

August 19, 2024

For Immediate Release

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

Asset Management Company
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**Notice Concerning Revision to Forecasts for
Operating Results and Distribution for the 17th Fiscal Period Ended July 31, 2024
and Revision to Forecasts for Operating Results for the 18th Fiscal Period Ending January 31, 2025
and Forecasts for Operating Results and Distribution for the 19th Fiscal Period Ending July 31, 2025**

Star Asia Investment Corporation (“SAR”) announces that it has decided to revise the operating results and distribution forecasts for the 17th fiscal period ended July 31, 2024 (February 1, 2024 to July 31, 2024) and to revise the operating results forecasts for the 18th fiscal period ending January 31, 2025 (August 1, 2024 to January 31, 2025) announced in the “(REIT) Financial Report for Fiscal Period Ended January 31, 2024” dated March 15, 2024 (the “Previously Announced Forecasts”).

SAR also newly announces the operating results and distribution forecasts for the 19th fiscal period ending July 31, 2025 (February 1, 2025 to July 31, 2025) as described below.

1. Revision to forecasts for operating results and distribution for the fiscal period ended July 31, 2024

	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)
Previous Forecasts (A)	7,959	4,159	3,477	3,476	1,520	0
Revised Forecasts (B)	8,097	4,332	3,663	3,662	1,596	0
Amount of change (C)=(B)-(A)	138	173	185	185	76	0
Rate of change (D)=(C)/(A)	1.7 %	4.2 %	5.3 %	5.3 %	5.0 %	—

(Reference) Number of investment units issued and outstanding as of the end of the fiscal period: 2,372,000 units.

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2. Revision to forecasts for operating results for the fiscal period ending January 31, 2025

	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)
Previous Forecasts (A)	8,156	4,296	3,562	3,561	1,538	0
Revised Forecasts (B)	9,141	5,003	4,035	4,035	1,538	0
Amount of change (C)=(B)-(A)	984	707	473	473	0	0
Rate of change (D)=(C)/(A)	12.1%	16.5%	13.3%	13.3%	-	-

(Reference)

Expected number of investment units issued and outstanding as of the end of the fiscal period: 2,687,000 units.

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

3. Forecasts for operating results and distribution for the fiscal period ending July 31, 2025

	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)
Forecasts	8,981	4,934	4,086	4,086	1,553	0

(Reference)

Expected number of investment units issued and outstanding as of the end of the fiscal period: 2,687,000 units.

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

(Notes)

- The above forecasts are current forecasts based on assumptions described in Exhibit and the actual operating revenue, operating income, ordinary income, net income, cash distribution per unit (not including cash distribution in excess of earnings) and cash distribution in excess of earnings per unit may fluctuate from the forecasts, due to the deviation in assumptions caused by factors such as the future acquisition or sale of real estate properties etc., the transition of the real estate market, changes to rent income due to the moving of tenants, changes to the operational environment including occurrence of unexpected repairs, changes to the number or issue price of actually issued new investment units, change of interest rate, further issuances of new investment units, or changes to other conditions surrounding SAR. In addition, the above forecasts are not in any way a guarantee that the above cash distribution will be made.
- The forecasts may be subject to revision when a disparity beyond a certain degree is expected between the above forecasts and actual figures.
- Amounts are rounded down to the nearest specified unit and percentage figures are rounded to the first decimal place.

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4. Reason for the revisions and announcement

SAR decided to revise and announce the forecasts for operating results and distribution for the fiscal period ended July 31, 2024 based on the performance of the existing portfolio as of today mainly due to the increase in the variable rent from the hotels owned by SAR, which will be higher than expected and lead to the more than 5.0% increase in the cash distribution per unit.

Also, due to the acquisition and sale of real estate beneficiary interests in trust and lease for the properties and the investment in mezzanine loan as described in “Notice Concerning Acquisition of Real Estate Beneficiary Interest in Trust and Mezzanine Loan Debt, and Transfer of Real Estate Beneficiary Interests in Trust (11th Asset Replacement)” already announced in August 2, 2024 and “Notice Concerning Acquisition of Real Estate Beneficiary Interests in Trust and Lease Contract with New Tenants”, the issuance of new investment units as announced in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units”, and the new debt financings announced in “Notice Concerning Debt Financing (Green Loans)”, each of which was announced today, material changes have been made to the assumptions underlying the operating results forecasts and distribution forecasts for the fiscal period ending January 31, 2025 as described in “(REIT) Financial Report for Fiscal Period Ended January 31, 2024” dated March 15, 2024. In such context, from the standpoint of reflecting such changes, SAR announces revisions to the forecasts for operating results for the fiscal period ending January 31, 2025, and also newly announces the operating results forecasts and distribution forecasts for the fiscal period ending July 31, 2025.

<Reference>

Other press releases announced today

- 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 (Green Loans)

*SAR HP URL: <https://starasia-reit.com/en/>

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Exhibit

Assumptions Underlying Operating Results Forecasts and Distribution Forecasts
For Fiscal Periods Ended July 31, 2024, Ending January 31, 2025 and Ending July 31, 2025

Item	Assumptions																											
Calculation period	<ul style="list-style-type: none"> ➤ 17th Fiscal period ended July 31, 2024: February 1, 2024 – July 31, 2024 (182 days) ➤ 18th Fiscal period ending January 31, 2025: August 1, 2024 – January 31, 2025 (184 days) ➤ 19th Fiscal period ending July 31, 2025: February 1, 2025 – July 31, 2025 (181 days) 																											
Assets under management	<ul style="list-style-type: none"> ➤ Regarding the assets under management, the following are the assumptions. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>17th Fiscal period</th> <th>18th Fiscal period</th> <th>19th Fiscal period</th> </tr> </thead> <tbody> <tr> <td>Real Estate Properties etc.</td> <td align="center">71 properties</td> <td align="center">74 properties</td> <td align="center">74 properties</td> </tr> <tr> <td>Mezzanine Loan Debt</td> <td align="center">2</td> <td align="center">3</td> <td align="center">3</td> </tr> <tr> <td>Preferred Equity Securities</td> <td align="center">1</td> <td align="center">1</td> <td align="center">1</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ➤ In addition to the assets held by SAR as of today (real estate beneficiary interests in trust over 71 properties, 3 mezzanine loan debt, and 1 preferred equity securities (hereinafter collectively referred to as “Currently Held Assets”, and of the Currently Held Assets, assets related to real estate trust beneficial interests are referred to as “Currently Held Assets (Real Estate Properties etc.)”, the mezzanine loan debts are referred to as “Currently Held Assets (Mezzanine), and the preferred equity securities are referred to as “Currently Held Assets (Preferred Equity)”), it is assumed that the real estate trust beneficiary interests over 4 real estate properties (hereinafter referred to as “Assets to be Acquired (Real Estate Properties etc.)”) described under “Acquisition” below will be acquired, and the real estate trust beneficial interests over 1 property described under “Transfer” (hereinafter referred to as “Asset to be Transferred”) will be sold. <p style="margin-left: 20px;"><Acquisition> Real Estate Properties etc.: KOKO HOTEL Tsukiji Ginza, KOKO HOTEL Residence Asakusa Kappabashi, KOKO HOTEL Residence Asakusa Tawaramachi, KOKO HOTEL Osaka Shinsaibashi, Planned Acquisition Date: August 30, 2024</p> <p style="margin-left: 20px;"><Transfer> Real Estate Properties etc.: Urban Park Namba (decided for transfer on August 2, 2024) Planned Transfer Date: September 6, 2024</p>					17th Fiscal period	18th Fiscal period	19th Fiscal period	Real Estate Properties etc.	71 properties	74 properties	74 properties	Mezzanine Loan Debt	2	3	3	Preferred Equity Securities	1	1	1								
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Preferred Equity Securities	1	1	1																									
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	Preferred Equity Securities)																							
	<ul style="list-style-type: none"> ➤ Rent revenues from the Currently Held Assets (Real Estate) are calculated based on the terms stated in the lease agreements that are effective as of today, and rent revenues from the Assets to be Acquired (Real Estate Properties etc.) are calculated based on information provided by each seller and terms stated in the lease agreements that are expected to be effective as of the planned acquisition date, with taking into consideration market trends, etc. The forecasts for the fiscal period ended July 31, 2024 is based on actual and forecast results available for each asset held. It is also assumed that no rent payments will be delinquent or defaulted by tenants. ➤ Gain on sale from the disposition of Asset to be Transferred and “Smile Hotel Namba”, which was transferred on August 19, 2024, are planned to be recorded in the fiscal period ending January 31, 2025. ➤ Interest revenues or dividend revenues in anticipated from the agreements related to loans and beneficiary interests, etc. which are effective as of today. It is also assumed that no interest payments or dividend payments will be defaulted. ➤ For Currently Held Assets (Preferred Equity), it is calculated that the assumed loan income will be generated based on agreement on preferred equity lending transactions, etc. 																							
Operating expenses	<p>Regarding the operation expenses from real estate leasing which are the main operating expenses, the following are the assumptions.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 15%;">17th Fiscal period</th> <th style="width: 15%;">18th Fiscal period</th> <th style="width: 15%;">19th Fiscal period</th> </tr> </thead> <tbody> <tr> <td>Operation expenses from real estate leasing</td> <td style="text-align: center;">3,046 million yen</td> <td style="text-align: center;">3,317 million yen</td> <td style="text-align: center;">3,246 million yen</td> </tr> <tr> <td>(of these, taxes and etc.)</td> <td style="text-align: center;">(599 million yen)</td> <td style="text-align: center;">(600 million yen)</td> <td style="text-align: center;">(644 million yen)</td> </tr> <tr> <td>(of these, repair and maintenance fee)</td> <td style="text-align: center;">(223 million yen)</td> <td style="text-align: center;">(303 million yen)</td> <td style="text-align: center;">(244 million yen)</td> </tr> <tr> <td>(of these, depreciation)</td> <td style="text-align: center;">(1,034 million yen)</td> <td style="text-align: center;">(1,142 million yen)</td> <td style="text-align: center;">(1,167 million yen)</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ➤ For the Assets to be Acquired (Real Estate Properties etc.) and “Urban Forum Warabi”, which was acquired on August 16, 2024, such taxes etc. are (expected to be) settled with the seller on a pro-rata basis based on the number of days of ownership at the time of acquisition of the Assets to be Acquired (Real Estate Properties etc.) and “Urban Forum Warabi”. However, SAR will include such settled amount in the acquisition cost, and thus SAR will not record these items for the fiscal year 2024 as expenses in the fiscal period ending January 31, 2025. It is planned that fixed property taxes, city planning taxes and other public charges for the Assets to be Acquired (Real Estate Properties etc.) and “Urban Forum Warabi” will be recorded as expenses beginning from the fiscal period ending July 31, 2025. ➤ The expenditures for repair and maintenance of buildings are estimated, based on repair and maintenance plans drawn up by the Star Asia Investment Management Co., Ltd. However, the actual expenditures for repair and maintenance for the fiscal periods may differ significantly from the estimated amounts, as expenditures may arise urgently due to damage to buildings caused by unexpected factors, and generally speaking, such expenditures tend to vary significantly from year to year and also are not amounts which arise regularly. ➤ Depreciation expenses including ancillary costs are calculated using the straight-line method. <p>Regarding operating expenses other than the expenses related to rent business, the following are the assumptions.</p>					17th Fiscal period	18th Fiscal period	19th Fiscal period	Operation expenses from real estate leasing	3,046 million yen	3,317 million yen	3,246 million yen	(of these, taxes and etc.)	(599 million yen)	(600 million yen)	(644 million yen)	(of these, repair and maintenance fee)	(223 million yen)	(303 million yen)	(244 million yen)	(of these, depreciation)	(1,034 million yen)	(1,142 million yen)	(1,167 million yen)
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		17th Fiscal period	18th Fiscal period	19th Fiscal period
	Operating expenses (other than operation expenses from real estate leasing)	719 million yen	819 million yen	800 million yen
NOI (Net Operating Income)	Regarding the total portfolio NOI expected, the following are the assumptions.			
		17th Fiscal period	18th Fiscal period	19th Fiscal period
	NOI	6,021 million yen	6,583 million yen	6,833 million yen
	<ul style="list-style-type: none"> ➤ NOI is calculated by using the following calculation method. NOI = Operating revenue from real estate leasing – Expenses related to rent business (excluding depreciation) 			
Non-operating expenses	Regarding the non-operating expenses, the following are the assumptions.			
		17th Fiscal period	18th Fiscal period	19th Fiscal period
	Non-operating expenses	671 million yen	967 million yen	847 million yen
	(of these, interest expense)	(504 million yen)	(662 million yen)	(675 million yen)
	(of these, interest expense on investment corporation bonds)	(3 million yen)	(3 million yen)	(3 million yen)
	(of these, loan related cost)	(141 million yen)	(278 million yen)	(145 million yen)
	(of these, amortization of issuance cost of new investment bond)	(1 million yen)	(1 million yen)	(1 million yen)
	(of these, amortization of issuance cost of new investment units)	(20 million yen)	(22 million yen)	(22 million yen)
Debt financing	Regarding the total amount of interest-bearing liabilities, the following are the assumptions.			
		17th Fiscal period	18th Fiscal period	19th Fiscal period
	Borrowings	120,840 million yen	137,280 million yen	136,480 million yen
	Investment bond	1,000 million yen	1,000 million yen	1,000 million yen
	<ul style="list-style-type: none"> ➤ As of today, SAR has 120,840 million yen of outstanding borrowings and 1,000 million yen of outstanding investment corporation bonds. In addition, new borrowings totaling 17,640 million yen are anticipated in August 2024 from qualified institutional investors as defined in Article 2, paragraph 3, item 1 of the Financial Instruments and Exchange Act is assumed. ➤ Of the new borrowings described above, 1,200 million yen are planned to be prepaid during the fiscal period ending January 31, 2025 from the proceeds from the sale of the Asset to be Transferred and “Smile Hotel Namba” and 800 million yen are planned to be prepaid during the fiscal period ending July 31, 2025 from the proceeds of refunds of 			

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Item	Assumptions																
	<p>consumption tax etc.</p> <ul style="list-style-type: none"> ➤ Other than as stated above, borrowings falling due for repayment during the fiscal period ending January 31, 2025 and the fiscal period ending July 31, 2025 are expected to be refinanced for the same amounts. 																
Investment units	<p>Regarding the total issued and outstanding investment units, the following are the assumptions.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 16.6%;">The end of 17th Fiscal period</th> <th style="width: 16.6%;">The end of 18th Fiscal period</th> <th style="width: 16.6%;">The end of 19th Fiscal period</th> </tr> </thead> <tbody> <tr> <td>The total issued and outstanding investment units</td> <td style="text-align: center;">2,372,000 units</td> <td style="text-align: center;">2,687,000 units</td> <td style="text-align: center;">2,687,000 units</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ➤ It is assumed that a total of 2,687,000 units will be issued and outstanding, which is the total number of investment units issued and outstanding as of today (2,372,000 units), plus the new investment units to be issued through public offering (315,000 units) which was approved at the Board of Directors meeting held today. 		The end of 17th Fiscal period	The end of 18th Fiscal period	The end of 19th Fiscal period	The total issued and outstanding investment units	2,372,000 units	2,687,000 units	2,687,000 units								
	The end of 17th Fiscal period	The end of 18th Fiscal period	The end of 19th Fiscal period														
The total issued and outstanding investment units	2,372,000 units	2,687,000 units	2,687,000 units														
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 based on the money distribution policy set forth in SAR's articles of incorporation. ➤ With respect to temporary difference adjustment reserve, SAR's policy is that 1% or more of the initial reserve amount will continue to be reversed every fiscal period and be utilized mainly to mitigate negative impact on cash distribution from temporary decrease in income or temporarily incurred expenses, and also to avoid incurring tax expenses such as corporate taxes etc. arising due to the mismatch of tax and accounting treatments. <p>Regarding the cash distribution of respective fiscal period, the following are the assumptions.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 16.6%;">17th Fiscal period</th> <th style="width: 16.6%;">18th Fiscal period</th> <th style="width: 16.6%;">19th Fiscal period</th> </tr> </thead> <tbody> <tr> <td>Net income</td> <td style="text-align: center;">3,662 million yen</td> <td style="text-align: center;">4,035 million yen</td> <td style="text-align: center;">4,086 million yen</td> </tr> <tr> <td>Cash distribution</td> <td style="text-align: center;">3,785 million yen</td> <td style="text-align: center;">4,132 million yen</td> <td style="text-align: center;">4,172 million yen</td> </tr> <tr> <td>Cash distribution per unit</td> <td style="text-align: center;">1,596 yen</td> <td style="text-align: center;">1,538 yen</td> <td style="text-align: center;">1,553 yen</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ➤ As to cash distribution for the fiscal period ended July 31, 2024, it is assumed that a total of 3,785 million yen (1,596 yen per unit) will be distributed, which is the total of estimated net income for the fiscal period of 3,662 million yen plus the expected reversal amount from the temporary difference adjustment reserve of 88 million yen, and a portion of profit carried forward from the previous period of 34 million yen. ➤ As to cash distribution for the fiscal period ending January 31, 2025, it is assumed that a total of 4,132 million yen (1,538 yen per unit) will be distributed, which is the total of estimated net income for the fiscal period of 4,035 million yen plus the expected reversal amount from the temporary difference adjustment reserve of 88 million yen, and a portion of profit carried forward from the previous period of 8 million yen. ➤ Also, as to cash distribution for the fiscal period ending July 31, 2025, it is assumed that a total of 4,172 million yen (1,553 yen per unit) will be distributed which consists of estimated net income for the fiscal period of 4,086 million yen plus the expected reversal amount from the temporary difference adjustment reserve of 88 million yen which is the maximum amount that is an integer multiple of the expected number of investment units issued and outstanding as of the end of the fiscal period. ➤ The distribution per unit may change due to various factors including changes to the assets under management, changes to rent revenues given movements etc. of tenants, or the occurrence of unexpected repairs. 		17th Fiscal period	18th Fiscal period	19th Fiscal period	Net income	3,662 million yen	4,035 million yen	4,086 million yen	Cash distribution	3,785 million yen	4,132 million yen	4,172 million yen	Cash distribution per unit	1,596 yen	1,538 yen	1,553 yen
	17th Fiscal period	18th Fiscal period	19th Fiscal period														
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Cash distribution per unit	1,596 yen	1,538 yen	1,553 yen														

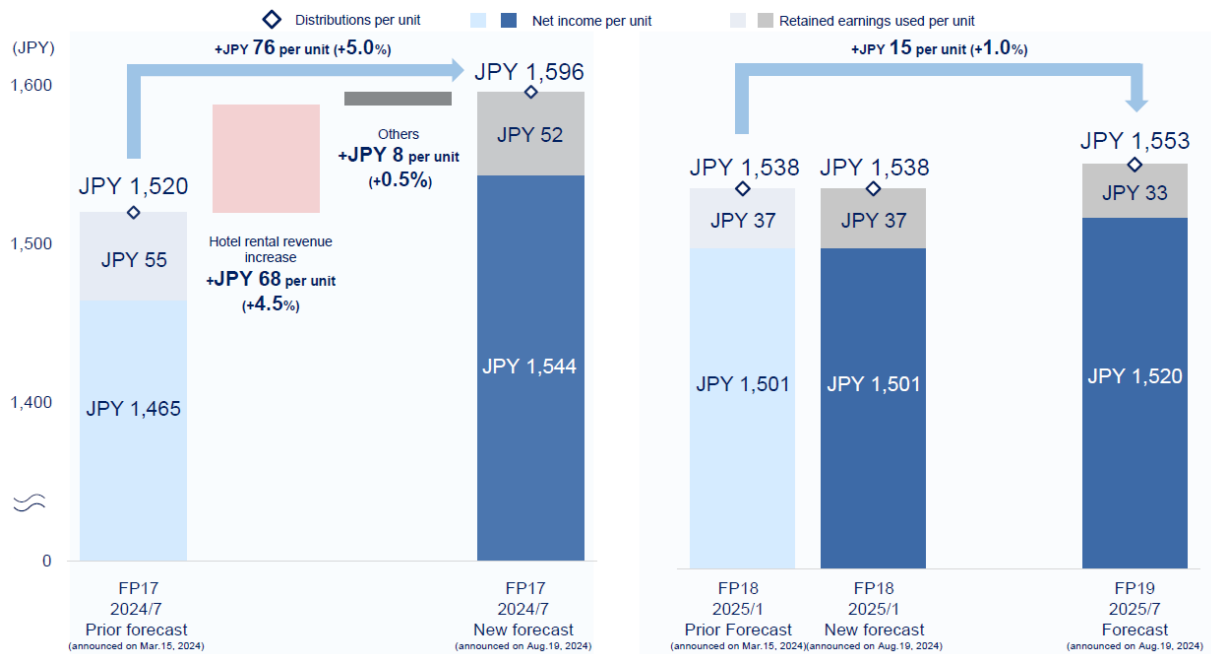
Note: This press release does not in any way constitute any part of an offering of securities for investment. This press release has been prepared for the purpose of announcing to the public certain matters relating to the revision to forecasts for operating results and distribution for the 17th fiscal period ended July 31, 2024 and revision to forecasts for operating results for the 18th fiscal period ending January 31, 2025 and forecasts for operating results and distribution for the 19th fiscal period ending July 31, 2025 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. SAR's securities 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
Cash distribution in excess of earnings per unit	➤ SAR has no plan to make distribution in excess of earnings as of the date of this announcement.
Others	<ul style="list-style-type: none"> ➤ It is assumed that no amendments affecting the above forecast numbers will be made to relevant laws and regulations, tax policies, accounting standards, listing rules, and the rules of the investment trusts association, etc. ➤ It is assumed that there will be no unforeseen material change in general economic conditions or real estate market conditions, etc.

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<Reference > Changes in Distribution Per Unit and Net Income Per Unit

The followings are changes in distribution per unit and net income per unit, regarding "Management Status Forecast for Fiscal Periods ended July 31, 2024 and Fiscal Period ending January 31, 2025" announced in the "(REIT) Financial Report for the Fiscal Period ended January 31, 2024" dated March 15, 2024, and "Forecasts for Operating Results and Distribution for the Fiscal Periods ended July 31, 2024, the Fiscal Period ending January 31, 2025 and the Fiscal Period ending July 31, 2025" announced today.



(Note 1) "Distribution per unit" are expected net income divided by the (expected) number of investment units issued and outstanding at the end of the period.

(Note 2) The amount of retained earnings used per unit is the estimated amount as of today, and the actual amount may differ from the said amount. The prior forecasts have been changed by the new forecasts, and the estimated amount of the new forecasts or forecast may differ from the actual amount.

(Note 3) Please refer to "(REIT) Financial Report for Fiscal Period Ended January 31, 2024" dated March 15, 2024 for assumptions underlying prior forecast for FP ended July 31, 2024 (17FP) and assumptions underlying prior forecast for FP ending January 31, 2025 (18FP).

(Note 4) Please refer to "Exhibit" for assumptions underlying new forecast for FP ended July 31, 2024 (17FP), FP ending January 31, 2025 (18FP), and forecast for FP ending July 31, 2025 (19FP).

(Note5) The above figures are forecasts of SAR as of the date of each release of such forecasts, and are not guarantees or promises of their realization.

This is an English translation of the announcement in Japanese dated August 19, 2024. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

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