

March 3, 2020

## <Amendment> Merger Agreement between Star Asia Investment Corporation and Sakura Sogo REIT Investment Corporation

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Supplementary Explanatory Material Regarding  
March 2, 2020 Press Release

**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:**

**Star Asia Investment Management Co., Ltd.**

**Representative:** Atsushi Kato, President and CEO  
**Inquiries:** Akiko Kanno, Director and CFO  
TEL: +81-3-5425-1340

March 3, 2020

(Amendment)

“Supplementary Explanatory Material Regarding March 2, 2020 Press Release, Merger Agreement between Star Asia Investment Corporation and Sakura Sogo REIT Investment Corporation” as announced on March 2, 2020

Amendment Point

- 1. Page.4 The Merger and Actions before/after the Merger ~ To maximize unitholder value
- 2. Page.16 Post-Merger Growth Strategy ~ Continuous implementation of active management

Amendment Details

Please look at the next page. The amended parts are red circled.

■ Page.4 The Merger and Actions before/after the Merger ~ To maximize unitholder value

<Before Revision>

**Asset replacement with active management in preparation for the Merger of SAR and SSR**

**One property planned for sale**

**Alphabet Seven**

Planned sale price	JPY3,500mm
Appraised value	JPY2,670mm(note 3)
Appraised cap rate	3.0% (note 3) (note 6)
Age	<b>20.1 years (note 3)</b>

Gain on sale (estimate)  
JPY1,612mm  
(Note 4)

To be sold at a price 31.1% higher than appraised value and will generate a gain on sale over 2 fiscal periods

**Two properties to be acquired    Cap rate: 4.7%**

**Urban Park Ichigao (Note 7)**

Planned acquisition price	JPY1,810mm
Appraised value	JPY1,850mm (Note 5)
Appraised cap rate	4.7% (Note 5) (Note 6)
Age	21.6 years (Note 5)

**Urban Park Gyotoku (Note 7)**

Planned acquisition price	JPY1,430mm
Appraised value	JPY1,500mm (Note 5)
Appraised cap rate	4.7% (Note 5) (Note 6)
Age	24.9 years (Note 5)

<After Revision>

**Asset replacement with active management in preparation for the Merger of SAR and SSR**

**One property planned for sale**

**Alphabet Seven**

Planned sale price	JPY3,500mm
Appraised value	JPY2,670mm(note 3)
Appraised cap rate	3.0% (note 3) (note 6)
Age	<b>30.1 years (note 3)</b>

Gain on sale (estimate)  
JPY1,612mm  
(Note 4)

To be sold at a price 31.1% higher than appraised value and will generate a gain on sale over 2 fiscal periods

**Two properties to be acquired    Cap rate: 4.7%**

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■ Page.16 Post-Merger Growth Strategy ~ Continuous implementation of active management

<Before Revision>

**Record of five times Asset Replacements**

Transfer		Acquisition	
	Urban Park Yoyogikoen Transfer Price: 1,100 million yen Appraisal Value: 1,000 million yen		Urban Park Gokokuji Acquisition Price: 1,460 million yen Appraisal Value: 1,530 million yen
	Oak Minami-Azabu Transfer Price: 5,020 million yen Appraisal Value: 3,470 million yen		Baraki Logistics Acquisition Price: 4,700 million yen Appraisal Value: 4,850 million yen
	Hakata-eki Higashi 113 Transfer Price: 2,850 million yen Appraisal Value: 2,090 million yen		Hotel WBF Fukuoka Tenjin Minami Acquisition Price: 1,970 million yen Appraisal Value: 2,000 million yen
	Urban Park Shin-Yokohama Transfer Price: 2,775 million yen Appraisal Value: 2,580 million yen		Gransit Akihabara Acquisition Price: 2,500 million yen Appraisal Value: 2,520 million yen

1st asset replacement  
Gain on Sale: 150 million yen

2nd asset replacement  
Gain on Sale: 1,510 million yen

3rd asset replacement  
Gain on Sale: 820 million yen

4th asset replacement  
Gain on Sale: 190 million yen

<After Revision>

**Record of five times Asset Replacements**

Transfer		Acquisition	
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	Oak Minami-Azabu Transfer Price: 5,020 million yen Appraisal Value: 3,470 million yen		Baraki Logistics Acquisition Price: 4,700 million yen Appraisal Value: 4,850 million yen
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	Urban Park Shin-Yokohama Transfer Price: 2,775 million yen Appraisal Value: 2,580 million yen		Gransit Akihabara Acquisition Price: 2,500 million yen Appraisal Value: 2,520 million yen

1st asset replacement  
Gain on Sale: 152 million yen

2nd asset replacement  
Gain on Sale: 1,517 million yen

3rd asset replacement  
Gain on Sale: 828 million yen

4th asset replacement  
Gain on Sale: 192 million yen

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