

May 10, 2019

For Immediate Release

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

Asset Management Company
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**Notice Concerning Proposal for Merger between Sakura Sogo REIT Investment Corporation
and Star Asia Investment Corporation**

Star Asia Investment Corporation (SAR) and Star Asia Investment Management Co., Ltd. (the “Asset Manager”) received an announcement from Lion Partners GK, an affiliate of Star Asia Group, currently holding 11,971 investment units (equivalent to 3.59% of the total investment units), that it conducted two actions as follows:

- 1) Formulated the plan for merger between SSR and SAR and conveyed it to SSR
- 2) Called for a general unitholders’ meeting etc. as part of the appropriate actions to consummate the merger

The proposal for merger is being executed by both Lion Partners GK and Star Asia Group including the Asset Manager.

SAR and the Asset Manager are strongly certain that this proposal will contribute to unitholders (not only SAR’s but also SSR’s) profits and maximize value for all unitholders. SAR and the Asset Manager are planning to execute several actions along with Lion Partners GK and Star Asia Group in order to consummate this proposal for the benefit of the unitholders of both SAR and SSR.

We deem the merger proposal and the calling for a general unitholders’ meeting conducted by Lion Partners GK as critically important matters for both unitholders to consider. Therefore please refer to the materials in the list below.

1. List of materials concerning the proposal and the calling for a general unitholders’ meeting

Material’s title		Receiver
Attached materials concerning this press release	Proposal for Merger of Sakura Sogo REIT Investment Corporation and Star Asia Investment Corporation (Summary)	SSR’s Unitholders
Appendix 1	Proposal for Merger of Sakura Sogo REIT Investment Corporation and Star Asia Investment Corporation	

Appendix 2	Description of “Proposal for Merger of Sakura Sogo REIT Investment Corporation and Star Asia Investment Corporation” by the Star Asia Group	SAR’s Unitholders
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2. Proposal

Lion Partners GK and Star Asia Group regard the proposal as “A merger of unitholders, by unitholders, and for unitholders”, and we would like SSR’s unitholders to approve this merger proposal.

As to details, please kindly refer to Appendix 1.

3. Calling for a general unitholders’ meeting

As a part of activities for realizing the proposal, Lion Partners GK has executed its legitimate right granted by Act on Investment Trusts and Investment Corporations and has called for a general unitholders’ meeting to SSR as one of the largest minority unitholders.

Contents are as follows.

■ Agenda Items for the Unitholders’ Meeting

- 1) Dismissal of the current executive director
- 2) Appointment of the new executive director
- 3) Terminate the contract with the current asset manager
- 4) Enter into an agreement with a new asset manager

■ Reasons for the Agenda Items

- From a minority unitholder’s viewpoint, Lion Partners GK strongly believes that SSR’s asset management is not capable of maximizing value for its unitholders and is also not focused on aligning its interest with the interests of unitholders. One specific example includes the off-set between the “Gains from sale” (along with the disposition fee paid to SSR’s asset manager) and the “Costs for preparation of a failed new investment units’ issuance” which occurred in June 2018.

Furthermore, by doing this SSR was in contravention of one of its stated basic principles.

- To improve the situation for SSR unitholders, Lion Partners GK believes replacing the current executive director and the current asset manager will be immediately beneficial for SSR’s unitholders.

As mentioned, SAR and Asset Manager firmly believe that both unitholders’ profits will increase and unitholder value will be further generated and maximized upon completion of the proposed merger.. As such, SAR and Asset Manager will work diligently with Lion Partners GK in order to facilitate the consummation of this attractive merger proposal..

Please kindly refer to Appendix 2 of the above 1. *List of materials concerning the proposal and the calling for a general unitholders’ meeting* .

4. Future outlook

As further information or details become available, we will certainly disclose such information promptly to all unitholders. .

*This material has been distributed to:

the Kabuto Club, the Ministry of Land, Infrastructure, Transport and Tourism Press Club, the Ministry of Land, Infrastructure, Transport and Tourism Press Club for Construction Publications

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

*Star Asia Group HP URL: <http://starasiamanagement.com/>

*SAR official YouTube channel URL: <https://www.youtube.com/channel/UCYasJn4xrns2fhyZFKMAELw>

Proposal for Merger between Sakura Sogo REIT Investment Corporation and Star Asia Investment Corporation

- We have been committed to Star Asia Investment Corporation's growth and achieved successful results.
- Star Asia Group is a unitholder of Sakura Sogo REIT, which owns 11,971 units or 3.6% ownership stake.
- We hereby make a proposal of the unitholders, by the unitholders, to the unitholders.

Star Asia group company

Managing Partner

Malcolm F. MacLean IV

Managing Partner

Taro Masuyama

Star Asia group company Lion Partners GK

Representative Director

Toru Sugihara

- Regarding the status quo of Sakura Sogo REIT, as one of the unitholders, we believe that it is the best interest for both REITs to merge.
- On May 10, 2019, we have released "Proposal for Merger of Sakura Sogo REIT Investment Corporation and Star Asia Investment Corporation" for investors' better understanding.
- At the same time, as the first step of the M&A process, we have requested for calling of general unitholders meeting; the main agenda of the meeting is to replace the executive officer and the asset management company.
- This brochure is the brief version of the Proposal Document. Please visit our website for the full version of the document and additional information. <http://starasiamanagement.com/en/>

Post-merger

Sakura Sogo REIT Investment Corporation



Diversified REIT

AUM : ¥56.1bn
No. of properties : 17
Target asset class :
Office, Retail, Residential,
Other



Star Asia Investment Corporation



Diversified REIT

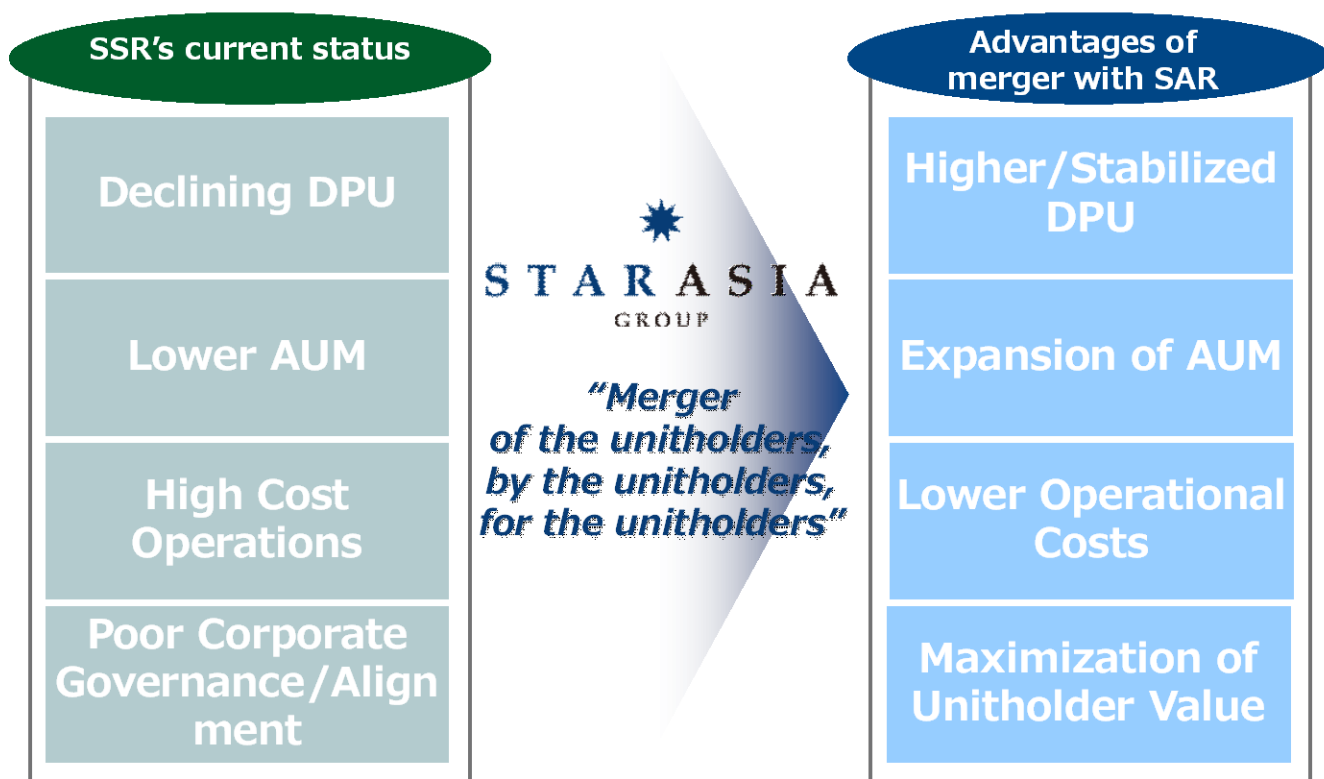
AUM : ¥102.3bn
No. of properties : 34
Target asset class :
Office, Retail, Residential,
Logistics, Hotel, Student
accommodation

Post-merger

AUM : ¥158.4bn
No. of properties : 51
Target asset class :
Office, Retail, Residential,
Logistics, Hotel, Student
accommodation, Other

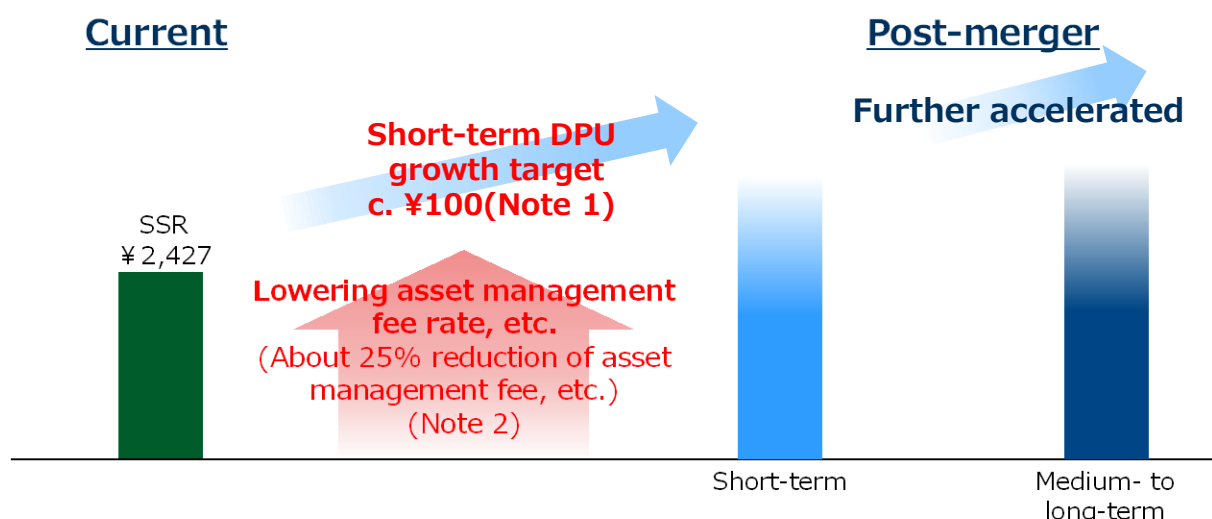
Improving Unitholder Value through Merger with SAR

We are confident that the proposed merger will benefit all unitholders of SSR



Improving Unitholder Value: DPU Increase

Targeted ¥100 DPU increase in the short term, aiming for further growth in the medium to long term



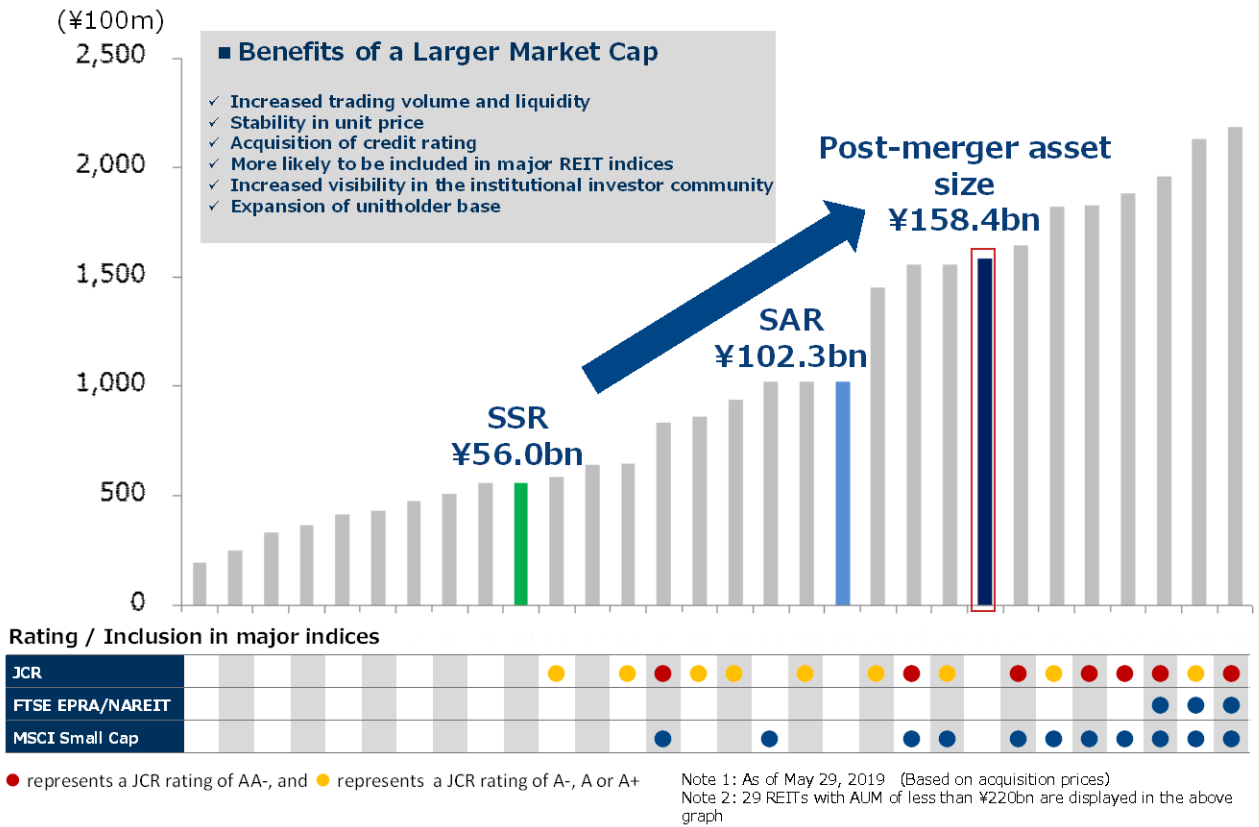
Note1: Provisional calculation in case of a merger under the condition of the unit price as of the end of April, 2019, and on pre-unit splits basis

Note 2: As of May 10, 2019, a roughly 25% reduction of asset management fee which is currently paid by Sakura Sogo REIT Investment Corporation to Sakura Real Estate Management is envisaged by bringing it in line with the fee paid by Star Asia Investment Corporation to Star Asia Investment Management

Improvement of Unitholders value: Increase in AUM, Portfolio reinforcement

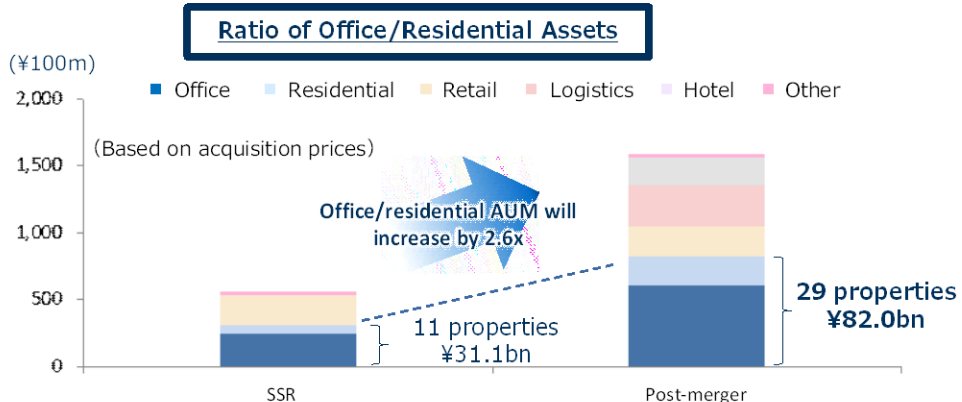
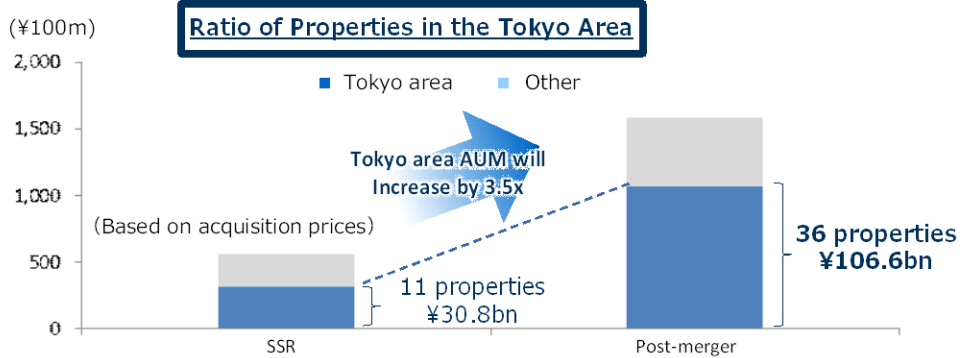
An expanded AUM will improve SSR's position in the J-REIT market

Post-merger, the total AUM will be ¥158.4bn, and increase in revenue stability as well as in liquidity can be expected



Portfolio Quality and progress of dispersion

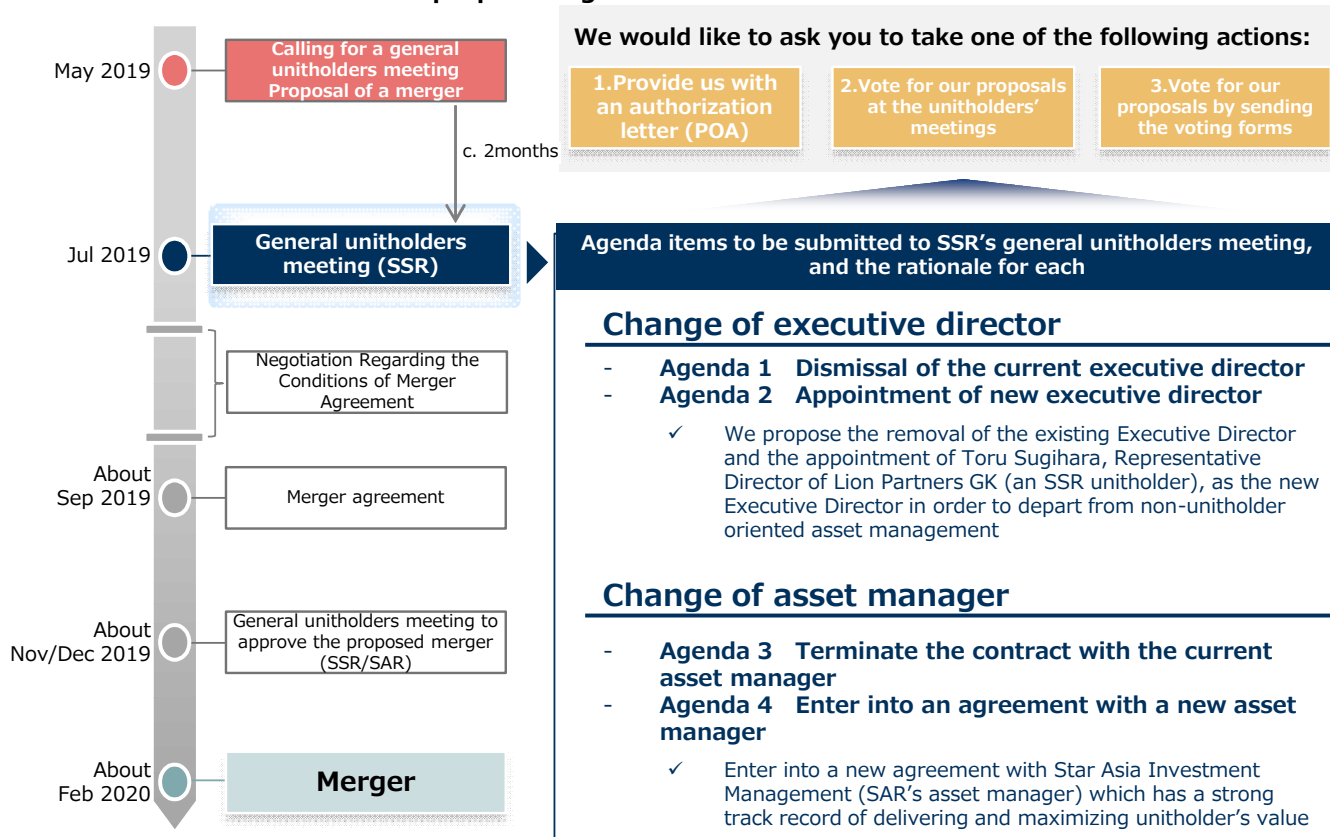
Portfolio quality is also expected to significantly improve as a result of an increased ratio of medium-size office and residential assets (particularly attractive categories from an investor demand perspective)



Calling for a general unitholders meeting

Lion Partners GK, a Star Asia Group Company, called for an SSR general unitholders meeting on May 10, 2019 to deliver our proposal to replace the current Executive Director and Asset Manager as an interim step towards the ultimate goal of a merger between SSR and SAR

Based on the following proposal, we respectfully seek for you to submit a proxy letter to Lion Partners GK or vote FOR the proposed agendas



Our nominee for the new Executive Director of SSR



Toru Sugihara
Representative Director of Lion Partners GK (Star Asia Group Company)
(Former Director and CFO of Star Asia Investment Corporation)

Bio	
April 1991	Joined Nomura Securities Co., Ltd.
October 2006	Joined Barclays Securities Japan Limited
July 2012	Joined Kenedix, Inc.
February 2015	Joined the Tokyo Branch of Star Asia Management Japan Ltd.
June 2015	Seconded to Star Asia Investment Management Co., Ltd. as Executive Director and CFO
August 2015	Director and CFO of Star Asia Investment Management Co., Ltd.
April 2019	Representative Director of Lion Partners GK (Star Asia Group Company)

Ever since the creation of the J-REIT market, I have focus on and desired its growth from the standpoint of a securities firm and as a REIT sponsor. Since June 2015, I have worked as a REIT asset manager to win the trust of investors as widely as possible through the optimal management of assets. Based on a deep understanding of the systems and history of the J-REIT market I am conducting corporate action through an unprecedented use of the unitholders' right to call for a general unitholders meeting in order to benefit the J-REIT market and its investors and to aid further market development

This proposal is a call for a general unitholders meeting, aiming for a merger for unitholders by minority unitholders, which would be a first for the J-REIT market, and it is my strong conviction that the proposal will undoubtedly benefit all unitholders

<Inquiries regarding this material>

Lion Partners GK

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- This document has been prepared solely for the purpose of providing information relating to Lion Partners GK's proposal of a merger between SSR and SAR, and not for offering, soliciting or selling any specific product
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