

IMPORTANT INFORMATION FOR SAKURA UNITHOLDERS

Response to Notice Received From Star Asia

Sakura Sogo REIT Investment Corporation (Code:3473)

- **THE SAKURA SOGO REIT INVESTMENT CORPORATION BOARD URGES ALL UNITHOLDERS TO CAREFULLY CONSIDER THE CONTENTS OF THIS DISCLOSURE**
- **THE VALUE OF YOUR INVESTMENT IS UNDER THREAT**

To the unitholders of Sakura Sogo REIT Investment Corporation (Sakura)

WARNING

The notice from Star Asia Group is a blatant attempt to deceive Sakura unitholders!

It has been issued on the pretense of a merger proposal. The deception involves trying to force a merger with a vote of more than 50% of **Sakura** unitholders voted or present at the meeting. Any merger proposal should be subject to the current legal requirement of the approval of two-thirds (67%) of **Sakura** unitholders.

This action has been facilitated by a minority unitholder whose sole motivation is to ultimately force **Sakura** unitholders into a merger, which in the opinion of **Sakura** could lead to significant destruction of value for Sakura unitholders and is not in the best interests of Sakura unitholders.

WARNING

If the current Executive Director and asset management company are changed by majority vote, **Sakura** unitholders will practically have to accept the merger with Star Asia Investment Corporation (Star Asia). **There is an extreme risk that **Sakura** unitholders could be forced to proceed with a severely disadvantageous merger in these circumstances.**

The content of the notice from Star Asia Group is abusive, grossly misleading and lacking substance. The notice should make no reference to any merger due to the fact that there is no meaningful content about the tangible benefits to **Sakura** unitholders, if any, of a proposed merger of **Sakura** and Star Asia.

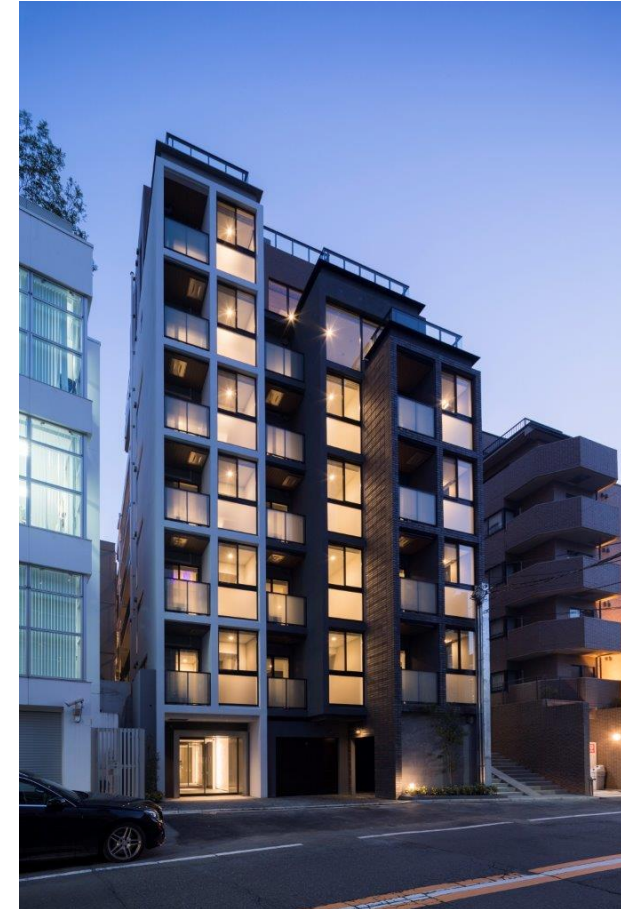


WARNING

If the notice was an ordinary proposal for merger, it would include the merger ratio, other key financial data and all other benefits for **Sakura** unitholders to consider. The notice provided does not include any of this important information.

Any merger should be decided by the approval of two thirds (67%) of **Sakura** unitholders only after careful consideration of all merger information provided. However, Star Asia is trying to force a merger without any proposal on the merger ratio by demagogic replacement of the executive director and the asset management company.

If both REITs are managed by the same asset management company, there is an extreme risk that the merger could be one-sided to benefit Star Asia, in which the Star Asia Group is the largest unitholder owning almost 18% of the units on issue.



1

Star Asia has made their investment in **Sakura** for a single purpose - to acquire the **Sakura** portfolio from **Sakura** unitholders at less than fair market value

2

Star Asia Group are seeking to remove the current asset manager and executive director of **Sakura** - not because they are concerned with the performance of **Sakura** or the asset manager as they purport – but because their sole objective is to acquire Sakura's portfolio at far less than fair market value

3

Star Asia Group owns 17.9% of Star Asia and 3.6% of **Sakura** - they have no aligned interest with **Sakura** unitholders and they are seeking to destroy **Sakura** unitholder value by forcing a merger in what could undoubtedly be extremely unfavorable terms for **Sakura** unitholders. If Star Asia Group had any real interest in completing a fair merger that would deliver benefits to **Sakura** unitholders they would have made some attempt to discuss merger opportunities with **Sakura** - the truth is they made no attempt and actively avoided any contact.

4

Star Asia Group is singularly focused on growing their assets under management to create value for the private sponsor group, not Star Asia unitholders. Despite Star Asia Group growing the assets under management for Star Asia the compound annual growth in NAV per unit for Star Asia (1.27%) is lower than **Sakura** (2.22%) over the past four fiscal periods (being the period during which the growth took place).



These are the facts - if you do not want your investment acquired via a hostile, deceitful and abusive competitor, all **Sakura** unitholders should resist this attempt to implement a hostile takeover

WARNING

Sakura considers the notice to be abusive, coercive, deceptive and without reliability, which ignores the interests of Sakura unitholders. Sakura considers the notice as a “hostile takeover” attempt and rejects such notice and request without hesitation and will continue to resist by any means.

If the notice as a “hostile takeover” is allowed to proceed, it could be a significant threat not only to Sakura unitholders but also to all of the J-REIT market.

The Board of Directors of Sakura and Sakura Real Estate Funds Management reject the notice received from Star Asia Group and remain fully committed to continue to protect the best interests of Sakura unitholders at all times.

For further detailed information regarding Sakura’s position on the notice as a whole, we will disclose a supplemental information presentation in the near future.



This presentation material has been prepared solely for providing information, and not for soliciting investments in certain products.

The presentation material includes, in addition to a description of Sakura Sogo REIT Investment Corporation (hereinafter the “Investment Corporation”), data published by third parties. Furthermore, it includes present analysis, judgements and other opinions of the Sakura Real Estate Funds Management, Inc. (hereinafter the “Asset Management Company”) regarding such information.

The Investment Corporation or the Asset Management Company bear no responsibility with regard to the accuracy of the data published by third parties.