

September 25, 2019

For Immediate Release

Real Estate Investment Trust:

MIRAI Corporation

Michio Sukanuma, Executive Director

(Securities Code: 3476)

Asset Management Company:

Mitsui Bussan & IDERA Partners Co., Ltd.

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Notice Concerning Notice of Termination of Merger Agreement  
by and between MIRAI Corporation and Sakura Sogo REIT Investment Corporation

MIRAI Corporation (hereinafter “MIRAI”) announces that regarding the merger agreement (hereinafter “the Merger Agreement”) with Sakura Sogo REIT Investment Corporation (hereinafter “SAKURA”) announced in “Notice Concerning Execution of Merger Agreement by and between MIRAI Corporation and Sakura Sogo REIT Investment Corporation” on August 5, 2019, MIRAI received the notice of termination of the Merger Agreement (hereinafter “the Notice”) from SAKURA.

1. Contents of the Notice

Contents of the Notice are as follows.

- (i) Since the proposal of approval of the Merger Agreement was not submitted by the reason of the absence of a quorum in the 3<sup>rd</sup> general meeting of unitholders of SAKURA held on August 30, 2019, SAKURA judges that it has become impossible to be approved by the general meeting of unitholders of SAKURA by October 31, 2019, the previous day of the effective date prescribed in the Merger Agreement and therefore terminates the Merger Agreement based on the clauses in the main sentences and item 3 of Article 12 of the Merger Agreement.
- (ii) As for the Memorandum of Understanding regarding the merger (hereinafter “the MOU”) entered into by and between MIRAI and SAKURA announced in “Notice Concerning Execution of Memorandum of Understanding regarding Merger of MIRAI Corporation and Sakura Sogo REIT Investment Corporation” on July 19, 2019, it has become impossible to be approved by the general meeting of unitholders of SAKURA by October 31, 2019, the previous day of the effective date prescribed in the Merger Agreement, and hence the MOU as well as the agreement on the exclusive negotiation prescribed in the MOU are considered invalid.

2. MIRAI’s View and Outlook

MIRAI received a notice from GALAXY JREIT PTY LIMITED (hereinafter “GALAXY”), a unitholder of SAKURA, stating that it has filed suit for revocation of unitholders’ resolution passed during the general meeting of unitholders of SAKURA called by its minority unitholder and held on August 30, 2019 which elected Mr. Toru Sugihara (hereinafter “Mr. Sugihara”) as its executive director. GALAXY has filed for provisional injunction to suspend Mr. Sugihara from executing his duties with Mr. Sugihara and SAKURA as the obligators. Under such circumstance where above suit and filing for provisional injunction are being made, Mr. Sugihara’s authority to execute the termination of the Merger Agreement as SAKURA’s executive director cannot be confirmed, and there are doubts if the termination of the Merger Agreement being pursued by Mr. Sugihara and SAKURA meets the criteria of termination set in clauses in the main

sentences and item 3 of Article 12 of the Merger Agreement. As such, MIRAI will defer its view on the validity of termination of the Merger Agreement by SAKURA and does not concede that the Merger Agreement has been effectively terminated upon receipt of the Notice. Further, MIRAI holds the same view regarding the MOU and MIRAI does not accept that the MOU, including rules related to exclusive negotiation, ceases to be effective upon receipt of the Notice.

MIRAI will make timely announcement, if there is any matter concerning the plan regarding the merger with SAKURA and the handling of the Merger Agreement to be announced.

(Reference) Reasons for Galaxy's suit and filing for temporary injunction are as follows.

Galaxy has disclosed to MIRAI below reasons for its suit and filing for temporary injunction. **Please note that MIRAI is not a party directly involved in the suit and filing for temporary injunction.**

- At the general meeting of unitholder of SAKURA called by its minority unitholder, summary of two proposal (1. to elect Mr. Tamotsu Hagino as executive director and 2. to elect Mitsui Bussan & IDERA Partners Co., Ltd as its asset manager) submitted by GALAXY were omitted from the notice of general meeting of unitholders and hence the unitholders were unable to exercise their voting rights.
- The opposition vote of approximately 30,000 votes cast by individual unitholders by way of proxy to oppose the second proposal (to elect Mr. Sugihara as executive director) and the fourth proposal (to appoint Star Asia Investment Management Co., Ltd as asset manager) were rendered null and void and were excluded from the counting of valid votes.
- Mr. Sugihara, who was elected through a procedure that was flawed at the general meeting of unitholders called by its minority unitholder, has adjourned the general meeting of the unitholder due to absence of quorum and unitholders were not given the opportunity to vote on the proposal related to the merger between SAKURA and MIRAI. However, there were indeed enough unitholders including proxy vote present at the general meeting of the unitholders and the opportunity to vote on resolution should have been awarded to the unitholders.

(End)

\* URL: <http://3476.jp/en>

**This press release is the English translation of the announcement in Japanese on MIRAI's website. However, no assurance or warranties are given for the completeness or accuracy of the English translation.**

(Reference press release, etc.)

Dated 8/5/2019 "Notice Concerning Execution of Merger Agreement by and between MIRAI Corporation and Sakura Sogo REIT Investment Corporation"

Dated 8/13/2019 "Notice Concerning Holding of General Meeting of Unitholders to Authorize the Merger Agreement"