



# 5<sup>th</sup>

October 18, 2021

## 5th Fiscal Period (Ended August 2021) Financial Results Briefing Materials

 **SANKEI REAL ESTATE Inc.**

Asset  
Management  
Company

SANKEI BUILDING ASSET MANAGEMENT CO.,LTD.

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## Executive Summary

### Financial Results and Management Highlights

- In the 5th FP, **revenue and profit increased** (operating revenue: **+1.3%**; operating profit: **+2.0%**) from the previous fiscal period
- Resolved to **acquire 4 new properties** through capital increase through public offering (Aug. 2021)  
Asset size: 71.5 billion yen → **96.6 billion yen (+ 25.1 billion yen, +35.1%** compared with before)
- DPU\*<sup>1</sup> for the 5th FP was **maintained** at the beginning-of-period forecast\*<sup>2</sup> of **2,862 yen** through temporary distribution in excess of earnings
- Participation in **GRESB Real Estate Assessment** (July 2021)  
Obtained **“3-Star”** and **“Green Star”** certifications (October 2021)

### Future Growth Strategies

- **Begin Phase 2 aimed at the mid-term target (200-300 billion yen in asset size)**
  - **Aim for early inclusion in global indices**
  - External growth and internal growth that enable sustained growth of DPU
    - Implement **diversified investment conscious of the portfolio matrix**
    - Seek room for internal growth and reduce risk of internal degeneration
  - Consider seeking to **obtain ratings** in earnest
  - Consider **enhancing the sustainability promotion system**

\*1 “DPU” refers to distribution per unit. The same applies below.

\*2 Beginning-of-period forecast (hereinafter “forecast”) refers to the forecasts for the 5th FP at the time of the announcement of the financial results for the previous fiscal period (April 2021). The same applies below.

# 1. Financial Results and Management Highlights

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## Financial Results Highlights

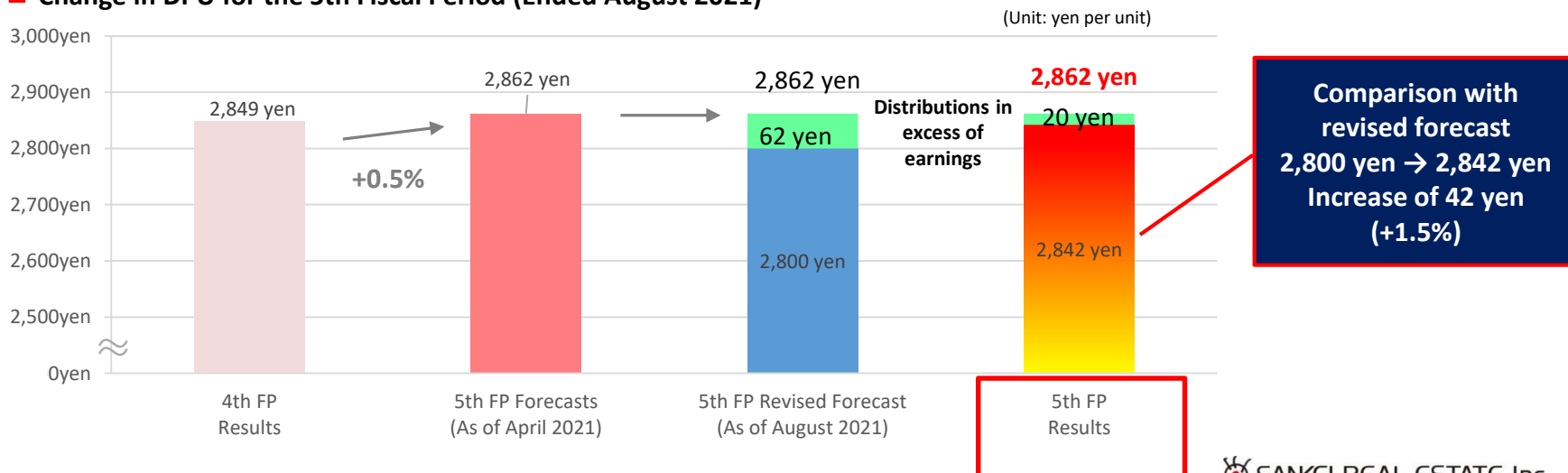
- Operating revenue and operating profit **increased from the previous fiscal period** -

- **Revenue and profit increased** in the 5th FP, with **+1.3%** operating revenue and **+2.0%** operating profit from the previous fiscal period
- Although there was an accrual of non-operating expenses associated with the acquisition of 4 new properties, DPU for the 5th FP was **maintained** at the forecast of **2,862 yen (+0.5%** compared with the previous fiscal period) due to temporary distribution in excess of earnings
- Distribution in excess of earnings was reduced from the revised forecast of 62 yen per unit to 20 yen per unit due to income from leasing, etc. exceeding the revised forecast from August

### ■ Financial Summary for 5th Fiscal Period (Ended August 2021)

	Results	Comparison with beginning-of-period forecast	Comparison with previous fiscal period
Operating revenue	2,176 million yen	-0.1% -2 million yen	+1.3% +28 million yen
Operating profit	1,141 million yen	+2.0% +21 million yen	+2.0% +22 million yen
Net profit	1,014 million yen	-0.7% -7 million yen	-0.2% -2 million yen
DPU (distribution per unit)	<b>2,862 yen</b>	<b>0.0%</b> 0 yen	<b>+0.5%</b> +13 yen

### ■ Change in DPU for the 5th Fiscal Period (Ended August 2021)

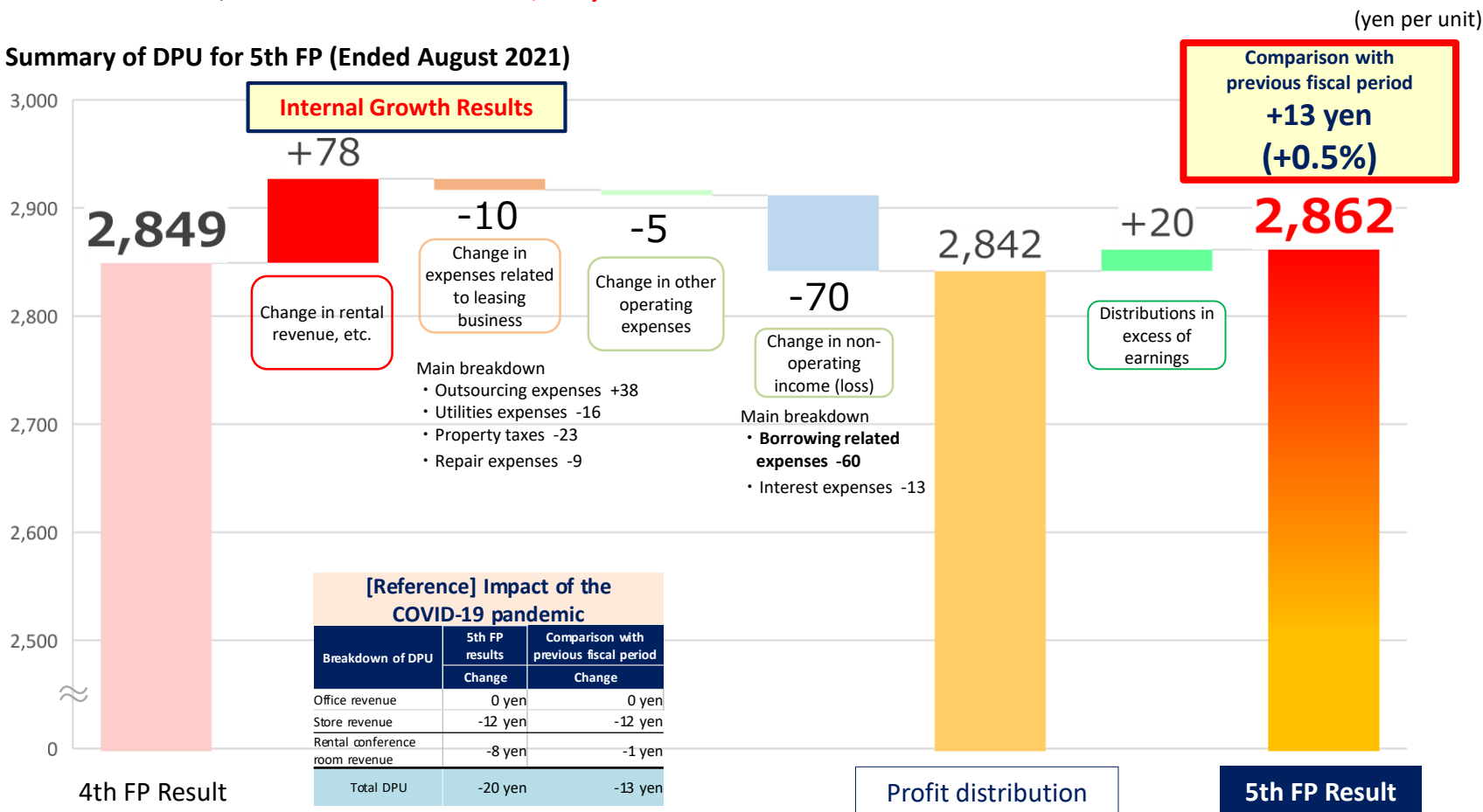


## Financial Results Highlights

### Summary of DPU for the 5th FP (Ended August 2021) (Comparison with Previous Fiscal Period)

- DPU for the 5th FP was **2,862 yen** with distributions in excess of earnings added (**up 0.5%** over the previous fiscal period)
- **Due to increased rental revenue, etc. and decreased expenses related to leasing business, operating profit increased**, but due to accrual of non-operating expenses (mainly **borrowing-related expenses**) associated with the acquisition of 4 new properties, DPU was 2,842 yen
- Due to a **distribution in excess of earnings of 20 yen** as a refund of investment that falls under distribution reducing investment, etc. under tax law, **DPU was maintained at 2,862 yen as forecast**

#### ■ Summary of DPU for 5th FP (Ended August 2021)



## Financial Results Highlights (Comparison with Forecast) 5th Fiscal Period (Ended August 2021)

- Compared with forecasts, operating revenue was **almost as forecast (-0.1%)** and operating profit **increased (+2.0%)**

(Unit: million yen)

Accounting period	5th FP Forecasts (A) (as of April 2021)	5th FP Results (B) (August 2021)	Difference (B)-(A)	Major Factors for the Difference
<b>Operating revenue</b>	<b>2,178</b>	<b>2,176</b>	<b>(2)</b>	
Rental and CAM revenue	2,048	2,032	(15)	- Rental revenue -15 (transfer of cancellation penalty from Toyo to other revenue (-15))
Parking revenue	29	31	1	
Utilities reimbursement	95	89	(5)	
Other revenue	5	22	17	- Accrual of cancellation penalty from Toyo (including tax) (+17)
<b>Operating expenses</b>	<b>1,059</b>	<b>1,034</b>	<b>(24)</b>	
Expenses related to leasing business [Total]	<b>817</b>	<b>793</b>	<b>(23)</b>	
Outsourcing expenses	173	169	(3)	- Shinagawa Management Association Fee (-2), etc.
Utilities expenses	121	116	(4)	
Repair expenses	53	39	(14)	- BREEZÉ (-14), etc.
Property taxes	221	223	1	
Depreciation	228	228	0	
Other expenses	19	16	(2)	
<b>Operating income (loss) from leasing</b>	<b>1,361</b>	<b>1,382</b>	<b>21</b>	
<b>Total other operating expenses</b>	<b>241</b>	<b>241</b>	<b>(0)</b>	
Asset management fee	192	195	3	
Other expenses	49	45	(4)	
<b>Operating profit</b>	<b>1,119</b>	<b>1,141</b>	<b>21</b>	
Non-operating income	0	1	1	
Non-operating expenses	97	127	30	- Borrowing related expenses by acquiring four new properties (+31)
<b>Ordinary profit</b>	<b>1,022</b>	<b>1,014</b>	<b>(7)</b>	
<b>Net profit</b>	<b>1,021</b>	<b>1,014</b>	<b>(7)</b>	
<b>Distribution per unit (Unit: yen)</b>	<b>2,862 yen</b>	<b>2,862 yen</b>	<b>0 yen</b>	- Including dividends in excess of earnings of 20 yen



## Financial Results Highlights (Comparison with Previous Fiscal Period)

### 5th Fiscal Period (Ended August 2021)





➤ Compared with the previous fiscal period, operating revenue **increased (+1.3%)** and operating profit **increased (+2.0%)**

(Unit: million yen)

Accounting period	4th FP Results (A) (February 2021)	5th FP Results (B) (August 2021)	Difference (B)-(A)	Major Factors for the Difference
<b>Operating revenue</b>	<b>2,147</b>	<b>2,176</b>	<b>28</b>	
Rental and CAM revenue	2,015	2,032	17	- Full contribution of Akasaka (+13) - Full contribution of occupancy in the previous fiscal period (+16) (BREEZÉ (+13), Akihabara (+3)) - Elimination of Omori's vacancy (+6) - Full contribution of upward rent revision (+8) (Shinagawa (+4), Akihabara (+3), etc.) - Rent holiday for HATCHOBORI in previous fiscal period (+2) - Cancellation of Tokyo Sankei (-4) - Decrease in rent of Hibiya (-5) - Toyo (-19) (transfer of cancellation penalty (-15), cancellation (-4))
Parking revenue	30	31	0	
Utilities reimbursement	93	89	(4)	
Other revenue	8	22	14	- Cancellation penalty from Toyo (including tax) (+17)
<b>Operating expenses</b>	<b>1,029</b>	<b>1,034</b>	<b>5</b>	
Expenses related to leasing business [Total]	790	793	3	
Outsourcing expenses	183	169	(13)	- Leasing incentive in the previous fiscal period (renewal) (-7.5) (Shinagawa, Akihabara) - Leasing incentive in the previous fiscal period (new) (-1.5) (Omori) - BREEZÉ administrative expenses (-3.8)
Utilities expenses	110	116	5	
Repair expenses	35	39	3	
Property taxes	214	223	8	- Fixed asset tax and city planning tax for portion of Akasaka acquired in previous fiscal period expensed
Depreciation	227	228	1	- One-month increase in acquisition of Akasaka in previous fiscal period (+1.3)
Other expenses	17	16	(1)	
<b>Operating income (loss) from leasing</b>	<b>1,357</b>	<b>1,382</b>	<b>24</b>	
<b>Total other operating expenses</b>	<b>239</b>	<b>241</b>	<b>1</b>	
Asset management fee	186	195	8	
Other expenses	52	45	(7)	
<b>Operating profit</b>	<b>1,118</b>	<b>1,141</b>	<b>22</b>	
Non-operating income	0	1	1	
Non-operating expenses	101	127	26	- Borrowing-related expenses (+23) - Interest expenses (+4)
<b>Ordinary profit</b>	<b>1,017</b>	<b>1,014</b>	<b>(2)</b>	
<b>Net profit</b>	<b>1,016</b>	<b>1,014</b>	<b>(2)</b>	
<b>Distribution per unit (Unit: yen)</b>	<b>2,849 yen</b>	<b>2,862 yen</b>	<b>13 yen</b>	- Including dividends in excess of earnings of 20 yen

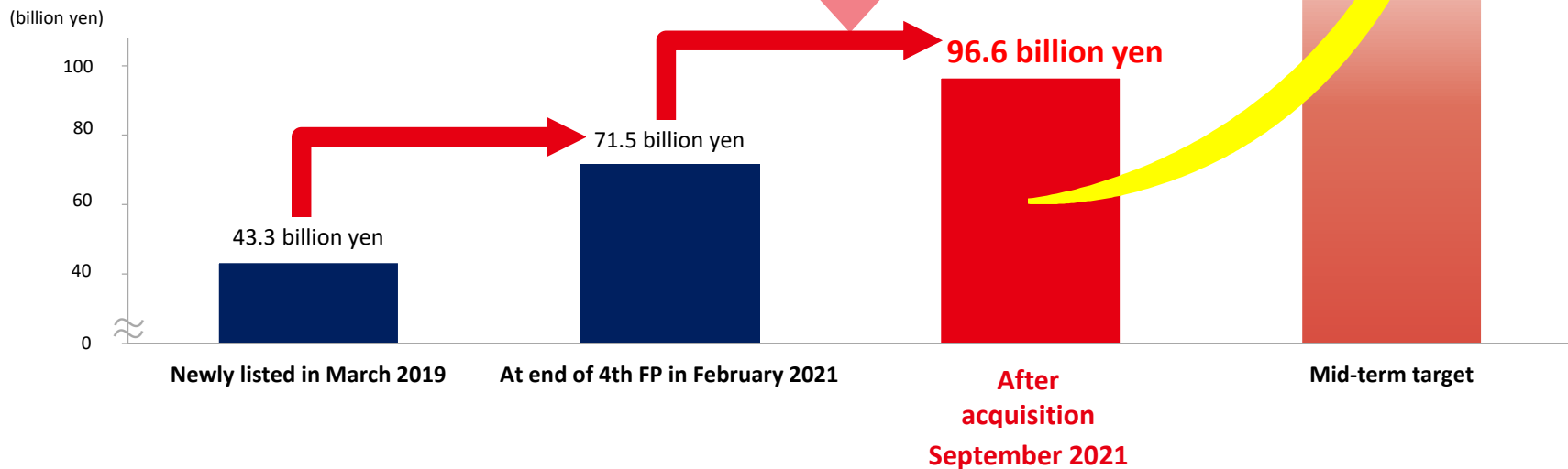
**Management Highlights (External Growth)**  
**Acquired 4 new properties in September 2021 (25.1 billion yen)**

➤ Continued **steady external growth** with sense of speed, with asset size increasing to **approx. 100 billion yen**

Sponsor support rate 100%			
Shinagawa Seaside TS Tower	Hitachi Kyusyu Building	S-GATE AKASAKA	Miyazakidai Garden Office
			
<b>10.9 billion yen</b>	<b>10.0 billion yen</b>	<b>1.4 billion yen</b>	<b>2.8 billion yen</b>
Shinagawa-ku, Tokyo	Sawara-ku, Fukuoka-shi	Minato-ku, Tokyo	Miyamae-ku, Kawasaki-shi

**Towards the Mid-term Target Phase 2 kicks off**

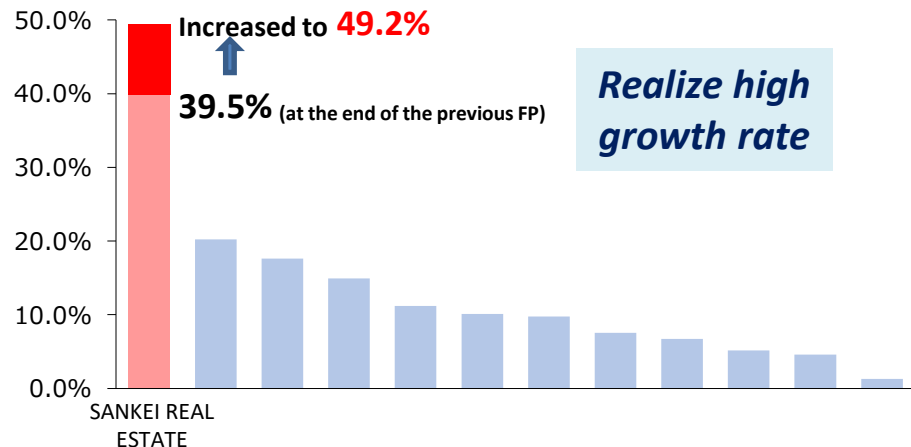
**200 billion yen to 300 billion yen**



**Management Highlights (External Growth)**  
**Acquired 4 new properties in September 2021 (25.1 billion yen)**

➤ Realized quick **external growth speed** (high rate of asset size growth) through powerful **sponsor support**

■ Annual Average Growth Rate of Asset Size Since Listing of Office J-REITs \*(asset size of less than 300 billion yen)

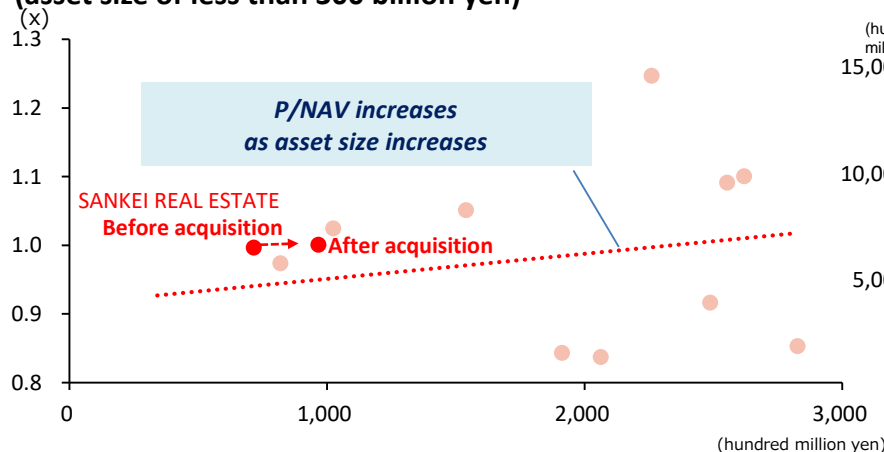


**Continuation of external growth**

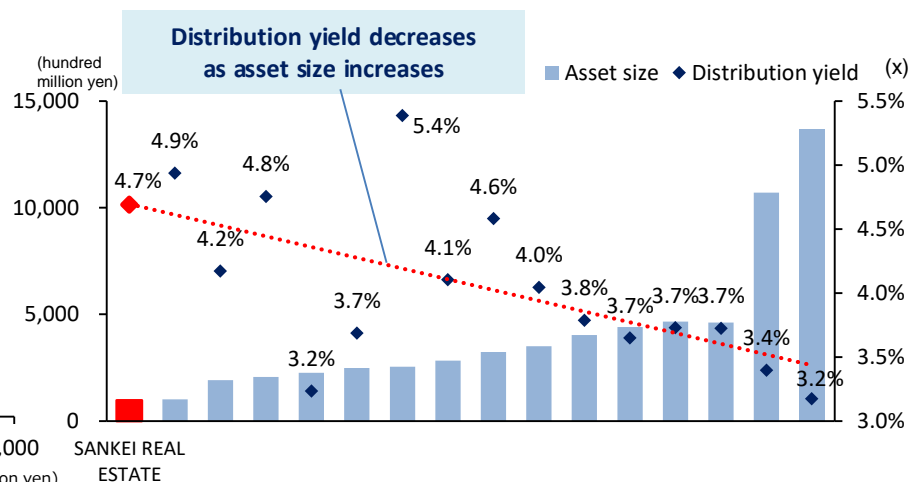
➤ Expansion of asset size entails an increase in investment units and boosts liquidity, thereby creating **opportunities for enhancing unitholder value**.

➤ SANKEI REAL ESTATE, which has entered the second phase, aims to **expand asset size at an early stage**.

■ Asset Size and P/NAV Distribution Chart of Office J-REITs \*(asset size of less than 300 billion yen)



■ Asset Size and Distribution Yield of Office J-REITs



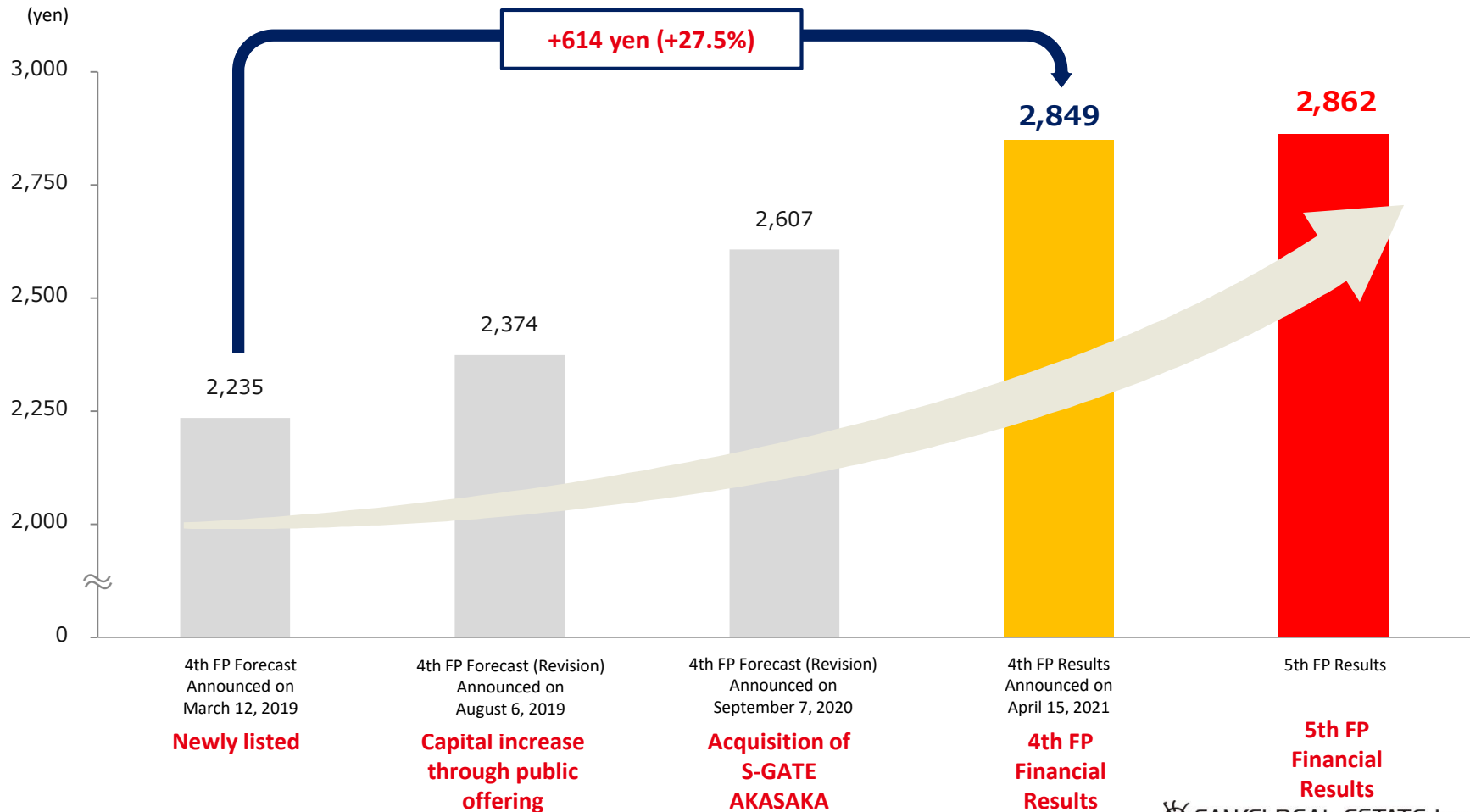
\* "J-REIT" refers to a listed real estate investment corporation. For the J-REITs included in "Office J-REITs" and other details, please refer to page 57 of this material.

## Management Highlights (Reference)

- **The rapid speed of external growth and steady internal growth led to significant growth of DPU (distribution per unit)**

■ **DPU of fiscal period ended Feb. 2021 (4th FP) shows figure during normal operation**

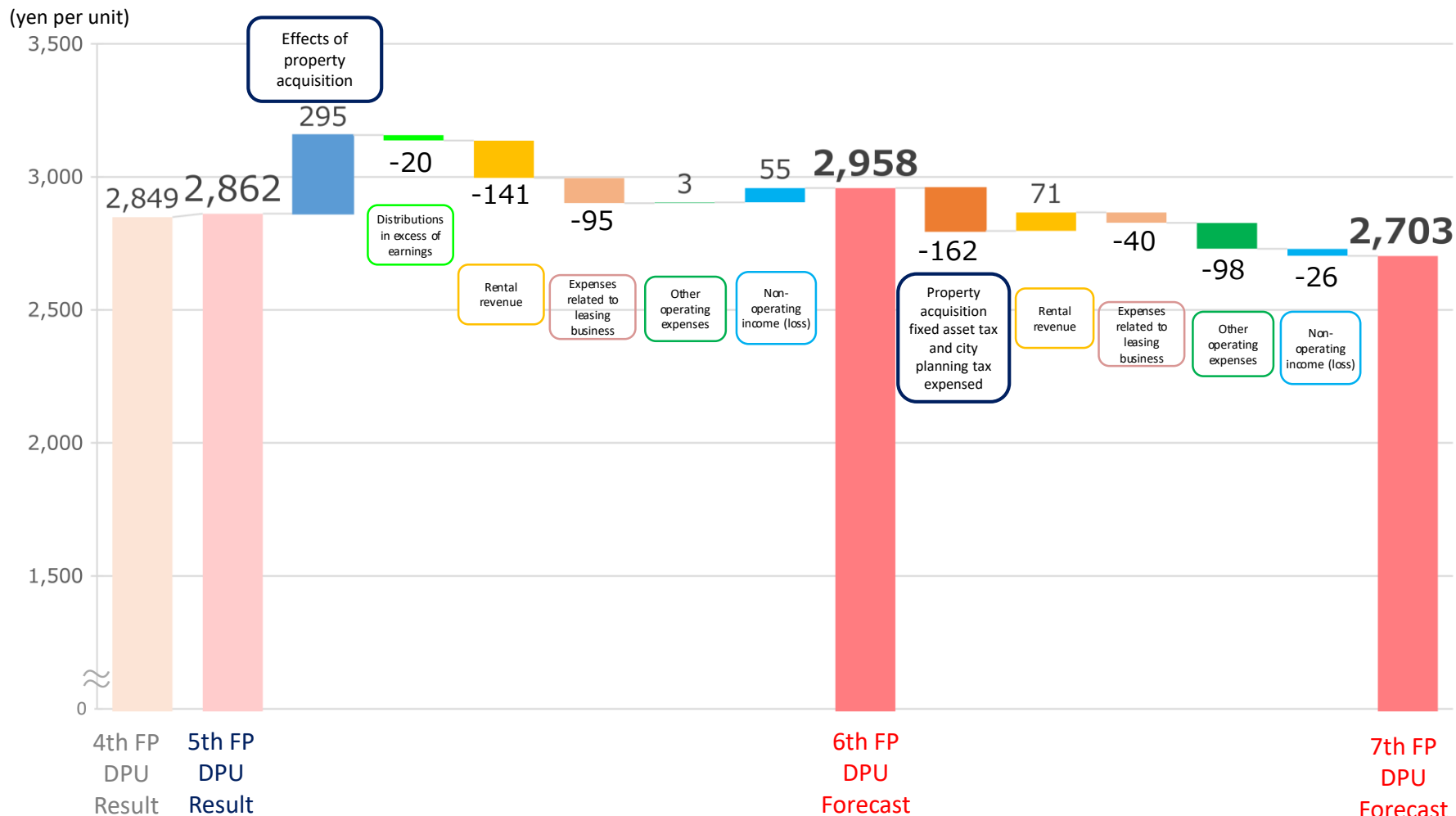
\* **DPU in 4th FP: Change from forecast at time of new listing to actual value**



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## Earnings Forecasts for the 6th Fiscal Period (Ending February 2022) and Thereafter

- **DPU for the 6th FP** is expected to **increase** over the 5th FP as the newly acquired 4 properties **contribute to revenue**
- **DPU for the 7th FP** is expected to **be the amount during normal operation** as **fixed asset tax and city planning tax** are expensed for the newly acquired 4 properties
- **Hotels (2 properties)** that are sub-assets have no risk of reduced revenue due to contracts and sponsorship commitments



## Earnings Forecasts for the 6th Fiscal Period (Ending February 2022) and Thereafter

- DPU forecast for the 6th FP 2,958 yen: +3.4% (+96 yen) over the 5th FP **without** fixed asset tax and city planning tax expensed
- DPU forecast for the 7th FP 2,703 yen: -8.6% (-255 yen) over the 6th FP **with** fixed asset tax and city planning tax expensed

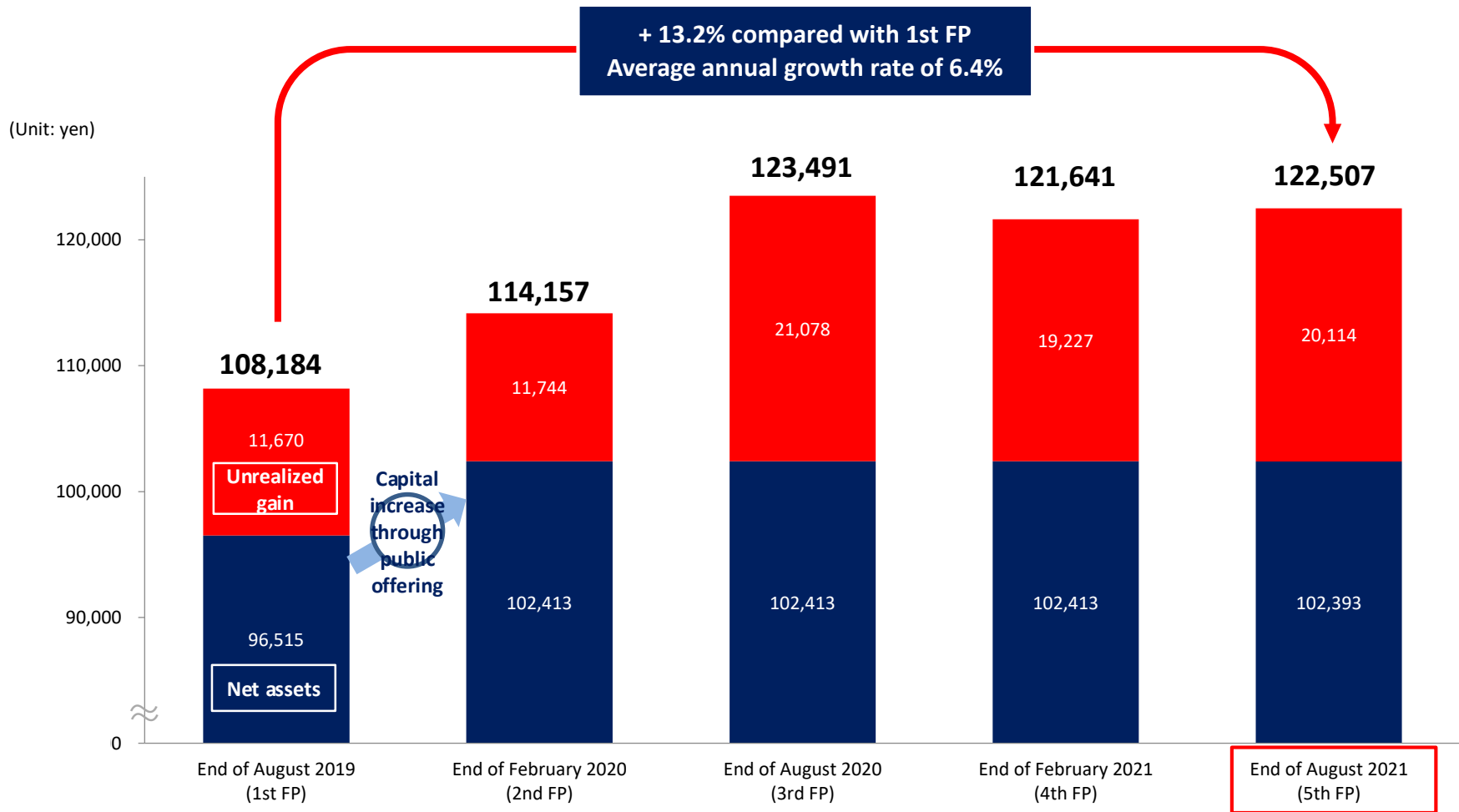
(Unit: million yen)

Accounting period	5th FP Results (A) (August 2021)	6th FP Forecasts (B) (February 2022)	Difference (B)-(A)	7th FP Forecasts (C) (August 2022)	Difference (C)-(B)
<b>Operating revenue</b>	<b>2,176</b>	<b>2,775</b>	<b>599</b>	<b>2,808</b>	<b>33</b>
Rental and CAM revenue	2,032	2,613	580	2,644	31
Parking revenue	31	35	4	35	0
Utilities reimbursement	89	120	30	121	1
Other revenue	22	7	(15)	7	(0)
<b>Operating expenses</b>	<b>1,034</b>	<b>1,249</b>	<b>214</b>	<b>1,389</b>	<b>139</b>
<b>Expenses related to leasing business [Total]</b>	<b>793</b>	<b>980</b>	<b>186</b>	<b>1,074</b>	<b>93</b>
Outsourcing expenses	169	223	54	216	(7)
Utilities expenses	116	143	26	151	8
Repair expenses	39	58	19	59	0
Property taxes	223	222	(0)	309	87
Depreciation	228	309	80	313	4
Other expenses	16	23	6	23	0
<b>Operating income (loss) from leasing</b>	<b>1,382</b>	<b>1,795</b>	<b>412</b>	<b>1,734</b>	<b>(60)</b>
<b>Total other operating expenses</b>	<b>241</b>	<b>269</b>	<b>28</b>	<b>314</b>	<b>45</b>
Asset management fee	195	210	14	258	47
Other expenses	45	58	13	56	(1)
<b>Operating profit</b>	<b>1,141</b>	<b>1,526</b>	<b>384</b>	<b>1,419</b>	<b>(106)</b>
Non-operating income	1	0	(1)	0	0
Non-operating expenses	127	143	16	155	12
<b>Ordinary profit</b>	<b>1,014</b>	<b>1,382</b>	<b>367</b>	<b>1,263</b>	<b>(118)</b>
<b>Net profit</b>	<b>1,014</b>	<b>1,381</b>	<b>367</b>	<b>1,262</b>	<b>(118)</b>
<b>Distribution per unit (Unit: yen)</b>	<b>2,862 yen</b>	<b>2,958 yen</b>	<b>96 yen</b>	<b>2,705 yen</b>	<b>(255 yen)</b>
<b>NOI</b>	<b>1,610</b>	<b>2,104</b>	<b>493</b>	<b>2,048</b>	<b>(56)</b>

Major Factors for the Difference
<b>6th FP Forecasts (Comparison with 5th FP)</b>
<b>Operating revenue (+599)</b>
- Rent from new acquisitions (+615)
- Rent from others than new acquisitions (-35) (Toyo (-30), Hibiya (-6), Hatchobori (-6), BREEZÉ (+5), etc.)
- Utilities reimbursement (+30) (for new acquisitions (+27), etc.)
- Parking revenue (+4) · Other revenue (-15) (Cancellation penalty from Toyo in the previous fiscal period (-17), etc.)
<b>Expenses related to leasing business (+186)</b>
- Outsourcing expenses (+54) (for new acquisitions (+37) and leasing incentive (+15), etc.)
- Utilities expenses (+26) (for new acquisitions (+27), etc.)
- Repair expenses BREEZÉ (+20)
- Depreciation (+80) for new acquisitions, etc.
<b>7th FP Forecasts (Comparison with 6th FP)</b>
<b>Operating revenue (+33)</b>
- Rental revenue (+31)
1) Vacancy filled (+51) (Toyo (+41), Omori (+5), Miyazakidai (+3), Tokyo Sankei (+1.6))
2) Elimination of rent holiday in the previous fiscal period (+2), pay by day from new acquisitions (+3)
3) Cancellations, etc. (-25) (BREEZÉ (-17), Hibiya (-8))
<b>Expenses related to leasing business (+93)</b>
- Outsourcing expenses (-7) Leasing incentive
- Utilities expenses (+8) (BREEZÉ (+2), Shinagawa (+4), Toyo (+1), Hatchobori (+1))
- Property taxes (+87) (Fixed asset tax and city planning tax expenses for new acquisitions expensed (+75), increase in fixed asset tax and city planning tax for FY2022 (+12))
- Depreciation (+4) Increase in capital expenditure

## Change in NAV per Unit (after Deduction of Distribution)

- Both external growth and internal growth prove successful; average annual growth rate remains **6.4%**





## 2. External Growth Results and Strategy

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## 2-1 External Growth Results

### Acquired 4 New Properties in September 2021 (25.1 billion yen)

- Newly acquired **4 office buildings** and the asset size following the acquisition **expanded to approx. 100 billion yen**
- **Expanded asset size bearing comparison** with economic indicators before and after the property acquisition

#### ■ Acquired assets

Property name	Shinagawa Seaside TS Tower (25% quasi co-ownership interest in sectional ownership of the building, etc.)	Hitachi Kyusyu Building	S-GATE AKASAKA (20% quasi co-ownership interest)	Miyazakidai Garden Office
Photo of the properties	 Sponsor support Office buildings	 Sponsor support Office buildings	 Sponsor support Office buildings	 Sponsor support Office buildings
Location	Shinagawa-ku, Tokyo	Sawara-ku, Fukuoka-shi	Minato-ku, Tokyo	Miyamae-ku, Kawasaki-shi
Acquisition price	10,900 million yen	10,000 million yen	1,400 million yen	2,800 million yen
Appraisal value	11,000 million yen	10,200 million yen	1,422 million yen	2,830 million yen
Appraisal NOI yield (acquisition price basis)	3.9%	4.8%	3.3%	5.0%
Construction completion	July 2003	Feb. 1996	July 2015	Feb. 1993
Occupancy rate (As of September 2, 2021)	100.0%	100.0%	100.0%	100.0%

#### ■ Change in the portfolio after the 4 properties were acquired

	Before acquisition	Acquired assets	After acquisition
Asset size (Acquisition price)	71.5 billion yen	25.1 billion yen	<b>96.6 billion yen</b>
Number of properties	12 properties	4 properties	<b>14 properties</b> (including additionally acquired 2 properties)
Acquisition price per property	5.9 billion yen	6.2 billion yen	<b>6.9 billion yen</b>
Average appraisal NOI yield (acquisition price basis)	4.3%	4.4%	<b>4.3%</b>
Average occupancy rate	98.2%	100.0%	<b>98.9%</b>
Sponsor support rate (acquisition price basis)	100.0%	100.0%	<b>100.0%</b>
Office buildings rate (acquisition price basis)	81.9%	100.0%	<b>86.6%</b>

## 2-1 External Growth Results Acquired 4 New Properties in September 2021 (25.1 billion yen)

### A-8 Shinagawa Seaside TS Tower (25% quasi co-ownership interest in sectional ownership of the building, etc.) (Additionally acquired)

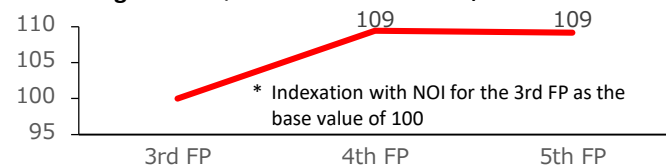
➤ Made additional acquisition of high-spec building with typical floorplate of approximately 446 tsubos located a 1-minute walk from station



1. Located in the “Shinagawa Seaside Forest” where head offices and back offices of companies such as IT companies and manufacturers are concentrated.
2. A high-spec high-rise building with a typical floorplate of 446 tsubos, ceiling height of 2,700 mm and a total floor area of over 50,000 m<sup>2</sup>, also corresponding to the security level required by major general machinery companies
3. 1-minute walk from Shinagawa Seaside Station on the Rinkai Line, offering direct access to Shibuya Station and Shinjuku Station. Also has good access to Haneda Airport and Shinagawa Station.

<b>Acquisition price</b>	10,900 million yen	<b>Location</b>	Shinagawa-ku, Tokyo
<b>Appraisal value</b>	11,000 million yen	<b>Total floor area</b>	52,977 m <sup>2</sup>
<b>Appraisal NOI yield</b>	3.9%	<b>Construction completion</b>	July 2003

#### ■ Change in NOI (has maintained in normal operation since the 3rd FP)



#### ■ Cases of offices that relocated to Higashi-Shinagawa

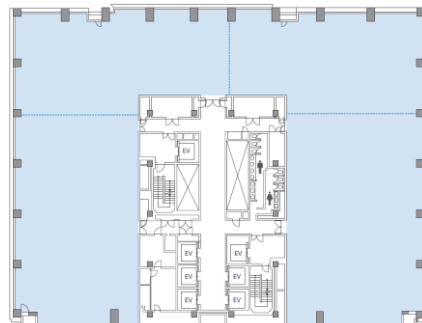
➤ Among 10 cases of office relocation to Higashi-Shinagawa, 7 were to Shinagawa Seaside Forest (Shinagawa SSF)

Time of relocation	Name of company (business type)	Function	Relocated to
2014	NTT Data CCS (information & communication)	Head office	Shinagawa SSF
2015	BIGLOBE (information & communication)	Head office	Shinagawa SSF
2015	Nitto Denko (manufacturing)	Tokyo branch	
2016	Mercedes-Benz Japan (manufacturing)	Head office	Shinagawa SSF
2016	Accordia Gdf (service)	Head office	Shinagawa SSF
2017	JACCS and its group company (financial)	Head office/subsidiary	
2018	Anshin Guarantor Service (service)	Head office	Shinagawa SSF
2020	Yusen Logistics (logistics)	Head office	Shinagawa SSF
2020	NYK Trading Corporation (trading house)	Head office	
2021	Toyo Tires (manufacturing)	Tokyo branch	Shinagawa SSF

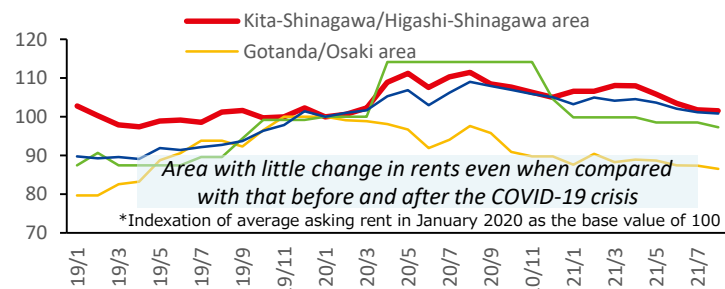
#### ■ Shinagawa Seaside Forest Block Map



#### ■ Typical Floor Plan (Approx. 446 tsubos)



#### ■ Asking rent in the Kita-Shinagawa/Higashi-Shinagawa area



Source: Prepared by the Asset Management Company based on “Market Data over Time by Area” Sanko Estate Co., Ltd.

## 2-1 External Growth Results Acquired 4 New Properties in September 2021 (25.1 billion yen)

### A-12 Hitachi Kyusyu Building

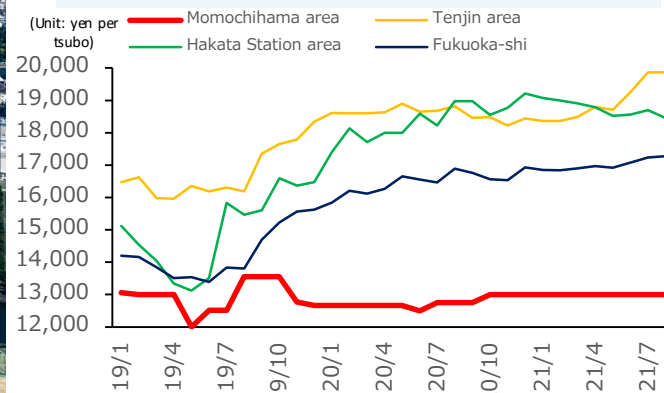
➤ A large-scale office building with high visibility and information confidentiality located in Fukuoka's subcenter "Seaside Momochi"

#### ■ Seaside Momochi area



#### ■ Asking rent in the Fukuoka area

Rent levels stable at low level compared to competing areas  
Area with little change in rents even when compared with that before and after the COVID-19 crisis



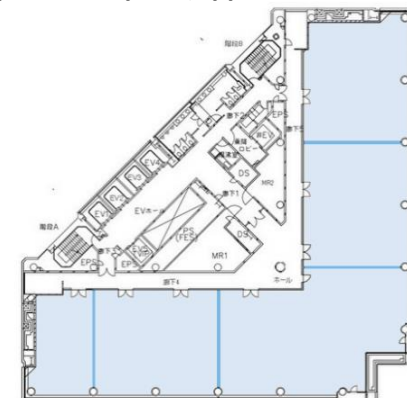
Source: Prepared by the Asset Management Company based on "Market Data over Time by Area" Sanko Estate Co., Ltd.

#### ■ Typical floor plan (Approx. 322 tsubos)



1. A highly visible large-scale office building located in the Momochihama area, the hub of the information and communication industry
2. The entire building with a high level of information confidentiality is leased to Hitachi, one of the leading companies in the information and communication industry
3. The Momochihama area on Hakata Bay where the property is located has been developed as Seaside Momochi, and is developing as a second city center with a comprehensive urban environment including both residential and retail aspects

<b>Acquisition price</b>	10,000 million yen
<b>Appraisal value</b>	10,200 million yen
<b>Appraisal NOI yield</b>	4.8%
<b>Location</b>	Sawara-ku, Fukuoka-shi
<b>Total floor area</b>	26,518 m <sup>2</sup>
<b>Construction completion</b>	Feb. 1996





## 2-1 External Growth Results

### Acquired 4 New Properties in September 2021 (25.1 billion yen)

#### A-10 S-GATE AKASAKA (20% quasi co-ownership interest) (Additionally acquired)

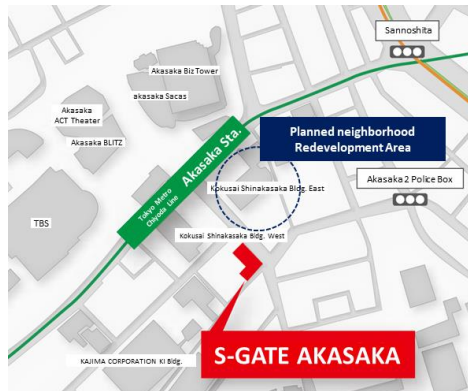
##### ➤ First property in the S-GATE series under the sponsor branding strategy



1. The property is a 1-minute walk from Akasaka Station on the Tokyo Metro Chiyoda Line, the nearest station, and also has access to Tameike-sanno Station, Akasaka-mitsuke Station, and Nagatacho Station, with access to four stations and six lines.
2. The Akasaka area where the property is located is a popular location as an office area and is undergoing large-scale urban redevelopment.
3. The S-GATE high-grade mid-sized office building offers excellent tenant services in terms of comfort, security, safety, environment, BCP, and human aspects.
4. Acquired 2020 3 star DBJ Green Building certification

Acquisition price	1,400 million yen	Location	Minato-ku, Tokyo
Appraisal value	1,422 million yen	Total floor area	3,918 m <sup>2</sup>
Appraisal NOI yield	3.3%	Construction completion	July 2015

#### ■ Map



#### ■ Adjacent to redevelopment area

- The area around Tokyo Metro Akasaka Station to which the property is adjacent is undergoing redevelopment that is aimed to be completed in 2028 mainly by TBS Holdings
- The redeveloped buildings will house hotels, offices and retail facilities, in addition to plans for the construction of theaters and halls, which are expected to make the area busier

#### ■ A high-spec building equipped with BCP measures and earthquake protection

- Despite being mid-sized, has the same level of specifications as an A-class building, such as an emergency generator, emergency storage facilities, and an earthquake resistance level equivalent to 1.25 times that of the Building Standards Act

#### A-11 Miyazakidai Garden Office

##### ➤ Office building with a **stable tenant composition matching local needs** with a typical floorplate of 350 tsubos



#### ■ Tenant composition

- Matches local needs*
- Social welfare-related office
  - Food-related office
  - IT & telecommunications-related office
  - Private tutoring school
  - Daycare center
  - Architectural office

1. An office building with high scarcity around the station located on a highly visible corner, a 3-minute walk from Miyazakidai Station on the Tokyu Denentoshi Line
2. It has a stable tenant composition matching local needs such as major education companies and daycare/welfare providers
3. A building with the floor space and specs that meet the needs of tenants, such as a typical floorplate of approx. 350 tsubos, ceiling height of 2,600mm and support for individual air conditioning

Acquisition price	2,800 million yen
Appraisal value	2,830 million yen
Appraisal NOI yield	5.0%

Location	Miyamae-ku, Kawasaki-shi
Total floor area	4,404 m <sup>2</sup>
Construction completion	Feb. 1993

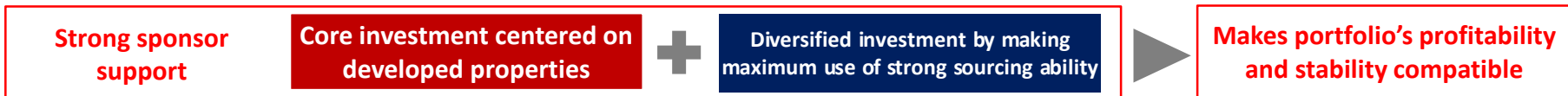
#### ■ Map



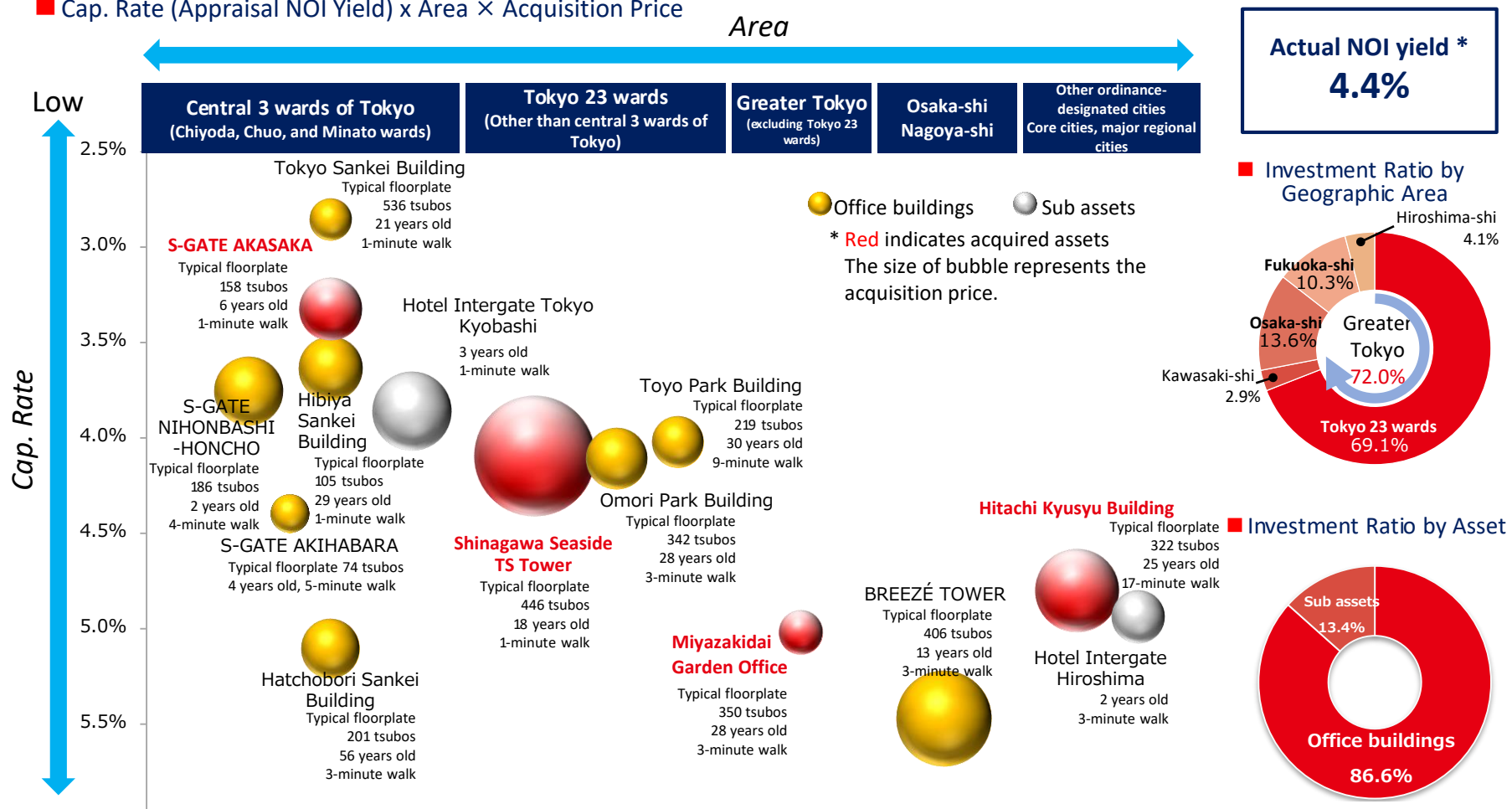
#### ■ Main facilities and specifications

Typical floorplate	Approx. 350 tsubos
Ceiling height	2,600mm
Air conditioning	Individual air conditioning
Floor cabling	Raised floor (40mm)
Floor load	300 kg/m <sup>2</sup>

## 2-2 External Growth Strategy - Implement Diversified Investment Conscious of the Portfolio Matrix -



■ Cap. Rate (Appraisal NOI Yield) x Area × Acquisition Price



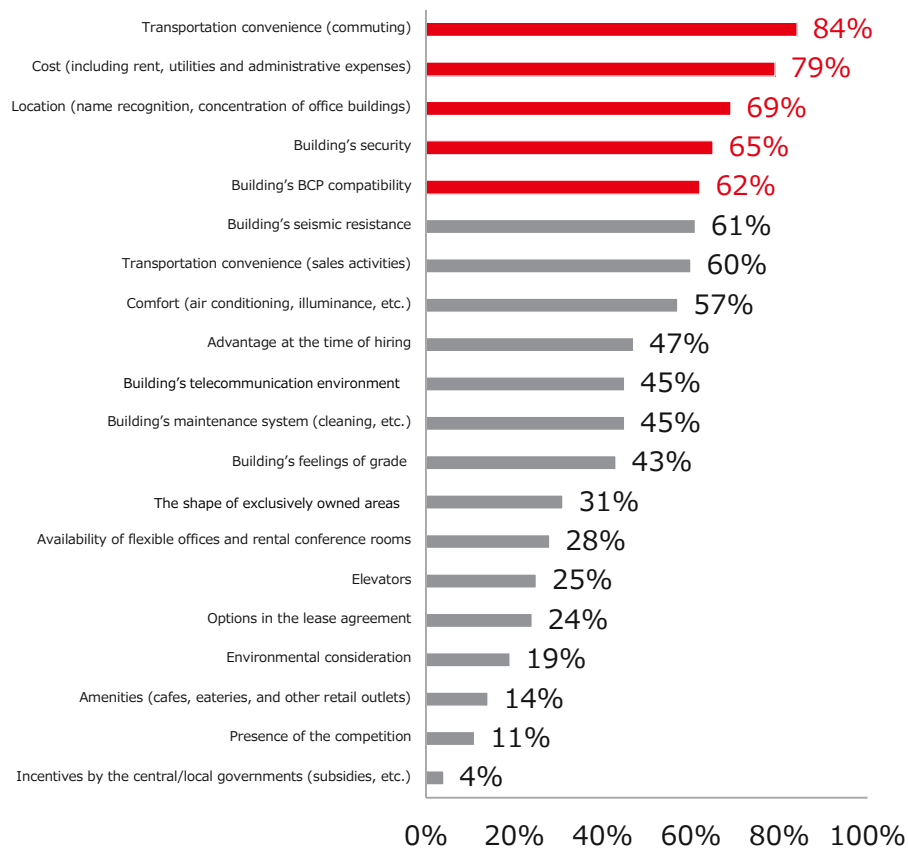
\* "Actual NOI yield" refers to the actual NOI yield calculated using the following equation for assets after acquisition. With regard to the timing of after acquisition, actual NOI yield is shown as of August 31, 2021 for assets before acquisition and as of September 2, 2021 for assets after acquisition.  
Actual NOI yield = Actual NOI (annualized) ÷ acquisition price

## 2-2 External Growth Strategy - Implement Diversified Investment Conscious of the Portfolio Matrix -

- Top preference criteria are 1) Transportation convenience, 2) Cost, incl rent, 3) Location, and 4) Security.
- Aim to build a **well-balanced office building portfolio** to meet demand for tenants

### Preference criteria for office buildings amid the COVID-19 pandemic

#### Results of questionnaire survey



Source: "Tenants' Awareness Survey on the Use of Offices (Oct. ~ Nov. 2020) released by CBRE

### Satisfaction with SANKEI REAL ESTATE's properties compared with the results of the questionnaire survey (for office buildings)

Property name	Transportation convenience	Cost	Location	Security	BCP compatibility
Shinagawa Seaside TS Tower	◎	A	○	◎	◎
BREEZÉ TOWER	◎	B	◎	◎	◎
Hitachi Kyusyu Building	○	A	○	◎	◎
S-GATE NIHONBASHI-HONCHO	◎	B	◎	◎	◎
Hibiya Sankei Building	◎	C	◎	○	-
S-GATE AKASAKA	◎	B	◎	◎	◎
Omori Park Building	○	A	○	○	-
Hatchobori Sankei Building	◎	A	◎	○	○
Toyo Park Building	○	A	○	○	-
Miyazakidai Garden Office	○	A	○	○	○
Tokyo Sankei Building	◎	C	◎	◎	◎
S-GATE AKIHABARA	◎	B	◎	◎	○

- Transportation convenience
- ◎ 5-minute walk or less from a JR or subway station
  - More than 5-minute but less than 10-minute walk from a JR or subway station, or 5-minute walk or less from other private railway station or a bus stop
- Cost
- A Rent of 20,000 yen or less
  - B Between 20,000 yen and 30,000 yen, inclusive
  - C More than 30,000 yen
- Location
- ◎ In the Miki Shoji Business District
  - In Tokyo 23 wards, excluding the above areas, Yokohama and Kawasaki cities, Kanagawa Prefecture, Osaka-shi and Fukuoka-shi
- Security
- ◎ IC card reader for exclusively owned areas, entrance (equipped with flapper gate facilities or in-person security)
  - IC card reader for exclusively owned areas, entrance (with employees only entrance/exit)
- BCP
- ◎ Availability of power generation for emergency
  - Availability of space for power generation for emergency
  - Other than the above

Source: Prepared by the Asset Manager \*Property names are in descending order of acquisition price

## 2-2 External Growth Strategy - Implement Diversified Investment Conscious of the Portfolio Matrix -

### Sponsor support (1)

#### Office building (main asset) development properties \*Excerpt of major properties

##### Office buildings



#### Honmachi Sankei Building

##### Overview

Location	Honmachi, Chuo-ku, Osaka-shi, Osaka
Construction completion	Aug. 2021
Total floor area	29,677 m <sup>2</sup>
Number of floors	21 floors above ground



#### Hareza Tower

##### Overview

Location	Higashi-Ikebukuro, Toshima-ku, Tokyo
Construction completion	May 2020
Total floor area	Approx. 68,600 m <sup>2</sup>
Number of floors	33 floors above ground and 2 floors below ground



#### JA Building/Keidanren Kaikan

##### Overview

Location	Otemachi, Chiyoda-ku, Tokyo
Construction completion	April 2009
Total floor area	Approx. 88,400 m <sup>2</sup> / approx. 71,200 m <sup>2</sup>
Number of floors	37 floors above ground, 3 floors below ground and 2-story penthouse 23 floors above ground, 4 floors below ground and 2-story penthouse



#### Concept of the S-GATE Series

Bringing "people" to the middle of the office.

The S-GATE Series are high-grade mid-sized office buildings offering high specs at mid-size based on Sankei Building's accomplishments developing large-scale office buildings.

Acquired



S-GATE AKASAKA



S-GATE AKASAKA SANNO



S-GATE OTEMACHI-KITA

Acquired



S-GATE AKIHABARA

Acquired



S-GATE NIHONBASHI-HONCHO



X-PRESS YURAKUCHO BLDG. managed by S-GATE



S-GATE HATCHOBORI

Feb. 2022  
Slated  
completion



S-GATE FIT Hatchobori

\* With the exception of those indicated as "Acquired", the properties shown are not properties owned or planned to be acquired by SANKEI REAL ESTATE as of the date of preparation of this material, and there is no assurance that SANKEI REAL ESTATE will decide to acquire or be able to acquire these in future. The incomplete buildings in the figure above are renderings prepared based on the assumption of the buildings being completed and may differ from the actual buildings.



## 2-2 External Growth Strategy - Implement Diversified Investment Conscious of the Portfolio Matrix -

### Sponsor support (2)

#### ■ Sub asset development properties

##### Logistics facilities

##### Developing small-medium logistics facilities with high functionality, multiple tenants and little competition



Sankei Building, the sponsor, perceives the needs of customers in the development of logistics facilities, and not only offers plans that improve package storage efficiency and are flexibly adaptable to split use, but aims to build facilities that “enable employees to work in comfort” by utilizing its know-how as a developer to pay attention to details including entrances and common areas.

Area	Property name	Completion
Osaka Area	Minoh Morimachi Logistics Facility (tentative name)	June 2021
Greater Tokyo	SANKEILOGI Kashiwanoha	Mar. 2022 (planned)
Greater Tokyo	SANKEILOGI Atsugi	Sept. 2022 (planned)
Osaka Area	Settsu Logistics Project (tentative name)	Sept. 2022 (planned)



Rendering of SANKEILOGI Kashiwanoha



Rendering of SANKEILOGI Atsugi



Rendering of Settsu Logistics Project (tentative name)

##### Residential

**LEFOND PROGRÈS**  
ルフォン プログレン

- LEFOND PROGRES and others planned to be developed

##### Hotels



- Lease agreement with the sponsor group in hotel properties owned by SANKEI REAL ESTATE

#### ■ Ability to source properties from third parties

- SANKEI REAL ESTATE not only has an extensive range of sponsor-developed properties but also is continuing to acquire properties from third parties by fully utilizing the sponsor’s **powerful ability to source properties**

##### Major acquisitions through sponsor sourcing

Acquired during the 2nd/6th FP



Shinagawa Seaside TS Tower

Acquired during the 6th FP



Hitachi Kyusyu Building

Acquired during the 2nd FP



Omori Park Building

Acquired at the time of listing



Toyo Park Building

Acquired at the time of listing



Hatchobori Sankei Building

Acquired at the time of listing



Hibiya Sankei Building

Held by sponsor



Omotosando Sankei Building

\* The above sub asset development properties and Omotesando Sankei Building are not properties owned or planned to be acquired by SANKEI REAL ESTATE as of the date of preparation of this material, and there is no assurance that SANKEI REAL ESTATE will decide to acquire or be able to acquire these in future.

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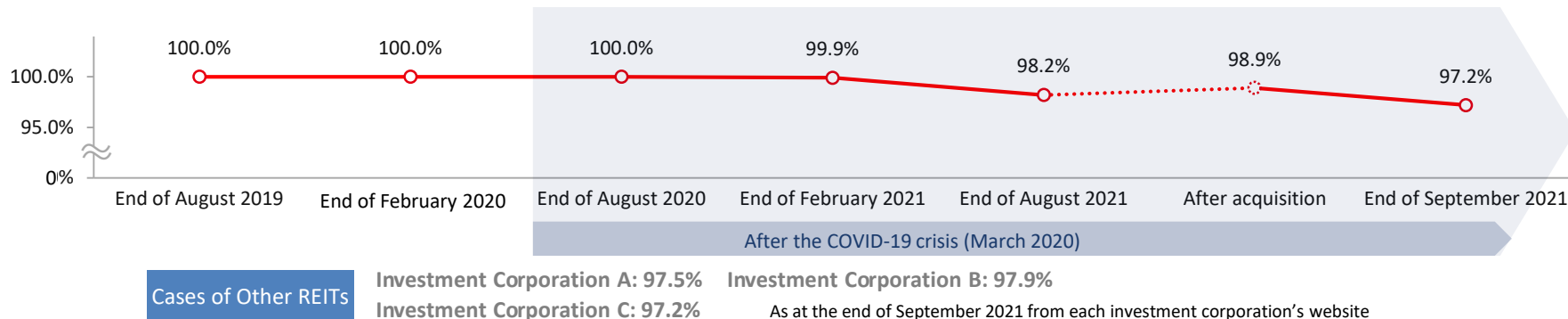
### 3. Internal Growth Results and Strategy

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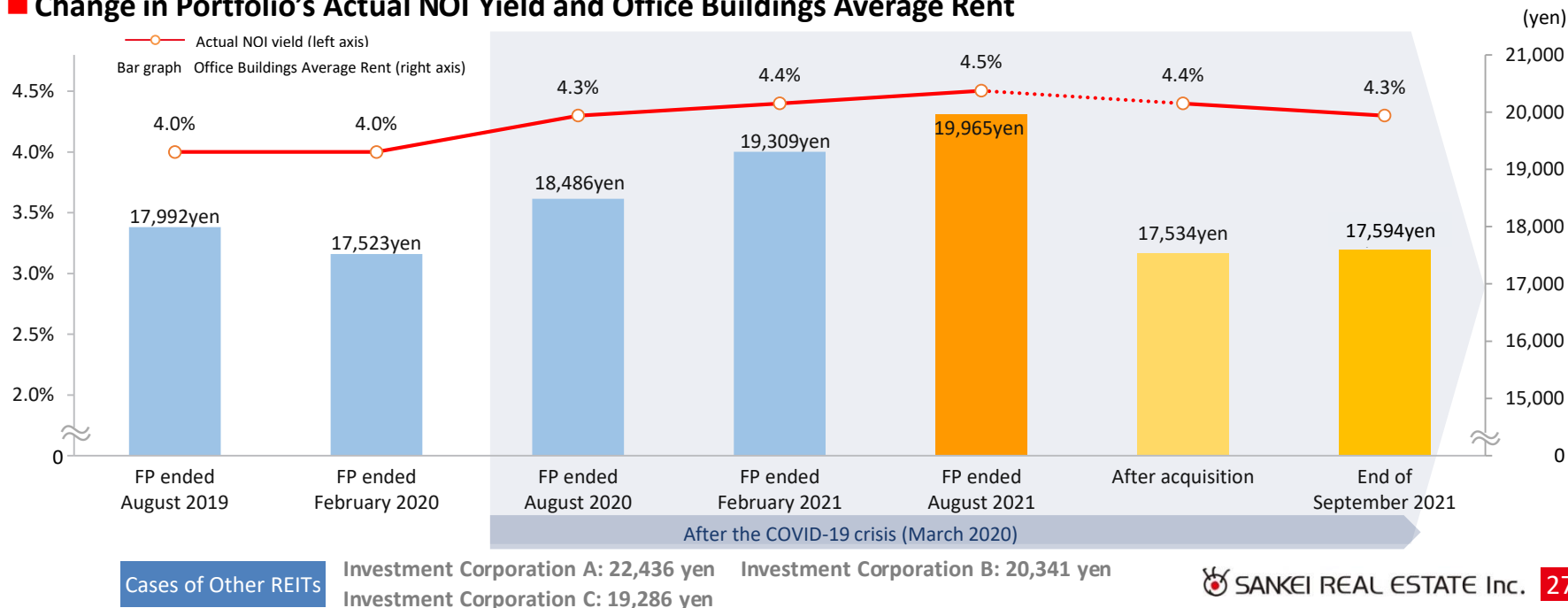
### 3-1 Internal Growth Results - Rent Revision Performance of Office Buildings (Based on Financial Results)

➤ **Maintain high occupancy rates** despite the COVID-19 pandemic and **maintain high profitability** after acquisition of 4 new properties

#### ■ Change in Occupancy Rate



#### ■ Change in Portfolio's Actual NOI Yield and Office Buildings Average Rent



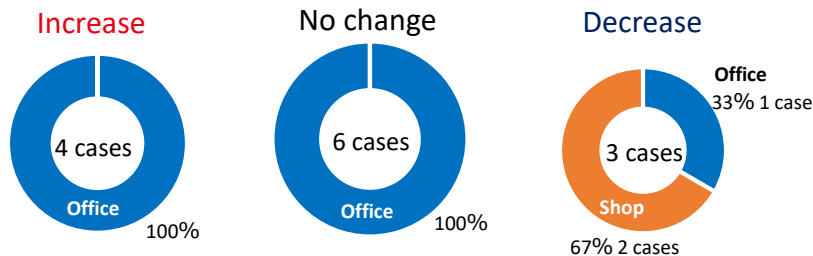
### 3-1 Internal Growth Results -Rent Revision Performance of Office Buildings (Based on Contracts Signed)

➤ **Pursue room for internal growth** despite the COVID-19 pandemic and **reduce the risk of internal degeneration**

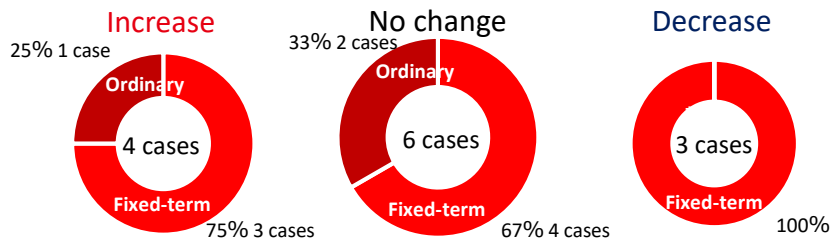
#### ■ Rent Revision Performance of Office Buildings (Based on Rental Area)

	Number of targeted tenants	Targeted leased area (ownership interest of SANKEI REAL ESTATE)	Percentage (based on leased area)	Rate of increase compared with prior to rent revision (average)
Increase	4 cases	419 tsubos	35.1%	
No change	6 cases	685 tsubos	57.3%	
Decrease	3 cases	91 tsubos	7.6%	
<b>Total</b>	<b>13 cases</b>	<b>1,195 tsubos</b>	<b>100.0%</b>	

#### ■ Number of Tenants by Use



#### ■ Number of Tenants by Contract Form



#### ■ Internal Growth Results Case (excerpt)

Pursue room for internal growth despite the COVID-19 pandemic

A-2 **BREEZÉ TOWER**



**+6.2% compared with before**

Increase exceeding the market rent

A-3 **S-GATE NIHONBASHI-HONCHO**



Compared with market rent  
**+5.6%**

Reduction of the risk of internal degeneration

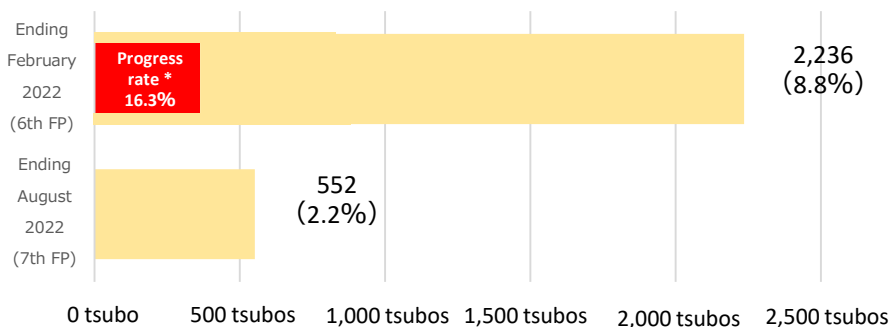
A-9 **Omori Park Building**



Albeit partial cancellation, the floor remains  
**+22.2% compared with before**

### 3-2 Internal Growth Strategy - Continue to Aim for Internal Growth Even as Rent Gap Narrows -

#### ■ Scheduled renewal with rent revision/renewal and progress (targeting office buildings)



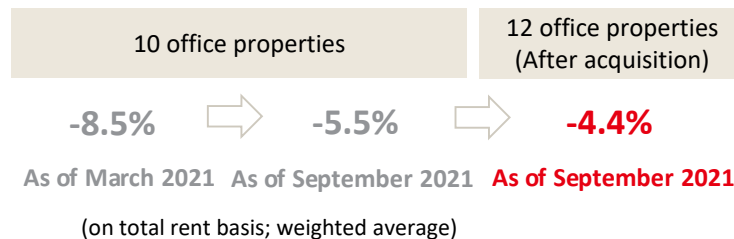
■ Contract Revision/Renewal Area

■ Contract Revision/Renewal Planned Area (Ratio to Total Leased Area)

Based on contracts signed (targeting lease agreements concluded between March 1, 2021, and August 31, 2021)

\*For the 6th FP (ending Feb. 2022), the percentage of total leased area after acquisition

#### ■ Rent gap for office buildings



#### ➤ Focused Properties (continued from the previous term)

##### A-2 BREEZÉ TOWER



All tenants under fixed-term lease  
Rent gap



In earnest negotiations aimed at re-contract with rent increase with major tenants

##### A-7 Toyo Park Building



Cancellation due to consolidation of bases  
Vacancy rate rising in the area



Contracts for certain portions (fixed-term lease) (Oct. 2021)  
Continue focus on leasing activities

#### Assumed occupancy rate of portfolio

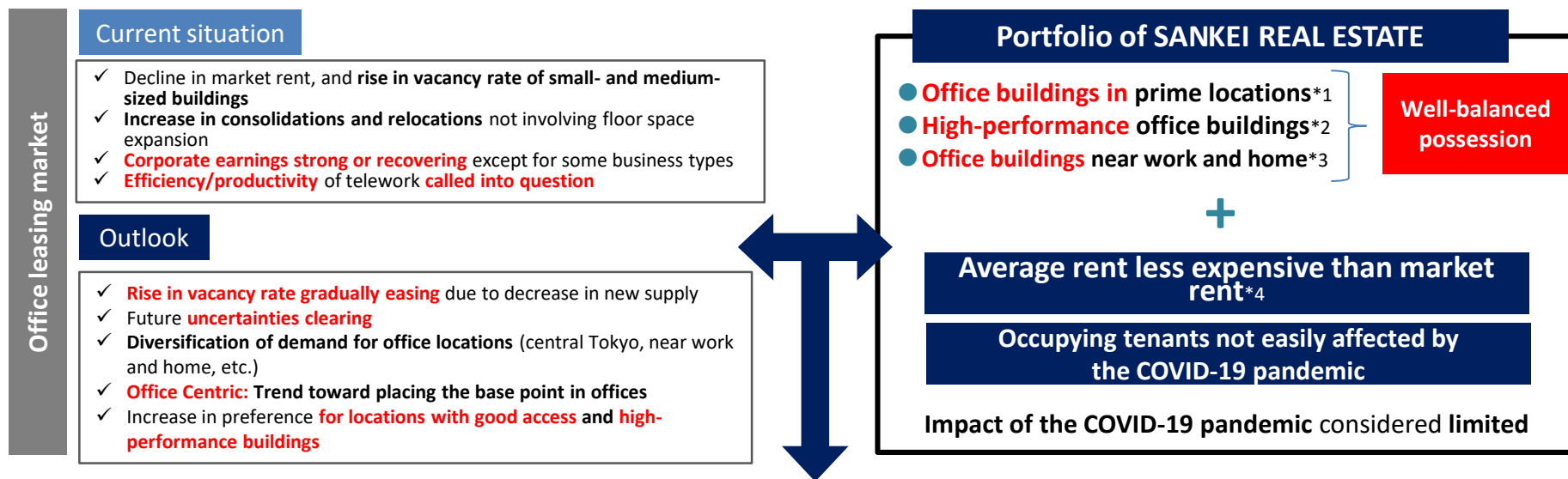
6th Fiscal Period (Ending February 2022)

- End of period 97.8%
- Period average 97.6%

7th Fiscal Period (Ending August 2022)

- End of period 99.7%
- Period average 99.2%

## 3-2 Internal Growth Strategy - Continuation of Strategic Leasing -



### Strategic leasing

- **Pursuit of room for internal growth: Negotiate rent increase with tenants with a rent gap (especially tenants under fixed-term lease)**
- **Reduction of the risk of internal degeneration: Distribute contract periods, advance cancellation notice, and switch the form of contract (from ordinary lease → fixed-term lease) in view of property characteristics and tenant needs**
- **Direct leasing by the Asset Management Company**
- **Leasing utilizing the customer base of the group companies, affiliated companies and network-related companies of Fuji Media Holdings**

\*1 Tokyo Sankei Building, BREEZÉ TOWER, Hibiya Sankei Building, S-GATE AKASAKA, S-GATE NIHONBASHI-HONCHO, and Hatchobori Sankei Building are the applicable properties.

\*2 Tokyo Sankei Building, BREEZÉ TOWER, Shinagawa Seaside TS Tower, and the S-GATE Series (AKASAKA, NIHONBASI-HONCHO, and AKIHABARA) and Hitachi Kyusyu Building are the applicable properties.

\*3 Shinagawa Seaside TS Tower, Toyo Park Building, Omori Park Building, Hitachi Kyusyu Building, and Miyazakidai Garden Office are the applicable properties.

\*4 Average rent (yen) = Rental and CAM revenue upon the most recent settlement / 6 months / Leasable area x Occupancy rate

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## 4. Financial Strategy

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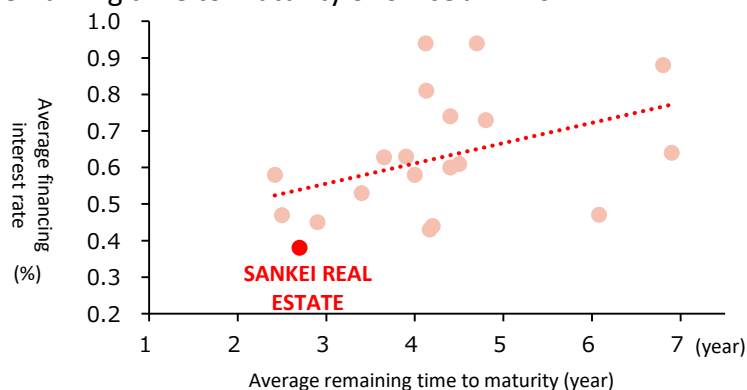
## Financial Strategy - Financial Highlights (1) -

### ➤ Enhance the bank formation to maintain and improve a stable financial foundation

#### ■ Financing Highlights (as of October 1, 2021)

Balance of interest-bearing liabilities	51.2 billion yen	LTV	47.9%
Ratio of long-term debt	75.6%	Ratio of fixed interest rate	86.5%
Average financing interest rate	0.35%	Average remaining time to maturity	2.7 years

#### ■ Distribution map of average financing interest rates and average remaining time to maturity of office J-REITs



#### ■ LTV Ratio During Normal Operations

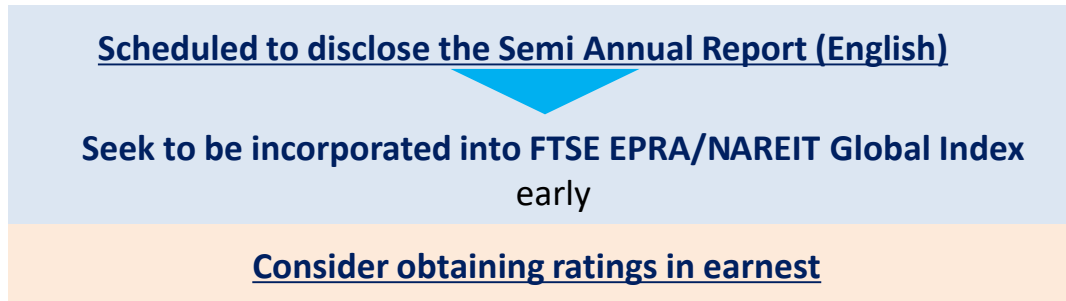
	End of 5th FP	End of 6thFP	End of 7th FP
LTV	47.3%	47.3% (Forecast)	47.1% (Forecast)

#### ■ Lender Composition (as of October 1, 2021)

Enhance the bank formation through funding from new financial institutions		
	[Unit: million yen]	
	Borrowing amount	Percentage
Mizuho Bank	13,160	25.7%
Sumitomo Mitsui Banking	9,440	18.4%
Development Bank of Japan	7,700	15.0%
Mizuho Trust & Banking	4,640	9.1%
Sumitomo Mitsui Trust Bank	4,500	8.8%
Shinsei Bank	4,080	8.0%
Resona Bank	3,780	7.4%
Aozora Bank	2,000	3.9%
The Nishi-Nippon City Bank	1,000	2.0%
Kansai Mirai Bank	600	1.2%
Chiba Bank	300	0.6%
11 banks in total	51,200	100.0%

## Financial Strategy - Financial Highlights (2) -

- Consider **early incorporation into global indices** and **obtainment of ratings in earnest**

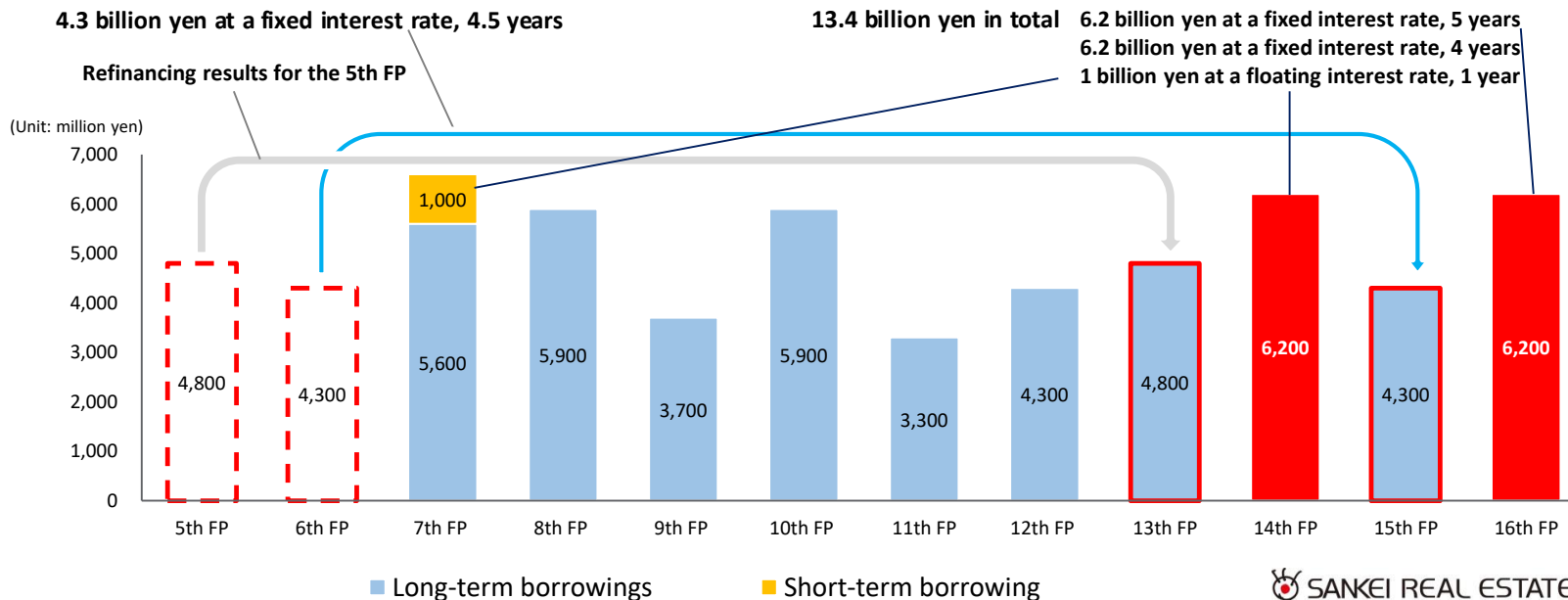


- Promote the **distribution** and **prolongation** of the maturity ladder

### ■ Maturity Ladder for Interest-Bearing Liabilities (as of October 1, 2021)

- **Refinanced borrowing due in the 6th FP** (October 1, 2021)

- **Borrowings to acquire 4 new properties** (September 2, 2021)



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## 5. ESG Initiatives

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## ESG Initiatives (1)

### ■ Participation in GRESB Real Estate Assessment (July 2021)

- Acquired “**3 star**” GRESB rating (October 2021)
- Acquired “**Green Star**” certification (October 2021)
- Consider **enhancing the sustainability promotion system** (establishment of a dedicated unit)

**GRESB Real Estate Assessment:** A global investment benchmark established as a tool to measure the environmental, social, and governance (ESG) considerations of individual companies and funds in the real estate sector and used to select investment targets and engage in dialogue with investment targets.



### ■ Various rules associated with ESG

#### Sustainability Policy

- |   |  |
|---|--|
| (1) Preserving the earth environment and reducing the environmental load of assets under management | (4) Working with executives and employees  |
| (2) Serving the local community   | (5) Observing compliance and establishing/maintaining an internal control system |
| (3) Cooperating with external stakeholders  | (6) Disclosing ESG information and securing transparency                         |

#### Sustainability Promotion System

- Chief Sustainability Officer: Executive Deputy President
- Sustainability Officer: General Manager of Investment Management Department
- Sustainability promotion meetings: Examining and planning various policies, targets, and measures related to sustainability

#### Internal regulations, policies, etc.

- Sustainability promotion system rules
- Policy on energy conservation
- Policy on greenhouse gas emissions reduction
- Policy on saving water
- Policy on sustainable procurement
- EMS operational manual

## 5. ESG Initiatives (2)

### ■ Environment

Acquired DBJ Green Building certification for 5 of 12 properties under management

\*(As of August 31, 2020)

**S-GATE AKASAKA**  
(60% quasi co-ownership interest)




**S-GATE AKIHABARA**




**S-GATE NIHONBASHI-HONCHO**  
(51% co-ownership interest)




**Tokyo Sankei Building**  
(2% co-ownership interest)




**BREEZÉ TOWER**  
(45% quasi co-ownership interest in sectional ownership of the office portion of the building, etc.)




#### Major environmental initiatives

##### [Tokyo Sankei Building]

- Installation of energy-saving and long-life LED lighting
- Installation of electric vehicle (EV) chargers
- Installation of community cycle ports

##### [S-GATE Series]

- Realized rooftop greening and established a terrace
- Use greenery at the entrance for an open and bright approach

##### [BREEZÉ TOWER]

- Reduction of building heat load
- Effective use of natural energy
- Effective use of water resources and consideration for surrounding environment



### ■ Social

Response to the COVID-19 Pandemic

Relationship with Stakeholders

#### [Prevention]

- Introduce remote work and staggered commuting
- Prepare alcohol disinfectants at common areas
- Health management of property management staff
- Display posters for preventing the spread of infection

#### [When someone is infected with COVID-19]

- Identify the behavioral history of infected persons and persons who had close contact with them
- Implement disinfection work at the office and common areas
- Contact the tenants, etc. who use the building

#### [Measures for employees]

- Develop a comfortable office environment
- Human resources development: Implement various training
- Work-style support: Childcare and nursing care support

#### [Measures for tenants]

- Implement disaster prevention drills, and distribute disaster prevention goods
- Conduct tenant satisfaction surveys

#### [Connection with the community]

- Installation of artworks

### ■ Governance (Internal Control)

Sponsor Commitment: Promotion of Same-Boat Investment by Sponsor

- Sponsor acquires Sankei Real Estate's investment units sequentially
- This helps enhance same-boat investment between the sponsor and the unitholders of SANKEI REAL ESTATE further and strong sponsor support is expected, which contributes to the medium- to long-term growth of SANKEI REAL ESTATE

	End of 2nd FP	End of 3rd FP	End of 4th FP	End of 5th FP
Number of investment units issued and outstanding	356,800 units	356,800 units	356,800 units	356,800 units
Number of units held by sponsor	11,362 units	14,979 units	17,479 units	17,479 units
Percentage of units held by sponsor	3.18%	4.19%	4.89%	4.89%

# Appendix

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## Balance Sheet (Unabridged) for the Fiscal Period Ended August 2021 (5th FP)

(Unit: thousand yen)

	4th FP (as of Feb. 28, 2021)	5th FP (as of Aug. 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,147,117	4,457,965
Cash and deposits in trust	2,797,010	2,799,257
Operating accounts receivable	54,096	36,079
Prepaid expenses	46,597	59,212
Consumption taxes receivable	9,321	-
Other	41,015	77
<b>Total current assets</b>	<b>7,095,157</b>	<b>7,352,593</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings	166,032	169,301
Accumulated depreciation	(11,908)	(15,201)
Buildings, net	154,123	154,100
Structures	353	544
Accumulated depreciation	(16)	(25)
Structures, net	336	518
Land	2,457,766	2,457,766
Buildings in trust	14,296,308	14,340,970
Accumulated depreciation	(769,403)	(992,106)
Buildings in trust, net	13,526,905	13,348,864
Structures in trust	23,602	23,832
Accumulated depreciation	(1,122)	(1,435)
Structures in trust, net	22,479	22,396
Machinery and equipment in trust	2,875	11,302
Accumulated depreciation	(348)	(564)
Machinery and equipment in trust, net	2,526	10,737
Tools, furniture and fixtures in trust	27,889	28,239
Accumulated depreciation	(3,719)	(5,727)
Tools, furniture and fixtures in trust, net	24,170	22,512
Land in trust	56,132,321	56,132,575
Construction in progress in trust	8,103	281,344
Total property, plant and equipment	72,328,733	72,430,815
Intangible assets		
Software	5,773	4,833
Total intangible assets	5,773	4,833
Investments and other assets		
Long-term prepaid expenses	43,237	43,724
Deferred tax assets	13	13
Leasehold and guarantee deposits	10,000	10,000
Total investments and other assets	53,251	53,738
<b>Total non-current assets</b>	<b>72,387,757</b>	<b>72,489,387</b>
<b>Deferred assets</b>		
Investment unit issuance expenses	-	6,488
<b>Total deferred assets</b>	<b>-</b>	<b>6,488</b>
<b>Total assets</b>	<b>79,482,915</b>	<b>79,848,468</b>

	4th FP (as of Feb. 28, 2021)	5th FP (as of Aug. 31, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	170,112	225,346
Long-term borrowings due within 1 year	9,100,000	9,900,000
Accounts payable – other	219,582	494,644
Accrued expenses	26,175	27,936
Income taxes payable	879	875
Consumption taxes payable	-	89,208
Advances received	373,814	339,943
Deposits received	7,496	14,065
<b>Total current liabilities</b>	<b>9,898,060</b>	<b>11,092,019</b>
<b>Non-current liabilities</b>		
Long-term borrowings	28,700,000	27,900,000
Leasehold and guarantee deposits received	79,585	82,139
Leasehold and guarantee deposits received in trust	3,247,634	3,219,176
<b>Total non-current liabilities</b>	<b>32,027,219</b>	<b>31,201,315</b>
<b>Total liabilities</b>	<b>41,925,280</b>	<b>42,293,334</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	36,540,901	36,540,901
Surplus		
Unappropriated retained earnings (undisposed loss)	1,016,734	1,014,232
Total surplus	1,016,734	1,014,232
Total unitholders' equity	37,557,635	37,555,134
<b>Total net assets</b>	<b>37,557,635</b>	<b>37,555,134</b>
<b>Total liabilities and net assets</b>	<b>79,482,915</b>	<b>79,848,468</b>

## Statement of Income (Unabridged) for the Fiscal Period Ended August 2021 (5th FP)

(Unit: thousand yen)

	4th FP (ended Feb. 2021)	5th FP (ended Aug. 2021)
<b>Operating revenue</b>		
Leasing business revenue	2,015,771	2,032,902
Other leasing business revenue	132,163	143,210
<b>Total operating revenue</b>	<b>2,147,934</b>	<b>2,176,113</b>
<b>Operating expenses</b>		
Expenses related to leasing business	790,014	793,758
Asset management fee	186,562	195,532
Asset custody fee	1,568	1,575
Administrative service fees	7,065	7,100
Remuneration for directors (and other officers)	3,600	3,600
Other operating expenses	40,510	33,203
<b>Total operating expenses</b>	<b>1,029,320</b>	<b>1,034,769</b>
<b>Operating profit</b>	<b>1,118,614</b>	<b>1,141,343</b>
<b>Non-operating income</b>		
Interest income	21	31
Insurance claim income	-	994
Interest on refund	-	50
Other non-operating income	0	15
<b>Total non-operating income</b>	<b>21</b>	<b>1,091</b>
<b>Non-operating expenses</b>		
Interest expenses	61,565	66,412
Borrowing related expenses	37,660	61,120
Other non-operating expenses	2,000	-
<b>Total non-operating expenses</b>	<b>101,225</b>	<b>127,533</b>
<b>Ordinary profit</b>	<b>1,017,409</b>	<b>1,014,902</b>
<b>Net profit before income taxes</b>	<b>1,017,409</b>	<b>1,014,902</b>
Income taxes - current	882	880
Income taxes - deferred	0	0
<b>Total income taxes</b>	<b>883</b>	<b>880</b>
<b>Net profit</b>	<b>1,016,526</b>	<b>1,014,021</b>
Retained earnings brought forward	207	210
<b>Unappropriated retained earnings (undisposed loss)</b>	<b>1,016,734</b>	<b>1,014,232</b>

## Statement of Cash Flows for the Fiscal Period Ended August 2021 (5th FP)

	(Unit: thousand yen)	
	4th FP (ended Feb. 2021)	5th FP (ended Aug. 2021)
<b>Cash flows from operating activities</b>		
Net profit before income taxes	1,017,409	1,014,902
Depreciation	228,057	229,481
Interest income	(21)	(31)
Interest expenses	61,565	66,412
Decrease (increase) in operating accounts receivable	34,103	20,672
Decrease (increase) in consumption taxes refund receivable	(9,321)	9,321
Decrease (increase) in prepaid expenses	5,300	(12,615)
Increase (decrease) in operating accounts payable	(54,667)	18,847
Increase (decrease) in accounts payable – other	4,076	12,407
Increase (decrease) in consumption taxes payable	(129,470)	89,208
Increase (decrease) in advances received	45,256	(33,871)
Increase (decrease) in deposits received	(1,197,677)	6,568
Decrease (increase) in long-term prepaid expenses	17,555	(487)
Decrease (increase) in other assets	526,775	40,937
<b>Subtotal</b>	<b>548,943</b>	<b>1,461,754</b>
Interest received	21	31
Interest paid	(61,662)	(64,651)
Income taxes paid	(896)	(884)
<b>Net cash provided by (used in) operating activities</b>	<b>486,405</b>	<b>1,396,250</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(493)	(3,460)
Purchase of property, plant and equipment in trust	(4,286,634)	(28,670)
Proceeds from leasehold and guarantee deposits received	81	2,572
Refund of leasehold and guarantee deposits received	(12,724)	(19)
Proceeds from leasehold and guarantee deposits received in trust	232,800	3,970
Refund of leasehold and guarantee deposits received in trust	(33,127)	(35,084)
<b>Net cash provided by (used in) investing activities</b>	<b>(4,100,099)</b>	<b>(60,691)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	4,300,000	4,800,000
Repayments of long-term borrowings	-	(4,800,000)
Payments of investment unit issuance expenses	-	(6,488)
Distribution paid	(902,512)	(1,015,975)
<b>Net cash provided by (used in) financing activities</b>	<b>3,397,487</b>	<b>(1,022,464)</b>
Net increase (decrease) in cash and cash equivalents	(216,205)	313,095
Cash and cash equivalents at beginning of period	7,160,333	6,944,127
<b>Cash and cash equivalents at end of period</b>	<b>6,944,127</b>	<b>7,257,223</b>

## Status of Lenders (as of October 1, 2021)

Term	Lender	Borrowing amount (million yen)	Interest rate	Borrowing date (upper row) Maturity date (lower row)	Repayment method	Description	Term	Lender	Borrowing amount (million yen)	Interest rate	Borrowing date (upper row) Maturity date (lower row)	Repayment method	Description						
Short-term borrowings	Mizuho Bank, Ltd.	260	0.23545% (floating)	Sep. 2, 2021	Lump-sum repayment at maturity	Unsecured Non- guaranteed		Mizuho Bank, Ltd.	1,167	0.32923% (fixed)	Mar. 12, 2020 Sep. 12, 2024								
	Sumitomo Mitsui Banking Corporation	140		Aug. 31, 2022				Sumitomo Mitsui Banking Corporation	832										
	Mizuho Bank, Ltd.	400	Sep. 2, 2021	Development Bank of Japan Inc.				713											
	Sumitomo Mitsui Banking Corporation	200	(floating)	Mizuho Trust & Banking Co., Ltd.				456											
	<b>Total</b>	<b>1,000</b>		Sumitomo Mitsui Trust Bank, Ltd.				416											
Long-term borrowings	Mizuho Bank, Ltd.	1,574	0.36969% (fixed)	Mar. 12, 2019 Mar. 12, 2022	Lump-sum repayment at maturity	Unsecured Non- guaranteed		Shinsei Bank, Limited	358	0.36978% (fixed)	Mar. 12, 2021 Mar. 12, 2025								
	Sumitomo Mitsui Banking Corporation	1,084						Resona Bank, Limited	358										
	Development Bank of Japan Inc.	929						0.42346% (fixed)	Mar. 12, 2019 Mar. 12, 2023					Mizuho Bank, Ltd.	1,331	0.29655% (fixed)	Sep. 2, 2021 Sep. 2, 2025		
	Mizuho Trust & Banking Co., Ltd.	593												Mizuho Bank, Ltd.	1,550				
	Sumitomo Mitsui Trust Bank, Ltd.	542												Mizuho Trust & Banking Co., Ltd.	1,000				
	Shinsei Bank, Limited	439												Sumitomo Mitsui Trust Bank, Ltd.	700				
	Resona Bank, Limited	439												Development Bank of Japan Inc.	700				
	Mizuho Bank, Ltd.	972												Sumitomo Mitsui Trust Bank, Ltd.	600				
	Sumitomo Mitsui Banking Corporation	716												Sumitomo Mitsui Trust Bank, Ltd.	500				
	Development Bank of Japan Inc.	614						Shinsei Bank, Limited	500										
	Mizuho Trust & Banking Co., Ltd.	392	0.49096% (fixed)	Mar. 12, 2019 Mar. 12, 2024				Kansai Mirai Bank	300	0.35542% (fixed)	Sep. 2, 2021 Sep. 2, 2026								
	Sumitomo Mitsui Trust Bank, Ltd.	358						Resona Bank, Limited	400										
	Shinsei Bank, Limited	324						Mizuho Bank, Ltd.	750										
	Resona Bank, Limited	324						Sumitomo Mitsui Banking Corporation	700										
	Mizuho Bank, Ltd.	856						Development Bank of Japan Inc.	700										
	Sumitomo Mitsui Banking Corporation	639						Mizuho Trust & Banking Co., Ltd.	200										
	Development Bank of Japan Inc.	548						Sumitomo Mitsui Trust Bank, Ltd.	500										
	Mizuho Trust & Banking Co., Ltd.	350						Shinsei Bank, Limited	500										
	Sumitomo Mitsui Trust Bank, Ltd.	319						Resona Bank, Limited	400										
	Shinsei Bank, Limited	294						0.36200% (fixed)	Sep. 3, 2019 Sep. 3, 2023					Aozora Bank	1,500	0.38044% (fixed)	Oct. 1, 2021 Apr. 1, 2026		
	Resona Bank, Limited	294	The Nishi-Nippon City Bank	500															
	Mizuho Bank, Ltd.	2,250	Kansai Mirai Bank	300															
	Sumitomo Mitsui Banking Corporation	1,500	Chiba Bank	150															
	Mizuho Trust & Banking Co., Ltd.	620	Mizuho Bank, Ltd.	1,100															
	Sumitomo Mitsui Trust Bank, Ltd.	550	Sumitomo Mitsui Banking Corporation	900															
	Shinsei Bank, Limited	490	Development Bank of Japan Inc.	700															
	Resona Bank, Limited	490	Mizuho Trust & Banking Co., Ltd.	300															
Mizuho Bank, Ltd.	950	Sumitomo Mitsui Trust Bank, Ltd.	300																
Sumitomo Mitsui Banking Corporation	800	Shinsei Bank, Limited	300																
Development Bank of Japan Inc.	2,000	Resona Bank, Limited	200																
Mizuho Trust & Banking Co., Ltd.	620	Aozora Bank	500																
Sumitomo Mitsui Trust Bank, Ltd.	550	<b>Sub Total</b>	<b>50,200</b>																
Shinsei Bank, Limited	490	<b>Total</b>	<b>51,200</b>																
Resona Bank, Limited	490																		

\* If the maturity date is not a business day, it will be the following business day.

## Key Performance Indicators (KPIs) for the Fiscal Period Ended August 2021 (5th FP)

		4th FP (ended Feb. 2021)	5th FP (ended Aug. 2021)
LTV	(against total assets)	47.6%	47.3%
	(against total assets <considering unrealized gain/loss>)	43.8%	43.4%
NOI yield	(against book value)	4.4%	4.5%
	(against appraisal value)	4.0%	4.1%
NOI yield after depreciation	(against book value)	3.8%	3.8%
	(against appraisal value)	3.4%	3.5%
Implied cap rate	(NOI yield)	4.3%	4.0%
	(NOI yield after depreciation)	3.7%	3.5%
FFO		1,243 million yen	1,242 million yen
AFFO		1,201 million yen	1,185 million yen
FFO per unit		3,485 yen	3,482 yen
EPS		2,849 yen	2,841 yen

		4th FP (ended Feb. 2021)	5th FP (ended Aug. 2021)
Distribution per unit		2,849 yen	2,862 yen
Distribution yield		5.2%	4.4%
ROE		5.4%	5.4%
Net assets per unit		105,262 yen	105,255 yen
NAV per unit		124,489 yen	125,369 yen
Investment unit price (at end of period)		110,200 yen	129,600 yen
NAV multiple		0.9x	1.0x
PBR		1.0x	1.2x
PER		19.3x	22.8x
FFO multiple		15.8x	18.6x
Payout ratio	(FFO)	81.7%	82.2%
	(AFFO)	84.6%	86.1%

- \*1. LTV (against total assets) = Interest-bearing liabilities / Total assets (book value)  
LTV (against total assets <considering unrealized gain/loss>) = Interest-bearing liabilities / (Total assets (book value) + unrealized gain/loss)
- \*2. NOI yield (against book value) = (Operating income from real estate leasing + Depreciation) / Book value of real estate for lease  
NOI yield (against appraisal value) = (Operating income from real estate leasing + Depreciation) / Appraisal value of real estate for lease
- \*3. NOI yield after depreciation (against book value) = Operating income from real estate leasing / Book value of real estate for lease  
NOI yield after depreciation (against appraisal value) = Operating income from real estate leasing / Appraisal value of real estate for lease
- \*4. Implied cap rate (NOI yield) = NOI (Annualized result of current FP x 2) / (Total fair value + Interest-bearing liabilities – Cash and deposits + Leasehold deposits received)  
Implied cap rate (NOI yield after depreciation) = NOI after depreciation (Annualized result of current FP x 2) / (Total fair value + Interest-bearing liabilities – Cash and deposits + Leasehold deposits received)
- \*5. FFO = Net profit + Depreciation – Gain/loss on sales of real estate properties (including loss on retirement of non-current assets)
- \*6. AFFO = FFO – Capital expenditure
- \*7. FFO per unit = FFO / Total number of investment units issued and outstanding at end of period
- \*8. EPS = Net profit / Total number of investment units issued and outstanding at end of period

- \*9. Distribution per unit = Total distribution / Total number of investment units issued and outstanding at end of period
- \*10. Distribution yield = Distribution per unit (Annualized result of current FP x 2) / Investment unit price (at end of period)
- \*11. ROE (Return on equity) = Net profit (Annualized most recent result x 2) / Net assets
- \*12. NAV per unit = (Net assets + Unrealized gain/loss) / Total number of investment units issued and outstanding at end of period
- \*13. NAV multiple = Investment unit price (at end of period) / NAV per unit
- \*14. PBR (Price Book-value Ratio) = Investment unit price (at end of period) / Net assets per unit
- \*15. PER (Price Earnings Ratio) = Investment unit price (at end of period) / EPS (Annualized most recent result x 2)
- \*16. FFO multiple = Investment unit price / FFO per unit (Annualized most recent result x 2)
- \*17. Payout ratio (FFO) = Total distribution / FFO
- \*18. Payout ratio (AFFO) = Total distribution / AFFO
- \*19. Figures are rounded down to the indicated digits (Percentages and multiples are rounded to one decimal place.)

## Statement of Income from Leasing by Property for the Fiscal Period Ended August 2021 (5th FP)

(Unit: thousand yen)

Property number	A-1	A-2	A-3	A-4	A-5	A-6
Asset type	Office buildings	Office buildings	Office buildings	Office buildings	Office buildings	Office buildings
Property name	Tokyo Sankei Building	BREEZÉ TOWER	S-GATE NIHONBASHI-HONCHO	S-GATE AKIHABARA	Hibiya Sankei Building	Hatchobori Sankei Building
Leasing business revenue	51,775	545,909	159,964	68,236	204,797	179,306
Rental revenue	45,860	432,224	153,523	65,353	178,517	148,555
CAM revenue	2,021	87,770	-	-	13,232	13,790
Utilities reimbursement	2,598	16,806	3,877	2,447	9,975	9,213
Parking revenue	786	8,022	2,426	384	1,932	6,246
Other rental revenue	508	1,084	137	52	1,140	1,499
Expenses related to leasing business	29,934	205,630	47,113	25,423	90,999	57,650
Outsourcing expenses	6,197	63,056	8,568	6,019	16,566	16,844
Utilities expenses	3,072	33,470	4,807	2,499	8,376	11,026
Property taxes	12,571	37,257	11,048	4,808	53,679	10,084
Land rent	683	1,135	-	-	-	-
Repair expenses	1,696	3,933	3,792	3,773	5,684	2,569
Insurance premium	100	853	329	151	291	441
Trust fee	-	112	250	250	250	250
Depreciation	3,302	64,024	18,036	7,623	5,885	15,957
Other expenses from leasing	2,311	1,786	280	296	265	477
Operating income (loss) from leasing	21,841	340,278	112,851	42,813	113,797	121,655
NOI	25,143	404,302	130,888	50,437	119,683	137,613

\* The information is "Not disclosed" due to unavoidable circumstances in that such contains information for which consent for disclosure has not been obtained from the tenant, relevant party, etc. or information from which confidential information can be derived.

## Statement of Income from Leasing by Property for the Fiscal Period Ended August 2021 (5th FP)

(Unit: thousand yen)

Property number	A-7	A-8	A-9	A-10	B-1	B-2	Total
Asset type	Office buildings	Office buildings	Office buildings	Office buildings	Sub assets	Sub assets	
Property name	Toyo Park Building	Shinagawa Seaside TS Tower <sup>*1</sup>	Omori Park Building	S-GATE AKASAKA	Hotel Intergate Tokyo Kyobashi	Hotel Intergate Hiroshima	
Leasing business revenue	109,936		159,212		206,955	118,800	2,176,113
Rental revenue	69,086		131,167		206,955	118,800	1,890,879
CAM revenue	15,171		10,037		-	-	142,022
Utilities reimbursement	6,341		11,818		-	-	89,327
Parking revenue	2,340		5,400		-	-	31,102
Other rental revenue	16,997		789		-	-	22,780
Expenses related to leasing business	32,974	(Not disclosed)	65,425	(Not disclosed)	54,384	43,529	793,758
Outsourcing expenses	8,310		13,961		1,200	1,800	169,652
Utilities expenses	7,589		15,496		-	-	116,632
Property taxes	7,619		16,508		25,589	15,378	223,015
Land rent	-		-		-	-	1,818
Repair expenses	564		3,048		-	-	39,331
Insurance premium	231		425		533	475	4,354
Trust fee	350		350		250	250	2,752
Depreciation	8,110	30,258	15,248	7,751	26,770	25,572	228,541
Other expenses from leasing	198		388		41	53	7,658
Operating income (loss) from leasing	76,962	167,147	93,786	63,376	152,571	75,270	1,382,355
NOI	85,073	197,406	109,035	71,128	179,341	100,842	1,610,896

\* The information is "Not disclosed" due to unavoidable circumstances in that such contains information for which consent for disclosure has not been obtained from the tenant, relevant party, etc. or information from which confidential information can be derived.

## Overview of Appraisal Value (as of August 31, 2021)

(Unit: million yen)

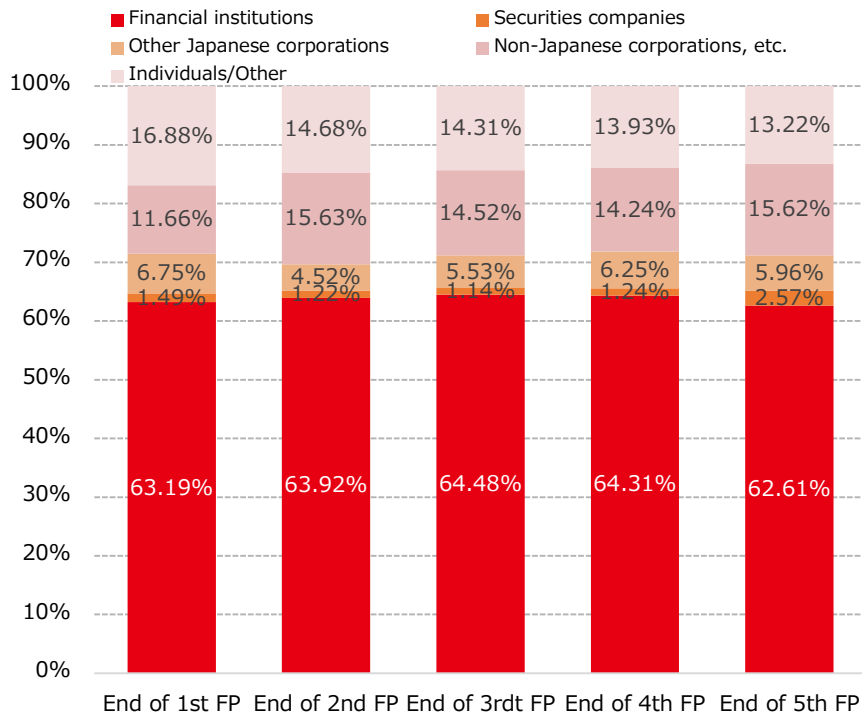
Property number	Property name	Acquisition price	End of 5th FP Book value (a)	End of 4th FP (February 28, 2021) (b)		End of 5th FP (August 31, 2021) (c)		Change from appraisal in the previous fiscal period (c) – (b)		Unrealized gain/loss (c) – (a)
				Appraisal value	CR	Appraisal value	CR	Appraisal value	CR	
A-1	Tokyo Sankei Building (2% co-ownership interest)	2,509	2,612	2,690	2.5%	2,690	2.5%	0	0.0pt	77
A-2	BREEZÉ TOWER (45% quasi co-ownership interest in sectional ownership of the office portion of the building, etc.)	13,100	13,076	17,235	3.8%	17,280	3.8%	45	0.0pt	4,203
A-3	S-GATE NIHONBASHI-HONCHO (51% co-ownership interest)	6,698	6,707	7,470	3.3%	7,470	3.3%	0	0.0pt	762
A-4	S-GATE AKIHABARA	2,055	2,051	2,530	3.5%	2,530	3.5%	0	0.0pt	478
A-5	Hibiya Sankei Building	5,829	6,057	6,340	3.0%	6,410	3.0%	70	0.0pt	352
A-6	Hatchobori Sankei Building	4,959	5,011	5,500	4.1%	5,500	4.1%	0	0.0pt	488
A-7	Toyo Park Building	3,782	3,892	3,610	4.0%	3,610	4.0%	0	0.0pt	-282
A-8	Shinagawa Seaside TS Tower (25% quasi co-ownership interest in sectional ownership of the building, etc.)	10,040	10,107	11,000	3.6%	11,000	3.6%	0	0.0pt	892
A-9	Omori Park Building	5,400	5,463	5,490	3.8%	5,490	3.8%	0	0.0pt	26
A-10	S-GATE AKASAKA (60% quasi co-ownership interest in sectional ownership of the building, etc.)	4,200	4,242	4,266	3.2%	4,266	3.2%	0	0.0pt	23
Office buildings subtotal (total of 10 properties)		58,574	59,221	66,131		66,246		115		7,024
B-1	Hotel Intergate Tokyo Kyobashi	8,961	8,978	8,970	3.8%	9,010	3.8%	40	0.0pt	31
B-2	Hotel Intergate Hiroshima	3,990	3,949	4,080	4.6%	4,070	4.6%	-10	0.0pt	120
Sub assets subtotal (total of 2 properties)		12,951	12,927	13,050		13,080		30		152
<b>Portfolio total (total of 12 properties)</b>		<b>71,525</b>	<b>72,149</b>	<b>79,181</b>		<b>79,326</b>		<b>145</b>		<b>7,176</b>

\* CR is a cap rate based on direct capitalization method (NCF basis).



## Status of Unitholders (as of August 31, 2021)

### ➤ Breakdown of Investment Units by Unitholder Type



### ➤ Number of Unitholders by Unitholder Type

	End of 1st FP	End of 2nd FP	End of 3rd FP	End of 4th FP	End of 5th FP
Financial institutions	37	55	54	49	43
Securities companies	17	19	23	22	22
Other Japanese corporations	116	127	131	135	124
Non-Japanese corporations, etc.	57	62	59	70	75
Individuals/Other	6,399	7,585	7,458	7,406	7,064
<b>Total</b>	<b>6,626</b>	<b>7,848</b>	<b>7,725</b>	<b>7,682</b>	<b>7,328</b>

### ➤ Major Unitholders


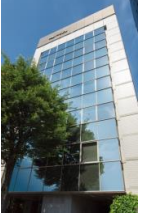



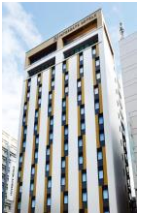
Name of unitholder	Number of units owned (units)	Share of units owned (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	75,201	21.07%
Custody Bank of Japan, Ltd. (Trust Account)	66,287	18.57%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	21,876	6.13%
Custody Bank of Japan, Ltd. (Security Investment Trust Account)	20,473	5.73%
The Sankei Building Co., Ltd.	17,479	4.89%
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/SECURITIES-AIFM	12,053	3.37%
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	9,250	2.59%
Aozora Bank, Ltd.	8,079	2.26%
SCBHK AC LIECHTENSTEINISCHE LANDESBANK AG	5,727	1.60%
The Bank of Yokohama, Ltd.	5,036	1.41%
<b>Total</b>	<b>241,461</b>	<b>67.67%</b>

\* Each share above is rounded down to two decimal place.

## Portfolio List (1) (as of September 30, 2021)

Property number	A-1	A-2	A-3	A-4	A-5	A-6	A-7
Asset type	Office buildings	Office buildings	Office buildings	Office buildings	Office buildings	Office buildings	Office buildings
Property name	Tokyo Sankei Building (2% co-ownership interest)	BREEZÉ TOWER (45% quasi co-ownership interest in sectional ownership of the office portion of the building, etc.)	S-GATE NIHONBASHI-HONCHO (51% co-ownership interest)	S-GATE AKIHABARA	Hibiya Sankei Building	Hatchobori Sankei Building	Toyo Park Building
							
Location	Chiyoda-ku, Tokyo	Kita-ku, Osaka-shi	Chuo-ku, Tokyo	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo	Chuo-ku, Tokyo	Koto-ku, Tokyo
Acquisition date	Mar. 12, 2019	① Mar. 12, 2019 ② Sep. 3, 2019	Mar. 12, 2019	Mar. 12, 2019	Mar. 12, 2019	Mar. 12, 2019	Mar. 12, 2019
Acquisition price	2,509 million yen	13,100 million yen	6,698 million yen	2,055 million yen	5,829 million yen	4,959 million yen	3,782 million yen
Appraisal value	2,690 million yen	17,280 million yen	7,470 million yen	2,530 million yen	6,410 million yen	5,500 million yen	3,610 million yen
Appraisal NOI yield (Appraisal NOI/Acquisition price)	2.9%	5.5%	3.8%	4.4%	3.7%	5.1%	4.0%
Construction completion	Sep. 2000	Jul. 2008	Oct. 2018	Sep. 2017	Jun. 1992	Sep. 1965	Jun. 1991
Occupancy rate	93.7%	99.8%	100.0%	100.0%	100.0%	100.0%	42.6%
PML value	2.3%	2.8%	2.0%	2.2%	3.1%	0.3%	9.0%

## Portfolio List (2) (as of September 30, 2021)

Property number	A-8	A-9	A-10	A-11	A-12	B-1	B-2
Asset type	Office buildings	Office buildings	Office buildings	Office buildings	Office buildings	Sub assets	Sub assets
Property name	<b>Shinagawa Seaside TS Tower</b> <small>(50% quasi co-ownership interest in sectional ownership of the building, etc.)</small>	<b>Omori Park Building</b>	<b>S-GATE AKASAKA</b> <small>(80% quasi co-ownership interest)</small>	<b>Miyazakidai Garden Office</b>	<b>Hitachi Kyusyu Building</b>	<b>Hotel Intergate Tokyo Kyobashi</b>	<b>Hotel Intergate Hiroshima</b>
							
Location	Shinagawa-ku, Tokyo	Ota-ku, Tokyo	Minato-ku, Tokyo	Miyamae-ku, Kawasaki-shi	Sawara-ku, Fukuoka-shi	Chuo-ku, Tokyo	Naka-ku, Hiroshima-shi
Acquisition date	① Sep. 3, 2019 ② Sep. 2, 2021	Sep. 3, 2019	① Oct. 1, 2020 ② Sep. 2, 2021	Sep. 2, 2021	Sep. 2, 2021	Mar. 12, 2019	Sep. 3, 2019
Acquisition price	20,940 million yen	5,400 million yen	5,600 million yen	2,800 million yen	10,000 million yen	8,961 million yen	3,990 million yen
Appraisal value	22,000 million yen	5,490 million yen	5,688 million yen	2,830 million yen	10,200 million yen	9,010 million yen	4,070 million yen
Appraisal NOI yield (Appraisal NOI/Acquisition price)	4.1%	4.1%	3.3%	5.0%	4.8%	3.9%	4.9%
Construction completion	Jul. 2003	May 1993	Jul. 2015	Feb. 1993	Feb. 1996	Jan. 2018	Oct. 2018
Occupancy rate	100.0%	95.5%	100.0%	100.0%	100.0%	100.0%	100.0%
PML value	3.2%	5.6%	4.6%	9.5%	2.5%	1.8%	2.1%

PML value (average)

**1.5%**

# Portfolio Matrix (1) (as of September 30, 2021)

<Cap. Rate (Appraisal NOI Yield) x Area>

Area

(Unit: million yen)

Area	Central 3 wards of Tokyo (Chiyoda, Chuo, and Minato wards)	Tokyo 23 wards (Other than the central 3 wards of Tokyo)	Greater Tokyo (Excluding Tokyo)	Osaka-shi Nagoya-shi	Other ordinance-designated cities Core cities, major regional cities	Total acquisition price (Overall ratio)
	Property name Building age, walking time from station Acquisition price	Property name Building age, walking time from station Acquisition price	Property name Building age, walking time from station Acquisition price	Property name Building age, walking time from station Acquisition price	Property name Building age, walking time from station Acquisition price	
Less than 3.0%	<b>Dark Blue</b> Tokyo Sankei Building 21 years old, 1-minute walk 2,509					2,509 (2.6%)
	<b>Light Blue</b> S-GATE AKASAKA 6 years old, 1-minute walk 5,600					5,600 (5.8%)
	<b>Light Blue</b> Hibiya Sankei Building 29 years old, 1-minute walk 5,829					21,489 (22.2%)
<b>Light Blue</b> S-GATE NIHONBASHI-HONCHO 2 years old, 4-minute walk 6,698						
Less than 4.0%	<b>Light Blue</b> Hotel Intergate Tokyo Kyobashi 3 years old, 1-minute walk 8,961					32,177 (33.3%)
	<b>Light Blue</b> S-GATE AKIHABARA 4 years old, 5-minute walk 2,055	<b>Dark Blue</b> Shinagawa Seaside TS Tower 18 years old, 1-minute walk 20,940				
		<b>Light Blue</b> Omori Park Building 28 years old, 3-minute walk 5,400				
Less than 4.5%		<b>Light Blue</b> Toyo Park Building 30 years old, 9-minute walk 3,782				
Less than 5.0%					<b>Light Blue</b> Hitachi Kyusyu building 25 years old, 17-minute walk 10,000	13,990 (14.5%)
					<b>Light Blue</b> Hotel Intergate Hiroshima 2 years old, 3-minute walk 3,990	
5.0% or more	<b>Light Blue</b> Hatchobori Sankei Building 56 years old, 3-minute walk 4,959		<b>Light Blue</b> Miyazakidai Garden Office 28 years old, 3-minute walk 2,800	<b>Dark Blue</b> BREEZÉ TOWER 13 years old, 3-minute walk 13,100		20,859 (21.6%)
Total acquisition price (Overall ratio)	36,613 (37.9%)	30,122 (31.2%)	2,800 (2.9%)	13,100 (13.6%)	13,990 (14.5%)	96,625 (100.0%)

Typical Floorplate \* Office Buildings Only

**Dark Blue** 400 tsubos or more

**Light Blue** Less than 400 tsubos, but 200 tsubos or more

**Yellow** Less than 200 tsubos, but 100 tsubos or more

**Light Blue** Less than 100 tsubos

## Portfolio Matrix (2) (as of September 30, 2021)

<Typical floorplate x Area>

Area

(Unit: million yen)

Area	Central 3 wards of Tokyo (Chiyoda, Chuo, and Minato wards)	Tokyo 23 wards (Other than the central 3 wards of Tokyo)	Greater Tokyo (Excluding Tokyo)	Osaka-shi Nagoya-shi	Other ordinance-designated cities Core cities, major regional cities	Total acquisition price (Overall ratio)
	Property name Building age, walking time from station Acquisition price	Property name Building age, walking time from station Acquisition price	Property name Building age, walking time from station Acquisition price	Property name Building age, walking time from station Acquisition price	Property name Building age, walking time from station Acquisition price	
400 tsubos or more	<b>Tokyo Sankei Building</b> 21 years old, 1-minute walk 2,509	<b>Shinagawa Seaside TS Tower</b> 18 years old, 1-minute walk 20,940		<b>BREEZÉ TOWER</b> 13 years old, 3-minute walk 13,100		36,549 (37.8%)
Less than 400 tsubos 300 tsubos or more		<b>Omori Park Building</b> 28 years old, 3-minute walk 5,400	<b>Miyazakidai Garden Office</b> 28 years old, 3-minute walk 2,800		<b>Hitachi Kyusyu building</b> 25 years old, 17-minute walk 10,000	18,200 (18.8%)
Less than 300 tsubos 200 tsubos or more	<b>Hatchobori Sankei Building</b> 56 years old, 3-minute walk 4,959	<b>Toyo Park Building</b> 30 years old, 9-minute walk 3,782			<b>Hotel Intergate Hiroshima</b> 2 years old, 3-minute walk 3,990	12,732 (13.2%)
Less than 200 tsubos 100 tsubos or more	<b>S-GATE NIHONBASHI-HONCHO</b> 2 years old, 4-minute walk 6,698					27,089 (28.0%)
	<b>Hibiya Sankei Building</b> 29 years old, 1-minute walk 5,829					
	<b>S-GATE AKASAKA</b> 6 years old, 1-minute walk 5,600					
	<b>Hotel Intergate Tokyo Kyobashi</b> 3 years old, 1-minute walk 8,961					
Less than 100 tsubos	<b>S-GATE AKIHABARA</b> 4 years old, 5-minute walk 2,055					2,055 (2.1%)
Total acquisition price (Overall ratio)	42,013 (43.5%)	24,722 (25.6%)	2,800 (2.9%)	13,100 (13.6%)	13,990 (14.5%)	96,625 (100.0%)

Typical floorplate (tsubo)

Typical Floorplate \* Office Buildings Only (Construction area is used as reference value for hotels)

400 tsubos or more

Less than 400 tsubos, but 200 tsubos or more

Less than 200 tsubos, but 100 tsubos or more

Less than 100 tsubos

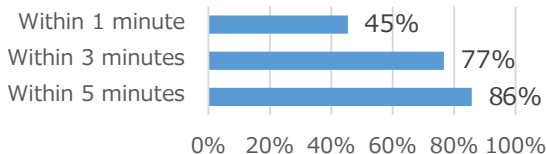
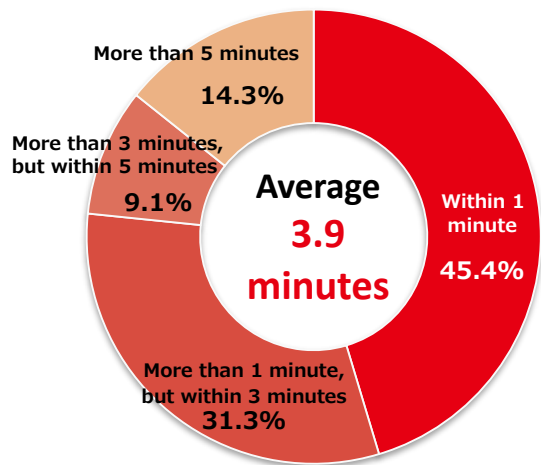
## Portfolio Status (as of September 30, 2021)

SANKEI REAL ESTATE's high-quality portfolio is supported by strong sponsor support

Sponsor support rate **100%**

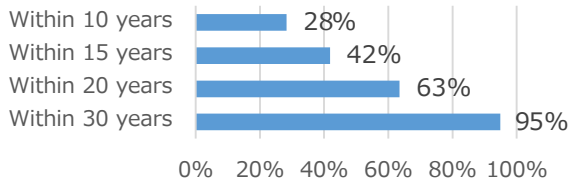
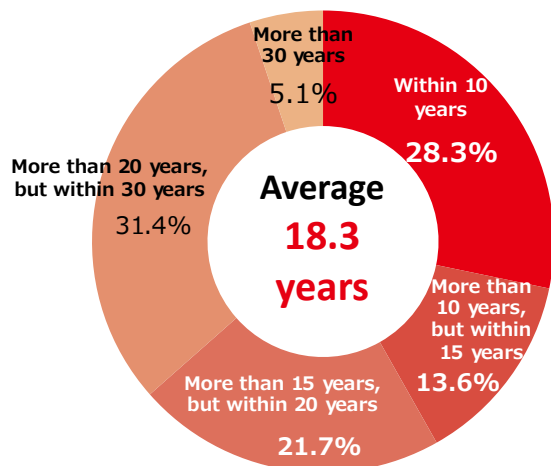
**Close**

Percentage by Walking Time to the Nearest Station



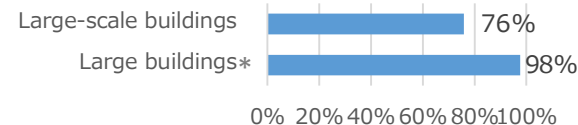
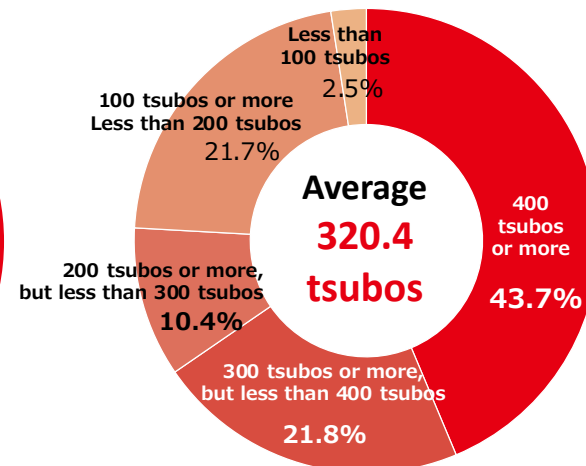
**New**

Percentage by Building Age



**Large**

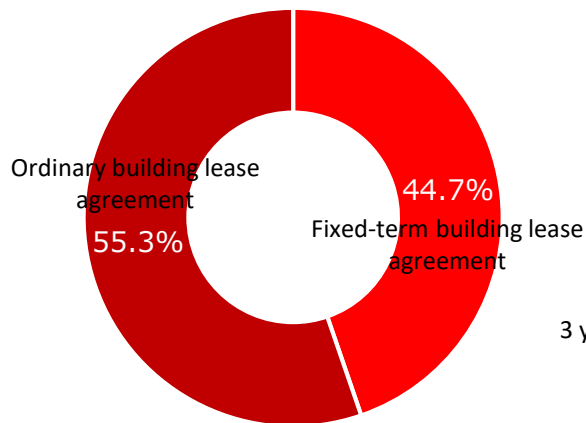
Percentage by Typical Floorplate (Office Buildings)



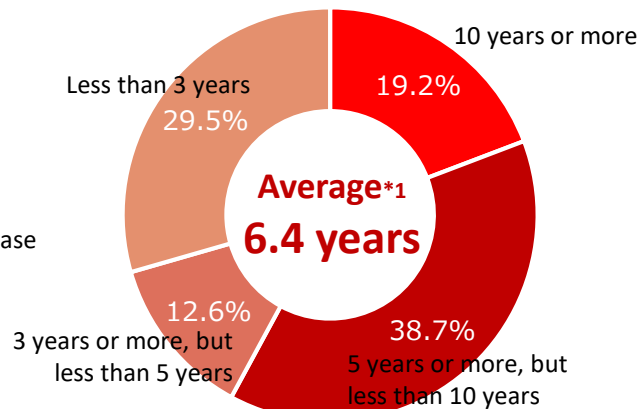
\* Calculated based on the definition of "Large-scale buildings: 200 tsubos or more" and "Large buildings: 100 tsubos or more, but less than 200 tsubos" made by Sanko Estate Co., Ltd.

## Status of Lease Agreements (as of September 30, 2021; based on leased area after considering ownership interest)

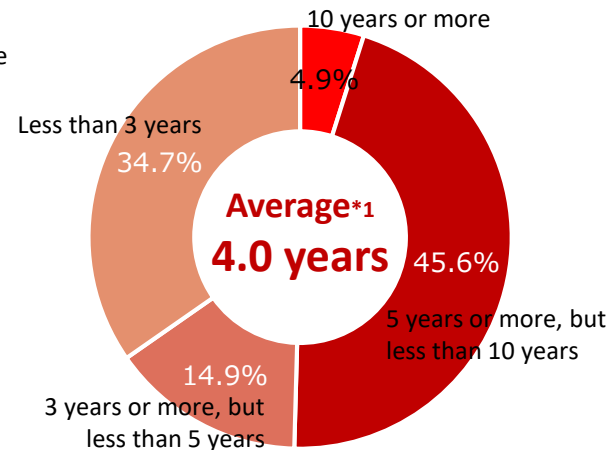
Percentage by Contract Form



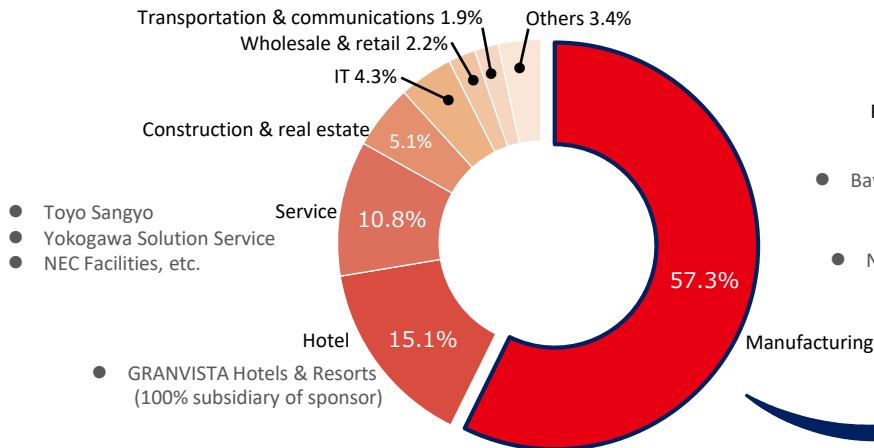
Percentage by Lease Period (including hotels)



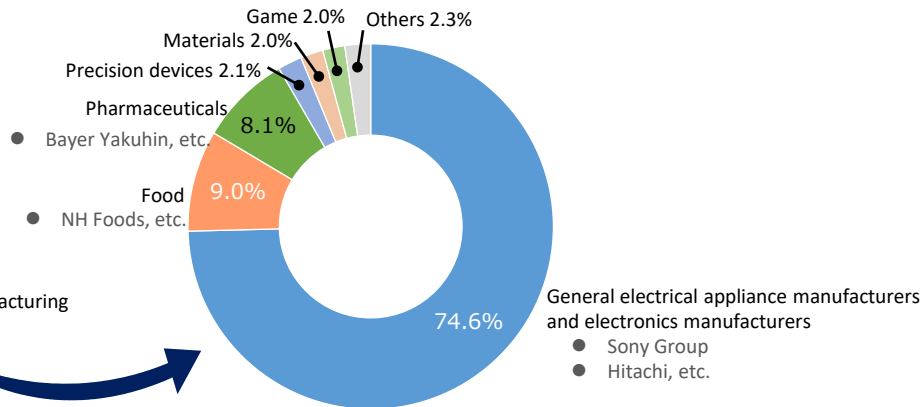
Percentage by Lease Period (excluding hotels)



Percentage by Business Type



Percentage by Business Type (Manufacturing)



## Top End Tenants by Leased Area (as of September 30, 2021)

Name of end tenant	Business type	Total leased area (m <sup>2</sup> )	% of portfolio's total leased area	Property name
Hitachi, Ltd.	Manufacturing (general electrical appliances)	26,513.3	26.75%	Hitachi Kyusyu Building
Sony Group Corporation	Manufacturing (general electrical appliances)	Not disclosed	Not disclosed	Shinagawa Seaside TS Tower
GRANVISTA Hotels & Resorts Co., Ltd.	Hotels	15,166.7	15.30%	Hotel Intergate Tokyo Kyobashi Hotel Intergate Hiroshima
NH Foods Ltd.	Manufacturing (food)	Not disclosed	Not disclosed	BREEZÉ TOWER
Bayer Yakuhin, Ltd.	Manufacturing (pharmaceutical)	Not disclosed	Not disclosed	BREEZÉ TOWER
Konoike Construction Co., Ltd.	Construction	2,542.7	2.57%	S-GATE NIHONBASHI-HONCHO
Hakuhodo DY Holdings Inc.	Services (advertising)	2,517.7	2.54%	S-GATE AKASAKA
Toyo Sangyo Co., Ltd.	Services (equipment maintenance)	1,509.7	1.52%	Omori Park Building
Yokogawa Solution Service Corporation	Services (equipment maintenance)	Not disclosed	Not disclosed	BREEZÉ TOWER
Oki Electric Industry Co., Ltd.	Manufacturing (electronics)	1,157.7	1.17%	Miyazakidai Garden Office

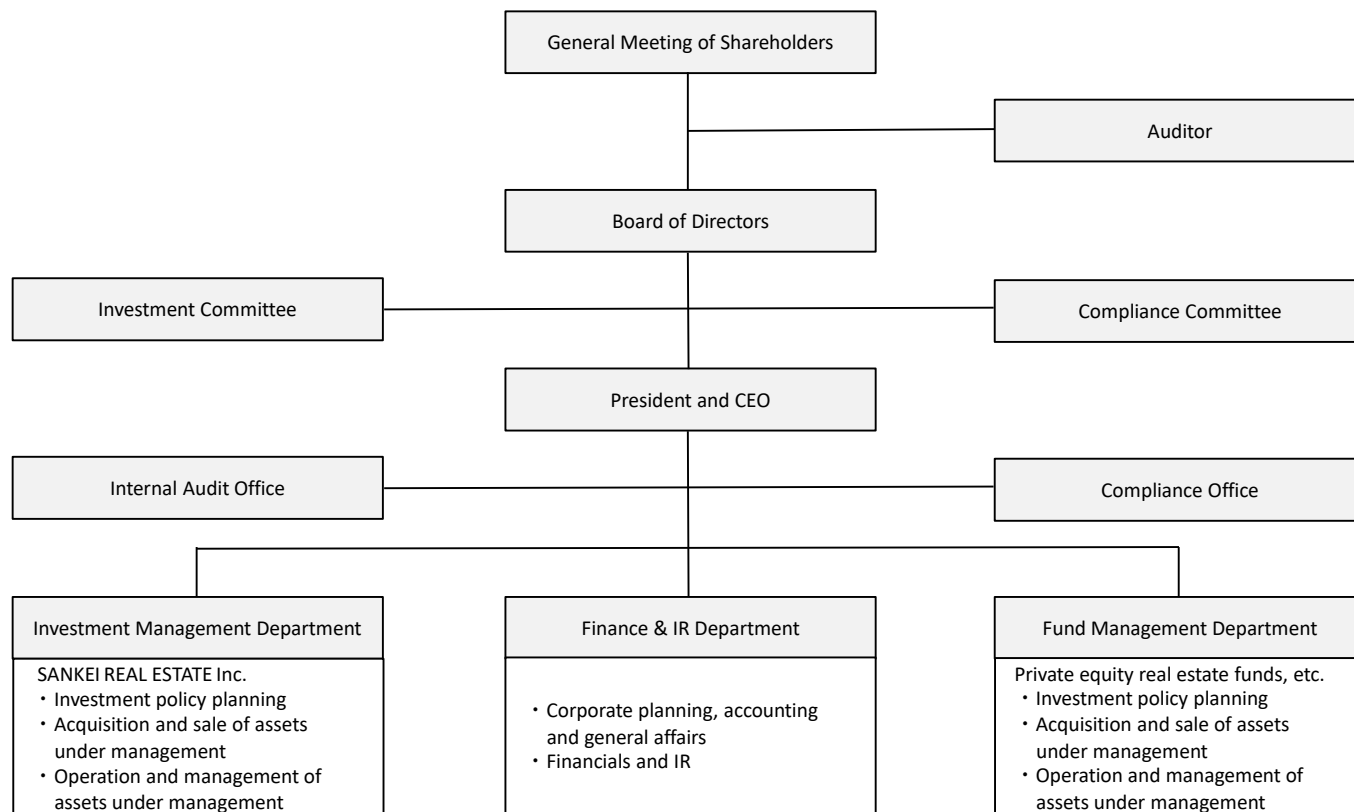
\* The information is "Not disclosed" due to unavoidable circumstances in that such contains information for which consent for disclosure has not been obtained from the tenant, relevant party, etc. or information from which confidential information can be derived.



## Profile of the Asset Management Company

Trade name	Sankei Building Asset Management Co., Ltd.
Established	April 13, 2018
Capital	100 million yen
Shareholder composition	The Sankei Building Co., Ltd. 100%
Main line of business	Investment management business, investment advisory and agency business, type II financial instruments business

Directors and auditors	5 directors 1 auditor
Financial instruments business registration	Director-General of the Kanto Local Finance Bureau Registration (FIBO) No. 3094
Real estate brokerage license	Governor of Tokyo License (1) No. 102209
Discretionary transaction agency, etc. approval	Minister of Land, Infrastructure, Transport and Tourism Approval No. 125



## Notes

Unless otherwise specified, the figures in this document are rounded down to the nearest unit and percentages a rounded to one decimal place.

### Page 3

- “Asset size” is the total acquisition price<sup>(1)</sup> rounded to the nearest 100 million yen. The same applies below.
  - \* “Acquisition price” is the acquisition price<sup>(\*\*\*)</sup> of assets after acquisition<sup>(\*\*)</sup>.
  - \*\* “Assets after acquisition” are assets held by SANKEI REAL ESTATE as of the date of this document. Within “assets after acquisition,” “acquired assets” are assets acquired by SANKEI REAL ESTATE as stated on page 9 of this document, and “assets before acquisition” are assets owned by SANKEI REAL ESTATE before the acquisition of the “acquired assets.” The same applies below.
  - \*\*\* “Acquisition price” is calculated as the transaction price of properties and trust beneficiary rights shown on the transaction agreement pertaining to each of the assets after acquisition rounded down to the nearest million yen. Furthermore, “total acquisition price” is rounded down to the nearest hundred million yen. The transaction prices do not include consumption taxes, local consumption taxes or expenses required for acquisition. The same applies below.
- “Distributions in excess of earnings” were 7, 86,000 yen as a refund of investment that falls under distribution regarding investment under tax law and distributions in excess of earnings per unit were 20 yen due to a decrease in net profit resulting from the recording of temporary borrowing-related expenses associated with the implementation of borrowing for the acquisition of ownership interest in real estate trust beneficiary rights of 4 properties on September 2, 2021. This distributions in excess of earnings is based on the policy on cash distribution in excess of earnings specified in Article 36, Paragraph 2 of the articles of incorporation of SANKEI REAL ESTATE.
- “GRESB” is the name of an annual benchmark assessment measuring consideration for the environment, society and governance (ESG) in real estate funds, and the organization that manages this. It was founded in 2009 by a group of major European pension funds leading the Principles for Responsible Investment (PRI). There are currently 40 investor members utilizing GRESB data in the selection of investment targets and dialogue with investment targets, and several institutions in Japan, including the Government Pension Investment Fund (GPIF) use GRESB assessment results. 1520 listed and unlisted real estate companies and funds participated in the 2021GRESB Real Estate Assessment assessing real estate companies and funds. The same applies below.
- “Global Index” is an index used globally by institutional investors in Japan and abroad as a benchmark for investment in equities, etc.

### Page 9

- “Sponsor support rate” is the percentage (on an acquisition price basis) of sponsor-owned properties or those acquired by using sales information on properties owned by third parties provided based on a sponsor support agreement. The same applies below.
- Shinagawa Seaside TS Tower is 25% quasi co-ownership interest in sectional ownership of the building, etc. and S-GATE AKASAKA is 20% quasi co-ownership interest.
- The figures shown for Shinagawa Seaside TS Tower, Hitachi Kyusyu Building, S-GATE AKASAKA and Miyazakidai Garden Office are the “acquisition price.”
- “After acquisition” refers to the condition as of September 2, 2021 after adding the acquired assets Shinagawa Seaside TS Tower, Hitachi Kyusyu Building, S-GATE AKASAKA and Miyazakidai Garden Office shown in this document to the assets before acquisition as of August 31, 2021. The same applies below.
- The Asset Management Company has concluded a sponsor support agreement with the sponsor for receiving support providing sale information on properties and various other types of support. Based on the state of discussions between the Asset Management Company and the sponsor assuming the sponsor support agreement, SANKEI REAL ESTATE aims to continue to further expand its asset size and has set a mid-term asset size target of 200 billion yen to 300 billion yen (the Asset Management Company set the target internally on June 2, 2021, based on internal discussions). However, the mid-term asset size target above is solely a target, and neither the achievement of the target nor the timing of achievement are definite or guaranteed. Furthermore, the timing of achievement of the targets may be delayed due to changes in the investment environment, real estate market conditions, etc. and other reasons.

### Page 10

- “J-REIT” refers to a listed real estate investment corporation, and “Office J-REITs” refer to J-REITs with an office buildings rate<sup>(1)</sup> exceeding 50% in the portfolio of each investment corporation at the end of the most recent fiscal period as of September 30, 2021. Furthermore, “office J-REITs (asset size of less than 300 billion yen)” are “office J-REITs” that have an asset size (on acquisition price basis) of less than 300 billion yen at the end of the most recent fiscal period as of September 30, 2021. Specifically, these are, in addition to SANKEI REAL ESTATE, One REIT, Inc., NIPPON REIT Investment Corporation, Invesco Office J-REIT, Inc., MIRAI Corporation, XYMAXREIT Investment Corporation, Takara Leben Real Estate Investment Corporation, NTT UD REIT Investment Corporation, TOKYU REIT, Inc., Global One Real Estate Investment Corp., Ichigo Office REIT Investment Corporation and Japan Excellent, Inc.
  - \* “Office buildings rate” is the percentage (on acquisition price basis) of “office buildings” included in an investment corporation’s entire portfolio. The same applies below.
- “Annual average rate of growth of asset size since listing” represents the annual average rate of growth of asset size of office J-REITs (asset size of less than 300 billion yen) from the time of listing until the end of the most recent fiscal period. It is calculated through exponentiation of the (growth rate of) percentage of asset size (on an acquisition-price basis) until the end of the most recent fiscal period against the asset size (on an acquisition-price basis) at the end of the fiscal period containing the listing date by the inverse of the number obtained by subtracting 1 from the total number of fiscal periods from the end of the fiscal period containing the listing date until the end of the most recent fiscal period divided by 2. The figure for SANKEI REAL ESTATE is calculated using the asset size after acquisition.
- “P/NAV” is the figure obtained by dividing the investment unit price on September 30, 2021, by NAV per unit<sup>(1)</sup>. The same applies below.
  - \* “NAV per unit” is the amount calculated by subtracting the total book value of the real estate related assets from the total appraisal value of real estate related assets held, dividing this by the number of investment units issued and outstanding, and adding this to the net assets per unit at the end of the most recent fiscal period of the J-REIT subject to calculation as of September 30, 2021. The same applies below.
- The dotted lines in the graphs are straight lines approximating the relationships between “asset size” and “P/NAV” and between “distribution yield” and “asset size” for Office J-REITs (asset size of less than 300 billion yen) that are statistically calculated to minimize the sum of the error (distance between the anticipated line and the coordinates of the distribution) using the least-squares method.

### Page 11

- “During normal operation” (also referred to as “the level of normal operation”) refers to the level at the time of stable operations rather than the temporary level immediately after commencement of operations by SANKEI REAL ESTATE. The same applies below.

### Page 15

- The actual values of NAV per unit are shown for NAV per unit for August 31 2019 (1st FP), February 29, 2020 (2nd FP), August 31 2020 (3rd FP), February 28, 2021 (4th FP) and August 31 2021 (5th FP). The actual values of NAV per unit in each period are calculated as follows.

Actual value of NAV per unit = Net assets per unit<sup>(1)</sup> at end of FP + Unrealized gain/ loss at end of FP<sup>(\*\*\*)</sup> ÷ Number of investment units issued and outstanding at end of FP<sup>(\*\*\*)</sup>

## Notes

- \* “Net assets per unit” is obtained using the following equation. This is simply shown as “Net assets” in the graph. The same applies below.  

$$\text{Net assets per unit} = \text{Net assets at end of FP (after deducting distributions at the end of each FP)} \div \text{Number of investment units issued and outstanding at end of FP}$$
  - \*\* “Unrealized gain/loss at end of FP” is obtained using the following equation. It is referred to as “unrealized gain” if the result is positive and “unrealized loss” if negative. This is simply shown as “Unrealized gain” or “Unrealized loss” in the graph.  

$$\text{Unrealized gain/loss at end of FP} = \text{Total appraisal value of assets held by SANKEI REAL ESTATE at end of FP} - \text{Total book value of assets held by SANKEI REAL ESTATE at end of FP}$$
  - \*\*\* “Number of investment units issued and outstanding at end of FP” is the number of investment units issued and outstanding at the end of each fiscal period.
2. Average annual growth rate is shown as the annualized value of the rate of increase from the NAV per unit of 108,184 yen for the fiscal period ended August 31, 2019 (1st FP) to the NAV per unit of 122,507 yen for the fiscal period ended August 31, 2021 (5th FP).
  3. The figures shown on this page are rounded to the nearest unit and percentages are rounded to one decimal place.

### Page 17

#### ■ (Left figure) Acquired assets

1. “Acquisition price” is shown as the transaction price of trust beneficiary rights shown on the transaction agreement pertaining to each of the acquired assets rounded down to the nearest million yen. The transaction prices do not include consumption taxes, local consumption taxes or expenses required for acquisition.
  2. “Appraisal value” is shown as the appraisal value shown on each real estate appraisal report as of July 1, 2021. The appraisal of acquired assets is entrusted to The Tanizawa Sōgō Appraisal Co., Ltd. and Japan Real Estate Institute.
  3. “Appraisal NOI yield” is the ratio of the net operating income derived by the direct capitalization method shown on the real estate appraisal report against the acquisition price, rounded to one decimal place.
  4. “Occupancy rate” indicates the percentage of the total leased area<sup>(\*)</sup> against the total leasable area<sup>(\*)</sup> of each of the acquired assets as of September 30, 2021, rounded to one decimal place.
- (\*1) “Total leasable area” is the total area believed to be leasable (not including area for storage facilities, billboards, parking areas, etc.) based on lease agreements or building drawings, etc. pertaining to each of the acquired assets as of September 30, 2021.
- (\*2) “Total leased area” is the total leased area (not including area for storage facilities, billboards, parking areas, etc.) shown in lease agreements for the building pertaining to each of the acquired assets as of the end of September 2021 (excluding, however, lease agreements for which the lease period has not commenced). For the portion covered by a pass-through master lease, this is the total of the area for which a lease agreement has actually been concluded with an end tenant for said portion, and the lease period has commenced.
5. The acquisition price and appraisal value of Shinagawa Seaside TS Tower and S-GATE AKASAKA are shown as the values equivalent to the quasi-co-ownership interest in sectional ownership of the building, etc. for each property acquired by SANKEI REAL ESTATE (25% and 20%, respectively<sup>(\*)</sup>).

(\*2) 25% quasi co-ownership interest in trust beneficiary rights that have the co-ownership interest in sectional ownership of the office portion of the building and sectional ownership of the parking area portion of the building, and the right to use the grounds for these (ownership and right to mutual use of the grounds) as the trust assets has already been acquired for Shinagawa Seaside TS Tower, and an additional acquisition of 25% quasi co-ownership interest in the trust beneficiary rights has been made. Furthermore, 60% quasi co-ownership interest in trust beneficiary rights with the land and building as trust assets has already been acquired for S-GATE AKASAKA, and an additional acquisition of 20% quasi co-ownership interest in the trust beneficiary rights has been made.

#### ■ (Right figure) Change in the portfolio after the 4 properties were acquired

1. “After acquisition” is based on portfolio figures after acquisition of the acquired assets.
2. “Acquisition price per property” is the figure obtained by dividing the asset size (on acquisition price basis) by the number of properties, rounded down to the nearest hundred million yen.
3. “Average appraisal NOI yield” is the weighted average based on the acquisition price of the ratio of net operating income derived by direct capitalization method stated in the real estate appraisal report of each property against the acquisition price, with the appraisal date of August 31, 2021, for assets before acquisition and July 1, 2021, for acquired assets, rounded to one decimal place.
4. “Average occupancy rate” indicates the percentage of total leased area against total leasable area as of August 31, 2021, for assets before acquisition and July 1, 2021, for acquired assets, rounded to one decimal place.

### Page 18

1. “Typical floorplate” is a typical floor plan in mid- to high-rise buildings. The same applies below.

#### ■ (Middle right figure) Cases of offices relocated to Higashi-Shinagawa

1. “Higashi-Shinagawa” refers to Higashi-Shinagawa, Shinagawa-ku, Tokyo.

#### ■ (Bottom right figure) Asking rent in the Kita-Shinagawa/Higashi-Shinagawa area

1. “Asking rent in the Kita-Shinagawa/Higashi-Shinagawa area” is indicated as an index of the average asking rent<sup>(\*)</sup> in for-rent office buildings in each area in Shinagawa-ku and Ota-ku, with the average asking rent of large-scale buildings<sup>(\*)</sup> as of January 31, 2020, as 100.

(\*1) “Average asking rent” refers to the average figure of asking rents obtained by Sanko Estate Co., Ltd., and includes CAM. The same applies below.

(\*2) “Large-scale buildings” in this diagram shows buildings that have a maximum room area on the office floor of the typical floorplate (3rd floor or higher) of 200 tsubos or more. The same applies below.

2. The areas in Shinagawa-ku and Ota-ku are based on the categories specified by Sanko Estate Co., Ltd.

### Page 19

#### ■ (Right figure) Asking rent in the Fukuoka area

1. “Asking rent in the Fukuoka area” indicates the average asking rent of for-rent office buildings located in each area in Fukuoka City.
2. The areas in Fukuoka City are based on the categories specified by Sanko Estate Co., Ltd.

## Notes

### Page 20

1. “DBJ Green Building certification” is a certification system established by Development Bank of Japan Inc. in April 2011 to support properties that give proper care to the environment and society (Green Buildings). It evaluates and certifies properties required by society and the economy based on comprehensive evaluation including the environmental performance of the properties in addition to responses to various stakeholders including consideration for disaster prevention and the community and supports the initiatives they take. The same applies below.
2. “BCP” is an abbreviation for business continuity plan.

### Page 21

1. “Portfolio matrix” is the balance and distribution of areas and yield, etc. in the overall assets acquired by SANKEI REAL ESTATE. The same applies below.
2. “Cap Rate” is the appraisal NOI yield, which is the ratio of net operating income derived by direct capitalization method stated in the real estate appraisal report of each property against the acquisition price, with the appraisal date of August 31, 2021, for assets before acquisition and July 1, 2021, for acquired assets, rounded to one decimal place.
3. “Greater Tokyo” refers to the prefectures of Tokyo, Kanagawa, Saitama and Chiba. The same applies below.
4. “Core cities” refers to cities with a population of 200,000 or more (excluding those in Greater Tokyo, Osaka City, Nagoya City and other ordinance-designated cities).
5. “Major regional cities” refer to municipalities with a population of less than 200,000 that are deemed by the Asset Management Company to have a certain level of demand for specific applications.
6. “Investment ratio by geographic area” states the percentage in terms of acquisition price, after categorizing overall assets acquired by SANKEI REAL ESTATE by geographic area.
7. “Investment ratio by asset” states the percentage in terms of acquisition price, after categorizing overall assets acquired by SANKEI REAL ESTATE into office buildings and those other than office buildings.

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- (Left figure) Results of a questionnaire survey
1. “Results of questionnaire survey” ranks “Items emphasized as conditions of buildings that are relocation destinations (nationwide)” in descending order from the results of a CBRE questionnaire survey (survey date: October 2020) of personnel mainly involved in office strategy in companies with locations in Japan (150 valid responses).
  2. “Options in the lease agreement” refers to options for early termination, additional floor space, priority negotiation rights, etc. granted under lease agreements.
- (Right figure) Satisfaction with SANKEI REAL ESTATE’s properties compared with the results of the questionnaire survey (for office buildings)
1. “Satisfaction with SANKEI REAL ESTATE’s properties compared with the results of the questionnaire survey (for office buildings)” is a list categorized according to the criteria specified by the Asset Management Company for satisfaction with the overall assets acquired by SANKEI REAL ESTATE as of the date of this document with regard to the top five items in the survey results for “Items emphasized as conditions of buildings that are relocation destinations (nationwide)” (transportation convenience, cost, location, building security, Building’s BCP (business continuity plan) compatibility).
  2. “In the Miki Shoji Business District” refers to the district designated as a business district by Miki Shoji Co., Ltd., designating Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku and Shibuya-ku in Tokyo, the Umeda area, the Minamiorimachi area, the Yodobashi/Honmachi area, the Semba area, the Shinsuibashi/Namba area and the Shin-Osaka area in Osaka, the Akasaka/Daimyo area, the Tenjin area, the Yakuin/Watanabedori area, the Gion/Gofukumachi area, the Hakata Ekimae area and the Hakata Ekihigashi/Eikiminami area in Fukuoka as business districts.

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1. “Office building (main asset) development properties” refers to those developed or scheduled to be developed by Sankei Building, special purpose companies or specified purpose companies in which Sankei Building invests through a silent partnership, preferred equity investment or other means, and affiliates of Sankei Building, and include those sold to SANKEI REAL ESTATE.

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1. The development plans shown in the sub asset development properties are those targeted or planned by Sankei Building and may be changed or cancelled in the future. SANKEI REAL ESTATE does not provide any assurances or promises that the plans will be realized.

### Page 27

1. “Cases of Other REITs” is an excerpt of REITs specializing in offices shown in the ARES J-REIT Digest that are investment corporations with more than 2/3 of their holdings in the 23 wards of Tokyo on an acquisition price basis. Accuracy is not guaranteed because the values have been estimated by the Asset Management Company based on the latest disclosure materials.  
Method of calculation of average rent (yen) of cases of other REITs = (Rental and CAM revenue upon the most recent settlement) ÷ 6 months ÷ Leasable area x Occupancy rate
- (Top figure) Change in Occupancy Rate
1. “Occupancy rate” indicates the percentage of the total leased area against the total leasable area of each of the acquired assets as of each point in time, rounded to one decimal place. With regard to the timing of after acquisition, the occupancy rate is shown as of August 31, 2021, for assets before acquisition and as of September 2, 2021, for acquired assets.
  2. In this document, “COVID-19 crisis” means the situation where the TSE REIT index fell suddenly due to the spread of COVID-19 and refers to March 2020. The same applies below.
- (Bottom figure) Change in Portfolio’s Actual NOI Yield and Office Buildings Average Rent
1. “Actual NOI yield” refers to the actual NOI yield of all assets held at each point in time calculated using the following equation for assets after acquisition. With regard to the timing of after acquisition, actual NOI yield is shown as of August 31, 2021, for assets before acquisition and as of September 2, 2021, for acquired assets.  
Actual NOI yield<sup>(\*)</sup> = Actual NOI (annualized) ÷ acquisition price
- (\*) As some fixed asset taxes on acquired assets have not been expensed in the fiscal period ended August 2019, the fiscal period ended February 2020, the fiscal period ended February 2021 and after acquisition, the level during normal operation is shown after adjustment being made assuming these are expensed.
2. “Office Buildings Average Rent” is the average rent per tsubo of assets held at each point in time for acquired assets used as office buildings. With regard to the timing of after acquisition, average rent is shown as of August 31, 2021, for assets before acquisition and as of September 2, 2021, for acquired assets.

## Notes

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■ (Top left figure) Rent Revision Performance of Office Buildings (Based on Rental Area)

1. Of SANKEI REAL ESTATE's assets before acquisition, applies to 10 office properties classified as "office buildings" (Tokyo Sankei Building (2% co-ownership interest), BREEZÉ TOWER (45% quasi co-ownership interest in sectional ownership of the office portion of the building, etc.), S-GATE NIHONBASHI-HONCHO (5% co-ownership interest), S-GATE AKIHABARA, Hibiya Sankei Building, Hatchobori Sankei Building, Toyo Park Building, Shinagawa Seaside TS Tower (25% quasi co-ownership interest in sectional ownership of the building, etc.), Omori Park Building, S-GATE AKASAKA (60% quasi co-ownership interest)). In the 10 applicable properties, those with rent revision under lease agreements occurring in the period from March 1, 2021 until August 31, 2021 (limited to those for which a lease agreement was concluded or renewed during the relevant period) applied to 18 tenants with a total of 195 tsunos in area (rounded to the nearest unit). Assuming the revised area is 100%, on a leased area basis, monthly rent was increased in 35.1%, renewed at the same level (maintained) in 57.3% and reduced in 7.6%<sup>(\*)</sup>. The percentages are rounded to one decimal place.

(\*) Changes in floor space were treated as being maintained if there was no change in the current rent per unit.

2. "Rate of increase compared with prior to rent revision" refers to the figure calculated by dividing the difference between the total monthly rent after renewal and the total monthly rent before renewal by the total monthly rent before renewal for lease agreements renewed during the period from March 1, 2021 to August 31, 2021 with increased rent (calculated for renewal with rent revision/renewal of agreements with existing tenants; limited to lease agreements concluded or renewed during the relevant period), rounded to one decimal place.

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■ (Top left figure) Scheduled renewal with rent revision/renewal and progress (targeting office buildings)

1. Applies to lease agreements concluded in the period from March 1, 2021 until August 31, 2021 stating the area subject to renewal with rent revision/renewal in the fiscal period ending February 2022 (6th FP) and the fiscal period ending August 2022 (7th FP). The percentage of total leased area after acquisition is shown.

2. Tallying for the fiscal period ending February 2022 (6th FP) applies to the period after the acquisition of each asset acquired by SANKEI REAL ESTATE. For this reason, during the fiscal period ending February 2022 (6th FP) (from September 1, 2021, to February 28, 2022), the tally is for the period from September 2, 2021, which is the acquisition date of each of the acquired assets, until February 28, 2022, for each of the acquired assets.

3. The leased area of the office buildings subject to "contract revision/renewal planned area" is the figure corresponding to the ownership interest acquired by SANKEI REAL ESTATE in each property.

4. "Ratio to total leased area" is the value calculated by dividing the total contract revision/renewal (planned) area for each contract revision/ renewal period by the total leased area for each period, rounded to one decimal place.

5. "Progress rate" is the value calculated by dividing the total leased area for lease contracts that have been concluded as of August 31, 2021 and whose revision/renewal has been completed by the contract revision/renewal (planned) area for each contract revision/renewal period, rounded to one decimal place.

■ (Top right figure) Rent gap for office buildings

1. "Rent gap" refers to the figure calculated by dividing the difference between the average rent of the office building portfolio<sup>(\*)</sup> of SANKEI REAL ESTATE and market rent<sup>(\*\*)</sup> by market rent. SANKEI REAL ESTATE believes there is room for negotiation with tenants to increase rent when revising rent if this figure is negative. "10 office properties" refers to the 10 office properties listed in Note 1 for the top left figure "Rent Revision Performance of Office Buildings (Based on Rental Area)" in the previous page, and "2 office properties (after acquisition)" refers to the "10 office properties" plus Shinagawa Seaside TS Tower (additionally acquired 25% quasi co-ownership interest in sectional ownership of the building, etc.), S-GATE AKASAKA (additionally acquired 20% quasi co-ownership interest), Miyazakidai Garden Office and Hitachi Kyusyu Building.

(\*) "Average rent of the office building portfolio" is calculated using the weighted average, based on leased area, of the total amount of monthly rent specified in lease agreements concluded as of August 31, 2021 and September 2, 2021 for the office building portfolio\* (Including CAM. Furthermore, it does not take into consideration free rent and rent holidays as of the same day and is based on the rent as of August 31, 2021 and September 2, 2021 if there is an agreement to change rent in the future. Furthermore, if agreements with tenants include variable rent, calculation is made without taking into consideration variable rent. Consumption tax, etc. is not included). The figures for "2 office properties (after acquisition)" are calculated based on August 31, 2021, for previously acquired properties and September 2, 2021, for acquired properties.

(\*\*) "Market rent" is calculated using the weighted average, based on leased area, of the total median value of assumed new contract rent (typical floorplate) (including CAM) as of September 2021 for office buildings subject to rent gap calculation within the acquired assets of SANKEI REAL ESTATE shown in the market report prepared by CBRE.

Market rent is assessed by CBRE using its own methodology assuming the conclusion of new contracts with new tenants as of September 2021 based on information collected by CBRE, and the objectivity of the assessment, and the validity and accuracy of the assessment content are not guaranteed. In particular, actual new contract rent fluctuates due to factors such as whether it is a new tenant or a rent revision with an existing tenant, the timing of the rent revision, the timing of moving in, the contract area and the region, and for this reason the rent in the CBRE-assessed rent may not be realized. Furthermore, the amount and level of actual new contract rent for office building portfolio are not guaranteed, and there are no assurances or promises that the rent increases equivalent to the "rent gap" will be made.

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■ (Top left figure) Financing Highlights

1. "Balance of interest-bearing liabilities" shows the figure as of October 1, 2021.

2. "Ratio of long-term debt" is the ratio of the balance of the long-term interest-bearing debt (not including the current portion) included in the balance of interest-bearing liabilities as of October 1, 2021.

3. "Average financing interest rate" is calculated using the weighted average, based the balance of interest-bearing debt, of the anticipated applicable interest rate of each interest-bearing liability as of October 1, 2021. Calculations are on an interest payable basis and do not include arrangement fee and other borrowing related expenses.

4. "Ratio of fixed interest rate" refers to the ratio of the balance of interest-bearing liabilities with fixed interest included in the balance of interest-bearing liabilities as of October 1, 2021.

5. "Average remaining time to maturity" refers to the period determined by the weighted average, based on the balance of each interest-bearing liability, of the period until the repayment date or redemption date of each interest-bearing liability on October 1, 2021.

6. "LTV" is the balance of interest-bearing liabilities divided by the amount of total assets and multiplied by 100, rounded to one decimal place.

7. LTV at the end of the 5th FP is LTV of SANKEI REAL ESTATE as of August 31, 2021 (5th FP) calculated using the following equation, rounded to one decimal place.

LTV at the end of the 5th FP = [Total amount of interest-bearing liabilities as of August 31, 2021 (5th FP) ÷ total assets on balance sheet as of August 31, 2021 (5th FP)] x 100

## Notes

8. LTV at the end of the 6th FP is LTV (projected figure) of SANKEI REAL ESTATE as of February 28, 2022 (6th FP) calculated using the following equation, rounded to one decimal place.  
 LTV at the end of the 6th FP = [Projected total amount of interest-bearing liabilities as of February 28, 2022 (6th FP) ÷ (total assets on the balance sheet as of the of the fiscal period ended August 31, 2021 (5th FP) (projected amount) + change in interest-bearing liabilities (defined below) + total issue amount after acquisition<sup>(\*\*)</sup> + increase in leasehold deposits, etc. for acquired assets)] x 100
- \* “Projected total amount of interest-bearing liabilities as of February 28, 2022 (6th FP)” uses the figure obtained by adding or deducting the change in interest-bearing debt from the end of the fiscal period ended August 31, 2021 (5th FP) until repayment of borrowings using the proceeds of third-party allotment (hereinafter referred to as “change in interest-bearing liabilities”) to or from the total amount of interest-bearing liabilities on the balance sheet as of the end of the fiscal period ended August 31, 2021 (5th FP).
  - \*\* “Total issue amount after acquisition” uses the figure obtained by adding the 614 million yen total issue amount by third-party allotment to the 12,287 million yen total issue amount by public offering.
9. The same applies to LTV at the end of the 7th FP as LTV at the end of the 6th FP.
- (Middle left figure) Distribution map of average financing interest rates and average remaining time to maturity of office J-REITs
1. Uses the figures for the most recent fiscal period of “Office J-REITs” as of September 30, 2021.

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#### ■ Maturity ladder

1. “Maturity ladder” refers to a diagram that aggregates the amounts of each interest-bearing liability for a certain period by maturity date and lists these in order of time.

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1. Entries with multiple “acquisition dates” indicate additional acquisitions of interest.
2. “Appraisal value” is shown as the appraisal value shown on each real estate appraisal report as of August 31, 2021, for assets before acquisition and as of July 1, 2021, for acquired assets.  
 The same applies below.

### Page 53

1. “Percentage by Walking Time to the Nearest Station” is the percentage, based on acquisition price, of assets after acquisition after classifying them by the number of minutes required to walk from the nearest station assuming that it takes one minute to travel a road distance of 80 meters, and the average is the weighted average based on acquisition price of each property of the calculated figures, rounded to one decimal place.
2. “Percentage by Building Age” is the percentage, based on acquisition price, of assets after acquisition after classifying them by building age as of September 30, 2021 and the average is the weighted average, based on acquisition price of each property, of the calculated figures, rounded to one decimal place.
3. “Percentage by Typical Floorplate (Office Buildings)” is the percentage, based on acquisition price, of assets after acquisition of which use is office buildings after classifying them by typical floorplate, and the average is the weighted average, based on acquisition price of each property, of the calculated figures, rounded to one decimal place.

### Page 54

1. “Percentage by Contract Form” is the percentage of assets after acquisition based on leased area, rounded to one decimal place.
2. “Percentage by Lease Period” is the percentage of assets after acquisition classified into “including hotels” and “excluding hotels,” based on leased area, rounded to one decimal place. The average is the weighted average based on leased area of each property of the calculated figures, rounded to one decimal place.
3. “Percentage by Business Type” is the percentage of assets after acquisition classified by tenant business type based on leased area, rounded to one decimal place.
4. “Percentage by Business Type (Manufacturing)” is the percentage of assets after acquisition classified by tenant business type within manufacturing based on leased area, rounded to one decimal place.
5. The leased area for properties leased through a master lessee is calculated using the areas stated in the lease agreements concluded with end tenants as the areas leased to the end tenants.

### Page 55

1. “Total leased area” and “% of portfolio’s total leased area” are based on figures after considering SANKEI REAL ESTATE’s ownership interest.
2. “% of portfolio’s total leased area” refers to the total leased area expressed as a percentage of the entire portfolio’s total leased area, rounded to one decimal place.
3. “Total leased area” and “% of portfolio’s total leased area” for properties leased through a master lessee are calculated using the areas stated in the lease agreements concluded with end tenants as the areas leased to the end tenants.