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For Immediate Release

Real Estate Investment Trust Securities Issuer
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Notice Concerning Revision to Forecasts for Operating Results for the 4th Fiscal Period Ending January 31, 2018 and 5th Fiscal Period Ending July 31, 2018, and Forecasts for Operating Results and Distribution for the 6th Fiscal Period Ending January 31, 2019

Star Asia Investment Corporation (“SAR”) announces that it has decided to revise the operating results forecasts for the 4th fiscal period ending January 31, 2018 (August 1, 2017 – January 31, 2018) and 5th fiscal period ending July 31, 2018 (February 1, 2018 – July 31, 2018) described under “2. Management Status Forecast for Fiscal Period Ending January 31, 2018 (from August 1, 2017 to January 31, 2018) and Fiscal Period Ending July 31, 2018 (from February 1, 2018 to July 31, 2018)” in “Financial Report for Fiscal Period Ended July 31, 2017” announced on September 13, 2017. SAR also announces the operating results forecasts and distribution forecasts for the 6th fiscal period ending January 31, 2019 (August 1, 2018 – January 31, 2019) as described below.

1. Revision to forecasts for operating results for the fiscal period ending on 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)
Previously announced forecasts (A)	3,131	2,009	1,859	1,783	4,039	0	4,039

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Revised forecasts (B)	3,138	2,015	1,834	1,769	4,039	0	4,039
Change (C)=(B)-(A)	6	6	(24)	(13)	0	0	0
Rate of change (D)=(C)/(A)	0.2%	0.3%	(1.3%)	(0.8%)	—	—	—

(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 exhibit1.)

2. Revision to forecasts for operating results for the fiscal period ending July 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)
Previously announced forecasts (A)	2,395	1,289	1,140	1,139	2,750	0	2,750
Revised forecasts (B)	2,751	1,504	1,231	1,230	2,750	0	2,750
Change (C)=(B)-(A)	356	215	91	91	0	0	0
Rate of change (D)=(C)/(A)	14.9%	16.7%	8.0%	8.0%	—	—	—

(Reference)

Expected number of investment units issued and outstanding as of the end of the fiscal period: 470,624 units

(Refer to the “Investment units” in the assumptions described in the exhibit1.)

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3. Forecasts for operating results and distribution for the fiscal period ending January 31, 2019

	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, 2019	2,732	1,497	1,320	1,319	2,804	0	2,804

(Reference)

Expected number of investment units issued and outstanding as of the end of the fiscal period: 470,624 units

(Refer to the “Investment units” in the assumptions described in the exhibit1.)

(Notes)

1. The above forecasts are current forecasts based on “Assumptions Underlying Operating Results Forecasts and Distribution Forecasts for Fiscal Periods Ending January 31, 2018, Ending July 31, 2018 and Ending January 31, 2019” 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. Amounts of the adjusted distribution per unit excluding the matters considered by SAR as transient factors (“Adjusted DPU”) for the fiscal period ending January 31, 2018, July 31, 2018 and January 31, 2019 and details of the calculation method for Adjusted DPU are as described in Exhibit 2.
3. The forecasts may be subject to revision when a disparity beyond a certain degree is expected between the above forecasts and actual figures.
4. Amounts are rounded down to the nearest specified unit and percentage figures are rounded to the first decimal place.

4. Reason for revisions and announcement

SAR revised the forecasts as the assumptions underlying operating results forecasts for the fiscal period ending January 31, 2018 and ending July 31, 2018 described in “Financial Report for Fiscal Period Ended July 31, 2017” announced on September 13, 2017 have changed and not less than 10% of difference occurred in the operating revenue for the fiscal period ending July 31, 2018 due to acquisition of real estate beneficiary interests in trust of six properties described in “Notice Concerning Acquisition of Real Estate Beneficiary Interests in Trust and Lease Contract with New Tenants” announced today and issuance of new investment units. SAR also announces the operating results forecasts and distribution forecasts for the fiscal period ending January 31, 2019.

<Other Press Releases Announced as of Today>

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- Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units
- Notice Concerning Acquisition of Real Estate Beneficiary Interests in Trust and Lease Contract with New Tenants
- Notice Concerning Debt Financing
- Supplemental Material on Press Releases (acquisition of properties through public offering) Announced as of Today
- Notice Concerning Execution of Agreement on Preferential Negotiation on HAKUSAN HOUSE

* 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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[Exhibit1]

Assumptions Underlying Operating Results Forecasts and Distribution Forecasts
For Fiscal Periods Ending January 31, 2018, Ending July 31, 2018 and Ending January 31, 2019

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> ➤ 4th Fiscal period ending January 31, 2018: August 1, 2017 – January 31, 2018 (184 days) ➤ 5th Fiscal period ending July 31, 2018: February 1, 2018 – July 31, 2018 (181 days) ➤ 6th Fiscal period ending January 31, 2019: August 1, 2018 – January 31, 2019 (184 days)
Investment assets	<ul style="list-style-type: none"> ➤ For the assets held by SAR as of today (real estate beneficiary interests in trust of the 23 properties and two mezzanine loan debts (hereafter referred to as the “Existing Assets” in these assumptions. Note that, for the Existing Assets of real estate beneficiary interests in trust hereafter referred to as the “Existing Assets (real estate, etc.),” and for the Existing Assets of mezzanine loan debts referred to as the “Existing Assets (mezzanine)” in these assumptions.), it is assumed that there will be no change in the investment assets (new asset acquisitions, sales of the Existing Assets, etc.) other than acquisition of real estate beneficiary interests in trust of the following six properties (the “Property Planned for the Acquisition”) (hereinafter referred to as the “Acquisition” in these assumptions.) through the end of the fiscal period ending January 31, 2019. <Acquisition> Property name: OFC-10 Nihonbashi Hamacho Park Building, RSC-08 Urban Park Ryokuchi Koen, RSC-09 Urban Park Koenji, LGC-06 Funabashi Nishiura Logistics I, LGC-07 Funabashi Nishiura Logistics II, LGC-08 Matsubushi Logistics Anticipated acquisition date: February 2, 2018 ➤ In practice, this may vary due to changes in investment assets.
Operating revenue	<ul style="list-style-type: none"> ➤ Rent revenues from the Existing Assets (real estate, etc.) are calculated based on the rent stated in the lease agreements that are effective as of today. 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 anticipated date of acquisition taking factors such as market movement into consideration, respectively. It is also assumed that no rent payments will be delinquent or declined by tenants. ➤ Interest revenues or dividend revenues from the Existing Assets (mezzanine) are calculated based on outlines or trust agreements which define contents of the Existing Assets (mezzanine) that are effective as of today. It is also assumed that no interest payments or dividend payments will be declined. ➤ Gain on sales of Oak Minami-Azabu (quasi co-ownership interest: 51%) on August 1, 2017

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Item	Assumptions
	is expected to be 771 million yen for the fiscal period ending January 31, 2018.
Operating expenses	<ul style="list-style-type: none"> ➤ Among expenses related to rent business of the Existing Assets, which are the principal operating expenses, expenses excluding depreciation are calculated on the basis of historical data, reflecting variable factors of expenses. ➤ Fixed property taxes, city planning taxes and other public charges are expected to be 139 million yen for the fiscal period ending January 31, 2018, 175 million yen for the fiscal period ending July 31, 2018 and 175 million yen for the fiscal period ending January 31, 2019. For the Properties Planned for the Acquisition, fixed property taxes, city planning taxes and other public charges in fiscal 2018 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, 2018 and ending January 31, 2019. In addition, fixed property taxes, city planning taxes and other public charges in fiscal 2019 for the Property Planned for the Acquisition will be recorded as expenses from the fiscal period ending July 31, 2019. ➤ For the expenditures for repair and maintenance of buildings, 50 million yen is expected for the fiscal period ending January 31, 2018, 80 million yen for the fiscal period ending July 31, 2018 and 62 million yen for the fiscal period ending January 31, 2019 based on repair and maintenance plans drawn up by the Star Asia Investment Management Co., Ltd.. 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. ➤ Depreciation is calculated using the straight line method and is expected to be 306 million yen for the fiscal period ending January 31, 2018, 356 million yen for the fiscal period ending July 31, 2018 and 367 million yen for the fiscal period ending January 31, 2019.
NOI (Net Operating Income)	<ul style="list-style-type: none"> ➤ The total NOI of Existing Assets (real estate, etc.) is expected to be 1,832 million yen for the fiscal period ending January 31, 2018, 2,113 million yen for the fiscal period ending July 31, 2018 and 2,117 million yen for the fiscal period ending January 31, 2019. ➤ NOI is calculated by using the following calculation method. NOI = rent revenue – rent expenses (excluding depreciation)
Non-operating expenses	<ul style="list-style-type: none"> ➤ Temporary expenses are expected to be 30 million yen for the fiscal period ending January 31, 2018 and 7 million yen for the fiscal period ending July 31, 2018 as issuance cost of new investment units.

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Item	Assumptions
	<ul style="list-style-type: none"> ➤ Interest expense and other financial expenses are expected to total 150 million yen for the fiscal period ending January 31, 2018, 266 million yen for the fiscal period ending July 31, 2018 and 176 million yen for the fiscal period ending January 31, 2019. ➤ Temporary expenses are expected to be 93 million yen for the fiscal period ending July 31, 2018 from new borrowings and refinancing as described in “Debt financing” below.
Debt financing	<ul style="list-style-type: none"> ➤ The total amount of interest-bearing liabilities is assumed to be 37,350 million yen as of the end of the fiscal period ending January 31, 2018, 43,250 million yen as of the end of the fiscal period ending July 31, 2018 and 43,040 million yen as of the end of the fiscal period ending January 31, 2019. ➤ As of today, SAR has 37,350 million yen of outstanding borrowings. In addition to this, new borrowings totaling 6,160 million yen on February 2, 2018 from qualified institutional investors defined in Article 2, paragraph 3, item 1 of the Financial Instruments and Exchange Act is assumed. ➤ It is assumed to prepay 260 million yen by the end of the fiscal period ending July 31, 2018 by using the payment for issuance of the new investment units through third-party allotment described in “Investment units” below. ➤ It is assumed to prepay 210 million yen by the end of the fiscal period ending January 31, 2019 by using consumption tax refund resulting from acquisition of the properties planned for acquisition and payment of other various expenses. ➤ It is assumed that 7,300 million yen of loans payable due for repayment in the fiscal period ending July 31, 2018 will be refinanced in the term. ➤ Excluding the above, it is assumed that there will be no new borrowings or repayments of existing borrowings including prepayments until the end of the fiscal period ending January 31, 2019.
Investment units	<ul style="list-style-type: none"> ➤ It is assumed that, in addition to the total number of investment units issued and outstanding as of today (414,300 units), all of the new investment units to be issued through public offering (53,641 units) and all of the new investment units to be issued through third-party allotment (up to 2,683 units), respectively resolved at the Board of Directors meeting held today, are issued. ➤ 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, 2019. ➤ Cash distribution per unit for the fiscal periods ending July 31, 2018 and ending January 31, 2019 (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, 2018 (470,624 units) including new investment units to be issued

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Item	Assumptions
	<p>described above (up to 56,324 units).</p> <ul style="list-style-type: none"> ➤ Cash distribution per unit for the fiscal periods ending January 31, 2018 (not including cash distribution in excess of earnings) is calculated based on the total number of investment units issued and outstanding as of today.
<p>Cash distribution per unit (not including cash distribution in excess of earnings)</p>	<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 cash distribution policy stipulated in SAR's Articles of Incorporation. ➤ 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 until the end the fiscal periods ending January 31, 2019, 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. ➤ 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. ➤ The amount of anticipated voluntary reserve for the fiscal period ending January 31, 2018 has changed to 96 million yen from 110 million yen described under "2. Management Status Forecast for Fiscal Period Ending January 31, 2018 (from August 1, 2017 to January 31, 2018) and Fiscal Period Ending July 31, 2018 (from February 1, 2018 to July 31, 2018" in "Financial Report for Fiscal Period Ended July 31, 2017" announced on September 13, 2017 for taking account of assumption that the temporary expense for issuance of the new investment units. After the change above, corporate taxes on voluntary reserve is expected to be 64 million yen for the fiscal period ending January 31, 2018. ➤ For the fiscal periods ending July 31, 2018, net income is expected to increase by 91 million yen from the previous announcement of forecasts, however, it is expected to use 63 million yen of voluntary reserve for taking account of the effect on cash distribution per unit from the increase in the assumed total number of investment units issued and outstanding, and the temporary expenses from new borrowings and refinancing. ➤ In practice, the amount of voluntary reserve may change. ➤ Amounts of the adjusted distribution per unit excluding the matters considered by SAR as transient factors ("Adjusted DPU") are as described in Exhibit 2.

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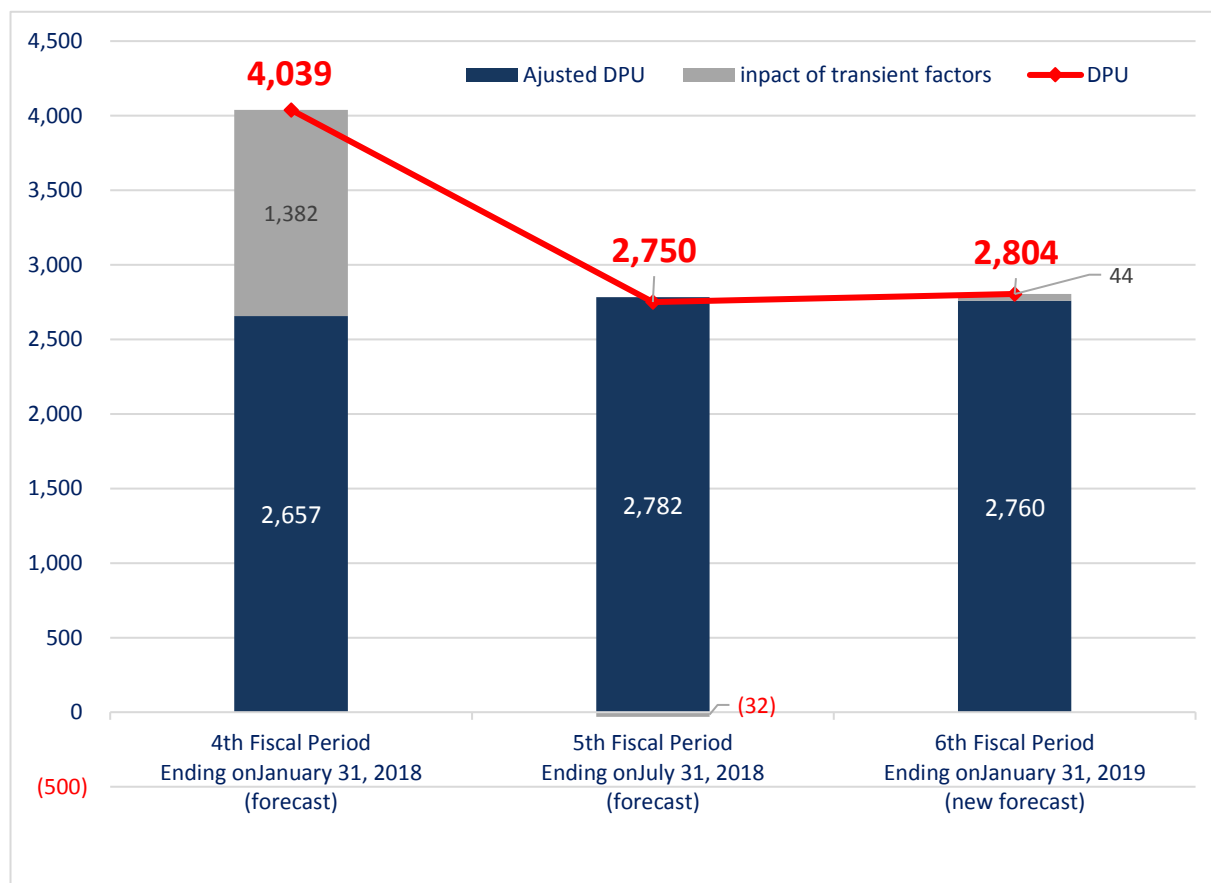
Item	Assumptions
Cash distribution in excess of earnings per unit	<ul style="list-style-type: none"> ➤ It is assumed that there will be no existing balance of deferred losses on hedges, which is an item of deduction from net assets, as described above. Of cash distribution in excess of earnings, that attributable to allowance for temporary difference adjustment is not scheduled at this point. ➤ 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.
Other	<ul style="list-style-type: none"> ➤ 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. ➤ Forecasts are based on the assumption that there will be no major unforeseen changes to general economic trends and real estate market conditions, etc.

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[Exhibit 2]

Distribution per Unit ("DPU") and Adjusted Distribution per Unit ("Adjusted DPU")

(yen)



(*)

Adjusted DPU is a simulated DPU calculated by excluding the matters considered by SAR as transient factors, such as gain on sales of real estate, etc. and equivalent of fixed property taxes, etc. that are not expensed due to being included in the acquisition cost of real estate, etc. as listed below.

Adjusted DPU is purely a simulation calculated by excluding the matters considered by SAR as transient factors and are neither a forecast nor prospect relating to SAR's distribution per unit for a given fiscal period. Accordingly, there is no guarantee that the Adjusted DPU will ever be realized for any future, and SAR is not obligated to revise any of the Adjusted DPU regardless of any changes in circumstances that may affect the above simulation.

- ① Gain on sales of real estate, etc.
- ② Equivalent of fixed property taxes, etc. that are not expensed due to being included in the acquisition cost of real estate, etc.

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- ③ Of the expenses related to financing, temporary expenses such as issuance cost of new investment units and arrangement fees for borrowings from syndicates of lenders
- ④ Expenditures such as asset management fees and taxes and public charges (non-deductible consumption tax, etc.) which fluctuates as a result of ① through ③
- ⑤ Amount of voluntary reserve as well as corporate taxes, etc. that increase with voluntary reserve.
- ⑥ Reversal of voluntary reserve.

In addition to the factors described above, there may be factors that temporarily affect the distribution per unit of SAR.

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