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

Real Estate Investment Trust Securities Issuer  
Sakura Sogo REIT Investment Corporation  
Representative: Toru Sugihara, Executive Director  
(Securities Code: 3473)

Asset Management Company  
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Notice Concerning Execution of a Merger Agreement by and between  
Star Asia Investment Corporation and Sakura Sogo REIT Investment Corporation

Star Asia Investment Corporation (“SAR”) and Sakura Sogo REIT Investment Corporation (“SSR”), based on a memorandum of understanding regarding merger (the “MOU”) executed by and between them and announced in the “Notice Concerning Execution of Memorandum of Understanding Regarding Merger with Sakura Sogo REIT Investment Corporation” by SAR and “Notice Concerning Execution of Memorandum of Understanding and Measures to Ensure Fairness Regarding Merger with Star Asia Investment Corporation” by SSR (the “SSR’s Press Release on Execution of Memorandum of Understanding”), both dated January 30, 2020, after the completion of necessary procedures for the merger, such as the conduct of due diligence, have today at their respective board of directors meetings, resolved to undertake an absorption-type merger, with August 1, 2020 as the effective date as described below, whereby SAR will be the surviving corporation and SSR will be the dissolving corporation in the merger (the “Merger”), and have today also executed a merger agreement (the “Merger Agreement”) to that effect as set forth below.

**To unitholders in the United States:**

The merger described in this press release involves securities of a foreign company. The offer is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial information included in this document, if any, was excerpted from financial statements prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies. In addition, it may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, since the issuer is located in a foreign country and all of its officers and directors are residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court’s judgment.

You should be aware that the issuer may purchase securities otherwise than under the merger, such as in the open market or through privately negotiated purchases.

This document has been translated from the Japanese-language original document for reference purposes only. In the event of any conflict or discrepancy between this document and the Japanese-language original, the Japanese-language original shall prevail in all respects.

## 1. Purpose of the Merger

The economic environment in Japan has generally been maintained in good condition and companies have maintained a high level of earnings as a result of increased investments in equipment and improvements in the areas of employment and wages. However, the Bank of Japan is continuing with its monetary easing policy in the midst of uncertainties about the world economy due to events like the trade conflict between the US and China as well as the emergence of a new type of viral pneumonia. It is necessary to continue paying attention to the trend of domestic and overseas financial markets and capital markets.

As for the property market, various market participants such as listed REITs, private REITs, overseas investors and domestic business entities continue to invest actively while financing continues to be available because of the monetary easing policy adopted by the Bank of Japan. Competition in property deals is becoming more intense and yields remain low, while investment targets are becoming more diverse with 64 listed REITs and over 30 private REITs existing as of today. Considering current conditions in the property market, it is important to take effective measures to maximize unitholder profit, rather than to seek forcible expansion of asset size through property acquisitions.

Based on this, SAR and SSR are certain that the Merger, which is expected to bring about many merits for unitholders of SAR and SSR, such as an increase in revenue stability owing to the expansion of asset size, an increase in distributions per unit as a result of cost reduction, and enhanced liquidity of investment units due to an increase in the market capitalization, will contribute to the maximization of value for unitholders of SAR and SSR.

### <History of SAR>

SAR was listed on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange in April 2016 as a diversified REIT with 18 properties (with a total acquisition price of 61.4 billion yen). SAR entrusts its asset management functions to Star Asia Investment Management Co., Ltd. ("SAIM"), which belongs to Star Asia Group <sup>(Note1)</sup>, an independent property investment group. SAR has increased its capital through public offerings for property acquisitions three times so far, and has been developing its portfolio with diversified assets, including office buildings, residences, logistics facilities and hotels mainly in the Tokyo area. Since its listing, SAR has been advocating active management, the basic principle of which is maximization of unitholder value. SAR examines and take various measures by thinking outside the box. Typical examples include four asset replacements <sup>(Note2)</sup> that enabled distribution of profits on sale to the unitholders by enhancing the portfolio quality and producing profits on the sale of such properties, as well as investments in mezzanine debt which is only SAR has conducted among the listed REITs today. As of the date of this press release, SAR has had seven fiscal periods of operating history since its listing and manages a portfolio of 34 properties (with a total acquisition price of 102.3 billion yen).

(Note 1) "Star Asia Group" is a group led by Malcolm F. MacLean IV and Taro Masuyama, who founded the group and remain key players of the group to this day. "Star Asia Group" consists of all related entities and investment destinations (funds in which both Malcolm F. MacLean IV and Taro Masuyama are involved in the decision-making and the investment destinations of such funds).

(Note 2) SAR's fifth asset replacement described in the "Notice Concerning Acquisition and Transfer of Real Estate Beneficial Interest in Trust (Fifth Asset Replacement)" announced by SAR on the date of this press release is not included.

#### <History of SSR>

SSR was listed on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange in September 2016 as a diversified REIT holding 18 properties (with a total acquisition price of 57.3 billion yen), sponsored by the Galileo Group <sup>(Note 1)</sup>, an Australian independent property and fund management group, and the Nippon Kanzai Group <sup>(Note 2)</sup>. SSR has had seven fiscal periods of operating history since its listing and manages a portfolio of 18 properties (with a total acquisition price of 57.5 billion yen) as of the date of this press release.

However, SSR has not received sufficient support from the Galileo Group, its main sponsor, and despite SSR being listed at around the same time as SAR, its asset size as of the date of this press release is roughly the same as the size as of SSR's listing. Additionally, SSR has never increased its capital through a public offering. Furthermore, a relatively high level of asset management fees and average interest on loans were one of the factors hindering the growth of distributions per unit. Moreover, SSR has only sold properties but has not conducted any acquisition in the fiscal period ended in June 2018. This has resulted in the lowered earning capacity of the portfolio, and profits on sale have been allocated to the costs of preparing suspended issuances of investment units instead of being distributed to unitholders. This management approach is not considered to be prioritizing unitholders, and distributions per unit have been stagnant since the second fiscal period after SSR's listing, in which it became unaffected by factors such as fixed property tax. Therefore, SSR has been reconsidering a growth strategy which includes the possibility of a merger.

(Note 1) "Galileo Group" is an Australia-based business group led by Galileo Sydney Holdings Pty Limited, Galaxy JREIT Pty Limited and Werrett Family Pty Ltd, and engages in the property development and fund management businesses.

(Note 2) "Nippon Kanzai Group" is a business group led by Nippon Kanzai Co., Ltd. (which is listed on the first section of the Tokyo Stock Exchange).

#### <Background of execution of the Merger Agreement>

In light of the situation of SSR as described above, Lion Partners GK ("LPGK"), an affiliate of Star Asia Group, announced a proposal for the Merger (the "Proposal") on May 10, 2019 and requested to hold a general meeting of unitholders of SSR as part of the necessary procedures for consummation of the Merger. Subsequently on June 28, 2019, LPGK received approval from the Director-General of the Kanto Local Finance Bureau to convene SSR's general meeting of unitholders and held the general meeting of unitholders at 10:00 am on August 30, 2019 (hereinafter referred to as the "Unitholders' Meeting Convened by LPGK").

Among the following Proposed Agenda Items 1 through 4, the Unitholders' Meeting Convened by LPGK voted on Proposed Agenda Items 2 through 4. Proposed Agenda Item 1 was withdrawn because Executive Director Makoto Muranaka had resigned. All voted agenda items, Proposed Agenda Item 2 through Proposed Agenda Item 4, were adopted and approved by resolution as per the original proposals. (With respect to Proposed Agenda Item 2 and Proposed Agenda Item 4, an attending unitholder submitted a motion requesting amendment of the proposal, but both of such motions were rejected.)

Proposed Agenda Item 1:	Removal of Executive Director Makoto Muranaka
Proposed Agenda Item 2:	Appointment of Executive Director Toru Sugihara
Proposed Agenda Item 3:	Cancellation of the asset management entrustment agreement with Sakura Real Estate Funds Management, Inc.
Proposed Agenda Item 4:	Entering into an asset management entrustment agreement

with Star Asia Investment Management Co., Ltd.

In connection with the resolutions at the Unitholders' Meeting Convened by LPGK, Galaxy JREIT Pty Limited, which is a unitholder of SSR and the shareholder that owns all of the voting rights in Sakura Real Estate Funds Management, Inc. ("SREFM"), which had been the asset management company of SSR until February 29, 2020, later filed an action seeking rescission of the resolutions adopted at the unitholders' meeting with the Tokyo District Court (the "Action for Rescission of Resolutions") as well as a petition for an order of injunction to suspend performance of duties and to appoint an acting representative for SSR's executive director, a petition for an order of injunction to suspend the effects of resolutions of general meeting of unitholders, etc., and a petition for an order of injunction to prohibit certain acts on the basis of seeking to preserve the right to seek an injunction against illegal acts (hereinafter collectively referred to as the "Petitions"). However, the Action for Rescission of Resolutions has been dismissed by the Tokyo District Court on February 27, 2020 (although the period for filing an appeal has not yet elapsed, so it is uncertain whether an appeal will be filed or not). Each of the Petitions has been either dismissed by the court (A petition for permission to appeal, however, has been filed against the Tokyo high court's dismissal of the immediate appeal as to one of the Petitions. In addition, the petitioner may file an immediate appeal against the other dismissal.) or withdrawn by the petitioner (furthermore, a petition for a provisional disposition order against SSR relating to the rights under the asset management agreement has been separately filed by SREFM).

In the course of its discussions with SAR to review the Merger, SSR has established a special committee (the "Special Committee") consisting of Shigeru Kaneda and Hirotaka Isayama, Supervisory Directors of SSR, who are independent from Star Asia Group and the result of the Merger, and Kiyoshi Kondaibo, a third party. SSR has executed an MOU for the Merger with SAR because it has received an opinion on January 30, 2020 from the Special Committee concluding that it is reasonable for SAR to enter into the MOU and to review, negotiate, and conduct due diligence with a view toward an expedited execution of a definitive agreement.

After executing the MOU, each of SAR and SSR has conducted due diligence and entered into discussions regarding the terms of the Merger based on the MOU. SAR and SSR have executed the Merger Agreement today because they have agreed to the terms of the Merger, including the merger ratio.

#### <Purpose of the Merger>

SAR believes that the Merger will contribute to: (i) further diversification of its portfolio both in terms of geographical area and asset type and increase stability of portfolio revenue through the expansion of asset size; (ii) improved efficiency of operational costs; and (iii) larger market capitalization and improved liquidity.

As for SSR, the Merger is also expected to enable it to achieve its initial goal of having 150 billion yen of assets under management. Additionally, the Merger is expected to increase the stability of SSR's portfolio revenue through diversification both in terms of area and asset type due to the expansion in asset size, and realize improved efficiency of SSR's operational costs and increase its market capitalization and the liquidity of its investment units. Furthermore, SSR believes the Merger is the best option because a management approach that seeks to maximize unitholder value can be expected after the Merger as a result of active management by SAIM and the promotion of external growth by taking advantage of the preferential negotiating rights that SAR enjoys.

The asset size of SAR after the Merger is expected to be 53 properties <sup>(Note)</sup> with a value of 166.8 billion yen <sup>(Note)</sup>, which is a great step toward the asset size of 200 billion yen, which SAR has set as the goal for external growth. In addition, SAR believes that expansion of the asset size (and increase in the number of properties held) will increase its flexibility in conducting active management. After the Merger, SAR will seek to maximize unitholder value of the SAR after the Merger, taking advantage of the strong support from the Star Asia Group in contributing to SAR's external growth.

Along with the Merger, SAR is scheduled to acquire and transfer assets as described in the "Notice Concerning Acquisition and Transfer of Real Estate Beneficial Interest in Trust (Fifth Asset Replacement)" announced on the date of this press release, aiming to improve the quality of its portfolio as well as to return profits to unitholders.

(Note) Total of number of properties and asset size (based on the acquisition price) after the acquisition and sale of the asset described in the "Notice Concerning Acquisition and Transfer of Real Estate Beneficial Interest in Trust (Fifth Asset Replacement)" announced by SAR on the date of this press release, and the number of properties and the estimated acquisition price of the assets held by SSR (which price is as described in the appraisal report as of November 1, 2019 obtained by SAR), respectively.

## 2. Overview of the Merger

### (1) Schedule of the Merger

#### SAR

Record date for the general meeting of unitholders	January 31, 2020
Board of Directors meeting to approve the Merger Agreement Date of execution of the Merger Agreement	March 2, 2020
Date of general meeting of unitholders	March 31, 2020 (tentative)
Record date for splitting the investment units	July 31, 2020 (tentative)
Effective date for splitting the investment units Effective date of the Merger	August 1, 2020 (tentative)
Registration date of the Merger	Early August, 2020 (tentative)

(Note1) SAR plans to split one investment unit into two investment units with July 31, 2020 as the record date for splitting the investment units and August 1, 2020 as the effective date of the split (the "Investment Unit Split"). Please refer to "(3) Allocation of Investment Units under the Merger (Note 2)" below for more details.

#### SSR

Record date for the general meeting of unitholders	December 31, 2019
Board of Directors meeting to approve the Merger Agreement Date of execution of the Merger Agreement	March 2, 2020
Date of general meeting of unitholders	March 30, 2020 (tentative)
Date of delisting	July 30, 2020 (tentative)
Effective date of the Merger	August 1, 2020 (tentative)
Registration date of the Merger	Early August, 2020 (tentative)

(2) Form of the Merger

SAR will be the surviving corporation under an absorption-type merger and SSR will be dissolved in the Merger.

(3) Allocation of Investment Units under the Merger

	SAR (Surviving corporation in the absorption-type merger)	SSR (Dissolving corporation in the absorption-type merger)
Allocation of investment units under the Merger	1	1.78
		(Reference): Before the Investment Unit Split 0.89

(Note 1) The number of new SAR investment units to be issued as a result of the Merger (the number of units after the Investment Unit Split of SAR): 592,741 investment units

(Note 2) SAR plans to split one investment unit into two investment units with July 31, 2020 as the record date for splitting the investment units and August 1, 2020 as the effective date of the split; the allocation ratio shown above and the number of new investment units SAR will allocate and deliver are subject to the Investment Unit Split taking effect. The merger ratio before the Investment Unit Split is SSR 0.89 to SAR 1; however, on the basis of that ratio, against one SSR investment unit, 0.89 SAR investment units would be allocated and delivered, and this would result in many SSR unitholders being allocated fractions of less than one SAR investment unit. To make it possible for SSR unitholders to continue holding SAR investment units after the Merger, a split of the investment units will be carried out before the effective date of the Merger, in the ratio of two investment units to one SAR investment unit for the purpose of delivering to all SSR unitholders at least one SAR investment unit, and for every one SSR investment unit, 1.78 SAR investment units post-Investment Unit Split will be allocated and delivered. For more details on the Investment Unit Split, please refer to the "Notice Concerning a Split of Investment Units," released by SAR today.

(Note 3) As a result of allocating 1.78 SAR investment units to SSR unitholders for each SSR investment unit held, fractions of less than one investment unit will occur in the number of investment units that must be delivered. Those fractional units of less than one share will be sold through market transactions, and the proceeds from such sale will be delivered to the unitholders allocated fractional shares in accordance with the fractions held pursuant to the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; the "Investment Trust Act").

(Note 4) In addition to the abovementioned investment units, SAR intends to pay SSR unitholders (the unitholders stated or recorded in the final unitholders' register on the day before the effective date of the Merger (excluding those SSR unitholders who have demanded the purchase of their investment units pursuant to Article 149-3 of the Investment Trust Act) (hereinafter referred to as the "Unitholders Subject to Allocation"), in lieu of cash distributions for the business period of SSR from January 1, 2020 to July 31, 2020, a merger consideration in the form of cash distribution based on SSR's distributable income for that same period of an amount (disregarding fractions of a yen) which is the quotient resulting from a division of the amount of SSR's distributable income on the date before the effective date of the Merger by the number of issued SSR investment units on that date as reduced by the number of investment units held by unitholders other than the Unitholders Subject to Allocation. The merger consideration will be paid within a reasonable period from the effective date of the Merger. Details will be notified as soon as they are finalized.

In addition, SSR will table before a general meeting of its unitholders, which is scheduled to be held on March 30, 2020, a proposal for an amendment to be made to its articles of incorporation with a view to changing its fiscal periods from the current dates of June 30 and December 31 to January 31 and July 31. If the aforementioned amendment is approved in the general meeting of the unitholders, the last period before the effective date of the Merger is expected to be a seven -month business period from January 1, 2020 to July 31, 2020, and cash distributions with June 30, 2020 as the record date will not be distributed (and instead, as mentioned above, a merger consideration in the form of cash distributions based on SSR's distributable income for that same period will be paid).

(4) Changes to the Articles of Incorporation of the Surviving Corporation

SAR is considering to submit to its general meeting of unitholders, scheduled to be held on March 31, 2020, a proposal for partial amendment of its articles of incorporation to clarify the method of calculating asset management fees in the case of a merger (the "Amendment of the Articles of Incorporation"). However, no amendment of the articles of incorporation (subject to the Merger becoming effective) is currently scheduled. Details of the Amendment of the Articles of Incorporation will be disclosed as soon as they are finalized.

In addition, SAR plans to file a notification pursuant to Article 191 of the Investment Trust Act as soon as such amendment of the articles of incorporation becomes effective.

(5) Main Conditions of the Merger

The Merger is based on the premise that the following conditions and other conditions as provided in the Merger Agreement are satisfied. If such conditions are not satisfied by the date preceding the effective date of the Merger or it becomes clear that such conditions will not be satisfied by the date preceding the effective date of the Merger, either SAR and SSR has the right to cancel the Merger Agreement upon prior written notice to the other before the effective date of the Merger, without owing any responsibilities or liabilities, except where the party making such notice owes responsibilities and liabilities as a result of a breach by such party of certain other terms of the Merger Agreement.

- approvals by the general unitholders' meetings of SAR and SSR, the procedures in accordance with other relevant laws and regulations, and approvals and authorizations considered necessary for the implementation of the matters planned in regard to or related to the Merger having been obtained and/or completed;
- there having been no breaches of agreements, violations of financial covenants or overdue payments of monetary liabilities (including taxes and public charges) by either of SAR or SSR (excluding minor items);
- there having been no occurrence of an event of acceleration (including events of acceleration due to passing of time or notice, or both), suspension of payment or inability to pay debts by either SAR or SSR;
- consents covering the implementation of the Merger and the basic terms and conditions of loans subsequent to the effectiveness of the Merger having been received in advance from all financial institutions lending to either SAR or SSR, and those consents not having been rescinded; and, in respect of each loan agreement, all necessary measures having been taken to ensure no breach of any financial covenant clause, no breach of covenant clause and no occurrence of any acceleration event attributable to SAR after the Merger;
- each of SAR and SSR having reasonably confirmed that it is not required to file a registration statement on Form F-4 in regard to the Merger under the Securities Act of the

United States;

- no petition for commencement of bankruptcy proceedings, commencement of civil rehabilitation proceedings or commencement of other similar legal insolvency proceedings having been filed against either SAR or SSR.
- no revocation of registrations, suspension of all or part of operations or other administrative disposition which could cause serious impediment to or have a serious adverse impact on the execution of the Merger having been taken by a supervisory government agency against SAR and SSR, and their asset management companies;
- there has occurred no other event that would reasonably be deemed to seriously prevent realization of the Merger or to make it significantly difficult to realize the Merger other than the above.

### 3. Basis for Calculation of Allocation of Investment Units under the Merger

#### (1) Basis for Calculation

SAR has appointed Nomura Securities Co., Ltd. (“Nomura Securities”), and SSR has appointed Mizuho Securities Co., Ltd. (“Mizuho Securities”), respectively, as their financial advisors for the Merger. SAR and SSR have requested their respective financial advisors to conduct financial analysis with regard to the merger ratio used in the Merger in order to calculate the merger ratio used in the Merger in a fair manner.

Summaries of the calculations made by Nomura Securities and Mizuho Securities each indicate figures prior to taking into account the Investment Unit Split, by SAR, of one investment unit into two investment units as mentioned in the section “2. Overview of the Merger (3) Allocation of Investment Units under the Merger” above.

Because the investment units of SAR and SSR are both listed on the Tokyo Stock Exchange and market prices are available, Nomura Securities used average market investment unit price analysis, and because there are multiple listed investment corporations comparable to each of SAR and SSR and an analogical estimate based on comparable investment corporations is possible, it also used a comparable investment corporation analysis. To reflect the state of future business operations in the calculations, Nomura Securities conducted a discounted cash flow analysis (“DCF Analysis”). Further, to reflect in its estimations the amount of the impact of fair value and realizable value on net assets, Nomura Securities also used the adjusted net asset method in its calculations. A summary of Nomura Securities’ calculations is shown below. The range of values for the merger ratio shown indicates the range of estimates for SSR when the value for one SAR investment unit is considered to be 1.

In its average market investment unit price analysis, Nomura Securities used the simple average of the closing prices on May 10, 2019 (the “First Calculation Base Date”), the five business days including and preceding the First Calculation Base Date, the one-month period including and preceding the First Calculation Base Date, the three-month period including and preceding the First Calculation Base Date, and the six-month period including and preceding the First Calculation Base Date, as well as the simple arithmetic average of the closing prices on February 27, 2020 (the “Second Calculation Base Date”), the five business days including and preceding the Second Calculation Base Date, the one-month period including and preceding the Second Calculation Base Date, the three-month period including and preceding the Second Calculation Base Date, and the six-month period including and preceding the Second Calculation Base Date, respectively.

SAR’s business plan that Nomura used as the basis for the DCF Analysis includes certain fiscal periods for which significant increase or decrease in profits is expected. A substantial increase in



profits from the previous period is expected for the fiscal period ending July 2020 with an operating profit of 2,346 million yen, an ordinary profit of 2,072 million yen, and a net profit of 2,072 million yen. A substantial decrease in profits from the previous period is expected for the fiscal period ending July 2021 with an operating profit of 1,755 million yen, an ordinary profit of 1,477 million yen, and a net profit of 1,476 million yen. These are due to gain on the sale of Alphabet Seven, which is planned to be sold in the fiscal periods ending July 2020 and January 2021. For details in the supplemental explanation regarding the assumptions and disclaimers of Nomura Securities' analysis, please refer to Note 1 at the end of this press release.

Valuation Method	Range of Merger Ratio
Average Market Investment Unit Price Analysis (First Calculation Base Date)	0.80 - 0.81
Average Market Investment Unit Price Analysis (Second Calculation Base Date)	0.83 - 0.84
Comparable Investment Corporation Analysis	0.89 - 1.09
DCF Analysis	0.83 - 0.93
Adjusted Net Asset Method	0.90

In performing its analysis, Mizuho Securities reviewed the financial information disclosed by SAR and SSR as well as the published information available to the public and other information. Because the investment units of SAR and SSR are both listed on the Tokyo Stock Exchange and market prices are available, Mizuho Securities used a market investment unit price based analysis. In addition because there are multiple listed investment corporations that are similar to SAR and SSR to a certain degree in terms of, among others, owned real property portfolio and others from the viewpoint of analyzing the range of merger ratio, although they are not directly comparable with SAR and SSR, and an analogical estimate of the unitholder value based on comparable investment corporations is possible, Mizuho Securities also conducted a comparable investment corporation analysis. In addition, Mizuho Securities conducted the dividend discount model analysis as a method of calculation ("DDM Analysis") of the unitholder value based on dividends that unitholders of SAR and SSR could be expected to receive in the future, and for the purpose of reflecting the market value of properties held by each of SAR and SSR, Mizuho Securities also used the adjusted net asset method.

The calculated ranges of the merger ratio shown below are the range of the number of SAR investment units to be allocated for each investment unit of SSR.

Valuation Method	Range of Merger Ratio
Market Investment Unit Price Based Analysis	0.83 - 0.84
Comparable Investment Corporation Analysis	0.81 - 1.04

DDM Analysis	0.80 - 1.09
Adjusted Net Asset Method	0.87 - 0.90

In performing the market investment unit price based analysis, Mizuho Securities adopted February 27, 2020 as the reference date (the “Reference Date”) and reviewed the investment unit price on the Reference Date and the average of the closing investment unit prices during the most recent five business days, the most recent month, the most recent three-month period and the most recent six-month period, each ending on the Reference Date.

In performing the DDM Analysis, Mizuho Securities assessed the unitholder’s value for SSR and SAR by discounting each investment corporation’s future theorized dividend based on financial forecasts at a certain discount rate to the present value. When estimating SSR’s future theorized dividend based on financial forecasts, for purposes of the financial forecasts prepared by SREFM for the period from June 2020 to December 2022, Mizuho Securities took into consideration that the asset management fee rate will decrease due to the change of the asset management company from SREFM to SAIM, as the Special Committee concluded it reasonable to do so. On the other hand, when estimating SAR’s future theorized dividend based on financial forecasts, Mizuho Securities amended the financial forecasts prepared by SAIM for the period from July 2020 to January 2023, so that it will not take into consideration the sale of properties owned by SAR and the acquisition of new properties, as the Special Committee concluded it reasonable to do so. The financial forecasts of SAR and SSR used as the basis for the calculation in the DDM Analysis were not created on the assumption that the Merger will be implemented. There were no fiscal years in which a significant increase or decrease in profit was expected in the future profit plans of SAR and SSR, on which Mizuho Securities relied in performing the DDM Analysis.

For details of the supplemental explanation regarding the assumptions and disclaimers for Mizuho Securities’ analysis, please refer to Note 2 at the end of this press release.

## (2) Background to Calculations

As a result of discussions and negotiations over an extended period comprehensively taking into consideration such factors as the financial performance and state of the assets and liabilities of each of SAR and SSR, their future business prospects, the merits of the Merger and the results of the analyses performed by their respective financial advisors, SAR and SSR determined that the above merger ratios are fair.

For the process regarding the assessment of the merger ratio by SSR, please also refer to “(5) Measures to Ensure Fairness i. Measures to ensure fairness in assessing the propriety of the Merger and the merger ratio” below.

## (3) Relationships with the Institutions Which Performed the Calculations

Neither Nomura Securities nor Mizuho Securities is deemed a related party of SAR or SSR pursuant to Article 67, paragraph 4 of the Ordinance on Accounting at Investment Corporations (Cabinet Office Ordinance No. 47 of 2006, including subsequent amendments) and neither has any material interests to be disclosed with respect to the Merger.

## (4) Prospects and Reasons for Delisting

The Merger is planned to be executed in the form of an absorption-type merger whereby SAR will be the surviving corporation and SSR will be dissolved in accordance with Article 143(iv) of the Investment Trust Act. The SSR investment units are expected to be delisted on July 30, 2020, two

business days prior to the effective date of the Merger, in accordance with the delisting criteria stipulated by the Tokyo Stock Exchange. As consideration for the Merger, each of SSR's unitholders will be allocated new SAR investment units according to the number of SSR investment units they hold, thus becoming SAR unitholders, and because SAR investment units are listed on the Tokyo Stock Exchange, those unitholders will continue to have the opportunity to trade their investment units on the Tokyo Stock Exchange.

(5) Measures to Ensure Fairness

i. Measures to ensure fairness in assessing the propriety of the Merger and the merger ratio

In the course of assessing the Merger, SAR reported on a timely basis the status of its assessment to its board of directors composed of one executive director and two supervisory directors, whose independence from the asset management company is ensured in terms of the Investment Trust Act, and all material matters of its assessments were deliberated and approved by its board of directors.

In addition, SAR appointed Anderson Mori & Tomotsune as its legal advisor for the Merger, and received advice concerning the methodology and process relating to the procedures and decision-making process for the Merger.

With respect to SSR, Executive Director Toru Sugihara appointed by the Proposal had been a director of SAIM, which is SAR's asset management company, before the Proposal was submitted, and even thereafter he had been the representative director of LPGK, which made the Proposal. He is also an employee of Star Asia Management Japan Ltd., a subsidiary of Star Asia Management Ltd., with which SAR and SAIM have each executed a sponsor support agreement. Although, he has retired as director of SAIM and representative director of LPGK and is not engaging in any duties other than as executive director of SSR, it cannot be ruled out that he could be deemed to be potentially subject to the influence of Star Asia Group when making decisions. Further, since SSR's asset management company has been changed to SAIM as of March 1, 2020, such that SSR and SAR now share the same asset management company, it cannot be ruled out that the Merger may cause conflicts of interest due to its structure. Given the foregoing, SSR has taken the following measures to ensure the fairness of the Merger.

a. Obtaining Report from Independent Special Committee

Given that the potential conflicts of interest due to the Merger cannot be ruled out because of its structure as stated above, SSR has established the Special Committee consisting of three members, namely, Mr. Shigeru Kaneda and Mr. Hirotaka Isayama, Supervisory Directors of SSR, who are independent from Star Asia Group (including SAR) and the result of the Merger, and Mr. Kiyoshi Kondaibo who is a third party (for the independence and appropriateness of Mr. Kondaibo, please see SSR's Press Release on Execution of Memorandum of Understanding) at the meeting of its board of directors held on December 19, 2019, in order to ensure the fairness of the decisions to be made when considering whether it is appropriate to carry out the Merger and the fairness of its terms. In addition, SSR delegated to the Special Committee the task of assessing the propriety of the Merger and to give its opinions to SSR's board of directors.

In the resolution of SSR's board of directors to establish the Special Committee, SSR's board of directors also decided that: (i) the determination by the Special Committee, including its affirmative or negative opinions concerning the Merger, must be respected to the maximum extent when deciding on the Merger at a meeting of the board of directors; and (ii) if the Special Committee determines that the implementation of the Merger or its terms are not appropriate, the board of

directors of SSR will decide against carrying out the Merger. Also in the resolution, SSR's board of directors authorized the Special Committee, among others, : (a) to negotiate with SAR about the Merger; (b) to appoint a financial or legal advisor for the Special Committee or designate or approve a financial or legal advisor for SSR; and (c) to receive information necessary to assess and appraise the Merger from the board of directors of SSR. Remuneration is paid to the members of the Special Committee based on the number of hours they spend performing their duties, respectively, regardless of the content of their opinions.

Upon such delegation, the Special Committee carefully consulted and discussed these issues by preparing reports, sharing information, deliberating and reaching decisions through its meetings that were held eleven times in total during the period from December 19, 2019 until February 28, 2020, and by other means such as e-mail as appropriate. In such discussions and assessment, the Special Committee received advice from Mori Hamada & Matsumoto, legal advisor of SSR, concerning the method of discussion and the content of determination and other matters related to the Merger.

The Special Committee received necessary information for assessment of the Merger, including detailed explanations and information on SAR's initial proposal for the Merger, SAR's proposal for the merger ratio of the Merger, the respective preparation procedures for and contents of business plans of SAR and SSR, assumptions for the calculation of the merger ratio by Mizuho Securities and the results thereof, and drafts of the timely disclosure and convocation notice of the general meeting of unitholders relating to the Merger. The Special Committee also received professional advice from the advisors, and thus it received sufficient information for its determination. In addition to negotiations with SAR on the MOU, the Special Committee was kept informed about the details of SAR's proposal for the merger ratio in a timely manner whenever SSR received any such proposal from SAR, since the time SSR received the first SAR proposal for the merger ratio on February 13, 2020 after the Unitholders' Meeting Convened by LPGK and discussed and reviewed such proposal taking into account financial advice from Mizuho Securities. After such discussion and review and with a view to obtaining more favorable terms of the Merger than those in the merger proposal announced by Star Asia Group on August 7, 2019, the Special Committee negotiated with SAR about the terms of the Merger by among others, instructing and requesting Mizuho Securities to request SAR to increase the merger ratio and discussing directly with SAR. The anticipated merger ratio of the Merger announced by Star Asia Group on August 7, 2019 was to allocate 0.88 investment unit of SAR (before the Investment Unit Split) to one investment unit of SSR, but as a result of such negotiations by the Special Committee, it was finally agreed to allocate 0.89 investment unit of SAR (before the Investment Unit Split) to one investment unit of SSR. The Special Committee submitted its report as of March 2, 2020 to SSR's board of directors to the effect that it was appropriate for SSR to carry out the Merger since: (a) the Merger was deemed as capable of increasing the value of SSR; (b) fair procedures were being implemented to secure the interests of SSR's general unitholders upon the Merger; and (c) the terms of the Merger were deemed fair. The outline of the report is as follows:

(a) Assessment from the viewpoint of increasing the value of SSR

It is reasonable to determine that the Merger contributes to increasing the value of SSR since: (i) implementation of the Merger is expected to stabilize distributions, secure external growth potential and reduce certain operational costs, and therefore the Merger is considered beneficial to the resolution of various issues faced by SSR and to increasing the value of SSR; and (ii) with advice from Mizuho Securities, screening of investment corporations that may be a potential

counterparty of a merger with SSR was conducted, and it was confirmed with several investment corporations that were highly likely to make a merger proposal challenging the Merger whether they intended to make a specific proposal for a merger with SSR, and even though an opportunity was provided for the making of such proposal over a long period of time, no proposal for a merger, acquisition, alliance or other similar transaction was made by any third party (except the Proposal and a proposal that was made during the market check conducted by SSR prior to a merger with MIRAI Corporation). Therefore, there are no actual options, other than the Proposal, that may contribute to increasing the value of SSR.

(b) Assessment from the viewpoint of securing the interests of general unitholders through fair procedures

It is recognized that, in connection with the Merger, (a) there are situations that may be deemed as equivalent to transactions between independent parties in the course of determining the terms and conditions of the transaction, (b) there are opportunities for general unitholders to make appropriate decisions based on sufficient information, and (c) fair procedures are implemented to secure the interests of general unitholders, by taking into consideration the following matters and others:

- (i) the Special Committee, composed of independent members, was established for purposes of assessing the proposed Merger. The Special Committee discussed and assessed SAR's proposal for the Merger and negotiated with SAR over the terms of the Merger after receiving information necessary for assessing the Merger and obtaining advice from the advisors based on its professional knowledge and a written merger ratio calculation report from a third-party appraiser, and the Special Committee is recognized as having operated effectively.
- (ii) As described in d. below, since it cannot be denied that SSR's Executive Director Mr. Sugihara may be deemed as potentially subject to the influence of Star Asia Group, he and SAIM, the asset management company, are not involved in the decision-making process and the assessment and negotiation of the Merger.
- (iii) As described in e. below, the market check was conducted carefully.
- (iv) Certain disclosure of information is scheduled in the timely disclosure of execution of the MOU, timely disclosure of execution of the Merger Agreement, Convocation Notice of General Meeting of Unitholders and others.

(c) Appropriateness of terms of transactions

The merger ratio of the Merger is appropriate, because (i) the preparation procedures and contents of SSR's business plan and SAR's business plan, which are the basis for calculation through the DDM Analysis in the written merger ratio calculation report prepared by Mizuho Securities, are not particularly unreasonable, (ii) the written merger ratio calculation report is not particularly unreasonable in terms of the methods and results of calculation, and can be judged reliable, and the merger ratio of the Merger exceeds the upper limit of the valuation range based on the market investment unit price based analysis, and is within the valuation range based on the comparable investment corporation analysis, the DDM Analysis and the adjusted net asset method, and (iii) the merger ratio is the ratio agreed upon through good faith negotiations between the Special Committee and SAR. In addition, the terms of the Merger transactions are fair because no any unfavorable terms has been imposed on SSR in connection with the Merger.

(d) Conclusion

Based on (a) through (c) above, it is appropriate for SSR to consummate the Merger because (i) the Merger will contribute to the improvement of SSR's value, and (ii) there are fair procedures in place to protect the interests of SSR's general unitholders in connection with the Merger, and the terms of the Merger transactions are fair.

b. Receiving a calculation report from an independent third-party appraiser

SSR has appointed Mizuho Securities (which is independent of SAR and SSR) as its financial advisor and third-party appraiser for the Merger with the approval of the Special Committee, and received a written merger ratio calculation report on February 28, 2020. For a summary of the written merger ratio calculation report, please refer to "(1) Basis for Calculation" above. SSR's fee for Mizuho Securities is a contingent fee that will be paid subject to successful completion of the Merger and satisfaction of some other terms.

c. Obtaining advice from an independent legal advisor

SSR has appointed Mori Hamada & Matsumoto (which is independent of SAR and SSR) as its legal advisor for the Merger with the approval of the Special Committee, and obtained legal advice on such matters as the methods and process of deliberation on the Merger at the Special Committee, and details of measures to ensure fairness in considering the Merger.

d. Non-involvement of those who have an interest in the process of decision-making, examination and negotiations relating to the Merger

Since it cannot be ruled out that Mr. Sugihara, SSR's executive director, could be deemed to be influenced by the Star Asia Group when making decisions, he has not participated in the deliberation and resolution concerning the execution of the Merger Agreement at SSR's board of directors, nor has he participated in discussions and negotiations with SAR over the merger ratio of the Merger and other terms of the transaction. As he is SSR's sole executive director, Mr. Sugihara has provided necessary explanations and information to the Special Committee, and carried out various administrative procedures to examine the Merger. In the process of examining the Merger, however, the Special Committee expelled Mr. Sugihara from the floor and kept him out of the deliberation and examination of matters for which the Special Committee determined Mr. Sugihara should not participate in discussions from the standpoint of independence based on the advice from Mori Hamada & Matsumoto. Mr. Sugihara therefore has not been involved in the substantial deliberation and examination of the Merger at the Special Committee.

In addition, SSR's asset management company was changed to SAIM, which is SAR's asset management company, on March 1, 2020, which means that SSR and SAR now retain the same asset management company. However, SAIM has never been involved in the examination of the terms of the Merger, including the appropriateness and merger ratio of the Merger, nor has it participated in discussions and negotiations with SAR over the terms of the Merger in its capacity as SSR's asset management company.

e. Conducting a market check

The Special Committee conducted a market check from the standpoint of identifying potential acquirers other than SAR and ensuring the fairness of the merger ratio. Specifically, the Special Committee checked the details of the market check conducted by SSR when the Proposal was made and, based on the results of the market check, confirmed with several investment

corporations, through Mizuho Securities, whether they had the intention of considering the merger with SSR, taking into account the feasibility of the merger that will contribute to SSR's interests and other factors. As a result of the confirmation of their intentions, all the investment corporations replied that they had no ultimate intention to offer any specific proposal for the merger with SSR.

In addition, SSR agreed upon its obligation to preferentially negotiate with SAR in the MOU. However, SSR also agreed that if a third party other than SAR makes a counterproposal, SSR may discuss and negotiate the counterproposal to the extent the Special Committee would consider reasonably necessary (except where such counterproposal is made based on its active contact with third parties after the execution of the MOU), which gives third parties an opportunity to make counterproposals. Although there was approximately a 10-month period between the date of the Proposal and the execution of the Merger Agreement, no third party offered any proposal for merger, acquisition, alliance or other transactions, except for those made in the market check conducted by SSR prior to its merger with MIRAI Corporation.

ii. Measures to ensure fairness in the calculation of the merger ratio

As discussed in (1) through (3) above, each of SAR and SSR has requested its respective financial advisor to perform a financial analysis in regard to the merger ratio and the merger ratio was determined by comprehensively taking into account the results of such analyses together with other factors.

SAR, in order to ensure the fairness of the Merger and for the benefit of its unitholders, obtained from Nomura Securities, an independent third-party financial advisor, a written merger ratio calculation report providing an analysis from a financial perspective based on certain assumptions in regard to the allocation under the Merger.

SSR, for its part, in order to ensure the fairness of the Merger and for the benefit of its unitholders, obtained from Mizuho Securities, an independent third-party financial advisor, a written merger ratio calculation report providing an analysis from a financial perspective based on certain assumptions in regard to the allocation under the Merger.

In addition, as mentioned in i. above, SSR's Special Committee (i) received an explanation from Mizuho Securities about details of the calculation results, preconditions of the calculation, and matters taken into account in the course of the calculation in connection with the written merger ratio calculation report prepared by Mizuho Securities, (ii) had a question and answer session with Mizuho Securities, and (iii) fully deliberated and examined details of the written merger ratio calculation report. As a result, the special committee concluded that the contents of the written merger ratio calculation report prepared by Mizuho Securities are not particularly unreasonable, and made its report as stated in i. above.

SAR and SSR did not, however, obtain written opinions (so-called "fairness opinions") from their respective financial advisors to the effect that the merger ratio is reasonable from a financial perspective for their respective unitholders.

4. Outline of Merging Parties

	Surviving Corporation	Dissolving Corporation
(1) Name	Star Asia Investment Corporation	Sakura Sogo REIT Investment Corporation
(2) Location	2-5-1, Atago, Minato-ku, Tokyo	3-8-11, Kudan Minami, Chiyoda-ku, Tokyo

(3)	Name of Executive Director	Atsushi Kato		Toru Sugihara		
(4)	Unitholders' Capital	52,745 million yen		29,254 million yen		
(5)	Date of Incorporation	December 1, 2015		April 1, 2016		
(6)	Total Number of Outstanding Investment Units (Note 1)	540,824 units		333,001 units		
(7)	Fiscal Period-Ends	January and July		June and December (Note 2)		
(8)	Main Assets under Management	Real estate and real estate beneficiary interests in trust		Real estate and real estate beneficiary interests in trust		
(9)	Total Number of Assets (Note 1)	Office buildings	11	Office buildings	8	
		Residences	7	Retail facilities	4	
		Logistics facilities	8	Residences	4	
		Hotels	8	Others	2	
(10)	Book Value at End of Fiscal Period (Note 1)	Office buildings	36,068 million yen	Office buildings	26,582 million yen	
		Residences	15,571 million yen	Retail facilities	22,171 million yen	
		Logistics facilities	30,877 million yen	Residences	6,574 million yen	
		Hotels	20,634 million yen	Others	2,366 million yen	
(11)	Main Finance Providers	Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., and nine other banks		Sumitomo Mitsui Banking Corporation, and seven other banks		
(12)	Major Unitholders and Holding Ratio (Note 1)	The Master Trust Bank of Japan, Ltd. (Trust account)	9.2%	The Master Trust Bank of Japan, Ltd. (Trust account)	7.5%	
		Japan Trustee Services Bank, Ltd. (Trust account)	7.1%	Japan Trustee Services Bank, Ltd. (Trust account)	6.8%	
		STAR ASIA CAPITAL I LLC	4.5%	Lion Partners Godo Kaisha	5.1%	
		STAR ASIA CAPITAL II LLC	4.5%	BNY GCM CLIENT		
		STAR ASIA CAPITAL III LLC	4.5%	ACCOUNT JPRD AC ISG (FE-AC)	4.5%	
		STAR ASIA CAPITAL IV LLC	4.5%	Morgan Stanley MUFG Securities Co., Ltd.	3.8%	
(13)	Business Results for the Last 3 Fiscal Periods					
	(In units of million yen unless otherwise specified; figures rounded down to the nearest unit)					
Fiscal Period Ended:	Star Asia Investment Corporation			Sakura Sogo REIT Investment Corporation		
	Jul. 2018	Jan. 2019	Jul. 2019	Dec. 2018	Jun. 2019	Dec. 2019
Operating Revenue	2,810	3,844	3,785	2,362	2,394	2,391
Operating Profit	1,576	2,406	2,225	1,046	1,037	1,046
Ordinary Profit	1,305	2,073	1,965	885	874	872
Net Profit	1,305	2,049	1,964	886	885	704
Net Profit per Unit (yen)	2,775	3,889	3,632	2,661	2,660	2,115
Distributions per Unit (yen)	2,773	3,720	3,625	2,662	2,660	2,116
Net Assets per Unit (yen)	100,477	101,400	101,215	90,513	90,512	89,967



Net Assets	47,287	54,839	54,739	30,141	30,140	29,959
Total Assets	93,553	111,079	110,240	61,643	63,389	63,111
(14) Name of Asset Management Company	Star Asia Investment Management Co., Ltd. (Note 3)					
(15) Location of Asset Management Company	Atago Green Hills Mori Tower 18F, 2-5-1, Atago, Minato-ku, Tokyo					
(16) Name and Title of Representative of Asset Management Company	Atsushi Kato, President and CEO					
(17) Relationship between Parties Involved						
Capital Relationship	While there is no capital relationship required to be disclosed between the Merging Parties, the asset management company for both the surviving corporation and the dissolving corporation is SAIM.					
Personnel Relationship	While there is no personnel relationship required to be disclosed between the Merging Parties, it should be noted that the asset management company for both the surviving corporation and the dissolving corporation is SAIM, whose President and CEO is also the Executive Director of the surviving corporation. In addition, Mr. Toru Sugihara, Executive Director of the dissolving corporation, is an employee of the Tokyo Branch of Star Asia Management Japan Ltd., a subsidiary of Star Asia Management Ltd., with which SAR and the asset management company executed a sponsor support agreement.					
Business Relationship	There is no business relationship required to be disclosed between: (a) SAR and its asset management company, and their related persons and affiliates; and (b) SSR and its asset management company, and their related persons and affiliates.					
Status as Related Party	The dissolving corporation (SSR) is not a related party of the surviving corporation (SAR) and the surviving corporation (SAR) is not a related party of the dissolving corporation (SSR). However, the asset management company for both the dissolving corporation and the surviving corporation is SAIM and it is a related party of each of them.					

(Note 1) The relevant figures are as of July 31, 2019 for SAR, and as of December 31, 2019 for SSR. The “holding ratio” is rounded to the nearest tenth.

(Note 2) SSR will submit to its general meeting of unitholders to be held on March 30, 2020 a proposal to amend its articles of incorporation in order to change the ends of its fiscal periods to the end of January and the end of July.

(Note 3) As announced in the “Notice Concerning Execution of Asset Management Agreement with Star Asia Investment Management Co., Ltd. and Resulting Change of Specified Associated Corporations” dated February 18, 2020 released by SSR, SSR has executed a new asset management agreement with SAIM on February 18, 2020, which has come into effect as of March 1, 2020. The asset management agreement with SREFM was terminated as of February 29, 2020. The asset management agreement to which SSR is a party will be terminated subject to approval to be

obtained at SSR's general meeting of unitholders and on the condition that the Merger becomes effective. Regarding the resolution of the Unitholders' Meeting Convened by LPGK related to the cancellation of the asset management agreement with SREFM and execution of the asset management agreement with SAIM, please note that although a lawsuit and other legal proceedings were instituted to rescind the resolution of the general meeting of unitholders, the lawsuit to rescind the resolution of the general meeting of unitholders was dismissed on February 27, 2020 (although the period for appeal has not expired, and it remains to be confirmed whether or not there will be an appeal).

## 5. Post-Merger Status

### (1) Status of Surviving Corporation

		Surviving Corporation
(1)	Name	Star Asia Investment Corporation
(2)	Location	2-5-1, Atago, Minato-ku, Tokyo
(3)	Name of Executive Director	Atsushi Kato
(4)	Unitholders' Capital	To be determined (Not yet determined.)
(5)	Fiscal Period-Ends	January and July
(6)	Net Assets	To be determined (Not yet determined.)
(7)	Total Assets	To be determined (Not yet determined.)
(8)	Name of Asset Management Company	Star Asia Investment Management Co., Ltd.
(9)	Location of Asset Management Company	Atago Green Hills Mori Tower 18F, 2-5-1, Atago, Minato-ku, Tokyo
(10)	Name and Title of Representative of Asset Management Company	Atsushi Kato, President and CEO

### (2) Major Unitholders and Unitholding Ratio before and after Merger

Before Merger			
Star Asia Investment Corporation (Note 1)		Sakura Sogo REIT Investment Corporation (Note 1)	
The Master Trust Bank of Japan, Ltd. (Trust account)	9.2%	The Master Trust Bank of Japan, Ltd. (Trust account)	7.5%
Japan Trustee Services Bank, Ltd. (Trust account)	7.1%	Japan Trustee Services Bank, Ltd. (Trust account)	6.8%
STAR ASIA CAPITAL I LLC	4.5%	Lion Partners Godo Kaisha	5.1%
STAR ASIA CAPITAL II LLC	4.5%	BNY GCM	
STAR ASIA CAPITAL III LLC	4.5%	CLIENT ACCOUNT JPRD AC ISG (FE-AC)	4.5%
STAR ASIA CAPITAL IV LLC	4.5%	Standing Proxy MUFU Bank, Ltd.	
		Morgan Stanley MUFU Securities Co., Ltd.	3.8%
Trust & Custody Services Bank,	3.0%	Trust & Custody Services Bank, Ltd.	3.2%

Ltd. (Securities investment trust account)		(Securities investment trust account)	
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	3.0%	EVO FUND	3.0%
NORTHERN TRUST CO.(AVFC)RE UKDU UCITS CLIENT NON LENDING 10PCT	2.7%	NIPPON KANZAI Co., Ltd.	2.6%
TREATY ACCOUNT		GALAXY JREIT PTY LIMITED	2.6%
SSBTC CLIENT OMNIBUS ACCOUNT	1.5%	The Nomura Trust and Banking Co., Ltd. (Investment trust account)	2.6%

After Merger (Simple total after taking into account the merger ratio) (Note 2)	
The Master Trust Bank of Japan, Ltd. (Trust account)	8.6%
Japan Trustee Services Bank, Ltd. (Trust account)	7.0%
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	3.1%
STAR ASIA CAPITAL I LLC	2.9%
STAR ASIA CAPITAL II LLC	2.9%
STAR ASIA CAPITAL III LLC	2.9%
STAR ASIA CAPITAL IV LLC	2.9%
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	2.8%
Morgan Stanley MUFG Securities Co., Ltd.	2.1%
BNY GCM CLIENT ACC	1.9%

(Note 1) Figures shown are respectively based on SAR's unitholders register as of July 31, 2019 and SSR's unitholders register as of December 31, 2019. Accordingly, the figures may not reflect the actual holdings of the unitholders. The "holding ratio" is rounded to the nearest tenth.

(Note 2) For the major unitholders and their unit holding ratios after the Merger, the number of investment units is calculated on the basis of the ratios of investment units held by the major unitholders prior to the merger as described above and on the assumption of SAR investment units being allocated in accordance with the content of "2. Overview of the Merger (3) Allocation of Investment Units under the Merger" above. The "holding ratio" is rounded to the nearest tenth.

### (3) Amendment to Asset Management Agreement

After the Merger, SAR plans to continue entrusting its asset management functions to SAIM (to which SAR is currently entrusting such services).

As announced in the "Notice on Execution of Asset Management Agreement with Star Asia Investment Management Co., Ltd. and Resulting Change of Specified Associated Corporations" published by SSR on February 18, 2020, SSR entered into a new asset management agreement with SAIM on February 18, 2020, which came into force as of March 1, 2020. The asset management agreement between SSR and SREFM was terminated dated as of February 29, 2020. The asset management agreement to which SSR is a party will be terminated subject to approval to be obtained at SSR's general meeting of unitholders and on the condition that the Merger becomes

effective. Regarding the resolution of the Unitholders' Meeting Convened by LPGK related to the cancellation of the asset management agreement with SREFM and execution of the asset management agreement with SAIM, please note that although a lawsuit and other legal proceedings were instituted to rescind the resolution of the general meeting of unitholders, the lawsuit to rescind the resolution of the general meeting of unitholders was dismissed on February 27, 2020 (although the period for appeal has not expired, and it remains to be confirmed whether or not there will be an appeal).

(4) Amendment to Investment Policy

SAIM has amended its guidelines on the management of SAR's assets with a view to managing SAR's assets after the Merger. For more details, please see the "Notice Concerning Partial Amendment to the Management Guidelines of the Asset Manager" announced today.

(5) Amendment to Agreement with Sponsor, Etc.

No amendment is expected to be made to the agreements that have been executed by and between SAR and its sponsor and other relevant parties as of the date of this Notice.

The asset custody agreement and the administrative services agreement concerning institutional operations that have been executed by and between SSR and Sumitomo Mitsui Trust Bank, Limited and the services agreement that has been executed by and between SSR and Kaneyama & Associates (a certified public accountants' firm) will terminate upon the Merger.

6. Outline of Accounting Treatment

The purchase method is expected to be used in the accounting treatment of the Merger with SAR as the acquiring corporation and SSR as the acquired corporation, applying the Accounting Standards for Business Combinations (ASBJ Statement No. 21, revised as of January 16, 2019). Goodwill or negative goodwill is expected to arise as a result of the Merger, but the amount is currently uncertain. It will be announced as soon as it has been determined.

7. Outlook

For the outlook of the business results after the Merger, please see the "Notice on Outlook for Business Results and Distributions for Fiscal Periods Ending on January 31, 2021 and July 31, 2021 after the Merger between Star Asia Investment Corporation and Sakura Sogo REIT Investment Corporation" announced today.

For the impact of the execution of the Merger Agreement and other relevant events on SAR's business results for the fiscal period ending on July 31, 2020 (from February 1, 2020 to July 31, 2020), please see the "Notice on Changes to Outlook for Business Results for Fiscal Periods Ending on January 31, 2020 and July 31, 2020" announced by SAR today.

For the impact on business results for the fiscal period ending on July 31, 2020 (from January 1, 2020 to July 31, 2020), please see the "Notice on Outlook for SSR's Business Results and Distributions for Fiscal Period Ending on July 31, 2020 (Final Period of Operation) and Cash Payment on Merger" announced by SSR today.

END

\* This press release has been distributed to the Kabuto Club; the Ministry of Land, Infrastructure, Transport and

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

\* Websites of SAR and SSR

Star Asia Investment Corporation: <http://starasia-reit.com/en/>  
Sakura Sogo REIT Investment Corporation: <http://sakurasogoreit.com/en/>

<Other press releases SAR and SSR jointly issued today>

- 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
- Supplementary Explanatory Material Regarding Press Releases dated today (March 2)

(Note 1) In determining the merger ratio, Nomura Securities assumed that public information and all information provided to Nomura Securities were accurate and complete without independent verification of the accuracy or completeness of such information. Nomura Securities neither conducted an independent evaluation, appraisal or assessment nor requested a third-party institution to appraise or assess the assets or liabilities (including derivatives products, off-balance-sheet assets and liabilities and other contingent liabilities) of SAR and SSR, including the analysis and evaluation of individual assets and liabilities. It is assumed that the information included in the financial forecasts of each of SAR and SSR (including profit plans and other information) has been reasonably examined or prepared based on the best and good faith forecasts and judgment of the management of SAR and SSR that are currently available. Nomura Securities' calculation reflects the information obtained by Nomura Securities by February 27, 2020 and prevailing economic conditions. Nomura Securities' calculation was made for the sole purpose of assisting the institution that determines the business execution of Star Asia Investment Corporation to assess the fairness of the merger ratio.

(Note 2) In determining the merger ratio, Mizuho Securities relied upon and assumed the accuracy and completeness of all public information examined by Mizuho Securities and the financial or other information that was furnished to Mizuho Securities by SAR and SSR or the asset management company of each of SAR and SSR (including a former asset management company the asset management agreement of which was terminated at the time of delivery of the written merger ratio calculation report; hereinafter the same) or discussed between Mizuho Securities and SAR and SSR and the Special Committee, and upon which the calculation of the merger ratio is substantially based. Mizuho Securities did not independently verify (nor assumes responsibility or liability for independently verifying) the accuracy or completeness of such information. The contents expressed in Mizuho Securities' written merger ratio calculation report could potentially differ if there are matters that would make the information provided to Mizuho Securities or discussed between Mizuho Securities and SAR and SSR and the Special Committee materially incorrect, or if there is a fact or circumstance not disclosed at the time of delivery of the written merger ratio calculation report, or which occurs subsequent to the delivery of the written merger ratio calculation report (including facts which potentially existed at the time of delivery of the written merger ratio calculation report and which are clarified subsequently). Mizuho Securities has assumed that the executive directors of each of SAR and SSR or officers and employees of the asset management company of each of SAR and SSR were unaware of any fact that would make the information provided to or discussed with Mizuho Securities incomplete or misleading. In addition, Mizuho Securities did not conduct an independent valuation or appraisal of any assets or liabilities (including derivatives, off-balance sheet assets and liabilities and other contingent liabilities), or the reserves of either company or its affiliates, and Mizuho Securities was not independently provided with any such valuation or appraisal by a third party, nor did Mizuho Securities make any request to a third party for any such valuation or appraisal. Mizuho Securities does not assume any obligation to conduct any inspection of the properties or facilities of SAR or SSR, nor has Mizuho Securities evaluated the capitalization, solvency or fair value of SAR or SSR under any law relating to bankruptcy, insolvency or similar matters. With respect to any information which Mizuho Securities requested in connection with the calculation of the merger ratio but was not provided or disclosed to Mizuho Securities by SAR and SSR,

which was provided or disclosed to Mizuho Securities, but whose impact on the unitholder value of SAR and SSR is undetermined at present (including lawsuits and petitions pending at the time of delivery of the written merger ratio calculation report), or which could not otherwise be used by Mizuho Securities as a basis of Mizuho Securities' evaluation, Mizuho Securities relied on assumptions it believed to be reasonable and appropriate, or was based on the premise that there was no such impact. Mizuho Securities did not verify the impact of such assumptions or premise on the future financial conditions of SAR and SSR in the event that such assumptions prove to be materially inaccurate.

With respect to the financial forecasts and other forward-looking information provided to Mizuho Securities, Mizuho Securities assumed that such information was reasonably prepared by the executive directors of each of SAR and SSR or officers and employees of the asset management company of each of SAR and SSR on a basis reflecting the best currently available estimates and judgments of the executive directors as to the expected future results of the operations and financial conditions of the companies. In addition, Mizuho Securities made certain adjustments to the financial forecasts and business plans of each of SAR and SSR based on the Special Committee's request, subject to the condition that the details of such adjustments and details of the financial forecasts and business plans before the adjustment were reported to the Special Committee, and the Special Committee has confirmed the reasonableness of such details and preconditions of the adjustment. Mizuho Securities relies on the financial forecasts and business plans after the adjustment or modification and does not rely on independent verification of the feasibility of such financial forecasts and business plans. Mizuho Securities has expressed no view as to any analyses or forecasts referred to in the written merger ratio calculation report or the assumptions on which they are based. Mizuho Securities is not a legal, regulatory, or tax expert and, therefore, it has relied on the assessments made by the relevant advisors to SAR and SSR with respect to such issues. Mizuho has further assumed that the Merger will qualify as a tax-free reorganization for Japanese corporate tax purposes. Mizuho Securities has provided the results of its financial analysis to SSR in response to the request of SSR for the sole purpose of assisting the board of directors of SSR to determine the merger ratio. Mizuho Securities has not expressed its opinion that the merger ratio is fair from the financial perspective.

*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.*