

August 5, 2016

To All Concerned Parties

REIT Securities Issuer
3-8-11 Kudan Minami, Chiyoda-ku, Tokyo
Sakura Sogo REIT Investment Corporation
Representative: Makoto Muranaka,
Executive Director:
(Securities Code 3473)

Asset Management Company:
Sakura Real Estate Funds Management, Inc.
Representative: Makoto Muranaka,
Representative Director and
President
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Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units

Sakura Sogo REIT Investment Corporation (hereinafter the "Investment Corporation") announces that it passed a resolution at its Board of Directors meeting on August 5, 2016 regarding new issuance of investment units of the Investment Corporation ("Investment Units") and secondary offering of investment units, which are to be implemented in line with the listing of the Investment Units on the Tokyo Stock Exchange, Inc. ("TSE"), as follows.

1. Issuance of new investment units through public offering (primary offering)

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| (1) Number of investment units to be offered: | 332,000 units |
| (2) Amount to be paid in: (Issue amount) | TBD
To be decided at the Investment Corporation's Board of Directors meeting to be held on August 31, 2016, (Wednesday) ("Decision Date of Issue Price, etc."). |
| (3) Total amount to be paid in: (issue amount) | TBD |
| (4) Issue price: (Offer price) | TBD
The issue price (offer price) will be decided on the Decision Date of Issue Price, etc. using the book building method (the method through which the issue price, etc. is decided after understanding demand status among investors and other factors regarding investment units by presenting provisional conditions regarding issue price to investors at the time of soliciting subscriptions for acquisition of investment units) prescribed in Article 1210 of the Enforcement Rules for Securities Listing Regulations of TSE. |
| (5) Total issue price: (offer price) | TBD |
| (6) Primary offering method: | Public offering, in which SMBC Nikko Securities Inc. ("Underwriter") shall underwrite and purchase the entire |

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investment units. It should be noted that some investment units subject to primary offering may be sold to overseas investors in overseas markets (excluding the U.S. and Canada) (“Overseas Sales”); provided, however, that the number of investment units for Overseas Sales shall be less than half the number of investment units subject to primary offering set forth above, and will be decided on the Decision Date of Issue Price, etc., after giving consideration to the demand status, etc. of public offering (including the Overseas Sales).

(7) Details of Underwriting Agreement:

The Underwriter shall pay the total amount to be paid in (issue amount) to the Investment Corporation on the payment date set forth in (11) below, and the difference between the total issue price (offer price) and the total amount to be paid in (issue amount) shall be the proceeds of the Underwriter. The Investment Corporation shall not pay any underwriting fee to the Underwriter.

(8) Demand declaration period: (Book building period)

From August 25, 2016 (Thursday) to August 30, 2016 (Tuesday)

(9) Subscription unit:

One unit or more in multiples of one unit

(10) Subscription period:

From September 1, 2016 (Thursday) to September 6, 2016 (Tuesday)

(11) Payment date:

September 7, 2016 (Wednesday)

(12) Delivery date:

September 8, 2016 (Thursday)

(13) The amount to be paid in (issue amount), issue price (offer price), and other matters necessary for this issuance of new investment units through public offering will be decided at the Investment Corporation’s Board of Directors meetings to be held in the future. However, determinations on provisional conditions regarding issue price will be entrusted entirely to the Executive Director.

(14) The matters set forth in the above items shall be subject to the condition that the filing under the Financial Instruments and Exchange Act takes effect.

2. Secondary offering of investment units (secondary offering through over-allotment)

(1) Number of investment units to be offered:

10,400 units

The above number of investment units to be offered indicates the maximum number of investment units to be offered through over-allotment to be implemented by SMBC Nikko Securities Inc. separately from public offering, giving consideration to the demand status, etc. of public offering in its implementation. The above number of investment units to be offered may be reduced depending on the demand status, etc. of public offering, or secondary offering through over-allotment itself may not be implemented at all. The number of investment units to be offered will be decided at the Investment Corporation’s Board of Directors meeting to be held on the Decision Date of Issue Price, etc., giving consideration to the demand status, etc. of public offering.

(2) Seller:

SMBC Nikko Securities Inc.

(3) Secondary offering price:

TBD

To be decided at the Investment Corporation’s Board of Directors to be held on the Decision Date of Issue Price, etc. It should be noted that the secondary offering price shall be

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- equivalent to the issue price (offer price) of public offering.
- (4) Total secondary offering price: TBD
- (5) Secondary offering method: Giving consideration to the demand status, etc. of public offering, separately from public offering, secondary offering of the Investment Units will be implemented, in which SMBC Nikko Securities Inc. borrows from Galaxy JREIT Pty Limited and Nippon Kanzai, Co., Ltd. ("Designated Parties") with a maximum limit of up to 10,400 units ("Investment Units to Be Borrowed"), provided that such borrowing shall be subject to the condition that the Investment Units will be sold to the Designated Parties as set forth in "<Reference>5. Designation of parties to receive allocated investment units" below.
- (6) Subscription unit: One unit or more in multiples of one unit
- (7) Subscription period: From September 1, 2016 (Thursday) to September 6, 2016 (Tuesday)
- (8) Delivery date: September 8, 2016 (Thursday)
- (9) Secondary offering price, and other matters necessary for this secondary offering of investment units will be decided at the Investment Corporation's Board of Directors meetings to be held in the future.
- (10) The matters set forth in the above items shall be subject to the condition that the filing under the Financial Instruments and Exchange Act takes effect.

3. Issuance of new investment units through third-party allotment

- (1) Number of investment units to be offered: 10,400 units
- (2) Amount to be paid in: TBD
(Issue amount) To be decided at the Investment Corporation's Board of Directors meeting to be held on the Decision Date of Issue Price, etc. It should be noted that the amount to be paid in (issue amount) shall be equivalent to the amount to be paid in (issue amount) of public offering.
- (3) Total amount to be paid in: TBD
(issue amount)
- (4) Allottee and number of investment units to be allotted: SMBC Nikko Securities Inc. 10,400 units
- (5) Subscription units: One unit or more in multiples of one unit
- (6) Subscription period: October 11, 2016 (Tuesday)
(Subscription date)
- (7) Payment date: October 12, 2016 (Wednesday)
- (8) As for investment units not subscribed for by the subscription period (subscription date) set forth in (6) above, issuance of such investment units shall be cancelled.
- (9) The amount to be paid in (issue amount), and other matters necessary for this issuance of investment units through third-party allotment will be decided at the Investment Corporation's Board of Directors meetings to be held in the future.

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<Reference>

1. The Investment Units are scheduled to be listed on the TSE on September 8, 2016 (Thursday) (“Listing (Opening) Date”).

2. Secondary offering, etc. through over-allotment

In implementing public offering and giving consideration to its demand status, etc. for public offering, secondary offering (secondary offering through over-allotment) of the Investment Units may be implemented separately from public offering, in which SMBC Nikko Securities Inc. borrows the Investment Units with a maximum limit of up to 10,400 units from Designated Parties (provided that such borrowing shall be subject to the condition that the Investment Units subject to public offering will be sold to Designated Parties). The number of investment units to be offered through over-allotment indicates the maximum number of investment units to be offered, and this may be reduced depending on demand status, etc., or secondary offering through over-allotment itself may not be implemented at all.

In relation to secondary offering through over-allotment, in order for SMBC Nikko Securities Inc. to acquire the Investment Units required for return of the Investment Units to Be Borrowed, the Investment Corporation passed a resolution at its Board of Directors meeting held on August 5, 2016 (Friday), indicating that issuance of new investment units through third-party allotment (the “Third-Party Allotment”) for 10,4000 units of the Investment Units which sets SMBC Nikko Securities, Inc. as the allottee shall be implemented by setting October 12 (Wednesday) as the payment date.

During the period from the Listing (Opening) Date to October 6, 2016 (Thursday) (“Syndicate Cover Transaction Period”), SMBC Nikko Securities Inc. may purchase, on the TSE, the Investment Units up to the number of units for secondary offering through over-allotment for the purpose of returning the Investment Units to Be Borrowed (“Syndicate Cover Transaction”). Any and all of the Investment Units purchased by SMBC Nikko Securities Inc. through Syndicate Cover Transaction will be used for the return of the Investment Units to Be Borrowed. During the Syndicate Cover Transaction Period, SMBC Nikko Securities Inc., at its discretion, may not conduct the Syndicate Cover Transaction under any circumstances, or may risk ending the Syndicate Cover Transaction with a number of units that is less than the number of units for secondary offering through over-allotment.

Regarding the number of units arrived at by subtracting the number of units purchased through the Syndicate Cover Transaction from the number of units concerning the secondary offering through over-allotment, SMBC Nikko Securities Inc. intends to acquire such number of Investment Units in agreeing to underwrite the allotment for Third-Party Allotment. Accordingly, all or some of the number of investment units to be issued through Third-Party Allotment may not be subscribed for, and as a result, the final number of investment units to be issued through Third-Party Allotment may be reduced to that extent due to forfeiture, or issuance itself may not be implemented at all.

3. Change in the total number of investment units issued and outstanding after this issuance of new investment units

Current total number of investment units issued and outstanding	1,001 units	
Number of investment units to be added through issuance of new investment units through public offering	332,000 units	
Total number of issued investment units after issuance of new investment units through public offering	333,001 units	
Number of investment units to be added through issuance of new investment units through Third-Party Allotment	10,400 units	(note)
Total number of investment units issued and outstanding after	343,401 units	(note)

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issuance of new investment units through Third-Party Allotment

(Note) The number of investment units indicated is for cases where the entire number of investment units to be offered through Third-Party Allotment are subscribed for by SMBC Nikko Securities, Inc. and issued.

4. Amount, use, and scheduled expenditure timing of funds to be procured

(1) Amount of funds to be procured (estimated net proceeds)

34,240,000,000 yen (maximum)

(Note) This indicates the amount arrived at by totaling 33,200,000,000 yen, which is the proceeds from public offering, and 1,040,000,000 yen, which is the maximum proceeds from issuance of new investment units through Third-Party Allotment. The amount mentioned above is the estimated amount as of today.

(2) Specific use and scheduled expenditure of funds to be procured

The proceeds from public offering will be applied to part of the funds for acquiring the new specified assets (the meaning for which is set forth in the Act on Investment Trusts and Investment Corporations, Article 2, Paragraph 1; hereinafter the same; the specified assets shall collectively be called "Assets to Be Acquired") to be acquired by the Investment Corporation. Furthermore, the maximum proceeds from issuance of new investment units through Third-Party Allotment decided on the same day as the public offering will be used for repayment of borrowings which the Investment Corporation borrowed as funds for acquisition of the Assets to Be Acquired, or applied to part of acquisition funds for new specified assets in the future after depositing the proceeds into banks as cash on hand until expenditure.

5. Designation of party to receive allocated investment units

The Underwriter intends to sell, to each of Galaxy JREIT Pty Limited and Nippon Kanzai, Co., Ltd., as parties to purchase designated by the Investment Corporation, the maximum number of Investment Units not exceeding 0.75 billion yen, of the Investment Units subject to public offering.

6. Future outlook

See "Notice concerning operating forecasts for fiscal periods ending February 2017 and August 2017" announced today.

7. Status of Past Equity Finance

Date	Total unitholders' capital (1,000 yen)		Total number of investment units issued and outstanding (units)	
	Added amount	Balance	Number of added units	Balance
April 1, 2016	100,100	100,100	1,001	1,001

8. Restriction on sale, additional issuance, etc.

(1) Regarding public offering, requests will be made to the Designated Parties that they shall commit SMBC Nikko Securities Inc. not to sell the Investment Units without prior written approval of SMBC Nikko Securities Inc. during the period from the Decision Date of Issue Price, etc. to a day that has elapsed 180 days from the delivery date of public offering.

In the case of above, SMBC Nikko Securities Inc. will be authorized to, at its discretion, lift the restriction partly or in whole, or shorten the restriction term.

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- (2) Sakura Real Estate Investment Advisory Company (“Asset Management Company”) makes agreement with SMBC Nikko Securities Inc. regarding public offering that the Asset Management Company will not sell the Investment Units without prior written approval of SMBC Nikko Securities Inc. during the period from the Decision Date of Issue Price, etc. to a day that has elapsed 180 days from the delivery date of public offering.

In the case of above, SMBC Nikko Securities Inc. will be authorized to, at its discretion, lift the restriction partly or in whole, or shorten the restriction term.

- (3) The Investment Corporation makes agreement with SMBC Nikko Securities Inc. regarding the public offering that Investment Corporation will not issue the Investment Units without prior written approval of SMBC Nikko Securities Inc. during the period from the Decision Date of Issue Price, etc. to a day that has elapsed 90 days from the delivery date of public offering (except for issuance of the Investment Units through Third-Party Allotment or split of investment units, or issuance of the Investment Units in conjunction with merger).

In the case of the above, SMBC Nikko Securities Inc. will be authorized to, at its discretion, lift the restriction partly or in whole, or shorten the restriction term.

- (4) Furthermore, separately from the restrictions set forth in (1) and (2) above, at time of listing the Investment Units on the TSE, the Designated Parties and Asset Management Company promised the Investment Corporation regarding continued ownership, pursuant to the regulations of TSE, and it is set forth that the investment units owned as of today shall be owned until a day on which one year has elapsed from April 1, 2016.

END

This material is to be distributed to the Kabuto Club, the Ministry of Land, Infrastructure, Transport and Tourism Press Club, and the Ministry of Land, Infrastructure, Transport and Tourism Press Club for Construction Purposes.

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