

(REIT) Financial Report for Fiscal Period Ended July 31, 2019

September 12, 2019

REIT Securities Issuer: Star Asia Investment Corporation (SAR)
 Securities Code: 3468
 Representative: Atsushi Kato, Executive Director

Stock Exchange Listing: Tokyo Stock Exchange
 URL: <http://starasia-reit.com>

Asset Management Company: Star Asia Investment Management Co., Ltd. (the Asset Management Company)
 Representative: Atsushi Kato, President and CEO
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Scheduled date of commencement of cash distribution payment: October 15, 2019

Scheduled date of submission of securities report: October 30, 2019

Preparation of supplementary financial results briefing materials: Yes

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

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for Fiscal Period Ended July 31, 2019 (from February 1, 2019 to July 31, 2019)

(1) Management Status

(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Jul. 2019	3,785	(1.5)	2,225	(7.5)	1,965	(5.2)	1,964	(4.2)
Ended Jan. 2019	3,844	36.8	2,406	52.7	2,073	58.8	2,049	57.0

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Ended Jul. 2019	3,632	3.6	1.8	51.9
Ended Jan. 2019	3,889	4.0	2.0	53.9

(2) Status of Cash Distribution

Fiscal period	Cash distribution per unit (not including cash distribution in excess of earnings)	Total cash distribution (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit	Total cash distribution in excess of earnings	Cash distribution payout ratio	Ratio of cash distribution to net assets
	yen	million yen	yen	million yen	%	%
Ended Jul. 2019	3,625	1,960	-	-	99.8	3.6
Ended Jan. 2019	3,720	2,011	-	-	98.2	3.7

(Note1) For the fiscal period ended January 31, 2019, cash distribution payout ratio is calculated by the following formula due to changes in the number of investment units during the period following issuance of new investment units during the period:
 Cash distribution payout ratio = Total cash distribution (not including cash distribution in excess of earnings) ÷ Net income × 100

(Note2) For the fiscal period ended January 31, 2019 and the fiscal period ended July 31, 2019, total cash distribution differs from net income due to internal reserve.

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Jul. 2019	110,240	54,739	49.7	101,215
Ended Jan. 2019	111,079	54,839	49.4	101,400

(4) Status of Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Ended Jul. 2019	3,557	(1,366)	(2,770)	5,684
Ended Jan. 2019	6,219	(19,756)	14,681	6,263

2. Management Status Forecast for Fiscal Period Ending January 31, 2020 (from August 1, 2019 to January 31, 2020) and Fiscal Period Ending July 31, 2020 (from February 1, 2020 to July 31, 2020)

(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income		Cash distribution per unit (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
Ending Jan. 2020	3,199	(15.5)	1,670	(25.0)	1,441	(26.6)	1,441	(26.6)	2,770	-
Ending Jul. 2020	3,266	2.1	1,752	4.9	1,484	3.0	1,483	3.0	2,770	-

(Reference) Forecast net income per unit (fiscal period ending January 31, 2020) 2,665 yen

Forecast net income per unit (fiscal period ending July 31, 2020) 2,744 yen

(Note) Net income per unit is calculated by the following formula.

Expected net income ÷ expected total number of investment units issued and outstanding at end of period

* Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

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

(2) Total Number of Investment Units Issued and Outstanding

① Total number of investment units issued and outstanding (including own investment units) at end of period

Fiscal period ended Jul. 31, 2019	540,824 units	Fiscal period ended Jan. 31, 2019	540,824 units
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② Number of own investment units at end of period

Fiscal period ended Jul. 31, 2019	0 units	Fiscal period ended Jan. 31, 2019	0 units
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(Note) For the number of investment units serving as the basis for calculation of net income per unit, please see “Notes on Per Unit Information” on page 22.

* Financial reports are exempt from audits by a certified public accounting or accounting firms.

* Special Note

The management status outlook and other forward-looking statements contained in this document are based on information that are currently available and certain assumptions that are deemed reasonable by SAR. Accordingly, the actual management status, etc. may differ materially due to various factors. In addition, the forecast figures are the current figures calculated under the assumptions described in “Assumptions Underlying Operating Results Forecasts for Fiscal Period Ending January 31, 2020 and Fiscal Period Ending July 31, 2020” on pages 3-4. Accordingly, the actual operating revenue, operating income, ordinary income, net income, cash distribution per unit (not including cash distribution in excess of earnings) and cash distribution in excess of earnings per unit may vary due to acquisition/disposition of real estate, etc., trends of the real estate market, etc., fluctuations in interest rates or other changes in the circumstances surrounding SAR, etc. in the future. In addition, the forecast is not a guarantee of the amount of cash distribution.

In addition, SAR is in the process of preparation for discussion on a merger with Sakura Sogo REIT Corporation (hereinafter, referred to as “SSR”) based on the resolutions announced in “Notice Regarding Results of Voting for Resolutions at Sakura Sogo REIT’s General Meeting of Unitholders Convened by Lion Partners GK” and “Notice Regarding Results of Voting for Resolutions at Sakura Sogo REIT’s General Meeting of Unitholders Convened by Sakura Sogo REIT” dated August 30, 2019. However, no determination regarding the merger has been made as of today and the management status outlook and other forward-looking statements contained in this document are not premised on the merger with SSR.

Assumptions Underlying Operating Results Forecasts for
Fiscal Period Ending January 31, 2020 and Fiscal Period Ending July 31, 2020

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> ➤ Fiscal period ending January 31, 2020: August 1, 2019 – January 31, 2020 (184 days) ➤ Fiscal period ending July 31, 2020: February 1, 2020 – July 31, 2020 (182 days)
Investment assets	<ul style="list-style-type: none"> ➤ For the real estate beneficiary interest in trust of the 34 properties (referred to as the “Existing Properties (real estate, etc.)” hereinafter in these assumptions), 3 Mezzanine Loan Debt (referred to as the “Existing Properties (mezzanine)” hereinafter in these assumptions) and 2 Silent Partnership Equity Interest (referred to as the “Existing Properties (silent partnership)” hereinafter in these assumptions) held by SAR as of today (hereinafter collectively referred to as the “Existing Properties”), it is assumed there will be no change (new property acquisitions, sales of the Existing Properties, etc.) in the investment assets through the end of the fiscal period ending July 31, 2020. ➤ In practice, this may vary due to changes in investment assets.
Operating revenue	<ul style="list-style-type: none"> ➤ Rent revenues from the Existing Properties (real estate, etc.) are calculated based on the rent stated in the lease agreements that are effective as of today taking into consideration factors such as market movement. It is also assumed that there will be no arrears or non-payment of rent by tenants. ➤ Interest revenues or dividend revenues from the Existing Properties (mezzanine) are calculated based on outlines, trust agreements or loan agreements which define contents of the Existing Properties (mezzanine) that are effective as of today. It is also assumed that no interest payments or dividend payments will be declined. ➤ Dividend revenues from the Existing Properties (silent partnership) are calculated based on the assumption that real estate underlying cash flow will maintain stable operation.
Operating expenses	<ul style="list-style-type: none"> ➤ Among expenses related to rent business of the Existing Properties (real estate, etc.), which are the principal operating expenses, expenses excluding depreciation are calculated on the basis of historical data, reflecting variable factors of expenses. ➤ Fixed property taxes, city planning taxes and other public charges are expected to be 238 million yen in the fiscal period ending January 31, 2020 and to be 241 million yen in the fiscal period ending July 31, 2020. When acquiring properties, fixed property taxes, city planning taxes and other public charges in the fiscal year will be settled on a pro rata basis based on the number of days of ownership with the seller at the time of acquisition of the properties. However, in the case of SAR, the settled amount will be included in the acquisition cost and thus those for the real estate beneficiary interest in trust of Amusement Media Gakuin Shinkan acquired on February 1, 2019 will not be recorded as expenses for the fiscal period ending January 31, 2020. Fixed property taxes, city planning taxes and other public charges for the property are expected to be 1 million yen and will be recorded as expenses from the fiscal period ending July 31, 2020. ➤ For the expenditures for repair and maintenance of buildings, 77 million yen is expected for the fiscal period ending January 31, 2020 and 82 million yen is expected for the fiscal period ending July 31, 2020 based on repair and maintenance plans prepared by Star Asia Investment Management Co., Ltd. However, the expenditures for repair and maintenance for the fiscal periods could differ significantly from the estimated amounts, as expenditures may arise urgently due to damage to buildings and such caused by unexpected factors, and because the variance in amounts generally tends to be significant from year to year and repair and maintenance expenses do not arise regularly. ➤ Depreciation is calculated using the straight-line method including ancillary costs and is expected to be 422 million yen for the fiscal period ending January 31, 2020 and 428 million yen for the fiscal period ending July 31, 2020.
NOI (Net Operating Income)	<ul style="list-style-type: none"> ➤ The total NOI of the entire portfolio is expected to be 2,388 million yen for the fiscal period ending January 31, 2020 and 2,475 million yen for the fiscal period ending July 31, 2020. ➤ NOI is calculated by using the following calculation method. NOI = rent revenue – rent expenses (excluding depreciation)
Non-operating expenses	<ul style="list-style-type: none"> ➤ Interest expenses are expected to be 165 million yen for the fiscal period ending January 31, 2020 and 168 million yen for the fiscal period ending July 31, 2020 and other borrowing related expenses are expected to be 62 million yen for the fiscal period ending January 31, 2020 and 99 million yen for the fiscal period ending July 31, 2020. ➤ In other borrowing related expenses noted above, expected temporary expenses (39 million yen for the fiscal period ending July 31, 2020) from debt financing or refinancing is included.
Debt financing	<ul style="list-style-type: none"> ➤ The total amount of interest-bearing liabilities is assumed to be 51,580 million yen as of the end of the fiscal period ending January 31, 2020 and 51,580 million yen as of the end of the fiscal period ending July 31, 2020. ➤ It is assumed that 7,300 million yen of loans payable due for repayment by the end of the fiscal period ending July 31, 2020 will be refinanced in the term. ➤ Other than the above, it is assumed that there will be no new borrowings or repayment of existing borrowings including early repayment by the end of the fiscal period ending July 31, 2020.

Item	Assumptions
Investment units	➤ It is assumed that there will be no change in the total number of investment units issued and outstanding as of today (540,824 units) by the end of the fiscal period ending July 31, 2020.
Cash distribution per unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> ➤ Cash distribution per unit (not including cash distribution in excess of earnings) is calculated on the assumption described in the cash distribution policy stipulated in SAR's Articles of Incorporation. ➤ It is assumed that derivative transactions (interest rate swaps) will continue to be conducted. However, it is also assumed that deferred losses on hedges, which is an item of deduction from net assets (as those provided in article 2, item 30 (b) of the Ordinance on Accountings of Investment Corporations), is not expected to arise until the end the fiscal period ending July 31, 2020, and cash distribution per unit (not including cash distribution in excess of earnings) will not be affected by changes in items of deduction from net assets in the calculation. ➤ It is assumed that a reversal of internal reserve of 56 million yen will be made in the fiscal period ending January 31, 2020. ➤ It is assumed that a reversal of internal reserve of 14 million yen will be made in the fiscal period ending July 31, 2020. ➤ It is possible that the cash distribution per unit (not including cash distribution in excess of earnings) could change due to various factors, including changes in investment assets, changes in rent revenue accompanying changes in tenants, etc., or unexpected repair and maintenance, etc. In addition, cash distribution per unit (not including cash distribution in excess of earnings) may be affected by changes in items of deduction from net assets.
Cash distribution in excess of earnings per unit	<ul style="list-style-type: none"> ➤ It is assumed that there will be no existing balance of deferred losses on hedges, which is an item of deduction from net assets, as described above. Of cash distribution in excess of earnings, that attributable to allowance for temporary difference adjustment is not scheduled at this point. ➤ In addition, of cash distribution in excess of earnings, that falling under the category of cash distribution accompanying decrease in capital, etc. under tax law is not scheduled at this point.
Other	<ul style="list-style-type: none"> ➤ Forecasts are based on the assumption that revisions that impact the above forecast figures will not be made to laws and regulations, tax systems, accounting standards, listing rules, and rules of The Investment Trusts Association, Japan, etc. ➤ Forecasts are based on the assumption that there will be no major unforeseen changes to general economic trends and real estate market conditions, etc.

3. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	6th fiscal period (As of January 31, 2019)	7th fiscal period (As of July 31, 2019)
Assets		
Current assets		
Cash and deposits	2,310,545	1,743,631
Cash and deposits in trust	3,953,328	3,940,970
Operating accounts receivable	52,568	55,906
Prepaid expenses	120,684	132,744
Consumption taxes receivable	184,863	-
Other	7,153	11,298
Total current assets	6,629,144	5,884,550
Non-current assets		
Property, plant and equipment		
Buildings in trust	33,050,199	33,118,834
Accumulated depreciation	(1,712,512)	(2,106,616)
Buildings in trust, net	31,337,686	31,012,218
Structures in trust	11,621	15,784
Accumulated depreciation	(1,423)	(1,893)
Structures in trust, net	10,198	13,890
Machinery and equipment in trust	45,723	46,680
Accumulated depreciation	(4,982)	(7,236)
Machinery and equipment in trust, net	40,741	39,444
Tools, furniture and fixtures in trust	30,828	33,338
Accumulated depreciation	(5,807)	(8,460)
Tools, furniture and fixtures in trust, net	25,020	24,877
Land in trust	68,467,885	68,602,052
Construction in progress in trust	222	-
Total property, plant and equipment	99,881,755	99,692,483
Intangible assets		
Leasehold rights in trust	3,459,138	3,459,138
Total intangible assets	3,459,138	3,459,138
Investments and other assets		
Investment securities	628,893	723,220
Long-term loans receivable	300,000	300,000
Long-term prepaid expenses	160,951	168,174
Lease and guarantee deposits	10,962	10,962
Other	8,255	2,024
Total investments and other assets	1,109,062	1,204,382
Total non-current assets	104,449,955	104,356,004
Total assets	111,079,100	110,240,555

(Unit: thousand yen)

	6th fiscal period (As of January 31, 2019)	7th fiscal period (As of July 31, 2019)
Liabilities		
Current liabilities		
Operating accounts payable	291,171	254,637
Short-term loans payable	460,000	-
Current portion of long-term loans payable	8,300,000	7,300,000
Accounts payable - other	335,845	293,558
Accrued expenses	10,017	10,030
Income taxes payable	22,611	605
Accrued consumption taxes	-	199,468
Advances received	624,323	517,389
Other	14,119	30,552
Total current liabilities	10,058,089	8,606,243
Non-current liabilities		
Long-term loans payable	43,580,000	44,280,000
Tenant leasehold and security deposits	6,669	6,669
Tenant leasehold and security deposits in trust	2,514,819	2,478,925
Other	79,644	128,960
Total non-current liabilities	46,181,133	46,894,554
Total liabilities	56,239,222	55,500,798
Net assets		
Unitholders' equity		
Unitholders' capital	52,745,966	52,745,966
Surplus		
Unappropriated retained earnings (undisposed loss)	2,163,215	2,115,855
Total surplus	2,163,215	2,115,855
Total unitholders' equity	54,909,181	54,861,822
Valuation and translation adjustments		
Deferred gains or losses on hedges	(69,303)	(122,065)
Total valuation and translation adjustments	(69,303)	(122,065)
Total net assets	*1 54,839,877	*1 54,739,757
Total liabilities and net assets	111,079,100	110,240,555

(2) Statement of Income

(Unit: thousand yen)

	6th fiscal period From: August 1, 2018 To: January 31, 2019	7th fiscal period From: February 1, 2019 To: July 31, 2019
Operating revenue		
Lease business revenue	*1 3,028,065	*1 3,092,125
Other lease business revenue	*1 196,270	*1 242,455
Gain on sales of real estate property	*2 598,163	*2 422,504
Other revenue	22,092	28,185
Total operating revenue	3,844,592	3,785,271
Operating expenses		
Expenses related to rent business	*1 1,088,373	*1 1,214,656
Asset management fee	260,206	251,121
Asset custody and administrative service fees	22,377	23,583
Directors' compensations	2,400	2,400
Other operating expenses	64,945	67,548
Total operating expenses	1,438,302	1,559,310
Operating income	2,406,289	2,225,961
Non-operating income		
Interest income	24	30
Interest on refund	848	883
Total non-operating income	872	913
Non-operating expenses		
Interest expenses	145,156	155,935
Borrowing related expenses	150,949	105,827
Investment unit issuance expenses	37,238	-
Total non-operating expenses	333,344	261,763
Ordinary income	2,073,818	1,965,111
Income before income taxes	2,073,818	1,965,111
Income taxes - current	24,172	605
Total income taxes	24,172	605
Net income	2,049,646	1,964,506
Retained earnings brought forward	113,568	151,349
Unappropriated retained earnings (undisposed loss)	2,163,215	2,115,855

(3) Statement of Unitholders' Equity

6th fiscal period (from August 1, 2018 to January 31, 2019)

(Unit: thousand yen)

	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of the period	45,832,670	1,418,609	1,418,609	47,251,279	35,889	35,889	47,287,168
Changes of items during the period							
Issuance of new investment units	6,913,296			6,913,296			6,913,296
Dividends from surplus		(1,305,040)	(1,305,040)	(1,305,040)			(1,305,040)
Net income		2,049,646	2,049,646	2,049,646			2,049,646
Net changes of items other than unitholders' equity					(105,192)	(105,192)	(105,192)
Total changes of items during the period	6,913,296	744,605	744,605	7,657,901	(105,192)	(105,192)	7,552,709
Balance at end of the period	*1 52,745,966	2,163,215	2,163,215	54,909,181	(69,303)	(69,303)	54,839,877

7th fiscal period (from February 1, 2019 to July 31, 2019)

(Unit: thousand yen)

(Unit: thousand yen)

	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of the period	52,745,966	2,163,215	2,163,215	54,909,181	(69,303)	(69,303)	54,839,877
Changes of items during the period							
Dividends from surplus		(2,011,865)	(2,011,865)	(2,011,865)			(2,011,865)
Net income		1,964,506	1,964,506	1,964,506			1,964,506
Net changes of items other than unitholders' equity					(52,761)	(52,761)	(52,761)
Total changes of items during the period	-	(47,359)	(47,359)	(47,359)	(52,761)	(52,761)	(100,120)
Balance at end of the period	*1 52,745,966	2,115,855	2,115,855	54,861,822	(122,065)	(122,065)	54,739,757

(4) Statement of Cash Distributions

(Unit: yen)

	6th fiscal period From: August 1, 2018 To: January 31, 2019	7th fiscal period From: February 1, 2019 To: July 31, 2019
I. Unappropriated retained earnings	2,163,215,106	2,115,855,829
II. Cash distribution	2,011,865,280	1,960,487,000
[Cash distribution per unit]	[3,720]	[3,625]
Cash distribution of earnings	2,011,865,280	1,960,487,000
[Cash distribution of earnings per unit]	[3,720]	[3,625]
III. Retained earnings carried forward	151,349,826	155,368,829

Method of calculation of amount of cash distribution

6th fiscal period (from August 1, 2018 to January 31, 2019):

Pursuant to the cash distribution policy provided in Article 35, Paragraph 1 of SAR's Articles of Incorporation, SAR shall distribute in excess of the amount equivalent to 90% of the amount of distributable earnings of SAR as defined in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In accordance with such policy, concerning cash distribution of earnings (not including cash distribution in excess of earnings), the decision was made to distribute 3,720 per unit, 2,011,865,280 yen in total cash distribution considering the occurrence of gain on sale of real estate of 598,163,538 yen, and within net income, 37,781,023 yen is decided to be internally reserved.

7th fiscal period (from February 1, 2019 to July 31, 2019):

Pursuant to the cash distribution policy provided in Article 35, Paragraph 1 of SAR's Articles of Incorporation, SAR shall distribute in excess of the amount equivalent to 90% of the amount of distributable earnings of SAR as defined in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In accordance with such policy, concerning cash distribution of earnings (not including cash distribution in excess of earnings), the decision was made to distribute 1,960,487,000 yen in total cash distribution which is more than the amount minimizing tax expenses such as corporate tax etc., and integral multiple of the total number of issued investment units of 540,824.

(5) Statement of Cash Flows

(Unit: thousand yen)

	6th fiscal period From: August 1, 2018 To: January 31, 2019	7th fiscal period From: February 1, 2019 To: July 31, 2019
Cash flows from operating activities		
Income before income taxes	2,073,818	1,965,111
Depreciation	409,467	415,829
Investment unit issuance expenses	37,238	-
Interest income	(24)	(30)
Interest expenses	145,156	155,935
Decrease (increase) in operating accounts receivable	(1,598)	(3,338)
Decrease (increase) in consumption taxes refund receivable	25,849	184,863
Increase (decrease) in accrued consumption taxes	(21,000)	199,468
Decrease (increase) in prepaid expenses	(2,507)	(12,060)
Decrease (increase) in long-term prepaid expenses	(5,233)	(7,223)
Increase (decrease) in operating accounts payable	81,740	(51,642)
Increase (decrease) in accounts payable - other	74,258	(12,905)
Increase (decrease) in advances received	30,016	(106,933)
Decrease from sales of property, plant and equipment in trust	3,509,673	994,157
Other, net	7,042	17,477
Subtotal	6,363,897	3,738,710
Interest income received	24	30
Interest expenses paid	(143,833)	(155,922)
Income taxes paid	(351)	(25,080)
Net cash provided by (used in) operating activities	6,219,737	3,557,738
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(20,125,244)	(1,234,988)
Repayments of tenant leasehold and security deposits	(192)	(72)
Proceeds from tenant leasehold and security deposits	6,861	72
Repayments of tenant leasehold and security deposits in trust	(119,296)	(172,112)
Proceeds from tenant leasehold and security deposits in trust	674,748	136,218
Purchase of investment securities	(226,511)	(101,375)
Proceeds from redemption of investment securities	334,500	5,938
Payments of long-term loans receivable	(300,000)	-
Other, net	(962)	-
Net cash provided by (used in) investing activities	(19,756,096)	(1,366,319)
Cash flows from financing activities		
Increase in short-term loans payable	4,290,000	700,000
Decrease in short-term loans payable	(3,830,000)	(1,160,000)
Proceeds from long-term loans payable	8,840,000	8,000,000
Repayments of long-term loans payable	(190,000)	(8,300,000)
Proceeds from issuance of investment units	6,876,057	-
Dividends paid	(1,304,565)	(2,010,691)
Net cash provided by (used in) financing activities	14,681,492	(2,770,691)
Net increase (decrease) in cash and cash equivalents	1,145,133	(579,272)
Cash and cash equivalents at beginning of period	5,118,741	6,263,874
Cash and cash equivalents at end of period	*1 6,263,874	*1 5,684,601

(6) Notes on the Going Concern Assumption

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Evaluation standards and methods of valuation of securities	Other securities: Those with fair value Fair value method or market value method (Variances are directly included in net assets.) Those with no fair value Cost method through moving-average method As for silent partnership equity interests, the method of incorporating the amount equivalent to equity interests corresponding to net amount of gain or loss from silent partnership is adopted.
2. Method of depreciation of non-current assets	Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment is as follows: Buildings 5-69 years Structures 10-30 years Machinery and equipment 10 years Tools, furniture and fixtures 3-15 years
3. Standards for revenue and expense recognition	Accounting for fixed property tax, etc. Accounting for fixed property tax, city planning tax, depreciable asset tax, etc. ("fixed property tax, etc.") on real estate or beneficiary interest in trust for real estate held is that of the tax amount assessed and determined, and the amount corresponding to the concerned calculation period is expensed as expenses related to rent business. The amount equivalent to fixed property tax, etc. in the initial fiscal year borne by SAR upon acquisition of real estate or beneficiary interest in trust for real estate is not recognized as expenses but included in the cost of acquisition of the concerned real estate, etc. In the fiscal period under review, the amount equivalent to fixed property tax, etc. included in the cost of acquisition of real estate, etc. was 3,367 thousand yen.
4. Method of hedge accounting	(1) Hedge accounting approach Deferral hedge accounting is adopted. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transaction Hedged items: Interest on loans (3) Hedging policy SAR conducts derivative transactions for the purpose of hedging the risks provided in its Articles of Incorporation pursuant to rules and regulations. (4) Method of assessing the effectiveness of hedging The effectiveness of hedging is assessed by comparing the cumulative change in cash flows of the hedging instruments with the cumulative change in cash flows of the hedged items and verifying the ratio of the amount of change in the two.
5. Scope of funds in the statement of cash flows (cash and cash equivalents)	The funds (cash and cash equivalents) in the statement of cash flows comprise cash on hand and cash in trust, demand deposits and deposits in trust, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and that are subject to an insignificant risk of changes in value.
6. Other significant matters serving as the basis for preparation of financial statements	(1) Accounting for beneficiary interest in trust for real estate, etc. Concerning beneficiary interest in trust for real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income. The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet. ① Cash and deposits in trust ② Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust ③ Leasehold rights in trust ④ Tenant leasehold and security deposits in trust (2) Accounting for consumption tax, etc. Taxes are excluded from the transaction amounts in accounting for consumption tax and local consumption tax. Non-deductible consumption tax on acquisition of assets is included in the acquisition cost of each asset.

(8) Notes to the Financial Statements

[Notes to the Balance Sheet]

*1 Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations
(Unit: thousand yen)

	6th fiscal period (As of January 31, 2019)	7th fiscal period (As of July 31, 2019)
	50,000	50,000

[Notes to the Statement of Income]

*1 Breakdown of operating income (loss) from real estate leasing

(Unit: thousand yen)

	6th fiscal period From: August 1, 2018 To: January 31, 2019	7th fiscal period From: February 1, 2019 To: July 31, 2019
A. Operating revenue from real estate leasing		
Lease business revenue		
Rental revenue	2,661,656	2,718,786
Common area maintenance revenue	260,412	266,210
Parking revenue	93,509	94,978
Facility use revenue	10,064	9,924
Other rental revenue	2,422	2,225
	3,028,065	3,092,125
Other lease business revenue		
Utilities reimbursement	177,469	165,375
Other revenue	18,800	77,080
	196,270	242,455
Total operating revenue from real estate leasing	3,224,335	3,334,581
B. Operating expenses from real estate leasing		
Expenses related to rent business		
Management fee	152,418	148,449
Utilities expenses	178,464	179,347
Taxes and dues	173,735	238,101
Repair expenses	77,155	114,653
Trust fee	13,049	13,129
Insurance premium	4,801	4,727
Depreciation	409,467	415,829
Other expenses	79,280	100,418
Total operating expenses from real estate leasing	1,088,373	1,214,656
C. Operating income (loss) from real estate leasing [A – B]	2,135,962	2,119,924

*2 Breakdown of gain on sales of real estate property

6th fiscal period (From: August 1, 2018 To: January 31, 2019)

Urban Park Shin-Yokohama (unit: thousand yen)

Real Estate Sale Income	2,775,000
Real Estate Sale Cost	2,554,283
Other Real Estate Sale Expenses	28,250
Gain on Real Estate Sale	192,466

Hakata-eki Higashi 113 Building (49% of quasi co-ownership interest)	(unit: thousand yen)
Real Estate Sale Income	1,396,500
Real Estate Sale Cost	955,390
Other Real Estate Sale Expenses	35,412
Gain on Real Estate Sale	405,696

7th fiscal period (From: February 1, 2019 To: July 31, 2019)

Hakata-eki Higashi 113 Building (51% of quasi co-ownership interest)	(unit: thousand yen)
Real Estate Sale Income	1,453,500
Real Estate Sale Cost	994,157
Other Real Estate Sale Expenses	36,837
Gain on Real Estate Sale	422,504

[Notes to the Statement of Unitholders' Equity]

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

	6th fiscal period From: August 1, 2018 To: January 31, 2019	7th fiscal period From: February 1, 2019 To: July 31, 2019
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	540,824 units	540,824 units

[Notes to the Statement of Cash Flows]

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

(Unit: thousand yen)

	6th fiscal period From: August 1, 2018 To: January 31, 2019	7th fiscal period From: February 1, 2019 To: July 31, 2019
Cash and deposits	2,310,545	1,743,631
Cash and deposits in trust	3,953,328	3,940,970
Cash and cash equivalents	6,263,874	5,684,601

[Notes on Lease Transactions]

Operating leases (as lessor)

Future minimum lease payments

(Unit: thousand yen)

	6th fiscal period As of Jan. 31, 2019	7th fiscal period As of Jul. 31, 2019
Not later than 1 year	2,872,499	2,823,356
Later than 1 year	9,100,802	8,278,730
Total	11,973,302	11,102,086

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

SAR shall procure funds to allocate to acquisition of real estate related assets, repayment of interest-bearing liabilities, etc. through mainly issuance of investment units, borrowing from financial institutions, issuance of investment corporation bonds, etc. Upon procuring funds through interest-bearing liabilities, due consideration shall be given to fund procurement agility and financial stability.

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

The funds procured through loans, which shall be for the purpose of mainly acquisition of assets, are exposed to liquidity risk until the repayment date, but the concerned risks are managed by taking such measures as lengthening the procurement periods and staggering the maturities. In addition, loans with floating interest rates are exposed to interest rate fluctuation risk, but derivative transactions (interest rate swap transactions) are utilized as hedging instruments to, in effect, convert interest rates to fixed rates in order to mitigate that risk. For the hedge accounting approach, hedging instruments, hedged items, hedging policy and method of assessing the effectiveness of hedging, please refer to “4. Method of hedge accounting” described under “Notes on Matters Concerning Significant Accounting Policies” earlier in this document.

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

Not applicable.

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

The carrying amount and fair value as of January 31, 2019, and the amount of difference between these, are as follows. Financial instruments for which estimation of fair value is recognized to be extremely difficult are not included. Please refer to “Note 2”.

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	2,310,545	2,310,545	-
(2) Cash and deposits in trust	3,953,328	3,953,328	-
(3) Investment securities	526,000	526,000	-
(4) Long-term loans receivable	300,000	300,000	-
Assets total	7,089,874	7,089,874	-
(5) Short-term loans payable	460,000	460,000	-
(6) Current portion of long-term loans payable	8,300,000	8,300,000	-
(7) Long-term loans payable	43,580,000	43,580,000	-
Liabilities total	52,340,000	52,340,000	-
(8) Derivative transactions (*)	(69,303)	(69,303)	-

The carrying amount and fair value as of July 31, 2019, and the amount of difference between these, are as follows. Financial instruments for which estimation of fair value is recognized to be extremely difficult are not included. Please refer to "Note 2".

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	1,743,631	1,743,631	-
(2) Cash and deposits in trust	3,940,970	3,940,970	-
(3) Investment securities	525,370	525,370	-
(4) Long-term loans receivable	300,000	300,000	-
Assets total	6,509,971	6,509,971	-
(6) Current portion of long-term loans payable	7,300,000	7,300,000	-
(7) Long-term loans payable	44,280,000	44,280,000	-
Liabilities total	51,580,000	51,580,000	-
(8) Derivative transactions (*)	(122,065)	(122,065)	-

(*) Assets and liabilities arising from derivative transactions are offset and presented in the net amount, with the balance shown in parentheses () when in a net liability position.

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

(1) Cash and deposits; (2) Cash and deposits in trust; (5) Short-term loans payable; (6) Current portion of long-term loans payable

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

(3) Investment securities; (4) Long-term loans receivable;

Because interest income etc. from mezzanine loan debt are based on floating interest rates, the fair value is approximately the same as the book value and thus stated at that book value.

(7) Long-term loans payables

Because long-term loans payable are all with floating interest rates under terms and conditions that interest rates be reviewed every set period of time, the fair value is approximately the same as the book value and thus stated at that book value.

(8) Derivative transactions

Please refer to "Notes on Derivative Transactions" later in this document.

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

(Unit: thousand yen)

Category	6th fiscal period As of January 31, 2019	7th fiscal period As of July 31, 2019
Tenant leasehold and security deposits (*1)	6,669	6,669
Tenant leasehold and security deposits in trust (*1)	2,514,819	2,478,925
Investment securities (*2)	102,893	197,850

(*1) Tenant leasehold and security deposits and tenant leasehold and security deposits in trust are not subject to valuation at fair value, because a reasonable estimation of cash flows is recognized to be extremely difficult due to there being no market price and difficulty of calculating the actual deposit period from when lessees move in to when they move out.

(*2) Fair values of silent partnership equity interest in investment securities are not subject to disclosure of fair value as they have no market value and their fair values are extremely difficult to recognize.

(Note 3) Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts

(January 31, 2019)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Cash and deposits	2,310,545	-	-	-	-	-
Cash and deposits in trust	3,953,328	-	-	-	-	-
Investment securities	-	-	-	-	526,000	-
Long-term loans receivable	-	-	-	-	300,000	-
Total	6,263,874	-	-	-	826,000	-

(July 31, 2019)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Cash and deposits	1,743,631	-	-	-	-	-
Cash and deposits in trust	3,940,970	-	-	-	-	-
Investment securities	-	-	-	-	525,370	-
Long-term loans receivable	-	-	-	-	300,000	-
Total	5,684,601	-	-	-	825,370	-

(Note 4) Amount of repayment of loans scheduled to be due after the date of settlement of accounts

(January 31, 2019)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Short-term loans payable	460,000	-	-	-	-	-
Long-term loans payable	8,300,000	11,300,000	14,600,000	8,150,000	9,530,000	-
Total	8,760,000	11,300,000	14,600,000	8,150,000	9,530,000	-

(July 31, 2019)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Long-term loans payable	7,300,000	11,300,000	15,450,000	4,690,000	12,840,000	-
Total	7,300,000	11,300,000	15,450,000	4,690,000	12,840,000	-

[Notes on Securities]

Other securities

6th fiscal period (as of January 31, 2019)

(Unit: thousand yen)

	Category	Book value	Acquisition cost	Difference
Book value greater than acquisition cost	(1) Stock	-	-	-
	(2) Bond			
	① Government bond, municipal bond, etc.	-	-	-
	② Corporate bond	-	-	-
	③ Other	-	-	-
	(3) Other	-	-	-
	Subtotal	-	-	-
Book value less than or equal to acquisition cost	(1) Stock	-	-	-
	(2) Bond			
	① Government bond, municipal bond, etc.	-	-	-
	② Corporate bond	400,000	400,000	-
	③ Other	-	-	-
	(3) Other	126,000	126,000	-
	Subtotal	526,000	526,000	-
Total		526,000	526,000	-

(*) Silent partnership equity interests (book value: 102,893 thousand yen) are not included above because they have no market value and their fair values are extremely difficult to recognize.

7th fiscal period (as of July 31, 2019)

(Unit: thousand yen)

	Category	Book value	Acquisition cost	Difference
Book value greater than acquisition cost	(1) Stock	-	-	-
	(2) Bond			
	① Government bond, municipal bond, etc.	-	-	-
	② Corporate bond	-	-	-
	③ Other	-	-	-
	(3) Other	-	-	-
	Subtotal	-	-	-
Book value less than or equal to acquisition cost	(1) Stock	-	-	-
	(2) Bond			
	① Government bond, municipal bond, etc.	-	-	-
	② Corporate bond	400,000	400,000	-
	③ Other	-	-	-
	(3) Other	125,370	125,370	-
	Subtotal	525,370	525,370	-
Total		525,370	525,370	-

(*) Silent partnership equity interests (book value: 197,850 thousand yen) are not included above because they have no market value and their fair values are extremely difficult to recognize.

[Notes on Derivative Transactions]

6th fiscal period (as of January 31, 2019)

- Derivative transactions to which hedge accounting is not applied
Not applicable.
- Derivative transactions to which hedge accounting is applied
The following is the contract amount or the amount equivalent to the principal provided in the contract as of the date of settlement of accounts for each hedge accounting approach.

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, later than 1 year	
Principle accounting	Interest rate swap transaction (floating receivable; fixed payable)	Long-term loans payable	43,580,000	36,280,000	(69,303)

(Note 1) Contract amount, etc. is based on notional principal.

(Note 2) Fair value is calculated based on the price quoted by lending financial institutions, etc.

7th fiscal period (as of July 31, 2019)

- Derivative transactions to which hedge accounting is not applied
Not applicable.

2. Derivative transactions to which hedge accounting is applied

The following is the contract amount or the amount equivalent to the principal provided in the contract as of the date of settlement of accounts for each hedge accounting approach.

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, later than 1 year	
Principle accounting	Interest rate swap transaction (floating receivable; fixed payable)	Long-term loans payable	44,280,000	36,980,000	(122,065)

(Note 1) Contract amount, etc. is based on notional principal.

(Note 2) Fair value is calculated based on the price quoted by lending financial institutions, etc.

[Notes on Retirement Benefits]

6th fiscal period (as of January 31, 2019)

Not applicable.

7th fiscal period (as of July 31, 2019)

Not applicable.

[Notes on Tax-Effect Accounting]

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

(Unit: thousand yen)

	6th fiscal period As of January 31, 2019	7th fiscal period As of July 31, 2019
Deferred tax assets		
Non-deductible accrued enterprise tax	1,930	-
Acquisition cost of securities	1,364	1,359
Accounts payable	-	204
Deferred gains or losses on hedges	21,893	38,401
Subtotal	25,188	39,965
Valuation allowance	(25,188)	(39,965)
Total	-	-
Deferred tax assets, net	-	-

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

(Unit: %)

	6th fiscal period As of January 31, 2019	7th fiscal period As of July 31, 2019
Statutory tax rate	31.51	31.51
[Adjustments]		
Deductible distributions payable	(30.57)	(31.43)
Other	0.22	(0.05)
Effective income tax rate after application of tax-effect accounting	1.17	0.03

[Notes on Share of Profit (Loss) of Entities Accounted for Using Equity Method, etc.]

6th fiscal period (as of January 31, 2019)

Not applicable.

7th fiscal period (as of July 31, 2019)

Not applicable.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.

6th fiscal period (from August 1, 2018 to January 31, 2019)

Not applicable.

7th fiscal period (from February 1, 2019 to July 31, 2019)

Not applicable.

2. Affiliated company, etc.

6th fiscal period (from August 1, 2018 to January 31, 2019)

Not applicable.

7th fiscal period (from February 1, 2019 to July 31, 2019)

Not applicable.

3. Fellow subsidiary, etc.

6th fiscal period (from August 1, 2018 to January 31, 2019)

Not applicable.

7th fiscal period (from February 1, 2019 to July 31, 2019)

Not applicable.

4. Director, major individual unitholder, etc.

6th fiscal period (from August 1, 2018 to January 31, 2019)

Type	Name of company, etc. or person	Address	Capital stock or investments in capital	Description of business or occupation	Percentage of voting rights, etc. held by (in) SAR	Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
Director, or close relative of director	Atsushi Kato	—	—	Executive Director of SAR, and President and CEO of the Asset Management Company	0.01%	Payment of asset management fee to the Asset Management Company (Note 1)	438,471 (Note 2) (Note 3)	Accounts payable - other	280,742 (Note 2)

7th fiscal period (from February 1, 2019 to July 31, 2019)

Type	Name of company, etc. or person	Address	Capital stock or investments in capital	Description of business or occupation	Percentage of voting rights, etc. held by (in) SAR	Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
Director, or close relative of director	Atsushi Kato	—	—	Executive Director of SAR, and President and CEO of the Asset Management Company	0.01%	Payment of asset management fee to the Asset Management Company (Note 1)	271,756 (Note 2) (Note 3)	Accounts payable - other	271,211 (Note 2)

(Note 1) The transaction is one that was conducted by Atsushi Kato as President and CEO of a third party (the Asset Management Company), and the transaction amount is based on the terms and conditions provided in the Articles of Incorporation of SAR.

- (Note 2) Of the amounts above, the transaction amount does not include consumption tax, while the balance at the end of the period includes consumption tax.
- (Note 3) Asset management fee of 6th fiscal period includes the acquisition incentive portion included in the book value of individual real estate, etc. in the amount of 135,550 thousand yen, the acquisition incentive portion included in the book value of silent partnership equity interest in the amount of 1,000 thousand yen and the property transfer incentive portion in the amount of 41,715 thousand yen. Asset management fee of 7th fiscal period includes the acquisition incentive portion included in the book value of individual real estate, etc. in the amount of 5,100 thousand yen, the acquisition incentive portion included in the book value of silent partnership equity interest in the amount of 1,000 thousand yen and the property transfer incentive portion in the amount of 14,535 thousand yen.

[Notes on Asset Retirement Obligations]

6th fiscal period (as of January 31, 2019)

Not applicable.

7th fiscal period (as of July 31, 2019)

Not applicable.

[Notes on Investment and Rental Properties]

SAR owns rental real estate, etc. for the purpose of earning revenue from leasing. The carrying amount, amount of increase (decrease) during the period and fair value of these investment and rental properties are as follows:

(Unit: thousand yen)

	6th fiscal period From: August 1, 2018 To: January 31, 2019	7th fiscal period From: February 1, 2019 To: July 31, 2019
Carrying amount		
Balance at beginning of period	87,108,669	103,340,671
Amount of increase (decrease) during period	16,232,001	(189,048)
Balance at end of period	103,340,671	103,151,622
Fair value at end of period	111,375,500	112,222,000

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

(Note 2) Of the amount of increase (decrease) in investment and rental properties during 6th period, the amount of increase is mainly attributable to acquisition of real estate beneficiary interest in trust of 6 properties (19,889,224 thousand yen) and capital expenditure (262,328 thousand yen), while the amount of decrease is mainly attributable to disposition of real estate beneficiary interest in trust of 2 properties (one being 49% of quasi co-ownership) (3,509,673 thousand yen) and depreciation (409,467 thousand yen). Of the amount of increase (decrease) in investment and rental properties during 7th period, the amount of increase is mainly attributable to acquisition of real estate beneficiary interest in trust of a property (1,031,741 thousand yen) and capital expenditure (189,197 thousand yen), while the amount of decrease is mainly attributable to disposition of real estate beneficiary interest in trust of a property (51% of quasi co-ownership) (994,157 thousand yen) and depreciation (415,829 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser. Of the fair value at the end 6th period, that of Hakata-eki Higashi 113 Building (51% of quasi co-ownership) is based on transfer price (1,453,500 thousand yen) stated in the contract dated July 23, 2018.

The income (loss) concerning investment and rental properties are as stated in “Notes to the Statement of Income” earlier in this document.

[Notes on Segment Information]

1. Segment information

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

2. Related information

6th fiscal period (from August 1, 2018 to January 31, 2019)

(1) Information about products and services

Information about products and services is omitted because net sales to external customers for a single product and service category are in excess of 90% of operating revenue on the statement of income.

(2) Information about geographic areas

① Net sales

Information about net sales is omitted because net sales to external customers in Japan are in excess of 90% of operating revenue on the statement of income.

② Property, plant and equipment

Information about property, plant and equipment is omitted because the amount of property, plant and equipment located in Japan is in excess of 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information about major customers

(Unit: thousand yen)

Customer name	Operating revenue	Segment
Godo Kaisha Sunrise	405,696 (Note)	Real estate leasing business

(Note) Operating revenue is gain on sales of Hakata-eki Higashi 113 Building (quasi co-ownership interest: 49%)

7th fiscal period (from February 1, 2019 to July 31, 2019)

(1) Information about products and services

Information about products and services is omitted because net sales to external customers for a single product and service category are in excess of 90% of operating revenue on the statement of income.

(2) Information about geographic areas

① Net sales

Information about net sales is omitted because net sales to external customers in Japan are in excess of 90% of operating revenue on the statement of income.

② Property, plant and equipment

Information about property, plant and equipment is omitted because the amount of property, plant and equipment located in Japan is in excess of 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information about major customers

(Unit: thousand yen)

Customer name	Operating revenue	Segment
Godo Kaisha Sunrise	422,504 (Note)	Real estate leasing business

(Note) Operating revenue is gain on sales of Hakata-eki Higashi 113 Building (quasi co-ownership interest: 51%)

[Notes on Per Unit Information]

	6th fiscal period From: August 1, 2018 To: January 31, 2019	7th fiscal period From: February 1, 2019 To: July 31, 2019
Net assets per unit	101,400 yen	101,215 yen
Net income per unit	3,889 yen	3,632 yen

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

(Note 2) The basis for calculation of net income per unit is as follows:

	6th fiscal period From: August 1, 2018 To: January 31, 2019	7th fiscal period From: February 1, 2019 To: July 31, 2019
Net income (thousand yen)	2,049,646	1,964,506
Amount not attributable to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	2,049,646	1,964,506
Average number of investment units during period (units)	526,980	540,824

[Notes on Significant Subsequent Events]

Not applicable.

(9) Changes in Total Number of Investment Units Issued and Outstanding

The following are the changes in unitholders' capital and total number of investment units issued and outstanding from the date of establishment of SAR to the end of 7th fiscal period.

Date	Event	Total number of investment units issued and outstanding (units)		Unitholders' capital (thousand yen) (Note 11)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
December 1, 2015	Establishment through private placement	2,000	2,000	200,000	200,000	(Note 1)
January 14, 2016	Capital increase through private placement	95,000	97,000	9,500,000	9,700,000	(Note 2)
April 19, 2016	Capital increase through public offering	235,900	332,900	22,705,375	32,405,375	(Note 3)
May 17, 2016	Capital increase through third-party allotment	11,800	344,700	1,135,750	33,541,125	(Note 4)
April 4, 2017	Capital increase through public offering	66,200	410,900	6,173,017	39,714,142	(Note 5)
April 24, 2017	Capital increase through third-party allotment	3,400	414,300	317,043	40,031,185	(Note 6)
February 1, 2018	Capital increase through public offering	53,641	467,941	5,525,130	45,556,316	(Note 7)
February 27, 2018	Capital increase through third-party allotment	2,683	470,624	276,354	45,832,670	(Note 8)
September 5, 2018	Capital increase through public offering	66,857	537,481	6,584,077	52,416,747	(Note 9)
October 2, 2018	Capital increase through third-party allotment	3,343	540,824	329,218	52,745,966	(Note 10)

(Note 1) Investment units were issued at a paid-in amount of 100,000 yen per unit upon the establishment of SAR.

(Note 2) Investment units were issued at a paid-in amount of 100,000 yen per unit.

(Note 3) New investment units were issued through public offering at an issue price of 100,000 yen (paid-in amount of 96,250 yen) per unit for the purpose of procuring funds for acquisition of new properties, etc.

(Note 4) New investment units were issued through third-party allotment at a paid-in amount of 96,250 yen per unit for the purpose of procuring funds for repayment of borrowings.

(Note 5) New investment units were issued through public offering at an issue price of 96,720 yen (paid-in amount of 93,248 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 6) New investment units were issued through third-party allotment at a paid-in amount of 93,248 yen per unit for the purpose of procuring funds for repayment of borrowings.

(Note 7) New investment units were issued through public offering at an issue price of 106,724 yen (paid-in amount of 103,002 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 8) New investment units were issued through third-party allotment at a paid-in amount of 103,002 yen per unit for the purpose of procuring funds for repayment of borrowings.

(Note 9) New investment units were issued through public offering at an issue price of 101,985 yen (paid-in amount of 98,480 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 10) New investment units were issued through third-party allotment at a paid-in amount of 98,480 yen per unit for the purpose of procuring funds for repayment of borrowings.

(Note 11) Deduction of reversal of allowance for temporary difference adjustment in line with the cash distribution in excess of earnings from unitholders' capital is not considered.

4. Reference Information

(1) Investment Status

Investment status						
Type of asset	Primary use	Geographic area (Note 1)	6th fiscal period (As of January 31, 2019)		7th fiscal period (As of July 31, 2019)	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate in trust	Office	Greater Tokyo	19,128	17.2	20,172	18.3
		Other than Greater Tokyo	16,920	15.2	15,896	14.4
	Residence	Greater Tokyo	12,447	11.2	12,435	11.3
		Other than Greater Tokyo	3,140	2.8	3,135	2.8
	Logistics facility	Greater Tokyo	31,004	27.9	30,877	28.0
	Hotel	Greater Tokyo	12,857	11.6	12,830	11.6
		Other than Greater Tokyo	7,842	7.1	7,804	7.1
	Subtotal			103,340	93.0	103,151
Investment securities			628	0.6	723	0.7
Long-term loans receivable			300	0.3	300	0.3
Deposits and other assets			6,809	6.1	6,065	5.5
Total amount of assets			111,079	100.0	110,240	100.0

	Amount (million yen)	As a percentage of total assets (%)	Amount (million yen)	As a percentage of total assets (%)
Total amount of liabilities (Note 4)	56,239	50.6	55,500	50.3
Total amount of net assets (Note 4)	54,839	49.4	54,739	49.7

(Note 1) "Greater Tokyo" refers to Tokyo's 23 wards, Yokohama City and Kawasaki City in the case of the office asset type, and Tokyo, Kanagawa, Saitama and Chiba Prefectures in the case of other asset types (residence, logistics facility and hotel). The same shall apply hereinafter.

(Note 2) "Total amount held" is the carrying amount as at the date of settlement of accounts (in the case of real estate in trust, then the depreciated book value), rounded down to the nearest million yen.

(Note 3) "As a percentage of total assets" is the carrying amount of the concerned assets expressed as a percentage of the total amount of assets, rounded to the first decimal place.

(Note 4) "Total amount of liabilities" and "Total amount of net assets" are according to total liabilities and total net assets on the balance sheet.

(2) Invested Assets

① Investment securities

Asset no.	Name of the security	Type of asset	Quantity (Units)	Book value (million yen)		Fair value (million yen)		Unrealized gain or loss (million yen)	Remarks
				Unit price	Amount	Unit price	Amount		
MEZ-01	Star Asia Mezzanine Loan Debt Investment Series 1	Corporate bond	—	—	400	—	400	—	(Note 1) (Note 2)
MEZ-03	Star Asia Mezzanine Loan Debt Investment Series 3	Trust beneficiary rights	—	—	125	—	125	—	(Note 1) (Note 3)
TKI-01	Subordinated silent partnership equity interest in Godo Kaisya SAPR8	Silent partnership equity interest	—	—	105	—	105	—	(Note 4) (Note 5)
TKI-02	Silent partnership equity interest in Godo Kaisya SAPR7	Silent partnership equity interest	—	—	92	—	92	—	(Note 4) (Note 5)
	Total	—	—	—	723	—	723	—	—

(Note 1) Because interest income etc. from mezzanine loan debt are based on floating interest rates, the fair value is approximately the same as the book value and thus stated at that book value.

(Note 2) The underlying assets are trust beneficiary interests in a trust mainly comprised of Relief Premium Haneda.

(Note 3) The underlying assets are trust beneficiary interests in a trust mainly comprised of The Royal Garden Residence Shirokanedai.

(Note 4) Book value is stated as fair value.

(Note 5) Overview of operating assets are as follows:

Name of the security	Type of specified asset	Property name	Location
Subordinated silent partnership equity interest in Godo Kaisya SAPR8	Beneficiary interest in trust	Urban Park Mitsuike Koen	6-10-5 Shimosueyoshi, Tsurumi-ku, Yokohama City, Kanagawa Prefecture
		Urban Park Tokiwadai Koen	40-1 Tokiwadai, Hodogaya-ku, Yokohama City, Kanagawa Prefecture
Silent partnership equity interest in Godo Kaisya SAPR7	Beneficiary interest in trust	OHA Building	1-22-17 Akebono-cho, Tachikawa-shi, Tokyo

② Real estate

(a) Overview of real estate (purchase price, etc.)

Use	Property no. (Note 1)	Property name	Location (Note 2)	Acquisition price (million yen) (Note 3)	Share of investment (%) (Note 4)	Real estate appraisal value, etc. (million yen) (Note 5)	Acquisition date
Office	OFC-01	Minami-Azabu Shibuya Building	Minato Ward, Tokyo	2,973	2.9	3,070	January 14, 2016
	OFC-03	Honmachibashi Tower	Chuo Ward, Osaka City, Osaka	6,065	5.9	6,950	January 14, 2016
	OFC-04	Nishi-Shinjuku Matsuya Building	Shibuya Ward, Tokyo	1,763	1.7	2,490	April 20, 2016
	OFC-05	Alphabet Seven	Minato Ward, Tokyo	1,725	1.7	2,530	April 20, 2016
	OFC-06	Shibuya MK Building	Shibuya Ward, Tokyo	2,042	2.0	3,190	April 20, 2016
	OFC-08	Asahi Building	Kanagawa Ward, Yokohama City, Kanagawa	6,320	6.2	7,610	April 20, 2016
	OFC-09	Hakata-eki East Place	Hakata Ward, Fukuoka City, Fukuoka	2,286	2.2	2,570	April 6, 2017
	OFC-10	Nihonbashi Hamacho Park Building	Chuo Ward, Tokyo	1,450	1.4	1,510	February 2, 2018
	OFC-11	Amusement Media Gakuin Honkan	Shibuya Ward, Tokyo	2,580	2.5	2,660	September 6, 2018
	OFC-12	Higashi-Kobe Center Building	Higashinada Ward, Kobe City, Hyogo	7,440	7.3	7,470	September 6, 2018
	OFC-13	Amusement Media Gakuin Shinkan	Shibuya Ward, Tokyo	1,020	1.0	1,120	February 1, 2019
	Subtotal			35,664	34.8	41,170	—
Residence	RSC-01	Urban Park Azabujuban	Minato Ward, Tokyo	2,045	2.0	2,370	January 14, 2016
	RSC-02	Urban Park Daikanyama	Shibuya Ward, Tokyo	6,315	6.2	8,000	January 14, 2016
	RSC-05	Urban Park Namba	Naniwa Ward, Osaka City, Osaka	1,490	1.5	1,610	April 20, 2016
	RSC-06	Urban Park Gokokuji	Toshima Ward, Tokyo	1,460	1.4	1,530	February 1, 2017
	RSC-07	Urban Park Kashiwa	Kashiwa City, Chiba	1,186	1.2	1,190	April 6, 2017
	RSC-08	Urban Park Ryokuchi Koen	Suita City, Osaka	1,550	1.5	1,630	February 2, 2018
	RSC-09	Urban Park Koenji	Suginami Ward, Tokyo	1,167	1.1	1,180	February 2, 2018
	Subtotal			15,213	14.9	17,510	—

Logistics facility	LGC-01	Iwatsuki Logistics	Iwatsuki Ward, Saitama City, Saitama	6,942	6.8	7,150	January 14, 2016
	LGC-02	Yokohama Logistics	Kanagawa Ward, Yokohama City, Kanagawa	3,560	3.5	4,060	January 14, 2016
	LGC-03	Funabashi Logistics	Funabashi City, Chiba	7,875	7.7	8,650	January 14, 2016
	LGC-04	Baraki Logistics	Ichikawa City, Chiba	4,700	4.6	4,860	April 6, 2017
	LGC-05	Tokorozawa Logistics	Tokorozawa City, Saitama	1,300	1.3	1,350	April 6, 2017
	LGC-06	Funabashi Nishiura Logistics I	Funabashi City, Chiba	3,000	2.9	3,020	February 2, 2018
	LGC-07	Funabashi Nishiura Logistics II	Funabashi City, Chiba	821	0.8	842	February 2, 2018
	LGC-08	Matsubushi Logistics	Kitakatsushika, Saitama	2,755	2.7	2,850	February 2, 2018
	Subtotal			30,953	30.2	32,782	—
Hotel	HTL-01	R&B Hotel Umeda East	Kita Ward, Osaka City, Osaka	2,069	2.0	2,310	January 14, 2016
	HTL-02	Smile Hotel Namba	Naniwa Ward, Osaka City, Osaka	1,750	1.7	1,610	January 14, 2016
	HTL-03	BEST WESTERN Tokyo Nishikasai	Edogawa Ward, Tokyo	3,827	3.7	3,860	April 6, 2017
	HTL-04	BEST WESTERN Yokohama	Tsurumi Ward, Yokohama City, Kanagawa	3,248	3.2	3,250	April 6, 2017
	HTL-05	Hotel WBF Fukuoka Tenjin Minami	Chuo Ward, Fukuoka City, Fukuoka	1,970	1.9	2,010	September 6, 2018
	HTL-06	GLANSIT AKIHABARA	Chiyoda Ward, Tokyo	2,500	2.4	2,520	September 6, 2018
	HTL-07	Best Western Tokyo Nishikasai Grande	Edogawa Ward, Tokyo	3,180	3.1	3,210	September 6, 2018
	HTL-08	Hotel WBF Art Stay Namba	Naniwa Ward, Osaka City, Osaka	2,000	2.0	1,990	September 6, 2018
	Subtotal			20,544	20.1	20,760	—
Total			102,374	100.0	112,222	—	

(Note 1) "Property no." is assigned to SAR's investment assets by categorizing into office (OFC), retail facility (RTL), residence (RSC), logistics facility (LGC) and hotel (HTL), and numbering in order by category. The same shall apply hereinafter.

(Note 2) "Location" is the smallest independent administrative district in which each investment asset is located.

(Note 3) "Acquisition price" indicates the sale and purchase price stated in the sale and purchase agreement for each investment asset. (Not including consumption tax and local consumption tax.) However, in the case of Minami-Azabu Shibuya Building, since the price for each investment asset among multiple assets is not set in the sale and purchase agreement, the total sale and purchase price is divided proportionally based on the ratio of the appraisal value of the properties at the time of acquisition and indicated as the acquisition price.

(Note 4) "Share of investment" is the acquisition price of the investment asset indicated as the ratio of the total of acquisition price, rounded to the first decimal place.

(Note 5) Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute and The Tanizawa Sogo Appraisal co., Ltd. are entrusted with appraisals. Real estate appraisal values are the figures indicated in the real estate appraisal report with July 31, 2019 as the date of value and are rounded to the nearest million yen. For details, please refer to "(d) Summary of Real Estate Appraisal Report, etc."

(b) Portfolio Summary

a. By Geographic Area

Geographic area		Acquisition price (million yen)	Share (%) (Note 1)	
Greater Tokyo	5 central wards of Tokyo (Note 2)	24,413	23.8	74.0
	Other areas in Greater Tokyo	51,341	50.2	
Other than Greater Tokyo		26,620	26.0	
Total		102,374	100.0	

(Note 1) "Share" is calculated on the basis of acquisition price, rounded to the first decimal place. Accordingly, the shares may not add up to 100%. The same shall apply hereinafter in "c. By Asset Type (Use)."

(Note 2) "5 central wards of Tokyo" refers to Chiyoda, Chuo, Minato, Shinjuku and Shibuya Wards. The same shall apply hereinafter.

(a) Office

a) Office

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	13,553	38.0	55.7
	Other areas in Greater Tokyo	6,320	17.7	
Other than Greater Tokyo		15,791	44.3	
Total		35,664	100.0	

(b) Residence

b) Residence

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	8,360	55.0	80.0
	Other areas in Greater Tokyo	3,813	25.1	
Other than Greater Tokyo		3,040	20.0	
Total		15,213	100.0	

(c) Logistics facility

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	—	—	100.0
	Other areas in Greater Tokyo	30,953	100.0	
Other than Greater Tokyo		—	—	
Total		30,953	100.0	

(d) Hotel

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	2,500	12.2	62.1
	Other areas in Greater Tokyo	10,255	49.9	
Other than Greater Tokyo		7,789	37.9	
Total		20,544	100.0	

b. By Size

Acquisition price	Number of properties	Share (%) (Note)
5 billion yen or more but less than 10 billion yen	6	17.6
1 billion yen or more but less than 5 billion yen	27	79.4
Less than 1 billion yen	1	2.9
Total	34	100.0

(Note) "Share" is calculated on the basis of number of properties.

c. By Asset Type (Use)

Use	Number of properties	Acquisition price (million yen)	Share (%)
Office	11	35,664	34.8
Residence	7	15,213	14.9
Logistics facility	8	30,953	30.2
Hotel	8	20,544	20.1
Total	34	102,374	100.0

(c) Status of Leasing

Property no.	Property name	Construction completion	Number of tenants (Note 1)	Operating revenue from leasing (thousand yen) (Note 2)	Security and guarantee deposits (thousand yen) (Note 3)	Leased area (m ²) (Note 4)	Leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
OFC-01	Minami-Azabu Shibuya Building	June 1993	5	97,124	110,363	3,263.08	3,263.08	100.0
OFC-03	Honmachibashi Tower	February 2010	5 (Note 7)	223,750	198,451	10,489.58	10,489.58	100.0
OFC-04	Nishi-Shinjuku Matsuya Building	May 1987	10	105,813	122,027	3,521.03	3,521.03	100.0
OFC-05	Alphabet Seven	January 1990	8	73,119	89,963	2,184.70	2,464.59	88.6
OFC-06	Shibuya MK Building	July 1993	4	76,567	132,481	1,612.88	1,612.88	100.0
OFC-07	Hakata-eki Higashi 113 Building(Quasi co-ownership interest : 51%) (Note 10)	October 1987	-	445	-	-	-	-
OFC-08	Asahi Building	November 1994	20	221,972	246,856	8,672.01	8,672.01	100.0
OFC-09	Hakata-eki East Place	February 1986	18	99,448	82,394	4,632.70	4,632.70	100.0
OFC-10	Nihonbashi Hamacho Park Building	July 1992	3	43,928	96,377	1,911.84	1,911.84	100.0
OFC-11	Amusement Media Gakuin Honkan	November 1994	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	1,892.18	100.0
OFC-12	Higashi Kobe Center Building	January 1992	47	312,718	273,589	15,171.96	16,931.82	89.6
OFC-13	Amusement Media Gakuin Shinkan	January 1999	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	781.33	100.0
RSC-01	Urban Park Azabujuban	November 1999	44	56,356	12,476	1,986.76	1,986.76	100.0
RSC-02	Urban Park Daikanyama	Existing: November 1982 Newly built: May 2006	68	195,825	80,870	5,865.64	5,977.18	98.1
RSC-05	Urban Park Namba	January 2013	112	50,752	-	2,499.85	2,584.81	96.7
RSC-06	Urban Park Gokokuji	February 1990	106	53,383	9,065	1,803.23	1,964.04	91.8
RSC-07	Urban Park Kashiwa	August 1997	41	37,100	8,777	2,954.77	2,954.77	100.0
RSC-08	Urban Park Ryokuchi Koen	March 1989	56	57,413	9,468	5,261.08	5,508.94	95.5
RSC-09	Urban Park Koenji	October 1987	75	36,200	6,075	1,365.48	1,365.48	100.0
LGC-01	Iwatsuki Logistics	October 2014	3	202,082	97,014	30,190.81	30,190.81	100.0

LGC-02	Yokohama Logistics	October 1994	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	18,142.08	100.0
LGC-03	Funabashi Logistics	Building 1: September 1992 Building 2: August 1997	4	273,565	83,426	34,901.67	38,086.56	91.6
LGC-04	Baraki Logistics	August 2015	2	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	12,185.78	100.0
LGC-05	Tokorozawa Logistics	April 1999	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	5,994.75	100.0
LGC-06	Funabashi Nishiura Logistics I	October 1985	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	14,018.82	100.0
LGC-07	Funabashi Nishiura Logistics II	Warehouse: March 1991 Factory: May 1972 Office: May 1986	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	6,315.87	100.0
LGC-08	Matsubushi Logistics	March 1997	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	19,833.47	100.0
HTL-01	R&B Hotel Umeda East	October 2000	1	65,392	73,555	3,940.93	3,940.93	100.0
HTL-02	Smile Hotel Namba	February 2008	1	40,258	-	1,711.42	1,711.42	100.0
HTL-03	BEST WESTERN Tokyo Nishikasai	March 1991	1	99,879	84,600	5,293.88	5,293.88	100.0
HTL-04	BEST WESTERN Yokohama	September 1987	1	80,400	80,400	4,686.09	4,686.09	100.0
HTL-05	Hotel WBF Fukuoka Tenjin Minami	February 2017	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	2,281.49	100.0
HTL-06	GLANSIT AKIHABARA	September 2017	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	1,089.06	100.0
HTL-07	BEST WESTERN Tokyo Nishikasai Grande	February 2017	1	70,002	116,670	2,755.19	2,755.19	100.0
HTL-08	Hotel WBF Art Stay Namba	April 2017	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	2,061.46	100.0
Total			646	3,334,581	2,485,594	241,272.87	247,102.68	97.6

(Note 1) "Number of tenants" is the number of tenants (excluding parking) under the lease agreement stated in the lease agreement for each investment asset as of July 31, 2019. If a single tenant is leasing multiple rental units in an investment asset, the tenant is counted as 1 tenant for the concerned investment asset. If a single tenant is leasing rental units across multiple investment assets, the tenant is counted as separate tenants and the sum total number of tenants is stated in the total column. Furthermore, in cases where a pass-through type master lease agreement under which rent from end-tenants is received in principle ("pass-through type master lease") has been concluded for the concerned investment asset, the total number of end-tenants is stated. In cases where a master lease agreement agreeing to the effect that the rent under the master lease agreement shall be a fixed rent ("rent-guaranteed type master lease") has been concluded for the concerned investment asset, the number of tenants is 1 and the sum total of these is stated.

- (Note 2) “Operating revenue from leasing” is rental revenue, common area maintenance revenue, parking revenue and other revenue generated from real estate held during the fiscal period under review (including other lease business revenue).
- (Note 3) “Security and guarantee deposits” is the sum total amount of tenant security and guarantee deposits required based on the lease agreement (including deposits based on parking, antenna, rooftop and other agreements; the amount after depreciation) for each investment asset as of July 31, 2019 (limited to those occupied as of said date). Furthermore, in cases where a pass-through type master lease agreement has been concluded for the concerned investment asset, it is the sum total amount of tenant security and guarantee deposits under lease agreements concluded with end-tenants.
- (Note 4) “Leased area” is the sum total of the leased area stated in the lease agreement for each investment asset as of July 31, 2019. Furthermore, in cases where a master lease agreement has been concluded for the concerned investment asset, it is the sum total of the leased area under lease agreements concluded with end-tenants for properties under a pass-through type master lease, and it is the leased area under the master lease agreement for properties under a rent-guaranteed type master lease.
- (Note 5) “Leasable area” is the floor area regarded as being available for leasing based on the lease agreement or building drawing, etc. of the building for each investment asset as of July 31, 2019.
- (Note 6) “Occupancy rate” is the ratio of leased area to leasable area for each investment asset as of July 31, 2019, rounded to the first decimal place. In addition, in the total column, it is the ratio of the sum total of leased area to the sum total of leasable area for each investment asset, rounded to the first decimal place.
- (Note 7) Of the tenants of the property, a single company leases all 36 units of the residential portion, of which 30 units are under a rent-guaranteed type master lease agreement and 6 units are under a pass-through type master lease agreement.
- (Note 8) In the table, “Number of tenants,” “Security and guarantee deposits,” “Leased area” and “Occupancy rate” are based on lease agreements valid as of July 31, 2019, even if there is a notice of cancellation or termination of lease agreements with end-tenants or unpaid rent.
- (Note 9) Not disclosed, because consent for disclosure has not been obtained from the tenants.
- (Note 10) Hakata-eki Higashi 113 Building(Quasi co-ownership interest : 51%) was sold on February 1, 2019.

(d) Summary of Real Estate Appraisal Report, etc.

Summary of Real Estate Appraisal report, etc.												
Use	Property no.	Property name	Appraisal firm (Note 1)	Appraisal value (million yen) (Note 2)	Summary of appraisal report						Appraisal NOI yield (%) (Note 4)	
					Income approach					NOI (million yen) (Note 3)		
					Direct capitalization method		DCF method					
					Indicated value (million yen)	Cap rate (%)	Indicated value (million yen)	Discount rate (%)	Terminal cap rate (%)			
Office	OFC-01	Minami-Azabu Shibuya Building	Daiwa	3,070	3,170	3.9	3,020	3.5	4.1	139	4.7	
	OFC-03	Honmachibashi Tower	Daiwa	6,950	7,110	4.2	6,880	4.0	4.4	312	5.2	
	OFC-04	Nishi-Shinjuku Matsuya Building	Daiwa	2,490	2,450	4.1	2,500	3.9	4.3	113	6.4	
	OFC-05	Alphabet Seven	JREI	2,530	2,570	3.8	2,480	3.6	4.0	102	5.9	
	OFC-06	Shibuya MK Building	JREI	3,190	3,250	3.6	3,130	3.4	3.8	121	5.9	
	OFC-08	Asahi Building	JREI	7,610	7,740	3.7	7,470	3.5	3.9	316	5.0	
	OFC-09	Hakata-eki East Place	Daiwa	2,570	2,580	4.7	2,560	4.5	4.9	122	5.4	
	OFC-10	Nihonbashi Hamacho Park Building	Daiwa	1,510	1,520	4.4	1,510	4.2	4.6	68	4.7	
	OFC-11	Amusement Media Gakuin Honkan	Daiwa	2,660	2,720	3.7	2,640	3.5	3.9	104	4.0	
	OFC-12	Higashi Kobe Center Building	Tanizawa	7,470	7,610	5.0	7,410	5.1	5.2	430	5.8	
	OFC-13	Amusement Media Gakuin Shinkan	JREI	1,120	1,140	3.4	1,090	3.2	3.6	40	3.9	
	Subtotal				41,170	41,860	-	40,690	-	-	1,868	5.2

Residence	RSC-01	Urban Park Azabujuban	JREI	2,370	2,420	3.6	2,320	3.4	3.8	89	4.4
	RSC-02	Urban Park Daikanyama	JREI	8,000	8,170	3.5	7,830	3.3	3.7	298	4.7
	RSC-05	Urban Park Namba	Daiwa	1,610	1,630	4.8	1,600	4.6	5.0	80	5.4
	RSC-06	Urban Park Gokokuji	JREI	1,530	1,550	4.1	1,500	3.9	4.3	71	4.9
	RSC-07	Urban Park Kashiwa	Tanizawa	1,190	1,220	4.6	1,180	4.7	4.8	60	5.6
	RSC-08	Urban Park Ryokuchi Koen	Tanizawa	1,630	1,640	4.8	1,620	4.9	5.0	89	5.7
	RSC-09	Urban Park Koenji	Tanizawa	1,180	1,200	4.0	1,170	4.1	4.2	55	4.7
	Subtotal			17,510	17,830	-	17,220	-	-	743	4.9
Logistics facility	LGC-01	Iwatsuki Logistics	Daiwa	7,150	7,260	4.5	7,100	4.3	4.7	333	4.8
	LGC-02	Yokohama Logistics	Daiwa	4,060	4,110	4.3	4,040	4.1	4.5	205	5.7
	LGC-03	Funabashi Logistics	Daiwa	8,650	8,760	4.3	8,600	4.1	4.5	429	5.5
	LGC-04	Baraki Logistics	Tanizawa	4,860	5,060	4.1	4,770	4.2	4.3	209	4.4
	LGC-05	Tokorozawa Logistics	JREI	1,350	1,360	5.0	1,330	4.6	5.3	74	5.7
	LGC-06	Funabashi Nishiura Logistics I	Daiwa	3,020	3,060	4.6	3,000	4.4	4.8	154	5.1
	LGC-07	Funabashi Nishiura Logistics II	Daiwa	842	836	5.7	844	5.5	5.9	58	7.0
	LGC-08	Matsubushi Logistics	JREI	2,850	2,870	5.1	2,830	4.6	5.4	151	5.5
	Subtotal			32,782	33,316	-	32,514	-	-	1,612	5.2
Hotel	HTL-01	R&B Hotel Umeda East	Daiwa	2,310	2,330	4.6	2,300	4.4	4.8	115	5.6
	HTL-02	Smile Hotel Namba	Daiwa	1,610	1,620	4.8	1,600	4.6	5.0	82	4.7
	HTL-03	BEST WESTERN Tokyo Nishikasai	JREI	3,860	3,920	4.3	3,800	4.1	4.5	174	4.5
	HTL-04	BEST WESTERN Yokohama	JREI	3,250	3,300	4.4	3,200	4.2	4.6	149	4.6
	HTL-05	Hotel WBF Fukuoka Tenjin Minami	Tanizawa	2,010	2,040	4.4	1,990	4.4	4.6	91	4.6
	HTL-06	GLANSIT AKIHABARA	Tanizawa	2,520	2,580	3.8	2,490	3.7	4.0	98	3.9
	HTL-07	Best Western Tokyo Nishikasai Grande	Tanizawa	3,210	3,230	3.9	3,200	3.8	4.1	126	4.0
	HTL-08	Hotel WBF Art Stay Namba	Daiwa	1,990	2,010	4.4	1,980	4.2	4.6	90	4.5
	Subtotal			20,760	21,030	-	20,560	-	-	925	4.5
Total			112,222	114,036	-	110,984	-	-	5,148	5.0	

(Note 1) "Appraisal firm" is shown as "Daiwa" to stand for Daiwa Real Estate Appraisal Co., Ltd., "JREI" to stand for Japan Real Estate Institute and "Tanizawa" to stand for The Tanizawa Sogo Appraisal co., Ltd.

(Note 2) "Appraisal value" is as of July 31, 2019 as the date of value.

(Note 3) "NOI" is the net operating income by the direct capitalization method stated in the appraisal report, rounded to the nearest million yen.

(Note 4) "Appraisal NOI yield" is based on the net operating income by the direct capitalization method stated in the appraisal report and expressed as a percentage of acquisition price, rounded to the first decimal place.

(e) Information on Major Real Estate Properties

Of investment assets, there is no property that falls under the category of major real estate properties (buildings/facilities pertaining to land recognized to be used collectively, of which total rental revenue accounts for 10% or more of the sum total of total rental revenue of investment assets) as of July 31, 2019. Of investment assets, the following are top five properties in terms of total rental revenue as of July 31, 2019.

	Changes in occupancy rate (%) (Note)				
	July 31, 2017	January 31, 2018	July 31, 2018	January 31, 2019	July 31, 2019
Higashi Kobe Center Building	-	-	-	96.1	89.6
Funabashi Logistics	91.6	91.6	91.6	91.6	91.6
Asahi Building	100.0	100.0	100.0	100.0	100.0
Iwatsuki Logistics	100.0	100.0	100.0	100.0	100.0
Honmachibashi Tower	100.0	100.0	100.0	100.0	100.0

(Note) “Changes in occupancy rate” is the ratio of leased area to leasable area for each investment asset as of the record date, rounded to the first decimal place.

(f) Top 10 End-Tenants in Terms of Leased Area

The following table lists the tenants ranking in the top ten tenants in terms of leased area of investment assets.

	Name of tenant	Name of property occupied	Leased area (m ²) (Note 1)	As a percentage of total leasable area (%) (Note 2)
1	Not disclosed (Note 3)	Iwatsuki Logistics	Not disclosed (Note 3)	12.0
2	Not disclosed (Note 3)	Funabashi Logistics	Not disclosed (Note 3)	8.8
3	Tokyo Nohin Daiko	Matsubushi Logistics	19,833.47	8.0
4	Not disclosed (Note 3)	Yokohama Logistics	Not disclosed (Note 3)	7.3
5	Not disclosed (Note 3)	Funabashi Nishiura Logistics I	Not disclosed (Note 3)	5.7
6	Rembrandt Inn	BEST WESTERN Tokyo Nishikasai BEST WESTERN Yokohama Best Western Tokyo Nishikasai Grande	12,735.16	5.2
7	Not disclosed (Note 3)	Funabashi Logistics	Not disclosed (Note 3)	2.9
8	Not disclosed (Note 3)	Funabashi Nishiura Logistics II	Not disclosed (Note 3)	2.6
9	Not disclosed (Note 3)	Baraki Logistics	Not disclosed (Note 3)	2.5
10	Not disclosed (Note 3)	Baraki Logistics	Not disclosed (Note 3)	2.4
Total of the top 10 tenants			141,936.75	57.4

(Note 1) “Leased area” is the sum total of the leased area stated in the lease agreement for each investment asset as of July 31, 2019.

(Note 2) “As a percentage of total leasable area” is the area leased to the tenant expressed as a percentage of the sum total of leasable area of all investment assets, rounded to the first decimal place.

(Note 3) Not disclosed, because consent for disclosure has not been obtained from the end-tenants, etc.

(g) Capital Expenditures

a. Schedule of Capital Expenditures for the 8th fiscal period

The following are the principal capital expenditures arising from renovation construction work, etc. currently planned for the assets held by SAR as of July 31, 2019. Please note that the expected construction amounts include portions that are expensed as a separate account item of accounting costs.

Name of real estate, etc. (Location)	Purpose	Scheduled period	Estimated construction costs (thousand yen)		
			Total amount	Amount of payment during period	Total amount already paid
Funabashi Nishiura Logistics II (Funabashi City, Chiba)	Renovation of exterior wall	From: Oct. 2019 To: Jan. 2020	44,848	—	—

b. Capital Expenditures during the 7th fiscal period

The following summarizes the primary construction work that constitutes capital expenditures implemented for the assets held by SAR as of July 31, 2019 during the 7th fiscal period. Capital expenditures for the 7th fiscal period amounted to 189,197 thousand yen and, when combined with the 114,653 thousand yen in repair expenses charged to the 7th fiscal period expenses, totals 303,850 thousand yen in construction work implemented.

Name of real estate, etc. (Location)	Purpose	Period	Construction costs (thousand yen)
Alphabet Seven (Minato Ward, Tokyo)	Renovation of exterior wall	From: Mar.2019 To: Jul.2019	40,599
Higashi Kobe Center Building (Kobe City, Hyogo)	Renovation of 6th floor office	From: Jan.2019 To: May.2019	30,420
Asahi Building (Yokohama City, Kanagawa)	Upgrading of air conditioning system	From: May.2019 To: Jun.2019	15,669
BEST WESTERN YOKOHAMA (Yokohama City, Kanagawa)	Upgrading of air conditioning system	From: Jul.2019 To: Jul.2019	10,358
Others	—	—	92,149
Total			189,197

(h) Individual Property Income Statements

(Unit: thousand yen)

Property no.	OFC-01	OFC-03	OFC-04	OFC-05	OFC-06
Property name	Minami-Azabu Shibuya Building	Honmachibashi Tower	Nishi-Shinjuku Matsuya Building	Alphabet Seven	Shibuya MK Building
① Total operating revenue from real estate leasing	97,124	223,750	105,813	73,119	76,567
Lease business revenue	88,502	192,776	98,575	66,440	71,149
Other lease business revenue	8,621	30,974	7,237	6,679	5,417
② Total operating expenses from real estate leasing	25,207	66,290	34,427	28,031	18,521
Management fee	5,874	13,860	6,774	4,858	4,921
Trust fee	400	400	400	400	350
Utilities expenses	6,943	24,361	8,454	4,350	3,946
Insurance premium	114	352	126	98	44
Repair expenses	103	5,166	1,915	10,971	434
Property taxes	4,563	19,730	3,426	6,213	4,322
Other	7,208	2,420	13,329	1,139	4,502
③ NOI (①－②)	71,916	157,459	71,385	45,087	58,046
④ Depreciation	11,555	45,048	8,288	4,717	3,317
⑤ Operating income (loss) from real estate leasing (③－④)	60,361	112,411	63,097	40,370	54,728
⑥ Capital expenditures	824	9,869	5,525	48,786	1,107
⑦ NCF (③－⑥)	71,092	147,590	65,860	(3,698)	56,939
Book value at end of the period	2,974,505	5,905,616	1,829,019	1,839,405	2,095,529

Property no.	OFC-07	OFC-08	OFC-09	OFC-10	OFC-11
Property name	Hakata-eki Higashi 113 Building(Quasi- co-ownership interest: 51%)	Asahi Building	Hakata-eki East Place	Nihonbashi Hamacho Park Building	Amusement Media Gakuin Honkan
① Total operating revenue from real estate leasing	445	221,972	99,448	43,928	Not disclosed (Note)
Lease business revenue	1	205,477	89,287	43,928	
Other lease business revenue	444	16,495	10,161	-	
② Total operating expenses from real estate leasing	61	57,073	26,570	15,349	
Management fee	-	15,674	7,936	779	
Trust fee	-	400	400	400	
Utilities expenses	-	18,954	8,455	-	
Insurance premium	34	351	165	121	
Repair expenses	43	3,129	2,047	150	
Property taxes	0	16,195	6,801	4,299	
Other	(15)	2,368	764	9,598	
③ NOI (①－②)	383	164,898	72,878	28,578	
④ Depreciation	-	25,672	7,121	2,837	
⑤ Operating income (loss) from real estate leasing (③－④)	383	139,226	65,757	25,741	
⑥ Capital expenditures	-	16,897	5,425	-	
⑦ NCF (③－⑥)	383	148,001	67,452	28,578	
Book value at end of the period	-	6,344,281	2,310,636	1,461,631	2,596,798

(Note) Not disclosed, because consent for disclosure has not been obtained from the tenants.

(Unit: thousand yen)

Property no.	OFC-12	OFC-13	RSC-01	RSC-02	RSC-05
Property name	Higashi Kobe Center Building	Amusement Media Gakuin Shinkan	Urban Park Azabujuban	Urban Park Daikanyama	Urban Park Namba
① Total operating revenue from real estate leasing	312,718	Not disclosed (Note)	56,356	195,825	50,752
Lease business revenue	279,751		53,422	182,487	47,791
Other lease business revenue	32,966		2,934	13,337	2,961
② Total operating expenses from real estate leasing	150,830		13,191	35,695	16,147
Management fee	23,447		2,091	8,718	2,573
Trust fee	400		350	350	350
Utilities expenses	41,521		555	4,779	450
Insurance premium	645		56	193	62
Repair expenses	33,646		4,168	4,710	3,679
Property taxes	29,150		2,831	11,399	2,820
Other	22,017		3,137	5,544	6,211
③ NOI (①－②)	161,887		43,165	160,129	34,605
④ Depreciation	32,124		4,815	12,502	7,515
⑤ Operating income (loss) from real estate leasing (③－④)	129,762		38,349	147,626	27,089
⑥ Capital expenditures	38,781		702	3,741	-
⑦ NCF (③－⑥)	123,105		42,463	156,388	34,605
Book value at end of the period	7,679,987	1,031,030	2,089,134	6,393,533	1,520,238

Property no.	RSC-06	RSC-07	RSC-08	RSC-09	LGC-01
Property name	Urban Park Gokokuji	Urban Park Kashiwa	Urban Park Ryokuchi Koen	Urban Park Koenji	Iwatsuki Logistics
① Total operating revenue from real estate leasing	53,383	37,100	57,413	36,200	202,082
Lease business revenue	49,120	35,463	54,979	33,311	187,738
Other lease business revenue	4,263	1,636	2,433	2,888	14,344
② Total operating expenses from real estate leasing	24,104	11,005	16,441	9,481	36,034
Management fee	3,854	2,060	2,305	1,822	5,650
Trust fee	400	350	350	400	350
Utilities expenses	2,664	893	2,260	1,612	14,344
Insurance premium	52	83	117	36	271
Repair expenses	6,898	2,649	3,532	2,098	1,531
Property taxes	1,855	2,952	3,578	962	13,729
Other	8,379	2,016	4,298	2,549	157
③ NOI (①－②)	29,279	26,094	40,971	26,718	166,048
④ Depreciation	5,156	7,012	7,711	2,474	46,532
⑤ Operating income (loss) from real estate leasing (③－④)	24,122	19,082	33,259	24,244	119,515
⑥ Capital expenditures	9,072	6,232	10,855	246	-
⑦ NCF (③－⑥)	20,207	19,862	30,115	26,471	166,048
Book value at end of the period	1,511,637	1,249,494	1,615,486	1,191,794	6,693,877

(Note) Not disclosed, because consent for disclosure has not been obtained from the tenants.

(Unit: thousand yen)

Property no.	LGC-02	LGC-03	LGC-04	LGC-05	LGC-06
Property name	Yokohama Logistics	Funabashi Logistics	Baraki Logistics	Tokorozawa Logistics	Funabashi Nishiura Logistics I
① Total operating revenue from real estate leasing	Not disclosed (Note1)	273,565	Not disclosed (Note1)	Not disclosed (Note1)	Not disclosed (Note1)
Lease business revenue		241,755			
Other lease business revenue		31,810			
② Total operating expenses from real estate leasing		69,266			
Management fee		12,178			
Trust fee		400			
Utilities expenses		14,513			
Insurance premium		390			
Repair expenses		17,880			
Property taxes		23,055			
Other		848			
③ NOI (①－②)		204,299			
④ Depreciation		26,859			
⑤ Operating income (loss) from real estate leasing (③－④)		177,439			
⑥ Capital expenditures		3,112			
⑦ NCF (③－⑥)		201,186			
Book value at end of the period	3,786,777	7,836,051	4,675,146	1,355,047	2,952,386

Property no.	LGC-07	LGC-08	HTL-01	HTL-02	HTL-03
Property name	Funabashi Nishiura Logistics II	Matsubushi Logistics	R&B Hotel Umeda East	Smile Hotel Namba (Note2)	BEST WESTERN Tokyo Nishikasai (Note2)
① Total operating revenue from real estate leasing	Not disclosed (Note1)	Not disclosed (Note1)	65,392	40,258	99,879
Lease business revenue			65,392	40,258	99,879
Other lease business revenue			-	-	-
② Total operating expenses from real estate leasing			7,412	5,042	9,926
Management fee			742	660	1,200
Trust fee			350	550	400
Utilities expenses			10	-	-
Insurance premium			111	53	124
Repair expenses			722	798	208
Property taxes			5,450	2,281	7,971
Other			24	699	22
③ NOI (①－②)			57,980	35,216	89,952
④ Depreciation			9,777	12,237	11,789
⑤ Operating income (loss) from real estate leasing (③－④)			48,203	22,978	78,163
⑥ Capital expenditures			560	-	1,318
⑦ NCF (③－⑥)			57,420	35,216	88,634
Book value at end of the period	832,767	2,745,029	2,131,112	1,695,071	3,866,628

(Note1) Not disclosed, because consent for disclosure has not been obtained from the tenants.

(Note2) Operating revenue from real estate leasing of Smile Hotel Namba includes variable rents of 22,632 thousand yen and operating revenue from real estate leasing of BEST WESTERN Tokyo Nishikasai includes variable rents of 15,279 thousand yen.

(Unit: thousand yen)

Property no.	HTL-04	HTL-05	HTL-06	HTL-07	HTL-08
Property name	BEST WESTERN Yokohama	Hotel WBF Fukuoka Tenjin Minami	GLANSIT AKIHABARA	Best Western Tokyo Nishikasai Grande	Hotel WBF Art Stay Namba
① Total operating revenue from real estate leasing	80,400	Not disclosed (Note)	Not disclosed (Note)	70,002	Not disclosed (Note)
Lease business revenue	80,400			70,002	
Other lease business revenue	-			-	
② Total operating expenses from real estate leasing	7,990			6,767	
Management fee	1,200			990	
Trust fee	400			400	
Utilities expenses	-			-	
Insurance premium	105			63	
Repair expenses	1,555			-	
Property taxes	4,706			5,294	
Other	23			19	
③ NOI (①－②)	72,409			63,234	
④ Depreciation	12,052			10,857	
⑤ Operating income (loss) from real estate leasing (③－④)	60,356			52,377	
⑥ Capital expenditures	11,397			-	
⑦ NCF (③－⑥)	61,011			63,234	
Book value at end of the period	3,264,203	1,974,216	2,513,235	3,186,666	2,003,641

(Note) Not disclosed, because consent for disclosure has not been obtained from the tenants.

	Office Total	Residence total	Logistics facility total	Hotel total	Portfolio total
① Total operating revenue from real estate leasing	1,341,598	487,031	1,004,948	501,002	3,334,581
Lease business revenue	1,217,653	456,576	916,892	501,002	3,092,125
Other lease business revenue	123,945	30,454	88,055	-	242,455
② Total operating expenses from real estate leasing	435,998	126,068	185,780	50,979	798,827
Management fee	86,476	23,427	31,125	7,419	148,449
Trust fee	4,346	2,550	3,050	3,183	13,129
Utilities expenses	121,760	13,215	44,360	10	179,347
Insurance premium	2,128	602	1,413	582	4,727
Repair expenses	58,914	27,736	24,717	3,285	114,653
Property taxes	98,917	26,399	77,142	35,641	238,101
Other	63,455	32,136	3,970	856	100,418
③ NOI (①－②)	905,599	360,963	819,168	450,022	2,535,753
④ Depreciation	145,940	47,188	144,051	78,648	415,829
⑤ Operating income (loss) from real estate leasing (③－④)	759,659	313,774	675,116	371,374	2,119,924
⑥ Capital expenditures	128,087	30,850	16,982	13,275	189,197
⑦ NCF (③－⑥)	777,511	330,112	802,185	436,747	2,346,556
Book value at end of the period	36,068,441	15,571,319	30,877,085	20,634,775	103,151,622

③ Other investment assets

Asset no.	Name of the security	Type of asset	Quantity (Units)	Book value (million yen)		Fair value (million yen)		Unrealized gain or loss (million yen)	Remarks
				Unit price	Amount	Unit price	Amount		
MEZ-04	Star Asia Mezzanine Loan Debt Investment Series 4	Loan receivable	—	—	300	—	300	—	(Note 1) (Note 2)

(Note 1) Because interest income etc. from mezzanine loan debt are based on floating interest rates, the fair value is approximately the same as the book value and thus stated at that book value.

(Note 2) The underlying assets are trust beneficiary interests in a trust mainly comprised of Premier Kaigan Building.