

August 27, 2021

For Immediate Release

Real Estate Investment Trust Securities Issuer  
Star Asia Investment Corporation  
Representative: Atsushi Kato, Executive Officer  
(Code: 3468)

Asset Management Company  
Star Asia Investment Management Co., Ltd.  
Representative: Atsushi Kato  
President and CEO  
Contact: Akiko Kanno  
Director and CFO  
TEL: +81-3-5425-1340

Notice Concerning Debt Financing (Refinancing) and Establishment of Interest Rate Swaps

Star Asia Investment Corporation (“SAR”) announces today that it has decided to execute debt financings (the “Debt Financing”) and establish interest rate swaps (the “Interest Rate Swaps”), as described below.

1. The Debt Financing

(1) Details of the Debt Financing

Term (Note 1)	Lenders	Borrowing amounts	Interest Rates (Note4) (Note5)	Date of Borrowing	Borrowing Method	Principal Repayment Date (Note 6)	Repayment Method	Security
Long-term borrowings	A syndicate of lenders with Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. as arrangers (Note 2)	4,350 million yen	Base interest rate (JPY 3-month TIBOR) + 0.60 %	August 31, 2021	Borrowings based on the individual term loan agreement dated August 27, 2021, based on the basic agreement dated July 29, 2020 with Sumitomo Mitsui Banking Corporation as agent.	August 31, 2026	Lump sum repayment on principal repayment date (Note 7)	Unsecured and Unguaranteed
	A syndicate of lenders with Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. as arrangers (Note 3)	3,800 million yen	Base interest rate (JPY 3-month TIBOR) + 0.80 %			August 31, 2028		

(Note 1) Borrowings with a repayment period of 1 year or less are classified as “short-term” and borrowings with repayment periods exceeding 1 year are classified as “long-term”.

(Note 2) The syndicate of lenders consists of Sumitomo Mitsui Banking Corporation, Mizuho Bank, Shinsei Bank and Minato Bank.

(Note 3) The syndicate of lenders consists of Sumitomo Mitsui Banking Corporation, Mizuho Bank, Shinsei Bank, Aozora

Bank, San-ju San Bank.

- (Note 4) Financing fees and other charges payable to the lenders are not included.
- (Note 5) The first interest payment date is November 30, 2021, and thereafter, interest payment dates are the last day of every 3-months and the principal repayment date. However, if such date is a non-business day, the interest payment date shall be the immediately following business day, or if such date falls in the next month, the interest payment date shall be the immediately preceding business day. For borrowings with floating interest rates, the base interest rate applicable to the calculation period for payment of interest on any given interest payment date is the Japanese Yen TIBOR for 3 months as 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 which is two business days prior to the immediately preceding interest payment date (or two business days before the drawdown date for the first interest payment date). However, if no interest rates are found for the corresponding interest calculation period, the base interest rate for the relevant period shall be calculated based on the method set forth in the individual term loan agreement. 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/>) Concerning the Debt Financing, it is being considered to fix the interest payments by entering into an interest rate swap agreement, etc.
- (Note 6) 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 7) If certain conditions, such as advance notification in writing by SAR, are satisfied during the period between the date of borrowing and the principal repayment date, SAR may prepay the borrowed amounts either in whole or in part prior to maturity.
- (Note 8) Certain financial covenants, such as stipulating that certain financial figures should be maintained based on assets and liabilities, are expected to be established for the Debt Financing.

(2) Reason for the Debt Financing

The proceeds from the Debt Refinancing will be appropriated to the repayment of the JPY 6,000 million long-term borrowing and the JPY 2,150 million short-term borrowing each to mature on August 31, 2021. With respect to the JPY 6,000 million long-term borrowing, please refer to the press release disclosed by Sakura Sogo REIT Investment Corporation dated September 9, 2016 entitled "Notice of Execution of Debt Financing", and with respect to the JPY 2,150 million short-term borrowing, please refer to the press release dated August 25, 2020 entitled "Notice Concerning Debt Financing (Refinancing)". (The Debt Financing and the relevant repayments of existing borrowings are collectively referred to as the "Refinancings").

(Note) Due to the absorption-type merger executed on August 1, 2020, where SAR was the juridical person surviving the absorption-type merger, and Sakura Sogo REIT Investment Corporation was the investment corporation extinguished in the absorption-type merger, SAR has assumed the liabilities under the relevant borrowing of Sakura Sogo REIT Investment Corporation.

(3) Total amount of funds to be procured by the Debt Financing, use of funds and schedule of expenditures

i) Amount of funds to be procured

Total 8,150 million yen

ii) Specific use of funds to be procured and schedule of expenditures

Specific use of funds	Amount million yen	Schedule of Expenditures
To be allocated to repayment of the Existing Loans stated in Section 2 above.	8,150	August 31, 2021

(4) Status of Borrowings etc. after the Refinancing

(Unit: million yen)

	Before the Refinancing	After the Refinancing	Change
Short-term borrowings	2,150	0	-2,150
Long-term borrowings	87,290	89,440	2,150
Total borrowings	89,440	89,440	—
Investment corporation bonds	—	—	—
Total borrowings and Investment corporation bonds	89,440	89,440	—
Other interest-bearing liabilities	—	—	—
Total interest-bearing liabilities	89,440	89,440	—

2. Establishment of the Interest Rate Swaps

(1) Reason for establishment of the interest rate swaps

The interest rate swaps will be established in order to fix interest rate payments and hedge interest rate fluctuation risk pertaining to the borrowings under an individual term loan agreement signed on August 27, 2021, as described above “The Debt Financing”.

(2) Details of the interest rate swap agreements

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional principal	4,350 million yen
Interest rate (Note)	Fixed interest rate payable: 0.09545% Floating interest rate receivable: JBA 3-month yen TIBOR
Commencement date	August 31, 2021
Termination date	August 31, 2026
Interest payment dates	The first interest payment date will be November 30, 2021, and subsequent interest payment dates will be every 3 months at the end of the month.

(Note) Given the establishment of the Interest Rate Swaps, the interest rate for the relevant borrowing will be effectively fixed at 0.69545 %.

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional principal	3,800 million yen
Interest rate (Note)	Fixed interest rate payable: 0.11060% Floating interest rate receivable: JBA 3-month yen TIBOR
Commencement date	August 31, 2021
Termination date	August 31, 2028
Interest payment dates	The first interest payment date will be November 30, 2021, and subsequent interest payment dates will be every 3 months at the end of the month.

(Note) Given the establishment of the Interest Rate Swaps, the interest rate for the relevant borrowing will be effectively fixed at 0.91060 %.

3. Future outlook

The impact of the Refinancing and establishment of the Interest Rate Swaps on the operating results is insignificant, and there are no changes to the forecast of operating results for the fiscal period ending January 31, 2022 (August 1, 2021 to January 31, 2022) and the fiscal period ending July 31, 2022 (February 1, 2022 to July 31, 2022) which was announced by SAR in the press release entitled “Notice Concerning Revision to Forecasts for Operating Results for the 12th Fiscal Period ending January 31, 2022 and Forecasts for Operating Results and Distribution for the 13th Fiscal Period ending July 31, 2022” dated August 2,

2021. With respect to the summary financial report (kessan tanshin) for SAR's 11th Fiscal Period (February 1, 2021 to July 31, 2021), it is scheduled to be disclosed on September 14, 2021

4. Other matters required for investors to appropriately understand and evaluate the above information  
In conjunction with the risks related to the Refinancings and the establishment of the Interest Rate Swaps, there are no changes to the section "Part 2. Reference Information, 2. Supplementary Information on Reference Documents, 3. Investment Risks" found in the securities report (Japanese only) submitted on August 2, 2021.

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

*This is an English translation of the announcement in Japanese dated August 27, 2021.  
However, no assurance or warranties are given for the completeness or accuracy of this English translation.*