

"Financial Results for the 9th Fiscal Period Ended July 2020"



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 (\*1)**  
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 (\*2)**

※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.

※ In this document, Star Asia Investment Corporation may be referred to as "SAR" and Sakura Sogo REIT Investment Corporation as "SSR".

※ Assets that are classified as "Other" in SSR (pre-merger) are classified as "Logistics" in SAR (post-merger) in accordance with Star Asia Investment Management operation guidelines.

\*1 "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, hotels and student residences.

\*2 "Middle-size assets" are properties with acquisition prices of less than JPY10bn.

## **1. Executive summary**

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# 1. Executive summary

## <FP Ended July 2020 Actual>

Actual results for fiscal period ended July 2020 exceeded forecasts.

**SAR**

**3,436 yen**

Up 126yen  
3.8% increase compared to forecast

**SSR**

**2,489 yen**

Up 71 yen  
2.9% increase compared to forecast

Impact of COVID-19 is negligible.

Impact of COVID-19 is negligible.

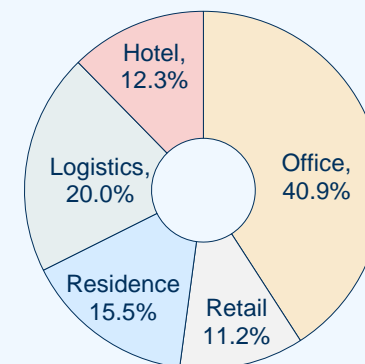
Office	Rent reduction demands from tenants were limited, and resolved slightly above expected levels.
Retail	Although rent reduction demands were accepted to a certain extent depending on the status of the tenant, the amount was approximately ▲2.2% of the expected gross revenue of the commercial facility.
Residence	Compared to past years, down time for single types were slightly longer.
Logistics	No impact.
Hotel	There was one tenant that petitioned for application of the Civil Rehabilitation Act; however, rents were received. There were some cases where rent reduction requests were accepted.

## <After January 2021>

Asset size increased to JPY 166.4 billion due to the merger.

- Asset size : 166.4 bn
- Number of properties : 53
- LTV (assumption) : 45.8%
- Negative Goodwill : 8.8 bn
- NAV (assumption) : 57,346 yen/unit

※LTV (assumed) and NAV (assumed) have been calculated assuming the condition after sale of Alphabet Seven (60%)



Distributions per unit is maintained at forecasted amount previously announced.

FP Ended January 2021

**1,658 yen/unit**

- ✓ Includes gain on sale (579 yen per unit) from the sale of the quasi co-ownership interest (60%) in Alphabet Seven.

FP Ended July 2021

**1,455 yen/unit**

- ✓ Includes **internal reserves** (84 yen per unit) to date and the utilization of **negative goodwill** (23 yen per unit) arising from the merger.
- ✓ Assumes, among others, that rent revenues are not anticipated from (1) Hotel WBF Art Stay Namba and (2) Funabashi Nishiura Logistics I.

**Target Cruising DPU : 1,400 yen~1,450 yen/unit**

## **2. Distributions for the 9th fiscal period ended July 2020**

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## 2. Distributions for the 9th fiscal period ended July 2020

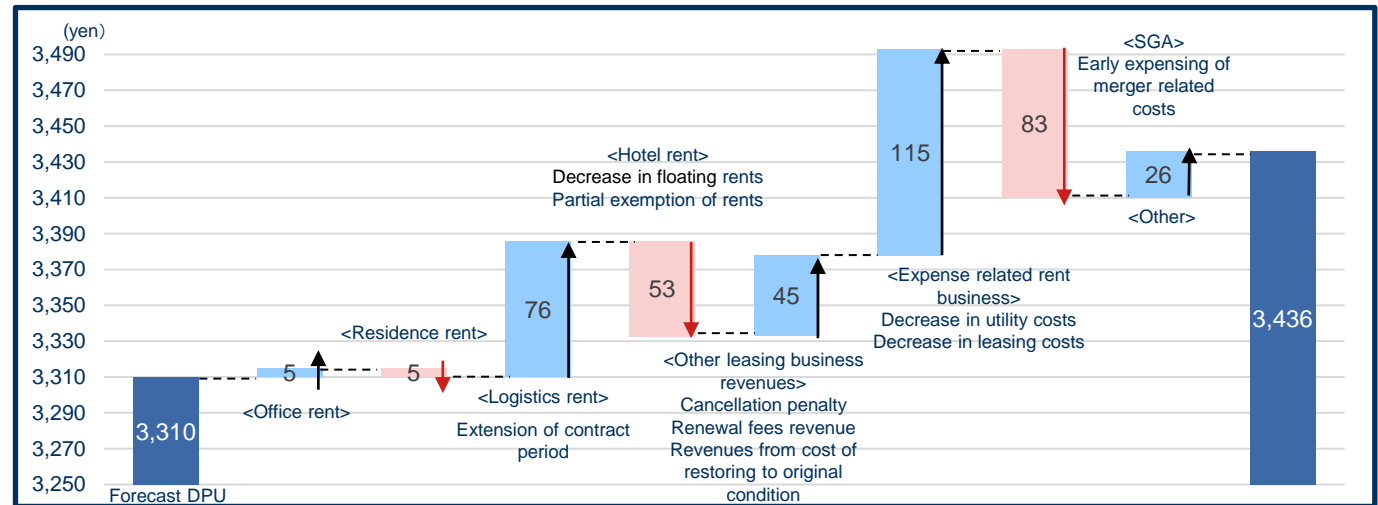
- Both Star Asia Investment Corporation (“SAR”) and Sakura Sogo REIT Investment Corporation (“SSR”) recorded distributions per unit in excess of their announced forecasts.
- In the fiscal period ended July 2020, the effects of COVID-19 remained negligible.

### <SAR>

Distributions for the 9th fiscal period ended July 2020

**3,436** yen

Up 126yen  
3.8% increase  
compared to forecast

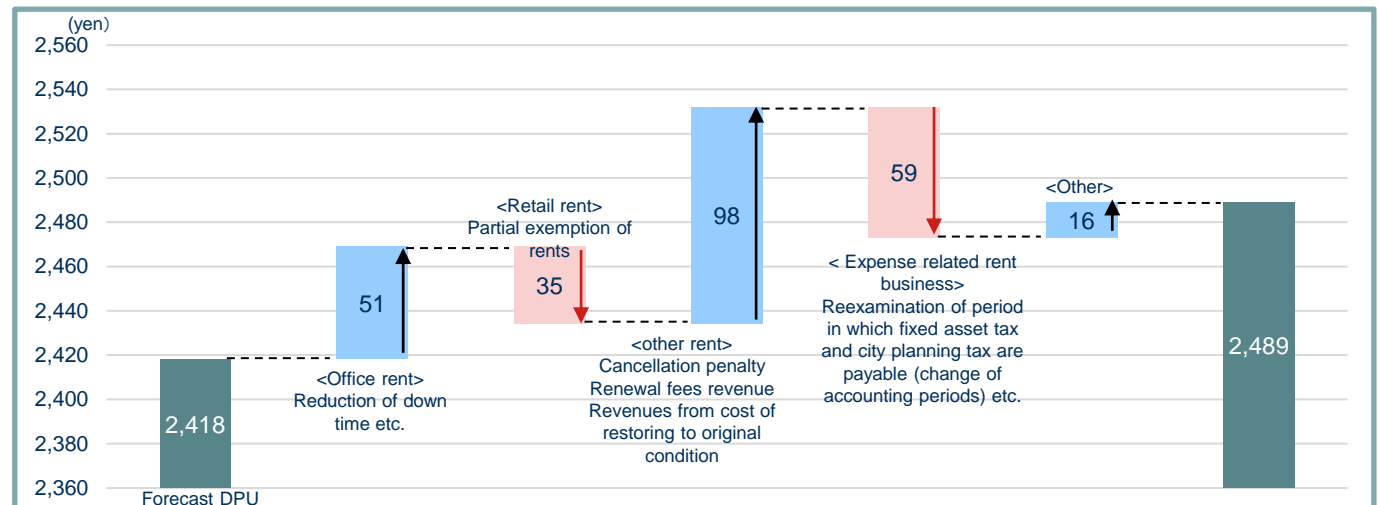


### <SSR>

Merger Consideration in the Form of Cash Distribution

**2,489** yen

Up 71yen  
2.9% increase  
compared to forecast





### **3. Impact and response of COVID-19 in the 9th Fiscal Period ended July 2020**

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### 3. Impact and response of COVID-19 in the 9th Fiscal Period ended July 2020 (1)

#### Basic approach to requests for rent reductions and exemptions

**The basic principle is fulfillment of the rights and obligations under the lease agreement.**

**As a listed J-REIT with a public nature, we respond according to the situation of individual tenants.**

- Recent tenant performance/financial position
- Support measures by the government/feasibility study of loan application
- Validation of current rent (assessment of market rent gap)
- Impact on portfolio total income

#### Office

<18 properties/Total leased area: 78,255.75m<sup>2</sup>/ Number of tenants: 205>

✓ Number of request for reduction or exemption of rent: 14 (3,966.57m<sup>2</sup>) ~ request accepted: 3 (1,069.99m<sup>2</sup>)

⇒ **1.4% of total leased office space**  
(0.3% of the total leased area of the portfolio)

⇒ Limited negative impact from COVID-19

✓ **Lease Renewal Status of Fiscal Period ended July 2020**

Total number of rent renewals	41 (19,695.06m <sup>2</sup> )
Upward renewals	6 (3,559.61m <sup>2</sup> )
Cancellation or downward renewals	0

#### Residence

<11properties/Total number of units: 863/Total leased area: 56,940.79m<sup>2</sup>>

- ✓ **2 properties were acquired by asset replacement** during the 9th fiscal period, increasing to a total of 13 properties / 967 tenants. (Total leased area at the end of the fiscal period: 63,303.09m<sup>2</sup>)
- ✓ Average occupancy rate during the fiscal period: 97.3%
- ✓ Occupancy rate at the end of the fiscal period: 97.0%
  - ⇒ The spread of COVID 19 has prevented people from moving due to events such as back-to-school or company personnel changes. As a result, there was a slight period of downtime in single-type units.
- ✓ There is **no rent reduction or exemption for residential tenants**.

#### Logistics

<10 properties/Total leased area: 154,098.65m<sup>2</sup>/Number of tenants: 16>

✓ Occupancy rate at the beginning of the fiscal period: 98.0%  
~ Occupancy rate at the end of the fiscal period: 98.0%

⇒ **No negative impact from COVID-19**

✓ The tenant of "Funabashi Nishiura I Logistics", which was scheduled to be cancelled at the end of April 2020, extended the contract until the end of January 2021.

⇒ Factor contributing to decline in fiscal period ending in 2021



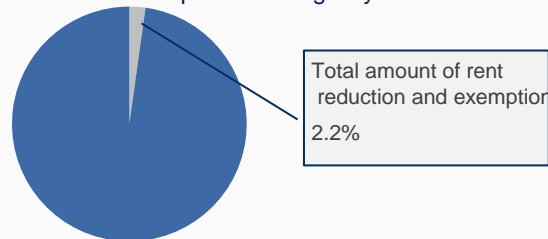
### 3. Impact and response of COVID-19 in the 9th Fiscal Period ended July 2020 (2)

#### Retail

<4 properties／Total leased area : 108,049.23m<sup>2</sup>／Number of tenants : 96>

- ✓ Number of requests for rent reduction and exemption : 50 ( 38,915.54 m<sup>2</sup>)
- ✓ Accepted cases : 24 ( 33,566.13 m<sup>2</sup>)
- ✓ Impact on Revenue: **▲2.2%**
  - ⇒ The responses have been decided by taking into account the situation of each individual tenant (trends in sales, liquidity on hand, etc.) in detail and the support measures taken by the national and local governments.
  - ⇒ 2.2% (**▲28million yen**) decrease from expected gross revenues (from January to July 2020) in the retail portfolio
  - ⇒ **Negative impact on the performance of most of the retail tenants has been limited** due to the nature of their business, selling daily necessities.
- ✓ Limited impact on FP10 and beyond (Already accepted requests for rent reductions and exemptions as of September 10, 2020 have been incorporated into the earnings forecast.)
- ✓ We will continue to monitor the status of commercial tenants and respond appropriately.

Rent reductions and exemptions ratio of projected total revenues from Retail portfolio for the fiscal period ending July 2020

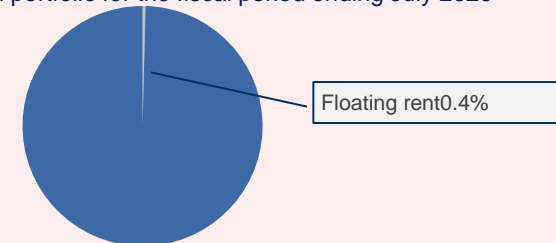


#### Hotel

<8 properties／Variable rent ratio (FP9) : 0.4%>

- ✓ Due to the impact of COVID 19 infection, the number of guests dropped dramatically.
- ✓ Number of requests for reduction or exemption of fixed rent : 7
  - ⇒ Accepted case : 1 (Factor contributing to decline in FP9)
- ✓ Tenant of "Hotel WBF Art Stay Namba" applied for civil rehabilitation law
  - ⇒ Lease agreement has been terminated with the tenant as of July 28, 2020. (Rent unpaid until the cancellation date was appropriated from security deposits.)
  - ⇒ **Concluded a memorandum on hotel management with Kachikaihatsu Co., Ltd.**, a subsidiary of Star Asia Group, —we think it would be best to look for a hotel operator as the successor tenant.
  - ⇒ We are now choosing a successor tenant from several potential operators, including Kachikaihatsu
- ✓ We will continue to monitor occupancy status of the hotels and the financial status of the tenants, and take measures as necessary.

Rent reductions and exemptions ratio of projected total revenues from the Hotel portfolio for the fiscal period ending July 2020



## 4. Merger

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## 4. Merger (1)

- Increase in AUM will enhance revenue stability and enable the development of a variety of investment strategies (Active Management) that will contribute to the maximization of unitholders' profits.
- Participation of Nippon Kanzai Co., Ltd. and Tokyo Capital Management, both which have excellent track records in property management, as "sub-sponsor" will maintain and improve the profitability of properties comprising the portfolio.

SAR <Star Asia REIT>	
Number of properties	35
Asset size	103.8 bn
LTV (as of the end of July 2020)	48.1%

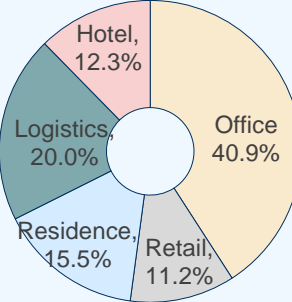
Asset type:

Office, Residence, Logistics,  
Hotel

SSR <Sakura SOGO REIT>	
Number of properties	18
Asset size	62.6 bn
LTV (as of end of July 2020)	46.2%

Asset type:

Office, Retail, Residence, Others

SAR	
Asset size	166.4 bn
Assets in Tokyo areas	70.4%
Number of properties	53
Number of tenants	1,450
	
LTV	45.8%
NAV per unit	57,346 yen
Goodwill	8.8 bn
Credit Rating (JCR)	A- (stable)
Ownership of Sponsor	14.6%

### Management and support systems to maximize unitholder profits

#### Asset Management Company

##### Star Asia Investment Management

- Maximize unitholder profits through continuous active management
- Application of various measures beyond existing concepts

#### Sponsor

##### Star Asia Management LLC.

- Provide supports to the REIT and the Asset Management Company
- Provide properties, warehousing functions, human resources.

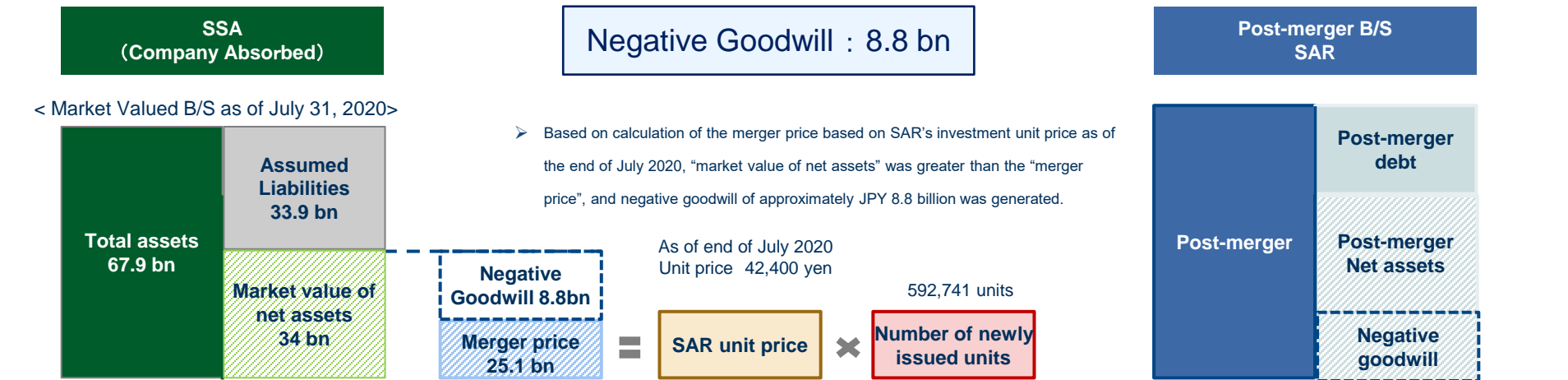
#### Sub-Sponsor

##### Nippon Kanzai Tokyo Capital Management

- Support for property management and operations
- Provide information gathering capabilities through extensive networks

## 4. Merger (2)

- As the result of the merger, negative goodwill of approximately 8.8 billion yen is expected to be generated.
- We intend to utilize negative goodwill going forward in order to stabilize DPU.



### Accounting treatment for negative goodwill

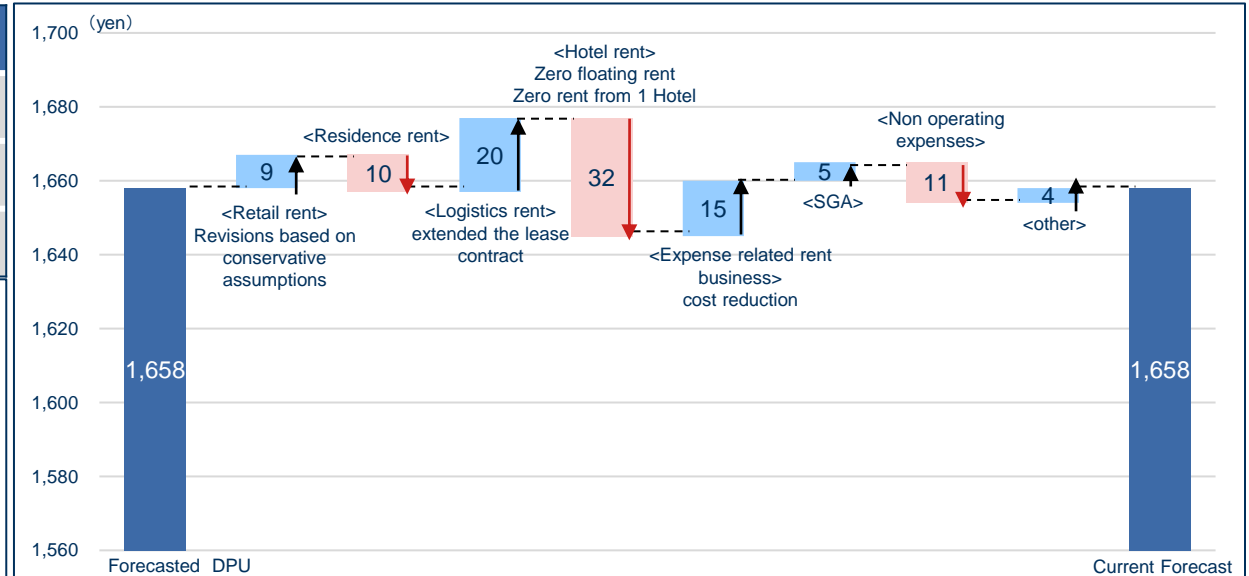
B/S	<ul style="list-style-type: none"> <li>■ Scheduled to be recorded as temporary difference adjustment reserve in net assets.</li> </ul>
P/L	<ul style="list-style-type: none"> <li>■ To be recorded as an extraordinary gain in the first fiscal period after the merger (ending January 31, 2021).</li> </ul>
Impact on distributions	<ul style="list-style-type: none"> <li>■ It will not be appropriated to distributions for the post-merger 1st fiscal period (ending January 31, 2021). At least 1% of the initial reserve amount accumulated in the temporary difference adjustment reserve is continuously drawn down and added to unappropriated retained earnings at the end of the fiscal period.</li> <li>■ It may be used flexibly as an additional source of distributions added to net income.</li> <li>■ The current policy is that it is intended to be used to stabilize distributions in the case of the occurrence of unexpected or incidental losses.</li> </ul>

5. Financial performance forecasts for the  
10<sup>th</sup> Fiscal Period (ending Jan. 31, 2021)  
and 11<sup>th</sup> Fiscal Period (ending July 31, 2021)

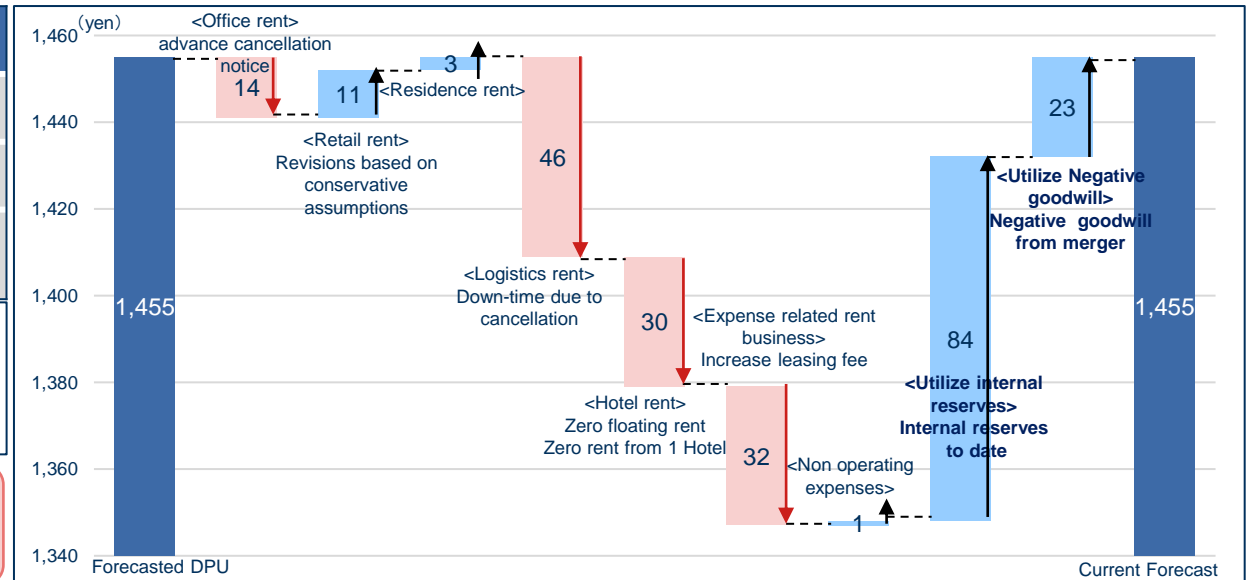
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## 5. Financial performance forecasts for the 10<sup>th</sup> Fiscal Period (ending Jan. 31, 2021) and 11<sup>th</sup> Fiscal Period (ending July 31, 2021) (1)

10FP Distribution per unit (Forecast)	
Last announcement (March 2, 2020)	1,658 yen/unit
Current Forecast	<b>1,658 yen/unit</b>
Of which, gain on sale	579 yen/unit
<b>&lt;Main events since last announcement &gt;</b> (+) Extended the lease contracted with Logistics tenant Cost reduction (−) Zero floating rent from hotels Zero rent from Hotel WBF Art Stay Namba	



11FP Distribution per unit (Forecast)	
Last announcement (March 2, 2020)	1,455 yen/unit
Current Forecast	<b>1,455 yen/unit</b>
Of which, utilization of Internal reserves to date	84 yen/unit
Of which, utilization of negative good will	23 yen/unit
<b>&lt;Main events since last announcement &gt;</b> (−) Zero rent from Funabashi Nishiura Logistics I Zero floating rent from hotels Zero rent from Hotel WBF Art Stay Namba	



**Targeted Cruising DPU :  
1,400 yen~1,450yen/unit**



## 5. Financial performance forecasts for the 10<sup>th</sup> Fiscal Period (ending Jan. 31, 2021) and 11<sup>th</sup> Fiscal Period (ending July 31, 2021) (2)

### – Issues for 10<sup>th</sup> fiscal period and 11<sup>th</sup> fiscal period and actions to be taken -

- For certain **logistics facilities and hotels**, there are some properties which have issues, and we will particularly **focus on attracting new tenants** for these properties.
- Regarding suburban type **commercial facilities**, they are recognized as **assets for replacement (i.e. assets for sale)** in the mid-term.

	Recognition of current situation and issues for the fiscal periods ending Jan. 31, 2021 and July 31, 2021	Actions to be taken regarding forecasts and issues.
Office	<ul style="list-style-type: none"> <li>■ It is anticipated that vacancies will generally increase to a certain extent.</li> <li>■ Expect an overall steady decrease in occupancy rate</li> <li>■ Concerning mid-sized offices held by SAR, there are many potential tenants, and rent reduction is not anticipated.</li> <li>■ In the fiscal year ended July 2020, we observed 7 new contracts and 7 cancellations (7 and 10, respectively, for the same period last year), indicating that no negative impact from COVID-19 were apparent.</li> </ul>	<ul style="list-style-type: none"> <li>■ Establish a longer down time (vacancy period during which rents will not be generated)</li> <li>■ Although rent gaps exist, increase in rents have not been anticipated. Focus on leasing of vacant space at an early stage</li> </ul>
Retail	<ul style="list-style-type: none"> <li>■ Of the requests for rent reductions and exemptions received, for tenants which have temporarily closed down business or which are experiencing a sharp decline in sales etc., rent reductions for a fixed period have been implemented and completed.</li> <li>■ The commercial facilities held by SAR are all close to residential areas, and the main tenants sell daily consumption goods, and future impact is believed to be negligible.</li> </ul>	<ul style="list-style-type: none"> <li>■ No tenants currently under negotiation for reduction and exemption of rents.</li> <li>■ Make efforts to understand the business condition of tenants, and prepare for when new requests for rent reduction or exemption are received.</li> </ul>
Residence	<ul style="list-style-type: none"> <li>■ The occupancy status of family-type properties is favorable.</li> <li>■ Single-type / compact-type properties which have been cancelled have a tendency towards prolonged down-time (period during which rents are not received).</li> </ul>	<ul style="list-style-type: none"> <li>■ Focus on leasing at early stage and maintaining and improving occupancy rates, such as by changing the marketing method to attract tenants for single-type properties.</li> </ul>
Logistics	<ul style="list-style-type: none"> <li>■ The leasing period with the current tenant of "Funabashi Nishiura Logistics I" is scheduled to end at the end of January 2021.</li> <li>■ There is strong potential demand for logistics facilities, and in an inside preview event of the property which was held, 12 companies participated.</li> </ul>	<ul style="list-style-type: none"> <li>■ A certain period of down time has been anticipated for "Funabashi Nishiura Logistics I".</li> <li>■ Leasing of the property at an early stage.</li> </ul>
Hotel	<ul style="list-style-type: none"> <li>■ Attract successor tenant for "Hotel WBF Art Stay Namba".</li> <li>■ Negotiations for rent reduction requests received are continuing with tenants from other hotels as well.</li> </ul>	<ul style="list-style-type: none"> <li>■ For the property referred to on the left, rents have been set at zero for 2 periods.</li> <li>■ Signed a Memorandum Agreement regarding Hotel Operations with KACHIKAIHATSU Co. Ltd. (Star Asia Group)</li> <li>■ Proceed with negotiations with multiple operator candidates, and sign a lease agreement with the best operator.</li> </ul>

## 5. Financial performance forecasts for the 10<sup>th</sup> Fiscal Period (ending Jan. 31, 2021) and 11<sup>th</sup> Fiscal Period (ending July 31, 2021) (3)

### – Market views for each asset type -

#### Market views

With respect to asset types incorporated by Star Asia Investment Corporation, market views for each asset type have been described.

For the time being, an economic downturn and effects on the real economy due to COVID-19 have been assumed to a certain extent.

#### Office

In the Tokyo business district, there is an increasing trend of vacancy rates, however rent levels for new rent offerings remain flat.

Currently, there is a clear trend towards return of excess space, and downsizing, transferring, and business withdrawal etc. by venture companies which can make quick decisions.

There are similar moves in the Osaka business district as well, however, they have not seen an increase in vacancy rates.

At office buildings, for the time being, there is a continuing trend towards moderately increasing vacancy rates.

#### Retail

Nationwide department stores sales have seen a sharp decrease from the same month of the preceding year; however, the business performance of daily living related commercial facilities nearby residential areas have shown strong performance. Bipolarization is progressing depending on the location and tenant characteristics.

Such trend is foreseen to continue, and it is believed that the level of profitability among commercial facilities differ depending on the industry type and business type of the tenants.

#### Residence

During the declaration-of-emergency period, the number of new housing lease contracts decreased.

The current situation is that a decrease in occupancy rates are seen for a portion of single-person housing; however, the number of new lease contracts for residential in general are recovering, and rent levels are also stable.

Residential properties which form the basis of living may see a temporary fluctuation in occupancy rates; however, seen in the mid-to-long term, it is believed that rents and occupancy rates will remain stable.

#### Logistics

The vacancy rates for large multi-tenant type logistics facilities well continue to be at low levels.

Cargo volume has continued to increase, and given the background of strong demand towards logistics facilities floor space, rent levels remain strong.

Even if floor space is reduced impacted by deteriorating business performance due to COVID-19, it is believed that occupancy rates and rent levels will remain stable for the time being, supported by an increase in the distribution volume of daily consumer goods and strong demand for e-commerce related services.

#### Hotel

In addition to a sharp reduction in inbound demand, demand for domestic accommodation has also decreased, and the business performance of hotel operators have deteriorated.

According to the Japan Tourism Agency, the number of guests staying at accommodation facilities in April and May of this year was 80% less than the same months of last year, and the average occupancy rates at accommodation facilities hovered at levels below between 10% -20%, and have started to slowly recover from June of this year, but is far from levels before the inception of COVID-19.

Increase in demand among domestic travelers is anticipated from the 'Go To' Campaign, however, the unclear environment will continue for the timing of recovery of accommodation demand.

## **6. Operating results for the 9th fiscal period ended July 2020**

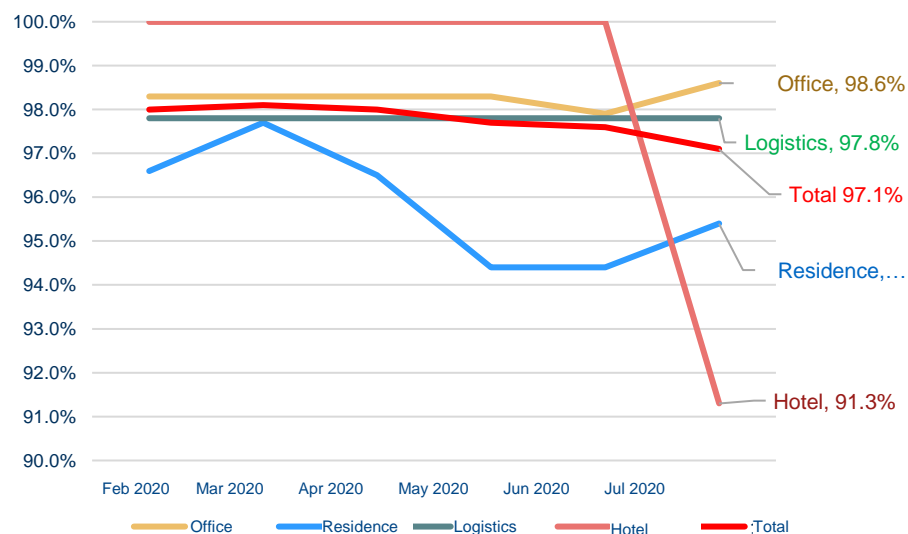
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## 6. Operating results for the 9th fiscal period ended July 2020 (1)

### - Occupancy rate status -

#### <Star Asia Investment Corporation – Status of occupancy rates for the fiscal period ended July 31, 2020>

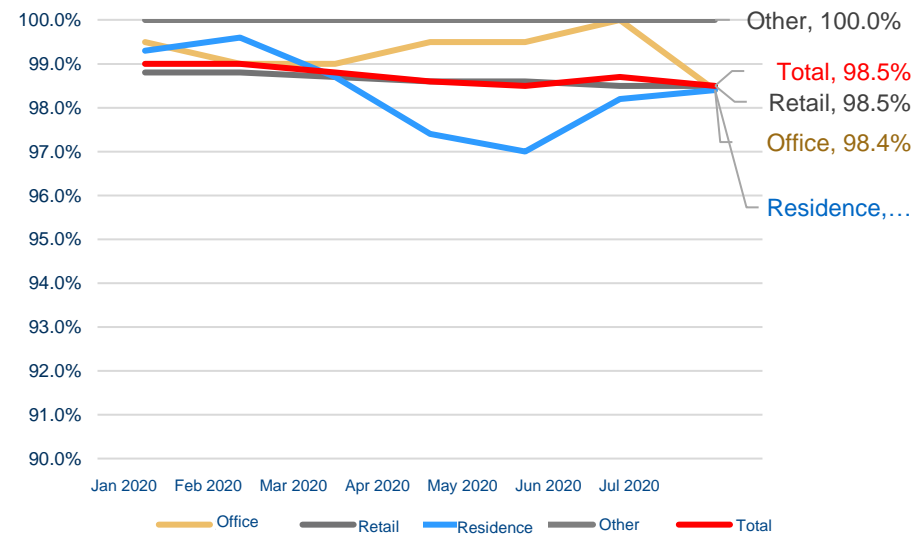
- 【Offices】 In the current fiscal period, no impact from COVID-19 was seen, and occupancy rates remained stable.
- 【Residences】 Prolonging of down time was slightly seen for cancelled residences, so vacancy rates tended to increase, however, now it is recovering.
- 【Logistics】 No change in particular.
- 【Hotels】 Occupancy rate has declined due to cancellation of lease agreement with the tenant of “Hotel WBF Art Stay Namba”.



	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020
Office	98.3%	98.3%	98.3%	98.3%	97.9%	98.6%
Residence	96.6%	97.7%	96.5%	94.4%	94.4%	95.4%
Logistics	97.8%	97.8%	97.8%	97.8%	97.8%	97.8%
Hotel	100.0%	100.0%	100.0%	100.0%	100.0%	91.3%
Total	98.0%	98.1%	98.0%	97.7%	97.6%	97.1%

#### < Former Sakura Sogo REIT Investment Corporation - Status of occupancy rates for the fiscal period ended July 31, 2020>

- 【Offices】 In the current fiscal period, no impact from COVID-19 was seen, and occupancy rates remained stable.
- 【Retail】 Effects from COVID-19 were negligible, and occupancy rates were stable.
- 【Residences】 A small increase in down time was seen for cancelled residences which lifted vacancy rates slightly, though they are now, recovering.
- 【Others】 No change in particular.



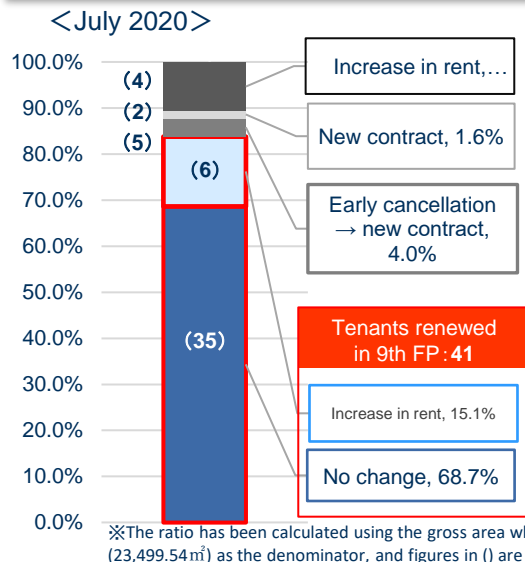
	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020
Office	99.5%	99.0%	99.0%	99.5%	99.5%	100.0%	98.4%
Retail	98.8%	98.8%	98.7%	98.6%	98.6%	98.5%	98.5%
Residence	99.3%	99.6%	98.7%	97.4%	97.0%	98.2%	98.4%
Other	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total	99.0%	99.0%	98.8%	98.6%	98.5%	98.7%	98.5%



## 6. Operating results for the 9th fiscal period ended July 2020 (1)

- Office Status of rent gap and change in tenant as of the end of the 9th FP Occupancy rate status -

### Status of Tenant Transfers (note1)(note2)



### Change in New contract / Cancellation (note1)(note2)

< From Feb 2019 to Jul 2019 >		
	New contract	Cancellation
cases	7	10
Area (㎡)	1,646.88	1,941.93

< From Aug 2019 to Jan 2020 >		
	New contract	Cancellation
cases	19	13
Area (㎡)	5,973.21	5,289.42

< From Feb 2020 to July 2020 >		
	New contract	Cancellation
cases	7	7
Area (㎡)	1,307.44	1,323.23

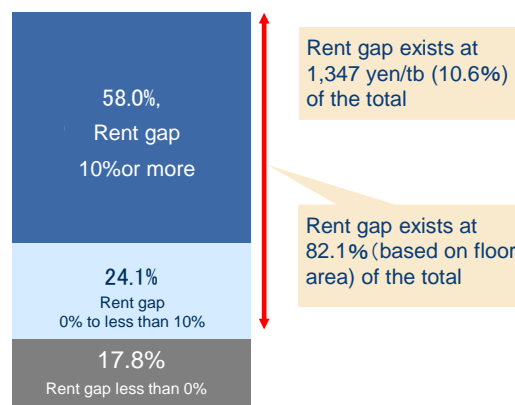
### Office Tenants - Basic Data

	SAR	SSR	Total
Total leasable area	53,703.19 ㎡	25,491.82 ㎡	79,195.01 ㎡
Leased area	53,025.20 ㎡	25,088.45 ㎡	78,113.65 ㎡
For office	48,577.09 ㎡	23,568.38 ㎡	72,145.47 ㎡
For other	4,448.11 ㎡	1,520.07 ㎡	5,968.18 ㎡
Number of tenants	128	85	213
Average leasable area	424.90 ㎡	295.16 ㎡	373.13 ㎡
Average lease per Tsubo	11,868 yen/tb	15,988 yen/tb	13,264 yen/tb

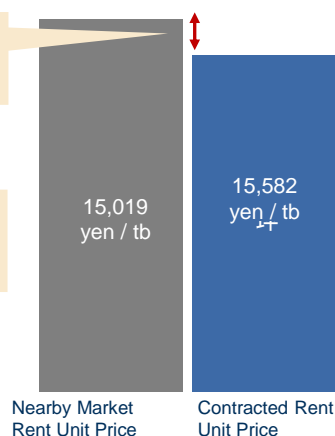
### Change in tenants in the 9th fiscal period (注3)

### Contract Rent Period of Office Portfolio

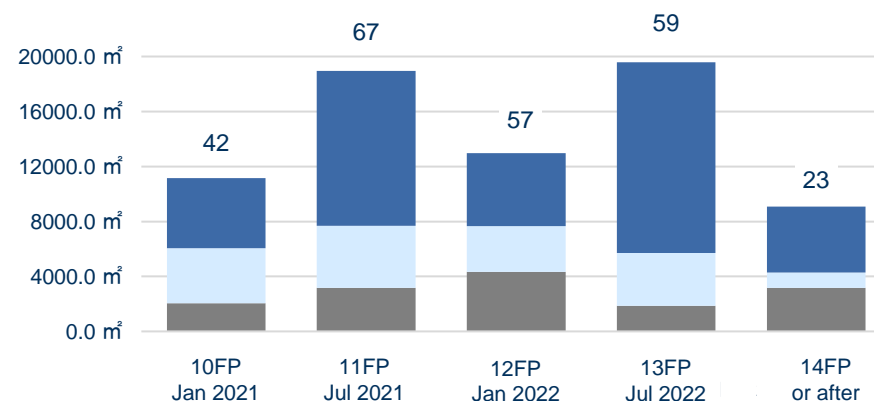
#### < Diversification status of rent gap >



#### < Rent per Tsubo >



■ Rent gap less than 0%    ■ Rent gap 0% to less than 10%    ■ Rent gap 10% or more



※In this slide and onwards, unless particularly stated otherwise, the descriptions are based on the portfolio after the merger.

## 6. Operating results for the 9th fiscal period ended July 2020 (3)

### - Retail -

#### Retail Tenants - Basic Data

Total leasable area	109,400.75 m <sup>2</sup>
Total leased area (as of Dec 31, 2019)	108,049.23 m <sup>2</sup>
Total number of tenants	116
Requests of rent reduction and exemption → accepted (cases)	14
Requests of rent reduction and exemption → accepted (area)	33,566.13 m <sup>2</sup>
Impacted on revenue for FP ended July 2020	▲2.2%

#### Tenants Breakdown by Business Type (as of end of July 2020)

Tenants Breakdown by Business Type	Area(m <sup>2</sup> )		Number of lease agreements
Daily necessities (Food)	41,927.17	81.1%	10
Daily necessities (Clothing)	6,295.57		13
Daily necessities (Others)	24,379.17		12
Other product sales	14,235.07		16
Clinic	540.53		4
Private tutoring schools	307.11	0.3%	3
Child care and day care	367.01	0.3%	3
Sports clubs	4,545.39	4.2%	3
Food and beverage	1,604.23	1.5%	13
Entertainment and amusement	9,449.22	8.8%	8
Other services	4,064.20	3.8%	31
Total	107,714.68	100%	116

- Even under the state of emergency situation due to spreading of COVID-19, there was no significant damage to the business performance of most tenants which handles daily necessities (which make up for 81.1% of the total rented floor area of commercial facilities).
- We sincerely responded to requests received from tenants for reduction or exemption of rents, taking into account the business condition, financial condition, and the possibility of utilizing public support measures by individual tenants.
- As of current, there are no tenants with whom discussions are continuing for reduction or exemption of rents.
- The impact on portfolio profitability due to reductions or exemptions of rents is limited.

#### Implementing construction works leading to value Increase

##### <Environmental Considerations>

- From the viewpoint of operations and management of properties paying consideration to the environment, construction works were implemented to switch to LED lighting which will reduce electricity consumption.



- Going forward, construction works which pay consideration to the environment will continue to be considered.
- Furthermore, we will consider construction works which will contribute to the improvement of tenant satisfaction.

##### <Suroy Mall Chikushino>

Construction works to switch to LED downlights in the space under the eaves

168 downlights were switched to LEDs from florescent tubes.

Before



After



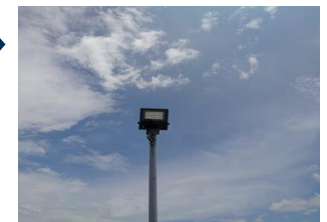
##### < Suroy Mall Nagamine >

Construction works to switch the outside lights in the parking lot to LED lights  
7 units in the 1<sup>st</sup> floor parking lot, and 13 units in major areas of the rooftop parking lot.

Before



After

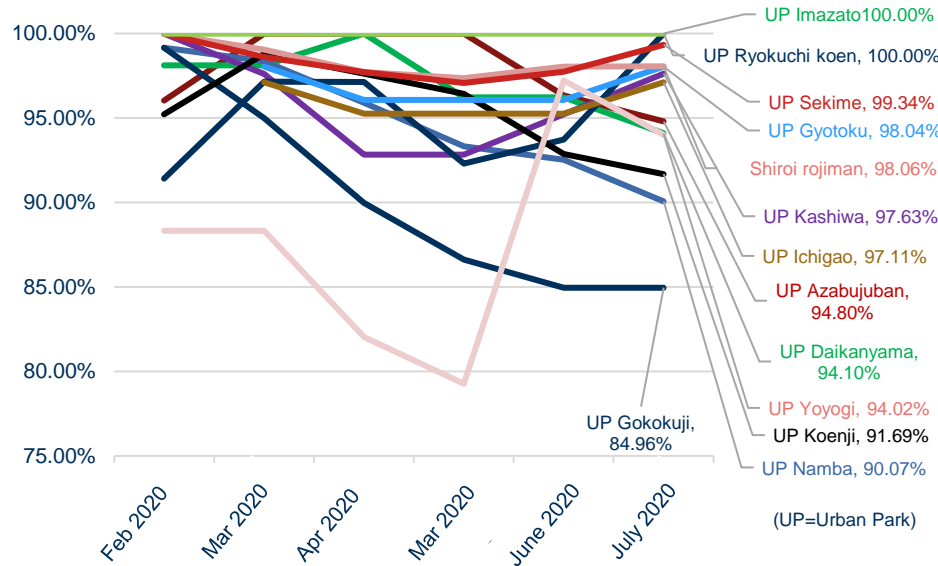




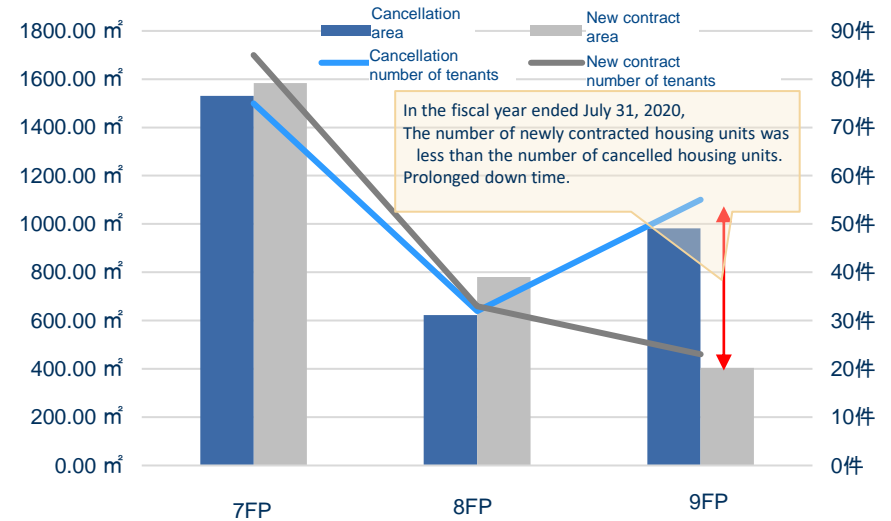
## 6. Operating results for the 9th fiscal period ended July 2020 (4)

### - Residence -

Occupancy rate (note4)

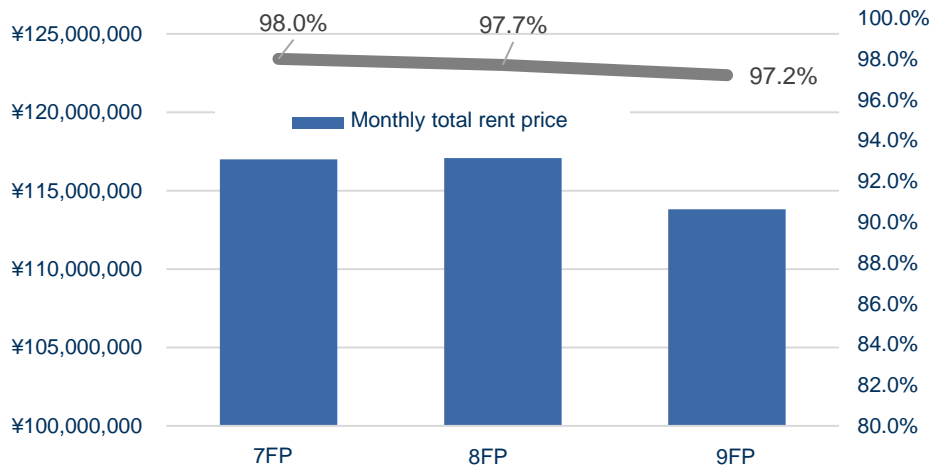


Transition of new contracts and cancellations for single-type housing.



※ singles-type housing : UP Namba, UP Gokokuji, UP Koenji

Change in Total Monthly Rent and Average Occupancy Rate (note 5)



#### 【Recognition of the Current Situation】

- For family-type housing, there were not as many moving in and out of tenants as assumed, and high occupancy rates have been maintained.
- On the other hand, for singles-type housing, a decline in occupancy rates were seen from April, and particularly in areas favored by students. Potential tenants are decreasing because it is not necessary for students to go to campus where remote classes are being held. Going into the new semester, less students are moving, and there is a trend towards prolonged down time.
- As of current, a decline in rent levels has not been recognized.
- The reduction in the total amount of monthly rents is due to the decline in occupancy rates. The total amount of rent revenues for the fiscal year has only slightly declined.

#### 【Future Policy】

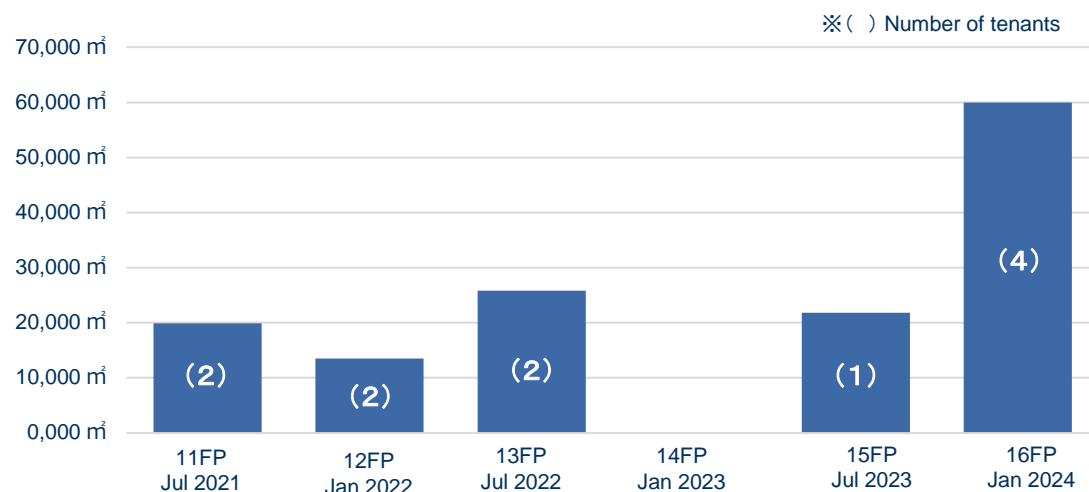
- Focus on new tenants leasing activities for single-type properties
- Instead of conducting marketing targeting students, make efforts to search more widely for new tenants, and to improve occupancy rates.



## 6. Operating results for the 9th fiscal period ended July 2020 (5)

### - Logistics -

#### Diversification of Current Contract Renewal Period (based on floor area)



#### 9<sup>th</sup> fiscal period (2020/1-2020/7)

##### Contracts renewed: 2 tenants

- Contracts were renewed/re-signed under the same terms and conditions as before.

##### Contracts extended: 1 tenant

- The tenant of Funabashi Nishiura Logistics was scheduled to cancel the lease at the end of April 2020; however, the lease was extended to the end of January 2021.

#### 10<sup>th</sup> fiscal period (2020/8-2021/1)

##### No tenants scheduled to renew contracts

- Focus on attracting new tenants for Funabashi Nishiura Logistics I scheduled to be cancelled at the end of January 2021.
- It is believed that there are many potential tenants for the property given its locational characteristics.

#### Leasing activities for Funabashi Nishiura Logistics I and past track record of attracting new tenants.

##### <Leasing status of Funabashi Nishiura Logistics I>

###### <Key Points of Locational Competitiveness>

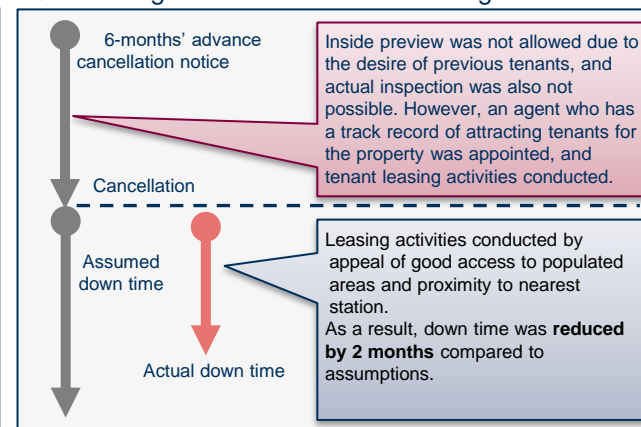
- It is located in the Chiba Bay Area where there are many logistic facilities and there is high demand, and it is also situated 1.4km away from the nearest station, and it is also appealing from the perspective of securing labor.
- It is located very close to the Wangan Ichikawa IC on the Metropolitan Expressway Bay Shore Route, with good access to not only central Tokyo but also to other main cities in the Kanto region.

###### <New Tenants Leasing Activities>

- Leasing activities underway using locational competitiveness as an appeal point.
- Conducted inside preview events  
⇒ more than 12 previews



##### < Attracting New Tenants at Baraki Logistics >

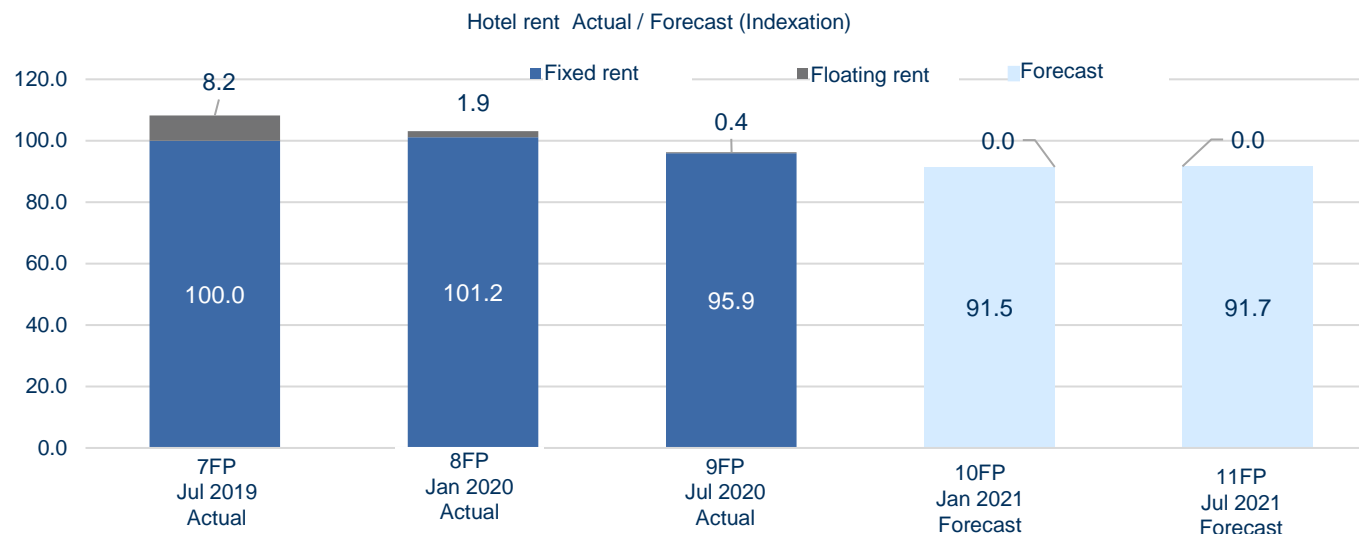


## 6. Operating results for the 9th fiscal period ended July 2020 (6)

### - Hotel-

Transition of gross rent amounts (index)/ rent systems/ causes of rent increases and decreases

- In the 9<sup>th</sup> fiscal period, a small amount of floating rent was received prior to COVID-19.
- At one hotel, rent was exempted for a fixed period (it has been agreed that the exempted amount will be added to future rents)
- In and after the 10<sup>th</sup> fiscal period, floating rents have been set at zero.
- For 1 hotel rent revenues have been set at zero for the 10<sup>th</sup> and 11<sup>th</sup> fiscal periods.



※The index has been prepared by calculating fixed rent on the date of Jul 2020

Property name	Acquisition Period	Fixed Rent	Floating rent		8FP Jan 2020 Actual	9FP Jul 2020 Actual	10FP Jan 2021 Forecast	11FP Jul 2021 Forecast
R&B Hotel Umeda East	2016.4	○	—	Factors affecting fluctuation of fixed rents	There is a lease agreement where fixed rents change depending on the season (same for each fiscal period)	At one hotel, rent has been exempted for a fixed period (for the exempted portion, it has been agreed that fixed rent amounts will be increased for a certain period starting from January 2021). Tenant of "Hotel WBF Art Stay Namba" moved out.	For "Hotel WBF Art Stay Namba", rent revenues have been set at zero.	For "Hotel WBF Art Stay Namba", rent revenues have been set at zero. Increased portion of fixed rents expected from tenants who have been granted exemptions in the fiscal period ended July 31, 2019.
Smile Hotel Namba	2016.4	○	○					
Best Western Tokyo Nishi-kasai	2017.3	○	○					
Best Western Yokohama	2017.3	○	○					
Hotel WBF Fukuoka Tenjin Minami	2018.8	○	○	Factors affecting fluctuation of floating rents	Decline in inbound demand due to the Japan-South Korea issue. Reduction in sales due to opening of nearby hotel.	Sharp decrease in hotel guests due to the effects of COVID-19.	Due to the effects of COVID-19, business performance has not recovered, and no floating rents are anticipated.	Due to the effects of COVID-19, business performance has not recovered, and no floating rents are anticipated.
Glansit Akihabara	2018.8	○	—					
Best Western Tokyo Nishikasai Grande	2018.8	○	○					
Hotel WBF Artstay Namba	2018.8	○	○					

## 6. Operating results for the 9th fiscal period ended July 2020 (7)

### - Financial standing -

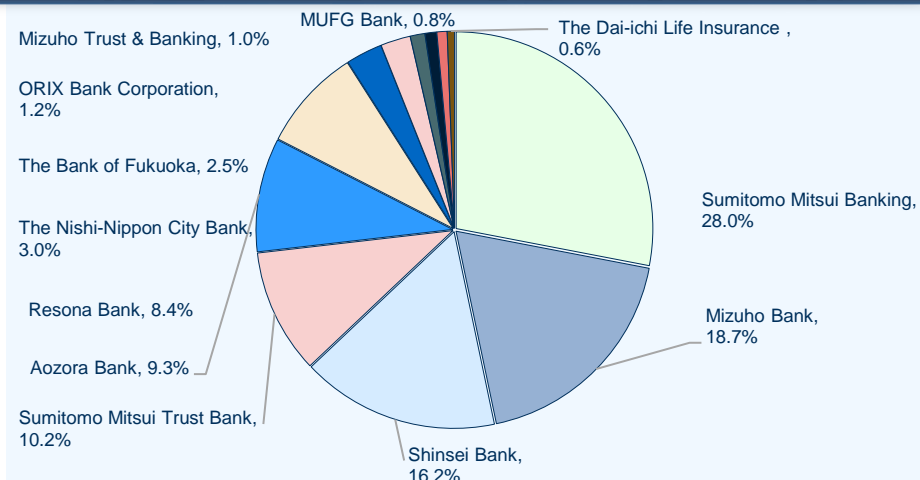
- LTV is expected to become lower following the merger. 48.1% (end of July 2020) → 45.8% (assumed after the merger and assets replacements)
- In the refinancing of the debt of former Sakura Sogo REIT Investment Corporation executed at the end of August 2020, the same borrowing conditions as for Star Asia Investment Corporation was achieved.

#### Main financial indicators

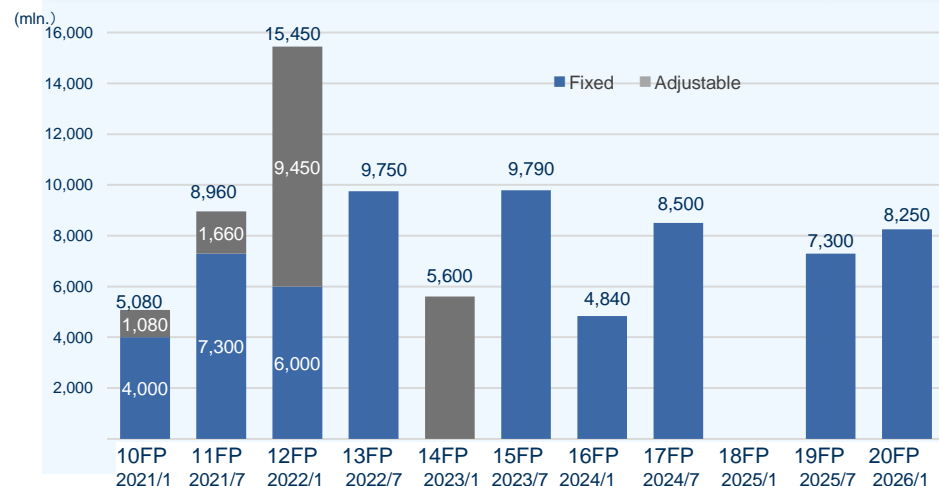
	8FP	9FP Jul 2020	SSR July 2020	Post-merger
LTV	47.0%	48.1%	46.2%	45.8% (※)
Balance of borrowings	51,580 million yen	54,320 million yen	29,200 million yen	83,520 million yen
Long-term debt ratio	100.0%	100.0%	83.2%	97.4%
Average remaining period to maturity	2.1 years	2.3 years	1.2 years	2.3 years
Average borrowing period	4.4 years	4.4 years	3.8 years	4.4 years
Average interest rate	0.64%	0.65%	0.80%	0.71%
Fixed interest rate ratio	85.8%	81.5%	62.0%	78.7%

※The post-merger LTV is calculated assuming the condition after sale of Alphabet Seven (60%).

#### Bank formation (as of August 31, 2020)



#### Diversification of repayment dates (as of August 31, 2020)



#### Credit Rating

Rating Agency	Long-term Issuer Rating
Japan Credit Rating Agency, Ltd. ("JCR")	A- (Stable)

## **7. Future Initiatives**

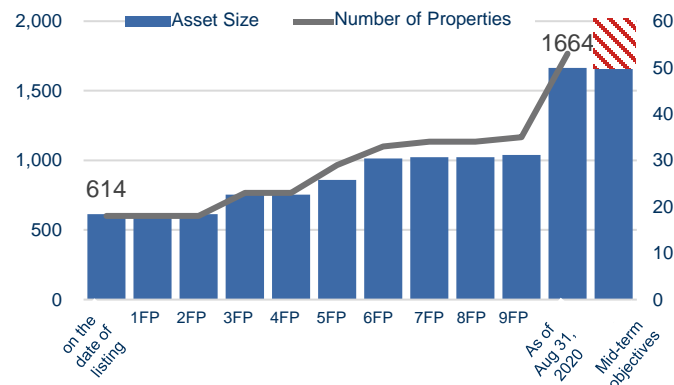
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## 7. Future Initiatives (1) Portfolio Management Strategy

- For the time being, we will pursue investment opportunities centered around residential and logistics facilities which are believed to be defensive asset types.
- Property selection will be conducted carefully, by determining the effects of COVID-19 on real estate sale transactions and the leasing market.

### Progress towards mid-term objectives

#### Asset size of JPY 200 billion by 2020



1. Asset size at time of listing:  
**JPY 61.4 billion**
2. Asset size as of the end of July 2020, after acquiring properties while conducting capital increase through public offerings 3 times plus conducting assets replacement 5 times:  
**JPY 103.8 billion**
3. Asset size after merger with SSR:  
**JPY 166.4 billion**
4. With respect to the goal upheld to reach "JPY 200 billion by year 2020", although a pipeline has been arranged, the goal will be reexamined given the turmoil due to COVID-19.

### Short-term and mid-term views towards each asset type

#### Office

For mid-sized offices, the effects of COVID-19 are limited, and there is strong potential demand, and stable revenues is anticipated.

#### Retail

Amidst COVID-19, the business performance of commercial tenants which handle living necessity products was strong. However, it is highly likely that consolidation will occur among commercial facilities, given reduction in the population and progress of e-commerce etc.

#### Residential

There is continued strong demand for "residence" which forms the foundation of living, and it is an asset type which enjoys stable revenue in populated areas.

#### Logistics

Areas within the Tokyo business district which are also close to populated areas with strong tenant demand are anticipated to continue to achieve stable revenues going forward.

#### Hotel

It is believed that the effects of COVID-19 will remain for a while, and it will be difficult to properly determine risks versus returns.

### Specific Management Policy

#### Office

We will continue to carefully consider investments in **mid-sized offices** located in the highly populated **metropolitan areas**, mainly in the Tokyo area.

#### Retail

Suburban-type local commercial facilities will be **targeted for replacement** in the mid-term, and investments will be carefully considered by determining the effects of COVID-19 and analyzing the future potential of the region based on the commercial zone population and demographics.

#### Residential

Investments in **highly competitive properties including in terms of rent levels** will be conducted, taking into account demographic analyses based on the mid- to long-term macro-economic environment.

#### Logistics

Investments in logistics facilities will be considered continuing to focus on properties with high substitutability of tenants, and located in the **Tokyo area (particularly within 30 kms of "Tokyo" station)**.

#### Hotel

**New acquisitions will not be considered** for the time being, and we will endeavor to maintain the profitability of currently held hotels.



## 7. Future Initiatives (2)



### Efforts towards future external growth (pipeline status)

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

- The pipeline of properties for which we hold rights of first refusal range from properties which are stably operated and can be immediately incorporated into our profile to properties which are under development. The pipeline will contribute to future increase in asset size.

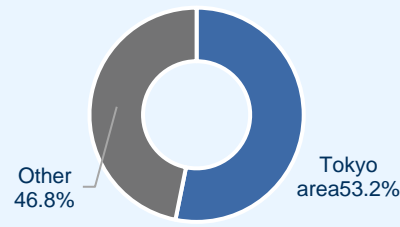
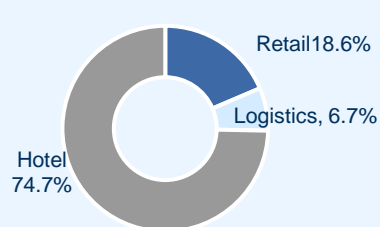
##### Properties with Preferential Negotiation Rights

Total Appraisal: **JPY29.2bn**  
(Note 1)

OHA Building (Note 2)	Nishi-Ikebukuro 1- Chome bldg.	Urban Park Mitsuike Koen	Urban Park Tokiwadai Koen	HAKUSAN HOUSE	KAMIKITA HOUSE	URBAN CENTER Hakata	URBAN CENTER Midousuji
Expanded Tokyo Area	Tokyo Area	Tokyo Area	Tokyo Area	Tokyo Area	Tokyo Area	Other Area	Other Area
Office	Retail	Residential	Residential	Student Housing	Student Housing	Office	Office
							

##### Other Properties Managed by the Sponsor Group (as of July 31, 2020)

Total Appraisal Value: **JPY60.1bn**



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



##### Miyamaedaira Residence Project

Tokyo Area Residential

- Housing development project, which Star Asia Sogo Kaihatsu is involved
- Entered into a new preferential negotiation agreement with Star Asia Sogo Kaihatsu

##### Asset Size targets

Post-merger  
Asset Size

Asset Size  
target by  
2020

Aim to further expand  
assets over medium to  
long term

JPY166.4bn

JPY200bn

(Note 1): As of the date of this document, among the properties with priority negotiating rights held by SAR, the total amount of the price is indicated for properties for which a priority negotiating price has been determined, and the total amount of the most recent appraisal value or survey price is indicated for properties for which a priority negotiating price has not been determined.

(Note 2): "Expanded Tokyo Area" stands for suburban Tokyo (outside 23 wards) and major cities in Kanagawa (excluding Kawasaki-shi and Yokohama-shi) and Saitama for offices and retail properties.

## **8. Actual and forecasted distribution**

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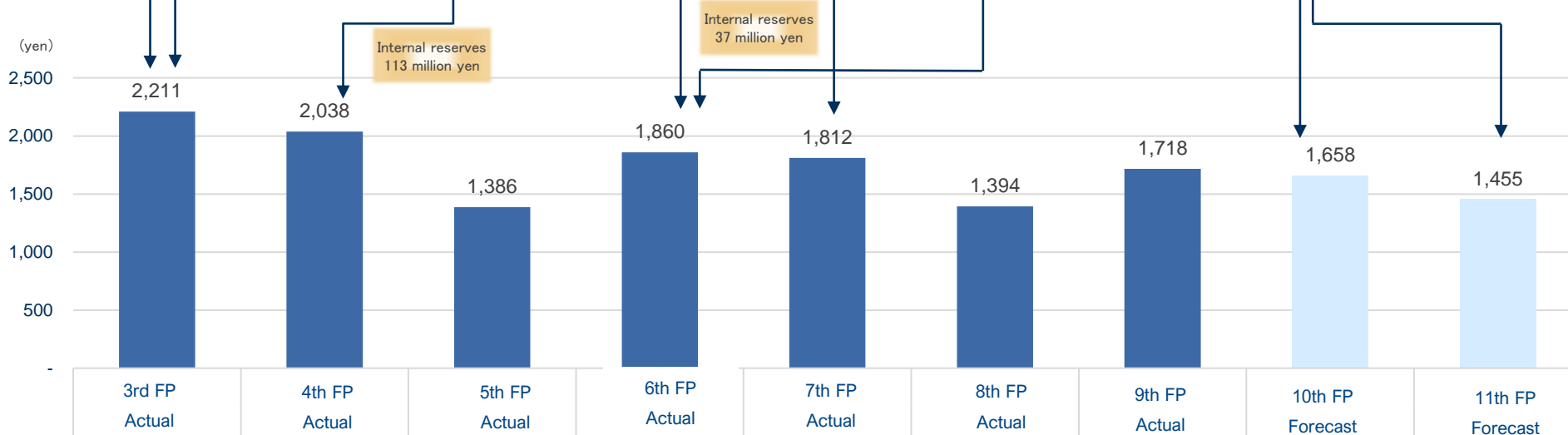
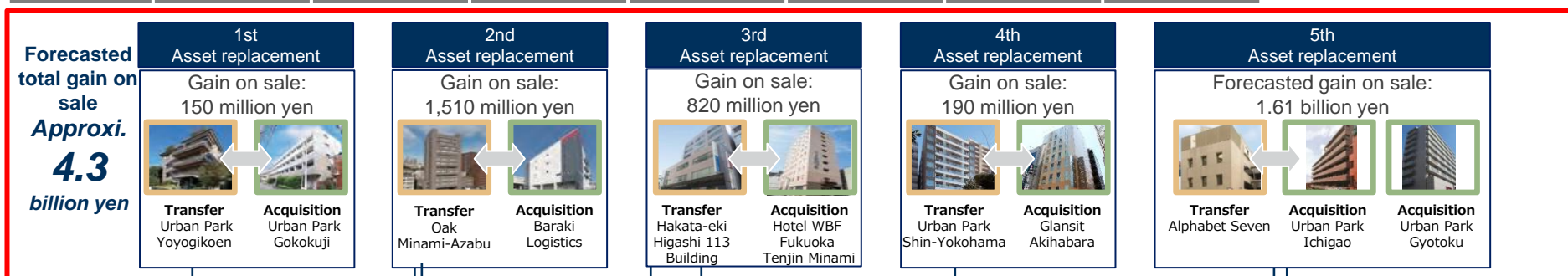


## 8. Actual and forecasted distribution (1)

Change in actual distribution and distribution excluding transient factors

	3FP	4FP	5FP	6FP	7FP	8FP	9FP	10FP forecast	11FP forecast
Forecasted distribution	2,170 yen	2,019 yen	1,375 yen	1,790 yen	1,750 yen	1,385 yen	1,655 yen	1,658 yen	1,455 yen
Actual distribution	2,211 yen	2,038 yen	1,386 yen	1,860 yen	1,812 yen	1,394 yen	1,718 yen		
NAV per unit	55,942 yen	56,206 yen	56,482 yen	52,26 yen	57,180 yen	58,436 yen	57,521yen		

Utilize internal reserves to date (84 yen per unit) and negative goodwill from the merger (23 yen per unit).



※SAR has conducted a 2-for-1 split of its investment units with a record date as of July 31, 2020. In order to align the standards after the investment units split, the stated figures have been calculated by dividing by 2.

## 8. Actual and forecasted distribution(2) <SAR>

Factors for increase/decrease compared with forecast/actual results for the 9th fiscal period ended July 2020

Net profits for the 9<sup>th</sup> fiscal period (ended July 31, 2020) was JPY 1,857 million (+3.7% compared to forecast at the beginning of the period), and DPU was 3,436 yen (+3.8% compared to forecast at the beginning of the period).

(Unit: million yen)

	9th FP (ended Jul. 2020) forecast*	9th FP (ended Jul. 2020) Actual	Comparison with forecast		Factors for the increase/decrease
Lease business revenue	3,277	3,314	+37	1.1%	<Revenues from leasing business> •Logistics: Increase due to delay of timing of moving out of tenant from Nishiura I •Hotels: Decrease in floating rents Partial exemption of rent •Other leasing business related: Settlement money etc. received from cancelled hotel tenant Reduction in utility fee revenues Receipt of renewal fee revenues Receipt of revenues from restoring to original condition
Office rent	1,160	1,163	+3	0.3%	
Residence rent	514	512	△2	-0.6%	
Logistics rent	846	887	+41	4.9%	
Hotel rent	474	445	△28	-6.1%	
Other	281	306	+24	8.8%	
Expenses related to rent business (Depreciation is excluded)	803	741	△62	-7.8%	
NOI	2,473	2,573	+99	4.0%	<Expenses of leasing business> •Reduction in utility costs •Reduction in leasing costs  <SG&A expenses> •Increase due to early expense processing of merger related expenses.
Depreciation	436	432	△3	-0.9%	
Rent revenues/expenses	2,037	2,141	+103	5.1%	
Mezzanine	25	25	+0	0.9%	
TK dividend	5	7	+2	43.1%	
Gain on sale of real estate property	642	648	+6	1.0%	
SGA	645	690	+45	7.0%	
Operating income	2,064	2,131	+67	3.3%	
Non-operating income	-	3	+3	-	
Non-operating expenses	273	278	+4	1.6%	
Ordinary income	1,790	1,857	+66	3.7%	
taxes	0	0	-	0.0%	
Net income	1,790	1,857	+66	3.7%	
Cash distribution per unit	3,310 yen	3,436 yen	+ 126 yen	3.8%	
FFO per unit	2,929 yen	3,033 yen	+ 104 yen	3.6%	
Balance of Internal reserves	141	140	△1	-0.8%	

(※) Announced in 8th FP closing of accounting report (March 13, 2020)

## 8. Actual and forecasted distribution(3) <SSR>

Factors for increase/decrease compared with forecast/actual results for the fiscal period ended July 2020

Net income was 829 million and distribution per unit was 2,489 yen (+2.9% compared to initial forecast) in the 8th fiscal period ended July

(Unit: million yen)

	ended Jul. 2020 forecast*	ended Jul. 2020 Actual	Comparison with forecast		Factors for the increase/decrease
Lease business revenue	2,737	2,774	+37	1.4%	<p>&lt;Revenues from leasing business&gt; +37 million yen Offices: Reduction of down time Commercial facilities: Rent reduction and exemption due to COVID-19 Others: Revenues generated from cancellation penalties, renewal fees, and restoration to original condition etc. &lt;Expenses of leasing business&gt; +19 million yen • Increase due to change of accounting period from review of timing of payment of fixed assets tax and city planning tax. • Reduction of utility expenses</p> <p>&lt;SG&amp;A expenses&gt; Δ26 million yen • Accounting classification of certain expense items have been moved to non-operating expenses.</p> <p>&lt;Non-operating expenses&gt; +24 million yen • Accounting classification of certain expense items have been moved from non-operating expenses.</p>
Office rent	898	915	+16	1.9%	
Retail rent	1,082	1,070	Δ11	-1.1%	
Residence rent	336	335	Δ1	-0.4%	
Other rent	105	105	-	0.0%	
Other	314	348	+33	10.8%	
Expenses related to rent business (Depreciation is excluded)	970	990	+19	2.0%	
NOI	1,766	1,784	+18	1.0%	
Depreciation	310	310	Δ0	-0.1%	
Rent revenues/expenses	1,455	1,474	+18	1.3%	
SGA	448	421	Δ26	-6.0%	
Operating income	1,007	1,052	+45	4.5%	
Non-operating income	-	2	+2	-	
Non-operating expenses	201	225	+24	12.0%	
Ordinary income	806	829	+23	2.9%	
Taxes	1	0	Δ0	-2.6%	
Net income	805	829	+23	3.0%	
Cash distribution per unit	2,418 yen	2,489 yen	+ 71 yen	2.9%	
FFO per unit	3,351 yen	3,421 yen	+ 70 yen	2.1%	

(※) Announced on March 2, 2020

## 8. Actual and forecasted distribution(4)

Forecast of business results for the 10th fiscal period ending January 2021 and the 11th fiscal period ending July 2021

(Unit: million yen)

	Actual for the 10th FP ending Jan 2021 (A)	Current forecast for the 10th FP ending Jan 2021 (B)	Increase/decrease (B-A)	Major factors for the increase/decrease	Actual for the 11th FP ending Jul 2021 (C)※	Current forecast for the 11th FP ending Jul 2021 (D)	Major factors for the increase/decrease
Lease business revenue	5,640	5,618	① △22	Increase / decrease factors for 10 <sup>th</sup> fiscal period (compared to last forecast) (1) Revenues from leasing business Decrease due to moving out of tenant from hotel (Hotel WBF Art Stay Namba) Increase due to delay in timing of moving out of tenant for a logistics facility (Nishiura I) (2) Expenses of leasing business (excluding depreciation expense) Reduction in management costs and insurance premiums etc. for former Sakura Sogo REIT properties (8) Extraordinary profits Gain generated from negative goodwill due to merger	5,616	5,461	Increase/ decrease factors for 11 <sup>th</sup> fiscal period (compared to last forecast) <Revenues from leasing business> Reduction due to delay in timing of moving out of tenant from Nishiura I Reduction due to moving out of hotel tenants, and reduction in anticipated floating rents. Recent moving out of tenants mainly for offices have been reflected. <Expenses of leasing business> Costs anticipated for replacement of tenant of Nishiura I Increase in repair expenses
Expenses related to rent business (Depreciation is excluded)	1,608	1,583	② △25			1,630	
<b>NOI</b>	4,032	4,035	+3			3,831	
Depreciation	639	632	△6			646	
Rent revenues/expenses	3,392	3,402	+10			3,185	
Gain on sale of real estate properties	969	970	+0			—	
Mezzanine	24	24	+0			24	
SGA	1,160	1,151	△8			515	
Operating income	3,226	3,245	+19		2,876	2,694	
Non-operating expenses	449	468	+18			436	
Ordinary income	2,776	2,777	+1		2,437	2,258	
Extraordinary income	0	8,893	③ +8,893		—	—	
Net income	2,776	11,670	+8,894			2,258	
Taxes	1	0	+0		0	0	
Cash distribution per unit (considering after split of investment units)	2,775	11,670	+8,894		2,436	2,257	
Cash distribution per unit (before split of investment units)	1,658	1,658	-		1,455	1,455	

(※) Announced on March 13, 2020

(※) Announced on March 2, 2020

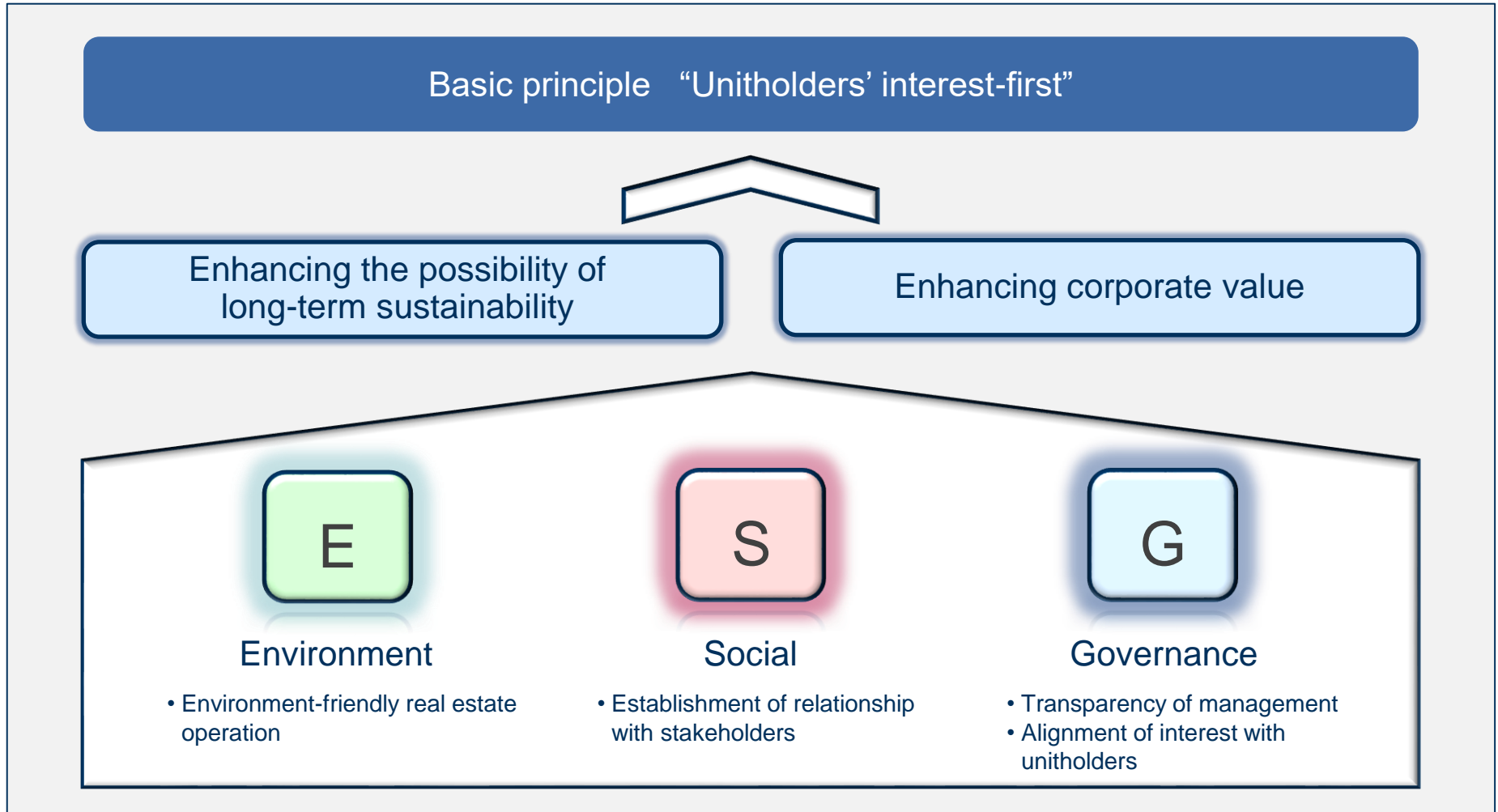


## 9. Initiatives on ESG

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## 9. Initiatives on ESG (1)

- 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”



## 9. Initiatives on ESG (2)

### 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: 40.0%

## 9. Initiatives on ESG (3)

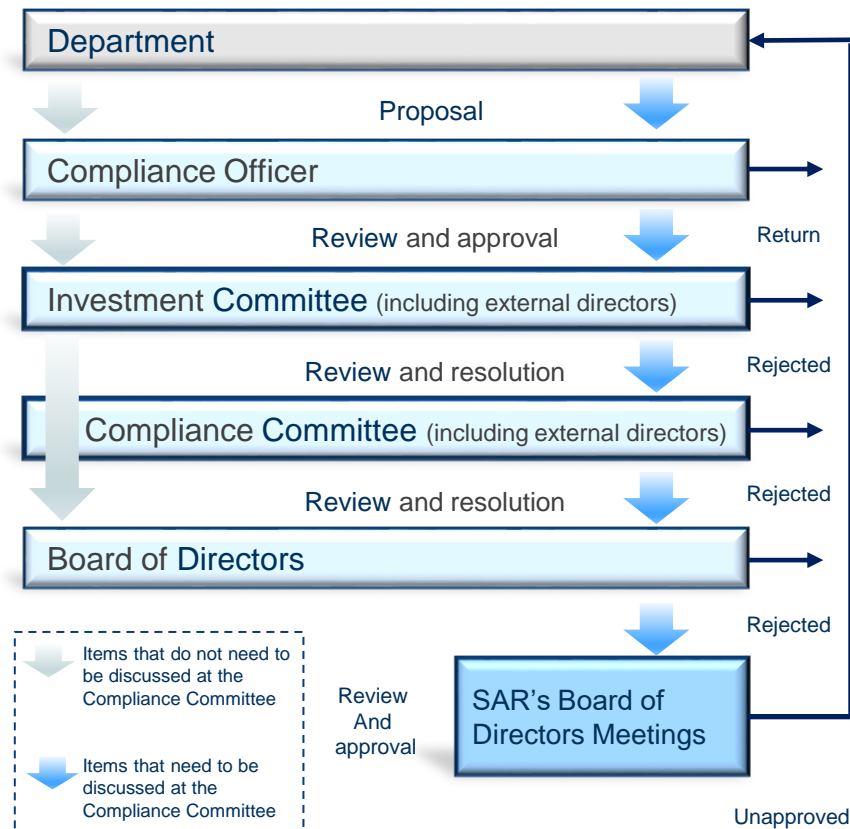
## G

## 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

- Aligning the interests of the Sponsor Group with those of the unitholders by holding 14.6% of the investment units of the Sponsor Group
- Members of the Asset Manager also hold investment units

### <Decision-making process>



Sponsor Group

Total: 244,265 units held by 4 unitholders

Founder of Star Asia 2 individuals

Total: 440 units



Management team of the Asset Manager (as of August 31, 2020)

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

Number of investment units held in same-boat investment:

**244,265** units

Holding ratio:

**14.6 %**

## 9. Initiatives on ESG (4)

G

### 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

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 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 where we do business.

7

#### Meritocracy

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

8

#### Endless Pursuit of Excellence

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

## 10. Appendix

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# About Star Asia Group



**Taro Masuyama**  
Co-Founder and  
Managing Partner



**Malcolm F. MacLean IV**  
Co-Founder and  
Managing Partner

Star Asia Group is a privately owned, independent investment management group that focuses on investments in Japanese real estate related opportunities.

- Concepted in 2006, Star Asia Group has invested over JPY749 bn since its foundation in 2007.
- Star Asia Group has 351 officers and employees including over 40 investment and asset management professionals based in Tokyo or New Jersey, USA.<sup>1</sup>
- We always operate under the Guiding Principles which continuously drive the group to become and remain as one of the leading real estate investment management firms in Japan.
- The group's strong track record and long-term partnership approach with our investors have been integral in attracting significant capital from sophisticated global investors, including large U.S. university endowments and foundations, Japanese and European pension funds, U.S. and Asia based family offices as well as other global real estate investors.
- The group is committed to its disciplined Investment Philosophy and SAR strives for its most important goal of meeting and exceeding unitholders' expectations.

## Star Asia Group

Listed J-REIT Asset manager	Private placement fund management	Asset management	Unlisted investment company		Private placement fund	Development and operation of new- generation student accommodation	Development and operation of hospitality properties; listed	
Star Asia Investment Management Co., Ltd.	Star Asia Management Limited <ul style="list-style-type: none"><li>Registered as an Investment Advisor with the US Securities and Exchange Commission</li><li>Manages multiple private placement funds through sister companies</li></ul>	Star Asia Asset Advisors Co., Ltd. <ul style="list-style-type: none"><li>Asset management and brokerage for private placement funds; real estate asset and trust beneficiary interest brokerage; and property management.</li></ul>	Star Asia Capital Corp Limited		Star Asia Japan Special Situations LP <ul style="list-style-type: none"><li>Star Asia Group's flagship fund</li><li>Actively investing based on its investment capacity</li></ul>	GSA Star Asia KK <ul style="list-style-type: none"><li>A 50/50 joint venture with GSA Group, a global pioneer in purpose built student accommodation (PBSA), that develops and operates new-generation PBSA</li><li>Following the first property (HAKUSAN HOUSE), developed the second (KAMIKITA HOUSE)</li></ul>	Kachikaihatsu Co., Ltd. <ul style="list-style-type: none"><li>Listed on TSE 2<sup>nd</sup> Section (8010); develops and operates hotels</li><li>Star Asia Group became a sponsor in Nov. 2018 and holds 75.53% of issued stock</li></ul>	
				Lion Partners GK	Star Asia Sogo Kaihatsu Co., Ltd. <ul style="list-style-type: none"><li>Star Asia Group's real estate development company</li><li>Currently develops multiple properties</li></ul>			
Star Asia Investment Corporation	Provides know-how contributing to SAR's internal and external growth as its sponsor <ul style="list-style-type: none"><li>Support of Construction Management Department</li><li>Provides advice based on abundant experience in real estate-related debt investment</li><li>Provides additional resource as needed</li></ul>	Asset management of warehousing funds and provides support for origination of bridge funds	Holds SAR's investment units (97,000 units; equivalent to JPY11bn (17.9%)) <sup>2</sup>  Silent partnership investment in properties with preferential negotiation rights owned by SAR <ul style="list-style-type: none"><li>Urban Park Mitsuike Koen</li><li>Urban Park Tokiwadai Koen</li><li>OHA Building</li></ul>	Holds SSR's investment units (20,227 units; equivalent to JPY1.6bn (6.1%)) <sup>3</sup>	Currently develops properties with preferential negotiation rights owned by SAR <ul style="list-style-type: none"><li>Hakata office project</li></ul>	Provided over JPY90bn properties (based on SAR's acquisition price) to SAR since SAR's listing	Currently operates properties with preferential negotiation rights owned by SAR <ul style="list-style-type: none"><li>HAKUSAN HOUSE</li><li>KAMIKITA HOUSE</li></ul>	Under the business partnership agreement with Star Asia Group, the company provides to SAR information on sale of properties as a developer and operator of hotels

Star Asia Group with expanding business provides strong support to SAR

1. As of March 31, 2020

2. As of July 31, 2020

3. As of July 31, 2020

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.



# Status of Unitholders at the End of 8th Fiscal Period ended January 2020

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

Category	End of 9 <sup>th</sup> FP		End of 9 <sup>th</sup> FP			
			Unitholders' register		Sponsor Group is excluded	
	No. of investment units	Ratio	No. of investment units	Ratio	No. of investment units	Ratio
Individual	151,554	28.0%	166,124	30.7%	166,124	37.4%
Financial institution	157,671	29.2%	142,985	26.4%	142,985	32.2%
Domestic corporation	14,937	2.8%	15,901	2.9%	15,901	3.6%
Foreign	205,576	38.0%	206,393	38.2%	109,393	24.6%
Securities company	11,086	2.0%	9,421	1.7%	9,421	2.1%
Total	540,824	100.0%	540,824	100.0%	443,824	100.0%

## Number of unitholders by attribute: Total 18,187 units

Category	End of 9 <sup>th</sup> FP		End of 9 <sup>th</sup> FP			
			Unitholders' register		Sponsor Group is excluded	
	No. of persons/entitie	Ratio	No. of persons/entitie	Ratio	No. of persons/entitie	Ratio
Individual	16,160	97.0%	17,682	97.2%	17,682	97.3%
Financial institution	39	0.2%	36	0.2%	36	0.2%
Domestic corporation	261	1.6%	277	1.5%	277	1.5%
Foreign	175	1.1%	172	0.9%	166	0.9%
Securities company	21	0.1%	20	0.1%	20	0.1%
Total	16,656	100.0%	18,187	100.0%	18,181	100.0%

## List of major unitholders (Top 10)

	Unitholder name	Number of investment units	Holding ratio
1	The Master Trust Bank of Japan, Ltd. (Trust account)	43,640	8.1%
2	Custody Bank of Japan, Ltd. (Trust Account)	40,279	7.4%
3	NORTHERN TRUST CO. (AVFC) RE UKDU UCITS CLIENTS NON LENDING 10 PCT TREATY ACCOUNT	30,116	5.6%
4	Star Asia Capital I LLC	24,195	4.5%
4	Star Asia Capital II LLC	24,195	4.5%
4	Star Asia Capital III LLC	24,195	4.5%
4	Star Asia Capital IV LLC	24,195	4.5%
8	GOLDMAN, SACHS & CO. REG	17,395	3.2%
9	The Nomura Trust and Banking Co., Ltd. (Trust Account)	15,058	2.8%
10	Custody Bank of Japan, Ltd. (Security Trust Account)	14,426	2.7%
	合 計	257,694	47.6%

# Status of Assumed Unitholders after the Merger

## Major unitholders

Star Asia Taking into account  
investment units split

	Unitholder name	Number of investment units
1	The Master Trust Bank of Japan, Ltd. (Trust account)	87,280
2	Custody Bank of Japan, Ltd. (Trust Account)	80,558
3	NORTHERN TRUST CO. (AVFC) RE UKDU UCITS CLIENTS NON LENDING 10 PCT TREATY ACCOUNT	60,232
4	Star Asia Capital I LLC	48,390
4	Star Asia Capital II LLC	48,390
4	Star Asia Capital III LLC	48,390
4	Star Asia Capital IV LLC	48,390
8	GOLDMAN, SACHS & CO. REG	34,790
9	The Nomura Trust and Banking Co., Ltd. (Trust Account)	30,116
10	Custody Bank of Japan, Ltd. (Security Trust Account)	28,852
	<b>Total</b>	<b>515,388</b>

## Major unitholders

Former Sakura Sogo REIT Taking into account  
investment unit allotment (1:1.78)

	Unitholder name	Number of investment units
1	The Master Trust Bank of Japan, Ltd. (Trust account)	62,043
2	Lion Partners GK	41,933
3	Custody Bank of Japan, Ltd. (Trust Account)	37,766
4	GOLDMAN SACHS INTERNATIONAL	28,752
5	Morgan Stanley MUFG Securities Co., Ltd.	22,894
6	NORTHERN TRUST CO. (AVFC) RE UKDU UCITS CLIENTS NON LENDING 10 PCT TREATY ACCOUNT	18,277
7	Custody Bank of Japan, Ltd. (Security Trust Account)	17,572
8	NIPPON KANZAI Co., Ltd.	15,486
8	GALAXY JREIT PTY LIMITED	15,486
10	Mizuho Securities Co., Ltd.	15,065
	<b>Total</b>	<b>275,274</b>

## Major unitholders after merger (assumed)

	Unitholder name	Number of investment units	Holding ratio
1	The Master Trust Bank of Japan, Ltd. (Trust account)	149,323	8.9%
2	Custody Bank of Japan, Ltd. (Trust Account)	118,324	7.1%
3	NORTHERN TRUST CO. (AVFC) RE UKDU UCITS CLIENTS NON LENDING 10 PCT TREATY ACCOUNT	78,509	4.7%
4	Star Asia Capital I LLC	48,390	2.9%
4	Star Asia Capital II LLC	48,390	2.9%
4	Star Asia Capital III LLC	48,390	2.9%
4	Star Asia Capital IV LLC	48,390	2.9%
8	Lion Partners GK	41,933	2.5%
9	GOLDMAN, SACHS & CO. REG	34,790	2.1%
10	The Nomura Trust and Banking Co., Ltd. (Trust Account)	30,116	1.8%
	<b>Total</b>	<b>646,555</b>	<b>38.6%</b>

# Change in distribution since listing

## Change in business results since listing

(Unit: million yen)

	4th FP (ended Jan. 2018) actual	5th FP (ended Jul. 2018) actual	6th FP (ended Jan. 2019) actual	7th FP (ended Jul. 2019) actual	8th FP (ended Jan. 2020) actual	9th FP (ended Jul. 2020) forecast*	9th FP (ended Jul. 2020) actual	Comparison with forecast
Lease business revenue	2,408	2,791	3,224	3,344	3,200	3,277	3,314	+37
Office rent	795	862	1,104	1,134	1,145	1,160	1,163	+3
Residence rent	410	500	458	438	439	514	512	△2
Logistics rent	696	906	912	910	817	846	887	+41
Hotel rent	282	287	447	500	477	474	445	△28
Other	223	235	302	349	320	281	306	+24
Expenses related to rent business (Depreciation is excluded)	536	607	678	798	769	803	741	△62
NOI	1,871	2,184	2,545	2,535	2,431	2,473	2,573	+99
Depreciation	305	355	409	415	420	436	432	△3
Rent revenues/expenses	1,566	1,828	2,135	2,119	2,011	2,037	2,141	+103
Mezzanine	14	18	22	20	21	25	25	+0
TK distribution	-	-	-	7	6	5	7	+2
Gain on sale of real estate property	771	-	598	422	-	642	648	+6
SGA	300	270	349	344	316	645	690	+45
Operating income	2,051	1,576	2,406	2,225	1,721	2,064	2,131	+67
Non-operating income	0	0	0	0	1	-	3	+3
Non-operating expenses	176	270	333	261	227	273	278	+4
Ordinary income	1,876	1,305	2,073	1,965	1,494	1,790	1,857	+66
Net income	1,802	1,305	2,049	1,964	1,493	1,790	1,857	+66
Cash distribution per unit	4,077円	2,773円	3,720円	3,625円	2,788円	3,310円	3,436円	+ 126円
FFO per unit	3,224円	3,529円	3,440円	3,620円	3,539円	2,929円	3,033円	+ 104円
Balance of Internal reserves	113	113	151	155	141	141	140	△1

\* March 13, 2020 Announced in 8th FP closing of accounting report



## Balance Sheets for the 9th Fiscal Period ended July 31, 2020

	8th fiscal period (As of January 31, 2020)	9th fiscal period (As of July 31, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	1,622,851	2,303,632
Cash and deposits in trust	3,848,378	3,915,644
Operating accounts receivable	45,608	49,312
Prepaid expenses	112,436	119,529
Other	8,689	10,389
Total current assets	5,637,964	6,398,507
Non-current assets		
Property, plant and equipment		
Buildings in trust	33,247,569	34,100,500
Accumulated depreciation	(2,521,046)	△2,933,446
Buildings in trust, net	30,726,523	31,167,053
Structures in trust	15,784	18,395
Accumulated depreciation	(2,431)	△2,990
Structures in trust, net	13,352	15,405
Machinery and equipment in trust	46,680	55,823
Accumulated depreciation	(9,570)	△12,054
Machinery and equipment in trust, net	37,110	43,768
Tools, furniture and fixtures in trust	36,546	46,277
Accumulated depreciation	(11,336)	△13,817
Tools, furniture and fixtures in trust, net	25,210	32,460
Land in trust	68,602,052	70,619,311
Total property, plant and equipment	99,404,248	101,877,998
Intangible assets		
Leasehold rights in trust	3,459,138	3,459,138
Total intangible assets	3,459,138	3,459,138
Investments and other assets		
Investment securities	711,912	853,350
Long-term loans receivable	300,000	300,000
Long-term prepaid expenses	121,497	135,723
Lease and guarantee deposits	10,862	10,782
Other	3,625	-
Total investments and other assets	1,147,898	1,299,856
Total non-current assets	104,011,285	106,636,993
Total assets	109,649,249	113,035,501

	8th fiscal period (As of January 31, 2020)	9th fiscal period (As of July 31, 2020)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	338,896	337,786
Current portion of long-term loans payable	11,300,000	14,040,000
Accounts payable - other	269,588	417,355
Accrued expenses	11,903	12,748
Income taxes payable	605	605
Accrued consumption taxes	35,586	48,276
Advances received	531,192	698,166
Other	14,299	17,332
Total current liabilities	12,502,070	15,572,270
Non-current liabilities		
Long-term loans payable	40,280,000	40,280,000
Tenant leasehold and security deposits	6,718	6,595
Tenant leasehold and security deposits in trust	2,459,766	2,429,860
Other	101,271	132,189
Total non-current liabilities	42,847,755	42,848,645
Total liabilities	55,349,826	58,420,916
Net assets		
Unitholders' equity		
Unitholders' capital	52,745,966	52,745,966
Surplus		
Unappropriated retained earnings (undisposed loss)	1,649,263	1,998,562
Total surplus	1,649,263	1,998,562
Total unitholders' equity	54,395,229	54,744,528
Valuation and translation adjustments		
Deferred gains or losses on hedges	(95,806)	△129,943
Total valuation and translation adjustments	(95,806)	△129,943
Total net assets	54,299,423	54,614,584
Total liabilities and net assets	109,649,249	113,035,501

# Statement of Income for the 9th Fiscal Period

(From February 1, 2020 to July 31, 2020)

	8th fiscal period (As of January 31, 2020)	9th fiscal period (As of July 31, 2020)	(Unit: thousand yen)
Operating revenue			
Lease business revenue	2,988,424	3,122,781	
Other lease business revenue	212,244	192,129	
Gain on sales of real estate property	-	648,585	
Other revenue	27,160	32,582	
Total operating revenue	3,227,829	3,996,079	
Operating expenses			
Expenses related to rent business	1,189,614	1,173,882	
Asset management fee	226,759	252,533	
Asset custody and administrative service fees	23,757	28,053	
Directors' compensations	2,400	2,400	
Merger expenses	-	303,222	
Other operating expenses	63,888	104,149	
Total operating expenses	1,506,419	1,864,242	
Operating income	1,721,410	2,131,837	
Non-operating income			
Interest income	27	25	
Reversal of unpaid distribution	997	1,131	
Interest on refund	1	1	
Gain on donation of non-current assets	-	2,816	
Total non-operating income	1,026	3,975	
Non-operating expenses			
Interest expenses	165,266	172,539	
Borrowing related expenses	62,670	105,551	
Total non-operating expenses	227,937	278,091	
Ordinary income	1,494,499	1,857,721	
Income before income taxes	1,494,499	1,857,721	
Income taxes - current	605	605	
Total income taxes	605	605	
Net income	1,493,894	1,857,116	
Retained earnings brought forward	155,368	141,446	
Unappropriated retained earnings (undisposed loss)	1,649,263	1,998,562	



## Balance Sheets for the 8th Fiscal Period ended July 31, 2020

	Fiscal period ended December 31, 2019	Fiscal period ended July 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	518,328	1,552,012
Cash and deposits in trust	4,356,576	3,631,229
Operating accounts receivable	66,422	60,059
Prepaid expenses	92,744	72,472
Deposits	16,350	6,209
Other	394	3
Total current assets	5,050,817	5,321,988
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	15,132,852	15,290,621
Accumulated depreciation	△1,464,891	-1,748,467
Buildings in trust, net	13,667,960	13,542,153
Structures in trust	450,855	450,855
Accumulated depreciation	△118,659	-138,412
Structures in trust, net	332,195	312,442
Machinery and equipment in trust	40,961	47,583
Accumulated depreciation	△6,740	-9,269
Machinery and equipment in trust, net	34,220	38,314
Tools, furniture and fixtures in trust	50,336	51,406
Accumulated depreciation	△13,509	-18,042
Tools, furniture and fixtures in trust, net	36,826	33,363
Land in trust	42,953,181	42,953,181
Total property, plant and equipment	57,024,385	
Intangible assets		
Leasehold rights in trust	670,865	670,865
Other	9,611	6,359
Total intangible assets	680,477	677,224
Investments and other assets		
Deferred tax assets	17	17
Long-term prepaid expenses	54,491	54,491
Long-term deposits	269,444	269,444
Other	10,000	10,000
Total investments and other assets	333,954	333,954
Total non-current assets	57,890,633	57,890,633
Total assets	63,212,621	63,212,621

(Unit: thousand yen)

	Fiscal period ended December 31, 2019	Fiscal period ended July 31, 2020
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	250,346	291,109
Short-term loans payable	4,900,000	4,900,000
Current portion of long-term loans payable	6,000,000	6,000,000
Accounts payable - other	155,659	162,482
Income taxes payable	971	967
Accrued consumption taxes	44,176	54,533
Advances received	361,908	374,718
Other	57,288	44,048
Total current liabilities	11,770,351	11,827,860
Non-current liabilities		
Long-term loans payable	18,300,000	18,300,000
Tenant leasehold and security deposits in trust	3,082,276	3,001,013
Total non-current liabilities	21,382,276	21,301,013
Total liabilities	33,152,627	33,128,874
Net assets		
Unitholders' equity		
Unitholders' capital	29,254,680	29,254,680
Surplus		
Unappropriated retained earnings (undisposed loss)	704,679	829,067
Total surplus	704,679	829,067
Total unitholders' equity	29,959,359	30,083,747
Total net assets	29,959,359	30,083,747
Total liabilities and net assets	63,111,987	63,212,621

# Statement of Income for the 8th Fiscal Period

(From February 1, 2020 to July 31, 2020)

(Unit: thousand yen)

	Fiscal period ended December 31, 2019	Fiscal period ended July 31, 2020 (From January 1, 2020 to July 31, 2020)
Operating revenue		
Lease business revenue	2,054,703	2,426,601
Other lease business revenue	337,004	348,072
Total operating revenue	2,391,708	2,774,674
Operating expenses		
Expenses related to rent business	1,088,711	1,300,497
Asset management fee	174,610	164,786
Asset custody service fees	3,159	3,678
General administrative service fees	21,181	26,242
Directors' compensation	4,040	3,570
Merger-related expenses	8,173	10,278
Consumption tax non-deductible		162,174
Other operating expenses	45,243	50,772
Total operating expenses	1,345,120	1,722,001
Operating income	1,046,588	1,052,672
Non-operating income		
Interest income	23	23
Reversal of distributions payable		2,582
Other	13	0
Total non-operating income	37	2,606
Non-operating expenses		
Interest expenses	121,295	136,707
Borrowing expenses	52,870	88,578
Total non-operating expenses	174,166	225,286
Ordinary income	872,459	829,992
Extraordinary loss.		
Unit holder's meeting and Merger - related expenses	166,961	0
Total extraordinary loss	166,961	0
Income before income taxes	705,498	829,992
Income taxes-current	974	973
Income taxes-deferred	1	0
Total income taxes	975	974
Net income	704,522	829,018
Retained earnings brought forward	156	49
Unappropriated retained earnings (undisposed loss)	704,679	829,067

# Portfolio List (as of August 1, 2020)

	Property name	Location	Acquisition price	Appraisal value at end of 9th FP	Investment ratio (%)	Appraisal NOI yield (%)
Office	Minami-Azabu Shibuya Building	Minato Ward, Tokyo	2,973	3,070	1.8	4.7
	Honmachibashi Tower	Osaka City, Osaka	6,065	6,960	3.6	5.1
	Nishi-Shinjuku Matsuya Building	Shibuya Ward, Tokyo	1,763	2,510	1.1	6.4
	Shibuya MK Building	Shibuya Ward, Tokyo	2,042	3,260	1.2	5.9
	Asahi Building	Yokohama City, Kanagawa	6,320	7,840	3.8	5.0
	Hakata-eki East Place	Fukuoka City, Fukuoka	2,286	2,630	1.4	5.2
	Nihonbashi Hamacho Park Building	Chuo Ward, Tokyo	1,450	1,550	0.9	4.7
	Amusement Media Gakuin Honkan	Shibuya Ward, Tokyo	2,580	2,690	1.5	4.0
	Higashi Kobe Center Building	Kobe City, Hyogo	7,440	7,530	4.5	5.8
	Amusement Media Gakuin Shinkan	Shibuya Ward, Tokyo	1,020	1,160	0.6	4.0
	Seishin Building	Shinjuku Ward, Tokyo	11,200	11,200	6.7	3.7
	NK Building	Chiyoda Ward, Tokyo	5,350	5,350	3.2	3.9
	Tsukasamachi Building	Chiyoda Ward, Tokyo	4,590	4,590	2.8	3.9
	Takadanobaba Access	Shinjyuku Ward, Tokyo	3,990	3,990	2.4	4.1
	Azabu Amerex Building	Minato Ward, Tokyo	2,780	2,780	1.7	3.8
	Hiei-Kudan Building	Chiyoda Ward, Tokyo	2,400	2,400	1.4	4.0
	Shin-Yokohama Nara Building	Yokohama City, Kanagawa	2,300	2,300	1.4	4.8
	Shin-Yokohama Nara Building	Chiyoda Ward, Tokyo	1,510	1,510	0.9	4.0
	Subtotal		68,059	73,320	40.9	
Retail	La Park Kishiwada	Kishiwada City, Osaka	5,450	5,450	3.2	7.3
	Suoy Mall Chikushino	Chikushino City, Fukuoka	6,550	6,550	3.9	5.8
	Seiyu Minakuchi	Koka City, Shiga	3,320	3,320	2.0	7.4
	Suoy Mall Nagamine	Kumamoto City, Kumamoto	3,450	3,450	2.1	5.8
	Subtotal		18,720	18,720	11.2	

Total	Acquisition Price (mln.)	Appraisal value at end of 9th FP (mln.)	Appraisal NOI yield (%)
	166,494	175,795	4.9

The figure is after the asset replacement., and based on appraisal value as of the end of July 2020,

The figure for SSR is based on acquisition price (receipt price)

	Property name	Location	Acquisition price	Appraisal value at end of 9th FP	Investment ratio (%)	Appraisal NOI yield (%)
Residence	Urban Park Azabujuban	Minato Ward, Tokyo	2,045	2,480	1.2	4.4
	Urban Park Daikanyama	Shibuya Ward, Tokyo	6,315	8,310	3.8	4.8
	Urban Park Namba	Osaka City, Osaka	1,490	1,650	0.9	5.4
	Urban Park Gokokuji	Toshima Ward, Tokyo	1,460	1,510	0.9	4.7
	Urban Park Kashiwa	Kashiwa City, Chiba	1,186	1,190	0.7	5.0
	Urban Park Ryokuchi-koen	Suita City, Osaka	1,550	1,620	0.9	5.7
	Urban Park Koenji	Suginami Ward, Tokyo	1,167	1,180	0.7	4.7
	Urban Park Ichigao	Yokohama City, Kanagawa	1,810	1,850	1.1	4.8
	Urban Park Gyotoku	Ichikawa City, Chiba	1,430	1,500	0.9	4.7
	Shiroi Logiman	Shiroi City, Chiba	2,470	2,470	1.5	5.7
	Urban Park Sekime	Osaka City, Osaka	2,150	2,150	1.3	5.2
	Urban Park Imazato	Osaka City, Osaka	993	993	0.6	5.3
	Urban Park Yoyogi	Shibuya Ward, Tokyo	1,740	1,740	1.0	3.8
	Subtotal		25,806	28,643	15.5	
Logistics	Iwatsuki Logistics	Saitama City, Saitama	6,942	7,310	4.1	4.8
	Yokohama Logistics	Yokohama City, Kanagawa	3,560	4,170	2.1	5.7
	Funabashi Logistics	Funabashi City, Chiba	7,875	8,650	4.7	5.3
	Baraki Logistics	Ichikawa City, Chiba	4,700	4,870	2.8	4.3
	Tokoyozawa Logistics	Tokorozawa City, Saitama	1,300	1,350	0.8	5.7
	Funabashi Nishiura Logistics I	Funabashi City, Chiba	3,000	3,020	1.8	5.1
	Funabashi Nishiura Logistics II	Funabashi City, Chiba	821	850	0.5	7.0
	Matsubushi Logistics	Kita-Katsushika-gun, Saitama	2,755	2,860	1.7	5.5
	Funabashi Hi-Tech Park I	Funabashi City, Chiba	1,710	1,710	1.0	6.5
	Funabashi Hi-Tech Park II	Funabashi City, Chiba	702	702	0.4	6.8
	Subtotal		33,365	35,492	20.0	
Hotel	R&B Hotel Umeda East	Osaka City, Osaka	2,069	2,270	1.2	5.5
	Smile Hotel Namba	Osaka City, Osaka	1,750	1,430	1.1	4.3
	Best Western Tokyo Nishi-kasai	Edogawa Ward, Tokyo	3,827	3,660	2.3	4.3
	Best Western Yokohama	Yokohama City, Kanagawa	3,248	3,220	2.0	4.5
	Hotel WBF Fukuoka Tenjin Minami	Fukuoka City, Fukuoka	1,970	1,940	1.2	4.4
	GLANSIT Akihara	Chiyoda Ward, Tokyo	2,500	2,450	1.5	3.9
	Best Western Tokyo Nishikasai Grande	Edogawa Ward, Tokyo	3,180	3,130	1.9	4.0
	Hotel WBF Art Stay Namba	Osaka City, Osaka	2,000	1,520	1.2	3.8
	Subtotal		20,544	19,620	12.3	4.9



## Other assets under management (as of August 1, 2020)

### <Mezzanine loan debt investment>

Number	Type	Name of the security (asset overview)	Period-end book value (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	OtaWard, Tokyo	Base rate +5.0%
MEZ-03	Mezzanine (Subordinated Beneficiary Interest)	Star Asia Mezzanine Loan Debt Investment Series 3	124	The Royal Garden Residence Shirokanedai	Minato Ward, Tokyo	Base rate +5.0%
MEZ-04	Mezzanine (Subordinated loan claims)	Star Asia Mezzanine Loan Debt Investment Series 4	300	DS Kaigan Building (Previously) Premier Kaigan Building	Minato Ward, Tokyo	Base rate +5.0%
MEZ-05	Mezzanine (Subordinated Beneficiary Interest)	Star Asia Mezzanine Loan Debt Investment Series 5	150	Sanmaison Ohorikoenkita	Fukuoka city, Fukuoka	Base rate +5.0%
Total			974			

### <Silent partnership equity interest>

Number	Investments securities	Period-end book value (million yen)	Underlying asset, etc.	
			Property name	Location
TKI-01	GK SAPR8 subordinated silent partnership equity interest	106	Urban Park Mitsuike Koen	Yokohama city, Kanagawa
			Urban Park Tokiwadai Koen	Yokohama city, Kanagawa
TKI-02	GK SAPR7 silent partnership equity interest	72	OHA Building	Tachikawa city, Tokyo
Total		179		

# Other Managed Assets

## Status of silent partnership (TK) investments and mezzanine loan debt investments

- To date, 2 silent partnership (TK) investments and 5 mezzanine loan debt investments (of which 1 has been redeemed) have been executed.
- Also going forward, we will continue to consider measures which will contribute to the maximization of unitholders' interests, such as acquiring priority negotiation rights and contributing to DPU.

### Silent partnership equity interest

GK SAPR8 subordinated silent partnership equity interest		
Acquisition price	100 million yen	
Asset name	Urban Park Mitsuike Koen	
Location	Yokohama city, Kanagawa	
Asset name	Urban Park Tokiwadai Koen	
Location	Yokohama city, Kanagawa	

GK SAPR7 silent partnership equity interest		
Acquisition price	100 million yen	
Asset name	OHA Building	
Location	Tachikawa city, Tokyo	

### Mezzanine loan debt investment

Star Asia Mezzanine Loan Debt Investment Series 1		Star Asia Mezzanine Loan Debt Investment Series 3	
Type	Subordinated bonds	Type	Subordinated Beneficiary Interest
Acquisition price	400 million yen	Acquisition price	124 million yen
Asset name	Relief Premium Haneda	Asset name	The Royal Garden Residence Shirokanedai
Location	Ohta Ward, Tokyo	Location	Minato Ward, Tokyo
Interest rate	Base rate +5.0%	Interest rate	Base rate +5.0%

Star Asia Mezzanine Loan Debt Investment Series 4		Star Asia Mezzanine Loan Debt Investment Series 5	
Type	Subordinated loan claims	Type	Subordinated Beneficiary Interest
Acquisition price	300 million yen	Acquisition price	150 million yen
Asset name	DS Kaigan Building (Previously) Premier Kaigan Building	Asset name	Sanmaison Ohorikoenkita
Location	Minato Ward, Tokyo	Location	Fukuoka city, Fukuoka
Interest rate	Base rate +5.0%	Interest rate	Base rate +5.0%

Star Asia Investment Corporation  
Contribution to DPU for the fiscal period ended  
July 31, 2020.

51.7 yen/unit

# Portfolio List

Asset type	Office	Office	Office	Office	Office	Office
Property name	Minami-Azabu Shibuya Building	Honmachibashi Tower	Nishi-Shinjuku Matsuya Building	Shibuya MK Building	Asahi Building	Hakata-eki East Place
						
Acquisition price	2,973 million yen	6,065 million yen	1,763 million yen	2,042 million yen	6,320 million yen	2,286 million yen
Appraisal value	3,070 million yen	6,960 million yen	2,510 million yen	3,260 million yen	7,840 million yen	2,630 million yen
Structure/Floors	SRC B1/7F	S/SRC B1/21F	SRC B1/9F	S 6F	S/SRCB2/12F	SRC 9F
Location	Minato Ward, Tokyo	Osaka City, Osaka	Shibuya Ward, Tokyo	Shibuya Ward, Tokyo	Yokohama City, Kanagawa	Fukuoka City, Fukuoka
Lot area	766.11 m <sup>2</sup>	1,274.37 m <sup>2</sup>	589.94 m <sup>2</sup> (surface right)	620.42 m <sup>2</sup> (of which 2.62 m <sup>2</sup> leasehold)	1,096.86 m <sup>2</sup>	1,129.86 m <sup>2</sup>
Total floor areas	4,137.21 m <sup>2</sup>	15,407.83 m <sup>2</sup>	5,117.80 m <sup>2</sup>	1,982.86 m <sup>2</sup>	12,353.83 m <sup>2</sup>	6,243.13 m <sup>2</sup>
Construction completion	June 15, 1993	February 8, 2010	May 28, 1987	July 31, 1993	November 25, 1994	February 24, 1986
Property Features	<ul style="list-style-type: none"> <li>● Located in Minami-Azabu, a well-known, high-class residential area that is also home to embassies of various countries.</li> <li>● In addition to access by train, the area is well served by bus routes and provides convenient access to various locations within central Tokyo.</li> <li>● The area is highly appealing to companies in fashion, mass media, and IT-related fields.</li> </ul>	<ul style="list-style-type: none"> <li>● Located in the Yodoyabashi / Hommachi area, one of Osaka's leading office districts.</li> <li>● 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.</li> <li>● The residences on the upper floors of the building offer excellent views overlooking landmarks such as Osaka Castle.</li> </ul>	<ul style="list-style-type: none"> <li>● Located in the Nishi-Shinjuku area, which has a high concentration of office buildings.</li> <li>● In addition to access by train, the area is well served by bus routes and provides convenient access to various locations within central Tokyo.</li> <li>● 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.</li> </ul>	<ul style="list-style-type: none"> <li>● Located in the Shibuya area, one of Japan's leading commercial districts, the property has a strong appeal for fashion and IT-related companies.</li> <li>● Following the completion of the Shibuya Station area redevelopment project, further development is expected going forward.</li> </ul>	<ul style="list-style-type: none"> <li>● Located in the Yokohama Station West Exit area where there is a high concentration of commercial and office buildings.</li> <li>● The floors can be subdivided into smaller spaces, enabling the building to flexibly accommodate demand from branch offices of companies in various fields.</li> <li>● With the completion of the Yokohama Station area redevelopment project and the Excite Yokohama 22 project, further development is expected going forward.</li> </ul>	<ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> </ul>

# Portfolio List



Asset type	Office	Office	Office	Office	Office	Office
Property name	Nihonbashi Hamacho Park Building	Amusement Media Gakuin Honkan	Higashi Kobe Center Building	Amusement Media Gakuin Shinkan	Seishin Building	NK Building
						
Acquisition price	1,450 million yen	2,580 million yen	7,440 million yen	1,020 million yen	11,200 million yen	5,350 million yen
Appraisal value	1,550 million yen	2,690 million yen	7,530 million yen	1,160 million yen	11,200 million yen	5,350million yen
Structure/Floors	SRC 11F	SRC S 8F/B1F	SRC 14F	RC 7F	SRC 10F/1B	SRC 10F/1B
Location	Chuo Ward, Tokyo	Shibuya Ward, Tokyo	Kobe City, Hyogo	Shibuya Ward, Tokyo	Shinjyuku Ward, Tokyo	Chiyoda Ward, Tokyo
Lot area	319.04 m <sup>2</sup>	433.21 m <sup>2</sup>	8,488.11 m <sup>2</sup>	203.43 m <sup>2</sup>	886.93m <sup>2</sup>	590.72m <sup>2</sup>
Total floor areas	2,383.76 m <sup>2</sup>	1,892.18 m <sup>2</sup>	25,740.46 m <sup>2</sup>	913.71 m <sup>2</sup>	7,624.66m <sup>2</sup>	4,994.70m <sup>2</sup>
Construction completion	July 13, 1992	November 2, 1994	January 6, 1992	January 25, 1999	March 31, 1989	October 28, 1991
Property Features	<ul style="list-style-type: none"> <li>● Located in Nihonbashi Hamacho area, allowing easy access to major business areas in Central Tokyo and use of various railways.</li> <li>● 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.</li> <li>● 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.</li> </ul>	<ul style="list-style-type: none"> <li>● Stable revenue is expected since a vocational school has rented the entire building for many years since the completion.</li> <li>● 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.</li> <li>● 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.</li> </ul>	<ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> </ul>	<ul style="list-style-type: none"> <li>● Stable revenue is expected since it has the same tenant as that of Amusement Media Gakuin Honkan.</li> <li>● 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.</li> <li>● 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.</li> </ul>	<ul style="list-style-type: none"> <li>● Located nearby "Shinjuku-sanchome" Station accessible to 3 subway lines, it is an area with excellent commute access.</li> <li>● Being located along the busy main road of Shinjuku-dori, it benefits from excellent visibility. The property is located in a commercial district where there are many mid-sized office buildings and stores.</li> <li>● The property has a standard floor area of rental space of 180 tsubo, which is competitive from a leasing perspective.</li> </ul>	<ul style="list-style-type: none"> <li>● The property is conveniently located with good traffic access, situated at an approximate 1-minute walk from the nearest "Iwamotocho" Station, and within walking distance from the business districts of "Kanda" Station and "Akihabara" Station.</li> <li>● The property has excellent visibility, being located along Yasukuni-Dori, and in a commercial district where there are many mid-sized office buildings, and well as stores and restaurants etc.</li> <li>● The property has a standard floor area of approximately 110 tsubo which is competitive from a leasing perspective.</li> </ul>

# Portfolio List







Asset type	Office	Office	Office	Office	Office	Office
Property name	Tsukasamachi Building	Takadanobaba Access	Azabu Amerex Building	Hiei Kudan Building	Shin Yokohama Nara Bldg	The Portal Akihabara
						
Acquisition price	4,590 million yen	3,990 million yen	2,780 million yen	2,400 million yen	2,300 million yen	1,510 million yen
Appraisal value	4,590 million yen	3,990 million yen	2,780 million yen	2,400 million yen	2,300 million yen	1,510 million yen
Structure/Floors	SRC 8F/1B	S RC 14F/1B	SRC 8F/1B	SRC S 11F/1B	S RC 1F/1B	SRC S 8F
Location	Chiyoda Ward, Tokyo	Shinjyuku Ward, Tokyo	Minato Ward, Tokyo	Chiyoda Ward, Tokyo	Yokohama City, Kanagawa	Chiyoda Ward, Tokyo
Lot area	709.52㎡	930.70㎡	601.71㎡	478.27㎡ (Number derived by multiplying the ratio of holdings)	700.59㎡	184.76㎡
Total floor areas	4,629.27㎡	5,757.14㎡	2,909.80㎡	3,205.95㎡ (Number derived by multiplying the ratio of holdings)	5,356.99㎡	1,010.67㎡
Construction completion	January 20, 1988	January 14, 1994	June 30, 1988	September 17, 1991	March 17, 1992	May 31, 2002
Property Features	<ul style="list-style-type: none"> <li>● Conveniently located at an approximate 3-minute walk from the nearest stations of "Awajicho" Station and "Ogawa-machi" Station, and within walking distance from the business district around "Kanda" station etc.</li> <li>● Located in a commercial district where there are many mid- to small-sized offices and stores.</li> <li>● The property has a standard floor area of approximately 140 tsubo which is competitive from a leasing perspective.</li> </ul>	<ul style="list-style-type: none"> <li>● The property is conveniently located with good traffic access, located nearby "Nishi-waseda" Station, and also is within walking distance from "Takadanobaba" Station.</li> <li>● The property has excellent visibility, being located along Meiji-dori, and is in a commercial district with a mixture of offices, apartment buildings, and vocational schools.</li> <li>● Each floor has an area ranging between approximately 60-140 tsubo, and which is competitive from a leasing perspective.</li> </ul>	<ul style="list-style-type: none"> <li>● Conveniently located in a commercial district within a 10-minute walk from "Kamiyacho", "Roppongi-1 chome", and "Azabujuban" stations.</li> <li>● Faces Gaien-higashidori, and has favorable visibility.</li> <li>● Improved convenience is anticipated due to the "Toranomori Azabudai District Type I Urban Redevelopment Project" planned in the neighboring area.</li> <li>● Competitive in terms of each floor area of approximately 70-90 tsubo and leasing capacity</li> </ul>	<ul style="list-style-type: none"> <li>● Located within walking distance from "Ichigaya Station" accessing 4 train lines and has traffic convenience.</li> <li>● Has favorably visibility as it is located across from Yasukuni Shrine and along Yasukuni-dori, and in an area where there are many office buildings as well as a combination of schools and stores etc.</li> <li>● Competitive in terms of leasing with a standard floor area of approximately 90 tsubo.</li> </ul>	<ul style="list-style-type: none"> <li>● Located in the Shin-Yokohama business district where offices are concentrated, within walking distance from Shin-Yokohama station, and has traffic convenience.</li> <li>● Located in a commercial area where mid-to-high rise office buildings and stores, hotels etc. are concentrated.</li> <li>● Competitive in terms of leasing with a standard floor area of approximately 120 tsubo.</li> </ul>	<ul style="list-style-type: none"> <li>● The property is conveniently located within walking distance from "Bakurocho", "Asakusabashi", and "Akihabara" stations.</li> <li>● Renovation works on all of the floors were completed in 2019 (external walls, rooftop waterproof works, air-conditioning facilities, etc.)</li> <li>● The property is a small-sized office with standard floor space of approximately 30-40 tsubo, suitable for start-up companies etc.</li> </ul>



# Portfolio List

Asset type	Retail	Retail	Retail	Retail	Residence	Residence
Property name	LaPark Kishiwada	Suroy Mall Chikushino	Seiyu Minakuchi	Suroy Mall Nagamine	Urban Park Azabujuban	Urban Park Daikanyama
						
Acquisition price	5,400 million yen	6,550 million yen	3,320 million yen	3,450 million yen	2,045 million yen	6,315 million yen
Appraisal value	5,400 million yen	6,550 million yen	3,320 million yen	3,450 million yen	2,480 million yen	8,310 million yen
Structure/Floors	RC S 3F	S 2F	S 4F	S 1F 2F	SRC with slate roofing B1/12F	RC, B1/3F RC, B1/9F
Location	Kishiwada city, Osaka	Chikushino city, Fukuoka	Koka city, Shiga	Kumamoto city, Kumamoto	Minato Ward, Tokyo	Shibuya Ward, Tokyo
Lot area	39,799.74㎡	96,101.96㎡ (Also has leased land of 25,321.5㎡ for use as a parking lot.)	19,917.56㎡ (of which leased land is 16,444.53㎡)	28,546.00㎡	417.67 m <sup>2</sup>	2,469.06 m <sup>2</sup>
Total floor areas	65,663.02㎡	31,086.23㎡	31,829.71㎡	13,130.23㎡	2,564.94 m <sup>2</sup>	8,261.29 m <sup>2</sup> (for 2 buildings combined)
Construction completion	August 30, 1994	June 22, 2007	May 31, 1999	August 23, 2007	November 29, 1999	1: November 15, 1982 2: May 30, 2006
Property Features	<ul style="list-style-type: none"> <li>● The property is conveniently located within an approximate 3-minute walk from "Haruki" station on the Nankai Electric Railway Main Line.</li> <li>● The property is a large-scale commercial facility consisting of approximately 80 specialty stores (such as household necessities stores, restaurants, entertainment facilities, and sports club etc.) and being near the station it can secure demand from a wide range of age groups.</li> </ul>	<p>Home to electronic stores, home improvement and furniture stores with a total floor area of over 1,000 tsubo as well as restaurants and other small stores with a total floor area of up to 100 tsubo, this property accommodates a wide range of tenants and is able to meet the diverse needs of customers. With each building advantageously positioned on the premises, it benefits from excellent visibility from the Japan National Route 3 which it faces. Furthermore, a sufficient number of parking spaces are available on the premises allowing it to accommodate visitors from the surrounding area.</p>	<ul style="list-style-type: none"> <li>● Located within walking distance from the nearest station, and in a commercial area which has large-scale commercial facilities and public facilities situated along the main arterial road.</li> <li>● A neighborhood-type commercial facility comprised of tenants centered around living necessity stores such as food stores etc.</li> <li>● Has capacity to gather customers from surrounding areas, as it is a busy area with good traffic access.</li> </ul>	<ul style="list-style-type: none"> <li>● Located in an area within Kumamoto city where there is a mixture of stores, apartments, factories, and medical facilities etc. It is facing a municipal road with high traffic volume, and it also has parking space, so customers from surrounding areas can be anticipated.</li> <li>● A neighborhood-type commercial facility comprised of tenants such food supermarket, clothing stores, a sports club, and medical facilities etc.</li> </ul>	<ul style="list-style-type: none"> <li>● Located in Azabu-Juban, an area with an elegant image that also boasts popular appeal.</li> <li>● In addition to a stately tiled facade, the property is fully equipped with premium household facilities.</li> <li>● Adjacent to the Roppongi area, a leading shopping spot in central Tokyo.</li> </ul>	<ul style="list-style-type: none"> <li>● Located in the Daikanyama area, which produces the latest trends.</li> <li>● In addition to a stately tiled facade, the property is fully equipped with premium household facilities.</li> <li>● Adjacent to the Shibuya and Ebisu areas, which are leading shopping spots in central Tokyo.</li> </ul>

# Portfolio List

Asset type	Residence	Residence	Residence	Residence	Residence	Residence
Property name	Urban Park Namba	Urban Park Gokokuji	Urban Park Kashiwa	Urban Park Ryokuchi-koen	Urban Park Koenji	Urban Park Ichigao
						
Acquisition price	1,490 million yen	1,460 million yen	1,186 million yen	1,550 million yen	1,167 million yen	1,810 million yen
Appraisal value	1,650 million yen	1,510 million yen	1,190 million yen	1,620 million yen	1,180 million yen	1,850 million yen
Structure/Floors	RC 14F	RC B1F/5F	SRC B1F/8F	RC 8F	RC 4F	RC SF/1B
Location	Osaka City, Osaka	Toshima Ward, Tokyo	Kashiwa City, Chiba	Suita City, Osaka	Suginami Ward, Osaka	Yokohama City, Kanagawa
Lot area	670.39 m <sup>2</sup>	942.66 m <sup>2</sup> (Of which, 50.85 m <sup>2</sup> is contributed to Toshima Ward as road)	1,597.85 m <sup>2</sup>	2,804.56 m <sup>2</sup>	988.26 m <sup>2</sup>	1,758.84m <sup>2</sup>
Total floor areas	2,776.87 m <sup>2</sup>	2,451.72 m <sup>2</sup>	4,243.71 m <sup>2</sup>	5,854.64 m <sup>2</sup>	1,524.34 m <sup>2</sup>	5,243.85m <sup>2</sup>
Construction completion	January 9, 2013	February 28, 1990	August 28, 1997	March 10, 1989	October 13, 1987	July 10, 1998
Property Features	<ul style="list-style-type: none"> <li>• Located near Namba, one of Osaka's leading commercial areas.</li> <li>• In addition to an elegant facade, the building is fully equipped with premium household facilities.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Located in the Kashiwa area, a leading bed town in Chiba, with an excellent access to Central Tokyo.</li> <li>• Further medium- to long-term growth is expected in the area, with completion of various redevelopment plans in front of Kashiwa Station.</li> </ul>	<ul style="list-style-type: none"> <li>• Located in the Ryokuchi-koen area, with good traffic accessibility, providing a lush greenery living environment such as "Hattori Ryokuchi-koen".</li> <li>• Popular residential area primarily for families since it is located in the Hokusetsu area, which has a high level of education.</li> <li>• Appealing primarily for families since some of the units have been renovated and since it is equipped with substantial grade household equipment.</li> </ul>	<ul style="list-style-type: none"> <li>• Located in the Koenji area, which allows for easy access to major areas in the Tokyo metropolitan area.</li> <li>• With many shopping areas, discount supermarkets, restaurants and pubs, having a high appeal to young single-person households of business person and students.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• The area surrounding "Ichigao" station has many quiet residential areas, and has good traffic convenience to the central parts of Tokyo and Yokohama, and has strong demand in particular for families.</li> <li>• Consists of 62 housing units targeting families with floorplans between 2LDK to 3LDK (exclusive area: 62.36m<sup>2</sup> to 79.76m<sup>2</sup>).</li> </ul>

# Portfolio List






Asset type	Residence	Residence	Residence	Residence	Residence	Logistics
Property name	Urban Park Gyotoku	Shiroi Logiman	Urban Park Sekime	Urban Park Imazato	Urban Park Yoyogi	Iwatsuki Logistics
						
Acquisition price	1,430 million yen	2,470 million yen	2,150 million yen	993 million yen	1,740 million yen	6,942 million yen
Appraisal value	1,500 million yen	2,470 million yen	2,150 million yen	993 million yen	1,740 million yen	7,310 million yen
Structure/Floors	SRC 10F	RC 13F	SRC 15F	RC 10F	RC 8F	Steel construction, zinc plated steel roofing, 5 floors
Location	Ichikawa city, Chiba	Shiroi city, Chiba	Osaka City, Osaka	Osaka City, Osaka	Shibuya Ward, Tokyo	Saitama City, Saitama
Lot area	1,122.57㎡	11,485.06㎡ (Number derived by multiplying the ratio of holdings)	2,346.39㎡	1,803.70㎡	464.09㎡	15,623.14 m <sup>2</sup>
Total floor areas	3,301.89㎡	22,448.08㎡ (Number derived by multiplying the ratio of holdings)	8,190.11㎡	4,862.83㎡	1,418.03㎡	29,729.72 m <sup>2</sup>
Construction completion	March 1, 1995	May 9, 1995	August 18, 1989	December 20, 1991	September 4, 2017	October 29, 2014
Property Features	<ul style="list-style-type: none"> <li>● From the nearest "Minami Gyotoku" station, it is within a 20-minute train ride to Otemachi and Nihonbashi stations, and residential demand is expected widely ranging from DINKs to single persons, centering mainly around families.</li> <li>● The floor plan for all 40 housing units are 3DK (exclusive area: 58.43 m<sup>2</sup>).</li> </ul>	<ul style="list-style-type: none"> <li>● Located in an area which gathers living-convenient facilities close by, such as supermarkets and DIY stores.</li> <li>● As the property has been constructed with for-sale specifications, it has high-grade facilities and common area.</li> <li>● Consists of family-type housing units (exclusive area: approximately 70-90m<sup>2</sup>).</li> </ul>	<ul style="list-style-type: none"> <li>● Good traffic access, located at an approximate 6-minute walk from "Sekime-Takadono" station, and an approximate 7-minute walk from "Sekime" and "Sekime-Seiiku" stations.</li> <li>● Good living-convenience, where commercial facilities such as supermarkets are gathered centered along national highway route 163.</li> <li>● It has excellent security and facilities, and lease demand is expected from single persons and families.</li> </ul>	<ul style="list-style-type: none"> <li>● Good traffic access, located at an approximate 5-minute walk from "Imazato" station on the Kintetsu Osaka Line, and a 7-minute walk from "Shouji" station on the Sennichimae Line.</li> <li>● The area surrounding the nearest station has supermarkets etc. and has favorable living convenience.</li> <li>● Consists of family-type housing units (exclusive area: mainly 60m<sup>2</sup>-70 m<sup>2</sup>).</li> </ul>	<p>Abode Yoyogi Parkside is a new residential development very well located to major parks including Yoyogi Park, approximately 200 meters, Shinjuku Gyoen National Gardens approximately 600 meters and the Meji Jingu Shrine grounds located directly to the rear of the property.</p>	<ul style="list-style-type: none"> <li>● Located in the Iwatsuki area, which offers access to the central Tokyo, northern Kanto, and Tohoku areas.</li> <li>● Equipped with specifications that offer a high level of versatility, such as the vehicle berths, floor height, and column interval.</li> <li>● The property is situated in a zone of Saitama City that offers incentives for logistics facilities and therefore benefits from considerable government support.</li> </ul>



# Portfolio List

Asset type	Logistics	Logistics	Logistics	Logistics	Logistics	Logistics
Property name	Yokohama Logistics	Funabashi Logistics	Baraki Logistics	Tokorozawa Logistics	Funabashi Nishiura Logistics I	Funabashi Nishiura Logistics II
						
Acquisition price	3,560 million yen	7,875 million yen	4,700 million yen	1,300 million yen	3,000 million yen	821 million yen
Appraisal value	4,170 million yen	8,650 million yen	4,870 million yen	1,350 million yen	3,020 million yen	850 million yen
Structure/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	R 4F
Location	Yokohama City, Kanagawa	Funabashi City, Chiba	Ichikawa City, Chiba	Tokorozawa City, Saitama	Funabashi City, Chiba	Funabashi City, Chiba
Lot area	10,565.95 m <sup>2</sup>	19,858.00 m <sup>2</sup>	6,240.96 m <sup>2</sup>	8,645.63 m <sup>2</sup>	7,142.00 m <sup>2</sup>	3,964.00 m <sup>2</sup>
Total floor areas	18,387.89 m <sup>2</sup> (including 256.15 m <sup>2</sup> break areas etc.)	38,871.45 m <sup>2</sup> (two buildings combined)	12,471.50 m <sup>2</sup>	5,994.75 m <sup>2</sup>	14,018.82 m <sup>2</sup>	6,316.32 m <sup>2</sup>
Construction completion	October 1, 1994	1: September 25, 1992 2: August 5, 1997	August 14, 2015	April 30, 1999	October 11, 1985	Warehouse: Mar. 20, 1991 Plant: May 15, 1972 Office: May 13, 1986
Property Features	<ul style="list-style-type: none"> <li>• Located in the Yokohama bay area, where there are many logistics facilities.</li> <li>• Equipped with specifications that offer a high level of versatility, such as vehicle berths, floor height, and column interval.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Located in the Chiba bay area, where there are many logistics facilities.</li> <li>• Equipped with specifications that offer a high level of versatility, such as vehicle berths, floor height, and column interval.</li> <li>• In addition to accessing Central Tokyo, it is possible to access the wider Tokyo area thanks to the opening of the Tokyo Gaikan Expressway.</li> </ul>	<ul style="list-style-type: none"> <li>• A multi-tenant logistics facility located near the Wangan Ichikawa IC of the East Kanto Expressway.</li> <li>• 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.</li> <li>• Located within approx. 5-minute walk from Futamata-Shinmachi station on the JR Keiyo Line, allowing for securement of employees.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• A multi-tenant logistics facility used also as a warehouse, located around 8.7 km from the Tokorozawa IC on the Kan-Etsu Expressway.</li> <li>• 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.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• The facility is provided with highly versatile specifications such as high-ceiling floors and a pillar span.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• The facility is provided with highly versatile specifications such as high-ceiling floors and a pillar span.</li> </ul>

# Portfolio List

Asset type	Logistics	Logistics	Logistics	Hotel	Hotel	Hotel
Property name	Matsubushi Logistics	Funabashi Hi-Tech Park I	Funabashi Hi-Tech Park II	R&B Hotel Umeda East	Smile Hotel Namba	Best Western Tokyo Nishi-kasai
						
Acquisition price	2,755 million yen	1,710 million yen	702 million yen	2,069 million yen	1,750 million yen	3,827 million yen
Appraisal value	2,860 million yen	1,710 million yen	702 million yen	2,270 million yen	1,430 million yen	3,660 million yen
Structure/Floors	RC 3F	S 2F	S 2F	RC 9F	S 9F	SRC B1F/9F
Location	Kita-Katsushika-gun, Saitama	Funabashi city, Chiba	Funabashi city, Chiba	Osaka City, Osaka	Osaka City, Osaka	Edogawa Ward, Tokyo
Lot area	11,580.65 m <sup>2</sup>	13,420.44m <sup>2</sup>	8,268.35m <sup>2</sup>	730.26 m <sup>2</sup>	285.28 m <sup>2</sup>	1,418.00 m <sup>2</sup>
Total floor areas	19,833.47 m <sup>2</sup>	7,813.65m <sup>2</sup>	4,384.83m <sup>2</sup>	3,945.65 m <sup>2</sup>	1,711.42 m <sup>2</sup>	5,293.88 m <sup>2</sup>
Construction completion	March 31, 1997	May 19, 2003	September 5, 2001	October 20, 2000	February 6, 2008	March 19, 1991
Property Features	<ul style="list-style-type: none"> <li>● 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.</li> <li>● Provided with versatile specifications, such as loading berths, cargo elevators, high-ceiling, and a pillar span.</li> <li>● Back ups from the local government through activities by Saitama Prefecture to attract companies (the "Chance Maker Saitama Strategy").</li> </ul>	<ul style="list-style-type: none"> <li>● Located within "Funabashi High-tech park", an inland industrial park surrounded by factories and a warehouse etc.</li> <li>● Located near national highway route 16, has good access 30km from the city center and Narita Airport.</li> <li>● Located in a corner plot of land facing a 16m road and 12m road.</li> <li>● The building's gross floor area is approximately 2,400 tsubo, and has adequate functions as a manufacturing production center.</li> </ul>	<ul style="list-style-type: none"> <li>● Located within "Funabashi High-tech park", an inland industrial park surrounded by factories and a warehouse etc.</li> <li>● Located near national highway route 16, has good access 30km from the city center and Narita Airport.</li> <li>● Located in a corner plot of land facing a 12m road and 12m road.</li> </ul>	<ul style="list-style-type: none"> <li>● Located near Umeda, one of Osaka's leading office and commercial areas.</li> <li>● With over 200 single-occupancy rooms, the hotel is able to accommodate significant business- and tourism-based demand.</li> </ul>	<ul style="list-style-type: none"> <li>● Located near Namba, one of Osaka's leading commercial areas.</li> <li>● In addition to excellent access to Namba, located near Kyocera Dome Osaka, addressing multiple business- and tourism-based demand.</li> </ul>	<ul style="list-style-type: none"> <li>● A business hotel located within approx. a 2-minute walk from Nishikasai Station of Tokyo Metro Tozai Line.</li> <li>● 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.</li> <li>● A hotel with great appeal to a variety of guests with various types of guest rooms depending on the intended use.</li> </ul>

# Portfolio List

Asset type	Hotel	Hotel	Hotel	Hotel	Hotel
Property name	Best Western Yokohama	Hotel WBF Fukuoka Tenjin Minami	GLANSIT Akihabara	Best Western Tokyo Nishikasai Grande	Hotel WBF Art Stay Namba
					
Acquisition price	3,248 million yen	1,970 million yen	2,500 million yen	3,180 million yen	2,000 million yen
Appraisal value	3,220 million yen	1,940million yen	2,540 million yen	3,130 million yen	1,520 million yen
Structure/Floors	SRC B1F/9F	RC 10F	SRC 10F/B1F	S 8F	RC9F
Location	Yokohama City, Kanagawa	Fukuoka City, Fukuoka	Chiyoda Ward, Tokyo	Edogawa Ward, Tokyo	Osaka City, Osaka
Lot area	782.66 m <sup>2</sup>	534.94 m <sup>2</sup>	167.74 m <sup>2</sup>	657.00 m <sup>2</sup>	335.31 m <sup>2</sup>
Total floor areas	4,686.09 m <sup>2</sup>	2,281.49 m <sup>2</sup>	1,081.97 m <sup>2</sup>	2,755.19 m <sup>2</sup>	2,061.38 m <sup>2</sup>
Construction completion	September 21, 1987	February 20, 2017	September 20, 2017	February 7, 2017	April 7, 2017
Property Features	<ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> <li>● A hotel with great appeal to a variety of guests with various types of guest rooms depending on the intended use.</li> </ul>	<ul style="list-style-type: none"> <li>● The hotel is centrally located between Tenjin and Nakasu, thus it is expected to attract tourists and business guests.</li> <li>● Demand for hotels is expected to increase with a rising number of passengers using the Fukuoka Airport and development of additional runways.</li> <li>● Completed relatively recently in February 2017.</li> </ul>	<ul style="list-style-type: none"> <li>● Located in the Akihabara area, one of the largest tourism spots in Tokyo.</li> <li>● Appealing to guests for the purpose of business and tourism as it is located in a highly convenient and flourishing area.</li> <li>● Offers three types of capsules, attracting various customers.</li> <li>● Completed relatively recently in September 2017.</li> </ul>	<ul style="list-style-type: none"> <li>● Located in the Nishi Kasai area, which provides the easy access to main business and tourism areas in Tokyo.</li> <li>● 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.</li> <li>● Completed relatively recently in February 2017.</li> </ul>	<ul style="list-style-type: none"> <li>● Located in the Namba area, one of the largest commercial areas in Osaka.</li> <li>● Good access from sightseeing spots and business district, thereby expected to meet huge business and tourism demand.</li> <li>● Completed relatively recently in April 2017..</li> </ul>

# Balance of Payments of Individual Properties <SAR>

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

(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	
	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP
Total operating revenue from real estate leasing	96,950	95,947	217,369	215,558	107,954	108,781	75,367	75,266	79,478	79,693
Lease business revenue	88,172	88,068	192,577	193,563	99,607	101,784	68,814	66,870	73,938	75,321
Other lease business revenue	8,777	7,879	24,792	21,994	8,346	6,996	6,553	8,396	5,539	4,372
Total operating expenses from real estate leasing	26,386	27,446	62,771	58,871	35,362	34,383	20,105	17,242	14,129	13,522
Management fee	5,703	5,971	13,845	15,180	6,802	6,835	4,735	4,564	5,115	4,797
Trust fee	400	400	400	400	400	400	400	412	350	350
Utilities expenses	7,077	6,085	25,259	18,763	8,790	7,439	4,754	3,913	3,893	3,078
Insurance premium	116	115	358	354	129	127	99	92	45	44
Repair expenses	468	1,921	1,556	2,159	3,714	3,374	1,990	1,807	235	530
Taxes and dues	4,560	4,535	19,730	19,763	3,426	3,410	6,214	6,208	4,322	4,327
Other expenses	8,061	8,416	1,620	2,250	12,099	12,796	1,910	244	168	393
NOI	70,563	68,500	154,598	156,686	72,591	74,397	55,262	58,023	65,348	66,170
Depreciation	11,556	11,565	45,343	45,359	8,440	8,744	5,426	5,617	3,342	3,386
Operating income (loss) from real estate leasing	59,006	56,934	109,255	111,327	64,151	65,653	49,836	52,406	62,006	62,784
Capital expenditures	-	637	-	1,132	258	16,631	7,801	-	-	3,797
NCF	7,0563	67,863	154,598	155,554	72,332	57,766	47,460	58,023	65,348	62,373
Period-end book value	2,962,948	2,952,020	5,860,272	5,816,046	1,820,838	1,828,725	1,841,780	1,101,697	2,092,186	2,092,597

# Balance of Payments of Individual Properties <SAR>

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

(Unit: thousand yen)

	OFC-08		OFC-09		OFC-10		OFC-11		OFC-12	
	Asahi Building		Hakata-eki East Place		Nihonbashi Hamacho Park Building		Amusement Media Gakuin Honkan		Higashi Kobe Center Building	
	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP
Total operating revenue from real estate leasing	226,226	226,051	102,116	104,329	48,238	51,571	※	※	311,330	318,964
Lease business revenue	208,203	210,058	91,437	94,303	48,238	51,571			275,087	282,767
Other lease business revenue	18,022	15,992	10,679	10,025	-	-			36,243	36,197
Total operating expenses from real estate leasing	60,773	64,910	26,002	28,698	12,542	12,112			119,299	114,870
Management fee	15,948	15,720	7,985	8,041	824	880			26,551	26,457
Trust fee	400	400	400	400	400	400			400	400
Utilities expenses	19,325	17,490	7,185	6,986	-	-			35,342	33,035
Insurance premium	357	353	167	165	123	122			656	649
Repair expenses	7,053	12,566	1,884	4,881	68	30			2,504	4,782
Taxes and dues	16,195	16,123	6,801	7,079	4,299	4,299			29,147	29,165
Other expenses	1,493	2,254	1,577	1,143	6,826	6,379			24,697	20,380
NOI	165,452	161,140	76,114	75,630	35,695	39,459			192,031	204,094
Depreciation	26,119	26,611	7,391	7,777	2,837	2,837			32,806	33,006
Operating income (loss) from real estate leasing	139,332	134,529	68,723	67,853	32,858	36,622			159,225	171,087
Capital expenditures	12,020	24,176	13,571	5,788	-	-			1,081	15,795
NCF	153,431	136,964	62,543	69,841	35,695	39,459			190,949	188,299
Period-end book value	6,330,182	6,327,747	2,316,816	2,314,827	1,458,794	1,455,957	2,592,734	2,594,390	7,648,262	7,631,050

# Balance of Payments of Individual Properties <SAR>

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

(Unit: thousand yen)

	OFC-13		Office Total		RSC-01		RSC-02		RSC-05	
	Amusement Media Gakuin Shinkan				Urban Park Azabujuban		Urban Park Daikanyama		Urban Park Namba	
	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP
Total operating revenue from real estate leasing	※	※	1,352,983	1,362,266	59,237	57,827	187,268	193,318	50,697	49,759
Lease business revenue			1,228,922	1,247,159	55,027	54,777	176,407	186,271	49,208	49,255
Other lease business revenue			124,060	115,107	4,209	3,050	10,860	7,046	1,489	504
Total operating expenses from real estate leasing			392,534	389,703	11,293	10,949	44,405	37,799	12,189	9,334
Management fee			89,701	90,824	2,652	2,107	8,556	9,922	2,585	2,561
Trust fee			4,350	4,362	350	350	350	350	350	350
Utilities expenses			116,754	100,575	503	669	4,287	3,778	374	351
Insurance premium			2,130	2,098	57	57	196	194	63	63
Repair expenses			22,068	35,968	2,380	2,909	10,535	7,242	2,368	2,158
Taxes and dues			98,900	100,957	2,831	2,874	11,399	11,442	2,820	2,821
Other expenses			58,627	54,916	2,517	1,981	9,080	4,870	3,627	1,029
NOI			960,449	972,562	47,943	46,878	142,863	155,518	38,507	40,425
Depreciation			148,556	150,274	4,852	4,915	12,686	12,909	7,537	7,541
Operating income (loss) from real estate leasing			811,892	822,288	43,091	41,962	130,176	142,609	30,970	32,883
Capital expenditures			35,622	78,403	1,019	2,379	3,257	7,733	615	-
NCF			924,826	894,159	46,923	44,498	139,605	147,785	37,891	40,425
Period-end book value	1,030,689	1,034,110	35,955,507	35,149,171	2,085,301	2,082,765	6,384,104	6,378,928	1,513,317	1,505,775

# Balance of Payments of Individual Properties <SAR>

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

(Unit: thousand yen)

	RSC-06		RSC-07		RSC-08		RSC-09		RSC-10
	Urban Park Gokokuji		Urban Park Kashiwa		Urban Park Ryokuchi-koen		Urban Park Koenji		Urban Park Ichigao
	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP	9th FP
Total operating revenue from real estate leasing	52,187	51,611	38,094	37,076	58,383	56,478	36,647	36,321	42,764
Lease business revenue	50,627	47,450	37,181	35,901	55,575	54,388	34,294	33,807	41,602
Other lease business revenue	1,560	4,161	913	1,174	2,808	2,090	2,352	2,513	1,162
Total operating expenses from real estate leasing	15,368	19,566	12,653	10,842	13,808	22,457	6,817	8,447	5,071
Management fee	4,603	3,806	2,151	1,969	2,830	2,778	1,810	1,796	2,403
Trust fee	400	400	350	350	350	350	400	400	308
Utilities expenses	2,405	2,222	725	589	2,323	2,212	1,467	1,560	815
Insurance premium	53	52	85	84	119	117	36	36	81
Repair expenses	3,340	7,935	5,900	3,674	2,177	6,631	1,512	2,326	812
Taxes and dues	1,855	1,909	2,951	2,950	3,578	3,583	962	969	-
Other expenses	2,710	3,239	489	1,225	2,429	6,784	626	1,358	648
NOI	36,819	32,045	25,441	26,234	44,574	34,020	29,830	27,873	37,693
Depreciation	5,310	5,374	7,143	7,241	7,842	7,986	2,479	2,574	4,489
Operating income (loss) from real estate leasing	31,508	26,671	18,297	18,992	36,732	26,034	27,350	25,299	33,204
Capital expenditures	-	11,172	4,268	2,191	5,119	3,153	-	7,707	1,611
NCF	36,819	20,872	21,172	24,042	39,455	30,866	29,830	20,166	36,082
Period-end book value	1,506,326	1,512,125	1,246,619	1,241,569	1,612,763	1,607,931	1,189,315	1,194,447	1,930,897



# Balance of Payments of Individual Properties <SAR>

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

(Unit: thousand yen)

	RSC-10	Residence Total		LGC-01		LGC-02		LGC-03	
	Urban Park Gyotoku			Iwatsuki Logistics		Yokohama Logistics		Funabashi Logistics	
	9th FP	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP
Total operating revenue from real estate leasing	34,607	482,516	559,765	202,816	197,147	※	※	260,597	257,660
Lease business revenue	32,398	458,322	535,853	187,713	187,713			241,793	241,745
Other lease business revenue	2,208	24,194	23,912	15,103	9,433			18,804	15,914
Total operating expenses from real estate leasing	6,132	116,536	130,600	37,669	30,756			57,179	51,891
Management fee	1,670	25,190	29,017	5,920	5,650			11,308	11,618
Trust fee	308	2,550	3,167	350	350			400	400
Utilities expenses	823	12,087	13,021	15,155	9,433			17,047	13,247
Insurance premium	53	612	740	275	272			397	392
Repair expenses	2,226	28,215	35,916	2,073	1,111			4,808	3,026
Taxes and dues	-	26,399	26,550	13,728	13,630			23,055	23,015
Other expenses	1,049	21,480	22,185	166	307			162	191
NOI	28,475	365,979	429,165	165,146	166,390			203,418	205,769
Depreciation	3,236	47,853	56,270	46,544	46,609			26,918	26,992
Operating income (loss) from real estate leasing	25,238	318,126	372,895	118,602	119,780			176,499	178,777
Capital expenditures	5,256	14,281	41,206	1,627	3,294			2,987	3,387
NCF	23,218	351,697	387,958	163,519	163,096			200,430	202,381
Period-end book value	1,517,687	15,537,748	18,972,128	6,648,961	6,605,645	3,767,829	3,749,579	7,812,120	7,788,516



# Balance of Payments of Individual Properties <SAR>

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

(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	
	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP
Total operating revenue from real estate leasing										
Lease business revenue										
Other lease business revenue										
Total operating expenses from real estate leasing										
Management fee										
Trust fee										
Utilities expenses										
Insurance premium										
Repair expenses	※	※	※	※	※	※	※	※	※	※
Taxes and dues										
Other expenses										
NOI										
Depreciation										
Operating income (loss) from real estate leasing										
Capital expenditures										
NCF										
Period-end book value	4,659,731	4,643,978	1,353,894	1,354,721	2,959,872	2,967,341	857,919	854,936	2,733,177	2,725,589

# Balance of Payments of Individual Properties <SAR>

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

(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	
	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP
Total operating revenue from real estate leasing	887,758	931,180	65,302	65,212	31,319	19,410	84,600	84,600	80,400	80,400
Lease business revenue	823,769	894,133	65,302	65,212	31,319	19,410	84,600	84,600	80,400	80,400
Other lease business revenue	63,989	37,047	-	-	-	-	-	-	-	-
Total operating expenses from real estate leasing	210,388	165,204	6,685	9,349	4,710	5,677	10,181	12,853	7,747	7,241
Management fee	31,110	30,610	742	742	660	660	1,200	1,200	1,200	1,200
Trust fee	3,050	3,050	350	350	550	550	400	400	400	400
Utilities expenses	48,092	34,684	4	1	-	-	-	-	-	-
Insurance premium	1,438	1,420	113	111	53	53	126	125	106	105
Repair expenses	29,429	13,490	-	2,490	1,111	1,539	461	3,084	772	805
Taxes and dues	77,105	77,187	5,450	5,452	2,281	2,276	7,970	8,019	4,705	4,706
Other expenses	20,162	4,760	23	199	53	598	22	24	561	24
NOI	677,370	765,975	58,617	55,863	26,609	13,733	74,418	71,746	72,652	73,158
Depreciation	144,591	145,828	9,786	9,844	12,225	12,210	11,849	11,945	12,524	13,030
Operating income (loss) from real estate leasing	532,779	620,146	48,831	46,019	14,383	1,522	62,568	59,800	60,128	60,128
Capital expenditures	61,012	42,632	-	3,389	-	4,745	799	16,170	20,227	1,666
NCF	616,358	723,343	58,617	52,474	26,609	8,987	73,618	55,575	52,425	71,492
Period-end book value	30,793,506	30,690,309	2,121,325	2,114,870	1,682,845	1,675,380	3,855,577	3,859,803	3,271,906	3,260,542

# Balance of Payments of Individual Properties <SAR>

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

(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			
	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP	8th FP	9th FP
Total operating revenue from real estate leasing	※	※	※	※	70,002	70,002	※	※	477,410	461,698
Lease business revenue					70,002	70,002			477,410	445,636
Other lease business revenue					-	-			-	16,062
Total operating expenses from real estate leasing					6,796	6,715			49,976	56,115
Management fee					990	990			7,419	7,419
Trust fee					400	400			3,200	3,200
Utilities expenses					-	-			4	1
Insurance premium					64	63			592	585
Repair expenses					25	-			2,371	8,292
Taxes and dues					5,293	5,239			35,639	35,679
Other expenses					22	22			748	937
NOI					63,205	63,286			427,433	405,583
Depreciation					10,857	10,857			79,177	79,885
Operating income (loss) from real estate leasing					52,348	52,429			348,256	325,697
Capital expenditures					-	-			21,026	25,971
NCF	63,205	63,286	406,407	379,611						
Period-end book value	1,965,568	1,956,921	2,508,592	2,503,949	3,175,809	3,164,952	1,994,998	1,989,108	20,576,624	20,525,527

## Balance of Payments of Individual Properties <SAR>

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

	Total	
	8th FP	9th FP
Total operating revenue from real estate leasing	3,200,669	3,314,911
Lease business revenue	2,988,424	3,122,781
Other lease business revenue	212,244	192,129
Total operating expenses from real estate leasing	769,435	741,624
Management fee	153,423	157,872
Trust fee	13,150	13,779
Utilities expenses	176,939	148,284
Insurance premium	4,773	4,846
Repair expenses	82,084	93,667
Taxes and dues	238,044	240,373
Other expenses	101,019	82,800
NOI	2,431,233	2,573,287
Depreciation	420,178	432,258
Operating income (loss) from real estate leasing	2,011,055	2,141,028
Capital expenditures	131,943	188,214
NCF	2,299,290	2,385,072
Period-end book value	102,863,386	105,337,137

# Balance of Payments of Individual Properties <SSR>

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

(Unit: thousand yen)

	OFC-14		OFC-15		OFC-16		OFC-17		OFC-18	
	Seishin Building		NK Building		Tsukasamachi Building		Takadanobaba Access		Azabu Amerex Building	
	ended Dec 2019 (6months)	ended Jul 2020 (7months)	ended Dec 2019 (6months)	ended Jul 2020 (7months)	ended Dec 2019 (6months)	ended Jul 2020 (7months)	ended Dec 2019 (6months)	ended Jul 2020 (7months)	ended Dec 2019 (6months)	ended Jul 2020 (7months)
Total operating revenue from real estate leasing	243,179	289,697	109,381	170,580	121,491	136,876	108,989	129,818	71,431	81,609
Lease business revenue	220,781	265,201	99,147	153,233	105,321	122,874	88,948	109,250	64,118	73,464
Other lease business revenue	22,397	24,496	10,233	17,346	16,170	14,001	20,041	20,568	7,313	8,145
Total operating expenses from real estate leasing	51,758	67,049	56,821	39,111	23,056	29,889	35,634	42,017	20,148	26,321
Management fee	13,807	15,509	39,200	14,496	6,845	8,132	15,377	16,022	8,095	9,295
Utilities expenses	13,209	13,237	4,729	5,629	6,924	6,937	7,670	8,458	3,428	3,342
Insurance premium	308	427	206	282	192	267	231	324	117	163
Repair expenses	2,311	4,434	1,116	1,683	703	2,419	1,850	2,102	446	1,098
Trust fee	750	875	750	875	750	875	750	875	375	437
Taxes and dues	20,746	31,102	10,595	15,876	7,402	11,071	9,154	13,693	7,602	11,401
Other expenses	622	1,461	226	268	238	186	600	540	82	582
NOI	191,420	222,648	52,560	131,468	98,434	106,986	73,355	87,801	51,282	55,288
Depreciation	15,155	18,170	7,973	10,180	8,483	10,371	11,106	14,140	2,320	2,756
Operating income (loss) from real estate leasing	176,265	204,477	44,587	121,288	89,951	96,614	62,248	73,661	48,962	52,532
Capital expenditures	3,460	21,050	55,360	13,694	7,752	968	24,536	13,811	403	948
NCF	187,961	201,598	-2,799	117,774	90,683	106,018	48,819	73,990	50,880	54,340
Period-end book value	7,973,974	7,976,854	3,811,738	3,815,252	3,860,960	3,851,556	3,431,424	3,431,095	2,034,451	2,032,643

# Balance of Payments of Individual Properties <SSR>

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

(Unit: thousand yen)

	OFC-19		OFC-20		OFC-21		RTL-01		RTL-02	
	Hiei-Kudan Building		Shin-Yokohama Nara Building		ポータル秋葉原		La Park Kishiwada		Suroy Mall Chikushino	
	ended Dec 2019 (6months)	ended Jul 2020 (7months)	ended Dec 2019 (6months)	ended Jul 2020 (7months)	ended Dec 2019 (6months)	ended Jul 2020 (7months)	ended Dec 2019 (6months)	ended Jul 2020 (7months)	ended Dec 2019 (6months)	ended Jul 2020 (7months)
Total operating revenue from real estate leasing	66,534	79,911	83,417	94,249	35,580	50,388	512,339	564,723	287,894	326,362
Lease business revenue	63,924	77,595	68,646	78,352	33,915	35,568	388,272	438,691	271,883	319,416
Other lease business revenue	2,610	2,315	14,771	15,897	1,665	14,820	124,067	126,032	16,010	6,946
Total operating expenses from real estate leasing	20,005	23,989	26,238	32,719	4,624	9,273	295,714	349,537	82,750	117,694
Management fee	12,199	12,549	9,447	11,081	1,966	3,863	134,111	146,716	40,549	55,770
Utilities expenses	18	27	7,172	6,710	1,470	1,618	110,470	109,724	4,490	6,358
Insurance premium	119	136	215	302	43	60	1,566	2,140	830	1,112
Repair expenses	32	167	694	1,974	736	1,428	1,212	19,657	6,342	12,300
Trust fee	750	875	750	875	401	466	1,850	2,158	750	875
Taxes and dues	6,732	10,123	7,706	11,548	-	1,808	44,446	66,737	19,595	29,405
Other expenses	154	110	251	227	6	28	2,058	2,402	10,191	11,872
NOI	46,528	55,921	57,179	61,530	30,956	41,115	216,625	215,186	205,143	208,668
Depreciation	2,990	3,472	9,484	11,587	3,141	3,770	46,027	55,437	32,194	38,125
Operating income (loss) from real estate leasing	43,537	52,449	47,694	49,942	27,814	37,344	170,597	159,749	172,948	170,543
Capital expenditures	973	971	6,840	-	-	-	43,869	42,041	41,501	799
NCF	45,556	54,950	50,339	61,530	30,956	41,115	172,756	173,145	163,643	207,869
Period-end book value	1,969,055	1,966,554	1,941,607	1,930,020	1,559,624	1,555,854	6,502,484	6,489,088	7,563,063	7,525,737

# Balance of Payments of Individual Properties <SSR>

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

(Unit: thousand yen)

	RTL-03		RTL-04		RSC-12		RSC-13		RSC-14	
	Seiyu Minakuchi		Suroy Mall Nagamine		Shiroy Logiman		Urban Park Sekime (Matsuya Residence Sekime)		Urban Park Imaszato (Urban Plaza Imazato)	
	ended Dec 2019 (6months)	ended Jul 2020 (7months)	ended Dec 2019 (6months)	ended Jul 2020 (7months)	ended Dec 2019 (6months)	ended Jul 2020 (7months)	ended Dec 2019 (6months)	ended Jul 2020 (7months)	ended Dec 2019 (6months)	ended Jul 2020 (7months)
Total operating revenue from real estate leasing	※	※	185,389	201,417	148,358	163,139	85,744	101,225	38,745	47,195
Lease business revenue	※	※	150,589	167,757	132,831	155,054	78,793	91,772	36,868	44,759
Other lease business revenue	※	※	34,799	33,659	15,526	8,084	6,950	9,453	1,876	2,436
Total operating expenses from real estate leasing	37,296	47,047	65,191	70,818	45,407	62,805	31,234	33,207	13,552	12,760
Management fee	6,039	7,046	16,428	18,228	20,844	29,795	12,533	14,027	5,569	5,518
Utilities expenses	-	-	28,561	29,478	3	-	2,870	3,115	497	557
Insurance premium	672	923	321	425	721	955	334	470	159	225
Repair expenses	1,180	680	5,125	1,363	7,348	8,280	9,545	6,780	3,507	828
Trust fee	750	875	750	875	1,250	1,458	375	437	375	437
Taxes and dues	11,860	17,927	13,073	19,584	13,969	20,944	5,284	7,934	3,213	4,840
Other expenses	16,793	19,594	931	862	1,270	1,371	290	441	229	353
NOI	※	※	120,198	130,599	102,950	100,333	54,510	68,017	25,192	34,435
Depreciation	44,590	54,639	18,048	20,980	19,246	23,675	12,601	15,475	6,390	7,939
Operating income (loss) from real estate leasing	※	※	102,149	109,618	83,704	76,657	41,908	52,541	18,802	26,496
Capital expenditures	11,783	49,054	568	4,594	3,935	1,976	29,302	8,156	923	4,706
NCF	※	※	119,630	126,005	99,016	98,356	25,208	59,861	24,269	29,728
Period-end book value	4,004,101	3,998,515	4,101,482	4,085,096	2,103,870	2,082,171	1,907,134	1,899,815	956,787	953,554

# Balance of Payments of Individual Properties <SSR>

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

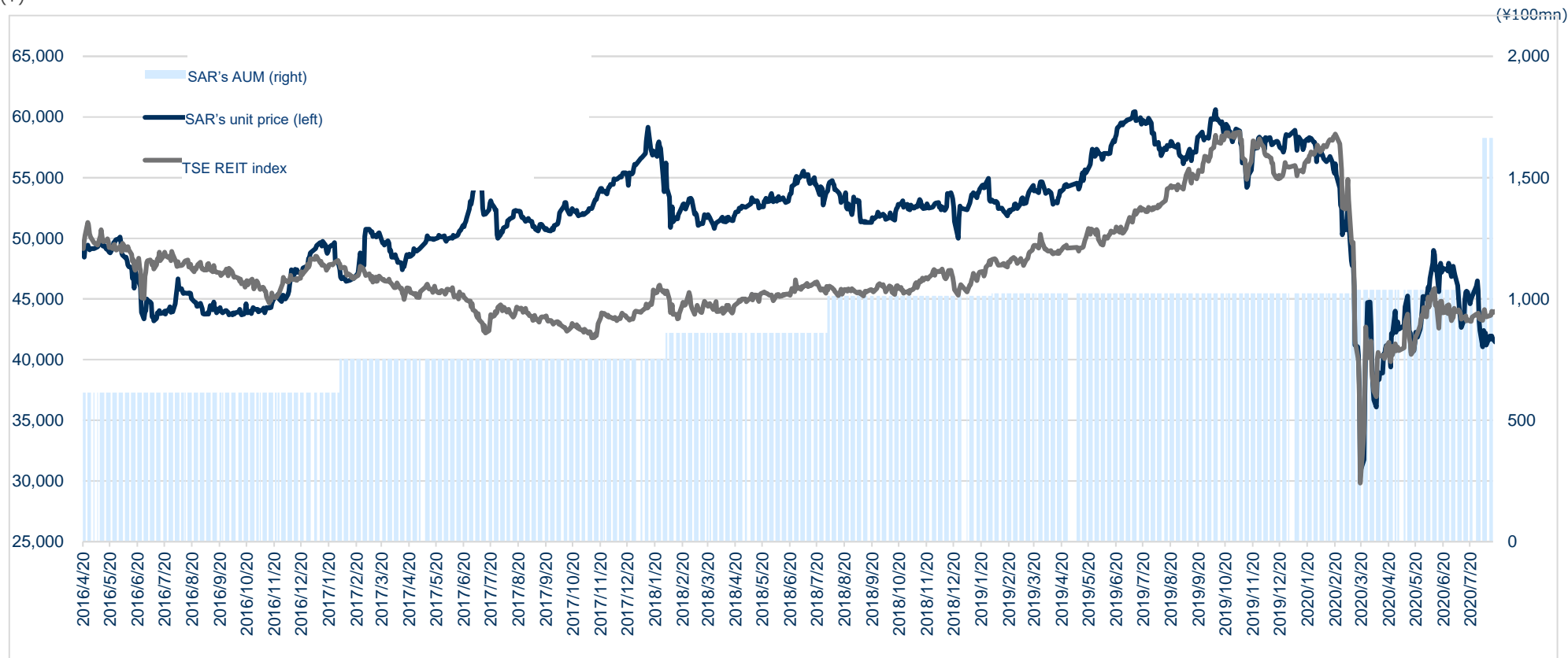
	RSC-15		LGC-09		LGC-10		Total	
	Urban Park Yoyogi (Abode Yoyogi Parkside)		Funabashi Hi-Tech Park I		Funabashi Hi-Tech Park II			
	ended Dec 2019 (6months)	ended Jul 2020 (7months)	ended Dec 2019 (6months)	ended Jul 2020 (7months)	ended Dec 2019 (6months)	ended Jul 2020 (7months)	ended Dec 2019 (6months)	ended Jul 2020 (7months)
Total operating revenue from real estate leasing	42,583	45,053	※	※	※	※	2,391,708	2,774,674
Lease business revenue	36,310	43,531	※	※	※	※	2,054,703	2,426,601
Other lease business revenue	6,272	1,521	※	※	※	※	337,004	348,072
Total operating expenses from real estate leasing	10,400	9,700	6,470	9,095	5,771	7,067	832,076	990,105
Management fee	5,976	5,270	990	1,155	1,650	1,155	351,634	375,635
Utilities expenses	247	288	-	-	-	-	191,766	195,485
Insurance premium	52	72	156	216	97	134	6,344	8,640
Repair expenses	1,552	588	-	-	-	-	43,704	65,787
Trust fee	500	583	750	875	750	875	13,376	15,604
Taxes and dues	1,815	2,680	4,558	6,827	3,257	4,882	191,012	288,389
Other expenses	255	217	16	21	16	20	34,236	40,563
NOI	32,182	35,352	※	※	※	※	1,559,632	1,784,568
Depreciation	4,729	5,421	8,969	10,395	3,178	3,851	256,635	310,391
Operating income (loss) from real estate leasing	27,452	29,931	※	※	※	※	1,302,997	1,474,176
Capital expenditures	-	-	-	2,688	-	-	231,205	165,460
NCF	32,182	35,352	※	※	※	※	1,328,427	1,619,107
Period-end book value	1,607,080	1,601,658	1,683,787	1,676,080	682,621	678,770	57,695,250	57,550,320



## Implementation of Continuous Active Management



(¥)



※The closing price of TSE REIT index as of the date of listing of SAR (1,887.75) has been converted based on the closing price of SAR's investment units on the same day of 98,300 yen. Furthermore, SAR has conducted a 2-for-1 investment unit split on the reference date of July 31, 2020. The investment prices prior to such split are also indicated split in half.

## 6. Notes

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P18	note1	Properties which were vacant at the beginning of the period or at the time of property acquisition and 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.
P18	note2	The ratio of the increased portion has been calculated using the aggregate amount of former rent amounts of renewing tenants as the denominator.
P18	note3	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 Amusement Media Gakuin Honkan/Shinkan, the net rentable area is used for the calculation.
P20	note4	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".
P20	note5	The calculation has been made by extracting just the residence portions.

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