

March 17, 2017

For Immediate Release

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

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

Notice Concerning Revision to Forecasts for Operating Results for the 3rd Fiscal Period Ending July 31, 2017 and Forecasts for Operating Results and Distribution for the 4th Fiscal Period Ending January 31, 2018

Star Asia Investment Corporation (“SAR”) announces that it has decided to revise the operating results forecasts for the fiscal period ending July 31, 2017 (3rd fiscal period) (February 1, 2017 to July 31, 2017) described in “Notice Concerning Revision to Forecasts for Operating Results and Distribution for the 3rd Fiscal Period Ending July 31, 2017” announced on February 28, 2017. SAR also announces the operating results forecasts and distribution forecasts for the fiscal period ending January 31, 2018 (4th fiscal period) (August 1, 2017 – January 31, 2018) as described below.

1. Revision to forecasts for operating results for the fiscal period ending July 31, 2017

	Operating revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Cash distribution per unit (not including cash distribution in excess of earnings) (yen)	Cash distribution in excess of earnings per unit (yen)	Cash distribution per unit (including cash distribution in excess of earnings) (yen)
Previously announced forecasts (A)	2,818	1,814	1,662	1,595	4,340	0	4,340
Revised forecasts (B)	3,135	2,071	1,798	1,798	4,340	0	4,340
Change (C)=(B)-(A)	316	257	136	202	0	0	0

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 revision to forecasts for operating results for the period ending July 31, 2017, and forecasts for operating results and distribution for the period ending January 31, 2018, 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 herein 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.

Rate of change (D)=(C)/(A)	11.2%	14.2%	8.2%	12.7%	—	—	—
-------------------------------	-------	-------	------	-------	---	---	---

(Reference)

Expected number of investment units issued and outstanding as of the end of the fiscal period: 414,300 units  
(Refer to the “Investment units” in the Assumptions described in the exhibit.)

## 2. Forecasts for operating results and distribution for the fiscal period ending January 31, 2018

	Operating revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Cash distribution per unit (not including cash distribution in excess of earnings) (yen)	Cash distribution in excess of earnings per unit (yen)	Cash distribution per unit (including cash distribution in excess of earnings) (yen)
Fiscal period ending January 31, 2018	3,103	2,009	1,859	1,783	4,039	0	4,039

(Reference)

Expected number of investment units issued and outstanding as of the end of the fiscal period: 414,300 units  
(Refer to the “Investment units” in the Assumptions described in the exhibit.)

(Notes)

1. The above forecasts are current forecasts based on “Assumptions Underlying Operating Results Forecasts and Distribution Forecasts for Fiscal Periods Ending July 31, 2017 and Ending January 31, 2018” below and the actual operating revenue, operating income, ordinary income, net income, cash distribution per unit, etc. may differ from them. In addition, SAR does not guarantee any actual cash distribution amount by announcing the forecast figures.
2. The forecasts may be subject to revision when a disparity beyond a certain degree is expected between the above forecasts and actual figures.
3. Amounts are rounded down to the nearest specified unit and percentage figures are rounded to the first decimal place.

## 3. Reason for revisions and announcement

SAR revised the forecasts as the assumptions underlying operating results forecasts for the fiscal period ending July 31, 2017 described in “Notice Concerning Revision to Forecasts for Operating Results and distribution for the 3rd Fiscal Period Ending July 31, 2017” announced on February 28, 2017 have changed due to acquisition of real estate beneficiary interests in trust of six properties described in “Notice Concerning Acquisition and Leasing of Real Estate Beneficiary Interests in Trust” announced today and issuance of new investment units, and also announces the operating results forecasts and distribution forecasts for the fiscal period ending January 31, 2018.

**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 revision to forecasts for operating results for the period ending July 31, 2017, and forecasts for operating results and distribution for the period ending January 31, 2018, 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 herein 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.

\* 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/>

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 revision to forecasts for operating results for the period ending July 31, 2017, and forecasts for operating results and distribution for the period ending January 31, 2018, 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 herein 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.

[Exhibit]

Assumptions Underlying Operating Results Forecasts and Distribution Forecasts  
For Fiscal Periods Ending July 31, 2017 and Ending January 31, 2018

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>➤ Fiscal period ending July 31, 2017: February 1, 2017 – July 31, 2017 (181 days)</li> <li>➤ Fiscal period ending January 31, 2018: August 1, 2017 – January 31, 2018 (184 days)</li> </ul>
Investment assets	<ul style="list-style-type: none"> <li>➤ For the real estate beneficiary interests in trust of the 18 properties held by SAR as of the date of this document (hereafter referred to as the “Existing Properties” in these assumptions), it is assumed that there will be no change in the investment assets (new property acquisitions, sales of the Existing Properties, etc.) other than acquisition of real estate beneficiary interests in trust of the following six properties (the “Property Planned for the Acquisition”) and transfer of real estate beneficiary interests in trust of the following one property (hereinafter referred to as the “Acquisition” and “Transfer,” respectively) through the end of the fiscal period ending January 31, 2018. &lt;Acquisition&gt; Property name: OFC-09 Hakata-eki East Place, RSC-07 Urban Park Kashiwa, LGC-04 Baraki Logistics, LGC-05 Tokorozawa Logistics, HTL-03 Best Western Tokyo Nishikasai, HTL-04 Best Western Yokohama Acquisition date: April 6, 2017 &lt;Transfer&gt; Property name: OFC-02 Oak Minami-Azabu Transfer date: March 31, 2017    Quasi co-ownership interest: 49%    August 1, 2017    Quasi co-ownership interest: 51%</li> <li>➤ In practice, this may vary due to changes in investment assets.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>➤ Rent revenues from the Existing Properties are calculated based on the rent stated in the lease agreements that are effective as of the date of this document. Rent revenues from the Properties Planned for the Acquisition are calculated based on the information from the seller and rent stated in the lease agreements that will be effective as of the date of acquisition taking factors such as market movement into consideration, respectively.</li> <li>➤ As to operating revenue, it is assumed that no rent payments will be delinquent or declined by tenants.</li> <li>➤ Gain on sales of real estate property from the transfer of the asset on February 1, 2017 is expected to be 153 million yen for the fiscal period ending July 31, 2017 as described in “Notice Concerning Acquisition and Transfer of Real Estate Beneficiary Interests in Trust” announced on December 5, 2016.</li> <li>➤ Gain on sales of real estate property from the Transfer is expected to be 734 million yen</li> </ul>

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 revision to forecasts for operating results for the period ending July 31, 2017, and forecasts for operating results and distribution for the period ending January 31, 2018, 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 herein 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.

Item	Assumptions
	for the fiscal period ending July 31, 2017 and 769 million yen for the fiscal period ending January 31, 2018.
Operating expenses	<ul style="list-style-type: none"> <li>➤ Among expenses related to rent business of the Existing Properties, which are the principal operating expenses, expenses excluding depreciation are calculated on the basis of historical data, reflecting variable factors of expenses.</li> <li>➤ Fixed property taxes, city planning taxes and other public charges are expected to be 156 million yen for the fiscal period ending July 31, 2017 and 142 million yen for the fiscal period ending January 31, 2018. For the Property Planned for the Acquisition, fixed property taxes, city planning taxes and other public charges in fiscal 2017 will be settled on a pro rata basis based on the number of days of ownership with the seller at the time of acquisition of the properties. However, in the case of SAR, the settled amount will be included in the acquisition cost and thus will not be recorded as expenses in the fiscal periods ending July 31, 2017 and ending January 31, 2018. In addition, fixed property taxes, city planning taxes and other public charges for the Property Planned for the Acquisition will be recorded as expenses from the fiscal period ending July 31, 2018.</li> <li>➤ For the expenditures for repair and maintenance of buildings, 54 million yen is expected for the fiscal period ending July 31, 2017 and 47 million yen is expected for the fiscal period ending January 31, 2018 based on repair and maintenance plans drawn up by the Asset Management Company. However, the expenditures for repair and maintenance for the fiscal periods could differ significantly from the estimated amounts, as expenditures may arise urgently due to damage to buildings and such caused by unexpected factors, and because the variance in amounts generally tends to be significant from year to year and repair and maintenance expenses do not arise regularly.</li> <li>➤ Depreciation is calculated using the straight line method and is expected to be 291 million yen for the fiscal period ending July 31, 2017 and 312 million yen for the fiscal period ending January 31, 2018.</li> </ul>
NOI (Net Operating Income)	<ul style="list-style-type: none"> <li>➤ The NOI of SAR's portfolio is expected to be 1,733 million yen for the fiscal period ending July 31, 2017 and 1,832 million yen for the fiscal period ending January 31, 2018.</li> <li>➤ NOI is calculated by using the following calculation method. NOI = rent revenue – rent expenses (excluding depreciation)</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>➤ Temporary expenses are expected to be 50 million yen for the fiscal period ending July 31, 2017 as issuance cost of new investment units.</li> <li>➤ Interest expense and other financial expenses are expected to total 222 million yen for the fiscal period ending July 31, 2017 and 150 million yen for the fiscal period ending January 31, 2018.</li> </ul>

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 revision to forecasts for operating results for the period ending July 31, 2017, and forecasts for operating results and distribution for the period ending January 31, 2018, 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 herein 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.

Item	Assumptions
Debt financing	<ul style="list-style-type: none"> <li>➤ The total amount of interest-bearing liabilities is assumed to be 38,730 million yen as of the end of the fiscal period ending July 31, 2017 and 37,350 million yen as of the end of the fiscal period ending January 31, 2018.</li> <li>➤ As of today, SAR has 30,800 million yen of outstanding borrowings. In this regard, SAR plans new borrowings totaling 8,230 million yen on April 6, 2017 from qualified institutional investors defined in Article 2, paragraph 3, item 1 of the Financial Instruments and Exchange Act.</li> <li>➤ It is assumed to repay 300 million yen by the end of the fiscal period ending July 31, 2017 by using the payment for issuance of the new investment units through third-party allotment described in “Investment units” below.</li> <li>➤ It is assumed to repay 990 million yen by the end of the fiscal period ending January 31, 2018 by using the proceeds from sale of 51% quasi co-ownership interest in Oak Minami-Azabu described in the above “Investment assets.”</li> <li>➤ It is assumed to repay 390 million yen by the end of the fiscal period ending January 31, 2018 by using consumption tax refund resulting from acquisition of the Property Planned for the Acquisition and payment of other various expenses.</li> </ul>
Investment units	<ul style="list-style-type: none"> <li>➤ It is assumed that, in addition to the total number of investment units issued and outstanding as of today (344,700 units), all of the new investment units to be issued through public offering (66,200 units) and all of the new investment units to be issued through third-party allotment (up to 3,400 units), respectively resolved at the Board of Directors meeting held today, are issued.</li> <li>➤ Excluding the above, it is assumed that there will be no changes in the number of investment units issued due to additional issuance, etc. of new investment units through the end of the fiscal period ending January 31, 2018.</li> <li>➤ Cash distribution per unit (not including cash distribution in excess of earnings) is calculated based on the expected number of investment units issued and outstanding as of the end of the fiscal periods ending July 31, 2017 and ending January 31, 2018 (414,300 units) including new investment units to be issued described above (up to 69,600 units).</li> </ul>
Cash distribution per unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> <li>➤ Cash distribution per unit (not including cash distribution in excess of earnings) is calculated on the assumption described in the cash distribution policy stipulated in SAR’s Articles of Incorporation.</li> <li>➤ It is assumed that derivative transactions (interest rate swaps) will continue to be conducted. However, It is assumed that deferred losses on hedges, which is an item of deduction from net assets (those provided in Article 2, item 30 (b) of the Ordinance on Accountings of Investment Corporations), is nonaccrual in the fiscal periods ending July 31, 2017 and ending January 31, 2018, and cash distribution per unit (not including cash</li> </ul>

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 revision to forecasts for operating results for the period ending July 31, 2017, and forecasts for operating results and distribution for the period ending January 31, 2018, 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 herein 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.

Item	Assumptions
	<p>distribution in excess of earnings) will not be affected by changes in items of deduction from net assets in the calculation.</p> <ul style="list-style-type: none"> <li>➤ It is possible that the cash distribution per unit (not including cash distribution in excess of earnings) could change due to various factors, including changes in investment assets, changes in rent revenue accompanying changes in tenants, etc., or unexpected repair and maintenance, etc. In addition, cash distribution per unit (not including cash distribution in excess of earnings) may be affected by changes in items of deduction from net assets.</li> <li>➤ As to 769 million yen expected for the fiscal period ending January 31, 2018 as gain on sales of real estate property from the Transfer described in the above “Operating revenue,” 110 million yen is expected to be recorded as voluntary reserve and be internally retained. In practice, the amount of voluntary reserve may change.</li> <li>➤ SAR assumed 99 million yen as internal reserves by a part of gain on sale of real estate property in “Notice Concerning Acquisition and Transfer of Real Estate Beneficiary Interests in Trust” announced on February 28, 2017, as described in “Assumptions Underlying Operating Results Forecasts for Fiscal Period Ending July 31, 2017” attached to “Notice Concerning Revision to Forecasts for Operating Results and Distribution for the 3rd Fiscal Period Ending July 31, 2017” announced on February 28, 2017. SAR has changed such assumption and it is now assumed that such internal reserves will not be made.</li> </ul>
Cash distribution in excess of earnings per unit	<ul style="list-style-type: none"> <li>➤ It is assumed that there will be no existing balance of deferred losses on hedges, which is an item of deduction from net assets, as described above. Of cash distribution in excess of earnings, that attributable to allowance for temporary difference adjustment is not scheduled at this point.</li> <li>➤ In addition, of cash distribution in excess of earnings, that falling under the category of cash distribution accompanying decrease in capital, etc. under tax law is not scheduled at this point.</li> </ul>
Other	<ul style="list-style-type: none"> <li>➤ Forecasts are based on the assumption that revisions that impact the above forecast figures will not be made to laws and regulations, tax systems, accounting standards, listing rules, and rules of The Investment Trusts Association, Japan etc.</li> <li>➤ Forecasts are based on the assumption that there will be no major unforeseen changes to general economic trends and real estate market conditions, etc.</li> </ul>

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 revision to forecasts for operating results for the period ending July 31, 2017, and forecasts for operating results and distribution for the period ending January 31, 2018, 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 herein 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.