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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 6 (Class C Specified Bonds)

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 SAR’s sixth mezzanine loan debt investment and has leveraged sponsor support from Star Asia Group. 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	Specified Bonds: Specified bonds (hereinafter referred to as the “Class C Specified Bonds”) issued by Tajimi Tokutei Mokuteki Kaisha (the “TMK”) with the collateral assets being trust beneficial interests with Tajimi Logistics Center being the main assets in trust (such beneficial interest hereinafter referred to as the “Collateral Asset”) (Note1)
(2) Name of asset to be acquired	Star Asia Mezzanine Loan Debt Investment Series 6
(3) Collateral Asset	Trust beneficial interests with Tajimi Logistics Center being the main assets in trust.
(4) Trustee of the Collateral Asset	Sumitomo Mitsui Trust Bank, Ltd.
(5) Trust period of the Collateral Asset	From September 9, 2011 to March 31, 2030
(6) Face Amount of the Class C Specified Bonds	400,000,000 yen
(7) Acquisition price of the Class C Specified Bonds	400,000,000 yen (excluding acquisition expenses)
(8) Interest Rate	Base rate (Note 2) + 7.00%
(9) LTV against collateral assets	Not disclosed (Note 3)
(10) Planned signing date of the Class B Specified Bonds Assignment Agreement	December 17, 2021
(11) Planned acquisition date of	December 23, 2021

the Class C Specified Bonds																									
(12) Interest payment date of the Class C Specified Bonds	15 th day of March, June, September and December (Four times a year) (The first interest payment date is March 15, 2022)																								
(13) Final redemption date (Planned)	July 10, 2026 (Note 4)																								
(14) Funding for acquisition	Cash on hand																								
(15) Settlement method	Refer to 6. Settlement method																								
(16) Seller	SA Alpha Investment Limited Partnership																								
(17) Overview of the structure of the Class C Specified Bonds	<p>Operator: The TMK</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="3" style="text-align: center;">TMK</td> </tr> <tr> <td rowspan="3" style="text-align: center; vertical-align: middle;">The Collateral Asset Tajimi Logistics Center Appraisal value is not disclosed (Note 3)</td> <td rowspan="3" style="text-align: center; vertical-align: middle;">【Specified Bond】</td> <td style="text-align: center;">(Class A Specified Bonds)</td> </tr> <tr> <td style="text-align: center;">(Class B Specified Bonds)</td> </tr> <tr> <td style="text-align: center;">(Class C Specified Bonds) SA Alpha Investment Limited Partnership</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: center;">→</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: center;">SAR 400,000,000 yen</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: center;">【Equity】</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: center;">Preferred Equity</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: center;">Specified Equity</td> </tr> </table> <p>1. On December 23, 2021, SAR will purchase from the current holder the principal outstanding amount (400,000,000 yen) of the Class C Specified Bonds, and at the same time will succeed to the status and all rights and obligations with respect to the Class C Specified Bonds.</p> <p>2. The Class C Specified Bonds will be subordinated to the Class A Specified Bond and the Class B Specified Bonds with respect to the payment of interest and redemption of principal. On the other hand, in principle, payment of interest and repayment of principal on the Class C Specified Bonds will be made in priority to “Equity (preferred equity and specified equity)” of the TMK. In particular with respect to the repayment of principal, in the unlikely event that the value of the Collateral Asset declines, the TMK’s equity (preferred equity and specified equity)” will be first to incur a loss, and principal of the Class C Specified Bonds will incur a loss only after all of the “Equity (preferred equity and specified equity)” is lost.</p>		TMK			The Collateral Asset Tajimi Logistics Center Appraisal value is not disclosed (Note 3)	【Specified Bond】	(Class A Specified Bonds)	(Class B Specified Bonds)	(Class C Specified Bonds) SA Alpha Investment Limited Partnership			→			SAR 400,000,000 yen			【Equity】			Preferred Equity			Specified Equity
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		Specified Equity																							
(18) Relationship between SAR/ the Asset Manager and the TMK * Based on information as of December 17, 2021.	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.

(Note 1) For an overview of the Collateral Asset, please refer to 2. Reason for the Acquisition <Overview of Collateral Asset>.

(Note 2) 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 3) The appraisal value stated in the appraisal report obtained by the Asset Manager for the Collateral Asset is not disclosed, because consent to disclosure has not been obtained from the current owner. The LTV which is the ratio of all of the specified bonds (the total amount) 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 final redemption date of the Class C Specified Bonds is July 10, 2026. However, the Class C Specified Bonds may be repaid prior to the final redemption date for certain reasons such as the sale of the Collateral Asset.

2. Reason for the Acquisition

The Acquisition will not only realize diversification of investment targets, but will also likely boost distributable profits since it will be conducted with cash on hand held by SAR, allowing SAR to receive interest income (planned interest rate: more than 7% (as of the date of this announcement)) from effective use of own funds. Therefore, SAR has decided on the Acquisition judging that such will contribute to maximization of unitholder value. The Asset Manager recognized the following points upon deciding on the acquisition of the Class C Specified Bonds.

- (1) The LTV of the amount of the Class C Specified Bonds together with senior debts calculated based on the appraisal value of the Collateral Asset is lower than SAR's investment standard, and the risk of incurring a loss during the period of holding the Class C Specified Bonds is judged to be low.
- (2) As the trust asset of the Collateral Asset is debt which may be fully repaid given the LTV which is lower than SAR's investment standard as described in (1) above, the certainty of full repayment of the Class C Specified Bonds through the sale of the Collateral Asset or refinancing is judged to be high.
- (3) As a result of own investigations made by the Asset Manager regarding the Collateral Asset, tenant needs towards the Collateral Asset is high, and it is judged that the certainty of payment of interest on the Class C Specified Bonds is also high.
- (4) The expected interest rate on the Class C Specified Bonds is "base rate + 7.00%" (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.

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

<Overview of Collateral Asset>

Asset type	Real estate beneficiary interest in trust
Property name	Tajimi Logistics Center
Owner	The TMK
Location	10-6-136 Asahigaoka, Tajimi-shi, Gifu Prefecture, etc.
Use (Note 1)	Warehouse

Structure (Note 2)		Steel construction alloy plated steel plate roofing 5 floors etc.
Area	Land (Note 3)	56,341.43 m ²
	Building (Total floor area) (Note 4)	75,599.23 m ²
Type of ownership (Note 5)	Land	Proprietary ownership
	Building	Proprietary ownership
Construction completion		September 13, 2012
Earthquake PML (Note 6)		6.49%
Appraisal obtained by the TMK	Appraisal value	Not disclosed (Note 7)
	Appraisal NOI	Not disclosed (Note 7)
	Appraisal date	December 1, 2021
	Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
Occupancy rate		100.0% (as of December 1, 2021)
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) "Type of ownership" is the type of rights held by the trustee of Tajimi Logistics Center.

(Note 6) The PML (probable maximum loss) calculated in the evaluation of seismic risk analysis conducted by Daiwa Real Estate Appraisal Co., Ltd., which was entrusted by the TMK upon acquisition of the Collateral Asset as part of efforts to grasp the appropriate price of the real estate is indicated. "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.

(Note 7) The contents of the real estate appraisal report obtained by SAR for grasping the appropriate price of the Collateral Asset are not disclosed as consent for disclosure has not been obtained from the current holder of the Collateral Asset.

<Evaluation of the Collateral Asset by the Asset Manager>

Tajimi Logistics Center which is the trust asset of the Collateral Asset is a large-scale logistics facility located in Tajimi-shi of Gifu Prefecture.

The Tajimi Logistics Center is located approximately 4.2km away from the "Tajimi Interchange" of the Chuo Expressway, and has excellent traffic access as it is accessible to the Tokai-Kanjo Expressway by going through the "Toki Junction" from the Chuo Expressway, and also to the Tomei Expressway and Meishin Expressway by going through the "Komaki Junction". The location allows for same-day delivery to the Nagoya District which is a large consumption region as well as to the three Tokai prefectures (Aichi, Gifu, Mie), and also to the large area of Chubu region.

Regarding the real estate property, the floor area per floor is approximately 4,800 tsubo, and the gross floor area is approximately 24,000 tsubo, which is adequate floor area for a logistics center.

Given the reasons mentioned above, the Asset Manager has evaluated the Collateral Asset to be a property which can achieve stable cashflow.

3. Overview of the Seller

Name of Seller	SA Alpha Investment Limited Partnership	
Location	2-5-1 Atago, Minato-ku, Tokyo Atago Green Hills MORI Tower 18th floor	
Description of the limited partnership's business	1. Acquisition and holding of the following securities. (i) Specified bonds with general collateral issued by Tajimi Tokutei Mokuteki Kaisha (TMK) 2. All businesses incidental to the preceding item.	
Capital investments	100,000,001 yen	
Date of Effectuation of the Partnership Agreement	March 10, 2020	
General partner	Star Asia Asset Advisors Co., Ltd. Chief Executive Officer, Keiji Watanabe	
Limited partner	Star Asia Finance, LLC	
Total assets	Not disclosed (Note 1)	
Net assets	Not disclosed (Note 1)	
Relationship between SAR/ the Asset Manager and the TMK	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	The Seller is a no related party of the Asset Manager but is a related party of the Asset Manager. Furthermore, the Seller falls under an interested party etc. under the Act on Investment Trusts and Investment Corporations (No. 198 of 1951, including any subsequent amendments thereto) (hereinafter the "Investment Trust Act"). Therefore, the Asset Manager, upon deciding on the Acquisition, has gone through deliberations and approvals in accordance with the Investment Trust Act as well as the "Interested Parties Transaction Rules" which are the Asset Manager's internal rules stipulating measures for conflict-of-interest in relation to SAR's asset management.

(Note 1) Not disclosed, because consent for disclosure has not been obtained from the Seller.

4. Transaction with interested person, etc.

The acquisition of the Class C Specified Bonds is a transaction with an interested person, etc. under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) or interested person, etc. defined in the "Rules on Transactions with Interested Parties" set forth by the Asset Manager.

The Seller is an interested party etc. under the Investment Trust Act. Therefore, the Asset Manager, upon deciding on the Acquisition has gone through deliberations and approval procedures in accordance with the said Act and the "Interested Party Transaction Rules".

5. Schedule for the Acquisition

Decision date of the Acquisition	December 17, 2021
Signing date of the Class C Specified Bonds assignment agreement	December 17, 2021
Planned acquisition date of the Class C Specified Bonds	December 23, 2021

6. Settlement method

(1) On the signing date of the Class C Specified Bonds assignment agreement, SAR will deliver the purchase proceeds to the Seller.

(2) On the date of acquisition of the Class C Specified Bonds, book-entry procedures(*) will be completed, and settlement will be concluded by applying the acquisition proceeds to the payment for the Class C Specified Bonds.

*Submitting an application for book entry transfer as set forth in Article 70 of the Act on Book-Entry Transfer of Corporate Bonds and Shares (Act No. 75 of June 27, 2001, including any subsequent amendments thereto) which is applied mutatis mutandis under Article 118 of the same Act.

7. Future Outlook

The impact of the Acquisition 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 the Fiscal Period Ended July 31, 2021” dated September 14, 2021.

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