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For Immediate Release

Real Estate Investment Trust Securities Issuer  
 Star Asia Investment Corporation  
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 (Code: 3468)

Asset Management Company  
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Notice Concerning Debt Financing

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

1. Details of Debt financing

| Term                  | Lender   | Borrowing amount<br>(million yen) | Interest rate<br>(Note 5)<br>(Note 6) | Date of borrowing | Borrowing method   | Maturity date<br>(Note 7) | Principal repayment method                      | Security                   |
|-----------------------|--|-----------------------------------|---------------------------------------|-------------------|--|---------------------------|---|----------------------------|
| Long-term<br>(Note 1) | Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd.  | 1,470<br>(Note 3)<br>(Note 4)     | Base interest rate +0.20%             | February 2, 2018  | Borrowing based on the individual term loan agreement planned to be dated January 31, 2018 based on the basic agreement dated April 15, 2016 assuming Sumitomo Mitsui Banking Corporation as an agent. | February 20, 2019         | Lump sum repayment on maturity date<br>(Note 8) | Unsecured and unguaranteed |
|                       | A syndicate of lenders with Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. as arrangers<br>(Note 2) | 4,690                             | Base interest rate +0.60%             |                   |  | February 20, 2023         |   |                            |

(Note 1) 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., and The Bank of Fukuoka, Ltd.

(Note 3) For 470 million yen out of the anticipated long-term debt balance of 1,470 million yen from Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd., we expect to prepay the partial 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 today; the “Third-Party Allotment.”) related to the offering have been issued in the 5th fiscal period, and to prepay the rest of the amount through consumption tax refund expected to be received in the 6th 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

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change, it is possible that these amounts may not fully cover repayment of the amount of borrowings noted above.

- (Note 4) 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 (Please refer to “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced today.) and other relevant factors.
- (Note 5) Financing fees and other charges to the lenders are not included.
- (Note 6) The first interest payment date is March 20, 2018 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 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 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/>).
- (Note 7) 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 8) 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: 10,743 million yen) described in “Notice Concerning Acquisition of Real Estate Beneficiary Interests in Trust and Lease Contract with New Tenants” announced today 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

6,160 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: 10,743 million yen) and partial payment of acquisition-related expenses stated in Section 2 above. | 6,160 million yen | February 2, 2018        |

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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                             | -                       | -                      | -      |
| Long-term borrowings                              | 37,350                  | 43,510                 | 6,160  |
| Total borrowings                                  | 37,350                  | 43,510                 | 6,160  |
| Investment corporation bonds                      | -                       | -                      | -      |
| Total borrowings and investment corporation bonds | 37,350                  | 43,510                 | 6,160  |
| Other interest-bearing liabilities                | -                       | -                      | -      |
| Total interest-bearing liabilities                | 37,350                  | 43,510                 | 6,160  |

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 January 12, 2018.

<Other Press Releases Announced as of Today>

- Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units
- Notice Concerning Acquisition of Real Estate Beneficiary Interests in Trust and Lease Contract with New Tenants
- Notice Concerning Revision to Forecasts for Operating Results for the 4th Fiscal Period Ending January 31, 2018 and 5th Fiscal Period Ending July 31, 2018, and Forecasts for Operating Results and Distribution for the 6th Fiscal Period Ending January 31, 2019
- Supplemental Material on Press Releases (acquisition of properties through public offering) Announced as of Today
- Notice Concerning Execution of Agreement on Preferential Negotiation on HAKUSAN HOUSE

\* 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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