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For Immediate Release

Real Estate Investment Trust Securities Issuer  
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### Notice Concerning Debt Financing

Star Asia Investment Corporation (“SAR”) announces today it has decided on the execution of debt financing (the “Debt financing”), as described below.

#### 1. Details of Debt financing

| Term<br>(Note 1)          | Lender  | Borrowing<br>amount<br>(million yen)<br>(Note 3) | Interest rate<br>(Note 4)<br>(Note 5) | Date of<br>borrowing | Borrowing<br>method   | Maturity<br>date<br>(Note 6) | Repayment<br>method<br>(Note 7)           | Security                         |
|---------------------------|---|--|---------------------------------------|----------------------|---|------------------------------|---|----------------------------------|
| Short-term /<br>Long-term | Sumitomo<br>Mitsui<br>Banking<br>Corporation<br>and Mizuho<br>Bank, Ltd.  | 1,680<br>(Note 3)                                | Base interest<br>rate +0.20%          | April 6,<br>2017     | Borrowing<br>based on the<br>individual<br>term loan<br>agreement<br>planned to<br>be dated<br>April 4, 2017<br>based on the<br>basic<br>agreement<br>dated April<br>15, 2016<br>assuming<br>Sumitomo<br>Mitsui<br>Banking<br>Corporation<br>as an agent. | April 20, 2018               | Installment<br>payment                    | Unsecured<br>and<br>unguaranteed |
| Long-term                 | A syndicate<br>of lenders<br>with<br>Sumitomo<br>Mitsui<br>Banking<br>Corporation<br>and Mizuho<br>Bank, Ltd. as<br>arrangers<br>(Note 2) | 2,400  | Base interest<br>rate +0.45%          |                      |   | October 20,<br>2020          | Lump sum<br>repayment on<br>maturity date |                                  |
|                           |   | 4,150  | Base interest<br>rate +0.60%          |                      |   | April 20, 2022               |   |                                  |

(Note 1) Short-term refers to borrowings due within one year, and long-term refers to borrowings due after one year.

(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, and Resona Bank, Limited.

(Note 3) For the anticipated balance of 1,680 million yen from Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd., we expect to repay the entire amount through funds raised assuming that all the investment units of the investment units to be newly issued in the third-party allotment (Please refer to “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced on March 17, 2017; the “Third-Party Allotment.”) related to the offering have been issued, consideration for the transfer of 51% quasi-co-ownership interest of beneficiary interests in trust related to Oak Minami-Azabu Building scheduled in the 4th fiscal period (Please refer to “Notice Concerning Acquisition and Transfer of Real Estate Beneficiary Interests in Trust” announced on February 28, 2017.)

**Note:** This press release does not in any way constitute any part of an offering of securities for investment. This press release has been prepared for the purpose of announcing to the public certain matters relating to the decision on the execution of debt financing, and not for the purpose of soliciting any investment, within or outside of Japan. Additionally, this press release is not an offer of securities for sale in the United States. The securities referred to herein have not been, and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. No offering or sale of securities in the United States will be made in connection with the above-mentioned transactions. This press release is not for publication, distribution or release, directly or indirectly in or into the United States of America.

and consumption tax refund expected to be received in the 4th fiscal period. Note that, as the number of issued units in the actual Third-Party Allotment and the amount of the consumption tax refund are both subject to change, it is possible that these amounts may not fully cover repayment of the entire amount of borrowings noted above.

(Note 4) Financing fees and other charges to the lenders are not included.

(Note 5) The first interest payment date is May 22, 2017 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 day, or if such date falls on the next month, the immediately preceding business day are respectively set as the interest payment date. For borrowings with floating interest rates, the base interest rate applicable to the interest rate calculation period and to be paid on each interest payment date is the one month interest rate of 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 as close to 11 a.m. as possible on the date two business days immediately before each interest payment date (two business days before the drawdown date for the first interest payment date). However, in case the concerned interest rate is not announced for some reasons, the interest rate (annual rate) determined reasonably by the agent shall be used, or in case the period corresponding to the first interest rate calculation period or the interest rate calculation period does not exist, base rate corresponding to the concerned period calculated based on methods determined in the contracts shall be used. The first interest rate calculation period is from April 6, 2017 to May 22, 2017. For Japanese Yen TIBOR announced by the JBA TIBOR Administration which is used as the base interest rate, please check with the JBA TIBOR Administration website (<http://www.jbatibor.or.jp/english/rate/>).

(Note 6) If a repayment date is not a business day, repayment shall be made on the next business day; however, if such date falls on the next month, repayment shall be made on 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 the Debt financing and by the maturity date, SAR is eligible to repay the borrowed amounts either in whole or in part prior to the maturity date.

## 2. Reasons for Debt financing

To be allocated for a part of the acquisition of real estate beneficiary interests in trust (Number of property: 6, total anticipated acquisition price: 16,547 million yen) described in “Notice Concerning Acquisition of Real Estate Beneficiary Interests in Trust and Lease Contract with New Tenants” announced on March 17, 2017 and partial payment of acquisition-related expenses.

## 3. Total amount of funds to be procured by the Debt financing, use of funds and schedule of expenditure

### (1) Amount of funds to be procured

8,230 million yen in total

### (2) Specific use of funds to be procured and schedule of expenditure

| Specific use of funds  | Amount            | Schedule of expenditure |
|--|-------------------|-------------------------|
| To be allocated for a part of the acquisition of real estate beneficiary interests in trust (Number of property: 6, total anticipated acquisition price: 16,547 million yen) and partial payment of acquisition-related expenses stated in Section 2. above. | 8,230 million yen | April 6, 2017           |

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4. Status of Loans etc. after Debt financing

(Unit: million yen)

|   | Before the<br>Borrowing | After the<br>Borrowing | Change |
|---|-------------------------|------------------------|--------|
| Short-term borrowings                             | 1,600                   | 3,280                  | 1,680  |
| Long-term borrowings                              | 29,200                  | 35,750                 | 6,550  |
| Total borrowings                                  | 30,800                  | 39,030                 | 8,230  |
| Investment corporation bonds                      | -                       | -                      | -      |
| Total borrowings and investment corporation bonds | 30,800                  | 39,030                 | 8,230  |
| Other interest-bearing liabilities                | -                       | -                      | -      |
| Total interest-bearing liabilities                | 30,800                  | 39,030                 | 8,230  |

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

In conjunction with the risks pertaining to the repayment of the Debt financing, etc., 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 March 17, 2017.

- \* 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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