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(Securities Code 3258)
June 1, 2017

To Shareholders with Voting Rights:

Tetsuji Kosaki
President and CEO
UNIZO Holdings Company, Limited
2-10-9, Hatchobori, Chuo-ku, Tokyo

**NOTICE OF
THE 40TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 40th Annual General Meeting of Shareholders (the “Meeting”) of UNIZO Holdings Company, Limited (the “Company”). The Meeting will be held as described below.

If you are unable to attend the Meeting, you may exercise your voting rights by one of the following methods. Please review the attached “Reference Documents for the General Meeting of Shareholders” and exercise your voting rights by 5:20 p.m. on Thursday, June 22, 2017, Japan time.

[Exercising voting rights via postal mail]

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it so that it arrives by the exercise deadline above.

[Exercising voting rights via the Internet]

Please access the voting rights exercise website (<http://www.it-soukai.com/>) designated by the Company, utilize the “Voting rights exercise code” and “Password” written on the enclosed Voting Rights Exercise Form, and follow the on-screen instructions to indicate your vote for or against the proposals.

Concerning the exercise of voting rights via the Internet, please confirm the contents of “Exercising Voting Rights via the Internet” on page 3.

If voting rights are exercised both in writing via the Voting Rights Exercise Form and via the Internet, the vote cast via the Internet shall be deemed valid.

- 1. Date and Time:** Friday, June 23, 2017 at 10:00 a.m. Japan time
- 2. Venue:** Banquet room “Royal Hall” on the third floor of The Royal Park Hotel located at 2-1-1, Nihonbashi-Kakigara-cho, Chuo-ku, Tokyo, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:** The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the Company’s 40th Fiscal Year (April 1, 2016 - March 31, 2017), and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of eight (8) Directors
- Proposal 3:** Election of two (2) Audit & Supervisory Board Members

- © When attending the Meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Only shareholders may attend the Meeting. If voting by proxy, you may entrust your vote to one (1) person who is a shareholder with voting rights, as stipulated in Part 17 of the Corporate Charter of the Company. In such a case, the proxy must submit, in addition to his or her own voting materials, your voting materials together with a document proving appointment of proxy. Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<http://www.unizo-hd.co.jp/>).

The Company has not prepared gifts for the Meeting. We appreciate your understanding.

Exercising Voting Rights via the Internet

1. Exercising voting rights via the Internet

- (1) In addition to exercising voting rights in writing, you may exercise voting rights via the “Voting Rights Exercise Website” (URL below) designated by the Company. If you wish to use this method, login utilizing the voting rights exercise code and password printed along the right side of the Voting Rights Exercise Form, and follow the on-screen instructions. To ensure security, you are required to change the password upon the initial login.

<http://www.it-soukai.com/>

- (2) The exercise deadline is 5:20 p.m. on Thursday, June 22, 2017, Japan time, and input must be completed by that time. We suggest that you exercise your voting rights ahead of time.
- (3) In the event that voting rights are exercised both in writing and via the Internet, the vote cast via the Internet shall be deemed valid. If votes are cast multiple times, the most recent vote cast shall be deemed valid.
- (4) The password (including those changed by the shareholder) is valid only for the Meeting. A new password will be issued at the time of the next general meeting of shareholders.
- (5) Expenses associated with connecting to the Internet shall be borne by the shareholder.

(Attention)

- The password is a method to confirm the identity of the person voting. The Company will never ask for your password.
- If the password is mistaken a certain number of times, it will become locked and unusable. In the event of a lock, please follow the on-screen instructions.
- Although the Voting Rights Exercise Website has been tested to function with general Internet connection devices, it may not be available depending on the device used.

2. Inquiries

For any inquiries, please contact the Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. (below), the shareholder registry administrator.

Dedicated line for inquiries regarding operating methods of the Voting Rights Exercise Website
Toll-free (within Japan): 0120-768-524 (Weekdays, 9:00 a.m. to 9:00 p.m.)

(Reference)

Institutional investors may utilize the electronic voting rights exercise platform operated by ICJ, Inc.

(Appendix)

Business Report

(April 1, 2016 - March 31, 2017)

I. Overview of the Group

1. Business Progress, Results, and Issues to be Addressed

(1) Business Progress and Results

Looking back on macroeconomic trends during the fiscal year ended March 31, 2017 (April 1, 2016 – March 31, 2017), the Japanese economy continued to recover gradually while there were effects of a deceleration in emerging market economies. In the office building market of Japan, the overall supply-demand balance continues to improve as vacancy rates in Tokyo's five central wards fell from the lower 4% level to the mid 3% level during the period. Also, the upward trend in rents in some areas, including central Tokyo, continues. In the hotel sector in Japan, growth in the number of visitors from abroad is slowing and Japanese guest numbers are declining. Thus, the supply-demand balance is easing and revenue per room is showing slight weakness at present. For the Japanese economy going forward, factors including increasing uncertainty about the Chinese economy, growing uncertainty over new trade policies in the United States and the British vote to leave the European Union, and the effects of unease over political developments in Europe warrant attention.

In the United States, economic expansion continued due to solid household consumption. In the office building market in the United States, the overall supply-demand balance continues to be favorable with vacancy rates stable at present. Amid these conditions, rents in New York City, Washington D.C., and other areas are performing well. For the US economy going forward, factors such as the pace at which short and long-term interest rates rise, the economic policies of the new administration, growing uncertainty over the British vote to leave the European Union, and the effects of unease over political developments in Europe warrant attention.

Under such a business environment, our Group (the UNIZO Group) will focus on growth via its two pillars of the Real Estate Business and the Hotel Business.

Consolidated revenue from operations for the fiscal year ended March 31, 2017 totaled ¥38,906 million, an increase of 20.1% from ¥32,385 million in the previous fiscal year. Consolidated operating income totaled ¥13,128 million, an increase of 23.8% from ¥10,605 million in the previous fiscal year. Consolidated ordinary income was ¥9,823 million, an increase of 15.6% from ¥8,500 million in the previous fiscal year. Consolidated net income attributable to owners of the parent company amounted to ¥6,249 million, a decrease of 5.2% from ¥6,593 million in the previous fiscal year as the previous year's result included extraordinary income due to gains on sales of fixed assets.

Results for the fiscal year ended March 31, 2017 are presented by segment below.

[Real Estate Business]

Revenue from operations during the fiscal year ended March 31, 2017 increased by 20.7% to ¥29,677 million from ¥24,589 million in the previous fiscal year, and operating income increased 28.2% to ¥11,079 million from ¥8,640 million in the previous fiscal year, a significant increase in both revenue and income. In Japan, intensive efforts were made to keep current tenants, attract new ones, and increase rents in existing properties. In the United States, intensive efforts were made to keep current tenants and attract new ones. Also, the expansion in acquired properties in the United States made contributions to revenue.

[Hotel Business]

Revenue from operations during the fiscal year ended March 31, 2017 increased 18.4% to ¥9,419 million from ¥7,954 million in the previous fiscal year as newly opened hotels made contributions to revenue. Operating income increased merely 10.3% to ¥2,381 million from ¥2,159 million in the previous fiscal year, as occupancy rates and revenue per room at existing

hotels weakened slightly from October onward. It was also due to preparation costs related to new hotels scheduled to open in the fiscal year ending March 31, 2018.

(2) Issues to be Addressed

As its corporate philosophy, the UNIZO Group strives to be a company that 1. creates value and richness together with all stakeholders; 2. earns the trust and meets expectations of customers, and continues to be a chosen partner; and 3. contributes to society and the environment.

Looking at the business environment the Group faces, in Japan the gradual economic recovery is expected to continue, vacancies are expected to remain low and rents to maintain their upward trends in the office building market in Japan. In the hotel market in Japan, the trend of new or expanded hotel capacity is growing stronger and the supply-demand balance is believed to be easing. In the United States on the other hand, the economy is maintaining growth, with rents in the office building market expected to perform well.

Amid these expectations, the Group endeavors to be a company that grows and advances globally as a core policy, and places growing via the Group's two pillars of the Real Estate Business and Hotel Business as its strategy.

In the Real Estate Business, in Japan the Group will continue investing in central Tokyo, and in the United States further actively expand with New York and Washington D.C. as bases. Through these initiatives the Group will offer high quality spaces that meet the diverse needs of clients.

In the Hotel Business, the Group will expand its hotel network in Japan even more, building upon the convenience offered to customers of its business hotels located in outstanding locations in the central areas of major cities as well as regional hub cities. Furthermore, in addition to the current HOTEL UNIZO and UNIZO INN brands, the Group will develop the new UNIZO INN Express brand to meet the ever widening diverse needs of customers by offering superior service and the convenience of outstanding locations to a global customer base.

The Company appreciates the continued support and patronage of its shareholders.

2. Capital Investment

The total amount of capital investment implemented by the Group during the fiscal year ended March 31, 2017 was ¥144,149 million, including ¥131,145 million in the Real Estate Business and ¥12,955 million in the Hotel Business. Key capital investments included acquisition of office buildings and land for hotels, and the construction of new hotels, in order to expand the Group's profitability. In addition, with the aim of improving functionality of business facilities and improving customer satisfaction, renovations were conducted in buildings and facilities inside buildings.

3. Fund Procurement

Fund procurement for the Group on a consolidated basis for the fiscal year ended March 31, 2017 resulted in a balance of interest-bearing debt of ¥530,583 million (¥386,238 million at the end of the previous fiscal year; an increase of ¥144,345 million) as of the end of the fiscal year, due to factors such as procurement of funds required in the acquisition of office buildings.

Additionally, at the Holding Company (the "Company"), the balance of interest-bearing debt as of the end of the fiscal year was ¥264,248 million (¥189,543 million at the end of the previous fiscal year; an increase of ¥74,704 million).

Furthermore, Series Two and Series Three Unsecured Corporate Bonds were issued on May 26, 2016 in the total amount of ¥20,000 million, and Series Four through Series Six Unsecured Corporate Bonds were issued on November 29, 2016 in the total amount of ¥30,000 million.

4. Transfer, Spin-Out to Existing Company, or Spin-Out to New Company of Business

Not applicable

5. Transfer of Business from Other Companies

Not applicable

6. Succession of Rights and Obligations Regarding Businesses of Other Companies due to Mergers or Spin-Outs

Not applicable

7. Acquisition or Disposal of Stock, Other Equity, Stock Acquisition Rights, etc., of Other Companies

Not applicable

8. Assets and Income

(Millions of yen unless otherwise stated)

Item	The 37th fiscal year ended March 31, 2014	The 38th fiscal year ended March 31, 2015	The 39th fiscal year ended March 31, 2016	The 40th fiscal year ended March 31, 2017 (Consolidated fiscal year under review)
Revenue from operations	21,930	27,668	32,385	38,906
Ordinary income	5,727	7,341	8,500	9,823
Net income attributable to owners of the parent company	3,078	4,214	6,593	6,249
Net income per share (Yen)	¥186.22	¥238.70	¥332.45	¥275.81
Total assets	277,943	391,486	466,620	632,364
Net assets	33,374	52,700	54,432	75,528

- Notes:
1. Net income per share for the 37th fiscal year is calculated based on the average number of shares outstanding during the period of 16,532,809 shares, due to an increase of 56 shares of treasury stock due to the purchase of less-than-trading-unit shares.
 2. Net income per share for the 38th fiscal year is calculated based on the average number of shares outstanding during the period of 17,657,434 shares, due to an increase of 2,870,000 shares due to a capital increase from a public offering on November 25, 2014 and an increase of 430,000 shares due to a capital increase from a third-party allotment on December 15, 2014.
 3. Net income per share for the 39th fiscal year is calculated based on the average number of shares outstanding during the period of 19,832,762 shares, due to an increase of 39 shares of treasury stock due to the purchase of less-than-trading-unit shares.
 4. Net income per share for the 40th fiscal year is calculated based on the average number of shares outstanding during the period of 22,658,078 shares, due to an increase of 3,450,000 shares due to a capital increase from a public offering on July 11, 2016, an increase of 487,700 shares due to a capital increase from a third-party allotment on July 28, 2016 and an increase of 39 of treasury stock shares due to the purchase of less-than-trading-unit shares.
 5. Figures presented are rounded down to the nearest million yen.
However, net income per share is rounded off to the nearest hundredth of one yen.

9. Principal Business (as of March 31, 2017)

The principal business operations of the UNIZO Group are as follows.

Business Segment	Principal Business Operations
Real Estate Business	Ownership, leasing, management, janitorial services and real estate brokerage of office buildings and other properties; golf course ownership and management
Hotel Business	Ownership and operation of hotels

10. Principal Subsidiaries (as of March 31, 2017)

(1) Principal Subsidiaries

Company name	Capital	The Company's percentage of voting rights	Principal business
UNIZO Real Estate Company, Limited	¥400 million	100%	Ownership, leasing, asset management, and property management of office buildings and other properties in Japan; real estate brokerage in Japan; golf course ownership and management
UNIZO Hotel Company, Limited	¥100 million	100%	Ownership and operation of hotels
UNIZO Facilities Company, Limited	¥100 million	(100%)	Janitorial and management services for office buildings and other properties in Japan
UNIZO Holdings U.S., LLC	\$337,700 thousand	(100%)	Ownership, leasing, and management of office buildings and other properties in the United States
UNIZO Real Estate One, LLC	\$213,500 thousand	(100%)	Ownership, leasing, and management of office buildings and other properties in the United States
UNIZO Real Estate Two, LLC	\$802,000 thousand	(100%)	Ownership, leasing, and management of office buildings and other properties in the United States

Note: Figures in parentheses are the share of voting rights including holdings at subsidiaries.

- (2) Status of "Specified Wholly-Owned Subsidiaries" as defined by the Companies Act
Not applicable

11. Principal Business Locations (as of March 31, 2017)

(1) The Company

Head Office 2-10-9, Hatchobori, Chuo-ku, Tokyo

(2) Subsidiaries

UNIZO Real Estate Company, Limited	Head Office (Chuo-ku, Tokyo)
UNIZO Hotel Company, Limited	Head Office (Chuo-ku, Tokyo)
UNIZO Facilities Company, Limited	Head Office (Chuo-ku, Tokyo)
UNIZO Holdings U.S., LLC	Registered Office (Delaware, USA)
UNIZO Real Estate One, LLC	Registered Office (Delaware, USA)
UNIZO Real Estate Two, LLC	Registered Office (Delaware, USA)

12. Employees (as of March 31, 2017)

(1) Employees of the Group

Number of employees	Increase (decrease) from previous fiscal year-end
316 [188]	Increase of 48 [Increase of 34]

- Notes:
1. The number of employees is the number of persons in employment, excludes three persons seconded to other companies from the Group, and includes four persons seconded to the Group from other companies.
 2. The figure in brackets in the number of employees shows the average number of temporary employees (part time and contract employees) within the most recent year.

(2) Employees of the Company

Number of employees	Increase (decrease) from previous fiscal year-end	Average age	Average years in employment
113 [4]	Increase of 20 [Increase of 3]	39 years, 3 months	3 years, 3 months

- Notes:
1. The number of employees is the number of persons in employment, excludes three persons seconded to other companies from the Company, and includes seven persons seconded to the Company from other companies.
 2. The figure in brackets in the number of employees shows the average number of temporary employees (contract employees) within the most recent year.
 3. The average years in employment is the number of years in employment at the Company, and does not include periods of being seconded from the Company to outside companies, or the number of years in employment prior to the merger of the Company on March 1, 2004.
 4. Other than the above, 65 persons are seconded to consolidated subsidiaries of the Company.

13. Primary Lenders (as of March 31, 2017)

(Millions of yen)

Lenders	Balance of borrowings
Mizuho Bank, Ltd.	81,949
Sumitomo Mitsui Banking Corporation	58,153
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	35,119

14. Other Important Matters Concerning the Group

As shown below, the Company issued new shares via a public offering with a date of completion of July 11, 2016, and issued new shares via a third-party allotment with a date of completion of July 28, 2016.

New shares issued via public offering (standard public offering)

1) Number of new shares issued	3,450,000 shares
2) Issuance price	¥3,705 per share
3) Total issuance amount	¥12,782,250,000
4) Capital raised	¥3,552.20 per share
5) Total capital raised	¥12,255,090,000
6) Increase to Capital stock and Capital surplus	Increase to Capital stock: ¥6,127,545,000 Increase to Capital surplus: ¥6,127,545,000
7) Date of completion	July 11, 2016

New shares issued via third-party allotment

1) Number of new shares issued	487,700 shares
2) Capital raised	¥3,552.20 per share
3) Total capital raised	¥1,732,407,940
4) Increase to Capital stock and Capital surplus	Increase to Capital stock: ¥866,203,970 Increase to Capital surplus: ¥866,203,970
5) Date of completion	July 28, 2016

II. Stock (As of March 31, 2017)

- 1. Authorized Shares** 50,000,000 shares
2. Total Shares Outstanding 23,770,399 shares (excluding 301 shares of treasury stock)
3. Number of Shareholders 18,385
4. Principal Shareholders

Name of shareholder	Number of shares held	Percentage to total shares outstanding (%)
The Kyoritsu Co., Ltd.	1,476,000	6.20%
Nippon Steel Kowa Real Estate Co., Ltd.	1,383,000	5.81%
NITTO BOSEKI CO., LTD.	1,301,700	5.47%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,194,100	5.02%
SUGA Co., Ltd.	1,136,400	4.78%
Japan Trustee Services Bank, Ltd. (Trust Account)	899,300	3.78%
IBJ Leasing Company, Limited	883,000	3.71%
Toko Electrical Construction Co., Ltd.	640,000	2.69%
JP MORGAN CHASE BANK 380634	633,900	2.66%
THE DAI-ICHI BUILDING CO., LTD.	520,000	2.18%

Note: Percentage to total shares outstanding is calculated excluding treasury stock (301 shares).

III. Subscription Rights to Shares

Not applicable

IV. Corporate Officers

1. Directors and Audit & Supervisory Board Members

(As of March 31, 2017)

Name	Position	Responsibilities and important positions concurrently held at other companies	Notes
Takao Suzuki	Chairman and Director		
Tetsuji Kosaki	President and Director (Representative Director)		
Masato Yamamoto	Senior Managing Director	Deputy President and Director (Representative Director), UNIZO Real Estate Company, Limited	
Yoshinori Yukimoto	Senior Managing Director	Deputy President and Director (Representative Director), UNIZO Hotel Company, Limited	
Yoshiaki Iseki	Senior Managing Director		
Hiroyasu Nakamura	Managing Director		
Hitoshi Sato	Managing Director		
Masafumi Shinagawa	Managing Director		
Hideaki Kobayashi	Managing Director		
Hiroshi Takimoto	Managing Director		
Hiroko Saito	Managing Director		
Hiroto Okubo	Director		
Takeshi Imamichi	Director		
Satoshi Komura	Director		
Masahiko Nishi	Director		
Takeshi Okabe	Director		
Yoshio Yamada	Director		
Masako Kawamura	Director		
Motoaki Kitayama	Director (Outside Director, Independent Officer)	Attorney	
Toshiro Yonemura	Director (Outside Director, Independent Officer)	Outside Director, Seven & i Holdings Co., Ltd.	
Mitsugi Izumiyama	Standing Audit & Supervisory Board Member		
Kaoru Inoue	Standing Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)		

Name	Position	Responsibilities and important positions concurrently held at other companies	Notes
Tetsuo Ito	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member, Independent Officer)	Attorney Outside Corporate Auditor, Takasago Thermal Engineering Co., Ltd. Outside Corporate Auditor, ASAHI KASEI CORPORATION Outside Director, Japan Petroleum Exploration Co., Ltd.	
Atsushi Kato	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member, Independent Officer)	Certified Public Accountant Outside Director, SUMIDA CORPORATION	Atsushi Kato has considerable knowledge of finance and accounting, gained through experience as a CPA.

- Notes: 1. Mitsutoshi Nakaura retired as an Audit & Supervisory Board Member due to the expiration of his term at the conclusion of the 39th Annual General Meeting of Shareholders, held on June 17, 2016.
2. The Company has designated Outside Directors Motoaki Kitayama, Toshiro Yonemura and Outside Audit & Supervisory Board Members Tetsuo Ito and Atsushi Kato as independent officers as stipulated by the Tokyo Stock Exchange and filed with the Exchange to that effect.
3. The Company has adopted the executive officer system. The Executive Officers are as follows.

(As of March 31, 2017)

Name	Position	Responsibilities
Tetsuji Kosaki	President	Chief Executive Officer
Masato Yamamoto	Senior Managing Executive Officer	Financial Planning Division; Office Building Division; Business Development Division; Business Audit Department; Compliance Department
Yoshinori Yukimoto	Senior Managing Executive Officer	Credit Risk Management Division; Hotel Division
Yoshiaki Iseki	Senior Managing Executive Officer	Architecture and Construction Planning Division; General Manager of Architecture and Construction Planning Department
Hiroyasu Nakamura	Managing Executive Officer	Executive Secretariat; Administration Department; Human Resources Department; Information System Department
Hitoshi Sato	Managing Executive Officer	Facility Management Division; Financial Planning Division (deputy); Finance Division (deputy); Architecture and Construction Planning Division (deputy); General Manager of Financial Planning Department and Facility Management Department
Masafumi Shinagawa	Managing Executive Officer	Finance Division; General Manager of Finance Department
Hideaki Kobayashi	Managing Executive Officer	International Division; Business Development Division (deputy); General Manager of International Department 2
Hiroshi Takimoto	Managing Executive Officer	Business Development Division (deputy)
Hiroko Saito	Managing Executive Officer	Corporate Planning Division; Public Relations Division
Hiroto Okubo	Executive Officer	General Manager of Compliance Department
Takeshi Imamichi	Executive Officer	Hotel Division (deputy); General Manager of Hotel Department 1
Satoshi Komura	Executive Officer	Office Building Division (deputy)
Masahiko Nishi	Executive Officer	General Manager of Business Development Department
Takeshi Okabe	Executive Officer	General Manager of Executive Secretariat
Yoshio Yamada	Executive Officer	Financial Planning Division (deputy); Finance Division (deputy)
Masako Kawamura	Executive Officer	Public Relations Division (deputy); Hotel Division (deputy); General Manager of Public Relations Department
Shigeo Yasuno	Executive Officer	Human Resources Department (deputy)
Shigeru Sasaki	Executive Officer	Head of Accounting Unit; General Manager of International Accounting Department
Michiaki Kono	Executive Officer	General Manager of International Department 1
Osamu Kiso	Executive Officer	General Manager of Administration Department and Information System Department
Minoru Kawasaki	Executive Officer	General Manager of Research Department
Masaaki Kimura	Executive Officer	Hotel Division (deputy)
Takafumi Kayano	Executive Officer	General Manager of Investor Relations Department
Kazuhiro Goto	Executive Officer	General Manager of Human Resources Department

(Reference)

Corporate Officers as of May 1, 2017 are as follows:

(As of May 1, 2017)

Name	Position	Responsibilities and important positions concurrently held at other companies	Notes
Takao Suzuki	Chairman and Director		
Tetsuji Kosaki	President and Director (Representative Director)		
Masato Yamamoto	Senior Managing Director		
Yoshinori Yukimoto	Senior Managing Director		
Hitoshi Sato	Managing Director		
Hiroko Saito	Managing Director		
Yoshio Yamada	Director		
Takeshi Okabe	Director		
Masako Kawamura	Director		
Motoaki Kitayama	Director (Outside Director, Independent Officer)	Attorney	
Toshiro Yonemura	Director (Outside Director, Independent Officer)	Outside Director, Seven & i Holdings Co., Ltd.	
Mitsugi Izumiyama	Standing Audit & Supervisory Board Member		
Kaoru Inoue	Standing Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)		
Tetsuo Ito	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member, Independent Officer)	Attorney Outside Corporate Auditor, Takasago Thermal Engineering Co., Ltd. Outside Corporate Auditor, ASAHI KASEI CORPORATION Outside Director, Japan Petroleum Exploration Co., Ltd.	

Name	Position	Responsibilities and important positions concurrently held at other companies	Notes
Atsushi Kato	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member, Independent Officer)	Certified Public Accountant Outside director, SUMIDA CORPORATION	Atsushi Kato has considerable knowledge of finance and accounting, gained through experience as a CPA.

- Notes: 1. The Company has designated Outside Directors Motoaki Kitayama, Toshiro Yonemura and Outside Audit & Supervisory Board Members Tetsuo Ito and Atsushi Kato as independent officers as stipulated by the Tokyo Stock Exchange and filed with the Exchange to that effect.
2. Executive Officers as of May 1, 2017 are as follows.

(As of May 1, 2017)

Position	Name	Responsibilities
Tetsuji Kosaki	President	Chief Executive Officer
Masato Yamamoto	Senior Managing Executive Officer	Financial Planning Division; Business Development Division; Business Audit Department; Compliance Department, General Manager of Business Audit Department and Compliance Department
Yoshinori Yukimoto	Senior Managing Executive Officer	Credit Risk Management Division; Administration Department and Information System Department; General Manager of Credit Risk Management Department
Hitoshi Sato	Managing Executive Officer	Facility Management Division; Financial Planning Division (deputy); Finance Division (deputy); General Manager of Facility Management Department
Hideaki Kobayashi	Managing Executive Officer	Business Development Division (deputy); General Manager of Business Development Department 2
Masafumi Shinagawa	Managing Executive Officer	Finance Division; General Manager of Finance Department and International Finance Department
Hiroshi Takimoto	Managing Executive Officer	Business Development Division (deputy); General Manager of Business Development Department 1
Hiroko Saito	Managing Executive Officer	Corporate Planning Division; Public Relations Division; General Manager of Corporate Planning Department
Yoshio Yamada	Executive Officer	Architecture and Construction Planning Division; Financial Planning Division (deputy); Finance Division (deputy); Business Development Division (deputy); General Manager of Financial Planning Department and Architecture and Construction Planning Department
Takeshi Okabe	Executive Officer	General Manager of Executive Secretariat
Masako Kawamura	Executive Officer	Public Relations Division (deputy)
Shigeo Yasuno	Executive Officer	Human Resources Division; General Manager of Human Resources Planning Department
Shigeru Sasaki	Executive Officer	Head of Accounting Unit; General Manager of International Accounting Department
Osamu Kiso	Executive Officer	General Manager of Administration Department and Information System Department
Minoru Kawasaki	Executive Officer	General Manager of Research Department
Takafumi Kayano	Executive Officer	General Manager of Investor Relations Department
Kazuhiro Goto	Executive Officer	General Manager of Human Resources Department

2. Liability Limitation Agreements

Name	Outline of liability limitation agreements
Motoaki Kitayama	An agreement under which the liability of Outside Directors under Article 423, Paragraph 1 of the Companies Act shall be limited to the extent of the minimum liability amount stipulated in laws and regulations when they execute duties in good faith and without gross negligence, in accordance with Article 427, Paragraph 1 of the same Act.
Toshiro Yonemura	
Tetsuo Ito	An agreement under which the liability of Outside Audit & Supervisory Board Members under Article 423, Paragraph 1 of the Companies Act shall be limited to the extent of the minimum liability amount stipulated in laws and regulations when they execute duties in good faith and without gross negligence, in accordance with Article 427, Paragraph 1 of the same Act.
Atsushi Kato	

3. Total of Compensation and Other Benefits Paid to Directors and Audit & Supervisory Board Members

Directors	20 persons	¥342 million
Audit & Supervisory Board Members	5 persons	¥54 million
Total	25 persons	¥396 million
(among which Outside Audit & Supervisory Board Members)	(6 persons)	(¥72 million)

- Notes:
1. The above includes one Audit & Supervisory Board Member who retired at the conclusion of the 39th Annual General Meeting of Shareholders, held on June 17, 2016.
 2. The above amount of compensation and other benefits includes a provision for directors' and corporate auditors' retirement benefits for the fiscal year ended March 31, 2017. The Company abolished the Directors' and Corporate Auditors' Retirement Benefits System as of the conclusion of the 39th Annual General Meeting of Shareholders held on June 17, 2016. A provision for directors' and corporate auditors' retirement benefits for the fiscal year ended March 31, 2017 included in the above amount of compensation and other benefits is the amount pertaining to the period from April 2016 until the abolition of the system.

4. Outside Corporate Officers

(1) Relations between Other Companies in which Officers Concurrently Hold Important Positions and the Company

Not applicable

(2) Major Activities of Corporate Officers during the Fiscal Year ended March 31, 2017

Name	Classification	Major Activities
Motoaki Kitayama	Director	Attended all 24 Board of Directors meetings during the fiscal year ended March 31, 2017; made comments as necessary from a professional perspective mainly as an attorney to the proposals and deliberations.
Toshiro Yonemura	Director	Attended 23 meetings out of 24 Board of Directors meetings during the fiscal year ended March 31, 2017; made comments as necessary to the proposals and deliberations.
Kaoru Inoue	Standing Audit & Supervisory Board Member	Attended all 24 Board of Directors meetings during the fiscal year ended March 31, 2017; made comments as necessary to the proposals and deliberations. Attended all 14 Audit & Supervisory Board meetings during the fiscal year ended March 31, 2017; exchanged opinions on audit results and discussed important matters regarding audits.
Tetsuo Ito	Audit & Supervisory Board Member	Attended 20 meetings out of 24 Board of Directors meetings during the fiscal year ended March 31, 2017; made comments as necessary from a professional perspective mainly as an attorney to the proposals and deliberations. Attended all 14 Audit & Supervisory Board meetings during the fiscal year ended March 31, 2017; exchanged opinions on audit results and discussed important matters regarding audits.
Atsushi Kato	Audit & Supervisory Board Member	Attended 15 meetings out of 17 Board of Directors meetings held after his appointment on June 17, 2016 during the fiscal year ended March 31, 2017; made comments as necessary from a professional perspective mainly as a certified public accountant to the proposals and deliberations. Attended all 10 Audit & Supervisory Board meetings held after his appointment during the fiscal year ended March 31, 2017; exchanged opinions on audit results and discussed important matters regarding audits.

V. Accounting Auditor

1. Accounting Auditor's Name

Ernst & Young ShinNihon LLC

2. Accounting Auditor's Compensation, etc. for the Fiscal Year Ended March 31, 2017

	Compensation amount
Accounting Auditor's compensation for the fiscal year ended March 31, 2017	¥32 million
Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor	¥45 million

- (Notes)
1. Under the audit agreement between the Company and its Accounting Auditor, compensation for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Law are not strictly separated, and otherwise cannot be separated. Consequently, the above amount reflects total compensation for the fiscal year ended March 31, 2017.
 2. Apart from the compensation above for the fiscal year under review, additional compensation in the amount of ¥1 million was provided pertaining to the fiscal year ended March 31, 2016.
 3. Through receiving required documentation and conducting reporting interviews with Directors, internal related departments, and the Accounting Auditor, the Audit & Supervisory Board confirms the contents of audit plans, status of execution of duties, and grounds for calculating compensation quotations by the Accounting Auditor, and upon deliberation, agrees on the amount of compensation for the Accounting Auditor, pursuant to Article 399, Paragraph 1 of the Companies Act.

3. Non-Audit Services

The Company entrusts the operation of preparing correspondence documents from the Accounting Auditor to securities underwriting firms regarding the issuance of new shares and corporate bonds, which are services other than the services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act, and pays fees to the Accounting Auditor in relation to such services.

4. Policy Regarding Determination of Termination or Non-Reappointment of Accounting Auditor

In the event that the Accounting Auditor is deemed to fall under any of the grounds set forth in each Item of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall terminate the appointment of the Accounting Auditor subject to the unanimous consent of the Audit & Supervisory Board Members.

In addition, should the Accounting Auditor be deemed unable to execute its duties properly for reasons other than above, the Audit & Supervisory Board shall determine the details of the proposal on termination or non-reappointment of the Accounting Auditor for submission by the Board of Directors to the General Meeting of Shareholders.

5. Business Suspension Orders Received by the Accounting Auditor During the Past Two Years

- 1) Target of order
Ernst & Young ShinNihon LLC
- 2) Content of order
 - Three-month suspension of operations regarding concluding new agreements (from January 1, 2016 to March 31, 2016)
 - Order for improvement of business (improvement of operational management structure)
- 3) Reasons for order
 - i) During the audits of financial documents for companies to which it was entrusted to audit during the fiscal years ended March 31, 2010, March 31, 2012, and March 31, 2013, seven certified public accountants of Ernst & Young ShinNihon LLC were negligent and certified financial documents with significant misrepresentations as not having significant misrepresentations.
 - ii) It was established that operations of the above accounting firm were significantly inappropriate.

VI. System to Ensure Proper Business Execution and Operational Status of the System

1. System to ensure proper business execution

- (1) System to ensure that Directors' and employees' execution of duties complies with laws and regulations, and the Articles of Incorporation

The Group established rules relating to the compliance structure including UNIZO Group Personal Conduct Guidelines as action guidelines to ensure that officers and employees observe laws, regulations and the Articles of Incorporations as well as social norms.

Additionally, to thoroughly put compliance into practice, a Compliance Department has been established to integrate and promote compliance measures across the board. The Business Audit Department, which serves as the internal auditing division, conducts audits regarding the status of compliance. Additionally, important matters regarding compliance are deliberated upon and reported to the Board of Directors.

- (2) System for storage and management of information related to the execution of duties of the Company's Directors

In line with internal regulations such as requests for approval regulations and document preservation operation rules, information regarding the execution of duties by Directors is recorded and stored either in paper or electronic form (hereinafter "documents"). Directors and Audit & Supervisory Board Members may review these documents at any time.

- (3) Regulations or any other systems of the Company for management of risk of loss

Concerning risks related to compliance, the environment, disasters, and information security, each responsible department shall prepare and distribute regulations and manuals. Each department works to prevent occurrence, while cooperating with related departments in the event of accidents, and consults with legal counsel, as required. The Corporate Planning Department comprehensively and inclusively manages risks of the entire Group.

- (4) System to ensure that the Company's Directors execute duties efficiently

The Board of Directors defines Company-wide goals that are shared by Directors and employees, Officers in charge of divisions define specific targets and the Board of Directors periodically reviews the status of progress.

To achieve these targets efficiently, rules for delegation authority and decision-making including division of duties regulations, administrative authority regulations and requests for approval regulations have been established in order to enable agile decision-making.

- (5) System to ensure proper business execution within the Group comprising the Company and its subsidiaries

- 1) System regarding reporting to the Company for matters concerning business execution by Directors of subsidiaries of the Company

- Group Company Management Regulations have been established whereby certain matters require approval by or reporting to the related department of the Company prior to resolution at each company. For matters that apply to certain standards, a resolution is required by the Board of Directors of the Company.
- Periodic meetings are held with Group companies to deliberate important matters as well as share information.

- 2) Regulations or any other systems of subsidiaries of the Company for management of risk of loss

- The Corporate Planning Department of the Company comprehensively and inclusively manages risks of the entire Group. Concerning risks related to compliance, the environment, disasters, and information security of Group companies, each department works to prevent occurrence, while cooperating with related departments of the Company in the event of accidents, and implements countermeasures upon consulting with legal counsel, as required.

- 3) System to ensure that duties of Directors of subsidiaries of the Company are executed efficiently

- For the efficient achievement of targets for divisions to which group companies belong, rules for delegation authority and decision-making including division of duties regulations, administrative authority regulations and requests for approval regulations

- have been established in order to enable agile decision-making.
- 4) System to ensure that Directors' and employees' execution of duties at subsidiaries of the Company complies with laws and regulations, and the Articles of Incorporation
 - Universal personal conduct guidelines have been established for officers and employees of the Group, aiming to create a united awareness for compliance with laws for all Directors and employees of the Group.
 - An Executive Officer in charge of the Compliance Department of the Company is appointed as the Chief Compliance Officer for the purpose of clarifying responsibilities toward establishing internal systems across the Group.
 - The Compliance Department of the Company has been established as the department responsible for compliance, and is responsible for its promotion.
 - The Business Audit Department of the Company implements internal audits for Group companies.

 - (6) Systems regarding employees in the case that the Audit & Supervisory Board of the Company seeks such employees to assist in their duties, matters regarding the employees' independence from the Board of Directors, and matters regarding the effectiveness of orders given to the employees by Audit & Supervisory Board Members
 - 1) The Audit & Supervisory Board Office has been established as a body to assist the duties of Audit & Supervisory Board Members, and dedicated staff are placed in the Office.
 - 2) Assignment, disciplinary measures, transfers, and other matters regarding personnel affairs of these staff require consent of the Audit & Supervisory Board.

 - (7) System for reporting to the Audit & Supervisory Board of the Company
 - 1) System for Directors and employees of the Company to report to the Audit & Supervisory Board of the Company
 - Through periodic meetings between the Audit & Supervisory Board and the President and CEO, exchanges of opinions are conducted on management principles and issues to be addressed to deepen mutual understanding. Concerning important business execution matters and the status of internal audits, in addition to reports for each instance, the Audit & Supervisory Board may request reports at any time from Directors or employees.
 - 2) System for employees of subsidiaries of the Company or persons who have received reports from these persons to report to the Audit & Supervisory Board
 - Audit & Supervisory Board Members receive reports through information exchanges with auditors of Group companies, and also directly from officers and employees of Group companies through audits of Group companies.
 - The Business Audit Department of the Company conducts audits of Group companies, and reports to Audit & Supervisory Board Members of the Company regarding the status of audits at Group companies.
 - 3) System to ensure that persons who make reports in 1) and 2) will not be subject to disadvantageous treatment on the grounds of such reporting
 - The Company and Group companies will not subject employees who made reports in 1) and 2) to disadvantageous treatment on the grounds of such reporting.

 - (8) Prepayment or reimbursement procedures for expenses incurred during the execution of duties by Audit & Supervisory Board Members of the Company and processing of other expenses or liabilities incurred during the execution of duties
 - If Audit & Supervisory Board Members request prepayment of expenses concerning execution of duties, the Company responds promptly to such requests.

 - (9) Other systems to ensure effective audits by Audit & Supervisory Board Members
 - The system enables Audit & Supervisory Board Members to attend important meetings and state opinions as required.

 - (10) Elimination of antisocial forces
 - The Group shall never have relationships with antisocial forces and organizations that threaten the order and safety of civil society, and responds to unreasonable requests in a resolute manner in cooperation with attorneys and the police.

2. Summary of operational status of system to ensure proper business execution

- (1) Ensuring business execution is in compliance with laws, regulations and the Articles of Incorporation
The Compliance Department conducts supervision regarding compliance with laws and regulations on a daily basis. Additionally, the Business Audit Department implements internal audits, and concerning their results, reports are made to the President and CEO and Audit & Supervisory Board Members.
- (2) Management of risk of loss
Each department works to prevent occurrence of loss, while in the event of an accident, through cooperation with related departments, responds upon consulting with legal counsel, as required.
- (3) Ensuring efficiency of business execution
Toward achieving Company-wide goals determined by the Board of Directors, rules for delegation authority and decision-making including division of duties regulations, administrative authority regulations and requests for approval regulations have been established in order to enable agile decision-making.
- (4) Ensuring proper business execution within the Group
Based on the Group Company Management Regulations, for certain matters, approval from the Board of Directors of the Company and deliberation with related departments of the Company are implemented before making decisions at each subsidiary. Additionally, the Business Audit Department of the Company conducts internal audits for Group companies.
- (5) Reporting to the Audit & Supervisory Board and ensuring effectiveness of audits by Audit & Supervisory Board Members
Through periodic meetings between Audit & Supervisory Board Members and the President and CEO, exchanges of opinions are made on management principles and issues to be addressed to deepen mutual understanding. Additionally, the Audit & Supervisory Board receives written reports from Directors and employees every time the execution of important duties is completed and on the status of internal audits.

Unless otherwise stated, monetary figures presented in this Business Report are rounded down.

Consolidated Balance Sheets

(As of March 31, 2017)

(Thousands of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	51,868,124	Current liabilities	113,546,954
Cash and deposits	40,402,122	Notes and accounts payable - trade	3,321
Notes and accounts receivable-trade	1,127,328	Short-term loans payable	21,295,090
Merchandise	9,010	Current portion of long-term loans payable	85,986,209
Raw materials and supplies	22,049	Income taxes payable	529,916
Deferred tax assets	374,620	Provision for employees' bonuses	155,968
Other	9,933,375	Provision for point card certificates	3,948
Allowance for doubtful accounts	(381)	Provision for shareholder benefits	140,596
		Other	5,431,902
Fixed assets	580,496,547	Non-current liabilities	443,288,781
Property and equipment	552,327,173	Corporate bonds	55,000,000
Buildings and structures	143,156,906	Long-term loans payable	368,302,321
Buildings and structures in trust	97,340,438	Deferred tax liabilities	2,590,548
Machinery, equipment and vehicles	146,314	Provision for directors' and audit & supervisory board members' retirement benefits	461,781
Machinery, equipment and vehicles in trust	140,013	Provision for environmental measures	183,148
Land	109,167,755	Provision for retirement benefits	657,105
Golf courses	1,489,299	Security and guarantee deposits received from tenants	16,093,376
Land in trust	197,305,862	Other	500
Construction in progress	2,989,191	Total liabilities	556,835,735
Other	591,391		
Intangible assets	10,865,648	(Net assets)	
Leasehold interest in land	642,325	Shareholders' equity	68,409,380
Leasehold interest in land in trust	9,941,180	Capital stock	20,516,413
Other	282,142	Capital surplus	20,431,819
Investments and other assets	17,303,724	Retained earnings	27,461,930
Investment securities	15,049,270	Treasury stock	(783)
Deferred tax assets	64,527	Accumulated other comprehensive income	6,893,392
Other	2,198,886	Unrealized gains on investment securities	3,775,998
Allowance for doubtful accounts	(8,960)	Deferred gains on hedges	110,583
		Foreign currency translation adjustments	3,006,809
		Non-controlling interests	226,163
		Total net assets	75,528,935
Total assets	632,364,671	Total liabilities and net assets	632,364,671

(Note) Figures presented in the financial statements are rounded down to the nearest thousand yen.

Consolidated Statements of Income

(April 1, 2016 - March 31, 2017)

(Thousands of yen)

Description	Amount	
Revenue from operations		38,906,495
Cost of revenue from operations		21,086,933
Gross profit		17,819,561
Selling, general and administrative expenses		4,691,389
Operating income		13,128,172
Non-operating income		537,549
Interest income	141,310	
Dividend income	343,349	
Other	52,889	
Non-operating expenses		3,842,608
Interest expenses	3,451,619	
Other	390,988	
Ordinary income		9,823,113
Extraordinary income		91,896
Gain on sales of investment securities	91,896	
Income before income taxes		9,915,009
Income taxes - current		3,519,759
Income taxes - deferred		142,866
Net income		6,252,383
Net income attributable to non-controlling interests		3,038
Net income attributable to owners of the parent company		6,249,345

(Note) Figures presented in the financial statements are rounded down to the nearest thousand yen.

Consolidated Statements of Changes in Net Assets

(April 1, 2016 - March 31, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2016	13,522,664	13,438,070	22,738,694	(562)	49,698,867
Changes of items during the period					
Issuance of common stock	6,993,748	6,993,748			13,987,497
Dividends paid			(1,526,109)		(1,526,109)
Net income attributable to owners of the parent company			6,249,345		6,249,345
Purchase of treasury stock				(220)	(220)
Net changes of items other than shareholders' equity					
Total changes of items during the period	6,993,748	6,993,748	4,723,235	(220)	18,710,513
Balance as of March 31, 2017	20,516,413	20,431,819	27,461,930	(783)	68,409,380

(Thousands of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gains (losses) on investment securities	Deferred gains on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2016	2,893,410	136,769	1,475,495	4,505,674	228,430	54,432,972
Changes of items during the period						
Issuance of common stock						13,987,497
Dividends paid						(1,526,109)
Net income attributable to owners of the parent company						6,249,345
Purchase of treasury stock						(220)
Net changes of items other than shareholders' equity	882,588	(26,185)	1,531,314	2,387,717	(2,267)	2,385,450
Total changes of items during the period	882,588	(26,185)	1,531,314	2,387,717	(2,267)	21,095,963
Balance as of March 31, 2017	3,775,998	110,583	3,006,809	6,893,392	226,163	75,528,935

(Note) Figures presented in the financial statements are rounded down to the nearest thousand yen.

Notes to the Consolidated Financial Statements

The Basis for Preparation of Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries 19

Names of principal subsidiaries

UNIZO Real Estate Company, Limited, UNIZO Hotel Company, Limited, UNIZO Facilities Company, Limited, UNIZO Real Estate One, LLC, UNIZO Real Estate Two, LLC, and UNIZO Holdings U.S., LLC.

Six newly established companies, including UNIZO Real Estate DC Two, LLC, were included in the scope of consolidation from the fiscal year ended March 31, 2017.

2. Application of the equity method

There are no related companies to which the equity method is applied.

3. Fiscal year end of consolidated subsidiaries

The fiscal year-end of 13 companies, including UNIZO Real Estate One, LLC, UNIZO Real Estate Two, LLC, and UNIZO Holdings U.S., LLC is February 28.

In preparing the accompanying consolidated financial statements, the Group uses financial statements of these consolidated subsidiaries for the fiscal year ended February 28, 2017 and makes necessary adjustments for any significant transactions that occurred between the fiscal year-end of these consolidated subsidiaries and the consolidated fiscal year-end of the Group.

4. Accounting policies

(1) Standards and methods for valuation of assets

1) Standards and methods for valuation of securities

a) Investment securities

Securities with readily determinable market price

Stated at fair value based on the market price on the balance sheet date

(Valuation gains and losses go directly to net assets. Cost basis is determined using the moving-average method.)

Securities without readily determinable market price

Stated at cost using the moving-average method

2) Standards and methods for valuation of inventories

Inventories held for sale in the ordinary course of business

Valuation method is on a cost basis (before adjusting book values to net selling values where those values have declined below cost).

Merchandise and finished goods Primarily at cost by the periodic average method

Raw materials and supplies At cost by the last purchase price method

(2) Depreciation and amortization method for non-current assets

Property and equipment other than leased assets

The declining-balance method

Buildings (excluding building fixtures) acquired on or after April 1, 1998, and buildings, accompanying facilities and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.

The estimated useful lives are as follows:

Buildings and structures	2-50 years
Machinery, equipment and vehicles	2-17 years
Tools, furniture and fixtures	2-20 years

Intangible assets other than leased assets

The straight-line method

Software for internal use is amortized using the straight-line method over the period of expected use by the Group (five years).

Leased assets

Leased assets under finance leases that do not transfer ownership of the leased assets

The straight-line method with estimated useful lives equal to lease terms and zero residual value.

Additionally, for finance lease transactions that do not transfer ownership and for which the lease transaction start date was on or before March 31, 2008, accounting treatment for ordinary lease transactions continues to be applied.

(3) Standards of accounting for provisions

1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables and an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers that are experiencing financial difficulties.

2) Provision for employees' bonuses

A provision for employees' bonuses is provided based on the expected cost of bonuses at the end of the fiscal year.

3) Provision for point card certificates

A provision for point card certificates is provided at the end of the fiscal year to cover the amount of estimated future disbursements arising from usage of accumulated points on cards earned by customers.

4) Provision for shareholder benefits

A provision for shareholder benefits is provided to cover the amount of estimated future disbursements for the shareholder benefit plan.

5) Provision for directors' and audit & supervisory board members' retirement benefits

A provision for directors' and audit & supervisory board members' retirement benefits is provided based on the future expected amount of final payments of retirement benefits to Directors and Audit

& Supervisory Board Members as resolved at the 39th Annual General Meeting of Shareholders held on June 17, 2016.

6) Provision for environmental measures

A provision for environmental measures is provided to cover the amount of estimated future disbursements arising from the disposal of polychlorinated biphenyl (“PCB”) at certain consolidated subsidiaries.

(4) Standards for translation of significant foreign currency-denominated assets or liabilities to Japanese yen

Assets and liabilities of foreign subsidiaries are translated into Japanese yen based on the spot exchange rate as of the fiscal year-end date, and on the average exchange rate for the period for revenue and expenses, and differences in translations are recorded in foreign currency translation adjustments in net assets.

(5) Other significant matters for the basis of preparation of consolidated financial statements

1) Retirement benefits

The Group applies the simplified method for the calculation of liability for retirement benefits and retirement benefit expenses. Under the simplified method, the Group provides the amount that is required if all employees retire voluntarily at the end of the consolidated fiscal year as retirement benefit obligations.

2) Hedge accounting

a) The Group adopts deferral hedge accounting for hedge transactions.

b) Hedging methods and items subject to hedging

<u>Hedging instrument</u>	<u>Item subject to hedging</u>
Interest rate swaps	Long-term loans payable
Forward foreign exchange contracts	Investments in capital of subsidiaries and associates
Long-term loans payable	

c) Hedging policy

The Group utilizes derivative transactions and foreign currency-denominated long-term loans to hedge against market interest rate fluctuations and foreign currency fluctuations accompanying foreign currency-denominated transactions.

These transactions are conducted against items subject to hedging and not used for speculative purposes.

d) Method of evaluating hedging effectiveness

Cumulative amounts of fluctuations in cash flows subject to hedging and cumulative amounts of fluctuations in cash flows between hedging instruments and market prices are compared on a semi-annual basis, and based on amounts of fluctuation in these two indicators, evaluation of hedging effectiveness is made.

For items to which significant conditions regarding notional amounts for hedging instruments and

items subject to hedging are identical, and it can be assumed that at the time of hedging and continuing thereafter, fluctuations in cash flow will be completely offset, evaluation of hedging effectiveness is omitted.

- 3) Accounting treatment of consumption taxes
The tax exclusion method is applied.
- 4) Application of consolidated tax payment system
The consolidated tax payment system is applied.

Notes to Changes in Accounting Policies

(Changes in accounting policies)

The Company has adopted the Practical Solution on a change in depreciation method due to Tax Reform 2016 (ASBJ PITF No.32, issued on June 17, 2016) from the fiscal year ended March 31, 2017 and changed the depreciation method for buildings, accompanying facilities and structures acquired from April 1, 2016 onward, from the declining-balance method to the straight-line method.

As a result, operating income, ordinary income, and income before income taxes for the fiscal year ended March 31, 2017 increased by ¥64,323 thousand each.

Notes to Consolidated Balance Sheets

1. Liabilities regarding assets subject to lien and pledged as collateral

	(Thousands of yen)
Other (current assets)	157,011
Buildings and structures	21,266,540
Buildings and structures in trust	84,573,440
Machinery, equipment and vehicles	74,607
Machinery, equipment and vehicles in trust	69,456
Land	19,678,779
Land in trust	165,718,316
Other (tools, furniture and fixtures)	323,712
Intangible assets (leasehold interest in land)	9,762,960
Total	301,624,825
Liabilities regarding the above	
Current portion of long-term loans payable	44,551,325
Long-term loans payable	205,654,656
Total	250,205,981

Additionally, investments in capital of subsidiaries and associates of the Company, which are eliminated in consolidation, in the amount of ¥55,139,986 thousand have been pledged as collateral.

2. Accumulated depreciation of property and equipment ¥35,682,564 thousand

3. Balance of guarantees

Guarantees have been made in the balance of ¥8,415 thousand on employees' mortgages.

Notes to Consolidated Statements of Changes in Net Assets

1. Total number of issued shares as of March 31, 2017

Common stock 23,770,700 shares

2. Total number of treasury shares as of March 31, 2017

Common stock 301 shares

3. Distribution of surplus during the fiscal year ended March 31, 2017

It was resolved at the Annual General Meeting of Shareholders on June 17, 2016 as follows:

• Dividends on common stock

Total dividends ¥694,145 thousand

Dividends per share ¥35

Record date March 31, 2016

Effective date June 20, 2016

It was resolved by the Board of Directors on November 1, 2016 as follows:

• Interim dividends on common stock

Total dividends ¥831,963 thousand

Dividends per share ¥35

Record date September 30, 2016

Effective date November 30, 2016

4. Dividends for which the record date was during the fiscal year ended March 31, 2017, but for which the effective date will be in the following fiscal year

The following dividends on common stock have been proposed as a resolution for the Annual General Meeting of Shareholders on June 23, 2017.

• Dividends on common stock

Total dividends ¥950,815 thousand

Dividends per share ¥40

Record date March 31, 2017

Effective date June 26, 2017

Dividends will be paid from retained earnings.

Notes on Financial Instruments

1. Status of Financial Instruments

(1) Management policy on financial instruments

The Group procures necessary funds primarily for the Office Building Business and the Hotel Business by borrowing from financial institutions.

Most of the temporary surplus funds are invested in highly liquid financial assets. The Group utilizes derivative instruments to reduce interest rate fluctuation risk and foreign currency fluctuation risk, and does not enter into derivatives for speculative purposes.

(2) Financial instruments and associated risks

Accounts receivable-trade are exposed to the credit risk of customers. Foreign currency trade receivables and payables, which arise from overseas operations, are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Investment securities are exposed to market risk including the risk of market price fluctuations.

The Group obtains loans primarily for capital investments. Loans with floating rates of interest are exposed to the risk of interest rate fluctuations.

Derivative transactions comprise interest rate swap transactions for the purpose of hedging against fluctuations in rates of interest payments.

(3) Risk management systems for financial instruments

1) Credit risk management (counterparty credit risk)

When starting business with a new customer, the Group carries out a credit check and also monitors collections continuously.

2) Market risk management (fluctuation risk of foreign exchange rates, interest rates and others)

The fair values of investment securities and the financial position of the issuers are monitored and reported to Directors and related divisions periodically. As for transactions that are exposed to market risks such as interest rate fluctuation risk and foreign currency fluctuation risk, the conditions of the derivative transactions are reported to the Board of Directors.

3) Liquidity risk management related to fund procurement (risk that payments cannot be made on due date)

The Group manages liquidity risk by the Finance Department timely preparing and updating cash flow plans based on reports from each division and consolidated subsidiaries.

(4) Supplementary explanation of the fair value of financial instruments

The fair values of financial instruments are based on quoted market prices, if available, or reasonably estimated value if no quoted market prices are available. Since various variable assumptions are reflected in estimating the fair values, fair values may differ if different assumptions are used.

2. Fair values of financial instruments

Carrying values and fair values of financial instruments listed on the consolidated balance sheets as of March 31, 2017 are as follows.

Financial instruments for which determination of fair value is deemed extremely difficult are excluded from the table below.

(Thousands of yen)

	Carrying value	Fair value	Difference
(1) Cash and deposits	40,402,122	40,402,122	—
(2) Notes and accounts receivable-trade Allowance for doubtful accounts ^{*1}	1,127,328 (381)	1,126,946	—
(3) Investment securities	10,469,011	10,469,011	—
(4) Derivative transactions ^{*2}	42,666	42,666	—
Total assets	52,040,747	52,040,747	—
(5) Short-term loans payable	21,295,090	21,295,090	—
(6) Corporate bonds	55,000,000	54,809,500	(190,500)
(7) Long-term loans payable ^{*3} Loans with floating interest rate Loans with fixed interest rate	292,818,750 161,469,781	292,818,750 162,810,650	— 1,340,869
Total liabilities	530,583,621	531,733,991	1,150,369

*1. The amount represents the allowance for doubtful accounts, which was provided for the notes and accounts receivable-trade and was netted against such receivables when estimating the fair value.

*2. Net credits and debits stemming from derivative transactions are displayed in net amounts.

*3. The amount includes current portion of long-term loans payable.

Note 1. Fair value measurement of financial instruments and notes on investment securities and derivative transactions

(1) Cash and deposits, (2) Notes and accounts receivable-trade

The carrying amount approximates the fair value because of the short maturity of these instruments.

(3) Investment securities

Fair values of investment securities are based on quoted prices on exchanges.

(4) Derivative transactions

Fair value is calculated based on prices presented by financial institution trading partners.

(5) Short-term loans payable

Short-term loans payable are stated at their respective carrying values, as they are settled in a short period of time and their fair values closely approximate their carrying values.

(6) Corporate bonds

Fair value is calculated based on market prices.

(7) Long-term loans payable

Long-term loans payable with floating interest rates, which are reset periodically, are stated at their carrying values as their carrying values approximate fair values. The fair values of long-term loans payable with fixed interest rates are estimated as the present value of future cash flows discounted using the current interest rate for a similar loan of comparable maturity.

Note 2. Financial instruments, for which determination of fair values is deemed extremely difficult

(Thousands of yen)

Classification	Carrying values listed on the consolidated balance sheets
Investment securities	
Unlisted equity securities	4,580,259
Security and guarantee deposits received from tenants	16,093,376

The fair values of these items are deemed extremely difficult to determine since no quoted market prices are available and their future cash flows cannot be estimated.

Note 3. Redemption schedule after March 31, 2017, for monetary claims and for securities with terms to maturity

(Thousands of yen)

	1 year or less	Over 1 year
Cash and deposits	40,402,122	—
Notes and accounts receivable-trade	1,127,328	—
Total	41,529,451	—

Note 4. Repayment schedule after March 31, 2017 for corporate bonds and long-term loans payable

(Thousands of yen)

	Less than 1 year	Over 1 year and less than 5 years	Over 5 years and less than 10 years	Over 10 years
Corporate bonds	—	25,000,000	30,000,000	—
Long-term loans payable	85,986,209	328,579,205	39,723,115	—

Notes to Investment and Rental Properties

Certain subsidiaries of the Company own commercial properties, including office buildings for rent primarily in the Tokyo metropolitan area.

Operating income from investment and rental properties was ¥12,123,319 thousand for the fiscal year ended March 31, 2017. Revenue from these investment and rental properties is included in revenue from operations. Expenses from these investment and rental properties are included in cost of revenue from operations or selling, general and administrative expenses.

The carrying values, net changes of the carrying values and appraised values of these investment and rental properties for the fiscal year ended March 31, 2017 are as follows:

(Thousands of yen)

		Fiscal year ended March 31, 2017
Carrying value	Beginning of the year	357,861,349
	Net changes	121,789,550
	End of the year	479,650,899
Appraised value—end of the year		586,447,266

- (Notes)
1. The carrying values on the consolidated balance sheets include acquisition costs of investment and rental properties, net of accumulated depreciation, and the balance of leasehold interest in land.
 2. For the fiscal year ended March 31, 2017, net changes primarily present acquisition of office buildings of ¥130,389,360 thousand.
 3. Appraised values as of March 31, 2017 are based on appraisals undertaken for all subject properties by external real estate appraisers. (Japan Real Estate Institute, DAIWA REAL ESTATE APPRAISAL CO., LTD., Kudan Urban Appraisal Co., Ltd., Sanyu Appraisal Corporation, TOKYO KANTEI Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc., Richi Appraisal Institute, and Butler Burgher Group)

Notes to Per Share Information

Net assets per share	¥3,167.92
Net income per share	¥275.81

Notes to Significant Subsequent Events

Acquisition of fixed assets

(1) UNIZO Real Estate DC Seven, LLC, a consolidated subsidiary of the Company, has decided to acquire non-current assets as described below and concluded a purchase agreement, as part of investments in prime income-generating properties by the Group.

Details of the property	1325 G Street
	1325 G Street NW, Washington D.C., USA
	Office / Commercial Building
	Land area: 3,096.54 m ² Floor area: 28,297.06 m ²
Acquisition Price	¥21,710 million (US\$193.5 million)
Contract Date	March 30, 2017 (local time)
Closing Date	April 27, 2017 (local time)

(2) UNIZO Real Estate DC Eight, LLC, a consolidated subsidiary of the Company, has decided to acquire non-current assets as described below and concluded a purchase agreement, as part of investments in prime income-generating properties by the Group.

Details of the property	1341 G Street
	1341 G Street NW, Washington D.C., USA
	Office / Commercial Building
	Land area: 1,238.17 m ² Floor area: 12,109.70 m ²
Acquisition Price	¥7,349 million (US\$65.5 million)
Contract Date	March 30, 2017 (local time)
Closing Date	April 27, 2017 (local time)

Non-Consolidated Balance Sheets

(As of March 31, 2017)

(Thousands of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	6,076,522	Current liabilities	62,675,179
Cash and deposits	1,482,492	Short-term loans payable	21,295,090
Accounts receivable-trade	63,003	Current portion of long-term loans payable	40,151,818
Accounts receivable-other	2,060,170	Accounts payable-other	358,567
Prepaid expenses	19,822	Accrued expenses	210,463
Deferred tax assets	66,152	Income taxes payable	151,648
Short-term loans receivable	2,378,205	Accrued consumption taxes	40,281
Other	6,676	Deposits received	253,339
Fixed assets	314,135,097	Provision for employees' bonuses	73,375
Property and equipment	225,528	Provision for shareholder benefits	140,596
Buildings	171,487	Non-current liabilities	205,633,361
Tools, furniture and fixtures	42,265	Corporate bonds	55,000,000
Other	11,774	Long-term loans payable	147,801,226
Intangible assets	91,037	Deferred tax liabilities	2,014,296
Trademarks	50,086	Provision for retirement benefits	419,587
Software	40,337	Provision for directors' and audit & supervisory board members' retirement benefits	377,041
Telephone subscription rights	612	Asset retirement obligations	21,210
Investments and other assets	313,818,532	Total liabilities	268,308,541
Investment securities	15,049,270	(Net assets)	
Shares of subsidiaries and associates	10,292,480	Shareholders' equity	48,104,660
Long-term loans receivable from subsidiaries and associates	288,200,000	Capital stock	20,516,413
Long-term prepaid expenses	861	Capital surplus	20,431,819
Guarantee deposits	7,723	Capital reserve	20,431,819
Accumulation-type insurance premiums	152,523	Retained earnings	7,157,210
Other	120,553	Legal reserve	126,600
Allowance for doubtful accounts	(4,880)	Other retained earnings	7,030,610
		General reserve	300,000
		Retained earnings brought forward	6,730,610
		Treasury stock	(783)
		Valuation and translation adjustments	3,798,419
		Unrealized gains on investment securities	3,775,998
		Deferred gains on hedges	22,420
		Total net assets	51,903,079
Total assets	320,211,620	Total liabilities and net assets	320,211,620

(Note) Figures presented in the financial statements are rounded down to the nearest thousand yen.

Non-Consolidated Statements of Income

(April 1, 2016 - March 31, 2017)

(Thousands of yen)

Description	Amount	
Operating revenue		7,727,739
Dividends from subsidiaries and associates	5,312,000	
Commissions from subsidiaries and associates	2,415,739	
Operating expenses		2,776,344
Operating income		4,951,394
Non-operating income		1,752,099
Interest income	1,361,817	
Dividend income	343,349	
Other	46,932	
Non-operating expenses		1,578,186
Interest expenses	996,001	
Interest on bonds	231,742	
Other	350,442	
Ordinary income		5,125,307
Extraordinary income		91,896
Gain on sales of investment securities	91,896	
Profit before income taxes		5,217,203
Income taxes - current		33,620
Income taxes - deferred		(28,401)
Net income		5,211,985

(Note) Figures presented in the financial statements are rounded down to the nearest thousand yen.

Non-Consolidated Statements of Changes in Net Assets

(April 1, 2016 - March 31, 2017)

(Thousands of yen)

	Shareholders' equity		
	Capital stock	Capital surplus	
		Capital reserve	Total capital surplus
Balance as of April 1, 2016	13,522,664	13,438,070	13,438,070
Changes of items during the period			
Issuance of common stock	6,993,748	6,993,748	6,993,748
Dividends paid			
Net income			
Purchase of treasury stock			
Net changes of items other than shareholders' equity			
Total changes of items during the period	6,993,748	6,993,748	6,993,748
Balance as of March 31, 2017	20,516,413	20,431,819	20,431,819

(Thousands of yen)

	Shareholders' equity					
	Retained earnings				Treasury stock	Total shareholders' equity
	Legal reserve	Other retained earnings		Total retained earnings		
		General reserve	Retained earnings brought forward			
Balance as of April 1, 2016	126,600	300,000	3,044,734	3,471,334	(562)	30,431,507
Changes of items during the period						
Issuance of common stock						13,987,497
Dividends paid			(1,526,109)	(1,526,109)		(1,526,109)
Net income			5,211,985	5,211,985		5,211,985
Purchase of treasury stock					(220)	(220)
Net changes of items other than shareholders' equity						
Total changes of items during the period	—	—	3,685,875	3,685,875	(220)	17,673,152
Balance as of March 31, 2017	126,600	300,000	6,730,610	7,157,210	(783)	48,104,660

(Thousands of yen)

	Valuation and translation adjustments			Total net assets
	Unrealized gains (losses) on investment securities	Deferred gains on hedges	Total valuation and translation adjustments	
Balance as of April 1, 2016	2,893,410	(52,979)	2,840,430	33,271,937
Changes of items during the period				
Issuance of common stock				13,987,497
Dividends paid				(1,526,109)
Net income				5,211,985
Purchase of treasury stock				(220)
Net changes of items other than shareholders' equity	882,588	75,400	957,988	957,988
Total changes of items during the period	882,588	75,400	957,988	18,631,141
Balance as of March 31, 2017	3,775,998	22,420	3,798,419	51,903,079

(Note) Figures presented in the financial statements are rounded down to the nearest thousand yen.

Notes to the Non-Consolidated Financial Statements

The Basis for Preparation of Non-Consolidated Financial Statements

1. Standards and methods for valuation of assets

Standards and methods for valuation of securities

(1) Securities of subsidiaries

Stated at cost using the moving-average method.

(2) Investment securities

Securities with readily determinable market price

Stated at fair value based on the market price on the balance sheet date

(Valuation gains and losses go directly to net assets. Cost basis is determined using the moving-average method.)

Securities without readily determinable market price

Stated at cost using the moving-average method.

2. Depreciation and amortization method for fixed assets

(1) Property and equipment other than leased assets

The declining-balance method

Buildings (excluding building fixtures) acquired on or after April 1, 1998 and buildings, accompanying facilities and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.

(2) Intangible assets

The straight-line method

Software for internal use is amortized using the straight-line method over the period of expected use by the Company (five years).

3. Standards of accounting for provisions

(1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables and an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers that are experiencing financial difficulties.

(2) Provision for employees' bonuses

A provision for employees' bonuses is provided based on the expected cost of bonuses at the end of the fiscal year.

(3) Provision for shareholder benefits

A provision for shareholder benefits is provided to cover the amount of estimated future disbursements for the shareholder benefit plan.

(4) Provision for retirement benefits

A provision for retirement benefits is provided based on the expected retirement benefit obligations as of the end of the fiscal year. The Company applies the simplified method for the calculation of provision for retirement benefits and retirement benefit expenses. Under the simplified method, the Company provides the amount which is required if all employees retire voluntarily at the end of the fiscal year as retirement benefit obligations.

(5) Provision for directors' and audit & supervisory board members' retirement benefits

A provision for directors' and audit & supervisory board members' retirement benefits is provided based on the future expected amount of final payments of retirement benefits to Directors and Audit & Supervisory Board Members as resolved at the 39th Annual General Meeting of Shareholders held on June 17, 2016.

4. Other significant matters for the basis of preparation of non-consolidated financial statements

(1) Hedge accounting

a) The Company adopts deferral hedge accounting for hedge transactions.

b) Hedging methods and items subject to hedging

Hedging instrument	Items subject to hedging
Interest rate swaps	Long-term loans payable

c) Hedging policy

The Company utilizes derivative transactions to hedge against market interest rate fluctuations. These transactions are conducted against items subject to hedging and not used for speculative purposes.

d) Method of evaluating hedging effectiveness

Cumulative amounts of fluctuations in cash flows subject to hedging and cumulative amounts of fluctuations in cash flows between hedging instruments and market prices are compared on a semi-annual basis, and based on amounts of fluctuation in these two indicators, evaluation of hedging effectiveness is made.

(2) Accounting treatment of consumption taxes

The tax exclusion method is applied.

(3) Application of consolidated tax payment system

The consolidated tax payment system is applied.

Notes to Changes in Accounting Policies

(Changes in accounting policies)

The Company has adopted the Practical Solution on a change in depreciation method due to Tax Reform 2016 (ASBJ PITF No.32, issued on June 17, 2016) from the fiscal year under review and changed the depreciation method for building fixtures and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

As a result, operating income, ordinary income, and profit before income taxes for the fiscal year ended March 31, 2017 increased by ¥196 thousand each.

Notes to Non-Consolidated Balance Sheets

1. Accumulated depreciation of property and equipment ¥195,098 thousand

2. Balance of guarantees

Guarantees have been made in the balance of ¥2,929,904 thousand on lease deposit obligations at subsidiary UNIZO Real Estate Company, Limited.

Additionally, guarantees have been made in the balance of ¥8,415 thousand on employees' mortgages.

3. Monetary claims and monetary liabilities toward related companies

Short-term monetary claims	¥3,972,928 thousand
Short-term monetary liabilities	¥515,393 thousand

Notes to Non-Consolidated Statements of Income

Transactions with related companies

Sales transactions	
Operating revenue	¥7,727,739 thousand
Operating expenses	¥143,641 thousand
Transactions other than sales transactions	¥1,387,365 thousand

Notes to Non-Consolidated Statements of Changes in Net Assets

Class and number of treasury shares as of March 31, 2017

Common stock 301 shares

Notes on Tax Accounting

The significant components of deferred tax assets and liabilities

Deferred tax assets	(Thousands of yen)
Enterprise tax payable	36,718
Provision for employees' bonuses	22,643
Legal welfare expenses payable	3,396
Excess of allowance for doubtful accounts	1,494
Provision for retirement benefits	128,477
Provision for directors' and audit & supervisory board members' retirement benefits	115,449
Asset retirement obligations	2,333
Loss on valuation of securities of subsidiaries	78,535
Loss on valuation of securities	59,892
Unrealized loss on investment securities	155,767
Other	10,418
Subtotal deferred tax assets	615,128
Valuation allowances	(259,478)
Total deferred tax assets	355,649
Deferred tax liabilities	
Unrealized gains on investment securities	(1,607,658)
Gains on valuation of investment securities	(686,232)
Other	(9,903)
Total deferred tax liabilities	(2,303,793)
Net deferred tax liabilities	(1,948,144)

Notes to Related-party Transactions

Subsidiaries

(Thousands of yen)

Type	Company name	Location	Capital or investment	Content of business	The Company's percentage of voting rights	Relationship with related party	Content of transactions	Amount of transactions	Item	Balance as of March 31, 2017
Subsidiary	UNIZO Real Estate Company, Limited	Chuo-ku, Tokyo	400,000	Real estate business	Direct 100%	Business management (Note 4)	Receipt of business management fees	1,726,336	Accounts receivable-trade	63,003
							Guarantees (Note 2)	2,929,904	—	—
							Loaning of funds (Note 1)	—	Short-term loans receivable	1,284,923
							Loaning of working capital (Note 3)	101,000,000	Long-term loans receivable from subsidiaries and associates	243,400,000
						Concurrently serving officers	Interest on loans	1,149,455	—	—
	UNIZO Hotel Company, Limited	Chuo-ku, Tokyo	100,000	Hotel business	Direct 100%	Business management (Note 4)	Receipt of business management fees	689,124	Accounts payable-other	286,065
							Loaning of funds (Note 1)	—	Short-term loans receivable	1,092,492
							Loaning of working capital (Note 3)	29,000,000	Long-term loans receivable from subsidiaries and associates	44,800,000
Interest on loans							212,305	—	—	
					Concurrently serving officers					

Transaction conditions and policies on determining transaction conditions

- (Notes)
1. Loaning of funds to UNIZO Real Estate Company, Limited and UNIZO Hotel Company, Limited, is determined in consideration of market interest rates. Furthermore, collateral is not accepted.
 2. Joint liability on guarantees is provided for lease deposits received at UNIZO Real Estate Company, Limited.
 3. A portion stems from the cash management system.
 4. Consideration for business management of subsidiaries.

Notes to Per Share Information

Net assets per share	¥2,183.52
Net income per share	¥230.03

Independent Auditor's Report
(English Translation)

April 27, 2017

The Board of Directors
UNIZO Holdings Company, Limited

Ernst & Young ShinNihon LLC

Certified Public Accountant Designated Limited Liability Partner Engagement Partner	Masayuki Miyairi	[Seal]
Certified Public Accountant Designated Limited Liability Partner Engagement Partner	Sei Eshita	[Seal]

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets, and the notes to consolidated financial statements of UNIZO Holdings Company, Limited (hereinafter the "Company") from April 1, 2016 to March 31, 2017.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of UNIZO Holdings Company, Limited and its consolidated subsidiaries as at March 31, 2017, and their consolidated financial performance for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Neither Ernst & Young ShinNihon LLC nor any of the Engagement Partners has any interest in the Company which should be disclosed under the provisions of the Certified Public Accountants Act.

Independent Auditor's Report
(English Translation)

April 27, 2017

The Board of Directors
UNIZO Holdings Company, Limited

Ernst & Young ShinNihon LLC

Certified Public Accountant

Designated Limited Liability Partner

Engagement Partner

Masayuki Miyairi [Seal]

Certified Public Accountant

Designated Limited Liability Partner

Engagement Partner

Sei Eshita [Seal]

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements, namely, the non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statements of changes in net assets, the notes to non-consolidated financial statements and the related supplementary schedules of UNIZO Holdings Company, Limited (hereinafter the "Company") for the 40th fiscal year (April 1, 2016 to March 31, 2017).

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and their supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements and their supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements and their supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and their supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and their supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and their supplementary schedules, whether due to fraud or error. The purpose of an audit of the non-consolidated financial statements and their supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and their supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and their supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements and their supplementary schedules referred to above present fairly, in all material respects, the financial position of UNIZO Holdings Company, Limited as at March 31, 2017, and their financial performance for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Neither Ernst & Young ShinNihon LLC nor any of the Engagement Partners has any interest in the Company which should be disclosed under the provisions of the Certified Public Accountants Act.

Audit Report

The Audit & Supervisory Board, upon deliberation, prepared this audit report regarding the Directors' execution of their duties for the 40th fiscal year (April 1, 2016 to March 31, 2017), based on the audit reports prepared by each Audit & Supervisory Board Member and hereby reports as follows:

1. Auditing Method Employed by Audit & Supervisory Board Members and the Audit & Supervisory Board and Details Thereof

The Audit & Supervisory Board established audit policies and audit plans, and received reports from each Audit & Supervisory Board Member regarding the execution of audits and the results thereof. In addition, we received reports and requested explanations as necessary, from Directors and the Accounting Auditor regarding the execution of their duties.

Each Audit & Supervisory Board Member complied with the auditing standards of the Audit & Supervisory Board Members established by the Audit & Supervisory Board. They followed the auditing policies and plans, and other relevant matters, communicated with the Directors, the Business Audit Department, other employees, and any other relevant personnel, and made efforts to prepare the environment for collecting information and audits. Audit & Supervisory Board Members also participated in meetings of the Board of Directors and other important meetings, received reports from the Directors, employees and other relevant personnel regarding execution of their duties, sought explanations as necessary, examined important approval documents and associated information, and studied the operations and financial positions at the Head Office. In addition, Audit & Supervisory Board Members monitored and examined the content of the resolutions of the Board of Directors and the status of the system (internal control system) developed in accordance with such resolutions regarding the system stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act for ensuring that the execution of duties by the Directors as stated in the Business Report conforms to the related laws, regulations and the Articles of Incorporation, and other necessities provided therein to ensure the proper business execution of stock companies. With regard to subsidiaries, Audit & Supervisory Board Members strived for communication and exchanges of information with Directors and Audit & Supervisory Board Members of subsidiaries, and requested explanations on business from subsidiaries as necessary, and studied conditions of their businesses and assets. Based on the foregoing methods, we examined the Business Report and their supplementary schedules for the fiscal year ended March 31, 2017.

Moreover, we monitored and examined whether the Accounting Auditor had maintained its independence and conducted audits appropriately, and received reports, and requested explanations as necessary, from the Accounting Auditor regarding the execution of its duties. In addition, we received notification from the Accounting Auditor to the effect that "system for ensuring proper execution of duties" (matters listed in each Item of Article 131 of the Ordinance on Accounting of Companies) has been established in accordance with "Quality Control Standards for Auditing" (dated October 28, 2005 by Business Accounting Council), and requested explanations as necessary. Based on the foregoing methods, we examined the non-consolidated financial statements (the non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statements of changes in net assets, and the notes to non-consolidated financial statements) and their supplementary schedules, as well as consolidated financial statements (the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets and the notes to consolidated statements) for the fiscal year ended March 31, 2017.

2. Audit Results

(1) Results of Audit of Business Report.

1. In our opinion, the business report and the supplementary schedules are in accordance with the related laws and regulations and the Articles of Incorporation, and fairly represent the Company's condition.
2. No misconduct concerning the execution of duties by Directors or material facts in violation of laws, regulations or the Articles of Incorporation were found.
3. We found that the Board of Directors' resolutions concerning the internal control system are appropriate in content. We also found no matters requiring note on our part with respect to the description of the Business Report concerning the said internal control system and the execution of duties by Directors.

(2) Results of Audit of Non-consolidated Financial Statements and Supplementary Schedules

We found that the methods and the results of the audits conducted by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We found that the methods and the results of the audits conducted by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

April 28, 2017

Audit & Supervisory Board
UNIZO Holdings Company, Limited

Standing Audit & Supervisory Board Member	Mitsugi Izumiyama
Standing & Outside Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Kaoru Inoue
Outside Audit & Supervisory Board Member	Tetsuo Ito
Outside Audit & Supervisory Board Member	Atsushi Kato

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company aims to enhance corporate and shareholder value while staying focused on changes in the business environment, earnings performance, and financial conditions with a view to bolstering future business development and its operating foundation. The Company's basic policy on shareholder returns is to consistently provide stable cash dividends, while balancing this with robust shareholders' equity. Based on this policy and taking into account the business performance for the fiscal year ended March 31, 2017 and projected future business development, the year-end dividend for the 40th fiscal year are proposed as follows.

- (1) Type of dividend
Cash
- (2) Dividend allotment and total dividend amount
¥40 per share of common stock of the Company, for a total amount of ¥950,815,960
The annual dividend for the fiscal year ended March 31, 2017 will be ¥75 per share including the interim dividend paid of ¥35 per share.
- (3) Effective date of distribution of surplus
June 26, 2017

Proposal 2: Election of Eight (8) Directors

Nine (9) Directors Yoshiaki Iseki, Hiroyasu Nakamura, Masafumi Shinagawa, Hideaki Kobayashi, Hiroshi Takimoto, Hiroto Okubo, Takeshi Imamichi, Satoshi Komura, and Masahiko Nishi resigned as Director on May 1, 2017, and the terms of office of five (5) Directors Takao Suzuki, Masato Yamamoto, Hitoshi Sato, Takeshi Okabe, and Yoshio Yamada will expire at the conclusion of the Meeting. Accordingly, the election of eight (8) Directors is proposed.

If this proposal is approved, the total number of Directors, which stood at twenty (20) as of March 31, 2017, including two (2) Outside Directors, will be reduced by six (6) members to fourteen (14), including five (5) Outside Directors, as of the conclusion of the Meeting.

The candidates for Directors are as follows:

No.	Name	Current position at the Company
1	Takao Suzuki	Chairman and Director
2	Masato Yamamoto	Senior Managing Director Senior Managing Executive Officer
3	Hitoshi Sato	Managing Director Managing Executive Officer
4	Yoshio Yamada	Director Executive Officer
5	Takeshi Okabe	Director Executive Officer
6	Masashi Otake	—
7	Masato Miki	—
8	Kenji Hasegawa	—

No.	Name (Date of birth)	Experience		Number of shares of the Company held
1	Takao Suzuki (April 14, 1946) Reappointment	July 1969	Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)	32,600
		June 1997	Director, The Industrial Bank of Japan, Ltd.	
		June 1999	Managing Director and Managing Executive Officer, The Industrial Bank of Japan, Ltd.	
		April 2002	Senior Managing Executive Officer, Mizuho Holdings, Inc.	
		March 2003	Senior Managing Executive Officer, Mizuho Financial Group, Inc.	
		April 2003	Advisor, Jowa Kosan Co., Ltd. (currently the Company)	
		June 2003	President and Director (Representative Director), the Company	
		March 2004	Chairman and Director (Representative Director), Jowa Asset Management Company, Limited (currently UNIZO Real Estate Company, Limited)	
		May 2004	President and Director (Representative Director), Jowa Asset Management Company, Limited	
		June 2010	Chairman and Director, the Company (current)	
June 2010	Chairman and Director, Jowa Asset Management Company, Limited (currently UNIZO Real Estate Company, Limited; current)			
Reasons for nomination as a Director				
Takao Suzuki has been responsible for the management of the Group, from June 2003 to June 2010 as President and Director (Representative Director) and from June 2010 to the present as Chairman and Director. His nomination as a Director reflects the Company's judgment that he will be able to continue contributing to the further development of the Group by utilizing his extensive operational knowledge and experience.				

No.	Name (Date of birth)	Experience	Number of shares of the Company held	
2	Masato Yamamoto (July 25, 1955) Reappointment	April 1978	Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)	17,600
		April 2002	Credit Officer, Credit Department No.3, Mizuho Bank, Ltd.	
		July 2003	General Manager of Planning Department, Jowa Kosan Co., Ltd. (currently the Company)	
		June 2004	Executive Officer and General Manager of Corporate Planning Department, the Company	
		May 2005	Managing Executive Officer and General Manager of Corporate Planning Department, the Company	
		June 2007	Managing Director and General Manager of Planning Department, the Company	
		June 2009	Senior Managing Director and General Manager of Planning Department, the Company	
		April 2011	Senior Managing Director and Senior Managing Executive Officer, General Manager of Finance Department, the Company	
		April 2015	Senior Managing Director, Jowa Real Estate Company, Limited (currently UNIZO Real Estate Company, Limited)	
		May 2016	Senior Managing Director and Senior Managing Executive Officer, the Company (current)	
		May 2016	Deputy President and Director (Representative Director), UNIZO Real Estate Company, Limited	
		May 2017	Deputy President and Director, Deputy President and Executive Officer, UNIZO Real Estate Company, Limited (current)	
		May 2017	Deputy President and Director, Deputy President and Executive Officer, UNIZO Hotel Company, Limited (current)	
Reasons for nomination as a Director				
Masato Yamamoto has served as General Manager of corporate planning functions of the Company, and currently serves as a Senior Managing Director and Senior Managing Executive Officer, mainly overseeing the Financial Planning Division and Business Development Division. His nomination as a Director reflects the Company's judgment that he will be able to contribute to the enhancement of the Group's corporate value by utilizing his extensive knowledge and experience.				

No.	Name (Date of birth)	Experience	Number of shares of the Company held	
3	Hitoshi Sato (November 11, 1955) Reappointment	April 1981 July 2000	1,200	
		April 2006		Joined Nihonshintoshikaihatsu Corporation Company,Limited Chief Manager, Due Diligence Department, New City Corporation Company,Limited
		April 2006		Joined Jowa Asset Management Company, Limited (currently UNIZO Real Estate Company, Limited)(currently UNIZO Real Estate Company, Limited)
		June 2010		Director, Jowa Asset Management Company, Limited
		April 2011		Executive Officer and General Manager of Office Building Department, the Company
		June 2013		Director and Executive Officer, General Manager of Office Building Department, the Company
		April 2015		Managing Director and Managing Executive Officer, the Company
		April 2015		Managing Director and General Manager of Facility Administration Department, Jowa Real Estate Company, Limited (currently UNIZO Real Estate Company, Limited)
		April 2015		Managing Director and General Manager of Facility Administration Department, Jowa Hotel Company, Limited (currently UNIZO Hotel Company, Limited)
		May 2017		Managing Director and Managing Executive Officer, General Manager of Facilities Management Department, the Company (current)
May 2017	Senior Managing Director and Senior Managing Executive Officer, General Manager of Facilities Department, UNIZO Real Estate Company, Limited (current)			
May 2017	Senior Managing Director and Senior Managing Executive Officer, General Manager of Facilities Department, UNIZO Hotel Company, Limited (current)			
Reasons for nomination as a Director				
Hitoshi Sato has served as General Manager of operations and administration functions in the office building business of the Company, and currently serves as a Managing Director and Managing Executive Officer, mainly overseeing the Facility Administration Division as General Manager. His nomination as a Director reflects the Company's judgment that he will be able to contribute to the enhancement of the Group's corporate value by utilizing his extensive knowledge and experience.				

No.	Name (Date of birth)	Experience	Number of shares of the Company held
4	Yoshio Yamada (November 28, 1972) Reappointment	April 1995 Joined Ichiken Company, Limited	400
		May 2006 Joined Pacific Holdings Company, Limited	
		August 2009 PM Group Leader of Planning Sales Department, Touchstone Residential Management Company, Limited	
		January 2011 Joined Jowa Asset Management Company, Limited (currently UNIZO Real Estate Company, Limited)	
		April 2013 Deputy General Manager of Office Building Department, the Company	
		April 2014 Executive Officer and General Manager of Office Building Department 2, the Company	
		April 2015 Director and General Manager of Architecture and Construction Department, Jowa Real Estate Company, Limited (currently UNIZO Real Estate Company, Limited)	
		April 2015 Director and General Manager of Architecture and Construction Department, Jowa Hotel Company, Limited (currently UNIZO Hotel Company, Limited)	
		June 2015 Director and Executive Officer, General Manager of Office Building Department 2 and Architecture and Construction Planning Department, the Company	
		May 2017 Director and Executive Officer, General Manager of Financial Planning Department and Architecture and Construction Planning Department, the Company (current)	
May 2017 Managing Director and Managing Executive Officer, General Manager of Architecture and Construction Management Department, UNIZO Real Estate Company, Limited (current)			
May 2017 Managing Director and Managing Executive Officer, General Manager of Architecture and Construction Management Department, UNIZO Hotel Company, Limited (current)			
Reasons for nomination as a Director			
Yoshio Yamada has served as General Manager of operations functions in the office building business and the architecture and construction planning unit of the Company, and currently serves as a Director and Executive Officer, mainly overseeing the Architecture and Construction Planning Division as General Manager. He also serves as General Manager of the Financial Planning Division. His nomination as a Director reflects the Company's judgment that he will be able to contribute to the enhancement of the Group's corporate value utilizing his extensive knowledge and experience.			

No.	Name (Date of birth)	Experience	Number of shares of the Company held	
5	Takeshi Okabe (December 5, 1967)	April 1992	Joined Jowa Kosan Co., Ltd. (currently the Company)	500
		April 2013	Deputy General Manager of Office Building Department, the Company	
		April 2014	Executive Officer and General Manager of Office Building Department 1, the Company	
		June 2015	Director and Executive Officer, General Manager of Executive Secretariat, the Company (current)	
		Reasons for nomination as a Director		
	Reappointment	Takeshi Okabe has served as General Manager of operations functions in the office building business of the Company, and currently serves as a Director and Executive Officer and as General Manager of Executive Secretariat. His nomination as a Director reflects the Company's judgment that he will be able to contribute to the enhancement of the Group's corporate value by utilizing his extensive knowledge and experience.		
6	Masashi Otake (July 17, 1962)	Experience		—
		April 1985	Joined Mitsui Fudosan Co., Ltd.	
		September 1997	Senior Vice President, Investment and Asset Management, Mitsui Fudosan America, Inc.	
		June 2008	Established Otake Global Capital LLC President (current)	
		Significant concurrent positions		
		New Appointment	President, Otake Global Capital LLC	
		Outside Director	Reasons for nomination as an Outside Director	
Independent Officer	Masashi Otake has managed for many years a company that provides consulting for real estate-related business in the United States. He has extensive experience and a wide perspective on the real estate business both in Japan and overseas. His nomination as an Outside Director reflects the Company's judgment that he is well qualified to provide management oversight from an objective perspective, and increase transparency and reinforce the supervisory function of the Board of Directors.			

No.	Name (Date of birth)	Experience	Number of shares of the Company held	
7	Masato Miki (March 17, 1964)	April 1987 July 2000 April 2001 August 2002 March 2009 October 2012 June 2014	Joined Mitsui Fudosan Co., Ltd. Treasurer Mitsui Fudosan America, Inc. Mitsui Fudosan Investment Advisors, Inc. President & Co-CEO Japan, Prologis Representative Director and President, Global Logistic Properties Inc. President, GLP Japan Advisors Inc. Established Broadway Capital Management Co., Ltd. Representative Director and President (current)	—
		New Appointment	Significant concurrent positions	
		Outside Director	Representative Director and President, Broadway Capital Management Co., Ltd.	
		Independent Officer	Reasons for nomination as an Outside Director	
		Masato Miki has managed for many years a real estate investment organization and an asset management company of such an organization. He has extensive experience and a wide perspective on the real estate business. His nomination as an Outside Director reflects the Company's judgment that he is well qualified to provide management oversight from an objective perspective, and increase transparency and reinforce the supervisory function of the Board of Directors.		
8	Kenji Hasegawa (March 1, 1962)	April 1985 March 1998 April 2003 May 2006 October 2009 March 2011 October 2013	Joined Nakano Vinegar Co., Ltd. Tofu Development Project Leader, Mizkan Group Corporation (currently Mizkan Holdings Co., Ltd.) Executive Officer and Team Leader, Legal Team, Mizkan Group Corporation Director, Mizkan Group Corporation Senior Managing Director, Mizkan Group Corporation Senior Managing Director responsible for Finance Division, Mizkan Group Corporation Representative Senior Managing Director, Mizkan Group Corporation	—
		New Appointment	March 2014 Representative Senior Managing Director, Mizkan Holdings Co., Ltd.	
		Outside Director	May 2014 Representative Director and President, Mizkan Holdings Co., Ltd.	
		Independent Officer	May 2016 Advisor, Mizkan Holdings Co., Ltd. (current)	
		Reasons for nomination as an Outside Director		
		Kenji Hasegawa has served as Representative Director and President of Mizkan Holdings Co., Ltd., and has extensive experience and a wide perspective as a corporate manager. His nomination as an Outside Director reflects the Company's judgment that he is well qualified to provide management oversight from an objective perspective, and increase transparency and reinforce the supervisory function of the Board of Directors.		

(Notes)

1. There are no special interests between each candidate for Director and the Company.
2. Current Directors are listed in "IV. Corporate Officers 1. Directors and Audit & Supervisory Board Members" on pages 11 through 16 of this convocation notice.
3. Masashi Otake, Masato Miki, and Kenji Hasegawa are candidates for Outside Director.
4. Independence of the candidates for Outside Director
 - (1) Masashi Otake, Masato Miki, and Kenji Hasegawa are not scheduled to receive a large amount of cash or other assets (excluding compensation as Directors) from the Company or any other specified related business operators of the Company, nor have received any such in the past two (2) years.
 - (2) Masashi Otake, Masato Miki, and Kenji Hasegawa are not spouses or relatives within the third degree of kinship, or similar, of an executive or officer of the Company, its affiliates or key trading partners.

5. The Company stipulates in its Articles of Incorporation that it may enter into liability limitation agreements with its Outside Directors as set forth in the Companies Act, in order to facilitate the appointment of persons capable of fully performing the roles as Outside Directors. Accordingly, the Company plans to enter into such liability limitation agreements with Masashi Otake, Masato Miki, and Kenji Hasegawa. The limit of liability for damages under the agreement is the minimum liability amount stipulated under laws and regulations. However, this limit will be permitted only when the duties that caused such liabilities were executed in good faith and without gross negligence.
6. Masashi Otake, Masato Miki, and Kenji Hasegawa are candidates for Independent Officer as stipulated by Tokyo Stock Exchange, Inc. The Company and Otake Global Capital LLC, which Masashi Otake manages, entered into an advisory contract relating to real estate investment overseas from April 2012 to March 2016. However, this contract concluded on March 31, 2016, and the Company has judged that it does not affect his independence as an Outside Director.

Proposal 3: Election of two (2) Audit & Supervisory Board Members

Audit & Supervisory Board Member Kaoru Inoue will resign as an Audit & Supervisory Board Member at the conclusion of the Meeting. Accordingly, the election of two (2) Audit & Supervisory Board Members is proposed.

If this proposal is approved, the total number of Audit & Supervisory Board Members, which stood at four (4) as of March 31, 2017, including three (3) Outside Audit & Supervisory Board Members, will be increased by one (1) member to five (5), including three (3) Outside Audit & Supervisory Board Members, at the conclusion of the Meeting.

The Audit & Supervisory Board has provided its consent to this proposal.

The candidates are as follows.

No	Name	Current position at the Company
1	New appointment Hiroyasu Nakamura	—
2	New Appointment Outside Audit & Supervisory Board Member Independent Officer Toshio Mizushima	—

No.	Name (Date of birth)	Experience	Number of shares of the Company held
1	Hiroyasu Nakamura (March 24, 1957) New appointment	<p>April 1979 Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>April 2006 General Manager of Credit Department No. 3, Mizuho Bank, Ltd.</p> <p>April 2007 General Manager of Risk Management Department, JSF Trust and Banking Co., Ltd.</p> <p>April 2009 Planning Officer, Planning Department, the Company</p> <p>June 2010 Director and General Manager of Administration Department, the Company</p> <p>April 2011 Director and Executive Officer, General Manager of Administration Department, the Company</p> <p>April 2012 Managing Director and Managing Executive Officer, General Manager of Administration Department, the Company</p> <p>May 2017 Advisor, the Company (current)</p> <p>Reasons for nomination as an Audit & Supervisory Board Member</p> <p>Hiroyasu Nakamura has served as Managing Director and Managing Executive Officer, mainly overseeing administration and personnel affairs functions of the Company, as General Manager of those departments. His nomination for the Audit & Supervisory Board reflects the Company's judgment that he will be capable of properly supervising management of the Company, leveraging his rich and extensive knowledge gained through his duties mentioned above.</p>	2,600

No.	Name (Date of birth)	Experience	Number of shares of the Company held
2	Toshio Mizushima (January 7, 1944)	March 1970 Registered as a Certified Public Accountant	-
		June 1988 Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)	
		May 1990 Director, Showa Ota & Co.	
		May 2000 Vice Chairman, Century Ota Showa & Co. (currently Ernst & Young ShinNihon LLC)	
		May 2004 Chairman, Ernst & Young ShinNihon (currently Ernst & Young ShinNihon LLC)	
		August 2008 Senior Advisor, Ernst & Young ShinNihon LLC	
		June 2009 Outside Corporate Auditor, The Joyo Bank, Ltd.	
		September 2009 Established Toshio Mizushima Certified Public Accountant Office, Certified Public Accountant (current)	
		June 2010 Outside Corporate Auditor, Mitsubishi Chemical Holdings Corporation	
		June 2016 Outside Director, The Joyo Bank, Ltd. (current)	
		Significant concurrent positions	
		Certified Public Accountant Outside Director, The Joyo Bank, Ltd.	
		Reasons for nomination as an Outside Audit & Supervisory Board Member, and reasons for judging that the candidate will be capable of executing duties as Outside Audit & Supervisory Board Member	
		Toshio Mizushima has advanced specialized knowledge and insight accumulated through his many years of experience as a certified public accountant. The Company has nominated him as an Outside Audit & Supervisory Board Member with the expectation that he will audit the Company's management from an objective perspective. Though Mr. Mizushima has not been directly involved in corporate management other than outside directorships and outside corporate auditor positions, the Company judges that he will appropriately perform his duties as an Outside Audit & Supervisory Board Member based on the specialized knowledge and insight mentioned above.	

(Notes)

1. There are no special interests between the candidates for Audit & Supervisory Board Member and the Company.
2. Toshio Mizushima is a candidate for Outside Audit & Supervisory Board Member.
3. Independence of the candidate for Outside Audit & Supervisory Board Member
 - (1) Toshio Mizushima is not scheduled to receive a large amount of cash or other assets (excluding compensation as an Audit & Supervisory Board Member) from the Company or any other specified related business operators of the Company, nor has received any such in the past two (2) years.
 - (2) Toshio Mizushima is not a spouse or relative within the third degree of kinship, or similar, of an executive or officer of the Company, its affiliates or key trading partners.
4. The Company stipulates in its Articles of Incorporation that it may enter into liability limitation agreements with its Outside Audit & Supervisory Board Members as set forth in the Companies Act, in order to facilitate the appointment of persons capable of fully performing the roles as Outside Audit & Supervisory Board Members. Accordingly, the Company is planning to enter into such a liability limitation agreement with Toshio Mizushima upon his election. The limit of liability for damages under the agreement is the minimum liability amount stipulated under laws and regulations. However, this limit will be permitted only when the duties that caused such liabilities were executed in good faith and without gross negligence.
5. Toshio Mizushima is a candidate for Independent Officer as stipulated by Tokyo Stock Exchange, Inc.