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For Immediate Release

Real Estate Investment Trust Securities Issuer
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Announcement concerning the Redemption of Mezzanine Loan Debt
(Prepayment of the Subordinated Loan Claims)

As stated in the press release dated January 24, 2019 entitled “Notice Concerning Acquisition of Mezzanine Loan Debt, Star Asia Mezzanine Loan Debt Investment Series 4 (Subordinate Loan Claims)”, Star Asia Investment Corporation (“SAR”) has held in investment the subordinated portion of the non-recourse loan (the “Subordinate Loan Claim”) to GK DS Kaigan (the “GK”), whose collateral asset are the beneficiary interest in trust (the “Collateral Asset”) with DS Kaigan Building (formerly called “Premier Kaigan Building”) as the main entrusted asset. However, as the GK recently sold the Collateral Asset to a third party, the GK as the borrower of the Subordinated Loan Claim has executed prepayment in full of the Subordinated Loan Claim to SAR. Details are described below.


Given this prepayment, of the 5 mezzanine loan debt investments executed by SAR to date, two of them have been redeemed.

1. Overview of the Subordinated Loan Claim

The Subordinated Loan Claim is the subordinate portion of the loan claim towards the GK, with the collateral asset being the beneficial interest in trust with DS Kaigan Building as the main entrusted asset. SAR acquired on January 30, 2019 and continued to hold 3 million yen of the Subordinated Loan Claim, based on the judgement that the certainty of principal repayment was high, the investment would bring about diversification of investment targets, dividend income (base rate +5%) would be gained with the effective use of own capital, and also given the expectation towards increase of distributable income.

<Overview of Subordinate Beneficiary Interest Structure (as of January 24, 2019)>

| GK | |
|---|--|
| Collateral Asset Premier Kaigan Building | (Senior loan) 3,354.3 million yen Lender A (note2) |
| (Current name : DS Kaigan Building) | (Mezzanine Loan) 300 million yen Lender B (note2) |
| Appraisal Value 5,750 million yen (note1) | (Equity) Silent partnership, investment, etc. |



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|---|
| (Subordinate Loan Claims) 300 million yen SAR (note3) |
|---|

(Note 1) The appraisal value as of November 30, 2018 is indicated.

(Note 2) Undisclosed due to the request from the Lender.

(Note 3) The Subordinated Loan Claim was acquired from Lender B on January 30, 2019.

For details regarding the Subordinate Beneficiary Interest described above, please refer to “Notice Concerning Acquisition of Mezzanine Loan Debt - Star Asia Mezzanine Loan Debt Investment Series 4 (Subordinate Loan Claims)” announced on January 24, 2019.

2. Prepayment of the Subordinated Loan Claim

With the sale of the Collateral Asset by the GK, SAR received from the GK an aggregate amount including the full principal amount of prepayment of the Subordinated Loan Claim, together with accrued interest and break-funding costs.

3. Future forecast

The impact of the prepayment of the Subordinated Loan Claim on the operating results is immaterial, and there are no changes to the forecast of operating results for the fiscal period ending January 31, 2022 (August 1, 2021 to January 31, 2022) and the fiscal period ending July 31, 2022 (February 1, 2022 to July 31, 2022) which were announced in the “(REIT) Financial Report for Fiscal Period Ended July 31, 2021” dated September 14, 2021.

4. Other matters required for investors to appropriately understand and evaluate the above information

In conjunction with the risks related to investments in the mezzanine loan debt, there are no changes to the section “Part 2. Reference Information, 2. Supplementary Information on Reference Documents, 3. Investment Risks” found in the securities report submitted on August 2, 2021.

SAR will continue to discuss investment in mezzanine loan debt, which not only realizes diversification of investment targets, but also boosts distributable profits through effective use of cash on hand allowing SAR to receive dividend income, as part of the active management strategy that leads to maximization of unitholders’ value.

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

This is an English translation of the announcement in Japanese dated October 22, 2021.

However, no assurance or warranties are given for the completeness or accuracy of this English translation.