

Summary of Financial Results for the Fiscal Period Ended August 2014 (REIT)

October 15, 2014

REIT Issuer: SIA REIT, Inc. Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 3290 URL: <http://www.sia-reit.com/en/>
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 Representative: (Title) President and Representative Director (Name) Hiroyuki Katsuno
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Scheduled date of submission of securities report: November 28, 2014
 Scheduled date of commencement of distribution payment: November 18, 2014
 Preparation of supplementary financial results briefing materials: Yes
 Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for the Fiscal Period Ended August 2014 (March 1, 2014 to August 31, 2014)

(1) Management status (% figures are the percentage of increase (decrease) compared with the previous period)

Fiscal period	Operating revenue		Operating profit		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Aug. 2014	3,179	27.5	1,326	10.6	1,034	181.0	1,033	181.7
Ended Feb. 2014	2,493	—	1,199	—	368	—	366	—

Fiscal period	Net income per unit		Ratio of net income to equity		Ratio of recurring profit to total assets		Ratio of recurring profit to operating revenue	
	yen	%	yen	%	yen	%	yen	%
Ended Aug. 2014	13,759	3.1	13,759	3.1	1,034	1.3	1,033	32.5
Ended Feb. 2014	8,413	1.1	8,413	1.1	368	0.4	366	14.8

(Note 1) The calculation period for the fiscal period ended February 2014 of SIA REIT is a period of 249 days from June 25, 2013 to February 28, 2014, but the actual asset management period is a period of 142 days from October 10, 2013 to February 28, 2014.

(Note 2) The net income per unit calculated based on the daily weighted average number of investment units with October 10, 2013, which is the date of commencement of the actual asset management period for the fiscal period ended February 2014, deemed as the beginning of the fiscal period (75,100 units) is 4,884 yen.

(Note 3) Ratio of net income to equity and ratio of recurring profit to total assets are each calculated based on the weighted average equity amount and total assets amount with October 10, 2013, which is the date of commencement of the actual asset management period for the fiscal period ended February 2014, deemed as the beginning of the fiscal period.

(Note 4) The percentage figures for operating revenue, operating profit, recurring profit and net income are the percentage of increase (decrease) compared with the previous fiscal period, but are not applicable for the fiscal period ended February 2014 because it is the first fiscal period.

(2) Distributions status

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)		Total distributions (excluding distribution in excess of earnings)		Distribution payout ratio		Ratio of distributions to net assets
	yen	million yen	yen	million yen	%	%	
Ended Aug. 2014	13,760	1,033	0	0	100.0	3.1	
Ended Feb. 2014	4,884	366	0	0	99.9	1.0	

(Note) Distribution payout ratio for the fiscal period ended February 2014 is calculated by the following formula because new investment units were issued during the fiscal period (rounded down to one decimal place).

Distribution payout ratio = Total distributions (excluding distributions in excess of earnings) ÷ Net income × 100

(3) Financial position

Fiscal period	Total assets		Net assets		Equity ratio		Net assets per unit
	million yen	million yen	million yen	million yen	%	%	
Ended Aug. 2014	81,383	33,671	33,671	33,671	41.4	41.4	448,360
Ended Feb. 2014	82,428	33,005	33,005	33,005	40.0	40.0	439,484

(4) Status of cash flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Ended Aug. 2014	3,309	(255)	(2,164)	6,188
Ended Feb. 2014	(357)	(71,008)	76,664	5,299

2. Forecast of Financial Results for the Fiscal Period Ending February 2015 (September 1, 2014 to February 28, 2015) and Fiscal Period Ending August 2015 (March 1, 2015 to August 31, 2015)

(% figures are the percentage of increase (decrease) compared with the previous period)

Fiscal period	Operating revenue		Operating profit		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ending Feb. 2015	3,022	(4.9)	1,196	(9.8)	887	(14.2)	886	(14.2)
Ending Aug. 2015	2,967	(1.8)	1,112	(7.0)	789	(11.0)	788	(11.0)

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)		Distribution per unit in excess of earnings	
	yen		yen	
Ending Feb. 2015	11,800		0	
Ending Aug. 2015	10,500		0	

(Reference) Forecast net income per unit (fiscal period ending February 2015): 11,800 yen

Forecast net income per unit (fiscal period ending August 2015): 10,500 yen

* Other

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

① Changes in accounting policies accompanying amendments to accounting standards, etc.:	No
② Changes in accounting policies other than ①:	No
③ Changes in accounting estimates:	No
④ Retrospective restatement:	No

(2) Number of investment units issued and outstanding

① Number of investment units issued and outstanding (including own investment units) at end of period

Fiscal period ended August 2014	75,100 units
Fiscal period ended February 2014	75,100 units
Fiscal period ended August 2014	— units
Fiscal period ended February 2014	— units

② Number of own investment units at end of period

(Note) For the number of investment units used as the basis for calculating net income per unit, please refer to "Notes on Per Unit Information" on page 22.

* Presentation of the status of implementation of audit procedures

At the time of disclosure of this summary of financial results, audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

* Explanation of the appropriate use of the forecast of management status, and other matters of special note

The management status outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by SIA REIT. Accordingly, actual management status and other results may differ materially due to a variety of factors. In addition, the forecast is not a guarantee of the amount of distributions. For the assumptions for the forecast of management status, please refer to "Assumptions for the Forecast of Management Status for the Fiscal Periods Ending February 2015 and August 2015" presented on page 6.

1. Associated Corporations of the Investment Corporation

Disclosure is omitted because there is no significant change in the name, operational roles and overview of associated business operations of the investment corporation SIA REIT, Inc. and the associated corporations of SIA REIT (including other main associated parties of SIA REIT) from those of “Structure of the Investment Corporation” in the securities report (submitted on May 29, 2014).

2. Management Policy and Management Status

(1) Management Policy

Disclosure is omitted because there is no significant change from “Investment Policy,” “Investment Targets” and “Distribution Policy” in the securities report (submitted on May 29, 2014).

(2) Management Status

① Overview of the Fiscal Period under Review

(A) Brief History of the Investment Corporation

SIA REIT aims to maximize unitholder value through the pursuit of “profitability” and “stability” by investing in Class-A and Class-B office buildings and urban retail facilities in which the SIA Group has a wealth of management expertise.

SIA REIT was incorporated on June 25, 2013 with Simplex REIT Partners Inc. (hereafter referred to as the “Asset Management Company”) as the organizer and with investments in capital of 200 million yen (400 units). In addition, SIA REIT implemented an issuance of new investment units through public offering (74,700 units) with October 8, 2013 as the payment date and listed on the J-REIT section of the Tokyo Stock Exchange (securities code: 3290) on October 9, 2013. As a result, the number of investment units issued and outstanding as of August 31, 2014 was 75,100 units.

(Note 1) The SIA Group comprises not only Simplex REIT Partners Inc. but also Simplex Investment Advisors Inc. (SIA), which is the sponsor of SIA REIT, and Simplex Real Estate Management Inc. (SRM). SRM is the real estate private placement fund manager for the SIA Group.

(Note 2) “Class S” refers to office buildings located in the three central wards of Tokyo (Chiyoda Ward, Chuo Ward and Minato Ward) with a standard floor area of 200 tsubos (approx. 660 m²) or more. “Class A” refers to office buildings located in the five central wards of Tokyo (Chiyoda Ward, Chuo Ward, Minato Ward, Shinjuku Ward and Shibuya Ward) with a standard floor area of 100 tsubos (approx. 330 m²) or more but less than 200 tsubos, and office buildings located in the Tokyo metropolitan area (Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture) outside the three central wards, Osaka City, Nagoya City, Sapporo City and Fukuoka City with a standard floor area of more than 200 tsubos. “Class B” refers to office buildings located in the five central wards of Tokyo with a standard floor area of 50 tsubos (approx. 165 m²) or more but less than 100 tsubos, office buildings located in the Tokyo metropolitan area outside the five central wards, Osaka City, Nagoya City, Sapporo City and Fukuoka City with a standard floor area of 100 tsubos or more but less than 200 tsubos, and office buildings in ordinance-designated cities or their equivalent other than Osaka City, Nagoya City, Sapporo City and Fukuoka City with a standard floor area of more than 100 tsubos.

(B) Investment Environment and Management Performance

During the fiscal period under review (fiscal period ended August 2014 (2nd fiscal period) (March 1, 2014 to August 31, 2014)), the Japanese economy saw a recovery from the slump that followed the consumption tax hike despite the concern over the impact of the consumption tax hike on consumption trends. The economy has maintained a gradual recovery trend due to recovering corporate profits and other factors.

In the real estate leasing market, backed by economic recovery and improvement in corporate earnings, the supply-demand balance centering on prime properties in central Tokyo were improving, and shrinking of free rent periods was seen at Class-A and Class-B office buildings due to the bottoming out of rents.

Under such circumstances, SIA REIT actively carried out marketing activities targeting new and existing tenants, promoted effective operational management with an understanding of tenant needs and endeavored to maintain and increase the occupancy rate as well as increase lease business revenue.

As a result, SIA REIT’s assets under management at the end of the fiscal period ended August 2014 was a portfolio of assets totaling 20 properties (acquisition price total: 74,726 million yen) and total leasable area of 143,756.38 m². In addition, the occupancy rate at the end of the fiscal period ended August 2014 was 91.4%.

(C) Overview of Financing

There was no new financing during the fiscal period under review, and SIA REIT carried out partial repayment and scheduled repayment with consumption tax refunds of borrowings associated with asset acquisitions in the first fiscal period (ended February 2014). As a result, as of August 31, 2014, the balance of outstanding borrowings was 42,340 million yen and the ratio of interest-bearing liabilities to total assets (LTV) was 52.0%.

(D) Overview of Business Performance and Distributions

As a result of the management described above, business performance in the fiscal period ended August 2014 was operating revenue of 3,179 million yen, operating profit of 1,326 million yen, recurring profit of 1,034 million yen and net income of 1,033 million yen.

Concerning distributions, in view of distributing almost the entire amount of unappropriated retained earnings to be eligible for application of the special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation), SIA REIT declared distribution per investment unit of 13,760 yen.

② Outlook for the Next Fiscal Period

(A) Future Investment Environment

The Japanese economy ahead is seen to be on a modest recovery path, with subdued repercussions of the rush demand before the consumption tax hike. However, a slowdown in overseas economies centering on emerging countries and resource-rich countries along with increased geopolitical tensions constitute a downward risk on the Japanese economy.

In the office building leasing market, improvement of the employment environment, enhanced corporate capital investment appetite and other factors are likely to result in the expansion of demand, continuous recovery trend of the vacancy rate, trend of new rents turning upwards from bottoming out, centering on large prime buildings in central Tokyo, are likely to gradually expand regionally.

In the office building transaction market, proactive transactions are likely to continue against the backdrop of expansion of the favorable financing environment and increase in market players.

(B) Future Management Policy and Challenges to Address

With the aim of achieving stable growth over the medium to long term, SIA REIT will seek to expand asset size by acquiring competitive assets (external growth) and maintain and increase the asset value of assets under management by operating and managing them to maximize their competitiveness (internal growth).

In order to achieve the growth strategy in both aspects of external growth and internal growth as described above, it is the policy of SIA REIT to take full advantage of the unique investment expertise and business and other resources of the Asset Management Company and the rest of the SIA Group.

(a) External Growth

Based on the policy to build a portfolio comprising mainly Class-A and Class-B office buildings and urban retail facilities, SIA REIT will aim to expand asset size, while maintaining and enhancing the portfolio quality by conducting investment having assessed the location, building specifications, tenant attributes, etc. of individual properties.

With the Tokyo metropolitan area, which offers the prospect of stable rental demand over the medium to long term and is a relatively large market size, as the primary investment target region and also making carefully selected investments in ordinance-designated cities or their equivalent, which offer the prospect of higher returns than the Tokyo metropolitan area, SIA REIT will seek to build a portfolio that focuses on stable income yet also considers for enhancement of revenue through regional diversification.

(Note 1) "Tokyo metropolitan area" refers to Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture.

(Note 2) Ordinance-designated regional cities and major regional cities equivalent to ordinance-designated regional cities are collectively referred to as "ordinance-designated cities or their equivalent." "Ordinance-designated regional cities" refers to ordinance-designated cities located outside the Tokyo metropolitan area. "Major regional cities" refers to non-ordinance-designated regional cities located outside the Tokyo metropolitan area that are the location of a prefectural government (prefectural capitals) or their equivalent.

(b) Internal Growth

SIA REIT will seek to maintain and enhance occupancy rates and enhance lease business revenue and expenditure by utilizing the unique expertise of the Asset Management Company, along with utilizing the expertise and support of the rest of the SIA Group, in operating and managing assets under management and also by taking the following initiatives.

- ◆ Strengthen collaboration with property management companies and brokers
- ◆ Build tenant relations
- ◆ Maintain and enhance property value through appropriate investment
- ◆ Strengthen environmental initiatives for which there is strong demand from society

③ Subsequent Events

Not applicable.

(Reference Information)

(A) Borrowing of Funds

SIA REIT conducted the borrowing in order to partially fund the repayment of existing borrowings (Contract No. 0001 with 13,454 million yen outstanding) that matures on October 10, 2014 as the followings.

Contract No.: 0007

Lenders	Sumitomo Mitsui Banking Corporation:	957	million yen
	Aozora Bank, Ltd.:	1,985	million yen
	The Bank of Fukuoka, Ltd.:	989	million yen
	Sumitomo Mitsui Trust Bank, Limited:	989	million yen

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Borrowing amount	4,920 million yen
Interest rate	Floating rate: base interest rate (JBA one-month Japanese yen TIBOR) + 0.60% (Note 1)
Drawdown date	October 10, 2014
Principal repayment method	Repayment in installments (Note 2)
Principal repayment date	October 13, 2015
Collateral	Secured/Unguaranteed

(Note 1) The base interest rate to be applied for the calculation period of the interest due on each interest payment date is the one-month Japanese yen TIBOR announced by the Japanese Bankers Association (JBA) on the day two business days prior to the immediately preceding interest payment date. The Japanese yen TIBOR by JBA can be found on the website of the JBA TIBOR Administration (<http://www.jbatibor.or.jp/english/rate/>).

(Note 2) Part of the principal (12 million yen) will be repaid on April 10, 2015, and the remaining amount of the principal will be repaid in a lump sum on the principal repayment date.

Contract No.: 0008

Lenders	Sumitomo Mitsui Banking Corporation:	1,500	million yen
	Aozora Bank, Ltd.:	1,000	million yen
	Resona Bank, Limited:	2,000	million yen
	ORIX Bank Corporation:	1,000	million yen
Borrowing amount	5,500 million yen		
Interest rate	Fixed rate: 1.08473%		
Drawdown date	October 10, 2014		
Principal repayment method	Repayment in installments (Note 3)		
Principal repayment date	October 10, 2017		
Collateral	Secured/Unguaranteed		

(Note 3) Part of the principal (13 million yen) will be repaid on the 10th of April and October each year (or the following business day if the date is not a business day), with April 10, 2015 set as the first repayment date, and the remaining amount of the principal will be repaid in a lump sum on the principal repayment date.

Contract No.: 0009

Lenders	Sumitomo Mitsui Banking Corporation:	2,000	million yen
	The Mie Bank, Ltd.:	1,000	million yen
Borrowing amount	3,000 million yen		
Interest rate	Fixed rate: 1.35961%		
Drawdown date	October 10, 2014		
Principal repayment method	Repayment in installments (Note 4)		
Principal repayment date	October 13, 2020		
Collateral	Secured/Unguaranteed		

(Note 4) Part of the principal (7 million yen) will be repaid on the 10th of April and October each year (or the following business day if the date is not a business day), with April 10, 2015 set as the first repayment date, and the remaining amount of the principal will be repaid in a lump sum on the principal repayment date.

(B) Asset Transfer

SIA REIT transferred the following asset as of September 9, 2014. In line with the transfer, SIA REIT expects to record 58 million yen as gain on transfer of real estate, etc. for the fiscal period ending February 2015 (3rd fiscal period).

Property name	NEXT21
Type of asset	Trust beneficiary rights
Transfer price (Note 1)	500 million yen
Buyer	Not disclosed (Note 2)
Conclusion date of transfer agreement	July 23, 2014
Transfer date	September 9 2014

(Note 1) The transfer price excludes transfer costs, adjusted amount of fixed asset tax and city planning tax, consumption tax and local consumption tax, etc.

(Note 2) The buyer is a domestic general operating company but is not disclosed as no consent has been obtained from the buyer for disclosure of its name, etc. Furthermore, SIA REIT or the Asset Management Company has no capital, personnel and business relationships to note with the buyer. Moreover, the buyer does not fall within the scope of the related parties of SIA REIT or the Asset Management Company.

(Note 3) SIA REIT did early repayment of its existing borrowings 247 million yen associated with asset transfer above.

Assumptions for the Forecast of Management Status for the Fiscal Periods Ending February 2015 and August 2015

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> ➤ Fiscal period ending February 2015 (3rd fiscal period) (September 1, 2014 to February 28, 2015) (181 days) ➤ Fiscal period ending August 2015 (4th fiscal period) (March 1, 2015 to August 31, 2015) (184 days)
Assets under management	<ul style="list-style-type: none"> ➤ Concerning the real estate and real estate trust beneficiary rights (total of 20 properties) held as of August 31, 2014, it is assumed that NEXT21 is transferred as of September 9, 2014 and that no other changes (acquisition of new properties, disposition of portfolio properties, etc.) will take place. ➤ 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. ➤ NEXT21 was transferred as of September 9, 2014, and as a result, gain on sale of real estate, etc. of 58 million yen is expected to be recorded in the fiscal period ending February 2015. (Because of the increase of sales expenses, etc., the gain on sale is 10 million yen less than the expected amount in the press release "Notice concerning Revision to Forecast of Financial Results and Cash Distribution for the Fiscal Period Ending February 2015 (3rd Fiscal Period)" dated July 23, 2014.)
Operating expenses	<ul style="list-style-type: none"> ➤ Of property-related expenses, which are the main component of operating expenses, expenses other than depreciation are calculated on a historical data basis and by reflecting factors causing fluctuations in expenses. ➤ Depreciation is calculated using the straight-line method, including ancillary costs, etc. Depreciation is estimated to be 427 million yen in the fiscal period ending February 2015 and 437 million yen in the fiscal period ending August 2015. ➤ Fixed asset tax, city planning tax, etc. are estimated to be 222 million yen in the fiscal period ending February 2015 and 223 million yen in the fiscal period ending August 2015. ➤ 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 greatly differ from the forecast amount because increased or additional repair expenses may arise due to unforeseeable factors. ➤ The Articles of Incorporation of SIA REIT provided that, of the fees payable to the asset management company, a part of the management fees will arise starting from the fiscal period ending February 2015 or the fiscal period ending August 2015. In addition, the rate has been set low until the fiscal period ended August 2014 based on an agreement that part of the fees will fall within the maximum limit set by the Articles of Incorporation. As a result of the loss of these reduction means, asset management fees of 223 million yen is expected for the fiscal period ending February 2015 and 221 million yen for the fiscal period ending August 2015.
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 February 2015 and 323 million yen in the fiscal period ending August 2015.
Borrowings	<ul style="list-style-type: none"> ➤ The balance of outstanding borrowings as of August 31, 2014 is 42,340 million yen. ➤ In the fiscal period ending February 2015, early repayment of 247 million yen in borrowings using part of funds from the transfer of NEXT21 is expected, as well as contractual loan repayment of 166 million yen using part of cash on hand. Moreover, while 13,454 million yen of borrowings will become due for repayment, 13,420 million yen is expected to be refinanced. ➤ In the fiscal period ending August 2015, contractual loan repayment of 199 million yen using part of cash on hand is expected.
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 August 2015.

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.

(3) Investment Risks

Disclosure is omitted because there is no significant change from “Investment Risks” in the securities report (submitted on May 29, 2014).

3. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	1st fiscal period (As of Feb. 28, 2014)	2nd fiscal period (As of Aug. 31, 2014)
Assets		
Current assets		
Cash and deposits	1,145,304	2,256,153
Cash and deposits in trust	*1 4,153,926	*1 3,932,544
Operating accounts receivable	90,714	122,171
Prepaid expenses	147,058	104,270
Deferred tax assets	24	14
Consumption taxes receivable	1,601,187	—
Other	566	11,089
Total current assets	7,138,782	6,426,243
Non-current assets		
Property, plant and equipment		
Buildings	3,590,669	3,593,817
Accumulated depreciation	(52,795)	(116,343)
Buildings, net	*1 3,537,873	*1 3,477,474
Structures	9,045	9,045
Accumulated depreciation	(252)	(555)
Structures, net	*1 8,793	*1 8,490
Machinery and equipment	62,025	62,025
Accumulated depreciation	(5,159)	(11,361)
Machinery and equipment, net	*1 56,865	*1 50,663
Land	*1 3,770,347	*1 3,770,347
Buildings in trust	29,043,032	29,132,774
Accumulated depreciation	(290,400)	(640,747)
Buildings in trust, net	*1 28,752,632	*1 28,492,027
Structures in trust	3,020	3,020
Accumulated depreciation	(175)	(386)
Structures in trust, net	*1 2,844	*1 2,633
Machinery and equipment in trust	—	29,853
Accumulated depreciation	—	(330)
Machinery and equipment in trust, net	—	*1 29,523
Tools, furniture and fixtures in trust	3,454	13,056
Accumulated depreciation	(54)	(491)
Tools, furniture and fixtures in trust, net	*1 3,400	*1 12,564
Land in trust	*1 35,551,960	*1 35,551,960
Total property, plant and equipment	71,684,718	71,395,685
Intangible assets		
Leasehold rights in trust	*1 3,365,647	*1 3,365,647
Other	2,857	2,562
Total intangible assets	3,368,504	3,368,209
Investments and other assets		
Lease and guarantee deposits	17,020	16,330
Long-term prepaid expenses	219,786	177,410
Total investments and other assets	236,806	193,740
Total non-current assets	75,290,029	74,957,636
Total assets	82,428,812	81,383,879

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(Unit: thousand yen)

	1st fiscal period (As of Feb. 28, 2014)	2nd fiscal period (As of Aug. 31, 2014)
Liabilities		
Current liabilities		
Operating accounts payable	212,120	200,600
Short-term loans payable	*1 15,050,000	*1 13,466,250
Current portion of long-term loans payable	*1 332,500	*1 567,500
Accounts payable - other	106,518	162,173
Accrued expenses	108,499	109,592
Income taxes payable	1,238	789
Consumption taxes payable	—	142,882
Advances received	470,268	453,320
Other	1,495	65,273
Total current liabilities	16,282,641	15,168,383
Non-current liabilities		
Long-term loans payable	*1 28,757,500	*1 28,306,250
Tenant leasehold and security deposits	324,143	324,223
Tenant leasehold and security deposits in trust	4,043,431	3,899,804
Other	15,802	13,364
Total non-current liabilities	33,140,877	32,543,642
Total liabilities	49,423,518	47,712,025
Net assets		
Unitholders' equity		
Unitholders' capital	32,638,475	32,638,475
Surplus		
Unappropriated retained earnings (undisposed loss)	366,818	1,033,379
Total surplus	366,818	1,033,379
Total unitholders' equity	33,005,293	33,671,854
Total net assets	*2 33,005,293	*2 33,671,854
Total liabilities and net assets	82,428,812	81,383,879

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(2) Statement of Income

(Unit: thousand yen)

	1st fiscal period (From: June 25, 2013 To: Feb. 28, 2014)	2nd fiscal period (From: Mar. 1, 2014 To: Aug. 31, 2014)
Operating revenue		
Rent revenue - real estate	*1 2,176,477	*1 2,683,103
Other lease business revenue	*1 317,248	*1 496,372
Total operating revenue	2,493,726	3,179,475
Operating expenses		
Expenses related to rent business	*1 1,201,341	*1 1,709,092
Asset management fee	64,127	82,428
Asset custody fee	1,680	3,627
Administrative service fees	9,991	16,140
Directors' compensations	5,814	3,876
Other operating expenses	10,775	37,373
Total operating expenses	1,293,731	1,852,538
Operating profit	1,199,994	1,326,937
Non-operating income		
Interest income	371	549
Interest on refund	—	1,833
Total non-operating income	371	2,383
Non-operating expenses		
Interest expenses	178,188	225,656
Borrowing related expenses	469,113	69,403
Deferred organization expenses	71,378	—
Investment unit issuance expenses	113,519	—
Other	57	—
Total non-operating expenses	832,258	295,059
Recurring profit	368,107	1,034,260
Income before income taxes	368,107	1,034,260
Income taxes – current	1,313	901
Income taxes – deferred	(24)	10
Total income taxes	1,288	911
Net income	366,818	1,033,348
Profit brought forward	—	30
Unappropriated retained earnings (undisposed loss)	366,818	1,033,379

(3) Statement of Unitholders' Equity

1st fiscal period (June 25, 2013 to February 28, 2014)

(Unit: thousand yen)

(Cmt. thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	—	—	—	—	—
Changes of items during period					
Issuance of new investment units	32,638,475			32,638,475	32,638,475
Net income		366,818	366,818	366,818	366,818
Total changes of items during period	32,638,475	366,818	366,818	33,005,293	33,005,293
Balance at end of current period	32,638,475	366,818	366,818	33,005,293	33,005,293

2nd fiscal period (March 1, 2014 to August 31, 2014)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	32,638,475	366,818	366,818	33,005,293	33,005,293
Changes of items during period					
Distribution of surplus		(366,788)	(366,788)	(366,788)	(366,788)
Net income		1,033,348	1,033,348	1,033,348	1,033,348
Total changes of items during period	—	666,560	666,560	666,560	666,560
Balance at end of current period	32,638,475	1,033,379	1,033,379	33,671,854	33,671,854

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(4) Statement of Cash Distributions

(Unit: yen)

	1st fiscal period From: June 25, 2013 To: Feb. 28, 2014	2nd fiscal period From: Mar. 1, 2014 To: Aug. 31, 2014
	Amount	Amount
I. Unappropriated retained earnings	366,818,955	1,033,379,409
II. Amount of distributions	366,788,400	1,033,376,000
[Amount of distributions per investment unit]	[4,884]	[13,760]
III. Retained earnings carried forward	30,555	3,409

Method of calculating the amount of distributions	<p>Pursuant to the distribution policy provided in Article 35, Paragraph 1, Item 2 of the Articles of Incorporation of SIA REIT, the amount of distributions shall be in excess of an amount equivalent to 90% of the amount of earnings available for distribution of SIA REIT provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings.</p> <p>Based on such policy, SIA REIT decided to pay out distributions of earnings of 366,788,400 yen, which is the largest integral multiple of the number of investment units issued and outstanding (75,100 units) in an amount not in excess of unappropriated retained earnings. SIA REIT will not engage in the distribution of cash in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of SIA REIT.</p>	<p>Pursuant to the distribution policy provided in Article 35, Paragraph 1, Item 2 of the Articles of Incorporation of SIA REIT, the amount of distributions shall be in excess of an amount equivalent to 90% of the amount of earnings available for distribution of SIA REIT provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings.</p> <p>Based on such policy, SIA REIT decided to pay out distributions of earnings of 1,033,376,000 yen, which is the largest integral multiple of the number of investment units issued and outstanding (75,100 units) in an amount not in excess of unappropriated retained earnings. SIA REIT will not engage in the distribution of cash in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of SIA REIT.</p>
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(5) Statement of Cash Flows

(Unit: thousand yen)

	1st fiscal period (From: June 25, 2013 To: Feb. 28, 2014)	2nd fiscal period (From: Mar. 1, 2014 To: Aug. 31, 2014)
Cash flows from operating activities		
Income before income taxes	368,107	1,034,260
Depreciation	348,930	421,674
Deferred organization expenses	71,378	—
Investment unit issuance expenses	113,519	—
Interest income	(371)	(549)
Interest expenses	178,188	225,656
Decrease (increase) in operating accounts receivable	(90,714)	(31,457)
Decrease (increase) in consumption taxes refund receivable	(1,601,187)	1,601,187
Decrease (increase) in prepaid expenses	(147,058)	42,787
Increase (decrease) in operating accounts payable	212,120	(11,519)
Increase (decrease) in consumption tax payable	79,405	30,898
Increase (decrease) in accounts payable - other	—	142,882
Increase (decrease) in advances received	470,268	(16,947)
Decrease (increase) in long-term prepaid expenses	(219,786)	42,375
Deferred organization expenses paid	(71,341)	(37)
Other, net	928	53,254
Subtotal	(287,609)	3,534,465
Interest income received	371	549
Interest expenses paid	(69,688)	(224,563)
Income taxes paid	(75)	(1,349)
Net cash provided by (used in) operating activities	(357,002)	3,309,101
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,432,087)	(3,148)
Purchase of property, plant and equipment in trust	(64,574,393)	(107,176)
Purchase of intangible assets	(2,950)	—
Purchase of intangible assets in trust	(3,365,647)	—
Payments for lease and guarantee deposits	(17,020)	—
Proceeds from collection of lease and guarantee deposits	—	690
Repayments of lease and guarantee deposits received	—	(876)
Proceeds from tenant leasehold and security deposits	324,143	956
Repayments of tenant leasehold and security deposits in trust	(355,007)	(301,753)
Proceeds from tenant leasehold and security deposits in trust	4,398,439	158,126
Repayment of long-term deposits	—	(2,437)
Proceeds from long-term deposits received	15,802	—
Net cash provided by (used in) investing activities	(71,008,721)	(255,620)
Cash flows from financing activities		
Increase in short-term loans payable	15,050,000	—
Repayment of short-term loans payable	—	(1,583,750)
Proceeds from long-term loans payable	29,090,000	—
Repayment of long-term loans payable	—	(216,250)
Proceeds from issuance of investment units	32,524,955	—
Payment of distribution	—	(364,013)
Net cash provided by (used in) investing activities	76,664,955	(2,164,013)
Net increase (decrease) in cash and cash equivalents	5,299,230	889,466
Cash and cash equivalents at beginning of period	—	5,299,230
Cash and cash equivalents at end of period	*1 5,299,230	*1 6,188,697

(6) Notes on the Going Concern Assumption
Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets	<p>① Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of core property, plant and equipment is as follows: Buildings 5~59 years Structures 4~15 years Machinery and equipment 5~10 years Tools, furniture and fixtures 6~15 years</p> <p>② Intangible assets (including trust assets) The straight-line method is adopted.</p> <p>③ Long-term prepaid expenses The straight-line method is adopted.</p>
2. Standards for recognition of revenue and expenses	<p>Accounting for fixed asset tax, etc. Of the tax amount assessed and determined for fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held, the method adopted is that the amount corresponding to the relevant calculation period is expensed as expenses related to rent business.</p> <p>The amount equivalent to fixed asset tax, etc. in the fiscal year including the acquisition date paid to the seller as reimbursement upon acquisition of real estate, etc. is included in the cost of acquisition of the relevant real estate, etc. and not recognized as expenses.</p>
3. Scope of funds in the statement of cash flows	<p>The funds (cash and cash equivalents) in the statement of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p>
4. Other significant matters serving as the basis for preparing financial statements	<p>① Accounting for trust beneficiary rights in real estate, etc. Concerning trust beneficiary rights in real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and statement of income.</p> <p>The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet.</p> <p>(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> <p>② Accounting for consumption tax, etc. Concerning accounting for consumption tax and local consumption tax, these taxes are excluded. Non-deductible consumption tax in the acquisition of assets is included in the cost of acquisition of the respective asset.</p>

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(8) Notes to the Financial Statements

[Notes to the Balance Sheet]

*1. Assets pledged as collateral and secured liabilities

The following are the assets pledged as collateral.

	(Unit: thousand yen)	
	1st fiscal period (As of Feb. 28, 2014)	2nd fiscal period (As of Aug. 31, 2014)
Cash and deposits in trust	4,153,926	3,932,544
Buildings	3,537,873	3,477,474
Structures	8,793	8,490
Machinery and equipment	56,865	50,663
Land	3,770,347	3,770,347
Buildings in trust	28,752,632	28,492,027
Structures in trust	2,844	2,633
Machinery and equipment in trust	—	29,523
Tools, furniture and fixtures in trust	3,400	12,564
Land in trust	35,551,960	35,551,960
Leasehold rights in trust	3,365,647	3,365,647
Total	79,204,291	78,693,877

The following are the secured liabilities.

	(Unit: thousand yen)	
	1st fiscal period (As of Feb. 28, 2014)	2nd fiscal period (As of Aug. 31, 2014)
Short-term loans payable	15,050,000	13,466,250
Current portion of long-term loans payable	332,500	567,500
Long-term loans payable	28,757,500	28,306,250
Total	44,140,000	42,340,000

*2. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

	(Unit: thousand yen)	
	1st fiscal period (As of Feb. 28, 2014)	2nd fiscal period (As of Aug. 31, 2014)
	50,000	50,000

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[Notes to the Statement of Income]

*1. Breakdown of property-related operating income (loss)

	(Unit: thousand yen)	
	1st fiscal period (From: June 25, 2013 To: Feb. 28, 2014)	2nd fiscal period (From: Mar. 1, 2014 To: Aug. 31, 2014)
A. Property-related operating revenue		
Lease business revenue		
Rent revenue	1,574,221	1,922,620
Common area charges revenue	482,545	601,083
Parking revenue	93,548	122,878
Other rent revenue	26,162	36,521
Total	2,176,477	2,683,103
Other lease business revenue		
Utilities revenue	308,460	419,076
Other revenue	8,788	77,296
Total	317,248	496,372
Total property-related operating revenue	2,493,726	3,179,475
B. Property-related operating expenses		
Expenses related to rent business		
Property management fees	323,539	389,381
Utilities expenses	396,024	536,141
Taxes and public dues	145	262,377
Insurance premiums	4,824	6,251
Repair expenses	82,635	36,953
Trust fees	7,535	9,602
Depreciation	348,837	421,378
Other sundry expenses	37,799	47,005
Total property-related operating expenses	1,201,341	1,709,092
C. Property-related operating income (loss) [A- B]	1,292,384	1,470,383

[Notes to the Statement of Unitholders' Equity]

1. Total number of investment units authorized and number of investment units issued and outstanding

	1st fiscal period (From: June 25, 2013 To: Feb. 28, 2014)	2nd fiscal period (From: Mar. 1, 2014 To: Aug. 31, 2014)
Total number of investment units authorized	2,000,000 units	2,000,000 units
Number of investment units issued and outstanding	75,100 units	75,100 units

[Notes to the Statement of Cash Flows]

*1. Reconciliation of cash and cash equivalents at end of period to the amount of balance sheet accounts

	(Unit: thousand yen)	
	1st fiscal period (From: June 25, 2013 To: Feb. 28, 2014)	2nd fiscal period (From: Mar. 1, 2014 To: Aug. 31, 2014)
	(As of Feb. 28, 2014)	(As of Aug. 31, 2014)
Cash and deposits	1,145,304	2,256,153
Cash and deposits in trust	4,153,926	3,932,544
Cash and cash equivalents	5,299,230	6,188,697

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

SIA REIT procures funds through issuance of investment units, borrowing from financial institutions or issuance of investment corporation bonds, etc. upon acquisition of new assets under management, etc.

SIA REIT limits derivative transactions to those for investing funds for the purpose of hedging the risk of fluctuations in interest rates on borrowings, etc. and other risks.

(2) Description of financial instruments and associated risks, and risk management structure

The uses of the funds from borrowings are primarily funds for acquisition of assets under management, repayment of existing borrowings, etc. Concerning the liquidity risk and interest rate fluctuation risk associated with such financing, SIA REIT manages and limits the concerned risks by diversifying the lending financial institutions, as well as considering and implementing effective use of surplus funds, procurement of funds from the capital market through issuance of investment units, etc. and other various procurement of funds.

In addition, borrowings with floating interest rates are exposed to the risk of the interest rate payable rising. SIA REIT manages the concerned risk by adjusting the ratio of borrowings with floating interest rates (ratio of the balance of borrowings with floating interest rates to the amount of borrowings in total) depending on the financial environment, etc., as well as making derivative transactions (interest-rate swap transactions, etc.) available as a hedging instrument for hedging the risk of floating interest rates rising and converting the interest expenses to fixed interest rates.

Deposits are those for investing SIA REIT's surplus funds and are exposed to the credit risk of, for example, failure of the financial institutions that are holding the deposits., but SIA REIT exercises prudence by limiting the deposit period to short term, taking security and liquidity into consideration and taking the market environment and status of cash flows fully into account.

Tenant leasehold and security deposits are deposits from tenants and are exposed to the risk of return of the deposits to tenants due to tenants moving out of properties. SIA REIT limits the concerned risk by setting aside an amount in the range that will not hinder the return of deposits.

(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, includes values based on reasonable calculation when there is no market price. Certain assumptions, etc. are adopted in the calculation of the concerned values. Accordingly, there may be cases where the concerned values will vary when different assumptions, etc. are adopted.

2. Matters concerning fair value, etc. of financial instruments

The following are the carrying amount and fair value as of February 28, 2014, and the amount of difference between these. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	1,145,304	1,145,304	—
(2) Cash and deposits in trust	4,153,926	4,153,926	—
Assets total	5,299,230	5,299,230	—
(3) Short-term loans payable	15,050,000	15,050,000	—
(4) Current portion of long-term loans payable	332,500	332,835	335
(5) Long-term loans payable	28,757,500	28,824,200	66,700
Liabilities total	44,140,000	44,207,036	67,036

The following are the carrying amount and fair value as of August 31, 2014, and the amount of difference between these. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	2,256,153	2,256,153	—
(2) Cash and deposits in trust	3,932,544	3,932,544	—
Assets total	6,188,697	6,188,697	—
(3) Short-term loans payable	13,466,250	13,466,250	—
(4) Current portion of long-term loans payable	567,500	568,708	1,208
(5) Long-term loans payable	28,306,250	28,483,173	176,923
Liabilities total	42,340,000	42,518,132	178,132

(Note 1) Method of calculating the fair value of financial instruments

(1) Cash and deposits; (2) Cash and deposits in trust; (3) 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.

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(4) Current portion of long-term loans payable; (5) Long-term loans payable

As long-term loans payable with floating interest rates reflect market interest rates within a short period of time, the fair value is thought to be approximately the same as the book value and is thus stated at that book value. In addition, the fair value of long-term loans payable with fixed interest rates is calculated based on the method of calculating by discounting the sum total amount of principal and interest by the interest rate that is estimated as being applicable in the event of a similar new drawdown.

(Note 2) Financial instruments for which discerning of fair value is recognized to be extremely difficult

Tenant leasehold and security deposits and tenant leasehold and security deposits in trust are not subject to valuation at fair value because discerning of the fair value is recognized to be extremely difficult as cash flows cannot be reasonably estimated due to there being no market price and difficulty of calculating the actual deposit period from when lessees move in to when they move out. The following is the carrying amount for each of tenant leasehold and security deposits and tenant leasehold and security deposits in trust.

(Unit: thousand yen)

Account	1st fiscal period (As of Feb. 28, 2014)	2nd fiscal period (As of Aug. 31, 2014)
Tenant leasehold and security deposits	324,143	324,223
Tenant leasehold and security deposits in trust	4,043,431	3,899,804
Total	4,367,574	4,224,028

(Note 3) Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts

1st fiscal period (as of February 28, 2014)

(Unit: thousand yen)

	Due within 1 year
Cash and deposits	1,145,304
Cash and deposits in trust	4,153,926
Total	5,299,230

2nd fiscal period (as of August 31, 2014)

(Unit: thousand yen)

	Due within 1 year
Cash and deposits	2,256,153
Cash and deposits in trust	3,932,544
Total	6,188,697

(Note 4) Amount of repayment of long-term loans payable and other interest-bearing liabilities scheduled to be due after the date of settlement of accounts

1st fiscal period (as of February 28, 2014)

(Unit: thousand yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	15,050,000	—	—	—	—	—
Long-term loans payable	332,500	332,500	13,630,000	265,000	13,427,500	1,102,500
Total	15,382,500	332,500	13,630,000	265,000	13,427,500	1,102,500

2nd fiscal period (as of August 31, 2014)

(Unit: thousand yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	13,466,250	—	—	—	—	—
Long-term loans payable	567,500	332,500	13,561,250	265,000	13,193,750	953,750
Total	14,033,750	332,500	13,561,250	265,000	13,193,750	953,750

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.

1st fiscal period (June 25, 2013 to February 28, 2014)

Type	Name of company, etc.	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party	Description of relationship		Description of transaction (Note 1)	Amount of transaction (thousand yen) (Note 2)	Account item	Balance at end of period (thousand yen) (Note 2)
						Concurrent holding of positions, etc. by directors	Business relationship				
Other associated company	Simplex Investment Advisors Inc.	Chiyoda-ku, Tokyo	100,000	Real estate business	15.0% directly held by related party	—	Seller	Purchase of real estate	7,350,000	—	—

(Note 1) In deciding on transaction terms and conditions, decisions are made based on the actual market situation and price negotiations.

(Note 2) Of the amounts above, the amount of the transaction does not include consumption tax, etc., while the balance at the end of the period includes consumption tax, etc.

2nd fiscal period (March 1, 2014 to August 31, 2014)

Not applicable.

2. Associated company, etc.

1st fiscal period (June 25, 2013 to February 28, 2014)

Not applicable.

2nd fiscal period (March 1, 2014 to August 31, 2014)

Not applicable.

3. Fellow subsidiary, etc.

1st fiscal period (June 25, 2013 to February 28, 2014)

Type	Name of company, etc.	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party	Description of relationship		Description of transaction (Note 1)	Amount of transaction (thousand yen) (Note 2)	Account item	Balance at end of period (thousand yen) (Note 2)
						Concurrent holding of positions, etc. by directors	Business relationship				
Subsidiary of other associated company	Simplex REIT Partners Inc.	Chiyoda-ku, Tokyo	50,000	Investment management business	—	Concurrent holding of positions by directors 1 person	Entrustment with asset management business operations	Payment of asset management fee	437,757	Accounts payable - other	67,333
								Payment of organizer fee	65,000	—	—
Subsidiary of other associated company	G.K. Shinmaru Fudosan	Chiyoda-ku, Tokyo	2,000	Acquisition, management, disposal, etc. of real estate trust beneficiary rights	—	—	Seller	Purchase of real estate trust beneficiary rights	39,049,000	—	—
Subsidiary of other associated company	G.K. SIA Emperor Second	Chiyoda-ku, Tokyo	2,000	Acquisition, management, disposal, etc. of real estate trust beneficiary rights	—	—	Seller	Purchase of real estate trust beneficiary rights	24,394,000	—	—

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Subsidiary of other associated company	Wadakura Jisyo Co., Ltd.	Chiyoda-ku, Tokyo	3,000	Acquisition, management, disposal, etc. of real estate trust beneficiary rights	—	—	Seller	Purchase of real estate trust beneficiary rights	3,933,000	—	—
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(Note 1) Transaction terms and conditions, and policy on deciding on transaction terms and conditions, etc.

1. The asset management fee and organizer fee amounts are based on the terms and conditions provided in the Articles of Incorporation of SIA REIT.
2. In deciding on transaction terms and conditions of the purchase of real estate trust beneficiary rights, decisions are made based on the actual market situation and price negotiations.

(Note 2) Asset management fee includes the property acquisition fee portion included in the book value of individual real estate, etc. (373,630 thousand yen).

(Note 3) Of the amounts above, the amount of transaction does not include consumption tax, etc., while the balance at the end of the period includes consumption tax, etc.

2nd fiscal period (March 1, 2014 to August 31, 2014)

Type	Name of company, etc.	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party	Description of relationship		Description of transaction (Note 1)	Amount of transaction (thousand yen) (Note 2)	Account item	Balance at end of period (thousand yen) (Note 2)
						Concurrent holding of positions, etc. by directors	Business relationship				
Subsidiary of other associated company	Simplex REIT Partners Inc.	Chiyoda-ku, Tokyo	50,000	Investment management business	—	Concurrent holding of positions by directors 1 person	Entrustment with asset management business operations	Payment of asset management fee	82,428	Accounts payable - other	88,610

(Note 1) Transaction terms and conditions, and policy on deciding on transaction terms and conditions, etc.

1. The asset management fee is based on the terms and conditions provided in the Articles of Incorporation of SIA REIT.

(Note 2) Of the amounts above, the amount of transaction does not include consumption tax, etc., while the balance at the end of the period includes consumption tax, etc.

4. Director, major individual unitholder, etc.

1st fiscal period (June 25, 2013 to February 28, 2014)

The transaction conducted by SIA REIT Executive Director Hiroyuki Katsuno as representative of a third party (Simplex REIT Partners Inc.) is as stated as a transaction with Simplex REIT Partners Inc. presented in “3. Fellow subsidiary, etc.” above.

2nd fiscal period (March 1, 2014 to August 31, 2014)

The transaction conducted by SIA REIT Executive Director Hiroyuki Katsuno as representative of a third party (Simplex REIT Partners Inc.) is as stated as a transaction with Simplex REIT Partners Inc. presented in “3. Fellow subsidiary, etc.” above.

[Notes on Tax-Effect Accounting]

1. Breakdown of main causes for occurrence of deferred tax assets and deferred tax liabilities

	(Unit: thousand yen)	
	1st fiscal period	2nd fiscal period
	(As of Feb. 28, 2014)	(As of Aug. 31, 2014)
Deferred tax assets		
Non-deductible accrued enterprise tax	24	14
Total deferred tax assets	24	14
Net deferred tax assets	24	14

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2. Breakdown of major components that caused significant differences between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

	(Unit: %)	
	1st fiscal period (As of Feb. 28, 2014)	2nd fiscal period (As of Aug. 31, 2014)
Statutory tax rate	36.59	36.59
[Adjustments]		
Deductible distributions payable	(36.46)	(36.56)
Other	0.22	0.06
Effective income tax rate after application of tax-effect accounting	0.35	0.09

[Notes on Investment and Rental Properties]

SIA REIT owns investment and rental properties mainly in the Tokyo metropolitan area and also in ordinance-designated cities or their equivalent for the purpose of earning revenue from leasing.

The following are the carrying amount, amount of increase (decrease) during the period and fair value of these investment and rental properties.

	(Unit: thousand yen)	
	1st fiscal period (From: June 25, 2013 To: Feb. 28, 2014)	2nd fiscal period (From: Mar. 1, 2014 To: Aug. 31, 2014)
Carrying amount		
Balance at beginning of period	—	75,050,365
Amount of increase (decrease) during period	75,050,365	(289,032)
Balance at end of period	75,050,365	74,761,332
Fair value at end of period	76,078,000	76,082,000

(Note 1) Carrying amount is the amount of the cost of acquisition, less accumulated depreciation.

(Note 2) Of the amount of increase (decrease) in investment and rental properties, the amount of increase is mainly attributable to acquisition of “J Tower” and other properties totaling 20 properties (75,348,804 thousand yen), while the amount of decrease is mainly attributable to depreciation (348,837 thousand yen). Moreover, of the amount of increase (decrease) in investment and rental properties during the period, the amount of increase is mainly attributable to capital expenditure (132,346 thousand yen) while the amount of decrease is mainly attributable to depreciation (421,378 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser. However, for NEXT21 in the period, the transfer price for which the property was sold on September 9, 2014 is indicated.

The income (loss) for investment and rental properties is as presented in “Notes to Statements of Income” earlier in this document.

[Notes on Segment Information, Etc.]

1. Segment Information

Segment information is omitted because SIA REIT operates a single segment, which is the real estate leasing business.

2. Related Information

1st fiscal period (June 25, 2013 to February 28, 2014)

(1) Information for each product and service

Information for each product and service is omitted because net sales to external customers of a single product/service category are more than 90% of the operating revenue on the statement of income.

(2) Information for each region

① Net sales

Information for each region is omitted because net sales to external customers in Japan are more than 90% of the operating revenue on the statement of income.

② Property, plant and equipment

Information for each region is omitted because the amount of property, plant and equipment located in Japan is more than 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information for each major customer

Information for each major customer is omitted because net sales to a single external customer are less than 10% of the operating revenue on the statement of income.

2nd fiscal period (March 31, 2014 to August 31, 2014)

(1) Information for each product and service

Information for each product and service is omitted because net sales to external customers of a single product/service category are more than 90% of the operating revenue on the statement of income.

(2) Information for each region

① Net sales

Information for each region is omitted because net sales to external customers in Japan are more than 90% of the operating revenue on the statement of income.

② Property, plant and equipment

Information for each region is omitted because the amount of property, plant and equipment located in Japan is more than 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information for each major customer

Information for each major customer is omitted because net sales to a single external customer are less than 10% of the operating revenue on the statement of income.

[Notes on Per Unit Information]

	1st fiscal period (From: June 25, 2013 To: Feb. 28, 2014)	2nd fiscal period (From: Mar. 1, 2014 To: Aug. 31, 2014)
Net assets per unit	439,484 yen	448,360 yen
Net income per unit	8,413 yen	13,759 yen

(Note 1) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units during the period. The diluted net income per unit is not stated because there are no diluted investment units.

(Note 2) The following is the basis for calculating net income per unit.

	1st fiscal period (From: June 25, 2013 To: Feb. 28, 2014)	2nd fiscal period (From: Mar. 1, 2014 To: Aug. 31, 2014)
Net income	366,818 thousand yen	1,033,348 thousand yen
Amount not attributable to common unitholders	— thousand yen	— thousand yen
Net income attributable to common investment units	366,818 thousand yen	1,033,348 thousand yen
Average number of investment units during period	43,600 units	75,100 units

[Notes on Significant Subsequent Events]

Not applicable.

[Omission of Disclosure]

Disclosure of notes on lease transactions, securities, derivative transactions, retirement benefits, share of profit (loss) of entities accounted for using the equity method, etc. and asset retirement obligations is omitted because there is thought to be no large necessity for disclosure in the summary of financial results.

(9) Increase (Decrease) in Number of Investment Units Issued and Outstanding

The following is the status of capital increase, etc. in the fiscal period under review.

Date	Description	Number of investment units issued and outstanding (units)		Unitholders' capital (million yen)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
June 25, 2013	Incorporation through private placement	400	400	200	200	(Note 1)
Oct. 8, 2013	Capital increase through public offering	74,700	75,100	32,438	32,638	(Note 2)

(Note 1) Upon the incorporation of SIA REIT, investment units were issued for which the issue amount paid in to SIA REIT (paid-in amount) was 500,000 yen per unit.

(Note 2) New investment units were issued through public offering at an issue price of 450,000 yen (paid-in amount: 434,250 yen) per unit for the purpose of procuring funds for acquisition of new properties.

4. Changes in Directors

(1) Directors of the Investment Corporation

There no change of directors of SIA REIT during the fiscal period under review.

(2) Directors of the Asset Management Company

As of June 4, 2014, Naoto Ichiki resigned as director of the Asset Management Company and Kiyohiko Tsukada was newly appointed as director.

5. Reference Information

(1) Asset Composition

(1) Asset Composition						
Type of asset	Use of asset	Region (Note 1)	1st fiscal period (As of Feb. 28, 2014)		2nd fiscal period (As of Aug. 31, 2014)	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate	Office buildings	Tokyo metropolitan area	7,373	8.9	7,306	9.0
	Office buildings subtotal		7,373	8.9	7,306	9.0
Real estate total			7,373	8.9	7,306	9.0
Real estate in trust	Office buildings	Tokyo metropolitan area	50,686	61.5	50,533	62.1
		Ordinance-designated cities or their equivalent	11,894	14.4	11,850	14.6
	Office buildings subtotal		62,580	75.9	62,384	76.7
	Retail facilities	Tokyo metropolitan area	4,254	5.2	4,231	5.2
		Ordinance-designated cities or their equivalent	841	1.0	838	1.0
	Retail facilities subtotal		5,096	6.2	5,069	6.2
	Real estate in trust total			67,676	82.1	67,454
Deposits and other assets			7,378	9.0	6,622	8.1
Total assets			82,428	100.0	81,383	100.0

(Note 1) "Region" is as follows:

- ① "Tokyo metropolitan area" refers to Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture.
- ② Ordinance-designated regional cities and major regional cities equivalent to ordinance-designated regional cities are collectively referred to as "ordinance-designated cities or their equivalent." "Ordinance-designated regional cities" refers to ordinance-designated cities located outside the Tokyo metropolitan area. "Major regional cities" refers to non-ordinance-designated regional cities located outside the Tokyo metropolitan area that are the location of a prefectural government (prefectural capitals) or their equivalent.

(Note 2) "Total amount held" is the carrying amount (book value less depreciation in the case of real estate and real estate in trust).

(Note 3) "As a percentage of total assets" is rounded to one decimal place.

(2) Portfolio Diversification

Diversification by region

Region	Number of properties	Acquisition price (million yen)	Share (%)
Tokyo metropolitan area	14	62,070	83.1
Ordinance-designated cities or their equivalent	6	12,656	16.9
Total	20	74,726	100.0

Diversification by asset type

Use	Number of properties	Acquisition price (million yen)	Share (%)
Office buildings	17	69,665	93.2
Retail facilities	3	5,061	6.8
Total	20	74,726	100.0

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(3) Period-End Value of Portfolio Real Estate

Property no.	Property name	Appraisal company	Acquisition price (million yen)	Carrying amount (million yen)	Appraisal value (million yen)	Overview of appraisal report					
						Income approach					Cost approach
						Indicated value by direct cap method (million yen)	Cap rate (%)	Indicated value by DCF method (million yen)	Discount rate (%)	Terminal cap rate (%)	Indicated value by cost approach (million yen)
OT-1	J Tower	The Tanizawa Sogo Appraisal Co., Ltd.	24,394	24,392	25,200	25,600	5.4	25,000	5.4	5.6	14,200
OT-2	SIA Kanda Square	The Tanizawa Sogo Appraisal Co., Ltd.	7,350	7,306	7,540	7,590	4.6	7,520	4.7	4.8	3,370
OT-3	Tachikawa Nishiki-cho Building	Daiwa Real Estate Appraisal Co., Ltd.	3,264	3,288	3,470	3,480	5.2	3,460	5.0	5.4	2,210
OT-4	CP10 Building	Daiwa Real Estate Appraisal Co., Ltd.	3,229	3,234	3,270	3,310	4.8	3,250	4.6	5.0	1,310
OT-5	Yokohama AP Building	Daiwa Real Estate Appraisal Co., Ltd.	3,110	3,116	3,340	3,310	5.0	3,350	4.8	5.2	2,230
OT-6	Yushima First Genesis Building	Daiwa Real Estate Appraisal Co., Ltd.	2,751	2,753	2,720	2,750	4.8	2,710	4.6	5.0	1,550
OT-7	Miyaji Building	Daiwa Real Estate Appraisal Co., Ltd.	2,880	2,884	2,910	2,890	5.1	2,920	4.9	5.3	1,760
OT-8	36 Sankyo Building	Daiwa Real Estate Appraisal Co., Ltd.	2,395	2,399	2,440	2,470	4.9	2,420	4.7	5.1	1,640
OT-9	Minami-Shinagawa JN Building	Daiwa Real Estate Appraisal Co., Ltd.	2,165	2,177	1,894	1,970	5.1	1,880	4.9	5.3	2,080
OT-10	Minami-Shinagawa N Building	Daiwa Real Estate Appraisal Co., Ltd.	2,292	2,297	2,050	2,100	5.3	2,030	5.1	5.5	2,060
OT-11	Minami-Shinagawa J Building	Daiwa Real Estate Appraisal Co., Ltd.	2,020	2,016	2,020	2,030	5.3	2,010	5.1	5.5	1,340
OT-12	MY Atsugi Building	Chuo Real Estate Appraisal Co., Ltd.	1,240	1,240	1,280	1,370	6.1	1,280	5.9	6.3	965
OT-13	Hachioji SIA Building	Chuo Real Estate Appraisal Co., Ltd.	730	731	778	797	5.7	778	5.5	5.9	744
OO-1	Central Shin-Osaka Building	Daiwa Real Estate Appraisal Co., Ltd.	4,612	4,587	4,720	4,710	5.1	4,730	4.9	5.3	2,400
OO-2	Karasuma Plaza 21	Daiwa Real Estate Appraisal Co., Ltd.	3,700	3,729	3,380	3,350	5.4	3,390	5.2	5.6	4,890
OO-3	Stoke Building Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,381	2,379	2,500	2,500	5.4	2,500	5.2	5.6	1,510
OO-4	MY Kumamoto Building	Chuo Real Estate Appraisal Co., Ltd.	1,152	1,154	1,230	1,270	6.4	1,230	6.2	6.6	917
R-1	fab Minami-Osawa	Japan Real Estate Institute	4,250	4,231	4,360	4,400	5.5	4,320	5.3	5.7	2,300
R-2	Niigata Higashibori-dori Parking Building	Chuo Real Estate Appraisal Co., Ltd.	432	432	480	474	7.0	480	6.7	7.3	301
R-3	NEXT21	Japan Real Estate Institute	379	405	391	399	7.5	383	7.3	7.7	776
Total			74,726	74,761	75,973	76,770	-	75,641	-	-	48,553

(Note 1) "Acquisition price" is the amount excluding transaction intermediary fees, taxes and public dues and other various expenses required for the acquisition of the relevant real estate (transaction amount stated in the sale and purchase contract, etc.).

(Note 2) The effective date of the appraisal (date of value) is the last day of August 2014.

(4) Overview of Portfolio Real Estate

Property no.	Property name	Asset type	Location	Construction and number of floors	Completed (YYYY/MM)	Type of ownership	Total leasable area	PML value
OT-1	J Tower	Office buildings	Fuchu-shi, Tokyo	S/RC/SRC B2/18F	1992/03	Real estate trust beneficiary rights	34,295.76	3.19%
OT-2	SIA Kanda Square	Office buildings	Chiyoda-ku, Tokyo	SRC 10F	2007/04	Real estate	5,263.30	8.22%
OT-3	Tachikawa Nishiki-cho Building	Office buildings	Tachikawa-shi, Tokyo	SRC 8F	1991/06	Real estate trust beneficiary rights	5,633.29	6.36%
OT-4	CP10 Building	Office buildings	Taito-ku, Tokyo	SRC B1/7F	1989/03	Real estate trust beneficiary rights	3,541.43	5.20%
OT-5	Yokohama AP Building	Office buildings	Yokohama-shi, Kanagawa	RC B1/8F	1983/05	Real estate trust beneficiary rights	4,478.11	10.56%
OT-6	Yushima First Genesis Building	Office buildings	Bunkyo-ku, Tokyo	SRC B1/7F	1991/08	Real estate trust beneficiary rights	2,947.07	4.68%
OT-7	Miyaji Building	Office buildings	Nakano-ku, Tokyo	S/SRC B1/7F	1994/08	Real estate trust beneficiary rights	3,116.49	5.81%
OT-8	36 Sankyo Building	Office buildings	Shinjuku-ku, Tokyo	RC B2/4F	1991/10	Real estate trust beneficiary rights	3,724.17	10.09%
OT-9	Minami-Shinagawa JN Building	Office buildings	Shinagawa-ku, Tokyo	SRC B2/10F	1990/07	Real estate trust beneficiary rights	6,405.24	6.91%
OT-10	Minami-Shinagawa N Building	Office buildings	Shinagawa-ku, Tokyo	SRC B2/10F	1994/07	Real estate trust beneficiary rights	5,489.64	6.90%
OT-11	Minami-Shinagawa J Building	Office buildings	Shinagawa-ku, Tokyo	SRC B1/10F	1992/07	Real estate trust beneficiary rights	3,673.61	6.84%
OT-12	MY Atsugi Building	Office buildings	Atsugi-shi, Kanagawa	RC/SRC 8F	1988/09	Real estate trust beneficiary rights	3,847.70	11.73%
OT-13	Hachioji SIA Building	Office buildings	Hachioji-shi, Tokyo	SRC 9F	1993/09	Real estate trust beneficiary rights	2,751.01	4.61%
OO-1	Central Shin-Osaka Building	Office buildings	Osaka-shi, Osaka	S B1/12F	1992/06	Real estate trust beneficiary rights	9,399.87	14.69%
OO-2	Karasuma Plaza 21	Office buildings	Kyoto-shi, Kyoto	SRC B1/8F	1986/11	Real estate trust beneficiary rights	8,890.42	6.90%
OO-3	Stoke Building Nagoya	Office buildings	Nagoya-shi, Aichi	S/SRC B1/8F	1991/04	Real estate trust beneficiary rights	5,801.80	13.60%
OO-4	MY Kumamoto Building	Office buildings	Kumamoto-shi, Kumamoto	S/RC 9F	1987/10	Real estate trust beneficiary rights	3,750.01	7.19%
R-1	fab Minami-Osawa	Retail facilities	Hachioji-shi, Tokyo	S 7F	2001/12	Real estate trust beneficiary rights	8,409.23	3.82%
R-2	Niigata Higashibori-dori Parking Building	Retail facilities	Niigata-shi, Niigata	S 10F	1993/03	Real estate trust beneficiary rights	8,725.90	8.11%
R-3	NEXT21	Retail facilities	Niigata-shi, Niigata	S/RC/SRC B3/21F	1993/04	Real estate trust beneficiary rights	13,612.33	3.53%

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(5) Status of Revenue of Each Property

Property no.		OT-1	OT-2	OT-3	OT-4	OT-5	OT-6	OT-7
Property name		J Tower	SIA Kanda Square	Tachikawa Nishiki-cho Building	CP10 Building	Yokohama AP Building	Yushima First Genesis Building	Miyaji Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	24,394	7,350	3,264	3,229	3,110	2,751	2,880
	Composition ratio	32.6	9.8	4.4	4.3	4.2	3.7	3.9
	Carrying amount (million yen)	24,392	7,306	3,288	3,234	3,116	2,753	2,884
	Value at end of period (million yen)	25,200	7,540	3,470	3,270	3,340	2,720	2,910
	Composition ratio	33.2	9.9	4.6	4.3	4.4	3.6	3.8
Leasing	Total number of tenants	29	28	21	7	10	7	8
	Total leasable area (m ²)	34,295.76	5,263.30	5,633.29	3,541.43	4,478.11	2,947.07	3,116.49
	Leased area (m ²)	26,650.32	5,263.30	5,633.29	3,541.43	4,478.11	2,947.07	2,940.56
	Occupancy rate	77.7%	100.0%	100.0%	100.0%	100.0%	100.0%	94.4%
Operating income (loss)	Number of days under management	184	184	184	184	184	184	184
	① Property-related operating revenue (thousand yen)	886,389	228,656	145,399	102,628	132,668	76,350	113,267
	Lease business revenue	713,950	216,204	137,983	90,220	115,186	70,097	102,469
	Other lease business revenue	172,439	12,451	7,416	12,408	17,481	6,252	10,798
	② Property-related operating expenses (thousand yen)	397,010	36,663	41,624	28,414	34,280	23,607	28,520
	Property management fees	76,435	13,332	16,840	9,705	10,851	7,225	9,267
	Utilities expenses	235,457	13,725	13,100	11,041	11,436	7,859	10,593
	Taxes and public dues	67,237	8,360	10,320	6,577	9,650	7,629	7,558
	Insurance premiums	1,735	256	257	135	168	154	135
	Repair expenses	15,644	989	606	453	1,672	239	464
	Other	500	—	500	500	500	500	500
	③ Leasing NOI (thousand yen)	489,378	191,992	103,775	74,214	98,387	52,742	84,747
	④ Depreciation (thousand yen)	110,967	70,053	18,084	14,731	10,124	12,573	9,545
	⑤ Property-related operating income (loss) [(3)–(4)] (thousand yen)	378,410	121,939	85,690	59,482	88,263	40,169	75,202
	⑥ Capital expenditures (thousand yen)	15,978	3,148	29,853	3,415	—	690	—
	⑦ Leasing NCF [(3)–(6)] (thousand yen)	473,400	188,844	73,921	70,798	98,387	52,052	84,747

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Property no.		OT-8	OT-9	OT-10	OT-11	OT-12	OT-13	OO-1
Property name		36 Sankyo Building	Minami-Shinagawa JN Building	Minami-Shinagawa N Building	Minami-Shinagawa J Building	MY Atsugi Building	Hachioji SIA Building	Central Shin-Osaka Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	2,395	2,165	2,292	2,020	1,240	730	4,612
	Composition ratio	3.2	2.9	3.1	2.7	1.7	1.0	6.2
	Carrying amount (million yen)	2,399	2,177	2,297	2,016	1,240	731	4,587
	Value at end of period (million yen)	2,440	1,894	2,050	2,020	1,280	778	4,720
	Composition ratio	3.2	2.5	2.7	2.7	1.7	1.0	6.2
Leasing	Total number of tenants	3	10	13	10	21	14	26
	Total leasable area (m ²)	3,724.17	6,405.24	5,489.64	3,673.61	3,847.70	2,751.01	9,399.87
	Leased area (m ²)	3,724.17	4,618.55	4,470.93	3,673.61	3,700.18	2,751.01	9,399.87
	Occupancy rate	100.0%	72.1%	81.4%	100.0%	96.2%	100.0%	100.0%
Operating income (loss)	Number of days under management	184	184	184	184	184	184	184
	① Property-related operating revenue (thousand yen)	75,773	120,609	107,239	96,329	62,173	52,495	200,966
	Lease business revenue	64,584	77,552	84,752	87,578	55,428	46,727	175,243
	Other lease business revenue	11,189	43,057	22,487	8,750	6,745	5,768	25,723
	② Property-related operating expenses (thousand yen)	25,506	73,572	41,202	30,859	26,492	23,852	64,846
	Property management fees	5,610	16,855	7,566	5,624	9,289	10,464	18,748
	Utilities expenses	10,666	26,837	9,779	9,862	10,105	7,870	27,818
	Taxes and public dues	7,249	9,524	8,978	5,612	4,861	4,572	16,685
	Insurance premiums	127	292	250	159	158	107	362
	Repair expenses	1,353	4,149	1,983	504	1,578	337	731
	Other	500	15,914	12,644	9,097	500	500	500
	③ Leasing NOI (thousand yen)	50,266	47,037	66,036	65,469	35,681	28,643	136,119
	④ Depreciation (thousand yen)	8,192	13,601	13,036	11,051	12,045	5,008	32,587
	⑤ Property-related operating income (loss) [(③)-(④)] (thousand yen)	42,074	33,435	53,000	54,418	23,635	23,634	103,531
	⑥ Capital expenditures (thousand yen)	—	17,931	9,631	690	8,186	—	239
	⑦ Leasing NCF [(③)-(⑥)] (thousand yen)	50,266	29,105	56,405	64,779	27,494	28,643	135,879

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Property no.		OO-2	OO-3	OO-4	R-1	R-2	R-3
Property name		Karasuma Plaza 21	Stoke Building Nagoya	MY Kumamoto Building	fab Minami-Osawa	Niigata Higashibori-dori Parking Building	NEXT21
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	3,700	2,381	1,152	4,250	432	379
	Composition ratio	5.0	3.2	1.5	5.7	0.6	0.5
	Carrying amount (million yen)	3,729	2,379	1,154	4,231	432	405
	Value at end of period (million yen)	3,380	2,500	1,230	4,360	480	391
	Composition ratio	4.4	3.3	1.6	5.7	0.6	0.5
Leasing	Total number of tenants	12	4	18	14	1	21
	Total leasable area (m ²)	8,890.42	5,801.80	3,750.01	8,409.23	8,725.90	13,612.33
	Leased area (m ²)	8,890.42	5,102.36	3,750.01	8,409.23	8,725.90	12,745.74
	Occupancy rate	100.0%	87.9%	100.0%	100.0%	100.0%	93.6%
Operating income (loss)	Number of days under management	184	184	184	184	184	184
	① Property-related operating revenue (thousand yen)	178,238	95,921	67,196			205,037
	Lease business revenue	152,659	80,729	61,488			164,066
	Other lease business revenue	25,579	15,192	5,708			40,971
	② Property-related operating expenses (thousand yen)	80,705	36,579	22,874			182,244
	Property management fees	33,633	10,817	9,301			99,178
	Utilities expenses	23,371	14,377	7,715			39,212
	Taxes and public dues	22,624	9,981	4,819			39,421
	Insurance premiums	365	232	157			896
	Repair expenses	210	670	380			2,932
	Other	500	500	500			602
	③ Leasing NOI (thousand yen)	97,532	59,342	44,322	124,020	19,256	22,793
	④ Depreciation (thousand yen)	12,782	17,069	11,718	30,957	4,015	3,231
	⑤ Property-related operating income (loss) [(③)-(④)] (thousand yen)	84,750	42,273	32,603	93,063	15,241	19,561
	⑥ Capital expenditures (thousand yen)	19,874	8,788	1,866	7,810	—	4,239
	⑦ Leasing NCF [(③)-(⑥)] (thousand yen)	77,658	50,553	42,455	116,210	19,256	18,554

(Note) ① Property-related operating revenue and ② Property-related operating expenses of fab Minami-Osawa and Niigata Higashibori-dori Parking Building have not been disclosed because consent for disclosure of property-related operating revenue has not been obtained and due to other unavoidable circumstances.

(6) Borrowing Status

The following is the status of borrowing of funds from each financial institution as of August 31, 2014.

	Term	Drawdown date	Balance at beginning of period (million yen)	Balance at end of period (million yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks
	Lender								
Short-term borrowings	Sumitomo Mitsui Banking Corporation	Oct. 10, 2013	8,500,000	8,478,750	0.74645%	Oct. 10, 2014 (Note 5)	(Note 5)	(Note 9)	Secured Unguaranteed (Note 10)
	Aozora Bank, Ltd.		3,000,000	2,992,500					
	Sumitomo Mitsui Trust Bank, Limited		1,000,000	997,500					
	The Bank of Fukuoka, Ltd.		1,000,000	997,500					
	Sumitomo Mitsui Banking Corporation (Note 2)	Oct. 10, 2013	1,550,000	—	1.14652%	Oct. 10, 2014	Bullet repayment		
Subtotal			15,050,000	13,466,250					
Long-term borrowings	Sumitomo Mitsui Banking Corporation	Oct. 10, 2013	5,500,000	5,486,250	1.16976%	Oct. 10, 2016 (Note 6)	(Note 6)	(Note 9)	Secured Unguaranteed (Note 10)
	Shinsei Bank, Limited		5,000,000	4,987,500					
	Aozora Bank, Ltd.		2,000,000	1,995,000					
	Resona Bank, Limited		1,000,000	997,500					
	Sumitomo Mitsui Banking Corporation (Note 3)	Oct. 10, 2013	5,750,000	4,738,125	0.94645%	Oct. 10, 2018 (Note 7)	(Note 7)	(Note 9)	Secured Unguaranteed (Note 10)
	The Mie Bank, Ltd. (Note 3)		—	997,500					
	Aozora Bank, Ltd.		1,000,000	997,500					
	Sumitomo Mitsui Banking Corporation	Oct. 10, 2013	5,750,000	5,735,625	1.38226%	Oct. 10, 2018 (Note 7)	(Note 7)	(Note 9)	Secured Unguaranteed (Note 10)
	Kansai Urban Banking Corporation		1,000,000	997,500					
	Sumitomo Mitsui Banking Corporation (Note 4)	Oct. 10, 2013	2,090,000	1,941,250	1.14645%	Oct. 10, 2019 (Note 8)	(Note 8)		
Subtotal			29,090,000	28,873,750					
Total			44,140,000	42,340,000					

(Note 1) Average interest rate is the borrowing interest rate for the respective loan agreement (weighted average of balance during the period), rounded to five decimal places.

(Note 2) On June 10, 2014, 1,550,000 thousand yen was repaid ahead of schedule.

(Note 3) On April 10, 2014, 997,500 thousand yen of loan obligations was assigned from Sumitomo Mitsui Banking Corporation to The Mie Bank, Ltd.

(Note 4) On June 10, 2014, part of the principal (50,000 thousand yen) was repaid ahead of schedule.

(Note 5) On April 10, 2014, part of the principal (33,750 thousand yen) was repaid, and on October 10, 2014, the remaining balance of principal will be repaid.

(Note 6) Repayment of the principal in installments, with the first repayment on April 10, 2014 and subsequent repayments (33,750 thousand yen) on each of the 10th of every April and October thereafter, until repayment of the remaining balance of principal on October 10, 2016.

(Note 7) Repayment of the principal in installments, with the first repayment on April 10, 2014 and subsequent repayments (16,875 thousand yen) on each of the 10th of every April and October thereafter, until repayment of the remaining balance of principal on October 10, 2018.

(Note 8) Repayment of the principal in installments, with the first repayment on April 10, 2014 and subsequent repayments (98,750 thousand yen) on each of the 10th of every April and October thereafter, until repayment of the remaining balance of principal on October 10, 2019.

(Note 9) The intended use of the funds is to allocate the funds to part of the funds for acquisition of real estate and real estate trust beneficiary rights, as well as related costs.

(Note 10) Properties subject to security are a total of 20 properties including J Tower, SIA Kanda Square, Central Shin-Osaka Building, fab Minami-Osawa and Karasuma Plaza 21.