Financial Results for the 5th Fiscal Period ("FP5")

Sakura Sogo REIT Investment Corporation (Securities code: 3473)

Contents

Section 1 – Sakura Sogo REIT Overview

Features of the Investment Corporation

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

galileo	NIPPON KANZAI
An independent Australian real estate developer and funds management group with an extensive track record in real estate capital markets	A TSE 1st section listed building management and operations company with a history of over 50 years in Japan

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[3] and Nippon Kanzai Group[4]**
- **Leverages Nippon Kanzai Group's know-how in property management**

[1] 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.
[2] 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).
[3] 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.
[4] 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[1]

¥96.5bn

Revenue from Building Maintenance & Residential Management[1]

¥84.0bn

% Revenue from Building Maintenance Operations[1]

87.0%

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[2]

¥535.2bn

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

[1] As at end of March 2018
[2] As at end of January 2019

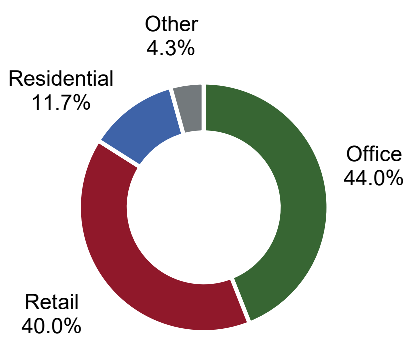
Portfolio Summary

At 31 December 2018

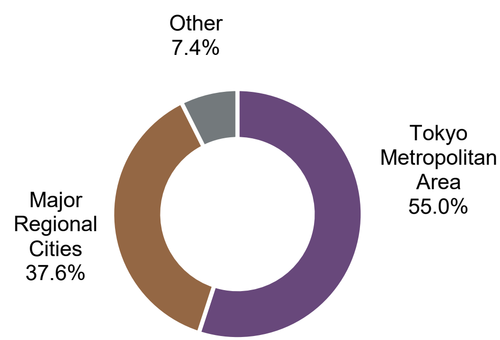
No. of properties	17	Total appraised value ¥m	59,381	Average NOI yield %[1]	5.2
Average occupancy %	98.6	Total book value ¥m	56,199	Average NOI yield post depreciation %[1]	4.4

Portfolio Diversification

Investment Ratio by Asset Type



Investment Ratio by Location



Lease type (by income)

Standard Japanese leases %	51.7
Non-cancellable leases %[2]	48.3
WALE[3] of non-cancellable leases (years)	6.2

[1] Calculated based on 31 December 2018 independent appraisals
[2] Includes leases that can be cancelled by paying cancellation penalties
[3] Weighted average lease term to expiry

Portfolio Investment Guidelines

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[1]

Growth

Investment Ratio by Asset Type	Characteristics of Asset Type
Office 30～60％	▪ During economic expansion, up-side potential can be capitalized on ▪ 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
Residential 10～30％	▪ 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
Retail 30～60％	▪ 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
Other 0～20％	▪ The potential and value of each individual property will be identified and the goal will be to conduct flexible property acquisition and investment

Stability

Investment Ratio by Location[2]

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

[1] 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.
[2] 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 – FP5 Financial Results

FP5 – Forecast and Actual

Unit: ¥ mil

	FP5 Forecast[1]	FP5 Actual	Variance
Operating revenue	2,361	2,362	1
Operating expenses	1,333	1,316	(17)
Operating profit	1,028	1,046	18
Non-operating expenses	161	161	0
Ordinary profit	867	885	18
Extraordinary income	-	82	82
Extraordinary expenses	-	81	81
Net profit before tax	867	887	20
Net profit	866	886	20
Distribution per unit (DPU) (¥)	2,600	2,662	62

Comment

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

FP5 vs. FP4 Adjusted Actual

Unit: ¥ mil

	FP4 Adjusted Actual[2]	FP5 Actual	Variance
Operating revenue	2,426	2,362	(64)
Operating expenses	1,341	1,316	(25)
Operating profit	1,084	1,046	(38)
Non-operating expenses	153	161	8
Ordinary profit	931	885	(46)
Extraordinary income	-	82	82
Extraordinary expenses	-	81	81
Net profit before tax	931	887	(44)
Net profit	930	886	(44)

Comment

- Operating revenue decreased by ¥64m primarily due to the FP4 sale of Confomall Sapporo
- Decrease in operating expenses by ¥25m:
  - ¥14m due to the sale of Confomall and seasonal usage fluctuations for utilities expenses, ¥4m due to non-deductible consumption tax (higher in FP4 from asset disposition), ¥4m due to third party administrative fees and ¥3m for AM fees
- Non-operating expenses increased by ¥8m primarily due to expenses from August refinancing
- Extraordinary income and expenses associated with Osaka typhoon damage

1 FP5 financial forecast was announced on 15 August 2018 (FP5 six months ended 31 December 2018).

2 Fiscal period end dates were changed to the end of June and December in May 2018. As a result FP4 represented a 4 month period only from 1 March 2018 to 30 June 2018. In order to provide a "like for like" comparison with FP5 Actuals, FP4 actuals were adjusted as follows: "one off" gain on sale of Confomall ¥142m and non-operating expenses of ¥136m were excluded. All other items are multiplied by 6/4.

FP6 and FP7 Forecasts

FP6 – Forecast vs. Adjusted Forecast

Unit: ¥ mil

	FP6 Forecast	FP6 Revised Forecast	Variance
Operating revenue	2,325	2,348	23
Operating expenses	1,296	1,319	23
Operating profit	1,029	1,029	0
Non-operating expenses	162	162	0
Ordinary profit	867	867	0
Extraordinary income	-	44	44
Extraordinary expense	-	33	33
Net profit before tax	867	878	11
Net profit	866	877	11
Distribution per unit (DPU) (¥)	2,600	2,634	34

Comment

- Operating revenue increased primarily due to cancellation penalty received at Suroy Mall Chikushino
- Operating expenses increased primarily due to:
  - deferred sales promotion expenses at retail properties and deferred broker fees
  - maintenance inspection expenses
  - an increase in non-deductible consumption tax.
- Extraordinary income and expenses associated with Osaka typhoon damage

Difference between FP6 and FP7 Forecasts (fiscal periods ending 30 June 2019 and 31 December 2019)

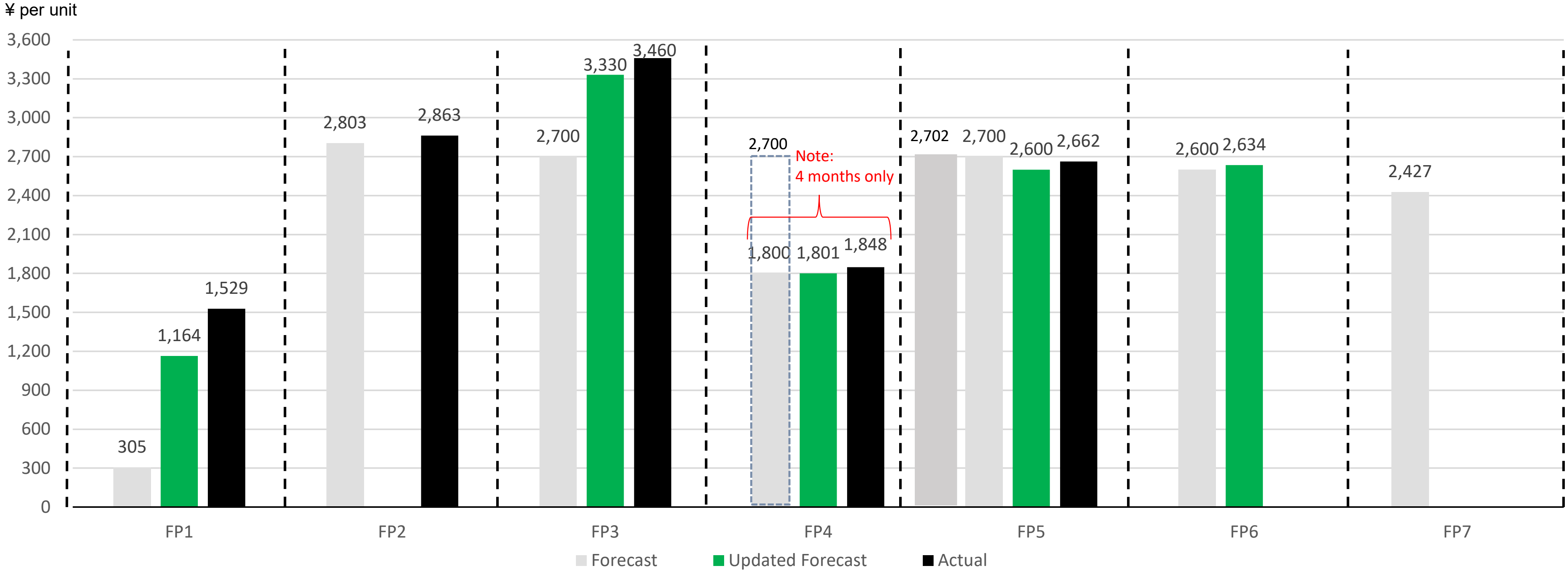
	FP6 Revised Forecast	FP7 Forecast	Variance
Operating revenue	2,348	2,317	(31)
Operating expenses	1,319	1,342	23
Operating profit	1,029	975	(54)
Non-operating expenses	162	166	4
Ordinary profit	867	809	(58)
Extraordinary income	44	-	(44)
Extraordinary expense	33	-	(33)
Net profit before tax	878	809	(69)
Net profit	877	808	(69)
Distribution per unit (DPU) (¥)	2,634	2,427	(207)
Annualized DPU yield[1]	6.0%		

Comment

- Operating revenue decrease due to:
  - Decrease in rent associated with retenanting at NK Building and cancellation penalty received in FP6 for Suroy Mall Chikushino
  - Increase in utilities revenue due to seasonal usage fluctuations and retenanting vacant space at Suroy Mall Chikushino
- Operating expenses increased due to seasonal usage fluctuations in utilities

[1] Annualized DPU yield based on the closing price of ¥84,700 on 31 January 2019 and using the aggregate forecast DPU for FP6 and FP7 (¥5,061).

DPU – Forecast vs Actual



1 Apr 2016 - 28 Feb 2017	1 Mar 2017 - 31 Aug 2017	1 Sep 2017 - 28 Feb 2018	1 Mar 2018 – 30 Jun 2018	1 Jul 2018 - 31 Dec 2018	1 Jan 2019 – 30 Jun 2019	1 Jul 2019 – 31 Dec 2019
▪ Savings in investment unit issuance costs ▪ Annual building inspection contingency not required ▪ Lower than forecast costs for audit, tax and accounting	▪ Increase in occupancy ▪ Savings in operating expenses	▪ Includes net realized gain on sale of Sannomiya (¥261m) ▪ Management fee waiver based on NOI ended FP2	▪ 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	▪ 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	▪ Increase in operating revenue primarily due to cancellation penalty received at Suroy Mall Chikushino ▪ Extraordinary income and expenses associated with Osaka typhoon damage	▪ Decrease in rent associated with retenanting at NK Bldg and FP6 Suroy Mall Chikushino cancellation penalty ▪ Increase in revenue due to retenanting vacant space at Suroy Mall Chikushino ▪ Operating expenses increased due to seasonal usage fluctuations in utilities

Sakura Sogo REIT

Section 3 - Key Performance Indicators

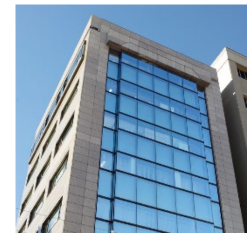
Overview

Real estate market conditions remain robust. According to CBRE Tokyo office vacancy continued to fall and was 0.8% as at Q4 2018.

- Increase of 0.2% in portfolio appraisal value. Office and residential sectors increased by 0.4% and 1.6% respectively
- Continued high level of occupancy across the portfolio
- Continued upward rent reviews in the office portfolio

Portfolio Value

	Appraisal Value (￥bn)	Book Value (￥bn)	Unrealized Gain (￥bn)
@ FP4 30 June 2018	59.246	56.239	3.007
@ FP5 31 December 2018	59.381	56.199	3.182
Variance	0.2%	0.1%	5.8%



Azabu Amerex Building

Portfolio Performance

	Occupancy (%)[1]	NOI Cap Rate (%)[1]	NOI (¥bn)[1]
@ FP4 30 June 2018	98.7	5.2	3.060
@ FP5 31 December 2018	98.6	5.2	3.072
Variance	0.1	0.0	0.4%

La Park Kishiwada

Office Market Trends

	Office Market Rents[2]	Office Passing Rents[3]	Tokyo Office Vacancy (%)[4]
@ FP4 30 June 2018	16,295	15,828	1.1
@ FP5 31 December 2018	16,566	15,784[5]	0.8
Variance	1.7%	0.3%	0.3

Matsuya Residence Sekime

[1] As per independent appraisals dated June 2018 and December 2018
[2] Weighted average office market rents (¥/tsubo/month) as per independent appraisals dated June 2018 and December 2018
[3] Weighted average office passing rent (¥/tsubo/month) as per office lease agreements reflected in independent appraisals dated June 2018 and December 2018
[4] Source: CBRE Market Overview Japan Office Q2 2018 and Q4 2018. Vacancy rate represents "All Office Grades" (Grade A, Grade A-minus and Grade B)
[5] Decrease is due to two new leases executed in 2018 not commencing until January 2019. Forecast passing rent for FP6 as at end January 2019 is ¥15,922

Portfolio - Sector Analysis

Occupancy (%)

	Office	Retail	Residential	Other
@ FP4 30 June 2018	100.0	99.0	96.6	100.0
@ FP5 31 December 2018	98.2[1]	99.0	97.5	100.0
Variance	1.8 ↓	0.0 ↔	0.9 ↑	0.0 ↔

Passing Rents (¥/tsubo/mth)

	Office	Retail	Residential	Other
@ FP4 30 June 2018	15,828	4,841	4,633	3,970
@ FP5 31 December 2018	15,784[2]	4,848	4,556	3,970
Variance	0.3% ↓	0.1% ↑	1.7% ↓	0.0% ↔

Appraisal Values (¥bn)[3]

	Office	Retail	Residential	Other
@ FP4 30 June 2018	26.870	23.130	6.665	2.581
@ FP5 31 December 2018	26.980	23.050	6.769	2.582
Variance	0.4% ↑	0.3% ↓	1.6% ↑	0.0% ↑

NOI Cap Rates (%)[3]

	Office	Retail	Residential	Other
@ FP4 30 June 2018	4.3	5.8	6.0	6.2
@ FP5 31 December 2018	4.4	5.8	5.8	6.2
Variance	0.1 ↑	0.0 ↔	0.2 ↓	0.0 ↔

[1] LOI received for only office vacancy
[2] Decrease is due to two new leases executed in 2018 not commencing until January 2019. Forecast passing rent for FP6 as at end January 2019 is ¥15,922
[3] As per independent appraisals dated June 2018 and December 2018

Financial KPI's

Overview

- LTV decreased by 1.4% and average loan duration increased by 0.45 years by repaying a short term loan of ¥1.4b and refinancing ¥5.1b at the end of August
- Net asset value per unit increased by 0.5% due to an overall increase in appraisal value for the portfolio
- Estimated dividend yield per unit is 6.0%, up 0.3% from the previous period

Balance Sheet

	LTV (%)	Ave. loan maturity (years)	Total Liabilities (￥bn)
@ FP4 30 June 2018	46.2	2.12	32.8
@ FP5 31 December 2018	44.8	2.57	31.5
Variance	1.4 ↓	0.45 ↑	4.0% ↓

	Net Equity (￥bn)	NAV (￥per unit)	Total Assets (￥bn)
@ FP4 30 June 2018	29.25	96,882	62.75
@ FP5 31 December 2018	29.25	97,406	61.64
Variance	0.0% ↔	0.5% ↑	1.8% ↓

Investment Units

	Unit Price (¥ per unit)	Annualized DPU yield (%)	P/NAV
13 August 2018	90,800	5.7[1]	0.94
31 January 2019	84,700	6.0[2]	0.87
Variance	6.7% ↓	0.3 ↑	7.4% ↓

NK Building

Abode Yoyogi Parkside

Seiyu Minakuchi

[1] Annualized DPU yield based on unit price of ¥90,800 as at 13 August 2018 and the aggregate of FP5 and FP6 DPU Forecasts announced on 15 August 2018
[2] Annualized DPU yield based on aggregate of current FP6 and FP7 DPU Forecasts and closing price on 31 January 2019 of ¥84,700

Section 4 - Management Key Priorities

Management Key Priorities

Enhance Unitholder Value

External Growth

- Identifying off market investment opportunities leveraging off sponsor relationships
- Add to existing pipeline support network
- Foster relationships with mid-scale developers

Internal Growth

- Actively pursue growth
  - Upward rent reviews particularly in office
  - Creating new revenue streams; e.g. contracting rooftop telecommunications antenna
- Utilize the expertise of Nippon Kanzai to ensure buildings are well maintained while minimizing costs
- Strategic capital expenditure initiatives to:
  - Maintain high occupancy
  - Minimize downtime on vacant space
  - Enhance revenue through current and future rent reviews

Capital Management

- Explore opportunities to recycle assets which can:
  - Increase distributions
  - Enhance portfolio characteristics
- Carefully manage borrowings to mitigate maturity risk and minimize ongoing cost of debt
- Cumulative investment scheme for the Asset Management Company directors and employees to further align interest with unitholders

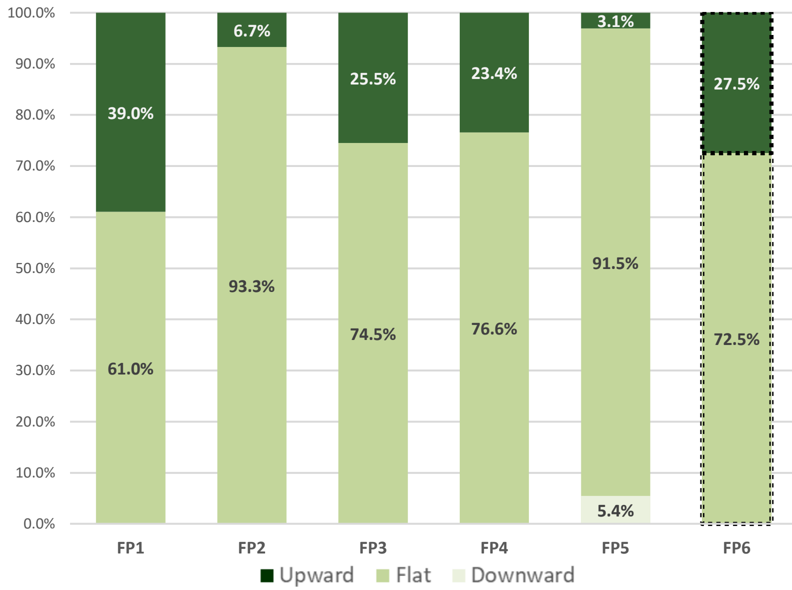
Part A - Internal Growth Initiatives

NIPPON KANZAI Co., Ltd.

Office Portfolio Rent and Tenant Movement[1]

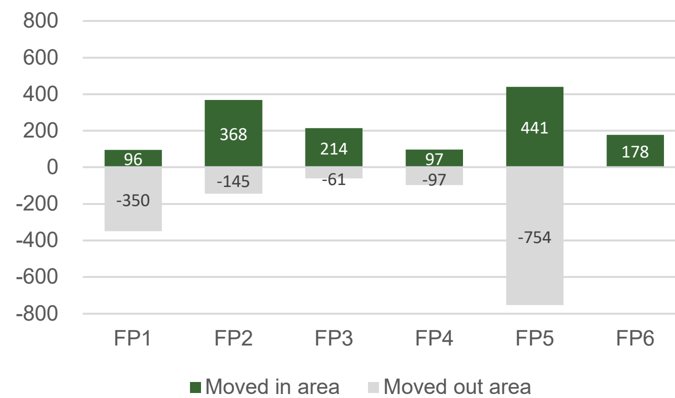
- During FP5 19 leases were renewed. We were successful in achieving a total of 6 rent increases which were negotiated in FP5. Five of these are effective from FP6.
- Uplift of 10.5% and ¥7.0 mil p.a. over 437.3 tsubo worth of space

Lease Renewal Status (NRA basis)

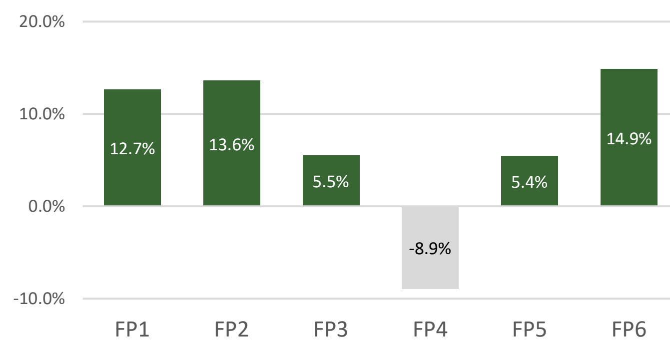


	FP1	FP2	FP3	FP4	FP5-FP6 Forecast
Upward	7	1	1	4	6
Flat	10	6	21	12	31
Downward	0	0	0	0	1
Total	17	7	22	16	38
Rent increase %	**11.6%**	**8.1%**	**14.7%**	**16.5%**	**10.5%**

Office portfolio tenant movement in / out (Tsubo)[2]



Average % change replacement tenant vs previous passing rent[2]



[1] Excluding retail tenancies, residential (SOHO), storage and carpark
[2] During FP5 a lease for 178 tsubo was executed with lease commencement in FP6 (January 2019)

*Incl. executed renewal AUM in FP6 as of the end of Jan 2019

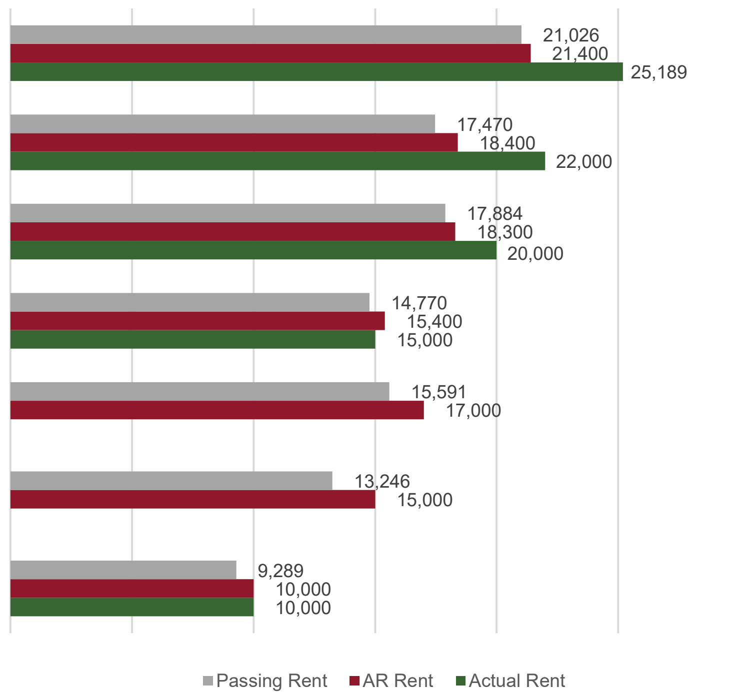
NIPPON KANZAI Co., Ltd.

Rent Gap for Office Portfolio

- Approximately 70% of passing rents are below market or inline with market based on Appraisal Report (“AR”) assessed market rent.
- Actual rents for 6-new leases totaling 508.0 tsubo executed during FP5 for 3-properties are 8.3% higher than previous passing rents.

	Occupancy	% Office NRA[1]	Ave. Passing Rents – Implied Rent Gap: vs. AR	vs. Actual	Lease execution
Seishin Building[3]	92.0%	22.6%	1.8%	19.8%	FP5
Tsukasamachi Building	100.0%	14.0%	5.3%	25.9%	FP4
NK Building	100.0%	13.5%	2.3%	11.8%	FP5
Azabu Amerex Building	100.0%	8.2%	4.3%	1.6%	FP4
Hiei Kudan Building	100.0%	9.9%	9.0%	-	-
Takadanobaba Access	100.0%	14.4%	13.2%	-	-
Shin Yokohama Nara Bldg	100.0%	17.5%	7.7%	7.7%	FP5

Rent Analysis
Passing vs. AR vs. Actual[2]



[1] % of Net Rentable Area of each asset of total NRA of office portfolio. Rents exclude storage, carpark and retail units as at 31 December 2018
[2] Actual Rent represents weighted average of all-in actual rents from most recent leases executed during FP4 and FP5
[3] LOI received for the vacant space at Seishin Building

NIPPON KANZAI Co., Ltd.

Office case studies – adding value through proactive asset management

Seishin Bldg	Common area refurbishment
Occupancy at start of period (%)	100.0
Occupancy at end of period (%)	92.0[1]
Move out area (square meters/tsubo)	1,288.5 / 389.8
Move in area (square meters/tsubo)	838.9 / 253.8
Increase passing rent on refurbished floor (%)	13.6
Cost of refurbishment one floor (¥)	3,000,000
Estimated return on cost (ROC) (%)	184.5

Summary
Objective – retenanting vacant space
One common area lobby refurbished (excluding restrooms)
Scope includes new carpet, wall finishes, ceiling repainting, lighting, tenant directory
ROC % equals estimated increase in annual rent / cost


Before → After

Tsukasamachi Bldg	Common area refurbishment
Occupancy at start of period (%)	100.0
Occupancy at end of period (%)	100.0
Subject floor area (square meters/tsubo)	310.1 / 93.8
Increase passing rent on refurbished floor (%)	26.7
Cost of refurbishment (¥)	6,400,000
Estimated return on cost (ROC) (%)	70.4

Summary
Objective – upward rent revision
One common area lobby refurbished (including restrooms)
Scope includes new carpet, wall finishes, ceiling repainting, lighting, restrooms/pantry
ROC % equals estimated increase in annual rent / cost


Before → After

[1] LOI received for vacant space at Seishin Building

NIPPON KANZAI Co., Ltd.

Office case studies – adding value through proactive asset management

Shin Yokohama Nara	Common area refurbishment
Occupancy at start of period (%)	100.0
Occupancy at end of period (%)	100.0
Move out area (square meters/tsubo)	403.4 / 122.0
Move in area (square meters/tsubo)	403.4 / 122.0
Improved revenue from shortened down time (¥)	3,700,000
Cost of refurbishment (¥)	1,000,000
Estimated return on cost (ROC) (%)	370.0

Summary
Objective – retenanting vacant space
One common area lobby refurbished (excluding restrooms)
Scope includes new carpet, wall finishes, ceiling repainting
ROC % equals estimated increase in annual rental as a result of downtime less than forecast


Before → After

Azabu Amerex Bldg	Ground floor entry refurbishment
Occupancy at start of period (%)	100.0
Occupancy at end of period (%)	100.0
Increase passing rent (%)	6.7
Cost of refurbishment (¥)	1,840,000

Summary
Objective – upward rent revision
Ground floor lobby refurbished
Scope includes lighting, tenant directory, partitioning, mail box relocation
Works expected to support future operations including leasing and rent revisions


Before → After

Retail

Maintained overall high occupancy of 99.0% with stable income

- Strategic review and usage change of idle storage area to enhance revenue
- Environmental initiatives to reduce ongoing operating expenses
- Regular events encouraging local residents to visit our shopping centers more frequently

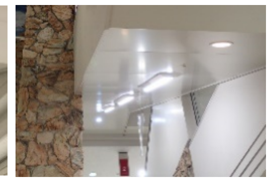
La Park Kishiwada

Suroy Mall Chikushino

Suroy Mall Chikushino

La Park Kishiwada/Suroy Mall Chikushino — Environmental initiatives

- Renovation of HVAC resulting in lower forecasted expenses
  - La Park Kishiwada: reduction ¥0.2m p.a., est. 18.7% decrease consumption[1]
- Installed LED lighting
  - La Park Kishiwada/Suroy Mall Chikushino: reduction ¥0.25m p.a., est. 68.7% decrease in power consumption[1]



Before → After

Before → After

La Park Kishiwada — Trunk room conversion

Converted a portion of some idle storage space and rented to an external trunk room operator

- Increase in revenue is approx. ¥2.8 mil p.a.

Before → After

La Park Kishiwada — Community service

Making efforts to address a current lack of delivery labor issue by setting up a courier locker allowing local residents to pick up deliveries at their convenience

- Through this service we can develop a new customer base and increase the frequency of visits by existing customers.
- Conveniently located by the entrance facing Haruki station

[1] Forecast electricity and power consumption reductions are based on estimates provided by property managers

Residential

- Maintained high occupancy (97.8%) while reducing leasing down time
- Re-leasing vacancies at higher rent rates (Abode Yoyogi Parkside)
  - Re-leased 3-units Yoyogi at rents 5%-16% higher than previous tenants
- Rent revision activity
  - Proactively negotiate rent revisions at the time of lease renewal


RS-01 Shiroi Logiman

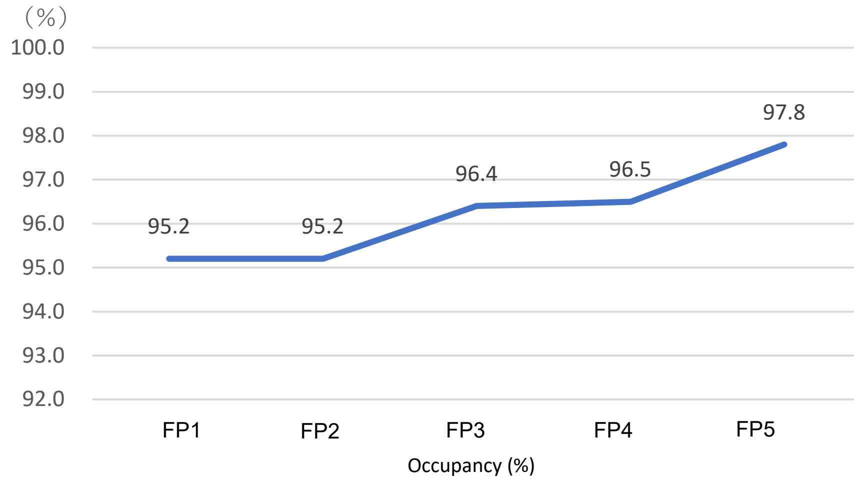

RS-02 Matsuya Residence Sekime


RS-04 Urban Plaza Imazato


RS-05 Abode Yoyogi Parkside

Residential Portfolio — Occupancy

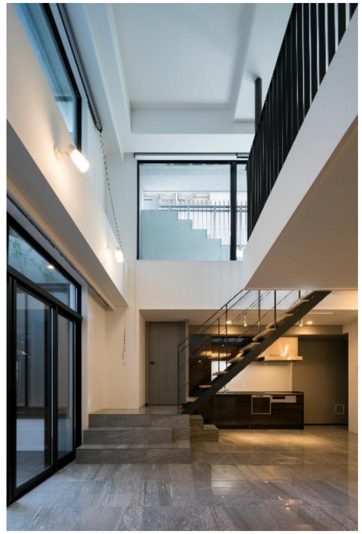
Further reinforcement of re-leasing efforts
- Strengthening relationships with PM company and local brokers
- Managing the timing of reinstatement works to reduce down time



Abode Yoyogi Parkside — Retenant update

Through management of reinstatement works and proactive leasing efforts, successfully retenanted 3-units at rents higher on a weighted average basis of 8.4% while achieving shorter down times of on average approx. 1.5 months per unit.

Total Area (㎡)	Total Area (Tsubo)	Ave. previous rent (¥/tsubo)	Ave. new rent (¥/tsubo)	Increase (%)
343.44	103.89	19,444	21,080	8.4%



NOI Enhancement

Through various proactive initiatives, expected to enhance NOI by in total over ¥30m from FP1 through FP6 (forecast).

NIPPON KANZAI Co., Ltd.

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

Part B - External Growth Initiatives

External Growth

Initiatives during FP5

- Appointment of new CIO to strengthen capability
- Ongoing discussions bridge holding structures with multiple groups for warehousing future acquisition opportunities
- Lender support to debt fund replacement asset for FP4 disposition
- Ongoing consideration for asset recycling

FP5 Sourcing

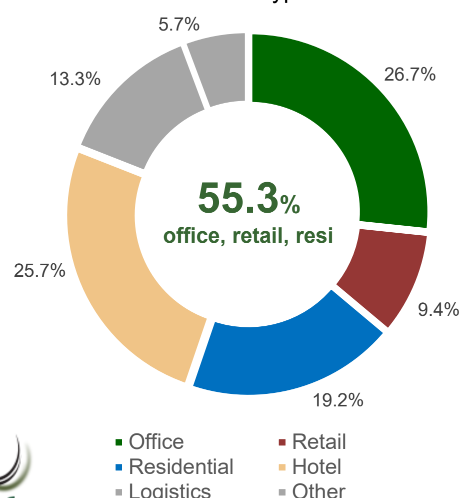
The following is an approximate breakdown of properties considered during the period

- As a diversified REIT, SKR has the flexibility to consider a wide range of asset types and locations
- Over half (approx. 53%) of the properties are located in the Greater Tokyo area based on value

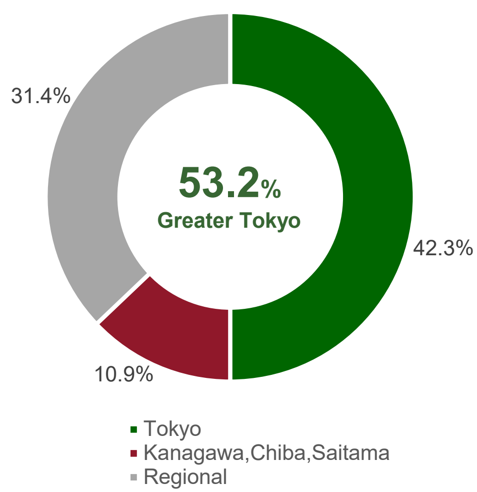
Assets under consideration

Asset type	Location	Price (MYl)	NOI Yield
Office	Tokyo area	4,000	4.5%
Office	Tokyo area	1,850	4.6%
Retail	Greater Tokyo area	5,030	6.4%
Office	Greater Tokyo area	2,500	5.2%
Office	Greater Tokyo area	2,000	6.4%
Residence	Greater Tokyo area	1,200	4.8%
Logistics	Regional area (Kanto area)	10,700	6.5%
	TOTAL	**27,280**	**5.9%**

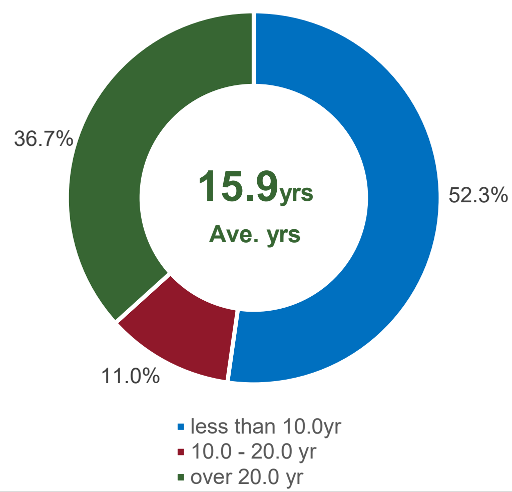
Asset Type



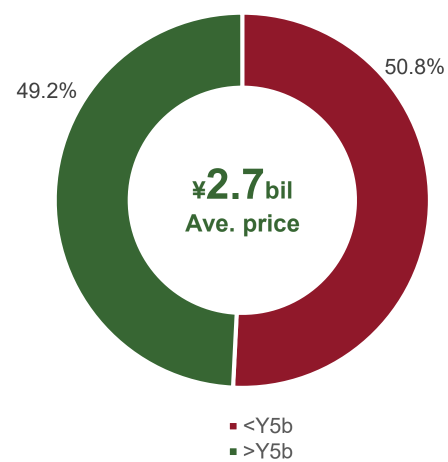
Location



Age (yr)



Ave. Value (¥)



Part C - Capital Management

Overview of Borrowings

Borrowings

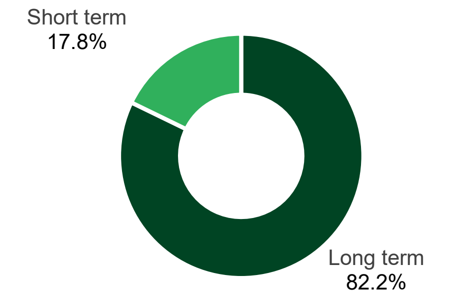
Type	Lender	Loan amount (¥ mil) 31-Aug-18	Interest rate	Maturity date
Short term	A Syndicate of lenders with Sumitomo Mitsui Banking Corporation: Sumitomo Mitsui Banking Corporation, Shinsei Bank, Limited, Resona Bank, Limited, Aozora Bank, Ltd., ORIX Bank Corporation, The Nishi-Nippon City Bank, Ltd., The Bank of Fukuoka, Ltd, Sumitomo Mitsui Trust Bank, Limited	900	Base Rate +0.2% (floating)	30-Aug-19
Long term		4,000	0.71096% (fixed)	30-Aug-19
		6,000	0.81842% (fixed)	31-Aug-20
		6,000	0.93842% (fixed)	31-Aug-21
		5,600	Base Rate +0.8% (floating)	31-Aug-22
		5,100	1.07777% (fixed)	28-Feb-23
Total		27,600		

Collateral: Unsecured and unguaranteed

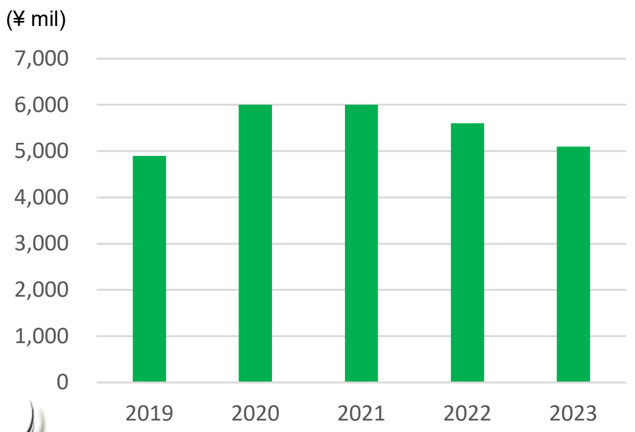
Loan cost and duration (at 31 December 2018)

Average duration (Years)	2.57

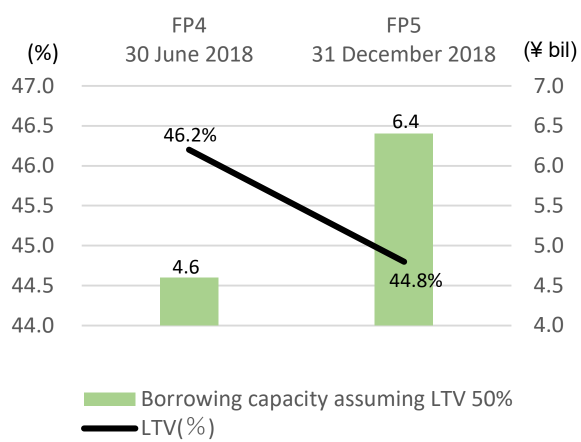
Debt Ratio - Term



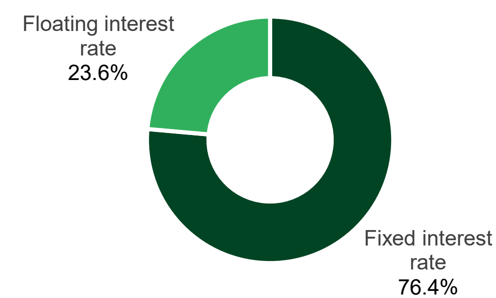
Repayment Schedule



LTV & Borrowing capacity

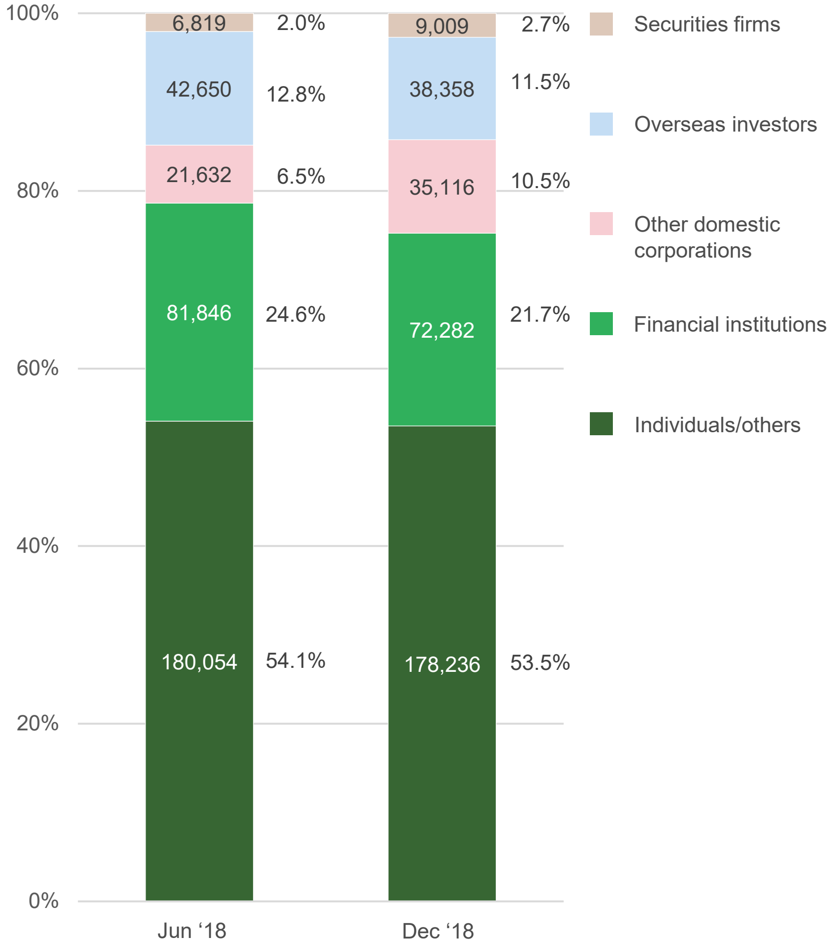


Interest Rate Ratio



Status of Unitholders

No. of Investment Units by Investor Type



Main Unitholders

at 31 December 2018

Rank	Name	Number of Units Owned	Percentage Share (%)[1]
1	The Master Trust Bank of Japan, Ltd.	24,850	7.46
2	Japan Trustee Service Bank, Ltd.	18,502	5.55
3	JP Morgan Bank (Ireland) Plc 380423	13,773	4.13
4	Lion Partners GK	11,971	3.59
5	The Nomura Trust and Banking Co., Ltd. (Investment account))	10,490	3.15
6	Galaxy JREIT Pty. Ltd. (Galileo Group)	8,700	2.61
6	Nippon Kanzai Co., Ltd.	8,700	2.61
8	Credit Suisse Securities (Europe) Ltd. PB Omnibus Client Account	6,799	2.04
9	Trust & Custody Services Bank, Ltd. (Securities investment trust account)	5,688	1.70
10	Kinki Sangyo Credit Union	5,587	1.67

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