

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

September 14, 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: October 14, 2021

Scheduled date of submission of securities report: October 26, 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 July 31, 2021 (from February 1, 2021 to July 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 Jul. 2021	5,560	(16.7)	2,838	(15.9)	2,407	(17.3)	2,407	(79.6)
Ended Jan. 2021	6,672	67.0	3,376	58.4	2,911	56.7	11,801	535.5

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 Jul. 2021	1,437	2.7	1.3	43.3
Ended Jan. 2021	7,048	16.4	2.0	43.6

(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 Jul. 2021	1,462	2,447	-	-	101.7	2.7
Ended Jan. 2021	1,676	2,806	-	-	23.8	3.2

(Note 1) Total cash distribution for the fiscal period ended January 31, 2021, differs from net income due to the provision of reserve for temporary difference adjustment and other factors.

(Note 2) Total cash distribution for the fiscal period ended July 31, 2021, differs from net income due to the reversal 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 Jul. 2021	179,170	89,179	49.8	53,260
Ended Jan. 2021	179,789	89,600	49.8	53,512

(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 Jul. 2021	2,672	(242)	(2,805)	10,706
Ended Jan. 2021	10,883	(7,443)	(3,768)	11,080

2. Management Status Forecast for Fiscal Period Ending January 31, 2022 (from August 1, 2021 to January 31, 2022) and Fiscal Period Ending July 31, 2022 (from February 1, 2022 to July 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 Jan. 2022	5,898	6.1	2,988	5.3	2,412	0.2	2,411	0.2	1,455	-
Ending Jul. 2022	5,955	1.0	3,044	1.9	2,554	5.9	2,553	5.9	1,476	-

(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 January 31, 2022:

Expected total number of investment units issued and outstanding at end of period 1,789,389 units

Forecast net income per unit 1,347 yen

Fiscal period ending July 31, 2022:

Expected total number of investment units issued and outstanding at end of period 1,789,389 units

Forecast net income per unit 1,426 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 (1,789,389 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 Jul. 31, 2021	1,674,389 units	Fiscal period ended Jan. 31, 2021	1,674,389 units
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② Number of own investment units at end of period

Fiscal period ended Jul. 31, 2021	0 units	Fiscal period ended Jan. 31, 2021	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 January 31, 2022, and Fiscal Period Ending July 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 January 31, 2022, and Fiscal Period Ending July 31, 2022

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>➤ Fiscal period ending January 31, 2022: August 1, 2021 – January 31, 2022 (184 days)</li> <li>➤ Fiscal period ending July 31, 2022: February 1, 2022 – July 31, 2022 (181 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>➤ It is assumed that, with regard to the assets held by SAR as of the date of this report (60 real estate trust beneficiary interests, and 4 mezzanine loan debts (collectively, “Currently Held Assets,” with those in the form of real estate trust beneficiary interests being referred to as “Currently Held Assets (Real Estate),” and those in the form of mezzanine loan debt being referred to as “Currently Held Assets (Mezzanine)”)), there will be no change in assets under management (new property acquisitions, sales of the existing properties, etc.) through to the end of the fiscal period ending July 31, 2022.</li> <li>➤ However, in reality assets under management may change.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ Interest revenues or dividend revenues from Currently Held Assets (Mezzanine) are calculated based on outlines which define the contents of Currently Held Assets (Mezzanine) and loan agreements or trust agreements that are effective as of the date of this report. It is also assumed that no interest payments or dividend payments will be unpaid.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ Fixed property taxes, city planning taxes, and other public charges are expected to be 421 million yen in the fiscal period ending January 31, 2022, and to be 454 million yen in the fiscal period ending July 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 real estate trust beneficiary interests in a total of 8 properties in January 2021 and August 2021 will not be recorded as expenses for 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.</li> <li>➤ 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”), 199 million yen is expected for the fiscal period ending January 31, 2022, and 198 million yen is expected for the fiscal period ending July 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.</li> <li>➤ Depreciation is calculated using the straight-line method including for ancillary costs and is expected to be 684 million yen for the fiscal period ending January 31, 2022, and 697 million yen for the fiscal period ending July 31, 2022.</li> <li>➤ Operating expenses other than rent business related expenses are expected to be 550 million yen in the fiscal period ending January 31, 2022, and 562 million yen in the fiscal period ending July 31, 2022.</li> </ul>
NOI (Net Operating Income)	<ul style="list-style-type: none"> <li>➤ Total NOI of the entire portfolio is expected to be 4,199 million yen for the fiscal period ending January 31, 2022, and 4,280 million yen for the fiscal period ending July 31, 2022.</li> <li>➤ NOI is calculated by using the following calculation method. NOI = rent revenue – rent expenses (excluding depreciation)</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>➤ As issuance cost of new investment units, non-operating expenses are expected to be 6 million yen for the fiscal period ending January 31, 2022 and 6 million yen for the fiscal period ending July 31, 2022.</li> <li>➤ The sum of interest expenses and other financing-related expenses is expected to be 569 million yen in the fiscal period ending January 31, 2022, and 483 million yen in the period ending July 31, 2022.</li> </ul>
Debt financing	<ul style="list-style-type: none"> <li>➤ As of the date of this report, SAR has outstanding debt of 89,440 million yen. However, it is assumed that borrowings with repayment dates falling in the fiscal period ending January 31, 2022, and the fiscal period ending July 31, 2022, will be fully refinanced.</li> <li>➤ It is assumed that there will be no new borrowings or repayment of existing borrowings, including early repayment, through to the end of the fiscal period ending July 31, 2022, other than those described above.</li> </ul>
Investment units	<ul style="list-style-type: none"> <li>➤ It is assumed that the total number of investment units issued and outstanding will be 1,789,389 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 to the end of the fiscal period ending July 31, 2022.</li> </ul>

Item	Assumptions
Cash distributions per unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ 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.</li> <li>➤ As to cash distribution for the fiscal period ending January 31, 2022, it is assumed that a total of 2,603 million yen (1,455 yen per unit) will be distributed, which is the total of estimated net income for the fiscal period of 2,411 million yen plus the expected reversal amount from the temporary difference adjustment reserve of 88 million yen, and a portion of profit carried forward from the previous period of 102 million yen. As to cash distribution for the fiscal period ending July 31, 2022, it is assumed that a total of 2,641 million yen (1,476 yen per unit) will be distributed which consists of estimated net income for the fiscal period of 2,553 million yen plus the expected reversal amount from the temporary difference adjustment reserve of 88 million yen.</li> <li>➤ The distribution per unit may change due to various factors including changes to the assets under management, changes to rent revenues given movements etc. of tenants, or the occurrence of unexpected repairs.</li> </ul>
Cash distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>➤ SAR has no plans to make distributions in excess of earnings as of the date of this report.</li> </ul>
Others	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ SAR assumes that there will be no unforeseen material change in general economic conditions or real estate market conditions, etc.</li> </ul>

### 3. Financial Statements

#### (1) Balance Sheet

(Unit: thousand yen)

	10th fiscal period (As of January 31, 2021)	11th fiscal period (As of July 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	3,565,028	3,169,688
Cash and deposits in trust	7,515,934	7,536,399
Operating accounts receivable	82,348	96,187
Prepaid expenses	188,497	177,085
Consumption taxes receivable	-	83,497
Other	9,208	7,506
<b>Total current assets</b>	<b>11,361,017</b>	<b>11,070,364</b>
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	114	114
Accumulated depreciation	(14)	(42)
Tools, furniture and fixtures, net	100	71
Buildings in trust	49,326,896	49,655,872
Accumulated depreciation	(3,460,097)	(4,084,344)
Buildings in trust, net	45,866,798	45,571,527
Structures in trust	20,635	20,635
Accumulated depreciation	(3,671)	(4,393)
Structures in trust, net	16,964	16,242
Machinery and equipment in trust	73,226	97,214
Accumulated depreciation	(14,997)	(18,872)
Machinery and equipment in trust, net	58,228	78,341
Tools, furniture and fixtures in trust	47,023	56,654
Accumulated depreciation	(16,360)	(20,334)
Tools, furniture and fixtures in trust, net	30,663	36,319
Land in trust	117,051,893	117,051,893
Construction in progress in trust	-	550
<b>Total property, plant and equipment</b>	<b>163,024,648</b>	<b>162,754,946</b>
Intangible assets		
Leasehold rights in trust	4,082,300	4,082,300
<b>Total intangible assets</b>	<b>4,082,300</b>	<b>4,082,300</b>
Investments and other assets		
Investment securities	756,206	692,234
Long-term loans receivable	300,000	300,000
Long-term prepaid expenses	245,057	260,510
Lease and guarantee deposits	20,519	10,459
<b>Total investments and other assets</b>	<b>1,321,782</b>	<b>1,263,203</b>
<b>Total non-current assets</b>	<b>168,428,731</b>	<b>168,100,450</b>
<b>Total assets</b>	<b>179,789,748</b>	<b>179,170,815</b>

(Unit: thousand yen)

	10th fiscal period (As of January 31, 2021)	11th fiscal period (As of July 31, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	621,461	544,542
Short-term loans payable	2,150,000	2,150,000
Current portion of long-term loans payable	22,660,000	23,450,000
Accounts payable - other	541,206	492,764
Accrued expenses	43,534	41,562
Income taxes payable	605	605
Accrued consumption taxes	252,480	71,861
Advances received	835,113	913,623
Other	30,588	23,834
<b>Total current liabilities</b>	<b>27,134,990</b>	<b>27,688,794</b>
<b>Non-current liabilities</b>		
Long-term loans payable	57,630,000	56,840,000
Tenant leasehold and security deposits	6,142	6,142
Tenant leasehold and security deposits in trust	5,197,022	5,217,745
Other	221,075	238,654
<b>Total non-current liabilities</b>	<b>63,054,239</b>	<b>62,302,542</b>
<b>Total liabilities</b>	<b>90,189,230</b>	<b>89,991,336</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	52,745,966	52,745,966
<b>Surplus</b>		
Unitholders' capital surplus	25,132,218	25,132,218
<b>Voluntary reserve</b>		
Reserve for temporary difference adjustment	-	8,891,236
<b>Total voluntary reserve</b>	<b>-</b>	<b>8,891,236</b>
Unappropriated retained earnings (undisposed loss)	11,942,013	2,651,806
<b>Total surplus</b>	<b>37,074,231</b>	<b>36,675,261</b>
<b>Total unitholders' equity</b>	<b>89,820,197</b>	<b>89,421,227</b>
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges	(219,679)	(241,749)
<b>Total valuation and translation adjustments</b>	<b>(219,679)</b>	<b>(241,749)</b>
<b>Total net assets</b>	<b>*1 89,600,518</b>	<b>*1 89,179,478</b>
<b>Total liabilities and net assets</b>	<b>179,789,748</b>	<b>179,170,815</b>

## (2) Statement of Income

(Unit: thousand yen)

	10th fiscal period From: August 1, 2020 To: January 31, 2021	11th fiscal period From: February 1, 2021 To: July 31, 2021
<b>Operating revenue</b>		
Lease business revenue	*1 5,259,516	*1 5,184,498
Other lease business revenue	*1 389,105	*1 351,786
Gain on sales of real estate property	*2 993,574	-
Other revenue	29,933	24,495
<b>Total operating revenue</b>	<b>6,672,130</b>	<b>5,560,780</b>
<b>Operating expenses</b>		
Expenses related to rent business	*1 2,179,316	*1 2,189,167
Loss on sales of real estate property	*2 19,285	-
Asset management fee	405,303	380,024
Asset custody and administrative service fees	47,427	38,699
Directors' compensations	2,400	2,400
Merger expenses	448,870	-
Other operating expenses	192,798	111,699
<b>Total operating expenses</b>	<b>3,295,402</b>	<b>2,721,990</b>
<b>Operating income</b>	<b>3,376,728</b>	<b>2,838,789</b>
<b>Non-operating income</b>		
Interest income	51	63
Reversal of unpaid distribution	4,111	3,390
Interest on refund	1	1
Other	0	-
<b>Total non-operating income</b>	<b>4,164</b>	<b>3,454</b>
<b>Non-operating expenses</b>		
Interest expenses	299,303	301,653
Borrowing related expenses	170,497	132,679
<b>Total non-operating expenses</b>	<b>469,801</b>	<b>434,333</b>
<b>Ordinary income</b>	<b>2,911,090</b>	<b>2,407,910</b>
<b>Extraordinary income</b>		
Gain on negative goodwill	8,891,236	-
<b>Total extraordinary income</b>	<b>8,891,236</b>	<b>-</b>
<b>Income before income taxes</b>	<b>11,802,327</b>	<b>2,407,910</b>
Income taxes - current	605	605
<b>Total income taxes</b>	<b>605</b>	<b>605</b>
<b>Net income</b>	<b>11,801,722</b>	<b>2,407,305</b>
<b>Retained earnings brought forward</b>	<b>140,290</b>	<b>244,500</b>
<b>Unappropriated retained earnings (undisposed loss)</b>	<b>11,942,013</b>	<b>2,651,806</b>

## (3) Statement of Unitholders' Equity

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

(Unit: thousand yen)

	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

	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

11th fiscal period (from February 1, 2021 to July 31, 2021)

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital	Capital surplus	Surplus				Total unitholders' equity
			Voluntary reserve		Unappropriated retained earnings (undisposed loss)	Total surplus	
			Reserve for temporary difference adjustment	Total voluntary reserve			
Balance at beginning of the period	52,745,966	25,132,218	-	-	11,942,013	37,074,231	89,820,197
Changes of items during the period							
Dividends from surplus					(2,806,275)	(2,806,275)	(2,806,275)
Provision of reserve for temporary difference adjustment			8,891,236	8,891,236	(8,891,236)	-	-
Net income					2,407,305	2,407,305	2,407,305
Net changes of items other than unitholders' equity							
Total changes of items during the period	-	-	8,891,236	8,891,236	(9,290,206)	(398,970)	(398,970)
Balance at end of the period	*1 52,745,966	25,132,218	8,891,236	8,891,236	2,651,806	36,675,261	89,421,227

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of the period	(219,679)	(219,679)	89,600,518
Changes of items during the period			
Dividends from surplus			(2,806,275)
Provision of reserve for temporary difference adjustment			-
Net income			2,407,305
Net changes of items other than unitholders' equity	(22,069)	(22,069)	(22,069)
Total changes of items during the period	(22,069)	(22,069)	(421,039)
Balance at end of the period	(241,749)	(241,749)	89,179,478

## (4) Statement of Cash Distributions

(Unit: yen)

	10th fiscal period From: August 1, 2020 To: January 31, 2021	11th fiscal period From: February 1, 2021 To: July 31, 2021
I. Unappropriated retained earnings	11,942,013,083	2,651,806,438
II. Reversal of voluntary reserve		
Reversal of reserve for temporary difference adjustment *1	-	88,912,365
III. Cash distribution	2,806,275,964	2,447,956,718
[Cash distribution per unit]	[1,676]	[1,462]
Cash distribution of earnings	2,806,275,964	2,447,956,718
[Cash distribution of earnings per unit]	[1,676]	[1,462]
IV. Voluntary reserve		
Provision of reserve for temporary difference adjustment *1	8,891,236,430	-
V. Retained earnings carried forward	244,500,689	292,762,085

Method of calculation of amount of cash distributions

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.

11th fiscal period (from February 1, 2021 to July 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 distribute 2,447,956,718 yen, which is equivalent to the sum of the amount remaining after reserving 48,261,396 yen from net income and the amount of reversal of reserve for temporary difference adjustment of 88,912,365 yen.

## (5) Statement of Cash Flows

(Unit: thousand yen)

	10th fiscal period From: August 1, 2020 To: January 31, 2021	11th fiscal period From: February 1, 2021 To: July 31, 2021
<b>Cash flows from operating activities</b>		
Income before income taxes	11,802,327	2,407,910
Depreciation	628,353	633,013
Gain on negative goodwill	(8,891,236)	-
Interest income	(51)	(63)
Interest expenses	299,303	301,653
Decrease (increase) in operating accounts receivable	21,847	(13,838)
Decrease (increase) in consumption taxes receivable	-	(83,497)
Increase (decrease) in accrued consumption taxes	149,670	(180,619)
Decrease (increase) in prepaid expenses	(12,177)	11,412
Decrease (increase) in long-term prepaid expenses	(76,386)	(15,453)
Increase (decrease) in operating accounts payable	57,449	(123,131)
Increase (decrease) in accounts payable - other	(60,409)	(35,359)
Increase (decrease) in advances received	(237,771)	78,509
Decrease from sales of property, plant and equipment in trust	7,501,405	-
Other, net	1,457	(3,762)
Subtotal	11,183,783	2,976,775
Interest income received	51	63
Interest expenses paid	(298,957)	(303,625)
Income taxes paid	(1,562)	(443)
Net cash provided by (used in) operating activities	10,883,314	2,672,769
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(114)	-
Purchase of property, plant and equipment in trust	(7,305,472)	(330,859)
Repayments of tenant leasehold and security deposits	(453)	(72)
Proceeds from tenant leasehold and security deposits	-	72
Repayments of tenant leasehold and security deposits in trust	(433,786)	(124,421)
Proceeds from tenant leasehold and security deposits in trust	199,839	145,144
Proceeds from collection of lease and guarantee deposits	263	10,060
Proceeds from redemption of investment securities	96,646	57,887
Net cash provided by (used in) investing activities	(7,443,077)	(242,189)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	2,150,000	1,660,000
Repayments of short-term loans payable	(4,900,000)	(1,660,000)
Proceeds from long-term loans payable	12,750,000	8,960,000
Repayments of long-term loans payable	(11,080,000)	(8,960,000)
Dividends paid	(2,688,002)	(2,805,455)
Net cash provided by (used in) financing activities	(3,768,002)	(2,805,455)
Net increase (decrease) in cash and cash equivalents	(327,765)	(374,875)
Cash and cash equivalents at beginning of period	6,219,277	11,080,963
Net increase in cash and cash equivalents due to merger	5,189,451	-
Cash and cash equivalents at end of period	*1 11,080,963	*1 10,706,087

(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, there was no amount equivalent to fixed property tax, etc. included in the cost of acquisition of real estate, etc.
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; Construction in progress 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) Change in Display Method

“Proceeds from collection of lease and guarantee deposits” which was originally included in “Other, net” in “Cash flows from investing activities” has been listed separately from the current calculation period due to the increase in quantitative significance. In order to reflect such change in display method, SAR reclassified the financial statements for the previous calculation period. As a result, the 263 thousand yen displayed in “Other, net” in “Cash flows from investing activities” in the statement of cash flows for the previous calculation period has been reclassified as 263 thousand yen of “Proceeds from collection of lease and guarantee deposits”.

(9) 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)

	10th fiscal period (As of January 31, 2021)	11th fiscal period (As of July 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)

	10th fiscal period From: August 1, 2020 To: January 31, 2021	11th fiscal period From: February 1, 2021 To: July 31, 2021
A. Operating revenue from real estate leasing		
Lease business revenue		
Rental revenue	4,476,854	4,413,190
Common area maintenance revenue	555,635	540,735
Parking revenue	190,492	195,685
Facility use revenue	31,703	30,677
Other rental revenue	4,830	4,209
	5,259,516	5,184,498
Other lease business revenue		
Utilities reimbursement	315,752	258,593
Other revenue	73,352	93,192
	389,105	351,786
Total operating revenue from real estate leasing	5,648,622	5,536,284
B. Operating expenses from real estate leasing		
Expenses related to rent business		
Management fee	412,710	419,406
Utilities expenses	301,349	260,562
Taxes and dues	425,403	421,132
Repair expenses	181,948	220,204
Trust fee	22,614	22,864
Insurance premium	9,110	12,192
Depreciation	628,353	633,013
Other expenses	197,825	199,789
Total operating expenses from real estate leasing	2,179,316	2,189,167
C. Operating income (loss) from real estate leasing [A—B]	3,469,305	3,347,117

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

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
Gain on Real Estate Sale	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
Loss on Real Estate Sale	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
Gain on Real Estate Sale	975,313

11th fiscal period (from February 1, 2021 to July 31, 2021)

Not applicable.

[Notes to the Statement of Unitholders' Equity]

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

	10th fiscal period From: August 1, 2020 To: January 31, 2021	11th fiscal period From: February 1, 2021 To: July 31, 2021
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	1,674,389 units	1,674,389 units

[Notes to the Statement of Cash Distributions]

10th fiscal period From: August 1, 2020 To: January 31, 2021	11th fiscal period From: February 1, 2021 To: July 31, 2021
*1 Reserve for temporary difference adjustment SAR provided 8,891,236 thousand yen as reserve for temporary difference adjustment in the 10th fiscal period. From the 11th fiscal period, SAR plans to reverse the same amount or more in each fiscal period over a period of up to 50 years.	*1 Reserve for temporary difference adjustment SAR provided 8,891,236 thousand yen as reserve for temporary difference adjustment in the 10th fiscal period. From the 11th fiscal period, SAR plans to reverse the same amount or more in each fiscal period over a period of up to 50 years. In the fiscal period under review, SAR decided to reverse 88,912 thousand yen.

[Notes 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)

	10th fiscal period From: August 1, 2020 To: January 31, 2021	11th fiscal period From: February 1, 2021 To: July 31, 2021
Cash and deposits	3,565,028	3,169,688
Cash and deposits in trust	7,515,934	7,536,399
Cash and cash equivalents	11,080,963	10,706,087

\*2 Description of significant non-cash transactions

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") due to the absorption-type merger with SAR as the surviving corporation and SSR as the dissolving corporation (the "Merger") conducted on August 1, 2020, 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
<b>Total assets</b>	<b>67,949,077</b>
Current liabilities	12,624,609
Non-current liabilities	21,301,013
<b>Total liabilities</b>	<b>33,925,622</b>

11th fiscal period (from February 1, 2021 to July 31, 2021)

Not applicable.

[Notes on Lease Transactions]

Operating leases (as lessor)  
Future minimum lease payments

(Unit: thousand yen)

	10th fiscal period As of Jan. 31, 2021	11th fiscal period As of Jul. 31, 2021
Not later than 1 year	5,322,499	5,328,242
Later than 1 year	8,998,739	8,126,573
Total	14,321,239	13,454,815

[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 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)	-

The carrying amount and fair value as of July 31, 2021, 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	3,169,688	3,169,688	-
(2) Cash and deposits in trust	7,536,399	7,536,399	-
(3) Investment securities	672,850	672,850	-
(4) Long-term loans receivable	300,000	300,000	-
Assets total	11,678,937	11,678,937	-
(5) Short-term loans payable	2,150,000	2,150,000	-
(6) Current portion of long-term loans payable	23,450,000	23,450,000	-
(7) Long-term loans payable	56,840,000	56,861,428	21,428
Liabilities total	82,440,000	82,461,428	21,428
(8) Derivative transactions (*)	(241,749)	(241,749)	-

(\*) 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) Carrying amount of financial instruments for which estimation of fair value is recognized to be difficult

(Unit: thousand yen)

Category	10th fiscal period As of Jan. 31, 2021	11th fiscal period As of Jul. 31, 2021
Tenant leasehold and security deposits (*1)	6,142	6,142
Tenant leasehold and security deposits in trust (*1)	5,197,022	5,217,745
Investment securities (*2)	82,726	19,384

(\*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

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	-

11th fiscal period (as of July 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	3,169,688	-	-	-	-	-
Cash and deposits in trust	7,536,399	-	-	-	-	-
Investment securities	-	-	522,850	150,000	-	-
Long-term loans receivable	-	-	300,000	-	-	-
Total	10,706,087	-	822,850	150,000	-	-

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

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	-

11th fiscal period (as of July 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	23,450,000	15,390,000	13,340,000	7,300,000	17,810,000	3,000,000
Total	25,600,000	15,390,000	13,340,000	7,300,000	17,810,000	3,000,000

[Notes on Securities]

Other securities  
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.

11th fiscal period (as of July 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	272,850	272,850	-
	Subtotal	672,850	672,850	-
Total		672,850	672,850	-

(\*) Silent partnership equity interests (carrying amount: 19,384 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

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

Not applicable.

11th fiscal period (as of July 31, 2021)

Not applicable.

2. Derivative transactions to which hedge accounting is applied

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.

11th fiscal period (as of July 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	54,290,000	46,140,000	(241,749)

(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]

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

Not applicable.

11th fiscal period (as of July 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)

	10th fiscal period As of January 31, 2021	11th fiscal period As of July 31, 2021
Deferred tax assets		
Valuation adjustment upon merger	1,230,867	1,203,727
Acquisition cost of securities	2,269	1,359
Deferred gains or losses on hedges	69,111	76,054
Subtotal	1,302,248	1,281,140
Valuation allowance	(1,302,248)	(1,281,140)
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: %)

	10th fiscal period As of January 31, 2021	11th fiscal period As of July 31, 2021
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible distributions payable	(5.94)	(30.49)
Gain on negative goodwill	(23.70)	-
Reversal of excess depreciation	(1.88)	(0.83)
Others	0.07	(0.12)
Effective income tax rate after application of tax-effect accounting	0.01	0.03

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

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

Not applicable.

11th fiscal period (as of July 31, 2021)

Not applicable.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholders, etc.

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

Not applicable.

11th fiscal period (from February 1, 2021 to July 31, 2021)

Not applicable.

2. Affiliated companies, etc.

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

Not applicable.

11th fiscal period (from February 1, 2021 to July 31, 2021)

Not applicable.

3. Fellow subsidiaries, etc.

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

Not applicable.

11th fiscal period (from February 1, 2021 to July 31, 2021)

Not applicable.

4. Directors, major individual unitholders, etc.

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)

11th fiscal period (from February 1, 2021 to July 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)	380,024 (Note 2) (Note 3)	Accounts payable – others	418,026 (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 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]

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

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 11th 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
<b>Total assets</b>	<b>67,949,077</b>
Current liabilities	12,624,609
Non-current liabilities	21,301,013
<b>Total liabilities</b>	<b>33,925,622</b>

(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 11th fiscal period.

7. Estimated amount of impact on the statement of income for the 11th fiscal period when assuming that the business combination has been completed on the date of commencement of the 11th fiscal period

There is no impact as the date of business combination and the date of commencement of the 11th fiscal period are the same.

11th fiscal period (from February 1, 2021 to July 31, 2021)

Not applicable.

[Notes on Asset Retirement Obligations]

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

Not applicable.

11th fiscal period (as of July 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)

	10th fiscal period From: August 1, 2020 To: January 31, 2021	11th fiscal period From: February 1, 2021 To: July 31, 2021
Carrying amount		
Balance at beginning of period	105,337,137	167,106,948
Amount of increase (decrease) during period	61,769,811	(270,251)
Balance at end of period	167,106,948	166,836,697
Fair value at end of period	175,821,000	177,211,000

(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 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). Of the amount of increase (decrease) during the 11th fiscal period, the amount of increase is mainly attributable to capital expenditures (363,439 thousand yen), while the amount of decrease is mainly attributable to depreciation (633,013 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser.

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

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%).

11th fiscal period (from February 1, 2021 to July 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

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

[Notes on Per Unit Information]

	10th fiscal period From: August 1, 2020 To: January 31, 2021	11th fiscal period From: February 1, 2021 To: July 31, 2021
Net assets per unit	53,512 yen	53,260 yen
Net income per unit	7,048 yen	1,437 yen

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

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

	10th fiscal period From: August 1, 2020 To: January 31, 2021	11th fiscal period From: February 1, 2021 To: July 31, 2021
Net income (thousand yen)	11,801,722	2,407,305
Amount not attributable to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	11,801,722	2,407,305
Average number of investment units during period (units)	1,674,389	1,674,389

[Notes on Significant Subsequent Events]

Issuance of new investment units

The issuance of new investment units for the purpose of acquiring real estate, etc. was resolved as follows at board of directors' meetings held on August 2, 2021, and August 11, 2021, and payment was completed on August 17, 2021.

<Issuance of new investment units through primary offering>

Number of new investment units issued	: 115,000 units
Issue price (offer price)	: 57,330 yen per unit
Total issue price (total offer price)	: 6,592,950,000 yen
Issue amount (paid-in amount)	: 55,389 yen per unit
Total issue amount (total paid-in amount)	: 6,369,735,000 yen
Payment date	: August 17, 2021

The proceeds from the issuance of new investment units have been allocated to part of the acquisition funds, and the real estate trust beneficiary interests in 7 properties were acquired on August 19, 2021 (total acquisition price: 12,965 million yen).

(10) 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 11th 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.

#### 4. Reference Information

##### (1) Investment Status

Type of asset	Primary use	Geographic area (Note 1)	10th fiscal period (As of January 31, 2021)		11th fiscal period (As of July 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	52,422	29.2	52,526	29.3
		Other than Greater Tokyo	15,712	8.7	15,665	8.7
	Retail	Other than Greater Tokyo	15,260	8.5	15,205	8.5
	Residence	Greater Tokyo	26,972	15.0	26,898	15.0
		Other than Greater Tokyo	6,251	3.5	6,246	3.5
	Logistics facility	Greater Tokyo	30,018	16.7	29,897	16.7
	Hotel	Greater Tokyo	12,768	7.1	12,726	7.1
		Other than Greater Tokyo	7,700	4.3	7,669	4.3
Subtotal			167,106	92.9	166,836	93.1
Investment securities			756	0.4	692	0.4
Long-term loans receivable			300	0.2	300	0.2
Deposits and other assets			11,626	6.5	11,341	6.3
Total amount of assets			179,789	100.0	179,170	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)	90,189	50.2	89,991	50.2
Total amount of net assets (Note 4)	89,600	49.8	89,179	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	—	—	122	—	122	—	(Note 1) (Note 3)
MEZ-05	Star Asia Mezzanine Loan Debt Investment Series 5	Trust beneficiary rights	—	—	150	—	150	—	(Note 1) (Note 4)
TKI-02	Silent partnership equity interest in Godo Kaisya SAPR7	Silent partnership equity interest	—	—	19	—	19	—	(Note 5) (Note 6)
	Total	—	—	—	692		692	—	—

(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.

Name of the security	Type of specified asset	Property name	Location (Indication of residential address)
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 (acquisition 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	2,990	January 14, 2016	
	OFC-03	Honmachibashi Tower	Chuo Ward, Osaka City, Osaka	6,065	3.6	6,810	January 14, 2016	
	OFC-04	Nishi-Shinjuku Matsuya Building	Shibuya Ward, Tokyo	1,763	1.1	2,520	April 20, 2016	
	OFC-06	Shibuya MK Building	Shibuya Ward, Tokyo	2,042	1.2	3,230	April 20, 2016	
	OFC-08	Asahi Building	Kanagawa Ward, Yokohama City, Kanagawa	6,320	3.8	7,900	April 20, 2016	
	OFC-09	Hakata-eki East Place	Hakata Ward, Fukuoka City, Fukuoka	2,286	1.4	2,780	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	2,710	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	5,370	August 1, 2020	
	OFC-16	Tsukasamachi BLDG.	Chiyoda Ward, Tokyo	4,590	2.8	4,580	August 1, 2020	
	OFC-17	Takadanobaba Access	Shinjuku Ward, Tokyo	3,990	2.4	3,990	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	2,380	August 1, 2020	
	OFC-20	Shin-Yokohama Nara BLDG.	Kohoku Ward, Yokohama City, Kanagawa	2,300	1.4	2,430	August 1, 2020	
	OFC-21	The Portal Akihabara	Chiyoda Ward, Tokyo	1,510	0.9	1,490	August 1, 2020	
	Subtotal				68,059	40.8	73,260	—
	Retail	RTL-01	La Park Kishiwada	Kishiwada City, Osaka	5,400	3.2	5,210	August 1, 2020
		RTL-02	Suoy Mall Chikushino	Chikushino City, Fukuoka	6,550	3.9	6,440	August 1, 2020
RTL-03		Seiyu Minakuchi	Koka City, Shiga	3,320	2.0	3,330	August 1, 2020	
Subtotal				15,270	9.2	14,980	—	
Residence	RSC-01	Urban Park Azabujuban	Minato Ward, Tokyo	2,045	1.2	2,580	January 14, 2016	
	RSC-02	Urban Park Daikanyama	Shibuya Ward, Tokyo	6,315	3.8	8,750	January 14, 2016	
	RSC-05	Urban Park Namba	Naniwa Ward, Osaka City, Osaka	1,490	0.9	1,530	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	1,660	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	1,940	March 13, 2020	
	RSC-11	Urban Park Gyotoku	Ichikawa City, Chiba	1,430	0.9	1,540	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	2,250	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	1,020	August 1, 2020
	RSC-15	Urban Park Yoyogi	Shibuya Ward, Tokyo	1,740	1.0	1,800	August 1, 2020
	RSC-16	Urban Park Tokiwadai Koen	Hodogaya Ward, Yokohama City, Kanagawa	3,506	2.1	3,840	October 16, 2020
	RSC-17	Urban Park Mitsuike Koen	Tsurumi Ward, Yokohama City, Kanagawa	3,160	1.9	3,400	January 8, 2021
	Subtotal				32,472	19.5	36,650
Logistics facility	LGC-01	Iwatsuki Logistics	Iwatsuki Ward, Saitama City, Saitama	6,942	4.2	7,490	January 14, 2016
	LGC-02	Yokohama Logistics	Kanagawa Ward, Yokohama City, Kanagawa	3,560	2.1	4,230	January 14, 2016
	LGC-03	Funabashi Logistics	Funabashi City, Chiba	7,875	4.7	8,720	January 14, 2016
	LGC-04	Baraki Logistics	Ichikawa City, Chiba	4,700	2.8	4,900	April 6, 2017
	LGC-05	Tokorozawa Logistics	Tokorozawa City, Saitama	1,300	0.8	1,410	April 6, 2017
	LGC-07	Funabashi Nishiura Logistics II	Funabashi City, Chiba	821	0.5	867	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	704	August 1, 2020
	Subtotal				30,365	18.2	32,941
Hotel	HTL-01	R&B Hotel Umeda East	Kita Ward, Osaka City, Osaka	2,069	1.2	2,270	January 14, 2016
	HTL-02	Smile Hotel Namba	Naniwa Ward, Osaka City, Osaka	1,750	1.0	1,410	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	3,200	April 6, 2017
	HTL-05	Hotel WBF Fukuoka Tenjin Minami	Chuo Ward, Fukuoka City, Fukuoka	1,970	1.2	1,920	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	Naniwa Ward, Osaka City, Osaka	2,000	1.2	1,400	September 6, 2018
Subtotal				20,544	12.3	19,380	—
Total				166,710	100.0	177,211	—

(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 July 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.”.

(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 <sup>2</sup> ) (Note 4)	Leasable area (m <sup>2</sup> ) (Note 5)	Occupancy rate (%) (Note 6)
OFC-01	Minami-Azabu Shibuya Building	June 1993	5	133,299	110,097	2,208.96	3,263.08	67.7
OFC-03	Honmachibashi Tower	February 2010	5 (Note 7)	195,045	219,034	9,940.41	10,489.58	94.8
OFC-04	Nishi-Shinjuku Matsuya Building	May 1987	10	94,358	129,988	3,157.04	3,521.03	89.7
OFC-06	Shibuya MK Building	July 1993	4	70,900	102,599	1,612.88	1,612.88	100.0
OFC-08	Asahi Building	November 1994	20	225,851	247,729	8,672.01	8,672.01	100.0
OFC-09	Hakata-eki East Place	February 1986	18	108,224	100,014	4,583.27	4,632.70	98.9
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	51	295,580	284,710	14,417.18	16,933.13	85.1
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	254,280	333,111	5,616.79	5,616.79	100.0
OFC-15	NK BLDG.	October 1991	9	128,600	136,875	3,029.91	3,394.35	89.3
OFC-16	Tsukasamachi BLDG.	January 1988	6	117,030	159,962	3,250.68	3,250.68	100.0
OFC-17	Takadanobaba Access	January 1994	8	108,399	119,601	3,691.49	3,691.49	100.0
OFC-18	Azabu Amerex BLDG.	June 1988	7	65,034	66,079	2,240.03	2,240.03	100.0
OFC-19	Hiei-Kudan BLDG.	September 1991	9	62,033	87,887	2,100.58	2,298.86	91.4
OFC-20	Shin-Yokohama Nara BLDG.	March 1992	17	78,532	85,493	3,654.52	4,057.89	90.1
OFC-21	The Portal Akihabara	May 2002	8	32,305	37,868	941.69	941.69	100.0
RTL-01	La Park Kishiwada	August 1994	52 (Note 10)	486,731	230,344	40,456.50 (Note 10)	40,875.15 (Note 10)	99.0
RTL-02	Suoy Mall Chikushino	June 2007	24	285,039	455,604	31,394.09	32,159.62	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
RSC-01	Urban Park Azabujuban	November 1999	38	51,142	9,892	1,729.42	1,986.76	87.0
RSC-02	Urban Park Daikanyama	Existing: November 1982 Newly built: May 2006	63	187,458	78,815	5,418.09	5,977.18	90.6
RSC-05	Urban Park Namba	January 2013	93	42,591	-	2,077.21	2,584.81	80.4
RSC-06	Urban Park Gokokuji	February 1990	83	43,535	4,344	1,425.67	1,964.04	72.6

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 <sup>2</sup> ) (Note 4)	Leasable area (m <sup>2</sup> ) (Note 5)	Occupancy rate (%) (Note 6)
RSC-07	Urban Park Kashiwa	August 1997	41	38,425	7,583	2,954.77	2,954.77	100.0
RSC-08	Urban Park Ryokuchi Koen	March 1989	51	56,303	8,253	4,700.50	5,508.94	85.3
RSC-09	Urban Park Koenji	October 1987	58	34,715	5,785	1,219.49	1,365.48	89.3
RSC-10	Urban Park Ichigao	July 1998	60	56,488	17,585	4,259.94	4,322.62	98.5
RSC-11	Urban Park Gyotoku	March 1995	40	45,031	29,176	2,859.48	2,976.36	96.1
RSC-12	Shiroi Logiman	May 1995	291	140,163	14,328	21,359.42	21,922.03	97.4
RSC-13	Urban Park Sekime	August 1989	121	83,940	9,322	7,224.71	7,684.17	94.0
RSC-14	Urban Park Imazato	December 1991	67	38,864	1,857	4,581.14	4,648.64	98.5
RSC-15	Urban Park Yoyogi	September 2017	25	35,702	8,040	989.06	1,286.50	76.9
RSC-16	Urban Park Tokiwadai Koen	February 1994	136	140,985	30,063	13,860.00	14,058.00	98.6
RSC-17	Urban Park Mitsuike Koen	March 1992	135	126,287	27,204	9,966.00	10,362.00	96.2
LGC-01	Iwatsuki Logistics	October 2014	3	196,498	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	256,808	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-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	65,392	73,495	3,940.93	3,940.93	100.0
HTL-02	Smile Hotel Namba	February 2008	1	17,626	-	1,711.42	1,711.42	100.0
HTL-03	BEST WESTERN Tokyo Nishikasai	March 1991	1	84,782	84,600	5,293.88	5,293.88	100.0
HTL-04	BEST WESTERN Yokohama	September 1987	1	80,400	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

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 <sup>2</sup> ) (Note 4)	Leasable area (m <sup>2</sup> ) (Note 5)	Occupancy rate (%) (Note 6)
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	70,002	116,670	2,755.19	2,755.19	100.0
HTL-08	KOKO HOTEL Osaka Namba	April 2017	1	-	-	2,061.38	2,061.38	100.0
Total			1,605	5,536,284	5,223,887	417,892.42	432,737.64	96.6

(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 July 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 July 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 July 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 July 31, 2021.

(Note 6) "Occupancy rate" is the ratio of leased area to leasable area for each investment asset as of July 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 July 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) The number of tenants and each area related to the installation of ATM are not included.

## (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	2,990	3,120	3.9	2,940	3.5	4.1	139	4.7	
	OFC-03	Honmachibashi Tower	Daiwa	6,810	6,900	4.2	6,770	4.0	4.4	308	5.1	
	OFC-04	Nishi-Shinjuku Matsuya Building	Daiwa	2,520	2,470	4.1	2,540	3.9	4.3	116	6.6	
	OFC-06	Shibuya MK Building	JREI	3,230	3,290	3.5	3,160	3.3	3.7	119	5.9	
	OFC-08	Asahi Building	JREI	7,900	8,040	3.6	7,750	3.4	3.8	321	5.1	
	OFC-09	Hakata-eki East Place	Daiwa	2,780	2,740	4.6	2,790	4.4	4.8	127	5.6	
	OFC-10	Nihonbashi Hamacho Park Building	Daiwa	1,540	1,530	4.3	1,540	4.1	4.5	67	4.7	
	OFC-11	Amusement Media Gakuin Honkan	Daiwa	2,710	2,770	3.6	2,680	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	4.0	
	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	5,370	5,550	3.5	5,290	3.6	3.7	205	3.8	
	OFC-16	Tsukasamachi BLDG.	Tanizawa	4,580	4,780	3.6	4,500	3.7	3.8	178	3.9	
	OFC-17	Takadanobaba Access	Tanizawa	3,990	4,220	3.7	3,890	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	2,380	2,530	3.5	2,310	3.6	3.7	96	4.0	
	OFC-20	Shin-Yokohama Nara BLDG.	JREI	2,430	2,450	4.5	2,410	4.2	4.6	116	5.1	
	OFC-21	The Portal Akihabara	Tanizawa	1,490	1,570	3.7	1,450	3.8	3.9	60	4.0	
			Subtotal		73,260	75,000	-	72,130	-	-	3,102	4.6
	Retail	RTL-01	La Park Kishiwada	JREI	5,210	5,220	6.4	5,190	6.2	6.6	384	7.1
		RTL-02	Suroy Mall Chikushino	Tanizawa	6,440	6,360	5.7	6,480	5.8	5.9	373	5.7
RTL-03		Seiyu Minakuchi	JREI	3,330	3,360	6.7	3,290	6.5	7.0	246	7.4	
			Subtotal		14,980	14,940	-	14,960	-	-	1,004	6.6
Residence	RSC-01	Urban Park Azabujuban	JREI	2,580	2,640	3.3	2,520	3.1	3.5	91	4.4	
	RSC-02	Urban Park Daikanyama	JREI	8,750	8,950	3.2	8,540	3.0	3.4	301	4.8	
	RSC-05	Urban Park Namba	Daiwa	1,530	1,550	4.7	1,520	4.5	4.9	75	5.0	
	RSC-06	Urban Park Gokokuji	JREI	1,510	1,540	3.8	1,470	3.6	4.0	66	4.5	
	RSC-07	Urban Park Kashiwa	Tanizawa	1,190	1,210	4.6	1,180	4.7	4.8	60	5.0	
	RSC-08	Urban Park Ryokuchi Koen	Tanizawa	1,660	1,680	4.6	1,650	4.7	4.8	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	1,940	1,960	4.1	1,910	3.9	4.3	86	4.7	
	RSC-11	Urban Park Gyotoku	Tanizawa	1,540	1,590	4.1	1,520	4.2	4.3	68	4.8	
	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	2,250	2,280	4.5	2,240	4.6	4.7	113	5.2	
	RSC-14	Urban Park Imazato	Tanizawa	1,020	1,030	4.7	1,020	4.8	4.9	53	5.4	
	RSC-15	Urban Park Yoyogi	JREI	1,800	1,830	3.5	1,770	3.2	3.7	65	3.7	
	RSC-16	Urban Park Tokiwadai Koen	Tanizawa	3,840	3,920	4.5	3,800	4.6	4.7	196	5.6	
	RSC-17	Urban Park Mitsuike Koen	Tanizawa	3,400	3,450	4.7	3,380	4.8	4.9	175	5.5	
			Subtotal		36,650	37,270	-	36,160	-	-	1,632	5.0
	Logistics facility	LGC-01	Iwatsuki Logistics	Daiwa	7,490	7,590	4.3	7,440	4.1	4.5	333	4.8
LGC-02		Yokohama Logistics	Daiwa	4,230	4,280	4.1	4,210	3.9	4.3	205	5.8	
LGC-03		Funabashi Logistics	Daiwa	8,720	8,820	4.1	8,680	3.9	4.3	410	5.2	
LGC-04		Baraki Logistics	Tanizawa	4,900	5,020	3.8	4,850	3.7	4.0	192	4.1	

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 (%)		
Logistics facility	LGC-05	Tokorozawa Logistics	JREI	1,410	1,420	4.8	1,390	4.4	5.1	74	5.7
	LGC-07	Funabashi Nishiura Logistics II	Daiwa	867	866	5.5	867	5.3	5.7	58	7.0
	LGC-08	Matsubushi Logistics	JREI	2,910	2,930	5.0	2,890	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	704	710	6.2	697	5.4	7.0	48	6.8
	Subtotal				32,941	33,366	-	32,704	-	-	1,583
Hotel	HTL-01	R&B Hotel Umeda East	Daiwa	2,270	2,290	4.6	2,260	4.4	4.8	114	5.5
	HTL-02	Smile Hotel Namba	Daiwa	1,410	1,470	4.7	1,380	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	3,200	3,250	4.4	3,150	4.2	4.6	147	4.5
	HTL-05	Hotel WBF Fukuoka Tenjin Minami	Tanizawa	1,920	1,970	4.4	1,900	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	1,400	1,450	4.5	1,380	4.1	4.5	72	3.6
Subtotal				19,380	19,780	-	19,140	-	-	882	4.3
Total				177,211	180,356	-	175,094	-	-	8,203	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 July 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 July 31, 2021. Of investment assets, the following are top five properties in terms of total rental revenue as of July 31, 2021.

	Changes in occupancy rate (%) (Note)				
	July 31, 2019	January 31, 2020	July 31, 2020	January 31, 2021	July 31, 2021
La Park Kishiwada	-	-	-	99.0	99.0
Suroy Mall Chikushino	-	-	-	97.6	97.6
Higashi Kobe Center Building	89.6	94.4	96.3	96.2	85.1
Funabashi Logistics	91.6	91.6	91.6	91.6	91.6
Seishin BLDG.	-	-	-	100.0	100.0

(Note) "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.

(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 <sup>2</sup> ) (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 July 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 12th 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 July 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
Tsukasamachi BLDG. (Chiyoda Ward, Tokyo)	Exterior wall renovation work	From: Sep. 2021 To: Jan. 2022	48,140	—	—
Tsukasamachi BLDG. (Chiyoda Ward, Tokyo)	Renewal work of entrance on 1F and common area on 2F, 4F and 5F	From: Sep. 2021 To: Jan. 2022	47,700	—	—
Higashi Kobe Center Building (Kobe City, Hyogo)	Automatic fire alarm renewal work	From: Nov. 2021 To: Dec. 2021	45,425	—	—
Shin-Yokohama Nara BLDG. (Yokohama City, Kanagawa)	Air-conditioning equipment renewal work (5F and 6F)	From: Sep. 2021 To: Jan. 2022	35,000	—	—
Shin-Yokohama Nara BLDG. (Yokohama City, Kanagawa)	Air-conditioning equipment renewal work (9F and 10F)	From: Sep. 2021 To: Jan. 2022	35,000	—	—
Higashi Kobe Center Building (Kobe City, Hyogo)	Central monitoring panel renewal work	From: Sep. 2021 To: Oct. 2021	35,000	—	—
Asahi Building (Yokohama City, Kanagawa)	Air-conditioning equipment renewal work	From: Oct. 2021 To: Nov. 2022	33,000		

b. Capital Expenditures during the 11th fiscal period

The following summarizes the primary construction works that constitute capital expenditures implemented for the assets held by SAR as of July 31, 2021, during the 11th fiscal period. Capital expenditures for the 11th fiscal period amounted to 363,439 thousand yen and, when combined with the 220,204 thousand yen in repair expenses charged to the same period, it totals 583,644 thousand yen in construction works implemented.

Name of real estate, etc. (Location)	Purpose	Period	Construction costs (thousand yen)
Tsukasamachi BLDG. (Chiyoda Ward, Tokyo)	Air-conditioning chiller and AHU renewal work	From: Apr. 2021 To: Jun. 2021	60,172
Minami-Azabu Shibuya Building (Minato Ward, Tokyo)	Renewal work (4F and 5F)	From: May. 2021 To: Jul. 2021	44,419
Seishin BLDG. (Shinjuku Ward, Tokyo)	Air-conditioning equipment renewal work (2F and 3F) (excluding those on the north side on 3F)	From: Jun. 2021 To: Jul. 2021	40,898
Shin-Yokohama Nara BLDG. (Yokohama City, Kanagawa)	Air-conditioning equipment renewal work (2F and 3F)	From: Jul. 2021 To: Jul. 2021	26,743
Urban Park Sekime (Osaka City, Osaka)	Large-scale renovation work	From: Mar. 2021 To: Jun. 2021	15,173
Others	—	—	176,032
Total			363,439

## (h) Individual Property Income Statements

(Unit: thousand yen)

Property no.	OFC-01	OFC-03	OFC-04	OFC-06	OFC-08
Property name	Minami-Azabu Shibuya Building	Honmachibashi Tower	Nishi-Shinjuku Matsuya Building	Shibuya MK Building	Asahi Building
① Total operating revenue from real estate leasing	133,299	195,045	94,358	70,900	225,851
Lease business revenue	78,864	173,222	88,035	66,387	210,571
Other lease business revenue	54,435	21,823	6,323	4,513	15,279
② Total operating expenses from real estate leasing	40,581	55,964	35,864	14,715	54,707
Management fee	5,766	13,860	6,524	4,733	15,405
Trust fee	400	400	400	350	600
Utilities expenses	4,429	17,203	5,795	2,609	15,471
Insurance premium	148	457	164	57	479
Repair expenses	16,188	2,964	3,462	2,270	5,921
Property taxes	4,512	19,703	3,470	4,277	15,878
Others	9,135	1,375	16,046	417	950
③ NOI (①－②)	92,717	139,081	58,493	56,184	171,143
④ Depreciation	11,851	45,345	10,135	3,616	28,282
⑤ Operating income (loss) from real estate leasing (③－④)	80,866	93,735	48,358	52,568	142,861
⑥ Capital expenditures	44,939	1,957	11,727	1,683	7,490
⑦ NCF (③－⑥)	47,778	137,124	46,766	54,501	163,653
Book value at end of the period	2,977,628	5,729,565	1,827,435	2,091,110	6,304,432

Property no.	OFC-09	OFC-10	OFC-11	OFC-12	OFC-13
Property name	Hakata-eki East Place	Nihonbashi Hamacho Park Building	Amusement Media Gakuin Honkan	Higashi Kobe Center Building	Amusement Media Gakuin Shinkan
① Total operating revenue from real estate leasing	108,224	51,788	Not disclosed (Note)	295,580	Not disclosed (Note)
Lease business revenue	97,514	51,788		271,387	
Other lease business revenue	10,710	-		24,193	
② Total operating expenses from real estate leasing	29,184	12,130		104,438	
Management fee	8,715	880		24,040	
Trust fee	400	400		400	
Utilities expenses	6,267	-		27,121	
Insurance premium	216	172		939	
Repair expenses	3,210	-		4,144	
Property taxes	7,084	4,299		28,635	
Others	3,291	6,378		19,158	
③ NOI (①－②)	79,040	39,658		191,141	
④ Depreciation	8,660	2,837		33,822	
⑤ Operating income (loss) from real estate leasing (③－④)	70,379	36,820		157,319	
⑥ Capital expenditures	25,215	-	14,380		
⑦ NCF (③－⑥)	53,825	39,658	176,761		
Book value at end of the period	2,335,089	1,450,282	2,588,217	7,600,830	1,038,531

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

(Unit: thousand yen)

Property no.	OFC-14	OFC-15	OFC-16	OFC-17	OFC-18
Property name	Seishin BLDG.	NK BLDG.	Tsukasamachi BLDG.	Takadanobaba Access	Azabu Amerex BLDG.
① Total operating revenue from real estate leasing	254,280	128,600	117,030	108,399	65,034
Lease business revenue	238,682	122,337	110,554	98,429	62,979
Other lease business revenue	15,598	6,263	6,475	9,969	2,054
② Total operating expenses from real estate leasing	68,897	30,942	43,097	35,720	19,710
Management fee	19,205	11,606	9,740	13,090	7,198
Trust fee	350	350	400	400	375
Utilities expenses	9,073	4,140	4,977	6,332	2,258
Insurance premium	283	208	200	219	103
Repair expenses	17,604	3,599	17,850	5,340	1,161
Property taxes	20,723	10,706	7,382	9,011	7,598
Others	1,656	331	2,545	1,325	1,014
③ NOI (①－②)	185,383	97,658	73,932	72,679	45,323
④ Depreciation	12,718	8,736	8,339	8,932	3,345
⑤ Operating income (loss) from real estate leasing (③－④)	172,664	88,922	65,593	63,747	41,978
⑥ Capital expenditures	41,455	2,177	81,879	857	1,921
⑦ NCF (③－⑥)	143,927	95,481	(7,946)	71,821	43,402
Book value at end of the period	11,243,533	5,360,580	4,656,608	3,978,344	2,777,532

Property no.	OFC-19	OFC-20	OFC-21	RTL-01	RTL-02
Property name	Hiei-Kudan BLDG.	Shin-Yokohama Nara BLDG.	The Portal Akihabara	La Park Kishiwada	Suroy Mall Chikushino
① Total operating revenue from real estate leasing	62,033	78,532	32,305	486,731	285,039
Lease business revenue	62,033	70,122	31,188	416,957	281,432
Other lease business revenue	-	8,410	1,116	69,774	3,607
② Total operating expenses from real estate leasing	25,568	31,109	7,778	273,949	69,851
Management fee	3,410	8,875	2,738	120,173	25,767
Trust fee	500	350	400	1,850	650
Utilities expenses	183	4,710	999	89,884	4,777
Insurance premium	186	190	39	1,164	612
Repair expenses	1,008	7,722	330	7,279	4,431
Property taxes	6,630	7,691	1,562	44,011	19,398
Others	13,648	1,570	1,708	9,587	14,214
③ NOI (①－②)	36,465	47,423	24,526	212,781	215,188
④ Depreciation	3,802	8,710	3,472	24,886	23,706
⑤ Operating income (loss) from real estate leasing (③－④)	32,662	38,712	21,053	187,894	191,482
⑥ Capital expenditures	2,550	28,760	-	12,317	-
⑦ NCF (③－⑥)	33,914	18,662	24,526	200,463	215,188
Book value at end of the period	2,398,648	2,330,910	1,503,054	5,404,262	6,509,371

(Unit: thousand yen)

Property no.	RTL-03	RSC-01	RSC-02	RSC-05	RSC-06
Property name	Seiyu Minakuchi	Urban Park Azabujuban	Urban Park Daikanyama	Urban Park Namba	Urban Park Gokokuji
① Total operating revenue from real estate leasing	Not disclosed (Note)	51,142	187,458	42,591	43,535
Lease business revenue		49,563	180,111	40,982	39,322
Other lease business revenue		1,578	7,347	1,608	4,212
② Total operating expenses from real estate leasing		14,567	35,414	11,096	16,621
Management fee		2,334	9,203	2,444	3,765
Trust fee		350	350	350	400
Utilities expenses		588	3,442	314	2,188
Insurance premium		72	247	84	66
Repair expenses		5,615	5,933	2,732	4,877
Property taxes		2,873	11,453	2,820	1,897
Others		2,732	4,783	2,349	3,425
③ NOI (①－②)		36,574	152,044	31,494	26,913
④ Depreciation		5,120	13,610	7,555	5,700
⑤ Operating income (loss) from real estate leasing (③－④)		31,454	138,434	23,939	21,212
⑥ Capital expenditures		2,701	10,351	-	455
⑦ NCF (③－⑥)		33,872	141,693	31,494	26,458
Book value at end of the period	3,291,582	2,077,780	6,370,600	1,491,687	1,501,189

Property no.	RSC-07	RSC-08	RSC-09	RSC-10	RSC-11
Property name	Urban Park Kashiwa	Urban Park Ryokuchi Koen	Urban Park Koenji	Urban Park Ichigao	Urban Park Gyotoku
① Total operating revenue from real estate leasing	38,425	56,303	34,715	56,488	45,031
Lease business revenue	36,489	53,007	31,642	54,413	42,507
Other lease business revenue	1,936	3,295	3,072	2,075	2,523
② Total operating expenses from real estate leasing	9,496	15,041	15,039	14,049	9,539
Management fee	2,147	2,428	1,768	3,092	2,186
Trust fee	350	350	400	400	400
Utilities expenses	512	2,384	1,380	1,341	1,581
Insurance premium	109	162	50	145	95
Repair expenses	1,714	3,944	6,616	2,482	2,014
Property taxes	2,949	3,576	1,009	3,942	2,146
Others	1,712	2,194	3,814	2,644	1,114
③ NOI (①－②)	28,929	41,262	19,675	42,438	35,491
④ Depreciation	7,495	8,124	2,796	5,445	4,198
⑤ Operating income (loss) from real estate leasing (③－④)	21,433	33,137	16,878	36,993	31,293
⑥ Capital expenditures	2,852	1,789	-	519	456
⑦ NCF (③－⑥)	26,077	39,473	19,675	41,919	35,035
Book value at end of the period	1,236,847	1,595,543	1,189,979	1,920,540	1,509,749

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

(Unit: thousand yen)

Property no.	RSC-12	RSC-13	RSC-14	RSC-15	RSC-16
Property name	Shiroi Logiman	Urban Park Sekime	Urban Park Imazato	Urban Park Yoyogi	Urban Park Tokiwadai Koen
① Total operating revenue from real estate leasing	140,163	83,940	38,864	35,702	140,985
Lease business revenue	132,560	81,276	38,726	34,717	134,337
Other lease business revenue	7,602	2,663	138	984	6,648
② Total operating expenses from real estate leasing	61,646	38,428	11,927	7,812	44,625
Management fee	5,968	9,962	4,168	2,035	11,341
Trust fee	750	375	375	400	394
Utilities expenses	2	2,329	264	224	1,653
Insurance premium	815	281	142	49	414
Repair expenses	12,726	17,934	2,568	2,284	11,369
Property taxes	13,932	5,291	3,207	1,660	10,833
Others	27,452	2,253	1,200	1,157	8,617
③ NOI (① - ②)	78,516	45,511	26,937	27,889	96,360
④ Depreciation	19,094	11,389	5,185	4,393	12,624
⑤ Operating income (loss) from real estate leasing (③ - ④)	59,421	34,122	21,751	23,495	83,736
⑥ Capital expenditures	850	24,893	143	-	-
⑦ NCF (③ - ⑥)	77,666	20,618	26,794	27,889	96,360
Book value at end of the period	2,432,918	2,176,433	982,774	1,731,212	3,635,565

Property no.	RSC-17	LGC-01	LGC-02	LGC-03	LGC-04
Property name	Urban Park Mitsuike Koen	Iwatsuki Logistics	Yokohama Logistics	Funabashi Logistics	Baraki Logistics
① Total operating revenue from real estate leasing	126,287	196,498	Not disclosed (Note)	256,808	Not disclosed (Note)
Lease business revenue	119,167	187,713		241,899	
Other lease business revenue	7,119	8,784		14,909	
② Total operating expenses from real estate leasing	27,429	29,226		50,736	
Management fee	10,795	5,908		11,773	
Trust fee	394	350		400	
Utilities expenses	1,045	8,784		10,901	
Insurance premium	333	346		501	
Repair expenses	7,382	394		5,245	
Property taxes	-	13,442		21,392	
Others	7,476	-		521	
③ NOI (① - ②)	98,858	167,271		206,072	
④ Depreciation	11,707	46,788		27,290	
⑤ Operating income (loss) from real estate leasing (③ - ④)	87,150	120,483		178,781	
⑥ Capital expenditures	-	-	4,760		
⑦ NCF (③ - ⑥)	98,858	167,271	201,311		
Book value at end of the period	3,292,404	6,514,389	3,716,284	7,742,907	4,613,191

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

(Unit: thousand yen)

Property no.	LGC-05	LGC-07	LGC-08	LGC-09	LGC-10
Property name	Tokorozawa Logistics	Funabashi Nishiura Logistics II	Matsubushi Logistics	Funabashi Hi-Tech Park Factory I	Funabashi Hi-Tech Park Factory II
① Total operating revenue from real estate leasing	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)
Lease business revenue					
Other lease business revenue					
② Total operating expenses from real estate leasing					
Management fee					
Trust fee					
Utilities expenses					
Insurance premium					
Repair expenses					
Property taxes					
Other					
③ NOI (①－②)					
④ Depreciation					
⑤ Operating income (loss) from real estate leasing (③－④)					
⑥ Capital expenditures					
⑦ NCF (③－⑥)					
Book value at end of the period	1,358,895	860,903	2,696,063	1,698,525	696,810

Property no.	HTL-01	HTL-02	HTL-03	HTL-04	HTL-05
Property name	R&B Hotel Umeda East	Smile Hotel Namba	BEST WESTERN Tokyo Nishikasai	BEST WESTERN Yokohama	Hotel WBF Fukuoka Tenjin Minami
① Total operating revenue from real estate leasing	65,392	17,626	84,782	80,400	Not disclosed (Note)
Lease business revenue	65,392	17,626	84,600	80,400	
Other lease business revenue	-	-	182	-	
② Total operating expenses from real estate leasing	12,015	4,421	10,063	6,485	
Management fee	742	660	1,200	1,200	
Trust fee	350	550	400	400	
Utilities expenses	3	-	-	-	
Insurance premium	152	70	159	135	
Repair expenses	4,788	888	424	205	
Property taxes	5,404	2,227	7,856	4,521	
Other	573	24	24	23	
③ NOI (①－②)	53,377	13,204	74,718	73,914	
④ Depreciation	10,096	12,209	12,895	13,069	
⑤ Operating income (loss) from real estate leasing (③－④)	43,281	995	61,823	60,845	
⑥ Capital expenditures	9,277	-	-	-	
⑦ NCF (③－⑥)	44,099	13,204	74,718	73,914	
Book value at end of the period	2,107,583	1,650,937	3,854,352	3,234,403	1,939,625

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

(Unit: thousand yen)

Property no.	HTL-06	HTL-07	HTL-08
Property name	GLANSIT AKIHABARA	Best Western Tokyo Nishikasai Grande	KOKO HOTEL Osaka Namba
① Total operating revenue from real estate leasing	Not disclosed (Note)	70,002	-
Lease business revenue		70,002	-
Other lease business revenue		-	-
② Total operating expenses from real estate leasing		6,684	4,795
Management fee		990	979
Trust fee		400	350
Utilities expenses		-	49
Insurance premium		90	64
Repair expenses		-	100
Property taxes		5,182	3,169
Other		21	84
③ NOI (①－②)		63,317	(4,795)
④ Depreciation		10,857	9,050
⑤ Operating income (loss) from real estate leasing (③－④)		52,460	(13,845)
⑥ Capital expenditures		-	-
⑦ NCF (③－⑥)	63,317	(4,795)	
Book value at end of the period	2,494,663	3,143,237	1,971,136

(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	2,107,587	931,809	1,121,634	950,535	424,718
Lease business revenue	1,917,333	858,427	1,068,828	915,373	424,536
Other lease business revenue	190,253	73,381	52,806	35,161	182
② Total operating expenses from real estate leasing	623,899	376,322	332,735	169,305	53,890
Management fee	158,173	147,741	73,644	32,348	7,498
Trust fee	7,275	3,000	6,039	3,350	3,200
Utilities expenses	114,861	94,661	19,254	31,732	53
Insurance premium	4,171	2,290	3,071	1,874	784
Repair expenses	93,577	12,750	90,198	17,273	6,405
Property taxes	165,167	74,997	67,594	78,219	35,153
Other	80,672	40,881	72,932	4,507	795
③ NOI (① - ②)	1,483,687	555,486	788,899	781,230	370,827
④ Depreciation	208,497	74,235	124,444	144,368	81,468
⑤ Operating income (loss) from real estate leasing (③ - ④)	1,275,189	481,251	664,455	636,861	289,359
⑥ Capital expenditures	266,996	18,489	45,014	23,662	9,277
⑦ NCF (③ - ⑥)	1,216,691	536,997	743,885	757,567	361,550
Book value at end of the period	68,192,339	15,205,216	33,145,227	29,897,972	20,395,940

	Portfolio Total
① Total operating revenue from real estate leasing	5,536,284
Lease business revenue	5,184,498
Other lease business revenue	351,786
② Total operating expenses from real estate leasing	1,556,153
Management fee	419,406
Trust fee	22,864
Utilities expenses	260,562
Insurance premium	12,192
Repair expenses	220,204
Property taxes	421,132
Other	199,789
③ NOI (① - ②)	3,980,131
④ Depreciation	633,013
⑤ Operating income (loss) from real estate leasing (③ - ④)	3,347,117
⑥ Capital expenditures	363,439
⑦ NCF (③ - ⑥)	3,616,692
Book value at end of the period	166,836,697

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 which are to be renewed periodically, 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.