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For Immediate Release

Real Estate Investment Trust Securities Issuer  
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(Code: 3468)

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Notice Concerning Investment in Mezzanine Loan Debt  
-Acquisition of Domestic Assets (Star Asia Mezzanine Loan Debt Investment Series 7 (Mezzanine Bonds)) -

Star Asia Investment Corporation (“SAR”) announced 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 the Mezzanine Loan Debt Investment Series 7 (Mezzanine Bonds). This is a reinvestment associated with the refinancing of the subordinated bonds acquired as Star Asia Mezzanine Loan Debt Investment Series 1 on October 31, 2017. Details are as follows.

More specifically, SAR is to acquire (hereinafter referred to as “Reinvestment”) the “Haneda Hotel Development GK No. 2 Class A Unsecured Bonds” (hereinafter referred to as “the Mezzanine Bonds”) to be issued to refinance the “Haneda Hotel Development GK No. 1 Class A Unsecured Bonds” (hereinafter referred to as “the Original Bonds”) to be redeemed on maturity on the scheduled repayment date (October 31, 2022), which was issued by Haneda Hotel Development GK (the “GK”) for the purpose of acquiring the trust beneficiary interests mainly comprised of Hotel Relief Premium Haneda as the trust asset (the “Underlying Asset”).

For details on the Original Bonds, please refer to the announcement made by SAR dated October 25, 2017 entitled “Notice Concerning Acquisition of Mezzanine Loan Debt (Subordinate Bonds)”.

1. Reason for the Reinvestment

SAR has held the Original Bonds under “Star Asia Mezzanine Loan Debt Investment Series 1” since October 2017; however, refinancing has been decided, given that the senior loan and the Original Bonds are to mature on the scheduled repayment date.

SAR’s assessment of the underlying asset is as described under “3. Overview of the Underlying Asset”, and furthermore, as the investment in the mezzanine loan debt is to be made from SAR’s own capital, interest income (exceeding 5% p.a.) will be earned as effective use of own funds, and is anticipated to have the effect of boosting distributable profits.

The Reinvestment was decided, as the Asset Manager determined that making such investment in mezzanine loan debt will have the effect of diversifying investment targets and contribute to the maximization of unitholders’ interests.

2. Overview of the Reinvestment

(1) Planned reinvestment asset	The Mezzanine Bonds: "Haneda Hotel Development GK No. 2 Class A Unsecured Bonds" which are certain bonds to be issued by the GK for the Underlying Asset.
(2) Name of reinvestment asset	Star Asia Mezzanine Loan Debt Investment Series 7
(3) Underlying Asset	Trust beneficial interests mainly comprised of HOTEL RELIEF Premium Haneda as the trust asset (Note 1)
(4) Trustee of Underlying Asset	Mitsubishi UFJ Trust and Banking Corporation
(5) Trust period of Underlying Asset	From October 31, 2017 to October 31, 2027
(6) Face amount of the Mezzanine Bonds to be acquired	Total amount: 400,000,000 yen
(7) Issue price of the Mezzanine Bonds	400,000,000 yen 100 yen per 100 yen of face amount of each Mezzanine Bond
(8) Expected interest rate (Note 2)	Base rate (Note 3) +5.0%
(9) LTV	Approximately 65.2 % (Note 4) * The appraisal value of the Underlying Asset, which is used as the denominator for calculating LTV, is 3,680 million yen.
(10) Signing date of Mezzanine Bonds Underwriting Agreement	July 27, 2022
(11) Planned acquisition date of the Mezzanine Bonds	July 29, 2022
(12) Interest payment dates of the Mezzanine Bonds	Last day of February, May, August and November (Four times a year) (The initial interest payment date is November 30, 2022.)
(13) Scheduled redemption date	July 29, 2027 (Note 5)
(14) Final redemption date	July 29, 2029 (Note 6)
(15) Acquisition financing	As the reinvestment amount is the same amount as amount invested in the Original Bonds, it will be offset with the redemption amount.
(16) Settlement method	As the reinvestment amount is the same amount as amount invested in the Original Bonds, it will be offset with the redemption amount.
(17) Seller	Haneda Hotel Development GK

(18) Overview of the structure of the Mezzanine Bonds	Name of Business Operator: Haneda Hotel Development GK (the GK)									
	<table border="1"> <tr> <td colspan="2" data-bbox="568 347 1415 383">Haneda Hotel Development GK</td> </tr> <tr> <td data-bbox="568 392 991 728" rowspan="4">Underlying Asset  Relief Premium Haneda Appraisal value 3,680 million yen</td> <td data-bbox="997 392 1415 459">Senior loan (Note 7)</td> </tr> <tr> <td data-bbox="997 468 1415 504">Approximately 2,000 million yen</td> </tr> <tr> <td data-bbox="997 512 1415 616">Class A mezzanine bonds SAR 400 million yen</td> </tr> <tr> <td data-bbox="997 624 1415 692">Class B subordinated bonds (Note *)</td> </tr> <tr> <td data-bbox="568 701 991 801">Reserves and expenses etc.</td> <td data-bbox="997 701 1415 801">Silent partnership investment, etc. (Note *)</td> </tr> </table>		Haneda Hotel Development GK		Underlying Asset  Relief Premium Haneda Appraisal value 3,680 million yen	Senior loan (Note 7)	Approximately 2,000 million yen	Class A mezzanine bonds SAR 400 million yen	Class B subordinated bonds (Note *)	Reserves and expenses etc.
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Reserves and expenses etc.	Silent partnership investment, etc. (Note *)									
(19) Relationship between SAR/the Asset Manager and the GK	Please refer to 4. Overview of the Seller.									

(Note 1) For overview of the Underlying Asset, please refer to “3. Overview of the Underlying Asset”.

(Note 2) SAR is scheduled to receive 1% of face amount of the Mezzanine Bonds to be acquired as an up-front fee upon the acquisition of the Mezzanine Bonds, separately from the interest payments. The up-front fee will be offset with the acquisition expenses, etc. and any remaining amounts will be recorded as revenue.

(Note 3) Base rate is JBA 3-month JPY TIBOR as announced by JBA Tibor Administration. The Japanese yen TIBOR may be confirmed on the website of the JBA TIBOR Administration (<http://www.jbatibor.or.jp/english/rate/>). The base rate to be applied, for each calculation period, shall be the interest rate announced at 11:00 am (Tokyo Time) on the day which is 2 business days prior to the last day of the calculation period immediately preceding the relevant calculation period (or in the case of the first interest payment, 2 business days prior to the for the loan execution date).

(Note 4) The ratio of the procured amount including the Mezzanine Bonds and the amount of all senior claims to the appraisal value stated in the appraisal report obtained by SAR for the Underlying Asset, rounded to the 1<sup>st</sup> decimal point.

LTV= (the amount including the mezzanine loan debt to be invested in by SAR and all senior claims\*)

÷ (the appraisal value indicated in the appraisal report obtained by SAR)

(Note 5) “Scheduled redemption date” means the date on which the remaining principal amount is scheduled to be redeemed in a lump sum.

(Note 6) “Final redemption date” means the last day of the period of grace provided for redemption when the principal is not redeemable by the scheduled redemption date.

(Note 7) The senior loan lenders, Class B subordinated bond holders, and silent partnership investors are not disclosed, as consent for such disclosure has not been obtained from each of the respective party.

### 3. Overview of the Underlying Asset

Property name		Relief Premium Haneda
Asset type		Real estate beneficiary interest in trust
Owner		Haneda Hotel Development GK
Location (residence indication)		1-25-2 Minamikamata, Ota-ku, Tokyo
Use (Note 1)		Hotel
Structure (Note 2)		Reinforced concrete structure with 12 floors
Area	Land (Note 3)	Approximately 691m <sup>2</sup>
	Building (Total floor area) (Note 4)	Approximately 2,874m <sup>2</sup>
Type of ownership	Land	Proprietary ownership (beneficiary interest in trust)
	Building	Proprietary ownership (beneficiary interest in trust)
Construction completion		September 2017
Earthquake PML		4.9 % (Inspection body undisclosed)
Appraisal obtained by SAR (Note 6)	Appraisal value	3,680 million yen
	Appraisal NOI (Note 7)	170,845,394 yen
	Appraisal date	July 1, 2022
	Appraiser	Savills Japan K.K.
Total number of end tenants		1
Occupancy rate (Note 8)		100.0%
Special notation		No matters worth noting.

(Note 1) “Use” indicates the use stated in the real estate registry.

(Note 2) “Structure” indicates the structure stated in the real estate registry of the building.

(Note 3) “Land” is the entire land area of Relief Premium Haneda stated in the real estate registry (rounded to the nearest whole number).

(Note 4) “Building (Total floor area)” is the total floor area of Relief Premium Haneda building stated in the real estate registry (rounded to the nearest whole number).

(Note 5) “Type of ownership” is the type of right held by the trustee of Relief Premium Haneda.

(Note 6) Items other than those indicated above that which are stated in the appraisal report obtained by SAR are not disclosed, as consent for disclosure has not been obtained from the planned buyer of the Underlying Asset.

(Note 7) “Appraisal NOI” indicates the amount of net operating income (NOI) obtained through direct capitalization method, stated in the real estate appraisal report.

(Note 8) The occupancy rate is 100%, as the entire building of the Underlying Asset is leased by a hotel operator.

< Evaluation of the Underlying Asset by the Asset Manager >

(1) Location

The Underlying Asset is a business hotel located at an approximate 5-minute walk from Keikyu Kamata Station on the Keikyu Line, and an approximate 15-minute walk from Kamata Station on the JR Keihin Tohoku Line. The Kamata area where the property stands features medium- to small-sized office buildings with shops centering around Kampachi-dori Street and a residential area concentrated behind the office buildings. Recently, several business hotels similar to the Underlying Asset have been constructed mainly in the area surrounding Keikyu Kamata Station.

The property provides good transport convenience by offering access to the main business areas in Tokyo in around 20 to 30 minutes, as well as access to Tokyo International Airport in about 10 minutes, and thus has strong appeal to both business and leisure guests.

(2) Hotel features

The hotel has a total of 120 rooms, comprised of 20 single rooms, 22 double rooms, 66 twin rooms, 11 deluxe double rooms, and 1 deluxe twin room, accommodating all types of business and leisure guests.

Furthermore, Core Global Management K.K., the current hotel operator, plans to rebrand the hotel to its own hotel brand name after the refinancing (details yet to be determined). Through the rebranding, by offering flexible styles of stay, the property is expected to become a city-type hotel acquiring new users with differing purposes of stay.

(3) Operator

The hotel operator for the Underlying Asset was changed on July 1, 2022, and Core Global Management K.K. became the new hotel operator.

The company operates multiple resort hotels and city hotels throughout Japan, and has continued to promote business even under the COVID-19 pandemic environment using its own unique marketing strategy and market analysis.

Within the hotel operator's group, there are divisions conducting adequate cleaning services and maintenance and inspection resulting in long-term budget management, and is able to precisely control costs by its organizational capacity, and conduct operations focused on profits. Furthermore, the recovery of accommodation demand is also anticipated going forward.

Based on the above evaluation, hotel operation is expected to remain stable, and it is believed that the certainty of rent payments by the tenant is high.

4. Overview of the Seller

Name	Haneda Hotel Development GK
Location	2-9-15 Yotsuya, Shinjuku-ku, Tokyo (within Aruto Sogo law office)
Representative	Representative Partner, Haneda Hotel Development, Executive Member, Takeshi Morita
Main business description	<ol style="list-style-type: none"> <li>1. Acquisition, holding, disposal, and management of trust beneficial interests.</li> <li>2. Sale and purchase, holding, management, and leasing of real estate.</li> <li>3. Any and all businesses incidental to each of the above items.</li> </ol>
Capital	100,000 yen
Date of Establishment	August 15, 2016
Net assets	Not disclosed, as consent for disclosure has not been obtained from the Seller.

Total assets	
Major shareholders and shareholding ratio	
Relationship with SAR / Asset Manager	
Capital relationship	There is no capital relationship to note between SAR/the Asset Manager and the GK.
Personnel relationship	There is no personnel relationship to note between SAR/the Asset Manager and the GK. Furthermore, there is no personnel relationship to note between related persons or affiliated companies of SAR/the Asset Manager and related persons or affiliated companies of the GK.
Business relationship	There is no business relationship to note between SAR/the Asset Manager and the GK, other than the investment in the Mezzanine Bonds. Furthermore, there is no business relationship to note between related persons or affiliated companies of SAR/the Asset Manager and related persons or affiliated companies of the GK.
Related party status	There is no status of related parties to note between SAR/the Asset Manager and the GK.

5. Transaction with interested person, etc.

The acquisition of the Mezzanine Bonds is not 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.

6. Schedule for the Reinvestment

Decision date of the Reinvestment	July 27, 2022
Date of signing the Underwriting Agreement for the Mezzanine Bonds	July 27, 2022
Planned redemption date of the Original Bonds	July 29, 2022
Planned acquisition date of the Mezzanine Bonds	July 29, 2022

7. Settlement Method

Settlement of the Reinvestment will be conducted by offsetting of the repayment amount, pursuant to provisions in the “Memorandum on Payment Method” to be signed between the Asset Manager and the Seller.

8. Future Outlook

Since the impact of the reinvestment in the Mezzanine Bonds on the forecast for operating results for the fiscal period ending July 31, 2022 (February 1, 2022 to July 31, 2022) announced on March 16, 2022, and for the fiscal period ending January 1, 2023 (August 1, 2022 to January 31, 2023), are minimal, there are no changes to the forecast.

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

*This is an English translation of the announcement in Japanese dated July 27, 2022. However, no assurance or warranties are given for the completeness or accuracy of this English translation.*