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For Immediate Release

Real Estate Investment Trust Securities Issuer
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Notice concerning the Acquisition of Third-Party Evaluation for Green Finance Framework

Star Asia Investment Corporation (“SAR”) announces that it has obtained third-party evaluation for its “Green Finance Framework (hereinafter referred to as “the Framework”)” which has been formulated towards the implementation of Green Finance (see Note). Details are as follows.

(Note) Borrowings and issuance of investment corporate bonds for the purpose of appropriating the full amount of procured funds to the acquisition of green eligible assets or the refinancing of such assets is collectively referred to as “Green Finance”.

1. Third-party evaluation obtained

SAR has obtained from Japan Credit Rating Agency, Ltd. (hereinafter referred to as “JCR”), a third-party evaluating institution, a “Green 1 (F)” evaluation which is the highest rank under “JCR Green Finance Framework Evaluation” (see Note), for the Framework described below.

(Note) “JCR Green Finance Framework Evaluation” is the third-party evaluation conducted by JCR regarding compatibility with the “Green Bond Principles”, “Green Loan Principles”, “Green Bond Guideline”, and “Green Loan and Sustainability Link Loan Guideline”. Under this evaluation, JCR conducts the “Greenness Evaluation” which is an evaluation of whether a project described in the green finance policy of an issuer or borrower’s green finance policy falls under a green project, and “Evaluation of Management, Operations, and Transparency” which is an evaluation of the issuer or borrower’s management and operations system and transparency, and then as comprehensive evaluation based on these evaluations, JCR determines the JCR Green Finance Framework Evaluation.

This evaluation relates to the green finance policy of the issuer etc., and is not an evaluation of the greenness or management, operations, and transparency etc. the use of funds of individual projects conducted based on such policies. A separate evaluation process is required in order to grant green finance evaluations for individual bonds and borrowings. Details of the JCR Green Finance Framework Evaluation is described in JCR’s website (<https://www.jcr.co.jp/greenfinance/green/> .)

2. Purpose and Background of Establishment of the Framework

SAR and Star Asia Investment Management Co. Ltd. (the “Asset Management Company”) to which SAR entrusts the management of its assets recognize the importance of serving its role in society as a listed real estate investment corporation, as well as maximizing unitholders’ interests. Under this recognition, upon conducting our real estate investment and management business, in order to increase corporate value by pursuing long-term sustainability and to exert comprehensive competitiveness, we are giving maximum consideration towards the Environment, Society, and Governance.

As a part of these efforts, from 2021 SAR has participated in the GRESB Real Estate Assessment (<https://gresb.com/>) and has obtained a “3-Star” GRESB rating. Furthermore, we have obtained a “Green Star” designation which indicates that a participant excels under both the “Management Component” which

evaluates policies and organizational systems for promoting ESG as well as the “Performance Component” which evaluates environmental performance and initiatives etc. with tenants of held properties.

Going forward, we will continue to pursue maximization of unitholders’ interest and further promote ESG related measures, and aim to further expand the investor base as well as secure stable methods to procure funds. We have established a green finance framework and have obtained a third-party evaluation of the framework towards the implementation of green finance, aiming to further expand the investor base and secure stable methods of funds procurement.

3. Overview of “Green Finance Framework”

SAR, for the purpose of green finance issuances including green bonds, has established a Green Finance Framework which is in line with the “Green Bond Principles 2021 (Note 1)”, “Green Bond Guideline (2020) (Note 2)”, “Green Loan Principles 2021 (Note 3)”, and “Green Loan and Sustainability Link Loan Guideline (2020) (Note 4)”.

(Note 1) “Green Bond Principles 2021” is a guideline related to the issuance of green bonds developed by the Green Bond Principles Executive Committee, a private organization in charge of administration office functions of the *International Capital Market Association (ICMA)*, hereinafter referred to as the “Green Bond Principles”.

(Note 2) “Green Bond Guideline (2020)” is a guideline formulated and announced by the Ministry of the Environment in March 2017, and thereafter revised in March 2020, for the purpose of further promoting green bonds in Japan, by presenting specific examples of handlings and interpretations in the Japanese context, while taking into consideration the consistency with the Green Bond Principles, providing a reference for market player practitioners upon considering specific handlings related to green bonds, hereinafter referred to as the “Green Bond guideline”.

(Note 3) “Green Loan Principles 2021” is a loan guideline formulated by the Loan Market Association(LMA), Asia-Pacific Loan Market Association (APLMA), and Loan Syndication and Trading Association (LSTA) which limits the use of funds to the environmental field, hereinafter referred to as the “Green Loan Principles”.

(Note 4) “Green Loan and Sustainability Link Loan Guideline (2020)” is a guideline formulated and announced by the Ministry of the Environment in March 2020. For the purpose of further promoting green loans in Japan, the Guideline, while taking into consideration consistency with the Green Loan Principles with respect to green loans, presents specific examples of handlings and interpretations in the Japanese context, providing a reference for lenders, borrowers, and other market player practitioners upon considering specific handlings related to green loans.

(1) Use of Funds

Funds procured by green finance will be appropriated to either the acquisition of green buildings which satisfy the following eligibility criteria-1 or conducting renovation works which satisfy the eligibility criteria-2, or for refinancing either of the above.

(2) Eligibility Criteria

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| Eligibility Criteria-1 | <p>Properties which have obtained or renewed certification from one of the following third-party certifying organizations, or otherwise intends to obtain or renew such certification in the future.</p> <ol style="list-style-type: none"> 1. DBJ Green Building certification: 3-star, 4-star, or 5-star. 2. BELS assessment: : 3-star, 4-star, or 5-star. 3. CASBEE certification: B+ rank, A rank, or S rank. |
| Eligibility Criteria-2 | <p>Facilities and equipment etc. renovation works which satisfy one of the following criteria.</p> <ol style="list-style-type: none"> 1. Renovation works which aim to improve one of the assessments or certifications under Eligibility Criteria-1 by |

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| | <p>at least one star or one rank.</p> <p>2. Facilities and equipment renovation works to be conducted for managed real estate for the purpose of making beneficial improvements from an environmental perspective, such as energy efficiency, water consumption capacity etc. (such works where usage volume reduction effects of 30% or higher are anticipated compared to before).</p> <p>3. Installation of or acquisition of equipment related to renewable energy.</p> |
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(3) Project Selection Standards and Process

At the Asset Manager, the Finance Management Division selects the projects for which funds procured by green finance is to be used, and the Sustainability Promotion Division deliberates and confirms the compatibility with the eligibility criteria.

Thereafter, the implementation of green finance is approved by resolution in accordance with the decision-making processes of the Asset Manager and SAR.

(4) Method of Funds Management

The procured funds are managed in cash and deposits or cash equivalents (certificates of deposits etc.) until such time they are appropriated towards the relevant project.

Even in the case where a green eligible asset for which SAR has procured funds is sold, or if for some reason a green eligible asset fails to continue to satisfy the eligibility criteria, the total outstanding amount of green finance will be managed so that it will not exceed the total of (i) and (ii) below, which shall be the upper limit of green finance procurement based on the Framework (hereinafter referred to as “Green Eligible Liabilities Upper Limit Amount”)

- (i) The liabilities amount calculated by multiplying the aggregated amount of the acquisition price of Eligibility Criteria-1 assets as of the end of the immediately preceding accounting period by the LTV (see Note) as of the end of the immediately preceding accounting period.
- (ii) Renovation work funds which satisfy Eligibility Criteria-2 (excluding renovation works funds related to properties already sold).

(Note) LTV: total amount of interest-bearing debt ÷ total amount of assets

(5) Reporting

(i) Reporting related to the Status of Appropriation of Funds

SAR, for so long as there are amounts outstanding of green finance procured based on the Framework exists, will continue to annually disclose the following items.

- The appropriation status of such procured funds (until such time the full amount of the procured funds is appropriated to projects which meet the eligibility criteria.)
- Green finance outstanding amount and Green Eligible Liabilities Upper Limit Amount.
 - ※ If for unavoidable reasons a part of the funds are not appropriated, such matter will be disclosed on SAR’s website after receiving approval from the Asset Manager.

(ii) Impact Reporting

SAR will disclose the following indices on the SAR website to the extent practically possible, for so long as there are amounts outstanding of green finance procured based on the Framework.

<Data related to Projects which satisfy Eligibility Criteria-1>

- Energy consumption volume (MWh)
- Volume of greenhouse gas emissions (t-CO₂)
- Water usage volume (m³)
- Acquisition status of environmental certifications (number of properties, gross floor area, type of certification, certification ranking)

<Data related to Projects which satisfy Eligibility Criteria-2>

- General description of the equipment etc. renovation works (Subject property, construction works amount, timing of implementation, etc.)
- Of the following items, quantitative index (before and after the renovation) for which reduction effects are anticipated.
 - Energy consumption volume (MWh)
 - Volume of greenhouse gas emissions (t-CO₂)
 - Water usage volume (m³)

*SAR HP URL: <http://starasia-reit.com/en/>

