

Summary of Financial Results for the Fiscal Period Ended February 2016 (REIT)

April 14, 2016

REIT Issuer: SIA REIT, Inc. Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 3290 URL: <http://www.sia-reit.com/en/>
 Representative: (Title) Executive Director (Name) Hiroyuki Katsuno
 Asset Management Company: Simplex REIT Partners Inc.
 Representative: (Title) President and Representative Director (Name) Hiroyuki Katsuno
 Contact: (Title) Head of Finance & Administration (Name) Shigefumi Kadota
 TEL +81-3-5532-5713

Scheduled date of submission of securities report: May 30, 2016
 Scheduled date of commencement of distribution payment: May 19, 2016
 Preparation of supplementary financial results briefing materials: Yes
 Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for the Fiscal Period Ended February 2016 (September 1, 2015 to February 29, 2016)

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

Fiscal period	Operating revenue		Operating profit		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Feb. 2016	3,019	(1.1)	1,214	1.3	905	1.9	904	1.9
Ended Aug. 2015	3,053	(0.1)	1,198	(2.3)	888	(3.1)	887	(3.1)

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of recurring profit to total assets	Ratio of recurring profit to operating revenue
	yen	%	%	%
Ended Feb. 2016	12,050	2.7	1.1	30.0
Ended Aug. 2015	11,822	2.6	1.1	29.1

(2) Distributions status

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)	Total distributions (excluding distribution in excess of earnings)	Distribution per unit in excess of earnings	Total distributions in excess of earnings	Distribution payout ratio	Ratio of distributions to net assets
	yen	million yen	yen	million yen	%	%
Ended Feb. 2016	12,050	904	0	0	99.9	2.7
Ended Aug. 2015	11,822	887	0	0	99.9	2.6

(Note) Distribution payout ratio is calculated by the following formula (rounded down to one decimal place).

Distribution payout ratio = Total distributions ÷ Net income × 100

(3) Financial position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Feb. 2016	80,439	33,543	41.7	446,650
Ended Aug. 2015	80,492	33,526	41.7	446,422

(4) Status of cash flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Ended Feb. 2016	1,423	(119)	(1,087)	6,169
Ended Aug. 2015	1,396	(344)	(1,113)	5,953

2. Forecast of Financial Results for the Fiscal Period Fiscal Period Ending August 2016 (March 1, 2016 to August 31, 2016) and Fiscal Period Ending February 2017 (September 1, 2016 to February 28, 2016)

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

Fiscal period	Operating revenue		Operating profit		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ending Aug. 2016	2,975	(1.5)	1,115	(8.2)	804	(11.2)	803	(11.2)
Ending Feb. 2017	2,882	(3.1)	1,084	(2.8)	774	(3.7)	773	(3.7)

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)		Distribution per unit in excess of earnings	
	yen		yen	
Ending Aug. 2016	10,700		0	
Ending Feb. 2017	10,300		0	

(Reference) Forecast net income per unit (fiscal period ending August 2016): 10,700 yen

Forecast net income per unit (fiscal period ending February 2017): 10,300 yen

* Other

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

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

(2) Number of investment units issued and outstanding

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

Fiscal period ended February 2016	75,100 units
Fiscal period ended August 2015	75,100 units
Fiscal period ended February 2016	— units
Fiscal period ended August 2015	— units

- ② Number of own investment units at end of period

(Note) For the number of investment units used as the basis for calculating net income per unit, please refer to “Notes on Per Unit Information” on page 29.

* Presentation of the status of implementation of audit procedures

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

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

The management status outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by SIA REIT. Accordingly, actual management status and other results may differ materially due to a variety of factors. In addition, the forecast is not a guarantee of the amount of distributions. For the assumptions for the forecast of management status, please refer to “Assumptions for the Forecast of Management Status for the Fiscal Periods Ending August 2016 and February 2017” presented on page 14.

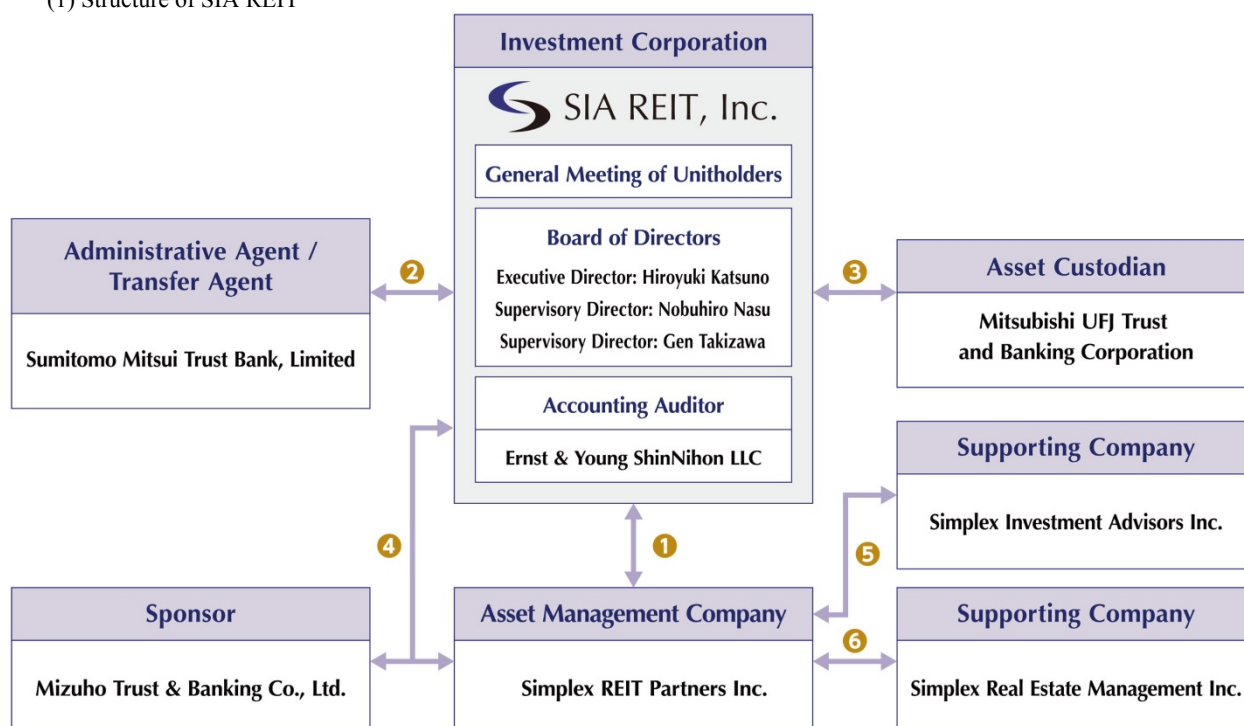
1. Associated Corporations of the Investment Corporation

SIA REIT, Inc. (hereafter referred to as “SIA REIT”) ended, on November 30, 2015, a structure of having Simplex Investment Advisors Inc. (Note) as a sponsor, which had continued since its listing, and launched a structure of having Mizuho Trust & Banking Co., Ltd. as a new sponsor on December 29, 2015 based on the sponsor support agreement concluded with Mizuho Trust & Banking Co., Ltd. on November 30, 2015.

The name, operational roles and overview of associated business operations of SIA REIT and the associated corporations of SIA REIT (including other main associated parties of SIA REIT) as of today are as follows.

(Note) The company holds the same business name and address as those of Simplex Investment Advisors Inc., the parent company of Simplex REIT Partners Inc. (hereafter referred to as the “Asset Management Company”) as of today. However, it is a separate entity from the parent company of the Asset Management Company as of today. In this document, Simplex Investment Advisors Inc. which disengaged itself from the sponsors of SIA REIT on November 30, 2015 will be referred to as “Former Simplex Investment Advisors Inc.” and Simplex Investment Advisors Inc. which is the parent company of the Asset Management Company as of today will be referred to as simply “Simplex Investment Advisors Inc.” or “SIA.”

(1) Structure of SIA REIT



1)	Asset management contract
2)	Administrative agency entrustment, transfer agency entrustment contract
3)	Asset custodian entrustment contract
4)	Sponsor/support contract
5)	Business entrustment agreement
6)	Sponsor/support contract

(Note) Simplex Investment Advisors Inc., Mizuho Trust & Banking Co., Ltd. and Mizuho Financial Group, Inc., the three parent companies of the Asset Management Company, fall within the scope of specified associated corporations (as defined in Article 12, Paragraph 3 of Cabinet Office Ordinance on Disclosure of Information, etc. on Regulated Securities (Ordinance of the Ministry of Finance No. 22 of 1993, including subsequent amendments); The same shall apply hereinafter) of SIA REIT.

Simplex Investment Advisors Inc. is a wholly owned subsidiary of Mizuho Trust & Banking Co., Ltd. and has acquired all shares of the Asset Management Company on December 29, 2015. Mizuho Financial Group, Inc. is the parent company of Mizuho Trust & Banking Co., Ltd.

(2) The operational roles, name and overview of associated business operations of SIA REIT and the associated corporations of SIA REIT

Operational role	Name	Overview of associated business operations
Investment Corporation	SIA REIT, Inc.	Based on its Articles of Incorporation, SIA REIT manages assets by investing funds, etc. paid by unitholders as investments primarily in real estate and other assets with an aim to secure stable earnings and achieve steady growth of assets under management from the medium- to long-term point of view.
Asset Management Company	Simplex REIT Partners Inc.	The Asset Management Company entered into the asset management contract with SIA REIT on June 27, 2013. Pursuant to the said agreement, the Asset Management Company, as an asset management company under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent amendments and hereinafter referred to as “the Investment Trust Act”), will provide the asset management services in accordance with the Articles of Incorporation of SIA REIT and the Investment Guidelines as an internal rule of the Asset Management Company (Article 198, Paragraph 1 of the Investment Trust Act). Pursuant to the asset management contract, the Asset Management Company provides services related to (1) management of investment assets of SIA REIT, (2) procurement of funds of SIA REIT, (3) reporting filings to, or on behalf of the SIA REIT with respect to the conditions of investment assets and other matters, (4) establishment of the management plan of investment assets, (5) collection, use, storage, etc. of individual numbers and corporate numbers based on the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure (Act No. 27 of 2013, including subsequent amendments, and hereinafter referred to as “Individual Number Act”), (6) matters entrusted by SIA REIT from time to time and (7) other matters relating or incidental to above items (1) through (6).
Administrative Agent/Transfer Agent	Sumitomo Mitsui Trust Bank, Limited	Sumitomo Mitsui Trust Bank, Limited entered into the administrative agency entrustment contract with SIA REIT on June 27, 2013. In addition, it entered into the transfer agency entrustment contract with the Asset Management Company as a promoter of SIA REIT on June 20, 2013, and the contractual status of the Asset Management Company was succeeded to SIA REIT on June 27, 2013. Pursuant to the above administrative agency entrustment contract, Sumitomo Mitsui Trust Bank, Limited, as an administrative agent under the Investment Trust Act (Article 117, Items 4 to 6), provides services related to (1) accounts, (2) preparation of accounting books, (3) tax payments, (4) operations of the administrative instruments, (5) other matters relating or incidental to above items (1) through (4). Pursuant to the above the transfer agency entrustment contract, Sumitomo Mitsui Trust Bank, Limited, as an administrative agent under the Investment Trust Act (Article 117, Items 2 to 4 and 6), provides services related to (1) preparation, management and keeping of the unitholders registry, (2) recording of items to be included in the unitholders registry and verifying the number of investment units transferred that must be recorded with the names of investment unit and transfer, (3) recording of the addresses, names, etc. of unitholders or changes thereof, (4) receipt of filings submitted by unitholders, etc., (5) mailing of notices for convening general meetings of unitholders, notices of decisions and other related reference documents and management of records of undelivered mail, (6) preparation, receipt and tallying of voting rights execution documents, (7) calculation and payment of monies to be distributed, (8) finalization of distributions and their payment after the payment period has passed at the banks handling the administrative affairs related to paying distributions, etc., (9) provision of access to and copies of the unitholder registry, and delivery of certification forms, (10) preparation of statistical documents regarding investment units and notification and preparation of reporting documents to government agencies and financial instruments exchange, etc., (11) temporary work related to merging or splitting of investment units, or merger of the investment corporation, (12) organizing and filing documents belonging to SIA REIT that were used to implement the contracted tasks, (13) sending and receiving information with other transfer agencies, (14) collection, use and storage, etc. of individual numbers and corporate numbers of unitholders, etc. based on the Individual Number Act, (15) responding to inquiries regarding above (1) to (14), and (16) other matters relating or incidental to above items (1) through (15).
Asset Custodian	Mitsubishi UFJ Trust and Banking Corporation	Mitsubishi UFJ Trust and Banking Corporation entered into the asset custodian entrustment contract with SIA REIT on June 27, 2013. Pursuant to the above asset custodian entrustment contract, Mitsubishi UFJ Trust and Banking Corporation, as an asset custodian under the Investment Trust Act (Article 208, Paragraph 1), provides services related to (1) custody of assets and

		(2) other matters relating or incidental to above (1).
--	--	--

Operational role	Name	Overview of associated business operations
Sponsor/ Specified Associated Corporation (Parent Company of the Asset Management Company)	Mizuho Trust & Banking Co., Ltd.	Mizuho Trust & Banking Co., Ltd. is the parent company of Simplex Investment Advisors Inc., which is the parent company of the Asset Management Company. It entered into the sponsor support contract with SIA REIT and the Asset Management Company on November 30, 2015. Pursuant to the above contract, the sponsor has agreed to (1) provide information on property sales which are considered to comply with the investment criteria of SIA REIT, (2) provide, etc. know-how on bridge funds, etc., (3) provide information on tenants, (4) advisory service on property acquisition and management, (5) advise on loans for SIA REIT, or the establishment of financial structures such as formation of loan syndicates, etc., (6) provide advice and be entrusted with auxiliary work concerning SIA REIT's financing related work, (7) provide information on real estate transactions and the rental market as well as on the financial market and exchange views on such information, (8) work to have its subsidiary hold and continue to hold SIA REIT's investment units (same-boat investment) and (9) cooperate in securing human resources and the dispatch of personnel.
Supporting Company/ Specified Associated Corporation (Parent Company of the Asset Management Company)	Simplex Investment Advisors Inc.	Simplex Investment Advisors Inc. is the parent company of the Asset Management Company. It is also a wholly owned subsidiary of Mizuho Trust & Banking Co., Ltd., the sponsor. It entered into the business entrustment contract concerning facility management with the Asset Management Company on February 1, 2016. Pursuant to the above contract, Simplex Investment Advisors Inc. has agreed to provide services related to (1) exercising rights to give directions to property managers concerning management of real estate, etc. by proxy, or advisory service or auxiliary work concerning directions by proxy, (2) advisory service or auxiliary work concerning discussions/assessment for repair work of real estate, etc., and advisory service concerning placement of orders for repair work, etc. or placement of orders by agent, (3) advisory service or auxiliary work for drawing up medium- to long-term repair plans concerning repair work, etc., (4) advisory service or auxiliary work concerning due diligence including survey/analysis of real estate, etc., and other matters relating or incidental to above (1) to (4).
Specified Associated Corporation (Parent Company of the Asset Management Company)	Mizuho Financial Group, Inc.	Mizuho Financial Group, Inc. is the parent company of Mizuho Trust & Banking Co., Ltd.

(3) The role and name and overview of business operations of main associated parties of SIA REIT other than the above

Role	Name	Overview of business operations
Supporting Company	Simplex Real Estate Management Inc.	Simplex Real Estate Management Inc. entered into the sponsor support contract on August 15, 2013. Pursuant to the above contract, the supporting company has agreed to (1) preferentially provide information obtained from third parties on sales of real estate, etc. subject for acquisition, (2) preferentially provide information on sales of real estate, etc. subject for acquisition by companies, etc. which own real estate, etc. for which the supporting company provides asset management service, when such companies intend to sell the real estate, etc., (3) provide auxiliary work, advisory service, etc. concerning management, leasing, conversion, renewal, development, etc. of real estate, etc., (4) provide cooperation in temporarily owning real estate, etc. in funds and others that are formed by the supporting company, on the premise of transfer of such to SIA REIT (warehousing service), (5) arrange property acquisitions such as due diligence and adjustment of acquisition process, and (6) provide market information on transactions and developments of real estate, etc. and information on the leasing market of real estate, etc., and exchange views/information.

2. Management Policy and Management Status

(1) Management Policy

SIA REIT ended, on November 30, 2015, a structure of having Former Simplex Investment Advisors Inc. as a sponsor, which had continued since its listing, and launched a structure of having Mizuho Trust & Banking Co., Ltd. as a new sponsor on December 29, 2015 based on the sponsor support agreement concluded with Mizuho Trust & Banking Co., Ltd. on November 30, 2015.

Accordingly, among “Investment Policy,” “Investment Targets” and “Distribution Policy” in the securities report (submitted on November 27, 2015), “(1) Basic Strategy of SIA REIT,” “(2) Basic Policy of SIA REIT,” and “(4) Growth Strategy” in “Investment Policy” are as follows as of today. Disclosure of other items is omitted because there has been no significant change.

① Basic Strategy of SIA REIT

SIA REIT will make investments to secure stable earnings and achieve steady growth of the assets under management over the medium- to long-term through continued investment, with the purpose of investing primarily in real estate and other assets.

Specifically, SIA REIT will aim for maximization of unitholder interests through pursuit of profitability and stability under the following strategies.

- ◆ Build a portfolio comprising mainly Class-A and Class-B office buildings and urban retail facilities
 - The market size for Class-A and Class-B office buildings is large, and they offer the prospect of higher levels of return than Class-S office buildings. They also offer the prospect of relatively stable rental demand and rent levels due to the presence of large numbers of prospective tenants.
 - Urban retail facilities not only tend to have more long-term contracts compared to office buildings, but also have relatively larger number of prospective tenants than for suburban retail facilities, offering the prospect of stable income through tenant diversification, etc.
- ◆ Make selective investments in ordinance-designated cities or their equivalent which offer the prospect of relatively higher returns than the Tokyo metropolitan area while maintaining the Tokyo metropolitan area as our primary investment target as it offers the prospect of stable rental demand over the medium- to long-term and is a relatively large market
- ◆ Utilize support including provision of know-how and management resources from Mizuho Trust & Banking Co., Ltd., which is an influential player in the Japanese real estate market and is also our sponsor, as well as abundant formation/operational know-how, etc. on real estate private funds for the above investment target assets held by the SIA Group

(Note) Please refer to “(2) Basic Policy of SIA REIT” below for definitions of “office buildings,” “Class-S,” “Class-A,” “Class-B,” “retail facilities,” “urban retail facilities,” “Suburban retail facilities,” “Tokyo metropolitan area,” “ordinance-designated cities or their equivalent,” “SIA Group” and others.

② Basic Policy of SIA REIT

(A) Build a portfolio which offers both profitability and stability

Based on the investment policy stipulated in the Articles of Incorporation, SIA REIT invests primarily in office buildings (Note 1) and retail facilities (Note 2). SIA REIT also aims to build a portfolio that pursue enhancement of earnings while emphasizing securement of stable earnings over the medium- to long-term.

In particular, SIA REIT will make Class-A (Note 3) and Class-B (Note 3) office buildings its main investment target. SIA REIT believes that the market size for Class-A and Class-B office buildings is large, and they offer the prospect of higher levels of return than Class-S (Note 3) office buildings. They also offer the prospect of relatively stable rental demand and rent levels due to the presence of large numbers of prospective tenants.

As for retail facilities, SIA REIT will make urban retail facilities (Note 4) its main investment target. SIA REIT believes that urban retail facilities not only tend to have relatively more long-term contracts compared to office buildings, but also have relatively larger numbers of prospective tenants than for suburban retail facilities (Note 5), offering the prospect of stable income through tenant diversification, etc.

SIA REIT believes that office buildings and retail facilities have characteristics of offering the prospect of increase in earnings through rent increase at the time of economic boom. Particularly for urban retail facilities, it is believed that they have characteristics of offering the prospect of increase in earnings through rise in the rent component of sale commissions.

As to investment target area, SIA REIT will make selective investments in ordinance-designated cities (Note 7) and major regional cities equivalent to ordinance-designated regional cities (Note 8)(hereinafter collectively referred to as “ordinance-designated cities or their equivalent”) which offer the prospect of relatively higher returns than the Tokyo metropolitan area (Note 6) while maintaining the Tokyo metropolitan area as our primary investment target as it offers the prospect of stable rental demand over the medium- to long-term and is a relatively large market.

(Note 1) “Office buildings” include related facilities and annex structures used for office as well as proprietary of their sites (land) and such.

(Note 2) “Retail facilities” include facilities that may be used for commercial activities by various business types and categories including products sales business including retailing, restaurant, company showrooms, exhibition halls, as their main use of the facilities; parking and annex structures that are used, in whole or part, by facility users and the employees as well as proprietary of their sites (land) and such.

(Note 3) “Class S” refers to office buildings located in the three central wards of Tokyo (Chiyoda Ward, Chuo Ward and Minato Ward) with a standard floor area of 200 tsobos (approx. 660 m²) or more. “Class A” refers to office buildings located in the five central wards of Tokyo (Chiyoda Ward, Chuo Ward, Minato

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

- (Note 4) “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
- (Note 5) “Suburban retail facility” refers to a retail facility located in suburban area which is assumed to be accessed mainly by cars.
- (Note 6) “Tokyo metropolitan area” refers to Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture.
- (Note 7) “Ordinance-designated regional cities” refers to ordinance-designated cities located outside the Tokyo metropolitan area.
- (Note 8) “Major regional cities” refers to non-ordinance-designated regional cities located outside the Tokyo metropolitan area that are the location of a prefectural government (prefectural capitals) or their equivalent.

(B) Support from the sponsor

a. Real estate business of the sponsor

Mizuho Trust & Banking Co., Ltd., the sponsor, engages in real estate business, mainly with real estate brokerage and real estate securitization. In the real estate brokerage business, the sponsor has accumulated an extensive track record making full use of its extensive information network and know-how against the backdrop of the vast customer base of Mizuho Financial Group, Inc. to which it belongs. In the real estate securitization business, it conducts a financial advisory business on real estate securitization and investment in income-producing real estate. The sponsor offers various solutions such as non-recourse loans services, in addition to operating a real estate asset management business, as well as trust services for real estate management/disposal, as an influential player in Japanese real estate market.

SIA REIT and the Asset Management Company aim to maximize unitholder interests by applying the sponsor’s wide range of information and strength in business creation to both its external and internal growth, as well as by improving stability of SIA REIT’s financial base as a result of the high credibility of the sponsor.

b. Support system by the sponsor

SIA REIT has concluded the sponsor support agreement with Mizuho Trust & Banking Co., Ltd., the sponsor, in order to aim for continuous and stable growth through utilization of its extensive information network as well as its knowledge of diverse solutions.

The following is an overview of support stipulated in the sponsor support agreement which SIA REIT and the Asset Management Company concluded with the sponsor.

(i) Provision of information on property sales

The sponsor will work to collect information on real estate sales which are considered to comply with the investment criteria of SIA REIT and promptly provide it to the Asset Management Company. However, this obligation does not apply if such provision of information is deemed to be difficult in the context of laws, regulations, the contract or the duty of care of a good manager borne by the sponsor.

(ii) Provision of know-how on bridge funds, etc.

The Asset Management Company may request the provision of know-how on bridge funds or advice from the sponsor.

(iii) Provision of information on tenants

The sponsor will promptly provide the Asset Management Company with information on tenants upon request, except when such provision is restricted under laws and regulations or the contract.

(iv) Advisory service on property acquisition and management

The sponsor will accept on trust the work related to asset management of SIA REIT or have its subsidiary execute the work when such a request is made by the Asset Management Company and conditions for entrustment of the work are agreed by the Asset Management Company within the scope of laws and regulations and the contract.

(v) Advice on financing

The Asset Management Company may seek advice from the sponsor on loans for SIA REIT, or the establishment of financial structures such as formation of loan syndicates, etc.

(vi) Advisory service on financial strategy

The sponsor will provide advice and be entrusted with auxiliary work concerning SIA REIT’s financing

related work, when such a request is made by the Asset Management Company and after agreeing to conditions with the Asset Management Company as needed, within the scope of laws and regulations and the contract.

(vii) Provision of market information

The sponsor will provide the Asset Management Company with information on real estate transactions and the rental market as well as on the financial market within the scope of laws, regulations and the contract, while the Asset Management Company may exchange views on such information with the sponsor.

(viii) Same-boat investment in SIA REIT

The sponsor will work to have its subsidiary hold and continue to hold SIA REIT's investment units. However, the sponsor will not bear a legal obligation and may have its subsidiary sell the investment units at its discretion when and if it deems this necessary

(ix) Cooperation in securing human resources

The sponsor will cooperate in securing human resources and the dispatch of personnel (including transfer and assignment from the sponsor) when such a request is made by the Asset Management Company and the sponsor deems this necessary.

c. Holding of SIA REIT's investment units by the sponsor

The sponsor owns, as of today, 11,265 units of SIA REIT's investment units (15.0% of the total number of investment units issued and outstanding) through Simplex Investment Advisors Inc., a wholly-owned subsidiary. The sponsor has agreed in the sponsor support agreement to have Simplex Investment Advisors Inc. work to continue holding the investment units after the acquisition. SIA REIT and the Asset Management Company believe that continuing to hold the investment units will share profits among SIA REIT's unitholders and the sponsor and lead to the provision of effective support from the sponsor.

d. Accepting executives and employees at the Asset Management Company from the sponsor

The Asset Management Company has further strengthened its management structure by improving effectiveness of support from the sponsor with stronger cooperation with the sponsor, while at the same time accepting executives and employees from the sponsor to receive provision of real estate business know-how of the sponsor.

(C) Development of synergy effect in the SIA Group

a. Overview of the SIA Group

The sponsor owns all of the issued shares of the Asset Management Company through Simplex Investment Advisors Inc. (hereafter referred to as "SIA"), its wholly-owned subsidiary. It also owns all of the issued shares of Simplex Real Estate Management Inc. (hereafter referred to as "SRM") through SIA. SIA holds facility management function (Note 2) utilizing its unique construction record database in addition to conducting administration of subsidiaries of the SIA Group (Note 1). SRM, as an investment management business operator, conducts management, operation, etc. of real estate and such acquired with funds from investors other than the SIA Group, including asset management, fund management and leasing services through formation/operation (Note 3) of real estate private funds for investors in Japan and abroad. SRM has a track record of managing not only funds investing in single asset type, but also multi-asset funds with broader portfolio assets' use, such as office building, retail facility, hotel, etc.

SIA REIT and the Asset Management Company aim to enhance SIA REIT's unitholder interests through continuous acquisition of high quality investment target assets and maintenance/improvement of value of assets under management acquired by utilizing management resources, etc. of the SIA Group, including its operational know-how, human resources with diverse qualifications, experiences and skills and its unique database of construction records.

(Note 1) The SIA Group is comprised of SIA, SRM in addition to the Asset Management Company.

(Note 2) Facility management function of the SIA Group includes various responses concerning quality of buildings, such as drawing up of medium- to long-term repair plans, planning and drafting of renewal work, etc., verification of repair work contents based on the construction records data and their cost assessment, and energy saving measures and maintenance/solving of legal compliance among others.

(Note 3) Formation/operation of real estate private funds by the SIA Group includes sourcing of properties suitable for investors' needs, calling on lenders who can provide loans with advantageous terms, debt financing through issuance of corporate bonds, etc., coordination with regulatory authorities, administrative agencies, etc., establishment of SPCs including specific purpose companies and coordination with tax/legal advisors.

b. Support system by SRM

The Asset Management Company has concluded the sponsor support agreement with SRM in order to expand SIA REIT's asset size by utilizing acquisition opportunities based on sales of assets managed by SRM and property sales information grasped by the SIA Group. The following is an overview of support stipulated in the sponsor agreement concluded with SRM.

(i) Provision of information on sales of real estate, etc.

Information on sales of properties which SRM sources from third parties other than the SIA Group on a

negotiation basis or from the market will be, if SRM rationally judges the properties to meet the investment criteria of SIA REIT, preferentially (taking precedence over any other third party) provided to the Asset Management Company except under unavoidable circumstances, unless otherwise designated by the Asset Management Company. Unavoidable circumstances herein refer to (a) when SRM, SPCs for which SRM provides asset management service or an asset owning vehicle for which SRM is entirely entrusted with decision-making of acquisition of real estate, etc. must observe confidentiality for the seller, (b) when potential purchaser or the scope of purchasers is limited, (c) when notifying to the Asset Management Company breaches agreement with the seller or with the third party who has provided the information on the sale of the real estate, etc. to SRM, or when such constitute treachery against the seller or the third party, (d) when the sale was requested by the seller with a designated purchaser, or when other unavoidable circumstances arise.

Information on sales of properties owned by SPCs, etc. for which SRM provides asset management service also must be provided, if SRM rationally judges the properties to meet the investment criteria of SIA REIT, to the Asset Management Company without falling behind the start of sales activities to third parties except for sales information of properties with unavoidable reasons, unless otherwise designated by the Asset Management Company, or must make rational efforts to provide such through the SPCs, etc. Unavoidable reasons herein refer to the real estate, etc. being (a) real estate, etc. which an SPC, etc. co-own with a third party, (b) real estate, etc. which an SPC, etc. constructed with a third party as a co-order placer, (c) real estate, etc. of which sale has been under discussion with a third party prior to the acquisition of the real estate, etc. by an SPC, etc., (d) among real estate, etc. owned by an SPC, etc. for the purpose of development, real estate, etc. of which sale has been under discussion with a third party prior to acquisition of building certification, (e) real estate, etc. with intentions concerning designation/limitation, etc. of purchasers by substantial decision-making body of an SPC, etc., and other unavoidable reasons.

(ii) Advisory Service

SRM will be entrusted with advisory service stated below from the Asset Management Company concerning management of SIA REIT's assets.

- Auxiliary work and advisory service for management, leasing, conversion, renewal, development, etc. of real estate, etc. which SIA REIT already owns or is considering acquiring.
- Other work related to the above.

(iii) Warehousing function

When SIA REIT approaches SRM to temporary own real estate, etc. in funds and others formed by SRM on the premise of transfer of such to SIA REIT through the Asset Management Company, SRM will make efforts within the rational scope to accept this on the premise that it complies with duty of loyalty and the duty of care of a good manager to investors of the funds, etc. and other applicable contracts, laws and regulations.

(iv) Arrangement for property acquisitions

With respect to properties, etc. which SRM has sourced, SRM will, within the scope of laws and regulations, make arrangements for property acquisition, by conducting necessary due diligence and adjustment of SIA REIT's acquisition process, etc. for SIA REIT's target real estate, etc. with the purpose of supporting SIA REIT upon its acquisition of properties, in order for SIA REIT to make acquisitions through supporting the Asset Management Company.

(v) Information exchange

SRM will provide market information on real estate transactions/developments and the rental market of real estate, etc. as well as other related information to the Asset Management Company. The Asset Management Company will exchange views and information upon receiving such information.

c. Provision of know-how on facility management by SIA

As SIA holds know-how on facility management (various responses concerning quality of buildings, such as drawing up of medium- to long-term repair plans, planning and drafting of renewal work, etc., verification of repair work contents based on the construction record data and their cost assessment, and energy saving measures and maintenance/solving of legal compliance among others) utilizing a unique database of more than 10,000 construction records, it will draw up measures that maximize asset value on a technology front. In order to receive the know-how, the Asset Management Company has concluded the business entrustment contract concerning facility management with SIA and receives services stated below.

(i) Service concerning exercising of rights to give directions, etc.

Exercising rights by proxy to give directions to property managers concerning management (including building repairs, capital expenditure and response to emergency situations) of real estate, etc. which SIA REIT already owns or is considering acquiring, or advisory service or auxiliary work concerning directions by proxy to the Asset Management Company.

(ii) Service concerning repair work, etc.

Advisory service and auxiliary work concerning discussions/assessment for repair work and capital expenditure work (hereafter referred to as "Repair Work, Etc.") of real estate, etc. which SIA REIT already

owns or is considering acquiring; and advisory service for the Asset Management Company's approval concerning placement of orders by agent for Repair Work, Etc. by property managers or placement of orders for Repair Work, Etc. by owners (including trustees) of the subject properties.

(iii) Service concerning drawing up of construction plans

Advisory service or auxiliary work for drawing up medium- to long-term repair plans by the Asset Management Company concerning Repair Work, Etc.

(iv) Service concerning due diligence

Advisory service or auxiliary work concerning due diligence including survey/analysis of real estate, etc. which SIA REIT already owns or is considering acquiring

(v) Other matters relating or incidental to the above

④ Growth Strategy

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

In order to achieve the growth strategy in both aspects of external growth and internal growth as described above, it is the policy of SIA REIT to take advantage of the sponsor's credibility, wide range of information, strength in business creation and such, while leveraging SIA Group's operational know-how and business and other resources under the support of Mizuho Trust & Banking Co., Ltd., the sponsor, in addition to utilizing the unique investment expertise, business and other resources of the Asset Management Company as described below.

(A) External Growth

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

The Asset Management Company is mainly comprised of members who have long experience in acquisition, investment, operation and management of office buildings and urban retail facilities and in formation, management, etc. of funds. The Asset Management Company aims to achieve SIA REIT's external growth by taking advantage of property sales information, know-how on bridge funds and such provided based on the sponsor support agreement with the sponsor, sales information of real estate, etc., warehousing function, property acquisition arrangement service and such provided based on the sponsor support agreement with SRM, while also utilizing the unique expertise on asset acquisitions and information gathering network that the aforementioned members have cultivated.

In addition, the Asset Management Company will strive to acquire competitive assets by further expanding its unique real estate information routes over the medium to long term and agilely seizing asset acquisition timings.

(B) Internal Growth

SIA REIT believes that Class-A and Class-B office buildings and urban retail facilities, which are SIA REIT's main investment target, have characteristics of offering the prospect of increase in earnings through rent increase at the time of economic boom as they are likely to have a relatively larger number of prospective tenants and tenant demand tends to rise at such times; and that urban retail facilities have characteristics of offering the prospect of increase in earnings through rise in the rent component of sale commissions. SIA REIT believes that steady internal growth can be expected by seizing rent increase opportunities, which are among the asset characteristics, while pursuing stability of rents based on appropriate investment strategies.

The Asset Management Company will carry out operation/management, renewal, conversion, etc. to maintain/improve competitiveness of facilities by fully understanding characteristics of the entire portfolio as well as of each asset under management through utilization of tenant information, market information and such provided based on the sponsor support agreement with the sponsor, rental market information of real estate, etc., advice on management, leasing, conversion, renewal, development, etc. of real estate, etc. provided based on the sponsor support agreement with SRM, etc., in addition to its unique expertise. Furthermore, the Asset Management Company will aim for stable management and higher profitability of the portfolio by building appropriate operation/management systems suitable for the unique characteristics of SIA REIT's each asset under management through conducting periodical/non-periodical verification of property management companies selected for their abundant experience in real estate operation/management.

(C) Introduction of Incentive-Based Fee System and Fair Management System

a. Introduction of incentive-based fee system

As to the management fee among fees paid to the Asset Management Company, SIA REIT incorporates a management fee system linked to the rate of increase of the amount available for cash distribution per unit in addition to total assets and leasing NOI, in accordance with the Articles of Incorporation and the asset management contract. This system enables the Asset Management Company to have an incentive towards maximizing SIA REIT's unitholder interests.

Furthermore, in order to bring out an incentive to conduct management with attention to investment unit price,

bonus linked to investment unit price, a bonus that is linked to relative performance with Tokyo Stock Exchange REIT Index of the investment unit price, is introduced in part of bonuses for major officers and employees of the Asset Management Company. This system enables even individuals at the Asset Management Company to have an incentive towards maximizing SIA REIT's unitholder interests.

b. Management system considering unitholder interests

Decisions on proposed acquisition or sale of assets are made by the Asset Management Company. They must originate from the Investment & Asset Management Division, 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. Resolution of the Investment Committee requires attendance of two-thirds or more of the committee members with voting rights (attendance of an outside member and a compliance officer required) and approval of two-thirds or more of such members with voting rights present. Resolution of the Compliance Committee requires attendance of two-thirds or more of the committee members (attendance of an outside member required) and approval of two-thirds or more of members present including approval of the outside member. Furthermore, SIA REIT has established a system which enables asset acquisitions with proper prices and terms from the standpoint of protecting unitholder interests, including measures against conflict of interest in related-party transactions. Specifically, in order to guarantee asset acquisitions with proper prices and terms from the standpoint of protecting unitholder interests, objective standards such as setting the appraisal value at which acquisition was made for SIA REIT (however, when a related-party has conducted warehousing to acquire an asset from a third party other than the related party, the appraisal value will be an amount after adding expenses (various charges including brokerage fees, registration and license tax, compensation to experts, trust fees, etc.) borne by the related-party to the acquisition price by warehousing, except for cases when the appraisal value is significantly exceeded.) are prepared as internal rules.

These internal rules achieve development and enhancement of a fair management system upon receiving support as they employ a system which guarantees a third-party stance concerning related-party transactions, which could cause problems when utilizing pipeline support and other support, while maintaining compliance.

(2) Management Status

① Overview of the Fiscal Period under Review

(A) Brief History of the Investment Corporation

SIA REIT was incorporated, pursuant to the Investment Trust Act, on June 25, 2013 with the Asset Management Company as the organizer and with investments in capital of 200 million yen (400 units). In addition, SIA REIT implemented an issuance of new investment units through public offering (74,700 units) with October 8, 2013 as the payment date and listed on the J-REIT section of the Tokyo Stock Exchange (securities code: 3290) on October 9, 2013. As a result, the number of investment units issued and outstanding at the end of the fiscal period ended February 2016 was 75,100 units.

SIA REIT ended, on November 30, 2015, a structure of having Former Simplex Investment Advisors Inc. as a sponsor, which had continued since its listing, and launched a structure of having Mizuho Trust & Banking Co., Ltd. as a new sponsor on December 29, 2015 based on the sponsor support agreement concluded with Mizuho Trust & Banking Co., Ltd. on November 30, 2015.

SIA REIT aims to maximize unitholder interests through pursuit of "profitability" and "stability" by investing in Class-A and Class-B office buildings and urban retail facilities while leveraging SIA Group's operation know-how, business and other resources as well as the sponsor's credibility, wide range of information and strength in business creation.

(B) Investment Environment and Management Performance

During the fiscal period under review (fiscal period ended February 2016 (5th fiscal period) (September 1, 2015 to February 29, 2016)), the Japanese economy continued to be on a mild economic recovery trend with the ongoing improvements in corporate earnings and the employment and income environment despite being impacted by the slowdown in the Chinese economy and fall in crude oil price.

In the office building leasing market, trends of a decline in vacancy rate and an increase in rent have continued centering on prime properties in central Tokyo in the wake of the increase in office demand backed by solid corporate earnings. Such trends have also gradually spread to Class-A and Class-B office buildings in major cities nationwide.

SIA REIT acquired silent partnership equity interest backed by Glass City Motoyoyogi on September 28, 2015 and was granted the preferential negotiation rights pertaining to acquisition of the property.

In addition, SIA REIT worked to negotiate for upward rent revisions to meet the market trends while reinforcing relationships with existing tenants and actively carrying out leasing activities through strengthening partnerships with property management companies and rental brokerage companies, etc. On the management side, SIA REIT endeavored to maintain and increase the occupancy rate as well as increase lease business revenue by reducing costs through review of property management contract terms while making efforts to conduct effective management with an understanding of the tenant needs and characteristics of each property.

As a result, SIA REIT's assets at the end of the fiscal period ended February 2016 was a portfolio of assets totaling 19 properties (acquisition price total: 74,347 million yen, not including silent partnership equity interest), total leasable area of 130,091.99 m² and the occupancy rate at the end of the fiscal period ended February 2016 was 98.3%.

(C) Overview of Financing

During the period under review, SIA REIT made borrowings of 4,895 million yen on October 13, 2015 in order to partially fund the repayment of an existing loan of 4,907 million yen which matured on the same day. SIA REIT also carried out scheduled repayment of borrowings

As a result, as of February 29, 2016, the balance of outstanding borrowings was 41,492 million yen and the ratio of interest-bearing liabilities to total assets (LTV) was 51.6%.

(D) Overview of Business Performance and Distributions

As a result of the management described above, business performance in the fiscal period ended February 29, 2016 was operating revenue of 3,019 million yen, operating profit of 1,214 million yen, recurring profit of 905 million yen and net income of 904 million yen.

Concerning distributions, in view of distributing almost the entire amount of unappropriated retained earnings to be eligible for application of the special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation), SIA REIT declared distribution per investment unit of 12,050 yen.

② Outlook for the Next Fiscal Period

(A) Future Investment Environment

The Japanese economy ahead is likely to require careful assessment of the employment and income environment and effects of various government policies while paying attention to the downward swing in emerging nations' economies such as China amid the progressing normalization of U.S. financial policies.

In the office building leasing market, solid office demand in line with the improvement in corporate earnings and sustainability of an increasing trend in rent levels should be carefully watched. In the office building transaction market, rise of real estate prices and fall of transaction yields have continued against the backdrop of the favorable financing environment and movement of market players, leading to an expectation of continuation of intense property acquisition competition going forward.

(B) Future Management Policy and Challenges to Address

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

In order to achieve the growth strategy in both aspects of external growth and internal growth as described above, it is the policy of SIA REIT to take full advantage of the unique investment expertise and business and other resources of the Asset Management Company and the rest of the SIA Group in addition to the sponsor's credibility and wide range of information in business creation, etc.

(a) External Growth

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

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

(b) Internal Growth

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

- ◆ Strengthen collaboration with property management companies and brokers
- ◆ Build and strengthen tenant relations
- ◆ Negotiate for upward rent revisions to meet the market trends
- ◆ Maintain and enhance property value through appropriate investment
- ◆ Reduce operation/management costs by reviewing current contracts
- ◆ Strengthen environmental initiatives for which there is strong demand from society

③ Subsequent Material Events

Not applicable.

(Reference Information)

(A) Asset Acquisition

SIA REIT acquired the following asset (silent partnership equity interest) as of March 28, 2016.

Acquired asset	Silent partnership equity interest that has beneficiary right of real estate placed in trust as asset under management
Asset name	GK SIA Bridge No. 2 Silent partnership equity interest
Real estate in trust	Daihakata Building
Amount of equity investment	10 million yen
Date of silent partnership agreement	March 28, 2016
Acquisition date	March 28, 2016
Acquisition funds	Cash on hand

(Note 1) The asset is the silent partnership equity interest pertaining to silent partnership having GK SIA Bridge No. 2 (hereafter referred to as the “Bridge SPC”) as the operator.

(Note 2) The Bridge SPC has acquired beneficiary interest in trust having real estate in trust as primary asset in trust on March 30, 2016.

Assumptions for the Forecast of Management Status for the Fiscal Periods Ending August 2016 and February 2017

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> ➤ Fiscal period ending August 2016 (6th fiscal period) (March 1, 2016 to August 31, 2016) (184 days) ➤ Fiscal period ending February 2017 (7th fiscal period) (September 1, 2016 to February 28, 2017) (181 days)
Assets under management	<ul style="list-style-type: none"> ➤ The real estate and real estate trust beneficiary rights held as of February 29, 2016 are total of 19 properties. It is assumed that no other changes (acquisition of new properties, disposition of portfolio properties, etc.) will take place until the end of the fiscal period ending February 2017. ➤ Changes in assets under management may occur from acquiring new properties, disposition of portfolio properties, etc.
Operating revenue	<ul style="list-style-type: none"> ➤ The calculation of property-related operating revenue assumes that there will be no late or delinquent payments of rent by tenants, given the current portfolio assets' tenant trends, market trends, etc. ➤ After a major tenant (contracted leased area of 4,744.46 m² accounting for 3.6% of total leasable area of SIA REIT's assets) of J Tower moved out at the end of March 2016, only those with high possibility of concluding new leasing contracts are included. Furthermore, temporary revenue related to restoration work upon the tenant's move-out is expected in the fiscal period ending August 2016. ➤ As to operating revenue other than property-related operating revenue, it is assumed that there will be no changes to the properties held and no gain on sale of real estate is expected. Dividends to be received of 1 million yen for the fiscal period ending August 2016 and of 2 million yen for the fiscal period ending February 2017 are expected from the silent partnership equity interests.
Operating expenses	<ul style="list-style-type: none"> ➤ Property-related expenses, which are the main component of operating expenses, are estimated to be 1,573 million yen in the fiscal period ending August 2016 and 1,513 million yen in the fiscal period ending February 2017. Expenses other than depreciation are calculated on a historical data basis and by reflecting factors causing fluctuations in expenses. <ul style="list-style-type: none"> 1) Property management fees are estimated to be 345 million yen in the fiscal period ending August 2016 and 284 million yen in the fiscal period ending February 2017. 2) Depreciation is calculated using the straight-line method, including ancillary costs, etc. Depreciation is estimated to be 451 million yen in the fiscal period ending August 2016 and 460 million yen in the fiscal period ending February 2017. 3) Fixed asset tax, city planning tax, etc. are estimated to be 220 million yen in the fiscal period ending August 2016 and 220 million yen in the fiscal period ending February 2017. 4) Repair expenses are recognized in the amount deemed necessary based on the repair plan formulated by the asset management company (Simplex REIT Partners Inc.) for each property. However, repair expenses may greatly differ from the forecast amount because increased or additional repair expenses may arise due to unforeseeable factors. ➤ Operating expenses other than property-related expenses (Asset management fee, Asset custody fee, Administrative service fees, etc.) are estimated to be 286 million yen in the fiscal period ending August 2016 and 285 million yen in the fiscal period ending February 2017. <ul style="list-style-type: none"> 1) Asset management fees of 221 million yen for the fiscal period ending August 2016 and 218 million yen for the fiscal period ending February 2017 are expected.
Non-operating expenses	<ul style="list-style-type: none"> ➤ Interest expenses and borrowing related expenses are expected to be 310 million yen in the fiscal period ending August 2016 and 309 million yen in the fiscal period ending February 2017.
Borrowings	<ul style="list-style-type: none"> ➤ The balance of outstanding borrowings as of February 29, 2016 is 41,492 million yen. ➤ In the fiscal period ending August 2016, contractual loan repayment of 199 million yen using part of cash on hand is expected. ➤ In the fiscal period ending February 2017, contractual loan repayment of 162 million yen using part of cash on hand is expected. Moreover, while 14,751 million yen of borrowings will become due for repayment, 14,714 million yen is expected to be refinanced.
Investment units	<ul style="list-style-type: none"> ➤ The 75,100 units that are the investment units issued and outstanding as of today is assumed. ➤ It is assumed that there will be no change in the number of investment units due to issuance of new investment units, etc. until the end of the fiscal period ending August 2016.

Distribution per unit	<ul style="list-style-type: none"> ➤ Distribution per unit (excluding distribution in excess of earnings) is calculated by assuming the cash distribution policy stipulated in the Articles of Incorporation of SIA REIT. ➤ Distribution per unit is subject to change due to a variety of factors, including fluctuations in rent revenue caused by change in assets under management, relocation of tenants, etc. or occurrence of unforeseen repairs.
Distribution per unit in excess of earnings	<ul style="list-style-type: none"> ➤ There are no plans at this time to distribute cash in excess of earnings.
Other	<ul style="list-style-type: none"> ➤ It is assumed that there will be no revision of laws and regulations, tax systems, accounting standards, listing rules, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above. ➤ It is assumed that there will be no serious unforeseen change in general economic trends, real estate market conditions, etc.

(3) Investment Risks

SIA REIT ended, on November 30, 2015, a structure of having Former Simplex Investment Advisors Inc. as a sponsor, which had continued since its listing, and launched a structure of having Mizuho Trust & Banking Co., Ltd. as a new sponsor on December 29, 2015 based on the sponsor support agreement concluded with Mizuho Trust & Banking Co., Ltd. on November 30, 2015.

Accordingly, among “Investment Risk” in the securities report (submitted on November 27, 2015), “(2) Risk Regarding Investment Corporation’s Organization and Investment Corporation System / (C) Risk Regarding Dependence on Sponsors and Conflict in Interest” is as follows as of today. Disclosure of other items is omitted because there has been no significant change.

② Risk Regarding Investment Corporation’s Organization and Investment Corporation System

SIA REIT is an association established under the Investment Trust Act (Article 2, Paragraph 12 of the Investment Trust Act), and the same organization operational risk as that for general corporations and risk unique to the system of investment corporations exist.

(C) Risk Regarding Dependence on Sponsors and Conflict in Interest

Base on the sponsor support agreement with the sponsor, SIA REIT and the Asset Management Company are, as described in “1. Associated Corporations of the Investment Corporation / (2) The operational roles, name and overview of associated business operations of SIA REIT and the associated corporations of SIA REIT” above, in agreement as of today that they receive from the sponsor provision of information on property sales, know-how on bridge funds, etc., information on tenants, advisory service on property acquisition and management, advice on financing and financial strategy, and information on real estate transactions and the rental market as well as on the financial market; and work to have its subsidiary continue to hold SIA REIT’s investment units (same-boat investment) and cooperate in securing human resources. In addition, based on the sponsor support agreement with SRM, the Asset Management Company is, as described in “1. Associated Corporations of the Investment Corporation / (3) The role and name and overview of business operations of main associated parties of SIA REIT other than the above” above, in agreement as of today that it receives from SRM sales information of real estate, etc., warehousing function, property acquisition arrangement service such as due diligence and adjustment of acquisition process, information on real estate transactions/developments and the rental market, and advisory services including auxiliary work and advisory service for management/operation, leasing, conversion, renewal, development, etc. of real estate, etc. Furthermore, based on the service entrustment contract concerning facility management with SIA, the Asset Management Company is, as described in “1. Associated Corporations of the Investment Corporation / (2) The operational roles, name and overview of associated business operations of SIA REIT and the associated corporations of SIA REIT” above, in agreement as of today that it receives from SIA service concerning exercising of rights to give directions, directions, etc. over property managers concerning management of real estate, etc., advisory service and auxiliary work concerning discussions/assessment for repair work and capital expenditure work, advisory service or auxiliary work for order placement of Repair Work, Etc. and drawing up medium- to long-term repair plans of Repair Work, Etc., and advisory service or auxiliary work concerning due diligence including survey/analysis of real estate, etc.

However, these sponsor support agreements do not obligate the sponsor and SRM to sell real estate to SIA REIT. Nor it is guaranteed that the sponsor, SRM and SIA will be able to sustain personnel/financial bases, etc. necessary for the provision of above services. Furthermore, if the support by the sponsor, SRM or SIA does not generate as much results as expected due to the cancellation or non-renewal of these contracts for some reasons or due to other reasons, it is possible that such may negatively affect profits and losses of SIA REIT as well as its continued existence. Furthermore, the possibility that SIA REIT takes actions that conflict unitholders’ interests in order to benefit SRM or SIA is not completely eliminated when SIA REIT and the Asset Management Company conduct transactions with the sponsor, SRM or SIA; and such cases may cause damage to SIA REIT. Although the Asset Management Company sets internal rules against conflicts of interest to fully respond to actions that may constitute a conflict of interest, it is not guaranteed that such risk can be eliminated completely.

[Translation Purpose Only]

3. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	4th fiscal period (As of Aug. 31, 2015)	5th fiscal period (As of Feb. 29, 2016)
Assets		
Current assets		
Cash and deposits	1,965,116	2,104,704
Cash and deposits in trust	*1 3,988,421	*1 4,065,051
Operating accounts receivable	98,837	77,569
Prepaid expenses	142,661	151,248
Deferred tax assets	14	14
Income taxes receivable	—	48
Consumption taxes receivable	7,944	—
Other	1,321	—
Total current assets	6,204,317	6,398,636
Non-current assets		
Property, plant and equipment		
Buildings	3,606,266	3,607,316
Accumulated depreciation	(243,649)	(307,387)
Buildings, net	*1 3,362,616	*1 3,299,928
Structures	9,644	9,644
Accumulated depreciation	(1,166)	(1,484)
Structures, net	*1 8,478	*1 8,160
Machinery and equipment	62,025	62,025
Accumulated depreciation	(23,767)	(29,969)
Machinery and equipment, net	*1 38,258	*1 32,055
Land	*1 3,770,347	*1 3,770,347
Buildings in trust	29,308,710	29,451,155
Accumulated depreciation	(1,340,589)	(1,702,968)
Buildings in trust, net	*1 27,968,120	*1 27,748,186
Structures in trust	32,876	37,934
Accumulated depreciation	(2,188)	(3,463)
Structures in trust, net	*1 30,687	*1 34,471
Machinery and equipment in trust	80,704	92,178
Accumulated depreciation	(4,563)	(9,053)
Machinery and equipment in trust, net	*1 76,141	*1 83,124
Tools, furniture and fixtures in trust	48,680	65,447
Accumulated depreciation	(3,381)	(8,235)
Tools, furniture and fixtures in trust, net	*1 45,298	*1 57,212
Land in trust	*1 35,420,175	*1 35,420,175
Construction in progress in trust	—	*1 4,004
Total property, plant and equipment	70,720,124	70,457,667
Intangible assets		
Leasehold rights in trust	*1 3,365,647	*1 3,365,647
Other	1,972	3,074
Total intangible assets	3,367,619	3,368,722
Investments and other assets		
Investment securities	—	51,029
Lease and guarantee deposits	16,330	16,330
Long-term prepaid expenses	184,381	147,072
Total investments and other assets	200,711	214,432
Total non-current assets	74,288,455	74,040,821
Total assets	80,492,773	80,439,457

(Unit: thousand yen)

	4th fiscal period (As of Aug. 31, 2015)	5th fiscal period (As of Feb. 29, 2016)
Liabilities		
Current liabilities		
Operating accounts payable	187,760	167,021
Short-term loans payable	—	*1 1,459,130
Current portion of long-term loans payable	*1 5,282,700	*1 13,654,720
Accounts payable - other	336,241	377,473
Accrued expenses	144,697	139,717
Income taxes payable	806	692
Consumption taxes payable	25,283	54,913
Advances received	467,568	478,100
Other	15,005	234
Total current liabilities	6,460,063	16,332,003
Non-current liabilities		
Long-term loans payable	*1 36,410,000	*1 26,379,050
Tenant lease and security deposits	207,363	275,712
Tenant lease and security deposits in trust	3,889,007	3,909,213
Total non-current liabilities	40,506,370	30,563,975
Total liabilities	46,966,434	46,895,979
Net assets		
Unitholders' equity		
Unitholders' capital	32,638,475	32,638,475
Surplus		
Unappropriated retained earnings (undisposed loss)	887,864	905,003
Total surplus	887,864	905,003
Total unitholders' equity	33,526,339	33,543,478
Total net assets	*2 33,526,339	*2 33,543,478
Total liabilities and net assets	80,492,773	80,439,457

[Translation Purpose Only]

(2) Statement of Income

(Unit: thousand yen)

	4th fiscal period (From: Mar. 1, 2015 To: Aug. 31, 2015)	5th fiscal period (From: Sep. 1, 2015 To: Feb. 29, 2016)
Operating revenue		
Lease business revenue	*1 2,629,780	*1 2,672,204
Other lease business revenue	*1 424,125	*1 346,752
Dividends received	—	828
Total operating revenue	3,053,905	3,019,785
Operating expenses		
Expenses related to rent business	*1 1,571,147	*1 1,510,299
Asset management fee	221,810	235,502
Asset custody fee	3,562	3,518
Administrative service fees	15,311	14,993
Directors' compensations	3,876	3,876
Other operating expenses	39,285	36,624
Total operating expenses	1,854,993	1,804,814
Operating profit	1,198,911	1,214,971
Non-operating income		
Interest income	572	571
Interest on refund	1,484	—
Other	—	16
Total non-operating income	2,056	587
Non-operating expenses		
Interest expenses	234,692	231,486
Borrowing related expenses	77,507	78,199
Total non-operating expenses	312,200	309,685
Recurring profit	888,767	905,872
Net income before income taxes	888,767	905,872
Income taxes – current	922	900
Income taxes – deferred	2	0
Total income taxes	924	901
Net income	887,842	904,971
Profit brought forward	21	31
Unappropriated retained earnings (undisposed loss)	887,864	905,003

(3) Statement of Unitholders' Equity

4th fiscal period (March 1, 2015 to August 28, 2015)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	32,638,475	915,940	915,940	33,554,415	33,554,415
Changes of items during period					
Distribution of surplus		(915,919)	(915,919)	(915,919)	(915,919)
Net income		887,842	887,842	887,842	887,842
Total changes of items during period	—	(28,076)	(28,076)	(28,076)	(28,076)
Balance at end of current period	32,638,475	887,864	887,864	33,526,339	33,526,339

5th fiscal period (September 1, 2015 to February 29, 2016)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	32,638,475	887,864	887,864	33,526,339	33,526,339
Changes of items during period					
Distribution of surplus		(887,832)	(887,832)	(887,832)	(887,832)
Net income		904,971	904,971	904,971	904,971
Total changes of items during period	—	17,139	17,139	17,139	17,139
Balance at end of current period	32,638,475	905,003	905,003	33,543,478	33,543,478

[Translation Purpose Only]

(4) Statement of Cash Distributions

(Unit: yen)

	4th fiscal period From: Mar. 1, 2015 To: Aug. 31, 2015	5th fiscal period From: Sep. 1, 2015 To: Feb. 29, 2016
	Amount	Amount
I. Unappropriated retained earnings	887,864,005	905,003,482
II. Amount of distributions	887,832,200	904,955,000
[Amount of distributions per investment unit]	[11,822]	[12,050]
III. Retained earnings carried forward	31,805	48,482

Method of calculating the amount of distributions	<p>Pursuant to the distribution policy provided in Article 35, Paragraph 1, Item 2 of the Articles of Incorporation of SIA REIT, the amount of distributions shall be in excess of an amount equivalent to 90% of the amount of earnings available for distribution of SIA REIT provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings.</p> <p>Based on such policy, SIA REIT decided to pay out distributions of earnings of 887,832,200 yen, which is the largest integral multiple of the number of investment units issued and outstanding (75,100 units) in an amount not in excess of unappropriated retained earnings. SIA REIT will not engage in the distribution of cash in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of SIA REIT.</p>	<p>Pursuant to the distribution policy provided in Article 35, Paragraph 1, Item 2 of the Articles of Incorporation of SIA REIT, the amount of distributions shall be in excess of an amount equivalent to 90% of the amount of earnings available for distribution of SIA REIT provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings.</p> <p>Based on such policy, SIA REIT decided to pay out distributions of earnings of 904,955,000 yen, which is the largest integral multiple of the number of investment units issued and outstanding (75,100 units) in an amount not in excess of unappropriated retained earnings. SIA REIT will not engage in the distribution of cash in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of SIA REIT.</p>
---	--	--

[Translation Purpose Only]

(5) Statement of Cash Flows

(Unit: thousand yen)

	4th fiscal period (From: Mar. 1, 2015 To: Aug. 31, 2015)	5th fiscal period (From: Sep. 1, 2015 To: Feb.29, 2016)
Cash flows from operating activities		
Income before income taxes	888,767	905,872
Depreciation	431,516	443,574
Interest income	(572)	(571)
Interest expenses	234,692	231,486
Decrease (increase) in operating accounts receivable	(7,536)	21,268
Decrease (increase) in consumption taxes refund receivable	(7,944)	7,944
Decrease (increase) in prepaid expenses	18,274	(8,587)
Increase (decrease) in operating accounts payable	31,118	(20,738)
Increase (decrease) in accounts payable - other	(961)	15,975
Increase (decrease) in consumption tax payable	(30,827)	29,629
Increase (decrease) in advances received	(5,706)	10,532
Decrease (increase) in long-term prepaid expenses	64,552	37,308
Other, net	13,449	(13,449)
Subtotal	1,628,823	1,660,245
Interest income received	572	571
Interest expenses paid	(232,239)	(236,466)
Income taxes paid	(955)	(1,062)
Net cash provided by (used in) operating activities	1,396,199	1,423,287
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,047)	(1,050)
Purchase of property, plant and equipment in trust	(379,856)	(154,792)
Purchase of intangible assets	—	(1,420)
Repayments of tenant lease and security deposits	(156,342)	(8,353)
Proceeds from tenant lease and security deposits	39,609	76,702
Repayments of tenant lease and security deposits in trust	(56,655)	(38,821)
Proceeds from tenant lease and security deposits in trust	221,840	59,027
Purchase of investment securities	—	(51,333)
Proceeds from redemption of investment securities	—	303
Net cash provided by (used in) investing activities	(344,452)	(119,737)
Cash flows from financing activities		
Increase in of short-term loans payable	—	1,459,130
Proceeds from long-term loans payable	—	3,436,270
Repayment of long-term loans payable	(199,800)	(5,095,200)
Payment of distribution	(913,562)	(887,532)
Net cash provided by (used in) investing activities	(1,113,362)	(1,087,332)
Net increase (decrease) in cash and cash equivalents	(61,615)	216,217
Cash and cash equivalents at beginning of period	6,015,153	5,953,537
Cash and cash equivalents at end of period	*1 5,953,537	*1 6,169,755

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

(7) Notes on Matters Concerning Significant Accounting Policies

1. Basis and Method of Valuation of Assets	<p>Securities</p> <p>Other securities</p> <p>Non-marketable securities</p> <p>The moving average method is employed as the cost method.</p> <p>Concerning silent partnership equity interests, the method of incorporating the amount of equity equivalent to the portion that corresponds to the net gain or loss of the silent partnership is employed.</p>								
2. Method of depreciation of non-current assets	<p>① Property, plant and equipment (including trust assets)</p> <p>The straight-line method is adopted.</p> <p>The useful life of core property, plant and equipment is as follows:</p> <table> <tr> <td>Buildings</td> <td>5~59 years</td> </tr> <tr> <td>Structures</td> <td>4~20 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>5~10 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>5~15 years</td> </tr> </table> <p>② Intangible assets (including trust assets)</p> <p>The straight-line method is adopted.</p> <p>③ Long-term prepaid expenses</p> <p>The straight-line method is adopted.</p>	Buildings	5~59 years	Structures	4~20 years	Machinery and equipment	5~10 years	Tools, furniture and fixtures	5~15 years
Buildings	5~59 years								
Structures	4~20 years								
Machinery and equipment	5~10 years								
Tools, furniture and fixtures	5~15 years								
3. Standards for recognition of revenue and expenses	<p>Accounting for fixed asset tax, etc.</p> <p>Of the tax amount assessed and determined for fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held, the method adopted is that the amount corresponding to the relevant calculation period is expensed as expenses related to rent business.</p> <p>The amount equivalent to fixed asset tax, etc. in the fiscal year including the acquisition date paid to the seller as reimbursement upon acquisition of real estate, etc. is included in the cost of acquisition of the relevant real estate, etc. and not recognized as expenses.</p>								
4. Scope of funds in the statement of cash flows	<p>The funds (cash and cash equivalents) in the statement of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p>								
5. Other significant matters serving as the basis for preparing financial statements	<p>① Accounting for trust beneficiary rights in real estate, etc.</p> <p>Concerning trust beneficiary rights in real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and statement of income.</p> <p>The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet.</p> <p>(1) Cash and deposits in trust</p> <p>(2) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust and construction in progress in trust</p> <p>(3) Leasehold rights in trust</p> <p>(4) Tenant leasehold and security deposits in trust</p> <p>② Accounting for consumption tax, etc.</p> <p>Concerning accounting for consumption tax and local consumption tax, these taxes are excluded. Non-deductible consumption tax in the acquisition of assets is included in the cost of acquisition of the respective asset.</p>								

[Translation Purpose Only]

(8) Notes to the Financial Statements

[Notes to the Balance Sheet]

*1. Assets pledged as collateral and secured liabilities

The following are the assets pledged as collateral.

	(Unit: thousand yen)	
	4th fiscal period (As of Aug. 31, 2015)	5th fiscal period (As of Feb. 29, 2016)
Cash and deposits in trust	3,988,421	4,065,051
Buildings	3,362,616	3,299,928
Structures	8,478	8,160
Machinery and equipment	38,258	32,055
Land	3,770,347	3,770,347
Buildings in trust	27,968,120	27,748,186
Structures in trust	30,687	34,471
Machinery and equipment in trust	76,141	83,124
Tools, furniture and fixtures in trust	45,298	57,212
Land in trust	35,420,175	35,420,175
Construction in progress in trust	—	4,004
Leasehold rights in trust	3,365,647	3,365,647
Total	78,074,193	77,888,366

The following are the secured liabilities.

	(Unit: thousand yen)	
	4th fiscal period (As of Aug. 31, 2015)	5th fiscal period (As of Feb. 29, 2016)
Short-term loans payable	—	1,459,130
Current portion of long-term loans payable	5,282,700	13,654,720
Long-term loans payable	36,410,000	26,379,050
Total	41,692,700	41,492,900

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

	(Unit: thousand yen)	
	4th fiscal period (As of Aug. 31, 2015)	5th fiscal period (As of Feb. 29, 2016)
	50,000	50,000

[Translation Purpose Only]

[Notes to the Statement of Income]

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

	(Unit: thousand yen)	
	4th fiscal period (From: Mar. 1, 2015 To: Aug. 31, 2015)	5th fiscal period (From: Sep. 1, 2015 To: Feb. 29, 2016)
A. Property-related operating revenue		
Lease business revenue		
Rent revenue	1,922,458	1,961,661
Common area charges revenue	557,512	555,251
Parking revenue	114,230	116,742
Other rent revenue	35,578	38,549
Total	2,629,780	2,672,204
Other lease business revenue		
Utilities revenue	378,145	334,058
Other revenue	45,979	12,694
Total	424,125	346,752
Total property-related operating revenue	3,053,905	3,018,957
B. Property-related operating expenses		
Expenses related to rent business		
Property management fees	319,929	312,107
Utilities expenses	475,482	399,554
Taxes and public dues	220,191	220,114
Insurance premiums	4,380	4,295
Repair expenses	63,493	73,652
Trust fees	9,600	9,900
Depreciation	431,221	443,255
Other sundry expenses	46,849	47,418
Total property-related operating expenses	1,571,147	1,510,299
C. Property-related operating income (loss) [A– B]	1,482,757	1,508,657

[Notes to the Statement of Unitholders' Equity]

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

	4th fiscal period (From: Mar. 1, 2015 To: Aug. 31, 2015)	5th fiscal period (From: Sep. 1, 2015 To: Feb. 29, 2016)
Total number of investment units authorized	2,000,000 units	2,000,000 units
Total number of investment units issued and outstanding	75,100 units	75,100 units

[Notes to the Statement of Cash Flows]

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

	(Unit: thousand yen)	
	4th fiscal period (From: Mar. 1, 2015 To: Aug. 31, 2015)	5th fiscal period (From: Sep. 1, 2015 To: Feb. 29, 2016)
	(As of Aug. 31, 2015)	(As of Feb. 29, 2016)
Cash and deposits	1,965,116	2,104,704
Cash and deposits in trust	3,988,421	4,065,051
Cash and cash equivalents	5,953,537	6,169,755

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

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

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

Tenant leasehold and security deposits are deposits from tenants and are exposed to the risk of return of the deposits to tenants due to tenants moving out of properties. SIA REIT limits the concerned risk by setting aside an amount in the range that will not hinder the return of deposits. Investment securities are silent partnership interests, which are exposed to credit risk of the issuer and risk of fluctuation of value of real estate, etc. and risk of fluctuation of interest rates.

(3) Supplementary explanation on matters concerning fair value, etc. of financial instruments

The fair value of financial instruments, aside from values based on market price, includes values based on reasonable calculation when there is no market price. Certain assumptions, etc. are adopted in the calculation of the concerned values. Accordingly, there may be cases where the concerned values will vary when different assumptions, etc. are adopted.

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

The following are the carrying amount and fair value as of August 31, 2015, and the amount of difference between these. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	1,965,116	1,965,116	—
(2) Cash and deposits in trust	3,988,421	3,988,421	—
Assets total	5,953,537	5,953,537	—
(4) Current portion of long-term loans payable	5,282,700	5,284,004	1,304
(5) Long-term loans payable	36,410,000	36,667,700	257,700
Liabilities total	41,692,700	41,951,705	259,005

[Translation Purpose Only]

The following are the carrying amount and fair value as of February 29, 2016, and the amount of difference between these. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	2,104,704	2,104,704	—
(2) Cash and deposits in trust	4,065,051	4,065,051	—
Assets total	6,169,755	6,169,755	—
(3) Short-term loans payable	1,459,130	1,459,130	—
(4) Current portion of long-term loans payable	13,654,720	13,749,987	95,267
(5) Long-term loans payable	26,379,050	26,638,640	259,590
Liabilities total	41,492,900	41,847,758	354,858

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

(1) Cash and deposits; (2) Cash and deposits in trust; (3) Short-term loans payable

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

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

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

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

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

(Unit: thousand yen)

Account	4th fiscal period (As of Aug. 31, 2015)	5th fiscal period (As of Feb. 29, 2016)
Investment securities	—	51,029
Tenant lease and security deposits	207,363	275,712
Tenant lease and security deposits in trust	3,889,007	3,909,213
Total	4,096,370	4,235,955

(Note 3) Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts
4th fiscal period (As of August 31, 2015)

(Unit: thousand yen)

	Due within 1 year
Cash and deposits	1,965,116
Cash and deposits in trust	3,988,421
Total	5,953,537

5th fiscal period (As of February 29, 2016)

(Unit: thousand yen)

	Due within 1 year
Cash and deposits	2,104,704
Cash and deposits in trust	4,065,051
Total	6,169,755

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

4th fiscal period (As of August 31, 2015)

(Unit: thousand yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Long-term loans payable	5,282,700	13,603,750	5,711,250	13,208,750	968,750	2,917,500
Total	5,282,700	13,603,750	5,711,250	13,208,750	968,750	2,917,500

[Translation Purpose Only]

5th fiscal period (As of February 29, 2016)

(Unit: thousand yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	1,459,130	—	—	—	—	—
Long-term loans payable	13,654,720	9,144,050	13,242,500	1,067,500	2,925,000	—
Total	15,113,850	9,144,050	13,242,500	1,067,500	2,925,000	—

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.

4th fiscal period (March 1, 2015 to August 31, 2015)

Not applicable.

5th fiscal period (September 1, 2015 to February 29, 2016)

Not applicable.

2. Associated company, etc.

4th fiscal period (March 1, 2015 to August 31, 2015)

Not applicable.

5th fiscal period (September 1, 2015 to February 29, 2016)

Not applicable.

3. Fellow subsidiary, etc.

4th fiscal period (March 1, 2015 to August 31, 2015)

Type	Name of company, etc.	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party	Description of relationship		Description of transaction (Note 1)	Amount of transaction (thousand yen) (Note 2)	Account item	Balance at end of period (thousand yen) (Note 2)
						Concurrent holding of positions, etc. by directors	Business relationship				
Subsidiary of other associated company	Simplex REIT Partners Inc.	Chiyoda-ku, Tokyo	50,000	Investment management business	—	Concurrent holding of positions by directors 1 person	Entrustment with asset management business operations	Payment of asset management fee	221,810	Accounts payable - other	239,555

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

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

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

5th fiscal period (September 1, 2015 to February 29, 2016)

Type	Name of company, etc.	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party	Description of relationship		Description of transaction (Note 1)	Amount of transaction (thousand yen) (Note 2) (Note 3)	Account item	Balance at end of period (thousand yen) (Note 3)
						Concurrent holding of positions, etc. by directors	Business relationship				
Company of which major unitholders (corporates) hold a majority of voting rights	Simplex REIT Partners Inc.	Chiyoda-ku, Tokyo	50,000	Investment management business	—	Concurrent holding of positions by directors 1 person	Entrustment with asset management business operations	Payment of asset management fee	235,752	Accounts payable - other	254,343

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

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

(Note 2) The asset management fee includes the fee (250,000 yen) for the acquisition of silent partnership equity interest which was included in the book value of specified assets.

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

[Translation Purpose Only]

4. Director, major individual unitholder, etc.

4th fiscal period (March 1, 2015 to August 31, 2015)

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

5th fiscal period (September 1, 2015 to February 29, 2016)

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

[Notes on Tax-Effect Accounting]

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

(Unit: thousand yen)

	4th fiscal period (As of Aug. 31, 2015)	5th fiscal period (As of Feb. 29, 2016)
Deferred tax assets		
Non-deductible accrued enterprise tax	14	14
Total deferred tax assets	14	14
Net deferred tax assets	14	14

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

(Unit: %)

	4th fiscal period (As of Aug. 31, 2015)	5th fiscal period (As of Feb. 29, 2016)
Statutory tax rate	34.15	32.31
[Adjustments]		
Deductible distributions payable	(34.11)	(32.28)
Other	0.06	0.07
Effective income tax rate after application of tax-effect accounting	0.10	0.10

[Notes on Investment and Rental Properties]

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

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

(Unit: thousand yen)

	4th fiscal period (From: Mar. 1, 2015 To: Aug. 31, 2015)	5th fiscal period (From: Sep. 1, 2015 To: Feb. 29, 2016)
Carrying amount		
Balance at beginning of period	74,123,434	74,085,772
Amount of increase (decrease) during period	(37,662)	(262,457)
Balance at end of period	74,085,772	73,823,314
Fair value at end of period	76,312,000	77,896,000

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

(Note 2) Of the amount of increase (decrease) in investment and rental properties during the period, the amount of increase is mainly attributable to capital expenditure (393,558 thousand yen) while the amount of decrease is mainly attributable to depreciation (431,221 thousand yen).

Moreover, of the amount of increase (decrease) in investment and rental properties during the period, the amount of increase is mainly attributable to capital expenditure (176,793 thousand yen) while the amount of decrease is mainly attributable to depreciation (443,255 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser.

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

[Notes on Segment Information, Etc.]

1. Segment Information

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

2. Related Information

4th fiscal period (March 1, 2015 to August 31, 2015)

[Translation Purpose Only]

(1) Information for each product and service

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

(2) Information for each region

① Net sales

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

② Property, plant and equipment

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

(3) Information for each major customer

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

5th fiscal period (September 1, 2015 to February 29, 2016)

(1) Information for each product and service

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

(2) Information for each region

① Net sales

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

② Property, plant and equipment

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

(3) Information for each major customer

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

[Notes on Per Unit Information]

	4th fiscal period (From: Mar. 1, 2015 To: Aug. 31, 2015)	5th fiscal period (From: Sep. 1, 2015 To: Feb. 29, 2016)
Net assets per unit	446,422 yen	446,650 yen
Net income per unit	11,822 yen	12,050 yen

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

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

	4th fiscal period (From: Mar. 1, 2015 To: Aug. 31, 2015)	5th fiscal period (From: Sep. 1, 2015 To: Feb. 29, 2016)
Net income	887,842 thousand yen	904,971 thousand yen
Amount not attributable to common unitholders	— thousand yen	— thousand yen
Net income attributable to common investment units	887,842 thousand yen	904,971 thousand yen
Average number of investment units during period	75,100 units	75,100 units

[Notes on Significant Subsequent Events]

Not applicable.

[Omission of Disclosure]

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

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

The following is the changes in the total number of investment units issued and outstanding since SIA REIT's incorporation and in unitholders' capital.

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

- (Note 1) Upon the incorporation of SIA REIT, investment units were issued for which the issue amount paid in to SIA REIT (paid-in amount) was 500,000 yen per unit.
- (Note 2) New investment units were issued through public offering at an issue price of 450,000 yen (paid-in amount: 434,250 yen) per unit for the purpose of procuring funds for acquisition of new properties.

4. Changes in Directors

(1) Directors of the Investment Corporation

There is no change of directors in the current fiscal period.

(2) Directors of the Asset Management Company

① Following changes in Board members were made as of November 30, 2015.

• Appointed Directors (as of November 30, 2015)

Director (part-time)	Masashi Hara
Director (part-time)	Yuji Goto
Director (part-time)	Koji Hashimoto
Director (part-time)	Jiro Mori

• Retired Directors (as of November 30, 2015)

Director (part-time)	Keiju Miyazaki
Director (part-time)	Shinichiro No
Director (part-time)	Hitomi Tabata

② Following changes in Board members were made as of March 31, 2016.

• Appointed Directors (as of April 1, 2016)

Director (part-time)	Kazuma Oe
----------------------	-----------

• Retired Directors (as of March 31, 2016)

Director (part-time)	Masashi Hara
----------------------	--------------

5. Reference Information

(1) Asset Composition

(1) Asset Composition						
Type of asset	Use of asset	Region (Note 1)	4th fiscal period (As of Aug. 31, 2015)		5th fiscal period (As of Feb. 29, 2016)	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate	Office buildings	Tokyo metropolitan area	7,179	8.9	7,110	8.8
	Office buildings subtotal		7,179	8.9	7,110	8.8
Real estate total			7,179	8.9	7,110	8.8
Real estate in trust	Office buildings	Tokyo metropolitan area	50,525	62.8	50,393	62.6
		Ordinance-designated cities or their equivalent	11,763	14.6	11,722	14.6
	Office buildings subtotal		62,289	77.4	62,115	77.2
	Retail facilities	Tokyo metropolitan area	4,186	5.2	4,162	5.2
		Ordinance-designated cities or their equivalent	429	0.5	434	0.5
	Retail facilities subtotal		4,616	5.7	4,597	5.7
	Real estate in trust total		66,906	83.1	66,712	82.9
	Investment securities (Note 4)		—	—	51	0.1
Deposits and other assets		6,407	8.0	6,565	8.2	
Total assets			80,492	100.0	80,439	100.0

(Note 1) "Region" is as follows:

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

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

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

(Note 4) "Investment Securities" refers to the silent partnership equity interest having GK SIA Bridge No. 1 as the operator.

(2) Portfolio Diversification

Diversification by region

Region	Number of properties	Acquisition price (million yen)	Share (%)
Tokyo metropolitan area	14	62,070	83.5
Ordinance-designated cities or their equivalent	5	12,277	16.5
Total	19	74,347	100.0

Diversification by asset type

Use	Number of properties	Acquisition price (million yen)	Share (%)
Office buildings	17	69,665	93.7
Retail facilities	2	4,682	6.3
Total	19	74,347	100.0

(3) Period-End Value of Portfolio Real Estate

Property no.	Property name	Appraisal company	Acquisition price (million yen)	Carrying amount (million yen)	Appraisal value (million yen)	Overview of appraisal report					
						Income approach					Cost approach
						Indicated value by direct cap method (million yen)	Cap rate (%)	Indicated value by DCF method (million yen)	Discount rate (%)	Terminal cap rate (%)	Indicated value by cost approach (million yen)
OT-1	J Tower	The Tanizawa Sogo Appraisal Co., Ltd.	24,394	24,348	25,200	26,300	5.0	24,700	5.0	5.2	18,000
OT-2	SIA Kanda Square	The Tanizawa Sogo Appraisal Co., Ltd.	7,350	7,110	8,100	8,180	4.0	8,060	4.1	4.2	7,400
OT-3	Tachikawa Nishiki-cho Building	Daiwa Real Estate Appraisal Co., Ltd.	3,264	3,377	3,760	3,780	4.9	3,750	4.7	5.1	2,360
OT-4	CP10 Building	Daiwa Real Estate Appraisal Co., Ltd.	3,229	3,210	3,190	3,240	4.5	3,170	4.3	4.7	1,390
OT-5	Yokohama AP Building	Daiwa Real Estate Appraisal Co., Ltd.	3,110	3,092	3,570	3,540	4.7	3,580	4.5	4.9	2,200
OT-6	Yushima First Genesis Building	Daiwa Real Estate Appraisal Co., Ltd.	2,751	2,718	2,910	2,950	4.5	2,890	4.3	4.7	1,660
OT-7	Miyaji Building	Daiwa Real Estate Appraisal Co., Ltd.	2,880	2,873	3,060	3,050	4.8	3,070	4.6	5.0	1,980
OT-8	36 Sankyo Building	Daiwa Real Estate Appraisal Co., Ltd.	2,395	2,376	2,570	2,600	4.6	2,550	4.4	4.8	1,770
OT-9	Minami-Shinagawa JN Building	Daiwa Real Estate Appraisal Co., Ltd.	2,165	2,193	1,974	2,070	4.8	1,960	4.6	5.0	2,070
OT-10	Minami-Shinagawa N Building	Daiwa Real Estate Appraisal Co., Ltd.	2,292	2,277	2,110	2,210	5.0	2,070	4.8	5.2	2,120
OT-11	Minami-Shinagawa J Building	Daiwa Real Estate Appraisal Co., Ltd.	2,020	1,990	2,130	2,140	5.0	2,120	4.8	5.2	1,360
OT-12	MY Atsugi Building	Chuo Real Estate Appraisal Co., Ltd.	1,240	1,214	1,310	1,390	5.8	1,310	5.6	6.0	942
OT-13	Hachioji SIA Building	Chuo Real Estate Appraisal Co., Ltd.	730	720	810	847	5.4	810	5.2	5.6	731
OO-1	Central Shin-Osaka Building	Daiwa Real Estate Appraisal Co., Ltd.	4,612	4,496	4,880	4,890	4.8	4,880	4.6	5.0	2,440
OO-2	Karasuma Plaza 21	Daiwa Real Estate Appraisal Co., Ltd.	3,700	3,721	3,400	3,360	5.1	3,410	4.9	5.3	5,520
OO-3	Stoke Building Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,381	2,367	2,640	2,610	5.1	2,650	4.9	5.3	1,480
OO-4	MY Kumamoto Building	Chuo Real Estate Appraisal Co., Ltd.	1,152	1,136	1,280	1,310	6.2	1,280	6.0	6.4	910
R-1	fab Minami-Osawa	Japan Real Estate Institute	4,250	4,162	4,410	4,460	5.2	4,360	5.0	5.4	2,300
R-2	Niigata Higashibori-dori Parking Building	Chuo Real Estate Appraisal Co., Ltd.	432	434	592	583	6.7	592	6.4	7.0	335
Total			74,347	73,823	77,896	79,510	-	77,212	-	-	56,968

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

(Note 2) The effective date of the appraisal (date of value) is the last day of February 2016.

(4) Overview of Portfolio Real Estate

Property no.	Property name	Asset type	Location	Construction and number of floors	Completed (YYYY/MM)	Type of ownership	Total leasable area	PML value
OT-1	J Tower	Office buildings	Fuchu-shi, Tokyo	S/RC/SRC B2/18F	1992/03	Real estate trust beneficiary rights	34,281.89	2.80%
OT-2	SIA Kanda Square	Office buildings	Chiyoda-ku, Tokyo	SRC 10F	2007/04	Real estate	5,263.30	6.06%
OT-3	Tachikawa Nishiki-cho Building	Office buildings	Tachikawa-shi, Tokyo	SRC 8F	1991/06	Real estate trust beneficiary rights	5,633.29	4.51%
OT-4	CP10 Building	Office buildings	Taito-ku, Tokyo	SRC B1/7F	1989/03	Real estate trust beneficiary rights	3,506.66	3.51%
OT-5	Yokohama AP Building	Office buildings	Yokohama-shi, Kanagawa	RC B1/8F	1983/05	Real estate trust beneficiary rights	4,480.98	10.17%
OT-6	Yushima First Genesis Building	Office buildings	Bunkyo-ku, Tokyo	SRC B1/7F	1991/08	Real estate trust beneficiary rights	2,947.07	7.00%
OT-7	Miyaji Building	Office buildings	Nakano-ku, Tokyo	S/SRC B1/7F	1994/08	Real estate trust beneficiary rights	3,116.49	3.04%
OT-8	36 Sankyo Building	Office buildings	Shinjuku-ku, Tokyo	RC B2/4F	1991/10	Real estate trust beneficiary rights	3,724.17	8.85%
OT-9	Minami-Shinagawa JN Building	Office buildings	Shinagawa-ku, Tokyo	SRC B2/10F	1990/07	Real estate trust beneficiary rights	6,405.24	5.57%
OT-10	Minami-Shinagawa N Building	Office buildings	Shinagawa-ku, Tokyo	SRC B2/10F	1994/07	Real estate trust beneficiary rights	5,477.76	5.50%
OT-11	Minami-Shinagawa J Building	Office buildings	Shinagawa-ku, Tokyo	SRC B1/10F	1992/07	Real estate trust beneficiary rights	3,673.61	3.70%
OT-12	MY Atsugi Building	Office buildings	Atsugi-shi, Kanagawa	RC/SRC 8F	1988/09	Real estate trust beneficiary rights	3,847.70	7.69%
OT-13	Hachioji SIA Building	Office buildings	Hachioji-shi, Tokyo	SRC 9F	1993/09	Real estate trust beneficiary rights	2,751.01	4.53%
OO-1	Central Shin-Osaka Building	Office buildings	Osaka-shi, Osaka	S B1/12F	1992/06	Real estate trust beneficiary rights	9,399.87	12.72%
OO-2	Karasuma Plaza 21	Office buildings	Kyoto-shi, Kyoto	SRC B1/8F	1986/11	Real estate trust beneficiary rights	8,890.42	5.18%
OO-3	Stoke Building Nagoya	Office buildings	Nagoya-shi, Aichi	S/SRC B1/8F	1991/04	Real estate trust beneficiary rights	5,801.80	13.58%
OO-4	MY Kumamoto Building	Office buildings	Kumamoto-shi, Kumamoto	S/RC 9F	1987/10	Real estate trust beneficiary rights	3,755.60	5.08%
R-1	fab Minami-Osawa	Retail facilities	Hachioji-shi, Tokyo	S 7F	2001/12	Real estate trust beneficiary rights	8,409.23	3.03%
R-2	Niigata Higashibori-dori Parking Building	Retail facilities	Niigata-shi, Niigata	S 10F	1993/03	Real estate trust beneficiary rights	8,725.90	6.08%

Translation Purpose Only

(5) Status of Revenue of Each Property

Property no.		OT-1	OT-2	OT-3	OT-4	OT-5	OT-6	OT-7
Property name		J Tower	SIA Kanda Square	Tachikawa Nishiki-cho Building	CP10 Building	Yokohama AP Building	Yushima First Genesis Building	Miyaji Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	24,394	7,350	3,264	3,229	3,110	2,751	2,880
	Composition ratio	32.8	9.9	4.4	4.3	4.2	3.7	3.9
	Carrying amount (million yen)	24,348	7,110	3,377	3,210	3,092	2,718	2,873
	Value at end of period (million yen)	25,200	8,100	3,760	3,190	3,570	2,910	3,060
	Composition ratio	32.4	10.4	4.8	4.1	4.6	3.7	3.9
Leasing	Total number of tenants	31	29	21	7	10	7	8
	Total leasable area (m ²)	34,281.89	5,263.30	5,633.29	3,506.66	4,480.98	2,947.07	3,116.49
	Leased area (m ²)	33,147.82	5,212.38	5,633.29	3,506.66	4,480.98	2,947.07	3,116.49
	Occupancy rate	96.7%	99.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating income (loss)	Number of days under management	182	182	182	182	182	182	182
	① Property-related operating revenue (thousand yen)	966,599	156,381	147,241	94,548	127,937	93,498	110,118
	Lease business revenue	818,423	148,119	140,704	83,216	113,838	87,693	100,892
	Other lease business revenue	148,175	8,261	6,537	11,331	14,099	5,804	9,226
	② Property-related operating expenses (thousand yen)	360,360	49,123	41,026	26,215	33,177	24,361	23,837
	Property management fees	82,709	28,318	15,109	8,046	9,124	7,537	7,819
	Utilities expenses	191,028	10,605	10,286	8,955	8,128	6,351	7,272
	Taxes and public dues	65,083	8,384	10,480	6,584	9,600	7,743	7,648
	Insurance premiums	1,370	193	207	102	137	122	108
	Repair expenses	19,668	1,622	4,142	2,026	5,386	2,106	488
	Other	500	—	800	500	800	500	500
	③ Leasing NOI (thousand yen)	606,238	107,257	106,215	68,333	94,760	69,137	86,280
	④ Depreciation (thousand yen)	120,524	70,258	24,319	15,414	10,360	12,623	10,184
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	485,713	36,999	81,896	52,918	84,400	56,513	76,096
	⑥ Capital expenditures (thousand yen)	57,026	1,050	2,064	1,899	—	667	1,278
	⑦ Leasing NCF [③-⑥] (thousand yen)	549,211	106,207	104,151	66,433	94,760	68,470	85,001

Translation Purpose Only

Property no.	OT-8	OT-9	OT-10	OT-11	OT-12	OT-13	OO-1
Property name	36 Sankyo Building	Minami-Shinagawa JN Building	Minami-Shinagawa N Building	Minami-Shinagawa J Building	MY Atsugi Building	Hachioji SIA Building	Central Shin-Osaka Building
Acquisition date	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	2,395	2,165	2,292	2,020	1,240	730
	Composition ratio	3.2	2.9	3.1	2.7	1.7	1.0
	Carrying amount (million yen)	2,376	2,193	2,277	1,990	1,214	720
	Value at end of period (million yen)	2,570	1,974	2,110	2,130	1,310	810
	Composition ratio	3.3	2.5	2.7	2.7	1.7	1.0
Leasing	Total number of tenants	3	16	18	10	22	14
	Total leasable area (m ²)	3,724.17	6,405.24	5,477.76	3,673.61	3,847.70	2,751.01
	Leased area (m ²)	3,724.17	5,586.98	5,477.76	3,673.61	3,735.19	2,751.01
	Occupancy rate	100.0%	87.2%	100.0%	100.0%	97.1%	100.0%
Operating income (loss)	Number of days under management	182	182	182	182	182	182
	① Property-related operating revenue (thousand yen)	85,946	106,680	105,509	96,410	65,266	49,781
	Lease business revenue	75,938	101,179	97,735	89,695	60,311	45,429
	Other lease business revenue	10,008	5,501	7,774	6,715	4,954	4,352
	② Property-related operating expenses (thousand yen)	22,397	79,438	45,025	32,390	22,472	22,208
	Property management fees	5,502	22,060	7,799	6,127	8,855	10,093
	Utilities expenses	8,315	23,030	8,991	7,371	7,208	6,361
	Taxes and public dues	7,300	9,555	9,100	5,593	4,825	4,565
	Insurance premiums	101	235	204	130	128	87
	Repair expenses	677	8,532	6,016	3,806	955	601
	Other	500	16,024	12,912	9,362	500	500
	③ Leasing NOI (thousand yen)	63,549	27,241	60,484	64,019	42,793	27,572
	④ Depreciation (thousand yen)	8,318	14,827	13,743	11,324	12,367	5,222
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	55,230	12,414	46,741	52,695	30,426	22,350
	⑥ Capital expenditures (thousand yen)	—	41,529	10,126	5,262	6,167	550
	⑦ Leasing NCF [③-⑥] (thousand yen)	63,549	Δ14,287	50,357	58,756	36,626	27,022
							138,848

Translation Purpose Only

Property no.		OO-2	OO-3	OO-4	R-1	R-2	Total
Property name		Karasuma Plaza 21	Stoke Building Nagoya	MY Kumamoto Building	fab Minami-Osawa (Note)	Niigata Higashibori-dori Parking Building (Note)	
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	—
Acquisition	Acquisition price (million yen)	3,700	2,381	1,152	4,250	432	74,347
	Composition ratio	5.0	3.2	1.5	5.7	0.6	100.0
	Carrying amount (million yen)	3,721	2,367	1,136	4,162	434	73,823
	Value at end of period (million yen)	3,400	2,640	1,280	4,410	592	77,896
	Composition ratio	4.4	3.4	1.6	5.7	0.8	100.0
Leasing	Total number of tenants	12	5	18	14	1	272
	Total leasable area (m ²)	8,890.42	5,801.80	3,755.60	8,409.23	8,725.90	130,091.99
	Leased area (m ²)	8,890.42	5,801.80	3,655.50	8,409.23	8,725.90	127,876.13
	Occupancy rate	100.0%	100.0%	97.3%	100.0%	100.0%	98.3%
Operating income (loss)	Number of days under management	182	182	182	182	182	182
	① Property-related operating revenue (thousand yen)	192,296	117,566	70,638	/	/	3,018,957
	Lease business revenue	177,649	101,466	66,023			2,672,204
	Other lease business revenue	14,646	16,099	4,614			346,752
	② Property-related operating expenses (thousand yen)	76,373	39,834	23,566			1,067,043
	Property management fees	29,726	11,827	8,837			312,107
	Utilities expenses	20,214	11,490	6,837			399,554
	Taxes and public dues	22,702	9,685	4,781			220,114
	Insurance premiums	297	190	130			4,295
	Repair expenses	2,633	6,140	2,479			73,652
	Other	800	500	500			57,318
	③ Leasing NOI (thousand yen)	115,923	77,731	47,071	128,804	19,255	1,951,913
	④ Depreciation (thousand yen)	14,369	18,200	11,930	32,261	4,145	443,255
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	101,553	59,530	35,140	96,543	15,110	1,508,657
	⑥ Capital expenditures (thousand yen)	—	17,496	14,162	8,188	8,932	176,793
	⑦ Leasing NCF [③-⑥] (thousand yen)	115,923	60,235	32,909	120,616	10,323	1,775,119

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

(6) Borrowing Status

The following is the status of borrowing of funds from each financial institution as of February 29, 2016.

The following is the status of borrowing of funds from each financial institution as of February 27, 2016.										
	Term	Drawdown date	Balance at beginning of period (thousand yen)	Balance at end of period (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks	
	Lender									
Short-term borrowings	Aozora Bank, Ltd.	Oct. 13, 2015	-	475,075	0.72543%	Oct. 10, 2016 (Note 2)	(Note 2)	(Note 3)	Secured Unguaranteed (Note 4)	
	Sumitomo Mitsui Trust Bank, Limited		-	984,055						
	Subtotal			-	1,459,130					
Long-term borrowings	Sumitomo Mitsui Banking Corporation	Oct. 10, 2013	5,458,750	5,445,000	1.16976%	Oct. 10, 2016 (Note 5)	(Note 5)	(Note 6)	Secured Unguaranteed (Note 4)	
	Shinsei Bank, Limited		4,933,500	4,921,000						
	Aozora Bank, Ltd.		1,985,000	1,980,000						
	Resona Bank, Limited		986,500	984,000						
	Sumitomo Mitsui Banking Corporation	Oct. 10, 2013	4,561,375	4,549,500	0.92690%	Oct. 10, 2018 (Note 7)	(Note 7)			
	The Mie Bank, Ltd.		986,500	984,000						
	Aozora Bank, Ltd.		957,500	955,000						
	Sumitomo Mitsui Banking Corporation	Oct. 10, 2013	5,706,875	5,692,500	1.38226%	Oct. 10, 2018 (Note 7)	(Note 7)			
	Kansai Urban Banking Corporation		986,500	984,000						
	Sumitomo Mitsui Banking Corporation	Oct. 10, 2013	1,743,750	1,645,000	1.12695%	Oct. 10, 2019 (Note 8)	(Note 8)			
	Sumitomo Mitsui Banking Corporation	Oct. 10, 2014	954,607	—	0.73000%	Oct. 13, 2015 (Note 9)	(Note 9)			
	Aozora Bank, Ltd.		1,980,037	—						
	Sumitomo Mitsui Trust Bank, Limited		986,527	—						
	The Bank of Fukuoka, Ltd.		986,527	—						
	Sumitomo Mitsui Banking Corporation	Oct. 10, 2014	1,496,250	1,492,500	1.08473%	Oct. 10, 2017 (Note 10)	(Note 10)			
	Aozora Bank, Ltd.		997,500	995,000						
	Resona Bank, Limited		1,995,000	1,990,000						
	ORIX Bank Corporation		997,500	995,000						
	Sumitomo Mitsui Banking Corporation	Oct. 10, 2014	1,995,000	1,990,000	1.35961%	Oct. 13, 2020 (Note 11)	(Note 11)			
	The Mie Bank, Ltd.		997,500	995,000						
	Sumitomo Mitsui Banking Corporation	Oct. 13, 2015	—	452,215	0.77543%	Oct. 10, 2017 (Note 12)	(Note 12)			
	Aozora Bank, Ltd.		—	1,000,000						
	The Bank of Fukuoka, Ltd.		—	984,055						
	The Mie Bank, Ltd.		—	600,000						
	ORIX Bank Corporation		—	400,000						
	Subtotal			41,692,700	40,033,770					
	Total			41,692,700	41,492,900					

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

(Note 2) Repayment of the part of the principal (3,660 thousand yen) on April 10, 2016 and repayment of the remaining balance of principal on the repayment date in lump-sum.

(Note 3) The intended use of the funds is to allocate the fund to repay part of the existing borrowing.

(Note 4) Properties subject to security are a total of 19 properties including J Tower, SIA Kanda Square, Central Shin-Osaka Building, fab Minami-Osawa and Karasuma Plaza 21.

(Note 5) Repayment of the principal in installments, with the first repayment on April 10, 2014 and subsequent repayments (33,750 thousand yen) on each of the 10th of every April and October thereafter, until repayment of the remaining

- balance of principal on October 10, 2016.
- (Note 6) The intended use of the funds is to allocate the funds to part of the funds for acquisition of real estate and real estate trust beneficiary rights, as well as related costs.
- (Note 7) Repayment of the principal in installments, with the first repayment on April 10, 2014 and subsequent repayments (16,875 thousand yen) on each of the 10th of every April and October thereafter, until repayment of the remaining balance of principal on October 10, 2018.
- (Note 8) Repayment of the principal in installments, with the first repayment on April 10, 2014 and subsequent repayments (98,750 thousand yen) on each of the 10th of every April and October thereafter, until repayment of the remaining balance of principal on October 10, 2019.
- (Note 9) On April 10, 2015, part of the principal (12,300 thousand yen) was repaid, and on October 13, 2015, the remaining balance of principal was repaid.
- (Note 10) Repayment of the principal in installments, with the first repayment on April 10, 2015 and subsequent repayments (13,750 thousand yen) on each of the 10th of every April and October thereafter, until repayment of the remaining balance of principal on October 10, 2017.
- (Note 11) Repayment of the principal in installments, with the first repayment on April 10, 2015 and subsequent repayments (7,500 thousand yen) on each of the 10th of every April and October thereafter, until repayment of the remaining balance of principal on October 13, 2020.
- (Note 12) Repayment of the principal in installments, with the first repayment on April 10, 2016 and subsequent repayments (8,610 thousand yen) on each of the 10th of every April and October thereafter, until repayment of the remaining balance of principal on October 10, 2017.