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For Immediate Release

Real Estate Investment Trust Securities Issuer  
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Forecasts of Operating Results for the Fiscal Period Ending July 31, 2020 (Final Fiscal Period)  
and Merger Consideration

As announced in the “Notice Concerning Conclusion of a Merger Agreement between Star Asia Investment Corporation and Sakura Sogo REIT Investment Corporation” released today, Sakura Sogo REIT (SSR) intends to implement an absorption-type merger (the “Merger”) effective August 1, 2020, with Star Asia Investment Corporation (SAR) as the surviving corporation and SSR as the dissolving corporation, and have executed a merger agreement (the “Merger Agreement”) dated today. Also, SSR intends to submit a proposal to its general meeting of unitholders scheduled to be held on March 30, 2020, regarding an amendment of its article of incorporation to change its fiscal period end dates from June 30 and December 31 to January 31 and July 31, respectively. Provided that such amendment of the articles of incorporation is approved at the general meeting of unitholders, SSR’s final fiscal period is expected to be the seven-month period from January 1, 2020 to July 31, 2020 (the “fiscal period ending July 31, 2020”).

SSR announced that it is difficult for SSR to estimate any impact on SSR’s operating results from the lawsuit etc. from GALAXY JREIT PTY LIMITED, a unitholder of SSR, amendment of asset management agreement and the Merger with Star Asia Investment Corporation etc. at the time SSR released its financial report and that SSR would make a timely announcement after these issues are determined or resolved in “(REIT) Financial Report for Fiscal Period Ended December 31, 2019” announced in February 18, 2020.

In connection with the execution of the Merger Agreement, SSR hereby announces the forecasts of the operating results and merger consideration in the form of cash distributions to be paid instead of cash distributions for the fiscal period ending July 31, 2020 which is expected to be the final period if the proposal to amend the articles of incorporation as described above is approved at the general meeting of unitholders and the Merger comes into effect.

1. Forecasts of operating results and merger consideration for the fiscal period ending July 31, 2020 (the final fiscal period / 7 months)

	Operating Revenue (Million yen)	Operating Income (Million yen)	Ordinary Income (Million yen)	Net Income (Million yen)	Merger Consideration in the Form of Cash Distribution per Unit (yen)
Fiscal period ending July 31, 2020 (seven months)	2,737	1,007	806	805	2,418

(Note)

1. The period ending July 31, 2020 for which forecast of operating results and merger consideration are announced is expected to be 7 months from January 1, 2020 to July 31, 2020.
2. Expected total number of outstanding units at the end of the final fiscal period: 333,001 units
3. The forecast above are based on certain assumptions as of today and on the presumption that the Merger will come into effect, and the actual operating revenue, operating income, ordinary income, net income, and merger consideration per unit may vary due to trends in the real estate market and the like, and changes in the investment environment and other conditions surrounding SSR, the status of exercise of put option of investment units and costs with regards to the Merger. The forecasts should not be construed as a guarantee of the amount of merger consideration.
4. Instead of cash distributions to the unitholders of SSR for SSR's final fiscal period, SAR, as the surviving corporation after the Merger, will, based on the amount of distributable profit of SSR and within a reasonable period after the effective date of the Merger, make a payment on the Merger to the unitholders registered or recorded on the final unitholders register of SSR as of July 31, 2020, the day immediately prior to the effective date of the Merger (excluding the unitholders of SSR who have demanded the purchase of their investment units pursuant to the provisions of Article 149-3 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (excluding the unitholders of SSR who have withdrawn such purchase demands)) (hereinafter the "Allotted Unitholders"), in an amount equivalent to the cash distributions for the above mentioned fiscal period (the payment will be the amount of distributable profit of SSR as of the day immediately prior to the effective date of the Merger divided by the number of investment units that is obtained by deducting (a) the number of investment units held by the unitholders other than the Allotted Unitholders from (b) the total number of SSR investment units issued and outstanding as of the day immediately prior to the effective date of the Merger (such calculated amount being rounded down to the nearest whole yen). As a result, the amount of payment on the Merger will vary depending on the status of exercise of the right to demand purchase of investment units. Because the status of such exercise cannot be confirmed at present, the forecasted figures above are based on the assumption that the right to demand purchase of investment units is not exercised.
5. When a certain level of divergence from the above forecast is expected, the forecast may be revised.
6. Amounts less than one unit have been rounded down.

2. Reason for Announcement

SSR announced that it is difficult for SSR to estimate any impact on SSR's operating results from the lawsuit etc. from GALAXY JREIT PTY LIMITED, a unitholder of SSR, amendment of asset management agreement and the Merger with Star Asia Investment Corporation etc. at the time SSR released its financial report and that SSR would make a timely announcement after these issues are determined or resolved in "(REIT) Financial Report for Fiscal Period Ended December 31, 2019" announced in February 18, 2020. In connection with the execution of the Merger Agreement, SSR intends to submit a proposal to its general meeting of unitholders scheduled to be held on March 30, 2020, regarding an amendment of its articles of incorporation to change the ends of its fiscal period from the last days of June and December to the last days of January and July. Provided that the amendment is approved at the general meeting of unitholders, the seven months from January 1, 2020 to July 31, 2020 is expected to be the final fiscal period of SSR when

the Merger comes into effect, and SSR hereby announces the forecasts of operating results for the fiscal period ending July 31, 2020 (from January 1, 2020 to July 31, 2020) and the merger consideration in the form of cash distributions.

Forecasts of operating result for the fiscal period ending July 31, 2020 (from January 1, 2020 to July 31, 2020) and merger consideration are based on the assumption that the Merger Agreement and the amendment of the articles of incorporation to change the end of the fiscal period are approved by the SSR's unitholders' meeting to be held on March 30, 2020.

As for the forecasted or operating results and cash distribution per unit of SAR after the merger, please refer to "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" announced today by SAR and SSR.

END

- \* This material is distributed to the press club of the Tokyo Stock Exchange (Kabuto Club), the press club of the Ministry of Land, Infrastructure, Transport and Tourism, and the press club for construction trade publications of the Ministry of Land, Infrastructure, Transport and Tourism.
- \* Sakura Sogo REIT Investment Corporation website address: <http://sakurasogoreit.com/en/>

[Exhibit]

Assumptions for the Forecast of Operating Results for the fiscal period ending July 31, 2020 (final fiscal period)  
and merger consideration in the form of cash distributions

Item	Assumptions
Calculation Period	➤ Fiscal period ending July 31, 2020 (Final Fiscal Period): January 1, 2020 – July 31, 2020 (213 days)
Assets under Management	➤ It is assumed that there will be no change (new property acquisitions, disposition of existing properties, etc.) on 18 real estate trust beneficiary interests owned by SSR today by July 31, 2020.
Operating Revenue	<ul style="list-style-type: none"> <li>➤ Rent revenues are calculated based on the lease agreements effective as of today taking factors such as properties' competitiveness and tenants' movement into consideration.</li> <li>➤ It is also assumed that there will be no arrears or non-payment of rent by tenants.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>➤ Among expenses related to rent business, which are the principal operating expenses, expenses excluding depreciation are calculated on the basis of historical data, reflecting variable factors of expenses.</li> <li>➤ Fixed property taxes, city planning taxes and other public charges are expected to be 225 million yen.</li> <li>➤ For the expenditures for repair and maintenance of buildings, 57 million yen is expected based on repair and maintenance plans drawn up by Star Asia Investment Management Co., Ltd (Asset Manager of SSR). However, the expenditures for repair and maintenance for the fiscal period could differ significantly from the estimated amounts, as expenditures may arise urgently due to damage to buildings and such caused by unexpected factors, and because the variance in amounts generally tends to be significant from year to year and repair and maintenance expenses do not arise regularly.</li> <li>➤ Depreciation is calculated using the straight-line method including ancillary costs and is expected to be 310 million yen.</li> <li>➤ 151 million yen for costs of asset due diligence and for advisory remunerations etc. with regards to the Merger with Star Asia Investment Corporation is included in operating expenses.</li> </ul>
NOI	<ul style="list-style-type: none"> <li>➤ The total NOI of Existing Properties (real estate, etc.) is expected to be 1,455 million yen.</li> <li>➤ NOI is calculated by using the following calculation method. NOI = rent revenue – rent expenses (excluding depreciation)</li> </ul>
Non-operating Expenses	➤ Interest expense and other financial expenses are expected to be 201 million yen.
Debt Financing	➤ The total amount of interest-bearing liabilities is 29,200 million yen as of today and assumed not to vary until the end of the fiscal period ending July 31, 2020.
Investment Units	<ul style="list-style-type: none"> <li>➤ The total amount of Investment units is assumed to be 333,001 as of today.</li> <li>➤ It is assumed that there will be no changes in the number of investment units issued due to additional issuance, etc. of investment units until the end of the fiscal period ending July 31, 2020.</li> </ul>

Item	Assumptions
<p style="text-align: center;">Merger Consideration in the Form of Cash distribution per unit</p>	<ul style="list-style-type: none"> <li>➤ Merger consideration in the form of cash distribution per unit will be paid as the proceeds of cash distributions for the fiscal period ending July 31, 2020 (the final fiscal period) and are calculated on the assumption of the cash distribution policy in SSR's articles of incorporation.</li> <li>➤ It is assumed that almost all net income for SSR's final fiscal period is paid as merger consideration.</li> <li>➤ The merger consideration in the form of cash distributions per unit may change due to various factors, including the status of the exercise of put option of investment units in relation to the Merger, expenses related to the Merger, changes in assets under management, changes in rent income following changes in tenants and the like, and the occurrence of unexpected repairs.</li> </ul>
<p style="text-align: center;">Other</p>	<ul style="list-style-type: none"> <li>➤ It is assumed that there will be no changes in legislation, taxation, accounting standards, listing regulations, and rules and requirements imposed by The Investment Trusts Association, Japan that would impact the above mentioned forecasts.</li> <li>➤ It is assumed that there will be no unforeseen material changes in general economic trends and real estate market conditions and the like.</li> </ul>