



## **Presentation Material for the Seventh Fiscal Period (Ended February 2017)**

**April 18, 2017**

Mizuho Financial Group

**Simplex REIT Partners Inc. (Asset Management Company)**

# Table of Contents

## 1 Executive Summary

Summary of Overview of Financial Results and Earnings Forecasts	3
Structural Reform of Operation / Management and Growth Strategy (Overview)	4

## 2 Overview of Financial Results and Earnings Forecasts

Overview of Financial Results:	
Seventh Fiscal Period (Ended February 2017)	7
Factors for Change in Dividends per Unit:	
Seventh Fiscal Period (Ended February 2017)	8
Earnings Forecasts:	
Eighth Fiscal Period (Ending August 2017) and Ninth Fiscal Period (Ending February 2018)	9
Factors for Change in Dividends per Unit:	
Eighth Fiscal Period (Ending August 2017) and Ninth Fiscal Period (Ending February 2018)	10

## 3 Growth Strategy

Structural Reform of Operation/Management announced as of April 14, 2017	13
Growth Target	14
Investment Policy	15
Overview of Preferential Negotiation Rights - Held Property	16
Management Status	17
Efforts toward Maintaining and Increasing Property Value	19
Financial Status	21

## 4 Appendix

About the Sponsor	25
About the SIA Group	27
Statement of Income	29
Balance Sheet	30
Characteristics of SIA REIT	31
Portfolio List	32
Portfolio List - Occupancy Rate	33
Management Status	34
Portfolio Map	36
Overview of Individual Properties	37
Preferential Negotiation Rights - Held Property	42
Lease Business Revenue and Expenditure by Property	47
List of Appraisal Values	50
List of Borrowings	51
Unitholder Status	52
Investment Unit Price	53
Governance System and Management Fee Scheme	54
Overview of SIA REIT	55
Overview of the Asset Management Company	56





# 1 Executive Summary

# Summary of Overview of Financial Results and Earnings Forecasts

Executive Summary

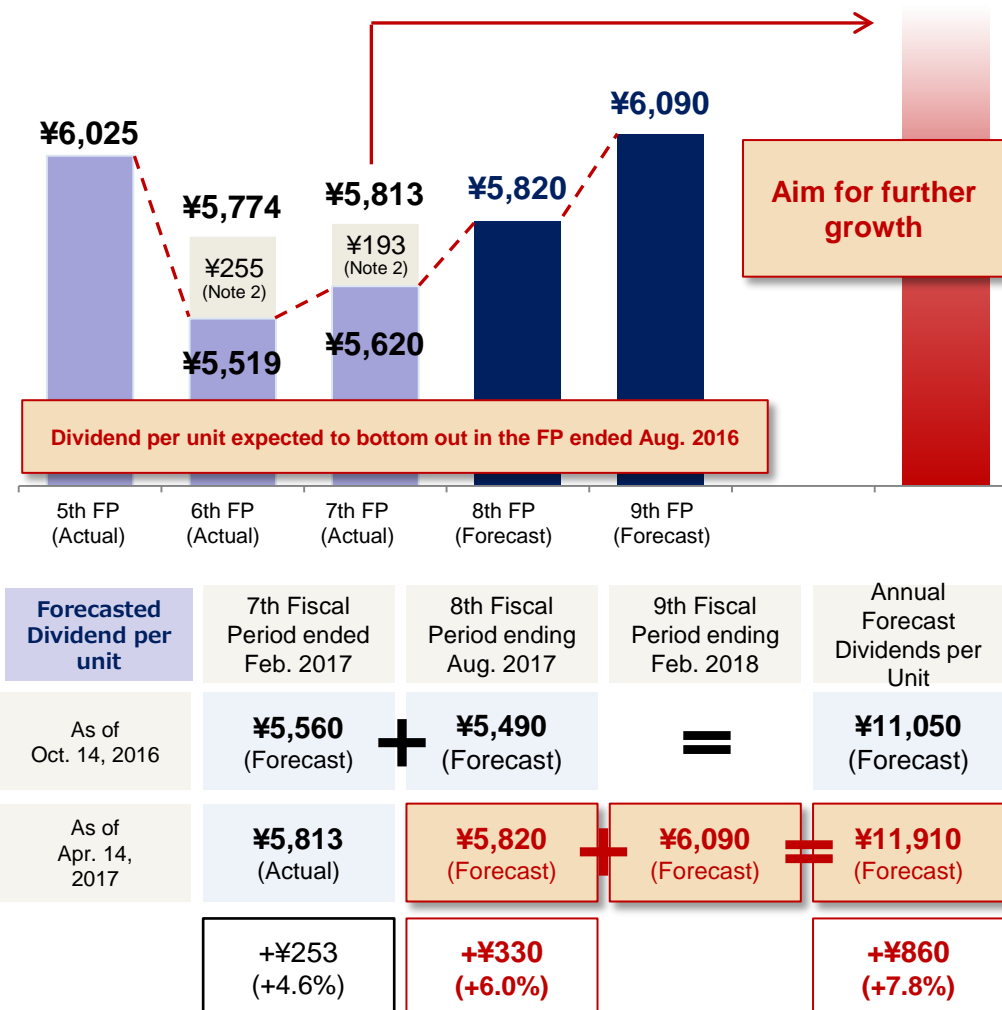
Details are shown on and after page 6

- Dividends per unit (Note 1) for the 7th FP was ¥253 higher (+4.6%) than the earnings forecast and ¥39 higher (+0.7%) compared to the previous period.
- Dividends per unit in earnings forecast is forecasted to be ¥7 higher (+0.1%) compared to the previous period in the 8th FP and ¥270 higher (+4.6%) compared to the previous period in the 9th FP.

## Overview of Financial Results

	Sixth Fiscal Period (Ended Aug. 2016)		Seventh Fiscal Period (Ended Feb. 2017)		Eighth Fiscal Period (Ending Aug. 2017)	Ninth Fiscal Period (Ending Feb. 2018)
	Actual	Most recent forecast	Actual	Forecast		
(Millions of yen)						
Operating revenue	2,967	3,343	3,349	3,454	3,420	
Operating profit	1,177	1,404	1,431	1,412	1,474	
Recurring profit	868	1,053	1,101	1,102	1,154	
Net income	867	1,052	1,100	1,101	1,152	
Dividends per unit (Note 1)	¥5,774 (¥11,549)	¥5,560 (¥11,120)	¥5,813 (¥11,626)	¥5,820	¥6,090	

## Dividends per unit (Note 1)



(Note 1) Since the 2-for-1 split of investment units has been implemented with March 1, 2017 (start of the fiscal period ending August 2017) as the effective date, amounts of "Dividend per unit" in or before the fiscal period ended February 2017 are figures after adjusting with the split. Furthermore, the figures in the parenthesis under amounts of "Dividend per unit" in the table of "Overview of Financial Results" are actual figures before the split of investment units. The same applies hereafter in this document.

(Note 2) The figure is obtained by converting the following "temporary factors" into dividend per unit. [Temporary factors] FP ended Aug. 2016: restoration-related income and expenditure (¥48 million); FP ended Feb. 2017: amount equivalent to taxes and public dues for the newly acquired properties that are no expensed (¥36 million, calculated based on the number of days of ownership of the newly acquired properties in the FP ended Feb. 2017 (175 days)).

Details are shown on and after page 12

## Major Achievements

		6th FP	7th FP
External Growth	Asset size <sup>(Note 1)</sup>	¥74.3 billion (19 properties)	¥89.3 billion (22 properties)
	Ratio of top 10 tenants <sup>(Note 1)</sup>	25.8%	25.7% (-0.1% period-on-period)
	Status of Preferential Negotiation Rights-Held <sup>(Note 1)</sup>	3 properties/ ¥15.8 billion <sup>(Note 2)</sup>	5 properties/ ¥35.2 billion <sup>(Note 2)</sup> (+ ¥19.4 billion period-on-period)
Internal Growth	Portfolio occupancy rate <sup>(Note 1)</sup>	94.0%	98.3% (+4.3% period-on-period)
	Rent increase <sup>(Note 3)</sup>	+ ¥2,191 thousand/ month	+¥642 thousand/month
Financial Strategy	Collateral Status <sup>(Note 1)</sup>	Secured	Unsecured
	External credit rating <sup>(Note 1)</sup>	— (Not acquired)	JCR/ Single A (stable)
	LTV <sup>(Note 1)</sup>	51.8%	51.3% (-0.5% period-on-period)
	Average interest rate <sup>(Note 1)</sup>	1.089%	0.853% (-0.236% period-on-period)

(Note 1) Statues at the end of each fiscal period are indicated.

(Note 2) The number of properties for which SIA REIT holds preferential negotiation rights at the end of each fiscal period and the total of minimum purchase prices are indicated. The subject properties for each fiscal period are: for the fiscal period ended August 2016, Daihakata Building, Daido Life Omiya Building and Yamagami Building; and for the fiscal period ended February 2017, Tokyo Parkside Building and Higobashi Center Building in addition to the three properties mentioned for the fiscal period ended August 2016. For the minimum purchase price of each property, please refer to the table under "Properties for which Preferential Negotiation Rights are Acquired" on page 16 of this document.

(Note 3) The amounts indicated are figures obtained by, concerning lease contract renewals or contracts under effective rent revision, aggregating net increase/decrease, which is calculated by subtracting the total of decreased amounts from the total of increased amounts before/after the renewals or rent revisions. (Based on monthly rent.)

## Structural Reform of Operation / Management for Further Growth in the Future

### 1. Change in the management team with personnel from Mizuho <sup>(Note 4)</sup>

Accelerating growth through reinforced cooperation with Mizuho

### 2. Change in the name of the investment corporation <sup>(Note 5)</sup>

One REIT, Inc. ("ONE")

### 3. Lowering the upper limit of the management fee <sup>(Note 5)</sup>

Reflecting attitude towards "growth of REIT"

## Growth Strategy (Overview)

1. Continuous growth of dividends
2. Disciplined external growth considering the portfolio and financial structure

### External

- ✓ Continue stance of "selective investment"  
→Intends to revise investment standards as well as expand and diversify information routes

### Internal

- ✓ Realizing "safety," "comfort" and "convenience" from tenants' viewpoint
- ✓ Pursuing "functionality / design" and "optimal cost"

### Financial

- ✓ Appropriate control of LTV
- ✓ Work to reduce financial costs

(Note 4) The appointment of the Representative Director of the Asset Management Company is based on the conditions that the person is elected (reappointed) as Director at the Ordinary General Meeting of Shareholders of the Asset Management Company to be held in June 2017 and that the person assumes the office of President and Representative Director at the Board of Directors Meeting to be held after the Ordinary General Meeting of shareholders. Furthermore, the appointment of the Executive Director of SIA REIT is also based on the condition that the proposal on the election of the Executive Director is approved at the General Meeting of Unitholders of SIA REIT (to be held on May 23, 2017; hereinafter, the "Next General Meeting of Unitholders") as originally proposed.

(Note 5) This is on the condition that the proposal on the amendments to the Articles of Incorporation is approved at the Next General Meeting of Unitholders as originally proposed.

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## 2

# Overview of Financial Results and Earnings Forecasts

Overview of financial results:

The seventh fiscal period (ended February 2017)

Earnings forecasts:

The eighth fiscal period (ending August 2017) and  
the ninth fiscal period (ending February 2018)



## Comparison with Previous Period and Earnings Forecast

(Million of yen)	A: Sixth fiscal period (Ended Aug. 2016) Actual	B: Seventh fiscal period (Ended Feb. 2017) Forecast	C: Seventh fiscal period (Ended Feb. 2017) Actual	Comparison with previous period C - A	Comparison with forecast C - B
Operating revenue	2,967	3,343	3,349	+381	+6
Lease business revenue	2,577	3,013	3,019	+441	+6
Other lease business revenue	386	329	328	-58	-0
Dividends received	3	0	0	-2	+0
Expenses related to rent business (excludes depreciation)	1,060	1,138	1,131	+71	-7
Leasing NOI	1,904	2,204	2,217	① +312	① +13
Depreciation	450	503	498	② +48	② -4
General and administrative expenses	279	296	287	③ +7	③ -8
Operating profit	1,177	1,404	1,431	④ +254	+26
Recurring profit	868	1,053	1,101	+233	+47
Net income	867	1,052	1,100	+233	+47
Dividends per unit	¥5,774 (¥11,549)	¥5,560 (¥11,120)	¥5,813 (¥11,626)	+¥39 (+0.6%)	+¥253 (+4.6%)
Period-end appraisal value	79,190		95,673	+16,483	
LTV (Note 1)	51.8%		51.3%	-0.5%	
NAV per unit (Note 2)	¥254,000		¥249,000	-¥5,000	

(Note 1) LTV (%) is calculated with the formula [Period-end balance of interest-bearing debt ÷ Period end total assets] and is rounded to the first decimal place.

(Note 2) Figures are calculated by dividing the sum of the period-end unitholders' capital and unrealized gain on real estate (the sum of the differences of appraisal value and book value for the properties owned as of the end of each period) by the period-end outstanding number of investment units. Amounts are rounded down to the nearest thousand yen. Moreover, the value taking into consideration the impact of 2-for-1 split of investment units implemented with March 1, 2017 (beginning of eighth fiscal period) as the effective date is indicated for the 6th FP.

(Note 3) Amounts are rounded down to the nearest million yen.

- At the beginning of the period, implemented additional issuance of investment units and newly acquired three properties. Partly due to decrease in financial costs, **dividends per unit were ¥39 higher (+0.6%) compared to the previous period.**
- Even when compared to the earnings forecast, achieved **¥253 increase (+4.6%) of dividends per unit.**

## Comparison with Actual Performance of the Sixth Fiscal Period (Ended August 2016) and Seventh Fiscal Period (Ended February 2017)

Amount of Profit Change

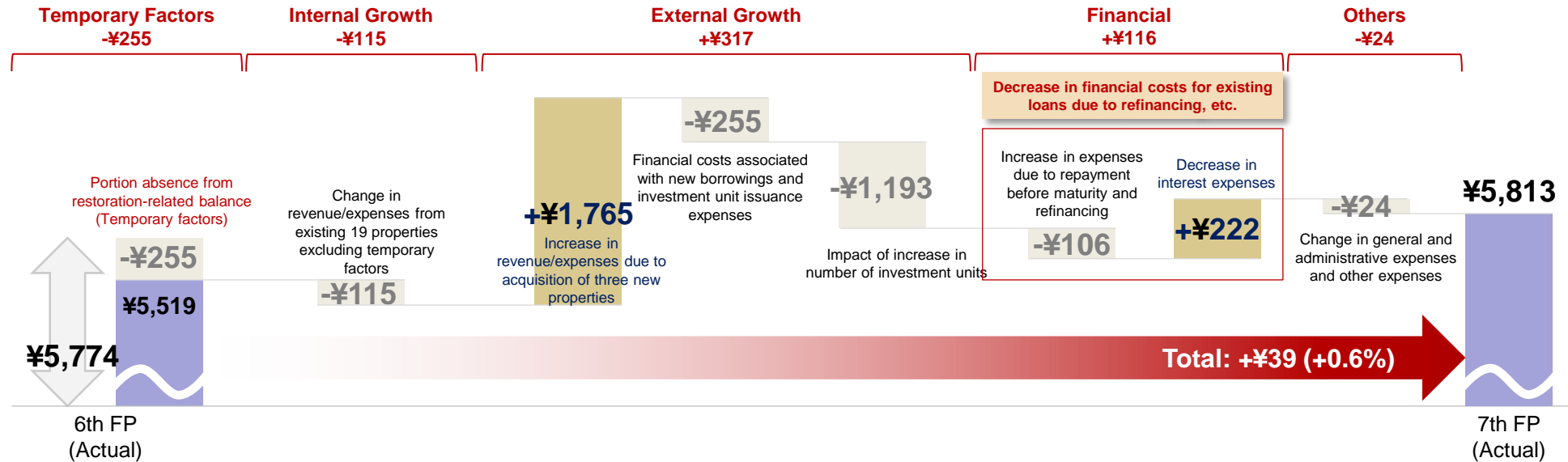
① <b>Change in Leasing NOI</b>	<b>+¥312 million</b>
Increase due to acquisition of three new properties	+¥376 million
Change in existing 19 properties	-¥63 million
(Loss of restoration-related balance recorded in the previous period)	(-¥48 million)
② <b>Increase in depreciation</b>	<b>-¥48 million</b>
③ <b>Increase in general and administrative expenses</b>	<b>-¥7 million</b>
④ <b>Change in finance-related costs</b>	<b>-¥26 million</b>
Increase in financial costs due to new borrowings	-¥48 million
Change in financial costs due to repayment of existing loans before maturity and refinancing	+¥21 million

## Comparison with Forecast and Actual Performance of the Seventh Fiscal Period (Ended February 2017)

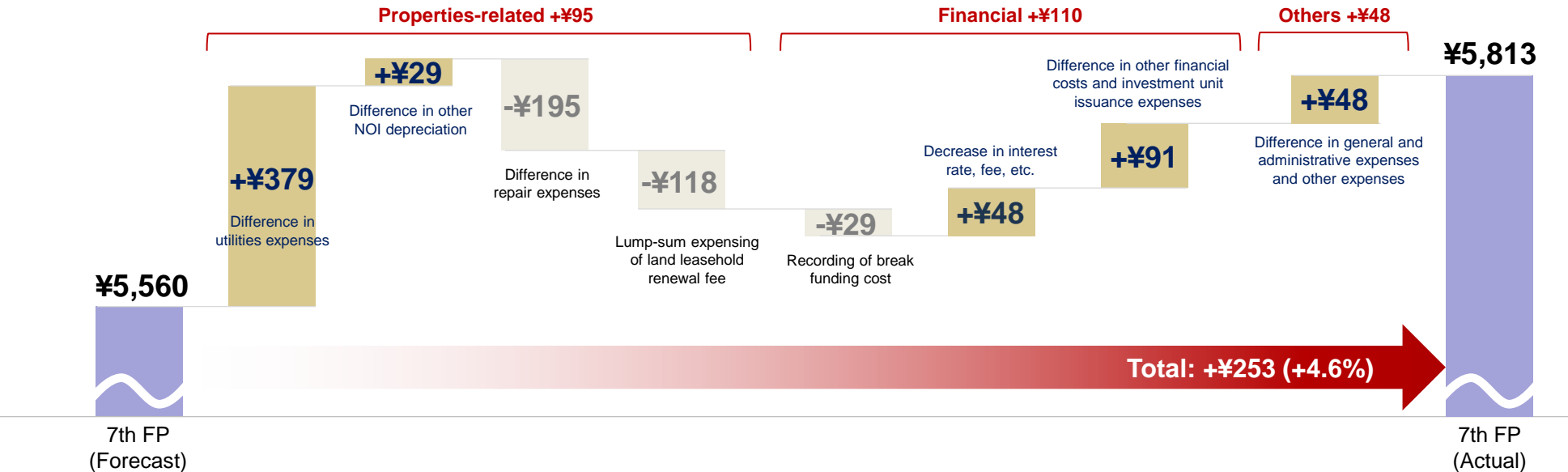
① <b>Difference in Leasing NOI</b>	<b>+¥13 million</b>
Difference in utilities expenses	+¥71 million
Difference in repair expenses	-¥39 million
Lump-sum expensing of land leasehold renewal fee	-¥22 million
② <b>Difference in depreciation</b>	<b>+¥4 million</b>
③ <b>Difference in general and administrative expenses</b>	<b>+¥8 million</b>
④ <b>Difference in finance-related costs</b>	<b>+¥20 million</b>



## Comparison with previous period (6th FP)



## Comparison with earnings forecast (7th FP)



# Earnings Forecasts

## Eighth Fiscal Period (Ending August 2017) and Ninth Fiscal Period (Ending February 2018)

- For the Eighth Fiscal Period (ending August 2017), dividends per unit are forecasted to increase by managing expensing of fixed asset and city planning tax and increase in management fee through utilization of full-period contribution of revenues from major tenants of J Tower.
- For the Ninth Fiscal Period (ending February 2018), dividends per unit are forecasted to increase by ¥270 (+4.6%) from the previous period due to factors such as lowering of asset management fee and decrease in financial costs. The near-term goal of reaching “dividends per unit of ¥6,000” is forecasted to be achieved

(Million of yen)	Seventh fiscal period (Ended Feb. 2017) Actual	Eighth fiscal period (Ending Aug. 2017) Forecast	Comparison	Ninth fiscal period (Ending Feb. 2018) Forecast	Comparison
Operating revenue	3,349	3,454	+105	3,420	-33
Lease business revenue	3,019	3,104	+84	3,077	-26
Other lease business revenue	328	350	+21	342	-7
Dividends received	0	0	-0	0	+0
Expenses related to rent business (excludes depreciation)	1,131	1,162	+31	1,140	-21
Leasing NOI	2,217	2,291	① +74	2,279	① -12
Depreciation	498	507	+8	521	② +13
General and administrative expenses	287	372	② +84	284	③ -88
Operating profit	1,431	1,412	-19	1,474	+62
Recurring profit	1,101	1,102	③ +1	1,154	④ +51
Net income	1,100	1,101	+1	1,152	+51
Dividends per unit	¥5,813	¥5,820	+¥7 (+0.1%)	¥6,090	+¥270 (+4.6%)
Period-end occupancy rate	98.3%	98.0%	-0.3%	97.4%	-0.6%

### Comparison with Forecast of the Eighth Fiscal Period (Ending August 2017) and Actual Performance of the Seventh Fiscal Period (Ended February 2017)

		Amount of Profit Change
Revenue	① Increase in Leasing NOI	+¥74 million
	Increase in rent and common space charges	+¥79 million
	(of which, contribution by J Tower)	(+¥57 million)
	Increase in utilities revenue	+¥24 million
Expense	Increase in utilities expenses	-¥57 million
	Decrease in repair expenses	+¥39 million
	Expensing of fixed asset and city planning tax of newly acquired properties	-¥38 million
	Absence of land of leasehold renewal fee	+¥22 million
② Increase in general and administrative expenses		-¥84 million
Increase in asset management fee		-¥45 million
Increase in other expenses (recording of expenses related to general meeting of unitholders and increase in IR costs)		-¥23 million
③ Decrease in finance-related costs		+¥10 million
Break funding associated with early repayment		+¥13 million
Absence of lump-sum expensing of cost and fee		

### Comparison of Forecast for the Ninth Fiscal Period (Ending February 2018) with Forecast for the Eighth Fiscal Period (Ending August 2017)

① Decrease in Leasing NOI	-¥12 million
② Increase in depreciation	-¥13 million
③ Decrease in general and administrative expenses	+¥88 million
Lowering of asset management fee	+¥48 million
Decrease in other expenses	+¥21 million
④ Decrease in finance-related costs	+¥5 million

# Factors for Change in Dividends per Unit |

Eighth Fiscal Period (Ending August 2017) and Ninth Fiscal Period (Ending February 2018)

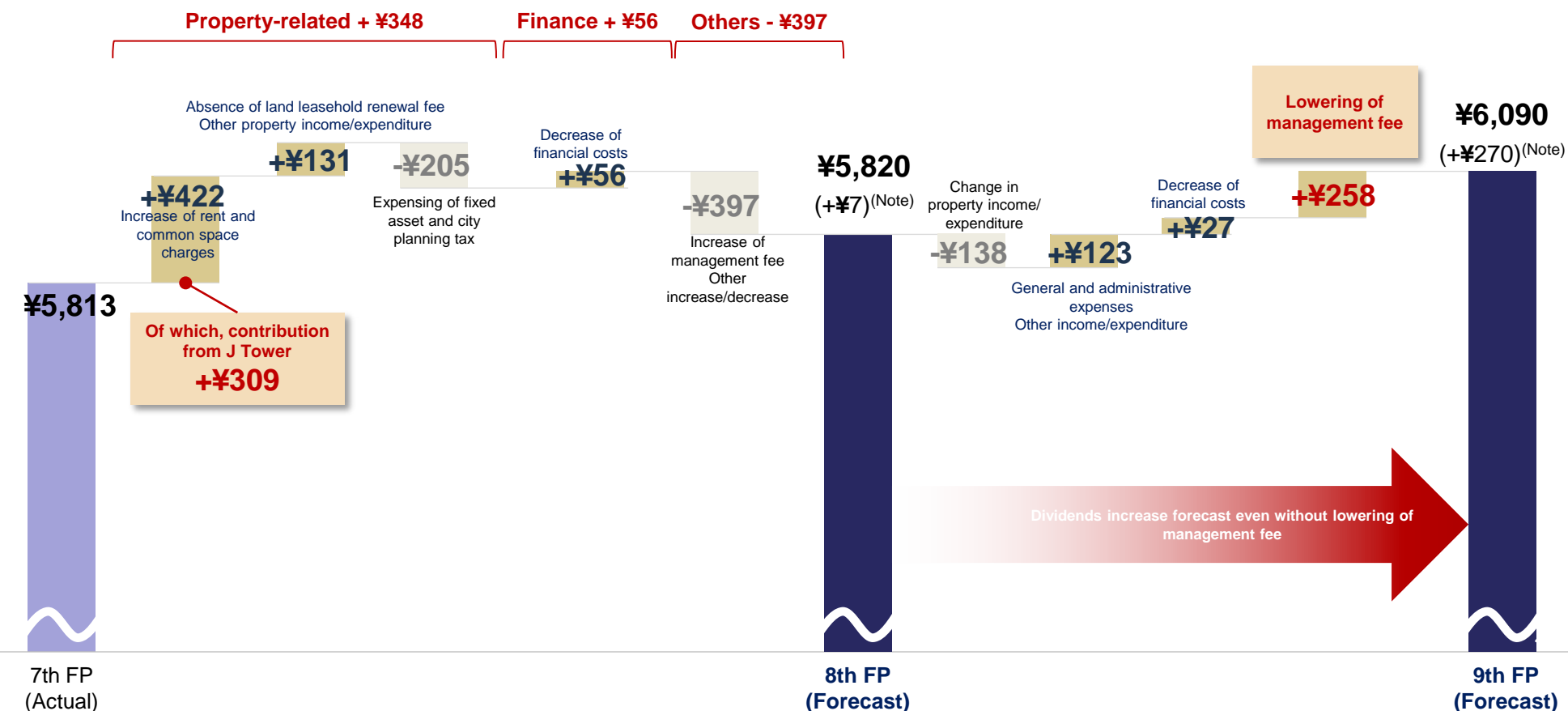
Overview of Financial Results and  
Earnings Forecasts

Dividend forecast for the fiscal period ending August 2017: **5,820 (+¥7 period-on-period)**

Despite "expensing of fixed asset and city planning tax" and "increase in management free," dividends are expected to increase due to the increase in rent income and such.

Dividend forecast for the fiscal period ending February 2018: **¥6,090 (+¥270 period-on-period)**

Aim for further increase to achieve **annual dividends of ¥12,000**



(Note) Figures in the parenthesis indicate period-on-period changes of dividend per unit.

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### 3 Growth Strategies

## 1. Change in the management team with personnel from Mizuho<sup>(Note 1)</sup>

### ✓ Accelerating growth through reinforced cooperation with Mizuho

- President of the Asset Management company and Executive Director of SIA REIT are scheduled to be replaced with persons from Mizuho Trust & Banking Co., Ltd.
- Accelerate the growth of SIA REIT by further deepening partnership with Mizuho Trust & Banking Co., Ltd. and Mizuho Financial Group, Inc. while taking advantage of their abundant track record and experience in real estate and real estate securitization.

Koji Hashimoto	<p>[Career summary of candidate]</p> <p>Apr. 1988: Joined The Yasuda Trust &amp; Banking (Currently Mizuho Trust &amp; Banking Co., Ltd.)</p> <p>Oct. 2013: Appointed General Manager of Real Estate Consulting Department of Mizuho Trust &amp; Banking Co., Ltd.</p> <p>Nov. 2015: Appointed Director of Simplex REIT Partners Inc. (current)</p> <p>June 2017: Appointed Executive Director of SIA, REIT, Inc. (planned)</p> <p>Appointed President and Representative Director of Simplex REIT Partners Inc. (planned)</p>
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## 2. Change in the name of the investment corporation<sup>(Note 2)</sup>

### ✓ One REIT, Inc. ("ONE")

- Understanding the value infused in the corporate philosophy ("The most (number one) trusted financial services group," "The best (number one) financial services provider" and "The most (number one) cohesive financial services group") of Mizuho Financial Group, Inc. to which the sponsor (Mizuho Trust & Banking Co., Ltd.) belongs, as universal value, the name shows determination **to jointly aim for maximization of unitholder value by sharing the value** among **SIA REIT, the Asset Management Company and the sponsor** under "One."
- The name reflects our desire to **become "unique" and the "sole" REIT** in the increasingly competitive REIT market.

## 3. Lowering of Upper Limit on Management Fee<sup>(Note 2)</sup>

### ✓ Reflecting the attitude towards the growth of REIT

- Lowering of upper limit on management fee by 0.10% **from 0.55% (annual rate) to 0.45% (annual rate)** (to be applied from the ninth fiscal period ending February 2018) in light of financial stability, etc. of the Asset Management Company.
- **Reflect the approach** of the sponsor and Asset Management Company **towards "growth of REIT."**
- Impact of lowering the upper limit on dividend per unit is equivalent to +258 yen period-on-period for the ninth fiscal period ending February 2018.

(Note 1) The appointment of the Representative Director of the Asset Management Company is based on the conditions that the person is elected (reappointed) as Director at the Ordinary General Meeting of Shareholders of the Asset Management Company and that the person assumes the office of President and Representative Director at the Board of Directors Meeting to be held after the Ordinary General Meeting of Shareholders. Furthermore, the appointment of the Executive Director of SIA REIT is also based on the condition that the proposal on the election of the Executive Director is approved at the Next General Meeting of Unitholders of SIA REIT as originally proposed.

(Note 2) This is based on the condition that the proposal on the amendments to the Articles of Incorporation is approved at the Next General Meeting of Unitholders as originally proposed.

Target dividends

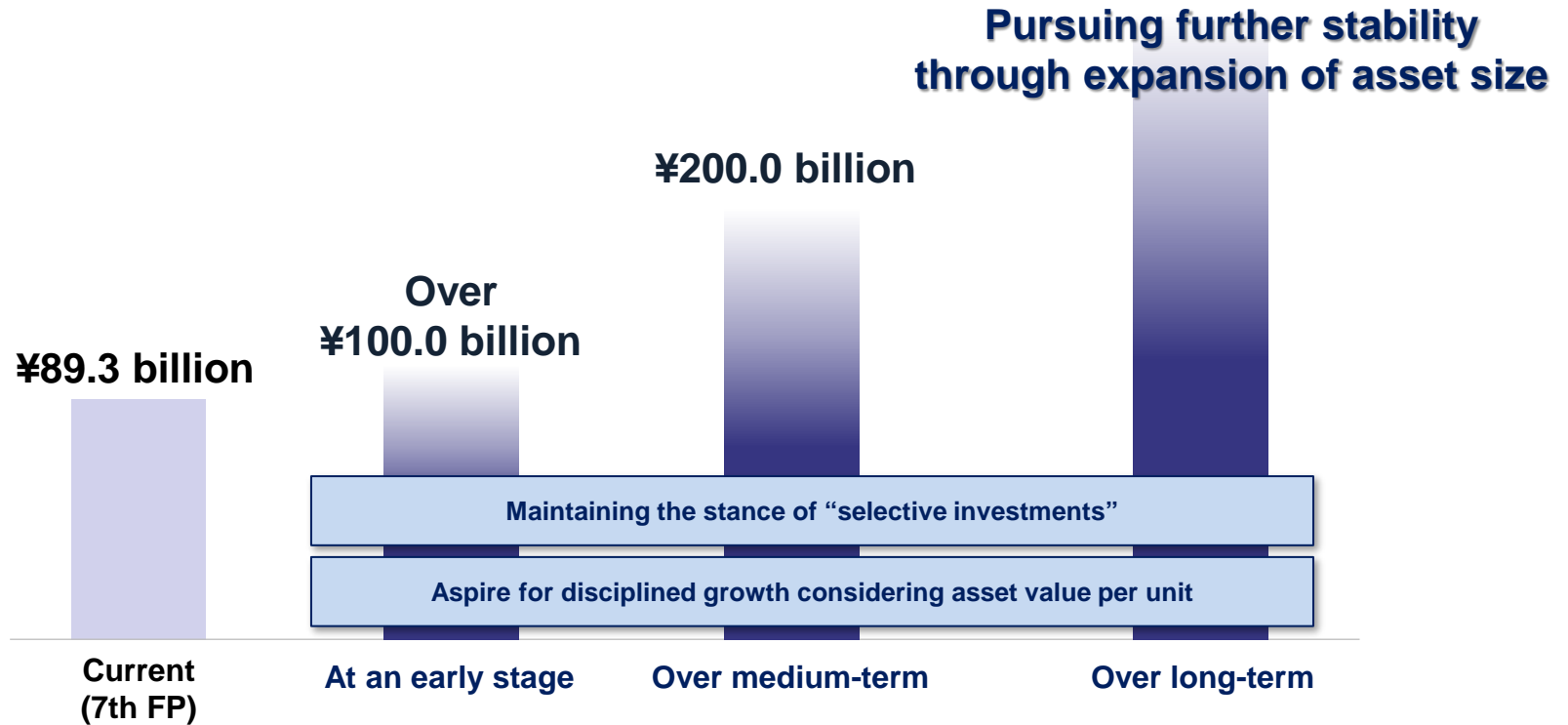
## 1. Continuous growth of dividends

→ Aim for further increase of dividends eyeing to achieve annual dividends per unit of ¥12,000 in ninth fiscal period (ending Feb. 2018)

Target asset size

Acquisition policy

Equity finance



LTV

51.3%

Average interest rate

0.853%

Credit Ratings

Single A

Aim for less than 50%

Aim for further reduction

Aim to improve rating

**2. Disciplined external growth considering portfolio and financial structure**

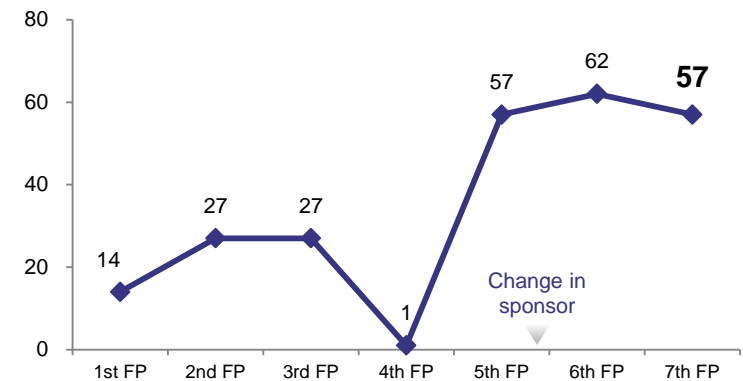
## External Growth Target

**Aim to achieve an asset size of ¥100 billion at an early stage (target: about 1 year) and of ¥200 billion over medium-term (target: by 2020)**

## Policy for Initiatives

<p><b>Continuing “Selective acquisition”</b></p>	<p>(Current status)</p> <ul style="list-style-type: none"> <li>Examining property location and building specification sufficiently</li> </ul> <div data-bbox="513 561 1245 782"> <p><b>Considering specific policies of “Selective acquisition”</b></p> <p>✓ Considering clarification of policies that were taken into consideration from before concerning “area” and “location” in investment standard</p> </div>
<p><b>Utilization of sponsor</b></p>	<p>(Current status)</p> <ul style="list-style-type: none"> <li>Various property information based on Mizuho’s vast customer base</li> <li>Secure candidate properties by utilizing flexible bridge funds and bridge functions based on the credibility of sponsor</li> </ul> <div data-bbox="513 1021 1245 1213"> <p><b>Discussion and consideration of a more effective utilization method</b></p> <p>✓ Consider method of securing pipeline which utilizes the strengths of sponsor</p> </div>

## Number of properties whose information was provided through Mizuho Trust & Banking



## Current consideration status

As of late (April 5, 2017), we are continuing to consider seven office buildings of mainly middle-sized class (totaling approx. ¥24.8 billion)



## Preferential Negotiation Rights-Held Properties

(Millions of yen)

Property name	Minimum purchase price (Note 1)	Period allowed for sale
Daihakata Building	10,650	September 1, 2016 to March 30, 2018
Daido Life Omiya Building	3,000	March 1, 2017 to May 20, 2018
Yamagami Building	2,200	March 1, 2017 to May 20, 2018
Tokyo Parkside Building	10,450	March 1, 2018 to March 31, 2019
Higobashi Center Building	8,930	March 1, 2018 to March 31, 2019
<b>Five properties total</b>	<b>35,230</b>	
<b>Total acquisition price of existing 22 properties</b>	<b>89,359</b>	(Note 1) Represent the lowest price of the acquisition price range of each property.
<b>27 properties total</b>	<b>124,589</b>	(Note 2) SIA REIT has not decided to acquire the properties for which preferential negotiation rights have been acquired there is no guarantee that SIA REIT can acquire these properties.

## Overview of Preferential Negotiation Rights-Held Properties

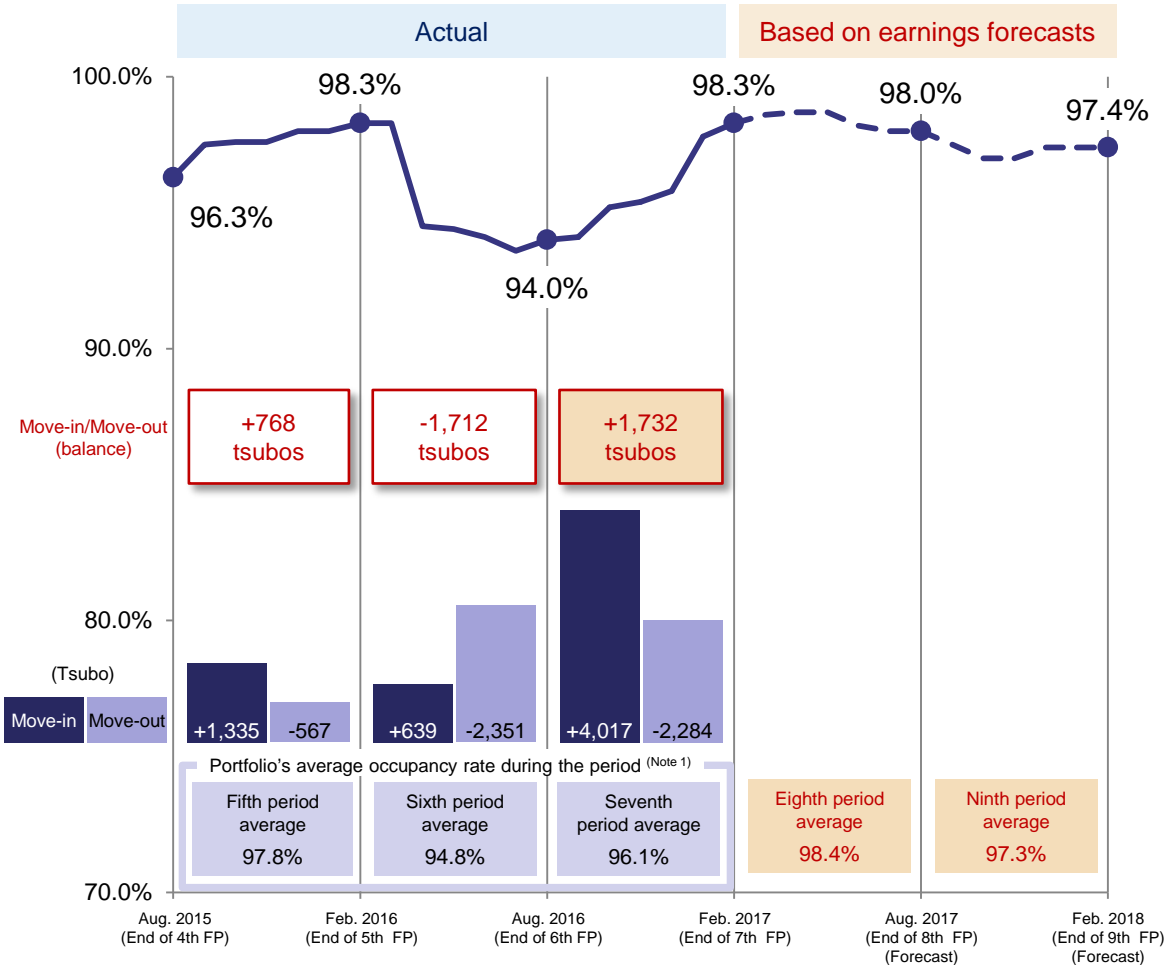
Property name	Daihakata Building	Daido Life Omiya Building	Yamagami Building	Tokyo Parkside Building	Higobashi Center Building
Photo					
Asset type	Office building	Office building	Office building	Office building	Office building
Support status <sup>(Note 3)</sup>	Mizuho Trust & Banking Co., Ltd., SRM <sup>(Note 4)</sup>	SRM <sup>(Note 4)</sup>	Mizuho Trust & Banking Co., Ltd., SRM <sup>(Note 4)</sup>	SRM <sup>(Note 4)</sup>	SRM <sup>(Note 4)</sup>
Location	Hakata Ward, Fukuoka City, Fukuoka	Omiya Ward, Saitama City, Saitama	Toshima Ward, Tokyo	Koto Ward, Tokyo	Nishi Ward, Osaka City, Osaka
Completed	August 1975	October 1991	September 1991	September 1991	September 1977
Number of Floors	B3/14F	8F	B2/8F	B1/14F	B2/18F

(Note 3) For “Support status,” in the case of obtaining property sale information or bridge fund composition know-how, etc. based on sponsor support agreement, the providing sponsor or supporting companies are listed.

(Note 4) SRM refers to Simplex Real Estate Management Inc., the supporting company.

- Portfolio occupancy rate improved to a high standard (98.3%) due to refilling the vacated spaces at J Tower.

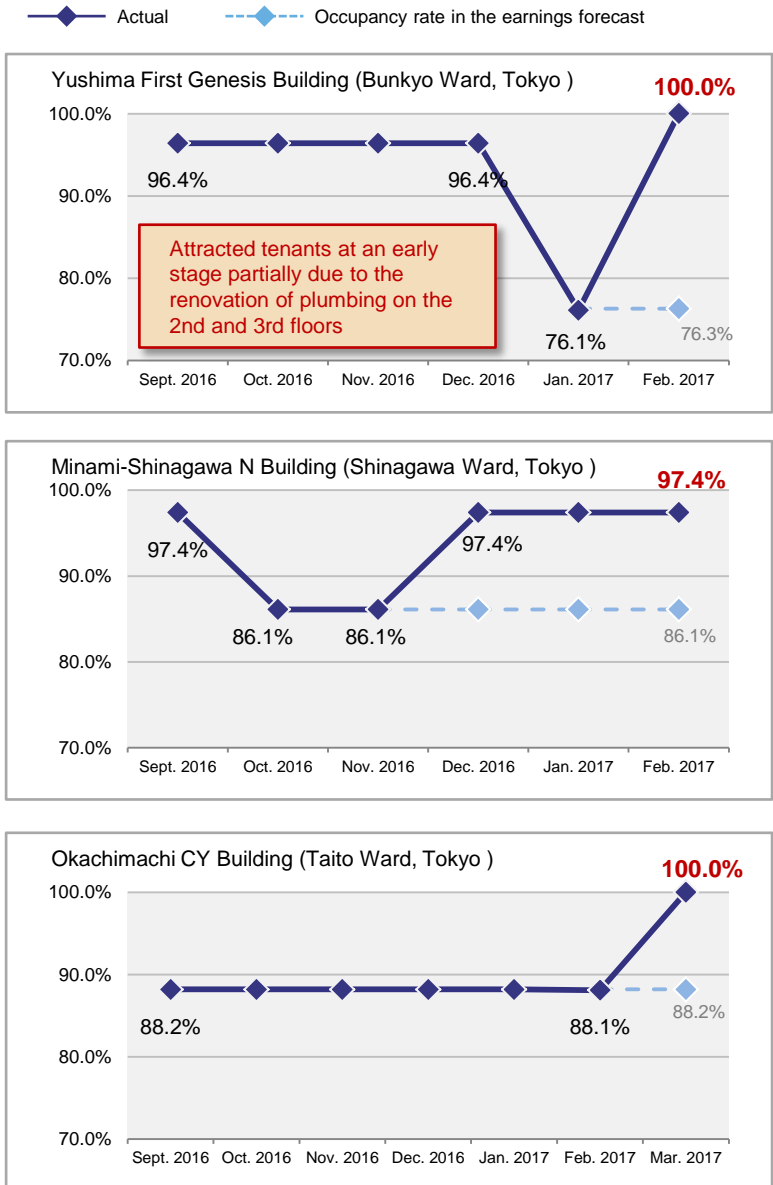
## Portfolio occupancy rate



(Note 1) The average occupancy rate during the period (%) is calculated with the formula [Sum of total leased floor area as of the end of each month ÷ Sum of total leasable floor area as of the end of each month] and is rounded to the first decimal place.

(Note 2) The forecast figures are calculated based on the assumptions of the earnings forecasts and may vary due to the progress in leasing, new move-out of tenants and other factors.

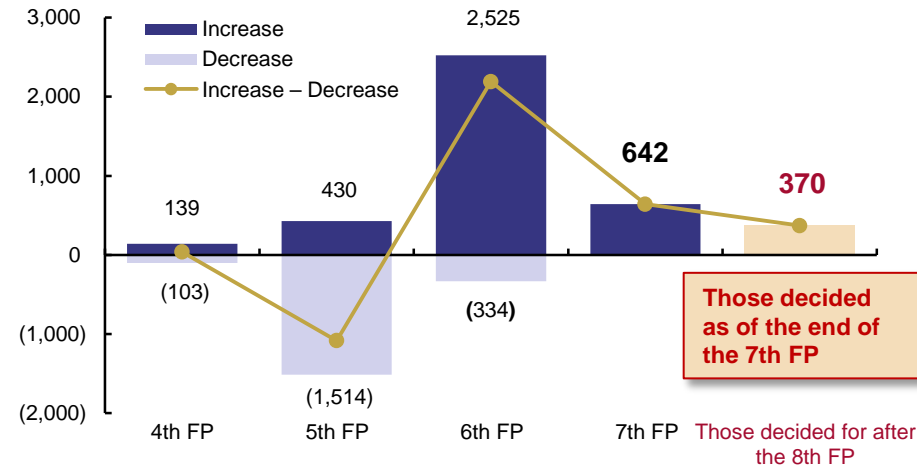
## Actual results of focused properties for leasing



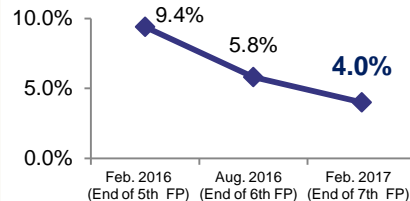
- Upward revisions continued in the 7th FP and monthly rent market net increase. There are already cases of upward revisions from contract revisions that will become effective from the 8th period.
- Number of upward revisions increased steadily in the 7th FP with no downward rent revision.

## Amount of Change in Revised Rents (Based on monthly rent)

(Thousands of yen)

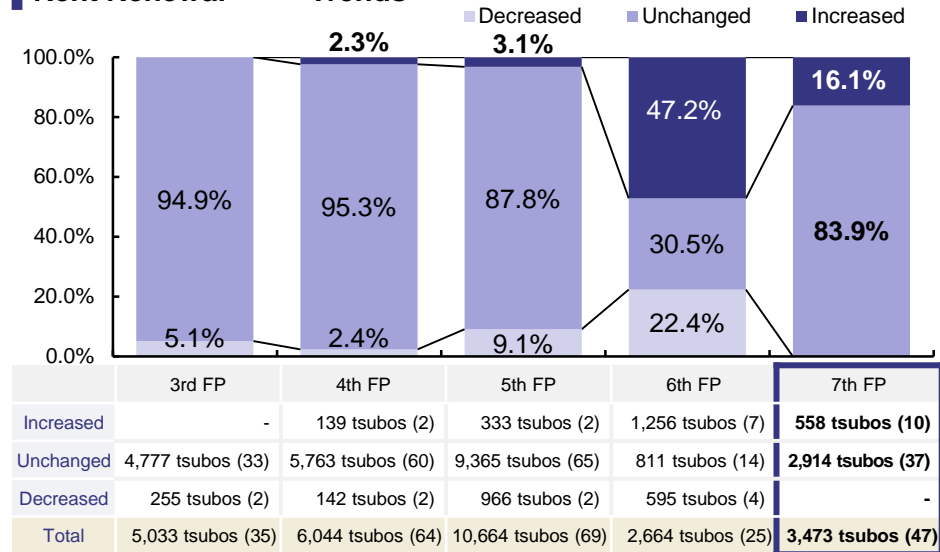


### Rent gap of overall portfolio (Office)

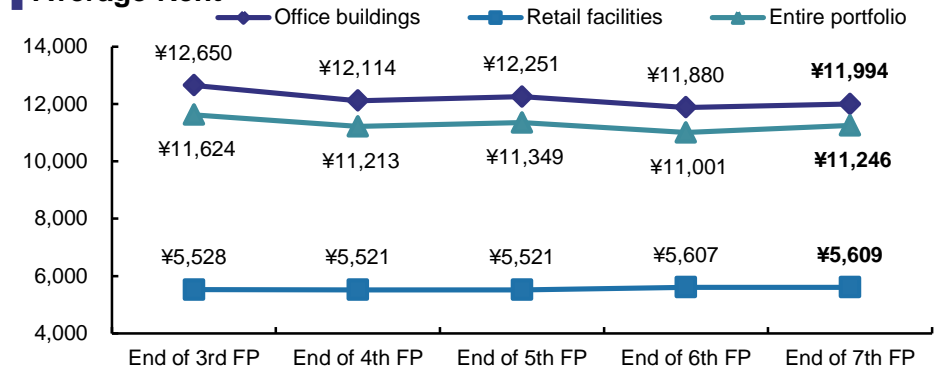


The gap between existing rent and market rent gradually decreased while upward rent revisions progressed

## Rent Renewal Trends



## Average Rent



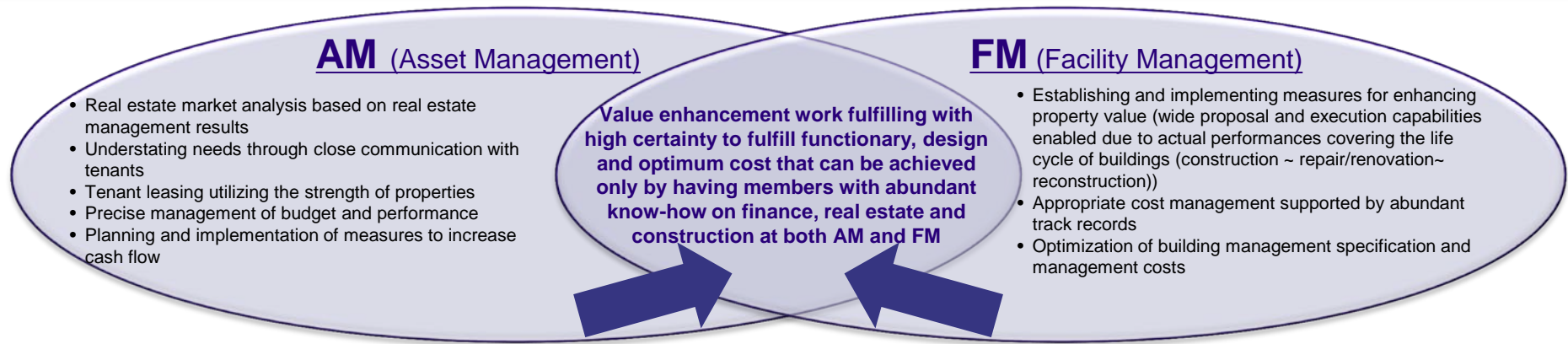
(Note 1) The new expected contracted rent of each property assessed by CBRE (median when assessed by range) is used as the market rent and the divergence rate between the total value of monthly income based on contracted rent of existing tenants and the total value of monthly income based on market rent is used as the rent gap. Moreover, the rent at the end of the 7th FP is calculated based on the amount assessed at the end of February 2017, and the rent at the end of the 5th FP and 6th FP is calculated based on the amount assessed at the end of February 2016.

(Note 2) With regard to lease agreements that were updated or whose rent revisions had become effective during each period, the increase and decrease of rents before and after the update, floor area (tsubos) of the measures and number of tenants were tallied. The figures in parenthesis within the table indicate number of tenants. The ratios in the above graph are calculated based on floor area.

(Note 3) "Average Rent" is calculated by dividing the sum of each tenant's monthly rent and the common space charges indicated in their lease agreements by the leased floor space and does not include floor area in which lease agreements are yet to begin or where lease agreements are not yet concluded.

## Viewpoint of enhancing property value: Maximization of "tenant satisfaction" and "unitholder value"

- Pursuing **"safety," "comfort" and "convenience"** from tenants viewpoint
- Pursuing **"functionality/design" and "optimal cost"** through integrated operation of Asset Management and Facility Management



## Example of efforts ~ Renewal of air conditioning at Karasuma Plaza 21

**Result of tenant satisfaction survey**

- ✓ There were many voices requesting the improvement of "setting and management of air conditioning temperature and humidity"

**Monitor existing facilities**

- ✓ Maintenance and repair costs were on an upward trend due to aging

**Create plans through integrated efforts of AM and FM**

- Select the most appropriate air conditioning system by considering life cycle cost, convenience, cost effectiveness, etc.
- Make work plans to minimize the impact on tenants

**Effect of renewing air conditioning**

**<Enhancement of functionality>**

- ✓ Enhancement of tenant satisfaction and building specifications by introducing **individual air conditioning** (and increase in competitiveness upon leasing)
- ✓ Progress of **energy saving**: Reduction of CO2 and other emissions and water usage

**<Pursuit of optimal cost>**

- ✓ Effect of **cost reduction by ¥650 million per year**<sup>(Note)</sup>

**Further pursuit of tenant satisfaction**

A space is expected to be made on the rooftop due to the removal of devices that were used for air conditioning before renewal.  
**Value enhancement plans such as establishment of refresh space are being considered**

Scheduled to be removed



(Note) The figure is an estimated value calculated by Simplex REIT Partners Inc., the Asset Management Company, and may differ from the actual amount reduced.



# Efforts Toward Maintaining and Increasing Property Value

- Asset manager and facility manager jointly planned and implemented value enhancement work focusing on “safety,” “comfort” and “convenience” of buildings

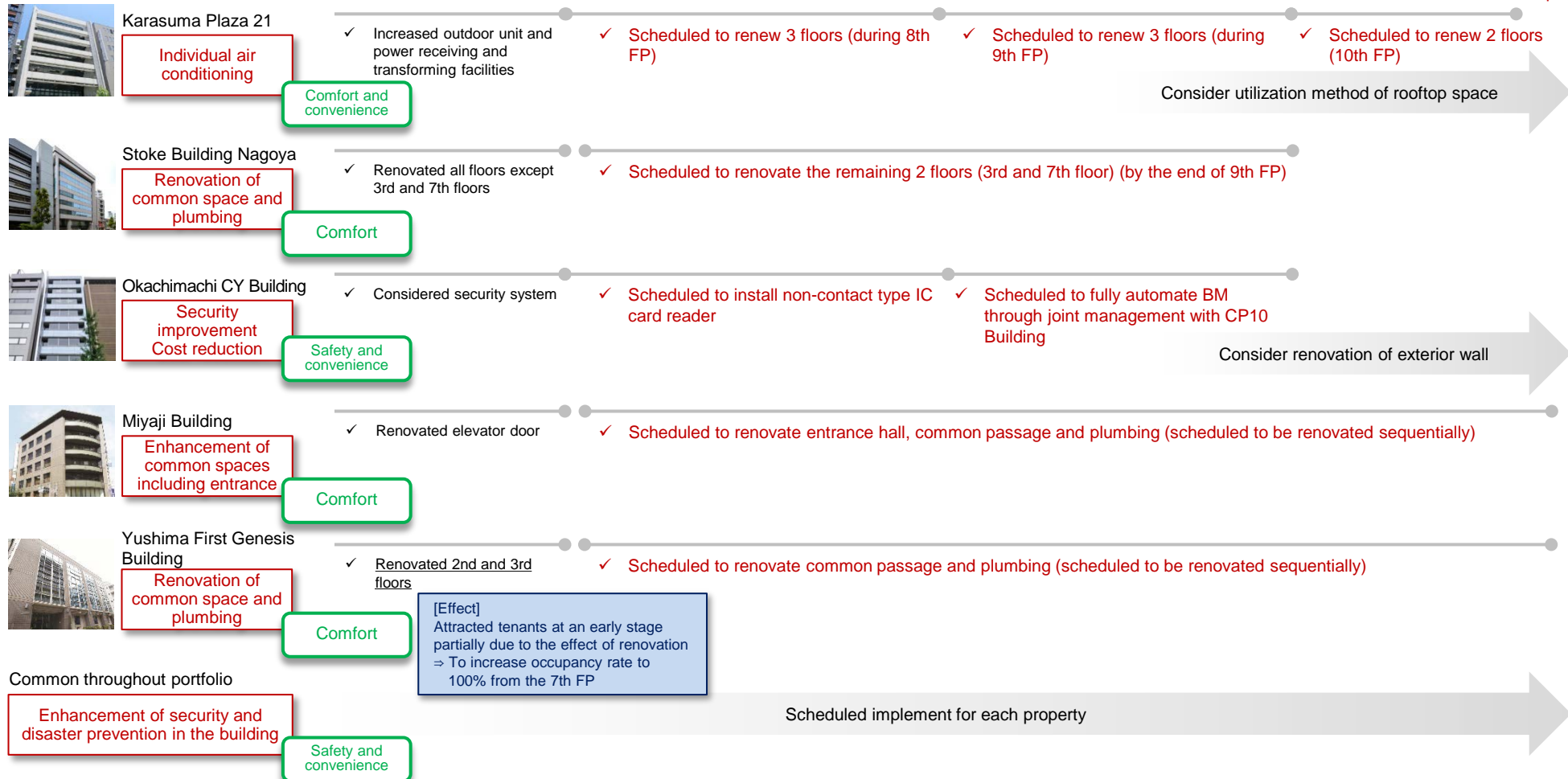
## Value-enhancement work plans (extract) (Note)

Until 7th FP  
(Ended February 2017)

Plan for 8th FP (Ending August 2017) and 9th FP (Ending February 2018)

Plan in and after 10th FP  
(Ending August 2018)

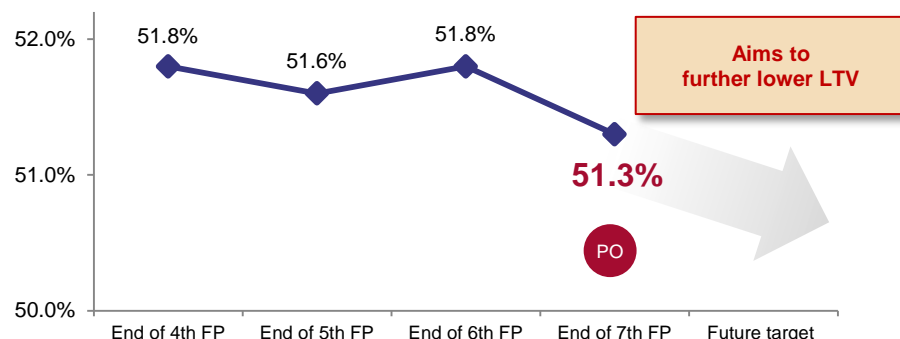
Scheduled completion



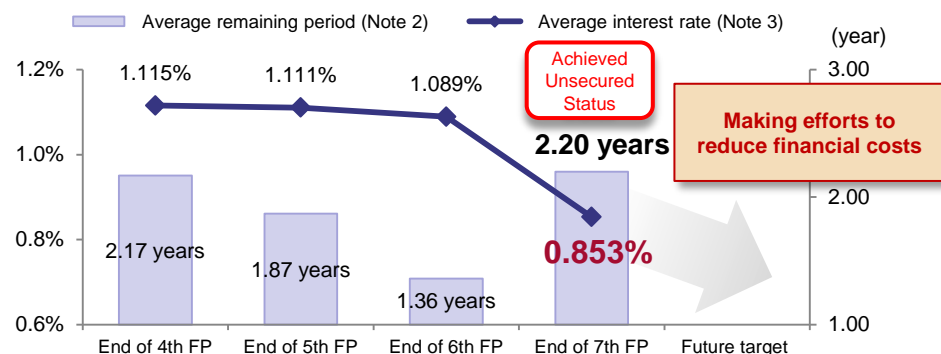
(Note) The plan is as of the date of this document and the content of construction work may be changed or cancelled due to revision of plan in the future and other factors.

- Succeeded in reducing average interest rate while aiming to extend borrowings and fix interest rates through new debt financing and refinancing in September 2016
- Aims to further strengthen financial base such as lowering LTV, maintaining and improving fixed-interest borrowings rate and improving rating

## LTV (interest-bearing debt ratio) (Note 1)



## Average interest rate / Average remaining period



(Note 1) LTV (%) is calculated with the formula [Period-end balance of interest-bearing debt ÷ Period-end total assets] and is rounded to the first decimal place.

(Note 2) The average remaining period is calculated by seeking the weighted average of remaining period as of the end of each period according to the balance of interest-bearing debt and is rounded down to the second decimal place.

(Note 3) The average interest rate is calculated by seeking the weighted average of interest rate as of the end of each period according to the balance of interest-bearing debt and is rounded down to the third decimal place. Amortization such as for upfront fees are not included.

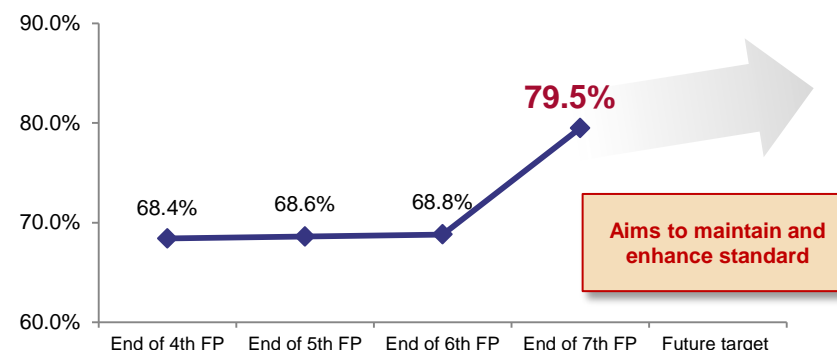
## Status of External Credit Ratings (Obtained on January 12, 2017)

Rating Agency	Long-term Issuer Rating	Outlook
<b>JCR</b> (Japan Credit Rating Agency, Ltd.)	<b>Single A</b>	<b>Stable</b>

[Main evaluated points (Note 4)]

- ✓ **Reduction in property concentration ratio** of the “J Tower” through acquisition of new properties
- ✓ Average rent has been stable and **revised rents upwards**
- ✓ **Strengthened lender formation** by inviting Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd. to its lenders and **shifted all borrowings into unsecured debts**

## Fixed-interest borrowings rate (Note 5)

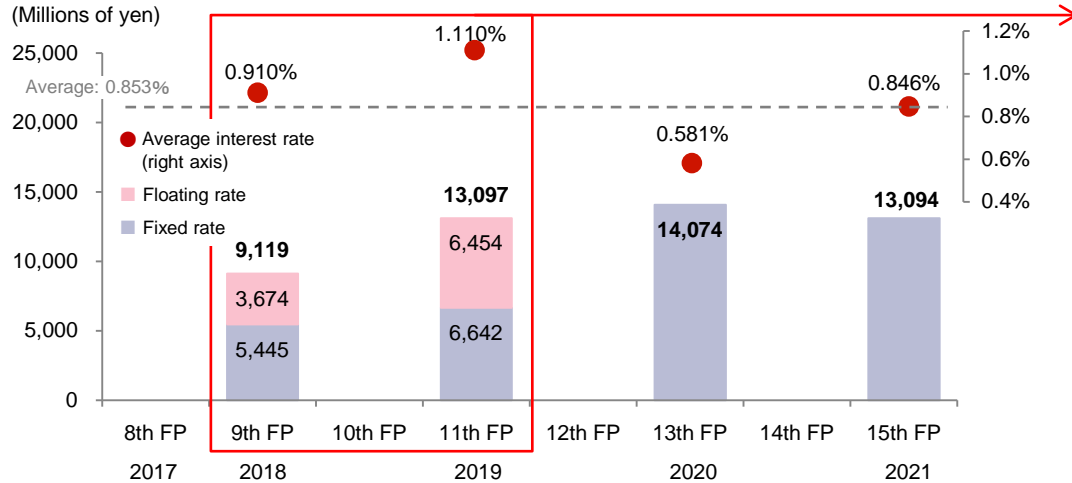


(Note 4) Extracted from “News Release” dated January 12, 2017 released by Japan Credit Rating Agency, Ltd.

(Note 5) The fixed-interest borrowings rate (%) is calculated with the formula [Total amount of interest-bearing debts procured with fixed interest rates in each period ÷ Total amount of interest-bearing debt in each period] and is rounded to the first decimal place.

- Aims to reduce financial costs for borrowings maturing in 9th FP and 11th FP to increase dividends

## Diversification of Repayment Periods and Average Interest Rate



(Reference)

Trial calculation of dividends per unit for lowered average interest rate (Note 1)

(Yen/unit)

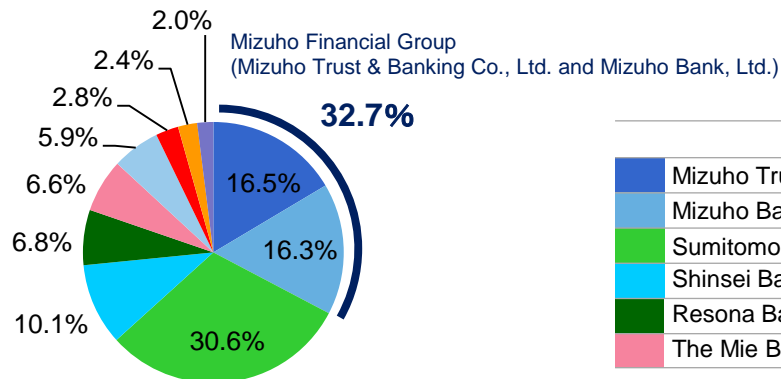
		Maturity of borrowings targeted for estimation		
		A 9th FP 2018	B 11th FP 2019	A+B
Reduced interest rates	-0.10%	24	34	58
	-0.15%	36	51	87
	-0.20%	48	69	117
	-0.25%	60	86	146

(Note 1) It is calculated with the formula (balance of targeted borrowings X reduced interest rate (%) ÷ 2) ÷ total number of investment units issued and outstanding.

(Note 2) Assumption of the total number of investment units issued and outstanding : 189,298 units.

(Note 3) Figures are rounded down to nearest yen.

## Balance of Borrowings by Lender



Lender	Balance
Mizuho Trust & Banking Co., Ltd.	8,125
Mizuho Bank, Ltd.	8,027
Sumitomo Mitsui Banking Corporation	15,104
Shinsei Bank, Limited	5,000
Resona Bank, Limited	3,380
The Mie Bank, Ltd.	3,266

Lender	Balance
Aozora Bank, Ltd.	2,935
ORIX Bank Corporation	1,388
The Bank of Fukuoka, Ltd.	1,179
Kansai Urban Banking Corporation	979
<b>Total</b>	<b>49,384</b>

(Note) Amount is rounded down to nearest million yen.

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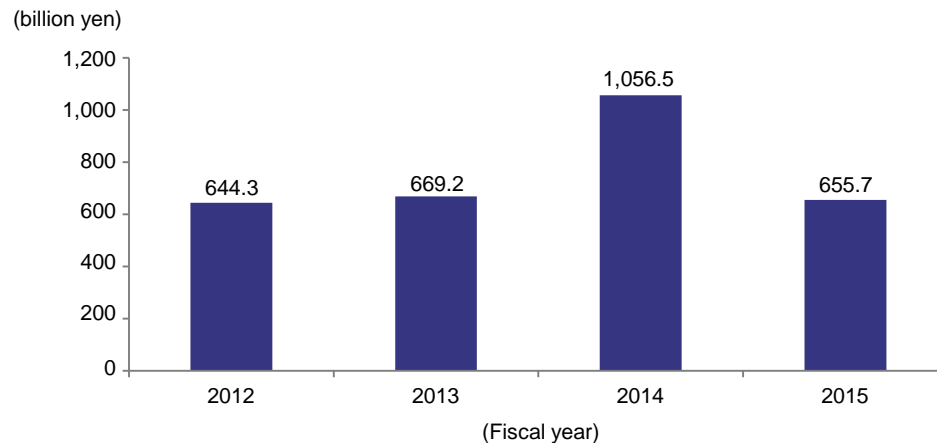
## 4 Appendix

- Mizuho Trust & Banking provides diverse solutions for real estate business such as real estate brokerage, real estate asset management, and financial advisory, and has a reputation as one of the strongest players in the Japanese real estate market

## Overview of Mizuho Trust & Banking Co., Ltd.

<b>Name</b>	Mizuho Trust & Banking Co., Ltd.
<b>Address</b>	1-2-1 Yaesu, Chuo-ku, Tokyo
<b>Representative</b>	Tetsuo Iimori, President & CEO
<b>Line of Business</b>	Trust services, banking services
<b>Established</b>	May 9, 1925
<b>Large shareholder and shareholding ratio</b>	Mizuho Financial Group, Inc.: 100% (excluding treasury stock)

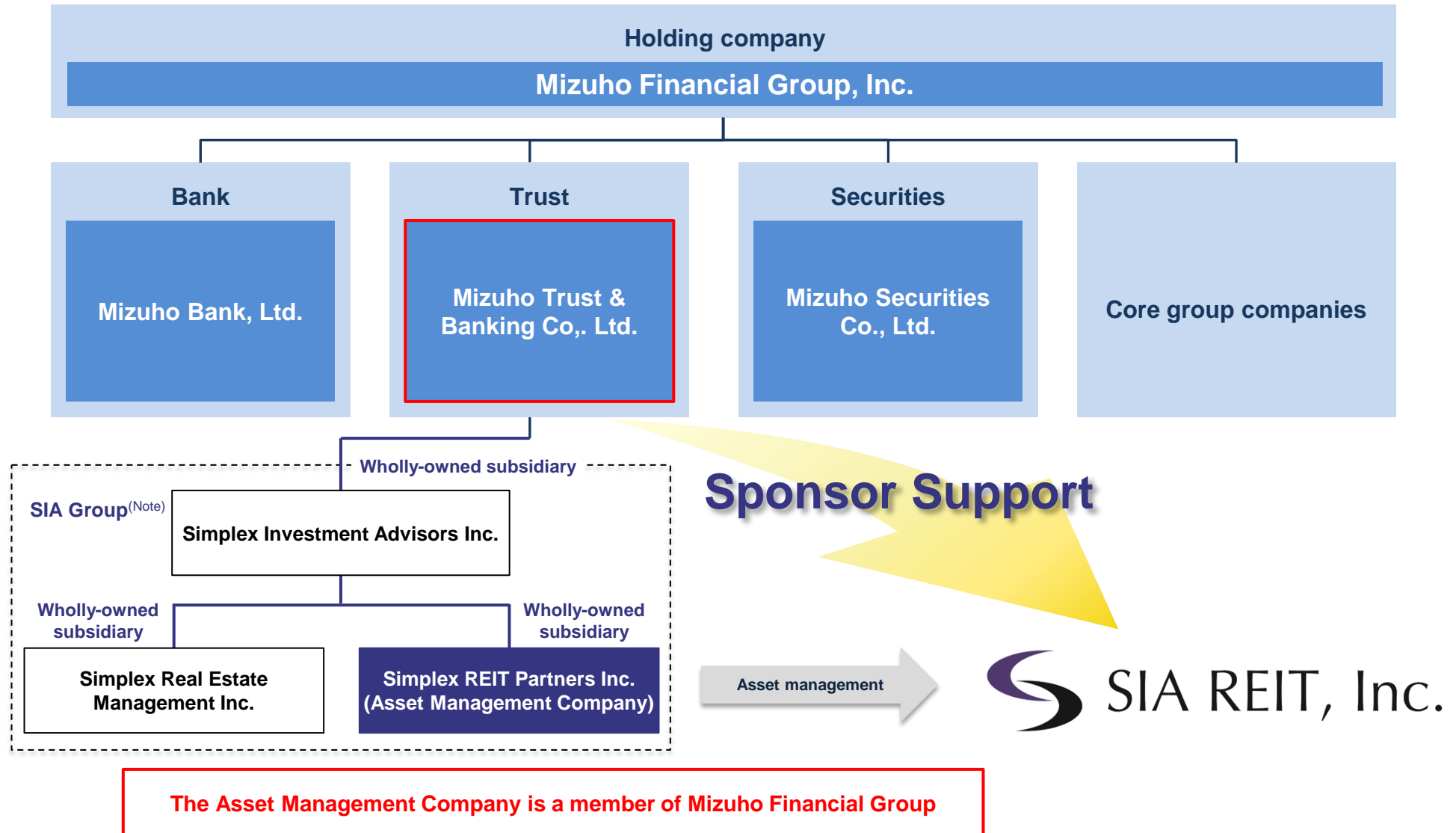
## Real Estate Brokerage Business



## Overview of support by Mizuho Trust & Banking Co., Ltd.

<p>External growth support</p> <p>Internal growth support</p>	<ul style="list-style-type: none"> <li>▶ Share information about assets in the market that meets SIA's investment strategy ⇒ Increase AUM and improve portfolio quality</li> <li>▶ Provide know-how about bridge fund ⇒ Future pipeline of asset acquisition</li> <li>▶ Advise and support on asset acquisition and asset management, support on planning of leasing strategy ⇒ Acquire AM know-how and improve portfolio profitability</li> <li>▶ Provide information about potential tenant ⇒ Improve occupancy rate</li> <li>▶ Provide information about real estate market update ⇒ Improve investment strategy</li> </ul>
	<ul style="list-style-type: none"> <li>▶ Advise on financing structure such as ① debt financing, ② formation of syndicate banks ⇒ Improve B/S and Bank formation</li> <li>▶ Advise and support about financing ⇒ Improve financial stability</li> </ul>
Other support	<ul style="list-style-type: none"> <li>▶ Same-boat investment ⇒ Share interests with unitholders</li> <li>▶ Cooperative structure of sending experienced directors and employees to pursue investment management ⇒ Build an effective structure for growth of SIA REIT</li> </ul>

- Aim to achieve sustainable and stable growth by utilizing sponsor support from Mizuho Trust & Banking



(Note) Simplex Investment Advisors Inc., Simplex REIT Partners Inc. (the Asset Management Company) and Simplex Real Estate Management Inc. are collectively referred to as the “SIA Group.”

## Simplex

Real Estate Management

Simplex Real Estate Management Inc.  
(SRM)

Wholly-owned

## Simplex

Investment Advisors

Simplex Investment Advisors Inc.  
(SIA)

Wholly-owned

## Simplex

REIT Partners

Simplex REIT Partners Inc.  
(SRP)

Line of business	Real estate investment advisory services for investors in Japan and abroad	Administration of subsidiaries	Management of the Investment Corporation's assets
Established	September 10, 2007	October 28, 2015	July 1, 2005
Capital	¥100 million	¥100 million	¥50 million
Representative	Kiyohiko Tsukada, CEO	Kiyohiko Tsukada, CEO	Hiroyuki Katsuno, President and Representative Director
Address of head office	Urbannet Nihonbashi 2-chome Building 4th Floor, 2-1-3 Nihonbashi, Chuo Ward, Tokyo	Urbannet Nihonbashi 2-chome Building 4th Floor, 2-1-3 Nihonbashi, Chuo Ward, Tokyo	Urbannet Nihonbashi 2-chome Building 4th Floor, 2-1-3 Nihonbashi, Chuo Ward, Tokyo
No. of directors/employees	35 (as of March 1, 2017) <sup>(Note 1)</sup>	26 (as of March 1, 2017) <sup>(Note 1)</sup>	26 (as of March 1, 2017) <sup>(Note 1)</sup>
Membership	Japan Investment Advisors Association		The Investment Trusts Association, Japan
Licenses, etc.	1. Financial Instruments Business Operator (Type II Financial Instruments Business; Investment Advisory and Agency Business; Investment Management Business): Kanto Financial Bureau (Kinsho) No.1915		1. Real Estate Brokerage License: Issued by the Governor of Tokyo (3), No.84787 2. Financial Instruments Business Operator (Investment Management Business): Kanto Financial Bureau (Kinsho) No.342 3. License No. 46 issued by the Minister of Land, Infrastructure, Transport and Tourism (Trading Agency Etc., License)

(Note 1) Includes full time auditors, contracted employees and employees on postings from other companies, and excludes outside directors and temporary staff. Includes members holding concurrent positions among SIA Group companies.

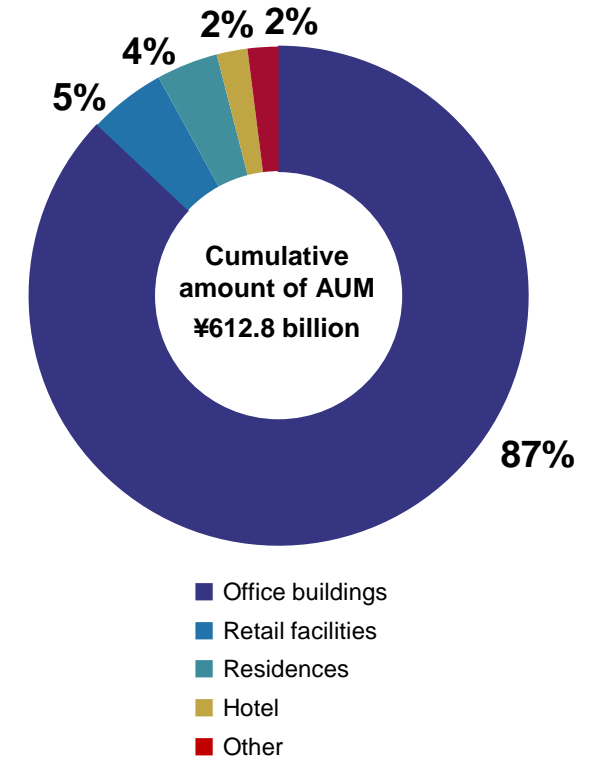
(Note 2) Simplex Investment Advisors Inc., Simplex REIT Partners Inc. (the Asset Management Company) and Simplex Real Estate Management Inc. are collectively referred to as the "SIA Group."

- Real estate investment and fund management record with asset size of over ¥610 billion since its founding in 2002

## History

2002	June	Nikko Cordial Securities Inc. (at the time) and Simplex Holdings Inc. establish Simplex Investment Advisors Inc. (former SIA) <sup>(Note)</sup> to offer real estate investment advisory services
2005	June	Former SIA listed on Tokyo Stock Exchange Mothers market
	July	Simplex REIT Partners Inc. (SRP) established for entry in the J-REIT market
2007	September	Simplex Real Estate Management Inc. (SRM) established for the purpose of splitting up real estate investment advisory services
	November	Takeover bid of former SIA shares by the Aetos Group and Goldman Sachs Group completed
2011	February	Financial base strengthened through public offering with the Aetos Group's underwriting and long-term refinancing with financial institutions; the Aetos Group acquires the Goldman Sachs Group's former SIA shares at the same time, becoming the sole shareholder
2013	October	SIA REIT listed on the J-REIT section of the Tokyo Stock Exchange
2015	December	Mizuho Trust & Banking acquired all of the shares of SRM and SRP through its subsidiary Simplex Investment Advisors Inc. (SIA)

## Fund Formations and Management (cumulative)<sup>(Note 2)(Note 3)</sup>



(Note 1) While the former SIA has the same trade name as Simplex Investment Advisors Inc., the parent company of the Asset Management Company as of the date of this document, it is a separate company from the parent company of the Asset Management Company as of the date of this document.

(Note 2) Indicates fund formation and management records in SIA Group (includes Simplex Investment Advisors Inc. which seceded from the sponsor of SIA REIT on November 30, 2015; a separate company from Simplex Investment Advisors Inc., the parent company of the Asset Management Company as of the date of this document) which was invested in by investors other than SIA Group from the establishment in 2002 through the end of May 2016. The figures are calculated from the cumulative amount of acquisition prices as of the end of May 2016.

(Note 3) Includes funds that have ended and have refunded equity interests.



	(Thousands of yen)	
	Sixth fiscal period (Ended August 2016)	Seventh fiscal period (Ended February 2017)
<b>Operating revenue (total)</b>	<b>2,967,677</b>	<b>3,349,087</b>
Lease business revenue	2,577,832	3,019,618
Other lease business revenue	386,836	328,767
Dividends received	3,008	700
<b>Operating expenses (total)</b>	<b>1,790,250</b>	<b>1,917,614</b>
Expenses related to rent business	1,510,388	1,630,040
Asset management fee	221,208	219,240
Asset custody fee	3,554	3,471
Administrative service fees	15,363	22,208
Directors' compensations	3,876	3,876
Other operating expenses	35,859	38,777
<b>Operating profit</b>	<b>1,177,427</b>	<b>1,431,473</b>
Non-operating income (total)	520	5,823
Interest income	28	30
Compensation income	492	5,792
Non-operating expenses (total)	309,726	336,058
Interest expenses	228,095	209,338
Borrowing related expenses	81,631	117,546
Amortization of investment unit issuance expenses	—	6,882
Other	—	2,291
<b>Recurring profit</b>	<b>868,220</b>	<b>1,101,237</b>
<b>Net income before income taxes</b>	<b>868,220</b>	<b>1,101,237</b>
Income taxes - current	891	873
Income taxes - deterred	0	0
Total income taxes	892	873
<b>Net income</b>	<b>867,328</b>	<b>1,100,363</b>
Profit brought forward	48	46
<b>Unappropriated retained earnings (undisposed loss)</b>	<b>867,376</b>	<b>1,100,410</b>

(Note) Amounts are rounded down to the nearest thousand yen.

## Appendix

	Sixth fiscal period (Ended August 2016)	Seventh fiscal period (Ended February 2017)
<b>Assets</b>		
<b>Current assets (total)</b>	<b>5,947,588</b>	<b>7,366,510</b>
Cash and deposits	2,120,619	2,488,507
Cash and deposits in trust	3,620,648	4,356,071
Operating accounts receivable	83,523	69,360
Prepaid expenses	121,835	196,480
Deferred tax assets	13	13
Income taxes receivable	416	231
Consumption taxes receivable	-	249,057
Other	531	6,787
<b>Noncurrent assets (total)</b>	<b>73,776,052</b>	<b>88,790,565</b>
<b>Property, plant and equipment (total)</b>	<b>70,236,348</b>	<b>85,156,780</b>
Buildings	3,236,657	3,172,877
Structures	7,842	7,524
Machinery and equipment	25,853	19,650
Land	3,770,347	3,770,347
Buildings in trust	27,574,553	30,655,687
Structures in trust	36,314	35,592
Machinery and equipment in trust	95,304	98,546
Tools, furniture and fixtures in trust	64,144	61,554
Land in trust	35,420,175	47,334,817
Construction in process in trust	5,154	180
<b>Intangible assets (total)</b>	<b>3,368,355</b>	<b>3,371,418</b>
Leasehold rights in trust	3,365,647	3,369,076
Other	2,708	2,342
<b>Investments and other assets (total)</b>	<b>171,348</b>	<b>262,366</b>
Investment securities	60,599	10,193
Lease and guarantee deposits	16,330	16,330
Long-term prepaid expenses	94,419	235,843
<b>Deferred assets (total)</b>	<b>-</b>	<b>34,410</b>
Investment unit issuance expenses	-	34,410
<b>Total assets</b>	<b>79,723,640</b>	<b>96,191,486</b>

	Sixth fiscal period (Ended August 2016)	Seventh fiscal period (Ended February 2017)
<b>Net assets</b>		
Unitholders' equity (total)	33,505,851	41,123,363
Unitholders' capital	32,638,475	40,022,953
Surplus (total)	867,376	1,100,410
Unappropriated retained earnings (undisposed loss)	867,376	1,100,410
<b>Total net assets</b>	<b>33,505,851</b>	<b>41,123,363</b>
<b>Total liabilities and net assets</b>	<b>79,723,640</b>	<b>96,191,486</b>

(Note) Amounts are rounded down to the nearest thousand yen.

- SIA REIT will aim to maximize unitholder interests through the pursuit of “profitability” and “stability” by investing in office buildings and retail facilities for which the SIA Group possesses ample management know-how

## Stable rental demand secured and relatively high returns expected for the portfolio

### 1. We will establish a portfolio centering on “Class-A<sup>(Note 1)</sup> and Class-B<sup>(Note 1)</sup> office buildings” and “urban retail facilities”<sup>(Note 2)</sup>

#### Office buildings

Primary investment target: Class-A and Class-B office buildings

- Acquisition opportunities for returns that are at a higher level relative to those of Class-S office buildings are expected
- Relatively stable rental demand and rent level are expected due to large numbers of prospective tenants

Investment ratio by property type

**70%** or more

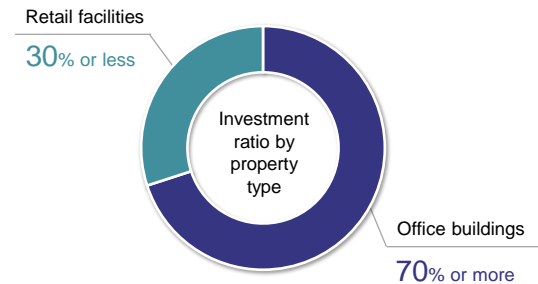
#### Retail facilities

Primary investment target: Urban retail facilities

- Stability of profits through tenant diversification, etc. is expected as the number of prospective tenants is larger than for suburban retail facilities
- Contracts tend to be of longer terms than those of office buildings

Investment ratio by property type

**30%** or less



### 2. With investment centering on the “Tokyo metropolitan area,” we will also carefully select investments in areas such as “ordinance-designated cities,” etc.

While centering on investment in the Tokyo metropolitan area which has a relatively large market and from which stable lease demand is expected in the mid to long term, we will also carefully select investments in areas such as ordinance-designated cities, etc. at which relatively higher returns than in the Tokyo metropolitan area are expected

#### Tokyo metropolitan area

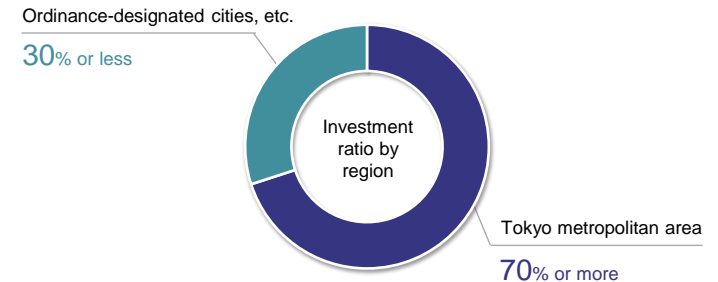
Investment ratio by region

**70%** or more

#### Ordinance-designated cities, etc.

Investment ratio by region

**30%** or less



(Note 1) The category Class A refers to office buildings located in the five central wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku and Shibuya) with a standard floor area of 100 tsubos or more but less than 200 tsubos and office buildings located in the Tokyo metropolitan area outside the three central wards, Osaka, Nagoya, Sapporo and Fukuoka with a standard floor area of more than 200 tsubos or more. The category Class B refers to office buildings located in the five central wards of Tokyo with a standard floor area of 50 tsubos or more but less than 100 tsubos, office buildings located in the Tokyo metropolitan area outside the five central wards, Osaka, Nagoya, Sapporo and Fukuoka with a standard floor area of 100 tsubos or more but less than 200 tsubos, as well as office buildings in ordinance-designated cities or their equivalent other than Osaka, Nagoya, Sapporo or Fukuoka with a standard floor area of 100 tsubos or more.

(Note 2) Urban retail facility refers to a retail facility located in an area adjacent to a terminal railway station in the Tokyo metropolitan area or ordinance-designated city or its equivalent or in a busy shopping area with traditionally large number of retail facilities or government services.

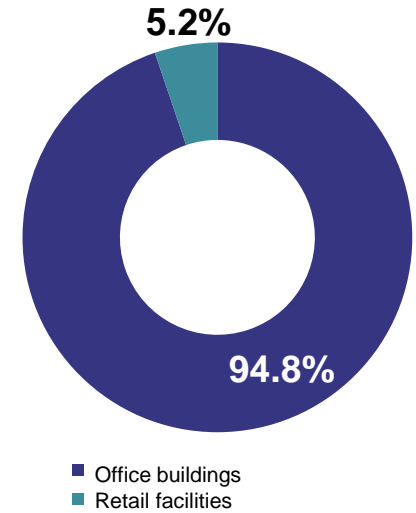
**Number of properties: 22 properties**

**Asset size: ¥89.3 billion yen (based on acquisition price)**

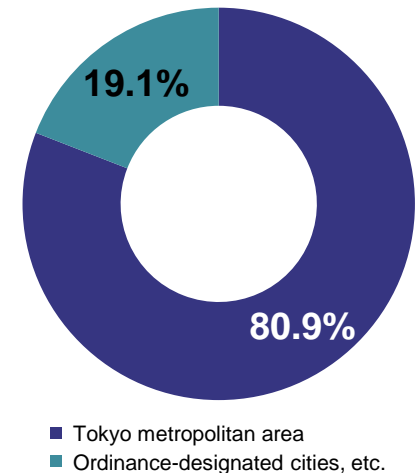
(Millions of yen)

**[Investment ratio<sup>(Note 1)</sup>: By property type]**

Property type and region	Property No.	Property name	Location	Acquisition price	Investment ratio (Note 1)	Appraisal value (Note 2)	Book value (Note 2)	Occupancy rate (Note 2)	
Office buildings	Tokyo metropolitan area	OT-1	J Tower	Fuchu City, Tokyo	24,394	27.3%	25,200	24,291	99.8%
		OT-2	SIA Kanda Square	Chiyoda Ward, Tokyo	7,350	8.2%	8,390	6,970	100.0%
		OT-3	Tachikawa Nishiki-cho Building	Tachikawa City, Tokyo	3,264	3.7%	3,900	3,332	100.0%
		OT-4	CP10 Building	Taito Ward, Tokyo	3,229	3.6%	3,330	3,182	100.0%
		OT-5	Yokohama AP Building	Yokohama City, Kanagawa Prefecture	3,110	3.5%	3,690	3,085	88.0%
		OT-6	Yushima First Genesis Building	Bunkyo Ward, Tokyo	2,751	3.1%	3,060	2,717	100.0%
		OT-7	Miyaji Building	Nakano Ward, Tokyo	2,880	3.2%	3,180	2,865	100.0%
		OT-8	36 Sankyo Building	Shinjuku Ward, Tokyo	2,395	2.7%	2,670	2,361	100.0%
		OT-9	Minami-Shinagawa JN Building	Shinagawa Ward, Tokyo	2,165	2.4%	2,084	2,187	100.0%
		OT-10	Minami-Shinagawa N Building	Shinagawa Ward, Tokyo	2,292	2.6%	2,240	2,264	97.4%
		OT-11	Minami-Shinagawa J Building	Shinagawa Ward, Tokyo	2,020	2.3%	2,200	1,985	100.0%
		OT-12	MY Atsugi Building	Atsugi City, Kanagawa Prefecture	1,240	1.4%	1,320	1,193	87.2%
		OT-13	Hachioji SIA Building	Hachioji City, Tokyo	730	0.8%	816	709	90.5%
		OT-14	Glass City Motoyoyogi	Shibuya Ward, Tokyo	7,500	8.4%	7,810	7,546	100.0%
		OT-15	Okachimachi CY Building	Taito Ward, Tokyo	2,700	3.0%	2,790	2,730	88.1%
	Ordinance-designated cities, etc.	OO-1	Central Shin-Osaka Building	Osaka City, Osaka Prefecture	4,612	5.2%	5,080	4,438	95.3%
		OO-2	Karasuma Plaza 21	Kyoto City, Kyoto Prefecture	3,700	4.1%	3,720	3,778	100.0%
		OO-3	Stoke Building Nagoya	Nagoya City, Aichi Prefecture	2,381	2.7%	2,730	2,379	100.0%
		OO-4	MY Kumamoto Building	Kumamoto City, Kumamoto Prefecture	1,152	1.3%	1,290	1,136	95.5%
		OO-5	Nagoya Fushimi Square Building	Nagoya City, Aichi Prefecture	4,812	5.4%	4,960	4,838	99.2%
Subtotal • Average				84,677	94.8%	90,460	83,998	98.1%	
Retail facilities	R-1	fab Minami-Osawa	Hachioji City, Tokyo	4,250	4.8%	4,610	4,101	100.0%	
	R-2	Niigata Higashibori-dori Parking Building	Niigata City, Niigata Prefecture	432	0.5%	603	426	100.0%	
	Subtotal • Average			4,682	5.2%	5,213	4,527	100.0%	
Total • Average				89,359	100.0%	95,673	88,525	98.3%	



**[Investment ratio<sup>(Note 1)</sup>: By region]**



(Note 1) Investment ratios are calculated based on acquisition price.

(Note 2) All figures are as of the end of February 2017 (end of the seventh fiscal period).

Property type and region	Property No.	Property name	Third fiscal period	Fourth fiscal period	Fifth fiscal period	Sixth fiscal period	Sixth fiscal period						
			End of Feb. 2015	End of Aug. 2015	End of Feb. 2016	End of Aug. 2016	End of Sept. 2016	End of Oct. 2016	End of Nov. 2016	End of Dec. 2016	End of Jan. 2017	End of Feb. 2017	
Office buildings	Tokyo metropolitan area	OT-1	J Tower	76.4%	94.7%	96.7%	82.0%	82.0%	88.5%	88.5%	88.5%	99.8%	99.8%
		OT-2	SIA Kanda Square	100.0%	71.5%	99.0%	100.0%	99.0%	100.0%	99.0%	99.0%	100.0%	100.0%
		OT-3	Tachikawa Nishiki-cho Building	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		OT-4	CP10 Building	70.2%	90.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		OT-5	Yokohama AP Building	100.0%	100.0%	100.0%	87.0%	76.4%	76.4%	76.4%	76.4%	88.0%	88.0%
		OT-6	Yushima First Genesis Building	100.0%	100.0%	100.0%	96.4%	96.4%	96.4%	96.4%	96.4%	76.1%	100.0%
		OT-7	Miyaji Building	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		OT-8	36 Sankyo Building	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		OT-9	Minami-Shinagawa JN Building	85.2%	88.6%	87.2%	95.2%	98.2%	98.2%	98.2%	98.2%	100.0%	100.0%
		OT-10	Minami-Shinagawa N Building	84.3%	96.4%	100.0%	97.4%	97.4%	86.1%	86.1%	97.4%	97.4%	97.4%
		OT-11	Minami-Shinagawa J Building	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		OT-12	MY Atsugi Building	93.2%	97.1%	97.1%	92.8%	90.1%	90.1%	92.6%	94.4%	94.4%	87.2%
		OT-13	Hachioji SIA Building	100.0%	100.0%	100.0%	93.9%	93.9%	93.9%	93.9%	90.5%	90.5%	90.5%
		OT-14	Glass City Motoyoyogi					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		OT-15	Okachimachi CY Building					88.2%	88.2%	88.2%	88.2%	88.2%	88.1%
	Average occupancy rate			86.8%	94.5%	97.5%	90.9%	91.1%	92.8%	92.9%	93.5%	97.6%	98.1%
	Ordinance-designated cities, etc.	OO-1	Central Shin-Osaka Building	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	90.6%	95.3%
		OO-2	Karasuma Plaza 21	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		OO-3	Stoke Building Nagoya	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		OO-4	MY Kumamoto Building	100.0%	98.1%	97.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	95.5%
		OO-5	Nagoya Fushimi Square Building					96.3%	96.3%	100.0%	99.2%	99.2%	99.2%
		Average occupancy rate			100.0%	99.7%	99.6%	100.0%	99.2%	99.2%	100.0%	99.8%	97.4%
	Average occupancy rate			90.1%	95.8%	98.0%	93.1%	93.3%	94.6%	94.8%	95.2%	97.5%	98.1%
Retail facilities	R-1	fab Minami-Osawa	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	R-2	Niigata Higashibori-dori Parking Building	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	Average occupancy rate		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Overall average occupancy rate			91.4%	96.3%	98.3%	94.0%	94.1%	95.2%	95.4%	95.8%	97.8%	98.3%	
Reference:													
Average occupancy rate excluding J Tower			96.7%	96.9%	98.9%	98.3%	97.7%	97.2%	97.5%	98.0%	97.3%	97.9%	



- The percentage of top 10 tenants as well as the percentage of existing individual tenants to the total leasable floor area decreased due to the acquisition of three properties in September 2016
- Tenant diversification progressed and stability of the portfolio further increased.

## End of Sixth Fiscal Period (Ended August 2016)

As of end of August 2016

	Name of tenant	Leased floor area (Tsubo) (Note 1)	% of total leasable floor area (Note 2)	Property occupied
1	TOHO Cinemas, Ltd.	1,731.84	4.4%	fab Minami-Osawa
2	American Family Life Assurance Company of Columbus	1,632.47	4.2%	J Tower
3	Tokyo Toshi Service Co., Ltd.	1,301.64	3.3%	J Tower
4	Japan Radio Co., Ltd.	1,166.05	3.0%	J Tower
5	AGREX Inc.	1,002.74	2.6%	J Tower
6	Nakanihon Engineering Consultants Co., Ltd.	917.52	2.3%	Stoke Building Nagoya
7	TDS Co, Ltd.	703.08	1.8%	36 Sankyo Building
8	National Federation of Workers and Consumers Insurance Cooperatives	699.62	1.8%	J Tower
9	Yamazaki Baking Co., Ltd.	528.31	1.3%	J Tower
10	Toshiba Lighting & Technology Corporation	459.62	1.2%	Minami-Shinagawa JN Building
Total of top 10 tenants		10,142.89	25.8%	

## End of Seventh Fiscal Period (Ended February 2017)

As of end of February 2017

	Name of tenant	Leased floor area (Tsubo) (Note 1)	% of total leasable floor area (Note 2)	Property occupied
1	(undisclosed) <sup>(Note 3)</sup> Business type: financial	2,332.10	5.2%	J Tower
2	TOHO Cinemas, Ltd.	1,731.84	3.8%	fab Minami-Osawa
3	American Family Life Assurance Company of Columbus	1,632.47	3.6%	J Tower
4	Tokyo Toshi Service Co., Ltd.	1,301.64	2.9%	J Tower
5	AGREX Inc.	1,002.74	2.2%	J Tower
6	Nakanihon Engineering Consultants Co., Ltd.	917.52	2.0%	Stoke Building Nagoya
7	TDS Co, Ltd.	703.08	1.6%	36 Sankyo Building
8	National Federation of Workers and Consumers Insurance Cooperatives	699.62	1.6%	J Tower
9	(undisclosed) <sup>(Note 3)</sup> Business type: public entity	641.81	1.4%	J Tower, MY Atsugi Building
10	Original Engineering Consultants Co., Ltd.	591.31	1.3%	Glass City Motoyoyogi
Total of top 10 tenants		11,554.13	25.7%	

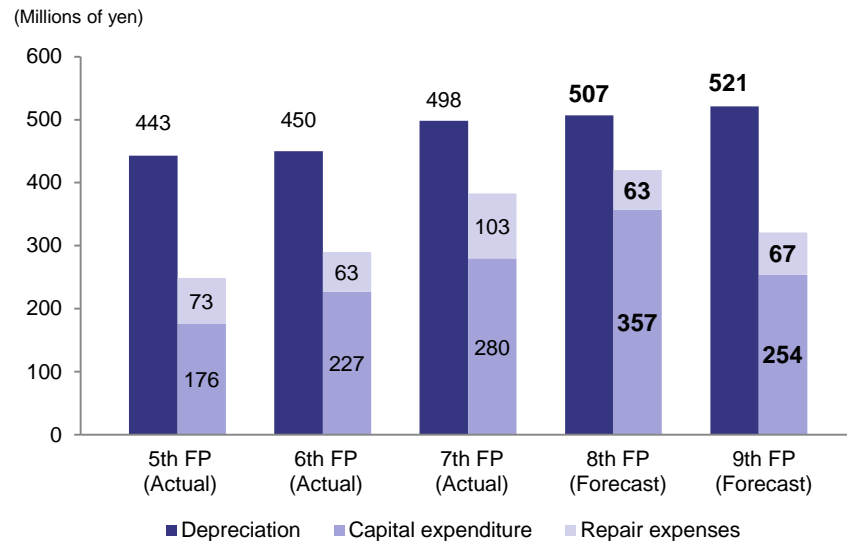
(Note 1) The “Leased floor area” column shows the floor area indicated in the lease agreements with each tenant effective as of the end of each period. Leased floor area for Niigata Higashibori-dori Parking Building, parking spaces and land provided for other uses are not included.

(Note 2) The “% of total leasable floor area” column shows each tenant’s percentage of the total leasable floor area of all the assets SIA REIT owns (excluding the properties owned by SPC in which SIA REIT invests through silent partnership) and is rounded to the first decimal place.

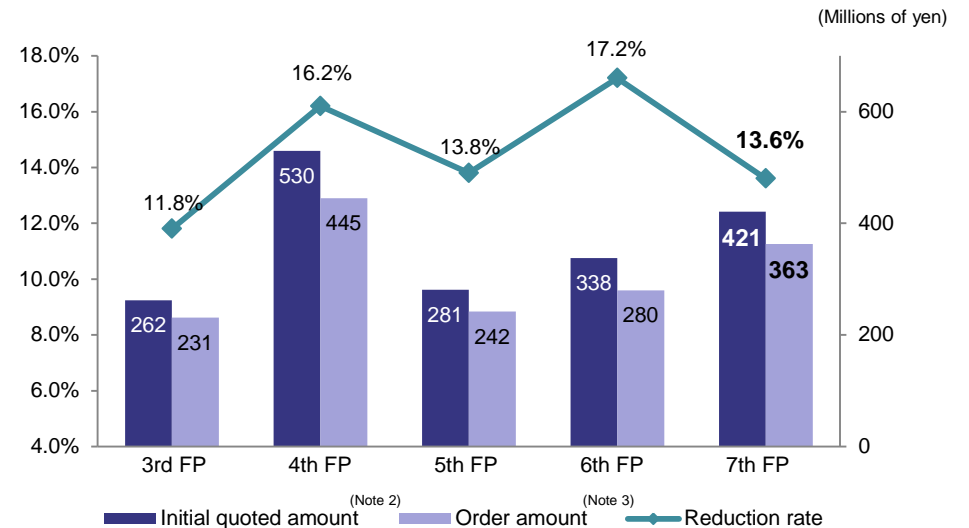
(Note 3) The information is undisclosed as consent for disclosure has not been obtained from either of the tenants.

- Utilizing the SIA Group's know-how on facility management, strategic value-adding investment continues to be implemented in light of the challenges of each property

## Depreciation and Construction Results/Budget



## Effects of Assessment of Construction Costs, Etc. (Note 1)



((Note 1) "Effects of Assessment of Construction Costs, Etc." is prepared by tallying data concerning works, etc. for which initial quoted amount per work was ¥100,000 or more (excluding tax) for the respective fiscal period when the works, etc. were inspected and accepted.

(Note 2) "Initial quoted amount" is the quoted amount initially submitted by contractors entrusted with the works, etc. upon implementing the works, etc. (refers to renovation or repair of building, interior, etc., new installation, updating, repair, checking or cleaning of facility or equipment, exchange or purchase of parts and works incidental to implementation of these).

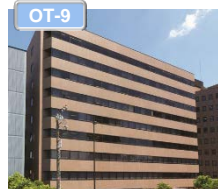
(Note 3) "Order amount" is the actual order amount produced following verification, assessment and negotiation by the Asset Management Company.



J-Tower



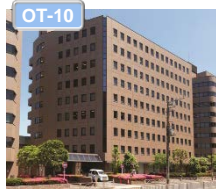
SIA Kanda Square



Minami-Shinagawa JN Building



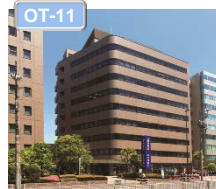
Okachimachi CY Building



Minami-Shinagawa N Building



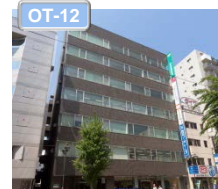
fab Minami-Osawa



Minami-Shinagawa J Building



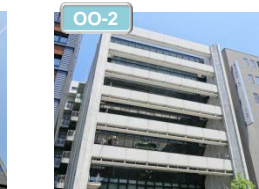
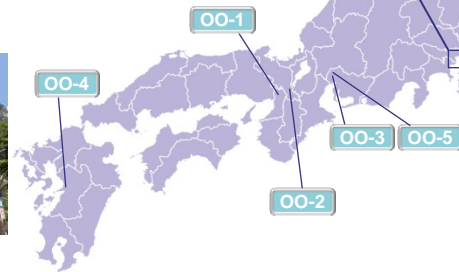
Niigata Higashibori-dori Parking Building



MY Atsugi Building



Central Shin-Osaka Building



Karasuma Plaza 21



Tachikawa Nishiki-cho Building



CP10 Building



Yokohama AP Building



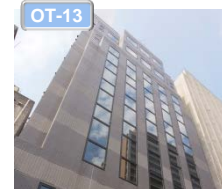
Yushima First Genesis Building



Miyaji Building



36 Sankyo Building



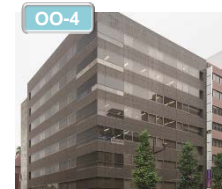
Hachioji SIA Building



Glass City Motoyoyogi



Stoke Building Nagoya

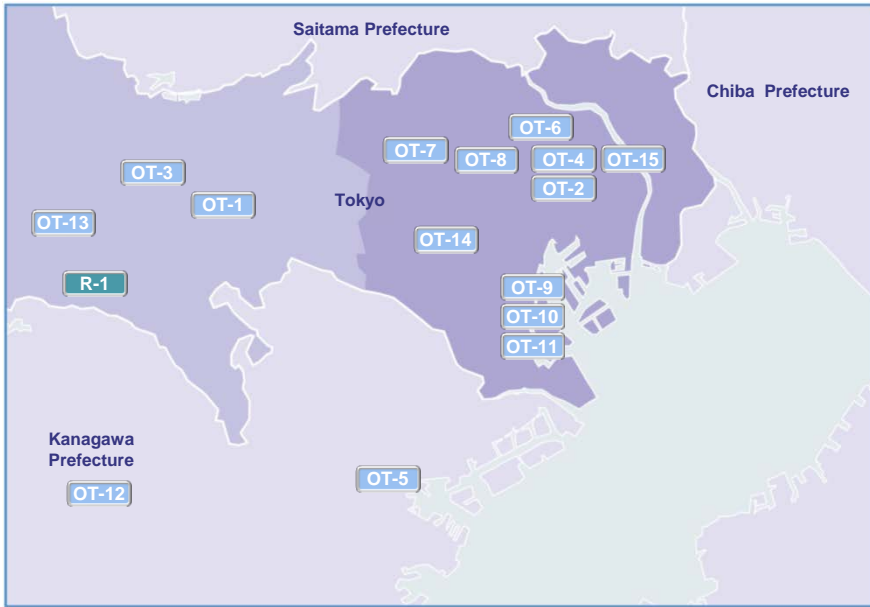


MY Kumamoto Building



Nagoya Fushimi Square Building

## ■ Tokyo metropolitan area




## ■ Ordinance-designated cities, etc.

(As of February 28, 2017 (the end of the seventh fiscal period))

Property Name	OT-1 J-Tower	OT-2 SIA Kanda Square	OT-3 Tachikawa Nishiki-cho Building	OT-4 CP10 Building	OT-5 Yokohama AP Building
					
Location	Fuchu City, Tokyo	Chiyoda Ward, Tokyo	Tachikawa City, Tokyo	Taito Ward, Tokyo	Yokohama City, Kanagawa Prefecture
Nearest Station	Fuchu Station on Keio Line	Kanda Station on JR Line	Tachikawa Station on JR Line	Okachimachi Station on JR Line	Yokohama Station on JR Line
Completed	March 1992	April 2007	June 1991	March 1989	May 1983
Acquisition Price	¥24,394 million	¥7,350 million	¥3,264 million	¥3,229 million	¥3,110 million
Appraisal Value	¥25,200 million	¥8,390 million	¥3,900 million	¥3,330 million	¥3,690 million
Structure	S/RC/SRC	SRC	SRC	SRC	RC
Number of Floors	B2/18F	10F	8F	B1/7F	B1/8F
Total Floor Area	53,685.80 m <sup>2</sup>	7,145.42 m <sup>2</sup>	8,026.84 m <sup>2</sup>	4,454.05 m <sup>2</sup>	5,648.65 m <sup>2</sup>
Total Leasable Area	34,165.51 m <sup>2</sup>	5,261.58 m <sup>2</sup>	5,629.89 m <sup>2</sup>	3,506.66 m <sup>2</sup>	4,343.22 m <sup>2</sup>
PML	2.80%	6.06%	4.51%	3.51%	10.17%
Occupancy Rate	99.8%	100.0%	100.0%	100.0%	88.0%
Number of Tenants	31	30	20	7	9



(As of February 28, 2017 (the end of the seventh fiscal period))

Property Name	OT-6 Yushima First Genesis Building	OT-7 Miyaji Building	OT-8 36 Sankyo Building	OT-9 Minami-Shinagawa JN Building	OT-10 Minami-Shinagawa N Building
					
Location	Bunkyo Ward, Tokyo	Nakano Ward, Tokyo	Shinjuku Ward, Tokyo	Shinagawa Ward, Tokyo	Shinagawa Ward, Tokyo
Nearest Station	Hongo 3-chome Station on Tokyo Metro Line	Nakano Station on JR Line	Idabashi Station on JR Line	Aomono Yokocho Station on Keikyu Line	Aomono Yokocho Station on Keikyu Line
Completed	August 1991	August 1994	October 1991	July 1990	July 1994
Acquisition Price	¥2,751 million	¥2,880 million	¥2,395 million	¥2,165 million	¥2,292 million
Appraisal Value	¥3,060 million	¥3,180 million	¥2,670 million	¥2,084 million	¥2,240 million
Structure	SRC	S/SRC	RC	SRC	SRC
Number of Floors	B1/7F	B1/7F	B2/4F	B2/10F	B2/10F
Total Floor Area	5,048.99 m <sup>2</sup>	4,316.75 m <sup>2</sup>	4,687.65 m <sup>2</sup>	9,621.66 m <sup>2</sup>	8,570.72 m <sup>2</sup>
Total Leasable Area	2,965.49 m <sup>2</sup>	3,116.49 m <sup>2</sup>	3,724.17 m <sup>2</sup>	6,390.33 m <sup>2</sup>	5,476.73 m <sup>2</sup>
PML	7.00%	3.04%	8.85%	5.57%	5.50%
Occupancy Rate	100.0%	100.0%	100.0%	100.0%	97.4%
Number of Tenants	6	8	3	20	18








# Overview of Individual Properties (3)



(As of February 28, 2017 (the end of the seventh fiscal period))

Property Name	OT-11 Minami-Shinagawa J Building	OT-12 MY Atsugi Building	OT-13 Hachioji SIA Building	OT-14 Glass City Motoyoyogi	OT-15 Okachimachi CY Building
					
Location	Shinagawa Ward, Tokyo	Atsugi City, Kanagawa Prefecture	Hachioji City, Tokyo	Shibuya Ward, Tokyo	Taito Ward, Tokyo
Nearest Station	Aomono Yokocho Station on Keikyuu Line	Hon-Atsugi Station on Odakyu Line	Hachioji Station on JR Line	Yoyogi-Hachiman Station on Odakyu Line	Naka-Okachimachi Station on Tokyo Metro Line
Completed	July 1992	September 1988	September 1993	April 1992	May 1986
Acquisition Price	¥2,020 million	¥1,240 million	¥730 million	¥7,500 million	¥2,700 million
Appraisal Value	¥2,200 million	¥1,320 million	¥816 million	¥7,810 million	¥2,790 million
Structure	SRC	RC/SRC	SRC	SRC/RC	SRC
Number of Floors	B1/10F	8F	9F	B2/8F	B1/9F
Total Floor Area	5,529.02 m <sup>2</sup>	5,040.07 m <sup>2</sup>	3,920.36 m <sup>2</sup>	10,695.54 m <sup>2</sup>	4,369.49 m <sup>2</sup>
Total Leasable Area	3,673.61 m <sup>2</sup>	3,849.04 m <sup>2</sup>	2,750.70 m <sup>2</sup>	7,643.63 m <sup>2</sup>	2,940.00 m <sup>2</sup>
PML	3.70%	7.69%	4.53%	7.70%	6.04%
Occupancy Rate	100.0%	87.2%	90.5%	100.0%	88.1%
Number of Tenants	10	21	13	11	13

(As of February 28, 2017 (the end of the seventh fiscal period))

Property Name	OO-1 Central Shin-Osaka Building	OO-2 Karasuma Plaza 21	OO-3 Stoke Building Nagoya	OO-4 MY Kumamoto Building	OO-5 Nagoya Fushimi Square Building
					
Location	Osaka City, Osaka Prefecture	Kyoto City, Kyoto Prefecture	Nagoya City, Aichi Prefecture	Kumamoto City, Kumamoto Prefecture	Nagoya City, Aichi Prefecture
Nearest Station	Shin-Osaka Station on JR Line	Karasuma Station on Hankyu Line	Fushimi Station on Nagoya City Subway Line	Kumamoto Tram Kumamoto Castle/ City Hall Tram Stop	Fushimi Station on Nagoya City Subway Line
Completed	June 1992	November 1986	April 1991	October 1987	November 1987
Acquisition Price	¥4,612 million	¥3,700 million	¥2,381 million	¥1,152 million	¥4,812 million
Appraisal Value	¥5,080 million	¥3,720 million	¥2,730 million	¥1,290 million	¥4,960 million
Structure	S	SRC	S/SRC	S/RC	SRC
Number of Floors	B1/12F	B1/8F	B1/8F	9F	B2/13F
Total Floor Area	13,624.65 m <sup>2</sup>	11,998.02 m <sup>2</sup>	8,147.56 m <sup>2</sup>	4,980.96 m <sup>2</sup>	12,995.90 m <sup>2</sup>
Total Leasable Area	9,403.46 m <sup>2</sup>	8,890.42 m <sup>2</sup>	5,801.80 m <sup>2</sup>	3,752.96 m <sup>2</sup>	8,419.75 m <sup>2</sup>
PML	12.72%	5.18%	13.58%	5.08%	6.20%
Occupancy Rate	95.3%	100.0%	100.0%	95.5%	99.2%
Number of Tenants	26	12	5	18	48

(As of February 28, 2017 (the end of the seventh fiscal period))

Property Name	R-1 fab Minami-Osawa	R-2 Niigata Higashibori-dori Parking Building
		
Location	Hachioji City, Tokyo	Niigata City, Niigata Prefecture
Nearest Station	Minami-Osawa Station on Keio Line	Niigata Station on JR Line
Completed	December 2001	March 1993
Acquisition Price	¥4,250 million	¥432 million
Appraisal Value	¥4,610 million	¥603 million
Structure	S	S
Number of Floors	7F	10F
Total Floor Area	9,140.30 m <sup>2</sup>	8,867.26 m <sup>2</sup>
Total Leasable Area	8,409.23 m <sup>2</sup>	8,725.90 m <sup>2</sup>
PML	3.03%	6.08%
Occupancy Rate	100.0%	100.0%
Number of Tenants	14	1

- SIA REIT conducted ¥10 million of equity investment in silent partnership of a bridge fund on March 28, 2016. SIA REIT also gained the Preferential Negotiation Rights to Daihakata Building which the bridge fund acquires
- Utilization of sponsor support: Fund formation arranged by Simplex Real Estate Management Inc. and financial aspects for fund formation supported by Mizuho Trust & Banking

## Outline of Daihakata Building

Location	Hakataekimae, Hakata Ward, Fukuoka City, Fukuoka
Nearest Station	1-minute walk from Gion Station on the Subway Kuko Line
Completed	August 1975
Total leasable area <sup>(Note)</sup>	15,946.66 m <sup>2</sup>
Leased area <sup>(Note)</sup>	15,803.31 m <sup>2</sup>
Occupancy rate <sup>(Note)</sup>	99.1%
Total number of tenants <sup>(Note)</sup>	76

(Note) Indicates status as of February 28, 2017 and based on information acquired from entity from which SIA REIT obtained the preferential negotiation rights.

## Property Characteristic

- Highly visible office building on Taihaku-dori, located a 6-minute walk from JR Hakata Station and a 1-minute walk from Gion Station on the Kuko subway line
- The property can be accessed by underground passage from JR Hakata Station and the area has excellent transportation convenience
- Being in the Hakata Station front area which has strong rental office demand even in Fukuoka City and having completed renovations of the entrance, common spaces, etc., ongoing stable tenant demand is expected for this property

## Outline of the Preferential Negotiation Rights

Exercise period	From March 30, 2016 to March 30, 2018
Period allowed for sale	From September 1, 2016 to March 30, 2018
Minimum purchase price	The following price is set according to the transaction date.

Transaction period	Minimum purchase price (excluding tax)
1. From September 1, 2016 to February 28, 2017	¥10,700 million
2. From March 1, 2017 to March 30, 2018	¥10,650 million



- Preferential negotiation right for Daido Life Omiya Building for which the Asset Management Company provided the information, was acquired on May 20, 2016.
- Utilized the sponsor support: Simplex Real Estate Management established the scheme.

## Outline of Daido Life Omiya Building

Location	Kishiki-cho, Omiya Ward, Saitama City, Saitama
Nearest Station	9-minute walk from Omiya station of JR and other lines
Completed	October 1991
Total leasable area (Note)	3,574.03 m <sup>2</sup>
Leased area (Note)	3,574.03 m <sup>2</sup>
Occupancy rate (Note)	100.0%
Total number of tenants (Note)	15

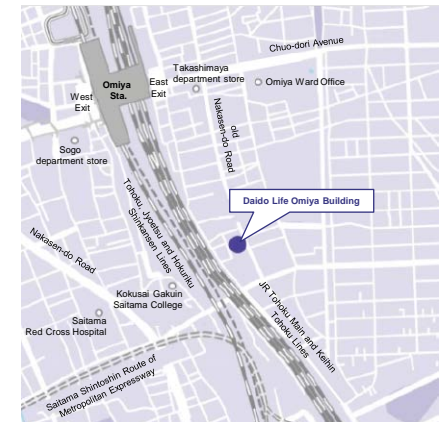
(Note) Indicates status as of February 28, 2017 and based on information acquired from entity from which SIA REIT obtained the preferential negotiation rights.

## Property Characteristic

- A mid-sized office building located within a 9-minute walk from the Omiya station of JR and other lines, along the old Nakasen-do Road.
- Location enjoying excellent transportation convenience boasting easy access to Saitama Shintoshin Route of Metropolitan Expressway and other highways.
- As the rental space has a shape that can be flexibly divided to offer office space of various sizes, be it large or small, the property is expected to meet the stable demand from tenants in the office building leasing market in the Omiya area going forward.

## Outline of the Preferential Negotiation Rights

Exercise period	From May 20, 2016 to May 20, 2018
Period allowed for sale	From March 1, 2017 to May 20, 2018
Minimum purchase price	¥3,000 million (excluding tax)





- Preferential negotiation right for Yamagami Building was acquired on September 9, 2016.
- Utilized the sponsor support: Obtained property information through Mizuho Trust & Banking and Simplex Real Estate Management established the scheme.

## Outline of Yamagami Building

Location	Higashi-Ikebukuro, Toshima Ward, Tokyo
Nearest Station	8-minute walk from Ikebukuro station of JR and other lines
Completed	September 1991
Total leasable area (Note)	2,677.80 m <sup>2</sup>
Leased area (Note)	2,677.80 m <sup>2</sup>
Occupancy rate (Note)	100.0%
Total number of tenants (Note)	7

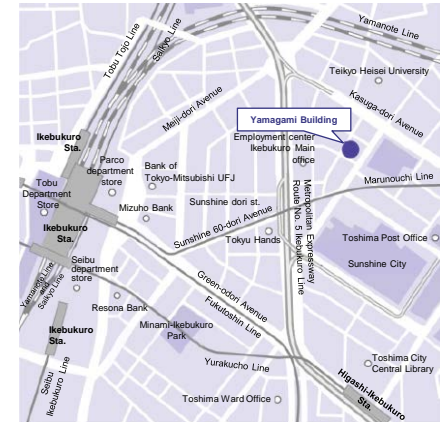
(Note) Indicates status as of February 28, 2017 and based on information acquired from entity from which SIA REIT obtained the preferential negotiation rights.

## Property Characteristic

- An office building located within an 8-minute walk from the Ikebukuro station of JR and other lines.
- The area having concentration of medium to small office buildings and can expect leasing needs of affiliate companies of tenants housed in the nearby Sunshine City 60 as well as of IT system-related companies.
- Since the rental space is mostly regular-shaped and office space that suits the demand of medium to small-sized tenants is available, stable demand from tenants is anticipated to continue in the office building leasing market in the Ikebukuro area going forward.

## Outline of the Preferential Negotiation Rights

Exercise period	From September 9, 2016 to May 20, 2018
Period allowed for sale	From March 1, 2017 to May 20, 2018
Minimum purchase price	¥2,200 million (excluding tax)





- Preferential negotiation right for “Tokyo Parkside Building,” having good access to central Tokyo such as Otemachi, was acquired (on November 15, 2016).
- Utilized the sponsor support: Simplex Real Estate Management provided the information and established the scheme.

## Outline of Tokyo Parkside Building

Location	Kiba, Koto Ward, Tokyo
Nearest Station	2-minute walk from Kiba station on the Tokyo Metro Tozai Line
Completed	September 1991
Total leasable area (Note)	12,912.12 m <sup>2</sup>
Leased area (Note)	12,912.12 m <sup>2</sup>
Occupancy rate (Note)	100.0%
Total number of tenants (Note)	15

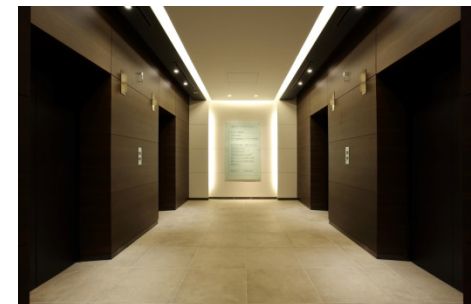
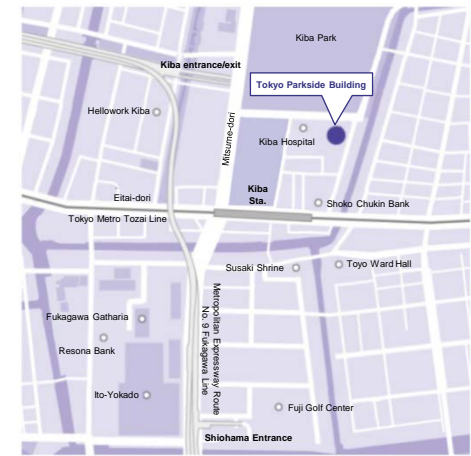
(Note) Indicates status as of February 28, 2017 and based on information acquired from entity from which SIA REIT obtained the preferential negotiation rights.

## Property Characteristic

- A 2-minute walk from the nearest station (7-minute direct ride to Otemachi by subway) and very near to a highway ramp of the Metropolitan Expressway. Provides high convenience in both accessing central Tokyo and use of cars.
- Comparatively cheap rent range given its accessibility to central Tokyo.
- Having a standard floor area of around 300 tsubos, individual air-conditioning system and ceiling height of 2,600mm, it is equipped with specifications which can exert competitiveness in the area.
- Impression of the building has changed completely with renewed common areas.
- Although occupancy rate struggled in the past due to departures of large tenants, it realized tenant diversification when refilling.

## Outline of the Preferential Negotiation Rights

Exercise period	From November 15, 2016 to March 31, 2019
Period allowed for sale	From March 1, 2018 to March 31, 2019
Minimum purchase price	¥10,450 million (excluding tax)



- Preferential negotiation right for Higobashi Center Building was acquired September 9, 2016.
- Utilized the sponsor support: Obtained property information through Mizuho Trust & Banking and Simplex Real Estate Management established the scheme.

## Outline of Higobashi Center Building

Location	Edobori, Nishi Ward, Osaka City, Osaka
Nearest Station	1-minute walk from Higobashi Station on the Osaka Municipal Subway Yotsubashi Line
Completed	September 1977
Total leasable area (Note)	15,940.39 m <sup>2</sup>
Leased area (Note)	14,834.23 m <sup>2</sup>
Occupancy rate (Note)	93.1%
Total number of tenants (Note)	61

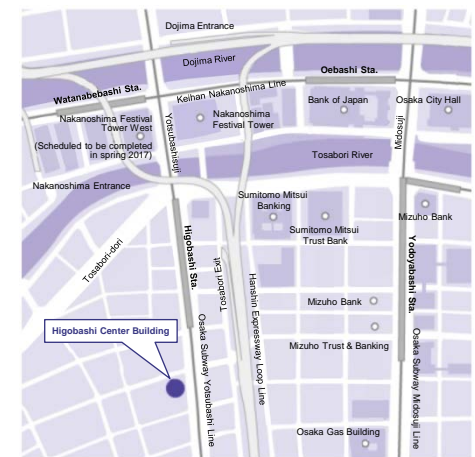
(Note) Indicates status as of February 28, 2017 and based on information acquired from entity from which SIA REIT obtained the preferential negotiation rights.

## Property Characteristic

- A 1-minute walk from Higobashi Station and a 5-minute walk from Yodoyabashi Station on the Osaka municipal subway line. It has superior access to central area of Osaka City and main transport hubs. It is a symbolic property on Yotsubashisuji.
- Comparatively cheap rent range for the vicinity to Umeda and area along Midosuji.
- Having a floor plate that enables flexible space separation from 20 tsubos in minimum to 260 tsubos at maximum, individual air-conditioning system (central type system used in combination), common areas that went through large-scale renewal, etc., it is equipped with competitiveness in the area.
- Although occupancy rate struggled in the past due to departures of large tenants, it realized tenant diversification when refilling (current number of tenants is 61.)

## Outline of the Preferential Negotiation Rights

Exercise period	From December 22, 2016 to March 31, 2019
Period allowed for sale	From March 1, 2018 to March 31, 2019
Minimum purchase price	¥8,930 million (excluding tax)



# Lease Business Revenue and Expenditure by Property (1)

Appendix

Property number	OT-1	OT-2	OT-3	OT-4	OT-5	OT-6	OT-7	OT-8	OT-9	OT-10
Property name	J-Tower	SIA Kanda Square	Tachikawa Nishiki-cho Building	CP10 Building	Yokohama AP Building	Yushima First Genesis Building	Miyaji Building	36 Sankyo Building	Minami-Shinagawa JN Building	Minami-Shinagawa N Building
① Total property-related operating revenue (Thousands of yen)	797,429	202,485	147,743	105,702	105,190	89,501	114,706	86,450	117,757	88,042
Lease business revenue	699,412	193,460	140,940	92,097	92,631	84,115	105,213	76,507	111,184	81,376
Other lease business revenue	98,016	9,024	6,802	13,604	12,558	5,385	9,493	9,942	6,572	6,665
② Total property-related operating expenses (Thousands of yen)	337,455	34,589	39,665	23,665	29,369	34,292	24,277	23,742	88,082	40,246
Property management fees	82,973	12,921	15,008	6,448	10,216	12,105	7,969	5,952	16,930	7,248
Utilities expenses	159,537	8,842	9,503	9,044	6,774	5,501	6,640	6,968	20,366	7,323
Taxes and public dues	65,439	8,366	10,437	6,711	9,611	7,903	7,624	7,463	9,589	9,160
Insurance premiums	1,361	200	206	108	135	121	108	101	233	202
Repair expenses	27,642	4,258	4,009	852	2,132	8,159	1,433	2,756	2,507	3,519
Other expenses	500	–	500	500	500	500	500	500	38,454	12,790
③ Leasing NOI (= ① - ②) (Thousands of yen)	459,973	167,896	108,077	82,036	75,820	55,208	90,429	62,708	29,675	47,795
④ Depreciation (Thousands of yen)	126,000	70,300	24,558	15,535	10,749	12,928	10,468	8,357	16,540	14,276
⑤ Lease business profit (=③ - ④) (Thousands of yen)	333,972	97,595	83,519	66,500	65,071	42,280	79,960	54,350	13,135	33,519
⑥ Capital expenditures (Thousands of yen)	47,628	–	1,516	485	4,195	24,097	12,734	1,310	7,023	10,756
⑦ Leasing NCF(=③ - ⑥) (Thousands of yen)	412,345	167,896	106,561	81,551	71,625	31,111	77,695	61,398	22,651	37,039

(Note 1) Amounts are rounded down to the nearest thousand yen.

# Lease Business Revenue and Expenditure by Property (2)

Appendix

Property number	OT-11	OT-12	OT-13	OT-14	OT-15	OO-1	OO-2	OO-3	OO-4	OO-5
Property name	Minami-Shinagawa J Building	MY Atsugi Building	Hachioji SIA Building	Glass City Motoyoyogi	Okachimachi CY Building	Central Shin-Osaka Building	Karasuma Plaza 21	Stoke Building Nagoya	MY Kumamoto Building	Nagoya Fushimi Square Building
① Total property-related operating revenue (Thousands of yen)	97,778	59,853	44,477	225,045	74,623	195,195	202,897	122,317	71,186	165,654
Lease business revenue	90,615	55,542	40,849	207,661	71,372	174,128	187,321	106,370	66,359	156,023
Other lease business revenue	7,162	4,310	3,628	17,384	3,250	21,067	15,575	15,947	4,826	9,631
② Total property-related operating expenses (Thousands of yen)	33,727	23,001	22,211	34,455	20,307	58,102	74,704	33,359	28,226	34,468
Property management fees	5,432	8,912	9,768	16,096	11,348	20,306	29,203	10,469	9,242	16,601
Utilities expenses	6,785	6,588	5,248	16,001	5,381	18,089	18,775	10,372	6,549	13,488
Taxes and public dues	5,619	4,813	4,556	—	0	16,163	22,745	9,709	4,764	—
Insurance premiums	129	126	87	284	108	294	294	190	128	346
Repair expenses	6,518	2,060	2,051	1,686	2,986	2,748	3,185	2,117	7,042	3,549
Other expenses	9,241	500	500	386	482	500	500	500	500	482
③ Leasing NOI (= ① - ②) (Thousands of yen)	64,050	36,852	22,266	190,590	54,316	137,093	128,192	88,958	42,960	131,185
④ Depreciation (Thousands of yen)	11,999	12,564	5,237	21,454	5,022	33,301	15,600	19,108	12,554	15,559
⑤ Lease business profit (=③ - ④) (Thousands of yen)	52,051	24,287	17,028	169,135	49,293	103,791	112,592	69,849	30,405	115,625
⑥ Capital expenditures (Thousands of yen)	16,894	1,147	—	13,130	—	8,249	74,303	33,233	22,838	580
⑦ Leasing NCF(=③ - ⑥) (Thousands of yen)	47,156	35,704	22,266	177,460	54,316	128,843	53,889	55,724	20,121	130,605

(Note 1) Amounts are rounded down to the nearest thousand yen.

# Lease Business Revenue and Expenditure by Property (3)

Property number	R-1	R-2	
Property name	fab Minami-Osawa	Niigata Higashibori-dori Parking Building	Total for 22 properties
① Total property-related operating revenue (Thousands of yen)			3,348,386
Lease business revenue			3,019,618
Other lease business revenue			328,767
② Total property-related operating expenses (thousands of yen)			1,131,202
Property management fees	(undisclosed)	(undisclosed)	340,095
Utilities expenses			381,375
Taxes and public dues			221,040
Insurance premiums			5,017
Repair expenses			103,716
Other expenses			79,958
③ Leasing NOI (= ① - ②) (Thousands of yen)	118,887	22,209	2,217,183
④ Depreciation (Thousands of yen)	32,538	4,179	498,838
⑤ Lease business profit (=③ - ④) (Thousands of yen)	86,348	18,029	1,718,345
⑥ Capital expenditures (Thousands of yen)	—	—	280,123
⑦ Leasing NCF(=③ - ⑥) (Thousands of yen)	118,887	22,209	1,937,060

(Note 1) Amounts are rounded down to the nearest thousand yen.

(Note 2) ① Property-related operating revenue and ② Property-related expenses of fab Minami-Osawa and Niigata Higashibori-dori Parking Building are undisclosed due to unavoidable circumstances including a lack of tenant consent for the disclosure of property-related operating revenue.

# List of Appraisal Values

Appendix

Property number	Property name	Acquisition price (Millions of yen)	End of seventh fiscal period (ended Feb. 2017)						End of sixth fiscal period (ended Aug. 2016)	
			Appraisal value (Millions of yen)		Direct cap rate		Book value (Millions of yen)	Unrealized gain (loss) (Millions of yen)	Appraisal value (Millions of yen)	Direct cap rate
				Difference from end of previous period		Difference from end of previous period				
OT-1	J Tower	24,394	25,200	0	4.8%	-0.1%	24,291	908	25,200	4.9%
OT-2	SIA Kanda Square	7,350	8,390	130	3.8%	-0.1%	6,970	1,419	8,260	3.9%
OT-3	Tachikawa Nishiki-cho Building	3,264	3,900	50	4.7%	-0.1%	3,332	567	3,850	4.8%
OT-4	CP10 Building	3,229	3,330	70	4.3%	-0.1%	3,182	147	3,260	4.4%
OT-5	Yokohama AP Building	3,110	3,690	80	4.5%	-0.1%	3,085	604	3,610	4.6%
OT-6	Yushima First Genesis Building	2,751	3,060	50	4.3%	-0.1%	2,717	342	3,010	4.4%
OT-7	Miyaji Building	2,880	3,180	40	4.6%	-0.1%	2,865	314	3,140	4.7%
OT-8	36 Sankyo Building	2,395	2,670	40	4.4%	-0.1%	2,361	308	2,630	4.5%
OT-9	Minami-Shinagawa JN Building	2,165	2,084	70	4.6%	-0.1%	2,187	-103	2,014	4.7%
OT-10	Minami-Shinagawa N Building	2,292	2,240	90	4.8%	-0.1%	2,264	-24	2,150	4.9%
OT-11	Minami-Shinagawa J Building	2,020	2,200	30	4.8%	-0.1%	1,985	214	2,170	4.9%
OT-12	MY Atsugi Building	1,240	1,320	10	5.7%	-0.1%	1,193	126	1,310	5.8%
OT-13	Hachioji SIA Building	730	816	3	5.3%	-0.1%	709	106	813	5.4%
OT-14	Glass City Motoyoyogi	7,500	7,810	7,810	4.4%	%	7,546	263	–	–
OT-15	Okachimachi CY Building	2,700	2,790	2,790	4.4%	%	2,730	59	–	–
OO-1	Central Shin-Osaka Building	4,612	5,080	90	4.6%	-0.1%	4,438	641	4,990	4.7%
OO-2	Karasuma Plaza 21	3,700	3,720	40	4.9%	-0.1%	3,778	-58	3,680	5.0%
OO-3	Stoke Building Nagoya	2,381	2,730	50	4.9%	-0.1%	2,379	350	2,680	5.0%
OO-4	MY Kumamoto Building	1,152	1,290	10	6.1%	-0.1%	1,136	153	1,280	6.2%
OO-5	Nagoya Fushimi Square Building	4,812	4,960	4,960	4.7%	%	4,838	121	–	–
R-1	fab Minami-Osawa	4,250	4,610	60	5.0%	-0.1%	4,101	508	4,550	5.1%
R-2	Niigata Higashibori-dori Parking Building	432	603	10	6.6%	-0.1%	426	176	593	6.7%
Total		89,359	95,673	+16,483	–	–	88,525	7,147	79,190	–

(Note) Amounts are rounded down to the nearest million yen



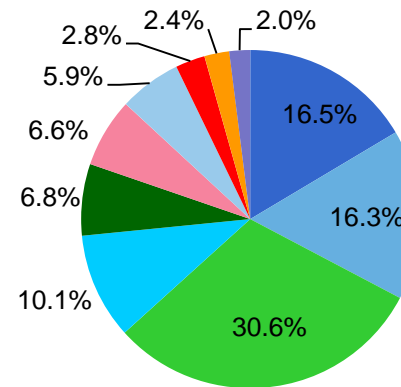
## Balance of Borrowings by Repayment Date

Classification (Note)	Lender	Balance (Thousands of yen)	Interest rate (Fixed/floating)	Repayment date
Short-term Borrowings	Mizuho Trust & Banking Co., Ltd. Mizuho Bank, Ltd.	255,000	0.28000% (Floating)	September 7, 2017
Short-term Borrowings	Sumitomo Mitsui Banking Corporation Aozora Bank, Ltd. The Bank of Fukuoka, Ltd. The Mie Bank, Ltd. ORIX Bank Corporation	3,419,050	0.68000% (Floating)	October 10, 2017
Short-term Borrowings	Sumitomo Mitsui Banking Corporation Resona Bank, Limited Aozora Bank, Ltd. ORIX Bank Corporation	5,445,000	1.08473% (Fixed)	October 10, 2017
Long-term Borrowings	Sumitomo Mitsui Banking Corporation Aozora Bank, Ltd. The Mie Bank, Ltd.	6,454,750	0.83000% (Floating)	October 10, 2018
Long-term Borrowings	Sumitomo Mitsui Banking Corporation Kansai Urban Banking Corporation	6,642,750	1.38226% (Fixed)	October 10, 2018
Long-term Borrowings	Mizuho Trust & Banking Co., Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Shinsei Bank, Limited Resona Bank, Limited The Mie Bank, Ltd. The Bank of Fukuoka, Ltd.	5,925,000	0.58096% (Fixed)	September 7, 2019
Long-term Borrowings	Mizuho Trust & Banking Co., Ltd. Mizuho Bank, Ltd. Shinsei Bank, Limited Resona Bank, Limited	8,149,000	0.58096% (Fixed)	September 7, 2019

Classification (Note)	Lender	Balance (Thousands of yen)	Interest rate (Fixed/floating)	Repayment date
Long-term Borrowings	Mizuho Trust & Banking Co., Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Shinsei Bank, Limited Resona Bank, Limited The Mie Bank, Ltd. The Bank of Fukuoka, Ltd.	1,975,000	0.69593% (Fixed)	September 7, 2020
Long-term Borrowings	Mizuho Trust & Banking Co., Ltd. Mizuho Bank, Ltd. Shinsei Bank, Limited Resona Bank, Limited	8,149,000	0.69593% (Fixed)	September 7, 2020
Long-term Borrowings	Sumitomo Mitsui Banking Corporation The Mie Bank, Ltd.	2,970,000	1.35961% (Fixed)	October 13, 2020
<b>Total</b>		<b>49,384,550</b>		

## Balance of Borrowings by Lender

(Millions of yen)



Mizuho Trust & Banking Co., Ltd.	8,125
Mizuho Bank, Ltd.	8,027
Sumitomo Mitsui Banking Corporation	15,104
Shinsei Bank, Limited	5,000
Resona Bank, Limited	3,380
The Mie Bank, Ltd.	3,266
Aozora Bank, Ltd.	2,935
ORIX Bank Corporation	1,388
The Bank of Fukuoka, Ltd.	1,179
Kansai Urban Banking Corporation	979
<b>Total</b>	<b>49,384</b>

(Note 2) Amounts are rounded down to the nearest million yen.

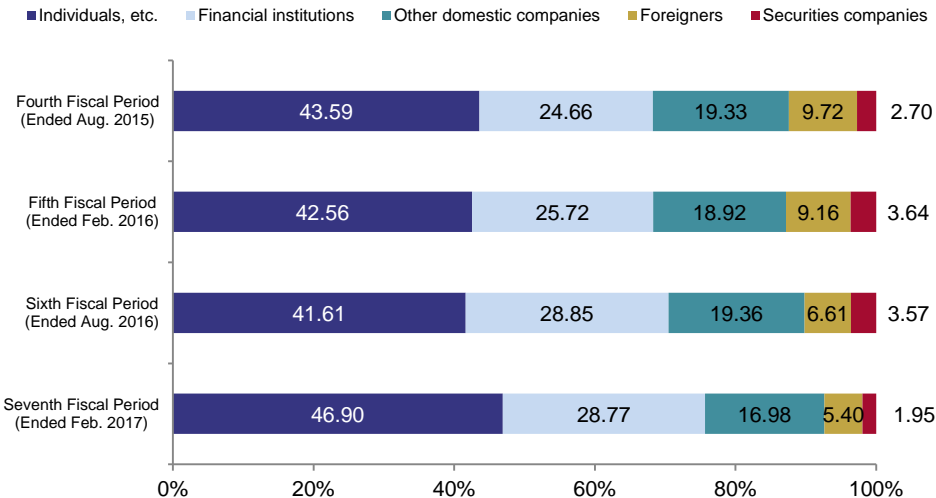
(Note 1) "Short-term" refers to a period within one year to the repayment date and "Long-term" refers to a period of more than one year to the repayment date based on each point in time.

## Number of Unitholders and Investment Units by Unitholder Type

	End of the seventh fiscal period (as of Feb. 28, 2017)			
	Number of unitholders	Percentage (Note)	Number of investment units	Percentage (Note)
Individuals, etc.	10,785	96.99%	44,393	46.90%
Financial institutions	31	0.28%	27,231	28.77%
Other domestic companies	195	1.75%	16,073	16.98%
Foreigners	86	0.77%	5,109	5.40%
Securities companies	23	0.21%	1,843	1.95%
<b>Total</b>	<b>11,120</b>	<b>100.00%</b>	<b>94,649</b>	<b>100.00%</b>

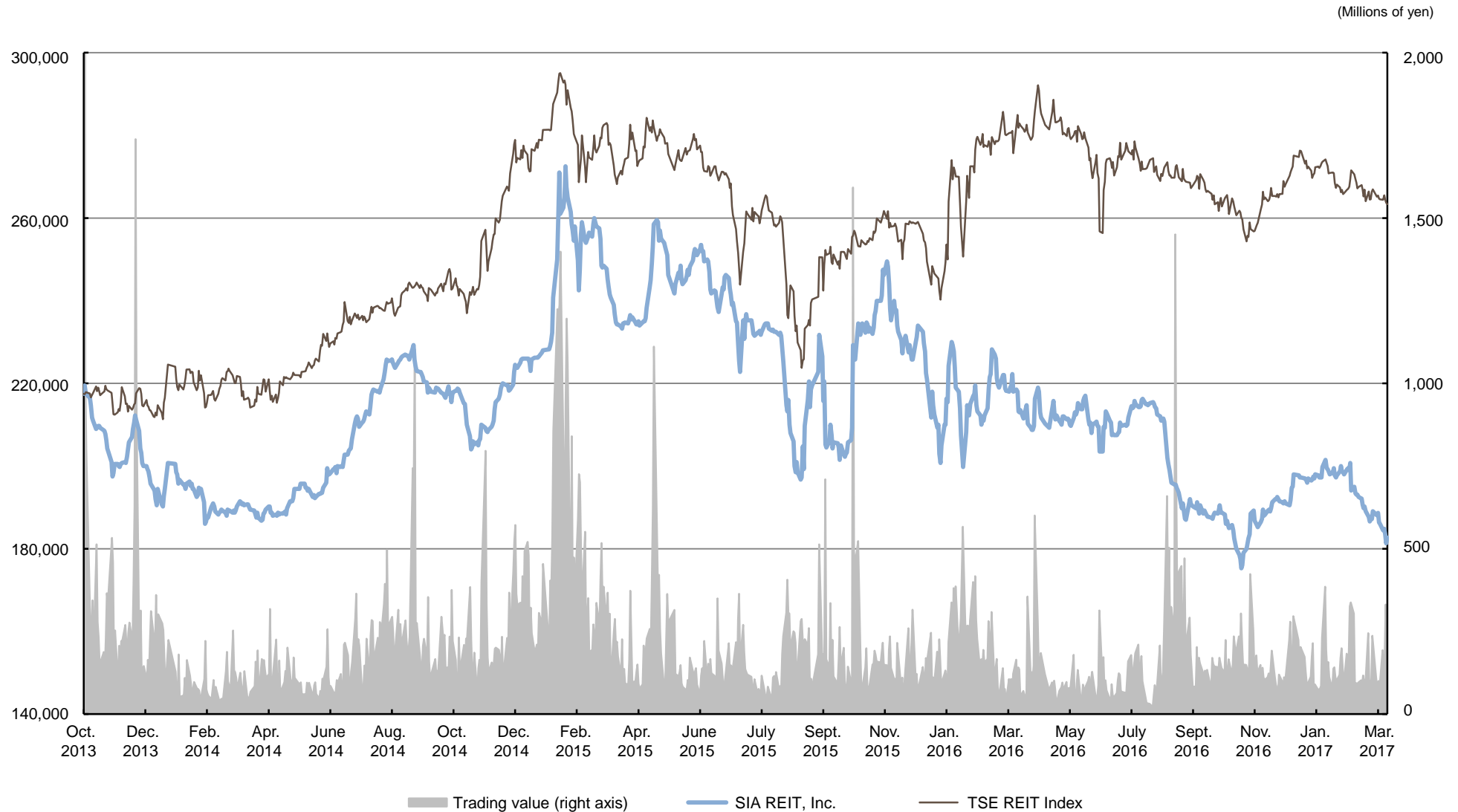
(Note) Percentages are rounded to the second decimal place.

## Investment Unit Ratios



## Main Unitholders

Main unitholders	Number of investment units	Percentage
Simplex Investment Advisors Inc.	11,265	11.90%
Japan Trustee Services Bank, Ltd. (Trust Acct.)	8,572	9.06%
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	6,088	6.43%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	4,448	4.70%
The Nomura Trust and Banking Co., Ltd. (Trust Acct.)	2,170	2.29%
MSCO CUSTOMER SECURITIES	1,329	1.40%
Kinki Sangyo Credit Union	1,325	1.40%
Japan Trustee Services Bank, Ltd. (Trust Acct. 9)	1,246	1.32%
NOMURA BANK (LUXEMBOURG) S.A.	700	0.74%
Kabu.com Securities Co., Ltd	689	0.73%
<b>Total</b>	<b>37,832</b>	<b>39.97%</b>



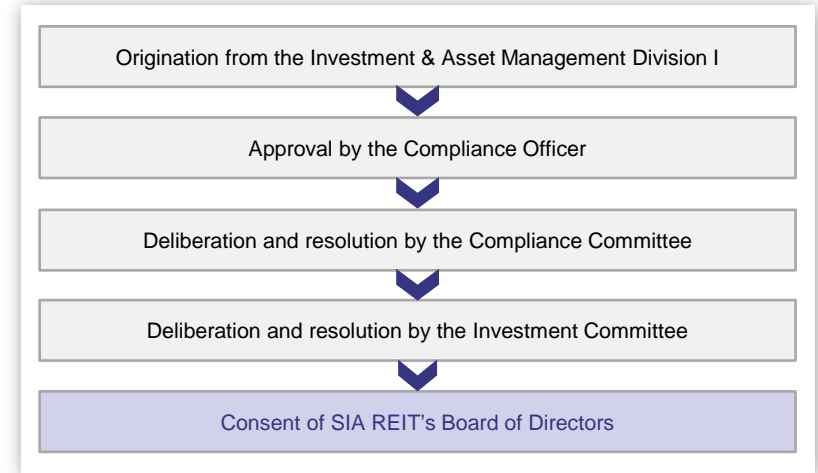
(Note 1) It indicates changes from October 9, 2013 (the day SIA REIT listed) to March 31, 2017.

(Note 2) The closing price of the TSE REIT Index on October 9, 2013 of 1,467.30 points is converted to SIA REIT's offer price at its point of listing of ¥225,000 (after considering 2-for-1 split) and the relative performance of SIA REIT's investment unit price (closing price) is compared.

## ■ Governance System

### ■ The Asset Management Company's procedures for making decisions concerning related-party transactions

Decisions on proposed acquisition or sale of assets are made by the Asset Management Company. They must originate from the Investment & Asset Management Division I, be approved by the Compliance Officer, and be authorized by resolution of the Compliance Committee and the Investment Committee. However, if the acquisition or sale of an asset would constitute a related-party transaction, the consent of SIA REIT's Board of Directors must also be obtained in addition to the above procedures.



## ■ Management Fee System

Management fee system		Calculation method	Maximum
Management fees	Management fee 1	Total assets × 0.35% × (Number of months in the fiscal period / 12)	Total assets×0.45% (annual rate) <sup>(Note 2)</sup>
	Management fee 2	NOI <sup>(Note 1)</sup> × 5.5%	
Acquisition fees		Acquisition price × 1.0% (Transactions with interested parties: Acquisition price × 0.5%)	
Transfer fees		Transfer price × 1.0% (Transactions with interested parties: Transfer price × 0.5%)	

(Note 1) NOI is the amount arrived at after deducting property-related expenses (excluding depreciation and loss on retirement of noncurrent assets) from the total of the fiscal period's lease business revenues and silent partnership distributions.

(Note 2) This is on the condition that the proposal on the amendments to the Articles of Incorporation is approved at the Next General Meeting of Unitholders as originally proposed.

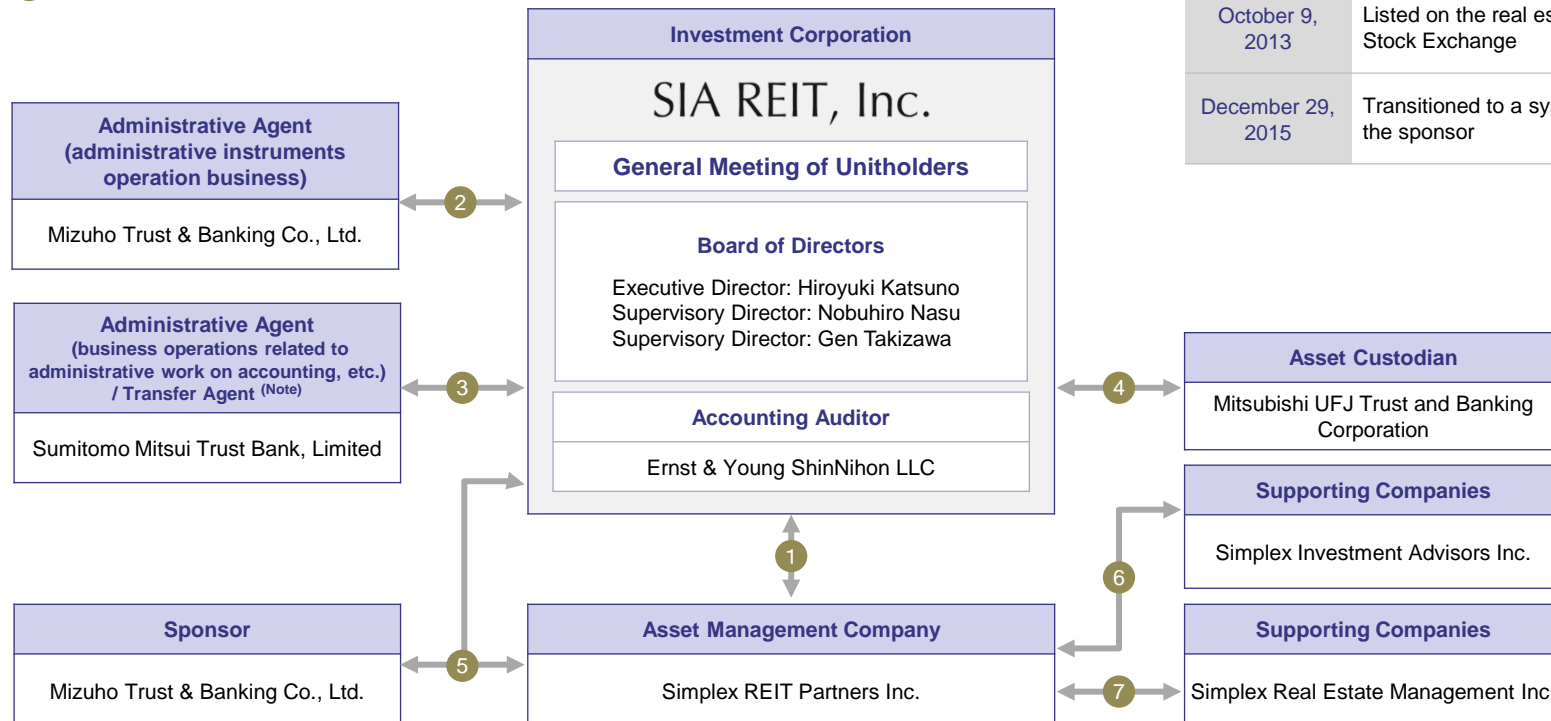
- 1 Asset management contract
- 2 Administrative agency entrustment (administrative instruments operation business)
- 3 Administrative agency entrustment (business operations related to administrative work on accounting, etc.) / transfer agency entrustment
- 4 Asset custodian entrustment
- 5 Sponsor/support contract
- 6 Business entrustment agreement
- 7 Sponsor/support contract

## ■ Profile

Name of Investment Company	SIA REIT, Inc.
Establishment	June 25, 2013
Representative	Hiroyuki Katsuno, Executive Director
Headquarter Address	1-8-2, Marunouchi , Chiyoda-ku, Tokyo,

## ■ History

June 20, 2013	Notification of incorporation of SIA REIT by the organizer (Simplex REIT Partners Inc.) pursuant to Article 69 of the Investment Trusts Act
June 25, 2013	Registration of incorporation pursuant to Article 166 of the Investment Trusts Act, SIA REIT incorporated
July 8, 2013	Application for registration pursuant to Article 188 of the Investment Trusts Act
July 23, 2013	Registration approved by the Prime Minister pursuant to Article 189 of the Investment Trusts Act (Director General of the Kanto Local Finance Bureau Registration No. 85)
October 9, 2013	Listed on the real estate securities market of the Tokyo Stock Exchange
December 29, 2015	Transitioned to a system with Mizuho Trust & Banking as the sponsor

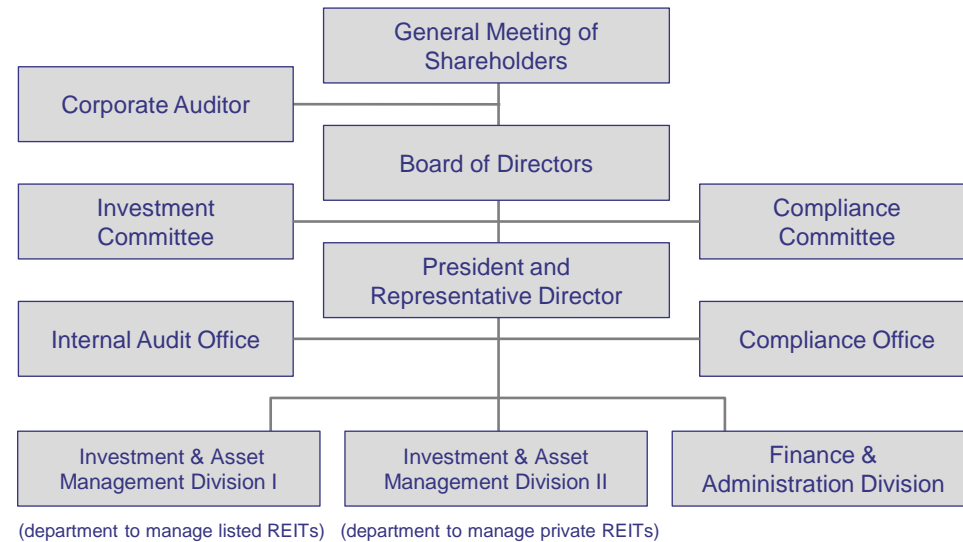


(Note) Transfer agent is scheduled to be changed to Mizuho Trust & Banking Co., Ltd. on May 24, 2017.



Name	Simplex REIT Partners Inc.
Established	July 1, 2005
Capital	¥50 million
Representative	Hiroyuki Katsuno, President and Representative Director
Address of head office	Urbannet Nihonbashi 2-chome Building 4th Floor, 2-1-3 Nihonbashi, Chuo Ward, Tokyo
No. of directors/employees	26 (As of March 1, 2017) <sup>(Note)</sup>
Shareholder	Simplex Investment Advisors Inc. (100%)
Membership	The Investment Trusts Association, Japan
Licenses, etc.	Investment Management Business: Director General of Kanto Local Finance Bureau (Financial Instruments) Registration No. 342 Building Lots and Buildings Transaction Business: Governor of Tokyo (3) Registration No. 84787 Trading Agency Etc. License: Minister of Land, Infrastructure, Transport and Tourism License No. 46

## Organization



(Note) Includes full-time auditors, contract employees, and employees on postings from other companies. Does not include outside directors or temporary staff. Includes members holding concurrent positions among SIA Group companies.



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**Asset Management Company: Simplex REIT Partners Inc.  
License No. 342, Director-General, Kanto Finance Bureau (Financial Instruments and Exchange Act),  
Financial Instruments Business Operator; Member, The Investment Trusts Association, Japan**