

(REIT) Financial Report for Fiscal Period Ended January 31, 2018

March 16, 2018

REIT Securities Issuer: Star Asia Investment Corporation (SAR) Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 3468 URL: <http://starasia-reit.com>
 Representative: Atsushi Kato, Executive Director

Asset Management Company: Star Asia Investment Management Co., Ltd. (the Asset Management Company)
 Representative: Atsushi Kato, President and CEO
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Scheduled date of commencement of cash distribution payment: April 16, 2018

Scheduled date of submission of securities report: April 26, 2018

Preparation of supplementary financial results briefing materials: Yes

Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for Fiscal Period Ended January 31, 2018 (from August 1, 2017 to January 31, 2018)

(1) Management Status

(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Jan. 2018	3,194	(0.5)	2,051	(2.2)	1,876	2.3	1,802	(1.7)
Ended Jul. 2017	3,211	59.2	2,098	76.2	1,833	70.8	1,832	70.8

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Ended Jan. 2018	4,349	4.3	2.3	58.7
Ended Jul. 2017	4,697	4.8	2.4	57.1

(2) Status of Cash Distribution

Fiscal period	Cash distribution per unit (not including cash distribution in excess of earnings)	Total cash distribution (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit	Total cash distribution in excess of earnings	Cash distribution payout ratio	Ratio of cash distribution to net assets
	yen	million yen	yen	million yen	%	%
Ended Jan. 2018	4,077	1,689	0	0	93.7	4.0
Ended Jul. 2017	4,423	1,832	0	0	100.0	4.4

(Note1) For the fiscal period ended July 31, 2017, cash distribution payout ratio is calculated by the following formula due to changes in the number of investment units during the period following issuance of new investment units during the period:

$$\text{Cash distribution payout ratio} = \frac{\text{Total cash distribution (not including cash distribution in excess of earnings)}}{\text{Net income}} \times 100$$

(Note2) For the fiscal period ended January 31, 2018, total cash distribution differs from net income due to internal reserve.

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Jan. 2018	82,154	41,870	51.0	101,063
Ended Jul. 2017	83,609	41,892	50.1	101,116

(4) Status of Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Ended Jan. 2018	4,220	(1,027)	(3,210)	4,820
Ended Jul. 2017	4,721	(18,283)	13,900	4,837

2. Management Status Forecast for Fiscal Period Ending July 31, 2018 (from February 1, 2018 to July 31, 2018) and Fiscal Period Ending January 31, 2019 (from August 1, 2018 to January 31, 2019)

(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income		Cash distribution per unit (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
Ending Jul. 2018	2,751	(13.9)	1,504	(26.7)	1,231	(34.4)	1,230	(31.7)	2,750	0
Ending Jan. 2019	2,732	(0.7)	1,497	(0.5)	1,320	7.2	1,319	7.2	2,804	0

(Reference) Forecast net income per unit (fiscal period ending July 31, 2018) 2,615 yen

Forecast net income per unit (fiscal period ending January 31, 2019) 2,804 yen

* Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

- ① Changes in accounting policies accompanying amendments to accounting standards, etc.: No
- ② Changes in accounting policies other than ①: No
- ③ Changes in accounting estimates: No
- ④ Retrospective restatement: No

(2) Total Number of Investment Units Issued and Outstanding

① Total number of investment units issued and outstanding (including own investment units) at end of period

Fiscal period ended Jan. 31, 2018	414,300 units	Fiscal period ended Jul. 31, 2017	414,300 units
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② Number of own investment units at end of period

Fiscal period ended Jan. 31, 2018	0 units	Fiscal period ended Jul. 31, 2017	0 units
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(Note) For the number of investment units serving as the basis for calculation of net income per unit, please see "Notes on Per Unit Information" on page 24.

* Presentation of Status of Implementation of Audit Procedures

At the time of disclosure of this financial report, audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

* Explanation of Appropriate Use of Management Status Forecast, and Other Matters of Special Note

The management status outlook and other forward-looking statements contained in this document are based on information that are currently available and certain assumptions that are deemed reasonable by SAR. Accordingly, the actual management status, etc. may differ materially due to various factors. In addition, the forecast figures are the current figures calculated under the assumptions described in "Assumptions Underlying Operating Results Forecasts for Fiscal Period Ending July 31, 2018 and Fiscal Period Ending January 31, 2019" on pages 3-4. Accordingly, the actual operating revenue, operating income, ordinary income, net income, cash distribution per unit (not including cash distribution in excess of earnings) and cash distribution in excess of earnings per unit may vary due to acquisition/disposition of real estate, etc., trends of the real estate market, etc., fluctuations in interest rates or other changes in the circumstances surrounding SAR, etc. in the future. In addition, the forecast is not a guarantee of the amount of cash distribution.

Assumptions Underlying Operating Results Forecasts for
Fiscal Period Ending July 31, 2018 and Fiscal Period Ending January 31, 2019

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> ➤ Fiscal period ending July 31, 2018: February 1, 2018 – July 31, 2018 (181 days) ➤ Fiscal period ending January 31, 2019: August 1, 2018 – January 31, 2019 (184 days)
Investment assets	<ul style="list-style-type: none"> ➤ SAR acquired the real estate beneficiary interests in trust for the following 6 properties (hereafter referred to as the “Acquisition” in these assumptions) in February 2018 and there is a change in the invested assets. As of today, SAR owns the real estate beneficiary interests in trust of 29 properties and 2 mezzanine loan debts (hereafter referred to as the “Existing Assets” in these assumptions; of the Existing Assets, hereafter real estate beneficiary interests in trust are referred to as the “Existing Assets (real estate, etc.)” and mezzanine loan debts are referred to as the “Existing Assets (mezzanine)” in these assumptions). It is assumed that there are no other changes (new property acquisitions, sales of the Existing Assets, etc.) in the investment assets through the end of the fiscal period ending January 31, 2019. <Acquisition> Property names: Nihonbashi Hamacho Park Building, Urban Park Ryokuchi Koen, Urban Park Koenji, Funabashi Nishiura Logistics I, Funabashi Nishiura Logistics II, Matsubushi Logistics Acquisition date: February 2, 2018 In practice, this may vary due to changes in investment assets.
Operating revenue	<ul style="list-style-type: none"> ➤ Rent revenues from the Existing Assets (real estate, etc.) are calculated based on the rent stated in the lease agreements that are effective as of today taking factors such as market movement into consideration. It is assumed that no rent payments will be delinquent or declined by tenants. ➤ Interest revenues or dividend revenues from the Existing Assets (mezzanine) are calculated based on outlines or trust agreements which define contents of the Existing Assets (mezzanine) that are effective as of today. It is also assumed that no interest payments or dividend payments will be declined.
Operating expenses	<ul style="list-style-type: none"> ➤ Among expenses related to rent business of the Existing Assets, which are the principal operating expenses, expenses excluding depreciation are calculated on the basis of historical data, reflecting variable factors of expenses. ➤ Fixed property taxes, city planning taxes and other public charges are expected to be 175 million yen for the fiscal period ending July 31, 2018 and 175 million yen for the fiscal period ending January 31, 2019. ➤ For the properties related to the Acquisition, fixed property taxes, city planning taxes and other public charges are settled on a pro rata basis based on the number of days of ownership with the sellers at the time of acquisition of the properties. However, in the case of SAR, the settled amount is included in the acquisition cost and thus not be recorded as expenses in the fiscal periods ending July 31, 2018 and ending January 31, 2019. In addition, fixed property taxes, city planning taxes and other public charges for the properties related to the Acquisition will be recorded as expenses from the fiscal period ending July 31, 2019. ➤ For the expenditures for repair and maintenance of buildings, 80 million yen is expected for the fiscal period ending July 31, 2018 and 62 million yen is expected for the fiscal period ending January 31, 2019 based on repair and maintenance plans drawn up by the Asset Management Company. However, the expenditures for repair and maintenance for the fiscal periods could differ significantly from the estimated amounts, as expenditures may arise urgently due to damage to buildings and such caused by unexpected factors, and because the variance in amounts generally tends to be significant from year to year and repair and maintenance expenses do not arise regularly. ➤ Depreciation is calculated using the straight line method, including incidental expenses and others, and is expected to be 356 million yen for the fiscal period ending July 31, 2018 and 367 million yen for the fiscal period ending January 31, 2019.
NOI (Net Operating Income)	<ul style="list-style-type: none"> ➤ The NOI of SAR’s portfolio (the Existing Assets (real estate, etc.)) is expected to be 2,113 million yen for the fiscal period ending July 31, 2018 and 2,117 million yen for the fiscal period ending January 31, 2019. ➤ NOI is calculated by using the following calculation method. NOI = rent revenue – rent expenses (excluding depreciation)
Non-operating expenses	<ul style="list-style-type: none"> ➤ Temporary expenses are expected to be 7 million yen for the fiscal period ending July 31, 2018 as the issuance cost of new investment units conducted in February 2018. ➤ Interest expense and other financial expenses are expected to be 266 million yen in total for the fiscal period ending July 31, 2018 and 176 million yen in total for the fiscal period ending January 31, 2019. ➤ Temporary expenses are expected to be 93 million yen for the fiscal period ending July 31, 2018 from new borrowings and refinancing as described in “Debt financing” below.

Item	Assumptions
Debt financing	<ul style="list-style-type: none"> ➤ The total amount of interest-bearing liabilities is assumed to be 43,230 million yen as of the end of the fiscal period ending July 31, 2018, and 43,040 million yen as of the end of the fiscal period ending January 31, 2019. ➤ As of today, SAR has 43,510 million yen of outstanding borrowings. ➤ It is assumed to prepay 280 million yen during the fiscal period ending July 31, 2018 by using the payment for the issuance of the new investment units through third-party allotment conducted on February, 2018. ➤ It is assumed to prepay 190 million yen during the fiscal period ending January 31, 2019 by using consumption tax refund resulting property acquisition in February 2018 and payment of other various expenses. ➤ It is assumed that 7,300 million yen of loans payable due for repayment in the fiscal period ending July 31, 2018 will be refinanced in the same amount. ➤ Excluding the above, it is assumed that there will be no new borrowings or repayments of existing borrowings including prepayments until the end of the fiscal period ending January 31, 2019.
Investment units	<ul style="list-style-type: none"> ➤ The total number of investment units issued and outstanding as of the date of this document, which is 470,624 units, is assumed. ➤ It is assumed that there will be no changes in the number of investment units issued due to additional issuance, etc. of new investment units through the end of the fiscal period ending January 31, 2019.
Cash distribution per unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> ➤ Cash distribution per unit (not including cash distribution in excess of earnings) is calculated on the assumption described in the cash distribution policy stipulated in SAR's Articles of Incorporation. ➤ It is assumed that derivative transactions (interest rate swaps) will continue to be conducted. However, It is assumed that deferred losses on hedges, which is an item of deduction from net assets (those provided in Article 2, item 30 (b) of the Ordinance on Accountings of Investment Corporations), is nonaccrual until the end of the fiscal period ending January 31, 2019, and cash distribution per unit (not including cash distribution in excess of earnings) will not be affected by changes in items of deduction from net assets in the calculation. ➤ It is possible that the cash distribution per unit (not including cash distribution in excess of earnings) could change due to various factors, including changes in investment assets, changes in rent revenue accompanying changes in tenants, etc., or unexpected repair and maintenance, etc. In addition, cash distribution per unit (not including cash distribution in excess of earnings) may be affected by changes in items of deduction from net assets. ➤ It is expected that a reversal of reserve for reduction entry of 63 million yen will be made in the fiscal period ending July 31, 2018.
Cash distribution in excess of earnings per unit	<ul style="list-style-type: none"> ➤ It is assumed that no deferred losses on hedges will be incurred, which is an item of deduction from net assets, as described above. Of cash distribution in excess of earnings, that attributable to allowance for temporary difference adjustment is not scheduled at this point. ➤ In addition, of cash distribution in excess of earnings, that falling under the category of cash distribution accompanying decrease in capital, etc. under tax law is not scheduled at this point.
Other	<ul style="list-style-type: none"> ➤ Forecasts are based on the assumption that revisions that impact the above forecast figures will not be made to laws and regulations, tax systems, accounting standards, listing rules, and rules of The Investment Trusts Association, Japan etc. ➤ Forecasts are based on the assumption that there will be no major unforeseen changes to general economic trends and real estate market conditions, etc.

3. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	3rd fiscal period (As of July 31, 2017)	4th fiscal period (As of January 31, 2018)
Assets		
Current assets		
Cash and deposits	1,598,847	1,667,713
Cash and deposits in trust	3,239,091	3,153,262
Operating accounts receivable	52,745	44,669
Prepaid expenses	108,945	90,216
Deferred tax assets	20	-
Consumption taxes receivable	261,743	-
Other	-	5,354
Total current assets	5,261,393	4,961,216
Non-current assets		
Property, plant and equipment		
Buildings in trust	25,006,453	24,909,318
Accumulated depreciation	(764,163)	(1,055,284)
Buildings in trust, net	24,242,289	23,854,033
Structures in trust	9,606	9,606
Accumulated depreciation	(397)	(733)
Structures in trust, net	9,209	8,872
Machinery and equipment in trust	11,270	20,707
Accumulated depreciation	(499)	(1,240)
Machinery and equipment in trust, net	10,771	19,467
Tools, furniture and fixtures in trust	9,971	20,207
Accumulated depreciation	(1,228)	(2,314)
Tools, furniture and fixtures in trust, net	8,743	17,892
Land in trust	50,426,286	48,929,717
Total property, plant and equipment	74,697,300	72,829,984
Intangible assets		
Leasehold rights in trust	3,459,138	3,459,138
Total intangible assets	3,459,138	3,459,138
Investments and other assets		
Investment securities	-	734,500
Long-term prepaid expenses	146,256	121,333
Lease and guarantee deposits	10,000	10,000
Other	35,321	38,473
Total investments and other assets	191,577	904,307
Total non-current assets	78,348,016	77,193,430
Total assets	83,609,410	82,154,646

(Unit: thousand yen)

	3rd fiscal period (As of July 31, 2017)	4th fiscal period (As of January 31, 2018)
Liabilities		
Current liabilities		
Operating accounts payable	227,743	292,304
Current portion of long-term loans payable	8,680,000	7,300,000
Accounts payable - other	269,194	289,696
Accrued expenses	7,030	6,054
Income taxes payable	1,023	74,345
Accrued consumption taxes	12,734	126,003
Advances received	589,678	338,283
Other	9,492	10,925
Total current liabilities	9,796,897	8,437,613
Non-current liabilities		
Long-term loans payable	30,050,000	30,050,000
Tenant leasehold and security deposits in trust	1,863,336	1,794,980
Other	6,635	1,507
Total non-current liabilities	31,919,971	31,846,487
Total liabilities	41,716,869	40,284,100
Net assets		
Unitholders' equity		
Unitholders' capital	40,031,185	40,031,185
Surplus		
Unappropriated retained earnings (undisposed loss)	1,832,669	1,802,393
Total surplus	1,832,669	1,802,393
Total unitholders' equity	41,863,855	41,833,579
Valuation and translation adjustments		
Deferred gains or losses on hedges	28,686	36,966
Total valuation and translation adjustments	28,686	36,966
Total net assets	*1 41,892,541	*1 41,870,546
Total liabilities and net assets	83,609,410	82,154,646

(2) Statement of Income

(Unit: thousand yen)

	3rd fiscal period From: February 1, 2017 To: July 31, 2017	4th fiscal period From: August 1, 2017 To: January 31, 2018
Operating revenue		
Lease business revenue	*1 2,146,216	*1 2,255,617
Other lease business revenue	*1 166,563	*1 152,654
Gain on sales of real estate property	*2 898,612	*2 771,663
Other revenue	-	14,412
Total operating revenue	3,211,392	3,194,348
Operating expenses		
Expenses related to rent business	*1 836,576	*1 841,650
Asset management fee	189,465	211,612
Asset custody and administrative service fees	16,912	19,515
Directors' compensations	2,400	2,400
Other operating expenses	67,794	67,331
Total operating expenses	1,113,150	1,142,509
Operating income	2,098,241	2,051,838
Non-operating income		
Interest income	21	24
Interest on refund	-	771
Total non-operating income	21	795
Non-operating expenses		
Interest expenses	82,120	92,575
Borrowing related expenses	129,149	55,587
Investment unit issuance expenses	48,461	27,928
Other	5,000	-
Total non-operating expenses	264,731	176,091
Ordinary income	1,833,531	1,876,542
Income before income taxes	1,833,531	1,876,542
Income taxes - current	1,026	74,348
Income taxes - deferred	(8)	20
Total income taxes	1,018	74,369
Net income	1,832,513	1,802,173
Retained earnings brought forward	155	220
Unappropriated retained earnings (undisposed loss)	1,832,669	1,802,393

(3) Statement of Unitholders' Equity

3rd fiscal period (from February 1, 2017 to July 31, 2017)

(Unit: thousand yen)

	Unitholders' equity			
	Unitholders' capital			
	Unitholders' capital	Capital deduction		Unitholders' capital, net
		Allowance for temporary difference adjustment	Total capital deduction	
Balance at beginning of the period	33,541,125	(26,197)	(26,197)	33,514,927
Changes of items during the period				
Issuance of new investment units	6,490,060			6,490,060
Dividends from surplus				
Reversal of allowance for temporary difference adjustment		26,197	26,197	26,197
Net income				
Net changes of items other than unitholders' equity				
Total changes of items during the period	6,490,060	26,197	26,197	6,516,258
Balance at end of the period	*1 40,031,185	-	-	40,031,185

(Unit: thousand yen)

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of the period	1,099,059	1,099,059	34,613,987	60,135	60,135	34,674,123
Changes of items during the period						
Issuance of new investment units			6,490,060			6,490,060
Dividends from surplus	(1,072,706)	(1,072,706)	(1,072,706)			(1,072,706)
Reversal of allowance for temporary difference adjustment	(26,197)	(26,197)	-			-
Net income	1,832,513	1,832,513	1,832,513			1,832,513
Net changes of items other than unitholders' equity				(31,449)	(31,449)	(31,449)
Total changes of items during the period	733,610	733,610	7,249,868	(31,449)	(31,449)	7,218,418
Balance at end of the period	1,832,669	1,832,669	41,863,855	28,686	28,686	41,892,541

4th fiscal period (from August 1, 2017 to January 31, 2018)

(Unit: thousand yen)

	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of the period	40,031,185	1,832,669	1,832,669	41,863,855	28,686	28,686	41,892,541
Changes of items during the period							
Dividends from surplus		(1,832,448)	(1,832,448)	(1,832,448)			(1,832,448)
Net income		1,802,173	1,802,173	1,802,173			1,802,173
Net changes of items other than unitholders' equity					8,280	8,280	8,280
Total changes of items during the period	-	(30,275)	(30,275)	(30,275)	8,280	8,280	(21,995)
Balance at end of the period	*1 40,031,185	1,802,393	1,802,393	41,833,579	36,966	36,966	41,870,546

(4) Statement of Cash Distributions

(Unit: yen)

	3rd fiscal period From: February 1, 2017 To: July 31, 2017	4th fiscal period From: August 1, 2017 To: January 31, 2018
I. Unappropriated retained earnings	1,832,669,478	1,802,393,825
II. Cash distribution	1,832,448,900	1,689,101,100
[Cash distribution per unit]	[4,423]	[4,077]
Cash distribution of earnings	1,832,448,900	1,689,101,100
[Cash distribution of earnings per unit]	[4,423]	[4,077]
III. Retained earnings carried forward	220,578	113,292,725

Method of calculation of amount of cash distribution

3rd fiscal period (from February 1, 2017 to July 31, 2017):

Pursuant to the cash distribution policy provided in Article 35, Paragraph 1 of SAR's Articles of Incorporation, SAR shall distribute in excess of the amount equivalent to 90% of the amount of distributable earnings of SAR as defined in Article 67-15 of the Act on Special Measures Concerning Taxation. In accordance with such policy, concerning cash distribution of earnings (not including cash distribution in excess of earnings), the decision was made to distribute 1,832,448,900 yen, which is the entire amount of the unappropriated retained earnings but excluding the portion where cash distribution of earnings per unit becomes a fractional amount of less than 1 yen, as cash distribution of earnings.

4th fiscal period (from August 1, 2017 to January 31, 2018):

Pursuant to the cash distribution policy provided in Article 35, Paragraph 1 of SAR's Articles of Incorporation, SAR shall distribute in excess of the amount equivalent to 90% of the amount of distributable earnings of SAR as defined in Article 67-15 of the Act on Special Measures Concerning Taxation. In accordance with such policy, concerning cash distribution of earnings (not including cash distribution in excess of earnings), the decision was made considering 771,663,395 yen of gain on sales of real estate property to distribute 1,689,101,100 yen, which is the minimum multiple of the total number of issued and outstanding investment units, with amount exceeding 90% of income before income taxes and 113,072,147 yen of net income was decided to be reserved internally.

(5) Statement of Cash Flows

(Unit: thousand yen)

	3rd fiscal period From: February 1, 2017 To: July 31, 2017	4th fiscal period From: August 1, 2017 To: January 31, 2018
Cash flows from operating activities		
Income before income taxes	1,833,531	1,876,542
Depreciation	287,475	305,290
Investment unit issuance expenses	48,461	27,928
Interest income	(21)	(24)
Interest expenses	82,120	92,575
Decrease (increase) in operating accounts receivable	(2,655)	8,075
Decrease (increase) in consumption taxes refund receivable	(261,743)	261,743
Increase (decrease) in accrued consumption taxes	(63,671)	113,269
Decrease (increase) in prepaid expenses	(20,666)	18,729
Decrease (increase) in long-term prepaid expenses	(19,099)	24,922
Increase (decrease) in operating accounts payable	226	84,485
Increase (decrease) in accounts payable - other	59,804	14,243
Increase (decrease) in advances received	270,497	(251,394)
Decrease from sales of property, plant and equipment in trust	2,579,413	1,744,836
Other, net	9,366	(5,941)
Subtotal	4,803,041	4,315,282
Interest income received	21	24
Interest expenses paid	(80,426)	(93,627)
Income taxes paid	(848)	(1,027)
Net cash provided by (used in) operating activities	4,721,788	4,220,652
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(18,557,651)	(224,406)
Repayments of tenant leasehold and security deposits in trust	(208,168)	(128,352)
Proceeds from tenant leasehold and security deposits in trust	482,179	59,996
Purchase of investment securities	-	(734,500)
Net cash provided by (used in) investing activities	(18,283,641)	(1,027,262)
Cash flows from financing activities		
Increase in short-term loans payable	600,000	-
Decrease in short-term loans payable	(1,600,000)	-
Proceeds from long-term loans payable	9,830,000	-
Repayments of long-term loans payable	(300,000)	(1,380,000)
Proceeds from issuance of investment units	6,441,599	-
Dividends paid	(1,070,613)	(1,830,353)
Net cash provided by (used in) financing activities	13,900,986	(3,210,353)
Net increase (decrease) in cash and cash equivalents	339,133	(16,962)
Cash and cash equivalents at beginning of period	4,498,806	4,837,939
Cash and cash equivalents at end of period	*1 4,837,939	*1 4,820,976

(6) Notes on the Going Concern Assumption
Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Evaluation standards and methods of valuation of securities	Other securities: Those with fair value Fair value method or market value method (Variances are directly included in net assets.)
2. Method of depreciation of non-current assets	Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment is as follows: Buildings 5-69 years Structures 10-15 years Machinery and equipment 10 years Tools, furniture and fixtures 3- 6 years
3. Accounting for deferred assets	Investment unit issuance expenses The entire amount is expensed as incurred.
4. Standards for revenue and expense recognition	Accounting for fixed property tax, etc. Accounting for fixed property tax, city planning tax, depreciable asset tax, etc. (“fixed property tax, etc.”) on real estate or beneficiary interest in trust for real estate held is that, of the tax amount assessed and determined, the amount corresponding to the concerned calculation period is expensed as expenses related to rent business. The amount equivalent to fixed property tax, etc. in the initial fiscal year borne by SAR upon acquisition of real estate or beneficiary interest in trust for real estate is not recognized as expenses but included in the cost of acquisition of the concerned real estate, etc. In the fiscal period under review, there was no amount equivalent to fixed property tax, etc. included in the cost of acquisition of real estate, etc.
5. Method of hedge accounting	(1) Hedge accounting approach Deferral hedge accounting is adopted. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transaction Hedged items: Interest on loans (3) Hedging policy SAR conducts derivative transactions for the purpose of hedging the risks provided in its Articles of Incorporation pursuant to rules and regulations. (4) Method of assessing the effectiveness of hedging The effectiveness of hedging is assessed by comparing the cumulative change in cash flows of the hedging instruments with the cumulative change in cash flows of the hedged items and verifying the ratio of the amount of change in the two.
6. Scope of funds in the statement of cash flows (cash and cash equivalents)	The funds (cash and cash equivalents) in the statement of cash flows comprise cash on hand and cash in trust, demand deposits and deposits in trust, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and that are subject to an insignificant risk of changes in value.
7. Other significant matters serving as the basis for preparation of financial statements	(1) Accounting for beneficiary interest in trust for real estate, etc. Concerning beneficiary interest in trust for real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income. The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet. ① Cash and deposits in trust ② Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust ③ Leasehold rights in trust ④ Tenant leasehold and security deposits in trust (2) Accounting for consumption tax, etc. The accounting for consumption tax and local consumption tax is the taxes are excluded from the transaction amounts. Non-deductible consumption tax on acquisition of assets is included in the acquisition cost of each asset.

(8) Notes to the Financial Statements

[Notes to the Balance Sheet]

*1 Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations
(Unit: thousand yen)

	3rd fiscal period (As of July 31, 2017)	4th fiscal period (As of January 31, 2018)
	50,000	50,000

2 Allowance for temporary difference adjustment

3rd fiscal period (From: February 1, 2017 To: July 31, 2017)

1. Reason for the difference or reversal items and amount

(Unit: thousand yen)

Item	Reason for the difference	Initial amount	Balance at beginning of the period	Allowance	Reversal	Balance at end of the period	Reason for the reversal
Deferred gains or losses on hedges	—	—	26,197	—	26,197	—	Changes of fair value

2. Method of reversal

Deferred gains or losses on hedges

Reversal will be made due to changes of fair value.

4th fiscal period (From: August 1, 2017 To: January 31, 2018)

Not applicable

[Notes to the Statement of Income]

*1 Breakdown of operating income (loss) from real estate leasing

(Unit: thousand yen)

	3rd fiscal period From: February 1, 2017 To: July 31, 2017		4th fiscal period From: August 1, 2017 To: January 31, 2018	
A. Operating revenue from real estate leasing				
Lease business revenue				
Rental revenue	1,895,917		1,997,374	
Common area maintenance revenue	181,193		187,680	
Parking revenue	58,706		60,958	
Facility use revenue	8,344		7,738	
Other rental revenue	2,054	2,146,216	1,865	2,255,617
Other lease business revenue				
Utilities reimbursement	122,615		134,400	
Other revenue	43,948	166,563	18,254	152,654
Total operating revenue from real estate leasing		2,312,779		2,408,272
B. Operating expenses from real estate leasing				
Expenses related to rent business				
Management fee	124,462		121,151	
Utilities expenses	126,591		137,730	
Taxes and dues	156,208		139,112	
Repair expenses	62,667		59,548	
Trust fee	8,724		10,740	
Insurance premium	3,635		3,772	
Depreciation	287,475		305,290	
Other expenses	66,810		64,304	
Total operating expenses from real estate leasing		836,576		841,650
C. Operating income (loss) from real estate leasing [A – B]		1,476,202		1,566,622

*2 Breakdown of gain on sales of real estate property

3rd fiscal period (From: February 1, 2017 To: July 31, 2017)

(Unit: thousand yen)

Urban Park Yoyogikoen	
Real Estate Sale Income	1,100,000
Real Estate Sale Cost	902,696
Other Real Estate Sale Expenses	44,860
Gain on Real Estate Sale	152,443
Oak Minami-Azabu (49% of quasi co-ownership interest)	
Real Estate Sale Income	2,459,800
Real Estate Sale Cost	1,676,717
Other Real Estate Sale Expenses	36,913
Gain on Real Estate Sale	746,168

4th fiscal period (From: August 1, 2017 To: January 31, 2018)

Oak Minami-Azabu

(51% of quasi co-ownership interest)

Real Estate Sale Income	2,560,200
Real Estate Sale Cost	1,744,836
Other Real Estate Sale Expenses	43,699
Gain on Real Estate Sale	771,663

[Notes to the Statement of Unitholders' Equity]

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

	3rd fiscal period From: February 1, 2017 To: July 31, 2017	4th fiscal period From: August 1, 2017 To: January 31, 2018
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	414,300 units	414,300 units

[Notes to the Statement of Cash Flows]

*1 Reconciliation of cash and cash equivalents at end of period to the amount of balance sheet items

(Unit: thousand yen)

	3rd fiscal period From: February 1, 2017 To: July 31, 2017	4th fiscal period From: August 1, 2017 To: January 31, 2018
Cash and deposits	1,598,847	1,667,713
Cash and deposits in trust	3,239,091	3,153,262
Cash and cash equivalents	4,837,939	4,820,976

[Notes on Lease Transactions]

Operating leases (as lessor)

Future minimum lease payments

(Unit: thousand yen)

	3rd fiscal period As of July 31, 2017	4th fiscal period As of Jan. 31, 2018
Not later than 1 year	1,807,841	1,597,468
Later than 1 year	3,858,017	3,175,890
Total	5,665,859	4,773,358

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

SAR shall procure funds to allocate to acquisition of real estate related assets, repayment of interest-bearing liabilities, etc. through mainly issuance of investment units, borrowing from financial institutions, issuance of investment corporation bonds, etc. Upon procuring funds through interest-bearing liabilities, due consideration shall be given to fund procurement agility and financial stability.

(2) Description of financial instruments and associated risks, and risk management system

The funds procured through loans, which shall be for the purpose of mainly acquisition of assets, are exposed to liquidity risk until the repayment date, but the concerned risks are managed by taking such measures as lengthening the procurement periods and staggering the maturities. In addition, loans with floating interest rates are exposed to interest rate fluctuation risk, but derivative transactions (interest rate swap transactions) are utilized as hedging instruments to, in effect, convert interest rates to fixed rates in order to mitigate that risk. For the hedge accounting approach, hedging instruments, hedged items, hedging policy and method of assessing the effectiveness of hedging, please refer to "5. Method of hedge accounting" described under "Notes on Matters Concerning Significant Accounting Policies" earlier in this document.

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

Not applicable.

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

The carrying amount and fair value as of July 31, 2017, and the amount of difference between these, are as follows:

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	1,598,847	1,598,847	-
(2) Cash and deposits in trust	3,239,091	3,239,091	-
(3) Investment securities	-	-	-
Assets total	4,837,939	4,837,939	-
(4) Current portion of long-term loans payable	8,680,000	8,680,000	-
(5) Long-term loans payable	30,050,000	30,050,000	-
Liabilities total	38,730,000	38,730,000	-
(6) Derivative transactions (*)	28,686	28,686	-

The carrying amount and fair value as of January 31, 2018, and the amount of difference between these, are as follows:

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	1,667,713	1,667,713	-
(2) Cash and deposits in trust	3,153,262	3,153,262	-
(3) Investment securities	734,500	734,500	-
Assets total	5,555,476	5,555,476	-
(4) Current portion of long-term loans payable	7,300,000	7,300,000	-
(5) Long-term loans payable	30,050,000	30,050,000	-
Liabilities total	37,350,000	37,350,000	-
(6) Derivative transactions (*)	36,966	36,966	-

(*) Assets and liabilities arising from derivative transactions are offset and presented in the net amount, with the balance shown in parentheses () when in a net liability position.

(Note 1) Method of calculation of the fair value of financial instruments

(1) Cash and deposits; (2) Cash and deposits in trust; (4) Current portion of long-term loans payable

Because these are settled in a short period of time, the fair value is approximately the same as the book value and thus stated at that book value.

(3) Investment securities

Because interest income etc. from mezzanine loan debt are based on floating interest rates, the fair value is approximately the same as the book value and thus stated at that book value.

(5) Long-term loans payables

Because long-term loans payable are all with floating interest rates under terms and conditions that interest rates be reviewed every set period of time, the fair value is approximately the same as the book value and thus stated at that book value.

(6) Derivative transactions

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

(Note 2) Financial instruments for which estimation of fair value is recognized to be difficult

(Unit: thousand yen)

Category	3rd fiscal period As of July 31, 2017	4th fiscal period As of January 31, 2018
Tenant leasehold and security deposits in trust	1,863,336	1,794,980

Tenant leasehold and security deposits in trust are not subject to valuation at fair value, because a reasonable estimation of cash flows is recognized to be extremely difficult due to there being no market price and difficulty of calculating the actual deposit period from when lessees move in to when they move out.

(Note 3) Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts

(July 31, 2017)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Cash and deposits	1,598,847	-	-	-	-	-
Cash and deposits in trust	3,239,091	-	-	-	-	-
Investment securities	-	-	-	-	-	-
Total	4,837,939	-	-	-	-	-

(January 31, 2018)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Cash and deposits	1,667,713	-	-	-	-	-
Cash and deposits in trust	3,153,262	-	-	-	-	-
Investment securities	-	-	-	-	-	734,500
Total	4,820,976	-	-	-	-	734,500

(Note 4) Amount of repayment of loans scheduled to be due after the date of settlement of accounts

(July 31, 2017)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Long-term loans payable	8,680,000	7,300,000	7,300,000	11,300,000	4,150,000	-
Total	8,680,000	7,300,000	7,300,000	11,300,000	4,150,000	-

(January 31, 2018)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Long-term loans payable	7,300,000	7,300,000	11,300,000	7,300,000	4,150,000	-
Total	7,300,000	7,300,000	11,300,000	7,300,000	4,150,000	-

[Notes on Securities]

Other securities

3rd fiscal period (as of July 31, 2017)

Not applicable.

4th fiscal period (as of January 31, 2018)

(Unit: Thousand yen)

	Category	Book value	Acquisition cost	Difference
Book value greater than acquisition cost	(1)Stock	-	-	-
	(2)Bond			
	① Government bond, municipal bond, etc.	-	-	-
	② Corporate bond	-	-	-
	③ Other	-	-	-
	(3)Other	-	-	-
	Subtotal	-	-	-
Book value less than or equal to acquisition cost	(1)Stock	-	-	-
	(2)Bond			
	① Government bond, municipal bond, etc.	-	-	-
	② Corporate bond	400,000	400,000	-
	③ Other	-	-	-
	(3)Other	334,500	334,500	-
	Subtotal	734,500	734,500	-
Total		734,500	734,500	-

[Notes on Derivative Transactions]

3rd fiscal period (as of July 31, 2017)

1. Derivative transactions to which hedge accounting is not applied

Not applicable.

2. Derivative transactions to which hedge accounting is applied

The following is the contract amount or the amount equivalent to the principal provided in the contract as of the date of settlement of accounts for each hedge accounting approach.

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, later than 1 year	
Principle accounting	Interest rate swap transaction (floating receivable; fixed payable)	Long-term loans payable	30,050,000	30,050,000	28,686

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

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

4th fiscal period (as of January 31, 2018)

1. Derivative transactions to which hedge accounting is not applied
Not applicable.

2. Derivative transactions to which hedge accounting is applied

The following is the contract amount or the amount equivalent to the principal provided in the contract as of the date of settlement of accounts for each hedge accounting approach.

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, later than 1 year	
Principle accounting	Interest rate swap transaction (floating receivable; fixed payable)	Long-term loans payable	30,050,000	30,050,000	36,966

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

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

[Notes on Retirement Benefits]

3rd fiscal period (as of July 31, 2017)

Not applicable.

4th fiscal period (as of January 31, 2018)

Not applicable.

[Notes on Tax-Effect Accounting]

1. Breakdown of main causes for occurrence of deferred tax assets and deferred tax liabilities

(Unit: thousand yen)

	3rd fiscal period As of July 31, 2017	4th fiscal period As of January 31, 2018
Deferred tax assets		
Non-deductible accrued enterprise tax	20	6,119
Acquisition cost of securities	-	1,364
Subtotal	20	7,484
Valuation allowance	-	(7,484)
Total	20	-
Deferred tax assets, net	20	-

2. Breakdown of major components that caused any significant differences between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

(Unit: %)

	3rd fiscal period As of July 31, 2017	4th fiscal period As of January 31, 2018
Statutory tax rate	31.74	31.74
[Adjustments]		
Deductible distributions payable	(31.72)	(28.57)
Other	0.04	0.79
Effective income tax rate after application of tax-effect accounting	0.06	3.96

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

3rd fiscal period (as of July 31, 2017)

Not applicable.

4th fiscal period (as of January 31, 2018)

Not applicable.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.

3rd fiscal period (from February 1, 2017 to July 31, 2017)

Not applicable.

4th fiscal period (from August 1, 2017 to January 31, 2018)

Not applicable.

2. Affiliated company, etc.

3rd fiscal period (from February 1, 2017 to July 31, 2017)

Not applicable.

4th fiscal period (from August 1, 2017 to January 31, 2018)

Not applicable.

3. Fellow subsidiary, etc.

3rd fiscal period (from February 1, 2017 to July 31, 2017)

Not applicable.

4th fiscal period (from August 1, 2017 to January 31, 2018)

Not applicable.

4. Director, major individual unitholder, etc.

3rd fiscal period (from February 1, 2017 to July 31, 2017)

Type	Name of company, etc. or person	Address	Capital stock or investments in capital	Description of business or occupation	Percentage of voting rights, etc. held by (in) SAR	Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
Director, or close relative of director	Atsushi Kato	—	—	Executive Director of SAR, and President and CEO of the Asset Management Company	0.01%	Payment of asset management fee to the Asset Management Company (Note 1)	321,598 (Note 2) (Note 3)	Accounts payable - other	204,623 (Note 2)

4th fiscal period (from August 1, 2017 to January 31, 2018)

Type	Name of company, etc. or person	Address	Capital stock or investments in capital	Description of business or occupation	Percentage of voting rights, etc. held by (in) SAR	Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
Director, or close relative of director	Atsushi Kato	—	—	Executive Director of SAR, and President and CEO of the Asset Management Company	0.01%	Payment of asset management fee to the Asset Management Company (Note 1)	237,214 (Note 2) (Note 3)	Accounts payable - other	220,609 (Note 2)

(Note 1) The transaction is one that was conducted by Atsushi Kato as President and CEO of a third party (the Asset Management Company), and the transaction amount is based on the terms and conditions provided in the Articles of Incorporation of SAR.

(Note 2) Of the amounts above, the transaction amount does not include consumption tax, while the balance at the end of the period includes consumption tax.

(Note 3) Asset management fee of 3rd fiscal period includes the property acquisition incentive portion included in the book value of individual real estate, etc. in the amount of 96,535 thousand yen and the property transfer incentive portion in the amount of 35,598 thousand yen. Asset management fee of 4th fiscal period includes the property transfer incentive portion in the amount of 25,602 thousand yen.

[Notes on Asset Retirement Obligations]

3rd fiscal period (as of July 31, 2017)

Not applicable.

4th fiscal period (as of January 31, 2018)

Not applicable.

[Notes on Investment and Rental Properties]

SAR owns rental real estate, etc. for the purpose of earning revenue from leasing. The carrying amount, amount of increase (decrease) during the period and fair value of these investment and rental properties are as follows:

(Unit: thousand yen)

	3rd fiscal period From: February 1, 2017 To: July 31, 2017	4th fiscal period From: August 1, 2017 To: January 31, 2018
Carrying amount		
Balance at beginning of period	62,518,247	78,156,438
Amount of increase (decrease) during period	15,638,191	(1,867,315)
Balance at end of period	78,156,438	76,289,122
Fair value at end of period	84,450,200	82,680,000

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

(Note 2) Of the amount of increase (decrease) in investment and rental properties during 3rd period, the amount of increase are mainly attributable to acquisition of real estate beneficiary interest in trust of 7 properties (18,314,960 thousand yen) and capital expenditure (190,119 thousand yen), while the amount of decrease is mainly attributable to disposition of 2 properties (one of those is 49% of quasi co-ownership) (2,579,413 thousand yen) and depreciation (287,475 thousand yen). Of the amount of increase (decrease) in investment and rental properties during 4th period, the amount of increase is mainly attributable to capital expenditure (182,811 thousand yen), while the amount of decrease is mainly attributable to disposition of 1 property (51% of quasi co-ownership)(1,744,836 thousand yen) and depreciation (305,290 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser. Of the fair value at the end 3rd period, that of Oak Minami-Azabu (51% of quasi co-ownership) is based of transfer price (2,560,200 thousand yen) stated in the contract dated Feb. 28, 2017.

The income (loss) concerning investment and rental properties are as stated in "Notes to the Statement of Income" earlier in this document.

[Notes on Segment Information]

1. Segment information

Segment information is omitted because SAR operates a single segment, which is the real estate leasing business.

2. Related information

3rd fiscal period (from February 1, 2017 to July 31, 2017)

(1) Information about products and services

Information about products and services is omitted because net sales to external customers for a single products and services category are in excess of 90% of operating revenue on the statement of income.

(2) Information about geographic areas

① Net sales

Information about net sales is omitted because net sales to external customers in Japan are in excess of 90% of operating revenue on the statement of income.

② Property, plant and equipment

Information about property, plant and equipment is omitted because the amount of property, plant and equipment located in Japan is in excess of 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information about major customers

(Unit: Thousand yen)

Customer name	Operating revenue	Segment
Kanden Realty & Development Co., Ltd.	746,168	Real estate leasing business.

4th fiscal period (from August 1, 2017 to January 31, 2018)

(1) Information about products and services

Information about products and services is omitted because net sales to external customers for a single products and services category are in excess of 90% of operating revenue on the statement of income.

(2) Information about geographic areas

① Net sales

Information about net sales is omitted because net sales to external customers in Japan are in excess of 90% of operating revenue on the statement of income.

② Property, plant and equipment

Information about property, plant and equipment is omitted because the amount of property, plant and equipment located in Japan is in excess of 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information about major customers

(Unit: Thousand yen)

Customer name	Operating revenue	Segment
Kanden Realty & Development Co., Ltd.	771,663	Real estate leasing business.

[Notes on Per Unit Information]

	3rd fiscal period From: February 1, 2017 To: July 31, 2017	4th fiscal period From: August 1, 2017 To: January 31, 2018
Net assets per unit	101,116 yen	101,063 yen
Net income per unit	4,697 yen	4,349 yen

(Note 1) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units. In addition, diluted net income per unit is not stated, because there are no diluted investment units.

(Note 2) The basis for calculation of net income per unit is as follows:

	3rd fiscal period From: February 1, 2017 To: July 31, 2017	4th fiscal period From: August 1, 2017 To: January 31, 2018
Net income (thousand yen)	1,832,513	1,802,173
Amount not attributable to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	1,832,513	1,802,173
Average number of investment units during period (units)	390,083	414,300

[Notes on Significant Subsequent Events]

Issuance of new investment units

For the issuance of new investment units for the purpose of procuring funds for acquisition of new properties and repayment of borrowings SAR resolved at the Board of Directors meetings on January 12, 2018 and January 22, 2018, and the payments were completed as follows. For the issuance of new investment units through public offering, the payment was completed on February 1, 2018, and for the issuance of new investment units through third-party allotment, the payment was completed on February 27, 2018.

As a result, total unitholders' capital changed to 45,832,670,448 yen with 470,624 investment units outstanding.

<Issuance of new investment units through public offering>

Number of new investment units issued: 53,641 units
 Offer price: 106,724 yen per unit
 Total offer price: 5,724,782,084 yen
 Paid-in amount (issue amount): 103,002 per unit
 Total paid-in amount (total issue amount): 5,525,130,282 yen
 Payment date: February 1, 2018

<Issuance of new investment units through third-party allotment>

Number of new investment units issued: 2,683 units
 Paid-in amount (issue amount): 103,002 per unit
 Total paid-in amount (total issue amount): 276,354,366 yen
 Payment Date: February 27, 2018
 Allottee: Nomura Securities Co. Ltd.

SAR acquired 6 properties (total amount of purchase price: 10,743 million yen) allocating the funds from issuance of new investment units through public offering as part of acquisition funds.

(9) Changes in Total Number of Investment Units Issued and Outstanding

The following are the changes in unitholders' capital and total number of investment units issued and outstanding since the establishment of SAR.

Date	Event	Total number of investment units issued and outstanding (units)		Unitholders' capital (thousand yen) (Note 9)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
December 1, 2015	Establishment through private placement	2,000	2,000	200,000	200,000	(Note 1)
January 14, 2016	Capital increase through private placement	95,000	97,000	9,500,000	9,700,000	(Note 2)
April 19, 2016	Capital increase through public offering	235,900	332,900	22,705,375	32,405,375	(Note 3)
May 17, 2016	Capital increase through third-party allotment	11,800	344,700	1,135,750	33,541,125	(Note 4)
April 4, 2017	Capital increase through public offering	66,200	410,900	6,173,017	39,714,142	(Note 5)
April 24, 2017	Capital increase through third-party allotment	3,400	414,300	317,043	40,031,185	(Note 6)
February 1, 2018	Capital increase through public offering	53,641	467,941	5,525,130	45,556,316	(Note 7)
February 27, 2018	Capital increase through third-party allotment	2,683	470,624	276,354	45,832,670	(Note 8)

(Note 1) Investment units were issued at a paid-in amount of 100,000 yen per unit upon the establishment of SAR.

(Note 2) Investment units were issued at a paid-in amount of 100,000 yen per unit.

(Note 3) New investment units were issued through public offering at an issue price of 100,000 yen (paid-in amount of 96,250 yen) per unit for the purpose of procuring funds for acquisition of new properties, etc.

(Note 4) New investment units were issued through third-party allotment at a paid-in amount of 96,250 yen per unit for the purpose of procuring funds for repayment of borrowings.

(Note 5) New investment units were issued through public offering at an issue price of 96,720 yen (paid-in amount of 93,248 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 6) New investment units were issued through third-party allotment at a paid-in amount of 93,248 yen per unit for the purpose of procuring funds for repayment of borrowings.

(Note 7) New investment units were issued through public offering at an issue price of 106,724 yen (paid-in amount of 103,002 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 8) New investment units were issued through third-party allotment at a paid-in amount of 103,002 yen per unit for the purpose of procuring funds for repayment of borrowings.

(Note 9) Deduction of reversal of allowance for temporary difference adjustment in line with the cash distribution in excess of earnings from unitholders' capital is not considered.

4. Changes in Directors

(1) Directors of SAR

There were no changes in directors in the fiscal period under review.

(2) Directors of the Asset Management Company

There were no changes in directors in the fiscal period under review.

5. Reference Information

(1) Investment Status

Type of asset	Primary use	Geographic area (Note 1)	3rd fiscal period (As of July 31, 2017)		4th fiscal period (As of January 31, 2018)	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate in trust	Office	Greater Tokyo	16,772	20.1	15,070	18.3
		Other than Greater Tokyo	10,340	12.4	10,297	12.5
	Residence	Greater Tokyo	13,858	16.6	13,845	16.9
		Other than Greater Tokyo	1,549	1.9	1,542	1.9
	Logistics facility	Greater Tokyo	24,617	29.4	24,544	29.9
	Hotel	Greater Tokyo	7,141	8.5	7,128	8.7
		Other than Greater Tokyo	3,875	4.6	3,859	4.7
	Subtotal			78,156	93.5	76,289
Investment securities			-	-	734	0.9
Deposits and other assets			5,452	6.5	5,131	6.2
Total amount of assets			83,609	100.0	82,154	100.0

	Amount (million yen)	As a percentage of total assets (%)	Amount (million yen)	As a percentage of total assets (%)
Total amount of liabilities (Note 4)	41,716	49.9	40,284	49.0
Total amount of net assets (Note 4)	41,892	50.1	41,870	51.0

(Note 1) "Greater Tokyo" refers to Tokyo's 23 wards, Yokohama City and Kawasaki City in the case of the office asset type, and Tokyo, Kanagawa, Saitama and Chiba Prefectures in the case of other asset types (residence, logistics facility and hotel). The same shall apply hereinafter.

(Note 2) "Total amount held" is the carrying amount as at the date of settlement of accounts (in the case of real estate in trust, then the depreciated book value), rounded down to the nearest million yen.

(Note 3) "As a percentage of total assets" is the carrying amount of the concerned assets expressed as a percentage of the total amount of assets, rounded to the first decimal place.

(Note 4) "Total amount of liabilities" and "Total amount of net assets" are according to total liabilities and total net assets on the balance sheet.

(2) Invested Assets

① Overview of Investment Assets

Use	Property no. (Note 1)	Property name	Location (Note 2)	Acquisition price (million yen) (Note 3)	Share of investment (%) (Note 4)	Real estate appraisal value, etc. (million yen) (Note 5)	Acquisition date
Office	OFC-01	Minami-Azabu Shibuya Building	Minato Ward, Tokyo	2,973	3.9	3,150	January 14, 2016
	OFC-03	Honmachibashi Tower	Chuo Ward, Osaka City, Osaka	6,065	8.0	6,920	January 14, 2016
	OFC-04	Nishi-Shinjuku Matsuya Building	Shibuya Ward, Tokyo	1,763	2.3	2,430	April 20, 2016
	OFC-05	Alphabet Seven	Minato Ward, Tokyo	1,725	2.3	2,330	April 20, 2016
	OFC-06	Shibuya MK Building	Shibuya Ward, Tokyo	2,042	2.7	2,810	April 20, 2016
	OFC-07	Hakata-eki Higashi 113 Building	Hakata Ward, Fukuoka City, Fukuoka	1,885	2.5	2,070	April 20, 2016
	OFC-08	Asahi Building	Kanagawa Ward, Yokohama City, Kanagawa	6,320	8.4	6,890	April 20, 2016
	OFC-09	Hakata-eki East Place	Hakata Ward, Fukuoka City, Fukuoka	2,286	3.0	2,480	April 6, 2017
	Subtotal				25,059	33.3	29,080
Residence	RSC-01	Urban Park Azabujuban	Minato Ward, Tokyo	2,045	2.7	2,170	January 14, 2016
	RSC-02	Urban Park Daikanyama	Shibuya Ward, Tokyo	6,315	8.4	7,310	January 14, 2016
	RSC-04	Urban Park Shin-Yokohama	Kohoku Ward, Yokohama City, Kanagawa	2,528	3.4	2,580	April 20, 2016
	RSC-05	Urban Park Namba	Naniwa Ward, Osaka City, Osaka	1,490	2.0	1,610	April 20, 2016
	RSC-06	Urban Park Gokokuji	Toshima Ward, Tokyo	1,460	1.9	1,510	February 1, 2017
	RSC-07	Urban Park Kashiwa	Kashiwa City, Chiba	1,186	1.6	1,190	April 6, 2017
	Subtotal				15,024	19.9	16,370

Logistics facility	LGC-01	Iwatsuki Logistics	Iwatsuki Ward, Saitama City, Saitama	6,942	9.2	7,130	January 14, 2016
	LGC-02	Yokohama Logistics	Kanagawa Ward, Yokohama City, Kanagawa	3,560	4.7	4,050	January 14, 2016
	LGC-03	Funabashi Logistics	Funabashi City, Chiba	7,875	10.5	8,560	January 14, 2016
	LGC-04	Baraki Logistics	Ichikawa City, Chiba	4,700	6.2	4,890	April 6, 2017
	LGC-05	Tokorozawa Logistics	Tokorozawa City, Saitama	1,300	1.7	1,400	April 6, 2017
	Subtotal				24,377	32.3	26,030
Hotel	HTL-01	R&B Hotel Umeda East	Kita Ward, Osaka City, Osaka	2,069	2.7	2,290	January 14, 2016
	HTL-02	Smile Hotel Namba	Naniwa Ward, Osaka City, Osaka	1,750	2.3	1,750	January 14, 2016
	HTL-03	BEST WESTERN Tokyo Nishikasai	Edogawa Ward, Tokyo	3,827	5.1	3,890	April 6, 2017
	HTL-04	BEST WESTERN Yokohama	Tsurumi Ward, Yokohama City, Kanagawa	3,248	4.3	3,270	April 6, 2017
	Subtotal				10,894	14.5	11,200
Total				75,354	100.0	82,680	—

(Note 1) "Property no." is that assigned to SAR's investment assets by categorizing into office (OFC), retail facility (RTL), residence (RSC), logistics facility (LGC) and hotel (HTL), and numbering in order by category. The same shall apply hereinafter.

(Note 2) "Location" is the smallest independent administrative district in which each investment asset is located.

(Note 3) "Acquisition price" indicates, with the exception of Minami-Azabu Shibuya Building and Oak Minami-Azabu Building, the sale and purchase price stated in the sale and purchase agreement for the investment asset, rounded to the nearest million yen. The sale and purchase price does not include consumption tax, local consumption tax and various expenses required for the acquisition. However, in the case of Minami-Azabu Shibuya Building, since the price for each investment asset is not set in the sale and purchase agreement, the total sale and purchase price is divided proportionally based on the ratio of the appraisal value of the properties at the time of acquisition and indicated as the acquisition price.

(Note 4) "Share of investment" is the acquisition price of the investment asset expressed as a percentage of the sum total amount of acquisition price, rounded to the first decimal place.

(Note 5) Appraisals are entrusted to Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute and The Tanizawa Sogo Appraisal co., Ltd. and real estate appraisal values are the opinions of value stated in the real estate appraisal report with January 31, 2018 as the date of value, each rounded to the nearest million yen. For details, please refer to "④ Summary of appraisal report."

② Portfolio Summary

a. By Geographic Area

Geographic area		Acquisition price (million yen)	Share (%) (Note 1)	
Greater Tokyo	5 central wards of Tokyo (Note 2)	16,863	22.4	79.4
	Other areas in Greater Tokyo	42,946	57.0	
Other than Greater Tokyo		15,545	20.6	
Total		75,354	100.0	

(Note 1) "Share" is calculated on an acquisition price basis, rounded to the first decimal place. Accordingly, the shares may not add up to 100%. The same shall apply hereinafter in "c. By Asset Type (Use)."

(Note 2) "5 central wards of Tokyo" refers to Chiyoda, Chuo, Minato, Shinjuku and Shibuya Wards. The same shall apply hereinafter.

(a) Office

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	8,503	33.9	59.2
	Other areas in Greater Tokyo	6,320	25.2	
Other than Greater Tokyo		10,236	40.8	
Total		25,059	100.0	

(b) Residence

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	8,360	55.6	90.1
	Other areas in Greater Tokyo	5,174	34.4	
Other than Greater Tokyo		1,490	9.9	
Total		15,024	100.0	

(c) Logistics facility

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	—	0.0	100.0
	Other areas in Greater Tokyo	24,377	100.0	
Other than Greater Tokyo		—	0.0	
Total		24,377	100.0	

(d) Hotel

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	—	0.0	64.9
	Other areas in Greater Tokyo	7,075	64.9	
Other than Greater Tokyo		3,819	35.1	
Total		10,894	100.0	

b. By Size

Acquisition price	Number of properties	Share (%) (Note)
5 billion yen or more but less than 10 billion yen	5	21.7
1 billion yen or more but less than 5 billion yen	18	78.3
Total	23	100.0

(Note) "Share" is calculated on a number of properties basis.

c. By Asset Type (Use)

Use	Number of properties	Acquisition price (million yen)	Share (%)
Office	8	25,059	33.3
Residence	6	15,024	19.9
Logistics facility	5	24,377	32.3
Hotel	4	10,894	14.5
Total	23	75,354	100.0

③ Status of Leasing

Property no.	Property name	Construction completion	Number of tenants (Note 1)	Operating revenue from leasing (thousand yen) (Note 2)	Security and guarantee deposits (thousand yen) (Note 3)	Leased area (m ²) (Note 4)	Leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
OFC-01	Minami-Azabu Shibuya Building	June 1993	5	90,118	110,427	3,263.08	3,263.08	100.0
OFC-03	Honmachibashi Tower	February 2010	5 (Note 7)	215,202	194,529	10,489.58	10,489.58	100.0
OFC-04	Nishi-Shinjuku Matsuya Building	May 1987	9	90,089	130,869	3,521.03	3,521.03	100.0
OFC-05	Alphabet Seven	January 1990	9	77,246	95,015	2,464.59	2,464.59	100.0
OFC-06	Shibuya MK Building	July 1993	4	74,205	99,047	1,612.88	1,612.88	100.0
OFC-07	Hakata-eki Higashi 113 Building	October 1987	32	74,613	97,289	3,486.93	3,600.46	96.8
OFC-08	Asahi Building	November 1994	21	210,183	244,513	8,672.01	8,672.01	100.0
OFC-09	Hakata-eki East Place	February 1986	18	95,276	62,367	4,632.70	4,632.70	100.0
RSC-01	Urban Park Azabujuban	November 1999	42	55,465	11,409	1,907.85	1,986.76	96.0
RSC-02	Urban Park Daikanyama	① November 1982 ② May 2006	67	190,353	81,900	5,855.92	5,977.18	98.0
RSC-04	Urban Park Shin-Yokohama	May 2009	75	70,616	15,934	3,953.03	3,989.11	99.1
RSC-05	Urban Park Namba	January 2013	114	51,049	100	2,525.62	2,584.81	97.7
RSC-06	Urban Park Gokokuji	February 1990	95	46,407	8,122	1,767.51	1,964.04	90.0
RSC-07	Urban Park Kashiwa	August 1997	40	35,706	8,565	2,884.20	2,954.77	97.6
LGC-01	Iwatsuki Logistics	October 2014	3	201,821	97,014	30,190.81	30,190.81	100.0
LGC-02	Yokohama Logistics	October 1994	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	18,135.34	100.0
LGC-03	Funabashi Logistics	Building 1: September 1992 Building 2: August 1997	4	258,103	83,426	34,633.37	37,818.26	91.6
LGC-04	Baraki Logistics	August 2015	2	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	12,185.78	100.0
LGC-05	Tokorozawa Logistics	April 1999	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	5,994.75	100.0
HTL-01	R&B Hotel Umeda East	October 2000	1	64,935	73,615	3,940.93	3,940.93	100.0
HTL-02	Smile Hotel Namba	February 2008	1	53,067	-	1,711.42	1,711.42	100.0

HTL-03	BEST WESTERN Tokyo Nishikasai	March 1991	1	84,600	84,600	5,293.88	5,293.88	100.0
HTL-04	BEST WESTERN Yokohama	September 1987	1	80,400	80,400	4,686.09	4,686.09	100.0
Total (23 properties)			551	2,408,272	1,794,980	173,809.30	177,670.26	97.8

- (Note 1) "Number of tenants" is the number of tenants (excluding parking) under the lease agreement stated in the lease agreement for the investment asset as of January 31, 2018. If a single tenant is leasing multiple rental units in an investment asset, the tenant is counted as 1 tenant for the concerned investment asset. If a single tenant is leasing rental units across multiple investment assets, the tenant is counted as separate tenants and the sum total number of tenants is stated in the total column. Furthermore, in cases where a pass-through type master lease agreement under which rent from end-tenants is received as is in principle ("pass-through type master lease") has been concluded for the concerned investment asset, the total number of end-tenants is stated. In cases where a master lease agreement agreeing to the effect that the rent under the master lease agreement shall be a fixed rent ("rent-guaranteed type master lease") has been concluded for the concerned investment asset, the number of tenants is 1 and the sum total of these is stated.
- (Note 2) "Operating revenue from leasing" is rental revenue, common area maintenance revenue, parking revenue and other revenue from real estate held generated during the fiscal period under review (including other lease business revenue).
- (Note 3) "Security and guarantee deposits" is the sum total amount of tenant security and guarantee deposits required based on the lease agreement (including deposits based on parking, antenna, rooftop and other agreements; the amount after depreciation) for the investment asset as of January 31, 2018 (limited to those occupied as of said date). Furthermore, in cases where a pass-through type master lease agreement has been concluded for the concerned investment asset, it is the sum total amount of tenant security and guarantee deposits under lease agreements concluded with end-tenants.
- (Note 4) "Leased area" is the sum total of the leased area stated in the lease agreement for the investment asset as of January 31, 2018. Furthermore, in cases where a master lease agreement has been concluded for the concerned investment asset, it is the sum total of the leased area under lease agreements concluded with end-tenants for properties under a pass-through type master lease, and it is the leased area under the master lease agreement for properties under a rent-guaranteed type master lease.
- (Note 5) "Leasable area" is the floor area regarded as being available for leasing based on the lease agreement or building drawing, etc. of the building for the investment asset as of January 31, 2018.
- (Note 6) "Occupancy rate" is the ratio of leased area to leasable area for the investment asset as of January 31, 2018, rounded to the first decimal place. In addition, in the total column, it is the ratio of the sum total of leased area to the sum total of leasable area for the investment asset, rounded to the first decimal place.
- (Note 7) Of the tenants of the property, a single company leases all 36 units of the residential portion, of which 30 units are under a rent-guaranteed type master lease agreement and 6 units are under a pass-through type master lease agreement.
- (Note 8) In the table, "Number of tenants," "Security and guarantee deposits," "Leased area" and "Occupancy rate" are based on lease agreements valid as of January 31, 2018, even if there is a notice of cancellation or termination of lease agreements with end-tenants or unpaid rent.
- (Note 9) Not disclosed, because consent for disclosure has not been obtained from the tenants.

④ Summary of Real Estate Appraisal Report, etc.

Use	Property no.	Property name	Appraisal firm (Note 1)	Appraisal value (million yen) (Note 2)	Summary of appraisal report						Appraisal NOI yield (%) (Note 4)
					Income approach					NOI (million yen) (Note 3)	
					Direct capitalization method		DCF method				
					Indicated value (million yen)	Cap rate (%)	Indicated value (million yen)	Discount rate (%)	Terminal cap rate (%)		
Office	OFC-01	Minami-Azabu Shibuya Building	Daiwa	3,150	3,250	4.0	3,100	3.6	4.2	145	4.9
	OFC-03	Honmachibashi Tower	Daiwa	6,920	7,100	4.2	6,840	4.0	4.4	312	5.1
	OFC-04	Nishi-Shinjuku Matsuya Building	Daiwa	2,430	2,410	4.1	2,440	3.9	4.3	112	6.3
	OFC-05	Alphabet Seven	JREI	2,330	2,330	4.1	2,290	3.9	4.3	101	5.8
	OFC-06	Shibuya MK Building	JREI	2,810	2,860	3.9	2,760	3.7	4.1	115	5.6
	OFC-07	Hakata-eki Higashi 113 Building	Daiwa	2,070	2,150	4.6	2,030	4.4	4.8	110	5.8
	OFC-08	Asahi Building	JREI	6,890	6,930	4.0	6,850	3.7	4.1	307	4.9
	OFC-09	Hakata-eki East Place	Daiwa	2,480	2,520	4.7	2,460	4.5	4.9	119	5.2
	Subtotal				29,080	29,550	-	28,770	-	-	1,321
Residence	RSC-01	Urban Park Azabujuban	JREI	2,170	2,170	4.0	2,130	3.8	4.2	91	4.4
	RSC-02	Urban Park Daikanyama	JREI	7,310	7,430	3.9	7,180	3.7	4.1	302	4.8
	RSC-04	Urban Park Shin-Yokohama	Daiwa	2,580	2,620	4.5	2,560	4.3	4.7	122	4.8
	RSC-05	Urban Park Namba	Daiwa	1,610	1,630	4.8	1,600	4.6	5.0	80	5.4
	RSC-06	Urban Park Gokokuji	JREI	1,510	1,530	4.4	1,480	4.2	4.6	75	5.1
	RSC-07	Urban Park Kashiwa	Tanizawa	1,190	1,220	4.7	1,170	4.8	4.9	61	5.1
	Subtotal				16,370	16,600	-	16,120	-	-	730
Logistics facility	LGC-01	Iwatsuki Logistics	Daiwa	7,130	7,240	4.5	7,080	4.3	4.7	332	4.8
	LGC-02	Yokohama Logistics	Daiwa	4,050	4,110	4.3	4,020	4.1	4.5	204	5.7
	LGC-03	Funabashi Logistics	Daiwa	8,560	8,660	4.3	8,510	4.1	4.5	425	5.4
	LGC-04	Baraki Logistics	Tanizawa	4,890	5,000	4.2	4,840	4.1	4.4	212	4.5
	LGC-05	Tokorozawa Logistics	JREI	1,400	1,400	5.2	1,390	4.8	5.5	78	6.0
	Subtotal				26,030	26,410	-	25,840	-	-	1,252
Hotel	HTL-01	R&B Hotel Umeda East	Daiwa	2,290	2,310	4.6	2,280	4.4	4.8	115	5.6
	HTL-02	Smile Hotel Namba	Daiwa	1,750	1,760	5.3	1,740	5.1	5.5	98	5.6
	HTL-03	BEST WESTERN Tokyo Nishikasai	JREI	3,890	3,940	4.5	3,830	4.3	4.7	182	4.8
	HTL-04	BEST WESTERN Yokohama	JREI	3,270	3,280	4.6	3,250	4.3	4.7	155	4.8
	Subtotal				11,200	11,290	-	11,100	-	-	550
Total				82,680	83,850	-	81,830	-	-	3,852	5.1

(Note 1) "Appraisal firm" is shown as "Daiwa" to stand for Daiwa Real Estate Appraisal Co., Ltd., "JREI" to stand for Japan Real Estate Institute and "Tanizawa" to stand for The Tanizawa Sogo Appraisal co., Ltd..

(Note 2) "Appraisal value" is as of January 31, 2018 as the date of value.

(Note 3) "NOI" is the net operating income by the direct capitalization method stated in the appraisal report, rounded to the nearest million yen.

(Note 4) "Appraisal NOI yield" is based on the NOI found in the indication of value by the direct capitalization method in the real estate appraisal report and expressed as a percentage of acquisition price, rounded to the first decimal place.

⑤ Information on Major Real Estate Properties

Of investment assets, the following are those that fall under the category of major real estate properties (those buildings/facilities pertaining to land recognized to be used collectively of which total rental revenue accounts for 10% or more of the sum total of total rental revenue of investment assets) and the top five properties in terms of total rental revenue as of January 31, 2018.

	Changes in occupancy rate (%) (Note 2)			
	July 31, 2016	January 31, 2017	July 31, 2017	January 31, 2018
Funabashi Logistics (Note 1)	91.6	91.6	91.6	91.6
Iwatsuki Logistics	100.0	100.0	100.0	100.0
Asahi Building	93.3	96.4	100.0	100.0
Honmachibashi Tower	100.0	100.0	100.0	100.0
Urban Park Daikanyama	93.2	95.5	99.1	98.0

(Note 1) The property falls under the category of major real estate properties as defined above.

(Note 2) "Changes in occupancy rate" is the ratio of leased area to leasable area for the investment asset as of the record date, rounded to the first decimal place.

⑥ Top 10 End-Tenants in Terms of Leased Area

The following table lists the tenants ranking in the top ten tenants in terms of leased area of investment assets.

	Name of tenant	Name of property occupied	Leased area (m ²) (Note 1)	As a percentage of total leasable area (%) (Note 2)
1	Not disclosed (Note 3)	Iwatsuki Logistics	Not disclosed (Note 3)	16.7
2	Not disclosed (Note 3)	Funabashi Logistics	Not disclosed (Note 3)	12.1
3	Not disclosed (Note 3)	Yokohama Logistics	Not disclosed (Note 3)	10.2
4	Rembrandt Inn	BEST WESTERN Tokyo Nishikasai BEST WESTERN Yokohama	9,979.97	5.6
5	Not disclosed (Note 3)	Funabashi Logistics	Not disclosed (Note 3)	4.0
6	Not disclosed (Note 3)	Baraki Logistics	Not disclosed (Note 3)	3.5
7	Not disclosed (Note 3)	Baraki Logistics	Not disclosed (Note 3)	3.4
8	Ricoh Japan Corporation	Honmachibashi Tower	6,044.70	3.4
9	Not disclosed (Note 3)	Tokorozawa Logistics	Not disclosed (Note 3)	3.4
10	Kao Corporation	Funabashi Logistics	5,888.87	3.3
Total of the top 10 tenants			116,666.68	65.7

(Note 1) "Leased area" is the sum total of the leased area stated in the lease agreement for the investment asset as of January 31, 2018.

(Note 2) "As a percentage of total leasable area" is the area leased to the tenant expressed as a percentage of the sum total of leasable area of all investment assets, rounded to the first decimal place.

(Note 3) Not disclosed, because consent for disclosure has not been obtained from the end-tenants, etc.

⑦ Capital Expenditures

a. Schedule of Capital Expenditures for the 5th fiscal period

The following are the principal capital expenditures arising from renovation construction work, etc. currently planned for the assets held by SAR as of January 31, 2018. Please note that the expected construction amounts include portions that are expensed as a separate account item of accounting costs.

Name of real estate, etc. (Location)	Purpose	Scheduled period	Estimated construction costs (thousand yen)		
			Total amount	Amount of payment during period	Total amount already paid
Asahi Building (Yokohama City, Kanagawa)	Upgrading of mechanical parking space	From: Jun. 2018 To: Jul. 2018	23,200	—	—
Asahi Building (Yokohama City, Kanagawa)	Upgrading of air-conditioning system	From: Jun. 2018 To: Jul. 2018	23,000	—	—
Nishi-Shinjuku Matsuya Building (Shibuya Ward, Tokyo)	Upgrading of elevator	From: Feb. 2018 To: Mar. 2018	21,000	—	—
Asahi Building (Yokohama City, Kanagawa)	Upgrading of air-conditioning ventilation system	From: May. 2018 To: Jun. 2018	18,650	—	—

b. Capital Expenditures during the 4th fiscal period

The following summarizes the primary construction work that constitutes capital expenditures implemented for the assets held by SAR as of January 31, 2018 during the 4th fiscal period. Capital expenditures for the 4th fiscal period amounted to 182,811 thousand yen and, when combined with the 59,548 thousand yen in repair expenses charged to the 4th fiscal period expenses, totals 242,360 thousand yen in construction work implemented.

Name of real estate, etc. (Location)	Purpose	Period	Construction costs (thousand yen)
Yokohama Logistics (Yokohama City, Kanagawa)	Upgrading of air-conditioning system	From:Jan.2018 To: Jan.2018	22,782
Shibuya MK Building (Shibuya Ward, Tokyo)	Renovation of restrooms on the 1 st to 6 th floors	From:Sep.2017 To: Jan.2018	19,553
Asahi Building (Yokohama City, Kanagawa)	Upgrading of firefighting equipment	From:Jan.2018 To: Jan.2018	11,162
Others	—	—	129,313
Total			182,811

⑧ Individual Property Income Statements

(Unit: thousand yen)

Property no.	OFC-01	OFC-03	OFC-04	OFC-05	OFC-06
Property name	Minami-Azabu Shibuya Building	Honmachibashi Tower	Nishi-Shinjuku Matsuya Building	Alphabet Seven	Shibuya MK Building
① Total operating revenue from real estate leasing	90,118	215,202	90,089	77,246	74,205
Lease business revenue	83,548	188,980	81,435	70,968	68,946
Other lease business revenue	6,570	26,221	8,654	6,278	5,258
② Total operating expenses from real estate leasing	27,993	63,726	34,601	22,303	20,811
Management fee	5,735	13,440	6,656	4,902	4,829
Trust fee	500	480	500	500	430
Utilities expenses	6,806	24,891	8,132	4,917	3,648
Insurance premium	127	390	139	109	47
Repair expenses	922	2,427	1,086	5,202	4,931
Property taxes	4,574	19,683	3,222	5,768	4,192
Other	9,327	2,412	14,864	903	2,731
③ NOI (①—②)	62,125	151,475	55,488	54,943	53,394
④ Depreciation	10,749	44,891	7,157	4,117	2,619
⑤ Operating income (loss) from real estate leasing (③—④)	51,375	106,584	48,331	50,826	50,774
⑥ Capital expenditures	12,955	3,168	14,799	12,013	19,553
⑦ NCF (③—⑥)	49,169	148,306	40,688	42,930	33,840
Book value at end of the period	3,005,343	6,028,529	1,824,013	1,802,390	2,084,616

Property no.	OFC-07	OFC-08	OFC-09	RSC-01	RSC-02
Property name	Hakata-eki Higashi 113 Building	Asahi Building	Hakata-eki East Place	Urban Park Azabujuban	Urban Park Daikanyama
① Total operating revenue from real estate leasing	74,613	210,183	95,276	55,465	190,353
Lease business revenue	67,315	193,117	84,697	51,645	182,557
Other lease business revenue	7,298	17,066	10,578	3,819	7,796
② Total operating expenses from real estate leasing	26,182	56,866	22,865	11,869	34,523
Management fee	7,406	15,648	8,396	2,142	8,681
Trust fee	430	480	480	430	430
Utilities expenses	7,100	17,507	10,358	544	4,774
Insurance premium	135	387	184	63	214
Repair expenses	3,736	4,251	2,568	2,998	5,271
Property taxes	5,073	16,021	-	2,738	10,825
Other	2,299	2,569	878	2,951	4,326
③ NOI (①—②)	48,431	153,317	72,410	43,595	155,830
④ Depreciation	5,728	22,435	6,411	4,199	12,137
⑤ Operating income (loss) from real estate leasing (③—④)	42,703	130,881	65,999	39,395	143,693
⑥ Capital expenditures	6,600	30,544	3,981	15,595	2,308
⑦ NCF (③—⑥)	41,831	122,772	68,429	28,000	153,521
Book value at end of the period	1,958,111	6,354,540	2,310,981	2,098,889	6,420,070

(Unit: thousand yen)

Property no.	RSC-04	RSC-05	RSC-06	RSC-07	LGC-01
Property name	Urban Park Shin-Yokohama	Urban Park Namba	Urban Park Gokokuji	Urban Park Kashiwa	Iwatsuki Logistics
① Total operating revenue from real estate leasing	70,616	51,049	46,407	35,706	201,821
Lease business revenue	69,201	48,210	44,910	34,482	187,718
Other lease business revenue	1,415	2,838	1,496	1,224	14,103
② Total operating expenses from real estate leasing	21,153	13,588	13,863	7,697	34,501
Management fee	4,698	2,576	3,772	1,843	5,650
Trust fee	430	430	480	430	430
Utilities expenses	882	511	2,564	863	14,103
Insurance premium	164	69	58	93	296
Repair expenses	2,504	3,064	4,479	1,729	-
Property taxes	4,721	2,880	-	-	14,020
Other	7,753	4,057	2,508	2,737	-
③ NOI (① - ②)	49,463	37,460	32,543	28,009	167,320
④ Depreciation	16,442	7,508	4,098	6,525	46,434
⑤ Operating income (loss) from real estate leasing (③ - ④)	33,020	29,951	28,445	21,483	120,885
⑥ Capital expenditures	-	625	971	11,341	-
⑦ NCF (③ - ⑥)	49,463	36,834	31,572	16,667	167,320
Book value at end of the period	2,578,946	1,542,785	1,495,930	1,251,792	6,831,454

Property no.	LGC-02	LGC-03	LGC-04	LGC-05	HTL-01
Property name	Yokohama Logistics	Funabashi Logistics	Baraki Logistics	Tokorozawa Logistics	R&B Hotel Umeda East
① Total operating revenue from real estate leasing	Not disclosed (Note)	258,103	Not disclosed (Note)	Not disclosed (Note)	64,935
Lease business revenue		238,099			64,935
Other lease business revenue		20,003			-
② Total operating expenses from real estate leasing		57,050			7,305
Management fee		12,058			742
Trust fee		480			430
Utilities expenses		17,218			10
Insurance premium		429			123
Repair expenses		2,715			498
Property taxes		23,678			5,383
Other		469			118
③ NOI (① - ②)		201,052			57,629
④ Depreciation		26,491			9,142
⑤ Operating income (loss) from real estate leasing (③ - ④)	174,561	48,487			
⑥ Capital expenditures	6,226	3,514			
⑦ NCF (③ - ⑥)	194,825	54,115			
Book value at end of the period	3,732,599	7,908,587	4,722,372	1,349,103	2,135,152

(Note) Not disclosed, because consent for disclosure has not been obtained from the tenants.

(Unit: thousand yen)

Property no.	HTL-02	HTL-03	HTL-04
Property name	Smile Hotel Namba (Note)	BEST WESTERN Tokyo Nishikasai	BEST WESTERN Yokohama
① Total operating revenue from real estate leasing	53,067	84,600	80,400
Lease business revenue	53,067	84,600	80,400
Other lease business revenue	-	-	-
② Total operating expenses from real estate leasing	4,097	2,593	8,633
Management fee	660	1,200	1,200
Trust fee	630	500	500
Utilities expenses	-	-	-
Insurance premium	58	137	116
Repair expenses	339	731	6,789
Property taxes	2,302	0	0
Other	106	24	27
③ NOI (①-②)	48,969	82,006	71,766
④ Depreciation	11,940	9,640	10,918
⑤ Operating income (loss) from real estate leasing (③-④)	37,028	72,365	60,847
⑥ Capital expenditures	1,626	3,968	4,218
⑦ NCF (③-⑥)	47,342	78,037	67,548
Book value at end of the period	1,724,157	3,862,737	3,266,014

(Note) Operating revenue from real estate leasing of Smile Hotel Namba includes variable rents of 30,693 thousand yen.

(Unit: thousand yen)

Property name	Office total	Residence total	Logistics facility total	Hotel total	Portfolio total
① Total operating revenue from real estate leasing	926,936	449,598	748,734	283,002	2,408,272
Lease business revenue	839,009	431,008	702,597	283,002	2,255,617
Other lease business revenue	87,926	18,590	46,137	-	152,654
② Total operating expenses from real estate leasing	275,349	102,696	135,682	22,631	536,359
Management fee	67,016	23,713	26,618	3,802	121,151
Trust fee	3,800	2,630	2,250	2,060	10,740
Utilities expenses	83,360	10,141	44,218	10	137,730
Insurance premium	1,522	663	1,151	436	3,772
Repair expenses	25,127	20,047	6,015	8,359	59,548
Property taxes	58,535	21,165	51,724	7,686	139,112
Other	35,987	24,335	3,705	276	64,304
③ NOI (①-②)	651,586	346,902	613,052	260,371	1,871,912
④ Depreciation	104,111	50,912	108,624	41,642	305,290
⑤ Operating income (loss) from real estate leasing (③-④)	547,475	295,989	504,427	218,729	1,566,622
⑥ Capital expenditures	103,618	30,842	35,023	13,327	182,811
⑦ NCF (③-⑥)	547,968	316,060	578,028	247,043	1,689,101
Book value at end of the period	25,368,527	15,388,416	24,544,116	10,988,061	76,289,122