

(REIT) Financial Report for Fiscal Period Ended January 31, 2019

March 15, 2019

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

Asset Management Company: Star Asia Investment Management Co., Ltd. (the Asset Management Company)
 Representative: Atsushi Kato, President and CEO
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Scheduled date of commencement of cash distribution payment: April 15, 2019

Scheduled date of submission of securities report: April 25, 2019

Preparation of supplementary financial results briefing materials: Yes

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

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for Fiscal Period Ended January 31, 2019 (from August 1, 2018 to January 31, 2019)

(1) Management Status

(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Jan. 2019	3,844	36.8	2,406	52.7	2,073	58.8	2,049	57.0
Ended Jul. 2018	2,810	(12.0)	1,576	(23.2)	1,305	(30.4)	1,305	(27.6)

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Ended Jan. 2019	3,889	4.0	2.0	53.9
Ended Jul. 2018	2,775	2.9	1.5	46.5

(2) Status of Cash Distribution

Fiscal period	Cash distribution per unit (not including cash distribution in excess of earnings)	Total cash distribution (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit	Total cash distribution in excess of earnings	Cash distribution payout ratio	Ratio of cash distribution to net assets
	yen	million yen	yen	million yen	%	%
Ended Jan. 2019	3,720	2,011	0	0	98.2	3.7
Ended Jul. 2018	2,773	1,305	0	0	100.0	2.8

(Note1) For the fiscal period ended July 31, 2018 and the fiscal period ended January 31, 2019, cash distribution payout ratio is calculated by the following formula due to changes in the number of investment units during the period following issuance of new investment units during the period:

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

(Note2) For the fiscal period ended January 31, 2019, total cash distribution differs from net income due to internal reserve.

(3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Jan. 2019	111,079	54,839	49.4	101,400
Ended Jul. 2018	93,553	47,287	50.5	100,477

(4) Status of Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Ended Jan. 2019	6,219	(19,756)	14,681	6,263
Ended Jul. 2018	1,366	(11,055)	9,986	5,118

2. Management Status Forecast for Fiscal Period Ending July 31, 2019 (from February 1, 2019 to July 31, 2019) and Fiscal Period Ending January 31, 2020 (from August 1, 2019 to January 31, 2020)

(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income		Cash distribution per unit (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
Ending Jul. 2019	3,713	(3.4)	2,155	(10.4)	1,893	(8.7)	1,893	(7.6)	3,500	0
Ending Jan. 2020	3,189	(14.1)	1,667	(22.7)	1,442	(23.9)	1,441	(23.9)	2,770	0

(Reference) Forecast net income per unit (fiscal period ending July 31, 2019) 3,500 yen

Forecast net income per unit (fiscal period ending January 31, 2020) 2,665 yen

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

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

* Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

- ① Changes in accounting policies accompanying amendments to accounting standards, etc.: No
- ② Changes in accounting policies other than ①: No
- ③ Changes in accounting estimates: No
- ④ Retrospective restatement: No

(2) Total Number of Investment Units Issued and Outstanding

① Total number of investment units issued and outstanding (including own investment units) at end of period

Fiscal period ended Jan. 31, 2019	540,824 units	Fiscal period ended Jul. 31, 2018	470,624 units
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② Number of own investment units at end of period

Fiscal period ended Jan. 31, 2019	0 units	Fiscal period ended Jul. 31, 2018	0 units
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(Note) For the number of investment units serving as the basis for calculation of net income per unit, please see "Notes on Per Unit Information" on page 21.

* Presentation of Status of Implementation of Audit Procedures

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

* Explanation of Appropriate Use of Management Status Forecast, and Other Matters of Special Note

The management status outlook and other forward-looking statements contained in this document are based on information that are currently available and certain assumptions that are deemed reasonable by SAR. Accordingly, the actual management status, etc. may differ materially due to various factors. In addition, the forecast figures are the current figures calculated under the assumptions described in "Assumptions Underlying Operating Results Forecasts for Fiscal Period Ending July 31, 2019 and Fiscal Period Ending January 31, 2020" on pages 3-4. Accordingly, the actual operating revenue, operating income, ordinary income, net income, cash distribution per unit (not including cash distribution in excess of earnings) and cash distribution in excess of earnings per unit may vary due to acquisition/disposition of real estate, etc., trends of the real estate market, etc., fluctuations in interest rates or other changes in the circumstances surrounding SAR, etc. in the future. In addition, the forecast is not a guarantee of the amount of cash distribution.

Assumptions Underlying Operating Results Forecasts for
Fiscal Period Ending July 31, 2019 and Fiscal Period Ending January 31, 2020

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> ➤ Fiscal period ending July 31, 2019: February 1, 2019 – July 31, 2019 (181 days) ➤ Fiscal period ending January 31, 2020: August 1, 2019 – January 31, 2020 (184 days)
Investment assets	<ul style="list-style-type: none"> ➤ For the real estate beneficiary interest in trust of the 34 properties (referred to as the “Existing Properties (real estate, etc.)” hereinafter in these assumptions) , 3 Mezzanine Loan Debt (referred to as the “Existing Properties (mezzanine)” hereinafter in these assumptions) and 2 Silent Partnership Equity Interest (referred to as the “Existing Properties (silent partnership)” hereinafter in these assumptions) held by SAR as of today (hereinafter collectively referred to as the “Existing Properties”), it is assumed there will be no change (new property acquisitions, sales of the Existing Properties, etc.) in the investment assets through the end of the fiscal period ending January 31, 2020. ➤ In practice, this may vary due to changes in investment assets.
Operating revenue	<ul style="list-style-type: none"> ➤ Rent revenues from the Existing Properties (real estate, etc.) are calculated based on the rent stated in the lease agreements that are effective as of today taking into consideration factors such as market movement. It is also assumed that there will be no arrears or non-payment of rent by tenants. ➤ Interest revenues or dividend revenues from the Existing Properties (mezzanine) are calculated based on outlines , trust agreements or loan agreements which define contents of the Existing Properties (mezzanine) that are effective as of today. It is also assumed that no interest payments or dividend payments will be declined. ➤ Dividend revenues from the Existing Properties (silent partnership) are calculated based on the assumption that real estate underlying cash flow will maintain stable operation. ➤ Gain on sale of Hakata-eki Higashi 113 Building (Quasi co-ownership interest: 51%) executed on February 1, 2019 is expected to be 422 million yen for the fiscal period ending July 31, 2019.
Operating expenses	<ul style="list-style-type: none"> ➤ Among expenses related to rent business of the Existing Properties (real estate, etc.), which are the principal operating expenses, expenses excluding depreciation are calculated on the basis of historical data, reflecting variable factors of expenses. ➤ Fixed property taxes, city planning taxes and other public charges are expected to be 239 million yen in the fiscal period ending July 31, 2019 and to be 239 million yen in the fiscal period ending January 31, 2020. When acquiring properties, fixed property taxes, city planning taxes and other public charges in the fiscal year will be settled on a pro rata basis based on the number of days of ownership with the seller at the time of acquisition of the properties. However, in the case of SAR, the settled amount will be included in the acquisition cost and thus those for the real estate beneficiary interest in trust of Amusement Media Gakuin Shinkan acquired on February 1, 2019 will not be recorded as expenses for the fiscal period ending July 31, 2019 and for the fiscal period ending January 31, 2020. Fixed property taxes, city planning taxes and other public charges for the property are expected to be 1 million yen and will be recorded as expenses from the fiscal period ending July 31, 2020. ➤ For the expenditures for repair and maintenance of buildings, 104 million yen is expected for the fiscal period ending July 31, 2019 and 85 million yen is expected for the fiscal period ending January 31, 2020 based on repair and maintenance plans prepared by Star Asia Investment Management Co., Ltd. However, the expenditures for repair and maintenance for the fiscal periods could differ significantly from the estimated amounts, as expenditures may arise urgently due to damage to buildings and such caused by unexpected factors, and because the variance in amounts generally tends to be significant from year to year and repair and maintenance expenses do not arise regularly. ➤ Depreciation is calculated using the straight-line method including ancillary costs and is expected to be 419 million yen for the fiscal period ending July 31, 2019 and 426 million yen for the fiscal period ending January 31, 2020.
NOI (Net Operating Income)	<ul style="list-style-type: none"> ➤ The total NOI of the entire portfolio is expected to be 2,475 million yen for the fiscal period ending July 31, 2019 and 2,386 million yen for the fiscal period ending January 31, 2020. ➤ NOI is calculated by using the following calculation method. NOI = rent revenue – rent expenses (excluding depreciation)
Non-operating expenses	<ul style="list-style-type: none"> ➤ Interest expenses are expected to be 155 million yen for the fiscal period ending July 31, 2019 and 164 million yen for the fiscal period ending January 31, 2020 and other borrowing related expenses are expected to be 105 million yen for the fiscal period ending July 31, 2019 and 60 million yen for the fiscal period ending January 31, 2020. ➤ In other borrowing related expenses noted above, expected temporary expenses (44 million yen for the fiscal period ending July 31, 2019) from debt financing or refinancing is included.

Item	Assumptions
Debt financing	<ul style="list-style-type: none"> ➤ The total amount of interest-bearing liabilities is assumed to be 51,580 million yen as of the end of the fiscal period ending July 31, 2019 and 51,580 million yen as of the end of the fiscal period ending January 31, 2020. ➤ As of today, SAR's balance of outstanding borrowings is 52,040 million yen. ➤ Early repayment of 460 million yen by the end of the fiscal period ending July 31, 2019 using the consumption tax refund resulting from the acquisition of properties and payment of other various expenses in the fiscal period ended January 31, 2019 is assumed. ➤ It is assumed that 8,000 million yen of loans payable due for repayment by the end of the fiscal period ending July 31, 2019 will be refinanced in the term. ➤ Other than the above, it is assumed that there will be no new borrowings or repayment of existing borrowings including early repayment by the end of the fiscal period ending January 31, 2020.
Investment units	<ul style="list-style-type: none"> ➤ It is assumed that there will be no change in the total number of investment units issued and outstanding as of today (540,824 units) by the end of the fiscal period ending January 31, 2020.
Cash distribution per unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> ➤ Cash distribution per unit (not including cash distribution in excess of earnings) is calculated on the assumption described in the cash distribution policy stipulated in SAR's Articles of Incorporation. ➤ It is assumed that derivative transactions (interest rate swaps) will continue to be conducted. However, it is also assumed that deferred losses on hedges, which is an item of deduction from net assets (as those provided in article 2, item 30 (b) of the Ordinance on Accountings of Investment Corporations), is not expected to arise until the end the fiscal period ending January 31, 2020, and cash distribution per unit (not including cash distribution in excess of earnings) will not be affected by changes in items of deduction from net assets in the calculation. ➤ It is assumed that a reversal of internal reserve of 56 million yen will be made in the fiscal period ending January 31, 2020. ➤ It is possible that the cash distribution per unit (not including cash distribution in excess of earnings) could change due to various factors, including changes in investment assets, changes in rent revenue accompanying changes in tenants, etc., or unexpected repair and maintenance, etc. In addition, cash distribution per unit (not including cash distribution in excess of earnings) may be affected by changes in items of deduction from net assets.
Cash distribution in excess of earnings per unit	<ul style="list-style-type: none"> ➤ It is assumed that there will be no existing balance of deferred losses on hedges, which is an item of deduction from net assets, as described above. Of cash distribution in excess of earnings, that attributable to allowance for temporary difference adjustment is not scheduled at this point. ➤ In addition, of cash distribution in excess of earnings, that falling under the category of cash distribution accompanying decrease in capital, etc. under tax law is not scheduled at this point.
Other	<ul style="list-style-type: none"> ➤ Forecasts are based on the assumption that revisions that impact the above forecast figures will not be made to laws and regulations, tax systems, accounting standards, listing rules, and rules of The Investment Trusts Association, Japan, etc. ➤ Forecasts are based on the assumption that there will be no major unforeseen changes to general economic trends and real estate market conditions, etc.

3. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	5th fiscal period (As of July 31, 2018)	6th fiscal period (As of January 31, 2019)
Assets		
Current assets		
Cash and deposits	2,000,005	2,310,545
Cash and deposits in trust	3,118,735	3,953,328
Operating accounts receivable	50,970	52,568
Prepaid expenses	118,176	120,684
Consumption taxes receivable	210,713	184,863
Other	16,157	7,153
Total current assets	5,514,759	6,629,144
Non-current assets		
Property, plant and equipment		
Buildings in trust	28,549,452	33,050,199
Accumulated depreciation	(1,407,469)	(1,712,512)
Buildings in trust, net	27,141,983	31,337,686
Structures in trust	9,606	11,621
Accumulated depreciation	(1,070)	(1,423)
Structures in trust, net	8,536	10,198
Machinery and equipment in trust	45,901	45,723
Accumulated depreciation	(2,718)	(4,982)
Machinery and equipment in trust, net	43,183	40,741
Tools, furniture and fixtures in trust	22,442	30,828
Accumulated depreciation	(4,123)	(5,807)
Tools, furniture and fixtures in trust, net	18,318	25,020
Land in trust	56,437,510	68,467,885
Construction in progress in trust	-	222
Total property, plant and equipment	83,649,531	99,881,755
Intangible assets		
Leasehold rights in trust	3,459,138	3,459,138
Total intangible assets	3,459,138	3,459,138
Investments and other assets		
Investment securities	734,500	628,893
Long-term loans receivable	-	300,000
Long-term prepaid expenses	155,717	160,951
Lease and guarantee deposits	10,000	10,962
Other	29,887	8,255
Total investments and other assets	930,105	1,109,062
Total non-current assets	88,038,774	104,449,955
Total assets	93,553,534	111,079,100

(Unit: thousand yen)

	5th fiscal period (As of July 31, 2018)	6th fiscal period (As of January 31, 2019)
Liabilities		
Current liabilities		
Operating accounts payable	190,118	291,171
Short-term loans payable	-	460,000
Current portion of long-term loans payable	8,490,000	8,300,000
Accounts payable - other	251,986	335,845
Accrued expenses	8,643	10,017
Income taxes payable	605	22,611
Accrued consumption taxes	21,000	-
Advances received	594,306	624,323
Other	9,842	14,119
Total current liabilities	9,566,503	10,058,089
Non-current liabilities		
Long-term loans payable	34,740,000	43,580,000
Tenant leasehold and security deposits	-	6,669
Tenant leasehold and security deposits in trust	1,959,368	2,514,819
Other	493	79,644
Total non-current liabilities	36,699,861	46,181,133
Total liabilities	46,266,365	56,239,222
Net assets		
Unitholders' equity		
Unitholders' capital	45,832,670	52,745,966
Surplus		
Unappropriated retained earnings (undisposed loss)	1,418,609	2,163,215
Total surplus	1,418,609	2,163,215
Total unitholders' equity	47,251,279	54,909,181
Valuation and translation adjustments		
Deferred gains or losses on hedges	35,889	(69,303)
Total valuation and translation adjustments	35,889	(69,303)
Total net assets	*1 47,287,168	*1 54,839,877
Total liabilities and net assets	93,553,534	111,079,100

(2) Statement of Income

(Unit: thousand yen)

	5th fiscal period From: February 1, 2018 To: July 31, 2018	6th fiscal period From: August 1, 2018 To: January 31, 2019
Operating revenue		
Lease business revenue	*1 2,631,029	*1 3,028,065
Other lease business revenue	*1 160,946	*1 196,270
Gain on sales of real estate property	-	*2 598,163
Other revenue	18,476	22,092
Total operating revenue	2,810,451	3,844,592
Operating expenses		
Expenses related to rent business	*1 963,758	*1 1,088,373
Asset management fee	193,319	260,206
Asset custody and administrative service fees	20,323	22,377
Directors' compensations	2,400	2,400
Other operating expenses	54,427	64,945
Total operating expenses	1,234,229	1,438,302
Operating income	1,576,222	2,406,289
Non-operating income		
Interest income	26	24
Interest on refund	-	848
Total non-operating income	26	872
Non-operating expenses		
Interest expenses	112,385	145,156
Borrowing related expenses	149,537	150,949
Investment unit issuance expenses	7,405	37,238
Other	1,000	-
Total non-operating expenses	270,327	333,344
Ordinary income	1,305,921	2,073,818
Income before income taxes	1,305,921	2,073,818
Income taxes - current	605	24,172
Total income taxes	605	24,172
Net income	1,305,316	2,049,646
Retained earnings brought forward	113,292	113,568
Unappropriated retained earnings (undisposed loss)	1,418,609	2,163,215

(3) Statement of Unitholders' Equity

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

(Unit: thousand yen)

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

6th fiscal period (from August 1, 2018 to January 31, 2019)

(Unit: thousand yen)

	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of the period	45,832,670	1,418,609	1,418,609	47,251,279	35,889	35,889	47,287,168
Changes of items during the period							
Issuance of new investment units	6,913,296			6,913,296			6,913,296
Dividends from surplus		(1,305,040)	(1,305,040)	(1,305,040)			(1,305,040)
Net income		2,049,646	2,049,646	2,049,646			2,049,646
Net changes of items other than unitholders' equity					(105,192)	(105,192)	(105,192)
Total changes of items during the period	6,913,296	744,605	744,605	7,657,901	(105,192)	(105,192)	7,552,709
Balance at end of the period	*1 52,745,966	2,163,215	2,163,215	54,909,181	(69,303)	(69,303)	54,839,877

(4) Statement of Cash Distributions

(Unit: yen)

	5th fiscal period From: February 1, 2018 To: July 31, 2018	6th fiscal period From: August 1, 2018 To: January 31, 2019
I. Unappropriated retained earnings	1,418,609,155	2,163,215,106
II. Cash distribution	1,305,040,352	2,011,865,280
[Cash distribution per unit]	[2,773]	[3,720]
Cash distribution of earnings	1,305,040,352	2,011,865,280
[Cash distribution of earnings per unit]	[2,773]	[3,720]
III. Retained earnings carried forward	113,568,803	151,349,826

Method of calculation of amount of cash distribution

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

Pursuant to the cash distribution policy provided in Article 35, Paragraph 1 of SAR's Articles of Incorporation, SAR shall distribute in excess of the amount equivalent to 90% of the amount of distributable earnings of SAR as defined in Article 67-15 of the Act on Special Measures Concerning Taxation. In accordance with such policy, concerning cash distribution of earnings (not including cash distribution in excess of earnings), the decision was made to distribute 1,305,040,352 yen, which is the entire amount of the net income excluding the portion where cash distribution of earnings per unit becomes a fractional amount of less than 1 yen, as cash distribution of earnings.

6th fiscal period (from August 1, 2018 to January 31, 2019):

Pursuant to the cash distribution policy provided in Article 35, Paragraph 1 of SAR's Articles of Incorporation, SAR shall distribute in excess of the amount equivalent to 90% of the amount of distributable earnings of SAR as defined in Article 67-15 of the Act on Special Measures Concerning Taxation. In accordance with such policy, concerning cash distribution of earnings (not including cash distribution in excess of earnings), the decision was made to distribute 3,720 per unit, 2,011,865,280 yen in total cash distribution considering the occurrence of gain on sale of real estate of 598,163,538 yen, and within net income, 37,781,023 yen is decided to be internally reserved.

(5) Statement of Cash Flows

(Unit: thousand yen)

	5th fiscal period From: February 1, 2018 To: July 31, 2018	6th fiscal period From: August 1, 2018 To: January 31, 2019
Cash flows from operating activities		
Income before income taxes	1,305,921	2,073,818
Depreciation	355,808	409,467
Investment unit issuance expenses	7,405	37,238
Interest income	(26)	(24)
Interest expenses	112,385	145,156
Decrease (increase) in operating accounts receivable	(6,300)	(1,598)
Decrease (increase) in consumption taxes refund receivable	(210,713)	25,849
Increase (decrease) in accrued consumption taxes	(105,003)	(21,000)
Decrease (increase) in prepaid expenses	(27,960)	(2,507)
Decrease (increase) in long-term prepaid expenses	(34,383)	(5,233)
Increase (decrease) in operating accounts payable	(49,856)	81,740
Increase (decrease) in accounts payable - other	(45,613)	74,258
Increase (decrease) in advances received	256,022	30,016
Decrease from sales of property, plant and equipment in trust	-	3,509,673
Other, net	(4,875)	7,042
Subtotal	1,552,810	6,363,897
Interest income received	26	24
Interest expenses paid	(109,795)	(143,833)
Income taxes paid	(76,159)	(351)
Net cash provided by (used in) operating activities	1,366,881	6,219,737
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(11,219,780)	(20,125,244)
Repayments of tenant leasehold and security deposits	-	(192)
Proceeds from tenant leasehold and security deposits	-	6,861
Repayments of tenant leasehold and security deposits in trust	(45,598)	(119,296)
Proceeds from tenant leasehold and security deposits in trust	209,986	674,748
Purchase of investment securities	-	(226,511)
Proceeds from redemption of investment securities	-	334,500
Payments of long-term loans receivable	-	(300,000)
Other, net	-	(962)
Net cash provided by (used in) investing activities	(11,055,392)	(19,756,096)
Cash flows from financing activities		
Increase in short-term loans payable	-	4,290,000
Decrease in short-term loans payable	-	(3,830,000)
Proceeds from long-term loans payable	13,460,000	8,840,000
Repayments of long-term loans payable	(7,580,000)	(190,000)
Proceeds from issuance of investment units	5,794,079	6,876,057
Dividends paid	(1,687,802)	(1,304,565)
Net cash provided by (used in) financing activities	9,986,276	14,681,492
Net increase (decrease) in cash and cash equivalents	297,765	1,145,133
Cash and cash equivalents at beginning of period	4,820,976	5,118,741
Cash and cash equivalents at end of period	*1 5,118,741	*1 6,263,874

(6) Notes on the Going Concern Assumption

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Evaluation standards and methods of valuation of securities	Other securities: Those with fair value Fair value method or market value method (Variances are directly included in net assets.) Those with no fair value Cost method through moving-average method As for silent partnership equity interests, the method of incorporating the amount equivalent to equity interests corresponding to net amount of gain or loss from silent partnership is adopted.
2. Method of depreciation of non-current assets	Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment is as follows: Buildings 5-69 years Structures 10-15 years Machinery and equipment 10 years Tools, furniture and fixtures 3-15 years
3. Accounting for deferred assets	Investment unit issuance expenses The entire amount is expensed as incurred.
4. Standards for revenue and expense recognition	Accounting for fixed property tax, etc. Accounting for fixed property tax, city planning tax, depreciable asset tax, etc. ("fixed property tax, etc.") on real estate or beneficiary interest in trust for real estate held is that of the tax amount assessed and determined, and the amount corresponding to the concerned calculation period is expensed as expenses related to rent business. The amount equivalent to fixed property tax, etc. in the initial fiscal year borne by SAR upon acquisition of real estate or beneficiary interest in trust for real estate is not recognized as expenses but included in the cost of acquisition of the concerned real estate, etc. In the fiscal period under review, the amount equivalent to fixed property tax, etc. included in the cost of acquisition of real estate, etc. was 31,134 thousand yen.
5. Method of hedge accounting	(1) Hedge accounting approach Deferral hedge accounting is adopted. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transaction Hedged items: Interest on loans (3) Hedging policy SAR conducts derivative transactions for the purpose of hedging the risks provided in its Articles of Incorporation pursuant to rules and regulations. (4) Method of assessing the effectiveness of hedging The effectiveness of hedging is assessed by comparing the cumulative change in cash flows of the hedging instruments with the cumulative change in cash flows of the hedged items and verifying the ratio of the amount of change in the two.
6. Scope of funds in the statement of cash flows (cash and cash equivalents)	The funds (cash and cash equivalents) in the statement of cash flows comprise cash on hand and cash in trust, demand deposits and deposits in trust, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and that are subject to an insignificant risk of changes in value.
7. Other significant matters serving as the basis for preparation of financial statements	(1) Accounting for beneficiary interest in trust for real estate, etc. Concerning beneficiary interest in trust for real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income. The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet. ① Cash and deposits in trust ② Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust ③ Leasehold rights in trust ④ Tenant leasehold and security deposits in trust (2) Accounting for consumption tax, etc. The accounting for consumption tax and local consumption tax is the taxes are excluded from the transaction amounts. Non-deductible consumption tax on acquisition of assets is included in the acquisition cost of each asset.

(8) Notes to the Financial Statements

[Notes to the Balance Sheet]

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

	5th fiscal period (As of July 31, 2018)	6th fiscal period (As of January 31, 2019)
	50,000	50,000

[Notes to the Statement of Income]

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

(Unit: thousand yen)

	5th fiscal period From: February 1, 2018 To: July 31, 2018	6th fiscal period From: August 1, 2018 To: January 31, 2019
A. Operating revenue from real estate leasing		
Lease business revenue		
Rental revenue	2,354,911	2,661,656
Common area maintenance revenue	201,909	260,412
Parking revenue	64,005	93,509
Facility use revenue	7,346	10,064
Other rental revenue	2,857	2,422
	2,631,029	3,028,065
Other lease business revenue		
Utilities reimbursement	127,053	177,469
Other revenue	33,892	18,800
	160,946	196,270
Total operating revenue from real estate leasing	2,791,975	3,224,335
B. Operating expenses from real estate leasing		
Expenses related to rent business		
Management fee	130,310	152,418
Utilities expenses	130,997	178,464
Taxes and dues	175,769	173,735
Repair expenses	68,389	77,155
Trust fee	11,036	13,049
Insurance premium	4,046	4,801
Depreciation	355,808	409,467
Other expenses	87,399	79,280
Total operating expenses from real estate leasing	963,758	1,088,373
C. Operating income (loss) from real estate leasing [A – B]	1,828,216	2,135,962

*2 Breakdown of gain on sales of real estate property
 5th fiscal period (From: February, 2018 To: July 31, 2018)
 Not applicable

6th fiscal period (From: August 1, 2018 To: January 31, 2019)

Urban Park Shin-Yokohama	(unit: thousand yen)
Real Estate Sale Income	2,775,000
Real Estate Sale Cost	2,554,283
Other Real Estate Sale Expenses	28,250
Gain on Real Estate Sale	192,466

Hakata-eki Higashi 113 Building (49% of quasi co-ownership interest)	(unit: thousand yen)
Real Estate Sale Income	1,396,500
Real Estate Sale Cost	955,390
Other Real Estate Sale Expenses	35,412
Gain on Real Estate Sale	405,696

[Notes to the Statement of Unitholders' Equity]

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

	5th fiscal period From: February 1, 2018 To: July 31, 2018	6th fiscal period From: August 1, 2018 To: January 31, 2019
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	470,624 units	540,824 units

[Notes to the Statement of Cash Flows]

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

(Unit: thousand yen)

	5th fiscal period From: February 1, 2018 To: July 31, 2018	6th fiscal period From: August 1, 2018 To: January 31, 2019
Cash and deposits	2,000,005	2,310,545
Cash and deposits in trust	3,118,735	3,953,328
Cash and cash equivalents	5,118,741	6,263,874

[Notes on Lease Transactions]

Operating leases (as lessor)
 Future minimum lease payments

(Unit: thousand yen)

	5th fiscal period As of Jul. 31, 2018	6th fiscal period As of Jan. 31, 2019
Not later than 1 year	1,976,658	2,872,499
Later than 1 year	4,192,795	9,100,802
Total	6,169,453	11,973,302

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

SAR shall procure funds to allocate to acquisition of real estate related assets, repayment of interest-bearing liabilities, etc. through mainly issuance of investment units, borrowing from financial institutions, issuance of investment corporation bonds, etc. Upon procuring funds through interest-bearing liabilities, due consideration shall be given to fund procurement agility and financial stability.

(2) Description of financial instruments and associated risks, and risk management system

The funds procured through loans, which shall be for the purpose of mainly acquisition of assets, are exposed to liquidity risk until the repayment date, but the concerned risks are managed by taking such measures as lengthening the procurement periods and staggering the maturities. In addition, loans with floating interest rates are exposed to interest rate fluctuation risk, but derivative transactions (interest rate swap transactions) are utilized as hedging instruments to, in effect, convert interest rates to fixed rates in order to mitigate that risk. For the hedge accounting approach, hedging instruments, hedged items, hedging policy and method of assessing the effectiveness of hedging, please refer to “5. Method of hedge accounting” described under “Notes on Matters Concerning Significant Accounting Policies” earlier in this document.

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

Not applicable.

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

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

(Unit: thousand yen)

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

The carrying amount and fair value as of January 31, 2019, and the amount of difference between these, are as follows.

Financial instruments for which estimation of fair value is recognized to be difficult are not included. Please refer to “Note 2”.

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	2,310,545	2,310,545	-
(2) Cash and deposits in trust	3,953,328	3,953,328	-
(3) Investment securities	526,000	526,000	-
(4) Long-term loans receivable	300,000	300,000	-
Assets total	7,089,874	7,089,874	-
(5) Short-term loans payable	460,000	460,000	-
(6) Current portion of long-term loans payable	8,300,000	8,300,000	-
(7) Long-term loans payable	43,580,000	43,580,000	-
Liabilities total	52,340,000	52,340,000	-
(8) Derivative transactions (*)	(69,303)	(69,303)	-

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

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

(1) Cash and deposits; (2) Cash and deposits in trust; (5) Short-term loans payable; (6) Current portion of long-term loans payable

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

(3) Investment securities; (4) Long-term loans receivable;

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

(7) Long-term loans payables

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

(8) Derivative transactions

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

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

(Unit: thousand yen)

Category	5th fiscal period As of July 31, 2018	6th fiscal period As of January 31, 2019
Tenant leasehold and security deposits (*1)	-	6,669
Tenant leasehold and security deposits in trust (*1)	1,959,368	2,514,819
Investment securities (*2)	-	102,893

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

(*2) Fair values of silent partnership equity interest in investment securities are not subject to disclosure of fair value as they have no market value and their fair values are extremely difficult to recognize.

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

(July 31, 2018)

(Unit: thousand yen)

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

(January 31, 2019)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Cash and deposits	2,310,545	-	-	-	-	-
Cash and deposits in trust	3,953,328	-	-	-	-	-
Investment securities	-	-	-	-	526,000	-
Long-term loans receivable	-	-	-	-	300,000	-
Total	6,263,874	-	-	-	826,000	-

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

(July 31, 2018)

(Unit: thousand yen)

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

(January 31, 2019)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Short-term loans payable	460,000	-	-	-	-	-
Long-term loans payable	8,300,000	11,300,000	14,600,000	8,150,000	9,530,000	-
Total	8,760,000	11,300,000	14,600,000	8,150,000	9,530,000	-

[Notes on Securities]

Other securities

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

(Unit: thousand yen)

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

6th fiscal period (as of January 31, 2019)

(Unit: thousand yen)

	Category	Book value	Acquisition cost	Difference
Book value greater than acquisition cost	(1) Stock	-	-	-
	(2) Bond			
	① Government bond, municipal bond, etc.	-	-	-
	② Corporate bond	-	-	-
	③ Other	-	-	-
	(3) Other	-	-	-
	Subtotal	-	-	-
Book value less than or equal to acquisition cost	(1) Stock	-	-	-
	(2) Bond			
	① Government bond, municipal bond, etc.	-	-	-
	② Corporate bond	400,000	400,000	-
	③ Other	-	-	-
	(3) Other	126,000	126,000	-
	Subtotal	526,000	526,000	-
Total		526,000	526,000	-

(*) Silent partnership equity interests (book value: 102,893 thousand yen) are not included above because they have no market value and their fair values are extremely difficult to recognize.

[Notes on Derivative Transactions]

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

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

2. Derivative transactions to which hedge accounting is applied

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

(Unit: thousand yen)

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

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

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

6th fiscal period (as of January 31, 2019)

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

2. Derivative transactions to which hedge accounting is applied

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

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, later than 1 year	
Principle accounting	Interest rate swap transaction (floating receivable; fixed payable)	Long-term loans payable	43,580,000	36,280,000	(69,303)

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

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

[Notes on Retirement Benefits]

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

Not applicable.

6th fiscal period (as of January 31, 2019)

Not applicable.

[Notes on Tax-Effect Accounting]

1. Breakdown of main causes for occurrence of deferred tax assets and deferred tax liabilities

(Unit: thousand yen)

	5th fiscal period As of July 31, 2018	6th fiscal period As of January 31, 2019
Deferred tax assets		
Non-deductible accrued enterprise tax	-	1,930
Acquisition cost of securities	1,364	1,364
Deferred losses on hedge	-	21,893
Subtotal	1,364	25,188
Valuation allowance	(1,364)	(25,188)
Total	-	-
Deferred tax assets, net	-	-

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

(Unit: %)

	5th fiscal period As of July 31, 2018	6th fiscal period As of January 31, 2019
Statutory tax rate	31.74	31.51
[Adjustments]		
Deductible distributions payable	(31.30)	(30.57)
Other	(0.40)	(0.22)
Effective income tax rate after application of tax-effect accounting	0.05	1.17

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

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

Not applicable.

6th fiscal period (as of January 31, 2019)

Not applicable.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.

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

Not applicable.

6th fiscal period (from August 1, 2018 to January 31, 2019)

Not applicable.

2. Affiliated company, etc.

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

Not applicable.

6th fiscal period (from August 1, 2018 to January 31, 2019)

Not applicable.

3. Fellow subsidiary, etc.

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

Not applicable.

6th fiscal period (from August 1, 2018 to January 31, 2019)

Not applicable.

4. Director, major individual unitholder, etc.

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

Type	Name of company, etc. or person	Address	Capital stock or investments in capital	Description of business or occupation	Percentage of voting rights, etc. held by (in) SAR	Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
Director, or close relative of director	Atsushi Kato	—	—	Executive Director of SAR, and President and CEO of the Asset Management Company	0.01%	Payment of asset management fee to the Asset Management Company (Note 1)	247,034 (Note 2) (Note 3)	Accounts payable - other	208,785 (Note 2)

6th fiscal period (from August 1, 2018 to January 31, 2019)

Type	Name of company, etc. or person	Address	Capital stock or investments in capital	Description of business or occupation	Percentage of voting rights, etc. held by (in) SAR	Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
Director, or close relative of director	Atsushi Kato	—	—	Executive Director of SAR, and President and CEO of the Asset Management Company	0.01%	Payment of asset management fee to the Asset Management Company (Note 1)	438,471 (Note 2) (Note 3)	Accounts payable - other	280,742 (Note 2)

(Note 1) The transaction is one that was conducted by Atsushi Kato as President and CEO of a third party (the Asset Management Company), and the transaction amount is based on the terms and conditions provided in the Articles of Incorporation of SAR.

(Note 2) Of the amounts above, the transaction amount does not include consumption tax, while the balance at the end of the period includes consumption tax.

(Note 3) Asset management fee of 5th fiscal period includes the acquisition incentive portion included in the book value of individual real estate, etc. in the amount of 53,715 thousand yen. Asset management fee of 6th fiscal period includes the acquisition incentive portion included in the book value of individual real estate, etc. in the amount of 135,550 thousand yen, the acquisition incentive portion included in the book value of silent partnership equity interest in the amount of 1,000 thousand yen and the property transfer incentive portion in the amount of 41,715 thousand yen.

[Notes on Asset Retirement Obligations]

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

Not applicable.

6th fiscal period (as of January 31, 2019)

Not applicable.

[Notes on Investment and Rental Properties]

SAR owns rental real estate, etc. for the purpose of earning revenue from leasing. The carrying amount, amount of increase (decrease) during the period and fair value of these investment and rental properties are as follows:

(Unit: thousand yen)

	5th fiscal period From: February 1, 2018 To: July 31, 2018	6th fiscal period From: August 1, 2018 To: January 31, 2019
Carrying amount		
Balance at beginning of period	76,289,122	87,108,669
Amount of increase (decrease) during period	10,819,546	16,232,001
Balance at end of period	87,108,669	103,340,671
Fair value at end of period	95,246,000	111,375,500

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

(Note 2) Of the amount of increase (decrease) in investment and rental properties during 5th period, the amount of increase is mainly attributable to acquisition of real estate beneficiary interest in trust of 6 properties (10,894,174 thousand yen) and capital expenditure (281,180 thousand yen), while the amount of decrease is mainly attributable to depreciation (355,808 thousand yen). Of the amount of increase (decrease) in investment and rental properties during 6th period, the amount of increase is mainly attributable to acquisition of real estate beneficiary interest in trust of 6 properties (19,889,224 thousand yen) and capital expenditure (262,328 thousand yen), while the amount of decrease is mainly attributable to disposition of real estate beneficiary interest in trust of 2 properties (one being 49% of quasi co-ownership) (3,509,673 thousand yen) and depreciation (409,467 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser. Of the fair value at the end 6th period, that of Hakata-eki Higashi 113 Building (51% of quasi co-ownership) is based on transfer price (1,453,500 thousand yen) stated in the contract dated July 23, 2018.

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

[Notes on Segment Information]

1. Segment information

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

2. Related information

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

(1) Information about products and services

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

(2) Information about geographic areas

① Net sales

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

② Property, plant and equipment

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

(3) Information about major customers

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

6th fiscal period (from August 1, 2018 to January 31, 2019)

(1) Information about products and services

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

(2) Information about geographic areas

① Net sales

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

② Property, plant and equipment

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

(3) Information about major customers

(Unit: thousand yen)

Customer name	Operating revenue	Segment
Godo Kaisha Sunrise	405,696 (Note)	Real estate leasing business.

(Note) Operating revenue is gain on sales of Hakata-eki Higashi 113 Building (quasi co-ownership interest: 49%)

[Notes on Per Unit Information]

	5th fiscal period From: February 1, 2018 To: July 31, 2018	6th fiscal period From: August 1, 2018 To: January 31, 2019
Net assets per unit	100,477 yen	101,400 yen
Net income per unit	2,775 yen	3,889 yen

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

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

	5th fiscal period From: February 1, 2018 To: July 31, 2018	6th fiscal period From: August 1, 2018 To: January 31, 2019
Net income (thousand yen)	1,305,316	2,049,646
Amount not attributable to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	1,305,316	2,049,646
Average number of investment units during period (units)	470,238	526,980

[Notes on Significant Subsequent Events]

Not applicable.

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

The following are the changes in unitholders' capital and total number of investment units issued and outstanding from the date of establishment of SAR to the end of 6th fiscal period.

Date	Event	Total number of investment units issued and outstanding (units)		Unitholders' capital (thousand yen) (Note 11)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
December 1, 2015	Establishment through private placement	2,000	2,000	200,000	200,000	(Note 1)
January 14, 2016	Capital increase through private placement	95,000	97,000	9,500,000	9,700,000	(Note 2)
April 19, 2016	Capital increase through public offering	235,900	332,900	22,705,375	32,405,375	(Note 3)
May 17, 2016	Capital increase through third-party allotment	11,800	344,700	1,135,750	33,541,125	(Note 4)
April 4, 2017	Capital increase through public offering	66,200	410,900	6,173,017	39,714,142	(Note 5)
April 24, 2017	Capital increase through third-party allotment	3,400	414,300	317,043	40,031,185	(Note 6)
February 1, 2018	Capital increase through public offering	53,641	467,941	5,525,130	45,556,316	(Note 7)
February 27, 2018	Capital increase through third-party allotment	2,683	470,624	276,354	45,832,670	(Note 8)
September 5, 2018	Capital increase through public offering	66,857	537,481	6,584,077	52,416,747	(Note 9)
October 2, 2018	Capital increase through third-party allotment	3,343	540,824	329,218	52,745,966	(Note 10)

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

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

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

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

(Note 5) New investment units were issued through public offering at an issue price of 96,720 yen (paid-in amount of 93,248 yen) per unit for the purpose of procuring funds for acquisition of new properties.

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

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

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

(Note 9) New investment units were issued through public offering at an issue price of 101,985 yen (paid-in amount of 98,480 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 10) New investment units were issued through third-party allotment at a paid-in amount of 98,480 yen per unit for the purpose of procuring funds for repayment of borrowings.

(Note 11) Deduction of reversal of allowance for temporary difference adjustment in line with the cash distribution in excess of earnings from unitholders' capital is not considered.

4. Changes in Directors

(1) Directors of SAR

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

(2) Directors of the Asset Management Company

Changes in directors are disclosed in immediate release when decided.

5. Reference Information

(1) Investment Status

Type of asset	Primary use	Geographic area (Note 1)	5th fiscal period (As of July 31, 2018)		6th fiscal period (As of January 31, 2019)	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate in trust	Office	Greater Tokyo	16,570	17.7	19,128	17.2
		Other than Greater Tokyo	10,253	11.0	16,920	15.2
	Residence	Greater Tokyo	15,033	16.1	12,447	11.2
		Other than Greater Tokyo	3,148	3.4	3,140	2.8
	Logistics facility	Greater Tokyo	31,137	33.3	31,004	27.9
	Hotel	Greater Tokyo	7,122	7.6	12,857	11.6
		Other than Greater Tokyo	3,843	4.1	7,842	7.1
	Subtotal			87,108	93.1	103,340
Investment securities			734	0.8	628	0.6
Long-term loans receivable			-	-	300	0.3
Deposits and other assets			5,710	6.1	6,809	6.1
Total amount of assets			93,553	100.0	111,079	100.0

	Amount (million yen)	As a percentage of total assets (%)	Amount (million yen)	As a percentage of total assets (%)
Total amount of liabilities (Note 4)	46,266	49.5	56,239	50.6
Total amount of net assets (Note 4)	47,287	50.5	54,839	49.4

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

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

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

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

(2) Invested Assets

① Investment securities

Asset no.	Name of the security	Type of asset	Quantity (Units)	Book value (million yen)		Fair value (million yen)		Unrealized gain or loss (million yen)	Remarks
				Unit price	Amount	Unit price	Amount		
MEZ-01	Star Asia Mezzanine Loan Debt Investment Series 1	Corporate bond	—	—	400	—	400	—	(Note 1) (Note 2)
MEZ-03	Star Asia Mezzanine Loan Debt Investment Series 3	Trust beneficiary rights	—	—	126	—	126	—	(Note 1) (Note 3)
TKI-01	Silent partnership equity interest in Godo Kaisya SAPR8	Silent partnership equity interest	—	—	102	—	102	—	(Note 4) (Note 5)
	Total	—	—	—	628	—	628	—	—

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

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

(Note 3) The underlying assets are trust beneficiary interests in a trust mainly comprised of The Royal Garden Residence Shirokanedai.

(Note 4) Book value is stated as fair value.

(Note 5) Overview of operating assets are as follows:

Name of the security	Type of specified asset	Property name	Location
Silent partnership equity interest in Godo Kaisya SAPR8	Beneficiary interest in trust	Urban Park Mitsuike Koen	6-10-5 Shimosueyoshi, Tsurumi-ku, Yokohama City, Kanagawa Prefecture
		Urban Park Tokiwadai Koen	40-1 Tokiwadai, Hodogaya-ku, Yokohama City, Kanagawa Prefecture

② Real estate

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

Use	Property no. (Note 1)	Property name	Location (Note 2)	Acquisition price (million yen) (Note 3)	Share of investment (%) (Note 4)	Real estate appraisal value, etc. (million yen) (Note 5)	Acquisition date	
Office	OFC-01	Minami-Azabu Shibuya Building	Minato Ward, Tokyo	2,973	2.9	3,070	January 14, 2016	
	OFC-03	Honmachibashi Tower	Chuo Ward, Osaka City, Osaka	6,065	5.9	6,950	January 14, 2016	
	OFC-04	Nishi-Shinjuku Matsuya Building	Shibuya Ward, Tokyo	1,763	1.7	2,450	April 20, 2016	
	OFC-05	Alphabet Seven	Minato Ward, Tokyo	1,725	1.7	2,450	April 20, 2016	
	OFC-06	Shibuya MK Building	Shibuya Ward, Tokyo	2,042	2.0	2,980	April 20, 2016	
	OFC-07	Hakata-eki Higashi 113 Building (51% of quasi co-ownership interest) (Note 6)	Hakata Ward, Fukuoka City, Fukuoka	961	0.9	1,453	April 20, 2016	
	OFC-08	Asahi Building	Kanagawa Ward, Yokohama City, Kanagawa	6,320	6.2	7,170	April 20, 2016	
	OFC-09	Hakata-eki East Place	Hakata Ward, Fukuoka City, Fukuoka	2,286	2.2	2,570	April 6, 2017	
	OFC-10	Nihonbashi Hamacho Park Building	Chuo Ward, Tokyo	1,450	1.4	1,520	February 2, 2018	
	OFC-11	Amusement Media Gakuin Honkan	Shibuya Ward, Tokyo	2,580	2.5	2,660	September 6, 2018	
	OFC-12	Higashi-Kobe Center Building	Higashinada Ward, Kobe City, Hyogo	7,440	7.3	7,470	September 6, 2018	
		Subtotal			35,605	34.8	40,743	—
Residence	RSC-01	Urban Park Azabujuban	Minato Ward, Tokyo	2,045	2.0	2,280	January 14, 2016	
	RSC-02	Urban Park Daikanyama	Shibuya Ward, Tokyo	6,315	6.2	7,690	January 14, 2016	
	RSC-05	Urban Park Namba	Naniwa Ward, Osaka City, Osaka	1,490	1.5	1,610	April 20, 2016	
	RSC-06	Urban Park Gokokuji	Toshima Ward, Tokyo	1,460	1.4	1,520	February 1, 2017	
	RSC-07	Urban Park Kashiwa	Kashiwa City, Chiba	1,186	1.2	1,190	April 6, 2017	
	RSC-08	Urban Park Ryokuchi Koen	Suita City, Osaka	1,550	1.5	1,570	February 2, 2018	
	RSC-09	Urban Park Koenji	Suginami Ward, Tokyo	1,167	1.1	1,170	February 2, 2018	
		Subtotal			15,213	14.9	17,030	—

Logistics facility	LGC-01	Iwatsuki Logistics	Iwatsuki Ward, Saitama City, Saitama	6,942	6.8	7,140	January 14, 2016
	LGC-02	Yokohama Logistics	Kanagawa Ward, Yokohama City, Kanagawa	3,560	3.5	4,060	January 14, 2016
	LGC-03	Funabashi Logistics	Funabashi City, Chiba	7,875	7.7	8,650	January 14, 2016
	LGC-04	Baraki Logistics	Ichikawa City, Chiba	4,700	4.6	4,870	April 6, 2017
	LGC-05	Tokorozawa Logistics	Tokorozawa City, Saitama	1,300	1.3	1,350	April 6, 2017
	LGC-06	Funabashi Nishiura Logistics I	Funabashi City, Chiba	3,000	2.9	3,020	February 2, 2018
	LGC-07	Funabashi Nishiura Logistics II	Funabashi City, Chiba	821	0.8	842	February 2, 2018
	LGC-08	Matsubushi Logistics	Kitakatsushika, Saitama	2,755	2.7	2,850	February 2, 2018
	Subtotal				30,953	30.3	32,782
Hotel	HTL-01	R&B Hotel Umeda East	Kita Ward, Osaka City, Osaka	2,069	2.0	2,310	January 14, 2016
	HTL-02	Smile Hotel Namba	Naniwa Ward, Osaka City, Osaka	1,750	1.7	1,660	January 14, 2016
	HTL-03	BEST WESTERN Tokyo Nishikasai	Edogawa Ward, Tokyo	3,827	3.7	3,840	April 6, 2017
	HTL-04	BEST WESTERN Yokohama	Tsurumi Ward, Yokohama City, Kanagawa	3,248	3.2	3,250	April 6, 2017
	HTL-05	Hotel WBF Fukuoka Tenjin Minami	Chuo Ward, Fukuoka City, Fukuoka	1,970	1.9	2,000	September 6, 2018
	HTL-06	GLANSIT AKIHABARA	Chiyoda Ward, Tokyo	2,500	2.4	2,520	September 6, 2018
	HTL-07	Best Western Tokyo Nishikasai Grande	Edogawa Ward, Tokyo	3,180	3.1	3,210	September 6, 2018
	HTL-08	Hotel WBF Art Stay Namba	Naniwa Ward, Osaka City, Osaka	2,000	2.0	2,030	September 6, 2018
	Subtotal				20,544	20.1	20,820
Total				102,315	100.0	111,375	—

(Note 1) "Property no." is assigned to SAR's investment assets by categorizing into office (OFC), retail facility (RTL), residence (RSC), logistics facility (LGC) and hotel (HTL), and numbering in order by category. The same shall apply hereinafter.

(Note 2) "Location" is the smallest independent administrative district in which each investment asset is located.

(Note 3) "Acquisition price" indicates the sale and purchase price stated in the sale and purchase agreement for each investment asset. (Not including consumption tax and local consumption tax.) However, in the case of Minami-Azabu Shibuya Building, since the price for each investment asset among multiple assets is not set in the sale and purchase agreement, the total sale and purchase price is divided proportionally based on the ratio of the appraisal value of the properties at the time of acquisition and indicated as the acquisition price. In the case of Hakata-eki Higashi 113 Building, the amount is obtained by multiplying the acquisition price for the entire property by 51% which is the portion of quasi co-ownership interest owned by SAR.

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

(Note 5) Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute and The Tanizawa Sogo Appraisal co., Ltd. are entrusted with appraisals. Real estate appraisal values are the figures indicated in the real estate appraisal report with January 31, 2019 as the date of value, excluding Hakata-eki Higashi 113 Building, and are rounded to the nearest million yen. For details, please refer to “(d) Summary of appraisal report.” As for Hakata-eki Higashi 113 Building, the sale price in the trust beneficiary rights quasi co-ownership interest sale and purchase agreement for 51% of quasi co-ownership interest as of July 23, 2018 is indicated.

(Note 6) Hakata-eki Higashi 113 Building (51% of quasi co-ownership interest) was sold on February 1, 2019.

(b) Portfolio Summary

a. By Geographic Area

Geographic area		Acquisition price (million yen)	Share (%) (Note 1)	
Greater Tokyo	5 central wards of Tokyo (Note 2)	23,393	22.9	73.0
	Other areas in Greater Tokyo	51,341	50.2	
Other than Greater Tokyo		27,581	27.0	
Total		102,315	100.0	

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

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

(a) Office

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	12,533	35.2	52.9
	Other areas in Greater Tokyo	6,320	17.8	
Other than Greater Tokyo		16,752	47.1	
Total		35,605	100.0	

(b) Residence

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	8,360	55.0	80.0
	Other areas in Greater Tokyo	3,813	25.1	
Other than Greater Tokyo		3,040	20.0	
Total		15,213	100.0	

(c) Logistics facility

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

(d) Hotel

Geographic area		Acquisition price (million yen)	Share (%)	
Greater Tokyo	5 central wards of Tokyo	2,500	12.2	62.1
	Other areas in Greater Tokyo	10,255	49.9	
Other than Greater Tokyo		7,789	37.9	
Total		20,544	100.0	

b. By Size

Acquisition price	Number of properties	Share (%) (Note)
5 billion yen or more but less than 10 billion yen	6	17.6
1 billion yen or more but less than 5 billion yen	26	76.5
Less than 1 billion yen	2	5.9
Total	34	100.0

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

c. By Asset Type (Use)

Use	Number of properties	Acquisition price (million yen)	Share (%)
Office	11	35,605	34.8
Residence	7	15,213	14.9
Logistics facility	8	30,953	30.3
Hotel	8	20,544	20.1
Total	34	102,315	100.0

(c) Status of Leasing

Property no.	Property name	Construction completion	Number of tenants (Note 1)	Operating revenue from leasing (thousand yen) (Note 2)	Security and guarantee deposits (thousand yen) (Note 3)	Leased area (m ²) (Note 4)	Leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
OFC-01	Minami-Azabu Shibuya Building	June 1993	5	95,789	110,427	3,263.08	3,263.08	100.0
OFC-03	Honmachibashi Tower	February 2010	5 (Note 7)	217,594	198,451	10,489.58	10,489.58	100.0
OFC-04	Nishi-Shinjuku Matsuya Building	May 1987	10	101,028	120,286	3,521.03	3,521.03	100.0
OFC-05	Alphabet Seven	January 1990	9	76,465	100,175	2,464.59	2,464.59	100.0
OFC-06	Shibuya MK Building	July 1993	4	76,076	99,047	1,612.88	1,612.88	100.0
OFC-07	Hakata-eki Higashi 113 Building (Note 10)	October 1987	34	67,760	50,344	1,834.32	1,834.32	100.0
OFC-08	Asahi Building	November 1994	21	215,210	237,231	8,672.01	8,672.01	100.0
OFC-09	Hakata-eki East Place	February 1986	18	97,760	81,088	4,632.70	4,632.70	100.0
OFC-10	Nihonbashi Hamacho Park Building	July 1992	3	43,682	83,364	1,911.84	1,911.84	100.0
OFC-11	Amusement Media Gakuin Honkan	November 1994	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	1,892.18	100.0
OFC-12	Higashi Kobe Center Building	January 1992	47	263,133	267,530	16,268.42	16,931.82	96.1
RSC-01	Urban Park Azabujuban	November 1999	44	56,912	11,391	1,986.76	1,986.76	100.0
RSC-02	Urban Park Daikanyama	Existing: November 1982 Newly built: May 2006	67	187,182	81,500	5,743.06	5,977.18	96.1
RSC-04	Urban Park Shin-Yokohama (Note 11)	May 2009	-	28,529	-	-	-	-
RSC-05	Urban Park Namba	January 2013	110	51,251	100	2,431.93	2,584.81	94.1
RSC-06	Urban Park Gokokuji	February 1990	106	51,541	8,663	1,931.28	1,964.04	98.3
RSC-07	Urban Park Kashiwa	August 1997	41	37,179	8,280	2,954.77	2,954.77	100.0
RSC-08	Urban Park Ryokuchi Koen	March 1989	57	54,276	8,651	5,194.28	5,508.94	94.3
RSC-09	Urban Park Koenji	October 1987	72	33,545	5,941	1,251.74	1,365.48	91.7
LGC-01	Iwatsuki Logistics	October 2014	3	203,920	97,014	30,190.81	30,190.81	100.0
LGC-02	Yokohama Logistics	October 1994	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	18,142.08	100.0

LGC-03	Funabashi Logistics	Building 1: September 1992 Building 2: August 1997	4	261,582	83,426	34,901.67	38,086.56	91.6
LGC-04	Baraki Logistics	August 2015	2	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	12,185.78	100.0
LGC-05	Tokorozawa Logistics	April 1999	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	5,994.75	100.0
LGC-06	Funabashi Nishiura Logistics I	October 1985	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	14,018.82	100.0
LGC-07	Funabashi Nishiura Logistics II	Warehouse: March 1991 Factory: May 1972 Office: May 1986	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	6,315.87	100.0
LGC-08	Matsubushi Logistics	March 1997	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	19,833.47	100.0
HTL-01	R&B Hotel Umeda East	October 2000	1	65,565	73,555	3,940.93	3,940.93	100.0
HTL-02	Smile Hotel Namba	February 2008	1	42,690	-	1,711.42	1,711.42	100.0
HTL-03	BEST WESTERN Tokyo Nishikasai	March 1991	1	85,061	84,600	5,293.88	5,293.88	100.0
HTL-04	BEST WESTERN Yokohama	September 1987	1	80,731	80,400	4,686.09	4,686.09	100.0
HTL-05	Hotel WBF Fukuoka Tenjin Minami	February 2017	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	2,281.49	100.0
HTL-06	GLANSIT AKIHABARA	September 2017	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	1,089.06	100.0
HTL-07	BEST WESTERN Tokyo Nishikasai Grande	February 2017	1	56,390	116,670	2,755.19	2,755.19	100.0
HTL-08	Hotel WBF Art Stay Namba	April 2017	1	Not disclosed (Note 9)	Not disclosed (Note 9)	Not disclosed (Note 9)	2,061.46	100.0
Total (35 properties)			676	3,224,335	2,521,488	243,459.22	248,155.67	98.1

(Note 1) "Number of tenants" is the number of tenants (excluding parking) under the lease agreement stated in the lease agreement for each investment asset as of January 31, 2019. If a single tenant is leasing multiple rental units in an investment asset, the tenant is counted as 1 tenant for the concerned investment asset. If a single tenant is leasing rental units across multiple investment assets, the tenant is counted as separate tenants and the sum total number of tenants is stated in the total column. Furthermore, in cases where a pass-through type master lease agreement under which rent from end-tenants is received in principle ("pass-through type master lease") has been concluded for the concerned investment asset, the total number of end-tenants is stated. In cases where a master lease agreement agreeing to the effect that the rent under the master lease agreement shall be a fixed rent ("rent-guaranteed type master lease") has been concluded for the concerned investment asset, the number of tenants is 1 and the sum total of these is stated.

(Note 2) "Operating revenue from leasing" is rental revenue, common area maintenance revenue, parking revenue and other revenue generated from real estate held during the fiscal period under review (including other lease business revenue).

- (Note 3) "Security and guarantee deposits" is the sum total amount of tenant security and guarantee deposits required based on the lease agreement (including deposits based on parking, antenna, rooftop and other agreements; the amount after depreciation) for each investment asset as of January 31, 2019 (limited to those occupied as of said date). Furthermore, in cases where a pass-through type master lease agreement has been concluded for the concerned investment asset, it is the sum total amount of tenant security and guarantee deposits under lease agreements concluded with end-tenants.
- (Note 4) "Leased area" is the sum total of the leased area stated in the lease agreement for each investment asset as of January 31, 2019. Furthermore, in cases where a master lease agreement has been concluded for the concerned investment asset, it is the sum total of the leased area under lease agreements concluded with end-tenants for properties under a pass-through type master lease, and it is the leased area under the master lease agreement for properties under a rent-guaranteed type master lease.
- (Note 5) "Leasable area" is the floor area regarded as being available for leasing based on the lease agreement or building drawing, etc. of the building for each investment asset as of January 31, 2019.
- (Note 6) "Occupancy rate" is the ratio of leased area to leasable area for each investment asset as of January 31, 2019, rounded to the first decimal place. In addition, in the total column, it is the ratio of the sum total of leased area to the sum total of leasable area for each investment asset, rounded to the first decimal place.
- (Note 7) Of the tenants of the property, a single company leases all 36 units of the residential portion, of which 30 units are under a rent-guaranteed type master lease agreement and 6 units are under a pass-through type master lease agreement.
- (Note 8) In the table, "Number of tenants," "Security and guarantee deposits," "Leased area" and "Occupancy rate" are based on lease agreements valid as of January 31, 2019, even if there is a notice of cancellation or termination of lease agreements with end-tenants or unpaid rent.
- (Note 9) Not disclosed, because consent for disclosure has not been obtained from the tenants.
- (Note 10) Leased area and leasable area of Hakata-eki Higashi 113 Building are obtained by multiplying 51% which is the quasi co-ownership percentage owned by SAR by the area of the entire property.
- (Note 11) Urban Park Shin-Yokohama was sold on October 11, 2018.

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

Use	Property no.	Property name	Appraisal firm (Note 1)	Appraisal value (million yen) (Note 2)	Summary of appraisal report					Appraisal NOI yield (%) (Note 4)	
					Income approach						NOI (million yen) (Note 3)
					Direct capitalization method		DCF method				
					Indicated value (million yen)	Cap rate (%)	Indicated value (million yen)	Discount rate (%)	Terminal cap rate (%)		
Office	OFC-01	Minami-Azabu Shibuya Building	Daiwa	3,070	3,170	3.9	3,020	3.5	4.1	139	4.7
	OFC-03	Honmachibashi Tower	Daiwa	6,950	7,110	4.2	6,880	4.0	4.4	312	5.2
	OFC-04	Nishi-Shinjuku Matsuya Building	Daiwa	2,450	2,420	4.1	2,460	3.9	4.3	112	6.3
	OFC-05	Alphabet Seven	JREI	2,450	2,490	3.9	2,410	3.7	4.1	101	5.9
	OFC-06	Shibuya MK Building	JREI	2,980	3,030	3.7	2,920	3.5	3.9	116	5.7
	OFC-08	Asahi Building	JREI	7,170	7,190	3.8	7,140	3.5	3.9	303	4.8
	OFC-09	Hakata-eki East Place	Daiwa	2,570	2,580	4.7	2,560	4.5	4.9	122	5.3
	OFC-10	Nihonbashi Hamacho Park Building	Daiwa	1,520	1,550	4.3	1,510	4.1	4.5	68	4.7
	OFC-11	Amusement Media Gakuin Honkan	Daiwa	2,660	2,720	3.7	2,640	3.5	3.9	104	4.0
	OFC-12	Higashi Kobe Center Building	Tanizawa	7,470	7,610	5.0	7,410	5.1	5.2	430	5.8
		Subtotal		39,290	39,870	-	38,950	-	-	1,808	5.2
Residence	RSC-01	Urban Park Azabujuban	JREI	2,280	2,320	3.8	2,240	3.6	4.0	91	4.4
	RSC-02	Urban Park Daikanyama	JREI	7,690	7,840	3.7	7,540	3.5	3.9	302	4.8
	RSC-05	Urban Park Namba	Daiwa	1,610	1,610	4.8	1,600	4.6	5.0	80	5.4
	RSC-06	Urban Park Gokokuji	JREI	1,520	1,540	4.2	1,490	4.0	4.4	72	4.9
	RSC-07	Urban Park Kashiwa	Tanizawa	1,190	1,220	4.6	1,180	4.7	4.8	60	5.0

	RSC-08	Urban Park Ryokuchi Koen	Tanizawa	1,570	1,580	4.9	1,560	5.0	5.1	88	5.7
	RSC-09	Urban Park Koenji	Tanizawa	1,170	1,200	4.0	1,160	4.1	4.2	55	4.7
	Subtotal			17,030	17,310	-	16,770	-	-	748	4.9
Logistics facility	LGC-01	Iwatsuki Logistics	Daiwa	7,140	7,250	4.5	7,090	4.3	4.7	333	4.8
	LGC-02	Yokohama Logistics	Daiwa	4,060	4,120	4.3	4,030	4.1	4.5	205	5.7
	LGC-03	Funabashi Logistics	Daiwa	8,650	8,760	4.3	8,600	4.1	4.5	429	5.5
	LGC-04	Baraki Logistics	Tanizawa	4,870	5,050	4.1	4,790	4.0	4.3	209	4.4
	LGC-05	Tokorozawa Logistics	JREI	1,350	1,360	5.0	1,340	4.6	5.3	74	5.7
	LGC-06	Funabashi Nishiura Logistics I	Daiwa	3,020	3,020	4.6	3,000	4.4	4.8	154	5.1
	LGC-07	Funabashi Nishiura Logistics II	Daiwa	842	837	5.7	844	5.5	5.9	58	7.1
	LGC-08	Matsubushi Logistics	JREI	2,850	2,870	5.1	2,830	4.6	5.4	151	5.5
	Subtotal			32,782	33,267	-	32,524	-	-	1,612	5.2
Hotel	HTL-01	R&B Hotel Umeda East	Daiwa	2,310	2,330	4.6	2,300	4.4	4.8	116	5.6
	HTL-02	Smile Hotel Namba	Daiwa	1,660	1,680	5.0	1,650	4.8	5.2	88	5.0
	HTL-03	BEST WESTERN Tokyo Nishikasai	JREI	3,840	3,900	4.4	3,780	4.2	4.6	177	4.6
	HTL-04	BEST WESTERN Yokohama	JREI	3,250	3,300	4.5	3,190	4.3	4.7	152	4.7
	HTL-05	Hotel WBF Fukuoka Tenjin Minami	Tanizawa	2,000	2,040	4.4	1,980	4.4	4.6	90	4.6
	HTL-06	GLANSIT AKIHABARA	Tanizawa	2,520	2,580	3.8	2,490	3.7	4.0	98	3.9
	HTL-07	Best Western Tokyo Nishikasai Grande	Tanizawa	3,210	3,220	3.9	3,200	3.8	4.1	126	4.0
	HTL-08	Hotel WBF Art Stay Namba	Daiwa	2,030	2,060	4.4	2,020	4.2	4.6	92	4.6
	Subtotal			20,820	21,110	-	20,610	-	-	938	4.6
Total				109,922	111,557	-	108,854	-	-	5,107	5.0

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

(Note 2) "Appraisal value" is as of January 31, 2019 as the date of value.

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

(Note 4) "Appraisal NOI yield" is based on the net operating income by the direct capitalization method stated in the appraisal report and expressed as a percentage of acquisition price, rounded to the first decimal place.

(Note 5) Hakata-eki Higashi 113 building (51% of quasi co-ownership interest) was sold on February 1, 2019 and is not included above.

(e) Information on Major Real Estate Properties

Of investment assets, there is no property that falls under the category of major real estate properties (buildings/facilities pertaining to land recognized to be used collectively, of which total rental revenue accounts for 10% or more of the sum total of total rental revenue of investment assets) as of January 31, 2019. Of investment assets, the following are top five properties in terms of total rental revenue as of January 31, 2019.

	Changes in occupancy rate (%) (Note)				
	January 31, 2017	July 31, 2017	January 31, 2018	July 31, 2018	January 31, 2019
Funabashi Logistics	91.6	91.6	91.6	91.6	91.6
Higashi Kobe Center Building	-	-	-	-	96.1
Asahi Building	96.4	100.0	100.0	100.0	100.0
Iwatsuki Logistics	100.0	100.0	100.0	100.0	100.0
Honmachibashi Tower	100.0	100.0	100.0	100.0	100.0

(Note) "Changes in occupancy rate" is the ratio of leased area to leasable area for each investment asset as of the record date, rounded to the first decimal place.

(f) Top 10 End-Tenants in Terms of Leased Area

The following table lists the tenants ranking in the top ten tenants in terms of leased area of investment assets.

	Name of tenant	Name of property occupied	Leased area (m ²) (Note 1)	As a percentage of total leasable area (%) (Note 2)
1	Not disclosed (Note 3)	Iwatsuki Logistics	Not disclosed (Note 3)	12.0
2	Not disclosed (Note 3)	Funabashi Logistics	Not disclosed (Note 3)	8.8
3	Tokyo Nohin Daiko	Matsubushi Logistics	19,833.47	8.0
4	Not disclosed (Note 3)	Yokohama Logistics	Not disclosed (Note 3)	7.3
5	Not disclosed (Note 3)	Funabashi Nishiura Logistics I	Not disclosed (Note 3)	5.6
6	Rembrandt Inn	BEST WESTERN Tokyo Nishikasai BEST WESTERN Yokohama Best Western Tokyo Nishikasai Grande	12,735.16	5.1
7	Not disclosed (Note 3)	Funabashi Logistics	Not disclosed (Note 3)	2.9
8	Not disclosed (Note 3)	Funabashi Nishiura Logistics II	Not disclosed (Note 3)	2.5
9	Not disclosed (Note 3)	Baraki Logistics	Not disclosed (Note 3)	2.5
10	Not disclosed (Note 3)	Baraki Logistics	Not disclosed (Note 3)	2.4
Total of the top 10 tenants			141,936.75	57.2

(Note 1) "Leased area" is the sum total of the leased area stated in the lease agreement for each investment asset as of January 31, 2019.

(Note 2) "As a percentage of total leasable area" is the area leased to the tenant expressed as a percentage of the sum total of leasable area of all investment assets, rounded to the first decimal place.

(Note 3) Not disclosed, because consent for disclosure has not been obtained from the end-tenants, etc.

(g) Capital Expenditures

a. Schedule of Capital Expenditures for the 7th fiscal period

The following are the principal capital expenditures arising from renovation construction work, etc. currently planned for the assets held by SAR as of January 31, 2019. Please note that the expected construction amounts include portions that are expensed as a separate account item of accounting costs.

Name of real estate, etc. (Location)	Purpose	Scheduled period	Estimated construction costs (thousand yen)		
			Total amount	Amount of payment during period	Total amount already paid
Alphabet Seven (Minato Ward, Tokyo)	Renovation of exterior wall	From: Mar. 2019 To: Jul. 2019	45,000	—	—
Higashi Kobe Center Building (Kobe City, Hyogo)	Renovation of 6th floor office	From: Jan. 2019 To: May. 2019	31,000	—	—
Asahi Building (Yokohama city, Kanagawa)	Upgrading of air-conditioning system	From: May. 2019 To: Jun. 2019	20,000	—	—

b. Capital Expenditures during the 6th fiscal period

The following summarizes the primary construction work that constitutes capital expenditures implemented for the assets held by SAR as of January 31, 2019 during the 6th fiscal period. Capital expenditures for the 6th fiscal period amounted to 262,328 thousand yen and, when combined with the 77,155 thousand yen in repair expenses charged to the 6th fiscal period expenses, totals 339,484 thousand yen in construction work implemented.

Name of real estate, etc. (Location)	Purpose	Period	Construction costs (thousand yen)
Higashi Kobe Center Building (Kobe City, Hyogo)	Upgrading of air-conditioning system	From: Jul.2018 To: Dec.2018	137,974
BEST WESTERN Tokyo Nishikasai (Edogawa Ward, Tokyo)	Upgrading of automatic fire alarm system	From: Oct.2018 To: Jan.2019	20,966
R&B Hotel Umeda East (Osaka City, Osaka)	Renovation of exterior wall	From: Dec.2018 To: Jan.2019	17,908
Others	—	—	85,478
Total			262,328

(h) Individual Property Income Statements

(Unit: thousand yen)

Property no.	OFC-01	OFC-03	OFC-04	OFC-05	OFC-06
Property name	Minami-Azabu Shibuya Building	Honmachibashi Tower	Nishi-Shinjuku Matsuya Building	Alphabet Seven	Shibuya MK Building
① Total operating revenue from real estate leasing	95,789	217,594	101,028	76,465	76,076
Lease business revenue	88,399	191,695	92,493	71,074	70,778
Other lease business revenue	7,390	25,898	8,535	5,391	5,298
② Total operating expenses from real estate leasing	25,602	62,473	34,048	18,363	17,490
Management fee	6,067	13,440	6,717	4,814	4,896
Trust fee	400	400	400	400	350
Utilities expenses	7,038	25,179	9,081	4,715	3,918
Insurance premium	116	358	129	99	45
Repair expenses	1,077	1,746	1,408	669	2,131
Property taxes	4,572	19,766	3,434	6,219	4,316
Other	6,330	1,583	12,877	1,443	1,832
③ NOI (①-②)	70,187	155,120	66,980	58,102	58,586
④ Depreciation	11,546	44,989	8,192	4,568	3,218
⑤ Operating income (loss) from real estate leasing (③-④)	58,640	110,131	58,787	53,534	55,367
⑥ Capital expenditures	-	-	1,553	-	8,641
⑦ NCF (③-⑥)	70,187	155,120	65,426	58,102	49,944
Book value at end of the period	2,985,235	5,940,795	1,831,782	1,795,335	2,097,739

Property no.	OFC-07	OFC-08	OFC-09	OFC-10	OFC-11
Property name	Hakata-eki Higashi 113 Building	Asahi Building	Hakata-eki East Place	Nihonbashi Hamacho Park Building	Amusement Media Gakuin Honkan
① Total operating revenue from real estate leasing	67,760	215,210	97,760	43,682	Not disclosed (Note)
Lease business revenue	60,927	197,652	87,759	43,682	
Other lease business revenue	6,832	17,557	10,000	-	
② Total operating expenses from real estate leasing	22,052	56,898	32,582	7,622	
Management fee	6,339	15,780	7,944	717	
Trust fee	295	400	400	400	
Utilities expenses	6,723	18,805	8,724	-	
Insurance premium	123	357	167	123	
Repair expenses	2,296	3,611	6,264	-	
Property taxes	5,341	15,994	6,582	0	
Other	931	1,948	2,498	6,381	
③ NOI (①-②)	45,708	158,311	65,177	36,059	
④ Depreciation	5,524	25,395	6,830	2,837	
⑤ Operating income (loss) from real estate leasing (③-④)	40,184	132,916	58,346	33,222	
⑥ Capital expenditures	285	2,868	5,804	-	
⑦ NCF (③-⑥)	45,422	155,442	59,373	36,059	
Book value at end of the period	994,157	6,353,057	2,312,332	1,464,469	

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

(Unit: thousand yen)

Property no.	OFC-12	RSC-01	RSC-02	RSC-04	RSC-05
Property name	Higashi Kobe Center Building	Urban Park Azabujuban	Urban Park Daikanyama	Urban Park Shin-Yokohama	Urban Park Namba
① Total operating revenue from real estate leasing	263,133	56,912	187,182	28,529	51,251
Lease business revenue	231,637	55,267	177,059	27,946	48,138
Other lease business revenue	31,495	1,645	10,123	583	3,113
② Total operating expenses from real estate leasing	77,475	8,438	45,722	6,434	13,072
Management fee	22,456	2,246	8,605	1,777	2,547
Trust fee	321	350	350	136	350
Utilities expenses	28,020	592	4,996	449	493
Insurance premium	528	57	196	102	63
Repair expenses	9,819	1,004	12,119	1,068	3,307
Property taxes	10	2,784	11,218	2,600	2,791
Other	16,318	1,402	8,236	298	3,519
③ NOI (①－②)	185,657	48,474	141,459	22,095	38,179
④ Depreciation	23,977	4,810	12,353	8,221	7,515
⑤ Operating income (loss) from real estate leasing (③－④)	161,680	43,663	129,105	13,874	30,663
⑥ Capital expenditures	149,810	-	6,568	-	-
⑦ NCF (③－⑥)	35,847	48,474	134,891	22,095	38,179
Book value at end of the period	7,673,330	2,093,247	6,402,295	-	1,527,754

Property no.	RSC-06	RSC-07	RSC-08	RSC-09	LGC-01
Property name	Urban Park Gokokuji	Urban Park Kashiwa	Urban Park Ryokuchi Koen	Urban Park Koenji	Iwatsuki Logistics
① Total operating revenue from real estate leasing	51,541	37,179	54,276	33,545	203,920
Lease business revenue	50,406	36,550	51,601	31,416	187,713
Other lease business revenue	1,134	628	2,675	2,129	16,207
② Total operating expenses from real estate leasing	11,935	7,670	15,731	9,528	36,429
Management fee	4,107	1,890	2,415	1,744	5,650
Trust fee	400	350	650	400	350
Utilities expenses	2,567	897	2,355	1,494	16,125
Insurance premium	53	85	119	36	275
Repair expenses	1,979	464	5,544	3,614	192
Property taxes	1,838	2,954	-	-	13,835
Other	989	1,027	4,647	2,237	-
③ NOI (①－②)	39,605	29,508	38,544	24,017	167,491
④ Depreciation	5,002	6,918	7,227	2,425	46,532
⑤ Operating income (loss) from real estate leasing (③－④)	34,603	22,590	31,317	21,591	120,958
⑥ Capital expenditures	-	-	6,471	1,877	-
⑦ NCF (③－⑥)	39,605	29,508	32,072	22,139	167,491
Book value at end of the period	1,507,722	1,250,273	1,612,342	1,194,022	6,740,410

(Unit: thousand yen)

Property no.	LGC-02	LGC-03	LGC-04	LGC-05	LGC-06
Property name	Yokohama Logistics	Funabashi Logistics	Baraki Logistics	Tokorozawa Logistics	Funabashi Nishiura Logistics I
① Total operating revenue from real estate leasing	Not disclosed (Note1)	261,582	Not disclosed (Note1)	Not disclosed (Note1)	Not disclosed (Note1)
Lease business revenue		241,779			
Other lease business revenue		19,802			
② Total operating expenses from real estate leasing		54,025			
Management fee		11,308			
Trust fee		400			
Utilities expenses		17,737			
Insurance premium		397			
Repair expenses		1,450			
Property taxes		22,709			
Other		22			
③ NOI (①－②)		207,556			
④ Depreciation		26,836			
⑤ Operating income (loss) from real estate leasing (③－④)		180,720			
⑥ Capital expenditures	-				
⑦ NCF (③－⑥)	207,556				
Book value at end of the period	3,806,450	7,859,798	4,690,888	1,348,034	2,962,668

Property no.	LGC-07	LGC-08	HTL-01	HTL-02	HTL-03
Property name	Funabashi Nishiura Logistics II	Matsubushi Logistics	R&B Hotel Umeda East	Smile Hotel Namba (Note2)	BEST WESTERN Tokyo Nishikasai
① Total operating revenue from real estate leasing	Not disclosed (Note1)	Not disclosed (Note1)	65,565	42,690	85,061
Lease business revenue			65,452	42,471	84,600
Other lease business revenue			112	219	461
② Total operating expenses from real estate leasing			12,975	4,913	11,754
Management fee			742	660	1,200
Trust fee			350	550	400
Utilities expenses			13	-	-
Insurance premium			113	53	126
Repair expenses			5,210	1,223	2,049
Property taxes			5,431	2,282	7,954
Other			1,113	143	23
③ NOI (①－②)			52,589	37,777	73,307
④ Depreciation			9,411	12,177	10,234
⑤ Operating income (loss) from real estate leasing (③－④)			43,178	25,599	63,072
⑥ Capital expenditures	23,792	2,114	29,464		
⑦ NCF (③－⑥)	28,797	35,662	43,842		
Book value at end of the period	835,844	2,760,059	2,140,330	1,707,309	3,877,098

(Note1) Not disclosed, because consent for disclosure has not been obtained from the tenants.

(Note2) Operating revenue from real estate leasing of Smile Hotel Namba includes variable rents of 20,097 thousand yen.

(Unit: thousand yen)

Property no.	HTL-04	HTL-05	HTL-06	HTL-07	HTL-08
Property name	BEST WESTERN Yokohama	Hotel WBF Fukuoka Tenjin Minami	GLANSIT AKIHABARA	Best Western Tokyo Nishikasai Grande	Hotel WBF Art Stay Namba (Note2)
① Total operating revenue from real estate leasing	80,731	Not disclosed (Note1)	Not disclosed (Note1)	56,390	Not disclosed (Note1)
Lease business revenue	80,400			56,390	
Other lease business revenue	331			-	
② Total operating expenses from real estate leasing	7,801			1,186	
Management fee	1,200			797	
Trust fee	400			321	
Utilities expenses	-			-	
Insurance premium	106			51	
Repair expenses	1,408			-	
Property taxes	4,659			9	
Other	26			5	
③ NOI (①-②)	72,930			55,204	
④ Depreciation	11,621			9,047	
⑤ Operating income (loss) from real estate leasing (③-④)	61,308			46,156	
⑥ Capital expenditures	11,991	-			
⑦ NCF (③-⑥)	60,938	55,204			
Book value at end of the period	3,264,858	1,982,864	2,517,878	3,197,524	2,012,284

(Note1) Not disclosed, because consent for disclosure has not been obtained from the tenants.

(Note2) Operating revenue from real estate leasing of Hotel WBF Art Stay Namba includes variable rents.

Property name	Office Total	Residence total	Logistics facility total	Hotel total	Portfolio total
① Total operating revenue from real estate leasing	1,305,280	500,419	970,091	448,544	3,224,335
Lease business revenue	1,184,218	478,386	918,040	447,420	3,028,065
Other lease business revenue	121,062	22,033	52,050	1,124	196,270
② Total operating expenses from real estate leasing	358,793	118,533	159,785	41,794	678,906
Management fee	90,531	25,335	29,835	6,716	152,418
Trust fee	4,089	2,986	3,050	2,923	13,049
Utilities expenses	114,278	13,846	50,325	13	178,464
Insurance premium	2,092	715	1,438	555	4,801
Repair expenses	29,221	29,101	8,940	9,891	77,155
Property taxes	66,249	24,187	62,947	20,351	173,735
Other	52,331	22,359	3,247	1,342	79,280
③ NOI (①-②)	946,487	381,885	810,306	406,750	2,545,429
④ Depreciation	140,456	54,474	143,764	70,772	409,467
⑤ Operating income (loss) from real estate leasing (③-④)	806,030	327,411	666,542	335,978	2,135,962
⑥ Capital expenditures	168,964	14,918	11,082	67,363	262,328
⑦ NCF (③-⑥)	777,522	366,967	799,223	339,386	2,283,100
Book value at end of the period	36,048,710	15,587,658	31,004,154	20,700,148	103,340,671

③ Other investment assets

Asset no.	Name of the security	Type of asset	Quantity (Units)	Book value (million yen)		Fair value (million yen)		Unrealized gain or loss (million yen)	Remarks
				Unit price	Amount	Unit price	Amount		
MEZ-04	Star Asia Mezzanine Loan Debt Investment Series 4	Loan receivable	—	—	300	—	300	—	(Note 1) (Note 2)

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

(Note 2) The underlying assets are trust beneficiary interests in a trust mainly comprised of Premier Kaigan Building.