

February 26, 2021

For Immediate Release

Real Estate Investment Trust Securities Issuer
Star Asia Investment Corporation
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(Code: 3468)

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Notice Concerning signing of Fixed-Term Lease Agreement with respect to
a Domestic Real Estate Trust Beneficiary Interest (1 Hotel Property) and Change of Property Name

Star Asia Investment Management Co., Ltd. (the "Asset Manager") to which Star Asia Investment Corporation ("SAR") entrusts the management of its assets announces that today it has decided to enter into a "Fixed-term Lease Agreement" (the "Lease Agreement") with Fino Hotels Co., Ltd. (the "Operator") which is a 100 %-owned subsidiary of Kachikaihatsu Co., Ltd. (TSE 2nd section, code 3010; hereinafter referred to as "Kachikaihatsu") which is a member of the Star Asia Group. with respect to "Hotel WBF Art Stay Namba" (the "Property") which is a managed asset of SAR. Details are described below.

With respect to the Property, as announced in the press release dated April 27, 2020 entitled "Notice Concerning Status of a Tenant of a Hotel Property", the press release dated July 28, 2020 entitled "Notice Concerning Status of a Tenant of a Hotel Property (follow-up report) - Signing of Lease Contract Cancellation Agreement with the Current Tenant-", and the press release dated September 14, 2020 entitled "Notice Concerning Status of a Tenant of a Hotel Property (follow-up report) - Signing of Memorandum Agreement regarding Hotel Operations with KACHIKAIHATSU Co. Ltd.", it was closed on June 30, 2020, and the lease agreement with the former operator was terminated by agreement as of July 28, 2020. For details, please refer to the above-mentioned announcements.

1. Reason for Entering into the Lease Agreement

As announced in the press release dated September 14, 2020 entitled "Notice Concerning Status of a Tenant of a Hotel Property (follow-up report) - Signing of Memorandum Agreement regarding Hotel Operations with KACHIKAIHATSU Co. Ltd.", as a result of having considered various utilization options including changing the use zoning classification of the property, SAR and the Asset Manager have determined that it is most appropriate to solicit new operator for the hotel, and have entered into a "Memorandum Agreement regarding Hotel Operations" with Kachikaihatsu, while also continuing negotiations with other multiple new operator candidates (tenant candidates) regarding lease conditions towards entering into a lease agreement.

In the process of such negotiations, we have asked multiple new operator candidates to submit future business plans and methods for setting rents etc., and after comparing and considering such proposals, we have determined that signing a lease agreement with the Operator is the best choice for SAR. Furthermore, upon making the decision to enter into the Lease Agreement, necessary deliberations have been made and resolutions passed in relation to the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including any amendments thereto; hereinafter referred to as the "Investment Trust Act") as well as

rules regarding interested parties' transactions of the Asset Manager.

The Operator is a member of Star Asia Group, and is a 100 % subsidiary of Kachikaihatsu which falls under Interested Person, etc. of the Asset Manager. The Operator's core business is the operation and management of hotels, and has a track record of operating 14 hotel buildings and 1644 rooms (as of today), and in particular, in the Osaka Area, it operates 4 hotel properties and 521 rooms. Upon operating the Property, as it is capable of sharing human resources and placing lump sum orders for hotel equipment etc. related to the region, it is believed that a highly efficient hotel management operations can be expected.

The opening date shall be a day decided by the Operator which shall be in the period up to December 31, 2021; however, the Operator shall consult with the Asset Manager in good faith so that the actual opening will occur by August 1, 2021. The best timing for opening shall be discussed based on analysis of external factors such as the effects of the global spreading of COVID-19 and holding of the Tokyo Olympic games.

2. General Description of the Lease Agreement

| | | |
|---|---|--|
| (1) Name of property | : | Hotel WBF Art Stay Namba (Note 1) |
| (2) Name of tenant | : | Fino Hotels Co., Ltd. |
| (3) Rentable area | : | 2,061.38 m ² |
| (4) Ratio to the Property's total rentable area | : | 100.0 % |
| (5) Ratio to SAR's total rentable area | : | 0.5 % (Note 2) |
| (6) Rent | : | < Variable Rent > The rent amount is calculated by multiplying 80% to the GOP (Note 4) equivalent amount from operation of the Property for the rent calculation period (every 3 months) (Note 3) and then adding consumption tax and local consumption tax amounts. Provided, however, that if the amount derived by multiplying 80% to the GOP equivalent amount is a negative number, the rent amount shall be zero. |
| (7) Security deposit and guarantee money | : | 0 yen (Note 5) |
| (8) Lease Agreement signing date | : | February 26, 2021 |
| (9) Lease commencement date | : | March 1, 2021 |
| (10) Contract period | : | March 1, 2021 to February 28, 2031 |
| (11) Others | : | SAR shall pay to the Operator JPY 9,000,000 (plus consumption tax) as opening preparation fee. However, if the Operator fails to open the hotel at the Property by December 31, 2021, the Operator shall pay to SAR JPY 9,000,000. |

(Note 1) This is the name as of today. It is planned for the property name to be changed to "KOKO HOTEL Osaka Namba" in the future, as a part of Operator's brand strategy.

(Note 2) The ratio against the total rentable area of assets held by SAR as of January 31, 2021 is stated, rounded to one decimal place.

(Note 3) The rent calculation period is every 3 months ending on the calculation dates which are the end of the months of April, July, October, and the following January of each year.

(Note 4) "GOP" means the amount calculated by deducting from the Property's hotel sales (excluding consumption tax and local consumption tax amounts) the cost of sales and operating costs such as personnel expenses etc. (excluding consumption tax and local consumption tax amounts).

(Note 5) Under the Lease Agreement, no security deposits or guarantee money will be exchanged.

3. Overview of the Operator

| | |
|---|---|
| Name | Fino Hotels Co., Ltd. |
| Location | 1-12-3 Iwamoto-cho, Chiyoda-ku, Tokyo |
| Name and title of Representative | Shigeru Takakura, CEO |
| Main Business Description | Hotel operation and management, and receiving entrustment of such business |
| Capital | JPY 99,000,000 (Note 1) |
| Date of Establishment | April 3, 2007 |
| Net Assets | Not disclosed (Note 2) |
| Total Assets | |
| Major shareholder and ratio of shareholding | Kachikaihatsu Co. Ltd. 100.0 % |
| Relationship with SAR and the Asset Manager | |
| Capital Relationship | There is no direct capital relationship between SAR / the Asset Manager and the Operator. However, the Operator is a subsidiary of Kachikaihatsu which is an Interested Party, etc. of the Asset Manager. As of today, Kachikaihatsu holds 100% of the voting rights of the Operator. |
| Personnel Relationship | There are no personnel relationships between SAR / the Asset Manager and the Operator which is worth noting. However, 2 persons of Star Asia Group have been appointed as Directors of the Operator. |
| Business Relationship | There are no business relationships worth noting between SAR / the Asset Manager and the Operator, other than the Lease Agreement. |
| Related party or not | The Operator falls under Interested Person, etc. as defined under Article 201 of the Investment Trust Act and Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000; including any amendments thereto). Furthermore, the Asset Manager falls under a related party as defined in the "Related Party Transaction Rules" which is a self-imposed rule established as countermeasures for conflicts of interests related to SAR's asset management. Upon entering into the Lease Agreement, the Asset Manager has made necessary deliberations and passed necessary resolutions as provided for under the Investment Trust Act and internal rules (including the "Related Party Transaction Rules"). |

(Note 1) This figure is based on information as of December 31, 2020.

(Note 2) This is not disclosed, because the Operator has not given consent to such disclosure.

4. Change of Property Name

(1) Property Name

| Current Property Name | New Property Name |
|--------------------------|------------------------|
| Hotel WBF Art Stay Namba | KOKO HOTEL Osaka Namba |

(2) Effective Date

March 1, 2021

(3) Reason for Change

The property name will be changed as part of the brand strategy of the Operator.

5. Future Outlook

The impact of the Lease Agreement on SAR's management status is currently being examined. The management status forecast for the period ending July 2021 (February 1, 2021 to July 31, 2021) and the period ending January 2022 (August 1, 2021 to January 31, 2022) will be announced in the "(REIT) Financial Report for the Fiscal Period Ended January 31, 2020" expected to be announced on March 16, 2021.

6. Others

There was an error in the press release announced on September 14, 2020 entitled "Notice Concerning Status of a Tenant of a Hotel Property (follow-up report) - Signing of Memorandum Agreement regarding Hotel Operations with KACHIKAIHATSU Co. Ltd." We would like to correct the error as follows. (The correction is underlined.)

| Before Correction | After Correction |
|---|--|
| Kachikaihatsu Co. Ltd. (TSE 2 nd Section: code no. 3040, hereinafter referred to as "Kachikaihatsu") | Kachikaihatsu Co. Ltd. (TSE 2 nd Section: code no. 30 <u>1</u> 0, hereinafter referred to as "Kachikaihatsu") |

End

<Reference Information>

| | |
|--------------------|---|
| April 27, 2020 | Notice Concerning Status of a Tenant of a Hotel Property |
| July 28, 2020 | Notice Concerning Status of a Tenant of a Hotel Property (follow-up report) - Signing of Lease Contract Cancellation Agreement with the Current Tenant- |
| September 14, 2020 | Notice Concerning Status of a Tenant of a Hotel Property (follow-up report) - Signing of Memorandum Agreement regarding Hotel Operations with KACHIKAIHATSU Co. Ltd. - |

* SAR HP URL: <http://starasia-reit.com/en/>

This is an English translation of the announcement in Japanese dated February 26, 2021. However, no assurance or warranties are given for the completeness or accuracy of this English translation.