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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 Establishment of Interest Rate Swaps

Star Asia Investment Corporation (“SAR”) announces today the establishment of interest rate swaps (the “Establishment of Interest Rate Swaps”) concerning long-term borrowings described in “Notice Concerning Debt Financing” dated August 21, 2018, as described below. Moreover, please refer to the press release mentioned above for the details of borrowings which the Establishment of Interest Rate Swaps was made for.

1. Reason for establishment

SAR intends to fix interest rate payments and hedge the risk of interest rate fluctuation pertaining to the borrowings under individual term loan agreements concluded today as described in “2. Details of the established swaps” below.

2. Details of the established swaps

<Borrowings which interest rate swap agreements were made for>

Term (Note 1)	Lender	Borrowing amount (million yen)	Interest rate	Date of borrowing	Borrowing method	Maturity date	Repayment method	Security
Long-term (1)	A syndicate of lenders with Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. as arrangers (Note 2)	4,000	Base interest rate +0.45%	September 6, 2018	Borrowing based on the individual term loan agreement dated September 4, 2018 based on the basic agreement dated April 15, 2016 between Sumitomo Mitsui Banking Corporation as an agent.	March 22, 2022	Lump sum repayment on maturity date	Unsecured and unguaranteed
Long-term (2)		4,840	Base interest rate +0.60%		September 20, 2023			

(Note 1) Long-term refers to borrowings due after one year. The same applies hereinafter.

(Note 2) The syndicate of lenders consists of Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Aozora Bank, Ltd., Shinsei Bank, Limited, Resona Bank, Limited., The Bank of Fukuoka, Ltd., Mizuho Trust & Banking Co., Ltd. and The Nishi-Nippon City Bank, Ltd.

(1) Interest rate swap agreement in connection with Long-term Borrowing (1)

Counterparty	Nomura Securities Co., Ltd.
Notional principal	4,000 million yen
Interest rate (Note)	Fixed interest rate payable: 0.1595 % Floating interest rate receivable: JBA 1 month yen TIBOR
Commencement date	September 6, 2018
Termination date	March 22, 2022
Interest payment dates	The first interest payment will be September 20, 2018, and subsequent interest payments will be the 20th of every month.

(Note) The interest rate for Long-term Borrowing (1) will be effectively fixed at 0.6095% with the conclusion of the Establishment of Interest Rate Swaps. The Floating interest rate receivable for initial calculation period (September 6, 2018 – September 20, 2018) shall calculate based on linear interpolation between reference rates corresponding to 1week and 1 month, rounded up to the five decimal places.

(2) Interest rate swap agreement in connection with Long-term Borrowing (2)

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional principal	4,840 million yen
Interest rate (Note)	Fixed interest rate payable: 0.212 % Floating interest rate receivable: JBA 1 month yen TIBOR
Commencement date	September 6, 2018
Termination date	September 20, 2023
Interest payment dates	The first interest payment will be September 20, 2018, and subsequent interest payments will be the 20th of every month.

(Note) The interest rate for Long-term Borrowing (2) will be effectively fixed at 0.812% with the conclusion of the Establishment of Interest Rate Swaps. The Floating interest rate receivable for initial calculation period (September 6, 2018 – September 20, 2018) shall calculate based on linear interpolation between reference rates corresponding to 1week and 1 month, rounded up to the five decimal places.

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

In conjunction with the risks pertaining to the Establishment of Interest Rate Swaps, there are no changes to “Part II. Reference Information / II. Information Supplementary to Reference Documents / 3. Investment Risks” stated in the Securities Registration Statement submitted on August 21, 2018.

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