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For Immediate Release

Real Estate Investment Trust Securities Issuer
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Notice Concerning Debt Financing (Green Loan)

Star Asia Investment Corporation (“SAR”) announces today that it has decided to execute a debt financing by a green loan for the first time for SAR (hereinafter the “Debt Financing”). Details are described below. The Debt Financing will be executed as a “Green Loan” based on SAR’s Green Finance Framework, which has obtained a “Green 1(F)” evaluation under “JCR Green Finance Framework Evaluation” (see Note) provided by Japan Credit Rating Agency, Ltd. (hereinafter referred to as “JCR”). For further information of the Green Finance Framework established by SAR and the “JCR Green Finance Framework Evaluation”, please refer to the press release dated June 30, 2022 entitled “Notice concerning the Acquisition of Third-Party Evaluation for Green Finance Framework”.

(Note) “JCR Green Finance Framework Evaluation” is the third-party evaluation conducted by JCR regarding compatibility with the “Green Bond Principles”, “Green Loan Principles”, “Green Bond Guideline”, and “Green Loan and Sustainability Link Loan Guideline”. Under this evaluation, JCR conducts the “Greenness Evaluation” which is an evaluation of whether a project classification described in the green finance policy of an issuer or borrower’s green finance policy falls under a green project, and “Evaluation of Management, Operations, and Transparency” which is an evaluation of the issuer or borrower’s management and operations system and transparency, and then as a comprehensive evaluation based on these evaluations, JCR determines the JCR Green Finance Framework Evaluation. This evaluation relates to the green finance policy of the issuer etc., and is not an evaluation of the greenness or the management, operations, and transparency etc. of the use of funds of individual projects conducted based on such policies. A separate evaluation process is required in order to grant green finance evaluations for individual bonds and borrowings. Details of the JCR Green Finance Framework Evaluation are described in JCR’s website.

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 (green loan) of SAR, 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 here in 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.

1. Details of the Debt Financing (Note1)

Method of Borrowing: Borrowing under individual term loan agreement (Expected contract date: August 16, 2022) from the lenders described below.

Term (Note 2)	Lenders	Borrowing amount (million yen) (Note 4)	Interest rate (Note 5)		Date of borrowing	Principal Repayment Date (Note 7)	Repayment method	Security
Long-term borrowings	A syndicate of lenders with Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. as arrangers (Green Loan) (Note 3)	7,000	Floating	Base interest rate (JPY 3M TIBOR) +0.60% (Note 6)	August 18, 2022	August 31, 2027	Lump sum repayment on principal repayment date (Note 8)	Unsecured and Unguaranteed

(Note 1) This information is based on the notice on results of consideration regarding the Debt Financing issued by the arrangers. However, it does not guarantee that the actual financing will be conducted as described above, because the lenders should go thorough financing examination.

(Note 2) Short-term borrowings refer to borrowings due within one year. Long-term borrowings refer to borrowings where the period up to the repayment date is one year or more. The same applies hereinafter for short-term borrowings and long-term borrowings.

(Note 3) The syndicate of lenders consists of Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Shinsei Bank, Limited., Sumitomo Mitsui Trust Bank, Limited., Aozora Bank, Ltd., Resona Bank, Limited., and The Chiba Bank, Ltd.

(Note 4) This is the amount expected to be borrowed as of today, and the amount may be changed by the time of final execution of the borrowing, following consideration of the net proceeds etc. to be received as described in the separate announcement today entitled "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units".

(Note 5) Financing fees and other charges payable to the lenders are not included.

(Note 6) The first interest payment date is August 31, 2022, and thereafter, interest payment dates shall fall on the last day of every 3 months and on 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 three-month interest rate for Japanese Yen 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 there is no base rate that corresponds to an interest calculation period, the base rate will be calculated by the formula set forth in the individual term loan agreements. For Japanese Yen TIBOR announced by the JBA TIBOR Administration which is used as the base interest rate, please confirm on the JBA TIBOR Administration website (<https://www.jbatibor.or.jp/english/>). SAR will consider fixing interest rate payments by interest rate swap agreements for the Debt Financing.

(Note 7) If the principal repayment date is a non-business day, the repayment date shall be the immediately following

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business day; however, if such date falls in the next month, repayment date shall be the immediately preceding business day.

(Note 8) If certain conditions, such as advance notification in writing by SAR, are met 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 9) 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

To be allocated to the payment of a part of the acquisition funds and related expenses for acquisition of the real estate trust beneficiary interests related to abeno nini (Retail) (expected acquisition price: 9,500 million yen) which is a specified asset which fulfills eligibility criteria (green eligible asset) defined in SAR's green finance framework, and one of the 3 properties described as Assets to be Acquired in the "Notice Concerning Acquisition of Real Estate Beneficiary Interests in Trust and entering into Lease Contracts" announced today. SAR will consider fixing interest rate payments by an arrangement such as interest rate swaps for the Debt Financing to improve stability of its financial foundation.

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

7,000 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 to the payment of a part of the acquisition funds and related expenses for the real estate beneficiary interests in trust for 1 property (expected acquisition price: 9,500 million yen) described as Assets to be Acquired as stated in Section 2 above.	7,000 million yen	August 18, 2022

4. Status of Borrowings etc. after the Debt Financing

(Unit: million yen)

	Before the Refinancing	After the Refinancing	Change
Short-term borrowings	—	—	—
Long-term borrowings	88,640	95,640	7,000
Total borrowings	88,640	95,640	7,000
Investment corporation bonds	1,000	1,000	—
Total interest-bearing liabilities	89,640	96,640	7,000

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5. Future Outlook

As a result of the Debt Financing, there will be certain changes made to the assumptions for the forecasts for operating results described in “(REIT) Financial Report for Fiscal Period Ended January 31, 2022” announced on March 16, 2022. For further details, please refer to “Notice Concerning Revision to Forecasts for Operating Results for the 14th Fiscal Period Ending January 31, 2023 and Forecasts for Operating Results and Distribution for the 15th Fiscal Period Ending July 31, 2023” announced today.

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

With respect to the risks pertaining to the repayment of the Debt Financing, etc., there are no changes to the descriptions in “Part II. Reference Information / II. Information Supplementary to Reference Documents / 3. Investment Risks” of the Securities Registration Statement submitted today (August 1, 2022).

<Reference>

Other press releases announced 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 entering into Lease Contracts
- Notice Concerning Revision to Forecasts for Operating Results for the 14th Fiscal Period Ending January 31, 2023 and Forecasts for Operating Results and Distribution for the 15th Fiscal Period Ending July 31, 2023
- Notice Concerning Partial Amendment to the Management Guidelines of the Asset Manager
- Notice Concerning Acquisition of Assessment Certification in CASBEE for Real Estate
- Notice Concerning Change of Names of Properties

*SAR HP URL: <http://starasia-reit.com/en/>

This is an English translation of the announcement in Japanese dated August 1, 2022. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

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