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For Immediate Release

Real Estate Investment Trust Securities Issuer
Star Asia Investment Corporation
Representative: Atsushi Kato, Executive Officer
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Notice Concerning Obtainment of Preferential Negotiation Rights Pertaining to Acquisition of Assets, etc.

Star Asia Investment Corporation (SAR) announces that it today concluded a “Sale Preferential Negotiation Right Agreement” with each of the limited liability companies (Godo Kaisha) belonging to SAR’s Sponsor Group (to be defined below), and obtained preferential negotiation rights pertaining to four properties (collectively or individually, in accordance with context, the “Properties” or “Property”), as described below.

In addition, SAR announces the minimum purchase prices for the two properties for which SAR holds preferential negotiation rights, announced in “Notice Concerning Obtainment of Preferential Negotiation Rights Pertaining to Acquisition of Assets” dated July 8, 2016.

1. Overview of Sale Preferential Negotiation Right Agreement

(1) Hakata-eki East Place

Counterparty	GK Topper
Main details of right	The right for SAR to be able to preferentially negotiate on the acquisition of the asset subject to the preferential negotiation right when SAR offers the purchase of the Property during the preferential negotiation period (as defined below), and, by meeting other certain conditions as well as the requested purchase price being equivalent or higher than the minimum purchase price specified below, to request GK Topper to agree to the sale and the sales terms thereof and to sell the asset pursuant to the agreement, unless there are any prevailing reasonable grounds.
Minimum purchase price	2,255,000,000 yen (excluding consumption tax on buildings, etc.)
Target asset	Hakata-eki East Place
Agreement execution date	August 31, 2016
Preferential negotiation period	From August 31, 2016 to February 28, 2017
Other	Upon acquisition of the Property, SAR will make decisions in compliance with the interested-party transaction guidelines of Star Asia Investment Management Co., Ltd. (the “Asset Manager”) after performing the necessary due diligence and obtaining real estate appraisal. The acquisition date of the Property will be decided upon discussion between both parties when SAR offers the purchase of the Property within the above-mentioned preferential negotiation period.

	<p>Although SAR has been granted the preferential negotiation right for the Property, SAR is not obliged to acquire the Property or may not actually acquire the Property.</p> <p>Furthermore, SAR will pay no consideration to the counterparty concerning the obtainment of the preferential negotiating right.</p>
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(2) Urban Park Kashiwa

Counterparty	GK SAPR4
Main details of right	The right for SAR to be able to preferentially negotiate on the acquisition of the asset subject to the preferential negotiation right when SAR offers the purchase of the Property during the preferential negotiation period (as defined below), and, by meeting other certain conditions as well as the requested purchase price being equivalent or higher than the minimum purchase price specified below, to request GK SAPR4 to agree to the sale and the sales terms thereof and to sell the asset pursuant to the agreement, unless there are any prevailing reasonable grounds.
Minimum purchase price	1,186,000,000 yen (excluding consumption tax on buildings, etc.)
Target asset	Urban Park Kashiwa
Agreement execution date	August 31, 2016
Preferential negotiation period	From August 31, 2016 to February 28, 2017
Other	<p>Upon acquisition of the Property, SAR will make decisions in compliance with the interested-party transaction guidelines of the Asset Manager after performing the necessary due diligence and obtaining real estate appraisal. The acquisition date of the Property will be decided upon discussion between both parties when SAR offers the purchase of the Property within the above-mentioned preferential negotiation period.</p> <p>Although SAR has been granted the preferential negotiation right for the Property, SAR is not obliged to acquire the Property or may not actually acquire the Property.</p> <p>Furthermore, SAR will pay no consideration to the counterparty concerning the obtainment of the preferential negotiating right.</p>

(3) BEST WESTERN Tokyo Nishikasai

Counterparty	GK Melges
Main details of right	The right for SAR to be able to preferentially negotiate on the acquisition of the asset subject to the preferential negotiation right when SAR offers the purchase of the Property during the preferential negotiation period (as defined below), and, by meeting other certain conditions as well as the requested purchase price being equivalent or higher than the minimum purchase price specified below, to request GK Melges to agree to the sale and the sales terms thereof and to sell the asset pursuant to the agreement, unless there are any prevailing reasonable grounds.
Minimum purchase price	3,805,000,000 yen (excluding consumption tax on buildings, etc.)
Target asset	BEST WESTERN Tokyo Nishikasai
Agreement execution date	August 31, 2016
Preferential negotiation period	From August 31, 2016 to February 28, 2017
Other	Upon acquisition of the Property, SAR will make decisions in compliance with the

	<p>interested-party transaction guidelines of the Asset Manager after performing the necessary due diligence and obtaining real estate appraisal. The acquisition date of the Property will be decided upon discussion between both parties when SAR offers the purchase of the Property within the above-mentioned preferential negotiation period. Although SAR has been granted the preferential negotiation right for the Property, SAR is not obliged to acquire the Property or may not actually acquire the Property. Furthermore, SAR will pay no consideration to the counterparty concerning the obtainment of the preferential negotiating right.</p>
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(4) BEST WESTERN Yokohama

Counterparty	GK Melges
Main details of right	The right for SAR to be able to preferentially negotiate on the acquisition of the asset subject to the preferential negotiation right when SAR offers the purchase of the Property during the preferential negotiation period (as defined below), and, by meeting other certain conditions as well as the requested purchase price being equivalent or higher than the minimum purchase price specified below, to request GK Melges to agree to the sale and the sales terms thereof and to sell the asset pursuant to the agreement, unless there are any prevailing reasonable grounds.
Minimum purchase price	3,185,000,000 yen (excluding consumption tax on buildings, etc.)
Target asset	BEST WESTERN Yokohama
Agreement execution date	August 31, 2016
Preferential negotiation period	From August 31, 2016 to February 28, 2017
Other	<p>Upon acquisition of the Property, SAR will make decisions in compliance with the interested-party transaction guidelines of the Asset Manager after performing the necessary due diligence and obtaining real estate appraisal. The acquisition date of the Property will be decided upon discussion between both parties when SAR offers the purchase of the Property within the above-mentioned preferential negotiation period. Although SAR has been granted the preferential negotiation right for the Property, SAR is not obliged to acquire the Property or may not actually acquire the Property. Furthermore, SAR will pay no consideration to the counterparty concerning the obtainment of the preferential negotiating right.</p>

2. Reasons for the obtainment of preferential negotiation rights

SAR was newly granted the preferential negotiation rights from the Sponsor Group (Note 2) for the properties of which information SAR obtained based on the “Sponsor Support Agreement” concluded among three parties, which are SAR, the Asset Manager and Star Asia Management Limited (Note 1), the sponsor of SAR.

SAR obtained the preferential negotiation rights for the Properties in order to secure opportunities to acquire the Properties which can expect stable income continuously.

With this, SAR aims to achieve external growth by expanding its asset size and further strengthening the portfolio.

(Note 1) Star Asia, including Star Asia Management Limited, is an independent real estate investment group with an aim to manage funds from investors who seek long-term investment, such as overseas (mostly the U.S.) university

funds, foundations and pension funds, by investing in assets related to real estate, etc. in Japan and other Asian countries.

(Note 2) The Sponsor Group is (a) Sponsor, (b) Star Asia Management Japan Limited, (c) the Asset Manager's parent company (Star Asia Asset Management Co., Ltd.), (d) Malcolm F. MacLean IV, (e) Taro Masuyama and (f) investment vehicles in Japan that are the investment destination of funds for which Malcolm F. MacLean IV and Taro Masuyama make investment judgement and that own or acquire investment assets such as real estate.

3. Features of properties for which preferential negotiation rights were granted

(1) Hakata-eki East Place

Property name	Hakata-eki East Place
Location	3-15-2 Hakataeki Higashi, Hakata-ku, Fukuoka-shi, Fukuoka and other
Asset type	Office
Site area	1,129.86m ²
Total floor area	6,243.13m ² (including an accessory building (94m ²))
Structure and floors	Steel-framed reinforced concrete structure 9 floors above ground
Completion date	February 24, 1986
Property information	<p>The Property is a multi-tenant office building in the Hakata-eki-higashi area, which has one of the highest concentrations of office buildings in Fukuoka, and is located an approximate 9-minute walk from Hakata Station on the JR and Fukuoka City Subway lines.</p> <p>The Hakata-eki higashi area is an area which can expect further development going forward with the completion of the Hakata Station area redevelopment project including the well-known KITTE Hakata and JRIP Hakata Building opened in 2016 spring. The Property features include an elegant appearance, enhanced by renovations to the entrance hall, etc. in 2015 on top of the high-class aluminum-wall-curtain-based façade. It also fully meets the standards typically sought by tenants with regard to various facilities, making it appealing to tenant companies from a wide range of fields.</p>

(2) Urban Park Kashiwa

Property name	Urban Park Kashiwa
Location	3-808-1 Kashiwa, Kashiwa-shi, Chiba and other
Asset type	Apartment complex
Site area	1,597.85m ²
Total floor area	4,243.7m ²
Structure and floors	Steel-framed reinforced concrete structure 1 floor below ground / 8 floors above ground
Completion date	August 28, 1997
Property information	<p>The Property is a family-type residence located an approximate 7-minute walk from Kashiwa Station on the JR Joban and Tobu Noda Lines. The Kashiwa area, where the Property is located, boasts high living convenience due to concentration of large retail facilities in front of Kashiwa Station, such as the well-known Kashiwa Takashimaya as well as being able to access central Tokyo in about 30 minutes by train (Note). In addition, it has the characteristics of an academic city centering on the Kashiwanoha campus, and together with the rich nature it has become an area with a strong appeal particularly to family households which are the target of the Property. Furthermore, the area in front of Kashiwa Station can expect further development going forward with the Kashiwa Station area redevelopment project including Day One Tower completed at the east exit of Kashiwa Station last year.</p> <p>The Property features include an elegant tiled façade and high-grade household</p>

	<p>facilities in some renovated units, making it highly appealing to family households which are the main targets of the Property.</p> <p>(Note) Approximate required time from JR Kashiwa Station to JR Tokyo Station (by JR Joban Line special rapid service train).</p>
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(3) BEST WESTERN Tokyo Nishikasai

Property name	BEST WESTERN Tokyo Nishikasai
Location	6-17-10 Nishikasai, Edogawa-ku, Tokyo and other
Asset type	Hotel
Site area	1,418.00m ²
Total floor area	5,293.88m ²
Structure and floors	Steel-framed reinforced concrete structure 1 floor below ground / 9 floors above ground
Completion date	March 19, 1991
Property information	<p>The Property is a business hotel located an approximate 2-minute walk from Nishi-kasai Station on the Tokyo Metro Tozai Line. The Kasai/Nishi-kasai area where the Property is located is known as Tokyo's bedroom suburbs due to its convenient access to central Tokyo (about 15 minutes by train (Note)). At the same time, since the area is only 4km away in direct distance from Maihama Station, which is the nearest station to Tokyo Disney Resort ("TDR"), it can also take in tourism demand, especially package tours for TDR.</p> <p>The Property features include its wide range of guest room types suitable for various uses, such as single (113 rooms), double (8 rooms), twin (33 rooms) and others (33 rooms), as well as restaurants and multi-purpose rooms that can hold various parties, meetings, seminars and such. Therefore, it is a hotel with strong appeal to a broad range of users.</p> <p>(Note) Approximate required time from Nishi-kasai Station on the Tokyo Metro to Otemachi Station on the Tokyo Metro (using the Tokyo Metro Tozai Line).</p>

(4) BEST WESTERN Yokohama

Property name	BEST WESTERN Yokohama
Location	4-29-1 Tsurumichuo, Tsurumi-ku, Yokohama-shi, Kanagawa
Asset type	Hotel
Site area	782.66m ²
Total floor area	4,686.09m ²
Structure and floors	Steel-framed reinforced concrete structure 1 floor below ground / 9 floors above ground
Completion date	September 21, 1987
Property information	<p>The Property is a business hotel located an approximate 3-minute walk from Tsurumi Station on the JR Keihin-Tohoku Line and Keikyu Tsurumi Station on the Keikyu Line. The Tsurumi area where the Property is located is known as Tokyo's bedroom suburbs due to its convenient access to Tokyo Station (about 30 minutes by train (Note)). Not only that, the area in front of Tsurumi Station has a high level of commercial traffic with concentration of office buildings, retail facilities, business hotels, etc. affected by the Tsusumi Station Higashi Area Redevelopment Project, which was completed in 2011. Furthermore, having good access (20 minutes or less train ride) to major areas in Kanagawa Prefecture such as Yokohama and Kawasaki as well as to Tokyo International Airport (Haneda Airport), it is an area which can take in both business and tourism</p>

	<p>demands.</p> <p>The Property features include its wide range of guest room types suitable for various uses, such as single (144 rooms), double (22 rooms), twin (19 rooms), as well as restaurants and multi-purpose rooms that can hold various parties, meetings, seminars and such. Therefore, it is a hotel with strong appeal to a broad range of users.</p>
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4. Preferential negotiation rights pertaining to acquisition of assets obtained as of today

Properties for which SAR has obtained the preferential negotiation rights pertaining to acquisition as of today, including the two properties announced in “Notice Concerning Obtainment of Preferential Negotiation Rights Pertaining to Acquisition of Assets” dated July 8, 2016, and their minimum purchase prices (excluding consumption tax on buildings, etc.) are as follows.

Property name	Asset type	Location	Minimum purchase price (mn yen)
(Tentative name) Baraki Logistics (Note)	Logistics facility	Ichikawa-shi, Chiba	4,700
Joytel Gokokuji (Note)	Apartment complex	Toshima-ku, Tokyo	1,460
Hakata-eki East Place	Office	Fukuoka-shi, Fukuoka	2,255
Urban Park Kashiwa	Apartment complex	Kashiwa-shi, Chiba	1,186
BEST WESTERN Tokyo Nishikasai	Hotel	Edogawa-ku, Tokyo	3,805
BEST WESTERN Yokohama	Hotel	Yokohama-shi, Kanagawa	3,185
Total			16,591

(Note) Properties announced in “Notice Concerning Obtainment of Preferential Negotiation Rights Pertaining to Acquisition of Assets” dated July 8, 2016.

5. Future outlook

Since the impact of the obtainment of the preferential negotiation rights on the operating results forecast for the fiscal period ending January 31, 2017 (August 1, 2016 – January 31, 2017) announced on April 20, 2016 is minimal, there is no revision to the forecast.

* This material is distributed to the press club of the Tokyo Stock Exchange (Kabuto Club), the press club of the Ministry of Land, Infrastructure, Transport and Tourism, and the press club for construction trade publications of the Ministry of Land, Infrastructure, Transport and Tourism.

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