

September 14, 2020

For Immediate Release

Real Estate Investment Trust Securities Issuer
Star Asia Investment Corporation
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(Code: 3468)

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Notice Concerning Operating Results for the Fiscal Period
Ended July 31, 2020 (Final Fiscal Period), of Sakura Sogo REIT Investment Corporation and
Determination of Merger Consideration

Star Asia Investment Corporation (“SAR”) announces the operating results for the fiscal period ended July 31, 2020 (final fiscal period), of Sakura Sogo REIT Investment Corporation (“SSR”), the dissolving corporation in the merger with SAR which went into effect on August 1, 2020 (the “Merger”), in addition to the determination of merger consideration as follows.

1. Operating Results of SSR for the Fiscal Period Ended July 31, 2020 (Final Fiscal Period), and Merger Consideration

	Operating revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Merger consideration in the form of cash distribution per unit (Yen)
Fiscal period ended July 31, 2020	2,774	1,052	829	829	2,489

(Note 1) In lieu of cash distributions for SSR’s final fiscal period (from January 1, 2020 to July 31, 2020), SAR will pay an amount equivalent to the cash distributions for the final fiscal period based on SSR’s distributable profit as merger consideration in the form of cash distribution to the unitholders stated or recorded in the final unitholders’ register of SSR as of July 31, 2020, the day immediately prior to the effective date of the Merger (the payment on merger will be the amount of distributable profit of SSR as of July 31, 2020, divided by the total number of investment units issued and outstanding of SSR as of July 31, 2020 (amounts less than one yen are rounded down)).

(Note 2) Amounts less than the stated units have been rounded down.

2. Scheduled Date of Commencement of the Merger Consideration Payment
October 14, 2020

【Attachment】

Reference information on the grounds of the Merger Consideration for SSR

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

<Other press releases issued by SAR today>

- Notice Concerning Revision to Forecasts of Operating Results and Distributions for the Fiscal Periods ending January 31, 2021 and July 31, 2021
- (REIT) Financial Report for Fiscal Period Ended July 31, 2020
- Notice Concerning Status of a Tenant of a Hotel Property (follow-up report)
- Signing of Memorandum Agreement regarding Hotel Operations with KACHIKAIHATSU Co. Ltd.-

This is an English translation of the announcement in Japanese dated September 14, 2020. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

[Attachment]

Reference information on the grounds of the Merger Consideration for SSR

(1) Balance Sheet

(Unit: thousand yen)

	Fiscal period ended July 31, 2020
Assets	
Current assets	
Cash and deposits	1,552,012
Cash and deposits in trust	3,631,229
Operating accounts receivable	60,059
Prepaid expenses	72,472
Deposits	6,209
Other	3
Total current assets	5,321,988
Noncurrent assets	
Property, plant and equipment	
Buildings in trust	15,290,621
Accumulated depreciation	(1,748,467)
Buildings in trust, net	13,542,153
Structures in trust	450,855
Accumulated depreciation	(138,412)
Structures in trust, net	312,442
Machinery and equipment in trust	47,583
Accumulated depreciation	(9,269)
Machinery and equipment in trust, net	38,314
Tools, furniture and fixtures in trust	51,406
Accumulated depreciation	(18,042)
Tools, furniture and fixtures in trust, net	33,363
Land in trust	42,953,181
Total property, plant and equipment	56,879,455
Intangible assets	
Leasehold rights in trust	670,865
Other	6,359
Total intangible assets	677,224
Investments and other assets	
Deferred tax assets	17
Long-term prepaid expenses	54,491
Long-term deposits	269,444
Other	10,000
Total investments and other assets	333,954
Total non-current assets	57,890,633
Total assets	63,212,621

(Unit: thousand yen)

	Fiscal period ended July 31, 2020
Liabilities	
Current liabilities	
Operating accounts payable	291,109
Short-term loans payable	4,900,000
Current portion of long-term loans payable	6,000,000
Accounts payable - other	162,482
Income taxes payable	967
Accrued consumption taxes	54,533
Advances received	374,718
Other	44,048
Total current liabilities	11,827,860
Non-current liabilities	
Long-term loans payable	18,300,000
Tenant leasehold and security deposits in trust	3,001,013
Total non-current liabilities	21,301,013
Total liabilities	33,128,874
Net assets	
Unitholders' equity	
Unitholders' capital	29,254,680
Surplus	
Unappropriated retained earnings (undisposed loss)	829,067
Total surplus	829,067
Total unitholders' equity	30,083,747
Total net assets	30,083,747
Total liabilities and net assets	63,212,621

(2) Statement of Income

(Unit: thousand yen)

	Fiscal period ended July 31, 2020 (From January 1, 2020 to July 31, 2020)
Operating revenue	
Lease business revenue	2,426,601
Other lease business revenue	348,072
Total operating revenue	2,774,674
Operating expenses	
Expenses related to rent business	1,300,497
Asset management fee	164,786
Asset custody service fees	3,678
General administrative service fees	26,242
Directors' compensation	3,570
Merger-related expenses	162,174
Consumption tax non-deductible	10,278
Other operating expenses	50,772
Total operating expenses	1,722,001
Operating income	1,052,672
Non-operating income	
Interest income	23
Reversal of distributions payable	2,582
Total non-operating income	2,606
Non-operating expenses	
Interest expenses	136,707
Borrowing expenses	88,578
Total non-operating expenses	225,286
Ordinary income	829,992
Income before income taxes	829,992
Income taxes-current	973
Income taxes-deferred	0
Total income taxes	974
Net income	829,018
Retained earnings brought forward	49
Unappropriated retained earnings (undisposed loss)	829,067

(3) Statement of Unitholders' Equity

Fiscal period ended July 31, 2020 (from January 1, 2020 to July 31, 2020)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	29,254,680	704,679	704,679	29,959,359	29,959,359
Changes to items during period					
Dividends from surplus		(704,630)	(704,630)	(704,630)	(704,630)
Net income		829,018	829,018	829,018	829,018
Total changes to items during period	-	124,388	124,388	124,388	124,388
Balance at end of period	29,254,680	829,067	829,067	30,083,747	30,083,747

(4) Statement of Cash Distribution

	Fiscal period ended July 31, 2020 (from January 1, 2020 to July 31, 2020)
I. Unappropriated retained earnings	829,067,621 yen
II. Cash distribution (Note) (Cash distribution per unit)	828,839,489 yen (2,489 yen)
III. Retained earnings carried forward	228,132 yen
Method of calculation of amount of cash distribution	Based on Article 9 of the merger agreement concluded between SSR and SAR on March 2, 2020, SAR is to pay a merger consideration in the form of cash distribution per unit to the unitholders stated or recorded in the final unitholders' register of SSR calculated by dividing SSR's distributable profit on the day immediately prior to August 1, 2020, the effective date of the merger, by the number of SSR investment units issued and outstanding as on the same day (amounts less than one yen rounded down). In line with this policy, the merger consideration in the form of cash distribution per unit calculated by dividing unappropriated retained earnings of 829,067,621 yen for the fiscal period ended July 31, 2020, by the total number of investment units issued and outstanding of 333,001 units is 2,489 yen, and SAR is to pay 828,839,489 yen, the value obtained by multiplying the figure for cash distribution per unit of 2,489 yen by the total number of investments issued and outstanding of 333,001 units, as the merger consideration.

(Note) "Cash distribution" is replaced by merger consideration.