

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

October 14, 2016

REIT Issuer: SIA REIT, Inc. Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 3290 URL: <http://www.sia-reit.com/en/>
 Representative: (Title) Executive Director (Name) Hiroyuki Katsuno
 Asset Management Company: Simplex REIT Partners Inc.
 Representative: (Title) President and Representative Director (Name) Hiroyuki Katsuno
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Scheduled date of submission of securities report: November 29, 2016
 Scheduled date of commencement of distribution payment: November 18, 2016
 Preparation of supplementary financial results briefing materials: Yes
 Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for the Fiscal Period Ended August 2016 (March 1, 2016 to August 31, 2016)

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

Fiscal period	Operating revenue		Operating profit		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Aug. 2016	2,967	(1.7)	1,177	(3.1)	868	(4.2)	867	(4.2)
Ended Feb. 2016	3,019	(1.1)	1,214	1.3	905	1.9	904	1.9

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 Aug. 2016	11,548	2.6	1.1	29.3
Ended Feb. 2016	12,050	2.7	1.1	30.0

(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 Aug. 2016	11,549	867	0	0	100.0	2.6
Ended Feb. 2016	12,050	904	0	0	99.9	2.7

(Note) Distribution payout ratio is calculated by the following formula (rounded down to one decimal place).
 Distribution payout ratio = Total distributions ÷ Net income × 100

(3) Financial position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Aug. 2016	79,723	33,505	42.0	446,149
Ended Feb. 2016	80,439	33,543	41.7	446,650

(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 Aug. 2016	1,376	(701)	(1,103)	5,741
Ended Feb. 2016	1,423	(119)	(1,087)	6,169

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

(% 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 Feb. 2017	3,343	12.6	1,404	19.3	1,053	21.4	1,052	21.4
Ending Aug. 2017	3,427	2.5	1,357	(3.4)	1,040	(1.3)	1,039	(1.3)

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)		Distribution per unit in excess of earnings	
	yen		yen	
Ending Feb. 2017	11,120		0	
Ending Aug. 2017	10,980		0	

(Reference) Forecast net income per unit (fiscal period ending February 2017): 11,120 yen

Forecast net income per unit (fiscal period ending August 2017): 10,980 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 August 2016 75,100 units

Fiscal period ended February 2016 75,100 units

② Number of own investment units at end of period

Fiscal period ended August 2016 — units

Fiscal period ended February 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 27.

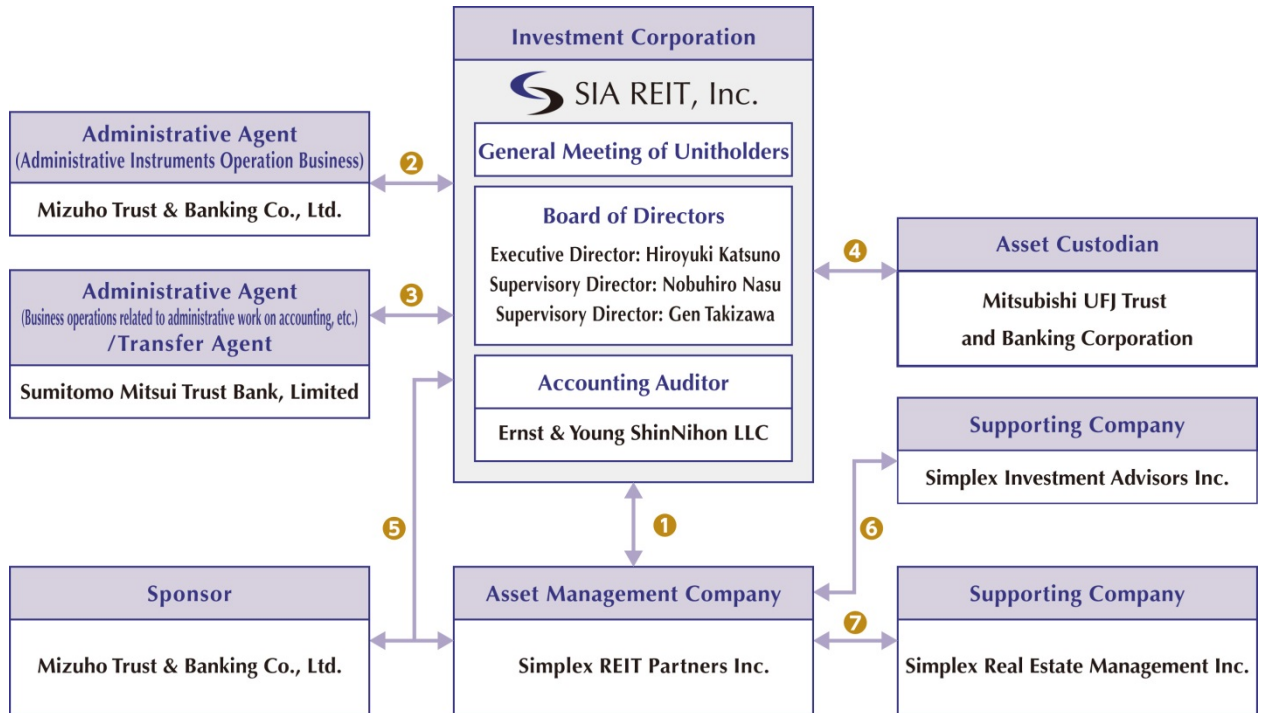
* Presentation of the status of implementation of audit procedures

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 February 2017 and August 2017” presented on page 12.

1. Associated Corporations of the Investment Corporation
 (1) Structure of SIA REIT



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

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

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

Operational role	Name	Overview of associated business operations
Investment Corporation	SIA REIT, Inc.	Based on its Articles of Incorporation, SIA REIT manages assets by investing funds, etc. paid by unitholders as investments primarily in real estate and other assets with an aim to secure stable earnings and achieve steady growth of assets under management from the medium- to long-term point of view.
Asset Management Company	Simplex REIT Partners Inc.	The Asset Management Company entered into the asset management contract with SIA REIT on June 27, 2013. Pursuant to the said agreement, the Asset Management Company, as an asset management company under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent amendments and hereinafter referred to as “the Investment Trust Act”), will provide the asset management services in accordance with the Articles of Incorporation of SIA REIT and the Investment Guidelines as an internal rule of the Asset Management Company (Article 198, Paragraph 1 of the Investment Trust Act). Pursuant to the asset management contract, the Asset Management Company provides services related to (1) management of investment assets of SIA REIT, (2) procurement of funds of SIA REIT, (3) reporting filings to, or on behalf of the SIA REIT with respect to the conditions of investment assets and other matters, (4) establishment of the management plan of investment assets, (5) collection, use, storage, etc. of individual numbers and corporate numbers based on the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure (Act No. 27 of 2013, including subsequent amendments, and hereinafter referred to as “Individual Number Act”), (6) matters entrusted by SIA REIT from time to time and (7) other matters relating or incidental to above items (1) through (6).
Administrative Agent (Business Operations related to Administrative work on Accounting, etc.)/Transfer Agent (Note)	Sumitomo Mitsui Trust Bank, Limited	Sumitomo Mitsui Trust Bank, Limited entered into the administrative agency entrustment contract with SIA REIT on June 27, 2013, and entered into the contract to revise the administrative agency entrustment contract, etc. with SIA REIT on September 29, 2016. In addition, it entered into the transfer agency entrustment contract with the Asset Management Company as a promoter of SIA REIT on June 20, 2013, and the contractual status of the Asset Management Company was succeeded to SIA REIT on June 27, 2013. Pursuant to the above administrative agency entrustment contract and the contract to revise the administrative agency entrustment contract, etc., Sumitomo Mitsui Trust Bank, Limited, as an administrative agent under the Investment Trust Act (Article 117, Items 5 and 6), provides services related to (1) accounts, (2) preparation of accounting books, (3) tax payments, and (4) other matters relating or incidental to above items (1) through (3). Pursuant to the above the transfer agency entrustment contract, Sumitomo Mitsui Trust Bank, Limited, as an administrative agent under the Investment Trust Act (Article 117, Items 2 to 4 and 6), provides services related to (1) preparation, management and keeping of the unitholders registry, (2) recording of items to be included in the unitholders registry and verifying the number of investment units transferred that must be recorded with the names of investment unit and transfer, (3) recording of the addresses, names, etc. of unitholders or changes thereof, (4) receipt of filings submitted by unitholders, etc., (5) mailing of notices for convening general meetings of unitholders, notices of decisions and other related reference documents and management of records of undelivered mail, (6) preparation, receipt and tallying of voting rights execution documents, (7) calculation and payment of monies to be distributed, (8) finalization of distributions and their payment after the payment period has passed at the banks handling the administrative affairs related to paying distributions, etc., (9) provision of access to and copies of the unitholder registry, and delivery of certification forms, (10) preparation of statistical documents regarding investment units and notification and preparation of reporting documents to government agencies and financial instruments exchange, etc., (11) temporary work related to merging or splitting of investment units, or merger of the investment corporation, (12) organizing and filing documents belonging to SIA REIT that were used to implement the contracted tasks, (13) sending and receiving information with other transfer agencies, (14) collection, use and storage, etc. of individual numbers and corporate numbers of unitholders, etc. based on the Individual Number Act, (15) responding to inquiries regarding above (1) to (14), and (16) other matters relating or incidental to above items (1) through (15).

Operational role	Name	Overview of associated business operations
Administrative Agent (Administrative Instruments Operation Business) (Note)	Mizuho Trust & Banking Co., Ltd.	Mizuho Trust & Banking Co., Ltd. entered into the administrative agency entrustment contract with SIA REIT on September 29, 2016. Pursuant to the above administrative agency entrustment contract, Mizuho Trust & Banking Co., Ltd. as an administrative agent under the Investment Trust Act (Article 117, Item 4), provides services related to (1) operations of the administrative instruments of SIA REIT (meetings of Board of Directors and general meetings of unitholders) and (2) other matters based on or incidental to (1) that are set forth in the administrative rules set forth upon separate agreement with SIA REIT.
Asset Custodian	Mitsubishi UFJ Trust and Banking Corporation	Mitsubishi UFJ Trust and Banking Corporation entered into the asset custodian entrustment contract with SIA REIT on June 27, 2013. Pursuant to the above asset custodian entrustment contract, Mitsubishi UFJ Trust and Banking Corporation, as an asset custodian under the Investment Trust Act (Article 208, Paragraph 1), provides services related to (1) custody of assets and (2) other matters relating or incidental to above (1).
Sponsor/ Specified Associated Corporation (Parent Company of the Asset Management Company)	Mizuho Trust & Banking Co., Ltd.	Mizuho Trust & Banking Co., Ltd. is the parent company of Simplex Investment Advisors Inc., which is the parent company of the Asset Management Company. It entered into the sponsor support contract with SIA REIT and the Asset Management Company on November 30, 2015. Pursuant to the above contract, the sponsor has agreed to (1) provide information on property sales which are considered to comply with the investment criteria of SIA REIT, (2) provide, etc. know-how on bridge funds, etc., (3) provide information on tenants, (4) advisory service on property acquisition and management, (5) advise on loans for SIA REIT, or the establishment of financial structures such as formation of loan syndicates, etc., (6) provide advice and be entrusted with auxiliary work concerning SIA REIT's financing related work, (7) provide information on real estate transactions and the rental market as well as on the financial market and exchange views on such information, (8) work to have its subsidiary hold and continue to hold SIA REIT's investment units (same-boat investment) and (9) cooperate in securing human resources and the dispatch of personnel.
Supporting Company/ Specified Associated Corporation (Parent Company of the Asset Management Company)	Simplex Investment Advisors Inc.	Simplex Investment Advisors Inc. is the parent company of the Asset Management Company. It is also a wholly owned subsidiary of Mizuho Trust & Banking Co., Ltd., the sponsor. It entered into the business entrustment contract concerning facility management with the Asset Management Company on February 1, 2016. Pursuant to the above contract, Simplex Investment Advisors Inc. has agreed to provide services related to (1) exercising rights to give directions to property managers concerning management of real estate, etc. by proxy, or advisory service or auxiliary work concerning directions by proxy, (2) advisory service or auxiliary work concerning discussions/assessment for repair work of real estate, etc., and advisory service concerning placement of orders for repair work, etc. or placement of orders by agent, (3) advisory service or auxiliary work for drawing up medium- to long-term repair plans concerning repair work, etc., (4) advisory service or auxiliary work concerning due diligence including survey/analysis of real estate, etc., and other matters relating or incidental to above (1) to (4).
Specified Associated Corporation (Parent Company of the Asset Management Company)	Mizuho Financial Group, Inc.	Mizuho Financial Group, Inc. is the parent company of Mizuho Trust & Banking Co., Ltd.

(Note) SIA REIT entered into the memorandum of cancellation of the transfer agency entrustment contract with Sumitomo Mitsui Trust Bank, Limited on September 29, 2016, and entered into the administrative contract (Administration of investment units) with Mizuho Trust & Banking Co., Ltd. on the same day. SIA REIT plans to change the transfer agent from Sumitomo Mitsui Trust Bank, Limited to Mizuho Trust & Banking Co., Ltd. on the day following SIA REIT's general meeting of unitholders to be held before May 31, 2017 or the starting date of distribution payment for the fiscal year ending February 2017, whichever comes later and agreed on after discussing separately.

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

Role	Name	Overview of business operations
Supporting Company	Simplex Real Estate Management Inc.	Simplex Real Estate Management Inc. entered into the sponsor support contract on August 15, 2013. Pursuant to the above contract, the supporting company has agreed to (1) preferentially provide information obtained from third parties on sales of real estate, etc. subject for acquisition, (2) preferentially provide information on sales

		<p>of real estate, etc. subject for acquisition by companies, etc. which own real estate, etc. for which the supporting company provides asset management service, when such companies intend to sell the real estate, etc., (3) provide auxiliary work, advisory service, etc. concerning management, leasing, conversion, renewal, development, etc. of real estate, etc., (4) provide cooperation in temporarily owning real estate, etc. in funds and others that are formed by the supporting company, on the premise of transfer of such to SIA REIT (warehousing service), (5) arrange property acquisitions such as due diligence and adjustment of acquisition process, and (6) provide market information on transactions and developments of real estate, etc. and information on the leasing market of real estate, etc., and exchange views/information.</p>
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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 May 30, 2016).

(2) Management Status

① Overview of the Fiscal Period under Review

(A) Brief History of the Investment Corporation

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

SIA REIT ended, on November 30, 2015, a structure of having Simplex Investment Advisors Inc. (Note 1) as a sponsor, which had continued since its listing, and launched a structure of having Mizuho Trust & Banking Co., Ltd. as a new sponsor on December 29, 2015 based on the sponsor support agreement concluded with Mizuho Trust & Banking Co., Ltd. on November 30, 2015.

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

(Note 1) 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.

(Note 2) The SIA Group is comprised of the Asset Management Company, Simplex Investment Advisors Inc. (SIA) and Simplex Real Estate Management Inc. (SRM). SIA is a wholly owned subsidiary of Mizuho Trust & Banking Co., Ltd., the sponsor, and owns all of issued shares of the Asset Management Company and SRM. SRM is a management company of real estate private funds of the SIA Group.

(Note 3) 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 m²) 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 m²) 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 m²) 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.

(B) Investment Environment and Management Performance

During the fiscal period under review (fiscal period ended August 2016 (6th fiscal period) (March 1, 2016 to August 31, 2016)), the Japanese economy continued to be on a mild economic recovery trend with steady employment and income environment and such despite stalled improvement in corporate earnings due to the economic slowdown in China and other emerging countries in Asia as well as the trend for stronger yen.

In the office building leasing market, trends of a decline in vacancy rate and an increase in rent have continued centering on prime properties in central Tokyo due to the increase in office demand backed by corporate earnings which have remained at a high level. Such trends were also seen in Class-A and Class-B office buildings in major cities nationwide.

SIA REIT was granted the preferential negotiation rights pertaining to acquisition of Daihakata Building and Nagoya Fushimi Square Building on March 28, 2016 and of Daido Life Omiya Building on May 20, 2016. For Daihakata Building, SIA REIT also acquired silent partnership equity interest backed by the property.

In addition, the occupancy rate of J Tower is expected recover steadily due to successful securement of new tenants, which is the result of strategic leasing activities as well as value-adding efforts for properties utilizing know-how on facility management which is the strength of the SIA Group.

While working to negotiate for upward rent revisions to meet the market trends, SIA REIT endeavored, on the management side, to maintain and increase the occupancy rate as well as increase lease business revenue by making efforts to conduct effective management with an understanding of the tenant needs and characteristics of each property.

As a result, SIA REIT’s assets at the end of the fiscal period ended August 2016 was a portfolio of assets totaling 19 properties (acquisition price total: 74,347 million yen, not including silent partnership equity interest), total leasable area of 129,969.90 m² and the occupancy rate at the end of the fiscal period ended August 2016 was 94.0%.

(Reference)

SIA REIT conducted the first public offering since its listing in September 2016, and acquired three new properties (acquisition price: 15,012 million yen) with the proceeds and the funds procured through borrowings. With such, SIA REIT sought stabilization of revenue base through diversification of the portfolio and tenants. Furthermore, financial base was further reinforced by the addition of Mizuho Financial Group, Inc. (Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd.) to lenders, and the release of collateral for existing borrowings, etc.

(C) Overview of Financing

During the period under review, SIA REIT made no borrowings and carried out scheduled repayment of borrowings.

As a result, as of August 31, 2016, the balance of outstanding borrowings was 41,293 million yen and the ratio of interest-bearing liabilities to total assets (LTV) was 51.8%.

(D) Overview of Business Performance and Distributions

As a result of the management described above, business performance in the fiscal period ended August 31, 2016 was operating revenue of 2,967 million yen, operating profit of 1,177 million yen, recurring profit of 868 million yen and net income of 867 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 11,549 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 impact of the U.S. monetary policy, economic trends of China and other emerging nations and the Brexit issue while assessing the effect of various policies.

In the office building leasing market, although solid office demand is expected to continue, impact of trend for stronger yen on corporate earnings should be carefully watched. In the office building transaction market, transaction yields are likely to remain at a low level due to continuation of low interest rates brought by the monetary policy, leading to an expectation of continuation of intense property acquisition competition going forward.

(B) Future Management Policy and Challenges to Address

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

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

(a) External Growth

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

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

(b) Internal Growth

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

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

③ Subsequent Material Events

Issuance of new investment units

SIA REIT resolved the issuance of new investment units at SIA REIT's Board of Directors held on August 19, 2016 and August 30, 2016 as follows. Payment concerning the issuance of new investment units through public offering was completed on September 6, 2016 and payment concerning the issuance of new investment units by way of third-party allotment was completed on October 5, 2016.

The proceeds from the issuance of new investment units through public offering were used as part of funds for acquiring assets acquired on September 7, 2016. Furthermore, the proceeds from the issuance of new investment units by way of third-party allotment will be kept as cash on hand and be deposited in financial institutions until the outlay, and are scheduled to be used for part of future acquisition funds of specified assets or part of repayment of borrowings in the future.

As a result, unitholders' capital is 40,022 million yen and the total number of investment units issued and outstanding is 94,649 units as of the date of this document.

a. Issuance of New Investment Units through Public Offering

Number of investment units to be offered	18,900 units
Issue price (Offer price)	390,975 yen per unit
Total issue amount (Offer price)	7,389,427,500 yen
Paid-in amount (Issue value)	377,742 yen per unit
Total paid-in amount (Issue value)	7,139,323,800 yen
Payment date	September 6, 2016

b. Issuance of New Investment Units by Way of Third-Party Allotment

Number of investment units to be offered	649 units
Paid-in amount (Issue value)	377,742 yen per unit
Total paid-in amount (Issue value)	245,154,558 yen
Allocated party	Mizuho Securities Co., Ltd.
Payment date	October 5, 2016

(Reference Information)

(A) Asset Acquisition

SIA REIT acquired the following real estate trust beneficiary right (3 properties, acquisition price 15,012 million yen) as of September 7, 2016

Asset name	Location	Acquisition price (million yen) (Note 1)	Seller
Glass City Motoyoyogi	Shibuya-ku, Tokyo	7,500	GK SIA Bridge No. 1
Okachimachi CY Building	Taito-ku, Tokyo	2,700	Not disclosed (Note 2)
Nagoya Fushimi Square Building	Nagoya-shi, Aichi	4,812	GK Nagoya Fushimi Project
Total		15,012	

(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 information is not disclosed because the seller's consent has not been obtained. Please note that the seller of the Asset falls under the category of neither "interested persons, etc." defined in the Act on Investment Trusts and Investment Corporations nor "an interested party" defined in the internal regulation concerning trading with an interested party of the asset management company.

(B) Borrowing of Funds and Prepayment of Existing Borrowings

a. Borrowing of Funds (1)

In order to allocate funds to acquisition of the assets described in “(A) Asset Acquisition” and their ancillary costs, SIA REIT borrowed funds on September 7, 2016 as follows.

Lender	Borrowing amount (thousand yen)	Interest rate	Repayment date	Repayment method	Collateral
Syndicate of lenders arranged by Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd.	5,925,000	0.58096% (Fixed)	September 7, 2019	Bullet repayment	Unsecured Unguaranteed
	1,975,000	0.69593% (Fixed)	September 7, 2020		
	255,000	Base interest rate (JBA one-month Japanese yen TIBOR) +0.25%	September 7, 2017		

b. Borrowing of Funds (2)

In order to allocate funds to prepayment of the existing borrowings described in “c. Prepayment of Existing Borrowings” below and their ancillary costs, SIA REIT borrowed funds on September 7, 2016 as follows.

Lender	Borrowing amount (thousand yen)	Interest rate	Repayment date	Repayment method	Collateral
Syndicate of lenders arranged by Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd.	8,149,000	0.58096% (Fixed)	September 7, 2019	Bullet repayment	Unsecured Unguaranteed
	8,149,000	0.69593% (Fixed)	September 7, 2020		

c. Prepayment of Existing Borrowings

SIA REIT made prepayment of borrowings on September 7, 2016 as follows.

Lender	Balance of borrowing before prepayment (thousand yen)	Balance of borrowing after repayment (thousand yen)	Interest rate	Drawdown date	Repayment date	Collateral
Sumitomo Mitsui Banking Corporation	13,296,250	—	1.16976% (Fixed)	October 10, 2013	October 10, 2016	Secured Unguaranteed
Shinsei Bank, Limited						
Aozora Bank, Ltd.						
Resona Bank, Limited						
Sumitomo Mitsui Banking Corporation	1,546,250	—	Base interest rate (JBA one-month Japanese yen TIBOR) +1.00%	October 10, 2013	October 10, 2019	Secured Unguaranteed
Aozora Bank, Ltd.	1,455,470	—	Base interest rate	October 13,	October 10,	Secured

Sumitomo Mitsui Trust Bank, Limited			(JBA one-month Japanese yen TIBOR)+0.60%	2015	2016	Unguaranteed
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Assumptions for the Forecast of Management Status for the Fiscal Periods Ending February 2017 and August 2017

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> ➤ Fiscal period ending February 2017 (7th fiscal period) (September 1, 2016 to February 28, 2017) (181 days) ➤ Fiscal period ending August 2017 (8th fiscal period) (March 1, 2017 to August 31, 2017) (184 days)
Assets under management	<ul style="list-style-type: none"> ➤ With acquisition of 3 properties, Glass City Motoyoyogi, Okachimachi CY Building and Nagoya Fushimi Square Building (hereinafter referred to as the “Newly Acquired Assets”), on September 7, 2016 in addition to 19 properties held as of August 31, 2016, the real estate and real estate trust beneficiary rights held as of today total 22 properties. It is assumed that no other 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 August 2017. ➤ Changes in assets under management may occur from acquiring new properties, disposition of portfolio properties, etc.
Operating revenue	<ul style="list-style-type: none"> ➤ 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. ➤ 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 February 2017 and of 0 million yen for the fiscal period ending August 2017 are expected from the silent partnership equity interests.
Operating expenses	<ul style="list-style-type: none"> ➤ Property-related expenses, which are the main component of operating expenses, are estimated to be 1,642 million yen in the fiscal period ending February 2017 and 1,709 million yen in the fiscal period ending August 2017. 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"> 1) Property management fees are estimated to be 334 million yen in the fiscal period ending February 2017 and 325 million yen in the fiscal period ending August 2017. 2) Depreciation is calculated using the straight-line method, including ancillary costs, etc. Depreciation is estimated to be 503 million yen in the fiscal period ending February 2017 513 million yen in the fiscal period ending August 2017. 3) Fixed asset tax, city planning tax, etc. are estimated to be 220 million yen in the fiscal period ending February 2017 and 259 million yen in the fiscal period ending August 2017. While in general property transactions fixed asset tax and city planning tax, etc. are adjusted at a time of acquisition by prorating the pro forma taxes with the current owner, SIA REIT counts amount equivalent to such adjustments in the acquisition costs and does not charge such amount to expenses. As a result, fixed asset tax and city planning tax, etc. related to the Newly Acquired Assets will be charged as expenses from the fiscal period ending August 2017 onwards. The total amount of fixed asset tax and city planning tax, etc. related to the Assets to be Acquired that will be counted in the acquisition costs is expected to be 24 million yen. 4) Repair expenses are recognized in the amount deemed necessary based on the repair plan formulated by the asset management company (Simplex REIT Partners Inc.) for each property. However, repair expenses may greatly differ from the forecast amount because increased or additional repair expenses may arise due to unforeseeable factors. ➤ Operating expenses other than property-related expenses (Asset management fee, Asset custody fee, Administrative service fees, etc.) are estimated to be 296 million yen in the fiscal period ending February 2017 and 360 million yen in the fiscal period ending August 2017. Among the above, asset management fees of 219 million yen for the fiscal period ending February 2017 and 265 million yen for the fiscal period ending August 2017 are expected.
Non-operating expenses	<ul style="list-style-type: none"> ➤ Interest expenses and borrowing related expenses are expected to be 343 million yen for the fiscal period ending February 2017 (including the break funding costs amounting to 6 million yen for prepayment of existing borrowings) and 322 million yen for the fiscal period ending August 2017. ➤ The expenses related to issuance of new investment units are estimated to be 52 million yen in total and amortized at 8 million yen in each fiscal period ending February 2017 and August 2017.

Borrowings	<ul style="list-style-type: none"> ➤ The balance of total outstanding borrowings as August 31, 2016 is 41,293 million yen. However, SIA REIT borrowed 16,298 million yen of loans on September 7, 2016 for the purpose of prepayment on the same date of 14,751 million yen of existing borrowings due on October 10, 2016 and 1,546 million yen of existing borrowings due on October 10, 2019. In addition, SIA REIT borrowed a total of 8,155 million yen of loans on September 7, 2016 for the purpose of procuring a part of the acquisition funds and ancillary costs of the Newly Acquired Assets, making the balance of total outstanding borrowings as of today 49,448 million yen. ➤ SIA REIT will perform scheduled payment of 63 million yen in each fiscal period ending February 2017 and August 2017 by a part of cash on hand.
Investment units	<ul style="list-style-type: none"> ➤ In addition to 75,100 units issued and outstanding as of August 31, 2016, 19,549 units have been additionally issued through the primary offering (18,900 units) and through third-party allotment (649 units), which were resolved at SIA REIT's Board of Directors held on August 19, 2016 and August 30, 2016. Thus the total number of investment units issued and outstanding as of today is 94,649. ➤ It is assumed that there will be no change in the number of investment units due to issuance of new investment units, etc. until the end of the fiscal period ending August 2017.
Distribution per unit	<ul style="list-style-type: none"> ➤ Distribution per unit (excluding distribution in excess of earnings) is calculated by assuming the cash distribution policy stipulated in the Articles of Incorporation of SIA REIT. ➤ Distribution per unit is subject to change due to a variety of factors, including fluctuations in rent revenue caused by change in assets under management, relocation of tenants, etc. or occurrence of unforeseen repairs.
Distribution per unit in excess of earnings	<ul style="list-style-type: none"> ➤ There are no plans at this time to distribute cash in excess of earnings. ➤ Distribution per unit in excess of earnings in order to avoid occurrence of corporate tax derived from discrepancy between tax and accounting treatment may be made.
Other	<ul style="list-style-type: none"> ➤ It is assumed that there will be no revision of laws and regulations, tax systems, accounting standards, listing rules, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above. ➤ It is assumed that there will be no serious unforeseen change in general economic trends, real estate market conditions, etc.

(3) Investment Risks

Disclosure is omitted because there is no significant change from "Investment Risks" in the securities report (submitted on May 30, 2016) and the securities registration statements (submitted on August 19, 2016, including the revised statements thereafter).

3. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	5th fiscal period (As of Feb. 29, 2016)	6th fiscal period (As of Aug. 31, 2016)
Assets		
Current assets		
Cash and deposits	2,104,704	2,120,619
Cash and deposits in trust	*1 4,065,051	*1 3,620,648
Operating accounts receivable	77,569	83,523
Prepaid expenses	151,248	121,835
Deferred tax assets	14	13
Income taxes receivable	48	416
Accounts receivable-other	—	531
Total current assets	6,398,636	5,947,588
Non-current assets		
Property, plant and equipment		
Buildings	3,607,316	3,607,811
Accumulated depreciation	(307,387)	(371,153)
Buildings, net	*1 3,299,928	*1 3,236,657
Structures	9,644	9,644
Accumulated depreciation	(1,484)	(1,802)
Structures, net	*1 8,160	*1 7,842
Machinery and equipment	62,025	62,025
Accumulated depreciation	(29,969)	(36,172)
Machinery and equipment, net	*1 32,055	*1 25,853
Land	*1 3,770,347	*1 3,770,347
Buildings in trust	29,451,155	29,645,185
Accumulated depreciation	(1,702,968)	(2,070,631)
Buildings in trust, net	*1 27,748,186	*1 27,574,553
Structures in trust	37,934	41,103
Accumulated depreciation	(3,463)	(4,788)
Structures in trust, net	*1 34,471	*1 36,314
Machinery and equipment in trust	92,178	109,409
Accumulated depreciation	(9,053)	(14,104)
Machinery and equipment in trust, net	*1 83,124	*1 95,304
Tools, furniture and fixtures in trust	65,447	78,341
Accumulated depreciation	(8,235)	(14,197)
Tools, furniture and fixtures in trust, net	*1 57,212	*1 64,144
Land in trust	*1 35,420,175	*1 35,420,175
Construction in progress in trust	*1 4,004	*1 5,154
Total property, plant and equipment	70,457,667	70,236,348
Intangible assets		
Leasehold rights in trust	*1 3,365,647	*1 3,365,647
Other	3,074	2,708
Total intangible assets	3,368,722	3,368,355
Investments and other assets		
Investment securities	51,029	60,599
Lease and guarantee deposits	16,330	16,330
Long-term prepaid expenses	147,072	94,419
Total investments and other assets	214,432	171,348
Total non-current assets	74,040,821	73,776,052
Total assets	80,439,457	79,723,640

(Unit: thousand yen)

	5th fiscal period (As of Feb. 29, 2016)	6th fiscal period (As of Aug. 31, 2016)
Liabilities		
Current liabilities		
Operating accounts payable	167,021	196,726
Short-term loans payable	*1 1,459,130	*1 1,455,470
Current portion of long-term loans payable	*1 13,654,720	*1 14,969,720
Accounts payable - other	377,473	339,323
Accrued expenses	139,717	142,227
Income taxes payable	692	689
Consumption taxes payable	54,913	42,594
Advances received	478,100	446,009
Other	234	2,940
Total current liabilities	16,332,003	17,595,700
Non-current liabilities		
Long-term loans payable	*1 26,379,050	*1 24,867,940
Tenant lease and security deposits	275,712	275,605
Tenant lease and security deposits in trust	3,909,213	3,478,542
Total non-current liabilities	30,563,975	28,622,087
Total liabilities	46,895,979	46,217,788
Net assets		
Unitholders' equity		
Unitholders' capital	32,638,475	32,638,475
Surplus		
Unappropriated retained earnings (undisposed loss)	905,003	867,376
Total surplus	905,003	867,376
Total unitholders' equity	33,543,478	33,505,851
Total net assets	*2 33,543,478	*2 33,505,851
Total liabilities and net assets	80,439,457	79,723,640

(2) Statement of Income

(Unit: thousand yen)

	5th fiscal period (From: Sep. 1, 2015 To: Feb.29, 2016)	6th fiscal period (From: Mar. 1, 2016 To: Aug. 31, 2016)
Operating revenue		
Lease business revenue	*1 2,672,204	*1 2,577,832
Other lease business revenue	*1 346,752	*1 386,836
Dividends received	828	3,008
Total operating revenue	3,019,785	2,967,677
Operating expenses		
Expenses related to rent business	*1 1,510,299	*1 1,510,388
Asset management fee	235,502	221,208
Asset custody fee	3,518	3,554
Administrative service fees	14,993	15,363
Directors' compensations	3,876	3,876
Other operating expenses	36,624	35,859
Total operating expenses	1,804,814	1,790,250
Operating profit	1,214,971	1,177,427
Non-operating income		
Interest income	571	28
Compensation income	—	492
Other	16	—
Total non-operating income	587	520
Non-operating expenses		
Interest expenses	231,486	228,095
Borrowing related expenses	78,199	81,631
Total non-operating expenses	309,685	309,726
Recurring profit	905,872	868,220
Net income before income taxes	905,872	868,220
Income taxes – current	900	891
Income taxes – deferred	0	0
Total income taxes	901	892
Net income	904,971	867,328
Profit brought forward	31	48
Unappropriated retained earnings (undisposed loss)	905,003	867,376

(3) Statement of Unitholders' Equity

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

(Unit: thousand yen)

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

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

(4) Statement of Cash Distributions

(Unit: yen)

	5th fiscal period From: Sep. 1, 2015 To: Feb. 29, 2016	6th fiscal period From: Mar. 1, 2016 To: Aug. 31, 2016
	Amount	Amount
I. Unappropriated retained earnings	905,003,482	867,376,760
II. Amount of distributions	904,955,000	867,329,900
[Amount of distributions per investment unit]	[12,050]	[11,549]
III. Retained earnings carried forward	48,482	46,860

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 904,955,000 yen, which is the largest integral multiple of the number of investment units issued and outstanding (75,100 units) in an amount not in excess of unappropriated retained earnings. SIA REIT will not engage in the distribution of cash in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of SIA REIT.</p>	<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>
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(5) Statement of Cash Flows

(Unit: thousand yen)

	5th fiscal period (From: Sep. 1, 2015 To: Feb.29, 2016)	6th fiscal period (From: Mar. 1, 2016 To: Aug. 31, 2016)
Cash flows from operating activities		
Income before income taxes	905,872	868,220
Depreciation	443,574	450,654
Interest income	(571)	(28)
Interest expenses	231,486	228,095
Decrease (increase) in operating accounts receivable	21,268	(5,953)
Decrease (increase) in consumption taxes refund receivable	7,944	—
Decrease (increase) in accounts receivable-other	—	(531)
Decrease (increase) in prepaid expenses	(8,587)	29,412
Increase (decrease) in operating accounts payable	(20,738)	29,704
Increase (decrease) in accounts payable - other	15,975	(7,186)
Increase (decrease) in consumption tax payable	29,629	(12,319)
Increase (decrease) in advances received	10,532	(32,091)
Decrease (increase) in long-term prepaid expenses	37,308	52,653
Other, net	(13,449)	2,706
Subtotal	1,660,245	1,603,336
Interest income received	571	28
Interest expenses paid	(236,466)	(225,585)
Income taxes paid	(1,062)	(1,262)
Net cash provided by (used in) operating activities	1,423,287	1,376,516
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,050)	—
Purchase of property, plant and equipment in trust	(154,792)	(261,462)
Purchase of intangible assets	(1,420)	—
Repayments of tenant lease and security deposits	(8,353)	(908)
Proceeds from tenant lease and security deposits	76,702	801
Repayments of tenant lease and security deposits in trust	(38,821)	(672,636)
Proceeds from tenant lease and security deposits in trust	59,027	241,965
Purchase of investment securities	(51,333)	(10,510)
Proceeds from redemption of investment securities	303	941
Net cash provided by (used in) investing activities	(119,737)	(701,809)
Cash flows from financing activities		
Increase in of short-term loans payable	1,459,130	—
Repayment of short-term loans payable	—	(3,660)
Proceeds from long-term loans payable	3,436,270	—
Repayment of long-term loans payable	(5,095,200)	(196,110)
Payment of distribution	(887,532)	(903,424)
Net cash provided by (used in) financing activities	(1,087,332)	(1,103,194)
Net increase (decrease) in cash and cash equivalents	216,217	(428,487)
Cash and cash equivalents at beginning of period	5,953,537	6,169,755
Cash and cash equivalents at end of period	*1 6,169,755	*1 5,741,267

(6) Notes on the Going Concern Assumption

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Basis and Method of Valuation of Assets	<p>Securities</p> <p>Other securities</p> <p>Non-marketable securities</p> <p>The moving average method is employed as the cost method.</p> <p>Concerning silent partnership equity interests, the method of incorporating the amount of equity equivalent to the portion that corresponds to the net gain or loss of the silent partnership is employed.</p>								
2. Method of depreciation of non-current assets	<p>① Property, plant and equipment (including trust assets)</p> <p>The straight-line method is adopted.</p> <p>The useful life of core property, plant and equipment is as follows:</p> <table border="0" data-bbox="662 591 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 (including trust assets)</p> <p>The straight-line method is adopted.</p> <p>③ Long-term prepaid expenses</p> <p>The straight-line method is adopted.</p>	Buildings	5~59 years	Structures	4~20 years	Machinery and equipment	5~10 years	Tools, furniture and fixtures	5~15 years
Buildings	5~59 years								
Structures	4~20 years								
Machinery and equipment	5~10 years								
Tools, furniture and fixtures	5~15 years								
3. Standards for recognition of revenue and expenses	<p>Accounting for fixed asset tax, etc.</p> <p>Of the tax amount assessed and determined for fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held, the method adopted is that the amount corresponding to the relevant calculation period is expensed as expenses related to rent business.</p> <p>The amount equivalent to fixed asset tax, etc. in the fiscal year including the acquisition date paid to the seller as reimbursement upon acquisition of real estate, etc. is included in the cost of acquisition of the relevant real estate, etc. and not recognized as expenses.</p>								
4. Scope of funds in the statement of cash flows	<p>The funds (cash and cash equivalents) in the statement of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p>								
5. Other significant matters serving as the basis for preparing financial statements	<p>① Accounting for trust beneficiary rights in real estate, etc.</p> <p>Concerning trust beneficiary rights in real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and statement of income.</p> <p>The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet.</p> <ol style="list-style-type: none"> (1) Cash and deposits in trust (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 (3) Leasehold rights in trust (4) Tenant leasehold and security deposits in trust <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)	
	5th fiscal period (As of Feb. 29, 2016)	6th fiscal period (As of Aug. 31, 2016)
Cash and deposits in trust	4,065,051	3,620,648
Buildings	3,299,928	3,236,657
Structures	8,160	7,842
Machinery and equipment	32,055	25,853
Land	3,770,347	3,770,347
Buildings in trust	27,748,186	27,574,553
Structures in trust	34,471	36,314
Machinery and equipment in trust	83,124	95,304
Tools, furniture and fixtures in trust	57,212	64,144
Land in trust	35,420,175	35,420,175
Construction in progress in trust	4,004	5,154
Leasehold rights in trust	3,365,647	3,365,647
Total	77,888,366	77,222,643

The following are the secured liabilities.

	(Unit: thousand yen)	
	5th fiscal period (As of Feb. 29, 2016)	6th fiscal period (As of Aug. 31, 2016)
Short-term loans payable	1,459,130	1,455,470
Current portion of long-term loans payable	13,654,720	14,969,720
Long-term loans payable	26,379,050	24,867,940
Total	41,492,900	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)	
	5th fiscal period (As of Feb. 29, 2016)	6th fiscal period (As of Aug. 31, 2016)
	50,000	50,000

[Notes to the Statement of Income]

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

	(Unit: thousand yen)	
	5th fiscal period (From: Sep. 1, 2015 To: Feb. 29, 2016)	6th fiscal period (From: Mar. 1, 2016 To: Aug. 31, 2016)
A. Property-related operating revenue		
Lease business revenue		
Rent revenue	1,961,661	1,883,553
Common area charges revenue	555,251	544,220
Parking revenue	116,742	115,827
Other rent revenue	38,549	34,230
Total	2,672,204	2,577,832
Other lease business revenue		
Utilities revenue	334,058	310,002
Other revenue	12,694	76,833
Total	346,752	386,836
Total property-related operating revenue	3,018,957	2,964,669
B. Property-related operating expenses		
Expenses related to rent business		
Property management fees	312,107	334,078
Utilities expenses	399,554	381,406
Taxes and public dues	220,114	220,992
Insurance premiums	4,295	4,382
Repair expenses	73,652	63,063
Trust fees	9,900	9,000
Depreciation	443,255	450,288
Other sundry expenses	47,418	47,176
Total property-related operating expenses	1,510,299	1,510,388
C. Property-related operating income (loss) [A– B]	1,508,657	1,454,280

[Notes to the Statement of Unitholders' Equity]

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

	5th fiscal period (From: Sep. 1, 2015 To: Feb. 29, 2016)	6th fiscal period (From: Mar. 1, 2016 To: Aug. 31, 2016)
Total number of investment units authorized	2,000,000 units	2,000,000 units
Total number of investment units issued and outstanding	75,100 units	75,100 units

[Notes to the Statement of Cash Flows]

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

	(Unit: thousand yen)	
	5th fiscal period (From: Sep. 1, 2015 To: Feb. 29, 2016)	6th fiscal period (From: Mar. 1, 2016 To: Aug. 31, 2016)
	(As of Feb. 29, 2016)	(As of Aug. 31, 2016)
Cash and deposits	2,104,704	2,120,619
Cash and deposits in trust	4,065,051	3,620,648
Cash and cash equivalents	6,169,755	5,741,267

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

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

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

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

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

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

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

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

(Unit: thousand yen)

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

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

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

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

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

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

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

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

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

(Unit: thousand yen)

Account	5th fiscal period (As of Feb. 29, 2016)	6th fiscal period (As of Aug. 31, 2016)
Investment securities	51,029	60,599
Tenant lease and security deposits	275,712	275,605
Tenant lease and security deposits in trust	3,909,213	3,478,542
Total	4,235,955	3,814,746

(Note 3) Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts
5th fiscal period (As of February 29, 2016)

(Unit: thousand yen)

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

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

(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

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

(Unit: thousand yen)

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

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	—

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.
5th fiscal period (September 1, 2015 to February 29, 2016)
Not applicable.

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

2. Associated company, etc.
5th fiscal period (September 1, 2015 to February 29, 2016)
Not applicable.

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

3. Fellow subsidiary, etc.

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

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

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

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

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

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

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)
						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.	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 (50,000 yen) for the acquisition of silent partnership equity interest which was included in the book value of specified assets.

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

4. Director, major individual unitholder, etc.

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

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

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.

[Notes on Tax-Effect Accounting]

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

	(Unit: thousand yen)	
	5th fiscal period (As of Feb. 29, 2016)	6th fiscal period (As of Aug. 31, 2016)
Deferred tax assets		
Non-deductible accrued enterprise tax	14	13
Total deferred tax assets	14	13
Net deferred tax assets	14	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: %)	
	5th fiscal period (As of Feb. 29, 2016)	6th fiscal period (As of Aug. 31, 2016)
Statutory tax rate	32.31	32.31
[Adjustments]		
Deductible distributions payable	(32.28)	(32.28)
Other	0.07	0.07
Effective income tax rate after application of tax-effect accounting	0.10	0.10

[Notes on Investment and Rental Properties]

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

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

	(Unit: thousand yen)	
	5th fiscal period (From: Sep. 1, 2015 To: Feb. 29, 2016)	6th fiscal period (From: Mar. 1, 2016 To: Aug. 31, 2016)
Carrying amount		
Balance at beginning of period	74,085,772	73,823,314
Amount of increase (decrease) during period	(262,457)	(221,319)
Balance at end of period	73,823,314	73,601,995
Fair value at end of period	77,896,000	79,190,000

(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 5th fiscal period, the amount of increase is mainly attributable to capital expenditure (176,793 thousand yen) while the amount of decrease is mainly attributable to depreciation (443,255 thousand yen).

Moreover, 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).

(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

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

(1) Information for each product and service

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

(2) Information for each region

① Net sales

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

② Property, plant and equipment

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

(3) Information for each major customer

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

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.

[Notes on Per Unit Information]

	5th fiscal period (From: Sep. 1, 2015 To: Feb. 29, 2016)	6th fiscal period (From: Mar. 1, 2016 To: Aug. 31, 2016)
Net assets per unit	446,650 yen	446,149 yen
Net income per unit	12,050 yen	11,548 yen

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

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

	5th fiscal period (From: Sep. 1, 2015 To: Feb. 29, 2016)	6th fiscal period (From: Mar. 1, 2016 To: Aug. 31, 2016)
Net income	904,971 thousand yen	867,328 thousand yen
Amount not attributable to common unitholders	— thousand yen	— thousand yen
Net income attributable to common investment units	904,971 thousand yen	867,328 thousand yen
Average number of investment units during period	75,100 units	75,100 units

[Notes on Significant Subsequent Events]

Issuance of new investment units

SIA REIT resolved the issuance of new investment units at SIA REIT's Board of Directors held on August 19, 2016 and August 30, 2016 as follows. Payment concerning the issuance of new investment units through public offering was completed on September 6, 2016 and payment concerning the issuance of new investment units by way of third-party allotment was completed on October 5, 2016.

The proceeds from the issuance of new investment units through public offering were used as part of funds for acquiring assets acquired on September 7, 2016. Furthermore, the proceeds from the issuance of new investment units by way of third-party allotment will be kept as cash on hand and be deposited in financial institutions until the outlay, and are scheduled to be used for part of future acquisition funds of specified assets or part of repayment of borrowings in the future.

As a result, unitholders' capital is 40,022 million yen and the total number of investment units issued and outstanding is 94,649 units as of the date of this document.

a. Issuance of New Investment Units through Public Offering

Number of investment units to be offered	18,900 units
Issue price (Offer price)	390,975 yen per unit
Total issue amount (Offer price)	7,389,427,500 yen
Paid-in amount (Issue value)	377,742 yen per unit
Total paid-in amount (Issue value)	7,139,323,800 yen
Payment date	September 6, 2016

b. Issuance of New Investment Units by Way of Third-Party Allotment

Number of investment units to be offered	649 units
Paid-in amount (Issue value)	377,742 yen per unit
Total paid-in amount (Issue value)	245,154,558 yen
Allocated party	Mizuho Securities Co., Ltd.
Payment date	October 5, 2016

[Omission of Disclosure]

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

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

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

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

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

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

4. Changes in Directors

(1) Directors of the Investment Corporation

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

(2) Directors of the Asset Management Company

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

- Appointed Directors (as of April 1, 2016)
 - Director (part-time) Kazuma Oe
- Retired Directors (as of March 31, 2016)
 - Director (part-time) Masashi Hara

5. Reference Information

(1) Asset Composition

Type of asset	Use of asset	Region (Note 1)	5th fiscal period (As of Feb. 29, 2016)		6th fiscal period (As of Aug. 31, 2016)	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate	Office buildings	Tokyo metropolitan area	7,110	8.8	7,040	8.8
	Office buildings subtotal		7,110	8.8	7,040	8.8
Real estate total			7,110	8.8	7,040	8.8
Real estate in trust	Office buildings	Tokyo metropolitan area	50,393	62.6	50,317	63.1
		Ordinance-designated cities or their equivalent	11,722	14.6	11,679	14.7
	Office buildings subtotal		62,115	77.2	61,997	77.8
	Retail facilities	Tokyo metropolitan area	4,162	5.2	4,133	5.2
		Ordinance-designated cities or their equivalent	434	0.5	430	0.5
	Retail facilities subtotal		4,597	5.7	4,564	5.7
Real estate in trust total			66,712	82.9	66,561	83.5
Investment securities (Note 4)			51	0.1	60	0.1
Deposits and other assets			6,565	8.2	6,061	7.6
Total assets			80,439	100.0	79,723	100.0

(Note 1) "Region" is as follows:

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

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

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

(Note 4) "Investment Securities" refers to the silent partnership equity interest having GK SIA Bridge No. 1 as the operator in the 5th fiscal period, and the silent partnership equity interests having GK SIA Bridge No. 1 and GK SIA Bridge No. 2 as the operators respectively in the 6th fiscal period.

(2) Portfolio Diversification

Diversification by region

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

Diversification by asset type

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

(3) Period-End Value of Portfolio Real Estate

Property no.	Property name	Appraisal company	Acquisition price (million yen)	Carrying amount (million yen)	Appraisal value (million yen)	Overview of appraisal report					
						Income approach					Cost approach
						Indicated value by direct cap method (million yen)	Cap rate (%)	Indicated value by DCF method (million yen)	Discount rate (%)	Terminal cap rate (%)	Indicated value by cost approach (million yen)
OT-1	J Tower	The Tanizawa Sogo Appraisal Co., Ltd.	24,394	24,370	25,200	26,700	4.9	24,500	4.9	5.1	18,000
OT-2	SIA Kanda Square	The Tanizawa Sogo Appraisal Co., Ltd.	7,350	7,040	8,260	8,350	3.9	8,220	4.0	4.1	7,690
OT-3	Tachikawa Nishiki-cho Building	Daiwa Real Estate Appraisal Co., Ltd.	3,264	3,355	3,850	3,880	4.8	3,840	4.6	5.0	2,410
OT-4	CP10 Building	Daiwa Real Estate Appraisal Co., Ltd.	3,229	3,197	3,260	3,310	4.4	3,240	4.2	4.6	1,440
OT-5	Yokohama AP Building	Daiwa Real Estate Appraisal Co., Ltd.	3,110	3,092	3,610	3,600	4.6	3,610	4.4	4.8	2,250
OT-6	Yushima First Genesis Building	Daiwa Real Estate Appraisal Co., Ltd.	2,751	2,706	3,010	3,050	4.4	2,990	4.2	4.6	1,710
OT-7	Miyaji Building	Daiwa Real Estate Appraisal Co., Ltd.	2,880	2,863	3,140	3,130	4.7	3,140	4.5	4.9	2,020
OT-8	36 Sankyo Building	Daiwa Real Estate Appraisal Co., Ltd.	2,395	2,368	2,630	2,660	4.5	2,610	4.3	4.7	1,780
OT-9	Minami-Shinagawa JN Building	Daiwa Real Estate Appraisal Co., Ltd.	2,165	2,193	2,014	2,110	4.7	1,990	4.5	4.9	2,110
OT-10	Minami-Shinagawa N Building	Daiwa Real Estate Appraisal Co., Ltd.	2,292	2,267	2,150	2,280	4.9	2,100	4.7	5.1	2,170
OT-11	Minami-Shinagawa J Building	Daiwa Real Estate Appraisal Co., Ltd.	2,020	1,980	2,170	2,180	4.9	2,160	4.7	5.1	1,390
OT-12	MY Atsugi Building	Chuo Real Estate Appraisal Co., Ltd.	1,240	1,205	1,310	1,420	5.8	1,310	5.6	6.0	942
OT-13	Hachioji SIA Building	Chuo Real Estate Appraisal Co., Ltd.	730	715	813	849	5.4	813	5.2	5.6	735
OO-1	Central Shin-Osaka Building	Daiwa Real Estate Appraisal Co., Ltd.	4,612	4,463	4,990	4,990	4.7	4,990	4.5	4.9	2,460
OO-2	Karasuma Plaza 21	Daiwa Real Estate Appraisal Co., Ltd.	3,700	3,723	3,680	3,620	5.0	3,700	4.8	5.2	6,190
OO-3	Stoke Building Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,381	2,365	2,680	2,660	5.0	2,690	4.8	5.2	1,500
OO-4	MY Kumamoto Building	Chuo Real Estate Appraisal Co., Ltd.	1,152	1,127	1,280	1,310	6.2	1,280	6.0	6.4	910
R-1	fab Minami-Osawa	Japan Real Estate Institute	4,250	4,133	4,550	4,600	5.1	4,490	4.9	5.3	2,280
R-2	Niigata Higashibori-dori Parking Building	Chuo Real Estate Appraisal Co., Ltd.	432	430	593	583	6.7	593	6.4	7.0	317
Total			74,347	73,601	79,190	81,282	-	78,266	-	-	58,304

(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 August 2016.

(4) Overview of Portfolio Real Estate

Property no.	Property name	Asset type	Location	Construction and number of floors	Completed (YYYY/MM)	Type of ownership	Total leasable area	PML value
OT-1	J Tower	Office buildings	Fuchu-shi, Tokyo	S/RC/SRC B2/18F	1992/03	Real estate trust beneficiary rights	34,165.51	2.80%
OT-2	SIA Kanda Square	Office buildings	Chiyoda-ku, Tokyo	SRC 10F	2007/04	Real estate	5,262.44	6.06%
OT-3	Tachikawa Nishiki-cho Building	Office buildings	Tachikawa-shi, Tokyo	SRC 8F	1991/06	Real estate trust beneficiary rights	5,633.29	4.51%
OT-4	CP10 Building	Office buildings	Taito-ku, Tokyo	SRC B1/7F	1989/03	Real estate trust beneficiary rights	3,506.66	3.51%
OT-5	Yokohama AP Building	Office buildings	Yokohama-shi, Kanagawa	RC B1/8F	1983/05	Real estate trust beneficiary rights	4,480.98	10.17%
OT-6	Yushima First Genesis Building	Office buildings	Bunkyo-ku, Tokyo	SRC B1/7F	1991/08	Real estate trust beneficiary rights	2,959.71	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	3,849.10	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%
OO-1	Central Shin-Osaka Building	Office buildings	Osaka-shi, Osaka	S B1/12F	1992/06	Real estate trust beneficiary rights	9,399.87	12.72%
OO-2	Karasuma Plaza 21	Office buildings	Kyoto-shi, Kyoto	SRC B1/8F	1986/11	Real estate trust beneficiary rights	8,890.42	5.18%
OO-3	Stoke Building Nagoya	Office buildings	Nagoya-shi, Aichi	S/SRC B1/8F	1991/04	Real estate trust beneficiary rights	5,801.80	13.58%
OO-4	MY Kumamoto Building	Office buildings	Kumamoto-shi, Kumamoto	S/RC 9F	1987/10	Real estate trust beneficiary rights	3,752.96	5.08%
R-1	fab Minami-Osawa	Retail facilities	Hachioji-shi, Tokyo	S 7F	2001/12	Real estate trust beneficiary rights	8,409.23	3.03%
R-2	Niigata Higashibori-dori Parking Building	Retail facilities	Niigata-shi, Niigata	S 10F	1993/03	Real estate trust beneficiary rights	8,725.90	6.08%

(5) Status of Revenue of Each Property

Property no.	OT-1	OT-2	OT-3	OT-4	OT-5	OT-6	OT-7	
Property name	J Tower	SIA Kanda Square	Tachikawa Nishiki-cho Building	CP10 Building	Yokohama AP Building	Yushima First Genesis Building	Miyaji Building	
Acquisition date	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	
Acquisition	Acquisition price (million yen)	24,394	7,350	3,264	3,229	3,110	2,751	2,880
	Composition ratio	32.8	9.9	4.4	4.3	4.2	3.7	3.9
	Carrying amount (million yen)	24,370	7,040	3,355	3,197	3,092	2,706	2,863
	Value at end of period (million yen)	25,200	8,260	3,850	3,260	3,610	3,010	3,140
	Composition ratio	31.8	10.4	4.9	4.1	4.6	3.8	4.0
Leasing	Total number of tenants	30	30	21	7	9	6	8
	Total leasable area (m ²)	34,165.51	5,262.44	5,633.29	3,506.66	4,480.98	2,959.71	3,116.49
	Leased area (m ²)	28,008.53	5,262.44	5,633.29	3,506.66	3,900.42	2,853.23	3,116.49
	Occupancy rate	82.0%	100.0%	100.0%	100.0%	87.0%	96.4%	100.0%
Operating income (loss)	Number of days under management	184	184	184	184	184	184	184
	① Property-related operating revenue (thousand yen)	819,949	203,794	148,219	105,736	130,446	98,760	115,016
	Lease business revenue	655,794	193,150	140,890	91,945	115,475	89,406	105,122
	Other lease business revenue	164,155	10,643	7,329	13,791	14,970	9,354	9,893
	② Property-related operating expenses (thousand yen)	380,753	31,481	38,225	23,829	28,919	23,015	26,435
	Property management fees	119,576	12,879	15,101	6,675	9,293	7,633	7,953
	Utilities expenses	177,527	8,542	9,830	9,668	7,266	6,344	7,052
	Taxes and public dues	65,454	8,371	10,437	6,712	9,611	7,903	7,624
	Insurance premiums	1,412	204	210	110	138	123	110
	Repair expenses	16,282	1,483	2,144	164	2,111	511	3,195
	Other	500	—	500	500	500	500	500
	③ Leasing NOI (thousand yen)	439,196	172,312	109,993	81,907	101,526	75,744	88,580
	④ Depreciation (thousand yen)	123,987	70,286	24,460	15,453	10,452	12,674	10,216
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	315,208	102,026	85,533	66,453	91,073	63,070	78,363
⑥ Capital expenditures (thousand yen)	145,588	495	2,842	2,720	10,657	580	173	
⑦ Leasing NCF [③-⑥] (thousand yen)	293,607	171,817	107,151	79,186	90,868	75,164	88,406	

Property no.	OT-8	OT-9	OT-10	OT-11	OT-12	OT-13	OO-1
Property name	36 Sankyo Building	Minami-Shinagawa JN Building	Minami-Shinagawa N Building	Minami-Shinagawa J Building	MY Atsugi Building	Hachioji SIA Building	Central Shin-Osaka Building
Acquisition date	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	2,395	2,165	2,292	2,020	1,240	4,612
	Composition ratio	3.2	2.9	3.1	2.7	1.7	6.2
	Carrying amount (million yen)	2,368	2,193	2,267	1,980	1,205	4,463
	Value at end of period (million yen)	2,630	2,014	2,150	2,170	1,310	4,990
	Composition ratio	3.3	2.5	2.7	2.7	1.7	6.3
Leasing	Total number of tenants	3	18	19	10	20	26
	Total leasable area (m ²)	3,724.17	6,390.33	5,476.73	3,673.61	3,849.10	9,399.87
	Leased area (m ²)	3,724.17	6,083.47	5,332.20	3,673.61	3,571.45	9,399.87
	Occupancy rate	100.0%	95.2%	97.4%	100.0%	92.8%	93.9%
Operating income (loss)	Number of days under management	184	184	184	184	184	184
	① Property-related operating revenue (thousand yen)	86,459	113,351	102,190	99,452	65,320	203,188
	Lease business revenue	75,834	106,016	93,890	91,494	58,976	178,232
	Other lease business revenue	10,625	7,334	8,300	7,958	6,343	24,955
	② Property-related operating expenses (thousand yen)	24,413	72,023	43,921	29,916	23,444	60,802
	Property management fees	5,522	18,670	11,725	5,622	8,915	19,399
	Utilities expenses	8,353	21,486	8,234	7,281	7,156	22,238
	Taxes and public dues	7,463	9,570	9,160	5,619	4,814	16,164
	Insurance premiums	103	237	207	131	129	300
	Repair expenses	2,470	6,034	1,803	2,020	1,929	2,200
	Other	500	16,024	12,790	9,241	500	500
	③ Leasing NOI (thousand yen)	62,045	41,328	58,269	69,536	41,875	142,386
	④ Depreciation (thousand yen)	8,336	16,191	14,040	11,475	12,530	32,877
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	53,709	25,136	44,228	58,060	29,345	109,509
⑥ Capital expenditures (thousand yen)	526	16,570	4,058	1,928	3,045	—	
⑦ Leasing NCF [③-⑥] (thousand yen)	61,519	24,757	54,211	67,607	38,830	142,386	

Property no.	OO-2	OO-3	OO-4	R-1	R-2	Total	
Property name	Karasuma Plaza 21	Stoke Building Nagoya	MY Kumamoto Building	fab Minami-Osawa (Note)	Niigata Higashibori-dori Parking Building (Note)		
Acquisition date	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013	—	
Acquisition	Acquisition price (million yen)	3,700	2,381	1,152	4,250	432	74,347
	Composition ratio	5.0	3.2	1.5	5.7	0.6	100.0
	Carrying amount (million yen)	3,723	2,365	1,127	4,133	430	73,601
	Value at end of period (million yen)	3,680	2,680	1,280	4,550	593	79,190
	Composition ratio	4.6	3.4	1.6	5.7	0.7	100.0
Leasing	Total number of tenants	12	5	19	14	1	271
	Total leasable area (m ²)	8,890.42	5,801.80	3,752.96	8,409.23	8,725.90	129,969.90
	Leased area (m ²)	8,890.42	5,801.80	3,752.96	8,409.23	8,725.90	122,228.50
	Occupancy rate	100.0%	100.0%	100.0%	100.0%	100.0%	94.0%
Operating income (loss)	Number of days under management	184	184	184	184	184	184
	① Property-related operating revenue (thousand yen)	199,796	124,291	69,666			2,964,669
	Lease business revenue	182,103	106,321	64,571			2,577,832
	Other lease business revenue	17,693	17,970	5,095			386,836
	② Property-related operating expenses (thousand yen)	76,734	35,246	35,712			1,060,100
	Property management fees	32,262	10,142	10,186			334,078
	Utilities expenses	20,359	11,817	7,101			381,406
	Taxes and public dues	22,684	9,709	4,764			220,992
	Insurance premiums	297	192	130			4,382
	Repair expenses	631	2,883	13,028			63,063
	Other	500	500	500			56,176
	③ Leasing NOI (thousand yen)	123,062	89,045	33,954	129,552	20,214	1,904,569
	④ Depreciation (thousand yen)	14,505	18,710	12,232	32,439	4,179	450,288
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	108,556	70,335	21,722	97,112	16,035	1,454,280
	⑥ Capital expenditures (thousand yen)	16,331	16,651	1,915	3,735	—	227,818
⑦ Leasing NCF [③-⑥] (thousand yen)	106,730	72,393	32,039	125,816	20,214	1,676,750	

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

(6) Borrowing Status

The following is the status of borrowing of funds from each financial institution as of August 31, 2016.

	Term		Drawdown date	Balance at beginning of period (thousand yen)	Balance at end of period (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks
	Lender									
Short-term borrowings	Aozora Bank, Ltd.		Oct. 13, 2015	475,075	473,885	0.65005	Oct. 10, 2016 (Note 2)	(Note 2)	(Note 3)	Secured Unguaranteed (Note 4)
	Sumitomo Mitsui Trust Bank, Limited			984,055	981,585					
	Subtotal			1,459,130	1,455,470					
Long-term borrowings	Sumitomo Mitsui Banking Corporation		Oct. 10, 2013	5,445,000	5,431,250	1.16976	Oct. 10, 2016 (Note 5)	(Note 5)	(Note 6)	Secured Unguaranteed (Note 4)
	Shinsei Bank, Limited			4,921,000	4,908,500					
	Aozora Bank, Ltd.			1,980,000	1,975,000					
	Resona Bank, Limited			984,000	981,500					
	Sumitomo Mitsui Banking Corporation		Oct. 10, 2013	4,549,500	4,537,625	0.85005	Oct. 10, 2018 (Note 7)	(Note 7)		
	The Mie Bank, Ltd.			984,000	981,500					
	Aozora Bank, Ltd.			955,000	952,500					
	Sumitomo Mitsui Banking Corporation		Oct. 10, 2013	5,692,500	5,678,125	1.38226	Oct. 10, 2018 (Note 7)	(Note 7)		
	Kansai Urban Banking Corporation			984,000	981,500					
	Sumitomo Mitsui Banking Corporation		Oct. 10, 2013	1,645,000	1,546,250	1.05045	Oct. 10, 2019 (Note 8)	(Note 8)		
	Sumitomo Mitsui Banking Corporation		Oct. 10, 2014	1,492,500	1,488,750	1.08473	Oct. 10, 2017 (Note 9)	(Note 9)		
	Aozora Bank, Ltd.			995,000	992,500					
	Resona Bank, Limited			1,990,000	1,985,000					
	ORIX Bank Corporation			995,000	992,500					
	Sumitomo Mitsui Banking Corporation		Oct. 10, 2014	1,990,000	1,985,000	1.35961	Oct. 13, 2020 (Note 10)	(Note 10)		
	The Mie Bank, Ltd.			995,000	992,500					
	Sumitomo Mitsui Banking Corporation		Oct. 13, 2015	452,215	451,075	0.70005	Oct. 10, 2017 (Note 11)	(Note 11)		
	Aozora Bank, Ltd.			1,000,000	997,500					
	The Bank of Fukuoka, Ltd.			984,055	981,585					
	The Mie Bank, Ltd.			600,000	598,500					
ORIX Bank Corporation		400,000		399,000						
Subtotal			40,033,770	39,837,660						
Total			41,492,900	41,293,130						

(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 entire amount is prepaid on September 7, 2016.

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

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

(Note 8) The entire amount is prepaid on September 7, 2016.

(Note 9) 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 10) 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 11) 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.