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For Immediate Release

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

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Notice Concerning Partial Amendment to the Management Guidelines of the Asset Manager

Star Asia Investment Management Co., Ltd. (the “Asset Manager”), to which Star Asia Investment Corporation (“SAR”) entrusts the management of its assets, announces today the Asset Manager’s resolution to make a partial amendment to the management guidelines, which are internal rules of the Asset Manager, at the Board of Directors meeting held today. Details are as follows.

1. Summary and Background of the Amendment

SAR invests in office, retail, residential, logistics and hotel properties as a diversified REIT with an aim to maximize unitholders’ interests and pursue the development of a portfolio by which SAR can achieve income “stability” (prevention of reduction of income as a result of change of economic environment) and “growth” (future increase of income) by accurately grasping the features of each asset type.

By way of the partial amendment to the management guidelines, which are internal rules of the Asset Manager, “purpose-built student accommodation” was newly added as one of SAR’s investment target asset types. The reason of the amendment is as follows.

<Reason for adding “purpose-built student accommodation”>

In anticipation of the increasing number of foreign exchange students to Japan, SAR and the Asset Manager’s sponsor, Star Asia Group, expanded their business into the development, management, and operation of international purpose-built student accommodations (Note 1) in Japan as a joint effort with Global Student Accommodation Group (“GSA Group”) (Note 2). GSA Star Asia K.K. (“GSA Star Asia”), a subsidiary of GSA Star Asia Japan Limited (“GSASA LTD”) (Note 3) which Star Asia Group and GSA Group have each contributed 50% equity into, will be developing, managing, and operating purpose-built student

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accommodations in Japan. Their mid-to long-term supply target is to build 20,000 beds for student use. The first such development project was HAKUSAN HOUSE which was completed in February 2018.

By and between SAR and GSASA LTD, an investment advisor for equity investors of the TMK that owns the HAKUSAN HOUSE, an agreement on preferential negotiation rights for the HAKUSAN HOUSE was executed in January 2018. For more details, please refer to the “Notice Concerning Execution of Agreement on Preferential Negotiation on HAKUSAN HOUSE” announced on January 12, 2018. Also, by and between SAR and GSASA LTD, another agreement on preferential negotiation rights for the Project Shimotakaido (the second development project of GSA Star Asia) was executed today. For more details, please refer to the “Notice Concerning Execution of Agreement on Preferential Negotiation Rights to secure Acquisition Pipeline for Future Growth” announced today.

As explained above, (1) Star Asia Group is expected to continue supplying purpose-built student accommodations developed by GSA Star Asia and it is expected that SAR will be given more opportunity to preferentially consider acquiring such purpose-built student accommodations as with implemented for the HAKUSAN HOUSE and Project Shimotakaido, and (2) as stated below in “SAR’s evaluation of purpose-built student accommodations”, purpose-built student accommodations are deemed to retain unique characteristics compared to other asset types that are SAR’s investment targets. Hence, SAR has identified purpose-built student accommodations as an independent investable asset type, and consequently, has made appropriate amendments to the management guidelines to reflect such insight.

(Note 1) “International purpose-built student accommodations” refer to student accommodation that have characteristics which are not so common in Japan with respect to facility and operational characteristics. Outside of Japan, purpose-built student accommodations operated by the GSA Group are built with multi-purpose rooms, shared kitchen space, dining rooms, and other student facilities that maximize communal space helping to cultivate an environment where local and foreign students alike can engage in cultural exchange. In addition to this, student-oriented events are hosted at the facilities and multi-lingual concierge services are available.

(Note 2) GSA Group has been engaged in development, management and operations of purpose-built student accommodations globally for more than 10 years since it launched its operations in London and Australia in 2007.

(Note 3) GSASA LTD is a 50/50 joint venture established by GSA Group (a global player in the purpose-built student accommodation sector) and Star Asia Group, and is a wholly owning parent company of GSA Star Asia.

(Note 4) GSA Star Asia is a wholly-owned subsidiary of GSA SA LTD. Based on its expectation that the number of international students will increase going forward backed by the “Super Global Daigaku Sosei Shien Jigyō” project promoted by the Japanese government, GSA Star Asia aims to develop, manage and operate purpose-built student accommodations for international students and Japanese students looking for inter-cultural exchange with international students.

(Note 5) SAR does not own any purpose-built student accommodations and has not determined to acquire any purpose-built student accommodations as of today. In addition, there is no guarantee that SAR will acquire or hold any purpose-built student accommodations in the future.

<SAR’s evaluation of purpose-built student accommodations>

As part of the Japanese government’s objective to improve Japan’s competitiveness in the global area and to foster global-minded resources, it is promoting the “Super Global Daigaku Sosei Shien Jigyō”. The

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government has set goals on the ratio of foreign exchange students for each university participating in the project which is deemed as one of the performance indicators for success of the project. In addition, the government will provide assistance for universities that are strengthening their capabilities to foster global-minded students.

Against such backdrop, SAR and the Asset Manager deem that it is feasible to provide a hospitable community environment for foreign exchange students and Japanese students looking for inter-cultural exchange with international students whose number is projected to increase going forward. Given that the underlying demand for such environment is expected to increase and that they are quite resilient to economic impacts, SAR expects that purpose-built student accommodations developed by GSA Star Asia will generate stable revenue. In addition, judging from tenant characteristics, rent revisions are plausible simultaneously with the periodic replacement of student tenants. Hence, such positive characteristics may contribute to revenue growth when market conditions are favorable. Hence, SAR expects purpose-built student accommodations to contribute to both income stability and growth.

<Concept of GSA Star Asia's purpose-built student accommodations>

Provide both hard (dwelling, communal space, and facility components) and soft aspects (operational components) that make up a hospitable and stress-free living environment for Japanese and foreign students alike that augments the cultivation of intercultural exchange and foster collegiate communities.

The following hard and soft aspects were provided at the HAKUSAN HOUSE upon its completion in February 2018.

1. Ample communal space (shared kitchen and dining, study rooms and theater rooms)
2. Student-oriented events to promote cultural and collegiate exchange
3. Concierge services (offered in English as well)
4. Clear and transparent rent structure where individual tenant contracts between providers are not required for utilities, internet connection and basic lifestyle infrastructure as the relevant costs are included in the rent.

2. Overview of the Amendment to Management Guidelines

"Purpose-built student accommodations" were added as an investment target asset type, and other ancillary changes have been made.

① Added investment target asset type

Before the management guidelines were amended, SAR invested in office, retail, residential, logistics and hotel properties. With the newly added purpose-built student accommodations into the mix, SAR's investment target asset types are office, retail, residential, logistics, hotel properties, and purpose-built student accommodations.

② Amended investment target area

By identifying purpose-built student accommodations as an investment target asset type, SAR's investment target area has been changed as follows. The parts that were changed are underlined.

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Area	Use	Target Area
Tokyo Area (70% or higher investment ratio (acquisition price base))	Office and retail facility	Tokyo 23 wards, Kawasaki-shi and Yokohama-shi
	Residence, logistics facility, hotel, <u>purpose-built student accommodation</u>	Tokyo, Kanagawa, Saitama and Chiba
Osaka Area	All asset types	Osaka-shi, Osaka (Note 1)
Nagoya Area		Nagoya-shi, Aichi (Note 2)
Fukuoka Area		Fukuoka-shi, Fukuoka (Note 3)
Sapporo Area		Sapporo-shi, Hokkaido
Other government designated cities		Sendai-shi, Miyagi Niigata-shi, Niigata Kyoto-shi, Kyoto Sakai-shi, Osaka Kobe-shi, Hyogo Hiroshima-shi, Hiroshima Kitakyushu-shi, Fukuoka

(Note 1) Residence and logistics facilities include the neighboring areas of Osaka-shi, Osaka

(Note 2) Residence and logistics facilities include the neighboring areas of Nagoya-shi, Aichi

(Note 3) Residence and logistics facilities include the neighboring areas of Fukuoka-shi, Fukuoka

In accordance with the amendment to management guidelines, SAR's portfolio management policy is modified as follows. Below are the excerpts of SAR's portfolio management policy and changes are underlined.

(Omitted)

Gaining income stability and growth through diversification of asset types

SAR aims to suppress the fluctuation of revenue due to the economic cycle by making diversified investment (diversify asset type) in office, retail, residential, logistics, hotel and purpose-built student accommodation properties, and investment ratio for each asset type shall be 50% (acquisition price basis) or less in principle. Besides, SAR can also pursue income stability (suppression of the fluctuation of revenue due to the economic cycle) from residential and logistics properties and income growth (future revenue growth) from office, retail and hotel properties. In regard to purpose-built student accommodation properties, SAR can pursue both income stability and growth. Residential and logistics are considered as the stability-driven properties, office, retail and hotel as the growth potential-driven properties and purpose-built student accommodation as the properties for both stability and growth potential.

(Omitted)

Strategic investment in large-size assets exclusively in 5 central wards of Tokyo

SAR thinks there exists strong demand for office, retail, residential and purpose-built student accommodation properties in 5 central wards of Tokyo, and the vacancy risks and downside risk of rent are relatively low in the area. Demand for hotels is also expected to be highly stable on the back of the increasing number of tourists and business guests. Hence, SAR thinks it is possible to secure stable revenue by exclusive investment in large assets in the area and SAR plans to implement such investment for accelerating expansion of its asset size.

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(Omitted)

3. Date of Change of Management Guidelines

August 21, 2018

4. Others

There is no impact from the partial amendment to the above management guidelines on the operating results of SAR. However, please refer to the “Notice Concerning Revision to Forecasts for Operating Results for the 6th Fiscal Period Ending January 31, 2019 and Forecasts for Operating Results and Distribution for the 7th Fiscal Period Ending July 31, 2019” for details of new forecast.

<Reference >

Other press releases published as of today

- Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units
- Notice Concerning Acquisition and Lease Contract with New Tenants, and Transfer of Real Estate Beneficiary Interests in Trust
- Notice Concerning Revision to Forecasts for Operating Results for the 6th Fiscal Period Ending January 31, 2019 and Forecasts for Operating Results and Distribution for the 7th Fiscal Period Ending July 31, 2019
- Notice Concerning Debt Financing
- Notice Concerning Execution of Agreements on Preferential Negotiation Rights to secure Acquisition Pipeline for Future Growth
- Notice Concerning Determination of the Planned Acquisition Date and Change of the Funds for Acquisition
- Supplementary Material on Press Releases (Acquisition of Properties through Public Offering) Announced as of Today

* 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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