asset Management

1. Changes in Operating Results and Other Management Data

Fiscal Period	Unit	17th Fiscal Period (October 1, 2013 - March 31, 2014)	18th Fiscal Period (April 1, 2014 - September 30, 2014)	19th Fiscal Period (October 1, 2014 - March 31, 2015)	20th Fiscal Period (April 1, 2015 - September 30, 2015)	21st Fiscal Period (October 1, 2015 - March 31, 2016)
Accounting Period						
Operating revenue	mm yen	4,952	5,591	6,286	6,411	6,543
Rent revenue - real estate	mm yen	(4,917)	(5,591)	(6,134)	(6,330)	(6,332)
Operating expenses	mm yen	2,710	3,127	3,472	3,667	3,801
Expenses related to rent business	mm yen	(2,233)	(2,560)	(2,835)	(2,975)	(3,065)
Operating income	mm yen	2,242	2,463	2,814	2,743	2,741
Ordinary income	mm yen	1,767	1,952	2,305	2,211	2,214
Net income (a)	mm yen	1,765	1,950	2,302	2,209	2,210
Total assets (b)	mm yen	156,878	176,892	194,035	195,280	198,290
(Period-on-period variation)	%	(+5.4)	(+12.8)	(+9.7)	(+0.6)	(+1.5)
Net assets (c)	mm yen	70,059	81,010	91,227	91,213	91,263
(Period-on-period variation)	%	(+0.1)	(+15.6)	(+12.6)	(-0.0)	(+0.1)
Unitholders' capital	mm yen	68,294	79,059	88,925	88,925	88,925
Investment units issued (d)	units	159,605	915,240	1,018,110	1,018,110	1,018,110
Net assets per unit (c)/(d)	yen	(Note 5) 87,791	88,512	89,605	89,590	89,639
Total cash distributions (e)	mm yen	1,765	1,950	2,224	2,160	2,163
Cash distribution per unit (e)/(d)	yen	11,062	2,131	2,185	2,122	2,125
Earnings distribution per unit	yen	(11,062)	(2,131)	(2,185)	(2,122)	(2,125)
Distribution in excess of earnings per unit	yen	(-)	(-)	(-)	(-)	(-)
Ordinary income to total assets (Note 2)	%	1.2 (2.3)	1.2 (2.3)	1.2 (2.5)	1.1 (2.3)	1.1 (2.2)
Return on unitholders' equity (Note 2)	%	2.5 (5.1)	2.6 (5.2)	2.7 (5.4)	2.4 (4.8)	2.4 (4.8)
Unitholders' equity ratio (c)/(b)	%	44.7	45.8	47.0	46.7	46.0
(Period-on-period variation)		(-2.3)	(1.1)	(1.2)	(-0.3)	(-0.7)
Distribution payout ratio (Note 3)	%	100.0	99.9	96.6	97.7	97.8
[Other reference information]						
Number of investment properties (Note 4)	properties	95	99	107	110	108
Total leasable area	m ²	318,602.26	357,494.91	399,249.82	400,210.45	368,622.60
Period-end occupancy ratio (Note 4)	%	97.5	97.1	97.4	96.7	97.2
Depreciation	mm yen	1,073	1,252	1,369	1,431	1,468
Capital expenditures	mm yen	86	68	153	97	293
Leasing NOI (net operating income) (Note 2)	mm yen	3,757	4,283	4,669	4,786	4,735

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

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

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

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

Cash distribution per unit (excluding distribution in excess of earnings per unit) / Net income per unit
For the 18th and 19th fiscal periods, however, the following method is employed as the Investment Corporation issued new investment units in the periods.
Total cash distributions / Net income

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

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

2. Asset Management Status for the 21st Fiscal Period

(1) Brief History of the Investment Corporation

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

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

Later, at the 6th General Meeting of Unitholders held on June 11, 2014, the Investment Corporation's Articles of Incorporation was partially revised to remove retail properties, which had previously been identified as a supplementary investment target, from its investment horizons and to solely invest in real estate related assets that are mainly used (Note 1) as residences. At the same time, it was resolved to change the Investment Corporation's trade name to Sekisui House SI Residential Investment Corporation in order to strongly demonstrate the shift of its investment targets.

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

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

(Note 2) The Sekisui House Group refers to the group encompassing Sekisui House and its 205 subsidiaries and 23 affiliated companies (as of the end of January 2016).

(2) Investment Environment and Asset Management Results

1) Operating Environment

During the 21st fiscal period, the Japanese economy remained on course for a modest recovery in light of a steady improvement in the employment and income environments, although a certain weakness was observed in exports and production due to the impact of slowdown in emerging economies.

Under these circumstances, the Tokyo Stock Exchange (TSE) REIT Index remained solid at around 1,750 points through the end of 2015, given such factors as long-term interest rates remaining at low levels, a series of capital increases through public offerings coming to a stop to improve the supply and demand situation, and the Bank of Japan changing the maximum amount of its purchases of J-REIT investment units from within 5% to within 10% of the total amount of the units issued of respective REITs in its supplementary measures for additional monetary easing. Although the figure plunged to the lower half of the 1,600 points level in January 2016 in the face of such external factors as concerns about the slowdown of the Chinese economy and decreasing crude oil prices, it rebounded significantly to the 1,800 points level due to a drop in long-term interest rates that was triggered by the introduction of a negative interest rate by the Bank of Japan announced on January 29. The figure has remained solid thereafter amid the risk-averse attitude growing among investors globally.

As for the land price trend, the national average for residential land and commercial land combined took an upward turn for the first time in 8 years, according to the government's Land Price Survey as of January 1, 2016. Although residential land prices dropped slightly, the rate of decrease continued to decelerate, while commercial land prices took an upward turn after leveling off. Presumably, this is a result of the market being bolstered by housing demand encouraged by the improved employment situation and housing mortgage tax reduction and other measures, and also reflects such factors as growing demand for stores and hotels due to an increase in foreign tourists. By area, the average in the three major metropolitan areas (the Greater Tokyo, Osaka Area and Nagoya Area) indicates a small increase in the residential land price at a pace almost comparable with the previous year and an increase in the commercial land price at a higher rate. In regional areas, both the residential land and commercial land prices in core regional cities (Sapporo-shi, Sendai-shi, Hiroshima-shi and Fukuoka-shi) took an upward turn to show an increase at a higher pace than in the three major metropolitan areas. Other parts of the regional areas also demonstrated a lower rate of price decrease.

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

As for the supply trend for rental residential properties, construction starts of rental housing in April 2016 increased year-on-year for the 6 consecutive months, according to the Statistics on Building Construction Starts (April 2016) by the Ministry of Land, Infrastructure, Transport and Tourism. However, as the figure continues to remain at a low level, the supply and demand situation in the rental residential properties market is believed to largely remain in good shape.

Meanwhile, according to the Outlook for Economic Activity and Price (April 2016) by the Bank of Japan, consumer spending has remained solid against the backdrop of a steady improvement in the employment and income environments, although a somewhat weak note is observed in certain areas. In addition, demand for opening stores is strong amid the number of foreign visitors to Japan hitting a record high. With announcements on new development projects and restarting of such projects being made in large numbers, the store market appears to remain in good shape as a whole. In accordance with this, rents for stores continue to show an upward trend, although being somewhat tamed in some areas like Ginza and Shinjuku.

2) Asset Management Results

A. Measures for maximizing the interests of unitholders

[Changes in the asset size]

The Investment Corporation started the 21st fiscal period with management of 110 properties it owned as of September 30, 2015, having total acquisition price of 191,020 million yen (excluding, however, miscellaneous acquisition related expenses, fixed property taxes, city planning taxes, consumption taxes and local consumption taxes; the same follows hereafter). The Investment Corporation acquired a residential property in October 2015, another residential property in January 2016 and the other residential property in March 2016 (total acquisition price of 11,260 million yen). On the other hand, it disposed four of its existing retail properties (Note) in November 2015 and a residential property

in January 2016 (total acquisition price of 8,390 million yen). As a result, the properties owned by the Investment Corporation as of the end of the fiscal period under review totaled 108 properties (106 residential properties and 2 retail properties), with the total acquisition price amounting to 193,890 million yen (188,539 million yen for residential properties and 5,350 million yen for retail properties).

(Note) Existing retail properties refer to real estate-related assets that are mainly used as retail facilities and that the Investment Corporation continuously holds. The same follows hereafter.

The table below indicates the properties acquired or disposed during the 21st fiscal period.

<Newly acquired properties>

Property No.	Property Name	Location	Acquisition Price (million yen)	Acquisition Date
Residence-111	MAST LIFE HINO	Shinmachi, Hino-shi, Tokyo	1,290	October 1, 2015
Residence-112	Prime Maison YOKOHAMA NIHON-ODORI	Honcho, Naka-ku, Yokohama-shi, Kanagawa and other	4,270	January 29, 2016
Residence-113	KOBE Women's Student Housing	Koyochi Naka, Higashinada-ku, Kobe-shi, Hyogo	5,700	March 1, 2016

<Disposed properties>

Property No.	Property Name	Location	Disposition Price (million yen)	Disposition Date
Residence-13	Esty Maison IMAIKE	Imaie, Chikusa-ku, Nagoya-shi, Aichi	300	January 28, 2016
Retail-3	RINKU HAGURAZAKI Plaza	Tajiri-cho, Sennan-gun, Osaka	8,500 (Note)	November 30, 2015
Retail-5	KOJIMA × BIC CAMERA Kamifukuoka store	Kamifukuoka, Fujimino-shi, Saitama		November 30, 2015
Retail-8	Joy Square YUGAWARA	Yugawara-machi, Ashigarashimo-gun, Kanagawa		November 30, 2015
Retail-9	Bell Plaza Shopping Center	Nakamaruko, Ueda-shi, Nagano		November 30, 2015

(Note) Individual disposition prices are not disclosed as no consent to disclosure has been obtained from the buyers.

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

The Investment Corporation disposed four of its existing retail properties in November 2015 and a residential property, which was built many years ago and was expected to generate more repair expenses and other costs in the future, in January 2016.

In the fiscal period under review, the Investment Corporation also utilized the property pipelines of the Sekisui House Group to acquire a MAST Series property from Sekiwa Real Estate, Ltd. in October 2015 and a Prime Maison Series property from Sekisui House in January 2016, while acquiring a student housing, its first investment in this type of residential assets, through the proprietary acquisition routes of the asset management company.

Furthermore, in April 2016 after the 21st fiscal period was closed, the Investment Corporation acquired two Prime Maison Series properties from Sekisui House, and two residential properties from Sekiwa Real Estate Kansai, Ltd. the first acquisition from the company, which it had held in recognition of their values. As a result of these activities, the asset size of the Investment Corporation's portfolio reached 200 billion yen in terms of the total acquisition price on June 30, 2016.

Through these endeavors to enhance the residential portfolio centering on the property pipelines with the Sekisui House Group, the Investment Corporation worked to mitigate the management risks in the future, successfully reinforcing the stability of the earning base of its portfolio even further.

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

During the fiscal period, the Investment Corporation conducted leasing activities for its residential properties 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 competitiveness. Specifically, the Investment Corporation exerted flexibility by modifying lease conditions to more proper ones for residential units with long-term vacancies, for example, in order to achieve profitability as early as possible. For more competitive properties and residential units, it proactively raised rents upon tenant replacement and contract renewals. These endeavors, on top of focusing on leasing of vacant parking lots, proved effective in enhancing the profitability of the portfolio. As for measures aimed at maintaining and enhancing asset value, the Investment Corporation conducted large-scale repairs in a planned manner, based on the results of deterioration diagnosis surveys and other inputs, at two properties and renovated the entrance lobby of a property, in an effort to reinforce the appeal of its owned properties. Moreover, as measures that are not only environmentally friendly but also helpful to reduce operational costs of properties, it not only continued to introduce LED lighting to common areas, which it has conducted to date, but also sequentially installed LED lighting and highly energy-efficient air-conditioning units in exclusive areas. These measures should contribute to improving tenant satisfaction. Consequently, the occupancy ratio of the entire residential properties stood at 97.0% as of the end of the 21st fiscal period.

As for the two retail properties the Investment Corporation owns as of the end of the 21st fiscal period, stable occupancy has been maintained from the beginning of the fiscal period, with the occupancy ratio standing at 100.0% for both as of March 31, 2016.

As a result of these endeavors, the occupancy ratio of the entire portfolio was 97.2% as of the end of the fiscal period under review.

C. Initiatives on CSR and Realizing a Sustainable Society

The Investment Corporation established its environmental basic policy, sustainability policy and environmental targets in the 19th fiscal period ended March 2015. Based on these policies, the Investment Corporation has cooperated with Sekisui House, which was the first in the housing industry to be recognized as an Eco-First Company by the Ministry of the Environment, to promote initiatives for energy-saving and environmental awareness in response to the requirements of the times through such measures as enhancing energy efficiency of its owned properties and acquiring environmentally friendly properties.

In the 21st fiscal period, the Investment Corporation introduced energy-efficient air-conditioning units and LED lighting to its properties, which it had conducted from time to time, as environmental-friendly measures. In addition, looking to realization of a sustainable society, it reviewed and analyzed the environmental recognition and certifications by external assessment that it has obtained to date and, based on the analysis results, investigated new initiatives intended to construct a partnership with tenants, including enlightenment activities on energy saving for tenants.

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

(3) Summary of Fund Procurement

During the 21st fiscal period, the Investment Corporation newly borrowed 1,200 million yen in short-term loans payable (loan period: approximately 11 months) in October 2015, 4,100 million yen in long-term loans payable (loan period: approximately seven years and seven months) in January 2016 and 6,000 million yen in short-term loans payable (loan period: approximately six months) in March 2016, in order to fund property acquisitions. On the other hand, the Investment Corporation made early repayment of borrowings (8,200 million yen in total) in December 2015 by utilizing proceeds from dispositions of existing retail properties.

As a result of the above, the Investment Corporation had the balance of interest-bearing debts standing at 103,709 million yen (7,200 million yen in short-term loans payable, 82,009 million yen in long-term loans payable (including 12,300 million yen in current portion of long-term loans payable) and 14,500 million yen in investment corporation bonds) as of March 31, 2016.

In addition, the Investment Corporation has been granted the following credit ratings as of June 30, 2016 in light of the stable financial base established through these endeavors.

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

(4) Summary of Business Results and Distributions

As a result of these management efforts, the Investment Corporation posted operating revenue of 6,543 million yen, operating income of 2,741 million yen after deducting such operating expenses as outsourcing expenses, utilities expenses and asset management fees, ordinary income of 2,214 million yen and net income of 2,210 million yen in the 21st fiscal period.

Furthermore, the Investment Corporation decided to internally reserve part of the gain on sale of four of its existing retail properties it disposed in November 2015 and a residential property it disposed in January 2016 as reserve for reduction entry by applying to the Special Measures in Case Land or Other Property is Acquired in Advance in 2009 or 2010 under Article 66-2 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; as amended) (the "Special Taxation Measures Act"). Pursuant to this policy, the Investment Corporation decided to distribute the entire amount of the unappropriated retained earnings after deducting 47 million yen as the provision for reserve for reduction entry, which is within the scope of application to Article 66-2 of the Special Taxation Measures Act, with the aim of having the maximum amount of profit distributions deducted as expenses based on application of the special provisions for taxation on investment corporations (Article 67-15 of the Special Taxation Measures Act).

As a result, the cash distribution per unit came to 2,125 yen for the 21st fiscal period.

3. Future Management Policies and Vital Issues

(1) Investment Environment

Looking ahead, the Japanese economy is expected to recover moderately, given the employment and income environments continuing to show an improvement as well as various political measures proving effective, according to the Outlook for Economic Activity and Prices (April 2016) by the Bank of Japan. Domestic demand will follow an upward trend as a virtuous cycle from income to spending will continue in both the household and corporate sectors. Exports are anticipated to remain somewhat stagnant for some time but will subsequently rise gradually in the face of such factors as emerging economies starting to outgrow the slowdown. However, attention must continue to be paid to the risk of the Japanese economy being pushed downward by the business downswing in emerging Asian countries including China and in countries exporting natural resources.

As for the fund procurement environment, long-term interest rates remain at an extremely low level or in the negative domain due to introduction of the negative interest policy announced by the Bank of Japan in January 2016. For the J-REIT market, this allows expectations that rooms for reducing financing costs will expand and that there will be an inflow of investment monies that have turned out to be difficult to manage under the negative interest rate policy.

In the real estate transaction market, investors still remain highly willing to invest, backed by the favorable fund procurement environment, and competition over acquisition continues to be overheated. Although the expected return level has already reached the lowest level before the global financial crisis and there is less room for a further decrease, it is assumed that there will be a further inflow of investment monies as a result of a decrease in the risk-free rate due to the introduction of a negative interest rate and an increase in the superiority of real estate as investment target. As such, real estate prices will presumably rise moderately or stay at a high level.

Based on this view, the Investment Corporation will conduct acquisitions and management of assets by carefully discerning the asset management environment in terms of the business conditions including the future impact of the negative interest rate environment, the supply and demand balance status and the orientations of domestic and foreign investors.

(2) Management Policy and Vital Issues

A. External Growth Strategy

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

In this endeavor, the Investment Corporation positions Greater Tokyo / Major Urban Areas as the focused investment area as well as the core area of its property portfolio. At the same time, in order to mitigate the risks associated with heavy concentration of the portfolio on Greater Tokyo such as regional economic risks and earthquake risks, 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, from among those located in Greater Tokyo / Other Urban Areas and in Major Cities Nationwide including Major Urban Areas where use of the nationwide networks of the Sekisui House Group is expected to prove effective as much as in Greater Tokyo. 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. Moreover, it will invest in student housing, company housing and serviced housing for the elderly, after making comprehensive and careful analyses.

In terms of the property acquisition routes, the Investment Corporation will focus on utilizing the Sekisui House Group's ability to supply properties, while also using property information provided by Spring Investment, the co-sponsor, and endeavoring to acquire properties from outside sources by collecting property information through the proprietary networks of the asset management company. Even in the real estate market where prices are soaring, the Investment Corporation will acquire properties that it considers to contribute to enhancing its profitability, in view of the areas and property characteristics, while working to keep the yields at proper levels. By doing so, the Investment Corporation will aim to steadily achieve expansion of the asset size centering on high-quality rental residential properties.

As for existing retail properties it owns, the Investment Corporation will investigate selling them as a rule, while making efforts to achieve their stable management in cooperation with Sekisui House. In addition, among the residential properties it owns, the Investment Corporation will investigate replacement of low-yielding properties or those that are built many years ago and expected to generate more repair expenses and other costs in the future, in an effort to enhance the quality of its portfolio.




B. Internal Growth Strategy

The Investment Corporation will continue to implement various measures to enhance cash flows from its owned properties. For residential properties, it will conduct large-scale repairs of common areas in a planned manner, taking into account the building age and characteristics of respective properties. At the same time, the Investment Corporation will endeavor on branding of its investment properties by improving tenant satisfaction through continuous implementation of value enhancement works for the exclusive areas as needed and enhancement of operational and administration service levels. In addition, it will work to reduce operational costs by switching electric power suppliers upon liberalization of electricity retail sales to those that are environmentally friendly, and by continuously replacing common area lighting to LED lamps. Moreover, it will further deepen business coordination with the property management companies in order to focus on enhancing occupancy ratios as well as increasing rents and obtaining key money upon concluding new contracts, while working to maintain and improve the contract renewal ratio and increase rents upon renewing existing contracts with tenants. By doing so, the Investment Corporation will aim to enhance profitability.

For properties it acquires from the Sekisui House Group, the Investment Corporation will, in principle, consign property management services to the Sekiwa Real Estate Group (Note) in charge of the relevant areas in which the said properties are located, in order to improve the occupancy ratio and enhance the operational and administrative efficiency through the synergy effect with the Sekisui House Group. Moreover, the Investment Corporation has gradually unified the property management companies involved in the existing residential properties to the Sekiwa Real Estate group. This is understood to have enabled the Investment Corporation to realize tenant attraction and efficient administration by taking advantage of the Sekiwa Real Estate Group's know-how on property management services, backed by the track record of lease management for approximately 565 thousand units throughout Japan (as of January 31, 2016), and its nationwide networks. Going forward, the Investment Corporation will keep this policy in an aim to maintain and improve its medium- and long-term performance. Furthermore, in an effort to establish the brand, the Investment Corporation is unifying the property name brands to "Esty Maison", as a rule, for residential properties it acquired from other than the Sekisui House Group. By doing so, and in combination with the "Prime Maison" brand for Sekisui House's rental residential properties and the "MAST" series brand for the Sekiwa Real Estate Group's rental residential properties, the Investment Corporation will implement its comprehensive brand strategy to demonstrate the superior quality of its properties.

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

<Summary of the Investment Corporation's Major Brands>

Brand Name	Prime Maison	Esty Maison	MAST Series
Logo type			
Explanation on brand	<div style="border: 1px solid black; padding: 5px; text-align: center;">Brand of Sekisui House</div> 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	<div style="border: 1px solid black; padding: 5px; text-align: center;">Proprietary Brand of the Investment Corporation</div> As a rule, high-quality urban rental condominiums the Investment Corporation acquired from outside the Sekisui House Group	<div style="border: 1px solid black; padding: 5px; text-align: center;">Brand of the Sekiwa Real Estate Group</div> As a rule, high-quality rental residential properties planned and developed by the Sekiwa Real Estate companies, which belong to the Sekisui House Group, or those in which they own in recognition of the value

As for the existing retail properties, the Investment Corporation will work to make appropriate facility improvements for the purpose of maintaining and enhancing property competitiveness by keeping communications with the tenants on a daily basis so that it can grasp the operational status of the buildings and facilities, changes in the competition environment and consumption trends in surrounding areas and other aspects as soon as possible. By doing so, the Investment Corporation endeavors to achieve enhancement of the attractiveness and profitability of the facilities.

(3) Financial Strategy, etc.

For the loan-to-value ratio (LTV), which represents the ratio of the balance of borrowings, investment corporation bonds and interest-bearing lease and guarantee deposits to the total of assets owned by the Investment Corporation, the Asset Management Guidelines of the asset management company sets the ceiling at 60%. However, as the policy it has followed to date, the Investment Corporation makes it a basic rule to maintain LTV at a conservative level, with the lower half of the 50% level as the target ceiling for the time being. As for future borrowings, the Investment Corporation will conduct fund procurement with a focus on long-term, fixed interest rate debts with diversified repayment dates as a rule, as it has done to date, while continuing its endeavors on reducing procurement costs by paying full attention to the optimum balance of fixed and floating interest rate debts.

4. Significant Events Occurring after Settling the 21st Fiscal Period

Not applicable.

(Reference Information)

A. New Asset Acquisitions

The Investment Corporation acquired the following four properties as of April 1, 2016.

Property No.	Property Name	Location (Note)	Acquisition Price (million yen)	Acquisition Date
Residence-114	Prime Maison SHIBUYA	Shibuya, Shibuya-ku, Tokyo	2,190	April 1, 2016
Residence-115	Prime Maison HATSUDAI	Hatsudai, Shibuya-ku, Tokyo	2,700	April 1, 2016
Residence-116	Esty Maison UEMACHIDAI	Uehonmachi-nishi, Chuo-ku, Osaka-shi, Osaka	950	April 1, 2016
Residence-117	Esty Maison KOBE-SANNOMIYA	Onoe-dori, Chuo-ku, Kobe-shi, Hyogo	970	April 1, 2016

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

B. Disposition of Owned Property

On June 30, 2016, the Investment Corporation decided to dispose part (measured area: 6.62m²) of the land (area in the registry: 704.82m²) of Esty Maison HIGASHISHINJUKU. The Investment Corporation plans to conduct the disposition as of July 29, 2016.

Property No.	Property Name	Location (Note)	Disposition price (million yen)	Disposition Date (scheduled)
Residence-75	Esty Maison HIGASHISHINJUKU (part of the land)	Shinjuku, Shinjuku-ku, Tokyo	23	July 29, 2016

(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 (million yen)	Interest Rate	Fixed/Floating	Repayment Date	Repayment Method	Use	Collateral					
Aozora Bank, Ltd.	April 1, 2016	200	0.45864% (Note)	Floating	February 29, 2024	Lump-sum repayment	Funds for acquisition of real estate trust beneficiary interests, etc.	Unsecured and unguaranteed					
The Norinchukin Bank		300											
Mizuho Bank, Ltd.		1,100											
Mizuho Trust & Banking Co., Ltd.		500											
Sumitomo Mitsui Banking Corporation		1,100											
Sumitomo Mitsui Trust Bank, Limited		450											
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		700											
The Yamaguchi Bank, Ltd.		100											
Resona Bank, Limited		300											
The Senshu Ikeda Bank, Ltd.		100							0.50500%	Fixed	April 1, 2016		
The Shizuoka Bank, Ltd.	100												
The 77 Bank, Ltd.	100												
Shinkin Central Bank	100												
Development Bank of Japan Inc.	600												
The Hiroshima Bank, Ltd.	100												
The Bank of Fukuoka, Ltd.	200												
Mitsubishi UFJ Trust and Banking Corporation	450												
Total		6,500											

(Note) The interest rate is applicable for the period from June 30, 2016 to July 29, 2016.

5. Itemized Portfolio Assets

The following table provides details of the assets (real estate and trust beneficiary interests in real estate as major entrusted property, etc.) owned by the Investment Corporation as of March 31, 2016.

Property Name	Location (residence indication)	Form of Ownership	Total Leasable Floor Area (m ²)	Estimated Value at End of Period (Note 1) (million yen)	Book Value (million yen)	
Residence-1	Esty Maison GINZA	3-11-19 Ginza, Chuo-ku, Tokyo	Trust beneficiary interests	5,515.43	6,090	4,760
Residence-3	Esty Maison AZABUNAGASAKA	5-13-12 Roppongi, Minato-ku, Tokyo	Trust beneficiary interests	2,019.10	1,690	1,623
Residence-4	Esty Maison EBISU II	4-13-1 Higashi, Shibuya-ku, Tokyo	Trust beneficiary interests	2,062.10	1,890	1,830
Residence-5	Esty Maison EBISU	1-13-4 Hiroo, Shibuya-ku, Tokyo	Trust beneficiary interests	781.02	812	643
Residence-6	Esty Maison KANDA	2-3-4 Kandata-cho, Chiyoda-ku, Tokyo	Trust beneficiary interests	1,706.54	1,490	1,233
Residence-8	Esty Maison KITASHINJUKU	1-28-17 Kita-Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,881.19	1,500	1,177
Residence-10	Esty Maison ASAKUSA KOMAGATA	1-10-9 Komagata, Taito-ku, Tokyo	Trust beneficiary interests	2,978.28	2,040	1,723
Residence-11	Esty Maison MACHIDA	2-1-17 Hara-machida, Machida-shi, Tokyo	Trust beneficiary interests	3,090.89	1,490	1,096
Residence-12	Esty Maison KAWASAKI	14-24 Ogawa-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	3,741.01	2,350	1,844
Residence-14	Esty Maison SHINKAWASAKI	1-4 Furuichiba, Saiwai-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	3,737.47	1,210	935
Residence-15	Esty Maison YOKOHAMA	3-33-1 Tsuruya-cho, Kanagawa-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	2,823.73	2,000	1,918
Residence-16	Esty Maison KAMEIDO	6-57-11 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	2,279.21	1,490	1,433
Residence-17	Esty Maison MEGURO	2-10-12 Mita, Meguro-ku, Tokyo	Trust beneficiary interests	1,070.13	1,030	799
Residence-18	Esty Maison YACHIYO MIDORIGAOKA	1-2-8 Midorigaoka, Yachiyo-shi, Chiba	Trust beneficiary interests	4,815.26	1,150	1,181
Residence-19	Esty Maison SUGAMO	4-14-15 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	2,619.17	1,580	1,462
Residence-20	Esty Maison KYOBASHI	2-7-10 Higashinoda-cho, Miyakojima-ku, Osaka-shi, Osaka	Trust beneficiary interests	4,613.04	2,830	2,335
Residence-21	Esty Maison MEGUROHONCHO	4-8-21 Megurohoncho, Meguro-ku, Tokyo	Trust beneficiary interests	1,656.02	1,090	1,125
Residence-22	Esty Maison HAKURAKU	1-18-19 Rokkakubashi, Kanagawa-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	1,285.83	879	724
Residence-23	Esty Maison MINAMIHORIE	2-12-10 Minamihorie, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,804.48	1,020	955
Residence-24	Esty Maison GOTANDA	7-7-2 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	3,871.15	2,890	2,770
Residence-25	Esty Maison OISENDAZAKA	5-9-10 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,979.85	2,590	2,242
Residence-26	Esty Maison SHINAGAWA SEASIDE	3-25-20 Higashi-Shinagawa, Shinagawa-ku, Tokyo, etc.	Trust beneficiary interests	2,602.30	2,050	1,994
Residence-27	Esty Maison MINAMIAZABU	1-10-8 Minamiazabu, Minato-ku, Tokyo	Trust beneficiary interests	1,082.12	1,220	1,204
Residence-28	Esty Maison JOTO	2-11-8 Noe, Joto-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,065.92	957	986
Residence-29	Esty Maison TSUKAMOTO	2-13-5 Tsukamoto, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,321.04	1,050	1,127
Residence-30	Esty Maison KAWASAKI II	12-4 Ogawa-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	2,824.86	1,950	1,738
Residence-31	Esty Maison AZABUJUBAN	1-11-1 Azabujuban, Minato-ku, Tokyo	Trust beneficiary interests	1,755.31	2,660	2,612
Residence-33	Esty Maison ITABASHIHONCHO	14-14 Yamato-cho, Itabashi-ku, Tokyo	Trust beneficiary interests	1,274.49	925	921
Residence-34	Esty Maison OIZUMIGAKUEN	2-12-15 Higashi-Oizumi, Nerima-ku, Tokyo	Trust beneficiary interests	1,362.36	776	801
Residence-35	Esty Maison TENJINHIGASHI I	4-3 Susaki-machi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,058.82	394	386
Residence-36	Esty Maison TENJINHIGASHI II	6-12 Susaki-machi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,943.72	737	727
Residence-37	Esty Maison SHIJONISHINOTOIN	697 Myodenji-cho, Shijo-sagaru, Nishinotoin-dori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interests	2,261.28	1,190	1,299
Residence-39	Esty Maison HIGASHISHINAGAWA	1-10-1 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,936.72	2,400	2,462
Residence-40	Esty Maison HACHIOJIMINAMINO	3-2-8 Nishikatakura, Hachioji-shi, Tokyo	Trust beneficiary interests	2,155.16	865	894
Residence-41	Esty Maison NISHINAKAJIMA	2-8-21 Higashinakajima, Higashiyodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,643.42	1,900	1,946
Residence-42	Esty Maison ITABASHIKUYAKUSHOMAE	2-46-11 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interests	3,915.81	2,490	2,502
Residence-43	Esty Maison MUSASHIKOYAMA	3-1-7 Ebara, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,176.78	1,070	955
Residence-44	Esty Maison SENDAGI	3-49-1 Sendagi, Bunkyo-ku, Tokyo	Trust beneficiary interests	897.30	682	718
Residence-45	Esty Maison YOTSUYASAKAMACHI	6-20 Yotsuyasakamachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	2,453.17	2,060	2,207
Residence-46	Esty Maison HAKATAHIGASHI	7-2-80 Yoshizuka, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	9,106.08	2,470	2,049
Residence-47	Esty Maison KAMIGOFUKU	13-3 Kamigofukumachi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	2,261.91	859	821
Residence-48	Esty Maison SANGENJAYA	2-16-9 Sengenjaya, Setagaya-ku, Tokyo	Trust beneficiary interests	856.08	859	843
Residence-50	Prime Maison MUSASHINONOMORI	5-15-3 Josuihoncho, Kodaira-shi, Tokyo	Trust beneficiary interests	3,924.58	1,890	1,499
Residence-51	Prime Maison HIGASHISAKURA	2-10-14 Higashisakura, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	3,118.11	1,440	1,058
Residence-52	Prime Maison KAYBAKOEN	2-7-13 Kayaba, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,163.98	772	605
Residence-53	Esty Maison SANGENJAYA II	3-11-6 Shimouma, Setagaya-ku, Tokyo	Trust beneficiary interests	894.64	826	677
Residence-54	Esty Maison ITABASHI C6	32-16 Oyama-higashi-cho, Itabashi-ku, Tokyo	Trust beneficiary interests	4,036.66	2,480	2,140
Residence-55	MAST HAKATA	4-22-25 Hakata Ekimae, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	9,614.80	2,440	1,827
Residence-56	Esty Maison KINSHICHO	1-1-8 Kinshi, Sumida-ku, Tokyo	Trust beneficiary interests	1,611.54	1,240	1,046
Residence-57	Esty Maison MUSASHIKOGANEI	2-6-5 Honcho, Koganei-shi, Tokyo	Trust beneficiary interests	2,275.24	1,690	1,462
Residence-58	Prime Maison GOKISO	2-17-2 Ayuchitori, Showa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	4,427.65	1,850	1,561
Residence-59	Prime Maison YUHIGAOKA	5-4-13 Ueshio, Tennoji-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,040.35	916	771
Residence-60	Prime Maison KITATANABE	4-9-17 Kitatanabe, Higashiumiyoshi-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,798.97	594	513
Residence-61	Prime Maison MOMOCHIHAMA	3-9-1 Momochihama, Sawara-ku Fukuoka-shi, Fukuoka	Trust beneficiary interests	7,514.76	1,970	1,794

Property Name	Location (residence indication)	Form of Ownership	Total Leasable Floor Area (m ²)	Estimated Value at End of Period (Note 1) (million yen)	Book Value (million yen)	
Residence-62	Esty Maison AKIHABARA	3-4-2 Ueno, Taito-ku, Tokyo	Trust beneficiary interests	2,324.65	1,900	1,517
Residence-63	Esty Maison SASAZUKA	1-61-17 Sasazuka, Shibuya-ku, Tokyo	Trust beneficiary interests	3,701.70	3,130	2,798
Residence-64	Prime Maison GINZA EAST	1-2-1 Tsukiji, Chuo-ku, Tokyo	Trust beneficiary interests	6,177.20	5,860	5,046
Residence-65	Prime Maison TAKAMI	2-6-7 Takami, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,016.79	987	874
Residence-66	Prime Maison YADAMINAMI	3-11-7 Yadaminami, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,168.59	782	688
Residence-67	Prime Maison TERIHA	1-3-7 Kashiiteriha, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	6,728.20	1,250	1,069
Residence-68	Esty Maison HIGASHISHIRAKABE	3-9-36 Yoshino, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	4,014.07	1,490	1,292
Residence-69	Esty Maison SENGOKU	4-6-17 Sengoku, Bunkyo-ku, Tokyo	Trust beneficiary interests	1,498.13	1,270	1,091
Residence-70	Esty Maison DAIZAWA	2-39-13 Daizawa, Setagaya-ku, Tokyo	Trust beneficiary interests	2,352.90	2,120	1,898
Residence-71	Esty Maison TOGOSHI	1-25-5 Togoshi, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,943.17	1,650	1,381
Residence-72	Esty Maison KAWARAMACHI	3-2-10 Kawaramachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,486.48	1,860	1,595
Residence-73	Esty Maison NISHITENMA	5-15-3 Nishitenma, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,877.90	1,620	1,401
Residence-74	Esty Maison SHIROKANEDAI	1-1-4 Kamiosaki, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,675.11	2,250	1,972
Residence-75	Esty Maison HIGASHISHINJUKU	6-22-5 Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,889.50	1,550	1,369
Residence-76	Esty Maison MOTOAZABU	3-6-6 Motoazabu, Minato-ku, Tokyo	Trust beneficiary interests	1,199.86	1,470	1,184
Residence-77	Esty Maison TORITSUDAIGAKU	2-7-17 Tairamachi, Meguro-ku, Tokyo	Trust beneficiary interests	1,035.78	816	739
Residence-78	Esty Maison MUSASHIKOYAMA II	3-11-4 Koyama, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,073.59	976	849
Residence-79	Esty Maison NAKANO	5-48-2 Chuo, Nakano-ku, Tokyo	Trust beneficiary interests	2,023.72	1,760	1,549
Residence-80	Esty Maison SHINNAKANO	6-10-7 Honcho, Nakano-ku, Tokyo	Trust beneficiary interests	1,107.57	951	852
Residence-81	Esty Maison NAKANOFUJIMICHO	5-13-1 Yayoicho, Nakano-ku, Tokyo	Trust beneficiary interests	1,299.60	944	870
Residence-82	Esty Maison TETSUGAKUDO	2-12-15 Matsugaoka, Nakano-ku, Tokyo	Trust beneficiary interests	1,531.89	1,100	956
Residence-83	Esty Maison KOENJI	5-25-26 Koenjiminami, Suginami-ku, Tokyo	Trust beneficiary interests	1,527.52	1,100	968
Residence-84	Esty Maison OSHIAGE	5-11-5 Narihira, Sumida-ku, Tokyo	Trust beneficiary interests	3,180.90	2,330	1,956
Residence-85	Esty Maison AKABANE	2-39-5 Akabane, Kita-ku, Tokyo	Trust beneficiary interests	4,302.84	3,100	2,721
Residence-86	Esty Maison OJI	2-25-8 Oji, Kita-ku, Tokyo	Trust beneficiary interests	2,289.44	1,550	1,377
Residence-87	Prime Maison WASEDA	544-11 Waseda Tsurumaki-cho, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,650.66	1,520	1,265
Residence-88	Prime Maison HATCHOBORI	4-11-9 Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interests	1,382.32	1,390	1,144
Residence-89	Prime Maison JINBOCHO	1-50-9 Kandajinbo-cho, Chiyoda-ku, Tokyo	Trust beneficiary interests	1,819.90	1,840	1,623
Residence-90	Prime Maison GOTENYAMA EAST	6-6-33 Kitashinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,512.91	2,640	2,116
Residence-91	MAST LIFE AKIHABARA	50-6 Kanda Sakumagashi, Chiyoda-ku, Tokyo	Trust beneficiary interests	803.36	523	482
Residence-92	Esty Maison AOI	1-14-20 Aoi, Higashi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	4,809.68	2,370	2,139
Residence-93	Esty Maison YAKUIN	1-13-8 Hirao, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	5,213.51	2,260	2,071
Residence-94	Esty Maison KINSHICHO II	3-5-19 Kotobashi, Sumida-ku, Tokyo	Trust beneficiary interests	9,469.65	7,910	6,796
Residence-95	Esty Maison OJIMA	5-32-5 Ojima, Koto-ku, Tokyo	Trust beneficiary interests	9,905.97	8,510	7,197
Residence-96	Prime Maison FUJIMIDAI	1-25 Fujimidai, Chigusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	5,704.63	1,970	1,783
Residence-97	Esty Maison TSURUMAI	2-20-1 Chiyoda, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	13,812.40	4,220	3,869
Residence-98	Prime Maison MORISHITA	3-6-4 Morishita, Koto-ku, Tokyo	Trust beneficiary interests	2,180.78	1,870	1,765
Residence-99	Prime Maison SHINAGAWA	1-3-16 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	2,107.88	1,850	1,719
Residence-100	Prime Maison ODORI KOEN	6-5-2 Odori-Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	7,360.37	3,040	2,726
Residence-101	Prime Maison MINAMI 2-JO	9-1-1 Minami 2jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	6,019.09	1,860	1,518
Residence-102	Prime Maison KAMOKAMOGAWA	1-6-1 Minami 7jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	4,102.08	1,190	1,006
Residence-103	Prime Maison CENTRAL PARK	4-2-5 Kashii Teriha, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	10,268.74	2,283	2,314
Residence-104	MAST LIFE YAHIRO	5-30-10 Yahiro, Sumida-ku, Tokyo	Trust beneficiary interests	3,409.16	1,800	1,718
Residence-105	Prime Maison EBISU	1-22-19 Ebisu, Shibuya-ku, Tokyo	Trust beneficiary interests	3,010.66	4,170	3,660
Residence-106	Esty Maison SHIBAURA	2-8-3 Shibaura, Minato-ku, Tokyo	Trust beneficiary interests	3,795.82	2,780	2,896
Residence-107	Granmast KANAZAWA NISHIZUMI	2-155-1 Nishizumi, Kanazawa-shi, Ishikawa	Trust beneficiary interests	4,634.50	1,050	1,059
Residence-108	Granmast UNOMORI	1-6-7 Unomori, Yokkaichi-shi, Mie	Trust beneficiary interests	2,280.00	786	780
Residence-109	Esty Maison TSUTSUJIGAOKA	1-14-19 Nishitsutsujigaoka, Chofu-shi, Tokyo, etc.	Trust beneficiary interests	1,849.70	911	921
Residence-110	Esty Maison KOHOKU TSUNASHIMA	8-45-25 Shin-yoshida Higashi, Kohoku-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficiary interests	6,867.48	2,731	2,868
Residence-111	MAST LIFE HINO	1-19-3 Shinmachi, Hino-shi, Tokyo	Trust beneficiary interests	2,827.55	1,340	1,356
Residence-112	Prime Maison YOKOHAMA NIHON-ODORI	1-4 Honcho, Naka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficiary interests	5,461.13	4,700	4,468
Residence-113	KOBE Women's Student Housing	7-1-6 Kooyocho Naka, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interests	15,341.68	5,720	6,248
Residence subtotal				353,735.54	203,833	183,523
Retail-1	HAMAMATSU Plaza (Note 2)	1020-1 Kaminishi-cho, Higashi-ku, Hamamatsu-shi, Shizuoka, etc.	Trust beneficiary interests	14,117.13	2,562	3,679
Retail-4	b-town MINAMIAOYAMA	3-6-7 Minamiaoyama, Minato-ku, Tokyo	Trust beneficiary interests	769.93	1,170	1,498
Other real estate in trust (Retail property) subtotal				14,887.06	3,732	5,177
Total				368,622.60	207,565	188,701

(Note 1) The "Estimated Value at End of Period" indicates the appraisal value by real estate appraisers with March 31, 2016 as the date of appraisal.
 (Note 2) The real estate in trust is quasi-co-owned, and the figure represents the value obtained by multiplying the "leasable floor area" of the facility by 49%, which is the quasi-co-ownership interest of the Investment Corporation.

6. Changes in Rental Business Results

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

Use	Property No.	Property Name	20th Fiscal Period (Apr. 1, 2015 – Sept. 30, 2015)				21st Fiscal Period (Oct. 1, 2015 – Mar. 31, 2016)			
			Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rent Revenue throughout Period (million yen)	Ratio to Total Rent Revenues (%)	Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rent Revenue throughout Period (million yen)	Ratio to Total Rent Revenues (%)
Residence	Residence-1	Esty Maison GINZA	1	97.6	173	2.7	1	95.2	168	2.7
	Residence-3	Esty Maison AZABUNAGASAKA	1	98.0	46	0.7	1	91.4	50	0.8
	Residence-4	Esty Maison EBISU II	1	83.8	50	0.8	1	97.8	54	0.9
	Residence-5	Esty Maison EBISU	1	96.1	24	0.4	1	93.5	23	0.4
	Residence-6	Esty Maison KANDA	1	93.2	44	0.7	1	98.7	45	0.7
	Residence-8	Esty Maison KITASHINJUKU	1	98.1	46	0.7	1	97.4	45	0.7
	Residence-10	Esty Maison ASAKUSA KOMAGATA	1	95.6	64	1.0	1	96.4	65	1.0
	Residence-11	Esty Maison MACHIDA	1	95.8	53	0.8	1	96.4	52	0.8
	Residence-12	Esty Maison KAWASAKI	1	94.0	75	1.2	1	99.3	75	1.2
	Residence-13	Esty Maison IMAIKE	1	91.4	14	0.2	-	-	9	0.1
	Residence-14	Esty Maison SHINKAWASAKI	1	100.0	32	0.5	1	100.0	32	0.5
	Residence-15	Esty Maison YOKOHAMA	1	100.0	65	1.0	1	100.0	74	1.2
	Residence-16	Esty Maison KAMEIDO	1	89.6	51	0.8	1	95.9	52	0.8
	Residence-17	Esty Maison MEGURO	1	97.5	30	0.5	1	97.5	31	0.5
	Residence-18	Esty Maison YACHIYO MIDORIGAOKA	1	91.4	43	0.7	1	96.9	43	0.7
	Residence-19	Esty Maison SUGAMO	1	92.5	47	0.7	1	100.0	46	0.7
	Residence-20	Esty Maison KYOBASHI	1	93.9	84	1.3	1	96.1	90	1.4
	Residence-21	Esty Maison MEGUROHONCHO	1	89.8	32	0.5	1	93.4	32	0.5
	Residence-22	Esty Maison HAKURAKU	1	92.9	30	0.5	1	98.3	31	0.5
	Residence-23	Esty Maison MINAMIHORIE	1	95.4	34	0.5	1	100.0	34	0.5
	Residence-24	Esty Maison GOTANDA	1	91.3	90	1.4	1	93.5	91	1.4
	Residence-25	Esty Maison OISENDAIZAKA	1	99.2	78	1.2	1	98.7	78	1.2
	Residence-26	Esty Maison SHINAGAWA SEASIDE	1	91.1	63	1.0	1	95.3	60	1.0
	Residence-27	Esty Maison MINAMIAZABU	1	98.1	35	0.6	1	98.1	35	0.6
	Residence-28	Esty Maison JOTO	1	93.6	32	0.5	1	97.0	32	0.5
	Residence-29	Esty Maison TSUKAMOTO	1	95.8	39	0.6	1	97.9	39	0.6
	Residence-30	Esty Maison KAWASAKI II	1	93.5	61	1.0	1	97.7	61	1.0
	Residence-31	Esty Maison AZABUJUBAN	1	92.6	66	1.0	1	96.8	63	1.0
	Residence-33	Esty Maison ITABASHIHONCHO	1	89.2	27	0.4	1	95.4	28	0.4
	Residence-34	Esty Maison OIZUMIGAKUEN	1	93.2	24	0.4	1	98.3	26	0.4
	Residence-35	Esty Maison TENJINHIGASHI I	1	93.5	15	0.2	1	100.0	15	0.2
	Residence-36	Esty Maison TENJINHIGASHI II	1	95.1	28	0.4	1	100.0	28	0.4
	Residence-37	Esty Maison SHJONSHINOTOIN	1	95.6	40	0.6	1	92.0	40	0.6
	Residence-39	Esty Maison HIGASHISHINAGAWA	1	92.3	68	1.1	1	88.1	69	1.1
	Residence-40	Esty Maison HACHIOJIMINAMINO	1	95.3	33	0.5	1	96.5	32	0.5
	Residence-41	Esty Maison NISHINAKAJIMA	1	93.0	63	1.0	1	93.2	64	1.0
	Residence-42	Esty Maison ITABASHIKUYAKUSHOMAE	1	95.1	76	1.2	1	96.8	76	1.2
	Residence-43	Esty Maison MUSASHIKOYAMA	1	96.0	31	0.5	1	96.4	31	0.5
	Residence-44	Esty Maison SENDAGI	1	95.8	21	0.3	1	93.1	23	0.4
	Residence-45	Esty Maison YOTSUYASAKAMACHI	1	96.7	58	0.9	1	95.3	58	0.9
	Residence-46	Esty Maison HAKATAHIGASHI	1	94.7	84	1.3	1	95.6	84	1.3
	Residence-47	Esty Maison KAMIGOFUKU	1	92.5	28	0.4	1	98.5	28	0.4
	Residence-48	Esty Maison SANGENJAYA	1	100.0	23	0.4	1	100.0	24	0.4
	Residence-50	Prime Maison MUSASHINONOMORI	1	96.4	62	1.0	1	96.2	63	1.0
	Residence-51	Prime Maison HIGASHISAKURA	1	95.8	51	0.8	1	96.3	52	0.8
	Residence-52	Prime Maison KAYBAKOEN	1	92.4	28	0.4	1	96.1	28	0.4
	Residence-53	Esty Maison SANGENJAYA II	1	91.2	23	0.4	1	97.0	23	0.4
	Residence-54	Esty Maison ITABASHI C6	1	91.1	77	1.2	1	96.6	76	1.2
	Residence-55	MAST HAKATA	1	100.0	93	1.5	1	100.0	93	1.5
	Residence-56	Esty Maison KINSHICHO	1	97.2	35	0.6	1	100.0	35	0.6
	Residence-57	Esty Maison MUSASHIKOGANEI	1	97.1	51	0.8	1	96.1	53	0.8
	Residence-58	Prime Maison GOKISO	1	96.7	64	1.0	1	96.7	65	1.0
	Residence-59	Prime Maison YUHIGAOKA	1	100.0	31	0.5	1	100.0	30	0.5
	Residence-60	Prime Maison KITATANABE	1	91.4	21	0.3	1	95.5	21	0.3
	Residence-61	Prime Maison MOMOCHIHAMA	1	100.0	69	1.1	1	100.0	69	1.1
	Residence-62	Esty Maison AKIHABARA	1	97.5	56	0.9	1	96.2	57	0.9

Use	Property No.	Property Name	20th Fiscal Period (Apr. 1, 2015 – Sept. 30, 2015)				21st Fiscal Period (Oct. 1, 2015 – Mar. 31, 2016)					
			Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rent Revenue throughout Period (million yen)	Ratio to Total Rent Revenues (%)	Number of Tenants at End of Period (Note 1)	Occupancy Ratio at End of Period (Note 2) (%)	Rent Revenue throughout Period (million yen)	Ratio to Total Rent Revenues (%)		
Residence	Residence-63	Esty Maison SASAZUKA	1	88.2	86	1.4	1	96.3	86	1.4		
	Residence-64	Prime Maison GINZA EAST	1	96.3	162	2.6	1	95.1	164	2.6		
	Residence-65	Prime Maison TAKAMI	1	89.3	31	0.5	1	89.4	31	0.5		
	Residence-66	Prime Maison YADAMINAMI	1	95.7	27	0.4	1	100.0	28	0.5		
	Residence-67	Prime Maison TERIHA	1	100.0	51	0.8	1	100.0	51	0.8		
	Residence-68	Esty Maison HIGASHISHIRAKABE	1	100.0	47	0.7	1	100.0	47	0.8		
	Residence-69	Esty Maison SENGOKU	1	98.4	35	0.6	1	98.4	36	0.6		
	Residence-70	Esty Maison DAIZAWA	1	95.4	56	0.9	1	92.1	57	0.9		
	Residence-71	Esty Maison TOGOSHI	1	100.0	49	0.8	1	98.9	49	0.8		
	Residence-72	Esty Maison KAWARAMACHI	1	94.5	60	1.0	1	94.9	59	0.9		
	Residence-73	Esty Maison NISHITENMA	1	95.5	52	0.8	1	95.8	52	0.8		
	Residence-74	Esty Maison SHIROKANEDAI	1	95.8	60	1.0	1	100.0	63	1.0		
	Residence-75	Esty Maison HIGASHISHINJUKU	1	97.9	44	0.7	1	100.0	46	0.7		
	Residence-76	Esty Maison MOTOAZABU	1	100.0	41	0.6	1	100.0	41	0.7		
	Residence-77	Esty Maison TORITSUDAIGAKU	1	87.1	22	0.4	1	96.0	24	0.4		
	Residence-78	Esty Maison MUSASHIKOYAMA II	1	100.0	30	0.5	1	97.8	29	0.5		
	Residence-79	Esty Maison NAKANO	1	95.2	50	0.8	1	98.9	51	0.8		
	Residence-80	Esty Maison SHINNAKANO	1	98.0	28	0.4	1	91.9	29	0.5		
	Residence-81	Esty Maison NAKANOFUJIMICHO	1	90.8	26	0.4	1	87.0	27	0.4		
	Residence-82	Esty Maison TETSUGAKUDO	1	90.0	27	0.4	1	100.0	32	0.5		
	Residence-83	Esty Maison KOENJI	1	96.6	33	0.5	1	95.4	31	0.5		
	Residence-84	Esty Maison OSHIAGE	1	98.4	67	1.1	1	96.8	68	1.1		
	Residence-85	Esty Maison AKABANE	1	100.0	93	1.5	1	91.0	91	1.4		
	Residence-86	Esty Maison OJI	1	94.4	45	0.7	1	96.5	46	0.7		
	Residence-87	Prime Maison WASEDA	1	98.5	43	0.7	1	94.5	42	0.7		
	Residence-88	Prime Maison HATCHOBORI	1	96.9	37	0.6	1	100.0	39	0.6		
	Residence-89	Prime Maison JINBOCHO	1	100.0	53	0.8	1	97.3	51	0.8		
	Residence-90	Prime Maison GOTENYAMA EAST	1	95.3	76	1.2	1	95.7	73	1.2		
	Residence-91	MAST LIFE AKIHABARA	1	100.0	15	0.2	1	100.0	15	0.2		
	Residence-92	Esty Maison AOI	1	93.1	71	1.1	1	95.7	75	1.2		
	Residence-93	Esty Maison YAKUIN	1	96.9	72	1.1	1	97.4	74	1.2		
	Residence-94	Esty Maison KINSHICHO II	1	96.5	214	3.4	1	97.4	217	3.4		
	Residence-95	Esty Maison OJIMA	1	98.9	238	3.8	1	96.2	236	3.7		
	Residence-96	Prime Maison FUJIMIDAI	1	92.4	67	1.1	1	95.5	69	1.1		
	Residence-97	Esty Maison TSURUMAI	1	100.0	155	2.5	1	100.0	155	2.4		
	Residence-98	Prime Maison MORISHITA	1	97.7	57	0.9	1	98.9	61	1.0		
	Residence-99	Prime Maison SHINAGAWA	1	96.0	54	0.9	1	96.9	56	0.9		
	Residence-100	Prime Maison ODORI KOEN	1	90.9	108	1.7	1	90.2	109	1.7		
	Residence-101	Prime Maison MINAMI 2-JO	1	100.0	64	1.0	1	99.1	67	1.1		
	Residence-102	Prime Maison KAMOKAMOGAWA	1	97.4	45	0.7	1	98.2	45	0.7		
	Residence-103	Prime Maison CENTRAL PARK	1	94.3	77	1.2	1	97.3	84	1.3		
	Residence-104	MAST LIFE YAHIRO	1	100.0	56	0.9	1	100.0	56	0.9		
	Residence-105	Prime Maison EBISU	1	99.2	106	1.7	1	95.2	106	1.7		
	Residence-106	Esty Maison SHIBAURA	1	91.6	77	1.2	1	94.4	79	1.3		
	Residence-107	Granmast KANAZAWA NISHIZUMI	1	100.0	40	0.6	1	100.0	41	0.6		
	Residence-108	Granmast UNOMORI	1	100.0	26	0.4	1	100.0	26	0.4		
	Residence-109	Esty Maison TSUTSUJIGAOKA	1	92.3	19	0.3	1	94.1	29	0.5		
	Residence-110	Esty Maison KOHOKU TSUNASHIMA	1	100.0	36	0.6	1	100.0	79	1.3		
	Residence-111	MAST LIFE HINO	-	-	-	-	1	95.8	49	0.8		
	Residence-112	Prime Maison YOKOHAMA NIHON-ODORI	-	-	-	-	1	94.5	46	0.7		
	Residence-113	KOBE Women's Student Housing	-	-	-	-	1	100.0	36	0.6		
	Residence subtotal			104	96.0	5,855	92.5	106	97.0	6,108	96.5	
	Other Real Estate in Trust (Retail property)	Retail-1	HAMAMATSU Plaza	4	100.0	90	1.4	4	100.0	84	1.3	
		Retail-3	RINKU HAGURAZAKI Plaza	2	100.0	151	2.4	-	-	49	0.8	
		Retail-4	b-town MINAMIAOYAMA	1	100.0	33	0.5	1	100.0	33	0.5	
		Retail-5	KOJIMA x BIC CAMERA Kamifukuoka store	1	100.0	40	0.6	-	-	13	0.2	
		Retail-7	b-toss IKEBUKURO	-	-	23	0.4	-	-	-	-	
		Retail-8	Joy Square YUGAWARA	1	100.0	79	1.3	-	-	25	0.4	
		Retail-9	Bell Plaza Shopping Center	1	100.0	54	0.9	-	-	17	0.3	
		Other real estate in trust (Retail property) subtotal			10	100.0	474	7.5	5	100.0	223	3.5
		Total			114	96.7	6,330	100.0	111	97.2	6,332	100.0

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

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

7. Capital Expenditures in the 21st Fiscal Period

The following are the overview of works that fall under the category of the capital expenditures that the Investment Corporation conducted in real estate in trust in the 21st fiscal period. In addition, the capital expenditure for the fiscal period under review totaled 293 million yen. Combining this with the 225 million yen in repair expenses, which were classified as expenses for the fiscal period, the Investment Corporation conducted construction of 519 million yen.

Real Estate Properties, etc. Name (Location)	Purpose	Period	Expenditures (million yen)
Esty Maison ASAKUSA KOMAGATA (Taito-ku, Tokyo)	Large-scale renovation	From: November 2015 To: March 2016	67
HAMAMATSU Plaza (Hamamatsu-shi, Shizuoka)	Installation of regulating reservoir and drain passage	From: December 2015 To: March 2016	59
Esty Maison SHIBAURA (Minato-ku, Tokyo)	Large-scale renovation	From: November 2015 To: March 2016	55
Prime Maison TERIHA and other 5 properties (Fukuoka-shi, Fukuoka and others)	Installation of LEDs for the lighting equipment of common areas	From: February 2016 To: March 2016	22
Esty Maison TSURUMAI (Nagoya-shi, Aichi)	Renovation of exclusive areas	From: October 2015 To: March 2016	14
Others			74
	Total		293

8. Transactions with Interested Parties, Etc.

(1) Transaction Status

Category	Transaction Amount, Etc.	
	Purchase Amount, Etc.	Sale Amount, Etc.
Total Amount	11,260,000 thousand yen	8,800,000 thousand yen
Breakdown of Transactions with Interested Parties, Etc.		
Sekisui House Ltd.	4,270,000 thousand yen (37.9%)	- thousand yen (-%)
Sekiwa Real Estate Ltd.	1,290,000 thousand yen (11.5%)	- thousand yen (-%)
Total	5,560,000 thousand yen (49.4%)	- thousand yen (-%)

(2) Amount of Fees, Etc.

Category	Total Fees, Etc. (A) (thousand yen)	Breakdown of Transactions with Interested Parties, Etc.		Ratio to Total Amount (B/A) (%)
		Paid Party	Paid Amount (B) (thousand yen)	
Property Management Fees	448,409	Sekiwa Real Estate Ltd.	224,816	50.1
		Sekiwa Real Estate Chubu, Ltd.	52,970	11.8
		Sekiwa Real Estate Kansai, Ltd.	25,220	5.6
		Sekiwa Real Estate Kyushu, Ltd.	17,060	3.8
		Sekiwa Kanri Kansai Co., Ltd.	3,936	0.9
Brokerage Fees	154,821	Sekiwa Real Estate Ltd.	91,480	59.1
		Sekiwa Real Estate Chubu, Ltd.	6,177	4.0
		Sekiwa Real Estate Kansai, Ltd.	6,204	4.0
		Sekiwa Real Estate Kyushu, Ltd.	2,108	1.4

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

Financial Section (Audited)

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Financial Statements

(1) Balance Sheet

	(Thousand yen)	
	20th Fiscal Period (As of September 30, 2015)	21st Fiscal Period (As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	3,141,338	3,428,890
Cash and deposits in trust	4,969,752	5,016,055
Operating accounts receivable	131,308	153,167
Prepaid expenses	162,509	129,092
Deferred tax assets	56	238
Other	2,272	10,882
Allowance for doubtful accounts	(1,092)	(4,503)
Total current assets	8,406,145	8,733,823
Non-current assets		
Property, plant and equipment		
Buildings in trust	94,630,254	101,392,020
Accumulated depreciation	(12,698,031)	(13,697,199)
Buildings in trust, net	81,932,222	87,694,821
Structures in trust	760,950	878,502
Accumulated depreciation	(181,940)	(193,509)
Structures in trust, net	579,009	684,992
Machinery and equipment in trust	1,769,631	1,926,908
Accumulated depreciation	(443,633)	(506,550)
Machinery and equipment in trust, net	1,325,998	1,420,357
Tools, furniture and fixtures in trust	171,783	207,186
Accumulated depreciation	(62,591)	(71,023)
Tools, furniture and fixtures in trust, net	109,192	136,163
Land in trust	101,906,410	98,617,010
Total property, plant and equipment	185,852,834	188,553,346
Intangible assets		
Leasehold rights in trust	150,019	148,001
Trademark rights	511	293
Other	201	162
Total intangible assets	150,732	148,456
Investments and other assets		
Lease and guarantee deposits	242,672	242,672
Long-term prepaid expenses	370,621	367,336
Other	130,382	138,969
Total investments and other assets	743,675	748,977
Total non-current assets	186,747,242	189,450,780
Deferred assets		
Investment corporation bond issuance costs	74,833	67,286
Investment unit issuance costs	52,699	38,195
Total deferred assets	127,532	105,482
Total assets	195,280,920	198,290,085

	(Thousand yen)	
	20th Fiscal Period (As of September 30, 2015)	21st Fiscal Period (As of March 31, 2016)
Liabilities		
Current liabilities		
Operating accounts payable	256,505	336,786
Short-term loans payable	4,650,000	7,200,000
Current portion of long-term loans payable	6,350,000	12,300,000
Accounts payable – other	562,861	638,446
Accrued expenses	55,361	54,079
Income taxes payable	1,476	3,798
Accrued consumption taxes	38,632	17,913
Advances received	290,336	237,827
Other	5,851	12,322
Total current liabilities	12,211,025	20,801,174
Non-current liabilities		
Investment corporation bonds	14,500,000	14,500,000
Long-term loans payable	75,109,500	69,709,500
Tenant leasehold and security deposits in trust	2,247,305	2,016,256
Total non-current liabilities	91,856,805	86,225,756
Total liabilities	104,067,831	107,026,930
Net assets		
Unitholders' equity		
Unitholders' capital	88,925,149	88,925,149
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	77,988	127,423
Total voluntary retained earnings	77,988	127,423
Unappropriated retained earnings	2,209,951	2,210,581
Total surplus	2,287,939	2,338,004
Total unitholders' equity	91,213,089	91,263,154
Total net assets	91,213,089	91,263,154
Total liabilities and net assets	195,280,920	198,290,085

See accompanying "Notes to the Financial Statements".

(2) Statement of Income and Retained Earnings

(Thousand yen)

	20th Fiscal Period (April 1, 2015 – September 30, 2015)	21st Fiscal Period (October 1, 2015 – March 31, 2016)
Operating revenue		
Rent revenue - real estate	6,330,724	6,332,700
Gain on sales of real estate properties	81,031	210,403
Total operating revenue	6,411,756	6,543,103
Operating expenses		
Expenses related to rent business	2,975,490	3,065,906
Asset management fee	458,937	471,120
Asset custody fee	15,900	15,666
Administrative service fees	36,269	35,447
Directors' compensations	3,600	3,600
Provision of allowance for doubtful accounts	1,040	3,638
Other operating expenses	176,719	205,900
Total operating expenses	3,667,959	3,801,279
Operating income	2,743,797	2,741,823
Non-operating income		
Interest income	760	830
Reversal of distributions payable	254	288
Interest on tax refund	15	-
Compensation income	2,500	-
Other	31	-
Total non-operating income	3,562	1,119
Non-operating expenses		
Interest expenses	389,721	382,821
Interest expenses on investment corporation bonds	56,677	56,269
Amortization of investment corporation bond issuance costs	7,546	7,546
Borrowing related expenses	67,364	67,453
Amortization of investment unit issuance costs	14,503	14,503
Other	109	108
Total non-operating expenses	535,922	528,703
Ordinary income	2,211,437	2,214,239
Income before income taxes	2,211,437	2,214,239
Income taxes - current	1,630	3,925
Income taxes - deferred	76	(181)
Total income taxes	1,706	3,744
Net income	2,209,731	2,210,494
Retained earnings brought forward	220	86
Unappropriated retained earnings	2,209,951	2,210,581

See accompanying "Notes to the Financial Statements".

(3) Statement of Changes in Net Assets

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

(Thousand yen)

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

21st fiscal period (from October 1, 2015 to March 31, 2016)

(Thousand yen)

	Unitholders' equity						Total Net Assets
	Unitholders' capital	Surplus			Total unitholders' equity		
		Voluntary retained earnings	Unappropriated retained earnings	Total surplus			
		Reserve for reduction entry	Total voluntary retained earnings				
Balance as of October 1, 2015	88,925,149	77,988	77,988	2,209,951	2,287,939	91,213,089	91,213,089
Changes of items during the fiscal period							
Provision for reserve for reduction entry		49,435	49,435	(49,435)	-	-	-
Distribution from surplus				(2,160,429)	(2,160,429)	(2,160,429)	(2,160,429)
Net Income				2,210,494	2,210,494	2,210,494	2,210,494
Total changes of items during the fiscal period	-	49,435	49,435	629	50,065	50,065	50,065
Balance as of March 31, 2016	88,925,149	127,423	127,423	2,210,581	2,338,004	91,263,154	91,263,154

See accompanying "Notes to the Financial Statements".

(4) Statement of Cash Distributions

Item	20th Fiscal Period (April 1, 2015 – September 30, 2015)	21st Fiscal Period (October 1, 2015 – March 31, 2016)
I. Unappropriated retained earnings	2,209,951,548 yen	2,210,581,192 yen
II. Cash distributions	2,160,429,420 yen	2,163,483,750 yen
(Cash distributions per unit)	(2,122 yen)	(2,125 yen)
III. Voluntary retained earnings		
Provision for reserve for reduction entry	49,435,695 yen	47,097,442 yen
IV. Retained earnings carried forward	86,433 yen	0 yen
Method for calculating cash distributions	As provided in Article 34-1-2 of its Articles of Incorporation, the Investment Corporation makes it a basic policy to make cash distributions in excess of the amount equivalent to 90% of the distributable income amount as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Following this policy, and in consideration of the fact that individual unitholders must calculate the capital gains or losses for cash distributions in excess of earnings when the Investment Corporation distributes cash in excess of earnings as stipulated in Article 34-1-4 of its Articles of Incorporation, the Investment Corporation distributed 2,160,429,420 yen, which is the entire amount of the unappropriated retained earnings after deducting the provision for reserve for reduction entry, as stipulated in Article 66-2 of the Act on Special Measures Concerning Taxation, and excluding the fractions less than one yen per investment unit.	As provided in Article 34-1-2 of its Articles of Incorporation, the Investment Corporation makes it a basic policy to make cash distributions in excess of the amount equivalent to 90% of the distributable income amount as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Following this policy, and in consideration of the fact that individual unitholders must calculate the capital gains or losses for cash distributions in excess of earnings when the Investment Corporation distributes cash in excess of earnings as stipulated in Article 34-1-4 of its Articles of Incorporation, the Investment Corporation distributed 2,163,483,750 yen, which is the entire amount of the unappropriated retained earnings after deducting the provision for reserve for reduction entry, as stipulated in Article 66-2 of the Act on Special Measures Concerning Taxation.

(5) Statement of Cash Flows

(Thousand yen)

	20th Fiscal Period (April 1, 2015 – September 30, 2015)	21st Fiscal Period (October 1, 2015 – March 31, 2016)
Cash flows from operating activities		
Income before income taxes	2,211,437	2,214,239
Depreciation	1,431,514	1,468,539
Amortization of investment corporation bond issuance costs	7,546	7,546
Amortization of investment unit issuance costs	14,503	14,503
Increase (decrease) in allowance for doubtful accounts	(872)	3,411
Interest income	(760)	(830)
Interest expenses	446,398	439,091
Decrease (increase) in operating accounts receivable	45,924	(21,858)
Decrease (increase) in prepaid expenses	(27,728)	27,888
Decrease (increase) in consumption taxes receivable	39,852	-
Increase (decrease) in operating accounts payable	(96,361)	22,175
Increase (decrease) in accounts payable - other	49,596	17,026
Increase (decrease) in accrued consumption taxes	38,632	(20,719)
Increase (decrease) in advances received	3,657	(52,508)
Decrease due to sale of property, plant and equipment in trust	3,050,207	8,240,718
Decrease (increase) in long-term prepaid expenses	51,685	8,814
Other, net	(9,412)	(2,429)
Subtotal	7,255,821	12,365,609
Interest income received	760	830
Interest expenses paid	(449,127)	(440,372)
Income taxes paid	(2,699)	(1,603)
Net cash provided by operating activities	6,804,754	11,924,463
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(5,888,720)	(12,290,967)
Proceeds from tenant leasehold and security deposits in trust	175,051	225,239
Repayments of tenant leasehold and security deposits in trust	(313,570)	(456,288)
Decrease (increase) in investments and other assets, net	(12,234)	(8,587)
Net cash used in investing activities	(6,039,473)	(12,530,603)
Cash flows from financing activities		
Proceeds from short-term loans payable	1,800,000	7,200,000
Repayments of short-term loans payable	(1,000,000)	(4,650,000)
Proceeds from long-term loans payable	2,800,000	4,100,000
Repayments of long-term loans payable	(2,100,000)	(3,550,000)
Dividends paid	(2,223,959)	(2,160,005)
Net cash provided by financing activities	(723,959)	939,994
Net increase (decrease) in cash and cash equivalents	41,321	333,854
Cash and cash equivalents at the beginning of period	8,069,769	8,111,090
Cash and cash equivalents at the end of period	8,111,090	8,444,945

See accompanying "Notes to the Financial Statements".

Notes to Financial Statements

1. Organization

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

2. Basis of Presentation

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

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

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

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

3. Summary of Significant Accounting Policies

1. Depreciation method for non-current assets	<p>(1) Property, plant and equipment Depreciation is calculated using the straight-line method. The estimated useful lives of major property, plant and equipment are as follows:</p> <table style="margin-left: 20px;"> <tr> <td>Buildings in trust</td> <td>3 – 66 years</td> </tr> <tr> <td>Structures in trust</td> <td>3 – 50 years</td> </tr> <tr> <td>Machinery and equipment in trust</td> <td>3 – 29 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td>2 – 15 years</td> </tr> </table> <p>(2) Intangible assets Intangible assets are amortized utilizing the straight-line method. Leasehold rights in trust are amortized on a straight-line basis over the remaining life of each contract.</p>	Buildings in trust	3 – 66 years	Structures in trust	3 – 50 years	Machinery and equipment in trust	3 – 29 years	Tools, furniture and fixtures in trust	2 – 15 years
Buildings in trust	3 – 66 years								
Structures in trust	3 – 50 years								
Machinery and equipment in trust	3 – 29 years								
Tools, furniture and fixtures in trust	2 – 15 years								
2. Accounting for deferred assets	<p>(1) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods.</p> <p>(2) Investment unit issuance costs Investment unit issuance costs are amortized utilizing the straight-line method (over 3 years).</p>								

3. Standards for recording allowance	<p>Allowance for doubtful accounts For allowance for doubtful accounts against possible losses arising from default on receivables, uncollectable amount is estimated and recorded by investigating collectability on a case-by-case examination for doubtful and other specific receivables.</p>
4. Standards for recording revenues and expenses	<p>Accounting treatment of property taxes, etc. Property taxes, city planning taxes and depreciable asset taxes ("property taxes, etc.") assessed for the real estate owned by the Investment Corporation are charged as expenses at an amount attributable to each fiscal period as expenses related to rent business. Property taxes etc. that the Investment Corporation pays to the seller in connection with acquisition of real estate (including trust beneficiary interests in real estate as entrusted property) as they are deemed to be attributable to the Investment Corporation are included in the acquisition cost of the acquired real estate, instead of expenses. Property taxes, etc. capitalized as a part of the acquisition cost amounted to 25,707 thousand yen for the 20th fiscal period and 29,241 thousand yen for the 21st fiscal period, respectively.</p>
5. Method of hedge accounting	<p>(1) Method of hedge accounting Special accounting is applied for interest rate swap transactions.</p> <p>(2) Hedging instruments and hedged items Hedging instrument: interest rate swap transactions Hedged items: interest expenses on loans payable</p> <p>(3) Hedging policy Based on its basic policy for risk management, the Investment Corporation utilizes derivative transactions in order to hedge risks designated in its Articles of Incorporation.</p> <p>(4) Method for assessing the effectiveness of hedging Assessment of the effectiveness of hedging is omitted as requirements are satisfied for special accounting for interest rate swap transactions.</p>
6. Scope of funds (cash and cash equivalents) in the statement of cash flows	<p>The funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of value fluctuation.</p>
7. Other significant items fundamental to preparing the financial statements	<p>(1) Accounting methods for trust beneficiary interests in real estate, etc. as entrusted property Regarding trust beneficiary interests in real estate, etc. as entrusted property, all asset and liability accounts of the entrusted properties as well as all revenue and expense accounts generated by the entrusted properties are recorded in relevant accounts on the balance sheet and statement of income and retained earnings.</p> <p>Furthermore, the following accounts are considered material and thus stated separately in the balance sheet related to entrusted properties from the relevant accounts.</p> <ol style="list-style-type: none"> 1) Cash and deposits in trust 2) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust and land in trust 3) Leasehold rights in trust 4) Tenant leasehold and security deposits in trust <p>(2) Accounting for consumption taxes National and local consumption taxes are excluded from the transaction amounts. Non-deductible consumption taxes for acquisition of assets are included in the acquisition cost of each asset.</p>

4. Note to Balance Sheet

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

(Thousand yen)	
20th Fiscal Period (As of September 30, 2015)	21st Fiscal Period (As of March 31, 2016)
50,000	50,000

5. Notes to Statement of Income and Retained Earnings

Breakdown of real estate rental revenues and expenses

(Thousand yen)		
	20th Fiscal Period (April 1, 2015 – September 30, 2015)	21st Fiscal Period (October 1, 2015 – March 31, 2016)
A. Real estate rental revenues		
Rent revenue - real estate		
Rents	6,141,793	6,120,483
Other revenue	188,931	212,216
Total real estate rental revenue	6,330,724	6,332,700
B. Real estate rental expenses		
Expenses related to rent business		
Outsourcing expenses	572,913	604,056
Utilities expenses	114,778	92,107
Insurance expenses	7,148	7,334
Repair expenses	171,157	225,891
Property and other taxes	379,071	371,609
Trust fees	46,373	45,297
Other	253,043	251,204
Depreciation	1,431,003	1,468,403
Total real estate rental expenses	2,975,490	3,065,906
C. Real estate rental revenues and expenses (A – B)	3,355,234	3,266,794

Breakdown of gain on sales of real estate properties

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

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

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

(Thousand yen)		
Esty Maison IMAIKE		
Revenue from sales of real estate		300,000
Cost of real estate sold	265,338	
Other sales expenses	12,475	277,813
Gain on sales of real estate properties		22,186
RINKU HAGURAZAKI Plaza, KOJIMA x BIC CAMERA Kamifukuoka store, Joy Square YUGAWARA and Bell Plaza Shopping Center		
Revenue from sales of real estate		8,500,000
Cost of real estate sold	7,975,267	
Other sales expenses	336,515	8,311,783
Gain on sales of real estate properties		188,216

6. Notes to Statement of Changes in Net Assets

	20th Fiscal Period (April 1, 2015 – September 30, 2015)	21st Fiscal Period (October 1, 2015 – March 31, 2016)
Total number of authorized investment units and total number of investment units issued		
Total number of authorized investment units	10,000,000 units	10,000,000 units
Total number of investment units issued	1,018,110 units	1,018,110 units

7. Notes to Statement of Cash Flows

Reconciliation of the Cash and cash equivalents at the end of period in the statement of cash flows with the corresponding accounts on the balance sheet

(Thousand yen)		
	20th Fiscal Period (April 1, 2015 – September 30, 2015)	21st Fiscal Period (October 1, 2015 – March 31, 2016)
Cash and deposits	3,141,338	3,428,890
Cash and deposits in trust	4,969,752	5,016,055
Cash and cash equivalents	8,111,090	8,444,945

8. Lease Transactions

Operating lease transactions as lessee

(Thousand yen)		
Future lease payable equivalents		
	20th Fiscal Period (As of September 30, 2015)	21st Fiscal Period (As of March 31, 2016)
Due within one year	24,588	24,648
Due after one year	889,266	879,112
Total	913,854	903,760

Operating lease transactions as lessor

(Thousand yen)		
Future lease receivable equivalents		
	20th Fiscal Period (As of September 30, 2015)	21st Fiscal Period (As of March 31, 2016)
Due within one year	1,592,239	1,875,009
Due after one year	2,665,308	6,126,026
Total	4,257,547	8,001,035

9. Financial Instruments

1. Matters Concerning Status of Financial Instruments

(1) Policy on Handling Financial Instruments

The Investment Corporation raises necessary funds (through additional issuance of investment units, borrowings and issuance of investment corporation bonds) in light of its financial plans and surplus fund management plans. With regard to surplus fund management, the Investment Corporation focuses on safety and liquidity, and manages them as interest-bearing ordinary bank deposits or short-term time deposits in order to avoid market risks as much as possible. As for derivative transactions, the Investment Corporation may use them to hedge against interest rate fluctuation risks, and will not conduct any speculative transactions.

(2) Description of Financial Instruments and Associated Risks, and Risk Management Structure

Operating accounts receivable are exposed to credit risks of customers. In order to mitigate such risks, the Investment Corporation works to select tenants by taking into account the tenants' credibility and has established a management system for controlling the status of rent payment.

Lease and guarantee deposits from rental properties are exposed to credit risks of the companies to do business with. In order to mitigate such risks, the Investment Corporation works to periodically grasp the financial conditions, etc. of such companies.

The possibility, conditions and subsequent burden of interest payments for borrowings and issuance of investment corporation bonds are impacted by the interest rate situations and other factors. Thus, there is no guarantee that the Investment Corporation can successfully make borrowings or issue investment corporation bonds at a time when and under the conditions that it prefers. In addition, if borrowings are made at floating interest rates, interest payments may increase due to later fluctuations in the interest rates. Depending on the lending attitude of financial institutions, new borrowings may not be possible or the Investment Corporation may have to borrow funds under disadvantageous conditions in terms of interest rates, collateral provision and financial covenants, etc.

Concerning the market risks (interest rate fluctuation risk, etc.) related to the above-mentioned borrowings and investment corporation bonds, the Investment Corporation works to mitigate them in accordance with the Derivative Transactions Handling and Risk Management Regulations, an internal rule designated by the Asset Management Company.

Moreover, for the management of liquidity risk related to fund raising (risk of failing to execute repayment on the repayment dates), the department in charge at the Asset Management Company prepares and updates cash flow plans in a timely manner based on reports from its respective departments. The liquidity risk is also managed by such measures as maintaining liquidity on hand at a certain level.

(3) Supplementary Explanation on Matters Concerning Fair Value, etc. of Financial Instruments

The fair value of financial instruments, aside from values based on market price, include values based on reasonable calculations when there is no market price. Certain variable factors are adopted in calculating those values, and there may be cases where the values will vary when different assumptions are adopted. As for the contract value and other conditions of derivative transactions indicated in "2. Matters Concerning Fair Value, Etc. of Financial Instruments", the value itself is not an indicator showing the market risks related to such transactions.

2. Matters Concerning Fair Value, etc. of Financial Instruments

The following are the book values recorded on the balance sheet, fair values and the difference between these amounts. The following tables do not include those for which determining the fair value is recognized to be extremely difficult.

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

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

21st Fiscal Period (As of March 31, 2016)

	(Thousand yen)		
	Book Value Recorded on the Balance Sheet	Fair Value	Difference
(1) Cash and deposits	3,428,890	3,428,890	-
(2) Cash and deposits in trust	5,016,055	5,016,055	-
(3) Operating accounts receivable	153,167	153,167	-
Allowance for doubtful accounts	(4,503)	(4,503)	-
	148,663	148,663	-
Total of assets	8,593,609	8,593,609	-
(4) Operating accounts payable	336,786	336,786	-
(5) Short-term loans payable	7,200,000	7,200,000	-
(6) Current portion of long-term loans payable	12,300,000	12,362,929	62,929
(7) Investment corporation bonds	14,500,000	14,643,879	143,879
(8) Long-term loans payable	69,709,500	70,882,883	1,173,383
Total of liabilities	104,046,286	105,426,479	1,380,192
(9) Derivative transactions	-	-	-

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

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

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

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

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

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

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

The fair value of those with floating interest rates is based on the book value, as it reflects the market interest rate within a short period of time and thus is considered to be nearly equal to the book value. (However, the fair value of certain long-term loans payable with floating interest rates that qualifies for the special accounting of interest rate swaps [see Note "11. Derivative Transactions "] is based on the method of calculating by discounting the sum of its principal and interest payments net of any cash flows from the interest-rate swap by a reasonably estimated rate assumed as being applicable to a new similar borrowing to be made by the Investment Corporation.) The present value of those with fixed interest rates is based on the method of discounting the combined total of principal and interest by a reasonably estimated rate assumed as being applicable to a new similar borrowing to be made by the Investment Corporation.

(7) Investment corporation bonds

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

(9) Derivative transactions

See Note "11. Derivative Transactions".

(Note 2) Scheduled redemption amount of monetary claims

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

	Due in 1 Year or Less	Due after 1 year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
(1) Cash and deposits	3,141,338	-	-	-	-	-
(2) Cash and deposits in trust	4,969,752	-	-	-	-	-
(3) Operating accounts receivable	131,308	-	-	-	-	-
Total of assets	8,242,399	-	-	-	-	-

21st Fiscal Period (As of March 31, 2016)

	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	3,428,890	-	-	-	-	-
(2) Cash and deposits in trust	5,016,055	-	-	-	-	-
(3) Operating accounts receivable	153,167	-	-	-	-	-
Total of assets	8,598,113	-	-	-	-	-

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

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

	Due in 1 Year or Less	Due after 1 year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
(1) Short-term loans payable	4,650,000	-	-	-	-	-
(2) Investment corporation bonds	-	-	4,000,000	2,500,000	2,000,000	6,000,000
(3) Long-term loans payable	6,350,000	12,205,000	4,600,000	8,382,000	12,292,500	37,630,000
Total of liabilities	11,000,000	12,205,000	8,600,000	10,882,000	14,292,500	43,630,000

21st Fiscal Period (As of March 31, 2016)

	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	7,200,000	-	-	-	-	-
(2) Investment corporation bonds	-	4,000,000	2,500,000	2,000,000	-	6,000,000
(3) Long-term loans payable	12,300,000	4,805,000	10,882,000	6,792,500	15,400,000	31,830,000
Total of liabilities	19,500,000	8,805,000	13,382,000	8,792,500	15,400,000	37,830,000

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

Category	20th Fiscal Period (As of September 30, 2015)	21st Fiscal Period (As of March 31, 2016)
(1) Lease and guarantee deposits	242,672	242,672
(2) Tenant leasehold and security deposits in trust	2,247,305	2,016,256

(1) Lease and guarantee deposits

Lease and guarantee deposits are not subject to disclosure of fair value because discerning of fair value is recognized to be extremely difficult as reasonable estimation of cash flows is impossible since there is no market price and also since it is difficult to calculate the deposit period in effect.

(2) Tenant leasehold and security deposits in trust

Tenant leasehold and security deposits in trust, which are deposited by the tenants of rental properties, are not subject to disclosure of fair value because reasonable estimation of cash flows is recognized to be extremely difficult since there is no market price and also since it is difficult to calculate the deposit period in effect.

10. Securities

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

Not applicable

21st Fiscal Period (As of March 31, 2016)

Not applicable

11. Derivative Transactions

1. Derivatives to which hedge accounting is not applied

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

Not applicable

21st Fiscal Period (As of March 31, 2016)

Not applicable

2. Derivatives to which hedge accounting is applied

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

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

Method of Hedge Accounting	Type of Derivative Transactions	Main Hedged Item	Contract Amount (Note 1)		Fair Value	Calculation Method for the Fair Value
				Of Which, over 1 Year		
Special accounting for interest rate swaps	Interest rate swap transaction Receivable floating; Payable fixed	Long-term loans payable	71,609,500	71,609,500	(Note 2)	-

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

21st Fiscal Period (As of March 31, 2016)

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

Method of Hedge Accounting	Type of Derivative Transactions	Main Hedged Item	Contract Amount (Note 1)		Fair Value	Calculation Method for the Fair Value
				Of Which, over 1 Year		
Special accounting for interest rate swaps	Interest rate swap transaction Receivable floating; Payable fixed	Long-term loans payable	73,509,500	64,009,500	(Note 2)	-

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

12. Retirement Benefits

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

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

21st Fiscal Period (As of March 31, 2016)

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

13. Income Taxes

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

	(Thousand yen)	
	20th Fiscal Period (As of September 30, 2015)	21st Fiscal Period (As of March 31, 2016)
Deferred tax assets:		
Amortization of leasehold rights in trust	4,781	5,338
Amount of allowance for doubtful accounts not deductible from taxable income	352	1,429
Amount of accrued business taxes not deductible from taxable income	56	238
Subtotal deferred tax assets	5,191	7,005
Valuation allowance	(5,134)	(6,767)
Total deferred tax assets	56	238
Deferred tax assets, net	56	238

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

	20th Fiscal Period (As of September 30, 2015)	21st Fiscal Period (As of March 31, 2016)
Statutory tax rate	32.31%	32.31%
(Adjustment)		
Deductible cash distributions	(31.56%)	(31.57%)
Provision for reserve for reduction entry	(0.72%)	(0.69%)
Other	0.05%	0.12%
Effective income tax rate	0.08%	0.17%

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

With the Act Concerning Partial Amendment of the Income Tax Act, Etc. (Act No. 15 of 2015) passing the Diet on March 29, 2016, the income tax rate will be lowered, effective for the fiscal period starting on or after April 1, 2016. Accordingly, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities concerning temporary differences that are expected to be reversed in and after the fiscal period ending September 2016 (the 22nd fiscal period) will be changed to 31.74%. The impact of this change on the deferred tax assets and deferred tax liabilities at the end of the 21st fiscal period was minimal.

14. Equity Method Income and Retained Earnings

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

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

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

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

15. Assets Retirement Obligations

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

Not applicable

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

Not applicable

16. Transactions with Related Parties

1. Parent Company and Major Corporation Unitholders

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

Not applicable

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

Not applicable

2. Subsidiaries and Affiliates

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

Not applicable

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

Not applicable

3. Sister Companies

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

Not applicable

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

Not applicable

4. Directors and Major Individual Unitholders

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

Classification	Name	Business Description or Occupation	Share of Voting Rights [or Ownership of Such in the Investment Corporation]	Description of Transaction	Transaction Amount (thousand yen)	Category	Balance at the End of Period (thousand yen)
Director and its close relatives	Osamu Minami	Executive Director of the Investment Corporation and President of Sekisui House SI Asset Management, Ltd.	-	Payment of asset management fees to Sekisui House SI Asset Management, Ltd. (Note 1)	519,950 (Note 2)	Accounts payable - other	495,652
				Payment of institution operation and administration fees to Sekisui House SI Asset Management, Ltd. (Note 3)	1,400	Accounts payable - other	1,512

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

(Note 2) The figure includes 35,412 thousand yen as asset management fees related to property acquisitions, which have been capitalized in the book value of individual real properties, and 25,600 thousand yen of asset management fees related to property disposition, which have been recorded in other sales expenses.

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

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

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

Classification	Name	Business Description or Occupation	Share of Voting Rights [or Ownership of Such in the Investment Corporation]	Description of Transaction	Transaction Amount (thousand yen)	Category	Balance at the End of Period (thousand yen)
Director and its close relatives	Osamu Minami	Executive Director of the Investment Corporation and President of Sekisui House SI Asset Management, Ltd.	-	Payment of asset management fees to Sekisui House SI Asset Management, Ltd. (Note 1)	609,360 (Note 2)	Accounts payable - other	558,058
				Payment of institution operation and administration fees to Sekisui House SI Asset Management, Ltd. (Note 3)	1,400	Accounts payable - other	1,512

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

(Note 2) The figure includes 67,840 thousand yen as asset management fees related to property acquisitions, which have been capitalized in the book value of individual real properties, and 70,400 thousand yen of asset management fees related to property disposition, which have been recorded in other sales expenses.

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

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

17. Segment Information

[Segment Information]

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

[Related Information]

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

(1) Information by product and service

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

(2) Information by region

(a) Operating revenue

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

(b) Property, plant and equipment

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

(3) Information by major customer

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

21st Fiscal Period (from October 1, 2015 to March 31, 2016)

(1) Information by product and service

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

(2) Information by region

(a) Operating revenue

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

(b) Property, plant and equipment

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

(3) Information by major customer

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

18. Per Unit Information

Item	Period	20th Fiscal Period (April 1, 2015 – September 30, 2015)	21st Fiscal Period (October 1, 2015 – March 31, 2016)
Net assets per unit		89,590 yen	89,639 yen
Net income per unit		2,170 yen	2,171 yen

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

(Note 2) Net income per unit has been calculated based on the following data:

Item	Period	20th Fiscal Period (April 1, 2015 – September 30, 2015)	21st Fiscal Period (October 1, 2015 – March 31, 2016)
Net Income (thousand yen)		2,209,731	2,210,494
Amount not attributable to ordinary unitholders (thousand yen)		-	-
Net income attributable to ordinary investment units (thousand yen)		2,209,731	2,210,494
Average number of units during the fiscal period (units)		1,018,110	1,018,110

19. Rental Properties

The Investment Corporation owns assets as trust beneficiary interests in real estate as entrusted property, which comprises rental residential properties and rental retail properties. Real estate rental revenues and expenses for the relevant rental properties amounted to 3,355,234 thousand yen for the 20th fiscal period and 3,266,794 thousand yen for the 21st fiscal period, respectively. The following table provides the book value recorded on the balance sheet, amount of change during the period and fair value of these rental properties.

(Thousand yen)		
	20th Fiscal Period (April 1, 2015 – September 30, 2015)	21st Fiscal Period (October 1, 2015 – March 31, 2016)
Book value recorded on the balance sheet		
Balance at the beginning of period	184,681,786	186,002,975
Amount of net change during period	1,321,189	2,698,486
Balance at the end of period	186,002,975	188,701,461
Fair value at the end of period	200,694,200	207,565,700

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

(Note 2) Net change during the 20th fiscal period is comprised of increases primarily attributable to new acquisitions of 4 properties (5,696,499 thousand yen) and decrease primarily attributable to disposition of part of RINKU HAGURAZAKI Plaza (*sokochi*) and b-toss IKEBUKURO (3,050,037 thousand yen) and depreciation (1,431,003 thousand yen). Net change during the 21st fiscal period is comprised of increases primarily attributable to new acquisitions of 3 properties (12,113,113 thousand yen) and decrease primarily attributable to disposition of Esty Maison IMAIKE, RINKU HAGURAZAKI Plaza, KOJIMA × BIC CAMERA Kamifukuoka store, Joy Square YUGAWARA and Bell Plaza Shopping Center (8,240,605 thousand yen) and depreciation (1,468,403 thousand yen).

(Note 3) Pursuant to the Articles of Incorporation, the fair value at the end of period indicates the appraisal value or surveyed value provided by outside real estate appraisers with the respective appraisal dates of September 30, 2015 and March 31, 2016.

20. Significant Subsequent Events

Not applicable

21. Detailed Schedules

1. Schedule of Securities

Not applicable

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

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

(Thousand yen)				
Category	Type	Contract Amount (Note 1)		Fair Value (Note 2)
			Of Which, over 1 Year	
Transaction other than market transaction	Interest rate swap transaction Receivable floating; payable fixed	73,509,500	64,009,500	-
Total		73,509,500	64,009,500	

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

(Note 2) Description of fair value is omitted as the transactions satisfy the requirements for special accounting under the accounting standards for financial instruments.

3. Summary of Detailed Schedule of Real Properties

(Million yen)								
Type of Assets	Balance as of October 1, 2015	Increase during the Period	Decrease during the Period	Balance as of March 31, 2016	Accumulated or Amortization	Depreciation during the Period	Net Balance as of March 31, 2016	Remarks
Property, plant and equipment	Buildings in trust	94,630	8,213	1,451	101,392	13,697	1,368	87,694 (Note)
	Structures in trust	760	149	31	878	193	21	684 (Note)
	Machinery and equipment in trust	1,769	158	1	1,926	506	63	1,420 (Note)
	Tools, furniture and fixtures in trust	171	44	8	207	71	13	136 (Note)
	Land in trust	101,906	3,842	7,132	98,617	-	-	98,617 (Note)
	Total	199,239	12,407	8,624	203,021	14,468	1,466	188,553
Intangible assets	Leasehold rights in trust	164	-	-	164	16	2	148
	Trademark rights	0	-	0	0	0	0	0 (Note)
	Other	6	-	-	6	6	0	0
	Total	172	-	0	171	23	2	148

(Note) The amount of increase during the 21st fiscal period is primarily attributable to the acquisition of MAST LIFE HINO, Prime Maison YOKOHAMA NIHON-ODORI and KOBE Women's Student Housing. The amount of decrease during the 21st fiscal period is attributable to the sale of RINKU HAGURAZAKI Plaza, KOJIMA × BIC CAMERA Kamifukuoka store, Joy Square YUGAWARA, Bell Plaza Shopping Center and Esty Maison IMAIKE.

4. Schedule of Other Specified Assets

Not applicable

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

5. Schedule of Investment Corporation Bonds

Name	Issue Date	Balance as of October 1, 2015 (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 2016 (million yen)	Coupon Rate (%)	Redemption Date	Purpose	Collateral
First Series Unsecured Investment Corporation Bonds	February 28, 2013	4,000	-	4,000	0.630	February 28, 2018	(Note 1)	Unsecured
Second Series Unsecured Investment Corporation Bonds	February 28, 2013	2,000	-	2,000	1.000	February 28, 2020	(Note 1)	Unsecured
Third Series Unsecured Investment Corporation Bonds	February 28, 2014	2,500	-	2,500	0.374	February 28, 2019	(Note 2)	Unsecured
Fourth Series Unsecured Investment Corporation Bonds	February 28, 2014	3,000	-	3,000	1.069	February 28, 2024	(Note 2)	Unsecured
Fifth Series Unsecured Investment Corporation Bonds	August 29, 2014	3,000	-	3,000	0.871	August 30, 2024	(Note 2)	Unsecured
Total		14,500	-	14,500				

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

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

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

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

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

6. Schedule of Loans Payable

	Category	Balance as of October 1, 2015 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 2016 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks				
	Lender													
Short-term loans payable	Mizuho Bank, Ltd.	950	-	950	-	0.30500%	February 29, 2016 (Note 2)	Lump-sum upon maturity	(Note 4)	Unsecured/Unguaranteed				
	Sumitomo Mitsui Banking Corporation	950	-	950	-									
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	950	-	950	-									
	Mizuho Bank, Ltd.	600	-	600	-	0.30500%	February 29, 2016 (Note 2)							
	Sumitomo Mitsui Banking Corporation	600	-	600	-									
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	600	-	600	-									
	Mizuho Bank, Ltd.	-	400	-	400	0.29571%	August 31, 2016							
	Sumitomo Mitsui Banking Corporation	-	400	-	400									
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	400	-	400									
	Mizuho Bank, Ltd.	-	2,000	-	2,000	0.24955%	August 31, 2016							
	Sumitomo Mitsui Banking Corporation	-	2,000	-	2,000									
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	2,000	-	2,000									
	Subtotal	4,650	7,200	4,650	7,200									
	Long-term loans payable	Development Bank of Japan Inc.	2,000	-	2,000	-	1.57000%				February 29, 2016 (Note 2)	Lump-sum upon maturity	(Note 5)	Unsecured/Unguaranteed
Mizuho Bank, Ltd.		425	-	425	-									
Sumitomo Mitsui Banking Corporation		425	-	425	-									
Aozora Bank, Ltd.		100	-	-	100	1.18975%	February 28, 2017 (Note 3)							
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 (Note 3)					
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									
Development Bank of Japan Inc.		941	-	-	941	1.15475%	February 28, 2019							
Mizuho Bank, Ltd.		1,470	-	-	1,470									
Sumitomo Mitsui Banking Corporation		1,470	-	-	1,470									
The Norinchukin Bank		2,352	-	-	2,352	0.95750%	August 31, 2017							
Mizuho Bank, Ltd.	176	-	-	176										
Sumitomo Mitsui Banking Corporation	176	-	-	176										

	Category	Balance as of October 1, 2015 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 2016 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
	Lender									
Long-term loans payable	Mizuho Bank, Ltd.	750	-	-	750	0.89900%	February 28, 2019	Lump-sum upon maturity	(Note 4)	Unsecured/Unguaranteed
	Mizuho Trust & Banking Co., Ltd.	2,250	-	-	2,250					
	Sumitomo Mitsui Banking Corporation	750	-	-	750					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	750	-	-	750					
	Mizuho Bank, Ltd.	400	-	-	400	1.02225%	February 28, 2020			
	Mizuho Trust & Banking Co., Ltd.	500	-	-	500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,700	-	-	1,700					
	Mitsubishi UFJ Trust and Banking Corporation	2,142	-	-	2,142					
	Resona Bank, Limited	500	-	-	500					
	The 77 Bank, Ltd.	500	-	-	500					
	The Hiroshima Bank, Ltd.	500	-	-	500	0.75600%	February 28, 2018			
	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					
	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	0.55890%	August 31, 2018			
	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						

Category	Lender	Balance as of October 1, 2015 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 2016 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks	
Long-term loans payable	Mizuho Bank, Ltd.	300	-	-	300	1.17350%	February 28, 2022	Lump-sum upon maturity	Unsecured/Unguaranteed	(Note 4)	
	Sumitomo Mitsui Banking Corporation	300	-	-	300						
	Sumitomo Mitsui Trust Bank, Limited	400	-	-	400						
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800	-	-	800						
	Mizuho Bank, Ltd.	400	-	-	400	1.11000%	February 28, 2022				
	Mizuho Trust & Banking Co., Ltd.	980	-	-	980						
	Sumitomo Mitsui Banking Corporation	500	-	-	500						
	Sumitomo Mitsui Trust Bank, Limited	1,500	-	-	1,500						
	Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500						
	Resona Bank, Limited	800	-	-	800						
	The Senshu Ikeda Bank, Ltd.	500	-	-	500	0.95225%	February 26, 2021				
	Mizuho Bank, Ltd.	400	-	-	400						
	Mizuho Trust & Banking Co., Ltd.	500	-	-	500						
	Sumitomo Mitsui Banking Corporation	500	-	-	500						
	Sumitomo Mitsui Trust Bank, Limited	500	-	-	500						
	Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500						
	The Yamaguchi Bank, Ltd.	500	-	-	500						
	Resona Bank, Limited	500	-	-	500						
	Mizuho Bank, Ltd.	405	-	-	405					0.79614%	February 28, 2020
	Sumitomo Mitsui Banking Corporation	1,145	-	-	1,145						
The Shizuoka Bank, Ltd.	500	-	-	500	0.97300%	February 26, 2021					
Shinkin Central Bank	500	-	-	500							
The Bank of Fukuoka, Ltd.	500	-	-	500							
Mizuho Bank, Ltd.	300	-	-	300							
Sumitomo Mitsui Banking Corporation	300	-	-	300	0.96475%	August 31, 2022					
Mizuho Bank, Ltd.	2,500	-	-	2,500							
Sumitomo Mitsui Banking Corporation	2,000	-	-	2,000							
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	900	-	-	900	0.83600%	August 31, 2021					
Mizuho Bank, Ltd.	2,450	-	-	2,450							
Sumitomo Mitsui Banking Corporation	1,950	-	-	1,950	0.33000%	February 29, 2016 (Note 2)					
Mizuho Bank, Ltd.	200	-	200	-							
Sumitomo Mitsui Banking Corporation	200	-	200	-							
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	300	-	300	-							

Category	Lender	Balance as of October 1, 2015 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 2016 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
Long-term loans payable	Aozora Bank, Ltd.	200	-	-	200	0.86650%	February 28, 2023	Lump-sum upon maturity	Unsecured/Unguaranteed	(Note 5)
	The Senshu Ikeda Bank, Ltd.	200	-	-	200					
	The Shizuoka Bank, Ltd.	200	-	-	200					
	The 77 Bank, Ltd.	200	-	-	200					
	Shinkin Central Bank	200	-	-	200					
	The Norinchukin Bank	500	-	-	500					
	The Hiroshima Bank, Ltd.	200	-	-	200					
	The Bank of Fukuoka, Ltd.	700	-	-	700					
	Mizuho Bank, Ltd.	1,000	-	-	1,000					
	Mizuho Trust & Banking Co., Ltd.	800	-	-	800					
	Sumitomo Mitsui Banking Corporation	600	-	-	600					
	Sumitomo Mitsui Trust Bank, Limited	300	-	-	300					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800	-	-	800					
	Mitsubishi UFJ Trust and Banking Corporation	500	-	-	500					
	The Yamaguchi Bank, Ltd.	200	-	-	200					
	Resona Bank, Limited	500	-	-	500	0.85250%	February 28, 2023			
	Development Bank of Japan Inc.	1,000	-	-	1,000					
	The Norinchukin Bank	800	-	-	800	0.73975%	February 28, 2022			
	The Bank of Fukuoka, Ltd.	500	-	-	500					
	Mizuho Bank, Ltd.	500	-	-	500					
	Sumitomo Mitsui Banking Corporation	500	-	-	500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	300	-	-	300					
	Resona Bank, Limited	750	-	-	750					
	The Senshu Ikeda Bank, Ltd.	500	-	-	500	0.62800%	February 26, 2021			
	The Shizuoka Bank, Ltd.	500	-	-	500					
	The 77 Bank, Ltd.	500	-	-	500					
	Shinkin Central Bank	500	-	-	500					
	The Norinchukin Bank	500	-	-	500					
The Hiroshima Bank, Ltd.	500	-	-	500						
Mizuho Bank, Ltd.	600	-	-	600						
Sumitomo Mitsui Banking Corporation	300	-	-	300						
Mizuho Bank, Ltd.	700	-	-	700	0.29576%	August 31, 2016 (Note 3)				
Sumitomo Mitsui Banking Corporation	700	-	-	700						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	700	-	-	700						
Mitsubishi UFJ Trust and Banking Corporation	700	-	-	700						

Category	Lender	Balance as of October 1, 2015 (million yen)	Increase during the Period (million yen)	Decrease during the Period (million yen)	Balance as of March 31, 2016 (million yen)	Average Interest Rate (Note 1)	Repayment Date	Repayment Method	Purpose	Remarks
Long-term loans payable	Mizuho Bank, Ltd.	-	450	-	450	0.68030%	August 31, 2023	Lump-sum upon maturity	(Note 4)	Unsecured/Unguaranteed
	Mizuho Trust & Banking Co., Ltd.	-	1,000	-	1,000					
	Sumitomo Mitsui Banking Corporation	-	450	-	450					
	Development Bank of Japan Inc.	-	2,100	-	2,100	0.67400%	August 31, 2023			
	Mizuho Bank	-	100	-	100					
	Subtotal	81,459	4,100	3,550	82,009					
	Total	86,109	11,300	8,200	89,209					

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

(Note 2) The Investment Corporation made early repayment of the full amount of these loans on December 7, 2015.

(Note 3) These loans are recorded in the current liabilities on the balance sheet as current portion of long-term loans payable as of the end of the 21st fiscal period.

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

(Note 5) These loans are used as funds for repayment of existing borrowings.

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

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

(Million yen)				
Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years
12,300	4,805	10,882	6,792	15,400



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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 March 31, 2016, and the statements of income and retained earnings, changes in net assets, cash distributions, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sekisui House SI Residential Investment Corporation as at March 31, 2016, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

June 23, 2016
 Tokyo, Japan

Overview of the Investment Corporation

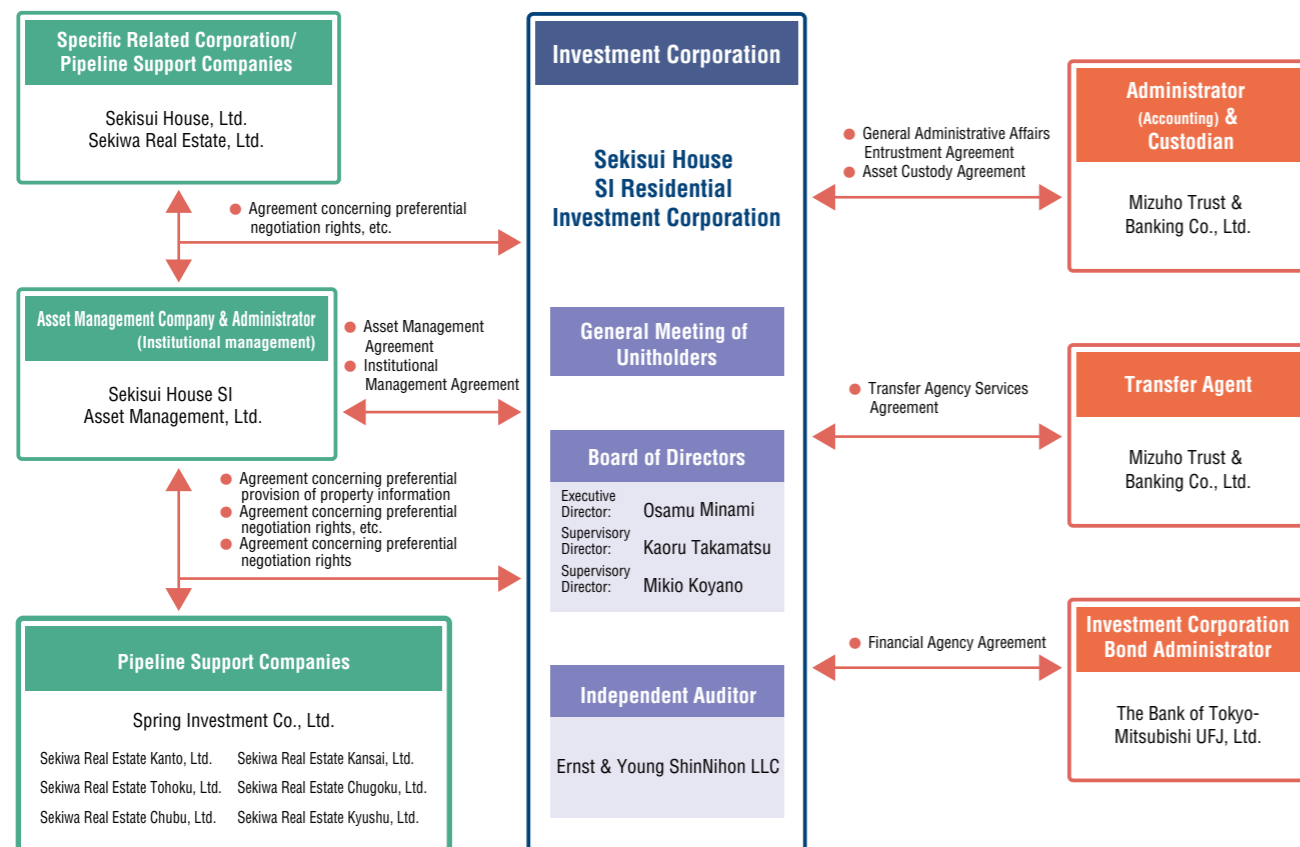
Trade Name	Sekisui House SI Residential Investment Corporation	
Address	3-1-31 Minami-Aoyama, Minato-ku, Tokyo Tel: +81-3-5770-8973 (main number)	
Representative	Osamu Minami	Executive Director
Asset Management Company	Sekisui House SI Asset Management, Ltd.	
Fiscal Term	End of March and end of September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

Overview of the Asset Management Company

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

Organizational Structure

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



Structure to Manage the Investment Corporation

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

