

To All Concerned Parties

Name of REIT Issuer:

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Notice concerning Revision to Forecast of Financial Results and Cash Distribution for the Fiscal Period Ending August 2016 (6th Fiscal Period) and February 2017 (7th Fiscal Period)

SIA REIT, Inc. (hereafter referred to as “SIA REIT”) announced that it revised its forecast of financial results and cash distribution for the fiscal period ending August 2016 (6th fiscal period, March 1, 2016 to August 31, 2016) and the fiscal period ending February 2017 (7th fiscal period, September 1, 2016 to February 28, 2017), announced in the “Summary of Financial Results for the Fiscal Period Ended February 2016 (REIT)” dated April 14, 2016, as described below.

1. Revisions to Forecast of Financial Results and Cash Distribution

(1) The Fiscal Period Ending August 2016 (6th Fiscal Period, March 1, 2016 to August 31, 2016)

(Millions of yen)

	Operating revenue	Operating profit	Recurring profit	Net income	Distribution per unit(excluding distribution in excess of earning)(Yen)	Distribution per unit in excess of earning(Yen)
Previously released forecast (A)	2,975	1,115	804	803	10,700	0
Revised forecast(B)	2,980	1,117	808	807	10,750	0
Change (B-A)	5	2	3	3	50	0
Percentage of change	0.2%	0.2%	0.5%	0.5%	0.5%	—
(Reference)Actual results of previous fiscal period (ended February 2016)	3,019	1,214	905	904	12,050	0

(Note 1) The above forecast figures represent the financial results and the cash distribution forecasted at the moment, and the financial results and the actual cash distribution may vary. In addition, SIA REIT does not guarantee any actual distribution amount with this forecast.

(Note 2) Number of expected investment units issued and outstanding at the end of the fiscal period ending August 2016: 75,100 units.

(Note 3) The amounts have been rounded down to the nearest unit and percentages have been rounded to the first decimal place.

(2) The Fiscal Period Ending February 2017 (7th Fiscal Period, September 1, 2016 to February 28, 2017)

	Operating revenue	Operating profit	Recurring profit	Net income	Distribution per unit(excluding distribution in excess of earning)(Yen)	Distribution per unit in excess of earning(Yen)
Previously released forecast (A)	2,882	1,084	774	773	10,300	0
Revised forecast(B)	2,940	1,121	813	812	10,820	0
Change (B-A)	57	37	39	39	520	0
Percentage of change	2.0%	3.4%	5.0%	5.1%	5.0%	—
(Reference)Actual results of previous fiscal period (ended February 2016)	3,019	1,214	905	904	12,050	0

(Note 1) The above forecast figures represent the financial results and the cash distribution forecasted at the moment, and the financial results and the actual cash distribution may vary. In addition, SIA REIT does not guarantee any actual distribution amount with this forecast.

(Note 2) Number of expected investment units issued and outstanding at the end of the fiscal period ending February 2017: 75,100 units.

(Note 3) The amounts have been rounded down to the nearest unit and percentages have been rounded to the first decimal place.

2. Reason for Revision

After comprehensively considering the decision to enter into the new lease agreement at J Tower as notified in 'Notice concerning Tenant Relocation (New Lease)' dated today, and the outlook of the repair expenses regarding the earthquake in Kumamoto in April 2016 and its management status, SIA REIT has decided to revise the forecast of financial results and cash distribution.

SIA REIT corporate website: <http://www.sia-reit.com/en/>

Reference

Revised assumptions for the Forecast of Financial Results and Cash Distribution for the Fiscal Period Ending August 2016 and February 2017

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> ➤ Fiscal period ending August 2016 (6th fiscal period) (March 1, 2016 to August 31, 2016)(184 days) ➤ Fiscal period ending February 2017 (7th fiscal period) (September 1, 2016 to February 28, 2017) (181 days)
Assets under management	<ul style="list-style-type: none"> ➤ The real estate and real estate trust beneficiary rights held as of today are total of 19 properties. It is assumed that no other changes (acquisition of new properties, disposition of portfolio properties, etc.) will take place until the end of the fiscal period ending February 2017. ➤ Changes in assets under management may occur from acquiring new properties, disposition of portfolio properties, etc.
Operating revenue	<ul style="list-style-type: none"> ➤ The calculation of property-related operating revenue assumes that there will be no late or delinquent payments of rent by tenants, given the current portfolio assets' tenant trends, market trends, etc. ➤ After a major tenant (leased area of 4,744.46 m²) of J Tower moved out at the end of March 2016, it is determined as of today that new lease agreement with a new tenant at J Tower will be entered into (leasing area of 7,709.40 m²), and leasing of other properties shows progress, thereby operating revenue is expected to increase (Please refer to the "Notice concerning Tenant Relocation (New Lease)" dated today for more details.). Furthermore, temporary revenue related to restoration work upon the tenant's move-out is expected in the fiscal period ending August 2016. ➤ As to operating revenue other than property-related operating revenue, it is assumed that there will be no changes to the properties held and no gain on sale of real estate is expected. Dividends to be received of 2 million yen for the fiscal period ending August 2016 and of 2 million yen for the fiscal period ending February 2017 are expected from the silent partnership equity interests.
Operating expenses	<ul style="list-style-type: none"> ➤ Property-related expenses, which are the main component of operating expenses, are estimated to be 1,576 million yen in the fiscal period ending August 2016 and 1,524 million yen in the fiscal period ending February 2017. Expenses other than depreciation are calculated on a historical data basis and by reflecting factors causing fluctuations in expenses. <ol style="list-style-type: none"> 1) Property management fees are estimated to be 343 million yen in the fiscal period ending August 2016 and 285 million yen in the fiscal period ending February 2017. 2) Depreciation is calculated using the straight-line method, including ancillary costs, etc. Depreciation is estimated to be 451 million yen in the fiscal period ending August 2016 and 460 million yen in the fiscal period ending February 2017. 3) Fixed asset tax, city planning tax, etc. are estimated to be 220 million yen in the fiscal period ending August 2016 and 220 million yen in the fiscal period ending February 2017. 4) Repair expenses are recognized in the amount deemed necessary based on the repair plan formulated by the asset management company (Simplex REIT Partners Inc.) for each property. However, repair expenses may materially differ from the forecast amount because increased or additional repair expenses may arise due to unforeseeable factors. ➤ Operating expenses other than property-related expenses (Asset management fee, Asset custody fee, Administrative service fees, etc.) are estimated to be 286 million yen in the fiscal period ending August 2016 and 294 million yen in the fiscal period ending February 2017. <ol style="list-style-type: none"> 1) Asset management fees of 221 million yen for the fiscal period ending August 2016 and 227 million yen for the fiscal period ending February 2017 are expected.

Non-operating expenses	<ul style="list-style-type: none"> ➤ Interest expenses and borrowing related expenses are expected to be 309 million yen in the fiscal period ending August 2016 and 307 million yen in the fiscal period ending February 2017.
Borrowings	<ul style="list-style-type: none"> ➤ The balance of outstanding borrowings as of today is 41,293 million yen and it is assumed that there will be no change until the end of fiscal period ending August 2016. ➤ In the fiscal period ending February 2017, contractual loan repayment of 162 million yen using part of cash on hand is expected. Moreover, while 14,751 million yen of borrowings will become due for repayment, 14,714 million yen is expected to be refinanced.
Investment units	<ul style="list-style-type: none"> ➤ The 75,100 units that are the investment units issued and outstanding as of today is assumed. ➤ It is assumed that there will be no change in the number of investment units due to issuance of new investment units, etc. until the end of the fiscal period ending February 2017.
Distribution per unit	<ul style="list-style-type: none"> ➤ Distribution per unit (excluding distribution in excess of earnings) is calculated by assuming the cash distribution policy stipulated in the Articles of Incorporation of SIA REIT. ➤ Distribution per unit is subject to change due to a variety of factors, including fluctuations in rent revenue caused by change in assets under management, relocation of tenants, etc. or occurrence of unforeseen repairs.
Distribution per unit in excess of earnings	<ul style="list-style-type: none"> ➤ There are no plans at this time to distribute cash in excess of earnings.
Other	<ul style="list-style-type: none"> ➤ It is assumed that there will be no revision of laws and regulations, tax systems, accounting standards, listing rules, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above. ➤ It is assumed that there will be no serious unforeseen change in general economic trends, real estate market conditions, etc.