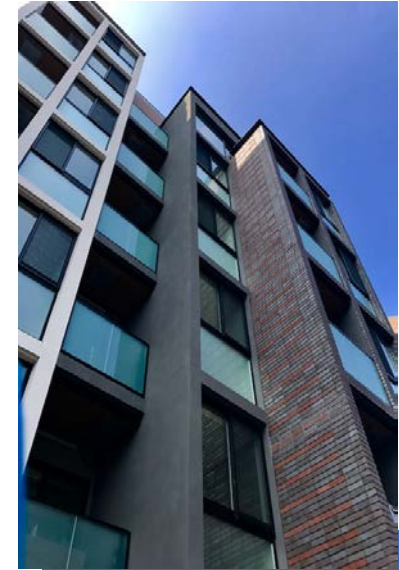


Financial Results for the 2nd Fiscal Period (“FP2”)

Sakura Sogo REIT Investment Corporation (Securities code: 3473)



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Section 1 – The Sponsors



The Nippon Kanzai Group, established in 1965, is headed by Nippon Kanzai Co. Ltd., one of the major companies involved in building management and operation in Japan, offering a full-line of real estate management services. It is entrusted with the management and operation of a variety of buildings including office buildings, condominiums and retail facilities in major cities across Japan. Through its business operations, it has acquired extensive know-how in management and operation of buildings of various sizes, asset types and location.

% Revenue from Building Maintenance Operations¹

87.6%

Revenue from Building Maintenance Operations¹

¥ 81.0bn

Total Revenue¹

¥ 92.5bn

¹ As at end of March 2017

² Based on exchange rate TTP as at end September 2017



The Galileo Group is an independent Australian real estate and funds management business with an extensive track record in real estate investment and development in Australia, Japan and the U.S. Galileo has significant real estate capital markets experience with senior personnel having been directly involved in the IPO and ongoing management of 9 listed REITs for over 20 years. The Group commenced operations in Japan in 2006.

Galileo Group Total Global Acquisitions and Developments²

¥ 558.7 bn

REIT Track Record

- 2003 | ASX listed REIT: Galileo Shopping America Trust
- ▼
- 2006 | ASX listed REIT: Galileo Japan Trust
- ▼
- 2016 | TSE listed REIT: Sakura Sogo REIT

Leverage off of the complementary skill sets of Nippon Kanzai and Galileo Group

Sakura Real Estate Funds Management, Inc. ("the Asset Management Company") receives extensive support for external and internal growth based on the Sponsor Support Agreements executed with Nippon Kanzai and Galileo Group¹

Support Provided	
External Growth Support	Sales information on properties held and granting first rights of refusal
	Information on external properties
	Warehousing functions
	Information on the real estate transaction market and results of market analysis
	Joint ownership of opportunities
Internal Growth Support	Advice on investment strategies and global offerings
	Advice on the management and operation of properties
	Support and cooperation with sourcing, redevelopment and renovations
	Staff secondment and other human resource support

Same Boat Investment by the Nippon Kanzai Group and Galileo Group

Both sponsors² acquired investment units of the Investment Corporation at the time of IPO in order to align their interests with those of the unitholders'. As a result, each owns 2.6% of investment units issued and outstanding (5.2% in total by both sponsors)



¹ "Nippon Kanzai Group's core companies" refers to Nippon Kanzai, Tokyo Capital Management and Japan Property Solutions

² "Sponsors" refers to Nippon Kanzai, Tokyo Capital Management and Galileo which have executed Sponsor Support Agreements

Galileo Group - impressive development track record

- Delivered some of Australia's most attractive and successful residential apartment and land subdivision projects
- Equity partnerships with a number of leading Australian financial institutions and superannuation funds
- Land and construction financing with a range of major domestic banking institutions
- Galileo investigating opportunities to expand development operations in Japan
- Japan focus - development of small / mid size assets. Potential pipeline for Sakura Sogo REIT

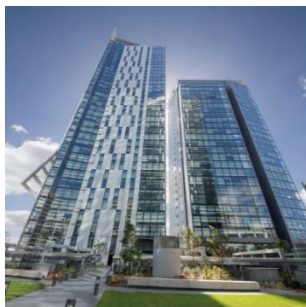
Examples of current / recent key projects in Australia

King & Phillip



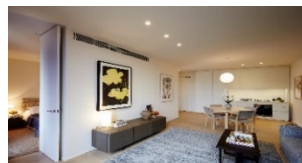
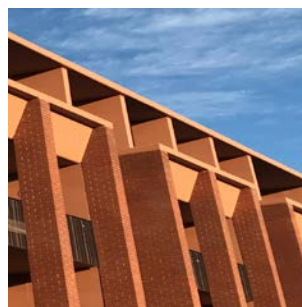
Location	Sydney
Apartments	104
Value	¥30bn
Completion	2020

Metro Residences



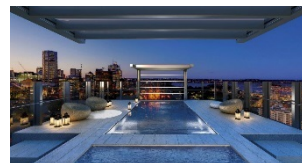
Location	Sydney
Apartments	553
Value	¥44bn
Completion	2015

Arlington Grove



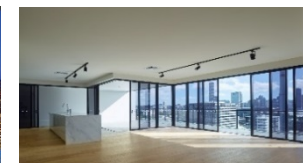
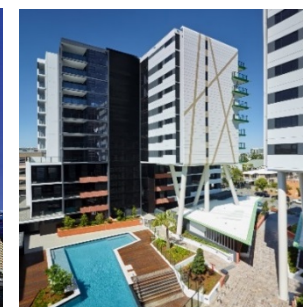
Location	Sydney
Apartments	246
Value	¥19bn
Completion	2018

The Residences



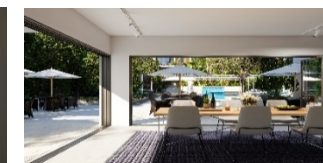
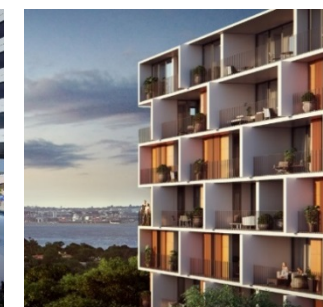
Location	Sydney
Apartments	87
Value	¥28bn
Completion	2014

Arena



Location	Brisbane
Apartments	191
Value	¥9bn
Completion	2015

Palisade



Location	Sydney
Apartments	245
Value	¥14bn
Completion	2018

Overview

- Flexible investments possible with respect to asset type and location enabling the Asset Management Company to enhance unitholder value
- Able to reduce portfolio concentration risks by aiming to diversify the portfolio by sector, location, tenant and lease type
- Ongoing review of real estate market trends to identify potential new, and optimize existing revenue streams
- Pursue opportunities to actively recycle capital to enhance unitholder returns

Investment Ratio by Asset Type¹

	Investment Ratio by Asset Type	Characteristics of Asset Type
<p>Growth</p> <p>Stability</p>	<p>Office</p> <p>30~60%</p>	<ul style="list-style-type: none"> ▪ During economic expansion, up-side potential can be capitalized on ▪ By targeting B-grade office buildings for investment, it is possible to pursue a large number of investment opportunities that offer relatively high liquidity and tenant diversity
	<p>Residential</p> <p>10~30%</p>	<ul style="list-style-type: none"> ▪ Rental demand and rent rates are relatively stable irrespective of economic changes and tenants are diversified making residential housing suitable as a medium to long-term stable investment
	<p>Retail</p> <p>30~60%</p>	<ul style="list-style-type: none"> ▪ Areas with stable population, expected to support ongoing retail sales that result in secure rental income ▪ A long-term stable cash flow possible via lease agreements with a tenure of at least three years or more which do not allow for early termination
	<p>Other</p> <p>0~20%</p>	<ul style="list-style-type: none"> ▪ The potential and value of each individual property will be identified and the goal will be to conduct flexible property acquisition and investment

Investment Ratio by Location¹

<p>Tokyo Metropolitan Area</p> <p>Approx. 50%</p>	<p>Regional Major Cities</p> <p>Approx. 40%</p>	<p>Other</p> <p>Approx. 10%</p>
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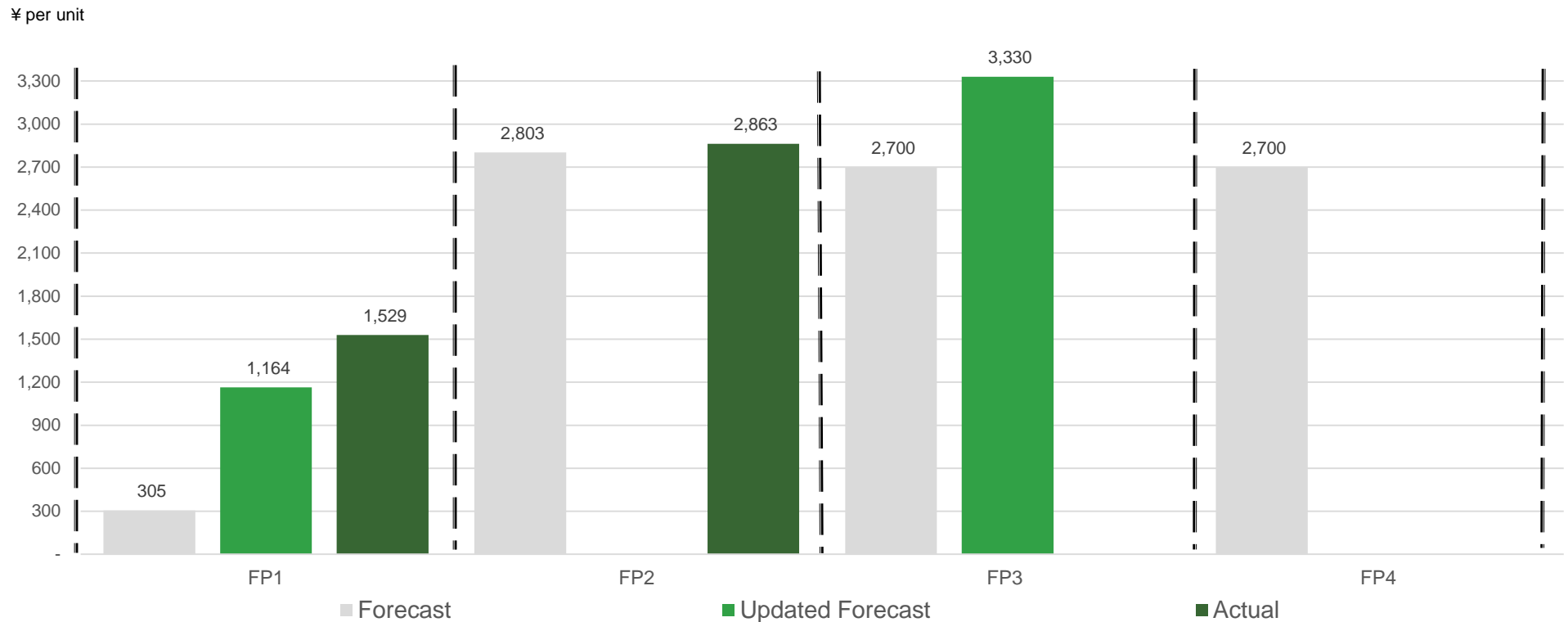
Section 2 – FP2 Financial Results

FP2 - Forecast vs. Actual

	Unit: ¥ mil			
	FP2 Forecast	FP2 Actual	Variance	Comment
Operating revenue	2,419	2,430	11	<ul style="list-style-type: none"> ▪ Increase in occupancy ▪ Savings in operating expenses
Operating expenses	1,351	1,340	(11)	
Operating profit	1,068	1,089	21	
Non-operating expenses	133	135	2	
Ordinary profit	934	954	20	
Net profit	933	953	20	
Distribution per unit (DPU) (¥)	2,803	2,863	60	

Forecast for FP3 and FP4 (fiscal periods ending 28 February 2018 and 31 August 2018)

	Unit: ¥ mil		Unit: ¥ mil	
	FP3 Forecast	Comment	FP4 Forecast	Comment
Operating revenue	2,645	<ul style="list-style-type: none"> ▪ Includes net realized gain on sale of Sannomiya (¥263m) ▪ Management fee waiver based on NOI ended FP2 	2,434	<ul style="list-style-type: none"> ▪ Stabilized NOI and Investment corporation expenses
Operating expenses	1,384		1,381	
Operating profit	1,261		1,053	
Non-operating expenses	150		152	
Ordinary profit	1,109		900	
Net profit	1,109		899	
Distribution per unit (DPU) (¥)	3,330		2,700	
Annualized DPU yield ¹	6.7%			



< 1 Apr 2016 to 28 Feb 2017 >

- Savings in investment unit issuance costs
- Annual building inspection contingency not required
- Lower than forecast costs for audit, tax and accounting

< 1 Mar 2017 to 31 Aug 2017 >

- Increase in occupancy
- Savings in operating expenses

< 1 Sep 2017 to 28 Feb 2018 >

- Includes net realized gain on sale of Sannomiya (¥263m)
- Management fee waiver based on NOI ended FP2

< 1 Mar 2018 to 31 Aug 2018 >

- Stabilized NOI and Investment Corporation expenses

Section 3 – FP 2 Key Initiatives to Enhance U/holder Value

Sale of Regional Residential asset at attractive premium

Royal Hill Kobe Sannomiya II



NOI Yield ¹	4.6%
Post dep'n NOI yield	3.3%
Realised gain	317m
Build date	Sep 2004
Acquisition date	9 Sep 2016
Date of sale	11 Sep 2017
Sale price	¥1.800bn
Appraisal value	¥1.550bn
Acquisition price	¥1.480bn
Book value	¥1.483bn



Acquisition of new Central Tokyo Residential

Abode Yoyogi Parkside, Shibuya-ku

NOI Yield ²	4.4%
Post dep'n NOI yield	3.8%
Build date	20 Sep 2017
Acquisition date	29 Sep 2017
Appraisal value	¥1.610bn
Acquisition price	¥1.600bn
Source	Direct



Portfolio weighting to Tokyo **51% to 54%**

Premium to September 2016 acquisition price **22%**

Upgrade to FP3 DPU (¥2,700 to ¥3,330) **23%**

Average age of residential portfolio reduced³ **3 years**

Reduction in medium term (12 year) capital expenditure⁴ **¥78m**

Increase in post dep'n NOI yield **0.5%**



¹ NOI Yield equates to appraisal NOI / sale price

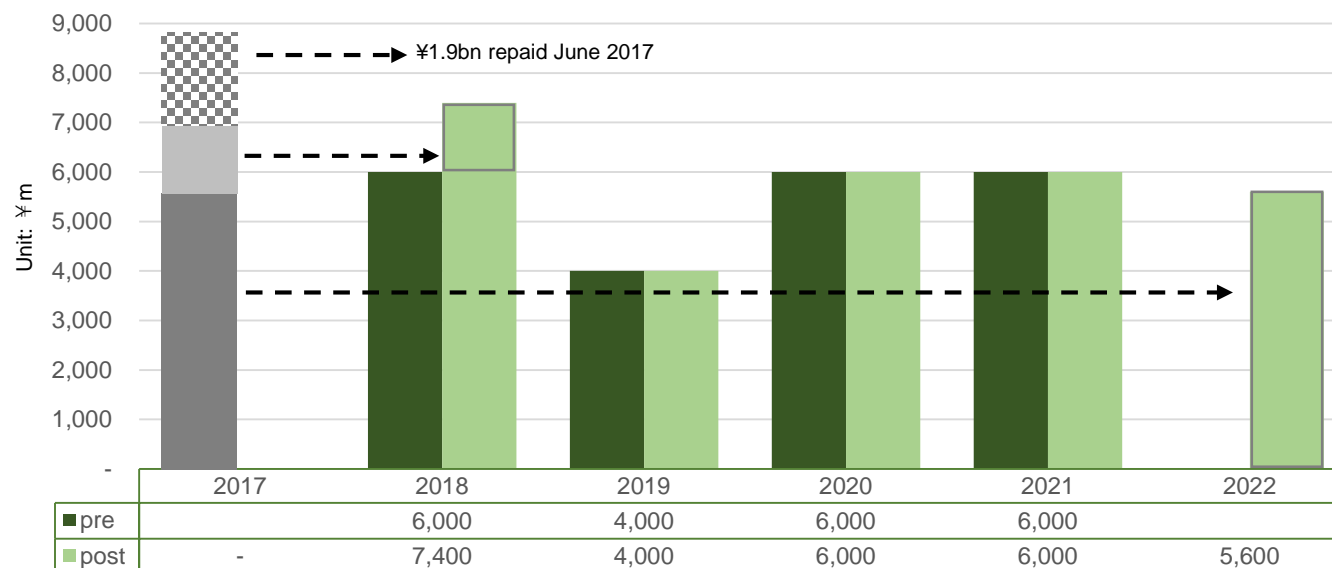
² NOI Yield equates to appraisal NOI / acquisition price

³ Average age of residential portfolio decreased from 22 to 19 years

⁴ Forecast capital expenditure decreased from ¥85.8 mil to ¥7.7 mil

Initiatives for FP2

- ✓ Repaid ¥1.0bn consumption tax loan in June 2017 with c-tax refund
- ✓ Repaid short term loan of ¥0.9bn in June 2017 with surplus operating cash
- ✓ Stabilized borrowings following these repayments equates to ¥29.0bn (stabilized LTV of 45.9%)
- ✓ Refinanced ¥7.0bn loan maturity in August 2017 with IPO syndicate lenders
- ✓ New loans split (¥1.4bn for 1 year) and (¥5.6bn for 5 years)
- ✓ Refinance results in extension of weighted average loan maturity profile from 2.32 years to 2.94 years



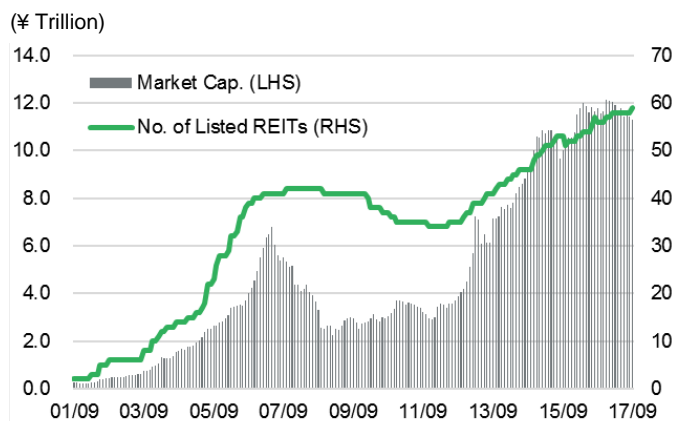
	Amount ¥bn	Interest rate	Fixed / Floating	Repayment date
Short term	1.4	Base rate + 0.20%	Floating	31 August 2018
Long term	5.6	Base rate + 0.80%	Floating	31 August 2022

Section 4 – JREIT Sector & Peer Comparison

JREIT Sector

- Total market capitalization as at September 2017 of ¥11.3 trillion
- 59 JREIT's with 2 new entrants in 2017. The volume of IPO and PO has decreased relative to the level of activity over the past 4 to 5 years
- The TSE REIT Index is lower than as at 28 February 2017. The DPU yield gap of larger vs smaller REIT's remains wide

Number of Listed J-REITs and Market Capitalisation¹

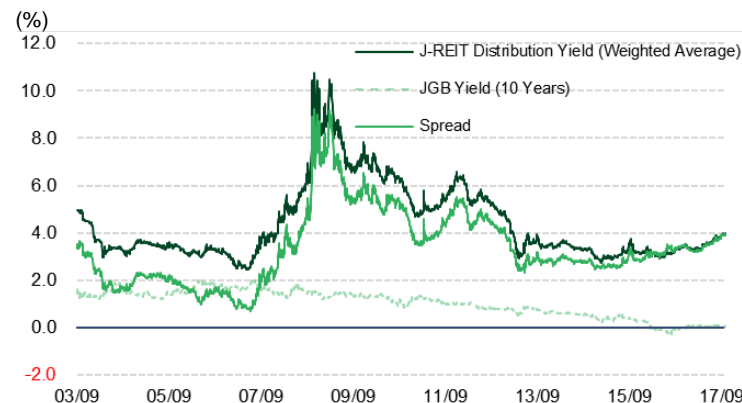


Number of Listed J-REITs and Market Capitalisation³

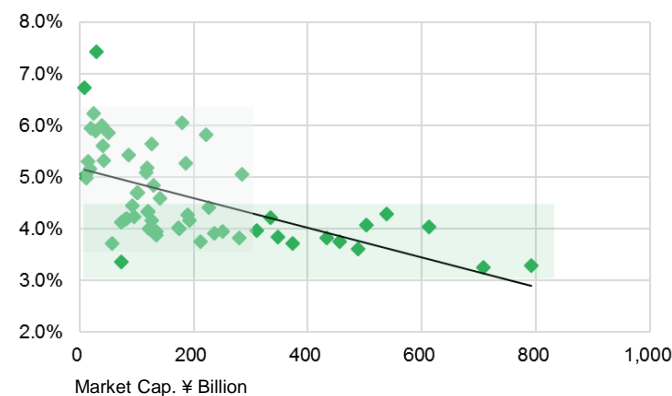
	IPO		PO		IPO+PO		J-REIT Total Market Cap (USDm)
	Volume	Value (USDm)	Volume	Value (USDm)	Volume	Value (USDm)	
2012	4	2,520	11	1,976	15	4,496	40,873
2013	6	4,098	37	6,770	43	10,867	68,959
2014	6	2,151	30	5,255	36	7,406	95,802
2015	5	1,088	35	6,355	40	7,443	95,638
2016	7	2,775	30	4,962	37	7,737	109,793
2017	2	894	17	2,980	19	3,874	103,838

Note: As of 14 September 2017 (1 USD=¥110.74)

JREIT DPU Yields – Spread with JGBs still attractive²



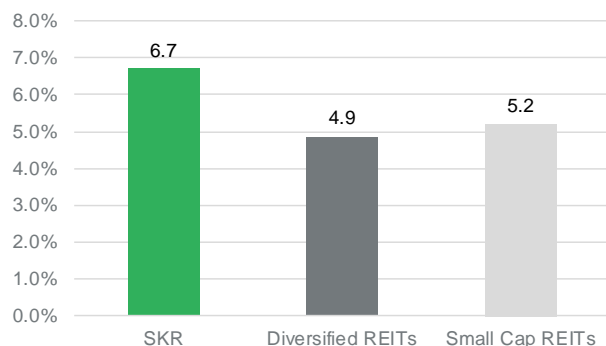
JREIT DPU Yields – Significant gap between small and large cap REITs⁴



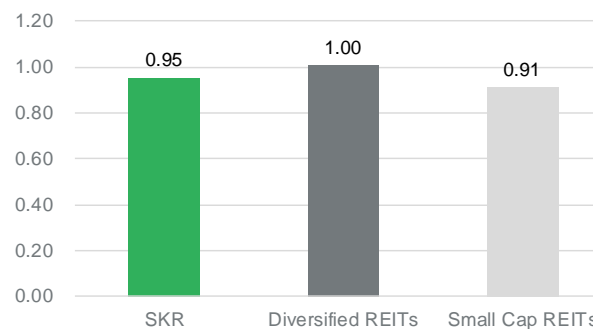
JREIT Peer Comparison¹

- Sakura Sogo REIT (“SKR”) undervalued compared to Diversified and Small Cap REIT peers
- SKR’s DPU yield is 180 basis points (“bps”) higher than Diversified REITs and 150 bps higher than Small Cap REITs
- Based on current trading price SKR’s implied NOI cap rate is 5.3%, 80 bps higher than Diversified REITs
- SKR has a greater proportion of its portfolio (by value) located in Tokyo’s central five wards relative to:
 - The average for Diversified REITs
 - The average for Small Cap REITs

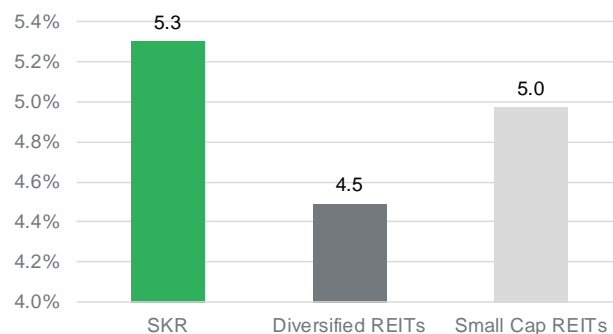
Annualised DPU Yield¹



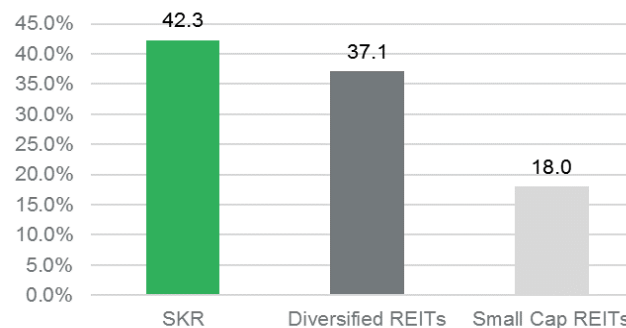
Price / Net Asset Value³



Implied Capitalization Rate²



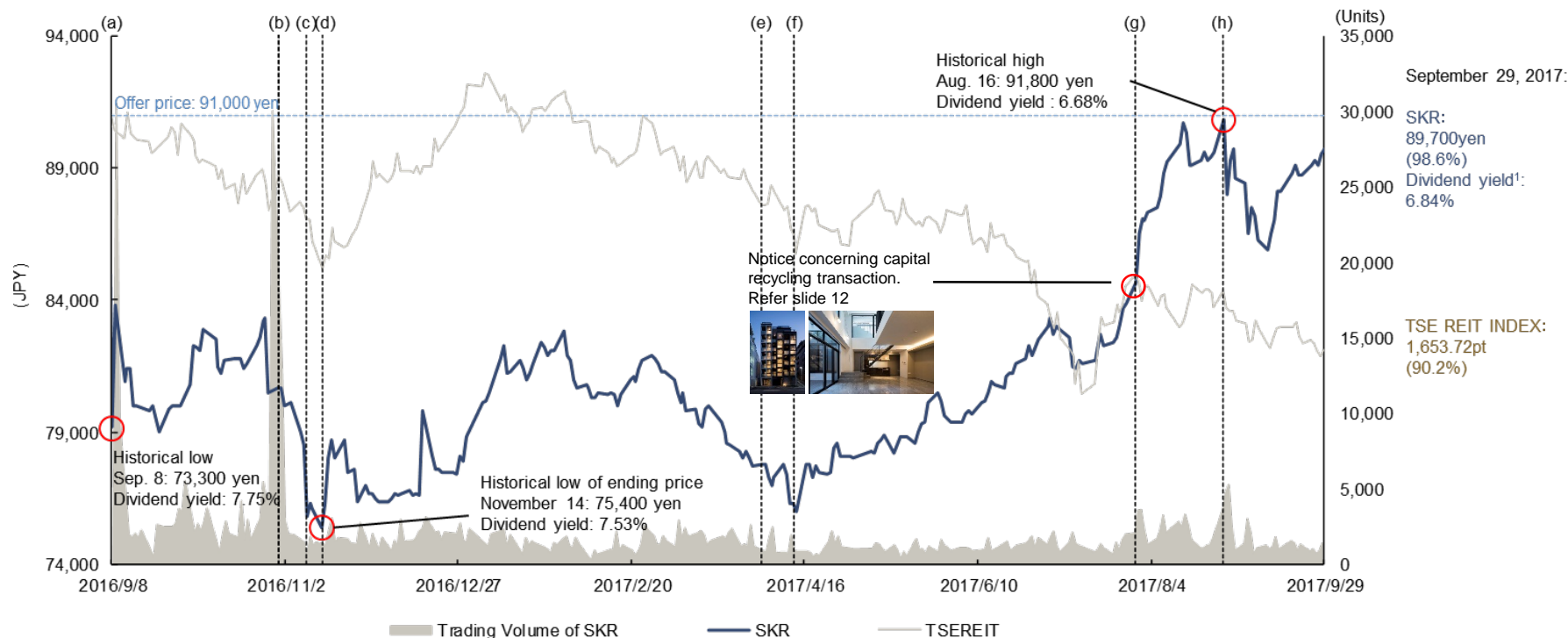
% of Portfolio located in Tokyo Central Five Wards⁴



¹ Source: SMBC Nikko Securities Inc.- calculated using data obtained from Capital IQ
^{2,3} SMBC Nikko Securities Inc.

⁴ J-REIT DB – Weighted average calculated using AUM of each J-REIT

After some short term underperformance post IPO, SKR units generally traded in sync with the fluctuation of the TSE REIT index. However, since April 2017 and the release of FP1 Financial Results SKR has out-performed the TSE REIT index, and has recently recovered to the offer price, marking a historical high price of 91,800 yen in mid-August 2017



(a)	(Thu) Sep. 8, 2016	SKR listed on the stock market.
(b)	(Mon) Oct. 31, 2016	SKR included in TSE REIT INDEX.
(c)	(Wed) Nov. 9, 2016	Donald Trump elected as the president of the United States.
(d)	(Mon) Nov. 14, 2016	Released revision of earnings forecast and interim financial results
(e)	(Mon) Apr. 3, 2017	Announced execution of pipeline support agreements by asset management company.

(f)	(Thu) Apr. 13, 2017	Released Financial Results for the 1 st fiscal period
		Announced acquisition of "Abode Yoyogi Parkside"
		Announced disposition of "Royal Hill Kobe Sannomiya II"
(g)	(Mon) Jul. 31, 2017	Released revision of operating and distribution forecasts for the fiscal periods ending Aug. 2017 and Feb. 2018 (JPY 2,700→JPY3,330)
(h)	(Mon) Aug. 28, 2017	Announced debt refinancing of short and long term borrowings

Note: As of Sep 29th 2017. Indexation by using price of Sep. 8th 2016 as SKR offer price (91,000 yen).

Note 1: Dividend yield calculated using current DPU forecast for FP3 & FP4 (JPY3,330 and JPY2,700 respectively) and Sep. 29th 2017 SKR price (JPY89,700)

Source: Bloomberg

Section 5 - Key Performance Indicators

Overview

Real estate market conditions remain robust. According to CBRE Tokyo office vacancy continued to fall and is 2.3% as at Q2 2017.

- Increase of 0.9% in portfolio appraisal value. Office continued to be the strongest sector with 2.1% increase
- Continued high level of occupancy across the portfolio
- Evidence of continued upward rent reviews in the office portfolio

Portfolio Value

	Appraisal Value (¥ bn)	Book Value (¥ bn)	Unrealized Gain (¥ bn)
@ FP1 28 February 2017	59.493	57.712	1.781
@ FP2 31 August 2017	60.005	57.655	2.350
Variance	0.9% ↑	0.1% ↓	0.569 ↑



Hiei Kudan Building

Portfolio Performance

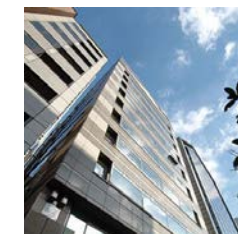
	Occupancy (%)	NOI Cap Rate (%) ¹	NOI (¥bn) ¹
@ FP1 28 February 2017	97.1	5.3	3.133
@ FP2 31 August 2017	98.0	5.3	3.152
Variance	0.9 ↑	0.0 ↔	0.6% ↑



Suroy Mall Chikushino

Market Trends

	Office Market Rents ²	Office Passing Rents ³	Tokyo Office Vacancy (%) ⁴
@ FP1 28 February 2017	16,059	15,442	2.5
@ FP2 31 August 2017	16,295	15,738	2.3
Variance	1.5% ↑	1.9% ↑	0.2 ↓



NK Building

¹ As per independent appraisals dated February 2017 and August 2017

² Weighted average office market rents (¥/tsubo/month) as per independent appraisals dated February 2017 and August 2017

³ Weighted average office passing rent (¥/tsubo/month) as per independent appraisals dated February 2017 and August 2017

⁴ Source: CBRE Market Overview Japan Office Q4 2016 and Q2 2017

Occupancy (%)	Office	Retail	Residential	Other
@ FP1 28 February 2017	94.3	98.1	94.7	99.7
@ FP2 31 August 2017	97.9	98.8	95.9	97.8
Variance	3.6 ↑	0.7 ↑	1.2 ↑	1.9 ↓

Passing Rents ¹	Office	Retail	Residential	Other
@ FP1 28 February 2017	15,467	4,432	4,611	4,545
@ FP2 31 August 2017	15,602	4,411	4,556	4,542
Variance	0.9% ↑	0.5% ↓	1.2% ↓	0.0% ↔

Appraisal Values (¥bn) ²	Office	Retail	Residential	Other
@ FP1 28 February 2017	25.700	23.120	6.654	4.019
@ FP2 31 August 2017	26.240	23.170	6.575	4.020
Variance	2.1% ↑	0.2% ↑	1.2% ↓	0.0% ↔

NOI Cap Rates (%) ²	Office	Retail	Residential	Other
@ FP1 28 February 2017	4.5	5.7	6.3	6.0
@ FP2 31 August 2017	4.5	5.7	6.3	6.0
Variance	0.0 ↔	0.0 ↔	0.0 ↔	0.0 ↔

¹ ¥ per tsubo per month reflecting in place passing rents

² As per independent appraisals dated February 2017 and August 2017

Rent reviews¹

Number of rent reviews	18
Number of rent increases	6
NRA with rent increase (tsubo)	437.7
Average rent increase (%)	14.4
% of office portfolio reviewed	15.2
Annual increase in office rental (¥m pa)	9.2



Shin Yokohama Nara Building



NK Building

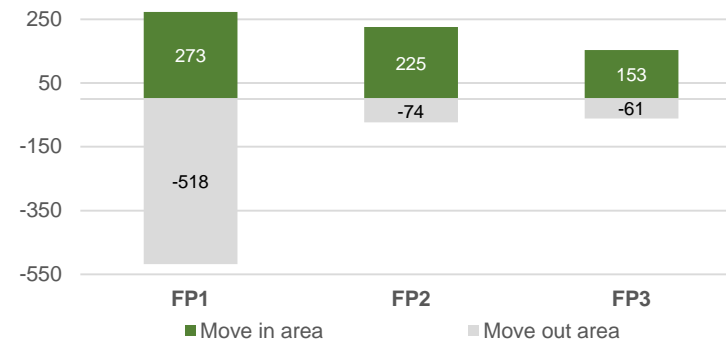


Azabu Amerex Building

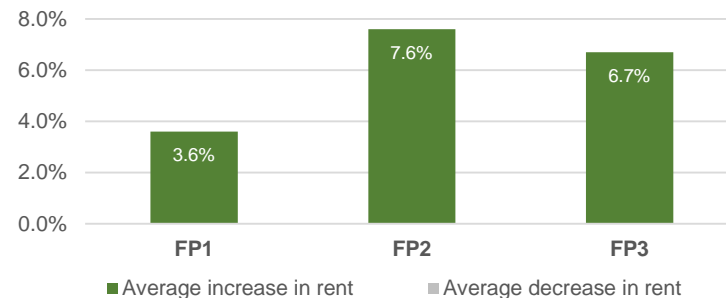
New Leases / Lease renewals

Number of leases expiring	12
Number of leases renewed	12
Number of leases cancelled	0
Tenant retention rate (%) ²	100

Office portfolio tenant movement in / out (Tsubo)



Average % change - replacement tenant vs previous passing rent



¹ 11 tenants with renewals due in FP3 & FP4 were approached for rent reviews during FP2

² Tenant retention rate is the # of office leases that renewed in the period / # leases expiring in the period

Overview

- LTV down to 45.9% following repayment ¥1.9 bn of short term borrowings in June 2017
- NAV per unit increased 1.8% due to an uplift in appraisal values
- Increase in unit price of 10.6% since 28 February 2017
- Annualized DPU yield of [6.7]%

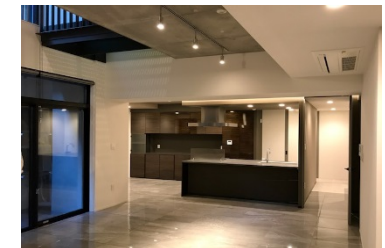
Balance Sheet

	LTV (%)	Ave. loan maturity (years)	Total Liabilities (¥ bn)
@ FP1 28 February 2017	48.0	2.32	34.7
@ FP2 31 August 2017	45.9	2.94	32.9
Variance	2.1 ↓	0.62 ↑	5.1% ↓

	Net Equity (¥ bn)	NAV (¥ per unit)	Total Assets (¥ bn)
@ FP1 28 February 2017	29.25	93,000	64.43
@ FP2 31 August 2017	29.25	94,910	63.13
Variance	0.0% ↔	1.8% ↑	2.0% ↓



Shin Yokohama Nara Building



Abode Yoyogi Parkside



Funabashi Tesco

Investment Units

	Unit Price (¥ per unit)	Annualized DPU yield (%)	P/NAV
@ FP1 28 February 2017	81,800 ¹	6.7 ¹	0.88
13 October 2017	90,500	6.7 ²	0.95
Variance	10.6% ↑	0.0 ↔	8.0% ↑

¹ Annualized DPU yield based on unit price of ¥81,800 and the aggregate of FP2 and FP3 DPU Forecasts as at 13 April 2017

² Annualized DPU yield based on aggregate of current FP3 and FP4 DPU Forecasts and closing price on 13 October 2017 of ¥90,500

At August 31, 2017

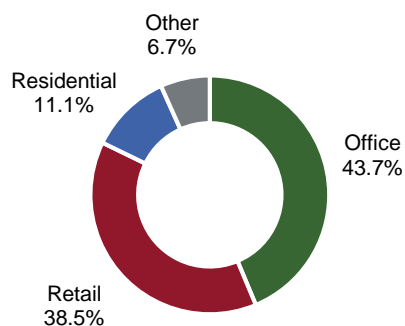
No. of properties	18	Total appraised value ¥m	60,005	Average NOI yield % ¹	5.3
Average occupancy %	98.0	Total book value ¥m	57,655	Average NOI yield post depreciation % ¹	4.4

At September 30, 2017²

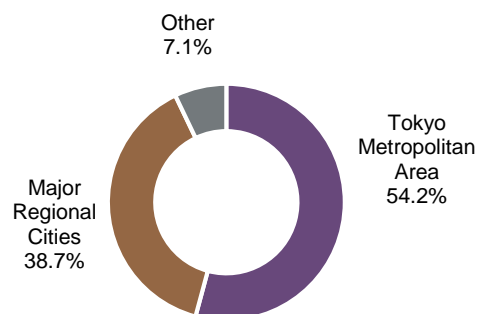
No. of properties	18	Total appraised value ¥m	60,105	Average NOI yield % ^{1,3}	5.2
Average occupancy % ⁴	98.4	Total book value ¥m	57,803	Average NOI yield post depreciation % ^{1,3}	4.4

Portfolio Diversification²

Investment Ratio by Asset Type



Investment Ratio by Location



Lease type (by income)

Standard Japanese leases %	55.9
Non-cancellable leases % ⁵	44.1
WALE ⁶ of non-cancellable leases (years)	7.9

¹ Calculated based on 31 August 2017 independent appraisal.

² Excludes Royal Hill Kobe Sannomiya II sold on 11 September 2017 and includes Abode Yoyogi Parkside acquired on 29 September 2017

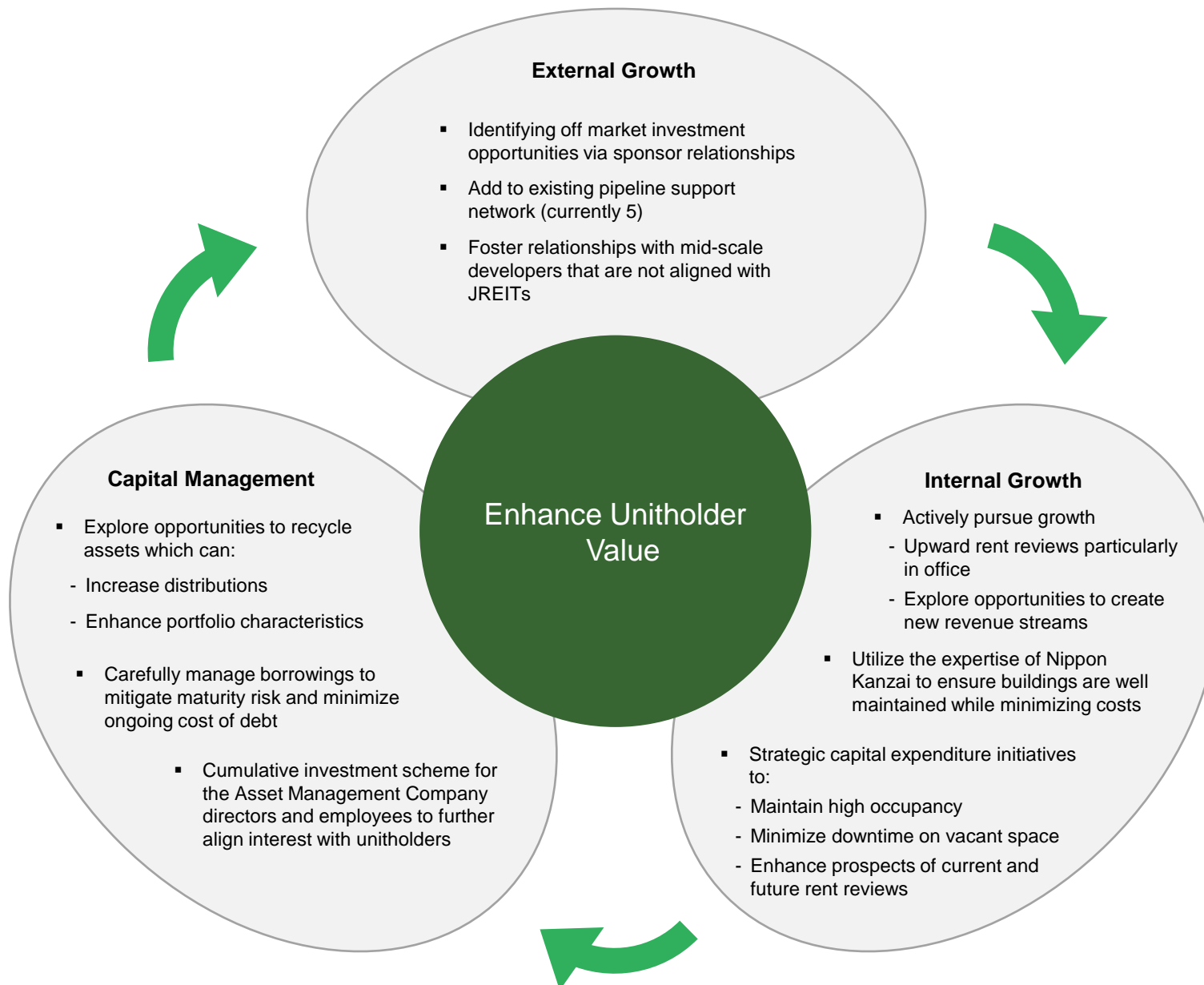
³ Independent appraisal for Abode Yoyogi Parkside has an effective date of 1 July 2017

⁴ Abode Yoyogi Parkside is subject to a rent guarantee covering 100% of forecast revenue. For the purpose of this presentation we have reflected a stabilized occupancy of 95%

⁵ Includes leases that are cancelled by paying cancellation penalties

⁶ Weighted average lease term to expiry

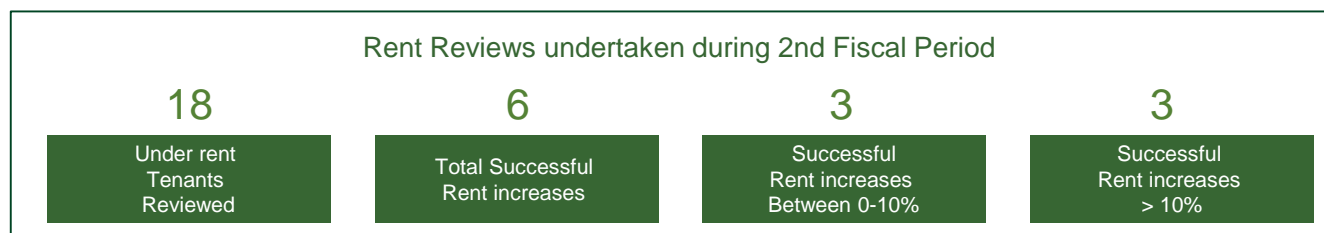
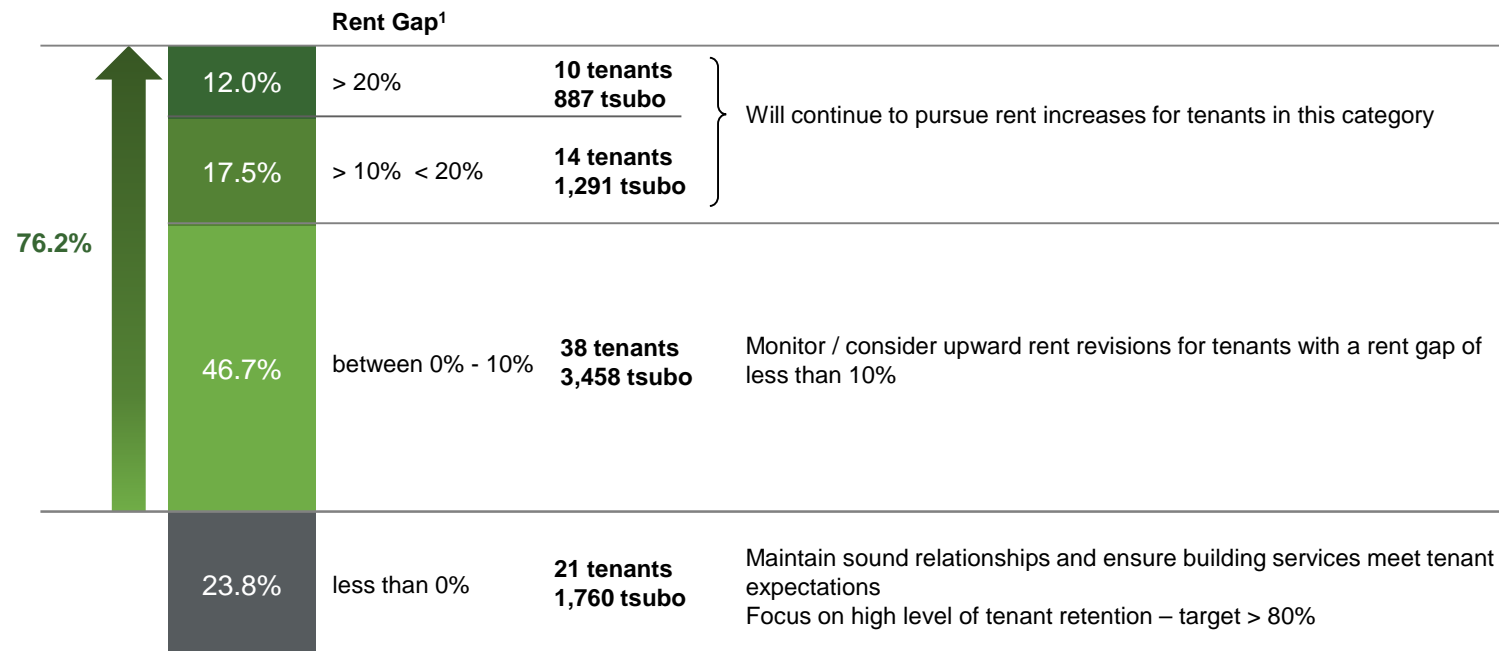
Section 6 - Management Key Priorities



Part A - Internal Growth Initiatives

Office

- Successful track record of achieving rent increases in office assets
- Average uplift of 14.4% for 6 rent reviews negotiated during FP2; 5 of these will take effect during FP3 & FP4
- Based on independent appraisals over 75% of office floor space is at or below assessed market rent



¹ Average passing rent vs. assessed market rent from independent appraisals dated 31 August 2017

Internal Growth Initiatives

- Nippon Kanzai Group has been involved in identifying and implementing various initiatives across the portfolio to assist in achieving internal growth.

Office



Takadanobaba Access Cost Reduction

Timer added to HVAC facilities for managing after hours electricity usage

- Forecast savings ¥1m p.a.
- Cost ¥140,000
- Return on cost 640%

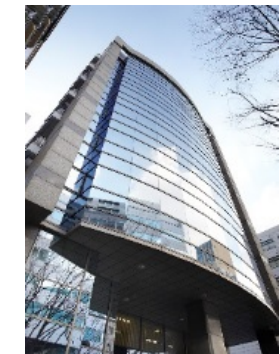


Office Portfolio Electricity Provider Change



Re-tender of electricity supply for Tokyo office portfolio

- Target reduction in electricity expenses is ¥3m p.a.
- Effective from December 2017



Azabu Amerex Carpark lease terms

Negotiated new lease terms for carpark spaces

- Increase of ¥2.16m p.a.



Retail

La Park Kishiwada 2F Replacement of common area flooring

- This has not only improved the premises visually, but also improved the overall lighting within the 2F creating a much brighter environment better suited for shoppers
- Anticipated benefits from these works include higher tenant retention, potential rent increases and reinforcing leasing efforts



Before



After

La Park Kishiwada New revenue stream

- Entered into a service agreement with a telecommunications service provider for mobile antenna increasing revenue by approximately ¥850k p.a.



Residential

Matsuya Sekime Interior works

- Replaced tatami mats with wood flooring in a trial apartment
- This resulted in an increase in rent by approximately 9% and a reduction in forecast letting up period
- Considering extending this work to other apartment units



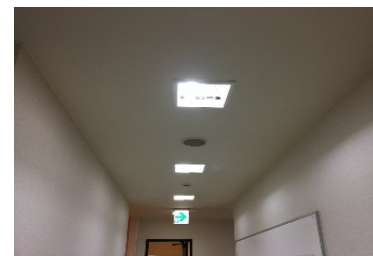
Before



After

Confomall Sapporo LED lighting works

- Undertook LED works within the Central Sports tenancy
- Forecast 62% reduction in electricity usage resulting in a cost savings of approximately ¥0.5m p.a.



Before

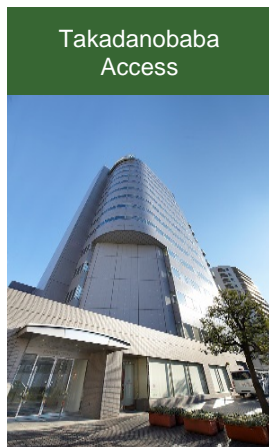


After

 NIPPON KANZAI Co., Ltd.

Capital Expenditure Savings

- Nippon Kanzaï Group has facilitated savings in maintenance capital expenditure of approximately ¥8 million since IPO in September 2016
- Capital expenditure work is tendered with at least three parties invited to submit cost estimates independently
- Nippon Kanzaï Group has consistently provided cost savings for necessary work across the portfolio compared to alternative service providers



Takadanobaba Access

Works included

- HVAC replacement
- Generator replacement

Total costs : ¥55.7m
 Total savings : ¥2.6m
 Overall saving : 4.5%



La Park Kishiwada SC

Works included

- Washroom upgrade
- Pigeon control (nets / spikes)
- Fire suppression

Total costs : ¥10.9m
 Total savings : ¥1.4m
 Overall saving : 11.3%



Seishin Building

Works included

- Carpark Shutter
- Pump foundation works

Total costs : ¥2.2m
 Total savings : ¥0.3m
 Overall saving : 11.1%

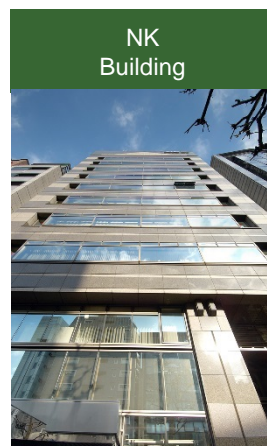


Shin Yokohama Nara Building

Works included

- HVAC replacement
- Water / electric meters

Total costs : ¥24.9m
 Total savings : ¥2.0m
 Overall saving : 7.5%

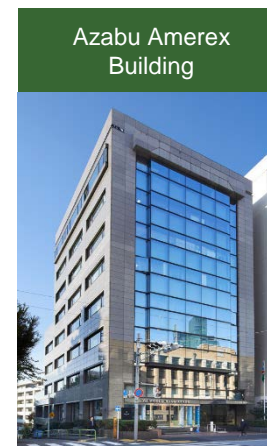


NK Building

Works included

- Emergency lighting
- Signage renewal
- Regulatory works

Total costs : ¥8.6m
 Total savings : ¥0.6m
 Overall saving : 6.6%



Azabu Amerex Building

Works included

- Water pump renewal
- Install security camera

Total costs : ¥3.1m
 Total savings : ¥0.4m
 Overall saving : 11.2%

Part B - External Growth Initiatives

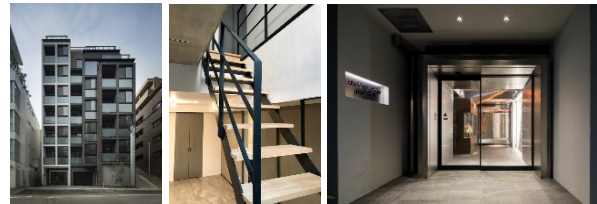
Pipeline Support Agreements

- Enhance investment opportunities through direct channels
- Pipeline Support Agreements will provide preferred negotiation rights for SKR
- Five existing Pipeline Support Agreements have been executed:
 - Three entered into by the Nippon Kanzai Group
 - Two directly by the Asset Management Company

Existing / New Relationships

- Leverage off an existing broad range of real estate industry contacts
 - Fund Managers
 - Developers
 - Financiers
- Explore opportunities to source from existing relationships and continue to expand network to identify off market acquisition opportunities

Example : Abode Yoyogi Parkside



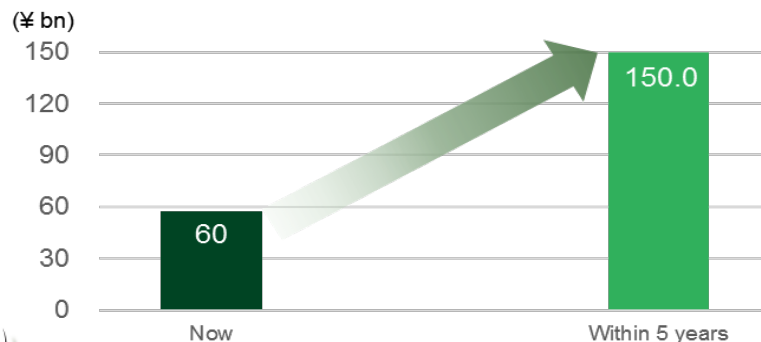
Galileo Sponsor – Future Developments

- Galileo Group is a very successful developer in Australia
- The Group is now investigating development opportunities in Japan with an immediate focus on the Greater Tokyo Area
- Potential future developments would provide attractive acquisition opportunities for SKR
- The Group has significant ongoing financial partnerships with some of Australia's largest institutional real estate investors
- Refer to slide 5 for more details of Galileo developments

Examples of Galileo projects



Medium-term Goal for Assets Under Management



Part C - Capital Management

Borrowings

Lender		Loan amount (¥ mil)	Interest rate	Maturity date
		31-Aug-17		
Short-term	A Syndicate of lenders with Sumitomo Mitsui Banking Corporation:	1,400	Base Rate +0.2% (floating)	31-Aug-18
Long-term	Sumitomo Mitsui Banking Corporation,	6,000	0.62473% (fixed)	31-Aug-18
	Shinsei Bank, Limited,	4,000	0.71096% (fixed)	30-Aug-19
	Resona Bank, Limited,	6,000	0.81842% (fixed)	31-Aug-20
	Aozora Bank, Ltd.,	6,000	0.93842% (fixed)	31-Aug-21
	ORIX Bank Corporation,	5,600	Base Rate +0.8% (floating)	31-Aug-22
Total		29,000		

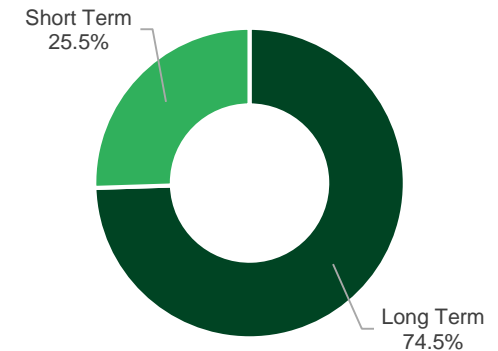
Collateral: Unsecured and unguaranteed

Loan cost and duration (at 31 August 2017)

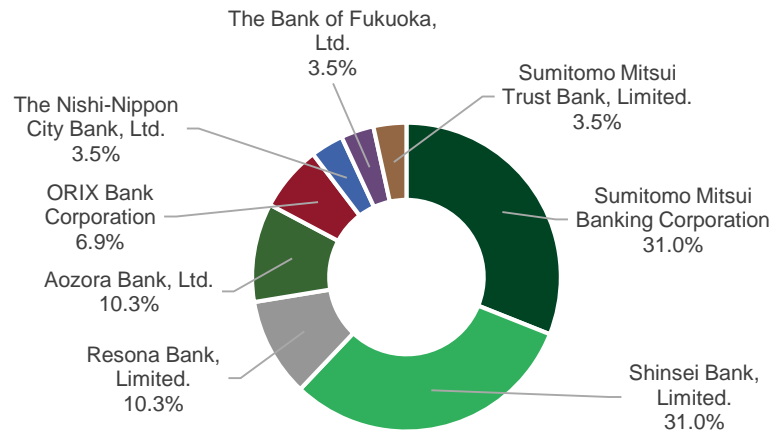
Weighted average cost (%) **0.97**

Average duration (Years) **2.94**

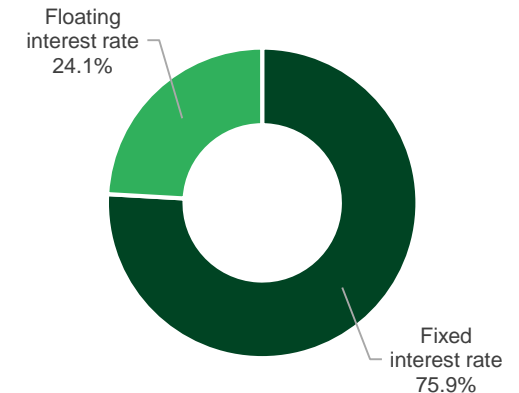
Debt Ratio - Term



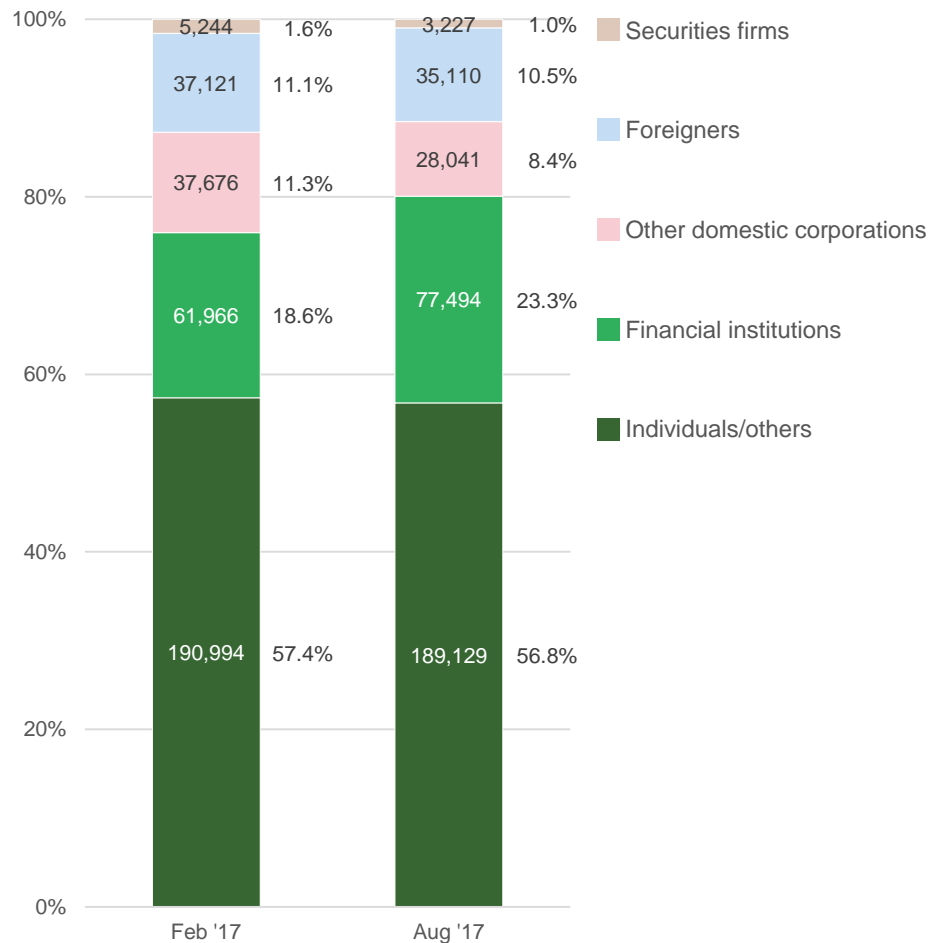
Balance of Borrowings by Lender



Interest Rate Ratio



No. of Investment Units by Investor Type



Main Unitholders

at 31 August 2017

Rank	Name	Number of Units Owned	Percentage Share (%) ¹
1	Japan Trustee Service Bank, Ltd.	22,564	6.78
2	The Master Trust Bank of Japan, Ltd.	20,961	6.29
3	JP Morgan Bank (Ireland) Plc 380423	15,414	4.63
4	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	13,371	4.02
5	The Nomura Trust and Banking Co., Ltd. (Investment account)	10,593	3.18
6	Galaxy JREIT Pty. Ltd.	8,700	2.61
6	Nippon Kanzai Co., Ltd.	8,700	2.61
8	Credit Suisse Securities (Europe) Ltd. PB Omnibus Client Account	6,802	2.04
9	Kinki Sangyo Credit Union	5,587	1.68
10	Sekai Shindokyo	3,219	0.97

¹ Percentage share is the number of units owned expressed as a percentage of total investment units issued (rounded down to second decimal place).

Appendix

Balance Sheet at 31 August 2017

	Unit: ¥ mil
Assets	
Current assets	5,132
Cash and deposits	868
Cash and deposits in trust	4,102
Other	162
Non-current assets	58,001
Property, plant and equipment	57,677
Investments and other assets	324
Total assets	63,133
Liabilities	
Current liabilities	8,260
Operating accounts payable	304
Short-term loans payable	7,400
Accounts payable – other	80
Advances received	381
Other	95
Non-current liabilities	24,665
Long-term loans payable	21,600
Tenant leasehold and security deposits in trust	3,065
Total liabilities	32,,925
Total unitholders' equity	30,208
Unitholders' capital	29,254
Surplus	953
Total net assets	30,208
Total liabilities and equity	63,133

Statement of Income

	Unit: ¥ mil
Operating revenue	2,430
Leasing business revenue	2,102
Other leasing business revenue	327
Operating expenses	1,340
Expenses related to rent business	1,127
Asset management fee	129
Asset custody fee/Administrative service fees	23
Directors' compensation	6
Other operating expenses	55
Operating profit	1,089
Non-operating expenses	136
Interest expenses	96
Depreciation of deferred organization expenses	-
Investment unit issuance expenses	-
Borrowing related expenses	40
Ordinary profit (loss)	954
Net profit (loss) before income taxes	954
Net profit (loss)	953
Unappropriated retained earnings (undisposed loss)	953

Income and Expenditure by Property for FP2 (184 operating days)

Sakura Sogo REIT Investment Corporation

Unit: ¥ '000

	OF-01	OF-02	OF-03	OF-04	OF-05	OF-06	OF-07	RT-01	RT-02
	Seishin Building	NK Building	Tsukasamachi Building	Takadanobaba Access	Azabu Amerex Building	Hiei Kudan Building	Shin Yokohama Nara Building	La Park Kishiwada	Suroy Mall Chikushino
Operating revenue from real estate leasing	237,142	122,601	96,434	96,735	66,292	67,248	83,209	533,898	295,831
Leasing business revenue	211,909	109,371	84,027	78,433	61,490	64,872	66,908	414,902	291,987
Other Leasing business revenue	25,232	13,230	12,407	18,302	4,802	2,376	16,301	118,995	3,844
Operating expenses from real estate leasing	49,636	33,997	22,881	36,163	21,697	18,198	27,213	316,646	75,871
Management fees	12,626	12,893	7,940	16,168	8,903	10,538	9,189	130,667	39,917
Utilities expenses	14,941	9,433	6,457	9,000	3,766	23	7,730	132,611	3,819
Insurance premium	238	158	149	178	90	133	165	1,241	677
Repair & Maintenance	350	368	240	899	1,080	184	1,546	1,417	329
Trust Fees	750	750	750	750	375	750	750	1,850	750
Property Tax	20,279	9,982	7,043	8,722	7,324	6,470	7,614	45,089	19,886
Other expenses	450	410	298	442	156	97	217	3,767	10,491 ¹
Leasing NOI	187,505	88,604	73,553	60,571	44,594	49,049	55,995	217,252	219,960
Depreciation	11,254	6,336	6,696	7,881	2,188	2,699	7,768	40,046	36,360
Operating income (loss) from real estate leasing	176,250	82,268	66,856	52,690	42,405	46,350	48,227	177,206	183,599

¹ including ground lease rent











Income and Expenditure by Property for FP2 (184 operating days)

Sakura Sogo REIT Investment Corporation

Unit: ¥ '000

	RT-03	RT-04	RS-01	RS-02	RS-03	RS-04	OT-01	OT-02	OT-03
	Seiyu Minakuchi	Suoy Mall Nagamine	Shiroi Logiman	Matsuya Residence Sekime	Royal Hill Kobe Sannomiya II	Urban Plaza Imazato	Funabashi Hi-Tech Park Hidan	Funabashi Hi-Tech Park Factory	Confomall Sapporo
Operating revenue from real estate leasing	Non-disclosure	188,129	136,888	84,368	55,452	37,771	Non-disclosure	Non-disclosure	73,059
Leasing business revenue	Non-disclosure	151,402	128,293	77,336	51,444	35,494	Non-disclosure	Non-disclosure	60,099
Other Leasing business revenue	Non-disclosure	36,726	8,595	7,032	4,007	2,277	Non-disclosure	Non-disclosure	12,960
Operating expenses from real estate leasing	42,235	58,981	54,687	31,151	21,841	18,116	6,565	5,203	33,046
Management fees	6,039	15,917	26,818	12,724	8,961	6,448	990	1,007	6,668
Utilities expenses	0	26,884	6	2,989	1,825	522	0	0	10,593
Insurance premium	528	266	638	255	154	122	122	64	280
Repair & Maintenance	5,935	837	9,390	9,347	6,017	7,138	0	0	5,050
Trust Fees	750	750	1,285	375	375	375	750	750	750
Property Tax	12,183	13,260	14,046	5,168	4,479	3,204	4,686	3,364	9,183
Other expenses	16,797 ¹	1,065	2,501	291	28	306	16	16	520
Leasing NOI	Non-disclosure	129,147	82,201	53,217	33,611	19,654	Non-disclosure	Non-disclosure	40,013
Depreciation	41,692	17,863	18,632	10,000	11,814	5,819	9,550	2,955	13,528
Operating income (loss) from real estate leasing	Non-disclosure	111,284	63,569	43,216	21,796	13,835	Non-disclosure	Non-disclosure	26,485

at 31 August 2017

Asset Type	Office							Retail		
	OF-01	OF-02	OF-03	OF-04	OF-05	OF-06	OF-07	RT-01	RT-02	RT-03
No.										
Property Name	Seishin Building	NK Building	Tsukasamachi Building	Takadanobaba Access	Azabu Amerex Building	Hiei Kudan Building	Shin Yokohama Nara Building	La Park Kishiwada	Suroy Mall Chikushino	Seiyu Minakuchi
Address	Shinjuku-ku, Tokyo	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo	Shinjuku-ku, Tokyo	Minato-ku, Tokyo	Chiyoda-ku, Tokyo	Kohoku-ku, Yokohama	Kishiwada, Osaka	Chikushino, Kyushu	Minakuchi, Shiga
Appraisal @ FP1 (¥bn)	8,360	3,860	3,910	3,430	2,140	2,050	1,950	6,600	7,820	4,240
Appraisal @ FP2 (¥bn)	8,610	3,910	3,960	3,460	2,270	2,050	1,980	6,640	7,820	4,240
NOI Yield @ FP1 (%)	4.0%	4.5%	4.6%	4.7%	4.2%	4.7%	5.5%	5.9%	5.6%	6.0%
NOI Yield @ FP2 (%)	4.0%	4.5%	4.5%	4.7%	4.2%	4.7%	5.5%	5.9%	5.6%	6.0%
NOI Yield @ FP1 post depr (%)	3.8%	4.2%	4.2%	4.3%	4.0%	4.5%	4.7%	4.7%	4.7%	4.0%
NOI Yield @ FP2 post depr (%)	3.8%	4.2%	4.2%	4.2%	4.1%	4.5%	4.7%	4.7%	4.7%	4.0%

at 31 August 2017

Asset Type	Retail	Residential				Other			Total (18 properties)	
No.	RT-04	RS-01	RS-02	RS-03	RS-04	OT-01	OT-02	OT-03		
										
Property Name	Suroy Mall Nagamine	Shiroi Logiman	Matsuya Residence Sekime	Royal Hill Kobe Sannomiya II	Urban Plaza Imazato	Funabashi Hi-Tech Park Hidan	Funabashi Hi-Tech Park	Confomall Sapporo		
Address	Kumamoto City, Kumamoto	Shiroi City, Chiba	Osaka City, Osaka	Kobe City, Hyogo	Osaka City, Osaka	Funabashi City, Chiba	Funabashi City, Chiba	Sapporo City, Hokkaido		
Appraisal @ FP1 (¥bn)	4,460	2,210	1,910	1,550	984	1,800	779	1,440		59,493
Appraisal @ FP2 (¥bn)	4,470	2,170	1,930	1,510	965	1,800	780	1,440		60,005
NOI Yield @ FP1 (%)	5.6%	7.2%	6.4%	5.3%	5.9%	6.1%	6.2%	5.6%	5.3%	
NOI Yield @ FP2 (%)	5.6%	7.2%	6.4%	5.3%	5.9%	6.1%	6.2%	5.6%	5.3%	
NOI Yield @ FP1 post depr (%)	4.8%	5.5%	5.4%	3.8%	4.8%	5.1%	5.4%	3.9%	4.4%	
NOI Yield @ FP2 post depr (%)	4.8%	5.5%	5.3%	3.7%	4.7%	5.1%	5.4%	3.8%	4.4%	



OF-01 Seishin Bldg



OF-02 NK Bldg



OF-03 Tsukasamachi Bldg



OF-04 Takadanobaba Access



OF-05 Azabu Amerex Bldg



OF-06 Hiei-Kudan Bldg



OF-07 Shin-Yokohama Nara Bldg



RT-01 La Park Kishiwada



RT-02 Suroy Mall Chikushino



RT-03 Seiyu Minakuchi



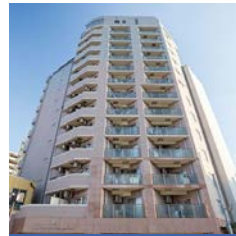
RT-04 Suroy Mall Nagamine



RS-01 Shiroi Logiman



RS-02 Matsuya Residence Sekime



RS-03 Royal Hill Kobe Sannomiya II



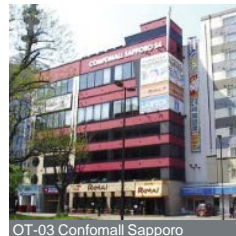
RS-04 Urban Plaza Imazato



OT-01 Funabashi Hi-Tech Park Hidan



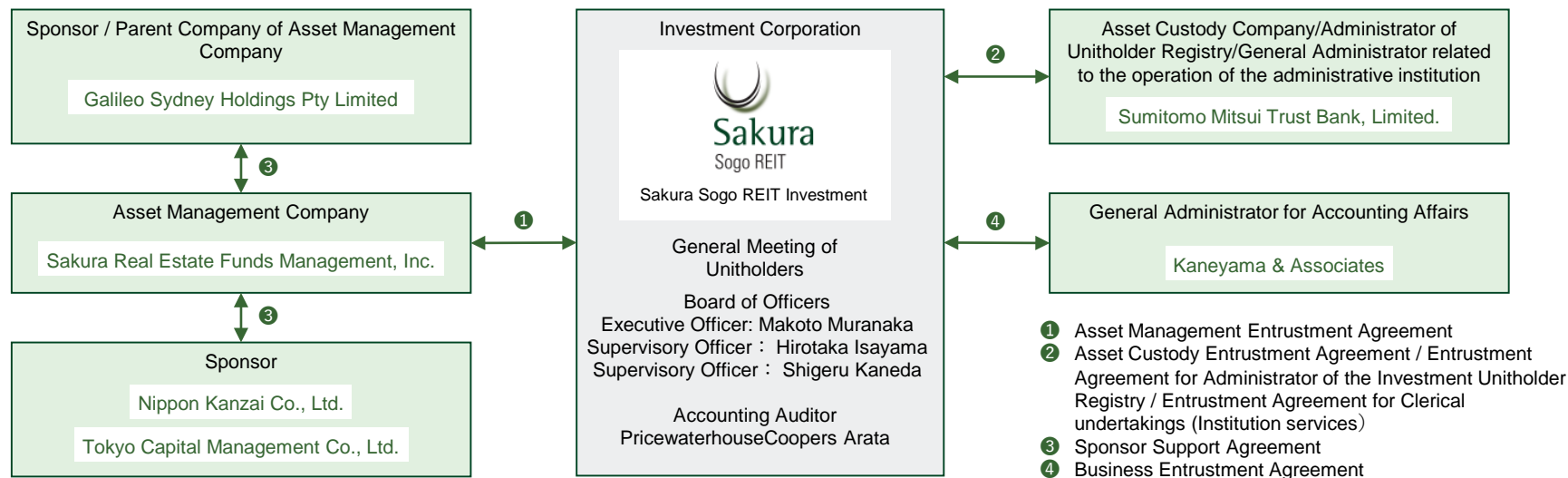
OT-02 Funabashi Hi-Tech Park



OT-03 Confomall Sapporo

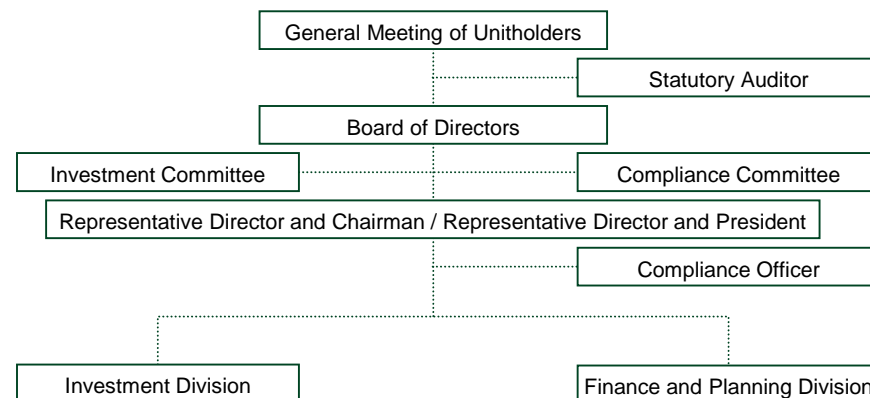


Schematic Diagram of the Investment Corporation's Structure



Overview of Asset Management Company

Trade Name	Sakura Real Estate Funds Management, Inc.
Date of Incorporation	July 7, 2015
Stated Capital	101.52 million yen
Shareholder Composition	Galaxy JREIT Pty Limited 50% Tokyo Capital Management Co., Ltd. 50% (based on voting rights: Galaxy JREIT Pty Limited 100%)
Principal Lines of Business	Discretionary Investment Business, management of Investment Corporation's assets
Officers	6 Directors (2 Full-time Directors), 1 Statutory Auditor
Financial Instrument Business Registration	Reg. No.: Director of Kanto Local Finance Bureau (FI) No. 2907 Member of Investment Trusts Association, Japan
Real estate agency business license	License No.: Tokyo Metropolitan Governor (1) No. 98232
Approval as Entrustment - Based Agency Services for Transactions	Approval No.: Minister of Land, Infrastructure, Transport and Tourism No. 100



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