

August 27, 2020

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 Swap

Star Asia Investment Corporation (“SAR”) announces today the establishment of an interest rate swap (the “Establishment of Interest Rate Swap”) concerning long-term borrowings described in “Notice Concerning Debt Financing (refinancing)” dated August 25, 2020, as described below. Moreover, please refer to the press release mentioned above for details of the borrowing for which the Establishment of Interest Rate Swap was performed.

1. Reason for establishment

The interest rate swap has been established in order to fix interest rate payments and hedge interest rate fluctuation risk pertaining to the borrowings under an individual term loan agreement concluded on August 27, 2020, as described in “2. Details of the established swap” below.

2. Details of the established swap

(1) Borrowing for which an interest rate swap agreement was concluded

Term	Lender	Borrowing amount	Interest rate	Date of borrowing	Borrowing method	Principal Repayment Date	Repayment method	Security
long-term (Note 1)	A syndicate of lenders with Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. as arrangers (Note 2)	500 million yen	Base interest rate (Japanese Yen 3M TIBOR) +0.45%	August 31, 2020	Borrowing based on the individual term loan agreement dated August 27, 2020 based on the basic agreement dated July 29, 2020 between Sumitomo Mitsui Banking Corporation as agent.	February 29, 2024	Lump sum repayment on the principal repayment date	Unsecured and Unguaranteed

long-term (Note 1)	A syndicate of lenders with Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. as arrangers (Note 3)	8,250 million yen	Base interest rate (Japanese Yen 3M TIBOR) +0.60%	August 31, 2020	Borrowing based on the individual term loan agreement dated August 27, 2020 based on the basic agreement dated July 29, 2020 between Sumitomo Mitsui Banking Corporation as agent.	August 29, 2025	Lump sum repayment on maturity date	Unsecured and Unguaranteed
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(Note 1) Long-term borrowings refers to borrowings where the period up to the repayment date is one year or more. The same applies hereinafter for long-term borrowings.

(Note 2) The syndicate of lenders consists of The Bank of Fukuoka, Ltd.

(Note 3) The syndicate of lenders consists of Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Aozora Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited and The Nishi-Nippon City Bank, Ltd., and Resona Bank, Limited.

(2) Details of interest rate swap agreement

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional principal	500 million yen
Interest rate (Note)	Fixed interest rate payable: 0.08600% Floating interest rate receivable: JBA 3-month yen TIBOR
Commencement date	August 31, 2020
Termination date	February 29, 2024
Interest payment dates	The first interest payment date will be September 30, 2020, and subsequent interest payment dates will be every 3 months at the end of the month.

(Note) The interest rate for long-term borrowings will be effectively fixed at 0.53600% with the conclusion of the Establishment of Interest Rate Swap.

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional principal	8,250 million yen
Interest rate (Note)	Fixed interest rate payable: 0.09750% Floating interest rate receivable: JBA 3-month yen TIBOR
Commencement date	August 31, 2020
Termination date	August 29, 2025
Interest payment dates	The first interest payment date will be September 30, 2020, and subsequent interest payment dates will every 3 months at the end of the month.

(Note) The interest rate for long-term borrowing will be effectively fixed at 0.6975% with the conclusion of the Establishment of Interest Rate Swap.

3. Future outlook

The impact of the Establishment of Interest Rate Swap on the operating results is insignificant, and the impact on the forecast of operating results for the fiscal period ending January 31, 2021 (August 1, 2020 to January 31, 2021) which was announced by SAR in the “Notice Concerning the Forecast of Operating Results and Distributions Subsequent to the Merger of Star Asia Investment Corporation and Sakura Sogo REIT Investment Corporation for the Fiscal Periods Ending January 31, 2021 and July 31, 2021” dated March 2, 2020 and in the “(REIT) Financial Report for Fiscal Period Ended January 31, 2020” dated March 13, 2020 is minimal, and there are no changes to the forecast.

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

In conjunction with the risks pertaining to Establishment of the Interest Rate Swap, there are no changes to “Part 1. Fund Information, I. Overview of the Fund, 3. Investment Risks” stated in the securities report (Japanese only) submitted on April 28, 2020.

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

This is an English translation of the announcement in Japanese dated August 27, 2020. However, no assurance or warranties are given for the completeness or accuracy of this English translation.