

## **Disclaimers**

This document has been prepared solely for the purpose of providing U.K. and Dutch investors with certain information under Article 23 of the European Alternative Investment Fund Managers Directive (European Directive 2011/61/EU) (the “AIFMD”) as implemented in their respective jurisdictions. 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 Article 59 of the United Kingdom Alternative Investment Fund Managers Regulations 2013. In accordance with this provision, the AIFM has submitted a notification with the Financial Conduct Authority (the “FCA”) in the United Kingdom.

For the purposes of the United Kingdom Financial Services and Markets Act 2000 (“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 (the “Order”), such as 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 whatever.

### ***European Economic Area***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) no offer of units of Star Asia may be made to the public in that Relevant Member State except in circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of units shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive, or a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “an offer of units to the public” in relation to any units in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the units to be offered so as to enable an investor to decide to purchase or subscribe the units, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Article 23 (1)(a)	
Objectives of the AIF	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 and hotel properties. In operating its business, Star Asia’s overarching philosophy is to put the interests of its unitholders first.
Investment strategy	<p>Star Asia pursues a diversified portfolio strategy, targeting office, retail, residential, logistics and hotel 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. 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. By maintaining a diverse portfolio, Star Asia intends to mitigate the risk of overexposure to any single asset class and achieve a balanced portfolio comprising residential and logistics properties, which generate relatively stable revenues, as well as office, retail and hotel properties, which we believe can contribute to revenue 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>
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 it may employ and all associated risks	<p>Star Asia aims to grow unitholder value by acquiring a diverse portfolio of office, retail, residential, logistics and hotel 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> </ul>

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- adverse conditions in the Japanese economy;
- Star Asia's ability to acquire properties to execute its growth and investment strategy;
- illiquidity in the real estate market;
- Star Asia's reliance on the Sponsor and its group companies;
- the past experience of the Sponsor in the Japanese real estate market being no indicator or guarantee of Star Asia's future results;
- potential conflicts of interest between Star Asia and certain Star Asia group companies, including the Asset Manager;
- significant competition in seeking tenants and difficulty in finding replacement tenants;
- increases in prevailing market interest rates;
- the occurrence of natural or man-made disasters;
- concentration of Star Asia's properties in Tokyo and the surrounding areas;
- any inability to obtain financing for future acquisitions;
- potential failure to satisfy a complex series of requirements pursuant to Japanese tax regulations; and
- risks inherent in the property types we target, including office, retail, residential, logistics and hotel properties.

In addition, Star Asia is subject to potential risks related to:

- liquidity and other limitations on Star Asia's activities under debt financing arrangements;
- increases in loan-to-value ("LTV") ratio that may increase Star Asia's exposure to changes in interest rates;
- investments in mezzanine loans;
- impairment losses relating to Star Asia's properties;
- decreases in tenant leasehold deposits and/or security deposits that may increase Star Asia's funding costs;
- Star Asia's lack of control over operating costs which may adversely affect Star Asia's business;
- 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;
- reliance on key tenants;
- use of master leases, including credit exposure in the event of a master lessee's insolvency;
- the cost of complying with regulations applicable to Star Asia's properties;
- defects in the title, design or construction of our properties or other property defects;
- reliance on expert appraisals and engineering, environmental and seismic reports, which are subject to significant uncertainties;
- reliance on industry and market data that are subject to significant uncertainties;
- the possibility that Star Asia's buildings may violate earthquake resistance or other

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	<p>building codes, and may collapse in even minor earthquakes or may be required to be strengthened or demolished by Star Asia at significant expense;</p> <ul style="list-style-type: none"> <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> <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	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

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	<p>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	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.
The types and sources of leverage permitted and associated risks	<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</p>

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	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.
Any restrictions on leverage	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.
Any restrictions on collateral and asset reuse arrangements	No applicable arrangements.
Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF	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.
<b>Article 23(1) (b)</b>	
Procedure by which the AIF may change its investment strategy / investment policy	<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>
<b>Article 23(1) (c)</b>	
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>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>

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

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<p>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>	<p>safekeeping activities.</p>
<p><b>Article 23(1) (g)</b></p>	
<p>Description of the AIF's valuation procedure and pricing methodology, including the methods used in valuing hard-to-value assets</p>	<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>
<p><b>Article 23(1) (h)</b></p>	
<p>Description of the AIF's liquidity risk management, including redemption rights in normal and exceptional circumstances and existing redemption arrangements with investors</p>	<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> <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>

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Article 23(1) (i)	
<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 or the acquisition price of the relevant assets as of the end of the relevant fiscal period, 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) 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 generally accepted accounting principles in Japan before deducting the type II period fee and consumption taxes that are not deductible and after accounting for any loss carried forward) as of the end of</li> </ul>

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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 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 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.

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

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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 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

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	<p>meetings, postal items, unitholder information and expense reimbursements.</p> <p><u>Auditor Fee:</u> 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.</p>
<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 content 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	Star Asia's unit's latest market price is publicly available at the Tokyo Stock Exchange or from financial information vendors (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> )
<b>Article 23(1) (n)</b>	
Details of the historical performance of the AIF, where available	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:

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	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
<b>Article 23(1) (o)</b>				
Identity of the prime broker, any material arrangements of the AIF with its prime brokers, how conflicts 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	No applicable prime broker.			
<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	Not applicable.			

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made by the depository to contractually discharge itself of liability in accordance with Article 21(13)	
The AIFM shall also inform investors of any changes with respect to depository 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 net value of those assets subject to special arrangements divided by the net asset value of the AIF concerned	There are no assets that are subject to special arrangements arising from their illiquid nature.
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	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.

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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).	
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.
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>

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	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.
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>	
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 39,030 million as of April 30, 2017.

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