

"Financial Results for the 8th Fiscal Period Ended January 2020"



スターアジア不動産投資法人

Star Asia Investment Corporation
(Securities CODE 3468)

Star Asia Investment Management

スターアジア不動産投資法人 (3468)
スターアジア投資顧問株式会社

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Characteristics of Star Asia Investment Corporation (SAR)

- 1. A diversified REIT**
Portfolio developed with diversified assets located mainly in the Tokyo Area (Note2)
- 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 managed performed by the Star Asia Group
- 3. Initiatives focusing on unitholder value**
Constant, "out-of-the-box" active management

Investment policy

 <p>Prioritized, focused investment in the Tokyo Area (Note 2) Investment ratio of 70% of higher in the Tokyo Area</p>	 <p>Achieving income stability and growth through diversification of asset type</p>	 <p>Investment primarily in middle-size assets (Note 2)</p>
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1. Executive summary

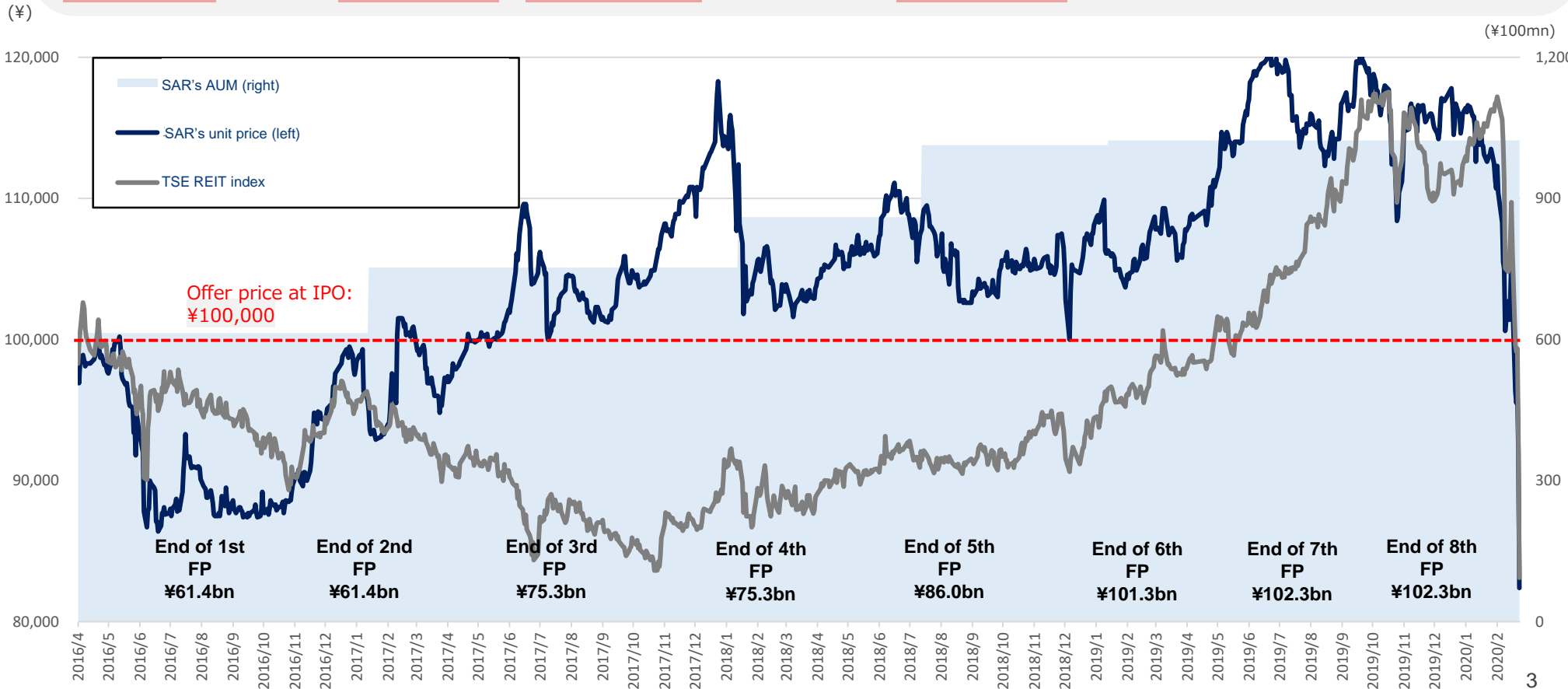


1. Executive summary

Actual results of active management and change in investment unit price from the time of listing (Note3)

Implementation of Continuous Active Management

1st asset replacement December 5, 2016		2nd asset replacement February 28, 2017		3rd asset replacement July 23, 2018		4th asset replacement August 21, 2018		1st acquisition of silent partnership equity interest November 28, 2018		1st acquisition of real estate January 24, 2019		2nd acquisition of silent partnership equity interest February 26, 2019		5th asset replacement March 2, 2020	
Investment in mezzanine loan debt 1 October 25, 2017		Investment in mezzanine loan debt 2 December 20, 2017		Investment in mezzanine loan debt 3 December 20, 2018		Investment in mezzanine loan debt 4 January 24, 2019		Investment in mezzanine loan debt 5 March 2, 2020							
IPO April 20, 2016		1st follow-on offering March 17, 2017 Offer price: ¥96,720		2nd follow-on offering January 12, 2018 Offer price: ¥106,724		3rd follow-on offering August 21, 2018 Offer price: ¥101,985		Proposal for Merger by Star Asia Group May 10, 2019		Execution of Merger Agreement March 2, 2020					



1. Executive summary

Proceed with the Merger with Sakura Sogo REIT

<Proceed with the Process towards Realization of the Merger>

- Execution of merger agreement between SAR and Sakura Sogo REIT (SSR) (March 2, 2020)
- 5th Asset replacement (A gain on sale of JPY 1.61 bn expected to be recorded)
- Unit holders' meeting of SAR (March 31, 2020) / Unit holders' meeting of SSR (March 30, 2020)
- Effective date of the merger: August 1, 2020

Distribution

- Distributions for the 8th fiscal period ended January 2020: **2,788 yen** (up 18 yen: 0.6% increase compared to forecast)
- Forecasted distributions for the 9th fiscal period ending July 2020: **3,310 yen**
(A gain on sale from the sale of Alphabet Seven expected to be recorded)
- Forecasted distributions for the 10th fiscal period ending January 2021: **3,315 yen**
(1st fiscal period after the merger, gain-on-sale from the Alphabet Seven is expected to be recorded, the amount is prior to taking into consideration the investment unit split (post-split amount: 1,658 yen))

Internal Growth

- Occupancy rate as of the end of the 8th fiscal period (overall average): **98.1%** (+0.5% from the end of the 7th fiscal period)
- Office: Focused on resolving rent gaps. Rent increases (revisions) for **5** properties
(an **13.8%** increase(revision) compared to before)
- Logistics facilities: Completed attracting new tenants at Baraki Logistics.
- Executed 5th mezzanine loan debt investment (investment amount: JPY 150 million, interest rate: exceeds 5% per year) (March 6, 2020)



– Efforts towards the Merger –

- We believe that the merger of SAR and SSR offers various benefits to the unitholders of both SAR and SSR, including improved stability through expansion of asset size and increased liquidity of investment units due to larger market capitalization.
- Star Asia Group will continue to provide robust support and resources and Star Asia Investment Management Co., Ltd., will continue to focus on active management strategies to maximize unitholder value.

Star Asia Investment Corporation
Diversified REIT
Asset size: **JPY103.8bn** (Note 5)
No. of properties: **35** (after replacement)
Investment target: Office buildings, retail, residence, logistic facilities, hotels, student accommodation



Sakura Sogo REIT
Investment Corporation
Diversified REIT
Asset size: **JPY63bn** (assumed price of acquiring SSR portfolio (Note 4))
No. of properties: **18**
Investment target: Office buildings, retail, residence, etc.




Post-merger

Asset size: **JPY166.8bn** No. of properties: **53**

Investment target:
Office buildings, retail, residence, logistic facilities, hotels, student accommodation

Asset replacement with active management in preparation for the Merger of SAR and SSR

One Property planned for sale

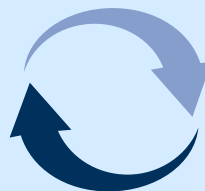
Alphabet Seven



Planned sale price	JPY3,500mm
Appraised value	JPY2,670mm (Note 6)
Appraised cap rate	3.0% (Note 6) (Note 9)
Age	30.1 years (Note 6)

Gain on sale (estimate)
JPY1,612mm
(Note 7)

To be sold at a price 31.1% higher than appraised value and will generate a gain on sale over 2 fiscal periods



Two properties to be acquired Cap rate: 4.7%

Urban Park Ichigao (Note 10)



Planned acquisition price	JPY1,810mm
Appraised value	JPY1,850mm (Note 8)
Appraised cap rate	4.7% (Note 8) (Note 9)
Age	21.6 years (Note 8)

Urban Park Gyotoku (Note 10)



Planned acquisition price	JPY1,430mm
Appraised value	JPY1,500mm (Note 8)
Appraised cap rate	4.7% (Note 8) (Note 9)
Age	24.9 years (Note 8)

Management by Star Asia Investment Management Co., Ltd., SAR's asset manager

- Continued **active management** to maximize unitholder value
- Further strengthen operations that always work in the **best interest** of unitholders

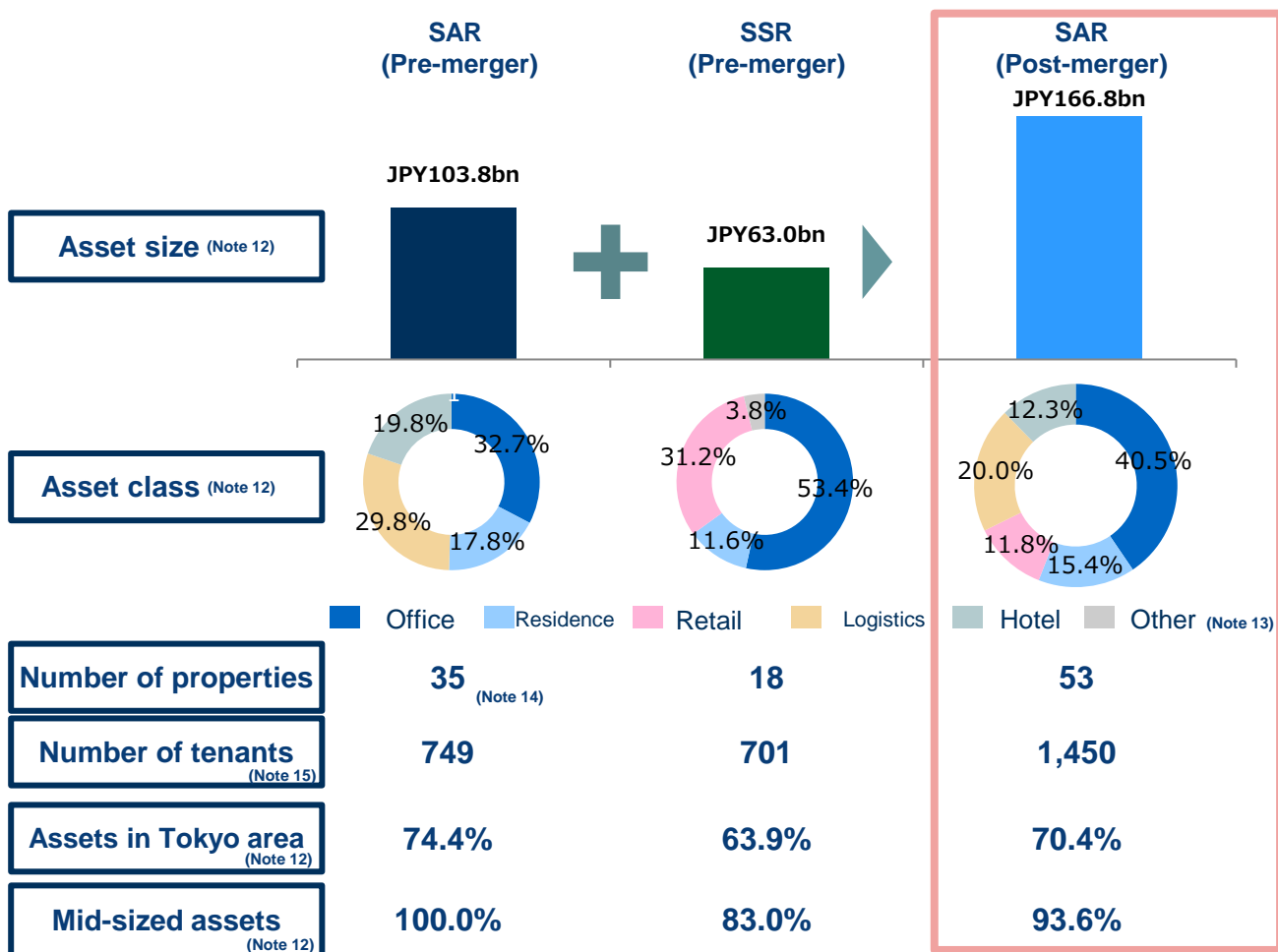
Support from Star Asia Group

- Providing property information and assets to achieve external growth
- Providing acquisition warehousing function
- Providing expertise and resources for internal growth

- **Pursue Maximizing Unitholder Value AND Accelerate Growth to the Next Stage**

— Portfolio Status after Merger —

- The percentage of properties located in the Tokyo area, (Note 11) where stable earnings and growth are expected, will continue to be more than 70%. Also, mid-sized office buildings and residential property, which are expected to generate above average internal growth and attract investor interests, will increase significantly.
- As the number of highly liquid properties will increase, we will be able to flexibly execute asset replacements that will contribute to maximizing unitholder value.
- Further diversification of portfolio and tenants will improve stability.

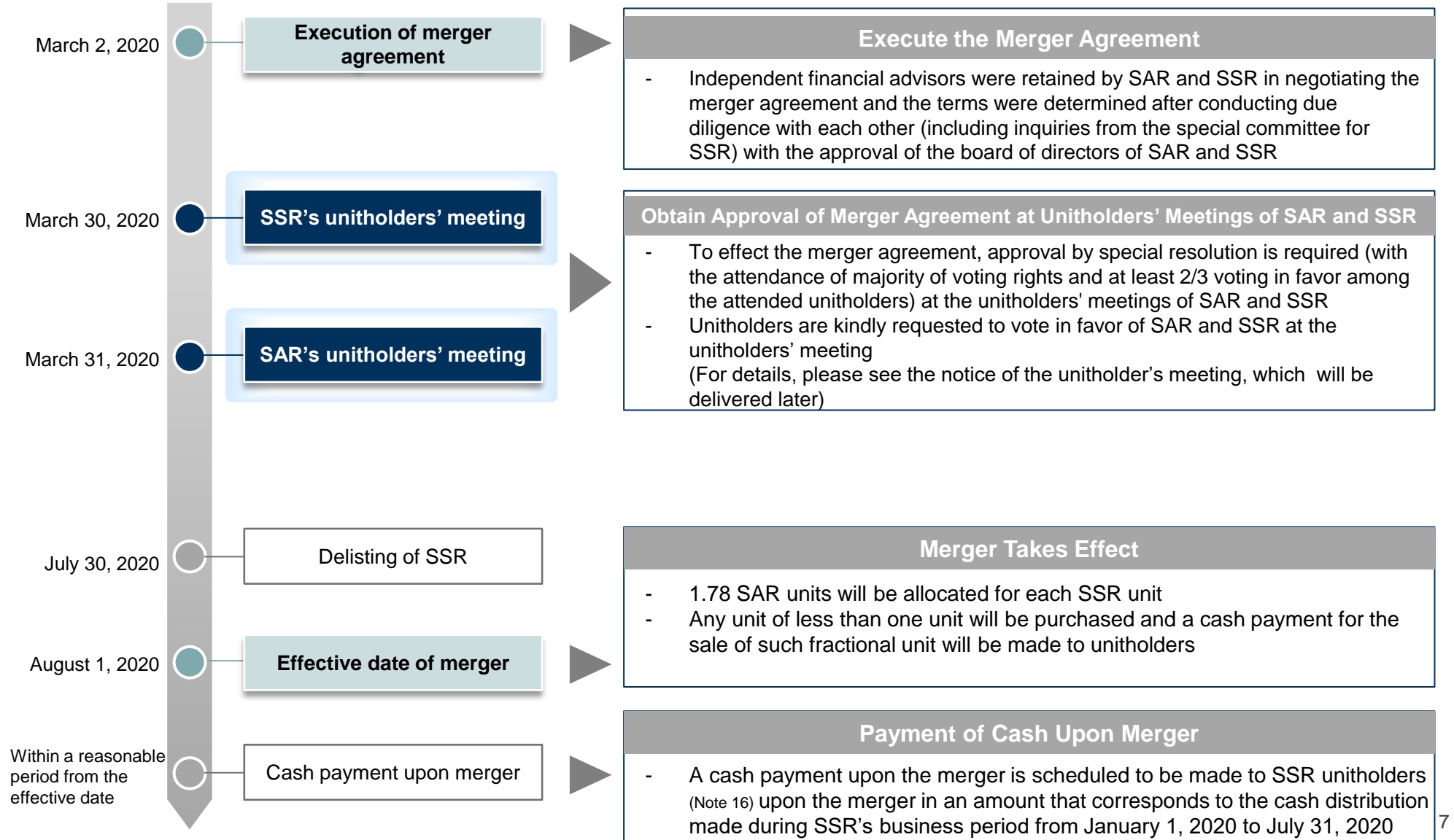


Portfolio after merger and future strategy

- **Competitive portfolio**
Assets in Tokyo area will remain to be more than 70%. Portfolio revenue stability and growth are expected to be strengthened
- **Pipeline of Star Asia Group**
Aim to achieve JPY200bn in assets in the short term based on the pipeline of Star Asia Group
- **Active management**
Achieve a virtuous cycle of expanding asset size and improving unitholder value through continued active management

– Merger Overview Schedule –

The merger of SAR and SSR is scheduled as follows



Current Status for Key Issues of the 7th Fiscal Period and Future Key Issues

Current Status for Key Issues of the 7th Fiscal Period

<Succeeded in Attracting New Tenants at Baraki Logistics>

- Succeeded in attracting new tenants at Baraki Logistics, which was a priority issue raised in the last fiscal period (ended July 2019).
- Operations at the property has stabilize with a 100% occupancy rate, which is expected to contribute to stable revenues after the rent holidays end in June 2020.

<Improvement of Occupancy rate at Higashi-Kobe Center Building>

- Multiple tenants moved out and the occupancy rate had declined (at end of last fiscal period: 89.6%). We focused on attracting new tenants for Higashi-Kobe Center Building, and achieved increase in the occupancy rate (at end of the current fiscal period: 94.4%).
- Going forward, we will also focus on developing good relationships with existing tenants, and make efforts to attract new tenants, in order to maintain and improve the occupancy rate.

Future Key Issues

<Attract New Tenants at Funabashi Nishiura Logistics I>

- Focus on finding new tenant for Funabashi Nishiura I Logistics, where a tenant is expected to leave in the fiscal period ending July 2020.
- As it is close to the consumption area of Tokyo, and it has versatile specifications, we believe that it is highly appealing to potential tenants.

<Co-work with Hotel Operator>

- The rent structure is “fixed plus floating” for 6 out of 8 hotel properties, however, of the rent revenues from the 8 hotel properties, 98.1%(actual figure for 8th fiscal period)are fixed rents, and so the impact of decline in floating rent revenues on distributions is limited.
- At hotels where occupancy rates are declining due to the effects of the new coronavirus, as the owner of the properties, we would like to consider supporting them as much as possible (such as capital expenditures and implementing repairs based on request from the operators etc.)

2. Actual and forecasted distribution

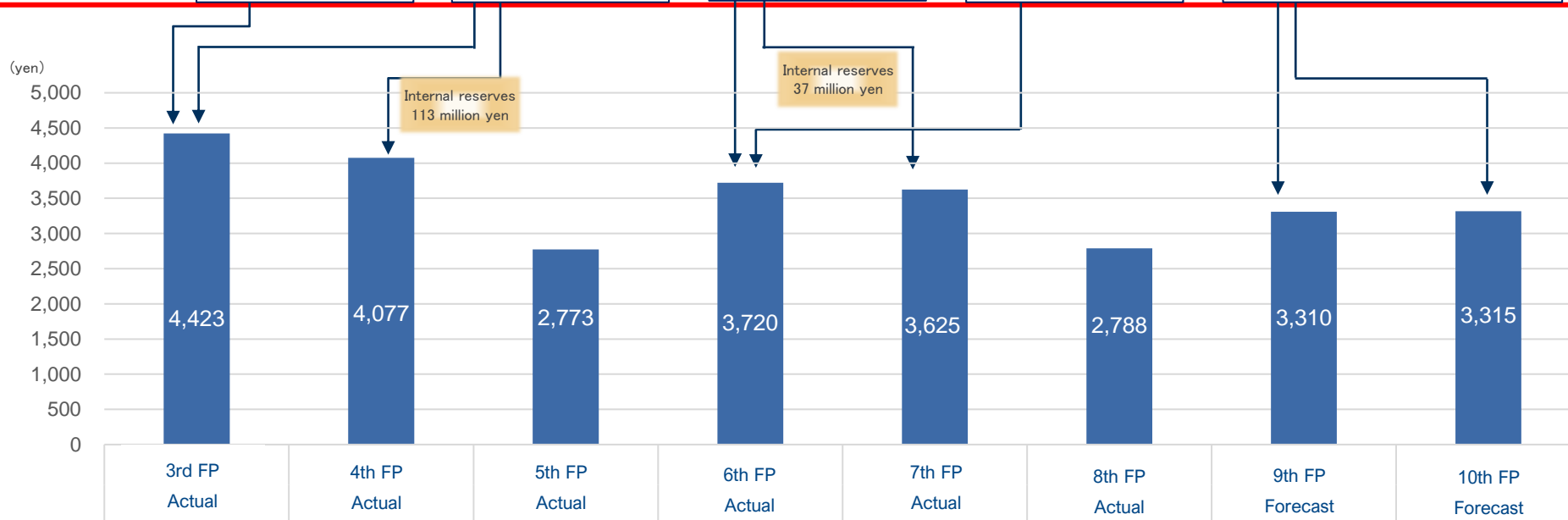


2. Actual and forecasted distribution (1)

Change in actual distribution and distribution excluding transient factors

	3rd FP	4th FP	5th FP	6th FP	7th FP	8th FP	9th FP forecast	10th FP forecast
Forecasted distribution	4,340 yen	4,039 yen	2,750 yen	3,580 yen	3,500 yen	2,770 yen	3,310 yen	3,315 yen
Actual distribution	4,423 yen	4,077 yen	2,773 yen	3,720 yen	3,625 yen	2,788 yen		
NAV per unit	111,884 yen	112,412 yen	112,965 yen	112,537 yen	114,361 yen	116,873 yen		

※ 9th fiscal period: the last fiscal period for Star Asia Investment Corporation a stand-alone basis.
 ※ 10th fiscal period: 1st period after the merger, prior to taking into consideration the investment unit split (after split: 1,658 yen)



2. Actual and forecasted distribution (2)

Factors for increase/decrease compared with forecast/actual results for the 8th fiscal period ended January 2020

Net income was 1,493 million yen (+3.7% compared to initial forecast) and distribution per unit was 2,788 yen (+0.6% compared to initial forecast) in the 8th fiscal period ended January 2020

(Unit: million yen)

	8th FP (ended Jan. 2020) forecast*	8th FP (ended Jan. 2020) Actual	Comparison with forecast		Factors for the increase/decrease
Lease business revenue	3,173	3,200	+27	0.9%	<Lease business revenue> +27 million yen <ul style="list-style-type: none"> Office rents: Hakata East Place +2.1 million yen Alphabet Seven +3.4 million yen Honmachibashi Tower +1.3 million yen Hotel rents: Decrease in floating rents of Smile Hotel Namba Other: Renewal fee revenue +7.9 million yen Insurance revenue +15 million yen Key money revenue +6.4 million yen Revenue from restoration to original condition +3.9 million yen etc. <Expenses related to rent business (Depreciation is excluded)> Δ15 million yen <ul style="list-style-type: none"> Renewal fee for leased land of Higashi Kobe Center Building: Δ17 million yen
Office rent	1,138	1,145	+7	0.6%	
Residence rent	438	439	+1	0.3%	
Logistics rent	817	817	Δ0	0.0%	
Hotel rent	494	477	Δ17	Δ3.5%	
Other	284	320	35	12.6%	
Expenses related to rent business (Depreciation is excluded)	785	769	Δ15	Δ2.0%	
NOI	2,388	2,431	+42	1.8%	
Depreciation	422	420	Δ2	Δ0.5%	
Rent revenues/expenses	1,966	2,011	+45	2.3%	
Mezzanine	20	21	+0	1.4%	
TK dividend	5	6	+1	21.6%	
Gain on sale of real estate property	-	-	-	-	
SGA	321	316	Δ4	Δ1.5%	
Operating income	1,670	1,721	+51	3.1%	
Non-operating income	-	1	+1	-	
Non-operating expenses	228	227	Δ0	Δ0.2%	
Ordinary income	1,441	1,494	+52	3.7%	
Net income	1,441	1,493	+52	3.7%	
Cash distribution per unit	2,770 yen	2,788 yen	+18 yen	0.6%	
FFO per unit	3,446 yen	3,539 yen	+93 yen	2.7%	
Balance of Internal reserves	98	141	+42	43.6%	

*Announced in 7th FP closing of accounting report (September 12, 2019)

2. Actual and forecasted distribution (3)

Forecast of business results for the 9th fiscal period ending July 2020 and the 10th fiscal period ending January 2021

(Unit: million yen)

	Actual for the 8th FP ending January 2020 (A)	Current forecast for the 9th FP ending July 2020 (B)	Increase/decrease (B-A)	Major factors for the increase/decrease	Forecast for the 10th FP ending January 2021 (C)
Lease business revenue	3,200	3,277	① + 76	Factors for increase/decrease in 9th FP(Comparison with 8th FP actual) ① Lease business revenue +76 million yen ・Increase due to recovery of occupancy rates at logistics facility (Baraki) and reduction in rent holidays. ・Decrease in revenues due to tenant departure at logistics facility (Funabashi Nishiura Logistics I) ・Decrease in floating rents of hotel assets ・Increase in revenues due to new acquisitions of UP Ichigao and UP Gyotoku ・Removal of temporary profit increases factors (insurance premium revenues etc.) in the 8th fiscal period ② Expenses related to rent business (Depreciation is excluded) +34 million yen ・Increase in expenses due to new acquisition of UP Ichigao and UP Gyotoku ・Increase in repair costs ・Record expenses for soliciting tenants of logistic facilities. ③ Gain on sale of real estate properties +642 million yen ・Gain on sale from Alphabet Seven (40% quasi-co-ownership) ④ SGA +328 million yen ・Record expenses for merger-related costs ⑤ Non-operating expenses +45 million yen ・Finance costs related to borrowings for acquisition of properties and refinancings have been incurred.	5,640
Expenses related to rent business (Depreciation is excluded)	769	803	② + 34		1,608
NOI	2,431	2,473	+ 42		4,032
Depreciation	420	436	+ 15		639
Rent revenues/expenses	2,011	2,037	+ 26		3,392
Gain on sale of real estate properties	-	642	③ + 642		969
Mezzanine	21	25	+ 4		24
Dividends in silent partnership investment	6	5	△ 1		-
SGA	316	645	④ + 328		1,160
Operating income	1,721	2,064	+ 343		3,226
Non-operating income	1	-	△ 1	-	
Non-operating expenses	227	273	⑤ + 45	449	
Ordinary income	1,494	1,790	+ 296	2,776	
Net income	1,493	1,790	+ 296	2,775	
Cash distribution per unit (considering after split of investment units)	2,788	3,310	+ 522	1,658	
Cash distribution per unit (before split of investment units)	2,788	3,310	+ 522	3,315	

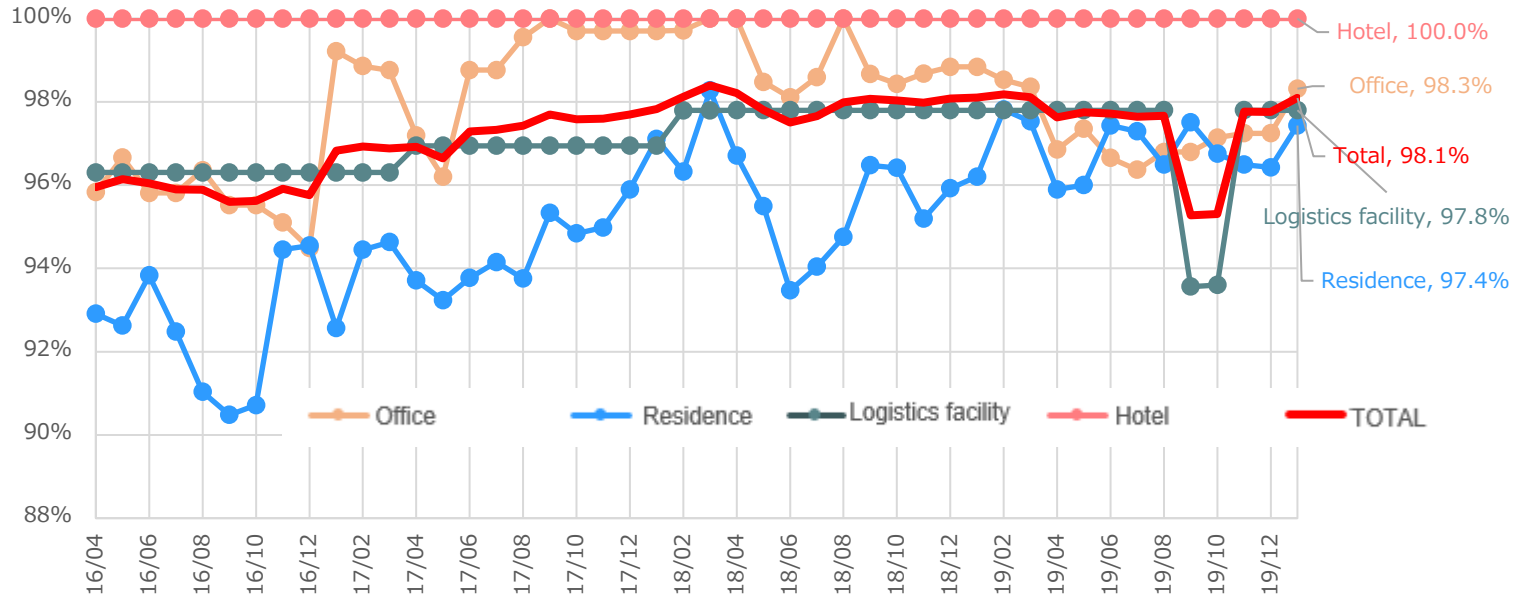
3. Operating results for the 8th fiscal period ended January 2020

3. Operating results for the 8th fiscal period ended January 2020 (1)

Occupancy rate status

Occupancy rate as of the end of the 8th fiscal period: 98.1%

Aiming to stabilize occupancy rate by grasping tenant needs and the situation of properties through intimate on-site collaboration and other careful measures



[TOTAL]

- The occupancy rate as of the end of the 8th fiscal period recovered from the end of the preceding period, and was 98.1%.

[Office]

- Of the 2 properties which had vacancies as of the end of the preceding period, Alphabet Seven has achieved a 100% occupancy rate.
- Higashi-Kobe Center Building attracted 4 new tenants, and is focusing on further improving the occupancy rate.

[Residence]

- The occupancy rate declined slightly during the period, however, it recovered to 97.4% at the end of the period.
- Maintained an occupancy rate of 96% during the period.

[Logistics facility]

- Found new tenant for the cancelled floor space at Baraki Logistics, and achieved 100% occupancy rate.
- Going forward, we will focus on attracting new tenants for Funabashi Nishiura Logistics I.

[Hotel]

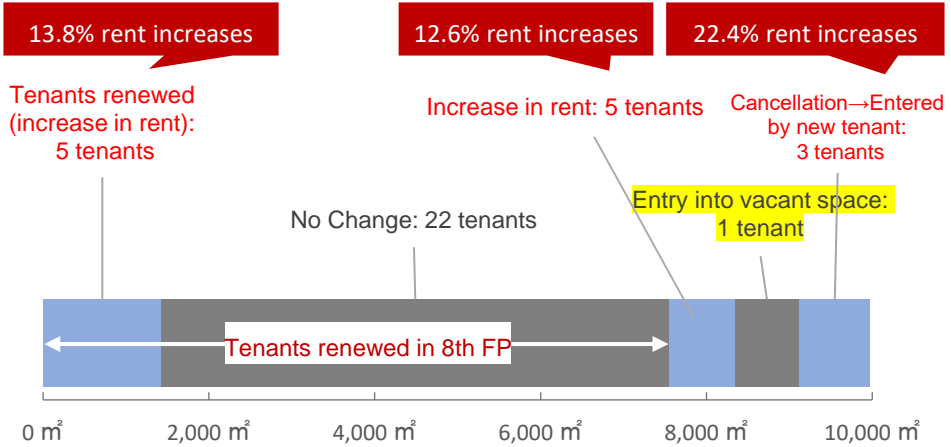
- Occupancy is 100% with full lease to the hotel operator
- Pay close attention to the business performance and credit conditions of hotel operators.

	1st FP	2nd FP	3rd FP	4th FP	5th FP	6th FP	7th FP	8th FP
Office	95.8%	99.2%	98.8%	99.7%	98.6%	98.8%	96.4%	98.3%
Residence	92.5%	92.6%	94.2%	97.1%	94.0%	96.2%	97.3%	97.4%
Logistics	96.3%	96.3%	96.9%	96.9%	97.8%	97.8%	97.8%	97.8%
Hotel	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
TOTAL	95.9%	96.8%	97.3%	97.8%	97.7%	98.1%	97.6%	98.1%

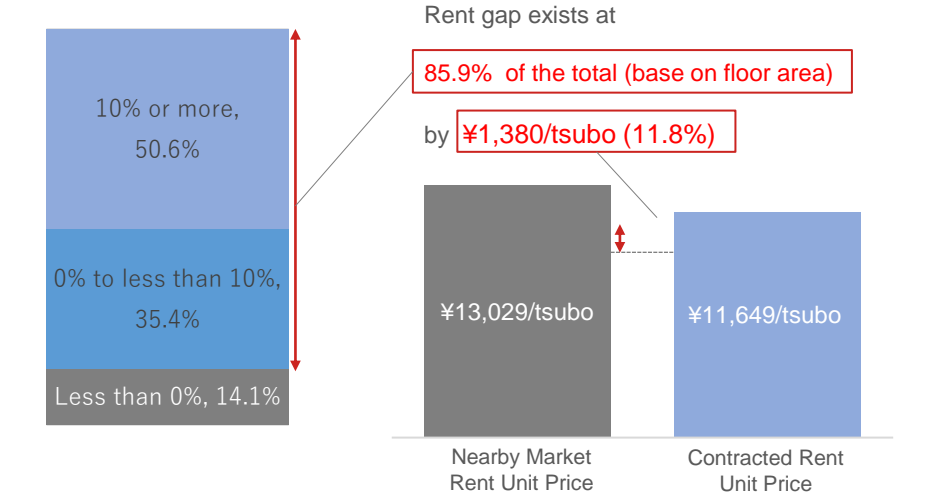
3. Operating results for the 8th fiscal period ended January 2020 (2)

Office – Status of rent gap and change in tenant as of the end of the 8th FP
(Ended January 2020) –

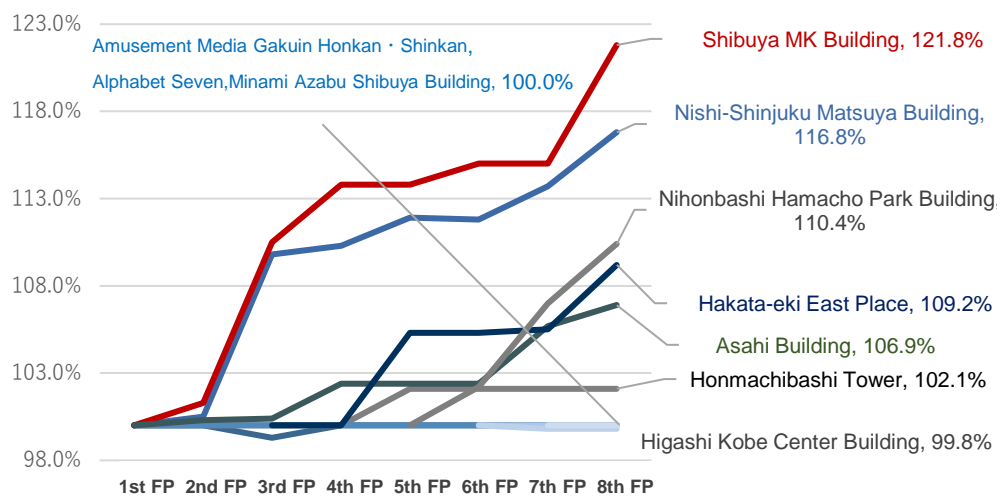
Change in tenants in the 8th fiscal period (Note 19) (Note 20)



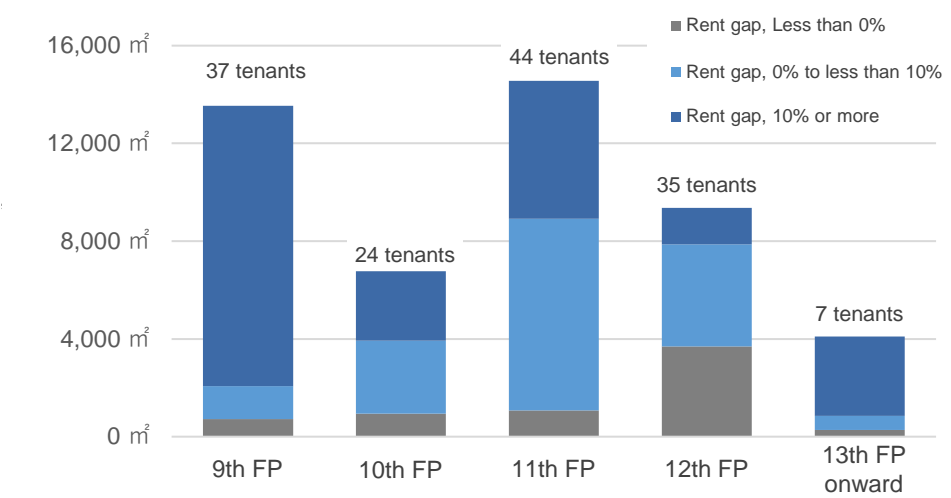
Rent gap as of the end of the period (Note 17)



Average Rent per Tsubo since the 1st FP (Note 18)



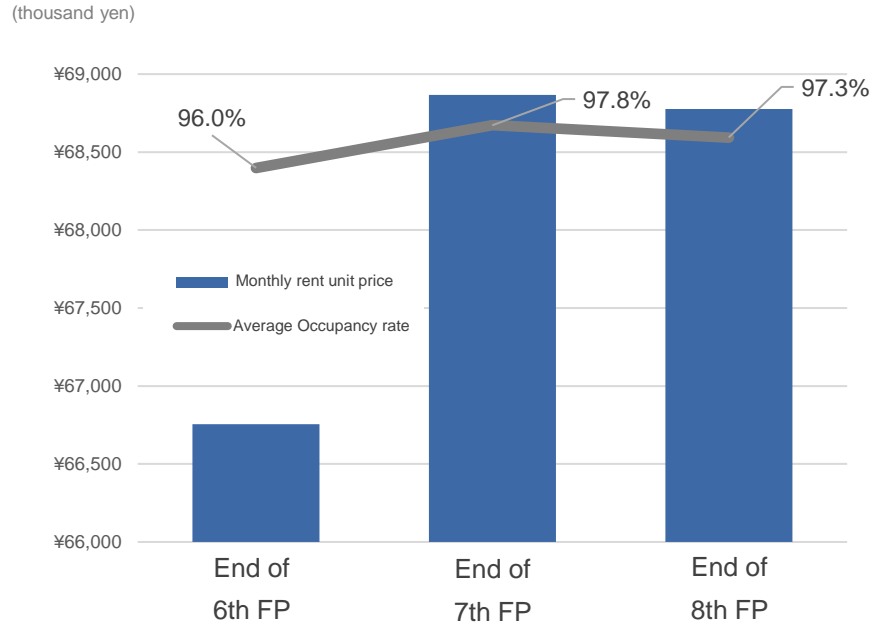
Contract Rent Period of Office Portfolio



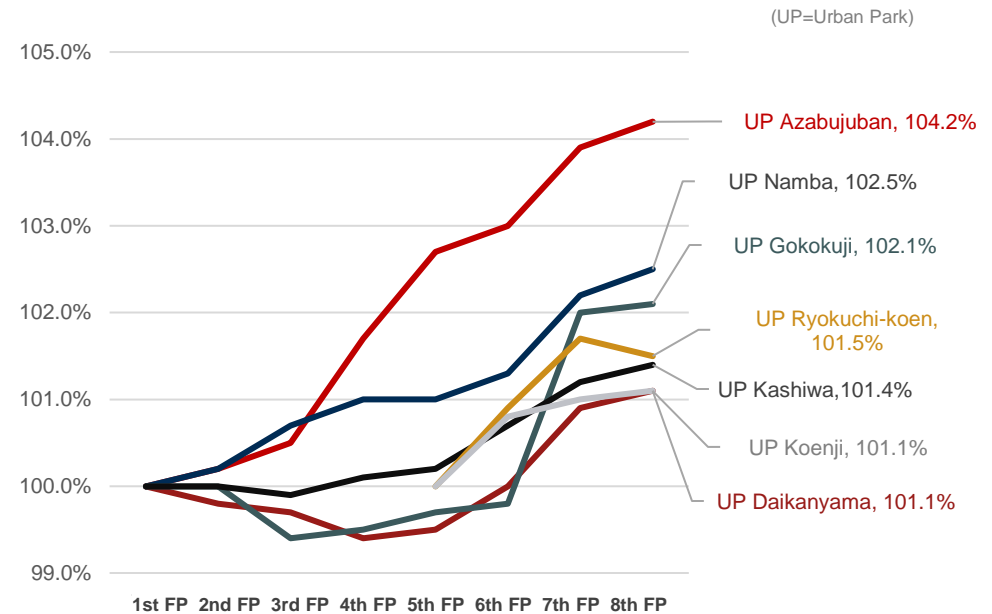
3. Operating results for the 8th fiscal period ended January 2020 (3)

Residence

Change in Total Monthly Rent and Average Occupancy Rate (Note 21)



Average Rent per Tsubo since the 1st FP (Note 22)



【Results】

- Although the average occupancy rate has slightly declined compared to the end of the preceding period (approximately 0.5% lower than the end of the preceding period), high occupancy rates were maintained during the period.
- The total of monthly rent revenues was also slightly lower compared to the end of the preceding period (approximately 0.1% lower than the end of the preceding period), an increase in total rents during the period (6 months) has been confirmed.
- Increase in rents at 6 out of 7 properties has been achieved, by gathering information of surrounding competitive properties, and by actively increasing rents upon making new leases and upon lease renewals.
- The residential portfolio has achieved increase in rent unit prices, and occupancy rates remain stable, and is contributing to stability of income.

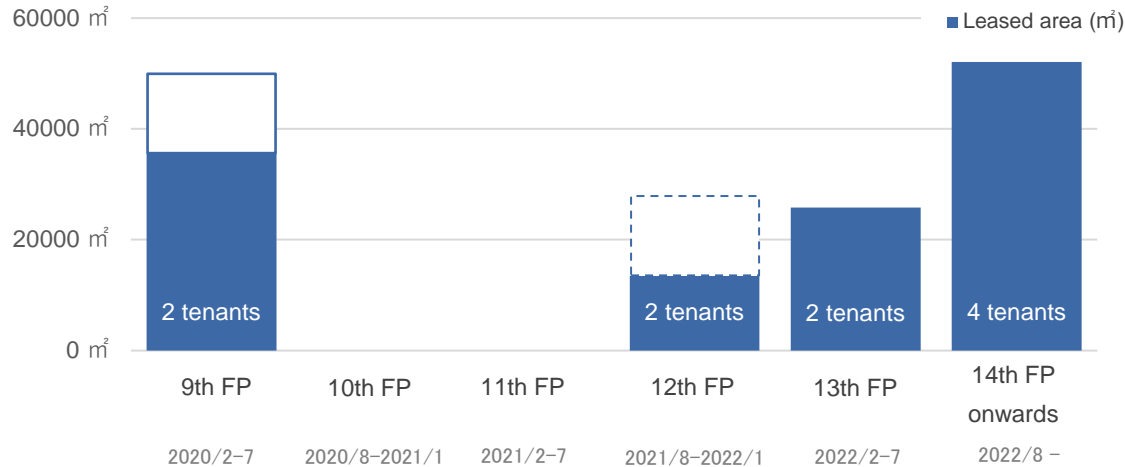
【Future Policy】

- We will continue to gather information regarding the status etc. of surrounding competing properties, and aim to maintain the competitiveness of the residential portfolio by implementing appropriate capital expenditures (for change of room layouts and renovation of housing facilities and equipment), and aim for stabilization of occupancy rates and increase in rent revenues.

3. Operating results for the 8th fiscal period ended January 2020 (4)

Logistics facility / Hotel

■ Logistics facility ■ Diversification of Current Contract Renewal Period (based on floor area)



8th FP (2019/8-2020/1)

1 contract renewal

- Renewed under the same conditions as before

1 new tenant found

- Regarding the cancelled floor space at Baraki Logistics, we succeeded in finding a new tenant earlier than expected.

9th FP (2020/2-2020/7)

2 contract renewals

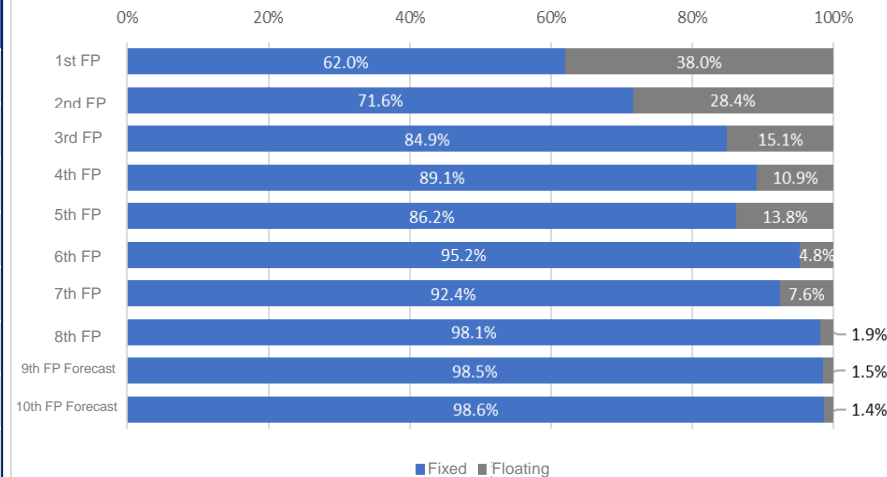
- 1 tenant has renewed the lease contract at the same rent level as before.
- Another tenant is expected to automatically renew the contract on the same terms and conditions.

An advance notice of cancellation has been received from a tenant which was scheduled to renew in the 12th fiscal period.

- As of the date of this document, discussions are being held regarding the timing of cancellation.
- Focus on attracting new tenants.

■ Hotel ■ Change in rent system and rent ratio

Property name	Acquisition Period	Fixed Rent	Floating rent
R&B Hotel Umeda East	2016.4	○	—
Smile Hotel Namba	2016.4	○	○
Best Western Tokyo Nishi-kasai	2017.3	○	○
Best Western Yokohama	2017.3	○	○
Hotel WBF Fukuoka Tenjin Minami	2018.8	○	○
Glansit Akihabara	2018.8	○	—
Best Western Tokyo Nishikasai Grande	2018.8	○	○
Hotel WBF Artstay Namba	2018.8	○	○



Upon listing: 2 properties

3rd FP: Additional acquisition of 2 properties

6th FP: Additional acquisition of 4 properties

Currently managing a total of 8 properties

Fixed rents ratio on 8th FP: 98.1%

Of the lease business revenues of the entire portfolio, the proportion of floating rent revenues from the 8 hotels comprises 0.28% as of the 8th fiscal period.

3. Operating results for the 8th fiscal period ended January 2020 (5)

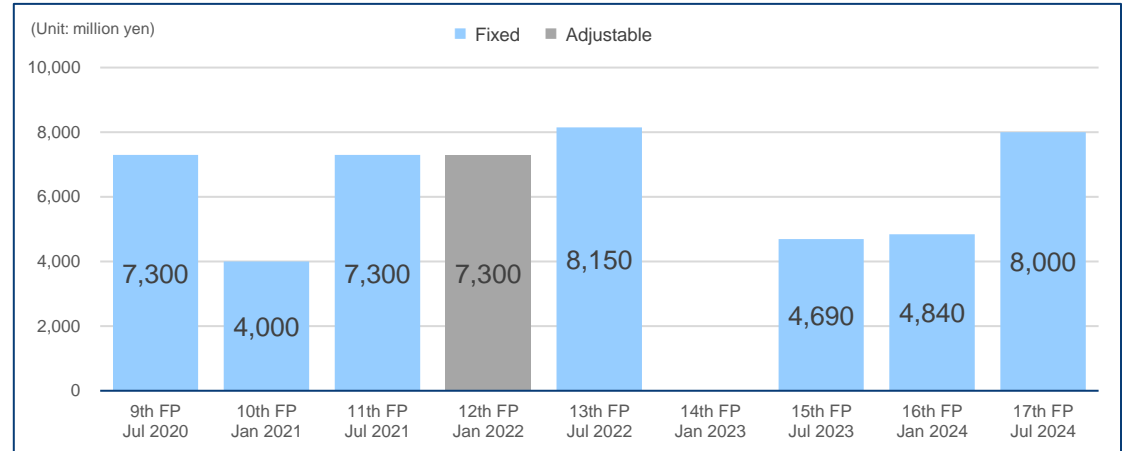
Financial standing

Refinance risk and interest rate increase risk are reduced by deconcentrating the repayment dates of borrowings and selecting fixed-rate interest rates

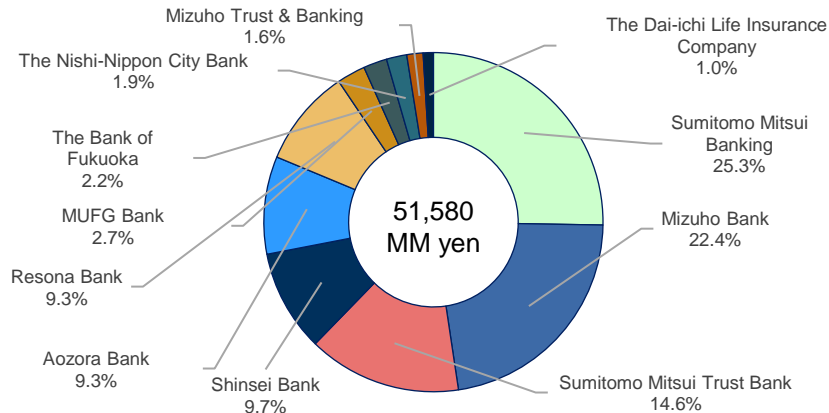
Balance of borrowings

	End of 8th FP (Unit: million yen)	Interest rate	Term	FP of the repayment date
Long-term	7,300	0.4830% (Note23)	4.0 years	9th FP
	7,300	0.6250% (Note23)	5.0 years	11th FP
	2,400	0.5300% (Note23)	3.5 years	10th FP
	4,150	0.7100% (Note23)	5.0 years	13th FP
	1,600	0.5300% (Note23)	3.5 years	10th FP
	4,690	0.7300% (Note23)	5.0 years	15th FP
	7,300	Base rate (Note24)+0.4500%	3.5 years	12th FP
	4,000	0.6095% (Note23)	3.5 years	13th FP
	4,840	0.8120% (Note23)	5.0 years	16th FP
	8,000	0.7532% (Note23)	5.0 years	17th FP
	51,580			

Diversification of repayment dates (as of January 31, 2020)



Bank formation (as of January 31, 2020)



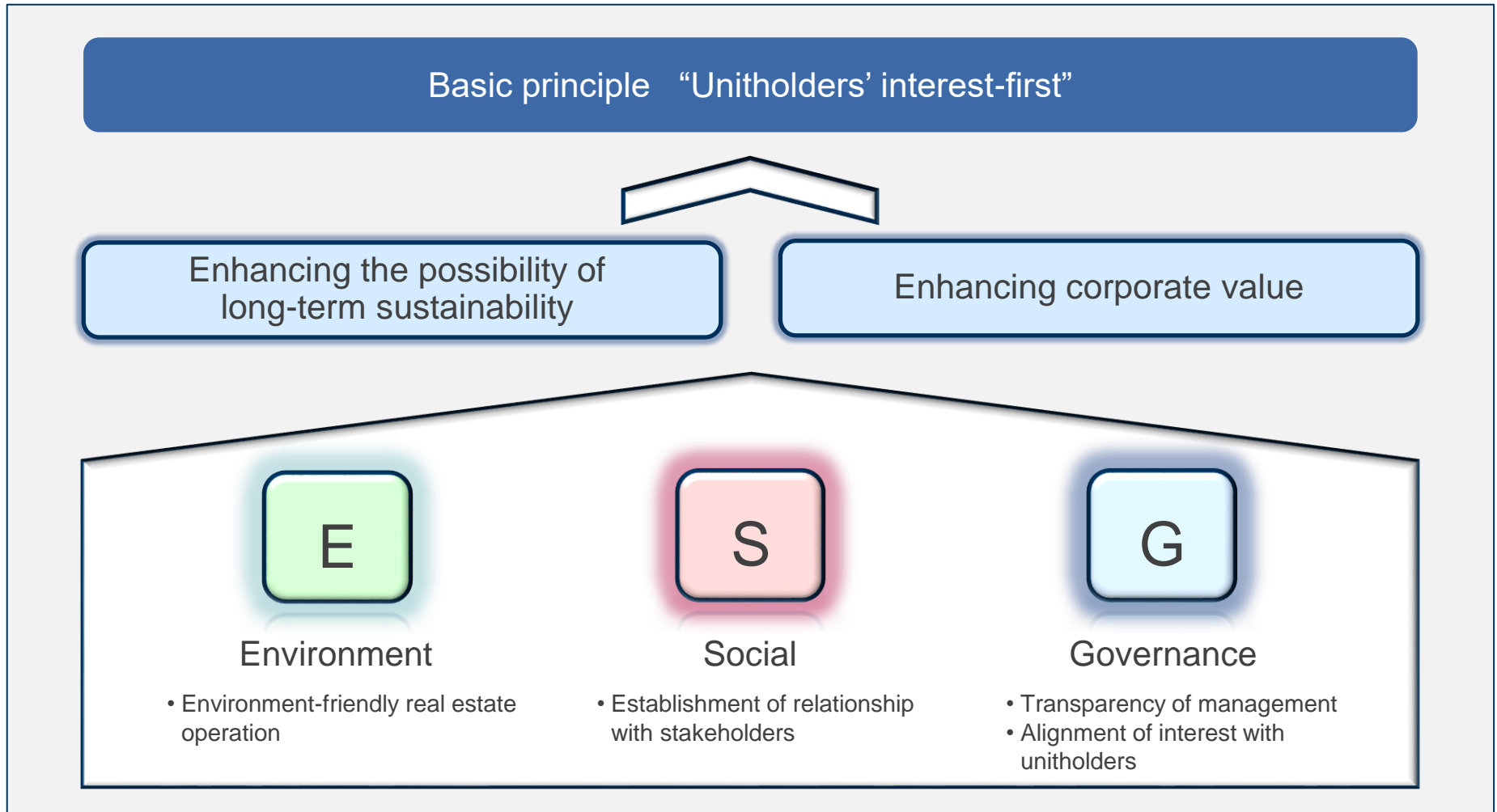
Main financial indicators

	End of 7th FP	End of 8th FP
LTV	46.8%	47.0%
Balance of borrowings	51,580 million yen	51,580 million yen
Long-term debt ratio	100.0%	100.0%
Average remaining period to maturity	2.6 years	2.1 years
Average borrowing period	4.4 years	4.4 years
Average interest rate	0.63%	0.64%
Fixed interest rate ratio	85.8%	85.8%

4. Initiatives on ESG

4. Initiatives on ESG (1)

- SAR recognizes its position in society as a listed real estate investment corporation and will implement operation that is considerate towards ESG as an initiative on sustainability
- SAR will enhance corporate value in pursuit of long-term sustainability and gain comprehensive competitiveness
- SAR believes that such efforts are in line with the basic principle of “Unitholders’ interest-first”



4. Initiatives on ESG (2)

E Environmental initiatives

- Acquisition of environmental certification and DBJ Green Building Certification for 4 properties



Property name	Iwatsuki Logistics
Asset type	Logistics facility
Location	Saitama-shi, Saitama
Properties with excellent environmental & social awareness	



Property name	Baraki Logistics
Asset type	Logistics facility
Location	Ichikawa-shi, Chiba
Properties with high environmental & social awareness	



Property name	Honmachibashi Tower
Asset type	Office
Location	Osaka-shi, Osaka
Properties with satisfactory environmental & social awareness	



Property name	Urban Park Daikanyama
Asset type	Residence
Location	Shibuya Ward, Tokyo
Properties with satisfactory environmental & social awareness	

S Social initiatives

- Establishing relationship with various stakeholders

Local community:

Aim to contribute to the local community through owned properties and tenants

Clients:

Establish mutual trust based on fair transaction



Lenders:

Strive to share information to establish a relationship of mutual trust

Unitholders:

Aim to maximize unitholder value based on the "Unitholders' interest-first" mindset

Employees:

Support the growth of each employee by accepting various employees regardless of gender, nationality, ethnic group, race and generation
Ratio of female employees: 40.0%

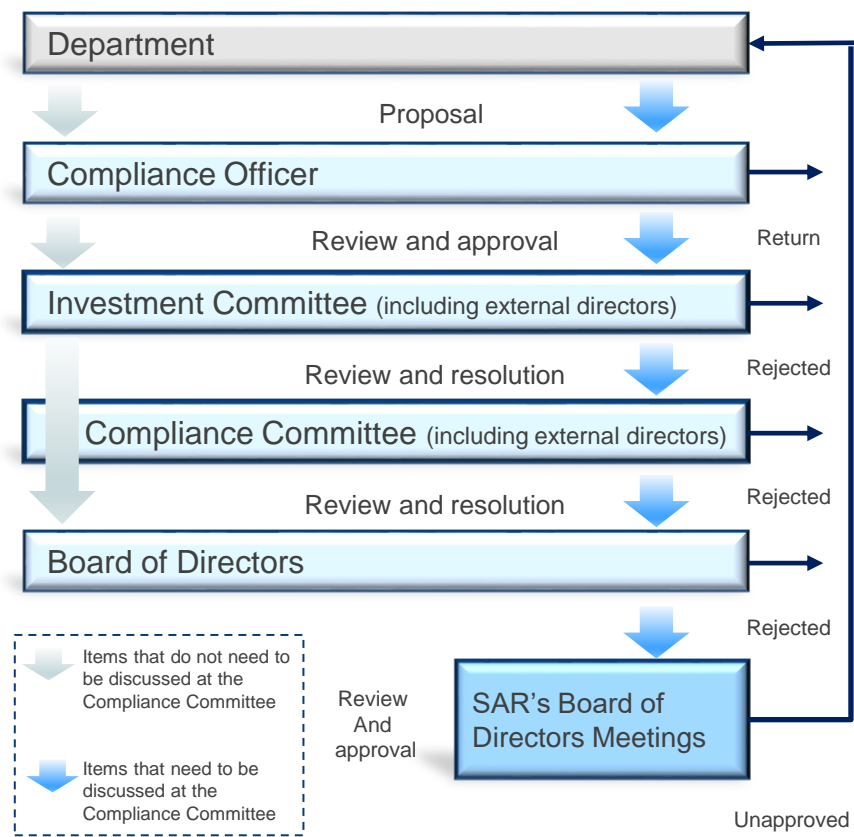
4. Initiatives on ESG (3)

G Governance

- 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

- Aligning the interests of the Sponsor Group with those of the unitholders by holding 17.9% of the investment units of the Sponsor Group
- Members of the Asset Manager also hold investment units

<Decision-making process>



Sponsor Group

Total: 96,780 units held by 4 unitholders

Founder of Star Asia 2 individuals

Total: 220 units



Number of investment units held in same-boat investment:
97,000 units

 Holding ratio:
17.9 %

Management team of the Asset Manager (as of January 31, 2020)

Holding SAR's investment units through the cumulative investment system for employees
 High commitment by management



Employees of Star Asia Investment Management Co., Ltd.

Holding SAR's investment units through the cumulative investment system for employees

4. Initiatives on ESG (4)

G

Governance

Star Asia, the sponsor of Star Asia Investment Corporation, is a non-listed independent investment management group which invests mainly in Japanese real estate-related assets and whose main goal is supplying investors with excellent returns

Star Asia Investment Corporation and Star Asia shall share the same long-term vision in accordance with the Star Asia Group's Code of Conduct, shall be a leading Real estate investment management group in Japan and shall persistently endeavor to continue to be such

The Code of Conduct is as follows:

1

Client First

We are rewarded only when we consistently meet and exceed our investor clients' expectations for the mandates they have given to us.

2

Highest Ethical Standards and Integrity

We always abide by the highest ethical standards and integrity. Unethical actions by an employee could easily destroy the group's long-standing reputation and trust.

3

Creativity

We utilize our experience, persistence, and creativity to identify and monetize investment opportunities which may not be immediately apparent to our competitors.

4

Respect for Others

We treat our investor clients, employees, trade counterparties, and vendors with the utmost respect, and always strive to be trustworthy partner.

5

Collaborative and Cooperative Culture

We succeed only when we work together by fully utilizing our collective strengths in a cooperative manner to serve our investor clients. The group's performance always exceeds the sum of our individual performances.

6

Adaptability

We stay nimble, proactive and critical, allowing us to adjust quickly as the market environment changes in order to continue to be a successful leader in the market where we do business.

7

Meritocracy

We reward our employees for their specific personal performance as well as their contribution to the group and to investor client performance.

8

Endless Pursuit of Excellence

We will tirelessly pursue excellence not only for our investor clients but also for ourselves.

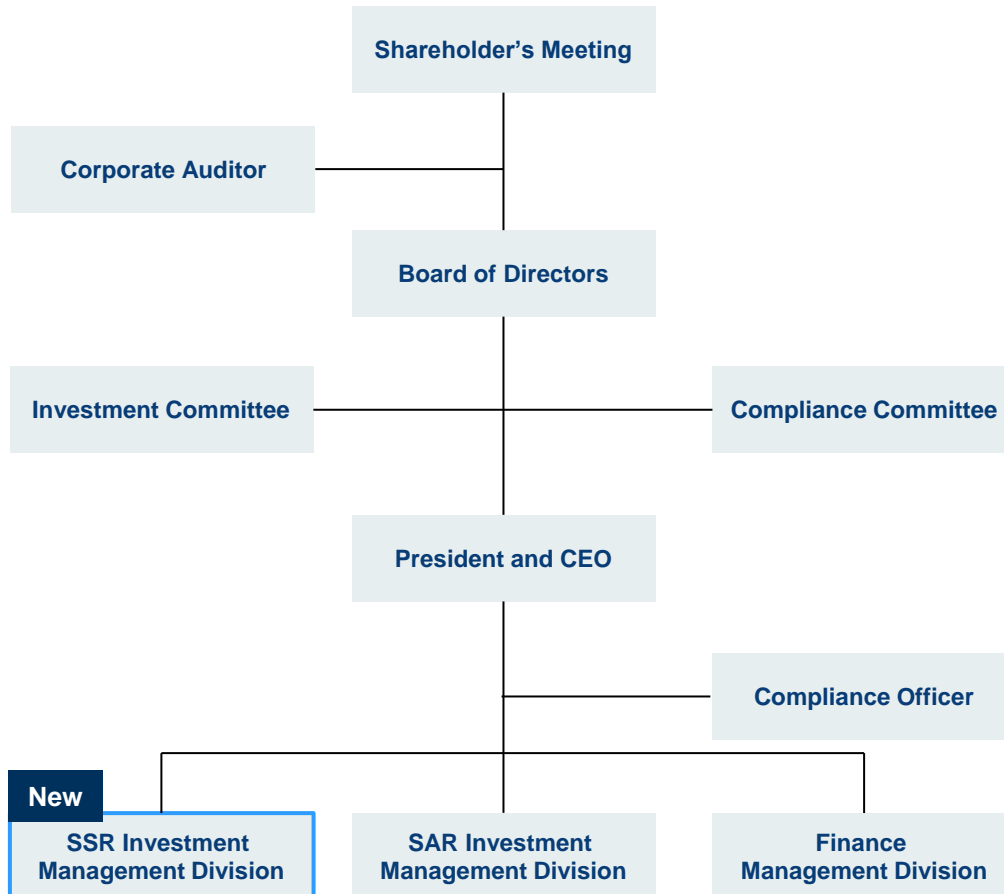
5. Appendix

Structure of Management of the two REITs

- Star Asia Investment Management is managing the two REITs (SAR and SSR).
- We will manage both REITs to maximize unitholders' interests while paying close attention and avoiding any conflicts of interest between the two REITs.

Organization Chart

- SSR Investment Management Division has been newly established to manage the two REITs



Measures to avoid conflict of interest

Since Star Asia Investment Management (“SAIM”) will be providing asset management services to both SAR and SSR, the Rules on Handling of Property Information (“Rules”) and the decision-making process have been established in order to avoid conflicts of interest. The Rules stipulate how to allocate information regarding acquisition of properties as follows.

① Rules on allocating information regarding acquisition of property

- All property information obtained by SAIM will be registered with, and centrally managed by, the Finance Management Division.
- Based on the year of completion of the registered property as stated in the real estate register, SSR Investment Management Division will consider the acquisition if the year is an even number, and SAR Investment Management Division will consider the acquisition if the year is an odd number. If more than one property is being sold by the same seller at the same time, the year of completion of the oldest property will be used.
- If both SSR Investment Management Division and SAR Investment Management Division decide not to acquire the property as a result of consideration, it should be reported to the Finance Management Division. The Finance Management Division will then provide the information to other investment management divisions.

② Decision-making process at SAIM

- When the Investment Committee discusses an agenda concerning the investment management of either SAR or SSR, members who belong to the Investment Management Division of the other may not participate in the discussion nor participate in the resolution.
- The same applies to the Compliance Committee and the Board of Directors.



About Star Asia Group



Taro Masuyama
Co-Founder and
Managing Partner



Malcolm F. MacLean IV
Co-Founder and
Managing Partner

Star Asia Group is a privately owned, independent investment management group that focuses on investments in Japanese real estate related opportunities.

- Concepted in 2006, Star Asia Group has invested over JPY661bn since its foundation in 2007. The current balance of investments is over JPY172bn.¹
- Star Asia Group has 392 officers and employees including over 40 investment and asset management professionals based in Tokyo or New Jersey, USA.¹
- We always operate under the Guiding Principles which continuously drive the group to become and remain as one of the leading real estate investment management firms in Japan.
- The group's strong track record and long-term partnership approach with our investors have been integral in attracting significant capital from sophisticated global investors, including large U.S. university endowments and foundations, Japanese and European pension funds, U.S. and Asia based family offices as well as other global real estate investors.
- The group is committed to its disciplined Investment Philosophy and SAR strives for its most important goal of meeting and exceeding unitholders' expectations.

Star Asia Group

Listed J-REIT Asset manager	Private placement fund management	Asset management	Unlisted investment company		Private placement fund	Development and operation of new- generation student accommodation	Development and operation of hospitality properties; listed	
Star Asia Investment Management Co., Ltd.	Star Asia Management Limited <ul style="list-style-type: none"> • Registered as an Investment Advisor with the US Securities and Exchange Commission • Manages multiple private placement funds through sister companies 	Star Asia Asset Advisors Co., Ltd. <ul style="list-style-type: none"> • Asset management and brokerage for private placement funds; real estate asset and trust beneficiary interest brokerage; and property management. 	Star Asia Capital Corp Limited <ul style="list-style-type: none"> • Assets under management is JPY19.7bn¹ 		Star Asia Japan Special Situations LP <ul style="list-style-type: none"> • Star Asia Group's flagship fund • Assets under management is JPY39.6bn¹ • Actively investing based on its investment capacity 	GSA Star Asia KK <ul style="list-style-type: none"> • A 50/50 joint venture with GSA Group, a global pioneer in purpose built student accommodation (PBSA), that develops and operates new-generation PBSA • Following the first property (HAKUSAN HOUSE), developed the second (KAMIKITA HOUSE) 	Kachikaihatsu Co., Ltd. <ul style="list-style-type: none"> • Listed on TSE 2nd Section (8010); develops and operates hotels • Star Asia Group became a sponsor in Nov. 2018 and holds 75.53% of issued stock 	
	Star Asia Investment Corporation	Provides know-how contributing to SAR's internal and external growth as its sponsor <ul style="list-style-type: none"> • Support of Construction Management Department • Provides advice based on abundant experience in real estate-related debt investment • Provides additional resource as needed 	Asset management of warehousing funds and provides support for origination of bridge funds	Holds SAR's investment units (97,000 units; equivalent to JPY11bn (17.9%)) ² Silent partnership investment in properties with preferential negotiation rights owned by SAR <ul style="list-style-type: none"> • Urban Park Mitsuike Koen • Urban Park Tokiwadai Koen • OHA Building 	Holds SSR's investment units (20,227 units; equivalent to JPY1.6bn (6.1%)) ³	Currently develops properties with preferential negotiation rights owned by SAR <ul style="list-style-type: none"> • Hakata office project 	Provided over JPY90bn properties (based on SAR's acquisition price) to SAR since SAR's listing	Currently operates properties with preferential negotiation rights owned by SAR <ul style="list-style-type: none"> • HAKUSAN HOUSE • KAMIKITA HOUSE

Star Asia Group with expanding business provides strong support to SAR

1. As of June 30, 2019 2. As of September 6, 2019 3. As of March 13, 2019

The Group intends to strictly adhere to its investment philosophy, and to meet the expectations of investors and continue to exceed such expectations. This is our largest objective

1

Research Focus

We believe that consistent outperformance can only be achieved when investment opportunities identified through our rigorous origination process are validated against the comprehensive understanding of the ever-changing market environment. Government policies, macroeconomic environment, state of capital markets, trends in demographics, real estate supply/demand dynamics, status of the real estate market cycle, outlook and appetite by potential tenants, as well as anticipated behavior of other market participants are only a few of the critical inputs we analyze. In order to formulate and continually update our understanding of the current market environment, we run iterative processes of gathering feedback from our day-to-day investment and asset management activities, which are supplemented by various third-party research reports and data that is further investigated and verified by us to generate our unbiased view.

2

Market Inefficiencies

Unlike highly efficient foreign exchange, interest rate and public equity markets, the Japanese and other Asian private real estate markets are inherently inefficient. Although Tokyo is the world's largest metropolis in terms of population (approximately 35 million), GDP, and real estate capital values, in our opinion, it is significantly less efficient than the U.S. or U.K. markets. The Japanese real estate market has high barriers-to-entry, asymmetric information flows, a less developed securitization market, and a limited universe of well-capitalized opportunistic market participants, which together creates market inefficiencies. We believe that thorough robust analysis and deep local relationships combined with our significant hands-on experience allow us to identify and capitalize on these market inefficiencies that are not obvious to our competitors.

3

Maximizing and Unlocking Value

The real estate properties that we evaluate for investment are typically not operated to their maximum potential at the time of our investment. Some owners are not professional real estate investors, failed to invest necessary capital expenditures, and/or had poorly managed leasing strategies. Some real estate properties have certain compliance issues that can be cured with limited cost and time, or have potential to generate higher net operating income if repositioned or repurposed properly. We utilize our own experience along with technical advice from third-party professionals, as necessary, to formulate and execute the optimal asset management, capital expenditures, renovation, and repositioning plans. Implementation of these plans will maximize and unlock the property's intrinsic value in the most efficient manner from a cost and time perspective.

4

Specialization

We believe deliberate specialization and a flat organization allow us to identify, properly structure, and dependably execute attractive, but often complex, investment opportunities. This specialization leads us to more predictable success and sets us apart from our competitors. Our senior professionals have years of hands-on experience in real estate deal sourcing, underwriting, structuring, asset management, financing, capital markets, and securitization. Star Asia's senior professionals have developed deep-rooted local relationships over multiple real estate cycles, and have executed some of the most creative and complex investment opportunities in the market.

5

Risk Control

Our objective is to achieve consistent and superior risk-adjusted returns by only assuming well-calculated risks. When a potentially attractive investment opportunity is identified, we examine all the risks associated with the potential opportunity through our rigorous review process. We then negotiate with the counterparties to determine a fair risk-sharing arrangement while formulating structural solutions to eliminate or mitigate other risks, where possible. Concurrently, we conduct quantitative and qualitative analyses to evaluate the viability of the potential investment opportunity against our strict underwriting criteria.

6

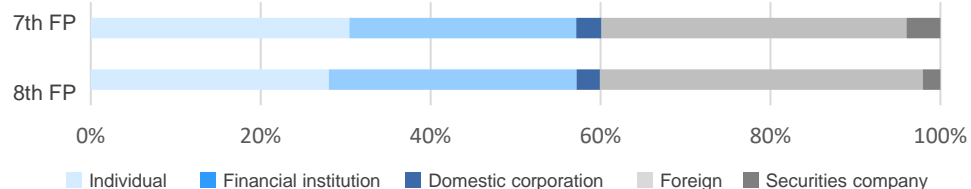
Dependability, Transparency and Decisive Action

Our trade counterparties know that they can depend on us when they need to sell their real estate related assets quickly, discreetly and/or through a complex structure that others may not be able to handle or understand. We are always candid and transparent by clearly explaining our requirements up front including expected deal economics, our strict due diligence process, and then work tirelessly and creatively to meet the counterparty's specific objectives and timing. Our flat organization and highly efficient, decision-making process allows us to be very flexible, tactical and decisive. This philosophy and execution style are valued by our trade counterparties who repeatedly bring attractive investment opportunities that reward our clients with outsized returns.



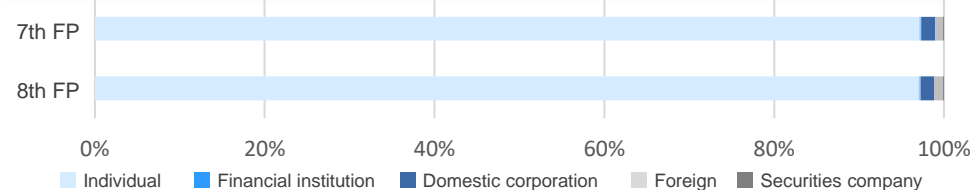
Status of Unitholders at the End of 8th Fiscal Period ended January 2020

Number of investment units by attribute: Total 540,824 units



Category	End of 7th FP		End of 8th FP			
	Ratio	No. of investment units	Unitholders' register		Sponsor Group is excluded	
			Ratio	No. of investment units	Ratio	No. of investment units
Individual	30.4%	164,578	28.0%	151,554	34.1%	151,554
Financial institution	26.7%	144,441	29.2%	157,671	35.5%	157,671
Domestic corporation	3.0%	16,174	2.8%	14,937	3.4%	14,937
Foreign	35.9%	194,187	38.0%	205,576	24.5%	108,576
Securities company	4.0%	21,444	2.0%	11,086	2.5%	11,086

Number of unitholders by attribute: Total 16,656 units



Category	End of 7th FP		End of 8th FP			
	Ratio	No. of persons/entities	Unitholders' register		Sponsor Group is excluded	
			Ratio	No. of persons/entities	Ratio	No. of persons/entities
Individual	97.1%	17,260	97.0%	16,160	97.1%	16,160
Financial institution	0.2%	37	0.2%	39	0.2%	39
Domestic corporation	1.7%	295	1.6%	261	1.6%	261
Foreign	0.9%	161	1.1%	175	1.0%	169
Securities company	0.1%	25	0.1%	21	0.1%	21

List of major unitholders (Top 10)

	Unitholder name (Note25)	Number of investment units	Holding ratio
1	The Master Trust Bank of Japan, Ltd. (Trust account)	46,396	8.6%
2	Japan Trustee Service Bank, Ltd (Trust account)	42,131	7.8%
3	Star Asia Capital I LLC	24,195	4.5%
3	Star Asia Capital II LLC	24,195	4.5%
3	Star Asia Capital III LLC	24,195	4.5%
3	Star Asia Capital IV LLC	24,195	4.5%
7	NORTHERN TRUST CO. (AVFC) RE UKDU UCITS CLIENTS NON LENDING 10 PCT TREATY ACCOUNT	20,837	3.9%
8	Trust & Custody Services Bank, Ltd. (Security Trust Account)	19,499	3.6%
9	The Nomura Trust and Banking Co., Ltd. (Trust Account)	13,156	2.4%
10	SSBTC CLIENT OMNIBUS ACCOUNT	10,422	1.9%
	Total	249,221	46.1%



Change in distribution since listing

Change in business results since listing

(Unit: million yen)

	3rd FP (ended Jul. 2017) actual	4th FP (ended Jan. 2018) actual	5th FP (ended Jul. 2018) actual	6th FP (ended Jan. 2019) actual	7th FP (ended Jul. 2019) actual	8th FP (ended Jan. 2020) forecast*	8th FP (ended Jan. 2020) actual	Comparison with forecast
Lease business revenue	2,312	2,408	2,791	3,224	3,344	3,173	3,200	+27
Office rent	822	795	862	1,104	1,134	1,138	1,145	+7
Residence rent	391	410	500	458	438	438	439	+1
Logistics rent	642	696	906	912	910	817	817	△0
Hotel rent	220	282	287	447	500	494	477	△17
Other	235	223	235	302	349	284	320	35
Expenses related to rent business (Depreciation is excluded)	549	536	607	678	798	785	769	△15
NOI	1,763	1,871	2,184	2,545	2,535	2,388	2,431	+42
Depreciation	287	305	355	409	415	422	420	△2
Rent revenues/expenses	1,476	1,566	1,828	2,135	2,119	1,966	2,011	+45
Mezzanine	-	14	18	22	20	20	21	+0
TK distribution	-	-	-	-	7	5	6	+1
Gain on sale of real estate property	898	771	-	598	422	-	-	-
SGA	276	300	270	349	344	321	316	△4
Operating income	2,098	2,051	1,576	2,406	2,225	1,670	1,721	+51
Non-operating income	0	0	0	0	0	-	1	+1
Non-operating expenses	264	176	270	333	261	228	227	△0
Ordinary income	1,833	1,876	1,305	2,073	1,965	1,441	1,494	+52
Net income	1,832	1,802	1,305	2,049	1,964	1,441	1,493	+52
Cash distribution per unit	4,423 yen	4,077 yen	2,773 yen	3,720 yen	3,625 yen	2,770 yen	2,788 yen	+18 yen
FFO per unit	2,948 yen	3,224 yen	3,529 yen	3,440 yen	3,620 yen	3,446 yen	3,539 yen	+93 yen
Balance of Internal reserves	0	113	113	151	155	98	141	+42

* Sep 12, 2019 Announced in 7th FP closing of accounting report

Balance Sheets for the 8th Fiscal Period ended January 31, 2020

	7th FP (As of July 31, 2019)	8th FP (As of January 31, 2020)
Assets		
Current assets		
Cash and deposits	1,743,631	1,622,851
Cash and deposits in trust	3,940,970	3,848,378
Operating accounts receivable	55,906	45,608
Prepaid expenses	132,744	112,436
Other	11,298	8,689
Total current assets	5,884,550	5,637,964
Non-current assets		
Property, plant and equipment		
Buildings in trust	33,118,834	33,247,569
Accumulated depreciation	△2,106,616	△2,521,046
Buildings in trust, net	31,012,218	30,726,523
Structures in trust	15,784	15,784
Accumulated depreciation	△1,893	△2,431
Structures in trust, net	13,890	13,352
Machinery and equipment in trust	46,680	46,680
Accumulated depreciation	△7,236	△9,570
Machinery and equipment in trust, net	39,444	37,110
Tools, furniture and fixtures in trust	33,338	36,546
Accumulated depreciation	△8,460	△11,336
Tools, furniture and fixtures in trust, net	24,877	25,210
Land in trust	68,602,052	68,602,052
Total property, plant and equipment	99,692,483	99,404,248
Intangible assets		
Leasehold rights in trust	3,459,138	3,459,138
Total intangible assets	3,459,138	3,459,138
Investments and other assets		
Investments securities	723,220	711,912
Long-term loans receivable	300,000	300,000
Long-term prepaid expenses	168,174	121,497
Lease and guarantee deposits	10,962	10,862
Other	2,024	3,625
Total investments and other assets	1,204,382	1,147,898
Total non-current assets	104,356,004	104,011,285
Total assets	110,240,555	109,649,249

	7th FP (As of July 31, 2019)	8th FP (As of January 31, 2020)
Liabilities		
Current liabilities		
Operating accounts payable	254,637	338,896
Current portion of long-term loans payable	7,300,000	11,300,000
Accounts payable - other	293,558	269,588
Accrued expenses	10,030	11,903
Income taxes payable	605	605
Accrued consumption taxes	199,468	35,586
Advances received	517,389	531,192
Other	30,552	14,299
Total current liabilities	8,606,243	12,502,070
Non-current liabilities		
Long-term loans payable	44,280,000	40,280,000
Tenant leasehold and security deposits	6,669	6,718
Tenant leasehold and security deposits in trust	2,478,925	2,459,766
Other	128,960	101,271
Total non-current liabilities	46,894,554	42,847,755
Total liabilities	55,500,798	55,349,826
Net assets		
Unitholders' equity		
Unitholders' capital	52,745,966	52,745,966
Surplus		
Unappropriated retained earnings (undisposed loss)	2,115,855	1,649,263
Total surplus	2,115,855	1,649,263
Total unitholders' equity	54,861,822	54,395,229
Valuation and translation adjustments		
Deferred gains or losses on hedges	△122,065	△95,806
Total valuation and translation adjustments	△122,065	△95,806
Total net assets	54,739,757	54,299,423
Total liabilities and net assets	110,240,555	109,649,249



Statement of Income for the 8th Fiscal Period (From August 1, 2019 to January 31, 2020) S T A R A S I A

Investment Corporation

(Unit: thousand yen)

	7th FP From: February 1, 2019 To: July 31, 2019	8th FP From: August 1, 2019 To: January 31, 2020
Operating revenue		
Lease business revenue	3,092,125	2,988,424
Other lease business revenue	242,455	212,244
Gain on sale of real estate property	422,504	-
Other revenue	28,185	27,160
Total operating revenue	3,785,271	3,227,829
Operating expenses		
Expenses related to rent business	1,214,656	1,189,614
Asset management fee	251,121	226,759
Asset custody and administrative service fees	23,583	23,757
Directors' compensation	2,400	2,400
Other operating expenses	67,548	63,888
Total operating expenses	1,559,310	1,506,419
Operating income	2,225,961	1,721,410
Non-operating income		
Interest income	30	27
Reversal of unpaid distribution	-	997
Interest on refund	883	1
Total non-operating income	913	1,026
Non-operating expenses		
Interest expenses	155,935	165,266
Borrowing related expenses	105,827	62,670
Total non-operating expenses	261,763	227,937
Ordinary income	1,965,111	1,494,499
Income before income taxes	1,965,111	1,494,499
Income taxes - current	605	605
Total income taxes	605	605
Net income	1,964,506	1,493,894
Retained earnings brought forward	151,349	155,368
Unappropriated retained earnings (undisposed loss)	2,115,855	1,649,263

Portfolio List (as of January 31, 2020)

	Property name	Location	Acquisition price (million yen)	Appraisal value (million yen)	Investment ratio (%)	Appraisal NOI yield (%)
Office	Minami-Azabu Shibuya Building	Minato-ku, Tokyo	2,973	3,070	2.9	4.7
	Honmachibashi Tower	Osaka-shi, Osaka	6,065	6,960	5.9	5.1
	Nishi-Shinjuku Matsuya Building	Shibuya-ku, Tokyo	1,763	2,510	1.7	6.4
	Alphabet Seven	Minato-ku, Tokyo	1,725	2,670	1.7	6.1
	Shibuya MK Building	Shibuya-ku, Tokyo	2,042	3,260	2.0	5.9
	Asahi Building	Yokohama-shi, Kanagawa	6,320	7,840	6.2	5.0
	Hakata-eki East Place	Fukuoka-shi, Fukuoka	2,286	2,590	2.2	5.2
	Nihonbashi Hamacho Park Building	Chuo-ku, Tokyo	1,450	1,550	1.4	4.7
	Amusement Media Gakuin Honkan	Shibuya-ku, Tokyo	2,580	2,690	2.5	4.0
	Higashi Kobe Center Building	Kobe-shi, Kobe	7,440	7,520	7.3	5.8
	Amusement Media Gakuin Shinkan	Shibuya-ku, Tokyo	1,020	1,160	1.0	4.0
	Subtotal		35,664	41,820	34.8	5.2
Hotel	R&B Hotel Umeda East	Osaka-shi, Osaka	2,069	2,320	2.0	5.5
	Smile Hotel Namba	Osaka-shi, Osaka	1,750	1,490	1.7	4.3
	Best Western Tokyo Nishikasai	Edogawa-ku, Tokyo	3,827	3,750	3.7	4.4
	Best Western Yokohama	Yokohama-shi, Kanagawa	3,248	3,250	3.2	4.6
	Hotel WBF Fukuoka Tenjin Minami	Fukuoka-shi, Fukuoka	1,970	2,000	1.9	4.6
	GLANSIT Akihabara	Chiyoda-ku, Tokyo	2,500	2,520	2.4	3.9
	Best Western Tokyo Nishikasai Grande	Edogawa-ku, Tokyo	3,180	3,210	3.1	4.0
	Hotel WBF Art Stay Namba	Osaka-shi, Osaka	2,000	1,970	2.0	4.3
	Subtotal		20,544	20,510	20.1	4.4

	Property name	Location	Acquisition price (million yen)	Appraisal value (million yen)	Investment ratio (%)	Appraisal NOI yield (%)
Residence	Urban Park Azabujuban	Minato-ku, Tokyo	2,045	2,480	2.0	4.4
	Urban Park Daikanyama	Shibuya-ku, Tokyo	6,315	8,240	6.2	4.7
	Urban Park Namba	Osaka-shi, Osaka	1,490	1,650	1.5	5.4
	Urban Park Gokokuji	Toshima-ku, Tokyo	1,460	1,530	1.4	4.8
	Urban Park Kashiwa	Kashiwa-shi, Chiba	1,186	1,190	1.2	5.0
	Urban Park Ryokuchi-koen	Suita-shi, Osaka	1,550	1,620	1.5	5.7
	Urban Park Koenji	Suginami-ku, Tokyo	1,167	1,180	1.1	4.7
	Subtotal		15,213	17,890	14.9	4.9
Logistics	Iwatsuki Logistics	Saitama-shi, Saitama	6,942	7,310	6.8	4.8
	Yokohama Logistics	Yokohama-shi, Kanagawa	3,560	4,170	3.5	5.7
	Funabashi Logistics	Funabashi-shi, Chiba	7,875	8,650	7.7	5.3
	Baraki Logistics	Ichikawa-shi, Chiba	4,700	4,850	4.6	4.3
	Tokorozawa Logistics	Tokorozawa-shi, Saitama	1,300	1,350	1.3	5.7
	Funabashi Nishiura Logistics I	Funabashi-shi, Chiba	3,000	3,020	2.9	5.1
	Funabashi Nishiura Logistics II	Funabashi-shi, Chiba	821	850	0.8	7.0
Matsubushi Logistics	Kita-Katsushika-gun, Saitama	2,755	2,860	2.7	5.5	
Subtotal		30,953	33,060	30.2	5.1	
Total		102,374	113,280	100.0	5.0	

* "Appraisal value" is the value stated in the real estate appraisal report with July 31, 2019 as the date of valuation.

Other assets under management (as of January 31, 2020)

<Mezzanine loan debt investment>

Number	Type	Name of the security (asset overview)	Acquisition price (million yen)	Underlying asset, etc.		Interest rate (Note25)
				Asset name	Location	
MEZ-01	Mezzanine (Subordinated bonds)	Star Asia Mezzanine Loan Debt Investment Series 1	400	Relief Premium Haneda	Ota-ku, Tokyo	Base rate +5.0%
MEZ-03	Mezzanine (Subordinated Beneficiary Interest)	Star Asia Mezzanine Loan Debt Investment Series 3	126	The Royal Garden Residence Shirokanedai	Minato-ku, Tokyo	Base rate +5.0%
MEZ-04	Mezzanine (Subordinated loan claims)	Star Asia Mezzanine Loan Debt Investment Series 4	300	DS Kaigan Building (Previously) Premier Kaigan Building (Note 26)	Minato-ku, Tokyo	Base rate +5.0%
Total			826			

<Silent partnership equity interest>

Number	Investments securities	Investment amount (million yen)	Underlying asset, etc.	
			Property name	Location
TKI-01	GK SAPR8 subordinated silent partnership equity interest	100	Urban Park Mitsuike Koen	Yokohama-shi, Kanagawa
			Urban Park Tokiwadai Koen	Yokohama-shi, Kanagawa
TKI-02	GK SAPR7 silent partnership equity interest	100	OHA Building	Tachikawa-shi, Tokyo
Total		200		



Appraisal Value and Indicators at the End of 8th Fiscal Period ended January 2020

STAR ASIA
Investment Corporation

Period-end appraisal value:	113,280 million yen
Total book value:	102,863 million yen
Period-end unrealized gains (losses):	10,416 million yen
Net assets per unit:	100,401 yen
Unrealized gains per unit:	19,261 yen
NAV per unit (*1):	116,873 yen
P/NAV per (*2):	0.98

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


(*2) P/NAV per = Investment unit price / NAV per unit (Investment unit price on January 31, 2020: 114,700 yen)

(Unit: million yen)

	Property name	Acquisition price	(1) Period-end book value	(2) Appraisal value at end of 8th FP	(3) Unrealized gains (losses) (2)-(1)
Office	Minami-Azabu Shibuya Building	2,973	2,962	3,070	107
	Honmachibashi Tower	6,065	5,860	6,960	1,099
	Nishi-Shinjuku Matsuya Building	1,763	1,820	2,510	689
	Alphabet Seven	1,725	1,841	2,670	828
	Shibuya MK Building	2,042	2,092	3,260	1,167
	Asahi Building	6,320	6,330	7,840	1,509
	Hakata-eki East Place	2,286	2,316	2,590	273
	Nihonbashi Hamacho Park Building	1,450	1,458	1,550	91
	Amusement Media Gakuin Honkan	2,580	2,592	2,690	97
	Higashi Kobe Center Building	7,440	7,648	7,520	△128
	Amusement Media Gakuin Shinkan	1,020	1,030	1,160	129
	Subtotal	35,664	35,955	41,820	5,864

	Property name	Acquisition price	(1) Period-end book value	(2) Appraisal value at end of 8th FP	(3) Unrealized gains (losses) (2)-(1)
Hotel	R&B Hotel Umeda East	2,069	2,121	2,320	198
	Smile Hotel Namba	1,750	1,682	1,490	△192
	Best Western Tokyo Nishi-kasai	3,827	3,855	3,750	△105
	Best Western Yokohama	3,248	3,271	3,250	△21
	Hotel WBF Fukuoka Tenjin Minami	1,970	1,965	2,000	34
	GLANSIT Akihabara	2,500	2,508	2,520	11
	Best Western Tokyo Nishikasai Grande	3,180	3,175	3,210	34
	Hotel WBF Art Stay Namba	2,000	1,994	1,970	△24
	Subtotal	20,544	20,576	20,510	△66
	Residence	Urban Park Azabujuban	2,045	2,085	2,480
Urban Park Daikanyama		6,315	6,384	8,240	1,855
Urban Park Namba		1,490	1,513	1,650	136
Urban Park Gokokuji		1,460	1,506	1,530	23
Urban Park Kashiwa		1,186	1,246	1,190	△56
Urban Park Ryokuchi-koen		1,550	1,612	1,620	7
Urban Park Koenji		1,167	1,189	1,180	△9
Subtotal		15,213	15,537	17,890	2,352
Logistics	Iwatsuki Logistics	6,942	6,648	7,310	661
	Yokohama Logistics	3,560	3,767	4,170	402
	Funabashi Logistics	7,875	7,812	8,650	837
	Baraki Logistics	4,700	4,659	4,850	190
	Tokoyozawa Logistics	1,300	1,353	1,350	△3
	Funabashi Nishiura Logistics I	3,000	2,959	3,020	60
	Funabashi Nishiura Logistics II	821	857	850	△7
	Matsubushi Logistics	2,755	2,733	2,860	126
	Subtotal	30,953	30,793	33,060	2,266
Total	102,374	102,863	113,280	10,416	







Portfolio List

Asset type	Office	Office	Office	Office	Office	Office
Property name	Minami-Azabu Shibuya Building	Honmachibashi Tower	Nishi-Shinjuku Matsuya Building	Alphabet Seven	Shibuya MK Building	Asahi Building
						
Acquisition price	2,973 million yen	6,065 million yen	1,763 million yen	1,725 million yen	2,042 million yen	6,320 million yen
Appraisal value	3,070 million yen	6,960 million yen	2,510 million yen	2,670 million yen	3,260 million yen	7,840 million yen
Structure/Floors	SRC B1/7F	S/SRC B1/21F	SRC B1/9F	RC B1/6F	S 6F	S/SRCB2/12F
Location	Minato Ward, Tokyo	Osaka City, Osaka	Shibuya Ward, Tokyo	Minato Ward, Tokyo	Shibuya Ward, Tokyo	Yokohama City, Kanagawa
Lot area	766.11 m ²	1,274.37 m ²	589.94 m ² (surface right)	1,286.45 m ²	620.42 m ² (of which 2.62 m ² leasehold)	1,096.86 m ²
Total floor areas	4,137.21 m ²	15,407.83 m ²	5,117.80 m ²	4,132.80 m ²	1,982.86 m ²	12,353.83 m ²
Construction completion	June 15, 1993	February 8, 2010	May 28, 1987	January 6, 1990	July 31, 1993	November 25, 1994
Property Features	<ul style="list-style-type: none"> • Located in Minami-Azabu, a well-known, high-class residential area that is also home to embassies of various countries. • In addition to access by train, the area is well served by bus routes and provides convenient access to various locations within central Tokyo. • The area is highly appealing to companies in fashion, mass media, and IT-related fields. 	<ul style="list-style-type: none"> • Located in the Yodoyabashi / Hommachi area, one of Osaka's leading office districts. • Situated near facilities such as the Osaka Chamber of Commerce and Industry, MyDome Osaka, and City Plaza Osaka, the area has a high concentration of office buildings. • The residences on the upper floors of the building offer excellent views overlooking landmarks such as Osaka Castle. 	<ul style="list-style-type: none"> • Located in the Nishi-Shinjuku area, which has a high concentration of office buildings. • In addition to access by train, the area is well served by bus routes and provides convenient access to various locations within central Tokyo. • The property is expected to attract strong demand from affiliated companies of tenants of large-scale buildings located in Shinjuku sub-center or its surrounding area. 	<ul style="list-style-type: none"> • Located in the Akasaka area, one of central Tokyo's leading office/commercial districts. • The property is expected to attract strong demand from affiliated companies of tenants of the TBS building, Akasaka Biz Tower, etc. • Thanks to the popularity of the area, location conditions, etc., there is also strong demand for the residential units of the property. 	<ul style="list-style-type: none"> • Located in the Shibuya area, one of Japan's leading commercial districts, the property has a strong appeal for fashion and IT-related companies. • Following the completion of the Shibuya Station area redevelopment project, further development is expected going forward. 	<ul style="list-style-type: none"> • Located in the Yokohama Station West Exit area where there is a high concentration of commercial and office buildings. • The floors can be subdivided into smaller spaces, enabling the building to flexibly accommodate demand from branch offices of companies in various fields. • With the completion of the Yokohama Station area redevelopment project and the Excite Yokohama 22 project, further development is expected going forward.


Portfolio List

Asset type	Office	Office	Office	Office	Office	Residence
Property name	Hakata-eki East Place	Nihonbashi Hamacho Park Building	Amusement Media Gakuin Honkan	Higashi Kobe Center Building	Amusement Media Gakuin Shinkan	Urban Park Azabujuban
						
Acquisition price	2,286 million yen	1,450 million yen	2,580 million yen	7,440 million yen	1,020 million yen	2,045 million yen
Appraisal value	2,590 million yen	1,550 million yen	2,690 million yen	7,520 million yen	1,160 million yen	2,480 million yen
Structure/Floors	SRC 9F	SRC 11F	SRC S 8F/B1F	SRC 14F	RC 7F	SRC with slate roofing B1/12F
Location	Fukuoka City, Fukuoka	Chuo Ward, Tokyo	Shibuya Ward, Tokyo	Kobe City, Hyogo	Shibuya Ward, Tokyo	Minato Ward, Tokyo
Lot area	1,129.86 m ²	319.04 m ²	433.21 m ²	8,488.11 m ²	203.43 m ²	417.67 m ²
Total floor areas	6,243.13 m ²	2,383.76 m ²	1,892.18 m ²	25,740.46 m ²	913.71 m ²	2,564.94 m ²
Construction completion	February 24, 1986	July 13, 1992	November 2, 1994	January 6, 1992	January 25, 1999	November 29, 1999
Property Features	<ul style="list-style-type: none"> • Located in the Hakata Station East area, which has a higher concentration of offices after the completion of redevelopment projects in front of the station. • Even more vitalization is expected for the Fukuoka (Hakata) area with the start of "Tenjin Big Bang Project" and the extension of some Fukuoka City Subway lines. 	<ul style="list-style-type: none"> • Located in Nihonbashi Hamacho area, allowing easy access to major business areas in Central Tokyo and use of various railways. • A number of major companies have their head offices in this area, as it is a very attractive area for companies in various fields and of various sizes. • Further development of the area is expected considering that it not only has characteristics of an office area, but also has characteristics of residential and tourism areas. 	<ul style="list-style-type: none"> • Stable revenue is expected since a vocational school has rented the entire building for many years since the completion. • The building is appealing to companies as the property is located in an office area with many foreign-affiliated companies and IT-related firms as well as companies in the creative sector such as advertising and content creation firms. • Further development of the area is expected considering that it is not only an office area, but also has elements of residential and tourism areas. 	<ul style="list-style-type: none"> • Provides convenient access to office and commercial areas since the building is centrally located between Osaka and Kobe, with an 11-minute ride to Sannomiya Station and 17-minute ride to Osaka Station from Settsu Motoyama, the closest station to the property. • There is parking space for 180 cars on the premises and for 112 cars off the premises, which is very appealing to a wide range of retail tenants, particularly stores seeking to attract customers. 	<ul style="list-style-type: none"> • Stable revenue is expected since it has the same tenant as that of Amusement Media Gakuin Honkan. • The building is appealing to companies as the property is located in an office area with many foreign-affiliated companies, IT-related firms as well as companies in the creative sector such as advertising and content creation firms. • Further development of the area is expected considering that it is not only an office area, but also has elements of residential and tourism areas. 	<ul style="list-style-type: none"> • Located in Azabu-Juban, an area with an elegant image that also boasts popular appeal. • In addition to a stately tiled facade, the property is fully equipped with premium household facilities. • Adjacent to the Roppongi area, a leading shopping spot in central Tokyo.

Portfolio List

Asset type	Residence	Residence	Residence	Residence	Residence	Residence
Property name	Urban Park Daikanyama	Urban Park Namba	Urban Park Gokokuji	Urban Park Kashiwa	Urban Park Ryokuchi-koen	Urban Park Koenji
						
Acquisition price	6,315 million yen	1,490 million yen	1,460 million yen	1,186 million yen	1,550 million yen	1,167 million yen
Appraisal value	8,240 million yen	1,650 million yen	1,530 million yen	1,190 million yen	1,620 million yen	1,180 million yen
Structure/Floors	RC, B1/3F RC, B1/9F	RC 14F	RC B1F/5F	SRC B1F/8F	RC 8F	RC 4F
Location	Shibuya Ward, Tokyo	Osaka City, Osaka	Toshima Ward, Tokyo	Kashiwa City, Chiba	Suita City, Osaka	Suginami Ward, Osaka
Lot area	2,469.06 m ²	670.39 m ²	942.66 m ² (Of which, 50.85 m ² is contributed to Toshima Ward as road)	1,597.85 m ²	2,804.56 m ²	988.26 m ²
Total floor areas	8,261.29 m ² (for 2 buildings combined)	2,776.87 m ²	2,451.72 m ²	4,243.71 m ²	5,854.64 m ²	1,524.34 m ²
Construction completion	1: November 15, 1982 2: May 30, 2006	January 9, 2013	February 28, 1990	August 28, 1997	March 10, 1989	October 13, 1987
Property Features	<ul style="list-style-type: none"> • Located in the Daikanyama area, which produces the latest trends. • In addition to a stately tiled facade, the property is fully equipped with premium household facilities. • Adjacent to the Shibuya and Ebisu areas, which are leading shopping spots in central Tokyo. 	<ul style="list-style-type: none"> • Located near Namba, one of Osaka's leading commercial areas. • In addition to an elegant facade, the building is fully equipped with premium household facilities. • The influx of population into central Osaka due to the impact of strong in-bound demand has had a stabilizing effect on occupancy rates. 	<ul style="list-style-type: none"> • Located in an area with strong demand from various tenant groups for single-type residences, due to the location characteristics of having concentration of universities and junior colleges as well as Toshima ward having a relatively high ratio of single households. 	<ul style="list-style-type: none"> • Located in the Kashiwa area, a leading bed town in Chiba, with an excellent access to Central Tokyo. • Further medium- to long-term growth is expected in the area, with completion of various redevelopment plans in front of Kashiwa Station. 	<ul style="list-style-type: none"> • Located in the Ryokuchi-koen area, with good traffic accessibility, providing a lush greenery living environment such as "Hattori Ryokuchi-koen". • Popular residential area primarily for families since it is located in the Hokusetsu area, which has a high level of education. • Appealing primarily for families since some of the units have been renovated and since it is equipped with substantial grade household equipment. 	<ul style="list-style-type: none"> • Located in the Koenji area, which allows for easy access to major areas in the Tokyo metropolitan area. • With many shopping areas, discount supermarkets, restaurants and pubs, having a high appeal to young single-person households of business person and students. • Very popular residential area with its own unique culture, which can be seen in its cafes, vintage clothing shops, and clubs with live music, among other locations.

Portfolio List

Asset type	Logistics	Logistics	Logistics	Logistics	Logistics	Logistics
Property name	Iwatsuki Logistics	Yokohama Logistics	Funabashi Logistics	Baraki Logistics	Tokorozawa Logistics	Funabashi Nishiura Logistics I
						
Acquisition price	6,942 million yen	3,560 million yen	7,875 million yen	4,700 million yen	1,300 million yen	3,000 million yen
Appraisal value	7,310 million yen	4,170 million yen	8,650 million yen	4,850 million yen	1,350 million yen	3,020 million yen
Structure/Floors	Steel construction, zinc plated steel roofing, 5 floors	RC 8F	Building 1: Steel construction, flat roof, zinc-plated steel roofing, 8 floors Building 2: Reinforced concrete structure	RC S 5F	S 2F	R 2F
Location	Saitama City, Saitama	Yokohama City, Kanagawa	Funabashi City, Chiba	Ichikawa City, Chiba	Tokorozawa City, Saitama	Funabashi City, Chiba
Lot area	15,623.14 m ²	10,565.95 m ²	19,858.00 m ²	6,240.96 m ²	8,645.63 m ²	7,142.00 m ²
Total floor areas	29,729.72 m ²	18,387.89 m ² (including 256.15 m ² break areas etc.)	38,871.45 m ² (two buildings combined)	12,471.50 m ²	5,994.75 m ²	14,018.82 m ²
Construction completion	October 29, 2014	October 1, 1994	1: September 25, 1992 2: August 5, 1997	August 14, 2015	April 30, 1999	October 11, 1985
Property Features	<ul style="list-style-type: none"> Located in the Iwatsuki area, which offers access to the central Tokyo, northern Kanto, and Tohoku areas. Equipped with specifications that offer a high level of versatility, such as the vehicle berths, floor height, and column interval. The property is situated in a zone of Saitama City that offers incentives for logistics facilities and therefore benefits from considerable government support. 	<ul style="list-style-type: none"> Located in the Yokohama bay area, where there are many logistics facilities. Equipped with specifications that offer a high level of versatility, such as vehicle berths, floor height, and column interval. In addition to accessing Central Tokyo, it is possible to access the wider Tokyo area thanks to the opening of the Shinagawa section of the Shuto Expressway Central Circular Route. 	<ul style="list-style-type: none"> Located in the Chiba bay area, where there are many logistics facilities. Equipped with specifications that offer a high level of versatility, such as vehicle berths, floor height, and column interval. In addition to accessing Central Tokyo, it is possible to access the wider Tokyo area thanks to the opening of the Tokyo Gaikan Expressway. 	<ul style="list-style-type: none"> A multi-tenant logistics facility located near the Wangan Ichikawa IC of the East Kanto Expressway. Enjoys good access to Central Tokyo as well as the consumption areas throughout Chiba, allowing tenants to respond to the needs of e-commerce operators. Located within approx. 5-minute walk from Futamata-Shinmachi station on the JR Keiyo Line, allowing for securement of employees. Property with highly versatile specifications, including one passenger elevator, two freight elevators, a floor height of approx. 6.5 m and a pillar span of approx. 9 m-11 m. 	<ul style="list-style-type: none"> A multi-tenant logistics facility used also as a warehouse, located around 8.7 km from the Tokorozawa IC on the Kan-Etsu Expressway. Good access to Central Tokyo, and also capable of covering a wide range of destinations for consumption in the Tokyo Metropolitan area with the opening of the Gaikan Expressway and the Metropolitan Inter-City Expressway. Property with highly versatile specifications, including two freight elevators, a floor height of approx. 5.5 m-6.0 m, and a pillar span of approx. 9.5 m. 	<ul style="list-style-type: none"> Appealing from a standpoint of securing workforce, as it is conveniently located in the Chiba Bay area, where there are many logistics facilities, and it is located at approx. 1.4km from the closest train station. In addition to access to Central Tokyo, the location allows easy access to wide range of areas throughout Tokyo via partial opening of the Gaikan Expressway. The facility is provided with highly versatile specifications such as high-ceiling floors and a pillar span.

Portfolio List

Asset type	Logistics	Logistics	Hotel	Hotel	Hotel	Hotel
Property name	Funabashi Nishiura Logistics II	Matsubushi Logistics	R&B Hotel Umeda East	Smile Hotel Namba	Best Western Tokyo Nishi-kasai	Best Western Yokohama
						
Acquisition price	821 million yen	2,755 million yen	2,069 million yen	1,750 million yen	3,827 million yen	3,248 million yen
Appraisal value	850 million yen	2,860 million yen	2,320 million yen	1,490 million yen	3,750 million yen	3,250 million yen
Structure/Floors	R 4F	RC 3F	RC 9F	S 9F	SRC B1F/9F	SRC B1F/9F
Location	Funabashi City, Chiba	Kita-Katsushika-gun, Saitama	Osaka City, Osaka	Osaka City, Osaka	Edogawa Ward, Tokyo	Yokohama City, Kanagawa
Lot area	3,964.00 m ²	11,580.65 m ²	730.26 m ²	285.28 m ²	1,418.00 m ²	782.66 m ²
Total floor areas	6,316.32 m ²	19,833.47 m ²	3,945.65 m ²	1,711.42 m ²	5,293.88 m ²	4,686.09 m ²
Construction completion	Warehouse: Mar. 20, 1991 Plant: May 15, 1972 Office: May 13, 1986	March 31, 1997	October 20, 2000	February 6, 2008	March 19, 1991	September 21, 1987
Property Features	<ul style="list-style-type: none"> Appealing from a standpoint of securing workforce, as it is conveniently located in the Chiba Bay area, where there are many logistics facilities, and it is located at approx. 1.1km from the closest train station. In addition to access to Central Tokyo, the location allows easy access to wide range of areas throughout Tokyo via partial opening of the Gaikan Expressway. The facility is provided with highly versatile specifications such as high-ceiling floors and a pillar span. 	<ul style="list-style-type: none"> Located in Matsubushi area, with easy access to nearby areas such as Saitama Prefecture and Chiba Prefecture, in addition to Kita-Kanto, Joban, and Tohoku areas. Provided with versatile specifications, such as loading berths, cargo elevators, high-ceiling, and a pillar span. Back ups from the local government through activities by Saitama Prefecture to attract companies (the "Chance Maker Saitama Strategy"). 	<ul style="list-style-type: none"> Located near Umeda, one of Osaka's leading office and commercial areas. With over 200 single-occupancy rooms, the hotel is able to accommodate significant business- and tourism-based demand. Due to the impact of strong inbound demand in Osaka, further hotel demand is expected. 	<ul style="list-style-type: none"> Located near Namba, one of Osaka's leading commercial areas. In addition to excellent access to Namba, located near Kyocera Dome Osaka, addressing multiple business- and tourism-based demand. Due to the impact of strong inbound demand in Osaka, further hotel demand is expected. 	<ul style="list-style-type: none"> A business hotel located within approx. a 2-minute walk from Nishikasai Station of Tokyo Metro Tozai Line. Excellent location characteristics that can attract a fair amount of Tokyo Disney Resort-related leisure travelers, as it stands in a straight-line distance of approx. 4 km away from Tokyo Disney Resort. A hotel with great appeal to a variety of guests with various types of guest rooms depending on the intended use. 	<ul style="list-style-type: none"> A business hotel located within approx. 4-minute walk from "Tsurumi" Station on the JR Keihin Tohoku Line and a 3-minute walk from "Keikyū Tsurumi" Station on the Keihin Kyuko Line. Excellent location characteristics that can attract both business travelers and leisure travelers, as its location has good access to the major areas in Kanagawa including Yokohama and Kawasaki as well as to Haneda Airport. A hotel with great appeal to a variety of guests with various types of guest rooms depending on the intended use.

Portfolio List

Asset type	Hotel	Hotel	Hotel	Hotel
Property name	Hotel WBF Fukuoka Tenjin Minami	GLANSIT Akihabara	Best Western Tokyo Nishikasai Grande	Hotel WBF Art Stay Namba
				
Acquisition price	1,970 million yen	2,500 million yen	3,180 million yen	2,000 million yen
Appraisal value	2,000 million yen	2,520 million yen	3,210 million yen	1,970 million yen
Structure/Floors	RC 10F	SRC 10F/B1F	S 8F	RC9F
Location	Fukuoka City, Fukuoka	Chiyoda Ward, Tokyo	Edogawa Ward, Tokyo	Osaka City, Osaka
Lot area	534.94 m ²	167.74 m ²	657.00 m ²	335.31 m ²
Total floor areas	2,281.49 m ²	1,081.97 m ²	2,755.19 m ²	2,061.38 m ²
Construction completion	February 20, 2017	September 20, 2017	February 7, 2017	April 7, 2017
Property Features	<ul style="list-style-type: none"> • The hotel is centrally located between Tenjin and Nakasu, thus it is expected to attract tourists and business guests. • Demand for hotels is expected to increase with a rising number of passengers using the Fukuoka Airport and development of additional runways. • Completed relatively recently in February 2017. 	<ul style="list-style-type: none"> • Located in the Akihabara area, one of the largest tourism spots in Tokyo. • Appealing to guests for the purpose of business and tourism as it is located in a highly convenient and flourishing area. • Offers three types of capsules, attracting various customers. • Completed relatively recently in September 2017. 	<ul style="list-style-type: none"> • Located in the Nishi Kasai area, which provides the easy access to main business and tourism areas in Tokyo. • The hotel flexibly responds to the needs of many business people and tourists as it provides various room types in accordance with purpose of use. • Completed relatively recently in February 2017. 	<ul style="list-style-type: none"> • Located in the Namba area, one of the largest commercial areas in Osaka. • Good access from sightseeing spots and business district, thereby expected to meet huge business and tourism demand. • Demand for hotels is expected to increase as inbound demand rises in Osaka. • Completed relatively recently in April 2017..

Balance of Payments of Individual Properties

(Unit: thousand yen)

	OFC-01		OFC-03		OFC-04		OFC-05		OFC-06	
	Minami-Azabu Shibuya Building		Honmachibashi Tower		Nishi-Shinjuku Matsuya Building		Alphabet Seven		Shibuya MK Building	
	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP
Total operating revenue from real estate leasing	97,124	96,950	223,750	217,369	105,813	107,954	73,119	75,367	76,567	79,478
Lease business revenue	88,502	88,172	192,776	192,577	98,575	99,607	66,440	68,814	71,149	73,938
Other lease business revenue	8,621	8,777	30,974	24,792	7,237	8,346	6,679	6,553	5,417	5,539
Total operating expenses from real estate leasing	25,207	26,386	66,290	62,771	34,427	35,362	28,031	20,105	18,521	14,129
Management fee	5,874	5,703	13,860	13,845	6,774	6,802	4,858	4,735	4,921	5,115
Trust fee	400	400	400	400	400	400	400	400	350	350
Utilities expenses	6,943	7,077	24,361	25,259	8,454	8,790	4,350	4,754	3,946	3,893
Insurance premium	114	116	352	358	126	129	98	99	44	45
Repair expenses	103	468	5,166	1,556	1,915	3,714	10,971	1,990	434	235
Taxes and dues	4,563	4,560	19,730	19,730	3,426	3,426	6,213	6,214	4,322	4,322
Other expenses	7,208	8,061	2,420	1,620	13,329	12,099	1,139	1,910	4,502	168
NOI	71,916	70,563	157,459	154,598	71,385	72,591	45,087	55,262	58,046	65,348
Depreciation	11,555	11,556	45,048	45,343	8,288	8,440	4,717	5,426	3,317	3,342
Operating income (loss) from real estate leasing	60,361	59,006	112,411	109,255	63,097	64,151	40,370	49,836	54,728	62,006
Capital expenditures	824	-	9,869	-	5,525	258	48,786	7,801	1,107	-
NCF	71,092	7,0563	147,590	154,598	65,860	72,332	△3,698	47,460	56,939	65,348

Balance of Payments of Individual Properties

(*) Not disclosed as consent for disclosure has not been obtained from the tenant.

(Unit: thousand yen)

	OFC-08		OFC-09		OFC-10		OFC-11		OFC-12	
	Asahi Building		Hakata-eki East Place		Nihonbashi Hamacho Park Building		Amusement Media Gakuin Honkan		Higashi Kobe Center Building	
	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP
Total operating revenue from real estate leasing	221,972	226,226	99,448	102,116	43,928	48,238			312,718	311,330
Lease business revenue	205,477	208,203	89,287	91,437	43,928	48,238			279,751	275,087
Other lease business revenue	16,495	18,022	10,161	10,679	-	-			32,966	36,243
Total operating expenses from real estate leasing	57,073	60,773	26,570	26,002	15,349	12,542			150,830	119,299
Management fee	15,674	15,948	7,936	7,985	779	824			23,447	26,551
Trust fee	400	400	400	400	400	400			400	400
Utilities expenses	18,954	19,325	8,455	7,185	-	-			41,521	35,342
Insurance premium	351	357	165	167	121	123			645	656
Repair expenses	3,129	7,053	2,047	1,884	150	68			33,646	2,504
Taxes and dues	16,195	16,195	6,801	6,801	4,299	4,299			29,150	29,147
Other expenses	2,368	1,493	764	1,577	9,598	6,826			22,017	24,697
NOI	164,898	165,452	72,878	76,114	28,578	35,695			161,887	192,031
Depreciation	25,672	26,119	7,121	7,391	2,837	2,837			32,124	32,806
Operating income (loss) from real estate leasing	139,226	139,332	65,757	68,723	25,741	32,858			129,762	159,225
Capital expenditures	16,897	12,020	5,425	13,571	-	-			38,781	1,081
NCF	148,001	153,431	67,452	62,543	28,578	35,695			123,105	190,949

Balance of Payments of Individual Properties

(*) Not disclosed as consent for disclosure has not been obtained from the tenant.

(Unit: thousand yen)

	OFC-13		Office Total		RSC-01		RSC-02		RSC-05	
	Amusement Media Gakuin Shinkan				Urban Park Azabujuban		Urban Park Daikanyama		Urban Park Namba	
	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP
Total operating revenue from real estate leasing			1,341,598	1,352,983	56,356	59,237	195,825	187,268	50,752	50,697
Lease business revenue			1,217,653	1,228,922	53,422	55,027	182,487	176,407	47,791	49,208
Other lease business revenue			123,945	124,060	2,934	4,209	13,337	10,860	2,961	1,489
Total operating expenses from real estate leasing			435,998	392,534	13,191	11,293	35,695	44,405	16,147	12,189
Management fee			86,476	89,701	2,091	2,652	8,718	8,556	2,573	2,585
Trust fee			4,346	4,350	350	350	350	350	350	350
Utilities expenses			121,760	116,754	555	503	4,779	4,287	450	374
Insurance premium	(*)	(*)	2,128	2,130	56	57	193	196	62	63
Repair expenses			58,914	22,068	4,168	2,380	4,710	10,535	3,679	2,368
Taxes and dues			98,917	98,900	2,831	2,831	11,399	11,399	2,820	2,820
Other expenses			63,455	58,627	3,137	2,517	5,544	9,080	6,211	3,627
NOI			905,599	960,449	43,165	47,943	160,129	142,863	34,605	38,507
Depreciation			145,940	148,556	4,815	4,852	12,502	12,686	7,515	7,537
Operating income (loss) from real estate leasing			759,659	811,892	38,349	43,091	147,626	130,176	27,089	30,970
Capital expenditures			128,087	35,622	702	1,019	3,741	3,257	-	615
NCF			777,511	924,826	42,463	46,923	156,388	139,605	34,605	37,891

Balance of Payments of Individual Properties

(Unit: thousand yen)

	RSC-06		RSC-07		RSC-08		RSC-09		Residence Total	
	Urban Park Gokokuji		Urban Park Kashiwa		Urban Park Ryokuchi-koen		Urban Park Koenji			
	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP
Total operating revenue from real estate leasing	53,383	52,187	37,100	38,094	57,413	58,383	36,200	36,647	487,031	482,516
Lease business revenue	49,120	50,627	35,463	37,181	54,979	55,575	33,311	34,294	456,576	458,322
Other lease business revenue	4,263	1,560	1,636	913	2,433	2,808	2,888	2,352	30,454	24,194
Total operating expenses from real estate leasing	24,104	15,368	11,005	12,653	16,441	13,808	9,481	6,817	126,068	116,536
Management fee	3,854	4,603	2,060	2,151	2,305	2,830	1,822	1,810	23,427	25,190
Trust fee	400	400	350	350	350	350	400	400	2,550	2,550
Utilities expenses	2,664	2,405	893	725	2,260	2,323	1,612	1,467	13,215	12,087
Insurance premium	52	53	83	85	117	119	36	36	602	612
Repair expenses	6,898	3,340	2,649	5,900	3,532	2,177	2,098	1,512	27,736	28,215
Taxes and dues	1,855	1,855	2,952	2,951	3,578	3,578	962	962	26,399	26,399
Other expenses	8,379	2,710	2,016	489	4,298	2,429	2,549	626	32,136	21,480
NOI	29,279	36,819	26,094	25,441	40,971	44,574	26,718	29,830	360,963	365,979
Depreciation	5,156	5,310	7,012	7,143	7,711	7,842	2,474	2,479	47,188	47,853
Operating income (loss) from real estate leasing	24,122	31,508	19,082	18,297	33,259	36,732	24,244	27,350	313,774	318,126
Capital expenditures	9,072	-	6,232	4,268	10,855	5,119	246	-	30,850	14,281
NCF	20,207	36,819	19,862	21,172	30,115	39,455	26,471	29,830	330,112	351,697

Balance of Payments of Individual Properties

(*) Not disclosed as consent for disclosure has not been obtained from the tenant.

(Unit: thousand yen)

	LGC-01		LGC-02		LGC-03		LGC-04		LGC-05	
	Iwatsuki Logistics		Yokohama Logistics		Funabashi Logistics		Baraki Logistics		Tokorozawa Logistics	
	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP
Total operating revenue from real estate leasing	202,082	202,816			273,565	260,597				
Lease business revenue	187,738	187,713			241,755	241,793				
Other lease business revenue	14,344	15,103			31,810	18,804				
Total operating expenses from real estate leasing	36,034	37,669			69,266	57,179				
Management fee	5,650	5,920			12,178	11,308				
Trust fee	350	350			400	400				
Utilities expenses	14,344	15,155			14,513	17,047				
Insurance premium	271	275	(*)	(*)	390	397	(*)	(*)	(*)	(*)
Repair expenses	1,531	2,073			17,880	4,808				
Taxes and dues	13,729	13,728			23,055	23,055				
Other expenses	157	166			848	162				
NOI	166,048	165,146			204,299	203,418				
Depreciation	46,532	46,544			26,859	26,918				
Operating income (loss) from real estate leasing	119,515	118,602			177,439	176,499				
Capital expenditures	-	1,627			3,112	2,987				
NCF	166,048	163,519			201,186	200,430				

Balance of Payments of Individual Properties

(*) Not disclosed as consent for disclosure has not been obtained from the tenant.

(Unit: thousand yen)

	LGC-06		LGC-07		LGC-08		Logistics facility Total		HTL-01	
	Funabashi Nishiura Logistics I		Funabashi Nishiura Logistics II		Matsubushi Logistics				R&B Hotel Umeda East	
	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP
Total operating revenue from real estate leasing							1,004,948	887,758	65,392	65,302
Lease business revenue							916,892	823,769	65,392	65,302
Other lease business revenue							88,055	63,989	-	-
Total operating expenses from real estate leasing							185,780	210,388	7,412	6,685
Management fee							31,125	31,110	742	742
Trust fee							3,050	3,050	350	350
Utilities expenses							44,360	48,092	10	4
Insurance premium	(*)	(*)	(*)	(*)	(*)	(*)	1,413	1,438	111	113
Repair expenses							24,717	29,429	722	-
Taxes and dues							77,142	77,105	5,450	5,450
Other expenses							3,970	20,162	24	23
NOI							819,168	677,370	57,980	58,617
Depreciation							144,051	144,591	9,777	9,786
Operating income (loss) from real estate leasing							675,116	532,779	48,203	48,831
Capital expenditures							16,982	61,012	560	-
NCF							802,185	616,358	57,420	58,617

Balance of Payments of Individual Properties

(*) Not disclosed as consent for disclosure has not been obtained from the tenant.

(Unit: thousand yen)

	HTL-02		HTL-03		HTL-04		HTL-05		HTL-06	
	Smile Hotel Namba		Best Western Tokyo Nishi-kasai		Best Western Yokohama		Hotel WBF Fukuoka Tenjin Minami		GLANSIT Akihabara	
	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP
Total operating revenue from real estate leasing	40,258	31,319	99,879	84,600	80,400	80,400				
Lease business revenue	40,258	31,319	99,879	84,600	80,400	80,400				
Other lease business revenue	-	-	-	-	-	-				
Total operating expenses from real estate leasing	5,042	4,710	9,926	10,181	7,990	7,747				
Management fee	660	660	1,200	1,200	1,200	1,200				
Trust fee	550	550	400	400	400	400				
Utilities expenses	-	-	-	-	-	-				
Insurance premium	53	53	124	126	105	106	(*)	(*)	(*)	(*)
Repair expenses	798	1,111	208	461	1,555	772				
Taxes and dues	2,281	2,281	7,971	7,970	4,706	4,705				
Other expenses	699	53	22	22	23	561				
NOI	35,216	26,609	89,952	74,418	72,409	72,652				
Depreciation	12,237	12,225	11,789	11,849	12,052	12,524				
Operating income (loss) from real estate leasing	22,978	14,383	78,163	62,568	60,356	60,128				
Capital expenditures	-	-	1,318	799	11,397	20,227				
NCF	35,216	26,609	88,634	73,618	61,011	52,425				

Balance of Payments of Individual Properties

(*) Not disclosed as consent for disclosure has not been obtained from the tenant.

(Unit: thousand yen)

	HTL-07		HTL-08		Hotel Total		Total	
	Best Western Tokyo Nishikasai Grande		Hotel WBF Art Stay Namba					
	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP	7th FP	8th FP
Total operating revenue from real estate leasing	70,002	70,002			501,002	477,410	3,334,581	3,200,669
Lease business revenue	70,002	70,002			501,002	477,410	3,092,125	2,988,424
Other lease business revenue	-	-			-	-	242,455	212,244
Total operating expenses from real estate leasing	6,767	6,796			50,979	49,976	798,827	769,435
Management fee	990	990			7,419	7,419	148,449	153,423
Trust fee	400	400			3,183	3,200	13,129	13,150
Utilities expenses	-	-			10	4	179,347	176,939
Insurance premium	63	64	(*)	(*)	582	592	4,727	4,773
Repair expenses	-	25			3,285	2,371	114,653	82,084
Taxes and dues	5,294	5,293			35,641	35,639	238,101	238,044
Other expenses	19	22			856	748	100,418	101,019
NOI	63,234	63,205			450,022	427,433	2,535,753	2,431,233
Depreciation	10,857	10,857			78,648	79,177	415,829	420,178
Operating income (loss) from real estate leasing	52,377	52,348			371,374	348,256	2,119,924	2,011,055
Capital expenditures	-	-			13,275	21,026	189,197	131,943
NCF	63,234	63,205			436,747	406,407	2,346,556	2,299,290

6. Notes

	Note1	Unless otherwise stated within this document, references to all monetary amounts have been rounded down to the nearest monetary unit described, and ratios have been rounded to the decimal point described.
P1	Note2	“Tokyo area”: “Tokyo area” refers to Tokyo’s 23 wards and the cities of Kawasaki and Yokohama for office properties and retail facilities, and Tokyo and the three prefectures of Kanagawa, Saitama and Chiba for residential properties, logistics facilities, hotels and student residences. “Middle-size assets” are properties with acquisition prices of less than JPY10bn.
P3	Note3	The index has been prepared by calculating the closing price of SAR investment units on the date of listing of SAR of 98,300 yen, by conversion from the closing price of the TSE REIT Index on the same day (1,887.75).
P5	Note4	The price stated in the appraisal report obtained by SAR and Star Asia Investment Management Co., Ltd., (based on price as of November 1, 2019) is used as the assumed price of acquiring the SSR portfolio. The same applies in this material.
P5	Note5	SAR’s acquisition price after 5 th asset replacement.
P5	Note6	As of January 31, 2020.
P5	Note7	Part of the gain on sale will be used as merger-related expenses.
P5	Note8	As of December 1, 2019.
P5	Note9	Appraised cap rate is the ratio of the appraisal NOI calculated using the direct capitalization method to the planned transfer price or planned acquisition price, rounded to the first decimal place.
P5	Note10	Names after acquisition. Current names are “Chrysanthemum Ichigao” and “La Soeur Gyotoku”, respectively, but will be changed to the names indicated on the left side, shortly after acquisition by SAR.
P6	Note11	Office and Retail refer to the 23 wards of Tokyo, Kawasaki City and Yokohama City; Residence, Logistics, Hotel and Student Residence refer to Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture.
P6	Note12	Figures in SAR (pre-merger) are based on the expected acquisition price after the asset replacement; those in SSR (pre-merger) are calculated based on the assumed acceptance price; and those in SAR (post-merger) are calculated based on the respective expected acquisition/assumed acceptance prices.
P6	Note13	Assets that are classified as “Other” in SSR (pre-merger) are classified as “Logistics” in SAR (post-merger) in accordance with Star Asia Investment Management operation guidelines.
P6	Note14	The figure for the number of properties is after the asset replacement.
P6	Note15	The number of tenants of SAR (pre-merger) is based on lease contracts effective as of the end of January 2020, the figure for SSR (pre-merger) is based on lease contracts effective as of the end of December 2019, and the figure for SAR (post-merger) is the sum of the figures.
P7	Note16	SSR unitholders who made investment unit purchase demand will be excluded.
P15	Note17	The rent gap is the gap between market rent and contract rent with each tenant. The market rent has taken the intermediate value of the expected new contract rents (described as a range) for each property appraised by CBRE as of the end of the period. With respect to Amusement Media Gakuin Honkan / Shinkan, the net rentable area is used for calculation.
P15	Note18	For each property, the index of the historical trend has been prepared by assuming that the average tsubo unit price as of the period in which the property was acquired is “100”.

P15	Note19	Properties which were vacant at the beginning of the period or at the time of property acquisition for which contracts have been entered into with new tenants have been counted as "Increased" within the number of new contracts. The increase ratio has been calculated by subtracting the aggregate amount of monthly rents from existing tenants (i.e. before addition of new tenants) from the aggregate amount of monthly rent of newly contracted tenants, and then dividing such calculated amount by the aggregate amount of monthly rents from existing tenants (excluding warehouse portion). With respect to properties which were vacant at the beginning of the period or when acquired, and for which contracts have been newly signed with tenants, the rent unit price of surrounding properties at the bottom of the range have been used as the assumed rent unit price of existing tenants (prior to addition of new tenants) for the purpose of calculating the aggregate amount of monthly rents of existing tenants.
P15	Note20	The ratio of the increased portion has been calculated using the aggregate amount of former rent amounts of renewing tenants.
P16	Note21	The calculation has been made by extracting just the residence portions.
P16	Note22	For each property, the index of the historical trend has been prepared by assuming that the average tsubo unit price as of the period in which the property was acquired is "100".
P18	Note23	The interest rates shown take into consideration the effects of interest rate swaps (fixing of interest rates).
P18	Note24	JBA 1-month yen TIBOR
P28	Note25	Star Asia Capital I ~ IV LLC are Sponsor Group.
P33	Note26	The name of the underlying assets for MEZ-04 has changed from "Premier Kaigan Building" to "DS Kaigan Building".
P33	Note27	The base interest rate : JBA 3-month yen TIBOR

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