

## Summary of Financial Results for the Fiscal Period Ended February 2017 (REIT)

April 14, 2017

REIT Issuer: SIA REIT, Inc. Stock Exchange Listing: Tokyo Stock Exchange  
 Securities Code: 3290 URL: <http://www.sia-reit.com/en/>  
 Representative: (Title) Executive Director (Name) Hiroyuki Katsuno  
 Asset Management Company: Simplex REIT Partners Inc.  
 Representative: (Title) President and Representative Director (Name) Hiroyuki Katsuno  
 Contact: (Title) Head of Finance & Administration (Name) Takeshi Akimoto  
 TEL +81-3-3242-7155

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 Preparation of supplementary financial results briefing materials: Yes  
 Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

## 1. Status of Management and Assets for the Fiscal Period Ended February 2017 (September 1, 2016 to February 28, 2017)

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

Fiscal period	Operating revenue		Operating profit		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Feb. 2017	3,349	12.9	1,431	21.6	1,101	26.8	1,100	26.9
Ended Aug. 2016	2,967	(1.7)	1,177	(3.1)	868	(4.2)	867	(4.2)

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of recurring profit to total assets	Ratio of recurring profit to operating revenue
	yen	%	%	%
Ended Feb. 2017	5,852	2.9	1.3	32.9
Ended Aug. 2016	5,774	2.6	1.1	29.3

(Note) Since a 2-for-1 split of investment units was implemented with February 28, 2017 as the record date and March 1, 2017 as the effective date, net income per unit for fiscal periods ended August 2016 and February 2017 are calculated based on the average number of investment units during the relevant fiscal period, assuming the split was implemented at the beginning of the fiscal period ended August 2016.

(2) Distributions status

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)	Total distributions (excluding distribution in excess of earnings)	Distribution per unit in excess of earnings	Total distributions in excess of earnings	Distribution payout ratio	Ratio of distributions to net assets
	yen	million yen	yen	million yen	%	%
Ended Feb. 2017	11,626	1,100	0	0	100.0	2.6
Ended Aug. 2016	11,549	867	0	0	100.0	2.6

(Note 1) The main factors for the difference between distribution per unit for the fiscal period ended February 2017 stated in the above table (2) and net income per unit for the fiscal period ended February 2017 stated in the above table (1) are that the net income per unit for the fiscal period ended February 2017 is calculated assuming that the aforementioned 2-for-1 split of investment units was implemented at the beginning of the fiscal period ended August 2016, and that the calculation is based on the average number of investment units during the fiscal period.

(Note 2) The main factor for the difference between distribution per unit for the fiscal period ended August 2016 stated in the above table (2) and net income per unit for the fiscal period ended August 2016 stated in the above table (1) is that the net income per unit for the fiscal period ended August 2016 is calculated assuming that the aforementioned 2-for-1 split of investment units was implemented at the beginning of the fiscal period ended August 2016.

(Note 3) Distribution payout ratio is calculated by the following formula (rounded down to one decimal place).  
 Distribution payout ratio = Total distributions (excluding distribution in excess of earnings) ÷ Net income × 100

(3) Financial position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Feb. 2017	96,191	41,123	42.8	217,241
Ended Aug. 2016	79,723	33,505	42.0	223,074

(Note) A 2-for-1 split of investment units was implemented with February 28, 2017 as the record date and March 1, 2017 as the effective date. Net assets per unit is calculated assuming that the split of investment units was implemented at the beginning of the fiscal period ended August 2016.

## (4) Status of cash flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Ended Feb. 2017	1,138	(14,604)	14,569	6,844
Ended Aug. 2016	1,376	(701)	(1,103)	5,741

## 2. Forecast of Financial Results for the Fiscal Period Ending August 2017 (March 1, 2017 to August 31, 2017) and February 2018 (September 1, 2017 to February 28, 2018)

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

Fiscal period	Operating revenue		Operating profit		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ending Aug. 2017	3,454	3.1	1,412	(1.3)	1,102	0.2	1,101	0.1
Ending Feb. 2018	3,420	(1.0)	1,474	4.4	1,154	4.6	1,152	4.6

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)		Distribution per unit in excess of earnings	
		yen		yen
Ending Aug. 2017		5,820		0
Ending Feb. 2018		6,090		0

(Reference) Forecast net income per unit (fiscal period ending August 2017): 5,820 yen

Forecast net income per unit (fiscal period ending February 2018): 6,090 yen

## \* Other

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

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

## (2) Number of investment units issued and outstanding

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

Fiscal period ended February 2017	94,649	units
Fiscal period ended August 2016	75,100	units

## ② Number of own investment units at end of period

Fiscal period ended February 2017	—	units
Fiscal period ended August 2016	—	units

(Note) For the number of investment units used as the basis for calculating net income per unit, please refer to “Notes on Per Unit Information” on page 21.

## \* Presentation of the status of implementation of audit procedures

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

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

The management status outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by SIA REIT. Accordingly, actual management status and other results may differ materially due to a variety of factors. In addition, the forecast is not a guarantee of the amount of distributions. For the assumptions for the forecast of management status, please refer to “Assumptions for the Forecast of Management Status for the Fiscal Periods Ending August 2017 and February 2018” presented on page 6.

Since SIA REIT implemented a 2-for-1 split of investment units with February 28, 2017 as the record date and March, 1 2017 as the effective date, the management status forecasts use the number of investments units issued and outstanding after the split of investment units, 189,298 units, as the assumption.

## 1. Associated Corporations of the Investment Corporation

Disclosure is omitted because there is no significant change in the name, operational roles and overview of associated business operations of the investment corporation SIA REIT, Inc. (hereinafter referred to as “SIA REIT”) and the associated corporations of SIA REIT (including other main associated parties of SIA REIT) from those of “Structure of the Investment Corporation” in the securities report (submitted on November 29, 2016).

## 2. Management Policy and Management Status

### (1) Management Policy

Disclosure is omitted because there is no significant change from “Investment Policy,” “Investment Targets” and “Distribution Policy” in the securities report (submitted on November 29 2016).

### (2) Management Status

#### ① Overview of the Fiscal Period under Review

##### (A) Brief History of the Investment Corporation

SIA REIT has Simplex REIT Partners Inc. (hereinafter referred to as the “Asset Management Company”; Note 1), which is a member of the Mizuho Financial Group, as its asset management company, and sets Class-A and Class-B office buildings (Note 2) and urban retail facilities as its main investment targets. SIA REIT strives to grow with various supports in terms of property management, acquisitions, and financial aspects from its sponsor, Mizuho Trust & Banking Co., Ltd., one of the top players in the Japanese real estate market, and aims to maximize unitholder value.

SIA REIT was incorporated, pursuant to the Act on Investment Trusts and Investment Corporations, on June 25, 2013 with the Asset Management Company as the organizer and listed on the J-REIT section of the Tokyo Stock Exchange (securities code: 3290) on October 9, 2013. SIA REIT ended the structure of having Simplex Investment Advisors Inc. (Note 3) as the sponsor, which it maintained since the listing, on November 30, 2015. SIA REIT concluded a sponsor support agreement with Mizuho Trust & Banking Co., Ltd. on the same day, and based on the agreement, launched a structure of having Mizuho Trust & Banking Co., Ltd. as the new sponsor on December 29, 2015, and is working on establishing a base for growth. As part of such accomplishments, SIA REIT conducted its first capital increase through public offering and third-party allotment since the listing, bringing the number of investment units issued and outstanding as of the end of the fiscal period under review to 94,649 units.

(Note 1) Mizuho Financial Group, Inc., Mizuho Trust & Banking Co., Ltd. and Simplex Investment Advisors Inc. (hereafter referred to as “SIA”) fall within the scope of parent companies of the Asset Management Company. SIA is a wholly owned subsidiary of Mizuho Trust & Banking Co., Ltd., the sponsor, and holds all issued shares of the Asset Management Company and Simplex Real Estate Management Inc. (hereinafter referred to as “SRM”). Three companies, namely SIA, the Asset Management Company and SRM, together comprise the SIA Group. SRM is a management company of real estate private funds of the SIA Group.

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

(Note 3) Although the business name of the company is the same as that of Simplex Investment Advisors Inc., which is the parent company of the Asset Management Company as of the date of this document, it is a separate entity from the parent company of the Asset Management Company as of the date of this document.

##### (B) Investment Environment and Management Performance

During the fiscal period under review (fiscal period ended February 2017 (7th fiscal period) (September 1, 2016 to February 28, 2017)), although there were concerns over the impact of a stronger yen and such, the Japanese economy remained on a moderate recovery path supported by reinforcement of monetary easing policy with the introduction of “Quantitative and Qualitative Monetary Easing with Yield Curve Control” by Bank of Japan, progress in weakening of the yen and high stock prices following the U.S. presidential election as well as other factors, while the employment and income environment continued to improve.

The office building leasing market has continued to show a downward trend in vacancy rate and an upward trend in rent due to persistent strong needs for office expansion against the backdrop of active corporate activities.

SIA REIT acquired three properties (Glass City Motoyoyogi, Okachimachi CY Building and Nagoya Fushimi Square Building) (total acquisition price: 15,012 million yen) (hereinafter, Glass City Motoyoyogi, Okachimachi CY Building and Nagoya Fushimi Square Building are collectively referred to as the “Three Newly Acquired

Properties”) on September 7, 2016. SIA REIT was obtained preferential negotiation rights pertaining to acquisition of Yamagami Building on September 9, 2016, of Tokyo Parkside Building on November 15, 2016, and of Higobashi Center Building on December 22, 2016.

Furthermore, SIA REIT worked on negotiations for upward rent revisions in line with the market trends, while working to increase efficiency of property management, especially of the Three Newly Acquired Properties, by taking into account tenant needs and characteristics of the respective properties. As such, SIA REIT endeavored to maintain and improve the occupancy rate of the portfolio and enhance leasing business revenues.

As a result, SIA REIT’s assets at the end of the fiscal period ended February 2017 was a portfolio of assets totaling 22 properties (acquisition price total: 89,359 million yen, not including silent partnership equity interest), total leasable area of 148,840.57 m<sup>2</sup> and the occupancy rate at the end of the fiscal period ended February 2017 was 98.3%.

#### (C) Overview of Financing

During the period under review, SIA REIT procured 7,139 million yen (total issue value) through public offering with September 6, 2016 as the payment date and 8,155 million yen from syndicated loans arranged by Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd. on September 7, 2016 to fund the acquisition of the Three Newly Acquired Properties (total acquisition price: 15,012 million yen) as well as ancillary costs. In addition, SIA REIT procured 245 million yen (total issue value) by capital increase through third-party allotment conducted in line with the public offering and with October 5, 2016 as the payment date. Furthermore, SIA REIT procured 16,298 million yen from syndicated loans arranged by Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd. on September 7, 2016 to fund prepayment of 16,297 million yen out of existing borrowings and ancillary costs.

As a result, as of February 28, 2017, the balance of outstanding borrowings was 49,384 million yen and the ratio of interest-bearing liabilities to total assets (LTV) was 51.3%.

With Mizuho Financial Group (Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd.) joining the lenders, SIA REIT worked to reduce financing costs and improve its financial base against the backdrop of the high credibility of the sponsor, and successfully released all security interests attached to existing borrowings on September 7, 2016.

SIA REIT obtained the following issuer credit rating on January 12, 2017.

Rating Agency	Rating Object	Rating	Outlook
Japan Credit Rating Agency, Ltd. (JCR)	Long-Term Issuer Rating	Single A	Stable

#### (D) Overview of Business Performance and Distributions

As a result of the management described above, business performance in the fiscal period ended February 28, 2017 was operating revenue of 3,349 million yen, operating profit of 1,431 million yen, recurring profit of 1,101 million yen and net income of 1,100 million yen.

Concerning distributions, in view of distributing almost the entire amount of unappropriated retained earnings to be eligible for application of the special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation), SIA REIT declared distribution per investment unit of 11,626 yen.

### ② Outlook for the Next Fiscal Period

#### (A) Future Investment Environment

The Japanese economy ahead is likely to require careful attention to the rising uncertainties in overseas economies such as the U.S.’s normalization of monetary policy and the new President’s policy maneuvers, economic changes in China and emerging nations as well as elections in European nations, while assessing the effects of various policies.

In the office building leasing market, although solid office demand is expected to continue, increase of new supply, rising cost-awareness among companies and such should be carefully watched. In the office building transaction market, although transaction prices are expected to remain at a high level partially due to the continuation of Bank of Japan’s monetary easing policy, careful selection of transaction targets will be needed as transaction yields have lowered further.

#### (B) Future Management Policy and Challenges to Address

SIA REIT strives to grow while gaining various supports in terms of property management, acquisitions, and financial aspects from our sponsor, Mizuho Trust & Banking Co., Ltd., one of the top players in the Japanese real estate market, and aims to maximize unitholder value. With the aim of achieving stable growth over the medium to long term, SIA REIT will seek to expand asset size by acquiring competitive assets (external growth) and maintain and increase the asset value of assets under management by operating and managing them to maximize their competitiveness (internal growth).

In order to achieve the growth strategy in both aspects of external growth and internal growth as described above, it is the policy of SIA REIT to take full advantage of support from Mizuho Trust & Banking Co., Ltd., the sponsor, in addition to utilizing investment expertise and business as well as other resources of the Asset Management Company and the rest of the SIA Group.

#### (a) External Growth

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

With the Tokyo metropolitan area (Note 1), which offers the prospect of stable rental demand over the medium to long term and is a relatively large market size, as the primary investment target region (Note 2) and also making carefully selected investments in ordinance-designated cities or their equivalent, which offer the prospect of higher returns than the Tokyo metropolitan area, SIA REIT will seek to build a portfolio that focuses on stable income yet also considers for enhancement of revenue through regional diversification.

(Note 1) “Tokyo metropolitan area” refers to Tokyo, Kanagawa, Saitama and Chiba prefectures.

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

#### (b) Internal Growth

SIA REIT will seek to maintain and increase occupancy rates and increase lease business revenue by taking the following initiatives.

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

#### ③ Subsequent Material Events

##### Split of investment units

SIA REIT implemented a 2-for-1 split of investment units (hereinafter referred to as the “Split”) with February 28, 2017 as the record date and March 1, 2017 as the effective date.

##### a. Purpose of Split

The Split was conducted to establish an environment where investors can invest with ease as well as to further expand the basis of investors and increase the liquidity of the investment units by reducing the per unit price of investment units in light of the spread of the Nippon Individual Savings Account (NISA) and other factors.

##### b. Split Method

Stating February 28, 2017 as the record date, SIA REIT implemented a 2-for-1 split of its investment units held by unitholders indicated or recorded on that date’s final unitholder registry.

##### c. Increase in Number of Investment Units through the Split

Total number of SIA REIT’s investment units issued and outstanding before the Split	94,649 units
Number of investment units increased through the Split	94,649 units
Total number of SIA REIT’s investment units issued and outstanding after the Split	189,298 units
Total number of investment units authorized after the Split	4,000,000 units

(Note) Pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act applied mutatis mutandis pursuant to Article 81-3, Paragraph 2 of the Act on Investment Trusts and Investment Corporations, Article 6, Paragraph 1 of the Articles of Incorporation of SIA REIT was amended, based not on resolution by the general meeting of unitholders, but based on resolution by the Board of Directors meeting of SIA REIT, in order to increase the total number of investment units authorized in accordance with the split ratio. With the amendment, the total number of investment units authorized was changed to from 2,000,000 units to 4,000,000 units in accordance with the split ratio (2 for 1).

For figures of per unit information under assumption by which the split of investment units was implemented at the beginning of the previous fiscal period, please refer to “Notes on Per Unit Information.”

Assumptions for the Forecast of Management Status for the Fiscal Periods Ending August 2017 and February 2018

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>➤ Fiscal period ending August 2017 (8th fiscal period) (March 1, 2017 to August 31, 2017) (184 days)</li> <li>➤ Fiscal period ending February 2018 (9th fiscal period) (September 1, 2017 to February 28, 2018) (181 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>➤ The real estate and real estate trust beneficiary rights held as of February 28, 2017 total 22 properties. It is assumed that no changes in assets under management (acquisition of new properties, disposition of portfolio properties, etc.) will take place until the end of the fiscal period ending February 2018.</li> <li>➤ Changes in assets under management may occur from acquiring new properties, disposition of portfolio properties, etc.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>➤ Operating revenue of the above “assets under management” is used as an assumption. The calculation of property-related operating revenue assumes that there will be no late or delinquent payments of rent by tenants, given the lease agreements effective as of today, tenant trends, market trends, etc.</li> <li>➤ As to operating revenue other than property-related operating revenue, it is assumed that there will be no changes to the properties held as of today and no gain on sale of real estate is expected. Dividends to be received of 0 million yen for the fiscal period ending August 2017 and of 0 million yen for the fiscal period ending February 2018 are expected from the silent partnership equity interests.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>➤ Property-related expenses, which are the main component of operating expenses, are estimated to be 1,670 million yen in the fiscal period ending August 2017 and 1,662 million yen in the fiscal period ending February 2018. Expenses other than depreciation are calculated on a historical data basis and by reflecting factors causing fluctuations in expenses. <ol style="list-style-type: none"> <li>1) Property management fees are estimated to be 337 million yen in the fiscal period ending August 2017 and 331 million yen in the fiscal period ending February 2018.</li> <li>2) Depreciation is calculated using the straight-line method, including ancillary costs, etc. Depreciation is estimated to be 507 million yen in the fiscal period ending August 2017 and 521 million yen in the fiscal period ending February 2018.</li> <li>3) Fixed asset tax, city planning tax, etc. are estimated to be 259 million yen in the fiscal period ending August 2017 and 259 million yen in the fiscal period ending February 2018.</li> <li>4) Repair expenses are recognized in the amount deemed necessary based on the repair plan formulated by the asset management company (Simplex REIT Partners Inc.) for each property. However, repair expenses may greatly differ from the forecast amount because increased or additional repair expenses may arise due to unforeseeable factors.</li> </ol> </li> <li>➤ Operating expenses other than property-related expenses (asset management fee, asset custody fee, administrative service fees, etc.) are estimated to be 372 million yen in the fiscal period ending August 2017 and 284 million yen in the fiscal period ending February 2018. Among the above, asset management fees of 264 million yen for the fiscal period ending August 2017 and 215 million yen for the fiscal period ending February 2018 are expected. (It is assumed that part of management fee rate will be lowered from the fiscal period ending February 2018 provided that the amendment to the Articles of Incorporation is approved at the general meeting of unitholders of SIA REIT scheduled to be held on May 23, 2017.)</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>➤ Interest expenses and borrowing related expenses are expected to be 316 million yen for the fiscal period ending August 2017 and 311 million yen for the fiscal period ending February 2018.</li> <li>➤ Amortization of investment unit issuance expenses is expected to be 6 million yen for each of the fiscal periods ending August 2017 and ending February 2018.</li> </ul>
Borrowings	<ul style="list-style-type: none"> <li>➤ The balance of total outstanding borrowings as of February 28, 2017 is 49,384 million yen.</li> <li>➤ In the fiscal period ending August 2017, since refund of consumption tax for the property acquisition is expected, prepayment of 255 million yen of borrowings by using the refund is expected. Contractual loan repayment of 63 million yen by using a part of cash on hand is also expected.</li> <li>➤ In the fiscal period ending February 2018, contractual loan repayment of 41 million yen by using a part of cash on hand is expected. Moreover, while 8,841 million yen of borrowings (excluding the 255 million yen of borrowings scheduled for prepayment the fiscal period ending August 2017) will become due for repayment, the same amount is expected to be refinanced.</li> </ul>

Investment units	<ul style="list-style-type: none"> <li>➤ The 189,298 units that are the investment units issued and outstanding as of today is assumed.</li> <li>➤ It is assumed that there will be no change in the number of investment units due to issuance of new investment units, etc. until the end of the fiscal period ending February 2018.</li> </ul>
Distribution per unit	<ul style="list-style-type: none"> <li>➤ Distribution per unit (excluding distribution in excess of earnings) is calculated by assuming the cash distribution policy stipulated in the Articles of Incorporation of SIA REIT.</li> <li>➤ Distribution per unit is subject to change due to a variety of factors, including fluctuations in rent revenue caused by change in assets under management, relocation of tenants, etc. or occurrence of unforeseen repairs.</li> </ul>
Distribution per unit in excess of earnings	<ul style="list-style-type: none"> <li>➤ There are no plans at this time to distribute cash in excess of earnings.</li> <li>➤ However, cash distribution in excess of earnings may be made for the purpose of reducing occurrence of corporate tax and other taxes derived from discrepancy between tax and accounting treatment.</li> </ul>
Other	<ul style="list-style-type: none"> <li>➤ It is assumed that there will be no revision of laws and regulations, tax systems, accounting standards, listing rules, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above.</li> <li>➤ It is assumed that there will be no serious unforeseen change in general economic trends, real estate market conditions, etc.</li> </ul>

## (3) Investment Risks

Disclosure is omitted because there is no significant change from "Investment Risks" in the securities report (submitted on November 29, 2016).

## 3. Financial Statements

## (1) Balance Sheet

(Unit: thousand yen)

	6th fiscal period (As of Aug. 31, 2016)	7th fiscal period (As of Feb. 28, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	2,120,619	2,488,507
Cash and deposits in trust	*1 3,620,648	4,356,071
Operating accounts receivable	83,523	69,360
Prepaid expenses	121,835	196,480
Deferred tax assets	13	13
Income taxes receivable	416	231
Consumption taxes receivable	—	249,057
Accounts receivable-other	531	6,787
<b>Total current assets</b>	<b>5,947,588</b>	<b>7,366,510</b>
Non-current assets		
Property, plant and equipment		
Buildings	3,607,811	3,607,811
Accumulated depreciation	(371,153)	(434,933)
Buildings, net	*1 3,236,657	3,172,877
Structures	9,644	9,644
Accumulated depreciation	(1,802)	(2,120)
Structures, net	*1 7,842	7,524
Machinery and equipment	62,025	62,025
Accumulated depreciation	(36,172)	(42,374)
Machinery and equipment, net	*1 25,853	19,650
Land	*1 3,770,347	3,770,347
Buildings in trust	29,645,185	33,140,701
Accumulated depreciation	(2,070,631)	(2,485,013)
Buildings in trust, net	*1 27,574,553	30,655,687
Structures in trust	41,103	41,831
Accumulated depreciation	(4,788)	(6,238)
Structures in trust, net	*1 36,314	35,592
Machinery and equipment in trust	109,409	118,848
Accumulated depreciation	(14,104)	(20,302)
Machinery and equipment in trust, net	*1 95,304	98,546
Tools, furniture and fixtures in trust	78,341	82,260
Accumulated depreciation	(14,197)	(20,706)
Tools, furniture and fixtures in trust, net	*1 64,144	61,554
Land in trust	*1 35,420,175	47,334,817
Construction in progress in trust	*1 5,154	180
<b>Total property, plant and equipment</b>	<b>70,236,348</b>	<b>85,156,780</b>
Intangible assets		
Leasehold rights in trust	*1 3,365,647	3,369,076
Other	2,708	2,342
<b>Total intangible assets</b>	<b>3,368,355</b>	<b>3,371,418</b>
Investments and other assets		
Investment securities	60,599	10,193
Lease and guarantee deposits	16,330	16,330
Long-term prepaid expenses	94,419	235,843
<b>Total investments and other assets</b>	<b>171,348</b>	<b>262,366</b>
<b>Total non-current assets</b>	<b>73,776,052</b>	<b>88,790,565</b>
Deferred assets		
Investment unit issuance expenses	—	34,410
<b>Total deferred assets</b>	<b>—</b>	<b>34,410</b>
<b>Total assets</b>	<b>79,723,640</b>	<b>96,191,486</b>



(Unit: thousand yen)

	6th fiscal period (As of Aug. 31, 2016)	7th fiscal period (As of Feb. 28, 2017)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	196,726	188,209
Short-term loans payable	*1 1,455,470	255,000
Current portion of long-term loans payable	*1 14,969,720	8,946,550
Accounts payable - other	339,323	377,911
Accrued expenses	142,227	78,303
Income taxes payable	689	684
Consumption taxes payable	42,594	21,981
Advances received	446,009	529,161
Other	2,940	676
Total current liabilities	17,595,700	10,398,480
Non-current liabilities		
Long-term loans payable	*1 24,867,940	40,183,000
Tenant lease and security deposits	275,605	275,530
Tenant lease and security deposits in trust	3,478,542	4,211,112
Total non-current liabilities	28,622,087	44,669,642
Total liabilities	46,217,788	55,068,122
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	32,638,475	40,022,953
Surplus		
Unappropriated retained earnings (undisposed loss)	867,376	1,100,410
Total surplus	867,376	1,100,410
Total unitholders' equity	33,505,851	41,123,363
Total net assets	*2 33,505,851	*2 41,123,363
Total liabilities and net assets	79,723,640	96,191,486

## (2) Statement of Income

(Unit: thousand yen)

	6th fiscal period (From: Mar. 1, 2016 To: Aug. 31, 2016)	7th fiscal period (From: Sep. 1, 2016 To: Feb. 28, 2017)
<b>Operating revenue</b>		
Lease business revenue	*1 2,577,832	*1 3,019,618
Other lease business revenue	*1 386,836	*1 328,767
Dividends received	3,008	700
<b>Total operating revenue</b>	<b>2,967,677</b>	<b>3,349,087</b>
<b>Operating expenses</b>		
Expenses related to rent business	*1 1,510,388	*1 1,630,040
Asset management fee	221,208	219,240
Asset custody fee	3,554	3,471
Administrative service fees	15,363	22,208
Directors' compensations	3,876	3,876
Other operating expenses	35,859	38,777
<b>Total operating expenses</b>	<b>1,790,250</b>	<b>1,917,614</b>
<b>Operating profit</b>	<b>1,177,427</b>	<b>1,431,473</b>
<b>Non-operating income</b>		
Interest income	28	30
Compensation income	492	5,792
<b>Total non-operating income</b>	<b>520</b>	<b>5,823</b>
<b>Non-operating expenses</b>		
Interest expenses	228,095	209,338
Borrowing related expenses	81,631	117,546
Amortization of investment unit issuance expenses	—	6,882
Other	—	2,291
<b>Total non-operating expenses</b>	<b>309,726</b>	<b>336,058</b>
<b>Recurring profit</b>	<b>868,220</b>	<b>1,101,237</b>
<b>Net income before income taxes</b>	<b>868,220</b>	<b>1,101,237</b>
<b>Income taxes – current</b>	<b>891</b>	<b>873</b>
<b>Income taxes – deferred</b>	<b>0</b>	<b>0</b>
<b>Total income taxes</b>	<b>892</b>	<b>873</b>
<b>Net income</b>	<b>867,328</b>	<b>1,100,363</b>
<b>Profit brought forward</b>	<b>48</b>	<b>46</b>
<b>Unappropriated retained earnings (undisposed loss)</b>	<b>867,376</b>	<b>1,100,410</b>

## (3) Statement of Unitholders' Equity

6th fiscal period (March 1, 2016 to August 31, 2016)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	32,638,475	905,003	905,003	33,543,478	33,543,478
Changes of items during period					
Distribution of surplus		(904,955)	(904,955)	(904,955)	(904,955)
Net income		867,328	867,328	867,328	867,328
Total changes of items during period	—	(37,626)	(37,626)	(37,626)	(37,626)
Balance at end of current period	32,638,475	867,376	867,376	33,505,851	33,505,851

7th fiscal period (September 1, 2016 to February 28, 2017)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	32,638,475	867,376	867,376	33,505,851	33,505,851
Changes of items during period					
Issuance of new investment units	7,384,478			7,384,478	7,384,478
Distribution of surplus		(867,329)	(867,329)	(867,329)	(867,329)
Net income		1,100,363	1,100,363	1,100,363	1,100,363
Total changes of items during period	7,384,478	233,033	233,033	7,617,512	7,617,512
Balance at end of current period	40,022,953	1,100,410	1,100,410	41,123,363	41,123,363

## (4) Statement of Cash Distributions

(Unit: yen)

	6th fiscal period From: Mar. 1, 2016 To: Aug. 31, 2016	7th fiscal period From: Sep. 1, 2016 To: Feb. 28, 2017
	Amount	Amount
I. Unappropriated retained earnings	867,376,760	1,100,410,509
II. Amount of distributions	867,329,900	1,100,389,274
[Amount of distributions per investment unit]	[11,549]	[11,626]
III. Retained earnings carried forward	46,860	21,235

Method of calculating the amount of distributions	<p>Pursuant to the distribution policy provided in Article 35, Paragraph 1, Item 2 of the Articles of Incorporation of SIA REIT, the amount of distributions shall be in excess of an amount equivalent to 90% of the amount of earnings available for distribution of SIA REIT provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings.</p> <p>Based on such policy, SIA REIT decided to pay out distributions of earnings of 867,329,900 yen, which is the largest integral multiple of the number of investment units issued and outstanding (75,100 units) in an amount not in excess of unappropriated retained earnings. SIA REIT will not engage in the distribution of cash in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of SIA REIT.</p>	<p>Pursuant to the distribution policy provided in Article 35, Paragraph 1, Item 2 of the Articles of Incorporation of SIA REIT, the amount of distributions shall be in excess of an amount equivalent to 90% of the amount of earnings available for distribution of SIA REIT provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings.</p> <p>Based on such policy, SIA REIT decided to pay out distributions of earnings of 1,100,389,274 yen, which is the largest integral multiple of the number of investment units issued and outstanding (94,649 units) in an amount not in excess of unappropriated retained earnings. SIA REIT will not engage in the distribution of cash in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of SIA REIT.</p>
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## (5) Statement of Cash Flows

(Unit: thousand yen)

	6th fiscal period (From: Mar. 1, 2016 To: Aug. 31, 2016)	7th fiscal period (From: Sep. 1, 2016 To: Feb. 28, 2017)
<b>Cash flows from operating activities</b>		
Net income before income taxes	868,220	1,101,237
Depreciation	450,654	499,204
Amortization of investment unit issuance expenses	—	6,882
Interest income	(28)	(30)
Interest expenses	228,095	209,338
Decrease (increase) in operating accounts receivable	(5,953)	14,162
Decrease (increase) in accounts receivable-other	(531)	(6,255)
Decrease (increase) in consumption taxes refund receivable	—	(249,057)
Decrease (increase) in prepaid expenses	29,412	(74,645)
Increase (decrease) in operating accounts payable	29,704	(8,516)
Increase (decrease) in accounts payable - other	(7,186)	214
Increase (decrease) in consumption tax payable	(12,319)	(20,612)
Increase (decrease) in advances received	(32,091)	83,152
Decrease (increase) in long-term prepaid expenses	52,653	(141,423)
Other, net	2,706	(930)
Subtotal	1,603,336	1,412,720
Interest income received	28	30
Interest expenses paid	(225,585)	(273,263)
Income taxes paid	(1,262)	(693)
Net cash provided by (used in) operating activities	1,376,516	1,138,794
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	—	(495)
Purchase of property, plant and equipment in trust	(261,462)	(15,382,188)
Purchase of intangible assets in trust	—	(3,428)
Repayments of tenant lease and security deposits	(908)	(835)
Proceeds from tenant lease and security deposits	801	760
Repayments of tenant lease and security deposits in trust	(672,636)	(205,988)
Proceeds from tenant lease and security deposits in trust	241,965	938,558
Purchase of investment securities	(10,510)	-
Proceeds from redemption of investment securities	941	49,072
Net cash provided by (used in) investing activities	(701,809)	(14,604,545)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	—	255,000
Repayment of short-term loans payable	(3,660)	(1,455,470)
Proceeds from long-term loans payable	—	24,198,000
Repayment of long-term loans payable	(196,110)	(14,906,110)
Proceeds from issuance of investment units	—	7,343,185
Payment of distribution	(903,424)	(865,542)
Net cash provided by (used in) financing activities	(1,103,194)	14,569,062
Net increase (decrease) in cash and cash equivalents	(428,487)	1,103,312
Cash and cash equivalents at beginning of period	6,169,755	5,741,267
Cash and cash equivalents at end of period	*1 5,741,267	*1 6,844,579

## (6) Notes on the Going Concern Assumption

Not applicable.

## (7) Notes on Matters Concerning Significant Accounting Policies

1. Basis and Method of Valuation of Assets	<p>Securities</p> <p>Other securities</p> <p>Non-marketable securities</p> <p>The moving average method is employed as the cost method.</p> <p>Concerning silent partnership equity interests, the method of incorporating the amount equivalent to the equity for the portion that corresponds to the net gain or loss of the silent partnership is employed.</p>								
2. Method of depreciation of non-current assets	<p>① Property, plant and equipment (including trust assets)</p> <p>The straight-line method is adopted.</p> <p>The useful life of core property, plant and equipment is as follows:</p> <table data-bbox="660 591 1066 703"> <tr> <td>Buildings</td> <td>5~59 years</td> </tr> <tr> <td>Structures</td> <td>4~20 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>5~10 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>5~15 years</td> </tr> </table> <p>② Intangible assets</p> <p>The straight-line method is adopted.</p> <p>③ Long-term prepaid expenses</p> <p>The straight-line method is adopted.</p>	Buildings	5~59 years	Structures	4~20 years	Machinery and equipment	5~10 years	Tools, furniture and fixtures	5~15 years
Buildings	5~59 years								
Structures	4~20 years								
Machinery and equipment	5~10 years								
Tools, furniture and fixtures	5~15 years								
3. Accounting for deferred assets	<p>Investment unit issuance expenses</p> <p>Amortized using the straight-line method over 3 years.</p>								
4. Standards for recognition of revenue and expenses	<p>Accounting for fixed asset tax, etc.</p> <p>Of the tax amount assessed and determined for fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held, the method adopted is that the amount corresponding to the relevant calculation period is expensed as expenses related to rent business.</p> <p>The amount equivalent to fixed asset tax, etc. in the fiscal year including the acquisition date when money was paid to the seller as reimbursement upon acquisition of real estate, etc. is included in the cost of acquisition of the relevant real estate, etc. and not recognized as expenses. The amount equivalent to fixed asset tax, etc. included in the cost of acquisition of real estate, etc. in the fiscal period ended February 2017 is 24,204 thousand yen.</p>								
5. Scope of funds in the statement of cash flows	<p>The funds (cash and cash equivalents) in the statement of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p>								
6. Other significant matters serving as the basis for preparing financial statements	<p>① Accounting for trust beneficiary rights in real estate, etc.</p> <p>Concerning trust beneficiary rights in real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and statement of income.</p> <p>The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet.</p> <ol data-bbox="644 1518 1378 1682" style="list-style-type: none"> <li>(1) Cash and deposits in trust</li> <li>(2) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust and construction in progress in trust</li> <li>(3) Leasehold rights in trust</li> <li>(4) Tenant leasehold and security deposits in trust</li> </ol> <p>② Accounting for consumption tax, etc.</p> <p>Concerning accounting for consumption tax and local consumption tax, these taxes are excluded. Non-deductible consumption tax in the acquisition of assets is included in the cost of acquisition of the respective asset.</p>								

## (8) Notes to the Financial Statements

[Notes to the Balance Sheet]

## \*1. Assets pledged as collateral and secured liabilities

The following are the assets pledged as collateral.

	(Unit: thousand yen)	
	6th fiscal period (As of Aug. 31, 2016)	7th fiscal period (As of Feb. 28, 2017)
Cash and deposits in trust	3,620,648	—
Buildings	3,236,657	—
Structures	7,842	—
Machinery and equipment	25,853	—
Land	3,770,347	—
Buildings in trust	27,574,553	—
Structures in trust	36,314	—
Machinery and equipment in trust	95,304	—
Tools, furniture and fixtures in trust	64,144	—
Land in trust	35,420,175	—
Construction in progress in trust	5,154	—
Leasehold rights in trust	3,365,647	—
Total	77,222,643	—

The following are the secured liabilities.

	(Unit: thousand yen)	
	6th fiscal period (As of Aug. 31, 2016)	7th fiscal period (As of Feb. 28, 2017)
Short-term loans payable	1,455,470	—
Current portion of long-term loans payable	14,969,720	—
Long-term loans payable	24,867,940	—
Total	41,293,130	—

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

	(Unit: thousand yen)	
	6th fiscal period (As of Aug. 31, 2016)	7th fiscal period (As of Feb. 28, 2017)
	50,000	50,000

[Notes to the Statement of Income]

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

	(Unit: thousand yen)	
	6th fiscal period ( From: Mar. 1, 2016 To: Aug. 31, 2016 )	7th fiscal period ( From: Sep. 1, 2016 To: Feb. 28, 2017 )
A. Property-related operating revenue		
Lease business revenue		
Rent revenue	1,883,553	2,288,467
Common area charges revenue	544,220	569,318
Parking revenue	115,827	136,912
Other rent revenue	34,230	24,920
Total	2,577,832	3,019,618
Other lease business revenue		
Utilities revenue	310,002	315,709
Other revenue	76,833	13,057
Total	386,836	328,767
Total property-related operating revenue	2,964,669	3,348,386
B. Property-related operating expenses		
Expenses related to rent business		
Property management fees	334,078	340,095
Utilities expenses	381,406	381,375
Taxes and public dues	220,992	221,040
Insurance premiums	4,382	5,017
Repair expenses	63,063	103,716
Trust fees	9,000	10,352
Depreciation	450,288	498,838
Other sundry expenses	47,176	69,606
Total property-related operating expenses	1,510,388	1,630,040
C. Property-related operating income (loss) [A- B]	1,454,280	1,718,345

[Notes to the Statement of Unitholders' Equity]

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

	6th fiscal period ( From: Mar. 1, 2016 To: Aug. 31, 2016 )	7th fiscal period ( From: Sep. 1, 2016 To: Feb. 28, 2017 )
Total number of investment units authorized	2,000,000 units	2,000,000 units
Total number of investment units issued and outstanding	75,100 units	94,649 units

[Notes to the Statement of Cash Flows]

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

	(Unit: thousand yen)	
	6th fiscal period ( From: Mar. 1, 2016 To: Aug. 31, 2016 )	7th fiscal period ( From: Sep. 1, 2016 To: Feb. 28, 2017 )
Cash and deposits	2,120,619	2,488,507
Cash and deposits in trust	3,620,648	4,356,071
Cash and cash equivalents	5,741,267	6,844,579



## [Notes on Financial Instruments]

## 1. Matters concerning status of financial instruments

## (1) Policy for handling financial instruments

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

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

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

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

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

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

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

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

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

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

The following are the carrying amount and fair value as of August 31, 2016, and the amount of difference between these. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

(Unit: thousand yen)			
	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	2,120,619	2,120,619	—
(2) Cash and deposits in trust	3,620,648	3,620,648	—
Assets total	5,741,267	5,741,267	—
(3) Short-term loans payable	1,455,470	1,455,470	—
(4) Current portion of long-term loans payable	14,969,720	15,034,377	64,657
(5) Long-term loans payable	24,867,940	25,182,523	314,583
Liabilities total	41,293,130	41,672,370	379,240

The following are the carrying amount and fair value as of February 28, 2017, and the amount of difference between these. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

(Unit: thousand yen)			
	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	2,488,507	2,488,507	—
(2) Cash and deposits in trust	4,356,071	4,356,071	—
Assets total	6,844,579	6,844,579	—
(3) Short-term loans payable	255,000	255,000	—
(4) Current portion of long-term loans payable	8,946,550	8,996,003	49,453
(5) Long-term loans payable	40,183,000	40,443,554	260,554
Liabilities total	49,384,550	49,694,558	310,008

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

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

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

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

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

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

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

(Unit: thousand yen)

Account	6th fiscal period (As of Aug. 31, 2016)	7th fiscal period (As of Feb. 28, 2017)
Investment securities	60,599	10,193
Tenant lease and security deposits	275,605	275,530
Tenant lease and security deposits in trust	3,478,542	4,211,112
Total	3,814,746	4,496,835

(Note 3) Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts  
6th fiscal period (As of August 31, 2016)

(Unit: thousand yen)

	Due within 1 year
Cash and deposits	2,120,619
Cash and deposits in trust	3,620,648
Total	5,741,267

## 7th fiscal period (As of February 28, 2017)

(Unit: thousand yen)

	Due within 1 year
Cash and deposits	2,488,507
Cash and deposits in trust	4,356,071
Total	6,844,579

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

## 6th fiscal period (As of August 31, 2016)

(Unit: thousand yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	1,455,470	—	—	—	—	—
Long-term loans payable	14,969,720	8,924,190	13,011,250	15,000	2,917,500	—
Total	16,425,190	8,924,190	13,011,250	15,000	2,917,500	—

## 7th fiscal period (As of February 28, 2017)

(Unit: thousand yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	255,000	—	—	—	—	—
Long-term loans payable	8,946,550	13,045,000	14,089,000	13,049,000	—	—
Total	9,201,550	13,045,000	14,089,000	13,049,000	—	—

## [Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.  
6th fiscal period (March 1, 2016 to August 31, 2016)  
Not applicable.

7th fiscal period (September 1, 2016 to February 28, 2017)  
Not applicable.

2. Associated company, etc.  
6th fiscal period (March 1, 2016 to August 31, 2016)  
Not applicable.

7th fiscal period (September 1, 2016 to February 28, 2017)  
Not applicable.

3. Fellow subsidiary, etc.  
6th fiscal period (March 1, 2016 to August 31, 2016)

Type	Name of company, etc.	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party	Description of relationship		Description of transaction (Note 1)	Amount of transaction (thousand yen) (Note 2) (Note 3)	Account item	Balance at end of period (thousand yen) (Note 2) (Note 3)
						Concurrent holding of positions, etc. by directors	Business relationship				
Company of which major unitholders (corporates) hold a majority of voting rights	Simplex REIT Partners Inc. (subsidiary of Simplex Investment Advisors Inc.)	Chuo-ku, Tokyo	50,000	Investment management business	—	Concurrent holding of positions by directors 1 person	Entrustment with asset management business operations	Payment of asset management fee	221,258	Accounts payable - other	238,905

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

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

(Note 2) The asset management fee includes the fee (50 thousand yen) for the acquisition of silent partnership equity interest which was included in the book value of specified assets.

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

7th fiscal period (September 1, 2016 to February 28, 2017)

Type	Name of company, etc.	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party	Description of relationship		Description of transaction (Note 1)	Amount of transaction (thousand yen) (Note 2) (Note 3)	Account item	Balance at end of period (thousand yen) (Note 2) (Note 3)
						Concurrent holding of positions, etc. by directors	Business relationship				
Company of which major unitholders (corporates) hold a majority of voting rights	Simplex REIT Partners Inc. (subsidiary of Simplex Investment Advisors Inc.)	Chuo-ku, Tokyo	50,000	Investment management business	—	Concurrent holding of positions by directors 1 person	Entrustment with asset management business operations	Payment of asset management fee	307,800	Accounts payable - other	236,779

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

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

(Note 2) The asset management fee includes the fee (88,560 thousand yen) for the acquisition of properties which was included in the book value of specified assets.

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

## 4. Director, major individual unitholder, etc.

## 6th fiscal period (March 1, 2016 to August 31, 2016)

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

Furthermore, Executive Director Hiroyuki Katsuno owns six units (rounded down the nearest unit) of SIA REIT’s investment units as of August 31, 2016 by utilizing a cumulative investment unit investment program.

## 7th fiscal period (September 1, 2016 to February 28, 2017)

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

Furthermore, Executive Director Hiroyuki Katsuno owns nine units (rounded down to the nearest unit) of SIA REIT’s investment units as of February 28, 2017 by utilizing a cumulative investment unit investment program.

## [Notes on Tax-Effect Accounting]

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

	(Unit: thousand yen)	
	6th fiscal period (As of Aug. 31, 2016)	7th fiscal period (As of Feb. 28, 2017)
Deferred tax assets		
Non-deductible accrued enterprise tax	13	13
Total deferred tax assets	13	13
Net deferred tax assets	13	13

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

	(Unit: %)	
	6th fiscal period (As of Aug. 31, 2016)	7th fiscal period (As of Feb. 28, 2017)
Statutory tax rate	32.31	31.74
[Adjustments]		
Deductible distributions payable	(32.28)	(31.72)
Other	0.07	0.05
Effective income tax rate after application of tax-effect accounting	0.10	0.08

## [Notes on Investment and Rental Properties]

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

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

	(Unit: thousand yen)	
	6th fiscal period ( From: Mar. 1, 2016 To: Aug. 31, 2016 )	7th fiscal period ( From: Sep. 1, 2016 To: Feb. 28, 2017 )
Carrying amount		
Balance at beginning of period	73,823,314	73,601,995
Amount of increase (decrease) during period	(221,319)	14,923,860
Balance at end of period	73,601,995	88,525,856
Fair value at end of period	79,190,000	95,673,000

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

(Note 2) Of the amount of increase (decrease) in investment and rental properties during the 6th fiscal period, the amount of increase is mainly attributable to capital expenditure (227,818 thousand yen) while the amount of decrease is mainly attributable to depreciation (450,288 thousand yen).

Moreover, of the amount of increase (decrease) in investment and rental properties during the 7th fiscal period, the amount of increase is mainly attributable to the acquisition of Glass City Motoyoyogi and two other properties (15,144,121 thousand yen) and capital expenditure (280,123 thousand yen) while the amount of decrease is mainly attributable to depreciation (498,838 thousand yen).

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

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

[Notes on Segment Information, Etc.]

1. Segment Information

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

2. Related Information

6th fiscal period (March 1, 2016 to August 31, 2016)

(1) Information for each product and service

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

(2) Information for each region

① Net sales

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

② Property, plant and equipment

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

(3) Information for each major customer

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

7th fiscal period (September 1, 2016 to February 28, 2017)

(1) Information for each product and service

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

(2) Information for each region

① Net sales

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

② Property, plant and equipment

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

(3) Information for each major customer

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

[Notes on Per Unit Information]

	6th fiscal period ( From: Mar. 1, 2016 To: Aug. 31, 2016 )	7th fiscal period ( From: Sep. 1, 2016 To: Feb. 28, 2017 )
Net assets per unit	223,074 yen	217,241 yen
Net income per unit	5,774 yen	5,852 yen

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

(Note 2) A 2-for-1 split of investment units was implemented with February 28, 2017 as the record date and March 1, 2017 as the effective date. Net assets per unit and net income per unit are calculated assuming that the split of investment units was implemented at the beginning of the previous fiscal period.

(Note 3) The following is the basis for calculating net income per unit.

	6th fiscal period ( From: Mar. 1, 2016 To: Aug. 31, 2016 )	7th fiscal period ( From: Sep. 1, 2016 To: Feb. 28, 2017 )
Net income	867,328 thousand yen	1,100,363 thousand yen
Amount not attributable to common unitholders	— thousand yen	— thousand yen
Net income attributable to common investment units	867,328 thousand yen	1,100,363 thousand yen
Average number of investment units during period	150,200 units	188,010 units

[Notes on Significant Subsequent Events]

Split of investment units

SIA REIT implemented a 2-for-1 split of investment units (hereinafter referred to as the "Split") with February 28, 2017 as the record date and March 1, 2017 as the effective date.

a. Purpose of Split

The Split will be conducted to establish an environment where investors can invest with ease as well as to further expand the basis of investors and increase the liquidity of the investment units by reducing the per unit price of investment units in light of the spread of the Nippon Individual Savings Account (NISA) and other factors.

## b. Split Method

Stating February 28, 2017 as the record date, SIA REIT implemented a 2-for-1 split of its investment units held by unitholders indicated or recorded on that date's final unitholder registry.

## c. Increase in Number of Investment Units through the Split

Total number of SIA REIT's investment units issued and outstanding before the Split	94,649 units
Number of investment units increased through the Split	94,649 units
Total number of SIA REIT's investment units issued and outstanding after the Split	189,298 units
Total number of investment units authorized after the Split	4,000,000 units

(Note) Pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act applied mutatis mutandis pursuant to Article 81-3, Paragraph 2 of the Act on Investment Trusts and Investment Corporations, Article 6, Paragraph 1 of the Articles of Incorporation of SIA REIT was amended, based not on resolution by the general meeting of unitholders, but based on resolution by the Board of Directors meeting of SIA REIT, in order to increase the total number of investment units authorized in accordance with the split ratio. With the amendment, the total number of investment units authorized was changed to from 2,000,000 units to 4,000,000 units in accordance with the split ratio (2 for 1).

For figures of per unit information under assumption by which the split of investment units was implemented at the beginning of the previous fiscal period, please refer to "Notes on Per Unit Information."

## [Omission of Disclosure]

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

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

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

Date	Description	Number of investment units issued and outstanding (units)		Unitholders' capital (million yen)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
June 25, 2013	Incorporation through private placement	400	400	200	200	(Note 1)
Oct. 8, 2013	Capital increase through public offering	74,700	75,100	32,438	32,638	(Note 2)
Sept. 6, 2016	Capital increase through public offering	18,900	94,000	7,139	39,777	(Note 3)
Oct. 5, 2016	Capital increase through third-party allotment	649	94,649	245	40,022	(Note 4)

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

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

(Note 3) New investment units were issued through public offering at an issue price of 390,975 yen (paid-in amount: 377,742 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 4) New investment units were issued through third-party allotment in line with capital increase through public offering at a paid-in amount of 377,742 yen per unit.

(Note 5) SIA REIT implemented a 2-for-1 split of investment units with February 28, 2017 as the record date and March 1, 2017 as the effective date. The total number of investment units issued and outstanding after the split is 189,298 units.

## 4. Changes in Directors

Changes in Directors are disclosed upon finalization of the details.

## 5. Reference Information

## (1) Asset Composition

Type of asset	Use of asset	Region	6th fiscal period (As of Aug. 31, 2016)		7th fiscal period (As of Feb. 28, 2017)	
			Total amount held (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)	Total amount held (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Real estate	Office buildings	Tokyo metropolitan area	7,040	8.8	6,970	7.2
	Office buildings subtotal		7,040	8.8	6,970	7.2
Real estate total			7,040	8.8	6,970	7.2
Real estate in trust	Office buildings	Tokyo metropolitan area	50,317	63.1	60,456	62.8
		Ordinance-designated cities or their equivalent	11,679	14.7	16,571	17.2
	Office buildings subtotal		61,997	77.8	77,028	80.1
	Retail facilities	Tokyo metropolitan area	4,133	5.2	4,101	4.3
		Ordinance-designated cities or their equivalent	430	0.5	426	0.4
	Retail facilities subtotal		4,564	5.7	4,527	4.7
Real estate in trust total			66,561	83.5	81,555	84.8
Investment securities (Note 3)			60	0.1	10	0.0
Deposits and other assets			6,061	7.6	7,655	8.0
Total assets			79,723	100.0	96,191	100.0

(Note 1) "Total amount held" is the carrying amount (book value less depreciation in the case of real estate and real estate in trust).

(Note 2) "As a percentage of total assets" is rounded to one decimal place.

(Note 3) "Investment Securities" refers to silent partnership equity interest holding GK SIA Bridge No. 1 and GK SIA Bridge No. 2 as the respective operators in the 6th fiscal period, and silent partnership equity interest holding GK SIA Bridge No. 2 as the operator in the 7th fiscal period.

## (2) Portfolio Diversification

## Diversification by region

Region	Number of properties	Acquisition price (million yen)	Share (%)
Tokyo metropolitan area	16	72,270	80.9
Ordinance-designated cities or their equivalent	6	17,089	19.1
Total	22	89,359	100.0

## Diversification by asset type

Use	Number of properties	Acquisition price (million yen)	Share (%)
Office buildings	20	84,677	94.8
Retail facilities	2	4,682	5.2
Total	22	89,359	100.0

## (3) Period-End Value of Portfolio Real Estate

Property no.	Property name	Appraisal company	Acquisition price (million yen)	Carrying amount (million yen)	Appraisal value (million yen)	Overview of appraisal report					
						Income approach					Cost approach
						Indicated value by direct cap method (million yen)	Cap rate (%)	Indicated value by DCF method (million yen)	Discount rate (%)	Terminal cap rate (%)	Indicated value by cost approach (million yen)
OT-1	J Tower	The Tanizawa Sogo Appraisal Co., Ltd.	24,394	24,291	25,200	26,500	4.8	24,600	4.8	5.0	17,700
OT-2	SIA Kanda Square	The Tanizawa Sogo Appraisal Co., Ltd.	7,350	6,970	8,390	8,500	3.8	8,340	3.9	4.0	8,040
OT-3	Tachikawa Nishiki-cho Building	Daiwa Real Estate Appraisal Co., Ltd.	3,264	3,332	3,900	3,920	4.7	3,890	4.5	4.9	2,420
OT-4	CP10 Building	Daiwa Real Estate Appraisal Co., Ltd.	3,229	3,182	3,330	3,360	4.3	3,310	4.1	4.5	1,490
OT-5	Yokohama AP Building	Daiwa Real Estate Appraisal Co., Ltd.	3,110	3,085	3,690	3,660	4.5	3,700	4.3	4.7	2,260
OT-6	Yushima First Genesis Building	Daiwa Real Estate Appraisal Co., Ltd.	2,751	2,717	3,060	3,110	4.3	3,040	4.1	4.5	1,730
OT-7	Miyaji Building	Daiwa Real Estate Appraisal Co., Ltd.	2,880	2,865	3,180	3,170	4.6	3,190	4.4	4.8	2,020
OT-8	36 Sankyo Building	Daiwa Real Estate Appraisal Co., Ltd.	2,395	2,361	2,670	2,700	4.4	2,660	4.2	4.6	1,890
OT-9	Minami-Shinagawa JN Building	Daiwa Real Estate Appraisal Co., Ltd.	2,165	2,187	2,084	2,150	4.6	2,080	4.4	4.8	2,090
OT-10	Minami-Shinagawa N Building	Daiwa Real Estate Appraisal Co., Ltd.	2,292	2,264	2,240	2,350	4.8	2,190	4.6	5.0	2,150
OT-11	Minami-Shinagawa J Building	Daiwa Real Estate Appraisal Co., Ltd.	2,020	1,985	2,200	2,210	4.8	2,190	4.6	5.0	1,380
OT-12	MY Atsugi Building	Chuo Real Estate Appraisal Co., Ltd.	1,240	1,193	1,320	1,430	5.7	1,320	5.5	5.9	923
OT-13	Hachioji SIA Building	Chuo Real Estate Appraisal Co., Ltd.	730	709	816	850	5.3	816	5.1	5.5	709
OT-14	Glass City Motoyoyogi	Japan Real Estate Institute	7,500	7,546	7,810	7,840	4.4	7,770	4.1	4.5	7,670
OT-15	Okachimachi CY Building	Japan Real Estate Institute	2,700	2,730	2,790	2,810	4.4	2,760	4.1	4.5	2,340
OO-1	Central Shin-Osaka Building	Daiwa Real Estate Appraisal Co., Ltd.	4,612	4,438	5,080	5,060	4.6	5,090	4.4	4.8	2,410
OO-2	Karasuma Plaza 21	Daiwa Real Estate Appraisal Co., Ltd.	3,700	3,778	3,720	3,650	4.9	3,750	4.7	5.1	6,610
OO-3	Stoke Building Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,381	2,379	2,730	2,690	4.9	2,750	4.7	5.1	1,480
OO-4	MY Kumamoto Building	Chuo Real Estate Appraisal Co., Ltd.	1,152	1,136	1,290	1,320	6.1	1,290	5.9	6.3	894
OO-5	Nagoya Fushimi Square Building	Daiwa Real Estate Appraisal Co., Ltd.	4,812	4,838	4,960	5,130	4.7	4,890	4.5	4.9	4,910
R-1	fab Minami-Osawa	Japan Real Estate Institute	4,250	4,101	4,610	4,660	5.0	4,560	4.8	5.2	2,280
R-2	Niigata Higashibori-dori Parking Building	Chuo Real Estate Appraisal Co., Ltd.	432	426	603	592	6.6	603	6.3	6.9	317
Total			89,359	88,525	95,673	97,662	-	94,789	-	-	73,713

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

(Note 2) The effective date of the appraisal (date of value) is the last day of February 2017.



## (4) Overview of Portfolio Real Estate

Property no.	Property name	Asset type	Location	Construction and number of floors	Completed (YYYY/MM)	Type of ownership	Total leasable area	PML value
OT-1	J Tower	Office buildings	Fuchu-shi, Tokyo	S/RC/SRC B2/18F	1992/03	Real estate trust beneficiary rights	34,165.51	2.80%
OT-2	SIA Kanda Square	Office buildings	Chiyoda-ku, Tokyo	SRC 10F	2007/04	Real estate	5,261.58	6.06%
OT-3	Tachikawa Nishiki-cho Building	Office buildings	Tachikawa-shi, Tokyo	SRC 8F	1991/06	Real estate trust beneficiary rights	5,629.89	4.51%
OT-4	CP10 Building	Office buildings	Taito-ku, Tokyo	SRC B1/7F	1989/03	Real estate trust beneficiary rights	3,506.66	3.51%
OT-5	Yokohama AP Building	Office buildings	Yokohama-shi, Kanagawa	RC B1/8F	1983/05	Real estate trust beneficiary rights	4,343.22	10.17%
OT-6	Yushima First Genesis Building	Office buildings	Bunkyo-ku, Tokyo	SRC B1/7F	1991/08	Real estate trust beneficiary rights	2,965.49	7.00%
OT-7	Miyaji Building	Office buildings	Nakano-ku, Tokyo	S/SRC B1/7F	1994/08	Real estate trust beneficiary rights	3,116.49	3.04%
OT-8	36 Sankyo Building	Office buildings	Shinjuku-ku, Tokyo	RC B2/4F	1991/10	Real estate trust beneficiary rights	3,724.17	8.85%
OT-9	Minami-Shinagawa JN Building	Office buildings	Shinagawa-ku, Tokyo	SRC B2/10F	1990/07	Real estate trust beneficiary rights	6,390.33	5.57%
OT-10	Minami-Shinagawa N Building	Office buildings	Shinagawa-ku, Tokyo	SRC B2/10F	1994/07	Real estate trust beneficiary rights	5,476.73	5.50%
OT-11	Minami-Shinagawa J Building	Office buildings	Shinagawa-ku, Tokyo	SRC B1/10F	1992/07	Real estate trust beneficiary rights	3,673.61	3.70%
OT-12	MY Atsugi Building	Office buildings	Atsugi-shi, Kanagawa	RC/SRC 8F	1988/09	Real estate trust beneficiary rights	3,849.04	7.69%
OT-13	Hachioji SIA Building	Office buildings	Hachioji-shi, Tokyo	SRC 9F	1993/09	Real estate trust beneficiary rights	2,750.70	4.53%
OT-14	Glass City Motoyoyogi	Office buildings	Shibuya-ku, Tokyo	SRC/RC B2/8F	1992/04	Real estate trust beneficiary rights	7,643.63	7.70%
OT-15	Okachimachi CY Building	Office buildings	Taito-ku, Tokyo	SRC B1/9F	1986/05	Real estate trust beneficiary rights	2,940.00	6.04%
OO-1	Central Shin-Osaka Building	Office buildings	Osaka-shi, Osaka	S B1/12F	1992/06	Real estate trust beneficiary rights	9,403.46	12.72%
OO-2	Karasuma Plaza 21	Office buildings	Kyoto-shi, Kyoto	SRC B1/8F	1986/11	Real estate trust beneficiary rights	8,890.42	5.18%
OO-3	Stoke Building Nagoya	Office buildings	Nagoya-shi, Aichi	S/SRC B1/8F	1991/04	Real estate trust beneficiary rights	5,801.80	13.58%
OO-4	MY Kumamoto Building	Office buildings	Kumamoto-shi, Kumamoto	S/RC 9F	1987/10	Real estate trust beneficiary rights	3,752.96	5.08%
OO-5	Nagoya Fushimi Square Building	Office buildings	Nagoya-shi, Aichi	SRC B2/13F	1987/11	Real estate trust beneficiary rights	8,419.75	6.20%
R-1	fab Minami-Osawa	Retail facilities	Hachioji-shi, Tokyo	S 7F	2001/12	Real estate trust beneficiary rights	8,409.23	3.03%
R-2	Niigata Higashibori-dori Parking Building	Retail facilities	Niigata-shi, Niigata	S 10F	1993/03	Real estate trust beneficiary rights	8,725.90	6.08%

## (5) Status of Revenue of Each Property

Property no.	OT-1	OT-2	OT-3	OT-4	OT-5	OT-6	OT-7	
Property name	J Tower	SIA Kanda Square	Tachikawa Nishiki-cho Building	CP10 Building	Yokohama AP Building	Yushima First Genesis Building	Miyaji Building	
Acquisition date	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	
Acquisition	Acquisition price (million yen)	24,394	7,350	3,264	3,229	3,110	2,751	2,880
	Composition ratio	27.3	8.2	3.7	3.6	3.5	3.1	3.2
	Carrying amount (million yen)	24,291	6,970	3,332	3,182	3,085	2,717	2,865
	Value at end of period (million yen)	25,200	8,390	3,900	3,330	3,690	3,060	3,180
	Composition ratio	26.3	8.8	4.1	3.5	3.9	3.2	3.3
Leasing	Total number of tenants	31	30	20	7	9	6	8
	Total leasable area (m <sup>2</sup> )	34,165.51	5,261.58	5,629.89	3,506.66	4,343.22	2,965.49	3,116.49
	Leased area (m <sup>2</sup> )	34,081.81	5,261.58	5,629.89	3,506.66	3,823.29	2,965.49	3,116.49
	Occupancy rate	99.8%	100.0%	100.0%	100.0%	88.0%	100.0%	100.0%
Operating income (loss)	Number of days under management	181	181	181	181	181	181	181
	① Property-related operating revenue (thousand yen)	797,429	202,485	147,743	105,702	105,190	89,501	114,706
	Lease business revenue	699,412	193,460	140,940	92,097	92,631	84,115	105,213
	Other lease business revenue	98,016	9,024	6,802	13,604	12,558	5,385	9,493
	② Property-related operating expenses (thousand yen)	337,455	34,589	39,665	23,665	29,369	34,292	24,277
	Property management fees	82,973	12,921	15,008	6,448	10,216	12,105	7,969
	Utilities expenses	159,537	8,842	9,503	9,044	6,774	5,501	6,640
	Taxes and public dues	65,439	8,366	10,437	6,711	9,611	7,903	7,624
	Insurance premiums	1,361	200	206	108	135	121	108
	Repair expenses	27,642	4,258	4,009	852	2,132	8,159	1,433
	Other	500	—	500	500	500	500	500
	③ Leasing NOI (thousand yen)	459,973	167,896	108,077	82,036	75,820	55,208	90,429
	④ Depreciation (thousand yen)	126,000	70,300	24,558	15,535	10,749	12,928	10,468
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	333,972	97,595	83,519	66,500	65,071	42,280	79,960
⑥ Capital expenditures (thousand yen)	47,628	—	1,516	485	4,195	24,097	12,734	
⑦ Leasing NCF [③-⑥] (thousand yen)	412,345	167,896	106,561	81,551	71,625	31,111	77,695	

Property no.	OT-8	OT-9	OT-10	OT-11	OT-12	OT-13	OT-14	
Property name	36 Sankyo Building	Minami-Shinagawa JN Building	Minami-Shinagawa N Building	Minami-Shinagawa J Building	MY Atsugi Building	Hachioji SIA Building	Glass City Motoyoyogi	
Acquisition date	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	September 7, 2016	
Acquisition	Acquisition price (million yen)	2,395	2,165	2,292	2,020	1,240	730	7,500
	Composition ratio	2.7	2.4	2.6	2.3	1.4	0.8	8.4
	Carrying amount (million yen)	2,361	2,187	2,264	1,985	1,193	709	7,546
	Value at end of period (million yen)	2,670	2,084	2,240	2,200	1,320	816	7,810
	Composition ratio	2.8	2.2	2.3	2.3	1.4	0.9	8.2
Leasing	Total number of tenants	3	20	18	10	21	13	11
	Total leasable area (m <sup>2</sup> )	3,724.17	6,390.33	5,476.73	3,673.61	3,849.04	2,750.70	7,643.63
	Leased area (m <sup>2</sup> )	3,724.17	6,390.33	5,332.20	3,673.61	3,354.80	2,489.89	7,643.63
	Occupancy rate	100.0%	100.0%	97.4%	100.0%	87.2%	90.5%	100.0%
Operating income (loss)	Number of days under management	181	181	181	181	181	181	175
	① Property-related operating revenue (thousand yen)	86,450	117,757	88,042	97,778	59,853	44,477	225,045
	Lease business revenue	76,507	111,184	81,376	90,615	55,542	40,849	207,661
	Other lease business revenue	9,942	6,572	6,665	7,162	4,310	3,628	17,384
	② Property-related operating expenses (thousand yen)	23,742	88,082	40,246	33,727	23,001	22,211	34,455
	Property management fees	5,952	16,930	7,248	5,432	8,912	9,768	16,096
	Utilities expenses	6,968	20,366	7,323	6,785	6,588	5,248	16,001
	Taxes and public dues	7,463	9,589	9,160	5,619	4,813	4,556	—
	Insurance premiums	101	233	202	129	126	87	284
	Repair expenses	2,756	2,507	3,519	6,518	2,060	2,051	1,686
	Other	500	38,454	12,790	9,241	500	500	386
	③ Leasing NOI (thousand yen)	62,708	29,675	47,795	64,050	36,852	22,266	190,590
	④ Depreciation (thousand yen)	8,357	16,540	14,276	11,999	12,564	5,237	21,454
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	54,350	13,135	33,519	52,051	24,287	17,028	169,135
⑥ Capital expenditures (thousand yen)	1,310	7,023	10,756	16,894	1,147	—	13,130	
⑦ Leasing NCF [③-⑥] (thousand yen)	61,398	22,651	37,039	47,156	35,704	22,266	177,460	

Property no.	OT-15	OO-1	OO-2	OO-3	OO-4	OO-5	R-1		
Property name	Okachimachi CY Building	Central Shin-Osaka Building	Karasuma Plaza 21	Stoke Building Nagoya	MY Kumamoto Building	Nagoya Fushumi Square Building	fab Minami-Osawa (Note)		
Acquisition date	September 7, 2016	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	September 7, 2016	October 10, 2013		
Acquisition	Acquisition price (million yen)	2,700	4,612	3,700	2,381	1,152	4,812	4,250	
	Composition ratio	3.0	5.2	4.1	2.7	1.3	5.4	4.8	
	Carrying amount (million yen)	2,730	4,438	3,778	2,379	1,136	4,838	4,101	
	Value at end of period (million yen)	2,790	5,080	3,720	2,730	1,290	4,960	4,610	
	Composition ratio	2.9	5.3	3.9	2.9	1.3	5.2	4.8	
Leasing	Total number of tenants	13	26	12	5	18	48	14	
	Total leasable area (m <sup>2</sup> )	2,940.00	9,403.46	8,890.42	5,801.80	3,752.96	8,419.75	8,409.23	
	Leased area (m <sup>2</sup> )	2,589.78	8,961.20	8,890.42	5,801.80	3,583.96	8,350.60	8,409.23	
	Occupancy rate	88.1%	95.3%	100.0%	100.0%	95.5%	99.2%	100.0%	
Operating income (loss)	Number of days under management	175	181	181	181	181	175	181	
	① Property-related operating revenue (thousand yen)	74,623	195,195	202,897	122,317	71,186	165,654	(undisclosed)	
	Lease business revenue	71,372	174,128	187,321	106,370	66,359	156,023		
	Other lease business revenue	3,250	21,067	15,575	15,947	4,826	9,631		
	② Property-related operating expenses (thousand yen)	20,307	58,102	74,704	33,359	28,226	34,468		
	Property management fees	11,348	20,306	29,203	10,469	9,242	16,601		
	Utilities expenses	5,381	18,089	18,775	10,372	6,549	13,488		
	Taxes and public dues	0	16,163	22,745	9,709	4,764	—		
	Insurance premiums	108	294	294	190	128	346		
	Repair expenses	2,986	2,748	3,185	2,117	7,042	3,549		
	Other	482	500	500	500	500	482		
	③ Leasing NOI (thousand yen)	54,316	137,093	128,192	88,958	42,960	131,185		118,887
	④ Depreciation (thousand yen)	5,022	33,301	15,600	19,108	12,554	15,559		32,538
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	49,293	103,791	112,592	69,849	30,405	115,625		86,348
⑥ Capital expenditures (thousand yen)	—	8,249	74,303	33,233	22,838	580	—		
⑦ Leasing NCF [③-⑥] (thousand yen)	54,316	128,843	53,889	55,724	20,121	130,605	118,887		

(Note) ① Property-related operating revenue and ② Property-related operating expenses of fab Minami-Osawa have not been disclosed because consent for disclosure of property-related operating revenue has not been obtained from the tenants.

Property no.	R-2	Total	
Property name	Niigata Higashibori-dori Parking Building (Note)		
Acquisition date	October 10, 2013	—	
Acquisition	Acquisition price (million yen)	432	89,359
	Composition ratio	0.5	100.0
	Carrying amount (million yen)	426	88,525
	Value at end of period (million yen)	603	95,673
	Composition ratio	0.6	100.0
Leasing	Total number of tenants	1	344
	Total leasable area (m <sup>2</sup> )	8,725.90	148,840.57
	Leased area (m <sup>2</sup> )	8,725.90	146,306.73
	Occupancy rate	100.0%	98.3%
Operating income (loss)	Number of days under management	181	—
	① Property-related operating revenue (thousand yen)		3,348,386
	Lease business revenue		3,019,618
	Other lease business revenue		328,767
	② Property-related operating expenses (thousand yen)		1,131,202
	Property management fees	(undisclosed)	340,095
	Utilities expenses		381,375
	Taxes and public dues		221,040
	Insurance premiums		5,017
	Repair expenses		103,716
	Other		79,958
	③ Leasing NOI (thousand yen)	22,209	2,217,183
	④ Depreciation (thousand yen)	4,179	498,838
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	18,029	1,718,345
⑥ Capital expenditures (thousand yen)	—	280,123	
⑦ Leasing NCF [③-⑥] (thousand yen)	22,209	1,937,060	

(Note) ① Property-related operating revenue and ② Property-related operating expenses of Niigata Higashibori-dori Parking Building have not been disclosed because consent for disclosure of property-related operating revenue has not been obtained from the tenants.

## (6) Borrowing Status

The following is the status of borrowing of funds from each financial institution as of February 28, 2017.

	Term	Drawdown date	Balance at beginning of period (thousand yen)	Balance at end of period (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks
	Lender								
Short-term borrowings	Aozora Bank, Ltd.	Oct. 13, 2015	473,885	—	0.63182	Oct. 10, 2016 (Note 2)	(Note 2)	(Note 3)	Secured Unguaranteed (Note 4)
	Sumitomo Mitsui Trust Bank, Limited		981,585	—					
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	—	127,500	0.28589	Sep. 7, 2017	Bullet repayment	(Note 5)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		—	127,500					
Subtotal			1,455,470	255,000					
Long-term borrowings	Sumitomo Mitsui Banking Corporation	Oct. 10, 2013	5,431,250	—	1.16976	Oct. 10, 2016 (Note 2)	(Note 2)		Secured Unguaranteed (Note 4)
	Shinsei Bank, Limited		4,908,500	—					
	Aozora Bank, Ltd.		1,975,000	—					
	Resona Bank, Limited		981,500	—					
	Sumitomo Mitsui Banking Corporation	Oct. 10, 2013	4,537,625	4,525,750	0.83040	Oct. 10, 2018 (Note 7)	(Note 7)	(Note 6)	Unsecured Unguaranteed
	The Mie Bank, Ltd.		981,500	979,000					
	Aozora Bank, Ltd.		952,500	950,000					
	Sumitomo Mitsui Banking Corporation	Oct. 10, 2013	5,678,125	5,663,750	1.38226	Oct. 10, 2018 (Note 7)	(Note 7)		
	Kansai Urban Banking Corporation		981,500	979,000					
	Sumitomo Mitsui Banking Corporation	Oct. 10, 2013	1,546,250	—	1.03182	Oct. 10, 2019 (Note 2)	(Note 2)		Secured Unguaranteed (Note 4)
	Sumitomo Mitsui Banking Corporation	Oct. 10, 2014	1,488,750	1,485,000	1.08473	Oct. 10, 2017 (Note 8)	(Note 8)		
	Aozora Bank, Ltd.		992,500	990,000					
	Resona Bank, Limited		1,985,000	1,980,000					
	ORIX Bank Corporation		992,500	990,000					
	Sumitomo Mitsui Banking Corporation	Oct. 10, 2014	1,985,000	1,980,000	1.35961	Oct. 13, 2020 (Note 9)	(Note 9)	(Note 3)	
	The Mie Bank, Ltd.		992,500	990,000					
	Sumitomo Mitsui Banking Corporation	Oct. 13, 2015	451,075	449,935	0.68040	Oct. 10, 2017 (Note 10)	(Note 10)		
	Aozora Bank, Ltd.		997,500	995,000					
	The Bank of Fukuoka, Ltd.		981,585	979,115					
	The Mie Bank, Ltd.		598,500	597,000					
	ORIX Bank Corporation		399,000	398,000					
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	—	1,200,000	0.58096	Sep. 7, 2019	Bullet repayment	(Note 5)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		—	1,200,000					
	Sumitomo Mitsui Banking Corporation		—	750,000					
	Shinsei Bank Limited		—	1,500,000					
	Resona Bank, Limited		—	600,000					
	The Mie Bank, Ltd.		—	525,000					
The Bank of Fukuoka, Ltd.	—		150,000						
Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	—	400,000	0.69593	Sep. 7, 2020	Bullet repayment	(Note 5)		
Mizuho Bank, Ltd.		—	400,000						
Sumitomo Mitsui Banking Corporation		—	250,000						
Shinsei Bank Limited		—	500,000						
Resona Bank, Limited		—	200,000						
The Mie Bank, Ltd.		—	175,000						
The Bank of Fukuoka, Ltd.		—	50,000						

	Term	Drawdown date	Balance at beginning of period (thousand yen)	Balance at end of period (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks	
	Lender									
Long-term borrowings	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	—	3,199,000	0.58096	Sep. 7, 2019	Bullet repayment	(Note 3)	Unsecured Unguaranteed	
	Mizuho Bank, Ltd.		—	3,150,000						
	Shinsei Bank Limited		—	1,500,000						
	Resona Bank, Limited		—	300,000						
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	—	3,199,000	0.69593	Sep. 7, 2020	Bullet repayment	(Note 3)	Unsecured Unguaranteed	
	Mizuho Bank, Ltd.		—	3,150,000						
	Shinsei Bank Limited		—	1,500,000						
	Resona Bank, Limited		—	300,000						
		Subtotal		39,837,660	49,129,550					
		Total		41,293,130	49,384,550					

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

(Note 2) The entire amount is prepaid on September 7, 2016.

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

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

(Note 5) The intended use of the funds is to allocate the funds to part of the funds for acquisition of real estate trust beneficiary rights, as well as related costs.

(Note 6) The intended use of the funds is to allocate the funds to part of the funds for acquisition of real estate and real estate trust beneficiary rights, as well as related costs.

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

(Note 8) Repayment of the principal in installments, with the first repayment on April 10, 2015 and subsequent repayments (13,750 thousand yen) on each of the 10th of every April and October thereafter, until repayment of the remaining balance of principal on October 10, 2017.

(Note 9) Repayment of the principal in installments, with the first repayment on April 10, 2015 and subsequent repayments (7,500 thousand yen) on each of the 10th of every April and October thereafter, until repayment of the remaining balance of principal on October 13, 2020.

(Note 10) Repayment of the principal in installments, with the first repayment on April 10, 2016 and subsequent repayments (8,610 thousand yen) on each of the 10th of every April and October thereafter, until repayment of the remaining balance of principal on October 10, 2017.