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For Immediate Release

Real Estate Investment Trust Securities Issuer
Star Asia Investment Corporation
Representative: Atsushi Kato, Executive Director
(Code: 3468)

Asset Management Company
Star Asia Investment Management Co., Ltd.
Representative: Atsushi Kato
President and CEO
Contact: Toru Sugihara
Director and CFO
TEL: +81-3-5425-1340

Notice Concerning Obtainment of Preferential Negotiation Rights Pertaining to Acquisition of Assets

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

1. Overview of Sale Preferential Negotiation Right Agreement

(1) (Tentative name) Baraki Logistics

Counterparty	GK Enterprise
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 during the period from July 8, 2016 to February 28, 2017, and, by meeting certain conditions, to request GK Enterprise 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
Target asset	(Tentative name) Baraki Logistics
Agreement execution date	July 8, 2016
Preferential negotiation right validity period	From July 8, 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 transaction price of the Property will be the appraisal value provided by the real estate appraisal at a maximum and will be the price agreed by SAR and the counterparty. The acquisition date of the Property will be decided upon discussion between both parties when SAR offers the purchase of the Property within the preferential negotiation right validity 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.

(2) Joytel Gokokuji

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 during the period from July 8, 2016 to February 28, 2017, and, by meeting certain conditions, to request GK Enterprise 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
Target asset	Joytel Gokokuji
Agreement execution date	July 8, 2016
Preferential negotiation right validity period	From July 8, 2016 to February 28, 2017
Other	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 transaction price of the Property will be the appraisal value provided by the real estate appraisal at a maximum and will be the price agreed by SAR and the counterparty. The acquisition date of the Property will be decided upon discussion between both parties when SAR offers the purchase of the Property within the preferential negotiation right validity 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.

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.

(Tentative name) Baraki Logistics is a logistics facility with strong appeal to tenants for its contribution to tenants’ benefits due to its superior location as it enjoys good access not only to central Tokyo, but also to Haneda and Narita Airports thus being able to respond to air cargo logistics as well, in addition to being within walking distance from the nearest station thus allowing convenient commute for employees.

Joytel Gokokuji has strong tenant appeal since it is an apartment building with single-type residence which can expect to take in leasing demand from students from many universities and junior colleges that are concentrated in the area, such as Waseda University, Japan Women’s University and Gakushuin University; as well as the entire neighboring areas including Minami-Ikebukuro having been revitalized with the completion of Toshima Ward’s new government office.

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

Disclaimer: This document is an English translation of a press release for public announcement concerning obtainment of preferential negotiation rights by Star Asia Investment Corporation, and has not been prepared for the purpose of solicitation of investment.

(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. Future outlook

The obtainment of the preferential negotiation rights will have no impact on the operating results forecast for the fiscal period ending July 31, 2016 (December 1, 2015 – July 31, 2016) announced on April 20, 2016.

- * 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/>