

December 23, 2022

For Immediate Release

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

Asset Management Company
Star Asia Investment Management Co., Ltd.
Representative: Atsushi Kato
President and CEO
Contact: Akiko Kanno
Director and CFO
TEL: +81-3-5425-1340

Notice concerning Redemption of Mezzanine Loan Debt

As stated in the press release dated December 17, 2021 entitled “Notice Concerning Acquisition of Mezzanine Loan Debt, -Star Asia Mezzanine Loan Debt Investment Series 6 (Class C Specified Bonds)-”, Star Asia Investment Corporation (“SAR”) has held in investment the Class C Specified Bonds (the “Class C Specified Bonds”) as a mezzanine loan debt investment. However, the Class C Specified Bonds held by SAR is to be fully redeemed on January 11, 2023. Details are described below.

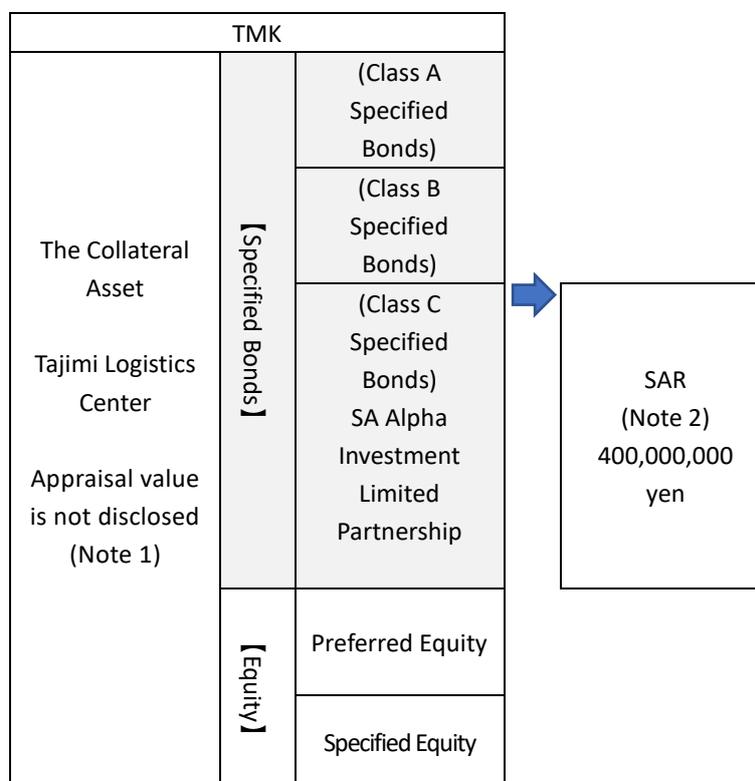
Given this redemption, of the 7 mezzanine loan debt investments executed by SAR to date, 6 of them will have been redeemed.

1. Overview of the Class C Specified Bonds

The Class C Specified Bonds are specified bonds issued by Tajimi Tokutei Mokuteki Kaisya (the “TMK”), with the collateral asset being the beneficial interest in trust (the “Collateral Asset”) with The Tajimi Logistics Center as the main entrusted asset. SAR acquired on December 23, 2021 and has continued to hold 400 million yen of the Class C Specified Bonds, based on the judgement that the certainty of principal repayment was high, the investment would bring about diversification of investment targets, dividend income (base rate +7%) would be gained with the effective use of cash on hand, and also given the expectation towards increase of distributable income.

<Overview of Class C Specified Bonds Structure (as of December 23, 2021)>

Operator: TMK



(Note 1) The appraisal value stated in the appraisal report obtained by Star Asia Investment Management Co., Ltd. for the Collateral Asset is not disclosed, because consent to disclosure has not been obtained from the current owner. The LTV which is the ratio of all of the specified bonds (the total amount) to the appraisal value is lower than 85%, which is SAR’s investment standard for investments in mezzanine loan debts (announced in the “Notice Concerning Acquisition of Mezzanine Loan Debt (Subordinate Bonds)” dated October 25, 2017.

(Note 2) The Class C Specified Bonds was acquired on December 23, 2021

For details regarding the Class C Specified Bonds described above, please refer to “Notice Concerning Acquisition of Mezzanine Loan Debt, -Star Asia Mezzanine Loan Debt Investment Series 6 (Class C Specified Bonds)-” announced on December 17, 2021.

2. Redemption of the Class C Specified Bonds

With the sale of the Collateral Assets by the TMK and given the redemption in full of the Class C Specified Bonds on January 11, 2013, SAR will receive a total amount including accrued interest on the Class C Specified Bonds.

3. Future forecast

The impact of the redemption of the Class C Specified Bonds on the operating results is insignificant, and there are no changes to the forecast of operating results for the fiscal period ending January 31, 2023 (August 1, 2022 to January 31, 2023) and the fiscal period ending July 31, 2023 (February 1, 2023 to July 31, 2023).

4. Other matters required for investors to appropriately understand and evaluate the above information

In conjunction with the risks pertaining to the redemption of the Class C Specified Bonds, there are no changes to “Part 1. Fund Information, I. Overview of the Fund, 3. Investment Risks” stated in the securities report

(Japanese only) submitted on October 28, 2022.

SAR, as part of the active management strategy that leads to maximization of unitholders' value, will continue to consider investments in mezzanine loan debts, which not only realizes diversification of investment targets, but also allows SAR to receive dividend income and boost distributable profits through effective use of cash on hand.

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

*This is an English translation of the announcement in Japanese dated December 23, 2022.
However, no assurance or warranties are given for the completeness or accuracy of this English translation.*