

March 16, 2016

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 Forecasts for the Fiscal Periods Ending July 31, 2016 and January 31, 2017

Star Asia Investment Corporation (SAR) announces its operating results forecasts for the fiscal periods ending July 31, 2016 (December 1, 2015 – July 31, 2016) and January 31, 2017 (August 1, 2016 – January 31, 2017), as described below.

	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)
Fiscal period ending July 31, 2016 (1st Period)	1,811	1,145	285	285	829	—
Fiscal period ending January 31, 2017 (2nd Period)	1,952	1,185	1,050	1,050	3,046	—

(Reference)

Fiscal period ending July 31, 2016 (1st Period):

Forecast number of investment units issued and outstanding at the end of the fiscal period: 344,700 units
Forecast net income per unit: 829 yen

Fiscal period ending January 31, 2017 (2nd Period):

Forecast number of investment units issued and outstanding at the end of the fiscal period: 344,700 units
Forecast net income per unit: 3,046 yen

(Notes)

- Fiscal periods of SAR are from February 1 to July 31 and from August 1 to January 31 of the following year for every year. However, the first fiscal period is from the establishment date of SAR (December 1, 2015) to July 31, 2016. As for the first fiscal period, SAR conducted capital increase through private placement on January 14, 2016, acquired the properties-already-acquired (defined in the Attachment) and started asset management. Therefore, the substantial first fiscal period is from January 14, 2016 to July 31, 2016 (200 days). Furthermore, SAR plans to acquire the properties-to-be-acquired (defined in the Attachment) on April 20, 2016 during the first fiscal period.
- The above figures are calculated assuming the issue price of new investment units as 100,000 yen per unit.
- The forecasts are the current figures calculated under the assumptions described in the Attachment "Assumptions for Forecasts for the Fiscal Periods Ending July 31, 2016 and January 31, 2017." The actual operating revenue, operating income, ordinary income, net income and cash distribution per unit (not including cash distribution in excess of earnings) may be subject to change due to additional acquisition/disposition of real estate, etc., trends of the real estate market, etc., the

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actual number and issue price of new investment units to be issued, fluctuations in interest rates, and changes in other conditions surrounding SAR, etc. in the future. In addition, SAR does not guarantee any actual cash distribution amount by announcing the forecast figures.

4. The forecasts may be subject to revision when a disparity beyond a certain degree is expected between the above forecasts and actual figures.
5. The scheduled date for the listing of SAR's investment units on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange is April 20, 2016.
6. Amounts are rounded down to the nearest specified unit. The same shall apply hereinafter.

- * 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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[Attachment]

Assumptions for Forecasts for the Fiscal Periods Ending July 31, 2016 and January 31, 2017

Item	Assumptions
Calculation Period	<ul style="list-style-type: none"> ➤ Fiscal period ending July 31, 2016 (1st Period): December 1, 2015 – July 31, 2016 (244 days) ➤ Fiscal period ending January 31, 2017 (2nd Period): August 1, 2016 – January 31, 2017 (184 days) * As for the first fiscal period, SAR conducted capital increase through private placement on January 14, 2016, acquired the properties-already-acquired (defined below) and started asset management. Therefore, the substantial first fiscal period is from January 14, 2016 to July 31, 2016 (200 days). Furthermore, SAR plans to acquire the properties-to-be-acquired (defined below) on April 20, 2016.
Investment Assets	<ul style="list-style-type: none"> ➤ In addition to real estate trust beneficiary rights of the 11 properties (acquired on January 14, 2016; the “Properties Already Acquired”), SAR plans to acquire real estate trust beneficiary rights of the 7 properties (the “Properties to be Acquired”) on April 20, 2016 with the funds procured from the issuance of new investment units, which was resolved at the Board of Directors meeting held today. ➤ For making the forecasts, it is assumed that the Properties to be Acquired are acquired on the date specified above and that there will be no change (new property acquisitions, sales of existing properties, etc.) to the investment assets through the end of the fiscal period ending January 31, 2017. ➤ In practice, they may vary due to changes in investment assets.
Operating Revenue	<ul style="list-style-type: none"> ➤ As to rental revenues from the Properties Already Acquired and the Properties to be Acquired, those from the Properties Already Acquired are calculated based on information obtained from the previous owners of the properties and on their actual performance after the acquisitions; and those from the Properties to be Acquired are calculated based on information obtained from the present owners and on the contents of the lease agreements expected to be effective on the planned acquisition dates, while both taking into account the market trends, etc. ➤ As to operating revenue, it is assumed that no rent payments will be behind or declined by tenants.
Operating Expenses	<ul style="list-style-type: none"> ➤ Among expenses related to rent business of the Properties Already Acquired and Properties to be Acquired, which are the principal operating expenses, expenses excluding depreciation are calculated on the basis of historical data, reflecting variable factors of expenses, based on the information obtained from the previous owners of the properties and on their actual performance after the acquisitions for the Properties Already Acquired, and based on the information obtained from the present owners for the Properties to be Acquired. Upon transactions of real estate and other properties, it is a general practice to calculate and reimburse the pro rata portion of fixed property taxes, city planning taxes and other public charges based on the number of days of ownership to the previous owner and settle them at the time of acquisition. However, in case of SAR, the settled amount is included in the acquisition cost and thus is not recorded as expenses in the fiscal periods ending July 31, 2016 and ending January 31, 2017. Therefore, fixed property taxes, city planning taxes and other public charges in fiscal 2017 for the Properties Already Acquired and the Properties to be Acquired will be recorded as expenses starting from the fiscal period ending July 2017. The fixed property taxes, city planning taxes and other public charges to be included in the acquisition cost of the Properties Already Acquired and the Properties to be Acquired are assumed to be 306 million yen. The effect of fixed property taxes, city planning taxes and other public charges expensed throughout the year is expected to be 159 million yen in the fiscal period ending July 31, 2017 and 159 million yen in the fiscal period ending January 31, 2018.

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Item	Assumptions
	<ul style="list-style-type: none"> ➤ For the expenditures for repair and maintenance of buildings, 23 million yen is expected for the fiscal period ending July 31, 2016 and 22 million yen for the fiscal period ending January 31, 2017. 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 damages to buildings and such caused by unexpected factors, and because the variance in amounts generally tends to be significant from year to year and as well as repair and maintenance expenses do not arise regularly. ➤ Depreciation is calculated using the straight line method, including incidental expenses and others, and is assumed to be 229 million yen for the fiscal period ending July 31, 2016 and 239 million yen for the fiscal period ending January 31, 2017.
Non-operating Expenses	<ul style="list-style-type: none"> ➤ As temporary expenses for the fiscal period ending July 31, 2016, 63 million yen as initial expenses for the establishment of SAR and 140 million yen for issuance of new investment units and expenses related to listing of investment units are expected. In addition, financing expenses described below are expected to be 449 million yen. Out of these expenses, those allowed to be recorded as expenses in a lump sum for accounting and tax purposes are recorded as expenses in a lump sum at the time of arising. From the perspective of principle of consistency of accounting policy, the accounting policy adopted by SAR will be, in principle, continued to be used going forward. ➤ Interest expense and financial expenses in total are expected to be 604 million yen for the fiscal period ending July 31, 2016 and 135 million yen for the fiscal period ending January 31, 2017.
Debt Financing	<ul style="list-style-type: none"> ➤ Total liabilities is assumed to be 32,600 million yen at the end of the fiscal period ending July 31, 2016 and 29,918 million yen at the end of the fiscal period ending January 31, 2017. ➤ As of today, SAR holds borrowings of 31,756 million yen borrowed on January 14, 2016 as acquisition fund, etc. for the Properties Already Acquired (43,740 million yen), and debt of 4,574 million yen in subordinate investment corporation bonds issued on the same day. For this debt, SAR plans to take out new borrowings of 32,600 million yen in total from the qualified institutional investors defined under Article 2 Paragraph 3 item 1 of Financial Instruments and Exchange Act on April 20, 2016. With the new borrowings and part of proceeds procured from the issuance of new investment units as resource, it is assumed repayment of the entire loan amount of 31,756 million yen and retirement by purchase will be conducted. ➤ LTV is expected to be around 47.55% at the end of the fiscal period ending July 31, 2016 and around 44.92% at the end of fiscal period ending January 31, 2017. ➤ LTV is calculated by using the following calculation method. LTV = Total liabilities/total assets x 100 ➤ LTV may vary depending on the issue amount of new investment units to be issued this time.
Investment Units	<ul style="list-style-type: none"> ➤ It is assumed that, in addition to 97,000 investment units issued and outstanding as of today, all of the investment units (247,700 units, which is the maximum number) scheduled to be newly issued, will be issued through the issuance of new investment units (235,900 units) and the issuance of new investment units through third-party allotment (maximum of 11,800 units) as was resolved at the Board of Directors meeting held today. ➤ It is assumed that, except for the above, there will be no changes in the number of investment units due to additional issuance of new investment units and such through the end of the fiscal period ending January 31, 2017. ➤ Cash distribution per unit (not including cash distribution in excess of earnings) is calculated using the forecast number of investment units issued and outstanding at the end of the fiscal period ending July 31, 2016 and the end of the fiscal period ending

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Item	Assumptions
	January 31, 2017 (344,700 units), including 247,700 units which is the maximum number of investment units to be newly issued as described above.
Cash Distribution per Unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> ➤ Cash distribution per unit (not including cash distribution in excess of earnings) is calculated on the assumption described in the monetary cash distribution policy stipulated in SAR's Articles of Incorporation. ➤ 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 rental revenue accompanying changes in tenants, etc., and unexpected repair and maintenance, etc. ➤ Cash distribution per unit for the first fiscal period is expected to be 829 yen due to effect of initial expenses in line with the establishment of SAR, and arising of temporary non-operating expenses such as financing expenses and expenses for issuance of investment units in line with the additional acquisition of properties at the time of listing. Cash distribution per unit for the second fiscal period is expected to be 3,046 yen as fixed property taxes, city planning taxes and other public charges will not have arisen. (Fixed property taxes, city planning taxes and other public charges will arise as expenses in the third fiscal period and onward.)
Cash Distribution in Excess of Earnings per Unit	<ul style="list-style-type: none"> ➤ Although cash distribution in excess of earnings is possible according to the Articles of Incorporation, SAR does not plan to conduct cash distributions in excess of earnings for the time being, taking into account the ratio of capital expenditure to depreciation and also in order to carry out conservative financial management.
Other	<ul style="list-style-type: none"> ➤ Forecasts are based on the assumption revisions will not be made to laws and regulations, tax systems, accounting standards, listing rules, rules of the Investment Trusts Association, Japan that impact forecast figures. ➤ Forecasts are based on the assumption that there will be no major unforeseen changes to general economic trends in real estate and other market conditions, etc.

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