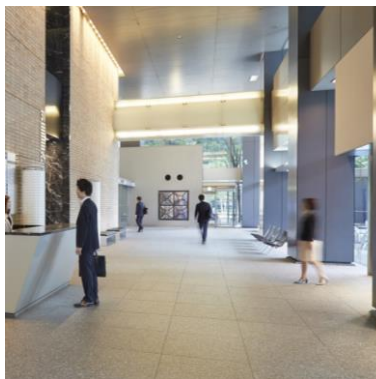




7th



October 27, 2022

7th Fiscal Period (Ended August 2022) Financial Results Briefing Materials

 **SANKEI REAL ESTATE Inc.**

Asset
Management
Company

SANKEI BUILDING ASSET MANAGEMENT CO.,LTD.

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Sankei Building Asset Management Co., Ltd.

Finance & IR Department

Phone: +81-3-5542-1316

Executive Summary

Financial Results and Management Highlights

- In the 7th FP, revenue and profit **increased** compared with the forecast and from the previous fiscal period
 - Operating Revenue: **+1.1%** from the forecast, **+9.0%** from the previous fiscal period
 - Operating Profit: **+0.6%** from the forecast, **+5.8%** from the previous fiscal period
- DPU* for the 7th FP **increased** to **3,158** yen (**+38** yen from the forecast, **+179** yen from the previous fiscal period)
- **Lease agreements for 2** out of 7 floors of Shinagawa Seaside TS Tower have been executed
- **“LUUP”**, a share service for electric micromobility has been introduced at properties under management

Future Growth Strategies

- External growth and internal growth that enable sustained growth of DPU
 - Continue **to implement diversified investment conscious of the portfolio matrix**
 - Seek room for internal growth and reduce risk of tenants moving out
 - Implement **measures to achieve stable DPU** utilizing unrealized profit from the portfolio
- Promote sponsor commitment
 - Consider acquisition of **additional units by the sponsor**, The Sankei Building Co., Ltd.
- Enhancement of sustainability promotion system
 - Disclosure of ESG benchmarks (improvement of disclosure) ⇒ **Renewal of the website of SANKEI REAL ESTATE**
 - 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

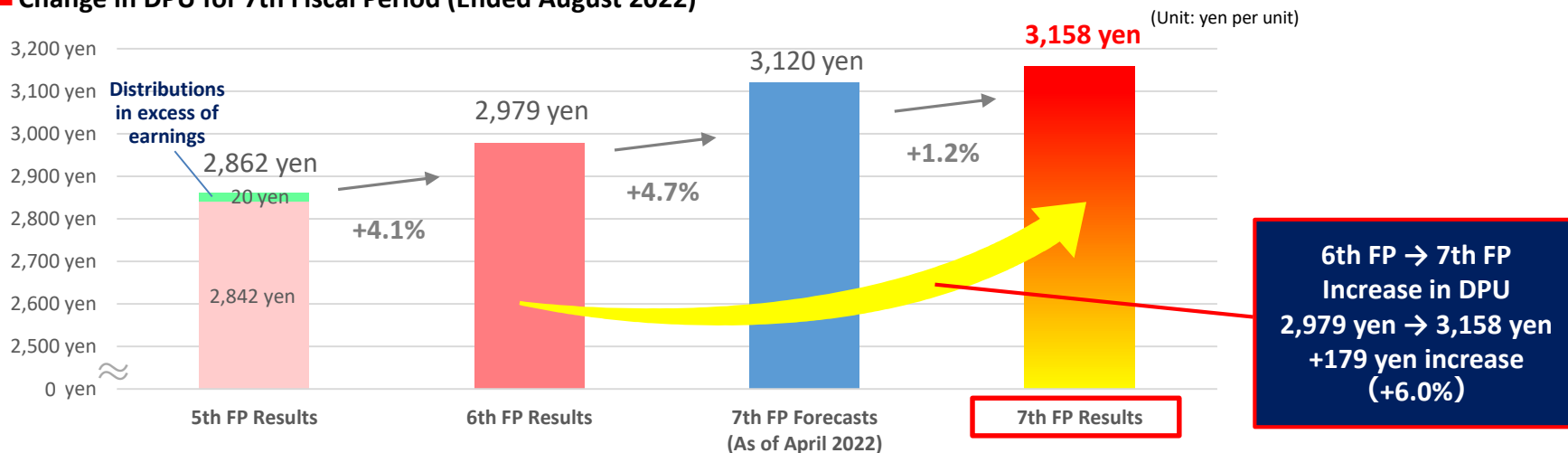
Financial Results Highlights 7th Fiscal Period (Ended August 2022)

- Operating revenue **increased** in the 7th FP, **+1.1%** compared with the forecast and **+9.0%** from the previous fiscal period
- Operating profit **increased** in the 7th FP, **+0.6%** compared with the forecast and **+5.8%** from the previous fiscal period
- DPU* for the 7th FP **increased** by **+38** yen from the forecast and **+179** yen from the previous fiscal period

Financial Summary for 7th Fiscal Period (Ended August 2022)

	Results	Comparison with beginning-of-period forecast		Comparison with previous fiscal period	
Operating revenue	3,028 million yen	+1.1%	+31 million yen	+9.0%	+249 million yen
Operating profit	1,630 million yen	+0.6%	+9 million yen	+5.8%	+89 million yen
Net profit	1,475 million yen	+1.2%	+17 million yen	+6.0%	+83 million yen
DPU (distribution per unit)	3,158 yen	+1.2%	+38 yen	+6.0%	+179 yen

Change in DPU for 7th Fiscal Period (Ended August 2022)

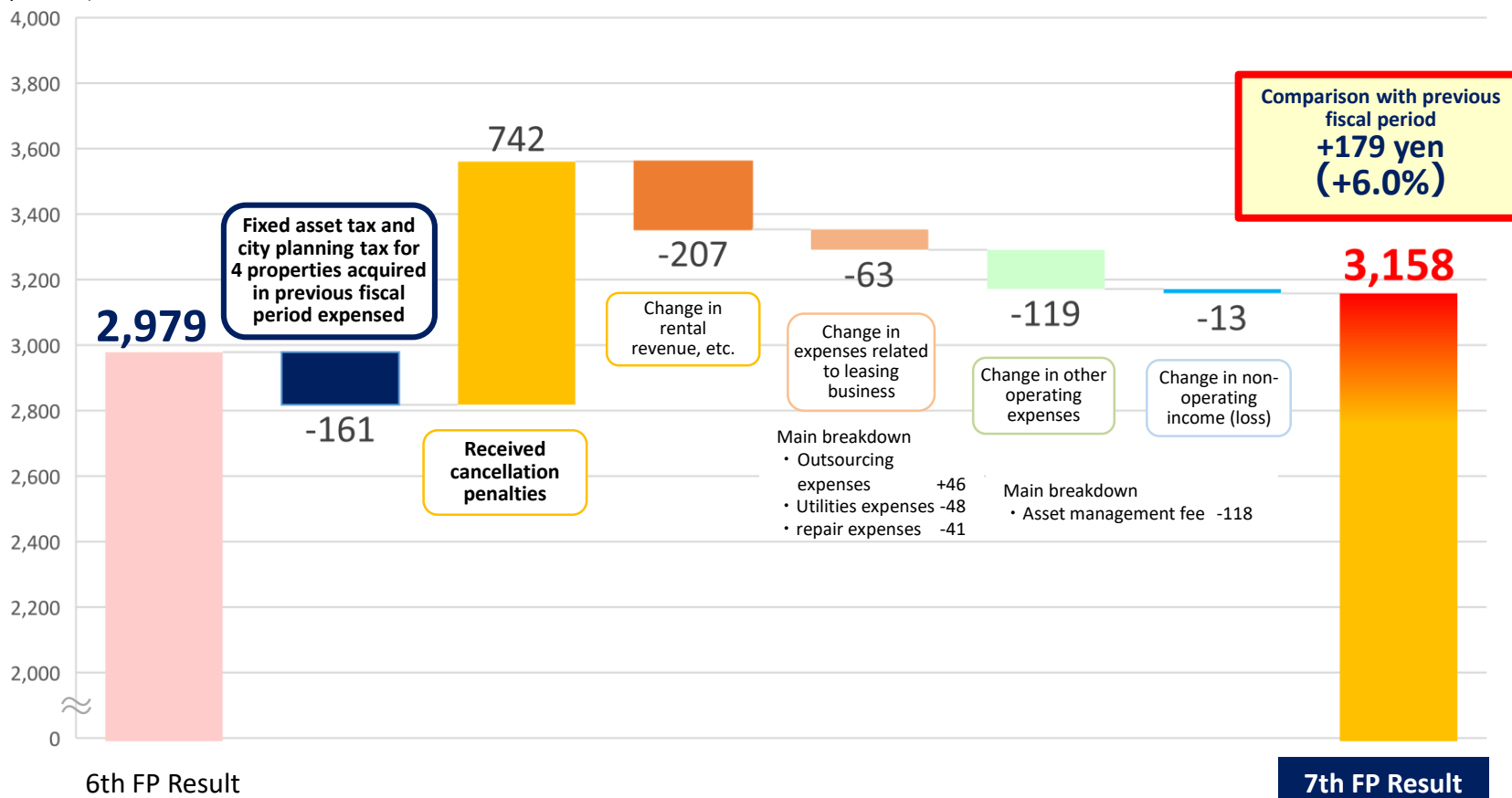


Financial Results Highlights – Summary of DPU for the 7th FP (Ended August 2022)

- DPU for the 7th FP: **3,158 yen (+6.0%** from the previous fiscal period)
- **Increased** from the previous fiscal period due to **an increase in cancellation penalty received** from tenants despite a decrease in rental income

■ Summary of DPU for the 7th FP (Ended August 2022)

(yen per unit)



Detailed Financial Results Highlights (Comparison with Forecast) 7th Fiscal Period (Ended August 2022)

➤ Operating revenue (+1.1%) and operating profit (+0.6) both **increased** from the forecasts

(Unit: million yen)

Accounting period	7th FP Forecasts (A) (as of April 2022)	7th FP Results (B) (August 2022)	Difference (B)-(A)	Major Factors for the Difference
Operating revenue	2,996	3,028	31	
Rental and CAM revenue	2,515	2,516	1	
Parking revenue	34	33	(0)	
Utilities reimbursement	92	121	29	Increase in utilities expenses compared with the assumed rate due to Shinagawa's partial cancelation (+17), increase in electricity charges compared with the assumed rate due to other factors (+12)
Other revenue	354	355	1	
Operating expenses	1,375	1,397	21	
Expenses related to leasing business [Total]	1,056	1,076	20	
Outsourcing expenses	203	202	(0)	
Utilities expenses	151	184	32	Increase in utilities expenses compared with the assumed rate for Shinagawa (+16), increases in cost of electricity, etc. (+16)
Repair expenses	67	55	(12)	Shinagawa (-10) (to be carried forward to subsequent FP (-5), unexecuted (-5)), capital expenditure for BREEZÉ (-5), Hatchobori (+2), other
Property taxes	301	303	2	
Depreciation	308	309	1	
Other expenses	24	20	(3)	
Operating income (loss) from leasing business	1,939	1,951	11	
Total other operating expenses	319	320	1	
Asset management fee	265	265	0	
Other expenses	53	54	1	
Operating profit	1,620	1,630	9	
Non-operating income	0	0	0	
Non-operating expenses	161	154	(7)	Decrease in reserve funds used, including other borrowing-related expenses
Ordinary profit	1,458	1,476	17	
Net profit	1,457	1,475	17	
Distribution per unit (Unit: yen)	3,120 yen	3,158 yen	38 yen	
NOI	2,247	2,260	13	

Detailed Financial Results Highlights (Comparison with Previous Fiscal Period) 7th Fiscal Period (Ended August 2022)

➤ Operating revenue (+9.0%) and operating profit (+5.8) both **increased** from the previous fiscal period

(Unit: million yen)

Accounting period	6th FP Results (A) (February 2022)	7th FP Results (B) (August 2022)	Difference (B)-(A)	Major Factors for the Difference
Operating revenue	2,778	3,028	249	
Rental and CAM revenue	2,615	2,516	(99)	Shinagawa (-143), Toyo (+36), Omori (+5)
Parking revenue	34	33	(0)	
Utilities reimbursement	119	121	1	
Other revenue	7	355	348	Shinagawa partial cancellation penalty (+347)
Operating expenses	1,237	1,397	159	
Expenses related to leasing business [Total]	972	1,076	104	
Outsourcing expenses	224	202	(21)	Leasing incentives from previous FP (-18) (Toyo (+14), Omori (-1)), Shinagawa BM (-3)
Utilities expenses	162	184	22	BREEZÉ (+8), Omori (+4), Hatchobori (+3), Toyo (+2), other
Repair expenses	36	55	19	Hatchobori (+7), BREEZÉ (+5), Toyo (+4), Akasaka (+4), Shinagawa (-3)
Property taxes	220	303	83	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, etc. (+8)
Depreciation	306	309	2	
Other expenses	22	20	(1)	
Operating income (loss) from leasing business	1,805	1,951	145	
Total other operating expenses	265	320	55	
Asset management fee	210	265	55	Increase due to properties acquired in previous FP
Other expenses	54	54	0	
Operating profit	1,540	1,630	89	
Non-operating income	0	0	0	
Non-operating expenses	148	154	6	Increase in interest expenses, etc.
Ordinary profit	1,392	1,476	83	
Net profit	1,391	1,475	83	
Distribution per unit (Unit: yen)	2,979 yen	3,158 yen	179 yen	
NOI	2,112	2,260	148	

Management Highlights (External Growth)

A-8 Status of Shinagawa Seaside TS Tower

➤ Status of lease agreements

- 1) End of March 2022: Immediate cancellation of the lease agreement for **7 floors**
⇒ Received **cancellation penalty** [booked in the 7th FP (Ended August 2022)]
- 2) End of March 2023: Cancellation of the lease agreement for **14 floors**

➤ Restoration work

- 1) 7 floors: **Received settlement of restoration work** from the tenant
⇒ will be included in the 8th FP (Ending February 2023)
- 2) 14 floors: **Restoration work will be conducted at cost of the tenant** and will be delivered

➤ Status of leasing activities: **leasing meetings are held weekly**

- Selection of LM companies*/ Hold views for personnel at LM companies (February-March)
- Development of leasing measures/ Preparation of various tools (February-May)
- **Direct approach** by LM company and the sales team of sponsor building sales team (**Continued** from April) / Viewing for leasing agencies (June)
- **Introduction to prospective tenants (to August) 14 companies (total floor area demanded: about 28,000 tsubos)**

➤ Status of leasing

- **Current leasing agreement for 2 floors** out of 7 floors has been executed. (**Lease will start from December 2022.**)
- **Most inquiries received are from companies** located in Kita-Shinagawa/Higashi-Shinagawa in Shinagawa Ward. Many of them consider **multiple floors**.

➤ Renovation to increase property value (renovation of common area)

Striving to **improve comfort of office workers by renovating** entrance halls, EV halls, toilets (improvement of layouts), kitchenettes, etc.



*"LM Companies" mean property leasing agencies that are engaged in leasing management activities. The same applies below.

Management Highlights (ESG-Related)

➤ Introduction of “LUUP”, a share service for electric micromobility

Sponsor (the Sankei Building Co., Ltd.) Press release (Excerpt) May 2022

Sankei Building Takes a Stake in Electric Micromobility Share Service Start-up Luup

■ Services

Share services that allow people to move freely from port to port using electric micromobility devices installed across the town. Using the dedicated app, the whole process from use to payment can be easily done. As a new infrastructure in town, the firm provides last-mile mobility.



Honmachi Sankei Building



LEFOND PROGRÈS Chiyoda Ochanomizu

Introduced at

- Toyo Park Building (15 units)
- Hatchobori Sankei Building (6 units)



[Toyo Park Building]

SANKEI REAL ESTATE promotes introduction of “LUUP” to contribute to the realization of a carbon-neutral society, while striving to improve convenience for tenants and increase property value.

➤ Renewed DBJ Green Building certification for 2 office buildings (September 2022)



A-3

S-GATE NIHONBASHI-HONCHO



DBJ Green Building
2022 



A-4

S-GATE AKIHABARA



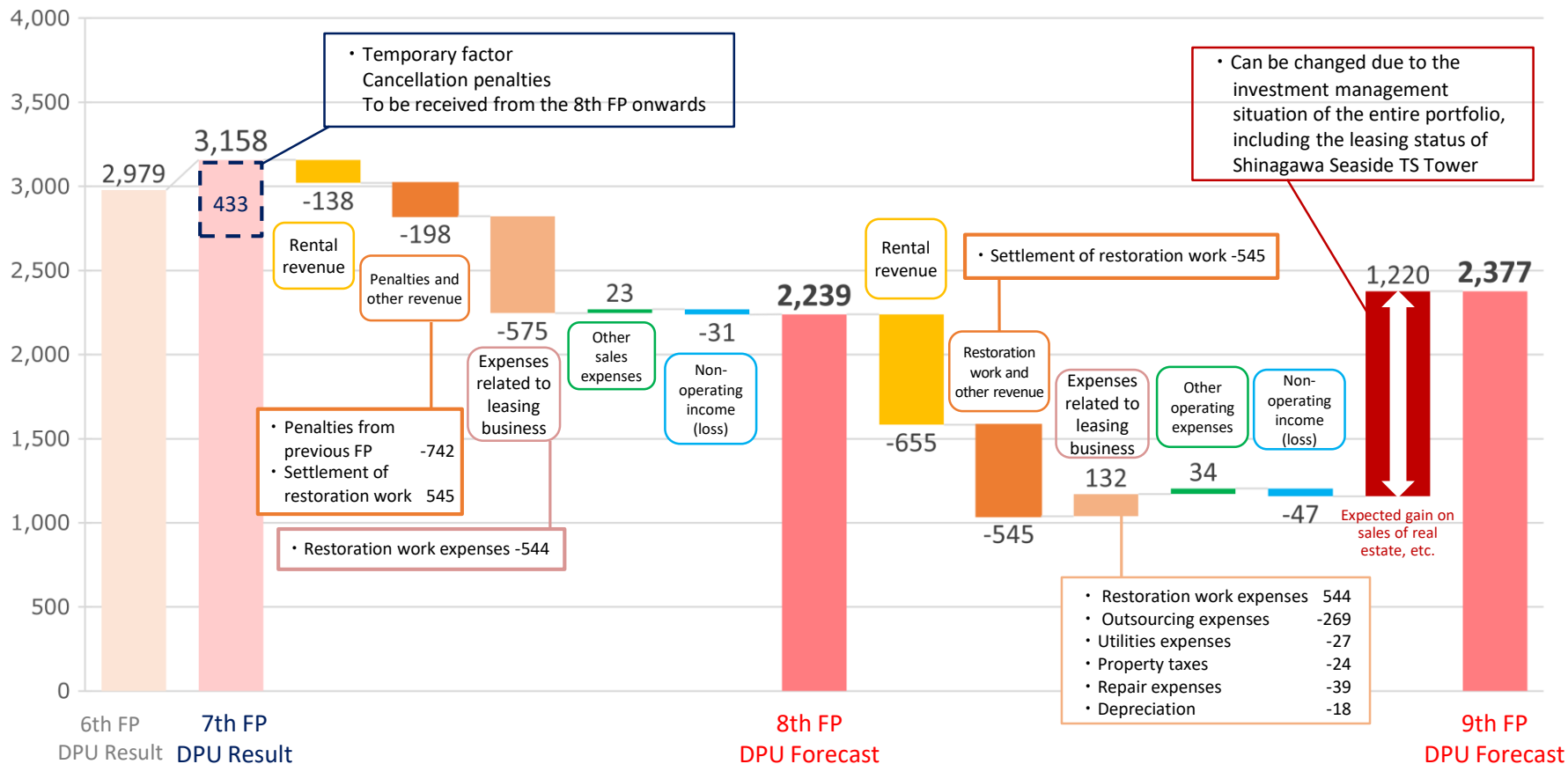
DBJ Green Building
2022 

* “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)

Earnings Forecast (Summary)

- **DPU forecast for the 8th FP(ending February 2023): 2,239 yen, -29.1% (-919 yen) from the 7th FP**
No change from the forecast published in April this year. The temporary factor in the previous FP (cancellation penalty from main tenant) has been resolved
- **DPU forecast for the 9th FP(ending August 2023): 2,377 yen, +6.2% (+138 yen) from the 8th FP**
 Based on the assumption that **measures to achieve stable DPU** utilizing unrealized profit from the portfolio is implemented
- **Hotels (2 properties) that are sub assets have no risk of reduced revenue** owing to contracts and sponsorship commitments

(yen per unit)



Forecast (Unabridged)

- DPU forecast for the 8th FP (ending February 2023): **2,239 yen, -29.1% (-919 yen)** from the 7th FP
- DPU forecast for the 9th FP(ending August 2023): **2,377 yen, +6.2% (+138 yen)** from the 8th FP

(Unit: million yen)

Accounting period	7th FP Result (A) (August 2022)	8th FP Forecasts (B) (February 2023)	Difference (B)-(A)	9th FP Forecasts (C) (August 2023)	Difference (C)-(B)
Operating revenue	3,028	2,867	(160)	2,858	(8)
Rental and CAM revenue	2,516	2,452	(64)	2,146	(306)
Parking revenue	33	32	(1)	31	(0)
Utilities reimbursement	121	119	(1)	102	(17)
Other revenue	355	263	(92)	8	(254)
Gain on sales of real estate, etc.	-	-	-	570	570
Operating expenses	1,397	1,652	254	1,556	(95)
Expenses related to leasing business [Total]	1,076	1,342	265	1,262	(79)
Outsourcing expenses	202	228	25	354	125
Utilities expenses	184	154	(30)	167	12
Repair expenses	55	333	278	97	(236)
Property taxes	303	301	(1)	312	11
Depreciation	309	298	(11)	307	8
Other expenses	20	25	4	24	(0)
Operating income (loss) from leasing	1,951	1,525	(425)	1,596	70
Total other operating expenses	320	310	(10)	294	(16)
Asset management fee	265	245	(20)	228	(17)
Other expenses	54	64	9	65	1
Operating profit	1,630	1,215	(414)	1,302	86
Non-operating income	0	0	(0)	0	0
Non-operating expenses	154	168	14	190	22
Ordinary profit	1,476	1,046	(429)	1,111	64
Net profit	1,475	1,045	(429)	1,110	64
Distribution per unit (Unit: yen)	3,158 yen	2,239 yen	(919 yen)	2,377 yen	138 yen
NOI	2,260	1,824	(436)	1,903	79

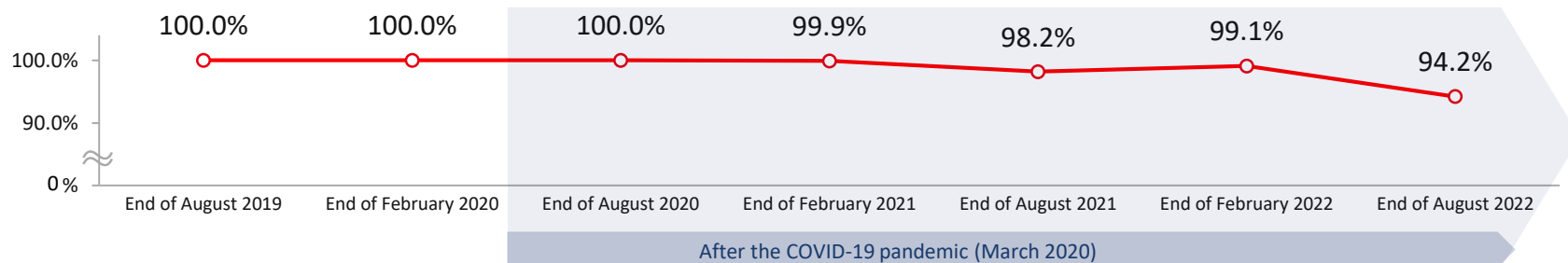
Major Factors for the Difference
8th FP Forecasts (Comparison with 7th FP)
Operating revenue (-160 million yen)
<ul style="list-style-type: none"> • Rental revenue (-64), Cancellations (-71) (Shinagawa (-29), BREEZÉ (-28), Omori (-14)) Accrual of rent (+8) (Miyazakidai (+8)), other • Utilities revenue (-1) (Shinagawa (-10), other buildings (+8)) • Other revenue (-92) (Shinagawa cancellation penalty (-347), proceeds from monetary settlement of restoration work (+254), other)
Expenses related to leasing business (+265 million yen)
<ul style="list-style-type: none"> • Outsourcing expenses (+25) (Shinagawa leasing incentives (+21), Shinagawa CM fee (+2), other) • Utilities expenses (-30) (Shinagawa (-23), BREEZÉ (-9), Omori (+2), other) • Repair expenses (+278) (Shinagawa restoration, etc. (+273), BREEZÉ (+22), Toyo (-4), Hatchobori (-4), other) • Depreciation (-11) (end of depreciation period of facilities: Shinagawa (-5), Omori (-4), Miyazakidai (-2))
9th FP Forecasts (Comparison with 8th FP)
Operating revenue (-8 million yen)
<ul style="list-style-type: none"> • Rental revenue (-306) Cancellations (-301) (Shinagawa (-284), Omori (-15), BREEZÉ (-2)) Accrual of rent, free rent expired, etc. (+7) (Hibiya (+4), Akihabara (+1), Miyazakidai (+2)) • Other revenue (-254) (Shinagawa proceeds from monetary settlement of restoration work (-254), other) • Expected Gain on sale of real estate, etc. (+570)
Expenses related to leasing business (-79 million yen)
<ul style="list-style-type: none"> • Outsourcing expenses (+125) (leasing expenses: Shinagawa (+113), Omori (+7), BREEZÉ (+2), other) • Utilities expenses (+12) (BREEZÉ (+10), Hatchobori (+3), Hibiya (+3), Toyo (+2), Shinagawa (-9), other) • Property taxes (+11) (FY23 fixed assets tax and city planning tax burden adjustment) • Repair expenses (-236) (Shinagawa restoration, etc. (-270), BREEZÉ (+26), Toyo (+2), Hatchobori (+2), other) • Depreciation (+8) (Shinagawa (+6), Hitachi (+1), other)

2. Internal Growth

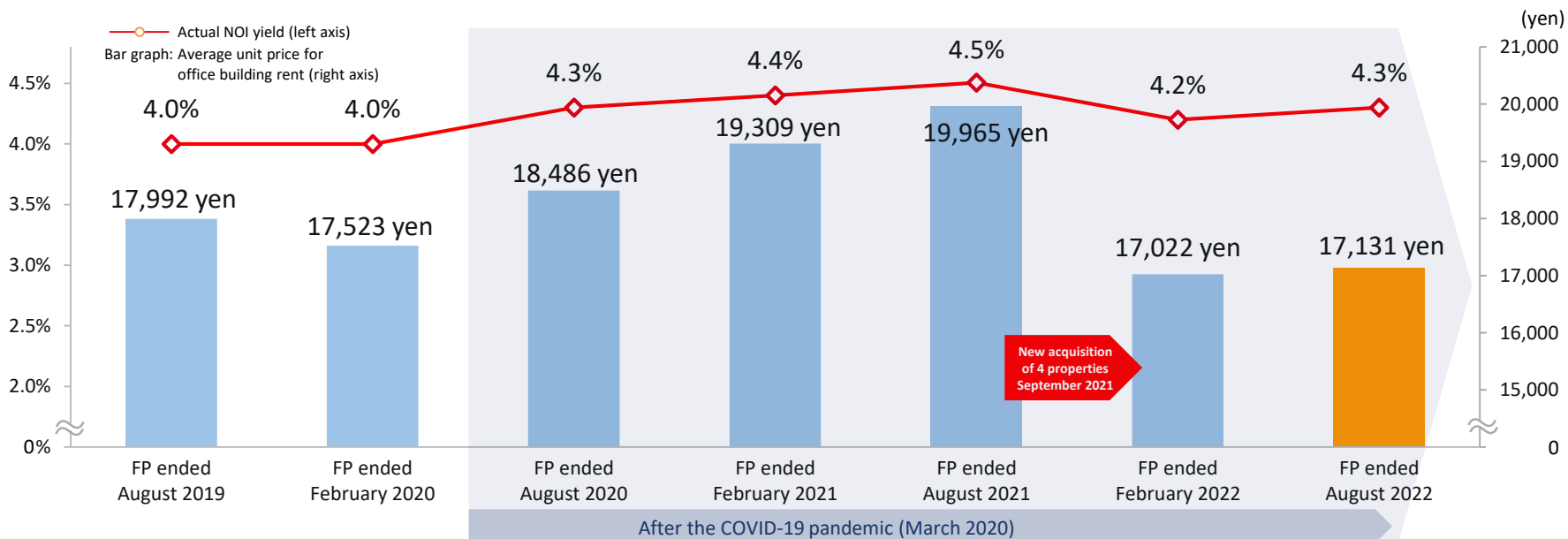
2-1 Internal Growth Results

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

■ Change in Occupancy Rate



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



2-1 Internal Growth Results

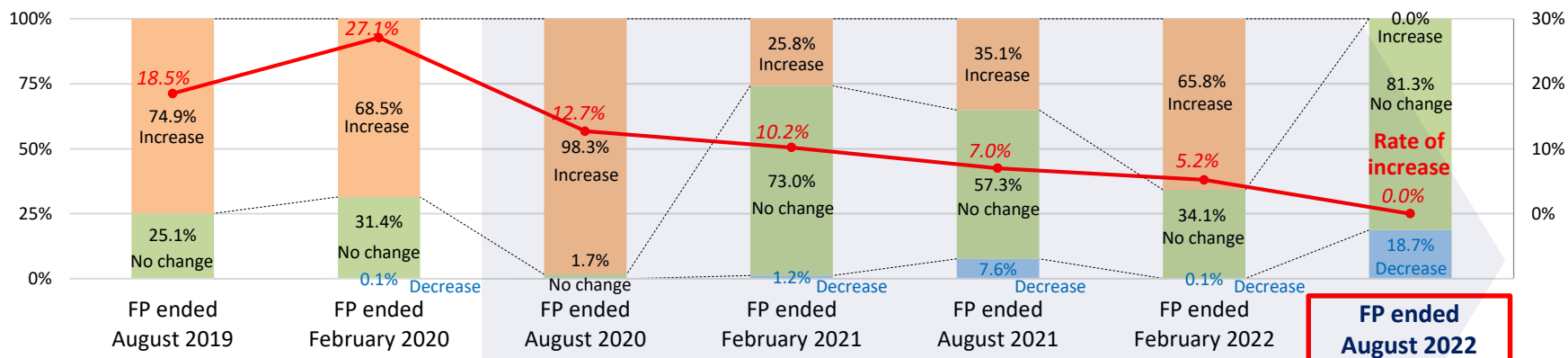
– Rent Revision Performance of Office Buildings (Based on Contracts Signed) –

- Refrain from negotiations that may increase the risk of tenants' leaving considering the current office rental market

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

Percentages of rent revision results (bar graph)

Rate of rent increase (line graph)



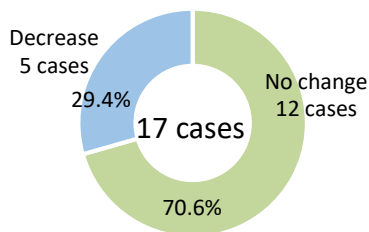
Number of targeted tenants
Targeted leased area

9 cases	24 cases	30 cases	27 cases	13 cases	11 cases	17 cases
369 tsubos	3,144 tsubos	4,165 tsubos	2,769 tsubos	1,195 tsubos	1,725 tsubos	705 tsubos

After the COVID-19 pandemic (March 2020)

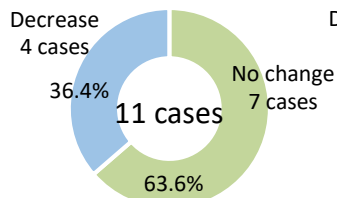
■ Rent Revision Performance of Office Buildings (Based on Number of Cases)

Overall

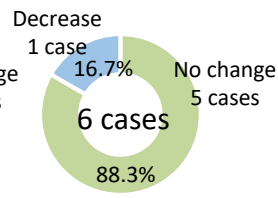


By Contract Form

Fixed-term

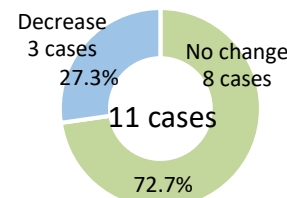


Ordinary

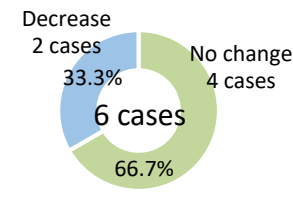


By Use

Office



Retail



2-1 Internal Growth Results

■ Examples of Lease-Up

A-11 Miyazakidai Garden Office

Completed lease-up
of one vacant portion

Occupancy rate

85.7% → **Full occupancy (from July)**

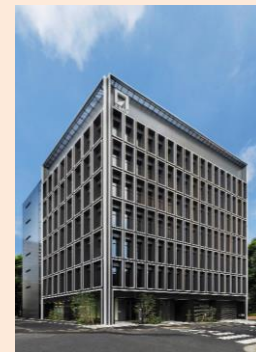


■ Increase in Incidental Revenue Examples

A-10 S-GATE AKASAKA

Increased incidental revenue through
effective use of space or by changing
parking lot sublease agreements

Increased by 2.0%
based on monthly rent



■ Increase in Electricity Charges: Current Status and Countermeasures

1. Situation of rising electricity prices (currently supplied by five companies)

- No companies are at risk of failure in supply. However, **accepting new contracts appears to have been halted.**
- Prices are raised at the time of contract renewal and **unit prices under the fuel cost adjustment system for existing contracts are rising.**

2. Countermeasures for increasing electricity charges

- Working to **obtain approval from tenants** to pass the higher electricity prices to their bills (**largely approved**) and **raise prices for parts of buildings from which air-conditioning charges are collected separately with the central air-conditioning system**, thereby reducing the impact.



As a certain rise in electricity prices was factored in for the 7th FP (forecast),
utilities expenses for the 7th FP (actual) were below approx. 3 million yen versus the forecast.

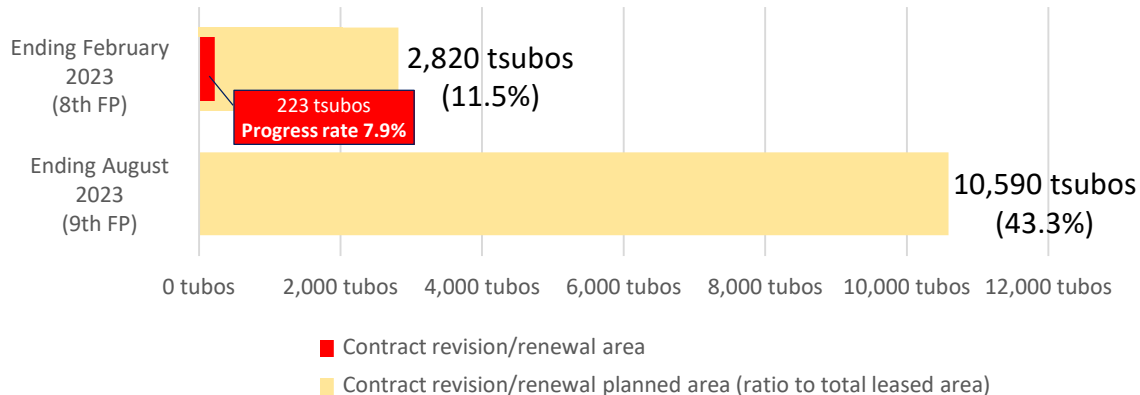
For the earnings forecasts for the 8th FP (ending February 2023) and thereafter, the current situation is taken into account.

2-2 Internal Growth Strategy

– Aiming to achieve stable medium- to long-term operations –

■ Scheduled Renewal with Rent Revision/Renewal and Progress (Targeting Office Buildings)

Based on contracts signed (for lease agreements concluded between March 1, 2022, and August 31, 2022)



■ Assumed Occupancy Rate of Portfolio

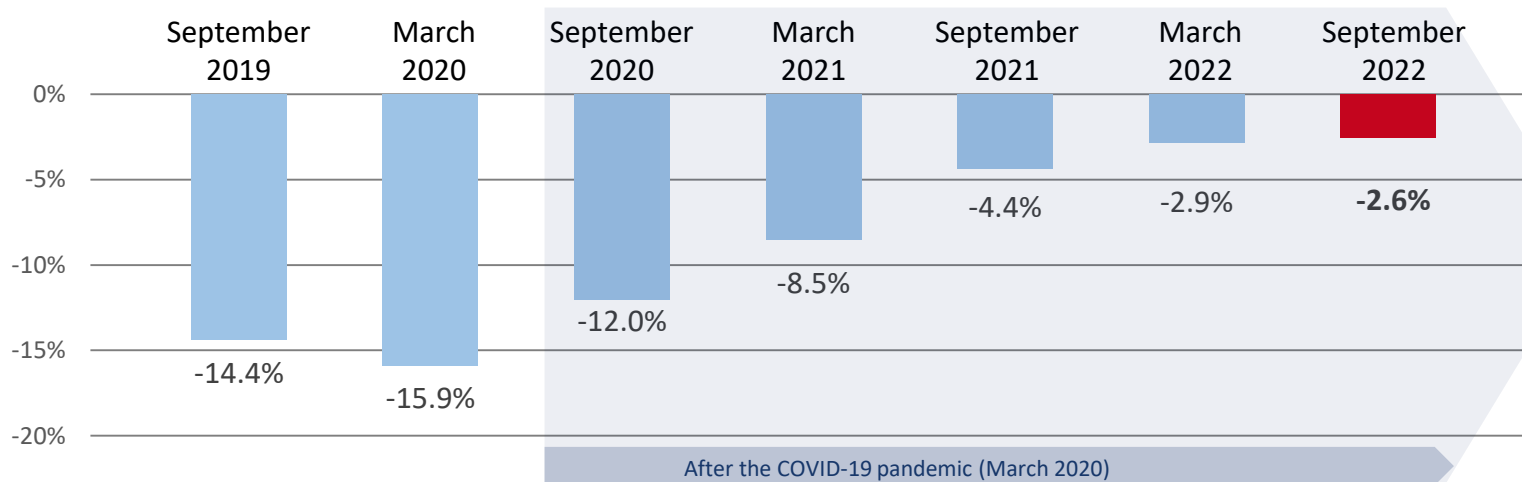
8th FP (ending February 2023)

- End of period 93.6%
- Period average 93.7%

9th FP (ending August 2023)

- End of period 95.8%
- Period average 91.8%

■ Change in Rent Gap for Office Buildings

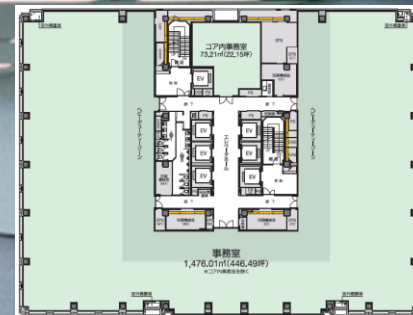


2-2 Internal Growth Strategy

– Leasing policy for the properties of high priority –

A-8 Shinagawa Seaside TS Tower

■ Typical Floor Plan



■ Knowledge Gained Through Leasing Activities

- The reasons of moving of prospective tenants are as follows:
 - 1) **Consolidating floor area** that had been expanded in the current building
 - 2) **Consolidation needs** in multiple locations
 - 3) Securing floor area which is now inefficient due to expansion
 - 4) **Improving the location**
 - 5) **Upgrading**
 - 6) **Improving convenience** (transportation, restaurants, etc.)
- Most inquiries and introductions to prospective tenants are based on **relocation needs from neighboring areas of the properties**
- **It is rare for large tenants to conduct drastic office relocation** when trying to restructure to reduce costs at expense of the convenience of central locations

■ Future Leasing Policy

1. **Expansion of target company (Area and tenant attributes)**
 - Identify the companies in the neighboring areas and approach them
2. **Optimize and accelerate leasing activities**
 - Capture the needs of target companies (cost reduction, better location, etc.) and accordingly provide recommendations.
 - Send direct messages to the target companies and conduct telemarketing
3. **Full deployment of salesforce for leasing**
 - Utilize resources and network not only from LM company, PM company and leasing agencies but also lessor-side resources and network (AM companies/ sponsor building sales team)
4. **Continuous approach to leasing agencies**
 - Prepare open rooms for prospective tenants
 - Viewing for leasing agencies (second round)
 - Notification of renovation to increase property value

In progress

In progress

In progress

Starting in September

Being planned

2-2 Internal Growth Strategy

– Focusing on **current challenges** while aiming **to reinforce the portfolio** –

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, **some examples provide a sense of a return of demand for expansion and 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 as well as 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**

Due to the COVID-19 pandemic, the way people see offices has changed and become diversified, and the office buildings that meet needs are in demand. In metropolitan areas, the uncertainty about market conditions is increasing due to a large supply of office buildings. Office buildings with no competitive advantage may be obsolete

Portfolio of SANKEI REAL ESTATE

- ✓ Despite challenges of dispersed tenants, SANKEI REAL ESTATE **holds a balanced** portfolio of office buildings that are **centrally located**^{*1}, **highly functioning**^{*2} and enjoy **close proximity to residential area**^{*3}
- ✓ **Current issue: Lease-up of Shinagawa Seaside TS Tower**
SANKEI REAL ESTATE considers vacancy as an opportunity for **the further growth** and **promote multi-tenants** and **renovation to increase value**



Strategic leasing

- Despite the policy to reduce the risk of tenants moving, negotiations to be made for rent increase with tenants with a rent gap (especially tenants under fixed term lease)
- Diversify leasing periods, advance cancellation notices, switch the form of contracts (from ordinary lease to fixed lease) and diversify tenants

Reinforcement of portfolio

Portfolio Matrix Strategy

- Develop the policy **to achieve stable DPU in the 8th FP (ending February 2023)** and implement it from **the 9th FP (ending August 2023)**
- In case the asset replacements are done, they need to meet the purpose of improvement and **maintenance of portfolio quality** and **stable portfolio profit**

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

*2 Tokyo Sankei Building, BREEZÉ TOWER, Shinagawa Seaside TS Tower, and the S GATE Series (AKASAKA, NIHONBASI-HONCHO, and 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.

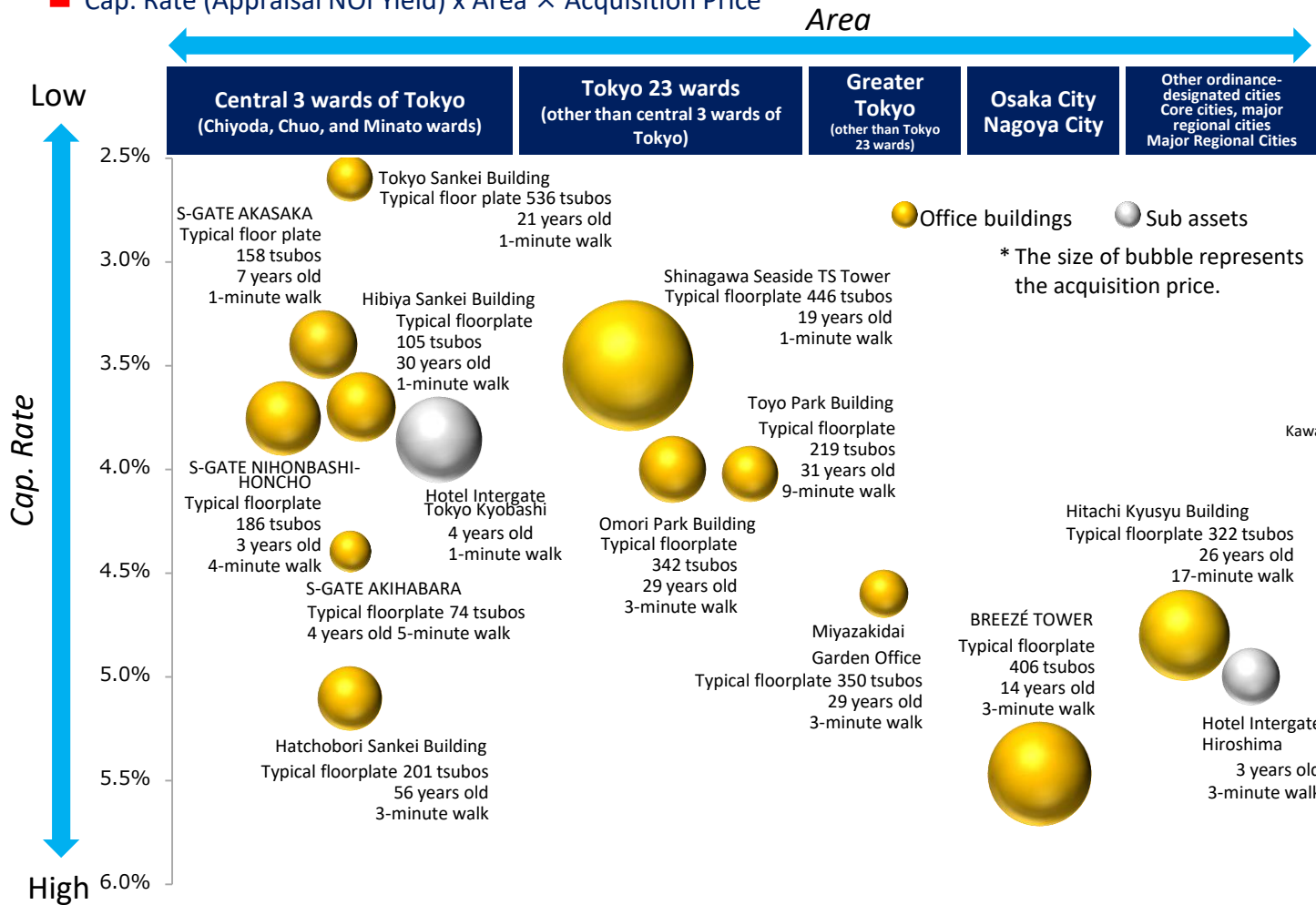
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3. External Growth

Continue to implement diversified investment conscious of the portfolio matrix

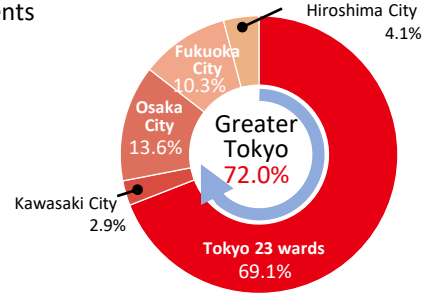


■ Cap. Rate (Appraisal NOI Yield) x Area × Acquisition Price

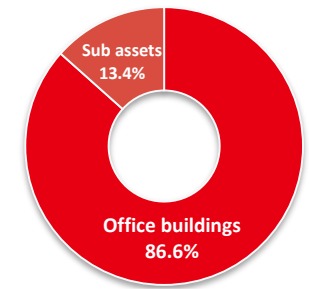


Actual NOI yield*
4.3%

■ Investment Ratio by Geographic Area



■ Investment Ratio by Asset type



* "Actual NOI yield" refers to the actual NOI yield calculated assuming the level of normal operations, after adjusting temporary factors such as fixed asset taxes that were not expensed at the time of acquisition and one-off cancellation penalties.

Pipeline from Sponsor (1)

■ Sub Asset Properties under Development

Logistics facilities

The second logistics facilities “SANKEILOGI”, “SANKEILOGI Atsugi” completed
Acquired “BELS” and “Nearly ZEB” evaluation



Introduced self-consumption solar power generation system and received 5 star, the highest rank in “BELS”, the Building-Housing Energy-efficiency Labeling System, and “Nearly ZEB^{*1}” certification

■ Sponsor logistics facilities development project *Joint project

Started development of “Yatabe Logistics Facilities Project (tentative name)”

Construction is planned to be completed in March 2023



Property name	Location	Construction completion	Lot area	Total floor area	Building structure/ number of floors
SANKEILOGI Kashiwanoha	Kashiwanoha, Kashiwa-shi, Chiba	March 2022	5,313 m ²	11,049 m ²	Steel Construction, 4 floors above ground
SANKEILOGI Atsugi	Onna, Atsugi-shi, Kanagawa	August 2022	6,842 m ²	14,055 m ²	Steel Construction, 4 floors above ground
SANKEILOGI Settsu*	Tsuruno, Settsu-shi, Osaka	September 2022	7,318 m ²	14,778 m ²	Steel Construction, 4 floors above ground
Yatabe Logistics Project (tentative name)	Yatabe, Tsukuba-shi, Ibaraki	March 2023 (planned)	Approx. 11,007 m ²	Approx. 11,327 m ²	Steel Construction, 2 floors above ground
Adachi Iriya Project (tentative name)	Iriya, Adachi-ku, Tokyo	June 2023 (planned)	2,000 m ²	5,714 m ²	Steel Construction, 5 floors above ground
Minamisuita Logistics Project (tentative name)*	Minamisuita, Suita-shi, Osaka	December 2023 (planned)	36,139 m ²	86,422 m ²	Steel Construction, 5 floors above ground
Nagaokakyo Logistics Project (tentative name)*	Shikotaritenyaku, Nagaokakyo-shi, Kyoto	April 2024 (planned)	Approx. 7,428 m ²	Approx. 15,249 m ²	Steel Construction, 4 floors above ground
Komaki-kita Logistics Project (tentative name)*	Fuso-cho, Niwa-gun, Aichi	April 2024 (planned)	Approx. 36,824 m ²	Approx. 43,706 m ²	Steel Construction, 2 floors above ground
Fuchu Logistics Project (tentative name)*	Musashidai, Fuchu-shi, Tokyo	Winter 2024 (planned)	Approx. 16,877 m ²	Approx. 38,943 m ²	Steel Construction, 4 floors above ground

*1 Zeb stands for “Net Zero Energy Building” which means a building which aims for annual net energy consumption to be zero while maintaining comfortable indoor environment.

In BELS evaluation, properties are ranked by 4 categories: “ZEB”, “Nearly ZEB”, “ZEB ready” and “ZEB Oriented”.

*2 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.

Pipeline from Sponsor (2)

Development of Office Buildings

Office buildings



Tenyamachi Office Project (tentative name)

Overview	
Location	Tenyamachi, Hakata-ku, Fukuoka
Construction completion	February 2023 (planned)
Lot area	831 m ²
Total floor area	4,989 m ²
Structure/ size	Steel Construction, 10 floors above ground



S-GATE FIT Tenjinminami (tentative name)

Overview	
Location	Watanabedori, Chuo-ku, Fukuoka
Construction completion	June 2023 (planned)
Lot area	Approx. 893 m ²
Total floor area	Approx. 4,813 m ²
Structure/ size	Steel Construction, 14 floors above ground

Development of Sub Asset Properties

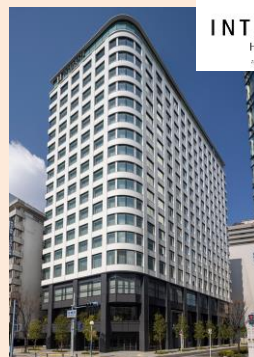
Hotels

Caption by Hyatt Namba Osaka (tentative name)

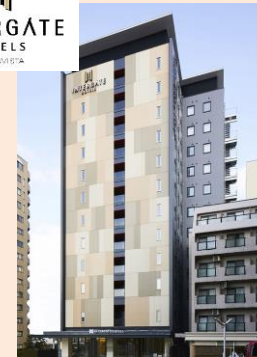


- The first branch of the new brand by Hyatt
- The first partnership with Hyatt

Overview	
Location	Nipponbashi, Chuo-ku, Osaka-shi
Construction completion	September 2023 (planned)
Lot area	Approx. 958.72 m ²
Total floor area	Approx. 5,748.75 m ²
Structure/ size	Steel Construction, 11 floors above ground



Hotel Intergate Osaka Umeda



Hotel Intergate Kanazawa

Residential

LEFOND PROGRÈS
ルフォン プログレ

LEFOND PROGRES, etc.
See below for the development plan

Sankei Building “LEFOND”
Official Instagram
account
@lefond.official

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4. Financial Strategy

Financial Strategy – Financial Highlights (1) –

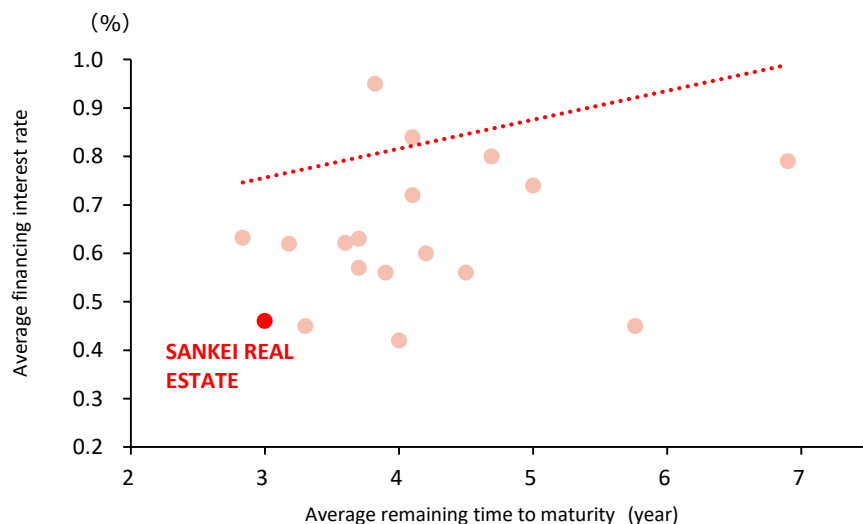
- Aiming to maintain a stable financial base by continuously striving **to extend average remaining time to maturity**
- Ratio of fixed interest rate is 100% (It was 88.2% before the refinance on September 5, 2022)

■ Financial Highlights (as of September 5, 2022)

Balance of interest-bearing liabilities	50.2 billion yen	LTV ratio	47.1%
Ratio of long-term debt	80.9%	Ratio of fixed-rate debt	100.0%
Average financing interest rate	0.46%	Average remaining time to maturity	3.0 years

■ Distribution Map of Average Financing Interest Rates and Average Remaining Time to Maturity of Office J-REITs

(as of September 30, 2022)



■ LTV Ratio During Normal Operations

	End of the 7th FP	End of the 8th FP	End of the 9th FP
LTV ratio	47.1%	47.3% (Forecast)	47.6% (Forecast)

■ Lender Composition (as of September 5, 2022)

[Unit: million yen]

	Borrowing amount	Percentage
Mizuho Bank	12,500	24.9%
Sumitomo Mitsui Banking	9,100	18.1%
Development Bank of Japan	7,700	15.3%
Mizuho Trust & Banking	4,640	9.2%
Sumitomo Mitsui Trust Bank	4,500	9.0%
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	50,200	100.0%

Financial Strategy – Financial Highlights (2) –

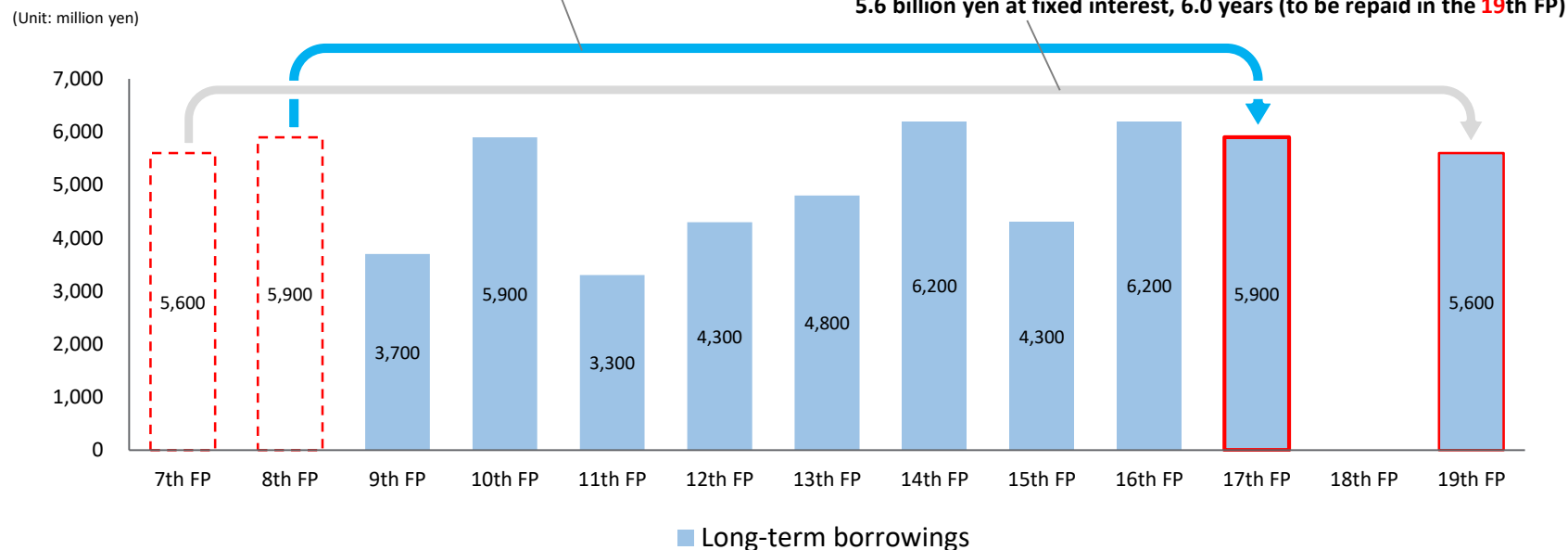
- Gained more flexibility in financing **with a line of credit** (1.5 billion yen/uncommitted) (May 2022)
- **Complied with SFDR** (Sustainable Finance Disclosure Regulation)
 - SFDR ARTICLE 8 Summary, etc. is **disclosed on the Company's website** (June 2022)

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

■ Maturity Ladder for Interest-Bearing Liabilities (as of September 5, 2022)

- **Refinanced borrowings due in the 8th FP** (September 5, 2022)
5.9 billion yen at fixed interest, **4.5 years** (to be repaid in the **17th FP**)

- Refinancing results for the 7th FP
5.6 billion yen at fixed interest, **6.0 years** (to be repaid in the **19th FP**)



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5. ESG Initiatives

ESG Initiatives (1)

■ Topics

- Continued participation in 2022 **GRESB Real Estate Assessment**

The evaluation results are due to be published in a press release soon



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.

- Continued installation of **LED lighting** at tenant turnover
 - 7th FP (ended August 2022): Installed at **BREEZÉ TOWER**
 - 8th FP (ending February 2023): Installation at **Omori Park Building** planned



Photo: Image of LED lighting (S-GATE AKASAKA)

A-9

Omori Park Building



A-2

BREEZÉ TOWER



■ Future Initiatives

- Disclosure of ESG benchmarks (improvement of disclosure)
 - ⇒ **Renewal of the website of SANKEI REAL ESTATE**
- Plan to support the **TCFD (Task Force on Climate-related Financial Disclosures)** recommendations

ESG Initiatives (2)

■ Various Rules Associated with ESG

Sustainability Policy

- (1) Preserving the Earth environment and reducing the environmental load of assets under management
- (2) Serving the local community
- (3) Cooperating with external stakeholders
- (4) Working with executives and employees
- (5) Observing compliance and establishing/maintaining an internal control system
- (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
- Policy on saving water Rules
- Policy on energy conservation
- Policy on greenhouse gas emissions reduction
- Policy on sustainable procurement
- Policy on saving water Rules
- EMS operational manual

■ 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 (2019) by 2025**
- Long-term target 2: **Reduce** annual energy consumption intensity within the scope managed by tenants **by 1% from the base year (2019) 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 (2019)** in the medium to long term (5 years)

<Scope 3>

- **Reduce by 1% from the base year (2019)** in the medium to long term (5 years)

Status of environmental certificates

	Property name	Evaluation ranking	Year of issuance
DBJ Green Building Acquisition of certifications	Tokyo Sankei Building	★★★★	2021
	BREEZÉ TOWER	★★★★	2021
	S-GATE NIHONBASHI-HONCHO	★★★★	2022
	S-GATE AKIHABARA	★★★	2022
	S-GATE AKASAKA	★★★	2020
Acquisition of BELS evaluation	Hotel Intergate Tokyo Kyobashi	★★★★	2021
	Hotel Intergate Hiroshima	★★	2021

■ Social

- Relationship with Stakeholders
- Response to the COVID-19 Pandemic

[Example of Building Events]
Agri Marché in Otemachi
Joint project by Nippon Broadcasting System and YACYBAR
Program Marche was held at Tokyo Sankei Building



■ Governance

- Sponsor Commitment
- Promotion of Same-Boat Investment by Sponsor

Number of investment units issued and outstanding	Number of units held by sponsor	Percentage of units held by sponsor
467,099 units	17,479 units	3.74%

■ Contributions to SDGs (Sustainable Development Goals)



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



- 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 August 2022 (7th FP)

(Unit: thousand yen)

	6th FP (as of Feb. 28, 2022)	7th FP (as of Aug. 31, 2022)
Assets		
Current assets		
Cash and deposits	4,512,675	5,575,535
Cash and deposits in trust	3,729,623	3,303,184
Operating accounts receivable	89,938	62,702
Prepaid expenses	61,458	71,801
Consumption taxes receivable	389,377	-
Other	-	78
Total current assets	8,783,072	9,013,302
Non-current assets		
Property, plant and equipment		
Buildings	179,269	181,978
Accumulated depreciation	(18,849)	(22,182)
Buildings, net	160,419	159,795
Structures	544	544
Accumulated depreciation	(39)	(53)
Structures, net	504	490
Land	2,457,766	2,457,766
Buildings in trust	18,708,509	18,769,170
Accumulated depreciation	(1,291,738)	(1,592,660)
Buildings in trust, net	17,416,771	17,176,510
Structures in trust	71,171	71,171
Accumulated depreciation	(2,476)	(3,517)
Structures in trust, net	68,695	67,654
Machinery and equipment in trust	11,302	11,302
Accumulated depreciation	(1,131)	(1,698)
Machinery and equipment in trust, net	10,170	9,603
Tools, furniture and fixtures in trust	29,876	49,525
Accumulated depreciation	(7,822)	(11,769)
Tools, furniture and fixtures in trust, net	22,054	37,756
Land in trust	77,433,848	77,433,848
Construction in progress in trust	32,673	56,722
Total property, plant and equipment	97,602,903	97,400,148
Intangible assets		
Software	3,893	2,953
Total intangible assets	3,893	2,953
Investments and other assets		
Long-term prepaid expenses	93,338	103,157
Deferred tax assets	10	15
Leasehold and guarantee deposits	10,000	10,000
Total investments and other assets	103,348	113,173
Total non-current assets	97,710,146	97,516,274
Deferred assets		
Investment unit issuance expenses	30,124	24,099
Total deferred assets	30,124	24,099
Total assets	106,523,343	106,553,676

	6th FP (as of Feb. 28, 2022)	7th FP (as of Aug. 31, 2022)
Liabilities		
Current liabilities		
Operating accounts payable	126,748	244,965
Short-term borrowings	400,000	-
Long-term borrowings due within 1 year	11,500,000	9,600,000
Accounts payable – other	242,634	308,770
Accrued expenses	38,805	44,831
Income taxes payable	815	926
Consumption taxes payable	-	171,838
Advances received	485,392	447,828
Deposits received	11,356	6,036
Total current liabilities	12,805,752	10,825,198
Non-current liabilities		
Long-term borrowings	38,700,000	40,600,000
Leasehold and guarantee deposits received	87,974	88,237
Leasehold and guarantee deposits received in trust	4,102,499	4,129,413
Total non-current liabilities	42,890,473	44,817,651
Total liabilities	55,696,225	55,642,849
Net assets		
Unitholders' equity		
Unitholders' capital	49,442,685	49,442,685
Unitholders' capital deduction	(7,136)	(7,136)
Unitholders' capital (net)	49,435,549	49,435,549
Surplus		
Unappropriated retained earnings (undisposed loss)	1,391,567	1,475,277
Total surplus	1,391,567	1,475,277
Total unitholders' equity	50,827,117	50,910,827
Total net assets	50,827,117	50,910,827
Total liabilities and net assets	106,523,343	106,553,676

Statement of Income (Unabridged) for the Fiscal Period Ended August 2022 (7th FP)

(Unit: thousand yen)

	6th FP (ended Feb. 2022)	7th FP (ended Aug. 2022)
Operating revenue		
Leasing business revenue	2,615,817	2,516,558
Other leasing business revenue	162,297	511,493
Total operating revenue	2,778,114	3,028,051
Operating expenses		
Expenses related to leasing business	972,543	1,076,927
Asset management fee	210,809	265,992
Asset custody fee	2,013	2,100
Administrative service fees	8,760	7,460
Remuneration for directors (and other officers)	3,600	3,600
Other operating expenses	40,098	41,722
Total operating expenses	1,237,824	1,397,803
Operating profit	1,540,290	1,630,247
Non-operating income		
Interest income	37	41
Insurance claim income	253	-
Interest on refund	-	279
Other non-operating income	17	0
Total non-operating income	308	321
Non-operating expenses		
Interest expenses	88,264	100,931
Borrowing related expenses	48,540	47,460
Investment unit issuance expenses	6,024	6,024
Other non-operating expenses	5,583	26
Total non-operating expenses	148,414	154,444
Ordinary profit	1,392,184	1,476,124
Net profit before income taxes	1,392,184	1,476,124
Income taxes – current	820	932
Income taxes – deferred	2	(5)
Total income taxes	823	927
Net profit	1,391,360	1,475,197
Retained earnings brought forward	207	80
Unappropriated retained earnings (undisposed loss)	1,391,567	1,475,277

Statement of Cash Flows for the Fiscal Period Ended August 2022 (7th FP)

	(Unit: thousand yen)	
	6th FP (FP ended Feb. 2022)	7th FP (FP ended Aug. 2022)
Cash flows from operating activities		
Net profit before income taxes	1,392,184	1,476,124
Depreciation	307,937	310,763
Investment unit issuance expenses	6,024	6,024
Interest income	(37)	(41)
Interest expenses	88,264	100,931
Decrease (increase) in operating accounts receivable	(47,934)	27,164
Decrease (increase) in consumption taxes refund receivable	(389,377)	389,377
Decrease (increase) in prepaid expenses	(2,245)	(10,343)
Increase (decrease) in operating accounts payable	(86,226)	116,727
Increase (decrease) in accounts payable – other	9,619	64,742
Increase (decrease) in advances received	145,449	(37,563)
Increase (decrease) in deposits received	(2,709)	(5,319)
Decrease (increase) in long-term prepaid expenses	(49,613)	(9,818)
Increase (decrease) in consumption taxes payable	(89,208)	171,838
Decrease (increase) in other assets	77	(78)
Subtotal	1,282,204	2,600,531
Interest received	37	41
Interest paid	(77,396)	(94,905)
Income taxes paid	(881)	(821)
Net cash provided by (used in) operating activities	1,203,964	2,504,846
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,967)	(2,708)
Purchase of property, plant and equipment in trust	(25,743,595)	(102,914)
Proceeds from leasehold and guarantee deposits received	5,933	595
Refund of leasehold and guarantee deposits received	(98)	(331)
Proceeds from leasehold and guarantee deposits received in trust	1,005,708	110,219
Refund of leasehold and guarantee deposits received in trust	(128,308)	(83,190)
Net cash provided by (used in) investing activities	(24,870,328)	(78,330)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,000,000	-
Repayments of short-term borrowings	(600,000)	(400,000)
Proceeds from long-term borrowings	16,700,000	5,600,000
Repayments of long-term borrowings	(4,300,000)	(5,600,000)
Proceeds from issuance of investment units	12,901,784	-
Payments of investment unit issuance expenses	(29,661)	-
Distribution paid	(1,020,683)	(1,390,093)
Net cash provided by (used in) financing activities	24,651,439	(1,790,093)
Net increase (decrease) in cash and cash equivalents	985,075	636,421
Cash and cash equivalents at beginning of period	7,257,223	8,242,298
Cash and cash equivalents at end of period	8,242,298	8,878,719

Status of Lenders (as of September 5, 2022)

Term	Lender	Borrowing amount (million yen)	Interest rate	Borrowing date (upper row) Maturity date (lower row)	Repayment method	Description				
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	716								
	Development Bank of Japan	614								
	Mizuho Trust & Banking	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	639								
	Development Bank of Japan	548								
	Mizuho Trust & Banking	350								
	Sumitomo Mitsui Trust Bank	319								
	Shinsei Bank	294								
	Resona Bank	294	5,900	0.36200% (fixed)	Sep. 3, 2019 Sep. 3, 2023					
	Mizuho Bank	950								
	Sumitomo Mitsui Banking	800								
	Development Bank of Japan	2,000								
	Mizuho Trust & Banking	620								
	Sumitomo Mitsui Trust Bank	550								
	Shinsei Bank	490	4,300	0.32923% (fixed)	Mar. 12, 2020 Sep. 12, 2024					
	Resona Bank	490								
	Mizuho Bank	1,167								
	Sumitomo Mitsui Banking	832								
	Development Bank of Japan	713								
	Mizuho Trust & Banking	456								
	Sumitomo Mitsui Trust Bank	416	4,800	0.36978% (fixed)	Mar. 12, 2021 Mar. 12, 2025					
	Shinsei Bank	358								
	Resona Bank	358								
	Mizuho Bank	1,331								
	Sumitomo Mitsui Banking	929								
	Development Bank of Japan	796								
	Mizuho Trust & Banking	509	6,200	0.29655% (fixed)	Sep. 2, 2021 Sep. 2, 2025					
	Sumitomo Mitsui Trust Bank	465								
	Shinsei Bank	385								
	Resona Bank	385								
	Mizuho Bank	1,550								
Sumitomo Mitsui Banking	1,000									
Development Bank of Japan	700	6,200	0.29655% (fixed)	Sep. 2, 2021 Sep. 2, 2025						
Mizuho Trust & Banking	600									
Sumitomo Mitsui Trust Bank	500									
Shinsei Bank	500									
Resona Bank	400									
The Nishi-Nippon City Bank	500									
Kansai Mirai Bank	300	300								
Chiba Bank	150									

Term	Lender	Borrowing amount (million yen)	Interest rate	Borrowing date (upper row) Maturity date (lower row)	Repayment method	Description	
Long-term borrowings	Mizuho Bank	750	6,200	0.35542% (fixed)	Sep. 2, 2021 Sep. 2, 2026	Lump-sum repayment at maturity	Unsecured Non- guaranteed
	Sumitomo Mitsui Banking	700					
	Development Bank of Japan	700					
	Mizuho Trust & Banking	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					
	Sumitomo Mitsui Banking	900					
	Development Bank of Japan	700					
	Mizuho Trust & Banking	300					
	Sumitomo Mitsui Trust Bank	300					
	Shinsei Bank	300					
	Resona Bank	200	5,600	0.77500% (fixed)	Mar. 14, 2022 Mar. 14, 2028		
	Aozora Bank	500					
	Mizuho Bank	1,574					
	Sumitomo Mitsui Banking	1,084					
	Development Bank of Japan	929					
	Mizuho Trust & Banking	593					
	Sumitomo Mitsui Trust Bank	542	5,900	0.79285% (fixed)	Sep. 5, 2022 Mar. 5, 2027		
	Shinsei Bank	439					
	Resona Bank	439					
Mizuho Bank	2,250						
Sumitomo Mitsui Banking	1,500						
Mizuho Trust & Banking	620						
Sumitomo Mitsui Trust Bank	550	490					
Shinsei Bank	490						
Resona Bank	490	50,200					
Total	50,200						

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

Key Performance Indicators (KPIs) for the Fiscal Period Ended August 2022 (7th FP)

		6th FP (ended Feb. 2022)	7th FP (ended Aug. 2022)
LTV	(against total assets)	47.5%	47.1%
	(against total assets <considering unrealized gain/loss>)	44.1%	44.0%
NOI yield	(against book value)	4.3%	4.6%
	(against appraisal value)	4.0%	4.3%
NOI yield after depreciation	(against book value)	3.7%	4.0%
	(against appraisal value)	3.4%	3.7%
Implied cap rate	(NOI yield)	4.4%	5.0%
	(NOI yield after depreciation)	3.7%	4.3%
FFO		1,698 million yen	1,785 million yen
AFFO		1,624 million yen	1,701 million yen
FFO per unit		3,635 yen	3,821 yen
EPS		2,978 yen	3,158 yen

- *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 (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; current FP result 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; current FP result 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

		6th FP (ended Feb. 2022)	7th FP (ended Aug. 2022)
Distribution per unit		2,979 yen	3,158 yen
Distribution yield		5.5%	6.5%
ROE		5.5%	5.8%
Net assets per unit		108,814 yen	108,993 yen
NAV per unit		126,247 yen	125,250 yen
Investment unit price (at end of period)		108,200 yen	97,200 yen
NAV multiple		0.9x	0.8x
PBR		1.0x	0.9x
PER		18.2x	15.4x
FFO multiple		14.9x	12.7x
Payout ratio	(FFO)	81.9%	82.6%
	(AFFO)	85.7%	86.7%

- *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; current FP result x 2) / Investment unit price (at end of period)
- *11. ROE (Return on equity) = Net profit (Annualized; most recent FP 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 FP result x 2)
- *16. FFO multiple = Investment unit price / FFO per unit (Annualized; most recent FP result x 2)
- *17. Payout ratio (FFO) = Total distribution / FFO
- *18. Payout ratio (AFFO) = Total distribution / AFFO
- *19. Figures are rounded down to the indicated digits (Percentages and multiples are rounded to one decimal place.)

Statement of Income from Leasing by Property for the Fiscal Period Ended August 2022 (7th 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	57,680	553,262	161,537	68,922	198,552	175,795	103,880
Rental revenue	50,060	436,290	153,808	65,353	172,470	144,949	86,766
CAM revenue	2,021	86,826	-	-	13,232	13,790	5,937
Utilities reimbursement	3,860	21,378	5,103	3,141	10,093	10,382	8,340
Parking revenue	835	7,663	2,487	384	1,617	5,181	2,760
Other rental revenue	903	1,104	137	43	1,140	1,492	75
Expenses related to leasing business	32,780	226,410	45,406	26,500	94,874	70,505	40,791
Outsourcing expenses	5,926	63,109	8,385	5,845	16,758	16,722	8,960
Utilities expenses	4,176	45,826	6,306	3,583	11,071	15,037	8,048
Property taxes	12,968	37,604	10,904	4,875	55,889	10,477	7,770
Land rent	683	1,135	-	-	-	-	-
Repair expenses	3,651	10,092	932	3,830	4,464	9,970	6,783
Insurance premium	96	767	306	137	281	425	209
Trust fee	-	247	250	250	250	250	350
Depreciation	3,347	65,707	18,042	7,623	5,911	17,020	8,504
Other expenses from leasing	1,930	1,920	278	353	248	602	165
Operating income (loss) from leasing business	24,900	326,851	116,131	42,422	103,678	105,289	63,088
NOI	28,247	392,559	134,173	50,046	109,589	122,310	71,593

Statement of Income from Leasing by Property for the Fiscal Period Ended August 2022 (7th 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		165,506		77,148		206,955	118,800	3,028,051
Rental revenue		135,838		63,487		206,955	118,800	2,381,126
CAM revenue		10,037		3,587		-	-	135,432
Utilities reimbursement		13,508		7,192		-	-	121,659
Parking revenue		5,310		1,542		-	-	33,939
Other rental revenue		813		1,338		-	-	355,894
Expenses related to leasing business	(Not disclosed)*	73,348	(Not disclosed)	38,756	(Not disclosed)	55,053	43,465	1,076,927
Outsourcing expenses		14,379		8,573		1,200	1,400	202,506
Utilities expenses		21,844		8,005		-	-	184,674
Property taxes		16,674		6,424		26,304	15,545	303,718
Land rent		-		-		-	-	1,818
Repair expenses		3,526		4,763		-	200	55,230
Insurance premium		395		189		490	446	5,749
Trust fee		350		350		250	250	3,787
Depreciation	66,786	15,915	10,428	10,059	28,134	26,770	25,572	309,823
Other expenses from leasing		261		390		38	51	9,616
Operating income (loss) from leasing business	544,405	92,158	78,685	38,391	187,884	151,901	75,334	1,951,124
NOI	611,191	108,074	89,113	48,451	216,018	178,671	100,906	2,260,947

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

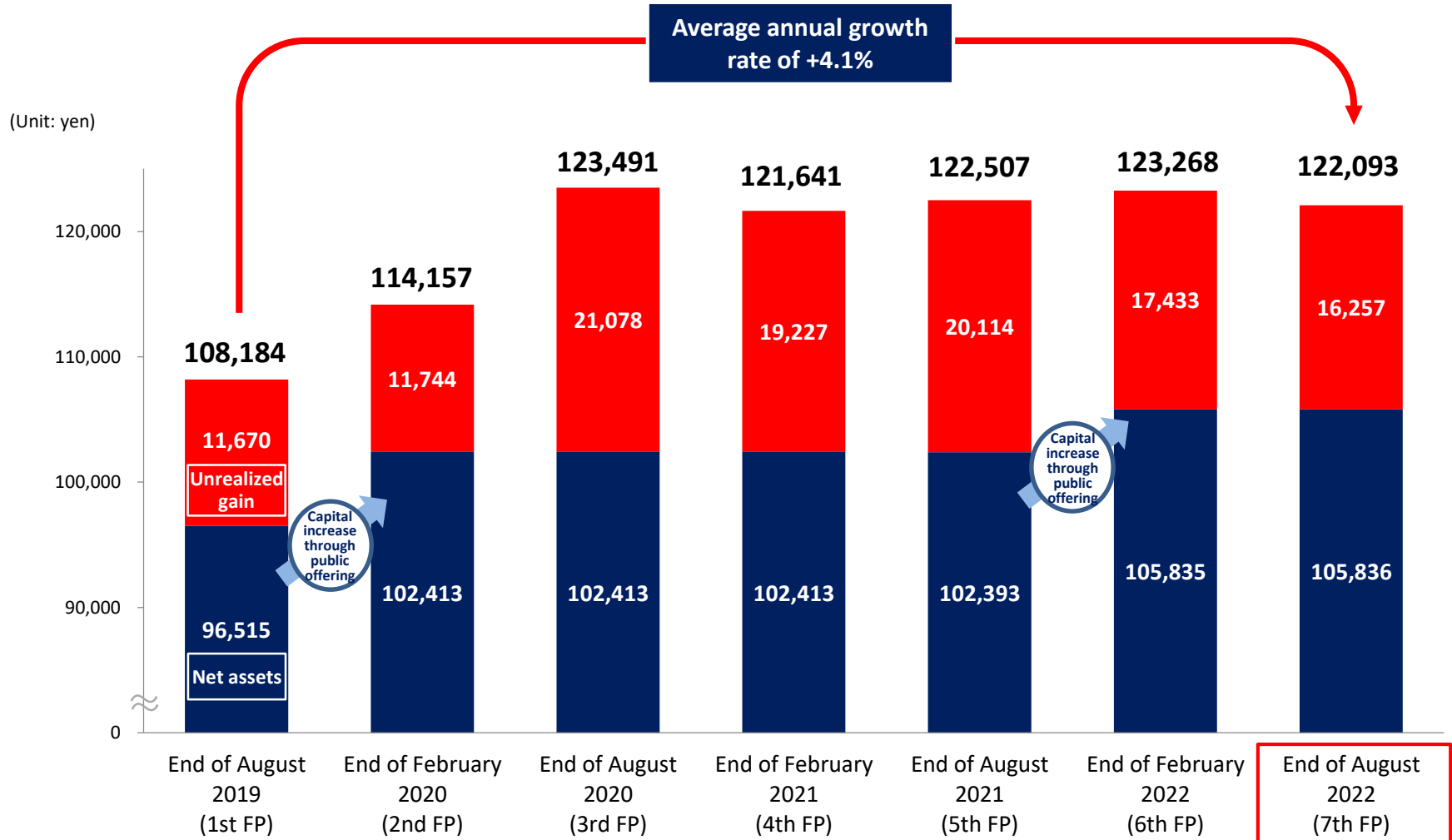
Overview of Appraisal Value (as of August 31, 2022)

(Unit: million yen)

Property number	Property name	Acquisition price	End of 7th FP Book value (a)	End of 6th FP (February 28, 2022) (b)		End of 7th FP (August 31, 2022) (c)		Change from appraisal in the previous fiscal period (c) – (b)		Unrealized gain/loss (c) – (a)
				Appraisal value	CR*	Appraisal value	CR	Appraisal value	CR	
A-1	Tokyo Sankei Building (2% co-ownership interest)	2,509	2,618	2,690	2.4%	2,690	2.3%	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	12,999	17,775	3.7%	18,225	3.6%	450	(0.1pt)	5,225
A-3	S-GATE NIHONBASHI-HONCHO (51% co-ownership interest)	6,698	6,671	7,490	3.3%	7,720	3.2%	230	(0.1pt)	1,048
A-4	S-GATE AKIHABARA	2,055	2,036	2,630	3.4%	2,710	3.3%	80	(0.1pt)	673
A-5	Hibiya Sankei Building	5,829	6,067	6,570	2.9%	6,620	2.8%	50	(0.1pt)	552
A-6	Hatchobori Sankei Building	4,959	5,007	5,510	4.1%	5,520	4.1%	10	0.0pt	512
A-7	Toyo Park Building	3,782	3,880	3,820	3.8%	3,920	3.7%	100	(0.1pt)	39
A-8	Shinagawa Seaside TS Tower (50% quasi co-ownership interest in sectional ownership of the building, etc.)	20,940	21,115	21,850	3.6%	19,800	3.3%	(2,050)	(0.3pt)	(1,315)
A-9	Omori Park Building	5,400	5,444	5,490	3.7%	5,490	3.7%	0	0.0pt	45
A-10	S-GATE AKASAKA (80% quasi co-ownership interest in sectional ownership of the building, etc.)	5,600	5,642	5,688	3.2%	5,992	3.1%	304	(0.1pt)	349
A-11	Miyazakidai Garden Office	2,800	2,844	2,790	4.5%	2,790	4.5%	0	0.0pt	(54)
A-12	Hitachi Kyusyu Building	10,000	10,193	10,300	4.3%	10,300	4.3%	0	0.0pt	106
Office buildings subtotal (total of 12 properties)		83,674	84,520	92,603	-	91,777	-	(826)	-	7,256
B-1	Hotel Intergate Tokyo Kyobashi	8,961	8,924	9,020	3.8%	9,040	3.8%	20	0.0pt	115
B-2	Hotel Intergate Hiroshima	3,990	3,898	4,090	4.6%	4,120	4.6%	30	0.0pt	221
Sub assets subtotal (total of 2 properties)		12,951	12,822	13,110	-	13,160	-	50	-	337
Portfolio total (total of 14 properties)		96,625	97,343	105,713	-	104,937	-	(776)	-	7,593

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

Change in NAV per Unit (after Deduction of Distribution)



Portfolio List (1) (as of August 31, 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	18,225 million yen	7,720 million yen	2,710 million yen	6,620 million yen	5,520 million yen	3,920 million yen
Appraisal NOI yield (Appraisal NOI/Acquisition price)	2.6%	5.5%	3.8%	4.4%	3.5%	5.1%	4.0%
Construction completion	Sep. 2000	Jul. 2008	Oct. 2018	Sep. 2017	Jun. 1992	Sep. 1965	Jun. 1991
Occupancy rate	99.5%	96.3%	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 August 31, 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 <small>(50% quasi co-ownership interest in sectional ownership of the building, etc.)</small>	Omori Park Building	S-GATE AKASAKA <small>(80% quasi co-ownership interest)</small>	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	19,800 million yen	5,490 million yen	5,992 million yen	2,790 million yen	10,300 million yen	9,040 million yen	4,120 million yen
Appraisal NOI yield (Appraisal NOI/Acquisition price)	3.5%	4.0%	3.4%	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	66.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
PML value	3.2%	5.6%	4.6%	9.5%	2.5%	1.8%	2.1%

PML value (average)

1.5%

Portfolio Matrix (1) (as of August 31, 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)
	Property name Building age, walking time from station	Acquisition price	Property name Building age, walking time from station	Acquisition price	Property name Building age, walking time from station	Acquisition price	Property name Building age, walking time from station	Acquisition price	Property name Building age, walking time from station	Acquisition price	
Less than 3.0%	Tokyo Sankei Building 21 years old, 1-minute walk	2,509									2,509 (2.6%)
Less than 3.5%	S-GATE AKASAKA 7 years old, 1-minute walk	5,600									5,600 (5.8%)
Less than 4.0%	Hibiya Sankei Building 30 years old, 1-minute walk	5,829	Shinagawa Seaside TS Tower 19 years old, 1-minute walk	20,940							42,429 (43.9%)
	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	Omori Park Building 29 years old, 3-minute walk	5,400							11,237 (11.6%)
			Toyo Park Building 31 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 26 years old, 17-minute walk	10,000	12,800 (13.2%)
5.0% or more	Hatchobori Sankei Building 56 years old, 3-minute walk	4,959					BREEZÉ TOWER 14 years old, 3-minute walk	13,100	Hotel Intergate Hiroshima 3 years old, 3-minute walk	3,990	22,049 (22.8%)
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 August 31, 2022)

< Typical Floorplate x Area >

Area

(Unit: million yen)

Area	Central 3 wards of Tokyo (Chiyoda, Chuo, and Minato wards)		Tokyo 23 wards (Other than the central 3 wards of Tokyo)		Greater Tokyo (Excluding Tokyo)		Osaka City Nagoya City		Other ordinance-designated cities Core Cities, Major Regional Cities		Total acquisition price (Overall ratio)
	Property name Building age, walking time from station Acquisition price	Property name Building age, walking time from station Acquisition price	Property name Building age, walking time from station Acquisition price	Property name Building age, walking time from station Acquisition price	Property name Building age, walking time from station Acquisition price	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 19 years old, 1-minute walk 20,940					BREEZÉ TOWER 14 years old, 3-minute walk 13,100				36,549 (37.8%)
Less than 400 tsubos 300 tsubos or more		Omori Park Building 29 years old, 3-minute walk 5,400		Miyazakidai Garden Office 29 years old, 3-minute walk 2,800				Hitachi Kyusyu building 26 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 31 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 30 years old, 1-minute walk 5,829										
	S-GATE AKASAKA 7 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)	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 (tsubo)

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

- 400 tsubos or more
- Less than 400 tsubos, but 200 tsubos or more
- Less than 200 tsubos, but 100 tsubos or more
- Less than 100 tsubos

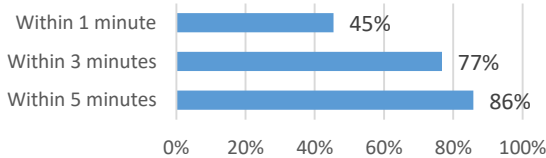
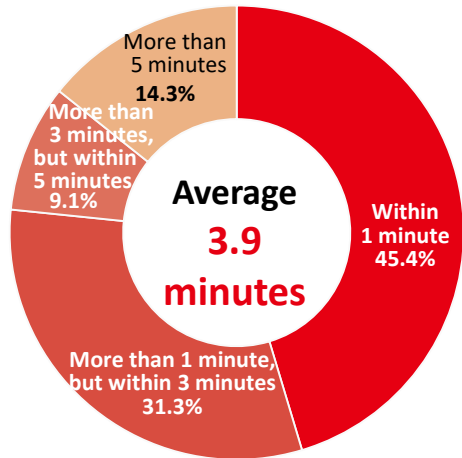
Portfolio Status (as of August 31, 2022)

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

Sponsor support rate **100%**

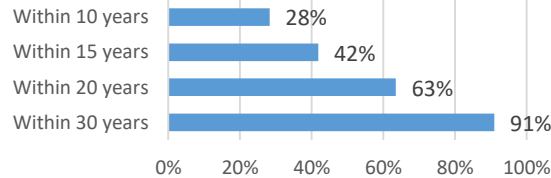
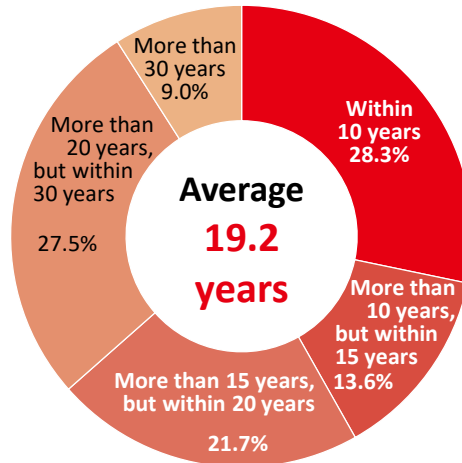
Close

Percentage by Walking Time to the Nearest Station



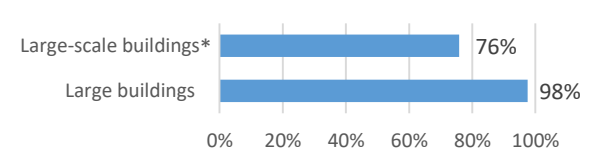
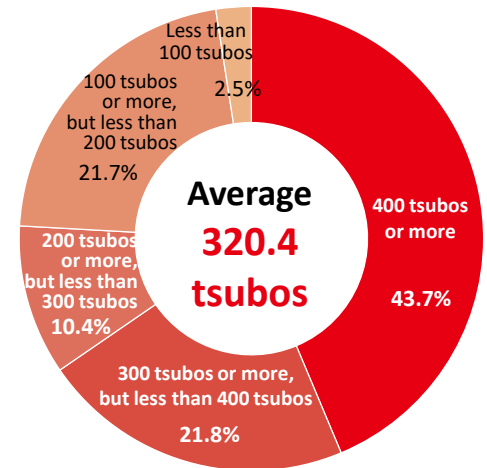
New

Percentage by Building Age



Large

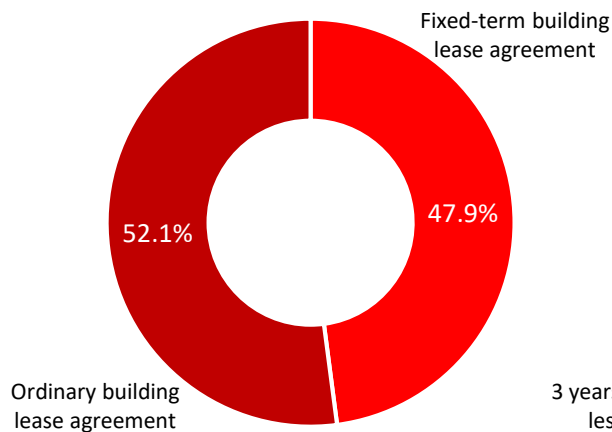
Percentage by Typical Floorplate (Office Buildings)



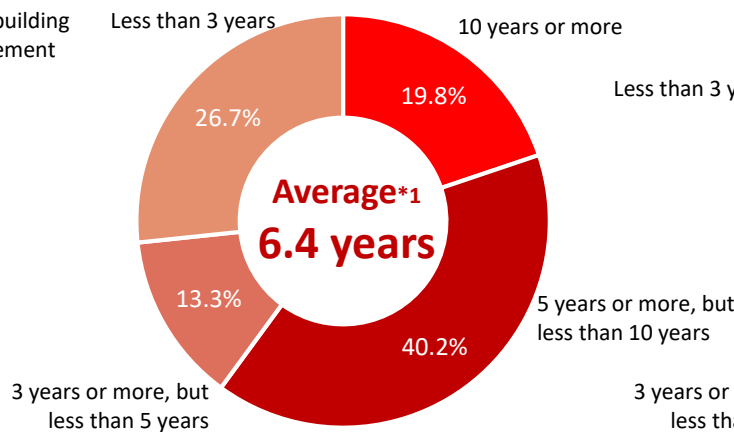
* Calculated based on the definition of “Large-scale buildings: 200 tsubos or more” and “Large buildings: 100 tsubos or more, but less than 200 tsubos” made by Sanko Estate Co., Ltd.

Status of Lease Agreements (as of August 31, 2022; based on leased area after considering ownership interest)

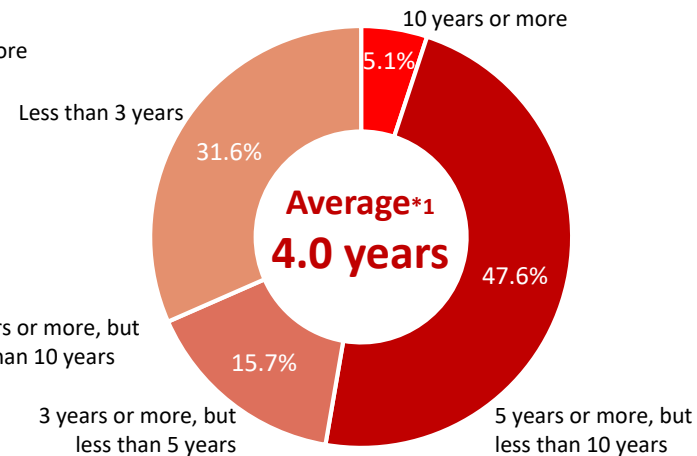
Percentage by Contract Form



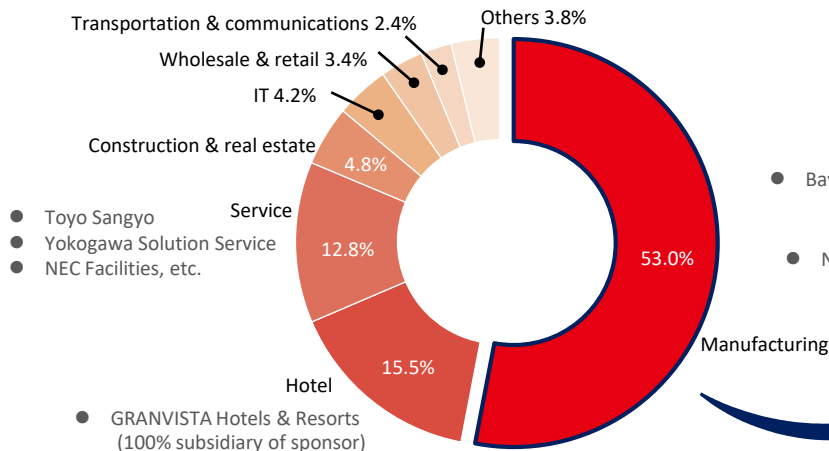
Percentage by Lease Period (including hotels)



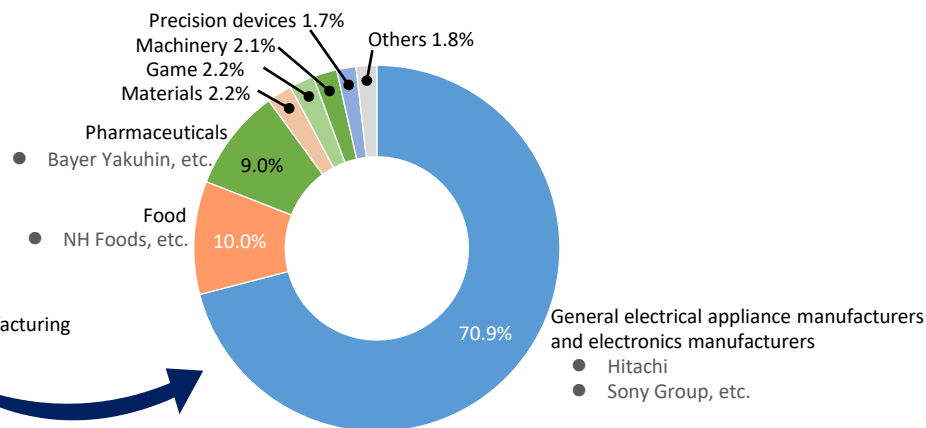
Percentage by Lease Period (excluding hotels)



Percentage by Business Type



Percentage by Business Type (Manufacturing)



Top End Tenants by Leased Area (as of August 31, 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	27.61%	Hitachi Kyusyu Building
GRANVISTA Hotels & Resorts Co., Ltd.	Hotels	15,166.7	15.79%	Hotel Intergate Tokyo Kyobashi Hotel Intergate Hiroshima
Sony Group Corporation	Manufacturing (general electrical appliances)	Not disclosed	Not disclosed	Shinagawa Seaside TS Tower
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	2.65%	S-GATE NIHONBASHI-HONCHO
Hakuhodo DY Holdings Inc.	Services (advertising)	2,517.7	2.62%	S-GATE AKASAKA
Toyo Sangyo Co., Ltd.	Services (equipment maintenance)	1,509.7	1.57%	Omori Park Building
Yokogawa Solution Service Corporation	Services (equipment maintenance)	Not disclosed	Not disclosed	BREEZÉ TOWER
Ryochi Keiei	Retail (food)	1,159.7	1.21%	Miyazakidai Garden Office

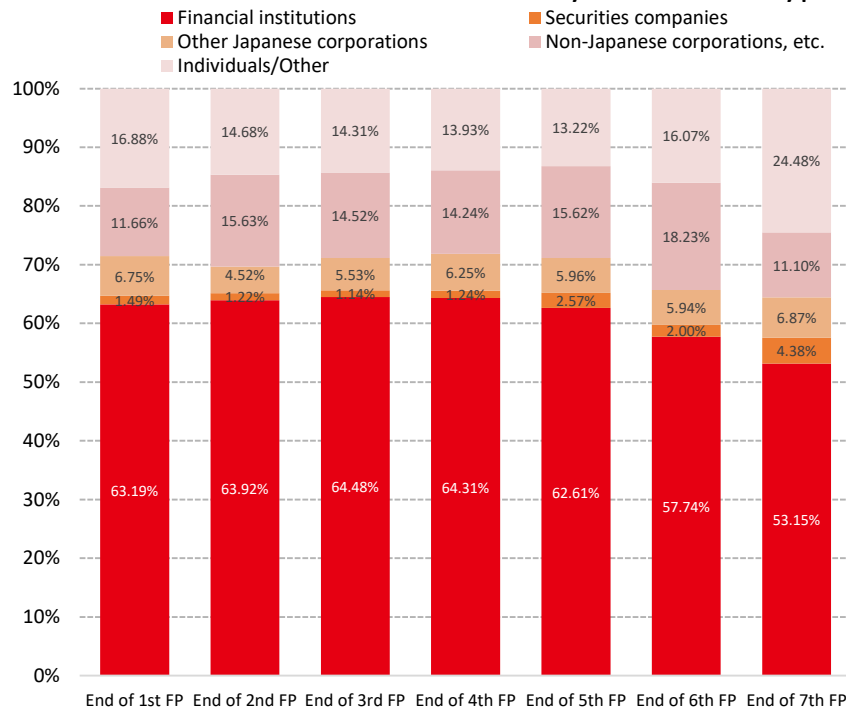
*1 The information is "Not disclosed" due to unavoidable circumstances in that such contains information for which consent for disclosure has not been obtained from the tenant, relevant party, etc. or information from which confidential information can be derived.

*2 An agreement was reached with Sony Group Corporation for the termination of contracts for Shinagawa Seaside TS Tower on March 31, 2023 (14 floors).

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

Status of Unitholders (as of August 31, 2022)

➤ Breakdown of Investment Units by Unitholder Type



➤ Number of Unitholders by Unitholder Type

	End of 1st FP	End of 2nd FP	End of 3rd FP	End of 4th FP	End of 5th FP	End of 6th FP	End of 7th FP
Financial institutions	37	55	54	49	43	50	50
Securities companies	17	19	23	22	22	23	23
Other Japanese corporations	116	127	131	135	124	178	240
Non-Japanese corporations, etc.	57	62	59	70	75	143	160
Individuals/Other	6,399	7,585	7,458	7,406	7,064	10,117	13,872
Total	6,626	7,848	7,725	7,682	7,328	10,511	14,345

➤ Major Unitholders

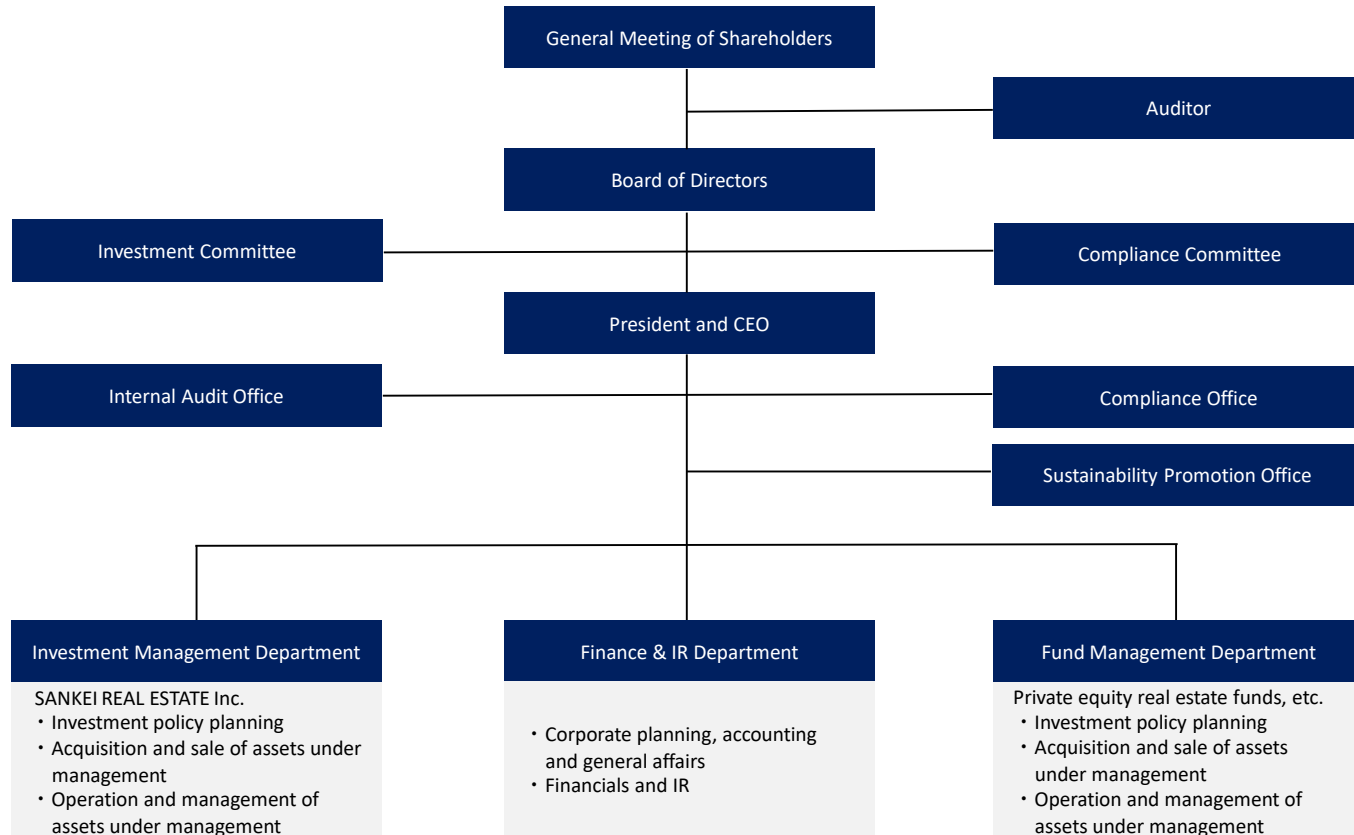
Name of unitholder	Number of units owned (units)	Share of units owned (%)
Custody Bank of Japan, Ltd. (Trust Account)	112,663	24.11%
The Master Trust Bank of Japan, Ltd. (Trust Account)	67,820	14.51%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	20,288	4.34%
The Sankei Building Co., Ltd.	17,479	3.74%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	7,008	1.50%
The Bank of Yokohama, Ltd.	6,107	1.30%
JAPAN SECURITIES FINANCE CO., LTD.	5,247	1.12%
SSBTC CLIENT OMNIBUS ACCOUNT	4,066	0.87%
JP MORGAN CHASE BANK 385771	3,912	0.83%
Mizuho Securities Co., Ltd.	3,729	0.79%
Total	248,319	53.16%

* Each share above is rounded down to two 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. Therefore, the value, such as sum total, may not match the value obtained thereby.

Page 3

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. “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.
3. Sankei Building Asset Management has concluded a sponsor support agreement with the sponsor (Sankei Building) for receiving support providing sale information on properties and various other types of support.

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. Shinagawa Seaside TS Tower holds a 50% quasi co-ownership interest in sectional ownership of the building, etc.

Page 10

1. “DBJ Green Building certification” is a certification system established by Development Bank of Japan Inc. (DBJ) in April 2011 to support properties that give proper care to the environment and society (Green Building). Besides the applicable properties’ environmental performance, based on comprehensive evaluation, including various efforts for stakeholders, such as consideration to disaster prevention or local communities, it evaluates and certifies real estate needed for society and economy and supports those initiatives.

Page 14

■ Change in Occupancy Rate

1. “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.

■ 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.”

Page 15

■ (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 August 2022: Tokyo Sankei Building (2% co-ownership interest), BREEZÉ TOWER (45% quasi co-ownership interest in sectional ownership of the office portion of the building), 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 August 2022, in the 12 applicable properties, those with rent revision under lease agreements occurring in the period from March 1, 2022, until August 31, 2022 (limited to those for which a lease agreement was concluded or renewed during the relevant period) applied to 17 tenants with a total of 705 tsubos in area (rounded to the nearest unit). Assuming the revised area is 100%, on a leased area basis, monthly rent was increased in 0%, renewed at the same level (maintained) in 81.3%, and reduced in 18.7% (*).

(*) 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 March 1, 2022 to August 31, 2022 for the period ended August 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 17

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

1. Applies to lease agreements concluded in the period from March 1, 2022, to August 31, 2022, stating the area subject to renewal with rent revision/renewal in the fiscal period ending February 2023 (8th FP) and the fiscal period ending August 2023 (9th 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 of August 31, 2022, and whose revision/renewal has been completed by the contract revision/renewal (planned) area for each contract revision/renewal period.

■ (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.”

Notes

- (*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 September 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 September 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 22

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” refers to “appraisal NOI yield,” which 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.
3. “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.
4. “Greater Tokyo” refers to the prefectures of Tokyo, Kanagawa, Saitama and Chiba. The same applies below.
5. “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).
6. “Major regional cities” refer to municipalities with a population of less than 200,000 that are deemed by Sankei Building Asset Management have a certain level of demand for specific applications.
7. “Typical floorplate” is a typical floor plan in mid- to high-rise buildings. The same applies below.
8. Tokyo Sankei Building targets 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, Shinagawa Seaside TS Tower, 50% quasi co-ownership interest in sectional ownership of the building, etc., and S-GATE AKASAKA, 80% quasi co-ownership interest.
9. “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.

$$\text{Actual NOI yield} = \text{Actual NOI (annualized)}(*) \div \text{acquisition price}$$

(*) Actual NOI states the level of normal operation(*). For example, 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, these are the figures after adjustment being made assuming these are expensed. For the fiscal period ended August 2022, it is the figure calculated by subtracting other temporarily occurring revenue.

(*) “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.
10. “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.
11. “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 23

1. “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.

Page 24

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.
2. The development plans shown in the sub asset development properties are those targeted or planned by Sankei Building and its execution is neither guaranteed nor committed.

Page 27

- (Top left figure) Financing Highlights
 1. “Balance of interest-bearing liabilities” shows the figure as of September 5, 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 September 5, 2022.
 3. “Average financing interest rate” is calculated using the weighted average, based the balance of interest-bearing debt, of the anticipated applicable interest rate of each interest-bearing liability as of September 5, 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 8th FP and the end of the 9th FP 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 September 5, 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 September 5, 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 September 30, 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.

 2. Uses the figures for the most recent fiscal period of “Office J-REITs” as of September 30, 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

Notes

Page 28

1. "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 31

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.

Page 32

■ Environment

1. "DBJ Green Building Certification" was obtained by The Sankei Building Co., Ltd. for Tokyo Sankei Building and BREEZE TOWER

Page 42

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 FP (after deducting distributions at the end of each FP) ÷ Number of investment units issued and outstanding at end of FP

(*2) "Unrealized gain/loss at end of FP" is obtained using the following equation. It is referred to as "unrealized gain" if the result is positive and "unrealized loss" if negative. This is simply shown as "Unrealized gain" or "Unrealized loss" in the graph.

Unrealized gain/loss at end of FP = Total appraisal value of assets held by SANKEI REAL ESTATE at end of FP - Total book value of assets held by SANKEI REAL ESTATE at end of 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 122,093 yen for the fiscal period ended August 31, 2022 (7th FP).
3. The figures shown on this page are rounded to the nearest unit and percentages are rounded to one decimal place.

Pages 43 and 44

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 = probable maximum loss / replacement cost x 100).

Page 47

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. "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.
3. "Percentage by Building Age" is the percentage, based on acquisition price, of assets held after classifying them by building age as of August 31, 2022, and the average is the weighted average, based on acquisition price of each property, of the calculated figures, rounded to one decimal place.
4. "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 48

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

Page 49

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