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For Immediate Release

Real Estate Investment Trust Securities Issuer  
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Notice Concerning Acquisition of Asset (Silent Partnership Equity Interest)

Star Asia Investment Management Co., Ltd. (the “Asset Manager”), to which Star Asia Investment Corporation (“SAR”) entrusts the management of its assets, announces today its decision on the following acquisition of an asset (Silent partnership equity interest) (the “Acquisition”).

1. Overview of acquisition

|     |                                    |   |  |
|-----|------------------------------------|---|--|
| (1) | Type of asset to be acquired       | : | Silent partnership equity interest that has beneficiary right of trust placing real estate in trust as asset under management        |
| (2) | Name of asset to be acquired       | : | Silent partnership equity interest in Godo Kaisya SAPR7  |
| (3) | Real estate in trust               | : | OHA Building<br>(Hereinafter, referred to as “the Property.”)  |
| (4) | Equity investment amount:          | : | 100 million yen (18.9% of the total amount of equity investment in silent partnership (Silent partnership equity interest)) (Note 1) |
| (5) | Planned agreement conclusion date: | : | February 26, 2019  |
| (6) | Planned acquisition date:          | : | February 28, 2019  |
| (7) | Acquisition funds:                 | : | Cash on hand   |

(Note 1) The amount is rounded to the first decimal place. Note that “total amount of equity investment in silent partnership” refers to the total of silent partnership equity interest. For details, please refer to “3. Outline of to-be-acquired asset (1) Overview of the silent partnership, the target of equity investment.”

2. Reason for acquisition

SAR has been continually executing active management strategies that are unconventional such as its four asset replacements in pursuit of maximizing unitholders’ value. The Acquisition was determined according to this aim with the following points being the main factors.

(1) Obtaining stable revenues

- Regarding the Acquisition, the asset under management, which is real estate in trust as a beneficiary right of the silent partnership equity interest, is an office building property (please see features indicated below) for which stable revenue is expected, and SAR has deemed the properties will be able to realize stable revenue.

(2) Effective use of cash on hand

- The Acquisition will be made through the cash on hand of SAR, and SAR has deemed that a boost in distributable profits can be expected.

(3) Securing opportunities for future external growth in collaboration with the sponsor group

- Together with the Acquisition, SAR plans to receive a pledge for the granting of preferential negotiation rights (see “3. Outline of to-be-acquired asset (1) Overview of the silent partnership, the target of equity

investment” below) from GK SAPR7 the silent partnership operator, and SAR has deemed that the Acquisition will contribute to securing opportunities for future growth.

- The Acquisition was realized in collaboration with the sponsor group, and the sponsor group has also decided to invest in the silent partnership equity interest. As such, SAR considers it is an investment utilizing sponsor support.

In determining the Acquisition, SAR assessed the following points for the Property, the asset under management in relation to the silent partnership equity interest.

<OHA Building>

OHA Building is an office building located an approximate 9-minute walk from Tachikawa Station on the JR Chuo Line near Showa Kinen Park in a green and excellent environment.

Tachikawa City where the Property is situated is a core city in Tokyo’s Santama area. Furthermore, the development of a new district (“(tentative name) Tachihi Midori District Project”; name of the district: “(tentative name) GREEN SPRINGS”) is underway to the north of Tachikawa Station, the station nearest the property, in an extensive lot of approximately 39,000 m<sup>2</sup>, and is scheduled to be launched in the spring of 2020. This is a large-scale complex development project comprising a hotel, retail facilities, offices, etc. and is expected to lead to an increase in the appeal of the area around Tachikawa Station. Furthermore, Tachikawa is positioned as one of the core cities in the Basic Plan for Base Development in Tama, which is expected to lead to further development. The area is therefore deemed to be competitive.

The Property is an office building with a certain presence, being enveloped with a curtain wall which gives the exterior a heavy feel. The standard floor is spacious with approximately 170 tsubos of floor space, while the ceiling height is 2,700 mm. The building is equipped with facilities such as OA floors, individual air conditioning and mechanical security, and thus is deemed to appeal to potential tenants.

3. Outline of to-be-acquired asset

(1) Overview of the silent partnership, the target of equity investment

|  |   |                        |                   |  |  |  |  |  |                                    |  |                                  |                        |
|--|---|------------------------|-------------------|--|--|--|--|--|------------------------------------|--|----------------------------------|------------------------|
| Operator name  | Godo Kaisya SAPR7   |                        |                   |  |  |  |  |  |                                    |  |                                  |                        |
| Effective period of silent partnership agreement               | Till February 28, 2019  |                        |                   |  |  |  |  |  |                                    |  |                                  |                        |
| Total amount of equity investment in silent partnership, etc.  | 530 million yen   |                        |                   |  |  |  |  |  |                                    |  |                                  |                        |
| Overview of silent partnership                                 | <p>The following is an overview of silent partnership</p> <table border="1"> <tr> <td colspan="3">Godo Kaisya SAPR7</td> </tr> <tr> <td rowspan="3">Real estate trust beneficiary right, etc.<br/>1,665 million yen</td> <td colspan="2">Non-recourse loan<br/>1,322 million yen</td> </tr> <tr> <td colspan="2">Silent partnership equity interest</td> </tr> <tr> <td>Sponsor group<br/>430 million yen</td> <td>SAR<br/>100 million yen</td> </tr> </table> <p>Star Asia Finance, LLC the sponsor group, will acquire 430 million yen out of the silent partnership equity interest in collaboration with SAR as part of sponsor support (joint investment).</p> <p>Calculation period:<br/>The six-month periods every year from December 1 to the last day of May, from June 1 to the last day of November, in the following year. However, the first calculation period shall be from and include February 27, 2019 to (and including) the last day of February 2019. The second calculation period</p> |                        | Godo Kaisya SAPR7 |  |  | Real estate trust beneficiary right, etc.<br>1,665 million yen | Non-recourse loan<br>1,322 million yen |  | Silent partnership equity interest |  | Sponsor group<br>430 million yen | SAR<br>100 million yen |
| Godo Kaisya SAPR7  |   |                        |                   |  |  |  |  |  |                                    |  |                                  |                        |
| Real estate trust beneficiary right, etc.<br>1,665 million yen | Non-recourse loan<br>1,322 million yen  |                        |                   |  |  |  |  |  |                                    |  |                                  |                        |
|  | Silent partnership equity interest  |                        |                   |  |  |  |  |  |                                    |  |                                  |                        |
|  | Sponsor group<br>430 million yen  | SAR<br>100 million yen |                   |  |  |  |  |  |                                    |  |                                  |                        |

|  |  |
|--|--|
|  | <p>shall be from and include March 1, 2019 to (and including) the last day of May 2019.</p> <p>Distribution of earnings (losses):</p> <p>In the event that earnings are recorded in the respective calculation period, the operator shall distribute the entire amount of said earnings to the silent partnership members and the operator in the following order:</p> <ol style="list-style-type: none"> <li>① If there are losses remaining that have been distributed to the operator prior to the calculation period, the earnings shall be distributed to the operator until said losses are eliminated.</li> <li>② If there are losses remaining that have been distributed to the silent partnership members prior to the calculation period, earnings remaining after the distribution in ① above shall be distributed to the silent partnership members according to investment ratio until said losses are eliminated.</li> <li>③ The earnings remaining after distribution of ② above shall be distributed to the silent partnership members according to investment ratio.</li> </ol> <p>In the event that losses are recorded in the respective calculation period, the operator shall distribute the entire amount of said losses to the silent partnership members and the operator in the following order:</p> <ol style="list-style-type: none"> <li>① The earnings will be distributed to silent partnership members according to the investment ratio. Moreover, the amount of losses to be distributed shall be deducted first from the amount of reserve in cash distribution at that time (the difference when the cumulative amount of profits distributed to silent partnership members exceeds the cumulative amount of cash distributed to silent partnership members) followed by the balance of the amount invested in silent partnership. However, the balance of the amount invested in silent partnership after the said deduction shall not fall below 1 yen (losses exceeding such amount are hereinafter referred to as “excess losses”).</li> <li>② Excess losses will be distributed to the operator.</li> </ol> |
| <p>Overview of preferential negotiation rights</p> | <p>Period:<br/>From February 28, 2019 to August 31, 2020 (the “Preferential Negotiation Period”)</p> <p>Outline of preferential negotiation rights:<br/>SAR plan to receive a pledge for the granting of preferential negotiation rights in which it is granted the right for exclusive preferential negotiations over third parties with regards to the transaction of the property with the operator during the preferential negotiation period.<br/>Furthermore, should SAR request the acquisition of the property, the decision shall be made through negotiations based on the preferential negotiation prices below. Moreover, the operator shall not conduct any sales activities whatsoever including the provision of information regarding the property to third parties other than the Asset Manager and SAR during the above period.</p> <p>Preferential negotiation price:<br/>1,750 million yen</p>   |

|  |   |
|--|---|
|  | (consumption tax, local consumption tax not included)   |
|  | Other:  |
|  | ① A decision on acquisition of the property shall be made after necessary due diligence, including appraisal of the property value, as well as due procedures implemented by the Asset Manager  |
|  | ② SAR's plan to acquire preferential negotiation rights regarding the property does obligate SAR to acquire the property; therefore, SAR may decide not to acquire the property. Please note that SAR does not pay any consideration to the operator in connection with the acquisition of preferential negotiation rights. |
|  | ③ The operator is not obligated to sell the property to SAR; therefore, it is possible that it may decide not to sell the property to SAR.  |

(Note) Composition costs, reserve money and such are included in real estate trust beneficiary right, etc.

(2) Overview of operator of silent partnership in which equity investment is to be made

|  |  |
|--|--|
| Name                                       | Godō Kaisya SAPR7  |
| Location                                   | 5-1-4 Toranomon, Minato-ku, Tokyo  |
| Representative                             | Representative partner: Ippanshadanhoujin SAPR Holding7<br>Operational executor: Takaaki Fukunaga  |
| Main lines of business                     | 1. Acquisition, ownership, and disposition of beneficiary interest in trust of real estate<br>2. Acquisition, ownership and disposition of loan claims<br>3. Acquisition, ownership and disposition of corporate bonds, silent partnership interest and other securities<br>4. Sales, leasing, management, acquisition, ownership, disposition and use of real estate<br>5. All business incidental to the above |
| Capital                                    | 300,000 yen  |
| Established                                | October 5, 2018  |
| Net asset                                  | The information is undisclosed as consent to disclosure has not been obtained from the operator.   |
| Total asset                                | The information is undisclosed as consent to disclosure has not been obtained from the operator.   |
| Silent partnership equity investor         | Undisclosed as consent has not been obtained from other silent partnership equity investors  |
| Relationship with SAR or the Asset Manager |  |
| Capital relationship                       | There is no capital relationship to report   |
| Personnel relationship                     | There is no personnel relationship to report   |
| Business relationship                      | There is no business relationship to report.   |
| Related party                              | The operator does not fall under the category of related party of either SAR or the Asset Manager. Moreover, the operator does not fall under the category of interested person, etc. as provided in the Act on Investment Trusts and Investment Corporations. (Act No. 198 of 1951, as amended) ("the Investment Trust Law" hereinafter.)   |

4. Transaction with interested person, etc.

The Acquisition is not a transaction with an interested person, etc. as provided in the Investment Trust Law, nor does the operator fall under the category of interested party prescribed in the "Rules on Transactions with

Interested Parties” set forth by the Asset Manager voluntarily to prevent conflict of interests regarding its management of SAR’s assets. However, since Star Asia Finance, LLC the sponsor group, shall execute an equity investment in silent partnership equity interest in the same line as SAR, deliberation and resolution in accordance with the voluntary rules have been performed conforming to a transaction with an interested party.

#### 5. Settlement method

SAR will pay the equity investment amount of the silent partnership to the operator in lump sum using cash on hand.

#### 6. Schedule for the transaction

|                   |   |  |
|-------------------|---|--|
| February 26, 2019 | : | Decision on acquisition                                |
| February 26, 2019 | : | Conclusion of silent partnership agreement (scheduled) |
| February 27, 2019 | : | Equity investment in silent partnership (scheduled)    |

#### 7. Future outlook

Since the impact of the Acquisition on the forecast for operating results for the fiscal period ending July 2019 (February 1, 2019 to July 31, 2019) announced in “Financial Report for Fiscal Period Ended July 31, 2018 (REIT)” dated September 13, 2018 is minimal, there are no changes to the forecast.

#### 8. Content of the Property

|  |  |  |          |          |         |          |
|--|--|--|----------|----------|---------|----------|
| Type of specified asset                      |  | Beneficiary interest in trust  |          |          |         |          |
| Property name                                |  | OHA Building   |          |          |         |          |
| Acquisition date                             |  | February 28, 2019  |          |          |         |          |
| Trustee                                      |  | Mizuho Trust & Banking Co., Ltd.   |          |          |         |          |
| Trust expiration date                        |  | The end of February, 2029  |          |          |         |          |
| Location (indication of residential address) |  | 1-22-17 Akebono-cho, Tachikawa-shi, Tokyo  |          |          |         |          |
| Land   | Location                                 | 10-2, Akebono-cho, Tachikawa-shi, Tokyo  |          |          |         |          |
|  | Type of ownership                        | Proprietary ownership  |          |          |         |          |
|  | Site area                                | 964.80 m <sup>2</sup>  |          |          |         |          |
|  | Use district                             | Commercial district  |          |          |         |          |
|  | Building coverage ratio/Floor area ratio | 80%/500%   |          |          |         |          |
| Building                                     | Type of ownership                        | Proprietary ownership  |          |          |         |          |
|  | Total floor area                         | 4,659.20 m <sup>2</sup>  |          |          |         |          |
|  | Use                                      | Office / Retail / Parking  |          |          |         |          |
|  | Construction completion                  | May 30, 1990   |          |          |         |          |
|  | Structure and floors                     | Steel-framed reinforced concrete structure / Steel-framed structure; 1 floor below ground / 6 floors above ground                        |          |          |         |          |
| Property management company                  |  | Japan Property Solutions Co., Ltd. (scheduled)   |          |          |         |          |
| Master lease company                         |  | Godo Kaisya SAPR7  |          |          |         |          |
| Status of master lease                       |  | Pass-through   |          |          |         |          |
| Appraisal firm                               |  | Daiwa Real Estate Appraisal Co., Ltd.,   |          |          |         |          |
| Appraisal value                              |  | 1,900,000,000 yen  |          |          |         |          |
| PML  |  | 12.2%  |          |          |         |          |
| Security                                     |  | A pledge with the lender to the operator of non-recourse loan as the first pledgee has been established for the trust beneficiary right. |          |          |         |          |
| Status of leasing                            |  |  |          |          |         |          |
|  |  | Total leasable area  |          |          |         |          |
|  |  | 3,346.11 m <sup>2</sup>  |          |          |         |          |
|  |  | Total leased area  |          |          |         |          |
|  |  | 3,346.11 m <sup>2</sup>  |          |          |         |          |
|  |  | Change in occupancy  |          |          |         |          |
|  |  | October  | November | December | January | February |

| rate   | 2018                | 2018   | 2018   | 2019   | 2019   |
|--|---------------------|--------|--------|--------|--------|
|  | 100.0%              | 100.0% | 100.0% | 100.0% | 100.0% |
| Total number of tenants                              | 3                   |        |        |        |        |
| Monthly rent (including common area maintenance fee) | 10,304 thousand yen |        |        |        |        |
| Security and guarantee deposits                      | 61,824,600 yen      |        |        |        |        |
| Special notation                                     | Not applicable      |        |        |        |        |

Please refer to Table (1) – Table (2) above for the respective overview of real estate that are the real estate in trust of the beneficiary interest in trust. For the terms used in the tables, please refer to below.

- "Location" column: The postal address. If postal address is not available, registered address of the property (if there are two or more, one is selected) is shown.

"Land" column:

- (i) "Type of ownership" column: The type of right(s) held by respective trustee of the real estate in trust.
- (ii) "Site area" column: The land area as recorded in registry, unless otherwise noted. For this reason, it may not be equal to the actual figure.
- (iii) "Use district" column: The type of use in accordance with Item 1, Paragraph 1, Article 8 of the Urban Planning Act (Act No. 100 of 1968; as amended) ("Urban Planning Act").
- (iv) "Building coverage ratio/Floor area ratio" column: The pertinent figure in each column in accordance with the relevant laws and regulations (the Building Standards Act, the Urban Planning Act, etc.).

"Building" column:

- (i) "Type of ownership" column: The type of right(s) held by respective trustees of the real estate in trust.
- (ii) "Total floor area" column: The sum total of floor areas as recorded in registry, unless otherwise noted. For this reason, it possibly might not be equal to the actual figure.
- (iii) "Use" column: The registered use or, if multiple uses are registered the representative use from what are recorded in registry, it is likely not equal to the actual use.
- (iv) "Construction completion" column: Date of completion of the representative building when newly built as recorded in registry.
- (v) "Structure and floors" column: The structure of the representative building, etc. as recorded in registry. It may not be equal to the actual structure.

- "Property management company" column: The name of the property management company ("PM Company"), to which property management operation is (planned to be) entrusted as of today.
- "Master lease company" column: The name of the master lease company, to which master lease operation is (planned to be) entrusted, as of today.
- "Status of master lease" column: The main type of master lease agreement concluded or scheduled to be concluded as of today, where "Pass-through" is a master lease agreement in which the master lease company shall pay the same amount of rent as the rent payable by end tenants to the master lease company and "Rent guaranteed" is a master lease agreement in which the master lease company shall pay a fixed amount of rent.
- "Appraisal firm" column: The firm to which preparation of an appraisal report with November 1, 2018 as the effective date of appraisal was requested as acquisition by SAR.
- "Appraisal value" column: The appraisal value stated in the appraisal report.
- "PML" column: The PML (Probable Maximum Loss) calculated in the evaluation of seismic risk analysis conducted by Deloitte Tohmatsu Property Risk Solution Co., Ltd., which was entrusted by SAPR7 as part of due diligence on acquisition of trust beneficiary right. Furthermore, "Probable Maximum Loss" means the probable maximum loss that may result from an earthquake and, herein, refers to the extent of damage that may be suffered due to an earthquake of the assumed maximum scale (earthquake with a probability of occurring once in 475 years = earthquake with a probability of occurrence in 50 years of more than 10%) in the scheduled use period (50 years = useful life of a general building), expressed as

the estimated cost of restoring such damage (physical loss corresponding to a probability of more than 90% in the event of occurrence of such earthquake) as a percentage (%) of the replacement cost.

- "Security" column: Whether collateral or no collateral is scheduled to be established after acquisition of the real estate trust beneficiary right by SAPR7.
- "Status of leasing" column: Based on the figures and information provided by the previous owner or the real estate in trust, etc. regarding the content, etc. of the lease agreement, etc. that is valid as of February 28, 2019, unless otherwise stated.
- "Total leasable area" column: The sum total of leasable floor areas of buildings of the real estate in trust (when common space is also leased, the area of that space is included in the total). The figure does not include the area of the land lots leasable for parking and other purposes. Leasable area is counted not from registry data but from area data as described in lease agreements or from area data as calculated by using the architectural drawings of the buildings, so it possibly might not be equal to the total floor area as recorded in registry. Please note that the source data for the column represent what were provided by the current owner(s) of the real estate in trust as of February 28, 2019 (scheduled).
- "Total leased area" column: The sum total of the floor areas to be leased as described in lease agreement for each of the real estate in trust as of February 28, 2019 (scheduled) out of the leasable area. The figure does not include the area of the land lots to be leased for parking and other purposes. Please note that the source data for the column represent what were provided by the current owner(s) of the real estate in trust as of February 28, 2019 (scheduled).
- "Change in occupancy rate" column: The percentage of total leased floor area over total leasable floor area of the real estate in trust as of the end of each month between October 2018 and February 2019, after rounding to the first decimal place. Please note that the source data for the column represents that provided by the current owner(s) of the real estate in trust as of February 28, 2019 (scheduled).
- "Number of leasable units" column: The total number of leasable units in the building of the real estate in trust. With regards to the real estate in trust, the information indicated is based on that provided by the current owner of the real estate in trust as of February 28, 2019 (scheduled).
- "Number of leased units" column: The number of units from among the number of leasable units which are actually being leased to tenants based on lease agreements effective as of February 28, 2019 (scheduled). With regards to the real estate in trust, the information indicated is based on that provided by the current owner of the real estate in trust as of February 28, 2019 (scheduled).
- "Total number of tenants" column: The total number of tenants as confirmed with the respective lease agreements of real estate that are real estate in trust as of the end of February 28, 2019 (scheduled). When a specific tenant uses two or more rooms of a real estate in trust, such tenant is counted only once for the asset. Moreover, in case a specific tenant signs lease agreements for rooms in two or more real estate in trust, the tenant shall be counted separately for each real estate in trust. When a pass-through master lease agreement is executed for any of the assets to be acquired, the total number of actual (end) tenants under the master lease agreement for the asset is shown herein.
- "Monthly rent (including common area maintenance fee)" column: The total of rent amounts as described in lease agreements with respective tenants effective as of February 28, 2019 (scheduled). (limited to room rents; excluding the charges for warehouses, sign boards and parking lots; but including the common service expenses; and free rent cases as of the same date are not considered), after rounding to the nearest thousand yen.
- "Security and guarantee deposits" column: The sum total of refundable deposits as required in respective lease agreements effective as of February 28, 2019 (scheduled). (only for the tenants who were actually in the respective rooms at the time) of the real estate in trust. When a master lease



agreement is executed for any of the real estate in trust, the sum total of refundable deposits in the master lease agreements with respective (end) tenants is calculated to be shown in the column.

- “Special notation” column: A description not only on the items considered material in relation to the involved rights and assumed uses but also on impact for the appraisal value, profitability, disposability and other items considered material in relation to the real estate in trust.

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

<Reference Material >

Location map/photo of exterior of property

