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For Immediate Release

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

Asset Management Company
Star Asia Investment Management Co., Ltd.
Representative: Atsushi Kato
Representative Director and President
Contact: Toru Sugihara
Director, and General Manager of Financial
Management Department
TEL: 03-5425-1340

Notice Concerning Acquisition and Transfer of Real Estate Beneficiary Interests in Trust

Star Asia Investment Management Co., Ltd. (the “Asset Manager”), to which Star Asia Investment Corporation (“SAR”) entrusts the management of its assets, announces today its decision to acquire and transfer real estate beneficiary interests in trust (collectively, the “Transactions”) as follows.

SAR has been discussing various measures to “maintain and enhance cash distribution per unit” for “maximization of unitholders’ value” (please refer to Reference Material 4 attached at the bottom of this press release for further details). The Transactions will be implemented as part of such measures in the light of the level of the investment unit price, aiming for the following.

① Strengthening of portfolio

The occupancy rate of Urban Park Yoyogikoen as of today is 100%. However, since the average unit area is large (257.5m²) and the total number of units is only 6, income fluctuation is considered to be relatively large when compared with Urban Park Gokokuji. In contrast, Urban Park Gokokuji is an apartment in central Tokyo with single-type units totaling as many as 112, for which is believed to have strong demand. Therefore, SAR believes the incorporation of Urban Park Gokokuji into the portfolio will contribute to further diversification of tenants as well as to income stability over the medium- to long-term.

② Realizing unrealized gain through transfer of an owned asset and proving the value of an owned asset

The planned transfer price of Urban Park Yoyogikoen is 1,100 million yen, which is above the acquisition price (875 million yen) and the appraisal value at the end of the first fiscal period (1,000 million yen). Such will contribute to an increase in cash distribution per unit for the fiscal period ending July 2017 (3rd fiscal period), and is believed to be an example of proving the value of an asset owned by SAR in the real estate market.

For specific measures currently discussed by the Asset Manager for “Strategy to Maximize Unitholders’ value ,” please refer to attached Reference Material 4.

Going forward, SAR will, including the measures described, consider various ways and means to contribute to unitholders’ value regardless of precedent, and implement them after verification. Please refer to attached Reference Material 5 providing information related to the Transactions and Reference Material 6 describing measures that have been implemented and change in investment unit price.

1. Overview of the asset to be acquired and the asset to be transferred

(1) Overview of the asset to be acquired

Asset to be acquired	Beneficiary interests in trust assets comprised mainly of real estate
Property name	Urban Park Gokokuji (previous name: Joytel Gokokuji) (Note 1)
Asset type	Residential property
Contract date	December 5, 2016
Planned acquisition date	February 1, 2017
Sellers	GK SAPR4
Planned acquisition price (Note 2)	1,460 million yen
Acquisition financing	Part of the payment received for the transfer of Urban Park Yoyogikoen and borrowing
Special notations	<ul style="list-style-type: none"> SAR plans to settle the payment for the acquisition on February 1, 2017 and the acquisition falls under forward commitment, etc. It is set forth that when either SAR or the seller violates the agreed matters or declared sworn matters stipulated in the “sale and purchase agreement of beneficiary interest in trust” and the violation is so material that the purpose of the agreement is recognized as unachievable, the counterparty shall be able to cancel the agreement after notifying the violating party with sufficient period of time specified; and that the party which cancelled the agreement shall be able to request the counterparty, concurrently with the cancellation, to pay penalty equivalent to 10% of the sale and purchase price.

(Note 1) The property name of Joytel Gokokuji described in “Notice Concerning Obtainment of Preferential Negotiation Rights Pertaining to Acquisition of Assets” announced on July 8, 2016 was changed to Urban Park Gokokuji.

(Note 2) Indicated is the sale and purchase price of the asset to be acquired stated in the sale and purchase agreement for the asset to be acquired (excluding acquisition-related expenses, consumption tax and local consumption tax).

(2) Overview of the asset to be transferred

Asset to be transferred	Beneficiary interests in trust assets comprised mainly of real estate
Property name	Urban Park Yoyogikoen
Asset type	Residential property
Contract date	December 5, 2016
Planned transfer date	February 1, 2017
Planned buyer	Not disclosed (Note 1)
Planned transfer price (Note 2)	1,100 million yen
Book value (Note 3)	902 million yen
Gain/loss on sale (Note 4)	154 million yen
Special notations	<ul style="list-style-type: none"> SAR plans to settle the payment for the transfer on February 1, 2017 and the transfer falls under forward commitment, etc. It is set forth that when either SAR or the buyer violates the agreed matters or declared sworn matters stipulated in the “sale and purchase agreement of beneficiary interest in trust” and the violation is so material that the purpose of the agreement is recognized as unachievable, the counterparty shall be able to cancel the agreement after notifying the violating party with sufficient period of time specified; and that the party which cancelled the agreement shall be able to request the counterparty, concurrently with the cancellation, to pay penalty equivalent to 10% of the sale and purchase price. Deposit of 55 million yen set forth in the “sale and purchase agreement of beneficiary interest in trust” is scheduled to be paid by the buyer on the contract date of the agreement, and SAR will, after the payment, have a sale and purchase price receivable of 1,045 million yen, which is the amount after deducting deposit-equivalent from the planned transfer price. Part of the payment received for the transfer is scheduled to be used to finance the acquisition of Urban Park Gokokuji.

(Note 1) The information is undisclosed as consent to disclosure has not been obtained from the planned buyer.

(Note 2) Indicated is the sale and purchase price of the asset to be transferred stated in the sale and purchase agreement for the asset to be transferred (excluding transfer-related expenses, consumption tax and local consumption tax).

(Note 3) Indicated is the book value as of July 31, 2016.

(Note 4) Please refer to “Notice Concerning Revision to Forecasts for Operating Results and Distribution for the Fiscal Period Ending July 31, 2017” announced today.

2. Reason for the Transactions

SAR is to conduct the Transactions pursuant to “the asset management targets and policies” provided in SAR’s Articles of Incorporation. The reasons for the acquisition and transfer are as follows.

(1) Acquisition of Urban Park Gokokuji

Urban Park Gokokuji is a residential building for singles located an approximately 7-minute walk from Zoshigaya Station on the Tokyo Metro Fukutoshin Line and an approximately 20-minute walk from Gokokuji Station on the Tokyo Metro Yurakucho Line. The occupancy rate as of the end of October 2016 is 94.15%, and since the occupancy rates in the past are stable, the property is believed to contribute to income stability of the portfolio.

The neighboring area of Urban Park Gokokuji has seen rejuvenation in the whole area including Minami-Ikebukuro due to completion of the new ward office of Toshima ward, etc. In addition, since the area has a number of universities and junior colleges concentrated, such as Waseda University, Japan Women’s University and Gakushuin University, and access to Ikebukuro and other business areas via Tokyo Metro Fukutoshin Line and Yurakucho Line is excellent, the property boasts strong appeal mainly to students and young single workers.

Urban Park Gokokuji was subject to the Sale Preferential Negotiation Right Agreement concluded with the Sponsor group and the preferential negotiation right was exercised this time around.

(2) Transfer of Urban Park Yoyogikoen

Urban Park Yoyogikoen is a residential building for families located an approximately 6-minute walk from Yoyogi-Hachiman Station on the Odakyu Line and Yoyogi-koen Station on the Tokyo Metro Chiyoda Line. The occupancy rate as of the end of November 2016 reached 100% as a result of leasing activities based on the accurate and precise leasing strategy.

The Yoyogikoen/Yoyogiuehara area where Urban Park Yoyogikoen stands is not only closely located to Tokyo’s leading commercial areas Shibuya and Shinjuku, but also carries an image as a “high-end residential area” due to a concentration of highly-priced condominiums and embassies among other reasons. Thus the property has an appeal especially to high-income family households and the current occupancy rate stands at 100%. However, since it is a high-end rental apartment, area per unit is large and the total number of units is few (6 units in total), income fluctuation is expected to be large when compared with Urban Park Gokokuji. Urban Park Yoyogikoen also demonstrates “potential value as a high-end condominium” due to its size, total number of units and characteristics of the neighboring area, and thus was decided to be transferred to the planned buyer who highly evaluates such potential value.

The Transactions seek an increase in cash distribution per unit to contribute to SAR’s basic policy of “maximization of unitholder’s value” and is believed to lead to strengthening of the portfolio.

3. Description of the asset to be acquired

Property no.	RSC-06	Property name	Urban Park Gokokuji	Type	Residential property
Overview of specified asset					
Type of specified asset	Beneficiary interest in trust		Trustee	Sumitomo Mitsui Trust Bank, Limited	
Period set for beneficiary interest in trust (planned)			From February 23, 2007 To May 31, 2019		
Planned acquisition price	1,460 million yen		Date of conclusion of sale and purchase agreement	December 5, 2016	
Appraisal value	1,480 million yen		Sellers	GK SAPR4	
Location		346-1 Zoshigaya, Toshima-ku, Tokyo			
Indication of residential address		1-5-4 Zoshigaya, Toshima-ku, Tokyo			
Nearest station		Approximately 7-minute walk from Zoshigaya Station on the Tokyo Metro Fukutoshin Line			
Land	Type of ownership	Proprietary ownership			
	Site area	942.66m ² (Note 1)	Use district	Neighborhood commercial district	
	Building coverage ratio	80%	Floor area ratio	300% (Note 2)	
Building (Note 3)	Type of ownership	Proprietary ownership			
	Total floor area	2,451.72m ²	Use	Apartment complex, office, parking, warehouses, building manager room	
	Construction completion	February 28, 1990	Structure and floors	Reinforced concrete structure 1 floor below ground / 5 floors above ground	
Property management company (planned)	Haseko Livenet Inc.		Master lease company (planned)	Haseko Livenet Inc.	
Type of master lease (planned)			Pass-through		
Status of leasing (as of November 30, 2016) (Note 4)					
Total leasable area	1,964.04m ²		Total number of tenants	98	
Total leased area	1,849.23m ²		Monthly rent (including common area maintenance fee)	7,926 thousand yen	
Security and guarantee deposits			8,256,500 yen		
Occupancy rate					
		End of August 2016	End of September 2016	End of October 2016	End of November 2016
		95.83%	95.83%	94.15%	92.48%
Matter on seismic capacity			PML: 9.2%		
Appraisal firm			Japan Real Estate Institute		
Status of collateral			SAR has no plan to offer it as collateral after the acquisition.		
Special notations					
<ul style="list-style-type: none"> • SAR plans to settle the payment for the acquisition on February 1, 2017 and the acquisition falls under forward commitment, etc. It is set forth that when either SAR or the seller violates the agreed matters or declared sworn matters stipulated in the "sale and purchase agreement of beneficiary interest in trust" and the violation is so material that the purpose of the agreement is recognized as unachievable, the counterparty shall be able to cancel the agreement after notifying the violating party with sufficient period of time specified; and that the party which cancelled the agreement shall be able to request the counterparty, concurrently with the cancellation, to pay penalty equivalent to 10% of the sale and purchase price. 					

(Note 1) 50.85m² of the site area has been provided to Toshima ward as a road (special ward road) free of charge.

(Note 2) Due to the building standing on two different use districts (neighborhood commercial district and category 1 medium-to-high-rise exclusive residential district) and the widening of the front road, the weighted averaged floor area ratio is 278.68%.

(Note 3) The building is under sectional ownership comprised of 9 sections, all of which are subject to acquisition. Indicated is the information of the entire building.

(Note 4) Indicated figures are based on the information as of the end of November 2016, provided by the seller.

4. Description of the asset to be transferred

Property no.	RSC-03	Property name	Urban Park Yoyogikoen	Type	Residential property
Overview of specified asset					
Type of specified asset		Beneficiary interest in trust	Trustee	Sumitomo Mitsui Trust Bank, Limited	
Acquisition price		875 million yen	Acquisition date	January 14, 2016	
Appraisal value		1,000 million yen	Planned buyer	Not disclosed (Note)	
Location		34-25 Yoyogi, Shibuya-ku, Tokyo			
Indication of residential address		5-34-24 Yoyogi, Shibuya-ku, Tokyo			
Nearest station		Approximately 6-minute walk from Yoyogi Hachiman Station on the Odakyu Line			
Land	Type of ownership	Proprietary ownership			
	Site area	894.46m ²	Use district	Category 2 low-rise exclusive residential district	
	Building coverage ratio	60%	Floor area ratio	200%	
Building	Type of ownership	Proprietary ownership			
	Total floor area	2,155.28m ²	Use	apartment complex	
	Construction completion	July 15, 1998	Structure and floors	Reinforced concrete structure 1 floor below ground / 4 floors above ground	
Property management company		House Mate Partners Co., Ltd.	Master lease company	House Mate Partners Co., Ltd.	
Status of leasing (as of end of November 2016)					
Total leasable area		1,545.36m ²	Total number of tenants	5	
Total leased area		1,545.36m ²	Monthly rent (including common area maintenance fee)	4,925 thousand yen	
Security and guarantee deposits			17,800,000 yen		
Occupancy rate					
		End of August 2016	End of September 2016	End of October 2016	End of November 2016
		78.58%	78.58%	78.58%	100.00%
Appraisal firm		Japan Real Estate Institute			
Special notations					
<ul style="list-style-type: none"> • SAR plans to settle the payment for the transfer on February 1, 2017 and the transfer falls under forward commitment, etc. It is set forth that when either SAR or the buyer violates the agreed matters or declared sworn matters stipulated in the “sale and purchase agreement of beneficiary interest in trust” and the violation is so material that the purpose of the agreement is recognized as unachievable, the counterparty shall be able to cancel the agreement after notifying the violating party with sufficient period of time specified; and that the party which cancelled the agreement shall be able to request the counterparty, concurrently with the cancellation, to pay penalty equivalent to 10% of the sale and purchase price. • Deposit of 55 million yen set forth in the “sale and purchase agreement of beneficiary interest in trust” is scheduled to be paid by the buyer on the contract date of the agreement, and SAR will, after the payment, have a sale and purchase price receivable of 1,045 million yen, which is the amount after deducting deposit-equivalent from the planned transfer price. Furthermore, the agreement stipulates that, during the period from the contract date of the agreement to the end of December 2016, the seller may cancel the agreement by returning the deposit with no interest to the buyer and paying the same amount to the buyer; and the buyer may cancel the agreement by waiving the deposit. 					

(Note) The information is undisclosed as consent to disclosure has not been obtained from the planned buyer.

5. Summary of appraisal report
(1) Urban Park Gokokuji

(Unit: yen)

Summary of real estate appraisal report		
Property name	Urban Park Gokokuji	
Appraisal value	1,480,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	November 1, 2016	
Item	Details	Description, etc.
Indicated value by income approach	1,480,000,000	Estimated by correlation of the indicated value by direct capitalization method and the indicated value by DCF method.
Indicated value by direct capitalization method	1,500,000,000	
(1) Operating revenue ((a)-(b))	103,021,000	
(a) Gross potential income	108,234,000	
(b) Vacancy loss, etc.	5,213,000	Appraised taking into consideration the occupancy status of the subject real estate and similar real estate and future supply/ demand trend.
(2) Operating expenses	26,772,000	
Maintenance and management fee	6,340,000	Appraised by reference to the agreement terms and the level of similar real estate.
Utilities expenses	5,600,000	Appraised by reference to actual data and the level of similar real estate.
Repair expenses	3,933,000	Appraised by reference to costs for restoring to original state, repair and renewal expenses in the ER and the level of similar real estate.
Property management fee	1,927,000	Appraised by reference to the agreement terms and the level of similar real estate.
Tenant leasing cost, etc.	4,569,000	Appraised by reference to the agreement terms and the level of similar real estate.
Property taxes	3,595,000	Appraised based on actual data.
Insurance premium	288,000	Appraised by reference to the level of similar real estate.
Other expenses	520,000	Recorded internet usage charge.
(3) Net operating income (NOI=(1)-(2))	76,249,000	
(4) Financial interests on deposits	82,000	Appraised investment return as 1.0%.
(5) Capital expenditures	7,480,000	Appraised by reference to repair and renewal expenses in the ER and the level of similar real estate.
(6) Net cash flow (NCF=(3)+(4)-(5))	68,851,000	
(7) Capitalization rate	4.6%	Appraised by comprehensively taking into account the competitiveness of the subject real estate, etc.
Indicated value of DCF method	1,450,000,000	
Discount rate	4.4%	Appraised by comprehensively taking into account the competitiveness of the subject real estate, etc.
Terminal capitalization rate	4.8%	Appraised by reflecting aging risk, market trend risk, etc.
Indicated value by cost approach	945,000,000	Estimated by multiplying the total of the land price and the building price by marketability correction rate.
Ratio of land	80.2%	
Ratio of building	19.8%	
Matters considered in reconciliation of indicated values and determination of appraisal value	Employed the indicated value by income approach with the indicated value by cost approach only as reference.	

(2) Urban Park Yoyogikoen

(Unit: yen)

Summary of real estate appraisal report		
Property name	Urban Park Yoyogikoen	
Appraisal value	1,000,000,000	
Appraisal firm	Japan Real Estate Institute	
Date of value	July 31, 2016	
Item	Details	Description, etc.
Indicated value by income approach	1,000,000,000	Estimated by correlation of the indicated value by direct capitalization method and the indicated value by DCF method.
Indicated value by direct capitalization method	1,020,000,000	
(1) Operating revenue ((a)-(b))	63,277,000	
(a) Gross potential income	67,316,000	
(b) Vacancy loss, etc.	4,039,000	Appraised taking into consideration the occupancy status of the subject real estate and similar real estate and future supply/ demand trend.
(2) Operating expenses	17,541,000	
Maintenance and management fee	6,880,000	Appraised by reference to the agreement terms and the level of similar real estate.
Utilities expenses	1,000,000	Appraised by reference to actual data and the level of similar real estate.
Repair expenses	1,890,000	Appraised by reference to costs for restoring to original state, repair and renewal expenses in the ER and the level of similar real estate.
Property management fee	1,266,000	Appraised by reference to the agreement terms and the level of similar real estate.
Tenant leasing cost, etc.	1,281,000	Appraised by reference to the agreement terms and the level of similar real estate.
Property taxes	4,833,000	Appraised based on actual data.
Insurance premium	91,000	Appraised by reference to the level of similar real estate.
Other expenses	300,000	Recorded CATV usage charge.
(3) Net operating income (NOI=(1)-(2))	45,736,000	
(4) Financial interests on deposits	422,000	Appraised investment return as 2.0%.
(5) Capital expenditures	2,449,000	Appraised by reference to repair and renewal expenses in the ER and the level of similar real estate.
(6) Net cash flow (NCF=(3)+(4)-(5))	43,709,000	
(7) Capitalization rate	4.3%	Appraised by comprehensively taking into account the competitiveness of the subject real estate, etc.
Indicated value of DCF method	979,000,000	
Discount rate	4.1%	Appraised by comprehensively taking into account the competitiveness of the subject real estate, etc.
Terminal capitalization rate	4.5%	Appraised by reflecting aging risk, market trend risk, etc.
Indicated value by cost approach	1,190,000,000	Estimated by multiplying the total of the land price and the building price by marketability correction rate.
Ratio of land	82.6%	
Ratio of building	17.4%	
Matters considered in reconciliation of indicated values and determination of appraisal value	Employed the indicated value by income approach with the indicated value by cost approach only as reference.	

6. Profile of the seller and planned buyer

(1) Seller profile (Urban Park Gokokuji)

Name	GK SAPR4
Location	1-7-1 Motoakasaka, Minato-ku, Tokyo
Representative	Representative partner: Ippanshadanhoujin SAPR Holding4 Operational executor: Terumitsu Nosaka
Main business description	1. Acquisition, ownership, disposition and management of beneficially interest in trust 2. Sales, ownership, management, leasing and disposition of real estate 3. All business incidental to the above
Capital	100,000 yen
Established	August 6, 2015
Relationship with investment corporation or asset management company	
Capital relationship	There is no capital relationship to report.
Personnel relationship	There is no personal relationship to report.
Business relationship	There is no business relationship to report.
Related party or no	The Seller does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party (Note) prescribed in the "Rules on Transactions with Interested Parties", which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR's assets. Upon conducting the acquisition of the assets, the Asset Manager has performed deliberation and resolution in accordance with the voluntary rules.

(Note) Star Asia Management Limited (the Sponsor), Star Asia Asset Management LLC, Star Asia Management Japan Limited, Malcolm F. MacLean IV, Taro Masuyama and investment vehicles (a) that are in Japan and own or acquire investments assets such as real estate or (b) that own or acquire investment units of SAR and are the investment destination of funds (excluding minority investments) for which Malcolm F. MacLean IV and Taro Masuyama make investment decisions.

(2) Planned buyer profile (Urban Park Yoyogikoen)

The information is undisclosed as consent to disclosure has not been obtained from the planned buyer. There is no capital relationship, personnel relationship or business relationship to report between SAR/the Asset Manager and the buyer, nor does the buyer fall under the category of related party of SAR/the Asset Manager.

7. Status of Parties Related to the Acquisition of the Property

	Previous owner, previous trustee	Before Previous owner, previous trustee
Company name	GK SAPR4	Other than the one with a relationship of special interest
Relationship with parties who have special interests	The company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the "Rules on Transactions with Interested Parties" set forth by the Asset Manager.	—
Acquisition background and reason, etc.	Acquired for investment management purpose	—
Acquisition price	1,460,000,000 yen	—
Acquisition period	May 31, 2016	—

8. Transaction with interested person, etc.

The Transactions are no transactions with interested person, etc., but the seller in the asset acquisition falls under the category of interested party prescribed in the "Rules on Transactions with Interested Parties," which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR's assets. Upon deciding on the acquisition of the asset, the Asset Manager has performed deliberation and resolution in accordance with the voluntary rules.

9. Overview of broker

(1) Urban Park Gokokuji

① Overview of broker

The information is undisclosed as consent to disclosure has not been obtained from the broker. There is no capital relationship, personnel relationship or business relationship to report between SAR/the Asset Manager and the broker, nor does the broker fall under the category of related party of SAR/the Asset Manager.

② Value of the brokerage commission

Since the consent has not been obtained from the broker, the information is not disclosed as an undisclosed case due to unavoidable reasons.

(2) Urban Park Yoyogikoen

① Overview of broker

Name	Sumitomo Mitsui Trust Bank, Limited
Location	1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Representative	Hitoshi Tsunekage, President
Main business description	(1) Trust business (including antique dealings conducted as trust business) (2) Acceptance of deposits and installment savings, extending loans, discounting bills and notes and exchange transactions (3) Guarantee of obligations, acceptance of bills and notes and any other business incidental to the banking business mentioned in the preceding item (4) Underwriting, handling of offering for subscription and for sale, purchasing and selling and any other business which banks and/or trust companies are permitted to conduct under the Financial Instruments and Exchange Act of Japan in respect of national government bonds, local government bonds and government-guaranteed bonds and any other securities (5) Any business in which banks and/or trust companies are permitted to engage under the Secured Bonds Trust Law and other laws (6) Any other business incidental or relating to the businesses mentioned in any of the foregoing items
Capital	342,037,174,046 yen
Established	July 28, 1925
Relationship with investment corporation or asset management company	
Capital relationship	There is no capital relationship to report.
Personnel relationship	There is no personal relationship to report.
Business relationship	The broker is the asset custodian, general administrative agent (transfer agent, organizational operation administrative agent, accounting agent), lender of SAR and trustee for several properties owned by SAR. In addition, there is no relationship to report with the Asset Manager.
Related party or no	The company does not fall under the category of related party of SAR/the Asset Manager.

② Breakdown and value of the brokerage commission

Since the consent has not been obtained from the broker, the information is not disclosed as an undisclosed case due to unavoidable reasons.

10. Schedule for the Transactions

(1) Urban Park Gokokuji

December 5, 2016	Acquisition decided Conclusion of a sale and purchase agreement of trust beneficiary interest
February 1, 2017	Acquisition of beneficiary interest in trust (planned) Payment of acquisition price (planned) Conclusion of a master lease agreement and property management agreement (planned)

(2) Urban Park Yoyogikoen

December 5, 2016	Transfer decided Conclusion of a sale and purchase agreement of trust beneficiary interest Receipt of deposit
February 1, 2017	Transfer of beneficiary interest in trust (planned) Receipt of transfer price (planned)

11. Settlement method

The sale and purchase prices of the Transactions will be settled in lump sum on February 1, 2017. The settlement for the property to be transferred will be receipt of the amount after subtracting 55 million yen received as deposit on the contract date of a sale and purchase agreement of trust beneficiary interest from the transfer price.

12. Future Outlook

As a result of the Transactions, 5% or larger discrepancy is expected for cash distribution per unit in the management status and cash distribution forecast for the fiscal period ending July 2017 announced in Financial Report for Fiscal Period Ended July 31, 2016 dated September 14, 2016. Please refer to "Notice Concerning Revision to Forecasts for Operating Results and Distribution for the Fiscal Period Ending July 31, 2017" announced today for further details.

<Reference Materials>

- Reference Material 1 Portfolio List after the Transactions
- Reference Material 2 Summary of Engineering Report and Earthquake Risk Analysis
- Reference Material 3 Urban Park Gokokuji: Photos of Exterior of Property and Location Map
- Reference Material 4 Strategy to Maximize Unitholder's value
- Reference Material 5 Enhancement of Unitholder's value through Asset Replacement
- Reference Material 6 Change in Investment Unit Price since Listing and Actions Taken

* 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/>

Reference Material 1: Portfolio List after the Transactions

Property no.	Property name	Location	(Planned) acquisition price (million yen) (Note 1)	Real estate appraisal value (million yen) (Note 2)	Investment ratio (%) (Note 3)
OFC-01	Minami-Azabu Shibuya Building	Minato-ku, Tokyo	2,973	3,020	4.8
OFC-02	Oak Minami-Azabu Building	Minato-ku, Tokyo	3,271	3,400	5.3
OFC-03	Honmachibashi Tower	Chuo-ku, Osaka-shi, Osaka	6,065	6,700	9.8
OFC-04	Nishi-Shinjuku Matsuya Building	Shibuya-ku, Tokyo	1,763	2,230	2.8
OFC-05	Alphabet Seven	Minato-ku, Tokyo	1,725	2,250	2.8
OFC-06	Shibuya MK Building	Shibuya-ku, Tokyo	2,042	2,330	3.3
OFC-07	Hakata-eki Higashi 113 Building	Hakata-ku, Fukuoka-shi, Fukuoka	1,885	1,950	3.0
OFC-08	Asahi Building	Kanagawa-ku, Yokohama-shi, Kanagawa	6,320	6,390	10.2
Office subtotal					42.0
RSC-01	Urban Park Azabujuban	Minato-ku, Tokyo	2,045	2,130	3.3
RSC-02	Urban Park Daikanyama	Shibuya-ku, Tokyo	6,315	7,120	10.2
RSC-04	Urban Park Shin-Yokohama	Kohoku-ku, Yokohama-shi, Kanagawa	2,528	2,560	4.1
RSC-05	Urban Park Namba	Naniwa-ku, Osaka-shi, Osaka	1,490	1,590	2.4
RSC-06	Urban Park Gokokuji	Toshima-ku, Tokyo	1,460	1,480	2.4
Residential property subtotal					22.3
LGC-01	Iwatsuki Logistics	Iwatsuki-ku, Saitama-shi, Saitama	6,942	7,000	11.2
LGC-02	Yokohama Logistics	Kanagawa-ku, Yokohama-shi, Kanagawa	3,560	3,860	5.7
LGC-03	Funabashi Logistics	Funabashi-shi, Chiba	7,875	8,210	12.7
Logistics property subtotal					29.6
HTL-01	R&B Hotel Umeda East	Kita-ku, Osaka-shi, Osaka	2,069	2,220	3.3
HTL-02	Smile Hotel Namba	Naniwa-ku, Osaka-shi, Osaka	1,750	2,060	2.8
Hotel subtotal					6.2
			62,078	66,500	100.0

(Note 1) "(Planned) acquisition price" indicates, except for Minami-Azabu Shibuya Building and Oak Minami-Azabu Building, the sale and purchase price stated in the sale and purchase agreement for the acquired asset/asset to be acquired, rounded to the nearest million yen. The sale and purchase price or the planned sale and purchase price does not include consumption tax, local consumption tax and various expenses required for the acquisition. As to Minami-Azabu Shibuya Building and Oak Minami-Azabu Building, since price for each property is not set in the sale and purchase agreement, the total sale and purchase price of the two properties is divided proportionally based on the ratio of appraisal value of each property at the time of acquisition and indicated as "Acquisition price."

(Note 2) "Real estate appraisal values" are the opinions of value stated in the real estate appraisal report with July 31, 2016 as the date of value for acquired assets and November 1, 2016 for assets to be acquired, each rounded to the nearest million yen.

(Note 3) "Investment ratio" is the ratio of (planned) acquisition price for each acquired asset/asset to be acquired to the total of (planned) acquisition prices, rounded to the first decimal place.

Reference Material 2: Summary of engineering report and earthquake risk analysis

Property no.	Property name	Engineering report				Earthquake risk analysis (Note 4)
		Investigator (Note 1)	Investigation report date	Emergency and short-term repair expenses (thousand yen) (Note 2)	Medium to long-term repair expenses (thousand yen) (Note 3)	PML (%)
OFC-01	Minami-Azabu Shibuya Building	Deloitte Touche Tohmatsu	December 2015	0	18,000	12.6
OFC-02	Oak Minami-Azabu Building	Deloitte Touche Tohmatsu	December 2015	0	23,286	High-rise bldg.: 11.2 Low-rise bldg. A: 6.3 Low-rise bldg. B: 5.5
OFC-03	Honmachibashi Tower	Deloitte Touche Tohmatsu	December 2015	0	25,058	2.7
OFC-04	Nishi-Shinjuku Matsuya Building	Deloitte Touche Tohmatsu	December 2015	0	16,002	12.2
OFC-05	Alphabet Seven	Deloitte Touche Tohmatsu	December 2015	0	7,000	7.8
OFC-06	Shibuya MK Building	Deloitte Touche Tohmatsu	December 2015	0	6,031	13.1
OFC-07	Hakata-eki Higashi 113 Building	Earch Appraisal	December 2015	0	20,018	7.1
OFC-08	Asahi Building	Earch Appraisal	December 2015	950	44,821	4.8
RSC-01	Urban Park Azabujuban	Deloitte Touche Tohmatsu	December 2015	0	3,515	7.2
RSC-02	Urban Park Daikanyama	Deloitte Touche Tohmatsu	December 2015	0	18,023	Existing bldg.: 12.7 Bldg. A: 10.2 Bldg. B: 7.9
RSC-04	Urban Park Shin-Yokohama	Tokio Marine & Nichido Fire Insurance	December 2015	0	5,440	14.5
RSC-05	Urban Park Namba	Tokio Marine & Nichido Fire Insurance	December 2015	0	2,321	13.2
RSC-06	Urban Park Gokokuji	Deloitte Touche Tohmatsu	November 2016	0	10,468	9.2
LGC-01	Iwatsuki Logistics	Deloitte Touche Tohmatsu	December 2015	0	5,103	12.2
LGC-02	Yokohama Logistics	Deloitte Touche Tohmatsu	December 2015	0	32,395	10.8
LGC-03	Funabashi Logistics	Deloitte Touche Tohmatsu	December 2015	0	59,941	Bldg. 1-A: 13.9 Bldg. 1-B: 14.4 Bldg. 2: 11.1
HTL-01	R&B Hotel Umeda East	Earch Appraisal	December 2015	0	11,429	11.4
HTL-02	Smile Hotel Namba	Earch Appraisal	December 2015	0	2,125	12.3
Entire Portfolio (Note 4)						3.56

(Note 1) "Deloitte Touche Tohmatsu," "Earth Appraisal" and "Tokio Marine & Nichido Fire Insurance" in the "Investigator" refer to Deloitte Tohmatsu Property Risk Solution Co., Ltd., Earth-Appraisal Co., Ltd. and Tokio Marine & Nichido Risk Consulting Co., Ltd., respectively.

(Note 2) "Emergency and short-term repair expenses" is the expenses stated in the engineering report as expenses in urgent need and repair and renewal expenses required within roughly one year, rounded to the nearest thousand yen.

(Note 3) "Medium to long-term repair expenses" is the average amount per year of the repair and renewal expenses projected for the next 12 years stated in the engineering report, rounded to the nearest thousand yen.

(Note 4) SAR consigned calculation of individual PML and portfolio PML to Deloitte Tohmatsu Property Risk Solution Co., Ltd. and have received the reports. The figure in the entire portfolio column is the PML for the entire portfolio (portfolio PML) based on the company's "portfolio earthquake risk evaluation report" dated February 2016.

Reference Material 3:

<Urban Park Gokokuji: photos of exterior of property>



<Urban Park Gokokuji: location map>



Strategy to Maximize Unitholders' Value

Taking flexible measures in accordance with investment unit price levels

Rise in investment unit price accompanying the improvement in unitholders' value

- Growth in cash distribution per unit and NAV per unit
- Securing flexibility in financial strategies

Secureing future external growth and investment opportunities

- Acquisition of preferential negotiation rights
- Utilization of sponsor support
- Further diversification of income opportunities (considering investment in mezzanine loan debt)

Maximization of unitholders' value
(Maintaining/improving cash distribution per unit)

Pursuing optimal portfolio management

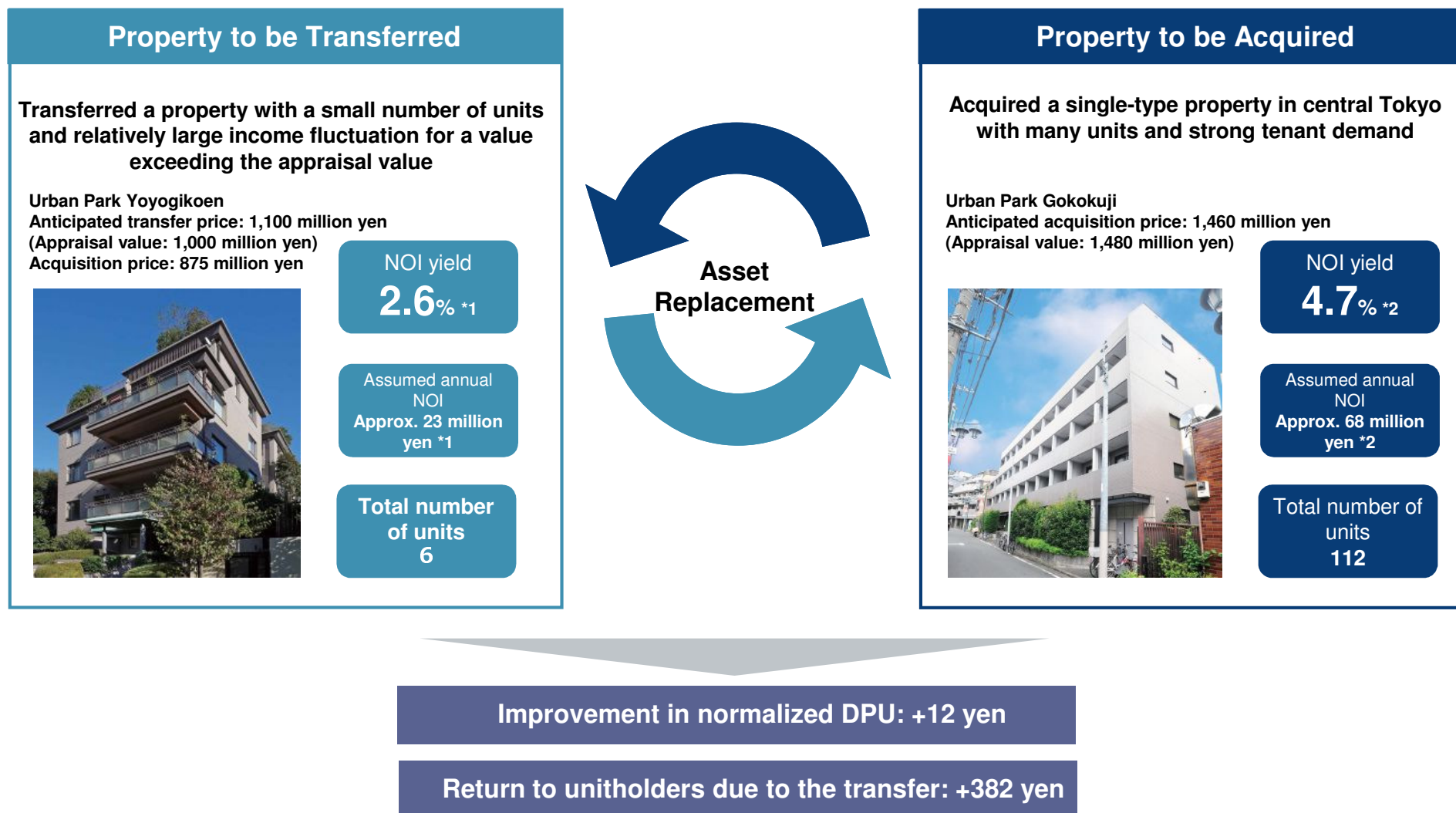
- Elimination of rent gap
- Enhancement of property value with appropriate capital expenditure
- Reduction of operational cost
- Asset replacement aiming to improve quality, profitability and stability of the portfolio
- Asset transfer to realize unrealized gain, proving the evaluation of owned assets

Promoting proactive financial management

- Reduction of financing cost
- Introduction of cumulative investment system of investment units by officers and employees
- Considering obtainment of credit rating
- Considering acquisition of treasury units
- Early repayment of borrowings
- Proactive IR activities

Aim for accretive equity finance

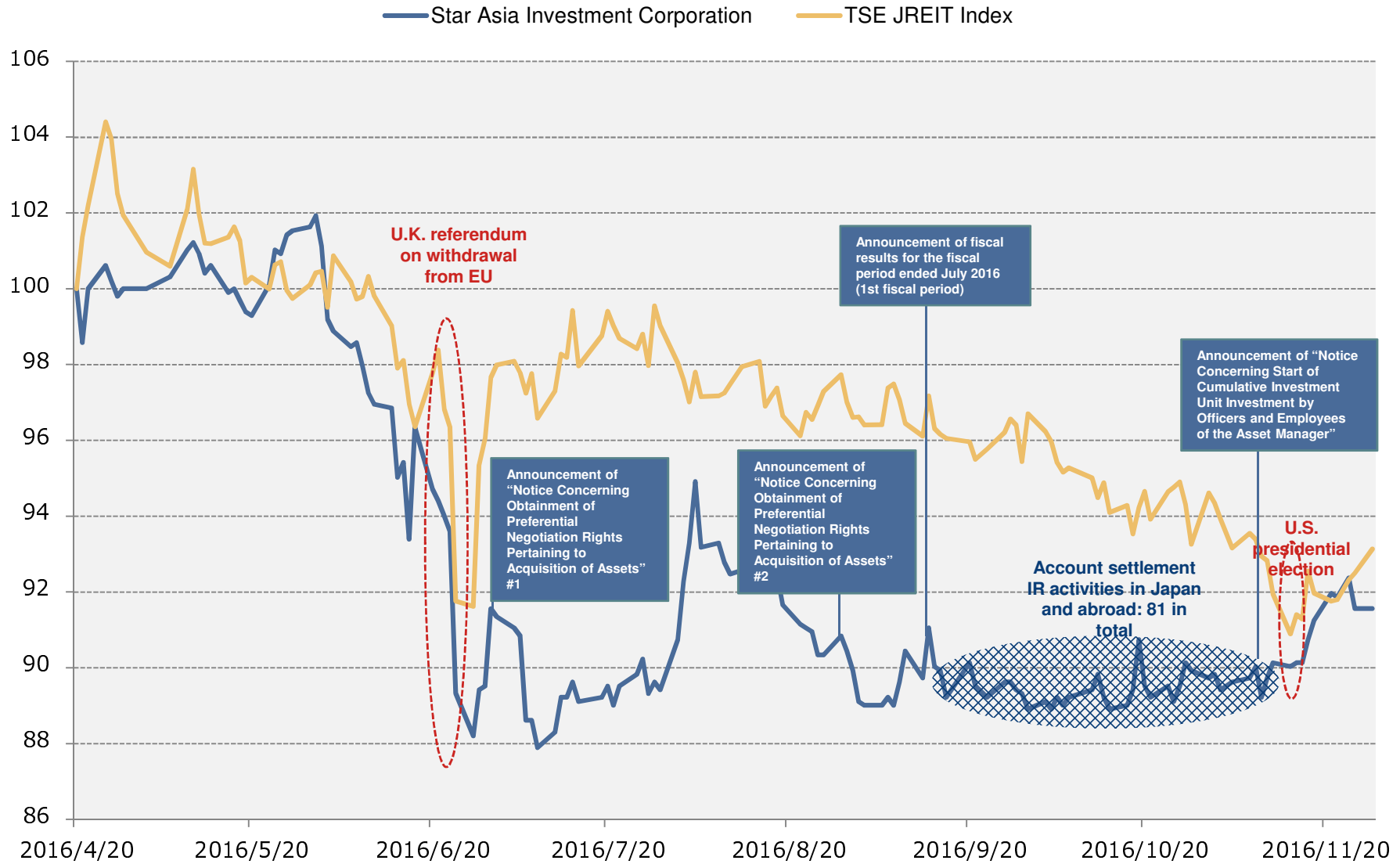
Enhancement of Unitholders' Value through Asset Replacement



*1: NOI of Urban Park Yoyogikoen is calculated by subtracting the expected amount of fixed property taxes and city planning taxes from the amount obtained by adding the forecast amount for the period from November 2016 to January 2017 to the actual amount for the period from February 2016 to October 2016. Furthermore, NOI yield is calculated by dividing the calculated NOI by the acquisition price. In addition, the property achieved a 100% occupancy rate (as of November 2016), which was only 61.8% at the end of November 2015, by conducting leasing activities in cooperation with the property manager based on the leasing strategy drawn by the asset manager. Accordingly, temporary expenses (brokerage fee) accompanying leasing and unearned period due to free-rent, etc. are seen.

*2: NOI of Urban Park Gokokuji is calculated based on the information provided by the current owner, etc. taking into account the market trends, etc., with the expected amount of fixed property taxes and city planning taxes deducted. Furthermore, NOI yield is calculated by dividing the calculated NOI by the anticipated acquisition price.

Change in Investment Unit Price since Listing and Actions Taken



*1 The above figures are TSE JREIT Index and SAR's closing price indexed to 100 at the listing date (April 20, 2016).