

(REIT) Financial Report for Fiscal Period Ended July 31, 2023

September 13, 2023

REIT Securities Issuer: Star Asia Investment Corporation (SAR) Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 3468 URL: <https://starasia-reit.com/en/>
 Representative: Atsushi Kato, Executive Director

Asset Management Company: Star Asia Investment Management Co., Ltd.
 Representative: Atsushi Kato, President and CEO
 Contact: Akiko Kanno, Director and CFO
 TEL: 03-5425-1340

Scheduled date of commencement of cash distribution payment: October 12, 2023

Scheduled date of submission of securities report: October 30, 2023

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, 2023 (from February 1, 2022 to July 31, 2023)

(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. 2023	6,946	7.1	3,606	7.7	3,073	10.5	3,073	10.5
Ended Jan. 2023	6,486	6.5	3,349	9.9	2,782	8.7	2,781	8.7

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. 2023	1,599	3.0	1.5	44.2
Ended Jan. 2023	1,455	2.8	1.4	42.9

(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. 2023	1,586	3,047	-	-	99.2	2.9
Ended Jan. 2023	1,491	2,865	-	-	103.0	2.8

(Note 1) Total cash distribution differs from net income due to the reversal of reserve for temporary difference adjustment and other factors.

(Note 2) For the fiscal period ended January 31, 2023, cash distribution payout ratio is calculated by the following formula due to changes in the number of investment units during the period following issuance of new investment units during the period:

$$\text{Total cash distribution (not including cash distribution in excess of earnings)} \div \text{Net income} \times 100$$

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Jul. 2023	209,259	103,224	49.3	53,715
Ended Jan. 2023	208,766	103,455	49.6	53,835

(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. 2023	5,107	(2,492)	(2,866)	11,787
Ended Jan. 2023	3,377	(15,214)	11,534	12,038

2. Management Status Forecast for Fiscal Period Ending January 31, 2024 (from August 1, 2023 to January 31, 2024) and Fiscal Period Ending July 31, 2024 (from February 1, 2024 to July 31, 2024)

(% 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. 2024	7,892	13.6	4,110	14.0	3,296	7.2	3,296	7.2	1,513	0
Ending Jul. 2024	8,021	1.6	4,159	1.2	3,477	5.5	3,476	5.5	1,520	0

(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, 2024:

Expected total number of investment units issued and outstanding at end of period 2,372,000 units

Forecast net income per unit 1,389 yen

Fiscal period ending July 31, 2024:

Expected total number of investment units issued and outstanding at end of period 2,372,000 units

Forecast net income per unit 1,465 yen

(Note) Cash distribution per unit calculated using the expected total number of investment units issued and outstanding at end of period above (total number of investment units issued and outstanding as of the date of this report of 2,372,000 units).

* 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, 2023	1,921,689 units	Fiscal period ended Jan. 31, 2023	1,921,689 units
-----------------------------------	-----------------	-----------------------------------	-----------------

② Number of own investment units at end of period

Fiscal period ended Jul. 31, 2023	0 units	Fiscal period ended Jan. 31, 2023	0 units
-----------------------------------	---------	-----------------------------------	---------

(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 22.

* 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, 2024, and Fiscal Period Ending July 31, 2024" 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, 2024, and Fiscal Period Ending July 31, 2024

Item	Assumptions
Fiscal period	<ul style="list-style-type: none"> ➤ Fiscal period ending January 31, 2024 (16th fiscal period): August 1, 2023 – January 31, 2024 (184 days) ➤ Fiscal period ending July 31, 2024 (17th fiscal period): February 1, 2024 – July 31, 2024 (182 days)
Assets under management	<ul style="list-style-type: none"> ➤ It is assumed that, in addition to the assets held by SAR as of the date of this report (68 real estate trust beneficiary interests, 3 mezzanine loan debts and 1 preferred equity securities (collectively, “Currently Held Assets,” with those in the form of real estate trust beneficiary interests being referred to as “Currently Held Assets (Real Estate)”, those in the form of mezzanine loan debt being referred to as “Currently Held Assets (Mezzanine)”, and those in the form of preferred equity securities being referred to as “Currently Held Assets (Preferred Equity)”), the following 3 real estate trust beneficiary interests (“Assets to be Acquired”) will be acquired (the “Acquisition”). <p style="margin-left: 20px;"><The Acquisition> Property names: Urban Park Kamata Minami I, Urban Park Kamata Minami II, Urban Park Umejima Planned acquisition date: December 1, 2023</p> <ul style="list-style-type: none"> ➤ It is assumed that other than the Acquisition there will be no change in assets under management (new asset acquisitions, sales of Currently Held Assets, etc.) through to the end of the fiscal period ending July 31, 2024. ➤ However, in reality assets under management may change.
Operating revenues	<ul style="list-style-type: none"> ➤ Rent revenues from Currently Held Assets (Real Estate) are calculated based on the details stated in the lease agreements effective as of the date of this report, and rent revenues from the Assets to be Acquired are calculated based on information provided by each seller and the details stated in the lease agreements that are expected to be effective as of the planned acquisition date, taking into consideration factors such as market movements. It is also assumed that there will be no arrears or non-payment of rent by tenants. ➤ Interest or dividend income from Currently Held Assets (Mezzanine) are calculated based on outlines which define the contents of Currently Held Assets (Mezzanine) and the details stated in the loan agreements or trust agreements, etc. that are effective as of the date of this report. It is also assumed that no interest payments or dividend payments will be unpaid. For Currently Held Assets (Mezzanine) that may be subject to redemption, interest or dividend income is calculated taking into account the impact of such redemption. ➤ For Currently Held Assets (Preferred Equity), it is based on the premise that the assumed loan income will be generated based on the details of agreements on preferred equity lending transactions, etc. ➤ Gain on sale of Urban Park Gokokuji and Urban Park Koenji, which were transferred in August 2023, of 380 million yen is expected for the fiscal period ending January 31, 2024.
Operating expenses	<ul style="list-style-type: none"> ➤ Among expenses related to rent business, which are the main operating expenses, expenses other than depreciation are calculated on the basis of historical performance data, by reflecting variable expense factors. ➤ Fixed property taxes, city planning taxes, and other public charges are expected to be 484 million yen for the fiscal period ending January 31, 2024, and 592 million yen for the fiscal period ending July 31, 2024. For the 8 real estate trust beneficiary interests acquired on September 1, 2023 (the “Acquired Assets”) and Assets to be Acquired, such taxes are expected to 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, SAR will include such settled amount in the acquisition cost, and thus SAR will not record these items for the fiscal year 2023 as expenses in the fiscal period ending January 31, 2024. It is planned that fixed property taxes, city planning taxes and other public charges for the Assets to be Acquired will be recorded as expenses beginning from the fiscal period ending July 31, 2024. ➤ 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”), 272 million yen is expected for the fiscal period ending January 31, 2024, and 234 million yen for the fiscal period ending July 31, 2024. However, the actual expenditures for repair and maintenance for the fiscal periods could differ significantly from the estimated amounts, as urgent expenditures due to damage to buildings may arise due to unexpected factors, and because such expenditure amounts generally tend to vary significantly from year to year, and do not arise regularly. ➤ Depreciation is calculated using the straight-line method including for ancillary costs and is expected to be 953 million yen for the fiscal period ending January 31, 2024, and 1,024 million yen for the fiscal period ending July 31, 2024. ➤ Operating expenses other than expenses related to rent business are expected to be 702 million yen for the fiscal period ending January 31, 2024, and 707 million yen for the fiscal period ending July 31, 2024.
NOI (Net Operating Income)	<ul style="list-style-type: none"> ➤ Total NOI of the entire portfolio is expected to be 5,342 million yen for the fiscal period ending January 31, 2024, and 5,850 million yen for the fiscal period ending July 31, 2024. ➤ NOI is calculated by using the following calculation method. NOI = rent revenue – rent expenses (excluding depreciation)

Item	Assumptions
Non-operating expenses	<ul style="list-style-type: none"> ➤ Expenses on issuance of new investment units (amortization of investment unit issuance costs) are expected to be 20 million yen for the fiscal period ending January 31, 2024, and 20 million yen for the fiscal period ending July 31, 2024. ➤ The sum of interest expenses and other financing-related expenses is expected to be 789 million yen for the fiscal period ending January 31, 2024, and 657 million yen for the fiscal period ending July 31, 2024. ➤ The sum of interest expenses on investment corporation bonds and other expenses on investment corporation bond issuance (amortization of investment corporation bond issuance costs) is expected to be 4 million yen for the fiscal period ending January 31, 2024, and 4 million yen for the fiscal period ending July 31, 2024.
Debt financing and investment corporation bonds	<ul style="list-style-type: none"> ➤ The total amount of interest-bearing liabilities is assumed to be 123,140 million yen as of the end of the fiscal period ending January 31, 2024, and 121,840 million yen as of the end of the fiscal period ending July 31, 2024. ➤ As of the date of this report, SAR has outstanding debt of 118,940 million yen and outstanding investment corporation bonds of 1,000 million yen. In addition, it is assumed that new debt totaling 3,200 million yen is taken out in December 2023 from qualified institutional investors as defined in Article 2, paragraph 3, item 1 of the Financial Instruments and Exchange Act. ➤ Of the debt outstanding as of the date of this report, 1,300 million yen is planned to be prepaid during the fiscal period ending July 31, 2024 from the proceeds of refunds of consumption tax, etc. ➤ Other than the above, it is assumed that those with repayment dates falling in the fiscal period ending January 31, 2024, and the fiscal period ending July 31, 2024, will be fully refinanced and that there will be no change to the existing outstanding debt and outstanding investment corporation bonds through to the end of the fiscal period ending July 31, 2024.
Investment units	<ul style="list-style-type: none"> ➤ It is assumed that the total number of investment units issued and outstanding will be 2,372,000 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, 2024.
Cash distributions per unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> ➤ SAR calculates its distribution per unit (excluding distributions in excess of earnings) pursuant to its cash distributions policy as set forth in its Articles of Incorporation. ➤ As for the reserve for temporary difference adjustment, SAR plans to continuously reverse 1% or more of the initial reserve in each fiscal period and use it mainly to mitigate any negative impact on distributions caused by temporary decrease in income or incurred expenses and to avoid the occurrence of corporate and other tax expenses as a result of any differences between tax and accounting. ➤ As to cash distribution for the fiscal period ending January 31, 2024, it is assumed that a total of 3,588 million yen (1,513 yen per unit) will be distributed, which is the sum of the estimated net income of 3,296 million yen, the expected amount of reversal of reserve for temporary difference adjustment of 88 million yen and a portion of retained earnings brought forward of 203 million yen. As to cash distribution for the fiscal period ending July 31, 2024, it is assumed that a total of 3,605 million yen (1,520 yen per unit) will be distributed, which is the sum of the estimated net income of 3,476 million yen, the expected amount of reversal of reserve for temporary difference adjustment of 88 million yen and a portion of retained earnings brought forward of 39 million yen. ➤ 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.
Cash distributions in excess of earnings per unit	<ul style="list-style-type: none"> ➤ SAR has no plans to make distributions in excess of earnings as of the date of this report.
Others	<ul style="list-style-type: none"> ➤ SAR assumes that no amendments affecting the above forecast numbers will be made to relevant laws and regulations, tax policies, accounting standards, listing rules, rules of The Investment Trusts Association, Japan, etc. ➤ SAR assumes that there will be no unforeseen material change in general economic conditions or real estate market conditions, etc.

3. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	14th fiscal period (As of January 31, 2023)	15th fiscal period (As of July 31, 2023)
Assets		
Current assets		
Cash and deposits	3,488,637	3,262,429
Cash and deposits in trust	8,549,954	8,525,306
Operating accounts receivable	147,713	139,180
Prepaid expenses	211,249	197,986
Consumption taxes receivable	181,189	-
Other	7,000	14,462
Total current assets	12,585,743	12,139,365
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	114	114
Accumulated depreciation	(114)	(114)
Tools, furniture and fixtures, net	0	0
Buildings in trust	56,299,699	56,821,886
Accumulated depreciation	(6,169,727)	(6,898,692)
Buildings in trust, net	50,129,971	49,923,193
Structures in trust	25,348	25,744
Accumulated depreciation	(6,646)	(7,577)
Structures in trust, net	18,702	18,166
Machinery and equipment in trust	163,565	251,570
Accumulated depreciation	(35,247)	(44,740)
Machinery and equipment in trust, net	128,318	206,829
Tools, furniture and fixtures in trust	125,782	139,432
Accumulated depreciation	(39,013)	(48,732)
Tools, furniture and fixtures in trust, net	86,768	90,699
Land in trust	140,397,333	139,857,495
Construction in progress in trust	1,282	33,095
Total property, plant and equipment	190,762,377	190,129,480
Intangible assets		
Leasehold rights in trust	4,082,300	4,082,300
Total intangible assets	4,082,300	4,082,300
Investments and other assets		
Investments in other securities of subsidiaries and associates	-	1,588,015
Investment securities	400,000	740,000
Long-term prepaid expenses	330,923	331,220
Leasehold and guarantee deposits	10,359	10,359
Other	533,969	191,122
Total investments and other assets	1,275,251	2,860,717
Total non-current assets	196,119,929	197,072,498
Deferred assets		
Investment corporation bond issuance costs	11,563	10,543
Investment unit issuance costs	49,370	36,758
Total deferred assets	60,933	47,301
Total assets	208,766,606	209,259,165

(Unit: thousand yen)

	14th fiscal period (As of January 31, 2023)	15th fiscal period (As of July 31, 2023)
Liabilities		
Current liabilities		
Operating accounts payable	906,069	995,681
Current portion of long-term borrowings	15,630,000	14,340,000
Accounts payable - other	539,516	534,593
Accrued expenses	77,453	75,324
Income taxes payable	605	605
Accrued consumption taxes	47,405	252,695
Advances received	1,019,524	1,236,897
Other	34,899	35,505
Total current liabilities	18,255,474	17,471,301
Non-current liabilities		
Investment corporation bonds	1,000,000	1,000,000
Long-term borrowings	80,210,000	81,500,000
Leasehold and guarantee deposits received	5,880	4,179
Leasehold and guarantee deposits received in trust	5,840,152	5,965,643
Other	-	93,578
Total non-current liabilities	87,056,032	88,563,401
Total liabilities	105,311,507	106,034,702
Net assets		
Unitholders' equity		
Unitholders' capital	66,123,367	66,123,367
Surplus		
Unitholders' capital surplus	25,132,218	25,132,218
Voluntary reserve		
Reserve for temporary difference adjustment	*2 8,624,499	*2 8,535,586
Total voluntary reserve	8,624,499	8,535,586
Unappropriated retained earnings (undisposed loss)	3,043,461	3,340,372
Total surplus	36,800,179	37,008,177
Total unitholders' equity	102,923,546	103,131,545
Valuation and translation adjustments		
Deferred gains or losses on hedges	531,551	92,917
Total valuation and translation adjustments	531,551	92,917
Total net assets	*1 103,455,098	*1 103,224,463
Total liabilities and net assets	208,766,606	209,259,165

(2) Statement of Income and Retained Earnings

(Unit: thousand yen)

	14th fiscal period From: August 1, 2022 To: January 31, 2023	15th fiscal period From: February 1, 2023 To: July 31, 2023
Operating revenue		
Rental revenue	*1 5,995,567	*1 6,048,231
Other lease business revenue	*1 467,828	*1 454,964
Gain on sale of real estate	-	*2 414,166
Other revenue	22,857	29,564
Total operating revenue	6,486,253	6,946,926
Operating expenses		
Expenses related to rent business	*1 2,556,151	*1 2,744,572
Asset management fee	424,410	418,486
Asset custody and administrative service fees	40,528	42,395
Directors' compensations	2,400	2,400
Other operating expenses	113,204	132,242
Total operating expenses	3,136,696	3,340,096
Operating income	3,349,557	3,606,830
Non-operating income		
Interest income	56	53
Reversal of unpaid distribution	1,476	1,046
Subsidy income	-	504
Interest on refund	1	315
Total non-operating income	1,534	1,918
Non-operating expenses		
Interest expenses	372,916	377,649
Interest expenses on investment corporation bonds	3,500	3,500
Borrowing related expenses	178,507	140,125
Amortization of investment corporation bond issuance costs	1,020	1,020
Amortization of investment unit issuance costs	12,611	12,611
Total non-operating expenses	568,555	534,906
Ordinary income	2,782,535	3,073,841
Income before income taxes	2,782,535	3,073,841
Income taxes - current	605	605
Total income taxes	605	605
Net income	2,781,930	3,073,236
Retained earnings brought forward	261,530	267,135
Unappropriated retained earnings (undisposed loss)	3,043,461	3,340,372

(3) Statement of Unitholders' Equity

14th fiscal period (from August 1, 2022 to January 31, 2023)

(Unit: thousand yen)

	Unitholders' equity							
	Unitholders' capital	Surplus				Unappropriated retained earnings (undisposed loss)	Total surplus	Total unitholders' equity
		Unitholders' capital surplus	Voluntary reserve					
			Reserve for temporary difference adjustment	Total voluntary reserve				
Balance at beginning of the period	59,115,701	25,132,218	8,713,411	8,713,411	2,813,756	36,659,386	95,775,087	
Changes of items during the period								
Issuance of new investment units	7,007,666						7,007,666	
Dividends from surplus					(2,641,138)	(2,641,138)	(2,641,138)	
Reversal of reserve for temporary difference adjustment			(88,912)	(88,912)	88,912	-	-	
Net income					2,781,930	2,781,930	2,781,930	
Net changes of items other than unitholders' equity								
Total changes of items during the period	7,007,666	-	(88,912)	(88,912)	229,705	140,792	7,148,459	
Balance at end of the period	*1 66,123,367	25,132,218	8,624,499	8,624,499	3,043,461	36,800,179	102,923,546	

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of the period	28,297	28,297	95,803,384
Changes of items during the period			
Issuance of new investment units			7,007,666
Dividends from surplus			(2,641,138)
Reversal of reserve for temporary difference adjustment			-
Net income			2,781,930
Net changes of items other than unitholders' equity	503,254	503,254	503,254
Total changes of items during the period	503,254	503,254	7,651,713
Balance at end of the period	531,551	531,551	103,455,098

15th fiscal period (from February 1, 2023 to July 31, 2023)

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital	Surplus					Total unitholders' equity
		Unitholders' capital surplus	Voluntary reserve		Unappropriated retained earnings (undisposed loss)	Total surplus	
			Reserve for temporary difference adjustment	Total voluntary reserve			
Balance at beginning of the period	66,123,367	25,132,218	8,624,499	8,624,499	3,043,461	36,800,179	102,923,546
Changes of items during the period							
Dividends from surplus					(2,865,238)	(2,865,238)	(2,865,238)
Reversal of reserve for temporary difference adjustment			(88,912)	(88,912)	88,912	-	-
Net income					3,073,236	3,073,236	3,073,236
Net changes of items other than unitholders' equity							
Total changes of items during the period	-	-	(88,912)	(88,912)	296,910	207,998	207,998
Balance at end of the period	*1 66,123,367	25,132,218	8,535,586	8,535,586	3,340,372	37,008,177	103,131,545

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of the period	531,551	531,551	103,455,098
Changes of items during the period			
Dividends from surplus			(2,865,238)
Reversal of reserve for temporary difference adjustment			-
Net income			3,073,236
Net changes of items other than unitholders' equity	(438,633)	(438,633)	(438,633)
Total changes of items during the period	(438,633)	(438,633)	(230,635)
Balance at end of the period	92,917	92,917	103,224,463

(4) Statement of Cash Distributions

(Unit: yen)

	14th fiscal period From: August 1, 2022 To: January 31, 2023	15th fiscal period From: February 1, 2023 To: July 31, 2023
I. Unappropriated retained earnings	3,043,461,280	3,340,372,051
II. Reversal of voluntary reserve		
Reversal of reserve for temporary difference adjustment *1	88,912,365	88,912,365
III. Cash distribution	2,865,238,299	3,047,798,754
[Cash distribution per unit]	(1,491)	(1,586)
Cash distribution of earnings	2,865,238,299	3,047,798,754
[Cash distribution of earnings per unit]	(1,491)	(1,586)
IV. Retained earnings carried forward	267,135,346	381,485,662

Method of calculation of amount of cash distributions

14th fiscal period (from August 1, 2022 to January 31, 2023):

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 2,865,238,299 yen, which is equivalent to the sum of the amount remaining after reserving 5,605,038 yen from net income and the amount of reversal of reserve for temporary difference adjustment of 88,912,365 yen.

15th fiscal period (from February 1, 2023 to July 31, 2023):

Pursuant to the cash distribution policy provided in Article 35, Paragraph 1 of SAR's Articles of Incorporation, SAR shall distribute in excess of the amount equivalent to 90% of the amount of distributable earnings of SAR as defined in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In accordance with such policy, concerning cash distribution of earnings (not including cash distribution in excess of earnings), the decision was made to distribute 3,047,798,754 yen, which is equivalent to the sum of the amount remaining after reserving 114,350,316 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)

	14th fiscal period From: August 1, 2022 To: January 31, 2023	15th fiscal period From: February 1, 2023 To: July 31, 2023
Cash flows from operating activities		
Income before income taxes	2,782,535	3,073,841
Depreciation	743,661	763,353
Amortization of investment corporation bond issuance costs	1,020	1,020
Amortization of investment unit issuance costs	12,611	12,611
Interest income	(56)	(53)
Interest expenses	376,416	381,149
Decrease (increase) in operating accounts receivable	(10,114)	8,532
Decrease (increase) in consumption taxes receivable	(181,189)	181,189
Increase (decrease) in accrued consumption taxes	(186,683)	205,289
Decrease (increase) in prepaid expenses	(15,239)	13,262
Decrease (increase) in long-term prepaid expenses	6,510	(297)
Increase (decrease) in operating accounts payable	133,000	(42,522)
Increase (decrease) in accounts payable - other	32,850	(4,176)
Increase (decrease) in advances received	44,796	217,372
Decrease in property, plant and equipment in trust due to sale	-	688,594
Other, net	(4,161)	(9,408)
Subtotal	3,735,958	5,489,759
Interest income received	56	53
Interest expenses paid	(358,062)	(383,278)
Income taxes paid	42	1,406
Net cash provided by operating activities	3,377,994	5,107,940
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(15,895,451)	(698,358)
Repayments of leasehold and guarantee deposits received	-	(1,701)
Proceeds from leasehold and guarantee deposits received	693	-
Repayments of leasehold and guarantee deposits received in trust	(222,276)	(130,365)
Proceeds from leasehold and guarantee deposits received in trust	502,920	255,855
Purchase of investments in other securities of subsidiaries and associates	-	(1,578,073)
Purchase of investment securities	-	(340,000)
Proceeds from redemption of investment securities	400,000	-
Net cash used in investing activities	(15,214,114)	(2,492,642)
Cash flows from financing activities		
Proceeds from long-term borrowings	12,800,000	10,790,000
Repayments of long-term borrowings	(5,600,000)	(10,790,000)
Proceeds from issuance of investment units	6,973,060	-
Dividends paid	(2,639,001)	(2,866,153)
Net cash provided by (used in) financing activities	11,534,058	(2,866,153)
Net increase (decrease) in cash and cash equivalents	(302,061)	(250,855)
Cash and cash equivalents at beginning of period	12,340,653	12,038,591
Cash and cash equivalents at end of period	* ₁ 12,038,591	* ₁ 11,787,736

(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	<p>(1) Investments in other securities of subsidiaries and associates: Cost method through moving-average method</p> <p>(2) Other securities: Those with market price Fair value method or market value method (Variances are directly included in net assets.)</p>								
2. Method of depreciation of non-current assets	<p>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:</p> <table border="0"> <tr> <td>Buildings</td> <td>2-69 years</td> </tr> <tr> <td>Structures</td> <td>7-30 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>7-17 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>2-15 years</td> </tr> </table>	Buildings	2-69 years	Structures	7-30 years	Machinery and equipment	7-17 years	Tools, furniture and fixtures	2-15 years
Buildings	2-69 years								
Structures	7-30 years								
Machinery and equipment	7-17 years								
Tools, furniture and fixtures	2-15 years								
3. Accounting for deferred assets	<p>(1) Investment unit issuance costs Investment unit issuance costs are amortized by the straight-line method over 3 years.</p> <p>(2) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized by the straight-line method over the period through redemption.</p>								
4. Standards for recording revenue and expense	<p>(1) Accounting for fixed property tax, etc. Accounting for fixed property tax, city planning tax, depreciable asset tax, etc. ("fixed property tax, etc.") on real estate or beneficiary interest in trust for real estate held is that of the tax amount assessed and determined, and the amount corresponding to the concerned fiscal 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 recorded 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.</p> <p>(2) Standards for recording revenue The details of main performance obligations concerning revenue generated from contracts between SAR and its customers and the ordinary time to fulfil said performance obligations (ordinary time to recognize revenue) are as follows.</p> <p>① Sale of real estate For the proceeds from sale of real estate, SAR records revenue when the purchaser who is a customer obtains control of the relevant real estate as a result of the seller fulfilling its delivery obligations stipulated in the transaction agreement of the real estate.</p> <p>② Utilities income SAR records utilities income in accordance with the supply of electricity and water, etc. to the lessee who is a customer based on the lease agreement of real estate and details of agreements incidental to it. Of the utilities income, in the case that SAR deems itself to be an agent, the net amount obtained by deducting the amount it pays to other parties from the amount it receives as charges for electricity and gas, etc. supplied by the said other parties is recognized as revenue.</p>								
5. Method of hedge accounting	<p>(1) Hedge accounting approach Deferral hedge accounting is adopted.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transaction Hedged items: Interest on loans</p> <p>(3) Hedging policy SAR conducts derivative transactions for the purpose of hedging the risks provided in its Articles of Incorporation pursuant to basic rules on risk management.</p> <p>(4) Method of assessing the effectiveness of hedging The effectiveness of hedging is assessed by comparing the cumulative change in cash flows of the hedging instruments with the cumulative change in cash flows of the hedged items and verifying the ratio of the amount of change in the two.</p>								

6. Scope of funds in the statement of cash flows (cash and cash equivalents)	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.
7. Other significant matters serving as the basis for preparation of financial statements	<p>(1) Accounting for beneficiary interest in trust for real estate, etc. Concerning beneficiary interest in trust for real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income and retained earnings. The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet.</p> <p>① Cash and deposits in trust ② Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust ③ Leasehold rights in trust ④ Leasehold and guarantee deposits received in trust</p> <p>(2) Accounting for consumption tax, etc. Non-deductible consumption tax on acquisition of assets is included in the acquisition cost of each asset.</p>

(8) Notes on the Financial Statements

[Notes on the Balance Sheet]

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

	14th fiscal period (As of January 31, 2023)	15th fiscal period (As of July 31, 2023)
	50,000	50,000

*2 Matters concerning provision and reversal of the reserve for temporary difference adjustment
14th fiscal period (as of January 31, 2023)

(Unit: thousand yen)

	Initial amount	Balance at beginning of the period	Reserve during the period	Reversal during the period	Balance at end of the period	Reasons for provision and reversal
Gain on negative goodwill (Note)	8,891,236	8,713,411	-	88,912	8,624,499	Appropriate for distribution

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

15th fiscal period (as of July 31, 2023)

(Unit: thousand yen)

	Initial amount	Balance at beginning of the period	Reserve during the period	Reversal during the period	Balance at end of the period	Reasons for provision and reversal
Gain on negative goodwill (Note)	8,891,236	8,624,499	-	88,912	8,535,586	Appropriate for distribution

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

[Notes on the Statement of Income and Retained Earnings]

*1 Breakdown of operating income from real estate leasing

(Unit: thousand yen)

	14th fiscal period From: August 1, 2022 To: January 31, 2023		15th fiscal period From: February 1, 2023 To: July 31, 2023	
A. Operating revenue from real estate leasing				
Rental revenue				
Rent revenue	5,182,484		5,232,657	
Common area maintenance revenue	570,233		570,304	
Parking revenue	204,917		206,214	
Facility use revenue	31,533		31,807	
Other rental revenue	6,399	5,995,567	7,247	6,048,231
Other lease business revenue				
Utilities reimbursement	419,588		358,375	
Other revenue	48,240	467,828	96,588	454,964
Total operating revenue from real estate leasing		6,463,396		6,503,195
B. Operating expenses from real estate leasing				
Expenses related to rent business				
Management fee	441,402		452,917	
Utilities expenses	462,373		389,316	
Taxes and dues	458,246		493,000	
Repair expenses	173,257		308,817	
Trust fee	26,166		30,653	
Insurance premium	13,598		13,322	
Depreciation	743,661		763,353	
Other expenses	237,444		293,190	
Total operating expenses from real estate leasing		2,556,151		2,744,572
C. Operating income (loss) from real estate leasing [A – B]		3,907,244		3,758,623

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

14th fiscal period (from August 1, 2022 to January 31, 2023)

Not applicable.

15th fiscal period (from February 1, 2023 to July 31, 2023)

(Unit: thousand yen)

Funabashi Hi-Tech Park Factory II

Proceeds from sale of real estate	1,150,000
Cost of sale of real estate	688,594
Other sale expenses	47,239
Gain on sale of real estate	414,166

[Notes on the Statement of Unitholders' Equity]

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

	14th fiscal period From: August 1, 2022 To: January 31, 2023	15th fiscal period From: February 1, 2023 To: July 31, 2023
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	1,921,689 units	1,921,689 units

[Notes on the Statement of Cash Distributions]

14th fiscal period From: August 1, 2022 To: January 31, 2023	15th fiscal period From: February 1, 2023 To: July 31, 2023
*1 Reserve for temporary difference adjustment SAR provided 8,891,236 thousand yen as reserve for temporary difference adjustment in the 10th fiscal period. From the 11th fiscal period, SAR plans to reverse the same amount or more in each fiscal period over a period of up to 50 years. In the fiscal period under review, SAR decided to reverse 88,912 thousand yen.	*1 Reserve for temporary difference adjustment SAR provided 8,891,236 thousand yen as reserve for temporary difference adjustment in the 10th fiscal period. From the 11th fiscal period, SAR plans to reverse the same amount or more in each fiscal period over a period of up to 50 years. In the fiscal period under review, SAR decided to reverse 88,912 thousand yen.

[Notes on the Statement of Cash Flows]

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

(Unit: thousand yen)

	14th fiscal period From: August 1, 2022 To: January 31, 2023	15th fiscal period From: February 1, 2023 To: July 31, 2023
Cash and deposits	3,488,637	3,262,429
Cash and deposits in trust	8,549,954	8,525,306
Cash and cash equivalents	12,038,591	11,787,736

[Notes on Lease Transactions]

Operating leases (as lessor)

Future minimum lease payments

(Unit: thousand yen)

	14th fiscal period As of January 31, 2023	15th fiscal period As of July 31, 2023
Not later than 1 year	5,287,040	5,715,787
Later than 1 year	7,653,000	9,733,645
Total	12,940,040	15,449,432

[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 "5. Method of hedge accounting" described under "(7) 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, fair value and the amount of difference between them are as follows. Because “cash and deposits” and “cash and deposits in trust” are cash and settled in a short period of time and the fair values approximate the book values accordingly, notes on such are omitted.

14th fiscal period (as of January 31, 2023)

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Current portion of long-term borrowings	15,630,000	15,630,321	321
(2) Investment corporation bonds	1,000,000	986,200	(13,800)
(3) Long-term borrowings	80,210,000	80,102,528	(107,471)
Liabilities total	96,840,000	96,719,050	(120,949)
(4) Derivative transactions (*)	531,551	531,551	-

(*) 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.

15th fiscal period (as of July 31, 2023)

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Current portion of long-term borrowings	14,340,000	14,340,000	-
(2) Investment corporation bonds	1,000,000	990,900	(9,100)
(3) Long-term borrowings	81,500,000	81,455,187	(44,812)
Liabilities total	96,840,000	96,786,087	(53,912)
(4) Derivative transactions (*)	92,917	92,917	-

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

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

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

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

(2) Investment corporation bonds

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

(4) Derivative transactions

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

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

14th fiscal period (as of January 31, 2023)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Investment corporation bonds	-	-	-	-	-	1,000,000
Long-term borrowings	15,630,000	12,285,000	19,150,000	20,275,000	18,450,000	10,050,000
Total	15,630,000	12,285,000	19,150,000	20,275,000	18,450,000	11,050,000

15th fiscal period (as of July 31, 2023)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Investment corporation bonds	-	-	-	-	-	1,000,000
Long-term borrowings	14,340,000	11,085,000	20,910,000	19,965,000	19,490,000	10,050,000
Total	14,340,000	11,085,000	20,910,000	19,965,000	19,490,000	11,050,000

[Notes on Securities]

14th fiscal period (as of January 31, 2023)

Notes are omitted because they lack significance.

15th fiscal period (as of July 31, 2023)

Notes are omitted because they lack significance.

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

14th fiscal period (as of January 31, 2023)

Not applicable.

15th fiscal period (as of July 31, 2023)

Not applicable.

2. Derivative transactions to which hedge accounting is applied

14th fiscal period (as of January 31, 2023)

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, due after 1 year	
Principle accounting	Interest rate swap transaction (floating receivable; fixed payable)	Long-term borrowings	77,205,000	67,675,000	531,551

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

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

15th fiscal period (as of July 31, 2023)

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, due after 1 year	
Principle accounting	Interest rate swap transaction (floating receivable; fixed payable)	Long-term borrowings	82,305,000	68,965,000	92,917

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

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

[Notes on Retirement Benefits]

14th fiscal period (as of January 31, 2023)

Not applicable.

15th fiscal period (as of July 31, 2023)

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)

	14th fiscal period As of January 31, 2023	15th fiscal period As of July 31, 2023
Deferred tax assets		
Valuation adjustment upon merger	1,123,529	1,090,958
Acquisition cost of securities	1,284	3,030
Deferred gains or losses on hedges	760	30,895
Deferred tax assets, subtotal	1,125,574	1,124,884
Valuation allowance	(1,125,574)	(1,124,884)
Deferred tax assets, total	-	-
Deferred tax assets, net	-	-

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

(Unit: %)

	14th fiscal period As of January 31, 2023	15th fiscal period As of July 31, 2023
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible distributions payable	(30.66)	(31.19)
Reversal of excess depreciation	(0.70)	(0.90)
Others	(0.08)	0.65
Effective income tax rate after application of tax-effect accounting	0.02	0.02

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

14th fiscal period (as of January 31, 2023)

Not applicable.

15th fiscal period (as of July 31, 2023)

Notes are omitted because they lack significance.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholders, etc.

14th fiscal period (from August 1, 2022 to January 31, 2023)

Not applicable.

15th fiscal period (from February 1, 2023 to July 31, 2023)

Not applicable.

2. Affiliated companies, etc.

14th fiscal period (from August 1, 2022 to January 31, 2023)

Not applicable.

15th fiscal period (from February 1, 2023 to July 31, 2023)

Not applicable.

3. Fellow subsidiaries, etc.

14th fiscal period (from August 1, 2022 to January 31, 2023)

Not applicable.

15th fiscal period (from February 1, 2023 to July 31, 2023)

Not applicable.

4. Directors, major individual unitholders, etc.

14th fiscal period (from August 1, 2022 to January 31, 2023)

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	0.03%	Payment of asset management fee to the Asset Manager (Note 1)	575,950 (Note 2) (Note 3)	Accounts payable – others	466,852 (Note 2)

15th fiscal period (from February 1, 2023 to July 31, 2023)

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	0.03%	Payment of asset management fee to the Asset Manager (Note 1)	445,612 (Note 2) (Note 3)	Accounts payable – others	456,595 (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 14th fiscal period includes the acquisition incentive portion included in the book value of individual real estate, etc. in the amount of 151,540 thousand yen. The asset management fee for the 15th fiscal period includes the acquisition incentive portion included in the book value of preferred equity securities in the amount of 15,625 thousand yen and the transfer incentive portion for real estate, etc. in the amount of 11,500 thousand yen.

[Notes on Asset Retirement Obligations]

14th fiscal period (as of January 31, 2023)

Not applicable.

15th fiscal period (as of July 31, 2023)

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)

	14th fiscal period From: August 1, 2022 To: January 31, 2023	15th fiscal period From: February 1, 2023 To: July 31, 2023
Carrying amount		
Balance at beginning of period	179,572,164	194,843,394
Amount of increase (decrease) during period	15,271,229	(664,708)
Balance at end of period	194,843,394	194,178,685
Fair value at end of period	214,581,000	215,096,000

(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 14th fiscal period, the amount of increase is mainly attributable to acquisition of real estate beneficiary interest in trust of three properties (15,409,595 thousand yen) and capital expenditures

(605,932 thousand yen), while the amount of decrease is mainly attributable to depreciation (743,661 thousand yen). During the 15th fiscal period, the amount of increase is mainly attributable to capital expenditures (787,991 thousand yen), while the amount of decrease is mainly attributable to disposition of real estate beneficiary interest in trust of a property (688,594 thousand yen) and depreciation (763,353 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser. Of the fair value at the end of the 14th fiscal period, that of Funabashi Hi-Tech Park Factory II is based on the transfer price (1,150,000 thousand yen) stated in the trust beneficiary interest sale and purchase agreement dated February 1, 2023 and that of Urban Park Gokokuji is based on the transfer price (1,800,000 thousand yen) stated in the trust beneficiary interest sale and purchase agreement dated March 16, 2023. In addition, of the fair value at the end of the 15th fiscal period, that of Urban Park Gokokuji is based on the transfer price (1,800,000 thousand yen) stated in the trust beneficiary interest sale and purchase agreement dated March 16, 2023 and that of Urban Park Koenji is based on the transfer price (1,315,000 thousand yen) stated in the trust beneficiary interest sale and purchase agreement dated August 7, 2023.

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

[Notes on Revenue Recognition]

1. Breakdown information on revenue from contracts with customers

14th fiscal period (from August 1, 2022 to January 31, 2023)

(Unit: thousand yen)

	Revenue from contracts with customers (Note)	Sales to external customers
Proceeds from sale of real estate	-	-
Utilities income	419,588	419,588
Other	-	6,066,665
Total	419,588	6,486,253

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

15th fiscal period (from February 1, 2023 to July 31, 2023)

(Unit: thousand yen)

	Revenue from contracts with customers (Note 1)	Sales to external customers
Proceeds from sale of real estate (Note 2)	414,166	414,166
Utilities income	358,375	358,375
Other	-	6,174,384
Total	772,542	6,946,926

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

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

2. Foundational information for understanding revenue from contracts with customers

The information is as indicated in “(7) Notes on Matters Concerning Significant Accounting Policies” earlier in this document.

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

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

(Unit: thousand yen)

	14th fiscal period From: August 1, 2022 To: January 31, 2023	15th fiscal period From: February 1, 2023 To: July 31, 2023
Claims generated from contracts with customers (balance at beginning of fiscal period)	73,083	87,858
Claims generated from contracts with customers (balance at end of fiscal period)	87,858	71,460
Contract assets (balance at beginning of fiscal period)	-	-
Contract assets (balance at end of fiscal period)	-	-
Contract liabilities (balance at beginning of fiscal period)	-	-
Contract liabilities (balance at end of fiscal period)	-	-

(2) Transaction value allocated to remaining performance obligations

Not applicable.

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

[Notes on Segment Information]

1. Segment information

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

2. Related information

14th fiscal period (from August 1, 2022 to January 31, 2023)

(1) Information about products and services

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

(2) Information about geographic areas

① Net sales

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

② Property, plant and equipment

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

(3) Information about each major customer

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

15th fiscal period (from February 1, 2023 to July 31, 2023)

(1) Information about products and services

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

(2) Information about geographic areas

① Net sales

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

② Property, plant and equipment

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

(3) Information about each major customer

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

[Notes on Per Unit Information]

	14th fiscal period From: August 1, 2022 To: January 31, 2023	15th fiscal period From: February 1, 2023 To: July 31, 2023
Net assets per unit	53,835 yen	53,715 yen
Net income per unit	1,455 yen	1,599 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:

	14th fiscal period From: August 1, 2022 To: January 31, 2023	15th fiscal period From: February 1, 2023 To: July 31, 2023
Net income (thousand yen)	2,781,930	3,073,236
Amount not attributable to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	2,781,930	3,073,236
Average number of investment units during period (units)	1,910,903	1,921,689

[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 the Board of Directors' meetings held on August 7, 2023, and August 15, 2023, and payment was completed on August 21, 2023.

<Issuance of new investment units through primary offering>

Number of new investment units issued:	450,311 units
Issue price (offer price):	53,235 yen per unit
Total issue price (total offer price):	23,972,306,085 yen
Issue amount (paid-in amount):	51,504 yen per unit
Total issue amount (total paid-in amount):	23,192,817,744 yen
Payment date:	August 21, 2023

The proceeds from the issuance of new investment units were and will be used to partially fund the acquisition of 8 properties (total acquisition price: 46,143 million yen) acquired as of September 1, 2023, and 3 properties (total planned acquisition price: 3,048 million yen) to be acquired as of December 1, 2023, respectively.

Asset transfer

The transfer of Urban Park Gokokuji and Urban Park Koenji have completed as follows:

<Urban Park Gokokuji>

Asset transferred:	Trust beneficiary interest in which the main trust asset is domestic real estate
Contract date:	March 16, 2023
Transfer date:	August 31, 2023
Location (indication of residential address):	1-5-4 Zoshigaya, Toshima-ku, Tokyo
Buyer:	A.D. Works Co., Ltd.
Transfer price:	1,800,000 thousand yen
Impact on income (loss):	Operating revenue from gain on sale of real estate is expected to be recorded in the amount of approximately 271 million yen in the fiscal period ending January 31, 2024.

<Urban Park Koenji>

Asset transferred:	Trust beneficiary interest in which the main trust asset is domestic real estate
Contract date:	August 7, 2023
Transfer date:	August 31, 2023
Location (indication of residential address):	3-19-12 Koenji-kita, Suginami-ku, Tokyo
Buyer:	A.D. Works Co., Ltd.
Transfer price:	1,315,000 thousand yen
Impact on income (loss):	Operating revenue from gain on sale of real estate is expected to be recorded in the amount of approximately 109 million yen in the fiscal period ending January 31, 2024.

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

The following are the changes in unitholders' capital and total number of investment units issued and outstanding for the most recent five years.

Date	Event	Total number of investment units issued and outstanding (units)		Unitholders' capital (thousand yen)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
September 5, 2018	Capital increase through public offering	66,857	537,481	6,584,077	52,416,747	(Note 1)
October 2, 2018	Capital increase through third-party allotment	3,343	540,824	329,218	52,745,966	(Note 2)
August 1, 2020	Investment unit split	540,824	1,081,648	-	52,745,966	(Note 3)
August 1, 2020	Merger	592,741	1,674,389	-	52,745,966	(Note 4)
August 17, 2021	Capital increase through public offering	115,000	1,789,389	6,369,735	59,115,701	(Note 5)
August 16, 2022	Capital increase through public offering	132,300	1,921,689	7,007,666	66,123,367	(Note 6)

(Note 1) 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 2) 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 3) SAR has conducted an investment unit split to split one investment unit into two investment units.

(Note 4) Due to the merger dated August 1, 2020, 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 5) New investment units were issued through public offering at an issue price of 57,330 yen (paid-in amount of 55,389 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 6) New investment units were issued through public offering at an issue price of 54,795 yen (paid-in amount of 52,968 yen) per unit for the purpose of procuring funds for acquisition of new properties.

3. Reference Information

(1) Investment Status

Type of asset	Primary use	Geographic area (Note 1)	14th fiscal period As of January 31, 2023		15th fiscal period As of July 31, 2023	
			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	56,743	27.2	56,922	27.2
		Major Metropolitan Areas	18,539	8.9	18,548	8.9
	Retail	Greater Tokyo	3,001	1.4	3,000	1.4
		Major Metropolitan Areas	24,711	11.8	24,682	11.8
	Residence	Greater Tokyo	32,228	15.4	32,190	15.4
		Major Metropolitan Areas	6,232	3.0	6,209	3.0
	Logistics facility	Greater Tokyo	29,541	14.2	28,818	13.8
	Hotel	Greater Tokyo	12,632	6.1	12,639	6.0
		Major Metropolitan Areas	11,212	5.4	11,166	5.3
	Subtotal			194,843	93.3	194,178
Preferred equity securities			-	-	1,588	0.8
Mezzanine loan debt			400	0.2	740	0.4
Deposits and other assets			13,523	6.5	12,752	6.1
Total amount of assets			208,766	100.0	209,259	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)	105,311	50.4	106,034	50.7
Total amount of net assets (Note 4)	103,455	49.6	103,224	49.3

(Note 1) "Greater Tokyo" refers to Tokyo, Kanagawa, Saitama and Chiba Prefectures. 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 (yen)	Amount	Unit price	Amount		
MEZ-07	Star Asia Mezzanine Loan Debt Investment Series 7	Corporate bond	—	—	400	—	400	—	(Note 1) (Note 4)
MEZ-08	Star Asia Mezzanine Loan Debt Investment Series 8	Trust beneficiary interest	—	—	340	—	340	—	(Note 2) (Note 4)
TK-03	GSA JP Project 1 Tokutei Mokuteki Kaisha (TMK) Preferred Equity Securities	Preferred equity security	13,328,342	119	1,588	135	1,803	—	(Note 3) (Note 5)
	Total	—	—	—	2,328	—	2,543	—	—

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

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

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

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

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

② 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	1.5	3,040	January 14, 2016	
	OFC-03	Honmachibashi Tower	Chuo Ward, Osaka City, Osaka	6,065	3.1	7,080	January 14, 2016	
	OFC-04	Nishi-Shinjuku Matsuya Building	Shibuya Ward, Tokyo	1,763	0.9	2,690	April 20, 2016	
	OFC-06	Urban Center Shibuya East (Note 6)	Shibuya Ward, Tokyo	2,042	1.1	3,290	April 20, 2016	
	OFC-08	Urban Center Yokohama West (Note 7)	Kanagawa Ward, Yokohama City, Kanagawa	6,320	3.3	8,400	April 20, 2016	
	OFC-09	Hakata-eki East Place	Hakata Ward, Fukuoka City, Fukuoka	2,286	1.2	3,260	April 6, 2017	
	OFC-10	Nihonbashi Hamacho Park Building	Chuo Ward, Tokyo	1,450	0.7	1,500	February 2, 2018	
	OFC-11	Amusement Media Gakuin Honkan	Shibuya Ward, Tokyo	2,580	1.3	2,790	September 6, 2018	
	OFC-12	Higashi-Kobe Center Building	Higashinada Ward, Kobe City, Hyogo	7,440	3.8	7,320	September 6, 2018	
	OFC-13	Amusement Media Gakuin Shinkan	Shibuya Ward, Tokyo	1,020	0.5	1,230	February 1, 2019	
	OFC-14	Seishin BLDG.	Shinjuku Ward, Tokyo	11,200	5.8	11,700	August 1, 2020	
	OFC-15	Urban Center Kanda Suda-cho	Chiyoda Ward, Tokyo	5,350	2.8	5,440	August 1, 2020	
	OFC-16	Urban Center Kanda Tsukasamachi	Chiyoda Ward, Tokyo	4,590	2.4	4,570	August 1, 2020	
	OFC-17	Takadanobaba Access	Shinjuku Ward, Tokyo	3,990	2.1	3,930	August 1, 2020	
	OFC-18	Azabu Amerex BLDG.	Minato Ward, Tokyo	2,780	1.4	2,890	August 1, 2020	
	OFC-19	Hiei-Kudan BLDG.	Chiyoda Ward, Tokyo	2,400	1.2	2,400	August 1, 2020	
	OFC-20	Urban Center Shin-Yokohama	Kohoku Ward, Yokohama City, Kanagawa	2,300	1.2	2,570	August 1, 2020	
	OFC-21	The Portal Akihabara	Chiyoda Ward, Tokyo	1,510	0.8	1,490	August 1, 2020	
	OFC-22	Urban Center Tachikawa	Tachikawa City, Tokyo	1,804	0.9	2,010	August 19, 2021	
	OFC-23	Urban Center Hakata	Hakata Ward, Fukuoka City, Fukuoka	2,870	1.5	3,250	August 19, 2021	
	OFC-24	Urban Center Fujisawa	Fujisawa City, Kanagawa	2,054	1.1	2,200	August 18, 2022	
	Subtotal				74,787	38.5	83,050	—
	Retail	RTL-01	La Park Kishiwada	Kishiwada City, Osaka	5,400	2.8	5,200	August 1, 2020
		RTL-02	Suroy Mall Chikushino	Chikushino City, Fukuoka	6,550	3.4	6,310	August 1, 2020
RTL-03		Seiyu Minakuchi	Koka City, Shiga	3,320	1.7	3,330	August 1, 2020	
RTL-05		BAGUS Ikebukuro West	Toshima Ward, Tokyo	2,984	1.5	3,500	August 19, 2021	
RTL-06		abeno nini (Retail)	Abeno Ward, Osaka City, Osaka	9,500	4.9	10,500	August 18, 2022	
Subtotal				27,754	14.3	28,840	—	
Residence	RSC-01	Urban Park Azabujuban	Minato Ward, Tokyo	2,045	1.1	2,950	January 14, 2016	
	RSC-02	Urban Park Daikanyama	Shibuya Ward, Tokyo	6,315	3.3	10,100	January 14, 2016	
	RSC-05	Urban Park Namba	Naniwa Ward, Osaka City, Osaka	1,490	0.8	1,540	April 20, 2016	
	RSC-06	Urban Park Gokokuji	Toshima Ward, Tokyo	1,460	0.8	1,570	February 1, 2017	
	RSC-07	Urban Park Kashiwa	Kashiwa City, Chiba	1,186	0.6	1,200	April 6, 2017	
	RSC-08	Urban Park Ryokuchi Koen	Suita City, Osaka	1,550	0.8	1,730	February 2, 2018	
	RSC-09	Urban Park Koenji	Suginami Ward, Tokyo	1,167	0.6	1,180	February 2, 2018	

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-10	Urban Park Ichigao	Aoba Ward, Yokohama City, Kanagawa	1,810	0.9	2,180	March 13, 2020
	RSC-11	Urban Park Gyotoku	Ichikawa City, Chiba	1,430	0.7	1,610	March 13, 2020
	RSC-12	Shiroi Logiman	Shiroi City, Chiba	2,470	1.3	2,520	August 1, 2020
	RSC-13	Urban Park Sekime	Joto Ward, Osaka City, Osaka	2,150	1.1	2,470	August 1, 2020
	RSC-14	Urban Park Imazato	Ikuno Ward, Osaka City, Osaka	993	0.5	1,110	August 1, 2020
	RSC-15	Urban Park Yoyogi	Shibuya Ward, Tokyo	1,740	0.9	1,990	August 1, 2020
	RSC-16	Urban Park Tokiwadai Koen	Hodogaya Ward, Yokohama City, Kanagawa	3,506	1.8	4,090	October 16, 2020
	RSC-17	Urban Park Mitsuike Koen	Tsurumi Ward, Yokohama City, Kanagawa	3,160	1.6	3,620	January 8, 2021
	RSC-18	Urban Park Ryogoku	Sumida Ward, Tokyo	1,115	0.6	1,310	August 19, 2021
	RSC-19	Urban Park Mizonokuchi	Takatsu Ward, Kawasaki City, Kanagawa	2,019	1.0	2,100	August 19, 2021
	RSC-20	Urban Park Miyamaedaira	Miyamae Ward, Kawasaki City, Kanagawa	1,060	0.5	1,250	August 19, 2021
	RSC-21	Urban Park Tsurumi	Tsurumi Ward, Yokohama City, Kanagawa	1,113	0.6	1,190	August 19, 2021
Subtotal				37,779	19.5	45,710	—
Logistics facility	LGC-01	Iwatsuki Logistics	Iwatsuki Ward, Saitama City, Saitama	6,942	3.6	7,690	January 14, 2016
	LGC-02	Yokohama Logistics	Kanagawa Ward, Yokohama City, Kanagawa	3,560	1.8	4,330	January 14, 2016
	LGC-03	Funabashi Logistics	Funabashi City, Chiba	7,875	4.1	8,950	January 14, 2016
	LGC-04	Baraki Logistics	Ichikawa City, Chiba	4,700	2.4	5,230	April 6, 2017
	LGC-05	Tokorozawa Logistics	Tokorozawa City, Saitama	1,300	0.7	1,550	April 6, 2017
	LGC-07	Funabashi Nishiura Logistics II	Funabashi City, Chiba	821	0.4	891	February 2, 2018
	LGC-08	Matsubushi Logistics	Kitakatsushika-gun, Saitama	2,755	1.4	3,310	February 2, 2018
	LGC-09	Funabashi Hi-Tech Park Factory I	Funabashi City, Chiba	1,710	0.9	2,070	August 1, 2020
	Subtotal				29,663	15.3	34,021
Hotel	HTL-01	R&B Hotel Umeda East	Kita Ward, Osaka City, Osaka	2,069	1.1	2,280	January 14, 2016
	HTL-02	Smile Hotel Namba	Naniwa Ward, Osaka City, Osaka	1,750	0.9	1,460	January 14, 2016
	HTL-03	REMBRANDT STYLE Tokyo Nishikasai	Edogawa Ward, Tokyo	3,827	2.0	3,440	April 6, 2017
	HTL-04	BEST WESTERN Yokohama	Tsurumi Ward, Yokohama City, Kanagawa	3,248	1.7	3,200	April 6, 2017
	HTL-05	The BREAKFAST HOTEL FUKUOKA TENJIN	Chuo Ward, Fukuoka City, Fukuoka	1,970	1.0	1,930	September 6, 2018
	HTL-06	GLANSIT AKIHABARA	Chiyoda Ward, Tokyo	2,500	1.3	2,440	September 6, 2018
	HTL-07	REMBRANDT STYLE Tokyo Nishikasai Grande	Edogawa Ward, Tokyo	3,180	1.6	3,140	September 6, 2018
	HTL-08	KOKO HOTEL Osaka Namba	Naniwa Ward, Osaka City, Osaka	2,000	1.0	1,450	September 6, 2018
	HTL-09	abeno nini (Hotel)	Abeno Ward, Osaka City, Osaka	3,600	1.9	3,770	August 18, 2022
Subtotal				24,144	12.4	23,110	—
Total				194,127	100.0	214,731	—

(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 appraisal value indicated in the real estate appraisal report with July 31, 2020, as the appraisal date, which is the receipt price, is indicated for properties that were succeeded from SSR due to the absorption-type merger with SAR as the surviving corporation on August 1, 2020.

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

(Note 5) Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute and The Tanizawa Sogo Appraisal Co., Ltd. are entrusted with appraisals. Real estate appraisal values are the figures indicated in the real estate appraisal report with January 31, 2023, as the date of value and are rounded to the nearest million yen. For details, please refer to "(d) Summary of Real Estate Appraisal Reports, Etc."

(Note 6) The name was changed on July 1, 2023 (former property name: Shibuya MK Building). The same shall apply hereinafter.

(Note 7) The name was changed on July 1, 2023 (former property name: Asahi Building). The same shall apply hereinafter.

(b) Portfolio Summary

a. By Geographic Area

Geographic area		Acquisition price (million yen)	Share (%) (Note 1)
Greater Tokyo (Note 2)		135,426	68.9
Major Metropolitan Areas	Osaka Area, Nagoya Area and Fukuoka Area	38,293	19.5
	Other than the above	22,710	11.6
Total		196,429	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) 2 mezzanine loan debts (acquisition prices: 400 million yen, 340 million yen) and 1 preferred equity security (acquisition price: 1,562 million yen) are included.

(a) Office

Geographic area		Acquisition price (million yen)	Share (%)
Greater Tokyo		56,126	75.0
Major Metropolitan Areas	Osaka Area, Nagoya Area and Fukuoka Area	11,221	15.0
	Other than the above	7,440	9.9
Total		74,787	100.0

(b) Retail

Geographic area		Acquisition price (million yen)	Share (%)
Greater Tokyo		2,984	10.8
Major Metropolitan Areas	Osaka Area, Nagoya Area and Fukuoka Area	9,500	34.2
	Other than the above	15,270	55.0
Total		27,754	100.0

(c) Residence

Geographic area		Acquisition price (million yen)	Share (%)
Greater Tokyo		31,596	83.6
Major Metropolitan Areas	Osaka Area, Nagoya Area and Fukuoka Area	6,183	16.4
	Other than the above	-	-
Total		37,779	100.0

(d) Logistics facility

Geographic area		Acquisition price (million yen)	Share (%)
Greater Tokyo		29,663	100.0
Major Metropolitan Areas	Osaka Area, Nagoya Area and Fukuoka Area	-	-
	Other than the above	-	-
Total		29,663	100.0

(e) Hotel

Geographic area		Acquisition price (million yen)	Share (%)
Greater Tokyo (Note)		13,495	54.2
Major Metropolitan Areas	Osaka Area, Nagoya Area and Fukuoka Area	11,389	45.8
	Other than the above	-	-
Total		24,884	100.0

(Note) 2 mezzanine loan debts (acquisition prices: 400 million yen, 340 million yen) are included.

(f) Student residence

Geographic area		Acquisition price (million yen)	Share (%)
Greater Tokyo (Note)		1,562	100.0
Major Metropolitan Areas	Osaka Area, Nagoya Area and Fukuoka Area	-	-
	Other than the above	-	-
Total		1,562	100.0

(Note) A preferred equity security.

b. By Size

Acquisition price	Number of properties	Share (%) (Note 1)
10 billion yen or more	1	1.5
5 billion yen or more but less than 10 billion yen	10	15.4
1 billion yen or more but less than 5 billion yen (Note 2)	50	76.9
Less than 1 billion yen (Note 3)	4	6.2
Total	65	100.0

(Note 1) "Share" is calculated on the basis of number of properties.

(Note 2) A preferred equity security is included.

(Note 3) 2 mezzanine loan debts are included.

c. By Asset Type (Use)

Use	Number of properties	Acquisition price (million yen)	Share (%)
Office	21	74,787	38.1
Retail	5	27,754	14.1
Residence	19	37,779	19.2
Logistics facility	8	29,663	15.1
Hotel (Note 1)	11	24,884	12.7
Student residence (Note 2)	1	1,562	0.8
Total	65	196,429	100.0

(Note 1) 2 mezzanine loan debts (acquisition prices: 400 million yen, 340 million yen) are included.

(Note 2) A preferred equity security.

(c) Status of Leasing

Property no.	Property name	Construction completion	Number of tenants (Note 1)	Operating revenue from leasing (thousand yen) (Note 2)	Security and guarantee deposits (thousand yen) (Note 3)	Leased area (m ²) (Note 4)	Leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
OFC-01	Minami-Azabu Shibuya Building	June 1993	6	99,368	128,023	3,263.08	3,263.08	100.0
OFC-03	Honmachibashi Tower	February 2010	6 (Note 7)	249,203	260,488	10,489.58	10,489.58	100.0
OFC-04	Nishi-Shinjuku Matsuya Building	May 1987	10	120,379	139,521	3,547.74	3,547.74	100.0
OFC-06	Urban Center Shibuya East	July 1993	4	74,599	94,300	1,612.88	1,612.88	100.0
OFC-08	Urban Center Yokohama West	November 1994	20	231,766	247,424	8,672.01	8,672.01	100.0
OFC-09	Hakata-eki East Place	February 1986	18	118,913	107,894	4,398.07	4,633.12	94.9
OFC-10	Nihonbashi Hamacho Park Building	July 1992	4	45,126	77,523	1,913.44	1,913.44	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	57	321,893	351,042	15,756.65	16,960.51	92.9
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	198,113	328,948	5,167.20	5,616.80	92.0
OFC-15	Urban Center Kanda Suda-cho	October 1991	10	140,958	157,380	3,394.35	3,394.35	100.0
OFC-16	Urban Center Kanda Tsukasamachi	January 1988	8	115,699	150,123	3,250.68	3,250.68	100.0
OFC-17	Takadanobaba Access	January 1994	8	107,193	119,648	3,691.49	3,691.49	100.0
OFC-18	Azabu Amerex BLDG.	June 1988	7	72,918	63,575	2,240.03	2,240.03	100.0
OFC-19	Hiei-Kudan BLDG.	September 1991	10	69,319	101,861	2,298.86	2,298.86	100.0
OFC-20	Urban Center Shin-Yokohama	March 1992	17	87,471	93,878	4,057.89	4,057.89	100.0
OFC-21	The Portal Akihabara	May 2002	7	33,464	42,767	815.38	941.69	86.6
OFC-22	Urban Center Tachikawa	May 1990	4	51,351	89,671	2,799.92	3,400.47	82.3
OFC-23	Urban Center Hakata	August 2020	1	77,043	149,289	2,639.18	2,639.18	100.0
OFC-24	Urban Center Fujisawa	April 1991	6	81,570	90,770	3,298.18	3,396.17	97.1
RTL-01	La Park Kishiwada	August 1994	51 (Note 10)	528,144	238,418	40,566.34 (Note 10)	41,001.03 (Note 10)	98.9
RTL-02	Suroy Mall Chikushino	June 2007	19	258,010	412,334	29,364.96	31,088.53	94.5
RTL-03	Seiyu Minakuchi	May 1999	1	Not disclosed (Note 9)	Not disclosed (Note 9)	23,814.87	23,814.87	100.0
RTL-05	BAGUS Ikebukuro West	November 1992	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	1,497.45	100.0
RTL-06	abeno nini (Retail)	January 2012	5	221,344	150,698	3,481.03	3,481.03	100.0
RSC-01	Urban Park Azabujuban	November 1999	42	57,632	10,604	1,902.48	1,986.76	95.8
RSC-02	Urban Park Daikanyama	Existing: November 1982 Newly built: May 2006	69	201,243	79,111	5,799.23	5,977.18	97.0
RSC-05	Urban Park Namba	January 2013	113	45,672	120	2,493.61	2,584.81	96.5
RSC-06	Urban Park Gokokuji	February 1990	105	47,591	3,058	1,865.61	1,964.04	95.0
RSC-07	Urban Park Kashiwa	August 1997	40	39,291	8,121	2,954.77	2,954.77	100.0
RSC-08	Urban Park Ryokuchi Koen	March 1989	57	60,731	11,584	5,261.08	5,508.94	95.5

Property no.	Property name	Construction completion	Number of tenants (Note 1)	Operating revenue from leasing (thousand yen) (Note 2)	Security and guarantee deposits (thousand yen) (Note 3)	Leased area (m ²) (Note 4)	Leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
RSC-09	Urban Park Koenji	October 1987	74	36,106	3,781	1,317.13	1,365.48	96.5
RSC-10	Urban Park Ichigao	July 1998	61	60,074	18,193	4,322.62	4,322.62	100.0
RSC-11	Urban Park Gyotoku	March 1995	38	37,816	19,654	2,494.76	2,976.36	83.8
RSC-12	Shiroy Logiman	May 1995	294	141,678	12,313	21,597.32	21,884.21	98.7
RSC-13	Urban Park Sekime	August 1989	125	88,077	9,306	7,561.50	7,693.13	98.3
RSC-14	Urban Park Imazato	December 1991	64	39,316	1,041	4,366.82	4,648.64	93.9
RSC-15	Urban Park Yoyogi	September 2017	27	39,871	6,171	1,245.17	1,286.50	96.8
RSC-16	Urban Park Tokiwadai Koen	February 1994	137	146,106	30,272	13,860.00	14,058.00	98.6
RSC-17	Urban Park Mitsuike Koen	March 1992	126	127,538	28,334	9,636.00	10,362.00	93.0
RSC-18	Urban Park Ryogoku	October 1997	32	36,737	7,837	2,304.53	2,304.53	100.0
RSC-19	Urban Park Mizonokuchi	August 1988	75	63,570	5,597	4,113.41	4,160.00	98.9
RSC-20	Urban Park Miyamaedaira	June 2021	48	32,976	3,566	1,935.62	1,957.97	98.9
RSC-21	Urban Park Tsurumi	February 1994	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	3,145.41	100.0
LGC-01	Iwatsuki Logistics	October 2014	3	200,080	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	6	265,877	91,166	36,081.45	38,086.56	94.7
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)	19,833.47	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 (Note 11)	September 2001	-	Not disclosed (Note 9)	-	-	-	-
HTL-01	R&B Hotel Umeda East	October 2000	1	65,212	73,435	3,940.93	3,940.93	100.0
HTL-02	Smile Hotel Namba	February 2008	1	40,394	-	1,711.42	1,711.42	100.0
HTL-03	REMBRANDT STYLE Tokyo Nishikasai	March 1991	1	84,600	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	The BREAKFAST HOTEL FUKUOKA TENJIN	February 2017	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	2,281.49	100.0
HTL-06	GLANSIT AKIHABARA	September 2017	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	1,089.06	100.0
HTL-07	REMBRANDT STYLE 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	53,142	-	2,061.38	2,061.38	100.0
HTL-09	Abeno nini (Hotel)	January 2012	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	5,553.84	100.0
Total			1,855	6,503,195	5,969,822	449,280.81	459,121.82	97.9

- (Note 1) "Number of tenants" is the number of tenants (excluding parking) under the lease agreement stated in the lease agreement for each investment asset as of July 31, 2023. 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, 2023 (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, 2023. 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, 2023.
- (Note 6) "Occupancy rate" is the ratio of leased area to leasable area for each investment asset as of July 31, 2023, 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, 2023, 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.
- (Note 11) Funabashi Hi-Tech Park Factory II was transferred on February 20, 2023.

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

Use	Property no.	Property name	Appraisal firm (Note 1)	Appraisal value (million yen) (Note 2)	Summary of appraisal reports						Appraisal NOI yield (%) (Note 4)	
					Income approach					NOI (million yen) (Note 3)		
					Direct capitalization method		DCF method					
					Indicated value (million yen)	Cap rate (%)	Indicated value (million yen)	Discount rate (%)	Terminal cap rate (%)			
Office	OFC-01	Minami-Azabu Shibuya Building	Daiwa	3,040	3,120	3.9	3,000	3.5	4.1	139	4.7	
	OFC-03	Honmachibashi Tower	Daiwa	7,080	7,040	4.1	7,090	3.9	4.3	307	5.1	
	OFC-04	Nishi-Shinjuku Matsuya Building	Daiwa	2,690	2,620	4.1	2,720	3.9	4.3	122	6.9	
	OFC-06	Urban Center Shibuya East	JREI	3,290	3,330	3.3	3,240	3.1	3.4	114	5.6	
	OFC-08	Urban Center Yokohama West	JREI	8,400	8,480	3.3	8,320	3.1	3.4	311	4.9	
	OFC-09	Hakata-eki East Place	Daiwa	3,260	3,270	4.5	3,260	4.3	4.7	153	6.7	
	OFC-10	Nihonbashi Hamacho Park Building	Daiwa	1,500	1,490	4.3	1,510	4.1	4.5	66	4.5	
	OFC-11	Amusement Media Gakuin Honkan	Daiwa	2,790	2,850	3.5	2,760	3.3	3.7	103	4.0	
	OFC-12	Higashi Kobe Center Building	Tanizawa	7,320	7,260	4.9	7,340	5.0	5.1	404	5.4	
	OFC-13	Amusement Media Gakuin Shinkan	JREI	1,230	1,240	3.2	1,210	3.0	3.3	41	4.0	
	OFC-14	Seishin BLDG.	JREI	11,700	11,900	3.3	11,500	3.0	3.3	399	3.6	
	OFC-15	Urban Center Kanda Suda-cho	Tanizawa	5,440	5,540	3.4	5,400	3.5	3.6	199	3.7	
	OFC-16	Urban Center Kanda Tsukasamachi	Tanizawa	4,570	4,740	3.5	4,500	3.6	3.7	172	3.8	
	OFC-17	Takadanobaba Access	Tanizawa	3,930	4,130	3.6	3,850	3.7	3.8	154	3.9	
	OFC-18	Azabu Amerex BLDG.	JREI	2,890	2,890	3.4	2,890	3.1	3.4	103	3.7	
	OFC-19	Hiei-Kudan BLDG.	Tanizawa	2,400	2,480	3.4	2,360	3.5	3.6	87	3.6	
	OFC-20	Urban Center Shin-Yokohama	JREI	2,570	2,580	4.2	2,560	3.9	4.3	114	5.0	
	OFC-21	The Portal Akihabara	Tanizawa	1,490	1,540	3.6	1,470	3.7	3.8	57	3.8	
	OFC-22	Urban Center Tachikawa	Daiwa	2,010	2,010	4.4	2,010	4.2	4.6	94	5.2	
	OFC-23	Urban Center Hakata	JREI	3,250	3,270	3.8	3,220	3.6	3.9	124	4.3	
	OFC-24	Urban Center Fujisawa	JREI	2,200	2,220	4.8	2,180	4.6	5.0	115	5.6	
			Subtotal		83,050	84,000	-	82,390	-	-	3,380	4.5
	Retail	RTL-01	La Park Kishiwada	JREI	5,200	5,200	6.3	5,190	6.1	6.5	378	7.0
		RTL-02	Suroy Mall Chikushino	Tanizawa	6,310	6,500	5.7	6,230	5.8	5.9	383	5.8
RTL-03		Seiyu Minakuchi	JREI	3,330	3,360	6.7	3,300	6.5	7.0	246	7.4	
RTL-05		BAGUS Ikebukuro West	JREI	3,500	3,540	3.4	3,450	3.2	3.5	123	4.1	
RTL-06		abeno nini (Retail)	JREI	10,500	10,700	3.7	10,200	3.5	3.9	397	4.2	
			Subtotal		28,840	29,300	-	28,370	-	-	1,526	5.5
Residence	RSC-01	Urban Park Azabujuban	JREI	2,950	2,980	2.9	2,910	2.7	3.0	90	4.4	
	RSC-02	Urban Park Daikanyama	JREI	10,100	10,200	2.8	9,960	2.6	2.9	301	4.8	
	RSC-05	Urban Park Namba	Daiwa	1,540	1,560	4.6	1,530	4.4	4.8	74	5.0	
	RSC-06	Urban Park Gokokuji	JREI	1,570	1,580	3.5	1,550	3.3	3.6	61	4.2	
	RSC-07	Urban Park Kashiwa	Tanizawa	1,200	1,210	4.3	1,190	4.4	4.5	57	4.8	
	RSC-08	Urban Park Ryokuchi Koen	Tanizawa	1,730	1,740	4.4	1,720	4.5	4.6	87	5.6	
	RSC-09	Urban Park Koenji	Tanizawa	1,180	1,200	3.8	1,170	3.9	4.0	52	4.4	
	RSC-10	Urban Park Ichigao	JREI	2,180	2,190	3.7	2,160	3.5	3.8	87	4.8	
	RSC-11	Urban Park Gyotoku	Tanizawa	1,610	1,640	3.9	1,590	4.0	4.1	67	4.7	
	RSC-12	Shiroi Logiman	Tanizawa	2,520	2,470	5.0	2,540	5.1	5.2	140	5.7	
	RSC-13	Urban Park Sekime	Tanizawa	2,470	2,480	4.2	2,470	4.3	4.4	114	5.3	
	RSC-14	Urban Park Imazato	Tanizawa	1,110	1,120	4.4	1,100	4.5	4.6	54	5.5	
	RSC-15	Urban Park Yoyogi	JREI	1,990	2,010	3.1	1,970	2.8	3.2	63	3.6	
	RSC-16	Urban Park Tokiwadai Koen	Tanizawa	4,090	4,110	4.1	4,080	4.2	4.3	188	5.4	
RSC-17	Urban Park Mitsuike Koen	Tanizawa	3,620	3,630	4.3	3,610	4.4	4.5	169	5.3		

Use	Property no.	Property name	Appraisal firm (Note 1)	Appraisal value (million yen) (Note 2)	Summary of appraisal reports						Appraisal NOI yield (%) (Note 4)
					Income approach					NOI (million yen) (Note 3)	
					Direct capitalization method		DCF method				
					Indicated value (million yen)	Cap rate (%)	Indicated value (million yen)	Discount rate (%)	Terminal cap rate (%)		
Residence	RSC-18	Urban Park Ryogoku	Tanizawa	1,310	1,320	3.7	1,310	3.8	3.9	51	4.6
	RSC-19	Urban Park Mizonokuchi	Tanizawa	2,100	2,130	4.2	2,090	4.3	4.4	94	4.6
	RSC-20	Urban Park Miyamaedaira	Daiwa	1,250	1,270	4.0	1,240	3.8	4.2	52	4.9
	RSC-21	Urban Park Tsurumi	Tanizawa	1,190	1,190	4.2	1,190	4.6	4.4	53	4.8
	Subtotal				45,710	46,030	-	45,380	-	-	1,853
Logistics facility	LGC-01	Iwatsuki Logistics	Daiwa	7,690	7,780	4.2	7,650	4.0	4.4	333	4.8
	LGC-02	Yokohama Logistics	Daiwa	4,330	4,350	4.0	4,320	3.7	4.2	204	5.7
	LGC-03	Funabashi Logistics	Daiwa	8,950	9,010	4.1	8,930	3.9	4.3	418	5.3
	LGC-04	Baraki Logistics	Tanizawa	5,230	5,410	3.5	5,150	3.4	3.7	191	4.1
	LGC-05	Tokorozawa Logistics	JREI	1,550	1,570	4.6	1,520	4.1	4.8	75	5.8
	LGC-07	Funabashi Nishiura Logistics II	Daiwa	891	891	5.4	891	5.2	5.6	57	7.0
	LGC-08	Matsubushi Logistics	JREI	3,310	3,330	4.6	3,280	4.1	4.9	158	5.7
	LGC-09	Funabashi Hi-Tech Park Factory I	JREI	2,070	2,100	6.4	2,030	6.3	6.7	135	7.9
	Subtotal				34,021	34,441	-	33,771	-	-	1,572
Hotel	HTL-01	R&B Hotel Umeda East	Daiwa	2,280	2,290	4.6	2,270	4.4	4.8	114	5.5
	HTL-02	Smile Hotel Namba	Daiwa	1,460	1,470	4.7	1,460	4.5	4.9	75	4.3
	HTL-03	REMBRANDT STYLE Tokyo Nishikasai	JREI	3,440	3,500	4.3	3,380	4.1	4.5	158	4.1
	HTL-04	BEST WESTERN Yokohama	JREI	3,200	3,240	4.4	3,150	4.2	4.6	147	4.5
	HTL-05	The BREAKFAST HOTEL FUKUOKA TENJIN	Tanizawa	1,930	1,990	4.4	1,910	4.4	4.6	88	4.5
	HTL-06	GLANSIT AKIHABARA	Tanizawa	2,440	2,500	3.9	2,410	3.8	4.1	98	3.9
	HTL-07	REMBRANDT STYLE Tokyo Nishikasai Grande	Tanizawa	3,140	3,150	4.0	3,130	3.9	4.2	126	4.0
	HTL-08	KOKO HOTEL Osaka Namba	Daiwa	1,450	1,450	4.5	1,450	4.1	4.5	72	3.6
	HTL-09	abeno nini (Hotel)	JREI	3,770	3,780	4.5	3,750	3.8	4.2	175	4.9
	Subtotal				23,110	23,370	-	22,910	-	-	1,053
Total				214,731	217,141	-	212,821	-	-	9,384	4.8

(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, 2023, 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, 2023. Of investment assets, the following are top five properties in terms of total rental revenue as of July 31, 2023.

	Changes in occupancy rate (%) (Note)				
	July 31, 2021	January 31, 2022	July 31, 2022	January 31, 2023	July 31, 2023
La Park Kishiwada	99.0	98.7	99.5	99.4	98.9
Suroy Mall Chikushino	97.6	99.7	96.3	96.3	94.5
Higashi Kobe Center Building	85.1	85.3	86.6	89.2	92.9
Funabashi Logistics	91.6	91.6	91.6	94.7	94.7
Abeno nini (retail facility)	-	-	-	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 ²) (Note 1)	As a percentage of total leasable area (%) (Note 2)
1	Not disclosed (Note 3)	Iwatsuki Logistics	Not disclosed (Note 3)	6.5
2	Seiyu Co., Ltd.	Seiyu Minakuchi	23,814.87	5.2
3	Not disclosed (Note 3)	Funabashi Logistics	Not disclosed (Note 3)	4.8
4	Scroll360 Corporation	Matsubushi Logistics	19,833.47	4.3
5	Not disclosed (Note 3)	Yokohama Logistics	Not disclosed (Note 3)	4.0
6	Nagasakiya Co., Ltd.	La Park Kishiwada	15,356.34	3.3
7	Rembrandt Inn	REMBRANDT STYLE Tokyo Nishikasai BEST WESTERN Yokohama REMBRANDT STYLE Tokyo Nishikasai Grande	12,735.16	2.8
8	Not disclosed (Note 3)	Funabashi Hi-Tech Park Factory I	Not disclosed (Note 3)	1.8
9	Mr Max Holdings Ltd.	Suroy Mall Chikushino	7,997.08	1.7
10	Sakoda Co., Ltd.	Suroy Mall Chikushino	Not disclosed (Note 3)	1.7
Total of the top 10 tenants			165,428.25	36.0

(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, 2023.

(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 16th 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, 2023. 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
Suroy Mall Chikushino (Chikushino City, Fukuoka)	Store compartment rental work	From: Aug. 2023 To: Jan. 2024	100,000	—	—
Higashi Kobe Center Building (Kobe City, Hyogo)	Elevator renewal work	From: Nov. 2022 To: Oct. 2023	99,000	—	—
Urban Center Yokohama West (Yokohama City, Kanagawa)	Switching to LED lighting at common area	From: Sep. 2023 To: Dec. 2023	39,000	—	—
Seishin BLDG. (Shinjuku Ward, Tokyo)	Elevator renewal work	From: Aug. 2023 To: Sep. 2023	34,845	—	—
Funabashi Hi-Tech Park Factory I (Funabashi City, Chiba)	Air-conditioning equipment upgrading work	From: Aug. 2023 To: Jan. 2024	28,000	—	—
Matsubushi Logistics (Kitakatsushika-gun, Saitama)	Air-conditioning equipment upgrading work	From: Aug. 2023 To: Jan. 2024	26,880	—	—
Yokohama Logistics (Yokohama City, Kanagawa)	Air-conditioning equipment expansion work	From: Aug. 2023 To: Nov. 2023	25,800	—	—
Funabashi Logistics (Funabashi City, Chiba)	Refrigeration equipment upgrading work	From: Aug. 2023 To: Jan. 2024	25,000	—	—
La Park Kishiwada (Kishiwada City, Osaka)	Exterior wall renovation work	From: Jul. 2023 To: Sep. 2023	23,000	—	—
Higashi Kobe Center Building (Kobe City, Hyogo)	Mechanical parking renovation work	From: Aug. 2023 To: Jan. 2024	22,910	—	—
Urban Center Tachikawa (Tachikawa City, Tokyo)	Common area renewal work	From: Dec. 2023 To: Jan. 2024	22,700	—	—
Urban Center Tachikawa (Tachikawa City, Tokyo)	Elevator renewal work	From: Aug. 2023 To: Nov. 2023	20,000	—	—

b. Capital Expenditures during the 15th fiscal period

The following summarizes the primary construction works that constitute capital expenditures implemented for the assets held by SAR as of July 31, 2023, during the 15th fiscal period. Capital expenditures for the 15th fiscal period amounted to 787,991 thousand yen and, when combined with the 308,817 thousand yen in repair expenses charged to the same period, it totals 1,096,808 thousand yen in construction works implemented.

Name of real estate, etc. (Location)	Purpose	Period	Construction costs (thousand yen)
REMBRANDT STYLE Tokyo Nishikasai (Edogawa Ward, Tokyo)	Water heater/cooler renewal work	From: Mar. 2023 To: Jul. 2023	43,745
Higashi Kobe Center Building (Kobe City, Hyogo)	Elevator renewal work	From: Mar. 2023 To: Apr. 2023	38,658
Higashi Kobe Center Building (Kobe City, Hyogo)	Mechanical parking component replacement work	From: Mar. 2023 To: Jun. 2023	37,182
Seishin BLDG. (Shinjuku Ward, Tokyo)	Entrance renewal work (1F)	From: Jun. 2023 To: Jul. 2023	36,345
Urban Center Shin-Yokohama (Yokohama City, Kanagawa)	Elevator renewal work	From: Jun 2023 To: Jul. 2023	26,970
Matsubushi Logistics (Kitakatsushika-gun, Saitama)	Air-conditioning equipment upgrading work (phase 1)	From: May 2023 To: Jun. 2023	25,948
Urban Center Fujisawa (Fujisawa City, Kanagawa)	Women's restroom renewal work (3F-8F)	From: Jun. 2023 To: Jul. 2023	25,127
La Park Kishiwada (Kishiwada City, Osaka)	West exterior wall renovation work (phase 2)	From: Feb. 2023 To: Jul. 2023	24,151
Seishin BLDG. (Shinjuku Ward, Tokyo)	Common area renewal work (3F, 4F, 9F)	From: May. 2023 To: Jun. 2023	21,513
Urban Center Tachikawa (Tachikawa City, Tokyo)	Restroom renewal work (1F, 2F)	From: Jun. 2023 To: Jul. 2023	20,123
Others	—	—	488,226
Total			787,991

(h) Income Statement by Asset Type (Use)

	Office total	Retail total	Residence total	Logistics facility total	Hotel total	Portfolio total
① Total operating revenue from real estate leasing (thousand yen)	2,383,090	1,233,536	1,337,505	964,998	584,065	6,503,195
Rental revenue	2,190,554	1,116,740	1,281,422	875,448	584,065	6,048,231
Other lease business revenue	192,535	116,795	56,082	89,550	-	454,964
② Total operating expenses from real estate leasing (thousand yen)	771,943	500,759	409,890	192,559	106,064	1,981,218
Management fee	175,417	146,536	90,492	32,393	8,076	452,917
Utilities expenses	176,505	149,077	21,672	42,056	4	389,316
Property taxes	189,611	87,763	87,278	77,638	50,708	493,000
Repair expenses	109,612	34,040	110,658	28,789	25,715	308,817
Trust fee	10,563	4,250	8,950	3,340	3,550	30,653
Insurance premium	4,560	2,482	3,394	1,814	1,071	13,322
Other expenses	105,672	76,608	87,444	6,525	16,938	293,190
③ NOI (① - ②) (thousand yen)	1,611,146	732,776	927,614	772,439	478,000	4,521,977
④ Depreciation (thousand yen)	279,344	98,489	148,260	146,285	90,973	763,353
⑤ Operating income (loss) from real estate leasing (③ - ④) (thousand yen)	1,331,802	634,286	779,353	626,153	387,026	3,758,623
⑥ Capital expenditures (thousand yen)	467,754	68,418	87,205	112,387	52,225	787,991
⑦ NCF (③ - ⑥) (thousand yen)	1,143,392	664,357	840,409	660,052	425,774	3,733,985
Acquisition price (million yen)	74,787	27,754	37,779	29,663	24,144	194,127
Book value at end of period (million yen)	75,470	27,683	38,399	28,818	23,805	194,178
Estimated value at end of period (million yen)	83,050	28,840	45,710	34,021	23,110	214,731
Occupancy rate at end of period						
End of July 2021	93.1%	98.8%	94.4%	97.8%	100.0%	96.6%
End of January 2022	92.8%	99.4%	95.1%	97.8%	100.0%	96.7%
End of July 2022	93.7%	98.6%	97.5%	97.8%	100.0%	97.2%
End of January 2023	94.3%	98.6%	97.5%	98.6%	100.0%	97.6%
End of July 2023	96.9%	97.9%	97.1%	98.6%	100.0%	97.9%