

## Financial Results for the 6<sup>th</sup> Fiscal Period (“FP6”)

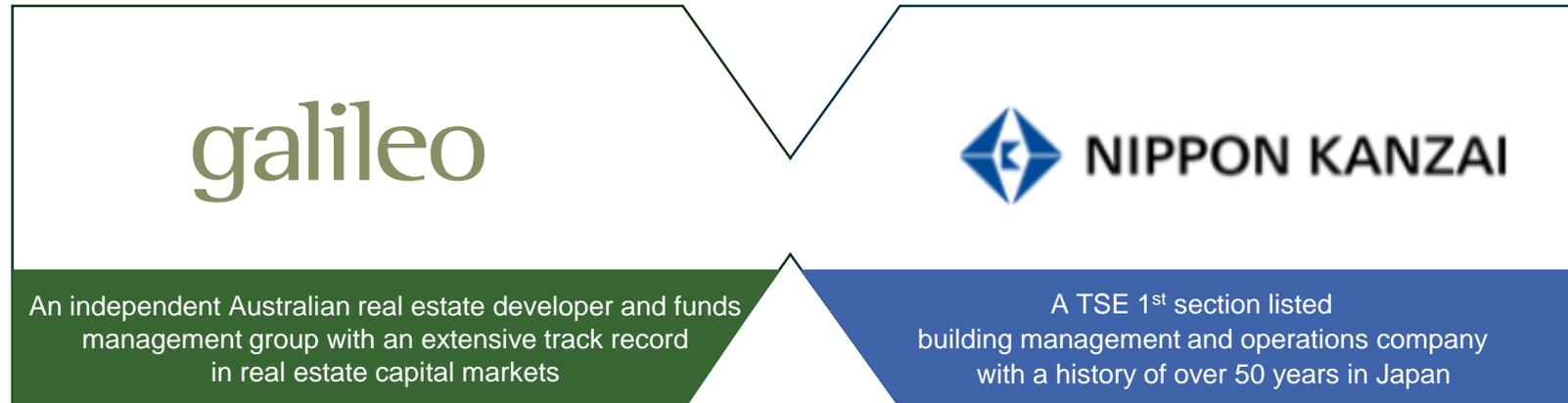
Sakura Sogo REIT Investment Corporation (Securities code: 3473)



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## Section 1 – Sakura Sogo REIT Overview

The philosophy of Sakura Sogo REIT Investment Corporation (hereinafter “SKR”) is to leverage its investment mandate as a diversified REIT<sup>1</sup>, to achieve stable income over the medium- to long-term and maximize unitholder value<sup>2</sup> by building a portfolio, which SKR believes to be optimal while taking into account prevailing real estate market conditions.



## Core Features and Strengths

- ◆ **Cash flow growth and stability through diversification by location, type of asset and tenant**
- ◆ **Growth through internal initiatives and pursuit of acquisition opportunities**
- ◆ **Unique property sourcing capabilities of Galileo Group<sup>3</sup> and Nippon Kanzai Group<sup>4</sup>**
- ◆ **Leverages Nippon Kanzai Group’s know-how in property management**

<sup>1</sup> A "diversified REIT" is a real estate investment corporation which invests in a range of different asset types and locations in order to mitigate risk.

<sup>2</sup> The "maximization of unitholder value" means achieving stable distribution growth, enhancing investment unit values and placing highest priority on the interests of the unitholders (not the Sponsors or other third parties).

<sup>3</sup> 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. The same applies hereafter.

<sup>4</sup> Refers to a corporate group comprised of Nippon Kanzai Co., Ltd. (hereinafter "Nippon Kanzai") and in addition 15 consolidated subsidiaries including Tokyo Capital Management Co., Ltd. ("Tokyo Capital Management"), Japan Property Solutions Co., Ltd. ("JPS"), Three-s Inc. and Nippon Kanzai Environment Service Co., Ltd., 26 affiliated companies accounted for by the equity-method and 2 other affiliated companies (as of the end of March 2018). The same applies hereafter.



**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 management and operation of a variety of buildings including office buildings, condominiums and retail facilities in major cities across Japan. Through its business operations, it has acquired extensive know-how in management and operation of buildings of various sizes, asset types and location.

Total Revenue<sup>1</sup>

¥ **97.9**bn

Revenue from Building Maintenance & Residential Management<sup>1</sup>

¥ **84.1**bn

% Revenue from Building Maintenance Operations<sup>1</sup>

**85.9%**

<sup>1</sup> As at end of March 2019

<sup>2</sup> As at end of July 2019



**galileo**

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

Galileo Group Total Global Acquisitions and Developments<sup>2</sup>

¥ **527.9**bn

REIT Track Record

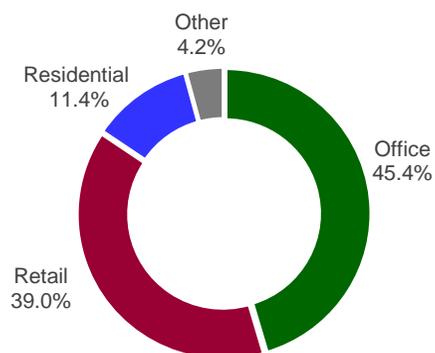
- 2003 | ASX listed REIT: Galileo Shopping America Trust
- ▼
- 2006 | ASX listed REIT: Galileo Japan Trust
- ▼
- 2016 | TSE listed REIT: Sakura Sogo REIT

## At 30 June 2019

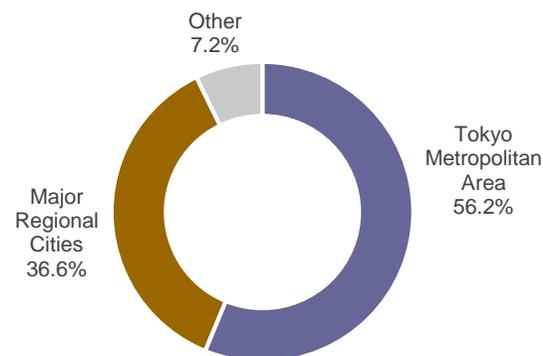
No. of properties	<b>18</b>	Total appraised value ¥m	<b>61,511</b>	Average NOI yield % <sup>1</sup>	<b>5.1</b>
Average occupancy %	<b>98.1</b>	Total book value ¥m	<b>57,720</b>	Average NOI yield post depreciation % <sup>1</sup>	<b>4.3</b>

## Portfolio Diversification

### Investment Ratio by Asset Type



### Investment Ratio by Location



## Lease type (by income)

Standard Japanese leases %	<b>56.1</b>
Non-cancellable leases % <sup>2</sup>	<b>43.9</b>
WALE <sup>3</sup> of non-cancellable leases (years)	<b>6.1</b>

<sup>1</sup> Calculated based on 30 June 2019 independent appraisals

<sup>2</sup> Includes leases that can be cancelled by paying cancellation penalties

<sup>3</sup> Weighted average lease term to expiry

## 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 Type<sup>1</sup>

	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"> <li>▪ During economic expansion, up-side potential can be capitalized on</li> <li>▪ By targeting office buildings of a B-grade standard or above for investment, it is possible to pursue a large number of investment opportunities that offer relatively high liquidity and tenant diversity</li> </ul>
	<p>Residential</p> <p>10~30%</p>	<ul style="list-style-type: none"> <li>▪ 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</li> </ul>
	<p>Retail</p> <p>30~60%</p>	<ul style="list-style-type: none"> <li>▪ Areas with stable population, expected to support ongoing retail sales that result in secure rental income</li> <li>▪ 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</li> </ul>
	<p>Other</p> <p>0~20%</p>	<ul style="list-style-type: none"> <li>▪ The potential and value of each individual property will be identified and the goal will be to conduct flexible property acquisition and investment</li> </ul>

## Investment Ratio by Location<sup>2</sup>

<p>Tokyo Metropolitan Area</p> <p>Approx. 50%</p>	<p>Regional Major Cities</p> <p>Approx. 40%</p>	<p>Other</p> <p>Approx. 10%</p>
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<sup>1</sup> SKR may consider properties which do not fulfill some of the above criteria and acquire if it believes this is in the best interests of unitholders.

<sup>2</sup> The ratios above are target ratios over the medium to long-term which depending on the real estate market and future property acquisitions may temporarily exceed or fall below the target ratios.

## Section 2 – FP6 Financial Results

## FP6 – Forecast and Actual

Unit: ¥ mil

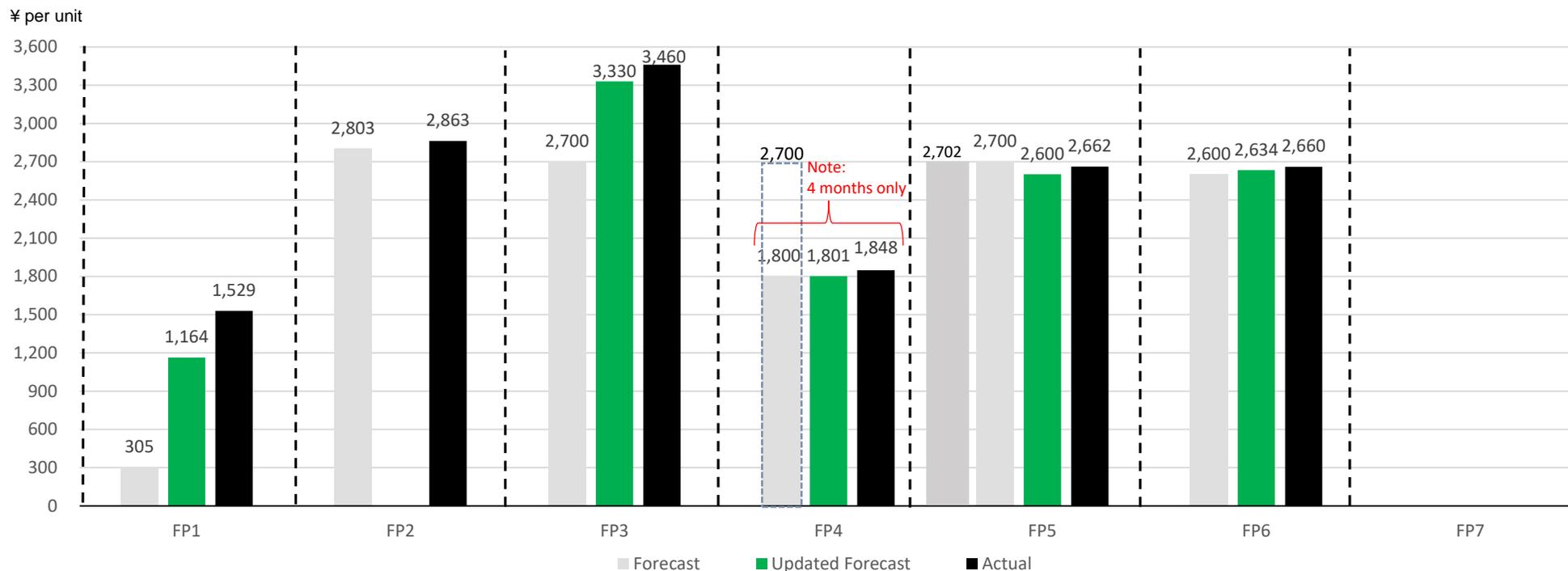
	FP6 Forecast <sup>1</sup>	FP6 Actual	Variance	Comment
Operating revenue	2,348	2,394	46	<ul style="list-style-type: none"> <li>▪ Operating revenue increased by ¥46m. Main factors include:                             <ul style="list-style-type: none"> <li>- Income related to tenant cancellation at Chikushino (reinstatement works) ¥35m</li> <li>- Higher than forecast occupancy in the residential portfolio</li> </ul> </li> <li>▪ Operating expenses increased by ¥38m. Main factors include                             <ul style="list-style-type: none"> <li>- Expenses related to tenant cancellation at Chikushino (reinstatement works) ¥30m</li> <li>- Broker fees at Seishin</li> <li>- Rent increase arbitration costs</li> </ul> </li> </ul>
Operating expenses	1,319	1,357	38	
Operating profit	1,029	1,037	8	
Non-operating expenses	162	163	1	
Ordinary profit	867	874	7	
Extraordinary income	44	48	4	
Extraordinary expenses	33	36	3	
Net profit before tax	878	886	8	
Net profit	877	885	8	
Distribution per unit (DPU) (¥)	2,634	2,660	26	

## FP6 vs. FP5 Actual

Unit: ¥ mil

	FP5 Actual	FP6 Actual	Variance	Comment
Operating revenue	2,362	2,394	32	<ul style="list-style-type: none"> <li>▪ Operating revenue increased by ¥32m. Main factors include:                             <ul style="list-style-type: none"> <li>- Cancellation penalty and income related to tenant cancellation at Chikushino (reinstatement works) ¥35m</li> <li>- Decrease in utilities revenue (seasonal)</li> <li>- Income void at Chikushino due to tenant cancellation</li> </ul> </li> <li>▪ Operating expenses increased by ¥41m. Main factors include:                             <ul style="list-style-type: none"> <li>- Expenses related to tenant cancellation at Chikushino (reinstatement works) ¥30m</li> <li>- Decrease in utilities expenses (seasonal)</li> <li>- Increase in other expenses including legal and investor relations</li> </ul> </li> <li>▪ Extraordinary net income in FP6 due to insurance claim for Osaka typhoon damage</li> </ul>
Operating expenses	1,316	1,357	41	
Operating profit	1,046	1,037	(9)	
Non-operating expenses	161	163	2	
Ordinary profit	885	874	(11)	
Extraordinary income	82	48	(34)	
Extraordinary expenses	81	36	(45)	
Net profit before tax	887	886	(1)	
Net profit	886	885	(1)	
Distribution per unit (DPU) (¥)	2,662	2,660	(2)	

<sup>1</sup> FP6 financial forecast was announced on 14 February 2019 (FP6 six months ended 30 June 2019).



1 Apr 2016 - 28 Feb 2017

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

1 Mar 2017 - 31 Aug 2017

- Increase in occupancy
- Savings in operating expenses

1 Sep 2017 - 28 Feb 2018

- Includes net realized gain on sale of Sannomiya (¥261m)
- Management fee waiver based on NOI ended FP2

1 Mar 2018 – 30 Jun 2018

- Four month FP only.
- Increase of ¥48 per unit from initial forecast due to the recording of gain on sale of Confomall and expenses related to an investment transaction that was not completed

1 Jul 2018 - 31 Dec 2018

- Operating expenses lower by ¥17m primarily due to broker fees and sales promotion expenses deferred to FP6 and utilities expenses lower than forecast
- Extraordinary income and expenses associated with Osaka typhoon damage

1 Jan 2019 – 30 Jun 2019

- Operating income increase of ¥46m primarily due to income related to tenant cancellation at Chikushino and higher than forecast occupancy in the residential portfolio
- Operating expenses increase by ¥38m primarily due to expenses related to Chikushino cancellation, broker fees at Seishin and rent arbitration costs

1 Jul 2019 – 31 Dec 2019

For information purposes please refer to the following announcements made on 5 August 2019: "Notice Concerning Execution of Merger Agreement by and between MIRAI Corporation and Sakura Sogo REIT Investment Corporation" and "Notice Concerning Forecast of Operating Results for the Fiscal Period Ending October 2019 (the Final Fiscal Period) and Payment on the Merger"

## Section 3 - Key Performance Indicators

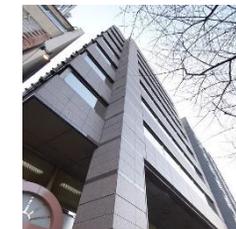
## Overview

Real estate market conditions remain robust. According to CBRE Tokyo office vacancy continued to fall and was 0.7% as at Q2 2019.

- Increase of 8.9% in office portfolio appraisal value.
- Continued high level of occupancy across the portfolio

## Portfolio Value

	Appraisal Value (¥ bn)	Book Value (¥ bn)	Unrealized Gain (¥ bn)
@ FP5 31 December 2018	59.381	56.199	3.182
@ FP6 30 June 2019	61.511	57.720	3.790
<b>Variance</b>	3.6% ↑	2.7% ↑	19.1% ↑



Hiei Kudan Building

## Portfolio Performance

	Occupancy (%)	NOI Cap Rate (%) <sup>1</sup>	NOI (¥bn) <sup>1</sup>
@ FP5 31 December 2018	98.6	5.2	3.072
@ FP6 30 June 2019	97.9	5.1	3.151
<b>Variance</b>	0.7 ↓	0.1 ↓	2.6% ↑



Suroy Mall Chikushino

## Office Market Trends

	Office Market Rents <sup>2</sup>	Office Passing Rents <sup>3</sup>	Tokyo Office Vacancy (%) <sup>4</sup>
@ FP5 31 December 2018	16,566	15,784	0.8
@ FP6 30 June 2019	17,167	16,310	0.7
<b>Variance</b>	3.6% ↑	3.3% ↑	0.1 ↓



Abode Yoyogi Parkside

<sup>1</sup> As per independent appraisals dated December 2018 and June 2019

<sup>2</sup> Weighted average office market rents (¥/tsubo/month) as per independent appraisals dated December 2018 and June 2019

<sup>3</sup> Weighted average office passing rent (¥/tsubo/month) as per office lease agreements reflected in independent appraisals dated December 2018 and June 2019

<sup>4</sup> Source: CBRE Market Overview Japan Office Q4 2018 and Q2 2019. Vacancy rate represents "All Office Grades" (Grade A, Grade A-minus and Grade B)

## Occupancy (%)

	Office	Retail	Residential	Other
@ FP5 31 December 2018	98.2	99.0	97.5	100.0
@ FP6 30 June 2019	100.0	97.1	98.1	100.0
<b>Variance</b>	1.8 ↑	1.9 ↓	0.6 ↑	0.0 ↔

## Passing Rents<sup>1</sup> (¥/tsubo/mth)

	Office	Retail	Residential	Other
@ FP5 31 December 2018	15,784	4,848	4,556	3,970
@ FP6 30 June 2019	16,310	4,818	4,631	3,970
<b>Variance</b>	3.3% ↑	0.6% ↓	1.6% ↑	0.0% ↔

## Appraisal Values (¥bn)<sup>2</sup>

	Office	Retail	Residential	Other
@ FP5 31 December 2018	26.980	23.050	6.769	2.582
@ FP6 30 June 2019	29.370	22.800	6.759	2.582
<b>Variance</b>	8.9% ↑	1.1% ↓	0.1% ↓	0.0% ↔

## NOI Cap Rates (%)<sup>2</sup>

	Office	Retail	Residential	Other
@ FP5 31 December 2018	4.4	5.8	5.8	6.2
@ FP6 30 June 2019	4.3	5.8	5.9	6.2
<b>Variance</b>	0.1 ↓	0.0 ↔	0.1 ↑	0.0 ↔

## Overview

- Total assets increased by 2.8% due to acquisition of The Portal Akihabara
- Net asset value per unit increased by 1.9% due to an overall increase in appraisal value for the portfolio
- Unit price as at end of July increased by 16.5% compared with end of January
- P/NAV increased to 0.99 due to increase in unit price

## Balance Sheet

	LTV (%)	Ave. loan maturity (years)	Total Liabilities (¥ bn)
@ FP5 31 December 2018	44.8	2.57	31.5
@ FP6 30 June 2019	46.1	2.13	33.2
<b>Variance</b>	1.3 ↑	0.45 ↓	5.4% ↑

	Net Equity (¥ bn)	NAV (¥ per unit)	Total Assets (¥ bn)
@ FP5 31 December 2018	29.25	97,406	61.64
@ FP6 30 June 2019	29.25	99,234	63.38
<b>Variance</b>	0.0% ↔	1.9% ↑	2.8% ↑



The Portal Akihabara



Shiroi Logiman



Suoy Mall Nagamine

## Investment Units

	Unit Price (¥ per unit)	Annualized DPU yield (%)	P/NAV
31 January 2019	84,700	6.0 <sup>1</sup>	0.87
31 July 2019	98,700	4.9 <sup>2</sup>	0.99
<b>Variance</b>	16.5% ↓	1.1 ↓	13.8% ↑

<sup>1</sup> Annualized DPU yield based on unit price of ¥84,700 as at 31 January 2019 and the aggregate of FP6 and FP7 DPU Forecasts announced on 14 February 2019

<sup>2</sup> Annualized DPU yield based on unit price of ¥98,700 as at 31 July 2019 and the annualized FP7 DPU forecast announced on 14 February 2019

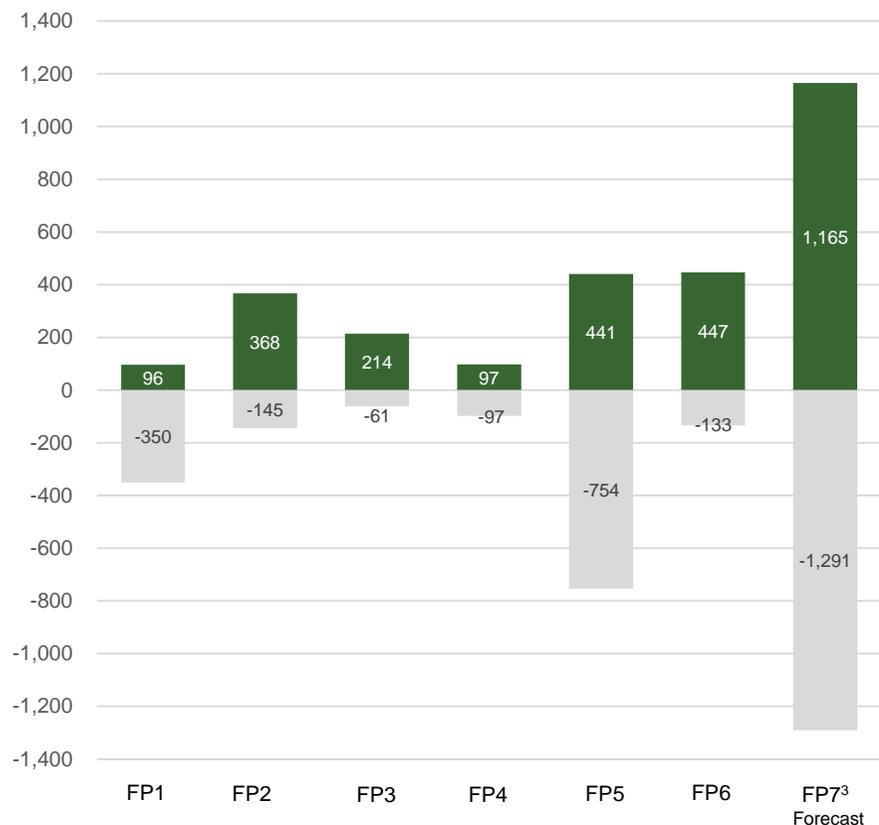
## Section 4 - Management Key Priorities

## Part A - Internal Growth

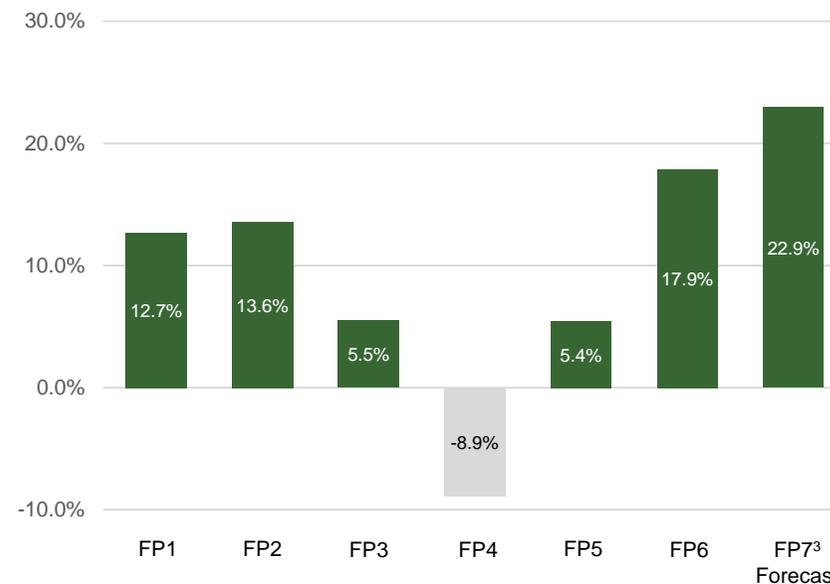
## Office Portfolio Rent and Tenant Movement<sup>1</sup>

- During FP6 cancellation notices were received from NK Building (763 tsubo), Takadanobaba Access (254 tsubo) and Seishin Building (210 tsubo)
- Actual new rents for NK Building, Takadanobaba and Seishin Building were 24.1%, 27.1% and 15.0% higher than previous passing rents respectively

Office portfolio tenant movement in / out (Tsubo)<sup>2</sup>



Ave. % change replacement tenant vs. previous passing rent<sup>2</sup>



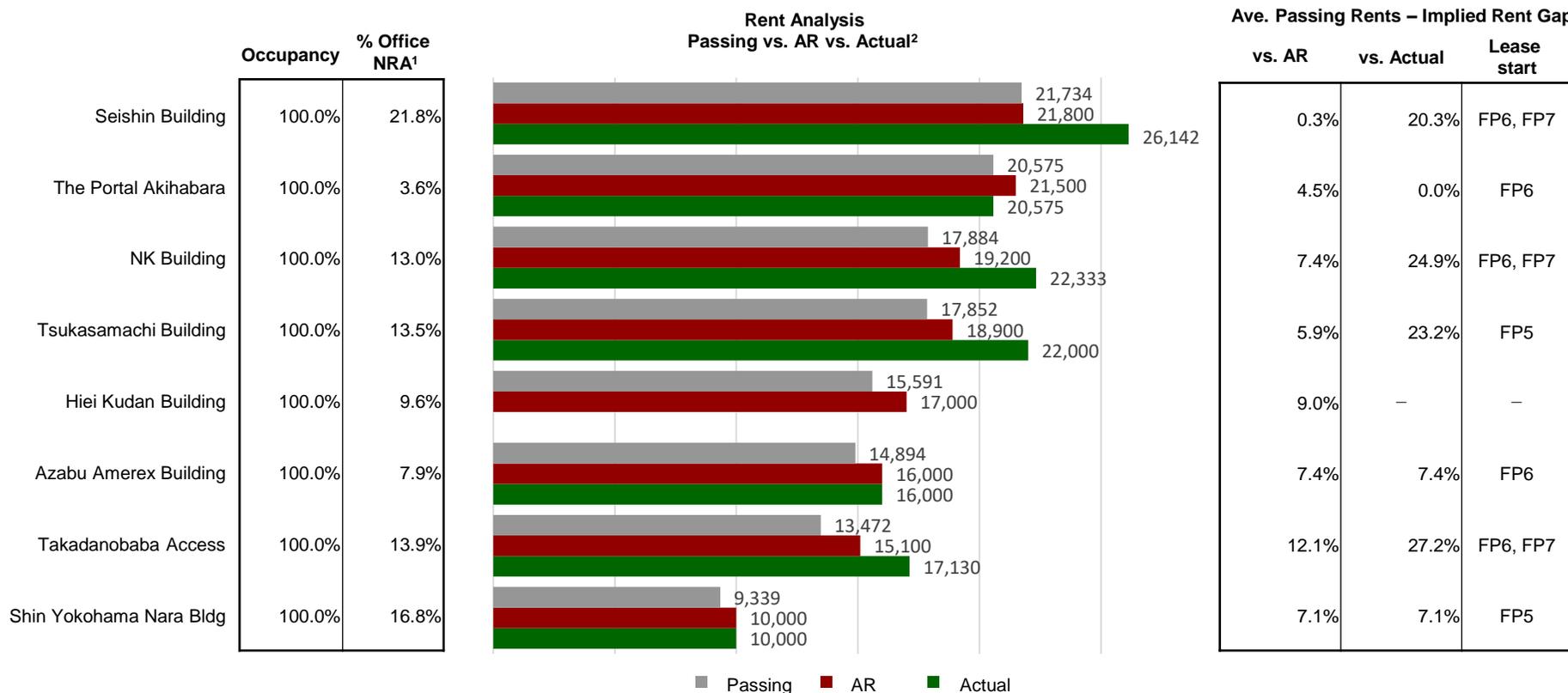
<sup>1</sup> Excluding retail tenancies, residential (SOHO), storage and carpark

<sup>2</sup> Leases calculated based on lease start date and lease termination or cancellation date regardless of date of lease execution or date cancellation notice is received

<sup>3</sup> FP7 tenant movement is based on forecast as at 7 August 2019. Leases for 1,034 tsubo out of the forecast 1,165 tsubo to be re-tenanted have already been executed

## Rent Gap for Office Portfolio

- Approximately 70% of office passing rents are below market or inline with market based on Appraisal Report (“AR”) assessed market rent.



<sup>1</sup> % of Net Rentable Area of each asset of total NRA of office portfolio. Rents exclude storage, carpark, SOHO and retail tenancies

<sup>2</sup> Actual Rent represents weighted average of all-in actual rents from most recent leases executed as at 7 August 2019 and not reflected in Passing Rent

## Office – NK Building Leasing Activity

- Cancellation notice was received on 29 January from anchor tenant who occupied 80.6% of office space within the subject property; 5-floors were vacated on 31 July, remaining 2-floors to be vacated on 30 September
- Leases executed for 6 out of 7 officer floors in less than 6 months
- Multiple prospective tenants are considering the last remaining floor; targeting lease execution by end August 2019
- Mitigated ongoing leasing risk by re-tenanting to multiple new tenants (from one to five tenants)

Total cost of refurbishment (¥thousand)	41,000
Estimated recovery term (months)	12.3
Appraisal value as at 31 December 2018 (¥mn)	4,010
Appraisal value as at 30 June 2019 (¥mn)	4,250

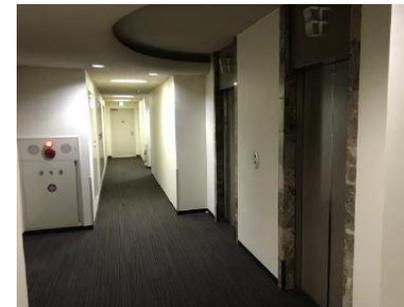
### Summary

Objective – retenanting space scheduled to become vacant, increase passing rents and appraisal value

Ground floor lobby and common area spaces on 7-floors (including restrooms)

Scope includes new carpet, wall finishes, ceiling repainting, lighting, tenant directory

Estimated recovery term equals estimated increase in cost / increase in monthly rent



Before → After

## Key achievements

Average increase passing rents (%)

24.1

Leasing downtime (months)

0

Increase in Appraisal Value (¥mn)

240

Total number of new tenants

4

## Office – Seishin and Takadanobaba Leasing Activity, Rent arbitration

Seishin Building	Leasing
Occupancy at start of period (%)	92.0
Occupancy at end of period (%)	100.0
Move out area (square meters/tsubo)	587.4 / 177.7
Move in area (square meters/tsubo)	1,037.1 / 313.7
Downtime (months)	0
Increase passing rent on refurbished floor (%)	24.6
Cost of refurbishment one floor (¥)	3,000,000
Estimated recovery term (months)	3.8
Appraisal value as at 31 December 2018 (¥mn)	8,900
Appraisal value as at 30 June 2019 (¥mn)	9,200
Change in appraisal value (%)	3.4

### Summary

Objective – re-tenanting vacant space, increase passing rents and appraisal value

One common area lobby refurbished (excluding restrooms)

Scope includes new carpet, wall finishes, ceiling repainting, lighting, tenant signage

Estimated recovery term equals estimated increase in cost / increase in monthly rent

Seishin Building common area refurbishment works



Before → After

Takadanobaba Access	Leasing
Occupancy at start of period (%)	100.0
Occupancy at end of period (%)	100.0
Move out area (square meters/tsubo)	207.3 / 62.7
Move in area (square meters/tsubo)	207.3 / 62.7
Increase passing rent (%)	23.1
Appraisal value as at 31 December 2018 (¥mn)	3,550
Appraisal value as at 30 June 2019 (¥mn)	3,600
Change in appraisal value (%)	1.4

In addition two new leases were executed commencing in FP7

Move out / in area (square meters/tsubo)	633.4 / 191.6
Increase passing rent (%)	28.3

## Office – Rent arbitration

Decision was made to undertake arbitration with three tenants whose rents are below market and have refused by third party market rent appraisal report. Current situation is as follows multiple rent revision requests. Basis for our opinion on market rent is supported :

- Azabu Amerex - commenced arbitration procedures, expected rent increase approx. 20.0%
- Seishin - negotiating a compromise, expected rent increase approx. 18.0%
- Hiei Kudan - tenant submitted cancellation notice, expected rent increase from new lease is over 20.0%

## Retail

### La Park Kishiwada

### Tenant repositioning

On target to achieve increase in rent by approx. ¥6.0 mil per annum as well as an increase in rentable area by 13.5 tsubo within the 1F Kispa zone.

- An existing tenant relocated to the food court and expanded area by 8.5 tsubo. An increase in total rent by ¥460k p.a. (50.9%) was achieved
- A fresh food tenant expanded by 2.8 tsubo and an increase in total rent by ¥460k p.a. (5.3%) was achieved
- Leases executed for 3-tenancies exceeded forecast by ¥3.4m p.a. (60.7%)
- One upward rent revision resulting in increase of ¥640K p.a. (80.0%)



Before



After



Before



After

### La Park Kishiwada

### Other initiatives

- Renovation of HVAC resulting in reduction of electricity consumption. Savings equate to ¥0.2m p.a. (21.9% reduction)<sup>1</sup>
- Installed LED lighting resulting in reduction of electricity consumption. Savings equate to ¥0.32m p.a. (54.5% reduction)<sup>1</sup>



Before



After

### Suroy Mall Chikushino

### Leasing

- Supermarket tenant vacated on 28 February.
- Executed lease with 100 yen shop major operator, Daiso for 492.89 tsubo of the vacated tenancy (68.1% of the space)
- LOI procured from a wholesale supermarket for residual 230.94 tsubo of space
- An increase in customers compared with the situation of previous tenant is expected from the synergy of these two tenants



Before



After

<sup>1</sup> Electricity consumption and cost reductions are based on estimates provided by the property manager

## Residential

### Rent revision activity

- Shiroi Logiman: negotiated upward rent revisions for 28 leases renewing during the period totaling increase of approx. ¥700k p.a. (+3.0%)
- Matsuya Residence Sekime: negotiated upward rent revisions for 4 leases totaling increase of approx. ¥110k p.a. (+2.5%)

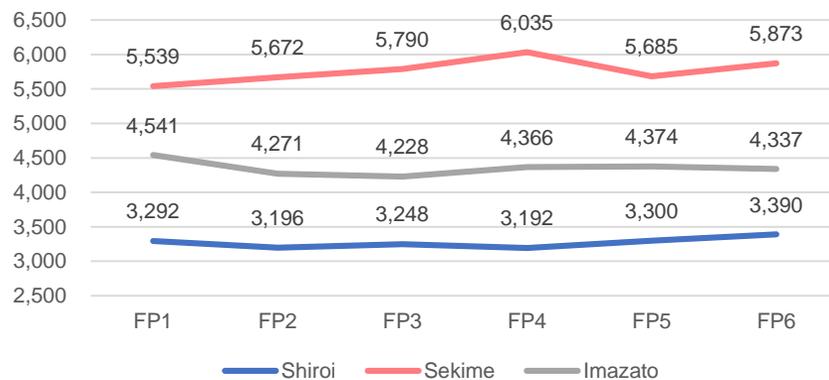
### Carpark Sublease

- Matsuya Residence Sekime: executed a new sublease for 10 carpark spaces resulting in an increase in carpark occupancy from 82.6% to 95.7% and rent by ¥600k p.a. (+15.1%)

## Shiroi, Sekime and Imazato

### Rent Trends for New Leases

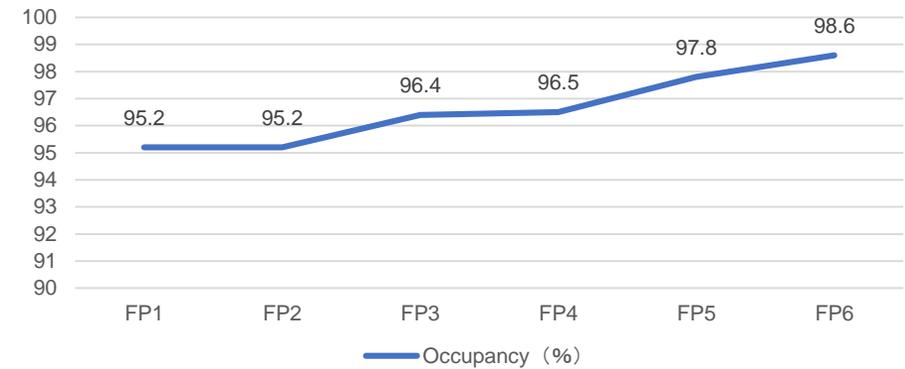
- Achieved higher rent levels compared with nearby competitor properties
- Increase in average passing rent for Residential Portfolio vs. FP5 (+1.6%)



## Residential Portfolio

### Occupancy

Increased overall occupancy while achieving an average down time of 60 days



## Abode Yoyogi Parkside

### Leasing

5-units were re-tenanted at rent rates 3.6% higher than previous passing rents. An average downtime of 51 days was achieved

Total area (㎡)	Total area (tsubo)	Ave. previous rent (¥/tsubo)	Ave. new rent (¥/tsubo)	Ave. increase 5-units (%)	Overall increase (%)
182.97	55.35	16,893	17,507	3.6%	3.6%

## NOI Enhancement

Through various proactive initiatives, expected to enhance NOI by in total over ¥35m from FP1 through FP7 (forecast).

	Properties	Action	Revenue increase	Cost reduction
FP7 (Forecast)	Azabu Amerex Building NK Building Tsukasamachi Building	Added telecommunications antenna to rooftop Replaced carpark operator Replaced carpark operator	¥1.3m p.a. ¥0.9m p.a. ¥0.4m p.a.	
FP6	6 office properties 4-office properties Matsuya Residence Sekime Suroy Mall Chikushino La Park Kishiwada	Re-tendered electricity service provider Replaced vending machine operators Released vacant carpark spaces to third party operator Renegotiated terms with vending machine operators and replaced one vendor Achieved savings by renewing HVAC equipment and installing LED lighting	¥0.8m p.a. ¥0.6m p.a. ¥0.2m p.a.	¥5.0m p.a.  ¥0.5m p.a.
FP5	2-office properties La Park Kishiwada 2-retail properties 17-properties	Execute agreement with rooftop antenna telecommunications provider Renovation of HVAC resulting in lower forecasted expenses Installed LED lighting Re-tender casualty insurance for portfolio	¥0.6m p.a.	¥0.2m p.a. ¥0.3m p.a. ¥0.4m p.a.
FP4	La Park Kishiwada La Park Kishiwada 9-properties	Converted unused space for tenant into storage space Renegotiated terms with vending machine operators Renegotiated building maintenance service agreements	¥1.0m p.a. ¥0.3m p.a.	¥3.6m p.a.
FP3	NK Building Office portfolio La Park Kishiwada La Park Kishiwada	Renegotiated terms with rooftop antenna telecommunications provider Re-tendered electricity service provider Re-tendered electricity service provider Renegotiated terms with gas supplier	¥1.0m p.a.	¥3.0m p.a. ¥7.0m p.a. ¥0.9m p.a.
FP2	Azabu Amerex Building La Park Kishiwada Shin Yokohama Nara Takadanobaba Access Confomall Sapporo	Negotiated new lease terms for carpark spaces Added telecommunications mobile antenna Converted unutilized space to rental storage Attached timer to HVAC facilities for managing after hours electricity usage Installed LED lighting	¥2.2m p.a. ¥0.9m p.a. ¥0.1m p.a.	¥1.0m p.a. ¥0.5m p.a.
FP1	La Park Kishiwada 2-office properties Shin Yokohama Nara	Tenant repositioning and new leases Introduced lunchtime food service vendors Installed LED lighting in the lobby	¥2.3m p.a. ¥0.6m p.a.	¥0.3m p.a.



## Part B - External Growth

## Acquisition of The Portal Akihabara



Asset type	Office
Location	Chiyoda-ward, Tokyo
Acquisition price	¥1.50bn
Appraisal value <sup>1</sup>	¥1.57bn
Acquisition date	3 June 2019
Build date	31 May 2002
Net leasable area	941.69m <sup>2</sup>
NOI yield	4.0%
Post dep'n NOI yield	3.5%
PML	8.2%

## Key Benefits / Enhanced Portfolio Characteristics

Weighting to Greater Tokyo (%)	55.0 to 56.2
Weighting to Central Tokyo <sup>2</sup> office (%)	40.5 to 42.1
Reduction weighted average age <sup>3</sup> portfolio (years)	22.8 to 22.6
Reduction weighted average age <sup>3</sup> office portfolio (years)	29.1 to 28.4



<sup>1</sup> Appraisal value as at 30 June 2019

<sup>2</sup> Central Tokyo refers to the five central wards Chiyoda, Chuo, Minato, Shibuya and Shinjuku

<sup>3</sup> Weighted by acquisition value as at 30 June 2019



## Part C - Capital Management

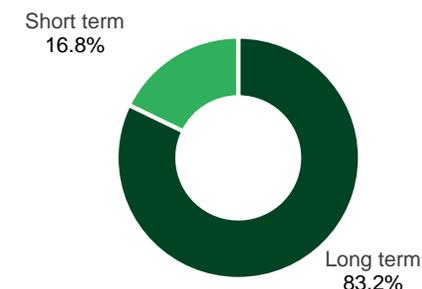
## Borrowings

Type	Lender	Loan amount (¥ mil) 31-Aug-18	Interest rate	Maturity date
Short term		900	Base Rate +0.2% (floating)	30-Aug-19 <sup>1</sup>
Long term	A Syndicate of lenders with Sumitomo Mitsui Banking Corporation: 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	4,000	0.71096% (fixed)	30-Aug-19 <sup>1</sup>
		6,000	0.81842% (fixed)	31-Aug-20
		6,000	0.93842% (fixed)	31-Aug-21
		1,600	0.76853% (fixed)	31-May-22
		5,600	Base Rate +0.8% (floating)	31-Aug-22
		5,100	1.07777% (fixed)	28-Feb-23
Total		29,200		

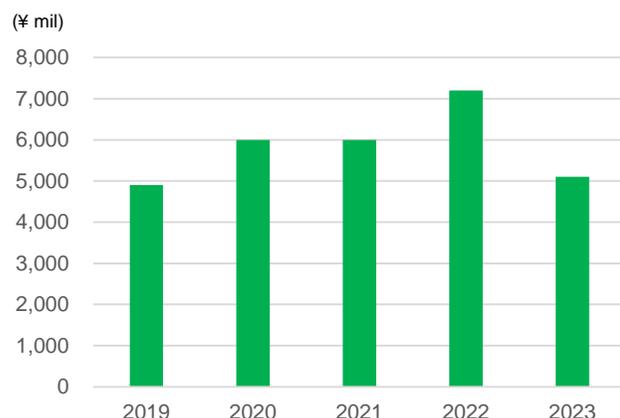
## Loan cost and duration (at 30 June 2019)

Average duration (Years) **2.12**

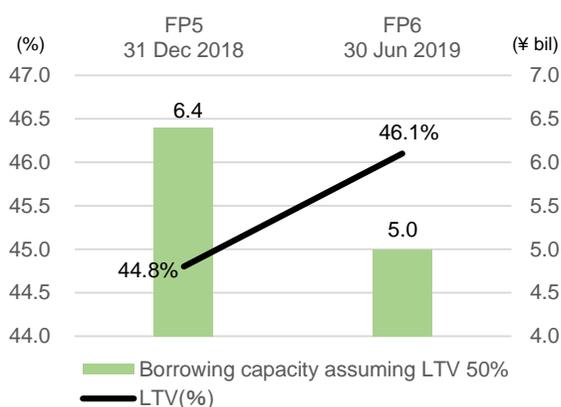
## Debt Ratio - Term



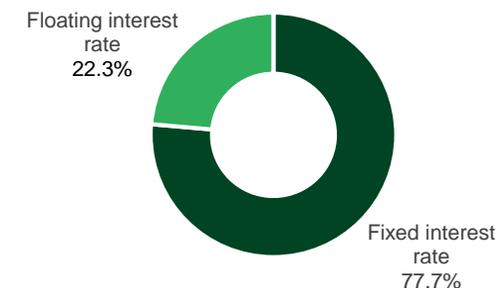
## Repayment Schedule



## LTV & Borrowing capacity

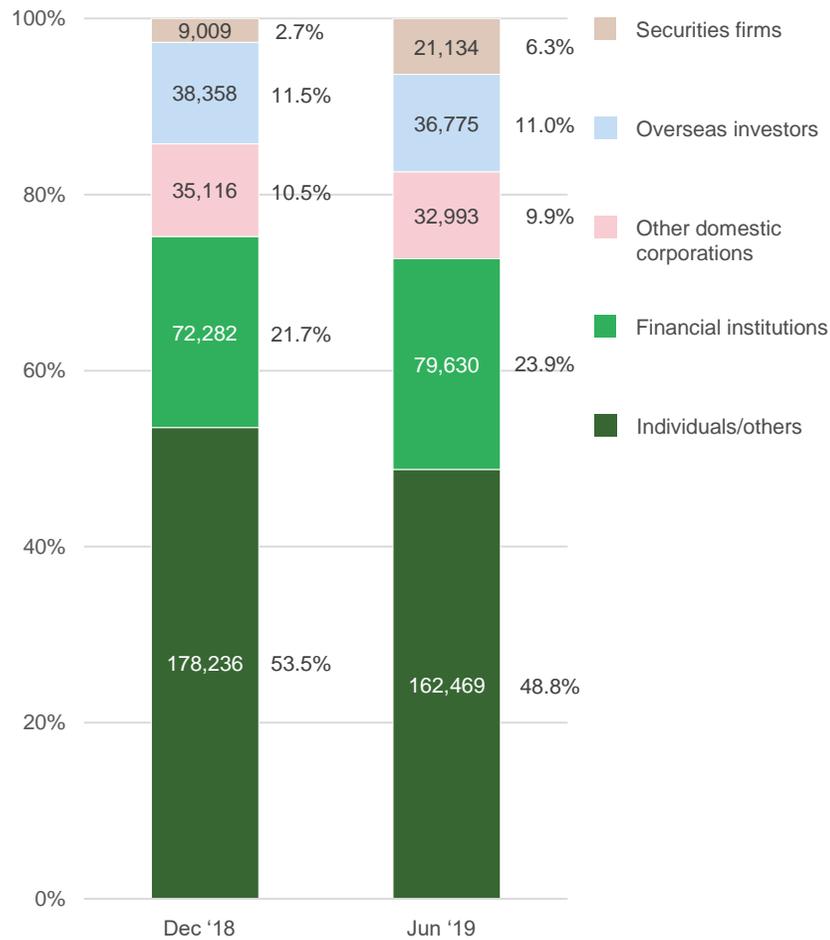


## Interest Rate Ratio



<sup>1</sup> Both loans will be refinanced on 30 August 2019 at a base rate of +0.2% (variable) and maturity date of 28 February 2020  
Note: Collateral is unsecured and unguaranteed

## No. of Investment Units by Investor Type



## Main Unitholders

at 30 June 2019

Rank	Name	Number of Units Owned	Percentage Share (%) <sup>1</sup>
1	The Master Trust Bank of Japan, Ltd.	25,413	7.63
2	Japan Trustee Service Bank, Ltd.	20,664	6.21
3	Lion Partners GK	11,971	3.59
4	The Nomura Trust and Banking Co., Ltd. (Investment account)	10,391	3.12
5	BNY GCM Client account JPRD AC ISG (FE – AC)	9,866	2.97
6	Galaxy JREIT Pty. Ltd. (Galileo Group)	8,700	2.61
6	Nippon Kanzai Co., Ltd.	8,700	2.61
8	Trust & Custody Services Bank, Ltd. (Securities investment trust account)	7,888	2.37
9	Credit Suisse Securities	7,061	2.12
10	JP Morgan Bank (Ireland) Plc 380423	6,243	1.87

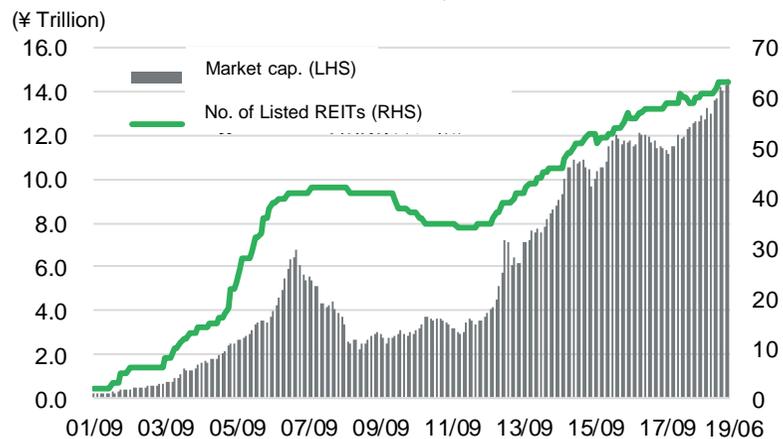
<sup>1</sup> Percentage share is the number of units owned expressed as a percentage of total investment units issued (rounded down to second decimal place).

## Section 5 – JREIT Sector & Peer Comparison

## JREIT Sector

- Total market capitalization as at end June of ¥14.0 trillion
- 63 JREITs as at end July 2019 with 2 new entrants in 2019
- The DPU yield gap of larger vs smaller REITs remains wide

Number of Listed JREITs and Market Capitalisation<sup>1</sup>



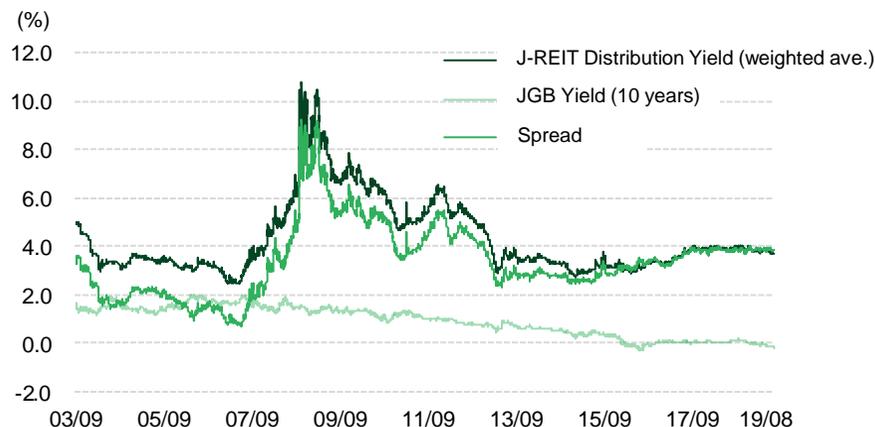
Number of Listed JREITs and Market Capitalisation<sup>3</sup>

Year	IPO		PO		IPO+PO		J-REIT Total Market Cap (USDm)
	Volume	Value (USDm)	Volume	Value (USDm)	Volume	Value (USDm)	
2012	4	2,626	11	2,059	15	4,685	42,598
2013	6	4,270	37	7,055	43	11,326	71,868
2014	6	2,242	30	5,476	36	7,719	99,844
2015	5	1,134	35	6,623	40	7,757	99,673
2016	7	2,892	30	5,171	37	8,063	114,425
2017	2	932	25	4,270	27	5,202	108,307
2018	4	1,129	32	5,568	36	6,697	122,419
2019	2	414	14	2,860	16	3,273	137,481

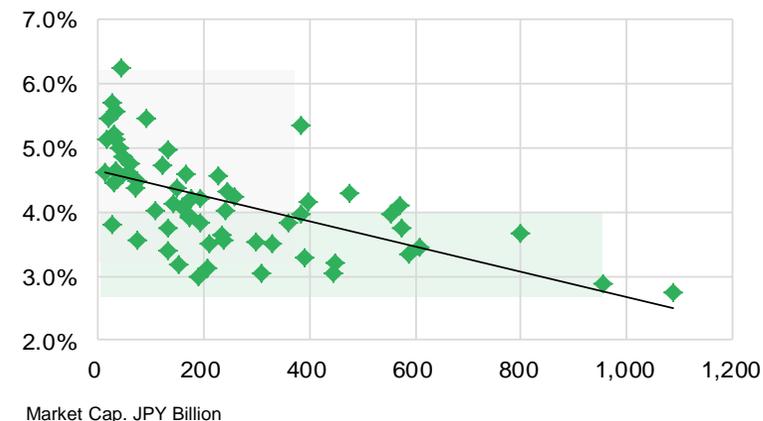
As of 5 August 2019 (1 USD=JPY105.95)

<sup>1</sup> Source: ARES <sup>2</sup> Source: Bloomberg <sup>3</sup> Source: ARES <sup>4</sup> Source: Capital IQ

JREIT DPU Yields – Spread with JGBs still attractive<sup>2</sup>



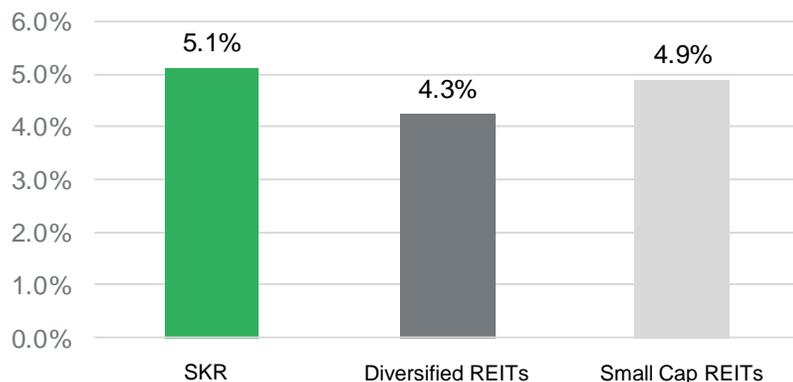
JREIT DPU Yields – Significant gap between small and large cap JREITs<sup>4</sup>



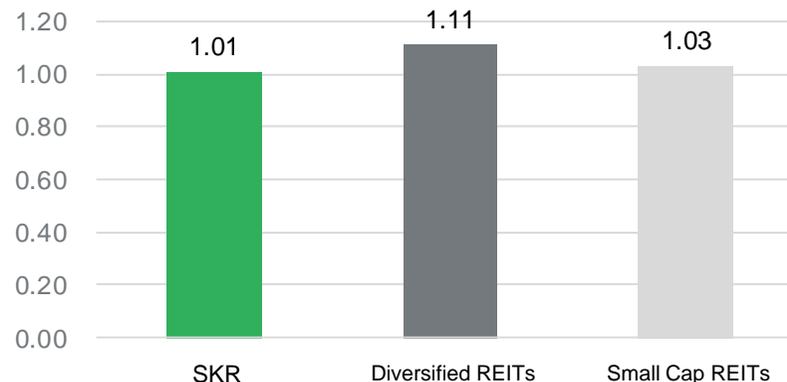
## JREIT Peer Comparison<sup>1</sup>

- SKR undervalued compared to Diversified and Small Cap REIT peers (less than ¥100 billion market cap)
- SKR's forecast DPU yield is 80 basis points ("bps") higher than Diversified REITs and 20bps higher than Small Cap REITs as at 5 August 2019
- Based on current trading price SKR's implied NOI cap rate is 5.1%, 100 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 averages for Diversified and Small Cap REITs

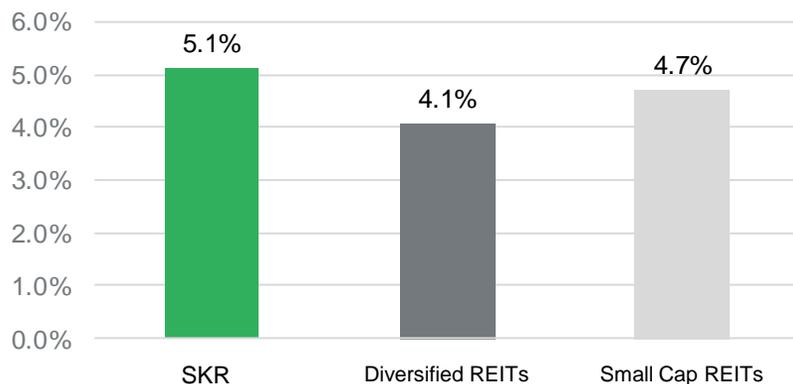
Annualised DPU Yield<sup>1</sup>



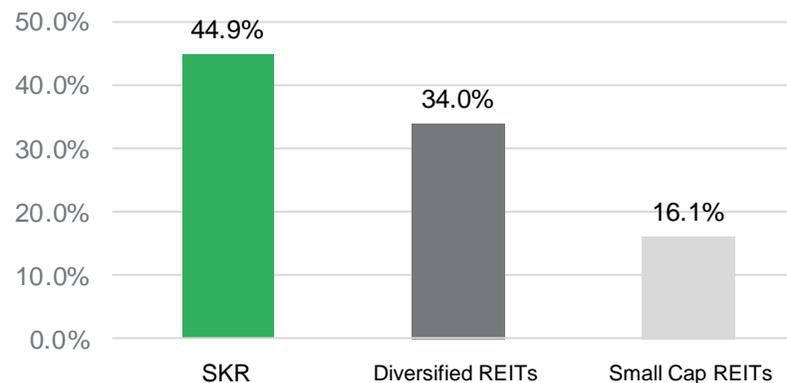
Price / Net Asset Value<sup>2</sup>



Implied Capitalization Rate<sup>2</sup>



% of Portfolio located in Tokyo Central Five Wards<sup>3</sup>



<sup>1</sup> Source: SMBC Nikko Securities Inc.- calculated using data obtained from Capital IQ

<sup>2</sup> Source: SMBC Nikko Securities Inc.

<sup>3</sup> Source: J-REIT DB – Weighted average calculated using AUM of each J-REIT



(a)	(Thu) Sep 8, 2016	SKR listed on the stock market.
(b)	(Mon) Oct 31, 2016	SKR included in TSE REIT INDEX.
(c)	(Mon) Nov 14, 2016	Released revision of earnings forecast and interim financial results.
(d)	(Thu) Apr 13, 2017	Released Financial Results for the 1 <sup>st</sup> fiscal period.
(e)	(Mon) Jul 31, 2017	Notice concerning Acquisition of "Abode Yoyogi Parkside".
		Notice concerning disposition of "Royal Hill Kobe Sannomiya II".
		Notice of operating and distribution forecasts for the fiscal periods ending Aug. 2017 and Feb. 2018. (JPY 2,700, JPY 3,460)
(f)	(Mon) Oct 16 2017	Financial Results for the 2 <sup>nd</sup> fiscal period.
(g)	(Wed) Dec 13 2017	FOMC announced lifting federal funds target rate by 25 basis points, to a 1.25 to 1.50 percent range.
(h)	(Mon) Apr 16 2018	Financial Results for the 3 <sup>rd</sup> Fiscal Period
(i)	(Thu) May 10 2018	Notice Concerning the Change of Fiscal Period

(j)	(Thu) Jun 28 2018	Notice Concerning Disposition of Domestic Trust Beneficiary Right of "Conformall Sapporo"
(k)	(Wed) Aug 15 2018	Financial Results for the 4th Fiscal Period
(l)	(Thu) Feb 14 2019	Financial Results for the 5th Fiscal Period
(m)	(Fri) May 10 2019	Announcement Concerning Star Asia proposal
(n)	(Fri) May 17 2019	Announcement regarding SKR Opinion on the Request by a Minority Unitholder to Convene Extraordinary Unitholders' Meeting
(o)	(Thu) Jul 4 2019	Announcement of Proposal for Friendly Merger Discussions with MIRAI Corporation
(p)	(Fri) Jul 19 2019	Notice concerning Execution of Memorandum of Understanding regarding Merger with MIRAI Corporation
(q)	(Mon) Aug 5 2019	Notice of Execution of Merger agreement with MIRAI Corporation

<sup>1</sup> As of 5 August 2019. Indexation by using SKR offer price (JPY 91,000).

<sup>2</sup> Dividend yield calculated using current DPU forecast for FP6 & FP7 (JPY 2,634 and JPY 2,427 respectively) and 5 August 2019 SKR closing price (JPY 98,400)

Source: Bloomberg

## Section 6 – The Sponsors

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

Sakura Real Estate Funds Management, Inc. ("the Asset Management Company") receives extensive support for external and internal growth based on the Sponsor Support Agreements executed with Nippon Kanzai Group's core companies and Galileo Group<sup>1</sup>

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

## Same Boat Investment by the Nippon Kanzai Group and Galileo Group

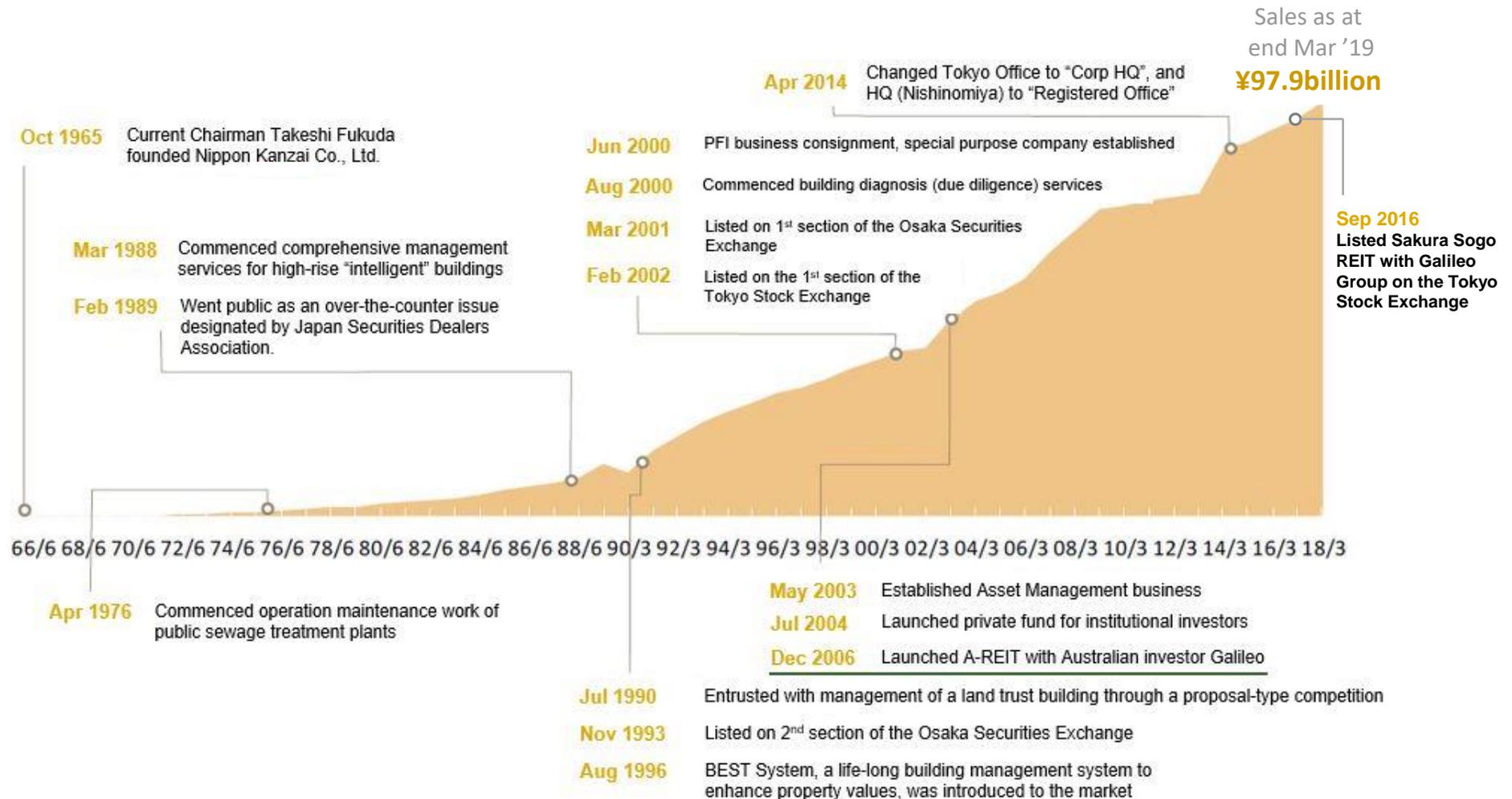
Both sponsors<sup>2</sup> acquired investment units of the Investment Corporation at the time of IPO in order to align their interests with those of the unitholders'. As a result, each owns 2.6% of investment units issued and outstanding (5.2% in total by both sponsors)



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

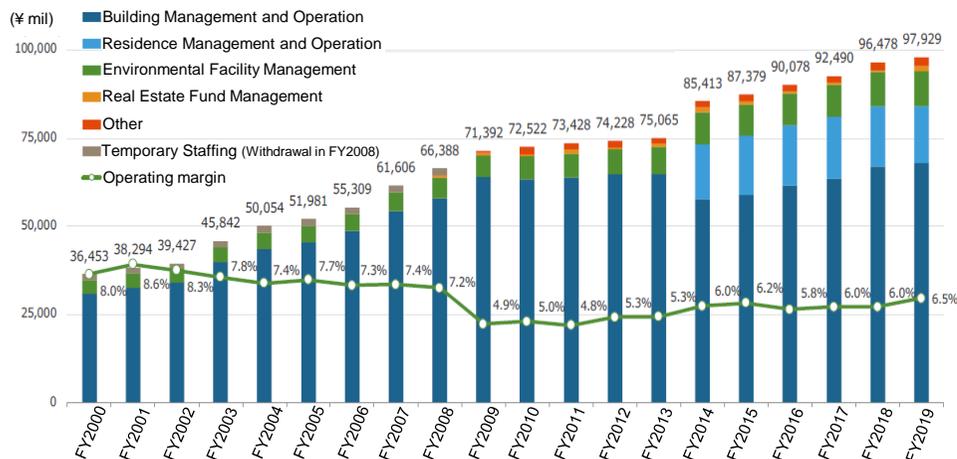
<sup>2</sup> "Sponsors" refers to Nippon Kanzai, Tokyo Capital Management and Galileo which have executed Sponsor Support Agreements

## Nippon Kanzai Co. Ltd. – Main History<sup>1</sup>

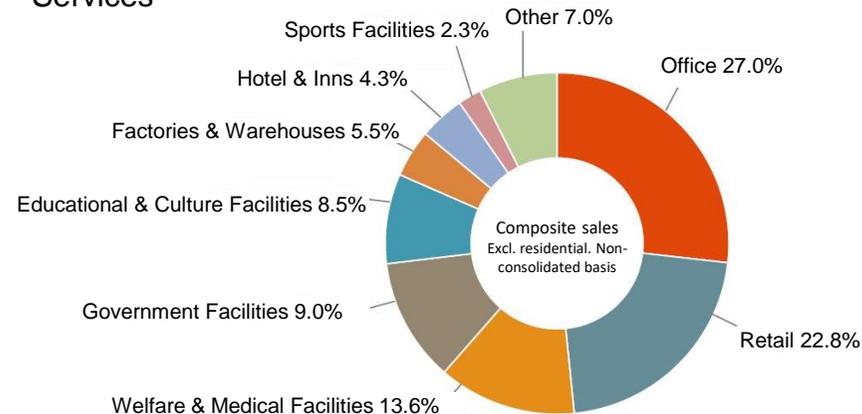


Nippon Kanzai Group, established in 1965, is a corporate group headed by Nippon Kanzai Co., Ltd., a company in Japan involved in the building management and operation business that also offers a full line of real estate management services.

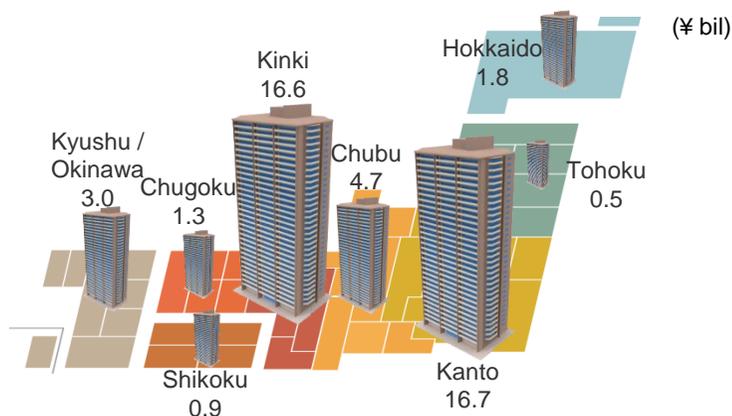
## Historical Trend of Revenue and Revenue Breakdown<sup>1</sup>



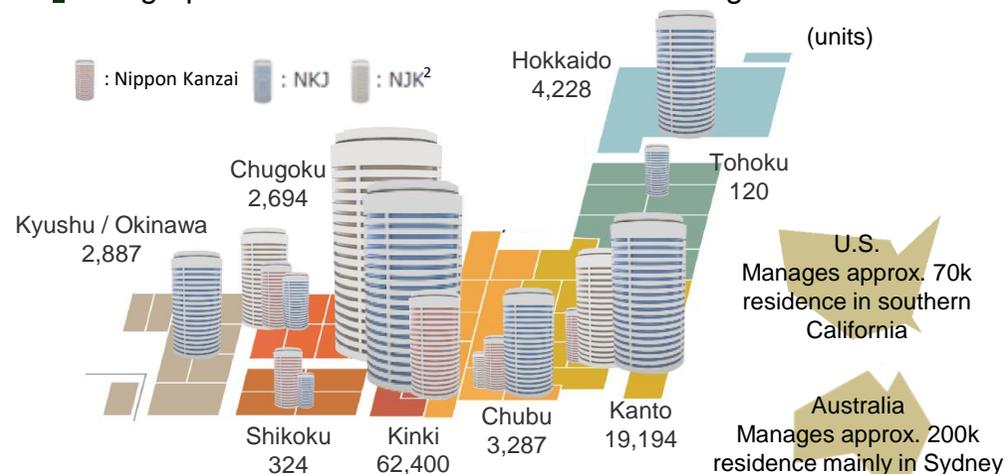
## Composition of Net Revenue for Management and Operation Services<sup>1</sup>



## Geographical Breakdown of Building Management and Operation<sup>1</sup>



## Geographical Breakdown of Residential Management<sup>1</sup>



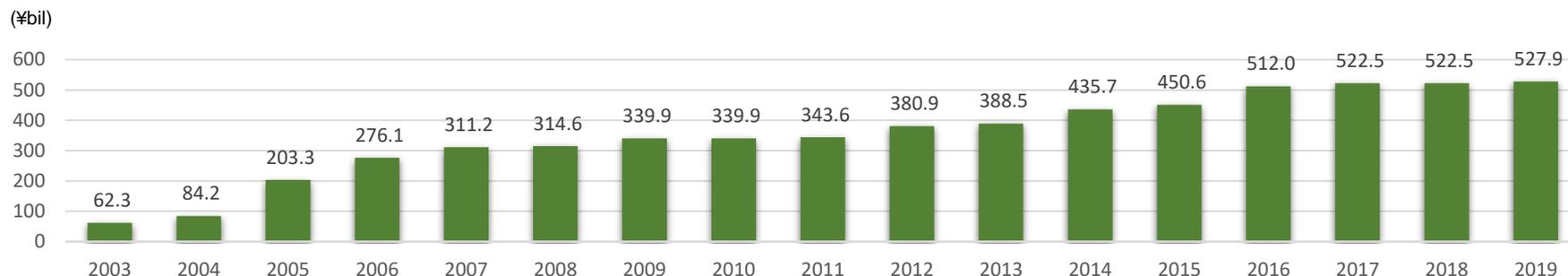
Source: Nippon Kanzai Group

<sup>1</sup> As of the fiscal period ended 31 March 2019

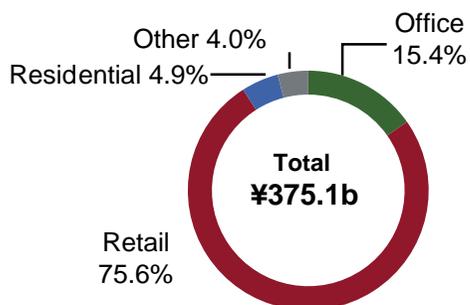
<sup>2</sup> NKJ (NKJ Holdings Co., Ltd.) and NJK (NJK Staff Service Co., Ltd.), wholly-owned residential property management subsidiaries of Nippon Kanzai Group

As an independent real estate developer and fund management group based in Australia, Galileo group has managed significant real estate in Australia, Japan and the U.S. It has listed **2 A-REITs** on the Australian Stock Exchange and **1 J-REIT** on the Tokyo Stock Exchange. In addition, its management team has been involved in the listing process and management of an additional **6 A-REITs**.

## Cumulative Acquisitions and Developments (including sold properties) in Australia, Japan and the U.S.<sup>1</sup>



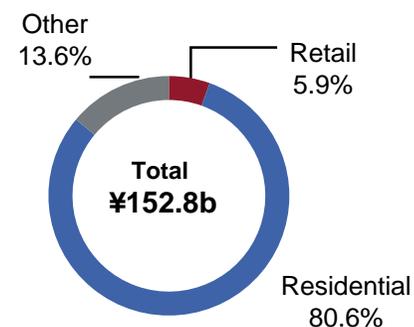
## Acquisitions by Asset Type (U.S. / Japan)<sup>2</sup>



## Total Acquisitions and Developments by Area<sup>2</sup>



## Developments by Asset Type (Australia)<sup>2</sup>

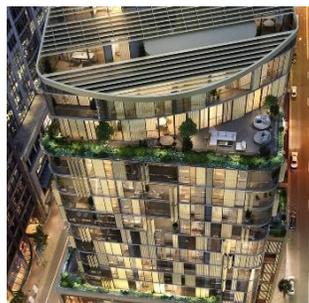


## Galileo Group - impressive development track record

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

## Examples of current / recent key projects in Australia

King & Phillip



Location	Sydney
Apartments	104
Value	¥27bn
Completion	2020

Metro Residences



Location	Sydney
Apartments	553
Value	¥40bn
Completion	2015

Arlington Grove



Location	Sydney
Apartments	246
Value	¥16bn
Completion	2018

The Residences



Location	Sydney
Apartments	87
Value	¥25bn
Completion	2014

Arena



Location	Brisbane
Apartments	191
Value	¥8bn
Completion	2015

Palisade



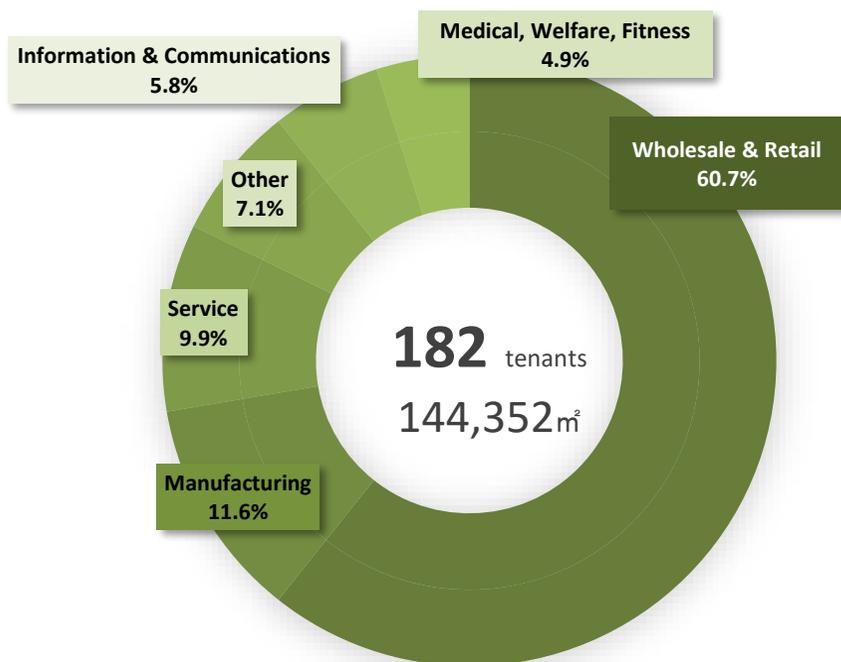
Location	Sydney
Apartments	245
Value	¥13bn
Completion	2018



# Appendix

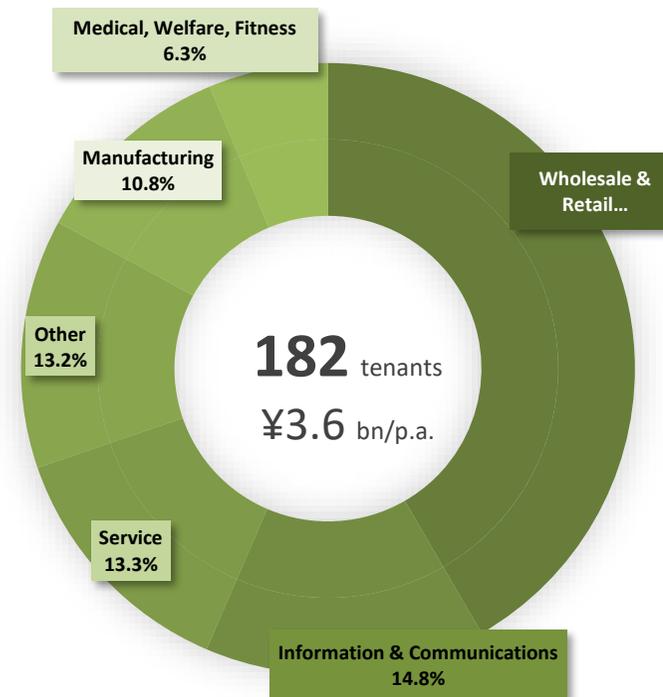
At 30 June 2019 (excluding Residential portfolio)

■ By rentable area<sup>1</sup>



Industry	Leased area (m <sup>2</sup> )
Wholesale & Retail	87,599
Manufacturing	16,801
Service	14,317
Other	10,200
Information & Communications	8,369
Medical, Welfare, Fitness	7,066
<b>Total</b>	<b>144,352</b>

■ By rent per annum<sup>2</sup>



Industry	Rent (¥mil p.a.)
Wholesale & Retail	1,486
Information & Communications	529
Service	473
Other	471
Manufacturing	384
Medical, Welfare, Fitness	225
<b>Total</b>	<b>3,568</b>

<sup>1</sup> Indicates the ratio of leased area (including storage, but excluding car park) with respect to the total leaseable area.

<sup>2</sup> Indicates the ratio of all-in rent revenue (including storage) from each tenant with respect to total portfolio rent revenue excluding residential portfolio.

At 30 June 2019 (excluding residential portfolio)

By rentable area

Tenant	Property	Leased area (m2) <sup>1</sup>	% of total portfolio leaseable area (%) <sup>2</sup>	Lease expiry date	Type of lease
Seiyu GK	Seiyu Minakuchi	23,814.87	16.5	Non-disclosure <sup>4</sup>	Standard
Nagasakiya Co., Ltd.	La Park Kishiw ada	15,356.34	10.6	18-Oct-34	Standard
Non-disclosure <sup>4</sup>	Funabashi Hi Tech Park I	Non-disclosure <sup>4</sup>	Non-disclosure <sup>4</sup>	Non-disclosure <sup>4</sup>	Non-disclosure <sup>4</sup>
Mr. Max	Suroy Mall Chikushino	7,997.08	5.5	03-Jul-27	Fixed term
Sakoda Co., Ltd.	Suroy Mall Chikushino	Non-disclosure <sup>4</sup>	Non-disclosure <sup>4</sup>	Non-disclosure <sup>4</sup>	Fixed term
Nobuta Enterprises	La Park Kishiw ada	7,555.88	5.2	19-Jul-27	Fixed term
Edion Corporation	Suroy Mall Chikushino	5,010.98	3.5	03-Jul-27	Fixed term
Sanki Co., Ltd.	La Park Kishiw ada	4,281.62	3.0	22-Jul-23	Fixed term
Non-disclosure <sup>4</sup>	Funabashi Hi Tech Park II	Non-disclosure <sup>4</sup>	Non-disclosure <sup>4</sup>	Non-disclosure <sup>4</sup>	Non-disclosure <sup>4</sup>
Sanki Co., Ltd.	Suroy Mall Nagamine	2,693.38	1.9	26-Sep-27	Fixed term

By rent revenue

Tenant	Property	Asset Type	% of total portfolio rent revenue (%) <sup>3</sup>	Lease expiry date	Type of lease
Seiyu GK	Seiyu Minakuchi	Retail	Non-disclosure <sup>4</sup>	Non-disclosure <sup>4</sup>	Standard
Nagasakiya Co., Ltd.	La Park Kishiw ada	Retail	6.8	18-Oct-34	Standard
Nobuta Enterprises	La Park Kishiw ada	Retail	5.0	19-Jul-27	Standard
Vinxus Corporation	NK Building	Office	Non-disclosure <sup>4</sup>	Non-disclosure <sup>4</sup>	Non-disclosure <sup>4</sup>
Sakoda Co., Ltd.	Suroy Mall Chikushino	Retail	Non-disclosure <sup>4</sup>	Non-disclosure <sup>4</sup>	Fixed term
Mr. Max Co., Ltd.	Suroy Mall Chikushino	Retail	Non-disclosure <sup>4</sup>	03-Jul-27	Fixed term
Non-disclosure <sup>4</sup>	Funabashi Hi Tech Park I	Other	Non-disclosure <sup>4</sup>	Non-disclosure <sup>4</sup>	Non-disclosure <sup>4</sup>
Spectris Co., Ltd.	Tsukasamachi Building	Office	2.4	30-Sep-20	Standard
Jorudan Co., Ltd.	Seishin Building	Office	2.4	31-Jan-20	Standard
Edion Corporation	Suroy Mall Chikushino	Retail	Non-disclosure <sup>4</sup>	03-Jul-27	Fixed term

<sup>1</sup> Indicates the leased area (including storage, but excluding car park) indicated in each lease agreement pertaining to each tenant as at 30 June 2019.

<sup>2</sup> Indicates the ratio of leased area with respect to the total leaseable area.

<sup>3</sup> Indicates the ratio of all-in rent revenue (including storage) from each tenant with respect to total portfolio rent revenue excluding residential portfolio.

<sup>4</sup> Tenant would not allow disclosure

	FP5 31 Dec 2018	FP6 30 Jun 2019	Variance	Comments
<b>Assets</b>				
Current assets	5,058	5,295	237	
Cash and deposits	500	598	98	
Cash and deposits in trust	4,282	4,532	250	
Other	275	165	-110	
Non-current assets	56,585	58,093	1,508	
Property, plant equipment	55,528	57,049	1,521	Increase due to acquisition of The Portal Akihabara
Intangible fixed assets	686	683	-3	
Investments and other assets	371	360	-11	
<b>Total assets</b>	<b>61,643</b>	<b>63,389</b>	<b>1,746</b>	
<b>Liabilities</b>				
Current liabilities	5,708	5,809	101	
Operating accounts payable	238	296	58	
Short-term loan payable	900	900	0	
Repayment long term loan within one year	4,000	4,000	0	
Accounts payable-other	177	215	38	
Advances received	339	360	21	
Other	54	35	-19	
Non-current liabilities	25,794	27,440	1,646	
Long-term loans payable	22,700	24,300	1,600	Increase in debt due to acquisition of The Portal Akihabara
Tenant leasehold and security deposits in trust	3,094	3,140	46	
<b>Total liabilities</b>	<b>31,502</b>	<b>33,249</b>	<b>1,747</b>	
<b>Net assets</b>				
Total unitholders' equity	30,141	30,140	-1	
Unitholders' capital	29,254	29,254	0	
Surplus	886	885	-1	
<b>Total net assets</b>	<b>30,141</b>	<b>30,140</b>	<b>-1</b>	
<b>Total liabilities and equity</b>	<b>61,643</b>	<b>63,389</b>	<b>1,746</b>	

	FP5 From Jul 2018 to Dec 2018	FP6 From Jan 2019 to Jun 2019	Variance	Comments
Operating revenue	2,362	2,394	32	
Leasing business revenue	2,031	2,022	-9	
Other leasing business revenue	331	371	40	Increase in revenue due to cancellation penalty and income related to tenant cancellation at Chikushino (reinstatement works) Decrease in utilities revenue (seasonal) Income void at Chikushino due to tenant cancellation
Capital gain from real estate disposition	0	0	0	
Operating expenses	1,316	1,357	41	
Expense related to rent business	1,063	1,074	11	Increase in expenses related to tenant cancellation at Chikushino (reinstatement works) Decrease in utilities expenses (seasonal)
Asset management fee	172	169	-3	
Asset custody fee / Administration service fee	23	22	-1	
Directors' compensation	6	6	0	
Other operating expenses	50	84	34	Increase in other expenses including legal and investor relations
Operating profit	1,046	1,037	-9	
Non-operating expenses	161	163	2	
Interest expenses	117	119	2	
Borrowing related expenses	42	43	1	
Other costs associated with issuance of investment units	0	0	0	
Ordinary profit	885	874	-11	
Extraordinary income	82	48	-34	
Insurance	82	48	-34	Extraordinary income in FP5 due to insurance claim for Osaka typhoon damage
Extraordinary expenses	81	36	-45	
Repair cost related to typhoon	81	36	-45	Extraordinary expenses in FP5 due to repair costs for Osaka typhoon damage
Net profit before income taxes	887	886	-1	
Net profit	886	885	-1	
Unappropriated retained earnings	886	885	-1	

Updated

Unit: ¥'000

Property #	Property	Acq	Ratio (%)	AR	Ratio (%)	BV	AR NOI	Depr	NOI cap	Post Depr (%)	NRA (tsubo)	Age (yr)	Occupancy (%)	PML (%)
OF-01	Seishin Building	7,880	13.7	9,200	15.0	7,985	367	28	4.0	3.7	1,699	30.3	100.0	5.5
OF-02	NK Building	3,730	6.5	4,250	6.9	3,764	186	14	4.4	4.1	1,027	27.7	100.0	8.4
OF-03	Tsukasamachi Building	3,820	6.6	4,200	6.8	3,861	186	16	4.4	4.0	983	31.5	100.0	9.4
OF-04	Takadanobaba Access	3,330	5.8	3,600	5.9	3,417	162	21	4.5	3.9	1,117	25.5	100.0	3.5
OF-05	Azabu Amerex Building	2,020	3.5	2,400	3.9	2,036	102	4	4.3	4.1	678	31.0	100.0	9.3
OF-06	Hiei Kudan Building	1,960	3.4	2,120	3.4	1,971	98	5	4.6	4.4	695	27.8	100.0	3.5
OF-07	Shin Yokohama Nara Bldg	1,910	3.3	2,030	3.3	1,944	109	18	5.4	4.5	1,227	27.3	100.0	4.4
OF-08	The Portal Akihabara	1,500	2.6	1,570	2.6	1,562	61	6	3.9	3.5	285	17.1	100.0	8.2
	Total/Average	26,150	45.4	29,370	47.7	26,544	1,274	116	4.3	3.9	7,711	28.4	100.0	-
RT-01	LaPark Kishiwada	6,460	11.2	6,550	10.6	6,504	390	88	6.0	4.6	12,365	24.8	98.5	14.8
RT-02	Suroy Mall Chikushino	7,670	13.3	7,640	12.4	7,553	428	61	5.6	4.8	9,728	12.0	92.2	1.7
RT-03	Seiyu Minakuchi	4,150	7.2	4,140	6.7	4,036	253	87	6.1	4.0	7,204	20.1	100.0	4.2
RT-04	Suroy Mall Nagamine	4,180	7.3	4,470	7.3	4,118	249	35	5.6	4.8	3,812	11.9	99.3	8.1
	Total/Average	22,460	39.0	22,800	37.1	22,214	1,321	273	5.8	4.6	33,109	17.2	97.1	-
RS-01	Shiroi Logiman	2,180	3.8	2,170	3.5	2,119	147	38	6.8	5.0	6,623	24.2	97.7	3.6
RS-02	Matsuya Residence Sekime	1,820	3.2	1,940	3.2	1,890	123	25	6.3	5.0	2,350	29.9	98.7	11.6
RS-04	Urban Plaza Imazato	940	1.6	949	1.5	962	55	12	5.8	4.5	1,407	27.5	98.5	12.0
RS-05	Adobe Yoyogi Parkside	1,600	2.8	1,700	2.8	1,611	69	9	4.1	3.6	389	1.8	100.0	7.3
	Total/Average	6,540	11.4	6,759	11.0	6,583	396	85	5.9	4.6	10,768	20.8	98.1	-
OT-01	Funabashi Hi-Tech Park I	1,720	3.0	1,800	2.9	1,692	110	17	6.1	5.1	2,523	16.1	100.0	4.6
OT-02	Funabashi Hi-Tech Park II	710	1.2	782	1.3	685	48	6	6.2	5.4	1,281	17.8	100.0	4.6
	Total/Average	2,430	4.2	2,582	4.2	2,378	159	24	6.2	5.2	3,804	16.6	100.0	-
		<b>57,580</b>	<b>100.0</b>	<b>61,511</b>	<b>100.0</b>	<b>57,720</b>	<b>3,151</b>	<b>499</b>	<b>5.1</b>	<b>4.3</b>	<b>55,392</b>	<b>22.6</b>	<b>97.9</b>	<b>3.9</b>

# Income and Expenditure by Property for FP6 (181 operating days)

Sakura Sogo REIT Investment Corporation

Unit: ¥ '000

	OF-01	OF-02	OF-03	OF-04	OF-05	OF-06	OF-07	OF-08	RT-01	RT-02
	Seishin Building	NK Building	Tsukasamachi Building	Takadanobaba Access	Azabu Amerex Building	Hiei Kudan Building	Shin Yokohama Nara Building	The Portal Akihabara <sup>1</sup>	La Park Kishiwada	Suroy Mall Chikushino
Operating revenue from real estate leasing	229,877	124,197	115,361	106,852	69,978	67,614	82,642	4,354	498,981	353,884
Leasing business revenue	208,624	110,496	103,487	86,031	63,081	65,054	68,572	4,129	383,779	276,232
Other Leasing business revenue	21,252	13,700	11,873	20,820	6,896	2,560	14,070	225	115,202	77,651
Operating expenses from real estate leasing	57,326	33,432	23,979	38,618	21,321	19,087	25,924	457	278,906	115,074
Management fees	19,563	12,767	8,087	16,482	7,775	10,558	9,280	257	131,674	51,327
Utilities expenses	13,038	8,650	6,481	7,710	3,522	19	6,659	133	94,947	3,725
Insurance premium	230	150	142	169	86	126	157	5	1,198	653
Repair & Maintenance	1,540	346	918	3,836	352	171	1,187	0	1,809	29,860
Trust Fees	750	750	750	750	375	750	750	61	1,850	750
Property Tax	20,756	10,589	7,390	9,102	7,605	6,713	7,710	0	44,456	19,625
Other expenses	1,447	179	209	567	1,603	747	178	0	2,969	9,132 <sup>2</sup>
Leasing NOI	172,551	90,764	91,381	68,234	48,656	48,527	56,718	3,897	220,074	238,809
Depreciation	14,209	7,183	8,377	10,891	2,298	2,834	9,327	523	44,087	30,904
Operating income (loss) from real estate leasing	158,342	83,581	83,003	57,343	46,358	45,693	47,390	3,373	175,987	207,905

<sup>1</sup> Due to acquisition on 3 June 2019, 28 operating days

<sup>2</sup> includes leasehold rent

# Income and Expenditure by Property for FP6 (181 operating days)

Sakura Sogo REIT Investment Corporation

Unit: ¥'000

	RT-03	RT-04	RS-01	RS-02	RS-04	RS-05	OT-01	OT-02
	Seiyu Minakuchi	Suroy Mall Nagamine	Shiroi Logiman	Matsuya Residence Sekime	Urban Plaza Imazato	Abode Yoyogi Parkside	Funabashi Hi-Tech Park I	Funabashi Hi-Tech Park II
Operating revenue from real estate leasing	Non-disclosure	179,195	139,676	86,623	39,907	45,105	Non-disclosure	Non-disclosure
Leasing business revenue	Non-disclosure	149,742	131,202	78,356	37,717	42,072	Non-disclosure	Non-disclosure
Other Leasing business revenue	Non-disclosure	29,452	8,473	8,267	2,189	3,032	Non-disclosure	Non-disclosure
Operating expenses from leasing business	35,941	59,362	55,356	30,252	12,630	8,073	6,436	5,089
Management fees	6,039	16,012	26,855	14,027	5,656	4,637	990	990
Utilities expenses	0	26,252	0	2,878	537	239	0	0
Insurance premium	509	255	605	242	115	39	117	74
Repair & Maintenance	0	2,243	10,730	7,053	2,405	593	0	0
Trust Fees	750	750	1,250	375	375	500	750	750
Property Tax	11,847	13,083	13,976	5,267	3,225	1,827	4,561	3,259
Other expenses	16,794 <sup>1</sup>	764	1,937	407	313	235	16	16
Leasing NOI	Non-disclosure	119,832	84,319	56,371	27,276	37,032	Non-disclosure	Non-disclosure
Depreciation	43,751	17,981	19,120	12,911	6,099	4,729	8,969	3,178
Operating income (loss) from real estate leasing	Non-disclosure	101,851	65,198	43,459	21,177	32,302	Non-disclosure	Non-disclosure

at 30 June 2019

Asset Type No.	Office								Retail	
	OF-01	OF-02	OF-03	OF-04	OF-05	OF-06	OF-07	OF-08	RT-01	RT-02
Property Name										
Address	Shinjuku-ward, Tokyo	Chiyoda-ward, Tokyo	Chiyoda-ward, Tokyo	Shinjuku-ward, Tokyo	Minato-ward, Tokyo	Chiyoda-ward, Tokyo	Kohoku-ward, Yokohama	Chiyoda-ward, Tokyo	Kishiwada city, Osaka	Chikushino, Kyushu
Acquisition Price	7,880	3,730	3,820	3,330	2,020	1,960	1,910	1,500	6,460	7,670
Book Value @ FP5 (¥mn)	7,958	3,766	3,869	3,416	2,037	1,970	1,951	-	6,485	7,581
Book Value @ FP6 (¥mn)	7,985	3,764	3,861	3,417	2,036	1,971	1,944	1,562	6,504	7,553
Appraisal @ FP5 (¥mn)	8,900	4,010	4,060	3,550	2,310	2,120	2,030	-	6,650	7,790
Appraisal @ FP6 (¥mn)	9,200	4,250	4,200	3,600	2,400	2,120	2,030	1,570	6,550	7,640
NOI Yield @ FP5 (%)	4.0	4.4	4.4	4.5	4.3	4.6	5.4	-	6.0	5.6
NOI Yield @ FP6 (%)	4.0	4.4	4.4	4.5	4.3	4.6	5.4	3.9	6.0	5.6
NOI Yield @ FP5 post depr (%)	3.7	4.0	4.0	4.0	4.1	4.4	4.5	-	4.7	4.8
NOI Yield @ FP6 post depr (%)	3.7	4.1	4.0	3.9	4.1	4.4	4.5	3.5	4.6	4.8
Direct return method @FP5 (%)	3.8	4.0	4.1	4.0	4.0	4.1	4.8	-	5.0	5.4
Direct return method @FP6 (%)	3.8	4.0	4.1	4.0	4.0	4.1	4.8	3.7	5.0	5.4
DCF method DR @FP5 (%)	3.6	3.8	3.9	3.8	3.8	3.9	4.6	-	4.8	5.2
DCF method DR @FP6 (%)	3.6	3.8	3.9	3.8	3.8	3.9	4.6	3.5	4.8	5.2
DCF method TCR @FP5 (%)	4.0	4.2	4.3	4.2	4.2	4.3	5.0	-	5.2	5.6
DCF method TCR @FP6 (%)	4.0	4.2	4.3	4.2	4.2	4.3	5.0	3.9	5.2	5.6
Unrealized gain (loss) @FP5	941	243	191	133	272	150	78	-	164	208
Unrealized gain (loss) @FP6	1,214	486	338	182	364	149	86	7	45	86
PoP change in Appraisal (¥mn)	300	240	140	50	90	-	-	-	-100	-150

at 30 June 2019

Asset Type No.	Retail		Residential				Other		Total (18 properties)
	RT-03	RT-04	RS-01	RS-02	RS-04	RS-05	OT-01	OT-02	
Property Name									
Address	Koka city, Shiga	Kumamoto city, Kumamoto	Shiroi city, Chiba	Osaka city, Osaka	Osaka city, Osaka	Shibuya-ward, Tokyo	Funabashi city, Chiba	Funabashi city, Chiba	
Acquisition Price	4,150	4,180	2,180	1,820	940	1,600	1,720	710	57,580
Book Value @ FP5 (¥mn)	4,051	4,132	2,135	1,895	938	1,616	1,701	688	56,199
Book Value @ FP6 (¥mn)	4,036	4,118	2,119	1,890	962	1,611	1,692	685	57,720
Appraisal @ FP5 (¥mn)	4,140	4,470	2,170	1,970	949	1,680	1,800	782	59,381
Appraisal @ FP6 (¥mn)	4,140	4,470	2,170	1,940	949	1,700	1,800	782	61,511
NOI Yield @ FP5 (%)	6.1	5.6	6.8	6.2	5.8	4.1	6.1	6.2	5.2
NOI Yield @ FP6 (%)	6.1	5.6	6.8	6.3	5.8	4.1	6.1	6.2	5.1
NOI Yield @ FP5 post depr (%)	4.0	4.8	5.1	5.0	4.6	3.6	5.1	5.4	4.4
NOI Yield @ FP6 post depr (%)	4.0	4.8	5.0	5.0	4.5	3.6	5.1	5.4	4.3
Direct return method @FP5 (%)	5.9	5.4	5.6	5.0	5.0	4.0	6.0	6.0	-
Direct return method @FP6 (%)	5.9	5.4	5.6	5.1	5.0	4.0	6.0	6.0	-
DCF method DR @FP5 (%)	5.7	5.2	5.4	4.8	4.8	3.8	5.8	5.8	-
DCF method DR @FP6 (%)	5.7	5.2	5.4	4.9	4.8	3.8	5.8	5.8	-
DCF method TCR @FP5 (%)	6.1	5.6	5.8	5.2	5.2	4.2	6.2	6.2	-
DCF method TCR @FP6 (%)	6.1	5.6	5.8	5.3	5.2	4.2	6.2	6.2	-
Unrealized gain (loss) @FP5	88	337	34	75	11	63	98	93	3,182
Unrealized gain (loss) @FP6	103	351	51	50	-13	88	1,114	-911	3,790
PoP change in Appraisal (¥mn)	-	-	-	-30	-	20	-	-	2,130



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



OF-08 The Portal Akihabara



RT-01 La Park Kishiwada



RT-02 Suroy Mall Chikushino



RT-03 Seiyu Minakuchi



RT-04 Suroy Mall Nagamine



RS-01 Shiroi Logiman



RS-02 Matsuya Residence Sekime



RS-04 Urban Plaza Imazato



RS-05 Abode Yoyogi Parkside



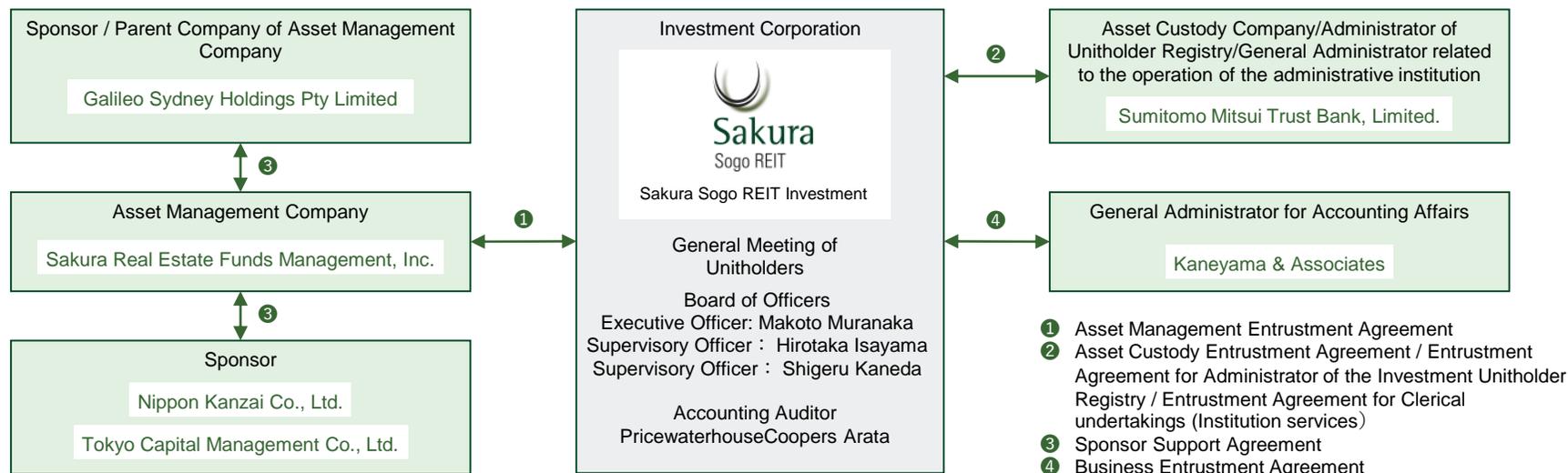
OT-01 Funabashi Hi-Tech Park I



OT-02 Funabashi Hi-Tech Park II

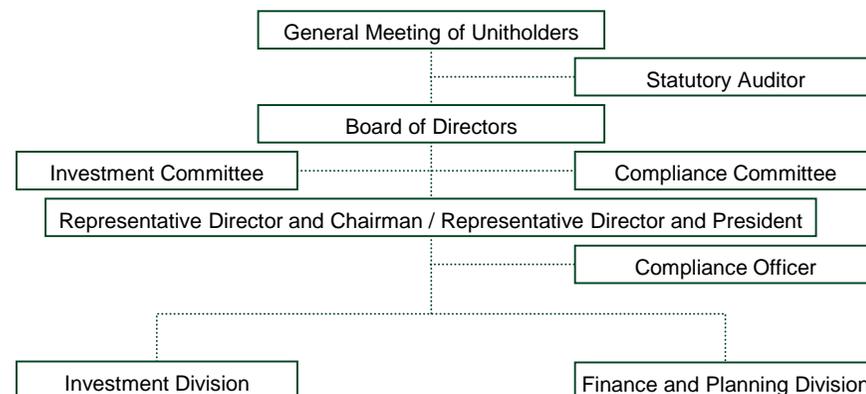


## Schematic Diagram of the Investment Corporation's Structure



## 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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