

17 May 2019

To All Concerned Parties

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Announcement Regarding the Opinion on the Request
by a Minority Unitholder to Convene an Extraordinary Unitholders' Meeting

Sakura Sogo REIT (hereinafter "Sakura"), as previously announced on May 11, 2019, received a request on May 10, 2019 from Lion Partners Godo Kaisha (hereinafter "Lion Partners"), a minority unitholder of Sakura to convene an extraordinary unitholders' meeting (hereinafter "Request for Convocation of Extraordinary Unitholders' Meeting").

The process and the summary of Sakura's position regarding the request is as follows.

I. Process with regard to the request by Lion Partners

Process taken by Lion Partners by the date of this announcement is as follows:

Nov, 2, 2018 (Friday)	Acquisition of more than 3% of the outstanding units by Lion Partners
Apr 26, 2019 (Friday)	Resignation of Star Asia Investment Management Co, Ltd director and Chief Financial Officer Toru Sugihara to facilitate Star Asia Investment Corporation's external growth from the sponsor's side
May 2, 2019 (Thursday)	Full six months has passed after the acquisition of more than 3% of the outstanding unites by Lion Partners (meeting the threshold for the request for convocation of unitholders meeting)
May 10, 2019 (Friday)	Receipt of Request for Convocation of Unitholders' Meeting by Lion Partners
May 11, 2019 (Saturday)	Announcement by Sakura of "Announcement Regarding Receipt of Request by an Unitholder to Convene an Extraordinary Unitholders' Meeting"
May 13, 2019 (Monday)	Deadline for response by Sakura set by Lion Partners
May 14, 2019 (Tuesday)	Meeting with the representative of Lion Partners (Mr. Sugihara). Sakura responded that it needs certain period of time for consideration of the request.
May 16, 2019	Petition for permission of holding unitholders meeting was

(Thursday)	filed by Lion Partners
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As shown above, the request for convocation of an extraordinary unitholders' meeting was made soon after Lion Partners met the time threshold required for the request. In the request Lion Partners unilaterally set the next business day as the deadline for a response. There was, and has never been, any request from Lion Partners, Star Asia group or Star Asia Investment Corporation (Star Asia) for a meeting to discuss the performance of SKR or SKR's asset manager. Further, there was no request for discussion, consultation or negotiation for a proposed merger prior to their request for an extraordinary unitholders' meeting. Therefore, it is now clear that the intention was not to allow Sakura any reasonable time for serious consideration of their request.

Sakura has only met with Mr. Sugihara, the representative of Lion Partners and the candidate for new executive director as proposed by them, on May 14, 2019 upon request from Lion Partners. However, even at that time, Sakura did not receive any terms relating to a proposed merger or any explanation of the background of their request. Sakura deems such meeting was only requested as a formality to make cause for accusation that Sakura has no intention to sincerely consider the request, thereby allowing for the filing of a petition for permission to hold an extraordinary unitholders' meeting.

As mentioned above, the request is not only coercive in urging Sakura to hold an extraordinary unitholders' meeting to replace the executive director and the asset management company of Sakura without giving any material or information necessary to consider a proposed merger, with the ultimate aim of a merger of Sakura with Star Asia, which would likely have a material adverse effect on the interests of Sakura unitholders, but also a coercive and abusive hostile takeover proposal as mentioned below.

II. SKR's position regarding the request

1. Request for Convocation of Extraordinary Unitholders' Meeting

The request by Lion Partners is rejected by Sakura because it is of no practical benefit, clearly detrimental, is abusive and reflects Lion Partners' malicious intention to disadvantage Sakura unitholders.

Lion Partners stated in the "Request for Convocation of Unitholders' Meeting" that the reason for the request is that in their opinion the current executive director and Sakura management company do not contribute to the basic philosophy of Sakura to maximize unitholders' value. However, it appears obvious that the request is rather intended to effect a coercive and abusive hostile takeover of Sakura resulting in the forced merger of Sakura and Star Asia Investment Corporation (Star Asia).

Lion Partners' request for the convocation of the unitholders' meeting occurred immediately after the required unitholding period, without making any request to the Sakura management company or the executive director to discuss any concerns leading to the request for the meeting. Neither of Lion Partners, Star Asia nor its asset management company made any attempt to discuss any merger proposal with Sakura or its asset management company. As described further below, it appears obvious that the request for a meeting is an abusive process that prioritizes securing profit for the Star Asia group, of which Lion Partners are a member.

In short, the purpose of the request was to force a merger on terms more favorable to Star Asia and the Star Asia group by replacing the executive director of Sakura and its asset management company with a person related to Star Asia group and the asset management company of Star Asia, respectively.

Star Asia group has not provided any terms and conditions of the proposed merger, such as the merger ratio, and the information provided is either misleading or completely inadequate to make any reasonable assessment of potential benefits to Sakura unitholders

If Lion Partners' proposal is approved, Sakura's asset management company will be replaced with the same asset management company as Star Asia, and there will be a serious conflict of interest in the management of both investment corporations given they share the same diversified investment mandate. This is of particular concern to Sakura unitholders having regard to the fact that the Star Asia group has a disproportionate ownership interest, clearly favoring Star Asia (17.9% in Star Asia vs 3.6% in Sakura).

Under such circumstances, it appears obvious that management of Sakura may be undermined, and the unitholders of Sakura may be forced to accept a merger with Star Asia, even if the detailed conditions of the merger are disadvantageous to the unitholders of Sakura. If the proposal is approved Sakura will have lost any opportunity to negotiate merger terms on an arm's length basis or seek alternative more desirable merger options.

Lion Partners' request for convocation of the extraordinary unitholders' meeting is an abusive exercise of the rights of the unitholder and cannot be accepted because it is an abusive request with malicious intention that disadvantages Sakura unitholders.

Furthermore, Star Asia group unashamedly stated, "*A merger of unitholders, by unitholders and for unitholders*", but the proposal is exactly "*A merger of Star Asia group, by Star Asia group and for Star Asia group*" and it is clearly a coercive and abusive hostile takeover.

Please also refer to the "Response to Notice Received From Star Asia" dated May 17,2019.

2. Request to Inspect and Copy

Lion Partners also requested to inspect and copy the unitholders register, the minutes of board of directors' meetings and the according books. As stated above, because the request for convocation of the unitholders' meeting is an abusive exercise of the rights of a unitholder and also disturbs Sakura's business, this request is rejected.

3. Future outlook

As stated above, because it is clear that the request and the proposal by Lion Partners and Star Asia group are coercive and abusive, and considered a hostile takeover proposal that could adversely impact unitholders' value, Sakura completely rejects this request and the proposal and will continue to act in the best interests of Sakura unitholders.