

Merger Agreement between Star Asia Investment Corporation and Sakura Sogo REIT Investment Corporation

Supplementary Explanatory Material Regarding March 2, 2020 Press Release

March 2, 2020

Real Estate Investment Trust Securities Issuer:

Star Asia Investment Corporation

Representative: Atsushi Kato, Executive Director
(Securities Code: 3468)

Real Estate Investment Trust Securities Issuer:

Sakura Sogo REIT Investment Corporation

Representative: Toru Sugihara, Executive Director
(Securities Code: 3473)

Asset Management Company:

Star Asia Investment Management Co., Ltd.

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To unitholders in the United States:

The merger described in this press release involves securities of a foreign company. The offer is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial information included in this document, if any, was excerpted from financial statements prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies. In addition, it may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, since the issuer is located in a foreign country and all of its officers and directors are residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.

You should be aware that the issuer may purchase securities otherwise than under the merger, such as in the open market or through privately negotiated purchases.

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Message to the Unitholders of Star Asia Investment Corporation and Sakura Sogo REIT Investment Corporation

- Star Asia Investment Corporation (“SAR”) and Sakura Sogo REIT Investment Corporation (“SSR”) today (March 2, 2020) executed a merger agreement with a merger ratio of 1:0.89
- The merger is expected to expand asset size, improve portfolio revenue stability, and increase liquidity of the investment units given the larger market capitalization and float.
- Goal is to further increase the distribution per unit (“DPU”) by reducing costs and improving cash flow after the merger.
- Star Asia Group will continue to provide robust support to the combined corporation and Star Asia Investment Management Co., Ltd., will continue to focus on active management strategies to achieve sustainable growth.
- We undoubtedly believe that this merger will contribute to maximizing value for unitholders of both SAR and SSR.

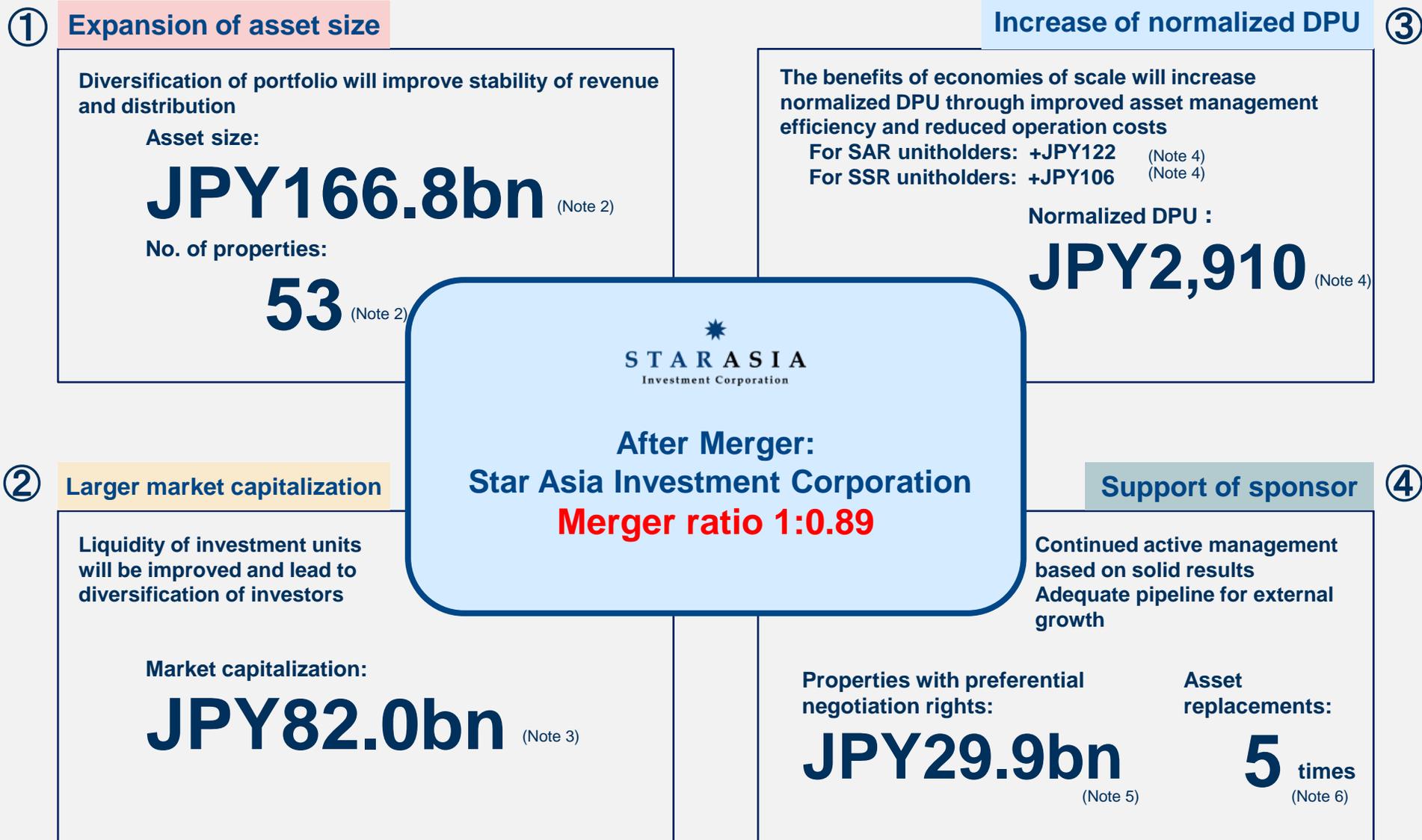
Atsushi Kato, Executive Director
Star Asia Investment Corporation

Toru Sugihara, Executive Director
Sakura Sogo REIT Investment Corporation

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Benefits of Merger between SAR and SSR (Executive Summary)



(Note 1) : In this document, Star Asia Investment Corporation may be referred to as "SAR" and Sakura Sogo REIT Investment Corporation as "SSR". (Note 2) : The post-merger asset size is the sum of the total acquisition price of SAR's portfolio (Figures released today after the transfer of Alphabet Seven and the acquisition of Urban Park Ichigao and Urban Park Gyotoku by SAR) and the assumed acceptance price of SSR's portfolio . (Note 3): Calculated as a simple sum of both REITs' market capitalization as of February 28, 2020. (Note 4): For SAR unitholders, cruising DPU is calculated by subtracting SAR's expected DPU for the fiscal period ending January 2020 from the expected DPU for the fiscal period ending July 2021. For SSR unitholders, it is calculated by subtracting the SSR's expected DPU (after 6-month conversion, after adjustment for the effect of merger-related expenses and litigation-related expenses on DPU) for the fiscal year ending July 2020 from the expected DPU for the fiscal year ending July 2021 (the amount adjusted based on the merger ratio). (Note 5): For properties for which a preferential negotiation price has been determined, the total amount of such price is used; for properties for which a preferential negotiation price has not been determined, the total amount of the most recent appraisal value or investigation price is used to determine the figure. (Note 6) Include the 5th asset replacement announced today

The Merger and Actions before/after the Merger ~ To maximize unitholder value

- We believe that the merger of SAR and SSR offers various benefits to the unitholders of both SAR and SSR, including improved stability through expansion of asset size and increased liquidity of investment units due to larger market capitalization.
- Star Asia Group will continue to provide robust support and resources and Star Asia Investment Management Co., Ltd., will continue to focus on active management strategies to maximize unitholder value.

**Sakura Sogo REIT
Investment Corporation
Diversified REIT**

Asset size: **JPY63bn** (assumed price of acquiring SSR portfolio (Note 1))
No. of properties: **18**
Investment target: Office buildings, retail, residence, etc.



**Star Asia Investment Corporation
Diversified REIT**

Asset size: **JPY103.8bn** (Note 2)
No. of properties: **35** (after replacement)
Investment target: Office buildings, retail, residence, logistic facilities, hotels, student accommodation



Post-merger

Asset size: **JPY166.8bn**
No. of properties: **53**

Investment target:
Office buildings, retail, residence, logistic facilities, hotels, student accommodation, etc.

Asset replacement with active management in preparation for the Merger of SAR and SSR

One property planned for sale

Alphabet Seven



Planned sale price	JPY3,500mm
Appraised value	JPY2,670mm (note 3)
Appraised cap rate	3.0% (note 3) (note 6)
Age	20.1 years (note 3)

Gain on sale (estimate)
JPY1,612mm
(Note 4)

To be sold at a price 31.1% higher than appraised value and will generate a gain on sale over 2 fiscal periods



Two properties to be acquired Cap rate: 4.7%

Urban Park Ichigao (Note 7)



Planned acquisition price	JPY1,810mm
Appraised value	JPY1,850mm (Note 5)
Appraised cap rate	4.7% (Note 5) (Note 6)
Age	21.6 years (Note 5)

Urban Park Gyotoku (Note 7)



Planned acquisition price	JPY1,430mm
Appraised value	JPY1,500mm (Note 5)
Appraised cap rate	4.7% (Note 5) (Note 6)
Age	24.9 years (Note 5)

Management by Star Asia Investment Management Co., Ltd., SAR's asset manager

- Continued **active management** to maximize unitholder value
- Further strengthen operations that always work in the **best interest** of unitholders

Support from Star Asia Group

- Providing property information and assets to achieve external growth
- Providing acquisition warehousing function
- Providing expertise and resources for internal growth

- Pursue Maximizing Unitholder Value **AND**
- Accelerate Growth to the Next Stage

(Note 1) : The price stated in the appraisal report obtained by SAR and Star Asia Investment Management Co., Ltd., (based on price as of November 1, 2019) is used as the assumed price of acquiring the SSR portfolio.

(Note 2) : SAR's acquisition price after 5th asset replacement. (Note 3) : As of January 31, 2020. (Note 4) : Part of the gain on sale will be used as merger-related expenses. (Note 5) : As of December 1, 2019.

(Note 6) : Appraised cap rate is the ratio of the appraisal NOI calculated using the direct capitalization method to the planned transfer price or planned acquisition price, rounded to the first decimal place.

(Note 7) : Names after acquisition. Current names are "Chrysanthemum Ichigao" and "La Soeur Gyotoku", respectively, but will be changed to the names indicated above shortly after acquisition by SAR.

1. Significance of the Merger

Significance of the Merger

1 Increase of DPU that contributes to maximizing unitholders' value of both SAR and SSR

- SAR's post-Merger Normalized DPU is expected to be JPY2,910, which is estimated to be JPY2,590 when converted to SSR's DPU (forecast for fiscal period ending July 2021) (Note 1)
- DPU is expected to increase for both SAR and SSR after the merger— expected increase for SAR will be JPY122 (+4.4%) from its forecast of JPY2,788 for the fiscal period ended January 2020, and expected increase for SSR will be JPY76 (+3.0%) from JPY2,514 (Note 2) for the fiscal period ended December 2019 or JPY106 (+4.3%) from its forecast of JPY2,484 (Note 3) for the fiscal period ending July 2020.

2 Better positioning in the market with larger market capitalization as well as improved stability with expanded financial base

- Market capitalization after the merger will be JPY82bn (Note 4) and positioning in the J-REIT market is expected to improve.
- Larger market capitalization will improve liquidity of investment units which will lead to diversification of investors.
- LTV based on total assets after the merger is projected to be 45.8%. Borrowing capacity will increase as a result of expansion of assets which will lead to financial stability. Obtaining a credit rating may become an option.

3 Continued implementation of diverse investment strategies (active management) that will improve unitholder value with expansion of asset size

- Size of assets after the merger is expected to be JPY166.8bn (Note 5) (This is a JPY63bn increase (+60.6%) from JPY103.8bn for SAR and a significant JPY103.8bn increase (+164.8%) from JPY63bn for SSR)
- Pursue maximizing unitholder value by accelerating external growth with support of Star Asia Group, pursuing internal growth (we expect further support from Nippon Kanzaï Group, which provides with strong support mainly in management of properties held by SSR), and continuing active management by Star Asia Investment Management Co., Ltd. (asset replacement, investment in mezzanine loan debt, etc.)

(Note 1) : Post-merger DPU of JPY2,590 for SSR unitholders is calculated based on the merger ratio 1: 0.89 using the post-merger normalized DPU (Note 2): The figure represent SSR's results for the fiscal period ended December 2019, after adding back the downward revisions made to the forecasts (published on September 26, 2019)

(Note 3): The figure is obtained by adding back the DPU calculated based on the following formula to the actual DPU. Figures less than units are rounded down.

Forecasted DPU for the fiscal period ending July 2020 = forecasted undistributed earnings for the fiscal period ending July 2020 (6-month equivalent), divided by the number of outstanding investment units, plus expected merger-related expenses and litigation costs, divided by the number of outstanding investment units.

(Note 4) : Calculated by simply combining the market capitalization of SAR and SSR based on closing price of Feb. 28 , 2020. (Note 5) : Calculated by combining the total (planned) acquisition price of SAR's portfolio (JPY103.8bn) and the assumed price of acquiring SSR portfolio (JPY63bn)

Significance of the Merger

SSR's Performance under Asset Management by Sakura Real Estate Funds Management

- SSR's performance under the former asset manager was weak and not focused on or effective in increasing unitholder value.

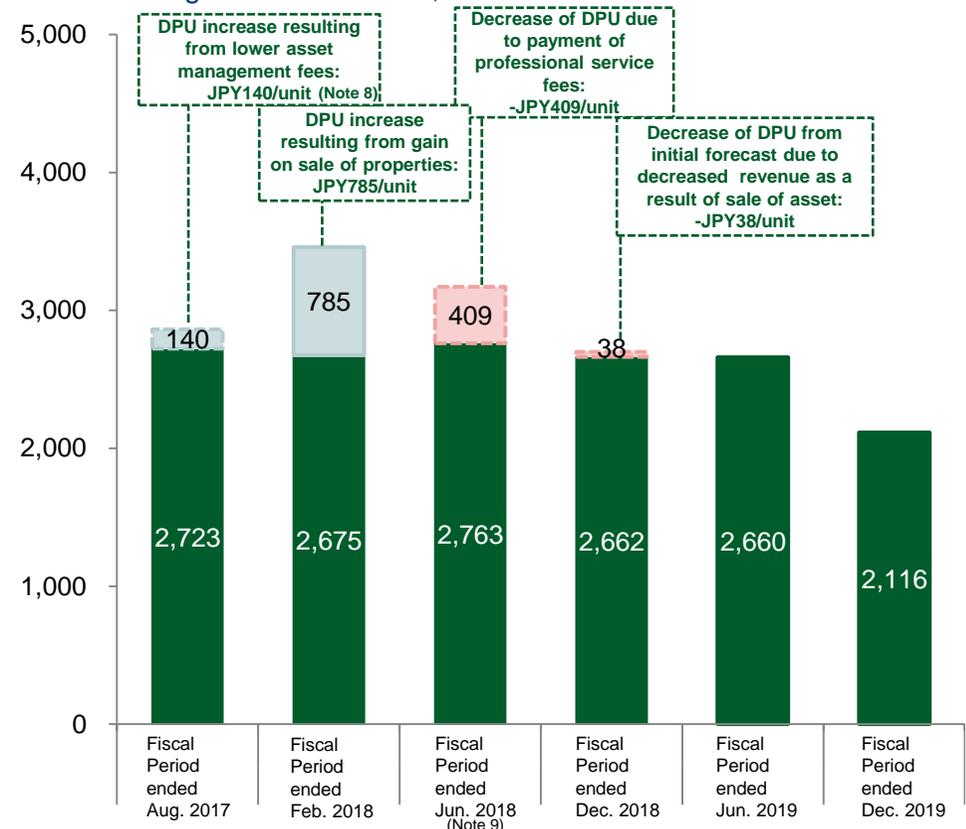
SSR's performance since IPO

(From listing on Sept. 8, 2016, to Dec. 30, 2019)

Asset growth ratio (Note 1)	JPY57.3bn (18 properties) → JPY57.5bn (18 properties) +0.38%
No. of properties acquired after IPO (Note 2)	2 properties
No. of follow-on offerings conducted after IPO (Note 3)	0
Market cap growth (Note 4)	7.1%
Total return (per annum) (Note 5)	7.8%
Ratio of asset management fees to year-end total assets (per annum) (Note 6)	0.55~0.56%
Average borrowing rate / borrowing period (Note 7)	0.80%/1.7 years

SSR's historical DPU

- DPU decreased due to failure to close property acquisition deals, payment of professional service fees pertaining to planned follow-on offering that did not occur, etc.



(Note 1): "Asset growth ratio" is based on the acquisition prices since IPO. (Note 2): "No. of properties acquired after IPO" represents the cumulative number of properties acquired after IPO and does not include assets acquired at the time of IPO. (Note 3): "No. of follow-on offerings conducted after IPO" does not include the IPO. (Note 4): "Market cap growth" represents growth of market cap as of the closing price on the IPO date to end of December 2019. (Note 5): "Total return (per annum)" is calculated as an annualized rate of the return (total amount of DPU until the latest fiscal period, taking into account the increase/decrease of unit price until the closing price of December 30, 2019) based on the IPO offer price. (Note 6): "Ratio of asset management fees to year-end total assets (per annum)" is calculated as an annualized rate of asset management fees (excluding acquisition and transfer fees) that are stated in the asset management report, based on total assets at the end of fiscal period. (Note 7): "Average borrowing rate/borrowing period" is based on the latest fiscal period end. (Note 8): "SSR's DPU for the fiscal period ended Aug. 2017" involves an increase of DPU (JPY140/unit) due to the absence of management fees of NOIx3% that were applied from the fiscal period ended Feb. 2018. (Note 9): DPU for the fiscal period ended June 2018 of SSR is calculated using the following formula for 4-month settlement ((Total amount of actual DPU - gain on sales of properties + expenses related to the delivery of investment units) x (6/4) + Gain on Sale of Property - Expenses related to delivery of investment units) / Total number of units of issued investment equity at the end of the fiscal period ended June 2018.

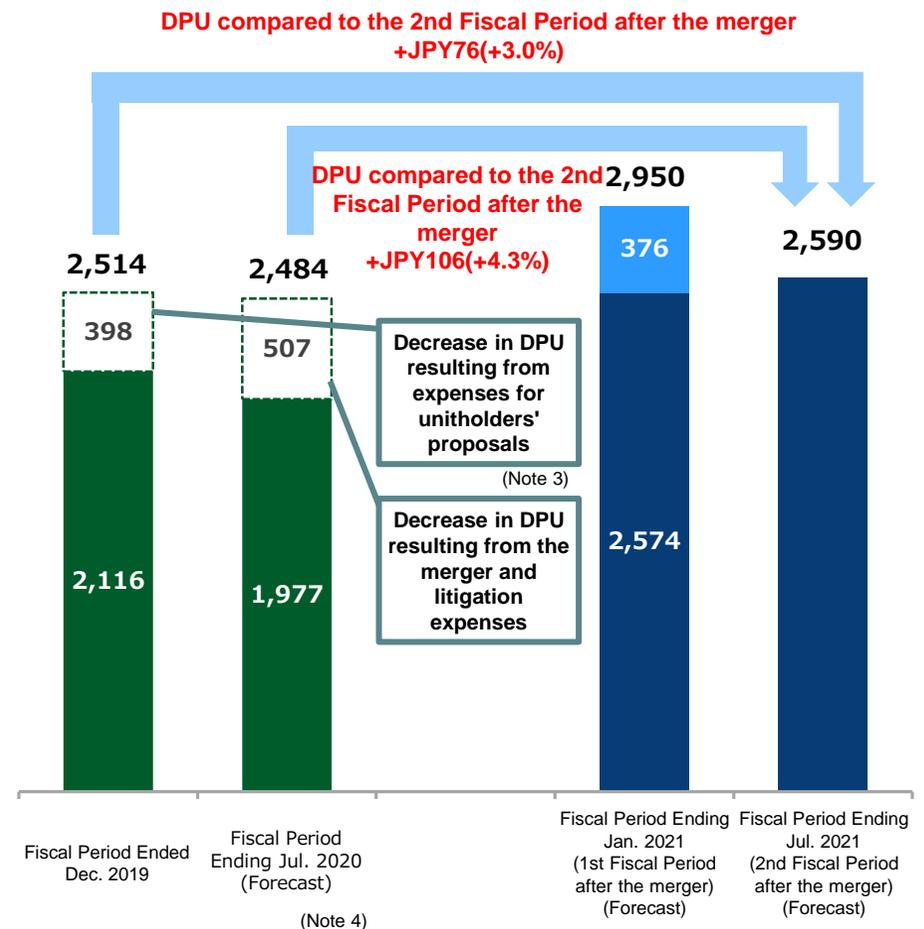
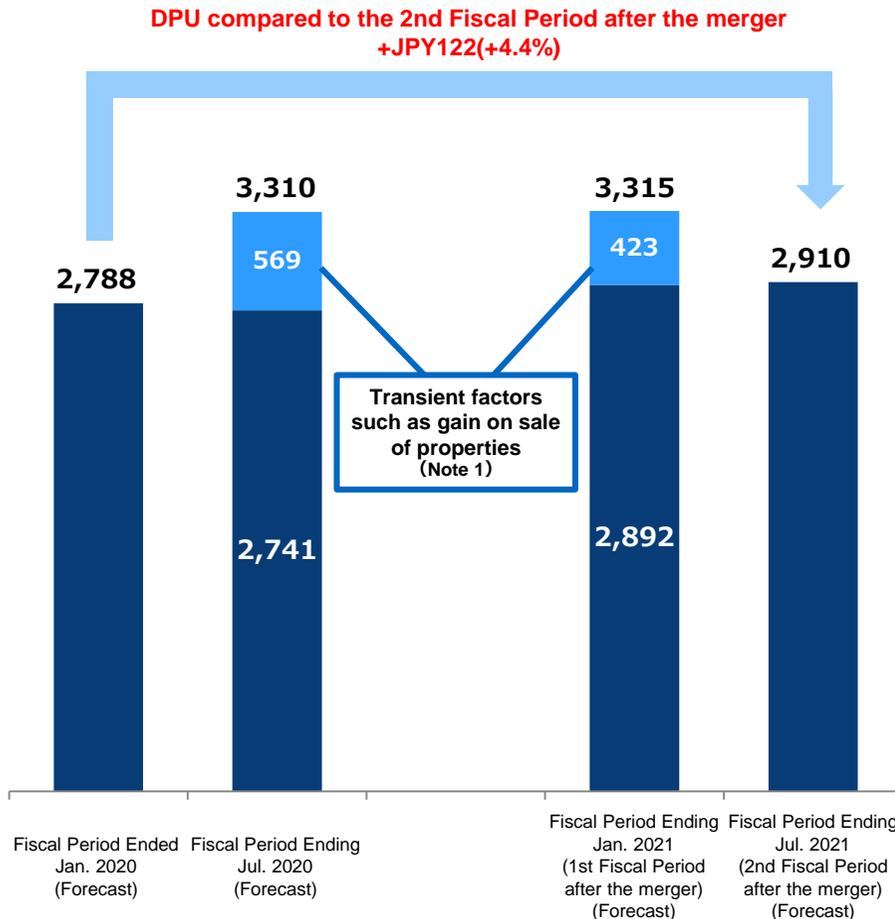
Significance of the Merger

Increase of Normalized DPU

- SAR's normalized DPU after the merger is expected to be JPY2,910 (Forecast for the Fiscal Period ending July 2021)

Post-merger DPU for former SAR unitholders

Post-merger DPU for former SSR unitholders (Note 2)



(Note1): Transient factors are calculated by subtracting negative factors such as merger-related expenses from positive factors such as gains on sales

(Note2): DPU for former SSR unitholders is calculated based on merger ratio of 1:0.89

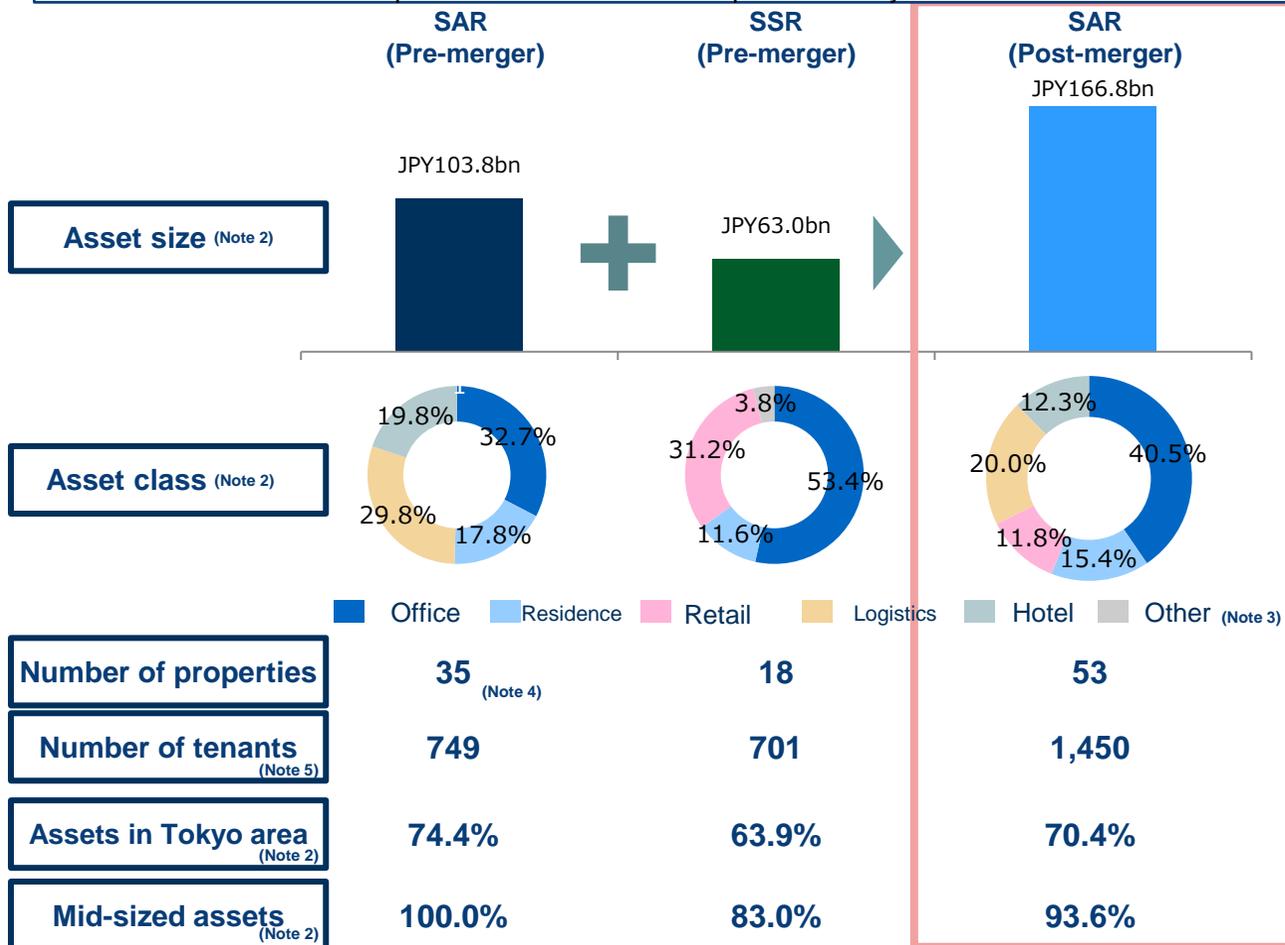
(Note3): Downward revision in earnings forecasts for the fiscal year ended December 2019 (Published on September 26, 2019)

(Note4): DPU figure is calculated as follow: (Unappropriated retained earnings for Fiscal Period ending Jul. 2020 (converted for a figure for 6 months) + expected expenses associated to the merger and dispute) / outstanding investment units

Significance of Merger

Further Strengthening and Diversification of Portfolios

- The percentage of properties located in the Tokyo area, (Note 1) where stable earnings and growth are expected, will continue to be more than 70%. Also, mid-sized office buildings and residential property, which are expected to generate above average internal growth and attract investor interests, will increase significantly.
- As the number of highly liquid properties will increase, we will be able to flexibly execute asset replacements that will contribute to maximizing unitholder value.
- Further diversification of portfolio and tenants will improve stability.



Portfolio after merger and future strategy

- **Competitive portfolio**
Assets in Tokyo area will remain to be more than 70%. Portfolio revenue stability and growth are expected to be strengthened.
- **Pipeline of Star Asia Group**
Aim to achieve JPY200bn in assets in the short term based on the pipeline of Star Asia Group
- **Active management**
Achieve a virtuous cycle of expanding asset size and improving unitholder value through continued active management

(Note 1): Office and Retail refer to the 23 wards of Tokyo, Kawasaki City and Yokohama City; Residence, Logistics, Hotel and Student Residence refer to Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture.
 (Note 2): Figures in SAR (pre-merger) are based on the expected acquisition price after the asset replacement; those in SSR (pre-merger) are calculated based on the assumed acceptance price; and those in SAR (post-merger) are calculated based on the respective expected acquisition/assumed acceptance prices. (Note 3): Assets that are classified as "Other" in SSR (pre-merger) are classified as "Logistics" in SAR (post-merger) in accordance with Star Asia Investment Management operation guidelines. (Note 4): The figure for the number of properties is after the asset replacement. (Note 5): The number of tenants of SAR (pre-merger) is based on lease contracts effective as of the end of January 2020, the figure for SSR (pre-merger) is based on lease contracts effective as of the end of December 2019, and the figure for SAR (post-merger) is the sum of the figures.

2. Merger Overview

Merger Overview

Merger Scheme

I Scheme

Method of Merger	<ul style="list-style-type: none"> Absorption-type merger Surviving corporation: Star Asia Investment Corporation Dissolving corporation: Sakura Sogo REIT Investment Corporation
Merger Ratio	<ul style="list-style-type: none"> SAR : SSR = 1 : 0.89 (1.78 SAR units will be allocated for each 1 SSR unit) * SAR is scheduled to split its investment units 2-for-1 to ensure allocation of at least one SAR unit to SSR unitholders

I Overview of Post-Merger REIT

	 (As of end of Jan. 2020 (Forecast))	 (As of end of Dec. 2019)	 (As of end of Jan. 2021(Forecast))
Operating revenue	JPY3,227mil (Note 1)	JPY2,391mil	JPY6,634mil
Operating profit	JPY1,721mil (Note 1)	JPY1,046mil	JPY3,226mil
Ordinary profit	JPY1,494mil (Note 1)	JPY872mil	JPY2,776mil
Net income	JPY1,493mil (Note 1)	JPY704mil	JPY2,775mil
Number of properties	35 (Note 2)	18	53 (Note 2)
Asset size (Note)	JPY103.8bn (Note 2)	JPY63.0bn (Note 3)	166.8bn (Note 2)
Portfolio cap rate	5.0% (Note 2)	4.9% (Note 3)	4.9% (Note 2)
LTV	47.0% (Note 4)	46.3%	45.8% (Note 5)
Dividend per Unit	JPY2,788 (Note 1)	JPY2,116	JPY 3,315
		Forecasted DPU for former SSR unitholders (Note 6)	 JPY 2,950

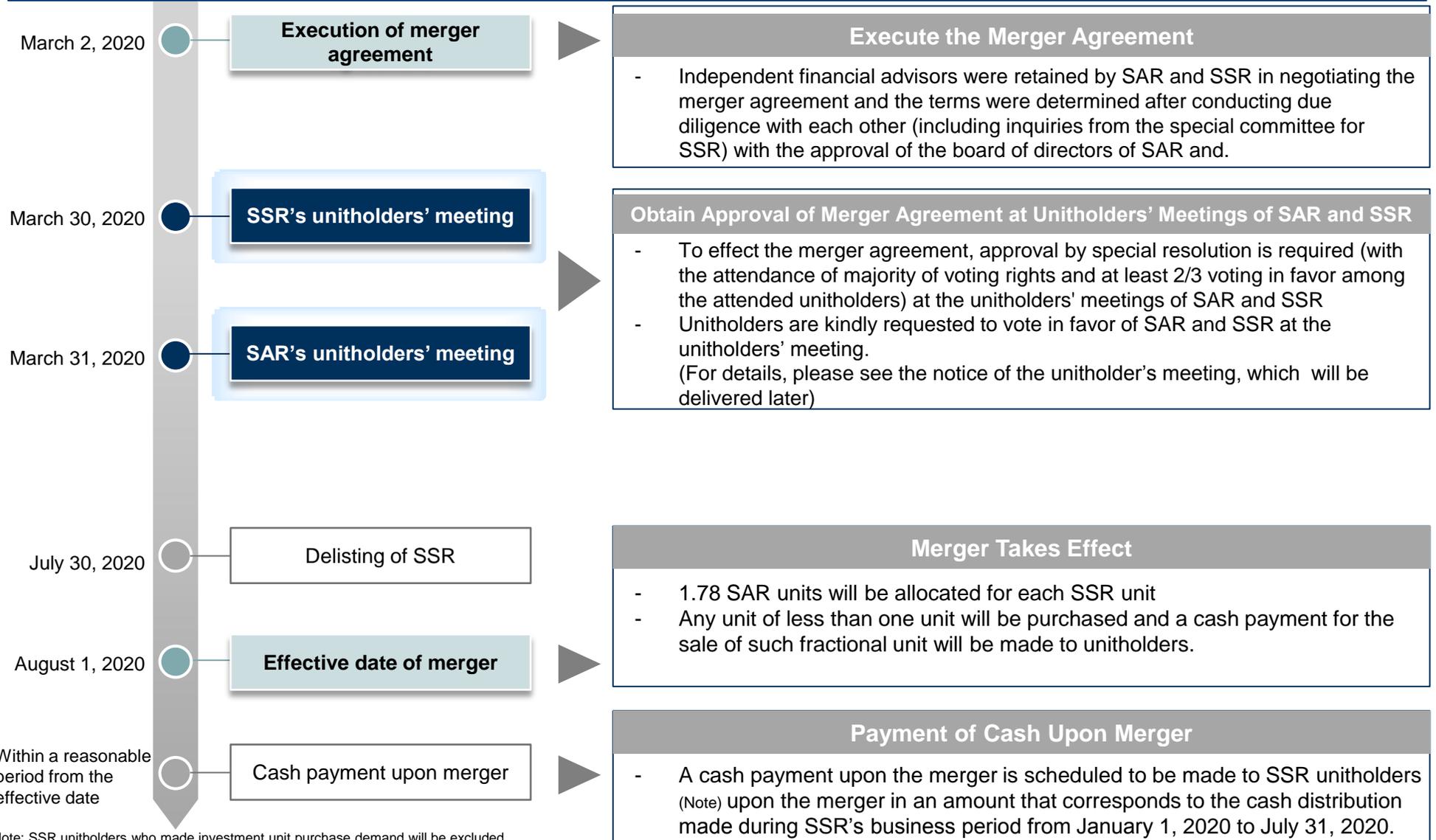
(Note 1): Figures are from "Notice Concerning Revision to Forecasts of Operating Results and Distributions for the Fiscal Period ending January 31, 2020 and July 31, 2020" released today

(Note 2): Figures are after the asset replacement. (Note 3): Figures are based on acquisition price (expected receipt price).

(Note 4): Calculated based on the (forecasted) Balance Sheet as of end of January 2020. (Note 5): The post-merger LTV is the estimated adjusted cruising value. (Note 6): Figure is calculated based on merger ratio of 1:0.89

Merger Overview Schedule

- The merger of SAR and SSR is scheduled as follows
- SAR and SSR are scheduled to hold their unitholders' meetings at the end of March 2020 to approve the merger agreement.



Note: SSR unitholders who made investment unit purchase demand will be excluded.

3. Post-Merger Growth Strategy

Post-Merger Growth Strategy ~ Post-merger Portfolio Management Strategy

- The current investment policy of SAR will be retained after the merger to pursue maximizing unitholder value.

Post-merger Investment Policy

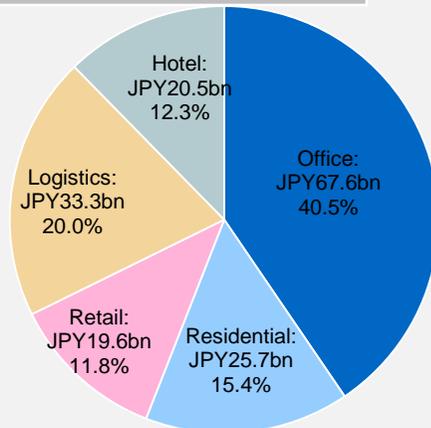
- A portfolio predominantly located in **Tokyo area**
- Focus on **mid-sized assets**
- Secure stability and growth through **diversification of asset types**
- **Commitment of Star Asia Group**
(Star Asia Group's estimated ownership in post-merger investment corporation: approx. 13.4%)

Post-merger Portfolio

Total: JPY166.8bn

(Calculated by simply combining the acquisition price of SAR portfolio and the assumed price of acquiring SSR portfolio)

Assets in Tokyo area: 70.4%



SAR's Views on Each Asset Type

Office

Middle-sized office buildings are less susceptible to the oversupply of large office buildings expected in the future and SAR forecasts that supply and demand for middle-sized office will continue to remain tight.

Retail

There are increasing concerns over deteriorating business environment for primarily suburban brick-and-mortar stores selling non-essential goods on the back of the rise of e-commerce and the shift in consumer values towards services and experience over material goods.

Residential

This is the most stable asset type, and has growth potential as rents have been increasing in the current environment.

Logistics

SAR predicts stable revenue from logistics facilities in areas adjacent to densely populated areas in the Tokyo area with strong tenant demand.

Hotel

While large cities can capture both business and tourism demand, the primary demand for hotels in regional cities is tourism. There is a risk of fluctuation in revenue due to changes in the tourism environment and supply of new hotels.

Specific Management Policy

Office

Focus investment on **mid-sized office buildings in urban areas** with high population density predominantly in the Tokyo area, and seek growth through increase of rent.

Retail

Suburban and regional retail facilities are **not investment targets for the time being** and they are to be replaced in the future. Focus will be urban retail facilities after conducting an analysis of the potential of the area, etc., based on population in the trade area and demographics.

Residential

Invest in **competitive (including rent levels) properties** in light of demographic analysis based on the mid- to long-term macroeconomic environment.

Logistics

Continue to focus on logistics facilities in the **Tokyo area (in particular, within 30km of Tokyo Station)** that are easy to find new tenants.

Hotel

Only invest in urban hotels geared towards business travelers, and prioritize stability of the portfolio, by keeping the **ratio of variable rent (Note) at 10% or lower in principle.**

(Note): The ratio of variable rent to net revenue from the hotel portfolio of the post-merger entity.

Post-Merger Growth Strategy ~ Continuous implementation of active management

■ SAR's unrealized gains (appraisal value at end of fiscal period - book value at end of fiscal period) have been increasing steadily. We will continuously consider to distribute return of gains on asset sales to unitholders through active management.

Record of five times Asset Replacements

Transfer			Acquisition	
	Urban Park Yoyogikoen	1st asset replacement		Urban Park Gokokuji
Transfer Price	1,100 million yen		Acquisition Price	1,460 million yen
Appraisal Value	1,000 million yen		Appraisal Value	1,530 million yen
	Oak Minami-Azabu	2nd asset replacement		Baraki Logistics
Transfer Price	5,020 million yen		Acquisition Price	4,700 million yen
Appraisal Value	3,470 million yen		Appraisal Value	4,850 million yen
	Hakata-eki Higashi 113	3rd asset replacement		Hotel WBF Fukuoka Tenjin Minami
Transfer Price	2,850 million yen		Acquisition Price	1,970 million yen
Appraisal Value	2,090 million yen		Appraisal Value	2,000 million yen
	Urban Park Shin-Yokohama	4th asset replacement		Gransit Akihabara
Transfer Price	2,775 million yen		Acquisition Price	2,500 million yen
Appraisal Value	2,580 million yen		Appraisal Value	2,520 million yen
	Alphabet Seven	5th asset replacement		Urban Park Ichigao
Transfer Price	3,500 million yen		Acquisition Price	1,810 million yen
Appraisal Value	2,670 million yen		Appraisal Value	1,850 million yen
				Urban Park Gytoku
			Acquisition Price	1,430 million yen
			Appraisal Value	1,500 million yen

Mezzanine Loan Debt Investment

Idea on Mezzanine Loan Debt Investment

- Differentiate from other real estate players in view of diversification of income (revenue) opportunities as supplemental investment for actual real estate in the fiercely competitive real estate market.
- Secure revenue exceeding after-amortization yields of the existing real estate portfolio.
- Serves as an effective investment using current cash on hand for accretion.
- Judged likely to assure repayment of principal and interest.

Number	Type	Name of the security (asset overview)	Acquisition price (million yen)	Underlying asset, etc.		Interest rate
				Asset name	Location	
MEZ-01	Mezzanine (Subordinated bonds)	Star Asia Mezzanine Loan Debt Investment Series 1	400	Relief Premium Handed Hotel	Ota-ku, Tokyo	Base rate + 5.0%
MEZ-03	Mezzanine (Subordinate Beneficiary Interest)	Star Asia Mezzanine Loan Debt Investment Series 3	126	The Royal Garden Residence Shirokanedai	Minato-ku, Tokyo	Base rate + 5.0%
MEZ-04	Mezzanine (Subordinate loan claims)	Star Asia Mezzanine Loan Debt Investment Series 4	300	DS Kaigan Building (Note 3)	Minato-ku, Tokyo	Base rate + 5.0%
MEZ-05 (Note 4)	Mezzanine (Beneficiary Interest)	Star Asia Mezzanine Loan Debt Investment Series 5	150	Sun Maison Ohorikoen-kita	Fukuoka-shi, Fukuoka	Base rate + 5.19%
Total			976			

(Note 1) : The appraisal value figures shown above are, as of the end of the period immediately preceding the transfer, as of the end of January 2020, and as of December 1 2019 for assets to be acquired, for transferred assets (including the scheduled one), acquired assets and assets to be acquired, respectively.

(Note 2) : MEZ-02 has already been redeemed (Note 3) : Previously the asset name was Premium Kaigan Building (Note 4) : Investment to MEZ-05 is scheduled to be on March 6, 2020.

Post-Merger Growth Strategy ~ Pipeline that enables examination and execution of diverse action plans

- The post-merger REIT will utilize and take advantage of Star Asia Group's robust support and Star Asia Investment Management's sourcing capabilities. Goal is to achieve JPY200 bn in assets in the near term

Properties with Preferential Negotiation Rights and Star Asia Group's Pipeline

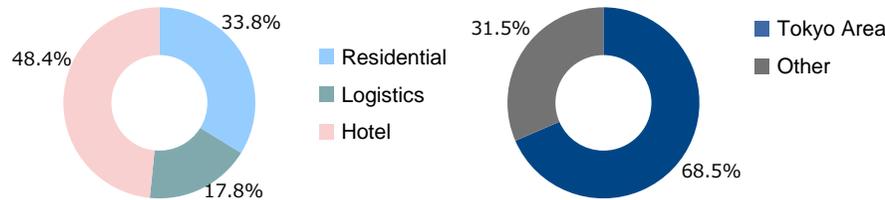
- Properties that are stable and have fixed minimum selling prices and yields exceeding SAR's current portfolio

Properties with Preferential Negotiation Rights

Total Appraisal: **JPY29.9bn**
(Note 1)

Property Name	Area	Property Type	Image
OHA Building (Note 2)	Expanded Tokyo Area	Office	
Nishi-Ikebukuro 1-Chome bldg.	Tokyo Area	Retail	
Urban Park Mitsuike Koen	Tokyo Area	Residential	
Urban Park Tokiwadai Koen	Tokyo Area	Residential	
HAKUSAN HOUSE	Tokyo Area	Student Housing	
Shimotakaido Project	Tokyo Area	Student Housing	
Hakata Office Project	Tokyo Area	Office	
URBAN CENTER Midousuji	Other Area	Office	

Other Properties Managed by the Sponsor Group (as of December 31, 2019) Total Appraisal Value: JPY22.7bn



(Note 1): As of the date of this document, among the properties with priority negotiating rights held by SAR, the total amount of the price is indicated for properties for which a priority negotiating price has been determined, and the total amount of the most recent appraisal value or survey price is indicated for properties for which a priority negotiating price has not been determined.

(Note 2): "Expanded Tokyo Area" stands for suburban Tokyo (outside 23 wards) and major cities in Kanagawa (excluding Kawasaki-shi and Yokohama-shi) and Saitama for offices and retail properties.

About Star Asia Group

~ Organizational Outline of Star Asia Group



Taro Masuyama
Co-Founder and
Managing Partner



Malcolm F. MacLean IV
Co-Founder and
Managing Partner

Star Asia Group is a privately owned, independent investment management group that focuses on investments in Japanese real estate related opportunities.

- Concepted in 2006, Star Asia Group has invested over JPY661bn since its foundation in 2007. The current balance of investments is over JPY172bn.¹
- Star Asia Group has 392 officers and employees including over 40 investment and asset management professionals based in Tokyo or New Jersey, USA.¹
- We always operate under the Guiding Principles which continuously drive the group to become and remain as one of the leading real estate investment management firms in Japan.
- The group's strong track record and long-term partnership approach with our investors have been integral in attracting significant capital from sophisticated global investors, including large U.S. university endowments and foundations, Japanese and European pension funds, U.S. and Asia based family offices as well as other global real estate investors.
- The group is committed to its disciplined Investment Philosophy and SAR strives for its most important goal of meeting and exceeding unitholders' expectations.

Star Asia Group

Listed J-REIT Asset manager	Private placement fund management	Asset management	Unlisted investment company		Private placement fund	Development and operation of new- generation student accommodation	Development and operation of hospitality properties; listed	
Star Asia Investment Management Co., Ltd.	Star Asia Management Limited <ul style="list-style-type: none"> • Registered as an Investment Advisor with the US Securities and Exchange Commission • Manages multiple private placement funds through sister companies 	Star Asia Asset Advisors Co., Ltd. <ul style="list-style-type: none"> • Asset management and brokerage for private placement funds; real estate asset and trust beneficiary interest brokerage; and property management. 	Star Asia Capital Corp Limited <ul style="list-style-type: none"> • Assets under management is JPY19.7bn¹ 		Star Asia Japan Special Situations LP <ul style="list-style-type: none"> • Star Asia Group's flagship fund • Assets under management is JPY39.6bn¹ • Actively investing based on its investment capacity 	GSA Star Asia KK <ul style="list-style-type: none"> • A 50/50 joint venture with GSA Group, a global pioneer in purpose built student accommodation (PBSA), that develops and operates new-generation PBSA • Following the first Hakusan House project, currently works on the second Shimotakaido project 	Kachikaihatsu Co., Ltd. <ul style="list-style-type: none"> • Listed on TSE 2nd Section (8010); develops and operates hotels • Star Asia Group became a sponsor in Nov. 2018 and holds 75.53% of issued stock 	
	Star Asia Investment Corporation	Provides know-how contributing to SAR's internal and external growth as its sponsor <ul style="list-style-type: none"> • Support of Construction Management Department • Provides advice based on abundant experience in real estate-related debt investment • Provides additional resource as needed 	Asset management of warehousing funds and provides support for origination of bridge funds	Holds SAR's investment units (97,000 units; equivalent to JPY11bn (17.9%)) ² Silent partnership investment in properties with preferential negotiation rights owned by SAR <ul style="list-style-type: none"> • Urban Park Mitsuike Koen • Urban Park Tokiwadai Koen • OHA Building 	Holds SSR's investment units (16,896 units; equivalent to JPY1.6bn (5.1%)) ²	Currently develops properties with preferential negotiation rights owned by SAR <ul style="list-style-type: none"> • Hakata office project 	Provided over JPY90bn properties (based on SAR's acquisition price) to SAR since SAR's listing	Currently operates properties with preferential negotiation rights owned by SAR <ul style="list-style-type: none"> • HAKUSAN House • KAMIKITA House

← Star Asia Group with expanding business provides strong support to SAR

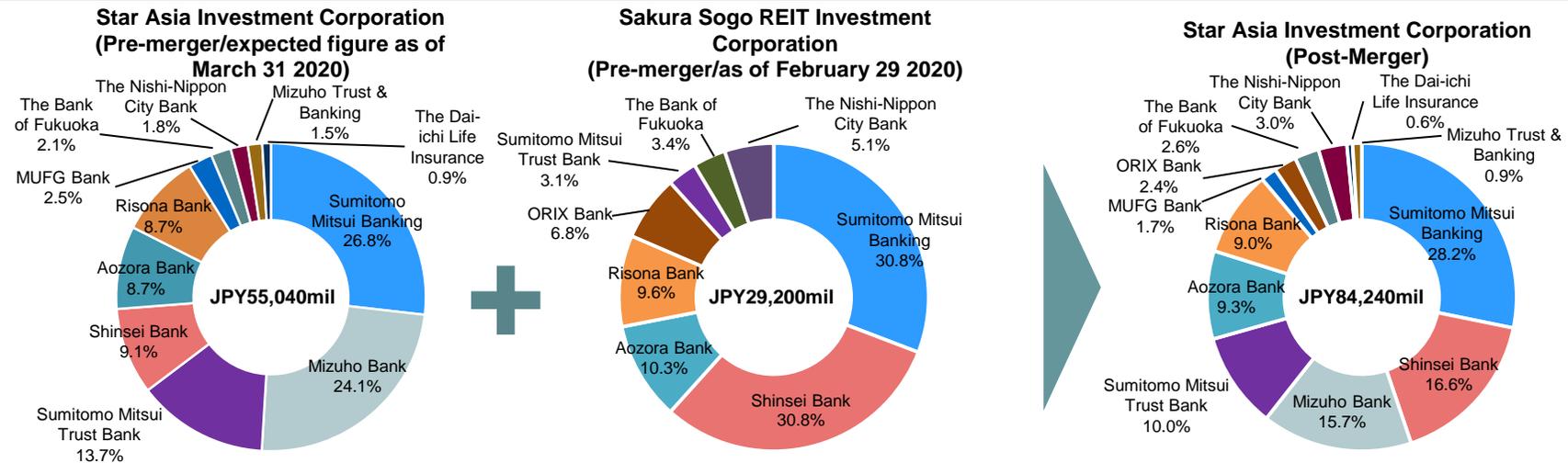
1. As of June 30, 2019 2. As of September 6, 2019

Post-Merger Growth Strategy

Financial Standing

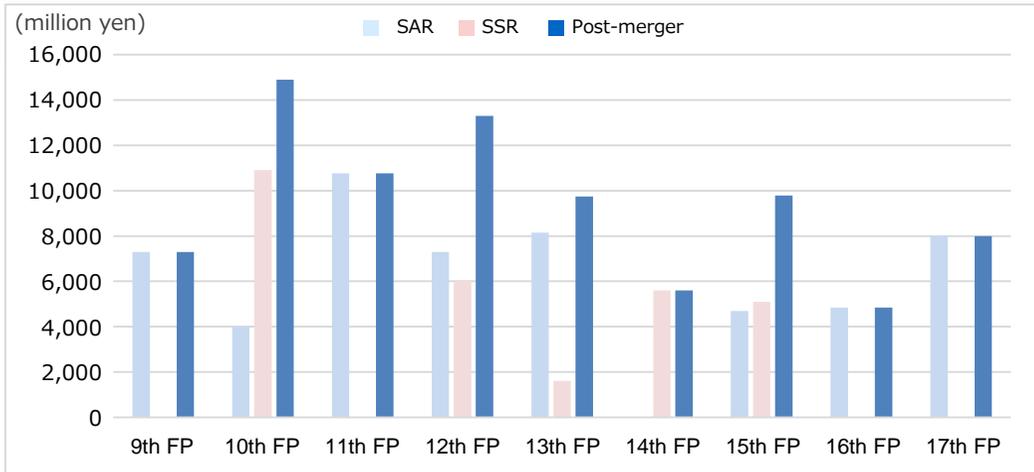
- The merger of SAR and SSR is expected to diversify lenders and strengthen bank formation
- We will continue to implement appropriate LTV control while paying attention to the diversification of repayment dates

Bank formation



Balance of borrowings (unit: million yen) (Note)

FP of the repayment date	SAR		SSR		Post-merger	
9th FP	7,300	13.3%	0	0.0%	7,300	8.7%
10th FP	4,000	7.3%	10,900	37.3%	14,900	17.7%
11th FP	10,760	19.5%	0	0.0%	10,760	12.8%
12th FP	7,300	13.3%	6,000	20.5%	13,300	15.8%
13th FP	8,150	14.8%	1,600	5.5%	9,750	11.6%
14th FP	0	0.0%	5,600	19.2%	5,600	6.6%
15th FP	4,690	8.5%	5,100	17.5%	9,790	11.6%
16th FP	4,840	8.8%	0	0.0%	4,840	5.7%
17th FP	8,000	14.5%	0	0.0%	8,000	9.5%
Total	55,040	100.0%	29,200	100.0%	84,240	100.0%



(Note): The balance of borrowings are as of March 31, 2020 for SAR (estimates) and as of February 29, 2020 for SSR. Post-merger number is the simple sum of both REITs outstanding borrowings

4. Appendix

Appendix ①

Structure of Management of the two REITs

- Star Asia Investment Management is managing the two REITs (SAR and SSR).
- We will manage both REITs to maximize unitholders' interests while paying close attention and avoiding any conflicts of interest between the two REITs.

Organization Chart

- SSR Investment Management Division has been newly established to manage the two REITs



Measures to avoid conflict of interest

Since Star Asia Investment Management (“SAIM”) will be providing asset management services to both SAR and SSR, the Rules on Handling of Property Information (“Rules”) and the decision-making process have been established in order to avoid conflicts of interest. The Rules stipulate how to allocate information regarding acquisition of properties as follows.

① Rules on allocating information regarding acquisition of property

- All property information obtained by SAIM will be registered with, and centrally managed by, the Finance Management Division.
- Based on the year of completion of the registered property as stated in the real estate register, SSR Investment Management Division will consider the acquisition if the year is an even number, and SAR Investment Management Division will consider the acquisition if the year is an odd number. If more than one property is being sold by the same seller at the same time, the year of completion of the oldest property will be used.
- If both SSR Investment Management Division and SAR Investment Management Division decide not to acquire the property as a result of consideration, it should be reported to the Finance Management Division. The Finance Management Division will then provide the information to other investment management divisions.

② Decision-making process at SAIM

- When the Investment Committee discusses an agenda concerning the investment management of either SAR or SSR, members who belong to the Investment Management Division of the other may not participate in the discussion nor participate in the resolution.
- The same applies to the Compliance Committee and the Board of Directors.

Appendix②

Goodwill

- Goodwill is calculated as the difference between the “market value of net assets ” of the target and the "merger price" agreed by both parties.
- It is not clear at this point whether the goodwill will be positive or negative as the "merger price" is determined by the investment unit price of SAR as of the timing the merger becomes effective.

How goodwill arise:



Impact of change in SAR unit price

$$\text{Merger price} = \text{SAR unit price (as of merger effective date)} \times \text{Number of newly issued units}$$

- ① If SAR unit price rises after public announcement, the merger price will increase.
 - “Smaller negative goodwill” or “larger positive goodwill”
- ② If SAR unit price drops after public announcement, the merger price will be reduced.
 - “Larger negative goodwill” or “smaller positive goodwill”

Accounting treatment by surviving corporation when goodwill arises

	Positive goodwill	Negative goodwill
B/S	<ul style="list-style-type: none"> ■ Recorded as intangible assets 	<ul style="list-style-type: none"> ■ The portion that was not distributed in the first fiscal period after the merger is recorded as reserve for temporary difference adjustment in net assets
P/L	<ul style="list-style-type: none"> ■ Amortized on a straight-line basis over within 20 years as operating expenses 	<ul style="list-style-type: none"> ■ Recorded as extraordinary gain in the first fiscal period after the merger
Impact on distributions	<ul style="list-style-type: none"> ■ Amount equivalent to goodwill amortization distributed as <u>allowance for temporary difference adjustment</u> 	<ul style="list-style-type: none"> ■ At least 1% of the initial reserve amount of the reserve for temporary difference adjustment is drawn down continuously and applied to distributions ■ Can be used flexibly as source of distribution added to net income

Allowance for temporary difference adjustment (distribution in excess of earnings) is treated as “dividends (subject to withholding)” under tax laws and as “refund of contribution” for accounting purposes

Appendix③

Post-merger Portfolio List (Note)

	Property Name	Location	Acquisition Price (mil yen)	Appraisal Value (mil yen)	Investment Ratio (%)	Appraisal NOI yield (%)	
Office	Minami-Azabu Shibuya Building	Minato-ward, Tokyo	2,973	3,070	1.8	4.7	
	Honmachibashi Tower	Osaka city, Osaka	6,065	6,960	3.6	5.1	
	Nishi-Shinjuku Matsuya Building	Shibuya-ward, Tokyo	1,763	2,510	1.1	6.4	
	Shibuya MK Building	Shibuya-ward, Tokyo	2,042	3,260	1.2	5.9	
	Asahi Building	Yokohama city, Kanagawa	6,320	7,840	3.8	5.0	
	Hakata-eki East Place	Fukuoka city, Fukuoka	2,286	2,590	1.4	5.2	
	Nihonbashi Hamacho Park Building	Chuo-ward, Tokyo	1,450	1,550	0.9	4.7	
	Amusement Media Gakuin Honkan	Shibuya-ward, Tokyo	2,580	2,690	1.5	4.0	
	Higashi Kobe Center Building	Kobe city, Hyogo	7,440	7,520	4.5	5.8	
	Amusement Media Gakuin Shinkan	Shibuya-ward, Tokyo	1,020	1,160	0.6	4.0	
	Seishin Building	Sinjuku-ward, Tokyo	10,700	10,700	6.4	3.5	
	NK Building	Chiyoda-ward, Tokyo	5,350	5,350	3.2	3.8	
	Tsukasamachi Building	Chiyoda-ward, Tokyo	4,610	4,610	2.8	3.8	
	Takadanobaba Access	Shinjuku-ward, Tokyo	4,000	4,000	2.4	4.0	
	Azabu Amerex Building	Mintao-ward, Tokyo	2,770	2,770	1.7	3.8	
	Hiei Kudan Building	Chiyoda-ward, Tokyo	2,430	2,430	1.5	3.9	
	Shin Yokohama Nara Building	Yokohama-city, Kanagawa	2,300	2,300	1.4	4.8	
	The Portal Akihabara	Chiyoda-ward, Tokyo	1,510	1,510	0.9	4.0	
		Subtotal		67,609	72,820	40.5	4.5
	Retail	La Park Kishiwada	Kishiwada city, Osaka	5,600	5,600	3.4	7.1
Suroy Mall Chikushino		Chikushino city, Fukuoka	6,920	6,920	4.1	5.7	
Seiyu Minakuchi		Koka city, Shiga	3,310	3,310	2.0	7.4	
Suroy Mall Nagamine		Kumamoto city, Kumamoto	3,800	3,800	2.3	5.7	
		Subtotal		19,630	19,630	11.8	6.4

Total	Acquisition Price (mil yen)	Appraisal Value (mil yen)	Appraisal NOI yield (%)
	166,895	176,966	4.9

(Note) : Figures are after the asset replacement. The appraisal values of SAR properties as of the date of this document are the appraisal values as of the end of January 2020 (as for Urban Park Ichigao and Urban Park Gytoku as of December 1 2019), and the acquisition price and appraisal value of SSR properties as of the date of this document are the estimated acceptance price (Same for the following pages).

	Property Name	Location	Acquisition Price (mil yen)	Appraisal Value (mil yen)	Investment Ratio (%)	Appraisal NOI yield (%)	
Residence	Urban Park Azabujuban	Minato-ward, Tokyo	2,045	2,480	1.2	4.4	
	Urban Park Daikanyama	Shibuya-ward, Tokyo	6,315	8,240	3.8	4.7	
	Urban Park Namba	Osaka city, Osaka	1,490	1,650	0.9	5.4	
	Urban Park Gokokuji	Toshima-ward, Tokyo	1,460	1,530	0.9	4.8	
	Urban Park Kashiwa	Kashiwa city, Chiba	1,186	1,190	0.7	5.0	
	Urban Park Ryokuchi-koen	Suita city, Osaka	1,550	1,620	0.9	5.7	
	Urban Park Koenji	Suginami-ward, Tokyo	1,167	1,180	0.7	4.7	
	Urban Park Ichigao	Yokohama city, Kanagawa	1,810	1,850	1.1	4.7	
	Urban Park Gyotoku	Ichikawa City, Chiba	1,430	1,500	0.9	4.7	
	Shiroi Logiman	Shiroi city, Chiba	2,450	2,450	1.5	5.7	
	Matsuya Residence Sekime	Osaka city, Osaka	2,120	2,120	1.3	5.2	
	Urban Plaza Imazato	Osaka city, Osaka	985	985	0.6	5.4	
	Abode Yoyogi Parkside	Shibuya-ward, Tokyo	1,740	1,740	1.0	3.8	
		Subtotal		25,748	28,535	15.4	4.9
	Logistics	Iwatsuki Logistics	Saitama city, Saitama	6,942	7,310	4.2	4.8
Yokohama Logistics		Yokohama city, Kanagawa	3,560	4,170	2.1	5.7	
Funabashi Logistics		Funabashi city, Chiba	7,875	8,650	4.7	5.3	
Baraki Logistics		Ichikawa city, Chiba	4,700	4,850	2.8	4.3	
Tokorozawa Logistics		Tokorozawa city, Saitama	1,300	1,350	0.8	5.7	
Funabashi Nishiura Logistics I		Funabashi city, Chiba	3,000	3,020	1.8	5.1	
Funabashi Nishiura Logistics II		Funabashi city, Chiba	821	850	0.5	7.0	
Matsubushi Logistics		Kita-Katsushika-gun, Saitama	2,755	2,860	1.7	5.5	
Funabashi Hi-Tech Park I		Funabashi city, Chiba	1,710	1,710	1.0	6.5	
Funabashi Hi-Tech Park II		Funabashi city, Chiba	701	701	0.4	6.8	
	Subtotal		33,364	35,471	20.0	5.2	
Hotel	R&B Hotel Umeda East	Osaka city, Osaka	2,069	2,320	1.2	5.5	
	Smile Hotel Namba	Osaka city, Osaka	1,750	1,490	1.0	4.3	
	Best Western Tokyo Nishi-Kasai	Edogawa-ward, Tokyo	3,827	3,750	2.3	4.4	
	Best Western Yokohama	Yokohama city, Kanagawa	3,248	3,250	1.9	4.6	
	Hotel WBF Fukuoka Tenjin Minami	Fukuoka city, Fukuoka	1,970	2,000	1.2	4.6	
	GLANSIT Akihabara	Chiyoda-ward, Tokyo	2,500	2,520	1.5	3.9	
	Best Western Tokyo Nishikasai Grande	Edogawa-ward, Tokyo	3,180	3,210	1.9	4.0	
	Hotel WBF Art Stay Namba	Osaka city, Osaka	2,000	1,970	1.2	4.3	
		Subtotal		20,544	20,510	12.3	4.4

Appendix④

Portfolio List

Asset type	Office	Office	Office	Office	Office	Office
Property name	Minami-Azabu Shibuya Building	Honmachibashi Tower	Nishi-Shinjuku Matsuya Building	Shibuya MK Building	Asahi Building	Hakata-eki East Place
						
Acquisition price	2,973 million yen	6,065 million yen	1,763 million yen	2,042 million yen	6,320 million yen	2,286 million yen
Appraisal value	3,070 million yen	6,960 million yen	2,510 million yen	3,260 million yen	7,840 million yen	2,590 million yen
Structure/Floors	SRC B1/7F	S/SRC B1/21F	SRC B1/9F	S 6F	S/SRC B2/12F	SRC 9F
Location	Minato Ward, Tokyo	Osaka City, Osaka	Shibuya Ward, Tokyo	Shibuya Ward, Tokyo	Yokohama City, Kanagawa	Fukuoka City, Fukuoka
Lot area	766.11 m ² (Leasehold)	1,274.37 m ²	589.94 m ² (surface right)	620.42 m ² (of which 2.62 m ² leasehold)	1,096.86 m ²	1,129.86 m ²
Total floor areas	4,137.21 m ²	15,407.83 m ²	5,117.80 m ²	1,982.86 m ²	12,353.83 m ²	6,243.13 m ²
Construction completion	June 15, 1993	February 8, 2010	May 28, 1987	July 31, 1993	November 25, 1994	February 24, 1986
Property Features	<ul style="list-style-type: none"> ● Located in Minami-Azabu, a well-known, high-class residential area that is also home to embassies of various countries. ● In addition to access by train, the area is well served by bus routes and provides convenient access to various locations within central Tokyo. ● The area is highly appealing to companies in fashion, mass media, and IT-related fields. 	<ul style="list-style-type: none"> ● Located in the Yodoyabashi / Hommachi area, one of Osaka's leading office districts. ● Situated near facilities such as the Osaka Chamber of Commerce and Industry, MyDome Osaka, and City Plaza Osaka, the area has a high concentration of office buildings. ● The residences on the upper floors of the building offer excellent views overlooking landmarks such as Osaka Castle. 	<ul style="list-style-type: none"> ● Located in the Nishi-Shinjuku area, which has a high concentration of office buildings. ● In addition to access by train, the area is well served by bus routes and provides convenient access to various locations within central Tokyo. ● The property is expected to attract strong demand from affiliated companies of tenants of large-scale buildings located in Shinjuku sub-center or its surrounding area. 	<ul style="list-style-type: none"> ● Located in the Shibuya area, one of Japan's leading commercial districts, the property has a strong appeal for fashion and IT-related companies. ● Following the completion of the Shibuya Station area redevelopment project, further development is expected going forward. 	<ul style="list-style-type: none"> ● Located in the Yokohama Station West Exit area where there is a high concentration of commercial and office buildings. ● The floors can be subdivided into smaller spaces, enabling the building to flexibly accommodate demand from branch offices of companies in various fields. ● With the completion of the Yokohama Station area redevelopment project and the Excite Yokohama 22 project, further development is expected going forward. 	<ul style="list-style-type: none"> ● Located in the Hakata Station East area, which has a higher concentration of offices after the completion of redevelopment projects in front of the station. ● Even more vitalization is expected for the Fukuoka (Hakata) area with the start of "Tenjin Big Bang Project" and the extension of some Fukuoka City Subway lines.

Appendix④

Portfolio List

Asset type	Office	Office	Office	Office	Office	Office
Property name	Nihonbashi Hamacho Park Building	Amusement Media Gakuin Honkan	Higashi Kobe Center Building	Amusement Media Gakuin Shinkan	Seishin BLDG.	NK BLDG.
						
Acquisition price	1,450 million yen	2,580 million yen	7,440 million yen	1,020 million yen	10,700 million yen	5,350 million yen
Appraisal value	1,550 million yen	2,690 million yen	7,520 million yen	1,160 million yen	10,700 million yen	5,350 million yen
Structure/Floors	SRC 11F	SRC S 8F/B1F	SRC 14F	RC 7F	SRC 10F/1B	SRC 10F/1B
Location	Chuo Ward, Tokyo	Shibuya Ward, Tokyo	Kobe City, Hyogo	Shibuya Ward, Tokyo	Shinjuku Ward, Tokyo	Chiyoda Ward, Tokyo
Lot area	319.04 m ² (Multiplied by the share ratio of holding the property)	433.21 m ²	8,488.11 m ²	203.43 m ²	886.93m ²	590.72m ²
Total floor areas	2383.76 m ² (Multiplied by the share ratio of holding the property)	1,892.18 m ²	25,740.46 m ²	913.71 m ²	7,624.66m ²	4,994.70m ²
Construction completion	July 13, 1992	November 2, 1994	January 6, 1992	January 25, 1999	March 31, 1989	October 28, 1991
Property Features	<ul style="list-style-type: none"> • Located in Nihonbashi Hamacho area, allowing easy access to major business areas in Central Tokyo and use of various railways. • A number of major companies have their head offices in this area, as it is a very attractive area for companies in various fields and of various sizes. • Further development of the area is expected considering that it not only has characteristics of an office area, but also has characteristics of residential and tourism areas. 	<ul style="list-style-type: none"> • Stable revenue is expected since a vocational school has rented the entire building for many years since the completion. • The building is appealing to companies as the property is located in an office area with many foreign-affiliated companies and IT-related firms as well as companies in the creative sector such as advertising and content creation firms. • Further development of the area is expected considering that it is not only an office area, but also has elements of residential and tourism areas. 	<ul style="list-style-type: none"> • Provides convenient access to office and commercial areas since the building is centrally located between Osaka and Kobe, with an 11-minute ride to Sannomiya Station and 17-minute ride to Osaka Station from Settsu Motoyama, the closest station to the property. • There is parking space for 180 cars on the premises and for 112 cars off the premises, which is very appealing to a wide range of retail tenants, particularly stores seeking to attract customers. 	<ul style="list-style-type: none"> • Stable revenue is expected since it has the same tenant as that of Amusement Media Gakuin Honkan. • The building is appealing to companies as the property is located in an office area with many foreign-affiliated companies, IT-related firms as well as companies in the creative sector such as advertising and content creation firms. • Further development of the area is expected considering that it is not only an office area, but also has elements of residential and tourism areas. 	<ul style="list-style-type: none"> • Located 2 minutes walk from "Shinjuku-3-chome" Station on the Tokyo Metro Marunochi Line, Fukutoshin Line and Toei Shinjuku Line, this property has easy access to the center of Tokyo and transportation facilities and links. • Being situated along a main road, it benefits from excellent visibility. The area surrounding the property is a commercial area with mid-to-high rise store and office buildings, etc. extending along Shinjuku-Dori. • The property has a standard floor rental space area of approximately 180 tsubo which is partitionable. 	<ul style="list-style-type: none"> • Situated about a 1 minute walk from "Iwamotocho" Station on the Toei Shinjuku Line in close proximity to the nearest train station and with several travel lines at its disposal running through "Kanda" Station, "Akihabara" Station and "Awajicho" Station all located within walking distance, this property offers excellent access to transportation services and links. • Also, being located along Yasukuni-Dori, it benefits from excellent visibility. • The property has a standard floor area of approximately 110 tsubo.

Appendix④

Portfolio List

Asset type	Office	Office	Office	Office	Office	Office
Property name	Tsukasamachi BLDG.	Takadanobaba Access	Azabu Amerex BLDG.	Hiei-Kudan BLDG.	Shin-Yokohama Nara BLDG.	The Portal Akihabara
						
Acquisition price	4,610 million yen	4,000 million yen	2,770 million yen	2,430 million yen	2,300 million yen	1,510 million yen
Appraisal value	4,610 million yen	4,000 million yen	2,770 million yen	2,430 million yen	2,300 million yen	1,510 million yen
Structure/Floors	SRC 8F/1B	SRC 14F/1B	SRC 8F/1B	SRC S 11F/1B	S RC 1F/1B	SRC S 8F
Location	Chiyoda Ward, Tokyo	Shinjuku Ward, Tokyo	Minato Ward, Tokyo	Chiyoda Ward, Tokyo	Yokohama City, Kanagawa	Chiyoda Ward, Tokyo
Lot area	709.52㎡	930.70㎡	601.71㎡	478.27㎡ (Multiplied by the share ratio of holding the property)	700.59㎡	184.76㎡
Total floor areas	4,629.27㎡	5,757.14㎡	2,909.80㎡	3,205.95㎡ (Multiplied by the share ratio of holding the property)	5,356.99㎡	1,010.67㎡
Construction completion	January 20, 1988	January 14, 1994	June 30, 1988	September 17, 1991	March 17, 1992	May 31, 2002
Property Features	<ul style="list-style-type: none"> Located approximately 3 minutes walk from "Awajicho" Station and in easy distance from the nearest train station and with several other lines at its disposal including "Ogawa-machi" Station and "Kanda" Station, this property offers excellent access to main areas in Tokyo City. The area surrounding the property is a commercial area with mid-to-high-rise office buildings and office buildings with stores, etc. extending behind the main road. This property's specs offer a rental space floor area per standard floor of approximately 140 tsubo. 	<ul style="list-style-type: none"> With "Nishiwaseda" Station on the Tokyo Metro Fukutoshin Line on its doorstep and "Takadanobaba", this property offers excellent access to Ikebukuro, Shinjuku-sanchome, Shibuya, Otemachi and other major areas in the heart of Tokyo city via any of these stations. The area surrounding the property is a mix of commercial and residential area with mid-to-high-rise condominiums and office buildings as well as low-rise stores. Each floor has an area of approximately 60 ~ 140 tsubo and is competitive as a rental property 	<ul style="list-style-type: none"> "Kamiya-Cho" "Roppongi 1-chome" "Azabu Juban" It is located in a commercial district within a 10 minute walk and has convenient access. It faces Gaien Higashi Dori and has good visibility. "First urban redevelopment project in Toranomon and Azabudai areas" is scheduled to be held in the neighborhood, which is expected to improve convenience. Each floor area is approximately 70 ~ 90 tsubo, making it competitive in leasing. 	<ul style="list-style-type: none"> It is located within walking distance "Ichigaya Station", which can be used from 4 different train lines, and has convenient access. It is located right in front of Yasukuni Shrine and has good visibility as it faces Yasukuni Street. located in an area of an office building where other schools and stores are located Each floor has an area of 90 tsubo, making it competitive in terms of leasing. 	<ul style="list-style-type: none"> Located in the Shin-Yokohama business district, a concentration of offices, it is within walking distance of Shin-Yokohama Station and has convenient transportation. located in a commercial area crowded with mid-to-high-rise office buildings and shops and hotels The area of each floor is approximately 120 tsubo, which makes it competitive in terms of leasing. 	<ul style="list-style-type: none"> The property is within walking distance of Bakurocho Station, Asakusabashi Station, and Akihabara Station. Renovation works were completed on all floors of the property in 2019. Each floor is 30 ~ 40 tsubo and is a small office building suitable for start-up companies.

Appendix④

Portfolio List

Asset type	Retail	Retail	Retail	Retail	Residence	Residence
Property name	La Park Kishiwada	Suroy Mall Chikushino	Seiyu Minakuchi	Suroy Mall Nagamine	Urban Park Azabujuban	Urban Park Daikanyama
						
Acquisition price	5,600 million yen	6,920 million yen	3,310 million yen	3,800 million yen	2,045 million yen	6,315 million yen
Appraisal value	5,600 million yen	6,920 million yen	3,310 million yen	3,800 million yen	2,480 million yen	8,240 million yen
Structure/Floors	RC S 3F	S 2F	S 4F	S 1F 2F	SRC with slate roofing B1/12F	1: RC, B1/3F 2: RC, B1/9F
Location	Kishiwada City, Osaka	Chikushino City, Fukuoka	Koka City, Shiga	Kumamoto City, Kumamoto	Minato Ward, Tokyo	Shibuya Ward, Tokyo
Lot area	39,799.74㎡	96,101.96㎡ (There is also 25,321.5㎡ of land leased for use in the parking lot)	19,917.56㎡ (Land in 16,444.53㎡ is leased)	28,546.00㎡	417.67 m ²	2,469.06 m ²
Total floor areas	65,663.02㎡	31,086.23㎡	31,829.71㎡	13,130.23㎡	2,564.94 m ²	8,261.29 m ²
Construction completion	August 30, 1994	June 22, 2007	May 31, 1999	August 23, 2007	November 29, 1999	1: November 15, 1982 2: May 30, 2006
Property Features	<ul style="list-style-type: none"> ● Located approximately 3 minutes walk from "Haruki" Station on the Nankai Electric Railway Main Line and situated in good proximity from the nearest train station. ● The property includes approximately 80 tenants ranging from various speciality stores to outlets of household goods and necessities, entertainment facilities including numerous restaurants and a ten-pin bowling alley as well as a sports club resulting in a tenant mix which can secure demand over a wide age range. 	<ul style="list-style-type: none"> ● It is located in a bed town "Tsukushi-no-ichi" with good access to the center of Fukuoka, and there are many mid- to high-rise and low-rise houses behind. ● The property accommodates a wide range of tenants and is able to meet the diverse needs of customers. ● With each building advantageously positioned on the premises, it benefits from excellent visibility from the Japan National Route 3 which it faces. 	<ul style="list-style-type: none"> ● It is within walking distance of the nearest station, and is located in a commercial area along the main road where large commercial facilities and public facilities line the street. ● Neighborhood type commercial facility consisting mainly of tenants for daily necessities such as food ● It has a high level of entertainment and easy access to transportation, so it is possible to attract customers from the surrounding area. 	<ul style="list-style-type: none"> ● It is located in an area where shops, condominiums, factories and medical facilities coexist in Kumamoto City. It faces a city road with a lot of traffic and there is a parking lot so it can expect visitors from the surrounding area. ● Neighborhood commercial complex consisting of food supermarkets, clothing stores, sports clubs, and medical facilities. 	<ul style="list-style-type: none"> ● Located in Azabu-Juban, an area with an elegant image that also boasts popular appeal. ● In addition to a stately tiled facade, the property is fully equipped with premium household facilities. ● Adjacent to the Roppongi area, a leading shopping spot in central Tokyo. 	<ul style="list-style-type: none"> ● Located in the Daikanyama area, which produces the latest trends. ● In addition to a stately tiled facade, the property is fully equipped with premium household facilities. ● Adjacent to the Shibuya and Ebisu areas, which are leading shopping spots in central Tokyo.

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Portfolio List

Asset type	Residence	Residence	Residence	Residence	Residence	Residence
Property name	Urban Park Namba	Urban Park Gokokuji	Urban Park Kashiwa	Urban Park Ryokuchi-koen	Urban Park Koenji	Urban Park Ichigao
						
Acquisition price	1,490 million yen	1,460 million yen	1,186 million yen	1,550 million yen	1,167 million yen	1,810 million yen
Appraisal value	1,650 million yen	1,530 million yen	1,190 million yen	1,620 million yen	1,180 million yen	1,850 million yen
Structure/Floors	RC 14F	RC B1F/5F	SRC B1F/8F	RC 8F	RC 4F	RC SF/1B
Location	Osaka City, Osaka	Toshima Ward, Tokyo	Kashiwa City, Chiba	Suita City, Osaka	Suginami Ward, Tokyo	Yokohama City, Kanagawa
Lot area	670.39 m ²	942.66 m ² (Of which, 50.85 m ² is contributed to Toshima Ward as road)	1,597.85 m ²	2,804.56 m ²	988.26 m ²	1,758.84m ²
Total floor areas	2,776.87 m ²	2,451.72 m ²	4,243.71 m ²	5,854.64 m ²	1,524.34 m ²	5,243.85m ²
Construction completion	January 9, 2013	February 28, 1990	August 28, 1997	March 10,1989	October 13, 1987	July 10, 1998
Property Features	<ul style="list-style-type: none"> • Located near Namba, one of Osaka's leading commercial areas. • In addition to an elegant facade, the building is fully equipped with premium household facilities. • The influx of population into central Osaka due to the impact of strong in-bound demand has had a stabilizing effect on occupancy rates. 	<ul style="list-style-type: none"> • Located in an area with strong demand from various tenant groups for single-type residences, due to the location characteristics of having concentration of universities and junior colleges as well as Toshima ward having a relatively high ratio of single households. 	<ul style="list-style-type: none"> • Located in the Kashiwa area, a leading bed town in Chiba, with an excellent access to Central Tokyo. • Further medium- to long-term growth is expected in the area, with completion of various redevelopment plans in front of Kashiwa Station. 	<ul style="list-style-type: none"> • Located in the Ryokuchi-koen area, with good traffic accessibility, providing a lush greenery living environment such as "Hattori Ryokuchi-koen". • Popular residential area primarily for families since it is located in the Hokusetsu area, which has a high level of education. • Appealing primarily for families since some of the units have been renovated and since it is equipped with substantial grade household equipment. 	<ul style="list-style-type: none"> • Located in the Koenji area, which allows for easy access to major areas in the Tokyo metropolitan area. • With many shopping areas, discount supermarkets, restaurants and pubs, having a high appeal to young single-person households of business person and students. • Very popular residential area with its own unique culture, which can be seen in its cafes, vintage clothing shops, and clubs with live music, among other locations. 	<ul style="list-style-type: none"> • There are many quiet residential areas around the station, "Ichigao", and demand from families has been firm due to the convenience of transportation to central Tokyo and central Yokohama. • Consists of 62 units, ranging from 2LDK to 3LDK (area: 62.36m²~79.76m²), targeted at families

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Portfolio List

Asset type	Residence	Residence	Residence	Residence	Residence	Logistics
Property name	Urban Park Gyotoku	Shiroi Logiman	Matsuya Residence Sekime	Urban Plaza Imazato	Abode Yoyogi Parkside	Iwatsuki Logistics
						
Acquisition price	1,430 million yen	2,450 million yen	2,120 million yen	985 million yen	1,740 million yen	6,942 million yen
Appraisal value	1,500 million yen	2,450 million yen	2,120 million yen	985 million yen	1,740 million yen	7,310 million yen
Structure/Floors	SRC 10F	RC 13F	SRC 15F	RC 10F	RC 8F	Steel construction, zinc plated steel roofing, 5 floors
Location	Ichikawa City, Chiba	Shiroi City, Chiba	Osaka City, Osaka	Osaka City, Osaka	Shibuya Ward, Tokyo	Saitama City, Saitama
Lot area	1,122.57㎡	11,485.06㎡ (Multiplied by the share ratio of holding the property)	2,346.39㎡	1,803.70㎡	464.09㎡	15,623.14 m ²
Total floor areas	3,301.89㎡	22,448.08㎡ (Multiplied by the share ratio of holding the property)	8,190.11㎡	4,862.83㎡	1,418.03㎡	29,729.72 m ²
Construction completion	March 1, 1995	May 9, 1995	August 18, 1989	December 20, 1991	September 4, 2017	October 29, 2014
Property Features	<ul style="list-style-type: none"> • Otemachi and Nihonbashi are within 20 minutes from the "Nangyōtoku" station, which is the nearest station. Demand is expected from a wide range of people, mainly families, from DINKS to single. • All 40 units have 3DK floor plans (Area: 58.43㎡). 	<ul style="list-style-type: none"> • Located in an area where supermarkets and home centers are located • Since the building was built for sale, the level of facilities is high and the common area is substantial. • Composed of family housing units (Area of about 70 ~ 90㎡) 	<ul style="list-style-type: none"> • Located within a 6 minutes walking distance from "Sekime-Takadono" Station on the Tanimachi Line and approximately a 7 minutes walking distance from "Sekime" Station on the Keihan Main Line and "Sekime Seiku" Station on Osaka Municipal Subway's Imazato Sujisen Line. • The area surrounding the property is primarily the National Route 163, making it an excellent property in terms of lifestyle convenience. • The property is further enhanced by its security additions, offering specs which factor in tenants' needs. 	<ul style="list-style-type: none"> • 5 minutes' walk from Kintetsu Osaka Line "Imazato" Station, 7 minutes' walk from Sennichimae Line "Kōji Station", convenient access • Conveniently located in the vicinity of the nearest station is a supermarket, etc. • Composed of family housing units (Area: 60㎡ ~ 70㎡) 	<ul style="list-style-type: none"> • 5-minute walk from Yoyogi Station: close and convenient for transportation. • Located in a mixed commercial and residential area on the north side of Yoyogi Park and Meiji Jingu Shrine. • Consists of 28 units for singles and small families • Buildings and structures completed in 2017 	<ul style="list-style-type: none"> • Located in the Iwatsuki area, which offers access to the central Tokyo, northern Kanto, and Tohoku areas. • Equipped with specifications that offer a high level of versatility, such as the vehicle berths, floor height, and column interval. • The property is situated in a zone of Saitama City that offers incentives for logistics facilities and therefore benefits from considerable government support.

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Portfolio List

Asset type	Logistics	Logistics	Logistics	Logistics	Logistics	Logistics
Property name	Yokohama Logistics	Funabashi Logistics	Baraki Logistics	Tokorozawa Logistics	Funabashi Nishiura Logistics I	Funabashi Nishiura Logistics II
						
Acquisition price	3,560 million yen	7,875 million yen	4,700 million yen	1,300 million yen	3,000 million yen	821 million yen
Appraisal value	4,170 million yen	8,650 million yen	4,850 million yen	1,350 million yen	3,020 million yen	850 million yen
Structure/Floors	RC 8F	Building 1: Steel construction, flat roof, zinc-plated steel roofing, 8 floors Building 2: RC	RC S 5F	S 2F	R 2F	R 4F
Location	Yokohama City, Kanagawa	Funabashi City, Chiba	Ichikawa City, Chiba	Tokorozawa City, Saitama	Funabashi City, Chiba	Funabashi City, Chiba
Lot area	10,565.95 m ²	19,858.00 m ²	6,240.96 m ²	8,645.63 m ²	7,142.00 m ²	3,964.00 m ²
Total floor areas	18,387.89 m ² (including 256.15 m ² break areas etc.)	38,871.45 m ² (two buildings combined)	12,471.50 m ²	5,994.75 m ²	14,018.82 m ²	6,316.32 m ²
Construction completion	October 1, 1994	1: September 25, 1992 2: August 5, 1997	August 14, 2015	April 30, 1999	October 11, 1985	Warehouse: Mar. 20, 1991 Plant: May 15, 1972 Office: May 13, 1986
Property Features	<ul style="list-style-type: none"> ● Located in the Yokohama bay area, where there are many logistics facilities. ● Equipped with specifications that offer a high level of versatility, such as vehicle berths, floor height, and column interval. ● In addition to accessing Central Tokyo, it is possible to access the wider Tokyo area thanks to the opening of the Shinagawa section of the Shuto Expressway Central Circular Route. 	<ul style="list-style-type: none"> ● Located in the Chiba bay area, where there are many logistics facilities. ● Equipped with specifications that offer a high level of versatility, such as vehicle berths, floor height, and column interval. ● In addition to accessing Central Tokyo, it is possible to access the wider Tokyo area thanks to the opening of the Tokyo Gaikan Expressway. 	<ul style="list-style-type: none"> ● A multi-tenant logistics facility located near the Wangan Ichikawa IC of the East Kanto Expressway. ● Enjoys good access to Central Tokyo as well as the consumption areas throughout Chiba, allowing tenants to respond to the needs of e-commerce operators. ● Located within approx. 5-minute walk from Futamata-Shinmachi station on the JR Keiyo Line, allowing for securement of employees. ● Property with highly versatile specifications, including one passenger elevator, two freight elevators, a floor height of approx. 6.5 m and a pillar span of approx. 9 m-11 m. 	<ul style="list-style-type: none"> ● A multi-tenant logistics facility used also as a warehouse, located around 8.7 km from the Tokorozawa IC on the Kan-Etsu Expressway. ● Good access to Central Tokyo, and also capable of covering a wide range of destinations for consumption in the Tokyo Metropolitan area with the opening of the Gaikan Expressway and the Metropolitan Inter-City Expressway. ● Property with highly versatile specifications, including two freight elevators, a floor height of approx. 5.5 m-6.0 m, and a pillar span of approx. 9.5 m. 	<ul style="list-style-type: none"> ● Appealing from a standpoint of securing workforce, as it is conveniently located in the Chiba Bay area, where there are many logistics facilities, and it is located at 1.4km from the closest train station. ● In addition to access to Central Tokyo, the location allows easy access to wide range of areas throughout Tokyo via partial opening of the Gaikan Expressway. ● The facility is provided with highly versatile specifications such as high-ceiling floors and a pillar span. 	<ul style="list-style-type: none"> ● Appealing from a standpoint of securing workforce, as it is conveniently located in the Chiba Bay area, where there are many logistics facilities, and it is located at approx. 1.1km from the closest train station. ● In addition to access to Central Tokyo, the location allows easy access to wide range of areas throughout Tokyo via partial opening of the Gaikan Expressway. ● The facility is provided with highly versatile specifications such as high-ceiling floors and a pillar span.

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Portfolio List

Asset type	Logistics	Logistics	Logistics	Hotel	Hotel	Hotel
Property name	Matsubushi Logistics	Funabashi Hi-Tech Park Factory I	Funabashi Hi-Tech Park Factory II	R&B Hotel Umeda East	Smile Hotel Namba	Best Western Tokyo Nishi-kasai
						
Acquisition price	2,755 million yen	1,710 million yen	701 million yen	2,069 million yen	1,750 million yen	3,827 million yen
Appraisal value	2,860 million yen	1,710 million yen	701 million yen	2,320 million yen	1,490 million yen	3,750 million yen
Structure/Floors	RC 3F	S 2F	S 2F	RC 9F	S 9F	SRC B1F/9F
Location	Kita-Katsushika-gun, Saitama	Funabashi City, Chiba	Funabashi City, Chiba	Osaka City, Osaka	Osaka City, Osaka	Edogawa Ward, Tokyo
Lot area	11,580.65 m ²	13,420.44m ²	8,268.35m ²	730.26 m ²	285.28 m ²	1,418.00 m ²
Total floor areas	19,833.47 m ²	7,813.65m ²	4,384.83m ²	3,945.65 m ²	1,711.42 m ²	5,293.88 m ²
Construction completion	March 31, 1997	May 19, 2003	September 5, 2001	October 20, 2000	February 6, 2008	March 19, 1991
Property Features	<ul style="list-style-type: none"> ● Located in Matsubushi area, with easy access to nearby areas such as Saitama Prefecture and Chiba Prefecture, in addition to Kita-Kanto, Joban, and Tohoku areas. ● Provided with versatile specifications, such as loading berths, cargo elevators, high-ceilinging, and a pillar span. ● Back ups from the local government through activities by Saitama Prefecture to attract companies (the "Chance Maker Saitama Strategy"). 	<ul style="list-style-type: none"> ● It is located in the "Funabashi High Tech Park", an inland industrial park, which holds factories and warehouses. ● It is close to National Route 16 and has good access with a distance of 30 km between downtown Tokyo and Narita Airport. ● Located at the corner of a 16m road and a 12m road. ● The building has a total floor space of approximately 2,400 tsubo and functions sufficiently as a production base for products. 	<ul style="list-style-type: none"> ● It is located in the "Funabashi High Tech Park", an inland industrial park, which holds factories and warehouses. ● It is close to National Route 16 and has good access with a distance of 30 km between downtown Tokyo and Narita Airport. ● Located at the corner of a 12m road and a 12m road. 	<ul style="list-style-type: none"> ● Located near Umeda, one of Osaka's leading office and commercial areas. ● With over 200 single-occupancy rooms, the hotel is able to accommodate significant business- and tourism-based demand. ● Due to the impact of strong inbound demand in Osaka, further hotel demand is expected. 	<ul style="list-style-type: none"> ● Located near Namba, one of Osaka's leading commercial areas. ● In addition to excellent access to Namba, located near Kyocera Dome Osaka, addressing multiple business- and tourism-based demand. ● Due to the impact of strong inbound demand in Osaka, further hotel demand is expected. 	<ul style="list-style-type: none"> ● A business hotel located within approx. a 2-minute walk from Nishikasai Station of Tokyo Metro Tozai Line. ● Excellent location characteristics that can attract a fair amount of Tokyo Disney Resort-related leisure travelers, as it stands in a straight-line distance of approx. 4 km away from Tokyo Disney Resort. ● A hotel with great appeal to a variety of guests with various types of guest rooms depending on the intended use.

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Portfolio List

Asset type	Hotel	Hotel	Hotel	Hotel	Hotel
Property name	Best Western Yokohama	Hotel WBF Fukuoka Tenjin Minami	GLANSIT Akihabara	Best Western Tokyo Nishikasai Grande	Hotel WBF Art Stay Namba
					
Acquisition price	3,248 million yen	1,970 million yen	2,500 million yen	3,180 million yen	2,000 million yen
Appraisal value	3,250 million yen	2,000 million yen	2,520 million yen	3,210 million yen	1,970 million yen
Structure/Floors	SRC B1F/9F	RC 10F	SRC 10F/B1F	S 8F	RC9F
Location	Yokohama City, Kanagawa	Fukuoka City, Fukuoka	Chiyoda Ward, Tokyo	Edogawa Ward, Tokyo	Osaka City, Osaka
Lot area	782.66 m ²	543.94 m ²	167.74 m ²	657.00 m ²	335.31 m ²
Total floor areas	4,686.09 m ²	2,281.49 m ²	1,081.97 m ²	2,755.19 m ²	2,061.38 m ²
Construction completion	September 21, 1987	February 20, 2017	September 20, 2017	February 7, 2017	April 7, 2017
Property Features	<ul style="list-style-type: none"> ● A business hotel located within approx. 4-minute walk from "Tsurumi" Station on the JR Keihin Tohoku Line and a 3-minute walk from "Keikyu Tsurumi" Station on the Keihin Kyuko Line. ● Excellent location characteristics that can attract both business travelers and leisure travelers, as its location has good access to the major areas in Kanagawa including Yokohama and Kawasaki as well as to Haneda Airport. ● A hotel with great appeal to a variety of guests with various types of guest rooms depending on the intended use. 	<ul style="list-style-type: none"> ● The hotel is centrally located between Tenjin and Nakasu, thus it is expected to attract tourists and business guests. ● Demand for hotels is expected to increase with a rising number of passengers using the Fukuoka Airport and development of additional runways. ● Completed relatively recently in February 2017. 	<ul style="list-style-type: none"> ● Located in the Akihabara area, one of the largest tourism spots in Tokyo. ● Appealing to guests for the purpose of business and tourism as it is located in a highly convenient and flourishing area. ● Offers three types of capsules, attracting various customers. ● Completed relatively recently in September 2017. 	<ul style="list-style-type: none"> ● Located in the Nishi Kasai area, which provides the easy access to main business and tourism areas in Tokyo. ● The hotel flexibly responds to the needs of many business people and tourists as it provides various room types in accordance with purpose of use. ● Completed relatively recently in February 2016. 	<ul style="list-style-type: none"> ● Located in the Namba area, one of the largest commercial areas in Osaka. ● Good access from sightseeing spots and business district, thereby expected to meet huge business and tourism demand. ● Demand for hotels is expected to increase as inbound demand rises in Osaka. ● Completed relatively recently in April 2017.

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