

January 12, 2018

For Immediate Release

Real Estate Investment Trust Securities Issuer
Star Asia Investment Corporation
Representative: Atsushi Kato, Executive Director
(Code: 3468)

Asset Management Company
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Notice Concerning Acquisition of Real Estate Beneficiary Interests in Trust
and Lease Contract with New Tenants

Star Asia Investment Management Co., Ltd. (the “Asset Manager”), to which Star Asia Investment Corporation (“SAR”) entrusts the management of its assets, announces today its decision to acquire and lease real estate beneficiary interests in trust of the following six real estate properties (the “Assets to be Acquired” and the entire transaction to acquire and lease these beneficiary interests is referred to as the “Transactions”).

1. Overview of the Transactions

Type	Property no. (Note 1)	Property name	Location	Planned Acquisition price (mn yen) (Note 2)
Office	OFC-10	Nihonbashi Hamacho Park Building	Chuo-ku, Tokyo	1,450
Residence	RSC-08	Urban Park Ryokuchi Koen (Note 3)	Suita-shi, Osaka	1,550
Residence	RSC-09	Urban Park Koenji	Suginami-ku, Tokyo	1,167
Logistics	LGC-06	Funabashi Nishiura Logistics I	Funabashi-shi, Chiba	3,000
Logistics	LGC-07	Funabashi Nishiura Logistics II	Funabashi-shi, Chiba	821
Logistics	LGC-08	Matsubushi Logistics	Kitakatsushika-gun, Saitama	2,755
Total (6 properties)				10,743

Note: This press release does not in any way constitute any part of an offering of securities for investment. This press release has been prepared for the purpose of announcing to the public certain matters relating to the acquisition of real estate beneficiary interests in trust and lease contract with new tenants, and not for the purpose of soliciting any investment, within or outside of Japan. Additionally, this press release is not an offer of securities for sale in the United States. The securities referred to herein have not been, and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. No offering or sale of securities in the United States will be made in connection with the above-mentioned transactions. This press release is not for publication, distribution or release, directly or indirectly in or into the United States of America.

(Note 1) As for “Property no.”, please refer to “3. Description of Assets to be Acquired and Leased” below

(Note 2) “Planned acquisition price” indicates the planned sale and purchase price stated in the sale and purchase agreement for the assets to be acquired, rounded to the nearest million yen. The planned sale and purchase price does not include consumption tax, local consumption tax and various expenses required for the acquisition.

(Note 3) Property name will be promptly changed to “Urban Park Ryokuchi Koen” after the acquisition from “Cradle Ryokuchi Koen” as of today.

- (1) Contract date : January 12, 2018 ^(Note 4)
- (2) Planned acquisition date : February 2, 2018 (delivery and settlement date)
- (3) Sellers : Please refer to “4. Seller Profile” below.
- (4) Acquisition financing : Proceeds from the issuance of new investment units through public offering (Primary offering) for which resolution was made at the Board of Directors meeting of SAR held on January 12, 2018, new borrowings and cash on hand^(Note 5).
- (5) Settlement method : Payment of entire amount on planned acquisition date.

(Note 4) For Nihonbashi Hamacho Park Building, on January 12, 2018, SAR executed an agreement on transfer of contractual status in which Star Asia Capital Japan Godo Kaisha (“SACJ Godo Kaisha”) agreed to transfer its status as a purchaser under the trust beneficial interest sale and purchase agreement for the property to SAR. Such transfer of contractual status to SAR is scheduled to take place on February 2, 2018 subject to the condition precedent that SAR will have obtained financing. Additionally, SAR plans to pay 1 million yen (exclusive of consumption tax) to SACJ Godo Kaisha on the Planned Acquisition Date as a consideration for such transfer of contractual status.

(Note 5) Please refer to “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced today for details.

2. Reason for the Acquisition and Leasing

SAR holds the investment policy of “prioritized focused investment in the Tokyo metropolitan area”, “continue 'income stability' and 'growth' through diversification of asset types”, “investment primarily in middle-sized assets”, and “Strategic investment in large-size assets exclusively in 5 central wards of Tokyo ^(Note)”. In line with this policy, SAR is aiming to realize a steady growth as a diversified REIT.

Through the Transactions, SAR aims to expand the asset size and diversify risks through the increase in the number of properties held, as well as mainly to ensure the stability and growth in medium to long-term profitability. Shown below are key reasons for the investment decision for each of the selected assets.

Furthermore, the tenants of the assets to be acquired satisfy the criteria for the selection of tenants stated in the “Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties” set by the Asset Manager on October 31, 2017.

(Note) 5 central wards of Tokyo means Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku and Shibuya-ku.

[Office]

(1) Nihonbashi Hamacho Park Building

Nihonbashi Hamacho Park Building is a multi-tenant office building, approx. 2-minute walk from

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Hamacho Station and approx. 5-minute walk from Bakuro-yokoyama Station of Toei Shinjuku Line, and is also located approx. 5-minute walk from Higashi-nihonbashi Station of Toei Asakusa Line and Ningyocho Station of both Toei Asakusa Line and Tokyo Metro Hibiya Line.

Nihonbashi Hamacho area, where the property is located, has good access to the major business areas in Central Tokyo and is convenient for commuters as they have many route options for commuting by trains. It is also an area of high concentration of offices where various major companies establish their headquarters. Thus, it has a high appeal to various types and sizes of companies. In addition, the area is expected to further develop into a mixed-up area with features not only of office district but also residential and sightseeing district.

In terms of the physical features, the property should satisfy the standards necessary for general tenants with its rich, tiled exterior as well as individual air-conditioning units, raised floors, etc.

SAR decided to acquire the property through a negotiated transaction through a unique network of the Asset Manager after determining that the acquisition would contribute to the stability of medium to long-term revenue and enhancement of the stability of the portfolio revenue as a result of comprehensive consideration on the characteristics of the location and property.

[Residence]

(2) Urban Park Ryokuchi Koen

Urban Park Ryokuchi Koen is a family type residential property, approx. 6-minute walk from Ryokuchi-Koen Station of Kita-Osaka Kyuko Namboku Line (“Namboku Line”).

It is located in the Ryokuchi-Koen area, which is highly convenient for commuting with direct access to major areas in Osaka (Shin-osaka, Umeda, Shinsaibashi, Namba, etc.) thanks to through-service between Namboku Line and Osaka Municipal Subway Midosuji Line, as well as good access to shinkansen (Shin-Osaka Station) and air transportation (Itami Airport). The area is a popular residential district, especially among family households, as it has an environment with abundant greenery, including Hattori Ryokuchi-koen and belongs to the region called Hokusetsu area having one of the highest education standards in Osaka.

In terms of physical features, some dwelling units were renovated and items of internal equipment are maintained at a certain grade.

As a result of comprehensive consideration on the characteristics of the location and property, SAR decided to acquire the property by using the Sponsor support after determining that the acquisition would contribute to the stability of medium to long-term revenue and enhancement of the stability of the portfolio revenue.

(3) Urban Park Koenji

Urban Park Koenji is a single-person residential property, approx. 4-minute walk from Koenji Station on

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JR Chuo Line.

It is located in the Koenji area and has an excellent access to major areas such as Shinjuku in Central Tokyo by taking JR Chuo Line and Soubu Line, and Tokyo Metro Tozai Line. As there are many shopping streets, full of shops including inexpensive supermarkets, restaurants, and Japanese taverns in front of Koenji Station, people could enjoy high convenience of living. The area is also known as the epicenter of Koenji's unique cultures through places such as cafes, second-hand clothing shops, and music clubs, so it is a popular residential district, especially among single-person households of young working adults and students.

In terms of physical features, the property maintains a certain level of grade for items of internal equipment as well as with the tiled facade.

SAR decided to acquire the property by utilizing the warehousing function of the Sponsor Group after determining that the acquisition would contribute to the stability of medium to long-term revenue and enhancement of the stability of the portfolio revenue as a result of comprehensive consideration on the characteristics of the location and property.

[Logistics]

(4) Funabashi Nishiura Logistics I

Funabashi Nishiura Logistics I is a multi-tenant logistics facility, approx. 2.0km to the southeast of the Wangan-Ichikawa Interchange ("IC") of the Higashi Kanto Expressway (the "Tokan-do") and approx. 4.8km northeast of the Chidoricho IC of the Metropolitan Expressway (the "Shutoko").

It has an excellent access to Central Tokyo as it is located within a radius of approx. 30km from Tokyo Station, as well as to both Haneda and Narita Airports, that allows it to meet the needs of airfreight logistics. In addition, its location at approx. 1.1km from the nearest station offers a great convenience to employees, thus the property has a high appeal to potential tenants.

In terms of the physical features, it is a highly versatile property that features four freight elevators, a floor height of approx. 6.1m – 6.3m, and a pillar span of approx. 6.3m – 6.8m.

SAR decided to acquire the property by using the Sponsor support after determining that the acquisition would contribute to the stability of medium to long-term revenue and enhancement of the stability of the portfolio revenue as a result of comprehensive consideration on the characteristics of the location and property.

(5) Funabashi Nishiura Logistics II

Funabashi Nishiura Logistics II is a multi-tenant logistics facility, approx. 1.7km to the east of the Wangan-Ichikawa IC of the Tokan-do and approx. 4.5km northeast of the Chidoricho IC of the Shutoko.

It has an excellent access to Central Tokyo as it is located within a radius of approx. 30km from Tokyo Station, as well as to both Haneda and Narita Airports, that allows it to meet the needs of airfreight

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logistics. In addition, its location at approx. 1.1km from the nearest station offers a great convenience to employees, thus the property has a high appeal to potential tenants.

In terms of the physical features, it is a highly versatile property that features four freight elevators, a floor height of approx. 6.0m – 7.0m, and a pillar span of approx. 7.2m – 8.7m.

SAR decided to acquire the property by using the Sponsor support after determining that the acquisition would contribute to the stability of medium to long-term revenue and enhancement of the stability of the portfolio revenue as a result of comprehensive consideration on the characteristics of the location and property.

(6) Matsubushi Logistics

Matsubushi Logistics is a multi-tenant logistics facility, approx. 12.0km from the Urawa IC on the Tohoku Expressway (the “Tohoku-do”), approx. 14.0km from the Nagareyama IC of the Joban Expressway (the “Joban-do”) and approx. 14.0km from the Soka IC on the Tokyo Outer Ring Road (the “Gaikan-do”).

The property’s connectivity to both Tohoku-do and Joban-do offers an excellent access to Kita-Kanto area, Joban area, and Tohoku area. In addition, the connectivity to the National Route 16 and Gaikan-do ensures the capability of speedy delivery service to the neighboring areas such as Saitama and Chiba prefecture. Good access to such a wide variety of areas surrounding it is the most distinguishing geographical feature of the property.

In terms of the physical features, it is a highly versatile property that features four freight elevators, a floor height of approx. 3.3m – 3.8m, and a pillar span of approx. 9.2m – 10.3m.

SAR decided to acquire the property by using the Sponsor support after determining that the acquisition would contribute to the stability of medium to long-term revenue and enhancement of the stability of the portfolio revenue as a result of comprehensive consideration on the characteristics of the location and property.

3. Description of Assets to be Acquired and Leased

Please refer to Table (1) – Table (6) below, for the detail of each of the assets to be acquired. For the terms used in the tables, please refer to below.

a. Explanation on “Property no.” and “Type”

Property Number column and Type column: Each asset to be acquired by SAR is categorized by use as OFC (office), RTL (commercial), RSC (residential), LGC (logistics), or HTL (hotel). Then, for each category, serial numbers are given to the assets in the category. In case of a property which could straddle two or more categories, it shall fall under the category from which the property generates the largest sum of assumed rent income.

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b. Explanation on "Overview of specified asset"

(a) "Planned Acquisition price" column: Herein is shown the acquisition price of the Assets to be Acquired as described in the purchase agreement of the Assets to be Acquired (excluding consumption taxes, local consumption taxes, and expenses necessary for the acquisition), after rounded to the nearest million yen.

(b) "Planned Acquisition Date" column: Herein is shown the planned MMDDYY of acquisition by SAR.

(c) "Location" column: Herein is shown the certified address in registry. "Address column": Herein is shown the postal address. If postal address is not available, registered address of the property (if there are two or more of them, one is selected) is shown.

(d) "Land" column:

(i) "Type of ownership" column: Herein is shown the type of right(s) held by respective trustee of the assets to be acquired.

(ii) "Site area" column: Herein is shown the land area as recorded in registry, unless otherwise noted. For this reason, it possibly might not be equal to the actual.

(iii) "Use district" column: Herein is shown the type of use in accordance with Article 8 , paragraph 1, item 1 of the Urban Planning Act (Act No.100 of 1968; including its amendments)("Urban Planning Act").

(iv) "Building coverage ratio" column and "Floor area ratio" column: Herein is shown the pertinent figure in each column in accordance with the relevant laws and regulations (the Building Standards Act, the Urban Planning Act, etc.).

(e) "Building" column:

(i) "Type of ownership" column: Herein is shown the type of right(s) held by respective trustee of the assets to be acquired.

(ii) "Total floor area" column: Herein is shown the sum total of floor areas as recorded in registry, unless otherwise noted. For this reason, it possibly might not be equal to the actual figure.

(iii) "Use" column: Herein is shown the registered use or, if multiple uses are registered the representative use from what are recorded in registry, it possibly might not be equal to the actual representative use. As for the building with compartmentalized ownership, the type of use for the exclusively owned space by SAR is shown.

(iv) "Construction completion" column: Herein is shown MMDDYY of the representative building first built as recorded in registry.

(v) "Structure and floors" column: Herein is shown the structure of the representative building, etc. as recorded in registry. It possibly might not be equal to the actual structure. As for the building with compartmentalized ownership, the structure and the number of floors for the entire building is shown.

(f) "Property management company" column: Herein is shown the name of the property management company ("PM Company"), to which property management operation is planned to be entrusted.

(g) "Master lease company" column: Herein is shown the name of the master lease company, to which master lease operation is planned to be entrusted, as of today.

c. Explanation on "Status of leasing"

(a) "Total leasable area" column: Herein is shown the sum total of leasable floor areas of buildings of the assets to be acquired (in case common space is also leased, area of that space is included in the total).

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The figure does not include the area of the land lots leasable for parking and other purposes. Leasable area is counted not from registry data but from area data as described in lease agreements or from area data as calculated by using the architectural drawings of the buildings, so it possibly might not be equal to the total floor area as recorded in registry. Please note that the source data for the column represent what were provided by the current owner(s) of the assets to be acquired as of October 31, 2017.

(b) "Total leased area" column: Herein is shown the sum total of the floor areas to be leased as described in lease agreement for each of the assets to be acquired as of October 31, 2017 out of the leasable area. The figure does not include the area of the land lots to be leased for parking and other purposes. Please note that the source data for the column represent what were provided by the current owner(s) of the assets to be acquired as of October 31, 2017.

(c) "Occupancy rate" column: Herein is shown the percentage of total floor area leased over the total leasable floor area of the assets to be acquired, after rounded to the first decimal place. Please note that the source data for the column represent what were provided by the current owner(s) of the assets to be acquired as of October 31, 2017.

(d) "Total number of tenants" column: Herein is shown the total number of tenants as confirmed with the lease agreements effective as of October 31, 2017 of the assets to be acquired. In case a specific tenant uses two or more rooms in one of the assets to be acquired, such tenant is counted only once for the asset. Also, in case a specific tenant signs lease agreements for rooms in two or more assets, the tenant shall be counted for each of the assets separately. In case a pass-through type of master lease agreement (a lease agreement in which the master lessee receives rent from end tenants and pay the same amount to the lessor) is executed for any of the assets to be acquired, total number of the actual tenants under the master lease agreement for the asset is shown herein.

(e) "Monthly rent (including common area maintenance fee)" column: Herein is shown the total of rent amounts as described in lease agreements with respective tenants as of October 31, 2017 (confined to room rents; excluding the charges for warehouses, sign boards and parking lots; but including the common service expenses; and free rent cases as of the same date are not considered), after rounded to the nearest thousand yen.

(f) "Security and guarantee deposits" column: Herein is shown the sum total of refundable deposits as required in lease agreements effective as of October 31, 2017 (only for the tenants who actually were in respective rooms at the time) of the assets to be acquired. In case master lease agreement is executed for any of the assets to be acquired, sum total of refundable deposits as described in the individual lease agreements with respective tenants is calculated to be shown in the column.

d. Explanation on "Special notations"

Special notation column: Herein is shown a description not only on the items considered material in relation to the involved rights and assumed uses but also on the appraisal value of, profitability of, and the other items considered material in relation to the disposability of the assets to be acquired.

e. Explanation on "Summary of real estate appraisal report"

(a) "Summary of real estate appraisal report" column: Herein is shown a summary of respective appraisal report, which was prepared either by Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute, or The Tanizawa Sogo Appraisal Co., Ltd. for the assets to be acquired.

(b) "Appraisal value" column: Herein is shown only the opinions on the value of respective property as of the date of appraisal, expressed by the appraiser who did the appraisal of the property, in accordance with the Act on Real Estate Appraisal (Act No.152 of 1963; including its amendments) and commonly

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accepted appraisal standards for real estate properties, etc.

(c) In case appraisal is once again undertaken for the same property, its result could be different from the previous result because appraiser and/or appraisal method and/or appraisal timing is different. Also, it is requested to note that any appraisal result for any property is not what guarantees or promises the actual tradability of the property at the appraised value whether for right now or for any moment in the future.

(d) Any one of Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute, or The Tanizawa Sogo Appraisal Co., Ltd. who conducted appraisal is an interested party of neither SAR nor the Asset Manager.

f. Explanation on “Property information and acquisition highlight based on the survey by the Asset Manager”

Herein is shown a description on the basic features and characteristics of each of the assets to be acquired as prepared by the Asset Manager from the appraisal report, market reports and from their own research, as well as a description on the background of its acquisition (if it is an acquisition from Sponsor Group, background story on the acquisition by the group is described; and if it is an acquisition from the Asset Manager’s own origination, background story on the sourcing is described). “<sponsor fund>” means an acquisition from the Sponsor Group, “<negotiated transaction>” means an acquisition from a third party on a negotiation basis, and “<warehousing>” means an acquisition utilizing the warehousing function of the Sponsor Group, respectively.

g. Explanation on “Demographic analysis etc., market analysis and independent analysis by the Asset Manager”

Herein is shown the result of the Asset Manager’s own market analysis based on the information from various real estate-specialized information providers and other publicly available information.

h. Explanation on “Comprehensive evaluation by SAR”

Herein is shown SAR’s independent comprehensive evaluation based on f. and g. above.

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(1) Nihonbashi Hamacho Park Building

Property no.	OFC-10	Property name	Nihonbashi Hamacho Park Building	Type	Office
Overview of specified asset					
Type of specified asset	Beneficiary interest in trust		Trustee	Sumitomo Mitsui Trust Bank, Limited	
Planned Acquisition price	1,450 million yen		Planned Acquisition Date	February 2, 2018	
Appraisal value	1,520 million yen		Seller	Domestic GK ^(Note 1)	
Location	2-8-1 Hamacho, Nihonbashi, Chuo-ku, Tokyo and other				
Indication of residential address	2-35-4 Hamacho, Nihonbashi, Chuo-ku, Tokyo				
Nearest station	Approx. 2-minute walk from Hamacho Station on Toei Shinjuku Line				
Land ^(Note 2)	Type of ownership	Proprietary ownership (Registered right of site: Approx. 58.4%)			
	Site area	319.04m ²	Use district	Commercial district	
	Building coverage ratio	80%	Floor area ratio	700%	
Building	Type of ownership	Proprietary ownership (Compartmentalized ownership)			
	Total floor area ^(Note 3)	2,384.03m ²	Use	Office	
	Construction completion	July 13, 1992	Structure and floors ^(Note 4)	Steel-framed reinforced concrete structure 11 floors above ground	
Property management company	Shimizu Comprehensive Development Corporation		Master lease company	SAR	
Trust period	End of February, 2028				
Security	Unsecured				
Status of leasing					
Total leasable area	1,911.84m ²		Total number of tenants	3	
Total leased area	1,911.84m ²		Monthly rent (including common area maintenance fee)	7,504 thousand yen	
Occupancy rate	100.0%		Security and guarantee deposits	64,280,268 yen	
Special notation					
The bylaws for the building provide that if a unit owner intends to assign their ownership of such unit, the other unit owners will have a preferential negotiation right.					

(Note 1) The information is undisclosed as consent to disclosure has not been obtained from the seller.

(Note 2) This building is in the form of compartmentalized ownership. The land on which the building is located (773.91m²) consists of (i) the portion subject to the right of site registered in the building registry (546.07m²) and (ii) the portion individually owned by the other unit owners (227.84m²). As such, the site area is calculated by multiplying (a) the registered area of the portion of the land referred to in (i) (546.07m²) by (b) the ratio of the right of site to the building subject to acquisition (31,904/54,607). As for the portion of the land referred to in (ii), the right of use has been established pursuant to the bylaws for the building.

(Note 3) Since this building is in the form of compartmentalized ownership, the total floor area is calculated by multiplying (a) the total floor area of the entire building (5,434.30m² (registered area of the whole building)) by (b) the ratio of the area of the exclusive element of the subject to acquisition (43.87%), after rounded to the second decimal place.

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(Note 4) While this building is in the form of compartmentalized ownership, the structure and the number of floors are indicated as those of an entire building structure. The floors subject to acquisition are the four floors from the fifth floor to the eighth floor of the building.

(Note 5) On January 12, 2018, SAR executed an agreement on transfer of contractual status in which SACJ Godo Kaisha agreed to transfer its status as a purchaser under the trust beneficial interest sale and purchase agreement for the property to SAR. Under such agreement, SAR agreed to pay one million yen to SACJ Godo Kaisha as a consideration for such transfer of contractual status.

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(unit:yen)

Summary of real estate appraisal report		
Property name	Nihonbashi Hamacho Park Building	
Appraisal value	1,520,000,000	
Appraisal firm	Daiwa Real Estate Appraisal Co., Ltd.	
Date of value	November 1, 2017	
Item	Details	Description, etc.
Indicated value by income approach	1,520,000,000	Estimated by emphasizing the indicated value by DCF method and verifying with the indicated value by direct capitalization method.
Indicated value by direct capitalization method	1,550,000,000	
(1) Operating revenue ((a)-(b))	92,299,872	
(a) Gross potential income	97,157,760	
(b) Vacancy loss, etc.	4,857,888	Appraised by taking into account the competitiveness of the subject real estate, etc. based on the actual vacancy rate of the subject real estate and the standard vacancy rate of similar real estate.
(2) Operating expenses	23,885,821	
Maintenance and management fee	0	Calculated in Other expenses as management fee according to the bylaw.
Utilities expenses	0	Fee for communal space is included in Other expenses, and exclusively owned space is not included as tenant owes.
Repair expenses	0	Included in Capital expenditures.
Property Management fee	1,569,098	Appraised by reference to the level of property management fee of similar real estate.
Tenant leasing cost, etc.	576,874	Appraised by reference to the tenant leasing cost, etc. of similar real estate.
Property taxes	8,572,600	Appraised based on actual data.
Insurance premium	273,641	Appraised by reference to the level of similar real estate.
Other expenses	12,893,608	Appraised based on the management fee, reserve fund for repairs, etc. in the bylaw.
(3) Net operating income (NOI=(1)-(2))	68,414,051	
(4) Financial interests on deposits	692,249	Appraised investment return as 1.0%.
(5) Capital expenditures	2,337,729	Appraised by deducting the reserve fund for repairs of other expenses from the repair and renewal expense on the ER.
(6) Net cash flow (NCF=(3)+(4)-(5))	66,768,571	
(7) Capitalization rate	4.3%	Appraised based on comparison with past deals for similar real estate as the standard method.
Indicated value by DCF method	1,500,000,000	
Discount rate	4.1%	Appraised based on a combination of the method of comparing with past deals for similar real estate and the method of reflecting the characteristics of the real estate to the capitalization rate of the financial asset.
Terminal capitalization rate	4.5%	Appraised based on capitalization rate and comprehensively taking into account the uncertainty of the market.
Indicated value by cost approach	1,470,000,000	Estimated by making depreciation adjustment to replacement cost.
Ratio of land	84.2%	
Ratio of building	15.8%	
Matters considered in reconciliation of indicated values and determination of appraisal value	Determined using the indicated value by income approach as standard and by reference to the indicated value by cost approach.	

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Property information and acquisition highlight based on the survey by the Asset Manager

(1) Property information

- A multi-tenant office building, approx. 2-minute walk from Hamacho Station and approx. 5-minute walk from Bakuro-yokoyama Station of Toei Shinjuku Line, and is also located approx. 5-minute walk from Higashi-nihonbashi Station of Toei Asakusa Line and Ningyocho Station of both Toei Asakusa Line and Tokyo Metro Hibiya Line.
- The property has a good access to the major business areas in Central Tokyo and is convenient for commuters as they have many options for commuting routes by trains.
- Nihonbashi Hamacho area has a high concentration of offices where various major companies establish their headquarters, which let it has a high appeal to various types and sizes of companies. In addition, the area is expected to further develop into a mixed-up area with features not only of office district but also residential and sightseeing areas.
- The property should satisfy the standards necessary for general tenants with its rich, tiled exterior as well as individual air-conditioning units, raised floors, etc.

(2) Acquisition highlight

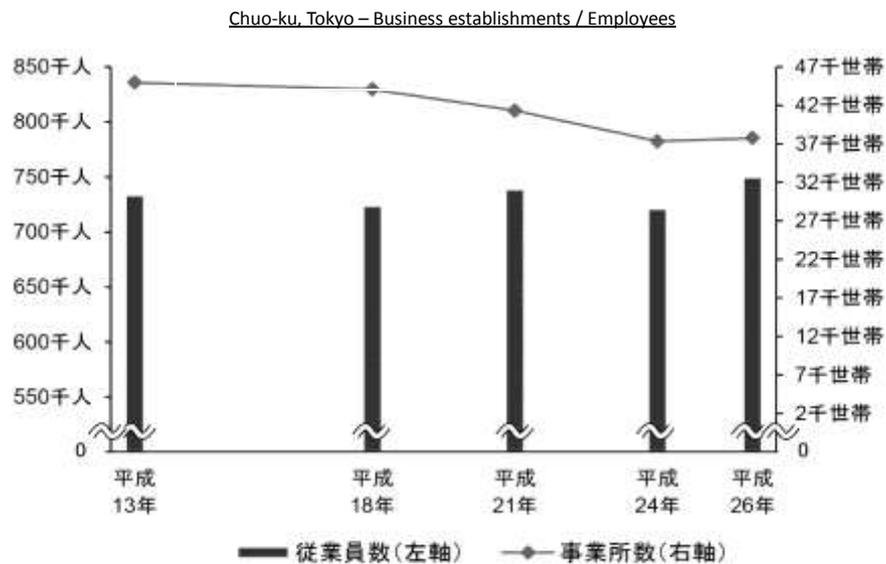
The property will be acquired through a negotiated transaction by using property information obtained from a unique network of the Asset Manager (<negotiated transaction>).

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Demographic analysis etc., market analysis and independent analysis by the Asset Manager

(1) Demographic analysis etc.

Although the number of employees in Chuo-ku had generally been flat between 2001 and 2012, it started to increase since 2014. The number of offices also slightly increased in 2014. The Asset Manager believes these numbers will remain stable and steady.



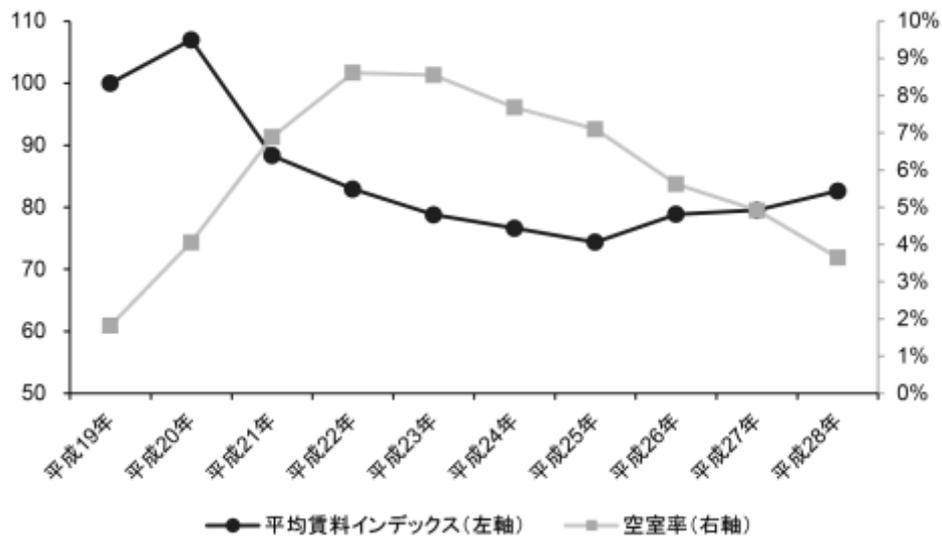
*Source: Prepared by the Asset Manager based on “2014 Economic Census for Business Frame”, “2012 Economic Census for Business Frame”, “2009 Economic Census for Business Frame”, “2006 Establishment and Enterprise Census” and “2001 Establishment and Enterprise Census”, Statistics Bureau, Ministry of Internal Affairs and Communications

(2) Market analysis

Overall rent had shown a downward trend from 2008 to 2013, but it turned upward after that. Vacancy rate has shown a continuous declining trend since 2010 and the current rate (as of 2016) decreased to even lower than 4%. Therefore, the Asset Manager expects that demands for rental housing will remain stable and steady in the Chuo-ku, Tokyo area.

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Chuo-ku, Tokyo – Average Rent Index / Vacancy Rate



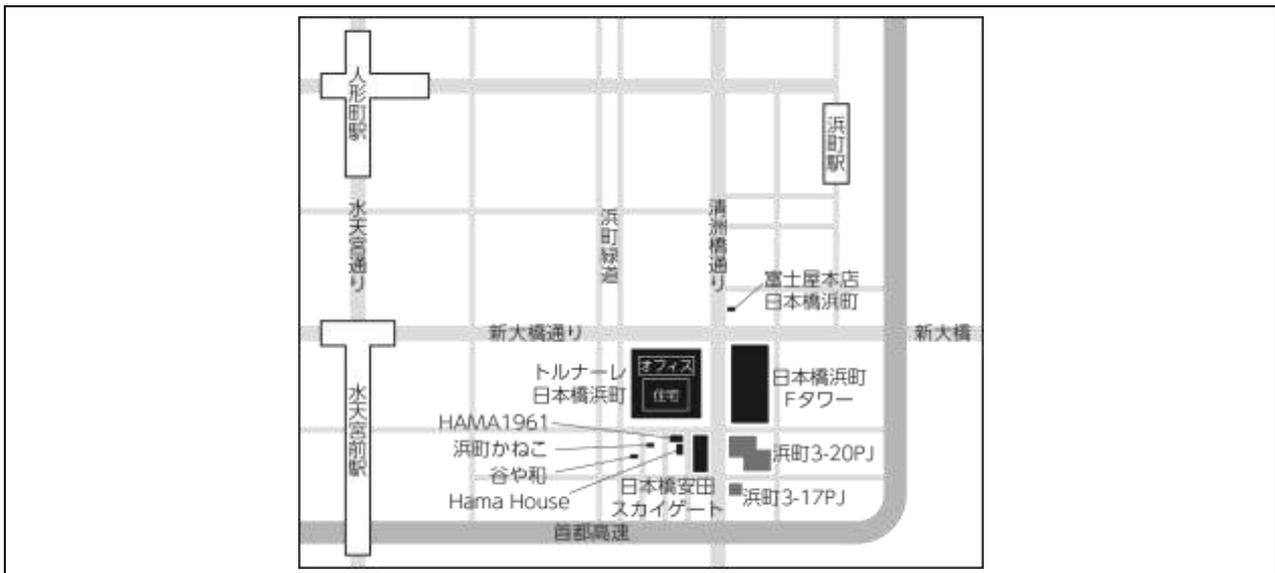
*Source: Prepared by the Asset Manager based on “MIKI OFFICE REPORT TOKYO 2017,” Miki Shoji Co., Ltd
 *Note: The figure of the Average Rent Index in 2007 is indexed as 100.

(3) Independent analysis by the Asset Manager (Growth potential of Nihonbashi Hamacho area)

In Nihonbashi Hamacho area, there are many traditional, established stores such as wholesalers of kimono fabrics and clothing, and historic buildings and streetscapes such as Meijiza, a theater opened in 1893, and Amazake Yokocho, an alley said to have existed since the early Meiji Era (around 1870).

On the other hand, facilities such as “Hama House” and “HAMA 1961,” which facilitate interactions among local residents, office workers, and tourists, were newly built in this area, and it is expected to further develop into a mixed-up area with features not only of business district but also of residential and sightseeing areas.

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Comprehensive evaluation by SAR: Evaluation of income stability and growth

For the following reasons, SAR believes the property can gain stable revenue over the medium to long-term and can also expect income growth from increased rent, etc. into the future.

- (1) Located in the Nihonbashi Hamacho area with a good access to the major business areas in Central Tokyo and many train-route options.
- (2) Has a high appeal to various types and sizes of companies as the area has a high concentration of offices where many major companies establish their headquarters.
- (3) Expected to further develop into a mixed-up area with features not only of business district but also of residential and sightseeing areas.

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(2) Urban Park Ryokuchi Koen

Property no.	RSC-08	Property name	Urban Park Ryokuchi Koen ^(Note 1)		Type	Residence
Overview of specified asset						
Type of specified asset		Beneficiary interest in trust	Trustee		Mitsubishi UFJ Trust and Banking Corporation	
Planned Acquisition price		1,550 million yen	Planned Acquisition Date		February 2, 2018	
Appraisal value		1,570 million yen	Seller		GK SAPRS	
Location		4-5-1 Senriyama-nishi, Suita-shi, Osaka				
Indication of residential address		4-37-7 Senriyama-nishi, Suita-shi, Osaka				
Nearest station		Approx. 6-minute walk from Ryokuchi Koen Station on Kita-Osaka Kyuko Line				
Land ^(Note 2)	Type of ownership	Proprietary ownership (Registered right of site: Approx. 20%)				
	Site area	2,804.56m ²	Use district		Category 1 medium to-high-rise exclusive residential districts	
	Building coverage ratio	60%	Floor area ratio		300% ^(Note 3)	
Building	Type of ownership	Proprietary ownership (Compartmentalized ownership)				
	Total floor area	5,854.64m ² ^(Note 4)	Use		Apartment house / Parking	
	Construction completion	March 10, 1989	Structure and floors ^(Note 5)		Apartment house: Steel-framed reinforced concrete structure roofing 8 floors above ground Parking: Steel-framed reinforced concrete structure 3 floors above ground	
Property management company		Takuto Property Co. Ltd	Master lease company		Takuto Property Co. Ltd	
Trust period			End of February, 2028			
Security			Unsecured			
Status of leasing						
Total leasable area		5,508.94m ²	Total number of tenants		55	
Total leased area		5,020.72m ²	Monthly rent (including common area maintenance fee)		8,462 thousand yen	
Occupancy rate		91.1%	Security and guarantee deposits		7,686,750 yen	
Special notation						
Not applicable.						

(Note 1) Property name will be promptly changed to “Urban Park Ryokuchi Koen” after the acquisition from “Cradle Ryokuchi Koen” as of today.

(Note 2) The building consists of one apartment building and apart of a parking lot building out of five residential complex-typed buildings in the form of compartmentalized ownership and both located on a parcel of land (14,057.95m²). Accordingly, the site area is calculated by multiplying (a) the area of the parcel of land (14,057.95m²) by (b) the sum (19,950/100,000) of the ratio of the right of site to the apartment house (16,890/100,000) and the ratio of the right of site to the part of the parking lot building (3,060/100,000).

(Note 3) The property is located across districts of two different uses (neighborhood commercial district and category 1

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medium-to-high-rise exclusive residential districts). Weighted average permitted floor area ratio is 209.96%.

(Note 4) Since the building is co-owned by several unit owners, the total floor area is the sum of (i) the total floor area of the entire apartment building subject to acquisition (5478.57m²) and (ii) the total floor area of the parking lot building (1570.90m²) multiplied by 23.94%, the ratio of the area of the exclusive element of the building subject to acquisition, after rounded to the second decimal place.

(Note 5) While the building is in the form of compartmentalized ownership, the structure and the number of floors are indicated as those of the entire apartment building structure.

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(unit:yen)

Summary of real estate appraisal report		
Property name	Urban Park Ryokuchi Koen	
Appraisal value	1,570,000,000	
Appraisal firm	The Tanizawa Sogo Appraisal Co., Ltd.	
Date of value	November 1, 2017	
Item	Details	Description, etc.
Indicated value by income approach	1,570,000,000	Estimated by emphasizing the indicated value by DCF method and verifying with the indicated value by direct capitalization method.
Indicated value by direct capitalization method	1,590,000,000	
(1) Operating revenue ((a)-(b))	118,838,858	
(a) Gross potential income	126,959,940	
(b) Vacancy loss, etc.	8,121,082	Appraised by taking into account the average cycle period as an apartment complex.
(2) Operating expenses	30,583,884	
Maintenance and management fee	2,578,184	Appraised based on actual data.
Utilities expenses	4,627,510	Appraised based on actual data.
Repair expenses	8,267,909	Appraised based on the ER and similar cases.
Property Management fee	2,256,231	Appraised based on verbal confirmation from client.
Tenant leasing cost, etc.	1,715,484	Appraised by estimating the annual tenant turnover.
Property taxes	7,150,400	Appraised based on actual data.
Insurance premium	423,000	Appraised by reference to the level of similar real estate.
Other expenses	3,565,166	Appraised based on actual data.
(3) Net operating income (NOI=(1)-(2))	88,254,974	
(4) Financial interests on deposits	86,035	Appraised investment return as 1.0%.
(5) Capital expenditures	10,575,000	Appraised based on the ER and similar cases.
(6) Net cash flow (NCF=(3)+(4)-(5))	77,766,009	
(7) Capitalization rate	4.9%	Appraised by comparing with cap rate of similar real estate.
Indicated value by DCF method	1,560,000,000	
Discount rate	5.0%	Appraised by taking into account individual risk and calculating the base cap rate of apartment complexes based on cap rate of financial instruments.
Terminal capitalization rate	5.1%	Appraised based on the capitalization rate and reflecting uncertainty of future prediction.
Indicated value by cost approach	1,460,000,000	Estimated by making depreciation adjustment to replacement cost.
Ratio of land	66.9%	
Ratio of building	33.1%	
Matters considered in reconciliation of indicated values and determination of appraisal value	Determined using the indicated value by income approach as standard and by reference to the indicated value by cost approach.	

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Property information and acquisition highlight based on the survey by the Asset Manager

(1) Property information

- A family type residential property, approx. 6-minute walk from Ryokuchi-Koen Station on Kita-Osaka Kyuko Namboku Line.
- Highly convenient for commuting with a direct access to the major areas in Osaka (Shin-osaka, Umeda, Shinsaibashi, Namba, etc.) by using through-service between Osaka Municipal Subway Midosuji Line.
- A good access to shinkansen (Shin-Osaka Station) and air transportation (Itami Airport) as well as a good location in Hokusetsu area which has one of the highest education standards in Osaka.
- Has a high appeal to family households due to the renovation of some dwelling units and items of internal equipment maintained at a certain level of grade.

(2) Acquisition highlight

The property, which is owned by the Sponsor Group through an acquisition executed in a form of a negotiated transaction using the wide range of business relations, will be acquired by utilizing the Sponsor support (<sponsor fund>).

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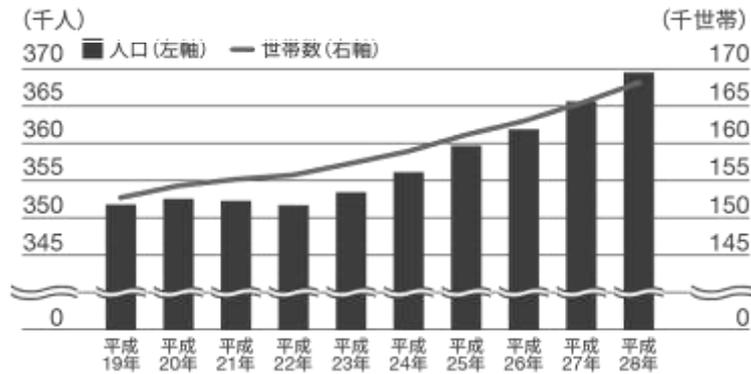
Demographic analysis etc., market analysis and independent analysis by the Asset Manager

(1) Demographic analysis etc.

- Population / Households

Suita-shi keeps growing in both population and number of households, supported by an excellent access to the major areas in Osaka, and the Asset Manager believes these numbers will remain stable and steady in the future.

Suita-shi – Population / Households

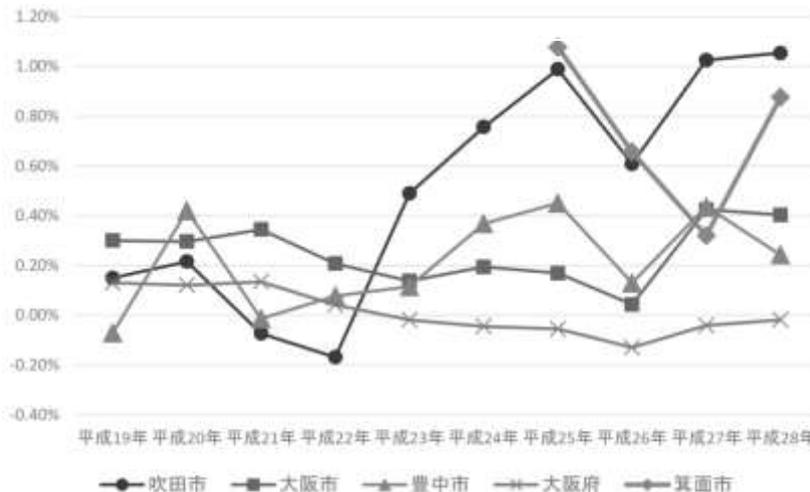


*Source: "2016 Suita-shi Statistics," Suita-shi

- Number of population increase by area

Since 2011, population growth rate in Suita-shi remains at a high level compared with that of Osaka Prefecture and other cities with high growth rates. The Asset Manager believes the population growth rate will remain stable and steady.

Population growth rate by areas (Osaka-fu, Osaka-shi, Suita-shi, Toyonaka-shi and Minoh-shi)

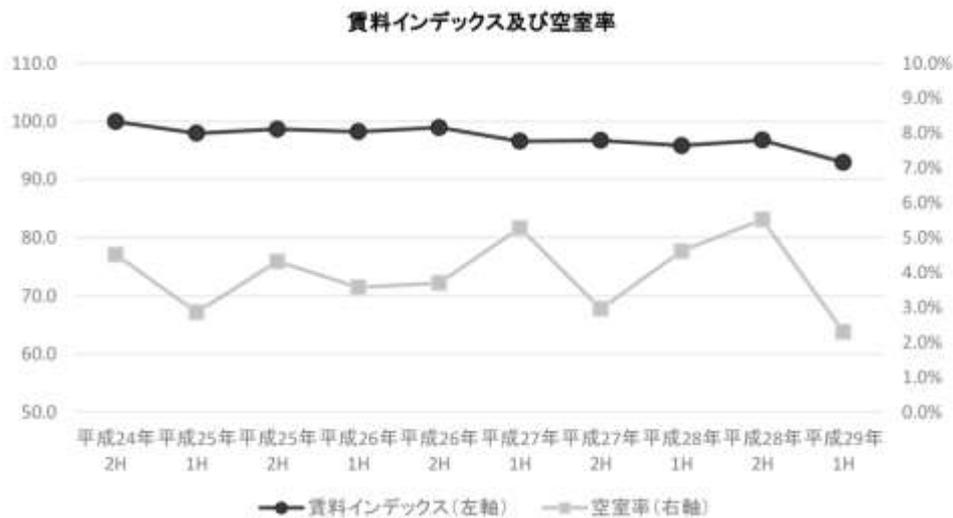


*Source: Prepared by the Asset Manager based on "2016 Suita-shi Statistics", Suita-shi, "Osaka-shi Annual Estimated Population Report (2016)", Osaka-shi, "Minoh-shi website", Minoh-shi, "Toyonaka-shi Historical Estimated Population", Toyonaka-shi and "Osaka Prefecture Annual Estimated Population Report (as of October 1, 2016)", Osaka prefecture

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(2) Market analysis

- Overall rent has kept hovering at around the same level since 2012, as shown in the below figure of transition of rent index.
- Also as shown in the below figure, vacancy rate has generally remained stable between 2% and 5% despite small fluctuations.



*Source: Made by Japan Real Estate Institute based on the data disclosed by J-REIT (Residence of Suita-shi and Toyonaka-shi, Osaka).

*Note: The figure in 1H of 2012 of the Average Rent Index is indexed as 100. 1H refers to the first half (January to June) and 2H refers to the second half (July to December) hereafter.

(3) Independent analysis by the Asset Manager (Marketability as a residential area)

- The Property has a good access to the major areas in Osaka (Shin-osaka, Umeda, Shinsaibashi, Namba, etc.) thanks to the through-service between Namboku Line and Osaka Municipal Subway Midousuji Line and easy connections to both shinkansen (Shin-Osaka Station) and air transportation (Itami Airport). In addition, it is located in Hokusetsu area having one of the highest education standards in Osaka. Therefore, the Asset Manager believes robust demands for rental housing will continue, mainly among family households.



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- “Hattori Ryokuchi-koen” located proximate to the property is the largest park in the Hokusetsu area and one of the four largest green areas (ryokuchi) in Osaka. It is a large-scale park with lavish greenery, consisting of facilities such as botanical garden, round flower bed, barbecue facilities, and horse riding field. This park has been selected as one of the “Japan’s 100 Best City Parks” and “Japan’s 100 Best Historic Parks” and is especially popular among family households. As the property’s vicinity area has an excellent, leafy residential environment with the park as a leading example, the Asset Manager expects that the area is a residential district with a high appeal, especially to family households.



Comprehensive evaluation by SAR: Evaluation of income stability and growth

For the following reasons, SAR believes the property can gain stable revenue over the medium to long-term and can also expect income growth from increased rent, etc. into the future.

- (1) Located in the Ryokuchi-Koen area with a good transportation access and a residential environment with abundant greenery such as “Hattori Ryokuchi-koen”.
- (2) A popular residential district, especially among family households, as the property is located in Hokusetsu area having one of the highest education standards in Osaka.
- (3) Has a high appeal mainly to family households due to the renovation of some dwelling units and items of internal equipment maintained at a certain level of grade.

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Urban Park Koenji

Property no.	RSC-09	Property name	Urban Park Koenji	Type	Residence
Overview of specified asset					
Type of specified asset	Beneficiary interest in trust		Trustee	Sumitomo Mitsui Trust Bank, Limited	
Planned Acquisition price	1,167 million yen		Planned Acquisition Date	February 2, 2018	
Appraisal value	1,170 million yen		Seller	GK SAPR6	
Location	3-992-30 Koenji-kita, Suginami-ku, Tokyo and other				
Indication of residential address	3-19-12 Koenji-kita, Suginami-ku, Tokyo				
Nearest station	Approx. 4-minute walk from Koenji Station on JR Chuo Line				
Land	Type of ownership	Proprietary ownership			
	Site area	988.26m ² (Note 1)	Use district	Category 1 medium-to-high-rise exclusive residential districts	
	Building coverage ratio	60%	Floor area ratio	200% (Note 2)	
Building	Type of ownership	Proprietary ownership			
	Total floor area	1,524.34m ²	Use	Apartment house	
	Construction completion	October 13, 1987	Structure and floors	Steel-framed reinforced concrete structure 4 floors above ground	
Property management company	Shimizu Comprehensive Development Corporation		Master lease company	Shimizu Comprehensive Development Corporation	
Trust period			End of February, 2028		
Security			Unsecured		
Status of leasing					
Total leasable area	1,365.48m ²		Total number of tenants	78	
Total leased area	1,267.85m ²		Monthly rent (including common area maintenance fee)	5,295 thousand yen	
Occupancy rate	92.9%		Security and guarantee deposits	5,971,800 yen	
Special notation					
Not applicable.					

(Note 1) Including the set-back area of 7.10m²

(Note 2) Permitted floor area ratio (FAR) of the building due to front road width is 160%.

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(unit:yen)

Summary of real estate appraisal report		
Property name	Urban Park Koenji	
Appraisal value	1,170,000,000	
Appraisal firm	The Tanizawa Sogo Appraisal Co., Ltd.	
Date of value	November 1, 2017	
Item	Details	Description, etc.
Indicated value by income approach	1,170,000,000	Estimated by emphasizing the indicated value by DCF method and verifying with the indicated value by direct capitalization method.
Indicated value by direct capitalization method	1,200,000,000	
(1) Operating revenue ((a)-(b))	73,677,426	
(a) Gross potential income	77,369,139	
(b) Vacancy loss, etc.	3,691,713	Appraised by taking into account the average cycle period as an apartment complex.
(2) Operating expenses	16,182,367	
Maintenance and management fee	2,130,149	Based on the lease agreement.
Utilities expenses	2,949,437	Appraised based on actual data.
Repair expenses	4,007,644	Appraised based on the ER and similar cases.
Property Management fee	1,531,792	Based on the contract.
Tenant leasing cost, etc.	2,516,238	Appraised by estimating the annual tenant turnover.
Property taxes	1,876,800	Appraised based on actual data.
Insurance premium	212,500	Appraised based on standard rate.
Other expenses	957,807	Appraised based on actual data.
(3) Net operating income (NOI=(1)-(2))	57,495,059	
(4) Financial interests on deposits	79,681	Appraised investment return as 1.0%.
(5) Capital expenditures	7,225,000	Appraised based on the ER and similar cases.
(6) Net cash flow (NCF=(3)+(4)-(5))	50,349,740	
(7) Capitalization rate	4.2%	Appraised by comparing with cap rate of similar real estate.
Indicated value by DCF method	1,160,000,000	
Discount rate	4.3%	Appraised by taking into account individual risk and calculating the base cap rate of apartment complexes based on cap rate of financial instruments.
Terminal capitalization rate	4.4%	Appraised based on the capitalization rate and reflecting uncertainty of future prediction.
Indicated value by cost approach	1,080,000,000	Estimated by making depreciation adjustment to replacement cost.
Ratio of land	85.5%	
Ratio of building	14.5%	
Matters considered in reconciliation of indicated values and determination of appraisal value		Determined using the indicated value by income approach as standard and by reference to the indicated value by cost approach.

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Property information and acquisition highlight based on the survey by the Asset Manager

(1) Property information

- Single type residential property, approx. 4-minute walk from Koenji Station on JR Chuo Line.
- An excellent access to the major areas in Central Tokyo such as Shinjuku.
- Has a high convenience of living as there are many shopping streets, full of shops including inexpensive supermarkets and restaurants in front of the station, and has the popularity as the area is also known as the epicenter of Koenji's unique cultures through places such as cafes, second-hand clothing shops, and music clubs.
- Has a high appeal to single-person households of young working adults and students as the property maintains a certain level of grade for items of internal equipment as well as with the tiled facade.

(2) Acquisition highlight

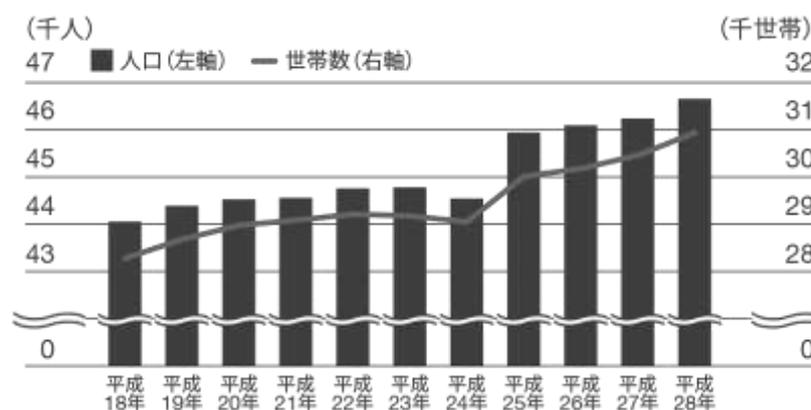
The property will be acquired through a negotiated transaction by using property information obtained from a unique network of the Asset Manager (utilizing the warehousing function of the Sponsor Group) (<warehousing>).

Demographic analysis etc., market analysis and independent analysis by the Asset Manager

(1) Demographic analysis etc.

Both population and number of households in the Koenji area (Koenji-kita, Koenji-minami) have shown an upward trend, supported by an excellent access to the major areas in Tokyo. Therefore the Asset Manager believes these numbers will remain stable and steady.

Koenji area (Koenji-kita / Koenji-minami) – Population / Households



*Source: "Suginami-ku statistical note (2016 edition)", Suginami-ku

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- The town is enthusiastic about events such as Awa Odori (dance festival), street performances, and Koenji Festival on its main street and renowned Haruki Murakami set his novel in this town, so it is popular as the epicenter of cultures.



高円寺の4大イベント

イベント	時期	開催日(平成27年度)
高円寺 びっくり大道芸	春	4月25日・26日
東京高円寺 阿波おどり	夏	8月29日・30日
高円寺フェス	秋	10月31日・11月1日
高円寺演芸まつり	冬	2月5日～2月14日

*Source: "Suginami-ku"

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Comprehensive evaluation by SAR: Evaluation of income stability and growth

For the following reasons, SAR believes the Property can gain stable revenue over the medium to long-term and can also expect income growth from increased rent, etc. into the future.

- (1) Located in the Koenji area with an excellent access to the major areas in Tokyo.
- (2) Has a high appeal, especially to single-person households of young working adults and students, thanks to the high concentration of shopping streets, inexpensive supermarkets, restaurants, Japanese taverns, etc.
- (3) The epicenter of Koenji's unique cultures through places such as cafes, second-hand clothing shops, and music clubs and popular as a residential area.

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(3) Funabashi Nishiura Logistics I

Property no.	LGC-06	Property name	Funabashi Nishiura Logistics I	Type	Logistics
Overview of specified asset					
Type of specified asset	Beneficiary interest in trust		Trustee	Sumitomo Mitsui Trust Bank, Limited	
Planned Acquisition price	3,000 million yen		Planned Acquisition Date	February 2, 2018	
Appraisal value	3,010 million yen		Seller	GK Viper	
Location	2-6-4 Nishiura, Funabashi-shi, Chiba				
Indication of residential address	2-15-11 Nishiura, Funabashi-shi, Chiba				
Nearest IC	Approx. 4.8km from the Chidoricho IC on the Bay Shore route of the Metropolitan Expressway				
Land	Type of ownership	Proprietary ownership			
	Site area	7,142.00m ²	Use district	Exclusive industrial district	
	Building coverage ratio	60%	Floor area ratio	200%	
Building	Type of ownership	Proprietary ownership			
	Total floor area (Note 1)	14,018.82m ² (total) Office: 188.22m ² Warehouse: 13,830.60m ² (including pump room)	Use	Office / Warehouse	
	Construction completion	October 11, 1985	Structure and floors	Office: Light steel-framed galvanized steel sheet roofing 2 floors above ground Warehouse: Steel-framed galvanized steel sheet roofing 4 floors above ground	
Property management company	CBRE Inc.		Master lease company	SAR	
Trust period			End of January, 2026		
Security			Unsecured		
Status of leasing					
Total leasable area	14,018.82m ²		Total number of tenants	1	
Total leased area	Not disclosed ^(Note 2)		Monthly rent (including common area maintenance fee)	Not disclosed ^(Note 2)	
Occupancy rate	100.0%		Security and guarantee deposits	Not disclosed ^(Note 2)	
Special notation					
Not applicable.					

(Note 1) The warehouse and pump room have been registered as the buildings ancillary to the office in the registry.

(Note 2) The information is undisclosed as consent to disclosure has not been obtained from end tenants.

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(unit:yen)

Summary of real estate appraisal report		
Property name	Funabashi Nishiura Logistics I	
Appraisal value	3,010,000,000	
Appraisal firm	Daiwa Real Estate Appraisal Co., Ltd.	
Date of value	November 1, 2017	
Item	Details	Description, etc.
Indicated value by income approach	3,010,000,000	Estimated by emphasizing the indicated value by DCF method and verifying with the indicated value by direct capitalization method.
Indicated value by direct capitalization method	3,040,000,000	
(1) Operating revenue ((a)-(b))	167,931,324	
(a) Gross potential income	167,931,324	
(b) Vacancy loss, etc.	0	
(2) Operating expenses	14,456,900	
Maintenance and management fee	0	Unrecorded as tenant owes.
Utilities expenses	0	Unrecorded as tenant owes.
Repair expenses	2,065,000	Appraised based on repair expense on ER judged appropriate.
Property Management fee	2,400,000	Appraised by reference to the Property management fee level of similar real estate and based on scheduled contract amount judged appropriate.
Tenant leasing cost, etc.	0	Unrecorded as tenant is expected to stay long term.
Property taxes	9,375,900	Appraised based on actual data.
Insurance premium	616,000	Appraised based on rate of similar real estate.
Other expenses	0	
(3) Net operating income (NOI=(1)-(2))	153,474,424	
(4) Financial interests on deposits	0	No deposit on contract.
(5) Capital expenditures	13,510,967	Appraised based on renewal expense on ER judged appropriate.
(6) Net cash flow (NCF=(3)+(4)-(5))	139,963,457	
(7) Capitalization rate	4.6%	Appraised based on comparison with past deals for similar real estate as the standard method.
Indicated value by DCF method	2,990,000,000	
Discount rate	4.4%	Appraised based on a combination of the method of comparing with past deals for similar real estate and the method of reflecting the characteristics of the real estate to the capitalization rate of the financial asset.
Terminal capitalization rate	4.8%	Appraised based on capitalization rate and comprehensively taking into account the uncertainty of the market.
Indicated value by cost approach	1,540,000,000	Estimated by making depreciation adjustment to replacement cost.
Ratio of land	77.1%	
Ratio of building	22.9%	
Matters considered in reconciliation of indicated values and determination of appraisal value	Determined using the indicated value by income approach as standard and by reference to the indicated value by cost approach.	

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Property information and acquisition highlight based on the survey by the Asset Manager

(1) Property information

- A multi-tenant logistics facility, approx. 2.0km to the southeast of the Wangan-Ichikawa IC of the Tokan-do and approx. 4.8km northeast of the Chidoricho IC of the Shutoko.
- An excellent access to Central Tokyo as well as to each consumption area in Chiba that offer flexibility to EC demands.
- Located at approx.1.4km from Futamata-shimmachi Station on JR Keiyo Line offers a great convenience to attract employees.
- A highly versatile property that features four freight elevators, a floor height of approx. 6.1m – 6.3m, and a pillar span of approx. 6.3m – 6.8m.
-

(2) Acquisition highlight

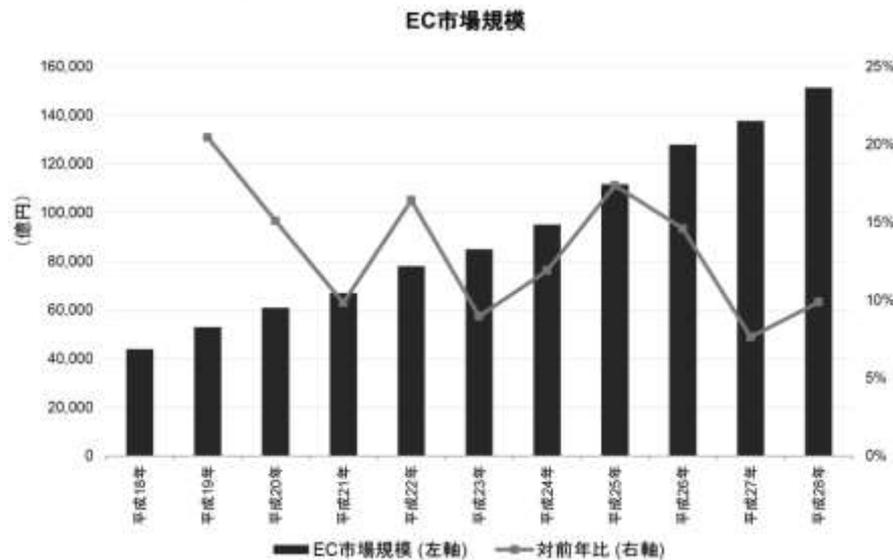
The property, which is owned by the Sponsor Group through an acquisition executed in a form of a negotiated transaction using the wide range of business relations, will be acquired by SAR utilizing the Sponsor support (<sponsor fund>).

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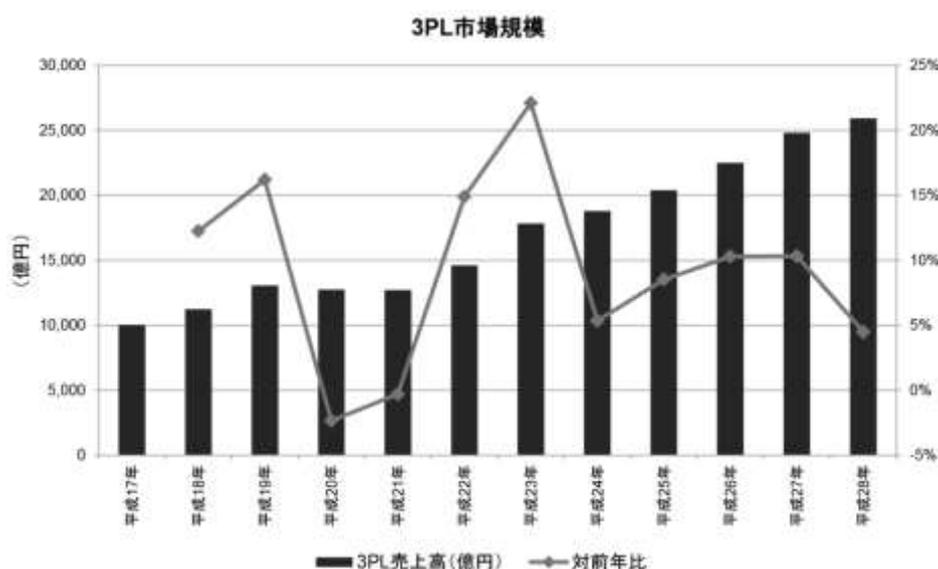
Demographic analysis etc., market analysis and independent analysis by the Asset Manager.

(1) Demographic analysis etc. (Analyses of E-commerce and 3PL (third party logistics) markets)

- The market size of Japan's domestic E-commerce market has been growing rapidly, with sales figures that scored approx. 3.4 times from approx. 4.4 trillion yen in 2006 to approx. 15.1 trillion yen in 2016.
- The market of third party logistics (3PL) i.e. outsourced all or part of logistics services that encompass anything that involves logistics management of corporate clients, has also experienced a rapid growth with approx. 2.6 times increase of sales figures from approx. 1.0 trillion yen in 2005 to approx. 2.6 trillion yen in 2016. We expect these growth trends to prevail in the logistics sector for years to come.



*Source: The figures above are collected by CBRE, based on "Results Compiled of the E-Commerce Market Survey" by METI.



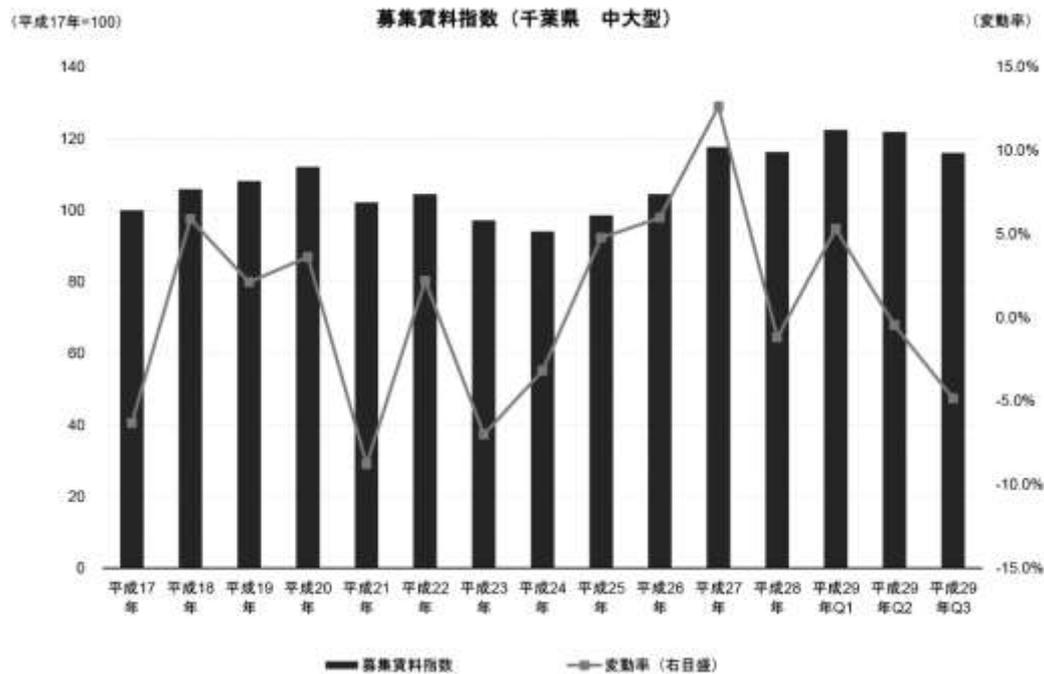
*Source: The figures above are collected by CBRE, based on Logi-Biz.

*Note: 3PL sales volume is calculated by the total sales of leading 3PL operators that responded to a questionnaire sent by Logi-Biz.

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(2) Market analysis

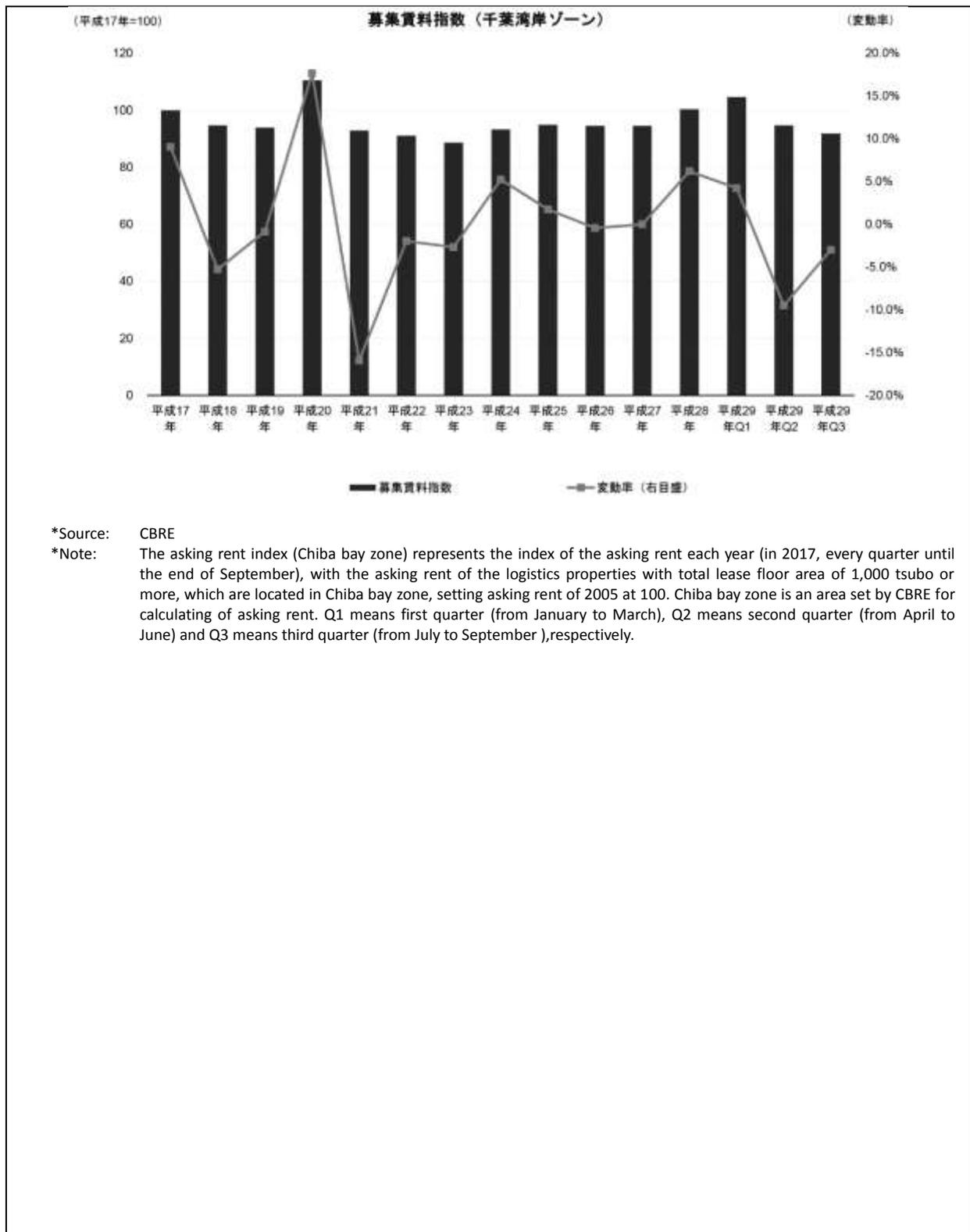
The asking rent index of logistics properties located in Chiba prefecture (medium and large sized properties) and the Chiba bay area had remained flat in spite of small fluctuations. As it is estimated that the trend of actual rent has been running parallel to that of the asking rent index, the Asset Manager believes that the index is expected to remain stable and steady for years to come.



*Source: CBRE

*Note: The asking rent index (Chiba prefecture, medium and large sized properties) represents the index of the asking rent for each year (for 2017, every quarter until the end of September), with the asking rent of the logistics properties with total lease floor area of 1,000 tsubo or more per building which are located in Chiba prefecture, setting asking rent of 2005 at 100.

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*Source: CBRE

*Note: The asking rent index (Chiba bay zone) represents the index of the asking rent each year (in 2017, every quarter until the end of September), with the asking rent of the logistics properties with total lease floor area of 1,000 tsubo or more, which are located in Chiba bay zone, setting asking rent of 2005 at 100. Chiba bay zone is an area set by CBRE for calculating of asking rent. Q1 means first quarter (from January to March), Q2 means second quarter (from April to June) and Q3 means third quarter (from July to September),respectively.

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(3) Independent analysis by the Asset Manager

- An excellent access to Central Tokyo because of its location at approx. 2.0km to the southeast of the Wangan-ichikawa IC of the Tokan-do and within a radius of approx. 30km from Tokyo Station. In addition, the connection to the Tokan-do ensures an easy access to Chiba and Ibaraki area as well as to both Haneda and Narita Airports. This is an advantage that allows it to meet the needs of airfreight logistics.
- Has a high appeal to potential tenants in terms of attracting employees, thinking of its location at approx.1.4km from the nearest Futamata-shimmachi Station on JR Keiyo Line.
- The construction of the Gaikan-do has been going smoothly, and the section between Misato and Koya, which is expected to be opened to traffic in June 2018, offers a straight link to the Tokan-do so that ensures much better access to Saitama area, as well as wide coverage of consumption areas.

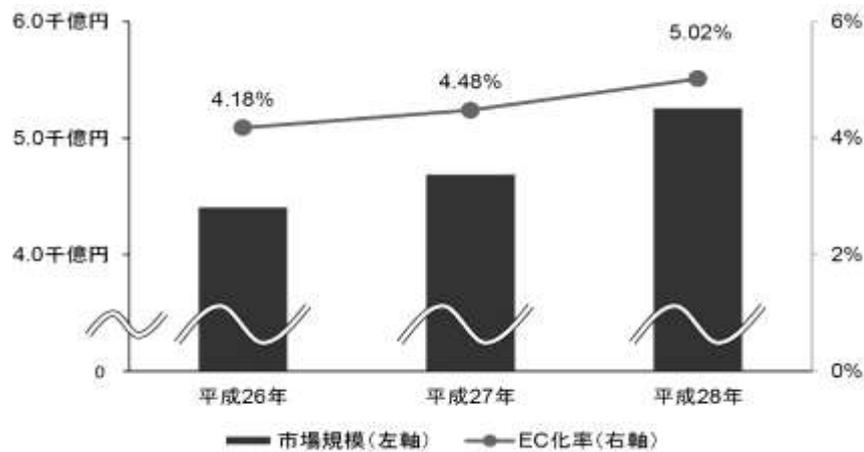


*Source: Bureau of Urban Development, Tokyo Metropolitan Government

- The ban on the internet-based distribution of non-prescription drugs was lifted by enforcement of the revisions to the Pharmaceutical Affairs Law in June 2014, etc. Accordingly, it is estimated that the demand of buying non-prescription drugs through e-commerce sites will continue to grow, according to" the report of Ministry of Economy, Trade and Industry (METI). As consignors at Funabashi Nishiura Logistics I are mostly the e-commerce operators dealing in pharmaceutical or medical products, the use of the property on a long-term basis is expected.

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EC market size and development of EC ratio (pharmaceutical products and cosmetics)



*Source: "Results Compiled of the E-Commerce Market Survey" by METI.

*Note: EC ratio means the ratio of the scale of the EC market to the amount of all commercial transaction (the scale of the commercial transaction market) hereafter.

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Comprehensive evaluation by SAR: Evaluation of income stability

For the following reasons, SAR believes the property can gain stable revenue over the medium to long-term.

- (1) Located in Chiba bay area where logistics facilities are concentrated. Along with the location at approx. 1.4km from the nearest station, the property is expected to highly appealing to potential clients in terms of attracting employee.
- (2) In addition to the access to Central Tokyo, the location allows access to wide range of Tokyo area by partial opening of the Gaikan Expressway.
- (3) Features highly versatile in terms of specifications such as floor height and pillar span.

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(4) Funabashi Nishiura Logistics II

Property no.	LGC-07	Property name	Funabashi Nishiura Logistics II	Type	Logistics
Overview of specified asset					
Type of specified asset		Beneficiary interest in trust	Trustee	Sumitomo Mitsui Trust Bank, Limited	
Planned Acquisition price		821 million yen	Planned Acquisition Date	February 2, 2018	
Appraisal value		833 million yen	Seller	GK Viper	
Location		2-3-3 Nishiura, Funabashi-shi, Chiba and other			
Indication of residential address		2-1-3 Nishiura, Funabashi-shi, Chiba			
Nearest IC		Approx. 4.5km from the Chidoricho IC on the Bay Shore route of the Metropolitan Expressway			
Land	Type of ownership	Proprietary ownership			
	Site area	3,964.00m ²	Use district	Exclusive industrial district	
	Building coverage ratio	60%	Floor area ratio	200%	
Building	Type of ownership	Proprietary ownership			
	Total floor area	6,316.32m ² (total) Warehouse: 5,110.86m ² (including attachments) Factory: 864.00m ² Office: 341.46m ²	Use	Warehouse / Factory / Office	
	Construction completion	Warehouse: March 20, 1991 Factory: May 15, 1972 Office: May 13, 1986	Structure and floors	Warehouse: Steel-framed steel sheet roofing 4 floors above ground Factory: Steel-framed slate roofing one story Office: Steel-framed galvanized steel sheet roofing 3 floors above ground	
Property management company		CBRE Inc.	Master lease company	SAR	
Trust period			End of January, 2022		
Security			Unsecured		
Status of leasing					
Total leasable area		6,315.87m ²	Total number of tenants	1	
Total leased area		Not disclosed ^(Note)	Monthly rent (including common area maintenance fee)	Not disclosed ^(Note)	
Occupancy rate		100.0%	Security and guarantee deposits	Not disclosed ^(Note)	
Special notation					
<p>Some issues about a concrete block wall in the premises of this property associated with the Building Standards Act has not yet fixed as of today. The seller and SAR agreed that with the seller's own responsibility and expense, the seller will fix such issues within six months from the date of the acquisition of the property by SAR under the purchase and sale agreement of beneficiary interest in trust regarding the property.</p> <p>According to the survey conducted by SAR, a part of the property (factory building) does not satisfy necessary earthquake resistance standards. After acquiring the property, it is planned that construction work to improve earthquake resistance</p>					

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will be conducted. The seller and SAR agreed that with the seller's own responsibility and expense, the seller will complete such construction work within six months from the date of the acquisition of the property by SAR under the purchase and sale agreement of beneficiary interest in trust regarding the property.

Regarding a part of the property (factory building), it is not confirmed whether inspection completion certificate has been issued; however, it is confirmed that a Building Standards Act compliance status investigation report has been issued by Japan ERI confirming that there are no issues.

(Note) The information is undisclosed as consent to disclosure has not been obtained from end tenants.

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(unit:yen)

Summary of real estate appraisal report		
Property name	Funabashi Nishiura Logistics II	
Appraisal value	833,000,000	
Appraisal firm	Daiwa Real Estate Appraisal Co., Ltd.	
Date of value	November 1, 2017	
Item	Details	Description, etc.
Indicated value by income approach	833,000,000	Estimated by emphasizing the indicated value by DCF method and verifying with the indicated value by direct capitalization method.
Indicated value by direct capitalization method	826,000,000	
(1) Operating revenue ((a)-(b))	68,784,120	
(a) Gross potential income	68,784,120	
(b) Vacancy loss, etc.	0	
(2) Operating expenses	11,524,823	
Maintenance and management fee	0	Unrecorded as tenant owes.
Utilities expenses	0	Unrecorded as tenant owes.
Repair expenses	1,280,083	Appraised based on repair expense on ER judged appropriate.
Property Management fee	3,055,440	Appraised by reference to the Property management fee level of similar real estate and based on scheduled contract amount judged appropriate.
Tenant leasing cost, etc.	0	Unrecorded as tenant is expected to stay long term.
Property taxes	6,867,300	Appraised based on actual data.
Insurance premium	322,000	Appraised based on rate of similar real estate.
Other expenses	0	
(3) Net operating income (NOI=(1)-(2))	57,259,297	
(4) Financial interests on deposits	171,960	Appraised investment return as 1.0%.
(5) Capital expenditures	10,367,635	Appraised based on renewal expense on ER judged appropriate.
(6) Net cash flow (NCF=(3)+(4)-(5))	47,063,622	
(7) Capitalization rate	5.7%	Appraised based on comparison with past deals for similar real estate as the standard method.
Indicated value by DCF method	836,000,000	
Discount rate	5.5%	Appraised based on a combination of the method of comparing with past deals for similar real estate and the method of reflecting the characteristics of the real estate to the capitalization rate of the financial asset.
Terminal capitalization rate	5.9%	Appraised based on capitalization rate and comprehensively taking into account the uncertainty of the market.
Indicated value by cost approach	715,000,000	Estimated by making depreciation adjustment to replacement cost.
Ratio of land	74.0%	
Ratio of building	26.0%	
Matters considered in reconciliation of indicated values and determination of appraisal value	Determined using the indicated value by income approach as standard and by reference to the indicated value by cost approach.	

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Property information and acquisition highlight based on the survey by the Asset Manager

- (1) Property information
- Located approx. 1.7km to the east of the Wangan-Ichikawa IC of the Tokan-do and approx. 4.5km northeast of the Chidoricho IC of the Shutoko.
 - An excellent access to Central Tokyo as well as to each consumption area in Chiba that offer flexibility to EC demands.
 - Located at approx. 1.1km to Futamata-shimmachi Station on JR Keiyo Line offers a great convenience to attract employees.
 - A highly versatile property that features four freight elevators, a floor height of approx. 6.0m – 7.0m, and a pillar span of approx. 7.2m – 8.7m
 -
- (2) Acquisition highlight
- The property, which is owned by the Sponsor Group through an acquisition executed in a form of a negotiated transaction using the wide range of business relations, will be acquired by SAR utilizing the Sponsor support (<sponsor fund>).

Demographic analysis etc., market analysis and independent analysis by the Asset Manager.

- (1) Demographic analysis etc. (Analyses of E-commerce and 3PL (third party logistics) markets)
Same as Funabashi Nishiura Logistics I
- (2) Market analysis
Same as Funabashi Nishiura Logistics I
- (3) Independent analysis by the Asset Manager
- An excellent access to Central Tokyo because of its location at approx. 2.0km to the southeast of the Wangan-Ichikawa IC of the Tokan-do and within a radius of approx. 30km from Tokyo Station. In addition, the connection to the Tokan-do ensures an easy access to Chiba and Ibaraki area as well as to both Haneda and Narita Airports. This is an advantage that allows it to meet the needs of airfreight logistics.
 - Has a high appeal to potential tenants in terms of attracting employees, thinking of its location at approx. 1.1km from the nearest Futamata-shimmachi Station on JR Keiyo Line.
 - The construction of the Gaikan-do has been going smoothly, and the section between Misato and Koya, which is expected to be opened to traffic in June 2018, offers a straight link to the Tokan-do so that ensures much better access to Saitama area, as well as wide coverage of consumption areas across Kanto area.

Comprehensive evaluation by SAR: Evaluation of income stability

For the following reasons, SAR believes the property can gain stable revenue over the medium to long-term.

- (1) Located in Chiba bay area where logistics facilities are concentrated. Along with the location at approx.1.1km to the nearest station, the Property is expected to be highly appealing to potential clients in terms of attracting employees.
- (2) In addition to the access to Central Tokyo, the location allows access to wide range of Tokyo by partial opening of the Gaikan Expressway.
- (3) Features highly versatile in terms of specifications such as floor height and pillar span.

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(5) Matsubushi Logistics

Property no.	LGC-08	Property name	Matsubushi Logistics	Type	Logistics
Overview of specified asset					
Type of specified asset	Beneficiary interest in trust		Trustee	Sumitomo Mitsui Trust Bank, Limited	
Planned Acquisition price	2,755 million yen		Planned Acquisition Date	February 2, 2018	
Appraisal value	2,850 million yen		Seller	GK 29er	
Location	2410-3 Yadomichi, Okawado-aza, O-aza, Matsubushi-cho, Kitakatsushika-gun, Saitama				
Indication of residential address	-				
Nearest IC	Approx. 12.0km from the Urawa IC on the Tohoku Expressway				
Land	Type of ownership	Proprietary ownership			
	Site area	11,580.65m ²	Use district	- (Urbanization control district)	
	Building coverage ratio	60%	Floor area ratio	200%	
Building	Type of ownership	Proprietary ownership			
	Total floor area	19,833.47m ²	Use	Warehouse	
	Construction completion	March 31, 1997	Structure and floors	Reinforced concrete structure 3 floors above ground	
Property management company	CBRE Inc.		Master lease company	SAR	
Trust period			End of February, 2028		
Security			Unsecured		
Status of leasing					
Total leasable area	19,833.47m ²		Total number of tenants	1	
Total leased area	19,833.47m ²		Monthly rent (including common area maintenance fee)	Not disclosed ^(Note)	
Occupancy rate	100.0%		Security and guarantee deposits	Not disclosed ^(Note)	
Special notation					
Not applicable.					

(Note) The information is undisclosed as consent to disclosure has not been obtained from the end-tenant.

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(unit:yen)

Summary of real estate appraisal report		
Property name	Matsubushi Logistics	
Appraisal value	2,850,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	November 1, 2017	
Item	Details	Description, etc.
Indicated value by income approach	2,850,000,000	Calculated by associating value based on the direct capitalization method and that based on the DCF method.
Indicated value by direct capitalization method	2,860,000,000	
(1) Operating revenue ((a)-(b))	172,817,000	
(a) Gross potential income	172,817,000	
(b) Vacancy loss, etc.	0	
(2) Operating expenses	22,323,000	
Maintenance and management fee	0	Owed by tenant according to the lease contract.
Utilities expenses	0	Owed by tenant according to the lease contract.
Repair expenses	5,120,000	Appraised based on the historical data by taking into account the fee level of similar real estate.
Property Management fee	2,400,000	Appraised by reference to the fees based on the agreement terms and taking into account the characteristics of the property.
Tenant leasing cost, etc.	0	
Property taxes	14,363,000	Recorded based on documents related to taxes and public charges.
Insurance premium	440,000	Appraised by taking into account the insurance rate of similar real estate.
Other expenses	0	
(3) Net operating income (NOI=(1)-(2))	150,494,000	
(4) Financial interests on deposits	432,000	Appraised investment return as 1.0%.
(5) Capital expenditures	4,868,000	Appraised by taking into account the capital expenditure level, building age and the ER of similar real estate.
(6) Net cash flow (NCF=(3)+(4)-(5))	146,058,000	
(7) Capitalization rate	5.1%	Appraised by moderating the individual factors such as location of the subject real estate from the basis yield, and taking into account uncertainty of the future and cap rate, etc. of similar real estate.
Indicated value by DCF method	2,830,000,000	
Discount rate	4.6%	Appraised by comprehensively taking into account individual characteristics, etc. of subject real estate by reference to the investment yield, etc. of similar real estate.
Terminal capitalization rate	5.4%	Appraised by comprehensively taking into account the uncertainty of the future by reference to the cap rate, etc. of similar real estate.
Indicated value by cost approach	1,760,000,000	Estimated by making depreciation adjustment to replacement cost.
Ratio of land	45.1%	
Ratio of building	54.9%	
Matters considered in reconciliation of indicated values and determination of appraisal value	Determined using the indicated value by income approach and by reference to the indicated value by cost approach.	

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Property information and acquisition highlight based on the survey by the Asset Manager

(1) Property information

- A multi-tenant logistics facility, approx. 12.0km from the Urawa IC on the Tohoku-do, approx. 14.0km from the Nagareyama IC of the Joban-do and approx. 14.0km from the Soka IC on the Gaikan-do.
- An access available to Kita-Kanto area, Joban area, and Tohoku area thanks to the connectivity to two expressways of Tohoku-do and Joban-do.
- The capability of speedy delivery service to the neighboring areas such as Saitama and Chiba prefecture thanks to the connectivity to the National Route 16 and Gaikan-do.
- A highly versatile property that features four freight elevators, a floor height of approx. 3.3m – 3.8m, and a pillar span of approx. 9.2m – 10.3m.

(2) Acquisition highlight

The property, which is owned by the Sponsor Group through an acquisition executed in a form of a negotiated transaction using the wide range of business relations, will be acquired by SAR utilizing the Sponsor support (<sponsor fund>).

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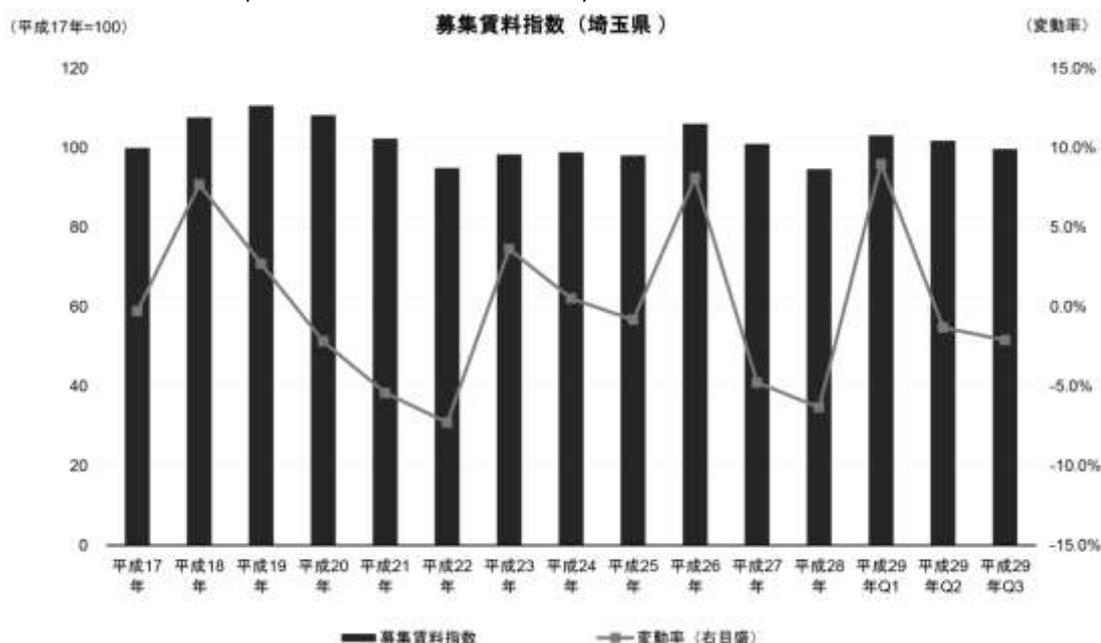
Demographic analysis etc., market analysis and independent analysis by the Asset Manager

(1) Demographic analysis etc. (Analyses of E-commerce and 3PL (third party logistics) markets)

Same as Funabashi Nishiura Logistics I

(2) Market analysis

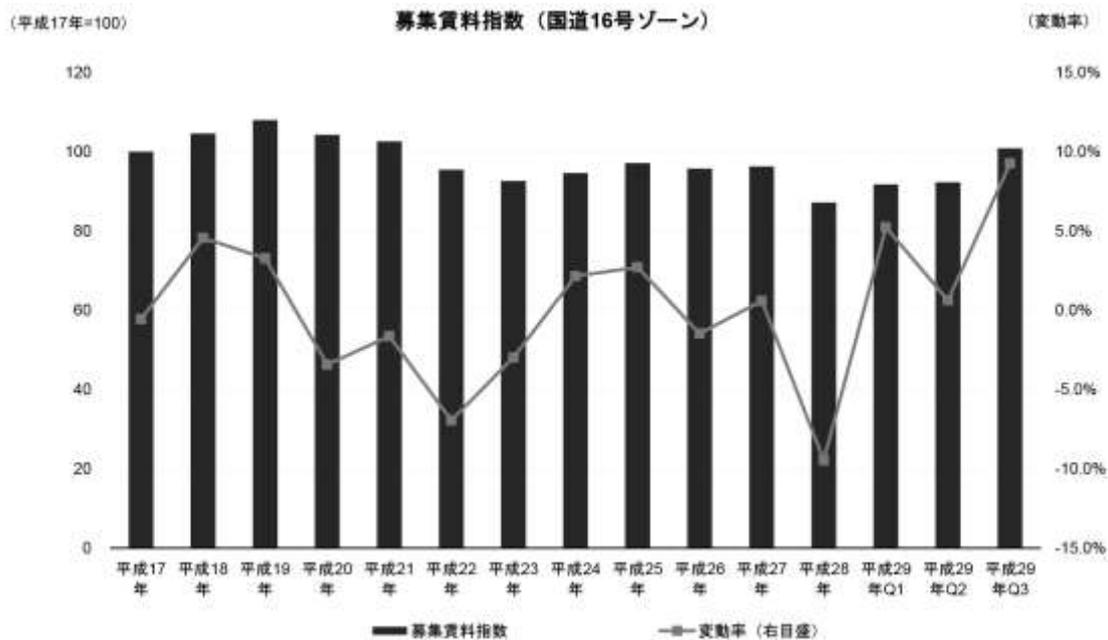
The asking rent index of logistics properties with total floor area of 1,000 tsubo or 3,300 square meters or more, and located in the area along Japan National Route 16 had remained mostly flat in spite of small fluctuations. As it is estimated that the trend of actual rent has been running parallel to that of the asking rent index, the Asset Manager believes that the index is expected to remain stable and steady.



*Source: CBRE Inc.

*Note: The asking rent index (Saitama prefecture) represents the index of the asking rent for each year (for 2017, every quarter until the end of September), with the asking rent of the logistics properties with total lease floor area of 1,000 tsubo or more per building which are located in Saitama prefecture, setting asking rent of 2005 at 100.

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*Source: CBRE Inc.

*Note: The asking rent index (National Route 16 area) represents the index of the asking rent for each year (for 2017, every quarter until the end of September), with the asking rent of the logistics properties with total lease floor area of 1,000 tsubo or more which are located in National Route 16 area, setting asking rent of 2005 at 100. National Route 16 area is an area set by CBRE for calculation of asking rent and represents semi-oval area from outside of the Tokyo-Gaikan-do to wayside of Kanjo-doro and the National Route 16.

(3) Independent analysis by the Asset Manager

- In Saitama Prefecture, the development of logistics facilities has been invigorated by the initiative “Chance Maker Saitama Strategy Phase III”, which was implemented by the municipal government from April 2013 to March 2016. Considering the results of the Phase III and the on-going “Chance Maker Saitama Strategy Phase IV”, which will be implemented by the municipal government from April 2016 to March 2019, the demand for the logistics properties in the areas surrounding the property is expected to surge continuously in the future. Supported by administrative initiatives such as above, the area around the property is expected to develop as an industrial cluster where logistics facilities are concentrated.

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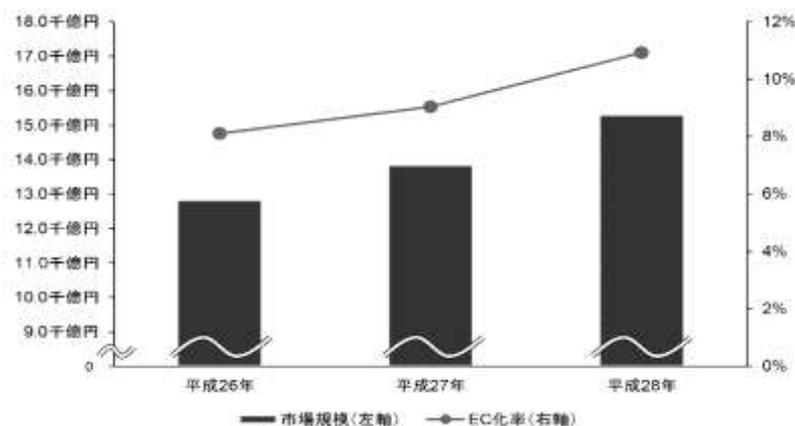
Success of enticement of companies by Chance Maker Saitama Strategy Phase III

業種	製造業	食料品製造業	研究所	本社・支社	流通加工業	合計
件数	106	28	9	10	68	221

企業名	立地施設内容	立地先
株式会社KADOKAWA	書籍製造・物流	所沢市
トラスコ中山株式会社	物流施設	幸手市
株式会社ニトリ	物流施設	幸手市
株式会社ヤオコー	物流センター	熊谷市

- Thanks to a surge of female internet users, the apparel and fashion revenue through online shopping has increased for three years in a row, according to a METI report. As consignors at the property are e-commerce operators dealing in apparel and fashion products, the use of the property on a long-term basis is expected.

EC market size and development of EC ratio (clothing, clothing accessories, etc.)



*Source: "Results Compiled of the E-Commerce Market Survey" by METI.

Comprehensive evaluation by SAR: Evaluation of income stability

For the following reasons, SAR believes the property can gain stable revenue over the medium to long-term.

- (1) Located in Matsubushi area which offers an excellent access to Kita-Kanto area, Joban area, and Tohoku area, as well as to the neighboring areas such as Saitama and Chiba prefectures.
- (2) Highly versatile in terms of specifications such as spacious berth for accessing vehicles, elevators for cargoes, floor height and pillar span.
- (3) Public backups for generating business opportunities such as a series of initiatives launched by the Saitama municipal government ("Chance Maker Saitama Strategy").

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4. Seller Profile

(1) OFC-10 Nihonbashi Hamacho Park Building

Name	Domestic GK
Location	The information is undisclosed as consent to disclosure has not been obtained from the company.
Representative	
Main business description	
Capital	
Established	
Net asset	
Total asset	
Major shareholders and shareholding ratio	
Relationship with SAR or the Asset Manager	
Capital relationship	There is no capital relationship to report.
Personnel relationship	There is no personel relationship to report.
Business relationship	There is no business relationship to report.
Related party or no	The Seller does not fall under the category of interested person.

(2) RSC-08 Urban Park Ryokuchi Koen

Name	GK SAPR5
Location	5-1-4 Toranomom, Minato-ku, Tokyo
Representative	Representative partner: Ippanshadanhoujin SAPR Holding5 Operational executor: Takaaki Fukunaga
Main business description	1. Acquisition, ownership and disposition of beneficiary interest in trust of real estate 2. Acquisition, ownership and disposition of loan claims 3. Acquisition, ownership and disposition of corporate bonds, silent partnership interest and other securities 4. Sales, leasing, management, acquisition, ownership, disposition and use of real estate 5. All business incidental to the above
Capital	100,000 yen
Established	October 20, 2015
Net asset	The information is undisclosed as consent to disclosure has not been obtained from the company.
Total asset	
Major shareholders and shareholding ratio	
Relationship with SAR or the Asset Manager	
Capital relationship	There is no capital relationship to report.
Personnel relationship	There is no personnel relationship to report.
Business relationship	There is no business relationship to report.
Related party or no	The Seller does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the "Rules on Transactions with Interested Parties", which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR's assets. Upon determination of the acquisition of the assets, the Asset Manager has performed deliberation and approval in accordance with the voluntary rules.

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(Note) “Interested parties” are (i) the Interested Parties of the Asset Manager as provided in Article 201, paragraph 1 of the Investment Trust Act, (ii) the shareholders and officers of the Asset Manager, (iii) SPCs which execute an investment management agreement with the shareholders of the Asset Manager, (iv) SPCs a majority of investment of which are made by the Asset Manager and the shareholders of the Asset Manager, (v) Star Asia Management Limited, Star Asia Management Japan Limited, Star Asia Asset Management LLC, Star Asia Group LLC, Star Asia Asset Advisors Co., Ltd., Star Asia Sogo Kaihatsu Co., Ltd., Malcolm F. MacLean IV, Taro Masuyama, as well as investment vehicles invested by funds under management of Malcolm F. MacLean IV and Taro Masuyama (excluding minority interests) which (a) are located in Japan to own or acquire real estates or other investment assets and (b) own or acquire the investment units of SAR. This applies to any other assets described below.

(3) RSC-09 Urban Park Koenji

Name	GK SAPR6
Location	5-1-4 Toranomom, Minato-ku, Tokyo
Representative	Representative partner: Ippanshadanhoujin SAPR Holding5 Operational executor: Takaaki Fukunaga
Main business description	1. Acquisition, ownership, and disposition of beneficiary interest in trust of real estate 2. Acquisition, ownership and disposition of loan claims 3. Acquisition, ownership and disposition of corporate bonds, silent partnership interest and other securities 4. Sales, leasing, management, acquisition, ownership, disposition and use of real estate 5. All business incidental to the above
Capital	100,000 yen
Established	October 20, 2015
Net asset	The information is undisclosed as consent to disclosure has not been obtained from the company.
Total asset	
Major shareholders and shareholding ratio	
Relationship with SAR or Asset Management company	
Capital relationship	There is no capital relationship to report.
Personnel relationship	There is no personnel relationship to report.
Business relationship	There is no business relationship to report.
Related party or no	The Seller does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties”, which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR’s assets. Upon determination of the acquisition of the assets, the Asset Manager has performed deliberation and approval in accordance with the voluntary rules.

(4) LGC-06 Funabashi Nishiura Logistics I, LGC-07 Funabashi Nishiura Logistics II

Name	GK Viper
Location	1-1-7 Motoakasaka, Minato-ku, Tokyo
Representative	Representative partner: Ippanshadanhoujin Chojagasaki Operational executor: Terumitsu Nosaka
Main business description	1. Acquisition, ownership, disposition and management of securities and beneficiary interest in trust

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	2. Acquisition, development, ownership, disposition, management and lease of real estate 3. Acquisition, ownership and disposition of loan claims 4. All business incidental to the above
Capital	300,000 yen
Established	August 1, 2013
Net asset	The information is undisclosed as consent to disclosure has not been obtained from the company.
Total asset	
Major shareholders and shareholding ratio	
Relationship with SAR or the Asset Manager	
Capital relationship	There is no capital relationship to report.
Personnel relationship	There is no personnel relationship to report.
Business relationship	There is no business relationship to report.
Related party or no	The Seller does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the "Rules on Transactions with Interested Parties", which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR's assets. Upon determination of the acquisition of the assets, the Asset Manager has performed deliberation and approval in accordance with the voluntary rules.

(5) LGC-08 Matsubushi Logistics

Name	GK 29er
Location	5-1-4 Toranomom, Minato-ku, Tokyo
Representative	Representative partner: Ippanshadanhoujin Seabonia Operational executor: Takaaki Fukunaga
Main business description	1. Acquisition, ownership, and disposition of beneficiary interest in trust of real estate 2. Acquisition, ownership and disposition of loan claims 3. Acquisition, ownership and disposition of corporate bonds, silent partnership interest and other securities 4. Sales, leasing, management, acquisition, ownership, disposition and use of real estate 5. All business incidental to the above
Capital	100,000 yen
Established	July 27, 2015
Net asset	The information is undisclosed as consent to disclosure has not been obtained from the company.
Total asset	
Major shareholders and shareholding ratio	
Relationship with SAR or the Asset Manager	
Capital relationship	There is no capital relationship to report.
Personnel relationship	There is no personnel relationship to report.
Business relationship	There is no business relationship to report.
Related party or no	The Seller does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the "Rules on Transactions with Interested Parties", which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR's assets. Upon determination of the acquisition of the assets, the Asset Manager has performed

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	deliberation and approval in accordance with the voluntary rules.
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5. Status of Parties Related to the Acquisition of the Property

(1) OFC-10 Nihonbashi Hamacho Park Building

The asset has not been acquired from any parties who have special interests in SAR or the Asset Manager.

(2) RSC-08 Urban Park Ryokuchi Koen

	Current owner, current trustee	Previous owner, previous trustee
Company name	GK SAPR5	Other than the one in a relationship of special interest
Relationship with parties who have special interests	The company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the "Rules on Transactions with Interested Parties" set forth by the Asset Manager.	-
Acquisition background and reason, etc.	Acquired for investment management purpose	-
Acquisition price	(Note)	-
Acquisition period	September 30, 2016	-

(Note) Omitted as the current owner has owned the property for over one year.

(3) RSC-09 Urban Park Koenji

	Previous owner, previous trustee	Before Previous owner, previous trustee
Company name	GK SAPR6	Other than the one in a relationship of special interest
Relationship with parties who have special interests	The company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the "Rules on Transactions with Interested Parties" set forth by the Asset Manager.	-
Acquisition background and reason, etc.	Acquired for investment management purpose	-
Acquisition price	1,110,000,000 yen	-
Acquisition period	September 29, 2017	-

(4) LGC-06 Funabashi Nishiura Logistics I

	Previous owner, previous trustee	Before Previous owner, previous trustee
Company name	GK Viper	Other than the one in a relationship of

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		special interest
Relationship with parties who have special interests	The company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties” set forth by the Asset Manager.	-
Acquisition background and reason, etc.	Acquired for investment management purpose	-
Acquisition price	(Note)	-
Acquisition period	February 10, 2016	-

(Note) Omitted as the current owner has owned the property for over one year.

(5) LGC-07 Funabashi Nishiura Logistics II

	Previous owner, previous trustee	Before Previous owner, previous trustee
Company name	GK Viper	Other than the one in a relationship of special interest
Relationship with parties who have special interests	The company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties” set forth by the Asset Manager.	-
Acquisition background and reason, etc.	Acquired for investment management purpose	-
Acquisition price	(Note)	-
Acquisition period	March 30, 2016	-

(Note) Omitted as the current owner has owned the property for over one year.

(6) LGC-08 Matsubushi Logistics

	Previous owner, previous trustee	Before Previous owner, previous trustee
Company name	GK 29er	Other than the one in a relationship of special interest
Relationship with parties who have special interests	The company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties” set forth by the Asset Manager.	-

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Acquisition background and reason, etc.	Acquired for investment management purpose	-
Acquisition price	(Note)	-
Acquisition period	November 30, 2016	-

(Note) Omitted as the current owner has owned the property for over one year.

6. Transaction with interested person, etc.

The Transactions are not transactions with interested person, etc., as provided in the Investment Trusts Act, but each sellers in the asset acquisition other than Nihonbashi Hamacho Park Building and SACJ Godo Kaisha as an initial purchaser (the one who had a status as a purchaser) under the sale and purchase agreement regarding the acquisition of the Nihonbashi Hamacho Park Building fall under the category of interested party prescribed in the “Rules on Transactions with Interested Parties,” which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR’s assets. Upon deciding on the acquisition of the asset, the Asset Manager has performed deliberation and approval in accordance with the voluntary rules.

7. Overview of broker

(1) OFC-10 Nihonbashi Hamacho Park Building, RSC-08 Urban Park Ryokuchi Koen, RSC-09 Urban Park Koenji, LGC-06 Funabashi Nishiura Logistics I, LGC-07 Funabashi Nishiura Logistics II, LGC-08 Matsubushi Logistics

1) Overview of broker

Name	Jones Lang LaSalle, Inc.
Location	2-13-10 Nagata-cho, Chiyoda-ku, Tokyo
Representative	Toshinobu Kawanishi
Main business description	1. Consultant and research of real estate investment 2. Trading and bartering of real estate
Capital	195 million yen
Established	April 23, 1985
Relationship with SAR or the Asset Manager	
Capital relationship	There is no capital relationship to report.
Personnel relationship	There is no personnel relationship to report.
Business relationship	There is no business relationship to report.
Related party or no	The company does not fall under the category of related party of SAR/the Asset Manager.

2) Breakdown and value of the brokerage commission

Since the consent has not been obtained from the broker, the information is not disclosed as an undisclosed case due to unavoidable reasons.

8. Schedule for the Transactions

January 12, 2018	Acquisition decided Conclusion of a sale and purchase agreement of beneficiary interest in trust and an agreement on transfer of contractual status
February 2, 2018 (Planned Acquisition)	Acquisition of beneficiary interest in trust (planned) Payment of acquisition price (planned)

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Date)

Conclusion of a master lease agreement and property management agreement
(planned)

9. Settlement method

The sale and purchase prices of the Transactions will be settled in lump sum on February 2, 2018. With respect to Nihonbashi Hamacho Park Building, SACJ Godo Kaisha paid 30 million yen to the seller as earnest money on the date of execution of the trust beneficial interest sale and purchase agreement. SAR will pay the remaining purchase price after deduction of the said earnest money to the seller and also pay 30 million yen to SACJ Godo Kaisha as reimbursement of the said earnest money, on the Planned Acquisition Date.

10. Future outlook

As a result of the Transactions, there will be a change in assumption described in “Financial Report for Fiscal Period Ended July 31, 2017” announced as of September 13, 2017. Please refer to “Notice Concerning Revision to Forecasts for Operating Results for the 4th Fiscal Period Ending January 31, 2018 and 5th Fiscal Period Ending July 31, 2018, and Forecasts for Operating Results and Distribution for the 6th Fiscal Period Ending January 31, 2019” announced as of today for further details.

<Reference Materials>

- Reference Material 1: Portfolio list after the Transactions (as of February 2, 2018)
- Reference Material 2: Summary of earthquake risk analysis
- Reference Material 3: Location maps/photos of exterior of properties

<Other Press Releases Announced as of Today>

- Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units
- Notice Concerning Revision to Forecasts for Operating Results for the 4th Fiscal Period Ending January 31, 2018 and 5th Fiscal Period Ending July 31, 2018, and Forecasts for Operating Results and Distribution for the 6th Fiscal Period Ending January 31, 2019
- Notice Concerning Debt Financing
- Supplemental Material on Press Releases (acquisition of properties through public offering) Announced as of Today
- Notice Concerning Execution of Agreement on the Preferential Negotiation on HAKUSAN HOUSE

* This material is distributed to the press club of the Tokyo Stock Exchange (Kabuto Club), the press club of the Ministry of Land, Infrastructure, Transport and Tourism, and the press club for construction trade publications of the Ministry of Land, Infrastructure, Transport and Tourism.

* Star Asia Investment Corporation website address: <http://starasia-reit.com/en/>

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Reference material 1 Portfolio list after the Transactions (as of February 2, 2018)

<Real Estate, etc.>

Property no.	Property name	Location (Note 1)	(Planned) acquisition price (million yen) (Note 2)	Real estate appraisal value (million yen) (Note 3)	Investment ratio (%) (Note 4)
OFC-01	Minami-Azabu Shibuya Building	Minato-ku, Tokyo	2,973	3,070	3.5
OFC-03	Honmachibashi Tower	Chuo-ku, Osaka-shi, Osaka	6,065	6,940	7.0
OFC-04	Nishi-Shinjuku Matsuya Building	Shibuya-ku, Tokyo	1,763	2,370	2.0
OFC-05	Alphabet Seven	Minato-ku, Tokyo	1,725	2,330	2.0
OFC-06	Shibuya MK Building	Shibuya-ku, Tokyo	2,042	2,810	2.4
OFC-07	Hakata-eki Higashi 113 Building	Hakata-ku, Fukuoka-shi, Fukuoka	1,885	2,020	2.2
OFC-08	Asahi Building	Kanagawa-ku, Yokohama-shi, Kanagawa	6,320	6,720	7.3
OFC-09	Hakata-eki East Place	Hakata-ku, Fukuoka-shi, Fukuoka	2,286	2,410	2.7
OFC-10	Nihonbashi Hamacho Park Building	Chuo-ku, Tokyo	1,450	1,520	1.7
Office subtotal			26,509	30,190	30.8
RSC-01	Urban Park Azabujuban	Minato-ku, Tokyo	2,045	2,170	2.4
RSC-02	Urban Park Daikanyama	Shibuya-ku, Tokyo	6,315	7,310	7.3
RSC-04	Urban Park Shin-Yokohama	Kohoku-ku, Yokohama-shi, Kanagawa	2,528	2,590	2.9
RSC-05	Urban Park Namba	Naniwa-ku, Osaka-shi, Osaka	1,490	1,610	1.7
RSC-06	Urban Park Gokokuji	Toshima-ku, Tokyo	1,460	1,510	1.7
RSC-07	Urban Park Kashiwa	Kashiwa-shi, Chiba	1,186	1,190	1.4
RSC-08	Urban Park Ryokuchi Koen	Suita-shi, Osaka	1,550	1,570	1.8
RSC-09	Urban Park Koenji	Suginami-ku, Tokyo	1,167	1,170	1.4
Residence subtotal			17,741	19,120	20.6
LGC-01	Iwatsuki Logistics	Iwatsuki-ku, Saitama-shi, Saitama	6,942	7,010	8.1
LGC-02	Yokohama Logistics	Kanagawa-ku, Yokohama-shi, Kanagawa	3,560	3,950	4.1

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LGC-03	Funabashi Logistics	Funabashi-shi, Chiba	7,875	8,380	9.1
LGC-04	Baraki Logistics	Ichikawa-shi, Chiba	4,700	4,890	5.5
LGC-05	Tokorozawa Logistics	Tokorozawa-shi, Saitama	1,300	1,400	1.5
LGC-06	Funabashi Nishiura Logistics I	Funabashi-shi, Chiba	3,000	3,010	3.5
LGC-07	Funabashi Nishiura Logistics II	Funabashi-shi, Chiba	821	833	1.0
LGC-08	Matsubushi Logistics	Kitakatsushika-gun, Saitama	2,755	2,850	3.2
Logistics subtotal			30,953	32,323	36.0
HTL-01	R&B Hotel Umeda East	Kita-ku, Osaka-shi, Osaka	2,069	2,300	2.4
HTL-02	Smile Hotel Namba	Naniwa-ku, Osaka-shi, Osaka	1,750	1,750	2.0
HTL-03	BEST WESTERN Tokyo Nishikasai	Edogawa-ku, Tokyo	3,827	3,890	4.4
HTL-04	BEST WESTERN Yokohama	Tsurumi-ku, Yokohama-shi, Kanagawa	3,248	3,270	3.8
Hotel subtotal			10,894	11,210	12.6
Real Estate etc. Total			86,097	92,843	100.0

(Note 1) "Location" indicates the minimum independent administrative district of which each asset held by SAR as of today (the "Existing Assets (real estate, etc.)") and assets to be acquired is located except for mezzanine loan debt described in the <Mezzanine> below.

(Note 2) "Acquisition price" indicates, except for Minami-Azabu Shibuya Building, the sale and purchase price stated in each sale and purchase contract for Existing Assets (real estate, etc.), and "planned acquisition price" indicates the planned sale and purchase price stated in the sale and purchase agreement for assets to be acquired, rounded to the nearest million yen. The sale and purchase price or the planned sale and purchase price does not include consumption tax, local consumption tax and various expenses required for the acquisition. As to Minami-Azabu Shibuya Building, since price for each property is not set in the sale and purchase agreement, the total sale and purchase price of the property is divided proportionally based on the ratio of appraisal value of the property at the time of acquisition and indicated as "(planned) acquisition price."

(Note 3) 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" is the opinions of value stated in the real estate appraisal report with July 31, 2017 as the date of valuation for Existing Assets (real estate, etc.), November 1, 2017 as the date of valuation for assets to be acquired, each rounded to the nearest million yen.

(Note 4) "Investment ratio" is the ratio of (planned) acquisition price for each Existing Assets (real estate, etc.) /assets to be acquired to the total of (planned) acquisition prices of each Existing Assets (real estate, etc.) /assets to be acquired.

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<Mezzanine>

Mezzanine loan debt	Asset no.	Asset type	Asset name (overview)	Investment ratio (%) (Note 1)	Acquisition price (million yen) (Note 2)	Interest rate (Note 3)	Acquisition date	Investment ratio to the entire portfolio (%) (Note 4)
	MEZ-01	Corporate bond	The 1st Unsecured Subordinate Bonds issued by the Haneda Hotel Development GK (Series A) (Name: Star Asia Mezzanine Loan Debt Investment Series 1)	54.5	400 (Note 5)	Base rate (Note 6) +5.0%	October 31, 2017	0.5
	MEZ-02	Beneficiary interest in trust	Subordinate beneficiary interest of trust with loan claims (non-recourse loan) to the GK Japan B Asset as main asset in trust, which holds Sasazuka South Building as collateral asset (Name: Star Asia Mezzanine Loan Debt Investment Series 2)	45.5	334	Base rate (Note 7) +5.0%	December 22, 2017	0.4
	Mezzanine loan debt Total				100.0	734	—	—

(Note 1) "Share of investment" is the acquisition price expressed as a percentage of the sum total of mezzanine loan debt.

(Note 2) "Acquisition price" is the sale and purchase price in the bond transfer agreement and the sale price of beneficiary interest in the beneficiary interest transfer agreement (each do not include transfer-related costs), each rounded down to the nearest million yen.

(Note 3) "Interest rate" includes the dividend from the invested mezzanine loan debt.

(Note 4) "Investment ratio to the entire portfolio" is the acquisition price of each mezzanine loan debt as a percentage of the sum total of (scheduled) acquisition price of the portfolio (including Existing Assets (real estate, etc.) and assets to be acquired) including the mezzanine loan debt after the Transactions.

(Note 5) "400" means 400 million yen of total issued bonds amount of 701 million yen.

(Note 6) Base rate is JBA 3-month JPY TIBOR. The Japanese yen TIBOR can be confirmed on the website of the JBA TIBOR Administration (<http://www.jbatibor.or.jp/english/rate/>). The same applies hereinafter. For each interest calculation period, the rate announced at 11 a.m. (Tokyo time) two business days prior to the last day of the previous calculation period of the relevant calculation period (the first date is two business days prior to the closing date of the senior loan which will be made closing with the payment of the bond) will be applied as the base rate.

(Note 7) Base rate is JBA 3-month JPY TIBOR. For each interest calculation period, the rate announced at 11 a.m. (Tokyo time) two business days prior to the last day of the previous calculation period of the relevant calculation period (the first date is December 20, 2017) will be applied as the base rate.

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Reference Material 2 Summary of earthquake risk analysis

Type	Property no.	Property name	PML (%)
Office	OFC-01	Minami-Azabu Shibuya Building	12.6
	OFC-03	Honmachibashi Tower	2.7
	OFC-04	Nishi-Shinjuku Matsuya Building	12.2
	OFC-05	Alphabet Seven	7.8
	OFC-06	Shibuya MK Building	13.1
	OFC-07	Hakata-eki Higashi 113 Building	7.1
	OFC-08	Asahi Building	4.8
	OFC-09	Hakata-eki East Place	7.3
	OFC-10	Nihonbashi Hamacho Park Building	12.1
	Residence	RSC-01	Urban Park Azabujuban
RSC-02		Urban Park Daikanyama	Existing bldg.: 12.7 Bldg. A: 10.2 Bldg. B: 7.9
RSC-04		Urban Park Shin-Yokohama	14.5
RSC-05		Urban Park Namba	13.2
RSC-06		Urban Park Gokokuji	9.2
RSC-07		Urban Park Kashiwa	10.0
RSC-08		Urban Park Ryokuchi Koen	Apartment house: 8.8 Parking bldg.: 4.0
RSC-09		Urban Park Koenji	A bldg.: 6.7 B bldg.: 6.9
Logistics		LGC-01	Iwatsuki Logistics
	LGC-02	Yokohama Logistics	10.8
	LGC-03	Funabashi Logistics	Bldg. 1-A: 13.9 Bldg. 1-B: 14.4 Bldg. 2: 11.1
	LGC-04	Baraki Logistics	10.9
	LGC-05	Tokorozawa Logistics	Warehouse: 9.7 Office: 3.8
	LGC-06	Funabashi Nishiura Logistics I	Warehouse: 8.8 Office: 13.5
	LGC-07	Funabashi Nishiura Logistics II	Office: 14.3 Factory: 15.9 Warehouse: 14.0
	LGC-08	Matsubushi Logistics	9.8
Hotel	HTL-01	R&B Hotel Umeda East	11.4
	HTL-02	Smile Hotel Namba	12.3
	HTL-03	BEST WESTERN Tokyo Nishikasai	13.3
	HTL-04	BEST WESTERN Yokohama	7.9
Entire portfolio (29 properties) ^(Note)			3.27

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(Note) The figure in the entire portfolio column is the PML for the entire portfolio of the Existing Assets (real estate, etc.) /assets to be acquired (portfolio PML) based on “portfolio earthquake risk evaluation report” prepared by Deloitte Tohmatsu Property Risk Solution Co., Ltd. dated December 2017.

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Reference Material 3 Location maps/photos of exterior of properties

1. OFC-10 Nihonbashi Hamacho Park Building



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2. RSC-08 Urban Park Ryokuchi Koen



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3. RSC-09 Urban Park Koenji



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4. LGC-06 Funabashi Nishiura Logistics I



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5. LGC-07 Funabashi Nishiura Logistics II



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6. LGC-08 Matsubushi Logistics



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