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For Immediate Release

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

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Notice Concerning Acquisition of Mezzanine Loan Debt
Star Asia Mezzanine Loan Debt Investment Series 10

Star Asia Investment Corporation (“SAR”) announces that Star Asia Investment Management Co., Ltd. (the “Asset Manager”), to which SAR entrusts the management of its assets, has decided today to invest in mezzanine loan debt (the acquisition of mezzanine loan debt is hereinafter referred to as the “Acquisition”). Details are as follows.

The Acquisition is the 10th mezzanine loan debt investment transaction for SAR.

SAR regards such continued investments in mezzanine loan debt as a part of the active management strategy adopted by SAR and the Asset Manager, and is also aligned with SAR’s differentiation strategy in pursuit of maximization of unitholder value. Going forward, SAR will continue to consider mezzanine loan debt investment opportunities which are expected to have the effect of increasing distributions per unit.

1. Overview of the Acquisition

(1) Asset to be acquired	The general secured specified bonds: The first general secured corporate bonds (hereinafter referred to as the “Subordinated Specified Bonds”) issued by Tokyo Real Estate Property Investment Tokutei Mokuteki Kaisha (hereinafter referred to as the “TMK”) whose underlying assets (Note 1) are ASTILE Ichigaya-Yanagicho, ASTILE Hatagaya and CREAL premier Yushima (hereinafter respectively or collectively referred to as the “Collateral Asset” or the “Collateral Assets”).
(2) Name of asset to be acquired	Star Asia Mezzanine Loan Debt Investment Series 10
(3) Trustee of the asset to be acquired	SMBC Trust Bank Ltd.
(4) Trust period of the asset to be acquired	From December 20, 2024 to December 31, 2034
(5) Face Amount of the Subordinated Specified Bonds	414,000,000 yen
(6) Acquisition price of the Subordinated Specified Bonds	414,000,000 yen (Note 2) (excluding acquisition expenses)
(7) Expected Dividend Yield	Base rate (Note 3) + 5.00%
(8) LTV against the Underlying Assets	69.2% (Note 4)
(9) Planned signing date of the Beneficial Interest Sale and Purchase Agreement	December 18, 2024
(10) Planned acquisition date of the Subordinated Specified Bonds	December 20, 2024
(11) Scheduled dividend payment dates of the Subordinated Specified Bonds	The tenth business day of January, April, July, October The first dividend payment date is April 14, 2025. The last dividend payment date is the same date of redemption of principal.
(12) Scheduled redemption date	December 20, 2029 (Note 5)
(13) Final redemption date	December 20, 2030
(14) Funding for acquisition	Cash on hand

(15) Settlement method	Refer to 6. Settlement method											
(16) Seller	Tokyo Real Estate Property Investment Tokutei Mokuteki Kaisha											
(17) Overview of the structure of the Subordinated Specified Bonds												
Operator: The TMK												
<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2">The TMK</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Collateral Assets</td> <td style="text-align: center;">Senior loan Lender (Note 6) 15 million yen</td> </tr> <tr> <td style="text-align: center;">ASTILE Ichigaya- Yanagicho, ASTILE Hatagaya and CREAL premier Yushima</td> <td style="text-align: center;">Subordinated Specified Bonds Bondholder SAR 414 million yen</td> </tr> <tr> <td style="text-align: center;">Appraisal value 2,766 million yen</td> <td style="text-align: center;">Preferred Equity (Note 6)</td> </tr> <tr> <td></td> <td style="text-align: center;">Specified Equity (Note 6)</td> </tr> </tbody> </table>			The TMK		Collateral Assets	Senior loan Lender (Note 6) 15 million yen	ASTILE Ichigaya- Yanagicho, ASTILE Hatagaya and CREAL premier Yushima	Subordinated Specified Bonds Bondholder SAR 414 million yen	Appraisal value 2,766 million yen	Preferred Equity (Note 6)		Specified Equity (Note 6)
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<ol style="list-style-type: none"> 1. On December 18, 2024, SAR and the TMK signed the “Specified Bonds Purchase Agreement”. 2. On December 20, 2024, with respect to the Specified Bonds, SAR will pay the purchase proceeds of 414,000,000 yen based on the above agreement specified in item 1. and succeed to the status as the Bondholder. 3. On the same date, the Lender of the Senior loans will execute loans to TMK based on the “Loan Agreement” with TMK. 4. On the same date, the TMK will acquire the Subordinated Specified Bonds mainly comprised of the Collateral Assets using the payment for Senior loans and the Subordinated Specified Bonds and investment of Preferred Equity and Specified Equity. 5. The Subordinated Specified Bonds, with respect to the payment of dividends and repayment of principal, shall be subordinated to the Senior loan claims, however, shall be paid in preference to the investment of Preferred Equity and Specified Equity. In particular, with respect to redemption of principal, even in the case where the value of the Collateral Assets declines, the investment of Preferred Equity and Specified Equity will bear first loss, and the Subordinated Specified Bonds will incur a loss for the first time only after the full principal amounts of the investment of Preferred Equity and Specified Equity have been damaged and lost. 												
(18) Relationship between SAR/ the Asset Manager and the TMK * Based on information as of December 18, 2024.	Capital relationship	There is no capital relationship to report between SAR/the Asset Manager and the TMK.										
	Personnel relationship	There is no personnel relationship to report between SAR/the Asset Manager and the TMK. Furthermore, there is no personnel relationship to report between associated persons and associated companies of SAR/the Asset Manager and associated persons and associated companies of the TMK.										
	Business relationship	There is no business relationship to report between SAR/the Asset Manager and the TMK. Furthermore, there is no business relationship to report between associated persons and associated companies of SAR/the Asset Manager and associated persons and associated companies of the TMK.										

	Related party status	There is no related party status to report between SAR/the Asset Manager and the TMK.
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- (Note 1) For an overview of the Collateral Assets, please refer to 2. Reason for the Acquisition <Overview of Collateral Assets>.
- (Note 2) An amount after deducting fees related to the Acquisition (5,589,000 yen including consumption tax and local consumption tax) will be paid.
- (Note 3) Base rate is JBA 3-month JPY TIBOR. The Japanese yen TIBOR by JBA can be confirmed on the website of the JBA TIBOR Administration (<http://www.jbatibor.or.jp/english/rate/>). For each interest calculation period, the rate announced at 11 a.m. (Tokyo time) two business days prior to the last day of the previous calculation period of the relevant calculation period will be applied as the base rate.
- (Note 4) The appraisal value stated in the appraisal reports obtained by the Asset Manager for the Underlying Assets are not disclosed, because consent to disclosure has not been obtained from the current owners. The LTV which is the ratio of the total amount of the Subordinate Specified Bonds and senior claims to the appraisal value is lower than 85%, which is SAR's investment standard for investments in mezzanine loan debts (announced in the "Notice Concerning Acquisition of Mezzanine Loan Debt (Subordinate Bonds)" dated October 25, 2017. The same applies below.)
- (Note 5) The scheduled redemption date of the Subordinate Specified Bonds is December 29, 2029. However, the Subordinate Specified Bonds may be repaid prior to the scheduled redemption date for certain reasons such as the sale of the Collateral Assets.
- (Note 6) The Lender of the Senior Loans, the Specified Equity Investors and Preferred Equity Investors of the TMK are not disclosed, as consents for such disclosures have not been obtained.

2. Reason for the Acquisition

The Acquisition has been decided as it will not only realize diversification of investment targets, but will also likely boost distributable profits since it will allow SAR to receive dividend income (dividend yield of more than 5% (as of the date of this announcement)) from effective use of own funds and it will contribute to maximization of unitholder value. The Asset Manager recognized the following points upon deciding on the Acquisition.

- (1) The LTV of the amount of the Subordinate Specified Bonds together with senior claims calculated based on the appraisal value of the Collateral Assets is lower than SAR's investment standard (85% of the appraisal amount), and the risk of incurring a loss during the period of holding the Subordinated Specified Bonds is judged to be low.
- (2) As the Subordinated Specified Bonds and the senior claims, as stated in (1) above, can be fully repaid by the amount calculated based on the LTV which is SAR's investment standard, it is determined that the certainty of redemption of the Subordinated Specified Bonds by sale of the Collateral Assets or by refinancing is high.
- (3) From the evaluation of the Underlying Asset by the Asset Manager as described below, it is judged that the rent revenues from the Underlying Asset will be highly stable, and the certainty of interest payments on the mezzanine bonds which are the trust assets of the Subordinated Specified Bonds is also high.
- (4) The expected dividend yields on the Subordinated Specified Bonds are "base rate + 5.00%" (please refer to 1. Overview of the Acquisition above), it is anticipated that profits exceeding the post-depreciation yield of the currently held real estate portfolio will be secured.

Real estate investment corporations, under securities listing regulations of the Tokyo Stock Exchange (TSE), are only permitted to hold assets other than real estate etc., real estate-related assets and current assets up to a maximum of 5% of the total amount of assets under management. The Asset to be Acquired does not fall under any one of real estate etc., real estate-related assets, or current assets etc., however, the ratio of "real estate etc., real estate-related assets and current assets" to the total amount of SAR's assets under management is expected to be no less than 95%. (Note)

(Note) Determined based on the amount calculated by deducting the book value of the asset transferred from the total assets of the balance sheet as of July 31, 2024, and then adding the acquisition amount of the assets acquired or to be acquired in the 18th fiscal period ending January 31, 2025.

Overview and Evaluation of the Collateral Assets by the Asset Manager are as follows.

<Overview of Collateral Assets>

ASTILE Ichigaya-Yanagicho

Type of the Collateral Asset	Trust beneficiary interests of real estate
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Property name		ASTILE Ichigaya-Yanagicho
Owner		The TMK
Location		29-4 Ichigaya-Yanagicho, Shinjuku-ku, Tokyo, etc.
Use (Note 1)		Building site
Structure (Note 2)		Steel reinforced concrete (SCR) structure with flat roof, 5 stories with 1 basement floor
Area	Land (Note 3)	159.28 m ²
	Building (Total floor area) (Note 4)	417.72 m ²
Form of ownership (Note 5)	Land	Proprietary ownership
	Building	Proprietary ownership
Construction completion		December 20, 2023
Earthquake PML (Note 6)		9.7%
Appraisals	Appraisal value	695million yen
	Appraisal NOI	21,221,830 yen
	Appraisal date	September 1, 2024
	Appraiser	DAIWA REAL ESTATE APPRAISAL CO.,LTD.
Occupancy rate		100.0% (as of September 30, 2024)
Special notation		No matters worthy of mention.

ASTILE Hatagaya

Type of the Collateral Asset		Trust beneficiary interests of real estate
Property name		ASTILE Hatagaya
Owner		The TMK
Location		1-17-11 Honmachi, Shibuya-ku, Tokyo
Use (Note 1)		Building site
Structure (Note 2)		Steel reinforced concrete (SCR) structure with flat roof, 5 stories with 1 basement floor.
Area	Land (Note 3)	385.42 m ²
	Building (Total floor area) (Note 4)	869.21 m ²
Form of ownership (Note 5)	Land	Proprietary ownership
	Building	Proprietary ownership
Construction completion		March 18, 2024
Earthquake PML (Note 6)		9.0%
Appraisals	Appraisal value	1,280 million yen
	Appraisal NOI	39,076,805 yen
	Appraisal date	September 1, 2024
	Appraiser	DAIWA REAL ESTATE APPRAISAL CO.,LTD.
Occupancy rate		94.9% (as of September 30, 2024)
Special notation		No matters worthy of mention.

CREAL premier Yushima

Type of the Collateral Asset		Trust beneficiary interests of real estate
Property name		CREAL premier Yushima
Owner		The TMK

Location		3-88 Yushima, Bunkyo-ku, Tokyo
Use (Note 1)		Building site
Structure (Note 2)		Steel reinforced concrete (SCR) structure with flat roof, 8 stories
Area	Land (Note 3)	125.61 m ²
	Building (Total floor area) (Note 4)	550.40 m ²
Form of ownership (Note 5)	Land	Proprietary ownership
	Building	Proprietary ownership
Construction completion		August 20, 2023
Earthquake PML (Note 6)		6.5%
Appraisals	Appraisal value	791 million yen
	Appraisal NOI	22,850,343 yen
	Appraisal date	September 1, 2024
	Appraiser	DAIWA REAL ESTATE APPRAISAL CO.,LTD.
Occupancy rate		100.0% (as of September 30, 2024)
Special notation		No matters worthy of mention.

(Note 1) "Use" indicates the use stated in the real estate registry, and may differ from the present state.

(Note 2) "Structure", for buildings, indicates the structure stated in the real estate registry.

(Note 3) "Land" is the entire land area stated in the real estate registry and may differ from the present state.

(Note 4) "Building (Total floor area)" is the total floor area stated in the real estate registry and may differ from the present state.

(Note 5) "Form of ownership" is the type of rights held by the trustee of CENTURION HOTEL GRAND AKASAKA.

(Note 6) The PML (probable maximum loss) calculated based on the seismic risk evaluation conducted by Tokyo Marine dR Co., Ltd. based on SAR's request is stated. "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.

<Evaluation of the Underlying Assets by the Asset Manager>

The Collateral Assets, ASTILE Ichigaya-Yanagicho, ASTILE Hatagaya, and CREAL premier Yushima, are all relatively new residences located in the central Tokyo area.

ASTILE Ichigaya-Yanagicho is a residence located at an approximate 1-minute walk from "Ushigome Yanagicho" station on the Toei Subway Oedo Line. Concerning property features, as it is a relatively new building completed in December 2023, it is equipped with the latest facilities and security equipment, and is a residence which has competitiveness mainly within the surrounding area

ASTILE Hatagaya is a residence located at an approximate 6-minute walk from "Hatagaya Station" on the Keio New Line. The area surrounding the station has many highly convenient living facilities, and from property perspective, it is relatively newly built completed in March 2024, and has 27 housing units centered around one-room studio apartments to 2LDK apartments, and is a residence mainly appealing to singles to DINKs.

CREAL premier Yushima is a residence which can also be used for private lodging, located at an approximate 1-minute walk from "Yushima" station on the Tokyo Metro Chiyoda Line. The residence has convenient transportation access as it is also located within walking distance of "Ueno-hirokoji" station on the Ginza Line and "Ueno-Okachimachi" station on the Toei Subway Oedo Line. As to property features, the residence is relatively newly built in August 2023, and is equipped with the latest facilities and security equipment.

Given the above stated reasons, the Asset Manager has evaluated the Underlying Assets as a property which can acquire stable cashflow.

3. Overview of the Seller

Name of Seller	Tokyo Real Estate Property Investment Tokutei Mokuteki Kaisha
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Location	1-1-7 Motoakasaka, Minato-ku, Tokyo	
Description of the limited partnership's business	<ol style="list-style-type: none"> operations related to the receipt of specified assets and their management and disposal in accordance with asset securitization plans based on the Act on the Securitization of Assets other operations incidental to the aforementioned operations related to the liquidation of specified assets 	
Stated Capital	300,000 yen	
Date of Establishment	December 19, 2023	
Representative	Director, Masafumi Kanaya	
Major Shareholder	Not disclosed (Note)	
Total assets		
Net assets		
Relationship between SAR/ the Asset Manager and the Seller	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 status	There is no related party status to report between the relevant company and SAR/the Asset Manager. Furthermore, the company does not fall under interested person, etc. under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (hereinafter referred to as the "Investment Trust Law").

(Note) Not disclosed, because consent for disclosure has not been obtained from the Seller.

4. Transaction with interested person, etc.

The Acquisition is not a transaction with an interested person, etc. under the Act on Investment Trusts and Investment Corporations or interested parties as defined in the "Rules on Transactions with Interested Parties" set forth by the Asset Manager.

5. Schedule for the Acquisition

Date of decision to acquire the Subordinated Specified Bonds	December 18, 2024
Signing date of the Subordinated Specified Bonds Purchase Agreement	December 18, 2024
Planned acquisition date of the Subordinated Specified Bonds	December 20, 2024

6. Settlement method

SAR intends to settle by making lump-sum payment of the full amount of the acquisition proceeds, on the planned date of the Acquisition.

7. Outlook

The impact of the Acquisition is immaterial, and there are no changes to the forecasts of operating results for the fiscal period ending January 31, 2025 (August 1, 2024 to January 31, 2025) and the fiscal period ending July 31, 2025 (February 1, 2025 to July 31, 2025) which were announced by SAR in the "(REIT) Financial Report for Fiscal Period Ended July 31, 2024" on September 13, 2024.

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

*This is an English translation of the announcement in Japanese dated December 18, 2024.
However, no assurance or warranties are given for the completeness or accuracy of this English translation.*