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Announcement of Signing of Preferential Negotiation Rights Agreement for the Acquisition of Assets

Star Asia Investment Corporation (“SAR”) announces today that it has entered in to a preferential negotiation rights agreement for “Rise”, a residential property located in Kawasaki-shi, Kanagawa Prefecture (the “Property”). Details are as follows.

1. Reason for Signing of the Preferential Negotiation Rights Agreement

SAR has continued to expand its asset size based on external growth founded upon strong sponsor support from Star Asia Group and also due to the merger with Sakura Sogo REIT Investment Corporation on August 1, 2020. Going forward, SAR will continue to secure opportunities for external growth, such as by accumulating properties for which SAR has preferential negotiation rights, aiming to achieve the goal of asset size of JPY 300 billion which has been incorporated in the mid-term business plan.

The Property which is subject to the preferential negotiation rights agreement is a residential complex targeting a wide range of residents from singles to DINKS and also families. It has maintained a high occupancy rate due to the variety of floor plans offered as well as excellent traffic convenience for access to major business districts in central Tokyo. If the Property is acquired, it is expected to contribute to the improved stability of portfolio income.

Furthermore, SAR has already secured preferential negotiation rights for 8 properties (3 offices, 1 commercial retail facility, 2 residences, and 2 purpose-built student accommodations) apart from the Property. The total preferential negotiation price etc. or appraisal values etc. of the 9 properties including the Property is approximately JPY27.7billion (see Note), and SAR will aim for further external growth by utilizing the preferential negotiation rights for these 9 properties and also by continuing to collaborate with Star Asia Group going forward.

(Note) Regarding the total value of the preferential negotiation prices etc. or the total value of appraisal values etc., please refer to the Section “4. Preferential Negotiation Rights held by SAR” below.

2. Summary of the agreement on preferential negotiation rights with respect to the Property

(1) Rise

Counterparty	ML Estate Company, Limited
Description of major rights	During the Subject Period (as defined below), in the case of commencing disposition activities for the Property, the Counterparty shall first notify SAR of the fact that it will commence such activities in writing in preference to third parties. When SAR receives such notice, it may consider whether or not it desires to acquire the Property, and if it

	desires to acquire it, it may consider the desired terms and conditions.
The Property	Rise
Signing Date	April 23, 2021
Subject Period	From April 23, 2021 to March 31, 2023 (Provided, however, that in the case where either the contract counterparty or SAR requests, the parties may negotiate extension of the term for up to 12 months.)

- ✓ SAR has no obligation to acquire the Property. Upon deciding whether or not to purchase, it will be necessary for SAR to take necessary internal procedures such as conducting necessary due diligence including obtaining real estate appraisals.
- ✓ Upon signing the preferential negotiation rights agreement, SAR will not pay any consideration to the counterparty.

3. General Description of the Property

(1) Rise

Name of the Property	Rise
Location	6-13-1 Futako, Takatsu-ku, Kawasaki-shi, Kanagawa (residence indication)
Nearest station	Approximate 9-minute walk from “Takatsu” station on the Tokyu Denentoshi Line Approximate 15-minute walk from “Mizonokuchi” station on the JR Nambu Line and Tokyu Denentoshi Line.
Asset type	Residence
Site area	2,624.51 m ² (Note)
Total floor space	5,029.52 m ² (Note)
Structure / Number of Stories	Reinforced concrete structure, roofing, 1 basement floor, 5 stories (Note)
Dates of completion	Newly constructed on August 23, 1988 Building extended on March 9, 2007
Features	The Property is an apartment residence complex located within walking distance from “Takatsu” and “Mizonokuchi” stations as described above. The Tokyu Denentoshi Line provides good access to major business districts, taking approximately 19-minutes to “Shibuya” station and approximately 35 minutes to “Otemachi” station. Furthermore, around “Takatsu” station, there are living convenience facilities such as convenience stores and super markets, and the area surrounding “Mizonokuchi” station is one of the largest commercial districts of Kawasaki City, providing the Property with high life convenience. In 2007, the Property has implemented large-scale renovation and repair works including in the exclusive use areas. There are a total of 76 residential units and has a variety of floor plans to accommodate varying life stages ranging from 36.55 m ² to 91.42 m ² (mostly around 40 m ² : 52 units), making the Property appealing to a wide range of residents from singles and DINKS to families.

(Note) Figures are taken from the registry.

4. Preferential Negotiation Rights held by SAR

As of today, SAR has entered into agreements on preferential negotiation rights for acquiring properties, with respect to the following 9 properties in total which include the Property.

No.	Name of the Property	Asset Type	Location	Value Etc.	Completion/ Planned completion
1	OHA Building	Office	Tachikawa-shi, Tokyo	Total amount of the preferential negotiation prices etc. 5090 million yen (Note 1)	May 1990
2	Nishi-Ikebukuro 1 Chome Building	Retail	Toshima-ku, Tokyo		November 1992
3	HAKUSAN HOUSE	Purpose-built student accommodation	Bunkyo-ku, Tokyo	Total amount of the appraisal values etc. (Note 2) 22,643million yen	February 2018
4	KAMIKITA HOUSE	Purpose-built student accommodation	Suginami-ku, Tokyo		December 2019
5	URBAN CENTER HAKATA	Office	Fukuoka-shi, Fukuoka		September 2020
6	URBAN CENTER MIDOSUJI	Office	Osaka-shi, Osaka		April 2019
7	MIJAS Miyamaedaira WEST MIJAS Miyamaedaira EAST	Residence	Kawasaki-shi, Kanagawa		June 2021 (planned)
8	City Heim Kamezawa	Residence	Sumida-ku, Tokyo		October 1997
9	Rise (the Property)	Residence	Kawasaki-shi, Kanagawa		August 1988

(Note 1) The "Total amount of the preferential negotiation prices etc." means the total amount of the preferential negotiation price as stated in the agreement on preferential negotiation rights.

(Note 2) The "Total amount of the appraisal values etc." means the total of (i) the appraisal values in cases where appraisals have been obtained, and (ii) the expected acquisition price by Star Asia Group in cases where appraisals have not been obtained.

5. Future Outlook

Signing of the above-mentioned agreement on preferential negotiation rights is not expected to have any impact on the financial performance of SAR.

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

This is an English translation of the announcement in Japanese dated April 23, 2021. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

<Annex>

Photographs of properties and conceptual drawings

Rise (the Property)



OHA Building



URBAN CENTER MIDOSUJI



URBAN CENTER HAKATA



City Heim Kamezawa



MIJAS Miyamaedaira WEST / MIJAS Miyamaedaira EAST
(see Note)



NishiOkkebukuro 1 Chome Building



HAKUSAN HOUSE



KAMIKITA HOUSE



(Note) MIJAS Miyamaedaira WEST / MIJAS Miyamaedaira EAST which is subject to the preferential negotiation rights is currently under construction, and therefore a conceptual drawing has been inserted.