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For Immediate Release

Real Estate Investment Trust Securities Issuer
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Notice Concerning Redemption of Mezzanine Loan Debt (Subordinate Beneficiary Interest)

As announced in “Notice Concerning Acquisition of Mezzanine Loan Debt -Star Asia Mezzanine Loan Debt Investment Series 2 (Subordinate Beneficiary Interest)-” dated December 20, 2017, Star Asia Investment Corporation (“SAR”) has acquired and owned subordinate beneficiary interest (“Subordinate Beneficiary Interest”) of trust with loan claims to GK Japan B Asset (the “GK”) as main asset in trust, which holds trust beneficiary interest with Sasazuka South Building as main asset in trust (“the Collateral Asset”).

SAR announces that the entire amount of the principal for the Subordinate Beneficiary Interest, and total amount of the accrued interest and the funding break cost which were redeemed and paid as the entire amount of loan claims of Shinsei Trust & Banking Co., Ltd. (“Shinsei Trust”) to the GK, the asset in trust of the Subordinate Beneficiary Interest, has been repaid with the accrued interest and the funding break cost of such amount of loan claims, due to the GK selling the Collateral Asset to a third party.

1. Overview of Subordinate Beneficiary Interest

The Subordinate Beneficiary Interest is a subordinate beneficiary interest of trust with loan claims to the GK as main asset in trust, which holds trust beneficiary interest with Sasazuka South Building as main asset in trust. SAR acquired the Subordinate Beneficiary Interest from Shinsei Bank, Ltd. (“Shinsei Bank”) for 334.5 million yen on December 22, 2017 based on the judgement that the certainty of redemption of the entire amount of the principal for the Subordinate Beneficiary Interest is high and the acquisition would not only realize diversification of investment targets, but also boost distributable profits since it would be conducted with cash on hand, allowing SAR to receive the dividend income (base rate + 5%) from effective use of own funds; and has continued to hold it.

<Overview of Subordinate Beneficiary Interest Structure>

GK Japan B Asset		Shinsei Trust	
Collateral Asset Sasazuka South Building 2,870 million yen (Appraisal value) (Note 1)	[Borrowing] Non-recourse loan Approximately 1,948.5 million yen	[Lending] Non-recourse loan Approximately 1,948.5 million yen	(Preferential beneficiary interest) Approximately 1,614 million yen Shinsei Bank
	(Equity) Silent partnership investment, etc.		(Subordinate Beneficiary Interest) 334.5 million yen SAR

(Note 1) The appraisal value as of June 30, 2018 is indicated.

For details regarding the Subordinate Beneficiary Interest described above, please refer to “Notice Concerning Acquisition of Mezzanine Loan Debt -Star Asia Mezzanine Loan Debt Investment Series 2 (Subordinate Beneficiary Interest)-” announced on December 20, 2017.

2. Redemption of mezzanine loan debt (subordinate beneficiary interest)

As a result of the sale of the Collateral Asset by the GK, the entire amount of loan claims by Shinsei Trust to the GK, the asset in trust of the Subordinate Beneficiary Interest, has been repaid with the accrued interest and the funding break cost of such amount of loan claims, the asset in trust of the Subordinate Beneficiary Interest, and the entire amount of the principle of the Subordinate Beneficiary Interest and total amount of the the accrued interest and the funding break cost were redeemed and paid.

3. Future forecast

Since the impact of the redemption of the Subordinate Beneficiary Interest on the forecast for operating results for the fiscal period ending January 2019 (August 1, 2018 to January 31, 2019) and July 2019 (February 1, 2019 to July 31, 2019) announced in “Financial Report for Fiscal Period Ended July 31, 2018 (REIT)” dated September 13, 2018 is minimal, 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 the redemption of the Subordinate Beneficiary Interest, etc., there are no changes to “Part 1. Fund Information, I. Overview of the Fund, 3. Investment Risks” stated in the semiannual securities report (Japanese only) on October 30, 2018.

SAR will continue to discuss investment in mezzanine loan debt, which not only realizes diversification of investment targets, but also boosts distributable profits through effective use of cash on hand allowing SAR to receive dividend income, as part of the active management strategy that leads to maximization of unitholders’ value.

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