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For Immediate Release

Real Estate Investment Trust Securities Issuer
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Notice Concerning signing of Right of First Refusal Agreement for Acquisition of Assets (Preferred Equity Securities) and Receipt of a Letter of Intent regarding Lending of the Preferred Equity Securities (HAKUSAN HOUSE)

Star Asia Investment Corporation (“SAR”) today announces that, regarding the student residence “HAKUSAN HOUSE” (hereinafter the “Property”) for which it holds preferential negotiation rights (right of first refusal), it has signed a right of first refusal agreement (the “RFR Agreement”) to acquire preferred equity securities (the “Preferred Equity Securities”) for preferred investments issued by a special purpose company (the “SPC”) which holds trust beneficial interests for which the Property is the main entrusted asset.

Furthermore, if SAR acquires the Preferred Equity Securities based on the RFR Agreement, it is planned to lend the Preferred Equity Securities to Star Asia Group in order to stabilize SAR’s earnings, and today we also announce the receipt of a letter of intent (the “Letter of Intent for the Lending of Securities”).

The counterparty of the RFR Agreement and the submitter of the letter of Intent for the Lending of Securities both do not fall under ‘interested persons, etc.’ as defined under the Order for Enforcement of the Act on Investment Trusts and Investment Corporations of SAR or Star Asia Investment Management Co., Ltd. (the “Asset Manager”) to which SAR entrusts the management of its assets.

1. Reasons for signing of the RFR Agreement and Receipt of the Representation of Intent for the Lending of Securities

SAR, as a diversified REIT, aims to maximize unitholders’ interest by investing in “offices”, “retail facilities”, “residences”, “logistic facilities”, “hotels”, “student residences” and “land with leasehold interest”. Since listing, through external growth by acquiring assets accompanied by five public offerings founded upon strong sponsor support by Star Asia Group, as well as mergers and asset replacements, SAR as of today has an asset size of JPY 194.8 billion (62 real estate properties, 2 investments in mezzanine loan debt).

SAR is continuing to seek to secure opportunities for external growth in order to achieve the goal of asset size of JPY 300 billion which was formulated in the mid-term business plan.

<Reason for signing of the RFR Agreement>

The Property is a next-generation type student residence which is new to Japan, developed under the collaboration of Star Asia Group with GSA Group which is engaged in developing student residences worldwide. The property is located in a highly convenient area where there are multiple universities nearby, and is featured by facilities which promote interaction among the international students entering the residence and Japanese students (such as common-use open space, common-use kitchen, etc.) as well as its operations (holding events for

residents etc.) Recently, given the convergence of COVID1-19 and lifting of travel restrictions (with some exceptions) related to entry into Japan, use by international exchange students who can also enjoy the merits of the prolonged weak yen is increasing. This trend is expected to continue going forward, and it is anticipated that the profitability of the Property will increase.

SAR has recently been approached by Star Asia Group to sell the Preferred Equity Securities, and not the Property itself. The RFR Agreement has been signed, as it has been determined that it is desirable to accelerate the negotiation process as the situation allows for exclusive negotiation to acquire the Preferred Equity Securities, from the Asset Manager's perspective, based on the following three points:

(1) The Property value calculated from the right of first refusal price for the Preferred Equity Securities is cheap compared to such value calculated from the profitability of the Property which is expected to improve going forward., (2) Until such time the profits from the Property stabilizes, it is anticipated that the Sponsor group will take measures for stabilizing the profitability of SAR, (3) after the profits from the Property stabilizes, it is anticipated that investment in the Preferred Equity Securities will contribute to internal growth. To note, regarding the Property itself, SAR has obtained preferential negotiation rights (right of first refusal) to acquire the property based on agreement in 2018, and the agreement continues to be in effect.

<Reason for Receipt of the Representation of Intent for the Lending of Securities>

As stated above, entry by international exchange students into the Property is increasing, however, the status of operations is not yet necessarily stable. However, Star Asia Group expects that profitability of the Property will improve and stabilize going forward, and when the status of operations of the Property stabilizes, the earnings from the Preferred Equity Securities are expected to exceed the lending fee described below.

Based on the anticipations described above, Star Asia Group has submitted the Letter of Intent for the Lending of Securities, which agrees that, in the case that SAR acquires the Preferred Equity Securities, such Preferred Equity Securities is to be loaned to Star Asia Tatemono Godo Kaisha which is a member of the sponsor group, and a lending fee of 4% per annum of SAR'S acquisition price for the Preferred Equity Securities will be paid. From the Asset Manager's perspective, it has been determined that by entering into the lending transaction, it is possible to exclude profitability fluctuation risk of SAR for 2 years.

The Asset Manager is currently continuing negotiations for the sale and purchase of the Preferred Equity Securities, and such negotiations are expected to accelerate given the signing of the RFR Agreement. Therefore, as there are no particular obstacles envisioned at this point it has been determined that it is possible to acquire the Preferred Equity Securities within the deadline of the RFR Agreement which is July 31, 2023. Given the above, the Asset Manager is of the view that the acquisition of the Preferred Equity Securities and the commencement of the lending transaction should be at least reflected in the assumptions underlying SAR's management status forecast for the fiscal period ending January 2024 (August 1, 2023 to January 31, 2024), and the lending fee arising from the envisioned lending transaction is reflected in the management status forecast for the fiscal period ending January 2024 (August 1, 2023 to January 31, 2024) which is stated in the "Financial Report for Fiscal Period Ended January 31, 2023" announced today.

Furthermore, if the acquisition of the Preferred Equity Securities is realized, SAR intends to position the transaction together with the asset expected to be transferred described in the announcement made today entitled "Notice Concerning the Transfer of Trust Beneficial Interests of Domestic Real Estate (Urban Park Gokokuji)" as the 9th asset replacement.

Concerning the acquisition of the Preferred Equity Securities, an announcement will be made as soon as it is decided.

2. Outline of the RFR Agreement

Contract counterparty	GSA JP Project 1 Godo Kaisha
The name of the Preferred Equity Securities which is the subject of the RFR Agreement.	GSA JP Project 1 Tokutei Mokuteki Kaisha (TMK) Preferred Equity Securities (The Preferred Equity Securities issued by GSA JP Project 1 Tokutei Mokuteki Kaisha (TMK) which holds trust beneficial interests under which the Property is the main entrusted asset).
Main Contents of Rights	During the Subject Period (defined below), when the contract counterparty commences activities for sale and purchase of the Preferred Equity Securities, it shall first notify SAR in writing, in priority to third parties, of the fact that it will commence such activities. When SAR receives such notice, SAR is allowed to consider whether or not it desires to acquire the Preferred Equity Securities, and if desires acquisition, the desired conditions for such acquisition. If SAR desires to acquire the Preferred Equity Securities, the contract counterparty shall enter into discussions with SAR in good faith towards coming to an agreement with SAR on the basic terms and conditions of the assignment.
Desired purchase price of the Preferred Equity Securities	At least 1,510,000,000 yen or more (not including consumption tax thereon)
Signing Date	March 16, 2023
Subject Period	From March 16, 2023 to July 31, 2023 (Provided, however, that if either the contract counterparty or SAR makes an offer, extension of the period up to a maximum of 12 months may be discussed).

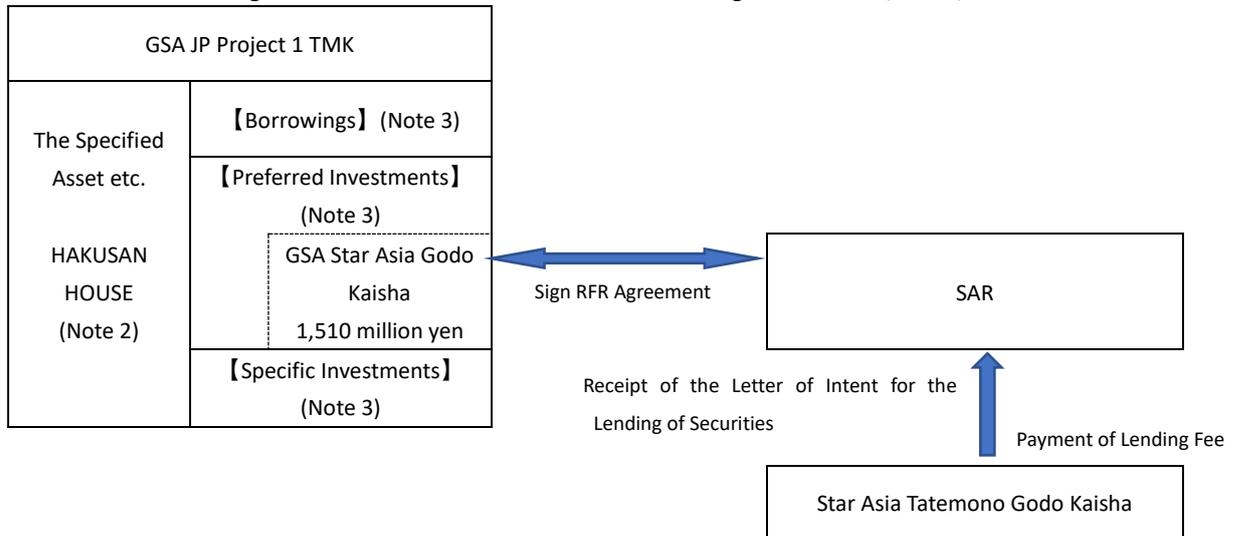
- ✓ SAR has no obligation to acquire the Preferred Equity Securities, and upon deciding on the acquisition of the Preferred Equity Securities, necessary procedures of the Asset Manager is required to be taken, such as conducting necessary due diligence including obtaining a real estate appraisal etc. Upon signing the RFR Agreement, no consideration will be paid by SAR to the contract counterparty.
- ✓ The contract counterparty falls under interested parties under the Rules on Transactions with Interested Parties of the Asset Manager.

3. General Description of the Letter of Intent for the Lending of Securities

Submitter	Star Asia Tatemono Godo Kaisha
Main contents	If SAR acquires the Preferred Equity Securities during the Subject Period (defined below), the Preferred Equity Securities may be loaned to the Submitter, and SAR may receive a lending fee for 4% per annum of the acquisition amount of the Preferred Equity Securities.
Signing Date	March 16, 2023
Subject Period	2 years from March 16, 2023

The Submitter falls under interested parties under the Rules on Transactions with Interested Parties of the Asset Manager.

4. Structure of the RFR Agreement and Letter of Intent for the Lending of Securities(Note 1)



(Note 1) The asset manager of the Specified Assets is Star Asia Asset Advisors Co., Ltd. which is an interested person etc. of the Asset Manager.

(Note 2) The Specified Assets etc. include structuring costs and reserve money etc. The appraisal value of the real estate property acquired by the SPC is not disclosed, as consent by the SPC for disclosure has not been obtained.

(Note 3) Not disclosed, as consent for disclosure has not been obtained from the lender(s) and specified investor(s).

5. General Description of the Property

Name	HAKUSAN HOUSE
Location	4-33-14 Hakusan, Bunkyo-ku, Tokyo
Nearest Stations	Approximate 5-minute walk from Hakusan station on the Toei Mita Line, approximate 9minute walk from Komagome station on the Tokyo Metro Namboku Line.
Asset Type	Student Residence
Site area	1,134.01 m ² (Note)
Gross floor area	5,137.70 m ² (Note)
Structure / numberof stories	Steel construction, partially steel-reinforced concrete (SRC) 9 stories above ground (Note)
Construction completion	January, 2018
Characteristics	<p>The Property is a student residence located within walking distance from “Hakusan” station and “Komagome” station. The area where the Property is located has multiple university campuses which accept international exchange students, including Tokyo University.</p> <p>The Property is offered to international exchange students as well as Japanese students who wish to interact with international exchange students. The Property has enhanced common-use space including a multi-purpose room and common-use kitchen and dining space, aiming to promote interaction among the resident international and Japanese students, and also holds events for residents and offers a concierge service which can accommodate foreign languages, and is a student residence which features facilities and operations rarely seen in Japan to date. The Property has introduced a 24-hour security system using technologies to pursue safety, and there are on cumbersome procedures for commencing the leases. Utility costs etc. are included in the rents, and also given the prolonged weak yen, the property is particularly attractive to international exchange students.</p>

(Note) Based on the descriptions of the Registry.

6. Future Outlook

As stated above, the acquisition of the Preferred Equity Securities and commencement of lending of the Preferred Equity Securities and the lending fee arising from such lending transaction are included in the assumptions underlying the management status forecast for the fiscal period ending January 2024 (August 1, 2023 to January 31, 2024) described in the “Financial Report for Fiscal Period Ended January 31, 2023” announced today.

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

<Other press releases announced today>

- (REIT) Financial Report for Fiscal Period Ended January 31, 2023
- Notice Concerning Signing of Building Lease Option Agreement Presupposing Extension of the Building (Funabashi Hi-tech Park Factory I)
- Notice Concerning the Transfer of Trust Beneficial Interests of Domestic Real Estate (Urban Park Gokokuji)
- Notice Concerning Partial Amendment to the Management Guidelines of the Asset Manager

This is an English translation of the announcement in Japanese dated March 16, 2023. However, no assurance or warranties are given for the completeness or accuracy of this English translation.