



Interim Financial Results for the Fiscal Period Ending February 2017 (1st Fiscal Period)

Sakura Sogo REIT Investment Corporation



Sakura Sakura Sogo REIT Investment Corporation
Sogo REIT

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Characteristics of the Investment Corporation

The Pursuit of Growth & Stability



Our core features and strengths

1

Securing Stability through the Combination and Diversification of Asset Type and Location

2

Expected Growth through Maximization of Acquisition Opportunities

3

Galileo Group ^(Note 1) and Nippon Kanzai Group's ^(Note 2) Robust Property Sourcing (Procurement) Capabilities

4

Leverage off of Nippon Kanzai Group's Real Estate Management Know-How

10 year track record of co-managing the existing portfolio
(Historical average property occupancy rate maintained at 97.6%)

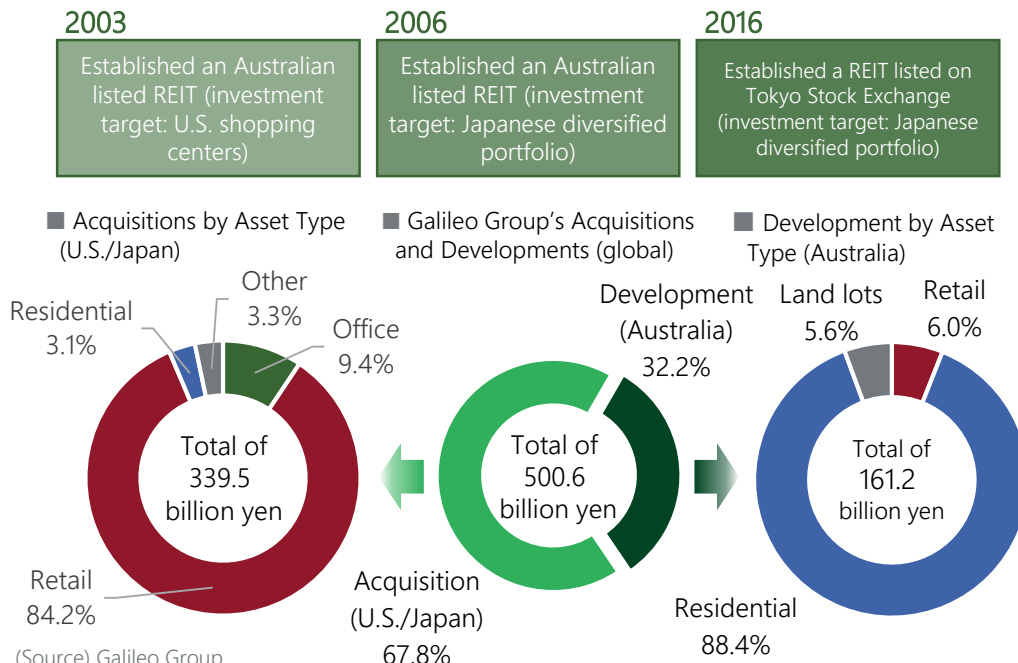
(Note 1) Refers to a corporate group consisting primarily of Galileo Sydney Holdings Pty Limited (hereinafter "Galileo") and in addition Galaxy JREIT Pty Limited and Werrett Family Pty Ltd.

(Note 2) Refers to a corporate group comprised of Nippon Kanzai Co., Ltd. (hereinafter "Nippon Kanzai") and in addition 12 consolidated subsidiaries including Tokyo Capital Management Co., Ltd. (hereinafter "Tokyo Capital Management," Three-s Inc. and Nippon Kanzai Environment Service Co., Ltd., 24 affiliated companies accounted for by the equity-method and other affiliated companies (as of the end of March 2016).

galileo

Galileo Group is an independent Australian real estate and fund management group with a proven track record in various real estate investment and developments in Australia, Japan and the U.S. It has experience and know-how in various aspects of real estate investment and development including investment property acquisition and value increase as well as financing through equity and loan transactions. It first became involved in investment activities and management of real estate located in Japan in 2006.

Track Record of Galileo Group



(Source) Galileo Group
(Note) Cumulative figures from 2003 to September 30, 2016.

Nippon Kanzai Co., Ltd.

Nippon Kanzai Group, established in 1965, is a corporate group headed by Nippon Kanzai Co., Ltd., one of the major companies involved in building management and operation offering a full-line of real estate management services. It is entrusted with the building management and operation of a variety of buildings covering office buildings, condominiums and retail facilities in major cities across Japan and through its business operations, has acquired extensive know-how in the building management and operation of buildings of various sizes and varying purposes of use and in a variety of locations.

Characteristics of Nippon Kanzai Group

- Provision of a Full-Line of Real Estate Management Services
Within its core business of building maintenance, in addition to providing individual services including facilities management, cleaning and security, it is also a pioneer in the carrying out of integrated management and the group as a whole covers business areas such as property management business aimed at increasing real estate value.
- High Level of Management
Nippon Kanzai Group is able to achieve more appropriate and efficient building maintenance and management by developing and leveraging its own original technology and databases described below.

Wide-Area Facility Management System WAFM™	LEAD-Web System	Building Health Record
A network based system which enables even buildings located at distant sites to be monitored remotely 24 hours a day, 365 days a year.	A portal site system which enables management information of multiple buildings to be shared with building owners and centrally managed.	Nippon Kanzai Group's internal database consolidating the accumulated data on buildings under its management.

Leveraging off of the Wide Range of Support Provided by Galileo and Nippon Kanzai Group

The Asset Management Company receives extensive support for the Investment Corporation's external and internal growth based on the Sponsor Support Agreement executed with Galileo and Nippon Kanzai Group's core companies, etc.^(Note1)

	Support Provided
External Growth Support	Provision of sales information on held properties and granting of first refusal rights
	Provision of information on external properties, etc.
	Provision of warehousing functions
	Gathering of information on the real estate transaction market and provision of results of analyses
	Examining joint ownership of properties
Internal Growth Support	Provision of advice on investment strategies and global offerings
	Provision of advice on the management and operation of properties
	Support and cooperation with sourcing, redevelopment and renovations
	Dispatching seconded staff and other human resource support

Same Boat Investment by Galileo Group and Nippon Kanzai Group

Both sponsors ^(Note 2) 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).

galileo

Investment in the Investment Corporation by Galileo Group



Nippon Kanzai Co., Ltd.

Investment in the Investment Corporation by Nippon Kanzai Group

(Note 1) "Nippon Kanzai Group's core companies" means Nippon Kanzai and Tokyo Capital Management.

(Note 2) "Sponsors" means Galileo, Nippon Kanzai and Tokyo Capital Management which have executed a Sponsor Support Agreement.

Forecast for the fiscal period ending February 2017 (1st fiscal period)

Unit: million yen

	Previous forecast September 8, 2016	Current forecast November 14, 2016	Increase (decrease)	Major factors
Operating revenue	2,291	2,280	(11)	Downtime due to tenant replacement
Operating expenses	1,382	1,316	(66)	Recording of fixed asset tax and city planning tax, etc. upon finalization of tax amount
Non-operating income	0	0	0	
Non-operating expenses	808	577	(231)	Decrease of investment unit issuance expenses
Ordinary profit	101	387	286	Decrease of operating expenses and non-operating expenses
Net profit	101	387	286	Increase of ordinary profit
Distribution per unit	305 yen	1,164 yen	859 yen	Increase of net profit

Forecast for the fiscal period ending August 2017 (2nd fiscal period)

Unit: million yen

	Previous forecast September 8, 2016	Current forecast November 14, 2016	Increase (decrease)	Major factors
Operating revenue	2,418	2,419	1	As previously forecast in general
Operating expenses	1,328	1,329	1	
Non-operating income	0	0	0	
Non-operating expenses	137	137	0	
Ordinary profit	953	953	0	
Net profit	953	953	0	
Distribution per unit	2,863 yen	2,863 yen	0 yen	

When assuming investment unit price to be 80,000 yen, distribution yield is 7.2% (the average of J-REITs is around 3.7%).

1. Able to make flexible investments with respect to asset type and area and thereby acquire properties which will contribute to the **maximization of cash flow**.
2. Able to **reduce portfolio concentration risks** by aiming to diversify the portfolio by purpose of use as well as diversifying the portfolio areas.
3. Able to secure the potential for expanding portfolio size through the **maximization of acquisition opportunities**.
4. Able to develop new earning opportunities by gaining a proper understanding of the changes in future real estate needs and flexibly responding thereto to achieve **ongoing growth**.
5. Able to pursue opportunities to recycle capital into alternative investments that will **enhance investor value**.

Investment Ratio by Asset Type Use (Based on acquisition price) ^(Note)

	Investment Ratio by Asset Type	Characteristics of Asset Type
Growth ↑	Office 30~60%	<ul style="list-style-type: none"> ○ During economic expansion, up-side potential can be capitalized on ○ By targeting a wide scale office buildings for investment, it is possible to pursue a large number of investment opportunities and secure relatively high liquidity.
	Residential 10~30%	<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
Stability ↓	Retail 30~60%	<ul style="list-style-type: none"> ○ In areas with stable population, there will always be consumer activity so we can expect to achieve stable rent incomes. ○ A long-term stable cash flow will be created by, as a general rule, executing lease agreements with a lease term of at least three years or more which do not allow for early termination.
	Other 0~20%	<ul style="list-style-type: none"> ○ The potential and value, etc. of each individual property will be identified and the goal will be to conduct flexible property acquisition and investment.

Investment Ratio by Area (based on acquisition price) ^(Note)



(Note) The ratios in the above are our target ratios for our asset investment over the medium to long-term which depending on the real estate market and future property acquisitions, etc. which we may temporarily exceed or fall below.

Portfolio Summary

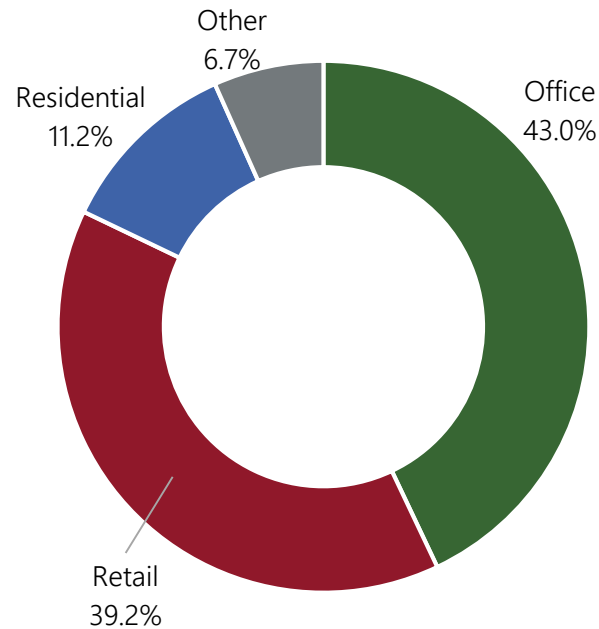
as of September 30, 2016

No. of Acquired Properties	18 properties	Total Appraised Value	58,258 million yen	Average Appraised NOI Yield	5.5%
Average Occupancy Rate	97.9%	Total Acquisition Price	57,360 million yen	Average Appraised NOI Yield after Depreciation	4.6%

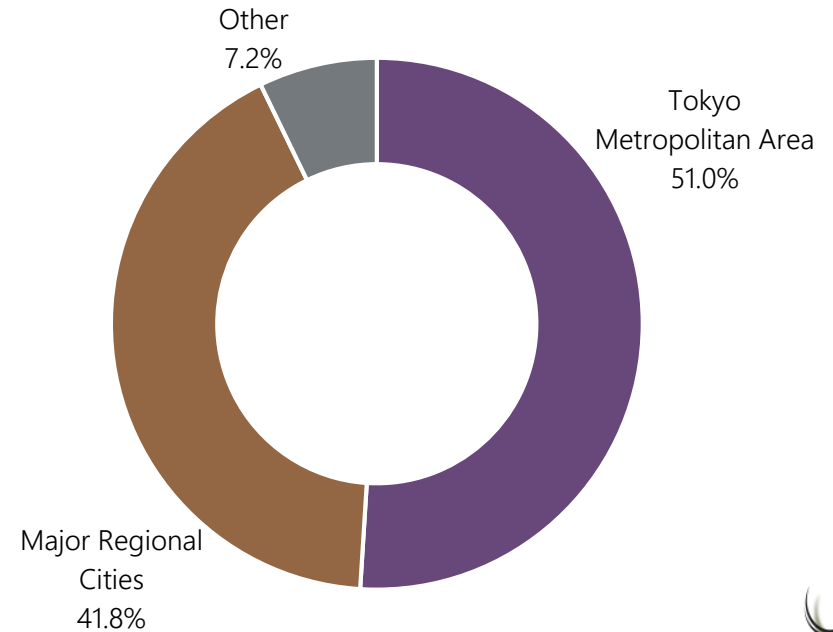
Portfolio Diversification

as of September 30, 2016

■ Investment Ratio by Asset Type

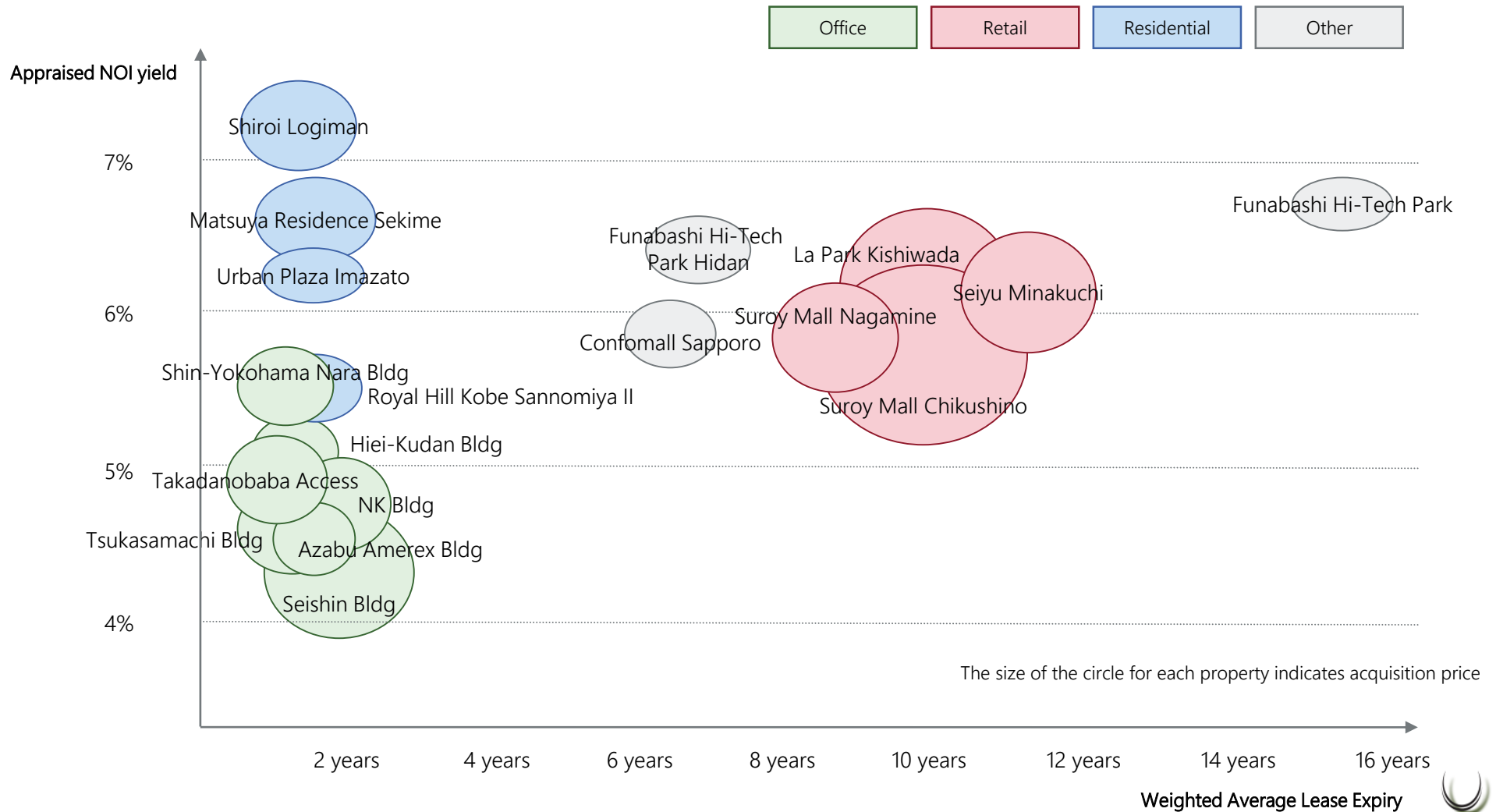


■ Investment Ratio by Area



Contribution of NOI Yield of the Initial Portfolio and Weighted Average lease Expiry

as of September 30, 2016



Type of Offering

Soliciting overseas investors through extraordinary report type offering in addition to domestic offering

Securities code **3473**

Date of listing **September 8, 2016**

Issue price **91,000** yen per unit

No. of units offered **332,000** units

Total amount of units offered **30,212** million yen

Ratio of domestic/overseas offerings
 Domestic: **90%** Overseas: **10%**

Debt Profile

Stable and sound loan formation in place with a syndicate of lenders

Conservative balance sheet leverage **48.4%**

Average loan maturity **2.73** years

Weighted average cost of all-in debt **82** bps

Overview of Interim Financial Results

Interim Balance Sheet

Unit: million yen

Assets	
Current assets	5,744
Cash and deposits	731
Cash and deposits in trust	3,577
Other	1,436
Non-current assets	58,107
Property, plant and equipment	57,129
Investments and other assets	978
Deferred assets	-
Organization expenses	-
Total assets	63,851
Liabilities	
Current liabilities	9,817
Operating accounts payable	247
Short-term loans payable	8,900
Accounts payable – other	155
Advances received	286
Other	229
Non-current liabilities	25,074
Long-term loans payable	22,000
Tenant leasehold and security deposits in trust	3,074
Total liabilities	34,892
Total unitholders' equity	28,959
Unitholders' capital	29,254
Surplus	-295
Total net assets	28,959
Total liabilities and net assets	63,851

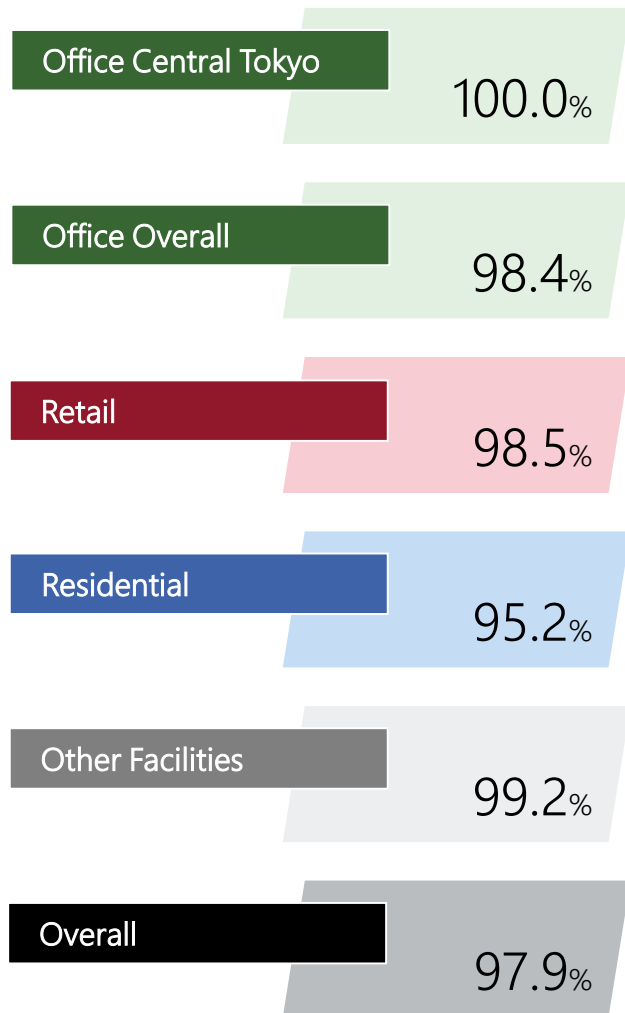
Interim Statement of Income

Unit: million yen

Operating revenue	292
Lease business revenue	255
Other lease business revenue	36
Operating expenses	153
Expenses related to rent business	116
Asset management fee	13
Asset custody fee/Administrative service fees	4
Directors' compensations	6
Other operating expenses	13
Operating profit	138
Non-operating income	0
Interest income	0
Non-operating expenses	433
Interest expenses	11
Depreciation of deferred organization expenses	51
Investment unit issuance expenses	166
Investment unit listing related expenses	0
Borrowing related expenses	204
Other	0
Ordinary profit (loss)	-294
Interim net profit (loss) before income taxes	-294
Interim net profit (loss)	-295
Unappropriated retained earnings (undisposed loss)	-295

Occupancy

as of October 31, 2016



Leasing Status

Office

Takadanobaba Access: Through proactive leasing efforts, two out of four floors for which leases were terminated at the end of October have been contracted at terms more favorable than forecasted. We have also received LOIs for the residual two floors; one lease agreement is targeted for execution by the end of November and lease terms for the other floor are under negotiation targeting execution in January 2017. Furthermore, for two additional floors that will be vacated at the end of December due to a consolidation within subject property, we have been receiving inquiries continuously since commencing leasing efforts and are already negotiating lease terms for an LOI obtained on 25 November. With positive factors such as close proximity to Nishi Waseda Station (1 min) and surrounding view of abundant greenery, we do not foresee an extended period of downtime.

Tsukasamachi Bldg: Due to tenancies scheduled for future cancellation still being physically occupied, the number of candidate tenant inspections has been limited. An open house is scheduled for early December when one of the tenancies becomes vacant. Currently an existing tenant as well as several other candidate tenants are considering this space. Multiple tenant candidates are considering the 5F space which will become vacant in April 2017.

Shin-Yokohama Nara Bldg: We received an LOI from a candidate tenant for 6F and are negotiating lease terms and conditions targeting execution in January 2017. We have been receiving continuous inquiries for the partial 10F unit that became vacant on 20 November and anticipate it will be retenanted shortly.

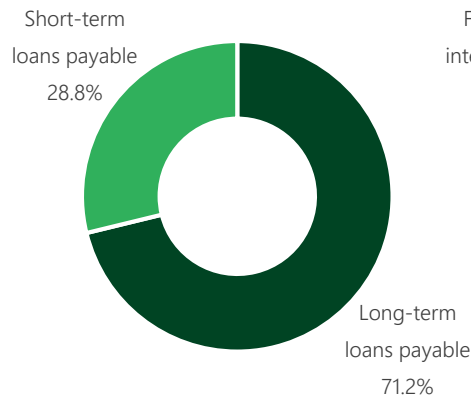
Retail

La Park Kishiwada: Leasing activity for the approx. 200 Tsubo of space on 2F has been conducted primarily by leveraging off of the nationwide retail tenant network of subject property's PM company. Going forward, we will strengthen efforts via engaging a local retail broker who will contact end tenants directly on a retainer basis as well as conveying tenant solicitation information to over 300 local brokers on a regular basis.

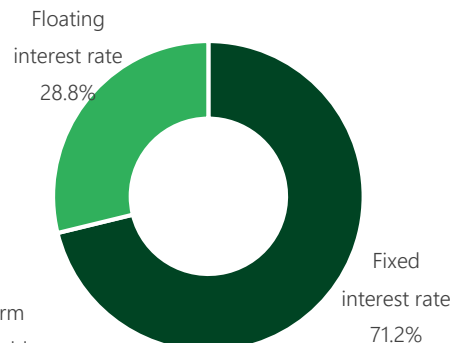
Residential

As tenant turnover (frequent cancellations and new leases) is the norm, dissimilar to other asset types, we have made efforts to minimize down time while maintaining appropriate rents for vacant units through constant dialogue and sharing of information with local brokers as well as adopting measures and terms mutually beneficial for both landlord and tenant.

Long-Term Debt Ratio



Fixed Interest Ratio

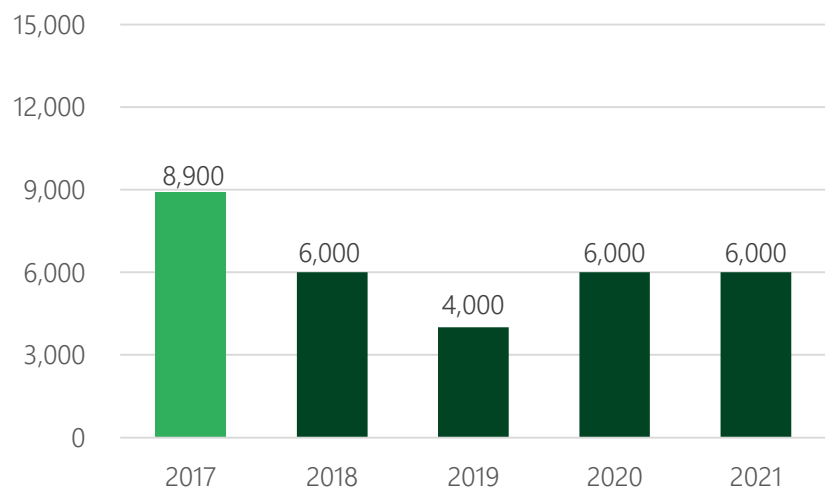


Borrowings

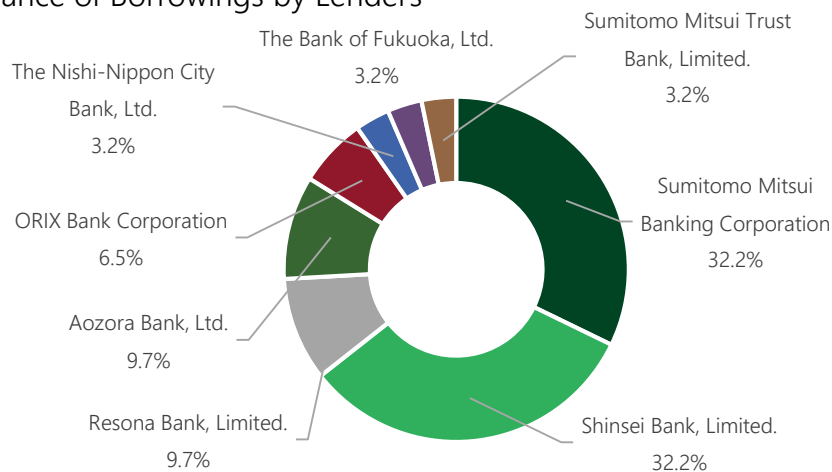
Classification	Lender	Borrowed amount (Millions of Yen)	Interest rate	Repayment date	Collateral
Short-term	Sumitomo Mitsui Banking Corporation, Shinsei Bank, Limited, Resona Bank, Limited, Sumitomo Mitsui Trust Bank, Limited.	4,000	Base Rate +0.2% (floating)	August 31, 2017	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation, Shinsei Bank, Limited.	4,900	Base Rate +0.2% (floating)	August 31, 2017	
Long-term	Sumitomo Mitsui Banking Corporation, Shinsei Bank, Limited, Resona Bank, Limited, Aozora Bank, Ltd.	6,000	0.62473% (fixed)	August 31, 2018	
	Sumitomo Mitsui Banking Corporation, Shinsei Bank, Limited, Resona Bank, Limited, Aozora Bank, Ltd., The Nishi-Nippon City Bank, Ltd., The Bank of Fukuoka, Ltd.	4,000	0.71096% (fixed)	August 30, 2019	
	Sumitomo Mitsui Banking Corporation, Shinsei Bank, Limited, Resona Bank, Limited, Aozora Bank, Ltd., ORIX Bank Corporation	6,000	0.81842% (fixed)	August 31, 2020	
	Sumitomo Mitsui Banking Corporation, Shinsei Bank, Limited, Resona Bank, Limited, Aozora Bank, Ltd., ORIX Bank Corporation	6,000	0.93842% (fixed)	August 31, 2021	
Total		30,900			

Summary of Repayment Deadlines

Unit: million yen



Balance of Borrowings by Lenders





Growth Strategy



Capital Recycling

Basic Policy: Asset repositioning

- Identify assets within the portfolio that are non-core with low post depreciation distribution yields and ones with less possibility for further upside.
- Divest of them at a premium to their book values
- Recycle capital towards accretive acquisitions with a bias towards Tokyo office and residential.

Internal Growth Strategy

Basic Policy: To realize internal growth by reducing costs and improving rent revenues

- **Maximize rent:** Negotiate rent increases with tenants whose passing rents are below market. Strive to shorten the assumed vacancy period through speedy leasing activities with thorough review of cost-effectiveness of broker fees.
- **Improve other revenue streams and reduce costs:** Promote actions to increase revenue, such as installing rooftop telcom antennas, while reducing costs by updating/changing facility equipment, such as introducing LED lighting, as needed.
- Besides these measures, will pursue potential for internal growth by conducting thorough monitoring of property managers and building managing companies of each property going forward.

Financial Strategy

Basic Policy: Enhance financial stability with the aim of obtaining credit ratings

- Executed debt financing from a loan syndicate with Sumitomo Mitsui Banking Corporation as the arranger
- Achieved diversification of repayment dates and fixation of interest rates
- Planning to conduct partial early repayment of borrowings using the refund of consumption taxes as the source of repayment funds in the 2nd fiscal period. As a result,
 - assumed total assets-based LTV at the end of the 1st fiscal period (ending February 2017) is 48.6%, and
 - assumed total assets-based LTV at the end of the 2nd fiscal period (ending August 2017) is 46.6%

Cumulative Investment System

- Implement for officers and employees of the asset manager, Sakura Real Estate Funds Management, Inc. to acquire investment units of Sakura Sogo REIT.
- This will align the interests of Sakura Sogo REIT with those of the unitholders as is the case with the Sponsor Group.

Leveraging Property Sourcing (Procurement) Capabilities of Sponsors

The Investment Corporation receives extensive property sales information from Galileo and Nippon Kanzai Group's core companies based on the Sponsor Support Agreement and aims to achieve external growth by examining the aggressive acquisition of properties which match its investment policies.

Extensive Property Sourcing Routes



Warehousing through Galileo and Nippon Kanzai Group's Core Companies, etc.

Sponsor Support Agreement

galileo

Nippon Kanzai Co., Ltd.

Network with domestic and global reach

- Has accumulated extensive information on real estate transactions in Japan based on its past experience in real estate management in Japan spanning over about ten years.
- Able to build long-term business relationships with real estate companies, investment business operators, financial institutions and pension funds, etc. overseas as an independent Australian real estate and fund management group.
- Able to do business with a wide range of partners without being restricted to any corporate group.

Direct discussions with fund managers conducting activities overseas

Good relationships with property owners

- Conducts business with a large number of companies through its building management and operation business which extends to major cities throughout the country.
- Able to exchange a variety of information on real estate with property owners and other property holders throughout Japan and able to obtain sales information on a diverse range of properties across Japan.

Access information directly from property owners

Investment Decisions based on Close Examination of Properties

The Investment Corporation makes decisions on property acquisitions consistent with stated investment guidelines based on careful examination of the potential to enhance the value of the properties being examined through proactive asset management.

Nippon Kanzai Group's expertise in building management and maintenance



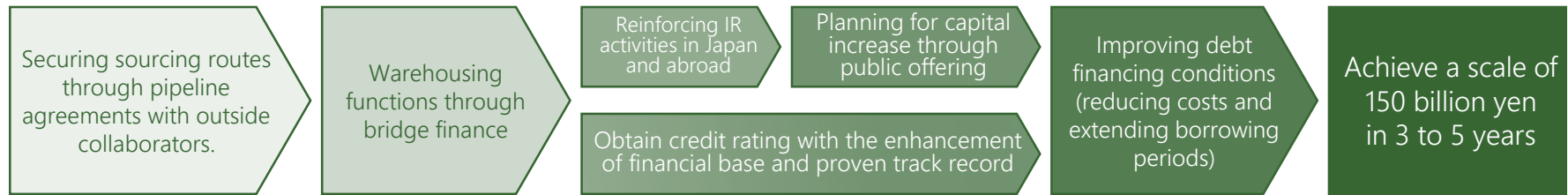
Careful Examination

- Expenses for conducting a reasonable level of maintenance and management
- Enhancement of cash flow and value through proper management and maintenance

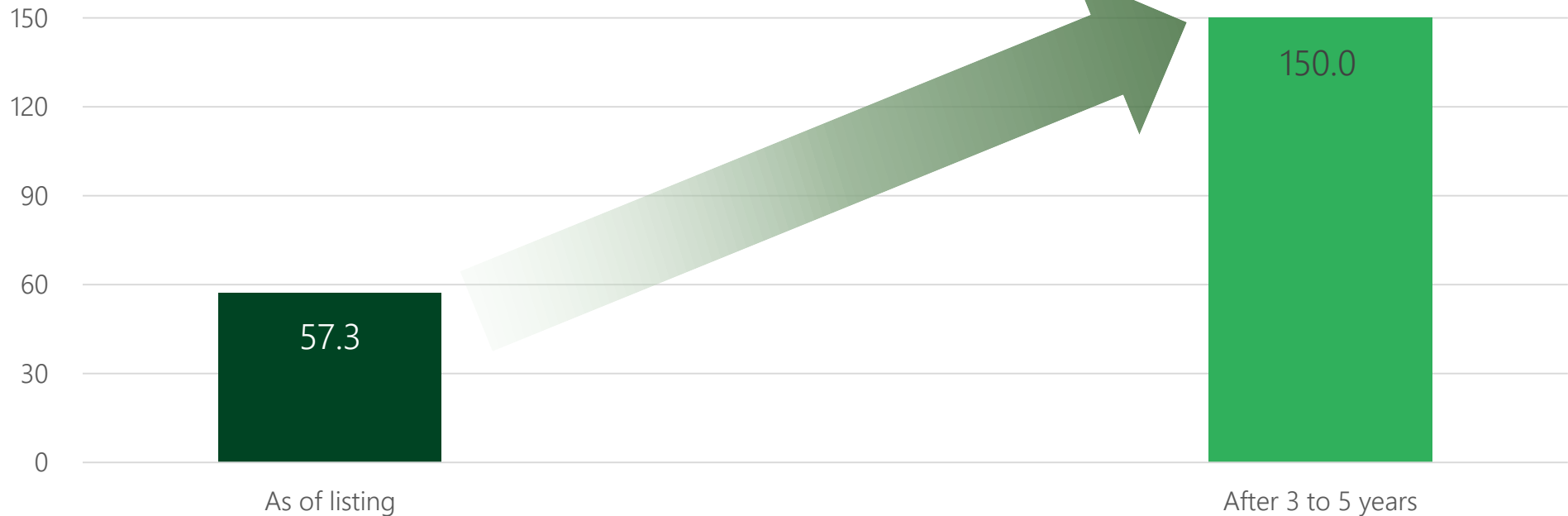


Decision on Acquisition

Medium-term Goal of Asset Size

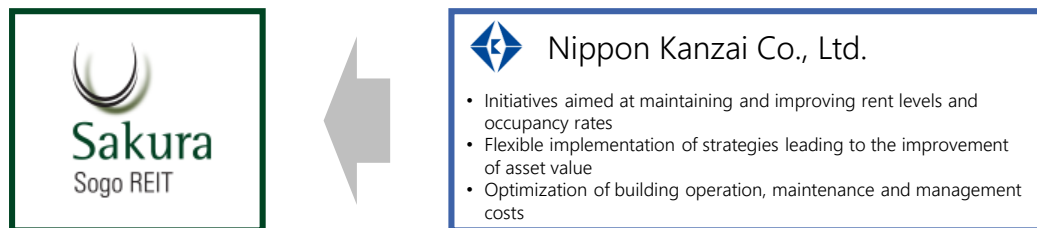


(billion yen)



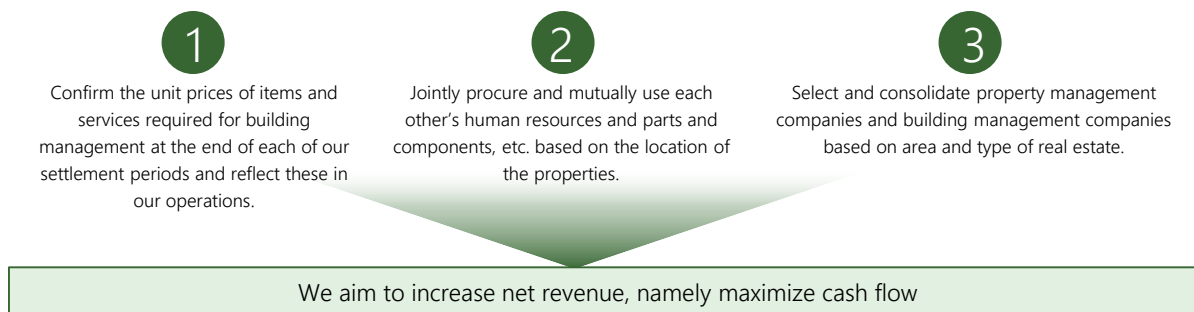
Leverage off of Galileo Group and Nippon Kanzai Group's Know-how

Galileo Group and Nippon Kanzai Group have an extensive track record both within and outside of Japan in various businesses within real estate services and the Investment Corporation intends to leverage this experience with the aim of carrying out proactive investment in order to maintain and improve asset value on an ongoing basis. The Investment Corporation believes that in particular, Nippon Kanzai Group has extensive know-how in real estate management not limited simply to management and operation aimed at maintaining the value of assets already held but also to more aggressively strive to maintain and improve asset value. In other words, it has the capabilities to make the operation of properties to increase asset value (to take care of a property) possible. The Investment Corporation aims to obtain this know-how from Nippon Kanzai Group to aggressively realize its internal growth.



Optimization of Building Operation, Maintenance and Management Costs

We aim to carry out systematic repair and maintenance work on properties held using Galileo Group and Nippon Kanzai Group's know-how to prevent the properties aging or becoming obsolete and thereby optimize building operation, maintenance and management costs



Initiatives Aimed at Maintaining and Improving Rents and Occupancy

Asset Manager Sakura Real Estate Funds Management, Inc. strives to aggressively maintain and improve rent levels and occupancy rates through the following initiatives related to the management and operation of real estate.

1. Perform a rental market survey on a quarterly basis and check gaps with the rents of each tenant and prevailing rents in the market based on the results thereof after which rent proposals shall be submitted based on the renewal date.
2. Ongoing comprehensive maintenance shall be carried out in order to maintain and increase the competitiveness of the properties by regularly observing competing properties in the market.
3. Nippon Kanzai Group has developed an integrated database for its building management and operation business covering a diverse range of property types which it takes advantage of to formulate optimal property management strategies and build tenant relationships
4. Obtain a detailed understanding of the service life of the building itself and its auxiliary facilities and carry out preventative and systematic repairs and services and also if necessary, make capital expenditures and strategic capital investments to facilitate an increase in rent and secure good tenants
5. Conversion to LED lighting will be promoted in private areas, tenants' needs will be monitored and determined with the aim of improving tenant satisfaction to ensure that we are able to respond to changes in the market
6. The performance of property management is reviewed for each accounting period and where necessary, improvements are requested and followed-up on, etc.
7. Even if a proposal is made by a tenant for a reduction in rent, we will aim to keep the rent at the same level or minimize the rent reduction to the extent possible by achieving a reduction in costs and an increase in sales thereof.

Office

Internal growth through revenue increase

We achieved an average rent increase of 10.6% for 6 tenants totaling an increase approximately 8.14 million yen/year (starting from February 2017), from passing rents. We also plan to negotiate rent increases with 7 more tenants going forward. Based on the aforementioned average increase rate, an increase of about 7.41 million yen/year is targeted (approx. 15.55 million yen in total), pushing up the ratio of sales in the 2nd and 3rd fiscal periods by 0.3%.

We continue to investigate opportunities to further increase revenue via projects such as installing telecommunication antennas on the rooftop, collecting rooftop ads fees, increasing on site vending machines and ATMs, etc.

Retail

Internal growth through revenue increase

We aim to increase revenue by approx. 2.10 million yen/year by shifting tenant rent revenue received as a percentage of sales to fixed rents.

In addition, we will continue to pursue revenue increases by holding regular events to increase traffic flow and attract more customers and increase tenants' sales.

We continue to investigate the feasibility of installing rooftop telecommunication antennas and ATM machines, increasing advertisement signage usage fees, etc.

Residential

Internal growth through revenue increase

We will continue to adhere to our leasing program and contract new tenants as quickly as possible and without fail during the busy seasons.

We will also implement rent-holiday strategies that are effective in generating rent payments at an early stage as well as consider employing measures to reduce initial costs, i.e. having landlord pay the initial rent guarantee commission, etc. to guarantors on behalf of the tenants. Furthermore, we will motivate brokers to approach prospective tenants more proactively by expanding the variation of methods for granting incentives to brokerage companies, with an aim to raise occupancy rates and stabilize operations.

Internal growth through cost reduction

We will continue to regularly verify cost reduction opportunities due to amendment of laws, technological renovation, etc.

Our basic policy is to build a stable and sound financial base aimed at maintaining and increasing revenue over the medium to long-term.

Equity Finance

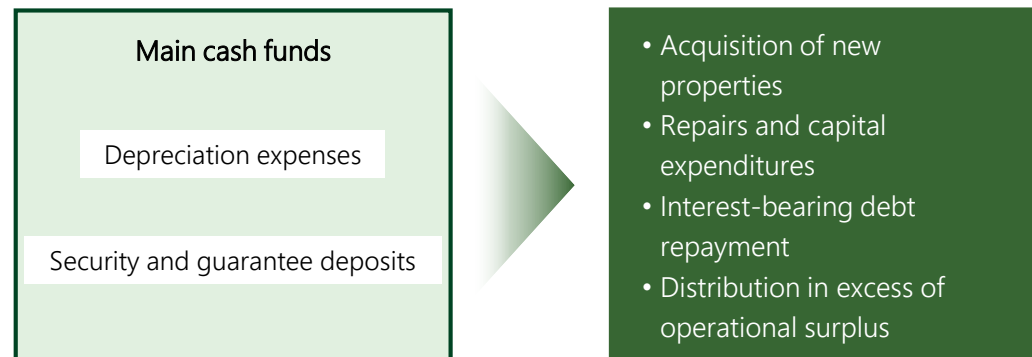
New investment units shall be issued for the purpose of expanding and increasing the scale and value of the managed assets and shall be issued flexibly taking into account the dilution of the rights of existing unitholders and the decrease in the trading value of the investment units associated therewith and comprehensively taking into consideration the acquisition time for real estate assets to be newly acquired, the loan to value ratio with respect to total assets (hereinafter "LTV") and the financial environment and economic market conditions, etc.

Debt Finance

The LTV level shall be up to 60% and flexible and meticulous leverage control shall be conducted with particular attention to maintaining financial reserves. The Investment Corporation shall build a strong bank formation primarily with major financial institutions as well as take active initiatives in diversifying funding sources by diversifying lenders and issuing investment corporation bonds (including short-term investment corporation bonds) in order to build a stable financial base and support future growth strategies.

Cash Management

The Investment Corporation's policy is to implement appropriate cash management aimed at improving capital efficiency. The Investment Corporation shall examine the allocation of cash on hand equivalent to depreciation expenses, security deposits and guarantee deposits deposited by tenants and other internal reserves as the main source of cash to the following.



Appendix

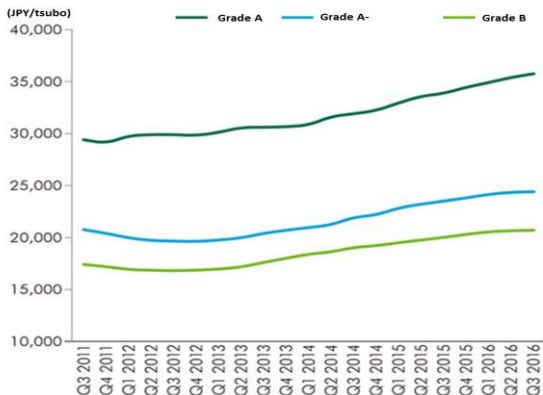
Office

Assumed contracted rents for Grade A for this term are 35,750 yen / tsubo, + 1.0% compared to the previous term. The price movements of rents are slow. However, in areas where rents are relatively lower such as the "Shinjuku" area, it is possible to retenant vacancies rather quickly. Owners are also bullish in such areas with asking rents also on the rise.

With grade A-, vacancy rates were 2.5%, 0.2 points compared to the previous term, as a large vacancy of more than 5,000 tsubo occurred due to the retirement of a large tenant in almost one building rented. Estimated contracted rents remained at 24,400 yen/tsubo, +0.2% compared to the previous term. Vacancy for grade B is flat, 2.7% compared with the previous term. In addition, even in buildings with prolonged vacancy, estimated contracted rents were 20,700 yen/tsubo, +0.2% of the previous term.

Actual Rent Paid (Assumption)

Grade A The five central wards : standard floor areas of 500 tsubo or more
 Grade A- 23wards : standard floor areas of 250 tsubo or more
 Grade B 23wards : standard floor of 200 tsubo or more

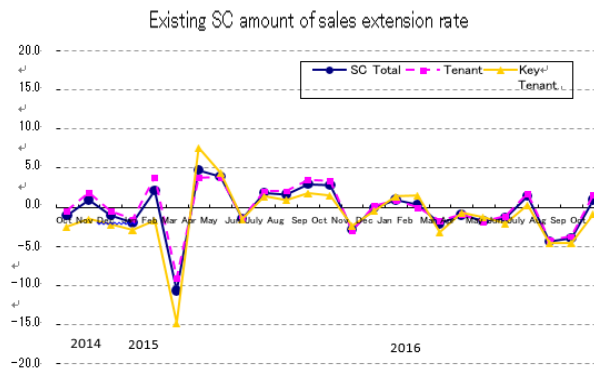


Source: CBRE MARKETVIEW Japan Office, Q3 2016

Retail

According to the change in sales report for January to October of the current fiscal year based on the data of Japan Council of Shopping Centers (sales statistics for 2016), sales are overall showing decreases across the country due primarily to sluggish sales of shopping centers in regional cities. However, October saw month-on-month sales growth (up 0.4%) for the first time since July, also indicating a 0.9% year-on-year growth. Many shopping centers cited effects of sales promotion events as a factor for the strong showing. Comparing October 2015 and October 2016, sales of shopping centers nationwide also indicated growth, leading us to believe that sales promotion events (Halloween events, etc.) as well as the duration and timing of sales promotions and discount sales are essential for expanding sales.

Since the temperatures for the next three months are expected to be around the average according to the three-month forecast announced on October 25 by the Meteorological Agency, normal-year sales can be expected. However, creative efforts unique to each shopping center featuring characteristics of the area and facility, such as sales promotion events and discount sales more suitable for the respective area, will be necessary going forward.



Source: Nippon Shopping Center Association 2016.11

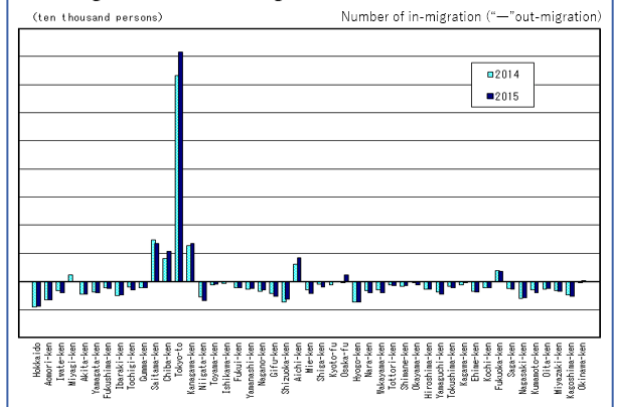
Residential

From the perspective of population inflow, excessive inflow to the Tokyo metro area has continued for 20 straight years, with the 4 years from 2011 in particular indicating this trend. Demand for rental properties is expected to grow as evidenced by this fact, and rental needs in the area are believed to remain high.

By prefecture, since Aichi continues to see population inflow; Osaka experienced excessive inflow in 2015 for the 1st time in 2 years; Fukuoka continues to see not only excessive inflow but also an increase in population since 1970 (in addition, Fukuoka City was highly evaluated as a "compact city"). As such rental needs are expected to grow in these areas.

With the increase of singles and DINKs among the younger generation (30's-40's), it is becoming more and more necessary accommodate their needs (convenience, large living spaces, high grade security, internet connectivity, etc.) in order to remain competitive.

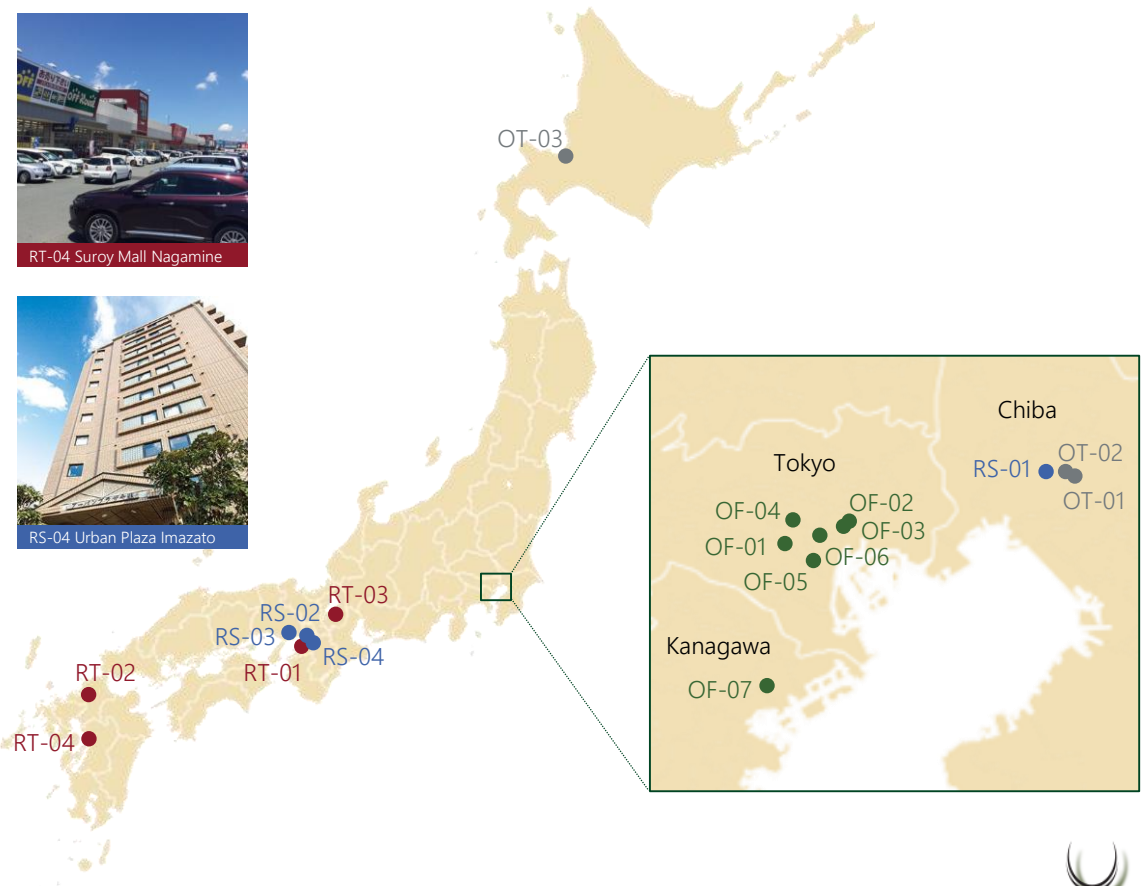
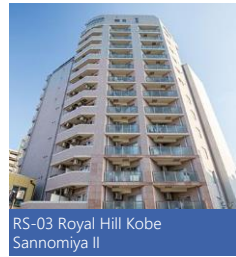
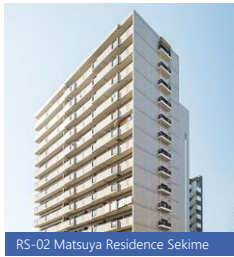
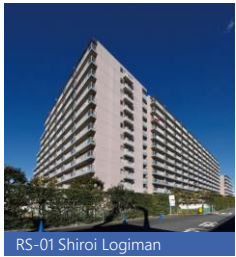
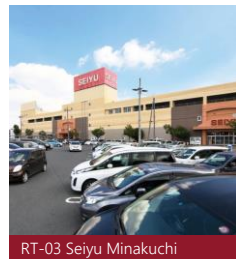
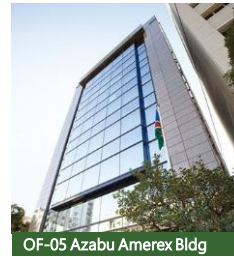
Figure 2 Number of Net-migration for Prefectures: 2014 and 2015



Source : Statistic Bureau, Ministry of Internal Affairs and Communications

as of September 30, 2016

No.	Asset Type	Property	Address	Acquisition Price (million yen)	Appraised Value (million yen)	Appraised NOI Yield (%)	NOI Yield after Depreciation (%)
OF-01	Office	Seishin Building	Shinjuku-ku, Tokyo	7,880	7,960	4.3	4.0
OF-02	Office	NK Building	Chiyoda-ku, Tokyo	3,730	3,780	4.7	4.4
OF-03	Office	Tsukasamachi Building	Chiyoda-ku, Tokyo	3,820	3,860	4.7	4.3
OF-04	Office	Takadanobaba Access	Shinjuku-ku, Tokyo	3,330	3,370	4.9	4.4
OF-05	Office	Azabu Amerex Building	Minato-ku, Tokyo	2,020	2,050	4.5	4.3
OF-06	Office	Hiei-Kudan Building	Chiyoda-ku, Tokyo	1,960	1,990	5.0	4.7
OF-07	Office	Shin-Yokohama Nara Building	Yokohama City, Kanagawa	1,910	1,930	5.6	4.9
RT-01	Retail	La Park Kishiwada	Kishiwada City, Osaka	6,460	6,510	6.2	5.0
RT-02	Retail	Suoy Mall Chikushino	Chikushino City, Fukuoka	7,670	7,810	5.7	4.8
RT-03	Retail	Seiyu Minakuchi	Koka City, Shiga	4,150	4,240	6.1	4.1
RT-04	Retail	Suoy Mall Nagamine	Kumamoto City, Kumamoto	4,180	4,320	5.7	4.9
RS-01	Residential	Shiroi Logiman	Shiroi City, Chiba	2,180	2,190	7.4	5.8
RS-02	Residential	Matsuya Residence Sekime	Osaka City, Osaka	1,820	1,850	6.6	5.6
RS-03	Residential	Royal Hill Kobe Sannomiya II	Kobe City, Hyogo	1,480	1,500	5.6	4.0
RS-04	Residential	Urban Plaza Imazato	Osaka City, Osaka	940	959	6.2	5.1
OT-01	Other	Funabashi Hi-Tech Park Hidan	Funabashi City, Chiba	1,720	1,760	6.4	5.3
OT-02	Other	Funabashi Hi-Tech Park	Funabashi City, Chiba	710	749	6.8	5.8
OT-03	Other	Confomall Sapporo	Sapporo City, Hokkaido	1,400	1,430	5.9	4.1
Total (18 properties)				57,360	58,258	5.5	4.6



Income and Expenditure Forecast by Property for 1st Fiscal Period (173 operating days)

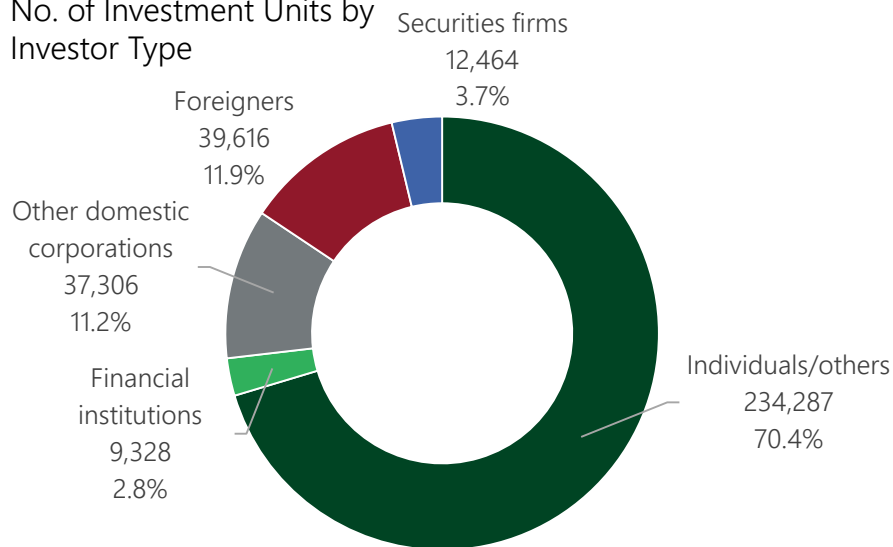
Sakura Sogo REIT Investment Corporation

Unit: thousand yen

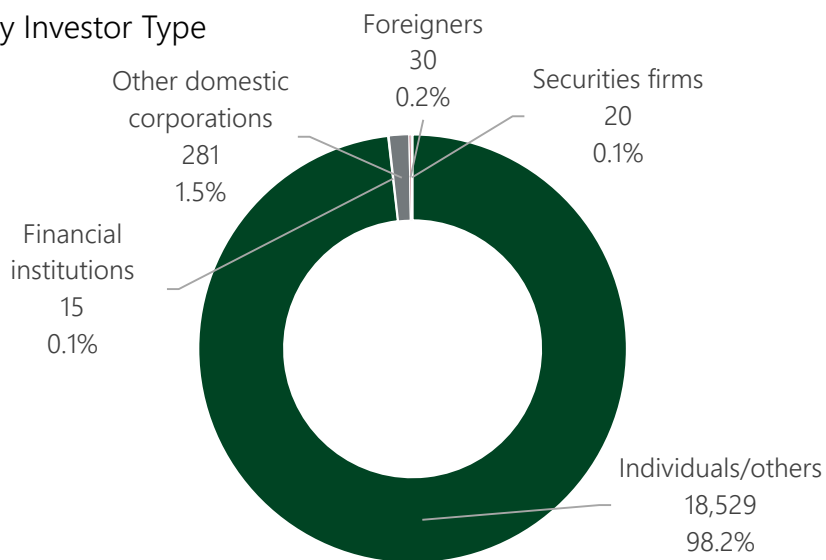
	Seishin Building	NK Building	Tsukasamachi Building	Takadanobaba Access	Azabu Amerex Building	Hiei-Kudan Building
Operating revenue from real estate leasing	219,128	116,648	100,416	84,361	62,929	63,749
Lease business revenue	159,938	90,859	76,058	49,265	46,466	54,842
Other Lease business revenue	59,190	25,790	24,358	35,096	16,463	8,907
Operating expenses from real estate leasing	44,825	30,000	25,908	43,327	15,011	14,359
Management fees	12,238	12,720	6,867	14,657	7,117	10,529
Utilities expenses	16,731	10,127	7,406	11,825	3,389	29
Insurance premium	195	140	131	137	80	122
Depreciation	10,638	5,260	6,346	7,023	2,024	2,520
Other expenses	5,024	1,754	5,157	9,686	2,402	1,160
Operating income (loss) from real estate leasing	174,302	86,648	74,509	41,034	47,918	49,390
Leasing NOI	184,940	91,908	80,855	48,057	49,942	51,909
	Shin-Yokohama Nara Building	La Park Kishiwada	Suoy Mall Chikushino	Seiyu Minakuchi	Suoy Mall Nagamine	Shiroy Logiman
Operating revenue from real estate leasing	73,472	495,911	284,825	152,925	170,660	132,493
Lease business revenue	41,997	329,478	255,883	152,925	132,111	111,741
Other Lease business revenue	31,475	166,433	28,942	-	38,549	20,752
Operating expenses from real estate leasing	30,897	296,547	86,154	63,481	62,192	63,543
Management fees	9,379	110,572	31,459	6,304	15,202	31,633
Utilities expenses	8,650	124,839	3,903	-	25,620	32
Insurance premium	130	879	398	363	194	520
Depreciation	7,158	37,023	34,647	40,761	17,297	18,202
Other expenses	5,580	23,235	15,748	16,054	3,879	13,156
Operating income (loss) from real estate leasing	42,575	199,364	198,670	89,444	108,467	68,950
Leasing NOI	49,733	236,387	233,317	130,205	125,764	87,152
	Matsuya Residence Sekime	Royal Hill Kobe Sannomiya II	Urban Plaza Imazato	Funabashi Hi-Tech Park Hidan	Funabashi Hi-Tech Park Factory	Conformall Sapporo
Operating revenue from real estate leasing	81,155	55,035	37,825	58,669	22,764	67,949
Lease business revenue	71,095	50,849	32,858	58,669	22,764	58,936
Other Lease business revenue	10,059	4,187	4,967	-	-	9,013
Operating expenses from real estate leasing	43,904	26,651	15,804	11,709	5,536	32,184
Management fees	24,428	7,843	6,985	2,010	1,568	6,402
Utilities expenses	2,924	1,912	530	-	-	9,732
Insurance premium	196	114	98	101	140	193
Depreciation	9,210	11,271	5,259	9,398	3,507	12,640
Other expenses	7,147	5,512	2,932	201	321	3,217
Operating income (loss) from real estate leasing	37,251	28,384	22,020	46,961	17,228	35,765
Leasing NOI	46,460	39,655	27,279	56,358	20,735	48,404

as of September 30, 2016

No. of Investment Units by Investor Type



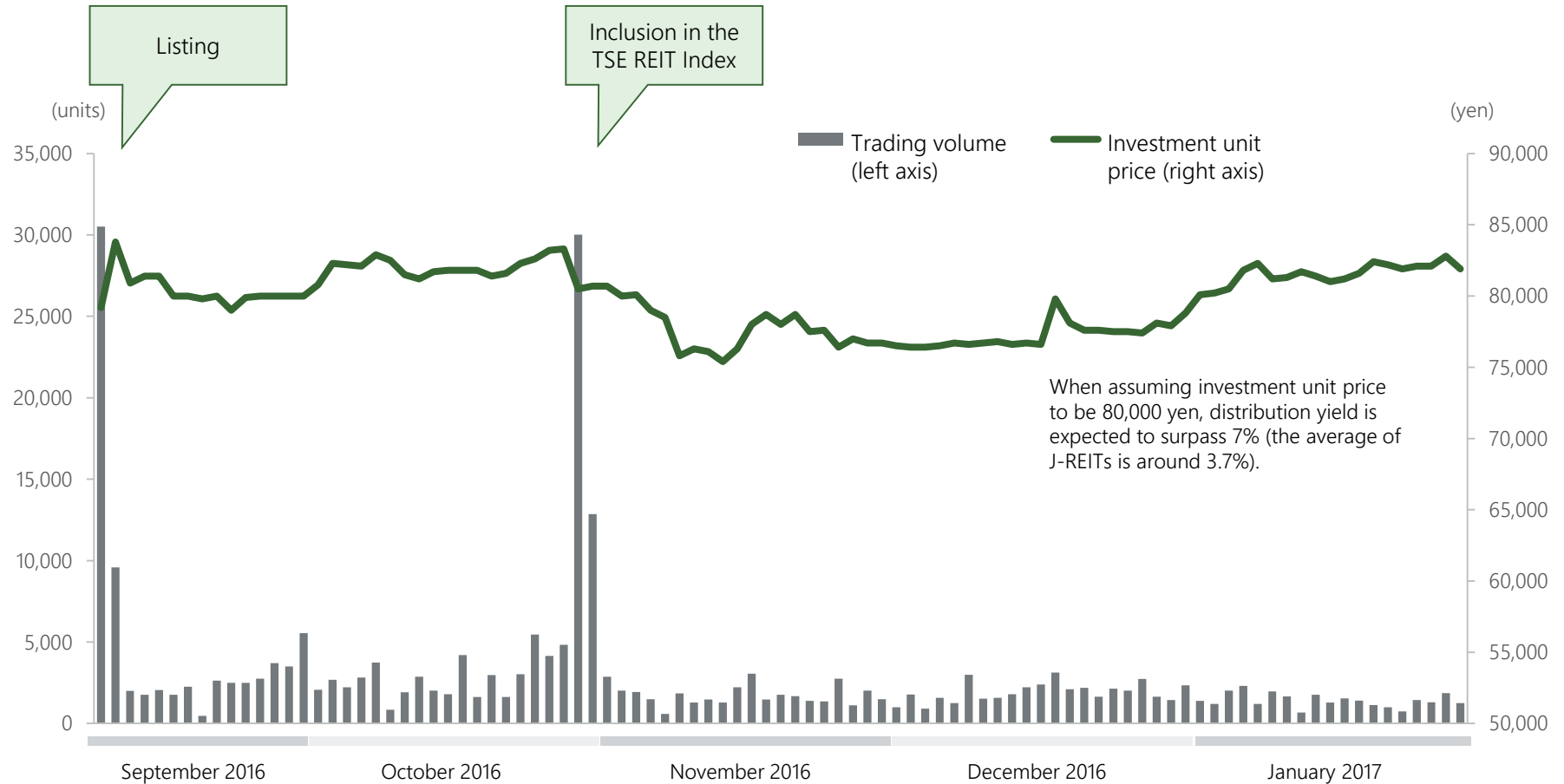
No. of Unitholders by Investor Type



Main Unitholders

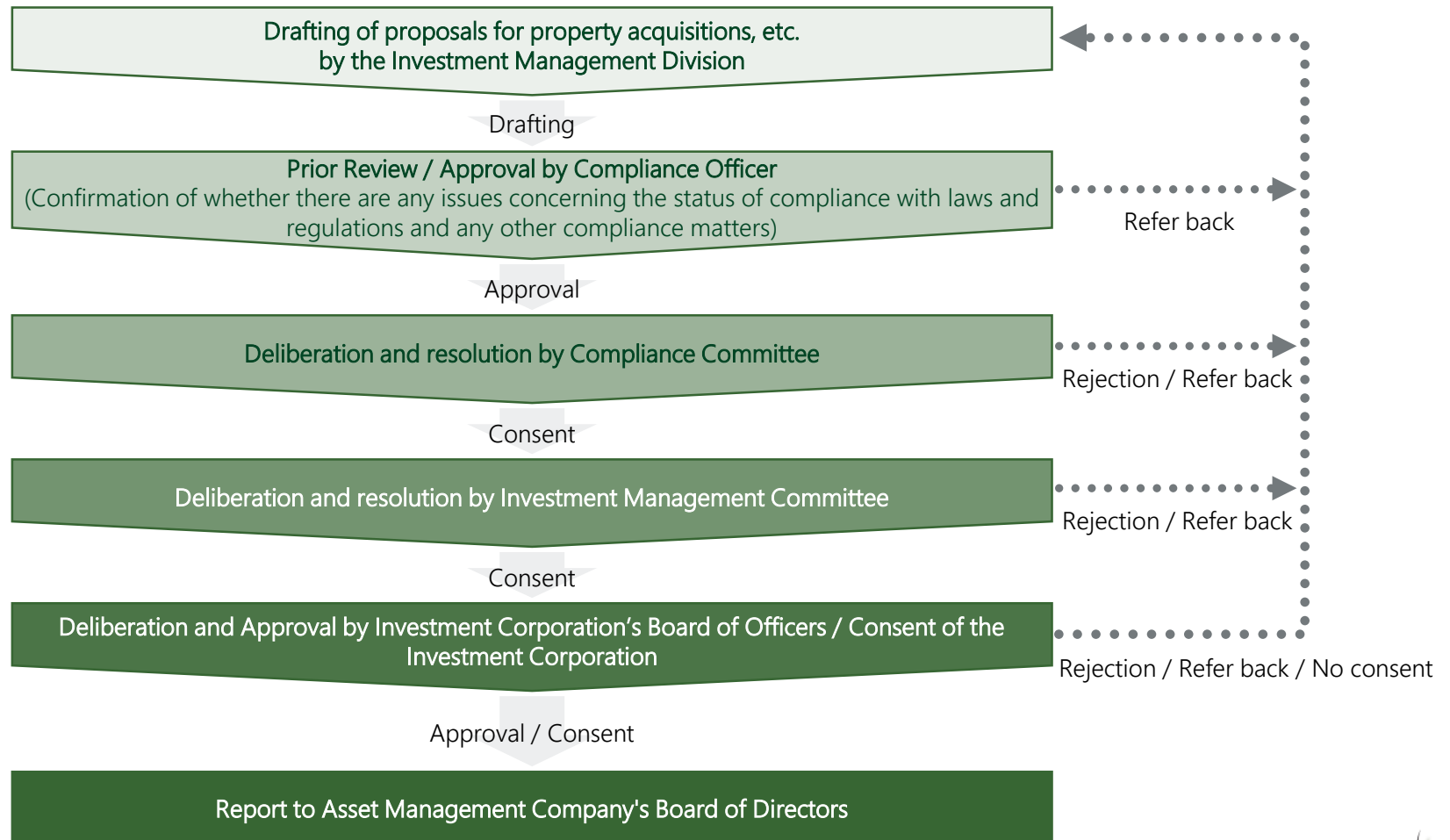
Rank	Name	Number of Units Owned (units)	Percentage Share (%)
1	Galaxy JREIT PTY Limited	8,700	2.61
1	Nippon Kanzaei Co., Ltd.	8,700	2.61
3	Credit Suisse Securities (Europe) Limited PB Omnibus Client Account	6,802	2.04
4	Sekai Shindokyo	5,510	1.65
5	JP Morgan Bank (Ireland) PLC 380423	5,337	1.60
6	SMBC Nikko Securities Inc.	4,695	1.40
7	BNYN SA/NV for BNYM for BNY GCM Client Accounts M LSCB RD	4,566	1.37
8	Credit Suisse AG Sydney Branch	3,398	1.02
9	The Nomura Trust and Banking Co., Ltd. (Investment account)	2,743	0.82
10	Mizuho Securities Co., Ltd.	2,321	0.69

(Note) Percentage Share is the number of units owned expressed as a percentage of total number of investment units issued and outstanding (rounded down to second decimal place).

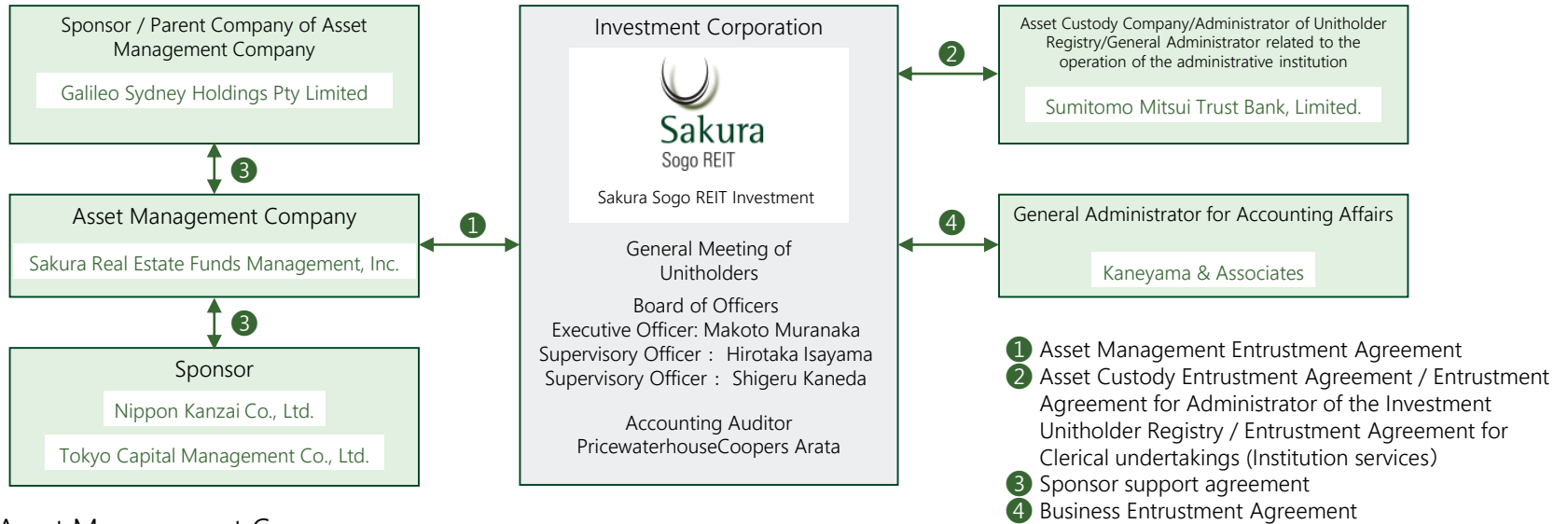


Decision-Making Process where the Acquisition, etc. of Assets Falls Under a Related Party Transaction

The Asset Management Company shall prepare investment guidelines and set forth investment policies, rules for transactions with related parties, policies on distribution and disclosure and other basic matters and carry out management of the Investment Corporation in accordance with the same.

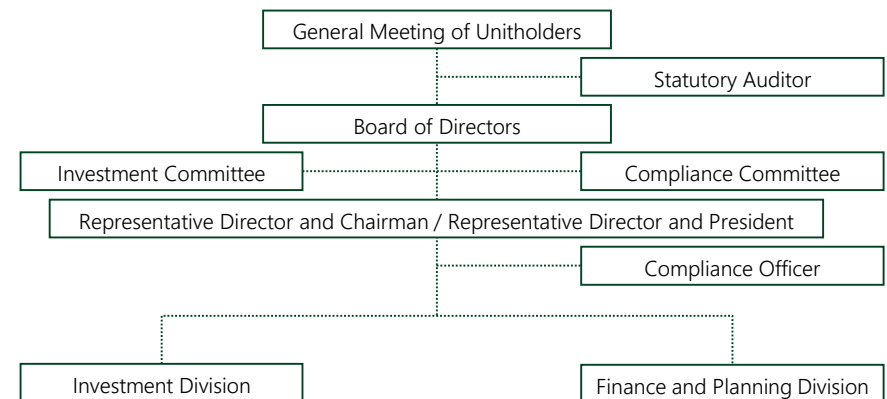


Schematic Diagram of the Investment Corporation's Structure



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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