



6th

April 22, 2022

6th Fiscal Period (Ended February 2022) 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 6th FP, **revenue and profit increased** compared with the forecast and from the previous fiscal period
 - Operating revenue: **+0.1%** from the forecast, **+27.7%** from the previous fiscal period
 - Operating profit: **+0.9%** from the forecast, **+35.0%** from the previous fiscal period
- **Acquired 4 new properties** through capital increase through public offering (Sep. 2021)
 - Asset size: **96.6 billion yen** (+ 25.1 billion yen, **+35.1%** compared with before)
- DPU* for the 6th FP **increased to 2,979 yen** (**+21 yen** from the forecast, **+117 yen** from the previous fiscal period)
- **Acquired BELS evaluation** for two sub assets (hotels) (Dec. 2021)

Future Growth Strategies

- External growth and internal growth that enable sustained growth of DPU
 - Continue to implement **diversified investment conscious of the portfolio matrix**
 - Continue to seek room for internal growth and reduce risk of internal degeneration
 - Handling of **emerging risks of internal degeneration**
- Enhancement of sustainability promotion system
 - **Disclosure of ESG benchmarks** (improvement of disclosure)
 - Plans to support **the TCFD (Task Force on Climate-Related Financial Disclosures)** recommendations

* "DPU" refers to distribution per unit. The same applies below.

1. Financial Results and Management Highlights

Financial Results Highlights

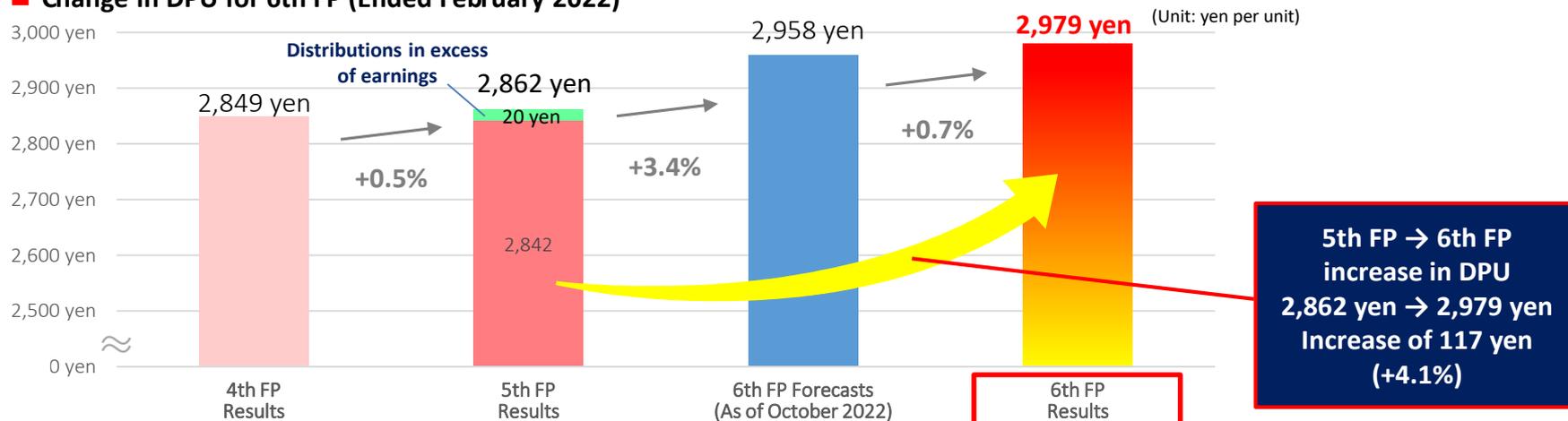
– Operating revenue and operating profit **increased from the forecast and the previous fiscal period** –

- Operating revenue **increased** in the 6th FP, **+0.1%** compared with the forecast and **+27.7%** from the previous fiscal period
- Operating profit **increased** in the 6th FP, **+0.9%** compared with the forecast and **+35.0%** from the previous fiscal period
- DPU* for the 6th FP **increased** by **+21** yen from the forecast and **+117** yen from the previous fiscal period

■ Financial Summary for 6th Fiscal Period (Ended February 2022)

	Results	Comparison with forecast	Comparison with previous fiscal period
Operating revenue	2,778 million yen	+0.1% +2 million yen	+27.7% +602 million yen
Operating profit	1,540 million yen	+0.9% +14 million yen	+35.0% +398 million yen
Net profit	1,391 million yen	+0.7% +9 million yen	+37.2% +377 million yen
DPU (distribution per unit)	2,979 yen	+0.7% +21 yen	+4.1% +117 yen

■ Change in DPU for 6th FP (Ended February 2022)

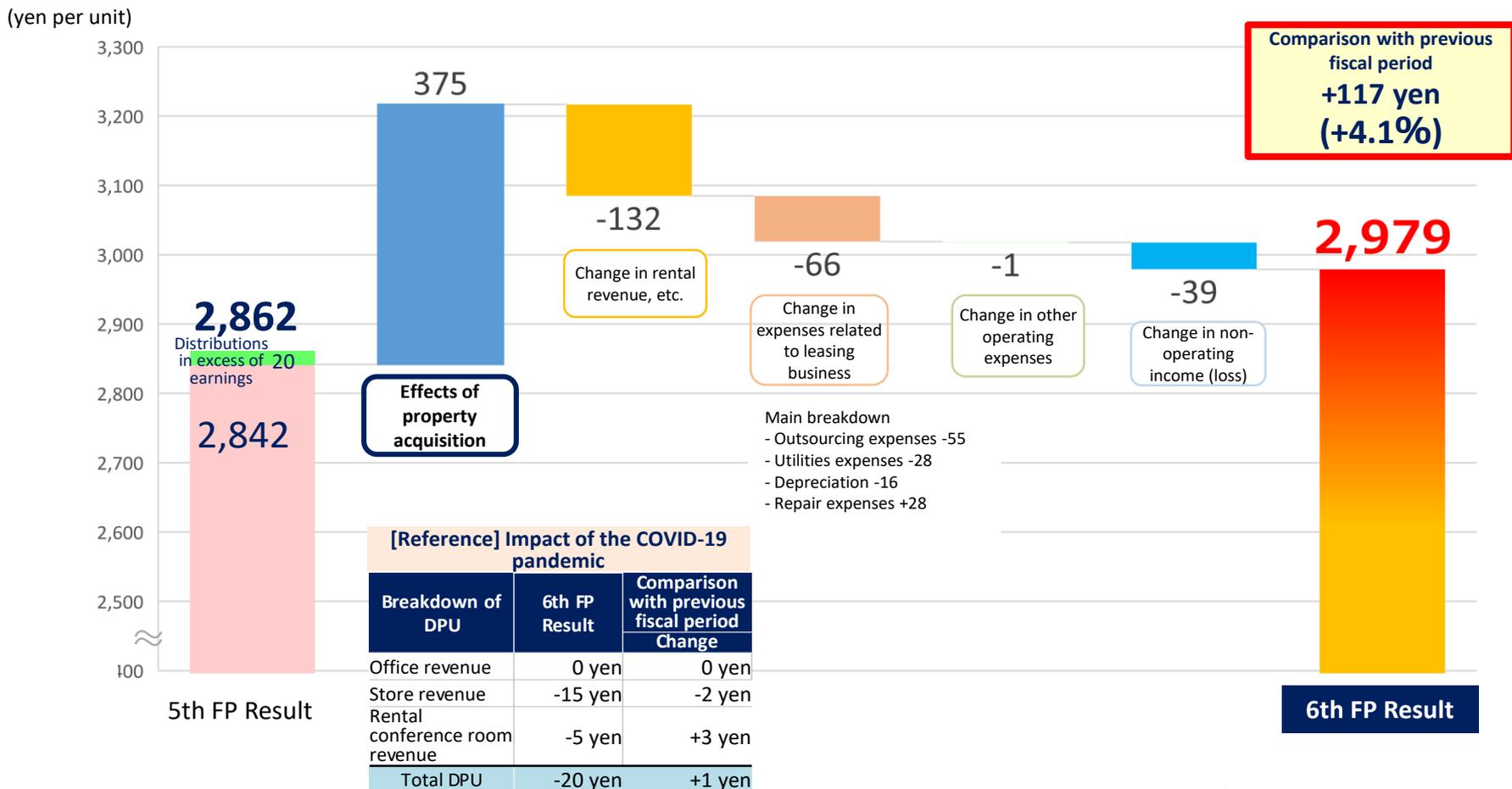


Financial Results Highlights

– Summary of DPU for the 6th FP (Ended February 2022) (Comparison with Previous Fiscal Period)

- DPU for the 6th FP: **2,979 yen (+4.1%** from the previous fiscal period)
- **The effect of the increase in revenue caused by the acquisition of 4 properties** exceeded the factors reducing rent revenue of existing properties, resulting in an **increase** from the previous fiscal period

■ Summary of DPU for 6th FP (Ended February 2022)



Financial Results Highlights (Comparison with Forecast) 6th Fiscal Period (Ended February 2022)

➤ Operating revenue (+0.1%) and operating profit (+0.9%) both **increased** from the forecasts

(Unit: million yen)

Accounting period	6th FP Forecasts (A) (as of October 2021)	6th FP Results (B) (February 2022)	Difference (B)-(A)	Major Factors for the Difference
Operating revenue	2,775	2,778	2	
Rental and CAM revenue	2,613	2,615	2	- Toyo Park accrual of rent (+3), other
Parking revenue	35	34	(0)	
Utilities reimbursement	120	119	(0)	
Other revenue	7	7	(0)	
Operating expenses	1,249	1,237	(11)	
Expenses related to leasing business [Total]	980	972	(7)	
Outsourcing expenses	223	224	0	
Utilities expenses	143	162	19	- Increase in electricity charges (Shinagawa (+7), BREEZÉ (+6), Hatchobori (+2), other)
Repair expenses	58	36	(22)	- No repair works implemented (BREEZÉ (-18), Hatchobori (-3))
Property taxes	222	220	(1)	
Depreciation	309	306	(2)	
Other expenses	23	22	(0)	
Operating income (loss) from leasing	1,795	1,805	10	
Total other operating expenses	269	265	(3)	
Asset management fee	210	210	0	
Other expenses	58	54	(4)	
Operating profit	1,526	1,540	14	
Non-operating income	0	0	0	
Non-operating expenses	143	148	4	
Ordinary profit	1,382	1,392	9	
Net profit	1,381	1,391	9	
Distribution per unit (Unit: yen)	2,958 yen	2,979 yen	21 yen	

Financial Results Highlights (Comparison with Previous Fiscal Period) 6th Fiscal Period (Ended February 2022)

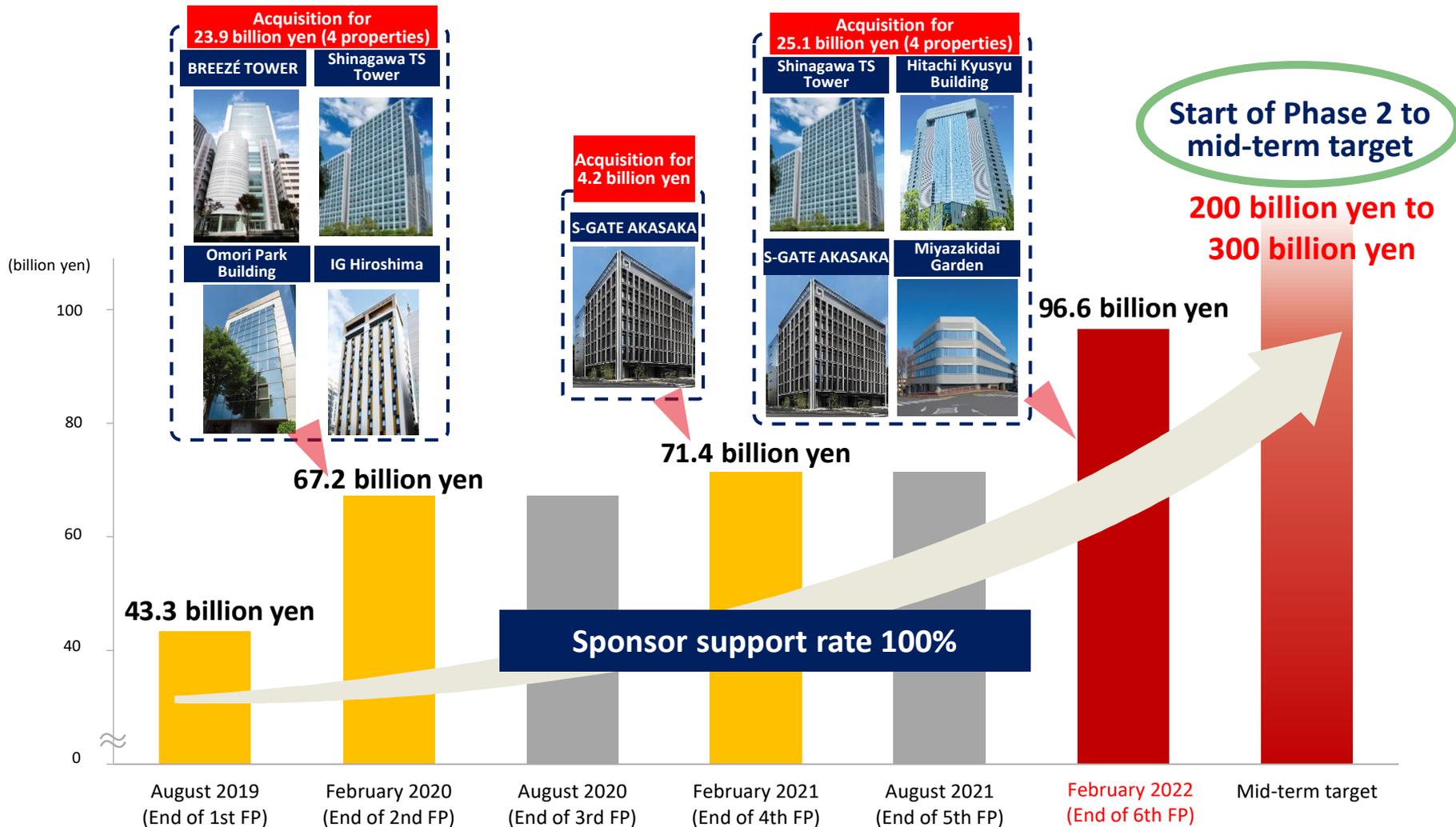
- Operating revenue (+27.7%) and operating profit (+35.0%) both increased from the beginning-of-period forecasts due to the acquisition of 4 properties **Revenue and profit increased**

(Unit: million yen)

Accounting period	5th FP Results (A) (August 2021)	6th FP Results (B) (February 2022)	Difference (B)-(A)	Major Factors for the Difference
Operating revenue	2,176	2,778	602	
Rental and CAM revenue	2,032	2,615	582	- Property acquisition (+615), BREEZÉ (+5), Toyo Park cancellation (-27), Hatchobori rent reduction (-5), etc.
Parking revenue	31	34	3	- Property acquisition (+4)
Utilities reimbursement	89	119	30	- Property acquisition (+28), etc.
Other revenue	22	7	(15)	- (Previous FP) Toyo Park cancellation penalty (-17)
Operating expenses	1,034	1,237	203	
Expenses related to leasing business [Total]	793	972	178	
Outsourcing expenses	169	224	54	- Property acquisition (+35), leasing incentive, etc. (+17) (Toyo Park (+14), Hibiya (+3))
Utilities expenses	116	162	45	- Property acquisition (+35), BREEZÉ (+4), Omori (+2), other
Repair expenses	39	36	(3)	- Property acquisition (+7), existing buildings (-10) (Shinagawa (-11), SG NHONBASHI (-3), Toyo Park (+3), other)
Property taxes	223	220	(2)	
Depreciation	228	306	78	- Property acquisition (+72), Shinagawa and other (+6)
Other expenses	16	22	6	- Property acquisition (+6) (insurance premiums (+2), trust fee (+1), other (+3))
Operating income (loss) from leasing	1,382	1,805	423	
Total other operating expenses	241	265	24	
Asset management fee	195	210	15	- Property acquisition (+19), existing buildings (-4)
Other expenses	45	54	8	
Operating profit	1,141	1,540	398	
Non-operating income	1	0	(0)	
Non-operating expenses	127	148	20	- Interest expenses (+21), borrowing-related expenses (-10), amortization of investment unit issuance expenses (+6), other
Ordinary profit	1,014	1,392	377	
Net profit	1,014	1,391	377	
Distribution per unit (Unit: yen)	2,862 yen	2,979 yen	117 yen	

Management Highlights (External Growth)
 – Acquired 4 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**



* The acquired properties shown in the photographs include acquisitions of co-ownership interest, etc. and additional acquisitions, and the names of the buildings shown in the photographs are abbreviated from “Shinagawa Seaside TS Tower” to “Shinagawa TS Tower”, “Hotel Intergate Hiroshima” to “IG Hiroshima” and “Miyazakidai Garden Office” to “Miyazakidai Garden”.

Management Highlights (External Growth)

– Acquired BELS Evaluation for Two Sub Assets –

- Acquired **Building-Housing Energy-efficiency Labeling System (BELS) evaluation*** for two sub assets (December 2021)

B-1

Hotel Intergate Tokyo Kyobashi



27% reduction in energy consumption for this building
 Granted on December 17, 2021, certified by third party based on public notice of the Ministry of Land, Infrastructure, Transport and Tourism

B-2

Hotel Intergate Hiroshima

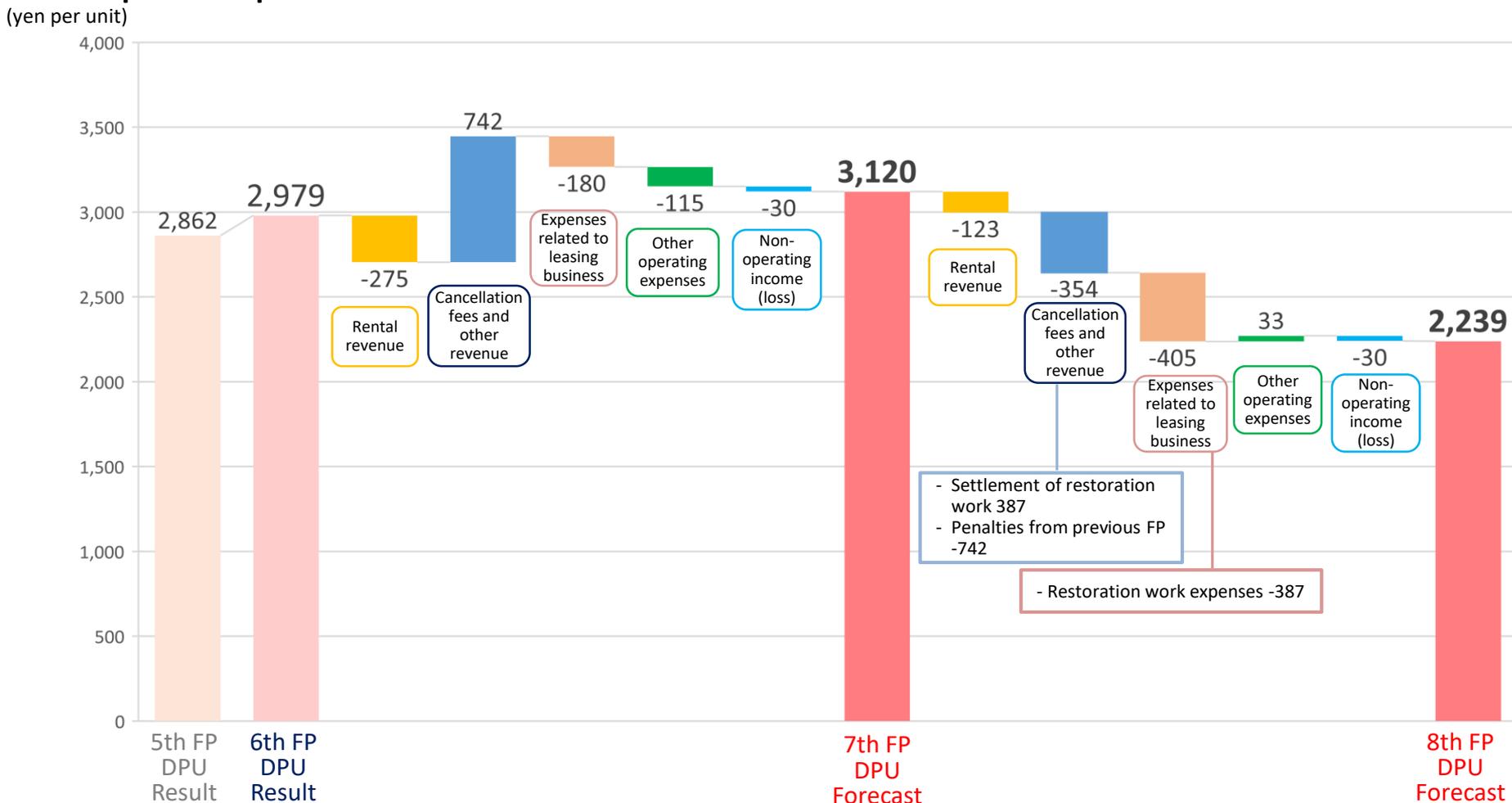


11% reduction in energy consumption for this building
 Granted on December 16, 2021, certified by third party based on public notice of the Ministry of Land, Infrastructure, Transport and Tourism

* "BELS", the Building-Housing Energy-efficiency Labeling System, is a third-party evaluation system that evaluates the energy-saving performance of buildings based on evaluation standards set by the Ministry of Land, Infrastructure, Transport and Tourism.

Earnings Forecasts for 7th Fiscal Period (Ending August 2022) and Thereafter

- DPU forecast for the 7th FP: **3,120 yen, +4.7% (+141 yen)** from the 6th FP
- DPU forecast for the 8th FP: **2,239 yen, -28.2% (-881 yen)** from the 7th FP
- Hotels (2 properties) that are sub assets have **no risk of reduced** revenue due to contracts and sponsorship commitments



Earnings Forecasts for 7th Fiscal Period (Ending August 2022) and Thereafter

- DPU forecast for the 7th FP: **3,120 yen, +4.7% (+141 yen)** from the 6th FP
- DPU forecast for the 8th FP: **2,239 yen, -28.2% (-881 yen)** from the 7th FP

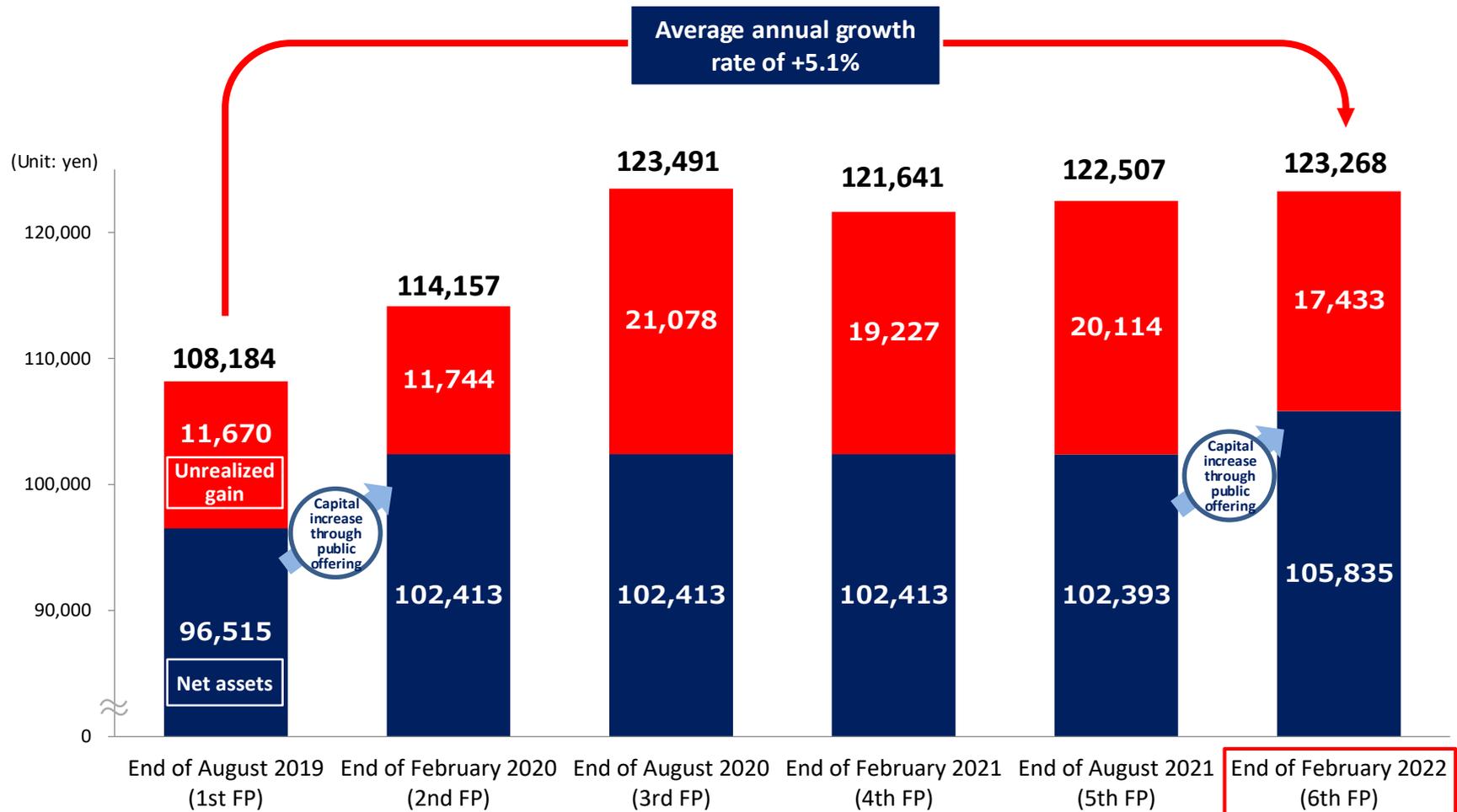
(Unit: million yen)

Accounting period	6th FP Results (A) (February 2022)	7th FP Forecasts (B) (August 2022)	Difference (B)-(A)	8th FP Forecasts (C) (February 2023)	Difference (C)-(B)
Operating revenue	2,778	2,996	218	2,772	(223)
Rental and CAM revenue	2,615	2,515	(100)	2,457	(57)
Parking revenue	34	34	(0)	34	0
Utilities reimbursement	119	92	(27)	91	(0)
Other revenue	7	354	346	188	(165)
Operating expenses	1,237	1,375	138	1,549	173
Expenses related to leasing business [Total]	972	1,056	84	1,245	189
Outsourcing expenses	224	203	(20)	213	10
Utilities expenses	162	151	(10)	143	(7)
Repair expenses	36	67	31	267	199
Property taxes	220	301	81	301	(0)
Depreciation	306	308	1	295	(13)
Other expenses	22	24	1	24	(0)
Operating income (loss) from leasing	1,805	1,939	133	1,526	(412)
Total other operating expenses	265	319	53	303	(15)
Asset management fee	210	265	54	245	(19)
Other expenses	54	53	(0)	58	4
Operating profit	1,540	1,620	80	1,222	(397)
Non-operating income	0	0	(0)	0	0
Non-operating expenses	148	161	13	176	14
Ordinary profit	1,392	1,458	66	1,046	(411)
Net profit	1,391	1,457	66	1,045	(411)
Distribution per unit (Unit: yen)	2,979 yen	3,120 yen	141 yen	2,239 yen	(881 yen)
NOI	2,112	2,247	135	1,821	(426)

7th FP Forecasts (Comparison with 6th FP)	
Operating revenue (+218)	
- Rent (-100) (Shinagawa (-144), accrual of rent (+40) (Toyo Park (+36), Omori (+5)), other)	
- Utilities revenue (-27) (Shinagawa (-26), other)	
- Other revenue (+346) (Shinagawa cancellation penalties (+346))	
Expenses related to leasing business (+84)	
- Outsourcing expenses (-20) (leasing incentives from previous FP (-17) (Toyo (-14), Hbiya (-3)), other)	
- Utilities expenses (-10) (Shinagawa (-17), BREEZÉ (+3), Toyo Park (+2), Hatchobori (+1), other)	
- Repair expenses (+31) (BREEZÉ (+10), Shinagawa (+7), Toyo (+4), Miyazakidai (+3), other)	
- Property taxes (+81) (expensing of fixed assets tax and city planning tax for properties acquired in previous FP (+75), increase of FY22 fixed assets tax and city planning tax (+6))	
8th FP Forecasts (Comparison with 7th FP)	
Operating revenue (-223)	
- Rental revenue (-57) (1) Cancellations (-74) (BREEZÉ (-32), Shinagawa (-29), Omori (-14))	
(2) Accrual of rent (+17) (Miyazakidai (+8), Toyo (+6), Hbiya (+3))	
- Other revenue (-165) (Shinagawa cancellation penalties from previous FP (-346), proceeds from monetary settlement of restoration work (+181))	
Expenses related to leasing business (+189)	
- Outsourcing expenses (+10) (Shinagawa BM and CM (+4), BREEZÉ BM (+3), other)	
- Utilities expenses (-7) (Shinagawa (-4), BREEZÉ (-2), other)	
- Repair expenses (+199) (Shinagawa restoration, etc. (+175), BREEZÉ (+20), other)	
- Depreciation (-13) (end of depreciation period of facilities, etc. Shinagawa (-7), Omori (-4), other)	

Change in NAV per Unit (after Deduction of Distribution)

- Both external growth and internal growth prove successful; average annual growth rate at **+5.1%**



MEMO

2. External Growth Results and Strategy

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 at acquisition	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 July 1, 2021)	100.0%	100.0%	100.0%	100.0%

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

	Before acquisition	Acquired assets	Owned assets at end of 6th FP (End of February 2022)
Asset size (Acquisition price)	71.5 billion yen	25.1 billion yen	96.6 billion yen
Number of properties	12 properties	4 properties	14 properties (including additionally acquired 2 properties)
Acquisition price per property	5.9 billion yen	6.2 billion yen	6.9 billion yen
Average appraisal NOI yield (acquisition price basis)	4.3%	4.4%	4.3%
Occupancy rate	98.2%	100%	99.1%
Sponsor support rate (acquisition price basis)	100.0%	100.0%	100.0%
Office buildings rate (acquisition price basis)	81.9%	100.0%	86.6%

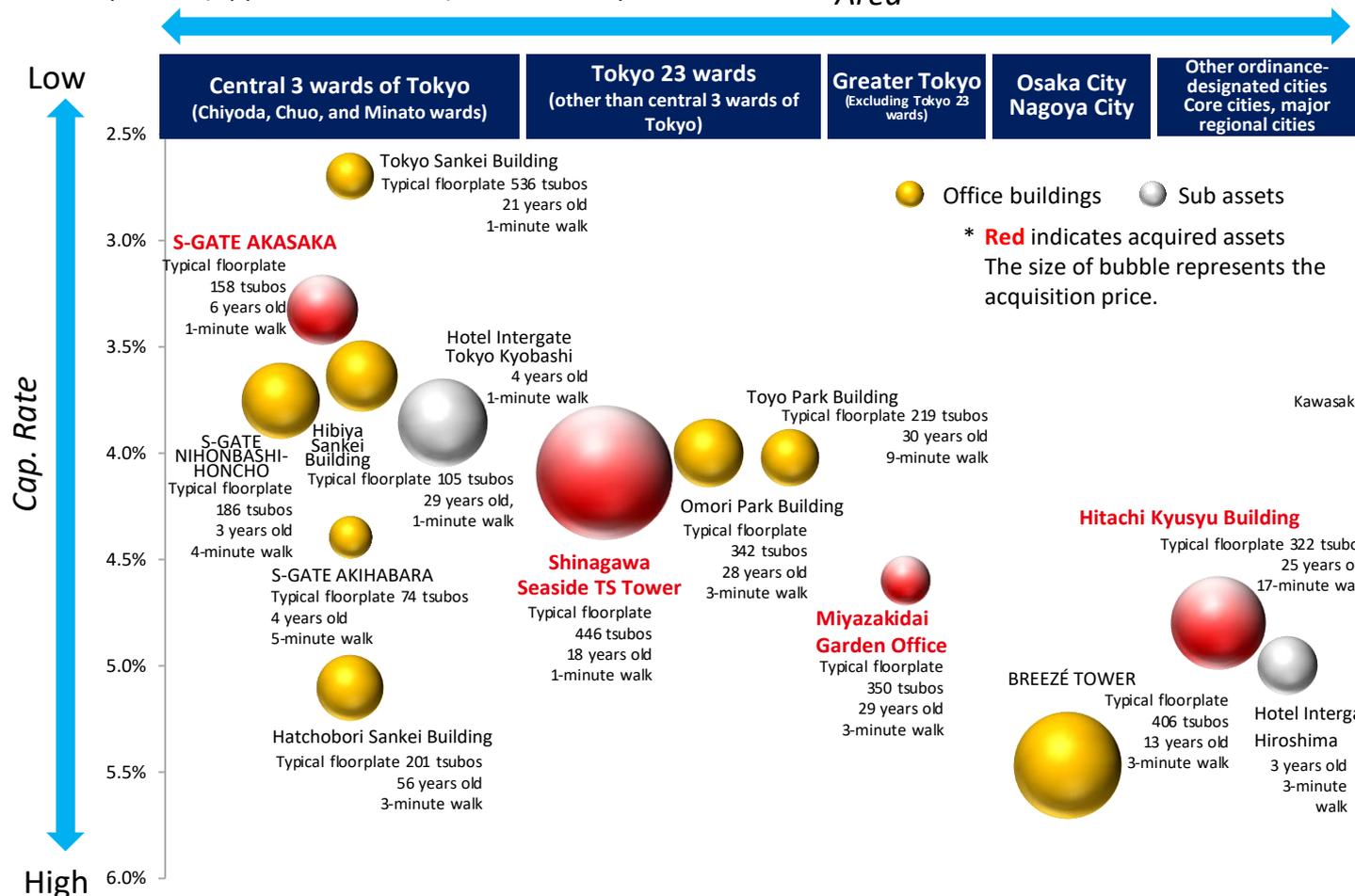
* The figures for "Acquired assets" show the figures published as of the time of acquisition, and the figures for "Change in the portfolio after the 4 properties were acquired" show the figures as of the end of the 5th FP for "Before acquisition," the figures published as of the time of acquisition of "Acquired assets" and the figures as of February 28, 2022, for "Owned assets at end of 6th FP." See the notes for details.

2-2 External Growth Strategy

– Implement Diversified Investment Conscious of the Portfolio Matrix –

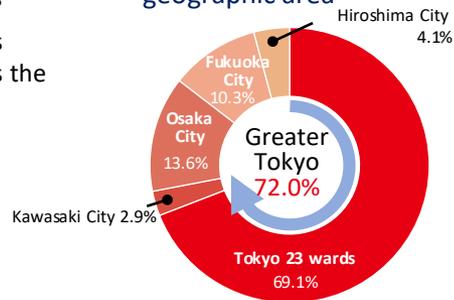


■ Cap. Rate (Appraisal NOI Yield) x Area × Acquisition Price

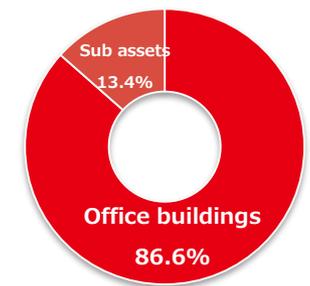


Actual NOI yield*
4.2%

■ Investment ratio by geographic area



■ Investment Ratio by Asset



* As some fixed asset taxes on acquired assets have not been expensed, actual NOI yield during normal operation is shown after adjustment being made assuming these are expensed.

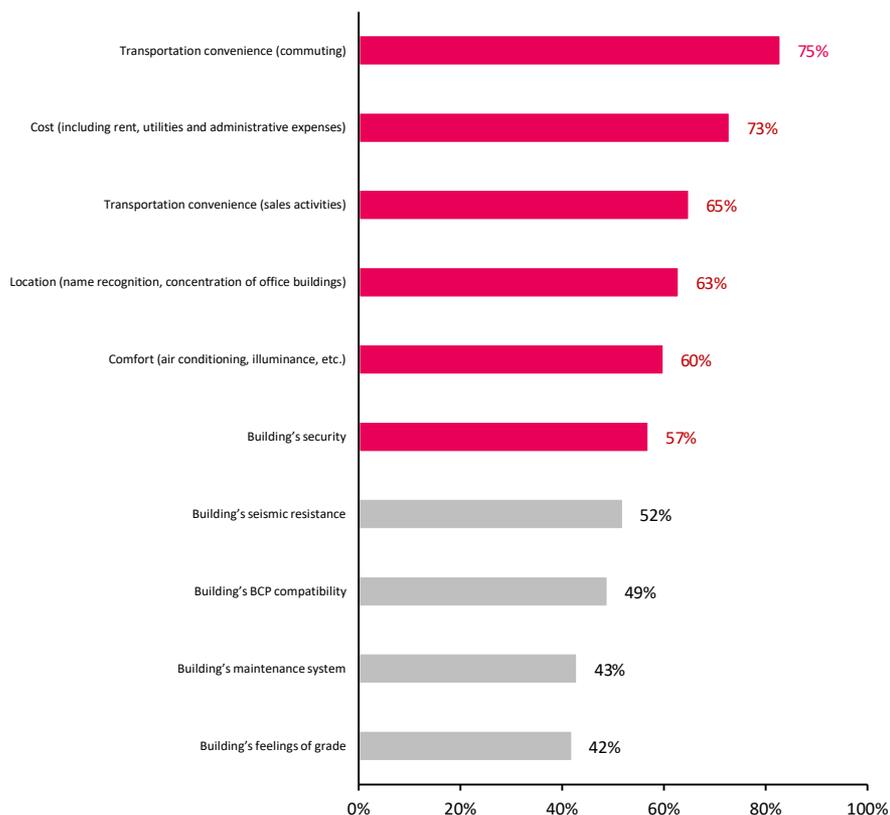
2-2 External Growth Strategy

– Implement Diversified Investment Conscious of the Portfolio Matrix –

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

■ Priorities in selection of building for relocation

Office tenant questionnaire survey



Source: CBRE Research & Reports "Japan Report: Work Beyond COVID Mar 2022"

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

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

Transportation convenience	◎	No more than a 5-minute walk from a JR or subway station
	○	More than a 5-minute walk and no more than a 10-minute walk from a JR or subway station, or no more than a 5-minute walk from another private railway station or a bus stop
Cost	A	Rent of no more than 20,000 yen
	B	More than 20,000 yen and no more than 30,000 yen
	C	More than 30,000 yen
Location	◎	In the Mki Shoji Business District
	○	In Tokyo 23 wards, excluding the above areas, Yokohama City and Kawasaki City, Kanagawa Prefecture, Osaka City and Fukuoka City
Air conditioning	I	Individual air conditioning
	C	Central air conditioning
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)

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)

■ Sponsor development property topics

Office building: Honmachi Sankei Building

An office building for a new era fulfilling the connection between “heart” and “body”



Ministry of Land, Infrastructure, Transport and Tourism Sustainable Building Promotion Program (CO₂ reduction type)

Obtained highest S Rank of CASBEE-SWO (Smart Wellness Office)

Obtained highest S Rank of CASBEE-Osaka Mirai (Osaka Building Environmental Performance Labeling System)

Obtained highest evaluation of 5 stars (ZEB Oriented) in the Building-Housing Energy-efficiency Labeling System (BELS)



Logistics facility: SANKEILOGI Kashiwanoha

First in the SANKEILOGI series of logistics facilities
Uses a captive use solar power system



A solar power generation system using the facility's roof has been introduced, enabling captive use of the power generated within the facility, contributing to a reduction of environmental impact.



Hotel: Hotel Intergate Osaka Umeda

Received the “2021 Osaka Environmentally Friendly Architecture Award” for Commercial Facilities and Other Divisions



Lounge



Local Value Gallery

* The properties shown on this page 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.

2-2 External Growth Strategy

– Implement Diversified Investment Conscious of the Portfolio Matrix –

Sponsor Support (2) *Major properties (excerpt)

Office building (main asset) development properties

Office buildings



Honmachi Sankei Building

Overview	
Location	Honmachi, Chuo-ku, Osaka-shi, Osaka
Construction completion	Aug. 2021
Total floor area	29,677 m ²
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 ²
Number of floors	33 floors above ground and 2 floors below ground

S-GATE Series



S-GATE OTEMACHI-KITA

Construction completed in February 2022



S-GATE FIT Hatchobori

Sub asset development properties

Logistics facilities

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



SANKEI LOGI Kashwanoha



Rendering of SANKEI LOGI Atsugi



Rendering of Settsu Logistics Project (tentative name)

Area	Property name	Completion
Osaka Area	Minoh Morimachi Logistics Facility Project* ²	June 2021
Greater Tokyo	SANKEI LOGI Kashwanoha	March 2022
Osaka Area	Settsu Logistics Project (tentative name)* ²	September 2022 (planned)
Greater Tokyo	SANKEI LOGI Atsugi	September 2022 (planned)

Hotels



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



Hotel Intergate Osaka Umeda



Hotel Intergate Kanazawa

Residential

LEFOND PROGRÈS
ルフォン プログレス

- LEFOND PROGRES and others planned to be developed

April 1, 2022
Launched official Instagram account
Sankei Building "LEFOND"
Official Instagram account
(@lefond.official)

*1 The properties shown on this page 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 Joint project.

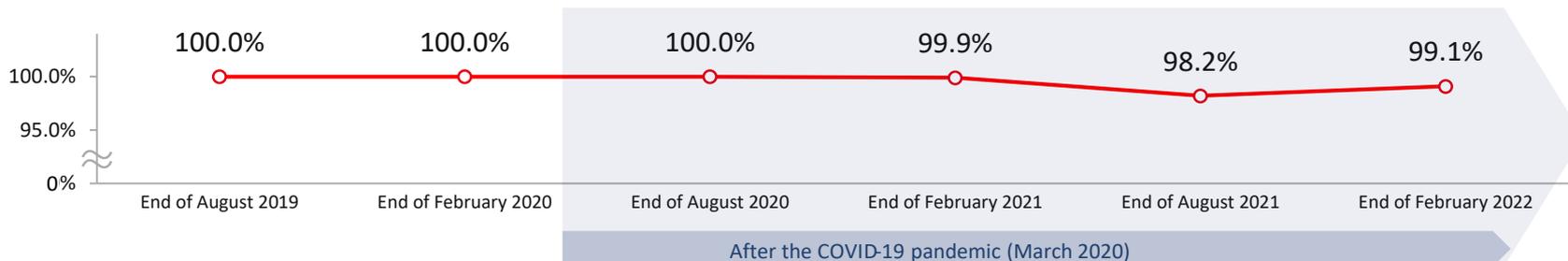
3. Internal Growth Results and Strategy

3-1 Internal Growth Results

– Rent Revision Performance of Office Buildings (Based on Financial Results) –

- Even during the COVID-19 pandemic, **high occupancy was maintained**, and the average rent decreased due to the **diversification by geographic area** of the 4 newly acquired properties

■ Change in Occupancy Rate



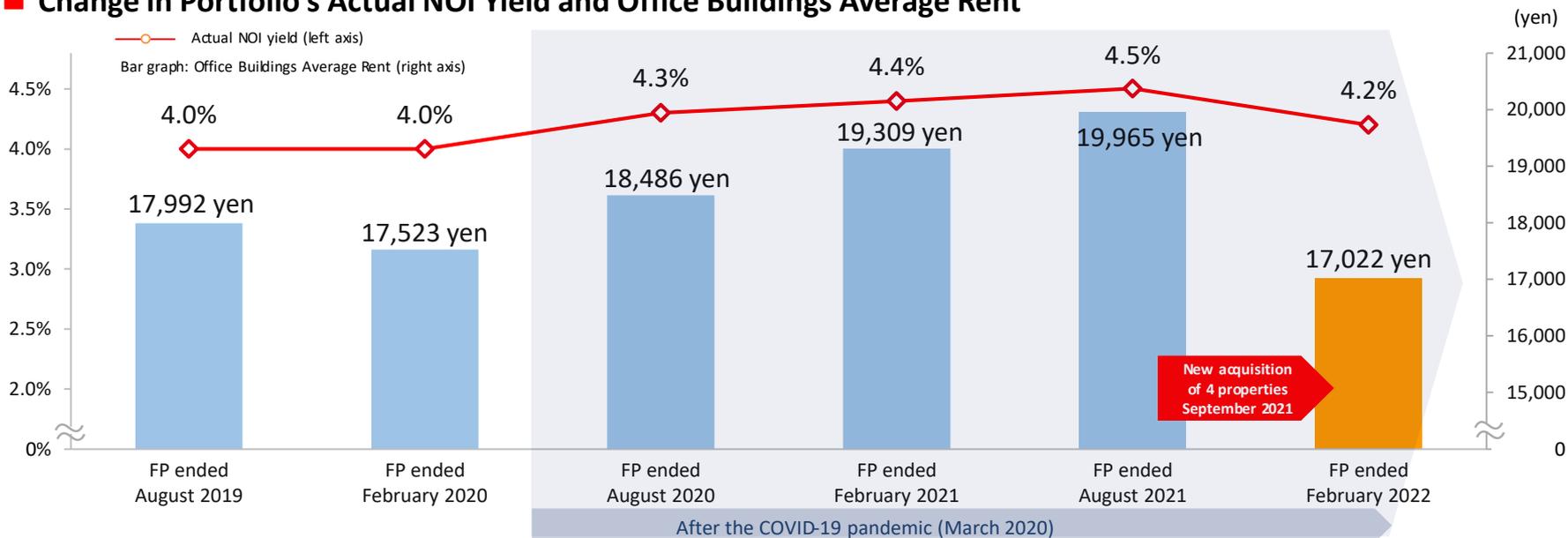
Cases of Other J-REITs

Investment Corporation A: 97.3 % Investment Corporation B: 96.5 %

Investment Corporation C: 96.5 %

As at the end of February 2022 from each investment corporation's website

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



Cases of Other J-REITs

Investment Corporation A: 22,885 yen Investment Corporation B: 20,810 yen

Investment Corporation C: 19,416 yen

3-1 Internal Growth Results

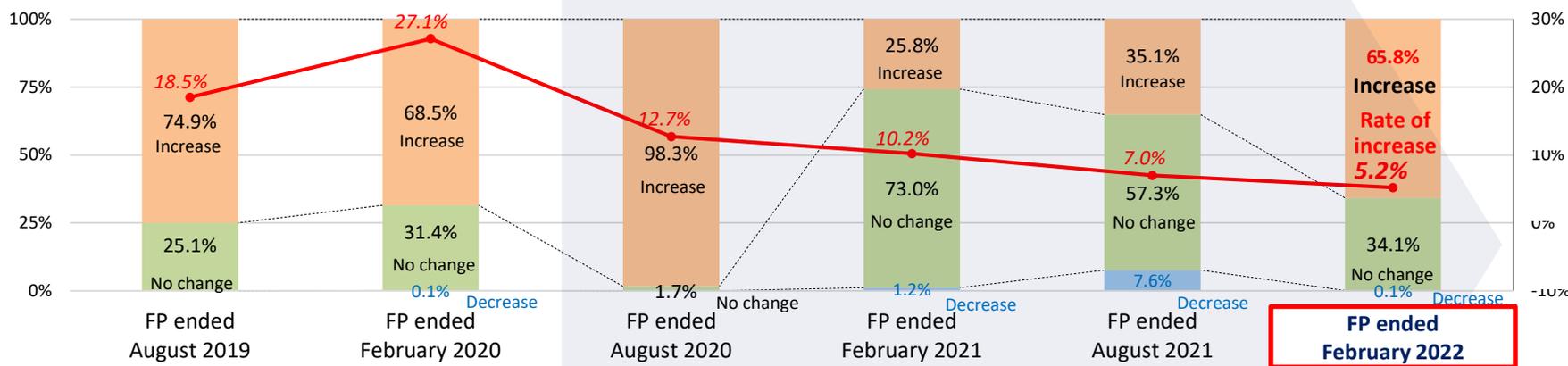
– Rent Revision Performance of Office Buildings (Based on Contracts Signed) –

➤ Pursued room for internal growth despite the COVID 19 pandemic, and the percentage of increases grew again

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

Percentages of rent revision results (bar graph)

Rate of rent increase (line graph)



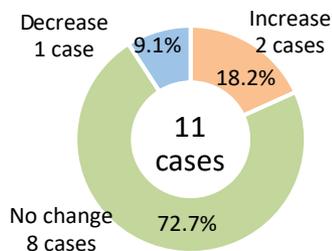
Number of targeted tenants
Targeted leased area

Number of targeted tenants	9	24	30	27	13	11
Targeted leased area	369	3,144	4,165	2,769	1,195	1,725

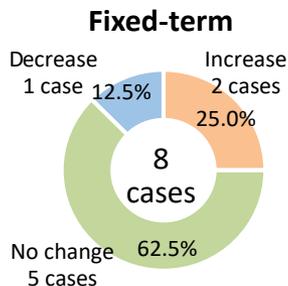
After the COVID-19 pandemic (March 2020)

■ Rent Revision Performance of Office Buildings (Based on Number of Cases)

Overall



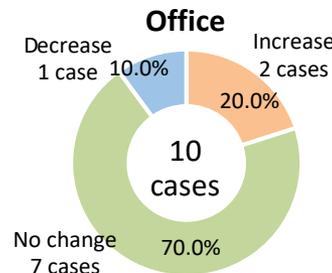
By Contract Form



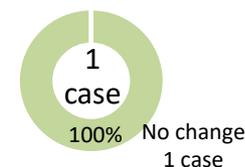
Ordinary



By Use



Retail



3-1 Internal Growth Results

– Seek Room for Internal Growth and Reduce Risk of Internal Degeneration –

Pursuit of room for internal growth

A-2 BREEZÉ TOWER

Although some floors were returned at the time of the renewal of the fixed-term lease, **increased by +5.2%** compared with before



Reduction of risk of internal degeneration

A-5 Hibiya Sankei Building

Although there are tenants who complete fixed-term leases, **lease-up without any downtime**

Maintaining **full occupancy**



Reduction of risk of internal degeneration

A-7 Toyo Park Building

Three tenants signed during period
All **fixed-term lease contracts**

<Occupancy rate>
Improved from 42.6% → **92.3%**



Reduction of risk of internal degeneration

A-9 Omori Park Building

Completed lease-up
of one vacant portion

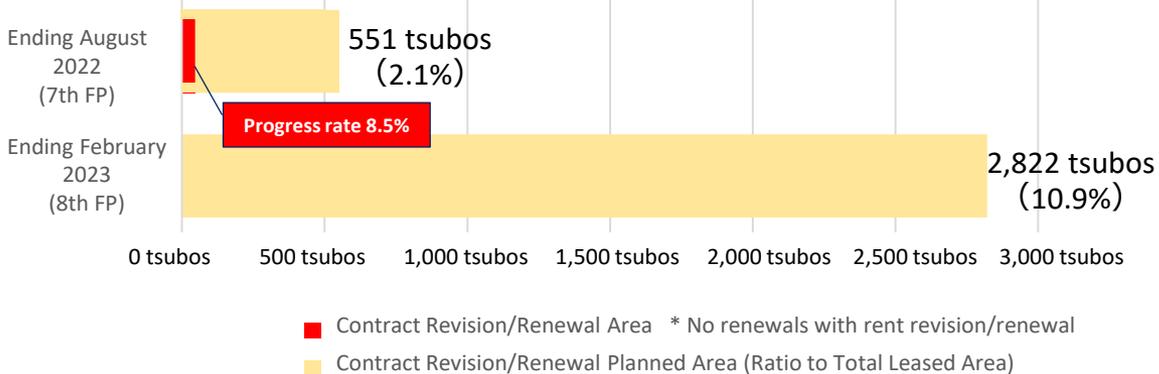
Occupancy rate
95.5% → **Full occupancy (from April)**



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)

Based on contracts signed (for lease agreements concluded between September 1, 2021, and February 28, 2022)



■ Assumed occupancy rate of portfolio

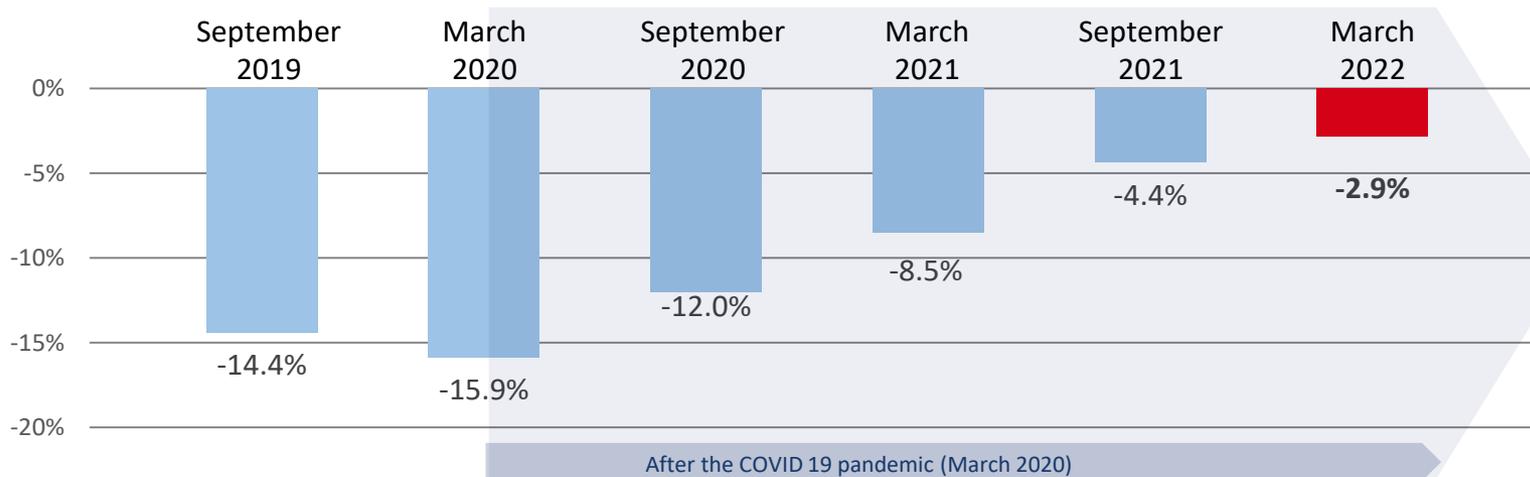
7th Fiscal Period (ending August 2022)

- End of period 94.3%
- Period average 95.0%

8th FP (ending February 2023)

- End of period 92.9%
- Period average 93.3%

■ Change in Rent Gap for Office Buildings



3-2 Internal Growth Strategy – Handling of Emerging Risks of Internal Degeneration (Focused Properties) –

A-8 Shinagawa Seaside TS Tower (signed termination by consent with tenant on March 31, 2022)



- **Cancellation date**
 - March 31, 2022 (7 floors)
 - ▶ Received cancellation penalty
 - ▶ Settlement of restoration work scheduled
 - March 31, 2023 (14 floors)
- **Status of leasing activities**
 - ✓ Implemented **viewings and questionnaire surveys** for attracting tenants and analysis of sales points
 - ✓ The impression of the **appearance, entrance hall, leased units and view** is highly regarded
 - ✓ There is strong demand for **continued use of the cafeteria and flapper gate** tenant assets

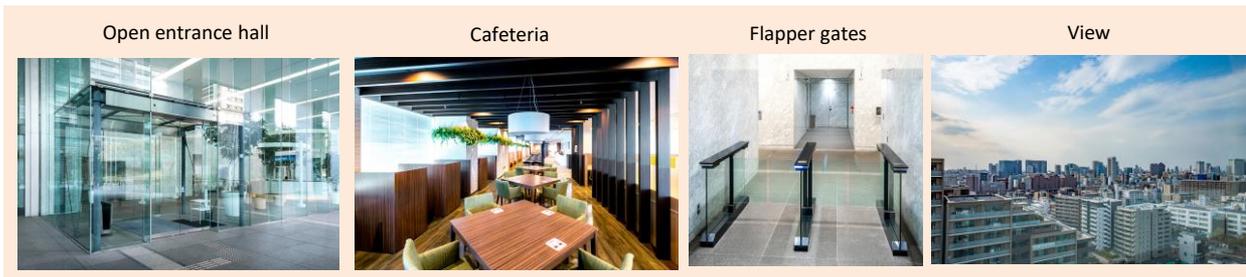
See here for VR view



■ Typical Floor Plan (Approx. 446 tsubos) Pillarless office space



- Column-free square space, high ceiling of 2,700 mm
- Free access floor
- 300 kg/m² floor load (500 kg/m³ in some areas)



■ Shinagawa Seaside Forest Block Map



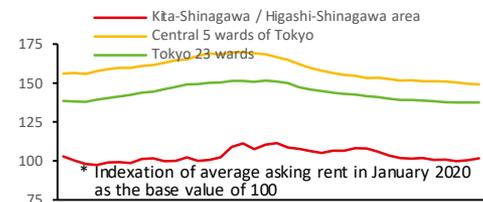
■ Sales Points

Consideration for office workers	✓ Located in the “Shinagawa Seaside Forest” large-scale redevelopment district directly connected to the nearest station . Large commercial facilities are also located in the vicinity
Rent advantage	✓ Can attract tenants with lower rents than other areas while having high specs in large spaces
High security	✓ 24-hour manned management . Although they are tenant assets, flapper gates can continue to be used

■ Anticipated Targets (Industries)

- IT, telecommunications, manufacturers, call centers, financial and insurance back offices, companies with test kitchen needs, etc.

■ 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.

3-2 Internal Growth Strategy

– Transform Imminent Danger into an Opportunity for Future Growth –

Current View and Outlook for the Office Rental Market

- ✓ Although vacancy rates remain high in small and medium buildings, **the rise seems to have halted** overall
- ✓ Although there **continues to be an increase in consolidations and relocations** not involving floor space expansion, **some examples providing a sense of a return of demand have been seen in large spaces**
- ✓ With the exception of certain industries, **corporate performance is solid or recovering**, but **there is a strong need to reduce fixed expenses in companies with decreased ability to pay rents** due to the deterioration of macroeconomic conditions and the economy, and the prolonged impact of the COVID-19 pandemic
- ✓ **Market rents will decline** until there is a full recovery of supply and demand
- ✓ Although telework has become established to a certain degree, **companies have deep-rooted office-centric needs** due to concerns about efficiency of operations, productivity and lack of communication
- ✓ COVID-19 has resulted in progress in work-style reform, leading to diversification of office location demand and work styles, as well as **heightened preference for highly functional buildings with good access**

The prolonged COVID-19 pandemic has given tenants time to think about the future, and their decisions have had a **mixture of favorable and adverse effects** on the office rent market, creating a **sense of uncertainty**

Portfolio of SANKEI REAL ESTATE

<Pros>

- ✓ Office buildings in **prime locations***1
- ✓ **High-performance** office buildings*2
- ✓ Office buildings **near work and home***3

Well-balanced ownership

<Cons>

- ✓ Issues with **tenant distribution**

Emerging risk of internal degeneration: Shinagawa Seaside TS Tower

See this as an opportunity for future growth and implement the main measures below

- **Promotion of multiple tenants** (improvement of tenant diversification)
- **ESG-related investment** (health, environmental performance, lease-up cases with all furnishings, waste reduction, etc.)

Strengthening of portfolio (revenue stability)

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 risk of internal degeneration**
Distribute contract periods in view of property characteristics and tenant needs, advance cancellation notice and switch the form of contract (from ordinary lease → fixed term lease) and diversify tenants

*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, NIHONBASHI-HONCHO, and AKIHA BARA) 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. Financial Strategy

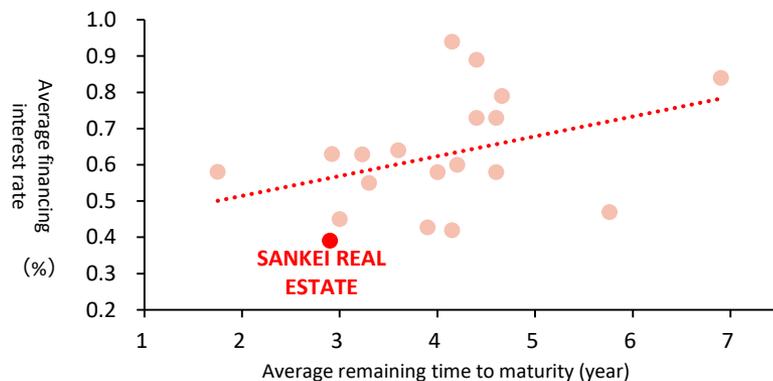
Financial Strategy – Financial Highlights (1) –

- Aim to maintain and improve stable financial formation through **the extension of average remaining time to maturity** and **enhancement of bank formation**

■ Financing Highlights (as of March 14, 2022)

Balance of interest-bearing liabilities	50.6 billion yen	LTV	47.5%
Ratio of long-term debt	80.2%	Ratio of fixed interest rate	87.5%
Average financing interest rate	0.39%	Average remaining time to maturity	2.9 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 6th FP	End of 7thFP	End of 8th FP
LTV	47.5%	47.2% (Forecast)	47.4% (Forecast)

■ Lender Composition (as of March 14, 2022)

Enhance the bank formation through funding from new financial institutions from 6th FP

[Unit: million yen]

	Borrowing amount	Percentage
Mizuho Bank	12,760	25.2%
Sumitomo Mitsui Banking	9,240	18.3%
Development Bank of Japan	7,700	15.2%
Mizuho Trust & Banking	4,640	9.2%
Sumitomo Mitsui Trust Bank	4,500	8.9%
Shinsei Bank	4,080	8.1%
Resona Bank	3,780	7.5%
Aozora Bank	2,000	4.0%
The Nishi-Nippon City Bank	1,000	2.0%
Kansai Mirai Bank	600	1.2%
Chiba Bank	300	0.6%
11 banks in total	50,600	100.0%

Financial Strategy – Financial Highlights (2) –

- Incorporated into **FTSE EPRA/NAREIT Global Index** (December 2021)
- Commencement of **analyst coverage** (Daiwa Securities) (December 2021)
- Started response to **AIFMD Article 8 (SFDR)** (ongoing since December 2021)

➤ Promoted the “**distribution**” and “**prolongation**” of the maturity ladder

■ Maturity Ladder for Interest-Bearing Liabilities (as of March 14, 2022)

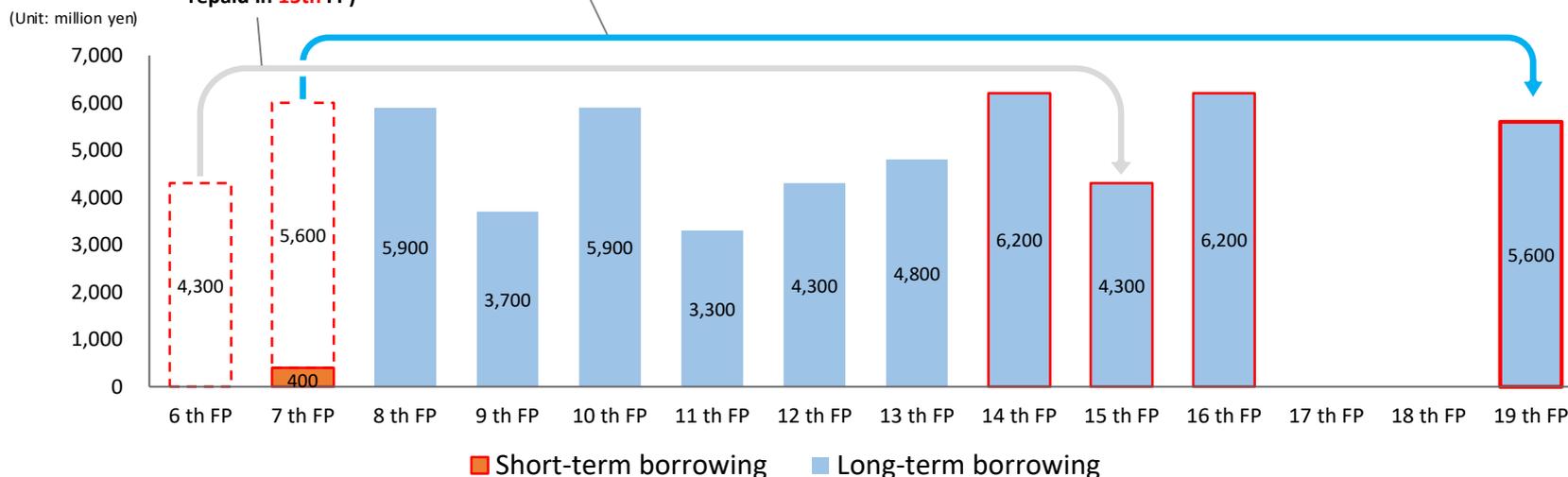
- **Refinanced borrowing due in the 7th FP** (March 14, 2022)

5.6 billion yen at fixed interest, 6.0 years
(to be repaid in **19th FP**)

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

13.4 billion yen in total
6.2 billion yen at fixed interest, 5.0 years (to be repaid in 16th FP)
6.2 billion yen at fixed interest, 4.0 years (to be repaid in 14th FP)
400 million yen at variable interest, 1.0 year (to be repaid in 7th FP)

- **Refinancing results for the 6th FP**
At fixed interest, 4.5 years (to be repaid in **15th FP**)



5. ESG Initiatives

ESG Initiatives (1)

■ Topics

- Acquired “3-Star” and “Green Star” certifications in GRESB ratings (October 2021)
- Established Sustainability Promotion Office (December 2021)
- Acquired BELS evaluation for two sub assets (December 2021)

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.



G R E S B
★ ★ ★ ☆ ☆ 2021

■ Future Initiatives

- Disclosure of ESG benchmarks (improvement of disclosure)
- Plans to support the TCFD (Task Force on Climate-Related Financial Disclosures) recommendations

■ 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, Sustainability Promotion Office
- 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

ESG Initiatives (2)

■ Environment

Energy consumption reduction targets

- Long-term target 1: Reduce annual energy consumption intensity within the scope managed by the owner by 5% from the base year by 2025
- Long-term target 2: Reduce annual energy consumption intensity within the scope managed by tenants by 1% from the base year by 2025

GHG emission reduction targets

<Scope 1 + Scope 2>

- The single-year target is to reduce energy consumption intensity by 1% compared with the previous year for Scope 1 + Scope 2
- Reduce by 5% from the base year in the medium to long term (5 years)

<Scope 3>

- Reduce by 1% from the base year in the medium to long term (5 years)

Acquired DBJ Green Building certification for 5 of 12 office buildings

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.)



Acquired "BELS" evaluation for two sub assets

Hotel Intergate Tokyo Kyobashi



Hotel Intergate Hiroshima



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

[BREEZÉ TOWER]

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



[S-GATE Series]

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

ESG Initiatives (3)

Social

Relationship with Stakeholders

[Measures for employees and visitors]

- 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

Response to the COVID-19 Pandemic

[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

➤ Initiative Example 1 (implemented in December 2021)

Agri Marché in Otemachi

Event utilizing the media content functions of Fuji Media Holdings

- Held a marché with products from producers in 20 prefectures nationwide
- Event for employees and neighboring office workers

Implementation: Tokyo Sankei Building



➤ Initiative Example 2 (from November 2021)

Xmas Illumination

Implementation: Tokyo Sankei Building



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	End of 6th FP
Number of investment units issued and outstanding	356,800 units	356,800 units	356,800 units	356,800 units	467,099 units
Number of units held by sponsor	11,362 units	14,979 units	17,479 units	17,479 units	17,479 units
Percentage of units held by sponsor	3.18%	4.19%	4.89%	4.89%	3.74%

Contributions to SDGs (Sustainable Development Goals)

SANKEI REAL ESTATE's efforts have contributed to the following SDGs.



SUSTAINABLE DEVELOPMENT GOALS

Goal 3: Ensuring prevention of the spread of infectious diseases, flexible work styles

Goal 7: LEDs, solar power, reduction of heat load

Goal 8: Rooftop terraces (worker-friendly buildings)

Goal 11: Green Building certification, seismic dampers, stockpiles

Goal 12: Appropriate treatment and recycling of industrial waste

Goal 13: Disaster countermeasures, intake of people having difficulty returning home

Appendix

Balance Sheet (Unabridged) for the Fiscal Period Ended February 2022 (6th FP)

	5th FP (as of Aug. 31, 2021)	6th FP (as of Feb. 28, 2022)
Assets		
Current assets		
Cash and deposits	4,457,965	4,512,675
Cash and deposits in trust	2,799,257	3,729,623
Operating accounts receivable	36,079	89,938
Prepaid expenses	59,212	61,458
Consumption taxes receivable	-	389,377
Other	77	0
Total current assets	7,352,593	8,783,072
Non-current assets		
Property, plant and equipment		
Buildings	169,301	179,269
Accumulated depreciation	(15,201)	(18,849)
Buildings, net	154,100	160,419
Structures	544	544
Accumulated depreciation	(25)	(39)
Structures, net	518	504
Land	2,457,766	2,457,766
Buildings in trust	14,340,970	18,708,509
Accumulated depreciation	(992,106)	(1,291,738)
Buildings in trust, net	13,348,864	17,416,771
Structures in trust	23,832	71,171
Accumulated depreciation	(1,435)	(2,476)
Structures in trust, net	22,396	68,695
Machinery and equipment in trust	11,302	11,302
Accumulated depreciation	(564)	(1,131)
Machinery and equipment in trust, net	10,737	10,170
Tools, furniture and fixtures in trust	28,239	29,876
Accumulated depreciation	(5,727)	(7,822)
Tools, furniture and fixtures in trust, net	22,512	22,054
Land in trust	56,132,575	77,433,848
Construction in progress in trust	281,344	32,673
Total property, plant and equipment	72,430,815	97,602,903
Intangible assets		
Software	4,833	3,893
Total intangible assets	4,833	3,893
Investments and other assets		
Long-term prepaid expenses	43,724	93,338
Deferred tax assets	13	10
Leasehold and guarantee deposits	10,000	10,000
Total investments and other assets	53,738	103,348
Total non-current assets	72,489,387	97,710,146
Deferred assets		
Investment unit issuance expenses	6,488	30,124
Total deferred assets	6,488	30,124
Total assets	79,848,468	106,523,343

(Unit: thousand yen)

	5th FP (as of Aug. 31, 2021)	6th FP (as of Feb. 28, 2022)
Liabilities		
Current liabilities		
Operating accounts payable	225,346	126,748
Short-term borrowings	-	400,000
Long-term borrowings due within 1 year	9,900,000	11,500,000
Accounts payable – other	494,644	242,634
Accrued expenses	27,936	38,805
Income taxes payable	875	815
Consumption taxes payable	89,208	-
Advances received	339,943	485,392
Deposits received	14,065	11,356
Total current liabilities	11,092,019	12,805,752
Non-current liabilities		
Long-term borrowings	27,900,000	38,700,000
Leasehold and guarantee deposits received	82,139	87,974
Leasehold and guarantee deposits received in trust	3,219,176	4,102,499
Total non-current liabilities	31,201,315	42,890,473
Total liabilities	42,293,334	55,696,225
Net assets		
Unitholders' equity		
Unitholders' capital	36,540,901	49,442,685
Unitholders' capital deduction	-	(7,136)
Unitholders' capital (net)	36,540,901	49,435,549
Surplus		
Unappropriated retained earnings (undisposed loss)	1,014,232	1,391,567
Total surplus	1,014,232	1,391,567
Total unitholders' equity	37,555,134	50,827,117
Total net assets	37,555,134	50,827,117
Total liabilities and net assets	79,848,468	106,523,343

Statement of Income (Unabridged) for the Fiscal Period Ended February 2022 (6th FP)

(Unit: thousand yen)

	5th FP (ended Aug. 2021)	6th FP (ended Feb. 2022)
Operating revenue		
Leasing business revenue	2,032,902	2,615,817
Other leasing business revenue	143,210	162,297
Total operating revenue	2,176,113	2,778,114
Operating expenses		
Expenses related to leasing business	793,758	972,543
Asset management fee	195,532	210,809
Asset custody fee	1,575	2,013
Administrative service fees	7,100	8,760
Remuneration for directors (and other officers)	3,600	3,600
Other operating expenses	33,203	40,098
Total operating expenses	1,034,769	1,237,824
Operating profit	1,141,343	1,540,290
Non-operating income		
Interest income	31	37
Insurance claim income	994	253
Interest on refund	50	0
Other non-operating income	15	17
Total non-operating income	1,091	308
Non-operating expenses		
Interest expenses	66,412	88,264
Borrowing related expenses	61,120	48,540
Investment unit issuance expenses	-	6,024
Other non-operating expenses	-	5,583
Total non-operating expenses	127,533	148,414
Ordinary profit	1,014,902	1,392,184
Net profit before income taxes	1,014,902	1,392,184
Income taxes - current	880	820
Income taxes - deferred	0	2
Total income taxes	880	823
Net profit	1,014,021	1,391,360
Retained earnings brought forward	210	207
Unappropriated retained earnings (undisposed loss)	1,014,232	1,391,567

Statement of Cash Flows for the Fiscal Period Ended February 2022 (6th FP)

(Unit: thousand yen)

	5th FP (FP ended Aug. 2021)	6th FP (FP ended Feb. 2022)
Cash flows from operating activities		
Net profit before income taxes	1,014,902	1,392,184
Depreciation	229,481	307,937
Investment unit issuance expenses	-	6,024
Interest income	(31)	(37)
Interest expenses	66,412	88,264
Decrease (increase) in operating accounts receivable	20,672	(47,934)
Decrease (increase) in consumption taxes refund receivable	9,321	(389,377)
Decrease (increase) in prepaid expenses	(12,615)	(2,245)
Increase (decrease) in operating accounts payable	18,847	(86,226)
Increase (decrease) in accounts payable - other	12,407	9,619
Increase (decrease) in consumption taxes payable	89,208	(89,208)
Increase (decrease) in advances received	(33,871)	145,449
Increase (decrease) in deposits received	6,568	(2,709)
Decrease (increase) in long-term prepaid expenses	(487)	(49,613)
Decrease (increase) in other assets	40,937	77
Subtotal	1,461,754	1,282,204
Interest received	31	37
Interest paid	(64,651)	(77,396)
Income taxes paid	(884)	(881)
Net cash provided by (used in) operating activities	1,396,250	1,203,964
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,460)	(9,967)
Purchase of property, plant and equipment in trust	(28,670)	(25,743,595)
Proceeds from leasehold and guarantee deposits received	2,572	5,933
Refund of leasehold and guarantee deposits received	(19)	(98)
Proceeds from leasehold and guarantee deposits received in trust	3,970	1,005,708
Refund of leasehold and guarantee deposits received in trust	(35,084)	(128,308)
Net cash provided by (used in) investing activities	(60,691)	(24,870,328)
Cash flows from financing activities		
Proceeds from short-term borrowings	-	1,000,000
Repayments of short-term borrowings	-	(600,000)
Proceeds from long-term borrowings	4,800,000	16,700,000
Repayments of long-term borrowings	(4,800,000)	(4,300,000)
Proceeds from issuance of investment units	-	12,901,784
Payments of investment unit issuance expenses	(6,488)	(29,661)
Distribution paid	(1,015,975)	(1,020,683)
Net cash provided by (used in) financing activities	(1,022,464)	24,651,439
Net increase (decrease) in cash and cash equivalents	313,095	985,075
Cash and cash equivalents at beginning of period	6,944,127	7,257,223
Cash and cash equivalents at end of period	7,257,223	8,242,298

Status of Lenders (as of March 14, 2022)

Term	Lender	Borrowing amount (million yen)		Interest rate	Borrowing date (upper row) Maturity date (lower row)	Repayment method	Description
Short-term borrowings	Mizuho Bank	260	400	0.23545% (floating)	Sep 2, 2021	Lump-sum repayment at maturity	Unsecured Non-guaranteed
	Sumitomo Mitsui Banking Corporation	140			Aug. 31, 2022		
	Subtotal	400					
Long-term borrowings	Mizuho Bank	972	3,700	0.42346% (fixed)	Mar. 12, 2019 Mar. 12, 2023	Lump-sum repayment at maturity	Unsecured Non-guaranteed
	Sumitomo Mitsui Banking Corporation	716					
	Development Bank of Japan Inc.	614					
	Mizuho Trust & Banking Co., Ltd.	392					
	Sumitomo Mitsui Trust Bank	358					
	Shinsei Bank	324					
	Resona Bank	324					
	Mizuho Bank	856	3,300	0.49096% (fixed)	Mar. 12, 2019 Mar. 12, 2024		
	Sumitomo Mitsui Banking Corporation	639					
	Development Bank of Japan Inc.	548					
	Mizuho Trust & Banking Co., Ltd.	350					
	Sumitomo Mitsui Trust Bank	319					
	Shinsei Bank	294					
	Resona Bank	294					
	Mizuho Bank	2,250	5,900	0.26727% (floating)	Sep 3, 2019 Sep 3, 2022		
	Sumitomo Mitsui Banking Corporation	1,500					
	Mizuho Trust & Banking Co., Ltd.	620					
	Sumitomo Mitsui Trust Bank	550					
	Shinsei Bank	490					
	Resona Bank	490					
	Mizuho Bank	950	5,900	0.36200% (fixed)	Sep 3, 2019 Sep 3, 2023		
	Sumitomo Mitsui Banking Corporation	800					
	Development Bank of Japan Inc.	2,000					
	Mizuho Trust & Banking Co., Ltd.	620					
	Sumitomo Mitsui Trust Bank	550					
	Shinsei Bank	490					
	Resona Bank	490					
	Mizuho Bank	1,167	4,300	0.32923% (fixed)	March 12, 2020 September 12, 2024		
	Sumitomo Mitsui Banking Corporation	832					
	Development Bank of Japan Inc.	713					
	Mizuho Trust & Banking Co., Ltd.	456					
	Sumitomo Mitsui Trust Bank	416					
	Shinsei Bank	358					
Resona Bank	358						
Mizuho Bank	1,331	4,800	0.36978% (fixed)	March 12, 2021 March 12, 2025			
Sumitomo Mitsui Banking Corporation	929						
Development Bank of Japan Inc.	796						
Mizuho Trust & Banking Co., Ltd.	509						
Sumitomo Mitsui Trust Bank	465						
Shinsei Bank	385						
Resona Bank	385						

Term	Lender	Borrowing amount (million yen)		Interest rate	Borrowing date (upper row) Maturity date (lower row)	Repayment method	Description
Long-term borrowings	Mizuho Bank	1,550	6,200	0.29655% (fixed)	Sep 2, 2021 Sep 2, 2025	Lump-sum repayment at maturity	Unsecured Non-guaranteed
	Sumitomo Mitsui Banking Corporation	1,000					
	Development Bank of Japan Inc.	700					
	Mizuho Trust & Banking Co., Ltd.	600					
	Sumitomo Mitsui Trust Bank	500					
	Shinsei Bank	500					
	Resona Bank	400					
	The Nishi-Nippon City Bank	500					
	Kansai Mirai Bank	300					
	Chiba Bank	150					
	Mizuho Bank	750	6,200	0.35542% (fixed)	Sep 2, 2021 Sep 2, 2026		
	Sumitomo Mitsui Banking Corporation	700					
	Development Bank of Japan Inc.	700					
	Mizuho Trust & Banking Co., Ltd.	200					
	Sumitomo Mitsui Trust Bank	500					
	Shinsei Bank	500					
	Resona Bank	400					
	Aozora Bank	1,500					
	The Nishi-Nippon City Bank	500					
	Kansai Mirai Bank	300					
	Chiba Bank	150					
	Mizuho Bank	1,100	4,300	0.38044% (fixed)	October 1, 2021 Apr. 1, 2026		
	Sumitomo Mitsui Banking Corporation	900					
	Development Bank of Japan Inc.	700					
	Mizuho Trust & Banking Co., Ltd.	300					
	Sumitomo Mitsui Trust Bank	300					
	Shinsei Bank	300					
	Resona Bank	200					
	Aozora Bank	500					
	Mizuho Bank	1,574	5,600	0.77500% (fixed)	Mar. 14, 2022 Mar. 14, 2028		
	Sumitomo Mitsui Banking Corporation	1,084					
	Development Bank of Japan Inc.	929					
	Mizuho Trust & Banking Co., Ltd.	598					
Sumitomo Mitsui Trust Bank	542						
Shinsei Bank	439						
Resona Bank	439						
Subtotal	50,200						
Total	50,600						

* 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 February 2022 (6th FP)

		5th FP (ended Aug. 2021)	6th FP (ended Feb. 2022)
LTV	(against total assets)	47.3%	47.5%
	(against total assets <considering unrealized gain/loss>)	43.4%	44.1%
NOI yield	(against book value)	4.5%	4.3%
	(against appraisal value)	4.1%	4.0%
NOI yield after depreciation	(against book value)	3.8%	3.7%
	(against appraisal value)	3.5%	3.4%
Implied cap rate	(NOI yield)	4.0%	4.4%
	(NOI yield after depreciation)	3.5%	3.7%
FFO		1,242 million yen	1,698 million yen
AFFO		1,185 million yen	1,624 million yen
FFO per unit		3,482 yen	3,635 yen
EPS		2,841 yen	2,978 yen

		5th FP (ended Aug. 2021)	6th FP (ended Feb. 2022)
Distribution per unit		2,862 yen	2,979 yen
Distribution yield		4.4%	5.5%
ROE		5.4%	5.5%
Net assets per unit		105,255 yen	108,814 yen
NAV per unit		125,369 yen	126,247 yen
Investment unit price (at end of period)		129,600 yen	108,200 yen
NAV multiple		1.0x	0.9x
PBR		1.2x	1.0x
PER		22.8x	18.2x
FFO multiple		18.6x	14.9x
Payout ratio	(FFO)	82.2%	81.9%
	(AFFO)	86.1%	85.7%

- *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 into the indicated digits (Percentage and multiple are rounded to one decimal place.)

Statement of Income from Leasing by Property for the Fiscal Period Ended February 2022 (6th FP)

(Unit: thousand yen)

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	BREEZÉ TOWER	S-GATE NIHONBASHI-HONCHO	S-GATE AKIHABARA	Hibiya Sankei Building	Hatchobori Sankei Building	Toyo Park Building
Leasing business revenue	54,822	551,263	160,701	68,651	199,346	173,792	65,987
Rental revenue	47,787	436,705	153,571	65,353	173,697	142,978	51,255
CAM revenue	2,021	87,991	-	-	13,232	13,790	5,937
Utilities reimbursement	3,688	17,672	4,505	2,864	9,479	9,529	6,427
Parking revenue	822	7,888	2,487	384	1,797	6,026	2,300
Other rental revenue	502	1,006	137	49	1,140	1,467	67
Expenses related to leasing business	31,012	214,232	44,048	22,703	95,541	59,303	48,286
Outsourcing expenses	6,050	65,138	9,050	5,386	18,870	16,641	22,182
Utilities expenses	3,327	37,726	5,527	3,191	9,272	12,103	5,790
Property taxes	12,265	37,257	10,231	4,762	53,677	9,694	7,603
Land rent	683	1,135	-	-	-	-	-
Repair expenses	3,051	5,611	295	940	6,342	3,293	3,358
Insurance premium	95	807	319	146	283	429	224
Trust fee	-	247	250	250	250	250	350
Depreciation	3,661	64,100	18,036	7,623	6,481	16,323	8,475
Other expenses from leasing	1,878	2,207	337	401	363	568	301
Operating income (loss) from leasing	23,809	337,030	116,653	45,948	103,804	114,488	17,701
NOI	27,471	401,130	134,690	53,571	110,286	130,812	26,176

Statement of Income from Leasing by Property for the Fiscal Period Ended February 2022 (6th FP)

(Unit: thousand yen)

Property number	A-8	A-9	A-10	A-11	A-12	B-1	B-2	Total
Asset type	Office buildings	Office buildings	Office buildings	Office buildings	Office buildings	Sub assets	Sub assets	
Property name	Shinagawa Seaside TS Tower	Omori Park Building	S-GATE AKASAKA	Miyazakidai Garden Office	Hitachi Kyusyu Building	Hotel Intergate Tokyo Kyobashi	Hotel Intergate Hiroshima	
Leasing business revenue		159,287		76,157		206,955	118,800	2,778,114
Rental revenue		130,728		63,566		206,955	118,800	2,479,240
CAM revenue		10,037		3,567		-	-	136,576
Utilities reimbursement		12,355		6,206		-	-	119,960
Parking revenue		5,374		1,533		-	-	34,789
Other rental revenue		791		1,282		-	-	7,547
Expenses related to leasing business	(Not disclosed)*	68,624	(Not disclosed)	30,408	(Not disclosed)	54,371	43,509	972,543
Outsourcing expenses		14,953		9,152		1,200	1,800	224,074
Utilities expenses		17,502		6,357		-	-	162,294
Property taxes		16,010		0		25,589	15,377	220,379
Land rent		-		-		-	-	1,818
Repair expenses		3,152		3,653		-	-	36,069
Insurance premium		410		219		520	462	6,044
Trust fee		350		347		250	250	3,871
Depreciation	66,779	15,894	10,428	10,048	26,800	26,770	25,572	306,997
Other expenses from leasing		350		628		41	46	10,992
Operating income (loss) from leasing	363,855	90,663	85,365	45,749	232,627	152,584	75,290	1,805,571
NOI	430,635	106,557	95,794	55,797	259,427	179,354	100,862	2,112,568

* 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 February 28, 2022)

(Unit: million yen)

Property number	Property name	Acquisition price	End of 6th FP Book value (a)	End of 5th FP (August 31, 2021) (b)		End of 6th FP (February 28, 2022) (c)		Change from appraisal in the previous fiscal period (c) – (b)		Unrealized gain/loss (c) – (a)
				Appraisal value	CR*1	Appraisal value	CR	Appraisal value	CR	
A-1	Tokyo Sankei Building (2% co-ownership interest)	2,509	2,618	2,690	2.5%	2,690	2.4%	0	-0.1pt	71
A-2	BREEZÉ TOWER (45% quasi co-ownership interest in sectional ownership of the office portion of the building, etc.)	13,100	13,013	17,280	3.8%	17,775	3.7%	495	-0.1pt	4,761
A-3	S-GATE NIHONBASHI-HONCHO (51% co-ownership interest)	6,698	6,689	7,470	3.3%	7,490	3.3%	20	0.0pt	800
A-4	S-GATE AKIHABARA	2,055	2,044	2,530	3.5%	2,630	3.4%	100	-0.1pt	585
A-5	Hibiya Sankei Building	5,829	6,070	6,410	3.0%	6,570	2.9%	160	-0.1pt	499
A-6	Hatchobori Sankei Building	4,959	5,019	5,500	4.1%	5,510	4.1%	10	0.0pt	490
A-7	Toyo Park Building	3,782	3,887	3,610	4.0%	3,820	3.8%	210	-0.2pt	-67
A-8	Shinagawa Seaside TS Tower (50% quasi co-ownership interest in sectional ownership of the building, etc.)	20,940	21,179	(11,000) ^{*2}	(3.6%) ^{*2}	21,850	3.6%	-	(0.0pt) ^{*2}	670
A-9	Omori Park Building	5,400	5,458	5,490	3.8%	5,490	3.7%	0	-0.1pt	31
A-10	S-GATE AKASAKA (80% quasi co-ownership interest in sectional ownership of the building, etc.)	5,600	5,652	(4,266) ^{*2}	(3.2%) ^{*2}	5,688	3.2%	-	(0.0pt) ^{*2}	35
A-11	Miyazakidai Garden Office	2,800	2,853	(2,830) ^{*3}	(4.8%) ^{*3}	2,790	4.5%	(-40) ^{*3}	(-0.3pt) ^{*3}	-63
A-12	Hitachi Kyusyu Building	10,000	10,208	(10,200) ^{*3}	(4.3%) ^{*3}	10,300	4.3%	(100) ^{*3}	(0.0pt) ^{*3}	91
Office buildings subtotal (total of 12 properties)		83,674	84,695	-		92,603		-		7,907
B-1	Hotel Intergate Tokyo Kyobashi	8,961	8,951	9,010	3.8%	9,020	3.8%	10	0.0pt	68
B-2	Hotel Intergate Hiroshima	3,990	3,923	4,070	4.6%	4,090	4.6%	20	0.0pt	166
Sub assets subtotal (total of 2 properties)		12,951	12,875	13,080		13,110		30		234
Portfolio total (total of 14 properties)		96,625	97,570	-		105,713		-		8,142

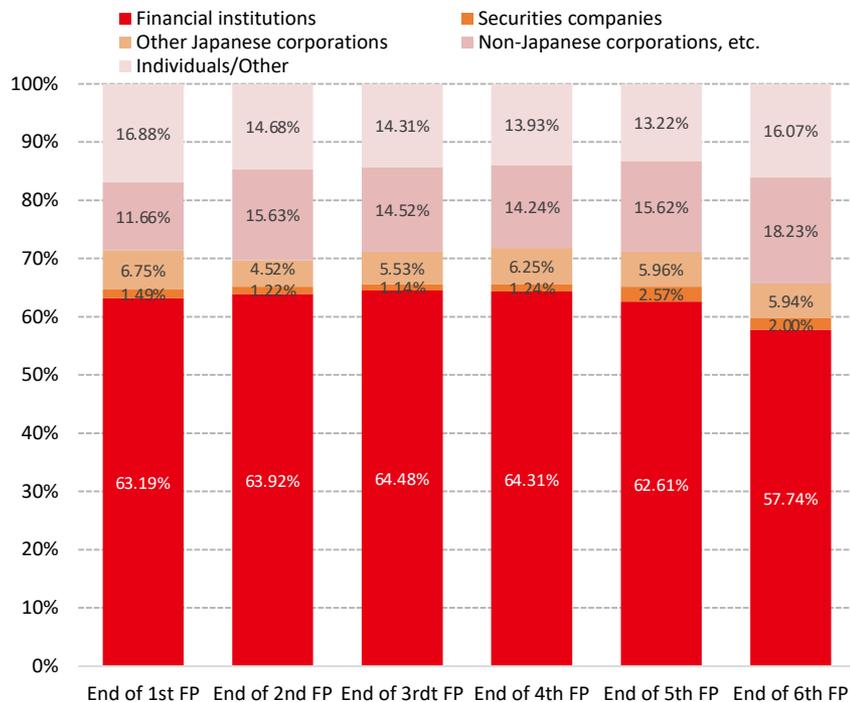
*1 CR is a cap rate based on direct capitalization method (NCF basis).

*2 The figures shown in parentheses are the appraisal values before acquisition of additional quasi co-ownership interest (25% quasi co-ownership interest in sectional ownership of the building, etc. of "A-8" and 60% quasi co-ownership interest of "A-10").

*3 The figures in parentheses show the appraisal values published at the time of acquisition as reference values, and the "Change from appraisal in the previous fiscal period" is the change from the appraisal value published at the time of acquisition.

Status of Unitholders (as of February 28, 2022)

➤ Breakdown of Investment Units by Unitholder Type



➤ Major Unitholders

Name of unitholder	Number of units owned (units)	Share of units owned (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	87,924	18.82%
Custody Bank of Japan, Ltd. (Trust Account)	72,236	15.46%
Custody Bank of Japan, Ltd. (Security Investment Trust Account)	27,739	5.93%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	25,723	5.50%
The Sankei Building Co., Ltd.	17,479	3.74%
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/SECURITIES-AIFM	13,039	2.79%
Aozora Bank, Ltd.	11,256	2.40%
SCBHK AC LIECHTENSTEINISCHE LANDESBANK AG	6,528	1.39%
The Bank of Yokohama, Ltd.	6,107	1.30%
JAPAN SECURITIES FINANCE CO., LTD.	5,345	1.14%
Total	273,376	58.52%

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

➤ 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	End of 6th FP
Financial institutions	37	55	54	49	43	50
Securities companies	17	19	23	22	22	23
Other Japanese corporations	116	127	131	135	124	178
Non-Japanese corporations, etc.	57	62	59	70	75	143
Individuals/Other	6,399	7,585	7,458	7,406	7,064	10,117
Total	6,626	7,848	7,725	7,682	7,328	10,511

Portfolio List (1) (as of February 28, 2022)

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	17,775 million yen	7,490 million yen	2,630 million yen	6,570 million yen	5,510 million yen	3,820 million yen
Appraisal NOI yield (Appraisal NOI/Acquisition price)	2.7%	5.5%	3.8%	4.4%	3.6%	5.1%	4.0%
Construction completion	Sep. 2000	Jul. 2008	Oct. 2018	Sep. 2017	Jun. 1992	Sep. 1965	Jun. 1991
Occupancy rate	97.7%	99.8%	100.0%	100.0%	100.0%	100.0%	92.3%
PML value	2.3%	2.8%	2.0%	2.2%	3.1%	0.3%	9.0%

Portfolio List (2) (as of February 28, 2022)

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	Shinagawa Seaside TS Tower (50% quasi co-ownership interest in sectional ownership of the building, etc.)	Omori Park Building	S-GATE AKASAKA (80% quasi co-ownership interest)	Miyazakidai Garden Office	Hitachi Kyusyu Building	Hotel Intergate Tokyo Kyobashi	Hotel Intergate Hiroshima
							
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	21,850 million yen	5,490 million yen	5,688 million yen	2,790 million yen	10,300 million yen	9,020 million yen	4,090 million yen
Appraisal NOI yield (Appraisal NOI/Acquisition price)	4.1%	4.0%	3.3%	4.6%	4.8%	3.9%	5.0%
Construction completion	Jul. 2003	May 1993	Jul. 2015	Feb. 1993	Feb. 1996	Jan. 2018	Oct. 2018
Occupancy rate	100.0%	100.0%	100.0%	85.7%	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 February 28, 2022)

<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 City Nagoya City		Other ordinance-designated cities Core cities, major regional cities		Total acquisition price (Overall ratio)
	Appraisal NOI CAP	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	Property name Building age, walking time from station Acquisition price	Property name Building age, walking time from station Acquisition price			
Cap. Rate	Less than 3.0%	Tokyo Sankei Building 21 years old, 1-minute walk 2,509									2,509 (2.6%)
	Less than 3.5%	S-GATE AKASAKA 6 years old, 1-minute walk 5,600									5,600 (5.8%)
	Less than 4.0%	Hibiya Sankei Building 29 years old, 1-minute walk 5,829									21,489 (22.2%)
		S-GATE NIHONBASHI-HONCHO 3 years old, 4-minute walk 6,698									
		Hotel Intergate Tokyo Kyobashi 4 years old, 1-minute walk 8,961									
	Less than 4.5%	S-GATE AKIHABARA 4 years old, 5-minute walk 2,055	Shinagawa Seaside TS Tower 18 years old, 1-minute walk 20,940								32,177 (33.3%)
			Omori Park Building 28 years old, 3-minute walk 5,400								
			Toyo Park Building 30 years old, 9-minute walk 3,782								
	Less than 5.0%				Miyazakidai Garden Office 29 years old, 3-minute walk 2,800				Hitachi Kyusyu building 25 years old, 17-minute walk 10,000		16,790 (17.4%)
									Hotel Intergate Hiroshima 3 years old, 3-minute walk 3,990		
5.0% or more	Hatchobori Sankei Building 56 years old, 3-minute walk 4,959						BREEZÉ TOWER 13 years old, 3-minute walk 13,100			18,059 (18.7%)	
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

- 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 Matrix (2) (as of February 28, 2022)

<Typical floorplate x Area>

Area

(Unit: million yen)

Area	Central 3 wards of Tokyo	Tokyo 23 wards	Greater Tokyo	Osaka City	Other ordinance-designated cities	Total acquisition price (Overall ratio)
	(Chiyoda, Chuo, and Minato wards)	(Other than the central 3 wards of Tokyo)	(Excluding Tokyo)	Nagoya City	Core cities, major regional cities	
Typical floorplate (tsubo)	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	Tokyo Sankei Building 21 years old, 1-minute walk 2,509	Shinagawa Seaside TS Tower 18 years old, 1-minute walk 20,940		BREEZÉ TOWER 13 years old, 3-minute walk 13,100		36,549 (37.8%)
Less than 400 tsubos 300 tsubos or more		Omori Park Building 28 years old, 3-minute walk 5,400	Miyazakidai Garden Office 29 years old, 3-minute walk 2,800		Hitachi Kyusyu building 25 years old, 17-minute walk 10,000	18,200 (18.8%)
Less than 300 tsubos 200 tsubos or more	Hatchobori Sankei Building 56 years old, 3-minute walk 4,959	Toyo Park Building 30 years old, 9-minute walk 3,782			Hotel Intergate Hiroshima 3 years old, 3-minute walk 3,990	12,732 (13.2%)
Less than 200 tsubos 100 tsubos or more	S-GATE NIHONBASHI-HONCHO 3 years old, 4-minute walk 6,698					27,089 (28.0%)
	Hibiya Sankei Building 29 years old, 1-minute walk 5,829					
	S-GATE AKASAKA 6 years old, 1-minute walk 5,600					
	Hotel Intergate Tokyo Kyobashi 4 years old, 1-minute walk 8,961					
Less than 100 tsubos	S-GATE AKIHABARA 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 * 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

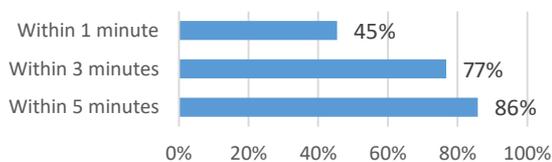
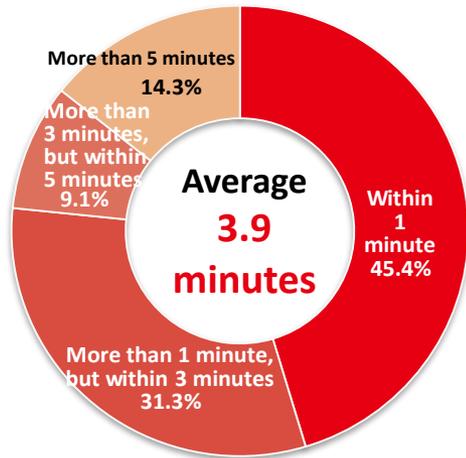
Portfolio Status (as of February 28, 2022)

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

Sponsor support rate **100%**

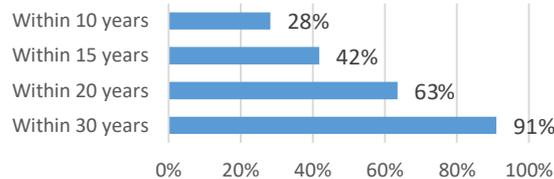
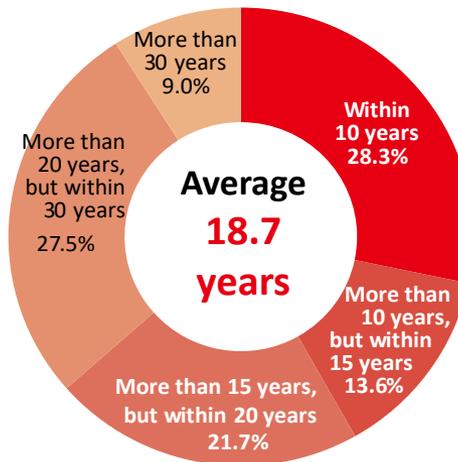
Close

Percentage by Walking Time to the Nearest Station



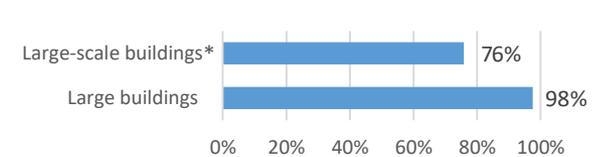
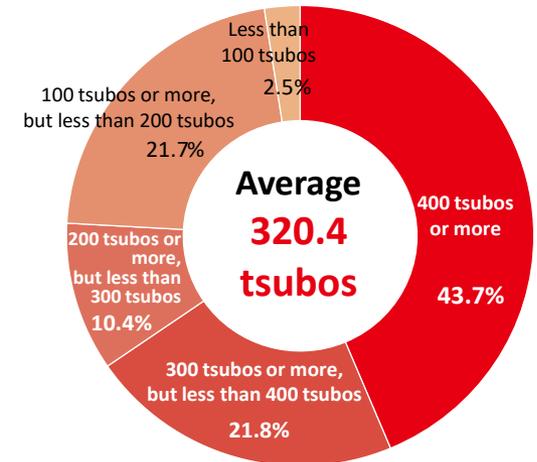
New

Percentage by Building Age



Large

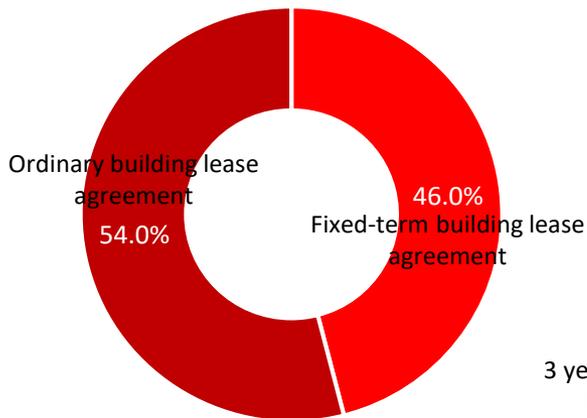
Percentage by Typical Floorplate (Office Buildings)



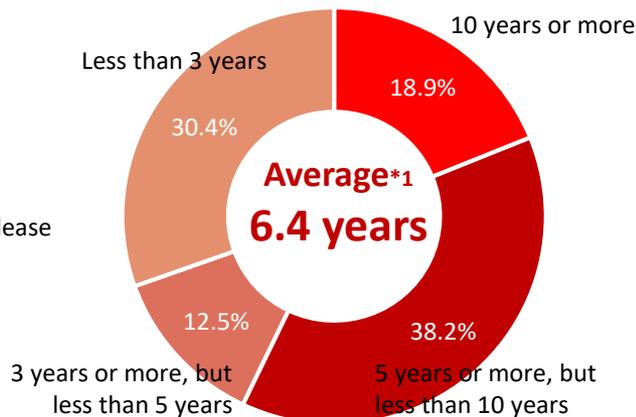
* Calculated based on the definition of "Large-scale buildings: 200 tsubos or more" and "Large buildings: 100 tsubos or more, but less than 200 tsubos" made by Sanko Estate Co., Ltd.

Status of Lease Agreements (as of February 28, 2022; based on leased area after considering ownership interest)

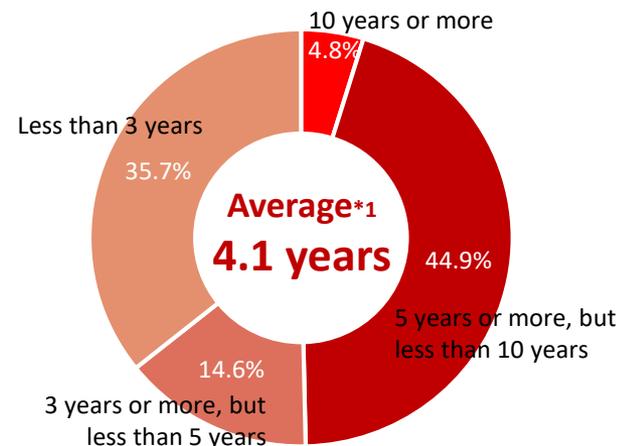
Percentage by Contract Form



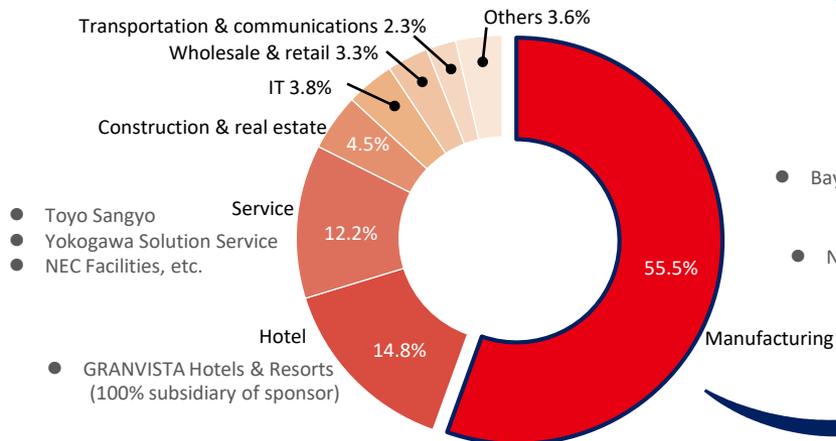
Percentage by Lease Period (including hotels)



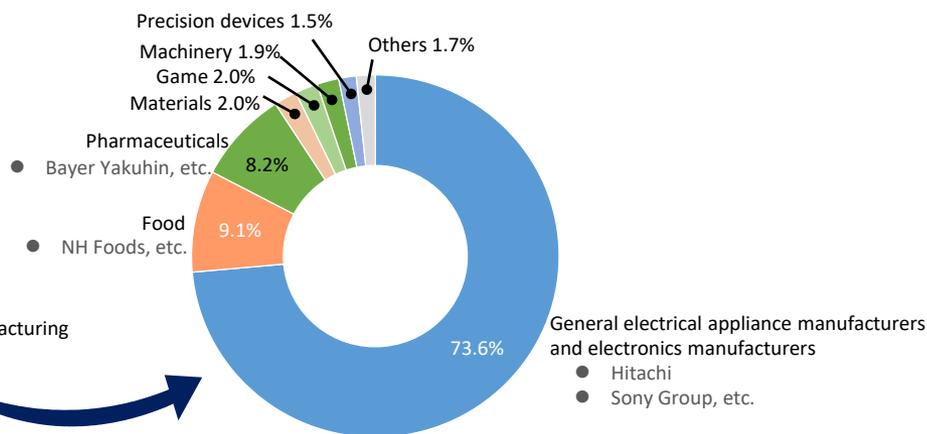
Percentage by Lease Period (excluding hotels)



Percentage by Business Type



Percentage by Business Type (Manufacturing)



Top End Tenants by Leased Area (as of February 28, 2022)

Name of end tenant	Business type	Total leased area (m ²)	% of portfolio's total leased area	Property name
Hitachi, Ltd.	Manufacturing (general electrical appliances)	26,513.3	26.23%	Hitachi Kyusyu Building
Sony Group Corporation	Manufacturing (general electrical appliances)	Not disclosed* ¹	Not disclosed	Shinagawa Seaside TS Tower* ²
GRANVISTA Hotels & Resorts Co., Ltd.	Hotels	15,166.7	15.01%	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	2.52%	S-GATE NIHONBASHI-HONCHO
Hakuhodo DY Holdings Inc.	Services (advertising)	2,517.7	2.49%	S-GATE AKASAKA
Toyo Sangyo Co., Ltd.	Services (equipment maintenance)	1,509.7	1.49%	Omori Park Building
Yokogawa Solution Service Corporation	Services (equipment maintenance)	Not disclosed	Not disclosed	BREEZÉ TOWER
Ryochi Keiei	Retail (food)	1,159.7	1.15%	Miyazakidai Garden Office

*1 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.

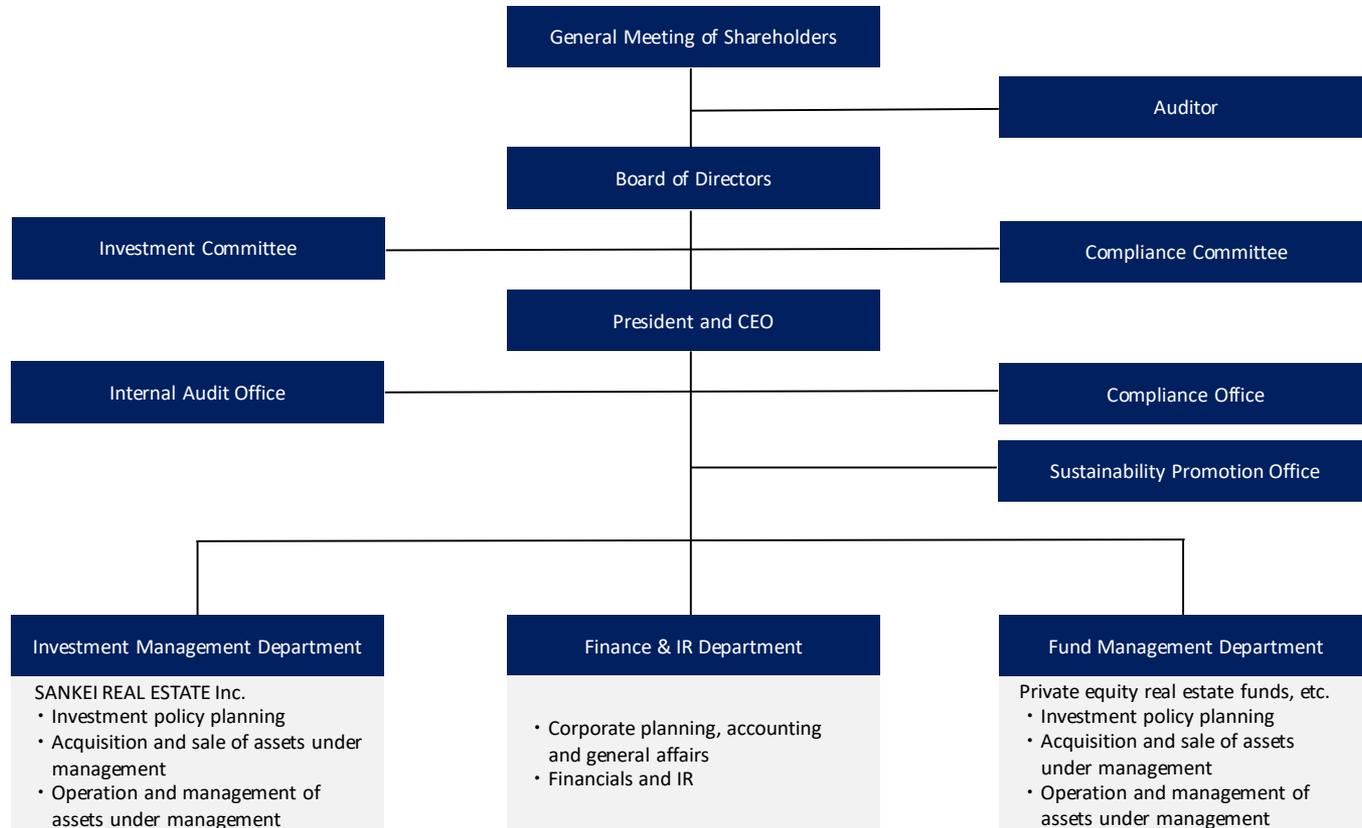
*2 An agreement was reached with Sony Group Corporation for the termination of contracts for Shinagawa Seaside TS Tower on March 31, 2022 (7 floors) and March 31, 2023 (14 floors). Of these terminations, a cancellation penalty was received for the termination of 7 floors with a termination date of March 31, 2022.

*3 "Total leased area" is rounded to one decimal place.

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 are rounded to one decimal place.

Page 3

1. "Asset size" refers to the total acquisition price(*). The same applies below.

(*) "Acquisition price" is shown as the transaction price of real estate and trust beneficiary rights shown on the transaction agreement pertaining to each of the acquired assets. The transaction prices do not include consumption taxes, local consumption taxes or expenses required for acquisition. The same applies below.

2. "BELS", the Building-Housing Energy-efficiency Labeling System, is a third-party evaluation system that evaluates energy-saving performance of buildings based on evaluation standards set by the Ministry of Land, Infrastructure, Transport and Tourism. The same applies below.

3. "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.

4. "TCFD" refers to the "Task Force on Climate-Related Financial Disclosures" established by the Financial Stability Board at the request of G20 to consider how to perform climate-related disclosure and responses by financial institutions.

Page 5

1. "Distributions in excess of earnings" were 7,136,000 yen as a refund of contribution that falls under distribution through the reduction in unitholders' capital for tax purposes and 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 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.

Page 9

1. "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.

2. Shinagawa Seaside TS Tower is 50% quasi co-ownership interest in sectional ownership of the building, etc. and S-GATE AKASAKA is 80% quasi co-ownership interest.

3. 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 14, 2019, 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 12

1. "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 13

1. The actual values of NAV per unit in each period are calculated as follows.

Actual value of NAV per unit = Net assets per unit (*1) at end of each FP + Unrealized gain (loss) at end of each FP (*2) / Number of investment units issued and outstanding at end of each FP (*3)

(*1) "Net assets per unit" is obtained using the following formula. This is simply shown as "Net assets" in the graph. The same applies below.

Net assets per unit = Net assets at end of each FP (after deducting distributions at the end of each FP) / Number of investment units issued and outstanding at end of each FP

(*2) "Unrealized gain (loss) at end of each FP" is obtained using the following formula. 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.

Unrealized gain (loss) at end of each FP = Total appraisal value of assets held by SANKEI REAL ESTATE at end of each FP - Total book value of assets owned by SANKEI REAL ESTATE at end of each FP

(*3) "Number of investment units issued and outstanding at end of each 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 123,268 yen for the fiscal period ended February 28, 2022 (6th FP).

3. The figures shown on this page are rounded to the nearest unit and percentages are rounded to one decimal place.

Page 16

■ (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. The transaction prices do not include consumption taxes, local consumption taxes or expenses required for acquisition.

2. "Appraisal value at time of acquisition" 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. The same applies below.

4. "Occupancy rate" indicates the percentage of the total leased area (*2) against the total leasable area (*1) of each of the acquired assets as of each base date, 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 each date shown.

(*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 each date shown (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 (*)).

(*) 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.

Notes

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

1. “Acquisition price per property” is the figure obtained by dividing the asset size (on acquisition price basis) by the number of properties.
2. “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 “before acquisition” and July 1, 2021, for “acquired assets.”
3. “Occupancy rate” indicates the percentage of total leased area against total leasable area as of August 31, 2021, for “before acquisition” and July 1, 2021, for “acquired assets.”

Page 17

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. “Typical floorplate” is a typical floor plan in mid- to high-rise buildings. The same applies below.
7. “Actual NOI yield” refers to the actual NOI yield of all assets held at each point in time calculated using the following formula for assets after acquisition. The same applies below.
Actual NOI yield (*) = 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 the fiscal period ended February 2022, the level during normal operation is shown after adjustment being made assuming these are expensed.
8. “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.
9. “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.

Page 18

■ (Left graph) 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. “BCP” is an abbreviation for business continuity plan.
- #### ■ (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 main items in the survey results for “Items emphasized as conditions of buildings that are relocation destinations (nationwide)” (transportation convenience, cost, location, comfort (satisfaction is “air conditioned”) and building security).
 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 Minamimorimachi area, the Yodoyabashi/Honmachi area, the Semba area, the Shinsaibashi/Namba area and the Shin-Osaka area in Osaka, the Akasaka/Daimyo area, the Terjin area, the Yakuin/Watanabedori area, the Gion/Gofukumachi area, the Hakata Ekimae area and the Hakata Ekigashi/Eikiminami area in Fukuoka as business districts.

Page 20

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.
2. 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 22

■ Change in Portfolio’s Actual NOI Yield and Office Buildings Average Rent Unit Price

1. Office Buildings Average Rent is calculated using “Rental and CAM revenue upon the most recent settlement / 6 months / Leasable area x Occupancy rate.”
2. 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 the fiscal period ended February 2022, the level of actual NOI yield during normal operation is shown after adjustment being made assuming these are expensed.

Notes

Page 23

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

1. Of the assets acquired by SANKEI REAL ESTATE as of the end of each fiscal period, applies to properties classified under “Office Buildings” (12 properties in the fiscal period ended February 2022: Tokyo Sankei Building (2% co-ownership interest), BREEZE 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, Shinagawa Seaside TS Tower (50% quasi co-ownership interest in sectional ownership of the building, etc.), Omori Park Building, S-GATE AKASAKA (80% quasi co-ownership interest), Miyazakidai Garden Office and Hitachi Kyusyu Building). For example, for the fiscal period ended February 2022, in the 14 applicable properties, those with rent revision under lease agreements occurring in the period from September 1, 2021, until February 28, 2022 (limited to those for which a lease agreement was concluded or renewed during the relevant period) applied to 11 tenants with a total of 1,725 tsubos in area (rounded to the nearest unit). Assuming the revised area is 100%, on a leased area basis, monthly rent was increased in 65.8%, renewed at the same level (maintained) in 34.1% and reduced in 0.1% (*).

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

2. “Rate of increase” 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 each period (for example, from September 1, 2021 to February 28, 2022 for the period ended February 2022), 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).

Page 25

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

1. Applies to lease agreements concluded in the period from September 1, 2021, to February 28, 2022, stating the area subject to renewal with rent revision/renewal in the fiscal period ending August 2022 (7th FP) and the fiscal period ending February 2023 (8th FP). The percentage of total leased area after acquisition is shown.
2. 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.
3. “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.
4. “Progress rate” is the value calculated by dividing the total leased area for lease contracts that have been concluded as February 28, 2022, 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.

■ (Bottom graph) Change in rent gap for office buildings

1. “Rent Gap” refers to the figure arrived at when the amount of difference between the average rent for SANKEI REAL ESTATE’s office building portfolio (*1) and the market rent (*2) is divided by the market rent. SANKEI REAL ESTATE believes there is room for negotiation with tenants to increase rent when revising rent if this figure is negative. This applies to the assets acquired by SANKEI REAL ESTATE as of the end of each fiscal period that are categorized as “Office Buildings.”
- (*1) “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 the end of each period, 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 the end of each period, 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).
- (*2) “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 March 2022 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 March 2022 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.

Page 26

■ (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 (*1) in for-rent office buildings in each area in Shinagawa-ku and Ota-ku, with the average asking rent of large-scale buildings (*2) as of January 31, 2020, as 100, and also as a comparison of the central 5 wards of Tokyo (Chiyoda-ku, Minato-ku, Chuo-ku, Shinjuku-ku and Shibuya-ku) and the 23 wards of Tokyo.
- (*1) “Average asking rent” refers to the average figure of asking rents obtained by Sanko Estate Co., Ltd., and includes CAM.
- (*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. Each area is based on the categories specified by Sanko Estate Co., Ltd.

Page 29

■ (Top left figure) Financing Highlights

1. “Balance of interest-bearing liabilities” shows the figure as of March 14, 2022.
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 March 14, 2022.
3. “Average financing interest rate” is calculated using the weighted average, based on the balance of interest-bearing debt, of the anticipated applicable interest rate of each interest-bearing liability as of March 14, 2022. Calculations are on an interest payable basis and do not include arrangement fee and other borrowing related expenses.
4. “LTV” is the balance of interest-bearing liabilities divided by the amount of total assets and multiplied by 100, rounded to one decimal place. The figures at the end of the 7th fiscal period and the end of the 8th fiscal period at the bottom are forecasts.
5. “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 March 14, 2022.
6. “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 March 14, 2022.

■ (Middle left figure) Distribution map of average financing interest rates and average remaining time to maturity of office J-REITs

1. “J-REIT” refers to a listed real estate investment corporation, and “Office J-REITs” refer to J-REITs with an office buildings rate (*) exceeding 50% in the portfolio of each investment corporation at the end of the most recent fiscal period as of March 31, 2022.

(*) “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.

Notes

2. Uses the figures for the most recent fiscal period of “Office J-REITs” as of March 31, 2022.
3. The dotted lines in the graphs are straight lines approximating the relationships between “average financing interest rate” and “average remaining time to maturity” for Office J-REITs 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 30

1. “Global Index” is an index used globally by institutional investors in Japan and abroad as a benchmark for investment in equities, etc.
2. “Analyst coverage” refers to analysts of securities companies and research institutions (a list if multiple) that analyze the performance, etc. of SANKEI REAL ESTATE, and recommend or review the Company’s shares.
3. “AIFMD Article 8 (SFDR)” refers to one of the specific measures in the “clarifying institutional investors and asset managers duties” which is one of the ten actions in the “Action Plan: Financing Sustainable Growth” published in the EU by the European Commission in 2018.

■ (Bottom figure) 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.

Page 32

1. “GRESB” is the name of an annual benchmark assessment measuring consideration for the environment, society and governance (ESG) in real estate companies and 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 140 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. 1,520 listed and unlisted real estate companies and funds participated in the 2021 GRESB Real Estate Assessment assessing real estate companies and funds.
2. “GRESB Rating” “3 Star” and “Green Star” were obtained in the GRESB real estate assessment conducted in 2021.

Page 33

■ Environment

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.
2. “DBJ Green Building Certification” was obtained by The Sankei Building Co., Ltd. for Tokyo Sankei Building and BREEZE TOWER.

Page 45 Page 46

1. Entries with multiple “acquisition dates” indicate additional acquisitions of interest.
2. “PML value” refers to the probable maximum loss ratio in earthquake risk analysis, which is represented by the percentage of the probable maximum loss in relation to the replacement cost (value in the event of reconstructing the building) in the event of the largest anticipated earthquake during the period of use of the building), $PML = \text{probable maximum loss} / \text{replacement cost} \times 100$). The same applies below.

Page 49

1. “Percentage by Walking Time to the Nearest Station” is the percentage, based on acquisition price, of assets held 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 held after classifying them by building age as of February 28, 2022, 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 held 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 50

1. “Percentage by Contract Form” is the percentage of assets held based on leased area, rounded to one decimal place.
2. “Percentage by Lease Period” is the percentage of assets held 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 held 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 held 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.

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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