



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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* In this material, amounts less than specified units are rounded down while ratios are rounded to a specified unit.

* Terms used in this material are defined as below.

“Tokyo area”: “Tokyo area” refers to Tokyo’s 23 wards and the cities of Kawasaki and Yokohama for office properties and retail facilities, and Tokyo and the three prefectures of Kanagawa, Saitama and Chiba for residential properties, logistics facilities and hotels.

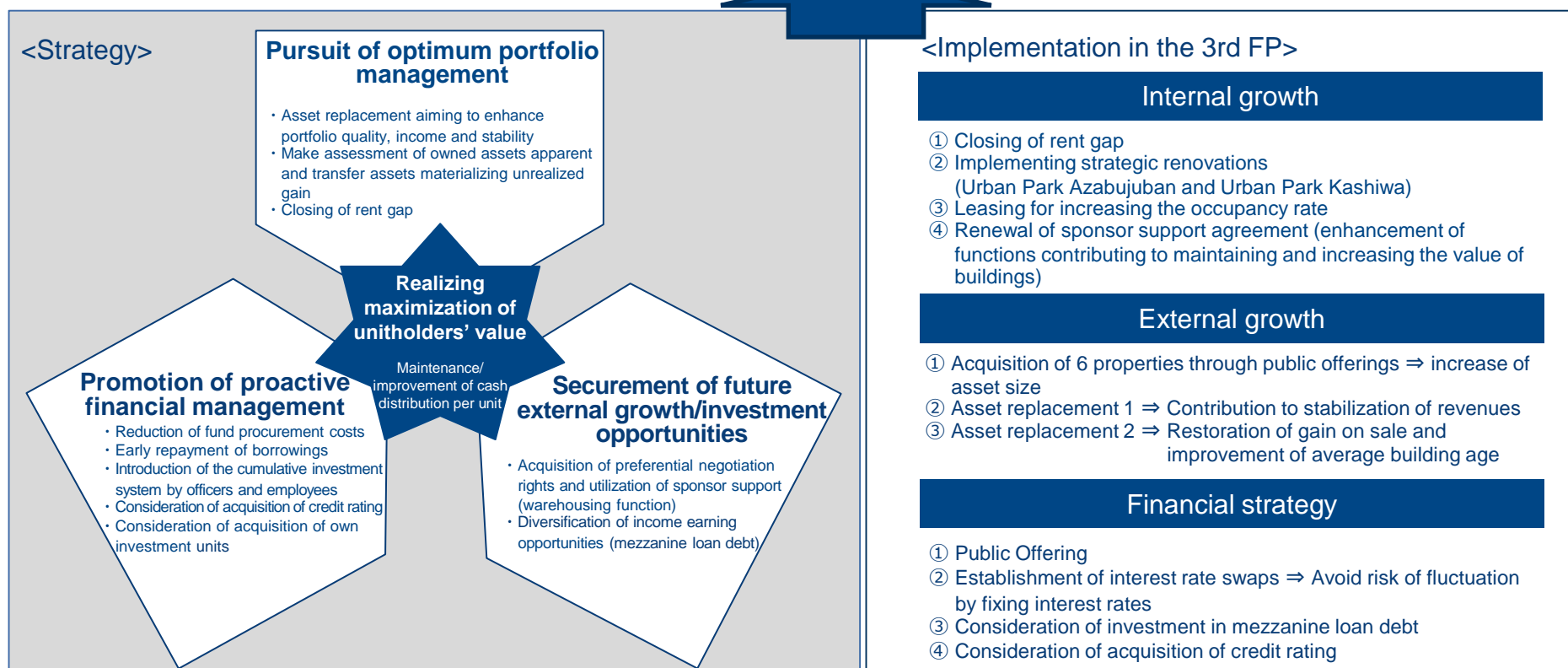
1. Executive Highlights

1. Executive Highlights

① Strategies for “Maximization of Unitholders’ Value” Implemented in the 3rd Fiscal Period

Speedily implemented measures contributing to the maintenance and increase of cash distribution per unit in consideration of real estate and J-REIT market conditions

Contribution to maximization of unitholders’ value	Increased the asset size through property acquisitions, etc. with public offerings	Asset size 75.35 billion yen
	Generated gain on sale through sale of properties while replacing assets	3rd FP cash distributions 4,423 yen
	Realized highest occupancy rate since launch	Period-end occupancy rate 97.3%



1. Executive Highlights

- ② Preferred and concentrated investment in the Tokyo area and the construction of a portfolio with diversified asset types
Expansion of asset size to **75.35 billion**

Portfolio Summary

Total acquisition price

75.35 billion yen

No. of properties

23 properties

Ratio of Tokyo area

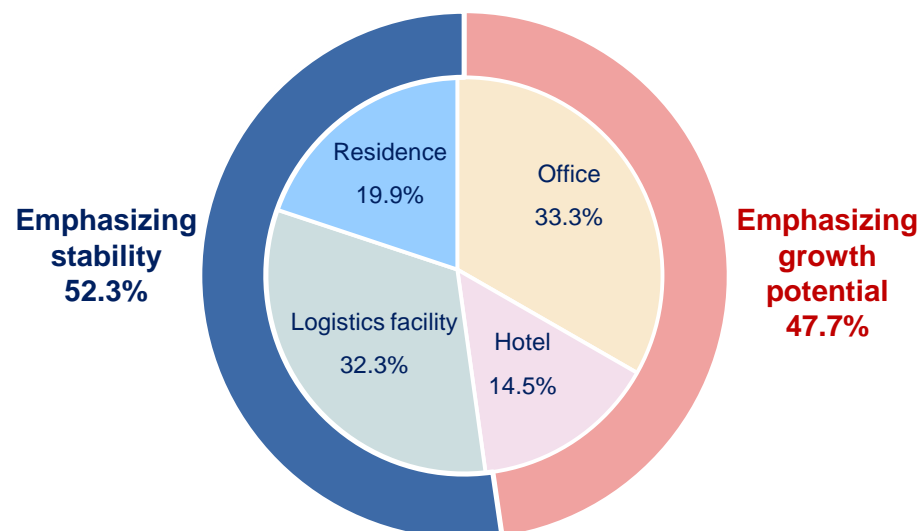
79.4%

Average appraisal
NOI yield

5.1%

* Excludes the office building (Oak Minami-Azabu) sold on August 1, 2017.

Composition Ratio by Asset Type (based on acquisition price)



Investment Policy

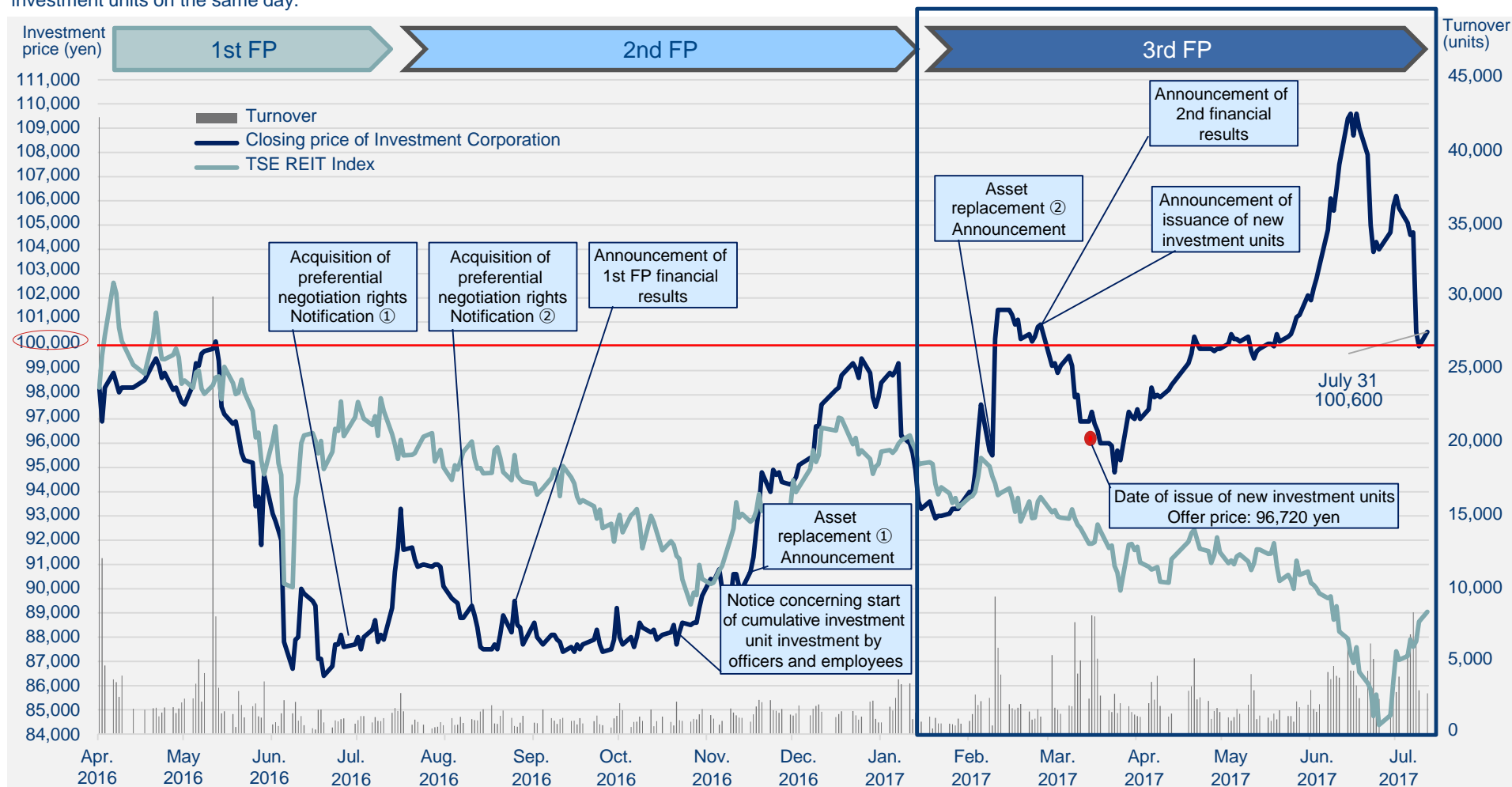
- Preferred and concentrated investment in the Tokyo area
- Stabilization of revenue and incorporation of growth potential by diversifying asset types
- Investment centering on middle-sized assets
- Strategic investment in large-sized assets limited to the 5 central wards

1. Executive Highlights

③ Changes in market price

The investment unit price (closing price) and sales volume of the Investment Corporation on the Tokyo Stock Exchange from the date of listing of the Investment Corporation, April 20, 2016, to July 31, 2017 are as follows.

The index converts the TSE REIT Index on the date of listing of the Investment Corporation (1,887.75) as 98,300 yen, the closing price of the Investment Corporation's investment units on the same day.



2. 3rd Fiscal Period Topics

2. 3rd Fiscal Period Topics

① Overview of March 2017 Public Offering

Conducted public offering (PO) after about one year following listing. Strengthened and expanded the portfolio through asset replacement and new asset acquisition

Offering highlights

1

Expansion of portfolio through acquisition of “Tokyo area” x “middle-sized assets”

Expansion of asset size to 75.35 million yen

2

Pursuant of property acquisition by utilizing the Sponsor Group’s “property acquisition capability” x the asset manager’s “unique network”

Utilization of diversified property acquisition methods

3

Speedy implementation of “value enhancement” and “asset replacement”

Active portfolio management

4

Pursuant of “growth potential” and securement of “stability” of cash distribution

Implementation of measures to pursue maximization of unitholders’ value

Overview of Public Offering

Offering Format	Domestic Offering
Newly Issued Units	69,600 units (Including O.A.)
Amount of offering	6,731 million yen
Offer price	96,720 yen
Issuance resolution date	March 17, 2017
Price determination date	March 28, 2017
Payment date	April 4, 2017
Number of investment units issued and outstanding after PO	414,300 units
Number of investment units held by the Sponsor Group (ratio)	97,000 units (23.4%)

Changes in the portfolio

	End of 2nd FP (As of Jan. 31, 2017)	End of 3rd FP (As of Jul. 31, 2017*)
No. of properties	18 properties	23 properties
Total acquisition price	61.49 billion yen	75.35 billion yen
Average appraisal NOI yield	5.2%	5.1%
Number of tenants	388	539
Ratio of Tokyo area	78.4%	79.4%

* Excludes the office building (Oak Minami-Azabu) sold on August 1, 2017.

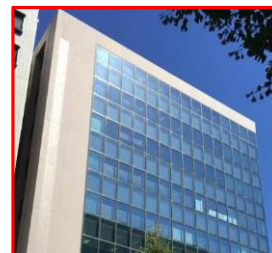
2. 3rd Fiscal Period Topics

② Overview of March 2017 Public Offering - Newly Acquired Properties -

List of assets acquired



Baraki Logistics	Emphasizing stability
Use	Logistics facility
Location	Ichikawa, Chiba
Acquisition price	4,700 million yen
Acquisition route	Sponsor group



Hakata-eki East Place	Emphasizing growth potential
Use	Office
Location	Fukuoka, Fukuoka
Acquisition price	2,286 million yen
Acquisition route	Sponsor group



Tokorozawa Logistics	Emphasizing stability
Use	Logistics facility
Location	Tokorozawa, Saitama
Acquisition price	1,300 million yen
Acquisition route	Unique route of Asset Manager



BEST WESTERN Tokyo Nishikasai	Emphasizing growth potential
Use	Hotel
Location	Edogawa Ward, Tokyo
Acquisition price	3,827 million yen
Acquisition route	Sponsor group



Urban Park Kashiwa	Emphasizing stability
Use	Residence
Location	Kashiwa, Chiba
Acquisition price	1,186 million yen
Acquisition route	Warehousing



BEST WESTERN Yokohama	Emphasizing growth potential
Use	Hotel
Location	Yokohama, Kanagawa
Acquisition price	3,248 million yen
Acquisition route	Sponsor group

Red boxes indicate properties acquired using preferential negotiation rights while blue boxes indicate properties acquired using the Asset Manager's unique route.

2. 3rd Fiscal Period Topics

③ Increase of Unitholders' Value through Asset Replacements

Asset replacement ①

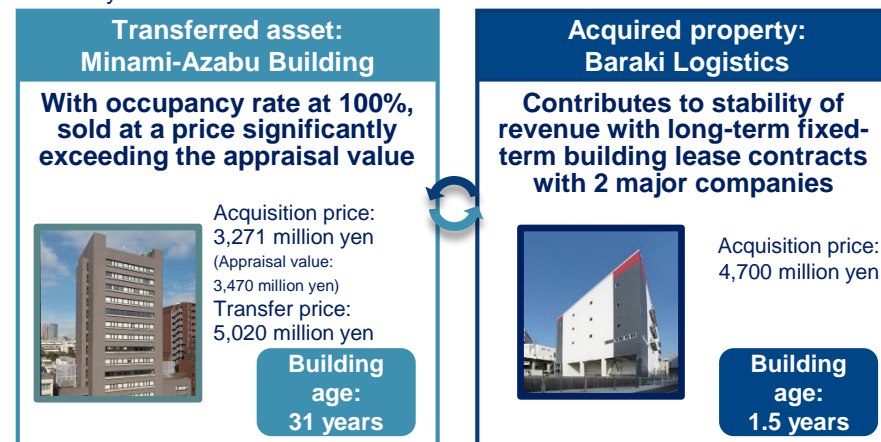
- Implemented asset replacement that contributes to increasing the stability of portfolio income
- Transferred Urban Park Yoyogikoen at a price exceeding the appraisal value by 10%; Realized actualization of potential value of owned assets as well as gain on sale



Asset replacement which increased stability of portfolio income and materialized unrealized gain

Asset replacement ②

- Implemented asset replacement aimed at increasing the quality of the portfolio (contributing to stabilizing revenue and improving the average building age)
- Searched for buyer for medium- to long-term ownership that would acknowledge Oak Minami-Azabu's potential asset value such as the Azabu location and scarcity value of the land



* 49% of Oak Minami-Azabu was transferred in the 3rd Fiscal Period. The remaining 51% of quasi-co-ownership interest was transferred in the 4th Fiscal Period.

Asset replacement which secured increase of portfolio quality while actualizing potential value of owned assets

3rd FP: Returned gain on sale of 2 properties to unitholders as realized gain

4th FP: Return of gain on sale and retention as internal reserve of 110 million yen are scheduled

3. Performance of the 3rd Fiscal Period Ended July 2017 and Future Measures



3. Performance of the 3rd Fiscal Period Ended July 2017 and Future Measures S T A R A S I A

Investment Corporation

① Change in Cash Distribution per Unit

Returned gain on sale of properties accompanying asset replacement to unitholders as cash distribution.
Scheduled to retain as internal reserves and secure stability of future cash distributions for the 4th Fiscal Period.

Change in Cash Distribution per Unit	1st FP	2nd FP	3rd FP	4th FP	5th FP
Forecast	829 yen	3,046 yen	4,340 yen	4,039 yen	2,750 yen
Actual	968 yen	3,112 yen	4,423 yen		

16.8%up

2.2%up

1.9%up

Change in Cash Distribution per Unit (Actual)

Change in Cash Distribution per Unit (Forecast)

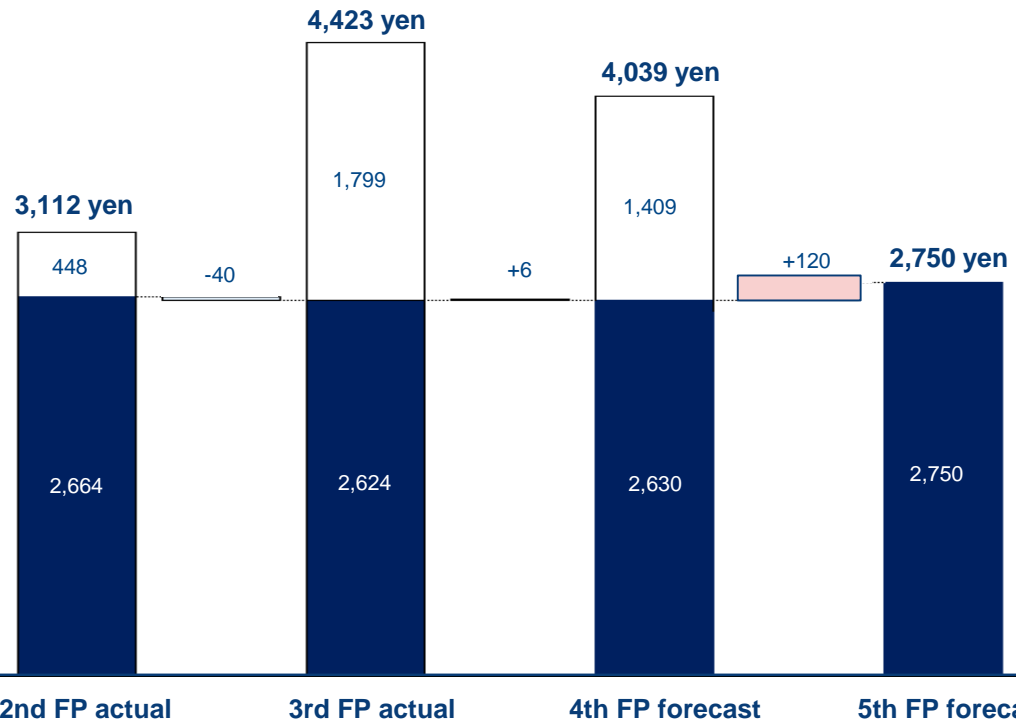
Normalized DPU = DPU when the impact of transient factors (*) are removed



Impact of transient factors (*) on DPU

(*) Transient factors refer to the following:

- ① Gain on sales of real estate properties
- ② Equivalent of fixed property taxes, etc. that are not expensed due to being included in the acquisition cost of real estate, etc.
- ③ Of the expenses related to funding, arrangement fees for investment unit issuance expenses and borrowings from syndicates of lenders
- ④ Expenditures such as asset management fees and taxes and public charges (non-deductible consumption tax, etc.) which fluctuates as a result of ① through ③
- ⑤ Tax expenses for internal reserves as well as income tax that increase with internal reserves, etc.

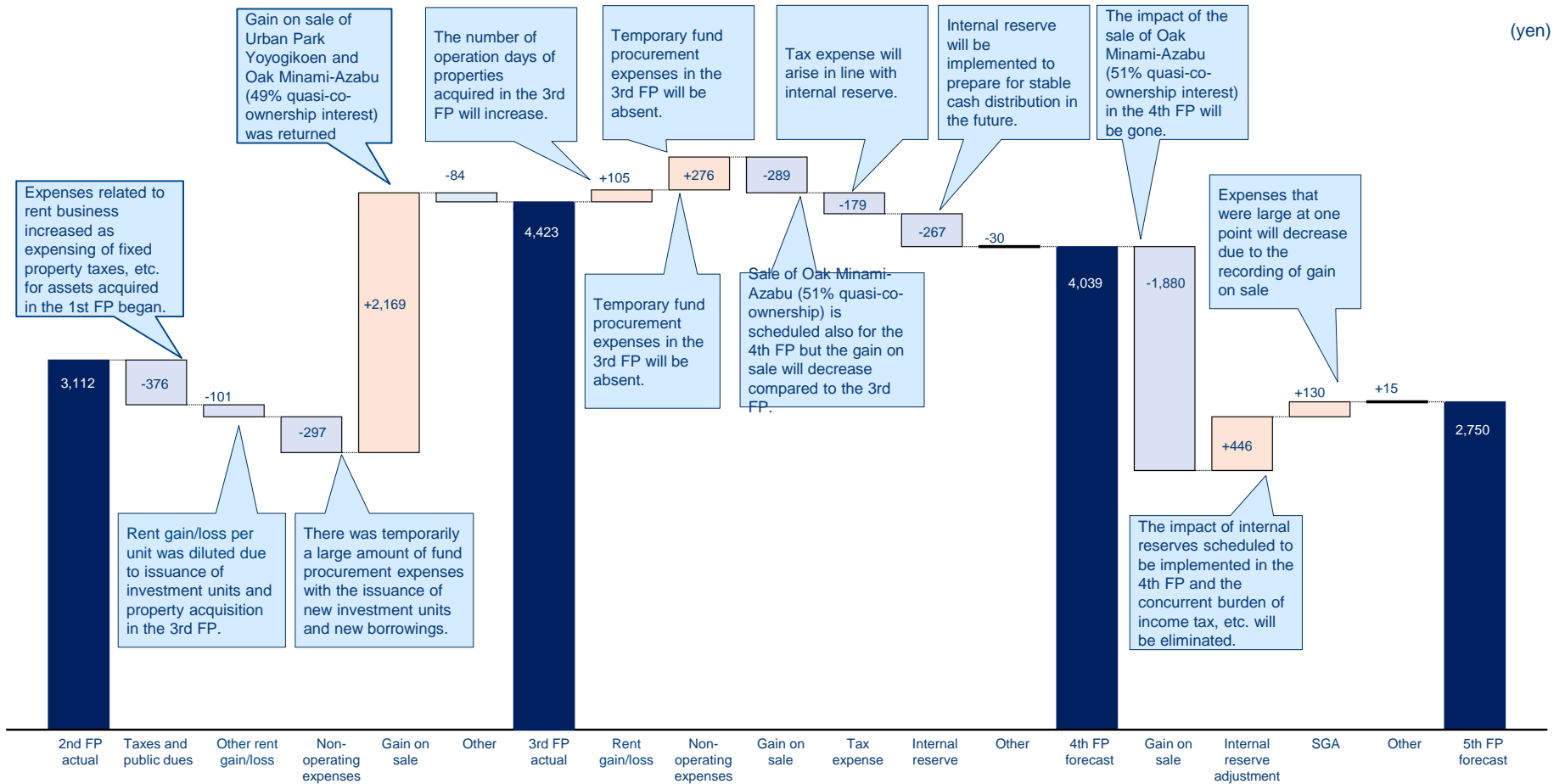




3. Performance of the 3rd Fiscal Period Ended July 2017 and Future Measures S T A R A S I A

Investment Corporation

Change in cash distribution and factors for changes



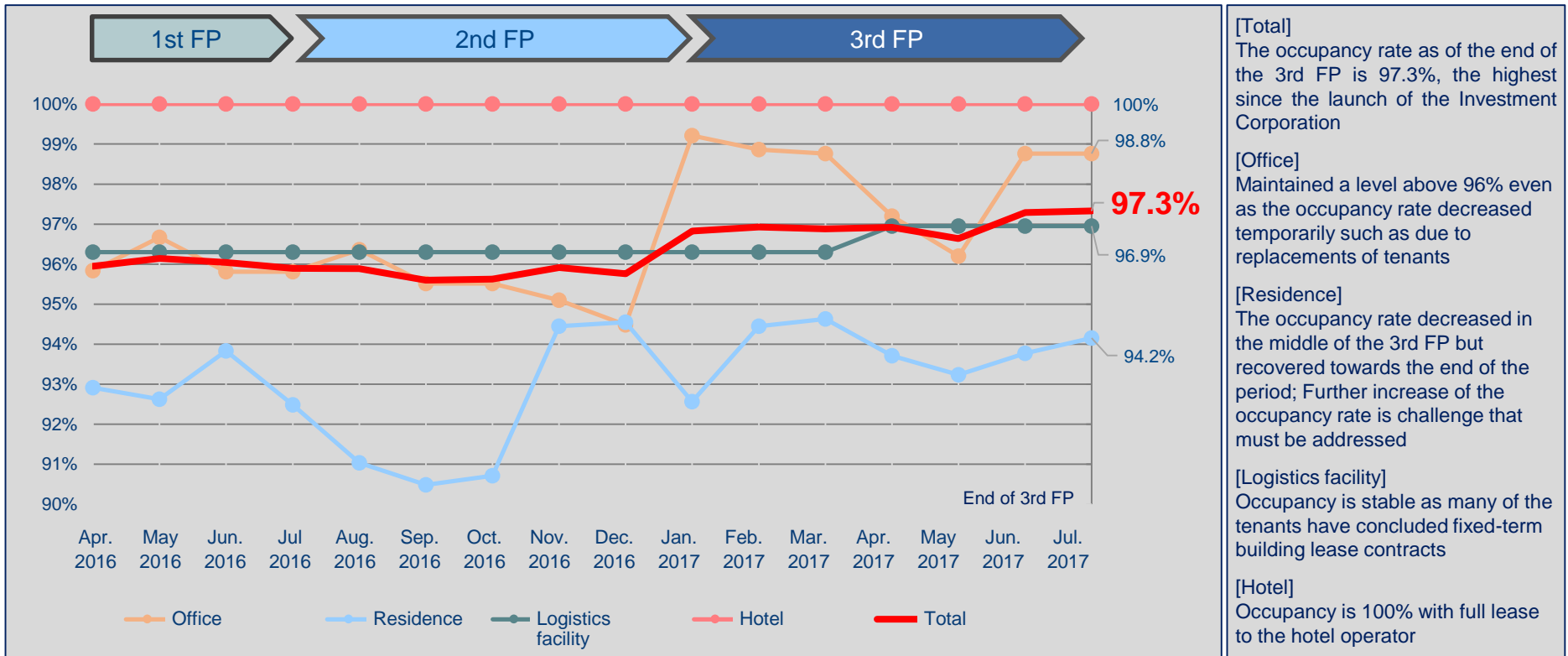


3. Performance of the 3rd Fiscal Period Ended July 2017 and Future Measures S T A R A S I A

Investment Corporation

③ Occupancy Rate Status

Period-end occupancy rate: 97.3% Portfolio occupancy rate steadily increased as a result of leasing activities in collaboration with leasing agents based on leasing strategies which take into account the features of each property.



	Apr. 2016	May 2016	Jun. 2016	Jul. 2016	Aug. 2016	Sep. 2016	Oct. 2016	Nov. 2016	Dec. 2016	Jan. 2017	Feb. 2017	Mar. 2017	Apr. 2017	May 2017	Jun. 2017	Jul. 2017
Office	95.8%	96.7%	95.8%	95.8%	96.4%	95.5%	95.5%	95.1%	94.5%	99.2%	98.9%	98.8%	97.2%	96.2%	98.8%	98.8%
Residence	92.9%	92.6%	93.8%	92.5%	91.0%	90.5%	90.7%	94.4%	94.5%	92.6%	94.4%	94.6%	93.7%	93.2%	93.8%	94.2%
Logistics facility	96.3%	96.3%	96.3%	96.3%	96.3%	96.3%	96.3%	96.3%	96.3%	96.3%	96.3%	96.3%	96.9%	96.9%	96.9%	96.9%
Hotel	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total	95.9%	96.1%	96.0%	95.9%	95.9%	95.6%	95.6%	95.9%	95.8%	96.8%	96.9%	96.9%	96.9%	96.6%	97.3%	97.3%



3. Performance of the 3rd Fiscal Period Ended July 2017 and Future Measures S T A R A S I A

Investment Corporation

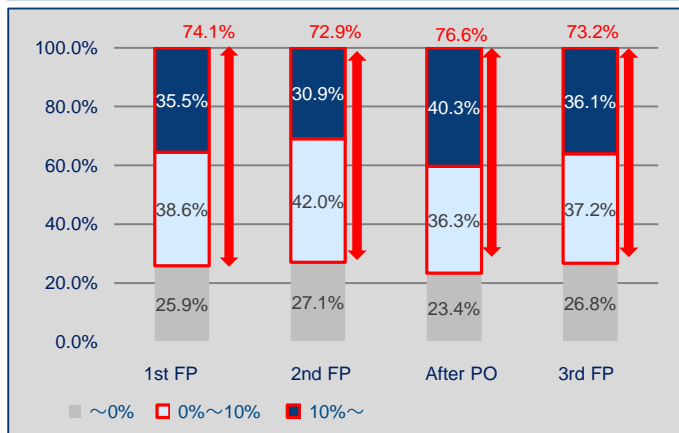
④ Office - Eliminating rent gap -

Focused on elimination of rent gap: Decreased rent gap from 7.8% after the public offering (Apr. 2017) to 6.7% at the end of the 3rd FP (end of Jul. 2017)

Elimination of the rent gap will continue to be a focus

* Market rent refers to the median of each property's expected new contract rent (range) assessed as the end of the period by CBRE K.K., and rent gap refers to the disparity between the market rent and each tenant's contract rent.

Status of Distribution of Rent Gap at End of Period (based on areas)



Planning to pursue active negotiations for upward rent revision at the time of contract renewal.

Planning to hold negotiations for upward rent revision considering comprehensively other leasing terms and conditions, etc. at the time of contract renewal.

Aim to extend tenancy and maintain current rent levels by regularly contacting tenants to improve their satisfaction level.

<Rent gap of office buildings>

As of end of 1st FP: 7.6%

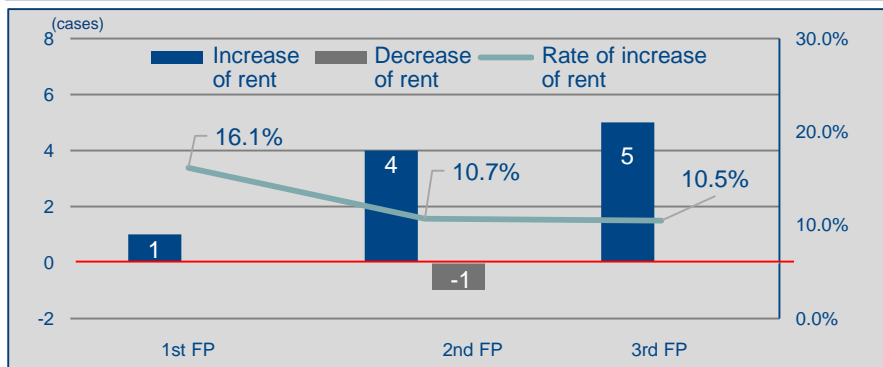
As of end of 2nd FP: 6.5%

As of April 2017: 7.8%

As of end of 3rd FP: 6.7%

Although 76.6% of all properties had rent gap as of April 2017, the figure decreased to 73.2% by the end of 3rd FP due to measures such as soliciting new tenants, raising rents upon tenant replacement, and revising rent upward at the time of leasing contract renewal.

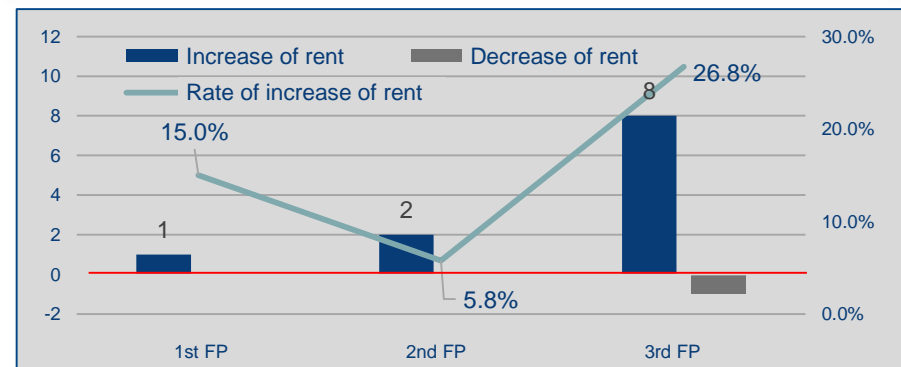
Change in Rate of Increase of Rent with Leasing Contract Renewals



* Increase or decrease of rent is determined by comparison to the rent before rent revision.

* The rate of increase of rent is calculated with the total rent of the tenant that revised their rent.

Change in Rate of Increase of Rent with Tenant Replacements



* Sections where tenants were replaced as of the end of the period (for the 1st FP, sections where there were replacements during the period) are taken and the new rent is compared with the previous to determine increase or decrease.

* Increase of rent is calculated with the total rent of the tenants that replaced the previous tenant.

3. Performance of the 3rd Fiscal Period Ended July 2017 and Future Measures



STAR ASIA

Investment Corporation

⑤ Office - Eliminating rent gap -

Effects of Eliminating the Rent Gap (Estimate)

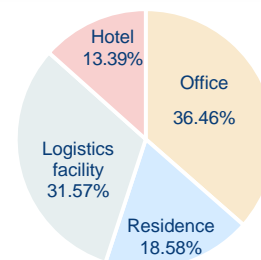
When the Rent Gap is Eliminated

Increase of rent (estimate) *1	Increase of DPU (estimate) *2
38,064 thousand yen	91 yen

* 1: Regarding tenants with a rent gap of 10% or more in July 2017 (the end of the 3rd Fiscal Period), conversion is made to market rent and the difference is multiplied by 6 in order to calculate the estimated effect of increase of rent in one calculation period.

* 2: Calculated by dividing the total number of investment units issued and outstanding, 414,300, by the increase of rent (estimate) (rounded down to the indicated number). The increase of rent expenses that would accompany an increase of rent is not taken into consideration.

Pie Chart of Rents



Offices comprise a relatively high percentage in portfolio rents

Approximately
1,608 million yen

* The rent pie chart is prepared with the estimated rents for each asset type which are calculated based on the annualized conversion of the rent for the month of July 2017 (multiplied by 12).

The following assumptions apply to hotel rents:

- Smile Hotel Namba/R&B Hotel Umeda East: Actual amount from Aug. 2016 to Jul. 2017
- BEST WESTERN Tokyo Nishikasai/BEST WESTERN Yokohama: Actual amount from Apr. 2016 to Mar. 2017

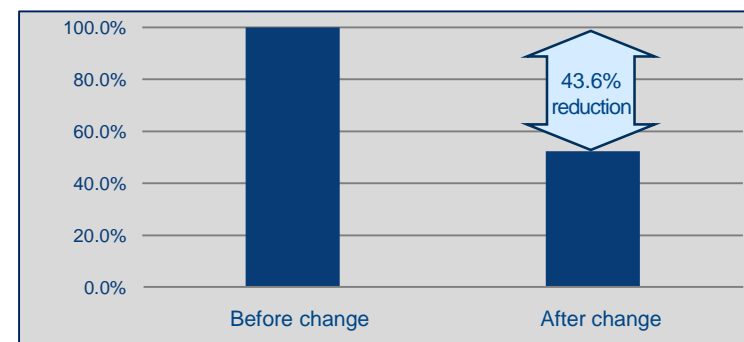
Reduction of Expenses through Change of Power Supplier (Results)

Changed power suppliers at 8 office properties during the 3rd Fiscal Period

Reduction *1	Increase of DPU *2
43.6%	20 yen

* 1: Calculated by the ratio of year-on-year total of 6-months of basic charge and total of 6-months of monthly basic charge after changing power suppliers. Use charges are not included. Properties without year-on-year data have less than 6 months in their total.

* 2: Calculated by dividing the total number of investment units issued and outstanding, 414,300, by the amount of reduction of the monthly basic charge. Use charges are not included.





3. Performance of the 3rd Fiscal Period Ended July 2017 and Future Measures S T A R A S I A

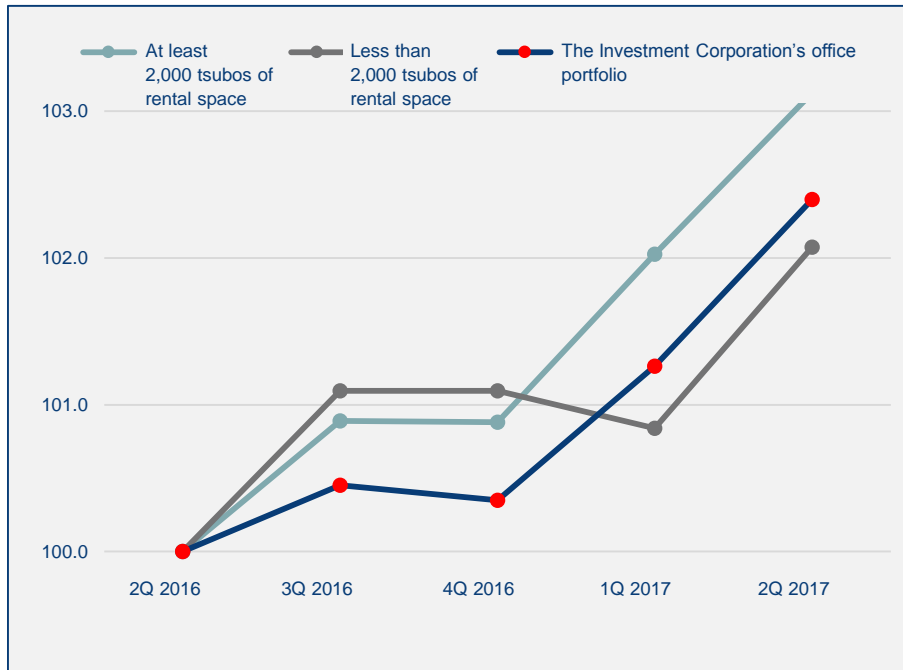
Investment Corporation

⑥ Office - Change in Rents of Medium-Sized Offices in the Tokyo Area -

Change in Average Rent Unit Price of Medium-Sized Offices

Compared to the relatively larger class of buildings with at least 2,000 tsubos of rental space, the rate of increase of the average rent unit price of the class of buildings with less than 2,000 tsubos of rental space is trailing behind.

Many of the offices which the Investment Corporation owns belong to the class with less than 2,000 tsubos of rental space.

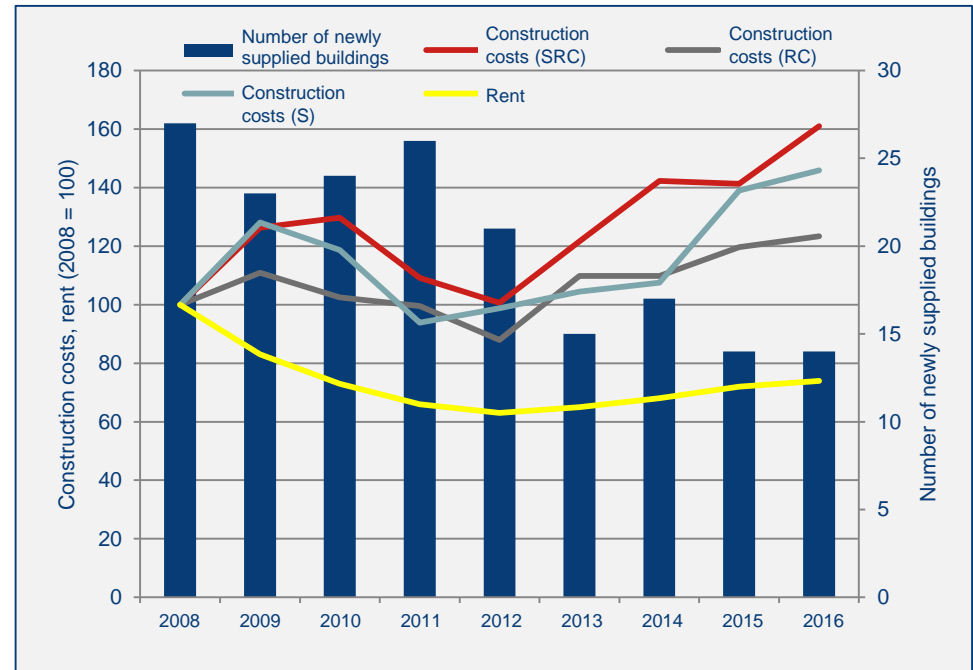


Source: Jones Lang LaSalle, Inc.

Change in Construction Costs/Newly Built Buildings/ Rent of Medium-Sized Offices

With the increase of construction costs, the pay line increased and profitability decreased. As a result, the number of newly supplied buildings decreased.

Supply/demand regarding space of medium-sized offices became tight while rent is on an upward trend.



Source: Jones Lang LaSalle, Inc.

* The average rent unit price of the Investment Corporation's office portfolio is calculated by dividing the leased area (tsubos) by the total of monthly rent (including common fees) of each period and is indexed with the average rent unit price for 2Q of 2016 as 100.

* Grade-B offices in Tokyo's 5 central wards are classified into those with at least 2,000 m² and those with less than 2,000 m² and are indexed with the average rent unit price for 2Q of 2016 as 100.

* Grade-B offices are office buildings in Tokyo's 5 central wards with at least 5,000 m² of total floor area, at least 3,00 m² of lot area, at least 8 floors and built in 1982 or later.



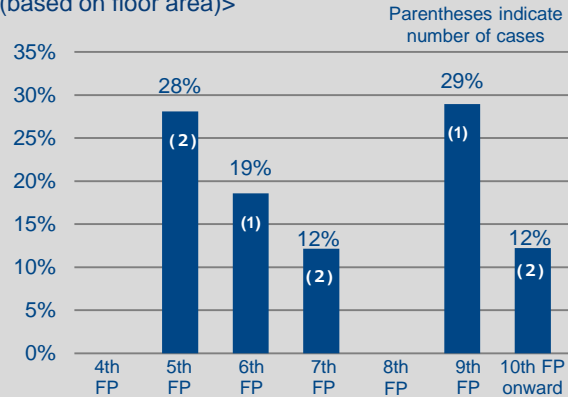
3. Performance of the 3rd Fiscal Period Ended July 2017 and Future Measures S T A R A S I A

Investment Corporation

⑦ Logistics facility/Hotel/Residence

Logistics facility

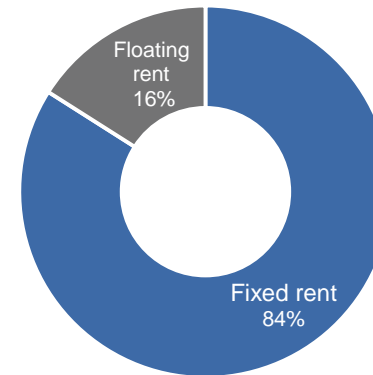
<Status of Diversification of Contract Renewal Periods (based on floor area)>



- No tenants with a contract ending or subject to renewal in or before the 4th FP ending January 2018
- Stable income is expected as many of the tenants have a fixed-term building lease contract
- We will focus on negotiating lease conditions of tenant whose contract will be renewed in the 5th FP

Hotel

<Ratios of fixed rent and floating rent>



* Assumptions

The following assumptions apply to the calculation of ratios:

- Smile Hotel Namba/R&B Hotel Umeda East: Actual amount from Aug. 2016 to Jul. 2017
- BEST WESTERN Tokyo Nishikasai/BEST WESTERN Yokohama: Actual amount from Apr. 2016 to Mar. 2017

Residence

<Implementation of Strategic Renovation Work: Urban Park Azabujuban>

- Implemented renovation work with the purpose of maintaining competitiveness and increasing rent

<Before renovation>



<After renovation>



<After renovation>



<Implementation of Strategic Renovation Work: Urban Park Kashiwa>

- Renovated kitchens, bathrooms and living rooms in order to create residential spaces that would appeal to potential tenants

<Before renovation>



<After renovation>





3. Performance of the 3rd Fiscal Period Ended July 2017 and Future Measures S T A R A S I A

Investment Corporation

⑧ Financial Standing

Fixed interest rates as a measure against risk of fluctuating interest rates

Diversified repayment dates of borrowings as a measure against refinancing risks

<Balance of borrowings>

① 990 million yen will have already been repaid in the 4th FP (ending Jan. 2018)

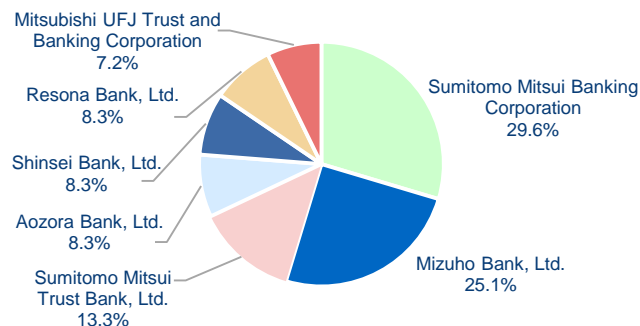
② 390 million yen is scheduled to be repaid during the 4th FP (ending Jan. 2018) using consumption tax refunds

	Balance of borrowings		Interest rate	Term	FP of the repayment date
	End of 3rd FP	After completion of ① and ②			
Short-term	1,380	0	Base rate (Note 1) + 0.20%	1.0 years	4th FP 5th FP
Long-term	7,300	7,300	Base rate (Note 1) + 0.30%	2.0 years	5th FP
	7,300	7,300	0.364% (Note 2)	3.0 years	7th FP
	7,300	7,300	0.483% (Note 2)	4.0 years	9th FP
	7,300	7,300	0.625% (Note 2)	5.0 years	11th FP
	2,400	2,400	0.530% (Note 2)	3.5 years	10th FP
	4,150	4,150	0.710% (Note 2)	5.0 years	13th FP
	1,000	1,000	0.530% (Note 2)	3.5 years	10th FP
	600	600	0.530% (Note 2)	3.5 years	10th FP
Total	38,730	37,350			

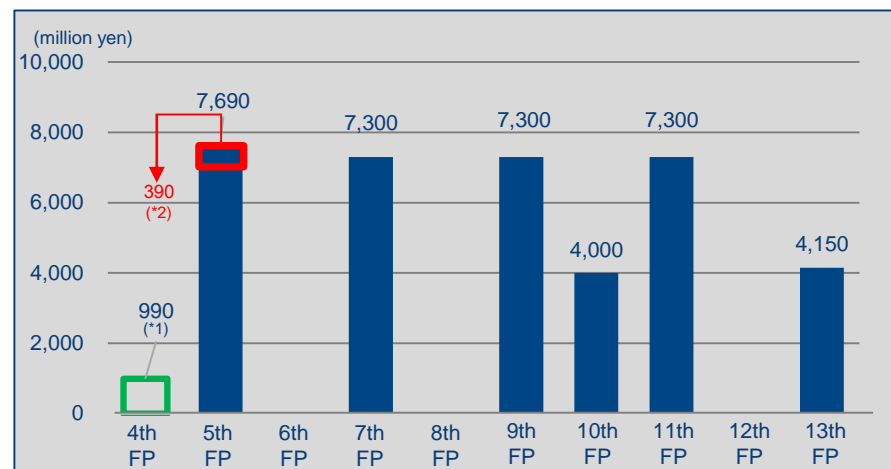
(Note 1) JBA 1 month yen TIBOR

(Note 2) The interest rates shown take into consideration the effects of interest rate swaps (fixing of interest rates).

<Bank Formation>



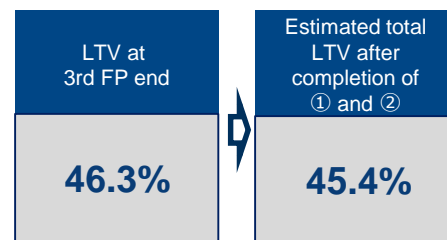
<Diversification of repayment dates>



*1: 990 million yen was repaid in installments in the 4th Fiscal Period

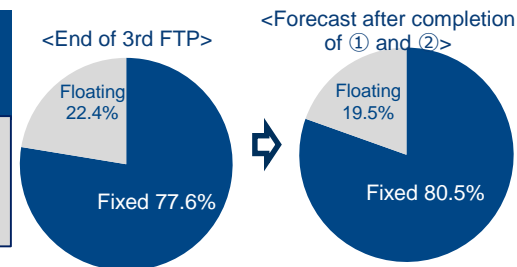
*2: Early repayment of 390 million yen is scheduled to be made with consumption tax refunds.

<LTV (based on total assets)>



* LTV = Interest-bearing liabilities ÷ Total assets

<Ratio of Fixed and Floating Interest Rate>



4. Future Initiatives

4. Future Initiatives

① Points of Focus

Strategies for maximization of unitholders' value

Points of Focus in and after the 4th Fiscal Period

Internal growth

- Elimination of the rent gap in the office portfolio
- Revision of lease conditions at logistics facilities
- Improvement of the occupancy of residences
- Reduction of management expenses
- Maintaining and improving appeal to potential tenants through appropriate capital expenditure and repair (utilization of sponsor support)

External growth

- 200 billion yen of assets by 2020
- Growth of the asset size through utilization of sponsor support
- Enlargement of sourcing group through enhancement of sponsor group functions
- Further utilization of the Asset Manager's unique network

Financial strategy

- Continued deliberation on the acquisition of ratings
- Consideration of investment in mezzanine loan debt
- Search for new lenders

4. Future Initiatives

② Further Utilization of Sponsor Support - The Star Asia Group -

About Star Asia

Star Asia is an independent investment and management group managing funds from investors who seek long-term investment, such as overseas university funds, foundations and pension funds, by investing in assets related to real estate, etc. mainly in Japan. Investing flexibly through multiple approaches including investment in bonds and shares in addition to real estate itself, Star Asia has invested in real estate-related assets totaling 306 billion yen (as of the end of December 2016) in Japan.

<Profile of the Founder>



"Malcolm F. MacLean IV"
Managing Partner

Malcolm MacLean is a founder of Star Asia and currently serves as its Managing Partner. He is also co-founder of Mercury Real Estate Advisor LLC and formerly served as its Portfolio Manager and Head Trader. He has an abundance of experience, including over 24 years in real estate related asset investment and involvement in establishing listed and non-listed real estate securities and real estate investment in the U.S., Europe and Asia. Prior to that, he advised listed and non-listed companies on the issuance of stocks and bonds as well as M&As while working at the Real Estate Investment Banking Groups of Paine Webber Incorporated and Kidder, Peabody & Co., Inc. (current UBS AG) and closed many transactions as the team leader of origination, structuring and execution. MacLean studied economics at Cambridge University in the U.K. and obtained a bachelor's degree in economics and law from Trinity College in Hartford, Connecticut, U.S.A.



"Taro Masuyama"
Managing Partner

Taro Masuyama is a founder of Star Asia and currently serves as its managing partner. He formerly served as Managing Director and Head of the Asia-Pacific region's Structured Credit Products and Japan Credit Sales and Marketing at Merrill Lynch and managed the origination, structuring, trading and marketing of all structured credit as well as fund products in the Asia-Pacific region in addition to sales marketing of Japanese credit products. During his seven-year stint at Merrill Lynch, his team was involved in securitizations with over 2.8 trillion yen in underlying assets including securitizations of major Japanese banks' loan portfolios that won several awards from various media. Before joining Merrill Lynch in April 1999, he provided various structured balance sheet solutions primarily to Japanese banks as Vice President of Global Credit Derivatives at Bankers Trust. Prior to that, he was involved in the streamlining of headquarters functions at various international companies as a consultant at Andersen Consulting in Tokyo, Chicago and Los Angeles. Masuyama obtained a bachelor's degree from Waseda University and an MBA from Columbia Business School.

Development of Construction Management Functions

A Construction Management department was established in the group to develop technological functions in construction. The details of support provided to the Asset Manager is as follows.

- **Advice that contributes to the maintenance and improvement of building value**
- **Advice concerning capital expenditure and repair plan proposals**
- **Advice on renewal work at owned properties that would strongly appeal to tenants**
- **Support for the formulation of repair plans that are more strategic**

4. Future Initiatives

③ Further Utilization of Sponsor Support - Enhancing Functions in the Star Asia Group -

Further expansion of business areas of the Star Asia Group
Establish a support system that supports the Investment Corporation even more

Star Asia Group

Star Asia Management Limited

Star Asia Japan Special Situations Fund II to IV

Star Asia Capital Corp

- Same-boat investment in Star Asia Investment Corporation
- Provision of warehousing functions

Star Asia Asset Advisors Co., Ltd.

- Enhances functions concerning real estate investment
- Search for target projects for Star Asia Investment Corporation's investment
- Management of properties in warehousing

GSA Star Asia KK

- A joint company by the GSA Group which globally develops next-generation student accommodations and the Star Asia Group
- Participates from development to operation



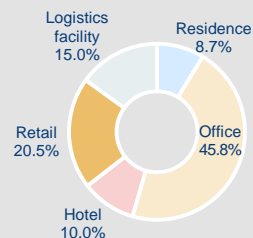
Rendering of the Bukyo-ku Hakusan project (tentative)

Enhancement of management and operation business functions

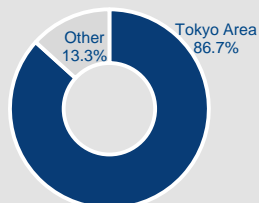
Sep. 1, 2017
Joined the Sponsor Group*

Provision of property information to Star Asia Investment Corporation

<Assets under management: 55.8 billion yen>



<Investment Areas>



Lei's Umeda



Matsubushi Logistics



Funabashi Nishiura Logistics

Provision of property information based on sponsor support contract

































Star Asia Investment Management Co., Ltd.

Star Asia Investment Corporation
"Aim for asset size of 200 billion yen by 2020"

* The Sponsor Group is comprised of i) Star Asia Management Limited, ii) Star Asia Management Japan Ltd., iii) Star Asia Asset Management LLC, iv) Star Asia Group LLC, v) Star Asia Asset Advisors Co., Ltd., vi) Malcolm F. MacLean IV, vii) Taro Masuyama, viii) investment target of funds in which Malcolm F. MacLean IV and Taro Masuyama make investment decisions (however, minority funding is excluded), and refers to (a) investment vehicles located in Japan owning or acquiring real estate or other investment assets and (b) investment vehicles owning or acquiring investment units of the Investment Corporation.

4. Future Initiatives

④ Property Acquisition Routes

As of Aug. 1, 2017			Pipeline properties *
	Tokyo area	Other	About 55.8 billion yen (as of end of Jul. 2017)
Sponsor Group (Star Asia's far-reaching relationships)	<div>Minami-Azabu Shibuya Building</div> <div>Nishi-Shinjuku Matsuya Building</div> <div>Alphabet Seven</div> <div>Shibuya MK Building</div>	<div>Honmachibashi Tower</div>	Major pipeline properties <div>Lei's Umeda</div>
	<div>Asahi Building</div> <div>Urban Park Azabujuban</div> <div>Urban Park Daikanyama</div>	<div>Hakata-eki East Place</div>	<div>Matsubushi Logistics</div> <div>Bagus Ikebukuro</div>
	<div>Iwatsuki Logistics</div> <div>Yokohama Logistics</div> <div>Funabashi Logistics</div> <div>Baraki Logistics</div>	<div>R&B Hotel Umeda East</div>	<div>Funabashi Nishiura Logistics</div> <div>Nishikasai Hotel</div>
	<div>BEST WESTERN Tokyo Nishikasai</div> <div>BEST WESTERN Yokohama</div>	<div>Smile Hotel Namba</div>	<div>Funabashi Logistics II</div> <div>Cradle Ryokuchikoen</div>
Warehousing	<div>Urban Park Shin-Yokohama</div> <div>Urban Park Gokokuji</div> <div>Urban Park Kashiwa</div>		Provision of functions by the Sponsor Group
Asset Manager's unique route	<div>Tokorozawa Logistics</div>	<div>Hakata-eki Higashi 113 Building</div> <div>Urban Park Namba</div>	Diligently searched through the Asset Manager's unique route
Sold	<div>Urban Park Yoyogikoen</div> <div>Oak Minami-Azabu</div>		

* There are no cases where the Investment Corporation determined the acquisition of the pipeline properties and there is no guarantee that they will be incorporated by the Investment Corporation in the future.

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4. Future Initiatives

⑤ Consideration of Investment in Mezzanine Loan Debt

Consideration of Investment in Mezzanine Loan Debt which Diversifies Opportunities to Procure Revenue and Expands Target Investments

Significance of Investment in Mezzanine Loan Debt

Diversification of income earning opportunities

- In the real estate market where there is intense competition to acquire real estate, mezzanine loans pose less risk than equity investment such as investment in silent partnerships
- Revenue exceeding the real estate portfolio's yield after depreciation is secured as an effective user of company funds (current saving) and investment is made upon inspection of estimated refund of principal and interest.

Ample experience of the Star Asia Group

- The Star Asia Group has ample investment experience centering on real estate-related debts including mezzanine loans and the Star Asia Group's experience will be utilized for the Investment Corporation's mezzanine loan debt investment

Investment that contributes to maximizing unitholders' value

(Reference) Abundant Investment Track Record of the Sponsor Group's Investment in Real Estate-Related Debts

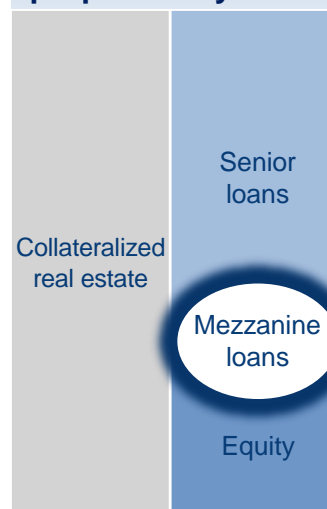
Boom, adjustment and slump of the real estate market
Investment centering on real estate-related debts

Boom, adjustment and slump of the real estate market
Speedy investment in real estate, etc.



The Investment Corporation's Approach to Mezzanine Loan Investment

Ownership of properties by SPCs



<Approach to Investment>

- The collateralized real estate must meet the investment standards* (location, asset type, price, etc.) of the Investment Corporation.
- The amount of investment should be from around 300 to 500 million yen. In principle, the investment balance must be within 5% of total assets as of the end of the last fiscal period.
- Upper limit of LTV is 85%

* LTV =
(The amount which includes the mezzanine loans the Investment Corporation targets for investment and their senior credit) ÷
(The appraisal value which the Investment Corporation acquires)

* In principle, equity investors must not be an interested party to the Investment Corporation.

- In principle, the return shall be above 4%
- The term shall be between 2 to 5 years
- Other: The same level of due diligence which the Investment Corporation executes for acquisition of properties shall be implemented for the collateralized real estate. When acquiring mezzanine loan debts, the Investment Corporation's due diligence standards shall be used for evaluation to confirm that there are no problems.

4. Future Initiatives

⑥ Change of Management Guidelines (Sep. 13, 2017)

Added investment target area for residential assets in light of population trends

In the Osaka area, Nagoya area and Fukuoka area, included neighboring areas of Osaka City, Nagoya City and Fukuoka City

Reason

There have existed several populated areas where stable demand for rental residences exists as well as plenty of properties that meet the qualifications for investment in the neighboring areas of Osaka City, Nagoya City and Fukuoka City from the past. The neighboring areas of Osaka City, Nagoya City and Fukuoka City will be added to the investment target area of residences as it has been confirmed that demand for rental residences will be maintained and stable operation can be expected in each area.

Specifically, the Investment Corporation will invest in properties that are appropriate for investment by comprehensively considering the following:

1. In national censuses, the ratio of commuters to work and school in Osaka City, Nagoya City and Fukuoka City must maintain a minimum level of around 20% to 30% of all commuters to work and school.
2. The properties must be adjacent to or near Osaka City, Nagoya City or Fukuoka City and the commute time to major areas must be within about 30 minutes.

● Osaka area



● Nagoya area



● Fukuoka area



<Management Guidelines after Change>

Area classification	Use	Target area
Tokyo area	Offices and retail facilities	Tokyo's 23 wards and the cities of Kawasaki and Yokohama
	Residences, logistics facilities and hotels	Tokyo, Kanagawa, Saitama and Chiba prefectures
Osaka area	All assets	Osaka City, Osaka (*1)
Nagoya area	All assets	Nagoya City, Aichi (*2)
Fukuoka area	All assets	Fukuoka City, Fukuoka (*3)
Sapporo area	All assets	Sapporo City, Hokkaido
Other government-designated cities	All assets	Sendai City, Miyagi / Niigata City, Niigata / Kyoto City, Kyoto / Sakai City, Osaka / Kobe City, Hyogo / Hiroshima City, Hiroshima / Kitakyushu City, Fukuoka

(*1) Residences and logistics facilities include the neighboring areas of Osaka City, Osaka.

(*2) Residences and logistics facilities include the neighboring areas of Nagoya City, Aichi.

(*3) Residences and logistics facilities include the neighboring areas of Fukuoka City, Fukuoka.

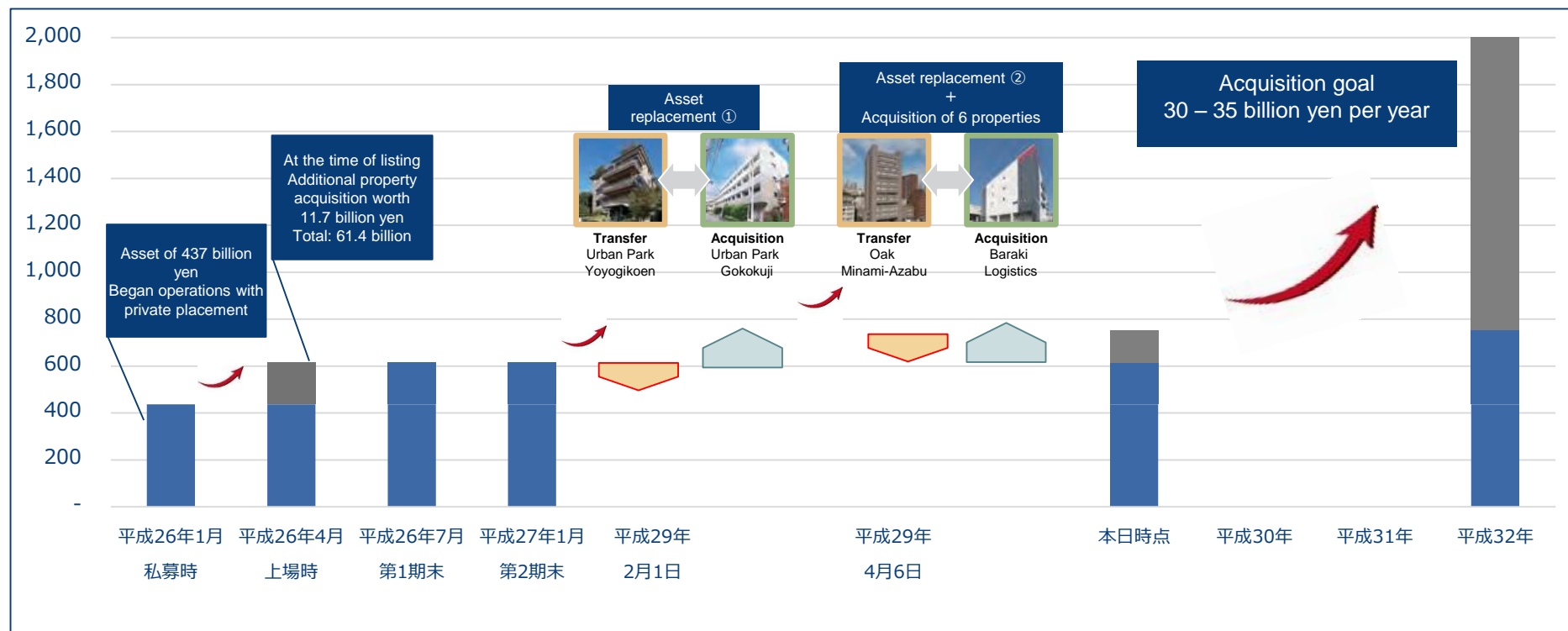
4. Performance of the 2nd Fiscal Period ended January 2017 and Future Measures

⑦ Future Growth Strategy

- Future Growth Strategy: Expand asset size to 200 billion yen by 2020

Growth Phase

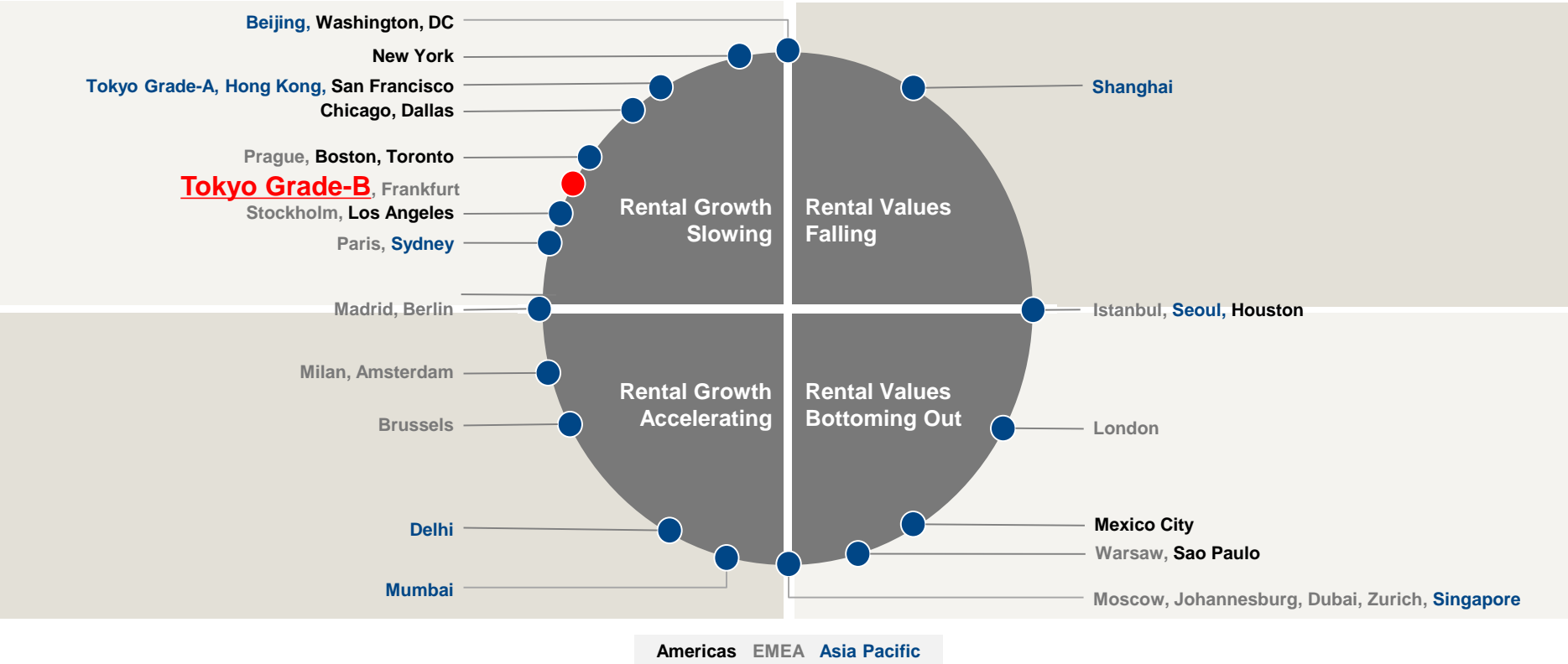
Stable Growth



**Realization of speedy and steady external growth
by sponsor support and asset management company's own route**

Appendix

Global Office Property Clock Q2 2017



Based on rents for Grade A space in CBD or equivalent.

This data is based on material/sources that we believe to be reliable. While every effort has been made to ensure its accuracy, we cannot offer any warranty that it contains no factual errors. Neither Jones Lang LaSalle nor any of its affiliates accept any liability or responsibility for the accuracy or completeness of the information contained herein.

The JLL Property Clocks SM
Source: JLL, July 2017

	Grade A	Grade B
Area	Tokyo Central 5 Wards	
GFA	30,000 sqm+	5,000 sqm+
Floor Plate	1,000 sqm+	300 sqm+
Floors	20F+	8F+
Building Age	1990 or later	1982 or later

Performance of the 3rd Fiscal Period ended July 2017 and Future Measures

Change in Business Results

- Cash distribution per unit for the 3rd fiscal period was 4,423 yen (+1.9% compared to forecast)

(Unit: million yen)

	1st FP (ended July 2016) actual	2nd FP (ended Jan. 2017) actual	3rd FP (ended Jul. 2017) forecast (disclosed on Mar. 17, 2017)	3rd FP (ended July 2017) actual	Comparison with forecast
Operating revenue	1,859	2,017	3,135	3,211	+76
Office rent	634	802	806	822	+16
Residence rent	325	349	388	391	+3
Logistics rent	581	530	641	642	+0
Hotel rent	142	120	229	220	△9
Other	174	215	180	235	+55
Gain on sales of real estate property	-	-	888	898	+10
Operating expenses	711	826	1,063	1,113	+49
Expenses related to rent business	568	624	804	836	+32
SGA	143	202	259	276	+17
Operating income	1,147	1,190	2,071	2,098	+26
Non-operating income	0	0	-	0	+0
Non-operating expenses	812	117	272	264	△7
Ordinary income	335	1,073	1,798	1,833	+34
Net income	333	1,072	1,798	1,832	+34
Cash distribution per unit	968yen	3,112yen	4,340yen	4,423yen	+83yen
NOI	1,538	1,636	1,733	1,763	+29
Rent revenues/expenses	1,291	1,392	1,442	1,476	+33

Performance of the 3rd Fiscal Period ended July 2017 and Future Measures Forecast

- Due to materialization of unrealized gain from transfer of owned assets, cash distributions are forecast to be; 4th FP: 4,039 yen

(Unit: million yen)

	3rd FP (ending July 2017) actual (A)	4th FP (ending Jan 2018) forecast (B)	5th FP (ending July 2019) forecast (C)	Increase/ decrease (B-A)	Increase/ decrease (C-B)
Operating revenue	3,211	3,131	2,395	△79	△736
Rent revenues/expenses	2,312	2,352	2,395	① +39	① +42
Gain on sales of real estate properties	898	779	-	② △119	② △779
Operating expenses	1,113	1,122	1,106	+9	△16
Expenses related to rent business	836	832	870	③ △3	③ +37
SGA	276	289	235	④ +12	④ △53
Operating income	2,098	2,009	1,289	△88	△719
Non-operating income	0	-	-	△0	-
Non-operating expenses	264	150	149	⑤ △114	△0
Ordinary income	1,833	1,859	1,140	+25	△718
Income taxes	1	75	0	⑥ +74	⑤ △74
Net income	1,832	1,783	1,139	△48	△644
Cash distribution per unit	4,423yen	4,039yen	2,750yen	△384yen	△1,289yen
NOI	1,763	1,832	1,848	+69	+16
Rent revenues/expenses	1,476	1,519	1,525	+43	+5

Balance Sheets for the 3rd Fiscal Period ended July 31, 2017

	2nd fiscal period (As of January 31, 2017)	3rd fiscal period (As of July 31, 2017)		2nd fiscal period (As of January 31, 2017)	3rd fiscal period (As of July 31, 2017)
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	1,839,594	1,598,847	Operating accounts payable	245,131	227,743
Cash and deposits in trust	2,659,211	3,239,091	Short-term loans payable	1,000,000	-
Operating accounts receivable	50,089	52,745	Current portion of long-term loans payable	-	8,680,000
Prepaid expenses	88,279	108,945	Accounts payable - other	246,508	269,194
Deferred tax assets	11	20	Accrued expenses	5,336	7,030
Consumption taxes receivable	-	261,743	Income taxes payable	844	1,023
Other	8,650	-	Accrued consumption taxes	76,405	12,734
Total current assets	4,645,837	5,261,393	Advances received	319,180	589,678
Non-current assets			Other	6,574	9,492
Property, plant and equipment			Total current liabilities	1,899,981	9,796,897
Buildings in trust	20,317,871	25,006,453	Non-current liabilities		
Accumulated depreciation	(490,008)	(764,163)	Long-term loans payable	29,200,000	30,050,000
Buildings in trust, net	19,827,862	24,242,289	Tenant leasehold and security deposits in trust	1,589,434	1,863,336
Structures in trust	9,606	9,606	Other	-	6,635
Accumulated depreciation	(61)	(397)	Total non-current liabilities	30,789,434	31,919,971
Structures in trust, net	9,545	9,209	Total liabilities	32,689,416	41,716,869
Machinery and equipment in trust	6,282	11,270	Net assets		
Accumulated depreciation	(137)	(499)	Unitholders' equity		
Machinery and equipment in trust, net	6,144	10,771	Unitholders' capital	33,541,125	40,031,185
Tools, furniture and fixtures in trust	7,628	9,971	Capital deduction		
Accumulated depreciation	(731)	(1,228)	Allowance for temporary difference adjustment	(26,197)	-
Tools, furniture and fixtures in trust, net	6,896	8,743	Total capital deduction	(26,197)	-
Land in trust	39,208,659	50,426,286	Unitholders' capital, net	33,514,927	40,031,185
Construction in progress in trust	2,161	-	Surplus		
Total property, plant and equipment	59,061,270	74,697,300	Unappropriated retained earnings (undisposed loss)	1,099,059	1,832,669
Intangible assets			Total surplus	1,099,059	1,832,669
Leasehold rights in trust	3,459,138	3,459,138	Total unitholders' equity	34,613,987	41,863,855
Total intangible assets	3,459,138	3,459,138	Valuation and translation adjustments		
Investments and other assets			Deferred gains or losses on hedges	60,135	28,686
Long-term prepaid expenses	127,156	146,256	Total valuation and translation adjustments	60,135	28,686
Lease and guarantee deposits	10,000	10,000	Total net assets	34,674,123	41,892,541
Other	60,135	35,321	Total liabilities and net assets	67,363,539	83,609,410
Total investments and other assets	197,292	191,577			
Total non-current assets	62,717,701	78,348,016			
Total assets	67,363,539	83,609,410			

Statement of Income for the 3rd Fiscal Period (From February 1, 2017 to July 31, 2017)

(Unit: thousand yen)

	2nd fiscal period From: August 1, 2016 To: January 31, 2017	3rd fiscal period From: February 1, 2017 To: July 31, 2017
Operating revenue		
Lease business revenue	1,865,642	2,146,216
Other lease business revenue	151,743	166,563
Gain on sales of real estate property	-	898,612
Total operating revenue	2,017,386	3,211,392
Operating expenses		
Expenses related to rent business	624,655	836,576
Asset management fee	146,714	189,465
Asset custody and administrative service fees	14,792	16,912
Directors' compensations	2,400	2,400
Other operating expenses	38,230	67,794
Total operating expenses	826,793	1,113,150
Operating income	1,190,592	2,098,241
Non-operating income		
Interest income	17	21
Interest on refund	745	-
Total non-operating income	762	21
Non-operating expenses		
Interest expenses	68,522	82,120
Borrowing related expenses	49,349	129,149
Investment unit issuance expenses	-	48,461
Other	-	5,000
Total non-operating expenses	117,871	264,731
Ordinary income	1,073,483	1,833,531
Income before income taxes	1,073,483	1,833,531
Income taxes - current	847	1,026
Income taxes - deferred	21	△8
Total income taxes	868	1,018
Net income	1,072,615	1,832,513
Retained earnings brought forward	26,444	155
Unappropriated retained earnings (undisposed loss)	1,099,059	1,832,669

Amounts below the specified unit are rounded down.

Period-end Appraisal Value and Indicators

Period-end appraisal value:	84,450 million yen
Total book value:	78,156 million yen
Period-end unrealized gains (losses):	6,293 million yen
Net assets per unit:	101,116 yen
Unrealized gains per unit:	15,191 yen
NAV per unit (*1):	111,884 yen
P/NAV per (*2):	0.90

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

(*2) P/NAV = Investment unit price / NAV per unit
(Investment unit price on July 31, 2017: 100,600 yen)

	Property name	Acquisition price	① Period-end book value	② Appraisal value at end of 3rd fiscal period	Unrealized gains (losses) ② – ①
Office	Minami-Azabu Shibuya Building	2,973	3,003	3,070	66
	Oak Minami-Azabu (51%)	1,668	1,744	2,560	815
	Honmachibashi Tower	6,065	6,070	6,940	869
	Nishi-Shinjuku Matsuya Building	1,763	1,816	2,370	553
	Alphabet Seven	1,725	1,794	2,330	535
	Shibuya MK Building	2,042	2,067	2,810	742
	Hakata-eki Higashi 113 Building	1,885	1,957	2,020	62
	Asahi Building	6,320	6,346	6,720	373
	Hakata-eki East place	2,286	2,313	2,410	96
	subtotal	26,727	27,113	31,230	4,116
Residence	Urban Park Azabujuban	2,045	2,087	2,170	82
	Urban Park Daikanyama	6,315	6,429	7,310	880
	Urban Park Shin-Yokohama	2,528	2,595	2,590	-5
	Urban Park Namba	1,490	1,549	1,610	60
	Urban Park Gokokuji	1,460	1,499	1,510	10
	Urban Park Kashiwa	1,186	1,246	1,190	-56
	subtotal	15,024	15,408	16,380	971
Logistics	Iwatsuki Logistics	6,942	6,877	7,010	132
	Yokohama Logistics	3,560	3,718	3,950	231
	Funabashi Logistics	7,875	7,928	8,380	451
	Baraki Logistics	4,700	4,738	4,890	151
	Tokoyozawa Logistics	1,300	1,354	1,400	45
	subtotal	24,377	24,617	25,630	1,012
Hotel	R&B Hotel Umeda East	2,069	2,140	2,300	159
	Smile Hotel Namba	1,750	1,734	1,750	15
	Best Western Tokyo Nishi-kasai	3,827	3,868	3,890	21
	Best Western Yokohama	3,248	3,272	3,270	-2
	subtotal	10,894	11,016	11,210	193
total		77,022	78,156	84,450	6,293

Portfolio List

* Excludes the office building (Oak Minami-Azabu) sold on August 1, 2017.

Portfolio list after the Initiatives

		Property name	Location	Acquisition price(million yen)	Appraisal value(million yen)	Investment ratio	Appraisal NOI yield
Office	OFC-01	Minami-Azabu Shibuya Building	Minato Ward, Tokyo	2,973	3,070	3.9%	4.9%
	OFC-03	Honmachibashi Tower	Osaka City, Osaka	6,065	6,940	8.0%	5.1%
	OFC-04	Nishi-Shinjuku Matsuya Building	Shibuya Ward, Tokyo	1,763	2,370	2.3%	6.3%
	OFC-05	Alphabet Seven	Minato Ward, Tokyo	1,725	2,330	2.3%	5.8%
	OFC-06	Shibuya MK Building	Shibuya Ward, Tokyo	2,042	2,810	2.7%	5.6%
	OFC-07	Hakata-eki Higashi 113 Building	Fukuoka City, Fukuoka	1,885	2,020	2.5%	5.8%
	OFC-08	Asahi Building	Yokohama City, Kanagawa	6,320	6,720	8.4%	4.8%
	OFC-09	Hakata-eki East Place	Fukuoka City, Fukuoka	2,286	2,410	3.0%	5.2%
Residence	RSC-01	Urban Park Azabujuban	Minato Ward, Tokyo	2,045	2,170	2.7%	4.4%
	RSC-02	Urban Park Daikanyama	Shibuya Ward, Tokyo	6,315	7,310	8.4%	4.8%
	RSC-04	Urban Park Shin-Yokohama	Yokohama City, Kanagawa	2,528	2,590	3.4%	4.8%
	RSC-05	Urban Park Namba	Osaka City, Osaka	1,490	1,610	2.0%	5.4%
	RSC-06	Urban Park Gokokuji	Toshima Ward, Tokyo	1,460	1,510	1.9%	5.2%
	RSC-07	Urban Park Kashiwa	Kashiwa, Chiba	1,186	1,190	1.6%	5.1%
Logistics	LGC-01	Iwatsuki Logistics	Saitama City, Saitama	6,942	7,010	9.2%	4.8%
	LGC-02	Yokohama Logistics	Yokohama City, Kanagawa	3,560	3,950	4.7%	5.7%
	LGC-03	Funabashi Logistics	Funabashi City, Chiba	7,875	8,380	10.5%	5.4%
	LGC-04	Baraki Logistics	Ichikawa City, Chiba	4,700	4,890	6.2%	4.5%
	LGC-05	Tokorozawa Logistics	Tokorozawa City, Saitama	1,300	1,400	1.7%	6.0%
Hotel	HTL-01	R&B Hotel Umeda East	Osaka City, Osaka	2,069	2,300	2.7%	5.6%
	HTL-02	Smile Hotel Namba	Osaka City, Osaka	1,750	1,750	2.3%	5.8%
	HTL-03	BEST WESTERN Tokyo Nishi-kasai	Katsushika Ward, Tokyo	3,827	3,890	5.1%	4.8%
	HTL-04	BEST WESTERN Yokohama	Yokohama City, Kanagawa	3,248	3,270	4.3%	4.8%
Total				75,354	81,890	100.0%	5.1%

Portfolio List (at the end of the 3rd Fiscal Period)



Asset type	Office	Office	Office	Office	Office	Office
Property name	Minami-Azabu Shibuya Building	Honmachibashi Tower	Nishi-Shinjuku Matsuya Building	Alphabet Seven	Shibuya MK Building	Hakata-eki Higashi 113 Building
						
Acquisition price	2,973 million yen	6,065 million yen	1,763 million yen	1,725 million yen	2,042 million yen	1,885 million yen
Appraisal value	3,070 million yen	6,940 million yen	2,370 million yen	2,330 million yen	2,810 million yen	2,020 million yen
Structure/Floors	SRC B1/7F	S/SRC B1/21F	SRC B1/9F	RC B1/6F	S 6F	SRC 8F
Location	Minato Ward, Tokyo	Osaka City, Osaka	Shibuya Ward, Tokyo	Minato Ward, Tokyo	Shibuya Ward, Tokyo	Fukuoka City, Fukuoka
Lot area	766.11 m ²	1,274.37 m ²	589.94 m ² (surface right)	1,286.45 m ²	620.42 m ² (of which 2.62 m ² leasehold)	950.75 m ²
Total floor areas	4,137.21 m ²	15,407.83 m ²	5,117.80 m ²	4,132.80 m ²	1,982.86 m ²	4,888.70 m ² (including 17.25 m ² pump room)
Property Features	<ul style="list-style-type: none"> ● Located in Minami-Azabu, a well-known, high-class residential area that is also home to embassies of various countries. ● In addition to access by train, the area is well served by bus routes and provides convenient access to various locations within central Tokyo. ● The area is highly appealing to companies in fashion, mass media, and IT-related fields. 	<ul style="list-style-type: none"> ● Located in the Yodoyabashi / Hommachi area, one of Osaka's leading office districts. ● Situated near facilities such as the Osaka Chamber of Commerce and Industry, MyDome Osaka, and City Plaza Osaka, the area has a high concentration of office buildings. ● The residences on the upper floors of the building offer excellent views overlooking landmarks such as Osaka Castle. 	<ul style="list-style-type: none"> ● Located in the Nishi-Shinjuku area, which has a high concentration of office buildings. ● In addition to access by train, the area is well served by bus routes and provides convenient access to various locations within central Tokyo. ● The property is expected to attract strong demand from affiliated companies of tenants of large-scale buildings located in Shinjuku sub-center or its surrounding area 	<ul style="list-style-type: none"> ● Located in the Akasaka area, one of central Tokyo's leading office/commercial districts. ● The property is expected to attract strong demand from affiliated companies of tenants of the TBS building, Akasaka Biz Tower, etc. ● Thanks to the popularity of the area, location conditions, etc., there is also strong demand for the residential units of the property. 	<ul style="list-style-type: none"> ● Located in the Shibuya area, one of Japan's leading commercial districts, the property has a strong appeal for fashion and IT-related companies. ● Following the completion of the Shibuya Station area redevelopment project, further development is expected going forward. 	<ul style="list-style-type: none"> ● Located in the Hakata-eki-higashi area where there is a high concentration of office buildings. ● Thanks to the renovated entrance hall and common areas on each floor, it appeals to tenant companies from a wide range of fields. ● With the completion of the Hakata Station area redevelopment project, further development is expected going forward.

Portfolio List (at the end of the 3rd Fiscal Period)





Sold in the 3rd and 4th FPs

Asset type	Office	Office	Office	Residence	Residence	Residence
Property name	Asahi Building	Hakata-eki East Place	Oak Minami-Azabu (51%)	Urban Park Azabujuban	Urban Park Daikanyama	Urban Park Shin-Yokohama
						
Acquisition price	6,320 million yen	2,286 million yen	1,668 million yen	2,045 million yen	6,315 million yen	2,528 million yen
Appraisal value	6,720 million yen	2,410 million yen	2,560 million yen	2,170 million yen	7,310 million yen	2,590 million yen
Structure/Floors	S/SRCB2/12F	SRC 9F	SRC B1/14F	SRC with slate roofing B1/12F	RC, B1/3F RC, B1/9F	S B1/10F
Location	Yokohama City, Kanagawa	Fukuoka City, Fukuoka	Minato Ward, Tokyo	Minato Ward, Tokyo	Shibuya Ward, Tokyo	Yokohama City, Kanagawa
Lot area	1,906.86 m ²	1,129.86 m ²	2,471.14 m ²	417.67 m ²	2,469.06 m ²	862.00 m ²
Total floor areas	12,353.83 m ²	6,243.13 m ²	10,454.93 m ² (including 7.41 m ² storehouse)	2,564.94 m ²	8,261.29 m ² (for 2 buildings combined)	5,171.12 m ²
Property Features	<ul style="list-style-type: none"> ● Located in the Yokohama Station West Exit area where there is a high concentration of commercial and office buildings. ● The floors can be subdivided into smaller spaces, enabling the building to flexibly accommodate demand from branch offices of companies in various fields. ● With the completion of the Yokohama Station area redevelopment project and the Excite Yokohama 22 project, further development is expected going forward 	<ul style="list-style-type: none"> ● Located in the Hakata Station East area, which has a higher concentration of offices after the completion of redevelopment projects in front of the station. ● Even more vitalization is expected for the Fukuoka (Hakata) area with the start of "Tenjin Big Bang Project" and the extension of some Fukuoka City Subway lines. 	<ul style="list-style-type: none"> ● Located in Minami-Azabu, a well-known, high-class residential area that is also home to embassies of various countries. ● In addition to access by train, the area is well served by bus routes and provides convenient access to various locations within central Tokyo. ● The area is highly appealing to companies in fashion, mass media, and IT-related fields. 	<ul style="list-style-type: none"> ● Located in Azabu-Juban, an area with an elegant image that also boasts popular appeal. ● In addition to a stately tiled facade, the property is fully equipped with premium household facilities. ● Adjacent to the Roppongi area, a leading shopping spot in central Tokyo. 	<ul style="list-style-type: none"> ● Located in the Daikanyama area, which produces the latest trends. ● In addition to a stately tiled facade, the property is fully equipped with premium household facilities. ● Adjacent to the Shibuya and Ebisu areas, which are leading shopping spots in central Tokyo. 	<ul style="list-style-type: none"> ● Located in the Shin-Yokohama area, which provides convenient transportation access. ● In addition to an elegant facade, the building is fully equipped with premium household facilities. ● Access to central Tokyo will improve considerably with the opening of direct services linking the Sagami and Tokyu railway lines.

Portfolio List (at the end of the 3rd Fiscal Period)

Asset type	Residence	Residence	Residence	Logistics	Logistics	Logistics
Property name	Urban Park Namba	Urban Park Gokokuji	Urban Park Kasjowa	Iwatsuki Logistics	Yokohama Logistics	Funabashi Logistics
						
Acquisition price	1,490 million yen	1,460 million yen	1,186 million yen	6,942 million yen	3,560 million yen	7,875 million yen
Appraisal value	1,610 million yen	1,510 million yen	1,190 million yen	7,010 million yen	3,950 million yen	8,340 million yen
Structure/Floors	RC 14F	RC B1F/5F	SRC B1F/8F	Steel construction, zinc plated steel roofing, 5 floors	RC 8F	Building 1: Steel construction, flat roof, zinc-plated steel roofing, 8 floors Building 2: Reinforced concrete structure
Location	Osaka City, Osaka	Toshima Ward, Tokyo	Kashiwa City, Chiba	Saitama City, Saitama	Yokohama City, Kanagawa	Funabashi City, Chiba
Lot area	670.39 m ²	942.66m ²	1,597.85m ²	15,623.14 m ²	10,565.95 m ²	19,858.00 m ²
Total floor areas	2,776.87 m ²	2,451.72m ²	4,243.71m ²	29,729.72 m ²	18,395.07 m ² (including 263.33m ² break areas etc.)	38,871.45 m ² (two buildings combined)
Property Features	<ul style="list-style-type: none"> ● Located near Namba, one of Osaka's leading commercial areas. ● In addition to an elegant facade, the building is fully equipped with premium household facilities. ● The influx of population into central Osaka due to the impact of strong in-bound demand has had a stabilizing effect on occupancy rates. 	<ul style="list-style-type: none"> ● Located in an area with strong demand from various tenant groups for single-type residences, due to the location characteristics of having concentration of universities and junior colleges as well as Toshima ward having a relatively high ratio of single households. 	<ul style="list-style-type: none"> ● Located in the Kashiwa area, a leading bed town in Chiba, with an excellent access to Central Tokyo. ● Further medium to long-term growth is expected in the area, with completion of various redevelopment plans in front of Kashiwa Station. 	<ul style="list-style-type: none"> ● Located in the Iwatsuki area, which offers access to the central Tokyo, northern Kanto, and Tohoku areas. ● Equipped with specifications that offer a high level of versatility, such as the vehicle berths, floor height, and column interval. ● The property is situated in a zone of Saitama City that offers incentives for logistics facilities and therefore benefits from considerable government support. 	<ul style="list-style-type: none"> ● Located in the Yokohama bay area, where there are many logistics facilities. ● Equipped with specifications that offer a high level of versatility, such as vehicle berths, floor height, and column interval. ● In addition to accessing Central Tokyo, it is possible to access the wider Tokyo area thanks to the opening of the Shinagawa section of the Shuto Expressway Central Circular Route. 	<ul style="list-style-type: none"> ● Located in the Chiba bay area, where there are many logistics facilities. ● Equipped with specifications that offer a high level of versatility, such as vehicle berths, floor height, and column interval. ● In addition to accessing Central Tokyo, it is possible to access the wider Tokyo area thanks to the opening of the Gaikan Expressway

Portfolio List (at the end of the 3rd Fiscal Period)

Asset type	Logistics	Logistics	Hotel	Hotel	Hotel	Hotel
Property name	Baraki Logistics	Tokorozawa Logistics	R&B Hotel Umeda East	Smile Hotel Namba	Best Western Tokyo Nishi-kasai	Best Western Yokohama
						
Acquisition price	4,700 million yen	1,300 million yen	2,069 million yen	1,750 million yen	3,287 million yen	3,248 million yen
Appraisal value	4,890 million yen	1,400 million yen	2,300 million yen	1,750 million yen	3,890 million yen	3,270 million yen
Structure/Floors	RC S 5F	S 2F	RC 9F	S 9F	SRC B1F/9F	SRC B1F/9F
Location	Ichikawa City, Chiba	Tokorozawa City, Saitama	Osaka City, Osaka	Osaka City, Osaka	Edogawa Ward, Tokyo	Yokohama City, Kanagawa
Lot area	6,242.76m ²	8,645.63m ²	730.26 m ²	285.28 m ²	1,418.00m ²	782.66m ²
Total floor areas	12,471.50 m2	5,994.75 m2	3,945.65 m ²	1,711.42 m ²	5,293.88m ²	4,686.09m ²
Property Features	<ul style="list-style-type: none"> ● A multi-tenant logistics facility located near the Wangan Ichikawa IC of the East Kantō Expressway. ● Enjoys good access to Central Tokyo as well as the consumption areas throughout Chiba, allowing tenants to respond to the needs of e-commerce operators. ● Located within approx. 5-minute walk from Futamata-Shinmachi station on the JR Keiyo Line, allowing for securement of employees. ● Property with highly versatile specifications, including one passenger elevator, two freight elevators, a floor height of approx. 6.5 m and a pillar span of approx. 9 m-11 m. ● Fully occupied by foreign companies and foreign 3PL companies. 	<ul style="list-style-type: none"> ● A multi-tenant logistics facility used also as a warehouse, located around 8.7 km from the Tokorozawa IC on the Kan-Etsu Expressway. ● Good access to Central Tokyo, and also capable of covering a wide range of destinations for consumption in the Tokyo Metropolitan area with the opening of the Gaikan Expressway and the Metropolitan Inter-City Expressway. ● Property with highly versatile specifications, including two freight elevators, a floor height of approx. 5.5 m-6.0 m, and a pillar span of approx. 9.5 m. 	<ul style="list-style-type: none"> ● Located near Umeda, one of Osaka's leading office and commercial areas. ● With over 200 single-occupancy rooms, the hotel is able to accommodate significant business- and tourism-based demand. ● Due to the impact of strong in-bound demand in Osaka, further hotel demand is expected. 	<ul style="list-style-type: none"> ● Located near Umeda, one of Osaka's leading office and commercial areas. ● In addition to excellent access to Namba, located near Osaka Dome, addressing multiple business- and tourism-based demand. ● Due to the impact of strong in-bound demand in Osaka, further hotel demand is expected. 	<ul style="list-style-type: none"> ● A business hotel located within approx. a 2-minute walk from Nishikasai Station of Tokyo Metro Tozai Line. ● Excellent location characteristics that can attract a fair amount of Tokyo Disneyland-related leisure travelers, as it stands in a straight-line distance of approx. 4 km away from Tokyo Disneyland. ● A hotel with great appeal to a variety of guests with various types of guest rooms depending on the intended use. 	<ul style="list-style-type: none"> ● A business hotel located within approx. 4-minute walk from "Tsurumi" Station on the JR Keihin Tohoku Line and a 3-minute walk from "Keikyu Tsurumi" Station on the Keihin Kyuko Line. ● Excellent location characteristics that can attract both business travelers and leisure travelers, as its location has good access to the major areas in Kanagawa including Yokohama and Kawasaki as well as to Haneda Airport. ● A hotel with great appeal to a variety of guests with various types of guest rooms depending on the intended use.

Balance of Payments of Individual Properties for the 3rd Fiscal Period

(Unit: thousand yen)

	OFC-01	OFC-02	OFC-03	OFC-04	OFC-05	OFC-06	OFC-07	OFC-08	OFC-09	
	Minami-Azabu Shibuya Building	Oak Minami-Azabu	Honmachiba shi Tower	Nishi-Shinjuku Matsuya Building	Alphabet Seven	Shibuya MK Building	Hakata-eki Higashi 113 Building	Asahi Building	Hakata-eki East Place	Office Total
Total of revenue real estate lease	101,065	90,483	213,184	85,242	74,404	65,208	76,510	206,673	59,678	972,452
Lease business revenue	80,932	84,981	187,799	77,055	69,584	57,025	65,901	190,210	53,360	866,851
Other lease business revenue	20,133	5,501	25,385	8,186	4,819	8,183	10,608	16,463	6,318	105,600
Total of expenses - real estate lease	36,980	40,973	59,968	33,246	16,668	19,881	28,547	56,937	12,767	305,882
PM fees	5,567	10,408	14,480	6,544	4,917	4,518	7,379	15,483	5,008	74,308
Trust fees	400	332	400	400	400	350	350	400	256	3,288
Utilities expenses	6,510	9,571	21,466	6,624	4,717	3,388	6,726	17,394	4,407	80,806
Insurance expenses	126	165	385	137	107	46	133	382	117	1,602
Repair expenses	13,847	1,924	1,268	998	593	5,024	6,164	3,728	393	33,943
Taxes and public dues	4,575	16,867	19,683	3,222	5,768	4,192	5,073	16,021	46	75,452
Other	5,863	1,705	2,284	15,319	163	2,360	2,719	3,526	2,538	36,479
NOI	64,174	49,509	153,216	51,995	57,736	45,327	47,963	149,736	46,910	666,570
Depreciation	10,269	6,734	44,813	6,078	2,909	2,523	5,463	21,633	4,228	104,655
Income from real estate property leasing	53,904	42,775	108,402	45,916	54,826	42,803	42,500	128,103	42,682	561,914
Capital expenditures	14,647	14,293	1,066	34,831	36,591	1,781	5,125	11,304	2,473	122,115
NCF	49,527	35,216	152,149	17,164	21,144	43,545	42,838	138,431	44,436	544,454

Balance of Payments of Individual Properties for the 3rd Fiscal Period

(Unit: thousand yen)

	RSC-01	RSC-02	RSC-04	RSC-05	RSC-06	RSC-07	Residence Total
	Urban Park Azabujuban	Urban Park Daikanyama	Urban Park Shin- Yokohama	Urban Park Namba	Urban Park Gokokuji	Urban Park Kashiwa	
Total of revenue real estate lease	53,167	186,978	69,134	47,894	51,274	23,527	431,977
Lease business revenue	52,006	176,966	67,537	45,367	46,087	22,488	410,453
Other lease business revenue	1,161	10,012	1,596	2,527	5,186	1,039	21,524
Total of expenses - real estate lease	11,356	38,144	21,008	14,205	18,331	3,446	106,494
PM fees	2,067	8,640	4,653	2,531	3,795	1,287	22,976
Trust fees	350	350	350	350	400	224	2,024
Utilities expenses	503	4,351	791	505	2,221	413	8,786
Insurance expenses	62	211	169	68	57	59	629
Repair expenses	4,150	6,703	3,639	2,856	5,637	687	23,675
Taxes and public dues	2,738	10,836	4,721	2,880	35	12	21,225
Other	1,484	7,051	6,681	5,014	6,183	761	27,176
NOI	41,810	148,833	48,125	33,689	32,943	20,080	325,483
Depreciation	3,995	12,095	16,442	7,494	3,932	4,133	48,093
Income from real estate property leasing	37,815	136,738	31,682	26,194	29,011	15,946	277,389
Capital expenditures	1,338	-	-	-	2,986	3,974	8,299
NCF	40,472	148,833	48,125	33,689	29,956	16,106	317,184

Balance of Payments of Individual Properties for the 3rd Fiscal Period

(Unit: thousand yen)

	LGC-01	LGC-02	LGC-03	LGC-04	LGC-05	
	Iwatsuki Logistics	Yokohama Logistics	Funabashi Logistics	Baraki Logistics	Tokorozawa Logistics	Logistics facility Total
Total of revenue real estate lease	200,448	Not disclosed	255,139	Not disclosed	Not disclosed	687,009
Lease business revenue	187,713		238,087			648,360
Other lease business revenue	12,734		17,051			38,649
Total of expenses - real estate lease	32,919		53,054			122,538
PM fees	5,501		11,308			24,224
Trust fees	350		600			1,998
Utilities expenses	12,734		14,848			36,987
Insurance expenses	291		423			1,062
Repair expenses	-		1,927			3,424
Taxes and public dues	14,042		23,699			51,836
Other	-		247			3,004
NOI	167,528		202,084			564,471
Depreciation	46,434		26,353			100,238
Income from real estate property leasing	121,093		175,731			464,232
Capital expenditures	-		5,091			49,689
NCF	167,528		196,992			514,781

Balance of Payments of Individual Properties for the 3rd Fiscal Period

(Unit: thousand yen)

	HTL-01	HTL-02	HTL-03	HTL-04	Hotel Total	Total
	R&B Hotel Umeda East	Smile Hotel Namba	Best Western Tokyo Nishi-kasai	Best Western Yokohama		
Total of revenue real estate lease	64,297	50,819	54,847	51,375	221,339	2,312,779
Lease business revenue	64,297	50,819	54,058	51,375	220,550	2,146,216
Other lease business revenue	-	-	789	-	789	166,563
Total of expenses - real estate lease	6,964	3,683	1,798	1,739	14,185	549,100
PM fees	742	660	775	775	2,952	124,462
Trust fees	350	550	256	256	1,412	8,724
Utilities expenses	10	-	-	-	10	126,591
Insurance expenses	121	57	87	74	341	3,635
Repair expenses	329	-	671	624	1,624	62,667
Taxes and public dues	5,383	2,303	4	4	7,694	156,208
Other	27	112	4	5	149	66,810
NOI	57,333	47,136	53,048	49,635	207,154	1,763,678
Depreciation	9,080	11,882	6,285	7,239	34,488	287,475
Income from real estate property leasing	48,253	35,253	46,762	42,396	172,665	1,476,202
Capital expenditures	312	1,780	7,922	-	10,015	190,119
NCF	57,020	45,356	45,125	49,635	197,138	1,573,558

Organizational Framework of Asset Manager (As of the End of 3rd Fiscal Period)

President and CEO
Atsushi Kato



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

Organization Chart



Chief Compliance Officer
Kazuaki Fujii

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

Investment Management Division

Director and CIO
Yoshikuni Taguchi



Real Estate Appraiser
Joined Star Asia Investment Management Co., Ltd. after working at Urban Development Real Estate Appraisers, Ken Corporation Ltd., Canal Investment Trust Co., Ltd. (currently, Heiwa Real Estate Asset Management Co., Ltd.) and Prudential Real Estate Investors (Japan) K.K. (currently, PGIM Real Estate (Japan) Ltd.)

Manager
(Male)

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

Manager
(Male)

Was involved in asset management of a total of over 100 billion yen at an operating company for a leading logistics REIT, prior to which he was in charge of acquisitions, AM and finance tasks at a foreign-affiliated real estate investment company.

Manager
(Female)

As a member of a startup team for a property management (PM) company, she was involved in PM tasks for office and commercial facilities with a total value of over 30 billion yen entrusted by private placement funds, individual owners, etc. Played an active role as a leader of AM middle-back tasks using experience from former duties.

Manager
(Female)

Was in charge of cash management, leasing management, accounting, construction management tasks, etc. at an operating company of a leading REIT. Is in charge of AM middle-back tasks using experience from former duties.

Finance Management Division

Director and CFO
Toru Sugihara



After being involved in the investment banking business at Nomura Securities Co., Ltd., he worked at Barclays Securities Japan Limited and Kenedix, Inc. and joined Star Asia Management Japan, Ltd.

Manager
(Female)

Involved in IR, management planning tasks, etc. in the general construction industry. Using experience obtained thereafter in startup work for an overseas base of a different business, is currently in charge of general financial management tasks while primarily working in IR.

Manager
(Male)

Certified Public Accountant After gaining experience as a member of an audit team of a REIT at an accounting office, he was involved in tasks of the planning department at a leading investment advisory company. Using his expert knowledge, he also contributes to the formulation of management strategies.

Manager
(Female)

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

Associate
(Female)

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

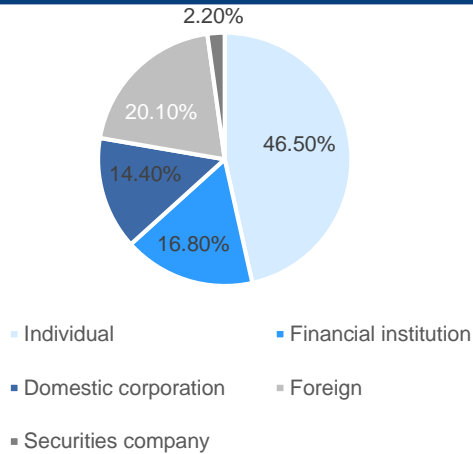
Star Asia Management Japan Limited
(Construction Management department)
Tatsuji Ishii

the functions at foreign real estate funds by hiring personnel who were in charge of ① implementing capital expenditure and making repair plans with an aim to enhance value and maintain functions upon acquiring real estate and ② supervising construction work such as renewal and repair work after the acquisition of real estate

Status of Unitholders at the End of 3rd Fiscal Period ended July 2017

■ Number of Investment Units by Unitholder Type:

Total 414,300 units



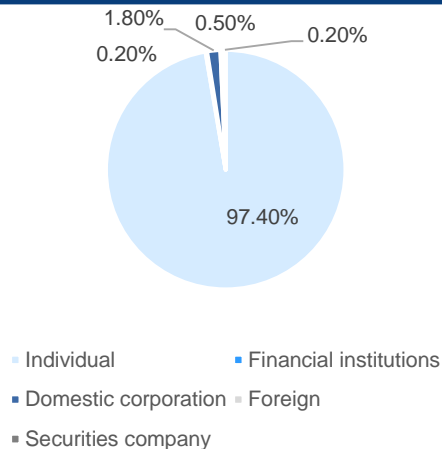
Category	Ratio	No. of investment units
Individual	46.5%	192,602
Financial institution	16.8%	69,704
Domestic corporation	14.4%	59,641
Foreign	20.1%	83,275
Securities company	2.2%	9,078

■ List of major unitholders (Top 10)

	Unitholder name	Number of investment units	Unitholding ratio
1	Star Asia Capital Japan GK	39,480	9.5%
2	Japan Trustee Services Bank, Ltd (Trust account)	23,005	5.6%
3	The Master Trust Bank of Japan ,Ltd. (Trust account)	15,104	3.6%
4	STAR ASIA CAPITAL I LLC	14,325	3.5%
4	STAR ASIA CAPITAL II LLC	14,325	3.5%
4	STAR ASIA CAPITAL III LLC	14,325	3.5%
4	STAR ASIA CAPITAL IV LLC	14,325	3.5%
8	Trust & Custody Services Bank, Ltd. (Securities investment trust account)	11,900	2.9%
9	UBS Securities LLC - HFS Customer Segregated Account	9,972	2.4%
10	The Nomura Trust and Banking Co., Ltd. (Trust account)	9,403	2.3%
Total		166,164	40.1%

■ Number of Unitholders by Unitholder Type:

Total 17,048



Category	Ratio	No. of persons/entities
Individual	97.4%	16,608
Financial institutions	0.2%	28
Domestic corporation	1.8%	306
Foreign	0.5%	80
Securities company	0.2%	26

* The ratio of investment units held expressed as a percentage of total number of investment units issued and outstanding is rounded to the nearest first decimal place.

* Japan CRE Securitization Series 1 GK has changed its name to Star Asia Capital Japan GK.

* Star Asia Capital Japan and Star Asia Capital I-IV LLC are the sponsor group companies.

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