

## **Disclaimers**

This document has been prepared solely for the purpose of providing U.K. and Dutch investors with certain information under section 3.2 of the Investment Funds Sourcebook of the Handbook of Rules and Guidance of the Financial Conduct Authority (the "FCA") and Article 23 of the European Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (the "AIFMD") as implemented in the Netherlands respectively. Accordingly, you should not use this document for any other purpose.

### ***Netherlands***

The units of Star Asia Investment Corporation ("Star Asia" or the "AIF") are being marketed in the Netherlands under Section 1:13b of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, or the "Wft"). In accordance with this provision, Star Asia Investment Management Co., Ltd. (the "AIFM") has submitted a notification with the Netherlands Authority for the Financial Markets. The units of Star Asia will not, directly or indirectly, be offered, sold, transferred or delivered in the Netherlands, except to or by individuals or entities that are qualified investors (*gekwalificeerde beleggers*) within the meaning of Article 1:1 of the Wft, and as a consequence neither the AIFM nor Star Asia is subject to the license requirement pursuant to the Wft. Consequently, neither the AIFM nor Star Asia is subject to supervision of the Dutch Central Bank (*De Nederlandsche Bank*) or the Netherlands Authority for Financial Markets (*Autoriteit Financiële Markten*, the "AFM") and this Article 23 AIFMD Prospectus is not subject to approval by the AFM. No approved prospectus is required to be published in the Netherlands pursuant to Article 3 of the European Directive 2003/71/EC (the EU Prospectus Directive) as amended and implemented in Netherlands law. The AIFM is solely subject to limited ongoing regulatory requirements as referred to in Article 42 of the AIFMD.

### ***United Kingdom***

Units of Star Asia are being marketed in the United Kingdom pursuant to regulation 59 of the United Kingdom Alternative Investment Fund Managers Regulations 2013. In accordance with this provision, the AIFM has submitted a notification to the FCA in the United Kingdom.

For the purposes of the United Kingdom Financial Services and Markets Act 2000 (as amended, "FSMA") Star Asia is an unregulated collective investment scheme which has not been authorized by the FCA.

Accordingly, any communication of an invitation or inducement to invest in Star Asia may be made to persons in the United Kingdom only if the communication falls within one or more of the categories of exempt financial promotions under the Financial Services and Markets Act (Financial Promotion) Order 2005 (as amended, the "Order"), including financial promotions communicated to:

- (1) persons who are investment professionals, as defined in article 19 of the Order;
- (2) persons who are certified high net worth individuals, as defined in article 48 of the Order;

- (3) persons who are high net worth companies, unincorporated associations, or other entities listed in article 49 of the Order; or
- (4) persons who are certified sophisticated investors, as defined in article 50 of the Order,

or if the communication is made to persons to whom such an invitation or inducement may otherwise lawfully be communicated. The distribution of this document to any person in the United Kingdom in circumstances not falling within one of the above categories is not permitted and may contravene FSMA. No person falling outside those categories should treat this document as constituting a promotion to him, or act on it for any purposes whatsoever.

***Prohibition of Sales to EEA and UK Retail Investors***

Units of Star Asia are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, "IDD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the "PRIIPs Regulation") for offering or selling the units of Star Asia or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the units of Star Asia or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation.

Article 23 (1)(a)	
Objectives of the AIF	<p>The objective of Star Asia Investment Corporation (“Star Asia”) is to maximize unitholder value with a focus on revenue stability and growth by pursuing a diversified portfolio strategy, targeting office, retail, residential, logistics, hotel and purpose-built student accommodation properties. In operating its business, Star Asia’s overarching philosophy is to put the interests of its unitholders first.</p> <p>On August 1, 2020, Star Asia and Sakura Sogo REIT Investment Corporation (“Sakura Sogo”) conducted a merger with Star Asia as the surviving entity (the “Merger with Sakura Sogo”),.</p>
Investment strategy	<p>Star Asia pursues a diversified portfolio strategy, targeting office, retail, residential, logistics, hotel and purpose-built student accommodation properties with a particular focus on the Tokyo area. Star Asia currently aims to have 70% or more of its portfolio on an acquisition price basis comprised of properties located in the Tokyo area, while also targeting properties in other major population centers including the Osaka area, the Nagoya area, the Fukuoka area and the Sapporo area. However, based on the results of our own market analysis, the percentage of our properties in Tokyo area on an acquisition price basis may temporarily become less than 70% as a result of our strategic investments, acquisition of properties in bulk sales, merger with other REITs and other events. In addition, Star Asia intends to maintain a diverse portfolio of assets, with each asset class comprising no more than 50% of its portfolio on an acquisition price basis as a general rule, except that such percentage for a certain asset class may temporarily exceed 50% as a result of strategic investments in such asset class based on the results of our own market analysis. By maintaining a diverse portfolio, Star Asia intends to mitigate the risk of overexposure to any single asset class and achieve a balanced portfolio. Star Asia can pursue income stability (suppression of the fluctuation of revenue due to the economic cycle) from residential and logistics properties and income growth (future revenue growth) from office, retail and hotel properties. In regard to purpose-built student accommodation properties, Star Asia can pursue both income stability and growth. In terms of asset size, we target primarily middle-size assets (with an acquisition price of less than ¥10 billion) from the perspective of enhancing diversification and due to the relatively robust supply of these assets. We also target large-size assets (with an acquisition price of ¥10 billion or more) in the five central wards of Tokyo due to favorable market conditions for large-size assets in this high population area.</p> <p>In identifying investment opportunities, Star Asia will leverage the track record, experience, know-how and market analysis of its sponsor, Star Asia Management Limited (the “Sponsor”), through support it receives under its sponsor support agreement with the Sponsor. Under the sponsor support agreement, Star Asia will also have access to a robust pipeline of properties operated by the Sponsor and its group companies and intends to leverage the support from the Sponsor to continue to expand its portfolio.</p> <p>In addition to investing in real estate assets (including trust beneficiary interests in real estate assets), we may also consider investing in mezzanine loans of special purpose companies that acquire real estate. Under our articles of incorporation, we may invest in mezzanine loans in an aggregate amount that shall not exceed 5% of our total assets.</p>

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AIF structure	Star Asia is not a master AIF for the purposes of Article 23(1)(a) AIFMD and is not a fund of funds. Star Asia is not an underlying fund of a master AIF for the purposes of Article 23(1)(a) AIFMD.
Types of assets the AIF may invest in	Real property, real property equivalents such as land leasehold rights and surface rights, trust beneficiary interests in real property and real property based securities.
Techniques the AIF may employ and all associated risks	<p>Star Asia aims to grow unitholder value by acquiring a diverse portfolio of office, retail, residential, logistics, hotel and purpose-built student accommodation properties with a particular focus on the Tokyo area. The principal risks with respect to investment in Star Asia are as follows:</p> <ul style="list-style-type: none"> <li>• Star Asia’s limited operating history and the limited financial information regarding its portfolio and results of operations;</li> <li>• the limited experience of Star Asia Investment Management Co., Ltd. (the “Asset Manager”) in operating a J-REIT;</li> <li>• adverse conditions in the Japanese economy;</li> <li>• synergies from the Merger with Sakura Sogo may not be realized to the extent expected;</li> <li>• Star Asia’s ability to acquire properties to execute its growth and investment strategy;</li> <li>• illiquidity in the real estate market;</li> <li>• Star Asia’s reliance on the Sponsor and its group companies;</li> <li>• the past experience of the Sponsor in the Japanese real estate market being no indicator or guarantee of Star Asia’s future results;</li> <li>• potential conflicts of interest between Star Asia and certain Star Asia group companies, including the Asset Manager;</li> <li>• significant competition in seeking tenants and difficulty in finding replacement tenants;</li> <li>• increases in prevailing market interest rates;</li> <li>• the occurrence of natural or man-made disasters;</li> <li>• concentration of Star Asia’s properties in Tokyo and the surrounding areas;</li> <li>• any inability to obtain financing for future acquisitions;</li> <li>• potential failure to satisfy a complex series of requirements pursuant to Japanese tax regulations; and</li> <li>• risks inherent in the property types we target, including office, retail, residential, logistics, hotel and purpose-built student accommodation properties.</li> </ul> <p>In addition, Star Asia is subject to potential risks related to:</p> <ul style="list-style-type: none"> <li>• liquidity and other limitations on Star Asia’s activities under debt financing arrangements;</li> <li>• increases in loan-to-value (“LTV”) ratio that may increase Star Asia’s exposure to changes in interest rates;</li> <li>• investments in mezzanine loans;</li> <li>• impairment losses relating to Star Asia’s properties;</li> </ul>

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	<ul style="list-style-type: none"> <li>• decreases in tenant leasehold deposits and/or security deposits that may increase Star Asia’s funding costs;</li> <li>• Star Asia’s lack of control over operating costs which may adversely affect Star Asia’s business;</li> <li>• loss of rental revenues in the event of lease terminations, decreased lease renewals, or the default of a tenant as a result of financial difficulty or insolvency, or careless or imprudent management of properties by tenants;</li> <li>• reliance on key tenants;</li> <li>• use of master leases, including credit exposure in the event of a master lessee’s insolvency;</li> <li>• the cost of complying with regulations applicable to Star Asia’s properties;</li> <li>• defects in the title, design or construction of our properties or other property defects;</li> <li>• reliance on expert appraisals and engineering, environmental and seismic reports, which are subject to significant uncertainties;</li> <li>• reliance on industry and market data that are subject to significant uncertainties;</li> <li>• the possibility that Star Asia’s buildings may violate earthquake resistance or other building codes, and may collapse in even minor earthquakes or may be required to be strengthened or demolished by Star Asia at significant expense;</li> <li>• the possibility that the environmental assessments of Star Asia’s properties made prior to ownership may not uncover all environmental liabilities, while Japanese laws subject property owners to strict environmental liabilities;</li> <li>• the possibility that entering into forward commitment contracts or contracts to purchase properties under development may expose Star Asia to contractual penalties and market risks;</li> <li>• Star Asia’s success depending on the performance of service providers to which Star Asia is required to assign various key functions;</li> <li>• Star Asia’s performance depending on the efforts of key personnel of the Asset Manager;</li> <li>• J-REITs and their asset managers being subject to tight supervision by the regulatory authorities;</li> <li>• the possibility that, if the Japanese tax authorities disagree with Star Asia’s interpretations of the Japanese tax laws and regulations for prior periods, Star Asia may be forced to pay additional taxes for those periods;</li> <li>• the possibility that Star Asia may not be able to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs;</li> <li>• changes in Japanese tax laws that may significantly increase Star Asia’s tax burden;</li> <li>• Star Asia’s treatment as a “passive foreign investment company” for U.S. federal income tax purposes;</li> <li>• the possibility that unitholders may potentially be subject to U.S. Foreign Account Tax Compliance Act withholding tax after 2016;</li> <li>• the possibility that Star Asia may lose its rights in a property if the purchase of the property is recharacterized as a secured financing;</li> <li>• the possibility that Star Asia’s ownership rights in some of its properties may be declared invalid or limited;</li> </ul>
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	<ul style="list-style-type: none"> <li>• the possibility that Star Asia’s leasehold or subleasehold rights may be terminated or may not be asserted against a third party in some cases;</li> <li>• properties for which third parties hold leasehold interests in the land but own the buildings;</li> <li>• holding some properties in the form of stratified ownership interests;</li> <li>• holding properties in the form of a property or trust co-ownership interest;</li> <li>• holding interests in some properties through preferred shares of special purpose companies (<i>tokutei mokuteki kaisha</i>);</li> <li>• properties being subject to preferential negotiation rights of others;</li> <li>• holding interests in some properties through Japanese anonymous association (<i>tokumei kumiai</i>) agreements and limitations on Star Asia’s rights relating to such properties; and</li> <li>• Star Asia’s owning all of its properties through trust beneficiary interests.</li> </ul>
Any applicable investment restrictions	<p>Star Asia is subject to investment restrictions under Japanese laws and regulations, including the Act on Investment Trusts and Investment Corporations (the “ITA”) and the Financial Instruments and Exchange Act (the “FIEA”). These restrictions require that Star Asia must invest primarily in specified assets as defined in the ITA. Specified assets include, but are not limited to, securities, real estate, leaseholds of real estate, and surface rights (<i>chijō-ken</i>) (i.e. the right to use land for the purpose of having a structure on it), as well as trust beneficiary interests in securities, real estate, leaseholds of real estate and surface rights.</p> <p>Furthermore, under the listing rules of the Tokyo Stock Exchange, any listed J-REIT such as Star Asia must invest substantially all of its assets in real estate, real estate-related assets and liquid assets as provided by the listing requirements. Real estate in this context includes, but is not limited to, real estate, leaseholds of real estate, surface rights, and trust beneficiary interests for these assets, and real estate-related assets in this context include, but are not limited to, anonymous association (<i>tokumei kumiai</i>) interests for investment in real estate. A J-REIT that lists its units on the Tokyo Stock Exchange must also comply with the Investment Trusts Association, Japan rules, which require the J-REIT to invest more than 50% of its assets in real estate and asset backed securities investing primarily in real estate, which include, but are not limited to, real estate, leaseholds of real estate, surface rights or trust beneficiary interests for real estate, surface rights or leaseholds of land.</p> <p>Pursuant to the ITA, investment corporations may not independently develop land for housing or to construct buildings, but may outsource such activities in certain circumstances.</p> <p>The basic investment policy of Star Asia is set out in Star Asia’s articles of incorporation. Moreover, the Asset Manager has established investment guidelines to provide more detailed policies based on this basic policy.</p>
Circumstances in which the AIF may use leverage	<p>Star Asia may borrow funds or issue investment corporation bonds for such purposes as property acquisitions, property repair, repayment of tenant leasehold and security deposits and guarantees, payment of distributions to unitholders, payment of Star Asia’s expenses and repayment of Star Asia’s indebtedness.</p>

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<p>The types and sources of leverage permitted and associated risks</p>	<p>Star Asia currently has outstanding short- and long-term loans. All of Star Asia's currently outstanding loans are unsecured and unguaranteed and are subject to either floating rates or floating rates that are effectively fixed through interest rate swaps. Star Asia borrows only from institutional investors as defined in the Special Taxation Measures Act (assuming that Star Asia's tenant leasehold and security deposits are not considered loans for this purpose).</p> <p>Certain of Star Asia's loan agreements are subject to restrictive covenants. Such covenants may require Star Asia to maintain certain debt service coverage or LTV ratios, restrict Star Asia's operations or limit its ability to make cash distributions to unitholders, to dispose of properties or to acquire additional properties. A violation by Star Asia of such restrictive covenants may entitle lenders to require Star Asia to collateralize its properties or to demand that the entire outstanding balance be paid. Moreover, Star Asia's cash flow may be insufficient to meet its required principal and interest payments, which may trigger events of default that also entitle lenders to require Star Asia to collateralize its properties or demand that the entire balance be paid. Further, if Star Asia takes draws down debt with unhedged floating interest rates, Star Asia's exposure to changes in interest rates may adversely affect its results of operations. Even if Star Asia maintains a conservative LTV ratio, Star Asia's interest expense or exposure to changes in interest rates could increase due to macroeconomic factors or market conditions beyond Star Asia's control.</p>
<p>Any restrictions on leverage</p>	<p>Under Star Asia's articles of incorporation, Star Asia has a formal internal limit of ¥1 trillion on the aggregate principal amount of borrowings and ¥1 trillion on investment corporation bonds outstanding, and a total limit ¥1 trillion on the combined outstanding principal amount of borrowings and investment corporation bonds.</p>
<p>Any restrictions on collateral and asset reuse arrangements</p>	<p>No applicable arrangements.</p>
<p>Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF</p>	<p>Star Asia has as a general rule set an upper limit of 60% for its LTV ratio in order to operate with a stable financial condition. Star Asia may, however, temporarily exceed such levels as a result of property acquisitions or other events.</p>
<p><b>Article 23(1) (b)</b></p>	
<p>Procedure by which the AIF may change its investment strategy / investment policy</p>	<p>Changes to Star Asia's basic investment policy require an amendment of the articles of incorporation. Such amendment requires a quorum of a majority of the total issued units and at least a two-thirds vote of the voting rights represented at a general meeting of unitholders. Unitholders should note, however, that under the ITA and Star Asia's articles of incorporation, unitholders who do not attend or exercise their voting rights at a general meeting of unitholders are deemed to be in agreement with proposals submitted at the meeting, except in cases where contrary proposals are also being submitted.</p> <p>Additionally, the investment guidelines of the Asset Manager, which provide the details of the basic policies set forth in Star Asia's articles of incorporation, may be amended or revised by the Asset Manager without a vote of Star Asia's unitholders or Star Asia's approval, to the extent permitted under Star Asia's articles of incorporation.</p>
<p><b>Article 23(1) (c)</b></p>	

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<p>Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including jurisdiction, applicable law, and the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established</p>	<p>Star Asia has entered into the following asset management and sponsor support agreement, each of which is governed by Japanese law:</p> <ul style="list-style-type: none"> <li>• Asset management agreement dated December 1, 2015 between Star Asia and Star Asia Investment Management Co., Ltd.</li> <li>• Sponsor support agreement dated January 14, 2016 between Star Asia, Star Asia Investment Management Co., Ltd. and Star Asia Management Limited.</li> </ul> <p>Additionally, Star Asia has entered into purchase and sale agreements with sellers and buyers in connection with the acquisition or disposition of properties, as well as trust agreements with major Japanese trust banks pursuant to which Star Asia holds the properties in its portfolio in the form of trust beneficiary interests.</p>
<p><b>Article 23(1) (d)</b></p>	
<p>The identity of the AIFM, AIF's depository, auditor and any other service providers and a description of their duties and the investors' rights thereto</p>	<ul style="list-style-type: none"> <li>• Asset Manager (AIFM): Star Asia Investment Management Co., Ltd.</li> <li>• Auditor: Ernst &amp; Young ShinNihon LLC</li> <li>• Custodian, general administrator, transfer agent: Sumitomo Mitsui Trust Bank Ltd.</li> </ul> <p>The Asset Manager's duties include providing services related to asset management operations, financing operations, reporting to Star Asia, periodic reporting, investor relations, and regulatory filings, and other services as agreed between Star Asia and the AIFM. The FIEA provides that the Asset Manager owes Star Asia a fiduciary duty and must conduct its activities as asset manager in good faith. The FIEA also prohibits the Asset Manager from engaging in certain specified conduct, including entering into transactions outside the ordinary course of business or with related parties of the Asset Manager that are contrary to or violate Star Asia's interests. Pursuant to the ITA, Star Asia's unitholders have the right to approve the execution or termination of the asset management agreement at a general meeting of unitholders, except in specific cases set forth under the ITA.</p> <p>The auditor's responsibilities include preparing an audit report on Star Asia's financial statements for the fiscal periods ending on the last day of January and on the last day of July of each year.</p> <p>The custodian, general administrator and transfer agent owes contractual obligations under its agreements with Star Asia. As custodian, it provides custodial services for Star Asia's assets. As general administrator, it provides administrative services including services related to financial documents, preparation of books and records, tax payments and meetings of board of directors and meetings of unitholders. As transfer agent, it provides services including the administration of the unitholder's register, issuances of investment units, distributions, notifications, announcements and reports, and other transfer agency services.</p>

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	Unitholders do not have direct rights against the Asset Manager, auditor, custodian, general administrator or transfer agent.
<b>Article 23(1) (e)</b>	
Description of how the AIFM complies with the requirements to cover professional liability risks (own funds / professional indemnity insurance)	Not applicable.

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<b>Article 23(1) (f)</b>	
Description of any delegated management function such as portfolio management or risk management and of any safekeeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations	<p>Not applicable.</p> <p>There is no delegation of such functions beyond the Asset Manager, which is responsible for portfolio and risk management, and the asset custodian, which is responsible for safekeeping activities.</p>
<b>Article 23(1) (g)</b>	
Description of the AIF's valuation procedure and pricing methodology, including the methods used in valuing hard-to-value assets	<p>Star Asia values its assets based on generally accepted accounting principles applicable to J-REITs and pursuant to the ITA and the Ordinance on Accountings of Investment Corporations. As a J-REIT, Star Asia may only use the valuation methods prescribed in the rules of the Investment Trusts Association, Japan. The asset evaluation methods and standards used in specific cases depend on the type of invested asset.</p> <p>Hard to value assets include assets such as equity interests in real estate anonymous associations (<i>tokumei kumiai</i>) and beneficiary interests in trusts of money principally invested in real estate anonymous associations, as well as tenant leasehold and security deposits. Future cash flows of hard to value assets are difficult to estimate. Star Asia values hard to value assets differently depending on the asset, but pursuant to the ITA, the Ordinance on Accountings of Investment Corporations and the evaluation rules of the Investment Trusts Association of Japan or in accordance with generally accepted accounting principles in Japan applicable to J-REITs.</p>
<b>Article 23(1) (h)</b>	
Description of the AIF's liquidity risk management, including redemption rights in normal and exceptional circumstances and existing redemption arrangements with investors	<p>Net cash generated from operating activities constitutes Star Asia's primary source of liquidity to fund distributions, interest payments on outstanding debt, fees to the Asset Manager and other service providers, property-related taxes, repairs and maintenance, and capital expenditures for Star Asia's properties in the ordinary course of business. However, Star Asia's ability to use its cash flows from operations to finance property acquisitions is severely limited, because Star Asia is required to distribute more than 90% of all of its distributable income, calculated in accordance with the Special Taxation Measures Act, for each fiscal period to its unitholders. Therefore, Star Asia depends primarily on outside financing in order to finance property acquisitions, including borrowings from financial institutions, equity financing, and the issuance of primarily long-term investment corporation bonds. Star Asia also considers the effects of assumption of tenant leasehold and security deposits in evaluating its liquidity needs.</p>

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	<p>Star Asia controls liquidity-related risk by setting an upper limit of 60% for its LTV ratio and evaluating its long-term and fixed-rate debt ratios, maturity diversification, financing methods, the diversification of its pool of lenders and the availability of commitment lines.</p> <p>Because Star Asia is a closed-end investment corporation, unitholders are not entitled to request the redemption of their investment.</p>
<p><b>Article 23(1) (i)</b></p>	
<p>Description of all fees, charges and expenses and a maximum amount which is directly / indirectly borne by the investors</p>	<p><u>Directors' compensation</u>: Star Asia's articles of incorporation provide that Star Asia may pay its executive officer up to ¥800,000 per month and each of its supervisory officers up to ¥400,000 per month.</p> <p><u>Asset management, acquisition and disposition Fees</u>: Star Asia pays the Asset Manager asset management, acquisition and transfer fees as follows:</p> <ul style="list-style-type: none"> <li>• <i>Asset Management fees</i>. The Asset Manager receives an asset management fee, which comprises a type I period fee and a type II period fee as described below.</li> <li>• <i>Type I period fee: Asset-based fee</i>. Star Asia pays to the Asset Manager a type I period fee for each fiscal period. This type I period fee is payable by Star Asia within three months from the end of the relevant fiscal period. The type I period fee shall be the amount (rounded down to the nearest yen) obtained by multiplying the total appraised value (as calculated below) of the investment assets by the rate (which shall not exceed 0.3%) to be separately agreed upon with the Asset Manager. The total appraised value of the investment assets shall be the sum of (A) and (B) below. <ul style="list-style-type: none"> <li>• (A) Total amount of the value of real estate assets obtained by multiplying the lower of the appraisal value as of the end of the relevant period (or, if the appraisal report as of the end of the relevant fiscal period is not obtained, the transfer price) or the acquisition price (or, if Star Asia has assumed the relevant assets as a result of an absorption-type merger in which Star Asia is the surviving corporation, the value at which such assets were assumed) of the relevant assets, by the number of actual days that Star Asia held the relevant assets in the relevant fiscal period, and dividing it by the number of in the year (365 days or 366 days, as the case may be), and</li> <li>• (B) Total amount of the value of the asset backed securities with real estate assets as primary investment targets and of the real estate-related loans and other monetary claims, obtained by multiplying the value of the relevant assets (calculated in accordance with our articles of incorporation) by the number of actual days that Star Asia held the relevant assets in the relevant fiscal period, and dividing it by the number of in the year (365 days or 366 days, as the case may be).</li> </ul> </li> <li>• <i>Type II period fee: DPU-based fee</i>. Star Asia pays to the Asset Manager a type II period fee for each fiscal period. This type II period fee is payable within three months from the end of the relevant fiscal period, and is equal to (i) distributions per unit before deducting the type II period fee multiplied by (ii)</li> </ul>

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the amount obtained by multiplying net operating income by the rate separately agreed with the Asset Manager (which shall not exceed 0.002%). For purposes of calculation of the type II period fee: “distributions per unit before deducting the type II period fee” shall be the amount (rounded down to the nearest yen) obtained by dividing the distributable amount before deducting the type II period fee (which is equal to income before income taxes in accordance with generally accepted accounting principles in Japan (excluding any gain on negative goodwill and before deducting amortization of goodwill, the type II period fee and consumption taxes that are not deductible) after accounting for any loss carried forward) as of the end of the relevant fiscal period, by the number of investment units issued as of the end of the relevant fiscal period; and “net operating income” is equal to the amount obtained by deducting real estate rental expenses (excluding depreciation and loss on retirement of non-current assets) from real estate rental revenue in the relevant fiscal period. When Star Asia holds non-cancelled treasury investment units as of the relevant fiscal period, the number of investment units issued shall refer to the number of investment units issued and outstanding (calculated by deducting the number of treasury investment units from the total number of investment units issued as of the end of the said fiscal period). If a consolidation or split of the investment units is conducted, the total number of investment units issued as of the end of the fiscal period in which the consolidation or split is conducted and thereafter shall be adjusted to be the number of investment units before giving effect to the consolidation or split as calculated by using the relevant consolidation ratio or split ratio.

- *Acquisition fees.* For each new property, asset backed security, real estate-related loan and other monetary claim Star Asia acquires, the Asset Manager receives an acquisition fee, which is equal to up to 1.0%, or 0.5% in case of a transaction with interested parties, of the acquisition price (referring to the price stipulated in the sales agreement, etc. and excluding the acquisition fee and other expenses required for the acquisition and consumption taxes), payable by the end of the month following the month to which the acquisition date of the property (the date when transfer of ownership and other rights become effective) belong.
- *Transfer fees.* For each property, asset backed security, real estate-related loan and other monetary claim Star Asia sells, the Asset Manager receives a transfer fee, which is equal to up to 1.0%, or 0.5% in case of a transaction with interested parties, of the transfer price (referring to the price stipulated in the sales agreement, etc. and excluding the transfer fee and other expenses required for the transfer and consumption taxes) payable by the end of the month following the month to which the transfer date of the property (the date when transfer of ownership and other rights become effective) belong.
- *Merger fees.* In the event that Star Asia is a party to an incorporation-type merger or an absorption-type merger (regardless of whether Star Asia is the surviving

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party or the absorbed party ) ( the “**Merger**”) and the Asset Manager investigates and evaluates the assets, etc. held by the other party and otherwise performs other services relating to the Merger on behalf of Star Asia, and the Merger takes effect, Star Asia will pay to the Asset Manager the amount equal to up to 1.0%, or 0.5% in case of a transaction with interested parties, of the valuation amount of the real estate-related assets held by the other party to the Merger that is being assumed or to be held by the newly established entity under the incorporation-type merger or the surviving party under the absorption-type merger on the day that the Merger takes effect (amounts of less than one yen shall be disregarded) as the merger fee. Star Asia will pay the merger fee by the end of the month following the month in which the Merger takes effect.

Asset custodian fee:

Star Asia pays the asset custodian a fee per month in an amount agreed upon by Star Asia and the asset custodian based on the portfolio of Star Asia, up to the monthly amount calculated by the following formulas (or, if the calculated monthly amount is less than ¥500,000, ¥500,000).

(The total assets amount recorded on Star Asia’s total trial balance at the last day of the preceding month of the relevant month) multiplied by 0.03% divided by 12

If the days of asset custody are less than one month, the fee per month shall be calculated on a pro-rata basis.

The asset custodian shall calculate the total asset custodian fee and consumption taxes per fiscal period and shall provide an invoice to Star Asia after the following month of the month to which the last day of the fiscal period belong. Star Asia shall pay such amount by remittance into the account designated by the asset custodian within a month from the date of the invoice.

General administrator fee:

Star Asia pays the general administrator fees per month in an amount agreed upon by Star Asia and the general administrator based on the portfolio of Star Asia, up to the monthly amount calculated by the following formulas (or, if the calculated monthly amount is less than ¥500,000, ¥500,000).

(The total assets amount recorded on Star Asia’s total trial balance at the last day of the preceding month of the relevant month) multiplied by 0.09% divided by 12

If the days of asset custody are less than one month, the fee per month shall be calculated on a pro-rata basis.

The general administrator shall calculate the total general administrator fees and consumption taxes per fiscal period and shall provide an invoice to Star Asia after the following month of the month to which the last day of the fiscal period belong. Star Asia

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shall pay such amount by remittance into the account designated by the general administrator within a month from the date of the invoice.

Transfer agent fee:

Star Asia pays the transfer agent fees pursuant to the transfer agency agreement.

- Monthly standard fee:

Star Asia pays the transfer agent monthly standard fees calculated in the manner below. There is a minimum monthly fee of ¥210,000. The transfer agent shall provide an invoice to Star Asia by the 15th day of the following month of the relevant month, and Star Asia shall pay such amount by the end of the month of such invoice.

Number of investors	Fees per investor
The first 5,000 investors .....	¥86
More than 5,000 and not more than 10,000 .....	¥73
More than 10,000 and not more than 30,000 .....	¥63
Over 30,000 and not more than 50,000 .....	¥54
Over 50,000 and not more than 100,000 .....	¥47
Over 100,000 investors .....	¥40
Removed investors .....	¥50

- Other fees:

Star Asia pays the transfer agent fees for various other services, including fees for services in connection with the payment of distributions, notices, unitholder meetings, postal items, unitholder information and expense reimbursements.

Auditor Fee:

Star Asia may pay the accounting auditor no more than ¥20 million for each fiscal period in an amount determined by the Board of Directors. Such amount shall be paid by remittance into the account designated by the accounting auditor within a month from the date when Star Asia receives the full audit reports required under the ITA and other laws and regulations.

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<b>Article 23(1) (j)</b>	
Description of the AIFM's procedure to ensure fair treatment of investors and details of any preferential treatment received by investors, including detailing the type of investors and their legal or economic links with the AIF or AIFM	Under Article 77 paragraph 4 of the ITA, which applies the requirements of Article 109 paragraph 1 of the Companies Act of Japan to investment corporations, investment corporations are required to treat unitholders equally depending on the number and class of units held. In addition, upon liquidation, the allotment of residual assets to unitholders is required to be made equally depending on the number of units held under Article 77 paragraph 2 item 2 and Article 158 of the ITA.
<b>Article 23(1) (k)</b>	
The latest annual report referred to in Article 22(1)	Not applicable
<b>Article 23(1) (l)</b>	
The procedure and conditions for the issue and sale of the units	Star Asia is authorized under its articles of incorporation to issue up to 10,000,000 units. Its units have been listed on the Tokyo Stock Exchange since April 20, 2016. Secondary market sales and transfers of units will be conducted in accordance with the rules of the Tokyo Stock Exchange. Unit prices on the Tokyo Stock Exchange are determined on a real-time basis by the equilibrium between bids and offers. The Tokyo Stock Exchange sets daily price limits, which limit the maximum range of fluctuation within a single trading day. Daily price limits are set according to the previous day's closing price or special quote.
<b>Article 23(1) (m)</b>	
Latest net asset value of the AIF or latest market price of the unit or share of the AIF	The latest market price of Star Asia's units is publicly available at the Tokyo Stock Exchange or from financial information services providers (including Reuters, which can be viewed at <a href="http://www.reuters.com/finance/stocks/overview?symbol=3468.T">http://www.reuters.com/finance/stocks/overview?symbol=3468.T</a> )

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<b>Article 23(1) (n)</b>																																													
Details of the historical performance of the AIF, where available	<p>The units of Star Asia were listed on the Tokyo Stock Exchange on April 20, 2016. The performance of the units for the fiscal periods since the listing of Star Asia is as follows:</p> <table border="1"> <thead> <tr> <th>Fiscal period</th> <th>Total Assets (JPY thousands)</th> <th>Total Net Assets (JPY thousands)</th> <th>Net Assets per unit (JPY)</th> </tr> </thead> <tbody> <tr> <td>1st Fiscal Period (December 1, 2015 to July 31, 2016)</td> <td>68,636,834</td> <td>33,848,802</td> <td>98,197</td> </tr> <tr> <td>2nd Fiscal Period (August 1, 2016 to January 31, 2017)</td> <td>67,363,539</td> <td>34,674,123</td> <td>100,592</td> </tr> <tr> <td>3rd Fiscal Period (February 1, 2017 to July 31, 2017)</td> <td>83,609,410</td> <td>41,892,541</td> <td>101,116</td> </tr> <tr> <td>4th Fiscal Period (August 1, 2017 to January 31, 2018)</td> <td>82,154,646</td> <td>41,870,546</td> <td>101,063</td> </tr> <tr> <td>5th Fiscal Period (February 1, 2018 to July 31, 2018)</td> <td>93,553,534</td> <td>47,287,168</td> <td>100,477</td> </tr> <tr> <td>6th Fiscal Period (August 1, 2018 to January 31, 2019)</td> <td>111,079,100</td> <td>54,839,877</td> <td>101,400</td> </tr> <tr> <td>7th Fiscal Period (February 1, 2019 to July 31, 2019)</td> <td>110,240,555</td> <td>54,739,757</td> <td>101,215</td> </tr> <tr> <td>8th Fiscal Period (August 1, 2019 to January 31, 2020)</td> <td>109,649,249</td> <td>54,299,423</td> <td>50,200</td> </tr> <tr> <td>9th Fiscal Period (February 1, 2020 to July 31, 2020)</td> <td>113,035,501</td> <td>54,614,584</td> <td>50,492</td> </tr> <tr> <td>10th Fiscal Period (August 1, 2020 to January 31, 2021)</td> <td>179,789,748</td> <td>89,600,518</td> <td>53,512</td> </tr> </tbody> </table> <p>Star Asia has conducted an investment unit split to split one investment unit into two investment units with August 1, 2020, as the effective date. Net Assets per unit are calculated assuming that the split was conducted at the beginning of 8th fiscal period.</p>	Fiscal period	Total Assets (JPY thousands)	Total Net Assets (JPY thousands)	Net Assets per unit (JPY)	1st Fiscal Period (December 1, 2015 to July 31, 2016)	68,636,834	33,848,802	98,197	2nd Fiscal Period (August 1, 2016 to January 31, 2017)	67,363,539	34,674,123	100,592	3rd Fiscal Period (February 1, 2017 to July 31, 2017)	83,609,410	41,892,541	101,116	4th Fiscal Period (August 1, 2017 to January 31, 2018)	82,154,646	41,870,546	101,063	5th Fiscal Period (February 1, 2018 to July 31, 2018)	93,553,534	47,287,168	100,477	6th Fiscal Period (August 1, 2018 to January 31, 2019)	111,079,100	54,839,877	101,400	7th Fiscal Period (February 1, 2019 to July 31, 2019)	110,240,555	54,739,757	101,215	8th Fiscal Period (August 1, 2019 to January 31, 2020)	109,649,249	54,299,423	50,200	9th Fiscal Period (February 1, 2020 to July 31, 2020)	113,035,501	54,614,584	50,492	10th Fiscal Period (August 1, 2020 to January 31, 2021)	179,789,748	89,600,518	53,512
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<b>Article 23(1) (o)</b>																																													
Identity of the prime broker, any material arrangements of the AIF with its prime brokers, how conflicts	No applicable prime broker.																																												

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of interest are managed with the prime broker and the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets, and information about any transfer of liability to the prime broker that may exist	
<b>Article 23(1) (p)</b>	
Description of how and when periodic disclosures will be made in relation to leverage, liquidity and risk profile of the assets, pursuant to Articles 23(4) and 23(5)	The AIFM will disclose the matters described in Articles 23(4) and 23(5) periodically through Star Asia's website and semi-annual report.
<b>Article 23(2)</b>	
The AIFM shall inform the investors before they invest in the AIF of any arrangement made by the depositary to contractually discharge itself of liability in accordance with Article 21(13)	Not applicable.
The AIFM shall also inform investors of any changes with respect to depositary liability without delay	Not applicable.
<b>Article 23(4)(a)</b>	
Percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. The percentage shall be calculated as the	There are no assets that are subject to special arrangements arising from their illiquid nature.

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net value of those assets subject to special arrangements divided by the net asset value of the AIF concerned	
Overview of any special arrangements, including whether they relate to side pockets, gates or other arrangements	There are no such special arrangements.
Valuation methodology applied to assets which are subject to such arrangements	There are no such special arrangements.
How management and performance fees apply to such assets	There are no such special arrangements.
<b>Article 23(4)(b)</b>	
Any new arrangements for managing the liquidity of the AIF	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
For each AIF that the AIFM manages that is not an unleveraged closed-end AIF, notify to investors whenever they make changes to its liquidity management systems (which enable an AIFM to monitor the liquidity risk of the AIF and to ensure the liquidity profile of the investments of the AIF complies with its underlying obligations) that are material in accordance with Article 106(1) of Regulation (EU) No 231/2013 (ie. there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the AIF, including because such information could impact an investor's ability to exercise its rights in relation to its investment, or otherwise prejudice the interests of one or more investors in the AIF).	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Immediately notify investors where they activate gates, side pockets or similar special arrangements or where they decide to suspend redemptions	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Overview of changes to liquidity arrangements, even if not special arrangements	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.

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Terms of redemption and circumstances where management discretion applies, where relevant	Star Asia is a closed-end investment corporation and unitholders are not entitled to request the redemption of their investment.
Also any voting or other restrictions exercisable, the length of any lock-up or any provision concerning 'first in line' or 'pro-rating' on gates and suspensions shall be included	There are no voting or other restrictions on the rights attaching to units.
<b>Article 23(4)(c)</b>	
The current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks	<p>The Asset Manager stipulates basic provisions of risk management in its risk management rules. The appropriateness and effectiveness of the Asset Manager's risk management systems are regularly reviewed and evaluated by the Asset Manager.</p> <p>The use of long-term loans and investment corporation bonds to finance asset acquisitions and other purposes gives rise to liquidity risks. Star Asia controls such risks by setting an upper limit of 60% for its LTV ratio and evaluating its long-term and fixed-rate debt ratios, maturity diversification, financing methods, the diversification of its pool of lenders and the availability of commitment lines.</p> <p>Star Asia may enter into loans with unhedged floating interest rates that would be exposed to the risk of interest rate fluctuations. Star Asia, in order to reduce the impact caused by rising interest rates, closely monitors the movement of interest rates.</p> <p>Derivative transactions (interest rate swap transactions) may be used to hedge against the risks of increases in floating interest rates.</p> <p>Star Asia's use of tenant leasehold and security deposits gives rise to liquidity risk since repayment of these deposits is triggered when tenants move out of Star Asia's properties. This risk is controlled through such measures as preparing cash management plans and retaining cash and deposits sufficient to return deposits to tenants.</p>
Measures to assess the sensitivity of the AIF's portfolio to the most relevant risks to which the AIF is or could be exposed	No such measures have been implemented.
If risk limits set by the AIFM have been or are likely to be exceeded and where these risk limits have been exceeded a description of the circumstances and the remedial measures taken	No such situation has occurred.
<b>Article 23(5)(a)</b>	

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Any changes to the maximum amount of leverage which the AIFM may employ on behalf of the AIF, calculated in accordance with the gross and commitment methods. This shall include the original and revised maximum level of leverage calculated in accordance with Articles 7 and 8 of Regulation (EU) No 231/2013, whereby the level of leverage shall be calculated as the relevant exposure divided by the net asset value of the AIF.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Any right of the reuse of collateral or any guarantee granted under the leveraging agreement, including the nature of the rights granted for the reuse of collateral and the nature of the guarantees granted	No such right or guarantee exists.
Details of any change in service providers relating to the above.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
<b>Article 23(5)(b)</b>	
Information on the total amount of leverage employed by the AIF calculated in accordance with the gross and commitment methods	The aggregate amount of interest-bearing debt was JPY 82,440 million as of January 31, 2021.

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## ANNEX A – SUPPLEMENTAL INFORMATION REGARDING ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) MATTERS

*Star Asia Investment Corporation*, (hereinafter, "we", "us", or "our") does not have as our objective either: (i) the promotion of environmental or social characteristics (or a combination of both) pursuant to Article 8(1) of Regulation (EU) 2019/2088 (the "SFDR"); or (ii) a sustainable investment within the meaning of Article 9(1) of the SFDR. Accordingly, we are not subject to Articles 8 or 9 of the SFDR and we are not required to make the pre-contractual and periodic disclosures required by products falling within the scope of Article 8 and Article 9 of the SFDR. The below information in this Annex has been provided for reference purposes only.

### Sustainability Risks

The Asset Manager has adopted the ESG policy as described below. This policy sets out the manner and extent to which the Asset Manager integrates "sustainability risks" (within the meaning of Regulation (EU) 2019/2088) into its investment decision making policy. In the Asset Manager's view, given the breadth of the investment objective of us, it is not possible to comprehensively forecast the likely impact of sustainability risks on the returns of our portfolio. Sustainability risks may adversely affect the value of the properties

### Environmental, Social and Governance ("ESG") and Sustainability Policies

Star Asia Investment Management Co., Ltd., the Asset Manager, follows the same investment philosophy and shares many of the same investment criteria as its parent group, the Star Asia group. While this involves maximization of profits for our investors, we and the Asset Manager also recognize our position in society as a driver of change through investment. As climate change grows worse and segments of society and government transition towards adoption of low-carbon emissions solutions more widely, we and our real estate investments face sustainability-related risks as well as business opportunities that will affect our long-term sustainability and profitability. In recognition of these, we actively promote a number of environmental and social characteristics that help us manage both direct, physical risks from climate change such as damage from natural disasters and rising sea levels as well as incidental, transitional risks such as regulations and shifting preferences from our tenants towards support of more eco-friendly competitors. Promotion of these characteristics does not constitute the primary goal of our investments, however we view them as key components of our long-term success.

#### *Environmental Characteristics*

- *Climate Change Action.* We actively promote characteristics in our investment properties that reduce the impact of climate change in line with the physical and incidental risks that we face. This includes improving energy efficiency on the inside and outside of our investment properties and promoting the use of renewable energy produced on and off our properties to reduce emissions associated with our real estate operations. We additionally actively promote countermeasures against natural disasters such as typhoons and floods that result from climate change.
- *Promotion of Recycling, Reduced Water Usage, and Biodiversity.* We promote proper waste management, water use reduction, and biodiversity through consideration of each in our investment, management, and renovation processes in our real estate operations. This includes reducing the amount of water used inside our investment properties, materials reuse and recycling, and maintenance and improvement of biodiversity in environments outside of our investment properties.

#### *Social Characteristics*

- *Promotion of Health, Safety, and Comfort.* Prevention and reduction of harms such as those from natural disasters, manmade disasters, and sickness directly relate to our own resiliency and risk reduction. Furthermore, promotion of health, safety, and comfort in our investments drives customer satisfaction and productivity at our properties and in our own company, pushing us towards our investment goals.

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- *Employee Acquisition and Development.* We value diversity, personality, and individuality in our employees, and strive to create an environment where they can learn, collaborate, and develop specialized knowledge related to our investments.

The above social and environmental characteristics serve as the key characteristics that we promote in pursuance of our goal of maximizing profitability, however they do not constitute a sustainable objective that we as a financial product serve as our primary function.

### **Sustainability Indicators**

The following indicators serve as references for our progress towards our promoted characteristics enlisted above. They consist of a combination of quantitative data gathered internally through our standard operations as well as a number of certifications by third parties. These indices and indicators do not necessarily track one for one to any of the environmental or social characteristics which we promote, but are instead used to holistically monitor our progress towards our sustainability goals in various dimensions.

- *Energy Consumption Reduction.* We track the amount of annual energy consumption of our portfolio and use it as an index for our progress towards the above environmental characteristics in line with our sustainability goals. Our medium term goal is to decrease the amount of annual energy consumption per square meter of gross floor area of our portfolio by 10% compared to that of 2019 before 2030. In the short term, we aim to continue reducing the same by 1% year-over-year.
- *Greenhouse Gas Emissions Reduction.* We track the amount of annual GHG emissions of our portfolio and use it as an index for our progress towards the above environmental characteristics in line with our sustainability goals. Our medium term goal is to decrease the amount of annual GHG emissions per square meter of gross floor area of our portfolio by 10% compared to that of 2019 before 2030. In the short term, we aim to continue reducing the same by 1% year-over-year.
- *Environmental Certifications and GRESB evaluation.* We pursue environmental certifications and use them as an index for our progress towards the above environmental characteristics in line with our sustainability goals. Currently, 6 buildings of ours hold a Green Building certification from the Development Bank of Japan (DBJ) and account for 32.2% of our investment property on a gross floor area basis. We additionally pursue GRESB ratings using their ESG Benchmark for Real Estate Assets and seek to achieve the maximum score of 3 stars.
- *Water Use Curtailment.* We track the amount of annual water use of our portfolio and use it as an index for our progress towards the above environmental characteristics in line with our sustainability goals. Our current goal is to keep the amount of annual water use per square meter of gross floor area of our portfolio below that of 2019.
- *Improvement of Waste Management.* We track the amount of annual waste production across a subset of our investment properties and use it as an index for our progress towards the above environmental characteristics in line with our sustainability goals. Our current goal is to keep the amount of annual waste production relative to total monitored floor area below that of 2019. For these purposes, we additionally track the proportion of our gross floor area that is monitored.
- *Green Leases.* We track the percentage of our property that is rented using a "green lease" on a gross floor area basis and use it as an index for our progress towards the above environmental characteristics in line with our sustainability goals. Green leases, which endorse the installation of high-efficiency and low-emissions infrastructure in our investment properties through contractual obligations with our tenants, are signed with 12 of our tenants accounting for 10,370.98 square meters (m<sup>2</sup>) of net (rentable) floor space as of May 31<sup>st</sup>, 2021.

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- *Employee Lifestyle Benefits and Satisfaction.* We track the benefits and work arrangements that we afford our employees as an indicator for our progress towards the above social characteristics. This includes our work from home policies, promotion of staggered work hours, flexible work arrangements, childbirth leave, parental leave, and elderly care leave. Each of these policies is aimed at increasing the satisfaction of our employees, which we track through a satisfaction survey.
- *Tenant Satisfaction.* We track the number of buildings in which we have installed facilities aimed at boosting tenant satisfaction as an index for our progress towards the above social characteristics which we promote. This includes facilities such as digital displays for sharing news and announcements in common spaces. Currently, we have installed such displays in ten of our properties are actively promoting installation in more.

## Investment Strategy

The Asset Manager's Sustainability Promotion Department is in charge of setting our medium-term and long-term sustainability goals, including those enlisted in the above sections, which they believe are necessary for our continued success and profitability, and specific programs for achieving those goals are separately enacted by the Sustainability Promotion Committee. Although neither of these groups is directly involved in the investment selection process as a whole, their determinations reflect what ESG targets we and the Asset Manager believe we must achieve in order to sustain our primary objective of maximum profitability given the direct and indirect risks we face from climate change. As such, our investment strategy takes into account the specific indicators and objectives that are enlisted above, guiding the investment selections that we and the Asset Manager make.

Although our sustainability goals influence our investment selections, we do not currently have any ESG-related policies which are binding on our investment selections or business practices at large.

Environmental and social risk evaluations are specified in regular engineering reports, appraisal reports, outside team evaluations and on-site confirmations by investment operations division, and periodic statutory investigations. Appraisal reports are obtained once every six months, outside team on-site confirmations are conducted once every two years, and engineering reports are performed every five years. All evaluations are made with reference to how well we have performed our responsibilities and conformed to our investment directives set forth in our "Basic Policy on Compliance", "EGS Policy", and "Sustainable Procurement Policy." Any risk evaluations specified in such reports will be cross-referenced with any legal requirements or requirements based on the needs and expectations of our stakeholders, then forwarded to the operations division, sustainability promotion division, and director/portfolio manager for review of the possible effects on our business and financials. Our teams then formulate and enact countermeasures to help manage the risk. Risk countermeasures and their effectiveness are first confirmed by the property manager and investment management division, then entrusted to a third party for verification. In the case that risk to our business or financials is deemed to be severe, the investment committee is notified immediately so that prompt action can be taken.

Our ESG Policy not only enlists internal initiatives for improving our sustainability, but also addresses the role that our external stakeholders (including tenants, building managers, property managers, various suppliers, and the community at large) play in achieving long term sustainability. To help our tenants and property managers engage more directly with our ESG initiatives, we and the Asset Manager create and distribute sustainability guides and establish tenant conferences to increase awareness and cooperation. These policies help us establish long-term relationships and interactions with our investment property communities to continually assess ESG practices. We are additionally aware that we have a direct effect on the supply chains that affect our Asset Manager's and property manager's operations and, as such, the Asset Manager's executive officers conduct regular evaluations of supply chain and management decisions through the Asset Manager's various departments. This ensures that we can regularly adapt whom we contract with based on their ESG compliance, initiatives, and progress.

Where possible, we and the Asset Manager monitor improvements in communities within our managed properties to assess whether our various programs for social benefit are having their intended effect of promoting sustainable practices amongst our stakeholders. This includes, but is not limited to, monitoring of community health,

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engagement in ESG programs, participation in charitable activities, and ESG education.

More specific details on our investment strategy can be found on our website at: <http://starasia-reit.com/en/esg/index.html>. The information on the website is not incorporated by reference into this document.

### **Asset Allocation**

Our current medium-term plan involves allocation of assets into investment properties and developments that will allow us to meet our medium-term goals, including reduction of the amount of annual energy consumption per square meter of gross floor area of our portfolio by 10% compared to that of 2019 by 2030, reduction of the amount of annual GHG emissions per square meter of gross floor area of our portfolio by 10% compared to that of 2019 by 2030, maintenance of the amount of annual water use and waste production per square meter of gross floor area of our portfolio below that of 2019.

Investments which do not promote any of the above enlisted environmental or social safeguards, such as investments that do not bring us towards any of our medium-term sustainability goals, may still be made in furtherance of our goal of profit-maximization as a diversified REIT. While we see promotion of ESG characteristics as essential to our long-term sustainability and profitability, there are no minimum safeguards for environmental or social impacts provided by our investment policies or practices.

Our policies on human rights and business as set forth in our Sustainability Improvement Directives are aligned with the following international standards: The OECD Guidelines for Multinational Enterprises, The United Nations Guiding Principles on Business and Human Rights, The United Nations Universal Declaration of Human Rights, the International Labor Organization Declaration of Basic Principles of Labor Rights, and the United Nations Convention on the Rights of the Child.

### **Principle Adverse Impacts**

We consider principal adverse impacts of our investment decisions on sustainability factors. We believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact to risk and value creation for our unitholders. To this end, we consider the principal adverse impacts of our investment decisions on sustainability factors throughout all major steps of investment decision and management process throughout the lifecycle of the properties in our portfolio.

More specific product information can be found on our website at: <http://starasia-reit.com/en/esg/index.html>. The information on the website is not incorporated by reference into this document.

**This document has been prepared solely for the purpose of providing U.K. and Dutch investors with certain information under Article 23 of the AIFMD as implemented in their respective jurisdictions. This document is not an offer to sell or a solicitation of any offer to buy the units of Star Asia Investment Corporation.**