

March 17, 2017

For Immediate Release

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

Asset Management Company
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Notice Concerning Acquisition of Real Estate Beneficiary Interests in Trust
and Lease Contract with New Tenants

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 and lease real estate beneficiary interests in trust of the following six real estate properties (the “Assets to be Acquired” and the entire transaction to acquire and lease these beneficiary interests is referred to as the “Transactions”).

1. Overview of the Transactions

Type	Property no. (Note 1)	Property name	Location	Planned Acquisition price (mn yen) (Note 2)
Office	OFC-09	Hakata-eki East Place	Hakata-ku, Fukuoka-shi, Fukuoka	2,286
Residence	RSC-07	Urban Park Kashiwa	Kashiwa-shi, Chiba	1,186
Logistics	LGC-04	Baraki Logistics	Ichikawa-shi, Chiba	4,700 (Note 3)
Logistics	LGC-05	Tokorozawa Logistics	Tokorozawa-shi, Saitama	1,300
Hotel	HTL-03	BEST WESTERN Tokyo Nishikasai	Edogawa-ku, Tokyo	3,827
Hotel	HTL-04	BEST WESTERN Yokohama	Tsurumi-ku, Yokohama-shi, Kanagawa	3,248
Total (6 properties)				16,547

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(Note 1) As for “Property no” please refer to “3. Description of Assets to be Acquired and Leased” below, for “Property no.”

(Note 2) “Planned acquisition price” indicates the sale and purchase price stated in the sale and purchase agreement for the assets to be acquired, 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.

(Note 3) As to Baraki Logistics, in addition to the acquisition of 73% quasi-co-ownership (planned acquisition price was 3,431 million yen) announced in the “Notice Concerning Acquisition and Transfer of Real Estate Beneficiary Interests in Trust” dated February 28, 2017, the Asset Manager decided today to acquire the remaining quasi-co-ownership of 27% (planned acquisition price is 1,269 million yen) from the Sponsor Group effective on April 6, 2017. The total acquisition price for the entire property is shown in this table. The Sponsor Group comprises Star Asia Management Limited, Star Asia Asset Management LLC, Star Asia Management Japan Limited, Star Asia Group LLC, Malcolm F. MacLean IV, Taro Masuyama, as well as investment vehicles invested by funds under management of Malcolm F. MacLean IV and Taro Masuyama (excluding minority interests) which (a) are located in Japan to own or acquire real estates or other investment assets and (b) own or acquire the investment units of SAR. Same does apply hereunder.

- (1) Contract date : March 17, 2017
- (2) Planned acquisition date : April 6, 2017 (delivery and settlement date)
- (3) Sellers : Please refer to “4. Seller Profile” later in this document.
- (4) Acquisition financing : Proceeds from the issuance of new investment units through public offering (Primary offering) for which resolution was made at the Board of Directors meeting of SAR held on March 17, 2017, new borrowings to be planed and cash on hand.
- (5) Settlement method : Payment of entire amount on planned acquisition date

2. Reason for the Acquisition and Leasing

SAR holds the investment policy of “prioritized focused investment in the Tokyo metropolitan area,” “continue income stability and growth through diversification of asset types,” and “investment primarily in middle-sized assets.” In line with this policy, SAR is aiming to realize a steady growth as a diversified REIT.

Through the Transactions, SAR aims to expand the asset size and strengthen the quality of the portfolio as well as to ensure the stability and growth in medium to long-term profitability. Shown below are key reasons for the investment decision for each of the selected properties.

Furthermore, SAR judges that the lessees of the assets to be acquired satisfy the criteria for the selection of tenants stated in the “Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties” set by the Asset Manager on October 31, 2016.

[Office]

(1) Hakata-eki East Place

Hakata-eki East Place is a multi-tenant office building, approx. 10-minute walk from Hakata Station of the JR line and Fukuoka City Subway Airport lines. The area nearby Hakata Station has a feature of high concentration of office buildings and hotels, and it is expected to increasingly grow as a place of

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commercial facilities and office space, in part encouraged by the redevelopment plans for the area. Additionally, there are some other triggers to further vitalize the economy in the Fukuoka (Hakata) area: i.e., kick-off of “Tenjin Big Bang Project”; extension of Fukuoka City Subway lines, etc.

In terms of the physical features, the properties entrance hall and other common space were renovated by the Sponsor Group, which enhanced the sophistication of the office building. Also, in the property, it is allowed to have the floor space divided to smaller lots. Thanks to this, it could accommodate a variety of corporate needs like housing a branch office of a company.

As a result of comprehensive consideration on the characteristics of the location and property, SAR decided to acquire the property by exerting the preferential negotiation rights acquired from the Sponsor Group after determining that the acquisition will contribute to the stability of medium- to long-term revenue and enhancement of the stability and growth of the portfolio revenue as revenue growth through rent raise, etc. is expected as the property’s level of current is low rent compared to the market.

[Residence]

(2) Urban Park Kashiwa

Urban Park Kashiwa is a family type residential property, approx. 6-minute walk from Kashiwa Station of the JR Joban Line and the Tobu Noda Line. Kashiwa, where the property is located, is a famous commuter town in Chiba, with a good access to Central Tokyo. Large commercial facilities are concentrated in front of Kashiwa Station, which ensures high convenience of living. Kashiwa-shi also shares the characteristics as a town for education, while keeping rich nature reserves. Thus, the area has a high appeal to family households. Moreover, with completion of various redevelopment plans near from Kashiwa Station, so SAR could expect further dynamic growth in the area in the medium to long-term perspective.

In terms of the physical features, the property sheds high-grade sense due to the tiled façade of the building as well as to the range of internal facilities partially renovated by the Sponsor Group, so SAR believes that the property appeals to family households, which is the main target of the property.

SAR decided to acquire the property by exerting the preferential negotiation rights acquired from the Sponsor Group after determining that the acquisition would contribute to the stability of medium- to long-term revenue and enhancement of the stability of the portfolio revenue as a result of comprehensive consideration on the characteristics of the location and property.

[Logistics]

(3) Baraki Logistics

Baraki Logistics is a suburban logistics complex, within a radius of 30km from Tokyo Station. It is located close to Wangan-Ichikawa IC of the Higashi Kantō Expressway (the “Tokando”). It has an excellent access to Central Tokyo as well as to both Haneda and Narita Airports, so it could handle airway logistics requirements too. The property appeals potential tenants for its employees’ convenience for being located within walking distance from the nearest station.

In terms of the physical features, the property is still new, built in August 2015, with highly versatile specifications: spacious berth for accessing vehicles; one elevator for operators and two elevators for cargoes facilitating smooth loading and unloading; and floor-to-floor inner space height of 6.5m and

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inter-pillar span of approx. 9m - 11m quite versatile for various applications.

SAR decided to acquire the property by exerting the preferential negotiation rights acquired from the Sponsor Group after determining that the acquisition will contribute to the stability of medium- to long-term revenue and enhancement of the quality and stability of the portfolio revenues as a result of comprehensive consideration on the characteristics of the location and property.

(4) Tokorozawa Logistics

Tokorozawa Logistics is a suburban logistics complex cum a warehouse specifically for small-to-medium sized logistics tenants in logistics business ("small-to-medium sized logistics facilities, etc."), within a radius of just about 30km from Tokyo Station. It is located approx. 8.7km north-west from Tokorozawa IC of the Kan-Etsu Expressway. Because of its easy connection with the Kan-Etsu Expressway the property has good and wide access to Central Tokyo, and the full completion of Tokyo gaikan Expressway ("the Gaikan Expressway") and the Metropolitan Inter-City Expressway ("the Kenoudo Expressway"), enables the property to cover other major consumption markets in the Tokyo metropolitan area.

As for small-to-medium sized logistics facilities, etc. like this property, it is noteworthy that they are usually located at adjacent sites of larger scale logistics facilities, where major 3PL companies and major shippers are housed, as supplementary facilities to such larger hubs, and that they are also rented as the outpost sites for last one mile delivery for ensuring timely shipment to consumers, which is necessitated by the rising demands created by E-commerce on an expanding trend. Operators are increasingly busier in site location for such facilities to ensure timely last one mile delivery, in the areas surrounding major consumption markets in the Tokyo metropolitan area.

SAR decided to acquire the property by exerting the preferential negotiation rights acquired from the Sponsor Group after determining that the acquisition will contribute to the stability of medium- to long-term revenue and enhancement of the stability of the portfolio revenue as a result of comprehensive consideration on the characteristics of the location and property.

[Hotel]

(5) BEST WESTERN Tokyo Nishikasai

BEST WESTERN Tokyo Nishikasai is a business hotel, approx. 2-minute walk from Nishi-kasai Station of Tokyo Metro Tozai Line. Because of the location in Nishi-kasai, it could meet not only the needs of businessmen mainly of the companies located along Tozai Line but also the needs of those who spend leisure time at Tokyo Disney Resort ("TDR"), as the property is close from TDR (approx. 4km in a straight line).

In terms of the physical features, the property offers a variety of rooms meeting the needs of lodgers (single, double, twin, etc.). Also, the hotel has a restaurant and some multi-purpose rooms for party, conference, seminar or the like. Thus, it has a high appeal to a wide range of people.

As a result of comprehensive consideration on the characteristics of the location and property, SAR decided to acquire the property by exerting the preferential negotiation rights acquired from the Sponsor Group after determining that the acquisition will contribute to the stability of medium- to long-term revenue and that revenue growth can be expected due to sales-based rent income, and

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thereby contribute to enhancement of the stability and growth of the portfolio revenue

(6) BEST WESTERN Yokohama

BEST WESTERN Yokohama is a business hotel, approx. 4-minute walk from Tsurumi Station of the JR Keihin Tohoku Line and approx. 3-minute walk from Keikyu Tsurumi Station of the Keihin Kyuko Line. It has good access to the value tourist sites and major business centers in Kanagawa (Yokohama, Kawasaki, etc.) as well as to Haneda Airport. Thus, the property is expected to absorb a wide scope of lodging needs in the area: i.e., businessmen's needs of the companies whose head office or important office is located therein; leisure needs primarily relating to the major tourist sites in the area; and MICE (Meeting, Incentive, Convention & Exhibition) needs relating to international conferences and the like held in Yokohama-shi.

In terms of the physical features, the property offers a variety of rooms meeting the needs of lodgers (single, double, twin, etc.). Also, the hotel has a restaurant and some multi-purpose rooms for party, conference, seminar or the like. Thus, it has a high appeal to a wide range of people.

As a result of comprehensive consideration on the characteristics of the location and property, SAR decided to acquire the property by exerting the preferential negotiation rights acquired from the Sponsor Group after determining that the acquisition will contribute to the stability of medium- to long-term revenue and that revenue growth can be expected due to sales-based rent income, and thereby contribute to enhancement of the stability and growth of the portfolio revenue.

3. Description of Assets to be Acquired and Leased

Please refer to Table (1) – Table (6) below, for the detail of each of the assets to be acquired. For the terms used in the tables, please refer to below.

a. Explanation on "Property no." and "Type"

Property Number column and Type column: Each asset to be acquired is categorized by use as OFC (office), RSC (residential), 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"

- Planned acquisition price column: Herein is shown the acquisition price as described in purchase agreement for each 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 Acquisition Date column: Herein is shown the planned MMDDYY of acquisition by SAR.

- Location column: Herein is shown the certified address in registry.

- 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.

- Land column:

(i) Type of ownership column: Herein is shown the type of right(s) held by respective trustee for each of the assets to be acquired.

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(ii) Land area column: Herein is shown the land area as recorded in registry. It possibly might not be equal to the actual.

(iii) use district: Herein is shown the type of use in accordance with Article 8 , paragraph 1, item 1 of the Urban Planning Act (Act No.100 of 1968; including its amendments).

(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.).

• Building column :

(i) Type of ownership column: Herein is shown the type of right(s) held by respective trustee for each of the assets to be acquired.

(ii) Total floor area column: Herein is shown the sum total of floor areas as recorded in registry. 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.

• Property management Company column: Herein is shown the name of the property management company (“PM Company”), to which property management operation is planned to be entrusted.

• Master lease company column: Herein is shown the name of the master lease company, to which master lease operation is planned to be entrusted.

c. Explanation on “Status of leasing”

• Total leasable area column: Herein is shown the sum total of leasable floor areas of buildings for each of the assets to be acquired (in case common space is also leased, area of that space is included in the total). The figure does not include the area of the land lots leasable for parking and other purposes. Leasable area is counted not from registry data but from area data as described in lease agreements or from area data as calculated by using the architectural 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 each of the assets to be acquired as of the end of January 2017.

• 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 as of the end of January 2017 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 each of the assets to be acquired as of the end of January 2017.

• Occupancy rate column: Herein is shown the percentage of total floor area leased over the total leasable floor area for each of the assets to be acquired, 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 each of the assets to be acquired as of the end of January 2017.

• Total number of tenants column: Herein is shown the total number of tenants as confirmed with the lease agreements effective as of the end of January 2017 for each of the assets to be acquired. In case a specific tenant

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uses two or more rooms in one of the assets to be acquired, 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 is executed for any of the assets to be acquired, total number of the actual tenants under the master lease agreement for the asset is shown herein.

- Monthly rent (including deposits, common area maintenance fee) column: Herein is shown the sum total of rent amounts as described in lease agreements with respective tenants as of the end of January 2017 (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).

- Refundable deposit column: Herein is shown the sum total of refundable deposits as required in lease agreements effective as of the end of January 2017 (only for the tenants who actually were in respective rooms at the time) for each of the assets to be acquired. In case master lease agreement is executed for any of the assets to be acquired, sum total of refundable deposits as described in the individual lease agreements with respective 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 each of the assets to be acquired.

e. Explanation on “Summary of appraisals”

- Summary of real estate appraisal report column: Herein is shown a summary of respective appraisal report, which was prepared either by Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute, or The Tanizawa Sogo Appraisal Co., Ltd. for each of the assets to be acquired.

- 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.

- 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.

- Any one of Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute, or The Tanizawa Sogo Appraisal Co., Ltd. who conducted appraisal is an interested party of neither SAR nor the Asset Manager.

f. Explanation on “Property information and acquisition highlight based on the survey by the Asset Manager”

Herein is shown a description on the basic features and characteristics of each of the assets to be acquired as prepared by the Asset Manager from the appraisal report, market reports and from their own research, as well as a description on the background of its acquisition (if it is an acquisition from Star Asia Group, background story on the acquisition from the group is described; and if it is an acquisition from the Asset Manager’s own origination, background story on the sourcing is described).

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g. Explanation on “Demographic analysis etc., market analysis and independent analysis by the Asset Manager”
Herein is shown the result of the Asset Manager’s own market analysis based on the information from various real estate-specialized information providers and other publicly available information.

h. Explanation on “Comprehensive evaluation by SAR”
Herein is shown SAR’s independent comprehensive evaluation based on f. and g. above.

(1) OFC-09 Hakata-eki East Place

Property no.	OFC-09	Property name	Hakata-eki East Place	Type	Office
Overview of specified asset					
Type of specified asset		Beneficiary interest in trust	Trustee	Sumitomo Mitsui Trust Bank, Limited	
Planned Acquisition price		2,286 million yen	Planned Acquisition Date	April 6, 2017	
Appraisal value		2,370 million yen	Seller	GK Seahorse	
Location		3-15-2 Hakata-eki Higashi, Hakata-ku, Fukuoka-shi, Fukuoka and other			
Indication of residential address		3-1-26 Hakata-eki Higashi, Hakata-ku, Fukuoka-shi, Fukuoka			
Nearest station		Approx. 10-minute walk from Hakata Station on the JR and Fukuoka City Subway lines			
Land	Type of ownership	Proprietary ownership			
	Site area	1,129.86m ²	Use district	Commercial district	
	Building coverage ratio	80%	Floor area ratio	500% ^(Note 1)	
Building	Type of ownership	Proprietary ownership			
	Total floor area	6,243.13m ² (including 94.00m ² of parking)	Use	Office	
	Construction completion	February 24, 1986	Structure and floors	Steel-framed reinforced concrete structure 9 floors above ground	
Property management company		Fukuoka Jisho Co., Ltd.	Master lease company	SAR	
Status of leasing					
Total leasable area		4,632.70m ²	Total number of tenants	17	
Total leased area		4,257.85m ²	Monthly rent (including common area maintenance fee)	11,931 thousand yen	
Occupancy rate		91.9%	Security and guarantee deposits	51,590,227 yen	
Special notation					
Not applicable.					

(Note 1) The property is located across areas of different permitted floor area ratio (600% / 500%). Weighted average permitted floor area ratio is 561.3%.

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Summary of appraisal report

(unit:yen)

Summary of real estate appraisal report		
Property name	Hakata-eki East Place	
Appraisal value	2,370,000,000	
Appraisal firm	Daiwa Real Estate Appraisal Co., Ltd.	
Date of value	February 1, 2017	
Item	Details	Description, etc.
Indicated value by income approach	2,370,000,000	Estimated by emphasizing the indicated value by DCF method and verifying with the indicated value by direct capitalization method.
Indicated value by direct capitalization method	2,400,000,000	
(1) Operating revenue ((a)-(b))	173,695,177	
(a) Gross potential income	187,086,104	
(b) Vacancy loss, etc.	13,390,927	Recorded by taking into consideration the average vacancy rate in the area, and competitiveness of the subject real estate, etc.
(2) Operating expenses	55,260,154	
Maintenance and management fee	12,304,400	Appraised by reference to the level of similar real estate and historical data.
Utilities expenses	15,974,000	Appraised based on historical data and occupancy rate.
Repair expenses	6,385,000	Appraised based on the ER
Property Management fee	3,912,324	Appraised by reference to the level of similar real estate.
Tenant leasing cost, etc.	837,848	Recorded rent for 1.0 month from new tenants by reference to the level of similar real estate.
Property taxes	13,848,582	Appraised based on actual data.
Insurance premium	1,325,000	Appraised by reference to the level of similar real estate.
Other expenses	673,000	Appraised based on actual data.
(3) Net operating income (NOI=(1)-(2))	118,435,023	
(4) Financial interests on deposits	455,189	Appraised investment return as 1.0%.
(5) Capital expenditures	1,450,725	Appraised based on the ER.
(6) Net cash flow (NCF=(3)+(4)-(5))	117,439,487	
(7) Capitalization rate	4.9%	Appraised by comprehensively taking into account the competitiveness of the subject real estate, etc.
Indicated value by DCF method	2,360,000,000	
Discount rate	4.7%	Appraised by comprehensively taking into account the competitiveness of the subject real estate, etc.
Terminal capitalization rate	5.1%	Appraised by reflecting aging risk, market trend risk, etc.
Indicated value by cost approach	2,010,000,000	Estimated by making depreciation adjustment to replacement cost.
Ratio of land	79.4%	
Ratio of building	20.6%	
Matters considered in reconciliation of indicated values and determination of appraisal value		Determined using the indicated value by income approach as standard and by reference to the indicated value by cost approach.

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

(1) Property information

- Hakata-eki East Place is a multi-tenant office building located to the east of Hakata Station of the JR and Fukuoka City Subway Airport lines (approx. 10-minute walk from the station), at an area of high concentration of offices in Fukuoka City.
- The property is located near Hakata Station, which has a high concentration of offices and hotels in the area. With various redevelopment plans near from the station, it is expected the area would increasingly grow as a place of commercial facilities and office space.
- Its entrance hall and part of other common space were renovated in 2015, which enhanced the sophistication of the office building. Various facilities and services available at the property should satisfy the standards necessary for general tenants. It should be able to accommodate the needs of corporate tenants of various industries.

(2) Acquisition highlight

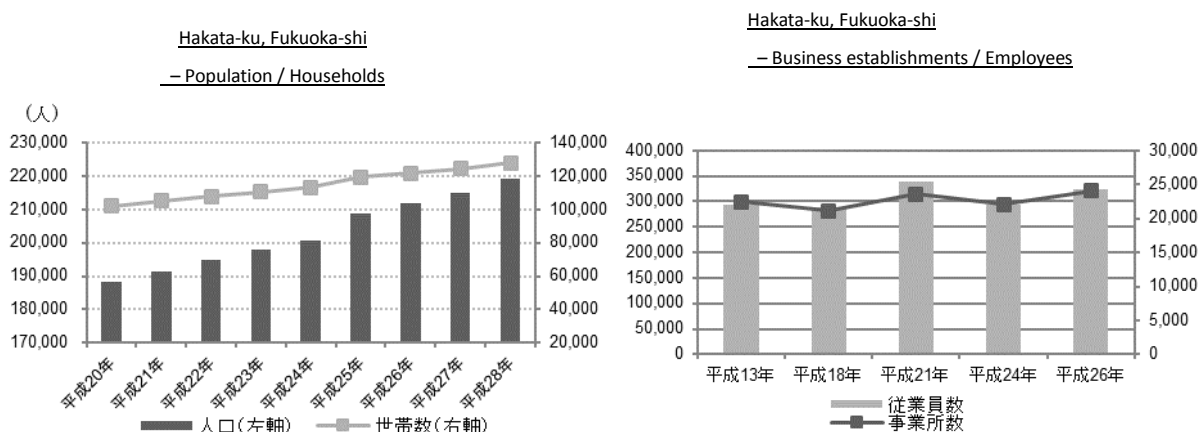
- The property, which is owned by the Sponsor Group through an acquisition executed in a form of a negotiated transaction using the wide range of business relations, will be acquired by exercising the preferential negotiation rights that SAR has obtained from the Sponsor Group.

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

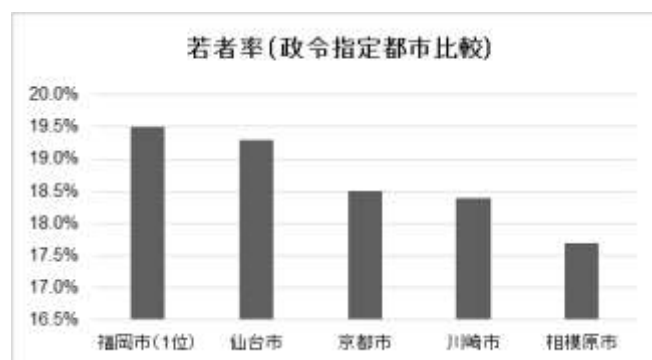
(1) Demographic analysis etc.

- Hakata-ku, Fukuoka-shi keeps significantly growing in population and number of households. It is expected the area would keep growing steadily in population from now on too.
- Though there was a temporary decrease in terms of number of offices and number of employees in 2012, both figures showed a recovery in 2014 and have kept increasing since then.
- In terms of the share of youth (aged 15-29) in population 19.5%, the area is ranked as the first among the ordinance-designated cities in Japan. This high labor population ratio would contribute to a sustained vitalization of the economy in Fukuoka-shi.



*Source: Fukuoka City

*Source: Statistics Bureau, Ministry of Internal Affairs and Communication "Economic Census for Business Frame"



*Youth is aged 15-29.

*Source: The 2010 Population Census

(2) Market analysis

- Overall rent kept shifting stable until it turned to be increasing trend in the first half of 2014, as shown in the below figure of transition of rent index. It is expected the area's overall rent would continue to be at around the current level or to be on an extended recovery trend, by virtue of the redevelopment plans in front of Hakata Station.
- Also as shown in the below figure of transition of vacancy rate, it has shown a declining trend since the first half of 2014.

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*Source: Prepared by the Asset Manager based on Nishinippon Shimbun

*Source: Fukuoka City

Comprehensive evaluation by SAR: Evaluation of income stability and growth

For the following reasons, SAR believes the property can gain stable revenue over the medium to long-term and can also expect income growth from increased rent, etc. in the future.

- (1) The property is located in the Hakata Station East area, which has a high concentration of offices and become more popular after the completion of redevelopment projects in front of the station.
- (2) Its entrance hall and other common space were renovated, which enhanced the sophistication of the office building. Also, in the property, it is allowed to have the floor space divided to smaller lots: because of this, it is expected to satisfy a variety of corporate needs such as housing a branch office of a company.
- (3) Further triggered by the start of “Tenjin Big Bang Project” and the extension of some Fukuoka City Subway lines, it is expected the Fukuoka (Hakata) area would be much more vitalized.

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(2) RSC-07 Urban Park Kashiwa

Property no.	RSC-07	Property name	Urban Park Kashiwa		Type	Residence
Overview of specified asset						
Type of specified asset		Beneficiary interest in trust		Trustee	Mitsubishi UFJ Trust and Banking Corporation	
Planned Acquisition price		1,186 million yen		Planned Acquisition Date	April 6, 2017	
Appraisal value		1,190 million yen		Seller	GK SAPR4	
Location		3-808-1 Kashiwa, Kashiwa-shi, Chiba and other				
Indication of residential address		3-10-13 Kashiwa, Kashiwa-shi, Chiba				
Nearest station		Approx. 6-minute walk from the JR Kashiwa Station on the Joban Line				
Land	Type of ownership	Proprietary ownership				
	Site area	1,597.85m ²	Use district		Neighborhood commercial district	
	Building coverage ratio	80%	Floor area ratio		300%	
Building	Type of ownership	Proprietary ownership				
	Total floor area	4,243.71m ²	Use		Apartment house	
	Construction completion	August 28, 1997	Structure and floors		Steel-framed reinforced concrete structure 1 floor below ground / 8 floors above ground	
Property management company		ITOCHU Urban Community co., Ltd.	Master lease company		ITOCHU Urban Community co., Ltd.	
Status of leasing						
Total leasable area		2,954.77m ²	Total number of tenants		36	
Total leased area		2,532.07m ²	Monthly rent (including common area maintenance fee)		4,680 thousand yen	
Occupancy rate		85.7%	Security and guarantee deposits		5,922,890 yen	
Special notation						
Not applicable.						

(Note) SAR has requested the sponsor for warehousing for the property, which is owned by GK SAPR4 in SAR Group as of the date of this document. No additional compensation is paid to such request for warehousing.

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Summary of appraisal report

(unit:yen)

Summary of real estate appraisal report		
Property name	Urban Park Kashiwa	
Appraisal value	1,190,000,000	
Appraisal firm	The Tanizawa Sogo Appraisal Co., Ltd.	
Date of value	February 1, 2017	
Item	Details	Description, etc.
Indicated value by income approach	1,190,000,000	Estimated by using the indicated value by DCF method as standard and verifying with the indicated value by direct capitalization method.
Indicated value by direct capitalization method	1,220,000,000	
(1) Operating revenue ((a)-(b))	78,222,163	Appraised by reference to the actual data, etc.
(a) Gross potential income	83,438,541	
(b) Vacancy loss, etc.	5,216,378	
(2) Operating expenses	17,403,354	
Maintenance and management fee	2,340,178	Recorded based on property management contract.
Utilities expenses	1,241,003	Appraised based on income of similar cases.
Repair expenses	3,659,544	Appraised based on the ER and similar cases.
Property Management fee	1,564,443	Recorded based on property management contract.
Tenant leasing cost, etc.	2,141,942	
Property taxes	5,919,800	Appraised by reference to the actual data.
Insurance premium	380,000	Estimated based on standard rate.
Other expenses	156,444	Recorded based on income of similar cases.
(3) Net operating income (NOI)=(1)-(2))	60,818,809	
(4) Financial interests on deposits	115,835	Appraised investment return as 1.0%.
(5) Capital expenditures	3,800,000	Appraised based on the ER and similar cases.
(6) Net cash flow (NCF)=(3)+(4)-(5))	57,134,644	
(7) Capitalization rate	4.7%	Appraised by comparing with cap rate of similar real estate and by reference to uncertainty of forecasting future net profit.
Indicated value by DCF method	1,180,000,000	
Discount rate	4.8%	Appraised by comprehensively taking into account risks of the subject real estate.
Terminal capitalization rate	4.9%	Appraised by reflecting the capitalization rate and uncertainty of future prediction.
Indicated value by cost approach	1,170,000,000	Estimated by making depreciation adjustment to replacement cost of the subject real estate.
Ratio of land	52.8%	
Ratio of building	47.2%	
Matters considered in reconciliation of indicated values and determination of appraisal value		Determined by using the indicated value by income approach as standard and by verifying with the indicated value by cost approach.

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

(1) Property information

- Urban Park Kashiwa is a family type residential property, approx. 6-minute walk from Kashiwa Station of the JR Joban Line and Tobu Noda Line.
- Kashiwa, where the property is located, is a famous bedroom community area in Chiba, with a good access of approx. 30 minutes by train (Note) to Central Tokyo. In the area near from Kashiwa Station, people could enjoy high convenience of living, with a concentration of large commercial facilities like “Takashimaya Kashiwa Store”. The area also shares the characteristics as a town for education centering on the area of “Kashiwanoha Campus Station”, while keeping rich nature reserves. Thus, the area has a high appeal to family households.
- The property sheds high-grade sense due to the tiled façade of the building as well as to the range of internal facilities partially renovated this time. So it should have enough appeal to family households, or the main target for the property.

(Note) Approximate time to reach the JR Tokyo Station from the JR Kashiwa Station (when the limited express of the JR Joban Line is used)

(2) Acquisition highlight

- The property will be acquired through a negotiated transaction by using property information obtained from a unique network of the Asset Manager (utilizing the warehousing function of the Sponsor Group).

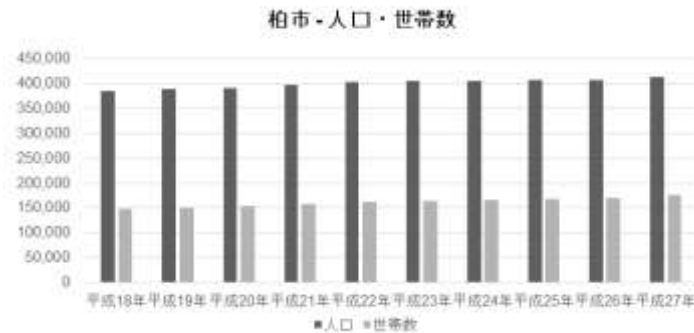
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Demographic analysis etc., market analysis and independent analysis by the Asset Manager

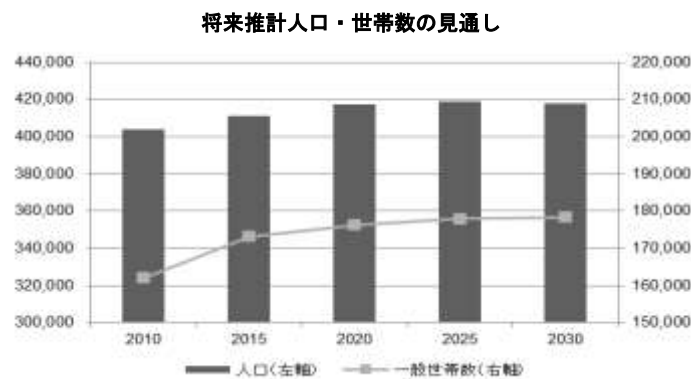
(1) Demographic analysis etc.

- Population / Households

Kashiwa-shi, Chiba keeps growing in both population and number of households in a steady manner. Forecast of population and number of households also shows a sustained trend of increase up to 2030. Therefore, it is expected the population and number of households in Kashiwa-shi will keep steadily growing in future.



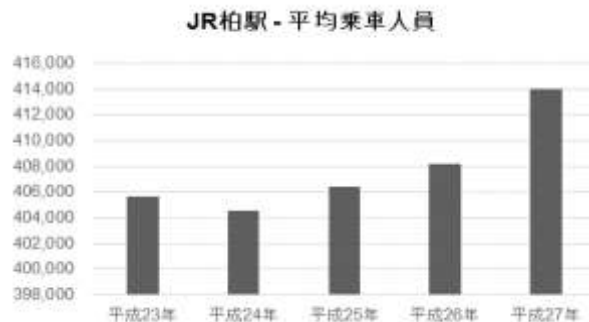
*Source: Kashiwa City



*Source: Kashiwa City

- Number of passengers using the nearest station

Average number of passengers using Kashiwa Station of the JR Joban Line (nearest station) a day has kept showing an increasing trend since 2012, backed by the growing population in the area.

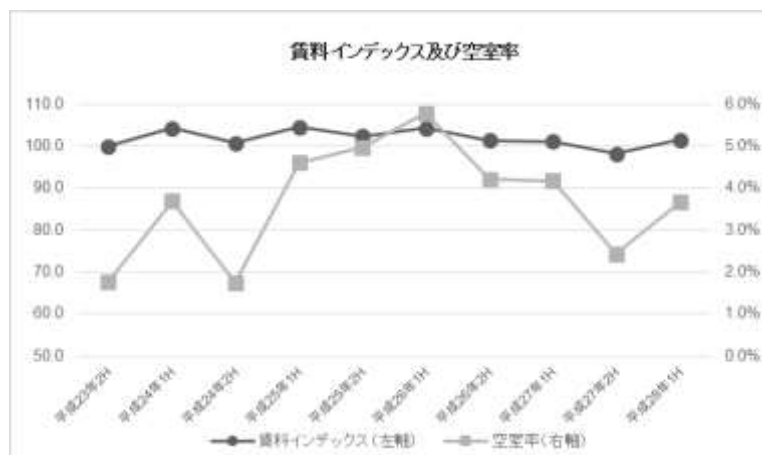


*Source: JR East Japan Railway Company

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(2) Market analysis

- Overall rent has kept hovering at around the same level in a stable manner since the second half of 2011, as shown in the below figure of transition of rent index.
- Also as shown in the below figure, vacancy rate has shown a declining trend since the first half of 2014. Specifically, it has continued to be around 3% since the second half of 2015. This indicates robust and stable demands for rental housing in Kashiwa-shi.

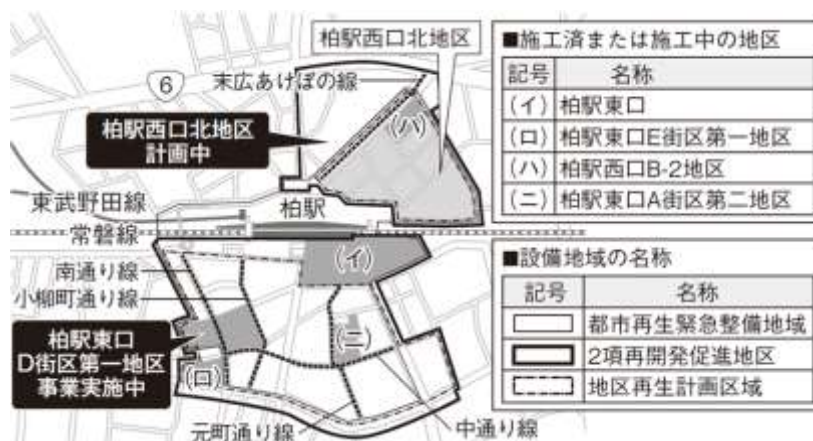


*Made by Japan Real Estate Institute based on the data disclosed by J-REIT

(based on family type residence of Kashiwa-shi, Funabashi-shi, Urayasu-shi, Ichikawa-shi, Matsudo-shi)

(3) Independent analysis by the Asset Manager

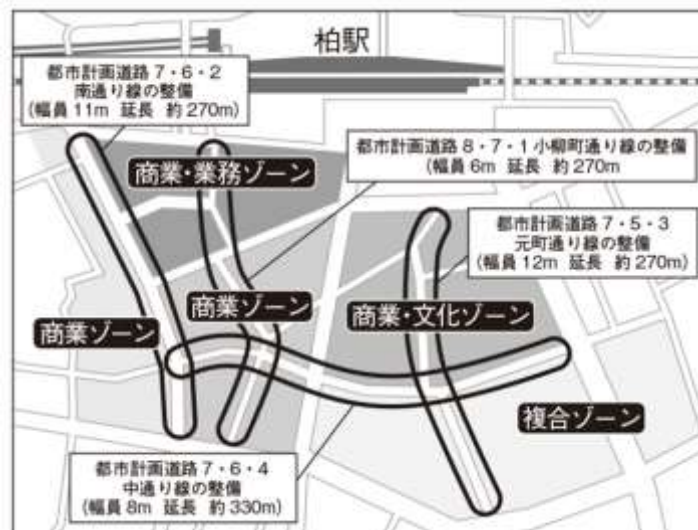
- Urban redevelopment projects have been completed at four sites in the vicinity of Kashiwa Station, including the Kashiwa Station East area (SOGO Kashiwa) project (イ). Currently, the D block 1st district of Kashiwa Station East Exit redevelopment project is under way.



*Source: Kashiwa City

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- The Kashiwa Station East area is where the “regional redevelopment plan” has been enacted in 1988. In line with that, the entire townscape will be transformed to a wide area commercial hub, through enhancement of the migratory efficiency of the town by improving four of the main roads that are key for the city planning, as well as through renewal of the retail store streets. Thus, it is expected the surrounding area would evolve to a further vitalized commerce center, representative of Chiba.



*Source: Kashiwa City

Comprehensive evaluation by SAR: Evaluation of income stability

For the following reasons, SAR believes the property can gain stable revenue over the medium to long-term.

- (1) It is located in the Kashiwa area, a typical bed town in Chiba, with an excellent access to Central Tokyo.
- (2) The property has a sophisticated façade and is equipped with high quality residential facilities.
- (3) Medium to long-term growth is expectable in the area surrounding Kashiwa Station, with completion of various redevelopment plans near from Kashiwa Station.

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(3) LGC-04 Baraki Logistics

Property no.	LGC-04	Property name	Baraki Logistics		Type	Logistics
Overview of specified asset						
Type of specified asset		Beneficiary interest in trust		Trustee	Mitsubishi UFJ Trust and Banking Corporation	
Planned Acquisition price		4,700 million yen		Planned Acquisition Date	April 6, 2017 ^(Note 1)	
Appraisal value		4,860 million yen		Seller	GK Enterprise	
Location		2526-42 Baraki, Ichikawa-shi, Chiba and other				
Indication of residential address		-				
Nearest IC		The Wangan Ichikawa IC of The East Kantō Expressway				
Land	Type of ownership	Proprietary ownership				
	Site area	6,242.76m ² ^(Note 2)		Use district	Quasi-Industrial District	
	Building coverage ratio	60%		Floor area ratio	200%	
Building	Type of ownership	Proprietary ownership				
	Total floor area	12,471.50m ²		Use	Warehouse	
	Construction completion	August 14, 2015		Structure and floors	Steel-framed reinforced concrete structure with galvanized alloy steel sheet roofing 5 floors above ground	
Property management company		CRE, Inc.		Master lease company	-	
Status of leasing						
Total leasable area		12,185.78m ²		Total number of tenants	2	
Total leased area		Not disclosed ^(Note 3)		Monthly rent (including common area maintenance fee)	Not disclosed ^(Note 3)	
Occupancy rate		100.0%		Security and guarantee deposits	Not disclosed ^(Note 3)	
Special notation						
Not applicable.						

(Note 1) SAR, which is the purchaser, entered into agreement with GK Enterprise which is the seller, on February 28, 2017, whereby to acquire 73% of the quasi co-ownership interests of the real estate beneficiary interests in trust of “Baraki Logistics” by the end of April 2017. Concerning the remaining 27%, GK SAPR2 which is the purchaser, entered into agreement with GK Enterprise which is the seller, on February 28, 2017, whereby to acquire the rest portion by the end of April 2017. SAR is expected to succeed to the right and obligations arising from this agreement with the planned assignment of contract from GK SARP2 to SAR as of March 17, 2017. In addition, SAR is planning to acquire the all the quasi-co-ownership interests of the Property on April 6, 2017. The table above shows the information concerning one block of building.

(Note 2) In addition to the sole-ownership space of 6,240.96m², SAR is planning to acquire 8.116% of the joint ownership space of 11.818.84m²

(Note 3) The information is undisclosed as consent to disclosure has not been obtained from end tenants.

(Note 4) For the purpose of railway construction, the superficies (free rent) are established by JRJT (Japan Railway Construction, Transport and Technology Agency) over the 18 parcels of land of the Property on which facilities are

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not established, i.e. 66.17m² of 3 parcels under sole-ownership, plus 661.61m² calculated by multiplying 15 parcels under joint ownership by the ratio specified above

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Summary of appraisal report

(unit:yen)

Summary of real estate appraisal report		
Property name	Baraki Logistics	
Appraisal value	4,860,000,000	
Appraisal firm	The Tanizawa Sogo Appraisal Co., Ltd.	
Date of value	February 1, 2017	
Item	Details	Description, etc.
Indicated value by income approach	4,860,000,000	Estimated by using the indicated value by DCF method as standard and verifying with the indicated value by direct capitalization method.
Indicated value by direct capitalization method	4,970,000,000	
(1) Operating revenue ((a)-(b))	259,444,821	Appraised by reference to the actual data, etc.
(a) Gross potential income	259,444,821	
(b) Vacancy loss, etc.	0	
(2) Operating expenses	48,906,038	
Maintenance and management fee	5,995,404	Recorded based on property management contract.
Utilities expenses	13,891,789	Appraised based on income of similar cases.
Repair expenses	1,130,000	Appraised based on the ER and the similar cases.
Property Management fee	2,400,000	Recorded based on property management contract.
Tenant leasing cost, etc.	0	
Property taxes	20,878,400	Appraised by reference to the actual data.
Insurance premium	565,000	Estimated based on standard rate.
Other expenses	4,045,445	Recorded annual fees of management association etc.
(3) Net operating income (NOI=(1)-(2))	210,538,783	
(4) Financial interests on deposits	603,876	Appraised investment return as 1.0%.
(5) Capital expenditures	2,260,000	Appraised based on the ER and the similar cases.
(6) Net cash flow (NCF=(3)+(4)-(5))	208,882,659	
(7) Capitalization rate	4.2%	Appraised by comparing with cap rate of similar real estate and by reference to uncertainty of forecasting future net profit.
Indicated value by DCF method	4,810,000,000	
Discount rate	4.1%	Appraised by comprehensively taking into account risks of the subject real estate.4.3% after 5 years.
Terminal capitalization rate	4.4%	Appraised by reflecting indicated value by direct capitalization rate and uncertainty of future prediction.
Indicated value by cost approach	4,810,000,000	Estimated by making depreciation adjustment to replacement cost.
Ratio of land	69.6%	
Ratio of building	30.4%	
Matters considered in reconciliation of indicated values and determination of appraisal value	Determined by using the indicated value by income approach as standard and by reference to the indicated value by cost approach.	

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

(1) Property information

- The Property is a multi-tenant logistics facility located near the Wangan Ichikawa IC of the East Kantō Expressway, or around 1.6km to the south of the “Baraki” IC of the Keiyo Road.
- Linking straightly to the East Kantō Expressway, the Property enjoys good access to central Tokyo as well as the consumption areas throughout Chiba, allowing tenants to respond to the needs of E-commerce operators flexibly.
- The Property is located within approx. 5-minute walk from the Futamata-Shinmachi station on the JR Keiyo Line. The convenience of the location will be of great help in maintaining adequate staffing.
- It is a property with highly versatile specifications, such as loading docks of proper size, one passenger elevator, two freight elevators, which ensure smooth loading works, as well as a floor height of approx. 6.5 m, and a pillar span of approx. 9.0m – 11.0m.

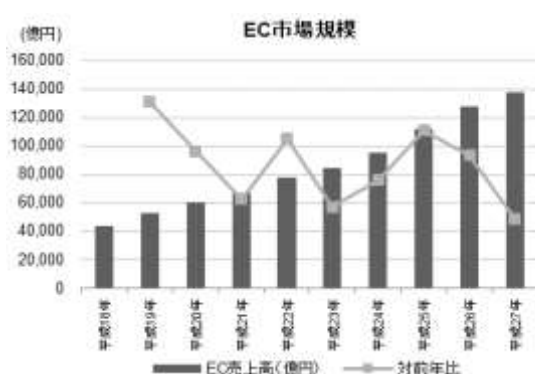
(2) Acquisition highlight

The property, which is owned and operated by the Sponsor Group through an acquisition executed in a form of a negotiated transaction based on the information provided by the foreign investors who are included in the wide range of business relations of the Sponser Group, will be acquired by exercising the preferential negotiation rights that SAR has obtained from the Sponsor Group.

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

(1) Demographic analysis etc. (Analyses of E-commerce and 3PL (third party logistics) markets)

- The market size of Japan’s domestic E-commerce market has been growing rapidly, with sales figures that tripled from approx. 4.4 trillion yen in 2006 to approx. 13.8 trillion yen in 2015.
- The market of 3PL (third party logistics) i.e. outsourced logistics services that encompass anything that involves logistics management of corporate clients, has also experienced a rapid growth with a 2.5 times increase of sales figures from 1 trillion yen to 2.5 trillion yen in a decade of 2005-2015. We expect these growth trends to prevail in the logistics sector for years to come.



*Source: CBRE Inc.



*Source: CBRE Inc.

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Comprehensive evaluation by SAR: Evaluation of income stability

For the following reasons, SAR believes the property can gain stable revenue over the medium to long-term.

- (1) Chiba bay zone, where the Property is located, is an area where logistics facilities are concentrated. Along with the location within walking distance from the nearest station, the Property is expected to highly appeal to potential clients in terms of adequate employee.
- (2) It is a relatively new property that simultaneously features highly versatile specifications, with state-of-the-art equipment such as loading docks of proper size, one passenger elevator, two freight elevators, which ensure smooth loading works, as well as a floor height of approx. 6.5m, and a pillar span of approx. 9.0m – 11.0m.
- (3) In addition to the Tokyo metropolitan area, the location allows access to wide range of Tokyo metropolitan area. via the Gaikan Expressway that is expected to be opened to traffic in 2017.

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(4) LGC-05 Tokorozawa Logistics

Property no.	LGC-05	Property name	Tokorozawa logistics		Type	Logistics
Overview of specified asset						
Type of specified asset		Beneficiary interest in trust ^(Note 1)		Trustee	Mitsubishi UFJ Trust and Banking Corporation ^(Note 1)	
Planned Acquisition price		1,300 million yen		Planned Acquisition Date	April 6, 2017	
Appraisal value		1,360 million yen		Seller	Focus Co., Ltd.	
Location		735-1 Tsukimihara, Shimo-tomiaza, Oaza, Tokorozawa-shi, Saitama				
Indication of residential address		735-1 Shimo-tomi, Tokorozawa-shi, Saitama				
Nearest IC		Approx. 8.7km from the Tokorozawa IC on the Kan-Etsu Expressway				
Land	Type of ownership	Proprietary ownership				
	Site area	8,645.63㎡	Use district	-(Urbanization control district)		
	Building coverage ratio	60%	Floor area ratio	200%		
Building	Type of ownership	Proprietary ownership				
	Total floor area	5,994.75m ² (total) Office: 528.00m ² Warehouse: 5,466.75m ²	Use	Office / Warehouse		
	Construction completion	April 30, 1999	Structure and floors	Office: Steel-framed galvanized steel sheet roofing 2 floors above ground Warehouse: Steel-framed galvanized steel sheet roofing 2 floors above ground		
Property management company		CRE Inc.	Master lease company	-		
Status of leasing						
Total leasable area		5,994.75m ²	Total number of tenants	1		
Total leased area		Not disclosed ^(Note 2)	Monthly rent (including common area maintenance fee)	Not disclosed ^(Note 2)		
Occupancy rate		100.0%	Security and guarantee deposits	Not disclosed ^(Note 2)		
Special notation						
Not applicable.						

(Note 1) Real estate beneficiary interests in trust to be newly established on the date of planned acquisition will be acquired.

(Note 2) The information is undisclosed as consent to disclosure has not been obtained from end tenants.

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Summary of appraisal report

(unit:yen)

Summary of real estate appraisal report		
Property name	Tokorozawa Logistics	
Appraisal value	1,360,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	February 1, 2017	
Item	Details	Description, etc.
Indicated value by income approach	1,360,000,000	Estimated by correlation of the indicated value by direct capitalization method and the indicated value by DCF method.
Indicated value by direct capitalization method	1,370,000,000	
(1) Operating revenue ((a)-(b))	87,048,000	
(a) Gross potential income	87,048,000	
(b) Vacancy loss, etc.	0	
(2) Operating expenses	9,583,000	
Maintenance and management fee	0	Unrecorded as tenant owes.
Utilities expenses	0	Unrecorded as tenant owes.
Repair expenses	2,452,000	Recorded by reference to historical data taking into account the repair and renewal expense on the ER.
Property Management fee	1,800,000	Appraised by reference to the agreement terms and the level of similar real estate.
Tenant leasing cost, etc.	0	
Property taxes	4,823,000	Appraised based on actual data.
Insurance premium	508,000	Appraised by reference to the level of similar real estate.
Other expenses	0	
(3) Net operating income (NOI=(1)-(2))	77,465,000	
(4) Financial interests on deposits	1,000,000	Appraised investment return as 1.0%.
(5) Capital expenditures	5,949,000	Appraised 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))	72,516,000	
(7) Capitalization rate	5.3%	Appraised by comprehensively taking into account the competitiveness of the subject real estate, etc.
Indicated value by DCF method	1,350,000,000	
Discount rate	4.9%	Appraised by comprehensively taking into account the competitiveness of the subject real estate, etc.
Terminal capitalization rate	5.6%	Appraised by reflecting aging risk, market trend risk, etc.
Indicated value by cost approach	1,080,000,000	Estimated by multiplying the total of the land price and the building price by marketability correction rate.
Ratio of land	63.3%	
Ratio of building	36.7%	
Matters considered in reconciliation of indicated values and determination of appraisal value		Determined using the indicated value by income approach as standard and by reference to the indicated value by cost approach.

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

(1) Property information

- A multi-tenant logistics facility that is also used as a warehouse for small-to-medium sized tenants in logistics business, located around 8.7km northwest of the Tokorozawa IC on the Kan-Etsu Expressway
- Not only having a good access to the central city area of Tokyo by changing from the Tokorozawa IC to the Kan-Etsu Expressway, but also capable of covering a wide range of destinations for consumption in the Tokyo Metropolitan area by opening of the Gaikan Expressway and the Metropolitan Inter-City Expressway
- Property with highly versatile specifications, including adequate space for truck berths, two EVs for cargo, a floor height of approx. 5.5m – 6.0m, and a pillar span of approx. 9.5m

(2) Acquisition highlight

The property will be acquired through a negotiated transaction by using property information obtained from a unique network of the Asset Manager.

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

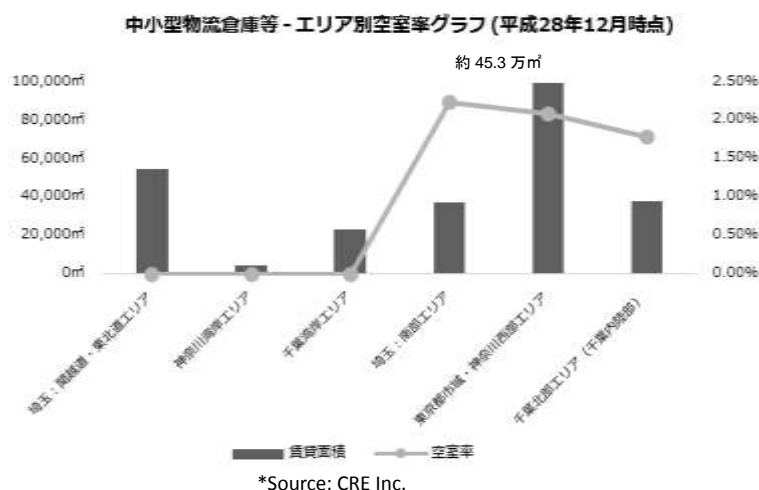
(1) Demographic analysis etc. (Analyses of E-commerce and 3PL (third party logistics) markets)

Same as Baraki Logistics

(2) Market analysis

1) Vacancy rate

The trend in vacancy rates of small-to-medium sized logistics facilities that are also used as warehouses in the Tokyo Metropolitan area has stayed in a range of as low as between zero and two percent as of December 2016 as shown in the chart below, supported by robust demand of tenants. In “the Saitama area along the Kan-Etsu Expressway and the Tohoku Expressway” where Tokorozawa Logistics is located, the current vacancy rate is zero.



2) Market Conditions

In “the Saitama area along the Kan-Etsu Expressway and the Tohoku Expressway,” opening of the Gaikan Expressway has brought about a greater access to each destination for consumption in the central city area of Tokyo and the Tokyo Metropolitan area. The area has also allowed small-to-medium sized logistics facilities, etc.

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to be more used as logistics hubs for transportation to inner-city areas. Having a good access to various areas as described above, coupled with other reasons including limited new supply of small to medium distribution centers, etc., the area will provide a greater appeal to potential tenants.



*Source: Prepared by the Asset Manager based on market reports from CRE Inc.

(3) Independent analysis by the Asset Manager

- Logistics facilities serving inner-city areas, within a radius of about 30 km away from Tokyo Station, are expected to appeal to certain tenants seeking small-to-medium sized logistics facilities, etc. in addition to large sized logistics facilities due to an easy access to each destination for consumption located in the central area of Tokyo and the Tokyo Metropolitan area.
- The reason behind it underlies in the fact that most tenants of small-to-medium sized logistics facilities, etc. are “vendors and wholesalers having integrated premises for accepting orders and placing merchandise backlogs” and “small-to-medium subcontract logistics companies doing subcontract logistics business” (“small-to-medium sized tenants in logistics business” in collective term) in absolute terms, and that most of such small-to-medium sized tenants in logistics business, leasing a space in small-to-medium sized logistics facilities, etc., are located around large sized logistics facilities where leading 3PL players and shippers are situated. Furthermore, in order to fulfill distribution based on growing E-commerce demand on a timely manner, leasing of small-to-medium sized logistics facilities, etc. located in the proximity of each destination for consumption in the Tokyo Metropolitan area has increased in recent years.
- Under these circumstances, in order to ensure timely distribution to meet recent E-commerce demand, there has been increased leasing of small-to-medium sized logistics facilities, etc. to serve as “last-mile distribution bases,” in addition to serving as “supplementary facilities of large sized logistics facilities.” This trend is expected to steadily continue in proportion to E-commerce demand.
- Moreover, leasing of a space in large sized logistics facilities by small-to-medium sized tenants in logistics business will be a partial lease of the floor area in most cases, resulting in not only fewer number of truck berths but also clumsiness to use in shape. On the other hand, such tenants can not only make use of more truck berths but also have more flexibility in using a space that is regular in shape, if they lease the whole building of small-to-medium sized logistics facilities, etc., which are also expected to appeal to potential tenants in that sense.

Comprehensive evaluation by SAR: Evaluation of income stability

For the following reasons, SAR believes the property can gain stable revenue over the medium to long-term.

- (1) Located in the Tokorozawa area with an extremely enhanced access to each destination for consumption in the central city area of Tokyo and the Tokyo Metropolitan area, supported by opening of the Metropolitan Inter-City

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Expressway

- (2) Equipped with adequate specifications including truck berths, a floor height and a pillar span, to serve as a facility for small-to-medium sized tenants in logistics business
- (3) Small-to-medium sized logistics facilities, etc. have had functions as “last-mile distribution base” supporting E-commerce demand in recent years, in addition to serving as “supplementary facilities of large-scale logistics facilities,” and are expected to appeal to certain tenants

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(5) HTL-03 BEST WESTERN Tokyo Nishikasai

Property no.	HTL-03	Property name	BEST WESTERN Tokyo Nishikasai		Type	Hotel
Overview of specified asset						
Type of specified asset		Beneficiary interest in trust		Trustee	Mizuho Trust & Banking Co., Ltd.	
Planned Acquisition price		3,827 million yen		Planned Acquisition Date	April 6, 2017	
Appraisal value		3,890 million yen		Seller	GK Seahorse	
Location		6-17-10 Nishikasai, Edogawa-ku, Tokyo and other				
Indication of residential address		6-17-9 Nishikasai, Edogawa-ku, Tokyo				
Nearest station		Approx. 2-minute walk from Nishi-kasai Station on the Tokyo Metro Tozai Line				
Land	Type of ownership	Proprietary ownership				
	Site area	1,418.00㎡	Use district		Commercial district	
	Building coverage ratio	80%	Floor area ratio		500% ^(Note 1)	
Building	Type of ownership	Proprietary ownership				
	Total floor area	5,293.88㎡	Use		Hotel	
	Construction completion	March 19, 1991	Structure and floors		Steel-framed reinforced concrete structure 1 floor below ground / 9 floors above ground	
Property management company		Shimizu Comprehensive Development Corporation	Master lease company		-	
Status of leasing						
Total leasable area		5,293.88㎡	Total number of tenants		1	
Total leased area		5,293.88㎡	Monthly rent (including common area maintenance fee)		Not disclosed ^(Note 2) (Note 3)	
Occupancy rate		100.0%	Security and guarantee deposits		Not disclosed ^(Note 3)	
Special notation						
Not applicable.						

(Note 1) Permitted floor area ratio (FAR) of the building due to front road width is 360%.

(Note 2) Rents are comprised of fixed rents and variable rents.

(Note 3) The information is undisclosed as consent to disclosure has not been obtained from end tenants.

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Summary of appraisal report

(unit:yen)

Summary of real estate appraisal report		
Property name	BEST WESTERN Tokyo Nishikasai	
Appraisal value	3,890,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	February 1, 2017	
Item	Details	Description, etc.
Indicated value by income approach	3,890,000,000	Estimated by correlation of the indicated value by direct capitalization method and the indicated value by DCF method.
Indicated value by direct capitalization method	3,940,000,000	
(1) Operating revenue ((a)-(b))	203,251,000	
(a) Gross potential income	203,251,000	
(b) Vacancy loss, etc.	0	
(2) Operating expenses	21,244,000	
Maintenance and management fee	0	Unrecorded as tenant owes.
Utilities expenses	0	Unrecorded as tenant owes.
Repair expenses	2,384,000	Recorded by reference to historical data taking into account the repair and renewal expense on the ER.
Property Management fee	2,400,000	Appraised by reference to the agreement terms and the level of similar real estate.
Tenant leasing cost, etc.	0	
Property taxes	15,894,000	Appraised based on actual data.
Insurance premium	536,000	Appraised by reference to the level of similar real estate.
Other expenses	30,000	
(3) Net operating income (NOI=(1)-(2))	182,007,000	
(4) Financial interests on deposits	846,000	Appraised investment return as 1.0%.
(5) Capital expenditures	5,563,000	Appraised 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))	177,290,000	
(7) Capitalization rate	4.5%	Appraised by comprehensively taking into account the competitiveness of the subject real estate, etc.
Indicated value by DCF method	3,830,000,000	
Discount rate	4.3%	Appraised by comprehensively taking into account the competitiveness of the subject real estate, etc.
Terminal capitalization rate	4.7%	Appraised by reflecting aging risk, market trend risk, etc.
Indicated value by cost approach	2,990,000,000	Estimated by multiplying the total of the land price and the building price by marketability correction rate.
Ratio of land	79.9%	
Ratio of building	20.1%	
Matters considered in reconciliation of indicated values and determination of appraisal value	Determined using the indicated value by income approach as standard and by reference to the indicated value by cost approach.	

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

(1) Property information

- A business hotel located within approx. a 2-minute walk from Nishikasai Station of Tokyo Metro Tozai Line.
- Excellent location characteristics, with a good access to the major business areas and sightseeing spots in Tokyo Metropolis, which can attract both business travelers and leisure travelers. Located in a straight-line distance of approx. 4km away from “TDR”, it can also attract leisure travelers visiting there.
- A hotel with great appeal to a variety of guests with various types of guest rooms depending on the intended use with 113 single bedrooms, 8 double bedrooms, 33 twin bedrooms and 33 guest rooms of other types, as well as restaurants and multi-purpose rooms serving various types of parties, meetings and workshops.

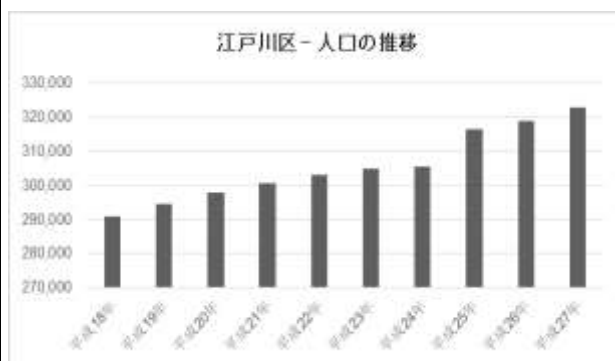
(2) Acquisition highlight

The property, which is owned and operated by the Sponsor Group through an acquisition executed in a form of a negotiated transaction using the wide range of business relations, will be acquired by exercising the preferential negotiation rights that SAR has obtained from the Sponsor Group.

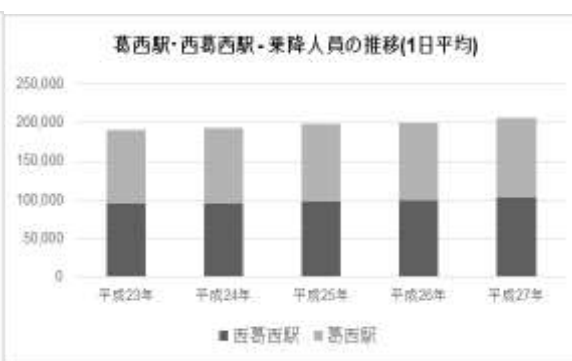
Demographic analysis etc., market analysis and independent analysis by the Asset Manager.

(1) Demographic analysis etc.

- Population in Edogawa-ku, Tokyo Metropolis has continued to increase year by year, exceeding 320 thousand in 2015.
- A daily average number of incoming and outgoing passengers at the nearest “Nishikasai” Station on the Tokyo Metro Tozai Line as well as Kasai Station that is next to “Nishikasai” Station has grown steadily every year, exceeding as a total of 200 thousand in 2014.
- Furthermore, the total number of hotel guests has also increased in Tokyo Metropolis, approx. a 42% increase from approx. 41.5 million in 2011 to approx. 59 million in 2015.

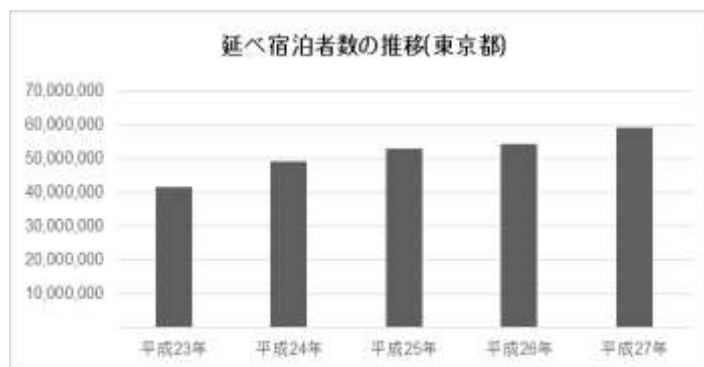


*Source: Edogawa City



*Source: Edogawa City

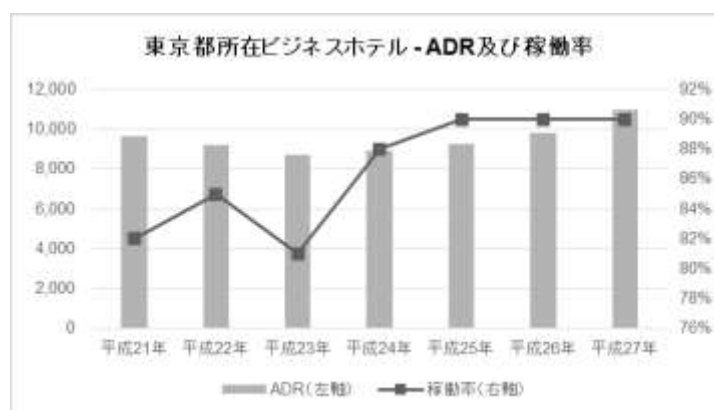
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*Source: Japan Tourism Agency "Travel and Tourism Consumption Trend Survey"

(2) Market analysis

Average Daily Rate (ADR) and occupancy rate of the business hotels located in Tokyo Metropolis have continued to increase since 2011 as shown in the chart below, with ADR exceeding 11,000 yen in 2015 and occupancy rate has been stable at around 90%. The trend is expected to continue with robust demand for the business hotels in Tokyo.

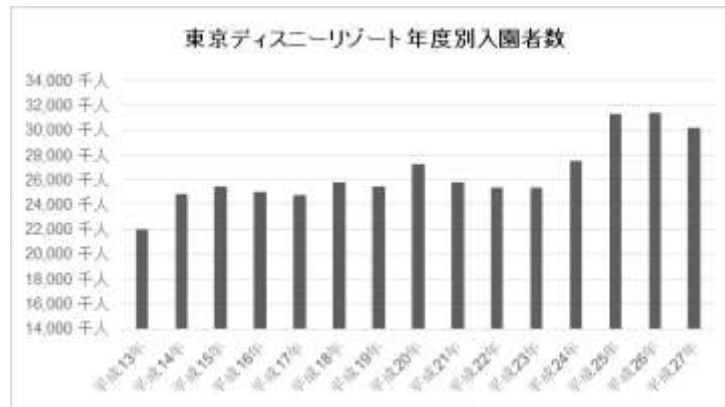


*Source: Japan Hotel Appraisal Co., Ltd.

(3) Independent analysis by the Asset Manager

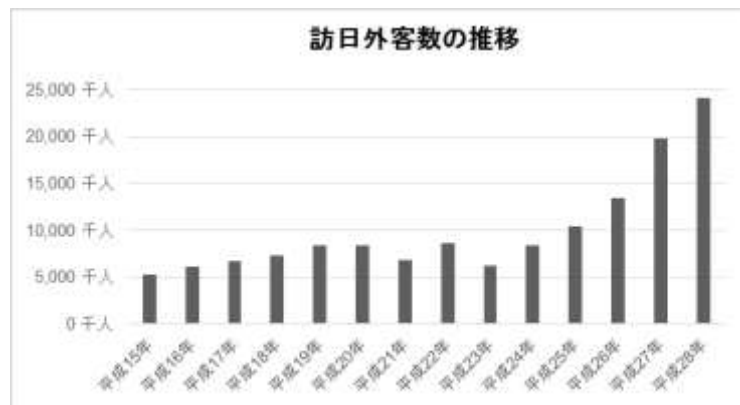
- Characterized by the location in the Nishikasai area, the hotel asset is expected to attract both business travelers and leisure travelers as it has a good access to the major business areas and sightseeing spots in Tokyo.
- As to business trip accommodations, it is also expected that the hotel will attract demand of business travelers in a balanced manner not only who are visiting companies located along the Tozai Line that is the hotel's main railway transportation, but also who are visiting companies located in the proximity of Kyobashi or Nihonbashi and IT-related companies located at Toyosu.
- As to leisure trip accommodations, the hotel guests are dominated by visitors to TDR. As shown in the bar chart below, the annual admission at TDR has continued to grow with a slight volatility, constantly exceeding 30 million since 2013, and is expected to increase steadily. That will be the key catalyst to efficiently attract various types of visitors to TDR.

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*Source: The website of Oriental Land Co., Ltd.

- As to inbound tourist accommodations, the number of foreign visitors to visiting Japan has, as shown in the bar chart below, jumped in the recent years to exceed 24 million in 2016. The hotel asset has a good access to the major sightseeing spots in Tokyo and in most cases the majority of the hotel guests are visitors from Asia particularly tourists for sightseeing in Tokyo. The trend is expected to further continue. Additionally, MICE (Meeting, Incentive, Convention & Exhibition) demands will be another catalyst to attract visitors joining events held at large facilities including Tokyo Big Sight, Tokyo International Forum and Tokyo Tatsumi International Swimming Center. All in all, the hotel is expected to meet various demands for accommodation in an efficient manner.



*Source: Japan National Tourism Organization

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Comprehensive evaluation by SAR: Evaluation of income stability and growth

For the following reasons, SAR believes the property can gain stable revenue over the medium to long-term and can also expect income growth from increased rent, etc. into the future.

- (1) Located in the “Nishikasai” area with a good access to the major business areas and sightseeing spots in Tokyo
- (2) Capable of offering great flexibility to many business travelers and leisure travelers with over 110 single bedrooms and various types of other guest rooms depending on the intended use
- (3) Capable of attracting diversified demands for accommodation including demand of business travelers related to companies located along the Tozai Line, leisure travelers visiting TDR and other sightseeing spots, inbound tourists mainly from Asia, as well as MICE demands related to various events held in Tokyo

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(6) HTL-04 BEST WESTERN Yokohama

Property no.	HTL-04	Property name	BEST WESTERN Yokohama		Type	Hotel
Overview of specified asset						
Type of specified asset		Beneficiary interest in trust		Trustee	Mizuho Trust & Banking Co., Ltd.	
Planned Acquisition price		3,248 million yen		Planned Acquisition Date	April 6, 2017	
Appraisal value		3,270 million yen		Seller	GK Seahorse	
Location		4-29-1 Tsurumi-chuo, Tsurumi-ku, Yokohama-shi, Kanagawa and other				
Indication of residential address		4-29-1 Tsurumi-chuo, Tsurumi-ku, Yokohama-shi, Kanagawa				
Nearest station		Approx. 3-minute walk from Keikyu Tsurumi Station on the Keihin Kyuko Line				
Land	Type of ownership	Proprietary ownership				
	Site area	782.66㎡	Use district	Commercial district		
	Building coverage ratio	100%	Floor area ratio	600%		
Building	Type of ownership	Proprietary ownership				
	Total floor area	4,686.09㎡	Use	Hotel		
	Construction completion	September 21, 1987	Structure and floors	Steel-framed reinforced concrete structure 1 floor below ground / 9 floors above ground		
Property management company		Shimizu Comprehensive Development Corporation	Master lease company	-		
Status of leasing						
Total leasable area		4,686.09㎡	Total number of tenants	1		
Total leased area		4,686.09㎡	Monthly rent (including common area maintenance fee)	Not disclosed ^(Note 1) ^(Note 2)		
Occupancy rate		100.0%	Security and guarantee deposits	Not disclosed ^(Note 2)		
Special notation						
Not applicable.						

(Note 1) Rents are comprised of fixed rents and variable rents.

(Note 2) The information is undisclosed as consent to disclosure has not been obtained from the end-tenant.

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Summary of appraisal report

(unit:yen)

Summary of real estate appraisal report		
Property name	BEST WESTERN Yokohama	
Appraisal value	3,270,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	February 1, 2017	
Item	Details	Description, etc.
Indicated value by income approach	3,270,000,000	Estimated by correlation of the indicated value by direct capitalization method and the indicated value by DCF method.
Indicated value by direct capitalization method	3,280,000,000	
(1) Operating revenue ((a)-(b))	169,022,000	
(a) Gross potential income	169,022,000	
(b) Vacancy loss, etc.	0	
(2) Operating expenses	14,495,000	
Maintenance and management fee	0	Unrecorded as tenant owes.
Utilities expenses	0	Unrecorded as tenant owes.
Repair expenses	1,970,000	Recorded by reference to historical data taking into account the repair and renewal expense on the ER.
Property Management fee	2,400,000	Appraised by reference to the agreement terms and the level of similar real estate.
Tenant leasing cost, etc.	0	
Property taxes	9,662,000	Appraised based on actual data.
Insurance premium	433,000	Appraised by reference to the level of similar real estate.
Other expenses	30,000	
(3) Net operating income (NOI=(1)-(2))	154,527,000	
(4) Financial interests on deposits	804,000	Appraised investment return as 1.0%.
(5) Capital expenditures	4,598,000	Appraised 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))	150,733,000	
(7) Capitalization rate	4.6%	Appraised by comprehensively taking into account the competitiveness of the subject real estate, etc.
Indicated value by DCF method	3,250,000,000	
Discount rate	4.3%	Appraised by comprehensively taking into account the competitiveness of the subject real estate, etc.
Terminal capitalization rate	4.7%	Appraised by reflecting aging risk, market trend risk, etc.
Indicated value by cost approach	1,730,000,000	Estimated by multiplying the total of the land price and the building price by marketability correction rate.
Ratio of land	74.6%	
Ratio of building	25.4%	
Matters considered in reconciliation of indicated values and determination of appraisal value	Determined using the indicated value by income approach as standard and by reference to the indicated value by cost approach.	

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

(1) Property information

- A business hotel located within approx. 4-minute walk from “Tsurumi” Station of the JR Keihin Tohoku Line and a 3-minute walk from “Keikyu Tsurumi” Station of the Keihin Kyuko Line.
- Excellent location characteristics that can attract both business travelers and leisure travelers, as its location has a good access to the major areas in Kanagawa including Yokohama and Kawasaki as well as within about 20-minute train ride to the Tokyo International Airport (Haneda Airport).
- A hotel with great appeal to a variety of guests with various types of guest rooms depending on the intended use with 144 single bedrooms, 22 double bedrooms and 19 twin bedrooms, as well as a restaurant and multi-purpose rooms serving various types of parties, meetings and workshops.

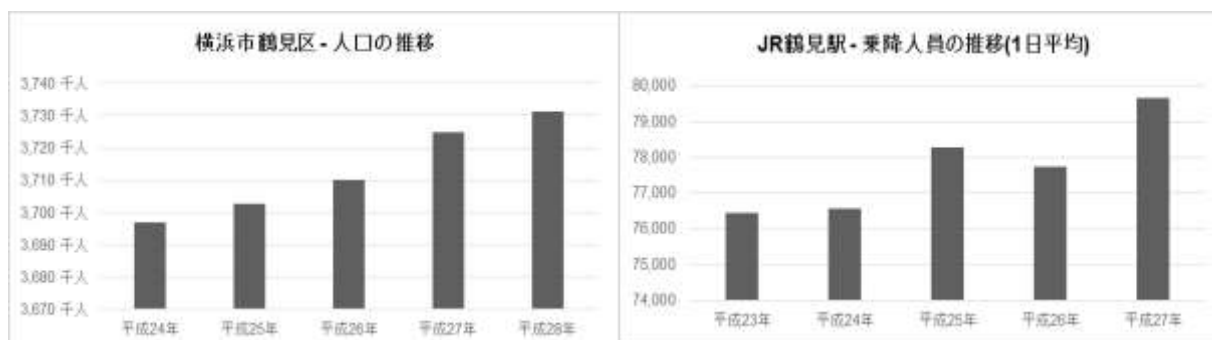
(2) Acquisition highlight

The property, which is owned and operated by the Sponsor Group through an acquisition executed in a form of a negotiated transaction using the wide range of business relations, will be acquired by exercising the preferential negotiation rights that SAR has obtained from the Sponsor Group.

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

(1) Demographic analysis etc.

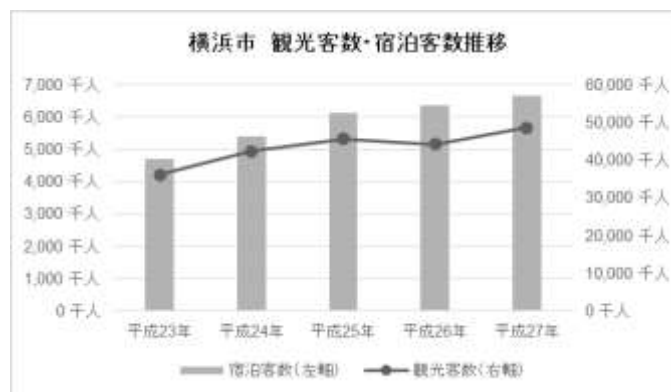
- Population in Tsurumi-ku, Yokohama-shi has continued to increase year by year, exceeding 3.73 million in 2016.
- A daily average number of incoming and outgoing passengers at the nearest JR “Tsurumi” Station has grown steadily every year with a slight volatility, exceeding as a total of 79 thousand in 2015.
- Furthermore, the total number of hotel guests has increased in Yokohama-shi in accordance with increase in leisure travelers, approx. a 41% increase from approx. 4.71 million in 2011 to approx. 6.66 million in 2015.



*Source: Yokohama City

*Source: JR East Japan Railway Company

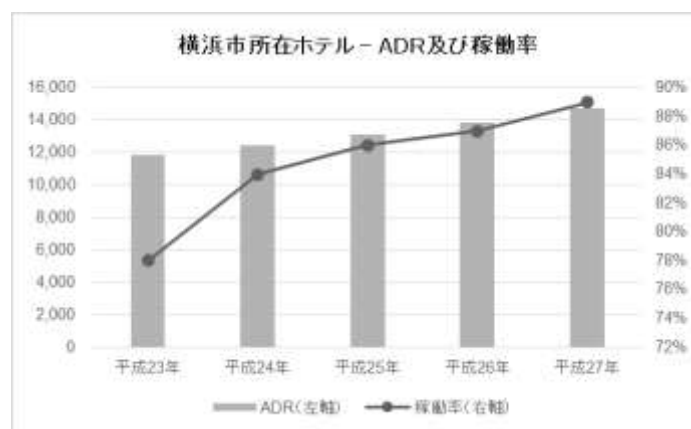
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*Source: Yokohama City Culture and Tourism Bureau

(2) Market analysis

Average Daily Rate (ADR) and occupancy rate of the business hotels in Yokohama-shi have continued to increase since 2011 as shown in the chart below, with ADR exceeding 14,000 yen in 2015 and occupancy rate has stable at around 80% - 90%. The trend is expected to continue with robust demand for the business hotels in Yokohama-shi.



*Source: Japan Hotel Appraisal., Ltd

(3) Independent analysis by the Asset Manager

- As to business trip accommodations, the hotel is expected to attract business travelers not only who are visiting companies located in the Yokohama area with their headquarters or major hubs, but also who are related to large-scale department stores including Sogo and Takashimaya.
- As to leisure trip accommodations, while the hotel guests will be dominated by visitors to the major sightseeing spots such as Minatomirai, Yokohama Chinatown and Yamashita Park, it is also expected to attract leisure tourists visiting large-scale events (such as live events) in facilities including Yokohama Stadium, Pacifico Yokohama and Yokohama Arena.
- Additionally, MICE (Meeting, Incentive, Convention & Exhibition) demands will be another catalyst to attract visitors joining events such as international conferences held in Yokohama-shi. All in all, the hotel is expected to meet various demands for accommodation in an efficient manner.

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Comprehensive evaluation by SAR: Evaluation of income stability and growth

For the following reasons, SAR believes the property can gain stable revenue over the medium to long-term and can also expect income growth from increased rent, etc. into the future.

- (1) Located in the Tsurumi area with a good access to the major areas in Kanagawa including Yokohama and Kawasaki as well as Tokyo International Airport (Haneda Airport)
- (2) Capable of attracting diversified demands for accommodation including demands of business travelers related to companies with their headquarters or major hubs located in the Yokohama area, leisure travelers visiting various types of major sightseeing spots in the Yokohama area, as well as MICE demands related to international conferences held in Yokohama-shi
- (3) Capable of offering great flexibility to many business travelers and leisure travelers with over 140 single bedrooms and other guest rooms of various types depending on the intended use

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4. Seller Profile

(1) OFC-09 Hakata-eki East Place, HTL-03 BEST WESTERN Tokyo Nishikasai and HTL-04 BEST WESTERN Yokohama

Name	GK Seahorse
Location	5-1-4 Toranomom, Minato-ku, Tokyo
Representative	Representative partner: Ippanshadanhoujin Kotsubo Operational executor: Takaaki Fukunaga
Main business description	1. Acquisition, ownership and disposition of beneficiary interest in trust of real estate 2. Acquisition, ownership and disposition of loan claims 3. Acquisition, ownership and disposition of corporate bonds, silent partnership interest and other securities 4. Sales, leasing, management, acquisition, ownership, disposition and use of real estate 5. All business incidental to the above
Capital	100,000 yen
Established	April 1, 2015
Net asset	The information is undisclosed as consent to disclosure has not been obtained from the company.
Total asset	
Major shareholders and shareholding ratio	
Relationship with SAR or the Asset Manager	
Capital relationship	There is no capital relationship to report.
Personnel relationship	There is no personal relationship to report.
Business relationship	There is no business relationship to report.
Related party or no	The Seller does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party ^(Note) 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 acquisition of the assets, the Asset Manager has performed deliberation and resolution in accordance with the voluntary rules.

(Note) “Interested parties” are [(i) the Interested Parties of the Asset Manager as provided in Article 201, paragraph 1 of the Investment Trust Act, (ii) the shareholders and officers of the Asset Manager, (iii) SPCs which execute an investment management agreement with the shareholders of the Asset Manager, (iv) SPCs a majority of investment of which are made by the Asset Manager and the shareholders of the Asset Manager, (v)Star Asia Management Limited, Star Asia Asset Management LLC, Star Asia Management Japan Limited, Star Asia Group LLC, Malcolm F. MacLean IV, Taro Masuyama, as well as investment vehicles invested by funds under management of Malcolm F. MacLean IV and Taro Masuyama (excluding minority interests) which (a) are located in Japan to own or acquire real estates or other investment assets and (b) own or acquire the investment units of SAR. This applies to any other assets described below.

(2) RSC-07 Urban Park Kashiwa

Name	GK SAPR4
Location	1-1-7 Motoakasaka, Minato-ku, Tokyo
Representative	Representative partner: Ippanshadanhoujin SAPR Holding4 Operational executor: Terumitsu Nosaka
Main business description	1. Acquisition, ownership, disposition and management of beneficiary interest in trust 2. Sales, leasing, management, ownership, and disposition of real estate

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	3. All business incidental to the above
Capital	100,000 yen
Established	August 6, 2015
Net asset	The information is undisclosed as consent to disclosure has not been obtained from the company.
Total asset	
Major shareholders and shareholding ratio	
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 no	The Seller does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but 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 acquisition of the assets, the Asset Manager has performed deliberation and resolution in accordance with the voluntary rules.

(3) LGC-04 Baraki Logistics

37 ESG 04 Barak Logistics

Name	GK Enterprise
Location	5-1-4 Toranomon, Minato-ku, Tokyo
Representative	Representative partner: Ippanshadanhoujin Hakkeijima Operational executor: Takaaki Fukunaga
Main business description	1.Acquisition, ownership, and disposition of beneficiary interest in trust of real estate 2. Acquisition, ownership and disposition of loan claims 3. Acquisition, ownership and disposition of corporate bonds, silent partnership interest and other securities 4. Sales, leasing, management, acquisition, ownership, disposition and use of real estate 5. All business incidental to the above
Capital	100,000 yen
Established	April 1, 2015
Net asset	The information is undisclosed as consent to disclosure has not been obtained from the company.
Total asset	
Major shareholders and shareholding ratio	
Relationship with investment corporation or asset management company	
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 no	The Seller does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but 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 acquisition of the assets, the Asset Manager has performed deliberation and resolution in accordance with the voluntary rules.

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(4) LGC-05 Tokorozawa Logistics

17/200-03 Tokoroedawa Logistics

Name	Focus Co., Ltd.
Location	1-2-3 Toranomon, Minato-ku, Tokyo
Representative	CEO Masato Emura
Main business description	1. Investment management 2. Type II Financial Instruments Business 3. Real estate investment advisory 4. through 24. Omission 25. All business incidental to the above
Capital	100,000,000 yen
Established	February 2, 2009
Net asset	The information is undisclosed as consent to disclosure has not been obtained from the company.
Total asset	
Major shareholders and shareholding ratio	
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 no	The Seller does not fall under the category of interested person.

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

(1) OFC-09 Hakata-eki East Place

	Current owner, current trustee	Previous owner, previous trustee	Previous owner, previous trustee
Company name	GK Seahorse	GK Topper	Other than the one in a relationship of special interest
Relationship with parties who have special interests	The company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the "Rules on Transactions with Interested Parties" set forth by the Asset Manager.	The company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the "Rules on Transactions with Interested Parties" set forth by the Asset Manager.	-
Acquisition background and reason, etc.	Acquired for investment management purpose	Acquired for investment management purpose	-
Acquisition price	2,255,000,000 yen	(Note)	-

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Acquisition period	September 29, 2016	November 28, 2014	-
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(Note) Omitted as the current owner has owned the property for over one year.

(2) RSC-07 Urban Park Kashiwa

	Current owner, current trustee	Previous owner, previous trustee
Company name	GK SAPR4	Other than the one in a relationship of special interest
Relationship with parties who have special interests	The company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties” set forth by the Asset Manager.	-
Acquisition background and reason, etc.	Acquired for warehousing purpose	-
Acquisition price	1,130,000,000 yen	-
Acquisition period	June 30, 2016	-

(3) LGC-04 Baraki Logistics

	Previous owner, previous trustee	Before Previous owner, previous trustee
Company name	GK Enterprise	Other than the one in a relationship of special interest
Relationship with parties who have special interests	The company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties” set forth by the Asset Manager.	-
Acquisition background and reason, etc.	Acquired for investment management purpose	-
Acquisition price	4,650,000,000 yen	-
Acquisition period	June 30, 2016	-

(4) LGC-05 Tokorozawa Logistics

The asset has not been acquired from any parties who have special interests in SAR or the Asset Manager.

(5) HTL-03 BEST WESTERN Tokyo Nishikasai

	Current owner, current trustee	Previous owner, previous trustee	Previous owner, previous trustee
Company name	GK Seahorse	GK Melges	Other than the one in a

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			relationship of special interest
Relationship with parties who have special interests	The company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties” set forth by the Asset Manager.	The company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties” set forth by the Asset Manager.	
Acquisition background and reason, etc.	Acquired for investment management purpose	Acquired for investment management purpose	
Acquisition price	3,805,000,000 yen	(Note)	
Acquisition period	September 29, 2016	July 24, 2015	

(Note) Omitted as the current owner has owned the property for over one year.

(6) HTL-04 BEST WESTERN Yokohama

	Current owner, current trustee	Previous owner, previous trustee	Previous owner, previous trustee
Company name	GK Seahorse	GK Melges	Other than the one in a relationship of special interest
Relationship with parties who have special interests	The company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties” set forth by the Asset Manager.	The company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties” set forth by the Asset Manager.	-
Acquisition background and reason, etc.	Acquired for investment management purpose	Acquired for investment management purpose	-
Acquisition price	3,185,000,000 yen	(Note)	-
Acquisition period	September 29, 2016	July 24, 2015	-

(Note) Omitted as the current owner has owned the property for over one year.

6. Transaction with interested person, etc.

The Transactions are no transactions with interested person, etc., as provided in the Investment Trusts Act,

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but the seller in the asset acquisition 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.

7. Overview of broker

(1) OFC-09 Hakata-eki East Place, RSC-07 Urban Park Kashiwa, LGC-04 Baraki Logistics, HTL-03 BEST WESTERN Tokyo Nishikasai and HTL-04 BEST WESTERN Yokohama

1) Overview of broker

Name	Jones Lang LaSalle, Inc.
Location	2-13-10 Nagata-cho, Chiyoda-ku, Tokyo
Representative	Toshinobu Kawanishi
Main business description	1. Consultant and research of real estate investment 2. Sales, trading, leasing, management of real estate; and agent and brokerage of such 3. Appraisal and consultant of real estate 4. through 24. Omitted 25. All business incidental to the above
Capital	195 million yen
Established	April 23, 1985
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 no	The company does not 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) LGC-05 Tokorozawa Logistics

1) Overview of broker

Name	Nomura Real Estate Development Co., Ltd.
Location	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Representative	Seiichi Miyajima
Main business description	1. Ownership, leasing and management of real estate 2. Sales, trading brokerage and appraisal of such 3. through 14. Omitted 15. All business incidental to the above
Capital	2 billion yen
Established	April 15, 1957
Relationship with SAR or the Asset Manager	
Capital relationship	There is no capital relationship to report.

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Personnel relationship	There is no personnel relationship to report.
Business relationship	There is no business relationship to report.
Related party or no	The company does not 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.

8. Schedule for the Transactions

March 17, 2017	Acquisition decided Conclusion of a sale and purchase agreement of beneficiary interest in trust
April 6, 2017 (Anticipated date of Acquisition)	Acquisition of beneficiary interest in trust (planned) Payment of acquisition price (planned) Conclusion of a master lease agreement and property management agreement (planned)

9. Settlement method

The sale and purchase prices of the Transactions will be settled in lump sum on April 6, 2017.

10. Future outlook

As a result of the Transactions, there will be a change in assumption used in the projected financial results for the fiscal period ending July 31, 2017 (the 3rd fiscal period, February 1, 2017 to July 31, 2017) described in “Notice Concerning Revision to Forecasts for Operating Results and Distribution for the 3rd Fiscal Period Ending July 31, 2017” announced as of February 28, 2017. Please refer to “Financial Report for the 3rd Fiscal Period Ending January 31, 2017” and “Notice Concerning Revision to Forecasts for Operating Results for the 3rd Fiscal Period Ending July 31, 2017 and Forecasts for Operating Results and Distribution for the 4th Fiscal Period Ending January 31, 2018” announced as of today for further details.

<Reference Materials>

- Reference Material 1: Portfolio list after the Transactions (as of April 6, 2017)
- Reference Material 2: Summary of earthquake risk analysis
- Reference Material 3: Location maps/photos of exterior of properties

<Other Press Releases Announced as of Today>

- Notice Concerning Revision to Forecasts for Operating Results for the 3rd Fiscal Period Ending July 31, 2017

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and Forecasts for Operating Results and Distribution for the 4th Fiscal Period Ending January 31, 2018

- Supplemental Material on Press Releases Announced as of Today

* This material is distributed to the press club of the Tokyo Stock Exchange (Kabuto Club), the press club of the Ministry of Land, Infrastructure, Transport and Tourism, and the press club for construction trade publications of the Ministry of Land, Infrastructure, Transport and Tourism.

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

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Reference material 1 Portfolio list after the Transactions (as of April 6, 2017)

Property no.	Property name	Location	(Planned) acquisition price (million yen) (Note 1)	Real estate appraisal value (million yen) (Note 2)	Investment ratio (%) (Note 3)
OFC-01	Minami-Azabu Shibuya Building	Minato-ku, Tokyo	2,973	3,040	3.9
OFC-02	Oak Minami-Azabu Building ^(Note 4)	Minato-ku, Tokyo	1,668	1,770	2.2
OFC-03	Honmachibashi Tower	Chuo-ku, Osaka-shi, Osaka	6,065	6,830	7.9
OFC-04	Nishi-Shinjuku Matsuya Building	Shibuya-ku, Tokyo	1,763	2,290	2.3
OFC-05	Alphabet Seven	Minato-ku, Tokyo	1,725	2,270	2.2
OFC-06	Shibuya MK Building	Shibuya-ku, Tokyo	2,042	2,530	2.7
OFC-07	Hakata-eki Higashi 113 Building	Hakata-ku, Fukuoka-shi, Fukuoka	1,885	1,960	2.4
OFC-08	Asahi Building	Kanagawa-ku, Yokohama-shi, Kanagawa	6,320	6,470	8.2
OFC-09	Hakata-eki East Place	Hakata-ku, Fukuoka-shi, Fukuoka	2,286	2,370	3.0
Office subtotal			26,727	29,530	34.7
RSC-01	Urban Park Azabujuban	Minato-ku, Tokyo	2,045	2,140	2.7
RSC-02	Urban Park Daikanyama	Shibuya-ku, Tokyo	6,315	7,120	8.2
RSC-04	Urban Park Shin-Yokohama	Kohoku-ku, Yokohama-shi, Kanagawa	2,528	2,580	3.3
RSC-05	Urban Park Namba	Naniwa-ku, Osaka-shi, Osaka	1,490	1,610	1.9
RSC-06	Urban Park Gokokuji	Toshima-ku, Tokyo	1,460	1,480	1.9
RSC-07	Urban Park Kashiwa	Kashiwa-shi, Chiba	1,186	1,190	1.5
Residence subtotal			15,024	16,120	19.5
LGC-01	Iwatsuki Logistics	Iwatsuki-ku, Saitama-shi, Saitama	6,942	7,000	9.0
LGC-02	Yokohama Logistics	kanagawa-ku, Yokohama-shi, Kanagawa	3,560	3,880	4.6
LGC-03	Funabashi Logistics	Funabashi-shi, Chiba	7,875	8,240	10.2
LGC-04	Baraki Logistics ^(Note 5)	Ichikawa-shi, Chiba	4,700	4,860	6.1
LGC-05	Tokorozawa Logistics	Tokorozawa-shi, Saitama	1,300	1,360	1.7
Logistics subtotal			24,377	25,340	31.6

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HTL-01	R&B Hotel Umeda East	Kita-ku, Osaka-shi, Osaka	2,069	2,250	2.7
HTL-02	Smile Hotel Namba	Naniwa-ku, Osaka-shi, Osaka	1,750	1,960	2.3
HTL-03	BEST WESTERN Tokyo Nishikasai	Edogawa-ku, Tokyo	3,827	3,890	5.0
HTL-04	BEST WESTERN Yokohama	Tsurumi-ku, Yokohama-shi, Kanagawa	3,248	3,270	4.2
Hotel subtotal			10,894	11,370	14.1
Total			77,022	82,360	100.0

(Note 1) "(Planned) acquisition price" indicates, except for Minami-Azabu Shibuya Building and Oak Minami-Azabu Building, the sale and purchase price stated in the sale and purchase agreement for the acquired asset/asset to be acquired, rounded to the nearest million yen. The sale and purchase price or the planned sale and purchase price does not include consumption tax, local consumption tax and various expenses required for the acquisition. As to Minami-Azabu Shibuya Building and Oak Minami-Azabu Building, since price for each property is not set in the sale and purchase agreement, the total sale and purchase price of the two properties is divided proportionally based on the ratio of appraisal value of each property at the time of acquisition and indicated as "(Planned) acquisition price."

(Note 2) "Real estate appraisal values" is the opinions of value stated in the real estate appraisal report with January 31, 2017 as the date of value for acquired assets (excluding Urban Park Gokokuji), November 1, 2016 as the date of value for Urban Park Gokokuji, and February 1, 2017 as the date of value for assets to be acquired, each rounded to the nearest million yen.

(Note 3) "Investment ratio" is the ratio of (planned) acquisition price for each acquired asset/asset to be acquired to the total of (planned) acquisition prices, rounded to the first decimal place.

(Note 4) As announced in the "Notice Concerning Acquisition and Transfer of Real Estate Beneficiary Interests in Trust" as of February 28, 2017, quasi-co-ownership interest of Oak Minami-Azabu is planned to be transferred for 49% on March 31, 2017 and 51% on August 1, 2017. "(Planned) acquisition price" and "Real estate appraisal values" are each rounded to the nearest million yen, based on the calculation with the acquisition price for the whole building and the real estate appraisal value multiplied by quasi-co-ownership interest of 51% owned as of April 6, 2017.

(Note 5) In addition to acquisition of quasi-co-ownership interest of Baraki Logistics for 73% (planned acquisition price of 3,431 million yen) to be executed on April 6, 2017 as announced in the "Notice Concerning Acquisition and Transfer of Real Estate Beneficiary Interests in Trust" as of February 28, 2017, it was decided today that quasi-co-ownership interest for the remaining 27% (planned acquisition price of 1,269 million yen) will be acquired on the same date from the Sponsor Group. As a result, "(Planned) acquisition price" and "Real estate appraisal values" are both described as figures related to the whole building.

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Reference Material 2 Summary of earthquake risk analysis

Type	Property no.	Property name	PML (%)
Office	OFC-01	Minami-Azabu Shibuya Building	12.6
	OFC-02	Oak Minami-Azabu Building	High-rise bldg.: 11.2 Low-rise bldg. A: 6.3 Low-rise bldg. B: 5.5 ^(Note 1)
	OFC-03	Honmachibashi Tower	2.7
	OFC-04	Nishi-Shinjuku Matsuya Building	12.2
	OFC-05	Alphabet Seven	7.8
	OFC-06	Shibuya MK Building	13.1
	OFC-07	Hakata-eki Higashi 113 Building	7.1
	OFC-08	Asahi Building	4.8
	OFC-09	Hakata-eki East Place	7.3
Residence	RSC-01	Urban Park Azabujuban	7.2
	RSC-02	Urban Park Daikanyama	Existing bldg.: 12.7 Bldg. A: 10.2 Bldg. B: 7.9
	RSC-04	Urban Park Shin-Yokohama	14.5
	RSC-05	Urban Park Namba	13.2
	RSC-06	Urban Park Gokokuji	9.2
	RSC-07	Urban Park Kashiwa	10.0
Logistics	LGC-01	Iwatsuki Logistics	12.2
	LGC-02	Yokohama Logistics	10.8
	LGC-03	Funabashi Logistics	Bldg. 1-A: 13.9 Bldg. 1-B: 14.4 Bldg. 2: 11.1
	LGC-04	Baraki Logistics ^(Note 5)	10.9 ^(Note 1)
	LGC-05	Tokorozawa Logistics	Warehouse: 9.7 Office: 3.8
Hotel	HTL-01	R&B Hotel Umeda East	11.4
	HTL-02	Smile Hotel Namba	12.3
	HTL-03	BEST WESTERN Tokyo Nishikasai	13.3
	HTL-04	BEST WESTERN Yokohama	7.9
Entire portfolio (24 properties) ^(Note2)			3.4

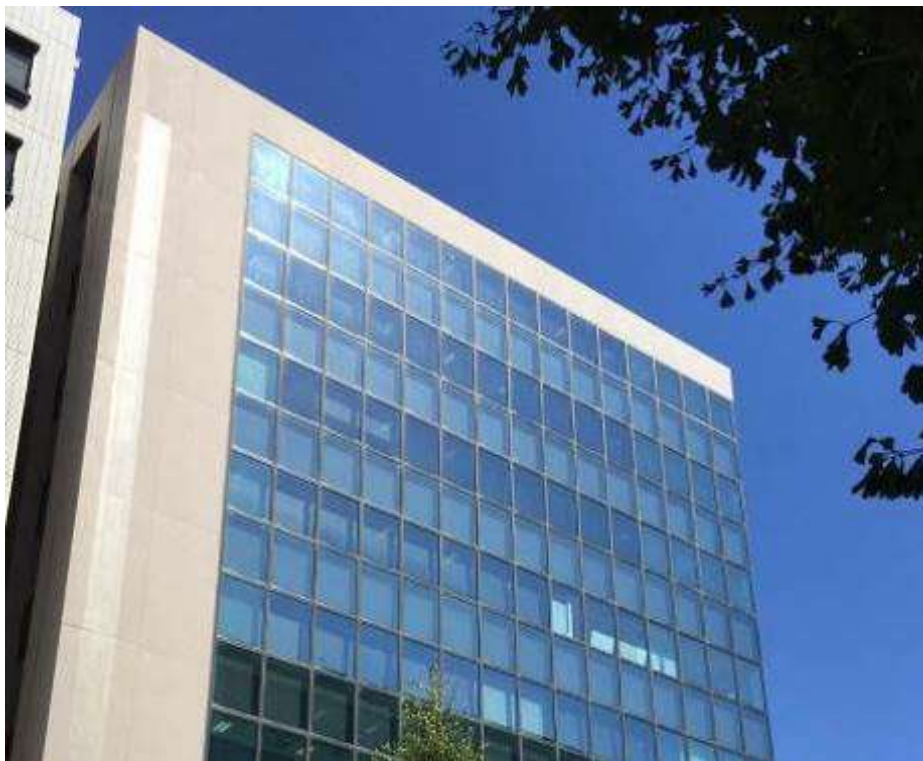
(Note1) They are the figures of the whole building.

(Note2) The figure in the entire portfolio column is the PML for the entire portfolio of the acquired asset/asset to be acquired (portfolio PML) based on “portfolio earthquake risk evaluation report” prepared by Deloitte Tohmatsu Property Risk Solution Co., Ltd. dated March 2017.

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Reference Material 3 Location maps/photos of exterior of properties

1. OFC-09 Hakata-eki East Place



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2. RSC-07 Urban Park Kashiwa



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3. LGC-04 Baraki Logistics



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4. LGC-05 Tokorozawa Logistics



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5. HTL-03 BEST WESTERN Tokyo Nishikasai



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6. HTL-04 BEST WESTERN Yokohama



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