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(Securities Code 3258)
May 30, 2016

To Shareholders with Voting Rights:

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

**NOTICE OF
THE 39TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

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

We would also like to express our deepest sympathies for the victims of the Kumamoto Earthquake, and extend our sincere condolences.

You are cordially invited to attend the 39th Annual General Meeting of Shareholders (the “Meeting”) of UNIZO Holdings Company, Limited (the “Company”). The Meeting will be held for the purposes 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 16, 2016, 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 17, 2016 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 39th Fiscal Year (April 1, 2015 - March 31, 2016), 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:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of twelve (12) Directors
- Proposal 4:** Election of one (1) Audit & Supervisory Board Member

- Proposal 5:** Provision of Final Payment of Retirement Benefits to Directors and Audit & Supervisory Board Members upon the Abolition of the Directors' and Corporate Auditors' Retirement Benefits System
- Proposal 6:** Revision of Compensation for Directors and Audit & Supervisory Board Members
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- ◎ When attending the Meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. If attending the Meeting by proxy, one (1) person who is a shareholder with voting rights for the Meeting may attend. In such a case, a document needs to be submitted to prove 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 16, 2016, Japan time, and input must be complete 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.

Business Report

(April 1, 2015 - March 31, 2016)

I. Overview of the Group

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

(1) Business Progress and Results

During the fiscal year ended March 31, 2016 (April 1, 2015 – March 31, 2016), the Japanese economy continued to recover gradually while there were effects of a deceleration in overseas economies. However, many risks are still present, including growing unease about the direction of the Chinese economy, the pace at which interest rates are raised in the US following the end of the zero interest rate policy, the effects of Japan's negative interest rate, the steep drop in the crude oil price, a sudden increase in the value of the yen, the effects of lower stock prices, and the effects of the Kumamoto Earthquake. In light of such risks, changes in the business environment continue to warrant close attention.

In the office building market of Japan, the overall supply-demand balance is improving with vacancy rates in Tokyo's five central wards decreasing from the lower-5% range to the lower-4% during the fiscal year ended March 31, 2016. Also, there is a clear upward trend in rents in some areas, including central Tokyo. In the office building market of New York City, vacancy rates are trending downward gradually while rents keep recovering.

In the hotel sector, occupancy rates remain at a high level and revenue per room continues to improve, due to a significant increase in visitors from abroad.

Amid such a business environment, with the Real Estate Business and the Hotel Business as its pillars, UNIZO Holdings Company, Limited (the "Company") and its subsidiaries (collectively, the "UNIZO Group") employs a business structure that enables efficient management with high transparency centered on a holding company. Under such structure, the Company promotes business from a perspective of stakeholders including customers and has established a stable management foundation. The Group is focused on raising its profitability base by responding to customer needs and reducing costs.

Consolidated revenue from operations for the fiscal year ended March 31, 2016 totaled ¥32,385 million, an increase of 17.0% from ¥27,668 million in the previous fiscal year. Consolidated operating income totaled ¥10,605 million, an increase of 20.3% from ¥8,813 million in the previous fiscal year. Consolidated ordinary income was ¥8,500 million, an increase of 15.8% from ¥7,341 million in the previous fiscal year. Consolidated net income attributable to owners of the parent company included extraordinary income due to factors such as gains on sales of fixed assets and amounted to ¥6,593 million, an increase of 56.4% from ¥4,214 million in the previous fiscal year.

Results for the fiscal year under review are presented by segment below.

Effective from the fiscal year ended March 31, 2016, the Company reviewed its business segment classification method and made changes to its reportable segments, as Jowa Real Estate Company, Limited (current UNIZO Real Estate Company, Limited) absorbed Jowa Golf Management Company, Limited. Segment information included in this report for comparison and analysis purposes between the current and prior fiscal year has been restated to reflect the new classifications.

(i) Real Estate Business

Revenue from operations during the fiscal year ended March 31, 2016 increased by 12.3% to ¥24,589 million from ¥21,888 million in the previous fiscal year, and operating income increased 12.2% to ¥8,640 million from ¥7,699 million in the previous fiscal year, demonstrating both higher revenue and income. This was the result of newly acquired domestic and overseas properties' contributions to revenue and intensive efforts to keep current tenants, attract new ones, and increase rents in existing properties.

(ii) Hotel Business

Revenue from operations during the fiscal year ended March 31, 2016 increased 33.8% to ¥7,954 million from ¥5,946 million in the previous fiscal year, and operating income increased 71.6% to ¥2,159 million from ¥1,258 million in the previous fiscal year, a significant increase in both revenue and income. This was the result of higher occupancy rates and revenue per room in existing hotels compared to that in the previous fiscal year, and due to contributions from newly opened hotels.

(2) Issues to be Addressed

For the Japanese economy, the moderate economic recovery trend is expected to continue, but attention must continue to be paid to risks such as trends in overseas economies and the effects of financial and product market conditions.

In the Japanese office building market, it is expected that the supply-demand balance will continue to improve, vacancy rates will decline further, and rents will continue their moderate upward trend. In the US office building market as well, rents are forecast to continue an upward trend against a backdrop of higher employment. In the hotel sector, due to a significant increase in foreign tourists visiting Japan, occupancy and revenue per room are forecast to remain at high levels, mainly in major city areas.

Amid such a business environment, the Group will place all efforts in executing its second medium-term management plan “NEW DIMENSION 2017” (fiscal year ending March 31, 2016 – fiscal year ending March 31, 2018; announced on March 13, 2015). The Group expects to attain targets for operating income, ordinary income, and net income – all levels of profitability except for revenue from operations – one year ahead of schedule.

The Group’s strengths are (1) growth potential through active acquisition of prime income-generating properties, and steady hotel business expansion, and (2) a highly stable and profitable business structure. This structure is based on a superior and “stock-type” asset portfolio whereby revenue recurs based on the infrastructure the Group has put in place. Using these strengths, in order to continue to execute management policies of executing the stock-type business model and investing in prime income-generating properties both in Japan and abroad, the Group recognizes the importance of strengthening its financial base. As such, the Group places strengthening the equity ratio, a measure of financial strength, as an important management topic. Also, the Group considers further strengthening its organization, including securing highly professional personnel and hiring and developing personnel to support the Group’s future, to be an important management topic.

Based on a corporate philosophy of a customer-first mindset and social and environmental contribution, from a customer perspective the Group strives to offer high quality in location, space, and services to customers, contribute to society both regionally and nationwide, and conduct business in an environmentally friendly way. Through this, the Group aims to improve corporate and shareholder value, and further gain the trust of all stakeholders including customers and shareholders.

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

2. Capital Investment

The total amount of capital investment implemented during the fiscal year under review was ¥82,245 million. 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 consolidated Group for the fiscal year under review resulted in a balance of interest-bearing debt of ¥386,238 million (¥314,964 million at the end of the previous fiscal year; an increase of ¥71,274 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 non-consolidated Holding Company, (the “Company”) the balance of interest-bearing debt as of the end of the fiscal year was ¥189,543 million (¥138,227 million at the end of the previous fiscal year; an increase of ¥51,315 million).

Furthermore, Series One Unsecured Corporate Bonds were issued on November 27, 2015 in the amount of ¥5,000 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 36th fiscal year ended March 31, 2013	The 37th fiscal year ended March 31, 2014	The 38th fiscal year ended March 31, 2015	The 39th fiscal year ended March 31, 2016 (Consolidated fiscal year under review)
Revenue from operations	14,876	21,930	27,668	32,385
Ordinary income	3,567	5,727	7,341	8,500
Net income attributable to owners of the parent company	2,098	3,078	4,214	6,593
Net income per share (Yen)	¥168.05	¥186.22	¥238.70	¥332.45
Total assets	221,689	277,943	391,486	466,620
Net assets	31,115	33,374	52,700	54,432

- Notes:
1. Net income per share for the 36th fiscal year is calculated based on the average number of shares outstanding during the period of 12,489,014 shares, due to an increase of 2,526,000 shares due to a capital increase from a third-party allotment on August 20, 2012, an increase of 2,870,000 shares due to a capital increase from a public offering on March 4, 2013, an increase of 430,000 shares due to a capital increase from a third-party allotment on March 22, 2013, and an increase of 80 shares due to the purchase of less-than-trading-unit shares.
 2. 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 due to the purchase of less-than-trading-unit shares.
 3. 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.
 4. 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 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 Subsidiaries (as of March 31, 2016)

(1) Principal Subsidiaries

Company name	Capital	The Company's percentage of voting rights	Principal business
UNIZO Real Estate Company, Limited	¥400 million	100%	Ownership and leasing of office buildings and other properties, asset management, property management, real estate brokerage, and ownership and operation of golf courses
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
UNIZO Holdings U.S., LLC	\$337,700 thousand	(100%)	Real estate business in the US
UNIZO Real Estate One, LLC	\$213,500 thousand	(100%)	Real estate business in the US
UNIZO Real Estate Two, LLC	\$258,000 thousand	(100%)	Real estate business in the US

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

(2) Status of Specified Wholly-owned Subsidiaries Not applicable

10. Principal Business (as of March 31, 2016)

The Group is mainly engaged in the business as shown below:

Business segment	Business Content
Real estate business	Ownership, leasing, management, and janitorial services of office buildings and other properties, real estate brokerage, and ownership and management of golf courses
Hotel business	Ownership and operation of hotels

11. Principal Business Locations (as of March 31, 2016)

(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, 2016)

(1) Employees of the Group

Number of employees	Increase (decrease) from previous fiscal year-end
268 [154]	Increase of 30 [Increase of 8]

Notes: 1. The number of employees is the number of persons in employment, excludes two persons seconded to other companies from the Group, and includes seven 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
93 [1]	Increase of 22 [Decrease of 11]	40 years old and 3 months	3 years and 5 months

- Notes:
1. The number of employees is the number of persons in employment, excludes two persons seconded to other companies from the Company, and includes eight 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, 50 persons are seconded to consolidated subsidiaries of the Company.

13. Primary Lenders (as of March 31, 2016)

(Millions of yen)

Lenders	Balance of borrowings
Mizuho Bank, Ltd.	73,960
Sumitomo Mitsui Banking Corporation	48,593
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	30,033

II. Stock (As of March 31, 2016)

- 1. Authorized Shares** 40,000,000 shares
2. Issued Shares 19,832,738 shares (excluding 262 shares of treasury stock)
3. Number of Shareholders 8,558
4. Principal Shareholders

Name of shareholder	Number of shares held	Percentage to total shares outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	1,855,900	9.35%
The Kyoritsu Co., Ltd.	1,476,000	7.44%
Nippon Steel Kowa Real Estate Co., Ltd.	1,383,000	6.97%
NITTO BOSEKI CO., LTD.	1,301,700	6.56%
SUGA Co., Ltd.	1,136,400	5.72%
The Master Trust Bank of Japan, Ltd. (Trust Account)	967,300	4.87%
IBJ Leasing Company, Limited	883,000	4.45%
FUJITA KANKO INC.	722,000	3.64%
Toko Electrical Construction Co., Ltd.	640,000	3.22%
THE DAI-ICHI BUILDING CO., LTD.	520,000	2.62%

Note: Percentage to total shares outstanding is calculated excluding treasury stock (262 shares).

III. Subscription Rights to Shares

Not applicable

IV. Corporate Officers

1. Directors and Audit & Supervisory Board Members

(As of March 31, 2016)

Position	Name	Responsibilities and important positions concurrently held at other companies
Chairman and Director	Takao Suzuki	
President and Director (Representative Director)	Tetsuji Kosaki	
Senior Managing Director	Masato Yamamoto	
Senior Managing Director	Yoshinori Yukimoto	Deputy President and Director (Representative Director), UNIZO Hotel Company, Limited
Senior Managing Director	Yoshiaki Iseki	
Managing Director	Hiroyasu Nakamura	
Managing Director	Hitoshi Sato	
Managing Director	Masafumi Shinagawa	
Managing Director	Hideaki Kobayashi	
Director	Hiroto Okubo	
Director	Takeshi Imamichi	
Director	Satoshi Komura	
Director	Masahiko Nishi	
Director	Takeshi Okabe	
Director	Yoshio Yamada	
Director	Motoaki Kitayama	Attorney
Director	Toshiro Yonemura	Outside Director, Seven & i Holdings Co., Ltd.
Standing Audit & Supervisory Board Member	Mitsugi Izumiyama	
Standing Audit & Supervisory Board Member	Kaoru Inoue	
Audit & Supervisory Board Member	Tetsuo Ito	Attorney Outside Corporate Auditor, Takasago Thermal Engineering Co., Ltd. Outside Corporate Auditor, ASAHI KASEI CORPORATION
Audit & Supervisory Board Member	Mitsutoshi Nakaura	

- Notes: 1. Directors Motoaki Kitayama and Toshiro Yonemura are Outside Directors.
2. Audit & Supervisory Board Members Kaoru Inoue, Tetsuo Ito and Mitsutoshi Nakaura are Outside Audit & Supervisory Board Members.
3. Hisashi Nakamura retired as Director due to the expiration of his term at the conclusion of the 38th Annual General Meeting of Shareholders, held on June 19, 2015.
4. Ryosei Nagato resigned as Audit & Supervisory Board Member at the conclusion of the 38th Annual General Meeting of Shareholders, held on June 19, 2015.
5. Outside Directors Motoaki Kitayama, Toshiro Yonemura and Outside Audit & Supervisory Board Member Tetsuo Ito are independent officers as stipulated by Tokyo Stock Exchange, Inc.
6. The Company has adopted the executive officer system. The Executive Officers are as follows.

(As of March 31, 2016)

Position	Name	Responsibilities
President	Tetsuji Kosaki	Chief Executive Officer
Senior Managing Executive Officer	Masato Yamamoto	Planning Division; Business Development Division; Business Audit Department; Compliance Department; General Manager of Compliance Department
Senior Managing Executive Officer	Yoshinori Yukimoto	Hotel Division
Senior Managing Executive Officer	Yoshiaki Iseki	Architecture and Construction Planning Division
Managing Executive Officer	Hiroyasu Nakamura	Executive Secretariat; Administration Department; Human Resources Department; Information System Department
Managing Executive Officer	Hitoshi Sato	Office Building Division; Architecture and Construction Planning Division (deputy)
Managing Executive Officer	Masafumi Shinagawa	Finance Division; General Manager of Finance Department
Managing Executive Officer	Hideaki Kobayashi	International Division; Office Building Division (deputy); Business Development Division (deputy)
Managing Executive Officer	Hiroshi Takimoto	Planning Division (deputy); Business Development Division (deputy)
Executive Officer	Hiroto Okubo	Hotel Division (deputy)
Executive Officer	Takeshi Imamichi	Hotel Division (deputy); General Manager of Hotel Department
Executive Officer	Satoshi Komura	Office Building Division (deputy)
Executive Officer	Masahiko Nishi	General Manager of Business Development Department
Executive Officer	Takeshi Okabe	General Manager of Executive Secretariat
Executive Officer	Yoshio Yamada	Architecture and Construction Planning Division (deputy); General Manager of Office Building Department 2; General Manager of Architecture and Construction Planning Department
Executive Officer	Hiroshi Kato	General Manager of Corporate Planning Department
Executive Officer	Shigeo Yasuno	General Manager of Human Resources Department
Executive Officer	Shigeru Sasaki	General Manager of Accounting Department
Executive Officer	Masako Kawamura	Hotel Division (deputy)
Executive Officer	Michiaki Kono	General Manager of International Department
Executive Officer	Hiroko Saito	Planning Division (deputy); Office Building Division (deputy)

(Reference)

Corporate Officers as of May 1, 2016 are as follows:

(As of May 1, 2016)

Position	Name	Responsibilities and important positions concurrently held at other companies.
Chairman and Director	Takao Suzuki	
President and Director (Representative Director)	Tetsuji Kosaki	
Senior Managing Director	Masato Yamamoto	Deputy President and Director (Representative Director), UNIZO Real Estate Company, Limited
Senior Managing Director	Yoshinori Yukimoto	Deputy President and Director (Representative Director), UNIZO Hotel Company, Limited
Senior Managing Director	Yoshiaki Iseki	
Managing Director	Hiroyasu Nakamura	
Managing Director	Hitoshi Sato	
Managing Director	Masafumi Shinagawa	
Managing Director	Hideaki Kobayashi	
Director	Hiroto Okubo	
Director	Takeshi Imamichi	
Director	Satoshi Komura	
Director	Masahiko Nishi	
Director	Takeshi Okabe	
Director	Yoshio Yamada	
Director	Motoaki Kitayama	Attorney
Director	Toshiro Yonemura	Outside Director, Seven & i Holdings Co., Ltd.
Standing Audit & Supervisory Board Member	Mitsugi Izumiyama	
Standing Audit & Supervisory Board Member	Kaoru Inoue	
Audit & Supervisory Board Member	Tetsuo Ito	Attorney Outside Corporate Auditor, Takasago Thermal Engineering Co., Ltd. Outside Corporate Auditor, ASAHI KASEI CORPORATION
Audit & Supervisory Board Member	Mitsutoshi Nakaura	

Notes: 1. Director Motoaki Kitayama and Toshiro Yonemura are Outside Directors.

2. Audit & Supervisory Board Members, Kaoru Inoue, Tetsuo Ito and Mitsutoshi Nakaura are Outside Audit & Supervisory Board Members.

3. Outside Directors Motoaki Kitayama and Toshiro Yonemura, and Outside Audit & Supervisory Board Member Tetsuo Ito are independent officers as stipulated by Tokyo Stock Exchange, Inc.

4. Executive Officers as of May 1, 2016 are as follows.

(As of May 1, 2016)

Position	Name	Responsibilities
President	Tetsuji Kosaki	Chief Executive Officer
Senior Managing Executive Officer	Masato Yamamoto	Financial Planning Division; Office Building Division; Business Development Division; Business Audit Department; Compliance Department
Senior Managing Executive Officer	Yoshinori Yukimoto	Credit Risk Management Division; Hotel Division
Senior Managing Executive Officer	Yoshiaki Iseki	Architecture and Construction Planning Division; General Manager of Architecture and Construction Planning Department
Managing Executive Officer	Hiroyasu Nakamura	Executive Secretariat; Administration Department; Human Resources Department; Information System Department
Managing Executive Officer	Hitoshi Sato	Facility Management Division; Financial Planning Division (deputy); Finance Division (deputy); Architecture and Construction Planning Division (deputy); General Manager of Facility Management Department
Managing Executive Officer	Masafumi Shinagawa	Finance Division; General Manager of Finance Department
Managing Executive Officer	Hideaki Kobayashi	International Division; Business Development Division (deputy); General Manager of International Department 2
Managing Executive Officer	Hiroshi Takimoto	Business Development Division (deputy)
Managing Executive Officer	Hiroko Saito	Corporate Planning Division; Public Relations Division
Executive Officer	Hiroto Okubo	General Manager of Compliance Department
Executive Officer	Takeshi Imamichi	Hotel Division (deputy); General Manager of Hotel Department 1
Executive Officer	Satoshi Komura	Office Building Division (deputy)
Executive Officer	Masahiko Nishi	General Manager of Business Development Department
Executive Officer	Takeshi Okabe	General Manager of Executive Secretariat
Executive Officer	Yoshio Yamada	Financial Planning Division (deputy); Finance Division (deputy)
Executive Officer	Masako Kawamura	Public Relations Division (deputy); Hotel Division (deputy); General Manager of Public Relations Department
Executive Officer	Shigeo Yasuno	General Manager of Human Resources Department
Executive Officer	Shigeru Sasaki	Head of Accounting Unit; General Manager of International Accounting Department
Executive Officer	Michiaki Kono	General Manager of International Department 1
Executive Officer	Osamu Kiso	General Manager of Administration Department and Information System Department
Executive Officer	Minoru Kawasaki	General Manager of Research Department
Executive Officer	Masaaki Kimura	Hotel Division (deputy)
Executive Officer	Takafumi Kayano	General Manager of Investor Relations Department
Executive Officer	Kazuhiro Goto	General Manager of Financial Planning 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 executes duties in good faith and without gross negligence, in accordance with Article 427, Paragraph 1 of the same Act.
Mitsutoshi Nakaura	

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

Directors	18 persons	¥308 million
Audit & Supervisory Board Members	5 persons	¥43 million
Total	23 persons	¥351 million
(among which Outside Audit & Supervisory Board Members:	5 persons	¥62 million)

- Notes:
1. The above includes one Director and one Audit & Supervisory Board Member who retired at the conclusion of the 38th Annual General Meeting of Shareholders, held on June 19, 2015.
 2. The above amount of compensation and other benefits includes a provision for directors' and corporate auditors' retirement benefits for the fiscal year under review.

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 under Review

Classification	Name	Major Activities
Director	Motoaki Kitayama	Attended 18 meetings out of 19 Board of Directors meetings during the fiscal year under review; made comments as necessary from a professional perspective mainly as an attorney to the proposals and deliberations.
Director	Toshiro Yonemura	Attended all of 19 Board of Directors meetings during the fiscal year under review; made comments as necessary to the proposals and deliberations.
Standing Audit & Supervisory Board Member	Kaoru Inoue	Attended all of 19 Board of Directors meetings during the fiscal year under review; made comments as necessary to the proposals and deliberations. Attended all of 15 Audit & Supervisory Board meetings during the fiscal year under review; exchanged opinions on audit results and discussed important matters regarding audits.
Audit & Supervisory Board Member	Tetsuo Ito	Attended all of 19 Board of Directors meetings during the fiscal year under review; made comments as necessary from a professional perspective mainly as an attorney to the proposals and deliberations. Attended all of 15 Audit & Supervisory Board meetings during the fiscal year under review; exchanged opinions on audit results and discussed important matters regarding audits.
Audit & Supervisory Board Member	Mitsutoshi Nakaura	Attended all of 19 Board of Directors meetings during the fiscal year under review; made comments as necessary to the proposals and deliberations. Attended all of 15 Audit & Supervisory Board meetings during the fiscal year under review; 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, 2016

	Compensation amount
Accounting Auditor's compensation for the fiscal year ended March 31, 2016	¥34 million
Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor	¥46 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 under review.
 2. Apart from the compensation above for the fiscal year under review, additional compensation in the amount of ¥2 million was provided pertaining to the previous fiscal year.
 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 Auditor to securities underwriting firms regarding the issuance of 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, and Officers in charge of divisions define specific targets and efficient methods for achievement including delegation of duties based on delegation authority and decision-making rules required to achieve these goals. The Board of Directors periodically reviews the status of progress, and suggests improvements such as elimination and mitigation of elements that hinder efficiency, creating a system to realize greater efficiency in operations across the Company.

- (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 are 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

- Numerical targets are set for each Group company, reviews are made at periodic meetings for monthly management, and reports are made to the Board of Directors.

- 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 set 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 set 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) In the event that the Audit & Supervisory Board of the Company requests employees to aid in the performance of its duties, rules regarding these employees, independence of these employees from the Board of Directors, and ensuring the effectiveness of directions toward these employees from Audit & Supervisory Board Members

Currently, there are no employees performing such duties.

- (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
 - Through audits of Group companies, Audit & Supervisory Board Members receive reports directly from employees 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 accidents, through cooperation with related departments, it 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, across the board measures have been implemented toward realizing efficiency of business execution in each department by elimination and mitigation of elements that hinder efficiency.
- (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 each time from Directors and employees regarding the execution of important duties and 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, 2016)

(Thousands of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	21,820,892	Current liabilities	128,869,738
Cash and deposits	19,647,036	Notes and accounts payable - trade	3,557
Notes and accounts receivable-trade	927,804	Short-term loans payable	54,133,740
Merchandise	5,927	Current portion of long-term loans payable	67,341,096
Raw materials and supplies	23,210	Income taxes payable	1,853,267
Deferred tax assets	298,198	Provision for employees' bonuses	149,234
Other	919,078	Provision for point card certificates	4,193
Allowance for doubtful accounts	(363)	Provision for shareholders' special benefits	54,645
		Other	5,330,004
Non-current assets	444,799,722	Non-current liabilities	283,317,903
Property and equipment	417,774,110	Corporate bonds	5,000,000
Buildings and structures	76,386,647	Long-term loans payable	259,763,704
Buildings and structures in trust	92,238,055	Deferred tax liabilities	1,950,995
Machinery, equipment and vehicles	115,837	Provision for directors' and corporate auditors' retirement benefits	469,577
Machinery, equipment and vehicles in trust	146,162	Provision for environmental measures	193,741
Land	65,828,173	Liability for retirement benefits	645,926
Golf courses	1,489,299	Security and guarantee deposits received from tenants	15,160,374
Land in trust	179,609,680	Other	133,583
Construction in progress	1,279,491	Total liabilities	412,187,642
Other	680,763		
Intangible assets	10,818,414	(Net assets)	
Leasehold interest in land	642,325	Shareholders' equity	49,698,867
Leasehold interest in land in trust	10,033,065	Capital stock	13,522,664
Other	143,023	Capital surplus	13,438,070
Investments and other assets	16,207,197	Retained earnings	22,738,694
Investment securities	14,298,192	Treasury stock	(562)
Deferred tax assets	83,305	Accumulated other comprehensive income	4,505,674
Other	1,835,139	Unrealized gains on investment securities	2,893,410
Allowance for doubtful accounts	(9,440)	Deferred gains on hedges	136,769
		Foreign currency translation adjustments	1,475,495
		Non-controlling interests	228,430
Total assets	466,620,614	Total net assets	54,432,972
		Total liabilities and net assets	466,620,614

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

Consolidated Statements of Income

(April 1, 2015 - March 31, 2016)

(Thousands of yen)

Description	Amount	
Revenue from operations		32,385,309
Cost of revenue from operations		17,844,969
Gross profit		14,540,340
Selling, general and administrative expenses		3,934,760
Operating income		10,605,579
Non-operating income		371,468
Interest income	1,270	
Dividend income	333,772	
Other	36,424	
Non-operating expenses		2,476,731
Interest expenses	2,357,889	
Other	118,842	
Ordinary income		8,500,316
Extraordinary income		1,858,207
Gains on sales of fixed assets	1,858,207	
Extraordinary loss		19,165
Loss on sales of fixed assets	19,165	
Income before income taxes		10,339,358
Income taxes - current		3,352,372
Income taxes - deferred		390,238
Net income		6,596,747
Net income attributable to non-controlling interests		3,261
Net income attributable to owners of the parent company		6,593,485

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

Consolidated Statements of Changes in Net Assets

(April 1, 2015 - March 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2015	13,522,664	13,438,070	17,533,503	(376)	44,493,861
Changes of items during the period					
Dividends paid			(1,388,294)		(1,388,294)
Net income attributable to owners of the parent company			6,593,485		6,593,485
Purchase of treasury stock				(185)	(185)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	5,205,191	(185)	5,205,005
Balance as of March 31, 2016	13,522,664	13,438,070	22,738,694	(562)	49,698,867

(Thousands of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gains on investment securities	Deferred gains on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2015	4,392,896	—	3,574,970	7,967,866	238,969	52,700,697
Changes of items during the period						
Dividends paid						(1,388,294)
Net income attributable to owners of the parent company						6,593,485
Purchase of treasury stock						(185)
Net changes of items other than shareholders' equity	(1,499,486)	136,769	(2,099,474)	(3,462,191)	(10,538)	(3,472,729)
Total changes of items during the period	(1,499,486)	136,769	(2,099,474)	(3,462,191)	(10,538)	1,732,275
Balance as of March 31, 2016	2,893,410	136,769	1,475,495	4,505,674	228,430	54,432,972

(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 12

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.

UNIZO Real Estate NY Three, LLC and UNIZO Real Estate DC One, LLC, which were newly established, were included in the scope of consolidation from the fiscal year ended March 31, 2016.

Additionally, Jowa Golf Management Company, Limited, which was previously a consolidated subsidiary, underwent an absorption-type merger on April 1, 2015 with Jowa Real Estate Company, Limited (current UNIZO Real Estate Company, Limited) as the surviving company and Jowa Golf Management Company, Limited as the extinct company. As a result, it has been excluded from the scope of consolidation.

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 UNIZO Real Estate One, LLC, UNIZO Real Estate Two, LLC, UNIZO Holdings U.S., LLC and six other companies, 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 29, 2016 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, net of applicable income taxes, are reported as a separate component of 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 standards are on a cost basis (method to reduce book value due to reduced profitability)

Merchandise and finished goods	Primarily at cost by the periodic average method
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Real estate held for sale	At cost by the specific identification method
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Raw materials and supplies	At cost by the last purchase price method
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(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 are depreciated using the straight-line method.

The estimated useful lives are as follows:

Buildings and structures	2-50 years
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Machinery, equipment and vehicles	2-17 years
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Tools, furniture and fixtures	2-20 years
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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 is on or before March 31, 2008, accounting treatment based on methods regarding ordinary lease transactions continue 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 shareholders' special benefits

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

5) Provision for directors' and corporate auditors' retirement benefits

A provision for directors' and corporate auditors' retirement benefits is provided at the amount required as of the balance sheet date according to internal regulations.

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

Hedging instrument	Item subject to hedging
Interest rate swaps	Long-term loans payable
Long-term loans payable	Investments in capital of subsidiaries and associates

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.

However, these transactions are not used for speculative purposes.

d) Method of evaluating hedging effectiveness

Cumulative amounts or market fluctuations in cash flow of items subject to hedging and cumulative amounts and market fluctuations in cash flow of hedging instrument are compared on a semi-annual basis, and based on amounts of fluctuation in both, evaluation of hedging effectiveness is made.

For items to which significant conditions regarding assumed principal 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 to accounting policies)

The Company has adopted the Accounting Standard for Business Combination (ASBJ Statement No. 21, issued on September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued on September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, issued on September 13, 2013) from the fiscal year under review and changed presentation of net income and changed minority interests to non-controlling interests.

Notes to Consolidated Balance Sheets

1. Liabilities regarding assets subject to lien and collateral

	(Thousands of yen)
Buildings and structures	7,207,456
Buildings and structures in trust	80,713,713
Machinery, equipment and vehicles	23,274
Machinery, equipment and vehicles in trust	65,310
Land	11,929,131
Land in trust	158,585,112
Other (tools, furniture and fixtures)	308,242
Intangible assets (Leasehold interest in land)	9,878,065
Total	268,710,307
Liabilities regarding the above	
Current portion of long-term loans payable	26,587,868
Long-term loans payable	158,408,200
Total	184,996,069

Additionally, rights of pledge are set for ¥25,486,758 thousand in investments in capital of subsidiaries and associates above that are eliminated by consolidation.

2. Accumulated depreciation of property and equipment ¥27,700,321 thousand

3. Balance of guarantees

Guarantees are made for the balance of ¥9,659 thousand in employees' mortgages.

Notes to Consolidated Statements of Changes in Net Assets

1. Total number of issued shares as of March 31, 2016

Common stock 19,833,000 shares

2. Total number of treasury stock as of March 31, 2016

Common stock 262 shares

3. Distribution of surplus during the fiscal year ended March 31, 2016

It was resolved at the Annual General Meeting of Shareholders on June 19, 2015 as follows:

- Dividends on common stock

Total dividends	¥694,147 thousand
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Dividends per share	¥35
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Record date	March 31, 2015
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Effective date	June 22, 2015
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It was resolved by the Board of Directors on November 2, 2015 as follows:

- Interim dividends on common stock

Total dividends	¥694,147 thousand
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Dividends per share	¥35
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Record date	September 30, 2015
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Effective date	November 30, 2015
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4. Dividends for which the record date was during the fiscal year under review, 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 17, 2016.

- Dividends on common stock

Total dividends	¥694,145 thousand
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Dividends per share	¥35
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Record date	March 31, 2016
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Effective date	June 20, 2016
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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, 2016 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	19,647,036	19,647,036	—
(2) Notes and accounts receivable-trade Allowance for doubtful accounts ^{*1}	927,804 (363)	927,441	—
(3) Investment securities	9,717,933	9,717,933	—
Total assets	30,292,411	30,292,411	—
(4) Short-term loans payable	54,133,740	54,133,740	—
(5) Corporate bonds	5,000,000	5,054,000	54,000
(6) Long-term loans payable ^{*2} Loans with floating interest rate Loans with fixed interest rate	305,382,601 21,722,200	305,382,601 21,844,429	— 122,229
(7) Derivative transactions ^{*3}	133,083	133,083	—
Total liabilities	386,371,624	386,547,854	176,229

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

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

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) 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.

(5) Corporate bonds

Fair value is calculated based on the market price.

(6) Long-term loans payable

Long-term loans payable with floating interest rates, which are renewed periodically, are stated at their carrying values as their carrying values approximate fair values. The fair value 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.

(7) Derivative transactions

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

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	15,160,374

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, 2016, for monetary claims and for securities with terms to maturity

(Thousands of yen)

	1 year or less	Over 1 year
Cash and deposits	19,647,036	—
Notes and accounts receivable— trade	927,804	—
Total	20,574,841	—

Note 4. Repayment schedule after March 31, 2016 for 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
Long-term loans payable	67,341,096	239,014,665	20,749,039	—

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 ¥9,230,801 thousand for the fiscal year ended March 31, 2016. (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.) Gain on sales of property and equipment from investment and rental properties, which are included in extraordinary income, amounted to ¥1,858,207 thousand for the fiscal year ended March 31, 2016.

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, 2016 are as follows:

(Thousands of yen)

		Fiscal year ended March 31, 2016
Carrying value	Beginning of the year	309,127,922
	Net changes	48,733,426
	End of the year	357,861,349
Appraised value—end of the year		445,261,980

- (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, 2016, net changes primarily present acquisition of office buildings of ¥66,832,214 thousand.
 3. Appraised values as of March 31, 2016 are based on appraisal 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	¥2,733.08
Net income per share	¥332.45

Non-Consolidated Balance Sheets

(As of March 31, 2016)

(Thousands of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	43,788,635	Current liabilities	94,524,936
Cash and deposits	1,341,066	Short-term loans payable	53,133,740
Accounts receivable-trade	189,890	Current portion of long-term loans payable	39,517,428
Accounts receivable-other	1,879,019	Accounts payable-other	91,504
Prepaid expenses	12,545	Accrued expenses	68,298
Deferred tax assets	44,059	Income taxes payable	1,285,779
Short-term loans receivable	40,315,585	Accrued consumption taxes	40,782
Other	6,468	Deposits received	267,204
		Provision for employees' bonuses	65,554
Non-current assets	183,368,959	Provision for shareholders' special benefits	54,645
Property and equipment	266,723	Non-current liabilities	99,360,720
Buildings	190,637	Corporate bonds	5,000,000
Tools, furniture and fixtures	58,432	Long-term loans payable	91,892,054
Other	17,653	Deferred tax liabilities	1,597,691
Intangible assets	76,377	Provision for retirement benefits	401,286
Trademarks	49,843	Provision for directors' and corporate auditors' retirement benefits	372,332
Software	25,921	Asset retirement obligations	20,994
Telephone subscription rights	612	Other	76,361
Investments and other assets	183,025,858	Total liabilities	193,885,657
Investment securities	14,298,192	(Net assets)	
Shares of subsidiaries and associates	10,292,480	Shareholders' equity	30,431,507
Long-term loans receivable from subsidiaries and associates	158,200,000	Capital stock	13,522,664
Long-term prepaid expenses	31	Capital surplus	13,438,070
Guarantee deposits	57	Capital reserve	13,438,070
Accumulation-type insurance premiums	135,994	Retained earnings	3,471,334
Other	104,222	Legal reserve	126,600
Allowance for doubtful accounts	(5,120)	Other retained earnings	3,344,734
		General reserve	300,000
		Retained earnings brought forward	3,044,734
		Treasury stock	(562)
		Valuation and translation adjustments	2,840,430
		Unrealized gains on investment securities	2,893,410
		Deferred gains on hedges	(52,979)
		Total net assets	33,271,937
Total assets	227,157,595	Total liabilities and net assets	227,157,595

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

Non-Consolidated Statements of Income

(April 1, 2015 - March 31, 2016)

(Thousands of yen)

Description	Amount	
Operating revenue		2,091,893
Commissions from subsidiaries and associates	2,091,893	
Operating expenses		2,297,668
Operating loss		205,774
Non-operating income		1,413,555
Interest income	1,053,985	
Dividend income	333,772	
Other	25,797	
Non-operating expenses		982,613
Interest expenses	936,293	
Interest on bonds	14,423	
Other	31,896	
Ordinary income		225,167
Extraordinary loss		19,165
Loss on sales of fixed assets	19,165	
Profit before income taxes		206,001
Income taxes - current		114,368
Income taxes - deferred		(33,144)
Net income		124,777

(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, 2015 - March 31, 2016)

(Thousands of yen)

	Shareholders' equity		
	Capital stock	Capital surplus	
		Capital reserve	Total capital surplus
Balance as of April 1, 2015	13,522,664	13,438,070	13,438,070
Changes of items during the period			
Dividends paid			
Net income			
Purchase of treasury stock			
Net changes of items other than shareholders' equity			
Total changes of items during the period	—	—	—
Balance as of March 31, 2016	13,522,664	13,438,070	13,438,070

(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, 2015	126,600	300,000	4,308,251	4,734,851	(376)	31,695,209
Changes of items during the period						
Dividends paid			(1,388,294)	(1,388,294)		(1,388,294)
Net income			124,777	124,777		124,777
Purchase of treasury stock					(185)	(185)
Net changes of items other than shareholders' equity						
Total changes of items during the period	—	—	(1,263,516)	(1,263,516)	(185)	(1,263,702)
Balance as of March 31, 2016	126,600	300,000	3,044,734	3,471,334	(562)	30,431,507

(Thousands of yen)

	Valuation and translation adjustments			Total net assets
	Unrealized gains on investment securities	Deferred gains on hedges	Total valuation and translation adjustments	
Balance as of April 1, 2015	4,392,896	—	4,392,896	36,088,105
Changes of items during the period				
Dividends paid				(1,388,294)
Net income				124,777
Purchase of treasury stock				(185)
Net changes of items other than shareholders' equity	(1,499,486)	(52,979)	(1,552,465)	(1,552,465)
Total changes of items during the period	(1,499,486)	(52,979)	(1,552,465)	(2,816,167)
Balance as of March 31, 2016	2,893,410	(52,979)	2,840,430	33,271,937

(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, net of applicable income taxes, are reported as a separate component of 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 non-current assets

(1) Property and equipment other than leased assets

The declining-balance method

Buildings (excluding building fixtures) acquired on or after April 1, 1998 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) 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.

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 shareholders' special benefits

A provision for shareholders' special benefits is provided to cover the amount of estimated future disbursements for the shareholder special 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 corporate auditors' retirement benefits

A provision for directors' and corporate auditors' retirement benefits is provided at the amount required as of the end of the fiscal year according to the internal regulations.

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. However, these transactions are not used for speculative purposes.

d) Method of evaluating hedging effectiveness

Cumulative amounts or market fluctuations in cash flow of items subject to hedging and cumulative amounts and market fluctuations in cash flow of hedging instruments are compared on a semi-annual basis, and based on amounts of fluctuation in both, 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 Non-Consolidated Balance Sheets

1. Accumulated depreciation of property and equipment ¥143,105 thousand

2. Balance of guarantees

Guarantees are made for the balance of ¥4,051,625 thousand in lease deposit obligations at subsidiary UNIZO Real Estate Company, Limited.

Additionally, guarantees are made for the balance of ¥9,659 thousand in employees' mortgages.

3. Monetary claims and monetary liabilities toward related companies

Short-term monetary claims ¥42,381,559 thousand

Short-term monetary liabilities ¥244,161 thousand

Notes to Non-Consolidated Statements of Income

Transactions with related companies

Sales transactions

Operating revenue ¥2,091,893 thousand

Operating expenses ¥137,206 thousand

Transactions other than sales transactions ¥1,061,955 thousand

Notes to Non-Consolidated Statements of Changes in Net Assets

Class and number of treasury stock as of March 31, 2016

Common stock 262 shares

Notes on Tax Accounting

1. The significant components of deferred tax assets and liabilities

Deferred tax assets	(Thousands of yen)
Enterprise tax payable	16,713
Provision for employees' bonuses	20,229
Legal welfare expenses payable	3,034
Excess of allowance for doubtful accounts	1,567
Provision for retirement benefits	122,873
Provision for directors' and corporate auditors' retirement benefits	114,008
Asset retirement obligations	1,629
Loss on valuation of securities of subsidiaries	78,535
Loss on valuation of securities	59,892
Unrealized loss on investment securities	155,868
Other	30,381
Subtotal deferred tax assets	604,735
Valuation allowances	(254,004)
Total deferred tax assets	350,730

Deferred tax liabilities

Unrealized gains on investment securities	(1,218,130)
Gains on valuation of investment securities	(686,232)
Total deferred tax liabilities	(1,904,362)
Net deferred tax liabilities	(1,553,632)

2. Amendment to amounts of deferred tax assets and deferred tax liabilities due to changes in tax rates of income taxes.

In line with the “Act for Partial Revision of the Income Tax Act” and the “Act for Partial Revision of the Local Tax Act” enacted by the Diet on March 29, 2016, the effective statutory tax rate for calculation of deferred tax assets and deferred tax liabilities during the fiscal year under review (limited to those to be resolved on or after April 1, 2016) have been changed from 32.3% for the previous fiscal year to 30.9% for those expected to be realized during the period between April 1, 2016 and March 31, 2018 and to 30.6% for those on or after April 1, 2018.

As a result, the amount of deferred tax liabilities (net of deferred tax assets) has decreased by ¥84,518 thousand, income taxes – deferred recorded during the fiscal year under review has decreased by ¥18,972 thousand, unrealized gains on investment securities has increased by ¥66,828 thousand, and deferred gains (losses) on hedges has decreased by ¥1,282 thousand.

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, 2016
Subsidiary	UNIZO Real Estate Company, Limited	Chuo-ku, T o k y o	400,000	Real estate business	Direct 100%	Business management (Note 4)	Receipt of business management fees	1,675,645	Accounts receivable -trade	121,656
							Guarantees (Note 2)	4,051,625	—	—
						Loaning of funds (Note 1)	Loaning of working capital (Note 3)	—	Short-term loans receivable	19,227,962
								60,000,000	Long-term loans receivable from subsidiaries and associates	142,400,000
	UNIZO Hotel Company, Limited	Chuo-ku, T o k y o	100,000	Hotel business	Direct 100%	Business management (Note 4)	Interest on loans	886,850	—	—
						Loaning of funds (Note 1)	Receipt of business management fees	416,178	Accounts receivable -trade	68,233
							Loaning of working capital (Note 3)	—	Short-term loans receivable	21,086,833
							Interest on loans	167,054	Long-term loans receivable from subsidiaries and associates	15,800,000

Transaction conditions and policies on determining transaction conditions

- (Notes)
1. Loaning of funds toward UNIZO Real Estate Company, Limited and UNIZO Hotel Company, Limited, are 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	¥1,677.63
Net income per share	¥6.29

Independent Auditor's Report
(English Translation)

April 27, 2016

The Board of Directors
UNIZO Holdings Company, Limited

Ernst & Young ShinNihon LLC

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

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, 2015 to March 31, 2016.

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, 2016, 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, 2016

The Board of Directors
UNIZO Holdings Company, Limited

Ernst & Young ShinNihon LLC

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

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 39th fiscal year (April 1, 2015 to March 31, 2016).

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, 2016, 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 39th fiscal year (April 1, 2015 to March 31, 2016), 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 under review.

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 under review.

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, 2016

Audit & Supervisory Board
UNIZO Holdings Company, Limited

Standing Audit & Supervisory Board Member	Mitsugi Izumiyama
Standing & Outside Audit & Supervisory Board Member	Kaoru Inoue
Outside Audit & Supervisory Board Member	Tetsuo Ito
Outside Audit & Supervisory Board Member	Mitsutoshi Nakaura

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 under review and projected future business development, the year-end dividend for the 39th fiscal year are proposed as follows.

- (1) Type of dividend
Cash
- (2) Dividend allotment and total dividend amount
¥35 per share of common stock of the Company, for a total amount of ¥694,145,830
The annual dividend for the fiscal year under review will be ¥70 per share including the interim dividend paid of ¥35 per share.
- (3) Effective date of distribution of surplus
June 20, 2016

Proposal 2: Partial Amendments to the Articles of Incorporation

The Company proposes partial amendments to the current Articles of Incorporation as follows.

1. Reasons for proposal

- (1) In order to respond to business development in the future, the Company proposes additions and deletions to business objectives contained in Article 2 (Business Objectives) of the current Articles of Incorporation.
- (2) In order to enable agile and flexible capital policies to prepare for expansion of the business scale in the future, the Company proposes amendments to Article 6 (Total Number of Shares Authorized) of the current Articles of Incorporation.

2. Descriptions of the amendments

Descriptions of the amendments are as follows:

(Amended parts are underlined.)

Current	Proposed amendment
(Business Objectives)	(Business Objectives)
Article 2. Through acquiring and holding stock and equity in companies that conduct the following businesses, <u>the Company</u> aims to control and manage the business activities of the aforementioned companies.	Article 2. Through acquiring and holding stock and equity in companies that conduct the following businesses, <u>the Company</u> aims to control and manage the business activities of the aforementioned companies.
1. – 2. (omitted)	1. – 2. (unchanged)
3. Sale of trust beneficiary rights of real estate, and agency and mediation <u>thereof</u>	3. <u>Acquisition, holding, disposal, and</u> sale of Trust beneficiary rights of real estate, and agency and mediation <u>thereof</u>
4. (omitted)	4. (unchanged)
5. Consignment and agency of maintenance and management of real estate and security business thereof	5. Consignment and agency of maintenance and management of real estate, <u>cleaning business</u> and security business thereof
6. (omitted)	6. (unchanged)
7. <u>Construction business, architectural design management business, interior design business, and built-for-sale housing business</u>	7. Architectural design management business
8. – 10. (omitted)	8. – 10. (unchanged)
11. <u>Lending of cash, discount of notes, And credit grant of loan guarantees.</u>	(deleted)
12. <u>Purchase and sale, holding, and management of mortgage securities</u>	(deleted)
13. <u>Purchase and management of accounts receivable</u>	(deleted)
14. – 15. (omitted)	11. – 12. (unchanged)
16. <u>Property and casualty insurance agency business</u> (new item 13 added)	(deleted)
	13. <u>Any other businesses incidental to or related to businesses stated in the previous Items</u>
2 The Company may conduct any other businesses ancillary to or related to businesses in <u>each previous Item</u> .	2 The Company may conduct any other businesses <u>incidental</u> to or related to businesses in each previous Item <u>of the previous Paragraph</u> .

<p>(Total Number of Shares Authorized)</p> <p>Article 6. The total number of shares authorized of the Company shall be <u>forty million</u> (40,000,000) shares.</p>	<p>(Total Number of Shares Authorized)</p> <p>Article 6. The total number of shares authorized of the Company shall be <u>fifty million</u> (50,000,000) shares.</p>
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Proposal 3: Election of twelve (12) Directors

The terms of office of nine (9) Directors Tetsuji Kosaki, Yoshinori Yukimoto, Hiroyasu Nakamura, Masafumi Shinagawa, Hideaki Kobayashi, Satoshi Komura, Masahiko Nishi, Motoaki Kitayama, and Toshiro Yonemura will expire at the conclusion of the Meeting. Accordingly, to add an additional layer of strength to the management structure, the election of twelve (12) Directors is proposed.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
1	Tetsuji Kosaki (January 27, 1952)	<p>April 1976 Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>March 2003 Executive Officer, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>April 2004 Managing Executive Officer, Mizuho Financial Group, Inc.</p> <p>June 2004 Managing Director, Mizuho Financial Group, Inc.</p> <p>April 2007 Deputy President and Director, Mizuho Bank, Ltd.</p> <p>April 2009 Deputy President and Executive Officer, Mizuho Financial Group, Inc.</p> <p>June 2009 Deputy President and Director, Mizuho Financial Group, Inc.</p> <p>May 2010 Advisor, the Company</p> <p>June 2010 President and Director (Representative Director), the Company</p> <p>June 2010 President and Director (Representative Director), Jowa Asset Management Company, Limited (currently UNIZO Real Estate Company, Limited) (current)</p> <p>June 2010 President and Director (Representative Director), Jowa Hotel Management Company, Limited (currently UNIZO Hotel Company, Limited) (current)</p> <p>April 2011 President and CEO (Representative Director), the Company (current)</p>	15,100
2	Yoshinori Yukimoto (July 26, 1956)	<p>April 1980 Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>April 2005 General Manager of Osaka Corporate Banking Department No. 1, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>April 2007 General Manager of Credit Department No. 3, Mizuho Bank, Ltd.</p> <p>January 2008 General Manager of Corporate Credit Department No. 2, Mizuho Bank, Ltd.</p> <p>April 2009 Executive Officer, Mizuho Bank, Ltd.</p> <p>April 2010 Managing Executive Officer, Mizuho Bank, Ltd.</p> <p>April 2012 Advisor, the Company</p> <p>May 2012 Senior Managing Executive Officer, the Company</p> <p>May 2012 Deputy President and Director (Representative Director), Jowa Hotel Company, Limited (currently UNIZO Hotel Company, Limited) (current)</p> <p>June 2012 Senior Managing Director and Senior Managing Executive Officer, General Manager of Hotel Department, the Company</p> <p>May 2013 Senior Managing Director and Senior Managing Executive Officer, the Company (current)</p> <p>April 2015 Senior Managing Director, Jowa Real Estate Company, Limited (currently UNIZO Real Estate Company, Limited) (current)</p>	2,000

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions		Number of shares of the Company held
3	Hiroyasu Nakamura (March 24, 1957)	<p>April 1979</p> <p>April 2006</p> <p>April 2007</p> <p>April 2009</p> <p>June 2010</p> <p>April 2011</p> <p>April 2012</p> <p>April 2014</p> <p>April 2015</p>	<p>Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>General Manager of Credit Department No. 3, Mizuho Bank, Ltd.</p> <p>General Manager of Risk Management Department, JSF Trust and Banking Co., Ltd.</p> <p>Planning Officer, Planning Department, the Company</p> <p>Director and General Manager of Administration Department, the Company</p> <p>Director and Executive Officer, General Manager of Administration Department, the Company</p> <p>Managing Director and Managing Executive Officer, General Manager of Administration Department, the Company</p> <p>Managing Director and Managing Executive Officer, General Manager of Executive Secretariat, General Manager of Administration Department, the Company</p> <p>Managing Director and Managing Executive Officer, the Company (current)</p>	2,300
4	Masafumi Shinagawa (November 21, 1960)	<p>April 1983</p> <p>April 2008</p> <p>April 2010</p> <p>April 2012</p> <p>May 2012</p> <p>June 2012</p> <p>April 2015</p>	<p>Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>General Manager of Kansai Financial Institution Banking Department, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>General Manager of Fukuoka Corporate Banking Department, Mizuho Corporate Bank, Ltd.</p> <p>Advisor, the Company</p> <p>Executive Officer, General Manager of Finance Department, the Company</p> <p>Director and Executive Officer, General Manager of Finance Department, the Company</p> <p>Managing Director and Managing Executive Officer, General Manager of Finance Department, the Company (current)</p>	1,200

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
5	Hideaki Kobayashi (December 19, 1960)	<p>April 1983 Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>April 2008 General Manager of Asset Finance Sales Department, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>April 2010 General Manager of Corporate Banking Department No. 10, Mizuho Corporate Bank, Ltd.</p> <p>April 2012 Advisor, the Company</p> <p>May 2012 Executive Officer, the Company</p> <p>May 2012 Director and General Manager of Office Property Management Department 2, Jowa Real Estate Company, Limited (currently UNIZO Real Estate Company, Limited)</p> <p>June 2012 Director and Executive Officer, the Company</p> <p>April 2013 Director and General Manager of Office Property Management Department 2 and General Manager of Facility and Property Management Department, Jowa Real Estate Company, Limited (currently UNIZO Real Estate Company, Limited)</p> <p>April 2014 Director and General Manager of Office Property Management Department 2 and General Manager of International Property Management Department, Jowa Real Estate Company, Limited (currently UNIZO Real Estate Company, Limited)</p> <p>April 2015 Managing Director and Managing Executive Officer, the Company</p> <p>April 2015 Managing Director and General Manager of Office Property management Department 2, Jowa Real Estate Company, Limited (currently UNIZO Real Estate Company, Limited)</p> <p>May 2016 Managing Director and Managing Executive Officer, General Manager of International Department 2, the Company (current)</p> <p>May 2016 Managing Director, UNIZO Real Estate Company, Limited (current)</p>	800
6	Satoshi Komura (June 16, 1961)	<p>April 1984 Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>April 2011 General Manager of Corporate Banking Department No. 18, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>April 2014 Advisor, the Company</p> <p>May 2014 Executive Officer, the Company</p> <p>May 2014 Director and General Manager of Office Property Management Department 1, Jowa Real Estate Company, Limited (currently UNIZO Real Estate Company, Limited)</p> <p>June 2014 Director and Executive Officer, the Company (current)</p> <p>July 2015 Director and General Manager of Office Property Management Department 1, General Manager of Office Property Management Department 4, UNIZO Real Estate Company, Limited</p> <p>May 2016 Managing Director and General Manager of Office Property Management Department 2, the Company (current)</p>	500
7	Masahiko Nishi (June 25, 1965)	<p>April 1988 Joined Jowa Kosan Co., Ltd. (currently the Company)</p> <p>April 2012 Joint General Manager of Corporate Planning Department, the Company</p> <p>April 2013 Executive Officer and General Manager of Business Development Department, the Company</p> <p>June 2014 Director and Executive Officer, General Manager of Business Development Department, the Company (current)</p>	1,100

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
8	Motoaki Kitayama (September 26, 1944)	<p>April 1969 Judge Appointee</p> <p>April 1987 Department Chief Judge, Tokyo District Court</p> <p>December 1991 Department Chief Judge, Yokohama District Court</p> <p>April 1996 Judge, Tokyo High Court</p> <p>December 1998 Chief Judge, Naha District Court</p> <p>March 2000 Divisional Presiding Judge, Tokyo High Court</p> <p>January 2005 Chief Judge, Saitama District Court</p> <p>October 2006 Chief Judge, Fukuoka High Court</p> <p>May 2007 Retired as judge</p> <p>April 2008 Registered as attorney</p> <p>April 2008 Joined Tanabe & Partners (current)</p> <p>April 2009 Member, Ministry of Land, Infrastructure, Transport and Tourism Central Construction Work Dispute Committee (current)</p> <p>March 2011 Director, Kyowa Hakko Kirin Co., Ltd.</p> <p>June 2011 Member, Supreme Court Medical Affairs Lawsuit Committee (current)</p> <p>June 2012 Director, the Company (current)</p>	400
9	Toshiro Yonemura (April 26, 1951)	<p>April 1974 Joined National Police Agency</p> <p>September 2001 Head of Public Safety Division, Metropolitan Police Department</p> <p>August 2003 Councilor, Security Bureau, National Police Agency</p> <p>June 2004 Head of Osaka Prefectural Police Department</p> <p>August 2005 Deputy Director-General, Metropolitan Police Department</p> <p>July 2006 Head of Security Bureau, National Police Agency</p> <p>August 2007 Director of the Secretariat, National Police Agency</p> <p>August 2008 Chief Commissioner, Metropolitan Police Department</p> <p>January 2010 Retired from Agency</p> <p>June 2011 Audit & Supervisory Board Member, the Company</p> <p>December 2011 Deputy Chief Cabinet Secretary for Crisis Management</p> <p>February 2014 Special Advisor to the Cabinet</p> <p>March 2014 Retired from Agency</p> <p>March 2014 Executive Board Member, The Tokyo Organising Committee of the Olympic and Paralympic Games (current)</p> <p>May 2014 Director, Seven & i Holdings Co., Ltd. (current)</p> <p>June 2014 Director, the Company (current)</p>	800

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company and significant concurrent positions		Number of shares of the Company held
10	Hiroshi Takimoto (September 17, 1968)	April 1992 June 2005 April 2008 September 2015	Joined Nippon Life Insurance Company Vice President, Cerberus Japan K.K. Director, Cerberus Japan K.K. Managing Executive Officer, the Company (current)	600
11	Hiroko Saito (December 29, 1961)	April 1985 December 2008 June 2015 July 2015 July 2015 May 2016	Joined Sony Corporation Deputy General Manager of Brand Strategy Department, Sony Corporation Advisor, the Company Executive Officer, the Company Director and General Manager of Office Property Management Department 3, UNIZO Real Estate Company, Limited Managing Executive Officer, the Company (current)	0
12	Masako Kawamura (September 25, 1965)	April 1988 April 2007 January 2010 July 2014 April 2015 May 2016	Joined Johnson & Johnson K.K. Senior Manager of Distributor and Branch Management, Johnson & Johnson K.K. Professional Education Senior Manager, Johnson & Johnson K.K. Executive Officer, the Company Director and General Manager of Advertising Department, Jowa Hotel Company, Limited (currently UNIZO Hotel Company, Limited) (current) Executive Officer and General Manager of Public Relations Department, the Company (current)	200

(Notes)

- There are no special interests between each candidate for Director and the Company.
- The responsibilities of the current Directors are as stated in “IV. Corporate Officers 1. Directors and Audit & Supervisory Board Members (Reference)” on pages 10 through 13 of this convocation notice.
- Motoaki Kitayama and Toshiro Yonemura are candidates for Outside Director.
- Reasons for nomination for Outside Director and their independence
 - (1) Motoaki Kitayama, with his experience and specialized knowledge as a judge and attorney, and Toshiro Yonemura, with his wide range of experience gained through his experience in numerous positions related to the Police at the National Police Agency, and Deputy Chief Cabinet Secretary for Crisis Management, are suited to perform supervision of management from an objective viewpoint, and the Company has judged that this will lead to improvement in transparency and enhancement of supervising functions of the Board of Directors, and requests their election as candidates for Outside Director.
 - (2) Motoaki Kitayama is currently an Outside Director of the Company. His term of office as Outside Director will be four (4) years at the conclusion of the Meeting.
Toshiro Yonemura is currently an Outside Director of the Company. His term of office as Outside Director will be two (2) years at the conclusion of the Meeting.
 - (3) Motoaki Kitayama and Toshiro Yonemura are not scheduled to receive a large amount of cash or other assets (excluding compensation as Director) from the Company or any other specified related business operators of the Company, nor have received such in the past two (2) years.
 - (4) Motoaki Kitayama and Toshiro Yonemura are not a spouse or relative within the third degree of kinship of an executive or officer of the Company or its specified related business operator, or similar.
- Reasons for judging that the candidates would be capable of executing duties as Outside Director
Although Motoaki Kitayama does not have experience of involvement in corporate management aside from his role as Outside Director, the Company has judged that he will appropriately perform the duties of Outside Director based on his many years of experience as a judge and attorney and his possession of specialized legal knowledge.
Although Toshiro Yonemura does not have experience of involvement in corporate management aside from his roles as Outside Audit & Supervisory Board Member and Outside Director, the Company has judged that he will appropriately perform the duties of Outside Director based on his possession of advanced specialized knowledge and insight cultivated through his wide range of experience related to the Police at the National Police Agency, and as Deputy Chief Cabinet Secretary for Crisis Management.
- 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 future securing of persons capable of fully performing the roles as Outside Director. Accordingly, the Company has entered into such liability limitation agreements with Motoaki Kitayama and Toshiro Yonemura. 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.
- Motoaki Kitayama and Toshiro Yonemura are Independent Officers as stipulated by Tokyo Stock Exchange, Inc.

Proposal 4: Election of one (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mitsutoshi Nakaura will expire at the conclusion of the Meeting. Accordingly, the election of one (1) Audit & Supervisory Board Member is proposed.

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

The candidate is as follows:

No.	Name (Date of birth)	Past experience, positions at the Company and significant concurrent positions	Number of shares of the Company held
1	Atsushi Kato (April 14, 1943)	<div>April 1968 Established Tax Accountant, Atsushi Kato Accountant Office</div> <div>October 1971 Joined Tokyo Office, Coopers & Lybrand</div> <div>July 1983 Partner, Tokyo Office, Coopers & Lybrand</div> <div>July 1984 Representative Partner, Chuo Audit Corporation</div> <div>July 2001 Executive Board Member, The Japanese Institute of Certified Public Accountants</div> <div>July 2001 Part-time member, Accounting Standards Board of Japan (ASBJ)</div> <div>September 2006 Representative Partner, PricewaterhouseCoopers Aarata (a PricewaterhouseCoopers member firm)</div> <div>February 2007 Representative Director and President, Control Solutions International, Inc.</div> <div>April 2009 Full-time Member, Accounting Standards Board of Japan (ASBJ)</div> <div>April 2010 Full-time Vice Chairman, Accounting Standards Board of Japan (ASBJ)</div> <div>April 2013 Certified Public Accountant, Atsushi Kato Certified Public Accountant Office (current)</div> <div>March 2015 Director, SUMIDA CORPORATION (current)</div>	-

(Notes)

1. There are no special interests between the candidate for Audit & Supervisory Board Member and the Company.
2. Atsushi Kato is a candidate for Outside Audit & Supervisory Board Member.
3. Reasons for nomination for Outside Audit & Supervisory Board Member and his independence
 - (1) Atsushi Kato has years of experience as a certified public accountant. The Company requests his election as Outside Audit & Supervisory Board Member with the expectation that he would audit the Company's management from an objective perspective, leveraging the insight he has gained through such experience.
 - (2) Atsushi Kato is not scheduled to receive a large amount of cash or other assets (excluding compensation as Audit & Supervisory Board Member) from the Company or any other specified related business operators of the Company, nor have received such in the past two (2) years.
 - (3) Atsushi Kato is not a spouse or relative within the third degree of kinship of an executive or officer of the Company or its specified related business operator, or similar.
4. Reasons for judging that the candidate would be capable of executing duties as Outside Audit & Supervisory Board Member
Atsushi Kato has advanced specialized knowledge and insight accumulated through his many years of experience as a certified public accountant. The Company therefore judges that he would appropriately perform the duties of Outside Audit & Supervisory Board Member.
5. 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 future securing of persons capable of fully performing the roles as Outside Audit & Supervisory Board Members. Accordingly, the Company is planning to enter into such liability limitation agreement with Atsushi Kato 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.
6. Atsushi Kato is a candidate for Independent Officer as stipulated by Tokyo Stock Exchange, Inc.

Proposal 5: Provision of Final Payment of Retirement Benefits to Directors and Audit & Supervisory Board Members upon the Abolition of the Directors' and Corporate Auditors' Retirement Benefits System

In line with the revisions to its Directors' compensation system, it was resolved at the Board of Directors held on May 16, 2016 to abolish the Directors' and Corporate Auditors' Retirement Benefits System as of the conclusion of the Meeting.

Accordingly, in order to recognize the merits of services provided up to the conclusion of the Meeting by the persons below, the Company proposes to make a final payment of retirement benefits within the scope of applicable amounts set in a certain standard stipulated by the Company for their terms of office up to the conclusion of the Meeting: the seven (7) Directors Tetsuji Kosaki, Yoshinori Yukimoto, Hiroyasu Nakamura, Masafumi Shinagawa, Hideaki Kobayashi, Satoshi Komura, and Masahiko Nishi, who shall be reappointed if Proposal 3 is approved; the eight (8) Directors Takao Suzuki, Masato Yamamoto, Yoshiaki Iseki, Hitoshi Sato, Hiroto Okubo, Takeshi Imamichi, Takeshi Okabe, and Yoshio Yamada, who are currently in office; and the two (2) Audit & Supervisory Board Members Mitsugi Izumiyama and Kaoru Inoue, who are currently in office.

The timing of the payment shall be as of the retirement of each eligible person. The Company requests that decisions on specific amounts and methods of provision, for Directors be left to the discretion of the Board of Directors, and for Audit & Supervisory Board Members, be left to deliberation by Audit & Supervisory Board Members.

Past experiences of the above Directors and Audit & Supervisory Board Members are as follows.

Name	Past experience	
Takao Suzuki	June 2003	President and Director (Representative Director), the Company
	June 2010	Chairman and Director, the Company (current)
Tetsuji Kosaki	June 2010	President and Director (Representative Director), the Company
	April 2011	President and CEO (Representative Director), the Company (current)
Masato Yamamoto	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
	May 2012	Senior Managing Director and Senior Managing Executive Officer, General Manager of Compliance Department, the Company
	April 2014	Senior Managing Director and Senior Managing Executive Officer, General Manager of Business Audit Department and Compliance Department, the Company
	May 2014	Senior Managing Director and Senior Managing Executive Officer, General Manager of Compliance Department, the Company
	May 2016	Senior Managing Director and Senior Managing Executive Officer, the Company (current)
Yoshinori Yukimoto	June 2012	Senior Managing Director and Senior Managing Executive Officer, General Manager of Hotel Department, the Company
	May 2013	Senior Managing Director and Senior Managing Executive Officer, the Company (current)
Yoshiaki Iseki	June 2013	Director and Executive Officer, the Company
	April 2014	Managing Director and Managing Executive Officer, the Company
	April 2015	Senior Managing Director and Senior Managing Executive Officer, the Company
	May 2016	Senior Managing Director and Senior Managing Executive Officer, General Manager of Architecture and Construction Planning Department, the Company (current)
Hiroyasu Nakamura	June 2010	Director, General Manager of Administration Department, the Company
	April 2011	Director and Executive Officer, General Manager of Administration Department, the Company
	April 2012	Managing Director and Managing Executive Officer, General Manager of Administration Department, the Company
	April 2014	Managing Director and Managing Executive Officer, General Manager of Executive Secretariat, General Manager of Administration Department, the Company
	April 2015	Managing Director and Managing Executive Officer, the Company (current)

Name	Past experience	
Hitoshi Sato	June 2013	Director and Executive Officer, General Manager of Office Building Department, the Company
	April 2014	Director and Executive Officer, the Company
	April 2015	Managing Director and Managing Executive Officer, the Company
	May 2016	Managing Director and Managing Executive Officer, General Manager of Facility Management Department, the Company (current)
Masafumi Shinagawa	June 2012	Director and Executive Officer, General Manager of Finance Department, the Company
	April 2015	Managing Director and Managing Executive Officer, General Manager of Finance Department, the Company (current)
Hideaki Kobayashi	June 2012	Director and Executive Officer, the Company
	April 2015	Managing Director and Managing Executive Officer, the Company
	May 2016	Managing Director and Managing Executive Officer, General Manager of International Department 2, the Company (current)
Hiroto Okubo	June 2013	Director and Executive Officer, the Company
	May 2016	Director and Executive Officer, General Manager of Compliance Department, the Company (current)
Takeshi Imamichi	June 2013	Director and Executive Officer, General Manager of Hotel Department, the Company
	May 2016	Director and Executive Officer, General Manager of Hotel Department 1, the Company (current)
Satoshi Komura	June 2014	Director and Executive Officer, the Company (current)
Masahiko Nishi	June 2014	Director and Executive Officer, General Manager of Business Development Department, the Company (current)
Takeshi Okabe	June 2015	Director and Executive Officer, General Manager of Executive Secretariat, the Company (current)
Yoshio Yamada	June 2015	Director and Executive Officer, General Manager of Office Building Department 2 and Architecture and Construction Planning Department, the Company
	May 2016	Director and Executive Officer, the Company (current)
Mitsugi Izumiyama	June 2015	Standing Audit & Supervisory Board Member, the Company (current)
Kaoru Inoue	June 2011	Standing Audit & Supervisory Board Member, the Company (current)

Proposal 6: Revision of Compensation for Directors and Audit & Supervisory Board Members

The upper limits of compensation for Directors and Audit & Supervisory Board Members of the Company were approved at the 38th Annual General Meeting of Shareholders held on June 19, 2015 to be ¥520.0 million for Directors and ¥130.0 million for Audit & Supervisory Board Members. However, in consideration of subsequent changes in the economic climate, the abolition of the directors' and corporate auditors' retirement benefits system in line with the revision of the Directors' compensation system, and other factors, the Company proposes to revise the upper limits to ¥1.1 billion for Directors and ¥260.0 million for Audit & Supervisory Board Members.

The amounts of Directors' compensation for Directors who concurrently serve as employees shall not include the portion of salaries as employees, as was previously the case.

Currently, the number of Directors is seventeen (17) persons (of which, two (2) are Outside Directors) and the number of Audit & Supervisory Board Members is four (4) persons. If Proposals 3 and 4 are approved as originally proposed, the number of Directors will be twenty (20) persons (of which, two (2) are Outside Directors) and the number of Audit & Supervisory Board Members will be four (4) persons.

End