

NEWS & RELEASE

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Japan's First Open-End Private REIT in Logistics Sector

Operations of SGREIT started

This is an announcement of the start of the operations of SGAM Investment Corporation ("SGREIT"), an unlisted open-end real estate investment trust ("Private REIT") established on April 30, 2014 by SG Asset Max Corporation ("SGAM"), a joint company of SG Realty Co., Ltd. ("SGR") and Xymax Corporation ("Xymax").

Background of setting up and starting SGREIT

SG Holdings Group ("SGH Group"), in addition to the delivery business and logistics business, has a real estate business which is also positioned as one of the core business segments of the group. The real estate business arm of SGH Group is SGR, one of the sponsors for SGAM.

To support the group's delivery and logistics businesses, SGR became the owner of logistics properties and provided real estate management and building maintenance services for the properties. At the same time, the company also implemented the best use of existing properties and developed new properties.

This Private REIT was set up based on SGR's accumulated know-how in logistics properties and SGH Group and Xymax Group's accumulated and combined abilities in the corporate real estate management sector and real estate investment sector. SGREIT started with ten logistics properties acquired at a total cost of approx. JPY 30 billion.

Product features

SGREIT is Japan's first Private REIT with a general logistics group as a main sponsor. SGREIT aims to respond to investors' expectations and to contribute to the society by investing mainly in logistics properties that are the infrastructure connecting people's life, industry and society. Below is the principle strategy.

Stable portfolio based on business infrastructure of SGH Group

- Logistics properties that are essential in the network of SGH Group's delivery and logistics business and are tenanted by SGH Group companies having an important function in the network.
- Multi-tenant logistics properties that are flexible for a variety of uses and may also be tenanted by companies other than SGH Group.

- Logistics properties are the main focus of investments, but since it is an open-end REIT, SGREIT makes some investments in non-logistics properties too for the purpose of enhancing liquidity to meet redemption requests by investors.

Growth by using information network and combined abilities of SGH Group and partners

- Maximum use of the SGH Group and Xymax's network including their partner companies and SGR's abilities in the real estate development, real estate management, investment management and technique.

Stable financing and investor liquidity

- SGREIT aims to provide a stable financing by borrowing mainly from Japan's leading financial institutions and setting different due dates as allocation.
- Investors have some level of liquidity as redemption is available under specified terms. SGREIT also provides matching transactions of investment units by a financial advisor.

SGAM Investment Corporation (SGREIT)

Location	: 1-8-10, Shinsuna, Koto-ku, Tokyo
Establishment	: April 30, 2014
Registration	: June 2, 2014 (registration number: No. 91 by Kanto Finance Bureau Chief)
Representative	: Hideki Nagao, Executive Officer
Investors	: Institutional investors in Japan

SG Realty Co., Ltd. (SGR)

Location	: 68 Kami Toba Tsunodacho, Minami-ku, Kyoto City, Kyoto
Representative	: Shinji Nomura, Representative Director and President
Establishment	: August 2007
Capital	: JPY 20,000,000,000
Employees	: 92 (as of March 2014)
Achievements	: 900 logistics properties across Japan used by SGH Group companies and non-group tenants (as of March 2015)
Business	: Real estate leasing/management Real estate strategy planning Plan, development and sales of logistics, retail and residential properties
Website	: http://www.sg-realty.co.jp/

Xymax Corporation

Location : Xymax Akasaka 111 Building, 1-1-1 Akasaka, Minato-ku, Tokyo

Representative : Masafumi Shimada, Representative Director, Chairman and CEO

Establishment : Founded in March 1990 as Recruit Building Management Corporation. Became independent by management buyout in January 2000.

Capital : JPY 2,612,865,000

Employees : 3,522 (group consolidated, as of April 2014)

Achievements : Operation services of office buildings and retail properties: 599 buildings in Japan
Building maintenance services: 1,309 buildings in Japan
Facility management services: 10,915 places (as of April 2014)

Group Business : (1) Operation/management of office, retail/mixed-use and data center buildings
(2) Tenant leasing agent for office and retail/mixed-use buildings
(3) Representing owners of office and retail/mixed-use buildings
(4) Facility management, security, cleaning, repairs, material sales, etc.
(5) Design, plan and consulting of new construction and renovation of office and retail/mixed-use buildings
(6) Plan and consulting related to real estate in general

Website : <http://www.xymax.co.jp/>

SG Asset Max Corporation (SGAM)

Location : 1-8-10, Shinsuna, Koto-ku, Tokyo

Representative : Hideki Nagao, Representative Director & President

Establishment : April 24, 2013

Capital : JPY 200,000,000

Shareholders : 60% by SG Realty Co., Ltd., 40% by Xymax Corporation

Directors & Employees : 14 (as of February 2015)

Licenses : • Financial Instruments Transaction Registration: No. 2743 by Kanto Finance Bureau Chief (Financial Instruments Transaction)
• Building Lots and Buildings Transaction Business License: No. 95451 by Tokyo Metropolitan Governor (1)
• Permission of Discretionary Transaction under Building Lots and Buildings Transaction Business Act: No. 77 by Ministry of Land Infrastructure, Transport and Tourism.

Website : <http://www.sg-assetmax.co.jp/>