

(REIT) Financial Report for Fiscal Period Ended January 31, 2021

March 16, 2021

REIT Securities Issuer: Star Asia Investment Corporation (SAR)
 Securities Code: 3468
 Representative: Atsushi Kato, Executive Director

Stock Exchange Listing: Tokyo Stock Exchange
 URL: <http://starasia-reit.com>

Asset Management Company: Star Asia Investment Management Co., Ltd.
 Representative: Atsushi Kato, President and CEO
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Scheduled date of commencement of cash distribution payment: April 28, 2021

Scheduled date of submission of securities report: April 16, 2021

Preparation of supplementary financial results briefing materials: Yes

Holding of financial results briefing session: Yes

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for Fiscal Period Ended January 31, 2021 (from August 1, 2020 to January 31, 2021)

(1) Management Status

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

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Jan. 2021	6,672	67.0	3,376	58.4	2,911	56.7	11,801	535.5
Ended Jul. 2020	3,996	23.8	2,131	23.8	1,857	24.3	1,857	24.3

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Ended Jan. 2021	7,048	16.4	2.0	43.6
Ended Jul. 2020	1,716	3.4	1.7	46.5

(Note) SAR has conducted an investment unit split (the "Investment Unit Split") to split one investment unit into two investment units, with July 31, 2020, as the record date and August 1, 2020, as the effective date for the Investment Unit Split. Net income per unit is calculated assuming that the Investment Unit Split was conducted at the beginning of the fiscal period ended July 31, 2020.

(2) Status of Cash Distribution

Fiscal period	Cash distribution per unit (not including cash distribution in excess of earnings)	Total cash distribution (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit	Total cash distribution in excess of earnings	Cash distribution payout ratio	Ratio of cash distribution to net assets
	yen	million yen	yen	million yen	%	%
Ended Jan. 2021	1,676	2,806	-	-	23.8	3.2
Ended Jul. 2020	3,436	1,858	-	-	100.1	3.4

(Note 1) Total cash distribution for the fiscal period ended July 31, 2020, differs from net income as part of the retained earnings brought forward is included in the source of distribution.

(Note 2) Total cash distribution for the fiscal period ended January 31, 2021, differs from net income due to the accumulation of reserve for temporary difference adjustment and other factors.

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Jan. 2021	179,789	89,600	49.8	53,512
Ended Jul. 2020	113,035	54,614	48.3	50,492

(Note) Net assets per unit is calculated assuming that the Investment Unit Split was conducted at the beginning of the fiscal period ended July 31, 2020.

(4) Status of Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Ended Jan. 2021	10,883	(7,443)	(3,768)	11,080
Ended Jul. 2020	3,268	(3,753)	1,232	6,219

2. Management Status Forecast for Fiscal Period Ending July 31, 2021 (from February 1, 2021 to July 31, 2021) and Fiscal Period Ending January 31, 2022 (from August 1, 2021 to January 31, 2022)

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

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income		Cash distribution per unit (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
Ending Jul. 2021	5,512	(17.4)	2,788	(17.4)	2,349	(19.3)	2,348	(80.1)	1,455	-
Ending Jan. 2022	5,565	1.0	2,801	0.5	2,311	(1.6)	2,311	(1.6)	1,455	-

(Reference) Forecast net income per unit (Expected net income ÷ expected total number of investment units issued and outstanding at end of period)

Fiscal period ending July 31, 2021:

Expected total number of investment units issued and outstanding at end of period 1,674,389 units

Forecast net income per unit 1,402 yen

Fiscal period ending January 31, 2022:

Expected total number of investment units issued and outstanding at end of period 1,674,389 units

Forecast net income per unit 1,380 yen

(Note 1) Cash distribution per unit calculated using the total number of investment units issued and outstanding as of the date of this report (1,674,389 units).

(Note 2) Cash distribution per unit (not including cash distribution in excess of earnings) differs from the forecast net income per unit as it is assumed that the amount of reversal of reserve for temporary difference adjustment, etc. will continuously be allocated to distributions.

* Others

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

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

(2) Total Number of Investment Units Issued and Outstanding

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

Fiscal period ended Jan. 31, 2021	1,674,389 units	Fiscal period ended Jul. 31, 2020	540,824 units
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② Number of own investment units at end of period

Fiscal period ended Jan. 31, 2021	0 units	Fiscal period ended Jul. 31, 2020	0 units
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(Note) For the number of investment units serving as the basis for calculation of net income per unit, please see "Notes on Per Unit Information" on page 25.

* Financial reports are exempt from audits by a certified public accounting or accounting firms.

* Special Note

The management status outlook and other forward-looking statements contained in this document are based on information that are currently available and certain assumptions that are deemed reasonable by SAR. Accordingly, the actual management status, etc. may differ materially due to various factors. In addition, the forecast figures are the current figures calculated under the assumptions described in "Assumptions Underlying Operating Results Forecasts for Fiscal Period Ending July 31, 2021, and Fiscal Period Ending January 31, 2022" on pages 3-4. Accordingly, the actual operating revenue, operating income, ordinary income, net income, cash distribution per unit (not including cash distribution in excess of earnings) and cash distribution in excess of earnings per unit may vary due to acquisition/disposition of real estate, etc., trends of the real estate market, etc., fluctuations in interest rates, or other changes in the circumstances surrounding SAR, etc. in the future. In addition, the forecast is not a guarantee of the amount of cash distribution.

Assumptions Underlying Operating Results Forecasts for
Fiscal Period Ending July 31, 2021, and Fiscal Period Ending January 31, 2022

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> ➤ Fiscal period ending July 31, 2021: February 1, 2021 – July 31, 2021 (181 days) ➤ Fiscal period ending January 31, 2022: August 1, 2021 – January 31, 2022 (184 days)
Assets under management	<ul style="list-style-type: none"> ➤ It is assumed that, with regard to the assets held by SAR as of the date of this report (53 real estate trust beneficiary interests, 4 mezzanine loan debts, and 2 equity investments in silent partnerships (collectively, “Currently Held Assets,” with those in the form of real estate trust beneficiary interests being referred to as “Currently Held Assets (Real Estate),” those in the form of mezzanine loan debt being referred to as “Currently Held Assets (Mezzanine),” and those in the form of equity investment in silent partnership being referred to as “Currently Held Assets (Silent Partnership)”), there will be no change in assets under management (new property acquisitions, sales of the existing properties, etc.) until the end of the fiscal period ending January 31, 2022. ➤ However, in reality assets under management may change.
Operating revenues	<ul style="list-style-type: none"> ➤ Rent revenues from Currently Held Assets (Real Estates) are calculated based on the details stated in the lease agreements effective as of the date of this report, taking into consideration factors such as market movements. It is also assumed that there will be no arrears or non-payment of rent by tenants. ➤ Interest revenues or dividend revenues from Currently Held Assets (Mezzanine) are calculated based on outlines, trust agreements or loan agreements which define contents of Currently Held Assets (Mezzanine) that are effective as of the date of this report. It is also assumed that no interest payments or dividend payments will be unpaid. ➤ Dividend revenues from Currently Held Assets (Silent Partnership) are calculated as an estimate based on the assumption that the real estate underlying the cash flow will maintain stable operations.
Operating expenses	<ul style="list-style-type: none"> ➤ Among expenses related to rent business which are the main operating expenses, expenses other than depreciation are calculated on the basis of historical performance data, by reflecting variable expense factors. ➤ Fixed property taxes, city planning taxes, and other public charges are expected to be 426 million yen in the fiscal period ending July 31, 2021, and to be 426 million yen in the fiscal period ending January 31, 2022. With respect to real estate trust beneficiary interests, fixed property taxes, city planning taxes, and other public charges in the fiscal year will be settled with the seller on a pro rata basis based on the number of days of ownership at the time of acquisition of the properties. However, as SAR includes such settlement amounts in the acquisition cost, fixed property taxes, city planning taxes, and other public charges for fiscal year 2021 related to the acquisition of Urban Park Mitsuike Koen in January 2021 will not be recorded as expenses for the fiscal period ending July 31, 2021, and the fiscal period ending January 31, 2022. Fixed property taxes, city planning taxes, and other public charges for the property are expected to be recorded as expenses from the fiscal period ending July 31, 2022. ➤ For expenditures for repair and maintenance of buildings, based on the repair and maintenance plan prepared by Star Asia Investment Management Co., Ltd, the asset manager of SAR (the “Asset Manager”), 193 million yen is expected for the fiscal period ending July 31, 2021, and 187 million yen is expected for the fiscal period ending January 31, 2022. However, the actual expenditures for repair and maintenance for the fiscal periods could differ significantly from the estimated amounts, as urgent expenditures due to damage to buildings may arise due to unexpected factors, and because such expenditure amounts generally tend to vary significantly from year to year, and do not arise regularly. ➤ Depreciation is calculated using the straight-line method including for ancillary costs and is expected to be 635 million yen for the fiscal period ending July 31, 2021, and 647 million yen for the fiscal period ending January 31, 2022. ➤ Operating expenses other than rent business related expenses are expected to be 518 million yen in the fiscal period ending July 31, 2021, and 513 million yen in the fiscal period ending January 31, 2022.
NOI (Net Operating Income)	<ul style="list-style-type: none"> ➤ Total NOI of the entire portfolio is expected to be 3,919 million yen for the fiscal period ending July 31, 2021, and 3,938 million yen for the fiscal period ending January 31, 2022. ➤ NOI is calculated by using the following calculation method. NOI = rent revenue – rent expenses (excluding depreciation)
Non-operating expenses	<ul style="list-style-type: none"> ➤ The sum of interest expenses and other financing-related expenses is expected to be 439 million yen in the fiscal period ending July 31, 2021, and 489 million yen in the period ending January 31, 2022. ➤ Within other financing-related expenses noted above, temporary expenses to arise in relation to refinancing described under “Debt Financing” below of 45 million yen for the fiscal period ending July 31, 2021, and 81 million yen for the fiscal period ending January 31, 2022, are expected.
Debt financing	<ul style="list-style-type: none"> ➤ As of the date of this report, SAR has outstanding debt of 82,440 million yen. However, it is assumed that borrowings with repayment dates falling in the fiscal period ending July 31, 2021, and the fiscal period ending January 31, 2022, will be fully refinanced. ➤ It is assumed that there will be no new borrowings or repayment of existing borrowings, including early repayment, up to the end of the fiscal period ending January 31, 2022, other than those described above.

Item	Assumptions
Investment units	<ul style="list-style-type: none"> ➤ It is assumed that the total number of investment units issued and outstanding will be 1,674,389 units, the number as of the date of this report, and that there will be no change in the number due to issuance of new investment units, etc. through the end of the fiscal period ending January 31, 2022.
Cash distributions per unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> ➤ SAR calculates its distribution per unit (excluding distributions in excess of earnings) pursuant to its cash distributions policy as set forth in its Articles of Incorporation. ➤ As for the reserve for temporary difference adjustment, SAR plans to continuously reverse 1% or more of the initial reserve in each fiscal period and use it mainly to mitigate any negative impact on distributions caused by temporary decrease in income or incurred expenses and to avoid the occurrence of corporate and other tax expenses as a result of any differences between tax and accounting. Moreover, as for cash distributions (not including cash distribution in excess of earnings) for the fiscal period ending July 31, 2021, and the fiscal period ending January 31, 2022, SAR plans to distribute a total of 2,436 million yen, which is the sum of net income plus the amount of reversal of reserve for temporary difference adjustment, etc., in each fiscal period.
Cash distributions in excess of earnings per unit	<ul style="list-style-type: none"> ➤ SAR has no plans to make distributions in excess of earnings as of the date of this report.
Others	<ul style="list-style-type: none"> ➤ SAR assumes that no amendments affecting the above forecast numbers will be made to relevant laws and regulations, tax policies, accounting standards, listing rules, rules of investment trusts associations, etc. ➤ SAR assumes that there will be no unforeseen material change in general economic conditions or real estate market conditions, etc.

2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	9th fiscal period (As of July 31, 2020)	10th fiscal period (As of January 31, 2021)
Assets		
Current assets		
Cash and deposits	2,303,632	3,565,028
Cash and deposits in trust	3,915,644	7,515,934
Operating accounts receivable	49,312	82,348
Prepaid expenses	119,529	188,497
Other	10,389	9,208
Total current assets	6,398,507	11,361,017
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	-	114
Accumulated depreciation	-	(14)
Tools, furniture and fixtures, net	-	100
Buildings in trust	34,100,500	49,326,896
Accumulated depreciation	(2,933,446)	(3,460,097)
Buildings in trust, net	31,167,053	45,866,798
Structures in trust	18,395	20,635
Accumulated depreciation	(2,990)	(3,671)
Structures in trust, net	15,405	16,964
Machinery and equipment in trust	55,823	73,226
Accumulated depreciation	(12,054)	(14,997)
Machinery and equipment in trust, net	43,768	58,228
Tools, furniture and fixtures in trust	46,277	47,023
Accumulated depreciation	(13,817)	(16,360)
Tools, furniture and fixtures in trust, net	32,460	30,663
Land in trust	70,619,311	117,051,893
Total property, plant and equipment	101,877,998	163,024,648
Intangible assets		
Leasehold rights in trust	3,459,138	4,082,300
Total intangible assets	3,459,138	4,082,300
Investments and other assets		
Investment securities	853,350	756,206
Long-term loans receivable	300,000	300,000
Long-term prepaid expenses	135,723	245,057
Lease and guarantee deposits	10,782	20,519
Total investments and other assets	1,299,856	1,321,782
Total non-current assets	106,636,993	168,428,731
Total assets	113,035,501	179,789,748

(Unit: thousand yen)

	9th fiscal period (As of July 31, 2020)	10th fiscal period (As of January 31, 2021)
Liabilities		
Current liabilities		
Operating accounts payable	337,786	621,461
Short-term loans payable	-	2,150,000
Current portion of long-term loans payable	14,040,000	22,660,000
Accounts payable - other	417,355	541,206
Accrued expenses	12,748	43,534
Income taxes payable	605	605
Accrued consumption taxes	48,276	252,480
Advances received	698,166	835,113
Other	17,332	30,588
Total current liabilities	15,572,270	27,134,990
Non-current liabilities		
Long-term loans payable	40,280,000	57,630,000
Tenant leasehold and security deposits	6,595	6,142
Tenant leasehold and security deposits in trust	2,429,860	5,197,022
Other	132,189	221,075
Total non-current liabilities	42,848,645	63,054,239
Total liabilities	58,420,916	90,189,230
Net assets		
Unitholders' equity		
Unitholders' capital	52,745,966	52,745,966
Surplus		
Unitholders' capital surplus	-	25,132,218
Unappropriated retained earnings (undisposed loss)	1,998,562	11,942,013
Total surplus	1,998,562	37,074,231
Total unitholders' equity	54,744,528	89,820,197
Valuation and translation adjustments		
Deferred gains or losses on hedges	(129,943)	(219,679)
Total valuation and translation adjustments	(129,943)	(219,679)
Total net assets	*1 54,614,584	*1 89,600,518
Total liabilities and net assets	113,035,501	179,789,748

(2) Statement of Income

(Unit: thousand yen)

	9th fiscal period From: February 1, 2020 To: July 31, 2020	10th fiscal period From: August 1, 2020 To: January 31, 2021
Operating revenue		
Lease business revenue	*1 3,122,781	*1 5,259,516
Other lease business revenue	*1 192,129	*1 389,105
Gain on sales of real estate property	*2 648,585	*2 993,574
Other revenue	32,582	29,933
Total operating revenue	3,996,079	6,672,130
Operating expenses		
Expenses related to rent business	*1 1,173,882	*1 2,179,316
Loss on sales of real estate property	-	*2 19,285
Asset management fee	252,533	405,303
Asset custody and administrative service fees	28,053	47,427
Directors' compensations	2,400	2,400
Merger expenses	303,222	448,870
Other operating expenses	104,149	192,798
Total operating expenses	1,864,242	3,295,402
Operating income	2,131,837	3,376,728
Non-operating income		
Interest income	25	51
Reversal of unpaid distribution	1,131	4,111
Interest on refund	1	1
Gain on donation of non-current assets	2,816	-
Other	-	0
Total non-operating income	3,975	4,164
Non-operating expenses		
Interest expenses	172,539	299,303
Borrowing related expenses	105,551	170,497
Total non-operating expenses	278,091	469,801
Ordinary income	1,857,721	2,911,090
Extraordinary income		
Gain on negative goodwill	-	8,891,236
Total extraordinary income	-	8,891,236
Income before income taxes	1,857,721	11,802,327
Income taxes - current	605	605
Total income taxes	605	605
Net income	1,857,116	11,801,722
Retained earnings brought forward	141,446	140,290
Unappropriated retained earnings (undisposed loss)	1,998,562	11,942,013

(3) Statement of Unitholders' Equity

9th fiscal period (from February 1, 2020 to July 31, 2020)

(Unit: thousand yen)

	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of the period	52,745,966	1,649,263	1,649,263	54,395,229	(95,806)	(95,806)	54,299,423
Changes of items during the period							
Dividends from surplus		(1,507,817)	(1,507,817)	(1,507,817)			(1,507,817)
Net income		1,857,116	1,857,116	1,857,116			1,857,116
Net changes of items other than unitholders' equity					(34,137)	(34,137)	(34,137)
Total changes of items during the period	-	349,298	349,298	349,298	(34,137)	(34,137)	315,161
Balance at end of the period	*1 52,745,966	1,998,562	1,998,562	54,744,528	(129,943)	(129,943)	54,614,584

10th fiscal period (from August 1, 2020 to January 31, 2021)

	Unitholders' equity				
	Unitholders' capital	Surplus			Total unitholders' equity
		Capital surplus	Unappropriated retained earnings (undisposed loss)	Total surplus	
Balance at beginning of the period	52,745,966	-	1,998,562	1,998,562	54,744,528
Changes of items during the period					
Increase by merger		25,132,218		25,132,218	25,132,218
Dividends from surplus			(1,858,271)	(1,858,271)	(1,858,271)
Net income			11,801,722	11,801,722	11,801,722
Net changes of items other than unitholders' equity					
Total changes of items during the period	-	25,132,218	9,943,450	35,075,669	35,075,669
Balance at end of the period	*1 52,745,966	25,132,218	11,942,013	37,074,231	89,820,197

(Unit: thousand yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of the period	(129,943)	(129,943)	54,614,584
Changes of items during the period			
Increase by merger			25,132,218
Dividends from surplus			(1,858,271)
Net income			11,801,722
Net changes of items other than unitholders' equity	(89,735)	(89,735)	(89,735)
Total changes of items during the period	(89,735)	(89,735)	34,985,933
Balance at end of the period	(219,679)	(219,679)	89,600,518

(4) Statement of Cash Distributions

(Unit: yen)

	9th fiscal period From: February 1, 2020 To: July 31, 2020	10th fiscal period From: August 1, 2020 To: January 31, 2021
I. Unappropriated retained earnings	1,998,562,151	11,942,013,083
II. Cash distribution	1,858,271,264	2,806,275,964
[Cash distribution per unit]	[3,436]	[1,676]
Cash distribution of earnings	1,858,271,264	2,806,275,964
[Cash distribution of earnings per unit]	[3,436]	[1,676]
III. Voluntary reserve		
Provision of reserve for temporary difference adjustment *1	-	8,891,236,430
IV. Retained earnings carried forward	140,290,887	244,500,689

Method of calculation of amount of cash distributions

9th fiscal period (from February 1, 2020 to July 31, 2020):

Pursuant to the cash distribution policy provided in Article 35, Paragraph 1 of SAR's Articles of Incorporation, SAR shall distribute in excess of the amount equivalent to 90% of the amount of distributable earnings of SAR as defined in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In accordance with such policy, concerning cash distribution of earnings (not including cash distribution in excess of earnings), the decision was made to distribute 1,858,271,264 yen, an amount approximated to net income and an integral multiple of the total number of issued investment units of 540,824.

10th fiscal period (from August 1, 2021 to January 31, 2021):

Pursuant to the cash distribution policy provided in Article 35, Paragraph 1 of SAR's Articles of Incorporation, SAR shall distribute in excess of the amount equivalent to 90% of the amount of distributable earnings of SAR as defined in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In accordance with such policy, concerning cash distribution of earnings (not including cash distribution in excess of earnings), the decision was made to accumulate 8,891,236,430 yen, which is equivalent to the amount of gain on negative goodwill, of the unappropriated retained earnings as reserve for temporary difference adjustment, and distribute 2,806,275,964 yen of the remaining amount.

(5) Statement of Cash Flows

(Unit: thousand yen)

	9th fiscal period From: February 1, 2020 To: July 31, 2020	10th fiscal period From: August 1, 2020 To: January 31, 2021
Cash flows from operating activities		
Income before income taxes	1,857,721	11,802,327
Depreciation	432,258	628,353
Gain on negative goodwill	-	(8,891,236)
Interest income	(25)	(51)
Interest expenses	172,539	299,303
Decrease (increase) in operating accounts receivable	(3,703)	21,847
Increase (decrease) in accrued consumption taxes	12,690	149,670
Decrease (increase) in prepaid expenses	(7,093)	(12,177)
Decrease (increase) in long-term prepaid expenses	(14,225)	(76,386)
Increase (decrease) in operating accounts payable	(59,255)	57,449
Increase (decrease) in accounts payable - other	147,767	(60,409)
Increase (decrease) in advances received	166,974	(237,771)
Decrease from sales of property, plant and equipment in trust	734,465	7,501,405
Other, net	957	1,457
Subtotal	3,441,071	11,183,783
Interest income received	25	51
Interest expenses paid	(171,694)	(298,957)
Income taxes paid	(696)	(1,562)
Net cash provided by (used in) operating activities	3,268,704	10,883,314
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(114)
Purchase of property, plant and equipment in trust	(3,582,328)	(7,305,472)
Repayments of tenant leasehold and security deposits	(123)	(453)
Repayments of tenant leasehold and security deposits in trust	(104,949)	(433,786)
Proceeds from tenant leasehold and security deposits in trust	75,044	199,839
Purchase of investment securities	(150,000)	-
Proceeds from redemption of investment securities	9,275	96,646
Other, net	80	263
Net cash provided by (used in) investing activities	(3,753,001)	(7,443,077)
Cash flows from financing activities		
Proceeds from short-term loans payable	-	2,150,000
Repayments of short-term loans payable	-	(4,900,000)
Proceeds from long-term loans payable	10,760,000	12,750,000
Repayments of long-term loans payable	(8,020,000)	(11,080,000)
Dividends paid	(1,507,655)	(2,688,002)
Net cash provided by (used in) financing activities	1,232,344	(3,768,002)
Net increase (decrease) in cash and cash equivalents	748,047	(327,765)
Cash and cash equivalents at beginning of period	5,471,229	6,219,277
Net increase in cash and cash equivalents due to merger	-	5,189,451
Cash and cash equivalents at end of period	*1 6,219,277	*1 11,080,963

(6) Notes on the Going Concern Assumption

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Evaluation standards and methods of valuation of securities	Other securities: Those with fair value Fair value method or market value method (Variances are directly included in net assets.) Those with no fair value Cost method through moving-average method As for silent partnership equity interests, the method of incorporating the amount equivalent to equity interests corresponding to net amount of gain or loss from silent partnership is adopted.
2. Method of depreciation of non-current assets	Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment is as follows: Buildings 2-69 years Structures 7-30 years Machinery and equipment 7-17 years Tools, furniture and fixtures 2-15 years
3. Standards for revenue and expense recognition	Accounting for fixed property tax, etc. Accounting for fixed property tax, city planning tax, depreciable asset tax, etc. ("fixed property tax, etc.") on real estate or beneficiary interest in trust for real estate held is that of the tax amount assessed and determined, and the amount corresponding to the concerned calculation period is expensed as expenses related to rent business. The amount equivalent to fixed property tax, etc. in the initial fiscal year borne by SAR upon acquisition of real estate or beneficiary interest in trust for real estate is not recognized as expenses but included in the cost of acquisition of the concerned real estate, etc. In the fiscal period under review, the amount equivalent to fixed property tax, etc. included in the cost of acquisition of real estate, etc. was 21,782 thousand yen.
4. Method of hedge accounting	(1) Hedge accounting approach Deferral hedge accounting is adopted. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transaction Hedged items: Interest on loans (3) Hedging policy SAR conducts derivative transactions for the purpose of hedging the risks provided in its Articles of Incorporation pursuant to basic rules on risk management. (4) Method of assessing the effectiveness of hedging The effectiveness of hedging is assessed by comparing the cumulative change in cash flows of the hedging instruments with the cumulative change in cash flows of the hedged items and verifying the ratio of the amount of change in the two.
5. Scope of funds in the statement of cash flows (cash and cash equivalents)	The funds (cash and cash equivalents) in the statement of cash flows comprise cash on hand and cash in trust, demand deposits and deposits in trust, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and that are subject to an insignificant risk of changes in value.
6. Other significant matters serving as the basis for preparation of financial statements	(1) Accounting for beneficiary interest in trust for real estate, etc. Concerning beneficiary interest in trust for real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income. The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet. ① Cash and deposits in trust ② Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust ③ Leasehold rights in trust ④ Tenant leasehold and security deposits in trust (2) Accounting for consumption tax, etc. Taxes are excluded from the transaction amounts in accounting for consumption tax and local consumption tax. Non-deductible consumption tax on acquisition of assets is included in the acquisition cost of each asset.

(8) Notes to the Financial Statements

[Notes to the Balance Sheet]

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

	9th fiscal period (As of July 31, 2020)	10th fiscal period (As of January 31, 2021)
	50,000	50,000

[Notes to the Statement of Income]

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

(Unit: thousand yen)

	9th fiscal period From: February 1, 2020 To: July 31, 2020	10th fiscal period From: August 1, 2020 To: January 31, 2021
A. Operating revenue from real estate leasing		
Lease business revenue		
Rental revenue	2,744,081	4,476,854
Common area maintenance revenue	264,725	555,635
Parking revenue	98,938	190,492
Facility use revenue	12,518	31,703
Other rental revenue	2,517	4,830
	3,122,781	5,259,516
Other lease business revenue		
Utilities reimbursement	152,573	315,752
Other revenue	39,556	73,352
	192,129	389,105
Total operating revenue from real estate leasing	3,314,911	5,648,622
B. Operating expenses from real estate leasing		
Expenses related to rent business		
Management fee	157,872	412,710
Utilities expenses	148,284	301,349
Taxes and dues	240,373	425,403
Repair expenses	93,667	181,948
Trust fee	13,779	22,614
Insurance premium	4,846	9,110
Depreciation	432,258	628,353
Other expenses	82,800	197,825
Total operating expenses from real estate leasing	1,173,882	2,179,316
C. Operating income (loss) from real estate leasing [A – B]	2,141,028	3,469,305

*2 Breakdown of gain(loss) on sales of real estate property

9th fiscal period (from February 1, 2020 to July 31, 2020)

Alphabet Seven (quasi co-ownership interest of 40%) (unit: thousand yen)

Real Estate Sale Income	1,400,000
Real Estate Sale Cost	734,465
Other Real Estate Sale Expenses	16,949
Gain on Real Estate Sale	648,585

10th fiscal period (from August 1, 2020 to January 31, 2021)

Suroy Mall Nagamine	(unit: thousand yen)
Real Estate Sale Income	3,500,000
Real Estate Sale Cost	3,443,833
Other Real Estate Sale Expenses	37,905
<hr/> Gain on Real Estate Sale	<hr/> 18,261

Funabashi Nishiura Logistics I	(unit: thousand yen)
Real Estate Sale Income	3,030,000
Real Estate Sale Cost	2,957,546
Other Real Estate Sale Expenses	91,739
<hr/> Loss on Real Estate Sale	<hr/> 19,285

Alphabet Seven (quasi co-ownership interest of 60%)	(unit: thousand yen)
Real Estate Sale Income	2,100,000
Real Estate Sale Cost	1,100,025
Other Real Estate Sale Expenses	24,661
<hr/> Gain on Real Estate Sale	<hr/> 975,313

[Notes to the Statement of Unitholders' Equity]

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

	9th fiscal period From: February 1, 2020 To: July 31, 2020	10th fiscal period From: August 1, 2020 To: January 31, 2021
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	540,824 units	1,674,389 units

[Notes to the Statement of Cash Distributions]

9th fiscal period From: February 1, 2020 To: July 31, 2020	10th fiscal period From: August 1, 2020 To: January 31, 2021
Not applicable.	*1 Reserve for temporary difference adjustment SAR accumulated 8,891,236 thousand yen as reserve for temporary difference adjustment in the 10th fiscal period. From the 11th fiscal period, SAR plans to reverse the same amount or more in each fiscal period over a period of up to 50 years.

[Notes to the Statement of Cash Flows]

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

(Unit: thousand yen)

	9th fiscal period From: February 1, 2020 To: July 31, 2020	10th fiscal period From: August 1, 2020 To: January 31, 2021
Cash and deposits	2,303,632	3,565,028
Cash and deposits in trust	3,915,644	7,515,934
Cash and cash equivalents	6,219,277	11,080,963

*2 Description of significant non-cash transactions

9th fiscal period (from February 1, 2020 to July 31, 2020)

Not applicable.

10th fiscal period (from August 1, 2020 to January 31, 2021)

The main breakdown of assets and liabilities succeeded from Sakura Sogo REIT Investment Corporation ("SSR") with which SAR conducted an absorption-type merger is as follows. Unitholders' capital surplus increased by 25,132,218 thousand yen due to the merger.

(Unit: thousand yen)

Current assets	5,301,130
Non-current assets	62,647,946
Total assets	67,949,077
Current liabilities	12,624,609
Non-current liabilities	21,301,013
Total liabilities	33,925,622

[Notes on Lease Transactions]

Operating leases (as lessor)
Future minimum lease payments

(Unit: thousand yen)

	9th fiscal period As of Jul. 31, 2020	10th fiscal period As of Jan. 31, 2021
Not later than 1 year	2,837,305	5,322,499
Later than 1 year	7,716,198	8,998,739
Total	10,553,503	14,321,239

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

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

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

The funds procured through loans, which shall be for the purpose of mainly acquisition of assets, are exposed to liquidity risk until the repayment date, but the concerned risks are managed by taking such measures as lengthening the procurement periods and staggering the maturities. In addition, loans with floating interest rates are exposed to interest rate fluctuation risk, but derivative transactions (interest rate swap transactions) are utilized as hedging instruments to, in effect, convert interest rates to fixed rates in order to mitigate that risk. For the hedge accounting approach, hedging instruments, hedged items, hedging policy and method of assessing the effectiveness of hedging, please refer to "4. Method of hedge accounting" described under "Notes on Matters Concerning Significant Accounting Policies" earlier in this document.

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

Not applicable.

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

The carrying amount and fair value as of July 31, 2020, and the amount of difference between these, are as follows. Financial instruments for which estimation of fair value is recognized to be extremely difficult are not included. Please refer to "Note 2".

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	2,303,632	2,303,632	-
(2) Cash and deposits in trust	3,915,644	3,915,644	-
(3) Investment securities	674,110	674,110	-
(4) Long-term loans receivable	300,000	300,000	-
Assets total	7,193,387	7,193,387	-
(6) Current portion of long-term loans payable	14,040,000	14,040,000	-
(7) Long-term loans payable	40,280,000	40,280,000	-
Liabilities total	54,320,000	54,320,000	-
(8) Derivative transactions (*)	(129,943)	(129,943)	-

The carrying amount and fair value as of January 31, 2021, and the amount of difference between them, are as follows. Financial instruments for which estimation of fair value is recognized to be extremely difficult are not included. Please refer to "Note 2".

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	3,565,028	3,565,028	-
(2) Cash and deposits in trust	7,515,934	7,515,934	-
(3) Investment securities	673,480	673,480	-
(4) Long-term loans receivable	300,000	300,000	-
Assets total	12,054,443	12,054,443	-
(5) Short-term loans payable	2,150,000	2,150,000	-
(6) Current portion of long-term loans payable	22,660,000	22,660,000	-
(7) Long-term loans payable	57,630,000	57,658,969	28,969
Liabilities total	82,440,000	82,468,969	28,969
(8) Derivative transactions (*)	(219,679)	(219,679)	-

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

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

(1) Cash and deposits; (2) Cash and deposits in trust; (5) Short-term loans payables; (6) Current portion of long-term loans payable

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

(3) Investment securities; (4) Long-term loans receivable;

Since interest income etc. from mezzanine loan debt (corporate bonds, beneficiary interest in trust and loans receivable) are all based on floating interest rates under terms and conditions stipulating that interest rates be reviewed every set period of time, the fair value is approximately the same as the book value, and thus stated at book value.

(7) Long-term loans payables

These are calculated by the present value obtained by discounting the total principal and interest by the rate expected when similar funds are additionally borrowed in correspondence with the remaining term. Since long-term loans payable with floating interest rates are under terms and conditions that interest rates be reviewed every set period of time, the fair value is approximately the same as the book value, and thus stated at that value.

(8) Derivative transactions

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

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

(Unit: thousand yen)

Category	9th fiscal period As of Jul. 31, 2020	10th fiscal period As of Jan. 31, 2021
Tenant leasehold and security deposits (*1)	6,595	6,142
Tenant leasehold and security deposits in trust (*1)	2,429,860	5,197,022
Investment securities (*2)	179,240	82,726

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

(*2) Fair values of silent partnership equity interest in investment securities are not subject to disclosure of fair value as they have no market value and their fair values are extremely difficult to recognize.

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

9th fiscal period (as of July 31, 2020)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Cash and deposits	2,303,632	-	-	-	-	-
Cash and deposits in trust	3,915,644	-	-	-	-	-
Investment securities	-	-	-	524,110	150,000	-
Long-term loans receivable	-	-	-	300,000	-	-
Total	6,219,277	-	-	824,110	150,000	-

10th fiscal period (as of January 31, 2021)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Cash and deposits	3,565,028	-	-	-	-	-
Cash and deposits in trust	7,515,934	-	-	-	-	-
Investment securities	-	-	523,480	-	150,000	-
Long-term loans receivable	-	-	300,000	-	-	-
Total	11,080,963	-	823,480	-	150,000	-

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

9th fiscal period (as of July 31, 2020)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Long-term loans payable	14,040,000	15,450,000	4,690,000	12,840,000	7,300,000	-
Total	14,040,000	15,450,000	4,690,000	12,840,000	7,300,000	-

10th fiscal period (as of January 31, 2021)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Short-term loans payable	2,150,000	-	-	-	-	-
Long-term loans payable	22,660,000	15,350,000	14,630,000	8,500,000	19,150,000	-
Total	24,810,000	15,350,000	14,630,000	8,500,000	19,150,000	-

[Notes on Securities]

Other securities

9th fiscal period (as of July 31, 2020)

(Unit: thousand yen)

	Category	Carrying amount	Acquisition cost	Difference
Carrying amount greater than acquisition cost	(1) Stocks	-	-	-
	(2) Bonds			
	① Government bonds, municipal bonds, etc.	-	-	-
	② Corporate bonds	-	-	-
	③ Others	-	-	-
	(3) Others	-	-	-
	Subtotal	-	-	-
Carrying amount less than or equal to acquisition cost	(1) Stocks	-	-	-
	(2) Bonds			
	① Government bonds, municipal bonds, etc.	-	-	-
	② Corporate bonds	400,000	400,000	-
	③ Others	-	-	-
	(3) Others	274,110	274,110	-
	Subtotal	674,110	674,110	-
Total		674,110	674,110	-

(*) Silent partnership equity interests (carrying amount: 179,240 thousand yen) are not included above because they have no market value and their fair values are extremely difficult to recognize.

10th fiscal period (as of January 31, 2021)

(Unit: thousand yen)

	Category	Carrying amount	Acquisition cost	Difference
Carrying amount greater than acquisition cost	(1) Stocks	-	-	-
	(2) Bonds			
	① Government bonds, municipal bonds, etc.	-	-	-
	② Corporate bonds	-	-	-
	③ Others	-	-	-
	(3) Others	-	-	-
	Subtotal	-	-	-
Carrying amount less than or equal to acquisition cost	(1) Stocks	-	-	-
	(2) Bonds			
	① Government bonds, municipal bonds, etc.	-	-	-
	② Corporate bonds	400,000	400,000	-
	③ Others	-	-	-
	(3) Others	273,480	273,480	-
	Subtotal	673,480	673,480	-
Total		673,480	673,480	-

(*) Silent partnership equity interests (carrying amount: 82,726 thousand yen) are not included in above because they have no market value and their fair values are extremely difficult to recognize.

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

9th fiscal period (as of July 31, 2020)

Not applicable.

10th fiscal period (as of January 31, 2021)

Not applicable.

2. Derivative transactions to which hedge accounting is applied

9th fiscal period (as of July 31, 2020)

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

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, later than 1 year	
Principle method of accounting	Interest rate swap transaction (floating receivable; fixed payable)	Long-term loans payable	44,280,000	32,980,000	(129,943)

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

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

10th fiscal period (as of January 31, 2021)

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

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, later than 1 year	
Principle accounting	Interest rate swap transaction (floating receivable; fixed payable)	Long-term loans payable	52,630,000	45,330,000	(219,679)

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

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

[Notes on Retirement Benefits]

9th fiscal period (as of July 31, 2020)

Not applicable.

10th fiscal period (as of January 31, 2021)

Not applicable.

[Notes on Tax-Effect Accounting]

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

(Unit: thousand yen)

	9th fiscal period As of July 31, 2020	10th fiscal period As of January 31, 2021
Deferred tax assets		
Valuation adjustment upon merger	-	1,230,867
Acquisition cost of securities	1,359	2,269
Deferred gains or losses on hedges	40,880	69,111
Subtotal	42,239	1,302,248
Valuation allowance	(42,239)	(1,302,248)
Total	-	-
Deferred tax assets, net	-	-

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

(Unit: %)

	9th fiscal period As of July 31, 2020	10th fiscal period As of January 31, 2021
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible distributions payable	(31.46)	(5.94)
Gain on negative goodwill	-	(23.70)
Reversal of excess depreciation	-	(1.88)
Others	0.04	0.07
Effective income tax rate after application of tax-effect accounting	0.03	0.01

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

9th fiscal period (as of July 31, 2020)

Not applicable.

10th fiscal period (as of January 31, 2021)

Not applicable.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholders, etc.

9th fiscal period (from February 1, 2020 to July 31, 2020)

Not applicable.

10th fiscal period (from August 1, 2020 to January 31, 2021)

Not applicable.

2. Affiliated companies, etc.

9th fiscal period (from February 1, 2020 to July 31, 2020)

Not applicable.

10th fiscal period (from August 2020 to January 31, 2021)

Not applicable.

3. Fellow subsidiaries, etc.

9th fiscal period (from February 1, 2020 to July 31, 2020)

Not applicable.

10th fiscal period (from August 2020 to January 31, 2021)

Not applicable.

4. Directors, major individual unitholders, etc.

9th fiscal period (from February 1, 2020 to July 31, 2020)

Type	Name of company, etc. or person	Address	Capital stock or investments in capital	Description of business or occupation	Percentage of voting rights, etc. held by (in) SAR	Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
Director, or close relative of director	Atsushi Kato	—	—	Executive Director of SAR, and President and CEO of the Asset Manager	0.02%	Payment of asset management fee to the Asset Manager (Note 1)	282,733 (Note 2) (Note 3)	Accounts payable – others	291,537 (Note 2)

10th fiscal period (from August 1, 2020 to January 31, 2021)

Type	Name of company, etc. or person	Address	Capital stock or investments in capital	Description of business or occupation	Percentage of voting rights, etc. held by (in) SAR	Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
Director, or close relative of director	Atsushi Kato	—	—	Executive Director of SAR, and President and CEO of the Asset Manager	0.02%	Payment of asset management fee to the Asset Manager (Note 1)	871,288 (Note 2) (Note 3)	Accounts payable – others	445,834 (Note 2)

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

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

(Note 3) The asset management fee for the 9th fiscal period includes the acquisition incentive portion included in the book value of individual real estate, etc. in the amount of 16,200 thousand yen and the property transfer incentive portion in the amount of 14,000 thousand yen. The asset management fee for the 10th fiscal period includes the acquisition incentive portion included in the book value of individual real estate, etc. in the amount of 66,660 thousand yen, the property transfer incentive portion in the amount of 86,300 thousand yen and the merger incentive portion in the amount of 313,025 thousand yen.

[Notes to the Business Combination]

Business combination through acquisition

1. Overview of business combination

(1) Name and business description of acquired entity

Name of acquired entity: Sakura Sogo REIT Investment Corporation (“SSR”)

Business description: Investing in and managing mainly specified assets based on the Investment Trusts Act

(2) Main reason for business combination

The Merger was conducted based on the determination that realization of the Merger will contribute to maximization of unitholder value for both SAR and SSR, by improving revenue stability owing to expansion of asset size, increase of DPU as a result of cost reduction, and enhanced liquidity of investment units due to an increase in market capitalization.

(3) Date of business combination (effective date of merger)

August 1, 2020

(4) Legal form of business combination

Absorption-type merger with SAR as the surviving corporation and SSR as the dissolving corporation.

(5) Name of investment corporation after business combination

Star Asia Investment Corporation

(6) Main grounds for the determination of acquiring entity

SAR became the acquiring entity after comprehensively taking into account the corporate size including the amount of total assets and net income, relative voting rights ratio of unitholders, composition of board of directors, etc. and other factors based on the Accounting Standard for Business Combinations.

2. Business period of acquired entity included in the income statement for the 10th fiscal period

From August 1, 2020 to January 31, 2021

3. Acquisition cost of acquired entity and its breakdown

Fair value of SAR’s investment units delivered on the date of business combination 25,132,218 thousand yen

4. Exchange ratio of investment units delivered as compensation for acquisition, calculation method of such ratio and number of investment units delivered

(1) Exchange ratio of investment units

SAR allocated and delivered to unitholders 1.78 SAR investment units for every 1.0 SSR investment unit. SAR has conducted an investment unit split to split one investment unit into two investment units with July 31, 2020, as the record date.

(2) Calculation method

SAR appointed Nomura Securities Co., Ltd. and SSR appointed Mizuho Securities Co., Ltd. as the financial advisors, and requested the calculation of the merger ratio. They calculated the merger ratio based on valuation methods including the market investment unit price method and dividend discount model (DDM) method, and judged that the above exchange ratio is appropriate as a result of having repeated discussions and negotiations by comprehensively taking into account factors such as the result of calculation.

(3) Number of investment units delivered

592,741 units

5. Description and amount of major acquisition-related expenses

Description	Amount (thousand yen)
Merger fee	313,025

6. Matters concerning distribution of acquisition cost

(1) Amount of assets succeeded and liabilities assumed on the date of business combination and the main breakdown of such assets and liabilities

(Unit: thousand yen)

Current assets	5,301,130
Non-current assets	62,647,946
Total assets	67,949,077
Current liabilities	12,624,609
Non-current liabilities	21,301,013
Total liabilities	33,925,622

(2) Amount and cause for occurrence of negative goodwill

Amount of negative goodwill	: 8,891,236 thousand yen
Cause for occurrence	: Since the market value of net assets of SSR upon the business combination exceeded the acquisition cost, the difference is recognized as negative goodwill.
Accounting	: Recorded in lump sum as extraordinary income in the 10th fiscal period.

7. Estimated amount of impact on the statement of income for the 10th fiscal period when assuming that the business combination has been completed on the date of commencement of the 10th fiscal period

There is no impact as the date of business combination and the date of commencement of the 10th fiscal period are the same.

[Notes on Asset Retirement Obligations]

9th fiscal period (as of July 31, 2020)

Not applicable.

10th fiscal period (as of January 31, 2021)

Not applicable.

[Notes on Investments in Rental Properties]

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

(Unit: thousand yen)

	9th fiscal period From: February 1, 2020 To: July 31, 2020	10th fiscal period From: August 1, 2020 To: January 31, 2021
Carrying amount		
Balance at beginning of period	102,863,386	105,337,137
Amount of increase (decrease) during period	2,473,750	61,769,811
Balance at end of period	105,337,137	167,106,948
Fair value at end of period	115,290,000	175,821,000

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

(Note 2) Of the amount of increase (decrease) in investments in rental properties during the 9th fiscal period, the amount of increase is mainly attributable to acquisition of real estate beneficiary interest in trust of two properties (3,449,443 thousand yen) and capital expenditures (188,214 thousand yen), while the amount of decrease is mainly attributable to disposition of real estate beneficiary interest in trust of a property (quasi co-ownership: 40%) (734,465 thousand yen) and depreciation (432,258 thousand yen). Of the amount of increase (decrease) during the 10th fiscal period, the amount of increase is mainly attributable to the succession of real estate beneficiary interest in trust of 18 properties from SSR with which SAR conducted an absorption-type merger (62,605,000 thousand yen), acquisition of real estate beneficiary interest in trust of two properties (6,962,670 thousand yen) and capital expenditures (331,900 thousand yen), while the amount of decrease is mainly attributable to disposition of real estate beneficiary interest in trust of three properties (60% quasi co-ownership interest for one of them) (7,501,405 thousand yen) and depreciation (628,353 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser. Of the fair value at the end of the 9th fiscal period, that of Alphabet Seven (quasi co-ownership interest: 60%) is based on the transfer price (2,100,000 thousand yen) stated in the contract dated March 2, 2020.

Income (loss) concerning investments in rental properties is as stated in “Notes to the Statement of Income” earlier in this document.

[Notes on Segment Information]

1. Segment information

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

2. Related information

9th fiscal period (from February 1, 2020 to July 31, 2020)

(1) Information about products and services

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

(2) Information about geographic areas

① Net sales

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

② Property, plant and equipment

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

(3) Information about each major customer

(Unit: thousand yen)

Customer name	Operating revenue	Segment
Kanden Realty & Development Co., Ltd.	648,585 (Note)	Real estate leasing business

(Note) Operating revenue is gain on sale of Alphabet Seven (quasi co-ownership interest: 40%).

10th fiscal period (from August 1, 2020 to January 31, 2021)

(1) Information about products and services

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

(2) Information about geographic areas

① Net sales

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

② Property, plant and equipment

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

(3) Information about each major customer

(Unit: thousand yen)

Customer name	Operating revenue	Segment
Kanden Realty & Development Co., Ltd.	975,313 (Note)	Real estate leasing business

(Note) Operating revenue is gain on sale of Alphabet Seven (quasi co-ownership interest: 60%).

[Notes on Per Unit Information]

	9th fiscal period From: February 1, 2020 To: July 31, 2020	10th fiscal period From: August 1, 2020 To: January 31, 2021
Net assets per unit	50,492 yen	53,512 yen
Net income per unit	1,716 yen	7,048 yen

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

(Note 2) SAR has conducted an investment unit split to split one investment unit into two investment units with August 1, 2020, as the effective date. Net assets per unit and net income per unit are calculated assuming that the Investment Unit Split was conducted at the beginning of the previous fiscal period.

(Note 3) The basis for calculation of net income per unit is as follows:

	9th fiscal period From: February 1, 2020 To: July 31, 2020	10th fiscal period From: August 1, 2020 To: January 31, 2021
Net income (thousand yen)	1,857,116	11,801,722
Amount not attributable to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	1,857,116	11,801,722
Average number of investment units during period (units)	1,081,648	1,674,389

[Notes on Significant Subsequent Events]

Not applicable.

[Additional Information]

(Accounting estimates due to the spread of COVID-19)

A rent system in which rents are entirely or partially linked to the operating revenue, etc. of hotels has been adopted for some hotel properties owned by SAR including properties for which lease agreements have been newly concluded, and variable rents are unlikely to occur as of the end of the 10th fiscal period due to the temporary closure of hotels and decline in occupancy rates. SAR estimates future cash flow based on the assumption that the economic environment surrounding said properties will recover moderately upon the application of impairment accounting of non-current assets. Thus Operating condition or financial condition of SAR may be influenced by the spread of COVID -19 in future.

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

The following are the changes in unitholders' capital and total number of investment units issued and outstanding from the date of establishment of SAR to the end of the 10th fiscal period.

Date	Event	Total number of investment units issued and outstanding (units)		Unitholders' capital (thousand yen) (Note 13)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
December 1, 2015	Establishment through private placement	2,000	2,000	200,000	200,000	(Note 1)
January 14, 2016	Capital increase through private placement	95,000	97,000	9,500,000	9,700,000	(Note 2)
April 19, 2016	Capital increase through public offering	235,900	332,900	22,705,375	32,405,375	(Note 3)
May 17, 2016	Capital increase through third-party allotment	11,800	344,700	1,135,750	33,541,125	(Note 4)
April 4, 2017	Capital increase through public offering	66,200	410,900	6,173,017	39,714,142	(Note 5)
April 24, 2017	Capital increase through third-party allotment	3,400	414,300	317,043	40,031,185	(Note 6)
February 1, 2018	Capital increase through public offering	53,641	467,941	5,525,130	45,556,316	(Note 7)
February 27, 2018	Capital increase through third-party allotment	2,683	470,624	276,354	45,832,670	(Note 8)
September 5, 2018	Capital increase through public offering	66,857	537,481	6,584,077	52,416,747	(Note 9)
October 2, 2018	Capital increase through third-party allotment	3,343	540,824	329,218	52,745,966	(Note 10)
August 1, 2020	Investment unit split	540,824	1,081,648	-	52,745,966	(Note 11)
August 1, 2020	Merger	592,741	1,674,389	-	52,745,966	(Note 12)

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

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

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

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

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

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

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

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

(Note 9) New investment units were issued through public offering at an issue price of 101,985 yen (paid-in amount of 98,480 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 10) New investment units were issued through third-party allotment at a paid-in amount of 98,480 yen per unit for the purpose of procuring funds for repayment of borrowings.

(Note 11) SAR has conducted an investment unit split to split one investment unit into two investment units.

(Note 12) Due to the Merger, SAR allocated and delivered 1.78 SAR investment units for every 1.0 SSR investment unit. As a result, SAR issued 592,741 new investment units.

(Note 13) Deduction of reversal of allowance for temporary difference adjustment in line with the cash distribution in excess of earnings from unitholders' capital is not considered.

3. Reference Information

(1) Investment Status

Type of asset	Primary use	Geographic area (Note 1)	9th fiscal period (As of July 31, 2020)		10th fiscal period (As of January 31, 2021)	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate in trust	Office	Greater Tokyo	19,387	17.2	52,422	29.2
		Other than Greater Tokyo	15,761	13.9	15,712	8.7
	Retail	Other than Greater Tokyo	-	-	15,260	8.5
	Residence	Greater Tokyo	15,858	14.0	26,972	15.0
		Other than Greater Tokyo	3,113	2.8	6,251	3.5
	Logistics facility	Greater Tokyo	30,690	27.2	30,018	16.7
	Hotel	Greater Tokyo	12,789	11.3	12,768	7.1
		Other than Greater Tokyo	7,736	6.8	7,700	4.3
Subtotal			105,337	93.2	167,106	92.9
Investment securities			853	0.8	756	0.4
Long-term loans receivable			300	0.3	300	0.2
Deposits and other assets			6,545	5.8	11,626	6.5
Total amount of assets			113,035	100.0	179,789	100.0

	Amount (million yen)	As a percentage of total assets (%)	Amount (million yen)	As a percentage of total assets (%)
Total amount of liabilities (Note 4)	58,420	51.7	90,189	50.2
Total amount of net assets (Note 4)	54,614	48.3	89,600	49.8

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

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

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

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

(2) Investment Assets

① Investment securities

Asset no.	Name of the security	Type of asset	Quantity (Units)	Book value (million yen)		Fair value (million yen)		Unrealized gain or loss (million yen)	Remarks
				Unit price	Amount	Unit price	Amount		
MEZ-01	Star Asia Mezzanine Loan Debt Investment Series 1	Corporate bond	—	—	400	—	400	—	(Note 1) (Note 2)
MEZ-03	Star Asia Mezzanine Loan Debt Investment Series 3	Trust beneficiary rights	—	—	123	—	123	—	(Note 1) (Note 3)
MEZ-05	Star Asia Mezzanine Loan Debt Investment Series 5	Trust beneficiary rights	—	—	150	—	150	—	(Note 1) (Note 4)
TKI-01	Subordinated silent partnership equity interest in Godo Kaisya SAPR8	Silent partnership equity interest	—	—	13	—	13	—	(Note 5) (Note 6)
TKI-02	Silent partnership equity interest in Godo Kaisya SAPR7	Silent partnership equity interest	—	—	69	—	69	—	(Note 5) (Note 6)
	Total	—	—	—	756	—	756	—	—

(Note 1) Because interest income etc. from mezzanine loan debt are based on floating interest rates, the fair value is approximately the same as the book value and thus stated at that book value.

(Note 2) The underlying assets are trust beneficiary interests in a trust mainly comprised of Relief Premium Haneda.

(Note 3) The underlying assets are trust beneficiary interests in a trust mainly comprised of The Royal Garden Residence Shirokanedai.

(Note 4) The underlying assets are trust beneficiary interests in a trust mainly composed of Sanmaison Ohorikoenkita.

(Note 5) Book value is stated as fair value.

(Note 6) Overview of operating assets are as follows. Urban Park Tokiwadai Koen and Urban Park Mitsuike Koen were transferred to SAR during the 10th fiscal period.

Name of the security	Type of specified asset	Property name	Location (Indication of residential address)
Subordinated silent partnership equity interest in Godo Kaisya SAPR8	Beneficiary interest in trust	Urban Park Mitsuike Koen	6-10-5 Shimosueyoshi, Tsurumi-ku, Yokohama-shi, Kanagawa Prefecture
		Urban Park Tokiwadai Koen	40-1 Tokiwadai, Hodogaya-ku, Yokohama-shi, Kanagawa Prefecture
Silent partnership equity interest in Godo Kaisya SAPR7	Beneficiary interest in trust	OHA Building	1-22-17 Akebono-cho, Tachikawa-shi, Tokyo

② Real estate

(a) Overview of real estate (purchase price, etc.)

Use	Property no. (Note 1)	Property name	Location (Note 2)	Acquisition price (million yen) (Note 3)	Share of investment (%) (Note 4)	Real estate appraisal value, etc. (million yen) (Note 5)	Acquisition date	
Office	OFC-01	Minami-Azabu Shibuya Building	Minato Ward, Tokyo	2,973	1.8	3,020	January 14, 2016	
	OFC-03	Honmachibashi Tower	Chuo Ward, Osaka City, Osaka	6,065	3.6	6,760	January 14, 2016	
	OFC-04	Nishi-Shinjuku Matsuya Building	Shibuya Ward, Tokyo	1,763	1.1	2,500	April 20, 2016	
	OFC-06	Shibuya MK Building	Shibuya Ward, Tokyo	2,042	1.2	3,220	April 20, 2016	
	OFC-08	Asahi Building	Kanagawa Ward, Yokohama City, Kanagawa	6,320	3.8	7,790	April 20, 2016	
	OFC-09	Hakata-eki East Place	Hakata Ward, Fukuoka City, Fukuoka	2,286	1.4	2,630	April 6, 2017	
	OFC-10	Nihonbashi Hamacho Park Building	Chuo Ward, Tokyo	1,450	0.9	1,540	February 2, 2018	
	OFC-11	Amusement Media Gakuin Honkan	Shibuya Ward, Tokyo	2,580	1.5	2,690	September 6, 2018	
	OFC-12	Higashi-Kobe Center Building	Higashinada Ward, Kobe City, Hyogo	7,440	4.5	7,390	September 6, 2018	
	OFC-13	Amusement Media Gakuin Shinkan	Shibuya Ward, Tokyo	1,020	0.6	1,160	February 1, 2019	
	OFC-14	Seishin BLDG.	Shinjuku Ward, Tokyo	11,200	6.7	11,200	August 1, 2020	
	OFC-15	NK BLDG.	Chiyoda Ward, Tokyo	5,350	3.2	5,360	August 1, 2020	
	OFC-16	Tsukasamachi BLDG.	Chiyoda Ward, Tokyo	4,590	2.8	4,590	August 1, 2020	
	OFC-17	Takadanobaba Access	Shinjuku Ward, Tokyo	3,990	2.4	3,970	August 1, 2020	
	OFC-18	Azabu Amerex BLDG.	Minato Ward, Tokyo	2,780	1.7	2,790	August 1, 2020	
	OFC-19	Hiei-Kudan BLDG.	Chiyoda Ward, Tokyo	2,400	1.4	2,370	August 1, 2020	
	OFC-20	Shin-Yokohama Nara BLDG.	Kohoku Ward, Yokohama City, Kanagawa	2,300	1.4	2,310	August 1, 2020	
	OFC-21	The Portal Akihabara	Chiyoda Ward, Tokyo	1,510	0.9	1,510	August 1, 2020	
	Subtotal				68,059	40.8	72,800	—
	Retail	RTL-01	La Park Kishiwada	Kishiwada City, Osaka	5,400	3.2	5,210	August 1, 2020
		RTL-02	Suroy Mall Chikushino	Chikushino City, Fukuoka	6,550	3.9	6,540	August 1, 2020
RTL-03		Seiyu Minakuchi	Koka City, Shiga	3,320	2.0	3,310	August 1, 2020	
Subtotal				15,270	9.2	15,060	—	
Residence	RSC-01	Urban Park Azabujuban	Minato Ward, Tokyo	2,045	1.2	2,500	January 14, 2016	
	RSC-02	Urban Park Daikanyama	Shibuya Ward, Tokyo	6,315	3.8	8,450	January 14, 2016	
	RSC-05	Urban Park Namba	Naniwa Ward, Osaka City, Osaka	1,490	0.9	1,630	April 20, 2016	
	RSC-06	Urban Park Gokokuji	Toshima Ward, Tokyo	1,460	0.9	1,510	February 1, 2017	
	RSC-07	Urban Park Kashiwa	Kashiwa City, Chiba	1,186	0.7	1,190	April 6, 2017	
	RSC-08	Urban Park Ryokuchi Koen	Suita City, Osaka	1,550	0.9	1,640	February 2, 2018	
	RSC-09	Urban Park Koenji	Suginami Ward, Tokyo	1,167	0.7	1,180	February 2, 2018	
	RSC-10	Urban Park Ichigao	Aoba Ward, Yokohama City, Kanagawa	1,810	1.1	1,890	March 13, 2020	
	RSC-11	Urban Park Gyotoku	Ichikawa City, Chiba	1,430	0.9	1,530	March 13, 2020	
	RSC-12	Shiroi Logiman	Shiroi City, Chiba	2,470	1.5	2,460	August 1, 2020	
	RSC-13	Urban Park Sekime	Joto Ward, Osaka City, Osaka	2,150	1.3	2,210	August 1, 2020	

Use	Property no. (Note 1)	Property name	Location (Note 2)	Acquisition price (million yen) (Note 3)	Share of investment (%) (Note 4)	Real estate appraisal value, etc. (million yen) (Note 5)	Acquisition date
Residence	RSC-14	Urban Park Imazato	Ikuno Ward, Osaka City, Osaka	993	0.6	990	August 1, 2020
	RSC-15	Urban Park Yoyogi	Shibuya Ward, Tokyo	1,740	1.0	1,760	August 1, 2020
	RSC-16	Urban Park Tokiwadai Koen	Hodogaya Ward, Yokohama City, Kanagawa	3,506	2.1	3,770	October 16, 2020
	RSC-17	Urban Park Mitsuike Koen	Tsurumi Ward, Yokohama City, Kanagawa	3,160	1.9	3,330	January 8, 2021
	Subtotal				32,472	19.5	36,040
Logistics facility	LGC-01	Iwatsuki Logistics	Iwatsuki Ward, Saitama City, Saitama	6,942	4.2	7,310	January 14, 2016
	LGC-02	Yokohama Logistics	Kanagawa Ward, Yokohama City, Kanagawa	3,560	2.1	4,120	January 14, 2016
	LGC-03	Funabashi Logistics	Funabashi City, Chiba	7,875	4.7	8,660	January 14, 2016
	LGC-04	Baraki Logistics	Ichikawa City, Chiba	4,700	2.8	4,880	April 6, 2017
	LGC-05	Tokorozawa Logistics	Tokorozawa City, Saitama	1,300	0.8	1,380	April 6, 2017
	LGC-07	Funabashi Nishiura Logistics II	Funabashi City, Chiba	821	0.5	850	February 2, 2018
	LGC-08	Matsubushi Logistics	Kitakatsushika-gun, Saitama	2,755	1.7	2,910	February 2, 2018
	LGC-09	Funabashi Hi-Tech Park Factory I	Funabashi City, Chiba	1,710	1.0	1,710	August 1, 2020
	LGC-10	Funabashi Hi-Tech Park Factory II	Funabashi City, Chiba	702	0.4	701	August 1, 2020
	Subtotal				30,365	18.2	32,521
Hotel	HTL-01	R&B Hotel Umeda East	Kita Ward, Osaka City, Osaka	2,069	1.2	2,250	January 14, 2016
	HTL-02	Smile Hotel Namba	Naniwa Ward, Osaka City, Osaka	1,750	1.0	1,400	January 14, 2016
	HTL-03	BEST WESTERN Tokyo Nishikasai	Edogawa Ward, Tokyo	3,827	2.3	3,610	April 6, 2017
	HTL-04	BEST WESTERN Yokohama	Tsurumi Ward, Yokohama City, Kanagawa	3,248	1.9	3,190	April 6, 2017
	HTL-05	Hotel WBF Fukuoka Tenjin Minami	Chuo Ward, Fukuoka City, Fukuoka	1,970	1.2	1,930	September 6, 2018
	HTL-06	GLANSIT AKIHABARA	Chiyoda Ward, Tokyo	2,500	1.5	2,440	September 6, 2018
	HTL-07	Best Western Tokyo Nishikasai Grande	Edogawa Ward, Tokyo	3,180	1.9	3,130	September 6, 2018
	HTL-08	KOKO HOTEL Osaka Namba (Note 6)	Naniwa Ward, Osaka City, Osaka	2,000	1.2	1,450	September 6, 2018
	Subtotal				20,544	12.3	19,400
Total				166,710	100.0	175,821	—

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

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

(Note 3) "Acquisition price" indicates the sale and purchase price stated in the sale and purchase agreement for each investment asset. (Not including consumption tax and local consumption tax.) However, in the case of Minami-Azabu Shibuya Building, since the price for each investment asset among multiple assets is not set in the sale and purchase agreement, the total sale and purchase price is divided proportionally based on the ratio of the appraisal value of the properties at the time of acquisition and indicated as the acquisition price. The receipt price is indicated for properties that were succeeded due to the absorption-type merger with SAR as the surviving corporation.

(Note 4) "Share of investment" is the acquisition price of the investment asset indicated as the ratio of the total of acquisition price, rounded to the first decimal place.

(Note 5) Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute and The Tanizawa Sogo Appraisal co., Ltd. are entrusted with appraisals. Real estate appraisal values are the figures indicated in the real estate appraisal report with January 31, 2021, as the date of value and are rounded to the nearest million yen. For details, please refer to “(d) Summary of Real Estate Appraisal Reports, Etc.”.

(Note 6) The name has been changed as of March 1, 2021 (former property name: Hotel WBF Art Stay Namba). The same shall apply hereinafter.

(b) Portfolio Summary

a. By Geographic Area

Geographic area		Acquisition price (million yen)	Share (%) (Note 1)	
Greater Tokyo	5 central wards of Tokyo (Note 2)	56,248	33.7	73.0
	Other areas in Greater Tokyo	65,429	39.2	
Other than Greater Tokyo		45,033	27.0	
Total		166,710	100.0	

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

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

(a) Office

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	43,648	64.1	76.8
	Other areas in Greater Tokyo	8,620	12.7	
Other than Greater Tokyo		15,791	23.2	
Total		68,059	100.0	

(b) Retail

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	-	-	-
	Other areas in Greater Tokyo	-	-	
Other than Greater Tokyo		15,270	100.0	
Total		15,270	100.0	

(c) Residence

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	10,100	31.1	81.0
	Other areas in Greater Tokyo	16,189	49.9	
Other than Greater Tokyo		6,183	19.0	
Total		32,472	100.0	

(d) Logistics facility

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	-	-	100.0
	Other areas in Greater Tokyo	30,365	100.0	
Other than Greater Tokyo		—	—	
Total		30,365	100.0	

(e) Hotel

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	2,500	12.2	62.1
	Other areas in Greater Tokyo	10,255	49.9	
Other than Greater Tokyo		7,789	37.9	
Total		20,544	100.0	

b. By Size

Acquisition price	Number of properties	Share (%) (Note)
10 billion yen or more	1	1.9
5 billion yen or more but less than 10 billion yen	9	17.0
1 billion yen or more but less than 5 billion yen	40	75.5
Less than 1 billion yen	3	5.7
Total	53	100.0

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

c. By Asset Type (Use)

Use	Number of properties	Acquisition price (million yen)	Share (%)
Office	18	68,059	40.8
Retail	3	15,270	9.2
Residence	15	32,472	19.5
Logistics facility	9	30,365	18.2
Hotel	8	20,544	12.3
Total	53	166,710	100.0

(c) Status of Leasing

Property no.	Property name	Construction completion	Number of tenants (Note 1)	Operating revenue from leasing (thousand yen) (Note 2)	Security and guarantee deposits (thousand yen) (Note 3)	Leased area (m ²) (Note 4)	Leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
OFC-01	Minami-Azabu Shibuya Building	June 1993	5	96,477	110,327	3,263.08	3,263.08	100.0
OFC-03	Honmachibashi Tower	February 2010	4 (Note 7)	239,587	166,875	8,842.07	10,489.58	84.3
OFC-04	Nishi-Shinjuku Matsuya Building	May 1987	10	109,835	127,097	3,521.03	3,521.03	100.0
OFC-05	Alphabet Seven (quasi co-ownership interest (60%)) (Note 10)	January 1990	-	29,650	-	-	-	-
OFC-06	Shibuya MK Building	July 1993	4	80,650	126,342	1,612.88	1,612.88	100.0
OFC-08	Asahi Building	November 1994	20	228,609	247,764	8,672.01	8,672.01	100.0
OFC-09	Hakata-eki East Place	February 1986	18	104,071	91,354	4,571.10	4,632.70	98.7
OFC-10	Nihonbashi Hamacho Park Building	July 1992	4	51,788	76,945	1,911.84	1,911.84	100.0
OFC-11	Amusement Media Gakuin Honkan	November 1994	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	1,892.18	100.0
OFC-12	Higashi Kobe Center Building	January 1992	52	320,536	301,494	16,285.33	16,926.56	96.2
OFC-13	Amusement Media Gakuin Shinkan	January 1999	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	781.33	100.0
OFC-14	Seishin BLDG.	March 1989	20	244,866	335,850	5,616.79	5,616.79	100.0
OFC-15	NK BLDG.	October 1991	9	138,581	136,875	3,029.91	3,394.35	89.3
OFC-16	Tsukasamachi BLDG.	January 1988	6	118,175	159,962	3,250.68	3,250.68	100.0
OFC-17	Takadanobaba Access	January 1994	9	112,805	116,150	3,691.49	3,691.49	100.0
OFC-18	Azabu Amerex BLDG.	June 1988	6	71,410	65,090	2,006.39	2,240.03	89.6
OFC-19	Hiei-Kudan BLDG.	September 1991	9	68,635	92,989	2,100.58	2,298.86	91.4
OFC-20	Shin-Yokohama Nara BLDG.	March 1992	16	81,804	88,397	3,985.09	4,057.89	98.2
OFC-21	The Portal Akihabara	May 2002	7	32,768	33,284	815.38	941.69	86.6
RTL-01	La Park Kishiwada	August 1994	52 (Note 11)	493,039	231,204	40,456.50 (Note 11)	40,875.15 (Note 11)	99.0
RTL-02	Suoy Mall Chikushino	June 2007	24	282,075	455,184	31,344.51	32,110.04	97.6
RTL-03	Seiyu Minakuchi	May 1999	1	Not disclosed (Note 9)	Not disclosed (Note 9)	23,814.87	23,814.87	100.0
RTL-04	Suoy Mall Nagamine (Note 12)	August 2007	-	79,299	-	-	-	-
RSC-01	Urban Park Azabujuban	November 1999	37	52,852	10,630	1,737.96	1,986.76	87.5
RSC-02	Urban Park Daikanyama	Existing: November 1982 Newly built: May 2006	66	193,136	77,126	5,726.88	5,977.18	95.8

Property no.	Property name	Construction completion	Number of tenants (Note 1)	Operating revenue from leasing (thousand yen) (Note 2)	Security and guarantee deposits (thousand yen) (Note 3)	Leased area (m ²) (Note 4)	Leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
RSC-05	Urban Park Namba	January 2013	97	44,779	-	2,158.33	2,584.81	83.5
RSC-06	Urban Park Gokokuji	February 1990	95	42,974	7,038	1,623.08	1,964.04	82.6
RSC-07	Urban Park Kashiwa	August 1997	38	35,164	7,734	2,814.91	2,954.77	95.3
RSC-08	Urban Park Ryokuchi Koen	March 1989	55	57,659	9,390	5,103.14	5,508.94	92.6
RSC-09	Urban Park Koenji	October 1987	64	34,526	5,262	1,139.18	1,365.48	83.4
RSC-10	Urban Park Ichigao	July 1998	57	54,803	15,863	3,946.86	4,322.62	91.3
RSC-11	Urban Park Gyotoku	March 1995	40	46,303	29,043	2,859.48	2,976.36	96.1
RSC-12	Shiroi Logiman	May 1995	293	140,832	14,523	21,577.09	21,934.07	98.4
RSC-13	Urban Park Sekime	August 1989	123	84,763	9,929	7,324.31	7,684.17	95.3
RSC-14	Urban Park Imazato	December 1991	65	39,268	1,887	4,456.54	4,648.64	95.9
RSC-15	Urban Park Yoyogi	September 2017	26	42,267	7,942	1,211.83	1,286.50	94.2
RSC-16	Urban Park Tokiwadai Koen	February 1994	136	82,517	30,242	13,992.00	14,058.00	99.5
RSC-17	Urban Park Mitsuike Koen	March 1992	137	16,384	25,793	10,098.00	10,362.00	97.5
LGC-01	Iwatsuki Logistics	October 2014	3	198,172	97,014	30,190.81	30,190.81	100.0
LGC-02	Yokohama Logistics	October 1994	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	18,142.08	100.0
LGC-03	Funabashi Logistics	Building 1: September 1992 Building 2: August 1997	4	259,851	83,426	34,901.67	38,086.56	91.6
LGC-04	Baraki Logistics	August 2015	2	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	12,126.28	100.0
LGC-05	Tokorozawa Logistics	April 1999	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	5,994.75	100.0
LGC-06	Funabashi Nishiura Logistics I (Note 13)	October 1985	-	Not disclosed (Note 9)	-	-	-	-
LGC-07	Funabashi Nishiura Logistics II	Warehouse: March 1991 Factory: May 1972 Office: May 1986	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	6,315.87	100.0
LGC-08	Matsubushi Logistics	March 1997	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	19,833.47	100.0
LGC-09	Funabashi Hi-Tech Park Factory I	May 2003	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	8,340.98	100.0
LGC-10	Funabashi Hi-Tech Park Factory II	September 2001	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	4,233.92	100.0
HTL-01	R&B Hotel Umeda East	October 2000	1	65,362	73,495	3,940.93	3,940.93	100.0
HTL-02	Smile Hotel Namba	February 2008	1	22,374	-	1,711.42	1,711.42	100.0

Property no.	Property name	Construction completion	Number of tenants (Note 1)	Operating revenue from leasing (thousand yen) (Note 2)	Security and guarantee deposits (thousand yen) (Note 3)	Leased area (m ²) (Note 4)	Leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
HTL-03	BEST WESTERN Tokyo Nishikasai	March 1991	1	85,595	84,600	5,293.88	5,293.88	100.0
HTL-04	BEST WESTERN Yokohama	September 1987	1	80,945	80,400	4,686.09	4,686.09	100.0
HTL-05	Hotel WBF Fukuoka Tenjin Minami	February 2017	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	2,281.49	100.0
HTL-06	GLANSIT AKIHABARA	September 2017	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	1,089.06	100.0
HTL-07	BEST WESTERN Tokyo Nishikasai Grande	February 2017	1	70,825	116,670	2,755.19	2,755.19	100.0
HTL-08	KOKO HOTEL Osaka Namba	April 2017	0 (Note 14)	-	-	0.00	2,061.46	0.0
Total			1,629	5,648,622	5,203,164	419,072.52	432,693.61	96.9

(Note 1) "Number of tenants" is the number of tenants (excluding parking) under the lease agreement stated in the lease agreement for each investment asset as of January 31, 2021. If a single tenant is leasing multiple rental units in an investment asset, the tenant is counted as 1 tenant for the concerned investment asset. If a single tenant is leasing rental units across multiple investment assets, the tenant is counted as separate tenants and the sum total number of tenants is stated in the total column. Furthermore, in cases where a pass-through-type master lease agreement under which rent from end-tenants is received in principle ("pass-through-type master lease") has been concluded for the concerned investment asset, the total number of end-tenants is stated. In cases where a master lease agreement agreeing to the effect that the rent under the master lease agreement shall be a fixed rent ("rent-guaranteed type master lease") has been concluded for the concerned investment asset, the number of tenants is 1 and the sum total of these is stated.

(Note 2) "Operating revenue from leasing" is rental revenue, common area maintenance revenue, parking revenue and other revenue generated from real estate held during the fiscal period under review (including other lease business revenue).

(Note 3) "Security and guarantee deposits" is the sum total amount of tenant security and guarantee deposits required based on the lease agreement (including deposits based on parking, antenna, rooftop and other agreements; the amount after depreciation) for each investment asset as of January 31, 2021 (limited to those occupied as of said date). Furthermore, in cases where a pass-through-type master lease agreement has been concluded for the concerned investment asset, it is the sum total amount of tenant security and guarantee deposits under lease agreements concluded with end-tenants.

(Note 4) "Leased area" is the sum total of the leased area stated in the lease agreement for each investment asset as of January 31, 2021. Furthermore, in cases where a master lease agreement has been concluded for the concerned investment asset, it is the sum total of the leased area under lease agreements concluded with end-tenants for properties under a pass-through-type master lease, and it is the leased area under the master lease agreement for properties under a rent-guaranteed type master lease.

(Note 5) "Leasable area" is the floor area regarded as being available for leasing based on the lease agreement or building drawing, etc. of the building for each investment asset as of January 31, 2021.

(Note 6) "Occupancy rate" is the ratio of leased area to leasable area for each investment asset as of January 31, 2021, rounded to the first decimal place. In addition, in the total column, it is the ratio of the sum total of leased area to the sum total of leasable area for each investment asset, rounded to the first decimal place.

(Note 7) Of the tenants of the property, a single company leases all 36 units of the residential portion, of which 30 units are under a rent-guaranteed type master lease agreement and 6 units are under a pass-through-type master lease agreement.

(Note 8) In the table, "Number of tenants," "Security and guarantee deposits," "Leased area" and "Occupancy rate" are based on lease agreements valid as of January 31, 2021, even if there is a notice of cancellation or termination of lease agreements with end-tenants or unpaid rent.

(Note 9) Not disclosed, because consent for disclosure has not been obtained from the tenants.

(Note 10) Alphabet Seven (60% quasi co-ownership interest) was transferred on December 1, 2020. The same shall apply

hereinafter.

(Note 11) The number of tenants and each area related to the installation of ATM are not included.

(Note 12) Suroy Mall Nagamine was transferred on October 15, 2020. The same shall apply hereinafter.

(Note 13) Funabashi Nishiura Logistics I was transferred on December 23, 2020. The same shall apply hereinafter.

(Note 14) SAR has concluded a lease agreement with Fino Hotels Co., Ltd. as of February 26, 2021, and is leasing the entire property from March 1, 2021.

(d) Summary of Real Estate Appraisal Reports, Etc.

Use	Property no.	Property name	Appraisal firm (Note 1)	Appraisal value (million yen) (Note 2)	Summary of appraisal reports						Appraisal NOI yield (%) (Note 4)	
					Income approach					NOI (million yen) (Note 3)		
					Direct capitalization method		DCF method					
					Indicated value (million yen)	Cap rate (%)	Indicated value (million yen)	Discount rate (%)	Terminal cap rate (%)			
Office	OFC-01	Minami-Azabu Shibuya Building	Daiwa	3,020	3,140	3.9	2,970	3.5	4.1	140	4.7	
	OFC-03	Honmachibashi Tower	Daiwa	6,760	6,900	4.2	6,700	4.0	4.4	308	5.1	
	OFC-04	Nishi-Shinjuku Matsuya Building	Daiwa	2,500	2,470	4.1	2,510	3.9	4.3	116	6.6	
	OFC-06	Shibuya MK Building	JREI	3,220	3,290	3.5	3,150	3.3	3.7	119	5.8	
	OFC-08	Asahi Building	JREI	7,790	7,930	3.6	7,650	3.4	3.8	317	5.0	
	OFC-09	Hakata-eki East Place	Daiwa	2,630	2,580	4.6	2,650	4.4	4.8	120	5.2	
	OFC-10	Nihonbashi Hamacho Park Building	Daiwa	1,540	1,530	4.3	1,540	4.1	4.5	68	4.7	
	OFC-11	Amusement Media Gakuin Honkan	Daiwa	2,690	2,750	3.6	2,670	3.4	3.8	103	4.0	
	OFC-12	Higashi Kobe Center Building	Tanizawa	7,390	7,540	5.0	7,330	5.1	5.2	425	5.7	
	OFC-13	Amusement Media Gakuin Shinkan	JREI	1,160	1,180	3.4	1,130	3.2	3.6	41	4.1	
	OFC-14	Seishin BLDG.	JREI	11,200	11,500	3.5	10,900	3.2	3.6	410	3.7	
	OFC-15	NK BLDG.	Tanizawa	5,360	5,560	3.5	5,270	3.6	3.7	205	3.8	
	OFC-16	Tsukasamachi BLDG.	Tanizawa	4,590	4,760	3.6	4,510	3.7	3.8	178	3.9	
	OFC-17	Takadanobaba Access	Tanizawa	3,970	4,220	3.7	3,860	3.8	3.9	162	4.1	
	OFC-18	Azabu Amerex BLDG.	JREI	2,790	2,820	3.6	2,750	3.3	3.7	106	3.8	
	OFC-19	Hiei-Kudan BLDG.	Tanizawa	2,370	2,530	3.5	2,300	3.6	3.7	96	4.0	
	OFC-20	Shin-Yokohama Nara BLDG.	JREI	2,310	2,320	4.5	2,290	4.2	4.6	110	4.8	
	OFC-21	The Portal Akihabara	Tanizawa	1,510	1,570	3.7	1,480	3.8	3.9	60	4.0	
	Subtotal				72,800	74,590	-	71,660	-	-	3,084	4.5
	Retail	RTL-01	La Park Kishiwada	JREI	5,210	5,230	6.4	5,190	6.2	6.6	385	7.1
		RTL-02	Suroy Mall Chikushino	Tanizawa	6,540	6,510	5.7	6,550	5.8	5.9	382	5.8
RTL-03		Seiyu Minakuchi	JREI	3,310	3,340	6.7	3,280	6.5	7.0	245	7.4	
Subtotal				15,060	15,080	-	15,020	-	-	1,012	6.6	

Use	Property no.	Property name	Appraisal firm (Note 1)	Appraisal value (million yen) (Note 2)	Summary of appraisal reports						Appraisal NOI yield (%) (Note 4)	
					Income approach					NOI (million yen) (Note 3)		
					Direct capitalization method		DCF method					
					Indicated value (million yen)	Cap rate (%)	Indicated value (million yen)	Discount rate (%)	Terminal cap rate (%)			
Residence	RSC-01	Urban Park Azabujuban	JREI	2,500	2,550	3.4	2,450	3.2	3.6	90	4.4	
	RSC-02	Urban Park Daikanyama	JREI	8,450	8,630	3.3	8,260	3.1	3.5	300	4.7	
	RSC-05	Urban Park Namba	Daiwa	1,630	1,660	4.7	1,620	4.5	4.9	80	5.4	
	RSC-06	Urban Park Gokokuji	JREI	1,510	1,540	3.9	1,480	3.7	4.1	68	4.6	
	RSC-07	Urban Park Kashiwa	Tanizawa	1,190	1,220	4.6	1,180	4.7	4.8	60	5.0	
	RSC-08	Urban Park Ryokuchi Koen	Tanizawa	1,640	1,660	4.7	1,630	4.8	4.9	88	5.7	
	RSC-09	Urban Park Koenji	Tanizawa	1,180	1,200	4.0	1,170	4.1	4.2	55	4.7	
	RSC-10	Urban Park Ichigao	JREI	1,890	1,920	4.2	1,860	4.0	4.4	86	4.8	
	RSC-11	Urban Park Gyotoku	Tanizawa	1,530	1,550	4.1	1,520	4.2	4.3	67	4.7	
	RSC-12	Shiroi Logiman	Tanizawa	2,460	2,440	5.1	2,470	5.2	5.3	141	5.7	
	RSC-13	Urban Park Sekime	Tanizawa	2,210	2,240	4.6	2,200	4.7	4.8	113	5.3	
	RSC-14	Urban Park Imazato	Tanizawa	990	1,000	4.8	986	4.9	5.0	53	5.4	
	RSC-15	Urban Park Yoyogi	JREI	1,760	1,790	3.6	1,730	3.3	3.8	65	3.7	
	RSC-16	Urban Park Tokiwadai Koen	Tanizawa	3,770	3,830	4.6	3,740	4.7	4.8	196	5.6	
	RSC-17	Urban Park Mitsuike Koen	Tanizawa	3,330	3,380	4.8	3,310	4.9	5.0	175	5.5	
	Subtotal				36,040	36,610	-	35,606	-	-	1,637	5.0
	Logistics facility	LGC-01	Iwatsuki Logistics	Daiwa	7,310	7,410	4.4	7,270	4.2	4.6	333	4.8
LGC-02		Yokohama Logistics	Daiwa	4,120	4,160	4.2	4,100	4.0	4.4	204	5.7	
LGC-03		Funabashi Logistics	Daiwa	8,660	8,760	4.2	8,620	4.0	4.4	416	5.3	
LGC-04		Baraki Logistics	Tanizawa	4,880	4,990	3.9	4,830	3.8	4.1	196	4.2	
LGC-05		Tokorozawa Logistics	JREI	1,380	1,390	4.9	1,360	4.5	5.2	74	5.7	
LGC-07		Funabashi Nishiura Logistics II	Daiwa	850	848	5.6	851	5.4	5.8	58	7.0	
LGC-08		Matsubushi Logistics	JREI	2,910	2,930	5.0	2,880	4.5	5.3	151	5.5	
LGC-09		Funabashi Hi-Tech Park Factory I	JREI	1,710	1,730	6.4	1,680	6.3	6.7	111	6.5	
LGC-10		Funabashi Hi-Tech Park Factory II	JREI	701	707	6.2	694	5.4	7.0	48	6.8	
Subtotal				32,521	32,925	-	32,285	-	-	1,591	5.2	
Hotel	HTL-01	R&B Hotel Umeda East	Daiwa	2,250	2,260	4.6	2,240	4.4	4.8	112	5.4	
	HTL-02	Smile Hotel Namba	Daiwa	1,400	1,470	4.7	1,370	4.5	4.9	75	4.3	
	HTL-03	BEST WESTERN Tokyo Nishikasai	JREI	3,610	3,680	4.3	3,540	4.1	4.5	163	4.3	
	HTL-04	BEST WESTERN Yokohama	JREI	3,190	3,240	4.4	3,140	4.2	4.6	146	4.5	
	HTL-05	Hotel WBF Fukuoka Tenjin Minami	Tanizawa	1,930	1,960	4.4	1,920	4.4	4.6	87	4.4	
	HTL-06	GLANSIT AKIHABARA	Tanizawa	2,440	2,510	3.9	2,410	3.8	4.1	98	3.9	
	HTL-07	Best Western Tokyo Nishikasai Grande	Tanizawa	3,130	3,160	4.0	3,120	3.9	4.2	126	4.0	
	HTL-08	KOKO HOTEL Osaka Namba	Daiwa	1,450	1,510	4.5	1,430	4.1	4.5	74	3.7	
Subtotal				19,400	19,790	-	19,170	-	-	881	4.3	
Total				175,821	178,995	-	173,741	-	-	8,205	4.9	

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

(Note 2) "Appraisal value" is as of January 31, 2021, as the date of value.

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

(Note 4) "Appraisal NOI yield" is based on net operating income calculated under the direct capitalization method stated in the appraisal report and expressed as a percentage of acquisition price, rounded to the first decimal place.

(e) Information on Major Real Estate Properties

Of investment assets, there is no property that falls under the category of major real estate properties (buildings/facilities pertaining to land recognized to be used collectively, of which total rental revenue accounts for 10% or more of the sum total of total rental revenue of investment assets) as of January 31, 2021. Of investment assets, the following are top five properties in terms of total rental revenue as of January 31, 2021.

	Changes in occupancy rate (%) (Note)				
	January 31, 2019	July 31, 2019	January 31, 2020	July 31, 2020	January 31, 2021
La Park Kishiwada (Note 2)	-	-	-	-	99.0
Suroy Mall Chikushino (Note 2)	-	-	-	-	97.6
Higashi Kobe Center Building	96.1	89.6	94.4	96.3	96.2
Funabashi Logistics	91.6	91.6	91.6	91.6	91.6
Seishin BLDG. (Note 2)	-	-	-	-	100.0

(Note1) "Changes in occupancy rate" is the ratio of leased area to leasable area for each investment asset as of the record date, rounded to the first decimal place.

(Note2) Succeeded properties from SSR due to the absorption-type merger with SAR as the surviving corporation.

(f) Top 10 End-Tenants in Terms of Leased Area

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

	Name of tenant	Name of property occupied	Leased area (m ²) (Note 1)	As a percentage of total leasable area (%) (Note 2)
1	Not disclosed (Note 3)	Iwatsuki Logistics	Not disclosed (Note 3)	6.9
2	Seiyu GK	Seiyu Minakuchi	23,814.87	5.5
3	Not disclosed (Note 3)	Funabashi Logistics	Not disclosed (Note 3)	5.0
4	Tokyo Nohin Daiko	Matsubushi Logistics	19,833.47	4.6
5	Not disclosed (Note 3)	Yokohama Logistics	Not disclosed (Note 3)	4.2
6	Nagasakiya Co., Ltd.	La Park Kishiwada Shiroi Logiman	15,429.00	3.6
7	Rembrandt Inn	BEST WESTERN Tokyo Nishikasai BEST WESTERN Yokohama Best Western Tokyo Nishikasai Grande	12,735.16	2.9
8	Not disclosed (Note 3)	Funabashi Hi-Tech Park Factory I	Not disclosed (Note 3)	1.9
9	Mr Max Holdings Ltd.	Suroy Mall Chikushino	7,997.08	1.8
10	Sakoda Co., Ltd.	Suroy Mall Chikushino	Not disclosed (Note 3)	1.8
Total of the top 10 tenants			165,500.91	38.2

(Note 1) "Leased area" is the sum total of the leased area stated in the lease agreement for each investment asset as of January 31, 2021.

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

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

(g) Capital Expenditures

a. Schedule of Capital Expenditures for the 11th fiscal period

The following are the principal capital expenditures arising from renovation construction works, etc. currently planned for the assets held by SAR as of January 31, 2021. Please note that the expected construction amounts include portions that are expensed as a separate account item of accounting costs.

Name of real estate, etc. (Location)	Purpose	Scheduled period	Estimated construction costs (thousand yen)		
			Total amount	Amount of payment during period	Total amount already paid
Shin-Yokohama Nara BLDG. (Yokohama City, Kanagawa)	Air conditioning equipment renewal work (2F and 3F)	From: Jul. 2021 To: Jul. 2021	54,000	—	—
Seishin BLDG. (Shinjuku Ward, Tokyo)	Air conditioning equipment renewal work (2F and 3F)	From: Jul. 2021 To: Jul. 2021	52,500	—	—
Minami-Azabu Shibuya Building (Minato Ward, Tokyo)	Renewal work of common area on 4F and 5F	From: Apr. 2021 To: Apr. 2021	22,000	—	—
Urban Park Sekime (Osaka City, Osaka)	Large-scale renovation work	From: Jul. 2021 To: Jul. 2021	21,000	—	—
Tsukasamachi BLDG. (Chiyoda Ward, Tokyo)	Air conditioning equipment renewal work (1F, 7F and 8F)	From: Jul. 2021 To: Jul. 2021	17,300	—	—

b. Capital Expenditures during the 10th fiscal period

The following summarizes the primary construction works that constitute capital expenditures implemented for the assets held by SAR as of January 31, 2021, during the 10th fiscal period. Capital expenditures for the 10th fiscal period amounted to 331,900 thousand yen and, when combined with the 181,948 thousand yen in repair expenses charged to the same period, it totals 513,849 thousand yen in construction works implemented.

Name of real estate, etc. (Location)	Purpose	Period	Construction costs (thousand yen)
Asahi Building (Yokohama City, Kanagawa)	Air conditioning equipment renewal work	From: Jan. 2021 To: Jan. 2021	23,113
NK BLDG. (Chiyoda Ward, Tokyo)	Renewal of 2 elevators	From: Nov. 2020 To: Nov. 2020	22,624
Urban Park Sekime (Osaka City, Osaka)	Repair work of outer wall of parking tower	From: Aug. 2020 To: Sep. 2020	19,977
Higashi Kobe Center Building (Kobe City, Hyogo)	Outer wall tile repair work	From: Nov. 2020 To: Jan. 2021	16,676
La Park Kishiwada (Kishiwada City, Osaka)	Exterior wall painting repair work	From: Nov. 2020 To: Dec. 2020	15,283
Others	—	—	234,225
Total			331,900

(h) Individual Property Income Statements

(Unit: thousand yen)

Property no.	OFC-01	OFC-03	OFC-04	OFC-05	OFC-06
Property name	Minami-Azabu Shibuya Building	Honmachibashi Tower	Nishi-Shinjuku Matsuya Building	Alphabet Seven	Shibuya MK Building
① Total operating revenue from real estate leasing	96,477	239,587	109,835	29,650	80,650
Lease business revenue	88,052	184,096	101,689	27,394	75,382
Other lease business revenue	8,424	55,490	8,145	2,255	5,267
② Total operating expenses from real estate leasing	26,239	96,862	35,230	8,896	17,672
Management fee	5,901	14,020	6,921	1,883	4,861
Trust fee	400	400	400	222	350
Utilities expenses	5,863	19,254	7,475	1,979	3,132
Insurance premium	120	370	133	45	46
Repair expenses	1,325	31,880	4,746	1,504	1,618
Property taxes	4,532	19,763	3,410	3,080	4,327
Others	8,095	11,173	12,142	180	3,334
③ NOI (①－②)	70,237	142,725	74,604	20,754	62,978
④ Depreciation	11,609	45,404	9,803	2,819	3,530
⑤ Operating income (loss) from real estate leasing (③－④)	58,628	97,320	64,801	17,934	59,447
⑥ Capital expenditures	4,130	2,312	6,922	1,146	3,977
⑦ NCF (③－⑥)	66,107	140,412	67,682	19,607	59,001
Book value at end of the period	2,944,540	5,772,954	1,825,844	-	2,093,043

Property no.	OFC-08	OFC-09	OFC-10	OFC-11	OFC-12
Property name	Asahi Building	Hakata-eki East Place	Nihonbashi Hamacho Park Building	Amusement Media Gakuin Honkan	Higashi Kobe Center Building
① Total operating revenue from real estate leasing	228,609	104,071	51,788	Not disclosed (Note)	320,536
Lease business revenue	211,188	92,775	51,788		288,866
Other lease business revenue	17,421	11,296	-		31,669
② Total operating expenses from real estate leasing	62,908	26,940	12,107		110,222
Management fee	15,979	8,174	880		25,592
Trust fee	400	400	400		400
Utilities expenses	16,672	7,687	-		29,968
Insurance premium	371	173	129		689
Repair expenses	11,442	1,993	-		6,844
Property taxes	16,123	7,079	4,299		29,165
Others	1,917	1,431	6,398		17,562
③ NOI (①－②)	165,701	77,130	39,680		210,314
④ Depreciation	27,493	8,033	2,837		33,524
⑤ Operating income (loss) from real estate leasing (③－④)	138,207	69,097	36,843		176,790
⑥ Capital expenditures	24,970	12,418	-		22,746
⑦ NCF (③－⑥)	140,730	64,712	39,680	187,567	
Book value at end of the period	6,325,224	2,319,212	1,453,120	2,592,439	7,620,273

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

(Unit: thousand yen)

Property no.	OFC-13	OFC-14	OFC-15	OFC-16	OFC-17
Property name	Amusement Media Gakuin Shinkan	Seishin BLDG.	NK BLDG.	Tsukasamachi BLDG.	Takadanobaba Access
① Total operating revenue from real estate leasing	Not disclosed (Note)	244,866	138,581	118,175	112,805
Lease business revenue		228,262	124,989	110,309	102,023
Other lease business revenue		16,604	13,591	7,866	10,782
② Total operating expenses from real estate leasing		61,280	33,717	25,307	30,787
Management fee		19,370	11,735	9,722	13,160
Trust fee		353	353	403	403
Utilities expenses		8,923	4,233	4,888	6,392
Insurance premium		206	149	144	158
Repair expenses		7,260	3,588	2,325	619
Property taxes		20,920	10,648	7,437	9,183
Others		4,246	3,008	385	869
③ NOI (①－②)		183,585	104,864	92,867	82,017
④ Depreciation		11,715	8,297	7,399	8,810
⑤ Operating income (loss) from real estate leasing (③－④)		171,870	96,566	85,468	73,207
⑥ Capital expenditures		26,511	25,437	467	5,230
⑦ NCF (③－⑥)	157,073	79,426	92,400	76,787	
Book value at end of the period	1,040,196	11,214,796	5,367,139	4,583,068	3,986,419

Property no.	OFC-18	OFC-19	OFC-20	OFC-21	RTL-01
Property name	Azabu Amerex BLDG.	Hiei-Kudan BLDG.	Shin-Yokohama Nara BLDG.	The Portal Akihabara	La Park Kishiwada
① Total operating revenue from real estate leasing	71,410	68,635	81,804	32,768	493,039
Lease business revenue	68,444	68,635	71,580	31,160	416,499
Other lease business revenue	2,966	-	10,223	1,607	76,540
② Total operating expenses from real estate leasing	18,654	22,638	29,867	6,821	287,961
Management fee	7,250	3,429	8,834	2,736	120,640
Trust fee	377	503	353	402	1,861
Utilities expenses	2,268	56	4,831	1,389	99,507
Insurance premium	75	133	136	29	853
Repair expenses	787	1,488	5,901	547	6,977
Property taxes	7,669	6,814	7,765	1,609	44,742
Others	224	10,212	2,043	106	13,378
③ NOI (①－②)	52,755	45,996	51,936	25,947	205,078
④ Depreciation	3,307	3,643	7,902	3,472	23,983
⑤ Operating income (loss) from real estate leasing (③－④)	49,448	42,352	44,033	22,474	181,094
⑥ Capital expenditures	2,264	3,543	18,763	-	40,815
⑦ NCF (③－⑥)	50,491	42,452	33,173	25,947	164,263
Book value at end of the period	2,778,957	2,399,900	2,310,860	1,506,527	5,416,831

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

(Unit: thousand yen)

Property no.	RTL-02	RTL-03	RTL-04	RSC-01	RSC-02
Property name	Suroy Mall Chikushino	Seiyu Minakuchi	Suroy Mall Nagamine	Urban Park Azabujuban	Urban Park Daikanyama
① Total operating revenue from real estate leasing	282,075	Not disclosed (Note)	79,299	52,852	193,136
Lease business revenue	279,962		62,848	51,158	180,773
Other lease business revenue	2,112		16,450	1,694	12,363
② Total operating expenses from real estate leasing	65,896		26,387	16,760	39,457
Management fee	22,949		4,578	2,086	9,028
Trust fee	353		146	350	350
Utilities expenses	4,597		12,474	634	3,726
Insurance premium	442		96	59	202
Repair expenses	832		275	7,997	6,823
Property taxes	19,627		7,531	2,874	11,442
Others	17,092		1,285	2,757	7,884
③ NOI (① - ②)	216,178		52,911	36,091	153,679
④ Depreciation	23,534		6,166	5,010	13,306
⑤ Operating income (loss) from real estate leasing (③ - ④)	192,644		46,745	31,081	140,372
⑥ Capital expenditures	6,612		-	2,443	8,237
⑦ NCF (③ - ⑥)	209,566		52,911	33,648	145,441
Book value at end of the period	6,533,078	3,311,053	-	2,080,199	6,373,859

Property no.	RSC-05	RSC-06	RSC-07	RSC-08	RSC-09
Property name	Urban Park Namba	Urban Park Gokokuji	Urban Park Kashiwa	Urban Park Ryokuchi Koen	Urban Park Koenji
① Total operating revenue from real estate leasing	44,779	42,974	35,164	57,659	34,526
Lease business revenue	44,085	41,226	34,128	55,519	31,527
Other lease business revenue	693	1,747	1,035	2,139	2,998
② Total operating expenses from real estate leasing	9,113	18,089	13,490	13,843	11,986
Management fee	2,499	3,678	1,824	2,289	2,416
Trust fee	350	400	350	350	400
Utilities expenses	341	2,124	533	2,578	1,344
Insurance premium	66	54	88	124	38
Repair expenses	1,780	4,321	6,276	3,518	5,924
Property taxes	2,820	1,909	2,950	3,583	969
Others	1,254	5,600	1,467	1,399	893
③ NOI (① - ②)	35,666	24,884	21,673	43,815	22,539
④ Depreciation	7,547	5,690	7,385	8,083	2,769
⑤ Operating income (loss) from real estate leasing (③ - ④)	28,118	19,194	14,287	35,731	19,770
⑥ Capital expenditures	1,014	-	7,306	2,031	1,097
⑦ NCF (③ - ⑥)	34,651	24,884	14,366	41,784	21,441
Book value at end of the period	1,499,242	1,506,434	1,241,490	1,601,879	1,192,775

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

(Unit: thousand yen)

Property no.	RSC-10	RSC-11	RSC-12	RSC-13	RSC-14
Property name	Urban Park Ichigao	Urban Park Gyotoku	Shiroi Logiman	Urban Park Sekime	Urban Park Imazato
① Total operating revenue from real estate leasing	54,803	46,303	140,832	84,763	39,268
Lease business revenue	52,931	43,071	133,951	82,381	39,008
Other lease business revenue	1,872	3,231	6,880	2,381	259
② Total operating expenses from real estate leasing	8,584	6,831	59,143	32,566	10,501
Management fee	2,966	2,096	5,913	10,077	4,071
Trust fee	400	400	756	377	377
Utilities expenses	1,419	1,549	2	1,973	277
Insurance premium	111	73	580	200	102
Repair expenses	2,894	1,381	11,397	12,481	1,909
Property taxes	-	-	13,980	5,452	3,294
Others	792	1,331	26,514	2,003	468
③ NOI (① - ②)	46,218	39,471	81,689	52,196	28,766
④ Depreciation	5,431	4,196	19,066	11,112	5,183
⑤ Operating income (loss) from real estate leasing (③ - ④)	40,787	35,275	62,622	41,084	23,583
⑥ Capital expenditures	-	-	228	24,042	-
⑦ NCF (③ - ⑥)	46,218	39,471	81,460	28,154	28,766
Book value at end of the period	1,925,466	1,513,491	2,451,162	2,162,929	987,816

Property no.	RSC-15	RSC-16	RSC-17	LGC-01	LGC-02
Property name	Urban Park Yoyogi	Urban Park Tokiwadai Koen	Urban Park Mitsuike Koen	Iwatsuki Logistics	Yokohama Logistics
① Total operating revenue from real estate leasing	42,267	82,517	16,384	198,172	Not disclosed (Note)
Lease business revenue	40,816	79,609	15,351	187,718	
Other lease business revenue	1,451	2,908	1,033	10,454	
② Total operating expenses from real estate leasing	6,658	12,829	2,897	31,159	
Management fee	2,189	6,406	1,626	5,920	
Trust fee	402	236	52	350	
Utilities expenses	183	817	52	10,454	
Insurance premium	36	144	34	284	
Repair expenses	582	1,608	80	382	
Property taxes	1,791	45	40	13,629	
Others	1,473	3,570	1,012	137	
③ NOI (① - ②)	35,608	69,688	13,486	167,012	
④ Depreciation	4,393	8,416	1,951	46,731	
⑤ Operating income (loss) from real estate leasing (③ - ④)	31,215	61,271	11,535	120,280	
⑥ Capital expenditures	-	-	-	2,263	
⑦ NCF (③ - ⑥)	35,608	69,688	13,486	164,748	
Book value at end of the period	1,735,606	3,648,190	3,304,112	6,561,177	3,734,157

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

(Unit: thousand yen)

Property no.	LGC-03	LGC-04	LGC-05	LGC-06	LGC-07
Property name	Funabashi Logistics	Baraki Logistics	Tokorozawa Logistics	Funabashi Nishiura Logistics I	Funabashi Nishiura Logistics II
① Total operating revenue from real estate leasing	259,851	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)
Lease business revenue	241,854				
Other lease business revenue	17,997				
② Total operating expenses from real estate leasing	54,002				
Management fee	12,508				
Trust fee	400				
Utilities expenses	14,521				
Insurance premium	409				
Repair expenses	2,929				
Property taxes	23,014				
Other	217				
③ NOI (①－②)	205,849				
④ Depreciation	27,146				
⑤ Operating income (loss) from real estate leasing (③－④)	178,703				
⑥ Capital expenditures	4,067				
⑦ NCF (③－⑥)	201,782				
Book value at end of the period	7,765,437	4,628,965	1,361,933	-	853,763

Property no.	LGC-08	LGC-09	LGC-10	HTL-01	HTL-02
Property name	Matsubushi Logistics	Funabashi Hi-Tech Park Factory I	Funabashi Hi-Tech Park Factory II	R&B Hotel Umeda East	Smile Hotel Namba
① Total operating revenue from real estate leasing	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	65,362	22,374
Lease business revenue				65,362	22,374
Other lease business revenue				-	-
② Total operating expenses from real estate leasing				9,228	4,130
Management fee				742	660
Trust fee				350	550
Utilities expenses				1	-
Insurance premium				117	55
Repair expenses				2,313	514
Property taxes				5,452	2,276
Other				249	73
③ NOI (①－②)				56,134	18,243
④ Depreciation				9,949	12,233
⑤ Operating income (loss) from real estate leasing (③－④)	46,185	6,010			
⑥ Capital expenditures	3,481	-			
⑦ NCF (③－⑥)	52,653	18,243			
Book value at end of the period	2,709,574	1,704,262	699,405	2,108,402	1,663,146

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

(Unit: thousand yen)

Property no.	HTL-03	HTL-04	HTL-05	HTL-06	HTL-07
Property name	BEST WESTERN Tokyo Nishikasai	BEST WESTERN Yokohama	Hotel WBF Fukuoka Tenjin Minami	GLANSIT AKIHABARA	Best Western Tokyo Nishikasai Grande
① Total operating revenue from real estate leasing	85,595	80,945	Not disclosed (Note)	Not disclosed (Note)	70,825
Lease business revenue	84,600	80,400			70,002
Other lease business revenue	995	545			823
② Total operating expenses from real estate leasing	11,941	6,693			6,738
Management fee	1,200	1,200			990
Trust fee	400	400			400
Utilities expenses	-	-			-
Insurance premium	130	110			67
Repair expenses	1,281	236			-
Property taxes	8,019	4,705			5,239
Other	909	41			41
③ NOI (①－②)	73,653	74,252			64,087
④ Depreciation	12,506	13,069			10,857
⑤ Operating income (loss) from real estate leasing (③－④)	61,146	61,183			53,230
⑥ Capital expenditures	19,951	-			-
⑦ NCF (③－⑥)	53,702	74,252			64,087
Book value at end of the period	3,867,247	3,247,472	1,948,273	2,499,306	3,154,095

Property no.	HTL-08
Property name	KOKO HOTEL Osaka Namba
① Total operating revenue from real estate leasing	-
Lease business revenue	-
Other lease business revenue	-
② Total operating expenses from real estate leasing	5,137
Management fee	1,214
Trust fee	350
Utilities expenses	43
Insurance premium	48
Repair expenses	-
Property taxes	3,153
Other	327
③ NOI (①－②)	(5,137)
④ Depreciation	9,035
⑤ Operating income (loss) from real estate leasing (③－④)	(14,173)
⑥ Capital expenditures	114
⑦ NCF (③－⑥)	(5,252)
Book value at end of the period	1,980,186

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

(Unit: thousand yen)

	Office Total	Retail Total	Residence Total	Logistics facility Total	Hotel Total
① Total operating revenue from real estate leasing	2,217,108	1,014,452	968,232	1,022,855	425,972
Lease business revenue	2,009,772	919,348	925,540	981,246	423,608
Other lease business revenue	207,336	95,104	42,691	41,608	2,364
② Total operating expenses from real estate leasing	642,495	415,583	262,756	176,804	53,322
Management fee	162,720	149,968	59,172	33,116	7,733
Trust fee	7,324	2,865	5,553	3,671	3,200
Utilities expenses	128,602	116,579	17,558	38,562	45
Insurance premium	3,192	1,766	1,916	1,618	615
Repair expenses	86,971	11,346	68,977	10,307	4,345
Property taxes	169,874	83,885	51,153	84,811	35,677
Other	83,809	49,172	58,423	4,715	1,704
③ NOI (① - ②)	1,574,612	598,869	705,476	846,050	372,650
④ Depreciation	205,343	78,959	109,543	153,564	80,942
⑤ Operating income (loss) from real estate leasing (③ - ④)	1,369,269	519,909	595,932	692,486	291,707
⑥ Capital expenditures	170,716	63,755	46,402	27,479	23,546
⑦ NCF (③ - ⑥)	1,403,896	535,113	659,074	818,571	349,103
Book value at end of the period	68,134,518	15,260,962	33,224,657	30,018,678	20,468,131

	Portfolio Total
① Total operating revenue from real estate leasing	5,648,622
Lease business revenue	5,259,516
Other lease business revenue	389,105
② Total operating expenses from real estate leasing	1,550,962
Management fee	412,710
Trust fee	22,614
Utilities expenses	301,349
Insurance premium	9,110
Repair expenses	181,948
Property taxes	425,403
Other	197,825
③ NOI (① - ②)	4,097,659
④ Depreciation	628,353
⑤ Operating income (loss) from real estate leasing (③ - ④)	3,469,305
⑥ Capital expenditures	331,900
⑦ NCF (③ - ⑥)	3,765,759
Book value at end of the period	167,106,948

③ Other investment assets

Asset no.	Name of the security	Type of asset	Quantity (Units)	Book value (million yen)		Fair value (million yen)		Unrealized gain or loss (million yen)	Remarks
				Unit price	Amount	Unit price	Amount		
MEZ-04	Star Asia Mezzanine Loan Debt Investment Series 4	Loan receivable	—	—	300	—	300	—	(Note 1) (Note 2)

(Note 1) Because interest income etc. from mezzanine loan debt are based on floating interest rates, the fair value is approximately the same as the book value and thus stated at that book value.

(Note 2) The underlying assets are trust beneficiary interests in a trust mainly composed of DS Kaigan Building.