

August 21, 2018

For Immediate Release

Real Estate Investment Trust Securities Issuer  
Star Asia Investment Corporation

Representative: Atsushi Kato, Executive Officer

(Code: 3468)

Asset Management Company

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### Notice Concerning Debt Financing

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

#### 1. Details of Debt Financing

Term	Lender	Borrowing amount (million yen) (Note 5)	Interest rate (Note 6) (Note 7)	Date of borrowing	Borrowing method	Maturity date (Note 8)	Repayment method	Security
Short-term (Note 1)	Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd.	3,500 (Note 3)	Base interest rate +0.20%	September 6, 2018	Borrowing based on the individual term loan agreement planned to be dated September 4, 2018 based on the basic agreement dated April 15, 2016 between Sumitomo Mitsui Banking Corporation as an agent.	December 20, 2018	Lump sum repayment on maturity date (Note 9)	Unsecured and Unguaranteed
		790 (Note 4)				August 20, 2019		
Long-term (Note 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 20, 2022		
		4,840	Base interest rate +0.60%			September 20, 2023		

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 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 This press release is not for publication, distribution or release, directly or indirectly in or into the United States of America.

- (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, Resona Bank, Limited, The Bank of Fukuoka, Ltd., Mizuho Trust & Banking Co., Ltd., and The Nishi-Nippon City Bank, Ltd.
- (Note 3) We expect to make partial repayment ahead of the maturity date using proceeds from the transfer of 49% of quasi-co-beneficiary interest of Hakata-eki Higashi 113 Building (1,396.5 million yen) (which is scheduled to be transferred on December 3, 2018) and Urban Park Shin-Yokohama (2,775 million yen) (which is scheduled to be transferred on October 11, 2018), both of which are scheduled to be transferred in the 6th fiscal period, ending January 31, 2019.
- (Note 4) For 330 million yen out of the anticipated short-term debt balance of 790 million yen from Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd., we expect to repay the partial amount in the 6th fiscal period, ending January 31, 2019, through funds raised by issuance of new investment units by way of the third-party allotment, if all or a part of investment units to be newly issued in the third-party allotment resolved at SAR's Board of Directors meeting on August 21, 2018 (Please refer to "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units" announced today; the "Third-Party Allotment.") related to the offering have been issued, and to repay the rest of the amount through consumption tax refund expected to be received in the 7th fiscal period ending June 31, 2019, ahead of the maturity date. Please note that, as the number of the investment units to be issued in the actual Third-Party Allotment and the amount of the consumption tax refund are both subject to change, it is possible that early repayment may not take place at all depending on such number or amount.
- (Note 5) Borrowing amount may be changed before the actual date of borrowing, in consideration of the amount of proceeds from the issuance of new investment units through public offering resolved at SAR's Board of Directors meeting on August 21, 2018 (Please refer to "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units" announced today.) and other relevant factors.
- (Note 6) Financing fees and other charges to the lenders are not included.
- (Note 7) The first interest payment date is September 20, 2018 and following interest payment dates are 20th of every month thereafter and the principal repayment date (maturity 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 is respectively set as the interest payment 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 one month interest rate of the Japanese Yen TIBOR 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 (Sumitomo Mitsui Banking Corporation) 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 and calculated based on methods determined in the contracts shall be used. 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/>). SAR will consider fixing interest rate payments by an

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arrangement such as interest rate swaps for long-term borrowings out of the Debt Financing.

- (Note 8) If a principal 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 9) If certain conditions, such as advance notification in writing by SAR, are met during the period between the date of borrowing and the maturity date, SAR is eligible to repay the borrowed amounts either in whole or in part prior to the maturity date.
- (Note 10) Financial covenants, such as stipulating that certain financial figures should be maintained based on assets and liabilities, are expected to be set for the Debt Financing.

## 2. Reasons for Debt Financing

To be allocated for a part of the acquisition price and acquisition-related expenses of real estate beneficiary interests in trust (Number of property: 6, total anticipated acquisition price: 19,670 million yen) described in “Notice Concerning Acquisition and Lease Contract with New Tenants, and Transfer of Real Estate Beneficiary Interests in Trust” announced today, “Notice Concerning Acquisition and Transfer (Asset Replacement) of Real Estate Beneficiary Interests in Trust” announced on July 23, 2018 and “Notice Concerning Determination of the Planned Acquisition Date and Change of the Acquisition Financing” announced today.

## 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

13,130 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 price and acquisition-related expenses of real estate beneficiary interests in trust (Number of property: 6, total anticipated acquisition price: 19,670 million yen) stated in Section 2 above.	13,130 million yen	September 6, 2018

## 4. Status of Loans etc. after Debt Financing

(Unit: million yen)

	Before the Borrowing	After the Borrowing	Change
Short-term borrowings	—	4,290	4,290
Long-term borrowings	43,230	52,070	8,840
Total borrowings	43,230	56,360	13,130
Investment corporation bonds	—	—	—
Total borrowings and Investment corporation bonds	43,230	56,360	13,130

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Other interest-bearing liabilities	—	—	—
Total interest-bearing liabilities	43,230	56,360	13,130

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 today (August 21, 2018).

<Reference>

Other press releases published as of today

- Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units
- Notice Concerning Acquisition and Lease Contract with New Tenants, and Transfer of Real Estate Beneficiary Interests in Trust
- Notice Concerning Revision to Forecasts for Operating Results for the 6th Fiscal Period Ending January 31, 2019 and Forecasts for Operating Results and Distribution for the 7th Fiscal Period Ending July 31, 2019
- Notice Concerning Partial Amendment to the Management Guidelines of the Asset Manager
- Notice Concerning Execution of Agreements on Preferential Negotiation Rights to secure Acquisition Pipeline for Future Growth
- Notice Concerning Determination of the Planned Acquisition Date and Change of the Funds for Acquisition
- Supplementary Material on Press Releases (Acquisition of Properties through Public Offering) Announced as of Today

\* 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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