



Presentation Material for the Second Fiscal Period (Ended August 2014)

October 17, 2014



Table of Contents

1	Second Fiscal Period Topics		5	Appendix	
	1. Second Fiscal Period Topics (Ended August 2014)	3		About the SIA Group	27
2	Overview of Financial Results for the Second Fiscal Period (Ended August 2014)			Support of Sponsor and Support Companies	31
	1. Statement of Income	6		Statement of Income	32
	2. Balance Sheet	7		Balance Sheet	33
	3. Management Status	8		Characteristics of SIA REIT	34
	4. Financial Status	17		Portfolio Map	35
3	Earnings Forecasts for the Third Fiscal Period (Ending February 2015) and Fourth Fiscal Period (Ending August 2015)			Portfolio List	36
	1. Earnings Forecasts for the Third Fiscal Period (Ending February 2015) and Fourth Fiscal Period (Ending August 2015)	19		List of Appraisal Values	40
	2. Future Outlook (Third Fiscal Period Onward)	20		Lease Business Revenue and Expenditure by Property	41
4	Future Growth Strategies			List of Borrowings	43
	1. Growth Cycle, Challenges and Actions of SIA REIT	22		Unitholder Status as of End of Second Fiscal Period (Ended August 2014)	44
	2. Roadmap for Growth (Medium-Term Goal)	23		Governance System and Management Fee Scheme	45
	3. External Growth Strategy	24		Overview of SIA REIT	46
	4. Financial Strategy	25		Overview of the Asset Management Company	47
				Disclaimer	48



1 Second Fiscal Period Topics (Ended August 2014)

1 – (1) Second Fiscal Period Topics (Ended August 2014) ①

■ Internal Growth

- The portfolio occupancy rate recovered from 88.5% at the end of the first fiscal period to 91.4% at the end of the second fiscal period. In terms of the 19 properties excluding J Tower, the occupancy rate increased from 92.4% to 95.7%
- Leasing advanced at various properties, and 100% occupancy was attained at properties at issue such as Karasuma Plaza 21, Stoke Building Nagoya and CP10
- The occupancy rates of J Tower and Minami-Shinagawa JN Building / N Building that decreased due to terminations by major tenants are recovering gradually; Focus is placed on leasing for further recovery of occupancy rates

■ External Growth

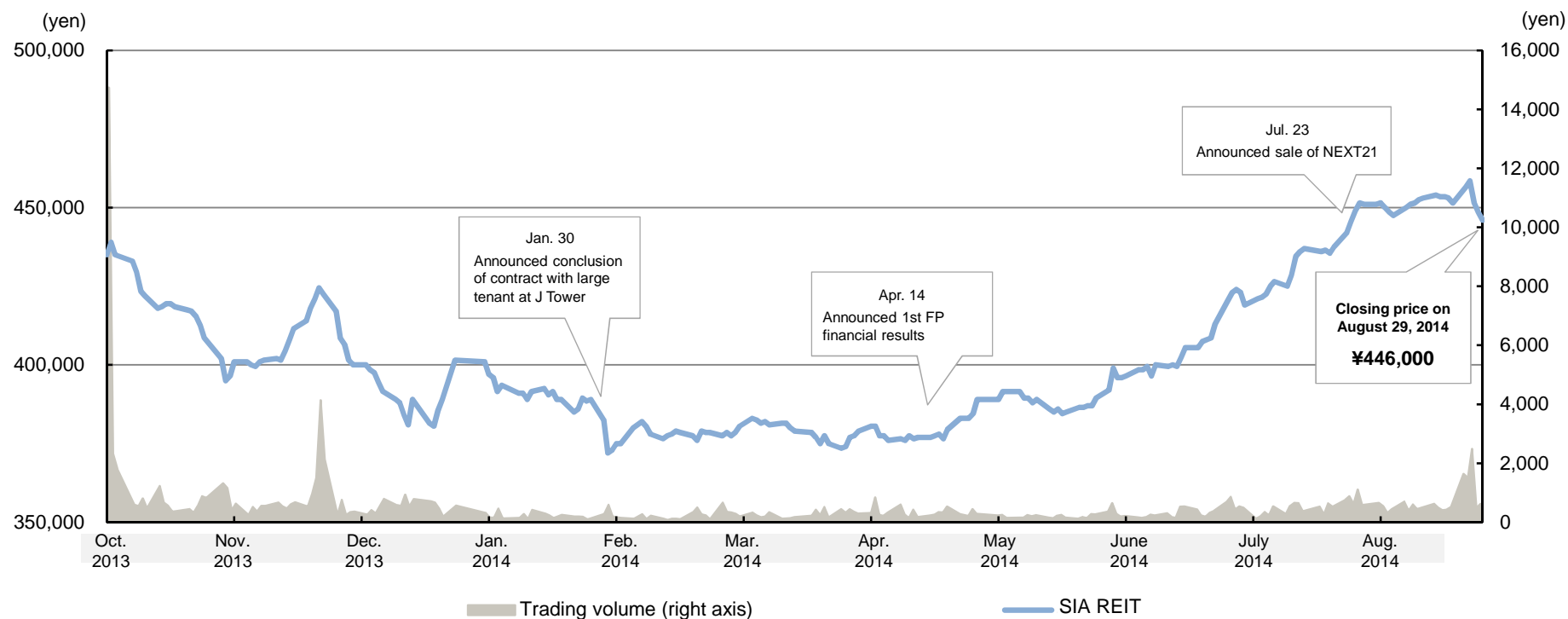
- As for NEXT21 at which a potential purchaser whose offer far exceeds the acquisition price has emerged, sale of the property was determined after comprehensive considerations of conditions such as future cash flow and gain on sale
- Continue focusing on property information sourcing for property acquisitions that utilize sponsor's warehousing and bridge funds

■ Financial Strategy / Other Initiatives

- Strengthened lender formation through partial loan transfer from Sumitomo Mitsui Banking Corporation to The Mie Bank
- LTV decreased from 53.5% at the end of the first fiscal period to 52.0% at the end of the second fiscal period through scheduled repayment of ¥200 million (Apr. 2014) and early repayment of ¥1,600 million (June 2014)
- Negotiating with lenders in order to increase the ratio of long-term borrowings and ratio of fixed-interest borrowings, as well as diversify maturity dates with refinancing in the third fiscal period
- Participated in GRESB Certification (acquired Green Star and selected as Sector Leader) and acquired Rank A in CASBEE for Market Promotion

1 – (1) Second Fiscal Period Topics (Ended August 2014) ②

■ Historical Investment Unit Price



■ Forecast and Actual Earnings and Dividend

2nd FP (Aug. 2014)	Operating revenues (million of yen)	Operating profit (millions of yen)	Recurring profit (millions of yen)	Net income (millions of yen)	Dividend per unit (yen)
Forecast (announced Apr. 14, 2014)	3,109	1,301	1,002	1,001	13,331
Actual	3,179	1,326	1,034	1,033	13,760

Comparison with forecast dividend per unit

+¥429 (+3.2%)



2

Overview of Financial Results for the Second Fiscal Period (Ended August 2014)

2 – (1) Statement of Income

- Dividend per unit increased ¥429 to ¥13,760 (+3.2%) compared to the initial forecast of ¥13,331 due to increase of NOI, reduction of general and administrative expenses, early loan repayments with tax refunds (decrease of interest expenses) and other factors

■ Second Fiscal Period Results and Comparison with Earnings Forecast (April 14, 2014)

(Unit: Millions of yen)

	Second fiscal period results (actual)	Second fiscal period earnings forecast (April 14, 2014)	Comparison	First fiscal period results (actual)
Operating revenues	3,179	3,109	+69	2,493
Operating profit	1,326	1,301	+25	1,199
Recurring profit	1,034	1,002	+31	368
Net income	1,033	1,001	+32	366
Dividend per unit	¥13,760	¥13,331	+¥429	¥4,884

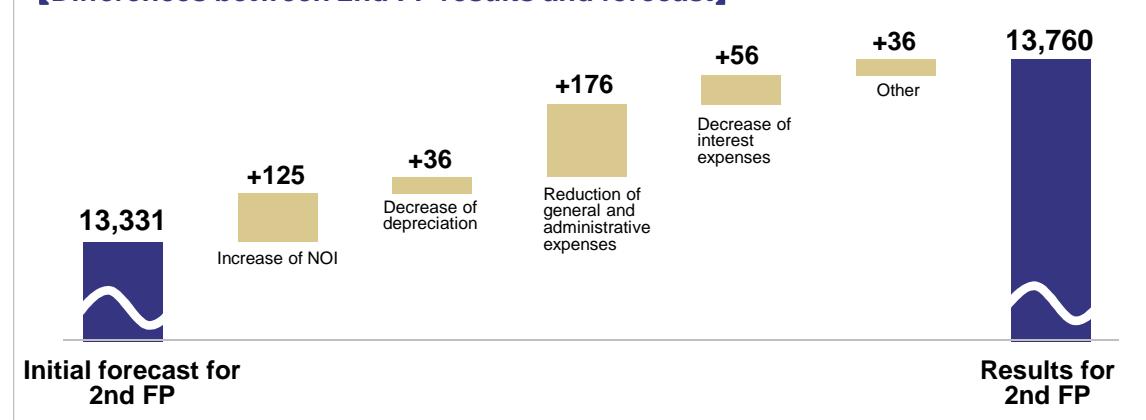
■ Factors for Change of Profit (Comparison with forecast)

(Unit: Millions of yen)

Comparison	Major factors
Operating revenues	Utilities revenue +28 Rent and common space charges +15
Property-related expenses	Utilities -49 Property management fees -8
Depreciation	+2
General and administrative expenses	Reduction of expenses +13
Operating profit	+25
Non-operating profit	Interest on consumption tax refund +1
Non-operating expenses	Interest expenses, etc. +4
Recurring profit	+31
Corporate tax, etc.	+0
Net income	+32

【Differences between 2nd FP results and forecast】

(Unit: Yen)



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

2 – (2) Balance Sheet

■ Balance Sheet

(Unit: Millions of yen)

		End of 1st FP	End of 2nd FP	Comparison
Assets	Current assets	7,138	6,426	-712
	Cash and deposits	5,299	6,188	+889
	Other	1,839	237	-1,602
	Noncurrent assets	75,290	74,957	-332
	Buildings and structures, buildings and structures in trust	32,711	32,843	+132
	Accumulated depreciation	-348	-770	-421
	Land and land in trust	39,322	39,322	-
	Other	3,605	3,561	-43
	Total assets	82,428	81,383	-1,044
Liabilities		End of 1st FP	End of 2nd FP	Comparison
	Current liabilities	16,282	15,168	-1,114
	Short-term borrowing and long-term borrowings scheduled to be repaid within one year	15,382	14,033	-1,348
	Other	900	1,134	+234
	Noncurrent liabilities	33,140	32,543	-597
	Long-term borrowings	28,757	28,306	-451
	Tenant lease and guarantee deposits	4,367	4,224	-143
	Other	15	13	-2
	Total liabilities	49,423	47,712	-1,711
Net assets	Unitholders' equity	33,005	33,671	+666
	Unitholders' capital	32,638	32,638	-
	Surplus	366	1,033	+666
	Total net assets	33,005	33,671	+666
Total liabilities and net assets		82,428	81,383	-1,044

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

■ Major Factors for Change

Current assets, current liabilities and noncurrent liabilities	
Early repayment with consumption tax refunds	-¥1,600 million

■ Main Content

Noncurrent assets	
Balance sheet amounts for 20 properties (appraisal values at the end of the second fiscal period)	¥74,761 million (¥75,973 million)
Leasehold, etc.	¥3,365 million

Liabilities	
Balance of borrowings (LTV = Balance of borrowings ÷ Total assets × 100 = 52.0%)	¥42,340 million

Net assets	
Net assets	
* net assets per unit: ¥448,360	
* NAV per unit (Note 1): ¥450,734	¥33,671 million

(Note 1) Calculated with the formula: (Unitholders' capital + Total appraisal value of real estate – Total book value of real estate) ÷ Fiscal period's outstanding number of investment units

2 – (3) Management Status: Occupancy Rate

- The portfolio occupancy rate at the end of the second fiscal period was 91.4% (up 2.9% from the end of the first fiscal period); Average occupancy rate of the 19 properties (excluding J Tower) increased to 95.7% at the end of the second fiscal period
- 13 of the 20 portfolio properties are operating with 100% occupancy

Occupancy Rate

(Unit: Millions of yen)

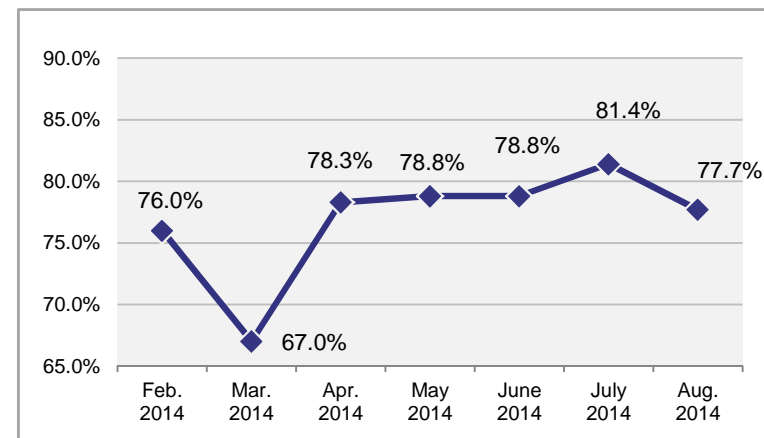
Type/area	No.	Property name	First fiscal period	Second fiscal period					
			End of Feb. 2014	End of Mar. 2014	End of Apr. 2014	End of May 2014	End of June 2014	End of July 2014	End of Aug. 2014
Office building	Tokyo Metropolitan Area	OT-1 J Tower	76.0%	67.0%	78.3%	78.8%	78.8%	81.4%	77.7%
		OT-2 SIA Kanda Square	99.0%	100.0%	100.0%	100.0%	99.0%	100.0%	100.0%
		OT-3 Tachikawa Nishiki-cho Building	96.8%	96.8%	100.0%	100.0%	100.0%	100.0%	100.0%
		OT-4 CP10 Building	85.2%	85.2%	85.2%	85.2%	85.2%	85.2%	100.0%
		OT-5 Yokohama AP Building	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		OT-6 Yushima First Genesis Building	47.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		OT-7 Miyaji Building	100.0%	100.0%	94.4%	94.4%	94.4%	94.4%	94.4%
		OT-8 36 Sankyo Building	86.9%	86.9%	100.0%	100.0%	100.0%	100.0%	100.0%
		OT-9 Minami-Shinagawa JN Building	93.8%	72.1%	72.1%	72.1%	72.1%	72.1%	72.1%
		OT-10 Minami-Shinagawa N Building	88.8%	77.0%	77.0%	77.0%	78.8%	78.8%	81.4%
		OT-11 Minami-Shinagawa J Building	93.9%	93.9%	100.0%	100.0%	100.0%	100.0%	100.0%
		OT-12 MY Atsugi Building	94.3%	94.3%	83.2%	83.2%	87.5%	87.5%	96.2%
		OT-13 Hachioji SIA Building	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		Average occupancy rate	85.3%	81.2%	86.1%	86.3%	86.6%	87.6%	87.3%
	Ordinance-designated cities or their equivalent	OO-1 Central Shin-Osaka Building	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		OO-2 Karasuma Plaza 21	79.1%	93.6%	93.6%	85.7%	89.0%	100.0%	100.0%
		OO-3 Stoke Building Nagoya	78.4%	78.4%	78.4%	78.4%	87.9%	87.9%	87.9%
		OO-4 MY Kumamoto Building	95.7%	95.7%	95.7%	95.7%	98.1%	98.1%	100.0%
		Average occupancy rate	88.3%	92.9%	92.9%	90.3%	93.7%	97.2%	97.5%
Retail facilities			86.1%	84.1%	87.8%	87.3%	88.3%	90.0%	89.8%
	R-1	fab Minami-Osawa	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	R-2	Niigata Higashibori-dori Parking Building	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	R-3	NEXT21	94.3%	94.3%	94.3%	93.6%	93.6%	93.6%	93.6%
Average occupancy rate			97.5%	97.5%	97.5%	97.2%	97.2%	97.2%	97.2%
Overall average occupancy rate			88.5%	87.0%	89.8%	89.4%	90.2%	91.5%	91.4%
Reference: Average occupancy rate excluding J Tower			92.4%	93.2%	93.5%	92.7%	93.8%	94.7%	95.7%

2 – (3) Management Status: J TOWER



Property Name	J TOWER
Location	Fuchu City, Tokyo
Structure	S/RC/SRC
Number of Floors	B2/18F
Total Leasable Floor Area	34,295.76m ²
Occupancy Rate (end of 2nd FP)	77.7%

(As of August 31, 2014)



■ Leasing Status

- Succeeded in attracting new tenants and taking in needs for increased floor area of tenants in the property
- Leasing contract with a major tenant that concluded in January 2014 began in April, covering for the impact of the major tenant departure in the first fiscal period, and the occupancy rate recovered to a level of almost 80%

■ Leasing Plan

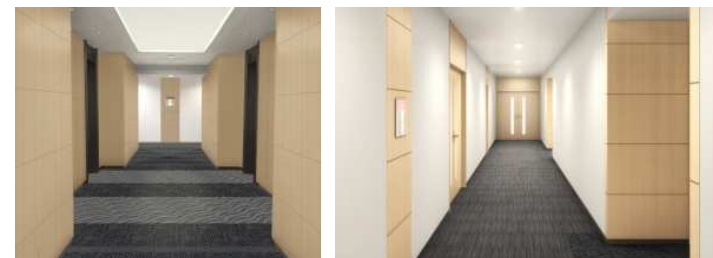
Finding potential tenants through targeted business promotion

- Developed relocation needs of several major potential tenants through proactive leasing activities towards medium- and large-sized companies based in the Tama area
- Aim for early taking in by foreseeing priorities of potential tenants in selecting properties and flexibly responding to economic conditions

■ Strategic Investment for the Third Fiscal Period Onward

Renovation of common spaces

Continue to carry out renovation of common spaces on the 15th, 17th and 18th floors; Strengthen the property's competitiveness to attract tenants



Additional construction of parking lots

- Parking lots are being additionally constructed to attract new tenants and address the needs of existing tenants
- Aim to appeal to potential tenants and to increase revenues

2 – (3) Management Status: Minami-Shinagawa JN Building / N Building / J Building

(As of August 31, 2014)

Minami-Shinagawa JN Building



Property Name	Minami-Shinagawa JN Building
Location	Shinagawa Ward, Tokyo
Structure	SRC
Number of Floors	B2/10F
Total Leasable Floor Area	6,405.24m ²
Occupancy Rate	72.1%

Minami-Shinagawa N Building



Property Name	Minami-Shinagawa N Building
Location	Shinagawa Ward, Tokyo
Structure	SRC
Number of Floors	B2/10F
Total Leasable Floor Area	5,489.64m ²
Occupancy Rate	81.4%

Minami-Shinagawa J Building



Property Name	Minami-Shinagawa J Building
Location	Shinagawa Ward, Tokyo
Structure	SRC
Number of Floors	B1/10F
Total Leasable Floor Area	3,673.61m ²
Occupancy Rate	100.0%

Leasing Status

Enhance collaboration with brokers, etc.

- Conducted large-scale property tour; Showed brokers that the property can flexibly respond to the needs of small- to medium-sized companies and that price matches location and building grade
- JN Building: Took in shop visit-type tenant to first floor (147 tsobos) and the occupancy rate recovered to the 80% level in October 2014
- N Building: Stacked up needs for small-scale use and the occupancy rate is gradually recovering
- J Building: With the start of the contract for the final section (68 tsobos), 100% occupancy was achieved in April 2014

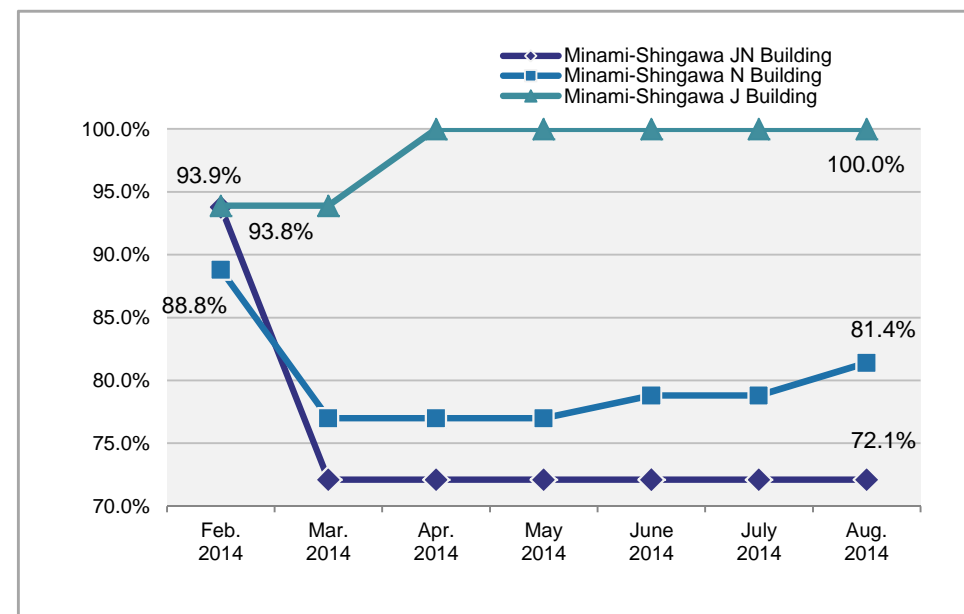
Leasing Plan

Strengthening business promotion nearby areas

- Started direct mail promotion targeting buildings near the properties, along the Keikyu line and in the Gotanda/Osaki, Hamamatsucho/Tamachi areas, as well as direct promotion by brokers, aiming for an early recovery of the occupancy rate

Consider strategic investment

- Consider strategic investment going forward with regard to the hard aspect functions, which are prioritized by potential tenants when they are selecting properties



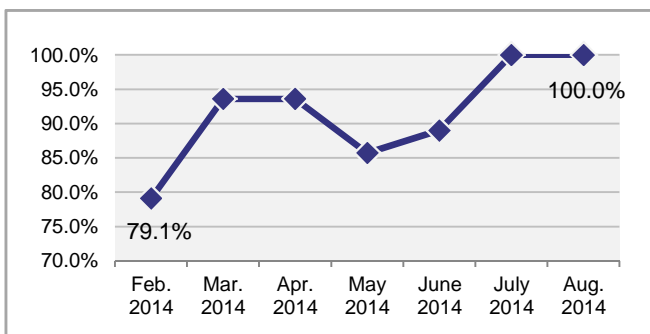
2 – (3) Management Status: Status of Other Properties Subject to Leasing Enhancement

(As of August 31, 2014)

Karasuma Plaza 21



Property Name	Karasuma Plaza 21
Location	Kyoto City, Kyoto Prefecture
Structure	SRC
Number of Floors	B1/8F
Total Leasable Floor Area	8,890.42m ²
Occupancy Rate	100.0%



Strategy at beginning of period:
Develop needs for increased floor area of tenants in the property

- In addition to attracting tenants from the outside, periodically check latent needs for tenants' increased floor area in the property and aim to take them in

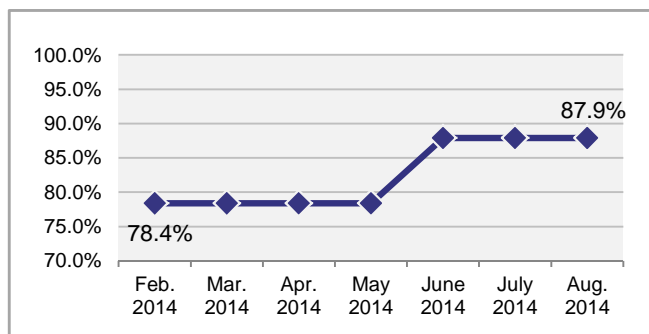
Status of the second fiscal period

- Took in existing tenants' needs for increased floor area, office relocation needs of nearby companies, model room demand, etc. and obtained net increase of 561 tsubos
- Achieved 100% occupancy in July 2014 from the 79% occupancy rate at the end of the first fiscal period

Stoke Building Nagoya



Property Name	Stoke Building Nagoya
Location	Nagoya City, Aichi Prefecture
Structure	S/SRC
Number of Floors	B1/8F
Total Leasable Floor Area	5,801.80m ²
Occupancy Rate	87.9%



Strategy at beginning of period:
Business promotion using parking needs

- Aim to take in needs of potential tenants using the property's features that are rare in the Fushimi area such as the property's approx. 170 tsubos and approx. 210 tsubos floors and parking space that can accommodate many cars (including plane parking space)

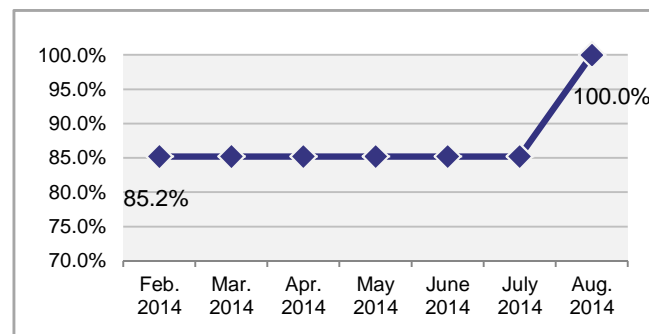
Status of the second fiscal period

- Succeeded in attracting one tenant for 167 tsubos on the first floor by effectively showing potential tenant that they could secure the number of parking spaces they wanted
- Renovated the common spaces on remaining vacant floor (second floor) and conducted proactive business promotion to brokers, thereby succeeded in attracting tenant for 211 tsubos on the second floor
Achieved 100% occupancy from September 2014

CP 10 Building



Property Name	CP 10 Building
Location	Taito Ward, Tokyo
Structure	SRC
Number of Floors	B1/7F
Total Leasable Floor Area	3,541.43m ²
Occupancy Rate	100.0%



Strategy at beginning of period:
Business promotion to wider areas

- Aim to take in relocation needs not just from the Ueno and Akihabara areas, but from wider areas as well by drawing attention to the property's convenience of transportation (7 stations and 4 routes available for use)

Status of the second fiscal period

- Renovated restroom and hot water supply room on third floor, and successfully attracted tenant for 159 tsubos on the third floor which had been vacant for more than two years
- Achieved 100% occupancy from August 2014

2 – (3) Management Status: Analysis of Tenant Trends

Average Rent

	Office buildings			Retail facilities	Entire portfolio
	Tokyo metropolitan area	Ordinance-designated cities			
End of February 2014	¥14,309 /tsubo	¥9,867 /tsubo	¥13,187 /tsubo	¥6,119 /tsubo	¥11,522 /tsubo
End of August 2014	¥13,892 /tsubo	¥9,750 /tsubo	¥12,785 /tsubo	¥6,101 /tsubo	¥11,265 /tsubo
Change from end of previous period	-¥417	-¥117	-¥402	-¥18	-¥257

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

Move-In / Move-Out

	First Fiscal Period Floor area (Number of tenants)	Second Fiscal Period Floor area (Number of tenants)
Move-in	795 tsubos (17)	4,180 tsubos (25)
Move-out	1,663 tsubos (9)	2,916 tsubos (12)
Change	-867 tsubos	+1,264 tsubos

(Note 1) The property was transferred as of September 9, 2014.

(Note 2) Fuchu Netsu Kyokyu K.K. merged on April 1, 2014 with its parent company, Tokyo Toshi Service Co., Ltd., as the surviving company.

(Note 3) The "leased floor area" column shows the floor area indicated in the lease agreements with each tenant effective as of August 31, 2014. Leased floor area for Niigata Higashibori-dori Parking Building, parking spaces and land provided for other uses are not included.

(Note 4) The "ratio to the total leased floor area" column shows the ratios of the leased floor areas of each tenant against the total leased floor area of all of SIA REIT's owned assets and are rounded to the first decimal place.

Rent Renewal Trends

	First Fiscal Period Number of tenants (Floor area)	Second Fiscal Period Number of tenants (Floor area)
Increased	0 (-)	0 (-)
Unchanged	10 (726 tsubos)	57 (5,798 tsubos)
Decreased	2 (232 tsubos)	4 (2,431 tsubos)
Total	12 (959 tsubos)	61 (8,229 tsubos)

Top Tenants

(As of August 31, 2014)

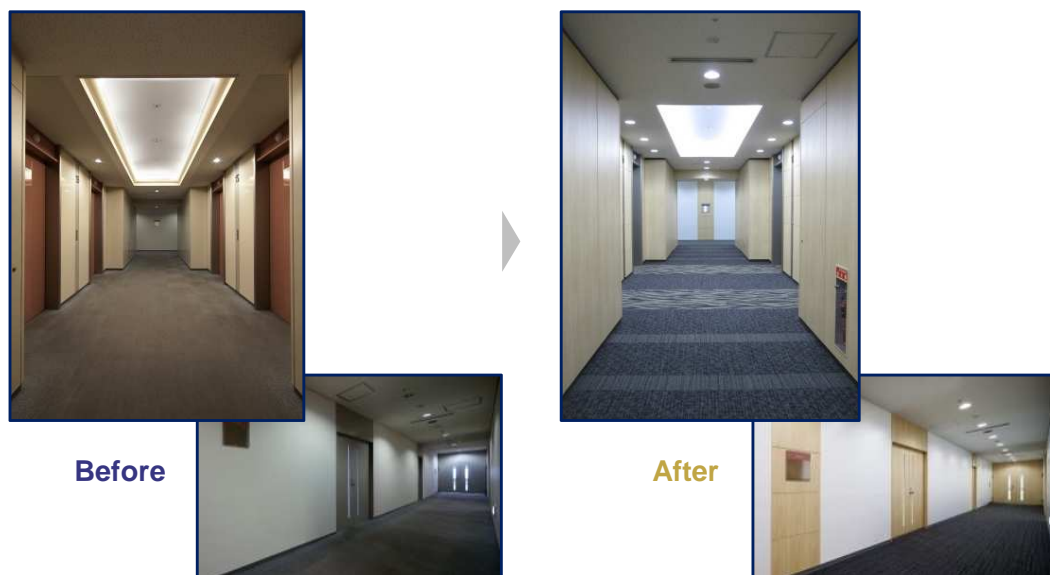
	Name of tenant	Leased floor area (m ²) (Note 3)	Ratio to the total leased area (Note 4)	Property occupied
1	KDDI Corporation	6,043.65	4.6%	J Tower / Karasuma Plaza 21
2	TOHO Cinemas, Ltd.	5,725.14	4.4%	fab Minami-Osawa
3	Mori Bldg. Ryutsu System Co., Ltd.	5,625.75	4.3%	NEXT 21 (Note 1)
4	Tokyo Toshi Service Co., Ltd. (Note 2)	4,303.01	3.3%	J Tower
5	Japan Radio Co., Ltd.	3,854.70	2.9%	J Tower
6	Nakanihon Engineering Consultants Co., Ltd.	3,033.12	2.3%	Stoke Building Nagoya
7	AGREX Inc.	2,635.90	2.0%	J Tower
8	TDS Co, Ltd.	2,324.29	1.8%	36 Sankyo Building
9	National Federation of Workers and Consumers Insurance Cooperatives	2,312.82	1.8%	J Tower
10	Yayoi Co., Ltd.	2,151.36	1.6%	SIA Kanda Square

2 – (3) Management Status: Efforts for Maintaining and Increasing Property Value

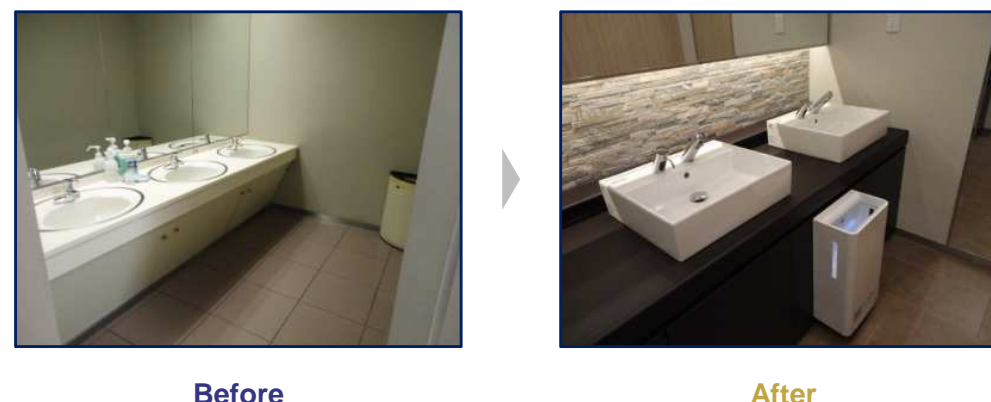
- ¥36 million of repairs and ¥132 million of CAPEX against ¥421 million of depreciation in the second fiscal period
- Reduced construction costs, etc. by approx. 14.6% with thorough verification and assessment of initial quotes, as with the first fiscal period

■ Examples of Major Repair Work during the Second Fiscal Period

■ J Tower: Renovation of elevator hall and common spaces



■ Stoke Building Nagoya: Renovation of restroom



■ Effects of Reduction of Construction Costs, Etc. during the Second Fiscal Period

A. Initial quoted amount A (Note 1)	B. Order amount (Note 2)	C. Amount of reduction (C = A - B)	Reduction rate (C / A)
approx. ¥203 million	approx. ¥173 million	approx. ¥29 million	approx. ¥14.6%

(Note 1) The initial quoted amount is the quoted amount initially submitted by contractors upon implementing the work.

(Note 2) The order amount is the actual order amount produced following verification, assessment and negotiation.

(Note 3) Only constructions of more than ¥100,000 are subject to assessment.

2 – (3) Management Status: Environmental Initiatives ①

■ Acquisition of “Green Star” and Selection as “Sector Leader” in GRESB Survey

■ About “Green Star” Rating

SIA REIT was highly evaluated in the following areas for efforts on environmental considerations and sustainability, and acquired a **“Green Star” rating, which is the highest assessment** out of the four ratings.

- Incorporation of sustainability goals into the business strategy and the establishment of a system for the promotion of sustainability
- Enhancement of risk assessment on sustainability
- Renovation of owned properties that contribute to energy and water conservation
- Efforts for the accurate apprehension of energy consumption
- Track record in reduction of energy and water consumption and greenhouse gas emissions

■ Selection as “Sector Leader” (Note 1)

SIA REIT received particularly high evaluation, mainly in technical aspects such as its specific efforts for energy conservation and its risk assessment, and was **selected as “Sector Leader” in Asia’s office sector (small companies and funds sector) (Note 2), the first for a Japanese company or fund.**

(Note 1) GRESB selects as “Sector Leader” companies and funds with outstanding efforts on environmental considerations and sustainability that have received the highest rating in each region or sector.

(Note 2) Starting in 2014, GRESB has classified companies and funds into either large (GAV over USD 1 billion) or small (GAV USD 1 billion or below) based on GAV (gross asset value), and then selects a “Sector Leader” in each classification.



Reference

About GRESB Survey

GRESB (Global Real Estate Sustainability Benchmark) is an organization established in 2009 for the purpose of enhancing shareholder value by applying environmental, social and governance considerations to real estate investments. As of September 2014, over 130 leading institutional investors, investment institutions and such are members of GRESB, which has a total of about ¥890 trillion (about USD 8.9 trillion; converted at 1 U.S. dollar = 100 yen) in assets under management.

The characteristic of the GRESB survey is it being a benchmark that evaluates the efforts of each company or fund for environmental considerations and sustainability rather than target individual real estate. The survey is drawing much attention, as institutional investors utilize the GRESB survey when they select investment targets. In 2014, 637 real estate companies, REITs and real estate private placement funds worldwide participated in the survey conducted by the GRESB.

2 – (3) Management Status: Environmental Initiatives ②

■ Acquisition of Certification in CASBEE for Market Promotion

On April 2, 2014, SIA REIT's assets J Tower and SIA Kanda Square **acquired** **“Rank A (extremely good)”** ratings in CASBEE (Comprehensive Assessment System for Built Environment Efficiency) for Market Promotion.

Low environmental risk location conditions, energy-saving functions, comfort of office spaces and such were highly evaluated with regard to J-Tower while low environmental risk location conditions, long-term service lives of the structural framework and major equipment, comfort of office spaces and such were highly evaluated with regard to SIA Kanda Square, resulting in both acquiring Rank A ratings.

■ J-Tower



■ SIA Kanda Square



Reference Overview of certification in CASBEE for Market Promotion

CASBEE is a rating system which comprehensively evaluates the environmental performance of buildings with reduced environmental burden through energy-saving, resource-saving and recycling functions, and increased environmental quality and environmental functions such as in-door comfort and consideration of landscape. It is developed and managed primarily by the Institute for Building Environment and Energy Conservation (hereafter “IBEC”) under the direction of the Ministry of Land Infrastructure Transport and Tourism.

CASBEE for Market Promotion was developed for the purpose of being used for the evaluation of real estate. The evaluation standards are formulated assuming use by stakeholders engaged in the transaction of real estate and such and are thus limited to items that are closely related to real estate appraisal.

In addition, in order to secure appropriate management and proliferation of CASBEE as well as reliability and transparency of evaluation results, ratings in CASBEE for Market Promotion are conducted by third-party institutions certified by IBEC. Properties assessed to be appropriate for functional evaluation by the standards are given one of five ratings, “Rank S (excellent),” “Rank A (extremely good),” “Rank B+ (good),” “Rank B- (somewhat inferior)” or “Rank C (inferior),” according to acquired points.

2 – (3) Management Status: Determination of Sale of NEXT21

- Decided sale of NEXT21 during the second fiscal period
- The sale price is ¥500 million, compared to the acquisition price of ¥379 million and appraisal value of ¥391 million; Gain on sale of ¥58 million recorded for the third fiscal period

Overview of NEXT21

Location	Chuo Ward, Niigata City, Niigata Prefecture
Nearest Station	Niigata Station on JR Line
Completed	April 1993
Acquisition Price	¥379 million
Appraisal Value (Note 1)	¥391 million
Leasable floor area (Note 2)	13,612.33m ²
Leased floor area (Note 2)	12,745.74m ²
Occupancy Rate (Note 2)	93.6%
Total number of tenants (Note 2)	21

(Note 1) As of August 31, 2014

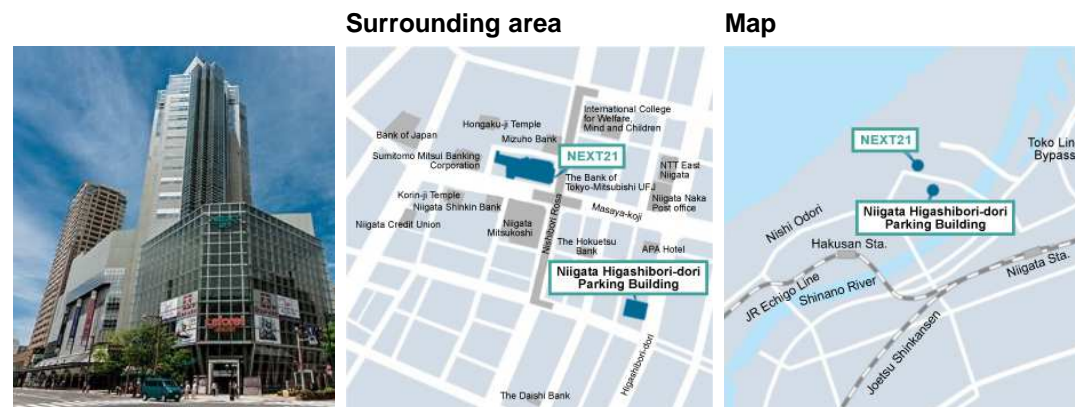
(Note 2) As of August 31, 2014

Overview of Sale of NEXT21

Conclusion date of transfer agreement	July 23, 2014 (Second fiscal period)
Transfer date	September 9, 2014 (Third fiscal period)
Sale price	¥500 million
Gain on sale	¥58 million

History of Sale of NEXT21

- Acquired NEXT21 from sponsor at the time of listing, a symbolic tower in Niigata city occupied by a fashion store targeting youth, restaurants, a sports gym, passport center and other tenants
- There are administrative facilities, a post office, large department store in the Furumachi district where NEXT21 is situated; it is traditionally a central area for Niigata City's business and commerce as it is on a major bus route passing through the city
- While medium- to long-term operation of NEXT21 was presumed as a property with high profitability and reasonable commercial and business needs, a potential buyer offering a price far exceeding the acquisition price emerged; Sale of the property was decided upon comparatively considering future cash flow, gain on sale and other conditions
- Part of proceeds from the sale of the property was allotted to the repayment of existing borrowings and the rest are being considered for use for new property acquisitions for the restructuring of the portfolio and for bridge fund investment



2 – (4) Financial Status

- With scheduled repayment during the period (¥200 million) and early repayment with consumption tax refunds (¥1,600 million), the balance of interest-bearing debt decreased to ¥42,340 million by the end of the second fiscal period
- LTV decreased from 53.5% at the end of the first fiscal period to 52.0% at the end of the second fiscal period

■ Main Financial Indicators

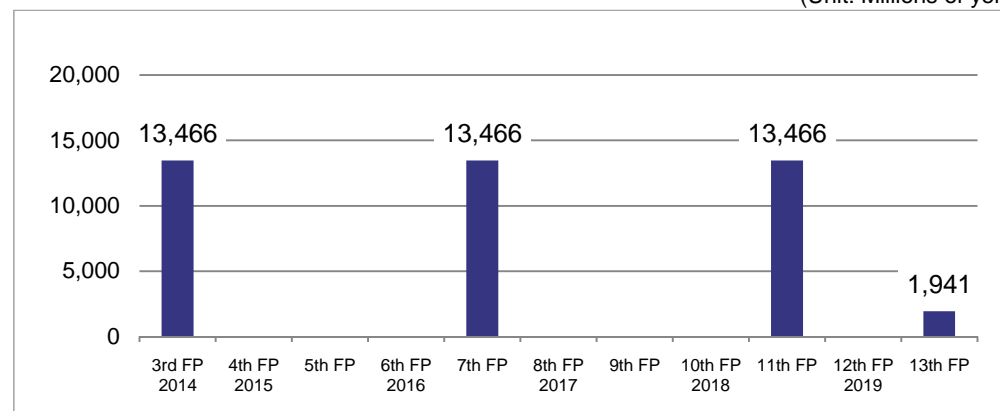
	End of first fiscal period	End of second fiscal period
Balance of interest-bearing debt	¥44,140 million	¥42,340 million
LTV ^(Note 1)	53.5%	52.0%
Ratio of long-term borrowings ^(Note 2)	65.9%	68.2%
Ratio of fixed-interest borrowings	45.9%	47.7%
Average interest rate	1.038%	1.032%
Average remaining period	2.69 years	2.25 years
Number of transacting lenders	7 banks	8 banks

(Note 1) LTV (%) = Period-end balance of interest-bearing debt ÷ Period-end net assets

(Note 2) Ratio of long-term borrowings (%) = Total amount of interest-bearing debts with more than one year left until the repayment date in each period ÷ Total amount of interest-bearing debts in each period

■ Diversification of Maturity Dates

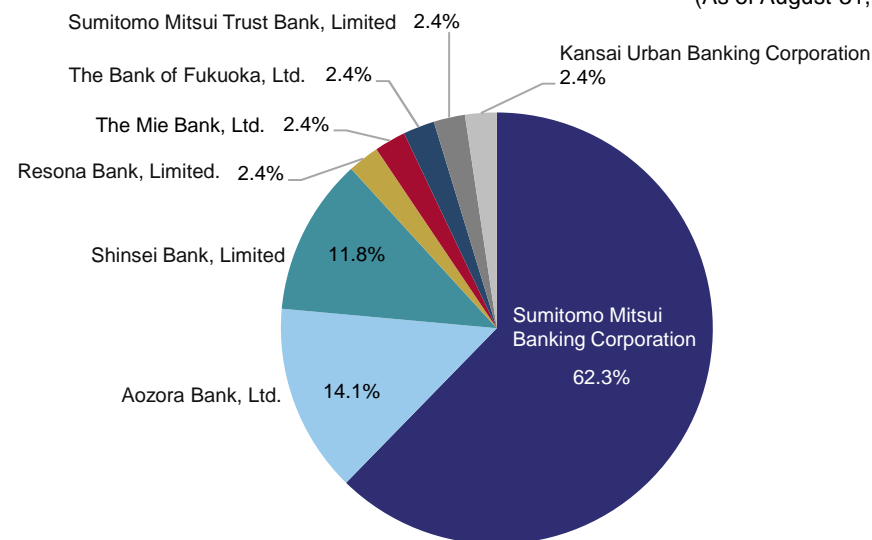
(Unit: Millions of yen)



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

■ List of Balance of Borrowings

(As of August 31, 2014)



(Unit: Millions of yen)

Sumitomo Mitsui Banking Corporation	26,380
Aozora Bank, Ltd.	5,985
Shinsei Bank, Limited	4,987
Resona Bank, Limited	997
The Mie Bank, Ltd.	997
The Bank of Fukuoka, Ltd.	997
Sumitomo Mitsui Trust Bank, Limited	997
Kansai Urban Banking Corporation	997
Total	42,340



3 Earnings Forecasts for the Third Fiscal Period (Ending February 2015) and Fourth Fiscal Period (Ending August 2015)

3 – (1) Earnings Forecasts for the Third Fiscal Period (Ending February 2015) and Fourth Fiscal Period (Ending August 2015)

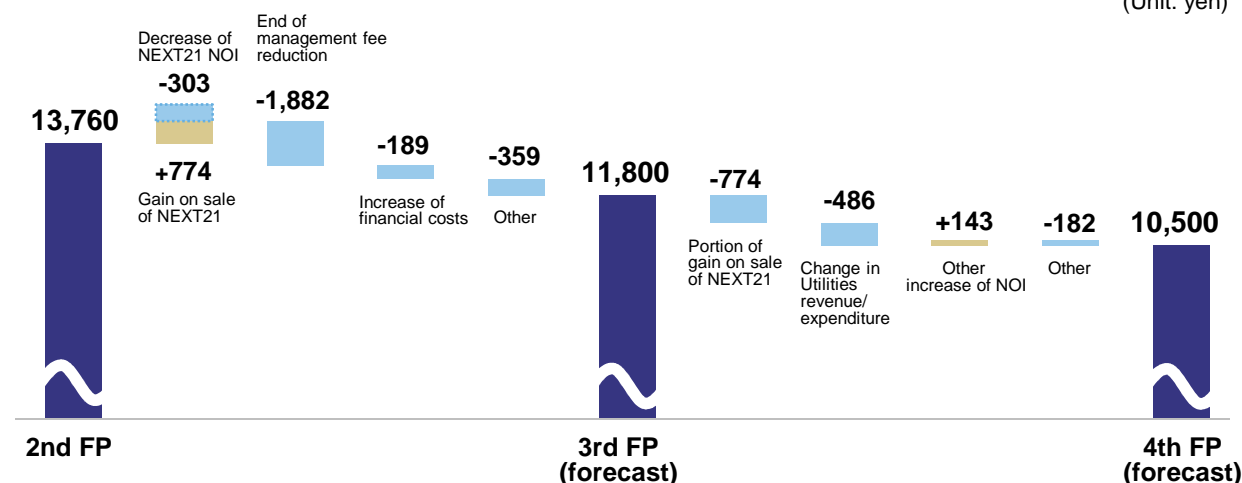
- Dividend per unit of ¥11,800 is forecasted for the third fiscal period due to gain on sale of property, decrease of NOI from property sold, end of management fee reduction and other factors
- Dividend per unit of ¥10,500 is forecast for the fourth fiscal period due to the lack of gain on sale of property, forecasts of utilities revenue/expenditure based on operating results, and other factors

(Unit: Millions of yen)

	Second fiscal period results	Forecast for the third fiscal period (ending Feb. 2015)	Comparison	Forecast for the fourth fiscal period (ending Aug. 2015)	Comparison
Operating revenues	3,179	3,022	-156	2,967	-55
Operating profit	1,326	1,196	-130	1,112	-83
Recurring profit	1,034	887	-146	789	-97
Net income	1,033	886	-147	788	-97
Dividend per unit	¥13,760	¥11,800	-¥1,960	¥10,500	-¥1,300
Period-end occupancy rate	91.4%	91.3%	-0.1%	90.7%	-0.6%
Leasing NOI	1,891	1,866	-24	1,841	-25

[Factors for change in dividend per unit]

(Unit: yen)



■ Major Factors for Change of Profit

■ Second fiscal period → Third fiscal period

(Unit: Millions of yen)

	Comparison	Major factors
Operating revenues	-156	Gain on sale of NEXT21 +58 Decrease of NEXT21 revenue portion -205
Property-related expenses	+183	Decrease of NEXT21 expense portion +182 Increase of depreciation -6
General and administrative expenses	-157	End of management fee reduction -141
Operating profit	-130	
Non-operating profit / expenses	-16	Increase of financial costs -14
Net income	-147	

■ Third fiscal period → Fourth fiscal period

(Unit: Millions of yen)

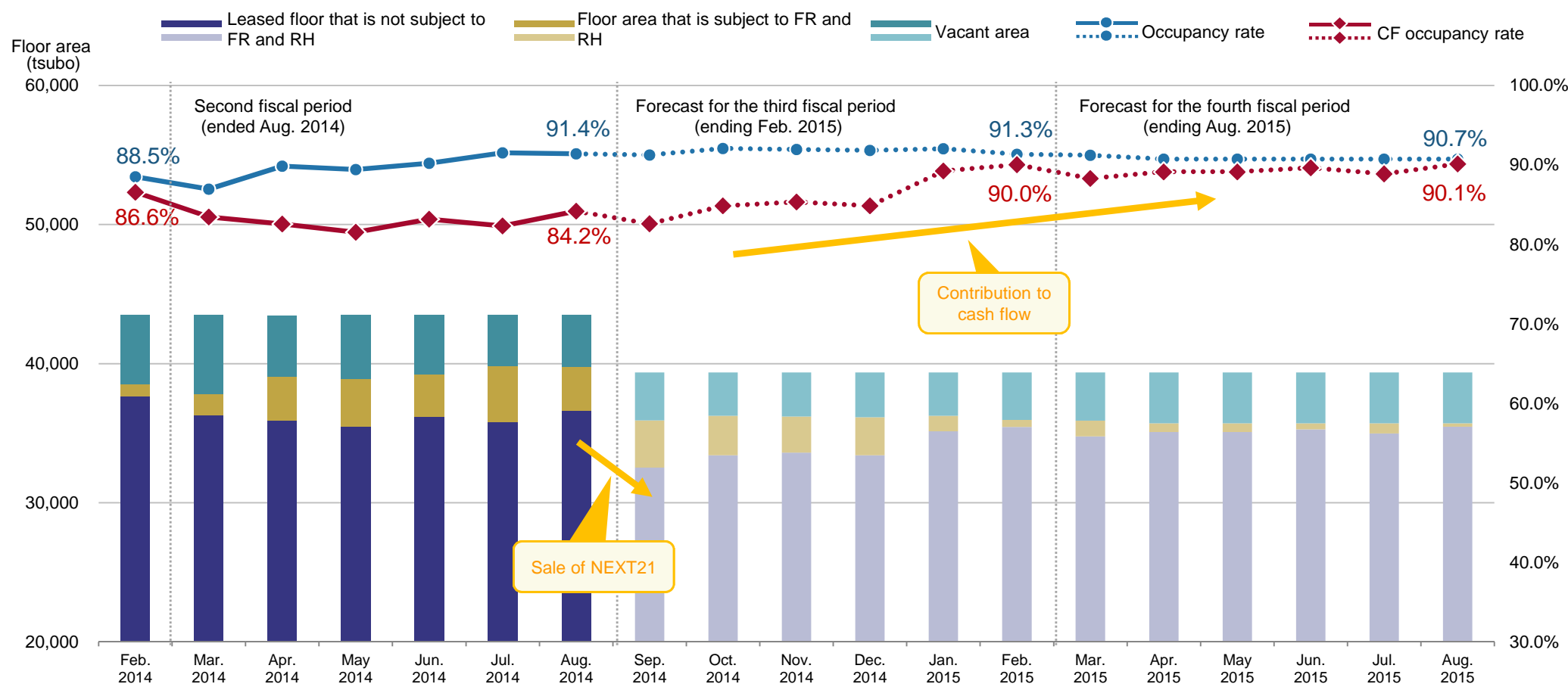
Portion of gain on sale of NEXT21	-58
Change in utilities revenue / expenditure	-36
Increase of NOI (excluding utilities revenue/expenditure)	+10
Other: Increase of depreciation, increase of financial costs, decrease of general and administrative expenses	-13
Net income	-97

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

3 – (2) Future Outlook (Third Fiscal Period Onward)

■ Occupancy Rate and CF Occupancy Rate which Forecasts base on

- ▶ Results of leasing in the first and second fiscal periods will start to gradually contribute to cash flow from the second half of the third fiscal period
- ▶ Focus on property acquisitions to recover the revenue level, which decreased due to the sale of NEXT21, at an early stage

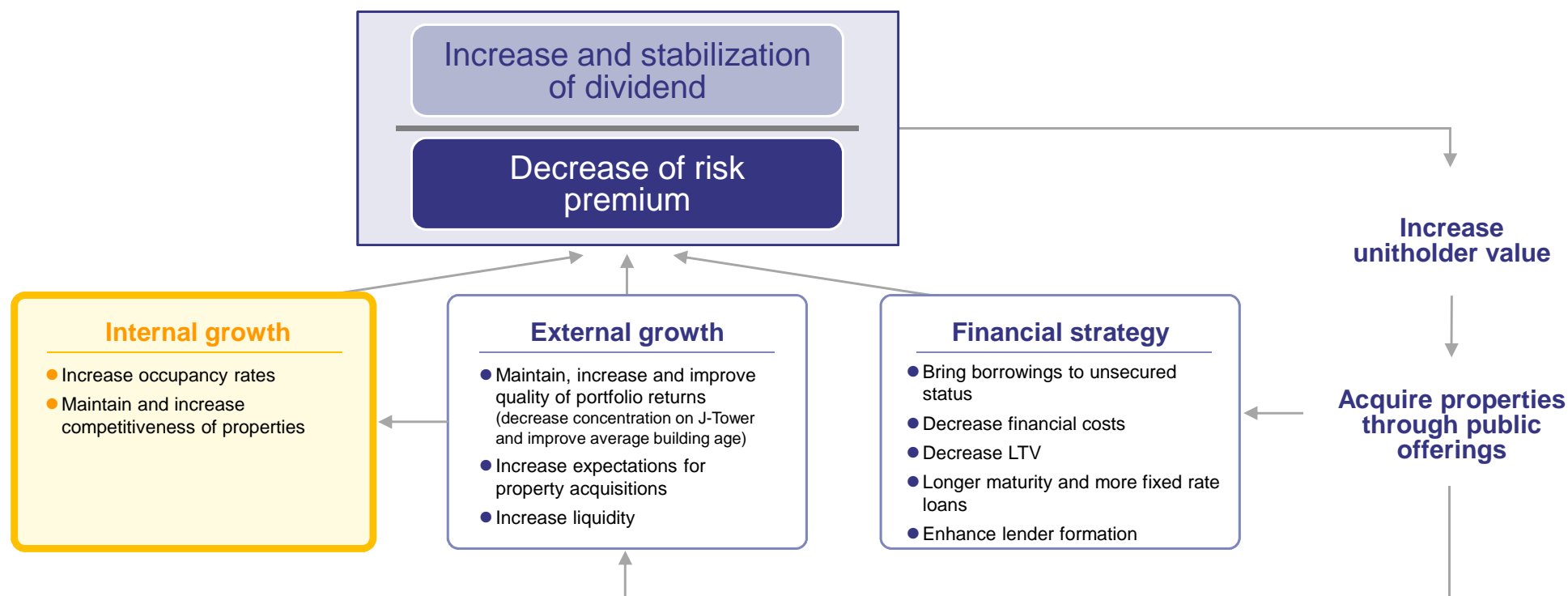


(Note) The above is created based on the assumptions of earnings forecasts for the third fiscal period (ending February 2015) and the fourth fiscal period (ending August 2015)



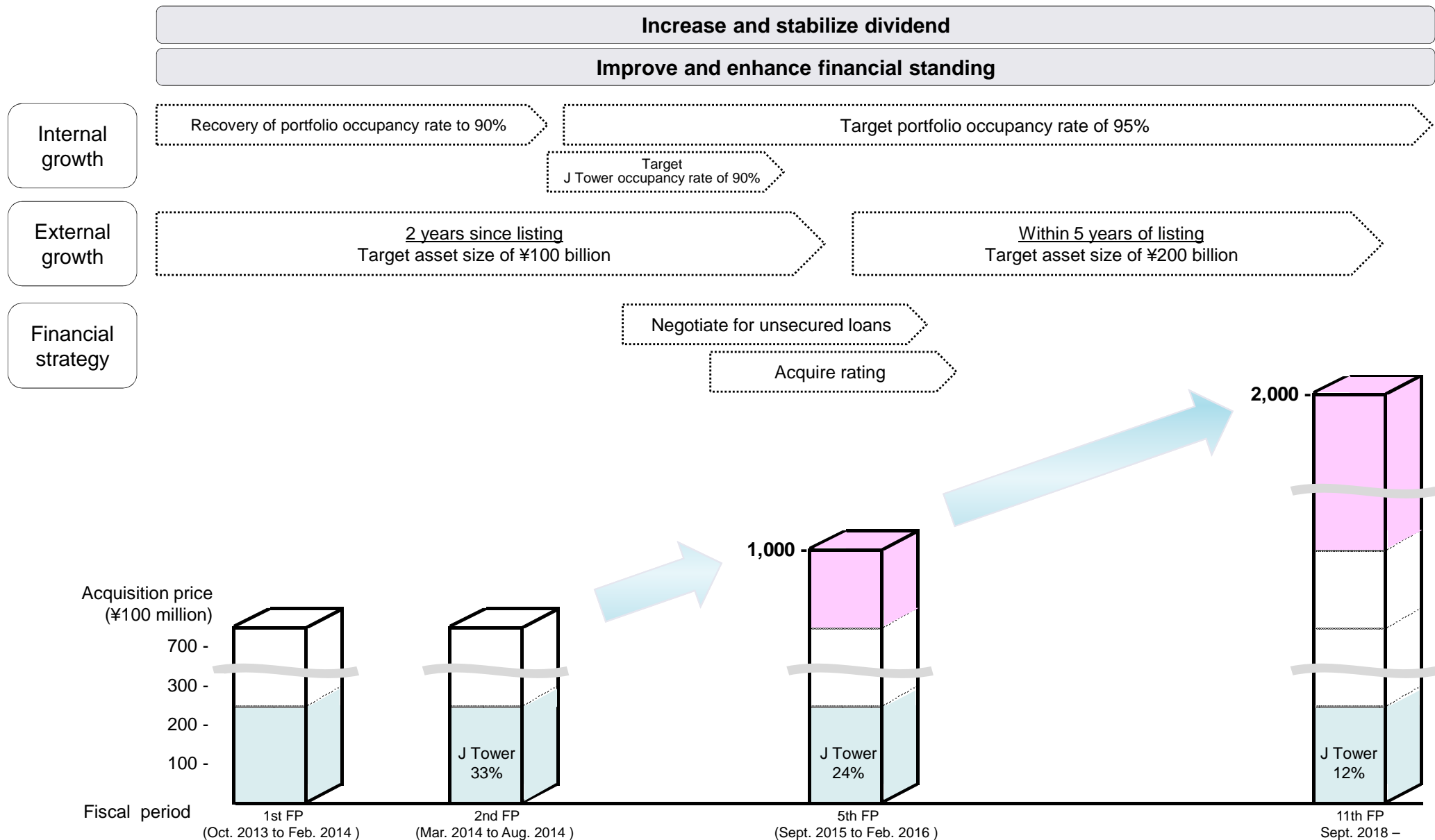
4 Future Growth Strategies

4 – (1) Growth Cycle, Challenges and Actions of SIA REIT



	Key agenda	Action plan
Internal growth strategy	<ul style="list-style-type: none"> ▶ Leasing of properties with low occupancy rates ▶ Efforts for maintaining and improving competitiveness of properties 	<ul style="list-style-type: none"> • Focus primarily on leasing of J Tower, Minami-Shinagawa JN Building / N Building as the most important issue • Strategic investment for attracting tenants and improving the satisfaction of existing tenants
External growth strategy	<ul style="list-style-type: none"> ▶ Property acquisitions that maintain and improve portfolio returns as well as improve the portfolio's quality 	<ul style="list-style-type: none"> • Consider property acquisitions through the utilization of the sponsor's warehousing, bridge fund and bridge functions
Financial strategy	<ul style="list-style-type: none"> ▶ To make loans unsecured and decrease financial costs 	<ul style="list-style-type: none"> • With the property acquisitions and other opportunities, negotiate for unsecured loans and decrease financial costs

4 – (2) Roadmap for Growth (Medium-Term Goal)



4 – (3) External Growth Strategy

■ Target

Aim for an asset size of ¥100 billion in 1 to 2 years and ¥200 billion in 3 to 5 years

■ Efforts

- ▶ Sourcing of property information by the Asset Management Company (Simplex REIT Partners Inc.) itself and from the sponsor and the support companies
- ▶ Consider property acquisitions through the utilization of the sponsor's warehousing, bridge fund and bridge functions
- ▶ Sourcing for property acquisitions that take dividend into consideration
 - Target property NOI yield: From around 5% (from about 4.5% after depreciation)
 - Assessment of target investment area and property type in light of the environment of competition for property acquisitions

■ Property Information by Category (During second fiscal period)

(As of August 31, 2014)

Category	Property information		Property information still being considered	
	Number of properties	Percentage	Number of properties	Percentage
Offices (Tokyo metropolitan area)	132	54.3%	22	47.8%
Offices (Ordinance-designated cities, etc.)	48	19.8%	8	17.4%
Retail facilities	63	25.9%	16	34.8%
Total	243	-	46	-

Of property information obtained during the first fiscal period,
Reference: the number of properties that are still being considered at the
end of the second fiscal period

7

■ Property Information by Information Route (During second fiscal period)

(As of August 31, 2014)

Information route	Property information		Property information still being considered	
	Number of properties	Percentage	Number of properties	Percentage
Seller	15	6.2%	7	15.2%
Sponsor / Support companies	61	25.1%	19	41.3%
Brokers and others	167	68.7%	20	43.5%
Total	243	-	46	-

4 – (4) Financial Strategy

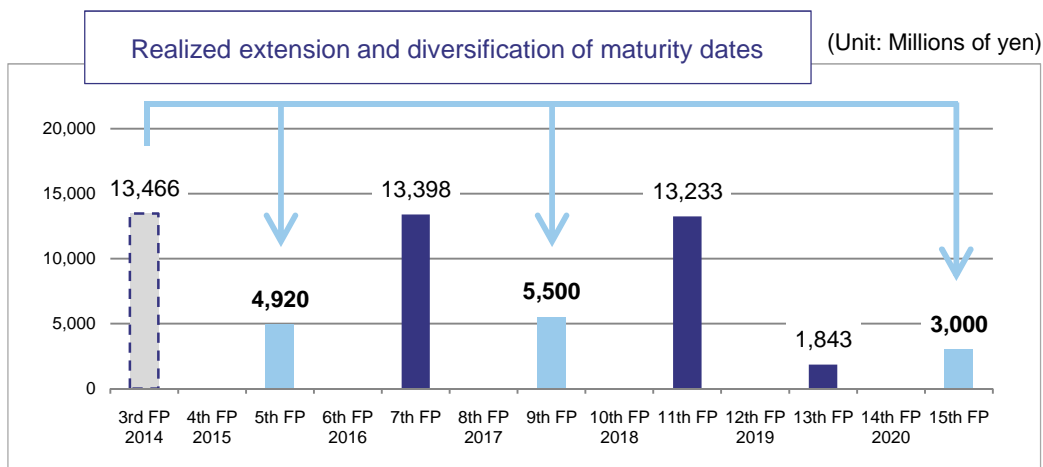
- Some borrowings were refinanced on October 10, 2014; Enhanced financial stability by extending borrowing periods, increasing the ratio of fixed-interest borrowings, diversifying maturity dates and diversifying the lender formation

■ Effects of Refinancing

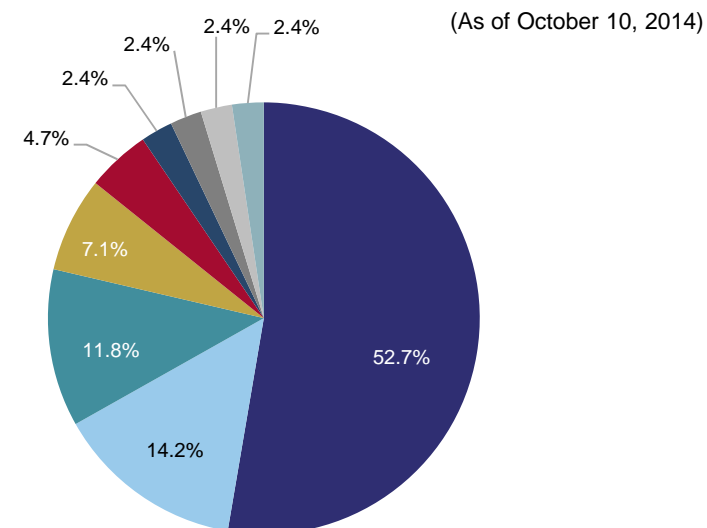
■ Changes in Major Financial Indicators

	End of first fiscal period	End of second fiscal period	After refinancing
Balance of interest-bearing debt	¥44,140 million	¥42,340 million	¥41,892 million
Ratio of long-term borrowings	65.9%	68.2%	88.3%
Ratio of fixed-interest borrowings	45.9%	47.7%	68.3%
Average interest rate	1.038%	1.032%	1.120%
Average remaining period	2.69 years	2.25 years	3.07 years
Number of transacting lenders	7 banks	8 banks	9 banks

■ Diversification of Maturity Dates



■ Balance of Borrowings after Refinancing



(Unit: Millions of yen)

Sumitomo Mitsui Banking Corporation	22,066
Aozora Bank, Ltd.	5,935
Shinsei Bank, Limited	4,946
Resona Bank, Limited	2,989
The Mie Bank, Ltd.	1,989
ORIX Bank Corporation	1,000
The Bank of Fukuoka, Ltd.	989
Sumitomo Mitsui Trust Bank, Limited	989
Kansai Urban Banking Corporation	989
Total	41,892



5 Appendix

About the SIA Group: Corporate Overview



Line of business	Real estate investment advisory services for investors in Japan and abroad	Group's holding company, management of subsidiaries and principal investments	Management of the Investment Corporation's assets
Established	September 10, 2007	June 6, 2002	July 1, 2005
Capital	¥100 million	¥100 million	¥50 million
Representative	Kiyohiko Tsukada, CEO	Kiyohiko Tsukada, CEO	Hiroyuki Katsuno, President and Representative Director
Address of head office	Shin-Kasumigaseki Building 19th Floor, 3-3-2 Kasumigaseki, Chiyoda Ward, Tokyo	Shin-Kasumigaseki Building 19th Floor, 3-3-2 Kasumigaseki, Chiyoda Ward, Tokyo	Shin-Kasumigaseki Building 19th Floor, 3-3-2 Kasumigaseki, Chiyoda Ward, Tokyo
No. of directors/employees	38 (as of Oct. 1, 2014) ^(Note 1)	29 (as of Oct. 1, 2014) ^(Note 1)	24 (as of Oct. 1, 2014) ^(Note 1)
Membership	Japan Investment Advisors Association	The Association for Real Estate Securitization	The Investment Trusts Association, Japan
Licenses, etc.	1. First-class architect office: Governor of Tokyo No.57010 2. Real Estate Brokerage License: Governor of Tokyo (2) No.88355 3. Financial Instruments Business Operator (Type II Financial Instruments Business; Investment Advisory and Agency Business; Investment Management Business): Kanto Financial Bureau (Kinsho) No.1915 4. Real Estate Investment Management and Advisory Services Registration: MLIT Sogo No.41 5. Real Estate Specified Joint Enterprise Permission: The FSA Commissioner and the Minister of Land, Infrastructure, Transport and Tourism No.52	1. Real Estate Brokerage License: Governor of Tokyo (2) No.90775 2. Financial Instruments Business Operator (Type II Financial Instruments Business; Investment Advisory and Agency Business): Kanto Financial Bureau (Kinsho) No. 801	1. Real Estate Brokerage License: Issued by the Governor of Tokyo (2), No.84787 2. Financial Instruments Business Operator (Investment Management Business): Kanto Financial Bureau (Kinsho) No.342 3. License No. 46 issued by the Minister of Land, Infrastructure, Transport and Tourism (Trading Agency Etc., License)

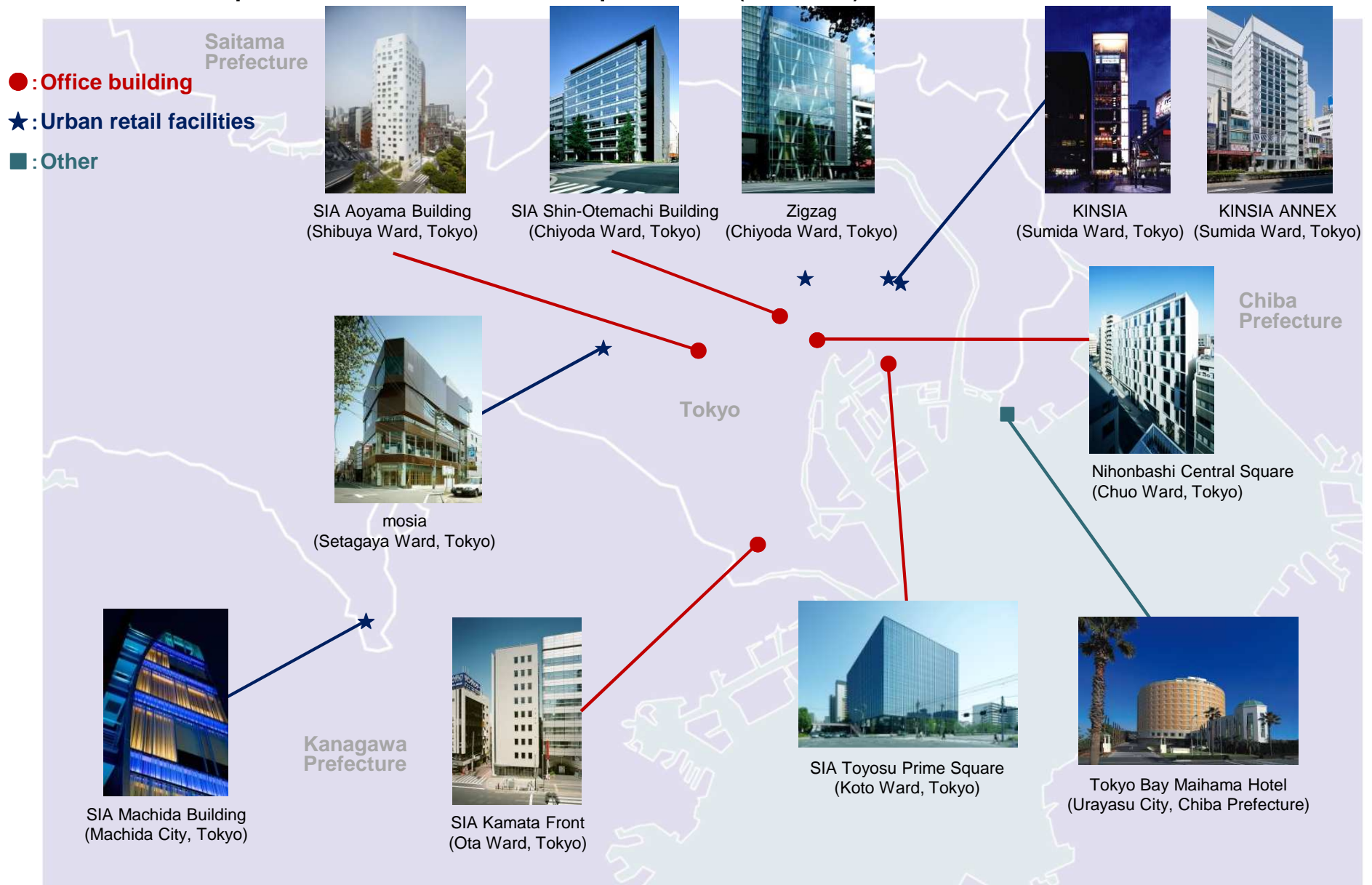
(Note 1) Includes full time auditors, contracted employees and employees on postings from other companies, and excludes outside directors and temporary staff. Includes members holding concurrent positions among SIA Group companies.

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

About the SIA Group: History

2002	June	Nikko Cordial Securities Inc. (at the time) and Simplex Holdings Inc. established Simplex Investment Advisors Inc. (SIA) to offer real estate investment advisory services
2005	June	SIA listed on Tokyo Stock Exchange Mothers market
	July	Simplex REIT Partners Inc. established for entry in the J-REIT market
2007	September	Simplex Real Estate Management Inc. established for the purpose of splitting up real estate investment advisory services
	November	Takeover bid of SIA shares by the Aetos Group and Goldman Sachs Group completed
2011	February	Financial base strengthened through offering underwritten by the Aetos Group and long-term refinancing with financial institutions; The Aetos Group acquired SIA shares owned by the Goldman Sachs Group at the same time, becoming the sole shareholder
2013	October	SIA REIT listed on the J-REIT section of the Tokyo Stock Exchange

About the SIA Group: Real Estate Developments (Partial)

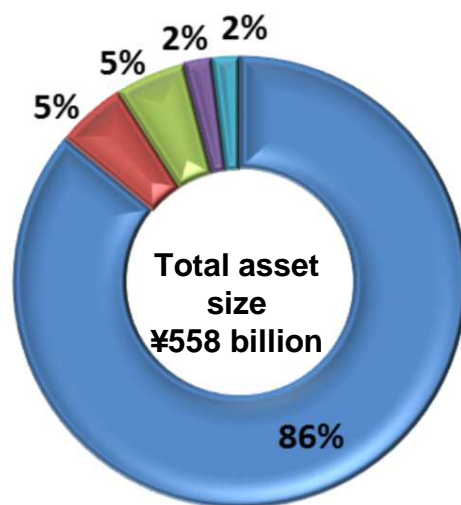


(Note) The above developments show the developments of the SIA Group. SIA REIT is not scheduled to acquire these properties and there is no guarantee that any acquisition of these properties will take place. In addition, the above includes properties that have already been sold to third parties outside the SIA Group.

About the SIA Group: Asset Management Entrustment

- Since its founding in 2002, has fund management record of an asset size of more than ¥550 billion
- Recently as well, ample track record of property acquisition arrangement and asset management entrustment

Fund Formations and Management



- Office buildings
- Retail facilities
- Residences
- Hotel
- Other

(Note 1) Calculated from the cumulative amount of acquisition prices as of the end of June 2014.

(Note 2) Includes funds that have ended and have returned equity interests.

Property Acquisition Arrangements

Office building



【Sphere Tower Tennozu】

- Period: December 2013
- Location: Shinagawa Ward, Tokyo

Central multi-purpose building in Tennozu Isle comprised of offices, shops and a sports club; Directly connected to Tennozu Isle Station on the Tokyo Monorail line, located a 2-minute walk from Tennozu Isle Station on the Rinkai Line, 28 floors above ground and 2 floors below, total floor area of 43,477m²

【Shibuya 1717 Building (formerly Alive Nanpeidai 2)】

- Period: April 2014
- Location: Shibuya Ward, Tokyo

Building near Shinsencho intersection where National Route 246 and Kyu Yamate-dori meet; 13-minute walk from Shibuya Station on the JR, Tokyu and Tokyo Metro lines, 8-minute walk from Shinsen Station on the Keio Inokashira Line

Urban retail facilities



【Aoyama Bell Commons】

- Period: June 2012
- Location: Minato Ward, Tokyo

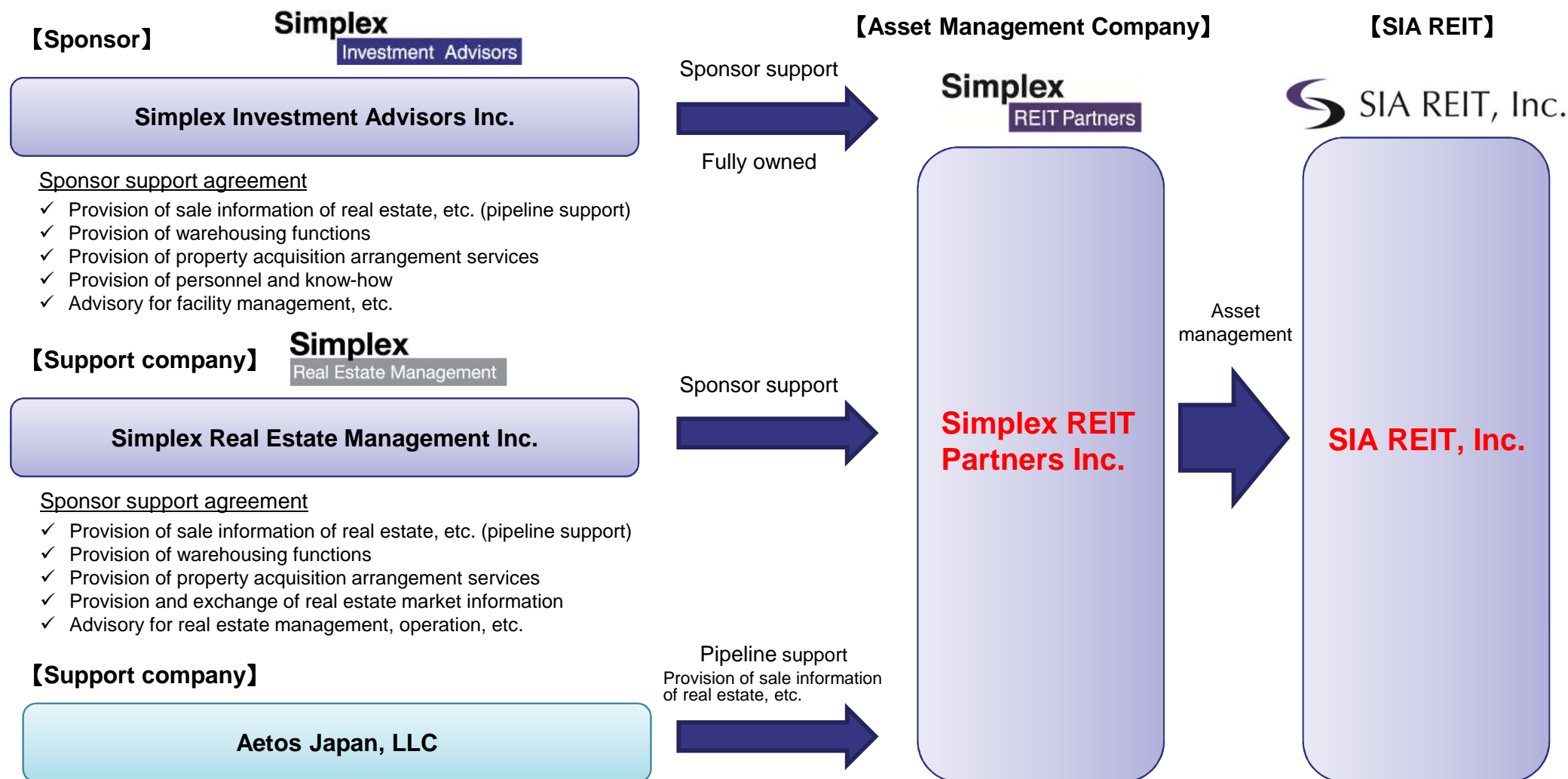
Landmark retail facility in the Aoyama/Gaienmae area; 2-minute walk from Gaiemmae Station on the Tokyo Metro Ginza Line, 13 floors above ground, 4 floors below

【CR-VITE】

- Period: March 2014
- Location: Shibuya Ward, Tokyo

Building with offices and shops along Miyamasuzaka next to Shibuya Post Office; 3-minute walk from Shibuya Station on the JR, Tokyu and Tokyo Metro lines, 11 floors

Support of Sponsor and Support Companies



Aetos Japan, LLC— excerpt from the company's website

Aetos Japan, LLC ("Aetos Japan") provides a full range of asset management and advisory services relating to investment sourcing, acquisition, structuring, leasing and repositioning, disposition planning, and pricing recommendations on purchase and sale with respect to real estate and real-estate related assets in Japan.

Statement of Income

(Unit: Thousands of yen)

	First fiscal period (ended February 2014)	Second fiscal period (ended August 2014)
Operating revenues (total)	2,493,726	3,179,475
Lease business revenue	2,176,477	2,683,103
Other lease business revenue	317,248	496,372
Operating expenses (total)	1,293,731	1,852,538
Property-related expenses	1,201,341	1,709,092
Asset management fees	64,127	82,428
Asset custody fees	1,680	3,627
Administrative service fees	9,991	16,140
Directors' compensations	5,814	3,876
Other operating expenses	10,775	37,373
Operating profit	1,199,994	1,326,937
Non-operating profit (total)	371	2,383
Interest income	371	549
Interest on refund	—	1,833
Non-operating expenses (total)	832,258	295,059
Interest expenses	178,188	225,656
Loan-related costs	469,113	69,403
Organizational expenses	71,378	—
Investment unit issuance cost	113,519	—
Other	57	—
Recurring profit	368,107	1,034,260
Net income before income taxes	368,107	1,034,260
Corporate, inhabitant and enterprise taxes	1,313	901
Adjustment of corporate tax, etc.	-24	10
Total corporate tax, etc.	1,288	911
Net income	366,818	1,033,348
Profit brought forward	—	30
Unappropriated retained profit (undisposed loss)	366,818	1,033,379

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

Balance Sheet

(Unit: Thousands of yen)

	First fiscal period (ended February 2014)	Second fiscal period (ended August 2014)
Assets		
Current assets (total)	7,138,782	6,426,243
Cash and deposits	1,145,304	2,256,153
Cash and deposits in trust	4,153,926	3,932,544
Operating accounts receivable	90,714	122,171
Prepaid expenses	147,058	104,270
Deferred tax assets	24	14
Consumption tax receivable	1,601,187	—
Other	566	11,089
Noncurrent assets (total)	75,290,029	74,957,636
Property, plant and equipment (total)	71,684,718	71,395,685
Buildings	3,537,873	3,477,474
Structures	8,793	8,490
Machinery and equipment	56,865	50,663
Land	3,770,347	3,770,347
Buildings in trust	28,752,632	28,492,027
Structures in trust	2,844	2,633
Machinery and equipment in trust	—	29,523
Tools, furniture and fixtures in trust	3,400	12,564
Land in trust	35,551,960	35,551,960
Intangible assets (total)	3,368,504	3,368,209
Leaseholds in trust	3,365,647	3,365,647
Other	2,857	2,562
Investment and other assets (total)	236,806	193,740
Pledged lease and guarantee deposits	17,020	16,330
Long-term prepaid expenses	219,786	177,410
Total assets	82,428,812	81,383,879

	First fiscal period (ended February 2014)	Second fiscal period (ended August 2014)
Liabilities		
Current liabilities (total)	16,282,641	15,168,383
Operating accounts payable	212,120	200,600
Short-term borrowings	15,050,000	13,466,250
Long-term borrowings scheduled to be repaid within one year	332,500	567,500
Accounts payable	106,518	162,173
Accrued expenses	108,499	109,592
Corporate taxes, etc. payable	1,238	789
Consumption tax payable, etc.	—	142,882
Advances received	470,268	453,320
Other	1,495	65,273
Noncurrent liabilities (total)	33,140,877	32,543,642
Long-term borrowings	28,757,500	28,306,250
Tenant lease and guarantee deposits	324,143	324,223
Tenant lease and guarantee deposits in trust	4,043,431	3,899,804
Other	15,802	13,364
Total liabilities	49,423,518	47,712,025

	First fiscal period (ended February 2014)	Second fiscal period (ended August 2014)
Net assets		
Unitholders' equity (total)	33,005,293	33,671,854
Unitholders' capital	32,638,475	32,638,475
Surplus (total)	366,818	1,033,379
Unappropriated retained profit (undisposed loss)	366,818	1,033,379
Total net assets	33,005,293	33,671,854
Total liabilities and net assets	82,428,812	81,383,879

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

Characteristics of SIA REIT

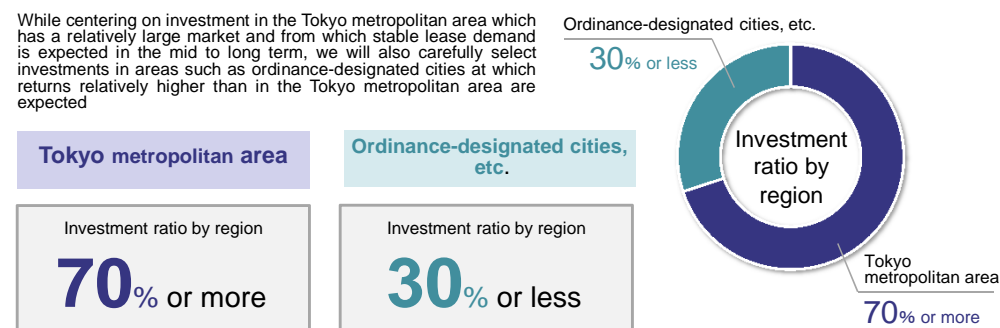
- SIA REIT will aim to maximize unitholder interests through the pursuit of “profitability and “stability” by investing in office buildings and retail facilities for which the SIA Group holds ample management know-how

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

1. We will establish a portfolio centering on “Class-A and Class-B office buildings” and “urban retail facilities”



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



2 Support system with a sponsor with that has ample experience in real estate development and real estate fund management

- ▶ Support from a sponsor which has managed more than ¥530 billion of assets and which has ample experience in property acquisition arrangements and asset management entrustment
- ▶ Database of more than 10,000 construction records and staff with abundant expertise

3 Initiatives for alignment with unitholder profits

- ▶ Sponsor owns 15% of investment units
- ▶ Introduced management fee system for the Asset Management Company linked to the rate of increase of the amount available for cash distribution per unit

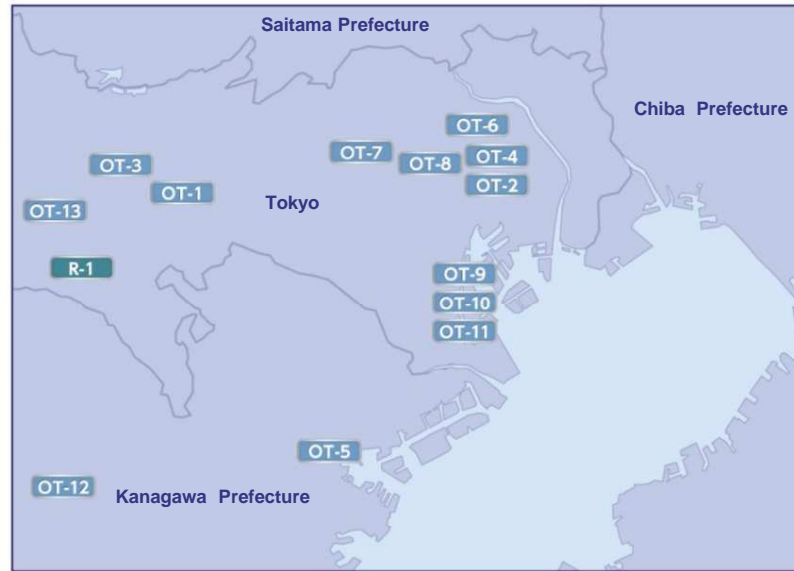
Portfolio Map



J-Tower



fab Minami-Osawa



Tokyo metropolitan area



SIA Kanda Square



Tachikawa Nishiki-cho Building



CP10 Building



Yokohama AP Building



Yushima First Genesis Building



Miyaji Building



36 Sankyo Building



MY Atsugi Building



Niigata Higashibori-dori Parking Building



NEXT21



Central Shin-Osaka Building



Karasuma Plaza 21



Stoke Building Nagoya



MY Kumamoto Building



Hachioji SIA Building



Minami-Shinagawa JN Building



Minami-Shinagawa N Building



Minami-Shinagawa J Building






Portfolio List (1)

(As of August 31, 2014)

Property Name	OT-1 J-Tower	OT-2 SIA Kanda Square	OT-3 Tachikawa Nishiki-cho Building	OT-4 CP10 Building	OT-5 Yokohama AP Building
					
Location	Fuchu City, Tokyo	Chiyoda Ward, Tokyo	Tachikawa City, Tokyo	Taito Ward, Tokyo	Yokohama City, Kanagawa Prefecture
Nearest Station	Fuchu Station on Keio Line	Kanda Station on JR Line	Tachikawa Station on JR Line	Okachimachi Station on JR Line	Yokohama Station on JR Line
Completed	March 1992	April 2007	June 1991	March 1989	May 1983
Acquisition Price	¥24,394 million	¥7,350 million	¥3,264 million	¥3,229 million	¥3,110 million
Appraisal Value	¥25,200 million	¥7,540 million	¥3,470 million	¥3,270 million	¥3,340 million
Structure	S/RC/SRC	SRC	SRC	SRC	RC
Number of Floors	B2/18F	10F	8F	B1/7F	B1/8F
Total Floor Area	53,685.80m ²	7,145.42m ²	8,026.84m ²	4,454.05m ²	5,648.65m ²
Total Leasable Area	34,295.76m ²	5,263.30m ²	5,633.29m ²	3,541.43m ²	4,478.11m ²
PML	3.19%	8.22%	6.36%	5.20%	10.56%
Occupancy Rate	77.7%	100.0%	100.0%	100.0%	100.0%
Number of Tenants	29	28	21	7	10




Portfolio List (2)

(As of August 31, 2014)

Property Name	OT-6 Yushima First Genesis Building	OT-7 Miyaji Building	OT-8 36 Sankyo Building	OT-9 Minami-Shinagawa JN Building	OT-10 Minami-Shinagawa N Building
					
Location	Bunkyo Ward, Tokyo	Nakano Ward, Tokyo	Shinjuku Ward, Tokyo	Shinagawa Ward, Tokyo	Shinagawa Ward, Tokyo
Nearest Station	Hongo 3-chome Station on Tokyo Metro Line	Nakano Station on JR Line	Idabashi Station on JR Line	Aomono Yokocho Station on Keikyu Line	Aomono Yokocho Station on Keikyu Line
Completed	August 1991	August 1994	October 1991	July 1990	July 1994
Acquisition Price	¥2,751 million	¥2,880 million	¥2,395 million	¥2,165 million	¥2,292 million
Appraisal Value	¥2,720 million	¥2,910 million	¥2,440 million	¥1,894 million	¥2,050 million
Structure	SRC	S/SRC	RC	SRC	SRC
Number of Floors	B1/7F	B1/7F	B2/4F	B2/10F	B2/10F
Total Floor Area	5,048.99m ²	4,316.75m ²	4,687.65m ²	9,621.66m ²	8,570.72m ²
Total Leasable Area	2,947.07m ²	3,116.49m ²	3,724.17m ²	6,405.24m ²	5,489.64m ²
PML	4.68%	5.81%	10.09%	6.91%	6.90%
Occupancy Rate	100.0%	94.4%	100.0%	72.1%	81.4%
Number of Tenants	7	8	3	10	13






Portfolio List (3)

(As of August 31, 2014)

Property Name	OT-11 Minami-Shinagawa J Building	OT-12 MY Atsugi Building	OT-13 Hachioji SIA Building	OO-1 Central Shin-Osaka Building	OO-2 Karasuma Plaza 21
					
Location	Shinagawa Ward, Tokyo	Atsugi City, Kanagawa Prefecture	Hachioji City, Tokyo	Osaka City, Osaka Prefecture	Kyoto City, Kyoto Prefecture
Nearest Station	Aomono Yokocho Station on Keikyū Line	Honatsugi Station on Odakyū Line	Hachioji Station on JR Line	Shin-Osaka Station on JR Line	Karasuma Station on Hankyū Line
Completed	July 1992	September 1988	September 1993	June 1992	November 1986
Acquisition Price	¥2,020 million	¥1,240 million	¥730 million	¥4,612 million	¥3,700 million
Appraisal Value	¥2,020 million	¥1,280 million	¥778 million	¥4,720 million	¥3,380 million
Structure	SRC	RC/SRC	SRC	S	SRC
Number of Floors	B1/10F	8F	9F	B1/12F	B1/8F
Total Floor Area	5,529.02m ²	5,040.07m ²	3,920.36m ²	13,624.65m ²	11,998.02m ²
Total Leasable Area	3,673.61m ²	3,847.70m ²	2,751.01m ²	9,399.87m ²	8,890.42m ²
PML	6.84%	11.73%	4.61%	14.69%	6.90%
Occupancy Rate	100.0%	96.2%	100.0%	100.0%	100.0%
Number of Tenants	10	21	14	26	12

Portfolio List (4)

(As of August 31, 2014)

Property Name	OO-3 Stoke Building Nagoya	OO-4 MY Kumamoto Building	R-1 fab Minami-Osawa	R-2 Niigata Higashibori- dori Parking Building	R-3 NEXT21
					
Location	Nagoya City, Aichi Prefecture	Kumamoto City, Kumamoto Prefecture	Hachioji City, Tokyo	Niigata City, Niigata Prefecture	Niigata City, Niigata Prefecture
Nearest Station	Fushimi Station on Nagoya City Subway Line	Kumamoto Station on JR Kyushu Shinkansen Line	Minami-Osawa Station on Keio Line	Niigata Station on JR Line	Niigata Station on JR Line
Completed	April 1991	October 1987	December 2001	March 1993	April 1993
Acquisition Price	¥2,381 million	¥1,152 million	¥4,250 million	¥432 million	¥379 million
Appraisal Value	¥2,500 million	¥1,230 million	¥4,360 million	¥480 million	¥391 million
Structure	S/SRC	S/RC	S	S	S/RC/SRC
Number of Floors	B1/8F	9F	7F	10F	B3/21F
Total Floor Area	8,147.56m ²	4,980.96m ²	9,140.30m ²	8,867.26m ²	36,701.34m ²
Total Leasable Area	5,801.80m ²	3,750.01m ²	8,409.23m ²	8,725.90m ²	13,612.33m ²
PML	13.60%	7.19%	3.82%	8.11%	3.53%
Occupancy Rate	87.9%	100.0%	100.0%	100.0%	93.6%
Number of Tenants	4	18	14	1	21

List of Appraisal Values

Property number	Property name	Acquisition Price (millions of yen)	End of Second fiscal period (ended Aug. 2014)						End of first fiscal period	
			Appraisal value (millions of yen)	Difference from end of previous period	Direct cap rate		Book value (millions of yen)	Unrealized gain (loss) (millions of yen)	Appraisal value (millions of yen)	Direct cap rate
OT-1	J-Tower	24,394	25,200	100	5.4%	-0.1%	24,392	807	25,100	5.5%
OT-2	SIA Kanda Square	7,350	7,540	150	4.6%	-0.1%	7,306	233	7,390	4.7%
OT-3	Tachikawa Nishiki-cho Building	3,264	3,470	50	5.2%	-0.1%	3,288	181	3,420	5.3%
OT-4	CP10 Building	3,229	3,270	-90	4.8%	-0.1%	3,234	35	3,360	4.9%
OT-5	Yokohama AP Building	3,110	3,340	80	5.0%	-0.1%	3,116	223	3,260	5.1%
OT-6	Yushima First Genesis Building	2,751	2,720	10	4.8%	-0.1%	2,753	-33	2,710	4.9%
OT-7	Miyaji Building	2,880	2,910	10	5.1%	-0.1%	2,884	25	2,900	5.2%
OT-8	36 Sankyo Building	2,395	2,440	40	4.9%	-0.1%	2,399	40	2,400	5.0%
OT-9	Minami-Shinagawa JN Building	2,165	1,894	-190	5.1%	-0.1%	2,177	-283	2,084	5.2%
OT-10	Minami-Shinagawa N Building	2,292	2,050	-130	5.3%	-0.1%	2,297	-247	2,180	5.4%
OT-11	Minami-Shinagawa J Building	2,020	2,020	-20	5.3%	-0.1%	2,016	3	2,040	5.4%
OT-12	MY Atsugi Building	1,240	1,280	10	6.1%	-0.1%	1,240	39	1,270	6.2%
OT-13	Hachioji SIA Building	730	778	18	5.7%	-0.1%	731	46	760	5.8%
OO-1	Central Shin-Osaka Building	4,612	4,720	20	5.1%	-0.1%	4,587	132	4,700	5.2%
OO-2	Karasuma Plaza 21	3,700	3,380	-210	5.4%	-0.1%	3,729	-349	3,590	5.5%
OO-3	Stoke Building Nagoya	2,381	2,500	-70	5.4%	-0.1%	2,379	120	2,570	5.5%
OO-4	MY Kumamoto Building	1,152	1,230	40	6.4%	-0.1%	1,154	75	1,190	6.5%
R-1	fab Minami-Osawa	4,250	4,360	40	5.5%	-0.1%	4,231	128	4,320	5.6%
R-2	Niigata Higashibori-dori Parking Building	432	480	46	7.0%	0.0%	432	47	434	7.0%
R-3	NEXT21	379	391	-9	7.5%	0.0%	405	-14	400	7.5%
Total		74,726	75,973	-105	-	-	74,761	1,211	76,078	-

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

Lease Business Revenue and Expenditure by Property (1)

(Unit: Thousands of yen)

Property number	OT-1	OT-2	OT-3	OT-4	OT-5	OT-6	OT-7	OT-8	OT-9	OT-10
Property name	J-Tower	SIA Kanda Square	Tachikawa Nishiki-cho Building	CP10 Building	Yokohama AP Building	Yushima First Genesis Building	Miyaji Building	36 Sankyo Building	Minami-Shinagawa JN Building	Minami-Shinagawa N Building
①Total property-related operating revenue	886,389	228,656	145,399	102,628	132,668	76,350	113,267	75,773	120,609	107,239
Lease business revenue	713,950	216,204	137,983	90,220	115,186	70,097	102,469	64,584	77,552	84,752
Other lease business revenue	172,439	12,451	7,416	12,408	17,481	6,252	10,798	11,189	43,057	22,487
②Total property-related operating expenses	397,010	36,663	41,624	28,414	34,280	23,607	28,520	25,506	73,572	41,202
Property management fees	76,435	13,332	16,840	9,705	10,851	7,225	9,267	5,610	16,855	7,566
Utilities expenses	235,457	13,725	13,100	11,041	11,436	7,859	10,593	10,666	26,837	9,779
Taxes and public dues	67,237	8,360	10,320	6,577	9,650	7,629	7,558	7,249	9,524	8,978
Insurance premiums	1,735	256	257	135	168	154	135	127	292	250
Repair expenses	15,644	989	606	453	1,672	239	464	1,353	4,149	1,983
Other expenses	500	—	500	500	500	500	500	500	15,914	12,644
③Leasing NOI (= ① - ②)	489,378	191,992	103,775	74,214	98,387	52,742	84,747	50,266	47,037	66,036
④Depreciation	110,967	70,053	18,084	14,731	10,124	12,573	9,545	8,192	13,601	13,036
⑤Lease business profit (=③ - ④)	378,410	121,939	85,690	59,482	88,263	40,169	75,202	42,074	33,435	53,000
⑥Capital expenditures	15,978	3,148	29,853	3,415	—	690	—	—	17,931	9,631
⑦Leasing NCF(=③ - ⑥)	473,400	188,844	73,921	70,798	98,387	52,052	84,747	50,266	29,105	56,405

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

Lease Business Revenue and Expenditure by Property (2)

(Unit: Thousands of yen)

Property number	OT-11	OT-12	OT-13	OO-1	OO-2	OO-3	OO-4	R-1	R-2	R-3	
Property name	Minami-Shinagawa J Building	MY Atsugi Building	Hachioji SIA Building	Central Shin-Osaka Building	Karasuma Plaza 21	Stoke Building Nagoya	MY Kumamoto Building	fab Minami-Osawa	Niigata Higashibori-dori Parking Building	NEXT21	Total for 20 properties
①Total property-related operating revenue	96,329	62,173	52,495	200,966	178,238	95,921	67,196			205,037	3,179,475
Lease business revenue	87,578	55,428	46,727	175,243	152,659	80,729	61,488			164,066	2,683,103
Other lease business revenue	8,750	6,745	5,768	25,723	25,579	15,192	5,708			40,971	496,372
②Total property-related operating expenses	30,859	26,492	23,852	64,846	80,705	36,579	22,874			182,244	1,287,713
Property management fees	5,624	9,289	10,464	18,748	33,633	10,817	9,301			99,178	389,381
Utilities expenses	9,862	10,105	7,870	27,818	23,371	14,377	7,715			39,212	536,141
Taxes and public dues	5,612	4,861	4,572	16,685	22,624	9,981	4,819			39,421	262,377
Insurance premiums	159	158	107	362	365	232	157			896	6,251
Repair expenses	504	1,578	337	731	210	670	380			2,932	36,953
Other expenses	9,097	500	500	500	500	500	500			602	56,607
③Leasing NOI (= ① - ②)	65,469	35,681	28,643	136,119	97,532	59,342	44,322	124,020	19,256	22,793	1,891,762
④Depreciation	11,051	12,045	5,008	32,587	12,782	17,069	11,718	30,957	4,015	3,231	421,378
⑤Lease business profit (=③ - ④)	54,418	23,635	23,634	103,531	84,750	42,273	32,603	93,063	15,241	19,561	1,470,383
⑥Capital expenditures	690	8,186	—	239	19,874	8,788	1,866	7,810	—	4,239	132,346
⑦Leasing NCF(=③ - ⑥)	64,779	27,494	28,643	135,879	77,658	50,553	42,455	116,210	19,256	18,554	1,759,416

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

(Note 2) Lease business revenue and property-related expenses of fab Minami-Osawa and Niigata Higashibori-dori Parking Building are undisclosed due to unavoidable circumstances such as the lack of tenant consent for the disclosure of lease business revenue.

List of Borrowings

As of August 31, 2014 (end of second fiscal period)

Classification	Lender	Balance (thousands of yen)	Interest rate (Fixed/floating)	Repayment date
Short-Term Borrowings	Sumitomo Mitsui Banking Corporation Aozora Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited The Bank of Fukuoka, Ltd.	13,466,250	0.74636% (Floating)	October 10, 2014
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation Shinsei Bank, Limited Aozora Bank, Ltd. Resona Bank, Limited	13,466,250	1.16976% (Fixed)	October 10, 2016
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation Aozora Bank, Ltd. The Mie Bank, Ltd.	6,733,125	0.94636% (Floating)	October 10, 2018
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation Kansai Urban Banking Corporation	6,733,125	1.38226% (Fixed)	October 10, 2018
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation	1,941,250	1.14636% (Floating)	October 10, 2019
Total		42,340,000		

After Refinancing (as of October 10, 2014)

Classification	Lender	Balance (thousands of yen)	Interest rate (Fixed/floating)	Repayment date
Short-Term Borrowings	Sumitomo Mitsui Banking Corporation Aozora Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited The Bank of Fukuoka, Ltd.	4,920,000	0.74636% (Floating)	October 13, 2015
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation Shinsei Bank, Limited Aozora Bank, Ltd. Resona Bank, Limited	13,397,500	1.16976% (Fixed)	October 10, 2016
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation Resona Bank, Limited Aozora Bank, Ltd. Orix Bank Corporation	5,500,000	1.08473% (Fixed)	October 10, 2017
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation Aozora Bank, Ltd. The Mie Bank, Ltd.	6,522,250	0.94636% (Floating)	October 10, 2018
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation Kansai Urban Banking Corporation	6,710,250	1.38226% (Fixed)	October 10, 2018
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation	1,842,500	1.14636% (Floating)	October 10, 2019
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation The Mie Bank, Ltd.	3,000,000	1.35961% (Fixed)	October 13, 2020
Total		41,892,500		

Unitholder Status as of End of Second Fiscal Period (Ended August 2014)

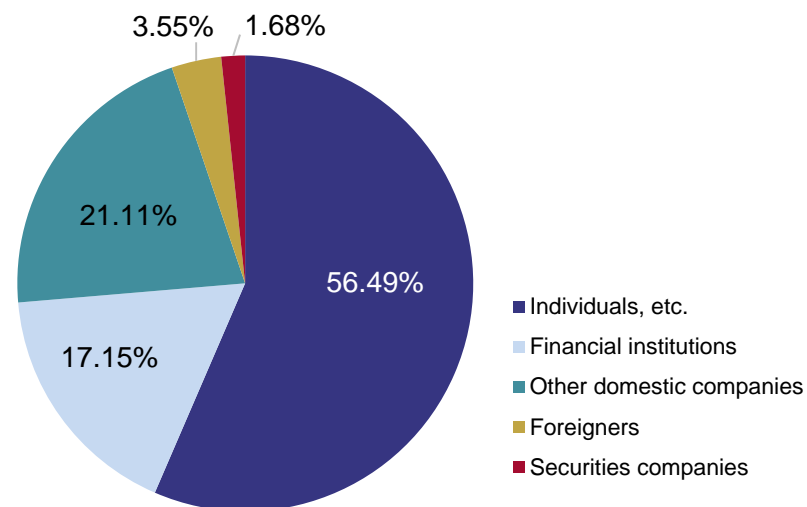
■ Number of Unitholders and Investment Units by Unitholder Type

	End of the Second fiscal period (as of Aug. 31, 2014)			
	Number of unitholders	Percentage	Number of investment units	Percentage
Individuals, etc.	8,773	96.72%	42,424	56.49%
Financial institutions	13	0.14%	12,884	17.15%
Other domestic companies	219	2.41%	15,855	21.11%
Foreigners	44	0.48%	2,672	3.55%
Securities companies	21	0.23%	1,265	1.68%
Total	9,070	100.00%	75,100	100.00%

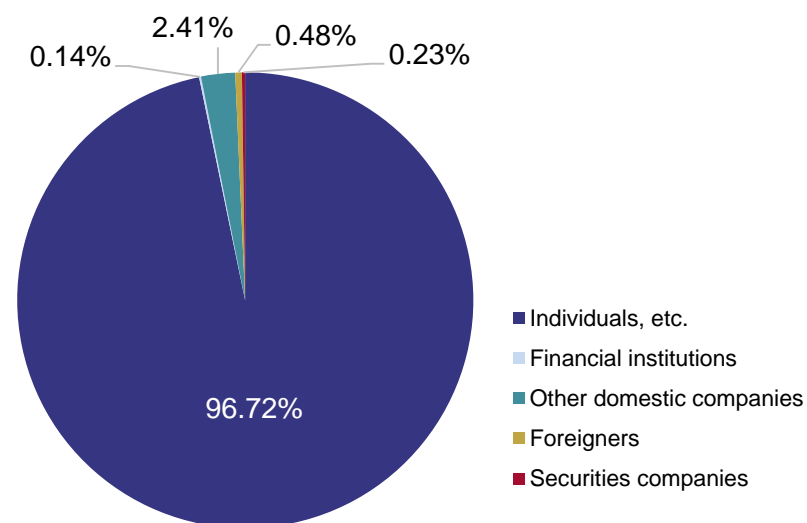
■ Main Unitholders

Main unitholders	Number of investment units	Percentage
Simplex Investment Advisors Inc.	11,265	15.00%
Japan Trustee Services Bank, Ltd. (Trust Acct.)	5,712	7.61%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	2,777	3.70%
The Nomura Trust and Banking Co., Ltd. (Trust Acct.)	1,792	2.39%
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	1,713	2.28%
Individual	1,429	1.90%
BARCLAYS CAPITAL SECURITIES LIMITED	861	1.15%
Individual	768	1.02%
Japan Securities Finance Co., Ltd.	382	0.51%
Individual	382	0.51%
Total	27,081	36.06%

■ Number of Investment Units



■ Number of Unitholders

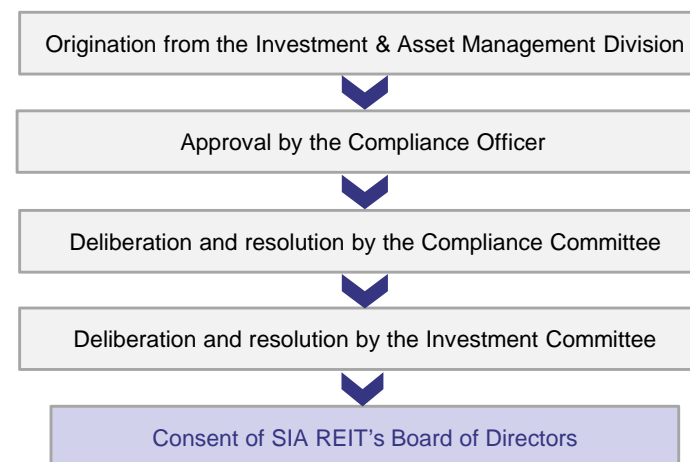


Governance System and Management Fee Scheme

Governance System

The Asset Management Company's procedures for making decisions Concerning related-party transactions

Decisions on proposed acquisition or sale of assets are made by the Asset Management Company. They must originate from the Investment & Asset Management Division, be approved by the Compliance Officer, and authorized by resolutions 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.



Introduction of Management Fee System Linked to the Rate of Increase of the Amount Available for Dividend per Unit

Management fee system		Calculation method	Maximum	
Management fees	Management fee 1 <small>(Note 3)</small>	Total assets × 0.35% × (Number of months in the fiscal period / 12)	Total assets × 0.55% (annual rate)	Total assets × 0.65% (annual rate)
	Management fee 2 <small>(Note 3)</small>	NOI <small>(Note 1)</small> × 5.5%		
	Management fee 3 <small>(Note 3)</small>	Total assets × DPU growth rate of management fee 3 before deductions (%) <small>(Note 2)</small> × (Number of months in the fiscal period / 12)		
Acquisition fees		Acquisition price × 1.0% (Transactions with interested parties: Acquisition price × 0.5%)		
Transfer fees		Transfer price × 1.0% (Transactions with interested parties: Transfer price × 0.5%)		

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

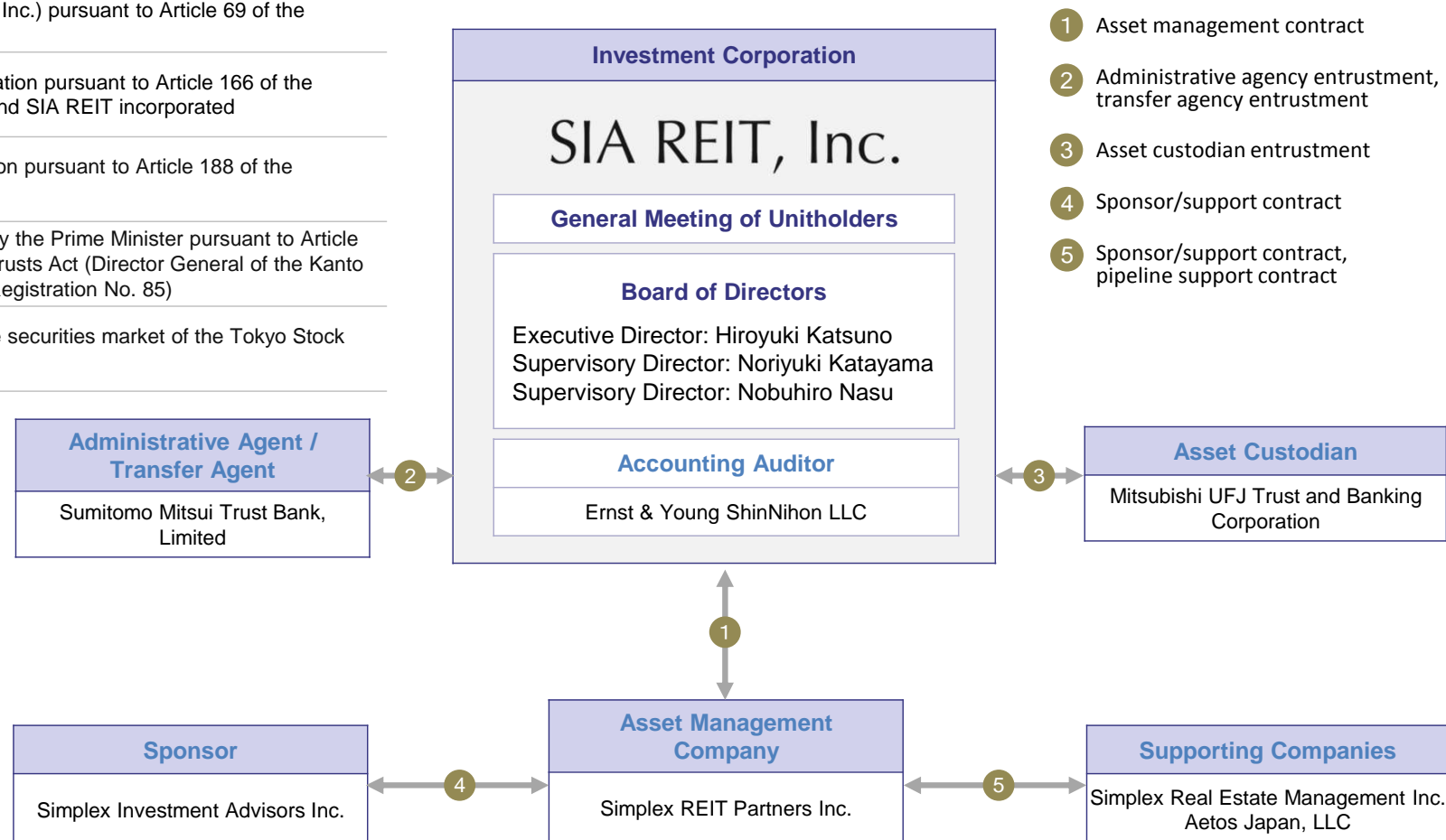
(Note 2) "DPU growth rate of management fee 3 before deductions" is the number obtained from the following formula (however, if figures are negative, it is deemed as 0): The fiscal period's DPU growth rate of management fee 3 before deductions ÷ The previous fiscal period's DPU growth rate of management fee 3 before deductions – 1
Furthermore, "DPU growth rate of management fee 3 before deductions" is obtained by dividing "the amount obtained by deducting loss carried forward from the net income before income taxes of management fee 3 before deductions" by "the fiscal period's outstanding number of investment units as of the period's settlement."

(Note 3) The rates of management fee 1 are 0.20% for the first and second fiscal periods. Management fee 2 will arise starting from the third fiscal period and management fee 3 from the fourth fiscal period.

Overview of SIA REIT

History

Jun. 20, 2013	Notification of incorporation of the SIA REIT by the organizer (Simplex REIT Partners Inc.) pursuant to Article 69 of the Investment Trusts Act
Jun. 25, 2013	Registration of incorporation pursuant to Article 166 of the Investment Trusts Act and SIA REIT incorporated
Jul. 8, 2013	Application for registration pursuant to Article 188 of the Investment Trusts Act
Jul. 23, 2013	Registration approved by the Prime Minister pursuant to Article 189 of the Investment Trusts Act (Director General of the Kanto Local Finance Bureau Registration No. 85)
Oct. 9, 2013	Listed on the real-estate securities market of the Tokyo Stock Exchange



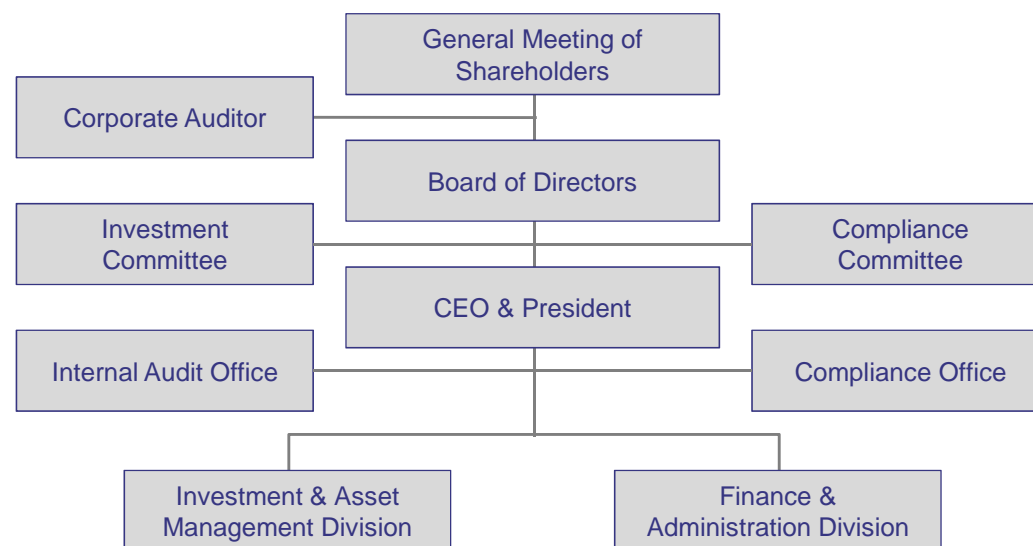
Overview of the Asset Management Company



Name	Simplex REIT Partners Inc.
Established	July 1, 2005
Capital	¥50 million
Representative	Hiroyuki Katsuno, President and Representative Director
Address of head office	Shin-Kasumigaseki Building 19th Floor, 3-3-2 Kasumigaseki, Chiyoda Ward, Tokyo 100-6019, Japan
No. of directors/employees	24 (As of October 1, 2014) ^(Note)
Shareholder	Simplex Investment Advisors Inc. (100%)
Membership	The Investment Trusts Association, Japan
Licenses, etc.	Investment Management Business: Director General of Kanto Local Finance Bureau (Financial Instruments) Registration No. 342 Real Estate Brokerage Business: Governor of Tokyo (2) Registration No. 84787 Trading Agency Etc. License: Minister of Land, Infrastructure, Transport and Tourism License No. 46

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

■ Organization



Disclaimer

The contents of this document are provided solely for informational purposes and are not intended for the purpose of soliciting investment in, or as a recommendation to purchase or sell, any specific products.

Besides descriptions on SIA REIT, Inc. (hereafter “SIA REIT”) this document contains charts, data, etc. prepared by Simplex REIT Partners Inc. (hereafter the “Asset Management Company”) based on data, indices, etc. released by third parties, as well as descriptions of the Asset Management Company’s analysis, judgments and other opinions as of the date of this document.

The content of this document is unaudited. SIA REIT does not guarantee the accuracy and completeness of the content. Moreover, analysis, judgments, etc. of the Asset Management Company indicate opinions as of the date of this document. Readers are cautioned that such may be changed or deleted without prior notice.

Neither SIA REIT nor the Asset Management Company bear any responsibility with regard to the accuracy of data, indices, etc. released by third parties (including data based on real estate appraisal reports).

This document contains forward-looking statements regarding forecasts and performance. The forward-looking statements do not guarantee SIA REIT’s future performance, financial conditions, etc.

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