



Star Asia Investment Corporation

<https://starasia-reit.com/en/>

Semi-Annual Report

for the 17th Fiscal Period

from February 1, 2024 to July 31, 2024

Star Asia Investment Corporation (Securities CODE 3468)

Atago Green Hills MORI Tower, 18th Floor 2-5-1 Atago, Minato-ku, Tokyo, Japan

Investment Philosophy

Basic Principles

Star Asia Investment Corporation (SAR) makes investments through a “unitholders’ interest-first” mindset in principle, entrusting asset management to Star Asia Investment Management Co., Ltd., which belongs to Star Asia Group, an independent real estate investment group that has accumulated a track record in the Japanese real estate market.

SAR aims to maximize unitholders’ interests by conducting flexible and agile portfolio management based on its unique market analyses while focusing on income stability and growth of income, and implementing highly transparent management that discloses information necessary for unitholders in a timely and appropriate manner.

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FUND MANAGEMENT

Characteristics of Star Asia Investment Corporation (SAR)

1. A diversified REIT

Portfolio developed with diversified assets located mainly in the Tokyo Area ^(Note)

2. Steady growth

Pursuit of internal growth by the Asset Manager with abundant experience and know-how as well as external growth based on asset management performed by the Star Asia Group

3. Initiatives focusing on unitholder value

Constant, “out-of-the-box” management

(Note) “Tokyo area”: “Tokyo area” refers to Tokyo and the three prefectures of Kanagawa, Saitama and Chiba. The same shall apply hereinafter.

Investment Policy



Prioritized, focused investment in the Tokyo Area
Investment ratio 70%±10% in the Tokyo Area



Achieving income stability and growth through diversification of asset types



Investment primarily in middle-size assets

Financial Highlights for 17th Fiscal Period (As of the end of July 2024)

Operating revenue
8,113 million yen

Operating income
4,338 million yen

Ordinary income
3,669 million yen

Net income
3,668 million yen

Actual and Forecasted Cash Distributions Per Unit

14th FP Actual
1,491 yen

15th FP Actual
1,586 yen

16th FP Actual
1,524 yen

17th FP Actual
1,596 yen

18th FP Forecast
1,538 yen

19th FP Forecast
1,553 yen

* In this report, amounts are rounded down to the unit displayed and percentages are rounded to the first decimal place.

To Our Unitholders

Message



Star Asia Investment Corporation
Executive Director
Atsushi Kato

We appreciate your continued support and guidance of Star Asia Investment Corporation (SAR) and the asset management company Star Asia Investment Management Co., Ltd.

With the asset manager, SAR has continued to implement initiatives to maximize unitholder returns since its listing in April 2016. In the fiscal period under review (fiscal period ended July 2024), SAR continued to focus on internal growth. Rental income from the hotels acquired in September 2023 far exceeded the initial forecast, leading to an upward revision to cash distributions per unit.

In August 2024, after the end of the fiscal period under review, SAR conducted a public offering for the fourth consecutive year since the formulation of the medium-term management plan in March 2021 and acquired six properties (the total acquisition price was 35.9 billion yen). This is the fourth public offering since the management plan was formulated and the seventh one since SAR was listed. Meanwhile, SAR sold properties, bringing the total asset size to 276.5 billion yen (74 properties, one preferred security, and three mezzanine loan investments). The asset size is steadily growing to reach the medium-term management plan target of 300 billion yen by 2026.

The newly acquired assets mainly consist of four hotels (the total acquisition price was 34.7 billion yen) located in central Tokyo. These properties have high asset value and are expected to achieve internal growth. All of these four hotels are leased and operated by a company under Polaris Holdings Co., Ltd., a member of the Star Asia Group. They have the same rent structure, which comprises fixed rent and variable rent. SAR can collect variable rent if 85% of the GOP for each property exceeds the fixed rent. SAR believes that this rent structure allows it to directly benefit from any improvement in hotel operations due to an increase in accommodation demand. Rental income from the seven Polaris hotels, which were acquired in September 2023 and have the rent structure described above, far exceeded initial expectations in the fiscal period that ended July 2024. SAR believes that the four newly acquired properties will also contribute to internal growth.

SAR aims to acquire properties that have the potential to contribute to internal growth and acquire mezzanine loans whose distributions are expected to increase in order to maximize returns for unitholders. SAR will strive to increase earnings growth and stability and promote external growth to accomplish the medium-term management plan.

SAR continues to implement initiatives related to ESG practices to achieve the SDGs. Regarding environmental initiatives (E), SAR invested a total of 572 million yen in various initiatives in the fiscal period under review. These initiatives

included the installation of LED lighting, renovation work to improve the efficiency of air conditioning equipment and heat transfer power and to save energy, and the conservation of greenery in accordance with the needs of each property. SAR has been participating in the GRESB Real Estate Assessment as part of its ESG initiatives. In fiscal 2023, SAR achieved three stars and a green star. In addition, SAR received the highest Level A rating of the GRESB Public Disclosure Assessment, which measures the adequacy of ESG information disclosure, as a result of high marks earned for SAR's efforts in ESG information disclosure. These assessments are no more than indicators of the implementation of ESG initiatives, and earning high marks in itself is not our goal. It is more important that we implement initiatives to create a better environment (E), a better society (S), and better governance (G), while receiving high marks, and that we fulfill our responsibilities as an investment corporation of a public nature.

As a result of management pursuing the maximization of unitholder returns, the increase of the profitability of its properties and the reduction of costs, for the 17th Fiscal Period (ended July 2024), SAR posted operating revenue of 8,113 million yen, ordinary income of 3,669 million yen, net income of 3,668 million yen and cash distributions per unit of 1,596 yen.

This is our report of our performance results in the 17th Fiscal Period. We express our deep gratitude to our unitholders for their support and understanding. We thank all our unitholders for their continued support and guidance moving forward.

Toward achieving medium-term management plan

In March 2021, as a medium-term management plan, SAR set a goal to achieve an asset size of 300 billion yen and increase cash distributions per unit to 1,600 yen or more by 2026.

Regarding the expansion of asset size (external growth), SAR executed a public offering in August 2024, and incorporated six properties (total acquisition price: 35.9 billion yen) into its portfolio. After acquiring new assets and selling properties, the asset size is 276.5 billion yen, and we believe that SAR has made significant progress towards achieving the medium-term management plan (the external growth target). The Star Asia Group continues to invest in Japanese real estate. SAR aims to achieve further external growth by taking full advantage of opportunities to acquire properties managed by the Star Asia Group and the asset manager's unique network.

In terms of growth in cash distributions per unit (internal growth), SAR achieved 1,596 yen for the 17th Fiscal Period (ended July 2024). We believe that our target of 1,600 yen or more is within reach.

Factors that will contribute to future growth in cash distributions per unit include increased revenues from the hotel portfolio, which includes four newly acquired hotels, and new tenants that Suroy Mall Chikushino, a retail facility, is expected to attract due to the ability of LOPIA, a supermarket within the mall, to bring in new customers. An increase in rents in our residential property portfolio is also anticipated to contribute to growth. SAR will continue to focus on increasing revenue by maintaining and improving occupancy rates and reducing expenses at each property. SAR aims to achieve further internal growth and ultimately growth in distributions per unit.

KOKO HOTEL Tsukiji Ginza



(acquired in August 2024)

Initiatives Related to ESG

ESG Policy

Our Company, as a member of the Star Asia Group, shares its Investment Philosophy and Guiding Principles. Furthermore, as the asset management company for Star Asia Investment Corporation, we engage in the real estate investment management business which gives consideration to the environment, society, and governance in order to enhance corporate value and exert comprehensive competitiveness by pursuing long-term sustainability and recognizing the role Star Asia Investment Corporation has been given in society in accordance with our basic philosophy of "Client First."

Environmental Initiatives



Acquisition of Environmental Certifications As of September 6, 2024

Building-Housing Energy-efficiency Labeling System (BELS) CASBEE Real Estate Assessment



★★★★★	3 Properties	Rank S	3 properties
★★★★	3 Properties	Rank A	8 properties
★★★	3 Properties		
★★	2 Properties		
Acquisition ratio ^(Note) 44.4%			

Goals Increase the ratio of floors with environmental certifications to at least **50%** by 2026

(Note) Ratio of the area of floors with environmental certifications to the gross floor area of SAR portfolio (600,946.79 m²)

Social Initiatives



Initiatives concerning owned properties

La Park Kishiwada

We provided a rest area at the Danjiri Festival as part of our efforts to support local communities.



Tenant satisfaction surveys

Tenant satisfaction surveys are conducted periodically towards tenants of owned properties. Based on the results of the survey, measures to improve operations and management are considered.

Governance Initiatives

Decision-Making Process

- Implement decision-making with high transparency by complying with laws and regulations
- Maintain a high sense of ethics and execute operations as a manager of investors' funds



Portfolio Overview (As of July 31, 2024)

OFC-01 Minami-Azabu Shibuya Building Completed: Jun. 15, 1993 	OFC-03 Honmachibashi Tower Completed: Feb. 8, 2010 	OFC-04 Nishi-Shinjuku Matsuya Building Completed: May 28, 1987 	OFC-06 Urban Center Shibuya East Completed: Jul. 31, 1993 	OFC-08 Urban Center Yokohama West Completed: Nov. 25, 1994 	OFC-09 Hakata-eki East Place Completed: Feb. 24, 1986
OFC-10 Nihonbashi Hamacho Park Building Completed: Jul. 13, 1992 	OFC-11 Amusement Media Gakuin Honkan Completed: Nov. 2, 1994 	OFC-12 Higashi-Kobe Center Building Completed: Jan. 6, 1992 	OFC-13 Amusement Media Gakuin Shinkan Completed: Jan. 25, 1999 	OFC-14 Seishin BLDG. Completed: Mar. 31, 1989 	OFC-15 Urban Center Kanda Suda-cho Completed: Oct. 28, 1991
OFC-16 Urban Center Kanda Tsukasamachi Completed: Jan. 20, 1988 	OFC-17 Takadanobaba Access Completed: Jan. 14, 1994 	OFC-18 Azabu Amerex BLDG. Completed: Jun. 30, 1988 	OFC-19 Hiei-Kudan BLDG. Completed: Sep. 17, 1991 	OFC-20 Urban Center Shin-Yokohama Completed: Mar. 17, 1992 	OFC-21 The Portal Akihabara Completed: May 31, 2002
OFC-22 Urban Center Tachikawa Completed: May 30, 1990 	OFC-23 Urban Center Hakata Completed: Aug. 27, 2020 	OFC-24 Urban Center Fujisawa Completed: Apr. 9, 1991 	RTL-01 La Park Kishiwada Completed: Aug. 30, 1994 	RTL-02 Suroy Mall Chikushino Completed: Jun. 22, 2007 	RTL-03 Seiyu Minakuchi Completed: May 31, 1999
RTL-05 BAGUS Ikebukuro West Completed: Nov. 20, 1992 	RTL-06 abeno nini (Retail) Completed: Jan. 31, 2012 	RSC-01 Urban Park Azabujuban Completed: Nov. 29, 1999 	RSC-02 Urban Park Daikanyama Completed: Nov. 15, 1982 (Existing) May 30, 2006 (Newly built) 	RSC-05 Urban Park Namba Completed: Jan. 9, 2013 	RSC-07 Urban Park Kashiwa Completed: Aug. 28, 1997
RSC-08 Urban Park Ryokuchi Koen Completed: Mar. 10, 1989 	RSC-10 Urban Park Ichigao Completed: Jul. 10, 1998 	RSC-11 Urban Park Gyotoku Completed: Mar. 24, 1995 	RSC-12 Shiroi Logiman Completed: May 9, 1995 	RSC-13 Urban Park Sekime Completed: Aug. 18, 1989 	RSC-14 Urban Park Imazato Completed: Dec. 20, 1991

RSC-15 Urban Park Yoyogi Completed: Sep. 4, 2017	RSC-16 Urban Park Tokiwadai Koen Completed: Feb. 17, 1994	RSC-17 Urban Park Mitsuike Koen Completed: Mar. 24, 1992	RSC-18 Urban Park Ryogoku Completed: Oct. 31, 1997	RSC-19 Urban Park Mizonokuchi Completed: Aug. 23, 1988	RSC-20 Urban Park Miyamaedaira Completed: Jun. 10, 2021
RSC-21 Urban Park Tsurumi Completed: Feb. 17, 1994	RSC-22 Urban Park Mitaka Completed: Jun. 8, 2023	RSC-23 Urban Park Kamata Minami I Completed: Sep. 29, 2022	RSC-24 Urban Park Kamata Minami II Completed: Sep. 25, 2023	RSC-25 Urban Park Umejima Completed: Oct. 23, 2023	LGC-01 Iwatsuki Logistics Completed: Oct. 29, 2014
LGC-02 Yokohama Logistics Completed: Oct. 1, 1994	LGC-03 Funabashi Logistics Completed: Sep. 25, 1992 (Building 1) Aug. 5, 1997 (Building 2)	LGC-04 Baraki Logistics Completed: Aug. 14, 2015	LGC-05 Tokorozawa Logistics Completed: Apr. 30, 1999	LGC-07 Funabashi Nishiura Logistics II Completed: Mar. 20, 1991 (Warehouse) May 15, 1972 (Factory) May 13, 1986 (Office)	LGC-08 Matsubushi Logistics Completed: Mar. 31, 1997
LGC-09 Funabashi Hi-Tech Park Factory I Completed: May 19, 2003	HTL-01 R&B Hotel Umeda East Completed: Oct. 20, 2000	HTL-02 Smile Hotel Namba (Note 2) Completed: Feb. 6, 2008	HTL-03 REMBRANDT STYLE Tokyo Nishikasai Completed: Mar. 19, 1991	HTL-04 BEST WESTERN Yokohama Completed: Sep. 21, 1987	HTL-05 The BREAKFAST HOTEL FUKUOKA TENJIN Completed: Feb. 20, 2017
HTL-06 GLANSIT AKIHABARA Completed: Sep. 20, 2017	HTL-07 REMBRANDT STYLE Tokyo Nishikasai Grande Completed: Feb. 7, 2017	HTL-08 KOKO HOTEL Osaka Namba Completed: Apr. 7, 2017	HTL-09 abeno nini (Hotel) Completed: Jan. 31, 2012	HTL-10 KOKO HOTEL Ginza 1-Chome Completed: Oct. 29, 2014	HTL-11 KOKO HOTEL Sapporo Ekimae Completed: Oct. 20, 2015
HTL-12 KOKO HOTEL Fukuoka Tenjin Completed: Aug. 20, 2007	HTL-13 KOKO HOTEL Hiroshima Ekimae Completed: Dec. 17, 2019	HTL-14 KOKO HOTEL Kagoshima Tenmonkan Completed: Apr. 19, 2019	HTL-15 KOKO HOTEL Sapporo Odori (Note 3) Completed: Jun. 9, 2020	HTL-16 Best Western Plus Fukuoka Tenjin-minami Completed: Apr. 3, 2020	

(Note 1) Sold on September 6, 2024.

(Note 2) Sold on August 19, 2024.

(Note 3) The name was changed on April 1, 2024 (former property name: Fino Hotel Sapporo Odori).

Properties Newly Acquired

RTL-07 Urban Forum Warabi Completed: Dec. 1, 2023	HTL-17 KOKO HOTEL Tsukiji Ginza Completed: Dec. 15, 2020	HTL-18 KOKO HOTEL Residence Asakusa Kappabashi Completed: Nov. 27, 2020	HTL-19 KOKO HOTEL Residence Asakusa Tawaramachi Completed: Nov. 22, 2021	HTL-20 KOKO HOTEL Osaka Shinsaibashi Completed: Apr. 19, 2005
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As of August 31, 2024

Star Asia Group's Initiatives in the Hotel Business

- In the hotel business, the Star Asia Group has established an ecosystem where investment, management, and ownership are handled by the Star Asia Group, Polaris, and SAR, respectively.
- SAR aims to achieve continued growth by leveraging its 147.8 billion yen sponsor pipeline.



Hotel Brands Owned by Polaris Holdings

KOKO HOTEL	Best Western	Value The Hotel	Red Planet Hotels

Financial Summary

Historical Operating Trends

Fiscal Period	13th Fiscal Period (February 1, 2022 to July 31, 2022)	14th Fiscal Period (August 1, 2022 to January 31, 2023)	15th Fiscal Period (February 1, 2023 to July 31, 2023)	16th Fiscal Period (August 1, 2023 to January 31, 2024)	17th Fiscal Period (February 1, 2024 to July 31, 2024)
Operating revenue (million yen)	6,088	6,486	6,946	7,964	8,113
Operating revenue from real estate leasing (million yen)	6,060	6,463	6,503	7,524	8,048
Operating expenses (million yen)	3,041	3,136	3,340	3,655	3,774
Operating expenses from real estate leasing (million yen)	2,494	2,556	2,744	2,946	3,055
Operating income (million yen)	3,047	3,349	3,606	4,309	4,338
Ordinary income (million yen)	2,560	2,782	3,073	3,528	3,669
Net income (million yen)	2,559	2,781	3,073	3,527	3,668
Total assets (million yen)	193,488	208,766	209,259	259,155	258,678
[Period-on-period variation] (%)	(0.1)	(7.9)	(0.2)	(23.8)	(-0.2)
Net assets (million yen)	95,803	103,455	103,224	127,127	127,473
[Period-on-period variation] (%)	(0.1)	(8.0)	(-0.2)	(23.2)	(0.3)
Interest-bearing debt (million yen)	89,640	96,840	96,840	123,140	121,840
Unitholders' capital (million yen)	59,115	66,123	66,123	89,316	89,316
Total number of investment units issued and outstanding (units)	1,789,389	1,921,689	1,921,689	2,372,000	2,372,000
Net assets per unit (yen)	53,539	53,835	53,715	53,595	53,740
Total cash distributions (million yen)	2,641	2,865	3,047	3,614	3,785
Cash distributions per unit (yen)	1,476	1,491	1,586	1,524	1,596
Cash distributions of earnings per unit (yen)	1,476	1,491	1,586	1,524	1,596
Cash distributions in excess of earnings per unit (yen)	-	-	-	-	-
Ratio of ordinary income to total assets ^(Note 3) (%)	1.3	1.4	1.5	1.5	1.4
[Annualized] (%)	(2.7)	(2.7)	(3.0)	(3.0)	(2.8)
Return on equity ^(Note 3) (%)	2.7	2.8	3.0	3.1	2.9
[Annualized] (%)	(5.4)	(5.5)	(6.0)	(6.1)	(5.8)
Equity ratio at end of period ^(Note 3) (%)	49.5	49.6	49.3	49.1	49.3
[Period-on-period variation] (%)	(-0.0)	(0.0)	(-0.2)	(-0.3)	(0.2)
Cash distribution payout ratio ^(Note 3) (%)	103.2	103.0	99.2	102.5	103.2
[Other reference information]					
Number of operating days (days)	181	184	181	184	182
Number of properties at end of period (properties)	60	63	62	71	71
Depreciation (million yen)	697	743	763	963	1,034
Capital expenditures (million yen)	471	605	787	1,107	774
Lease NOI (Net Operating Income) ^(Note 3) (million yen)	4,263	4,650	4,521	5,542	6,026
FFO (Funds from Operation) ^(Note 3) (million yen)	3,257	3,525	3,422	4,116	4,703
FFO per unit ^(Note 3) (yen)	1,820	1,834	1,780	1,735	1,982
Ratio of interest-bearing debt to total assets at end of period (LTV) (%)	46.3	46.4	46.3	47.5	47.1

(Note 1) The operating periods for Star Asia Investment Corporation (SAR) are the six-month periods from February 1 to July 31 and August 1 to January 31 of the following year.

(Note 2) Unless otherwise specifically noted, amounts are rounded down to the unit displayed and percentages are rounded to the first decimal place.

(Note 3) It is calculated based on the following formula.

Ratio of ordinary income to total assets	$\text{Ordinary income} \div \{(\text{total assets at beginning of period} + \text{total assets at end of period}) \div 2\} \times 100$
Return on equity	$\text{Net income} \div \{(\text{net assets at beginning of period} + \text{net assets at end of period}) \div 2\} \times 100$
Equity ratio at end of period	$\text{Net assets at end of period} \div \text{total assets at end of period} \times 100$
Cash distribution payout ratio	$\text{Cash distributions per unit (excluding cash distributions in excess of earnings)} \div \text{net income per unit} \times 100$ The figures for the 12th, 14th and 16th fiscal periods were calculated based on the formula below as investment units outstanding changed during the period as a result of a public offering of investment units. $\text{Total cash distributions (excluding cash distributions in excess of earnings)} \div \text{net income} \times 100$
Lease NOI (Net Operating Income)	$\text{Operating revenue from real estate leasing} - \text{operating expenses from real estate leasing} + \text{depreciation}$
FFO (Funds from Operation)	$\text{Net income} + \text{Depreciation} - \text{gain (loss) on sales of real estate}$
FFO per unit	$\text{FFO} \div \text{total number of investment units issued and outstanding}$

Balance Sheet

(Unit: thousand yen)

	16th fiscal period (As of January 31, 2024)	17th fiscal period (As of July 31, 2024)
Assets		
Current assets		
Cash and deposits	2,466,478	3,379,427
Cash and deposits in trust	9,186,964	8,945,505
Operating accounts receivable	319,557	443,175
Prepaid expenses	276,610	312,802
Consumption taxes receivable	1,245,234	-
Other	18,498	32,807
Total current assets	13,513,345	13,113,718
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	114	114
Accumulated depreciation	(114)	(114)
Tools, furniture and fixtures, net	0	0
Buildings in trust	72,991,822	73,691,762
Accumulated depreciation	(7,735,645)	(8,733,016)
Buildings in trust, net	65,256,177	64,958,746
Structures in trust	37,679	43,768
Accumulated depreciation	(8,703)	(10,290)
Structures in trust, net	28,975	33,477
Machinery and equipment in trust	306,175	338,544
Accumulated depreciation	(58,216)	(74,087)
Machinery and equipment in trust, net	247,958	264,457
Tools, furniture and fixtures in trust	150,147	193,701
Accumulated depreciation	(54,677)	(66,089)
Tools, furniture and fixtures in trust, net	95,470	127,611
Land in trust	169,768,470	169,771,175
Construction in progress in trust	170	-
Total property, plant and equipment	235,397,221	235,155,469
Intangible assets		
Leasehold rights in trust	6,251,893	6,243,459
Total intangible assets	6,251,893	6,243,459
Investments and other assets		
Investments in other securities of subsidiaries and associates	1,588,015	1,588,015
Investment securities	1,170,000	1,170,000
Long-term prepaid expenses	542,728	479,515
Leasehold and guarantee deposits	10,239	10,239
Leasehold and guarantee deposits in trust	263,988	263,988
Other	343,228	601,063
Total investments and other assets	3,918,199	4,112,822
Total non-current assets	245,567,314	245,511,751
Deferred assets		
Investment corporation bond issuance costs	9,522	8,502
Investment unit issuance costs	65,149	44,337
Total deferred assets	74,672	52,840
Total assets	259,155,332	258,678,309

(Unit: thousand yen)

	16th fiscal period (As of January 31, 2024)	17th fiscal period (As of July 31, 2024)
Liabilities		
Current liabilities		
Operating accounts payable	983,908	794,335
Short-term borrowings	1,300,000	1,000,000
Current portion of long-term borrowings	13,285,000	11,085,000
Accounts payable - other	664,966	669,967
Accrued expenses	96,918	107,831
Income taxes payable	605	605
Accrued consumption taxes	48,408	438,633
Advances received	1,028,917	1,160,537
Other	26,846	32,356
Total current liabilities	17,435,570	15,289,267
Non-current liabilities		
Investment corporation bonds	1,000,000	1,000,000
Long-term borrowings	107,555,000	108,755,000
Leasehold and guarantee deposits received	4,053	2,808
Leasehold and guarantee deposits received in trust	5,915,288	6,057,696
Asset retirement obligations	98,969	99,915
Other	18,825	-
Total non-current liabilities	114,592,137	115,915,419
Total liabilities	132,027,707	131,204,686
Net assets		
Unitholders' equity		
Unitholders' capital	89,316,185	89,316,185
Surplus		
Unitholders' capital surplus	25,132,218	25,132,218
Voluntary reserve		
Reserve for temporary difference adjustment	² 8,446,674	² 8,357,762
Total voluntary reserve	8,446,674	8,357,762
Unappropriated retained earnings (undisposed loss)	3,909,364	4,052,316
Total surplus	37,488,257	37,542,297
Total unitholders' equity	126,804,443	126,858,483
Valuation and translation adjustments		
Deferred gains or losses on hedges	323,181	615,139
Total valuation and translation adjustments	323,181	615,139
Total net assets	¹ 127,127,624	¹ 127,473,622
Total liabilities and net assets	259,155,332	258,678,309

Statement of Income and Retained Earnings

(Unit: thousand yen)

	16th fiscal period From: August 1, 2023 To: January 31, 2024	17th fiscal period From: February 1, 2024 To: July 31, 2024
Operating revenue		
Rental revenue	*1 7,077,860	*1 7,635,803
Other lease business revenue	*1 447,056	*1 412,199
Gain on sale of real estate	*2 374,516	-
Other revenue	65,436	65,782
Total operating revenue	7,964,869	8,113,786
Operating expenses		
Expenses related to rent business	*1 2,946,506	*1 3,055,846
Asset management fee	512,727	542,424
Asset custody and administrative service fees	48,711	50,525
Directors' compensations	2,400	2,400
Other operating expenses	144,769	123,739
Total operating expenses	3,655,114	3,774,935
Operating income	4,309,754	4,338,850
Non-operating income		
Interest income	58	62
Reversal of unpaid distribution	1,583	1,163
Interest on refund	-	906
Other	-	0
Total non-operating income	1,642	2,132
Non-operating expenses		
Interest expenses	463,491	504,833
Interest expenses on investment corporation bonds	3,500	3,500
Borrowing related expenses	294,089	141,244
Amortization of investment corporation bond issuance costs	1,020	1,020
Amortization of investment unit issuance costs	20,812	20,812
Total non-operating expenses	782,913	671,409
Ordinary income	3,528,484	3,669,572
Income before income taxes	3,528,484	3,669,572
Income taxes - current	605	605
Total income taxes	605	605
Net income	3,527,879	3,668,967
Retained earnings brought forward	381,485	383,349
Unappropriated retained earnings (undisposed loss)	3,909,364	4,052,316

Statement of Changes in Unitholders' Equity

16th fiscal period (from August 1, 2023 to January 31, 2024)

(Unit: thousand yen)

	Unitholders' equity						Total unitholders' equity
	Unitholders' capital	Unitholders' capital surplus	Surplus		Unappropriated retained earnings (undisposed loss)	Total surplus	
			Reserve for temporary difference adjustment	Total voluntary reserve			
Balance at beginning of the period	66,123,367	25,132,218	8,535,586	8,535,586	3,340,372	37,008,177	103,131,545
Changes of items during the period							
Issuance of new investment units	23,192,817						23,192,817
Dividends from surplus					(3,047,798)	(3,047,798)	(3,047,798)
Reversal of reserve for temporary difference adjustment			(88,912)	(88,912)	88,912	-	-
Net income					3,527,879	3,527,879	3,527,879
Net changes of items other than unitholders' equity							
Total changes of items during the period	23,192,817	-	(88,912)	(88,912)	568,992	480,080	23,672,898
Balance at end of the period	*1 89,316,185	25,132,218	8,446,674	8,446,674	3,909,364	37,488,257	126,804,443

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of the period	92,917	92,917	103,224,463
Changes of items during the period			
Issuance of new investment units			23,192,817
Dividends from surplus			(3,047,798)
Reversal of reserve for temporary difference adjustment			-
Net income			3,527,879
Net changes of items other than unitholders' equity	230,263	230,263	230,263
Total changes of items during the period	230,263	230,263	23,903,161
Balance at end of the period	323,181	323,181	127,127,624

Statement of Changes in Unitholders' Equity

17th fiscal period (from February 1, 2024 to July 31, 2024)

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital	Surplus					Total unitholders' equity
		Unitholders' capital surplus	Voluntary reserve		Unappropriated retained earnings (undisposed loss)	Total surplus	
			Reserve for temporary difference adjustment	Total voluntary reserve			
Balance at beginning of the period	89,316,185	25,132,218	8,446,674	8,446,674	3,909,364	37,488,257	126,804,443
Changes of items during the period							
Dividends from surplus					(3,614,928)	(3,614,928)	(3,614,928)
Reversal of reserve for temporary difference adjustment			(88,912)	(88,912)	88,912	-	-
Net income					3,668,967	3,668,967	3,668,967
Net changes of items other than unitholders' equity							
Total changes of items during the period	-	-	(88,912)	(88,912)	142,951	54,039	54,039
Balance at end of the period	^{**1} 89,316,185	25,132,218	8,357,762	8,357,762	4,052,316	37,542,297	126,858,483

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of the period	323,181	323,181	127,127,624
Changes of items during the period			
Dividends from surplus			(3,614,928)
Reversal of reserve for temporary difference adjustment			-
Net income			3,668,967
Net changes of items other than unitholders' equity	291,958	291,958	291,958
Total changes of items during the period	291,958	291,958	345,997
Balance at end of the period	615,139	615,139	127,473,622

Statement of Cash Distributions

(Unit: yen)

	16th fiscal period From: August 1, 2023 To: January 31, 2024	17th fiscal period From: February 1, 2024 To: July 31, 2024
I. Unappropriated retained earnings	3,909,364,877	4,052,316,832
II. Reversal of voluntary reserve Reversal of reserve for temporary difference adjustment ^{*1}	88,912,365	88,912,365
III. Cash distribution [Cash distribution per unit]	3,614,928,000 (1,524)	3,785,712,000 (1,596)
Cash distribution of earnings [Cash distribution of earnings per unit]	3,614,928,000 (1,524)	3,785,712,000 (1,596)
IV. Retained earnings carried forward	383,349,242	355,517,197

Method of calculation of amount of cash distributions	Pursuant to the cash distribution policy provided in Article 35, Paragraph 1 of SAR's Articles of Incorporation, SAR shall distribute in excess of the amount equivalent to 90% of the amount of distributable earnings of SAR as defined in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In accordance with this policy, concerning the cash distribution of earnings (not including cash distribution in excess of earnings), the decision was made to distribute 3,614,928,000 yen, which is the integral multiple of the total number of investment units issued and outstanding and the sum of net income and the amount of reversal of reserve for temporary difference adjustment of 88,912,365 yen.	Pursuant to the cash distribution policy provided in Article 35, Paragraph 1 of SAR's Articles of Incorporation, SAR shall distribute in excess of the amount equivalent to 90% of the amount of distributable earnings of SAR as defined in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In accordance with such policy, concerning cash distribution of earnings (not including cash distribution in excess of earnings), the decision was made to distribute 3,785,712,000 yen, which is equivalent to the sum of net income, the amount of reversal of reserve for temporary difference adjustment of 88,912,365 yen, and a portion of retained earnings brought forward of 27,832,045 million yen.

Statement of Cash Flows

(Unit: thousand yen)

	16th fiscal period From: August 1, 2023 To: January 31, 2024	17th fiscal period From: February 1, 2024 To: July 31, 2024
Cash flows from operating activities		
Income before income taxes	3,528,484	3,669,572
Depreciation	963,602	1,034,674
Amortization of investment corporation bond issuance costs	1,020	1,020
Amortization of investment unit issuance costs	20,812	20,812
Interest income	(58)	(62)
Interest expenses	466,991	508,333
Decrease (increase) in operating accounts receivable	(180,377)	(123,617)
Decrease (increase) in consumption taxes receivable	(1,245,234)	1,245,234
Increase (decrease) in accrued consumption taxes	(204,286)	390,224
Decrease (increase) in prepaid expenses	(78,623)	(36,191)
Decrease (increase) in long-term prepaid expenses	(211,507)	63,212
Increase (decrease) in operating accounts payable	101,183	(156,352)
Increase (decrease) in accounts payable - other	104,651	30,722
Increase (decrease) in advances received	(207,980)	131,620
Decrease in property, plant and equipment in trust due to sale	2,670,427	-
Other, net	(8,731)	6,961
Subtotal	5,720,373	6,786,164
Interest income received	58	62
Interest expenses paid	(445,423)	(497,419)
Income taxes paid	(616)	(609)
Net cash provided by (used in) operating activities	5,274,392	6,288,198
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(48,883,791)	(843,429)
Purchase of intangible assets in trust	(2,176,621)	-
Repayments of leasehold and guarantee deposits received	(126)	(1,245)
Repayments of leasehold and guarantee deposits received in trust	(294,990)	(51,933)
Proceeds from leasehold and guarantee deposits received in trust	244,635	194,341
Proceeds from refund of leasehold and guarantee deposits	120	-
Payments of leasehold and guarantee deposits in trust	(263,988)	-
Purchase of investment securities	(430,000)	-
Other, net	(10)	-
Net cash provided by (used in) investing activities	(51,804,771)	(702,267)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,300,000	1,000,000
Repayments of short-term borrowings	-	(1,300,000)
Proceeds from long-term borrowings	29,840,000	8,500,000
Repayments of long-term borrowings	(4,840,000)	(9,500,000)
Proceeds from issuance of investment units	23,143,614	-
Dividends paid	(3,047,528)	(3,614,441)
Net cash provided by (used in) financing activities	46,396,086	(4,914,441)
Net increase (decrease) in cash and cash equivalents	(134,292)	671,489
Cash and cash equivalents at beginning of period	11,787,736	11,653,443
Cash and cash equivalents at end of period	^{*1} 11,653,443	^{*1} 12,324,933

Notes to Financial Statements

Organization

Star Asia Investment Corporation (SAR) was established as a diversified real estate investment trust on December 1, 2015, under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended). It was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section on April 20, 2016 (securities code: 3468). SAR has assigned the asset management of its portfolio to Star Asia Invest Management Co., Ltd., a financial instruments business operator under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended), through which SAR has been executing active management, aiming to maximize the interests of unitholders and striving to expand its asset size and increase distributions per unit. The asset size as of the 17th fiscal period (July 31, 2024) is 243,871 million yen. In August 2024, after the end of the fiscal period under review (ended July 2024), SAR conducted a public offering, the seventh one since it was listed, and sold a residential property and a hotel (Urban Park Namba and Smile Hotel Namba) as part of asset replacement including the acquisition of properties. After the asset replacement, the asset size increased to 276,031 million yen.

Basis of Presentation

SAR has prepared the financial statements attached hereto in accordance with the accounting principles generally accepted in Japan (J-GAAP). J-GAAP differs from international accounting standards in the specific details of accounting and disclosure standards.

The financial statements attached hereto are a translation of audited financial statements prepared from SAR's accounting records and submitted to the Kanto Local Finance Bureau as per the Financial Instruments and Exchange Act for domestic disclosure.

Certain notes are added to the financial statements published in Japan to facilitate the understanding for overseas readers.

SAR's fiscal periods are six months ending January 31 and July 31 every year.

Since SAR has no subsidiaries, no consolidated financial statements are prepared.

Notes on the Going Concern Assumption

Not applicable.

Notes on Matters Relating to Significant Accounting Policies

1. Evaluation standards and methods of valuation of securities	<p>(1) Investments in other securities of subsidiaries and associates Cost method through moving-average method</p> <p>(2) Other securities Those with market price Fair value method or market value method (Variances are directly included in net assets.)</p>
2. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment is as follows: Buildings 2-70 years Structures 7-30 years Machinery and equipment 7-17 years Tools, furniture and fixtures 2-15 years</p> <p>(2) Intangible assets (including trust assets) The straight-line method is adopted. Fixed-term land leasehold is amortized using the straight-line method over the remaining period.</p>
3. Accounting for deferred assets	<p>(1) Investment unit issuance costs Investment unit issuance costs are amortized by the straight-line method over 3 years.</p> <p>(2) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized by the straight-line method over the period through redemption.</p>
4. Revenue and expense recognition	<p>(1) Accounting for fixed property tax, etc. Accounting for fixed property tax, city planning tax, depreciable asset tax, etc. ("fixed property tax, etc.") on real estate or beneficiary interest in trust for real estate held is that the amount corresponding to the fiscal period out of the tax amount assessed and determined is expensed as expenses related to lease business. The amount equivalent to fixed property tax, etc. in the initial fiscal year borne by SAR upon acquisition of real estate or beneficiary interest in trust for real estate is not recorded as expenses but included in the cost of acquisition of the concerned real estate, etc. In the fiscal period under review, no fixed property tax, etc. was included in the cost of acquisition of real estate, etc.</p> <p>(2) Standards for recording revenue The details of main performance obligations concerning revenue generated from contracts between SAR and its customers and the ordinary time to fulfil said performance obligations (ordinary time to recognize revenue) are as follows.</p> <p>1) Sale of real estate For revenue from sale of real estate, SAR records revenue when the purchaser who is a customer obtains control of the relevant real estate as a result of the seller fulfilling its delivery obligations stipulated in the transaction agreement of the real estate.</p> <p>2) Utilities income SAR records utilities income in accordance with the supply of electricity and water, etc. to the lessee who is a customer based on the lease agreement of real estate and details of agreements incidental to it. Of the utilities income, in the case that SAR deems itself to be an agent, the net amount obtained by deducting the amount it pays to other parties from the amount it receives as charges for electricity and gas, etc. supplied by the said other parties is recognized as revenue.</p>

5. Hedge accounting approach	<p>(1) Hedge accounting approach Deferral hedge accounting is adopted.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transaction Hedged items: Interest on loans</p> <p>(3) Hedging policy SAR conducts derivative transactions for the purpose of hedging the risks provided in its Articles of Incorporation pursuant to basic rules on risk management.</p> <p>(4) Method of assessing the effectiveness of hedging The effectiveness of hedging is assessed by comparing the cumulative change in cash flows of the hedging instruments with the cumulative change in cash flows of the hedged items and verifying the ratio of the amount of change in the two.</p>
6. Scope of funds in the statement of cash flows (cash and cash equivalents)	<p>The funds (cash and cash equivalents) in the statement of cash flows comprise cash on hand and cash in trust, demand deposits and deposits in trust, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and that are subject to an insignificant risk of changes in value.</p>
7. Other matters serving as the basis for preparation of financial statements	<p>(1) Accounting for beneficiary interest in trust for real estate, etc. Concerning beneficiary interest in trust for real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income and retained earnings. The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet.</p> <ol style="list-style-type: none"> 1) Cash and deposits in trust 2) Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust 3) Leasehold rights in trust 4) Leasehold and guarantee deposits in trust 5) Leasehold and guarantee deposits received in trust <p>(2) Accounting for consumption tax, etc. Non-deductible consumption tax on acquisition of assets is included in the acquisition cost of each asset.</p>

[Notes on the Balance Sheet]

*1 Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

(Unit: thousand yen)

	16th fiscal period (As of January 31, 2024)	17th fiscal period (As of July 31, 2024)
	50,000	50,000

*2 Matters on provision and reversal of reserve for temporary difference adjustment

16th fiscal period (As of January 31, 2024)

(Unit: thousand yen)

	Initial amount	Balance at beginning of the period	Reserve during the period	Reversal during the period	Balance at end of the period	Reasons for provision and reversal
Gain on negative goodwill ^(Note)	8,891,236	8,535,586	-	88,912	8,446,674	Appropriate for distribution

(Note) Gain on negative goodwill indicates the amount of provision of gain on negative goodwill recorded in the past fiscal period, and will be reversed in equal amount or more over 50 years or less every fiscal period starting from the 12th fiscal period, which is the period following the fiscal period in which the provision was made.

17th fiscal period (As of July 31, 2024)

(Unit: thousand yen)

	Initial amount	Balance at beginning of the period	Reserve during the period	Reversal during the period	Balance at end of the period	Reasons for provision and reversal
Gain on negative goodwill ^(Note)	8,891,236	8,446,674	-	88,912	8,357,762	Appropriate for distribution

(Note) Gain on negative goodwill indicates the amount of provision of gain on negative goodwill recorded in the past fiscal period, and will be reversed in equal amount or more over 50 years or less every fiscal period starting from the 12th fiscal period, which is the period following the fiscal period in which the provision was made.

[Notes on the Statement of Income and Retained Earnings]

*1 Breakdown of operating income from real estate leasing

(Unit: thousand yen)

	16th fiscal period From: August 1, 2023 To: January 31, 2024	17th fiscal period From: February 1, 2024 To: July 31, 2024
A. Operating revenue from real estate leasing		
Rental revenue		
Rental revenue	6,268,199	6,818,995
Common area maintenance revenue	561,698	568,845
Parking revenue	208,004	209,292
Facility use revenue	33,406	32,295
Other rental revenue	6,551	6,374
Total	7,077,860	7,635,803
Other lease business revenue		
Utilities income	351,432	348,798
Other revenue	95,624	63,401
Total	447,056	412,199
Total operating revenue from real estate leasing	7,524,917	8,048,003
B. Operating expenses from real estate leasing		
Expenses related to rent business		
Management fee	454,790	466,129
Utilities expenses	372,542	379,716
Taxes and dues	490,171	599,404
Repair expenses	319,629	217,551
Trust fee	28,668	30,462
Insurance premium	15,314	20,709
Depreciation	963,602	1,034,674
Other expenses	301,786	307,198
Total operating expenses from real estate leasing	2,946,506	3,055,846
C. Operating income (loss) from real estate leasing [A—B]	4,578,410	4,992,156

*2 Breakdown of gain (loss) on sale of real estate

16th fiscal period (from August 1, 2023 to January 31, 2024)

(Unit: thousand yen)

Urban Park Gokokuji	
Proceeds from sale of real estate	1,800,000
Cost of sale of real estate	1,488,569
Other sales expenses	46,106
Gain on sale of real estate	265,324

(Unit: thousand yen)

Urban Park Koenji	
Proceeds from sale of real estate	1,315,000
Cost of sale of real estate	1,181,858
Other sales expenses	23,950
Gain on sale of real estate	109,191

17th fiscal period (from February 1, 2024 to July 31, 2024)

Not applicable.

Notes to Financial Statements

[Notes on the Statement of Changes in Unitholders' Equity]

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

	16th fiscal period From: August 1, 2023 To: January 31, 2024	17th fiscal period From: February 1, 2024 To: July 31, 2024
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	2,372,000 units	2,372,000 units

[Notes on the Statement of Cash Distributions]

16th fiscal period From: August 1, 2023 To: January 31, 2024	17th fiscal period From: February 1, 2024 To: July 31, 2024
*1 Reserve for temporary difference adjustment SAR provided 8,891,236 thousand yen as reserve for temporary difference adjustment in the 10th fiscal period. From the 11th fiscal period, SAR plans to reverse the same amount or more in each fiscal period over a period of up to 50 years. In the fiscal period under review, SAR decided to reverse 88,912 thousand yen.	*1 Reserve for temporary difference adjustment SAR provided 8,891,236 thousand yen as reserve for temporary difference adjustment in the 10th fiscal period. From the 11th fiscal period, SAR plans to reverse the same amount or more in each fiscal period over a period of up to 50 years. In the fiscal period under review, SAR decided to reverse 88,912 thousand yen.

[Notes on the Statement of Cash Flows]

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

(Unit: thousand yen)

	16th fiscal period From: August 1, 2023 To: January 31, 2024	17th fiscal period From: February 1, 2024 To: July 31, 2024
Cash and deposits	2,466,478	3,379,427
Cash and deposits in trust	9,186,964	8,945,505
Cash and cash equivalents	11,653,443	12,324,933

[Notes on Lease Transactions]

Operating leases (as lessee)

Future minimum lease payments

(Unit: thousand yen)

	16th fiscal period (As of January 31, 2024)	17th fiscal period (As of July 31, 2024)
Not later than 1 year	173,606	180,199
Later than 1 year	6,358,578	6,477,402
Total	6,532,184	6,657,601

Operating leases (as lessor)

Future minimum lease payments

(Unit: thousand yen)

	16th fiscal period (As of January 31, 2024)	17th fiscal period (As of July 31, 2024)
Not later than 1 year	6,246,687	5,741,460
Later than 1 year	22,516,811	21,624,088
Total	28,763,498	27,365,549

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

Not applicable.

Notes to Financial Statements

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

The carrying amount, fair value and the amount of difference between them are as follows. Because “cash and deposits,” “cash and deposits in trust” and “short-term borrowings” are cash and settled in a short period of time and the fair values approximate the book values accordingly, notes on these matters are omitted.

16th fiscal period (As of January 31, 2024)

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Current portion of long-term borrowings	13,285,000	13,285,000	-
(2) Investment corporation bonds	1,000,000	989,600	(10,400)
(3) Long-term borrowings	107,555,000	107,482,716	(72,283)
Liabilities total	121,840,000	121,757,316	(82,683)
(4) Derivative transactions (*)	323,181	323,181	-

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

17th fiscal period (As of July 31, 2024)

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Current portion of long-term borrowings	11,085,000	11,085,000	-
(2) Investment corporation bonds	1,000,000	978,200	(21,800)
(3) Long-term borrowings	108,755,000	108,640,309	(114,690)
Liabilities total	120,840,000	120,703,509	(136,490)
(4) Derivative transactions (*)	615,139	615,139	-

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

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

(1) Current portion of long-term borrowings (3) Long-term borrowings

Of these, the fair values of those with fixed interest rates are calculated by the present value obtained by discounting the total principal and interest by the rate expected when similar funds are additionally borrowed in correspondence with the remaining term. Since those with floating interest rates are under terms and conditions that interest rates be renewed every set period of time, the fair values are approximately the same as the book value, and thus such are used.

(2) Investment corporation bonds

The reference value announced by Japan Securities Dealers Association is stated.

(4) Derivative transactions

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

(Note 2) Amount of redemption/repayment of investment corporation bonds and loans to be due after the date of settlement of accounts

16th fiscal period (As of January 31, 2024)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Investment corporation bonds	-	-	-	-	1,000,000	-
Long-term borrowings	13,285,000	19,150,000	20,275,000	21,650,000	21,680,000	24,800,000
Total	13,285,000	19,150,000	20,275,000	21,650,000	22,680,000	24,800,000

17th fiscal period (As of July 31, 2024)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Investment corporation bonds	-	-	-	-	1,000,000	-
Long-term borrowings	11,085,000	20,910,000	23,165,000	19,490,000	25,120,000	20,070,000
Total	11,085,000	20,910,000	23,165,000	19,490,000	26,120,000	20,070,000

[Notes on Securities]

16th fiscal period (As of January 31, 2024)

Notes are omitted because they lack significance.

17th fiscal period (As of July 31, 2024)

Notes are omitted because they lack significance.

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

16th fiscal period (As of January 31, 2024)

Not applicable.

17th fiscal period (As of July 31, 2024)

Not applicable.

2. Derivative transactions to which hedge accounting is applied

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

16th fiscal period (As of January 31, 2024)

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, later than 1 year	
Principle accounting	Interest rate swap transaction (floating receivable; fixed payable)	Long-term borrowings	77,465,000	68,965,000	323,181

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

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

17th fiscal period (As of July 31, 2024)

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, later than 1 year	
Principle accounting	Interest rate swap transaction (floating receivable; fixed payable)	Long-term borrowings	68,965,000	61,665,000	615,139

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

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

[Notes on Retirement Benefits]

16th fiscal period (As of January 31, 2024)

Not applicable.

17th fiscal period (As of July 31, 2024)

Not applicable.

Notes to Financial Statements

[Notes on Tax-Effect Accounting]

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

(Unit: thousand yen)

	16th fiscal period (As of January 31, 2024)	17th fiscal period (As of July 31, 2024)
Deferred tax assets		
Valuation adjustment upon merger	1,069,936	1,047,923
Leasehold interests in land	2,211	4,864
Acquisition cost of securities	4,518	4,518
Asset retirement obligations	31,135	31,433
Deferred gains or losses on hedges	6,303	-
Deferred tax assets, subtotal	1,114,105	1,088,739
Valuation allowance	(1,114,105)	(1,088,739)
Deferred tax assets, total	-	-
Deferred tax assets, net	-	-

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

(Unit: %)

	16th fiscal period (As of January 31, 2024)	17th fiscal period (As of July 31, 2024)
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible distributions payable	(31.14)	(31.09)
Reversal of excess depreciation	(0.40)	(0.39)
Other	0.09	0.04
Effective income tax rate after application of tax-effect accounting	0.02	0.02

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

16th fiscal period (As of January 31, 2024)

Notes are omitted because they lack significance.

17th fiscal period (As of July 31, 2024)

Notes are omitted because they lack significance.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholders, etc.

16th fiscal period (from August 1, 2023 to January 31, 2024)

Not applicable.

17th fiscal period (from February 1, 2024 to July 31, 2024)

Not applicable.

2. Affiliated companies, etc.

16th fiscal period (from August 1, 2023 to January 31, 2024)

Not applicable.

17th fiscal period (from February 1, 2024 to July 31, 2024)

Not applicable.

3. Fellow subsidiaries, etc.

16th fiscal period (from August 1, 2023 to January 31, 2024)

Not applicable.

17th fiscal period (from February 1, 2024 to July 31, 2024)

Not applicable.

4. Directors, major individual unitholders, etc.

16th fiscal period (from August 1, 2023 to January 31, 2024)

Type	Name of company, etc. or person	Address	Capital stock or investments in capital	Description of business or occupation	Percentage of voting rights, etc. held by (in) SAR	Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of the period (thousand yen)
Director, or close relative of director	Atsushi Kato	-	-	Executive Director of SAR, and President and CEO of the Asset Manager	0.03%	Payment of asset management fee to the Asset Manager ^(Note 1)	794,310 ^(Note 2)	Accounts payable - other	564,000 ^(Note 2)

17th fiscal period (from February 1, 2024 to July 31, 2024)

Type	Name of company, etc. or person	Address	Capital stock or investments in capital	Description of business or occupation	Percentage of voting rights, etc. held by (in) SAR	Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of the period (thousand yen)
Director, or close relative of director	Atsushi Kato	-	-	Executive Director of SAR, and President and CEO of the Asset Manager	0.03%	Payment of asset management fee to the Asset Manager ^(Note 1)	542,424 ^(Note 2)	Accounts payable - other	596,666 ^(Note 2)

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

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

(Note 3) The asset management fee for the 16th fiscal period includes the acquisition incentive portion included in the book value of individual real estate, etc. in the amount of 250,433 thousand yen and the transfer incentive portion for real estate, etc. in the amount of 31,150 thousand yen.

[Notes on Asset Retirement Obligations]

1. Outline of the asset retirement obligations

SAR concluded a fixed-term subleasehold agreement for the land of its asset Best Western Plus Fukuoka Tenjin-minami, and recognized asset retirement obligations in connection with the obligation to restore the site to its original condition at the end of the sublease term.

2. Method of calculating asset retirement obligations

Asset retirement obligations are calculated using the expected period of use, which is estimated at 55 years from the expiration of the fixed-term subleasehold agreement, and a discount rate of 1.925%.

3. Changes in total asset retirement obligations

(Unit: thousand yen)

	16th fiscal period From: August 1, 2023 To: January 31, 2024	17th fiscal period From: February 1, 2024 To: July 31, 2024
Balance at beginning of period	-	98,969
Increase due to purchases of property, plant and equipment	98,187	-
Adjustment due to passage of time	782	945
Balance at end of the period	98,969	99,915

[Notes on Investments in Rental Properties]

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

(Unit: thousand yen)

	16th fiscal period From: August 1, 2023 To: January 31, 2024	17th fiscal period From: February 1, 2024 To: July 31, 2024
Carrying amount		
Balance at beginning of period	194,178,685	241,648,945
Amount of increase (decrease) during period	47,470,259	(250,016)
Balance at end of the period	241,648,945	241,398,928
Fair value at end of period	266,696,000	271,352,000

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

(Note 2) Of the amount of increase (decrease) in investments in rental properties during 16th fiscal period, the amount of increase is mainly attributable to acquisition of real estate beneficiary interest in trust of 11 properties (49,825,623 thousand yen), capital expenditures (1,107,190 thousand yen, which includes 275,884 thousand yen for extension work), and the acquisition of leasehold interest for leased land of property held (171,477 thousand yen), while the amount of decrease is mainly attributable to disposition of real estate beneficiary interest in trust of two properties (2,670,427 thousand yen) and depreciation (963,602 thousand yen). During the 17th fiscal period, the amount of increase is mainly attributable to capital expenditures (774,323 thousand yen), and the amount of decrease is mainly attributable to depreciation (1,034,674 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser. Of the fair values at the end of the 17th fiscal period, those of Urban Park Namba and Smile Hotel Namba are the transfer prices (1,700,000 thousand yen and 1,800,000 thousand yen) stated in the trust beneficiary interest sale and purchase agreements dated August 2, 2024.

Income (loss) from investments in rental properties is as stated in "Notes to the Statement of Income and Retained Earnings" earlier in this document.

[Notes on Revenue Recognition]

1. Breakdown information on revenue from contracts with customers

16th fiscal period (from August 1, 2023 to January 31, 2024)

(Unit: thousand yen)

	Revenue from contracts with customers ^(Note 1)	Sales to external customers
Proceeds from sale of real estate ^(Note 2)	374,516	374,516
Utilities income	351,432	351,432
Other	-	7,238,921
Total	725,948	7,964,869

(Note 1) Rental revenue, etc. subject to the "Accounting Standard for Lease Transactions" (ASBJ Statement No.13) are excluded from the above amount as such revenue is not subject to the Revenue Recognition Accounting Standard. Revenue from contracts with customers mainly represents proceeds from sale of real estate and utilities income.

(Note 2) Proceeds from sale of real estate is recorded as gain on sale of property in the statement of income and retained earnings. Therefore, the amount calculated by deducting the cost of sale of real estate and other sale expenses from the proceeds from sale of real estate is indicated.

17th fiscal period (from February 1, 2024 to July 31, 2024)

(Unit: thousand yen)

	Revenue from contracts with customers ^(Note)	Sales to external customers
Proceeds from sale of real estate	-	-
Utilities income	348,798	348,798
Other	-	7,764,987
Total	348,798	8,113,786

(Note) Rental revenue, etc. subject to the "Accounting Standard for Lease Transactions" (ASBJ Statement No.13) are excluded from the above amount as such revenue is not subject to the Revenue Recognition Accounting Standard. Revenue from contracts with customers mainly represents proceeds from sale of real estate and utilities income.

2. Foundational information for understanding revenue from contracts with customers

The information is as indicated in the Notes on Matters Relating to Significant Accounting Policies.

3. Information on relationship of fulfillment of performance obligations based on contracts with customers with cashflow generated from said contracts and amount and period of revenue expected to be recognized in the next fiscal period or thereafter from contracts with customers existing at the end of the current fiscal period.

(1) Balance of contract assets and contract liabilities, etc.

(Unit: thousand yen)

	16th fiscal period From: August 1, 2023 To: January 31, 2024	17th fiscal period From: February 1, 2024 To: July 31, 2024
Claims generated from contracts with customers (balance at beginning of the period)	71,460	62,199
Claims generated from contracts with customers (balance at end of the period)	62,199	80,919
Contract assets (balance at beginning of the period)	-	-
Contract assets (balance at end of the period)	-	-
Contract liabilities (balance at beginning of the period)	-	-
Contract liabilities (balance at end of the period)	-	-

(2) Transaction value allocated to remaining performance obligations

Not applicable.

SAR does not include contracts whose terms are initially expected to be one year or less in the note on transaction value allocated to remaining performance obligations as an expedient in practice. Also, with regard to utilities income, as SAR has the right to receive from customers an amount directly corresponding to the value for the lessees who are customers of portions for which performance is complete by the end of the fiscal period, the amount it has the right to claim according to Paragraph 19 of the Application Guidelines of the Accounting Standard for Revenue Recognition is recognized as revenue. Accordingly, such is not included in the note on transaction value allocated to remaining performance obligations through application of the provisions of Paragraph 80-22 (2) of the Accounting Standard for Revenue Recognition.

[Notes on Segment Information]

1. Segment information

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

2. Related information

16th fiscal period (from August 1, 2023 to January 31, 2024)

(1) Information about products and services

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

(2) Information about geographic areas

1) Net sales

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

2) Property, plant and equipment

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

(3) Information about each major customer

Information about each major customer is omitted because all net sales to a single external customer are less than 10% of the operating revenue on the statement of income and retained earnings.

17th fiscal period (from February 1, 2024 to July 31, 2024)

(1) Information about products and services

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

(2) Information about geographic areas

1) Net sales

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

2) Property, plant and equipment

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

(3) Information about each major customer

(Unit: thousand yen)

Customer name	Operating revenue	Name of relevant segment
KOKO HOTELS CO., LTD.	1,106,695	Real estate leasing business

[Notes on Per Unit Information]

	16th fiscal period From: August 1, 2023 To: January 31, 2024	17th fiscal period From: February 1, 2024 To: July 31, 2024
Net assets per unit	53,595 yen	53,740 yen
Net income per unit	1,518 yen	1,546 yen

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

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

	16th fiscal period From: August 1, 2023 To: January 31, 2024	17th fiscal period From: February 1, 2024 To: July 31, 2024
Net income (thousand yen)	3,527,879	3,668,967
Amount not attributable to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	3,527,879	3,668,967
Average number of investment units during the period (units)	2,323,053	2,372,000

[Notes on Significant Subsequent Events]

Issuance of new investment units

At Board of Directors meetings held on August 19 and August 22, 2024, SAR resolved to issue new investment units to acquire real estate, etc. The payments were completed on August 28, 2024. Details are as follows.

<Issuance of new investment units by means of primary offering>

Number of new investment units issued: 315,000 units

Issue price (offer price): 52,942 yen per unit

Total issue price (offer price): 16,676,730,000 yen

Issue price (payment amount): 51,198 yen per unit

Total issue price (payment amount): 16,127,370,000 yen

Payment date: August 28, 2024

Net proceeds from the issuance of new investment units are used as part of the acquisition funds. The real estate beneficiary interest in trust of four properties was acquired (the total acquisition price is 34,700 million yen) on August 30, 2024.

Transfer of property

The transfers of Urban Park Namba and Smile Hotel Namba have been completed. Details are as follows.

<Urban Park Namba>

Assets to be transferred: Beneficiary interest in trust mainly for domestic real estate

Date of sale and purchase agreement: August 2, 2024

Transfer date: September 6, 2024

Address: 2-7-22 Inari, Naniwa-ku, Osaka, Osaka prefecture

Transferee: Not disclosed

Transfer price: 1,700,000 thousand yen

Impact on earnings: A gain on sale of real estate of approximately 175 million yen will be posted in operating revenue during the fiscal period ending January 31, 2025.

<Smile Hotel Namba>

Assets to be transferred: Beneficiary interest in trust mainly for domestic real estate

Date of sale and purchase agreement: August 2, 2024

Transfer date: August 19, 2024

Address: 3-3-9 Saiwaicho, Naniwa-ku, Osaka, Osaka prefecture

Transferee: Not disclosed

Transfer price: 1,800,000 thousand yen

Impact on earnings: A gain on sale of real estate of approximately 139 million yen will be posted in operating revenue during the fiscal period ending January 31, 2025.

1. Schedule of securities

(i) Stocks

Not applicable.

(ii) Securities other than stocks

(Unit: thousand yen)

Type	Name of the security	Total face value	Book value	Accrued interest	Prepaid accrued interest	Fair value	Unrealized gain or loss	Remarks
Corporate bond	Star Asia Mezzanine Loan Debt Investment Series 7	400,000	400,000	3,527	-	400,000	-	(Note 1) (Note 4)
Trust beneficiary interest	Star Asia Mezzanine Loan Debt Investment Series 8 Class A Beneficial Interest	-	430,000	4,007	-	430,000	-	(Note 2) (Note 4)
	Star Asia Mezzanine Loan Debt Investment Series 8 Class B Beneficial Interest	-	340,000	4,305	-	340,000	-	
Preferred equity securities	GSA JP Project 1 Tokutei Mokuteki Kaisha (TMK) Preferred Equity Securities	-	1,588,015	5,308	-	1,786,682	198,667	(Note 3) (Note 5)
Total		-	2,758,015	17,149	-	2,956,682	198,667	

(Note 1) The underlying assets are trust beneficiary interests in a trust mainly comprised of Quintessa Hotel Tokyo Haneda Comic & Books.

(Note 2) The underlying assets are trust beneficiary interests in a trust mainly comprised of Centurion Hotel Grand Akasaka.

(Note 3) The underlying assets are trust beneficiary interests in a trust mainly comprised of HAKUSAN HOUSE.

(Note 4) Because interest income etc. from mezzanine loan debt are based on floating interest rates, the fair value is approximately the same as the acquisition cost and thus stated at that acquisition cost.

(Note 5) The fair value of preferred equity securities is the amount that is attributable to the equity held by SAR out of the net asset value of the issuer of preferred equity securities based on the appraisal value of the underlying assets.

2) Contracted amount, etc. and fair value of derivative transactions and forward exchange transactions

(Unit: thousand yen)

Category	Type	Contract amount, etc. (Note 1)		Fair value (Note 2)
			Of which, later than 1 year	
Transaction other than market transaction	Interest rate swap transaction (floating receivable; fixed payable)	68,965,000	61,665,000	615,139
Total		68,965,000	61,665,000	615,139

(Note 1) Contract amount, etc. of interest rate swaps are based on notional principal.

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

3) Summary table of schedule of real estate

(Unit: thousand yen)

Type of asset	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Accumulated depreciation or accumulated amortization		Net balance at end of the period	Remarks
						For period		
Property, plant and equipment	Tools, furniture and fixtures	114	-	-	114	114	-	0
	Buildings in trust	72,991,822	699,940	0	73,691,762	8,733,016	997,371	64,958,746
	Structures in trust	37,679	6,089	-	43,768	10,290	1,586	33,477
	Machinery and equipment in trust	306,175	32,369	-	338,544	74,087	15,870	264,457
	Tools, furniture and fixtures in trust	150,147	43,554	-	193,701	66,089	11,412	127,611
	Land in trust	169,768,470	2,705	-	169,771,175	-	-	169,771,175
	Construction in progress in trust	170	-	170	-	-	-	-
	Subtotal	243,254,578	784,658	170	244,039,067	8,883,598	1,026,241	235,155,469
	Intangible assets	Leasehold rights in trust	6,258,921	-	-	6,258,921	15,461	8,433
Subtotal		6,258,921	-	-	6,258,921	15,461	8,433	6,243,459
Total		249,513,500	784,658	170	250,297,989	8,899,060	1,034,674	241,398,928

4) Schedule of other specified assets

Not applicable.

5) Schedule of investment corporation bonds

(Unit: thousand yen)

Name of the security	Issue date	Balance at beginning of the period	Amount of decrease during the period	Balance at end of the period	Interest rate	Redemption date	Use	Collateral
First Series Unsecured Investment Corporation Bonds (ranking pari passu among specified investment corporation bonds)	September 24, 2021	1,000,000	-	1,000,000	0.700%	September 21, 2028	Repayment of borrowings, etc.	Unsecured Unguaranteed

(Note) The yearly schedule of redemption for investment corporation bonds within five years of the balance sheet date is as follows:

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years
Investment corporation bonds	-	-	-	-	1,000,000

6) Schedule of borrowings

(Unit: thousand yen)

Category (Note 2)	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks	
										Lender
Short-term	Sumitomo Mitsui Banking Corporation	650,000	-	650,000	0.3794%	August 30, 2024 (Note 4)	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed	
	Mizuho Bank, Ltd.	650,000	-	650,000						
	Sumitomo Mitsui Banking Corporation	-	500,000	-	500,000	0.4583%	April 30, 2025	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	-	500,000	-	500,000					
	Subtotal	1,300,000	1,000,000	1,300,000	1,000,000					
Long-term borrowings	The Bank of Fukuoka, Ltd.	500,000	-	500,000	0.5360% (Note 3)	February 29, 2024	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed	
	Sumitomo Mitsui Banking Corporation	2,200,000	-	2,200,000	0.7532% (Note 3)	April 22, 2024	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed	
	Mizuho Bank, Ltd.	2,050,000	-	2,050,000						
	Sumitomo Mitsui Trust Bank, Limited	1,250,000	-	1,250,000						
	Aozora Bank, Ltd.	700,000	-	700,000						
	SBI Shinsei Bank, Limited	700,000	-	700,000						
	Resona Bank, Limited	700,000	-	700,000						
	Mizuho Trust & Banking Co., Ltd.	400,000	-	400,000						
	Sumitomo Mitsui Banking Corporation	500,000	-	500,000						
	Mizuho Bank, Ltd.	500,000	-	500,000	0.2809%	April 30, 2024	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed	
	Sumitomo Mitsui Banking Corporation	932,500	-	932,500	0.5715%	October 21, 2024	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed	
	Mizuho Bank, Ltd.	857,500	-	857,500						
	SBI Shinsei Bank, Limited	300,000	-	300,000						
	Sumitomo Mitsui Trust Bank, Limited	525,000	-	525,000						
	Aozora Bank, Ltd.	300,000	-	300,000						
	Resona Bank, Limited	100,000	-	100,000						
	The Bank of Fukuoka, Ltd.	170,000	-	170,000						
	Mizuho Trust & Banking Co., Ltd.	100,000	-	100,000						
	The Dai-ichi Life Insurance Company, Limited	500,000	-	500,000						
	Sumitomo Mitsui Banking Corporation	1,950,000	-	1,950,000						0.7588% (Note 3)
Mizuho Bank, Ltd.	2,500,000	-	2,500,000							
Sumitomo Mitsui Trust Bank, Limited	1,050,000	-	1,050,000							
Aozora Bank, Ltd.	600,000	-	600,000							
SBI Shinsei Bank, Limited	600,000	-	600,000							
Resona Bank, Limited	600,000	-	600,000							
Sumitomo Mitsui Banking Corporation	2,150,000	-	2,150,000	0.6975% (Note 3)	August 29, 2025	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed		
Mizuho Bank, Ltd.	2,000,000	-	2,000,000							
Aozora Bank, Ltd.	1,500,000	-	1,500,000							
Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	1,000,000							
The Nishi-Nippon City Bank, Ltd.	1,000,000	-	1,000,000							
Resona Bank, Limited	600,000	-	600,000							
Sumitomo Mitsui Banking Corporation	1,350,000	-	1,350,000						0.6850% (Note 3)	October 31, 2025
Mizuho Bank, Ltd.	1,000,000	-	1,000,000							
Sumitomo Mitsui Trust Bank, Limited	850,000	-	850,000							
Aozora Bank, Ltd.	400,000	-	400,000							

(Unit: thousand yen)

Category (Note 2)	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks					
										Lender				
Short-term	Sumitomo Mitsui Banking Corporation	1,680,000	-	1,680,000	0.7025% (Note 3)	April 30, 2026	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed					
	Mizuho Bank, Ltd.	1,530,000	-	1,530,000										
	The Bank of Yokohama, Ltd.	1,000,000	-	1,000,000										
	SBI Shinsei Bank, Limited	600,000	-	600,000										
	Aozora Bank, Ltd.	600,000	-	600,000										
	Sumitomo Mitsui Trust Bank, Limited	550,000	-	550,000	0.6999% (Note 3)	April 30, 2026	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed					
	Sumitomo Mitsui Banking Corporation	1,380,000	-	1,380,000										
	SBI Shinsei Bank, Limited	1,380,000	-	1,380,000										
	Resona Bank, Limited	340,000	-	340,000	0.6780% (Note 3)	August 19, 2026	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed					
	Sumitomo Mitsui Banking Corporation	750,000	-	750,000										
	Mizuho Bank, Ltd.	750,000	-	750,000										
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	500,000										
	Aozora Bank, Ltd.	500,000	-	500,000										
	The Bank of Yokohama, Ltd.	500,000	-	500,000										
	The Minato Bank, Ltd.	750,000	-	750,000										
Long-term borrowings	Sumitomo Mitsui Banking Corporation	1,150,000	-	1,150,000	0.6955% (Note 3)	August 31, 2026	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed					
	Mizuho Bank, Ltd.	540,000	-	540,000										
	SBI Shinsei Bank, Limited	2,160,000	-	2,160,000										
	The Minato Bank, Ltd.	500,000	-	500,000	0.7505% (Note 3)	October 20, 2026	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed					
	Sumitomo Mitsui Banking Corporation	932,500	-	932,500										
	Mizuho Bank, Ltd.	857,500	-	857,500										
	SBI Shinsei Bank, Limited	300,000	-	300,000										
	Sumitomo Mitsui Trust Bank, Limited	525,000	-	525,000										
	Aozora Bank, Ltd.	300,000	-	300,000										
	Resona Bank, Limited	100,000	-	100,000										
	Mizuho Trust & Banking Co., Ltd.	100,000	-	100,000										
	Sumitomo Mitsui Banking Corporation	500,000	-	500,000						0.8276%	May 31, 2027	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	450,000	-	450,000										
	SBI Shinsei Bank, Limited	600,000	-	600,000										
	Sumitomo Mitsui Trust Bank, Limited	700,000	-	700,000										
Aozora Bank, Ltd.	500,000	-	500,000											
Resona Bank, Limited	500,000	-	500,000											
The Bank of Fukuoka, Ltd.	250,000	-	250,000											
Long-term borrowings	Sumitomo Mitsui Banking Corporation	900,000	-	900,000	0.9067%	May 31, 2027	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed					
	Mizuho Bank, Ltd.	550,000	-	550,000										
	SBI Shinsei Bank, Limited	400,000	-	400,000										
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	500,000										
	Aozora Bank, Ltd.	400,000	-	400,000										
	Resona Bank, Limited	400,000	-	400,000										

(Unit: thousand yen)

Category (Note 2)	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks
Lender									
Sumitomo Mitsui Banking Corporation	450,000	-	-	450,000	0.8738%	May 31, 2027	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
SBI Shinsei Bank, Limited	450,000	-	-	450,000					
Aozora Bank, Ltd.	200,000	-	-	200,000					
The Kiyo Bank, Ltd.	1,000,000	-	-	1,000,000					
Sumitomo Mitsui Banking Corporation	1,600,000	-	-	1,600,000	0.6510%	May 31, 2027	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
Mizuho Bank, Ltd.	1,600,000	-	-	1,600,000					
Sumitomo Mitsui Banking Corporation	1,400,000	-	-	1,400,000	0.8722% (Note 3)	August 31, 2027	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
Mizuho Bank, Ltd.	1,400,000	-	-	1,400,000					
SBI Shinsei Bank, Limited	800,000	-	-	800,000					
Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000					
Aozora Bank, Ltd.	800,000	-	-	800,000	0.8999% (Note 3)	August 31, 2027	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
Resona Bank, Limited	800,000	-	-	800,000					
The Chiba Bank, Ltd.	1,000,000	-	-	1,000,000					
Sumitomo Mitsui Banking Corporation	1,120,000	-	-	1,120,000					
SBI Shinsei Bank, Limited	1,120,000	-	-	1,120,000	0.9455% (Note 3)	April 28, 2028	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
Resona Bank, Limited	260,000	-	-	260,000					
Sumitomo Mitsui Banking Corporation	750,000	-	-	750,000					
Mizuho Bank, Ltd.	750,000	-	-	750,000					
Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	1.1110% (Note 3)	April 28, 2028	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
The Kiyo Bank, Ltd.	500,000	-	-	500,000					
Fukoku Mutual Life Insurance Company	500,000	-	-	500,000					
Sumitomo Mitsui Banking Corporation	2,020,000	-	-	2,020,000					
Mizuho Bank, Ltd.	640,000	-	-	640,000	0.8894% (Note 3)	August 21, 2028	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
SBI Shinsei Bank, Limited	1,700,000	-	-	1,700,000					
Sumitomo Mitsui Trust Bank, Limited	560,000	-	-	560,000					
Aozora Bank, Ltd.	900,000	-	-	900,000					
Resona Bank, Limited	620,000	-	-	620,000	0.9106% (Note 3)	August 31, 2028	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
The Bank of Fukuoka, Ltd.	350,000	-	-	350,000					
Sumitomo Mitsui Banking Corporation	750,000	-	-	750,000					
Mizuho Bank, Ltd.	750,000	-	-	750,000					
Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	0.9539%	April 30, 2030	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
Aozora Bank, Ltd.	500,000	-	-	500,000					
The Minato Bank, Ltd.	750,000	-	-	750,000					
Sumitomo Mitsui Banking Corporation	800,000	-	-	800,000					
Mizuho Bank, Ltd.	500,000	-	-	500,000	0.7683%	February 28, 2029	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
SBI Shinsei Bank, Limited	1,500,000	-	-	1,500,000					
Aozora Bank, Ltd.	500,000	-	-	500,000					
San ju San Bank, Ltd.	500,000	-	-	500,000					

Long-term borrowings

(Unit: thousand yen)

Category (Note 2)	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks
Lender									
Sumitomo Mitsui Banking Corporation	850,000	-	-	850,000	0.8010%	September 20, 2028	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
Mizuho Bank, Ltd.	750,000	-	-	750,000					
Sumitomo Mitsui Trust Bank, Limited	700,000	-	-	700,000					
SBI Shinsei Bank, Limited	600,000	-	-	600,000					
Aozora Bank, Ltd.	500,000	-	-	500,000					
Resona Bank, Limited	500,000	-	-	500,000					
The Nishi-Nippon City Bank, Ltd.	500,000	-	-	500,000					
The Bank of Fukuoka, Ltd.	240,000	-	-	240,000					
Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000					
Sumitomo Mitsui Banking Corporation	900,000	-	-	900,000					
Mizuho Bank, Ltd.	280,000	-	-	280,000					
SBI Shinsei Bank, Limited	750,000	-	-	750,000					
Sumitomo Mitsui Trust Bank, Limited	240,000	-	-	240,000					
Aozora Bank, Ltd.	400,000	-	-	400,000	0.8510%	February 28, 2029	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
Resona Bank, Limited	280,000	-	-	280,000					
The Bank of Fukuoka, Ltd.	150,000	-	-	150,000					
Sumitomo Mitsui Banking Corporation	650,000	-	-	650,000					
Mizuho Bank, Ltd.	650,000	-	-	650,000					
SBI Shinsei Bank, Limited	1,300,000	-	-	1,300,000					
Sumitomo Mitsui Trust Bank, Limited	1,800,000	-	-	1,800,000					
Aozora Bank, Ltd.	800,000	-	-	800,000					
Resona Bank, Limited	800,000	-	-	800,000					
The Bank of Fukuoka, Ltd.	430,000	-	-	430,000					
The Chiba Bank, Ltd.	1,000,000	-	-	1,000,000	0.9539%	April 30, 2030	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
The Juhachi-Shinwa Bank, Ltd.	400,000	-	-	400,000					
Asahi Shinkin Bank	1,000,000	-	-	1,000,000					
The Musashino Bank, Ltd.	400,000	-	-	400,000					
The Yamagata Bank, Ltd.	500,000	-	-	500,000	0.7683%	February 28, 2029	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
The Bank of Fukuoka, Ltd.	-	500,000	-	500,000					
Sumitomo Mitsui Banking Corporation	-	2,200,000	-	2,200,000					
Mizuho Bank, Ltd.	-	2,050,000	-	2,050,000					
Sumitomo Mitsui Trust Bank, Limited	-	1,250,000	-	1,250,000	0.9539%	April 30, 2030	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
SBI Shinsei Bank, Limited	-	700,000	-	700,000					
Aozora Bank, Ltd.	-	700,000	-	700,000					
Resona Bank, Limited	-	700,000	-	700,000					
Mizuho Trust & Banking Co., Ltd.	-	400,000	-	400,000					

Long-term borrowings

(Unit: thousand yen)

Category (Note 2)	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks	
	Lender									
Long-term borrowings	Sumitomo Mitsui Banking Corporation	1,300,000	-	-	1,300,000	1.0010%	August 30, 2030	Lump sum repayment on repayment date	(Note 5)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	1,300,000	-	-	1,300,000					
	SBI Shinsei Bank, Limited	1,700,000	-	-	1,700,000					
	Sumitomo Mitsui Trust Bank, Limited	1,600,000	-	-	1,600,000					
	Aozora Bank, Ltd.	1,200,000	-	-	1,200,000					
	Resona Bank, Limited	1,200,000	-	-	1,200,000					
	The Bank of Fukuoka, Ltd.	570,000	-	-	570,000					
	The Kiyo Bank, Ltd.	500,000	-	-	500,000					
	San ju San Bank, Ltd.	500,000	-	-	500,000					
	The Juhachi-Shinwa Bank, Ltd.	600,000	-	-	600,000					
	Asahi Shinkin Bank	1,000,000	-	-	1,000,000					
	The Musashino Bank, Ltd.	600,000	-	-	600,000					
	Subtotal	120,840,000	8,500,000	9,500,000	119,840,000					
Total	122,140,000	9,500,000	10,800,000	120,840,000						

(Note 1) Average interest rate is the day-weighted average rate during the fiscal period.

(Note 2) Long-term borrowings include current portion of long-term borrowings.

(Note 3) Interest rate swap transactions are undertaken to hedge against the risk of interest rate fluctuations. Interest rate taking into consideration the effect of interest rate swaps (interest rate fixation) is indicated.

(Note 4) The full amount was repaid before its maturity on June 28, 2024.

(Note 5) Funds are used for acquisition funds of beneficiary interest in trust, repayment of borrowings, etc.

(Note 6) Funds are used for acquisition funds of beneficiary interest in trust for real estate which is a green eligible asset.

(Note 7) The yearly schedule of repayment for long-term borrowings within five years of the balance sheet date is as follows:

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years
Long-term borrowings	11,085,000	20,910,000	23,165,000	19,490,000	25,120,000



Independent Auditor's Report

The Board of Directors
Star Asia Investment Corporation

The Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Star Asia Investment Corporation (the Company), which comprise the balance sheet as at July 31, 2024, and the statements of income and retained earnings, changes in unitholders' equity, cash distributions and cash flows for the six months period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2024, and its financial performance and its cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in Semi-Annual Report that contains audited financial statements but does not include the financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Supervisory Director is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



Responsibilities of Management and the Supervisory Director for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Supervisory Director is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.



We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Fee-related Information

The fees for the audits of the financial statements of Star Asia Investment Corporation and other services provided by us and other EY member firms for the six months period ended July 31, 2024 are 14 million yen and 6 million yen, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

November 28, 2024

月本 洋一

Yoichi Tsukimoto
Designated Engagement Partner
Certified Public Accountant

井上 裕人

Hiroto Inoue
Designated Engagement Partner
Certified Public Accountant