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For Immediate Release

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

Asset Management Company  
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Notice Concerning Acquisition and Transfer (Asset Replacement) of  
Real Estate Beneficiary Interests in Trust

Star Asia Investment Management Co., Ltd. (the "Asset Manager"), to which Star Asia Investment Corporation ("SAR") entrusts the management of its assets, announces today its decision to acquire domestic real estate beneficiary interests in trust of the "Hotel WBF Fukuoka Tenjin Minami" (hereinafter referred to as the "Asset to be Acquired", and the acquisition of the Asset to be Acquired is referred to as the "Acquisition"), and transfer the quasi-co-ownership interest in the domestic real estate trust beneficiary interests in trust of the "Hakata-eki Higashi 113 Building" (hereinafter referred to as the "Asset to be Transferred", and the transfer of the Asset to be Transferred is referred to as the "Transfer" and collectively with the Acquisition, the "Asset Replacement").

Since its listing in April 2016, SAR has been pursuing the "maximization of unitholders' value" through implementation of active management strategies that is unconventional. As part of these initiatives, SAR has enhanced and strengthened its portfolio and realized attractive profits from the prior sales through two asset replacements that it has consummated so far, and SAR has distributed the profits from sales to unitholders in the third fiscal period (fiscal period ended July 2017) and the fourth fiscal period (fiscal period ended January 2018). (For details of the 1<sup>st</sup> Asset Replacement, please see "Notice Concerning Acquisition and Transfer of Real Estate Beneficiary Interests in Trust" as of December 5, 2016. For details of the 2<sup>nd</sup> Asset Replacement, please see "Notice Concerning Acquisition and Transfer of Real Estate Beneficiary Interests in Trust" as of February 28, 2017.)

SAR and the Asset Manager continue to regard the asset replacement strategy as an important measure for active management in the future as before, and hereby clarify the implementation policy for asset replacement as an active management as follows.

<Implementation policy for asset replacement>

The following three points shall be comprehensively considered when implementing asset replacement.

- ① Future revenue contribution of the assets to be replaced (strengthen SAR's portfolio)
  - Periodic evaluation of future revenue contribution for all owned assets (i.e. stability and growth potential of earnings, future estimate of the life-cycle costs, such as repair costs and capital expenditures, and balance between sales price)
  - Comparison of assets available for acquisition and the future revenue contribution of currently owned assets
  - Existence of real estate investors with different valuation bases for owned assets
- ② Real Estate Market Conditions by Asset Type

- Evaluation of investment environment for each investment asset type given macro economic environment and analyzing which asset types are most attractive for investment based on such evaluation
- Detailed consideration of asset type exposures that should be increased or decreased in the portfolio
- ③ Level of the investment unit price of SAR
  - Comparison between market indices such as the Tokyo Stock Exchange REIT Index and the trend of the investment unit price of SAR
  - Comparison between the level of investment unit prices and NAV per unit (Note) of SAR
  - Calculation of gains and losses on sales of assets through asset replacement and the impact of the return to existing unitholders

(Note) NAV: Abbreviation of Net Asset Value

NAV = Amount of Net assets-amount of Book value of owned real estate + Appraisal value of owned real estate

#### 1. The reason of the asset replacement.

SAR has decided the implementation of the Asset Replacement comprehensively considering following three points based on the <Implementation policy for asset replacement> above.

##### ① Future revenue contribution of assets to be replaced (strengthen SAR's portfolio)

The Assets to be transferred, "Hakata-eki Higashi 113 Building," is located in Fukuoka area, where the tight supply and demand in office continues. Since the acquisition by SAR, it has steadily increased contracted average rent (from the contracted average rent of 9,585 yen per tsubo as of the end of the first fiscal period (fiscal period ended July 2016) to the contracted average rent of 10,277 yen per tsubo as of the end of May 2018, achieving a 7.2% increase). As of the end of May 2018, the rent gap (Note 1) still exists, and SAR believes there remains room for a possible increase in the rent as of today. However, (i) the property was constructed in October 1987, and it is expected that life-cycle costs, such as repair costs and capital expenditures, will increase in the future, and (ii) the transfer can be easily executed and the sale price can be expected to significantly exceed the appraisal value, considering the existence of the rent gap as of the date hereof. Therefore, it was determined that the choice of "transfer" rather than "holding" will certainly contribute to maximization of unitholders' value.

Fukuoka-City, the center of the Kyushu region where the Asset to be Acquired, "Hotel WBF Fukuoka Tenjin Minami" is located, enjoys good access from the Fukuoka Airport and the Port of Hakata, and is also geographically close to Asian countries such as China, Korea and Taiwan. Therefore, the number of foreign visitors to Japan is steadily increasing given the cheaper travel costs and shorter travel time. Furthermore, it has been officially decided that the second runway will be expanded and put into service at Fukuoka Airport in 2024, and it is expected that the number of users of Fukuoka Airport will increase in the future as a gateway from overseas to the Kyushu region, which has abundant tourism resources. As a result, SAR expects that the demand for hotel accommodation will continue to increase. Considering appropriate replaceable assets among the properties in the real estate market and those properties owned by the Sponsor Group (Note 2), SAR concluded that it is appropriate and attractive opportunity to acquire the "Hotel WBF Fukuoka Tenjin Minami" for the following reasons.

"Hotel WBF Fukuoka Tenjin Minami" is located in the Tenjin area, the center of Fukuoka City, and SAR believes it will be possible to capture inbound traveler's demand, which is expected to increase in the future. SAR expects that, through the lease agreement with fixed and variable rent reflecting the hotel profit performance entered into with the tenant of this property (currently fixed rent but the fixed and variable rent will be introduced in the foreseeable future, the Asset to be Acquired will contribute to the growth of the portfolio's revenues. In addition, this property is newly constructed in February 2017 and SAR believes it will be able to maintain lower maintenance and management costs, such as repair costs

and capital expenditures, for the medium term. From the above, SAR believes that the Asset Replacement will enhance the strength of SAR's portfolio by contributing to higher revenue growth and continue to reduce the age of its portfolio.

(Note 1) The rent gap means the difference between the assumed market average rent of the surrounding area and contracted average rent. The assumed market average rent of the surrounding area is based on assessment of rent (median of the range) provided by CBRE. CBRE defined this figure as the moderate monthly rent per tsubo, comprehensively considering leasing transactions of Asset to be Transferred and surrounding competing assets in the neighboring area and the market condition, under the assumption that tenants seeking is carrying out in each timing of rent assessment and new contract is concluded by a floor unit. Contracted average rent is calculated by the whole rent of all tenants of asset to be transferred at the timing of assessing the rent divided by operated area and includes common service fee, but free rent and rent holiday as of the day are not considered and don't include tax.

(Note 2) "Sponsor Group" means (i) Star Asia Management Limited, (ii) Star Asia Management Japan Limited, (iii) Star Asia Asset Management LLC, (iv) Star Asia Group LLC, (v) Star Asia Asset Advisors, CO., Ltd., (vi) Star Asia Sogokaihatsu Co., Ltd., (vii) Malcolm F. MacLean IV, (viii) Taro Masuyama and (ix) investment vehicles in Japan that are the investment destination of funds (excluding minority investments) for which Malcolm F. MacLean IV and Taro Masuyama make investment decisions (a) that are in Japan and own or acquire investment assets such as real estate or (b) that own or acquire SAR's investment units. The same shall apply hereinafter.

## ② Real Estate Market Conditions by Asset Type

SAR and the Asset Manager view the current real estate market conditions for each asset type as follows.

Due to the favorable economic environment in Japan, corporate demand for office floors continues to be stable, and it is expected that supply and demand in small and medium-sized offices in particular will remain tight for the time being.

In addition, the hotel operator's business performance is expected to remain increasing due to the expected growth in demand backed by the steady growth of foreign visitors and the easing of competition with private lodging due to the enforcement of the Residence Lodging Business Act (the New Private Lodging Business Act) on June 15, 2018. Thus, the stability and growth potential in business performance of hotel owners are expected.

In light of the above recognition of the real estate market environment, and as mentioned in "① Future revenue contribution of assets to be replaced (strengthen SAR's portfolio)"- SAR decided to implement Asset Replacement giving consideration to the status of each property in its portfolio and Asset to be Acquired.

## ③ Level of the investment unit price of SAR

SAR and the Asset Manager are strongly aware of the level of investment unit prices of SAR. When unit price of SAR is lower than NAV per unit, we consider that there is a discrepancy between the valuation of properties in the real estate market and the valuation of SAR units in the financial market, and we will more actively consider returning the real estate value to unitholders by adding the realized gain to the distribution through the sale of properties in the asset replacement.

The investment unit price of SAR at the time of the consideration of the Asset Replacement was lower than the NAV per unit at the end of the fourth fiscal period (fiscal period ended January 2018) and remained at approximately the same level with the issue price (offer price) for the previous public offering (in January 2018), and thus we decided to implement the Asset Replacement as a part of the active management to maximize the unitholders' value.

In searching the buyer of Asset to be Transferred, the Asset Manager made the best use of Star Asia Group's wide relationship and SAR succeeded in making contract that SAR can transfer the asset's 49%

quasi-co-ownership in the sixth fiscal period (fiscal period ending January 2019) and 51% quasi-co-ownership in the seventh fiscal period (fiscal period ending July 2019) at the aggregate price of 2,580 million yen which exceeded approximately 37.7% of appraisal value of 2,070 million yen (as of the end of the fourth fiscal period (end of January 2018)).

SAR expects to record a gain on sale of the Asset to be Transferred in two fiscal periods, the sixth fiscal period ending January 2019 and the seventh fiscal period ending July 2019, which will be allocated to the distributions to unitholders.

As stated the above, SAR believes that Asset Replacement will contribute to strengthen SAR's portfolio as well as to expected increase in distribution per unit as a part of an active management which pursue maximizing unitholder's value.

As an active management that seeks to maximize the unitholders' value, SAR will continue to consider and implement a variety of measures through spirit of no constraint with conventional concepts, including the replacement of assets. Please also refer to the "Supplementary Material Concerning Acquisition and Transfer (Asset Replacement) of Real Estate Beneficiary Interests in Trust" published today.

## 2. Summary of Asset to be Acquired and Assets to be Transferred

### (1) Overview of Asset to be Acquired

Asset to be Acquired	Beneficiary interest in trust whose main asset is domestic real estate
Property name	Hotel WBF Fukuoka Tenjin Minami
Asset type	Hotel
Date of execution of purchase agreement	July 23, 2018
Planned acquisition date	The date to be separately agreed by the seller and the purchaser on the business day by the end of December 2018 (Note 1)
Seller	Godo-Kaisha Topcat
Planned acquisition price (Note 2)	1,970 million yen
Acquisition financing	Cash on hand and the proceeds of the sale of Hakata-eki Higashi 113 Building
Appraisal value (Note 3)	1,990 million yen
Special notation	Please refer to "3.Details of Assets to be Acquired -Special Notation-".

(Note 1) The planned acquisition date will be separately announced once determined.

(Note 2) The sales price of the Asset to be Acquired stated in the sales and purchase agreement pertaining to the Asset to be Acquired (excluding acquisition expenses, consumption tax, and local consumption tax) is stated.

(Note 3) For details of the appraisal value, please refer to "5. Summary of Appraisal Report."

### (2) Overview of Asset to be Transferred

Asset to be Transferred	Quasi-co-ownership of beneficiary interest in trust whose main asset is domestic real estate (The first transfer will be 49% quasi-co-ownership interest and the second transfer will be 51% quasi-co-ownership interest.)
Property name	Hakata-eki Higashi 113 Building
Asset type	Office
Date of execution of sales agreement	July 23, 2018
Planned transfer date	1st (49% quasi-co-ownership): December 3, 2018 2nd (51% quasi-co-ownership): February 1, 2019

Planned transferee	Godō-Kaisha Sunrise
Planned sales price (Note 1)	1st (49% quasi-co-ownership): 1,396.5 million yen 2nd (51% quasi-co-ownership): 1,453.5 million yen Total: 2,850 million yen
Book value (Note 2)	2,070 million yen
Gain (loss) on transfer (estimate) (Note 3)	1st (49% quasi-co-ownership): 401 million yen 2nd (51% quasi-co-ownership): 418 million yen
Use of gain on transfer	Fund for acquisition of asset to be acquired and reserve as cash on hand for future acquisition
Special notation	Not applicable.

(Note 1) The sales prices of the Asset to be Transferred stated in the sales and purchase agreements for the Asset to be Transferred (excluding transfer expenses, consumption tax and local consumption tax) are stated.

(Note 2) Book value as of the end of January 2018 is stated.

(Note 3) Estimated gains and losses on the transfer based on the book value as of the end of January 2018 are stated. Actual gain or loss on transfer may differ from the above estimated amount.

### 3. Details of Asset to be Acquired

#### Hotel WBF Fukuoka Tenjin Minami

Property no.	HTL-05	Property name	Hotel WBF Fukuoka Tenjin Minami	Type	Hotel
Overview of specified asset					
Type of specified asset	Beneficiary interest in trust		Trustee	Mitsubishi UFJ Trust and Banking Corporation	
Planned acquisition price	1,970 million yen		Planned acquisition date	By the end of December 2018 (Note 1)	
Appraised value	1,990 million yen		Seller	Godō-Kaisha Topcat	
Location	3-14-2, Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka				
Indication of residential address	3-23-32, Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka				
Nearest station	About 5-minute walk from Tenjin Minami Station on Fukuoka City Subway Nanakuma Line				
Land	Type of Ownership	Proprietary ownership			
	Site area	543.94m <sup>2</sup>	Use district	Commercial area	
	Building coverage ratio	80%	Floor area ratio	400%	
Building	Type of ownership	Proprietary ownership			
	Total floor area	2,281.49m <sup>2</sup>	Use	Hotel	
	Construction completion	February 20, 2017	Structure and floors	Reinforced concrete structure with 10 floors above ground	
Property management company	OHI Co., Ltd.		Master lease company	-	
Type of master lease	-		Security	Unsecured	
Trust period	End of September 2028				
Status of leasing					

Total leasable area	2,290.57m <sup>2</sup>	Total number of tenants	1
Total leased area	Not disclosed (Note 2)	Monthly rent (including common area maintenance fee)	Not disclosed (Note 2) (Note3)
Occupancy Rate	100.0%	Security and guarantee deposits	Not disclosed (Note 2)
Special notation			
<p>SAR is planning to make the settlement of the acquisition on the business day by the end of December 2018 and as separately agreed by the seller and the SAR, and thus the sales and purchase agreement falls under the forward commitment, etc. In case where the SAR or the seller is in breach of any agreement or any representations and warranties provided in the Trust Beneficiary Interest Sales and Purchase Agreement and such breach is so material that the purpose of the agreement cannot be achieved, the non-breaching party may cancel the agreement after giving notice to the other party for a reasonable period of time, and may claim against the other party the amount equivalent to 10% of the sales price as a penalty at the same time as the exercise of the right of cancellation.</p>			
<p>(Note 1) The date to be separately agreed by the seller and the purchaser, which shall be the business day by the end of December 2018.</p> <p>(Note 2) The information is undisclosed as consent to disclosure has not been obtained from end tenant.</p> <p>(Note 3) Currently the rent scheme is fixed rent scheme and it is scheduled to be changed to fixed + profit-linked variable rent scheme in the foreseeable future by the lease agreement.</p>			
Description by the investigation of the Asset Manager			
<ul style="list-style-type: none"> <li>• "Hotel WBF Fukuoka Tenjin Minami" is located in the Tenjin District, a commercial cluster in the central part of Fukuoka City. It is a business hotel located approximately 5-minute walk from Tenjin-Minami Station on the Fukuoka City Subway Nanakuma Line, approximately 10-minutes walk from Nakasu-Kawabata Station on the Fukuoka City Subway Kuko Line, approximately 15 minutes walk from Tenjin Station on the same line, and approximately 8 minutes walk from Fukuoka (Tenjin) Station on the Nishitetsu Omuta Line.</li> <li>• The extension of the Fukuoka City Subway Nanakuma Line from Tenjin-Minami Station to Hakata Station, the nearest station of the hotel, is underway with the scheduled commencement of operation in FY2022, and the access to the hotel is expected to be further improved.</li> <li>• SAR believes that Hotel WBF Fukuoka Tenjin Minami is a hotel with a high appeal to a wide range of customers with total number of rooms 117.</li> </ul>			

#### 4. Details of Assets to be Transferred

##### Hakata-eki Higashi 113 Building

Property no.	OFC-07	Property name	Hakata-eki Higashi 113 Building	Type	Office
Overview of Specified Asset					
Type of specified asset	Beneficiary interest in trust		Trustee	Mitsubishi UFJ Trust and Banking Corporation	
Planned sales price	1st (49% quasi-co-ownership): 1,396.5 million yen 2nd (51% quasi-co-ownership): 1,453.5 million yen Total: 2,850 million yen		Planned transfer date	1st (49% quasi-co-ownership): December 3, 2018 2nd (51% quasi-co-ownership): February 1, 2019	
Location	1-231, Hakata-eki Higashi, Hakata-ku, Fukuoka-shi, Fukuoka, etc.				
Indication of residential address	1-13-9, Hakata-eki Higashi, Hakata-ku, Fukuoka-shi, Fukuoka				
Nearest station	About 5-minute walk from Hakata Station on the JR Line and Fukuoka City Subway Line				
Land	Type of ownership	Proprietary ownership			
	Site area	950.75m <sup>2</sup>	Use district	Commercial area	
	Building coverage ratio	80%	Floor area ratio	500%	
Building	Type of ownership	Proprietary ownership			
	Total floor area	4,888.70m <sup>2</sup> (including the pump room of 17.25m <sup>2</sup> )	Use	Office	
	Construction completion	October 3, 1987	Structure and floors	Steel-frame reinforced concrete structure with land roof, 8 floors above ground	
Property management company	OHI Co., Ltd.		Master lease companies	SAR	
Type of master lease	Pass-through		Status of collateral	Unsecured	
Trust period	End of April 2026				
Status of leasing					
Total leasable area	3,596.71m <sup>2</sup>		Total number of tenants	34	
Total leased area	3,596.71m <sup>2</sup>		Monthly Rent (including common area maintenance fee)	11,179 thousand yen	
Occupancy rate	End of February 2018	End of March 2018	End of April 2018	End of May 2018	End of June 2018
	96.85%	100%	100%	100%	100%
Security and guarantee deposits	96,041 thousand yen				
Special notation					
SAR is planning to execute the 1 <sup>st</sup> settlement on December 3, 2018 (49% quasi-co-ownership interest) and the 2 <sup>nd</sup> on February 1, 2019 (51% quasi-co-ownership interest), and thus the sales and purchase agreement falls under the forward commitment, etc. In case where the SAR or the Seller is in breach of any agreement or any representations and warranties provided in the Trust					

Beneficiary Interest Sales and Purchase Agreement and such breach is so material that the purpose of the agreement cannot be achieved, the non-breaching party may cancel the agreement after giving notice to the other party for a reasonable period of time, and may claim against the other party the amount equivalent to 20% of the sales amount as a penalty at the same time as the exercise of the right of cancellation

By the settlement of the 1st transfer, SAR will enter into an agreement among quasi-co-owners of the trust beneficiary interests with the buyer, the trustee, and the Asset Manager, and agree upon how to make decisions as trust beneficiaries as well as rights and obligations of quasi-co-owners including transfer restriction of their quasi-co-ownership of trust beneficiary interests.

(Note 1) The condition of rental contract is based on the information as of end of June 2018.

## 5. Summary of Appraisal Report

### (1) Hotel WBF Fukuoka Tenjin Minami

(Unit: Yen)

Summary of Real Estate Appraisal Report		
Property Name	Hotel WBF Fukuoka Tenjin Minami	
Appraisal Value	1,990,000,000	
Appraisal firm	The Tanizawa Sogo Appraisal Co., Ltd.	
Date of Value	July 1, 2018	
Item	Details	Description, etc.
Indicated value by income approach	1,990,000,000	Estimated by correlation of the indicated value by direct capitalization method and the indicated value by DCF method.
Indicated value by direct capitalization method	2,040,000,000	
(1) Operating revenue ((a)-(b))	100,701,384	
(a) Gross potential income	100,701,384	
(b) Vacancy loss, etc.	0	Not recorded in consideration of contract details, etc.
(2) Operating expenses	10,230,708	
Maintenance and management Fee	0	Not recorded as cost is allocated to tenants.
Utilities expenses	0	Not recorded as cost is allocated to tenants.
Repair expenses	590,000	Appraised by reference to repair and renewal expenses in the ER and the level of similar real estate.
Property management fee	1,320,000	Appraised according to hearings from requesters.
Tenant leasing cost, etc.	0	Not recorded in consideration of contract details, etc.
Property taxes	7,421,500	Appraised according to the actual.
Insurance premium	295,000	Appraised according to insurance premium for similar properties.
Other expenses	604,208	Appraised according to financial performance.
(3) Net operating income (NOI=(1)-(2))	90,470,676	
(4) Financial interests on deposits	432,000	Appraised investment return as 1.0%.
(5) Capital expenditures	1,180,000	Appraised according to ER and capital expenditures for similar properties.
(6) Net cash flow (NCF=(3)+(4)-(5))	88,722,676	
(7) Capitalization rate	4.4%	Appraised by reference to repair and renewal expenses in the ER and the level of similar real estate.
Indicated value of DCF method	1,970,000,000	
Discount Rate	4.4%	Appraised by calculating the base yield of residential complex based on the yield of financial products, considering an individual risk.
Terminal capitalization rate	4.6%	Appraised by adding future uncertainty based on the cap rate. 4.5% for the tenth year.

Indicated value by cost approach	2,040,000,000	Estimated by adjusting the replacement cost
Ratio of land	64.6%	
Ratio of building	35.4%	
Matters considered in reconciliation of indicated values and determination of appraisal values		Determined using the indicated value by income approach as standard and by reference to the indicated value by cost approach.

(2) Hakata-eki Higashi 113 Building

(Unit: Yen)

Summary of Real Estate Appraisal Report		
Property Name	Hakata-eki Higashi 113 Building	
Appraisal Value	2,070,000,000	
Appraisal firm	Daiwa Real Estate Appraisal Co.,Ltd.	
Date of Value	January 31, 2018	
Item	Details	Description,etc.
Indicated value by income approach	2,070,000,000	Estimated by correlation of the indicated value by direct capitalization method and the indicated value by DCF method.
Indicated value by direct capitalization method	2,150,000,000	
(1) Operating revenue ((a)-(b))	162,313,408	
(a) Gross potential income	171,208,640	
(b) Vacancy loss, etc.	8,895,232	Recorded taking into consideration the average vacancy rate in the area, competitiveness of the subject real estate, etc.
(2) Operating expenses	52,310,443	
Maintenance and management Fee	11,400,000	Recorded by judging the actual data.
Utilities expenses	15,681,000	Appraised by reference to historical data.
Repair expenses	8,611,083	Appraised based on the ER by reference to the level of repair expenses of similar real estate.
Property management fee	3,809,553	Appraised rent revenue as 2.5%
Tenant leasing cost, etc.	970,890	Recorded the amount equivalent to 1 month rent to be paid by newly occupying tenant by reference to the level of similar real estate.
Property taxes	10,939,100	Appraised according to the actual.
Insurance premium	245,817	Recorded the actual data.
Other expenses	653,000	Appraised by reference to the actual data of other miscellaneous expenses.
(3) Net operating income (NOI=(1)-(2))	110,002,965	
(4) Financial interests on deposits	961,764	Appraised investment return as 1.0%.
(5) Capital expenditures	12,007,370	Appraised based on the ER by reference to the level of renewal expenses of similar real estate (taking into consideration the CM fee).
(6) Net cash flow (NCF=(3)+(4)-(5))	98,957,359	
(7) Capitalization rate	4.6%	Appraised by comprehensively taking into account the competitiveness of the subject real estate, etc.
Indicated value of DCF method	2,030,000,000	
Discount Rate	4.4%	Estimated by adjusting the replacement cost
Terminal capitalization rate	4.8%	Appraised by reflecting aging risk, market trend risk, etc
Indicated value by cost approach	2,360,000,000	Estimated by making depreciation adjustment to replacement cost.
Ratio of land	84.2%	
Ratio of building	15.8%	
Matters considered in reconciliation of indicated values and determination of appraisal value	Determined using the indicated value by income approach as standard and by reference to the indicated value by cost approach.	

## 6. Profile of the seller and planned buyer

### (1) Seller Profile (Hotel WBF Fukuoka Tenjin Minami)

Name	Godo-Kaisha Topcat
Location	5-1-4, Toranomom, Mianto-ku, Tokyo
Representative	Representative partner: Ippanshadanhoujin Sarushima, Operational executor: Takaaki Fukunaga
Main Business Description	1. Acquisition, ownership, disposition of real estate 2. Leasing and management of real estate 3. Acquisition, ownership, disposition of beneficially interest in trust 4. Acquisition, ownership, disposition of securities 5. All business incidental to the above
Capital	100,000 yen
Established	October 20, 2015
Net Asset	Not disclosed as consent from the seller has not been obtained.
Total Asset	
Major shareholder and ratio of shareholding	
Relationship with SAR or the Asset Manager	
Capital relationship	There is no capital relationship to report.
Personnel Relationship	There is no personnel capital relationship to report.
Business Relation	There is no business relationship to report.
Related party or not	The seller does not fall under the category of interested person, etc. as provided in Act on Investment Trusts and Investment Corporations (the "Investment Trusts Act"), but falls under the category of interested party (Note) prescribed in the "Rules on Transactions with Interested Parties", which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR's assets. Upon determination of the acquisition of the assets, the Asset Manager has performed deliberation and approval in accordance with the voluntary rules.

(Note) "Related Party" means (i) Star Asia Management Limited, (ii) Star Asia Management Japan Limited, (iii) Star Asia Asset Management LLC, (iv) Star Asia Group LLC, (v) Star Asia Asset Advisors, CO., Ltd., (vi) Star Asia Sogokaihatsu Co., Ltd., (vii) Malcolm F. MacLeanIV, (viii) Taro Masuyama and (ix) investment vehicles in Japan that are the investment destination of funds (excluding minority investments) for which Malcolm F. MacLean IV and Taro Masuyama make investment decisions (a) that are in Japan and own or acquire investment assets such as real estate or (b) that own or acquire SAR's investment units. The same shall apply hereinafter. Godo-Kaisha Topcat falls under investment vehicles in Japan that are the investment destination of funds (excluding minority investments) for which Malcolm F. MacLean IV and Taro Masuyama make investment decisions (a) that are in Japan and own or acquire investment assets such as real estate.

### (2) Planned buyer profile (Hakata-eki Higashi 113 Building)

Name	Godo-Kaisha Sunrise
Location	1-1-1, Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	Representative partner: Ippanshadanhoujin IES2, Operational executor: Hiroki Yamamoto
Main Business Description	1. Acquisition, ownership, disposition of real estate beneficiary interests in trust 2. Acquisition, ownership, disposition of real estate 3. All business incidental to the above
Capital	10 million yen
Established	July 3 2018
Net Asset	Not disclosed as consent from the seller has not been obtained.
Total Asset	

Major shareholder and ratio of shareholding	
Relationship with SAR or the Asset Manager	
Capital Relationship	There is no capital relationship to report.
Personnel Relationship	There is no personnel relationship to report.
Business Relation	There is no businessl relationship to report.
Related party or not	The planned buyer does not fall under the category of interested person.

## 7. Status of Parties Related to the Acquisition of the Property

### Hotel WBF Fukuoka Tenjin Minami

	Current owner, current trustee	Previous owner, previous trustee
Company Name	Godo-KaishaTopcat	Other than the one with a relationship of special interest
Relationship with parties who have special interests	The company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties” set forth by the Asset Manager.	—
Acquisition background and reason, etc.	Acquired for investment management purpose	—
Acquisition Price	1,900 million yen	—
Acquisition period	April 27, 2018	—

## 8. Transaction with interested person, etc.

The Asset Replacement is not transactions with interested person, etc. as provided in the Investment Trusts Act, but the seller in the asset acquisition falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties,” which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR’s assets. Upon deciding on the acquisition of the asset, the Asset Manager has performed deliberation and resolution in accordance with the voluntary rules.

## 9. Overview of broker

### (1) Hotel WBF Fukuoka Tenjin Minami

#### ① Broker Profile

Name	Jones Lang LaSalle, Inc.
Location	2-13-10, Nagata-cho, Chiyoda-ku, Tokyo
Representative	Toshinobu Kasai
Main business description	1. Consultant and research of real estate investment 2. Sales, trading, leasing, management of real estate; and agent and brokerage of such 3. Appraisal and consultant of real estate 4. through 24. (Omitted) 25. All business incidental to the above
Capital	195 million yen
Established	April 23, 1985
Relationship with SAR or the Asset Manager	

Capital relationship	There is no capital relationship to report
Personnel Relationship	There is no personnel relationship to report
Business Relation	There is no business relationship to report
Related party or not	The aforementioned company does not fall under the category of related party of SAR/the Asset Manager.

② Breakdown and value of the brokerage commission

Since the consent has not been obtained from the broker, the information is not disclosed as an undisclosed case due to unavoidable reasons.

(2) Hakata-eki Higashi 113 Building

① Broker Profile

Name	Star Asia Asset Advisors Co., Ltd.
Location	2-8, Nihonbashikodenmachi, Chuo-ku, Tokyo
Representative	Keiji Watanabe
Main business description	<ol style="list-style-type: none"> <li>1. Consulting</li> <li>2. Planning, design, development, structuring of computer software, hardware, and network</li> <li>3. Internet-related services</li> <li>4. Buy/Sell, holding, and management of securities, real estate, and monetary claim</li> <li>5. Information processing related services</li> <li>6. Telecommunication business</li> <li>7. Real estate brokerage</li> <li>8. Type II financial instruments business</li> <li>9. Investment advisory and agency</li> <li>10. Lease, management and operation of real estate</li> <li>11.- through 13. (Omitted)</li> <li>14. All business incidental to the above</li> </ol>
Capital	10 million yen
Established	May 2, 2008
Relationship with SAR or the Asset Manager	
Capital relationship	There is no capital tie to be noted between SAR/the Asset Manager and the abovementioned company, however the aforementioned company falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties”, which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR’s assets. Upon determination of retainance as the broker, the Asset Manager has performed deliberation and approval in accordance with the voluntary rules.
Personnel Relationship	There is no personnel relationship to report.
Business Relation	There is no business relationship to report.
Related party or not	The aforementioned company does not fall under the category of interested person, etc. as provided in the Investment Trusts Act, but falls under the category of interested party prescribed in the “Rules on Transactions with Interested Parties”, which is the voluntary rules set forth by the Asset Manager for preventing conflict of interests regarding its management of SAR’s assets. Upon determination of the retainance as broker, the Asset Manager has performed deliberation and approval in accordance with the voluntary rules.

② Breakdown and value of the brokerage commission

Breakdown of Brokerage Fee	Brokerage fee for transfer of Trust Beneficiary Interest
Amount of Brokerage Fee	1st: Transfer Price x 1.5% (20,947,500 yen) 2nd: Transfer Price x 1.5% (21,802,500 yen) Calculated by the above calculation method (excluding consumption tax and local consumption tax)

10. Schedule for the Transactions

(1) Hotel WBF Fukuoka Tenjin Minami

July 23, 2018	Acquisition decided Conclusion of a sale and purchase agreement of trust beneficiary interest
By the end of December 2018	Acquisition of beneficiary interest in trust (planned) Payment of acquisition price (planned) Conclusion of the property management contract (planned)

(2) Transfer of Hakata-eki Higashi 113 Building

July 23, 2018	Transfer decided Conclusion of each of the sale and purchase agreements of each quasi-co-ownership of trust beneficiary interest in trust Receipt of deposit
December 3, 2018	Transfer of quasi-co-ownership (49%) of real estate beneficiary interest in trust (planned) Receipt of transfer price for quasi-co-ownership (49%) of real estate beneficiary interests in trust (planned)
February 1, 2019	Transfer of quasi-co-ownership (51%) of real estate beneficiary interest in trust (planned) Receipt of transfer price for quasi-co-ownership (51%) interest of real estate beneficiary interests in trust (planned)

11. Settlement method

As for the Asset to be Acquired, the acquisition price is scheduled to be settled in lump sum payment on the planned acquisition date. As for the Asset to be Transferred, SAR will receive the sales price with deduction of 1 million yen (2 million yen in total) for 1st and 2nd settlement that SAR has received as deposit on the contract date of the sale and purchase agreement of beneficiary interest in trust.

12. Future outlook

The Asset Replacement has led to a change in SAR's assumptions of forecasts of financial results disclosed in "Financial Report for Fiscal Period Ended January 31, 2018" as of March 16, 2018, and as difference in operating revenue, ordinary income and cash distribution per unit from the previous forecast expected to be 10% or more, SAR has made revisions on SAR's forecasts of financial results for the sixth fiscal period ending January 2019 (From August 1, 2018 to January 31, 2019).

In addition, SAR has made a revision on SAR's forecasts of financial results and cash distribution for the fifth fiscal period ending July 2018 (from February 1, 2018 to July 31, 2018).

For details, please see "Notice Concerning Revision to Forecasts for Operating Results and Distribution for the 5th Fiscal Period Ending July 31, 2018 and 6th Fiscal Period Ending January 31, 2019" as of today.

<Appendix>

Reference Material 1	Portfolio List after the Aset Replacement
Reference Material 2	Summary of engineering report and earthquake risk analysis
Reference Material 3	Hotel WBF Fukuoka Tenjin Minami: photos of exterior of property and location map

<Reference>

Other press releases published as of today

- “Supplementary Material Concerning Acquisition and Transfer (Asset Replacement) of Real Estate Beneficiary Interests in Trust”
- “Notice Concerning Revision to Forecasts for Operating Results and Distribution for the 5th Fiscal Period Ending July 31, 2018 and 6th Fiscal Period Ending January 31, 2019”
  - \* This material will be distributed to Kabuto Club, Land, Infrastructure and Transport Press Club, Land, Infrastructure and Transport Construction Trade Paper Press Club
  - \* Find SAR at <http://starasia-reit.com/en/>

Reference Material 1: Portfolio List after the Aseet Replacement

Property No.	Property Name	Location	(Planned) acquisition price (million yen) (Note 1)	Real estate appraisal value (million yen) (Note 2)	Investment ratio (%) (Note 3)
OFC-01	Minami-Azabu Shibuya Building	Minato-ku, Tokyo	2,973	3,150	3.4
OFC-03	Honmachibashi Tower	Osaka-shi, Osaka	6,065	6,920	7.0
OFC-04	Nishi-Shinjuku Matsuya Building	Shibuya-ku, Tokyo	1,763	2,430	2.0
OFC-05	Alphabet Seven	Minato-ku, Tokyo	1,725	2,330	2.0
OFC-06	Shibuya MK Building	Shibuya-ku, Tokyo	2,042	2,810	2.4
OFC-08	Asahi Building	Yokohamashi, Kanagawa	6,320	6,890	7.3
OFC-09	Hakata-eki East Place	Fukuoka, Fukuoka	2,286	2,480	2.7
OFC-10	Nihonbashi Hamacho Park Building	Chuo-ku, Tokyo	1,450	1,520	1.7
Office property subtotal					28.6
RSC-01	Urban Park Azabujuban	Minato-ku, Tokyo	2,045	2,170	2.4
RSC-02	Urban Park Daikanyama	Shibuya-ku, Tokyo	6,315	7,310	7.3
RSC-04	Urban Park Shin-Yokohama	Yokohama-shi, Kanagawa	2,528	2,580	2.9
RSC-05	Urban Park Namba	Osaka-shi, Osaka	1,490	1,610	1.7
RSC-06	Urban Park Gokokuji	Toshima-ku, Tokyo	1,460	1,510	1.7
RSC-07	Urban Park Kashiwa	Kashiwa-shi, Chiba	1,186	1,190	1.4
RSC-08	Urban Park Ryokuchi Koen	Suita-shi, Osaka	1,550	1,570	1.8
RSC-09	Urban Park Koenji	Suginami-ku, Tokyo	1,167	1,170	1.4
Residential property subtotal					20.6
LGC-01	Iwatsuki Logistics	Saitama, Saitama	6,942	7,130	8.1
LGC-02	Yokohama Logistics	Yokohama-shi, Kanagawa	3,560	4,050	4.1
LGC-03	Funabashi Logistics	Funabashi-shi, Chiba	7,875	8,560	9.1
LGC-04	Baraki Logistics	Ichikawa-shi, Chiba	4,700	4,890	5.5
LGC-05	Tokorozawa Logistics	Tokorozawa-shi, Saitama	1,300	1,400	1.5
LGC-06	Funabashi Nishiura Logistics I	Funabashi-shi, Chiba	3,000	3,010	3.5
LGC-07	Funabashi Nishiura Logistics II	Funabashi-shi, Chiba	821	833	1.0
LGC-08	Matsubushi Logistics	Kitakatsushika, Saitama	2,755	2,850	3.2
Logistics property subtotal					35.9
HTL-01	R&B Hotel Umeda East	Osaka-shi, Osaka	2,069	2,290	2.4
HTL-02	Smile Hotel Namba	Osaka-shi, Osaka	1,750	1,750	2.0
HTL-03	BEST WESTERN Tokyo Nishikasai	Edogawa-ku, Tokyo	3,827	3,890	4.4
HTL-04	BEST WESTERN Yokohama	Yokohama-shi, Kanagawa	3,248	3,270	3.8
HTL-05	Hotel WBF Fukuoka Tenjin Minami	Fukuoka-shi, Fukuoka	1,970	1,990	2.3
Hotel property subtotal					14.9
			86,182	93,553	100.0

(Note 1) With respect to the "(Planned) acquisition price", the purchase price in the sale and purchase agreement in relation to acquired assets and Asset to be Acquired is indicated. Consumption tax, local consumption tax, and expenses required for acquisition are not included in the transaction price.

(Note 2) With respect to the appraisal value of the acquired properties other than those acquired during the fifth fiscal period, the appraisal value as of

January 31, 2018 in the Real Estate Assessment Report is indicated. With respect to the properties acquired during the fifth fiscal period (Nihonbashi Hamacho Park Building, Urban Park Ryokuchi Koen, Urban Park Koenji, Funabashi Nishiura Logistics I, and Funabashi Nishiura Logistics II), the appraisal value as of November 1, 2017 in the Real Estate Assessment Report is indicated.

(Note 3) "Investment ratio" shows the ratio of the (planned) acquisition price of each of acquired assets or Asset to be Acquired against the sum of the (planned) acquisition price for acquired assets and Asset to be Acquired rounded to the first decimal place.

Reference Material 2: Summary of engineering report and earthquake risk analysis

Type	Property no.	Property name	PML (%)
Office	OFC-01	Minami-Azabu Shibuya Building	12.6
	OFC-03	Honmachibashi Tower	2.7
	OFC-04	Nishi-Shinjuku Matsuya Building	12.2
	OFC-05	Alphabet Seven	7.8
	OFC-06	Shibuya MK Building	13.1
	OFC-08	Asahi Building	4.8
	OFC-09	Hakata-eki East Place	7.3
	OFC-10	Nihonbashi Hamacho Park Building	12.1
Residence	RSC-01	Urban Park Azabujuban	7.2
	RSC-02	Urban Park Daikanyama	Existing bldg. 12.7 Bldg. A: 10.2 Bldg. B: 7.9
	RSC-04	Urban Park Shin-Yokohama	14.5
	RSC-05	Urban Park Namba	13.2
	RSC-06	Urban Park Gokokuji	9.2
	RSC-07	Urban Park Kashiwa	10.0
	RSC-08	Urban Park Ryokuchi Koen	Residential bldg. 8.8 Parking bldg. 4.0
	RSC-09	Urban Park Koenji	Bldg. A:6.7 Bldg. B:6.9
Logistics	LGC-01	Iwatsuki Logistics	12.2
	LGC-02	Yokohama Logistics	10.8
	LGC-03	Funabashi Logistics	Bldg.1A: 13.9 Bldg.1B: 14.4 Bldg.2: 11.1
	LGC-04	Baraki Logistics	10.9
	LGC-05	Tokorozawa Logistics	Warehousing bldg.: 9.7 Office bldg.: 3.8
	LGC-06	Funabashi Nishiura Logistics I	Warehousing bldg.: 8.8 Office bldg.: 13.5
	LGC-07	Funabashi Nishiura Logistics II	Office bldg.: 14.3 Factory bldg.: 15.9 Warehousing bldg.: 14.0
	LGC-08	Matsubushi Logistics	9.8
Hotel	HTL-01	R&B Hotel Umeda East	11.4
	HTL-02	Smile Hotel Namba	12.3
	HTL-03	BEST WESTERN Tokyo Nishikasai	13.3
	HTL-04	BEST WESTERN Yokohama	7.9
	HTL-05	Hotel WBF Fukuoka Tenjin Minami	7.8
Entire Portfolio(29 properties) (Note)			3.33

(Note) SAR consigned calculation of individual PML and portfolio PML to Deloitte Tohmatsu Property Risk Solution Co., Ltd. and have received “portfolio earthquake risk evaluation report” dated July 9, 2018. The figure in the entire portfolio column is the PML for the entire portfolio (portfolio PML) based on such report.

Reference Material 3: Hotel WBF Fukuoka Tenjin Minami: photos of exterior of property and location map

< Photo of exterior of property >



< Location map >

