

4 July 2019

For Immediate Release

REIT Securities Issuer
Sakura Sogo REIT Investment Corporation
3-8-11 Kudan Minami, Chiyoda-ku, Tokyo
Makoto Muranaka
Executive Director
(Securities Code 3473)

Asset Management Company
Sakura Real Estate Funds Management, Inc. ("SREFM")
Contact: Makoto Muranaka
Representative Director and President
Tel: +81-3-6272-6608

Announcement Regarding the Request by Sponsor to
Add Proposal to Convocation Notice for Unitholders' Meeting

Sakura Sogo REIT ("Sakura"), hereby announces that, GALAXY JREIT PTY LIMITED ("Sponsor") which is the parent company of SREFM, Sakura's asset management company, and which is a member of Galileo group, the sponsor of Sakura, informed us that Sponsor, as a unitholder continuously holding 1% or more of outstanding units of Sakura for more than 6 months, submitted to Lion Partners Godo Kaisha ("Lion Partners") a request to add outline of proposals in the convocation notice of unitholders' meeting to be convened by Lion Partners as unitholder of Sakura as announced on June 28, in order to submit counter proposals on agenda items to be proposed by Lion Partners, and Sakura also has received a copy of such request.

Please note that **Sakura already has made a public notice on holding its own unitholders' meeting on August 30, 2019** (please refer to the announcement on June 28, 2019 and the public notice on Nikkei on June 29, 2019).

Further, as stated in the announcement on July 4, 2019, **SREFM is under good faith discussion with Mitsui Bussan & IDERA Partners Co., Ltd. ("MIP") which is the asset manager of MIRAI Corporation on the feasibility of a friendly merger between Sakura and MIRAI Corporation.**

Sakura expects that the negotiation on the merger terms and the execution of the merger agreement will be completed before the unitholders' meeting. Accordingly, it considers that the **candidate for the executive director (Mr. Hagino) and the asset manager (MIP) as stated below are the best candidate from the perspective to achieve appropriate merger discussion and smooth transition.**

1. Summary of Proposals by Sponsor and Reasons for Proposals by Sponsor

(Matters to be Resolved and Content of Proposals)

(1) Election of One Executive Director

Elect Mr. Tamotsu Hagino (Representative of Mitsui & Co. Asset Management Holdings Ltd., the parent company holding 50% shares in Mitsui Bussan & IDERA Partners Co., Ltd.) as the executive director of Sakura

(2) Execution of an Asset Management Agreement

Execute an asset management agreement with Mitsui Bussan & IDERA Partners Co., Ltd. (the asset management company of MIRAI Corporation)

Please refer to Appendix on Summary of Proposals by Sponsor and Reasons for Proposals by Sponsor.

2. Opinion of the Board of Directors of Sakura

The Directors of Sakura unanimously support the proposals stated in 1. above made by Sponsor.

As stated above, **SREFM is under good faith discussion with MIP on the feasibility of a friendly merger between Sakura and MIRAI Corporation.**

We believe that the candidate above for the executive director and the asset manager are the best to smoothly proceed with the merger.

The candidates proposed by Lion Partners (Mr. Sugihara and Star Asia Investment Management Co., Ltd.) are part of the Star Asia group, which is making hostile take over attempt to Sakura, and have strong vested interest in Star Asia group. They clearly claim that they contemplate a merger between Sakura and Star Asia Investment Corporation after the election of Mr. Sugihara and the execution of new asset management agreement with Star Asia Investment Management Co., Ltd., and they have strong vested interest in Star Asia Investment Corporation which is the counterparty in the merger and therefore the conflict of interest with Sakura (and its unitholders) is serious.

Further, the two supervisory directors of Sakura have made their position clear that they can not accept the proposal by Lion Partners from the view point of protecting the interest of the unitholders of Sakura because it is abusive for aiming to complete the merger process by causing the conflict of interest with Star Asia Investment Corporation as mentioned above. Further, if the proposals made by Lion Partners are approved, it is inevitable that the disturbance will be caused to the management of Sakura since the change of the asset manager is scheduled at some time after six months after the unitholders' meeting.

On the other hand, the candidate stated in 1. above for the executive director (Mr. Hagino) and the asset manager (MIP) do not have such a vested interest, and we are currently under a good faith discussion with Mirai Corporation on the feasibility of a friendly merger and the negotiation on the merger terms and the execution of the merger agreement are expected to be completed before the unitholders' meeting. Accordingly we believe that we can achieve appropriate merger discussion and smooth transition.

Therefore, **please vote in favor of proposals by Sponsor as stated in 1. above and vote against any proposals by Lion Partners.**

3. Outlook

As stated above, **SREFM is under good faith discussion with MIP on the feasibility of a friendly merger between Sakura and MIRAI Corporation.** Such discussion is proceeding positively and the negotiation on the merger terms and the execution of the merger agreement are expected to be completed before the unitholders' meeting of Sakura scheduled on August 30, 2019.

Sakura will make timely announcement, if there is any matter to be announced in the progress of the merger discussion.

-Ends-

1. Summary of the proposal by Sponsor and the reasons for the proposal by Sponsor
 - (1) Election of one executive director
 - A) Summary of the proposal
Elect following candidate as the executive director.

Name (Birth Date)	Career Highlights and Concurrent Positions		Number of investme nt units owned
Tamotsu Hagino (May 9, 1967)	April 1990	Joined Mitsui & Co., Ltd., Development and Construction Managing Division	0
	April 1995	Development Department, 1st Development Project Division, International Project Office	
	August 1995	Trainee (Indonesia in Jakarta)	
	August 1996	Jakarta Office, Machinery Development Group	
	July 1998	Chugoku Branch, Supplies Construction Office	
	April 2003	Service Business Department, Urban Development Division, Real Estate Development Office	
	April 2004	Japan Real Estate Asset Management Co., Ltd. (secondment)	
	February 2006	Mitsui & Co., Ltd., Consumer Service Business Department, Urban Development Division., Building, PM, FM Business Office	
	April 2010	Senior Vice President of MBK REAL ESTATE Holdings Inc. (CA/USA) (secondment)	
	January 2014	Mitsui & Co., Ltd., Business Managing Division, Investment Managing Office	
	March 2015	Consumer Service Business Division and Business Managing Division, Investment Managing Office	
	July 2016	Consumer Business Department, Urban Development Business Division, GM of 4th Overseas Development Business Office	
	October 2017	MBK REAL ESTATE ASIA PTE LTD (secondment), Chief Administrative Officer (Singapore)	
	May 2019	Mitsui & Co. Asset Management Holdings Ltd. Representative Director and President	

There are no special interests between the abovementioned candidate and Sakura.

- B) The reason for the proposal

The candidate for executive director, Mr. Hagino, is the representative of Mitsui Bussan Asset Management Holdings K.K. which holds 50% of Mitsui Bussan Idera Partners Co., Ltd., the asset manager to MIRAI Corporation.

We understand that SREFM which is the asset manager of Sakura is under good faith

discussion with Mitsui Bussan & Idera Partners Co., Ltd. on the feasibility of the friendly merger between Sakura and MIRAI Corporation and the negotiation on the merger terms and the execution of the merger agreement are expected to be completed by the time of the unitholders' meeting to be held on August 30, 2019.

In such case, Mr. Hagino is the best person to smoothly proceed with the merger.

Mr. Sugihara who is the candidate for the executive director proposed by Lion Partners has strong relationship with Star Asia group¹ and there will be a serious conflict of interest in the negotiation of the merger terms if Mr. Sugihara became the executive director of Sakura.² On the other hand, even if Mr. Hagino becomes the executive director on the day of the unitholders meeting, unlike Mr. Sugihara, there will be no strong vested interest issue in Mr. Hagino because the negotiation of the merger terms is already under way by Mr. Muranaka, who is the current executive director, and the negotiation on the merger terms and the execution of the merger agreement are expected to be completed by the time of the unitholders' meeting to be held on August 30, 2019.

Further, the two supervisory directors of Sakura have made their position clear that they cannot accept the merger proposal process of the merger with Star Asia REIT proposed by Lion Partners due to its abusive nature and if Mr. Sugihara becomes the executive director of Sakura, the executive director and two supervisory directors may not be able to construct a true trust relationship and practically there can be disturbance in operation of the board. On the other hand Mr. Hagino is the representative of the parent company of the asset manager of MIRAI Corporation which is in good faith discussion on the possibility of friendly merger and we are informed that both two supervisory directors have expressed their position that they consider Mr. Hagino as a suitable person to become the executive director of Sakura, and we can expect smooth operation of the board.

(2) Execution of an asset management agreement

A) Summary of the proposal

Execution of an asset management agreement with the following candidate.

Name	Mitsui Bussan & Idera Partners Co., Ltd.	
Address	2-1, Nishi-Kanda 3-chome, Chiyoda-ku, Tokyo, Japan	
History	June 1, 2015	Establishment of Idera Asset Management Co., Ltd.
	June 26, 2015	Building lots and building transaction business; Tokyo Governor's Office license (1) No.98041
	October 15, 2015	Discretionary transaction agent; Minister of Land, Infrastructure, and Transport Approval No. 94
	November 27, 2015	Financial Instruments Business Operator (Director of Kanto Finance Bureau (Kinsho) No.2876)

¹ Mr. Sugihara resigned from the director of Star Asia Investment Management Co., Ltd. on April 26, 2019, but the press release on that day says “[h]e will engage in various projects so as to facilitate SAR’ s (Note: Star Asia Investment Corporation’ s) external growth from the sponsor side as the person in charge in Star Asia group by going back to Star Asia Management Tokyo Branch where he was seconded from” and it is obvious that he has a strong vested interest in Star Asia group and Star Asia Investment Corporation.

² Star Asia group owns 17.9% of the units in Star Asia Investment Corporation while it only owns 3.6% of the units of Sakura and therefore Mr. Sugihara has a strong incentive to give Star Asia Investment Corporation a preferred position.

	December 7, 2015	Execution of Asset Management Agreement with MIRAI Corporation
	January 21, 2016	Joined The Investment Trusts Association, Japan
	September 9, 2016	Capital participation by Mitsui & Co., Ltd. Group. Changed name to Mitsui Bussan & Idera Partners Co., Ltd.
	January 16, 2017	Head office relocation (Chiyoda-ku, Tokyo)

Draft asset management agreement to be attached (Omitted).

The asset management agreement shall become effective upon the termination of the asset management agreement between Sakura and SREFM (i.e. the earlier of (i) the date six months after the cancellation notice or (ii) Sakura, SREFM and Mitsui Bussan & Idera Partners Co., Ltd. separately agreed upon).

B) The reason for the proposal

Mitsui Bussan & Idera Partners Co., Ltd. is the asset manager of MIRAI Corporation.

We understand that SREFM, which is the asset manager of Sakura, is under good faith discussion with Mitsui Bussan & Idera Partners Co., Ltd. on the feasibility of the friendly merger between Sakura and MIRAI Corporation and the negotiation on the merger terms and the execution of the merger agreement are expected to be completed by the time of the unitholders' meeting to be held on August 30, 2019.

In such case, Mitsui Bussan & Idera Partners Co., Ltd. is the best asset manager to smoothly proceed with the merger.

Star Asia AM which is the candidate proposed by Lion Partners is one of the Star Asia group companies and it is the asset manager of Star Asia REIT which is the counterparty to the merger of Sakura which is contemplated by Lion Partners, and there will be a serious conflict of interest in the negotiation of the merger terms if Star Asia AM becomes the asset manager of Sakura. On the other hand, there will be no conflict of interest issue in Mitsui Bussan & Idera Partners Co., Ltd. becoming the asset manager of Sakura because the negotiation of the merger terms and the execution of the merger agreement will be conducted by SREFM, which is the current asset manager, before the cancellation of the asset management agreement between Sakura and SREFM.

Further, the two supervisory directors of Sakura have made their position clear that they cannot accept the merger proposal process of the merger with Star Asia REIT proposed by Lion Partners due to its abusive nature and if Star Asia AM becomes the asset manager of Sakura, the majority of the directors of the board of Sakura and the asset manager may not be able to construct a true trust relationship and practically there can be disturbance in operation. On the other hand, we are informed that both two supervisory directors have expressed their position that they consider Mitsui Bussan & Idera Partners Co., Ltd. as a suitable company to become the asset manager of Sakura and if Mitsui Bussan & Idera Partners Co., Ltd. becomes the asset manager of Sakura, we can avoid such disturbance in operation.

Further, it is said in the proposal by Lion Partners on the execution of the asset management agreement with Star Asia AM that such agreement shall become effective some time after six months after the cancellation notice to be submitted after the consummation of the unitholders' meeting. Accordingly, if all the proposals made by Lion Partners are approved, the co-management by the executive director, who made a hostile proposal, and SREFM, the dismissal of which was approved, will continue for at least six months and the disturbance in operation is inevitable. On the other hand Mitsui Bussan & Idera Partners Co., Ltd., which is in good faith discussion on the

possibility of friendly merger, is the asset manager of MIRAI Corporation, and, as stated above, we can expect the continuance of the appropriate merger discussion and the smooth transition from SREFM to Mitsui Bussan & Idera Partners Co., Ltd.

End