



## Presentation Material for the First Fiscal Period (Ended February 2014)

April 15, 2014



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# 1 IPO Summary

# 1 – (1) 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 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”

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

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

Investment ratio by property type

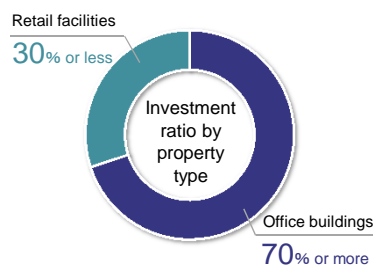
**70%** or more

**Retail facilities**  
Primary investment target:  
Urban retail facilities

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

Investment ratio by property type

**30%** or less



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

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

**Tokyo metropolitan area**

Investment ratio by region

**70%** or more

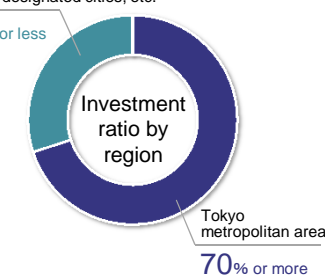
**Ordinance-designated cities, etc.**

Investment ratio by region

**30%** or less

Ordinance-designated cities, etc.

**30%** or less



## 2 Support by the sponsor 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 interests

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

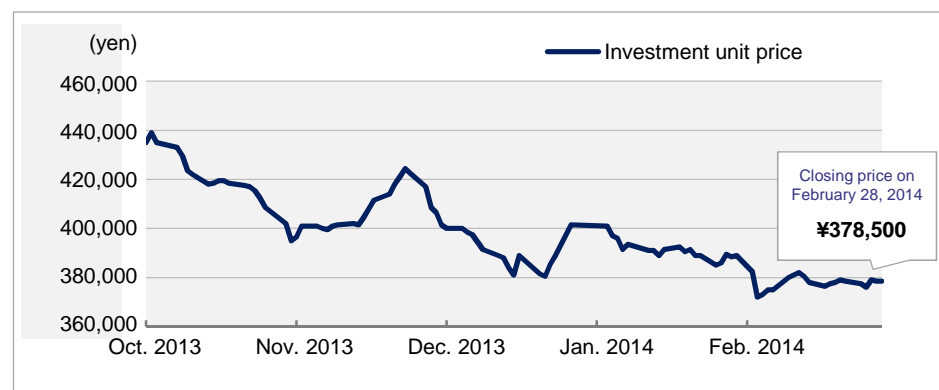


# 1 – (2) IPO Highlights

## Overview of Offering

Offering method	Domestic offering
Total paid-in amount	¥33,615 million
Number of units offered	Number of units offered through primary offering: 74,700 units Secondary offering through over allotment: 3,735 units
Issue price	¥450,000
Joint lead underwriter	SMBC Nikko Securities, Daiwa Securities
Launch date	September 4, 2013 (Wednesday)
Pricing date	September 30, 2013 (Monday)
Delivery date / Listing date	October 9, 2013 (Wednesday)

## Historical Investment Unit Price



## Portfolio List

(Unit: Millions of yen)

Type/are	No.	Property Name	Location	Appraisal value (Note)	
Office building	Tokyo Metropolitan Area	OT-1	J-Tower	Fuchu City, Tokyo	24,900
		OT-2	SIA Kanda Square	Chiyoda Ward, Tokyo	7,350
		OT-3	Tachikawa Nishiki-cho Building	Tachikawa City, Tokyo	3,310
		OT-4	CP10 Building	Taito Ward, Tokyo	3,290
		OT-5	Yokohama AP Building	Yokohama City, Kanagawa Prefecture	3,200
		OT-6	Yushima First Genesis Building	Bunkyo Ward, Tokyo	2,910
		OT-7	Miyaji Building	Nakano Ward, Tokyo	2,880
		OT-8	36 Sankyo Building	Shinjuku Ward, Tokyo	2,470
		OT-9	Minami-Shingawa JN Building	Shinagawa Ward, Tokyo	2,304
		OT-10	Minami-Shingawa N Building	Shinagawa Ward, Tokyo	2,300
		OT-11	Minami-Shingawa J Building	Shinagawa Ward, Tokyo	2,040
		OT-12	MY Atsugi Building	Atsugi City, Kanagawa Prefecture	1,285
		OT-13	Hachioji SIA Building	Hachioji City, Tokyo	758.5
	Ordinance-designated cities or their equivalent	OO-1	Central Shin-Osaka Building	Osaka City, Osaka Prefecture	4,630
		OO-2	Karasuma Plaza 21	Kyoto City, Kyoto Prefecture	3,820
		OO-3	Stoke Building Nagoya	Nagoya City, Aichi Prefecture	2,530
		OO-4	MY Kumamoto Building	Kumamoto City, Kumamoto Prefecture	1,169
Subtotal (17 properties)				71,146.5	
Retail facilities	R-1	fab Minami-Osawa	Hachioji City, Tokyo	4,250	
	R-2	Niigata Higashibori-dori Parking Building	Niigata City, Niigata Prefecture	434.1	
	R-3	NEXT21	Niigata City, Niigata Prefecture	420	
	Subtotal (3 properties)				5,104
Total (20 properties)				76,250.6	

(Note) Appraisal values obtained at the time of listing are indicated.

## Earnings Forecast (as of October 9, 2013)

	Operating revenues (million of yen)	Operating profit (millions of yen)	Recurring profit (millions of yen)	Net income (millions of yen)	Cash distribution per unit (yen)
First fiscal period (ended February 2014)	2,487	1,194	324	324	4,327
Second fiscal period (ending August 2014)	3,095	1,312	1,001	1,001	13,331

**Actual cash distribution per unit for the first fiscal period ¥4,884 (+¥557)**



2

## Overview of Financial Results for the First Fiscal Period (Ended February 2014)

## 2 – (1) Statements of Income

Cash distribution per unit increased due to lower-than-expected listing and offering related expenses, interest expenses, etc.

### ■ First Fiscal Period Results and Comparison with Earnings Forecast (October 9, 2013)

(Unit: Millions of yen)

	First fiscal period results (actual)	First fiscal period earnings forecast (October 9, 2013)	Comparison
Operating revenues	2,493	2,487	+6
Operating expenses	1,293	-	-
Operating profit	1,199	1,194	+5
Non-operating revenues	0	-	-
Non-operating expenses	832	-	-
Recurring profit	368	324	+43
Net income	366	324	+41
Cash distribution per unit	¥4,884	¥4,327	+¥557

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

### ■ Major Factors for Change

(Unit: Millions of yen)

Operating revenues	+6
Increase of property-related expenses (increase of leasing fees)	-17
Decrease of general management fees	+16
Operating profit	+5
Decrease of non-operating expenses (investment unit issuance cost -25, interest expenses -10)	+36
Recurring profit	+43
Corporate tax, etc.	-1
Net income	+41

## 2 – (2) Balance Sheet

### Balance Sheet

(Unit: Millions of yen)

		Fist fiscal period results
Assets	Current assets	7,138
	Cash and deposits	5,299
	Other	1,839
	Noncurrent assets	75,290
	Buildings and structures, buildings and structures in trust	32,711
	Accumulated depreciation	-348
	Land and land in trust	39,322
	Other	3,605
Total assets		82,428
		Fist fiscal period results
Liabilities	Total current liabilities	16,282
	Short-term borrowing and long-term borrowings scheduled to be repaid within one year	15,382
	Other	900
	Noncurrent liabilities	33,140
	Long-term borrowings	28,757
	Tenant lease and guarantee deposits	4,367
	Other	15
Total liabilities		49,423
Net assets	Unitholders' equity	33,005
	Unitholders' capital	32,638
	Surplus	366
	Total net assets	33,005
Total liabilities and net assets		82,428

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

### Main Content of the Balance Sheet

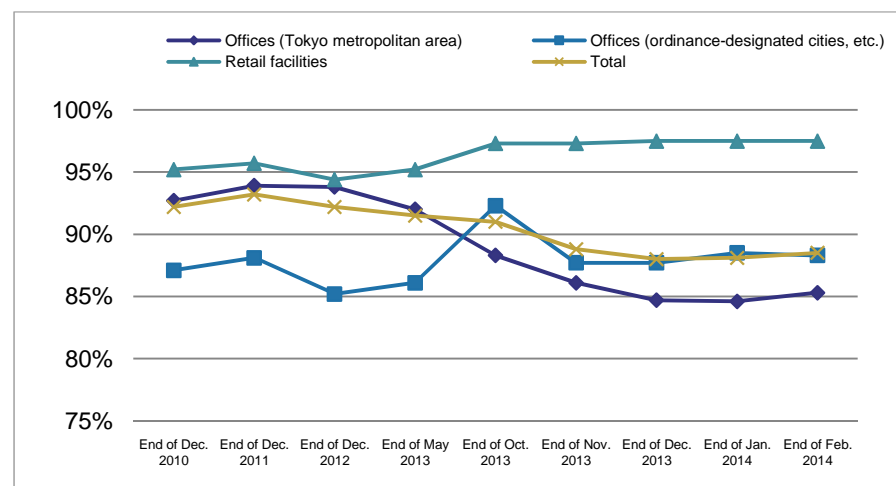
Current assets	
Consumption tax receivable, etc.	¥1,601 million
Noncurrent assets	
Balance sheet amounts for 20 properties (appraisal values at the end of the first fiscal period)	¥75,050 million (¥76,078 million)
Land leasehold, etc.	¥3,365 million
Liabilities	
Balance of borrowings (LTV = Balance of borrowings ÷ Net assets × 100 = 53.5%)	¥44,140 million
Net assets	
Net assets (net assets per unit: ¥439,484)	¥33,005 million



## 2 – (3) Management Status: Occupancy Rate and Leasing Status

- The entire portfolio's occupancy rate at the end of February 2014 was 88.5%
- Despite a lease termination by a major tenant, leasing for all properties is steady

### ■ Portfolio Occupancy Rate (Including Past Results)



	End of Dec. 2010	End of Dec. 2011	End of Dec. 2012	End of May 2013	End of Oct. 2013	End of Nov. 2013	End of Dec. 2013	End of Jan. 2014	End of Feb. 2014
Tokyo metropolitan area	92.7%	93.9%	93.8%	92.0%	88.3%	86.1%	84.7%	84.6%	85.3%
Ordinance-designated cities, etc.	87.1%	88.1%	85.2%	86.1%	92.3%	87.7%	87.7%	88.5%	88.3%
Retail facilities	95.2%	95.7%	94.4%	95.2%	97.3%	97.3%	97.5%	97.5%	97.5%
Total	92.2%	93.2%	92.2%	91.5%	91.0%	88.8%	88.0%	88.1%	88.5%

### ■ Leasing Status

#### J-Tower



- 5 floors were vacated due to the lease termination by a major tenant, but succeeded in leasing 2.5 floors (approx. 1,170 tsubos) at an early stage (contract started April 2014)
- Found relocation needs for increased floor space of a company located in Fuchu and succeeded in taking in approx. 135 tsubos of expansionary relocation demand (contract started October 2013)

#### Minami-Shinagawa JN, N and J Building



- Although 972 tsubos were initially subject to lease termination due to a major tenant's departure for consolidation, succeeded in obtaining re-contracting for 295 tsubos as a result of resilient negotiations
- Succeeded in attracting tenants to the remaining section (approx. 70 tsubos) at Minami-Shinagawa J Building, bringing the property to full occupancy (contract started April 2014)

#### Yushima First Genesis Building



- Renovated common space and succeeded in attracting tenants for 3 floors (approx. 470 tsubos) at an early stage
- Achieved full occupancy (contract started March 2014)

#### 36 Sankyo Building



- Renovated exclusive area and succeeded in attracting tenant for 1 floor (approx. 150 tsubos)
- Developed needs for increased floor space in the property and succeeded in attracting tenant for 1 floor (approx. 180 tsubos)
- Achieved full occupancy (contract started April 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 October 2013	¥14,440 /tsubo	¥10,032 /tsubo	¥13,317 /tsubo	¥6,131 /tsubo	¥11,673 /tsubo
End of February 2014	¥14,309 /tsubo	¥9,867 /tsubo	¥13,187 /tsubo	¥6,119 /tsubo	¥11,522 /tsubo
Change	-¥131	-¥165	-¥130	-¥12	-¥151

### ■ Move-In / Move-Out

	Floor space	Number of cases
Move-in	795 tsubos (2,629m <sup>2</sup> )	17
Move-out	1,663 tsubos (5,499m <sup>2</sup> )	9
Change	-867 tsubos (-2,869m <sup>2</sup> )	

### ■ Rent Renewal Trends

	Number of cases	Floor space
Increased	0	-
Unchanged	10	726 tsubos (2,402m <sup>2</sup> )
Decreased	2	232 tsubos (769m <sup>2</sup> )
Total	12	-

### ■ Top Tenants

(As of February 28, 2014)

	Name of tenant	Leased floor space (m <sup>2</sup> )	Ratio to the total leased area	Property occupied
1	TOHO Cinemas, Ltd.	5,725.14	4.5%	fab Minami-Osawa
2	Mori Bldg. Ryutsu System Co., Ltd.	5,625.75	4.4%	NEXT 21
3	KDDI Corporation	5,464.24	4.3%	J-Tower / Karasuma Plaza 21
4	Fuchu Netsu Kyokyu K.K.	4,303.01	3.4%	J-Tower
5	Toshiba Lighting and Technology Corporation	3,757.12	3.0%	Minami-Shingawa JN Building / Minami-Shingawa N Building
6	Sompo Japan Insurance Inc.	3,083.76	2.4%	J-Tower
7	Nakanihon Engineering Consultants Co., Ltd.	3,033.12	2.4%	Stoke Building Nagoya
8	AGREX Inc.	2,751.88	2.2%	J-Tower
9	TDS Co, Ltd.	2,324.29	1.8%	36 Sankyo Building
10	National Federation of Workers and Consumers Insurance Cooperatives	2,312.82	1.8%	J-Tower

(Note 1) The "leased floor space" column shows the floor space indicated in the lease agreements with each tenant effective as of February 28, 2014. Leased floor space for Niigata Higashibori-dori Parking Building, parking spaces and land provided for other uses are not included.

(Note 2) The "ratio to the total leased area" column shows the ratios of the leased floor spaces of each tenant against the total leased area of all of SIA REIT's owned assets and are rounded to the first decimal place.

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

- ¥82 million of repairs and ¥50 million of CAPEX against ¥348 million of depreciation in the first fiscal period
- Reduced construction costs, etc. by approx. 13% while maintaining quality with thorough verification and assessment of initial quotes

### ■ Examples of Major Repair Work during the First Fiscal Period

#### ■ CP10 Building: Renovation of restroom and hot water supply room



#### ■ MY Kumamoto Building: Renovation of restroom



### ■ Effects of Reduction of Construction Costs, etc. during the First Fiscal Period

A. Initial quoted amount (Note 1)	B. Order amount (Note 2)	C. Amount of reduction (C = A - B)	Reduction rate (C / A)
approx. ¥146 million	approx. ¥126 million	approx. ¥19 million	approx. ¥13.6%

(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.

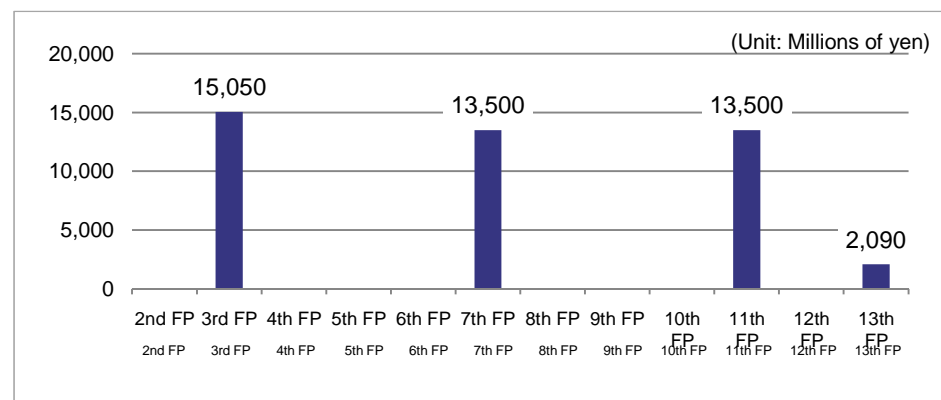
(Note 3) Only construction of more than ¥100,000 are subject to assessment.

## 2 – (4) Financial Status

### ■ Main Financial Indicators

Balance of interest-bearing debt <b>¥44,140 million</b>	Average interest rate <b>1.038%</b>	Average remaining period <b>2.69 years</b>
Rate of long-term borrowings <b>65.9%</b>	Rate of fixed-interest borrowings <b>45.9%</b>	LTV <b>53.5%</b>

### ■ Balance of Borrowings by Repayment Periods



### ■ Overview of Borrowings

(As of February 28, 2014)

Classification	Lender	Balance (millions of yen)	Interest Rate (Fixed/floating)	Repayment date
Short-Term Borrowings	Sumitomo Mitsui Banking Corporation	1,550	1.14818% (Floating)	October 10, 2014
Short-Term Borrowings	Sumitomo Mitsui Banking Corporation Aozora Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited The Bank of Fukuoka, Ltd.	13,500	0.74818% (Floating)	October 10, 2014
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation Shinsei Bank, Limited Aozora Bank, Ltd. Resona Bank, Limited	13,500	1.16976% (Fixed)	October 10, 2016
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation Aozora Bank, Ltd.	6,750	0.94818% (Floating)	October 10, 2018
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation Kansai Urban Banking Corporation	6,750	1.38226% (Fixed)	October 10, 2018
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation	2,090	1.14818% (Floating)	October 10, 2019
<b>Total</b>		<b>44,140</b>		



### 3 Earnings Forecasts for the Second Fiscal Period (Ending August 2014) and Third Fiscal Period (Ending February 2015)



## 3 – (1) Earnings Forecasts for the Second Fiscal Period (Ending August 2014) and Third Fiscal Period (Ending February 2015)

- Cash distribution per unit of ¥13,331 is forecasted for the second fiscal period due to the full 6months of operation and the absence of IPO-related expenses
- Cash distribution per unit of ¥11,300 is forecasted for the third fiscal period due mainly to the end of the management fee reduction which lasts up to the second fiscal period

	First fiscal period results	Forecast for the second fiscal period (ending Aug. 2014)	Comparison	Forecast for the third fiscal period (ending Feb. 2015)	Comparison
Management status (millions of yen)					
Operating revenues	2,493	3,109	616	3,155	45
Operating profit	1,199	1,301	101	1,158	-143
Recurring profit	368	1,002	634	849	-152
Net income	366	1,001	634	848	-152
Cash distribution per unit	¥4,884	¥13,331	¥8,447	¥11,300	-¥2,031
Period-end occupancy rate	88.5%	89.5%	1.0%	89.5%	0.0%
NOI	1,641	1,882	241	1,875	-7

### ■ Major Factors for Change

#### ■ First fiscal period → Second fiscal period

(Unit: Millions of yen)

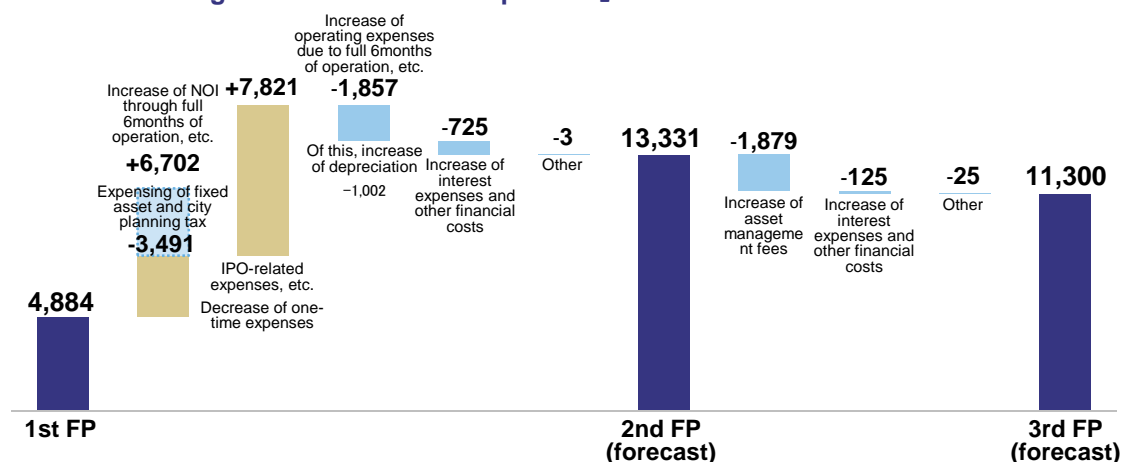
Operating revenues	+616
Increase of property-related expenses	-450
Increase of general management fees	-64
Operating profit	+101
Decrease of non-operating expenses	+532
Recurring profit / Net income	+634

#### ■ Second fiscal period → Third fiscal period

Decrease of NOI	-7
Increase of depreciation	-5
Increase of general management fees (of this, asset management fees -141)	-130
Increase of financial costs	-9
Net income	-152

### 【Factors for change in cash distribution per unit】

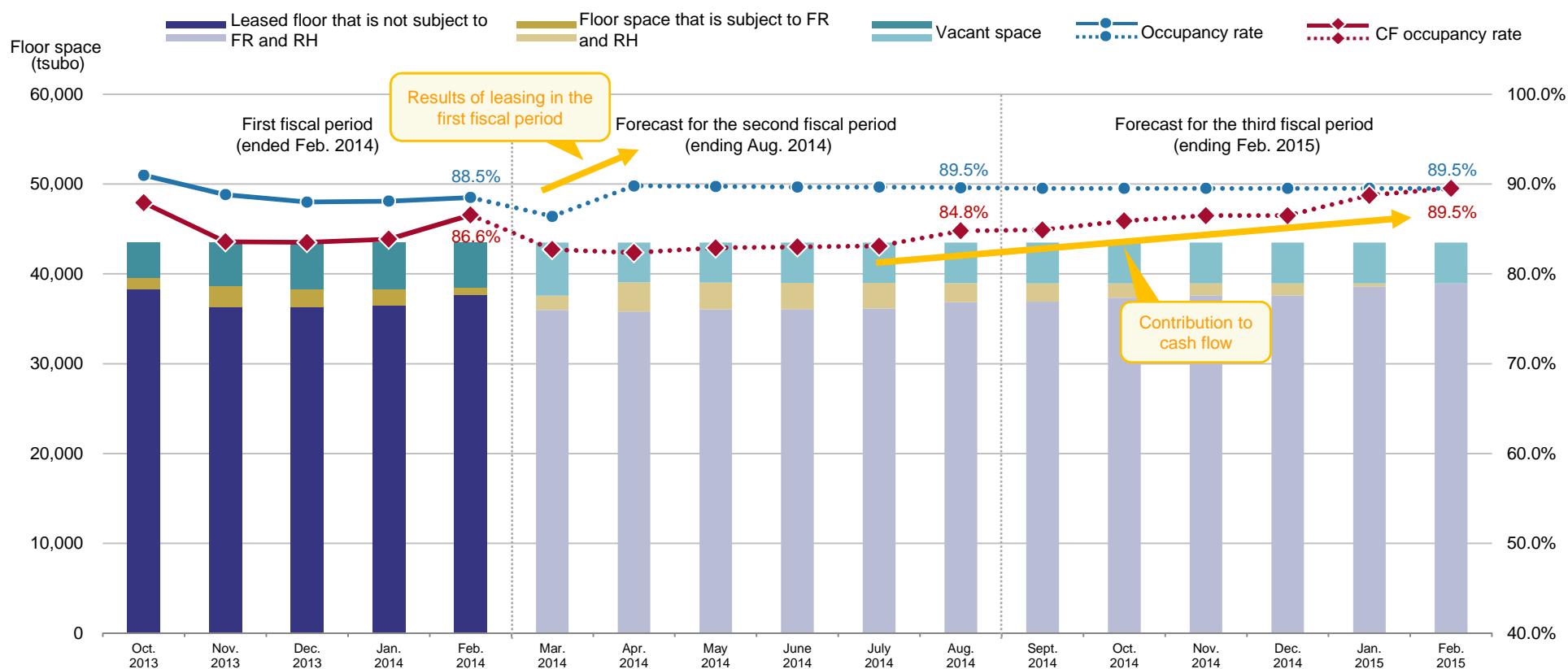
(Unit: yen)



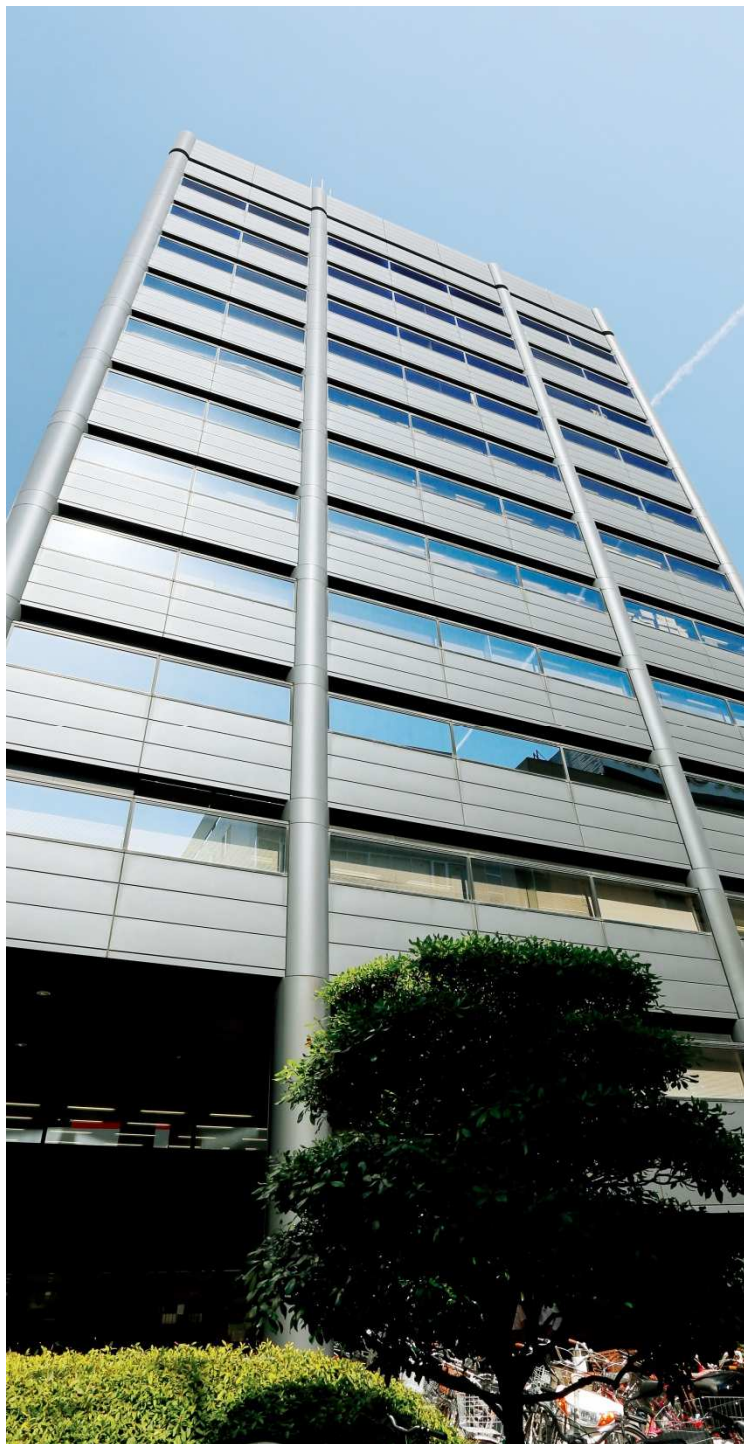
## 3 – (2) Future Outlook (Second Fiscal Period Onward)

### ■ Expected Trends in Occupancy Rate and CF Occupancy Rate

- ▶ Results of leasing in the first fiscal period will start to gradually contribute to cash flow from the second half of the third fiscal period
- ▶ The impact of free rent periods is expected to resolve from the fourth fiscal period

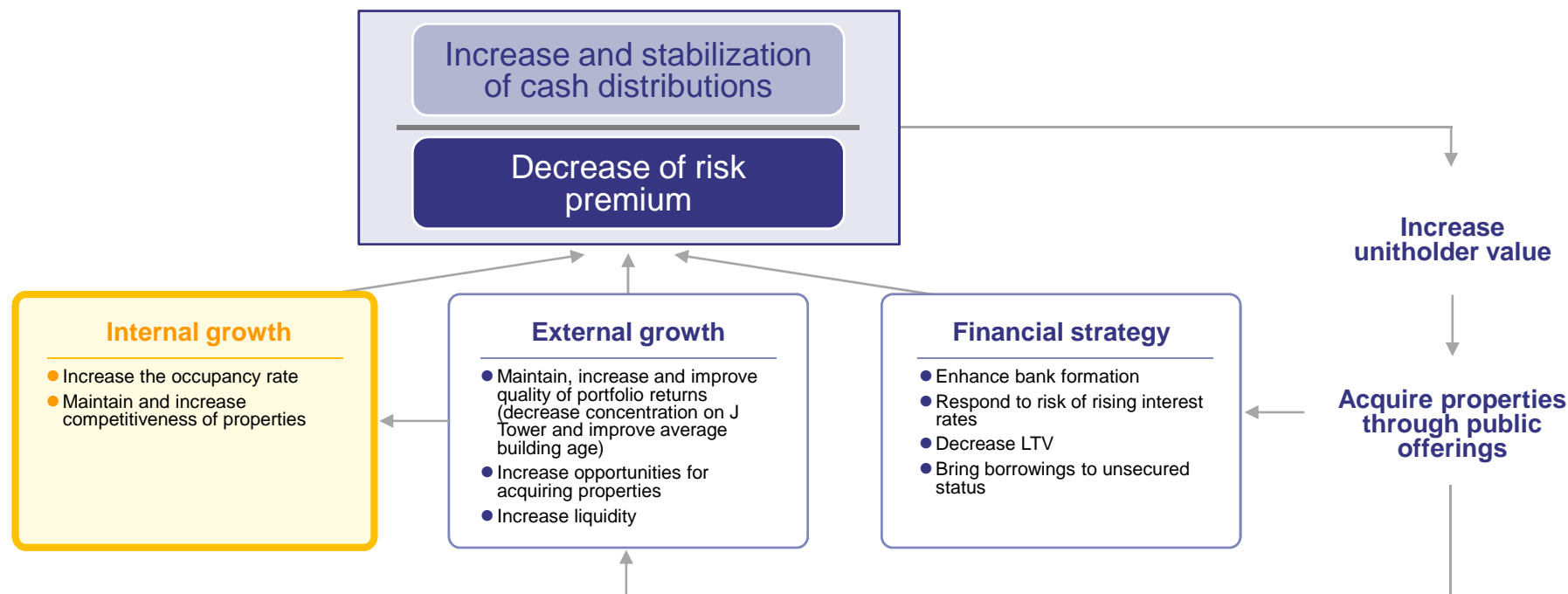


(Note) The above is created based on the assumptions of earnings forecasts for the second fiscal period (ending August 2014) and the third fiscal period (ending February 2015)



## 4 Future Growth Strategies

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



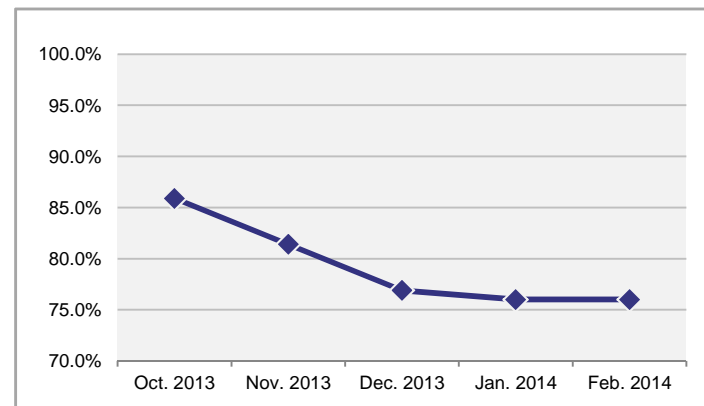
	Major challenges	Action plan
Internal growth strategy	<ul style="list-style-type: none"> <li>▶ Leasing of properties with low occupancy rates</li> <li>▶ Efforts for maintaining and improving competitiveness of properties</li> </ul>	<ul style="list-style-type: none"> <li>● Focus on leasing primarily of J Tower, Minami-Shinagawa JN Building/N Building as the most important issue</li> <li>● Strategic investment for attracting tenants and improving the satisfaction of existing tenants</li> </ul>
External growth strategy	<ul style="list-style-type: none"> <li>▶ Property acquisitions that maintain and improve portfolio returns as well as improve the portfolio's quality</li> </ul>	<ul style="list-style-type: none"> <li>● Consider the acquisition of properties through the utilization of the sponsor's warehousing, bridge fund and bridge functions</li> </ul>
Financial strategy	<ul style="list-style-type: none"> <li>▶ Increase the number of financial institutions</li> </ul>	<ul style="list-style-type: none"> <li>● Collaborate with existing lenders and make efforts for transactions with new financial institutions</li> </ul>

## 4 – (2) Internal Growth Strategy: Efforts for 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 <sup>2</sup>
Occupancy Rate	76.0%

(As of February 28, 2014)



### ■ Leasing Plan

#### Business promotion with set targets for attraction and enhance collaboration with brokers, etc.

- Aim to take in major tenant needs of consolidation relocations for dispersed offices by appealing the property's approx. 470 tsubos per floor, which is rare in the Tama area
- List up medium-sized and large companies based in the Tama area and launched leasing activities that are more active by collaborating with leading brokers, etc.

#### Develop needs for increased floor space of tenants in the property

- Periodically check latent needs for increasing floor space of tenants in the property in an aim to take them in

### ■ Tenant Relocation

- ▶ While the occupancy rate fell to 67.0% at the end of March 2014 with the departure of a major tenant, the occupancy rate is scheduled to increase to 78.3% in April 2014 due to a successful early attraction of a tenant to 2.5 floors (1,166 tsubos)

### ■ Strategic CAPEX

#### Renovation of common spaces

Renovation of common spaces are scheduled to be sequentially implemented throughout several periods starting from the second fiscal period



#### Enhancement of dining functions

A workplace cafeteria with lounge functions is scheduled to be installed on the first floor of the low-rise building in an aim to attract new tenants and increase the satisfaction of existing tenants (Scheduled to open in fall 2014)



(Note) Perspective drawings are as of the date of this document and the actual situation may change.



## 4 – (2) Internal Growth Strategy: Efforts for Minami-Shinagawa JN Building / N Building

(As of February 28, 2014)

### Minami-Shingawa JN Building



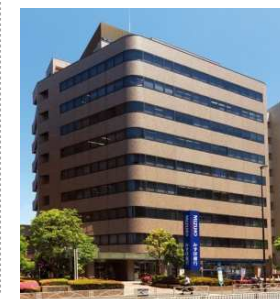
Property Name	Minami-Shingawa JN Building
Location	Shinagawa Ward, Tokyo
Structure	SRC
Number of Floors	B2/10F
Total Leasable Floor	6,405.24㎡
Occupancy Rate	93.8%

### Minami-Shingawa N Building



Property Name	Minami-Shingawa N Building
Location	Shinagawa Ward, Tokyo
Structure	SRC
Number of Floors	B2/10F
Total Leasable Floor	5,489.64㎡
Occupancy Rate	88.8%

### Minami-Shingawa J Building



Property Name	Minami-Shingawa J Building
Location	Shinagawa Ward, Tokyo
Structure	SRC
Number of Floors	B1/10F
Total Leasable Floor	3,673.61㎡
Occupancy Rate	93.9%

### Leasing Plan

#### Enhance collaboration with brokers, etc.

- There have been 73 inquiries since receiving the termination notice from TOSHIBA Lighting & Technology Corporation (December 26, 2013) and there have been 19 site-visits

#### Incorporate needs of potential tenants using the excellent access to Shinkansen lines and Haneda Airport

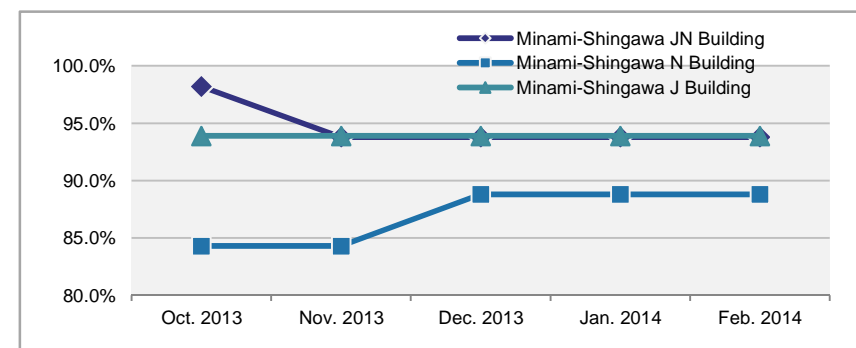
- Aim to take in needs for access to regional bases as well as needs of regional headquarters for advancement into Tokyo using the property's excellent access

#### Business promotion to nearby areas

- Aim to take in needs of harbor, logistics, systems, IT, manufacturing and other sector related companies in nearby office agglomerations

#### Business promotion to wider areas

- Aim to take in relocation needs from wider areas



### Tenant Relocation

- Regarding TOSHIBA Lighting & Technology Corporation's initial termination area of 972 tsubos, re-contracted 295 tsubos by taking in the consolidation needs, etc. of its group company
- Even as the actual date of departure was earlier than the initial scheduled date of departure, leasing activities were launched at an early stage by conducting restoration work ahead of schedule
- Succeeded in attracting tenants for approx. 70 tsubos at Minami-Shinagawa J Building, achieving full occupancy from April 2014

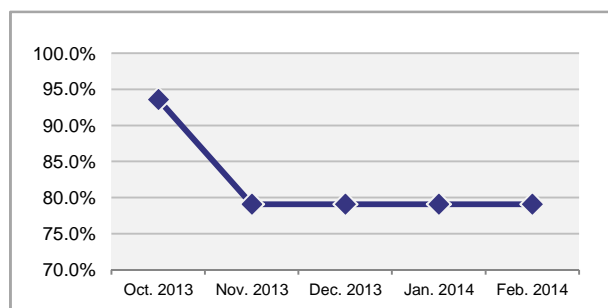
## 4 – (2) Internal Growth Strategy: Other Properties Subject to Leasing Enhancement

(As of February 28, 2014)

### Karasuma Plaza 21



Property Name	Karasuma Plaza 21
Location	Kyoto City, Kyoto Prefecture
Structure	SRC
Number of Floors	B1/8F
Total Leasable Floor	8,888.73m <sup>2</sup>
Occupancy Rate	79.1%



#### Develop needs for increased floor space of tenants in the property

- Periodically check latent needs for increasing floor space of tenants in the property in an aim to take them in
- Recently developed approx. 175 tsubos of needs for increasing floor space and concluded contract (contract started March 2014)

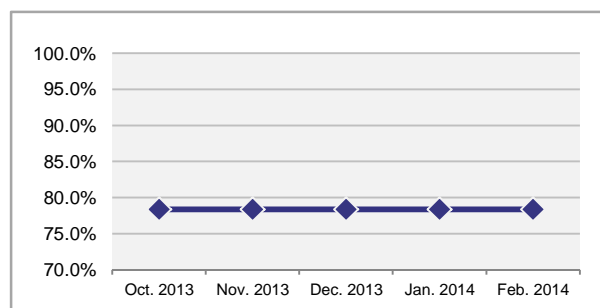
#### Strategic CAPEX

- Scheduled to conduct renovation at vacant floor, transforming it from a compartmentalized floor to a non-compartmentalized floor; Aim to take in needs of potential large tenants for consolidation relocations, etc. using the property's approx. 300 tsubos per floor, which is rare in the Shijo-Karasuma area

### Stoke Building Nagoya



Property Name	Stoke Building Nagoya
Location	Nagoya City, Aichi Prefecture
Structure	S/SRC
Number of Floors	B1/8F
Total Leasable Floor	5,801.80m <sup>2</sup>
Occupancy Rate	78.4%



#### 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)

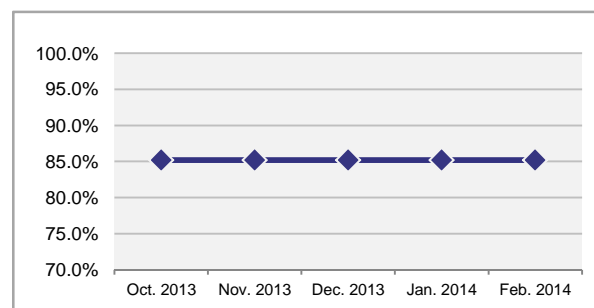
#### Strategic CAPEX

- Scheduled to implement renovation of common spaces at vacant floor

### CP 10 Building



Property Name	CP 10 Building
Location	Taito Ward, Tokyo
Structure	SRC
Number of Floors	B1/7F
Total Leasable Floor	3,541.43m <sup>2</sup>
Occupancy Rate	85.2%



#### 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 are available for use)

#### Strategic CAPEX

- Scheduled to implement renovations of restroom and hot water supply room of vacant floor (Completed at end of February 2014)

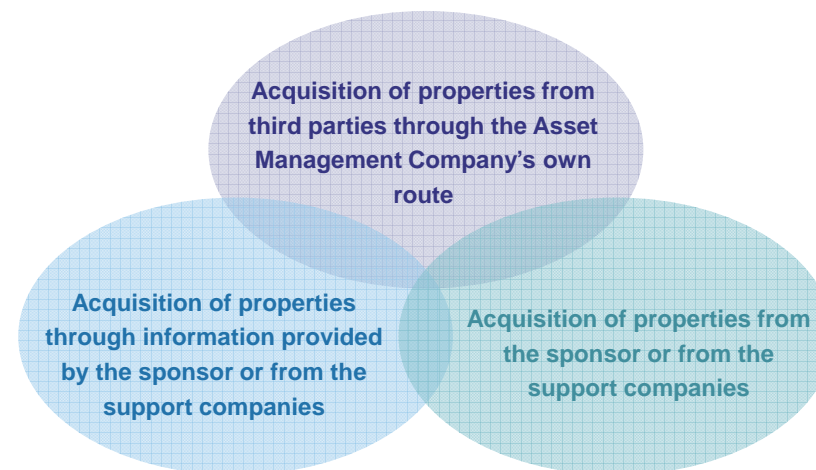
## 4 – (3) External Growth Strategy

### ■ Target

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

### ■ Efforts

- ▶ Sourcing by the Asset Management Company itself and sourcing of property information from the sponsor and the support companies
- ▶ Consider the acquisition of properties through the utilization of the sponsor's warehousing, bridge fund and bridge functions
- ▶ Sourcing for property acquisitions that take cash distributions into consideration
  - Target property NOI yield: About 5.5% to around 6%
  - Assessment of target investment area and property type in light of the environment of competition for acquiring properties



### ■ Property information by category

(As of February 28, 2014)

Category	Property information		Property information still being considered	
	Number of cases	Percentage	Number of cases	Percentage
Offices (Tokyo metropolitan area)	91	46.9%	10	38.5%
Offices (Ordinance-designated cities, etc.)	41	21.1%	7	26.9%
Retail facilities	62	32.0%	9	34.6%
<b>Total</b>	194	-	26	-

### ■ Property information by information route

(As of February 28, 2014)

Information route	Property information		Property information still being considered	
	Number of cases	Percentage	Number of cases	Percentage
Seller	12	6.2%	4	15.4%
Sponsor / Support companies	76	39.2%	7	26.9%
Brokers and others	106	54.6%	15	57.7%
<b>Total</b>	194	-	26	-

## 4 – (4) Financial Strategy

- Aim for stable management for the borrowing of funds by taking the balance of the rates of long-term borrowings and fixed-interest borrowings into account while diversifying repayment dates and lenders
- A partial loan transfer took place on April 10, 2014 and increased transacting financial institutions to 8 banks

### ■ Current Situation and Future Strategy

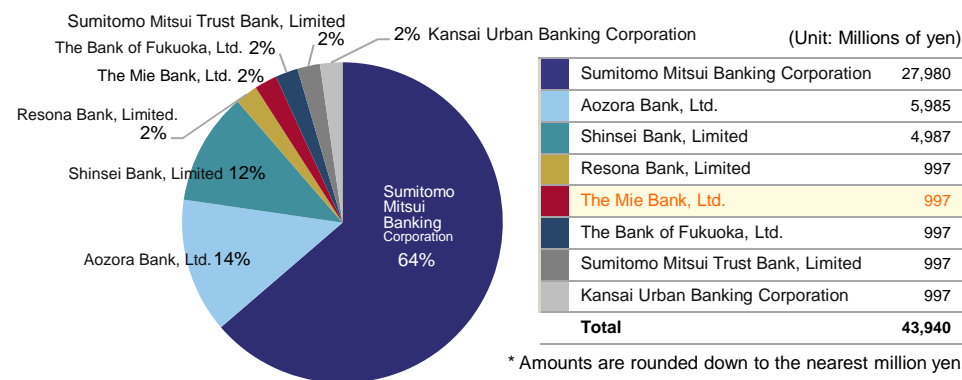
		Current situation / Future strategy
Balance of interest-bearing debt	¥44,140 million	LTV to decrease through repayment of borrowings with tax refunds
LTV	53.5%	
Average interest rate	1.038%	Make low-interest borrowings by combining floating rates; Consider transitioning to fixed-rates taking interest rate trends into consideration going forward
Rate of fixed-interest borrowings	45.9%	
Average remaining period	2.69 years	Extend borrowing periods and diversify repayment dates alongside refinancing to reduce refinancing risk
Number of transacting financial institutions	7 banks → 8 banks	Increase transacting financial institutions and further enhance the bank formation
Collateral	Secured	Advance future financial management in order to bring borrowings to unsecured status at an early stage
Credit rating	—	Consider the acquisition of an outside rating to indicate creditworthiness and prepare for future issuance of investment corporation bonds

#### Equity finance

Conduct equity finance that is considerate to existing unitholders and that takes the market environment, impact on cash distributions, the acquisition capacity for properties after public offering and such into consideration

### ■ Increase Transacting Financial Institutions: Transfer of Loans

(As of April 10, 2014)



Classification	Lender	Balance (millions of yen)	Interest Rate (Fixed/floating)	Repayment Date
Short-Term Borrowings	Sumitomo Mitsui Banking Corporation	1,550	1.14636% (Floating)	October 10, 2014
Short-Term Borrowings	Sumitomo Mitsui Banking Corporation Aozora Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited The Bank of Fukuoka, Ltd.	13,466	0.74636% (Floating)	October 10, 2014
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation Shinsei Bank, Limited Aozora Bank, Ltd. Resona Bank, Limited	13,466	1.16976% (Fixed)	October 10, 2016
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation Aozora Bank, Ltd. The Mie Bank, Ltd.	6,733	0.94636% (Floating)	October 10, 2018
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation Kansai Urban Banking Corporation	6,733	1.38226% (Fixed)	October 10, 2018
Long-Term Borrowings	Sumitomo Mitsui Banking Corporation	1,991	1.14636% (Floating)	October 10, 2019
<b>Total</b>		<b>43,940</b>		



## 5 Appendix



## Statements of Income for the First Fiscal Period (Ended February 2014)

(Unit: Thousands of yen)

Operating revenues	
Lease business revenue	2,176,477
Other lease business revenue	317,248
Total operating revenues	2,493,726
Operating expenses	
Property-related expenses	1,201,341
Asset management fees	64,127
Asset custody fees	1,680
Administrative service fees	9,991
Directors' compensations	5,814
Other operating expenses	10,775
Total operating expenses	1,293,731
Operating profit	1,199,994
Non-operating profit	
Interest income	371
Total non-operating profit	371
Non-operating expenses	
Interest expenses	178,188
Loan-related costs	469,113
Organizational expenses	71,378
Investment unit issuance cost	113,519
Other	57
Total non-operating expenses	832,258
Recurring profit	368,107
Net income before income taxes	368,107
Corporate, inhabitant and enterprise taxes	1,313
Adjustment of corporate tax, etc.	-24
Total corporate tax, etc.	1,288
Net income	366,818
Unappropriated retained profit (undisposed loss)	366,818

## Balance Sheet for the First Fiscal Period (Ended February 2014)

(Unit: Thousands of yen)

Assets	
Current assets	
Cash and deposits	1,145,304
Cash and deposits in trust	4,153,926
Operating accounts receivable	90,714
Prepaid expenses	147,058
Deferred tax assets	24
Consumption tax receivable	1,601,187
Other	566
Total current assets	7,138,782
Noncurrent assets	
Property, plant and equipment	
Buildings	3,537,873
Structures	8,793
Machinery and equipment	56,865
Land	3,770,347
Buildings in trust	28,752,632
Structures in trust	2,844
Tools, furniture and fixtures in trust	3,400
Land in trust	35,551,960
Total property, plant and equipment	71,684,718
Intangible assets	
Leaseholds in trust	3,365,647
Other	2,857
Total intangible assets	3,368,504
Investment and other assets	
Pledged lease and guarantee deposits	17,020
Long-term prepaid expenses	219,786
Total investment and other assets	236,806
Total noncurrent assets	75,290,029
<b>Total assets</b>	<b>82,428,812</b>

Liabilities	
Current liabilities	
Operating accounts payable	212,120
Short-term borrowings	15,050,000
Long-term borrowings scheduled to be repaid within one year	332,500
Accounts payable	106,518
Accrued expenses	108,499
Corporate taxes, etc. payable	1,238
Advances received	470,268
Other	1,495
Total current liabilities	16,282,641
Noncurrent liabilities	
Long-term borrowings	28,757,500
Tenant lease and guarantee deposits	324,143
Tenant lease and guarantee deposits in trust	4,043,431
Other	15,802
Total noncurrent liabilities	33,140,877
<b>Total liabilities</b>	<b>49,423,518</b>

Net assets	
Unitholders' equity	
Unitholders' capital	32,638,475
Surplus	
Unappropriated retained profit (undisposed loss)	366,818
Total surplus	366,818
Total unitholders' equity	33,005,293
<b>Total net assets</b>	<b>33,005,293</b>
<b>Total liabilities and net assets</b>	<b>82,428,812</b>

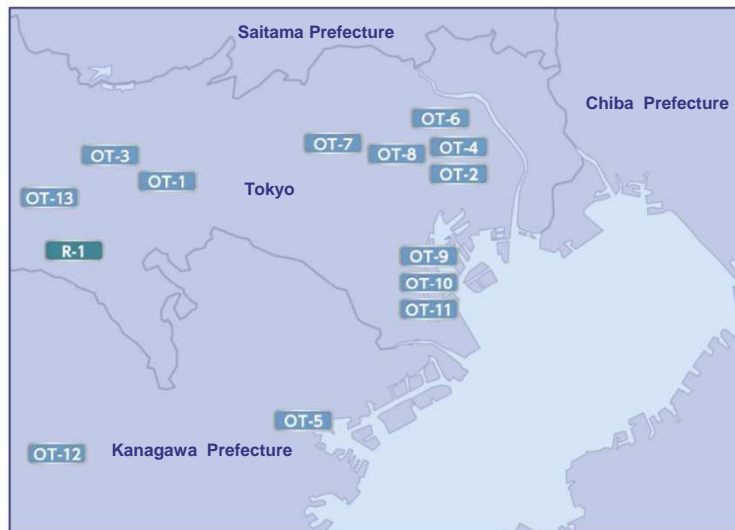
# Portfolio: Map



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



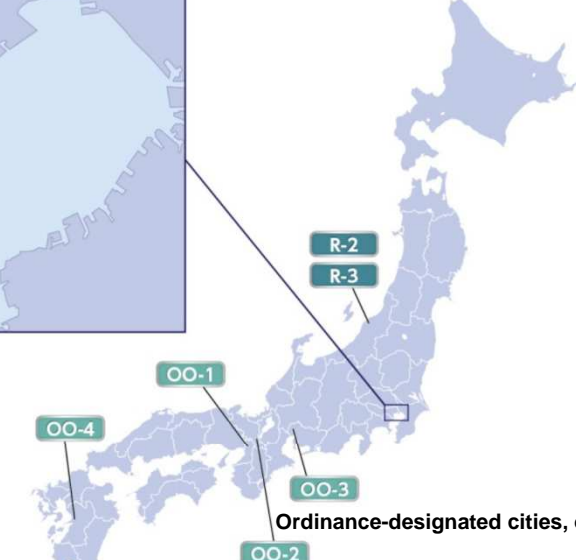
Minami-Shingawa JN Building



Minami-Shingawa N Building








Minami-Shingawa J Building



Ordinance-designated cities, etc.






## Portfolio List (1)

(As of February 28, 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
					
<b>Location</b>	Fuchu City, Tokyo	Chiyoda Ward, Tokyo	Tachikawa City, Tokyo	Taito Ward, Tokyo	Yokohama City, Kanagawa Prefecture
<b>Nearest Station</b>	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
<b>Acquisition Price</b>	¥24,394 million	¥7,350 million	¥3,264 million	¥3,229 million	¥3,110 million
<b>Appraisal Value</b>	¥25,100 million	¥7,390 million	¥3,420 million	¥3,360 million	¥3,260 million
<b>Structure</b>	S/RC/SRC	SRC	SRC	SRC	RC
<b>Number of Floors</b>	B2/18F	10F	8F	B1/7F	B1/8F
<b>Total Floor Area</b>	53,685.80m <sup>2</sup>	7,145.42m <sup>2</sup>	8,026.84m <sup>2</sup>	4,454.05m <sup>2</sup>	5,648.65m <sup>2</sup>
<b>Total Leasable Area</b>	34,295.76m <sup>2</sup>	5,263.30m <sup>2</sup>	5,633.29m <sup>2</sup>	3,541.43m <sup>2</sup>	4,478.11m <sup>2</sup>
<b>PML</b>	3.19	8.22	6.36	5.20	10.56
<b>Occupancy Rate</b>	76.0%	99.0%	96.8%	85.2%	100.0%
<b>Number of Tenants</b>	30	27	20	6	10

## Portfolio List (2)






(As of February 28, 2014)

Property Name	OT-6 Yushima First Genesis Building	OT-7 Miyaji Building	OT-8 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
Acquisition Price	¥2,751 million	¥2,880 million	¥2,395 million	¥2,165 million	¥2,292 million
Appraisal Value	¥2,710 million	¥2,900 million	¥2,400 million	¥2,084 million	¥2,180 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 <sup>2</sup>	4,316.75m <sup>2</sup>	4,687.65m <sup>2</sup>	9,621.66m <sup>2</sup>	8,570.72m <sup>2</sup>
Total Leasable Area	2,947.07m <sup>2</sup>	3,116.49m <sup>2</sup>	3,724.17m <sup>2</sup>	6,405.24m <sup>2</sup>	5,489.64m <sup>2</sup>
PML	4.68	5.81	10.09	6.91	6.90
Occupancy Rate	47.2%	100.0%	86.9%	93.8%	88.8%
Number of Tenants	5	9	2	9	12








## Portfolio List (3)

(As of February 28, 2014)

Property Name	OT-11 Minami-Shingawa J Building	OT-12 MY Atsugi Building	OT-13 Hachioji SIA Building	OO-1 Central Shin-Osaka Building	OO-2 Karasuma Plaza 21
					
<b>Location</b>	Shinagawa Ward, Tokyo	Atsugi City, Kanagawa Prefecture	Hachioji City, Tokyo	Osaka City, Osaka Prefecture	Kyoto City, Kyoto Prefecture
<b>Nearest Station</b>	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
<b>Acquisition Price</b>	¥2,020 million	¥1,240 million	¥730 million	¥4,612 million	¥3,700 million
<b>Appraisal Value</b>	¥2,040 million	¥1,270 million	¥760 million	¥4,700 million	¥3,590 million
<b>Structure</b>	SRC	RC/SRC	SRC	S	SRC
<b>Number of Floors</b>	B1/10F	8F	9F	B1/12F	B1/8F
<b>Total Floor Area</b>	5,529.02m <sup>2</sup>	5,040.07m <sup>2</sup>	3,920.36m <sup>2</sup>	13,624.65m <sup>2</sup>	11,998.02m <sup>2</sup>
<b>Total Leasable Area</b>	3,673.61m <sup>2</sup>	3,848.13m <sup>2</sup>	2,751.01m <sup>2</sup>	9,399.87m <sup>2</sup>	8,888.73m <sup>2</sup>
<b>PML</b>	6.84	11.73	4.61	14.69	6.90
<b>Occupancy Rate</b>	93.9%	94.3%	100.0%	100.0%	79.1%
<b>Number of Tenants</b>	9	21	14	26	10

## Portfolio List (4)

(As of February 28, 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
					
<b>Location</b>	Nagoya City, Aichi Prefecture	Kumamoto City, Kumamoto Prefecture	Hachioji City, Tokyo	Niigata City, Niigata Prefecture	Niigata City, Niigata Prefecture
<b>Nearest Station</b>	Fushimi Station on Nagoya City Subway Line	Kumamoto Station on Kyushu Shinkansen Line	Minami-Osawa Station on Keio Line	Niigata Station on JR Line	Niigata Station on JR Line
<b>Acquisition Price</b>	¥2,381 million	¥1,152 million	¥4,250 million	¥432 million	¥379 million
<b>Appraisal Value</b>	¥2,570 million	¥1,190 million	¥4,320 million	¥434 million	¥400 million
<b>Structure</b>	S/SRC	S/RC	S	S	S/RC/SRC
<b>Number of Floors</b>	B1/8F	9F	7F	10F	B3/21F
<b>Total Floor Area</b>	8,147.56m <sup>2</sup>	4,980.96m <sup>2</sup>	9,140.30m <sup>2</sup>	8,867.26m <sup>2</sup>	36,701.34m <sup>2</sup>
<b>Total Leasable Area</b>	5,801.80m <sup>2</sup>	3,750.01m <sup>2</sup>	8,409.23m <sup>2</sup>	8,725.90m <sup>2</sup>	13,612.33m <sup>2</sup>
<b>PML</b>	13.60	7.19	3.82	8.11	3.53
<b>Occupancy Rate</b>	78.4%	95.7%	100.0%	100.0%	94.3%
<b>Number of Tenants</b>	3	16	14	1	21

## List of Appraisal Values

Property number	Property name	Acquisition Price (millions of yen)	End of first fiscal period						At IPO	
			Appraisal value (millions of yen)	Change since IPO	Direct cap rate	Change since IPO	Book value (millions of yen)	Unrealized gain (loss) (million of yen)	Appraisal value (million of yen)	Direct cap rate
OT-1	J-Tower	24,394	25,100	200	5.5%	-0.1%	24,487	613	24,900	5.6%
OT-2	SIA Kanda Square	7,350	7,390	40	4.7%	0.0%	7,373	17	7,350	4.7%
OT-3	Tachikawa Nishiki-cho Building	3,264	3,420	110	5.3%	-0.1%	3,277	143	3,310	5.4%
OT-4	CP10 Building	3,229	3,360	70	4.9%	-0.1%	3,245	115	3,290	5.0%
OT-5	Yokohama AP Building	3,110	3,260	60	5.1%	-0.1%	3,126	134	3,200	5.2%
OT-6	Yushima First Genesis Building	2,751	2,710	- 200	4.9%	-0.1%	2,765	- 55	2,910	5.0%
OT-7	Miyaji Building	2,880	2,900	20	5.2%	-0.1%	2,893	7	2,880	5.3%
OT-8	36 Sankyo Building	2,395	2,400	- 70	5.0%	-0.1%	2,407	- 7	2,470	5.1%
OT-9	Minami-Shingawa JN Building	2,165	2,084	- 220	5.2%	-0.1%	2,173	- 89	2,304	5.3%
OT-10	Minami-Shingawa N Building	2,292	2,180	- 120	5.4%	-0.1%	2,300	- 120	2,300	5.5%
OT-11	Minami-Shingawa J Building	2,020	2,040	0	5.4%	-0.1%	2,027	13	2,040	5.5%
OT-12	MY Atsugi Building	1,240	1,270	- 15	6.2%	0.0%	1,243	27	1,285	6.2%
OT-13	Hachioji SIA Building	730	760	1.5	5.8%	0.0%	736	24	758.5	5.8%
OO-1	Central Shin-Osaka Building	4,612	4,700	70	5.2%	-0.1%	4,620	80	4,630	5.3%
OO-2	Karasuma Plaza 21	3,700	3,590	- 230	5.5%	-0.1%	3,722	- 132	3,820	5.6%
OO-3	Stoke Building Nagoya	2,381	2,570	40	5.5%	-0.1%	2,387	183	2,530	5.6%
OO-4	MY Kumamoto Building	1,152	1,190	21	6.5%	0.0%	1,163	27	1,169	6.5%
R-1	fab Minami-Osawa	4,250	4,320	70	5.6%	-0.1%	4,254	66	4,250	5.7%
R-2	Niigata Higashibori-dori Parking Building	432	434	- 0.1	7.0%	0.0%	436	- 2	434.1	7.0%
R-3	NEXT21	379	400	- 20	7.5%	0.5%	404	- 4	420	7.0%
Total		74,726	76,078	-173	-	-	75,050	1,028	76,250.6	-

## Lease Business Revenue and Expenditure by Property (1)

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-Shingawa JN Building	Minami-Shingawa N Building
①Total lease business revenues (thousands of yen)	756,001	173,095	109,392	80,805	102,928	41,783	91,206	48,040	109,704	81,546
Lease business revenue	622,068	165,654	104,144	70,841	90,504	39,139	83,175	42,030	104,310	76,514
Other lease business revenue	133,933	7,441	5,248	9,964	12,423	2,643	8,031	6,009	5,394	5,032
②Total property-related expenses (thousands of yen)	270,351	22,287	28,804	14,629	18,310	22,465	14,681	16,551	55,199	31,212
Property management fees	68,394	12,251	13,650	5,590	8,282	14,163	6,204	8,357	15,018	5,223
Utilities	176,934	9,449	9,791	8,265	8,316	4,993	7,524	6,353	20,893	7,220
Taxes and public dues	13	6	4	8	8	5	1	4	1	1
Insurance premiums	1,339	197	198	104	130	119	104	98	225	192
Repairs	23,277	382	4,766	266	1,179	2,791	454	1,344	6,568	8,649
Other	392	—	392	392	392	392	392	392	12,491	9,925
③NOI (= ① − ②) (thousands of yen)	485,650	150,808	80,588	66,176	84,617	19,317	76,524	31,489	54,505	50,333
④Depreciation (thousands of yen)	91,999	58,207	14,694	12,104	8,391	10,413	7,954	6,802	11,208	10,841
⑤Lease business profit (=③ − ④) (thousands of yen)	393,650	92,600	65,894	54,071	76,225	8,904	68,570	24,686	43,296	39,492
⑥Capital expenditures (thousands of yen)	24,975	—	2,667	5,875	990	3,574	—	436	—	—
⑦NCF (thousands of yen)	368,674	92,600	63,226	48,196	75,235	5,329	68,570	24,250	43,296	39,492

## Lease Business Revenue and Expenditure by Property (2)

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-Shingawa 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 lease business revenues (thousands of yen)	72,539	58,369	40,250	150,968	124,682	63,206	48,329			160,914	2,493,726
Lease business revenue	66,852	51,470	36,615	135,178	114,531	52,865	44,634			130,871	2,176,477
Other lease business revenue	5,686	6,898	3,634	15,789	10,151	10,340	3,694			30,043	317,248
②Total property-related expenses (thousands of yen)	25,603	22,016	19,043	37,942	43,676	18,342	14,857			112,630	852,503
Property management fees	5,783	6,912	8,162	14,628	22,775	7,044	6,746			77,273	323,539
Utilities	7,118	8,751	5,898	17,926	16,792	9,350	5,540			31,895	396,024
Taxes and public dues	1	4	8	2	5	8	4			32	145
Insurance premiums	123	121	82	279	281	179	121			691	4,824
Repairs	5,436	5,834	4,498	4,713	3,429	1,367	2,052			2,266	82,635
Other	7,140	392	392	392	392	392	392			470	45,334
③NOI (= ① - ②) (thousands of yen)	46,935	36,352	21,206	113,026	81,005	44,864	33,471	99,426	16,637	48,283	1,641,222
④Depreciation (thousands of yen)	9,206	9,929	4,165	27,142	10,527	14,182	9,479	25,601	3,346	2,638	348,837
⑤Lease business profit (=③ - ④) (thousands of yen)	37,729	26,423	17,041	85,884	70,478	30,681	23,991	73,824	13,291	45,645	1,292,384
⑥Capital expenditures (thousands of yen)	—	1,319	404	180	—	214	9,170	590	—	—	50,399
⑦NCF (thousands of yen)	37,729	25,103	16,637	85,703	70,478	30,467	14,821	73,234	13,291	45,645	1,241,985

(Note) 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.



## Environmental Initiatives

### ■ 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.

SIA REIT will continue to endeavor to reduce environmental burdens such as with energy-saving and resource-saving measures while aiming to increase the value of its assets with efforts to increase tenant satisfaction.



#### Reference

#### Overview of certification in CASBEE for Market Promotion

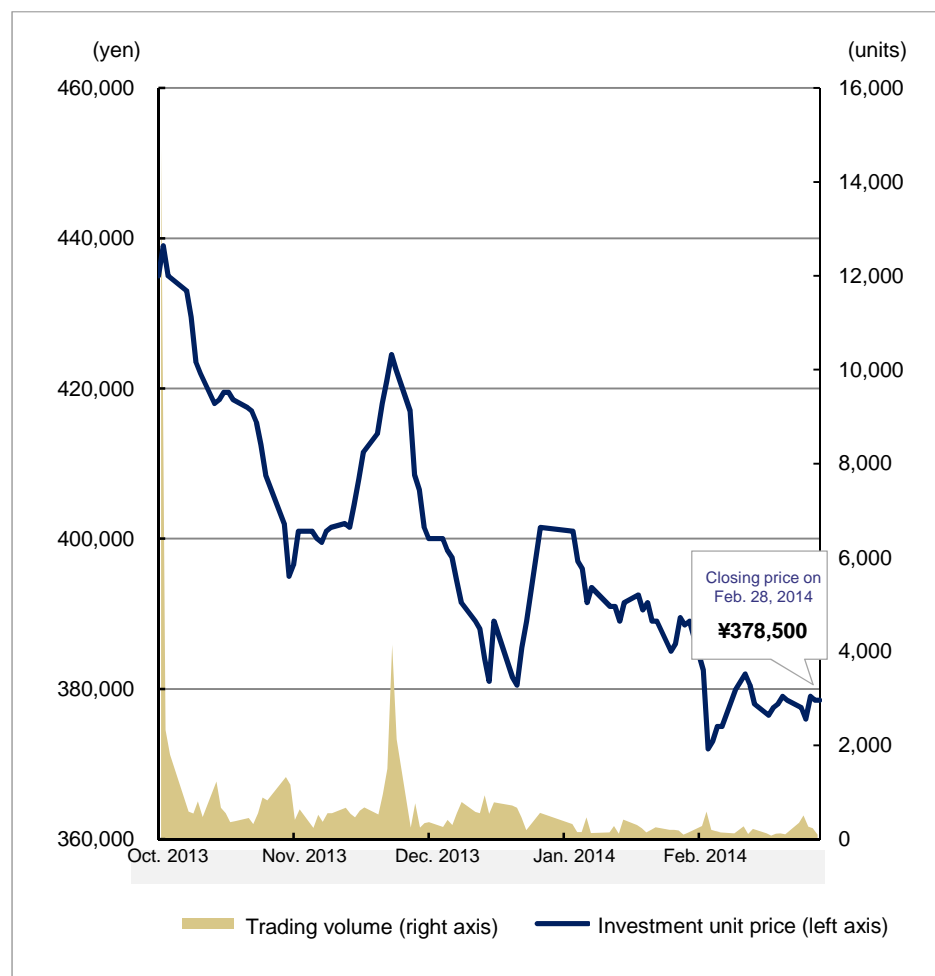
CASBEE is a rating system which comprehensively evaluates environmental performance of buildings with reduced environmental burden through energy-saving, resource-saving and recycling functions and increased environmental quality and environmental functions such as in-door comfort and consideration of 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.

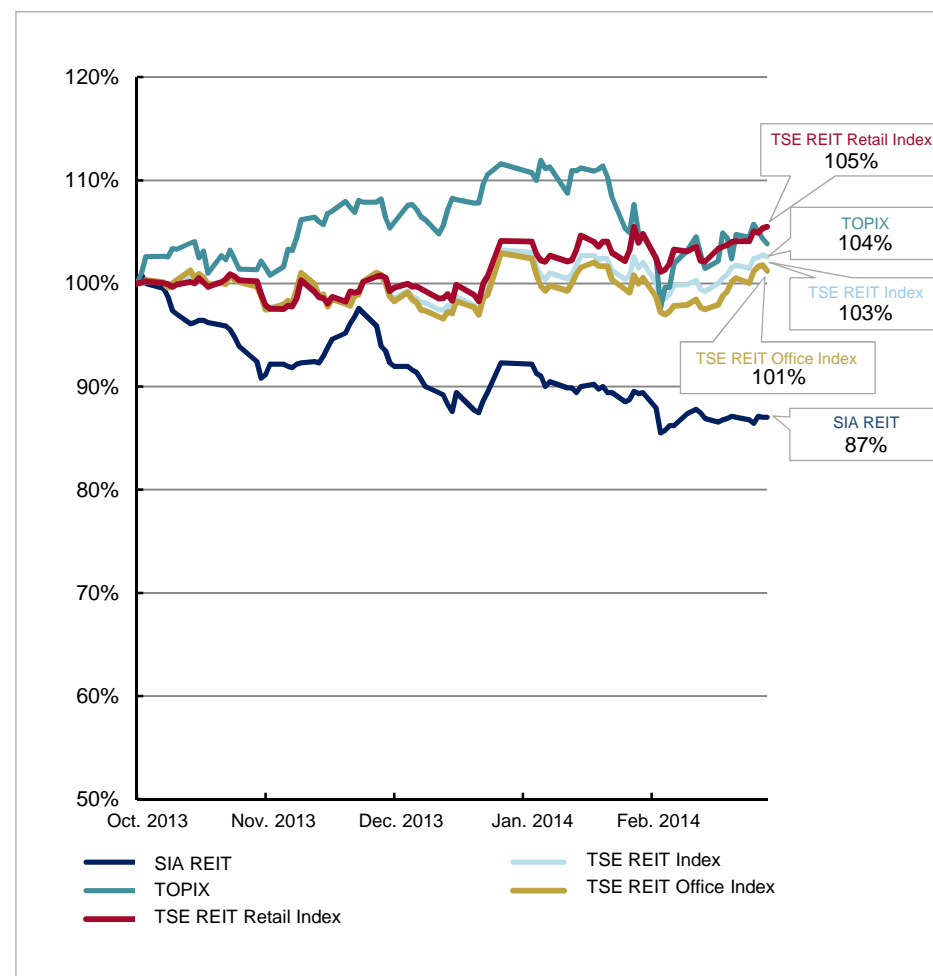
In addition, in order to secure appropriate management and proliferation of CASBEE as well as reliability and transparency of evaluation results, ratings in CASBEE for Market Promotion are conducted by third-party institutions certified by IBEC. Properties assessed to be appropriate for functional evaluation 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.

# Historical Investment Unit Price

## Historical Investment Unit Price and Trading Volume



## Relative Performance



Calculated with the closing price of October 9, 2013 as 100%

## Unitholder Status as of the End of the First Fiscal Period (End of February 2014)

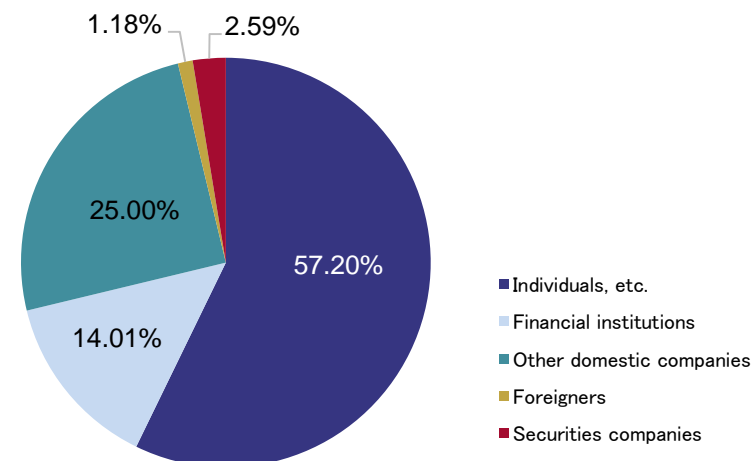
### ■ Number of Unitholders and Investment Units by Unitholder Type

	End of the first fiscal period (as of Feb. 28, 2014)			
	Number of unitholders	Percentage	Number of investment units	Percentage
Individuals, etc.	8,401	95.71%	42,958	57.20%
Financial institutions	12	0.13%	10,527	14.01%
Other domestic companies	303	3.45%	18,780	25.00%
Foreigners	37	0.42%	888	1.18%
Securities companies	24	0.27%	1,947	2.59%
<b>Total</b>	<b>8,777</b>	<b>100.00%</b>	<b>75,100</b>	<b>100.00%</b>

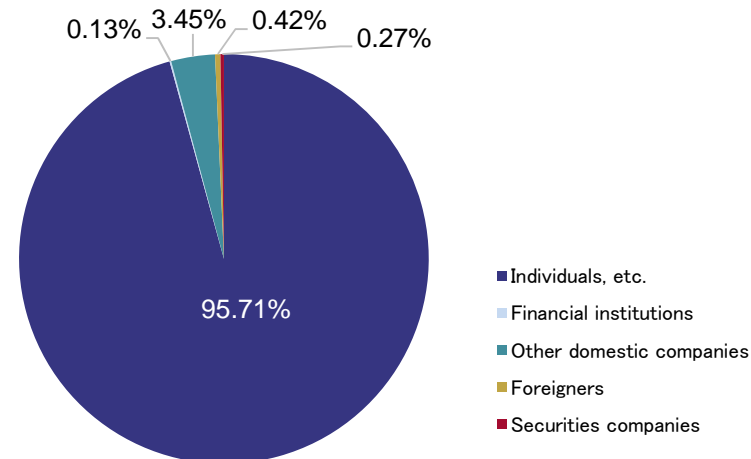
### ■ Main Unitholders

Main unitholders	Number of investment units	Percentage
Simplex Investment Advisors Inc.	11,265	15.00%
Japan Trustee Services Bank, Ltd. (Trust Acct.)	4,674	6.22%
The Nomura Trust and Banking Co., Ltd. (Trust Acct.)	2,209	2.94%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Acct.)	1,640	2.18%
SBI SECURITIES Co., Ltd.	817	1.08%
Individual	768	1.02%
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	762	1.01%
Trust and Custody Services Bank, Ltd. (money trust tax account.)	601	0.80%
Individual	440	0.58%
CELUX LOVER WEDDING CO., LTD.	440	0.58%
<b>Total</b>	<b>23,616</b>	<b>31.44%</b>

### ■ Number of Investment Units



### ■ Number of Unitholders

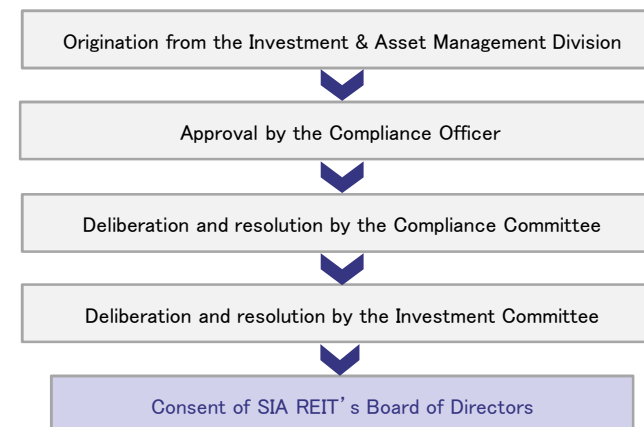


# Governance System and Management Fee Scheme

## 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 Cash Distribution 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.

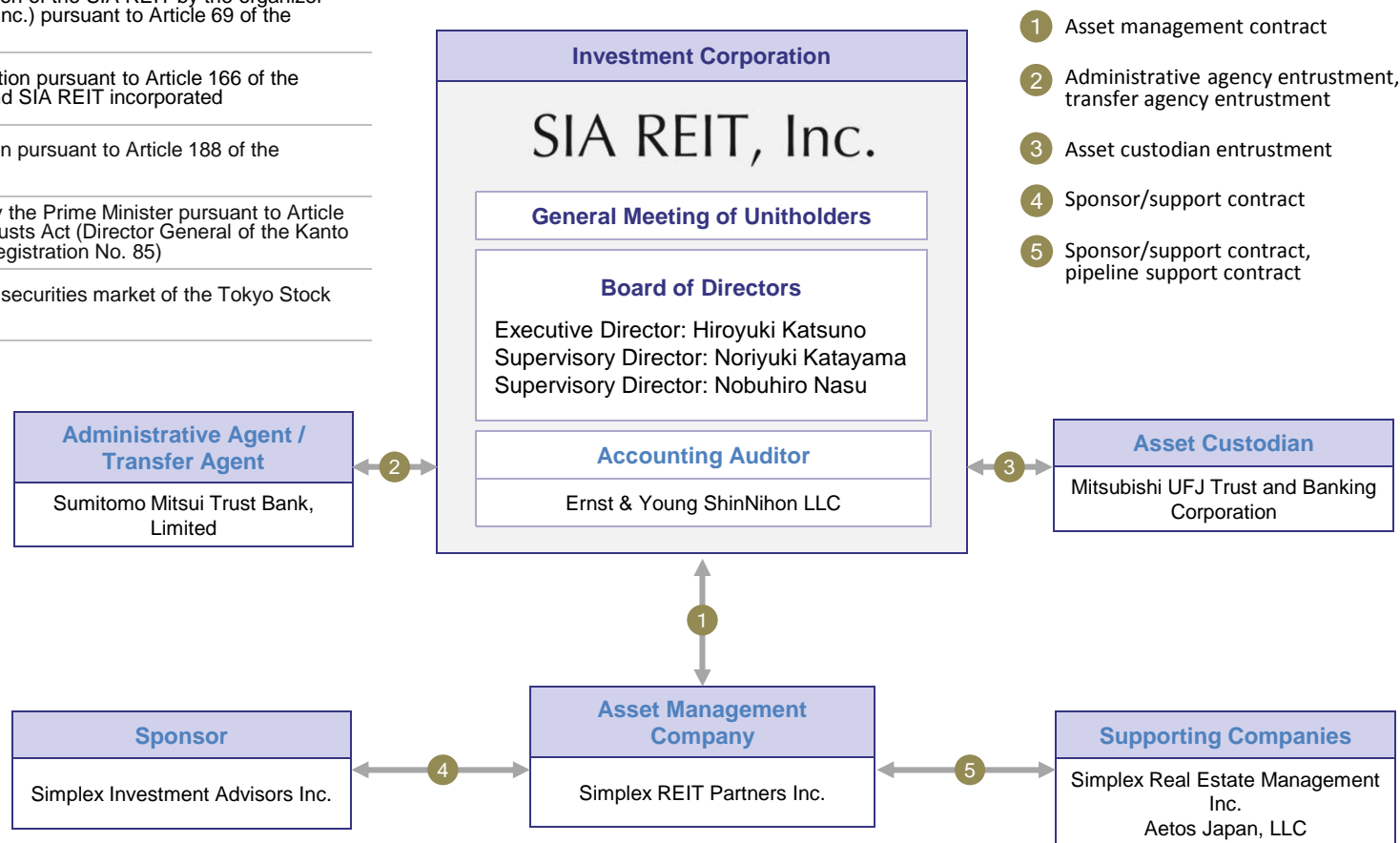
(Note 2) "DPU growth rate of management fee 3 before deductions" is the number obtained from the following formula (however, if figures are negative, it is deemed as 0): The fiscal period's DPU growth rate of management fee 3 before deductions ÷ The previous fiscal period's DPU growth rate of management 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





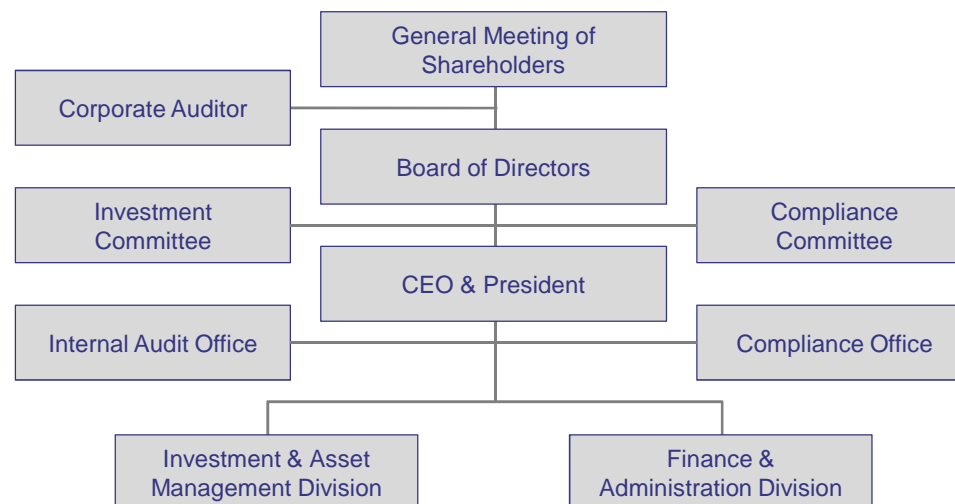
## Overview of the Asset Management Company



<b>Name</b>	<b>Simplex REIT Partners Inc.</b>
<b>Established</b>	July 1, 2005
<b>Capital</b>	¥50 million
<b>Representative</b>	Hiroyuki Katsuno, President and Representative Director
<b>Address of head office</b>	Shin-Kasumigaseki Building 19th Floor, 3-3-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-6019, Japan
<b>No. of directors/employees</b>	23 (as of March 1, 2014) *
<b>Shareholder</b>	Simplex Investment Advisors Inc. (100%)
<b>Membership</b>	The Investment Trusts Association, Japan
<b>Licenses, etc.</b>	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

\* Includes full-time auditors and 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



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