

March 15, 2024

For Immediate Release

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

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Notice Concerning Partial Amendment to the Management Guidelines of the Asset Manager

Star Asia Investment Management Co., Ltd. (the “Asset Manager”), to which Star Asia Investment Corporation (“SAR”) entrusts the management of its assets, announces today that the Asset Manager has made a partial amendment to the management guidelines, which are internal rules of the Asset Manager. Details are as follows.

1. Overview of the Amendment to the Management Guidelines

The main amendments are described below. (Only the parts where there were changes are stated, and description of parts other than the changed parts have been omitted. The changes are indicated by underlines.)

(1) Investment Target Areas and Investment Ratios

<Before Amendment>

<Investment Target Areas common to all asset types>

Area Classification		<u>Specific Investment Target Areas</u>	Investment Ratio
Tokyo Area		Tokyo, Kanagawa, Saitama, Chiba prefectures	In principle, <u>70% or more.</u>
Major Metropolitan Areas	Osaka Area	Osaka-shi, Osaka prefecture	In principle, <u>less than 30%.</u>
	<u>Nagoya Area</u>	<u>Nagoya-shi, Aichi prefecture</u>	
	<u>Fukuoka Area</u>	<u>Fukuoka-shi, Fukuoka prefecture</u>	
	<u>Government ordinance designated areas etc. other than the above investment target areas.</u>		<u>In principle, less than 10%</u>

The above-mentioned investment target areas are applicable to all asset types. However, for residences and logistics facilities, the following shall apply.

- Residences: In addition to the above-mentioned investment target areas, investments may also be made in neighboring areas of Osaka-shi, Osaka Prefecture (with respect to the Osaka Area), neighboring areas of Nagoya-shi, Aichi prefecture (with respect to the Nagoya Area), and neighboring areas of Fukuoka-shi, Fukuoka prefecture (with respect to the Fukuoka Area), respectively.

- Logistics facilities: In addition to the above-mentioned investment target areas, investments may also be made in neighboring areas of Osaka-shi, Osaka Prefecture (with respect to the Osaka Area), neighboring areas of Nagoya-shi, Aichi prefecture (with respect to the Nagoya Area), and

neighboring areas of Fukuoka-shi, Fukuoka prefecture (with respect to the Fukuoka Area), respectively.

Furthermore, investments may be made in areas other than the above investment target areas, in cases where it is determined that tenant demand is likely to be high in the mid- to long-term, when taking into account location characteristics (nearest consumption area, and status of access to various transportation infrastructure facilities such as airports, harbors, highway ICs etc.) In such case, the calculation of investment ratios shall be classified under “Major Metropolitan Areas - Government ordinance designated areas etc. other than the above investment target areas”.

With respect to investment ratios by each investment target area, the “Tokyo Area” shall be designated as the main investment area and the investment ratio for the area shall in principle be 70% or more of the entire portfolio on an acquisition price basis. Furthermore, with respect to investment target areas other than the Tokyo Area, “Main Metropolitan Areas” shall be designated and the investment ratio of such areas shall in principle be less than 30% of the entire portfolio on an acquisition price basis. Even among the Main Metropolitan Areas, the investment ratio for “Government ordinance designated areas” other than the “Osaka Area”, “Nagoya Area” and “Fukuoka Area” shall, in principle, be maintained at less than 10% of the entire portfolio on an acquisition price basis.

However, the investment ratio for the Tokyo Area may temporarily fall to below 70%, (i) in cases where an investment is to be made strategically into a certain area based on the results of independent market analysis, (ii) when property is to be acquired under a bulk sale (transactions with the condition of acquiring multiple properties at the same time), and (iii) due to a merger etc. Upon calculating the investment ratios separately for each investment target area, with respect to a-2 securities etc., the investment ratio should be determined based on the location of the real estate property etc. which is underlying the real-estate backed securities or the mezzanine loan receivables.

<After Amendment>

<Investment Target Areas>

Area Classification		Investment Target Areas		Investment Ratio
Tokyo Area		Tokyo, Kanagawa, Saitama, Chiba prefectures		In principle, 70% ± 10%
Major Metropolitan Areas	Osaka Area	Osaka-shi, Osaka prefecture	* For residences, logistics facilities and hotels, also includes the neighboring areas.	In principle, 20% ± 10%
	Fukuoka Area	Fukuoka-shi, Fukuoka prefecture		
	Nagoya Area	Nagoya-shi, Aichi prefecture		
<u>Other Areas (other than the above-mentioned investment target areas)</u>				<u>In principle, ± 10%±10%</u>

Investments in “Other Areas” shall be made based on strict selection, after carefully considering stability of income and growth potential, while taking into account location characteristics and population concentration of surrounding areas etc.

With respect to investment ratios by each investment target area, the “Tokyo Area” shall be designated as the main investment area and the investment ratio for the area shall in principle be 70% ± 10% of the entire portfolio on an acquisition price basis. Furthermore, with respect to investment target areas other than the Tokyo Area, “Main Metropolitan Areas” composed of the “Osaka Area”, “Fukuoka Area” and “Nagoya Area” shall be established, and the investment ratio of such areas shall in principle be 20%±10% of the entire portfolio on an acquisition price basis. Areas other than the “Tokyo Area” and the “Main Metropolitan Areas” shall be designated as “Other Areas”, and the investment ratio in such Other

Areas shall, in principle, be maintained at 10%±10% of the entire portfolio on an acquisition price basis.

However, the investment ratio for each respective investment target area may temporarily fall outside of the designated ratios, (i) in cases where an investment is to be made strategically into a certain area based on the results of independent market analysis, (ii) when property is to be acquired under a bulk sale (transactions with the condition of acquiring multiple properties at the same time), and (iii) due to a merger etc. In such cases, the situation should be resolved in more or less 5 years.

(2) Strategic investments into large-size assets

<Before Amendment>

Strategic investment in large assets limited to the 5 central wards (Chiyoda, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku. The same applies hereinafter) of Tokyo

We are of the view that the 5 main wards of Central Tokyo are an area with prospective high demand in retail facilities, residences and student housing residences, and vacancy risk and rents reduction risk are relatively low. Also, with respect to hotels, the 5 main wards of Central Tokyo have solid business and tourism demand and is expected to be highly stabile. Therefore, within the 5 main wards of Central Tokyo, it is conceived that stable income may be secured by investing in carefully selected large-size assets, and from the perspective of accelerating the expansion of asset size, acquiring of large-size assets are allowed limited to the 5 main wards in Central Tokyo. Investments into large-size assets at logistics facilities are to be made pursuant to “III. Investment Standards/ a) Investment Standards for each type of asset of real estate properties, etc. / (4) Logistics Facilities”.

<After Amendment>

Strategic investment in large assets

We are of the view that the Tokyo Area and the Main Metropolitan Areas have prospective high demand for all asset types, and vacancy risk and rents reduction risk are relatively low. Therefore, in the Tokyo Area and the Main Metropolitan Areas, it is conceived that stable income may be secured by investing in carefully selected large-size assets, and also from the perspective of accelerating the expansion of asset size, acquiring of large-size assets are allowed in the Tokyo Area and the Main Metropolitan Areas.

(3) Financial Policy (Debt Finance)

<Before Amendment>

SAR, by building good relationships with multiple financial institutions centered on megabanks, will aim to realize stable debt financings while simultaneously aiming for diversification of lenders. Furthermore, while giving consideration to distribution of repayment deadlines for debt financings, SAR plans to fix interest rates for long-terms and achieve stable distribution payments.

<After Amendment>

SAR, by building good relationships with multiple financial institutions, will aim to realize stable debt financings while simultaneously aiming for diversification of lenders. Furthermore, SAR plans to make efforts to distribute repayment deadlines, and aim to maintain and improve distributions per unit (DPU) while taking into account the asset side status of the balance sheet and future outlook of the financial environment, and control financing costs as and when necessary.

Other than those described above, some minor changes have also been made.

2. Purpose and Background of the Amendment

Since listing in April 2016, SAR as a diversified REIT has upheld the following 3 main investment policies and has conducted investments pursuing maximization of unitholders' interests.

- Prioritized and concentrated investments in the Tokyo Area/Tokyo Area ratio of 70% or more.
- Achieve “stability” and “growth” of revenues by diversifying asset type (uses).
- Invest mainly in middle-sized assets (referring to Real Estate Properties Etc. (see Note) with acquisition price of less than 10 billion yen.)

(Note) “Real Estate Properties Etc.” means real estate properties and trust beneficial interests backed by real estate properties.

Based on the investment policies described above, through external growth by acquiring properties accompanied by 6 public offerings, the merger, and active management by 10 asset replacements etc., the asset size as of today has expanded to 243.8 billion yen (71 real estate properties etc., one investment transaction in preferred securities, and 2 investments in mezzanine loan debts), and as a consequence, SAR and the Asset Manager believes that the impact of a single property on the portfolio as a whole has become reduced, and the level of risk tolerance of the portfolio has expanded.

On the other hand, as a result of property acquisitions and asset replacement implemented after August 2022, the condition of the investment ratio being lower than the “Tokyo Area ratio of 70% or more” has continued. To note, concerning the suburban-type retail facilities (located outside of the Tokyo Area) which was incorporated due to the merger, the policy is to dispose of them in the future; however, as of today, we are taking measures to increase the value based on a business plan, and the timing of disposal is not yet decided.

Taking these circumstances into consideration, the Asset Manager has decided to partially amend the “Management Guidelines” which provide for basic matters related to SAR’s investment management, while maintaining the purpose of the main investment policies as described above. The standard of “Tokyo Area ratio of 70% or more” has been changed to “Tokyo Area ratio of 70% ±10%”, and furthermore, in cases where the ratio temporarily falls outside of this scope due to mergers etc., it has been stipulated that such condition should be resolved targeting 5 years. Furthermore, regarding strategic investments into large-size assets, the former standard of limiting them to the 5 main wards in Central Tokyo has been expanded to the Tokyo Area and the Main Metropolitan Areas.

Furthermore, under the policy to maximize unitholders’ interests, in order to control financing costs to maintain and improve distributions per unit (DPU), particularly concerning financing costs upon conducting debt financings, some revisions are made to clarify the policy for decisions to be made as and when necessary, taking into the status of interest rates and prospects of the future financial environment.

3. Date of Amendment of Management Guidelines

March 15, 2024

4. Future outlook

There is no impact from the above partial amendment to the Management Guidelines on the operating results of SAR.

5. Others

The extraordinary report was submitted to the Director-General of the Kanto Local Finance Bureau on this day.

<Appendix>
Status of the Portfolio

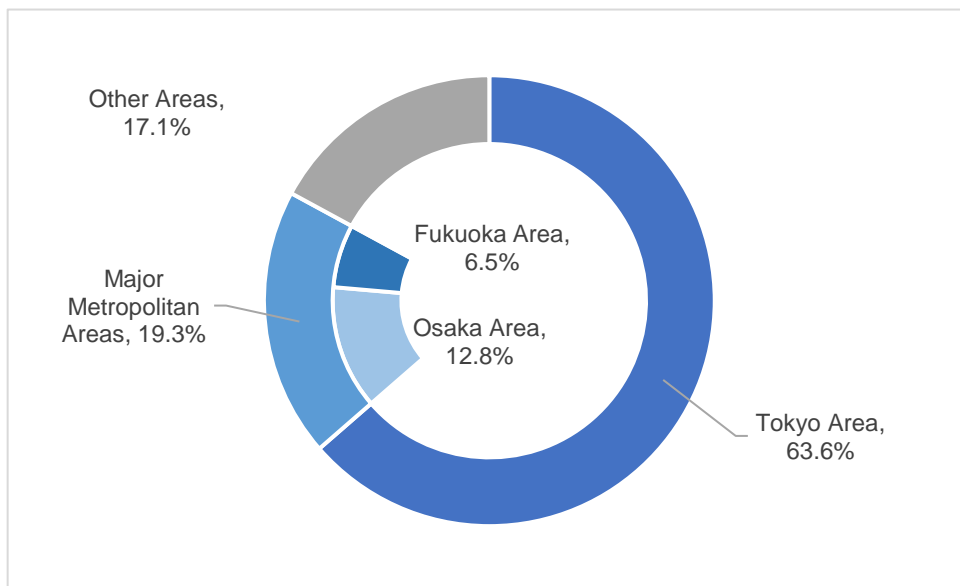
<Other press releases announced today>
• (REIT) Financial Report for Fiscal Period Ended January 31, 2024

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

<Appendix> Status of the Portfolio

As of today, the Tokyo Area ratio within the portfolio is 63.6%.

The Tokyo Area ratio when calculated after excluding the 3 suburban-types commercial retail facilities which are planned to be sold (“LaPark Kishiwada”, “Suroy Mall Chikushino”, and “Seiyu Minakuchi Store”) is 67.9%.



(Note) Major Metropolitan Areas means the Osaka Area, Fukuoka Area and Nagoya Area.

This is an English translation of the announcement in Japanese dated March 15, 2024. However, no assurance or warranties are given for the completeness or accuracy of this English translation.