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Lion Partners' Views on the Voting Recommendations Made by ISS for Proposals at Unitholders' Meetings of Sakura Sogo REIT

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We are aware that Institutional Shareholders Services Inc. ("ISS"), a proxy-advisory firm, has issued reports dated August 19, 2019 (the "Report"(*)) with respect to the proposals at the General Meetings of Unitholders of Sakura Sogo REIT Investment Corporation ("SSR") to be held on August 30, 2019 that will be convened by each of Lion Partners GK ("LPGK") and SSR.

(*) Although ISS has issued one report for each of the general meeting of unitholders convened by LPGK and SSR, we do not distinguish between these reports and they are collectively referred to as the "Report" in this document since their contents are mostly the same as a whole.

The Report recommends the exercise of voting rights "Against" all 4 proposals scheduled to be submitted to the General Meeting of Unitholders convened by LPGK and all 3 proposals scheduled to be submitted to the General Meeting of Unitholders convened by SSR.

Although it is regrettable for LPGK that "Against" is recommended for all 4 proposals to be submitted to the Unitholders' Meeting convened by LPGK and the proposal by LPGK to be submitted to the Unitholders' Meeting convened by SSR ("LPGK Proposals"), ISS's Report explicitly states that **the merger between MIRAI Corporation ("MIRAI") and SSR would be disadvantageous to the unitholders of SSR in terms of the low premium to unit price and dilution of NAV and therefore should not be approved.** On the other hand, **regarding the terms of the merger, the Report states that the merger proposed by Star Asia Group would be more beneficial to the unitholders of SSR than the merger with MIRAI**. In addition, the Report notes that a merger is a logical and efficient way to increase assets for smaller REITs whose sponsors are not real estate developers. In this regard, we believe that the Report **is not intended to deny Star Asia Group's merger proposal itself**.

Although the Report recommends opposing the LPGK Proposals mainly due to a potential conflict of interest following the replacement of an executive officer and the asset management company, we believe that there is a clear factual error in the Report and a difference of views between LPGK and ISS exists. Since there have been several cases in the past where multiple J-REITs have entered into merger agreements under the same sponsor group and/or with the same asset management company, and as already explained in prior disclosure documents, **LPGK, as a member of the Star Asia Group, will absolutely take sufficient measures to avoid conflicts of interest following the replacement of the executive officer and the asset management company**. We do not believe that there should be any concerns as indicated in the Report.

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Unitholders are encouraged to review the contents of this document in conjunction with the convocation notice and the relevant materials disclosed previously in order to make a prudent decision on the exercise of voting rights.

1. Recommendations AGAINST Approval of Merger Agreement with MIRAI (Proposed by SSR)

ISS points out in its analysis of the current J-REIT market that it is becoming difficult for smaller REITs whose sponsors are not real estate developers to purchase new properties which generate sufficient returns to investors, and that, under such circumstances, mergers of REITs are a logical and an efficient way to increase their assets.

However, ISS recommends opposing the merger with MIRAI because **the merger terms are not attractive to SSR unitholders**. Specifically, ISS explicitly states that the merger with MIRAI which would add only a small premium to the unaffected unit price (however, a discount to the unit price at the time of the announcement of the merger ratio) and would result in a substantial dilution in NAV per unit **is less attractive to SSR unitholders than the merger proposed by Star Asia Group which represents a higher premium and would not dilute NAV**. ISS recommends opposing the proposal to approve the merger agreement between MIRAI and SSR. In the context of the Report, we believe that the preferred option for SSR is to merge with another investment corporation on the more favorable terms than those of the merger with MIRAI.

While the Report recommends a vote against the LPGK Proposals because of the concerns over potential conflict of interest, LPGK will certainly adopt appropriate measures to prevent conflicts of interest as described in Section 2 below, thereby dispelling any concerns about any conflicts of interest. As a result, we believe that the merger proposal presented by Star Asia Group is the best option for SSR unitholders. Also it is our belief that the Report is consistent with LPGK's unitholder-friendly approach in that it expressly acknowledges that the merger proposal by Star Asia Group is much more attractive to SSR unitholders than the merger with MIRAI.

2. Recommendations Against LPGK Proposals

ISS recommends opposing all LPGK Proposals on the grounds that: (i) LPGK's attempt to avoid direct merger negotiations with SSR, opting instead for a two-step takeover that includes first gaining control of SSR and then negotiating a combination, has raised concerns over a potential conflict of interest; and (ii) Star Asia Group has an ownership stake of 17.9% in Star Asia Investment Corporation, while its ownership in SSR is much smaller as it only owns 5.1% of the company.

Negotiation and execution of merger agreements by multiple investment corporations under the same sponsor group or with the same asset management company has taken place in several past J-REIT mergers, and ISS has recommended approving proposals for mergers of investment corporations under the same sponsor group and/or with the same asset management company.

Assuming that all LPGK Proposals are approved, only the replacement of SSR's executive officer and asset management company will take place, and Star Asia Group will not acquire control of SSR. As a result, we believe there is a factual error in the Report.

In addition, the merger between SSR and Star Asia Investment Corporation requires approval by special resolution at the unitholders meetings of both investment corporations. Therefore, the merger will not be consummated unless the merger terms are fair, obtain the confidence of SSR unitholders, and are in the best interest of SSR unitholders.

To reiterate, LPGK and Star Asia Group will certainly take measures to prevent conflicts of interest by using different advisors for Star Asia Investment Corporation and SSR in their negotiations for the execution of a merger agreement, which is scheduled to take place after the replacement of the executive officer and asset management company. LPGK and Star Asia Group will also ensure fairness by preventing unilaterally biased merger terms.

Furthermore, LPGK held 3.59% of SSR's investment units as of July 16, 2019. However, since July 17, 2019, LPGK has continued to purchase investment units of SSR with the objective of further demonstrating that there exists a divergence between the potential value and the market price of the SSR investment units. LPGK also wants to demonstrate that it is fully aligned and committed to maximizing value for all unitholders given that LPGK is now substantially the largest unitholder of SSR. LPGK's stake in SSR increased to 5.1% in August 2019and no voting rights will be granted to these new acquired investment units for the General Meeting of Unitholders of SSR to be held on August 30, 2019. As such, Star Asia Group has no intention of conducting a merger in a manner that is detrimental to the unitholders of SSR. The acquisition of additional investment units represents a clear sign that Star Asia Group is firmly committed to the merger.

It is unfortunate that the Report did not positively evaluate the significance of the aforementioned measures to prevent conflicts of interest disclosed by LPGK and Star Asia Group, as well as the acquisition of additional investment units undertaken by LPGK.

As noted above, the Report specifically denies the merger between MIRAI and SSR, but we believe that the Report has recommended against the LPGK Proposals only due to the existence of a factual error as well as a material difference of views from the views held by us.

Consequently, we ask unitholders to make a prudent decision on the exercise of voting rights after fully understanding the intent of the convocation notice, the relevant materials previously disclosed as well as this explanation. **We urge all unitholders to vote IN FAVOR of the proposals put forth by LPGK as they undoubtedly will result in a merger that is in the best interest of all SSR unitholders.**

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