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To All Concerned Parties

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Sakura Attracts New Tenants for NK Building

Sakura Sogo REIT Investment Corporation (hereinafter “Sakura REIT”) is pleased to provide the following update relating to re-tenanting at NK Building. Please also refer to our earlier announcement “Notice Concerning Tenant Change at the Property (NK Building)” dated 4 February 2019.

Sakura REIT announces a return to full occupancy at NK Building is likely after the swift adoption of a successful leasing strategy, and upon completion of return to full occupancy at NK Building, Sakura REIT’s Office Building Portfolio Occupancy Rate will return to 100%.

NK Building is one of Sakura REIT’s central Tokyo office buildings and is the third largest office asset by acquisition price. The building will return to 100% occupancy subject to completion of five new lease contracts which equate to seven office floors, scheduled to occur in July 2019. Letters of Intent (“LOI”) have been received from the five new tenants and although the LOI’s do not have legally binding effect, Sakura REIT strongly believes that, based on the negotiations so far, these companies will commence occupation upon completion of minor refurbishment work. The first stage of this work having commenced being the ground floor entry lobby.

As announced on 4 February 2019, Sakura REIT’s asset manager, Sakura Real Estate Funds Management (“SREFM”) was informed of the cancellation from the previous tenant at NK Building on 29 January 2019. The cancellation indicated the current tenant will vacate NK building on 31 July 2019 (for 5 office floors) and on 30 September 2019 (2 office floors). SREFM moved swiftly to attract new tenants with its leasing strategy focused on achieving five key objectives:

- Optimizing lease revenue from new tenants
- Minimizing income void (vacancy period)
- Completing minor refurbishment works to further enhance the appeal of the space for new tenants
- Mitigating ongoing leasing risk by releasing to multiple new tenants
- Enhancing the value of the asset by successfully executing this strategy

Negotiated rents for all seven office floors are at, or exceed, forecast which is higher than the current passing rent. SREFM also anticipates that the leasing down time will be less than previously assumed for the forecast. The minor refurbishment works have commenced, are on schedule, and will be completed within the budgeted allowance. Once all leases are completed, occupancy of the Sakura REIT office portfolio will return to 100% and this asset will benefit from an increase in tenant diversification reducing ongoing leasing risk.

The following table provides an outline of cancellation effective dates, original forecast and revised rent start dates for new tenants:

Floor	Cancellation effective date	Forecast rent start date		Difference (months)
		Original	Revised	
8 & 9	31 July 2019	1 December 2019	1 October 2019	2
4 & 7	30 September 2019	1 February 2020	1 November 2019	3
6	31 July 2019	1 December 2019	1 October 2019	2
3	31 July 2019	1 December 2019	1 September 2019	3
2	31 July 2019	1 December 2019	1 October 2019	2

SREFM has an outstanding track record in terms of leasing and has fully leveraged its skills to deliver an excellent working environment for the new tenants whilst optimizing revenue and value for Sakura unitholders.

Currently, SKR is not revising its earnings forecast announced on 14 February 2019. Full details on the success of the leasing strategy and the impact on the performance of Sakura REIT will be provided as part of Sakura REIT's FP6 financial results presentation scheduled for mid-August 2019.

-Ends-

Sakura Sogo REIT Investment Corporation website address: <http://sakurasogoreit.com/en/>