

"Financial Results for the 7th Fiscal Period Ended July 2019"



スターアジア不動産投資法人

Star Asia Investment Corporation
(Securities CODE 3468)

Star Asia Investment Management

スターアジア不動産投資法人 (3468)
スターアジア投資顧問株式会社

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Characteristics of Star Asia Investment Corporation (SAR)

1. A diversified REIT

Portfolio developed with diversified assets located mainly in the Tokyo Area (Note2)

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 managed performed by the Star Asia Group

3. Initiatives focusing on unitholder value

Constant, “out-of-the-box” active management

Investment policy



Prioritized, focused investment in the Tokyo Area (Note 2)
Investment ratio of 70% or higher in the Tokyo Area



Achieving income stability and growth through diversification of asset type



Investment primarily in middle-size assets (Note 2)

Overview of Star Asia Group

Star Asia Group, which is a sponsor of Star Asia Investment Corporation (“SAR”), is a privately owned, independent investment group focused on delivering superior investment returns to its clients by investing primarily in Japanese real estate related opportunities

- Star Asia Group was conceptualized in 2006 and founded in 2007, and has made investments exceeding 661 billion yen since its foundation. Current balance of assets under management exceeds 172 billion yen¹
- Of the total of 392 officers of employees, more than 40 staff work in the investment and management division. The Group has offices in Tokyo and New Jersey¹
- While sharing a long-term perspective and constantly observing **the code of conduct**, the Group will make continuous efforts to become, and continue to be, one of the top real estate investment management groups in Japan
- Given its excellent track record and aspiration to foster a long-term relationship with investors, the Group has been supported by top U.S. university endowments and foundations, pension funds in Japan, the U.S., and Europe, asset management companies of the super-wealthy in the U.S. and Asia, and other real estate investors from around the world, and has invested assets of such sophisticated investors
- The Group intends to strictly adhere to its investment philosophy, and SAR's largest objective for asset management is to meet the expectations of unitholders and continue to exceed such expectations

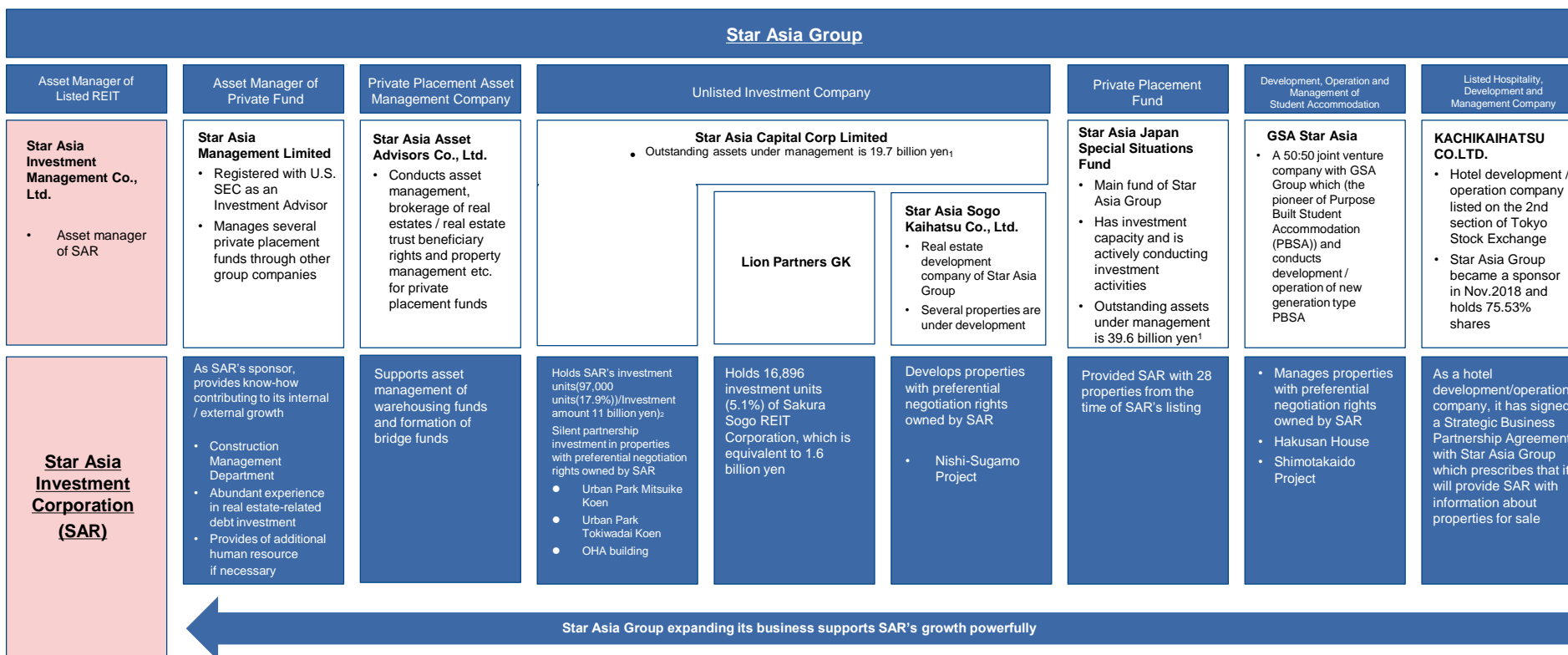


Taro Masuyama
Co-founder of Star Asia and Managing Partner



Malcolm F. MacLean IV
Co-founder of Star Asia and Managing Partner

1. As of the end of June 2019 2. As of September 6, 2019



While sharing a long-term perspective and constantly observing the code of conduct, the Group will make continuous efforts to become, and continue to be, one of the top real estate investment management groups in Japan

1

Client First

We are rewarded only when we consistently meet and exceed our investor clients' expectations for the mandates they have given to us.

2

Highest Ethical Standards and Integrity

We always abide by the highest ethical standards and integrity. Unethical actions by an employee could easily destroy the group's long-standing reputation and trust.

3

Creativity

We utilize our experience, persistence, and creativity to identify and monetize investment opportunities which may not be immediately apparent to our competitors.

4

Respect for Others

We treat our investor clients, employees, trade counterparties, and vendors with the utmost respect, and always strive to be trustworthy partner.

5

Collaborative and Cooperative Culture

We succeed only when we work together as one-group by fully utilizing our collective strengths in a cooperative manner to serve our investor clients. The group's performance always exceeds the sum of our individual performances.

6

Adaptability

We stay nimble, proactive and critical, allowing us to adjust quickly as the market environment changes in order to continue to be a successful leader in the market we do business.

7

Meritocracy

We reward our employees for their specific personal performance as well as their contribution to the group and to the investor client performance.

8

Endless Pursuit of Excellence

We will tirelessly pursue excellence not only for our investor clients but also for ourselves.

The Group intends to strictly adhere to its investment philosophy, and to meet the expectations of investors and continue to exceed such expectations. This is our largest objective

1

Research Focus

We believe that consistent outperformance can only be achieved when investment opportunities identified through our rigorous origination process are validated against the comprehensive understanding of the ever-changing market environment. Government policies, macroeconomic environment, state of capital markets, trends in demographics, real estate supply/demand dynamics, status of the real estate market cycle, outlook and appetite by potential tenants, as well as anticipated behavior of other market participants are only a few of the critical inputs we analyze. In order to formulate and continually update our understanding of the current market environment, we run iterative processes of gathering feedback from our day-to-day investment and asset management activities, which are supplemented by various third-party research reports and data that is further investigated and verified by us to generate our unbiased view.

2

Market Inefficiencies

Unlike highly efficient foreign exchange, interest rate and public equity markets, the Japanese and other Asian private real estate markets are inherently inefficient. Although Tokyo is the world's largest metropolis in terms of population (approximately 35 million), GDP, and real estate capital values, in our opinion, it is significantly less efficient than the U.S. or U.K. markets. The Japanese real estate market has high barriers-to-entry, asymmetric information flows, a less developed securitization market, and a limited universe of well-capitalized opportunistic market participants, which together creates market inefficiencies. We believe that thorough robust analysis and deep local relationships combined with our significant hands-on experience allow us to identify and capitalize on these market inefficiencies that are not obvious to our competitors.

3

Maximizing and Unlocking Value

The real estate properties that we evaluate for investment are typically not operated to their maximum potential at the time of our investment. Some owners are not professional real estate investors, failed to invest necessary capital expenditures, and/or had poorly managed leasing strategies. Some real estate properties have certain compliance issues that can be cured with limited cost and time, or have potential to generate higher net operating income if repositioned or repurposed properly. We utilize our own experience along with technical advice from third-party professionals, as necessary, to formulate and execute the optimal asset management, capital expenditures, renovation, and repositioning plans. Implementation of these plans will maximize and unlock the property's intrinsic value in the most efficient manner from a cost and time perspective.

4

Specialization

We believe deliberate specialization and a flat organization allow us to identify, properly structure, and dependably execute attractive, but often complex, investment opportunities. This specialization leads us to more predictable success and sets us apart from our competitors. Our senior professionals have years of hands-on experience in real estate deal sourcing, underwriting, structuring, asset management, financing, capital markets, and securitization. Star Asia's senior professionals have developed deep-rooted local relationships over multiple real estate cycles, and have executed some of the most creative and complex investment opportunities in the market.

5

Risk Control

Our objective is to achieve consistent and superior risk-adjusted returns by only assuming well-calculated risks. When a potentially attractive investment opportunity is identified, we examine all the risks associated with the potential opportunity through our rigorous review process. We then negotiate with the counterparties to determine a fair risk-sharing arrangement while formulating structural solutions to eliminate or mitigate other risks, where possible. Concurrently, we conduct quantitative and qualitative analyses to evaluate the viability of the potential investment opportunity against our strict underwriting criteria.

6

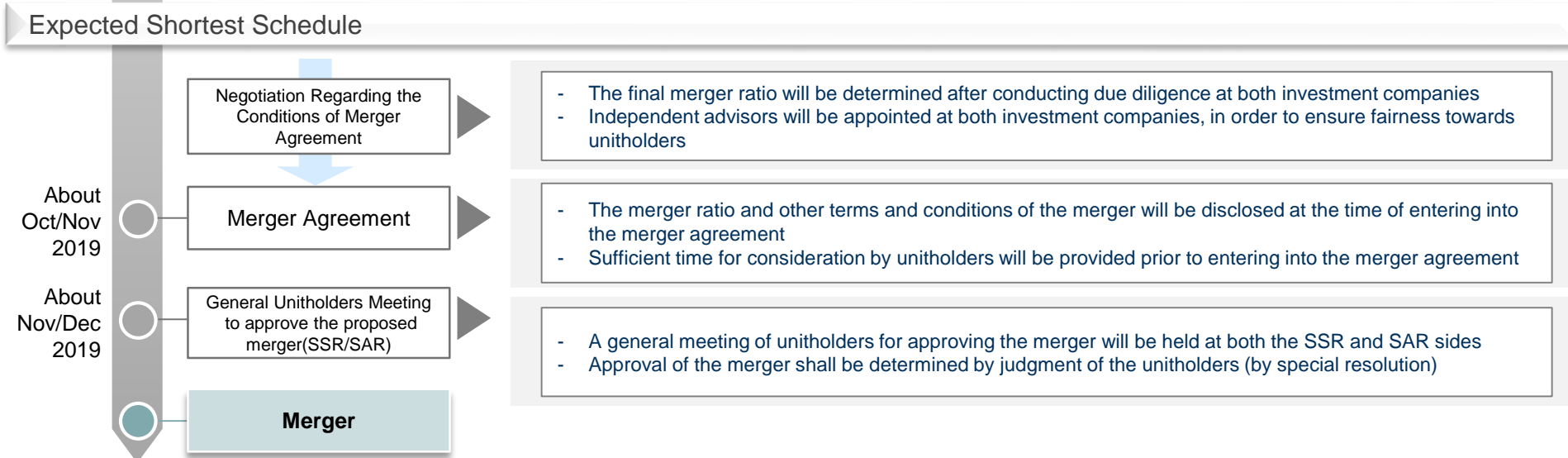
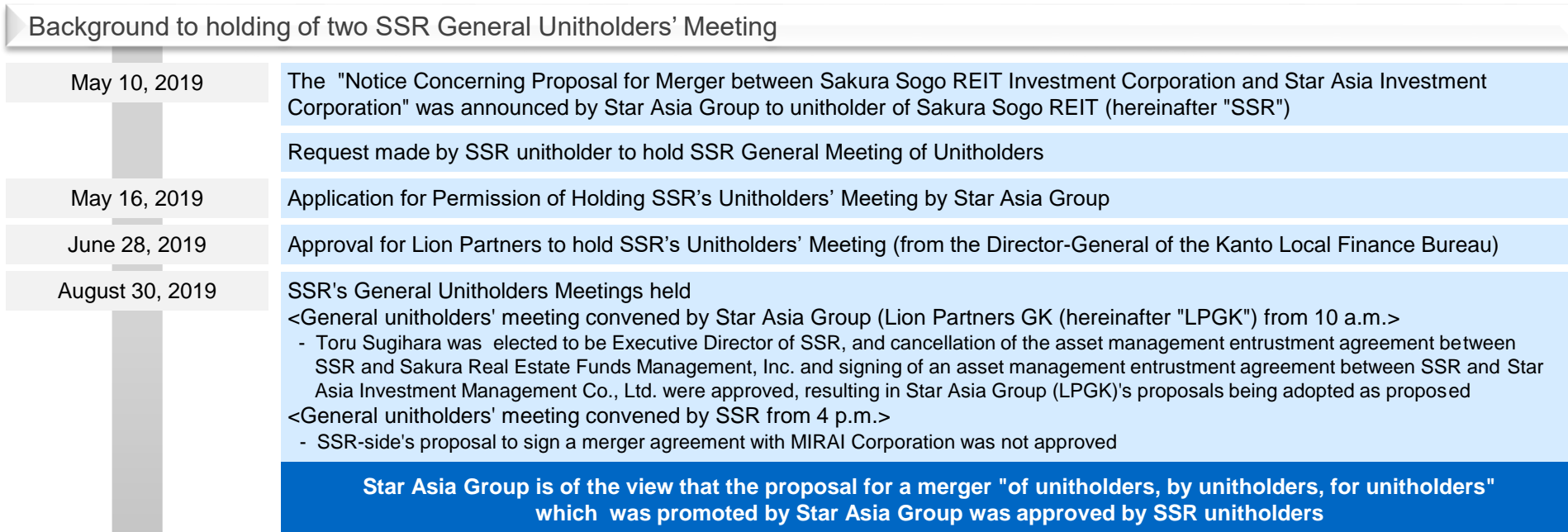
Dependability, Transparency and Decisive Action

Our trade counterparties know that they can depend on us when they need to sell their real estate related assets quickly, discreetly and/or through a complex structure that others may not be able to handle or understand. We are always candid and transparent by clearly explaining our requirements up front including expected deal economics, our strict due diligence process, and then work tirelessly and creatively to meet the counterparty's specific objectives and timing. Our flat organization and highly efficient, decision-making process allows us to be very flexible, tactical and decisive. This philosophy and execution style are valued by our trade counterparties who repeatedly bring attractive investment opportunities that reward our clients with outsized returns.

1. Executive summary

1. Executive summary (1)

Steps towards the merger with Sakura Sogo REIT in cooperation with Star Asia Group

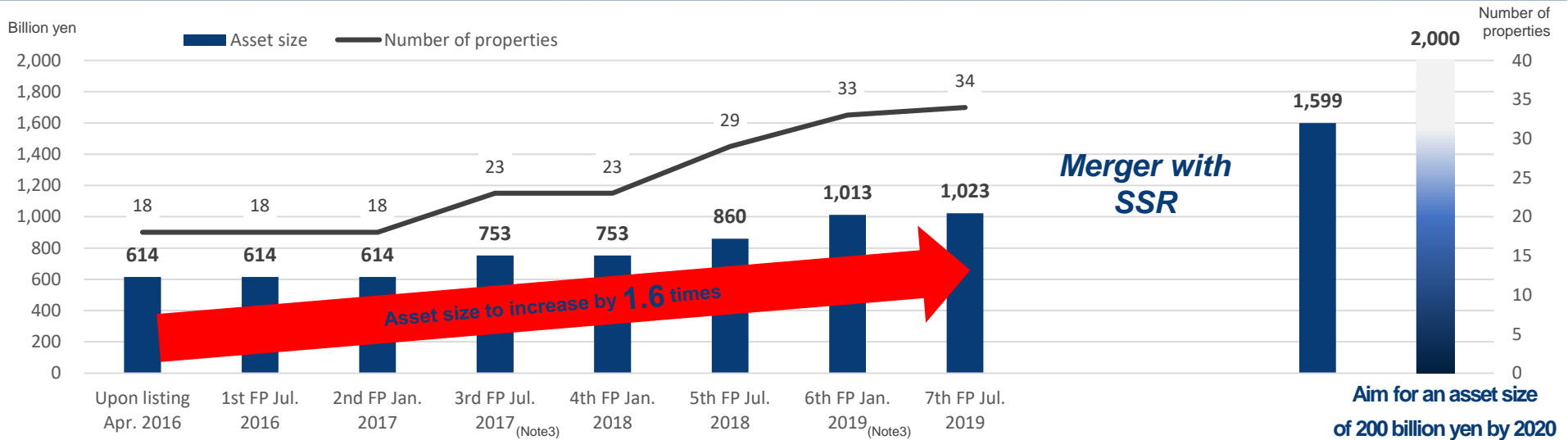


1. Executive summary (2)

Steady expansion of asset size

—To increase asset size by 1.6 times to more than 100 billion yen from the time of listing—

Change in Asset Size



Status of Portfolio (as of July 31, 2019)

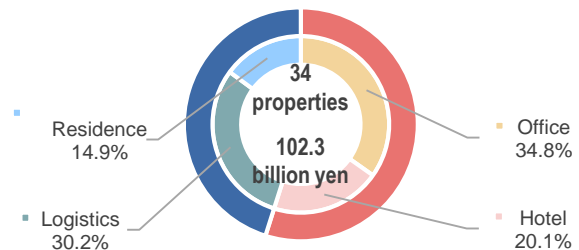
	Upon listing (Apr. 2016)	7th FP (Jul. 2019)
Number of properties	18	34
Total acquisition price	61.4 billion yen	102.3 billion yen
Total appraisal value	65.1 billion yen	112.2 billion yen
Number of tenants	390	646

Ratio of Tokyo area: 74.0%

Other: 26.0%

Stability-driven
45.1%

Growth potential-driven
54.9%

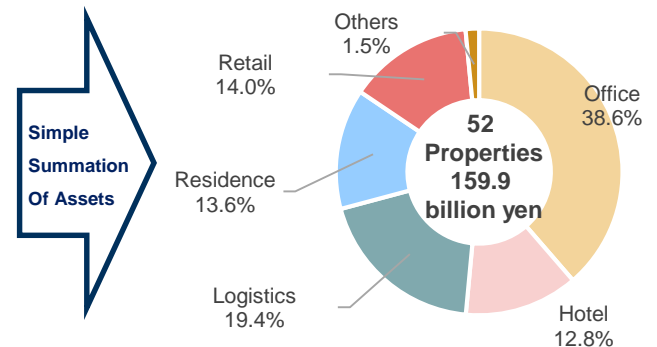


Others, 2 silent partnership investments, 3 mezzanine loan investments

Status of portfolio after merger with SSR
(Simple Summation)

Ratio of Tokyo
area: 67.6%

Others: 32.4%



1. Executive summary (3)

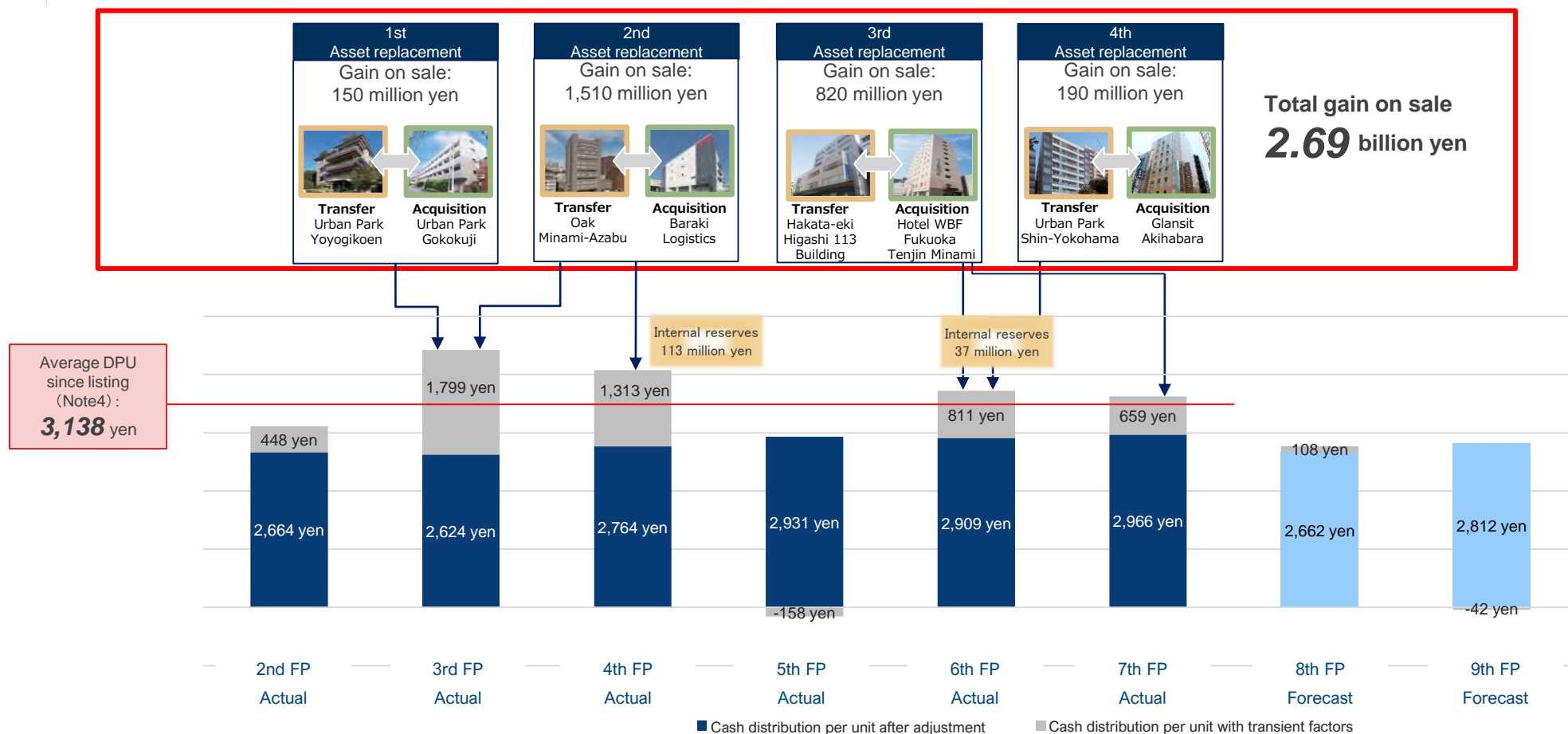
Distribution	<ul style="list-style-type: none"> 7th Fiscal Period (ending July 2019) Upward revision of distributions 3,625 yen (up 125 yen: 3.6% increase compared to forecast) Also in the 7th Fiscal Period, gain-on-sale from asset replacements have been added on to distributions Forecasted distributions for the 8th fiscal period ending January 2020 : 2,770 yen Forecasted distributions for the 9th fiscal period ending July 2020 : 2,770 yen
Internal Growth	<ul style="list-style-type: none"> Occupancy rate as of the end of the 7th fiscal period (overall average): 97.6% (Δ0.5% from the end of the 6th fiscal period) Office : Focused on resolving rent gaps. Rent increases (revisions) for 7 properties (an 11.4% increase (revision) compared to before) Residence : Succeed in increasing monthly rent per tsubo unit for all properties (7 properties) (Increases ranging between plus 28 yen to plus 331 yen per tsubo) Stable contribution towards distributable profits for mezzanine loans
External Growth	<ul style="list-style-type: none"> Expanded asset size through property acquisition: 102.3 billion yen (1.6 times the asset size as of listing/based on acquisition price/as of July 31, 2019) Obtained preferential negotiation rights to secure sources of future external growth. 4 properties newly added, to make for total of 10 properties Execution of silent partnership (Tokumei Kumiai) investments: one new transaction (OHA Building) executed, to make for total of 3 TK investments
Future Key Issues	<p><Implementing process towards the merger> Implementing procedures for due diligence towards the merger with SSR</p> <p><Logistics facility> Responding to decrease in rents due to leasing activities and rent holidays* arising from tenant departure (end of August 2019).</p> <p><Office> Increase in occupancy rates together with rent increases achieved, following the tenant departure from Higashi Kobe Center Building</p> <p><small>*Rent holiday means the period during which payment of rent is partially waived for certain months during the lease period</small></p>

2. Actual and forecasted distribution

2. Actual and forecasted distribution (1)

Change in actual distribution and distribution excluding transient factors

	2nd FP	3rd FP	4th FP	5th FP	6th FP	7th FP	8th FP forecast	9th FP forecast
Forecasted distribution	3,046 yen	4,340 yen	4,039 yen	2,750 yen	3,580 yen	3,500 yen	2,770 yen	2,770 yen
Actual distribution	3,112 yen	4,423 yen	4,077 yen	2,773 yen	3,720 yen	3,625 yen	※Forecast distribution of SAR alone, without including effects of the merger	
NAV per unit	109,727 yen	111,884 yen	112,412 yen	112,965 yen	112,537 yen	114,361 yen		



2. Actual and forecasted distribution (2)

Factors for increase/decrease compared with forecast/actual results for the 7th fiscal period ended July 2019

Net income was 1,964 million yen (+3.8% compared to initial forecast) and distribution per unit was 3,625 yen (+3.6% compared to initial forecast) in the 7th fiscal period ended July 2019

(Unit: million yen)

	7th FP (ended Jul. 2019) forecast*	7th FP (ended Jul. 2019) Actual	Comparison with forecast		Factors for the increase/decrease
Lease business revenue	3,268	3,334	+66	2.0%	<u><Lease business revenue></u> + 66 million yen Office rents : Higashi Kobe Center Building + 5 million yen Hotel rents : Upper swing in floating rents Other : Insurance revenues (24 million yen), renewal fee revenues (9.3 million yen), amortization of lease deposits (8.7 million yen), revenues from restoration to original state (10 million yen) etc. <u><Expenses related to rent business></u> + 5 million yen increase in repair expense + 9.7 million yen
Office rent	1,127	1,134	+7	0.7%	
Residence rent	437	438	+0	0.2%	
Logistics rent	911	910	△0	0.0%	
Hotel rent	497	500	+3	0.6%	
Other	294	349	+54	18.6%	
Expenses related to rent business (Depreciation is excluded)	793	798	+5	0.7%	
NOI	2,475	2,535	+60	2.4%	
Depreciation	419	415	△3	△0.8%	
Rent revenues/expenses	2,055	2,119	+64	3.1%	
Mezzanine	20	20	+0	1.4%	
TK dividend	2	7	+4	170.4%	
Gain on sale of real estate property	422	422	-	0.0%	
SGA	345	344	△1	△0.3%	
Operating income	2,155	2,225	+70	3.2%	
Non-operating income	-	0	+0	-%	
Non-operating expenses	261	261	△0	△0.1%	
Ordinary income	1,893	1,965	+71	3.8%	
Net income	1,893	1,964	+71	3.8%	
Cash distribution per unit	3,500 yen	3,625 yen	+125 yen	3.6%	
FFO per unit	3,494 yen	3,620 yen	+126 yen	3.6%	
Balance of Internal reserves	151	155	+3	2.5%	

*Announced in 6th FP closing of accounting report (March 15, 2019)

2. Actual and forecasted distribution (3)

Forecast of business results for the 8th fiscal period ending January 2020 and 9th fiscal period ending July 2020

(Unit: million yen)

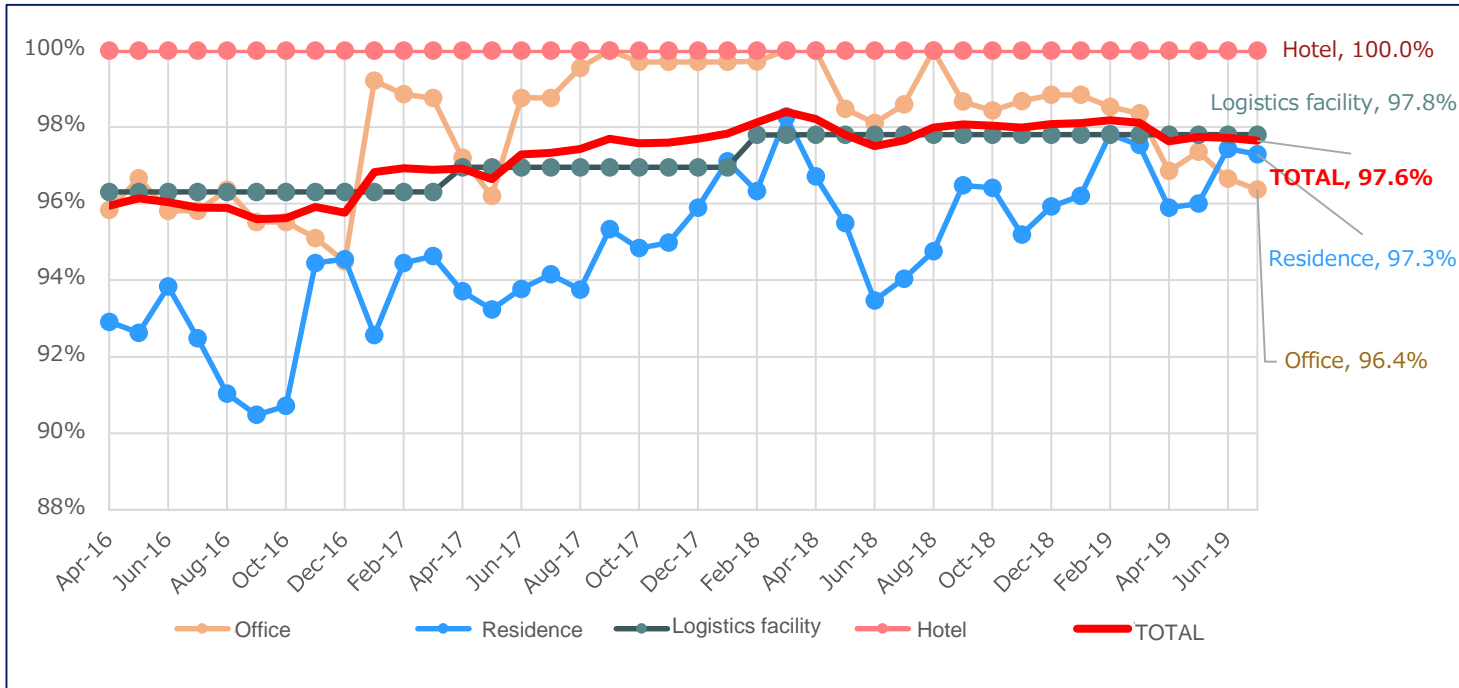
	Actual for the 7th FP ending July 2019 (A)	Current forecast for the 8th FP ending January 2020 (B)	Increase/decrease (B-A)	Major factors for the increase/decrease	Forecast for the 9th FP ending July 2020 (C)	Forecast for the 9th FP Forecast for the 8th FP Increase/decrease (C-B)	Major factors for the increase/decrease
Lease business revenue	3,334	3,173	① Δ161	Factors for increase/decrease in 8th FP (Comparison with 7th FP actual) ① Lease business revenue Δ161 million yen <ul style="list-style-type: none"> Tenant departure and rent holiday at logistics facility Removal of temporary profit increase factors (insurance premium revenues, cancellation penalty fees) in the 7th Fiscal Period ② Expenses related to rent business Δ13 million yen <ul style="list-style-type: none"> Decrease in repair expense, leasing cost etc. Renewal fee for leased land of Higashi Kobe Center Building ③ Gain on sale of real estate properties Δ422 million yen <ul style="list-style-type: none"> Removal of gain-on-sale of Hakata-eki Higashi 113 Building ④ SGA Δ23 million yen <ul style="list-style-type: none"> Decrease in AM fee etc. ⑤ Non-operating expenses Δ28 million yen <ul style="list-style-type: none"> Decrease in temporary expenses upon refinancing 	3,240	① +67	Factors for increase/decrease in 9th FP (Comparison with 8th FP forecast) ① Lease business revenue +67 million yen <ul style="list-style-type: none"> Decrease in rent holidays in logistics facilities etc. ② Expenses related to rent business Δ19 million yen <ul style="list-style-type: none"> Decrease in renewal fee for leased land of Higashi Kobe Center Building etc. ③ Non-operating expenses +39 million yen <ul style="list-style-type: none"> Increase in temporary expenses upon refinancing
Expenses related to rent business (Depreciation is excluded)	798	785	② Δ13		765	② Δ19	
NOI	2,535	2,388	Δ147		2,475	+86	
Depreciation	415	422	+6		428	+6	
Rent revenues/expenses	2,119	1,966	Δ153		2,046	+80	
Gain on sale of real estate properties	422	-	③ Δ422		-	-	
Mezzanine	20	20	+0		20	Δ0	
Dividends in silent partnership investment	7	5	Δ2		5	-	
SGA	344	321	④ Δ23		319	Δ1	
Operating income	2,225	1,670	Δ555		1,752	+82	
Non-operating income	0	-	Δ0		-	-	
Non-operating expenses	261	228	⑤ Δ33		267	③ +39	
Ordinary income	1,965	1,441	Δ523		1,484	+42	
Net income	1,964	1,441	Δ523		1,483	+42	
Cash distribution per unit	3,625	2,770	Δ855		2,770	-	

3. Operating results for the 7th fiscal period ended July 2019

3. Operating results for the 7th fiscal period ended July 2019 (1)

Occupancy rate status

Occupancy rate as of the end of the 7th fiscal period: 97.6% ~ Due to effects of decrease in the occupancy rate of Higashi Kobe Center Building
Aiming to stabilize occupancy rate by grasping tenant needs and the situation of properties through intimate on-site collaboration and other careful measures



【Total】
Occupancy rates for the 7th Fiscal Period was 97.6%, mainly due to effects of decrease in the occupancy rates of offices (Higashi Kobe Center Building)

【Office】
Focus on improving the occupancy rate of Higashi Kobe Center Building at an early stage

【Residence】
Although occupancy rates during the period declined, it recovered to 97.3% at the end of the period. Stabilization of the occupancy rate is recognized as an issue

【Logistics Facility】
Attract tenants to cancelled floor space of Baraki Logistics at an early stage

【Hotel】
Occupancy is 100% with full lease to the hotel operator

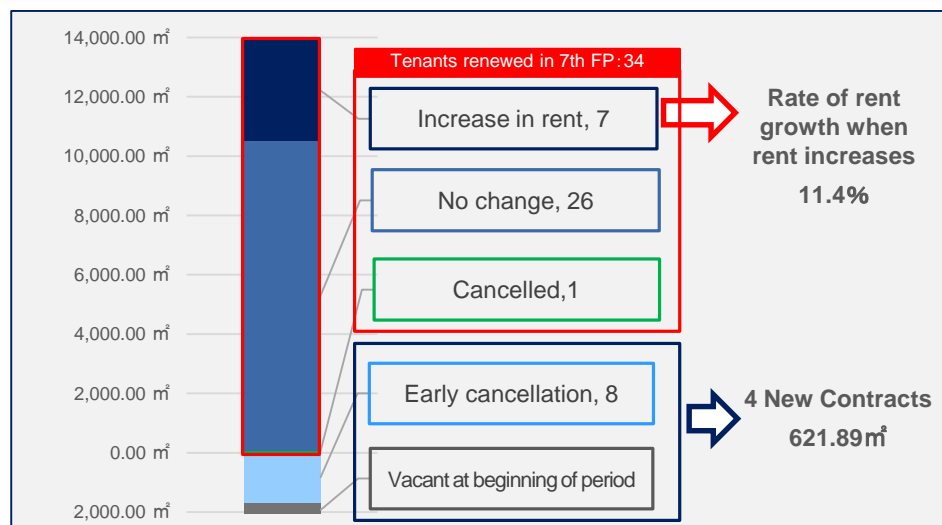
	1st FP	2nd FP	3rd FP	4th FP	5th FP	6th FP	7th FP
Office	95.8%	99.2%	98.8%	99.7%	98.6%	98.8%	96.4%
Residence	92.5%	92.6%	94.2%	97.1%	94.0%	96.2%	97.3%
Logistics	96.3%	96.3%	96.9%	96.9%	97.8%	97.8%	97.8%
Hotel	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
TOTAL	95.9%	96.8%	97.3%	97.8%	97.7%	98.1%	97.6%



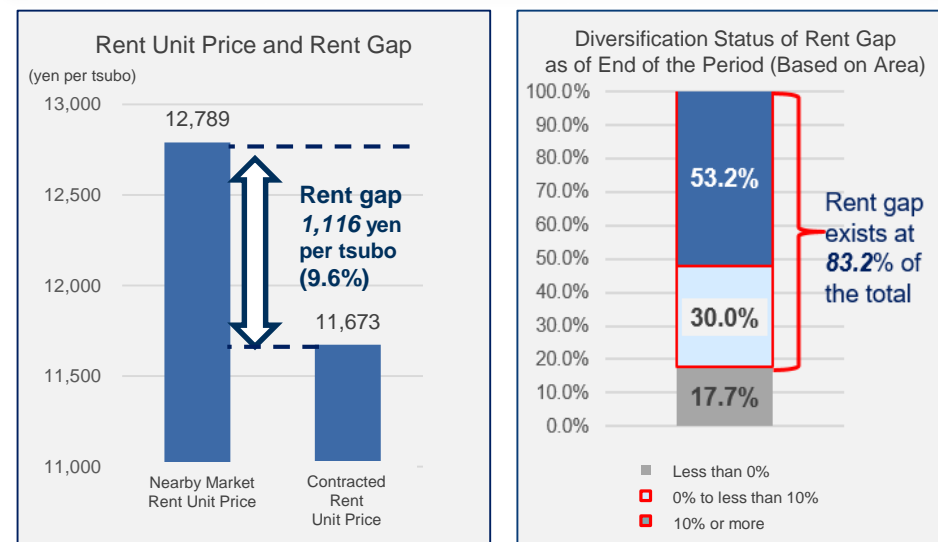
3. Operating results for the 7th fiscal period ended July 2019 (2)

Office —Status of rent gap and change in tenant as of the end of the 7th FP (Ended July 2019)—

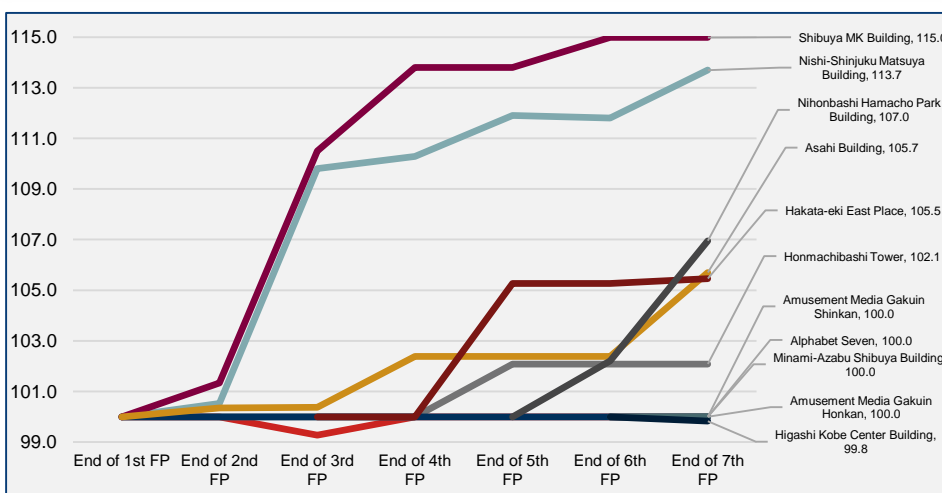
Change in tenants in the 7th fiscal period (Note7) (Note8)



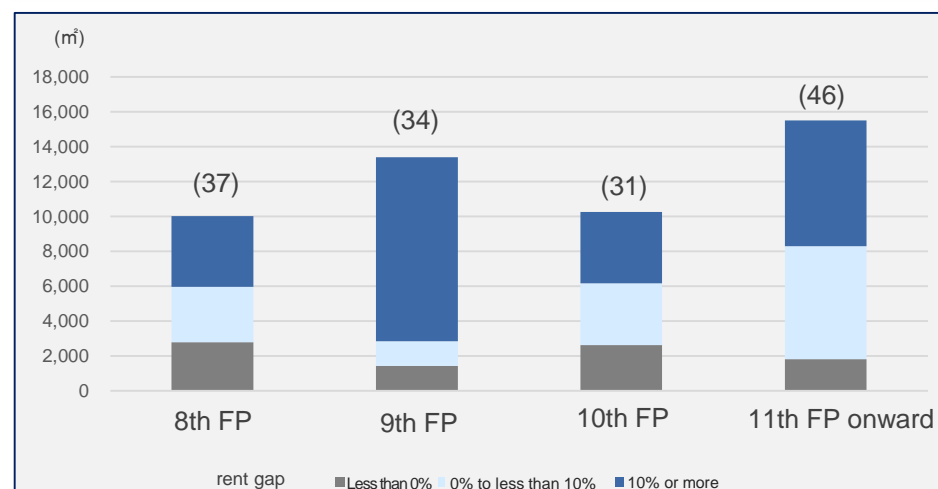
Rent gap as of the end of the period (Note5)



Average Rent per Tsubo since the 1st FP (Note6)



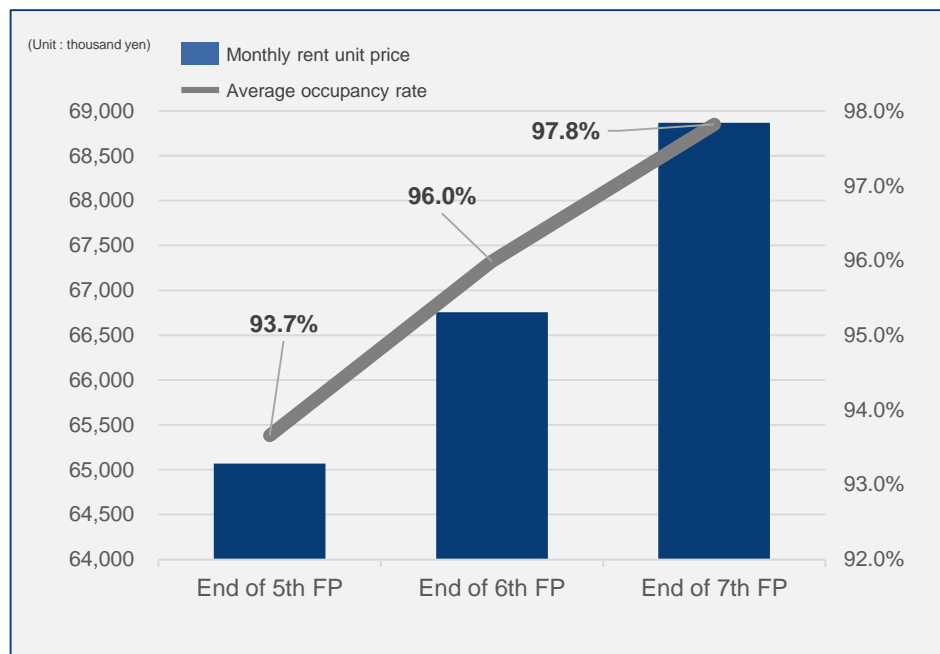
Contract Rent Periods of Office Portfolio
(Figures in parenthesis indicate the number of cases)



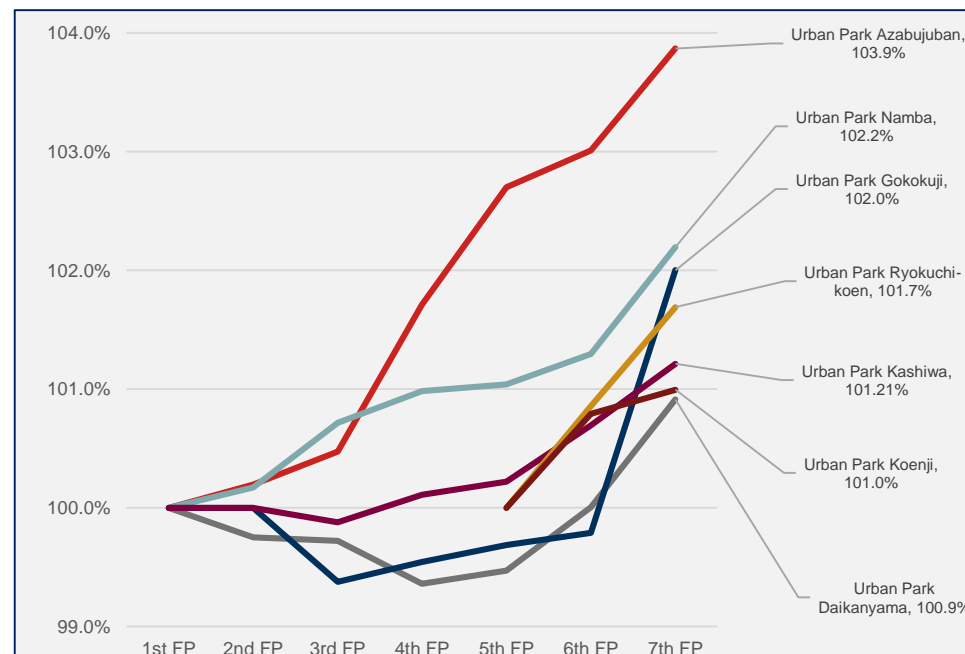
3. Operating results for the 7th fiscal period ended July 2019 (3)

Residences — Increased rents through control of appropriate rent settings —

Change in Total Monthly Rent and Average Occupancy Rate (Note9)



Average Rent per Tsubo since the 1st FP (Note10)



[Results]

- Occupancy rate : 1.8% increase (compared with 6th FP / excluding Urban Park Shin-Yokohama (sold property))
- Total monthly rent : Approximately 3.2% increase

- Urban Park Koenji, which successfully achieved increase in average rent levels after conducting strategic renovations aiming for "improvement in convenience" and "consideration for the environment" during the preceding period, achieved 100% occupancy rate (as of the end of this fiscal period).
- Achieved improvement in occupancy rates and increase in rents by gathering more detailed information such as the status of competing surrounding properties etc., and by adjusting the aggregate rent amounts for individual residences.

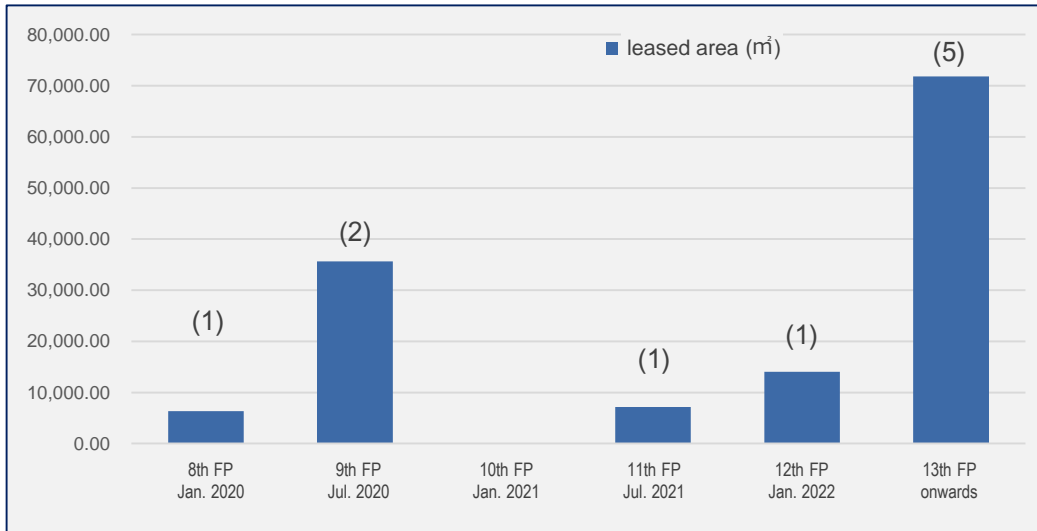
[Future Policy]

We will continue to make efforts to maintain and improve the competitiveness of the properties held by SAR and aim to stabilize occupancy rates and increase rents, by gathering information of the status of competing surrounding properties and implementing appropriate capital expenditures and renovation works.

3. Operating results for the 7th fiscal period ended July 2019 (4)

Logistics facility/hotel

■ Logistics facility
 ■ Diversification of Current Contract Renewal Period (based on floor area)



7th Fiscal Period (ended July 2019): 2 contract renewals

1 tenant is expected to renew contract at a 5% reduction in the rent amount
 ⇒ already reflected in business forecast.

1 tenant is expected to renew contract under the same conditions as before.

8th Fiscal Period (ended January 2020): 1 contract renewal

Expected to be renewed under the same conditions as before.

9th Fiscal Period (ended July 2020): 2 contract renewals

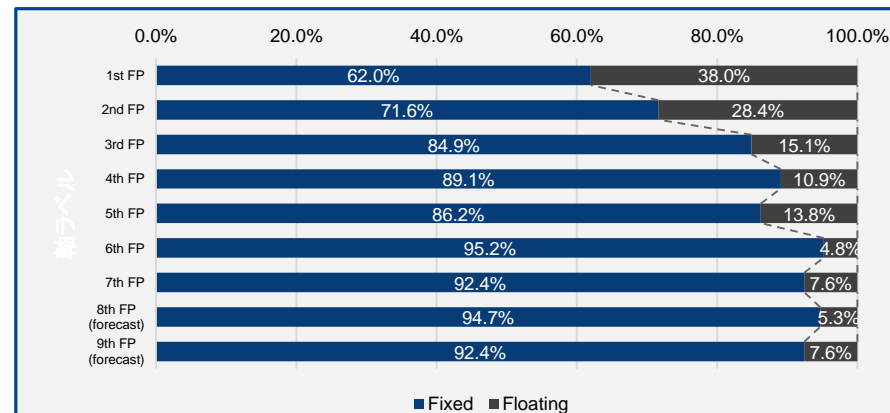
Commence negotiations of lease conditions with tenants approaching contract renewal.

Coordinate with on-site staff and grasp tenant needs, and respond to them.
 Construct a favorable relationship with tenants.

※In the current fiscal period (ending January 2020), focus on tenant leasing activities for Baraki Logistics facility which was cancelled at the end of August 2019.

■ Hotels
 ■ Change in rent system and rent ratio

Property name	Acquisition Period	Fixed Rent	Floating rent
R&B Hotel Umeda East	2016.4	○	—
Smile Hotel Namba	2016.4	○	○
Best Western Tokyo Nishi-kasai	2017.3	○	○
Best Western Yokohama	2017.3	○	○
Hotel WBF Fukuoka Tenjin Minami (Note11)	2018.8	○	○
Glansit Akihabara	2018.8	○	—
Best Western Tokyo Nishikasai Grande	2018.8	○	○
Hotel WBF Artstay Namba	2018.8	○	○



Upon listing: 2 properties

3rd FP:

Additional acquisition of 2 properties

6th FP:

Additional acquisition of 4 properties

Currently managing a total of 8 properties

The floating rent ratio decreased, due to additional acquisition of a hotel with a high fixed rent ratio.

Floating rent ratio:

Average of approximately 6.5%.

The tenant with the earliest timing of contract renewal is expected to be during the 10th Fiscal Period.
 Therefore, stable rent revenues is expected.

3. Operating results for the 7th fiscal period ended July 2019 (5)

Future Key Issues ~ Current leasing status of Baraki Logistics etc.

Current Status of Baraki Logistics

Factors for decrease in revenue

Company A:
Temporary decrease in rent revenue due to rent holiday* (August 2019 – May 2020)

*Exemption of payment of rent for a specific month during the period of lease agreement.

Off-set reduced revenue portion by utilizing internal reserves

Company B:
Vacancy is likely to occur due to tenant departure

Focus on leasing activities of new tenants

Factors for increase in revenue

Company B:
Revenue from cancellation penalty fees
⇒ 18 million yen (recorded in 7th FP)

Current Status of Leasing Activities etc. for Baraki Logistics

Company A Rent holiday (8th Fiscal Period - 5 months, 9th Fiscal Period - 4 months)

- To be off-set by using the internal reserves up to the 7th Fiscal Period, excluding revenue reduction factors
- The lease is non-cancellable up to July 2023, and it is recognized to become a stable revenue source after the rent holiday is over

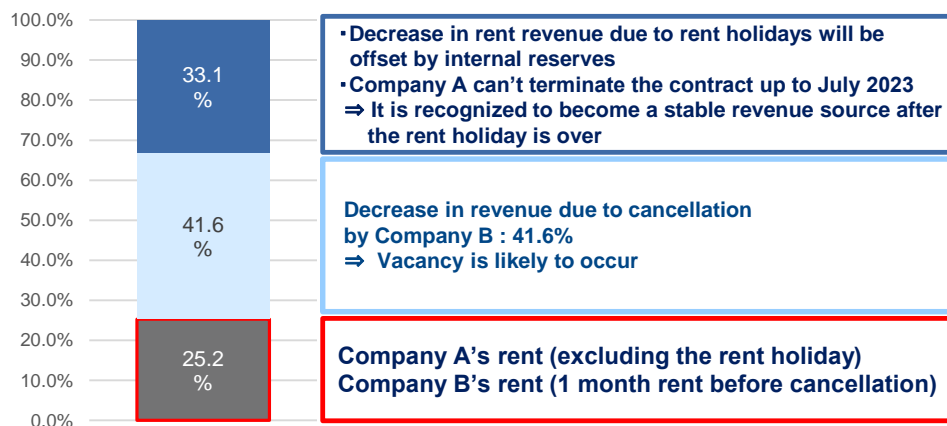
Leasing activities for the cancelled floor space of Company B

- This property is very close to Tokyo which is a super consumption region, and it is also within walking distance from the nearest train station, so there are many potential tenants
- A preview event was held at the time of restoration of the property to its original state towards cancellation by Company B at the end of August 2019
- Currently negotiating with multiple tenant candidates.
- Business forecast has been conservatively prepared



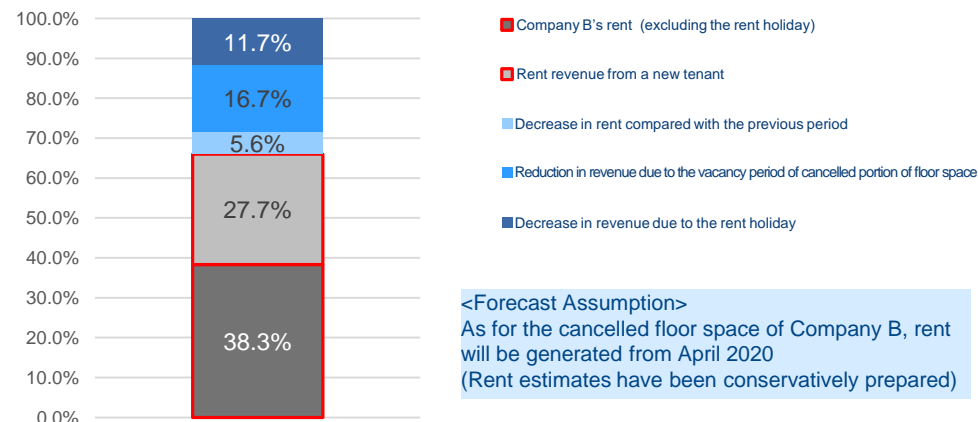
<Baraki Logistics>

Forecast Assumptions (8th FP)



The index is prepared assuming that the aggregate rent amount during normal periods (for 6 months) is 100

Forecast Assumptions (9th FP)



The index is prepared assuming that the aggregate rent amount during normal periods (for 6 months) is 100

3. Operating results for the 7th fiscal period ended July 2019 (6)

Future Key Issues ~ Leasing activities for Higashi Kobe Center Building

Current Status of Higashi Kobe Center Building and Efforts towards 7th FP

The occupancy rate at time of property acquisition (September 2018) was 95.4%
 The occupancy rate as of the end of the 6th Fiscal Period (ended January 2019) was 96.1%
 The occupancy rate as of the end of the 7th Fiscal Period (ended July 2019) was 89.6%
 ⇒ The occupancy rate has declined due to multiple cancellations
 - We will aim for early recovery of the occupancy rate

Leasing Activities

- New tenants found after property acquisition: 3 tenants (579.86m²)
- A preview event was held to allow candidates to get a sense of the user friendliness as office space (15 companies 40 persons/ 5 companies 8 persons)
- Leasing activities are being conducted aiming for early recovery of the occupancy rate, by directly approaching potential tenant candidates etc.

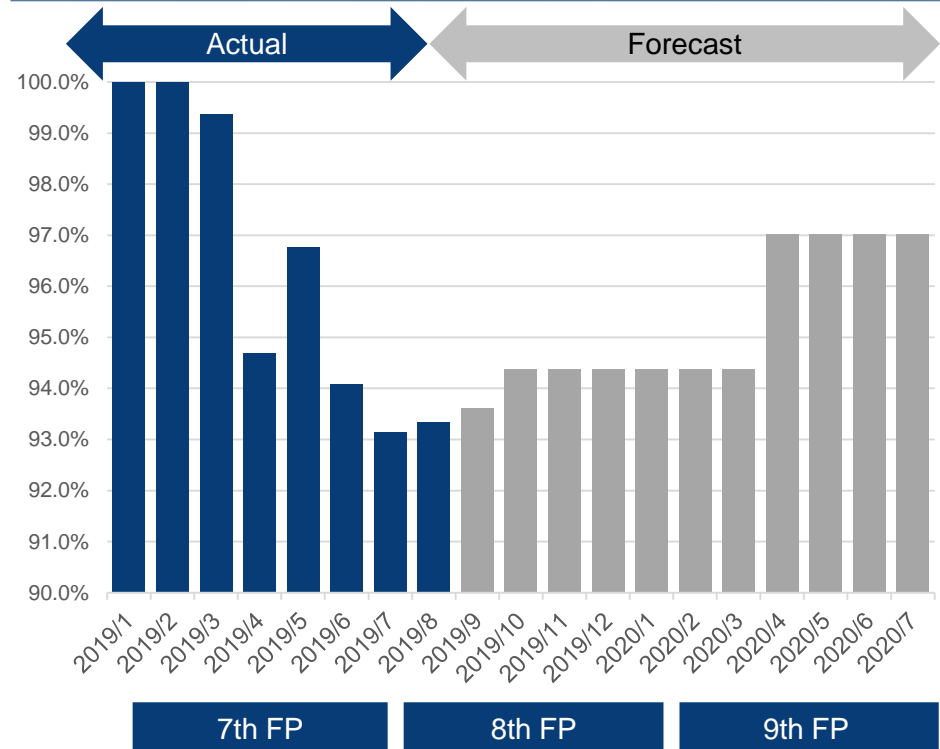
Property features of Higashi Kobe Center Building



Use	Office
Location	Kobe-shi, Hyogo
Acquisition price	7,440 million yen
Appraisal value	7,470 million yen
Structure	Steel-framed / Steel-framed reinforced concrete structure 14 floors above ground
Total floor areas	25,740.46 m ²
Use	Office

- Provides convenient access to office and commercial areas since the building is centrally located between Osaka and Kobe, with an 11-minute ride to Sannomiya Station and 17-minute ride to Osaka Station from Settsu Motoyama, the closest station to the property
- The property has specifications satisfying a wide range of tenant needs and is competitive amongst properties in the surrounding area at a certain degree.
- There is parking space for 180 cars on the premises and for 112 cars off the premises, which is very appealing to a wide range of retail tenants and stores seeking to attract customers across a wide area.
- The standard office floor area is 1,042.44 m². Units can be divided based on tenant needs (existing tenants rent rooms of 57.42 m² - 1,387.82 m²). The property has competitive specs such as 8 elevators, ceiling height of 2,500 mm, individual air conditioning, OA floors, etc. and can satisfy demand from tenants in various industries.
- The building is in the same region as Ashiya, Nishinomiya, Okamoto, and other such luxury residential areas, and includes community-based tenants (mobile phone shops, photo studios, etc.) who emphasize easy access to residential areas

Rent Revenue from Higashi Kobe Center Building (Actual/Forecast)



(※) The index is prepared assuming that the aggregate rent amount on Jan. 2019 is 100

3. Operating results for the 7th fiscal period ended July 2019 (7)

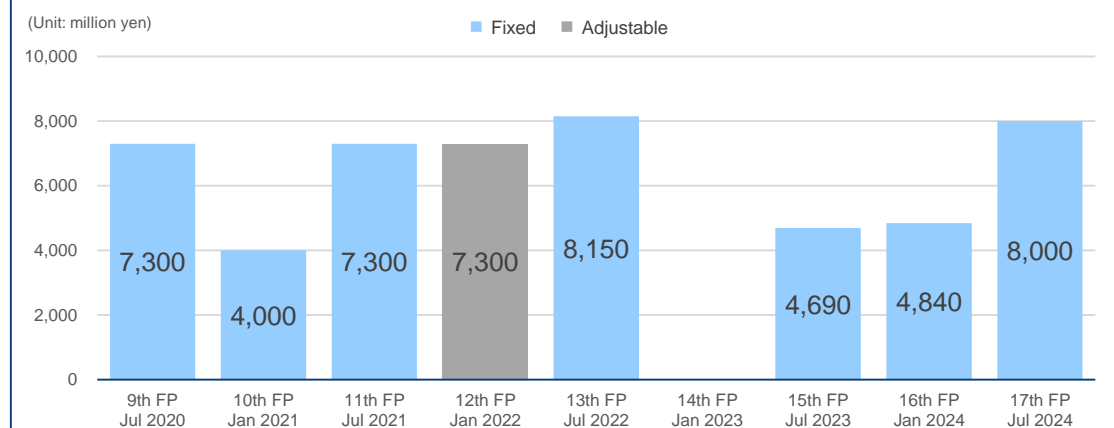
Financial standing

Refinance risk and interest rate increase risk are reduced by deconcentrating the repayment dates of borrowings and selecting fixed-rate interest rates

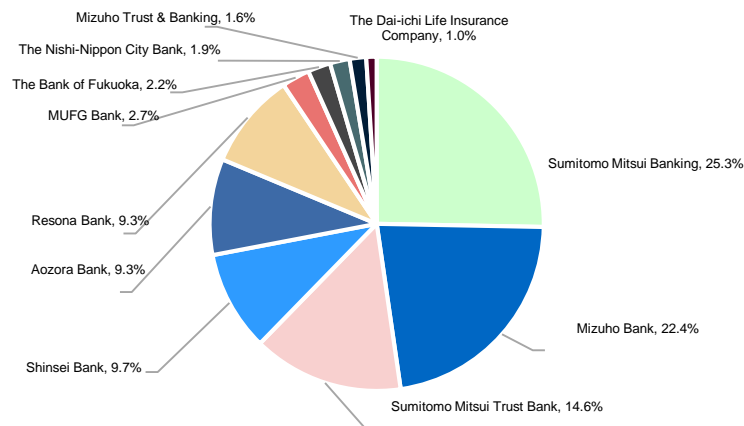
Balance of borrowings

	End of 7th FP (Unit: million yen)	Interest rate	Term	FP of the repayment date
Long-term	7,300	0.4830% (Note12)	4.0 years	9th FP
	7,300	0.6250% (Note12)	5.0 years	11th FP
	2,400	0.5300% (Note12)	3.5 years	10th FP
	4,150	0.7100% (Note12)	5.0 years	13th FP
	1,600	0.5300% (Note12)	3.5 years	10th FP
	4,690	0.7300% (Note12)	5.0 years	15th FP
	7,300	Base rate (Note13)+0.45%	3.5 years	12th FP
	4,000	0.6095% (Note12)	3.5 years	13th FP
	4,840	0.8120% (Note12)	5.0 years	16th FP
	8,000	0.7532% (Note12)	5.0 years	17th FP
	51,580			

Diversification of repayment dates (as of July 31, 2019)



Bank formation (as of July 31, 2019)



Main financial indicators

	End of 6th FP	End of 7th FP
LTV (based on total assets)	47.1%	46.8%
Balance of borrowings	52,340 million yen	51,580 million yen
Long-term debt ratio	99.1%	100.0%
Average remaining period to maturity	2.3 years	2.6 years
Average borrowing period	4.0 years	4.4 years
Average interest rate	0.568%	0.635%
Fixed interest rate ratio	83.3%	85.8%

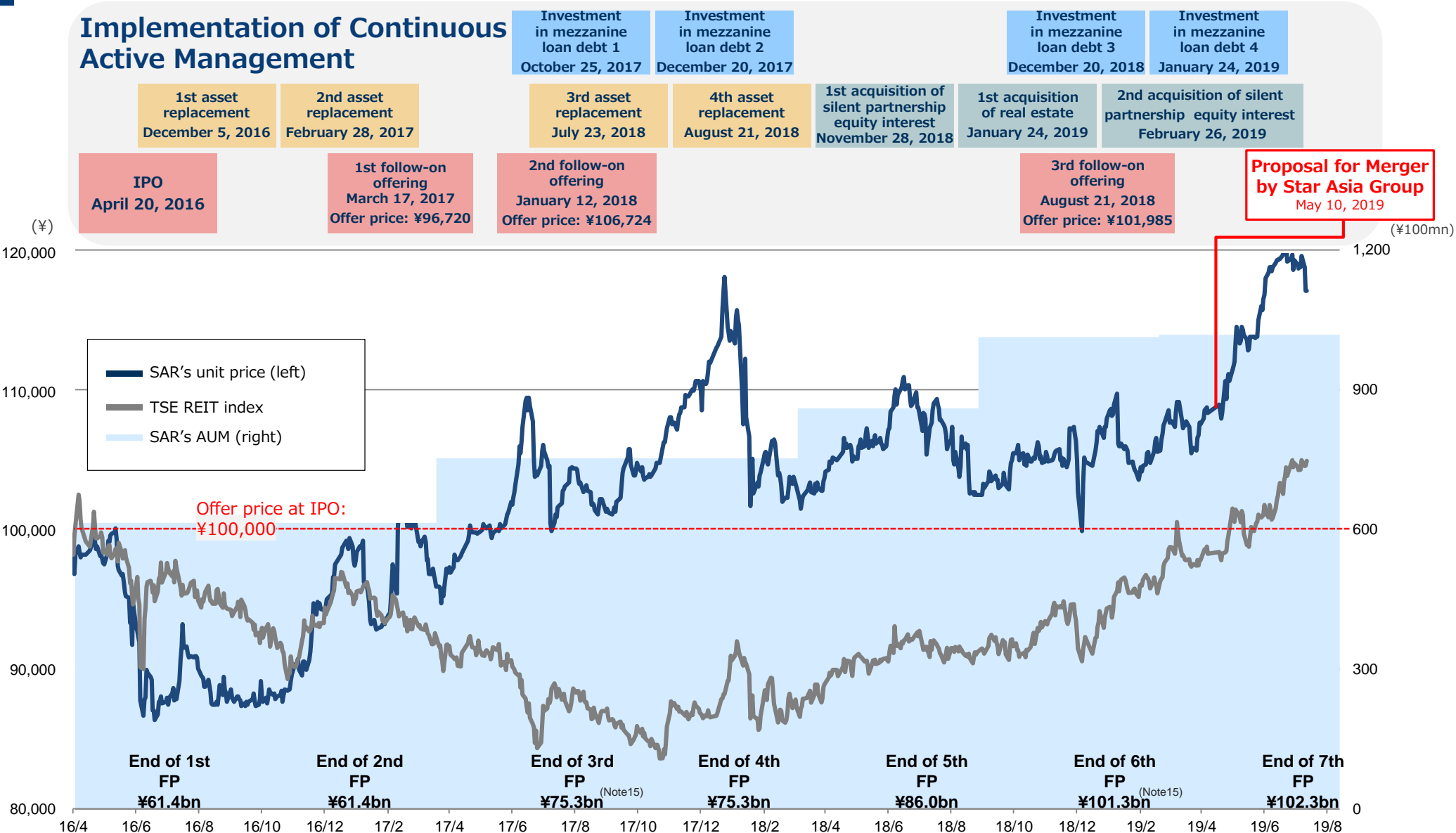
4. Future Initiatives



4. Future Initiatives (1)

Actual results of active management and change in investment unit price from the time of listing ^(Note14)

Implementation of Continuous Active Management



4. Future Initiatives (2)

Points of focus in management etc. from the 8th FP

Points of focus from the 8th FP

Internal Growth

- Resolve rent gaps within the office portfolio
- Maintain and improve appeal towards tenants by implementing appropriate capital expenditures and renovations (utilize sponsor support)
- Attract new tenants at an early stage for the cancelled floor space of Baraki Logistics/ Higashi Kobe Center Building

External Growth

- Focus on securing external sources of growth, by increasing properties for which preferential negotiation rights are held
 - ⇒ Acquire preferential negotiation rights from sponsor group
 - ⇒ Search for properties using Star Asia Investment Management's own unique network
- Continue to consider various measures (mezzanine loan debt investments/ asset replacement/ silent partnership investments)

Financial Strategy

- Continue deliberations on obtaining a credit rating
- Enhancement of bank formation (inviting new lenders)
- Utilize internal reserves with the intent to stabilize cash distributions

For Merger

- Execute practical procedures towards signing of the merger agreement with SSR
- Prepare a growth strategy for post-merger, and consider detailed action plans
- Structure an operational system assuming the merger

4. Future Initiatives (3)

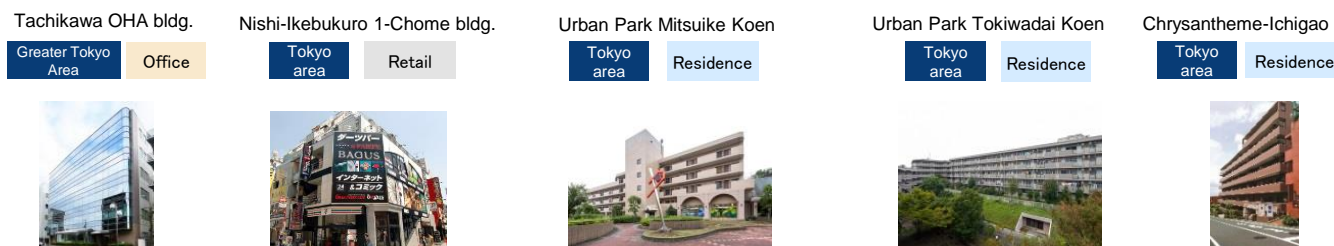
SAR's Abundant Pipeline of Properties: Enable Us to Conduct Various Action Plans

Properties with Preferential Negotiation Rights and Star Asia Group's Pipeline

- Properties in (1) are stable and have set minimum selling prices and yields exceeding SAR's current portfolio.
- Properties in (2) are still in development or lease-up and will be considered for acquisition once the revenue stabilizes

(1) SAR has Preferential Negotiation Rights

Total Appraisal Value: **¥13.6bn**(Note16)



Avg. appraised cap rate: **4.9%** (Note17)

Avg. cap rate after depreciation: **4.3%** (Note18)

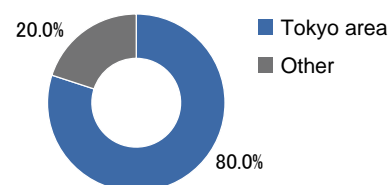
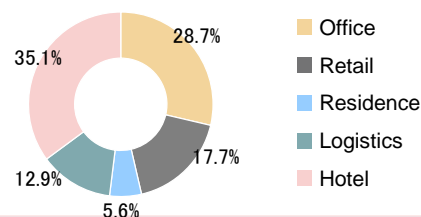
(2) SAR has Preferential Negotiation Rights

Total Appraised Value: **¥17.6bn**(Note19)



Other Properties Managed by the Sponsor Group

Total Appraised Value: **¥31.3bn**(Note20)



Example of the properties Managed by Star Asia Group
Higashiougijima Center (Logistics)

Future Action Plans

< Expansion of AUM >

- SAR will leverage its preferential negotiation rights and the sponsor's abundant pipeline to steadily grow its asset base and seek to improve the profitability and stability of its portfolio
- There is a group of properties which can be acquired immediately, and this allow us to flexibly implement plans for expanding AUM

< Consideration of Replacing Assets >

- It will actively consider replacing assets where management foresees a decrease in future competitiveness

< Feasibility of Gains on Sales >

- When replacing assets, SAR will seek to secure gains on sales of properties to pursue the maximization of unitholder value through special dividends
 - Depending on the circumstances, properties can be sold to Star Asia Group for flexible asset replacement
 - Star Asia Group evaluates SAR's portfolio as having 11.0 % (Note22) in unrealized gains compared to the bookvalue as of the end of fiscal period ended January 2019(Note21)

4. Future Initiative (4)

Continuous implementation of active management which seeks to maximize unitholders' interests

- Asset Replacement

Unrealized gains (appraisal value at end of period - book value at end of period) is steadily increasing due to strengthening of the portfolio, and we will continue to consider return of gains on sale to unitholders, through practicing active management such as asset replacements etc. going forward as well

Asset Replacement

To date, we have enhanced our portfolio by implementing asset replacement 4 times, and we have generated gain on sale through disposition of assets in connection with such replacements.

Implementation policy for asset replacement

- Degree of future revenue contribution of the assets to be replaced (Strengthening of the portfolio)
- Real estate market conditions by asset type
- Level of SAR's investment unit price

※ Based on the above implementation policy, asset replacements will be considered taking into account the assumed gain on sale of the assets to be replaced.

Appraisal values and unrealized gains and losses at SAR

(Unit: million yen)

	Acquisition Price	①	②	③
		Period-end Book Value	Appraisal Value At end of 7th FP	Unrealized gains (losses) ②-①
Office	35,664	36,068	41,170	5,101
Residence	15,213	15,571	17,510	1,938
Logistics	30,953	30,877	32,782	1,904
Hotel	20,544	20,634	20,760	125
Total	102,374	103,151	112,222	9,070

Through asset replacements conducted 4 times since becoming listed, total gains on sale of **2.69 billion yen** was realized and returned to unitholders

To Seek To Maximize Unitholders' Interests

4. Future Initiatives (5)

Post-Merger Portfolio Management Strategy

Investment Policy (Post-merger)

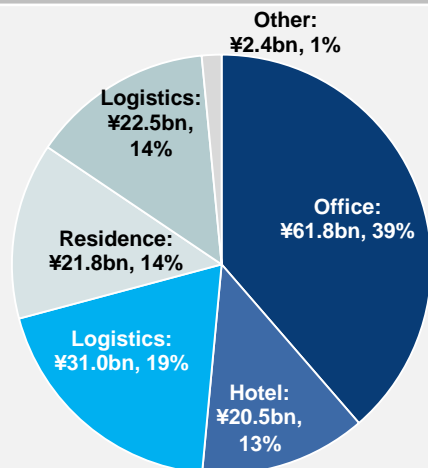
- A portfolio predominantly in **Tokyo metro area**
- Focus on **middle-sized assets**
- Stability and growth through **diversification of asset types**
- Commitment of the Star Asia Group
(Star Asia Group's estimated ownership in post-merger Entity: c. 13.4% (Note23))

Post-merger portfolio

Post-merger portfolio

Total assets of **¥159.9bn** (based on acquisition price)

Assets in the Tokyo area: **67.6%**



SAR's Views on Each Asset Type

Office

Middle-sized office buildings are less susceptible to oversupply of office buildings expected in the future, and SAR forecasts that supply and demand will continue to remain tight

Retail

There are increasing concerns over deteriorating business environment for primarily suburban brick-and-mortar stores selling non-essential goods on the back of the rise of e-commerce and the shift in consumer values towards services and experiences over material goods

Residential

This is the most stable asset type, and has growth potential as rents have been increasing in the current environment

Logistics

SAR predicts stable revenue from logistics facilities with high tenant demand in the Tokyo metro area bordering strong population centers

Hotel

While both business and tourism demand can be captured in urban centers, the primary demand for hotels in regional cities is tourism, so there is a risk of fluctuation in revenue due to changes in the tourism environment, and supply of new hotels

Specific Management Policy

Office

Focuses on **middle-sized office buildings in urban areas** with high population density predominantly in the Tokyo metro area, and seeks growth through aggressively increasing rent

Retail

Not an investment target for the time being. Intends to replace suburban and regional retail facilities in the future, and focuses on urban retail facilities after conducting analyses of trade areas to assess their growth potential, etc. based on factors such as population in the trade area and demographics

Residential

Invests in competitive properties in light of strong demographic fundamentals based on the mid-to-long-term macroeconomic environment. **Increasing rent levels**

Logistics

Continue to focus on logistics facilities in the **Tokyo metro area (in particular, within 30km of Tokyo Station)** which are easy to find new tenants

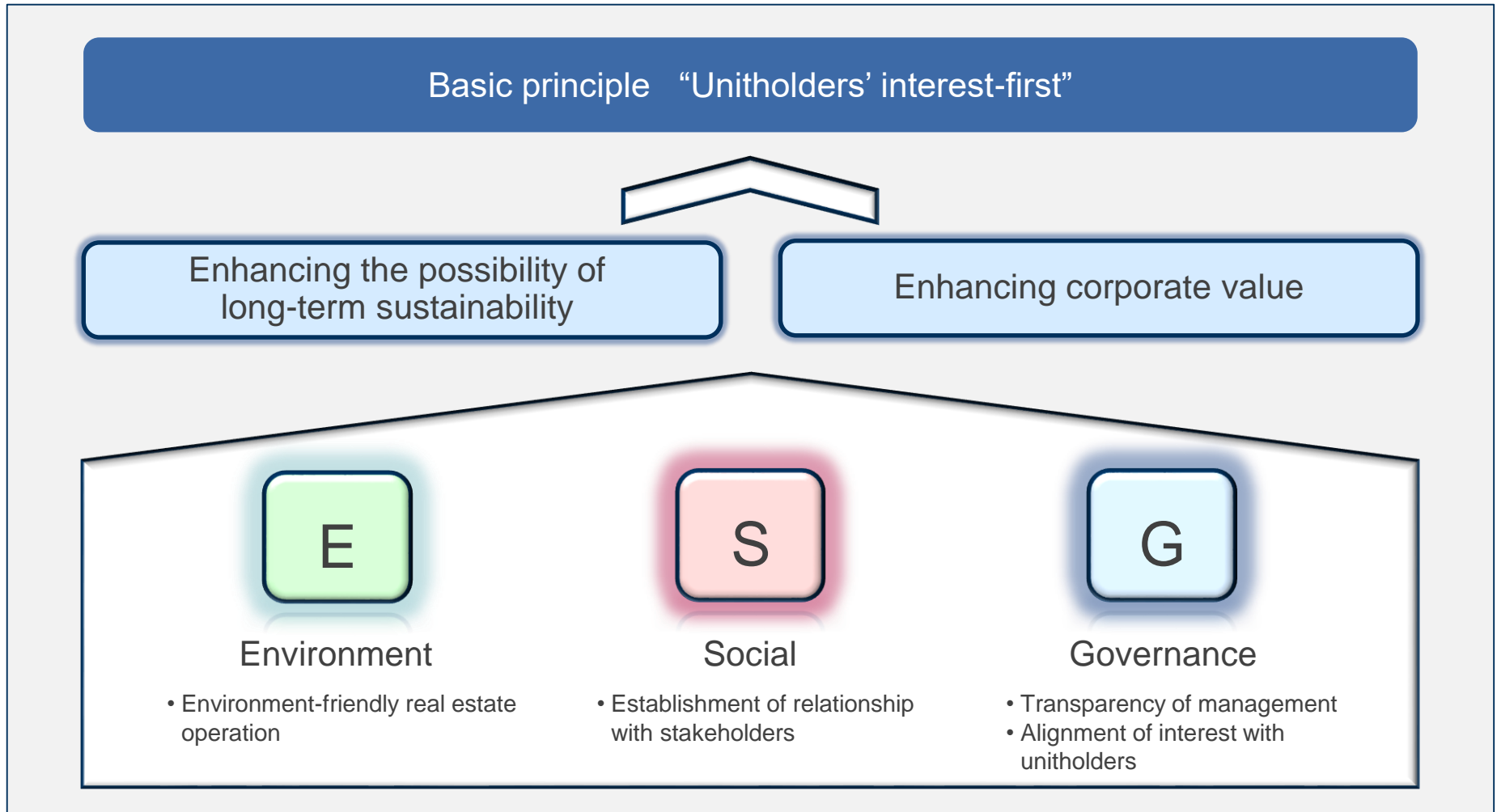
Hotel

Invests solely in urban hotels geared towards business travelers, and prioritizes the stability of the portfolio, **keeping the ratio of variable lease contracts at 10% or lower** (Note24) in principle

4. Future Initiatives (6)

Initiatives on sustainability

- SAR recognizes its position in society as a listed real estate investment corporation and will implement operation that is considerate towards ESG as an initiative on sustainability
- SAR will enhance corporate value in pursuit of long-term sustainability and gain comprehensive competitiveness
- SAR believes that such efforts are in line with the basic principle of “Unitholders’ interest-first”



5. Future Initiatives (7)

Initiatives on sustainability

E

Environmental initiatives

- Acquisition of environmental certification and DBJ Green Building Certification for 4 properties



Property name	Iwatsuki Logistics
Asset type	Logistics facility
Location	Saitama-shi, Saitama
Properties with excellent environmental & social awareness	



Property name	Baraki Logistics
Asset type	Logistics facility
Location	Ichikawa-shi, Chiba
Properties with high environmental & social awareness	



Property name	Honmachibashi Tower
Asset type	Office
Location	Osaka-shi, Osaka
Properties with satisfactory environmental & social awareness	



Property name	Urban Park Daikanyama
Asset type	Residence
Location	Shibuya Ward, Tokyo
Properties with satisfactory environmental & social awareness	

S

Social initiatives

- Establishing relationship with various stakeholders

Local community:

Aim to contribute to the local community through owned properties and tenants

Clients:

Establish mutual trust based on fair transaction



Lenders:

Strive to share information to establish a relationship of mutual trust

Unitholders:

Aim to maximize unitholder value based on the “Unitholders’ interest-first” mindset

Employees:

Support the growth of each employee by accepting various employees regardless of gender, nationality, ethnic group, race and generation
Ratio of female employees: 41.7%

5. Future Initiatives (8)

Initiatives on sustainability

G

Governance

■ 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

<Decision-making process>

Department

Proposal

Compliance Officer

Review and approval

Investment Committee (including external directors)

Review and resolution

Compliance Committee (including external directors)

Review and resolution

Board of Directors

Rejected

Rejected

Rejected

Rejected

Review And approval

SAR's Board of Directors Meetings

Unapproved

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

Items that need to be discussed at the Compliance Committee

■ Aligning the interests of the Sponsor Group with those of the unitholders by holding 17.9% of the investment units of the Sponsor Group


■ Members of the Asset Manager also hold investment units


Sponsor Group

Total: 96,780 units held by 4 unitholders

Founder of Star Asia 2 individuals

Total: 220 units






Number of investment units held in same-boat investment: **97,000** units


Holding ratio: **17.9** %


Management team of the Asset Manager

Holding SAR's investment units through the cumulative investment system for employees

High commitment by management







Employees of Star Asia Investment Management Co., Ltd.

Holding SAR's investment units through the cumulative investment system for employees

29

5. Future Initiatives (9)

Initiatives on sustainability



Governance

Star Asia, the sponsor of Star Asia Investment Corporation, is a non-listed independent investment management group which invests mainly in Japanese real estate-related assets and whose main goal is supplying investors with excellent returns

Star Asia Investment Corporation and Star Asia shall share the same long-term vision in accordance with the Star Asia Group's Code of Conduct, shall be a leading Real estate investment management group in Japan and shall persistently endeavor to continue to be such

The Code of Conduct is as follows:

1	Client First	2	Highest Ethical Standards and Integrity	3	Creativity	4	Respect for Others
We are rewarded only when we consistently meet and exceed our investor clients' expectations for the mandates they have given to us.		We always abide by the highest ethical standards and integrity. Unethical actions by an employee could easily destroy the group's long-standing reputation and trust.		We utilize our experience, persistence, and creativity to identify and monetize investment opportunities which may not be immediately apparent to our competitors.		We treat our investor clients, employees, trade counterparties, and vendors with the utmost respect, and always strive to be trustworthy partner.	
5	Collaborative and Cooperative Culture	6	Adaptability	7	Meritocracy	8	Endless Pursuit of Excellence
We succeed only when we work together by fully utilizing our collective strengths in a cooperative manner to serve our investor clients. The group's performance always exceeds the sum of our individual performances.		We stay nimble, proactive and critical, allowing us to adjust quickly as the market environment changes in order to continue to be a successful leader in the market where we do business.		We reward our employees for their specific personal performance as well as their contribution to the group and to investor client performance.		We will tirelessly pursue excellence not only for our investor clients but also for ourselves.	

5. Appendix

Change in distribution since listing

Change in business results since listing

(Unit: million yen)

	1st FP (ended Jul. 2016) actual	2nd FP (ended Jan. 2017) actual	3rd FP (ended Jul. 2017) actual	4th FP (ended Jan. 2018) actual	5th FP (ended Jul. 2018) actual	6th FP (ended Jan. 2019) actual	7th FP (ended Jul. 2019) forecast*	7th FP (ended Jul. 2019) actual	Comparison with forecast
Lease business revenue	1,859	2,017	2,312	2,408	2,791	3,224	3,268	3,344	+66
Office rent	634	802	822	795	862	1,104	1,127	1,134	+7
Residence rent	325	349	391	410	500	458	437	438	+0
Logistics rent	581	530	642	696	906	912	911	910	△0
Hotel rent	142	120	220	282	287	447	497	500	+3
Other	174	215	235	223	235	302	294	349	+54
Expenses related to rent business (Depreciation is excluded)	321	380	549	536	607	678	793	798	+5
NOI	1,538	1,636	1,763	1,871	2,184	2,545	2,475	2,535	+60
Depreciation	246	244	287	305	355	409	419	415	△3
Rent revenues/expenses	1,291	1,392	1,476	1,566	1,828	2,135	2,055	2,119	+64
Mezzanine	-	-	-	14	18	22	20	20	+0
TK distribution	-	-	-	-	-	-	2	7	+4
Gain on sale of real estate property	-	-	898	771	-	598	422	422	-
SGA	143	202	276	300	270	349	345	344	△1
Operating income	1,147	1,190	2,098	2,051	1,576	2,406	2,155	2,225	+70
Non-operating income	0	0	0	0	0	0	-	0	+0
Non-operating expenses	812	117	264	176	270	333	261	261	△0
Ordinary income	335	1,073	1,833	1,876	1,305	2,073	1,893	1,965	+71
Net income	333	1,072	1,832	1,802	1,305	2,049	1,893	1,964	+71
Cash distribution per unit	968 yen	3,112 yen	4,423 yen	4,077 yen	2,773 yen	3,720 yen	3,500 yen	3,625 yen	+125 yen
FFO per unit	1,684 yen	3,820 yen	2,948 yen	3,224 yen	3,529 yen	3,440 yen	3,494 yen	3,620 yen	+126 yen
Balance of Internal reserves	0	0	0	113	113	151	151	155	+3



Balance Sheets for the 7th Fiscal Period ended July 31, 2019

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

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



Statement of Income for the 7th Fiscal Period (From February 1, 2019 to July 31, 2019)

STAR ASIA
Investment Corporation

(Unit: thousand yen)

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

Portfolio List (as of July 31, 2019)

	Property name	Location	Acquisition price (million yen)	Appraisal value (million yen)	Investment ratio (%)	Appraisal NOI yield (%)
Office	Minami-Azabu Shibuya Building	Minato-ku, Tokyo	2,973	3,070	2.9	4.7
	Honmachibashi Tower	Osaka-shi, Osaka	6,065	6,950	5.9	5.2
	Nishi-Shinjuku Matsuya Building	Shibuya-ku, Tokyo	1,763	2,490	1.7	6.4
	Alphabet Seven	Minato-ku, Tokyo	1,725	2,530	1.7	5.9
	Shibuya MK Building	Shibuya-ku, Tokyo	2,042	3,190	2.0	5.9
	Asahi Building	Yokohama-shi, Kanagawa	6,320	7,610	6.2	5.0
	Hakata-eki East Place	Fukuoka-shi, Fukuoka	2,286	2,570	2.2	5.4
	Nihonbashi Hamacho Park Building	Chuo-ku, Tokyo	1,450	1,510	1.4	4.7
	Amusement Media Gakuin Honkan	Shibuya-ku, Tokyo	2,580	2,660	2.5	4.0
	Higashi Kobe Center Building	Kobe-shi, Kobe	7,440	7,470	7.3	5.8
	Amusement Media Gakuin Shinkan	Shibuya-ku, Tokyo	1,020	1,120	1.0	3.9
	Subtotal		35,664	41,170	34.8	5.2
Hotel	R&B Hotel Umeda East	Osaka-shi, Osaka	2,069	2,310	2.0	5.6
	Smile Hotel Namba	Osaka-shi, Osaka	1,750	1,610	1.7	4.7
	Best Western Tokyo Nishikasai	Edogawa-ku, Tokyo	3,827	3,860	3.7	4.5
	Best Western Yokohama	Yokohama-shi, Kanagawa	3,248	3,250	3.2	4.6
	Hotel WBF Fukuoka Tenjin Minami	Fukuoka-shi, Fukuoka	1,970	2,010	1.9	4.6
	GLANSIT Akihabara	Chiyoda-ku, Tokyo	2,500	2,520	2.4	3.9
	Best Western Tokyo Nishikasai Grande	Edogawa-ku, Tokyo	3,180	3,210	3.1	4.0
	Hotel WBF Art Stay Namba	Osaka-shi, Osaka	2,000	1,990	2.0	4.5
	Subtotal		20,544	20,760	20.1	4.5

	Property name	Location	Acquisition price (million yen)	Appraisal value (million yen)	Investment ratio (%)	Appraisal NOI yield (%)
Residence	Urban Park Azabujuban	Minato-ku, Tokyo	2,045	2,370	2.0	4.4
	Urban Park Daikanyama	Shibuya-ku, Tokyo	6,315	8,000	6.2	4.7
	Urban Park Namba	Osaka-shi, Osaka	1,490	1,610	1.5	5.4
	Urban Park Gokokuji	Toshima-ku, Tokyo	1,460	1,530	1.4	4.9
	Urban Park Kashiwa	Kashiwa-shi, Chiba	1,186	1,190	1.2	5.0
	Urban Park Ryokuchi-koen	Suita-shi, Osaka	1,550	1,630	1.5	5.7
	Urban Park Koenji	Suginami-ku, Tokyo	1,167	1,180	1.1	4.7
	Subtotal		15,213	17,510	14.9	4.9
Logistics	Iwatsuki Logistics	Saitama-shi, Saitama	6,942	7,150	6.8	4.8
	Yokohama Logistics	Yokohama-shi, Kanagawa	3,560	4,060	3.5	5.7
	Funabashi Logistics	Funabashi-shi, Chiba	7,875	8,650	7.7	5.5
	Baraki Logistics	Ichikawa-shi, Chiba	4,700	4,860	4.6	4.4
	Tokorozawa Logistics	Tokorozawa-shi, Saitama	1,300	1,350	1.3	5.7
	Funabashi Nishiura Logistics I	Funabashi-shi, Chiba	3,000	3,020	2.9	5.1
	Funabashi Nishiura Logistics II	Funabashi-shi, Chiba	821	842	0.8	7.0
	Matsubushi Logistics	Kita-Katsushika-gun, Saitama	2,755	2,850	2.7	5.5
	Subtotal		30,953	32,782	30.2	5.2

* "Appraisal value" is the value stated in the real estate appraisal report with July 31, 2019 as the date of valuation.

Total	Acquisition price (million yen)	Appraisal value (million yen)
	102,374	112,222



Appraisal Value and Indicators at the End of 7th Fiscal Period ended July 2019

Period-end appraisal value:	112,222 million yen
Total book value:	103,151 million yen
Period-end unrealized gains (losses):	9,070 million yen
Net assets per unit:	101,215 yen
Unrealized gains per unit:	16,771 yen
NAV per unit (*1):	114,361 yen
P/NAV per (*2):	1.03

(*1) NAV per unit = (Period-end net assets + Period-end unrealized gains – Total cash distribution) / Total number of investment units issued and outstanding







(*2) P/NAV per = Investment unit price / NAV per unit (Investment unit price on July 31, 2019: 117,300 yen)

(Unit: million yen)

	Property name	Acquisition price	(1) Period-end book value	(2) Appraisal value at end of 7th FP	(3) Unrealized gains (losses) (2)-(1)
Office	Minami-Azabu Shibuya Building	2,973	2,974	3,070	95
	Honmachibashi Tower	6,065	5,905	6,950	1,044
	Nishi-Shinjuku Matsuya Building	1,763	1,829	2,490	660
	Alphabet Seven	1,725	1,839	2,530	690
	Shibuya MK Building	2,042	2,095	3,190	1,094
	Asahi Building	6,320	6,344	7,610	1,265
	Hakata-eki East Place	2,286	2,310	2,570	259
	Nihonbashi Hamacho Park Building	1,450	1,461	1,510	48
	Amusement Media Gakuin Honkan	2,580	2,596	2,660	63
	Higashi Kobe Center Building	7,440	7,679	7,470	Δ209
	Amusement Media Gakuin Shinkan	1,020	1,031	1,120	88
	Subtotal	35,664	36,068	41,170	5,101

	Property name	Acquisition price	(1) Period-end book value	(2) Appraisal value at end of 7th FP	(3) Unrealized gains (losses) (2)-(1)
Hotel	R&B Hotel Umeda East	2,069	2,131	2,310	178
	Smile Hotel Namba	1,750	1,695	1,610	Δ85
	Best Western Tokyo Nishi-kasai	3,827	3,866	3,860	Δ6
	Best Western Yokohama	3,248	3,264	3,250	Δ14
	Hotel WBF Fukuoka Tenjin Minami	1,970	1,974	2,010	35
	GLANSIT Akihabara	2,500	2,513	2,520	6
	Best Western Tokyo Nishikasai Grande	3,180	3,186	3,210	23
	Hotel WBF Art Stay Namba	2,000	2,003	1,990	Δ13
	Subtotal	20,544	20,634	20,760	125
Residence	Urban Park Azabujuban	2,045	2,089	2,370	280
	Urban Park Daikanyama	6,315	6,393	8,000	1,606
	Urban Park Namba	1,490	1,520	1,610	89
	Urban Park Gokokuji	1,460	1,511	1,530	18
	Urban Park Kashiwa	1,186	1,249	1,190	Δ59
	Urban Park Ryokuchi-koen	1,550	1,615	1,630	14
	Urban Park Koenji	1,167	1,191	1,180	Δ11
	Subtotal	15,213	15,571	17,510	1,938
Logistics	Iwatsuki Logistics	6,942	6,693	7,150	456
	Yokohama Logistics	3,560	3,786	4,060	273
	Funabashi Logistics	7,875	7,836	8,650	813
	Baraki Logistics	4,700	4,675	4,860	184
	Tokoyozawa Logistics	1,300	1,355	1,350	Δ5
	Funabashi Nishiura Logistics I	3,000	2,952	3,020	67
	Funabashi Nishiura Logistics II	821	832	842	9
	Matsubushi Logistics	2,755	2,745	2,850	104
	Subtotal	30,953	30,877	32,782	1,904
Total		102,374	103,151	112,222	9,070







Portfolio List

Asset type	Office	Office	Office	Office	Office	Office
Property name	Minami-Azabu Shibuya Building	Honmachibashi Tower	Nishi-Shinjuku Matsuya Building	Alphabet Seven	Shibuya MK Building	Asahi Building
						
Acquisition price	2,973 million yen	6,065 million yen	1,763 million yen	1,725 million yen	2,042 million yen	6,320 million yen
Appraisal value	3,070 million yen	6,950 million yen	2,490 million yen	2,530 million yen	3,190 million yen	7,610 million yen
Structure/Floors	SRC B1/7F	S/SRC B1/21F	SRC B1/9F	RC B1/6F	S 6F	S/SRCB2/12F
Location	Minato Ward, Tokyo	Osaka City, Osaka	Shibuya Ward, Tokyo	Minato Ward, Tokyo	Shibuya Ward, Tokyo	Yokohama City, Kanagawa
Lot area	766.11 m ²	1,274.37 m ²	589.94 m ² (surface right)	1,286.45 m ²	620.42 m ² (of which 2.62 m ² leasehold)	1,906.86 m ²
Total floor areas	4,137.21 m ²	15,407.83 m ²	5,117.80 m ²	4,132.80 m ²	1,982.86 m ²	12,353.83 m ²
Construction completion	June 15, 1993	February 8, 2010	May 28, 1987	January 6, 1990	July 31, 1993	November 25, 1994
Property Features	<ul style="list-style-type: none"> ● Located in Minami-Azabu, a well-known, high-class residential area that is also home to embassies of various countries. ● In addition to access by train, the area is well served by bus routes and provides convenient access to various locations within central Tokyo. ● The area is highly appealing to companies in fashion, mass media, and IT-related fields. 	<ul style="list-style-type: none"> ● Located in the Yodoyabashi / Hommachi area, one of Osaka's leading office districts. ● Situated near facilities such as the Osaka Chamber of Commerce and Industry, MyDome Osaka, and City Plaza Osaka, the area has a high concentration of office buildings. ● The residences on the upper floors of the building offer excellent views overlooking landmarks such as Osaka Castle. 	<ul style="list-style-type: none"> ● Located in the Nishi-Shinjuku area, which has a high concentration of office buildings. ● In addition to access by train, the area is well served by bus routes and provides convenient access to various locations within central Tokyo. ● The property is expected to attract strong demand from affiliated companies of tenants of large-scale buildings located in Shinjuku sub-center or its surrounding area. 	<ul style="list-style-type: none"> ● Located in the Akasaka area, one of central Tokyo's leading office/commercial districts. ● The property is expected to attract strong demand from affiliated companies of tenants of the TBS building, Akasaka Biz Tower, etc. ● Thanks to the popularity of the area, location conditions, etc., there is also strong demand for the residential units of the property. 	<ul style="list-style-type: none"> ● Located in the Shibuya area, one of Japan's leading commercial districts, the property has a strong appeal for fashion and IT-related companies. ● Following the completion of the Shibuya Station area redevelopment project, further development is expected going forward. 	<ul style="list-style-type: none"> ● Located in the Yokohama Station West Exit area where there is a high concentration of commercial and office buildings. ● The floors can be subdivided into smaller spaces, enabling the building to flexibly accommodate demand from branch offices of companies in various fields. ● With the completion of the Yokohama Station area redevelopment project and the Excite Yokohama 22 project, further development is expected going forward.


Portfolio List

Asset type	Office	Office	Office	Office	Office	Residence
Property name	Hakata-eki East Place	Nihonbashi Hamacho Park Building	Amusement Media Gakuin Honkan	Higashi Kobe Center Building	Amusement Media Gakuin Shinkan	Urban Park Azabujuban
						
Acquisition price	2,286 million yen	1,450 million yen	2,580 million yen	7,440 million yen	1,020 million yen	2,045 million yen
Appraisal value	2,570 million yen	1,510 million yen	2,660 million yen	7,470 million yen	1,120 million yen	2,370 million yen
Structure/Floors	SRC 9F	SRC 11F	SRC S 8F/B1F	SRC 14F	RC 7F	SRC with slate roofing B1/12F
Location	Fukuoka City, Fukuoka	Chuo Ward, Tokyo	Shibuya Ward, Tokyo	Kobe City, Hyogo	Shibuya Ward, Tokyo	Minato Ward, Tokyo
Lot area	1,129.86 m ²	319.04 m ²	433.21 m ²	8,488.11 m ²	203.43 m ²	417.67 m ²
Total floor areas	6,243.13 m ²	2,383.76 m ²	1,892.18 m ²	25,740.46 m ²	913.71 m ²	2,564.94 m ²
Construction completion	February 24, 1986	July 13, 1992	November 2, 1994	January 6, 1992	January 25, 1999	November 29, 1999
Property Features	<ul style="list-style-type: none"> Located in the Hakata Station East area, which has a higher concentration of offices after the completion of redevelopment projects in front of the station. Even more vitalization is expected for the Fukuoka (Hakata) area with the start of "Tenjin Big Bang Project" and the extension of some Fukuoka City Subway lines. 	<ul style="list-style-type: none"> Located in Nihonbashi Hamacho area, allowing easy access to major business areas in Central Tokyo and use of various railways. A number of major companies have their head offices in this area, as it is a very attractive area for companies in various fields and of various sizes. Further development of the area is expected considering that it not only has characteristics of an office area, but also has characteristics of residential and tourism areas. 	<ul style="list-style-type: none"> Stable revenue is expected since a vocational school has rented the entire building for many years since the completion. The building is appealing to companies as the property is located in an office area with many foreign-affiliated companies and IT-related firms as well as companies in the creative sector such as advertising and content creation firms. Further development of the area is expected considering that it is not only an office area, but also has elements of residential and tourism areas. 	<ul style="list-style-type: none"> Provides convenient access to office and commercial areas since the building is centrally located between Osaka and Kobe, with an 11-minute ride to Sannomiya Station and 17-minute ride to Osaka Station from Settsu Motoyama, the closest station to the property. There is parking space for 180 cars on the premises and for 112 cars off the premises, which is very appealing to a wide range of retail tenants, particularly stores seeking to attract customers. 	<ul style="list-style-type: none"> Stable revenue is expected since it has the same tenant as that of Amusement Media Gakuin Honkan. The building is appealing to companies as the property is located in an office area with many foreign-affiliated companies, IT-related firms as well as companies in the creative sector such as advertising and content creation firms. Further development of the area is expected considering that it is not only an office area, but also has elements of residential and tourism areas. 	<ul style="list-style-type: none"> Located in Azabu-Juban, an area with an elegant image that also boasts popular appeal. In addition to a stately tiled facade, the property is fully equipped with premium household facilities. Adjacent to the Roppongi area, a leading shopping spot in central Tokyo.







Portfolio List

Asset type	Residence	Residence	Residence	Residence	Residence	Residence
Property name	Urban Park Daikanyama	Urban Park Namba	Urban Park Gokokuji	Urban Park Kashiwa	Urban Park Ryokuchi-koen	Urban Park Koenji
						
Acquisition price	6,315 million yen	1,490 million yen	1,460 million yen	1,186 million yen	1,550 million yen	1,167 million yen
Appraisal value	8,000 million yen	1,610 million yen	1,530 million yen	1,190 million yen	1,630 million yen	1,180 million yen
Structure/Floors	RC, B1/3F RC, B1/9F	RC 14F	RC B1F/5F	SRC B1F/8F	RC 8F	RC 4F
Location	Shibuya Ward, Tokyo	Osaka City, Osaka	Toshima Ward, Tokyo	Kashiwa City, Chiba	Suita City, Osaka	Suginami Ward, Osaka
Lot area	2,469.06 m ²	670.39 m ²	942.66 m ² (Of which, 50.85 m ² is contributed to Toshima Ward as road)	1,597.85 m ²	2,804.56 m ²	988.26 m ²
Total floor areas	8,261.29 m ² (for 2 buildings combined)	2,776.87 m ²	2,451.72 m ²	4,243.71 m ²	5,854.64 m ²	1,524.34 m ²
Construction completion	1: November 15, 1982 2: May 30, 2006	January 9, 2013	February 28, 1990	August 28, 1997	March 10, 1989	October 13, 1987
Property Features	<ul style="list-style-type: none"> • Located in the Daikanyama area, which produces the latest trends. • In addition to a stately tiled facade, the property is fully equipped with premium household facilities. • Adjacent to the Shibuya and Ebisu areas, which are leading shopping spots in central Tokyo. 	<ul style="list-style-type: none"> • Located near Namba, one of Osaka's leading commercial areas. • In addition to an elegant facade, the building is fully equipped with premium household facilities. • The influx of population into central Osaka due to the impact of strong in-bound demand has had a stabilizing effect on occupancy rates. 	<ul style="list-style-type: none"> • Located in an area with strong demand from various tenant groups for single-type residences, due to the location characteristics of having concentration of universities and junior colleges as well as Toshima ward having a relatively high ratio of single households. 	<ul style="list-style-type: none"> • Located in the Kashiwa area, a leading bed town in Chiba, with an excellent access to Central Tokyo. • Further medium- to long-term growth is expected in the area, with completion of various redevelopment plans in front of Kashiwa Station. 	<ul style="list-style-type: none"> • Located in the Ryokuchi-koen area, with good traffic accessibility, providing a lush greenery living environment such as "Hattori Ryokuchi-koen". • Popular residential area primarily for families since it is located in the Hokusetsu area, which has a high level of education. • Appealing primarily for families since some of the units have been renovated and since it is equipped with substantial grade household equipment. 	<ul style="list-style-type: none"> • Located in the Koenji area, which allows for easy access to major areas in the Tokyo metropolitan area. • With many shopping areas, discount supermarkets, restaurants and pubs, having a high appeal to young single-person households of business person and students. • Very popular residential area with its own unique culture, which can be seen in its cafes, vintage clothing shops, and clubs with live music, among other locations.

Portfolio List

Asset type	Logistics	Logistics	Logistics	Logistics	Logistics	Logistics
Property name	Iwatsuki Logistics	Yokohama Logistics	Funabashi Logistics	Baraki Logistics	Tokorozawa Logistics	Funabashi Nishiura Logistics I
						
Acquisition price	6,942 million yen	3,560 million yen	7,875 million yen	4,700 million yen	1,300 million yen	3,000 million yen
Appraisal value	7,150 million yen	4,060 million yen	8,650 million yen	4,860 million yen	1,350 million yen	3,020 million yen
Structure/Floors	Steel construction, zinc plated steel roofing, 5 floors	RC 8F	Building 1: Steel construction, flat roof, zinc-plated steel roofing, 8 floors Building 2: Reinforced concrete structure	RC S 5F	S 2F	R 2F
Location	Saitama City, Saitama	Yokohama City, Kanagawa	Funabashi City, Chiba	Ichikawa City, Chiba	Tokorozawa City, Saitama	Funabashi City, Chiba
Lot area	15,623.14 m ²	10,565.95 m ²	19,858.00 m ²	6,240.96 m ²	8,645.63 m ²	7,142.00 m ²
Total floor areas	29,729.72 m ²	18,387.89 m ² (including 256.15 m ² break areas etc.)	38,871.45 m ² (two buildings combined)	12,471.50 m ²	5,994.75 m ²	14,018.82 m ²
Construction completion	October 29, 2014	October 1, 1994	1: September 25, 1992 2: August 5, 1997	August 14, 2015	April 30, 1999	October 11, 1985
Property Features	<ul style="list-style-type: none"> • Located in the Iwatsuki area, which offers access to the central Tokyo, northern Kanto, and Tohoku areas. • Equipped with specifications that offer a high level of versatility, such as the vehicle berths, floor height, and column interval. • The property is situated in a zone of Saitama City that offers incentives for logistics facilities and therefore benefits from considerable government support. 	<ul style="list-style-type: none"> • Located in the Yokohama bay area, where there are many logistics facilities. • Equipped with specifications that offer a high level of versatility, such as vehicle berths, floor height, and column interval. • In addition to accessing Central Tokyo, it is possible to access the wider Tokyo area thanks to the opening of the Shinagawa section of the Shuto Expressway Central Circular Route. 	<ul style="list-style-type: none"> • Located in the Chiba bay area, where there are many logistics facilities. • Equipped with specifications that offer a high level of versatility, such as vehicle berths, floor height, and column interval. • In addition to accessing Central Tokyo, it is possible to access the wider Tokyo area thanks to the opening of the Tokyo Gaikan Expressway. 	<ul style="list-style-type: none"> • A multi-tenant logistics facility located near the Wangan Ichikawa IC of the East Kanto Expressway. • Enjoys good access to Central Tokyo as well as the consumption areas throughout Chiba, allowing tenants to respond to the needs of e-commerce operators. • Located within approx. 5-minute walk from Futamata-Shinmachi station on the JR Keiyo Line, allowing for securement of employees. • Property with highly versatile specifications, including one passenger elevator, two freight elevators, a floor height of approx. 6.5 m and a pillar span of approx. 9 m-11 m. 	<ul style="list-style-type: none"> • A multi-tenant logistics facility used also as a warehouse, located around 8.7 km from the Tokorozawa IC on the Kan-Etsu Expressway. • Good access to Central Tokyo, and also capable of covering a wide range of destinations for consumption in the Tokyo Metropolitan area with the opening of the Gaikan Expressway and the Metropolitan Inter-City Expressway. • Property with highly versatile specifications, including two freight elevators, a floor height of approx. 5.5 m-6.0 m, and a pillar span of approx. 9.5 m. 	<ul style="list-style-type: none"> • Appealing from a standpoint of securing workforce, as it is conveniently located in the Chiba Bay area, where there are many logistics facilities, and it is located at approx. 1.4km from the closest train station. • In addition to access to Central Tokyo, the location allows easy access to wide range of areas throughout Tokyo via partial opening of the Gaikan Expressway. • The facility is provided with highly versatile specifications such as high-ceiling floors and a pillar span.

Portfolio List

Asset type	Logistics	Logistics	Hotel	Hotel	Hotel	Hotel
Property name	Funabashi Nishiura Logistics II	Matsubushi Logistics	R&B Hotel Umeda East	Smile Hotel Namba	Best Western Tokyo Nishi-kasai	Best Western Yokohama
						
Acquisition price	821 million yen	2,755 million yen	2,069 million yen	1,750 million yen	3,827 million yen	3,248 million yen
Appraisal value	842 million yen	2,850 million yen	2,310 million yen	1,610 million yen	3,860 million yen	3,250 million yen
Structure/Floors	R 4F	RC 3F	RC 9F	S 9F	SRC B1F/9F	SRC B1F/9F
Location	Funabashi City, Chiba	Kita-Katsushika-gun, Saitama	Osaka City, Osaka	Osaka City, Osaka	Edogawa Ward, Tokyo	Yokohama City, Kanagawa
Lot area	3,964.00 m ²	11,580.65 m ²	730.26 m ²	285.28 m ²	1,418.00 m ²	782.66 m ²
Total floor areas	6,316.32 m ²	19,833.47 m ²	3,945.65 m ²	1,711.42 m ²	5,293.88 m ²	4,686.09 m ²
Construction completion	Warehouse: Mar. 20, 1991 Plant: May 15, 1972 Office: May 13, 1986	March 31, 1997	October 20, 2000	February 6, 2008	March 19, 1991	September 21, 1987
Property Features	<ul style="list-style-type: none"> ● Appealing from a standpoint of securing workforce, as it is conveniently located in the Chiba Bay area, where there are many logistics facilities, and it is located at approx. 1.1km from the closest train station. ● In addition to access to Central Tokyo, the location allows easy access to wide range of areas throughout Tokyo via partial opening of the Gaikan Expressway. ● The facility is provided with highly versatile specifications such as high-ceiling floors and a pillar span. 	<ul style="list-style-type: none"> ● Located in Matsubushi area, with easy access to nearby areas such as Saitama Prefecture and Chiba Prefecture, in addition to Kita-Kanto, Joban, and Tohoku areas. ● Provided with versatile specifications, such as loading berths, cargo elevators, high-ceiling, and a pillar span. ● Back ups from the local government through activities by Saitama Prefecture to attract companies (the "Chance Maker Saitama Strategy"). 	<ul style="list-style-type: none"> ● Located near Umeda, one of Osaka's leading office and commercial areas. ● With over 200 single-occupancy rooms, the hotel is able to accommodate significant business- and tourism-based demand. ● Due to the impact of strong inbound demand in Osaka, further hotel demand is expected. 	<ul style="list-style-type: none"> ● Located near Namba, one of Osaka's leading commercial areas. ● In addition to excellent access to Namba, located near Kyocera Dome Osaka, addressing multiple business- and tourism-based demand. ● Due to the impact of strong inbound demand in Osaka, further hotel demand is expected. 	<ul style="list-style-type: none"> ● A business hotel located within approx. a 2-minute walk from Nishikasai Station of Tokyo Metro Tozai Line. ● Excellent location characteristics that can attract a fair amount of Tokyo Disney Resort-related leisure travelers, as it stands in a straight-line distance of approx. 4 km away from Tokyo Disney Resort. ● A hotel with great appeal to a variety of guests with various types of guest rooms depending on the intended use. 	<ul style="list-style-type: none"> ● A business hotel located within approx. 4-minute walk from "Tsurumi" Station on the JR Keihin Tohoku Line and a 3-minute walk from "Keikyu Tsurumi" Station on the Keihin Kyuko Line. ● Excellent location characteristics that can attract both business travelers and leisure travelers, as its location has good access to the major areas in Kanagawa including Yokohama and Kawasaki as well as to Haneda Airport. ● A hotel with great appeal to a variety of guests with various types of guest rooms depending on the intended use.

Portfolio List

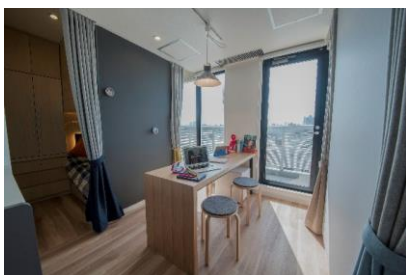
Asset type	Hotel	Hotel	Hotel	Hotel
Property name	Hotel WBF Fukuoka Tenjin Minami	GLANSIT Akihabara	Best Western Tokyo Nishikasai Grande	Hotel WBF Art Stay Namba
				
Acquisition price	1,970 million yen	2,500 million yen	3,180 million yen	2,000 million yen
Appraisal value	2,010 million yen	2,520 million yen	3,210 million yen	1,990 million yen
Structure/Floors	RC 10F	SRC 10F/B1F	S 8F	RC9F
Location	Fukuoka City, Fukuoka	Chiyoda Ward, Tokyo	Edogawa Ward, Tokyo	Osaka City, Osaka
Lot area	534.94 m ²	167.74 m ²	657.00 m ²	335.31 m ²
Total floor areas	2,281.49 m ²	1,081.97 m ²	2,755.19 m ²	2,061.38 m ²
Construction completion	February 20, 2017	September 20, 2017	February 7, 2017	April 7, 2017
Property Features	<ul style="list-style-type: none"> ● The hotel is centrally located between Tenjin and Nakasu, thus it is expected to attract tourists and business guests. ● Demand for hotels is expected to increase with a rising number of passengers using the Fukuoka Airport and development of additional runways. ● Completed relatively recently in February 2017. 	<ul style="list-style-type: none"> ● Located in the Akihabara area, one of the largest tourism spots in Tokyo. ● Appealing to guests for the purpose of business and tourism as it is located in a highly convenient and flourishing area. ● Offers three types of capsules, attracting various customers. ● Completed relatively recently in September 2017. 	<ul style="list-style-type: none"> ● Located in the Nishi Kasai area, which provides the easy access to main business and tourism areas in Tokyo. ● The hotel flexibly responds to the needs of many business people and tourists as it provides various room types in accordance with purpose of use. ● Completed relatively recently in February 2017. 	<ul style="list-style-type: none"> ● Located in the Namba area, one of the largest commercial areas in Osaka. ● Good access from sightseeing spots and business district, thereby expected to meet huge business and tourism demand. ● Demand for hotels is expected to increase as inbound demand rises in Osaka. ● Completed relatively recently in April 2017..

Properties owned by the Sponsor Group

Overview of HAKUSAN HOUSE

<Attractiveness of HAKUSAN HOUSE>

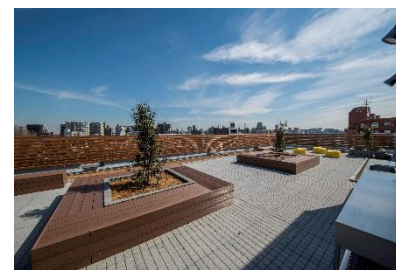
- Arrival of revenue-generating opportunities against the backdrop of “Super Global University Creation Support Project” promoted by the government
- Expansion of “UNINEST”, a brand for global student accommodations, into Japan for the first time
- Enabling international exchange at global student accommodations targeting international and Japanese students
- Provision of residential space and common space (study room, cinema room and kitchen) to form an active community for students
- Monthly fees are all inclusive (utilities expenses, usage fee of furniture and home appliances, internet fee, security costs)
- Safe security system with staff onsite 24 hours a day
- Provision of multilingual concierge service



Share Nest



Common Space



Rooftop Terrace



Kitchen Space

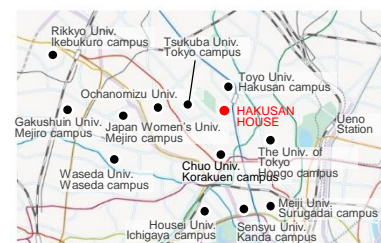


Concierge service



External appearance

■ Nearby universities with many international students



	University	No. of international students (Note)
1	Waseda University	4,767
2	The University of Tokyo	3,260
3	Tokyo University of Social Welfare	3,000
4	Ritsumeikan Asia Pacific University	2,818
5	Japan University of Economics	2,708
6	University of Tsukuba	2,326
7	Osaka University	2,184

(Note 9) As of the date of this material, Hakusan House has not been acquired by SAR and there is no guarantee that SAR will acquire the above property.

Source: JASSO Japan Student Services Organization

(Note) Number of international students for universities provided above is the total for all the campuses combined in “Result of Annual Survey of International Students in Japan 2018”

Balance of Payments of Individual Properties

(Unit: thousand yen)

	OFC-01		OFC-03		OFC-04		OFC-05		OFC-06	
	Minami-Azabu Shibuya Building		Honmachibashi Tower		Nishi-Shinjuku Matsuya Building		Alphabet Seven		Shibuya MK Building	
	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP
Total of revenue real estate lease	95,789	97,124	217,594	223,750	101,028	105,813	76,465	73,119	76,076	76,567
Lease business revenue	88,399	88,502	191,695	192,776	92,493	98,575	71,074	66,440	70,778	71,149
Other lease business revenue	7,390	8,621	25,898	30,974	8,535	7,237	5,391	6,679	5,298	5,417
Total of expenses - real estate lease	25,602	25,207	62,473	66,290	34,048	34,427	18,363	28,031	17,490	18,521
PM fees	6,067	5,874	13,440	13,860	6,717	6,774	4,814	4,858	4,896	4,921
Trust fees	400	400	400	400	400	400	400	400	350	350
Utilities expenses	7,038	6,943	25,179	24,361	9,081	8,454	4,715	4,350	3,918	3,946
Insurance expenses	116	114	358	352	129	126	99	98	45	44
Repair expenses	1,077	103	1,746	5,166	1,408	1,915	669	10,971	2,131	434
Taxes and public dues	4,572	4,563	19,766	19,730	3,434	3,426	6,219	6,213	4,316	4,322
Other	6,330	7,208	1,583	2,420	12,877	13,329	1,443	1,139	1,832	4,502
NOI	70,187	71,916	155,120	157,459	66,980	71,385	58,102	45,087	58,586	58,046
Depreciation	11,546	11,555	44,989	45,048	8,192	8,288	4,568	4,717	3,218	3,317
Income from real estate property leasing	58,640	60,361	110,131	112,411	58,787	63,097	53,534	40,370	55,367	54,728
Capital expenditures	-	824	-	9,869	1,553	5,525	-	48,786	8,641	1,107
NCF	70,187	71,092	155,120	147,590	65,426	65,860	58,102	△3,698	49,944	56,939

Balance of Payments of Individual Properties

(Unit: thousand yen)

	OFC-07		OFC-08		OFC-09		OFC-10		OFC-11	
	Hakata-eki Higashi 113 Building (51% of quasi co-ownership interest) (Sold Property)		Asahi Building		Hakata-eki East Place		Nihonbashi Hamacho Park Building		Amusement Media Gakuin Honkan	
	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP
Total of revenue real estate lease	67,760	445	215,210	221,972	97,760	99,448	43,682	43,928	※	※
Lease business revenue	60,927	1	197,652	205,477	87,759	89,287	43,682	43,928		
Other lease business revenue	6,832	444	17,557	16,495	10,000	10,161	-	-		
Total of expenses - real estate lease	22,052	61	56,898	57,073	32,582	26,570	7,622	15,349		
PM fees	6,339	-	15,780	15,674	7,944	7,936	717	779		
Trust fees	295	-	400	400	400	400	400	400		
Utilities expenses	6,723	-	18,805	18,954	8,724	8,455	-	-		
Insurance expenses	123	34	357	351	167	165	123	121		
Repair expenses	2,296	43	3,611	3,129	6,264	2,047	-	150		
Taxes and public dues	5,341	0	15,994	16,195	6,582	6,801	0	4,299		
Other	931	△15	1,948	2,368	2,498	764	6,381	9,598		
NOI	45,708	383	158,311	164,898	65,177	72,878	36,059	28,578		
Depreciation	5,524	-	25,395	25,672	6,830	7,121	2,837	2,837		
Income from real estate property leasing	40,184	383	132,916	139,226	58,346	65,757	33,222	25,741		
Capital expenditures	285	-	2,868	16,897	5,804	5,425	-	-		
NCF	45,422	383	155,442	148,001	59,373	67,452	36,059	28,578		

(*) Not disclosed as consent for disclosure has not been obtained from the tenant

Balance of Payments of Individual Properties

(Unit: thousand yen)

	OFC-12		OFC-13		Office Total		RSC-01		RSC-02	
	Higashi Kobe Center Building		Amusement Media Gakuin Shinkan				Urban Park Azabujuban		Urban Park Daikanyama	
	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP
Total of revenue real estate lease	263,133	312,718	※	※	1,305,280	1,341,598	56,912	56,356	187,182	195,825
Lease business revenue	231,637	279,751			1,184,218	1,217,653	55,267	53,422	177,059	182,487
Other lease business revenue	31,495	32,966			121,062	123,945	1,645	2,934	10,123	13,337
Total of expenses - real estate lease	77,475	150,830			358,793	435,998	8,438	13,191	45,722	35,695
PM fees	22,456	23,447			90,531	86,476	2,246	2,091	8,605	8,718
Trust fees	321	400			4,089	4,346	350	350	350	350
Utilities expenses	28,020	41,521			114,278	121,760	592	555	4,996	4,779
Insurance expenses	528	645			2,092	2,128	57	56	196	193
Repair expenses	9,819	33,646			29,221	58,914	1,004	4,168	12,119	4,710
Taxes and public dues	10	29,150			66,249	98,917	2,784	2,831	11,218	11,399
Other	16,318	22,017			52,331	63,455	1,402	3,137	8,236	5,544
NOI	185,657	161,887			946,487	905,599	48,474	43,165	141,459	160,129
Depreciation	23,977	32,124			140,456	145,940	4,810	4,815	12,353	12,502
Income from real estate property leasing	161,680	129,762			806,030	759,659	43,663	38,349	129,105	147,626
Capital expenditures	149,810	38,781			168,964	128,087	-	702	6,568	3,741
NCF	35,847	123,105			777,522	777,511	48,474	42,463	134,891	156,388

(*) Not disclosed as consent for disclosure has not been obtained from the tenant

Balance of Payments of Individual Properties

(Unit: thousand yen)

	RSC-04		RSC-05		RSC-06		RSC-07		RSC-08	
	Urban Park Shin-Yokohama (Sold Property)		Urban Park Namba		Urban Park Gokokuji		Urban Park Kashiwa		Urban Park Ryokuchi-koen	
	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP
Total of revenue real estate lease	28,529	-	51,251	50,752	51,541	53,383	37,179	37,100	54,276	57,413
Lease business revenue	27,946	-	48,138	47,791	50,406	49,120	36,550	35,463	51,601	54,979
Other lease business revenue	583	-	3,113	2,961	1,134	4,263	628	1,636	2,675	2,433
Total of expenses - real estate lease	6,434	-	13,072	16,147	11,935	24,104	7,670	11,005	15,731	16,441
PM fees	1,777	-	2,547	2,573	4,107	3,854	1,890	2,060	2,415	2,305
Trust fees	136	-	350	350	400	400	350	350	650	350
Utilities expenses	449	-	493	450	2,567	2,664	897	893	2,355	2,260
Insurance expenses	102	-	63	62	53	52	85	83	119	117
Repair expenses	1,068	-	3,307	3,679	1,979	6,898	464	2,649	5,544	3,532
Taxes and public dues	2,600	-	2,791	2,820	1,838	1,855	2,954	2,952	-	3,578
Other	298	-	3,519	6,211	989	8,379	1,027	2,016	4,647	4,298
NOI	22,095	-	38,179	34,605	39,605	29,279	29,508	26,094	38,544	40,971
Depreciation	8,221	-	7,515	7,515	5,002	5,156	6,918	7,012	7,227	7,711
Income from real estate property leasing	13,874	-	30,663	27,089	34,603	24,122	22,590	19,082	31,317	33,259
Capital expenditures	-	-	-	-	-	9,072	-	6,232	6,471	10,855
NCF	22,095	-	38,179	34,605	39,605	20,207	29,508	19,862	32,072	30,115

Balance of Payments of Individual Properties

(Unit: thousand yen)

	RSC-09		Residence Total		LGC-01		LGC-02		LGC-03	
	Urban Park Koenji				Iwatsuki Logistics		Yokohama Logistics		Funabashi Logistics	
	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP
Total of revenue real estate lease	33,545	36,200	500,419	487,031	203,920	202,082	※	※	261,582	273,565
Lease business revenue	31,416	33,311	478,386	456,576	187,713	187,738			241,779	241,755
Other lease business revenue	2,129	2,888	22,033	30,454	16,207	14,344			19,802	31,810
Total of expenses - real estate lease	9,528	9,481	118,533	126,068	36,429	36,034			54,025	69,266
PM fees	1,744	1,822	25,335	23,427	5,650	5,650			11,308	12,178
Trust fees	400	400	2,986	2,550	350	350			400	400
Utilities expenses	1,494	1,612	13,846	13,215	16,125	14,344			17,737	14,513
Insurance expenses	36	36	715	602	275	271			397	390
Repair expenses	3,614	2,098	29,101	27,736	192	1,531			1,450	17,880
Taxes and public dues	-	962	24,187	26,399	13,835	13,729			22,709	23,055
Other	2,237	2,549	22,359	32,136	-	157			22	848
NOI	24,017	26,718	381,885	360,963	167,491	166,048			207,556	204,299
Depreciation	2,425	2,474	54,474	47,188	46,532	46,532			26,836	26,859
Income from real estate property leasing	21,591	24,244	327,411	313,774	120,958	119,515			180,720	177,439
Capital expenditures	1,877	246	14,918	30,850	-	-			-	3,112
NCF	22,139	26,471	366,967	330,112	167,491	166,048			207,556	201,186

(*) Not disclosed as consent for disclosure has not been obtained from the tenant

Balance of Payments of Individual Properties

(Unit: thousand yen)

	LGC-04		LGC-05		LGC-06		LGC-07		LGC-08	
	Baraki Logistics		Tokorozawa Logistics		Funabashi Nishiura Logistics I		Funabashi Nishiura Logistics II		Matsubushi Logistics	
	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP
Total of revenue real estate lease										
Lease business revenue										
Other lease business revenue										
Total of expenses - real estate lease										
PM fees										
Trust fees										
Utilities expenses										
Insurance expenses										
Repair expenses	※	※	※	※	※	※	※	※	※	※
Taxes and public dues										
Other										
NOI										
Depreciation										
Income from real estate property leasing										
Capital expenditures										
NCF										

(*) Not disclosed as consent for disclosure has not been obtained from the tenant

Balance of Payments of Individual Properties

(Unit: thousand yen)

	Logistics facility Total		HTL-01		HTL-02		HTL-03		HTL-04	
			R&B Hotel Umeda East		Smile Hotel Namba		Best Western Tokyo Nishi-kasai		Best Western Yokohama	
	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP
Total of revenue real estate lease	970,091	1,004,948	65,565	65,392	42,690	40,258	85,061	99,879	80,731	80,400
Lease business revenue	918,040	916,892	65,452	65,392	42,471	40,258	84,600	99,879	80,400	80,400
Other lease business revenue	52,050	88,055	112	-	219	-	461	-	331	-
Total of expenses - real estate lease	159,785	185,780	12,975	7,412	4,913	5,042	11,754	9,926	7,801	7,990
PM fees	29,835	31,125	742	742	660	660	1,200	1,200	1,200	1,200
Trust fees	3,050	3,050	350	350	550	550	400	400	400	400
Utilities expenses	50,325	44,360	13	10	-	-	-	-	-	-
Insurance expenses	1,438	1,413	113	111	53	53	126	124	106	105
Repair expenses	8,940	24,717	5,210	722	1,223	798	2,049	208	1,408	1,555
Taxes and public dues	62,947	77,142	5,431	5,450	2,282	2,281	7,954	7,971	4,659	4,706
Other	3,247	3,970	1,113	24	143	699	23	22	26	23
NOI	810,306	819,168	52,589	57,980	37,777	35,216	73,307	89,952	72,930	72,409
Depreciation	143,764	144,051	9,411	9,777	12,177	12,237	10,234	11,789	11,621	12,052
Income from real estate property leasing	666,542	675,116	43,178	48,203	25,599	22,978	63,072	78,163	61,308	60,356
Capital expenditures	11,082	16,982	23,792	560	2,114	-	29,464	1,318	11,991	11,397
NCF	799,223	802,185	28,797	57,420	35,662	35,216	43,842	88,634	60,938	61,011

Balance of Payments of Individual Properties

(Unit: thousand yen)

	HTL-05		HTL-06		HTL-07		HTL-08		Hotel Total	
	Hotel WBF Fukuoka Tenjin Minami		GLANSIT Akihabara		Best Western Tokyo Nishikasai Grande		Hotel WBF Art Stay Namba			
	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP	6th FP	7th FP
Total of revenue real estate lease	※	※	※	※	56,390	70,002	※	※	448,544	501,002
Lease business revenue					56,390	70,002			447,420	501,002
Other lease business revenue					-	-			1,124	-
Total of expenses - real estate lease					1,186	6,767			41,794	50,979
PM fees					797	990			6,716	7,419
Trust fees					321	400			2,923	3,183
Utilities expenses					-	-			13	10
Insurance expenses					51	63			555	582
Repair expenses					-	-			9,891	3,285
Taxes and public dues					9	5,294			20,351	35,641
Other					5	19			1,342	856
NOI					55,204	63,234			406,750	450,022
Depreciation					9,047	10,857			70,772	78,648
Income from real estate property leasing					46,156	52,377			335,978	371,374
Capital expenditures					-	-			67,363	13,275
NCF					55,204	63,234			339,386	436,747

(*) Not disclosed as consent for disclosure has not been obtained from the tenant

Balance of Payments of Individual Properties

	Total	
	6th FP	7th FP
Total of revenue real estate lease	3,224,335	3,334,581
Lease business revenue	3,028,065	3,092,125
Other lease business revenue	196,270	242,455
Total of expenses - real estate lease	678,906	798,827
PM fees	152,418	148,449
Trust fees	13,049	13,129
Utilities expenses	178,464	179,347
Insurance expenses	4,801	4,727
Repair expenses	77,155	114,653
Taxes and public dues	173,735	238,101
Other	79,280	100,418
NOI	2,545,429	2,535,753
Depreciation	409,467	415,829
Income from real estate property leasing	2,135,962	2,119,924
Capital expenditures	262,328	189,197
NCF	2,283,100	2,346,556

Other assets under management (as of July 31, 2019)

<Mezzanine loan debt investment>

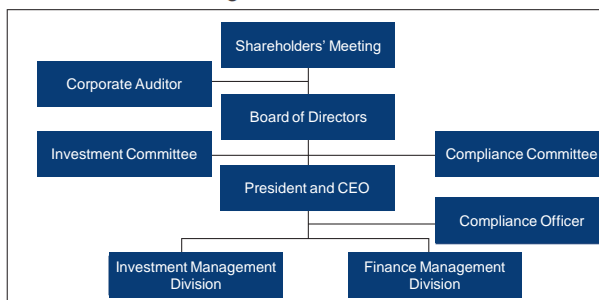
Number	Type	Name of the security (asset overview)	Acquisition price (million yen)	Underlying asset, etc.		Interest rate (Note25)
				Asset name	Location	
MEZ-01	Mezzanine (Subordinated bonds)	Star Asia Mezzanine Loan Debt Investment Series 1	400	Relief Premium Haneda	Ota-ku, Tokyo	Base rate +5.0%
MEZ-03	Mezzanine (Subordinated Beneficiary Interest)	Star Asia Mezzanine Loan Debt Investment Series 3	126	The Royal Garden Residence Shirokanedai	Minato-ku, Tokyo	Base rate +5.0%
MEZ-04	Mezzanine (Subordinated loan claims)	Star Asia Mezzanine Loan Debt Investment Series 4	300	Premier Kaigan Building	Minato-ku, Tokyo	Base rate +5.0%
Total			826			

<Silent partnership equity interest>

Number	Investments securities	Investment amount (million yen)	Underlying asset, etc.	
			Property name	Location
TKI-01	GK SAPR8 subordinated silent partnership equity interest	100	Urban Park Mitsuike Koen	Yokohama-shi, Kanagawa
			Urban Park Tokiwadai Koen	Yokohama-shi, Kanagawa
TKI-02	GK SAPR7 silent partnership equity interest	100	OHA Building	Tachikawa-shi, Tokyo
Total		200		

Organizational Structure of Asset Manager

Organization Chart



President and CEO
Atsushi Kato



After entering Nomura Real Estate Development Co., Ltd., he worked for Showa Ota Ernst & Young, and then entered Nomura Securities Co, Ltd. After being involved in the asset finance business including support in establishing J-REITs, he joined Star Asia Investment Management Co., Ltd.

Chief Compliance Officer
Kazuaki Fujii

Worked at Mizuho FG and its affiliate companies. Holds experience in a broad range of on-site auditing, including theme audits on risk management, internal control, compliance and others.

Investment Management Division

Director and CEO
Satoshi Obara



Joined Nissho Iwai Corporation (current: Sojitz Corporation). After working in the condominium developer sector of the Urban Development Department, engaged in acquisition and asset management of private funds at Morgan Stanley Capital K.K. Has been involved in business deals totaling 218 billion yen. Joined Hulic Co., Ltd. Engaged in IPO and four POs at Hulic Reit Management Co., Ltd.

Senior Manager
(Male)

Assistant Real Estate Appraiser
Was in charge of the acquisition of a total of over 100 billion yen in properties, asset management (AM) and finance tasks at a foreign-affiliated real estate investment company, prior to which he supervised acquisitions, AM and finance tasks at a REIT operating company.

Manager
(Female)

Was involved in contracting tasks and accounting tasks at a leading real estate operating company. Currently conducts property cash management in cooperation with the Finance Management Division.

Manager
(Male)

Was involved in asset management at an overseas listed fund's asset management company, prior to which he was in charge of acquisitions, including development projects, at a real estate asset management company.

Manager
(Female)

Was involved in acquisitions and interim investment management of various asset types at an overseas listed fund's asset management company and a J-REIT operating company. Currently in charge of asset management.

Finance Management Division

Director and CFO
Akiko Kanno



After entering Fujita Corporation, working at its IR, legal, and corporate planning departments, she joined a GMO Internet Group company where she took on the position of General Department Manager, and then became responsible for establishing overseas offices and presided over business management divisions of certain overseas affiliate companies. She joined Star Asia Investment Management Co., Ltd. in 2015.

Manager
(Male)

Certified Public Accountant. After gaining experience as a member of an audit team at an accounting office, he was involved in tasks of the planning department at a leading investment advisory company. Is mainly in charge of gain/loss management, settlement and disclosure of the investment corporation also contributing to establishing internal infrastructure.

Manager
(Female)

After gaining experience in conducting duties at a leading bank and foreign-affiliated financial institute, gained experience in PM tasks for over 50 properties in total of REITs, private placement and individual owners at a leading PM company, and using such experience, conducts property cash management in cooperation with the Investment Management Division. She also contributes in other administrative tasks.

Associate
(Male)

Joined Star Asia Management Japan, Ltd. after having gained work experience at a government-affiliated financial institution. He was then transferred to GSA Star Asia, where he was involved in the student residence project from development stage, and then transferred to Star Asia Investment Management Co., Ltd. from April 2019.

Associate
(Female)

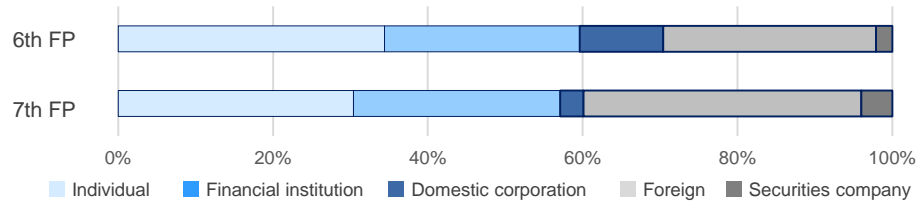
In charge of a wide range of work as an assistant, using abundant experience from various duties.

Star Asia Management Japan Limited
(Construction Management Department)
Tatsuji Ishii

Was involved in ① proposals for implementing capital expenditure and repair plans with an aim to enhance value and maintain functions upon acquisition of real estate and ② supervising construction work such as renewal and repair work after the acquisition of real estate as well as advisory and support to help maintain building value at a foreign real estate fund.

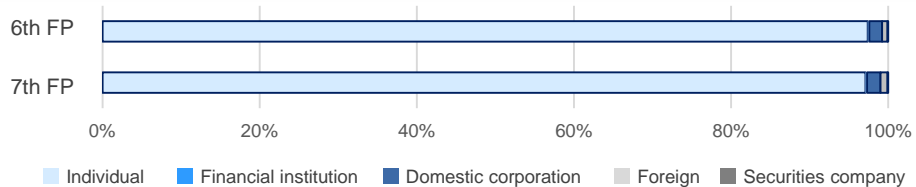
Status of Unitholders at the End of 7th Fiscal Period ended July 2019

Number of investment units by attribute: Total 540,824 units



Category	End of 6th FP		End of 7th FP			
	Ratio	No. of investment units	Unitholders' register		Sponsor Group is excluded	
			Ratio	No. of investment units	Ratio	No. of investment units
Individual	34.4%	186,112	30.4%	164,578	37.1%	164,578
Financial institution	25.2%	136,030	26.7%	144,441	32.5%	144,441
Domestic corporation	10.8%	58,601	3.0%	16,174	3.6%	16,174
Foreign	27.5%	148,520	35.9%	194,187	21.9%	97,187
Securities company	2.1%	11,561	4.0%	21,444	4.8%	21,444

Number of unitholders by attribute: Total 17,778 units



Category	End of 6th FP		End of 7th FP			
	Ratio	No. of persons/entities	Unitholders' register		Sponsor Group is excluded	
			Ratio	No. of persons/entities	Ratio	No. of persons/entities
Individual	97.4%	18,860	97.1%	17,260	97.1%	17,260
Financial institution	0.2%	40	0.2%	37	0.2%	37
Domestic corporation	1.6%	319	1.7%	295	1.7%	295
Foreign	0.7%	126	0.9%	161	0.9%	155
Securities company	0.1%	26	0.1%	25	0.1%	25

List of major unitholders (Top 10)

	Unitholder name (Note26)	Number of investment units	Holding ratio
1	The Master Trust Bank of Japan, Ltd. (Trust account)	49,799	9.2%
2	Japan Trustee Services Bank, Ltd (Trust account)	38,606	7.1%
3	Star Asia Capital I LLC	24,195	4.5%
3	Star Asia Capital II LLC	24,195	4.5%
3	Star Asia Capital III LLC	24,195	4.5%
3	Star Asia Capital IV LLC	24,195	4.5%
7	Trust & Custody Services Bank, Ltd. (Security Trust account)	16,257	3.0%
8	The Nomura Trust and Banking Co., Ltd. (Trust account)	15,981	3.0%
9	NORTHERN TRUST CO. (AVFC) RE UKDU UCITS CLIENTS NON LENDING 10PCT TREATY ACCOUNT	14,802	2.7%
10	SSBTC CLIENT OMNIBUS ACCOUNT	8,317	1.5%
	Total	240,542	44.5%

6. Notes

	Note 1	Unless otherwise stated within this document, references to all monetary amounts have been rounded down to the nearest monetary unit described, and ratios have been rounded to the decimal point described.
P1	Note 2	"Tokyo area": "Tokyo area" refers to Tokyo's 23 wards and the cities of Kawasaki and Yokohama for office properties and retail facilities, and Tokyo and the three prefectures of Kanagawa, Saitama and Chiba for residential properties, logistics facilities and hotels. "Middle-size assets" are properties with acquisition prices of less than JPY10bn. The same applies hereafter.
P7	Note 3	Upon calculation (on acquisition price basis), of the properties held at the end of the period, those which were sold at the beginning of the following period have been excluded.
P10	Note 4	This is a calculation of the average from 1st fiscal period to the 9th fiscal period, where actual distributions per unit are used up to the 7th fiscal period, and the estimated distributions per unit for the 8th and 9th fiscal periods are aggregated and then divided by 9.
P15	Note 5	The rent gap is the gap between market rent and contract rent with each tenant. The market rent has taken the intermediate value of the expected new contract rents (described as a range) for each property appraised by CBRE as of the end of the period. With respect to the main building and new building of Amusement Media Gakuin, the net rentable area is used for calculation.
P15	Note 6	For each property, the index of the historical trend has been prepared by assuming that the average tsubo unit price as of the period in which the property was acquired is "100".
P15	Note 7	Properties which were vacant at the beginning of the period or at the time of property acquisition for which contracts have been entered into with new tenants have been counted as "Increased" within the number of new contracts. The increase ratio has been calculated by subtracting the aggregate amount of monthly rents from existing tenants (i.e. before addition of new tenants) from the aggregate amount of monthly rent of newly contracted tenants, and then dividing such calculated amount by the aggregate amount of monthly rents from existing tenants (excluding warehouse portion). With respect to properties which were vacant at the beginning of the period or when acquired, and for which contracts have been newly signed with tenants, the rent unit price of surrounding properties at the bottom of the range have been used as the assumed rent unit price of existing tenants (prior to addition of new tenants) for the purpose of calculating the aggregate amount of monthly rents of existing tenants.
P15	Note 8	The ratio of the increased portion has been calculated using the aggregate amount of former rent amounts of renewing tenants.
P16	Note 9	The calculation has been made by extracting just the residence portions.
P16	Note 10	For each property, the index of the historical trend has been prepared by assuming that the average tsubo unit price as of the period in which the property was acquired is "100".
P17	Note 11	As of the current date, the rents are under a fixed rent system, however, it has been agreed that the rent system will be changed to fixed rents + floating rents commencing from January 2020.
P20	Note 12	The interest rates shown take into consideration the effects of interest rate swaps (fixing of interest rates).
P20	Note 13	JBA 1-month yen TIBOR
P22	Note 14	The index has been prepared by calculating the closing price of SAR investment units on the date of listing of SAR of 98,300 yen, by conversion from the closing price of the TSE REIT Index on the same day (1,887.75).
P22	Note 15	Upon calculation (on acquisition price basis), of the properties held at the end of the period, those which were sold at the beginning of the following period have been excluded.
P24	Note 16	The aggregate amount of the following: For properties for which a preferential negotiation price or desired purchase price is stated in the preferential negotiation agreement, such price is used. For properties which do not have such stated price, the purchase price at which Star Asia Group expects to purchase the property have been used.

P24	Note 17	The yield is calculated by dividing the aggregated amount of assumed NOI calculated by Star Asia Group based on the status of revenues and expenses of each property as of the end of June 2019, by the aggregate amount of the preferential negotiation price etc.
P24	Note 18	The yield calculated by dividing the amount obtained by subtracting the aggregated amount of depreciation expenses assumed by Star Asia Group with respect to each property (preferential negotiation rights held properties ①), by the aggregate amount of the preferential negotiation price etc.
P24	Note 19	The aggregate amount of the following: If an appraisal report has been obtained, such appraisal value. If an appraisal has not been obtained, the amount at which Star Asia Group is expecting to purchase the property.
P24	Note 20	The aggregate amount of the most recent appraisal values of each property managed by Star Asia Group (excluding those properties for which SAR holds preferential negotiation rights).
P24	Note 21	For 1 property which was not held as of the end of January 2019, the appraisal value was used.
P24	Note 22	With respect to SAR's portfolio held, the figure is calculated by the amount obtained by subtracting the book value as of the end of January 2019 from the aggregate amount of the amounts at which Star Asia Group is able to purchase all of the properties, and then dividing such amount by the book value as of the end of the end of January 2019.
P26	Note 23	The amount calculated by adding the 97,000 investment units of SAR held by Star Asia Group as of August 6, 2019, and the 16,896 investment units (contract basis) of SSR held by Lion Partners GK after multiplying the assumed merger ratio to it (0.88), and then dividing such number by the assumed issued and outstanding number of investment units of the post-merger investment company.
P26	Note 24	The ratio of floating rents within the rent revenues to be obtained from the hotel portfolio of the post-merger investment company.
P53	Note 25	The base interest rate : JBA 3-month yen TIBOR
P55	Note 26	Star Asia Capital I ~IV LLC are Sponsor Group.

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