



Star Asia Investment Corporation

<https://starasia-reit.com/en/>

Semi-Annual Report

for the 18th Fiscal Period

from August 1, 2024 to January 31, 2025

Star Asia Investment Corporation (Securities CODE 3468)

Atago Green Hills MORI Tower, 18th Floor 2-5-1 Atago, Minato-ku, Tokyo, Japan

Investment Philosophy

Basic Principles

Star Asia Investment Corporation (SAR) makes investments through a “unitholders’ interest-first” mindset in principle, entrusting asset management to Star Asia Investment Management Co., Ltd., which belongs to Star Asia Group, an independent real estate investment group that has accumulated a track record in the Japanese real estate market.

SAR aims to maximize unitholders’ interests by conducting flexible and agile portfolio management based on its unique market analyses while focusing on income stability and growth of income, and implementing highly transparent management that discloses information necessary for unitholders in a timely and appropriate manner.

Contents

To Our Unitholders	2
Initiatives Related to ESG	4
Portfolio Overview	5
Financial Summary	8
Balance Sheet	10
Statement of Income and Retained Earnings	12
Statement of Changes in Unitholders’ Equity	13
Statement of Cash Distributions	15
Statement of Cash Flows	16
Notes to Financial Statements	17
Supplementary Schedules	32
Independent Auditor’s Report	39

FUND MANAGEMENT

Characteristics of Star Asia Investment Corporation (SAR)

1. A diversified REIT

Portfolio developed with diversified assets located mainly in the Tokyo Area ^(Note)

2. Steady growth

Pursuit of internal growth by the Asset Manager with abundant experience and know-how as well as external growth based on asset management performed by the Star Asia Group

3. Initiatives focusing on unitholder value

Constant, “out-of-the-box” management

(Note) “Tokyo area”: “Tokyo area” refers to Tokyo and the three prefectures of Kanagawa, Saitama and Chiba. The same shall apply hereinafter.

Investment Policy



Prioritized, focused investment in the Tokyo Area
Investment ratio 70%±10% in the Tokyo Area



Achieving income stability and growth through diversification of asset types



Investment primarily in middle-size assets

Financial Highlights for 18th Fiscal Period (as of the end of January 2025)

Operating revenue
9,690 million yen

Operating income
5,472 million yen

Ordinary income
4,522 million yen

Net income
4,522 million yen

Actual and Forecasted Cash Distributions Per Unit

15th FP Actual
1,586 yen

16th FP Actual
1,524 yen

17th FP Actual
1,596 yen

18th FP Actual
1,701 yen

19th FP Forecast
1,790 yen

20th FP Forecast
1,644 yen

* In this report, amounts are rounded down to the unit displayed and percentages are rounded to the first decimal place.

To Our Unitholders

Message



We appreciate your continued support and guidance of Star Asia Investment Corporation (SAR) and the asset management company Star Asia Investment Management Co., Ltd.

With the asset manager, SAR has continued to implement initiatives to maximize unitholder returns since its listing in April 2016.

In August 2024, during the fiscal period under review (the fiscal period ended January 2025), SAR conducted a public offering as an initiative to facilitate external growth. This was the fourth public offering in four consecutive years since the medium-term management plan was adopted in March 2021 (the seventh since SAR was listed). SAR then acquired 6 properties (the total acquisition price was 35.9 billion yen). At the same time, SAR sold properties, bringing its total asset size to 276.5 billion yen (74 properties, one preferred security and two mezzanine loan investments) as of the end of the fiscal period under review. Its assets are steadily growing toward the medium-term management plan target of 300 billion yen by 2026.

The newly acquired assets mainly consist of four hotels (the total acquisition price was 34.7 billion yen) located in central Tokyo. These properties have high asset value and are expected to achieve internal growth. All of these four hotels are leased and operated by a company under Polaris Holdings Co., Ltd., a member of the Star Asia Group. They have the same rent structure, which comprises fixed rent and variable rent. SAR can collect variable rent if 85% of the GOP for each property exceeds the fixed rent. SAR believes that this rent structure allows it to directly benefit from any improvement in hotel operations due to an increase in accommodation demand. In fact, rental revenue during the fiscal period under review from the four hotels which were acquired in August 2024 and have been operated by Polaris greatly exceeded the initial forecast, contributing to organic growth. In addition, rental revenue from all seven of the hotels which were acquired in September 2023 are operated by Polaris under the same rent structure greatly exceeded the initial forecast. Mainly due to the increased rental revenue from these hotels, SAR revised its distributions per unit for the fiscal period under review upward to 1,701 yen (up 10.6% compared to the initial forecast), achieving the medium-term management plan goal of more than 1,600 yen by 2026 ahead of the plan.

In the years ahead, SAR will continue to aim to maximize the interests of its unitholders and pursue continued growth and revenue stability by focusing on the acquisition of properties with internal growth potential and mezzanine loans, etc. with a potential for increased distributions.

SAR continues to implement initiatives related to ESG practices to achieve the SDGs. Regarding environmental initiatives (E), SAR invested a total of 462 million yen in various initiatives in the fiscal period under review. These initiatives included the installation of LED lighting, renovation work to improve the efficiency of air conditioning equipment and heat transfer power and to save energy, and the conservation of greenery in accordance with the needs of each property. SAR has been participating in the GRESB Real Estate Assessment as part of its ESG initiatives. In fiscal 2024, SAR achieved two stars and a green star. In addition, SAR received the highest Level A rating of the GRESB Public Disclosure Assessment, which measures the adequacy of ESG information disclosure, as a result of high marks earned for SAR's efforts in ESG information disclosure. These assessments are no more than indicators of the implementation of ESG initiatives, and earning high marks in itself is not our goal. It is more important that we implement initiatives to create a better environment (E), a better society (S), and better governance (G), while receiving high marks, and that we fulfill our responsibilities as an investment corporation of a public nature.

As a result of management pursuing the maximization of unitholder returns, the increase of the profitability of its properties and the reduction of costs, for the 18th Fiscal Period (ended January 2025), SAR posted operating revenue of 9,690 million yen, ordinary income of 4,522 million yen, net income of 4,522 million yen and cash distributions per unit of 1,701 yen.

This is our report of our performance results in the 18th Fiscal Period. We express our deep gratitude to our unitholders for their support and understanding. We thank all our unitholders for their continued support and guidance moving forward.

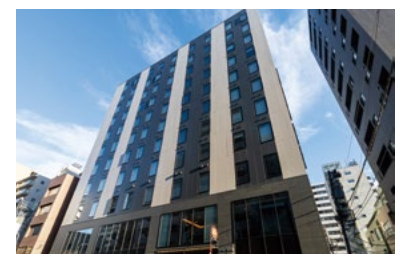
Toward achieving medium-term management plan

In March 2021, as a medium-term management plan, SAR set a goal to achieve an asset size of 300 billion yen and increase cash distributions per unit to 1,600 yen or more by 2026.

Regarding the expansion of asset size (external growth), SAR executed a public offering in August 2024, and incorporated six properties (total acquisition price: 35.9 billion yen) into its portfolio. Asset size as of the end of the fiscal period under review (the fiscal period ended January 2025) was 276.5 billion yen, and SAR believes that this is a major step toward the achievement of the medium-term plan goal (of achieving inorganic growth). The Star Asia Group continues to invest in Japanese real estate. SAR aims to achieve further external growth by taking full advantage of opportunities to acquire properties managed by the Star Asia Group and the asset manager's unique network in consideration of unit prices.

Regarding the growth of distributions per unit (internal growth), distributions per unit were 1,701 yen in the 18th fiscal period (the fiscal period ended January 2025), and SAR achieved its medium-term management plan goal of distributions of more than 1,600 yen by 2026 ahead of its plan, as described above. In the years ahead, SAR expects to maintain distributions per unit of more than 1,600 yen and aims to achieve growth in distributions per unit in excess of the inflation rate by focusing on the asset manager's organic growth, increases in revenues from the hotels operated by Polaris on the back of the strong demand for travel, etc.

KOKO HOTEL Tsukiji Ginza



(acquired in August 2024)

Initiatives Related to ESG

ESG Policy

Our Company, as a member of the Star Asia Group, shares its Investment Philosophy and Guiding Principles. Furthermore, as the asset management company for Star Asia Investment Corporation, we engage in the real estate investment management business which gives consideration to the environment, society, and governance in order to enhance corporate value and exert comprehensive competitiveness by pursuing long-term sustainability and recognizing the role Star Asia Investment Corporation has been given in society in accordance with our basic philosophy of “Client First.”

Environmental Initiatives



Acquisition of Environmental Certifications As of January 31, 2025

In 2024, SAR achieved two stars (top rating: five stars) in the GRESB Real Estate Assessment and received the Level A rating, the highest rating awarded in the GRESB Public Disclosure Assessment



Building-Housing Energy-efficiency Labeling System (BELS) CASBEE Real Estate Assessment



★★★★★	3 Properties	Rank S	6 properties
★★★★	3 Properties	Rank A	9 properties
★★★	3 Properties		
★★	2 Properties		

Acquisition ratio (Note) 49.0%

Goals Increase the ratio of floors with environmental certifications to at least **50%** by 2026

(Note) The ratio is calculated by dividing the total floor area of the properties for which the relevant environmental certification has been awarded as of January 31, 2025 by the total floor area of the assets in the portfolio.

Social Initiatives



Initiatives concerning owned properties

La Park Kishiwada

We provided a rest area at the Danjiri Festival.

SAR signed an agreement with Kishiwada City regarding a temporary shelter in the event of a tsunami.



Tenant satisfaction surveys

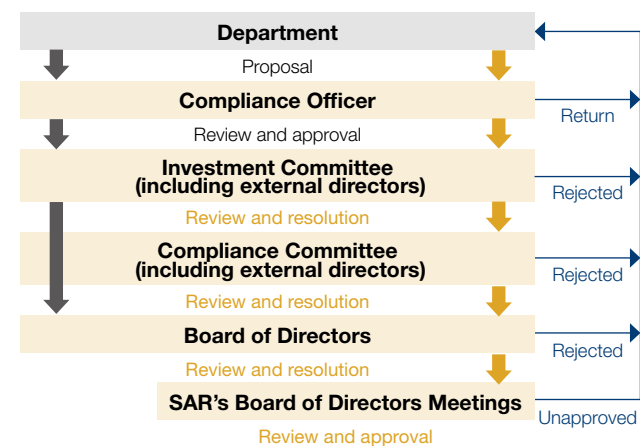
Tenant satisfaction surveys are conducted periodically towards tenants of owned properties. Based on the results of the survey, measures to improve operations and management are considered.

Governance Initiatives




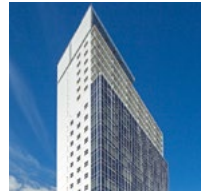


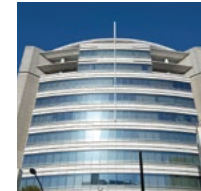
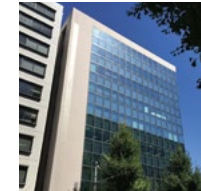


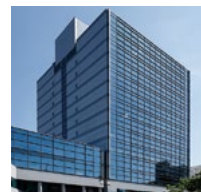
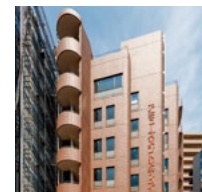
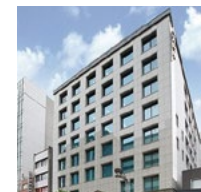
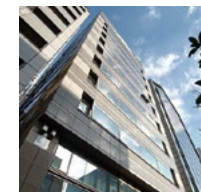

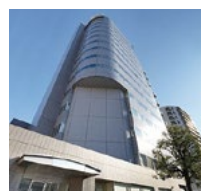
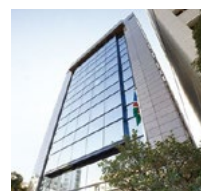

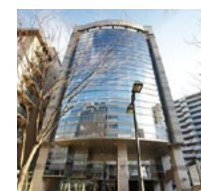
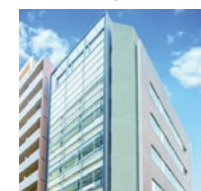
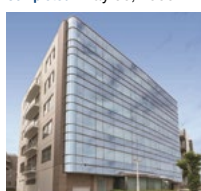
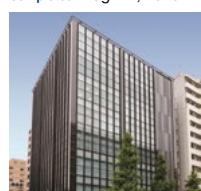
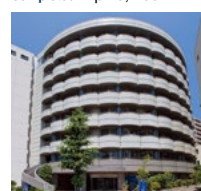
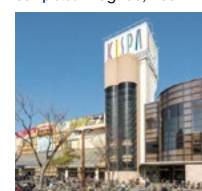
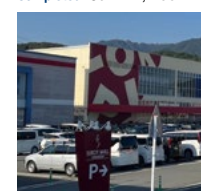


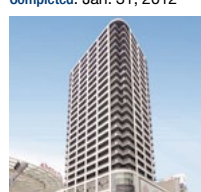
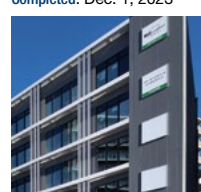
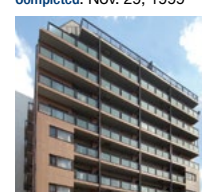
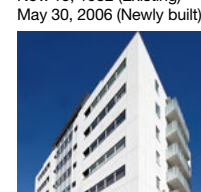


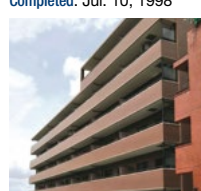
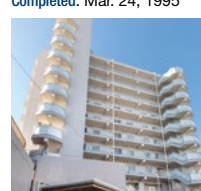
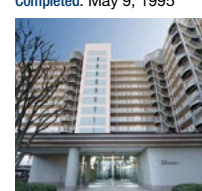
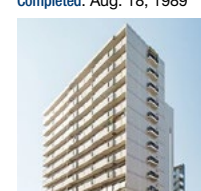

Decision-Making Process









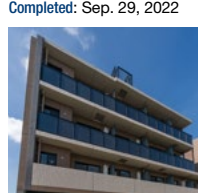
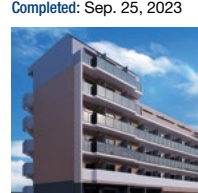









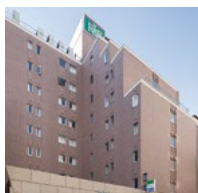


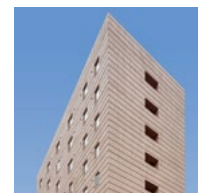
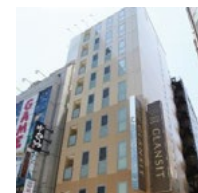


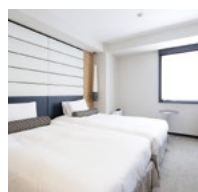
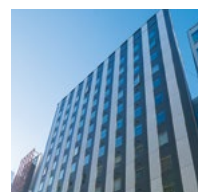

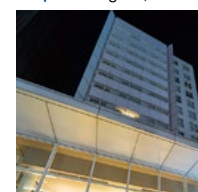


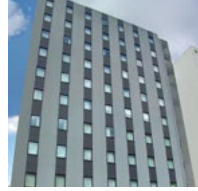

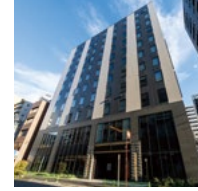
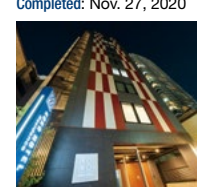
- Implement decision-making with high transparency by complying with laws and regulations
- Maintain a high sense of ethics and execute operations as a manager of investors' funds

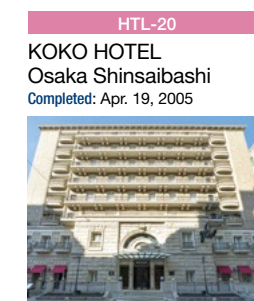


↓ Items that do not need to be discussed at the Compliance Committee
↓ Items that need to be discussed at the Compliance Committee

Portfolio Overview (As of January 31, 2025)

OFC-01 Minami-Azabu Shibuya Building Completed: Jun. 15, 1993 	OFC-03 Honmachibashi Tower Completed: Feb. 8, 2010 	OFC-04 Nishi-Shinjuku Matsuya Building Completed: May 28, 1987 	OFC-06 Urban Center Shibuya East Completed: Jul. 31, 1993 	OFC-08 Urban Center Yokohama West Completed: Nov. 25, 1994 	OFC-09 Hakata-eki East Place Completed: Feb. 24, 1986 
OFC-10 Nihonbashi Hamacho Park Building Completed: Jul. 13, 1992 	OFC-11 Amusement Media Gakuin Honkan Completed: Nov. 2, 1994 	OFC-12 Higashi-Kobe Center Building Completed: Jan. 6, 1992 	OFC-13 Urban Center Shibuya South (Note 1) Completed: Jan. 25, 1999 	OFC-14 Urban Center Shinjuku Completed: Mar. 31, 1989 	OFC-15 Urban Center Kanda Suda-cho Completed: Oct. 28, 1991 
OFC-16 Urban Center Kanda Tsukasamachi Completed: Jan. 20, 1988 	OFC-17 Takadanobaba Access Completed: Jan. 14, 1994 	OFC-18 Azabu Amerex BLDG. Completed: Jun. 30, 1988 	OFC-19 Hiei-Kudan BLDG. Completed: Sep. 17, 1991 	OFC-20 Urban Center Shin-Yokohama Completed: Mar. 17, 1992 	OFC-21 The Portal Akihabara Completed: May 31, 2002 
OFC-22 Urban Center Tachikawa Completed: May 30, 1990 	OFC-23 Urban Center Hakata Completed: Aug. 27, 2020 	OFC-24 Urban Center Fujisawa Completed: Apr. 9, 1991 	RTL-01 La Park Kishiwada Completed: Aug. 30, 1994 	RTL-02 Suroy Mall Chikushino Completed: Jun. 22, 2007 	RTL-03 Seiyu Minakuchi Completed: May 31, 1999 
RTL-05 BAGUS Ikebukuro West Completed: Nov. 20, 1992 	RTL-06 abeno nini (Retail) Completed: Jan. 31, 2012 	RTL-07 Urban Forum Warabi Completed: Dec. 1, 2023 	RSC-01 Urban Park Azabujuban Completed: Nov. 29, 1999 	RSC-02 Urban Park Daikanyama Completed: Nov. 15, 1982 (Existing) May 30, 2006 (Newly built) 	RSC-07 Urban Park Kashiwa Completed: Aug. 28, 1997 
RSC-08 Urban Park Ryokuchi Koen Completed: Mar. 10, 1989 	RSC-10 Urban Park Ichigao Completed: Jul. 10, 1998 	RSC-11 Urban Park Gyotoku Completed: Mar. 24, 1995 	RSC-12 Shiroy Logiman Completed: May 9, 1995 	RSC-13 Urban Park Sekime Completed: Aug. 18, 1989 	RSC-14 Urban Park Imazato (Note 2) Completed: Dec. 20, 1991 

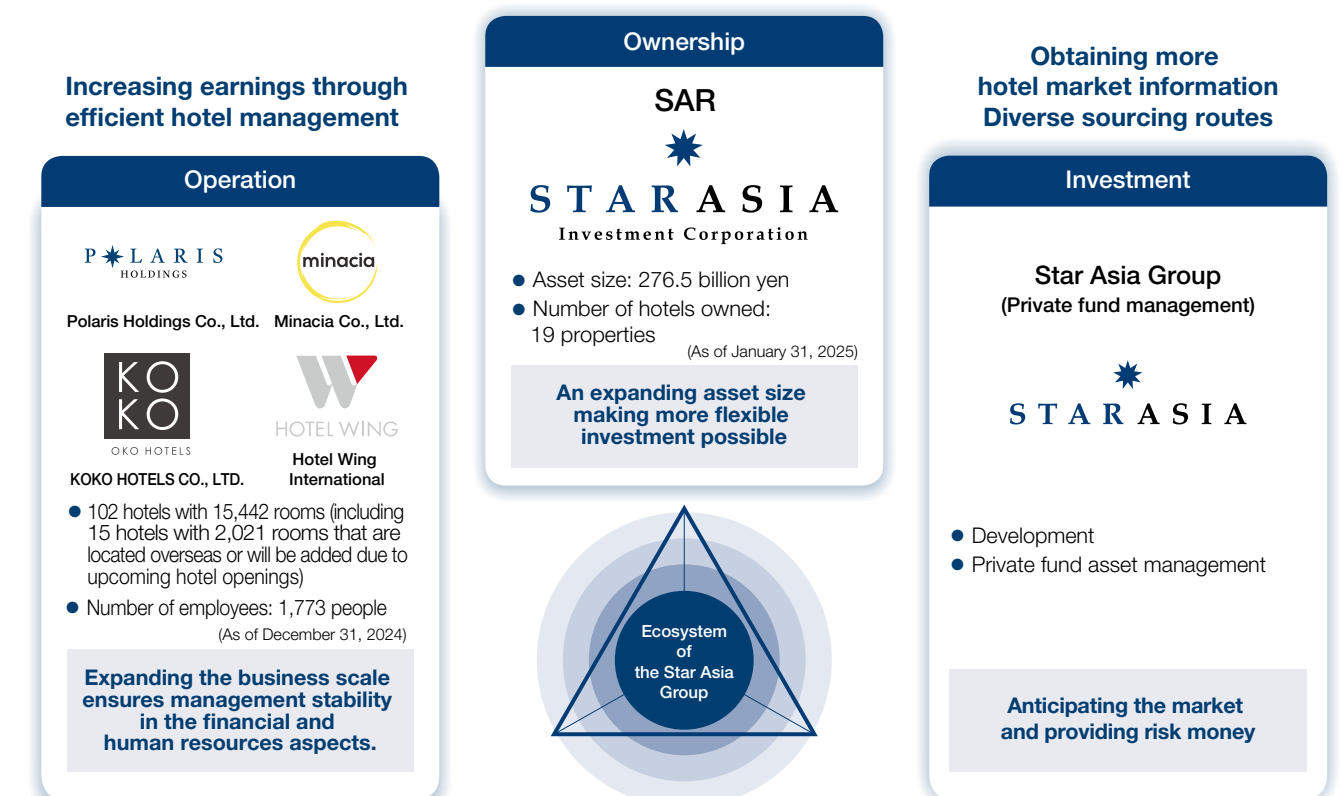
RSC-15 Urban Park Yoyogi Completed: Sep. 4, 2017 	RSC-16 Urban Park Tokiwadai Koen Completed: Feb. 17, 1994 	RSC-17 Urban Park Mitsuike Koen Completed: Mar. 24, 1992 	RSC-18 Urban Park Ryogoku Completed: Oct. 31, 1997 	RSC-19 Urban Park Mizonokuchi Completed: Aug. 23, 1988 	RSC-20 Urban Park Miyamaedaira Completed: Jun. 10, 2021 
RSC-21 Urban Park Tsurumi Completed: Feb. 17, 1994 	RSC-22 Urban Park Mitaka Completed: Jun. 8, 2023 	RSC-23 Urban Park Kamata Minami I Completed: Sep. 29, 2022 	RSC-24 Urban Park Kamata Minami II Completed: Sep. 25, 2023 	RSC-25 Urban Park Umejima Completed: Oct. 23, 2023 	LGC-01 Iwatsuki Logistics Completed: Oct. 29, 2014 
LGC-02 Yokohama Logistics Completed: Oct. 1, 1994 	LGC-03 Funabashi Logistics Completed: Sep. 25, 1992 (Building 1) Aug. 5, 1997 (Building 2) 	LGC-04 Baraki Logistics Completed: Aug. 14, 2015 	LGC-05 Tokorozawa Logistics Completed: Apr. 30, 1999 	LGC-07 Funabashi Nishiura Logistics II Completed: Mar. 20, 1991 (Warehouse) May 15, 1972 (Factory) May 13, 1986 (Office) 	LGC-08 Matsubushi Logistics Completed: Mar. 31, 1997 
LGC-09 Funabashi Hi-Tech Park Factory I Completed: May 19, 2003 Nov. 28, 2023 (Extension Portion 1) Nov. 28, 2023 (Extension Portion 2) 	HTL-01 Washington R&B Hotel Umeda East (Note 3) Completed: Oct. 20, 2000 	HTL-03 REMBRANDT STYLE Tokyo Nishikasai Completed: Mar. 19, 1991 	HTL-04 BEST WESTERN Umeda East Completed: Sep. 21, 1987 	HTL-05 The BREAKFAST HOTEL FUKUOKA TENJIN Completed: Feb. 20, 2017 	HTL-06 GLANSIT AKIHABARA Completed: Sep. 20, 2017 
HTL-07 REMBRANDT STYLE Tokyo Nishikasai Grande Completed: Feb. 7, 2017 	HTL-08 KOKO HOTEL Osaka Namba Completed: Apr. 7, 2017 	HTL-09 abeno nini (Hotel) Completed: Jan. 31, 2012 	HTL-10 KOKO HOTEL Ginza 1-Chome Completed: Oct. 29, 2014 	HTL-11 KOKO HOTEL Sapporo Ekimae Completed: Oct. 20, 2015 	HTL-12 KOKO HOTEL Fukuoka Tenjin Completed: Aug. 20, 2007 
HTL-13 KOKO HOTEL Hiroshima Ekimae Completed: Dec. 17, 2019 	HTL-14 KOKO HOTEL Kagoshima Tenmonkan Completed: Apr. 19, 2019 	HTL-15 KOKO HOTEL Sapporo Odori Completed: Jun. 9, 2020 	HTL-16 Best Western Plus Fukuoka Tenjin-minami Completed: Apr. 3, 2020 	HTL-17 KOKO HOTEL Tsukiji Ginza Completed: Dec. 15, 2020 	HTL-18 KOKO HOTEL Residence Asakusa Kappabashi Completed: Nov. 27, 2020 



- (Note 1) The name was changed on May 4, 2025 (formerly known as Amusement Media Gakuin Shinkan).
- (Note 2) Scheduled for sale as of May 30, 2025.
- (Note 3) The name was changed on April 1, 2025 (formerly known as R&B Hotel Umeda East).

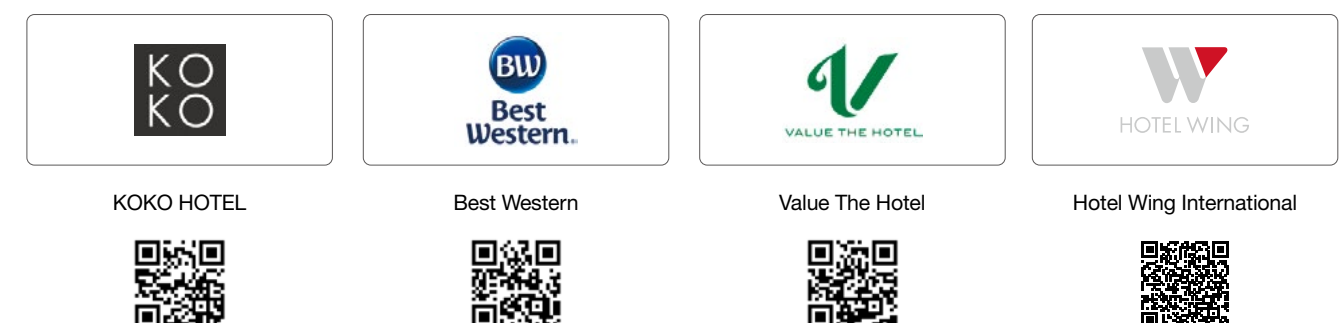
Star Asia Group's Initiatives in the Hotel Business

- In the hotel business, the Star Asia Group has established an ecosystem where investment, management, and ownership are handled by the Star Asia Group, Polaris, and SAR, respectively.
- The ratio of hotels owned by SAR that are hotels operated by Polaris is expected to increase to 87.0% (note) due to the change of the operators of two hotels in July 2025.



(Note) The ratio of the total acquisition price regarding hotels operated by Polaris Holdings of 89,175 million yen (14 properties) on and after July 24, 2025 to the total acquisition price regarding hotels owned by the Investment Corporation of 102,494 million yen (19 properties) as of January 31, 2025.

Hotel Brands Owned by Polaris Holdings



Financial Summary

Historical Operating Trends

Fiscal Period	14th Fiscal Period (August 1, 2022 to January 31, 2023)	15th Fiscal Period (February 1, 2023 to July 31, 2023)	16th Fiscal Period (August 1, 2023 to January 31, 2024)	17th Fiscal Period (February 1, 2024 to July 31, 2024)	18th Fiscal Period (August 1, 2024 to January 31, 2025)
Operating revenue (million yen)	6,486	6,946	7,964	8,113	9,690
Operating revenue from real estate leasing (million yen)	6,463	6,503	7,524	8,048	9,284
Operating expenses (million yen)	3,136	3,340	3,655	3,774	4,217
Operating expenses from real estate leasing (million yen)	2,556	2,744	2,946	3,055	3,370
Operating income (million yen)	3,349	3,606	4,309	4,338	5,472
Ordinary income (million yen)	2,782	3,073	3,528	3,669	4,522
Net income (million yen)	2,781	3,073	3,527	3,668	4,522
Total assets (million yen)	208,766	209,259	259,155	258,678	293,813
[Period-on-period variation] (%)	(7.9)	(0.2)	(23.8)	(-0.2)	(13.6)
Net assets (million yen)	103,455	103,224	127,127	127,473	144,691
[Period-on-period variation] (%)	(8.0)	(-0.2)	(23.2)	(0.3)	(13.5)
Interest-bearing debt (million yen)	96,840	96,840	123,140	121,840	139,680
Unitholders' capital (million yen)	66,123	66,123	89,316	89,316	105,443
Total number of investment units issued and outstanding (units)	1,921,689	1,921,689	2,372,000	2,372,000	2,687,000
Net assets per unit (yen)	53,835	53,715	53,595	53,740	53,848
Total cash distributions (million yen)	2,865	3,047	3,614	3,785	4,570
Cash distributions per unit (yen)	1,491	1,586	1,524	1,596	1,701
Cash distributions of earnings per unit (yen)	1,491	1,586	1,524	1,596	1,701
Cash distributions in excess of earnings per unit (yen)	-	-	-	-	-
Ratio of ordinary income to total assets ^(Note 3) (%)	1.4	1.5	1.5	1.4	1.6
[Annualized] (%)	(2.7)	(3.0)	(3.0)	(2.8)	(3.2)
Return on equity ^(Note 3) (%)	2.8	3.0	3.1	2.9	3.3
[Annualized] (%)	(5.5)	(6.0)	(6.1)	(5.8)	(6.6)
Equity ratio at end of period ^(Note 3) (%)	49.6	49.3	49.1	49.3	49.2
[Period-on-period variation]	(0.0)	(-0.2)	(-0.3)	(0.2)	(-0.0)
Cash distribution payout ratio ^(Note 3) (%)	103.0	99.2	102.5	103.2	101.1
[Other reference information]					
Number of operating days (days)	184	181	184	182	184
Number of properties at end of period (properties)	63	62	71	71	74
Depreciation (million yen)	743	763	963	1,034	1,142
Capital expenditures (million yen)	605	787	1,107	774	830
Lease NOI (Net Operating Income) ^(Note 3) (million yen)	4,650	4,521	5,542	6,026	7,057
FFO (Funds from Operation) ^(Note 3) (million yen)	3,525	3,422	4,116	4,703	5,342
FFO per unit ^(Note 3) (yen)	1,834	1,780	1,735	1,982	1,988
Ratio of interest-bearing debt to total assets at end of period (LTV) (%)	46.4	46.3	47.5	47.1	47.5

(Note 1) The operating periods for Star Asia Investment Corporation (SAR) are the six-month periods from February 1 to July 31 and August 1 to January 31 of the following year.

(Note 2) Unless otherwise specifically noted, amounts are rounded down to the unit displayed and percentages are rounded to the first decimal place.

(Note 3) It is calculated based on the following formula.

Ratio of ordinary income to total assets	Ordinary income ÷ {(total assets at beginning of period + total assets at end of period) ÷ 2} × 100
Return on equity	Net income ÷ {(net assets at beginning of period + net assets at end of period) ÷ 2} × 100
Equity ratio at end of period	Net assets at end of period ÷ total assets at end of period × 100
Cash distribution payout ratio	Cash distributions per unit (excluding cash distributions in excess of earnings) ÷ net income per unit × 100 The figures for the 14th, 16th and 18th fiscal periods were calculated based on the formula below as investment units outstanding changed during the period as a result of a public offering of investment units. Total cash distributions (excluding cash distributions in excess of earnings) ÷ net income × 100
Lease NOI (Net Operating Income)	Operating revenue from real estate leasing - operating expenses from real estate leasing + depreciation
FFO (Funds from Operation)	Net income + Depreciation - gain (loss) on sales of real estate
FFO per unit	FFO ÷ total number of investment units issued and outstanding

Balance Sheet

(Unit: thousand yen)

	17th fiscal period (As of July 31, 2024)	18th fiscal period (As of January 31, 2025)
Assets		
Current assets		
Cash and deposits	3,379,427	3,815,857
Cash and deposits in trust	8,945,505	9,850,067
Operating accounts receivable	443,175	600,836
Prepaid expenses	312,802	281,353
Consumption taxes receivable	-	472,875
Other	32,807	78,898
Total current assets	13,113,718	15,099,889
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	114	114
Accumulated depreciation	(114)	(114)
Tools, furniture and fixtures, net	0	0
Buildings in trust	73,691,762	80,806,403
Accumulated depreciation	(8,733,016)	(9,499,528)
Buildings in trust, net	64,958,746	71,306,875
Structures in trust	43,768	47,104
Accumulated depreciation	(10,290)	(12,134)
Structures in trust, net	33,477	34,969
Machinery and equipment in trust	338,544	380,599
Accumulated depreciation	(74,087)	(91,690)
Machinery and equipment in trust, net	264,457	288,908
Tools, furniture and fixtures in trust	193,701	220,596
Accumulated depreciation	(66,089)	(78,293)
Tools, furniture and fixtures in trust, net	127,611	142,302
Land in trust	169,771,175	196,089,124
Construction in progress in trust	-	3,175
Total property, plant and equipment	235,155,469	267,865,355
Intangible assets		
Leasehold rights in trust	6,243,459	6,235,025
Total intangible assets	6,243,459	6,235,025
Investments and other assets		
Investments in other securities of subsidiaries and associates	1,588,015	1,588,015
Investment securities	1,170,000	1,284,000
Long-term prepaid expenses	479,515	471,538
Leasehold and guarantee deposits	10,239	10,239
Leasehold and guarantee deposits in trust	263,988	263,988
Other	601,063	905,903
Total investments and other assets	4,112,822	4,523,684
Total non-current assets	245,511,751	278,624,065
Deferred assets		
Investment corporation bond issuance costs	8,502	19,294
Investment unit issuance costs	44,337	70,469
Total deferred assets	52,840	89,763
Total assets	258,678,309	293,813,718

(Unit: thousand yen)

	17th fiscal period (As of July 31, 2024)	18th fiscal period (As of January 31, 2025)
Liabilities		
Current liabilities		
Operating accounts payable	794,335	1,103,053
Short-term borrowings	1,000,000	800,000
Current portion of long-term borrowings	11,085,000	19,150,000
Accounts payable - other	669,967	793,698
Accrued expenses	107,831	145,087
Income taxes payable	605	605
Accrued consumption taxes	438,633	73,121
Advances received	1,160,537	1,059,608
Other	32,356	20,607
Total current liabilities	15,289,267	23,145,782
Non-current liabilities		
Investment corporation bonds	1,000,000	2,000,000
Long-term borrowings	108,755,000	117,730,000
Leasehold and guarantee deposits received	2,808	2,808
Leasehold and guarantee deposits received in trust	6,057,696	6,142,386
Asset retirement obligations	99,915	100,880
Total non-current liabilities	115,915,419	125,976,074
Total liabilities	131,204,686	149,121,857
Net assets		
Unitholders' equity		
Unitholders' capital	89,316,185	105,443,555
Surplus		
Unitholders' capital surplus	25,132,218	25,132,218
Voluntary reserve		
Reserve for temporary difference adjustment	² 8,357,762	² 8,268,849
Total voluntary reserve	8,357,762	8,268,849
Unappropriated retained earnings (undisposed loss)	4,052,316	4,877,759
Total surplus	37,542,297	38,278,827
Total unitholders' equity	126,858,483	143,722,383
Valuation and translation adjustments		
Deferred gains or losses on hedges	615,139	969,477
Total valuation and translation adjustments	615,139	969,477
Total net assets	¹ 127,473,622	¹ 144,691,860
Total liabilities and net assets	258,678,309	293,813,718

Statement of Income and Retained Earnings

(Unit: thousand yen)

	17th fiscal period From: February 1, 2024 To: July 31, 2024	18th fiscal period From: August 1, 2024 To: January 31, 2025
Operating revenue		
Rental revenue	*1 7,635,803	*1 8,793,301
Other lease business revenue	*1 412,199	*1 491,633
Gain on sale of real estate	-	*2 322,720
Other revenue	65,782	82,422
Total operating revenue	8,113,786	9,690,078
Operating expenses		
Expenses related to rent business	*1 3,055,846	*1 3,370,328
Asset management fee	542,424	641,408
Asset custody and administrative service fees	50,525	55,909
Directors' compensations	2,400	2,400
Other operating expenses	123,739	147,709
Total operating expenses	3,774,935	4,217,756
Operating income	4,338,850	5,472,322
Non-operating income		
Interest income	62	1,136
Reversal of unpaid distribution	1,163	854
Interest on refund	906	-
Other	0	-
Total non-operating income	2,132	1,990
Non-operating expenses		
Interest expenses	504,833	642,337
Interest expenses on investment corporation bonds	3,500	6,213
Borrowing related expenses	141,244	279,294
Amortization of investment corporation bond issuance costs	1,020	1,631
Amortization of investment unit issuance costs	20,812	21,988
Total non-operating expenses	671,409	951,465
Ordinary income	3,669,572	4,522,847
Income before income taxes	3,669,572	4,522,847
Income taxes - current	605	605
Total income taxes	605	605
Net income	3,668,967	4,522,242
Retained earnings brought forward	383,349	355,517
Unappropriated retained earnings (undisposed loss)	4,052,316	4,877,759

Statement of Changes in Unitholders' Equity

17th fiscal period (from February 1, 2024 to July 31, 2024)

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital	Surplus					Total unitholders' equity
		Unitholders' capital surplus	Voluntary reserve		Unappropriated retained earnings (undisposed loss)	Total surplus	
			Reserve for temporary difference adjustment	Total voluntary reserve			
Balance at beginning of the period	89,316,185	25,132,218	8,446,674	8,446,674	3,909,364	37,488,257	126,804,443
Changes of items during the period							
Dividends from surplus					(3,614,928)	(3,614,928)	(3,614,928)
Reversal of reserve for temporary difference adjustment			(88,912)	(88,912)	88,912	-	-
Net income					3,668,967	3,668,967	3,668,967
Net changes of items other than unitholders' equity							
Total changes of items during the period	-	-	(88,912)	(88,912)	142,951	54,039	54,039
Balance at end of the period	89,316,185	25,132,218	8,357,762	8,357,762	4,052,316	37,542,297	126,858,483

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of the period	323,181	323,181	127,127,624
Changes of items during the period			
Dividends from surplus			(3,614,928)
Reversal of reserve for temporary difference adjustment			-
Net income			3,668,967
Net changes of items other than unitholders' equity	291,958	291,958	291,958
Total changes of items during the period	291,958	291,958	345,997
Balance at end of the period	615,139	615,139	127,473,622

Statement of Changes in Unitholders’ Equity

18th fiscal period (from August 1, 2024 to January 31, 2025)

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital	Surplus					Total unitholders' equity
		Unitholders' capital surplus	Voluntary reserve		Unappropriated retained earnings (undisposed loss)	Total surplus	
			Reserve for temporary difference adjustment	Total voluntary reserve			
Balance at beginning of the period	89,316,185	25,132,218	8,357,762	8,357,762	4,052,316	37,542,297	126,858,483
Changes of items during the period							
Issuance of new investment units	16,127,370						16,127,370
Dividends from surplus					(3,785,712)	(3,785,712)	(3,785,712)
Reversal of reserve for temporary difference adjustment			(88,912)	(88,912)	88,912	-	-
Net income					4,522,242	4,522,242	4,522,242
Net changes of items other than unitholders' equity							
Total changes of items during the period	16,127,370	-	(88,912)	(88,912)	825,442	736,530	16,863,900
Balance at end of the period	1105,443,555	25,132,218	8,268,849	8,268,849	4,877,759	38,278,827	143,722,383

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of the period	615,139	615,139	127,473,622
Changes of items during the period			
Issuance of new investment units			16,127,370
Dividends from surplus			(3,785,712)
Reversal of reserve for temporary difference adjustment			-
Net income			4,522,242
Net changes of items other than unitholders' equity	354,337	354,337	354,337
Total changes of items during the period	354,337	354,337	17,218,237
Balance at end of the period	969,477	969,477	144,691,860

Statement of Cash Distributions

(Unit: yen)		
	17th fiscal period From: February 1, 2024 To: July 31, 2024	18th fiscal period From: August 1, 2024 To: January 31, 2025
I. Unappropriated retained earnings	4,052,316,832	4,877,759,527
II. Reversal of voluntary reserve		
Reversal of reserve for temporary difference adjustment ¹	88,912,365	88,912,365
III. Cash distribution	3,785,712,000	4,570,587,000
[Cash distribution per unit]	(1,596)	(1,701)
Cash distribution of earnings	3,785,712,000	4,570,587,000
[Cash distribution of earnings per unit]	(1,596)	(1,701)
IV. Retained earnings carried forward	355,517,197	396,084,892

Method of calculation of amount of cash distributions	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 3,785,712,000 yen, which is equivalent to the sum of net income, the amount of reversal of reserve for temporary difference adjustment of 88,912,365 yen, and a portion of retained earnings brought forward of 27,832,045 million yen.	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 4,570,587,000 yen, which is equivalent to the sum of the amount remaining after reserving 40,567,695 yen from net income and the amount of reversal of reserve for temporary difference adjustment of 88,912,365 yen.
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Statement of Cash Flows

(Unit: thousand yen)

	17th fiscal period From: February 1, 2024 To: July 31, 2024	18th fiscal period From: August 1, 2024 To: January 31, 2025
Cash flows from operating activities		
Income before income taxes	3,669,572	4,522,847
Depreciation	1,034,674	1,142,591
Amortization of investment corporation bond issuance costs	1,020	1,631
Amortization of investment unit issuance costs	20,812	21,988
Interest income	(62)	(1,136)
Interest expenses	508,333	648,551
Decrease (increase) in operating accounts receivable	(123,617)	(157,660)
Decrease (increase) in consumption taxes receivable	1,245,234	(472,875)
Increase (decrease) in accrued consumption taxes	390,224	(365,511)
Decrease (increase) in prepaid expenses	(36,191)	31,449
Decrease (increase) in long-term prepaid expenses	63,212	7,977
Increase (decrease) in operating accounts payable	(156,352)	215,577
Increase (decrease) in accounts payable - other	30,722	103,618
Increase (decrease) in advances received	131,620	(100,929)
Decrease in property, plant and equipment in trust due to sale	-	3,035,030
Other, net	6,961	(8,110)
Subtotal	6,786,164	8,625,038
Interest income received	62	1,136
Interest expenses paid	(497,419)	(611,321)
Income taxes paid	(609)	(296)
Net cash provided by (used in) operating activities	6,288,198	8,014,557
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(843,429)	(36,766,153)
Repayments of leasehold and guarantee deposits received	(1,245)	-
Repayments of leasehold and guarantee deposits received in trust	(51,933)	(131,905)
Proceeds from leasehold and guarantee deposits received in trust	194,341	216,595
Purchase of investment securities	-	(1,414,000)
Proceeds from repayment of investment securities	-	1,300,000
Net cash provided by (used in) investing activities	(702,267)	(36,795,463)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,000,000	2,000,000
Repayments of short-term borrowings	(1,300,000)	(2,200,000)
Proceeds from long-term borrowings	8,500,000	20,825,000
Repayments of long-term borrowings	(9,500,000)	(3,785,000)
Proceeds from issuance of investment corporation bonds	-	987,576
Proceeds from issuance of investment units	-	16,079,249
Dividends paid	(3,614,441)	(3,784,928)
Net cash provided by (used in) financing activities	(4,914,441)	30,121,898
Net increase (decrease) in cash and cash equivalents	671,489	1,340,991
Cash and cash equivalents at beginning of period	11,653,443	12,324,933
Cash and cash equivalents at end of period	*1 12,324,933	*1 13,665,924

Notes to Financial Statements

Organization

Star Asia Investment Corporation (SAR) was established as a diversified real estate investment trust on December 1, 2015, under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended). It was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section on April 20, 2016 (securities code: 3468). SAR has assigned the asset management of its portfolio to Star Asia Invest Management Co., Ltd., a financial instruments business operator under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended), through which SAR has been executing active management, aiming to maximize the interests of unitholders and striving to expand its asset size and increase distributions per unit. The asset size as of the 18th fiscal period (ended January 31, 2025) is 276,545 million yen. Furthermore, SAR acquired additional unit ownership (acquisition price: 221 million yen) in abeno nini (Retail) in March 2025 after the end of the 18th fiscal period (ended January 2025), and the asset size as of the date of this document is 276,766 million yen.

Basis of Presentation

SAR has prepared the financial statements attached hereto in accordance with the accounting principles generally accepted in Japan (J-GAAP). J-GAAP differs from international accounting standards in the specific details of accounting and disclosure standards.

The financial statements attached hereto are a translation of audited financial statements prepared from SAR's accounting records and submitted to the Kanto Local Finance Bureau as per the Financial Instruments and Exchange Act for domestic disclosure.

Certain notes are added to the financial statements published in Japan to facilitate the understanding for overseas readers. SAR's fiscal periods are six months ending January 31 and July 31 every year.

Since SAR has no subsidiaries, no consolidated financial statements are prepared.

Notes on the Going Concern Assumption

Not applicable.

Notes on Matters Relating to Significant Accounting Policies

1. Evaluation standards and methods of valuation of securities	<p>(1) Investments in other securities of subsidiaries and associates Cost method through moving-average method</p> <p>(2) Other securities Those with market price Fair value method or market value method (Variances are directly included in net assets.)</p>
2. Method of depreciation of non-current assets	<p>(1) 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 2-70 years Structures 7-30 years Machinery and equipment 7-17 years Tools, furniture and fixtures 2-15 years</p> <p>(2) Intangible assets (including trust assets) The straight-line method is adopted. Fixed-term land leasehold is amortized using the straight-line method over the remaining period.</p>
3. Accounting for deferred assets	<p>(1) Investment unit issuance costs Investment unit issuance costs are amortized by the straight-line method over 3 years.</p> <p>(2) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized by the straight-line method over the period through redemption.</p>
4. Standards for recording revenue and expense	<p>(1) 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 the amount corresponding to the fiscal period out of the tax amount assessed and determined is expensed as expenses related to lease 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 recorded 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. is 30,021 thousand yen.</p> <p>(2) Standards for recording revenue The details of main performance obligations concerning revenue generated from contracts between SAR and its customers and the ordinary time to fulfil said performance obligations (ordinary time to recognize revenue) are as follows.</p> <p>1) Sale of real estate For revenue from sale of real estate, SAR records revenue when the purchaser who is a customer obtains control of the relevant real estate as a result of the seller fulfilling its delivery obligations stipulated in the transaction agreement of the real estate.</p> <p>2) Utilities income SAR records utilities income in accordance with the supply of electricity and water, etc. to the lessee who is a customer based on the lease agreement of real estate and details of agreements incidental to it. Of the utilities income, in the case that SAR deems itself to be an agent, the net amount obtained by deducting the amount it pays to other parties from the amount it receives as charges for electricity and gas, etc. supplied by the said other parties is recognized as revenue.</p>

5. Hedge accounting approach	<p>(1) Hedge accounting approach Deferral hedge accounting is adopted.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transaction Hedged items: Interest on loans</p> <p>(3) Hedging policy SAR conducts derivative transactions for the purpose of hedging the risks provided in its Articles of Incorporation pursuant to basic rules on risk management.</p> <p>(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.</p>
6. 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.
7. Other matters serving as the basis for preparation of financial statements	<p>(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 and retained earnings. The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet.</p> <p>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) Leasehold and guarantee deposits in trust 5) Leasehold and guarantee deposits received in trust</p> <p>(2) Accounting for consumption tax, etc. Non-deductible consumption tax on acquisition of assets is included in the acquisition cost of each asset.</p>

[Notes to accounting standards not yet applied]

(Accounting Standard for Leases, etc.)

- Accounting Standard for Leases, etc. (Corporate Accounting Standard No. 34; September 13, 2024 the Accounting Standards Board of Japan)
- Implementation Guidance on Accounting Standard for Leases (Accounting Standards Implementation Guideline No. 33; September 13, 2024 the Accounting Standards Board of Japan), etc.

(1) Summary

As part of its efforts to ensure the global consistency of Japanese accounting standards, the Accounting Standards Board of Japan conducted reviews based on international accounting standards with an eye toward the development of an accounting standard for leases to recognize assets and liabilities regarding all the leases of a lessee and announced accounting standard for leases, etc. as a basic policy. Building on the existing single lessee accounting model introduced by IFRS 16, these accounting standards, etc. aim to be simple and highly convenient standards by adopting only major clauses of IFRS 16, not all the clauses, and by basically requiring no corrections when using IFRS 16 clauses in individual financial statements.

As an accounting treatment using the expense allotment method for a lessee's leases, a single lessee accounting model is adopted in the same manner as IFRS 16, under which depreciation regarding right of use assets for all leases, regardless of whether a lease is classified as finance or operating, and interest amount regarding lease liabilities is posted.

(2) Scheduled date of application

SAR will apply the accounting standards from the beginning of the fiscal period ending January 31, 2028.

(3) Impact of applying the Accounting Standard and other standards

SAR is currently evaluating the impact of the Accounting Standard for Leases, etc. on financial statements.

[Notes on 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)

17th fiscal period (As of July 31, 2024)	18th fiscal period (As of January 31, 2025)
50,000	50,000

*2 Matters on provision and reversal of reserve for temporary difference adjustment

17th fiscal period (As of July 31, 2024)

(Unit: thousand yen)

	Initial amount	Balance at beginning of the period	Reserve during the period	Reversal during the period	Balance at end of the period	Reasons for provision and reversal
Gain on negative goodwill ^(Note)	8,891,236	8,446,674	-	88,912	8,357,762	Appropriate for distribution

(Note) Gain on negative goodwill indicates the amount of provision of gain on negative goodwill recorded in the past fiscal period, and will be reversed in equal amount or more over 50 years or less every fiscal period starting from the 12th fiscal period, which is the period following the fiscal period in which the provision was made.

18th fiscal period (As of January 31, 2025)

(Unit: thousand yen)

	Initial amount	Balance at beginning of the period	Reserve during the period	Reversal during the period	Balance at end of the period	Reasons for provision and reversal
Gain on negative goodwill ^(Note)	8,891,236	8,357,762	-	88,912	8,268,849	Appropriate for distribution

(Note) Gain on negative goodwill indicates the amount of provision of gain on negative goodwill recorded in the past fiscal period, and will be reversed in equal amount or more over 50 years or less every fiscal period starting from the 12th fiscal period, which is the period following the fiscal period in which the provision was made.

[Notes on the Statement of Income and Retained Earnings]

*1 Breakdown of operating income from real estate leasing

(Unit: thousand yen)

	17th fiscal period From: February 1, 2024 To: July 31, 2024	18th fiscal period From: August 1, 2024 To: January 31, 2025
A. Operating revenue from real estate leasing		
Rental revenue		
Rental revenue	6,818,995	7,985,294
Common area maintenance revenue	568,845	556,485
Parking revenue	209,292	209,895
Facility use revenue	32,295	34,550
Other rental revenue	6,374	7,076
Total	7,635,803	8,793,301
Other lease business revenue		
Utilities income	348,798	410,233
Other revenue	63,401	81,399
Total	412,199	491,633
Total operating revenue from real estate leasing	8,048,003	9,284,934
B. Operating expenses from real estate leasing		
Expenses related to rent business		
Management fee	466,129	468,776
Utilities expenses	379,716	452,575
Taxes and dues	599,404	596,816
Repair expenses	217,551	361,856
Trust fee	30,462	29,513
Insurance premium	20,709	21,927
Depreciation	1,034,674	1,142,591
Other expenses	307,198	296,271
Total operating expenses from real estate leasing	3,055,846	3,370,328
C. Operating income (loss) from real estate leasing [A—B]	4,992,156	5,914,606

*2 Breakdown of gain (loss) on sale of real estate

17th fiscal period (from February 1, 2024 to July 31, 2024)

Not applicable.

18th fiscal period (from August 1, 2024 to January 31, 2025)

(Unit: thousand yen)

Urban Park Namba

Proceeds from sale of real estate	1,700,000
Cost of sale of real estate	1,450,638
Other sales expenses	69,339

Gain on sale of real estate	180,021
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(Unit: thousand yen)

Smile Hotel Namba

Proceeds from sale of real estate	1,800,000
Cost of sale of real estate	1,584,391
Other sales expenses	72,908

Gain on sale of real estate	142,699
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[Notes on the Statement of Changes in Unitholders' Equity]

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

	17th fiscal period From: February 1, 2024 To: July 31, 2024	18th fiscal period From: August 1, 2024 To: January 31, 2025
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	2,372,000 units	2,687,000 units

[Notes on the Statement of Cash Distributions]

17th fiscal period From: February 1, 2024 To: July 31, 2024	18th fiscal period From: August 1, 2024 To: January 31, 2025
*1 Reserve for temporary difference adjustment SAR provided 8,891,236 thousand yen as reserve for temporary difference adjustment in the 10th fiscal period. From the 11th fiscal period, SAR plans to reverse the same amount or more in each fiscal period over a period of up to 50 years. In the fiscal period under review, SAR decided to reverse 88,912 thousand yen.	*1 Reserve for temporary difference adjustment SAR provided 8,891,236 thousand yen as reserve for temporary difference adjustment in the 10th fiscal period. From the 11th fiscal period, SAR plans to reverse the same amount or more in each fiscal period over a period of up to 50 years. In the fiscal period under review, SAR decided to reverse 88,912 thousand yen.

[Notes on 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)

	17th fiscal period From: February 1, 2024 To: July 31, 2024	18th fiscal period From: August 1, 2024 To: January 31, 2025
Cash and deposits	3,379,427	3,815,857
Cash and deposits in trust	8,945,505	9,850,067
Cash and cash equivalents	12,324,933	13,665,924

[Notes on Lease Transactions]

Operating leases (as lessee)

Future minimum lease payments

(Unit: thousand yen)

	17th fiscal period (As of July 31, 2024)	18th fiscal period (As of January 31, 2025)
Not later than 1 year	180,199	180,199
Later than 1 year	6,477,402	6,387,302
Total	6,657,601	6,567,501

Operating leases (as lessor)

Future minimum lease payments

(Unit: thousand yen)

	17th fiscal period (As of July 31, 2024)	18th fiscal period (As of January 31, 2025)
Not later than 1 year	5,741,460	5,926,292
Later than 1 year	21,624,088	28,934,716
Total	27,365,549	34,861,008

[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, borrowings 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 "5. Hedge accounting approach" described under "Notes on Matters Relating to Significant Accounting Policies" earlier in this document.

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

Not applicable.

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

The carrying amount, fair value and the amount of difference between them are as follows. Because "cash and deposits," "cash and deposits in trust" and "short-term borrowings" are cash and settled in a short period of time and the fair values approximate the book values accordingly, notes on these matters are omitted.

17th fiscal period (As of July 31, 2024)

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Current portion of long-term borrowings	11,085,000	11,085,000	-
(2) Investment corporation bonds	1,000,000	978,200	(21,800)
(3) Long-term borrowings	108,755,000	108,640,309	(114,690)
Liabilities total	120,840,000	120,703,509	(136,490)
(4) Derivative transactions (*)	615,139	615,139	-

(*) 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.

18th fiscal period (As of January 31, 2025)

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Current portion of long-term borrowings	19,150,000	19,150,000	-
(2) Investment corporation bonds	2,000,000	1,961,900	(38,100)
(3) Long-term borrowings	117,730,000	117,588,286	(141,713)
Liabilities total	138,880,000	138,700,186	(179,813)
(4) Derivative transactions (*)	969,477	969,477	-

(*) 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) Current portion of long-term borrowings (3) Long-term borrowings

Of these, the fair values of those with fixed interest rates are calculated by the present value obtained by discounting the total principal and interest by the rate expected when similar funds are additionally borrowed in correspondence with the remaining term. Since those with floating interest rates are under terms and conditions that interest rates be renewed every set period of time, the fair values are approximately the same as the book value, and thus such are used.

(2) Investment corporation bonds

The reference value announced by Japan Securities Dealers Association is stated.

(4) Derivative transactions

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

(Note 2) Amount of redemption/repayment of investment corporation bonds and loans to be due after the date of settlement of accounts

17th fiscal period (As of July 31, 2024)

(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
Investment corporation bonds	-	-	-	-	1,000,000	-
Long-term borrowings	11,085,000	20,910,000	23,165,000	19,490,000	25,120,000	20,070,000
Total	11,085,000	20,910,000	23,165,000	19,490,000	26,120,000	20,070,000

18th fiscal period (As of January 31, 2025)

(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
Investment corporation bonds	-	-	-	1,000,000	1,000,000	-
Long-term borrowings	19,150,000	20,275,000	21,650,000	21,680,000	25,855,000	28,270,000
Total	19,150,000	20,275,000	21,650,000	22,680,000	26,855,000	28,270,000

[Notes on Securities]

17th fiscal period (As of July 31, 2024)

Notes are omitted because they lack significance.

18th fiscal period (As of January 31, 2025)

Notes are omitted because they lack significance.

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

17th fiscal period (As of July 31, 2024)

Not applicable.

18th fiscal period (As of January 31, 2025)

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.

17th fiscal period (As of July 31, 2024)

(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 borrowings	68,965,000	61,665,000	615,139

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

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

18th fiscal period (As of January 31, 2025)

(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 borrowings	68,965,000	49,815,000	969,477

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

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

[Notes on Retirement Benefits]

17th fiscal period (As of July 31, 2024)

Not applicable.

18th fiscal period (As of January 31, 2025)

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)

	17th fiscal period (As of July 31, 2024)	18th fiscal period (As of January 31, 2025)
Deferred tax assets		
Valuation adjustment upon merger	1,047,923	1,027,309
Leasehold interests in land	4,864	7,517
Acquisition cost of securities	4,518	5,135
Asset retirement obligations	31,433	31,737
Deferred tax assets, subtotal	1,088,739	1,071,699
Valuation allowance	(1,088,739)	(1,071,699)
Deferred tax assets, 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: %)	
	17th fiscal period (As of July 31, 2024)	18th fiscal period (As of January 31, 2025)
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible distributions payable	(31.09)	(31.18)
Other	(0.35)	(0.26)
Effective income tax rate after application of tax-effect accounting	0.02	0.01

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

17th fiscal period (As of July 31, 2024)
Notes are omitted because they lack significance.

18th fiscal period (As of January 31, 2025)
Notes are omitted because they lack significance.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholders, etc.
17th fiscal period (from February 1, 2024 to July 31, 2024)
Not applicable.

18th fiscal period (from August 1, 2024 to January 31, 2025)
Not applicable.
2. Affiliated companies, etc.
17th fiscal period (from February 1, 2024 to July 31, 2024)
Not applicable.

18th fiscal period (from August 1, 2024 to January 31, 2025)
Not applicable.
3. Fellow subsidiaries, etc.
17th fiscal period (from February 1, 2024 to July 31, 2024)
Not applicable.

18th fiscal period (from August 1, 2024 to January 31, 2025)
Not applicable.

4. Directors, major individual unitholders, etc.
17th fiscal period (from February 1, 2024 to July 31, 2024)

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 the period (thousand yen)
Director, or close relative of director	Atsushi Kato	-	-	Executive Director of SAR, and President and CEO of the Asset Manager	0.03%	Payment of asset management fee to the Asset Manager ^(Note 1)	542,424 ^(Note 2)	Accounts payable - other	596,666 ^(Note 2)

18th fiscal period (from August 1, 2024 to January 31, 2025)

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 the period (thousand yen)
Director, or close relative of director	Atsushi Kato	-	-	Executive Director of SAR, and President and CEO of the Asset Manager	0.03%	Payment of asset management fee to the Asset Manager ^(Note 1)	860,908 ^(Note 2) ^(Note 3)	Accounts payable - other	689,995 ^(Note 2)

- (Note 1) The transaction was conducted by Atsushi Kato as President and CEO of a third party (the Asset Manager), 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) The asset management fee for the 18th fiscal period includes the acquisition incentive portion included in the book value of individual real estate, etc. in the amount of 184,500 thousand yen and the transfer incentive portion for real estate, etc. in the amount of 35,000 thousand yen.

[Notes on Asset Retirement Obligations]

1. Outline of the asset retirement obligations
SAR concluded a fixed-term subleasehold agreement for the land of its asset Best Western Plus Fukuoka Tenjin-minami, and recognized asset retirement obligations in connection with the obligation to restore the site to its original condition at the end of the sublease term.
2. Method of calculating asset retirement obligations
Asset retirement obligations are calculated using the expected period of use, which is estimated at 55 years from the expiration of the fixed-term subleasehold agreement, and a discount rate of 1.925%.

3. Changes in total asset retirement obligations

	(Unit: thousand yen)	
	17th fiscal period From: February 1, 2024 To: July 31, 2024	18th fiscal period From: August 1, 2024 To: January 31, 2025
Balance at beginning of period	98,969	99,915
Increase due to purchases of property, plant and equipment	-	-
Adjustment due to passage of time	945	965
Balance at end of the period	99,915	100,880

[Notes on Investments in 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 investments in rental properties are as follows:

(Unit: thousand yen)

	17th fiscal period From: February 1, 2024 To: July 31, 2024	18th fiscal period From: August 1, 2024 To: January 31, 2025
Carrying amount		
Balance at beginning of period	241,648,945	241,398,928
Amount of increase (decrease) during period	(250,016)	32,698,277
Balance at end of the period	241,398,928	274,097,206
Fair value at end of period	271,352,000	313,483,000

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

(Note 2) Of the amount of increase (decrease) in investments in rental properties during the 17th fiscal period, the amount of increase is mainly attributable to capital expenditures (774,323 thousand yen) of the previous fiscal period, while the amount of decrease is mainly depreciation (1,034,674 thousand yen). The amount of increase during the 18th fiscal period is mainly attributable to the acquisition of real estate beneficiary interest in trust of five properties (36,034,069 thousand yen), capital expenditures (830,216 thousand yen), while the amount of decrease primarily reflects the disposition of real estate beneficiary interest in trust of two properties (3,035,030 thousand yen) and depreciation (1,142,591 thousand yen).

(Note 3) Fair value at the end of the period is based on the appraisal value by an outside real estate appraiser. Of the fair values at the end of the 17th fiscal period, those of Urban Park Namba and Smile Hotel Namba are based on the transfer prices (1,700,000 thousand yen and 1,800,000 thousand yen) stated in the trust beneficiary interest sale and purchase agreements dated August 2, 2024.

Income (loss) from investments in rental properties is as stated in “Notes to the Statement of Income and Retained Earnings” earlier in this document.

[Notes on Revenue Recognition]

1. Breakdown information on revenue from contracts with customers

17th fiscal period (from February 1, 2024 to July 31, 2024)

(Unit: thousand yen)

	Revenue from contracts with customers ^(Note)	Sales to external customers
Proceeds from sale of real estate	-	-
Utilities income	348,798	348,798
Other	-	7,764,987
Total	348,798	8,113,786

(Note) Rental revenue, etc. subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13) are excluded from the above amount as such revenue is not subject to the Revenue Recognition Accounting Standard. Revenue from contracts with customers mainly represents proceeds from sale of real estate and utilities income.

18th fiscal period (from August 1, 2024 to January 31, 2025)

(Unit: thousand yen)

	Revenue from contracts with customers ^(Note 1)	Sales to external customers
Proceeds from sale of real estate ^(Note 2)	322,720	322,720
Utilities income	410,233	410,233
Other	-	8,957,125
Total	732,954	9,690,078

(Note 1) Rental revenue, etc. subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13) are excluded from the above amount as such revenue is not subject to the Revenue Recognition Accounting Standard. Revenue from contracts with customers mainly represents proceeds from sale of real estate and utilities income.

(Note 2) Proceeds from sale of real estate is recorded as gain on sale of property in the statement of income and retained earnings. Therefore, the amount calculated by deducting the cost of sale of real estate and other sale expenses from the proceeds from sale of real estate is indicated.

2. Foundational information for understanding revenue from contracts with customers

The information is as indicated in the Notes on Matters Relating to Significant Accounting Policies.

3. Information on relationship of fulfillment of performance obligations based on contracts with customers with cashflow generated from said contracts and amount and period of revenue expected to be recognized in the next fiscal period or thereafter from contracts with customers existing at the end of the current fiscal period.

(1) Balance of contract assets and contract liabilities, etc.

(Unit: thousand yen)

	17th fiscal period From: February 1, 2024 To: July 31, 2024	18th fiscal period From: August 1, 2024 To: January 31, 2025
Claims generated from contracts with customers (balance at beginning of the period)	62,199	80,919
Claims generated from contracts with customers (balance at end of the period)	80,919	67,698
Contract assets (balance at beginning of the period)	-	-
Contract assets (balance at end of the period)	-	-
Contract liabilities (balance at beginning of the period)	-	-
Contract liabilities (balance at end of the period)	-	-

(2) Transaction value allocated to remaining performance obligations

Not applicable.

SAR does not include contracts whose terms are initially expected to be one year or less in the note on transaction value allocated to remaining performance obligations as an expedient in practice. Also, with regard to utilities income, as SAR has the right to receive from customers an amount directly corresponding to the value for the lessees who are customers of portions for which performance is complete by the end of the fiscal period, the amount it has the right to claim according to Paragraph 19 of the Application Guidelines of the Accounting Standard for Revenue Recognition is recognized as revenue. Accordingly, such is not included in the note on transaction value allocated to remaining performance obligations through application of the provisions of Paragraph 80-22 (2) of the Accounting Standard for Revenue Recognition.

[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

17th fiscal period (from February 1, 2024 to July 31, 2024)

(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 and retained earnings.

(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 and retained earnings.

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 each major customer

(Unit: thousand yen)

Customer name	Operating revenue	Name of relevant segment
KOKO HOTELS CO., LTD.	1,106,695	Real estate leasing business

18th fiscal period (from August 1, 2024 to January 31, 2025)

(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 and retained earnings.

(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 and retained earnings.

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 each major customer

(Unit: thousand yen)

Customer name	Operating revenue	Name of relevant segment
KOKO HOTELS CO., LTD.	1,924,397	Real estate leasing business

[Notes on Per Unit Information]

	17th fiscal period From: February 1, 2024 To: July 31, 2024	18th fiscal period From: August 1, 2024 To: January 31, 2025
Net assets per unit	53,740 yen	53,848 yen
Net income per unit	1,546 yen	1,712 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:

	17th fiscal period From: February 1, 2024 To: July 31, 2024	18th fiscal period From: August 1, 2024 To: January 31, 2025
Net income (thousand yen)	3,668,967	4,522,242
Amount not attributable to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	3,668,967	4,522,242
Average number of investment units during the period (units)	2,372,000	2,640,777

[Notes on Significant Subsequent Events]

Not applicable.

Supplementary Schedules

1. Schedule of securities

(i) Stocks

Not applicable.

(ii) Securities other than stocks

(Unit: thousand yen)

Type	Name of the security	Total face value	Book value	Accrued interest	Prepaid accrued interest	Fair value	Unrealized gain or loss	Remarks
Corporate bond	Star Asia Mezzanine Loan Debt Investment Series 10	-	414,000	2,741	-	414,000	-	(Note 1) (Note 4)
Corporate bond	Star Asia Mezzanine Loan Debt Investment Series 11	-	870,000	6,001	-	870,000	-	(Note 2) (Note 4)
Preferred equity securities	GSA JP Project 1 Tokutei Mokuteki Kaisha (TMK) Preferred Equity Securities	-	1,588,015	5,308	-	1,750,840	162,824	(Note 3) (Note 5)
Total		-	2,872,015	14,051	-	3,034,840	162,824	

(Note 1) The underlying assets are trust beneficiary interests in a trust mainly composed of ASTILE Ichigaya Yanagicho, ASTILE Hatagaya and CREAL premier Yushima.

(Note 2) The underlying assets are trust beneficiary interests in a trust mainly comprised of Centurion Hotel Grand Akasaka.

(Note 3) The underlying assets are trust beneficiary interests in a trust mainly comprised of HAKUSAN HOUSE.

(Note 4) Because interest income etc. from mezzanine loan debt are based on floating interest rates, the fair value is approximately the same as the acquisition cost and thus stated at that acquisition cost.

(Note 5) The fair value of preferred equity securities is the amount that is attributable to the equity held by SAR out of the net asset value of the issuer of preferred equity securities based on the appraisal value of the underlying assets.

2) Contracted amount, etc. and fair value of derivative transactions and forward exchange transactions

(Unit: thousand yen)

Category	Type	Contract amount, etc. (Note 1)		Fair value (Note 2)
			Of which, later than 1 year	
Transaction other than market transaction	Interest rate swap transaction (floating receivable; fixed payable)	68,965,000	49,815,000	969,477
Total		68,965,000	49,815,000	969,477

(Note 1) Contract amount, etc. of interest rate swaps are based on notional principal.

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

3) Summary table of schedule of real estate

(Unit: thousand yen)

Type of asset	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Accumulated depreciation or accumulated amortization		Net balance at end of the period	Remarks
						For period		
Property, plant and equipment	Tools, furniture and fixtures	114	-	-	114	-	0	
	Buildings in trust	73,691,762	8,561,686	1,447,046	80,806,403	9,499,528	1,100,044	71,306,875 (Note)
	Structures in trust	43,768	3,336	-	47,104	12,134	1,844	34,969
	Machinery and equipment in trust	338,544	42,054	-	380,599	91,690	17,603	288,908
	Tools, furniture and fixtures in trust	193,701	33,428	6,532	220,596	78,293	14,664	142,302
	Land in trust	169,771,175	28,235,724	1,917,776	196,089,124	-	-	196,089,124 (Note)
	Construction in progress in trust	-	3,175	-	3,175	-	-	3,175
	Subtotal	244,039,067	36,879,406	3,371,355	277,547,118	9,681,762	1,134,157	267,865,355
Intangible assets	Leasehold rights in trust	6,258,921	-	-	6,258,921	23,895	8,433	6,235,025
	Subtotal	6,258,921	-	-	6,258,921	23,895	8,433	6,235,025
Total		250,297,989	36,879,406	3,371,355	283,806,040	9,705,658	1,142,591	274,100,381

(Note) The amount of increase in property, plant and equipment during the 18th fiscal period is mainly attributable to the acquisition of the 5 properties below.

Urban Forum Warabi, KOKO HOTEL Tsukiji Ginza, KOKO HOTEL Residence Asakusa Kappabashi, KOKO HOTEL Residence Asakusa Tawaramachi, KOKO HOTEL Osaka Shinsaibashi

4) Schedule of other specified assets

Not applicable.

5) Schedule of investment corporation bonds

(Unit: thousand yen)

Name of the security	Issue date	Balance at beginning of the period	Amount of decrease during the period	Balance at end of the period	Interest rate	Redemption date	Use	Collateral
First Series Unsecured Investment Corporation Bonds (ranking pari passu among specified investment corporation bonds)	September 24, 2021	1,000,000	-	1,000,000	0.700%	September 21, 2028	Repayment of borrowings, etc.	Unsecured Unguaranteed
Second Series Unsecured Investment Corporation Bonds (ranking pari passu among specified investment corporation bonds) (Green bonds)	November 21, 2024	-	-	1,000,000	1.395%	November 21, 2029	Repayment of borrowings, etc.	Unsecured Unguaranteed
Total		1,000,000	-	2,000,000				

(Note) The yearly schedule of redemption for investment corporation bonds within five years of the balance sheet date is as follows:

(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
Investment corporation bonds	-	-	-	1,000,000	1,000,000

6) Schedule of borrowings

(Unit: thousand yen)									
Category ^(Note 2)	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate ^(Note 1)	Repayment date	Repayment method	Use	Remarks
	Lender								
Short-term borrowings	Sumitomo Mitsui Banking Corporation	500,000	-	500,000	0.5798% ^(Note 1)	April 30, 2025 ^(Note 4)	Lump sum repayment on repayment date	^(Note 7)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	500,000	-	500,000					
	Sumitomo Mitsui Banking Corporation	-	1,200,000	1,200,000	0.5442% ^(Note 1)	January 31, 2025 ^(Note 5)			
	Sumitomo Mitsui Banking Corporation	-	800,000	800,000	0.5619% ^(Note 1)	August 29, 2025			
	Subtotal	1,000,000	2,000,000	2,200,000	800,000				
Long-term borrowings	Sumitomo Mitsui Banking Corporation	1,950,000	-	-	1,950,000	0.7588% ^(Note 3)	April 21, 2025	^(Note 7)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	2,500,000	-	-	2,500,000				
	Sumitomo Mitsui Trust Bank, Limited	1,050,000	-	-	1,050,000				
	Aozora Bank, Ltd.	600,000	-	-	600,000				
	SBI Shinsei Bank, Limited	600,000	-	-	600,000				
	Resona Bank, Limited	600,000	-	-	600,000				
	Sumitomo Mitsui Banking Corporation	2,150,000	-	-	2,150,000	0.6975% ^(Note 3)	August 29, 2025	^(Note 7)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	2,000,000	-	-	2,000,000				
	Aozora Bank, Ltd.	1,500,000	-	-	1,500,000				
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000				
	The Nishi-Nippon City Bank, Ltd.	1,000,000	-	-	1,000,000				
	Resona Bank, Limited	600,000	-	-	600,000				
	Sumitomo Mitsui Banking Corporation	1,350,000	-	-	1,350,000	0.6850% ^(Note 3)	October 31, 2025	^(Note 7)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	1,000,000	-	-	1,000,000				
	Sumitomo Mitsui Trust Bank, Limited	850,000	-	-	850,000				
	Aozora Bank, Ltd.	400,000	-	-	400,000				
	Sumitomo Mitsui Banking Corporation	1,680,000	-	-	1,680,000				
	Mizuho Bank, Ltd.	1,530,000	-	-	1,530,000				
	The Bank of Yokohama, Ltd.	1,000,000	-	-	1,000,000	0.7025% ^(Note 3)	April 30, 2026	^(Note 7)	Unsecured Unguaranteed
	SBI Shinsei Bank, Limited	600,000	-	-	600,000				
	Aozora Bank, Ltd.	600,000	-	-	600,000				
	Sumitomo Mitsui Trust Bank, Limited	550,000	-	-	550,000				
	Sumitomo Mitsui Banking Corporation	750,000	-	-	750,000				
	Mizuho Bank, Ltd.	750,000	-	-	750,000				
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	0.9455% ^(Note 3)	April 28, 2028	^(Note 7)	Unsecured Unguaranteed
	The Kiyo Bank, Ltd.	500,000	-	-	500,000				
	Fukoku Mutual Life Insurance Company	500,000	-	-	500,000				
	Sumitomo Mitsui Banking Corporation	750,000	-	-	750,000				
	Mizuho Bank, Ltd.	750,000	-	-	750,000				
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000				
	Aozora Bank, Ltd.	500,000	-	-	500,000	0.6780% ^(Note 3)	August 19, 2026	^(Note 7)	Unsecured Unguaranteed
	The Bank of Yokohama, Ltd.	500,000	-	-	500,000				
	The Minato Bank, Ltd.	750,000	-	-	750,000				

(Unit: thousand yen)

Category <small>(Note 2)</small>	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate <small>(Note 1)</small>	Repayment date	Repayment method	Use	Remarks	
	Lender									
Long-term borrowings	Sumitomo Mitsui Banking Corporation	750,000	-	-	750,000	0.8894% <small>(Note 3)</small>	August 21, 2028	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	750,000	-	-	750,000					
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000					
	Aozora Bank, Ltd.	500,000	-	-	500,000					
	The Minato Bank, Ltd.	750,000	-	-	750,000					
	Sumitomo Mitsui Banking Corporation	1,150,000	-	-	1,150,000	0.6955% <small>(Note 3)</small>	August 31, 2026	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	540,000	-	-	540,000					
	SBI Shinsei Bank, Limited	2,160,000	-	-	2,160,000					
	The Minato Bank, Ltd.	500,000	-	-	500,000					
	Sumitomo Mitsui Banking Corporation	800,000	-	-	800,000	0.9106% <small>(Note 3)</small>	August 31, 2028	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	500,000	-	-	500,000					
	SBI Shinsei Bank, Limited	1,500,000	-	-	1,500,000					
	Aozora Bank, Ltd.	500,000	-	-	500,000					
	San ju San Bank, Ltd.	500,000	-	-	500,000					
	Sumitomo Mitsui Banking Corporation	932,500	-	932,500	-	0.7354%	October 21, 2024	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	857,500	-	857,500	-					
	SBI Shinsei Bank, Limited	300,000	-	300,000	-					
	Sumitomo Mitsui Trust Bank, Limited	525,000	-	525,000	-					
	Aozora Bank, Ltd.	300,000	-	300,000	-					
	Resona Bank, Limited	100,000	-	100,000	-					
	The Bank of Fukuoka, Ltd.	170,000	-	170,000	-					
	Mizuho Trust & Banking Co., Ltd.	100,000	-	100,000	-					
	The Dai-ichi Life Insurance Company, Limited	500,000	-	500,000	-					
	Sumitomo Mitsui Banking Corporation	932,500	-	-	932,500					
	Mizuho Bank, Ltd.	857,500	-	-	857,500					
	SBI Shinsei Bank, Limited	300,000	-	-	300,000					
	Sumitomo Mitsui Trust Bank, Limited	525,000	-	-	525,000					
	Aozora Bank, Ltd.	300,000	-	-	300,000					
	Resona Bank, Limited	100,000	-	-	100,000					
	Mizuho Trust & Banking Co., Ltd.	100,000	-	-	100,000					
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	0.8276%	May 31, 2027	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	450,000	-	-	450,000					
	SBI Shinsei Bank, Limited	600,000	-	-	600,000					
	Sumitomo Mitsui Trust Bank, Limited	700,000	-	-	700,000					
	Aozora Bank, Ltd.	500,000	-	-	500,000					
	Resona Bank, Limited	500,000	-	-	500,000					
	The Bank of Fukuoka, Ltd.	250,000	-	-	250,000	0.9067%	May 31, 2027	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	Sumitomo Mitsui Banking Corporation	900,000	-	-	900,000					
	Mizuho Bank, Ltd.	550,000	-	-	550,000					
	SBI Shinsei Bank, Limited	400,000	-	-	400,000					
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000					
	Aozora Bank, Ltd.	400,000	-	-	400,000					
	Resona Bank, Limited	400,000	-	-	400,000					

(Unit: thousand yen)										
Category <small>(Note 2)</small>	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate <small>(Note 1)</small>	Repayment date	Repayment method	Use	Remarks	
	Lender									
Long-term borrowings	Sumitomo Mitsui Banking Corporation	450,000	-	-	450,000	0.8738%	May 31, 2027	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	SBI Shinsei Bank, Limited	450,000	-	-	450,000					
	Aozora Bank, Ltd.	200,000	-	-	200,000					
	The Kiyo Bank, Ltd.	1,000,000	-	-	1,000,000					
	Sumitomo Mitsui Banking Corporation	1,400,000	-	-	1,400,000	0.8722% <small>(Note 3)</small>	August 31, 2027	Lump sum repayment on repayment date	<small>(Note 8)</small>	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	1,400,000	-	-	1,400,000					
	SBI Shinsei Bank, Limited	800,000	-	-	800,000					
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000					
	Aozora Bank, Ltd. <small>(Note 6)</small>	800,000	-	500,000	300,000					
	The Kumamoto Bank, Ltd. <small>(Note 6)</small>	-	500,000	-	500,000					
	Resona Bank, Limited	800,000	-	-	800,000					
	The Chiba Bank, Ltd.	1,000,000	-	-	1,000,000					
	Sumitomo Mitsui Banking Corporation	1,380,000	-	-	1,380,000	0.6999% <small>(Note 3)</small>	April 30, 2026	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	SBI Shinsei Bank, Limited	1,380,000	-	-	1,380,000					
	Resona Bank, Limited	340,000	-	-	340,000					
	Sumitomo Mitsui Banking Corporation	1,120,000	-	-	1,120,000	0.8999% <small>(Note 3)</small>	August 31, 2027	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	SBI Shinsei Bank, Limited	1,120,000	-	-	1,120,000					
	Resona Bank, Limited	260,000	-	-	260,000					
	Sumitomo Mitsui Banking Corporation	2,020,000	-	-	2,020,000	1.1110% <small>(Note 3)</small>	April 28, 2028	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	640,000	-	-	640,000					
	SBI Shinsei Bank, Limited	1,700,000	-	-	1,700,000					
	Sumitomo Mitsui Trust Bank, Limited	560,000	-	-	560,000					
	Aozora Bank, Ltd.	900,000	-	-	900,000	1.2779% <small>(Note 3)</small>	February 28, 2029	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	Resona Bank, Limited	620,000	-	-	620,000					
	The Bank of Fukuoka, Ltd.	350,000	-	-	350,000					
	Sumitomo Mitsui Banking Corporation	900,000	-	-	900,000					
	Mizuho Bank, Ltd.	280,000	-	-	280,000					
	SBI Shinsei Bank, Limited	750,000	-	-	750,000					
	Sumitomo Mitsui Trust Bank, Limited	240,000	-	-	240,000					
	Aozora Bank, Ltd.	400,000	-	-	400,000					
	Resona Bank, Limited	280,000	-	-	280,000	1.0667%	February 28, 2029	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	The Bank of Fukuoka, Ltd.	150,000	-	-	150,000					
	Sumitomo Mitsui Banking Corporation	650,000	-	-	650,000					
	Mizuho Bank, Ltd.	650,000	-	-	650,000					
	SBI Shinsei Bank, Limited	1,300,000	-	-	1,300,000					
	Sumitomo Mitsui Trust Bank, Limited	1,800,000	-	-	1,800,000					
	Aozora Bank, Ltd.	800,000	-	-	800,000					
	Resona Bank, Limited	800,000	-	-	800,000					
	The Bank of Fukuoka, Ltd.	430,000	-	-	430,000					
	The Chiba Bank, Ltd.	1,000,000	-	-	1,000,000					
	The Juhachi-Shinwa Bank, Ltd.	400,000	-	-	400,000					
	The Asahi Shinkin Bank	1,000,000	-	-	1,000,000					
	The Musashino Bank, Ltd.	400,000	-	-	400,000					
	The Yamagata Bank, Ltd.	500,000	-	-	500,000					

(Unit: thousand yen)										
Category <small>(Note 2)</small>	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate <small>(Note 1)</small>	Repayment date	Repayment method	Use	Remarks	
	Lender									
Long-term borrowings	Sumitomo Mitsui Banking Corporation	1,300,000	-	-	1,300,000	1.2167%	August 30, 2030	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	1,300,000	-	-	1,300,000					
	SBI Shinsei Bank, Limited	1,700,000	-	-	1,700,000					
	Sumitomo Mitsui Trust Bank, Limited	1,600,000	-	-	1,600,000					
	Aozora Bank, Ltd.	1,200,000	-	-	1,200,000					
	Resona Bank, Limited	1,200,000	-	-	1,200,000					
	The Bank of Fukuoka, Ltd.	570,000	-	-	570,000					
	The Kiyo Bank, Ltd.	500,000	-	-	500,000					
	San ju San Bank, Ltd.	500,000	-	-	500,000					
	The Juhachi-Shinwa Bank, Ltd.	600,000	-	-	600,000					
	The Asahi Shinkin Bank	1,000,000	-	-	1,000,000					
	The Musashino Bank, Ltd.	600,000	-	-	600,000					
	Sumitomo Mitsui Banking Corporation	850,000	-	-	850,000	1.0167%	September 20, 2028	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	750,000	-	-	750,000					
	Sumitomo Mitsui Trust Bank, Limited	700,000	-	-	700,000					
	SBI Shinsei Bank, Limited	600,000	-	-	600,000					
	Aozora Bank, Ltd.	500,000	-	-	500,000					
	Resona Bank, Limited	500,000	-	-	500,000					
	The Nishi-Nippon City Bank, Ltd.	500,000	-	-	500,000					
	The Bank of Fukuoka, Ltd.	240,000	-	-	240,000					
	Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000	0.8667%	May 31, 2027	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	Sumitomo Mitsui Banking Corporation	1,600,000	-	-	1,600,000					
	Mizuho Bank, Ltd.	1,600,000	-	-	1,600,000	0.9667%	February 28, 2029	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	The Bank of Fukuoka, Ltd.	500,000	-	-	500,000					
	Sumitomo Mitsui Banking Corporation	2,200,000	-	-	2,200,000	1.1167%	April 30, 2030	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	2,050,000	-	-	2,050,000					
	Sumitomo Mitsui Trust Bank, Limited	1,250,000	-	-	1,250,000					
	SBI Shinsei Bank, Limited	700,000	-	-	700,000					
	Aozora Bank, Ltd.	700,000	-	-	700,000					
	Resona Bank, Limited	700,000	-	-	700,000					
	Mizuho Trust & Banking Co., Ltd.	400,000	-	-	400,000					

(Unit: thousand yen)

Category <small>(Note 2)</small>	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate <small>(Note 1)</small>	Repayment date	Repayment method	Use	Remarks	
	Lender									
Long-term borrowings	Sumitomo Mitsui Banking Corporation	-	1,750,000	-	1,750,000	1.0468%	August 30, 2029	Lump sum repayment on repayment date	<small>(Note 8)</small>	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	-	1,340,000	-	1,340,000					
	SBI Shinsei Bank, Limited	-	900,000	-	900,000					
	Sumitomo Mitsui Trust Bank, Limited	-	1,000,000	-	1,000,000					
	Resona Bank, Limited	-	750,000	-	750,000					
	The Kiyo Bank, Ltd.	-	500,000	-	500,000					
	San ju San Bank, Ltd.	-	300,000	-	300,000					
	The Juhachi-Shinwa Bank, Ltd.	-	200,000	-	200,000					
	The Yamagata Bank, Ltd.	-	500,000	-	500,000					
	The Hokuriku Bank, Ltd	-	300,000	-	300,000					
	Kansai Mirai Bank, Limited	-	500,000	-	500,000					
	The Gunma Bank, Ltd.	-	500,000	-	500,000					
	Suruga Bank Ltd.	-	300,000	-	300,000					
	Sumitomo Mitsui Banking Corporation	-	1,215,000	-	1,215,000	1.1968%	February 28, 2031	Lump sum repayment on repayment date	<small>(Note 8)</small>	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	-	935,000	-	935,000					
	SBI Shinsei Bank, Limited	-	1,100,000	-	1,100,000					
	Sumitomo Mitsui Trust Bank, Limited	-	1,200,000	-	1,200,000					
	Resona Bank, Limited	-	750,000	-	750,000					
	The Bank of Fukuoka, Ltd.	-	300,000	-	300,000					
	San ju San Bank, Ltd.	-	300,000	-	300,000					
	The Ogaki Kyoritsu Bank, Ltd.	-	1,000,000	-	1,000,000					
	Kansai Mirai Bank, Limited	-	500,000	-	500,000					
	The Gunma Bank, Ltd.	-	500,000	-	500,000					
	Suruga Bank Ltd.	-	400,000	-	400,000					
	Sumitomo Mitsui Banking Corporation	-	932,500	-	932,500	1.0753%	October 19, 2029	Lump sum repayment on repayment date	<small>(Note 7)</small>	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	-	857,500	-	857,500					
	Resona Bank, Limited	-	600,000	-	600,000					
	Sumitomo Mitsui Trust Bank, Limited	-	525,000	-	525,000					
	Aozora Bank, Ltd.	-	300,000	-	300,000					
	SBI Shinsei Bank, Limited	-	300,000	-	300,000					
	The Bank of Fukuoka, Ltd.	-	170,000	-	170,000					
	Mizuho Trust & Banking Co., Ltd.	-	100,000	-	100,000					
	Subtotal	119,840,000	21,325,000	4,285,000	136,880,000					
	Total	120,840,000	23,325,000	6,485,000	137,680,000					

(Note 1) Average interest rate is the day-weighted average rate during the fiscal period.

(Note 2) Long-term borrowings include current portion of long-term borrowings.

(Note 3) Interest rate swap transactions are undertaken to hedge against the risk of interest rate fluctuations. Interest rate taking into consideration the effect of interest rate swaps (interest rate fixation) is indicated.

(Note 4) The full amount was repaid before its maturity on November 29, 2024.

(Note 5) The full amount was repaid before its maturity on October 31, 2024.

(Note 6) With respect to loan claims of 800 million yen held by Aozora Bank, Ltd., loan receivables amounting to 500 million yen were transferred to The Kumamoto Bank, Ltd. as of August 30, 2024.

(Note 7) Funds are used for acquisition funds of beneficiary interest in trust, repayment of borrowings, etc.

(Note 8) Funds are used for acquisition funds of beneficiary interest in trust for real estate which is a green eligible asset.

(Note 9) The yearly schedule of repayment for long-term borrowings within five years of the balance sheet date is as follows:

(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
Long-term borrowings	19,150,000	20,275,000	21,650,000	21,680,000	25,855,000



Independent Auditor’s Report

The Board of Directors
Star Asia Investment Corporation

The Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Star Asia Investment Corporation (the Company), which comprise the balance sheet as at January 31, 2025, and the statements of income and retained earnings, changes in unitholders’ equity, cash distributions and cash flows for the six months period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2025, and its financial performance and its cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in Semi-Annual Report that contains audited financial statements but does not include the financial statements and our auditor’s report thereon. Management is responsible for preparation and disclosure of the other information. The Supervisory Director is responsible for overseeing the Company’s reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Supervisory Director for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Supervisory Director is responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Fee-related Information

The fees for the audits of the financial statements of Star Asia Investment Corporation and other services provided by us and other EY member firms for the six months period ended January 31, 2025 are 14 million yen and 13 million yen, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

May 29, 2025

Yoichi Tsukimoto
Designated Engagement Partner
Certified Public Accountant

Hiroto Inoue
Designated Engagement Partner
Certified Public Accountant