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For Immediate Release

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

Asset Management Company
 Star Asia Investment Management Co., Ltd.
 Representative: Atsushi Kato
 President and CEO
 Contact: Toru Sugihara
 Director and CFO
 TEL: +81-3-5425-1340

Notice Concerning Execution of Debt Financing and Establishment of Interest Rate Swaps

Star Asia Investment Corporation (SAR) announces today that it has executed debt financing (the “Borrowings”) and the establishment of interest rate swaps, as described below.

I. Borrowings

1. Details of Borrowings

Term (Note 1)	Lender	Borrowing amount (million yen)	Interest rate (Note 3) (Note 4)	Date of borrowing	Borrowing method	Maturity date (Note 6)	Repayment method (Note 7)	Security
Short-term	A syndicate of lenders with Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. as arrangers (Note 2)	3,355	Base interest rate (JBA 1 month yen TIBOR) +0.20%	April 20, 2016	Borrowing based on individual term loan agreement concluded with lenders in the left column dated April 15, 2016	April 20, 2017	Lump sum repayment on maturity date	Unsecured and unguaranteed
Long-term		7,300	Base interest rate (JBA 1 month yen TIBOR) +0.30%			April 20, 2018		
		7,300	Base interest rate (JBA 1 month yen TIBOR) +0.40% (Note 5)			April 20, 2019		
		7,300	Base interest rate (JBA 1 month yen TIBOR) +0.50% (Note 5)			April 20, 2020		
		7,300	Base interest rate (JBA 1 month yen TIBOR) +0.60% (Note 5)			April 20, 2021		

(Note 1) Short-term refers to borrowing due within one year, and long-term refers to borrowing due within one year or more. The same applies hereinafter for short-term borrowings and long-term borrowings.

(Note 2) The syndicate of lenders consists of Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Aozora Bank, Ltd., Shinsei Bank, Ltd. and Resona Bank, Ltd.

(Note 3) Financing fees and other charges to be paid to the lenders are not included.

(Note 4) The first interest payment date is May 20, 2016 and following interest payment dates are 20th of every month thereafter and the principal repayment date. However, if such date is not a business day, the immediately following business date; or if such a date is in the next month, the immediately preceding business date. For borrowings with floating interest rates, the base interest rate applicable to the calculation period for interest to be paid on each interest payment date is the 1 month interest rate among the Japanese Yen TIBOR (Reuters page 17097) announced by JBA TIBOR Administration at 11 a.m. (Tokyo time, the same applies hereinafter) or at the point of time after 11 a.m. and close to 11 a.m. as possible on the date two business days prior to the interest payment date immediately before each interest payment date (the drawdown date for the first interest payment date). However, in case the concerned interest rate is not announced for some reasons or in case the period corresponding to the interest rate calculation period doesn't exist, base rate corresponding to the concerned period and calculated based on methods determined in the contracts will be used. Furthermore, the first interest rate calculation period is from April 20, 2016 to May 20,

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2016 and the base interest rate corresponding to the concerned period is 0.06000%. For the base interest rate Japanese Yen TIBOR announced by the JBA TIBOR Administration, please check with the JBA TIBOR Administration website (<http://www.jbatibor.or.jp/english/rate/>).

(Note 5) The interest rate for payment is fixed by interest rate swap agreements. For details, please refer to “II. Establishment of Interest Rate Swaps” below.

(Note 6) If a repayment date is not a business day, repayment will be made on the next business day; provided, however, that if such date falls in the next month, the immediately preceding business day.

(Note 7) If certain requirements, such as advance notification in writing by SAR, are met during the period after implementing borrowings indicated above and before the maturity date, SAR is eligible to repay the borrowed amounts either in whole or in part prior to the maturity date. In addition, forced repayment prior to the maturity date might be made in certain cases.

2. Reason for the Debt Financing

To be allocated for partial repayment of existing borrowings and redemption of investment corporation bonds.

3. Total amount to be procured, use of funds and schedule of expenditure

(1) Amount to be procured

32,555,000,000 yen in total

(2) Specific use of funds to be procured

To be allocated for partial repayment of existing borrowings and redemption of investment corporation bonds stated in “Chapter 3 Details of SAR, No. 5 Accounting situation of SAR, 2 Current situation of SAR, (2) Status of borrowings, 1) Status of borrowings and issuance of investment corporation bonds” of the Securities Registration Statement submitted on March 16, 2016.

(3) Scheduled of expenditure

April 20, 2016

4. Status of Loans etc. after Borrowings

(Unit: million yen)

	Before Borrowings	After Borrowings	Change
Short-term borrowings	31,756	3,355	(-28,401)
Long-term borrowings	—	29,200	29,200
Total borrowings	31,756	32,555	799
Investment corporation bonds	4,574	—	(-4,574)
Total borrowings and Investment corporation bonds	36,330	32,555	(-3,775)
Other liabilities	—	—	—
Total liabilities	36,330	32,555	(-3,775)

II. Establishment of Interest Rate Swaps

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 on April 15, 2016 as described in “2. Details of the established swaps” below.

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2. Details of the established swaps

< Borrowings through the conclusion of interest rate swap agreements >

Term	Lender	Borrowing amount (million yen)	Interest rate	Date of borrowing	Borrowing method	Maturity date (Note 6)	Repayment method (Note 7)	Security
Borrowing (1)	A syndicate of lenders with Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. as arrangers (Note 2)	7,300	Base interest rate (JBA 1 month yen) + 0.40%	April 20, 2016	Borrowing based on individual term loan agreement concluded with the lenders in the left column dated April 15, 2016	April 20, 2019	Lump sum repayment on maturity date	Unsecured and unguaranteed
Borrowing (2)		7,300	Base interest rate (JBA 1 month yen) +0.50%			April 20, 2020		
Borrowing (3)		7,300	Base interest rate (JBA 1 month yen) +0.60%			April 20, 2021		

(Note) The syndicate of lenders consists of Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Aozora Bank, Ltd., Shinsei Bank, Ltd. and Resona Bank, Ltd.

(1) Interest rate swap agreement in connection with Borrowing (1)

Counterparty	SMBC Nikko Securities, Inc.
Notional principal	7,300 million yen
Interest rate	Fixed interest rate payable: -0.03600% Floating interest rate receivable: JBA 1 month yen TIBOR
Commencement date	April 20, 2016
Termination date	April 20, 2019
Interest payment dates	The first interest payment will be May 20, 2016, and subsequent interest payments will be the 20th of every month.

*The interest rate for Borrowing (1) will be effectively fixed at 0.36400% with the conclusion of this interest rate swap agreement.

(2) Interest rate swap agreement in connection with Borrowing (2)

Counterparty	SMBC Nikko Securities, Inc.
Notional principal	7,300 million yen
Interest rate	Fixed interest rate payable: -0.01700% Floating interest rate receivable: JBA 1 month yen TIBOR
Commencement date	April 20, 2016
Termination date	April 20, 2020
Interest payment dates	The first interest payment will be May 20, 2016, and subsequent interest payments will be the 20th of every month.

*The interest rate for Borrowing (2) will be effectively fixed at 0.48300% with the conclusion of this interest rate swap agreement.

(3) Interest rate swap agreement in connection with Borrowing (3)

Counterparty	SMBC Nikko Securities, Inc.
Notional principal	7,300 million yen
Interest rate	Fixed interest rate payable: 0.02500% Floating interest rate receivable: JBA 1 month yen TIBOR
Commencement date	April 20, 2016
Termination date	April 20, 2021
Interest payment dates	The first interest payment will be May 20, 2016, and subsequent interest payments will be the 20th of every month.

*The interest rate for Borrowing (3) will be effectively fixed at 0.62500% with the conclusion of this interest rate swap agreement.

III. Other Matters Required for Investors to Appropriately Understand and Evaluate the Above Information

In conjunction with the risks as they chiefly pertain to the repayment of the funds, there are no changes to “Part 2. Fund Information, I. Overview of the Fund, 3. Investment Risks” stated in the Securities Registration Statement submitted on March 16, 2016.

- * This material is distributed to the press club of the Tokyo Stock Exchange (Kabuto Club), the press club of the Ministry of Land, Infrastructure, Transport and Tourism, and the press club for construction trade publications of the Ministry of Land, Infrastructure, Transport and Tourism.
- * Star Asia Investment Corporation website address: <http://starasia-reit.com/en/>

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