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For Immediate Release

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Notice Concerning Revision to Forecasts of Operating Results and Distributions  
for the Fiscal Periods ending January 31, 2020 and July 31, 2020

Star Asia Investment Corporation (SAR) announces that it has decided to revise the forecasts of operating results and distributions for the fiscal periods ending January 31, 2020 (8<sup>th</sup> Fiscal Period: August 1, 2019 to January 31, 2020) and July 31, 2020 (9<sup>th</sup> Fiscal Period: February 1, 2020 to July 31, 2020) described in “(REIT) Financial Report for Fiscal Period Ended July 31, 2019” announced on September 12, 2019 (the “Previous Forecast”).

SAR also plans to announce the account settlement for the fiscal period ended January 31, 2020 (8<sup>th</sup> Fiscal Period: August 1, 2019 to January 31, 2020) on March 13, 2020.

1. Revision to the forecasts of operating results and distribution for the fiscal period ended January 31, 2020

	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)
Previous Forecast (A)	3,199	1,670	1,441	1,441	2,770	0	2,770
Revised forecast (B)	3,227	1,721	1,494	1,493	2,788	0	2,788
Change (C)=(B)-(A)	28	51	52	52	18	0	18
Rate of change (D)=(C)/(A)	0.9%	3.1%	3.7%	3.7%	0.6%	-	0.6%

(Reference)

Forecasted total number of outstanding investment units of SAR as of the end of the fiscal period: 540,824 units

(Refer to the “Investment units” in the assumptions set forth in the Exhibit.)

## 2. Revision to the forecasts of operating results and distribution for the fiscal period ending July 31, 2020

	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)
Previous Forecast (A)	3,266	1,752	1,484	1,483	2,770	0	2,770
Revised forecast (B)	3,949	2,064	1,790	1,790	3,310	0	3,310
Change (C)=(B)-(A)	683	312	306	306	540	0	540
Rate of change (D)=(C)/(A)	20.9%	17.8%	20.6%	20.6%	19.5%	-	19.5%

(Reference)

Forecasted total number of outstanding investment units of SAR as of the end of the fiscal period: 540,824 units

(Refer to the “Investment units” in the assumptions set forth in the Exhibit.)

(Note)

- The forecasts are calculated as of today, based on the assumptions set forth in the Exhibit “Assumptions for the Forecast of Operating Results and Distributions for the Fiscal Periods Ended January 31, 2020 and Ending July 31, 2020”. The actual operating revenue, operating income, ordinary income, net income, cash distributions per unit (not including cash distributions in excess of earnings) and cash distributions in excess of earnings per unit may differ due to future acquisitions or sales of properties, changes in the real estate market, changes in rent income accompanying changes in the tenants, changes in the investment management environment such as the unexpected need to perform repairs, fluctuations in interest rates and other factors affecting SAR. The forecasts do not guarantee the accuracy of the amount of distributions stated above.
- Revisions may be made to the forecasts if we envisage a discrepancy of more than a certain level in our forecasts.
- Amounts less than one unit have been rounded down and percentage figures are rounded to the first decimal place.

## 3. Reason for revisions and announcement

Due to acquisition of real estate beneficiary interests in trust of 2 properties, acquisition of 1 mezzanine loan debt and transfer of real estate beneficiary interest in trust of 1 property (the “Transfer”) announced in the “Notice Concerning the Acquisition and Transfer of Trust Beneficiary Interests in Domestic Real Estates (5th Asset Replacement)” and “Notice Concerning Acquisition of Mezzanine Loan Debt - (Star Asia Mezzanine Loan Investment Series 5 (Class B beneficiary interests)) -” released today, assumptions

underlying operating results forecasts for the fiscal period ending July 31, 2020 (from February 1, 2020 to July 31, 2020) described in “(REIT) Financial Report for Fiscal Period Ended July 31, 2019” released on September 12, 2019 have changed and 10% or more change from the forecast of operating revenue and 5% or more change from the forecast of distribution per unit are expected to occur in the fiscal period, thus SAR announces the revision to forecasts of operating results and distribution for the fiscal period ending July 31, 2020. SAR also announces the operating results and cash distribution for the fiscal period ended January 31, 2020.

#### 4. Others

The revision to forecasts for the fiscal period ending July 31, 2020 above take gain on sale from the Transfer described in “Operating revenue” and asset due diligence cost and advisory remunerations etc. with regards to the merger with Sakura Sogo REIT Investment Corporation described in “Operating expenses” in Exhibit “Assumptions for the Forecast of Operating Results and Distributions for the Fiscal Periods Ended January 31, 2020 and Ending July 31, 2020” into consideration.

#### <Other press releases published today >

- Notice Concerning Execution of a Merger Agreement by and between Star Asia Investment Corporation and Sakura Sogo REIT Investment Corporation
  - Notice Concerning Split of Investment Units
  - Notice Concerning the Forecast of Operating Results and Distributions Subsequent to the Merger of Star Asia Investment Corporation and Sakura Sogo REIT Investment Corporation for the Fiscal Periods Ending January 31, 2021 and July 31, 2021
  - Notice Concerning the Acquisition and Transfer of Trust Beneficiary Interests in Domestic Real Estates (5th Asset Replacement)”
  - Notice Concerning Acquisition of Mezzanine Loan Debt – (Star Asia Mezzanine Loan Debt Investment Series 5 (Class B Beneficiary interest)) –
  - Notice Concerning Debt Financing
  - Notice Concerning Partial Amendment to the Management Guidelines of the Asset Manager
  - Supplemental Materials Concerning the Documents Published 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/>

*This is an English translation of the announcement in Japanese dated March 2, 2020. However, no assurance or warranties are given for the completeness or accuracy of this English translation.*

[Exhibit]

Assumptions for the Forecast of Operating Results and Distributions  
for the Fiscal Periods Ended January 31, 2020 and Ending July 31, 2020

Item	Assumptions
Calculation Period	<ul style="list-style-type: none"> <li>➤ Fiscal period ended January 31, 2020 (the 8<sup>th</sup> fiscal period): August 1, 2019 – January 31, 2020 (184 days)</li> <li>➤ Fiscal period ending July 31, 2020 (the 9<sup>th</sup> fiscal period): February 1, 2020 – July 31, 2020 (182 days)</li> </ul>
Assets under Management	<ul style="list-style-type: none"> <li>➤ It is assumed that in addition to the assets held by SAR today (34 real estate trust beneficiary interests, 3 mezzanine loan debts, and 2 equities in investments in silent partnerships (collectively, “Currently Held Assets” and each of those concerning real estate trust beneficiary interests shall be referred to as “Currently Held Assets (Real Estates.)”, those concerning mezzanine loan debts shall be referred to as “Currently Held Assets (Mezzanine)”, and those concerning equities in investments in silent partnerships shall be referred as “Currently Held Assets (Silent Partnership)”), (i)SAR will acquire real estate trust beneficiary interests regarding Urban Park Ichigao (Note 1) and Urban Park Gyotoku (Note 2) (these real estate trust beneficiary interests shall be collectively referred to as, the “Assets Planned to be Acquired (Real Estate)”) as described in &lt;Acquisitions&gt; below, (ii) SAR will acquire Star Asia Mezzanine Loan Investment Series 5 (Class B beneficiary interests) (the “Assets Planned to be Acquired (Mezzanine)” and together with the Assets Planned to be Acquired (Real Estate), “Assets Planned to be Acquired”), and (iii) SAR will sell the real estate trust beneficiary interests regarding Alphabet Seven which is currently owned by SAR (the “Asset Planned to be Transferred”) as described in &lt;Transfer&gt; below. Please refer to the “Notice Concerning the Acquisition and Transfer of Trust Beneficiary Interests in Domestic Real Estates (5th Asset Replacement)” and the “Notice Concerning Acquisition of Mezzanine Loan Debt – (Star Asia Mezzanine Loan Investment Series 5 (Class B beneficiary interests)) -” released by SAR today for details of the Assets Planned to be Acquired and the Asset Planned to be Transferred.</li> </ul> <p>(Note1) This property will be given this name after the acquisition by SAR. The property is currently named “Chrysanthemum Ichigao” but will change its name to the name specified above immediately after SAR acquires it; the same hereafter.</p> <p>(Note2) This property will be given this name after the acquisition by SAR. The property is currently named “La Soeur Gyotoku” but will change its name to the name specified above immediately after SAR acquires it; the same hereafter.</p> <p>&lt;Acquisitions&gt;  Name of property: Urban Park Ichigao  Scheduled date of acquisition: March 13, 2020</p> <p>Name of property: Urban Park Gyotoku  Scheduled date of acquisition: March 13, 2020</p>

Item	Assumptions
	<p>Name of asset: Mezzanine Loan Investment Series 5 (Class B beneficiary interests) Scheduled date of acquisition: March 6, 2020</p> <p>&lt;Transfer&gt; Name of property: Alphabet Seven Scheduled date of transfer: July 1, 2020 40% of the quasi-co-ownership interests December 1, 2020 60% of the quasi-co-ownership interests</p> <p>➤ It is assumed that there are no changes in the assets under management (such as new acquisitions of properties or the sale of existing properties and the like) other than the acquisition of the Assets Planned to be Acquired or the transfer of the Asset Planned to be Transferred.</p>
Operating Revenue	<p>➤ The calculation of leasing business revenue from Currently Held Assets (Real Estates.) and the calculation of leasing business revenue from Assets Planned to be Acquired (Real Estates.) take into consideration, among other matters, market trends, based on the details of lease agreements in effect as of today, and information received from current holders and the details of lease agreements planned to be in effect as of the planned acquisition date, respectively. Operating revenue assumes that tenants will not be delinquent on rent or fail to pay rent.</p> <p>➤ Interest on or distribution revenue from Currently Held Assets (Mezzanine) is calculated based on the prospectus providing the details of Currently Held Assets (Mezzanine) in effect as of the date hereof, and on details of trust agreements, and interest on or distribution revenue from Assets Planned to be Acquired (Mezzanine) is calculated based on details of agreements planned to be executed. Operating revenue assumes that there is no failure to pay interests or dividends.</p> <p>➤ The forecast dividend income from Currently Held Assets (Silent Partnership) is calculated on the assumption that the real estate by which cash flow is backed maintains a stable operating condition.</p> <p>➤ Gain on sale from transfer of the Asset Planned to be Transferred is expected to be 642 million yen in the fiscal period ending July 31, 2020. In practice, this may vary due to the success or failure of transaction, transfer price and transfer date, among other factors.</p>
Operating Expenses	<p>➤ Among leasing business expenses, which are the primary operating expenses, expenses other than depreciation and amortization have been calculated by reflecting the factors behind the fluctuation in expenses based on past results.</p> <p>➤ The property tax, city planning taxes of 238 million yen and 240 million yen are expected to be recorded as expenses for the fiscal period ended January 31, 2020 and Ending July 31, 2020, respectively. The property tax and city planning taxes of Assets Planned to be Acquired (Real Estate) are planned to be settled at the time of acquisition by calculating proportionally by period with the seller. However, since SAR includes the amount equal to such settlement amount in the acquisition cost, the FY2020 property tax and city planning taxes pertaining to Assets Planned to be</p>

Item	Assumptions
	<p>Acquired (Real Estate) will not be recorded as expenses in the fiscal period ending July 31, 2020. It is expected that the property tax and city planning taxes pertaining to Assets Planned to be Acquired (Real Estate) will be recorded as expenses from the fiscal period ending July 31, 2021.</p> <ul style="list-style-type: none"> <li>➤ Building repair expenses are expected to be 82 million yen for the fiscal period ended January 31, 2020 and 99 million yen for the fiscal period ending July 31, 2020, based on the repair plan established by Star Asia Investment Management Co., Ltd., the asset management company of SAR. However, actual repair expenses may be significantly different from the forecast amount due to, for example, the possibility of sudden repair expenses caused by damage, etc. to buildings based on factors that are difficult to foresee, the amount generally tending to vary significantly from year to year, and not being regularly recurring expenses.</li> <li>➤ Depreciation is calculated using the straight-line method including ancillary costs and are expected to be 420 million yen for the fiscal period ended January 31, 2020 and 436 million yen for the fiscal period ending July 31, 2020.</li> <li>➤ With regards to the merger with Sakura Sogo REIT Investment Corporation, 269 million yen for costs of asset due diligence and for advisory remunerations etc. are included in operating expenses for the period ending July 31, 2020.</li> </ul>
NOI (Net Operating Income)	<ul style="list-style-type: none"> <li>➤ NOI for the entire portfolio is expected to be 2,431 million yen for the fiscal period ended January 31, 2020 and 2,473 million yen for the fiscal period ending July 31, 2020.</li> <li>➤ NOI is calculated by using the following calculation method. NOI = rent revenue – rent expenses (excluding depreciation)</li> </ul>
Non-operating expense	<ul style="list-style-type: none"> <li>➤ The sum of interest expenses and other financing-related expenses is expected to be 227 million yen for the fiscal period ended January 31, 2020 and 273 million yen for the fiscal period ending July 31, 2020.</li> <li>➤ Temporary expenses of other financial expenses to be incurred in association with the new borrowing and refinancing as described in “Debt financing” below are expected to be 37 million yen for the fiscal period ending July 31, 2020.</li> </ul>
Debt financing	<ul style="list-style-type: none"> <li>➤ The total amount of interest-bearing liabilities is assumed to be 51,580 million yen as of the end of the fiscal period ended January 31, 2020 and 54,320 million yen as of the end of the fiscal period ending July 31, 2020.</li> <li>➤ As of today, SAR has outstanding debt of 51,580 million yen. In addition, 3,460 million yen in total will be newly borrowed from qualified institutional investors as stipulated in Article 2(3)(i) of the Financial Instruments and Exchange Act on March 13, 2020. SAR assume that 720 million yen of such borrowings will be repaid in the fiscal period ending July 31, 2020 with the sales proceeds from the transfer of the Asset Planned to be Transferred</li> <li>➤ It is assumed that 7,300 million yen of loan payable with repayment deadlines in the fiscal period ending July 31, 2020 will be fully refinanced.</li> </ul>
Investment units	<ul style="list-style-type: none"> <li>➤ It is assumed that there will be no change in the total number of investment units issued and outstanding as of today (540,824 units) by the end of the fiscal period ending July 31, 2020</li> </ul>
Cash distribution per	<ul style="list-style-type: none"> <li>➤ Cash distribution per unit (not including cash distribution in excess of earnings) is</li> </ul>

Item	Assumptions
unit (not including cash distribution in excess of earnings)	<p>calculated on the assumption described in the cash distribution policy stipulated in SAR's Articles of Incorporation.</p> <ul style="list-style-type: none"> <li>➤ SAR conducts derivative transactions (interest rate swaps). It is assumed that deferred losses on hedges, which is an item of deduction from net assets (as those provided in article 2, item 30 (b) of the Ordinance on Accountings of Investment Corporations), is not expected to arise until the end of the fiscal period ending July 31, 2020, and cash distribution per unit (not including cash distribution in excess of earnings) will not be affected by changes in items of deduction from net assets in the calculation.</li> <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> </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>
Others	<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>