

Financial Results for the 1st Fiscal Period (“FP1”)

Sakura Sogo REIT Investment Corporation (Securities code: 3473)

Fiscal Period ended 28 February 2017



| | | | |
|---|----|--|----|
| Section 1 – The Sponsors | | Section 5 – Management Key Priorities | |
| Overview of Sponsors | 4 | Management Key Priorities | 21 |
| Sponsor Support Structure | 5 | Part A – Internal Growth | 23 |
| Portfolio Investment Guidelines | 6 | Part B – External Growth | 27 |
| | | Roadmap for Growth | 28 |
| Section 2 – Fiscal Period 1 Financial Results | | Part C – Capital Management | 30 |
| Financial Results Overview | 8 | Overview of Borrowings | 31 |
| FP1 - Forecast vs Actual DPU | 9 | Status of Unitholders | 32 |
| DPU - FP1 vs Forecast FP2 & FP3 | 10 | | |
| Section 3 – JREIT Sector & Peer Comparison | | Appendix | |
| JREIT Sector | 12 | Balance Sheet and Statement of Income | 34 |
| JREIT Peer Comparison | 13 | Income and Expenditure by Property for FP1 | 35 |
| | | Portfolio Map | 37 |
| Section 4 – Key Performance Indicators (KPI's) | | Property – Appraisal & Yield Analysis | 38 |
| Portfolio KPIs | 15 | Overview of the Investment Corporation | 40 |
| Portfolio – Sector Analysis | 16 | Disclaimer | 41 |
| FP1 Internal Growth | 17 | | |
| Financial KPIs | 18 | | |
| Portfolio summary | 19 | | |

Section 1 – The Sponsors

Nippon Kanzai Co., Ltd.

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 building management and operation of a variety of buildings including office buildings, condominiums and retail facilities in major cities across Japan and through its business operations, it has acquired extensive know-how in the building management and operation of buildings of various sizes, purpose of use and location.

Characteristics of Nippon Kanzai Group

- Provision of a Full-Line of Real Estate Management Services**

Its core business is building maintenance, however other related services include facilities management, cleaning, security and property management.

- High Level of Management**

Nippon Kanzai Group is able to achieve industry best practice in terms of building maintenance and management by developing and leveraging its own original technology and databases described below.

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

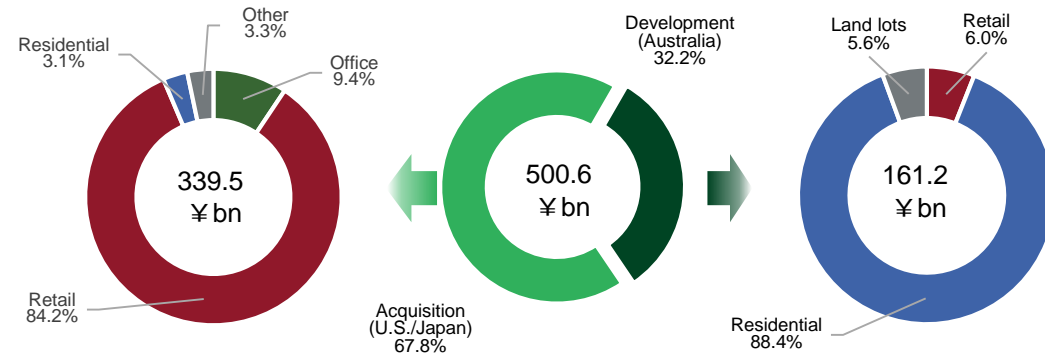
galileo

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

Track Record of Galileo Group



■ Acquisitions by Asset Type (U.S./Japan) ■ Galileo Group's Acquisitions and Developments (Global) ■ Development by Asset Type (Australia)



Source: Galileo Group - Cumulative figures from 2003 to September 30, 2016

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 Agreement executed with Nippon Kanzai and Galileo Group¹

| Support Provided | |
|-------------------------|---|
| External Growth Support | Provision of sales information on properties held and granting of first refusal rights |
| | Provision of information on external properties |
| | 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 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" means Nippon Kanzai and Tokyo Capital Management

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

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

| | | |
|--|--------------------------------------|----------------------|
| Tokyo Metropolitan Area Approx. 50% | Regional Major Cities Approx. 40% | Other Approx. 10% |
|--|--------------------------------------|----------------------|

Section 2 – Fiscal Period 1 Financial Results

Interim Forecast vs. Actual for the fiscal period ended February 2017 (“FP1”)

Unit: ¥ mil

| | Interim forecast 14 November 2016 | Actual 28 February 2017 | Variance |
|---------------------------------|--------------------------------------|----------------------------|------------|
| Operating revenue | 2,280 | 2,253 | (27) |
| Operating expenses | 1,315 | 1,194 | (121) |
| Operating profit | 965 | 1,059 | 94 |
| Non-operating expenses | 578 | 549 | (29) |
| Ordinary profit | 387 | 510 | 123 |
| Net profit | 387 | 509 | 122 |
| Distribution per unit (DPU) (¥) | 1,164 | 1,529 | 365 |

| Major factors |
|--|
| <ul style="list-style-type: none"> ▪ Downtime due to tenant replacement ▪ Leasing fees to be expensed in FP2. Annual building inspection contingency not required. Savings in sales promotion cost ▪ Savings in investment unit issuance costs ▪ Interest cost lower than forecast |

Forecast for the 2nd (“FP2”) and 3rd (“FP3”) fiscal periods ended August 2017 and February 2018

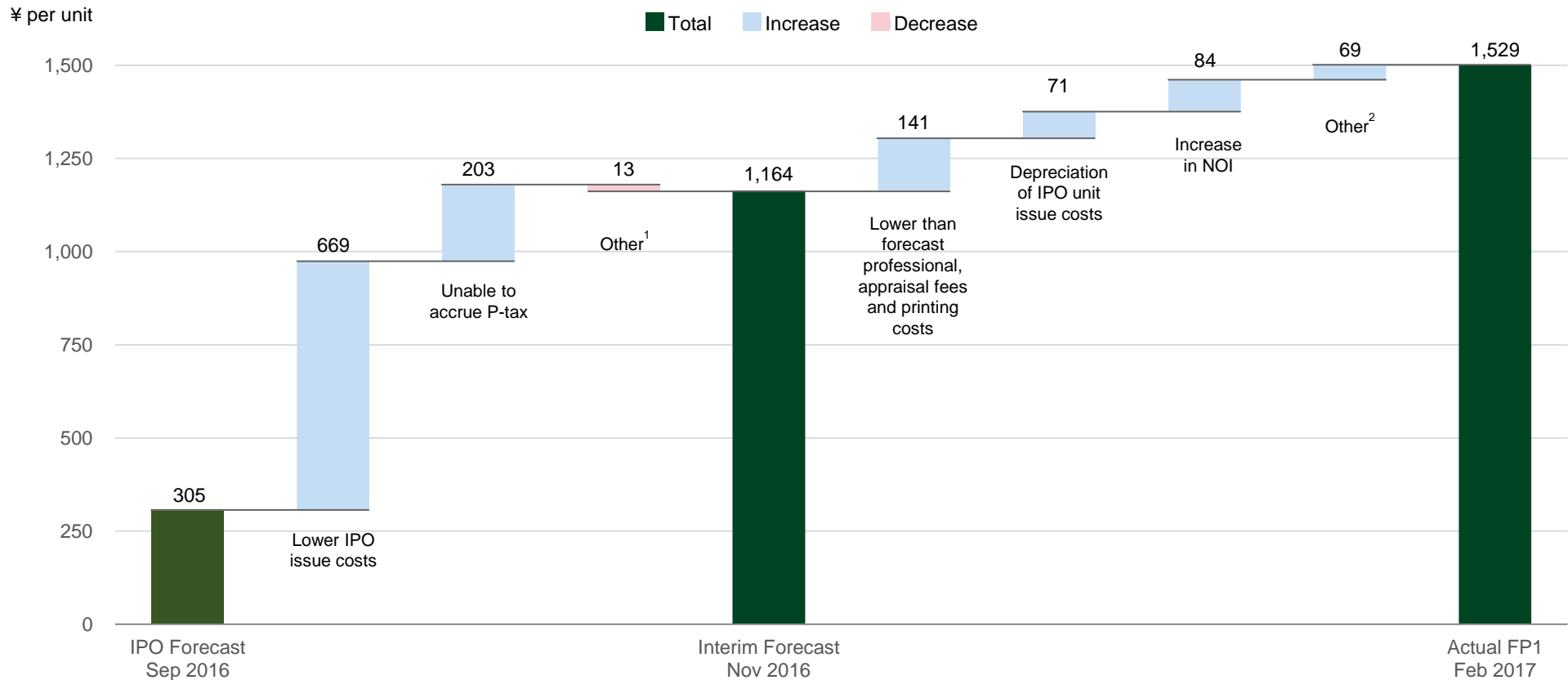
Unit: ¥ mil

| | FP2 Forecast 31 August 2017 | FP3 Forecast 28 February 2018 | Variance |
|-----------------------------------|--------------------------------|----------------------------------|--------------|
| Operating revenue | 2,428 | 2,441 | 13 |
| Operating expenses | 1,357 | 1,390 | 33 |
| Operating profit | 1,071 | 1,051 | (20) |
| Non-operating expenses | 137 | 151 | 14 |
| Ordinary profit | 934 | 900 | (34) |
| Net profit | 933 | 899 | (34) |
| Distribution per unit (DPU) (¥) | 2,803 | 2,700 | (103) |
| Annualized DPU yield ¹ | 7.3% | 7.1% | |

| Major factors |
|---|
| <ul style="list-style-type: none"> ▪ Contracted upward rent revisions, re-tenanting ▪ Waiver of Management fee based on NOI ends FP3 ▪ Forecast additional interest cost associated with refinance of short term borrowings and extension of loan maturity profile |

Primary Reasons for FP1 Variances

- Lower than forecast IPO issue costs
- IPO forecast had assumed accrual for P-tax in FP1
- Lower than forecast costs for audit, tax and accounting

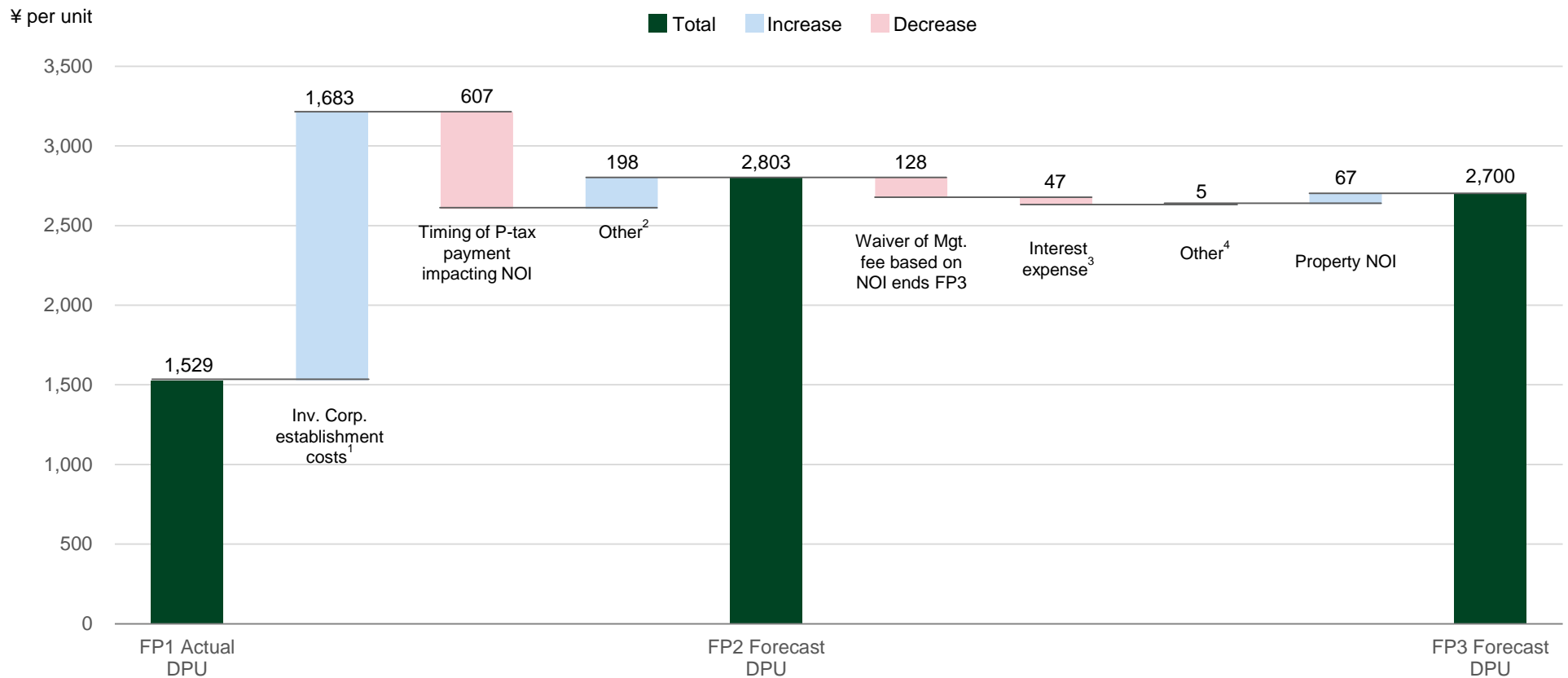


¹ Other: variances in forecast associated with tenant downtime, depreciation, security agency fee

² Other: variances in forecast associated with depreciation and non-refundable C-Tax

FP2 and PF3 Forecast Variances

- Forecast DPU in FP2 of ¥2,803 per unit and FP3 of ¥2,700 per unit
- Annualized DPU yield of 7.3% and 7.1%, for FP2 and FP3 respectively based on the closing price of ¥76,300 on 12 April 2017



¹ Costs related to unit issuance, loan origination & non-refundable C-tax

² Includes variances in operating expenses, interest expense and depreciation

³ Increased interest expense associated with assumed 5 year extension of short term loan maturities in Aug 2017

⁴ Includes depreciation and other operating expenses

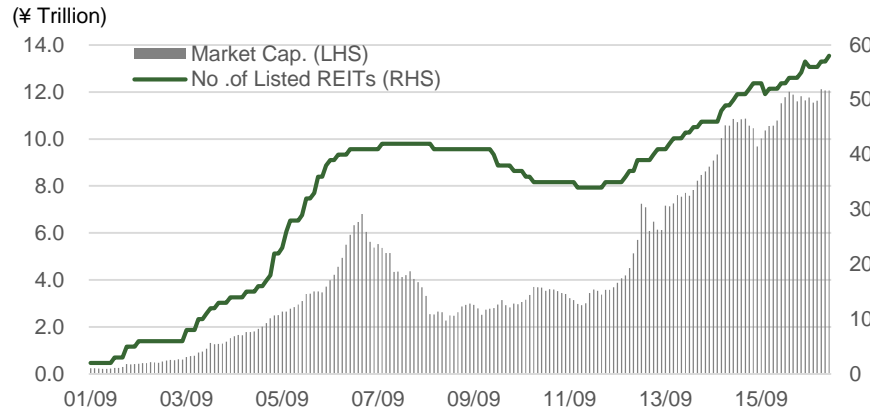


Section 3 – JREIT Sector & Peer Comparison

JREIT Sector

- Total market capitalization has increased 167% or ¥7.6 trillion since December 2012 and now exceeds ¥12 trillion
- 58 JREIT's with 7 new entrants in the past 12 months, the sector continues to benefit from strong investor support
- Although the TSE REIT Index is at a similar level vs June 2016, the DPU yield gap of larger vs smaller REIT's has widened significantly

Number of Listed J-REITs and Market Capitalisation¹



Number of Listed J-REITs and Market Capitalisation¹

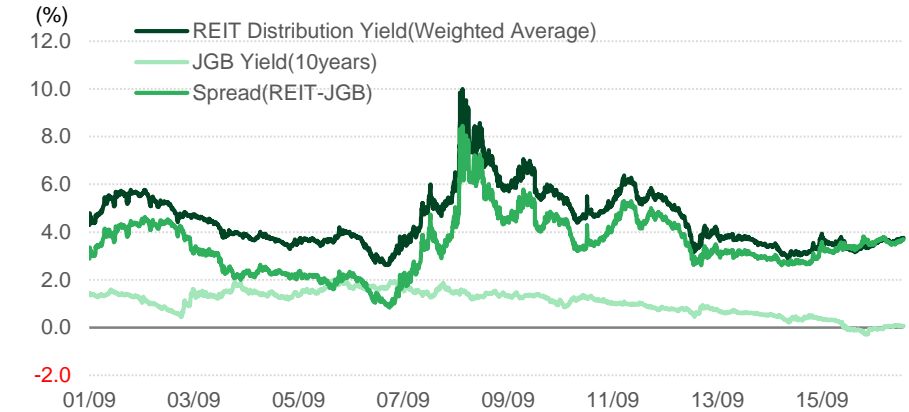
| | IPO | | PO | | IPO+PO | | J-REIT Total Market Cap (USDm) |
|------|--------|--------------|--------|--------------|--------|--------------|--------------------------------|
| | Volume | Value (USDm) | Volume | Value (USDm) | Volume | Value (USDm) | |
| 2012 | 4 | 2,462 | 11 | 1,931 | 15 | 4,393 | 39,940 |
| 2013 | 6 | 4,004 | 37 | 6,615 | 43 | 10,619 | 67,384 |
| 2014 | 6 | 2,103 | 30 | 5,137 | 36 | 7,240 | 93,614 |
| 2015 | 5 | 1,063 | 35 | 6,210 | 40 | 7,247 | 93,454 |
| 2016 | 7 | 2,712 | 30 | 4,849 | 37 | 7,560 | 107,286 |
| 2017 | 1 | 400 | 10 | 1,477 | 11 | 1,877 | 106,791 |

Note: As of 28 Feb 2017 (1 USD=¥113)

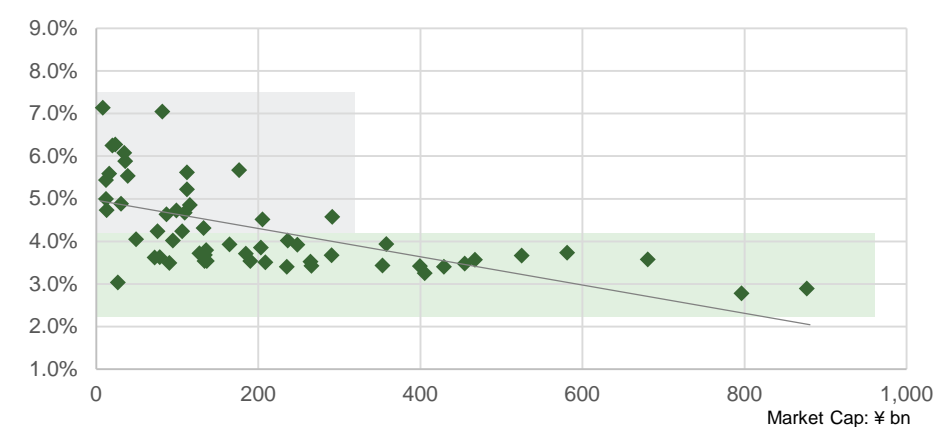
¹ Source: Nomura Securities Co. Ltd. / SMBC Nikko Securities Inc.

² Source: Nomura Securities Co. Ltd.

JREIT DPU Yields – Spread with JGBs still attractive²



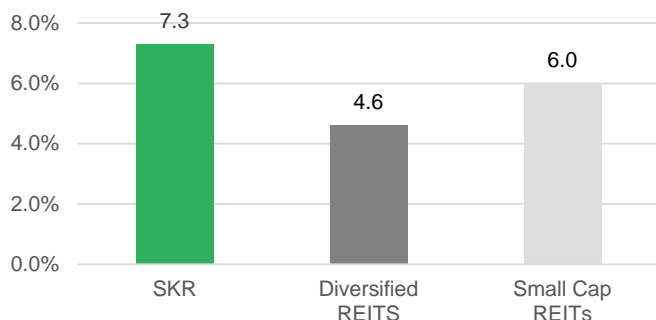
JREIT DPU Yields – Significant gap between small and large cap REITs¹



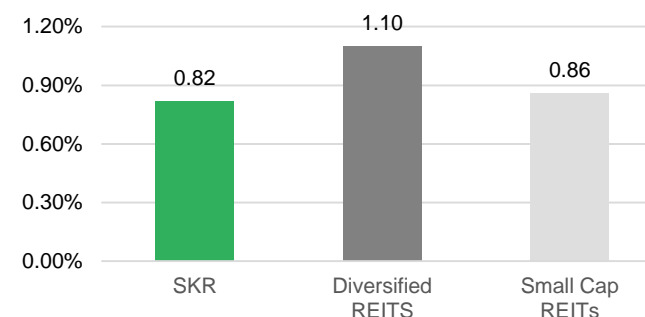
JREIT Peer Comparison¹

- Sakura Sogo REIT (“SKR”) DPU yield 270 basis points (“bps”) higher than Diversified REITs and 130 bps higher than Small Cap REITs²
- Based on current trading price SKR’s implied NOI cap rate is 5.6%, 120 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

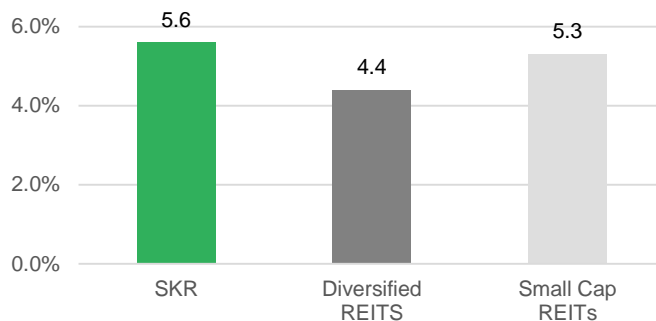
Annualised DPU Yield³



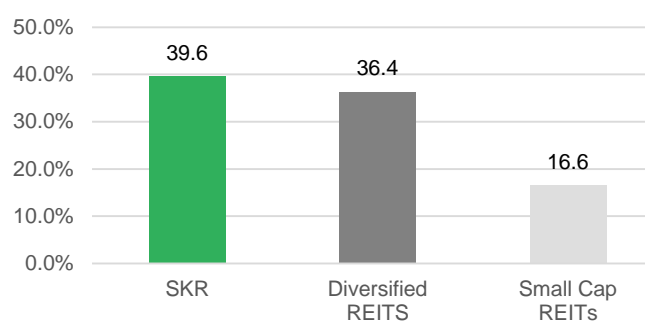
Price / Net Asset Value



Implied Capitalisation Rate



% of Portfolio located in Tokyo Central Five Wards



¹ Source: SMBC Nikko Securities Inc.

² Small Cap REITs defined as those with market capitalization less than ¥100 billion

³ Annualized DPU for SKR based on FP2 DPU and closing price of ¥76,300 on 12 April 2017. JREIT peers average DPU as at 30 March 2017.

Section 4 - Key Performance Indicators

Overview

Real estate market conditions remain robust

- Increase of 2.1% in portfolio appraisal value. Office +3.0% and Residential +2.4% were the strongest sectors
- Continued high level of occupancy across the portfolio
- Evidence of upward rent reviews in the office portfolio

Portfolio Value

| | Appraisal Value (¥ bn) | Book Value (¥ bn) | Unrealized Gain (¥ bn) |
|---------------------------|------------------------|-------------------|------------------------|
| @ IPO 8 September 2016 | 58.258 | 57.838 | 0.420 |
| @ FP1 28 February 2017 | 59.493 | 57.702 | 1.791 |
| Variance | 2.1% ↑ | 0.2% ↓ | 1.371 ↑ |



Hiei Kudan Building

Portfolio Performance

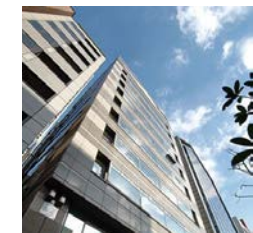
| | Occupancy (%) | NOI Cap Rate (%) ¹ | NOI (¥bn) ¹ |
|---------------------------|---------------|-------------------------------|------------------------|
| @ IPO 8 September 2016 | 97.7 | 5.4 | 3.141 |
| @ FP1 28 February 2017 | 97.5 | 5.3 | 3.133 |
| Variance | 0.2 ↓ | 0.1 ↓ | 0.3% ↓ |



Suroy Mall Chikushino

Market Trends

| | Office Market Rents ² | Office Passing Rents ³ | Tokyo Office Vacancy (%) ⁴ |
|---------------------------|----------------------------------|-----------------------------------|---------------------------------------|
| @ IPO 8 September 2016 | 16,059 | 15,311 | 2.7 |
| @ FP1 28 February 2017 | 16,059 | 15,442 | 2.5 |
| Variance | 0.0% ↔ | 0.9% ↑ | 0.2 ↓ |



NK Building

¹ As per independent appraisals dated February 2016 and February 2017

² Weighted average office market rents (¥/tsubo/month) as per independent appraisals dated February 2016 and February 2017

³ Weighted average office passing rent (¥/tsubo/month) as per independent appraisals dated February 2016 and February 2017

⁴ Source: CBRE Market Overview Japan Office Q3 2016 and Q4 2016

| | Office | Retail | Residential | Other |
|---|--------|--------|-------------|--------|
| Occupancy (%) | | | | |
| @ IPO 8 September 2016 | 98.4 | 98.0 | 95.0 | 100.0 |
| @ FP1 28 February 2017 | 94.3 | 98.9 | 94.6 | 99.7 |
| Variance | 4.1 ↓ | 0.9 ↑ | 0.4 ↓ | 0.3 ↓ |
| Passing Rents¹ | | | | |
| @ IPO 8 September 2016 | 15,459 | 4,430 | 4,618 | 4,543 |
| @ FP1 28 February 2017 | 15,467 | 4,432 | 4,611 | 4,545 |
| Variance | 0.1% ↑ | 0.0% ↔ | 0.1% ↓ | 0.0% ↔ |
| Appraisal Values (¥bn)² | | | | |
| @ IPO 8 September 2016 | 24.940 | 22.880 | 6.499 | 3.939 |
| @ FP1 28 February 2017 | 25.700 | 23.120 | 6.654 | 4.019 |
| Variance | 3.0% ↑ | 1.0% ↑ | 2.4% ↑ | 2.0% ↑ |
| NOI Cap Rates (%)² | | | | |
| @ IPO 8 September 2016 | 4.6 | 5.8 | 6.5 | 6.1 |
| @ FP1 28 February 2017 | 4.5 | 5.7 | 6.3 | 6.0 |
| Variance | 0.1 ↓ | 0.1 ↓ | 0.2 ↓ | 0.1 ↓ |

¹ ¥ per tsubo per month

² As per independent appraisals dated February 2016 and February 2017

Office Rent Reviews

| | |
|--------------------------------|------|
| Number of leases renewed | 17 |
| Number of rent reviews | 7 |
| Number of rent increases | 7 |
| Average rent increase (%) | 11.6 |
| % of office portfolio reviewed | 5.9 |



Seishin Building



Hiei Kudan Building



Azabu Amerex Building

Strategic Capital Expenditure

Shin Yokohama Nara Building

- LED lighting installed in the 1F lobby
- Occupancy prior to works 87.0%, current occupancy 100.0%
- Electricity costs down approximately 3.0%



Shin Yokohama Nara Building



Before



After

Overview

- LTV 48.0% at 28 February 2017. Adjusted for forecast repayment of ¥1.9 bn of short term borrowings in August 2017, LTV restated would be 46.0%
- NAV per unit increased 4.6% due to an uplift in appraisal values

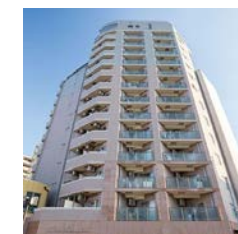
Balance Sheet

| | LTV (%) | Ave. loan maturity (years) | Total Liabilities (¥ bn) |
|---------------------------|---------|----------------------------|--------------------------|
| @ IPO 8 September 2016 | 48.9 | 2.79 | 33.93 |
| @ FP1 28 February 2017 | 48.0 | 2.32 | 34.63 |
| Variance | 0.9 ↓ | 0.47 ↓ | 2.1% ↑ |

| | Net Equity (¥ bn) | NAV (¥ per unit) | Total Assets (¥ bn) |
|---------------------------|-------------------|------------------|---------------------|
| @ IPO 8 September 2016 | 29.25 | 89,113 | 63.19 |
| @ FP1 28 February 2017 | 29.25 | 93,229 | 64.39 |
| Variance | 0.0% ↔ | 4.6% ↑ | 1.9% ↑ |



Shin Yokohama Nara



Royal Hill Sannomiya

Investment Units

| | Unit Price (¥ per unit) | Annualized DPU yield (%) | P/NAV |
|---------------------------|-------------------------|--------------------------|--------|
| @ IPO 8 September 2016 | 79,200 ¹ | 6.3 ² | 0.89 |
| 12 April 2017 | 76,300 | 7.3 ³ | 0.82 |
| Variance | 3.7% ↓ | 1.0 ↑ | 7.9% ↓ |



Confomall Sapporo

¹ Closing price on the first day trading on TSE

² Stabilized DPU yield based on IPO issue price of ¥91,000 and FP2 Forecast at IPO of ¥2,863

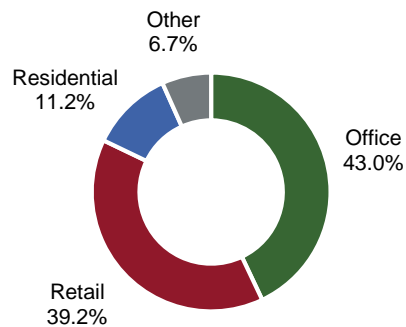
³ Annualized DPU yield based on FP2 forecast DPU of ¥2,803 and closing price on 12 April 2017 of ¥76,300

At February 28, 2017

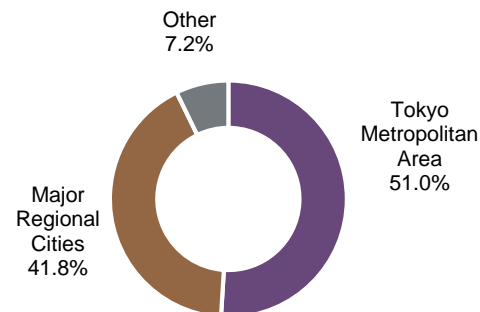
| | | | | | |
|---------------------|------|--------------------------|--------|--|-----|
| No. of properties | 18 | Total appraised value ¥m | 59,493 | Average NOI yield % ¹ | 5.5 |
| Average occupancy % | 97.5 | Total book value ¥m | 57,702 | Average NOI yield post depreciation % ¹ | 4.6 |

Portfolio Diversification

Investment Ratio by Asset Type



Investment Ratio by Location



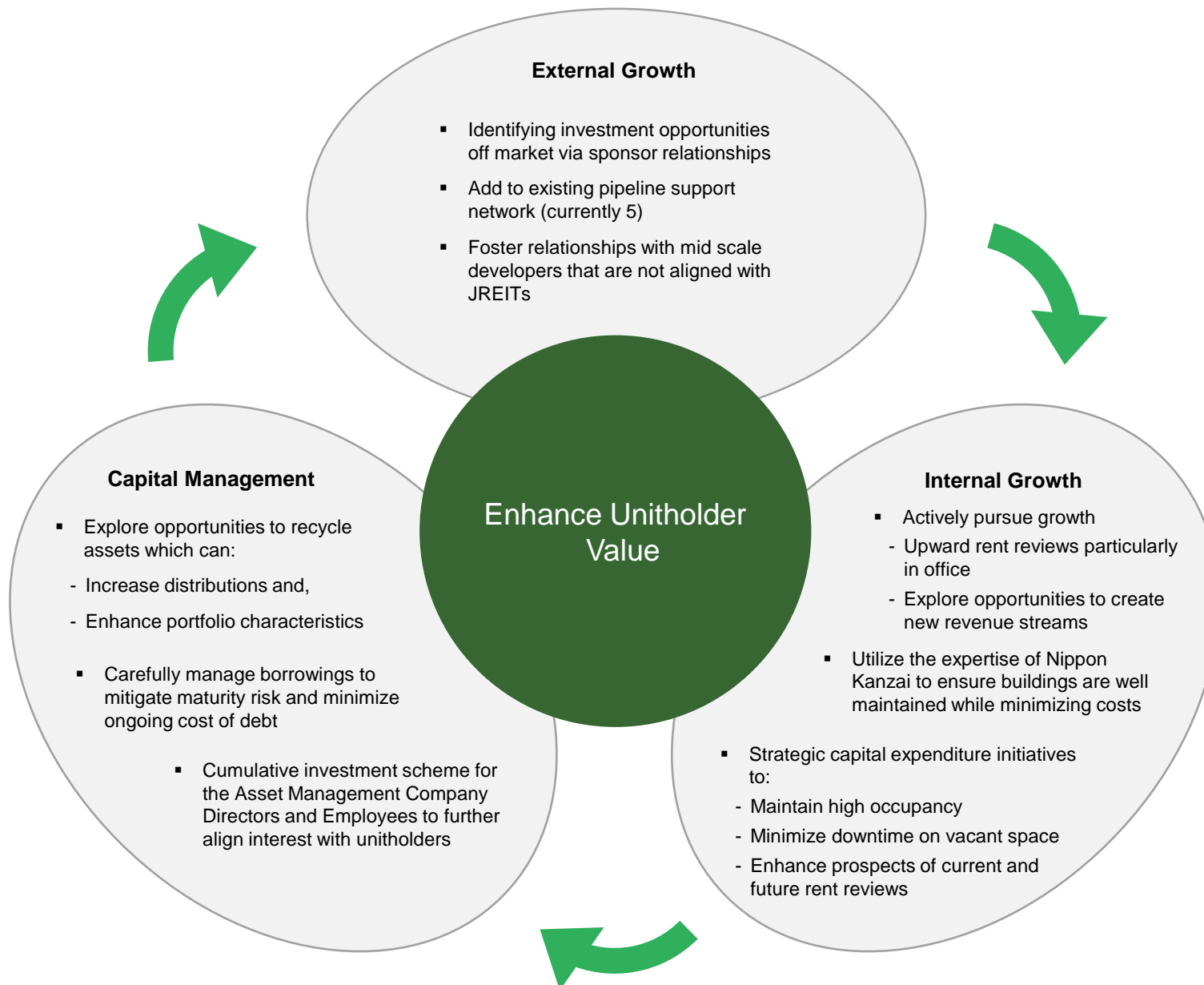
Lease type (by income)

| | |
|---|------|
| Standard Japanese leases % | 53.4 |
| Long term leases % | 46.6 |
| WALE ² of long term leases (years) | 5.4 |

¹ Calculated based on 9 September 2016 acquisition price

² Weighted average lease term to expiry

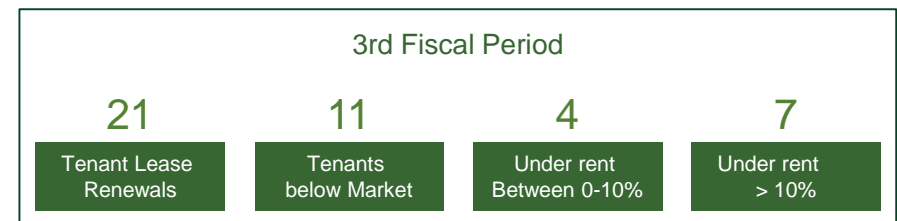
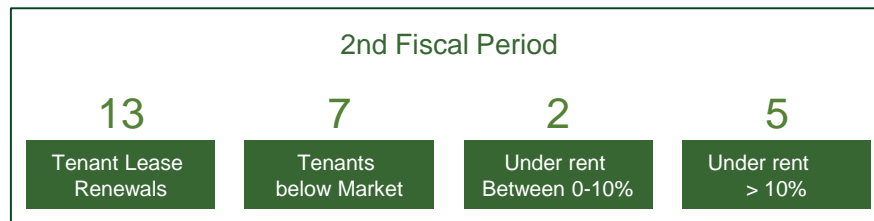
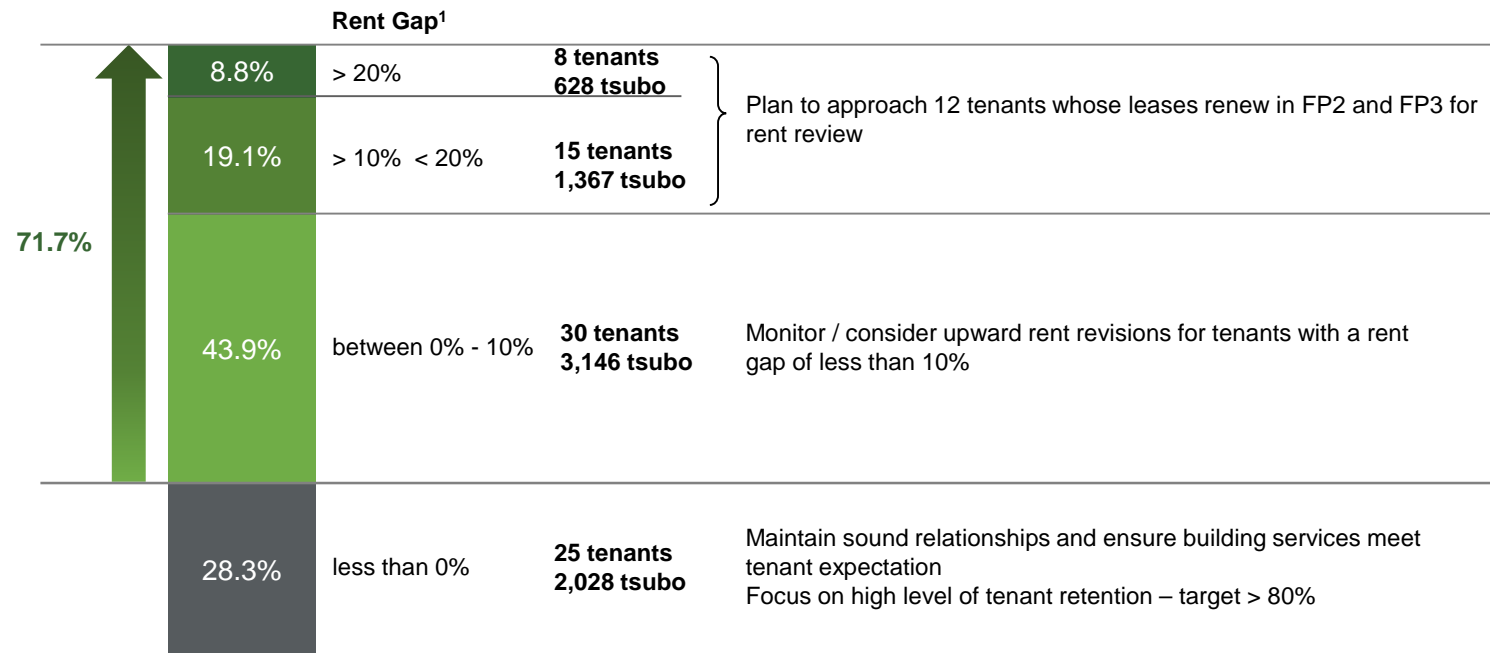
Section 5 - Management Key Priorities



Part A - Internal Growth Initiatives

Office

- Successful track record of achieving rent increases in office assets
- Average uplift of 11.6% for office rent reviews in FP1
- Based on independent appraisals over 70% of office floor space is at or below assessed market rent



¹ Average passing rent vs. assessed market rent from independent appraisal dated 28 February 2017

Retail

La Park Kishiwada Conversion Opportunity

- Vacant storage area has been successfully converted to office use leading to additional (higher) revenue
- Potential to convert additional vacant storage area to generate higher revenue (¥4m p.a.)

La Park Kishiwada 2F Tenant Repositioning

Introduction of a well known national apparel retailer and a major Kansai area based book store to achieve the following:

- improve overall retail offer
- increase appeal to young and family shoppers
- expected to increase foot traffic leading to higher sales potential for 2F existing tenants and the shopping center over all.

Residential

Shiroi Logiman Renovation Works

- Replaced carpet with wood flooring
- Resulting in an increase in average passing rents
- Actual vs. forecast downtime was reduced



Before



After

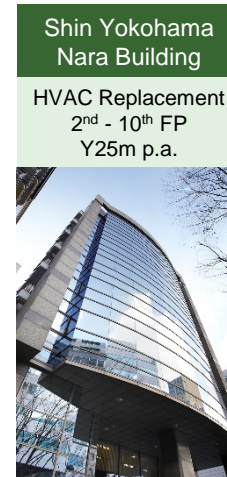
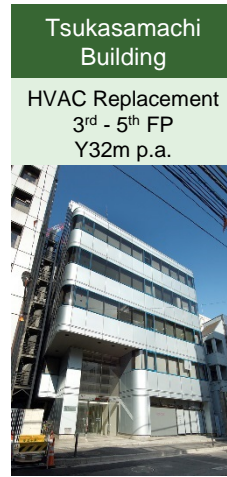
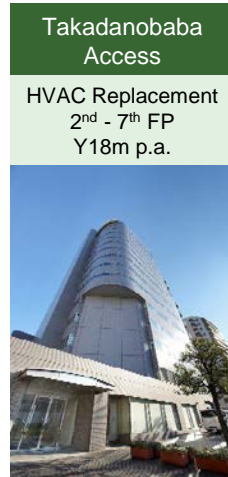
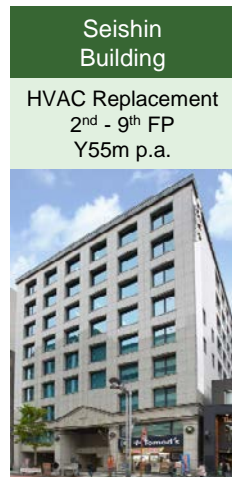
Shiroi Logiman Model Room

- A model room was established to show prospective tenants sample fixture and room layout
- Has been helpful in maintaining high occupancy



Office: Strategic Capital Expenditure

- Nippon Kanzai Group has undertaken extensive review of building services
- Nippon Kanzai Group is coordinating replacement of HVAC systems with the key objectives as follows:
 - High rate of tenant retention
 - Attract new tenants to minimize any downtime due to vacancy
 - Ensure building services meet tenant expectations to optimize rent review outcomes



Explore new revenue streams and cost reduction

- Promote actions to increase revenue such as installing rooftop telcom antennas, introducing bento trucks during lunch hours at office properties
 - Potential to generate additional revenue of approx. ¥600,000 p.a. per building
- Reduce costs by updating facility equipment such as LED lighting and HVAC



Part B - External Growth Initiatives

Pipeline Support Agreements

- Enhance investment opportunities through direct channels
- Pipeline Support Agreements will provide preferred negotiation rights for SKR
- At IPO three Pipeline Support Agreements were entered into by the Nippon Kanzai Group
- During FP1 two more were entered into by the Asset Management Company
 - Liv-Group and,
 - Real estate developer listed on TSE (confidentiality required)

Examples of Liv-Group recent developments



Chuo-ward
Tokyo



Adachi-ward
Tokyo



Kawasaki City
Kanagawa prefecture

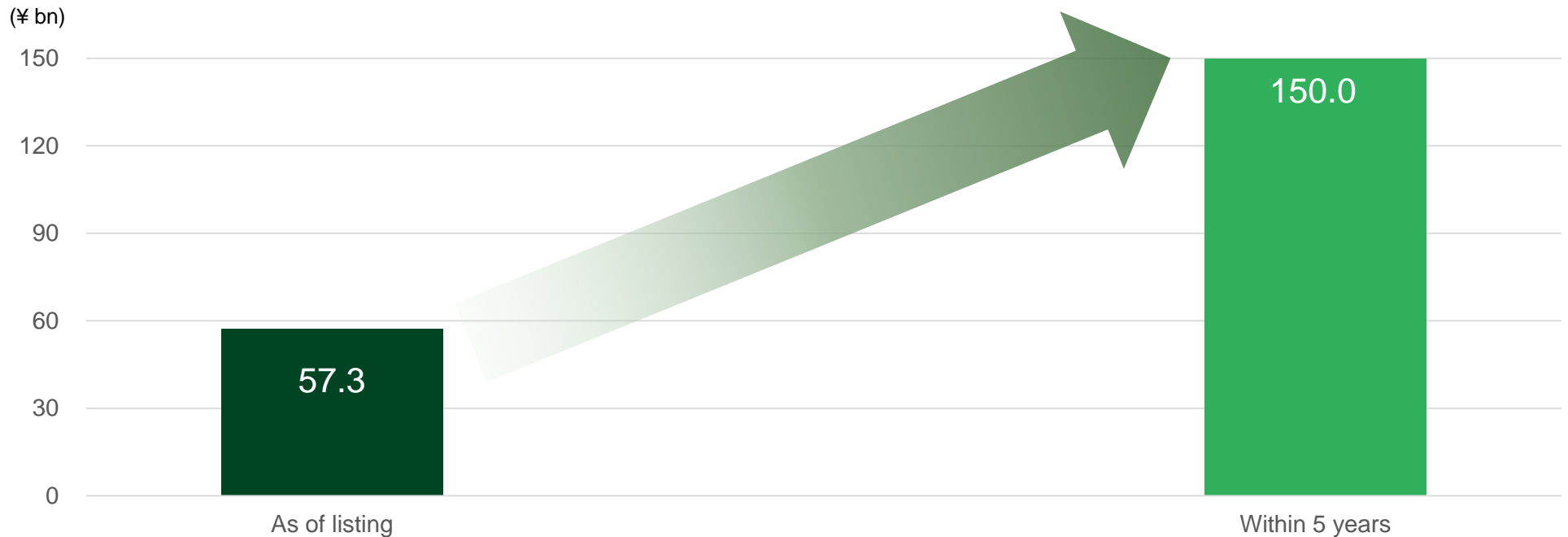
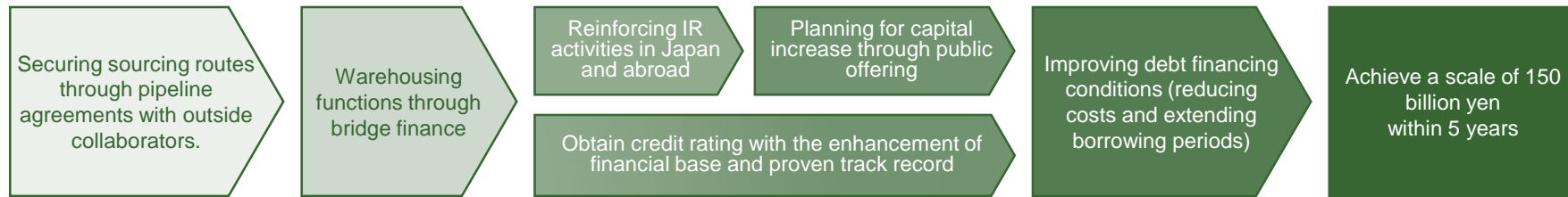


Saitama City
Saitama prefecture

Other initiatives

- Actively looking to foster relationships with mid scale developers
- Ongoing review of acquisition opportunities including 6 sourced directly without broker introduction

Medium-term Goal of Asset Size



Part C - Capital Management

Priorities and Initiatives

Short term loan maturities

- Plan to repay ¥1.0 bn consumption tax loan in August 2017 with c-tax refund
- Plan to repay ¥0.9 bn in August 2017 with surplus operating cash
- Stabilized borrowings following these repayments equates to ¥29.0 bn (stabilized LTV of 46%)
- Currently discussing terms for refinancing of ¥7.0 bn loan maturity in August 2017 with syndicate lenders
- Intention to pursue a refinancing that will extend the existing average loan maturity profile to exceed 3 years
- Strong focus on achieving optimal balance between duration of borrowings, maturity profile and proportion of fixed vs floating

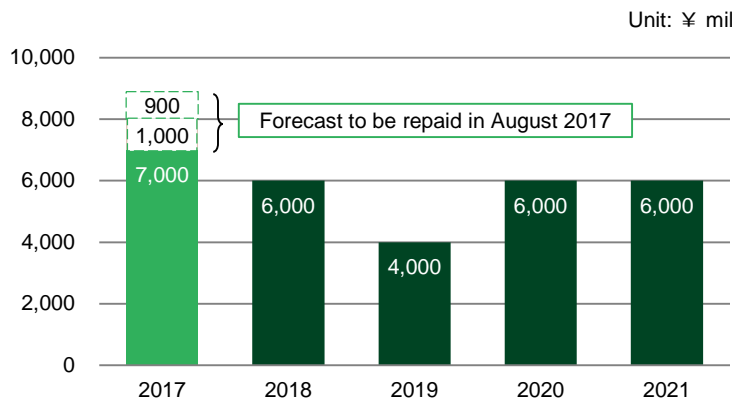
Explore recycling of assets / swaps

- Selectively consider asset sales and/or swaps where attractive reinvestment opportunities have been identified
- Primary objective to achieve the following:
 - Growth in DPU
 - Enhanced stability and/or growth in revenues
 - Improved overall portfolio characteristics

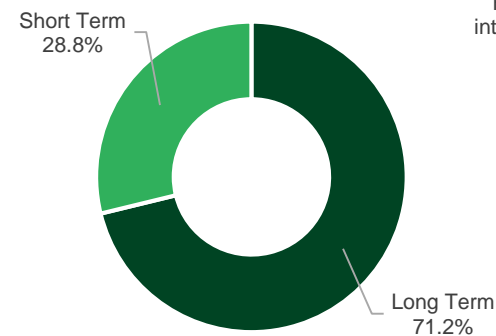
Alignment of interest with unitholders

- Introduced Cumulative Investment Scheme for Directors and Employees of SREFM or the Asset Manager
- Approximately 30% of the asset management fees that the Asset Manager receives are linked to NOI
- Incentive bonuses for all staff are directly linked to the performance of SKR

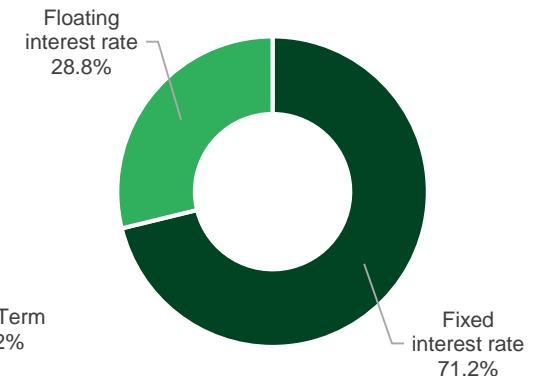
Summary of Loan Maturities



Debt Ratio - Term



Interest Rate Ratio

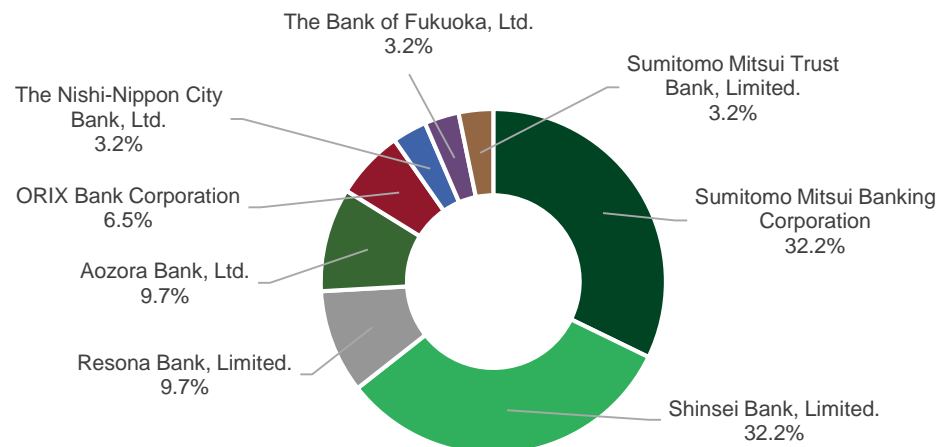


Borrowings

| | Lender | Loan amount | Forecast repayment | Forecast roll over | Forecast balance | Interest rate | Maturity date |
|--------------|---|---------------|--------------------|--------------------|------------------|----------------------------|---------------|
| | | (¥ mil) | (¥ mil) | (¥ mil) | (¥ mil) | | |
| | | 28-Feb-17 | 31-Aug-17 | 31-Aug-17 | 31-Aug-17 | | |
| Short-term | A Syndicate of lenders with Sumitomo Mitsui Banking Corporation | 4,900 | 1,900 | 3,000 | 3,000 | Base Rate +0.2% (floating) | 31-Aug-17 |
| | | 4,000 | - | 4,000 | 4,000 | Base Rate +0.2% (floating) | 31-Aug-17 |
| Long-term | (Sumitomo Mitsui Banking Corporation, Shinsei Bank, Limited, Resona Bank, Limited, Aozora Bank, Ltd., ORIX Bank Corporation, The Nishi-Nippon City Bank, Ltd., The Bank of Fukuoka, Ltd, Sumitomo Mitsui Trust Bank, Limited) | 6,000 | - | - | 6,000 | 0.62473% (fixed) | 31-Aug-18 |
| | | 4,000 | - | - | 4,000 | 0.71096% (fixed) | 30-Aug-19 |
| | | 6,000 | - | - | 6,000 | 0.81842% (fixed) | 31-Aug-20 |
| | | 6,000 | - | - | 6,000 | 0.93842% (fixed) | 31-Aug-21 |
| | | | | | | | |
| Total | | 30,900 | 1,900 | 7,000 | 29,000 | | |

Collateral: Unsecured and unguaranteed

Balance of Borrowings by Lender

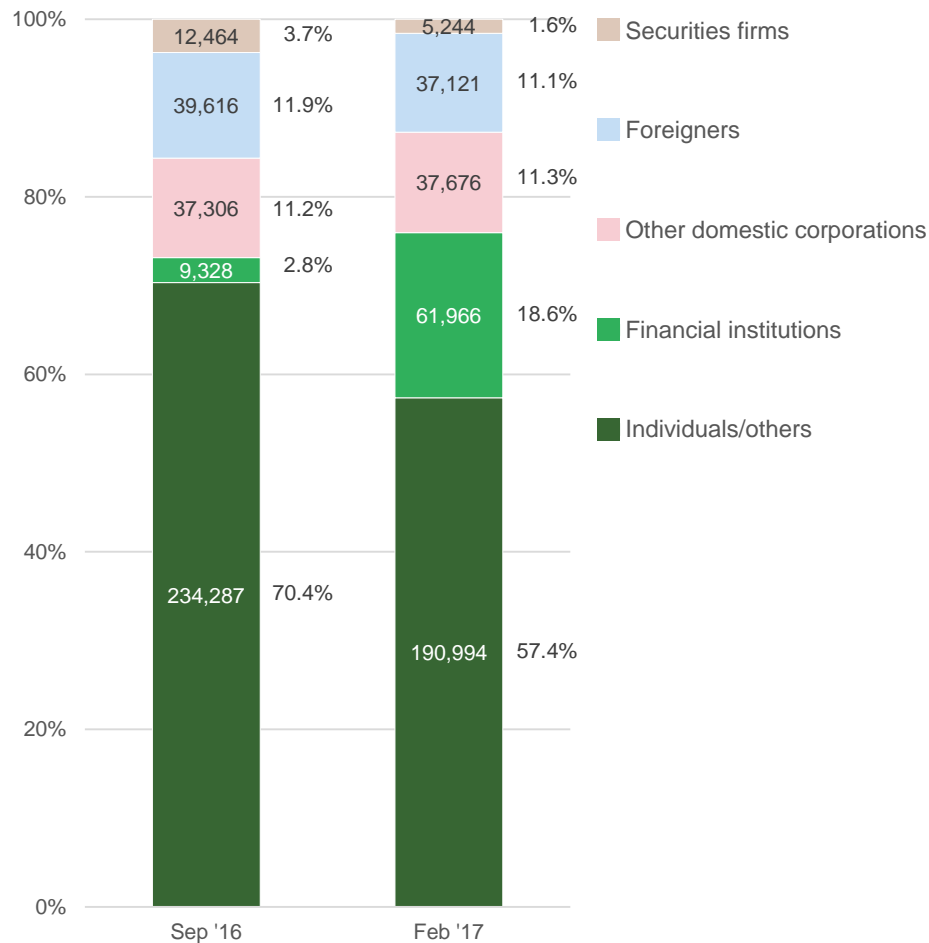


Loan cost and duration (at 28 February 2017)

Weighted average cost (%) **0.82**

Average duration (Years) **2.32**

No. of Investment Units by Investor Type



Main Unitholders

at 28 February 2017

| Rank | Name | Number of Units Owned | Percentage Share (%) ¹ |
|------|---|-----------------------|-----------------------------------|
| 1 | Japan Trustee Service Bank, Ltd. | 22,555 | 6.77 |
| 2 | JP Morgan Bank (Ireland) Plc 380423 | 12,814 | 3.85 |
| 3 | The Master Trust Bank of Japan, Ltd. | 11,899 | 3.57 |
| 4 | Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account) | 11,689 | 3.51 |
| 5 | The Nomura Trust and Banking Co., Ltd. (Investment account) | 11,598 | 3.48 |
| 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 | Sekai Shindokyo | 5,410 | 1.63 |
| 10 | Barclays Capital Securities Ltd. | 2,507 | 0.75 |

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 28 February 2017

| | Unit: ¥ mil |
|---|---------------|
| Assets | |
| Current assets | 6,571 |
| Cash and deposits | 1,062 |
| Cash and deposits in trust | 4,147 |
| Other | 1,362 |
| Non-current assets | 57,828 |
| Property, plant and equipment | 57,031 |
| Investments and other assets | 797 |
| Total assets | 64,399 |
| Liabilities | |
| Current liabilities | 9,515 |
| Operating accounts payable | 220 |
| Short-term loans payable | 8,900 |
| Accounts payable – other | 19 |
| Advances received | 372 |
| Other | 4 |
| Non-current liabilities | 25,120 |
| Long-term loans payable | 22,000 |
| Tenant leasehold and security deposits in trust | 3,120 |
| Total liabilities | 34,635 |
| Total unitholders' equity | 29,764 |
| Unitholders' capital | 29,255 |
| Surplus | 509 |
| Total net assets | 29,764 |
| Total liabilities and equity | 64,399 |

Statement of Income

| | Unit: ¥ mil |
|---|--------------|
| Operating revenue | 2,253 |
| Leasing business revenue | 1,979 |
| Other leasing business revenue | 274 |
| Operating expenses | 1,194 |
| Expenses related to rent business | 834 |
| Asset management fee | 108 |
| Asset custody fee/Administrative service fees | 23 |
| Directors' compensation | 11 |
| Other operating expenses | 218 |
| Operating profit | 1,059 |
| Non-operating expenses | 548 |
| Interest expenses | 90 |
| Depreciation of deferred organization expenses | 51 |
| Investment unit issuance expenses | 169 |
| Borrowing related expenses | 237 |
| Ordinary profit (loss) | 511 |
| Net profit (loss) before income taxes | 511 |
| Net profit (loss) | 509 |
| Unappropriated retained earnings (undisposed loss) | 509 |

Income and Expenditure by Property for FP1 (173 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 | 215,413 | 116,130 | 101,457 | 76,735 | 62,392 | 63,388 | 72,999 | 487,084 | 284,927 |
| Leasing business revenue | 193,303 | 105,032 | 89,462 | 61,929 | 58,499 | 61,118 | 59,947 | 390,930 | 281,251 |
| Other Leasing business revenue | 22,109 | 11,098 | 11,995 | 14,806 | 3,893 | 2,270 | 13,051 | 96,154 | 3,676 |
| Operating expenses from real estate leasing | 28,414 | 22,580 | 13,974 | 29,150 | 11,955 | 11,693 | 20,734 | 242,320 | 51,656 |
| Management fees | 13,803 | 12,222 | 6,787 | 19,116 | 7,943 | 10,474 | 13,550 | 125,104 | 34,777 |
| Utilities expenses | 12,146 | 8,707 | 5,815 | 6,615 | 3,279 | 28 | 5,930 | 105,114 | 3,721 |
| Insurance premium | 224 | 148 | 140 | 168 | 85 | 125 | 155 | 1,167 | 636 |
| Repair & Maintenance | 1,084 | 601 | 241 | 2,139 | 188 | 247 | 15 | 4,987 | 1,951 |
| Trust Fees | 718 | 718 | 718 | 715 | 359 | 718 | 718 | 1,754 | 718 |
| Other expenses | 437 | 181 | 271 | 395 | 99 | 98 | 364 | 4,191 | 9,850 ¹ |
| Leasing NOI | 186,999 | 93,550 | 87,483 | 47,585 | 50,437 | 51,695 | 52,265 | 244,764 | 233,271 |
| Depreciation | 10,998 | 5,531 | 6,614 | 7,295 | 2,135 | 2,607 | 7,386 | 38,268 | 35,677 |
| Operating income (loss) from real estate leasing | 176,000 | 88,018 | 80,868 | 40,289 | 48,301 | 49,088 | 44,878 | 206,495 | 197,593 |

Income and Expenditure by Property for FP1 (173 operating days)

Sakura Sogo REIT Investment Corporation

Unit: ¥'000

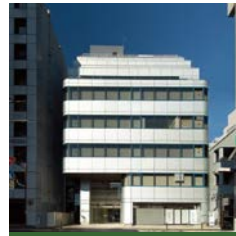
| | RT-03 | RT-04 | RS-01 | RS-02 | RS-03 | RS-04 | OT-01 | OT-02 | OT-03 |
|--|---------------------|---------------------|----------------|--------------------------|------------------------------|---------------------|------------------------------|--------------------------------|-------------------|
| | Seiyu Minakuchi | 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 Factory | Confomall Sapporo |
| Operating revenue from real estate leasing | Non-disclosure | 165,560 | 130,305 | 80,853 | 56,097 | 37,685 | Non-disclosure | Non-disclosure | 68,041 |
| Leasing business revenue | Non-disclosure | 135,639 | 121,824 | 74,672 | 51,955 | 35,799 | Non-disclosure | Non-disclosure | 58,379 |
| Other Leasing business revenue | Non-disclosure | 29,921 | 8,480 | 6,181 | 4,142 | 1,886 | Non-disclosure | Non-disclosure | 9,662 |
| Operating expenses from real estate leasing | 23,361 | 45,967 | 41,204 | 20,556 | 13,610 | 8,496 | 1,799 | 10,845 | 18,381 |
| Management fees | 5,790 | 15,658 | 25,126 | 12,061 | 8,228 | 5,082 | 950 | 9,873 | 6,244 |
| Utilities expenses | 0 | 22,153 | 2 | 2,377 | 1,607 | 490 | 0 | 133 | 9,941 |
| Insurance premium | 496 | 250 | 599 | 240 | 145 | 114 | 114 | 60 | 264 |
| Repair & Maintenance | 310 | 6,209 | 12,463 | 5,101 | 2,863 | 2,134 | 0 | 0 | 653 |
| Trust Fees | 715 | 718 | 1,197 | 359 | 359 | 359 | 718 | 718 | 718 |
| Other expenses | 16,048 ¹ | 976 | 1,815 | 416 | 406 | 313 | 16 | 59 | 558 |
| Leasing NOI | Non-disclosure | 119,593 | 89,100 | 60,297 | 42,487 | 29,189 | Non-disclosure | Non-disclosure | 49,660 |
| Depreciation | 41,792 | 17,492 | 18,655 | 9,543 | 11,552 | 5,423 | 9,291 | 2,991 | 12,877 |
| Operating income (loss) from real estate leasing | Non-disclosure | 102,101 | 70,444 | 50,753 | 30,934 | 23,766 | Non-disclosure | Non-disclosure | 36,782 |



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 Shiroy Logiman



RS-02 Matsuya Residence Sekime



RS-03 Royal Hill Kobe Sannomiya II



RS-04 Urban Plaza Imazato



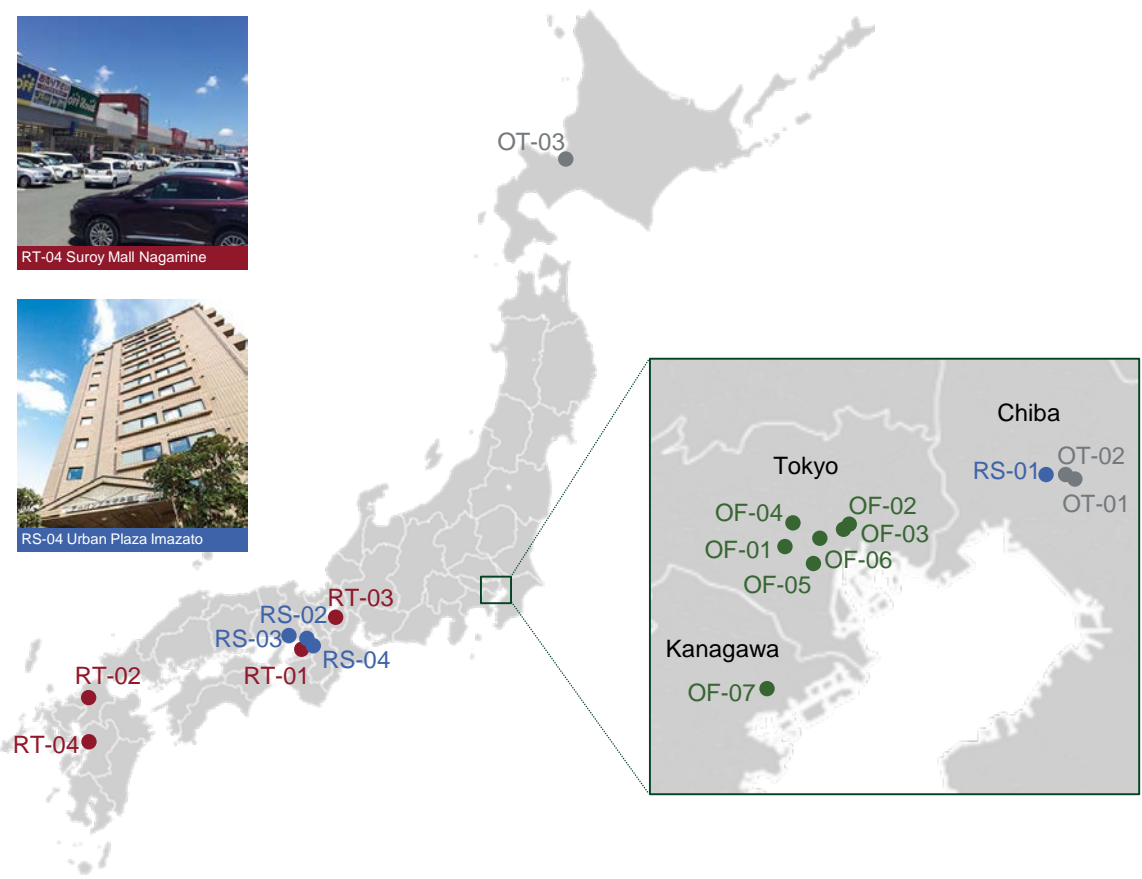
OT-01 Funabashi Hi-Tech Park Hidan













OT-02 Funabashi Hi-Tech Park



OT-03 Confomall Sapporo



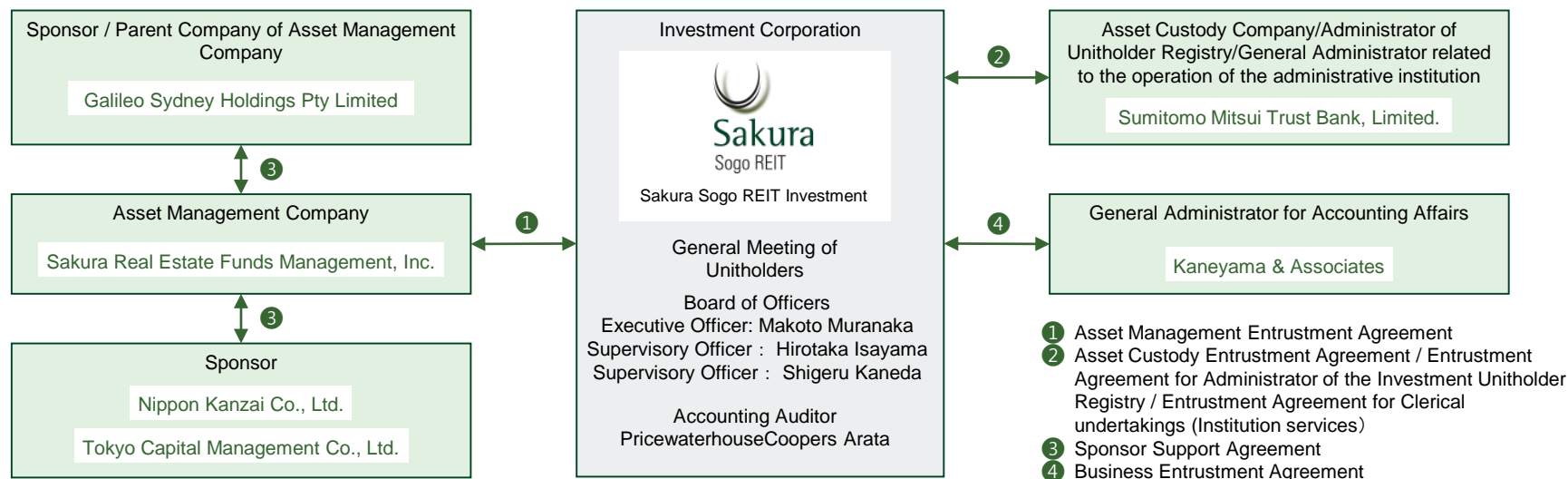
at 28 February 2017

| 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 @ IPO (¥bn) | 7,960 | 3,780 | 3,860 | 3,370 | 2,050 | 1,990 | 1,930 | 6,510 | 7,810 | 4,240 |
| Appraisal @ FP1 (¥bn) | 8,360 | 3,860 | 3,910 | 3,430 | 2,140 | 2,050 | 1,950 | 6,600 | 7,820 | 4,240 |
| NOI Yield @ IPO (%) | 4.2% | 4.6% | 4.6% | 4.8% | 4.4% | 4.9% | 5.6% | 6.1% | 5.6% | 6.0% |
| 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 @ IPO post depr (%) | 3.9% | 4.3% | 4.3% | 4.4% | 4.2% | 4.7% | 4.8% | 5.0% | 4.7% | 4.0% |
| 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% |

at 28 February 2017

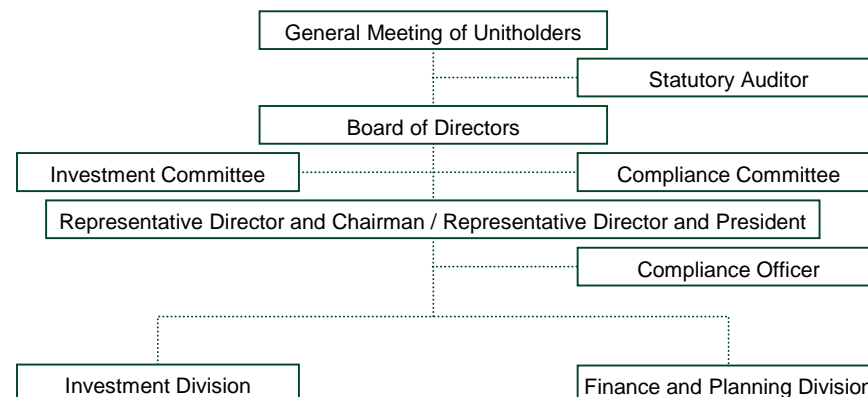
| Asset Type | Retail | Residential | | | | Other | | | Total (18 properties) | |
|-------------------------------|---|---|---|---|--|---|---|---|--------------------------|--------|
| No. | RT-04 | RS-01 | RS-02 | RS-03 | RS-04 | OT-01 | OT-02 | OT-03 | | |
| |  |  |  |  |  |  |  |  | | |
| Property 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 @ IPO (¥bn) | 4,320 | 2,190 | 1,850 | 1,500 | 959 | 1,760 | 749 | 1,430 | | 58,258 |
| Appraisal @ FP1 (¥bn) | 4,460 | 2,210 | 1,910 | 1,550 | 984 | 1,800 | 779 | 1,440 | | 59,493 |
| NOI Yield @ IPO (%) | 5.6% | 7.4% | 6.5% | 5.5% | 6.1% | 6.3% | 6.4% | 5.8% | 5.4% | |
| NOI Yield @ FP1 (%) | 5.6% | 7.2% | 6.4% | 5.3% | 5.9% | 6.1% | 6.2% | 5.6% | 5.3% | |
| NOI Yield @ IPO post depr (%) | 4.8% | 5.7% | 5.5% | 4.0% | 5.0% | 5.2% | 5.5% | 4.0% | 4.6% | |
| NOI Yield @ PF1 post depr (%) | 4.8% | 5.5% | 5.4% | 3.8% | 4.8% | 5.1% | 5.4% | 3.8% | 4.4% | |

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 |



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

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

The contents of the presentation material have not been audited, and their accuracy nor integrity is guaranteed. The analysis and judgement by the Asset Management Company are its current opinions and the contents may be modified or repealed without any advance notice.

The Investment Corporation or the Asset Management Company bear no responsibility with regard to the accuracy of the data or indices published by third parties (including data based on real estate appraisal reports).

The content of this presentation material include statements on forecast and future operating results. Such statements are based on the information available at the time of preparation of this presentation material and certain assumptions for unforeseeable factors, and thus do not guarantee future operating results of the Investment Corporation and may differ from actual operating results.