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NEWS RELEASE

ISS Recommends Unitholders Vote Against all Star Asia Resolutions

20 August 2019 –Tokyo, Japan, Sakura Sogo REIT Investment Corporation (“Sakura and SSR”) today commented on a recent report issued by Institutional Shareholder Services, Inc. (“ISS”) about the Sakura Unitholder Meetings to be convened on August 30, 2019.

ISS, an independent proxy advisory firm that offers guidance to investors on shareholder votes, recommended Sakura unitholders to VOTE AGAINST all resolutions proposed at the meeting convened by Star Asia Corporation (“Star Asia”) affiliate, Lion Partners, in a report published on August 19, 2019.

In their report, ISS concluded, “Star Asia’s hostile approach and alleged attempt to avoid direct merger negotiations with SSR, opting instead for a two-step takeover that includes first gaining control of the company and then negotiating a combination, has raised concerns over potential conflicts of interest.”

Sakura Executive Director Makoto Muranaka, commented; “We are delighted that the well-respected ISS has recognized that the proposals from Lion Partners have no merit and has recommended investors to vote against these proposals. We have been advocating all along that the hostile campaign waged against Sakura by Star Asia is not in the best interests of Sakura unitholders.”

However, in its reports on both the unitholder meetings convened by Lion Partners and by Sakura, ISS recommends voting against all resolutions, including those proposed by Sakura, as ISS believes that the company’s performance does not indicate that an urgent change of its executive director and asset manager is necessary.

In response to this wider recommendation by ISS, Sakura believes that the proposed merger with MIRAI Corporation “MIRAI”, proposed at the Unitholder meeting convened by Sakura, is the best option for Sakura unitholders, and continues to advocate that unitholders vote FOR this merger. Sakura also recommends unitholders vote FOR resolutions its sponsor, GALAXY J-REIT PTY LIMITED will put to the Lion Partners convened unitholder meeting, namely the replacement of the Sakura executive director with Tamotsu Hagino (Representative of Mitsui & Co. Asset Management Holdings Ltd.) and replacement of the Sakura’s asset manager with Mitsui Bussan & IDERA Partners Co. Ltd. (the asset management company of MIRAI) which will pave the way for a merger with MIRAI.

In its report ISS acknowledges that “from a strategic point of view, a combination with a larger partner appears to be preferable to a standalone future, considering the fiercely competitive J-REIT sector.” ISS also acknowledges that “faced with the possibility that a minority shareholder with a relatively small ownership stake could explore the situation to take control of the company, SSR management announced in late June that it will seek an alliance with a partner, which should provide for a viable alternative to the proposal presented by Star Asia.”

The reasons behind Sakura’s recommendation to vote FOR these resolutions and FOR the merger are as follows. The proposed merger with MIRAI offers unitholders certainty and will:

1. Provide a viable option to improve unitholder value for Sakura Unitholders
2. Be able to pursue growth opportunities that take into account the unitholders interests through strong sponsorship support by Mitsui & Co. Group and IDERA Capital
3. Create a high quality, diversified REIT focusing on office buildings in the Tokyo area
4. Improve MIRAI’s market presence by expanding the asset size and improving liquidity
5. Be highly likely to cause MIRAI to be included in global index which should result in increased demand from major institutional investors and an increase in the trading price of MIRAI securities
6. Be highly likely to cause MIRAI to receive a higher credit rating and lower cost of capital which should enhance future growth prospects
7. Cost efficiencies and an attractive 11.5% increase over Sakura’s current Fiscal Period 7 forecast distribution per unit

For detailed information of these benefits from the merger with MIRAI, please refer to the Sakura’s announcements on August 5 and August 15, 2019 and the related supplemental materials (refer website link below).

<http://sakurasogoreit.com/en/info/index.html>

ISS also acknowledged that “Both MIRAI and Star Asia's proposals are stock-only and as such are tied to the future price performance of the acquirer. This poses a risk of value erosion of the current offer in case of delayed execution.” ISS also acknowledges that if unitholders do not pursue the merger with MIRAI then “this approach does not come without risks”

Moreover, Sakura believes that had there been more time to assess options the merger with MIRAI would still have been the most attractive alternative, because:

1. Sakura’s appointed financial advisor identified broad interest from a significant number of potential parties:
2. Interested parties were given adequate time to present proposals and a second round to review and modify same

3. Once MIRAI was selected as the qualified bidder, MIRAI and Sakura both appointed independent financial advisors and completed full due diligence
4. Both sides negotiated in good faith on arm's length terms with the assistance of their independent advisors and agreed an equitable merger ratio and,
5. While Sakura respects ISS's opinion, ISS has not had, or benefitted from access to all the information relating to the process undertaken by Sakura, MIRAI and their respective financial advisors, or whether other superior proposals were or could be available to Sakura if given more time.

For these reasons, Sakura urges unitholders to vote FOR the merger with MIRAI and related resolutions, and AGAINST all proposals from Lion Partners.

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