

(REIT) Financial Report for Fiscal Period Ended July 31, 2018

September 13, 2018

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

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

Asset Management Company: Star Asia Investment Management Co., Ltd. (the Asset Management Company)
 Representative: Atsushi Kato, President and CEO
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Scheduled date of commencement of cash distribution payment: October 15, 2018

Scheduled date of submission of securities report: October 30, 2018

Preparation of supplementary financial results briefing materials: Yes

Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for Fiscal Period Ended July 31, 2018 (from February 1, 2018 to July 31, 2018)

(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. 2018	2,810	(12.0)	1,576	(23.2)	1,305	(30.4)	1,305	(27.6)
Ended Jan. 2018	3,194	(0.5)	2,051	(2.2)	1,876	2.3	1,802	(1.7)

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. 2018	2,775	2.9	1.5	46.5
Ended Jan. 2018	4,349	4.3	2.3	58.7

(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. 2018	2,773	1,305	0	0	100.0	2.8
Ended Jan. 2018	4,077	1,689	0	0	93.7	4.0

(Note1) For the fiscal period ended July 31, 2018, 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:

$$\text{Cash distribution payout ratio} = \frac{\text{Total cash distribution (not including cash distribution in excess of earnings)}}{\text{Net income}} \times 100$$

(Note2) For the fiscal period ended January 31, 2018, total cash distribution differs from net income due to internal reserve.

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Jul. 2018	93,553	47,287	50.5	100,477
Ended Jan. 2018	82,154	41,870	51.0	101,063

(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. 2018	1,366	(11,055)	9,986	5,118
Ended Jan. 2018	4,220	(1,027)	(3,210)	4,820

2. Management Status Forecast for Fiscal Period Ending January 31, 2019 (from August 1, 2018 to January 31, 2019) and Fiscal Period Ending July 31, 2019 (from February 1, 2019 to July 31, 2019)

(% 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. 2019	3,795	35.0	2,298	45.8	1,936	48.3	1,936	48.3	3,580	0
Ending Jul. 2019	3,700	(2.5)	2,130	(7.3)	1,839	(5.0)	1,838	(5.0)	3,400	0

(Reference) Forecast net income per unit (fiscal period ending January 31, 2019) 3,580 yen

Forecast net income per unit (fiscal period ending July 31, 2019) 3,400 yen

(Note) Net income per unit is calculated by the following formula.

Expected net income ÷ expected total number of investment units issued and outstanding at end of period

* Other

(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, 2018	470,624 units	Fiscal period ended Jan. 31, 2018	414,300 units
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② Number of own investment units at end of period

Fiscal period ended Jul. 31, 2018	0 units	Fiscal period ended Jan. 31, 2018	0 units
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(Note) For the number of investment units serving as the basis for calculation of net income per unit, please see "Notes on Per Unit Information" on page 21.

* Presentation of Status of Implementation of Audit Procedures

At the time of disclosure of this financial report, audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

* Explanation of Appropriate Use of Management Status Forecast, and Other Matters of 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, 2019 and Fiscal Period Ending July 31, 2019" 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, 2019 and Fiscal Period Ending July 31, 2019

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> ➤ Fiscal period ending January 31, 2019: August 1, 2018 – January 31, 2019 (184 days) ➤ Fiscal period ending July 31, 2019: February 1, 2019 – July 31, 2019 (181 days)
Investment assets	<ul style="list-style-type: none"> ➤ For the real estate beneficiary interest in trust of the 35 properties (referred to as the “Existing Properties (real estate, etc.)” hereinafter in these assumptions) and 2 Mezzanine Loan Debt (referred to as the “Existing Properties (mezzanine)” hereinafter in these assumptions) held by SAR as of today (hereinafter collectively referred to as the “Existing Properties”), it is assumed there will be no change (new property acquisitions, sales of the Existing Properties, etc.) other than “Transfer” as described below in the investment assets through the end of the fiscal period ending July 31, 2019. <Transfer> Property name: Hakata-eki Higashi 113 Building Planned transfer date: 1st (49% quasi-co-ownership interest) December 3, 2018 2nd (51% quasi-co-ownership interest) February 1, 2019 Property name: Urban Park Shin-Yokohama Planned transfer date: October 11, 2018 ➤ In practice, this may vary due to changes in investment assets.
Operating revenue	<ul style="list-style-type: none"> ➤ Rent revenues from the Existing Properties (real estate, etc.) are calculated based on the rent stated in the lease agreements that are effective as of today taking factors such as market movement into consideration. It is also assumed that there will be no arrears or non-payment of rent by tenants. ➤ Interest revenues or dividend revenues from the Existing Properties (mezzanine) are calculated based on outlines or trust agreements which define contents of the Existing Properties (mezzanine) that are effective as of today. It is also assumed that no interest payments or dividend payments will be declined. ➤ Gain on sales of Hakata-eki Higashi 113 Building is expected to be 401 million yen for the fiscal period ending January 31, 2019 and 418 million yen for the fiscal period ending July 31, 2019 and gain on sales of Urban Park Shin-Yokohama is expected to be 177 million yen for the fiscal period ending January 31, 2019. In practice, this may vary due to the success or failure of transaction, transfer price and transfer date, among other factors.
Operating expenses	<ul style="list-style-type: none"> ➤ Among expenses related to rent business of the Existing Properties (real estate, etc.), which are the principal operating expenses, expenses excluding depreciation are calculated on the basis of historical data, reflecting variable factors of expenses. ➤ Fixed property taxes, city planning taxes and other public charges are expected to be 175 million yen in fiscal period ending January 31, 2019 and to be 238 million yen in fiscal period ending July 31, 2019. When acquiring properties, fixed property taxes, city planning taxes and other public charges in the fiscal year will be settled on a pro rata basis based on the number of days of ownership with the seller at the time of acquisition of the properties. However, in the case of SAR, the settled amount will be included in the acquisition cost and thus those for the real estate beneficiary in trust of the 6 properties acquired in February 2018 and the 6 properties acquired in September 2018 will not be recorded as expenses for the fiscal period ending January 31, 2019. Fixed property taxes, city planning taxes and other public charges for those properties are expected to be 70 million yen in fiscal period ending July 31, 2019. ➤ For the expenditures for repair and maintenance of buildings, 81 million yen is expected for the fiscal period ending January 31, 2019 and 80 million yen is expected for the fiscal period ending July 31, 2019 based on repair and maintenance plans drawn up by Star Asia Investment Management Co., Ltd. However, the expenditures for repair and maintenance for the fiscal periods could differ significantly from the estimated amounts, as expenditures may arise urgently due to damage to buildings and such caused by unexpected factors, and because the variance in amounts generally tends to be significant from year to year and repair and maintenance expenses do not arise regularly. ➤ Depreciation is calculated using the straight line method including ancillary costs and is expected to be 415 million yen for the fiscal period ending January 31, 2019 and 427 million yen for the fiscal period ending July 31, 2019.
NOI (Net Operating Income)	<ul style="list-style-type: none"> ➤ The total NOI of the entire portfolio is expected to be 2,481 million yen for the fiscal period ending January 31, 2019 and 2,478 million yen for the fiscal period ending July 31, 2019. ➤ 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"> ➤ Temporary expenses from issuance of new investment units through public offering and third-party allotment resolved at the Board of Directors meetings on August 21, 2018 and August 29, 2018 are expected to be 50 million yen for the fiscal period ending January 31, 2019. ➤ Interest expenses are expected to be 149 million yen for the fiscal period ending January 31, 2019 and 156 million yen for the fiscal period ending July 31, 2019 and other borrowing related expenses are expected to be 161 million yen for the fiscal period ending January 31, 2019 and 133 million yen for the fiscal period ending July 31, 2019. ➤ In other borrowing related expenses noted above, expected temporary expenses (90 million yen for the fiscal period ending January 31, 2019 and 65 million yen for the fiscal period ending July 31, 2019) from debt financing or refinancing are included.
Debt financing	<ul style="list-style-type: none"> ➤ The total amount of interest-bearing liabilities is assumed to be 52,340 million yen as of the end of the fiscal period ending January 31, 2019 and 50,880 million yen as of the end of the fiscal period ending July 31, 2019. ➤ As of today, SAR has 56,360 million yen balance of outstanding borrowings. ➤ It is assumed to prepay 4,020 million yen by the end of the fiscal period ending January 31, 2019 by using the paid-in money for issuance of the new investment units through third-party allotment described in "Investment units" below, transfer proceeds from the Transfer, and consumption tax refund resulting from the acquisition of properties and payment of other various expenses in the fiscal period ending July 31, 2018. ➤ It is assumed to prepay 1,460 million yen by the end of the fiscal period ending July 31, 2019 by using consumption tax refund resulting from the acquisition of properties and payment of other various expenses in the fiscal period ending January 31, 2019 as well as the transfer proceeds from the Transfer. ➤ Except for those to be prepaid as above, it is assumed that 7,300 million yen of loans payable due for repayment by the end of the fiscal period ending July 31, 2019 will be refinanced in the term. ➤ Other than the above, it is assumed that there will be no new borrowings or repayments of existing borrowings including prepayments by the end of the fiscal period ending July 31, 2019.
Investment units	<ul style="list-style-type: none"> ➤ It is assumed that, in addition to the total number of investment units issued and outstanding as of today (537,481 units), all of the new investment units to be issued through third-party allotment (up to 3,343 units), respectively resolved at the Board of Directors meeting held on August 21, 2018 and August 29, 2018 will be issued in full. ➤ Other than the above, it is assumed that there will be no changes in the number of investment units issued due to additional issuance, etc. of investment units by the end of the fiscal period ending July 31, 2019.
Cash distribution per unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> ➤ Cash distribution per unit (not including cash distribution in excess of earnings) is calculated on the assumption described in the cash distribution policy stipulated in SAR's Articles of Incorporation. ➤ It is assumed that derivative transactions (interest rate swaps) will continue to be conducted. However, it is also assumed that deferred losses on hedges, which is an item of deduction from net assets (as those provided in article 2, item 30 (b) of the Ordinance on Accountings of Investment Corporations), is not expected to arise until the end the fiscal period ending July 31, 2019, and cash distribution per unit (not including cash distribution in excess of earnings) will not be affected by changes in items of deduction from net assets in the calculation. ➤ It is possible that the cash distribution per unit (not including cash distribution in excess of earnings) could change due to various factors, including changes in investment assets, changes in rent revenue accompanying changes in tenants, etc., or unexpected repair and maintenance, etc. In addition, cash distribution per unit (not including cash distribution in excess of earnings) may be affected by changes in items of deduction from net assets.
Cash distribution in excess of earnings per unit	<ul style="list-style-type: none"> ➤ It is assumed that there will be no existing balance of deferred losses on hedges, which is an item of deduction from net assets, as described above. Of cash distribution in excess of earnings, that attributable to allowance for temporary difference adjustment is not scheduled at this point. ➤ In addition, of cash distribution in excess of earnings, that falling under the category of cash distribution accompanying decrease in capital, etc. under tax law is not scheduled at this point.
Other	<ul style="list-style-type: none"> ➤ Forecasts are based on the assumption that revisions that impact the above forecast figures will not be made to laws and regulations, tax systems, accounting standards, listing rules, and rules of The Investment Trusts Association, Japan, etc. ➤ Forecasts are based on the assumption that there will be no major unforeseen changes to general economic trends and real estate market conditions, etc.

3. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	4th fiscal period (As of January 31, 2018)	5th fiscal period (As of July 31, 2018)
Assets		
Current assets		
Cash and deposits	1,667,713	2,000,005
Cash and deposits in trust	3,153,262	3,118,735
Operating accounts receivable	44,669	50,970
Prepaid expenses	90,216	118,176
Consumption taxes receivable	-	210,713
Other	5,354	16,157
Total current assets	4,961,216	5,514,759
Non-current assets		
Property, plant and equipment		
Buildings in trust	24,909,318	28,549,452
Accumulated depreciation	(1,055,284)	(1,407,469)
Buildings in trust, net	23,854,033	27,141,983
Structures in trust	9,606	9,606
Accumulated depreciation	(733)	(1,070)
Structures in trust, net	8,872	8,536
Machinery and equipment in trust	20,707	45,901
Accumulated depreciation	(1,240)	(2,718)
Machinery and equipment in trust, net	19,467	43,183
Tools, furniture and fixtures in trust	20,207	22,442
Accumulated depreciation	(2,314)	(4,123)
Tools, furniture and fixtures in trust, net	17,892	18,318
Land in trust	48,929,717	56,437,510
Total property, plant and equipment	72,829,984	83,649,531
Intangible assets		
Leasehold rights in trust	3,459,138	3,459,138
Total intangible assets	3,459,138	3,459,138
Investments and other assets		
Investment securities	734,500	734,500
Long-term prepaid expenses	121,333	155,717
Lease and guarantee deposits	10,000	10,000
Other	38,473	29,887
Total investments and other assets	904,307	930,105
Total non-current assets	77,193,430	88,038,774
Total assets	82,154,646	93,553,534

(Unit: thousand yen)

	4th fiscal period (As of January 31, 2018)	5th fiscal period (As of July 31, 2018)
Liabilities		
Current liabilities		
Operating accounts payable	292,304	190,118
Current portion of long-term loans payable	7,300,000	8,490,000
Accounts payable - other	289,696	251,986
Accrued expenses	6,054	8,643
Income taxes payable	74,345	605
Accrued consumption taxes	126,003	21,000
Advances received	338,283	594,306
Other	10,925	9,842
Total current liabilities	8,437,613	9,566,503
Non-current liabilities		
Long-term loans payable	30,050,000	34,740,000
Tenant leasehold and security deposits in trust	1,794,980	1,959,368
Other	1,507	493
Total non-current liabilities	31,846,487	36,699,861
Total liabilities	40,284,100	46,266,365
Net assets		
Unitholders' equity		
Unitholders' capital	40,031,185	45,832,670
Surplus		
Unappropriated retained earnings (undisposed loss)	1,802,393	1,418,609
Total surplus	1,802,393	1,418,609
Total unitholders' equity	41,833,579	47,251,279
Valuation and translation adjustments		
Deferred gains or losses on hedges	36,966	35,889
Total valuation and translation adjustments	36,966	35,889
Total net assets	*1 41,870,546	*1 47,287,168
Total liabilities and net assets	82,154,646	93,553,534

(2) Statement of Income

(Unit: thousand yen)

	4th fiscal period From: August 1, 2017 To: January 31, 2018	5th fiscal period From: February 1, 2018 To: July 31, 2018
Operating revenue		
Lease business revenue	*1 2,255,617	*1 2,631,029
Other lease business revenue	*1 152,654	*1 160,946
Gain on sales of real estate property	*2 771,663	-
Other revenue	14,412	18,476
Total operating revenue	3,194,348	2,810,451
Operating expenses		
Expenses related to rent business	*1 841,650	*1 963,758
Asset management fee	211,612	193,319
Asset custody and administrative service fees	19,515	20,323
Directors' compensations	2,400	2,400
Other operating expenses	67,331	54,427
Total operating expenses	1,142,509	1,234,229
Operating income	2,051,838	1,576,222
Non-operating income		
Interest income	24	26
Interest on refund	771	-
Total non-operating income	795	26
Non-operating expenses		
Interest expenses	92,575	112,385
Borrowing related expenses	55,587	149,537
Investment unit issuance expenses	27,928	7,405
Other	-	1,000
Total non-operating expenses	176,091	270,327
Ordinary income	1,876,542	1,305,921
Income before income taxes	1,876,542	1,305,921
Income taxes - current	74,348	605
Income taxes - deferred	20	-
Total income taxes	74,369	605
Net income	1,802,173	1,305,316
Retained earnings brought forward	220	113,292
Unappropriated retained earnings (undisposed loss)	1,802,393	1,418,609

(3) Statement of Unitholders' Equity

4th fiscal period (from August 1, 2017 to January 31, 2018)

(Unit: thousand yen)

(Unit: thousand yen)

	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of the period	40,031,185	1,832,669	1,832,669	41,863,855	28,686	28,686	41,892,541
Changes of items during the period							
Dividends from surplus		(1,832,448)	(1,832,448)	(1,832,448)			(1,832,448)
Net income		1,802,173	1,802,173	1,802,173			1,802,173
Net changes of items other than unitholders' equity					8,280	8,280	8,280
Total changes of items during the period	-	(30,275)	(30,275)	(30,275)	8,280	8,280	(21,995)
Balance at end of the period	*1 40,031,185	1,802,393	1,802,393	41,833,579	36,966	36,966	41,870,546

5th fiscal period (from February 1, 2018 to July 31, 2018)

(Unit: thousand yen)

	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of the period	40,031,185	1,802,393	1,802,393	41,833,579	36,966	36,966	41,870,546
Changes of items during the period							
Issuance of new investment units	5,801,484			5,801,484			5,801,484
Dividends from surplus		(1,689,101)	(1,689,101)	(1,689,101)			(1,689,101)
Net income		1,305,316	1,305,316	1,305,316			1,305,316
Net changes of items other than unitholders' equity					(1,077)	(1,077)	(1,077)
Total changes of items during the period	5,801,484	(383,784)	(383,784)	5,417,699	(1,077)	(1,077)	5,416,622
Balance at end of the period	*1 45,832,670	1,418,609	1,418,609	47,251,279	35,889	35,889	47,287,168

(4) Statement of Cash Distributions

(Unit: yen)

	4th fiscal period From: August 1, 2017 To: January 31, 2018	5th fiscal period From: February 1, 2018 To: July 31, 2018
I. Unappropriated retained earnings	1,802,393,825	1,418,609,155
II. Cash distribution	1,689,101,100	1,305,040,352
[Cash distribution per unit]	[4,077]	[2,773]
Cash distribution of earnings	1,689,101,100	1,305,040,352
[Cash distribution of earnings per unit]	[4,077]	[2,773]
III. Retained earnings carried forward	113,292,725	113,568,803

Method of calculation of amount of cash distribution

4th fiscal period (from August 1, 2017 to January 31, 2018):

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 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 considering 771,663,395 yen of gain on sales of real estate property to distribute 1,689,101,100 yen, which is the minimum multiple of the total number of issued and outstanding investment units, with amount exceeding 90% of income before income taxes and 113,072,147 yen of net income was decided to be reserved internally.

5th fiscal period (from February 1, 2018 to July 31, 2018):

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 of the Act on Special Measures Concerning Taxation. In accordance with such policy, concerning cash distribution of earnings (not including cash distribution in excess of earnings), the decision was made to distribute 1,305,040,352 yen, which is the entire amount of the net income but excluding the portion where cash distribution of earnings per unit becomes a fractional amount of less than 1 yen, as cash distribution of earnings.

(5) Statement of Cash Flows

(Unit: thousand yen)

	4th fiscal period From: August 1, 2017 To: January 31, 2018	5th fiscal period From: February 1, 2018 To: July 31, 2018
Cash flows from operating activities		
Income before income taxes	1,876,542	1,305,921
Depreciation	305,290	355,808
Investment unit issuance expenses	27,928	7,405
Interest income	(24)	(26)
Interest expenses	92,575	112,385
Decrease (increase) in operating accounts receivable	8,075	(6,300)
Decrease (increase) in consumption taxes refund receivable	261,743	(210,713)
Increase (decrease) in accrued consumption taxes	113,269	(105,003)
Decrease (increase) in prepaid expenses	18,729	(27,960)
Decrease (increase) in long-term prepaid expenses	24,922	(34,383)
Increase (decrease) in operating accounts payable	84,485	(49,856)
Increase (decrease) in accounts payable - other	14,243	(45,613)
Increase (decrease) in advances received	(251,394)	256,022
Decrease from sales of property, plant and equipment in trust	1,744,836	-
Other, net	(5,941)	(4,875)
Subtotal	4,315,282	1,552,810
Interest income received	24	26
Interest expenses paid	(93,627)	(109,795)
Income taxes paid	(1,027)	(76,159)
Net cash provided by (used in) operating activities	4,220,652	1,366,881
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(224,406)	(11,219,780)
Repayments of tenant leasehold and security deposits in trust	(128,352)	(45,598)
Proceeds from tenant leasehold and security deposits in trust	59,996	209,986
Purchase of investment securities	(734,500)	-
Net cash provided by (used in) investing activities	(1,027,262)	(11,055,392)
Cash flows from financing activities		
Proceeds from long-term loans payable	-	13,460,000
Repayments of long-term loans payable	(1,380,000)	(7,580,000)
Proceeds from issuance of investment units	-	5,794,079
Dividends paid	(1,830,353)	(1,687,802)
Net cash provided by (used in) financing activities	(3,210,353)	9,986,276
Net increase (decrease) in cash and cash equivalents	(16,962)	297,765
Cash and cash equivalents at beginning of period	4,837,939	4,820,976
Cash and cash equivalents at end of period	*1 4,820,976	*1 5,118,741

- (6) Notes on the Going Concern Assumption
Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Evaluation standards and methods of valuation of securities	Other securities: Those with fair value Fair value method or market value method (Variances are directly included in net assets.)
2. Method of depreciation of non-current assets	Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment is as follows: Buildings 5-69 years Structures 10-15 years Machinery and equipment 10 years Tools, furniture and fixtures 3- 6 years
3. Accounting for deferred assets	Investment unit issuance expenses The entire amount is expensed as incurred.
4. Standards for revenue and expense recognition	Accounting for fixed property tax, etc. Accounting for fixed property tax, city planning tax, depreciable asset tax, etc. ("fixed property tax, etc.") on real estate or beneficiary interest in trust for real estate held is that, of the tax amount assessed and determined, the amount corresponding to the concerned calculation period is expensed as expenses related to rent business. The amount equivalent to fixed property tax, etc. in the initial fiscal year borne by SAR upon acquisition of real estate or beneficiary interest in trust for real estate is not recognized as expenses but included in the cost of acquisition of the concerned real estate, etc. In the fiscal period under review, the amount equivalent to fixed property tax, etc. included in the cost of acquisition of real estate, etc. was 41,165 thousand yen.
5. Method of hedge accounting	(1) Hedge accounting approach Deferral hedge accounting is adopted. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transaction Hedged items: Interest on loans (3) Hedging policy SAR conducts derivative transactions for the purpose of hedging the risks provided in its Articles of Incorporation pursuant to rules and regulations. (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.
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	(1) Accounting for beneficiary interest in trust for real estate, etc. Concerning beneficiary interest in trust for real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income. The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet. ① Cash and deposits in trust ② Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust ③ Leasehold rights in trust ④ Tenant leasehold and security deposits in trust (2) Accounting for consumption tax, etc. The accounting for consumption tax and local consumption tax is the taxes are excluded from the transaction amounts. Non-deductible consumption tax on acquisition of assets is included in the acquisition cost of each asset.

(8) Notes to the Financial Statements

[Notes to the Balance Sheet]

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

	4th fiscal period (As of January 31, 2018)	5th fiscal period (As of July 31, 2018)
	50,000	50,000

[Notes to the Statement of Income]

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

(Unit: thousand yen)

	4th fiscal period From: August 1, 2017 To: January 31, 2018	5th fiscal period From: February 1, 2018 To: July 31, 2018
A. Operating revenue from real estate leasing		
Lease business revenue		
Rental revenue	1,997,374	2,354,911
Common area maintenance revenue	187,680	201,909
Parking revenue	60,958	64,005
Facility use revenue	7,738	7,346
Other rental revenue	1,865	2,857
	2,255,617	2,631,029
Other lease business revenue		
Utilities reimbursement	134,400	127,053
Other revenue	18,254	33,892
	152,654	160,946
Total operating revenue from real estate leasing	2,408,272	2,791,975
B. Operating expenses from real estate leasing		
Expenses related to rent business		
Management fee	121,151	130,310
Utilities expenses	137,730	130,997
Taxes and dues	139,112	175,769
Repair expenses	59,548	68,389
Trust fee	10,740	11,036
Insurance premium	3,772	4,046
Depreciation	305,290	355,808
Other expenses	64,304	87,399
Total operating expenses from real estate leasing	841,650	963,758
C. Operating income (loss) from real estate leasing [A — B]	1,566,622	1,828,216

*2 Breakdown of gain on sales of real estate property

4th fiscal period (From: August 1, 2017 To: January 31, 2018)

Oak Minami-Azabu

(51% of quasi co-ownership interest)

Real Estate Sale Income	2,560,200
Real Estate Sale Cost	1,744,836
Other Real Estate Sale Expenses	43,699
Gain on Real Estate Sale	771,663

5th fiscal period (From: February 1, 2018 To: July 31, 2018)

Not applicable

[Notes to the Statement of Unitholders' Equity]

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

	4th fiscal period From: August 1, 2017 To: January 31, 2018	5th fiscal period From: February 1, 2018 To: July 31, 2018
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	414,300 units	470,624 units

[Notes to the Statement of Cash Flows]

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

(Unit: thousand yen)

	4th fiscal period From: August 1, 2017 To: January 31, 2018	5th fiscal period From: February 1, 2018 To: July 31, 2018
Cash and deposits	1,667,713	2,000,005
Cash and deposits in trust	3,153,262	3,118,735
Cash and cash equivalents	4,820,976	5,118,741

[Notes on Lease Transactions]

Operating leases (as lessor)

Future minimum lease payments

(Unit: thousand yen)

	4th fiscal period As of Jan. 31, 2018	5th fiscal period As of Jul. 31, 2018
Not later than 1 year	1,597,468	1,976,658
Later than 1 year	3,175,890	4,192,795
Total	4,773,358	6,169,453

[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 “Notes on Matters Concerning Significant Accounting Policies” earlier in this document.

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

Not applicable.

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

The carrying amount and fair value as of January 31, 2018, and the amount of difference between these, are as follows:

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	1,667,713	1,667,713	-
(2) Cash and deposits in trust	3,153,262	3,153,262	-
(3) Investment securities	734,500	734,500	-
Assets total	5,555,476	5,555,476	-
(4) Current portion of long-term loans payable	7,300,000	7,300,000	-
(5) Long-term loans payable	30,050,000	30,050,000	-
Liabilities total	37,350,000	37,350,000	-
(6) Derivative transactions (*)	36,966	36,966	-

The carrying amount and fair value as of July 31, 2018, and the amount of difference between these, are as follows:

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	2,000,005	2,000,005	-
(2) Cash and deposits in trust	3,118,735	3,118,735	-
(3) Investment securities	734,500	734,500	-
Assets total	5,853,241	5,853,241	-
(4) Current portion of long-term loans payable	8,490,000	8,490,000	-
(5) Long-term loans payable	34,740,000	34,740,000	-
Liabilities total	43,230,000	43,230,000	-
(6) Derivative transactions (*)	35,889	35,889	-

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

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

(1) Cash and deposits; (2) Cash and deposits in trust; (4) Current portion of long-term loans payable

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

(3) Investment securities

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

(5) Long-term loans payables

Because long-term loans payable are all with floating interest rates under terms and conditions that interest rates be reviewed every set period of time, the fair value is approximately the same as the book value and thus stated at that book value.

(6) Derivative transactions

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

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

(Unit: thousand yen)

Category	4th fiscal period As of January 31, 2018	5th fiscal period As of July 31, 2018
Tenant leasehold and security deposits in trust	1,794,980	1,959,368

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

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

(January 31, 2018)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Cash and deposits	1,667,713	-	-	-	-	-
Cash and deposits in trust	3,153,262	-	-	-	-	-
Investment securities	-	-	-	-	-	734,500
Total	4,820,976	-	-	-	-	734,500

(July 31, 2018)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Cash and deposits	2,000,005	-	-	-	-	-
Cash and deposits in trust	3,118,735	-	-	-	-	-
Investment securities	-	-	-	-	-	734,500
Total	5,118,741	-	-	-	-	734,500

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

(January 31, 2018)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Long-term loans payable	7,300,000	7,300,000	11,300,000	7,300,000	4,150,000	-
Total	7,300,000	7,300,000	11,300,000	7,300,000	4,150,000	-

(July 31, 2018)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Long-term loans payable	8,490,000	7,300,000	11,300,000	11,450,000	4,690,000	-
Total	8,490,000	7,300,000	11,300,000	11,450,000	4,690,000	-

[Notes on Securities]

Other securities

4th fiscal period (as of January 31, 2018)

(Unit: Thousand yen)

	Category	Book value	Acquisition cost	Difference
Book value greater than acquisition cost	(1)Stock	-	-	-
	(2)Bond			
	① Government bond, municipal bond, etc.	-	-	-
	② Corporate bond	-	-	-
	③ Other	-	-	-
	(3)Other	-	-	-
	Subtotal	-	-	-
Book value less than or equal to acquisition cost	(1)Stock	-	-	-
	(2)Bond			
	① Government bond, municipal bond, etc.	-	-	-
	② Corporate bond	400,000	400,000	-
	③ Other	-	-	-
	(3)Other	334,500	334,500	-
	Subtotal	734,500	734,500	-
Total		734,500	734,500	-

5th fiscal period (as of July 31, 2018)

(Unit: Thousand yen)

	Category	Book value	Acquisition cost	Difference
Book value greater than acquisition cost	(1)Stock	-	-	-
	(2)Bond			
	① Government bond, municipal bond, etc.	-	-	-
	② Corporate bond	-	-	-
	③ Other	-	-	-
	(3)Other	-	-	-
	Subtotal	-	-	-
Book value less than or equal to acquisition cost	(1)Stock	-	-	-
	(2)Bond			
	① Government bond, municipal bond, etc.	-	-	-
	② Corporate bond	400,000	400,000	-
	③ Other	-	-	-
	(3)Other	334,500	334,500	-
	Subtotal	734,500	734,500	-
Total		734,500	734,500	-

[Notes on Derivative Transactions]

4th fiscal period (as of January 31, 2018)

1. Derivative transactions to which hedge accounting is not applied
Not applicable.

2. Derivative transactions to which hedge accounting is applied

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

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, later than 1 year	
Principle accounting	Interest rate swap transaction (floating receivable; fixed payable)	Long-term loans payable	30,050,000	30,050,000	36,966

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

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

5th fiscal period (as of July 31, 2018)

1. Derivative transactions to which hedge accounting is not applied
Not applicable.

2. Derivative transactions to which hedge accounting is applied

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

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, later than 1 year	
Principle accounting	Interest rate swap transaction (floating receivable; fixed payable)	Long-term loans payable	34,740,000	27,440,000	35,889

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

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

[Notes on Retirement Benefits]

4th fiscal period (as of January 31, 2018)

Not applicable.

5th fiscal period (as of July 31, 2018)

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)

	4th fiscal period As of January 31, 2018	5th fiscal period As of July 31, 2018
Deferred tax assets		
Non-deductible accrued enterprise tax	6,119	-
Acquisition cost of securities	1,364	1,364
Subtotal	7,484	1,364
Valuation allowance	(7,484)	(1,364)
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: %)

	4th fiscal period As of January 31, 2018	5th fiscal period As of July 31, 2018
Statutory tax rate	31.74	31.74
[Adjustments]		
Deductible distributions payable	(28.57)	(31.30)
Other	0.79	(0.40)
Effective income tax rate after application of tax-effect accounting	3.96	0.05

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

4th fiscal period (as of January 31, 2018)

Not applicable.

5th fiscal period (as of July 31, 2018)

Not applicable.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.

4th fiscal period (from August 1, 2017 to January 31, 2018)

Not applicable.

5th fiscal period (from February 1, 2018 to July 31, 2018)

Not applicable.

2. Affiliated company, etc.

4th fiscal period (from August 1, 2017 to January 31, 2018)

Not applicable.

5th fiscal period (from February 1, 2018 to July 31, 2018)

Not applicable.

3. Fellow subsidiary, etc.

4th fiscal period (from August 1, 2017 to January 31, 2018)

Not applicable.

5th fiscal period (from February 1, 2018 to July 31, 2018)

Not applicable.

4. Director, major individual unitholder, etc.

4th fiscal period (from August 1, 2017 to January 31, 2018)

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 Management Company	0.01%	Payment of asset management fee to the Asset Management Company (Note 1)	237,214 (Note 2) (Note 3)	Accounts payable - other	220,609 (Note 2)

5th fiscal period (from February 1, 2018 to July 31, 2018)

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 Management Company	0.01%	Payment of asset management fee to the Asset Management Company (Note 1)	247,034 (Note 2) (Note 3)	Accounts payable - other	208,785 (Note 2)

(Note 1) The transaction is one that was conducted by Atsushi Kato as President and CEO of a third party (the Asset Management Company), 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) Asset management fee of 4th fiscal period includes the property transfer incentive portion in the amount of 25,602 thousand yen. Asset management fee of 5th fiscal period includes the property acquisition incentive portion included in the book value of individual real estate, etc. in the amount of 53,715 thousand yen.

[Notes on Asset Retirement Obligations]

4th fiscal period (as of January 31, 2018)

Not applicable.

5th fiscal period (as of July 31, 2018)

Not applicable.

[Notes on Investment and 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 investment and rental properties are as follows:

(Unit: thousand yen)

	4th fiscal period From: August 1, 2017 To: January 31, 2018	5th fiscal period From: February 1, 2018 To: July 31, 2018
Carrying amount		
Balance at beginning of period	78,156,438	76,289,122
Amount of increase (decrease) during period	(1,867,315)	10,819,546
Balance at end of period	76,289,122	87,108,669
Fair value at end of period	82,680,000	95,246,000

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

(Note 2) Of the amount of increase (decrease) in investment and rental properties during 4th period, the amount of increase is mainly attributable to capital expenditure (182,811 thousand yen), while the amount of decrease is mainly attributable to disposition of real estate beneficiary interest in trust of 1 property (51% of quasi co-ownership) (1,744,836 thousand yen) and depreciation (305,290 thousand yen). Of the amount of increase (decrease) in investment and rental properties during 5th period, the amount of increase is mainly attributable to acquisition of real estate beneficiary interest in trust of 6 properties (10,894,174 thousand yen) and capital expenditure (281,180 thousand yen), while the amount of decrease is mainly attributable to depreciation (355,808 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 5th period, that of Hakata-eki Higashi 113 Building is based of transfer price (2,850,000 thousand yen) stated in the contract dated July 23, 2018 and that of Urban Park Shin-Yokohama is based of transfer price (2,775,000 thousand yen) stated in the contract dated August 21, 2018.

The income (loss) concerning investment and rental properties are as stated in “Notes to the Statement of Income” earlier in this document.

[Notes on Segment Information]

1. Segment information

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

2. Related information

4th fiscal period (from August 1, 2017 to January 31, 2018)

(1) Information about products and services

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

(2) Information about geographic areas

① Net sales

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

② Property, plant and equipment

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

(3) Information about major customers

(Unit: Thousand yen)

Customer name	Operating revenue	Segment
Kanden Realty & Development Co., Ltd.	771,663	Real estate leasing business.

5th fiscal period (from February 1, 2018 to July 31, 2018)

(1) Information about products and services

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

(2) Information about geographic areas

① Net sales

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

② Property, plant and equipment

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

(3) Information about major customers

Information about major customers is omitted because operating revenue to each customer is less than 10% of operating revenue on the statement of income.

[Notes on Per Unit Information]

	4th fiscal period From: August 1, 2017 To: January 31, 2018	5th fiscal period From: February 1, 2018 To: July 31, 2018
Net assets per unit	101,063 yen	100,477 yen
Net income per unit	4,349 yen	2,775 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:

	4th fiscal period From: August 1, 2017 To: January 31, 2018	5th fiscal period From: February 1, 2018 To: July 31, 2018
Net income (thousand yen)	1,802,173	1,305,316
Amount not attributable to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	1,802,173	1,305,316
Average number of investment units during period (units)	414,300	470,238

[Notes on Significant Subsequent Events]

1. Issuance of new investment units

SAR resolved the issuance of new investment units for the purpose of procuring funds for acquisition of new properties and repayment of borrowings at the Board of Directors meetings on August 21, 2018 and August 29, 2018 as follows. For the issuance of new investment units through public offering, the payment was completed on September 5, 2018.

<Issuance of new investment units through public offering>

Number of new investment units issued: 66,857 units
Offer price: 101,985 yen per unit
Total offer price: 6,818,411,145 yen
Paid-in amount (issue amount): 98,480 yen per unit
Total paid-in amount (total issue amount): 6,584,077,360 yen
Payment date: September 5, 2018

<Issuance of new investment units through third-party allotment>

Number of new investment units issued: up to 3,343 units
Paid-in amount (issue amount): 98,480 yen per unit
Total paid-in amount (total issue amount): up to 329,218,640 yen
Payment Date: October 2, 2018
Allottee: Nomura Securities Co. Ltd.

SAR acquired real estate beneficiary interest in trust of 6 properties (total amount of purchase price: 19,670 million yen) on September 6, 2018, allocating the funds from issuance of new investment units through public offering as part of acquisition funds.

2. Asset transfer

SAR decided asset transfer as follows.

<Hakata-eki Higashi 113 Building>

Asset to be transferred: Beneficiary interest in real estate in Japan
Contract date: July 23, 2018
Planned transfer date:
1st (49% quasi-co-ownership interest) December 3, 2018
2nd (51% quasi-co-ownership interest) February 1, 2019
Location (indication of residential address): 1-13-9 Hakataeki-Higashi, Hakata-ku, Fukuoka-shi, Fukuoka
Buyer: Godo-Kaisha Sunrise
Transfer price:
1st (49% quasi-co-ownership interest) 1,396.5 million yen
2nd (51% quasi-co-ownership interest) 1,453.5 million yen
Effect on income (loss): Approximately 401million yen of gain on sales of real estate property will be recorded as operating revenue in the fiscal period ended January 31, 2019 and approximately 418million yen of gain on sales of real estate property will be recorded as operating revenue in the fiscal period ended July 31, 2019.

<Urban Park Shin-Yokohama>

Asset to be transferred: Beneficiary interest for real estate in Japan
Contract date: August 21, 2018
Planned transfer date: October 11, 2018
Location (indication of residential address): 2-18-5 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa
Buyer: Kyushu Railway Company
Transfer price: 2,775 million yen
Effect on income (loss): Approximately 177million yen of gain on sales of real estate property will be recorded as operating revenue in the fiscal period ended January 31, 2019.

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

The following are the changes in unitholders' capital and total number of investment units issued and outstanding from the date of establishment of SAR to the end of 5th fiscal period.

Date	Event	Total number of investment units issued and outstanding (units)		Unitholders' capital (thousand yen) (Note 9)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
December 1, 2015	Establishment through private placement	2,000	2,000	200,000	200,000	(Note 1)
January 14, 2016	Capital increase through private placement	95,000	97,000	9,500,000	9,700,000	(Note 2)
April 19, 2016	Capital increase through public offering	235,900	332,900	22,705,375	32,405,375	(Note 3)
May 17, 2016	Capital increase through third-party allotment	11,800	344,700	1,135,750	33,541,125	(Note 4)
April 4, 2017	Capital increase through public offering	66,200	410,900	6,173,017	39,714,142	(Note 5)
April 24, 2017	Capital increase through third-party allotment	3,400	414,300	317,043	40,031,185	(Note 6)
February 1, 2018	Capital increase through public offering	53,641	467,941	5,525,130	45,556,316	(Note 7)
February 27, 2018	Capital increase through third-party allotment	2,683	470,624	276,354	45,832,670	(Note 8)

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

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

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

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

(Note 5) New investment units were issued through public offering at an issue price of 96,724 yen (paid-in amount of 93,248 yen) per unit for the purpose of procuring funds for acquisition of new properties.

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

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

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

(Note 9) Deduction of reversal of allowance for temporary difference adjustment in line with the cash distribution in excess of earnings from unitholders' capital is not considered.

4. Changes in Directors

(1) Directors of SAR

There were no changes in directors in the fiscal period under review.

(2) Directors of the Asset Management Company

Changes in directors are disclosed in immediate release when decided.

5. Reference Information

(1) Investment Status

Investment status						
Type of asset	Primary use	Geographic area (Note 1)	4th fiscal period (As of January 31, 2018)		5th fiscal period (As of July 31, 2018)	
			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	15,070	18.3	16,570	17.7
		Other than Greater Tokyo	10,297	12.5	10,253	11.0
	Residence	Greater Tokyo	13,845	16.9	15,033	16.1
		Other than Greater Tokyo	1,542	1.9	3,148	3.4
	Logistics facility	Greater Tokyo	24,544	29.9	31,137	33.3
	Hotel	Greater Tokyo	7,128	8.7	7,122	7.6
		Other than Greater Tokyo	3,859	4.7	3,843	4.1
	Subtotal			76,289	92.9	87,108
Investment securities			734	0.9	734	0.8
Deposits and other assets			5,131	6.2	5,710	6.1
Total amount of assets			82,154	100.0	93,553	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)	40,284	49.0	46,266	49.5
Total amount of net assets (Note 4)	41,870	51.0	47,287	50.5

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

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

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

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

(2) Invested Assets

① Investment securities

Asset no.	Name of the security	Type of asset	Quantity (Units)	Book value (million yen)		Fair value (million yen) (Note 1)		Unrealized gain or loss (Million yen)	Remarks
				Unit price	Amount	Unit price	Amount		
MEZ-01	Star Asia Mezzanine Loan Debt Investment Series 1 (Note 2)	Corporate bond	—	—	400	—	400	—	—
MEZ-02	Star Asia Mezzanine Loan Debt Investment Series 2 (Note 3)	Trust beneficiary rights	—	—	334	—	334	—	—
	Total	—	—	—	734	—	734	—	—

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

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

(Note 3) The underlying assets are trust beneficiary interests in a trust mainly comprised of Sasazuka South Building.

② Real estate

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

Use	Property no. (Note 1)	Property name	Location (Note 2)	Acquisition price (million yen) (Note 3)	Share of investment (%) (Note 4)	Real estate appraisal value, etc. (million yen) (Note 5)	Acquisition date
Office	OFC-01	Minami-Azabu Shibuya Building	Minato Ward, Tokyo	2,973	3.5	3,150	January 14, 2016
	OFC-03	Honmachibashi Tower	Chuo Ward, Osaka City, Osaka	6,065	7.0	6,940	January 14, 2016
	OFC-04	Nishi-Shinjuku Matsuya Building	Shibuya Ward, Tokyo	1,763	2.0	2,430	April 20, 2016
	OFC-05	Alphabet Seven	Minato Ward, Tokyo	1,725	2.0	2,390	April 20, 2016
	OFC-06	Shibuya MK Building	Shibuya Ward, Tokyo	2,042	2.4	2,890	April 20, 2016
	OFC-07	Hakata-eki Higashi 113 Building	Hakata Ward, Fukuoka City, Fukuoka	1,885	2.2	2,090	April 20, 2016
	OFC-08	Asahi Building	Kanagawa Ward, Yokohama City, Kanagawa	6,320	7.3	7,090	April 20, 2016
	OFC-09	Hakata-eki East Place	Hakata Ward, Fukuoka City, Fukuoka	2,286	2.7	2,480	April 6, 2017
	OFC-10	Nihonbashi Hamacho Park Building	Chuo Ward, Tokyo	1,450	1.7	1,520	February 2, 2018
	Subtotal			26,509	30.8	30,980	—
Residence	RSC-01	Urban Park Azabujuban	Minato Ward, Tokyo	2,045	2.4	2,230	January 14, 2016
	RSC-02	Urban Park Daikanyama	Shibuya Ward, Tokyo	6,315	7.3	7,500	January 14, 2016
	RSC-04	Urban Park Shin-Yokohama	Kohoku Ward, Yokohama City, Kanagawa	2,528	2.9	2,580	April 20, 2016
	RSC-05	Urban Park Namba	Naniwa Ward, Osaka City, Osaka	1,490	1.7	1,610	April 20, 2016
	RSC-06	Urban Park Gokokuji	Toshima Ward, Tokyo	1,460	1.7	1,510	February 1, 2017
	RSC-07	Urban Park Kashiwa	Kashiwa City, Chiba	1,186	1.4	1,190	April 6, 2017
	RSC-08	Urban Park Ryokuchi Koen	Suita, Osaka	1,550	1.8	1,570	February 2, 2018
	RSC-09	Urban Park Koenji	Suginami Ward, Tokyo	1,167	1.4	1,170	February 2, 2018
	Subtotal			17,741	20.6	19,360	—

Logistics facility	LGC-01	Iwatsuki Logistics	Iwatsuki Ward, Saitama City, Saitama	6,942	8.1	7,140	January 14, 2016
	LGC-02	Yokohama Logistics	Kanagawa Ward, Yokohama City, Kanagawa	3,560	4.1	4,060	January 14, 2016
	LGC-03	Funabashi Logistics	Funabashi City, Chiba	7,875	9.1	8,650	January 14, 2016
	LGC-04	Baraki Logistics	Ichikawa City, Chiba	4,700	5.5	4,930	April 6, 2017
	LGC-05	Tokorozawa Logistics	Tokorozawa City, Saitama	1,300	1.5	1,350	April 6, 2017
	LGC-06	Funabashi Nishiura Logistics I	Funabashi, Chiba	3,000	3.5	3,020	February 2, 2018
	LGC-07	Funabashi Nishiura Logistics II	Funabashi, Chiba	821	1.0	841	February 2, 2018
	LGC-08	Matsubushi Logistics	Kitakatsushika, Saitama	2,755	3.2	2,850	February 2, 2018
	Subtotal			30,953	36.0	32,841	—
Hotel	HTL-01	R&B Hotel Umeda East	Kita Ward, Osaka City, Osaka	2,069	2.4	2,310	January 14, 2016
	HTL-02	Smile Hotel Namba	Naniwa Ward, Osaka City, Osaka	1,750	2.0	1,720	January 14, 2016
	HTL-03	BEST WESTERN Tokyo Nishikasai	Edogawa Ward, Tokyo	3,827	4.4	3,830	April 6, 2017
	HTL-04	BEST WESTERN Yokohama	Tsurumi Ward, Yokohama City, Kanagawa	3,248	3.8	3,250	April 6, 2017
	Subtotal			10,894	12.7	11,110	—
Total				86,097	100.0	94,291	—

(Note 1) "Property no." is that 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, with the exception of Minami-Azabu Shibuya Building, the sale and purchase price stated in the sale and purchase agreement for the investment asset. The sale and purchase price do not include consumption tax and local consumption tax. However, in the case of Minami-Azabu Shibuya Building, since the price for each investment asset 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.

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

(Note 5) Appraisals are entrusted to Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute and The Tanizawa Sogo Appraisal co., Ltd. and real estate appraisal values are the opinions of value stated in the real estate appraisal report with July 31, 2018 as the date of value, each rounded to the nearest million yen. For details, please refer to "(d) Summary of appraisal report."

(b) Portfolio Summary

a. By Geographic Area

d. By Geographic Area

Geographic area		Acquisition price (million yen)	Share (%) (Note 1)	
Greater Tokyo	5 central wards of Tokyo (Note 2)	18,313	21.3	80.1
	Other areas in Greater Tokyo	50,689	58.9	
Other than Greater Tokyo		17,095	19.9	
Total		86,097	100.0	

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

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

(a) Office

aj) Office

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	9,953	37.5	61.4
	Other areas in Greater Tokyo	6,320	23.8	
Other than Greater Tokyo		10,236	38.6	
Total		26,509	100.0	

(b) Residence

b) Residence

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	8,360	47.1	82.9
	Other areas in Greater Tokyo	6,341	35.7	
Other than Greater Tokyo		3,040	17.1	
Total		17,741	100.0	

(c) Logistics facility

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	—	—	100.0
	Other areas in Greater Tokyo	30,953	100.0	
Other than Greater Tokyo		—	—	
Total		30,953	100.0	

(d) Hotel

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	—	—	64.9
	Other areas in Greater Tokyo	7,075	64.9	
Other than Greater Tokyo		3,819	35.1	
Total		10,894	100.0	

b. By Size

Acquisition price	Number of properties	Share (%) (Note)
5 billion yen or more but less than 10 billion yen	5	17.2
1 billion yen or more but less than 5 billion yen	23	79.3
Less than 1 billion yen	1	3.4
Total	29	100.0

(Note) “Share” is calculated on a number of properties basis.

c. By Asset Type (Use)

Use	Number of properties	Acquisition price (million yen)	Share (%)
Office	9	26,509	30.8
Residence	8	17,741	20.6
Logistics facility	8	30,953	36.0
Hotel	4	10,894	12.7
Total	29	86,097	100.0

(c) Status of Leasing

Property no.	Property name	Construction completion	Number of tenants (Note 1)	Operating revenue from leasing (thousand yen) (Note 2)	Security and guarantee deposits (thousand yen) (Note 3)	Leased area (m ²) (Note 4)	Leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
OFC-01	Minami-Azabu Shibuya Building	June 1993	5	94,929	110,427	3,263.08	3,263.08	100.0
OFC-03	Honmachibashi Tower	February 2010	5 (Note 7)	216,674	198,451	10,489.58	10,489.58	100.0
OFC-04	Nishi-Shinjuku Matsuya Building	May 1987	10	98,436	110,056	3,521.03	3,521.03	100.0
OFC-05	Alphabet Seven	January 1990	9	75,406	95,075	2,464.59	2,464.59	100.0
OFC-06	Shibuya MK Building	July 1993	4	75,392	99,047	1,612.88	1,612.88	100.0
OFC-07	Hakata-eki Higashi 113 Building	October 1987	34	75,784	96,904	3,596.71	3,596.71	100.0
OFC-08	Asahi Building	November 1994	21	218,872	267,533	8,672.01	8,672.01	100.0
OFC-09	Hakata-eki East Place	February 1986	17	100,791	62,367	4,067.77	4,632.70	87.8
OFC-10	Nihonbashi Hamacho Park Building	July 1992	3	45,084	83,364	1,911.84	1,911.84	100.0
RSC-01	Urban Park Azabujuban	November 1999	43	54,003	11,409	1,956.15	1,986.76	98.5
RSC-02	Urban Park Daikanyama	① November 1982 ② May 2006	65	189,587	81,835	5,632.33	5,977.18	94.2
RSC-04	Urban Park Shin-Yokohama	May 2009	68	76,112	16,779	3,924.20	3,989.11	98.4
RSC-05	Urban Park Namba	January 2013	114	51,932	100	2,521.45	2,584.81	97.5
RSC-06	Urban Park Gokokuji	February 1990	107	51,645	8,651	1,947.66	1,964.04	99.2
RSC-07	Urban Park Kashiwa	August 1997	39	36,332	8,037	2,743.68	2,954.77	92.9
RSC-08	Urban Park Ryokuchi Koen	March 1989	53	54,661	8,186	4,783.38	5,508.94	86.8
RSC-09	Urban Park Koenji	October 1987	72	35,241	5,854	1,252.73	1,365.48	91.7
LGC-01	Iwatsuki Logistics	October 2014	3	200,802	97,014	30,190.81	30,190.81	100.0
LGC-02	Yokohama Logistics	October 1994	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	18,142.08	100.0
LGC-03	Funabashi Logistics	Building 1: September 1992 Building 2: August 1997	4	255,664	83,426	34,901.67	38,086.56	91.6
LGC-04	Baraki Logistics	August 2015	2	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	12,185.78	100.0

LGC-05	Tokorozawa Logistics	April 1999	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	5,994.75	100.0
LGC-06	Funabashi Nishiura Logistics I	October 1985	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	14,018.82	100.0
LGC-07	Funabashi Nishiura Logistics II	Warehouse: March 1991 Factory: May 1972 Office: May 1986	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	6,315.87	100.0
LGC-08	Matsubushi Logistics	March 1997	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	19,833.47	100.0
HTL-01	R&B Hotel Umeda East	October 2000	1	65,572	73,615	3,940.93	3,940.93	100.0
HTL-02	Smile Hotel Namba	February 2008	1	43,197	-	1,711.42	1,711.42	100.0
HTL-03	BEST WESTERN Tokyo Nishikasai	March 1991	1	98,829	84,600	5,293.88	5,293.88	100.0
HTL-04	BEST WESTERN Yokohama	September 1987	1	80,393	80,400	4,686.09	4,686.09	100.0
Total (29 properties)			687	2,791,975	1,959,368	221,576.64	226,895.97	97.7

(Note 1) "Number of tenants" is the number of tenants (excluding parking) under the lease agreement stated in the lease agreement for the investment asset as of July 31, 2018. 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 as is 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 from real estate held generated 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 the investment asset as of July 31, 2018 (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 the investment asset as of July 31, 2018. 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 the investment asset as of July 31, 2018.

(Note 6) "Occupancy rate" is the ratio of leased area to leasable area for the investment asset as of July 31, 2018, 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 the 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, 2018, 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.

(d) Summary of Real Estate Appraisal Report, etc.

Use	Property no.	Property name	Appraisal firm (Note 1)	Appraisal value (million yen) (Note 2)	Summary of appraisal report						Appraisal NOI yield (%) (Note 4)
										NOI (million yen) (Note 3)	
					Income approach						
					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	3,150	3,250	4.0	3,100	3.6	4.2	145	4.9
	OFC-03	Honmachibashi Tower	Daiwa	6,940	7,110	4.2	6,870	4.0	4.4	312	5.2
	OFC-04	Nishi-Shinjuku Matsuya Building	Daiwa	2,430	2,430	4.1	2,430	3.9	4.3	112	6.4
	OFC-05	Alphabet Seven	JREI	2,390	2,430	4.0	2,350	3.8	4.2	101	5.9
	OFC-06	Shibuya MK Building	JREI	2,890	2,940	3.8	2,830	3.6	4.0	115	5.6
	OFC-07	Hakata-eki Higashi 113 Building	Daiwa	2,090	2,170	4.6	2,060	4.4	4.8	111	5.9
	OFC-08	Asahi Building	JREI	7,090	7,130	3.9	7,050	3.6	4.0	308	4.9
	OFC-09	Hakata-eki East Place	Daiwa	2,480	2,520	4.7	2,460	4.5	4.9	119	5.2
	OFC-10	Nihonbashi Hamacho Park Building	Daiwa	1,520	1,550	4.3	1,510	4.1	4.5	68	4.7
	Subtotal			30,980	31,530	-	30,660	-	-	1,393	5.3
Residence	RSC-01	Urban Park Azabujuban	JREI	2,230	2,260	3.9	2,190	3.7	4.1	91	4.4
	RSC-02	Urban Park Daikanyama	JREI	7,500	7,640	3.8	7,360	3.6	4.0	302	4.8
	RSC-04	Urban Park Shin-Yokohama	Daiwa	2,580	2,610	4.5	2,560	4.3	4.7	121	4.8
	RSC-05	Urban Park Namba	Daiwa	1,610	1,630	4.8	1,600	4.6	5.0	80	5.4
	RSC-06	Urban Park Gokokuji	JREI	1,510	1,530	4.3	1,480	4.1	4.5	73	5.0
	RSC-07	Urban Park Kashiwa	Tanizawa	1,190	1,220	4.6	1,170	4.7	4.8	60	5.0
	RSC-08	Urban Park Ryokuchi Koen	Tanizawa	1,570	1,590	4.9	1,560	5.0	5.1	88	5.7
	RSC-09	Urban Park Koenji	Tanizawa	1,170	1,200	4.1	1,160	4.2	4.3	56	4.8
	Subtotal			19,360	19,680	-	19,080	-	-	872	4.9
Logistics facility	LGC-01	Iwatsuki Logistics	Daiwa	7,140	7,250	4.5	7,090	4.3	4.7	333	4.8
	LGC-02	Yokohama Logistics	Daiwa	4,060	4,120	4.3	4,030	4.1	4.5	205	5.8
	LGC-03	Funabashi Logistics	Daiwa	8,650	8,760	4.3	8,600	4.1	4.5	429	5.5
	LGC-04	Baraki Logistics	Tanizawa	4,930	5,050	4.1	4,880	4.0	4.3	209	4.4
	LGC-05	Tokorozawa Logistics	JREI	1,350	1,350	5.1	1,340	4.7	5.4	74	5.7
	LGC-06	Funabashi Nishiura Logistics I	Daiwa	3,020	3,060	4.6	3,000	4.4	4.8	154	5.1
	LGC-07	Funabashi Nishiura Logistics II	Daiwa	841	837	5.7	843	5.5	5.9	58	7.1
	LGC-08	Matsubushi Logistics	JREI	2,850	2,870	5.1	2,830	4.6	5.4	151	5.5
	Subtotal			32,841	33,297	-	32,613	-	-	1,612	5.2
Hotel	HTL-01	R&B Hotel Umeda East	Daiwa	2,310	2,330	4.6	2,300	4.4	4.8	115	5.6
	HTL-02	Smile Hotel Namba	Daiwa	1,720	1,740	5.1	1,710	4.9	5.3	98	5.6
	HTL-03	BEST WESTERN Tokyo Nishikasai	JREI	3,830	3,890	4.5	3,770	4.3	4.7	182	4.8
	HTL-04	BEST WESTERN Yokohama	JREI	3,250	3,260	4.6	3,230	4.3	4.7	155	4.8
	Subtotal			11,110	11,220	-	11,010	-	-	550	5.0
Total				94,291	95,727	-	93,363	-	-	4,427	5.1

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

(Note 2) "Appraisal value" is as of July 31, 2018 as the date of value.

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

(Note 4) "Appraisal NOI yield" is based on the net operating income by 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, the following are those that fall under the category of major real estate properties (those 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) and the top five properties in terms of total rental revenue as of July 31, 2018.

	Changes in occupancy rate (%) (Note 2)				
	July 31, 2016	January 31, 2017	July 31, 2017	January 31, 2018	July 31, 2018
Funabashi Logistics	91.6	91.6	91.6	91.6	91.6
Asahi Building	93.3	96.4	100.0	100.0	100.0
Iwatsuki Logistics	100.0	100.0	100.0	100.0	100.0
Honmachibashi Tower	100.0	100.0	100.0	100.0	100.0
Urban Park Daikanyama	93.2	95.5	99.1	98.0	94.2

(Note 1) There is no property that falls under the category of major real estate properties as defined above as of July 31, 2018.

(Note 2) "Changes in occupancy rate" is the ratio of leased area to leasable area for the 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)	13.1
2	Not disclosed (Note 3)	Funabashi Logistics	Not disclosed (Note 3)	9.6
3	Tokyo Nohin Daiko	Matsubushi Logistics	19,833.47	8.7
4	Not disclosed (Note 3)	Yokohama Logistics	Not disclosed (Note 3)	8.0
5	Not disclosed (Note 3)	Funabashi Nishiura Logistics I	Not disclosed (Note 3)	6.2
6	Rembrandt Inn	BEST WESTERN Tokyo Nishikasai BEST WESTERN Yokohama	9,979.97	4.4
7	Not disclosed (Note 3)	Funabashi Logistics	Not disclosed (Note 3)	3.2
8	Not disclosed (Note 3)	Funabashi Nishiura Logistics II	Not disclosed (Note 3)	2.8
9	Not disclosed (Note 3)	Baraki Logistics	Not disclosed (Note 3)	2.7
10	Not disclosed (Note 3)	Baraki Logistics	Not disclosed (Note 3)	2.7
Total of the top 10 tenants			139,181.56	61.3

(Note 1) "Leased area" is the sum total of the leased area stated in the lease agreement for the investment asset as of July 31, 2018.

(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 6th fiscal period

The following are the principal capital expenditures arising from renovation construction work, etc. currently planned for the assets held by SAR as of July 31, 2018. 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
BEST WESTERN Tokyo Nishikasai (Edogawa Ward, Tokyo)	Upgrading of automatic fire alarm system	From: Jan. 2019 To: Feb. 2019	27,000	—	—
Asahi Building (Yokohama City, Kanagawa)	Upgrading of air-conditioning system	From: Dec. 2018 To: Jan. 2019	20,000	—	—
Shibuya MK Building (Shibuya Ward, Tokyo)	Refurbishment of exterior wall and front entrance eaves	From: Nov. 2018 To: Jan. 2019	17,790	—	—

b. Capital Expenditures during the 5th fiscal period

The following summarizes the primary construction work that constitutes capital expenditures implemented for the assets held by SAR as of July 31, 2018 during the 5th fiscal period. Capital expenditures for the 5th fiscal period amounted to 281,180 thousand yen and, when combined with the 68,389 thousand yen in repair expenses charged to the 5th fiscal period expenses, totals 349,570 thousand yen in construction work implemented.

Name of real estate, etc. (Location)	Purpose	Period	Construction costs (thousand yen)
Yokohama Logistics (Yokohama City, Kanagawa)	Expansion of air-conditioning system on the 2nd and 3rd floor	From: Apr. 2018 To: Jun. 2018	82,364
Nishi-Shinjuku Matsuya Building (Shibuya Ward, Tokyo)	Upgrading of elevator	From: Jan. 2018 To: Mar. 2018	20,806
Asahi Building (Yokohama City, Kanagawa)	Conservation work of multistory parking lot	From: Jun. 2018 To: Jun. 2018	20,006
Asahi Building (Yokohama City, Kanagawa)	Upgrading of air-conditioning system on the 1st and 5th floors	From: Mar. 2018 To: Apr. 2018	17,948
Others	—	—	140,054
Total			281,180

(h) Individual Property Income Statements

(Unit: thousand yen)

Property no.	OFC-01	OFC-03	OFC-04	OFC-05	OFC-06
Property name	Minami-Azabu Shibuya Building	Honmachibashi Tower	Nishi-Shinjuku Matsuya Building	Alphabet Seven	Shibuya MK Building
① Total operating revenue from real estate leasing	94,929	216,674	98,436	75,406	75,392
Lease business revenue	88,351	190,425	87,420	71,053	70,435
Other lease business revenue	6,577	26,249	11,015	4,352	4,957
② Total operating expenses from real estate leasing	24,527	62,899	34,096	18,541	18,507
Management fee	5,707	13,860	6,549	4,916	4,819
Trust fee	398	396	396	396	346
Utilities expenses	6,793	25,070	7,251	4,333	3,288
Insurance premium	114	352	126	98	44
Repair expenses	969	582	1,520	1,205	4,825
Property taxes	4,575	19,767	3,434	6,219	4,316
Other	5,969	2,869	14,817	1,372	865
③ NOI (①—②)	70,401	153,775	64,340	56,864	56,885
④ Depreciation	11,458	44,986	8,043	4,517	3,108
⑤ Operating income (loss) from real estate leasing (③—④)	58,942	108,788	56,297	52,347	53,777
⑥ Capital expenditures	2,897	2,241	22,451	2,031	10,809
⑦ NCF (③—⑥)	67,504	151,533	41,889	54,833	46,076
Book value at end of the period	2,996,782	5,985,784	1,838,421	1,799,904	2,092,317

Property no.	OFC-07	OFC-08	OFC-09	OFC-10	RSC-01
Property name	Hakata-eki Higashi 113 Building	Asahi Building	Hakata-eki East Place	Nihonbashi Hamacho Park Building	Urban Park Azabujuban
① Total operating revenue from real estate leasing	75,784	218,872	100,791	45,084	54,003
Lease business revenue	70,325	202,101	81,508	45,084	52,538
Other lease business revenue	5,459	16,771	19,282	-	1,465
② Total operating expenses from real estate leasing	22,616	61,823	29,009	10,160	11,758
Management fee	7,719	15,609	7,930	769	2,085
Trust fee	346	396	396	394	346
Utilities expenses	6,454	17,292	8,124	-	503
Insurance premium	121	351	165	121	56
Repair expenses	1,251	6,007	4,919	63	3,021
Property taxes	5,294	15,995	6,582	0	2,784
Other	1,428	6,169	890	8,811	2,959
③ NOI (①—②)	53,168	157,049	71,781	34,924	42,245
④ Depreciation	5,995	24,244	6,528	2,837	4,749
⑤ Operating income (loss) from real estate leasing (③—④)	47,172	132,805	65,253	32,087	37,496
⑥ Capital expenditures	2,671	45,286	8,905	-	3,917
⑦ NCF (③—⑥)	50,496	111,763	62,876	34,924	38,327
Book value at end of the period	1,954,787	6,375,583	2,313,358	1,467,306	2,098,058

(Unit: thousand yen)

Property no.	RSC-02	RSC-04	RSC-05	RSC-06	RSC-07
Property name	Urban Park Daikanyama	Urban Park Shin-Yokohama	Urban Park Namba	Urban Park Gokokuji	Urban Park Kashiwa
① Total operating revenue from real estate leasing	189,587	76,112	51,932	51,645	36,332
Lease business revenue	181,165	73,367	49,378	48,488	35,269
Other lease business revenue	8,421	2,745	2,553	3,156	1,063
② Total operating expenses from real estate leasing	34,819	19,718	11,951	21,743	11,133
Management fee	8,594	4,771	2,566	3,852	1,851
Trust fee	346	346	346	396	346
Utilities expenses	4,630	911	482	2,589	799
Insurance premium	193	147	62	52	83
Repair expenses	4,422	2,580	1,680	4,268	4,318
Property taxes	11,218	4,719	2,791	1,838	2,954
Other	5,413	6,241	4,021	8,745	779
③ NOI (①－②)	154,767	56,393	39,980	29,901	25,198
④ Depreciation	12,233	16,442	7,515	4,332	6,763
⑤ Operating income (loss) from real estate leasing (③－④)	142,533	39,950	32,464	25,569	18,435
⑥ Capital expenditures	243	-	-	21,126	12,162
⑦ NCF (③－⑥)	154,523	56,393	39,980	8,775	13,035
Book value at end of the period	6,408,080	2,562,504	1,535,269	1,512,724	1,257,192

Property no.	RSC-08	RSC-09	LGC-01	LGC-02	LGC-03
Property name	Urban Park Ryokuchi Koen	Urban Park Koenji	Iwatsuki Logistics	Yokohama Logistics	Funabashi Logistics
① Total operating revenue from real estate leasing	54,661	35,241	200,802	Not disclosed (Note)	255,664
Lease business revenue	51,443	31,801	187,713		240,079
Other lease business revenue	3,217	3,439	13,088		15,585
② Total operating expenses from real estate leasing	15,070	11,599	33,799		55,782
Management fee	2,201	1,741	5,987		11,908
Trust fee	344	394	346		396
Utilities expenses	1,967	1,321	13,088		14,156
Insurance premium	116	36	271		390
Repair expenses	5,221	5,719	70		5,764
Property taxes	10	-	13,835		22,709
Other	5,208	2,387	200		455
③ NOI (①－②)	39,590	23,641	167,002		199,882
④ Depreciation	6,864	2,416	46,467		26,695
⑤ Operating income (loss) from real estate leasing (③－④)	32,726	21,225	120,535		173,187
⑥ Capital expenditures	5,918	-	1,955		4,744
⑦ NCF (③－⑥)	33,672	23,641	165,046		195,138
Book value at end of the period	1,613,098	1,194,570	6,786,942	3,824,231	7,886,635

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

(Unit: thousand yen)

Property no.	LGC-04	LGC-05	LGC-06	LGC-07	LGC-08
Property name	Baraki Logistics	Tokorozawa Logistics	Funabashi Nishiura Logistics I	Funabashi Nishiura Logistics II	Matsubushi Logistics
① Total operating revenue from real estate leasing	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)
Lease business revenue					
Other lease business revenue					
② Total operating expenses from real estate leasing					
Management fee					
Trust fee					
Utilities expenses					
Insurance premium					
Repair expenses					
Property taxes					
Other					
③ NOI (①－②)					
④ Depreciation					
⑤ Operating income (loss) from real estate leasing (③－④)					
⑥ Capital expenditures					
⑦ NCF (③－⑥)					
Book value at end of the period	4,706,630	1,347,537	2,970,312	839,539	2,775,416

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

Property no.	HTL-01	HTL-02	HTL-03	HTL-04
Property name	R&B Hotel Umeda East	Smile Hotel Namba (Note)	BEST WESTERN Tokyo Nishikasai (Note)	BEST WESTERN Yokohama
① Total operating revenue from real estate leasing	65,572	43,197	98,829	80,393
Lease business revenue	65,572	43,197	98,829	80,393
Other lease business revenue	-	-	-	-
② Total operating expenses from real estate leasing	7,076	4,530	10,768	8,428
Management fee	742	660	1,200	1,200
Trust fee	346	544	396	396
Utilities expenses	8	-	-	-
Insurance premium	111	53	124	105
Repair expenses	410	755	1,070	2,042
Property taxes	5,431	2,283	7,955	4,659
Other	25	234	22	24
③ NOI (①－②)	58,496	38,667	88,060	71,965
④ Depreciation	9,203	12,064	9,781	11,283
⑤ Operating income (loss) from real estate leasing (③－④)	49,293	26,602	78,278	60,682
⑥ Capital expenditures	-	5,279	4,913	9,757
⑦ NCF (③－⑥)	58,496	33,387	83,146	62,207
Book value at end of the period	2,125,948	1,717,372	3,857,869	3,264,488

(Note) Operating revenue from real estate leasing of Smile Hotel Namba includes variable rents of 25,571 thousand yen and operating revenue from real estate leasing of Best WESTERN Tokyo Nishikasai includes variable rents of 14,229 thousand yen.

(Unit: thousand yen)

Property name	Office Total	Residence total	Logistics facility total	Hotel total	Portfolio total
① Total operating revenue from real estate leasing	1,001,373	549,514	953,094	287,993	2,791,975
Lease business revenue	906,707	523,452	912,876	287,993	2,631,029
Other lease business revenue	94,665	26,062	40,217	-	160,946
② Total operating expenses from real estate leasing	282,181	137,794	157,170	30,803	607,950
Management fee	67,881	27,665	30,961	3,802	130,310
Trust fee	3,467	2,869	3,015	1,684	11,036
Utilities expenses	78,609	13,204	39,174	8	130,997
Insurance premium	1,496	749	1,406	394	4,046
Repair expenses	21,345	31,232	11,534	4,277	68,389
Property taxes	66,185	26,317	62,936	20,329	175,769
Other	43,195	35,756	8,141	306	87,399
③ NOI (①－②)	719,191	411,720	795,923	257,189	2,184,025
④ Depreciation	111,719	61,318	140,437	42,333	355,808
⑤ Operating income (loss) from real estate leasing (③－④)	607,472	350,401	655,486	214,856	1,828,216
⑥ Capital expenditures	97,293	43,369	120,566	19,951	281,180
⑦ NCF (③－⑥)	621,898	368,350	675,356	237,238	1,902,844
Book value at end of the period	26,824,245	18,181,497	31,137,246	10,965,679	87,108,669