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For Immediate Release

Real Estate Investment Trust Securities Issuer
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 (Code: 3468)

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Notice Concerning Execution of Agreement on Preferential Negotiation on HAKUSAN HOUSE

Star Asia Investment Corporation (SAR) announced today that it executed an agreement on preferential negotiation (AoPN) with GSA Star Asia Japan Limited ^(Note 1) on HAKUSAN HOUSE (the Property), a student accommodation property currently under development by GSA Star Asia (GSA Star Asia) ^(Note 2). The agreement gives SAR a right of first look and negotiation rights to acquire the Property, as described below:

(Note 1) GSA Star Asia Japan Limited is a 50/50 joint venture established by GSA Group (a global player in the student accommodation sector), and Star Asia Group. GSA Group has been engaged in student accommodation development, management and operations globally for more than 10 years since it launched its operations in London and Australia in 2007.

(Note 2) GSA Star Asia is a wholly-owned subsidiary of GSA Star Asia Japan Limited. Based on its expectation that the number of international students will increase going forward backed by the “Super Global University” project promoted by the Japanese government, GSA Star Asia aims to develop, manage and operate student accommodation properties for international students and Japanese students looking for inter-cultural exchange with international students.

1. Summary of the agreement on preferential negotiation

Counterparty	GSA Star Asia Japan Limited
Major rights given	SAR is given the right to receive information on the sale of the Property ahead of any third party from GSA Star Asia Japan Limited during the below-specified subject period. If SAR wishes to acquire the Property, GSA Star Asia Japan Limited is obligated to negotiate with SAR in good faith to agree on basic terms and conditions on the sale.
The Property	HAKUSAN HOUSE
Date of agreement	January 12, 2018
Subject Period	From the day on which the Property is completed through the corresponding day

Note: This press release does not in any way constitute any part of an offering of securities for investment. This press release has been prepared for the purpose of announcing to the public certain matters relating to the execution of agreement on preferential negotiation, and not for the purpose of soliciting any investment, within or outside of Japan. Additionally, this press release is not an offer of securities for sale in the United States. The securities referred to herein have not been, and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. No offering or sale of securities in the United States will be made in connection with the above-mentioned transactions. This press release is not for publication, distribution or release, directly or indirectly in or into the United States of America.

	of the 18th month after the completion
Scheduled completion of construction of the Property	End of January, 2018 (scheduled)
Other	<p>① GSA Star Asia Japan Limited gives investment advice to parties invested in the special purpose company which will be the owner of the Property after the completion of construction, and sale of the Property shall, in principle, be based on the investment advice of GSA Star Asia Japan Limited, provided certain conditions are met.</p> <p>② SAR's decision to acquire the Property shall be made after necessary due diligence, including appraisal of the property value, as well as due procedures implemented by Star Asia Investment Management Co., Ltd. (the Asset Manager)</p> <p>③ The fact that SAR executed this AoPN shall not mean that SAR is obligated to acquire the Property; therefore, SAR may decide not to acquire the Property. Please note that SAR does not pay any consideration to GSA Star Asia Japan Limited in connection with execution of this AoPN.</p> <p>④ The fact that GSA Star Asia Japan Limited executed this AoPN shall not mean that it is obligated to sell the Property; therefore, it may decide not to sell the Property to SAR.</p>

2. Background

Through due negotiations, SAR executed this AoPN with GSA Star Asia Japan Limited in order to secure an opportunity to acquire the Property, which SAR expects that it has growth potential and generates stable earnings going forward (further descriptions of the Property are provided in "3. Detail of the Property" below)

3. Details of the Property

Name of the property	HAKUSAN HOUSE
Address	4-33-14 Hakusan, Bunkyo-ku, Tokyo
Access from nearby train stations	Approximately 5-minute walk from Hakusan Station on Toei Mita Line, and 9-minute walk from Komagome Station on Tokyo Metro Namboku Line
Asset type	Residential
Site area	1,134.01 m ² (Note)
Total floor area	5,137.70 m ² (Note)
Structure /Number of stories	Steel structure (partly reinforced concrete) / 9 stories above the ground (Note)
Completion	End of January, 2018 (scheduled)

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Features	<p>The Property is a student accommodation for international students, expected to continue increasing going forward, as well as Japanese students who seek inter-cultural exchange with international students. The Property offers features which are not well familiar in Japan from both infrastructure and service standpoints. Its multi-purpose room, shared kitchen and dining space, etc. will provide residents ample opportunities to interact with one another, and the 24-hour alarm system will robustly ensure security. Also, special events will be hosted for residents, and multi-language concierge services will be offered.</p> <p>Management and operation of the Property will be handled by GSA Star Asia or through its subsidiary. GSA Group's extensive expertise in the field of student accommodation management and operations, accumulated through its years of global operations, will be utilized for community development and resident services.</p> <p>HAKUSAN HOUSE is located in an area, where there are several universities actively accepting and educating international students, including the University of Tokyo; therefore, SAR believes that HAKUSAN HOUSE will continue enjoying stable demand from students seeking accommodations. Please refer to the exhibit for more details.</p>
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(Note) According to descriptions on the Notice of Verification of Building Construction.

4. Future Outlook

Execution of this AoPN has no impact on SAR's forecasts for operating results for the fiscal periods ending January 31, 2018 and July 31, 2018, and SAR's forecasts for operating results and distribution forecasts for the fiscal period ending January 31, 2019 announced today.

<Other Press Releases Announced as of Today>

- Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units
- Notice Concerning Acquisition of Real Estate Beneficiary Interests in Trust and Lease Contract with New Tenants
- Notice Concerning Revision to Forecasts for Operating Results for the 4th Fiscal Period Ending January 31, 2018 and 5th Fiscal Period Ending July 31, 2018, and Forecasts for Operating Results and Distribution for the 6th Fiscal Period Ending January 31, 2019
- Notice Concerning Debt Financing
- Supplemental Material on Press Releases (acquisition of properties through public offering) Announced as of Today

*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/>

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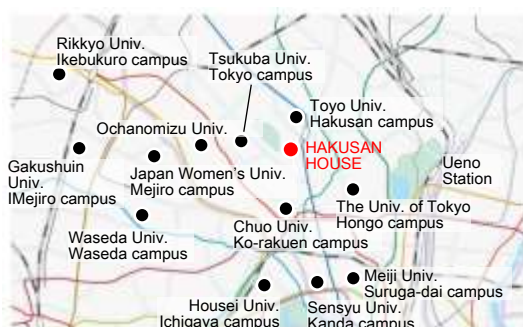
[Exhibit]

■ HAKUSAN HOUSE - exterior perspective
Image



(Note) The image of HAKUSAN HOUSE may differ from actual building after completion.

■ Nearby universities with many international students



	University	No. of international students ^(note)
1	Waseda University	4,767
2	The University of Tokyo	3,260
3	Tokyo University of Social Welfare	3,000
4	Ritsumeikan Asia Pacific University	2,818
5	Japan University of Economics	2,708
6	University of Tsukuba	2,326
7	Osaka University	2,184

(Source) IAJ Japan Student Services Organization

(Note) Number of International students for universities provided above is the total for all the campuses combined

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■ HAKUSAN HOUSE- interior perspective

Premium Nest



Duo Nest



Share Nest



Kitchen Space



Study Living Room



Rooftop Terrace



(Note) The images above may differ from actual interior after completion of HAKUSAN HOUSE.

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