

March 2, 2020

For Immediate Release

Real Estate Investment Trust Securities Issuer
Star Asia Investment Corporation
Representative: Atsushi Kato, Executive Director
(Code:3468)

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Notice Concerning Acquisition and Transfer of
Trust Beneficiary Interest in Domestic Real Estate (Fifth Asset Replacement)

Star Asia Investment Management Co., Ltd. (the “Asset Manager”), to which Star Asia Investment Corporation (“SAR”) entrusts the management of its assets, announces today its decision to acquire domestic real estate beneficiary interests in trust of the “Urban Park Ichigao (Note)” and “Urban Park Gyotoku (Note)” (hereinafter referred to as the “Assets to be Acquired”, and the acquisition of the Assets to be Acquired is referred to as the “Acquisition”), and transfer the domestic real estate beneficiary interest in trust of the “Alphabet Seven” (hereinafter referred to as the “Asset to be Transferred”, and the transfer of the Asset to be Transferred is referred to as the “Transfer” and collectively with the Acquisition, the “Asset Replacement”).

Asset replacements are a part of “active management” which is advocated by SAR and by the Asset Manager. As with previous four asset replacements, SAR considers that the Asset Replacement will enhance our portfolios and will realize gain on sales (planned) through the Transfer and, as a result, these will contribute to maximization of unitholders’ value.

(Note) Although property names are “Chrysanthemum Ichigao” and “La Soeur Gyotoku” as of today, these names are scheduled to be changed immediately after acquisition by SAR.

1. Reason for Asset Replacement

The Asset Manager continues to regard the asset replacement strategy as an important measure for active management, and have conducted asset replacements four times since SAR’s listing. As a result, asset replacements have brought enhancing our portfolios and SAR has realized 2.69 billion yen of total gain on sales through selling properties in connection with asset replacements.

In this Asset Replacement as well, SAR is transferring an office building which is 30-year old and for which repair costs and capital expenditures are anticipated to increase in the future, and acquire residential housing located in the Tokyo suburban area which is expected to contribute to the stability of portfolio income. By the Transfer, a gain on sale totaling approximately JPY 1.61 billion is expected to be realized. Furthermore, as announced in the press release today entitled “Notice Concerning Execution of a Merger Agreement by and between Star Asia Investment Corporation and Sakura Sogo REIT Investment Corporation”, SAR and Sakura Sogo REIT Investment Corporation are scheduled to merge subject to receiving approval by the unitholders’ meetings of the respective investment corporations, and it was decided to go forward with the Asset Replacement as it was conceived that the “Asset Replacement” would contribute to the maximization of unitholders’ value of the post-merger investment corporation. Please refer to the below for details.

“Alphabet Seven” which is the Asset to be Transferred is an office property located in the central Tokyo, and has maintained a high occupancy rate since it was acquired. Also, even as of the end of January 2020, a rent gap (Note1) existed and it is believed that there is still room for increase of rents. However, the Asset to be Transferred was completed in January 1990, and life cycle costs such as repair costs and capital expenditures are anticipated to increase going forward. Also, the area in which the Asset to be Transferred is located has been subject to changes to usage classifications since construction, and therefore, upon rebuilding, office-use buildings can no longer be

constructed. Taking such circumstance into consideration, the property was positioned as candidate property for potential transfer, and we have sought potential transferees that could incorporate the value of future redevelopment. As a result, we confirmed a purchaser candidate who could give value to the Asset to be Transferred for both its current profitability plus value as a future redevelopment site, and it was also conceived that SAR is highly likely to realize a gain on sale, and therefore, it was determined that choosing to “transfer” rather than “hold” would be the best option to maximize the value for unitholders.

On the other hand, we consider that Urban Park Ichigao and Urban Park Gytoku, Assets to be Acquired, will contribute to the stability of incomes from our portfolio. Reasons are as below.

<Urban Park Ichigao>

- The property is located at approximately a 4-minute walk from “Ichigao” station on the Den-en-toshi Line. Surrounding “Ichigao” station, there are many quiet residential areas, and the station also has excellent and convenient access to the center areas of Tokyo and Yokohama by use of the Tokyo Den-en-toshi Line, and the area has steady demand and is especially appealing to families.
- Layouts mainly range between 2LDK to 3LDK arrangements (exclusive area: 62.36 m^2 - 79.76 m^2) targeting families, with a total of 62 housing units, and stable occupancy can be expected.

<Urban Park Gytoku>

- The property is located at approximately a 3-minute walk from “Minami-Gytoku” station on the Tokyo Metro Tozai Line, in Ichikawa City of Chiba Prefecture where there is a concentration of large area transport lines which connect central Tokyo and various areas within Chiba Prefecture. In particular, with respect to railway networks, it is an area where the JR Sobu Line, Keiyo Line, Musashino Line, Keisei Main Line, Tokyo Metro Tozai Line, Toei Shinjuku Line, and Hokusio Line are available for use. The nearest station “Minami-Gytoku” station is within a 20-minute ride from “Otemachi” station and “Nihonbashi” station, and it is an area where housing demand is anticipated among a wide-range of residents centering around families but also DINKS and singles. Layouts for all 40 housing units are 3DK (exclusive area of 58.43 m^2), and has a stable occupancy rate given its high appeal to DINKS and families.

As mentioned above, the Asset Replacement can accomplish both enhancing our portfolios and realizing gain of sales, and SAR considers that it will contribute to maximization of unitholders’ value.

(Note1) The rent gap means the difference between the assumed market average rent of the surrounding area and contracted average rent. The assumed market average rent of the surrounding area is based on assessment of rent (median of the range) provided by CBRE. CBRE defined this figure as the moderate monthly rent per tsubo, comprehensively considering leasing transactions of the Asset to be Transferred and surrounding competing assets in the neighboring area and the market condition, under the assumption that tenants seeking is carrying out in each timing of rent assessment and new contract is concluded by a floor unit. Contracted average rent is calculated by the whole rent of all tenants of asset to be transferred at the timing of assessing the rent divided by operated area and includes common service fee, but free rent and rent holiday as of such date are not considered and don’t include tax.

2. Summary of Assets to be Acquired and Asset to be Transferred

(1) Overview of Assets to be Acquired

A) RSC-10 Urban Park Ichigao

Asset to be acquired	Beneficiary interest in trust whose main asset is domestic real estate
Property name	Urban Park Ichigao
Location	Aoba-ku, Yokohama-shi, Kanagawa
Asset type	Residence
Date of execution of purchase agreement	March 2, 2020
Planned acquisition date	March 13, 2020
Seller	HASEKO Real Estate Development, Inc.
Planned acquisition price (Note)	1,810 million yen
Acquisition financing	New planned borrowing and cash on hand

(Note) With respect to the “Planned acquisition price”, the planned sale and purchase proceeds stated in the agreement with the seller with respect to the Asset to be Acquired is stated, with the amount under one million yen rounded to the nearest million yen. The planned sale and purchase proceeds do not include consumption tax or local consumption tax or expenses required for the acquisition. The same applies below.

B) RSC-11 Urban Park Gyotoku

Asset to be acquired	Beneficiary interest in trust whose main asset is domestic real estate
Property name	Urban Park Gyotoku
Location	Ichikawa-shi, Chiba
Asset type	Residence
Date of execution of purchase agreement	March 2, 2020
Planned acquisition date	March 13, 2020
Seller	LIXIL Reality Corporation
Planned acquisition price	1,430 million yen
Acquisition financing	New planned borrowing and cash on hand

(2) Overview of Asset to be Transferred

OFC-05 Alphabet Seven

Asset to be Transferred	Quasi-co-ownership of beneficiary interest in trust whose main asset is domestic real estate
Property name	Alphabet Seven
Location (Indication of residential address)	7-6-38, Akasaka, Minato-ku, Tokyo
Asset type	Office
Date of execution of sales agreement	March 2, 2020
Planned transfer date	1st (40% quasi-co-ownership) : July 1, 2020 2nd (60% quasi-co-ownership) : December 1, 2020
Planned transferee	Kanden Realty & Development Co., Ltd.
Planned sales price (Note1)	1st (40% quasi-co-ownership) : 1,400 million yen 2nd (60% quasi-co-ownership) : 2,100 million yen Total : 3,500 million yen
Book value (Note2)	1,841 million yen
Gain (loss) on transfer (estimate) (Note3)	1st (40% quasi-co-ownership) : 642 million yen 2nd (60% quasi-co-ownership) : 970 million yen
Use of gain on transfer	To be appropriated to purchase proceeds for the Asset to be Acquired and a part of future merger related expenses.

(Note 1) The sales prices of the Asset to be Transferred stated in the sales and purchase agreements for the Asset to be Transferred (excluding transfer expenses, consumption tax and local consumption tax) are stated.

(Note 2) Book value as of the end of January 2020 is stated.

(Note 3) Estimated gains and losses on the transfer based on the book value as of the end of January 2020 are stated. Actual gain or loss on transfer may differ from the above estimated amount.

3. Details of Assets to be Acquired

(1) RSC-10 Urban Park Ichigao

Property No.	RSC-10	Property name	Urban Park Ichigao	Type	Residence
Overview of specified asset					
Type of specified asset	Beneficiary interest in trust		Trustee	Sumitomo Mitsui Trust Bank, Limited	
Planned acquisition price	1,810 million yen		Planned acquisition date	March 13,2020	
Appraised value	1,850 million yen		Seller	HASEKO Real Estate Development, Inc.	
Location	1170-1, Ichigaocho, Aoba-ku, Yokohama-shi, Kanagawa, etc.				
Indication of residential address	1170-1, Ichigaocho, Aoba-ku, Yokohama-shi, Kanagawa				

Nearest station		Approx. 4-minute walk from “Ichigao” Station on Tokyu-Den-en-toshi Line				
Land	Type of ownership	Proprietary ownership				
	Site area	1,758.84㎡	Use district	Neighborhood commercial district		
	Building coverage ratio	80%	Floor area ratio	300%		
Building	Type of ownership	Proprietary ownership				
	Total floor area	5,243.85㎡	Use	Residence / Office / Parking lot		
	Construction completion	July 10, 1998	Structure and floors	Reinforced concrete (RC) structure, flat rooftop, 1 basement floor, and 8 floors above ground.		
Property management company		Haseko Livenet, Inc.	Master lease company	Haseko Livenet, Inc.		
Type of master lease		Pass-through	Security	Unsecured		
Trust expiration date		March 31,2030				
Status of leasing						
Total leasable are		4,322.95㎡	Monthly rent (including common area maintenance fee)	8,765,200 yen		
Total leased area		4,260.27㎡	Security and guarantee deposits	17,310,200 yen		
Total number of tenants		62				
Occupancy rate						
		September 2019	October 2019	November 2019	December 2019	January 2020
		92.1%	95.0%	95.0%	98.6%	98.6%
Special notation						
Not applicable.						

Property information and acquisition highlight based on the survey by the Asset Manager

(1) Property Description

The property is a family type apartment building composed of a total of 62 housing units with mainly 3LDK layout, and located at approximately a 4-minute walk from "Ichigao" station on the Den-en-toshi Line. "Ichigao" station has good access to various places within central Tokyo, as it takes approximately 38 minutes to "Shibuya" station, and approximately less than one hour to "Otemachi" station due to mutual operation with the Hanzomon Line. Surrounding the property are administrative agencies such as the Aoba Ward Office and the public hall etc., and also, there are many parks and pedestrian paths, and there are many living convenience facilities gathered in front of the station, and therefore the property has high appeal towards families who are seeking residences which integrate living convenience with nature.

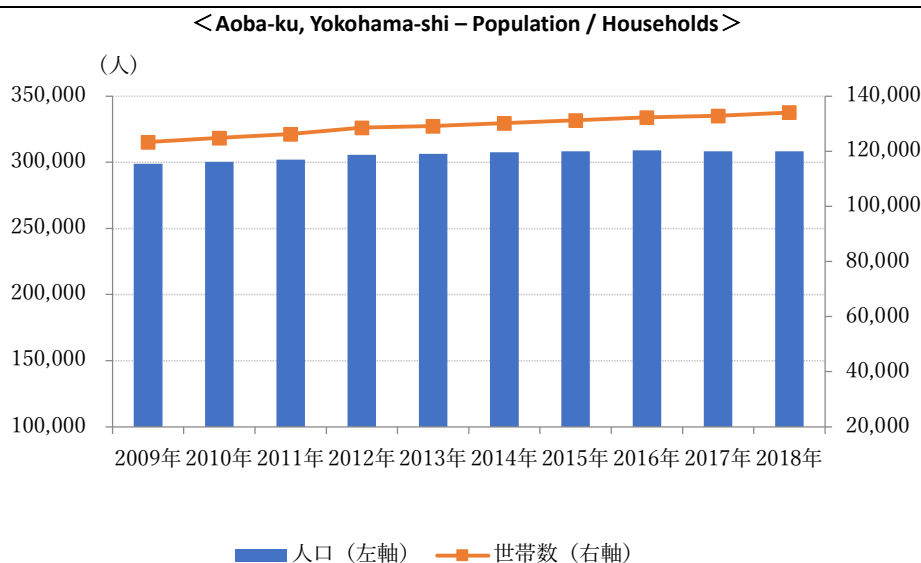
(2) Acquisition Highlight

The property is expected to be acquired under a bilateral negotiated transaction through the individual relationship of the Asset Manager.

Demographic analysis etc., market analysis and independent analysis by the Asset Manager

(1) Demographic analysis, etc

The population of Aoba Ward of Yokohama City has remained more or less flat and the number of households is increasing, and therefore, the Asset Manager believes that it is an area where stable population increase can be expected going forward.



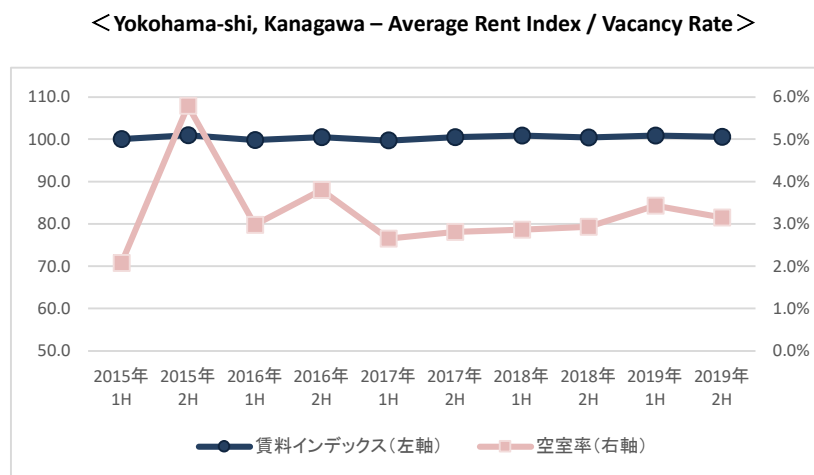
(Note) For the years from 2009 to 2013, the figures are as of the end of the fiscal year (March 31) of each year, and for the years from 2014 to 2018, the figures are as of January 1 of each year.

Source: Prepared by the Asset Manager based on the “Survey on Population, Demography and Number of Households based on the Basic Resident Registration Cards” by the Ministry of Internal Affairs and Communications Statistics Bureau.

(2) Market Analysis

As shown in the transition of the rent index in the graph below, rent level in Yokohama City of Kanagawa Prefecture has been more or less flat since the first half of 2015 and has remained stable.

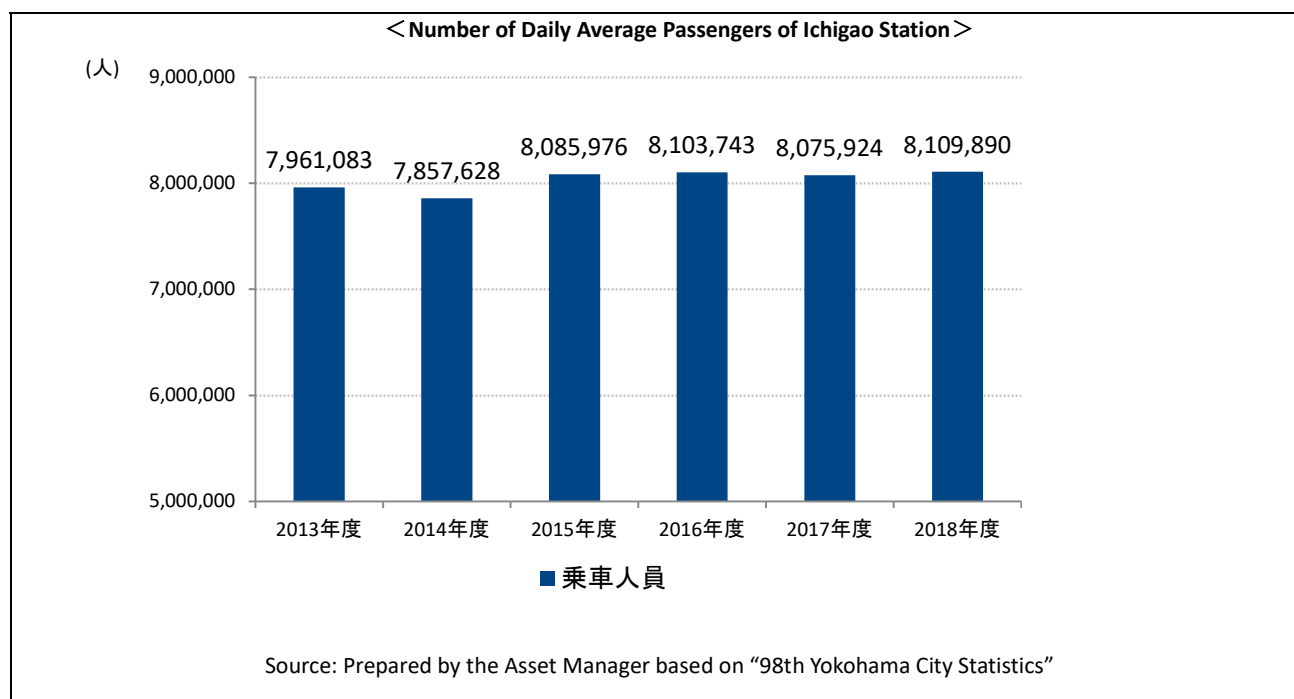
Regarding vacancy rates, as shown in the transition in the graph below, the vacancy rate once increased towards the latter half of 2015. However, since then it has stabilized at a low level of around 3.0% up to the latter half of 2019. Given the historical trend in the area, the Asset Manager believes that the vacancy rate will continue to be flat going forward.



Source: Data disclosed by listed REITs (prepared by Japan Real Estate Institute (“JREI”) based on residences in Yokohama City of Kanagawa Prefecture (however, excluding the properties which were sold or purchased during the above periods); 1H means 1st half of the year (January to June), and 2H means latter half of the year (July to December).)

(3) Individual Analysis by the Asset Manager

The number of passengers using Ichigao station on the Den-en-toshi Line has shown an increasing trend since fiscal year 2014, and the Asset Manager believes that this trend will continue in the future.



Comprehensive evaluation by SAR: Evaluation on income stability

Due to the reasons stated below, SAR believes that the property will be able to obtain stable income in the mid- to long-term, and also that in the future growth in income can be anticipated through increase in rents etc.

- (1) The fact that the property is located at a favorable location being a 4-minute walk from “Ichigao” station on the Tokyu Den-en-toshi Line. “Ichigao” station has good access to various places within central Tokyo, as it is approximately 38 minutes to “Shibuya” station, and approximately less than one hour to “Otemachi” station due to mutual operation with the Hanzomon Line, and is highly appealing to DINKS and families.
- (2) The population of Aoba Ward of Yokohama City has remained more or less flat and the number of households is increasing, and therefore, it can be determined that it is an area where stable population increase can be anticipated going forward.

(2) RSC-11 Urban Park Gyotoku

Property no.	RSC-11	Property name	Urban Park Gyotoku		Type	Residence
Overview of specified asset						
Type of specified asset		Beneficiary interest in trust		Trustee	Sumitomo Mitsui Trust Bank, Limited	
Planned acquisition price		1,430 million yen		Planned acquisition date	March 13, 2020	
Appraised value		1,500 million yen		Seller	LIXIL Reality Corporation	
Location		1-19-4, Minamigyotoku, Ichikawa-shi, Chiba, etc.				
Indication of residential address		1-19-5, Minamigyotoku, Ichikawa-shi, Chiba				
Nearest station		Approx. 3-minute walk from “Minami-Gyotoku” Station on Tokyo Metro Tozai Line				
Land	Type of ownership	Proprietary ownership				
	Site area	1,122.57 m ²	Use district		Neighborhood commercial district	
	Building coverage ratio	80%	Floor area ratio		300%	
Building	Type of ownership	Proprietary ownership				
	Total floor area	3,397.95 m ²	Use		Store / Residence	
	Construction completion	March 24, 1995	Structure and floors		Steel-reinforced concrete (SRC) structure, flat rooftop, 10 floors.	
Property management company		Haseko Livenet, Inc.	Master lease company		Haseko Livenet, Inc.	
Type of master lease		Pass-through	Security		Unsecured	
Trust expiration date		March 31, 2030				
Status of leasing						
Total leasable area		2,976.34 m ²	Monthly rent (including common area maintenance fee)		6,541,000 yen	
Total leased area		2,859.46 m ²	Security and guarantee deposits		29,372,000 yen	
Total number of tenants		40				
Occupancy rate						
		September 2019	October 2019	November 2019	December 2019	January 2020
		94.1%	94.1%	92.1%	94.1%	96.1%
Special notation						
Not applicable.						

Property information and acquisition highlight based on the survey by the Asset Manager

(1) Property Description

The property is located at approximately a three-minute walk from “Minami-Gyotoku” station on the Tokyo Metro Tozai Line, and it is an apartment targeted for families and DINKS composed of a total of 40 housing units with 3DK layout, and with the lower floors being used by stores. “Minami-Gyotoku” station has good access to central Tokyo as it is within a 20-minute ride from “Otemachi” and “Nihonbashi” stations. The property is adjacent to Minami-Gyotoku station road, where there are restaurants, service stores, as well as administrative agencies such as a citizen’s center, and has high appeal to a wide range of people who are looking for living convenience.

(2) Acquisition Highlight

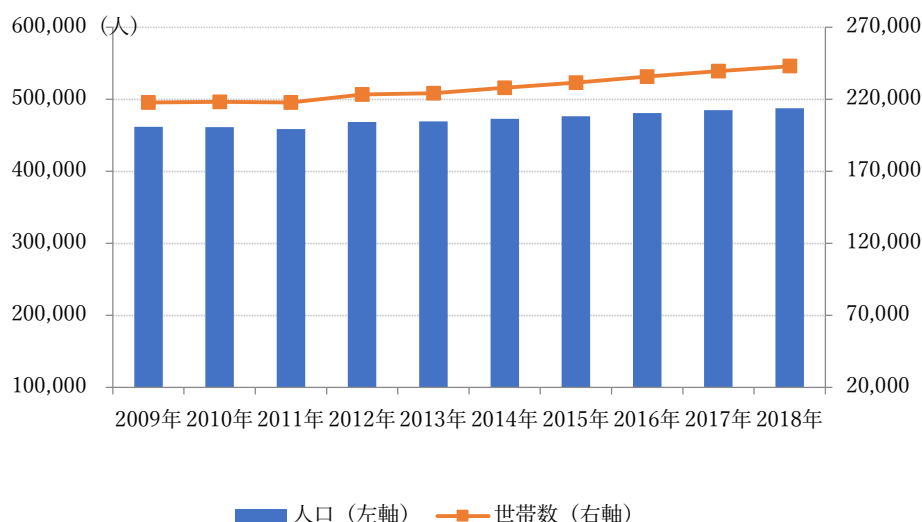
The property is expected to be acquired under a bilateral negotiated transaction through the individual relationship of the Asset Manager.

Demographic analysis etc., market analysis and independent analysis by the Asset Manager

(1) Demographic analysis, etc.

Ichikawa City of Chiba Prefecture has continued to show a trend of slight increase in terms of both the population and the number of households, and therefore, the Asset Manager believes that it is an area where stable population increase can be anticipated going forward.

< Ichikawa-shi, Chiba – Population / Households >



(Note) For the years from 2009 to 2013, the figures are as of the end of the fiscal year (March 31) of each year, and for the years from 2014 to 2018, the figures are as of January 1 of each year.

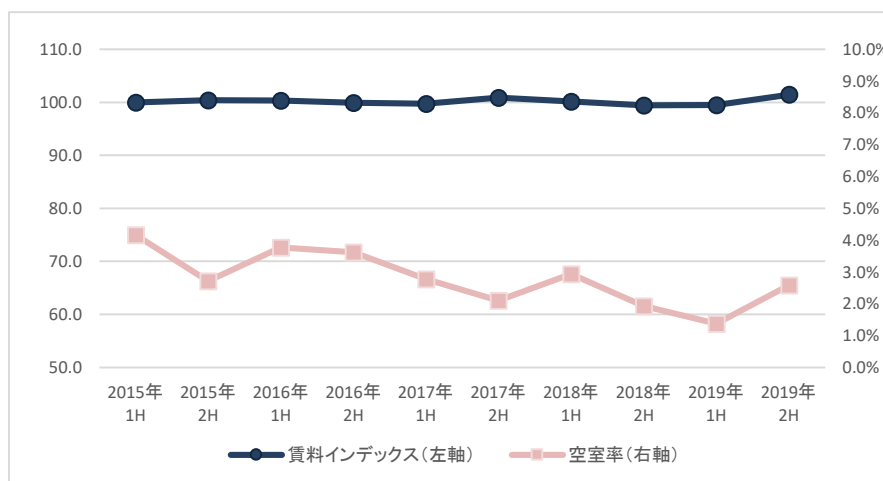
Source: Prepared by the Asset Manager based on the “Survey on Population, Demography and Number of Households based on the Basic Resident Registration Cards” by the Ministry of Internal Affairs and Communications Statistics Bureau.

(2) Market Analysis

As shown in the transition of the rent index in the graph below, rent level in Ichikawa City of Chiba Prefecture has been more or less flat since the first half of 2015 and has remained stable.

Regarding vacancy rates, as shown in the transition in the graph below, the vacancy rate has remained at a low level of less than approximately 4% since the first half of 2015, and given the historical trend in the same area, the Asset Manager believes that the same trend will continue going forward.

< Ichikawa-shi, Chiba – Average Rent Index / Vacancy Rate >

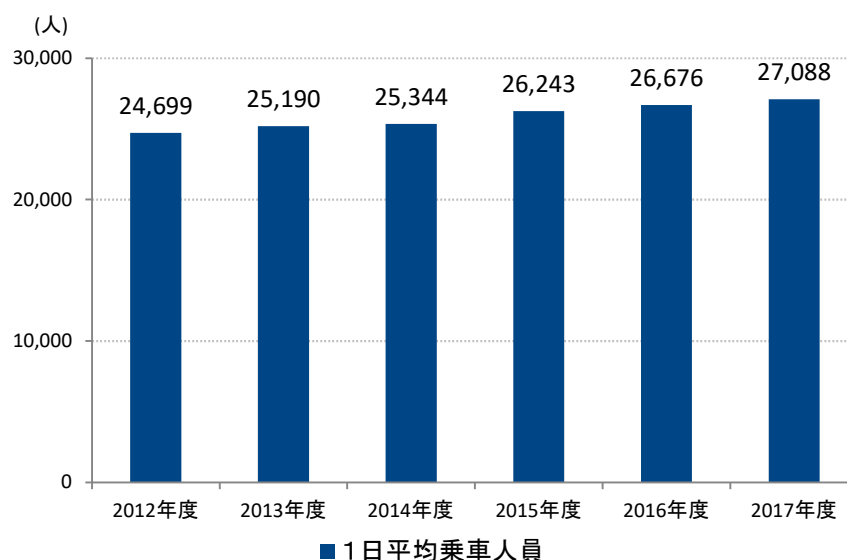


Source: Data disclosed by listed REITs (prepared by JREI based on residences in Ichikawa City of Chiba Prefecture (however, excluding the properties which were sold or purchased during the above periods); 1H means 1st half of the year (January to June), and 2H means latter half of the year (July to December).)

(3) Individual Analysis by the Asset Manager

The number of passengers using Minami-gyotoku station on Tokyo Metro Tozai Line has shown an increasing trend since fiscal year 2012, and the Asset Manager believes that this trend will continue in the future.

< Number of Daily Average Passengers of Minami-gyotoku Station >



Source: Prepared by the Asset Manager based on "Chiba Prefecture Annual Statistics"

Comprehensive evaluation by SAR: Evaluation on income stability

Due to the reasons stated below, SAR believes that the property will be able to obtain stable income in the mid- to long-term, and also that in the future growth in income can be anticipated through increase in rents etc.

- (1) It has a good location being an approximate three-minute walk from "Minami-Gyotoku" station on the Tokyo Metro Tozai Line. "Minami-Gyotoku" station has good access to central Tokyo being within 20 minutes from "Otemachi" and "Nihonbashi" stations, and has high appeal to DINKS and families.
- (2) Ichikawa City of Chiba Prefecture has continued to show a trend of slight increase in terms of both the population and the number of households, and it can be determined that it is an area where stable population increase can be anticipated going forward.

4. Details of Asset to be Transferred

OFC-05 Alphabet Seven

Property No.	OFC-05	Property name	Alphabet Seven		Type	Office
Overview of specified asset						
Type of specified asset		Beneficiary interest in trust		Trustee	Mizuho Trust & Banking Co., Ltd.	
Planned sales price		Total : 3,500 million yen 1st (40% quasi-co-ownership): 1,400 million yen 2nd (60% quasi-co-ownership):2,100 million yen		Planned transfer date	1st (40% quasi-co-ownership) : July 1, 2020 2nd (60% quasi-co-ownership): December 1, 2020	
Location		7-327-1, Akasaka, Minato-ku, Tokyo, etc.				
Indication of residential address		7-6-38, Akasaka, Minato-ku, Tokyo				
Nearest station		Approx. 5-minute walk from “Akasaka” Station on Tokyo Metro Chiyoda Line				
Land	Type of ownership	Proprietary ownership				
	Site area	1286.45㎡	Use district	Category 1 medium-to-high-rise exclusive residential district		
	Building coverage ratio	60%	Floor area ratio	300%		
Building	Type of ownership	Proprietary ownership				
	Total floor area	4,132.80㎡	Use	Office / Residence / Parking lot		
	Construction completion	January 6, 1990	Structure and floors	Reinforced concrete (RC) structure, flat rooftop, 1 basement floor, and 6 floors above ground.		
Property management company		Shimizu Comprehensive Development Corporation		Master lease company	SAR	
Type of master lease		Pass-through		Security	Unsecured	
Trust expiration date		April 30, 2026				
Status of leasing						
Total leasable area		2,464.59㎡	Total number of tenants	10		
Total leased area		2,464.59㎡	Monthly rent (including common area maintenance fee)	11,191,185 yen		
Security and guarantee deposits		94,303,072 yen				

Occupancy rate					
	September 2019	October 2019	November 2019	December 2019	January 2020
	92.1%	100.0%	100.0%	100.0%	100.0%
Special notation					
The relevant building has been subject to changes in usage classifications after being constructed, and therefore, upon rebuilding the relevant building, office-use buildings can no longer be constructed.					

5. Summary of Appraisal Report

(1) Urban Park Ichigao

(Unit: Yen)

Summary of Real Estate Appraisal Report		
Property name	Urban Park Ichigao	
Appraisal value	1,850,000,000 yen	
Appraisal firm	Japan Real Estate Institute	
Date of value	December 1, 2019	
Item	Details	Description, etc.
Indicated value by income approach	1,850,000,000	Estimated by correlation of the indicated value by direct capitalization method and the indicated value by DCF method.
Indicated value of direct capitalization method	1,870,000,000	Assessed by capitalizing the mid- to long-term stable net profits by using the capitalization ratio.
(1) Operating revenue ((a)-(b))	113,099,000	
(a) Gross potential income	119,599,000	Assessed based on appropriate rent levels which are recognized as being stable in the mid- to long-term.
(b) Vacancy loss, etc.	6,500,000	Recorded based on the operational status and trends in supply and demand of similar real estate properties, and the operational status of the subject real estate property.
(2) Operating expenses	27,153,000	
Maintenance and management Fee	4,000,000	Recorded by referring to actual costs in the past fiscal years etc., and taking into account the individual characteristics of the subject real estate property.
Utilities expenses	3,500,000	Recorded by referring to actual costs in the past fiscal years etc., and taking into account the individual characteristics of the subject real estate property.
Repair expenses	5,940,000	Estimated based on repair costs mainly, and by taking into consideration the historical data, the level of similar real estate and ER.
Property management fee	2,144,000	Estimated by reference to fees based on the contracts and taking into accounts of property's specific characteristics.
Tenant leasing cost, etc.	3,233,000	Record the administration fees in relation to soliciting new tenants and renewing leases with existing tenants.
Property taxes	7,863,000	Estimated by taking into consideration materials of taxes and duties and the burden adjustment measures.
Insurance premium	378,000	Record taking into account insurance premiums based on insurance contracts and the insurance premium rates etc. of the subject building and similar buildings.
Other expenses	95,000	Record the CATV facilities usage fees.
(3) Net operating income (NOI=(1)-(2))	85,946,000	
(4) Financial interests on deposits	157,000	Appraised investment return as 1.0%.
(5) Capital expenditures	5,600,000	Estimated by reference to the level of capital expenditures of similar real estate, building age and ER.
(6) Net cash flow (NCF=(3)+(4)-(5))	80,503,000	
(7) Capitalization rate	4.3%	Assessed by adding or subtracting individual factors such as the location of the subject real estate to the base rate, and taking into account the uncertainty of the future and the transaction yield etc. of similar real estate properties.
Indicated value of DCF method	1,820,000,000	
Discount Rate	4.1%	Assessed by referring to the investment yields etc. of similar real estates, and

			comprehensively taking into account the individual characteristics etc. of the subject real estate property.
	Terminal capitalization rate	4.5%	Assessed by referring to the investment yields etc. of similar real estates, and comprehensively taking into account the uncertainty of the future of the subject real estate property.
	Indicated value by cost approach	1,830,000,000	
	Ratio of land	76.5%	
	Ratio of building	23.5%	
	Matters considered in reconciliation of indicated values and determination of appraisal values		Based on the determination that the income value which has authentically replicated the price formation process from the income perspective is more convincing, the value indicated by the income approach has been adopted, and the valuation indicated by the cost approach is used as a mere reference.

(2) Urban Park Gyotoku

(Unit : Yen)

Summary of Real Estate Appraisal Report		
Property name	Urban Park Gyotoku	
Appraisal value	1,500,000,000	
Appraisal firm	The Tanizawa Sogo Appraisal Co., Ltd.	
Date of value	December 1, 2019	
Item	Details	Description, etc.
Indicated value by income approach	1,500,000,000	Appraised by using the value calculated by DCF method as standard and by reference to the value calculated by direct capitalization method.
Indicated value of direct capitalization approach	1,530,000,000	
(1) Operating revenue ((a)-(b))	87,033,243	
(a) Gross potential income	91,835,132	
(b) Vacancy loss, etc.	4,801,889	Assessed by taking into account the average turnover period as an apartment residence.
(2) Operating expenses	19,835,647	
Maintenance and management Fee	2,678,706	Appraised based on the invoice concerning the consignment contract on maintenance and management and examples of actual results of revenue and expenditure.
Utilities expenses	3,393,028	Appraised according to financial performance etc..
Repair expenses	3,074,163	Appraised by reference to repair and renewal expenses in the ER and the level of similar real estate.
Property management fee	1,592,001	Estimated based on the proposal document of terms and conditions.
Tenant leasing cost, etc.	2,884,420	Assessed by making assumptions regarding the annual turnover of tenants.
Property taxes	4,758,700	Appraised according to the actual amount.
Insurance premium	149,130	Based on insurance materials.
Other expenses	1,305,499	Appraised according to financial performance etc..
(3) Net operating income (NOI=(1)-(2))	67,197,596	
(4) Financial interests on deposits	203,821	Appraised investment return as 1.0%.
(5) Capital expenditures	3,320,000	Appraised according to ER and capital expenses in the ER and the level of similar real estate.
(6) Net cash flow (NCF=(3)+(4)-(5))	64,081,417	
(7) Capitalization rate	4.2%	Appraised by reference to the investment caprate etc. of similar real estate.
Indicated value of DCF method	1,490,000,000	
Discount Rate	4.3%	Assessed by calculating the base yield of apartments based on the yield of financial products, and taking into account individual risks.
Terminal capitalization rate	4.4%	Appraised by adding future uncertainty based on the cap rate.
Indicated value by cost approach	1,510,000,000	Estimated by adjusting the replacement cost.
Ratio of land	80.4%	
Ratio of building	19.6%	
Matters considered in reconciliation of indicated values and determination of appraisal values		Determined using the indicated value by income approach as standard and by reference to the indicated value by cost approach.

(3) Alphabet Seven

(Unit : Yen)

Summary of Real Estate Appraisal Report		
Property name	Alphabet Seven	
Appraisal value	2,670,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	January 31, 2020	
Item	Details	Description, etc.
Indicated value by income approach	2,670,000,000	Estimated by correlation of the indicated value by direct capitalization method and the indicated value by DCF method.
Indicated value of direct capitalization approach	2,720,000,000	
(1) Operating revenue ((a)-(b))	142,336,000	
(a) Gross potential income	155,936,000	
(b) Vacancy loss, etc.	13,600,000	Estimated by taking into consideration the current OCC ratio of the property, the current OCC ratio of similar real estate and supply and demand in the future.
(2) Operating expenses	37,423,000	
Maintenance and management Fee	8,100,000	Appraised by reference to historical records and the level of similar real estate.
Utilities expenses	9,700,000	Appraised by reference to historical records and the level of similar real estate.
Repair expenses	2,479,000	Estimated by reference to repair and renewal expenses and the level of similar real estate.
Property management fee	1,973,000	Appraised by reference to the terms of the contract and the level of similar real estate.
Tenant leasing cost, etc.	2,565,000	Appraised by reference to the terms of the contract and the level of similar real estate.
Property taxes	12,427,000	Estimated by taking into consideration the contents of the historical data and the burden adjustment measures.
Insurance premium	179,000	Estimated by taking into consideration the insurance premium based on the insurance contract and the level of similar real estate.
Other expenses	0	None
(3) Net operating income (NOI=(1)-(2))	104,913,000	
(4) Financial interests on deposits	858,000	Appraised investment return as 1.0%.
(5) Capital expenditures	5,150,000	Estimated by reference to repair and renewal expenses in the ER and the level of similar real estate.
(6) Net cash flow (NCF=(3)+(4)-(5))	100,621,000	
(7) Capitalization rate	3.7%	Estimated by taking into consideration the property's competitiveness etc. comprehensively.
Indicated value of DCF method	2,620,000,000	
Discount Rate	3.5%	Estimated by taking into consideration the property's competitiveness etc. comprehensively.
Terminal capitalization rate	3.9%	Appraised by reflecting aging risk, market trend risk, etc.
Indicated value by cost approach	2,690,000,000	Appraised by multiplying the marketability adjustment factor to the sum total of land value and building value.
Ratio of land	92.3%	
Ratio of building	7.7%	
Matters considered in reconciliation of indicated values and determination of appraisal values	Determined using the indicated value by income approach as standard and by reference to the indicated value by cost approach.	

6. Profile of the seller and planned buyer

(1) Seller Profile

① Urban Park Ichigao

Name	HASEKO Real Estate Development, Inc.
Location	2-31-19, Shiba, Minato-ku, Tokyo
Representative	President Satoshi Amano
Main Business Description	1. Sale and purchase, lease, brokerage, and management of real estate properties. 2. Contract construction works, and construction design supervision works. 3.to10. (omitted) 11. All business operations which are incidental to each of the preceding items.
Capital	1,000,000 yen
Established	March 29, 1973
Net Asset	The information is undisclosed as consent to disclosure has not been obtained from the seller.
Total Asset	
Major shareholder and ratio of shareholding	
Relationship with SAR or the Asset Manager	
Capital Relationship	There is no capital relationship to report.
Personnel Relationship	There is no personnel relationship to report.
Business Relation	There is no business relationship to report.
Related party or not	The seller does not fall under the category of interested person, etc. as provided in Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended, hereinafter referred to as the “Investment Trusts Act”)

(Note) SAR will enter into an agreement regarding the succession of status dated today, to the effect that it will succeed to the status as purchaser under the trust beneficial interest sale and purchase agreement in relation to the relevant property, from Star Asia Sogo Kaihatsu Co. Ltd.

② Urban Park Gytoku

Name	LIXIL Realty Corporation
Location	14-15, Nihonbashi Odenmacho, Chuo-ku, Tokyo
Representative	CEO Saito Yuji
Main Business Description	1. Sale and purchase, lease, management, and brokerage of real estate properties, and delinquency guarantee business for leased housings. 2. to 16. (omitted) 17. All business operations which are incidental to each of the preceding items.
Capital	160 million yen
Established	September 1, 1993
Net Asset	The information is undisclosed as consent to disclosure has not been obtained from the seller.
Total Asset	
Major shareholder and ratio of shareholding	
Relationship with SAR or the Asset Manager	
Capital Relationship	There is no capital relationship to report.
Personnel Relationship	There is no personnel relationship to report.
Business Relationship	There is no business relationship to report.
Related party or not	The seller does not fall under the category of interested person, etc. as provided in the Investment Trusts Act.

(Note) SAR will enter into an agreement regarding the succession of status dated today, to the effect that it will succeed to the status as purchaser under the trust beneficial interest sale and purchase agreement in relation to the relevant property, from Star Asia Sogo Kaihatsu Co. Ltd.

(2) Planned buyer profile (Alphabet Seven)

Name	Kanden Realty & Development Co.,Ltd.
Location	3-3-23, Nakanoshima, Kita-ku, Osaka
Representative	President Hironori Katsuda
Main Business Description	1. Holding, management, sale and purchase, brokerage, appraisal, and consulting related to real estate properties, as well as being entrusted with these operations. 2. Lease of real estate properties and movable properties. 3. Development and creation of land. 4. to 17. (omitted) 18. All business operations which are incidental to each of the preceding items.
Capital	810 million yen
Established	May 1957
Net Asset	The information is undisclosed as consent to disclosure has not been obtained from the purchaser.
Total Asset	
Major shareholder and ratio of shareholding	
Relationship with SAR or the Asset Manager	
Capital Relationship	There is no capital relationship to report.
Personnel Relationship	There is no personnel relationship to report.
Business Relationship	There is no business relationship to report.
Related party or not	The planned buyer does not fall under the category of interested person, etc. as provided in the Investment Trusts Act.

7. Status of Parties Related to the Acquisition of the Property

The buyer of the property is not classified as a special related party of SAR and of the Asset Manager.

8. Transaction with interested person, etc.

The Asset Replacement is not a series of transactions with interested person, etc. as provided in the Investment Trusts Act, but the original purchaser in the purchase and sale agreement (Star Asia Sogo Kaihatsu Co., Ltd.) falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties,” which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR’s assets. Upon deciding on the acquisition of the asset, the Asset Manager has performed deliberation and resolution in accordance with the voluntary rules.

The purchaser of the Asset to be Transferred does not fall under the category of interested party prescribed in the “Rules on Transactions with Interested Parties,” which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR’s assets.

Star Asia Asset Advisors Co., Ltd., the broker of Transfer falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties”, which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR’s assets. Upon determination of the retainance as broker, the Asset Manager has performed deliberation and approval in accordance with the voluntary rules.

9. Overview of broker

(1) Urban Park Ichigao and Urban Park Gyotoku

① Overview of broker

The information is undisclosed as consent to disclosure has not been obtained from the broker. There is no capital relationship, personnel relationship or business relationship to report between SAR / the Asset Manager and the broker, nor does the broker fall under the category of related party of SAR / the Asset Manager.

② Breakdown and value of the brokerage commission

Since the consent has not been obtained from the broker, the information is not disclosed as an undisclosed case due to unavoidable reasons.

(2) Alphabet Seven

① Broker Profile

Name	Star Asia Asset Advisors Co., Ltd.
Location	2-8, Nihonbashikodenmacho, Chuo-ku, Tokyo
Representative	CEO Keiji Watanabe
Main business description	1. Consulting 2. Planning, design, development, structuring, sale and management of computer software, hardware, and network 3. Internet-related services 4. Buy/Sell, holding, and management of securities, real estate, and monetary claim 5. Information processing related services 6. Telecommunication business 7. Real estate brokerage 8. Type II financial instruments business 9. Investment advisory and agency 10. Lease, management and operation of real estate 11. – through 13. (Omitted) 14. All business incidental to the above
Capital	50 million yen
Established	May 2, 2008
Relationship with SAR or the Asset Manager	
Capital Relationship	There is no capital tie to be noted between SAR / the Asset Manager and the abovementioned company, however the aforementioned company falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties”, which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR’s assets. Upon determination of retainance as broker, the Asset Manager has performed deliberation and approval in accordance with the voluntary rules.
Personnel Relationship	There is no personnel relationship to report.
Business Relationship	There is no business relationship to report.
Related party or not	The aforementioned company falls under the category of interested person, etc. as provided in the Investment Trusts Act, and falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties”, which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR’s assets. Upon determination of the retainance as broker, the Asset Manager has performed deliberation and approval in accordance with the voluntary rules.

② Breakdown and value of the brokerage commission

Breakdown of Brokerage Fee	Brokerage fee for transfer of Trust Beneficiary Interest
Amount of Brokerage Fee	5 million yen (total amount of 1st and 2nd, excluding consumption taxes and local consumption taxes.)

10. Schedule for the Transactions

(1) Acquisition of Urban Park Ichigao and Urban Park Gyotoku

March 2, 2020	Acquisition decided Sign the Agreement for Succeeding to the Status of Purchaser
March 13, 2020	Acquisition of beneficiary interest in trust (planned) Payment of acquisition price (planned) Conclusion of a property management agreement (planned)

(2) Transfer of Alphabet Seven

March 2, 2020	Transfer decided Conclusion of each of the sale and purchase agreements of each quasi-co-ownership of beneficiary interest in trust Receipt of deposits
July 1, 2020	Transfer of quasi-co-ownership (40%) of real estate beneficiary interest in trust (planned) Receipt of transfer price for quasi-co-ownership (40%) of real estate beneficiary interest in trust (planned)
December 1, 2020	Transfer of quasi-co-ownership (60%) of real estate beneficiary interest in trust (planned) Receipt of transfer price for quasi-co-ownership (60%) interest of real estate beneficiary interests in trust (planned)

11. Settlement method

The acquisition prices of the Acquisition will be settled in lump sum payment on March 13, 2020.

With respect to the Asset to be Transferred, an amount equal to the sales proceeds after deducting the amounts received as deposits on the date of signing of the Trust Beneficial Interest Sale and Purchase Agreement of JPY 200 million (of which JPY 100 million is for the assignment to be made on July 1, 2020, and another JPY 100 million is for the assignment to be made on December 1), are scheduled to be received on the respective planned transfer dates.

12. Future outlook

Because the Asset Replacement has led to a change in SAR's assumptions of forecasts of financial results disclosed in "(REIT) Financial Report for Fiscal Period Ended July 31, 2019" as of September 12, 2019, SAR has made revisions on SAR's forecasts of financial results for the 9th fiscal period ending July 31, 2020 (from February 1, 2020 to July 31, 2020).

For details, please see "Notice Concerning Revision to Forecasts of Operating Results and Distributions for the Fiscal Periods ended January 31, 2020 and ending July 31, 2020" as of today.

Moreover, in connection with execution of a merger agreement mentioned in "Notice Concerning

Execution of a Merger Agreement by and between Star Asia Investment Corporation and Sakura Sogo REIT Investment Corporation” announced today, SAR and Sakura Sogo REIT Investment Corporation revealed the forecasts of the operating results and expected distributions after the merger (the fiscal periods ending January 31, 2021 and ending July 31, 2021).

For details, please see “Notice Concerning the Forecast of Operating Results and Distributions Subsequent to the Merger of Star Asia Investment Corporation and Sakura Sogo REIT Investment Corporation for the Fiscal Periods Ending January 31, 2021 and July 31, 2021” announced today.

<Appendix>

• Reference	Portfolio list after the Transaction
Material 1	
• Reference	Summary of earthquake risk analysis
Material 2	
• Reference	Location maps / photos of exterior of Assets to be Acquired
Material 3	
• Reference	The terms used in the table of Description of Assets to be Acquired and Asset
Material 4	to be Transferred

<Reference>

Other press releases published as of today

- Notice Concerning Execution of a Merger Agreement by and between Star Asia Investment Corporation and Sakura Sogo REIT Investment Corporation
- Notice Concerning Split of Investment Units
- Notice Concerning the Forecast of Operating Results and Distributions Subsequent to the Merger of Star Asia Investment Corporation and Sakura Sogo REIT Investment Corporation for the Fiscal Periods Ending January 31, 2021 and July 31, 2021
- Notice Concerning Acquisition of Mezzanine Loan Debt – (Star Asia Mezzanine Loan Debt Investment Series 5 (B Beneficiary Interest)) –
- Notice Concerning Debt Financing
- Notice Concerning Revision to Forecasts of Operating Results and Distributions for the Fiscal Periods ending January 31, 2020 and July 31, 2020
- Notice Concerning Partial Amendment to the Management Guidelines of the Asset Manager
- Supplementary Explanatory Material Regarding Press Releases dated today (March 2)

* Star Asia Investment Corporation website address: <http://starasia-reit.com/en/>

Reference Material 1 Portfolio list after the Transaction

(Reflected the Asset Replacement to the existing portfolio of SAR at the date of this document)

<Real Estate, etc.>

Property No.	Property Name	Location (Note1)	(Planned) Acquisition Price (million yen) (Note2)	Real estate appraisal value (million yen) (Note3)	Investment ratio (%) (Note4)
OFC-01	Minami-Azabu Shibuya Building	Minato Ward, Tokyo	2,973	3,070	2.9
OFC-03	Honmachibashi Tower	Chuo Ward, Osaka City, Osaka	6,065	6,960	5.8
OFC-04	Nishi-Shinjuku Matsuya Building	Shibuya Ward, Tokyo	1,763	2,510	1.7
OFC-06	Shibuya MK Building	Shibuya Ward, Tokyo	2,042	3,260	2.0
OFC-08	Asahi Building	Kanagawa Ward, Yokohama City, Kanagawa	6,320	7,840	6.1
OFC-09	Hakata-eki East Place	Kanagawa Ward, Yokohama City, Kanagawa	2,286	2,590	2.2
OFC-10	Nihonbashi Hamacho Park Building	Chuo Ward, Tokyo	1,450	1,550	1.4
OFC-11	Amusement Media Gakuin Honkan	Shibuya Ward, Tokyo	2,580	2,690	2.5
OFC-12	Higashi Kobe Center Building	Higashinada Ward, Kobe City, Hyogo	7,440	7,520	7.2
OFC-13	Amusement Media Gakuin Shinkan	Shibuya Ward, Tokyo	1,020	1,160	1.0
Office Subtotal					32.7
RSC-01	Urban Park Azabujuban	Minato Ward, Tokyo	2,045	2,480	2.0
RSC-02	Urban Park Daikanyama	Shibuya Ward, Tokyo	6,315	8,240	6.1
RSC-05	Urban Park Namba	Naniwa Ward, Osaka City, Osaka	1,490	1,650	1.4
RSC-06	Urban Park Gokokuji	Toshima Ward, Tokyo	1,460	1,530	1.4
RSC-07	Urban Park Kashiwa	Kashiwa City, Chiba	1,186	1,190	1.1
RSC-08	Urban Park Ryokuchi Koen	Suita City, Osaka	1,550	1,620	1.5
RSC-09	Urban Park Koenji	Suginami Ward, Tokyo	1,167	1,180	1.1
RSC-10	Urban Park Ichigao	Yokohama City, Kanagawa	1,810	1,850	1.7

RSC-11	Urban Park Gyotoku	Ichikawa City, Chiba	1,430	1,500	1.4
Residence Subtotal					17.8
LGC-01	Iwatsuki Logistics	Iwatsuki Ward, Saitama City, Saitama	6,942	7,310	6.7
LGC-02	Yokohama Logistics	Kanagawa Ward, Yokohama City, Kanagawa	3,560	4,170	3.4
LGC-03	Funabashi Logistics	Funabashi City, Chiba	7,875	8,650	7.6
LGC-04	Baraki Logistics	Ichikawa City, Chiba	4,700	4,850	4.5
LGC-05	Tokorozawa Logistics	Tokorozawa City, Saitama	1,300	1,350	1.3
LGC-06	Funabashi Nishiura Logistics I	Funabashi City, Chiba	3,000	3,020	2.9
LGC-07	Funabashi Nishiura Logistics II	Funabashi City, Chiba	821	850	0.8
LGC-08	Matsubushi Logistics	Kitakatsushika, Saitama	2,755	2,860	2.7
Logistics facility Subtotal					29.8
HTL-01	R&B Hotel Umeda East	Kita Ward, Osaka City, Osaka	2,069	2,320	2.0
HTL-02	Smile Hotel Namba	Naniwa Ward, Osaka City, Osaka	1,750	1,490	1.7
HTL-03	BEST WESTERN Tokyo Nishikasai	Edogawa Ward, Tokyo	3,827	3,750	3.7
HTL-04	BEST WESTERN Yokohama	Tsurumi Ward, Yokohama City, Kanagawa	3,248	3,250	3.1
HTL-05	Hotel WBF Fukuoka Tenjin Minami	Chuo Ward, Fukuoka City, Fukuoka	1,970	2,000	1.9
HTL-06	GLANSIT AKIHABARA	Chiyoda Ward, Tokyo	2,500	2,520	2.4
HTL-07	BEST WESTERN Tokyo Nishikasai Grande	Edogawa Ward, Tokyo	3,180	3,210	3.1
HTL-08	Hotel WBF Art Stay Namba	Naniwa Ward, Osaka City, Osaka	2,000	1,970	1.9
Hotel Subtotal					19.8
Total					100.0

(Note1) "Location" states the minimum individual administrative division in the region where the assets held by SAR as of today (excluding the mezzanine loan debt stated under <Mezzanine> below) (hereinafter "Already Acquired Assets (Real Estate Etc.)") and the Assets to be Acquired are located.

(Note2) "Acquisition price" means the sale and purchase proceeds described in the sale and purchase agreement related to each acquired asset (real estate properties etc.), and "Planned Acquisition Price" means the planned sale and purchase proceeds as stated in the agreement signed with the Seller in relation to the Assets to be Acquired, and each price is stated by rounding the amounts of less than 1 million yen to the nearest 1 million yen. The Acquisition Price and the Planned Acquisition Price do not include consumption tax,

local consumption tax, or expenses required for acquisition. However, with respect to “Minami-Azabu Shibuya Building”, as it is based on a sale and purchase agreement for multiple properties where no price is established for each individual property, the amount derived by prorating the total sales price of the multiple properties based on the ratio of the appraisal values of each individual property as of the time of their acquisition is stated as the “Acquisition Price”.

(Note3) “Real estate appraisal value” states the appraisal values stated in the real estate appraisal reports based on the price as of January 31, 2020, for already acquired properties, and the appraisal value stated in the real estate appraisal report based on the price as of December 1, 2019 with respect to the Assets to be Acquired.

(Note4) “Investment ratio” shows the ratio of the (planned) acquisition price of each of acquired assets or Assets to be Acquired against the sum of the (planned) acquisition price for acquired assets and Assets to be Acquired rounded to the first decimal place.

< Mezzanine Loans >

	Asset no.	Asset type	Asset name (overview)	Investment ratio (%) (Note1)	Acquisition price (million yen) (Note2)	Interest rate (Note3)	Acquisition date	Investment ratio to the entire portfolio (%) (Note4)
Mezzanine loan debt	MEZ-01	Corporate bond	Haneda Hotel Development GK Series 1 Item A Unsecured Bonds (Name: Star Asia Mezzanine Loan Debt Investment Series 1)	48.4%	400 (Note5)	Base rate (Note6) + 5.0%	October 31, 2017	0.4%
	MEZ-03	Beneficiary interest in trust	Subordinate beneficiary interest of trust with loan claims to GK CHK as main asset in trust, which holds trust beneficiary interest with The Royal Garden Residence Shirokanedai as main asset in trust (Name: Star Asia Mezzanine Loan Debt Investment Series 3)	15.3%	126	Base rate (Note7) + 5.0%	December 26, 2018	0.1%
	MEZ-04	Loan claims	Subordinate part of nonrecourse loan to GK DS Kaigan, whose collateral asset shall be the beneficiary interest in trust with Premier Kaigan Building as the main asset in trust (Name: Star Asia Mezzanine Loan Debt Investment Series 4)	36.3%	300	Base rate (Note8) + 5.0%	January 30, 2019	0.3%
	Mezzanine loan debt Total			100.0%	826			0.7%

(Note1) “Investment ratio” is the acquisition price expressed as a percentage of the sum total of mezzanine loan debt.

(Note2) “Acquisition price” is the sale and purchase price in the agreement (each do not include transfer-related costs), each rounded down to the nearest million yen.

(Note3) “Interest Rate” states the interest rate with respect to bonds, the distribution ratio with respect to trust beneficial interests, and the interest rate with respect to loan receivables, respectively.

(Note4) “Investment ratio to the entire portfolio” is the acquisition price of each mezzanine loan debt as a percentage of the sum total of (scheduled) acquisition price of the portfolio (including Existing Assets (real estate, etc.) and Assets to be Acquired) including the mezzanine loan debt after the Transaction.

(Note5) “400” means 400 million yen of total issued bonds amount of 701 million yen.

(Note6) Base rate is JBA 3-month TIBOR. The Japanese yen Tibor can be confirmed on the website of the JBA TIBOR Administration (<http://www.jbatibor.or.jp/English/rate/>). The same applies hereinafter. For each interest calculation period, the rate announced at 11 a.m. (Tokyo time) two business days prior to the last day of the previous calculation period of the relevant calculation period (the first date is two business days prior to the closing date of the senior loan which will be made closing with the payment of the bond) will be applied as the base rate.

(Note7) Base rate is JBA 3-month JPY TIBOR. For each interest calculation period, the rate announced at 11 a.m. (Tokyo time) two business days prior to the last day of the previous calculation period of the relevant calculation period (the first date is December 21, 2018) will be applied as the

base rate.

(Note8) Base rate is JBA 3-month JPY TIBOR. For each interest calculation period, the rate announced at 11 a.m. (Tokyo time) two business days prior to the last day of the previous calculation period of the relevant calculation period (the first date is two business days prior to the closing date) will be applied as the base rate.

Reference Material 2 Summary of earthquake risk analysis

Type	Property no.	Property name	PML (%)
Office	OFC-01	Minami-Azabu Shibuya Building	11.6
	OFC-03	Honmachibashi Tower	5.5
	OFC-04	Nishi-Shinjuku Matsuya Building	5.5
	OFC-06	Shibuya MK Building	7.2
	OFC-08	Asahi Building	6.2
	OFC-09	Hakata-eki East Place	4.7
	OFC-10	Nihonbashi Hamacho Park Building	7.4
	OFC-11	Amusement Media Gakuin Honkan	7.6
	OFC-12	Higashi Kobe Center Building	8.6
	OFC-13	Amusement Media Gakuin Shinkan	9.6
Residence	RSC-01	Urban Park Azabujuban	7.5
	RSC-02	Urban Park Daikanyama	8.1
	RSC-05	Urban Park Namba	8.1
	RSC-06	Urban Park Gokokuji	5.1
	RSC-07	Urban Park Kashiwa	4.9
	RSC-08	Urban Park Ryokuchi Koen	6.4
	RSC-09	Urban Park Koenji	10.4
	RSC-10	Urban Park Ichigao	9.8
	RSC-11	Urban Park Gyotoku	5.1
Logistics facility	LGC-01	Iwatsuki Logistics	3.9
	LGC-02	Yokohama Logistics	13.0
	LGC-03	Funabashi Logistics	5.7
	LGC-04	Baraki Logistics	3.8
	LGC-05	Tokorozawa Logistics	9.5
	LGC-06	Funabashi Nishiura Logistics I	4.8
	LGC-07	Funabashi Nishiura Logistics II	2.9
	LGC-08	Matsubushi Logistics	2.2
Hotel	HTL-01	R&B Hotel Umeda East	9.0
	HTL-02	Smile Hotel Namba	9.2
	HTL-03	BEST WESTERN Tokyo Nishikasai	9.0
	HTL-04	BEST WESTERN Yokohama	11.1
	HTL-05	Hotel WBF Fukuoka Tenjin Minami	5.0
	HTL-06	GLANSIT AKIHABARA	3.7
	HTL-07	BEST WESTERN Tokyo Nishikasai Grande	6.1
	HTL-08	Hotel WBF Art Stay Namba	6.7
Entire portfolio (35 properties) (Note)			3.3

(Note) The figure in the entire portfolio column is the PML for the entire portfolio of the Existing Assets and Assets to be Acquired (except for Asset to be Transferred) based on “portfolio earthquake risk evaluation report” prepared by TOKIO MARINE & NICHIDO RISK CONSULTING CO.,LTD., dated February 2020.

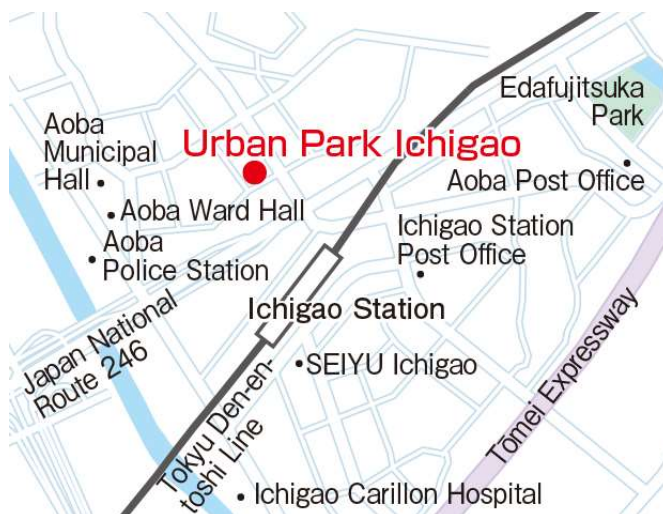
Reference Material 3 Location maps / photos of exterior of Assets to be Acquired

Urban Park Ichigao

<Exterior>



<Map>



Urban Park Gyotoku

<Exterior>



<Map>



Reference Material 4 The terms used in the table of Description of Assets to be Acquired and Asset to be Transferred

a. Explanation on “Property no.” and “Type”

Property Number column and Type column: Each of Assets to be Acquired and Asset to be Transferred by SAR is categorized by use of OFC (office), RTL (commercial / retail), LGC (logistics), or HTL (hotel). Then, for each category, serial numbers are given to the assets in the category. In case of a property which could straddle two or more categories, it shall fall under the category from which the property generates the largest sum of assumed rent income.

b. Explanation on “Overview of specified asset”

(a) “Trust expiration date” column: Herein is shown the planned date of trust expiration as of the planned acquisition date. As for Asset to be Transferred, the trust expiration date which is stipulated in the existing contract as of today is shown.

(b) “Planned Acquisition price” column: Herein is shown the planned acquisition price of the Assets to be Acquired as described in the purchase agreement of the Assets to be Acquired (excluding consumption taxes, local consumption taxes, and expenses necessary for the acquisition), after rounded to the nearest million yen.

“Planned Transfer price” column: Here in shown the planned transfer price of Asset to be Transferred as described in the purchase agreement of the Asset to be Transferred (excluding consumption taxes, local consumption taxes and expenses necessary for the transfer), after rounded to the nearest million yen.

(c) “Planned Acquisition Date” column: Herein is shown the planned MMDDYY of acquisition by SAR.

“Planned Transfer Date” column: Herein is shown the planned MMDDYY of transfer by SAR.

(d) “Location” column: Herein is shown the certified address in registry. “Indication of residential address” column: Herein is shown the postal address. If postal address is not available, registered address of the property (if there are two or more of them, one is selected) is shown.

(e) “Land” column:

(i) “Type of ownership” column: Herein is shown the type of right(s) held by respective trustee of the Assets to be Acquired or of the Asset to be Transferred.

(ii) “Site area” column: Herein is shown the land area as recorded in registry, unless otherwise noted. For this reason, it possibly might not be equal to the actual.

(iii) “Use district” column: Herein is shown the type of use in accordance with Article 8, Paragraph 1 and Item 1 of the Urban Planning Act (Act No.100 of 1968; including its amendments) (“Urban Planning Act”).

(iv) “Building coverage ratio” column and “Floor area ratio” column: Herein is shown the pertinent figure in each column in accordance with the relevant laws and regulations (the Building Standards Act, the Urban Planning Act, etc.)

(f) “Building” column:

(i) “Type of ownership” column. Herein is shown the type of right(s) or the type of planned right(s) held by respective trustee of the Assets to be Acquired or the Asset to be Transferred

(ii) “Total floor area” column: Herein is shown the sum total of floor areas as recorded in registry, unless otherwise noted. For this reason, it possibly might not be equal to the

actual figure.

(iii) "Use" column: Herein is shown the registered use or, if multiple uses are registered the representative use from what are recorded in registry, it possibly might not be equal to the actual representative use.

(iv) "Construction completion" column: Herein is shown MMDDYY of the representative building first built as recorded in registry.

(v) "Structure and floors" column: Herein is shown the structure of the representative building, etc. as recorded in registry. It possibly might not be equal to the actual structure. As for the building with compartmentalized ownership, the structure and the number of floors for the entire building are shown.

(g) "Property management company" column: Herein is shown the name of property management company ("PM Company"), to which property management operation is (planned to be) entrusted as of today.

(h) "Master lease company" column: Herein is shown the name of the master lease company, to which master lease operation is (planned to be) entrusted, as of today.

c. Explanation on "Status of leasing"

(a) "Total leasable area" column: Herein is shown the sum total of leasable floor areas of building of the Assets to be Acquired or of the Asset to be Transferred (in case common space is also leased, area of that space is included in the total). The figure does not include from area of the land lots leasable for parking and other purposes. Leasable area is counted not from registry data but drawings of the buildings, so it possibly might not be equal to the total floor area as recorded in registry.

Please note that the source data for the column represent what were provided by the current owner(s) of the Assets to be Acquired as of January 31, 2020.

(b) "Total leased area" column: Herein is shown the sum total of the floor areas to be leased as described in lease agreement for each of the Assets to be Acquired or Asset to be Transferred as of January 31, 2020 out of the leasable area. The figure does not include the area of the land lots to be leased for parking and other purposes. Please note that the source data for the column represent what were provided by the current owner(s) of the Assets to be Acquired as of January 31, 2020.

(c) "Occupancy rate" column: Herein is shown the percentage of total leased floor area over the total leasable floor area of the Assets to be Acquired or of the Asset to be Transferred, after rounded to the first decimal place. Please note that the source data for the column represent what were provided by the current owner(s) of the Assets to be Acquired as of January 31, 2020.

(d) "Total number of tenants" column: Herein is shown the total number of tenants as confirmed with the lease agreements effective as of January 31, 2020 of the Assets to be Acquired or the Asset to be Transferred. In case a specific tenant uses two or more rooms in one of the Assets to be Acquired or the Asset to be Transferred, such tenant is counted only once for the asset. Also, in case a specific tenant signs lease agreements for rooms in two or more assets, the tenant shall be counted for each of the assets separately. In case a pass-through type of master lease agreement (a lease agreement in which the master lessee receives rent from end tenants and pay the same

amount to the lessor) is executed for any of the Assets to be Acquired or the Asset to be Transferred, total number of the actual (end) tenants under the master lease agreement for the asset is shown herein.

- (e) “Monthly rent (including common area maintenance fee)” column: Herein is shown the total of rent amounts as described in lease agreements with respective tenants as of January 31, 2020 (confined to room rents; excluding the charges for warehouses, sign boards and parking lots; but including the common service expenses; and free rent cases as of the same date are not considered), after rounded to the nearest thousand yen.
- (f) “Security and guarantee deposits” column: Herein is shown the sum total of refundable deposits as required in lease agreements effective as of January 31, 2020 (only for the tenants who actually were in respective rooms at the time) of the Assets to be Acquired or of the Asset to be Transferred. In case master lease agreement is executed for any of the Assets to be Acquired or Asset to be Transferred, sum total of refundable deposits as described in the individual lease agreements with respective (end) tenants is calculated to be shown in the column.
- d. Explanation on “Special notations”

Special notation column: Herein is shown a description not only on the items considered material in relation to the involved rights and assumed uses but also on the appraisal value of, profitability of, and the other items considered material in relation to the disposability of the Assets to be Acquired or of the Asset to be Transferred.
- e. Explanation on “Summary of real estate appraisal report”
 - (a) “Summary of real estate appraisal report” column: Herein is shown a summary of respective appraisal report, which was prepared either by Japan Real Estate Institute and The Tanizawa Sogo Appraisal Co., Ltd. for the Assets to be Acquired or the Asset to be Transferred.
 - (b) “Appraisal value” column: Herein is shown only the opinions on the value of respective property as of the date of appraisal, expressed by the appraiser who did the appraisal of the property, in accordance with the Act on Real Estate Appraisal (Act No.152 of 1963; including its amendments) and commonly accepted appraisal standards for real estate properties, etc.
 - (c) In case appraisal is once again undertaken for the same property, its result could be different from the previous result because appraiser and/or appraisal method and/or appraisal timing is different. Also, it is requested to note that any appraisal result for any property is not what guarantees or promises the actual tradability of the property at the appraised value whether for right now or for any moment in the future.
 - (d) None of Japan Real Estate Institute and The Tanizawa Sogo Appraisal Co., Ltd. who conducted appraisal is an interested party of neither SAR nor the Asset Manager.
- f. Explanation of the Section entitled “Property Description and Acquisition Highlight based on the investigation by the Asset Manager”

The Asset Manager has described, by making reference to real estate appraisal reports and market reports etc. and by taking into account the results of individual investigations made on its own, the basic attributes and characteristics of the relevant properties, and has also described the background leading to acquisition of the relevant properties (i.e. for those properties acquired from sponsor groups, the name of the sponsor group, and with respect to properties acquired based on sale information obtained by the Asset Manager individually and on its own, the background to such

acquisition). The “<Sponsor Fund>” means it has been acquired from a sponsor group, “<Outside Acquisition>” means it has been obtained from a third party, “<Bilateral Negotiated Transaction>” means it has been acquired based on bilateral negotiations from a third party, and “<Warehousing>” means that it has been obtained by using the warehousing function of a sponsor group.

- g. Explanation regarding the Section “Demographic Analysis etc., Market Analysis, and the Asset Manager’s Individual Analysis”

The Asset Manager has described its own individual market analysis made based on information from various real estate information specialized firms and disclosed materials.

- h. Explanation regarding the Section “Comprehensive Evaluation by SAR”

SAR’s own individual assessments are stated taking into account paragraphs f. and g. above.

This is an English translation of the announcement in Japanese dated March 2, 2020.

However, no assurance or warranties are given for the completeness or accuracy of this English translation.