



8th

April 27, 2023

8th Fiscal Period (Ended February 2023) Financial Results Briefing Materials

 **SANKEI REAL ESTATE Inc.**

Asset
Management
Company

SANKEI BUILDING ASSET MANAGEMENT CO.,LTD.

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Executive Summary

Financial Results and Management Highlights

- In the 8th FP (ended February 2023), **revenue and profit increased** compared with the forecast.
- At Shinagawa Seaside TS Tower, **renovation to increase property value** commenced (scheduled to complete in June 2023).
- As the first step of the measures to achieve stable DPU, **portfolio rebalancing** was implemented (March 2023).
 - S-GATE AKASAKA (20% quasi co-ownership interest) was additionally acquired
⇒ Ownership interest is 100 %
 - SANKEILOGI Settsu was acquired ⇒ The first acquisition of a logistics facility for SANKEI REAL ESTATE
- Announced support for **the Task Force on Climate-related Financial Disclosures (TCFD) recommendations** (March 2023).

Future Growth Strategies

- Until imminent risks are removed, measures to achieve stable DPU will continue.
- To remove imminent risks, **revival plans are to be implemented, including cooperation with the sponsor**. (Plans are to be announced by the release of the financial report for the 9th FP (October 2023.))

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

1. Financial Results and Management Highlights

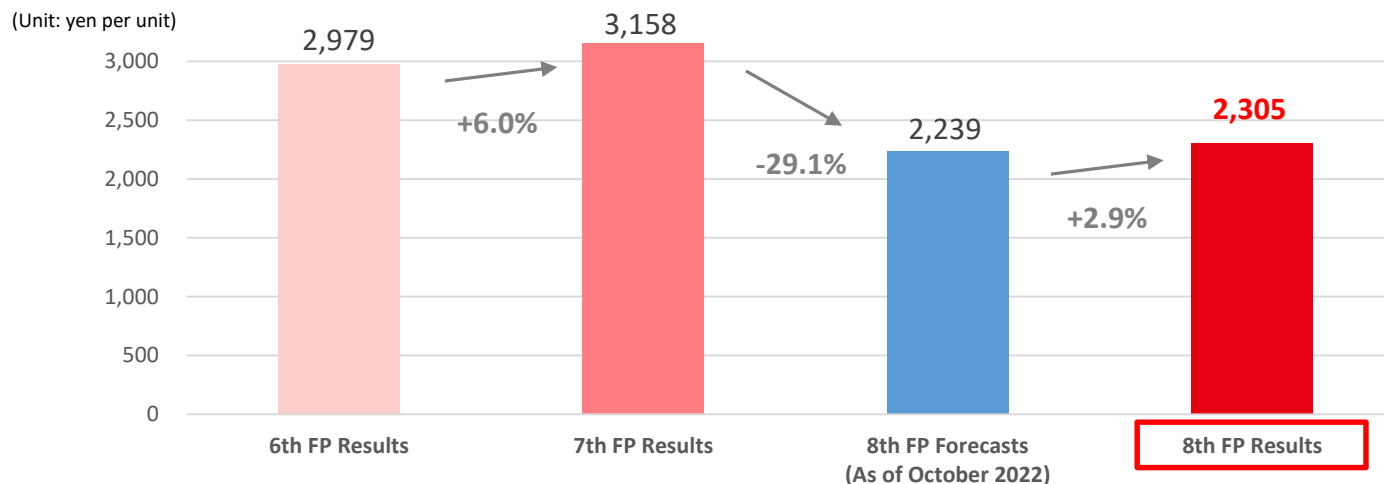
Financial Results Highlights 8th Fiscal Period (Ended February 2023)

- **Operating revenue for the 8th FP: 2,891 million yen** (+0.9% from the forecast, -4.5% from the previous fiscal period)
- **Operating income for the 8th FP: 1,243 million yen** (+2.3% from the forecast, -23.7% from the previous fiscal period)
- **DPU for the 8th FP: 2,305 yen** (+66 yen from the forecast, -853 yen from the previous fiscal period)

Financial Summary for 8th Fiscal Period (Ended February 2023)

	Results	Comparison with beginning-of-period forecast	Comparison with previous fiscal period
Operating revenue	2,891 million yen	+0.9% +24 million yen	-4.5% -136 million yen
Operating income	1,243 million yen	+2.3% +28 million yen	-23.7% -386 million yen
Net income	1,076 million yen	+3.0% +30 million yen	-27.0% -398 million yen
DPU (distribution per unit)	2,305 yen	+2.9% +66 yen	-27.0% -853 yen

Change in DPU for 8th Fiscal Period (Ended February 2023)

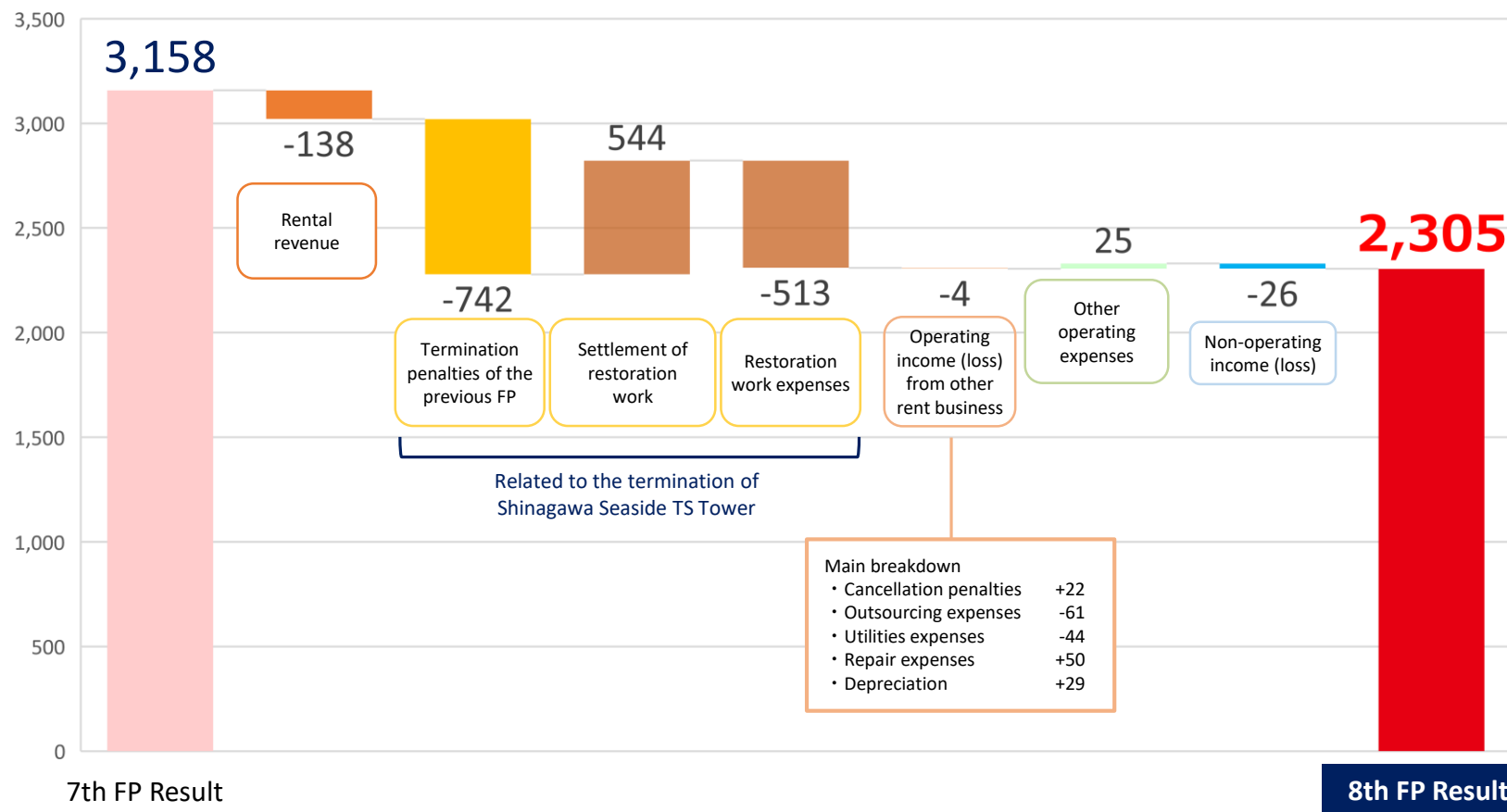


Financial Results Highlights Summary of DPU for the 8th FP (Ended February 2023)

- The main reason for the decrease in DPU compared with the previous FP is the removal of temporary factor at Shinagawa Seaside TS Tower in the previous FP (received termination penalties)

■ Summary of DPU for the 8th FP (Ended February 2023)

(Unit: yen per unit)



Detailed Financial Results Highlights (Comparison with Forecast) 8th Fiscal Period (Ended February 2023)

➤ Operating revenue (+0.9%) and operating income (+2.3%) both **increased** from the forecasts

(Unit: million yen)

Accounting period	8th FP Forecasts (A) (as of October 2022)	8th FP Results (B) (February 2023)	Difference (B)-(A)	Major Factors for the Difference
Operating revenue	2,867	2,891	24	
Rental and CAM revenue	2,452	2,452	0	
Parking revenue	32	34	1	
Utilities reimbursement	119	130	10	Increase in electricity charges invoiced to tenants (+10)
Other revenue	263	274	11	Termination penalties for tenants at SG Nihonbashi (+10)
Operating expenses	1,652	1,648	(4)	
Total expenses related to rent business	1,342	1,338	(3)	
Outsourcing expenses	228	231	2	
Utilities expenses	154	214	59	BREEZÉ (+22), Shinagawa (+11), Hibiya (+5), Omori (+4), Hatchobori (+4)
Repair expenses	333	271	(62)	Shinagawa (-32), BREEZÉ (-20), Hatchobori (-2)
Property taxes	301	300	(0)	
Depreciation	298	296	(2)	
Other expenses	25	25	0	
Operating income (loss) from rent business	1,525	1,552	27	
Total other operating expenses	310	309	(0)	
Asset management fee	245	247	1	
Other expenses	64	62	(2)	
Operating income	1,215	1,243	28	
Non-operating income	0	1	1	
Non-operating expenses	168	168	(0)	
Ordinary income	1,046	1,077	30	
Net income	1,045	1,076	30	
Distribution per unit (Unit: yen)	2,239 yen	2,305 yen	66 yen	
NOI	1,824	1,849	25	

Detailed Financial Results Highlights

(Comparison with Previous Fiscal Period) 8th Fiscal Period (Ended February 2023)

- Operating revenue (-4.5%) and operating income (-23.7%) both decreased from the previous fiscal period
(Unit: million yen)

Accounting period	7th FP Results (A) (August 2022)	8th FP Results (B) (February 2023)	Difference (B)-(A)	Major Factors for the Difference
Operating revenue	3,028	2,891	(136)	
Rental and CAM revenue	2,516	2,452	(64)	Shinagawa (-29), BREEZÉ (-28) (termination), Omori (-14) (termination), Miyazakidai (+8) (accrual of rent)
Parking revenue	33	34	0	
Utilities reimbursement	121	130	9	Omori (+6), SG Akasaka (+2), Toyo (+2)
Other revenue	355	274	(80)	Shinagawa (-92) (termination penalties of the previous fiscal period (-346), Settlement of restoration work (+254), SG Nihonbashi (+10) (termination penalties)
Operating expenses	1,397	1,648	250	
Total expenses related to rent business	1,076	1,338	262	
Outsourcing expenses	202	231	28	Leasing fees (+23) (Shinagawa (+21), SG Nihonbashi (+1)), Shinagawa BM fees (+3)
Utilities expenses	184	214	29	BREEZÉ (+13), Omori (+6), Hibiya (+4), Toyo (+4), Hatchobori (+3)
Repair expenses	55	271	216	Shinagawa (+240) (restoration work expenses), BREEZÉ (+2), Hatchobori (-6), Toyo (-5), Akasaka (-5)
Property taxes	303	300	(2)	
Depreciation	309	296	(13)	Shinagawa (-7), Omori (-5)
Other expenses	20	25	4	
Operating income (loss) from rent business	1,951	1,552	(398)	
Total other operating expenses	320	309	(11)	
Asset management fee	265	247	(18)	
Other expenses	54	62	7	
Operating income	1,630	1,243	(386)	
Non-operating income	0	1	1	
Non-operating expenses	154	168	13	
Ordinary income	1,476	1,077	(398)	
Net income	1,475	1,076	(398)	
Distribution per unit (Unit: yen)	3,158 yen	2,305 yen	(853 yen)	
NOI	2,260	1,849	(411)	

Management Highlights (External Growth)

- **Portfolio rebalancing** was implemented in the 9th FP (March 2023) -

- As part of the future growth strategies, **two properties** were acquired (6.6 billion yen) **with sponsor support**.
- The investment ratio for office buildings, which is slightly overweight, was rebalanced and properties that contribute to **the improvement of portfolio quality** and **stabilization of portfolio revenues** were acquired.

A-10

S-GATE AKASAKA

(20% quasi co-ownership interest)
(additional acquisition)



Occupancy
rate
100%

The **first property** of the **S-GATE** series, a medium-sized office building designed under the sponsor branding strategy

B-3

SANKEILOGI Settsu



Occupancy
rate
100%

The **first facility** in the **Kansai region** of the **SANKEILOGI** series of logistics facilities designed under the sponsor branding strategy

Management Highlights (Internal Growth)

- At Shinagawa Seaside TS Tower, **renovation to increase property value** commenced -

A-8 Shinagawa Seaside TS Tower

➤ Status of lease agreements

- 1) March 31, 2022: termination of 7 floors ⇒ December 2022: **2 floors occupied**
- 2) March 31, 2023: termination of 14 floors ⇒ **10 floors delayed vacating** (planned for the end of May)
⇒ **termination penalties** to be received

➤ Implementation of renovation to increase property value

Implementation of **common area renovation to improve office worker comfort** (planned completion in June 2023)

➤ Earned highest CASBEE for Real Estate Assessment certification ranking (Rank S/Five Stars) (April 2023)

Before the renovation



Entrance



Toilet (powder room)



Common area corridor



Kitchenette



Common area signage (toilet)

Environmental
certification not
acquired

After the renovation



Entrance



Elevator hall (typical floor plate)



Toilet (powder room)



Common area corridor



Kitchenette



Common area signage

April 2023
Earned Rank S



Management Highlights (ESG-Related)

- Announced support for **the Task Force on Climate-related Financial Disclosures (TCFD) recommendations (March 2023)**

→ Joined the TCFD Consortium



The TCFD

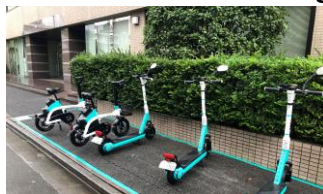
is an international initiative established to examine how climate-related disclosure should be addressed and how financial institutions should be supported, among other items. The TCFD has published recommendations for companies and others to disclose regarding climate change-related risks and opportunities in the areas of Governance, Strategy, Risk Management, and Metrics and Targets.

The TCFD Consortium

was established to discuss how Japanese companies and financial institutions supporting the TCFD recommendations can promote effective corporate information disclosure and how to link disclosed information to appropriate investment decisions by financial institutions.

- Introduction status of **“LUUP,”** a share service for electric micromobility

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



[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.

- **S-GATE NIHONBASHI-HONCHO (6)**
 - **S-GATE AKASAKA (10)**
- To be introduced



[S-GATE NIHONBASHI-HONCHO]

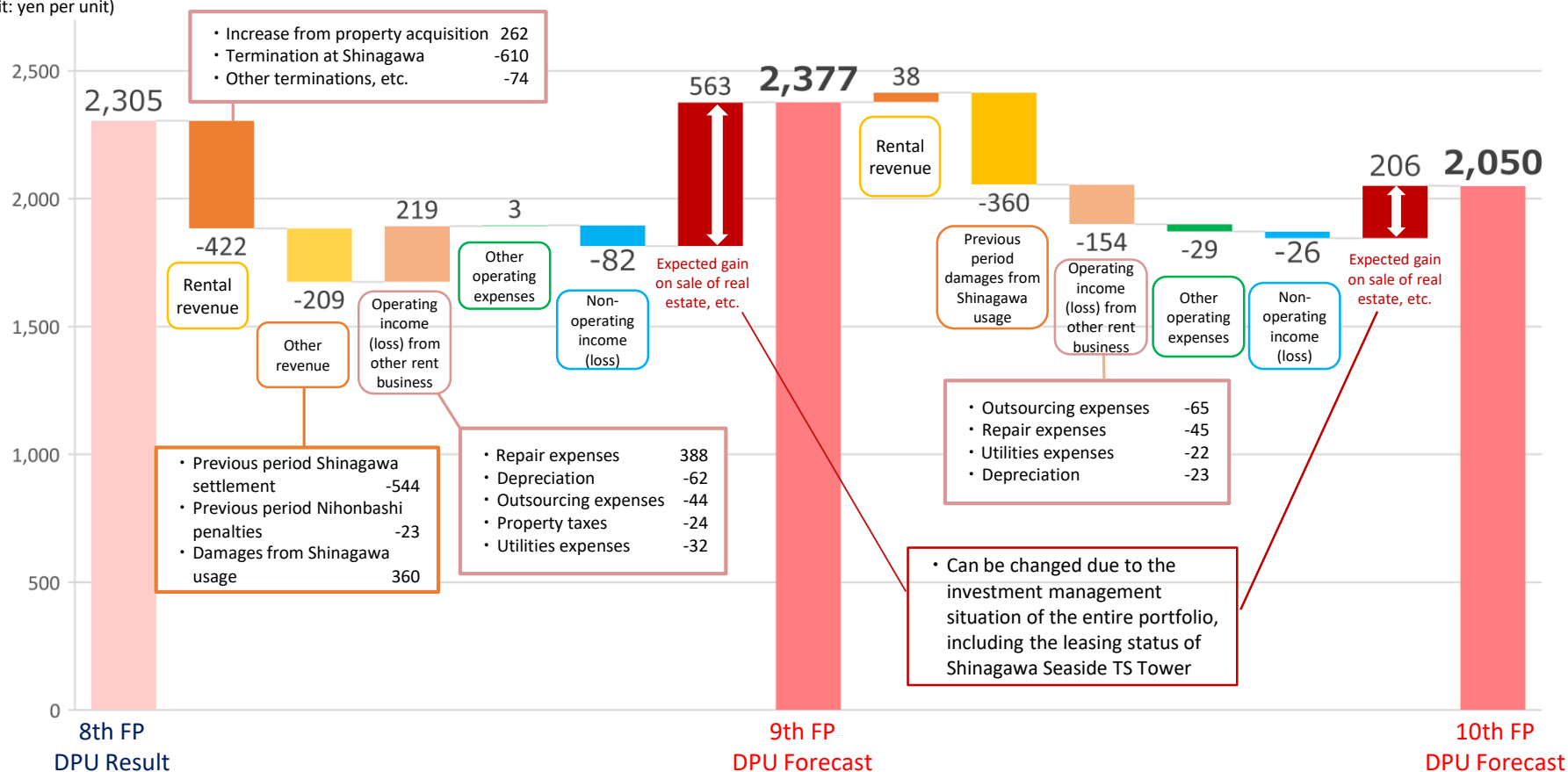
* “LUUP” is a service that allows users to share electric kickboards and electric bicycles via smartphone. The same applies below.

MEMO

Earnings Forecast (Summary)

- **DPU forecast for the 9th FP (ending August 2023): 2,377 yen**, +3.1% (+72 yen) from the 8th FP
No change from the forecast published in October last year. Based on the assumption that **measures to achieve stable DPU** utilizing unrealized gain of the portfolio is implemented.
- **DPU forecast for the 10th FP (ending February 2024): 2,050 yen**, -13.8% (-327 yen) from the 9th FP
Though this assumes **implementation of DPU stabilization measures** by utilizing unrealized gain of the portfolio, note that **future growth strategies (revival plans) have not been fully factored in.**

(Unit: yen per unit)



Forecast (Unabridged)

- DPU forecast for the 9th FP (ending August 2023): **2,377 yen**, +3.1% (+72 yen) from the 8th FP
- DPU forecast for the 10th FP (ending February 2024): **2,050 yen**, -13.8% (-327 yen) from the 9th FP

(Unit: million yen)

Accounting period	8th FP Result (A) (February 2023)	9th FP Forecasts (B) (August 2023)	Difference (B)-(A)	10th FP Forecasts (C) (February 2024)	Difference (C)-(B)
Operating revenue	2,891	2,849	(42)	2,799	(49)
Rental and CAM revenue	2,452	2,255	(197)	2,272	17
Parking revenue	34	32	(1)	33	0
Utilities reimbursement	130	121	(9)	125	4
Other revenue	274	177	(97)	9	(168)
Gain on sale of real estate, etc.	-	263	263	359	96
Operating expenses	1,648	1,533	(114)	1,624	90
Total expenses related to rent business	1,338	1,226	(112)	1,303	76
Outsourcing expenses	231	251	20	282	30
Utilities expenses	214	219	5	234	15
Repair expenses	271	89	(181)	110	21
Property taxes	300	312	11	309	(2)
Depreciation	296	325	29	336	10
Other expenses	25	26	1	28	1
Operating income (loss) from rent business	1,552	1,360	(192)	1,137	(222)
Total other operating expenses	309	307	(1)	321	13
Asset management fee	247	241	(5)	242	0
Other expenses	62	66	4	79	12
Operating income	1,243	1,315	71	1,175	(140)
Non-operating income	1	0	(1)	0	0
Non-operating expenses	168	204	36	216	12
Ordinary income	1,077	1,111	33	958	(152)
Net income	1,076	1,110	33	957	(152)
Distribution per unit (Unit: yen)	2,305 yen	2,377 yen	72 yen	2,050 yen	(327 yen)
NOI	1,849	1,685	(163)	1,474	(211)

Major Factors for the Difference	
9th FP Forecasts (Comparison with 8th FP)	
Operating revenue (-42 million yen)	
• Rent (-197) New properties (+123) (Settsu, Akasaka 20%)	
Existing properties (-319) (Shinagawa (-285), Toyo (-15), Omori (-15), BREEZÉ (-4))	
• Utilities revenue (-9) (Shinagawa (-16), Toyo (-3), Miyazakidai (+4), New properties (+2), Hatchobori (+2), Other)	
• Other revenue (-97) (Damages from Shinagawa usage (+168), Previous FP settlement restoration work (-254), SG Nihonbashi termination penalties from previous FP (-10))	
Expenses related to rent business (-112 million yen)	
• Outsourcing expenses (+20) (leasing incentive: Shinagawa (+13), BREEZÉ (+5), New properties (+3), Other)	
• Utilities expenses (+5) (Miyazakidai (+4), BREEZÉ (+2), Omori (+2), New properties (+2), Shinagawa (-2), Toyo (-2), Other)	
• Repair expenses (-181) (Shinagawa previous period restoration (-240), BREEZÉ (+16), Miyazakidai (+7), Other)	
• Depreciation (+29) (New properties (+22), Shinagawa (+3), BREEZÉ (+2), Hitachi Kyushu (+1))	
10th FP Forecasts (Comparison with 9th FP)	
Operating revenue (-49 million yen)	
• Rental revenue (+17)	
Previous period acquired properties full occupancy (+24)	
Existing properties (-7) (Shinagawa (-35), SG Akihabara (-6), BREEZÉ (+28), SG Nihonbashi (+7))	
• Utilities revenue (+4) (Hibiya (+2), Toyo (+2))	
• Other revenue (-168) (Previous period damages from Shinagawa usage)	
Expenses related to rent business (+76 million yen)	
• Outsourcing expenses (+30) (leasing incentive: Shinagawa (+26), Toyo (+5), Other)	
• Utilities expenses (+15) (Increase due to end of electricity rate reduction and new tenant occupancy)	
(Shinagawa (+4), Toyo (+2), SG Nihonbashi (+2), Hibiya (+1), Other)	
• Repair expenses (+21) (BREEZÉ (+20), Omori (+5), Hibiya (+4), Other (+7), Shinagawa (-8), Miyazakidai (-7))	
• Depreciation (+10) (Shinagawa (+3), BREEZÉ (+3), Omori (+2), Other)	



MEMO

2. Management Performance and Management Strategy

External Growth Results - **Portfolio rebalancing** was implemented in the 9th FP (March 2023) -

- Acquired two **newer, fully occupied properties** to rebalance the slightly overweight investment ratio in office buildings and to attain **portfolio diversification benefits**

■ Acquired Assets*

Property name	SANKEILOGI Settsu	S-GATE AKASAKA (20% quasi co-ownership interest)
Property photo	 Sponsor support Sub assets	 Sponsor support Office buildings
Location	Settsu-shi, Osaka	Minato-ku, Tokyo
Acquisition price	5,242 million yen	1,400 million yen
Appraisal value at acquisition	5,440 million yen	1,498 million yen
Appraisal NOI yield (acquisition price basis)	4.0%	3.4%
Construction completion	October 2022	July 2015
Occupancy rate (as of March 31, 2023)	100.0%	100.0%

■ Change in Portfolio after Two Properties Were Acquired*

	Before acquisition	Acquisition asset	After acquisition
Asset size (Acquisition price)	96.6 billion yen	6.6 billion yen	103.2 billion yen
Number of properties	14 properties	2 properties	15 properties (including additionally acquired two properties)
Acquisition price per property	6.9 billion yen	5.5 billion yen (additional acquisition calculated as 0.2 properties)	6.8 billion yen
Average appraisal NOI yield (acquisition price basis)	4.2%	3.8%	4.1%
Average building age	19.7 years	2.0 years	18.6 years
Occupancy rate	93.4%	100.0%	94.2%
Office buildings rate (acquisition price basis)	86.6%	21.1%	82.4%
Sponsor support rate (acquisition price basis)	100.0%	100.0%	100.0%
LTV ratio	47.4%	100.0%	50.6%

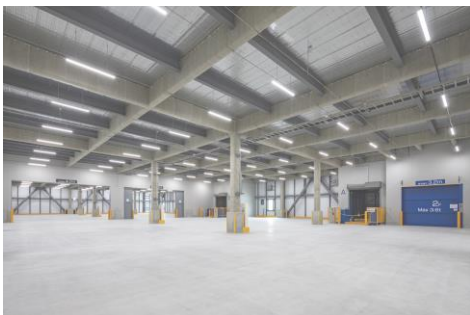
* The figures for "Acquired assets" show the figures published as of the time of acquisition, and the figures for "Change in the portfolio after the two properties were acquired" show the figures as of the end of the 8th FP for "Before acquisition," the figures published as of the time of acquisition for "Acquired assets" and the total of the "Before acquisition" and "Acquired asset" figures for "After acquisition." The same applies below.

External Growth Results - Overview of two newly acquired properties -

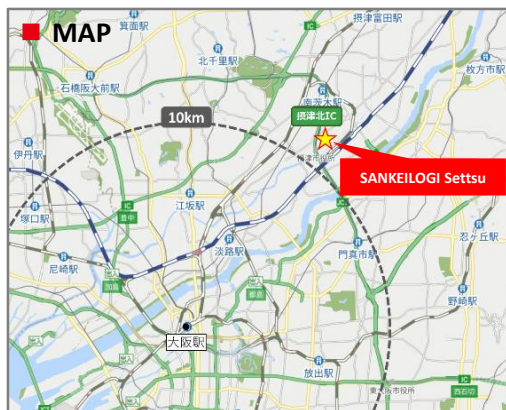
B-3 SANKEILOGI Settsu

➤ **First property in the Kansai region of the SANKEILOGI series of logistics facilities**

At a 6-minute walk to/from Settsu Station on the Osaka Monorail, the property enjoys great public transportation access to the center of Osaka and Kyoto/Kobe. The superb location allows it to be a hub for logistics between major cities with great access to highways.



1. Functionality
 - Effective height under the beam 5.5 meters, Floor load 1.5 t/m²
 - Max. load for freight elevator 3.5 tons (one unit), vertical conveyors 1.5 tons (three units)
 - Each floor is equipped with a charging station for forklifts
 - Capacity of 15 truck berths (for large-sized vehicles) / waiting area for 7 trucks
 - Three dock levelers installed
2. Environmental awareness
 - Equipped with a rooftop solar power system, it enables captive consumption within the facility and operates autonomously using solar power in the event of a power outage.
 - Application of LED lights
 - Application of sandwich panels, which is effective for thermal insulation.
 - Space secured for emergency power generation systems
3. Workability
 - The entrance hall has a woody interior to welcome visitors with warmth.
 - Men's and women's restrooms on each floor.
 - Outfitted with restrooms and break rooms for drivers.



A-10 S-GATE AKASAKA (20% quasi co-ownership interest) (additional acquisition)



➤ **100% ownership interest after additional acquisition**



■ Acquired "2020 3 star" DBJ Green Building Certification



1. The property is a 1-minute walk from Akasaka Station on the Tokyo Metro Chiyoda Line and also enjoys access to Tameike-sanno Station, Akasaka-mitsuke Station, and Nagatacho Station. Six lines across the four stations are available for use.
2. In the surrounding Akasaka area, large-scale development plans are in progress.
3. A high-spec building equipped with BCP measures and earthquake-resistant structures with an earthquake resistance level equivalent to 1.25 times that under the Building Standards Act.

■ Basic specs

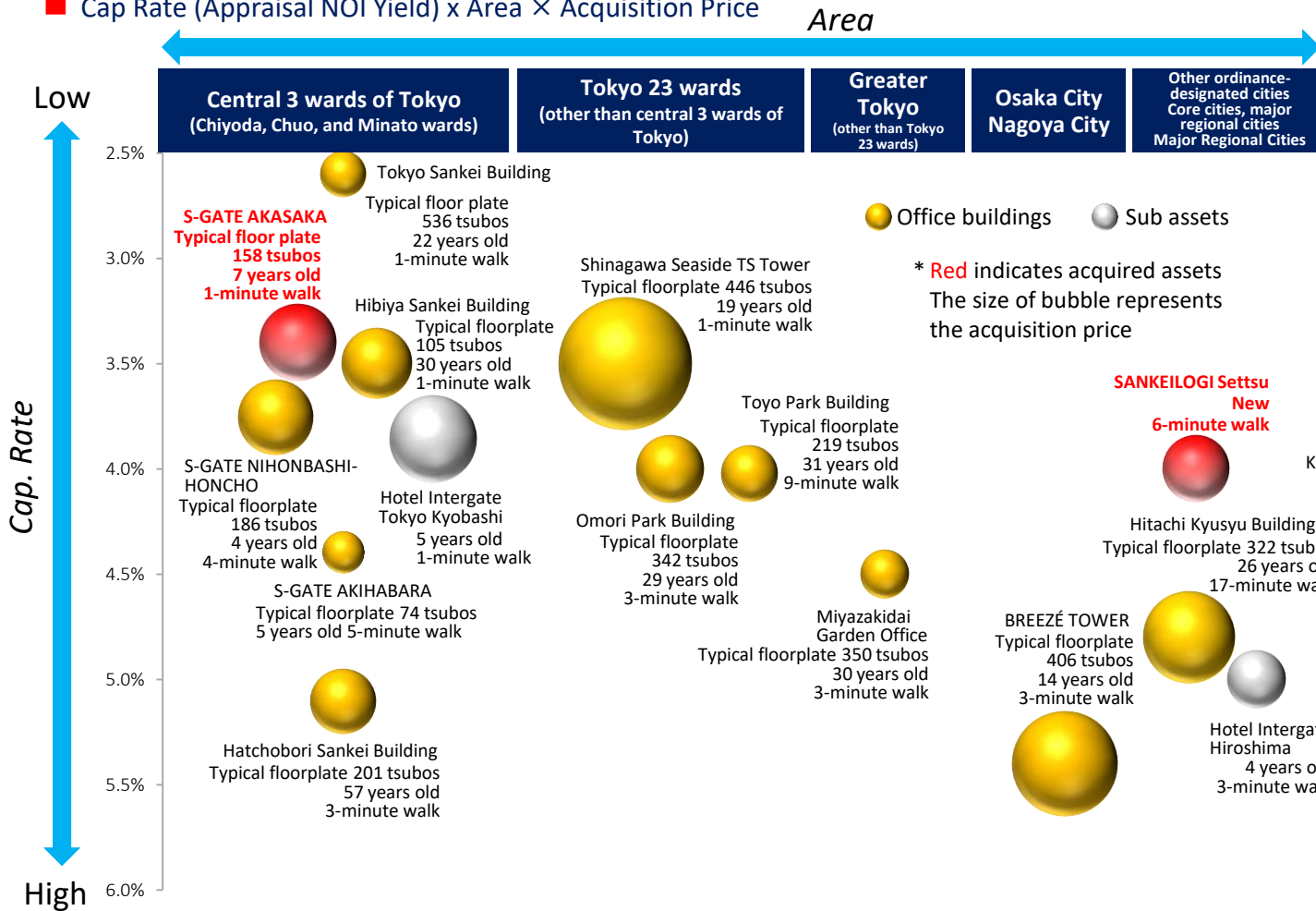
Typical floor plate	Approx. 350 tsubos
Ceiling height	2,800 mm
Air conditioning	Individual air conditioning
Raised floor	100 mm
Floor load	500 kg/m ² ~ 800 kg/m ²



External Growth Strategy - Implement diversified investment conscious of the portfolio matrix -

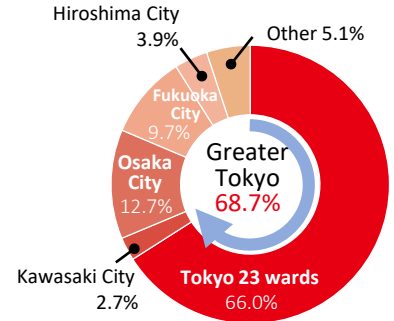


■ Cap Rate (Appraisal NOI Yield) x Area × Acquisition Price

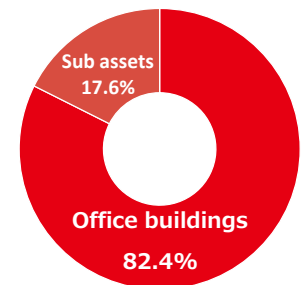


Actual NOI yield*
3.8%

■ 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 termination penalties.

Pipeline from Sponsor

■ Main Development Topics (summary)

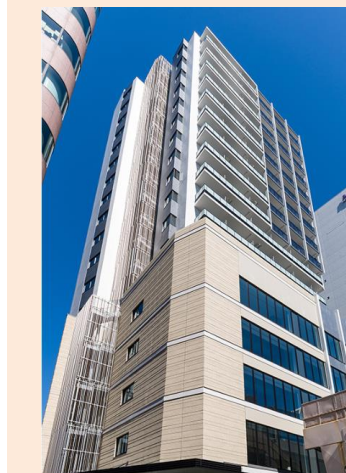


Office buildings

Daihaku Sky Square

Overview

Location	Hakata-ku, Fukuoka-shi
Completion	February 2023
Total floor area	4,992 m ²
Structure/size	Steel construction, 10 floors above ground



Complex

S-LINKS Shibuya (S-LINKS)

Overview

Location	Meguro-ku, Tokyo
Completion	November 2022
Total floor area	9,889.78 m ²
Structure/size	Reinforced concrete construction 1 floor below ground and 18 floors above ground

<Features>

1. S-LINKS Shibuya, a prominent complex of residences, work places, clinics and shops areas located in an area at the forefront of information and culture.
2. Seamless “connection” achieved through the connected platform “homehub,” introduced by Sankei Building for the first time.
3. Enriched lineup of shared facilities that includes a fitness gym, rooftop terrace, laundry room, EV charging stations, EV car-sharing service, micromobility-sharing service, etc.

S-LINKS Shibuya official website

<https://www.sankeibldg.co.jp/s-linksshibuya/>

Logistics facilities



*Joint project

Property name	Location	Construction completion	Building structure/ number of floors
SANKEILOGI Kashiwanoha	Kashiwanoha, Kashiwa-shi, Chiba	March 2022	Steel Construction, 4 floors above ground
SANKEILOGI Atsugi	Onna, Atsugi-shi, Kanagawa	August 2022	Steel Construction, 4 floors above ground
Yatabe Logistics Project (tentative name)	Yatabe, Tsukuba-shi, Ibaraki	March 2023	Steel Construction, 2 floors above ground
Adachi Iriya Project (tentative name)	Iriya, Adachi-ku, Tokyo	May 2023 (planned)	Steel Construction, 5 floors above ground
Minamisuita Logistics Project (tentative name)*	Minamisuita, Suita-shi, Osaka	December 2023 (planned)	Steel Construction, 5 floors above ground
Nagaokakyo-shi Logistics Project (tentative name)*	kotaritenyaku, Nagaokakyo-shi, Kyoto	April 2024 (planned)	Reinforced concrete steel-frame, 4 floors above ground
Komaki-kita Logistics Project (tentative name)*	Fuso-cho, Niwa-gun, Aichi	April 2024 (planned)	Steel Construction, 2 floors above ground
Fuchu Logistics Project (tentative name)*	Musashidai, Fuchu-shi, Tokyo	Winter 2024 (planned)	Steel Construction, 4 floors above ground

Office buildings



S-GATE, S-GATE FIT official website

<https://www.s-gate-office.com/>

Residential

賃貸レジデンス

LEFOND PROGRÈS

ルフォンプログレ

LEFOND PROGRES, etc.
Development plans for LEFOND can be found below.

LEFOND

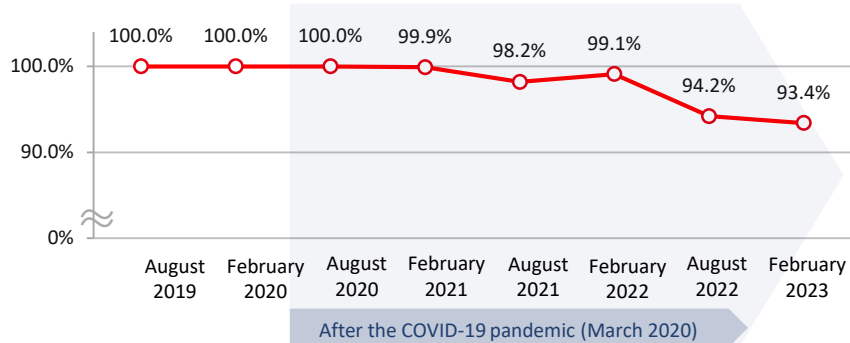
official website

<https://www.lefond.jp/>

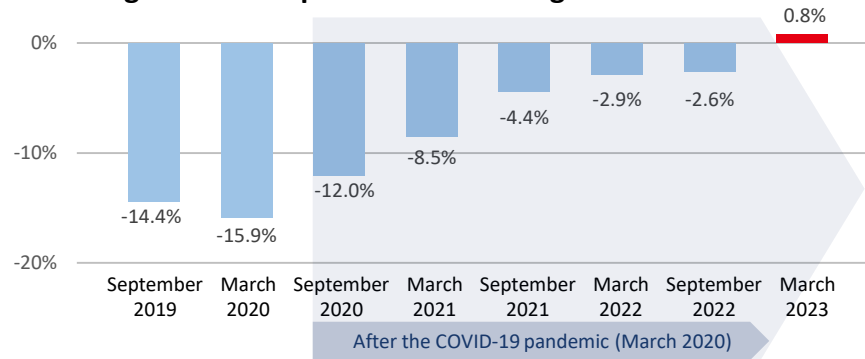
* The properties shown on this page are not properties owned or planned to be acquired by SANKEI REAL ESTATE as of the date of preparation of this material, and there is no assurance that SANKEI REAL ESTATE will decide to acquire or be able to acquire these in the future.

Internal Growth Results

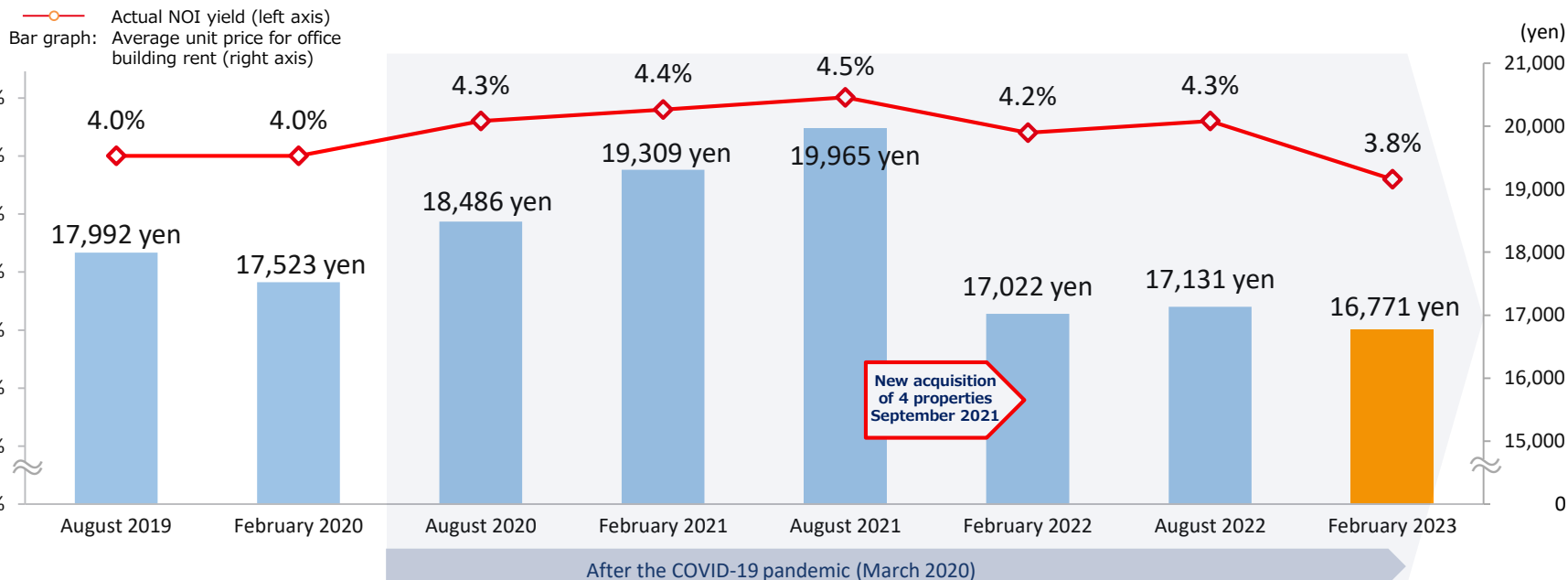
Change in Occupancy Rate



Change in Rent Gap for Office Buildings



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



Internal Growth Results

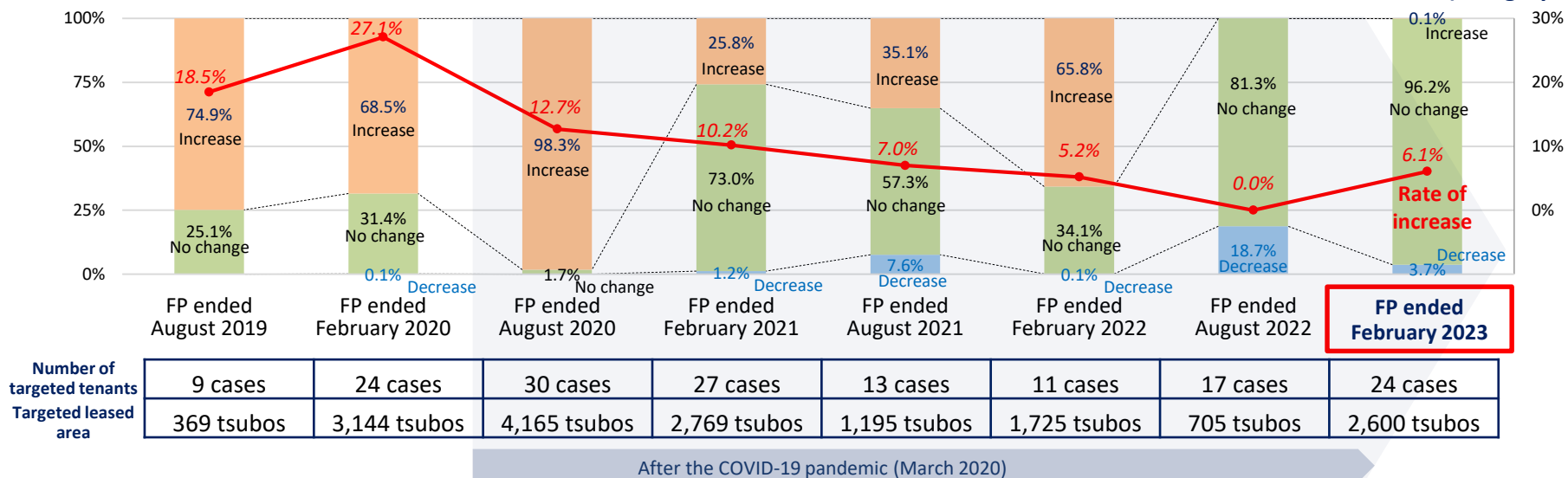
– Rent Revision Performance of Office Buildings (Based on Contracts Signed) –

- Continue negotiations that **focus on reducing the risk of tenants' leaving** with considerations on the current office rental market

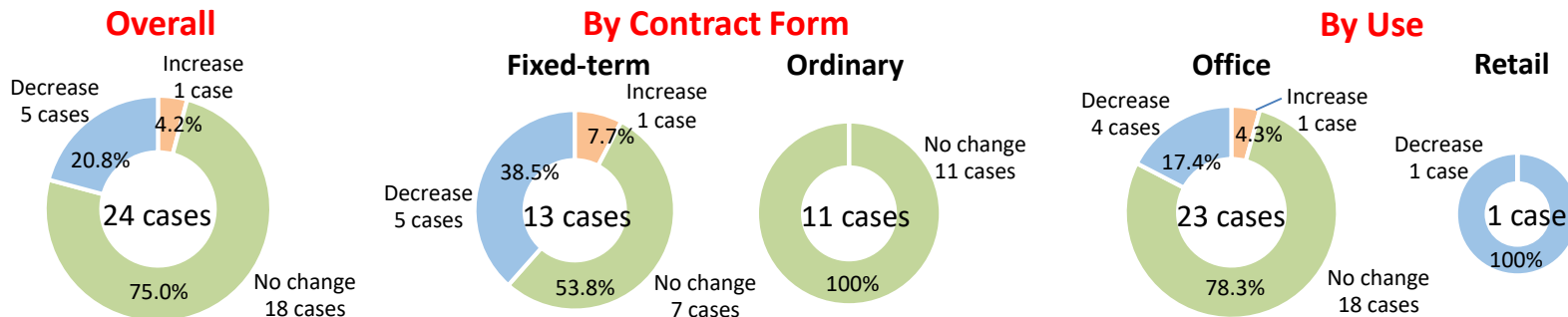
■ Rent Revision Performance of Office Buildings (Based on Rental Area)

Percentages of rent revision results (bar graph)

Rate of rent increase (line graph)



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



Internal Growth Results

■ Examples of Lease-Up

A-2 BREEZÉ TOWER

Three tenants newly signed

(FP ended February 2023)

+

Immediately responded to small-grouped tenants by dividing a floor into four sections.

Application from three new tenants

+

One tenant newly signed

(March 2023)

Occupancy rate 90.4% → 96.9%

(forecast for FP ending August 2023)

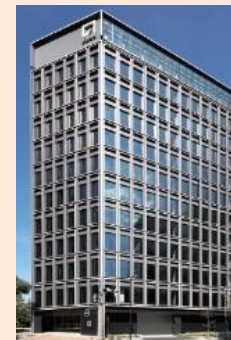


A-3 S-GATE NIHONBASHI-HONCHO

Although mid-term terminations occurred, **tight-knit relations** enabled us to respond to needs for floor space within the building.



Full occupancy maintained
(No downtime)



■ Rent Revision Examples

A-1 Tokyo Sankei Building

Revision with increase: 1 case

Approx. 121 tsubos

(owned by SANKEI REAL ESTATE approx. 2.4 tsubos)

+6.1% compared with before



■ For increases of utilities expenses including electricity and water

Utilities expenses are to increase more than expected due to not only the steep rise in prices of energy resources but also the rapid rise in the value of the dollar last autumn.

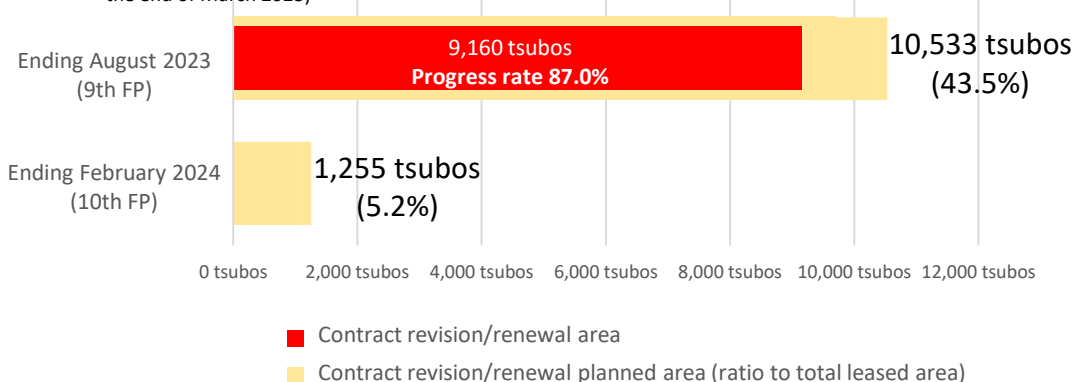
- ① Electricity charges will be reflected in the invoices to tenants, basically, while the buildings with individual air-conditioning systems (S-GATE series) will absorb most of the increases. Therefore utilities expenses are within our expectations.
- ② Utilities expenses greatly exceeded budgets for some buildings with central air-conditioning systems (BREEZÉ, Hatchobori and Omori) due to soaring gas prices and for some buildings using local air-conditioning systems (Hibiya) where running costs significantly exceeded expectations.

Internal Growth Strategy

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

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

Contract revision/renewal planned area is as of the end of the 8th FP (not including two acquired properties)
Renewal with rent revision/renewal is based on contracts signed (applicable to tenant contracts signed as of the end of March 2023)



A-8

Shinagawa Seaside TS Tower

■ Leasing Policy (continued from the previous term)

1. **Expansion of target companies (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 target companies and conduct telemarketing
3. **Full deployment of salesforce for leasing**
 - Utilize resources and network not only from 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 and viewing for leasing agencies (viewing for renovations to increase property value)
5. **Rouse interest in value-up renovations, capture candidate companies**



■ Assumed Occupancy Rate of Portfolio

9th FP (ending August 2023)

- End of period 88.9%
- Period average 88.1%

10th FP (ending February 2024)

- End of period 95.3%
- Period average 92.2%

■ Implementation of Strategic Leasing

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

MEMO

3. Financial Strategy

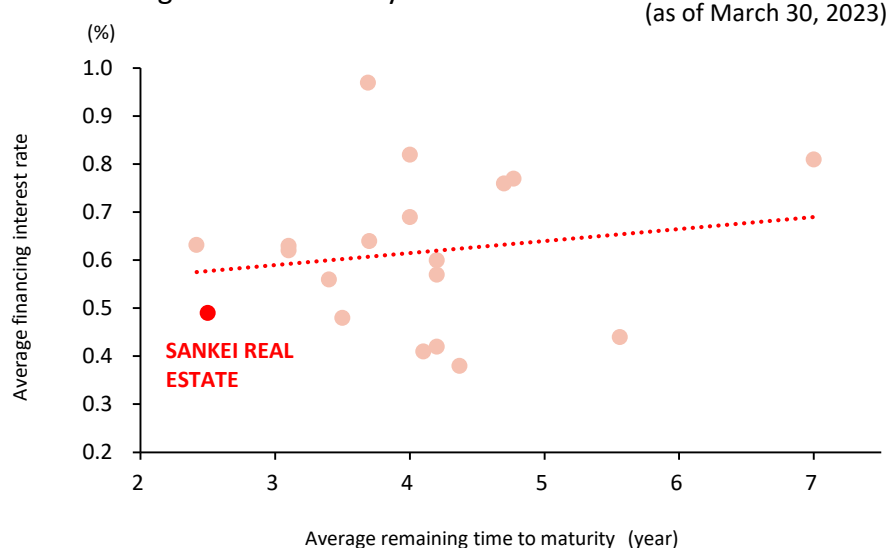
Financial Strategy – Financial Highlights (1) –

- With the acquisition of two new properties, the LTV ratio will increase temporarily. However, under a medium-term view, it will cruise around the level of normal operation (45-50%)
- Depending on the trends of interest rates, some loans will be implemented with floating interest rates, but no change will be seen in the policy to improve and stabilize the financial base

Financial Highlights (as of March 30, 2023)

Balance of interest-bearing liabilities	57.0 billion yen	LTV ratio	50.6%
Ratio of long-term debt	71.9%	Ratio of fixed-rate debt	88.1%
Average financing interest rate	0.49%	Average remaining time to maturity	2.5 years

Distribution Map of Average Financing Interest Rates and Average Remaining Time to Maturity of Office J-REITs (as of March 30, 2023)



LTV Ratio During Normal Operations

	End of the 8th FP	End of the 9th FP	End of the 10th FP
LTV ratio	47.4%	50.6% (Forecast)	50.3% (Forecast)

Lender Composition (as of March 30, 2023)

[Unit: million yen]

	Borrowing amount	Percentage
Mizuho Bank	19,300	33.9%
Sumitomo Mitsui Banking	9,100	16.0%
Development Bank of Japan	7,700	13.5%
Mizuho Trust & Banking	4,640	8.1%
Sumitomo Mitsui Trust Bank	4,500	7.9%
SBI Shinsei Bank, Limited	4,080	7.2%
Resona Bank	3,780	6.6%
Aozora Bank	2,000	3.5%
The Nishi-Nippon City Bank	1,000	1.8%
Kansai Mirai Bank	600	1.1%
Chiba Bank	300	0.5%
11 banks in total	57,000	100.0%

Financial Strategy – Financial Highlights (2) –

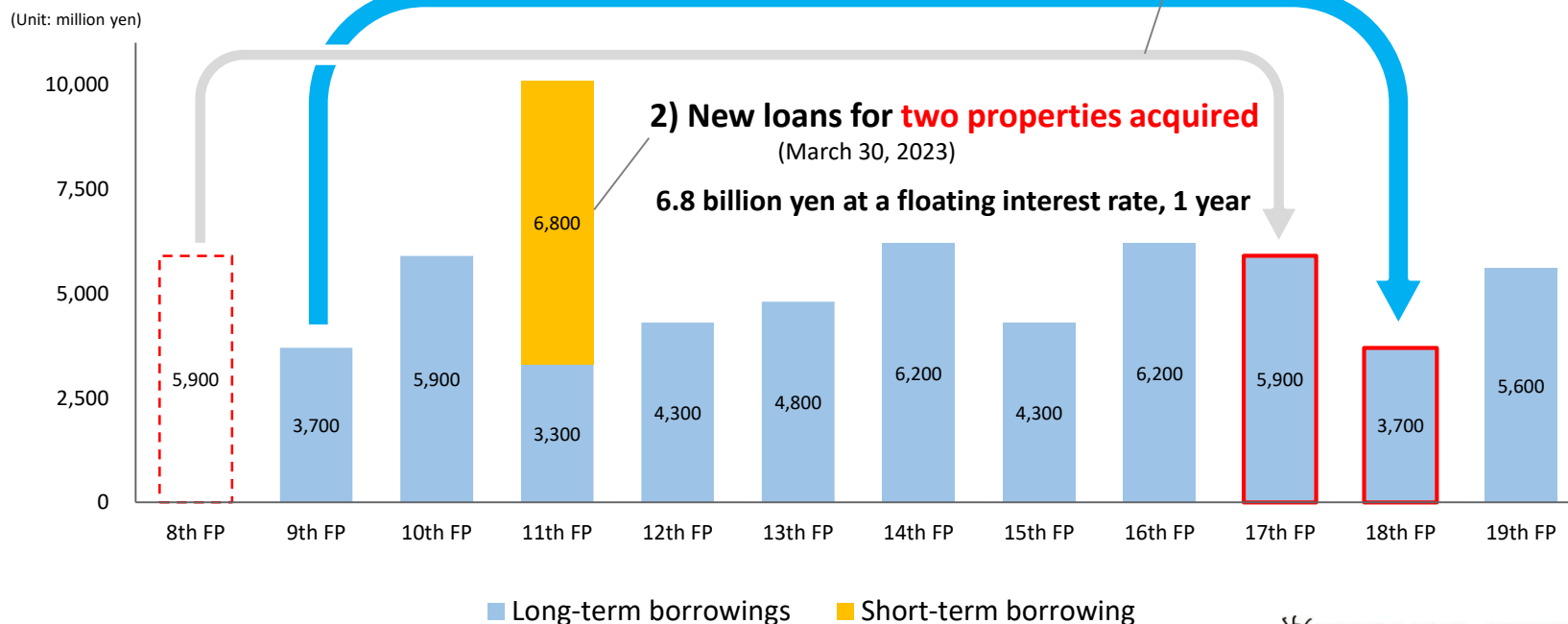
- Will implement loans based on funding uses and the future of SANKEI REAL ESTATE while monitoring interest rate trends, etc.
 - 1) **Refinancing 9th FP → 18th FP (period of 4.5 years)** (March 2023)
 - 2) **New loans for two properties acquired** Floating interest rate for 1 year (March 2023)

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

■ Maturity Ladder for Interest-Bearing Liabilities (as of March 30, 2023)

- 1) **Refinanced borrowings due in the 9th FP** (March 13, 2023)
3.7 billion yen at a fixed interest rate, 4.5 years (to be repaid in the 18th FP)

- Refinancing results for the 8th FP
5.9 billion yen at a fixed interest rate, 4.5 years (to be repaid in the 17th FP)



MEMO

4. ESG Initiatives

ESG Initiatives (1)

■ Topics

- **Announced support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations** (March 2023).

→ **Joined the TCFD Consortium**



- **Establishment of policies for climate change and resilience** (March 2023)
Stipulate policies on responses to climate change-related risks and opportunities, business activities for climate-related issues, and resilience of strategies (strength/ability to recover)

- **Shinagawa Seaside TS Tower acquired Rank S (five stars), the highest in the CASBEE for Real Estate Assessment certification, which is an environmental certification** (April 2023)



- **Introduction of "LUUP," a share service for electric micromobility (total of 4 properties)**



- **Continued installation of LED lighting at tenant turnover**
 - 8th FP (ended February 2023): Installed at **BREEZÉ TOWER**
 - 9th FP (ending August 2023): Installation at **Toyo Park Building** planned

■ Future Initiatives

- **SANKEI REAL ESTATE will renew its website** (planned for June 2023)
- **Promoting acquisition of environmental certification for owned assets** (BELS, DBJ Green Building, CASBEE, etc.)
- **Considering installation of EV charging stations at owned assets**

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	• EMS operational manual
• Policy on greenhouse gas emission reduction	• Policies for climate change and resilience
• Policy on sustainable procurement	

■ 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
Tokyo Sankei Building	★★★★	2021
BREEZÉ TOWER	★★★★	2021
S-GATE NIHONBASHI-HONCHO	★★★★	2022
S-GATE AKIHABARA	★★★	2022
S-GATE AKASAKA	★★★	2020
Hotel Intergate Tokyo Kyobashi	★★★★	2021
Hotel Intergate Hiroshima	★★	2021
Shinagawa Seaside TS Tower	★★★★★	2023

GRESB
☆☆☆☆☆ 2022

Acquired DBJ Green Building Certification

DBJ Green Building

Acquired BELS evaluation

BELS

CASBEE application underway

CASBEE

■ Social

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

[Examples of building events]
Christmas Illumination 2022
Sustainable Christmas decorations with recycled seed-paper at Tokyo Sankei Building



■ Governance

- The Asset Management Company introduced a **fiduciary duty policy (policy for Customer-Oriented Business Conduct)** (March 2023)

- Considering **intensifying same-boat investment**

FP ended February 2023

Number of investment units issued and outstanding	Number of units held by sponsor	Percentage of units held by sponsor
467,099 unit	17,479 unit	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 February 2023 (8th FP)

(Unit: thousand yen)

	7th FP (as of Aug. 31, 2022)	8th FP (as of Feb. 28, 2023)
Assets		
Current assets		
Cash and deposits	5,575,535	5,208,842
Cash and deposits in trust	3,303,184	3,097,656
Operating accounts receivable	62,702	64,478
Prepaid expenses	71,801	62,795
Other	78	-
Total current assets	9,013,302	8,433,772
Non-current assets		
Property, plant and equipment		
Buildings	181,978	182,520
Accumulated depreciation	(22,182)	(25,525)
Buildings, net	159,795	156,995
Structures	544	544
Accumulated depreciation	(53)	(67)
Structures, net	490	476
Land	2,457,766	2,457,766
Buildings in trust	18,769,170	18,955,810
Accumulated depreciation	(1,592,660)	(1,879,113)
Buildings in trust, net	17,176,510	17,076,697
Structures in trust	71,171	71,171
Accumulated depreciation	(3,517)	(4,558)
Structures in trust, net	67,654	66,613
Machinery and equipment in trust	11,302	14,330
Accumulated depreciation	(1,698)	(2,290)
Machinery and equipment in trust, net	9,603	12,040
Tools, furniture and fixtures in trust	49,525	71,817
Accumulated depreciation	(11,769)	(16,419)
Tools, furniture and fixtures in trust, net	37,756	55,397
Land in trust	77,433,848	77,433,848
Construction in progress in trust	56,722	945
Total property, plant and equipment	97,400,148	97,260,780
Intangible assets		
Software	2,953	2,013
Total intangible assets	2,953	2,013
Investments and other assets		
Long-term prepaid expenses	103,157	103,557
Deferred tax assets	15	12
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	113,173	113,569
Total non-current assets	97,516,274	97,376,363
Deferred assets		
Investment unit issuance costs	24,099	18,075
Total deferred assets	24,099	18,075
Total assets	106,553,676	105,828,211

	7th FP (as of Aug. 31, 2022)	8th FP (as of Feb. 28, 2023)
Liabilities		
Current liabilities		
Operating accounts payable	244,965	347,103
Long-term loans due within one year	9,600,000	9,600,000
Accounts payable - other	308,770	288,400
Accrued expenses	44,831	50,743
Income taxes payable	926	855
Consumption taxes payable	171,838	38,660
Advances received	447,828	449,764
Deposits received	6,036	676
Total current liabilities	10,825,198	10,776,204
Non-current liabilities		
Long-term loans	40,600,000	40,600,000
Lease and guarantee deposits received	88,237	88,166
Lease and guarantee deposits received in trust	4,129,413	3,851,485
Total non-current liabilities	44,817,651	44,539,651
Total liabilities	55,642,849	55,315,856
Net assets		
Unitholders' equity		
Unitholders' capital	49,442,685	49,442,685
Deduction from unitholders' capital	(7,136)	(7,136)
Unitholders' capital (net)	49,435,549	49,435,549
Surplus		
Unappropriated retained earnings (undisposed loss)	1,475,277	1,076,805
Total surplus	1,475,277	1,076,805
Total unitholders' equity	50,910,827	50,512,354
Total net assets	50,910,827	50,512,354
Total liabilities and net assets	106,553,676	105,828,211

Statement of Income and Retained Earnings (Unabridged) for the Fiscal Period Ended February 2023 (8th FP)

(Unit: thousand yen)

	7th FP (as of Aug. 31, 2022)	8th FP (as of Feb. 28, 2023)
Operating revenue		
Rent business revenue	2,516,558	2,452,313
Other rent business revenue	511,493	439,634
Total operating revenue	3,028,051	2,891,948
Operating expenses		
Expenses related to rent business	1,076,927	1,338,956
Asset management fee	265,992	247,055
Asset custody fee	2,100	2,092
Administrative service fees	7,460	8,020
Remuneration for directors (and other officers)	3,600	3,600
Other operating expenses	41,722	48,325
Total operating expenses	1,397,803	1,648,050
Operating income	1,630,247	1,243,897
Non-operating income		
Interest income	41	41
Reversal of distributions payable	-	584
Insurance claim income	-	930
Interest on refund	279	-
Other non-operating income	0	285
Total non-operating income	321	1,841
Non-operating expenses		
Interest expenses	100,931	114,796
Borrowing related expenses	47,460	47,427
Amortization of investment unit issuance expenses	6,024	6,024
Other non-operating expenses	26	-
Total non-operating expenses	154,441	168,247
Ordinary income	1,476,124	1,077,491
Net income before income taxes	1,476,124	1,077,491
Income taxes - current	932	861
Income taxes - deferred	(5)	3
Total income taxes	927	865
Net income	1,475,197	1,076,626
Retained earnings brought forward	80	178
Unappropriated retained earnings (undisposed loss)	1,475,277	1,076,805

Statement of Cash Flows for the Fiscal Period Ended February 2023 (8th FP)

(Unit: thousand yen)

	7th FP (as of Aug. 31, 2022)	8th FP (as of Feb. 28, 2023)
Cash flows from operating activities		
Net income before income taxes	1,476,124	1,077,491
Depreciation	310,763	297,033
Amortization of investment unit issuance expenses	6,024	6,024
Interest income	(41)	(41)
Interest expenses	100,931	114,796
Decrease (increase) in operating accounts receivable	27,164	(1,775)
Decrease (increase) in consumption taxes refund receivable	389,377	-
Decrease (increase) in prepaid expenses	(10,343)	9,006
Increase (decrease) in operating accounts payable	116,727	77,214
Increase (decrease) in accounts payable - other	64,742	(22,151)
Increase (decrease) in consumption taxes payable	171,838	(133,178)
Increase (decrease) in advances received	(37,563)	1,936
Increase (decrease) in deposits received	(5,319)	(5,360)
Decrease (increase) in long-term prepaid expenses	(9,818)	(399)
Decrease (increase) in other assets	(78)	78
Subtotal	2,600,531	1,420,674
Interest received	41	41
Interest paid	(94,905)	(108,884)
Income taxes paid	(821)	(932)
Net cash provided by (used in) operating activities	2,504,846	1,310,899
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,708)	(542)
Purchase of property, plant and equipment in trust	(102,914)	(130,867)
Proceeds from lease and guarantee deposits received	595	632
Refund of lease and guarantee deposits received	(331)	(703)
Proceeds from lease and guarantee deposits received in trust	110,219	74,547
Refund of lease and guarantee deposits received in trust	(83,190)	(351,923)
Net cash provided by (used in) investing activities	(78,330)	(408,856)
Cash flows from financing activities		
Repayments of short-term loans	(400,000)	-
Proceeds from long-term loans	5,600,000	5,900,000
Repayments of long-term loans	(5,600,000)	(5,900,000)
Distributions paid	(1,390,093)	(1,474,263)
Net cash provided by (used in) financing activities	(1,790,093)	(1,474,263)
Net increase (decrease) in cash and cash equivalents	636,421	(572,220)
Cash and cash equivalents at beginning of period	8,242,298	8,878,719
Cash and cash equivalents at end of period	8,878,719	8,306,499

Status of Lenders (as of March 31, 2023)

Category	Lender	Loan amount (million yen)		Interest rate	Borrowing date (upper row) Maturity date (lower row)	Repayment method	Description				
Short-term loans	Mizuho Bank	6,800	6,800	0.41273% (floating)	Mar. 30, 2023 Mar. 30, 2024						
	Mizuho Bank	856	3,300	0.49096% (fixed)	Mar. 12, 2019 Mar. 12, 2024	Lump-sum repayment at maturity	Unsecured/ Non-guaranteed				
	Sumitomo Mitsui Banking	639									
	Development Bank of Japan	548									
	Mizuho Trust & Banking	350									
	Sumitomo Mitsui Trust Bank	319									
	SBI Shinsei Bank, Limited	294									
	Resona Bank	294									
	Mizuho Bank	950									
Long-term loans	Sumitomo Mitsui Banking	800	5,900	0.36200% (fixed)	Sep. 3, 2019 Sep. 3, 2023	Lump-sum repayment at maturity	Unsecured/ Non-guaranteed				
	Development Bank of Japan	2,000									
	Mizuho Trust & Banking	620									
	Sumitomo Mitsui Trust Bank	550									
	SBI Shinsei Bank, Limited	490									
	Resona Bank	490									
	Mizuho Bank	1,167									
	Sumitomo Mitsui Banking	832									
	Development Bank of Japan	713									
	Mizuho Trust & Banking	456	4,300	0.32923% (fixed)	Mar. 12, 2020 Sep. 12, 2024	Lump-sum repayment at maturity	Unsecured/ Non-guaranteed				
	Sumitomo Mitsui Trust Bank	416									
	SBI Shinsei Bank, Limited	358									
	Resona Bank	358									
	Mizuho Bank	1,331	4,800	0.36978% (fixed)	Mar. 12, 2021 Mar. 12, 2025	Lump-sum repayment at maturity	Unsecured/ Non-guaranteed				
	Sumitomo Mitsui Banking	929									
	Development Bank of Japan	796									
	Mizuho Trust & Banking	509									
	Sumitomo Mitsui Trust Bank	465									
	SBI Shinsei Bank, Limited	385									
	Resona Bank	385									
Mizuho Bank	1,550										
Sumitomo Mitsui Banking	1,000	6,200	0.29655% (fixed)	Sep. 2, 2021 Sep. 2, 2025	Lump-sum repayment at maturity	Unsecured/ Non-guaranteed					
Development Bank of Japan	700										
Mizuho Trust & Banking	600										
Sumitomo Mitsui Trust Bank	500										
SBI Shinsei Bank, Limited	500										
Resona Bank	400										
The Nishi-Nippon City Bank	500										
Kansai Mirai Bank	300										
Chiba Bank	150										
Mizuho Bank	750						6,200	0.35542% (fixed)	Sep. 2, 2021 Sep. 2, 2026	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										
SBI Shinsei Bank, Limited	500										
Resona Bank	400										
Aozora Bank	1,500										
The Nishi-Nippon City Bank	500										
Kansai Mirai Bank	300										
Chiba Bank	150										
Mizuho Bank	1,100	4,300	0.38044% (fixed)	Oct. 1, 2021 Apr. 1, 2026	Lump-sum repayment at maturity	Unsecured/ Non-guaranteed					
Sumitomo Mitsui Banking	900										
Development Bank of Japan	700										
Mizuho Trust & Banking	300										
Sumitomo Mitsui Trust Bank	300										
SBI Shinsei Bank, Limited	300										
Resona Bank	200										
Aozora Bank	500										
Mizuho Bank	1,574	5,600	0.77500% (fixed)	Mar. 14, 2022 Mar. 14, 2028	Lump-sum repayment at maturity	Unsecured/ Non-guaranteed					
Sumitomo Mitsui Banking	1,084										
Development Bank of Japan	929										
Mizuho Trust & Banking	593										
Sumitomo Mitsui Trust Bank	542										
SBI Shinsei Bank, Limited	439										
Resona Bank	439										
Mizuho Bank	2,250										
Sumitomo Mitsui Banking	1,500						5,900	0.79285% (fixed)	Sep. 5, 2022 Mar. 5, 2027	Lump-sum repayment at maturity	Unsecured/ Non-guaranteed
Mizuho Trust & Banking	620										
Sumitomo Mitsui Trust Bank	550										
SBI Shinsei Bank, Limited	490										
Resona Bank	490										
Mizuho Bank	972										
Sumitomo Mitsui Banking	716										
Development Bank of Japan	614										
Mizuho Trust & Banking	392	3,700	1.02763% (fixed)	Mar. 13, 2023 Sep. 13, 2027	Lump-sum repayment at maturity	Unsecured/ Non-guaranteed					
Sumitomo Mitsui Trust Bank	358										
SBI Shinsei Bank, Limited	324										
Resona Bank	324										
Total							57,000				

* If the maturity date is not a business day, it will be the following business day, and if that business day is the following month, it will be the immediately preceding business day.

Key Performance Indicators (KPIs) for the Fiscal Period Ended February 2023 (8th FP)

		7th FP (as of Aug. 31, 2022)	8th FP (as of Feb. 28, 2023)
LTV ratio	(against total assets)	47.1%	47.4%
	(against total assets <considering unrealized gain/loss>)	44.0%	44.5%
NOI yield	(against book value)	4.6%	3.8%
	(against appraisal value)	4.3%	3.5%
NOI yield after depreciation	(against book value)	4.0%	3.2%
	(against appraisal value)	3.7%	3.0%
Implied cap rate	(NOI yield)	5.0%	4.3%
	(NOI yield after depreciation)	4.3%	3.6%
FFO		1,785 million yen	1,372 million yen
AFFO		1,701 million yen	1,160 million yen
FFO per unit		3,821 yen	2,938 yen
EPS		3,158 yen	2,304 yen

		7th FP (as of Aug. 31, 2022)	8th FP (as of Feb. 28, 2023)
Distribution per unit		3,158 yen	2,305 yen
Distribution yield		6.5%	5.3%
ROE		5.8%	4.3%
Net assets per unit		108,993 yen	108,140 yen
NAV per unit		125,250 yen	123,067 yen
Investment unit price (at end of period)		97,200 yen	86,400 yen
NAV multiple		0.8x	0.7x
PBR		0.9x	0.8x
PER		15.4x	18.8x
FFO multiple		12.7x	14.7x
Payout ratio	(FFO)	82.6%	78.4%
	(AFFO)	86.7%	92.8%

- *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 rent business + depreciation) / Book value of real estate for lease
NOI yield (against appraisal value) = (Operating income from real estate rent business + depreciation) / Appraisal value of real estate for lease
- *3. NOI yield after depreciation (against book value) = Operating income from real estate rent business / Book value of real estate for lease
NOI yield after depreciation (against appraisal value) = Operating income from real estate rent business / 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

- *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 Rent Business by Property for the Fiscal Period Ended February 2023 (8th 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
Rent business revenue	59,133	526,880	171,745	68,823	198,615	178,240	108,675
Rental revenue	51,545	414,441	151,668	64,086	170,927	145,209	88,635
Common area maintenance revenue	2,021	80,532	-	-	13,232	13,790	5,937
Utilities reimbursement	4,174	22,890	6,707	4,366	11,433	12,648	11,078
Parking revenue	825	8,031	2,732	324	1,662	5,052	2,790
Other rental revenue	566	983	10,637	47	1,360	1,540	235
Expenses related to rent business	32,791	244,696	50,242	24,379	97,788	68,222	40,022
Outsourcing expenses	5,842	67,186	11,794	5,565	16,098	16,651	9,212
Utilities expenses	5,021	58,804	8,456	5,005	15,515	18,222	12,298
Property taxes	12,583	37,604	10,772	4,829	55,763	9,993	7,754
Land rent	683	1,135	-	-	-	-	-
Repair expenses	2,618	12,130	156	574	3,554	3,548	1,400
Insurance premium	117	725	298	133	274	414	203
Trust fee	-	112	250	250	250	250	350
Depreciation	3,356	64,727	18,068	7,623	6,005	17,209	8,606
Other expenses related to rent business	2,568	2,270	447	396	327	1,933	197
Operating income (loss) from rent business	26,342	282,183	121,502	44,444	100,826	110,017	68,653
NOI	29,698	346,910	139,570	52,068	106,831	127,227	77,259

Statement of Income from Rent Business by Property for the Fiscal Period Ended February 2023 (8th 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	
Rent business revenue		157,036		86,191		206,955	118,800	2,891,948
Rental revenue		121,979		71,487		206,955	118,800	2,323,174
Common area maintenance revenue		10,037		3,587		-	-	129,138
Utilities reimbursement		19,602		8,259		-	-	130,668
Parking revenue		4,680		1,542		-	-	34,048
Other rental revenue		737		1,314		-	-	274,917
Expenses related to rent business	(Not disclosed)*	74,335	(Not disclosed)	33,070	(Not disclosed)	55,039	43,046	1,338,956
Outsourcing expenses		13,964		6,317		1,200	1,200	231,216
Utilities expenses		28,301		10,379		-	-	214,149
Property taxes		16,202		6,234		26,304	15,544	300,889
Land rent		-		-		-	-	1,818
Repair expenses		3,609		879		-	-	271,417
Insurance premium		385		182		477	435	5,603
Trust fee		350		350		250	250	3,752
Depreciation	59,647	11,318	10,428	8,205	28,554	26,770	25,572	296,093
Other expenses related to rent business		205		521		37	44	14,014
Operating income (loss) from rent business	162,688	82,701	85,341	53,120	187,500	151,915	75,753	1,552,992
NOI	222,336	94,019	95,770	61,326	216,054	178,685	101,325	1,849,085

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

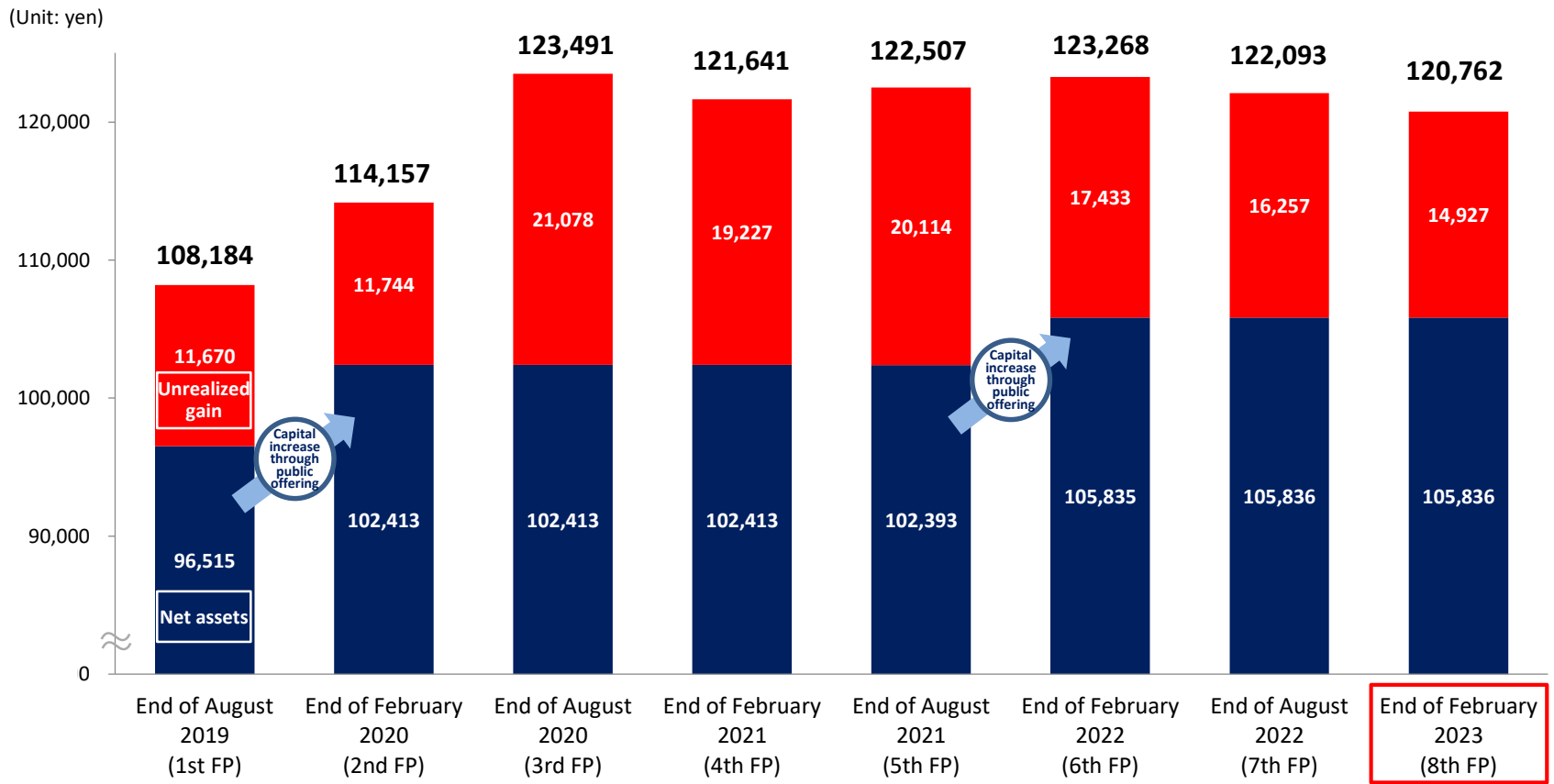
Overview of Appraisal Value (as of February 28, 2023)

(Unit: million yen)

Property number	Property name	Acquisition price	End of the 8th FP Book value (a)	End of the 7th FP (August 31, 2022) (b)		End of the 8th FP (February 28, 2023) (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	2,615	2,690	2.3%	2,620	2.3%	(70)	0.0pt	4
A-2	BREEZÉ TOWER (45% quasi co-ownership interest in sectional ownership of the office portion of the building, etc.)	13,100	12,995	18,225	3.6%	18,000	3.6%	(225)	0.0pt	5,004
A-3	S-GATE NIHONBASHI-HONCHO (51% co-ownership interest)	6,698	6,653	7,720	3.2%	7,750	3.2%	30	0.0pt	1,096
A-4	S-GATE AKIHABARA	2,055	2,028	2,710	3.3%	2,710	3.3%	0	0.0pt	681
A-5	Hibiya Sankei Building	5,829	6,064	6,620	2.8%	6,620	2.8%	0	0.0pt	555
A-6	Hatchobori Sankei Building	4,959	5,003	5,520	4.1%	5,490	4.1%	(30)	0.0pt	486
A-7	Toyo Park Building	3,782	3,873	3,920	3.7%	3,920	3.7%	0	0.0pt	46
A-8	Shinagawa Seaside TS Tower (50% quasi co-ownership interest in sectional ownership of the building, etc.)	20,940	21,130	19,800	3.3%	19,450	3.3%	(350)	0.0pt	(1,680)
A-9	Omori Park Building	5,400	5,452	5,490	3.7%	5,490	3.7%	0	0.0pt	37
A-10	S-GATE AKASAKA (80% quasi co-ownership interest in sectional ownership of the building, etc.)	5,600	5,631	5,992	3.1%	5,992	3.1%	0	0.0pt	360
A-11	Miyazakidai Garden Office	2,800	2,843	2,790	4.5%	2,730	4.5%	(60)	0.0pt	(113)
A-12	Hitachi Kyusyu Building	10,000	10,197	10,300	4.3%	10,300	4.3%	0	0.0pt	102
Office buildings subtotal (total of 12 properties)		83,674	84,489	91,777	-	91,072	-	(705)	-	6,582
B-1	Hotel Intergate Tokyo Kyobashi	8,961	8,897	9,040	3.8%	9,040	3.8%	0	0.0pt	142
B-2	Hotel Intergate Hiroshima	3,990	3,872	4,120	4.6%	4,120	4.6%	0	0.0pt	247
Sub assets subtotal (total of 2 properties)		12,951	12,770	13,160	-	13,160	-	0	-	389
Portfolio total (total of 14 properties)		96,625	97,259	104,937	-	104,232	-	(705)	-	6,972

* 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 March 31, 2023)

Property number	A-1	A-2	A-3	A-4	A-5	A-6	A-7	A-8
Asset type	Office buildings	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	Shinagawa Seaside TS Tower (50% quasi co-ownership interest in sectional ownership of the building, etc.)
								
Location	Chiyoda-ku, Tokyo	Kita-ku, Osaka-shi	Chuo-ku, Tokyo	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo	Chuo-ku, Tokyo	Koto-ku, Tokyo	Shinagawa-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	(1) Sep. 3, 2019 (2) Sep. 2, 2021
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	20,940 million yen
Appraisal value	2,620 million yen	18,000 million yen	7,750 million yen	2,710 million yen	6,620 million yen	5,490 million yen	3,920 million yen	19,450 million yen
Appraisal NOI yield (Appraisal NOI/Acquisition price)	2.6%	5.4%	3.8%	4.4%	3.5%	5.1%	4.0%	3.5%
Construction completion	Sep. 2000	Jul. 2008	Oct. 2018	Sep. 2017	Jun. 1992	Sep. 1965	Jun. 1991	Jul. 2003
Occupancy rate	99.5%	90.4%	100.0%	100.0%	100.0%	100.0%	92.3%	76.0%
PML value	2.3%	2.8%	2.0%	2.2%	3.1%	0.3%	9.0%	3.2%

Portfolio List (2) (as of March 31, 2023)

Property number	A-9	A-10	A-11	A-12	B-1	B-2	B-3
Asset type	Office buildings	Office buildings	Office buildings	Office buildings	Sub assets	Sub assets	Sub assets
Property name	Omori Park Building	S-GATE AKASAKA	Miyazakidai Garden Office	Hitachi Kyusyu Building	Hotel Intergate Tokyo Kyobashi	Hotel Intergate Hiroshima	SANKEILOGI Settsu
							
Location	Ota-ku, Tokyo	Minato-ku, Tokyo	Miyamae-ku, Kawasaki-shi	Sawara-ku, Fukuoka-shi	Chuo-ku, Tokyo	Naka-ku, Hiroshima-shi	Settsu-shi, Osaka
Acquisition date	Sep. 3, 2019	(1) Oct. 1, 2020 (2) Sep. 2, 2021 (3) Mar. 31, 2023	Sep. 2, 2021	Sep. 2, 2021	Mar. 12, 2019	Sep. 3, 2019	Mar. 31, 2023
Acquisition price	5,400 million yen	7,000 million yen	2,800 million yen	10,000 million yen	8,961 million yen	3,990 million yen	5,242 million yen
Appraisal value	5,490 million yen	7,490 million yen	2,730 million yen	10,300 million yen	9,040 million yen	4,120 million yen	5,440 million yen
Appraisal NOI yield (Appraisal NOI/Acquisition price)	4.0%	3.4%	4.5%	4.8%	3.9%	5.0%	4.0%
Construction completion	May 1993	Jul. 2015	Feb. 1993	Feb. 1996	Jan. 2018	Oct. 2018	Oct. 2022
Occupancy rate	79.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
PML value	5.6%	4.6%	9.5%	2.5%	1.8%	2.1%	6.9%
						PML value (average)	1.7%

Portfolio Matrix (1) (as of March 31, 2023)


<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	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 22 years old, 1-minute walk 2,509										2,509 (2.4%)
Less than 3.5%	S-GATE AKASAKA 7 years old, 1-minute walk 7,000										7,000 (6.8%)
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							SANKEILOGI Settsu New, 6-minute walk 5,242		47,671 (46.2%)
	S-GATE NIHONBASHI-HONCHO 4 years old, 4-minute walk 6,698										
	Hotel Intergate Tokyo Kyobashi 5 years old, 1-minute walk 8,961										
Less than 4.5%	S-GATE AKIHABARA 5 years old, 5-minute walk 2,055	Omori Park Building 29 years old, 3-minute walk 5,400									11,237 (10.9%)
		Toyo Park Building 31 years old, 9-minute walk 3,782									
Less than 5.0%					Miyazakidai Garden Office 30 years old, 3-minute walk 2,800				Hitachi Kyusyu building 26 years old, 17-minute walk 10,000		12,800 (12.4%)
5.0% or more	Hatchobori Sankei Building 57 years old, 3-minute walk 4,959						BREEZÉ TOWER 14 years old, 3-minute walk 13,100		Hotel Intergate Hiroshima 4 years old, 3-minute walk 3,990		22,049 (21.4%)
Total acquisition price (Overall ratio)	38,013 (36.8%)	30,122 (29.2%)			2,800 (2.7%)		13,100 (12.7%)		19,232 (18.6%)		103,267 (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 March 31, 2023)

<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 22 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	SANKEILOGI Settsu New, 6-minute walk 5,242	41,791 (40.5%)		
Less than 400 tsubos 300 tsubos or more		Omori Park Building 29 years old, 3-minute walk 5,400	Miyazakidai Garden Office 30 years old, 3-minute walk 2,800				Hitachi Kyusyu building 26 years old, 17-minute walk 10,000	18,200 (17.6%)			
Less than 300 tsubos 200 tsubos or more	Hatchobori Sankei Building 57 years old, 3-minute walk 4,959	Toyo Park Building 31 years old, 9-minute walk 3,782					Hotel Intergate Hiroshima 4 years old, 3-minute walk 3,990	12,732 (12.3%)			
Less than 200 tsubos 100 tsubos or more	S-GATE NIHONBASHI-HONCHO 4 years old, 4-minute walk 6,698							28,489 (27.6%)			
	Hibiya Sankei Building 30 years old, 1-minute walk 5,829										
	S-GATE AKASAKA 7 years old, 1-minute walk 7,000										
	Hotel Intergate Tokyo Kyobashi 5 years old, 1-minute walk 8,961										
Less than 100 tsubos	S-GATE AKIHABARA 5 years old, 5-minute walk 2,055							2,055 (2.0%)			
Total acquisition price (Overall ratio)	38,013 (36.8%)	30,122 (29.2%)	2,800 (2.7%)	13,100 (12.7%)	19,232 (18.6%)	103,267 (100.0%)					

Typical floorplate (tsubo)

Typical Floor Plate * Office Buildings Only (Construction area is used as reference value for sub assets)

- 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

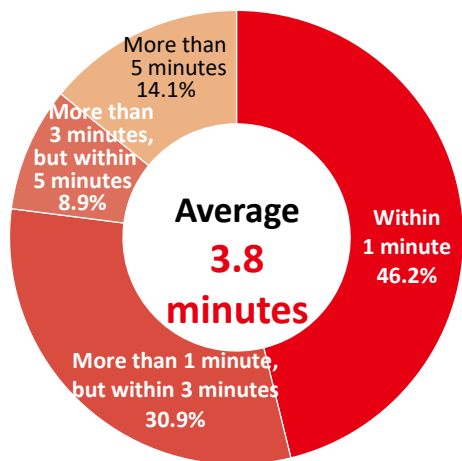
Portfolio Status (as of March 31, 2023)

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

Sponsor support rate **100%**

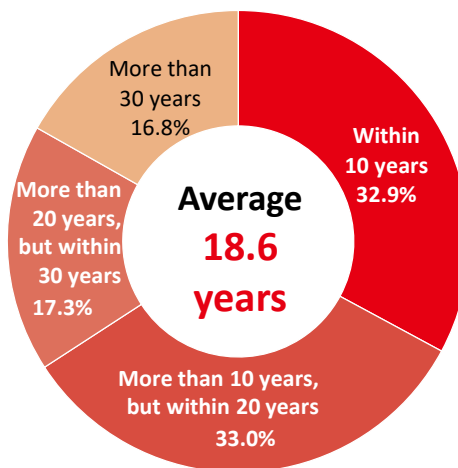
Close

Percentage by Walking Time to the Nearest Station (excluding logistics facilities)



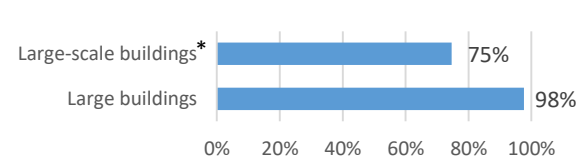
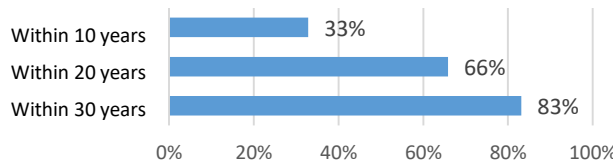
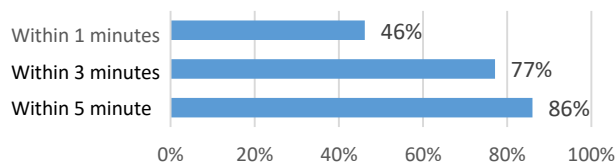
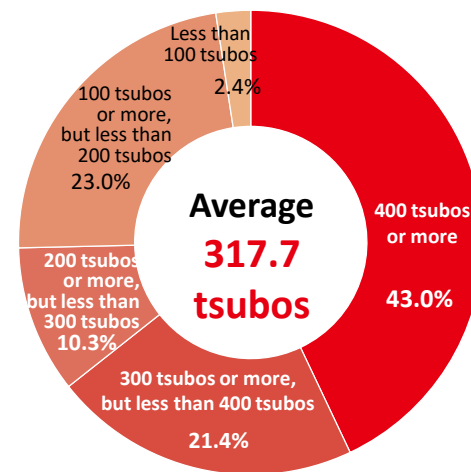
New

Percentage by Building Age



Large

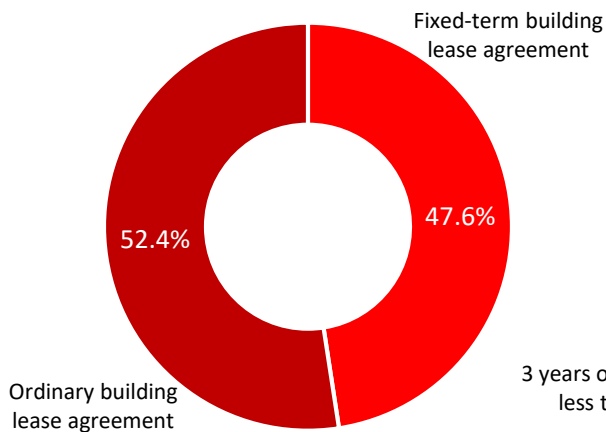
Percentage by Typical Floorplate (Office Buildings)



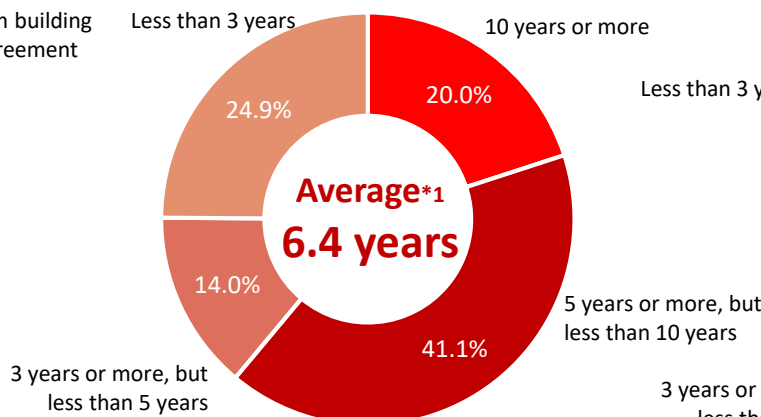
* Calculated based on the definition of "Large-scale buildings: 200 tsubos or more" and "Large buildings: 100 tsubos or more, but less than 200 tsubos" made by Sanko Estate Co., Ltd.

Status of Lease Agreements (as of February 28, 2023; based on leased area after considering ownership interest)

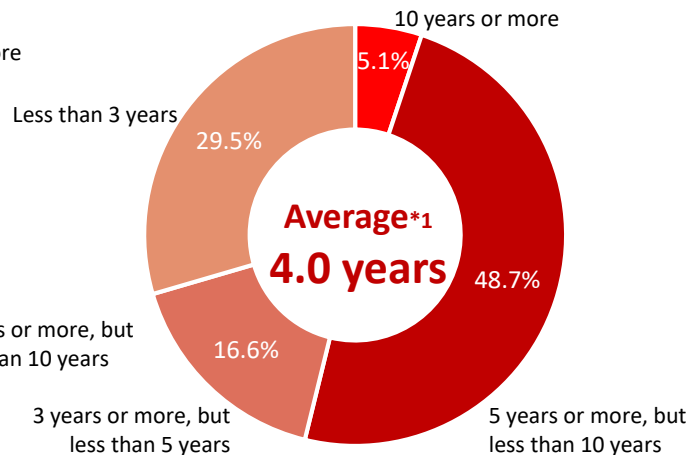
Percentage by Contract Form



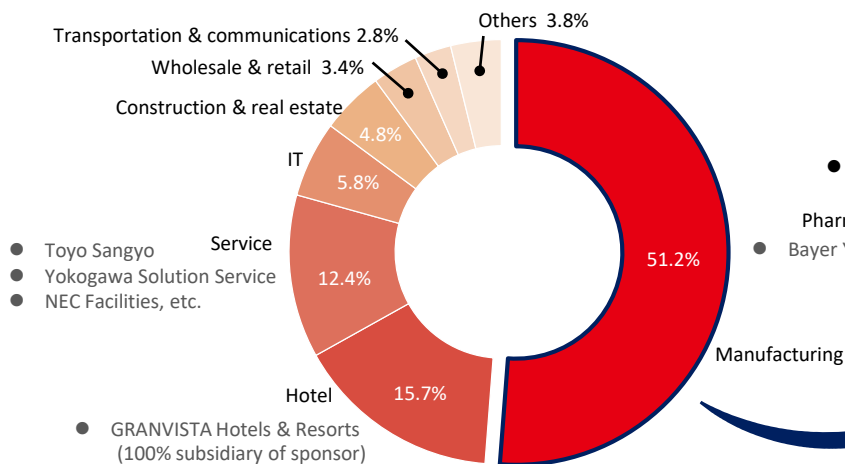
Percentage by Lease Period (including hotels)



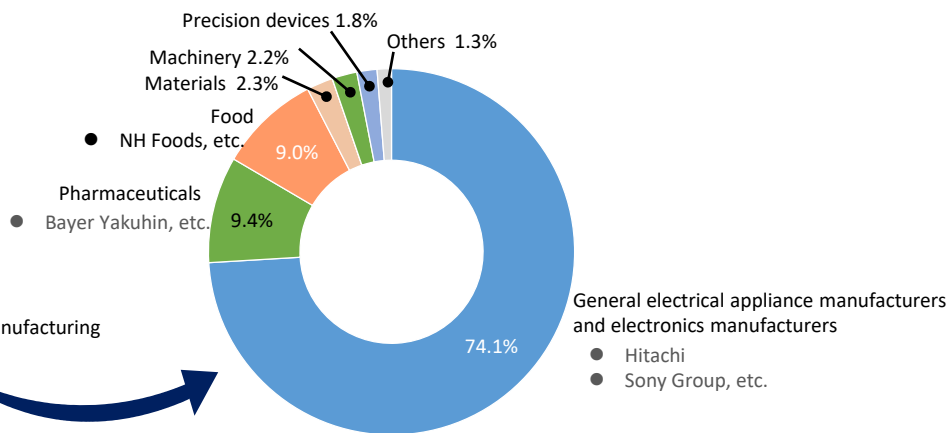
Percentage by Lease Period (excluding hotels)



Percentage by Business Type



Percentage by Business Type (Manufacturing)



Top End Tenants by Leased Area (as of February 28, 2023)

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	27.85%	Hitachi Kyusyu Building
GRANVISTA Hotels & Resorts Co., Ltd.	Hotels	15,166.7	15.93%	Hotel Intergate Tokyo Kyobashi Hotel Intergate Hiroshima
Sony Group Corporation	Manufacturing (general electrical appliances)	Not disclosed	Not disclosed	Shinagawa Seaside TS Tower
Bayer Yakuhin, Ltd.	Manufacturing (pharmaceutical)	Not disclosed	Not disclosed	BREEZÉ TOWER
NH Foods Ltd.	Manufacturing (food)	Not disclosed	Not disclosed	BREEZÉ TOWER
Konoike Construction Co., Ltd.	Construction	2,542.7	2.67%	S-GATE NIHONBASHI-HONCHO
Hakuhodo DY Holdings Inc.	Services (advertising)	2,517.7	2.64%	S-GATE AKASAKA
Toyo Sangyo Co., Ltd.	Services (equipment maintenance)	1,509.7	1.59%	Omori Park Building
HBA Corporation	IT	1,476.0	1.55%	Shinagawa Seaside TS Tower
Yokogawa Solution Service Corporation	Services (equipment maintenance)	Not disclosed	Not disclosed	BREEZÉ TOWER

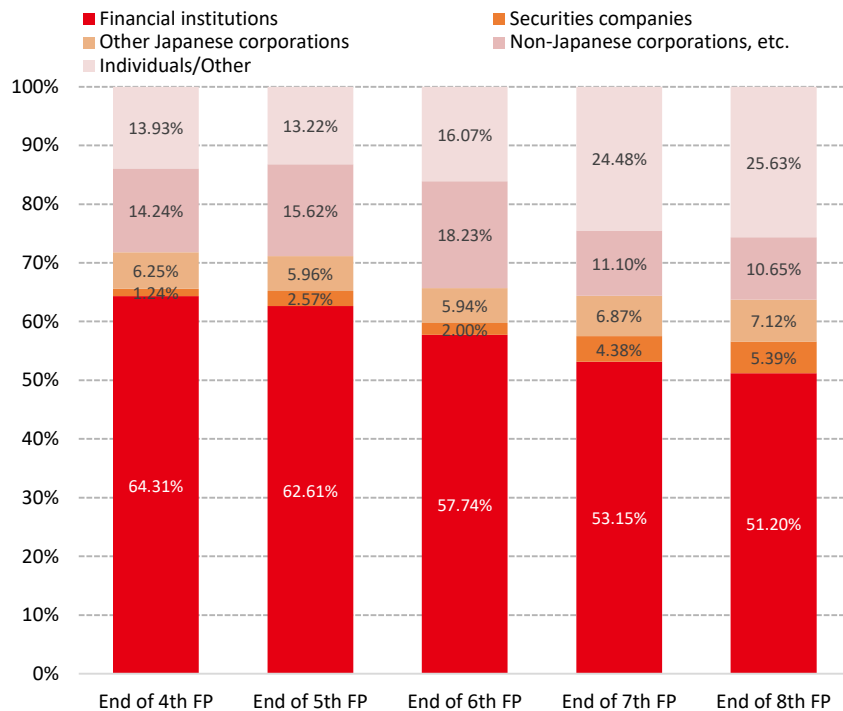
*1 The information is "Not disclosed" due to unavoidable circumstances in that such contains information for which consent for disclosure has not been obtained from the tenant, relevant party, etc. or information from which confidential information can be derived.

*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 February 28, 2023)

➤ Breakdown of Investment Units by Unitholder Type



➤ Number of Unitholders by Unitholder Type

	End of 4th FP	End of 5th FP	End of 6th FP	End of 7th FP	End of 8th FP
Financial institutions	49	43	50	50	47
Securities companies	22	22	23	23	22
Other Japanese corporations	135	124	178	240	248
Non-Japanese corporations, etc.	70	75	143	160	171
Individuals/Other	7,406	7,064	10,117	13,872	13,981
Total	7,682	7,328	10,511	14,345	14,469

➤ Major Unitholders

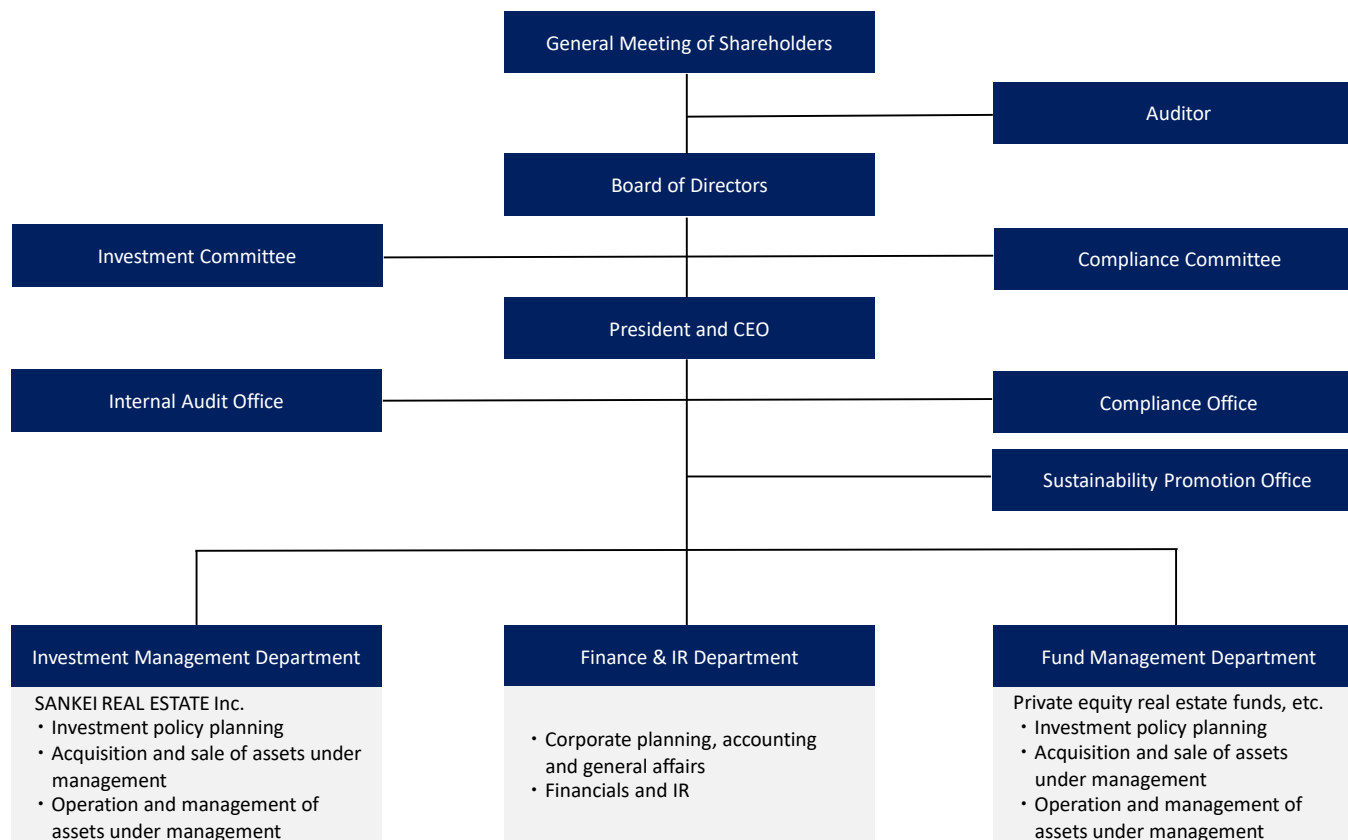
Name of unitholder	Number of units owned (units)	Share of units owned (%)
Custody Bank of Japan, Ltd. (Trust Account)	108,798	23.29%
The Master Trust Bank of Japan, Ltd. (Trust Account)	64,638	13.83%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	20,722	4.43%
The Sankei Building Co., Ltd.	17,479	3.74%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	8,894	1.90%
JP MORGAN CHASE BANK 385771	6,316	1.35%
The Bank of Yokohama, Ltd.	6,107	1.30%
JAPAN SECURITIES FINANCE CO., LTD.	4,772	1.02%
SMBC Nikko Securities Inc.	4,345	0.93%
UEDA YAGI TANSHI Co., Ltd.	3,663	0.78%
Total	245,734	52.60%

* 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. “TCFD” refers to the “Task Force on Climate-Related Financial Disclosures” established by the Financial Stability Board at the request of the G20 to consider how to perform climate-related disclosure and responses by financial institutions.
2. 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 6

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

Page 19

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 sale and purchase prices do not include consumption tax, local consumption tax and the various expenses required for the acquisition. The same applies below.
4. “Greater Tokyo” refers to the Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture. The same applies below.
5. “Core cities” refers to cities with a population of 200,000 or more (excluding Greater Tokyo, Osaka City and Nagoya City, and other cities designated by government ordinance).
6. “Major regional cities” refers to cities that are municipalities with population of less than 200,000 and the Asset Management Company has deemed certain demand can be found for specific asset types.
7. “Typical floor plate” is a typical floor plan in mid- to high-rise buildings. The same applies below.
8. Corresponds to 2% co-ownership interest in Tokyo Sankei Building, 45% quasi co-ownership interest in sectional ownership of the building, etc. of the office portion of BREEZÉ TOWER, 51% co-ownership interest in S-GATE NIHONBASHI-HONCHO and 50% quasi co-ownership interest in sectional ownership of the building, etc. of Shinagawa Seaside TS Tower.
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 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.

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1. The properties shown on the “Pipeline from Sponsor” page are those developed or scheduled to be developed by Sankei Building, special purpose companies or specified purpose companies in which Sankei Building invests through silent partnership, preferred equity investment or other means, and affiliates of Sankei Building.
2. The development plans shown on the “Pipeline from Sponsor” page are those of SANKEI REAL ESTATE and their execution is neither guaranteed nor promised.

Page 21

- (Top left graph) 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. that are not the main use) 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. that are not main use) 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.
- (Top right 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 the figure is negative. This applies to the assets acquired by SANKEI REAL ESTATE as of the end of each fiscal period that are categorized as “Office Buildings.”

(*1) “Average rent of the office building portfolio” is calculated using the weighted average, based on leased area, of the total amount of monthly rent specified in lease agreements concluded as of the end of each period, for the office building portfolio* (including CAM). Furthermore, it does not take into consideration free rent and rent holidays as of the same day and is based on the rent as of the end of each period, if there is an agreement to change rent in the future. Furthermore, if agreements with tenants include variable rent, calculation is made without taking into consideration variable rent. (Consumption tax, etc. is not included.)

(*2) “Market rent” is calculated using the weighted average, based on leased area, of the total median value of assumed new contract rent (typical floor plate) (including CAM) as of March 2023 for office buildings subject to rent gap calculation within the acquired assets of SANKEI REAL ESTATE shown in the market report prepared by CBRE.

Market rent is assessed by CBRE using its own methodology assuming the conclusion of new contracts with new tenants as of March 2023 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 for a new tenant or 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 the 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.

Notes

- (Bottom figure) Change in Portfolio's Actual NOI Yield and Office Buildings Average Rent Unit Price

1. Office Buildings Average Rent Unit Price is calculated using "Rental and CAM revenue upon the most recent settlement / 6 months / Leasable area x Occupancy rate."

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

1. Of the assets acquired by SANKEI REAL ESTATE as of the end of each fiscal period, applies to properties classified under "Office Buildings" (12 properties in the fiscal period ended February 2023: 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 February 2023, in the 12 applicable properties, those with rent revision under lease agreements occurring in the period from September 1, 2022, until February 28, 2023 (limited to those for which a lease agreement was concluded or renewed during the relevant period), applied to 24 tenants with a total of 2,600 tsobus in area (rounded to the nearest unit). Assuming the revised area is 100%, on a leased area basis, monthly rent was increased in 0.1%, renewed at the same level (maintained) in 96.2%, and reduced in 3.7%. Changes in floor space were treated as rent revision performance, and if there was no change in the current rent per unit, it is regarded as being maintained.

2. "Rate of increase" refers to the figure calculated by dividing the difference between the total monthly rent after renewal and the total monthly rent before renewal by the total monthly rent before renewal for lease agreements renewed during each period (for example, from September 1, 2022, to the end of February 2023 for the period ended February 2023), 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).

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- (Top graph) Scheduled Renewal with Rent Revision/Renewal and Progress (Targeting Office Buildings)

1. Applies to lease agreements concluded as of the end of the fiscal period ended February 2023 (8th FP), stating the area subject to renewal with rent revision/renewal in the fiscal period ending August 2023 (9th FP) and the fiscal period ending February 2024 (10th FP).

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 March 31, 2023, and whose revision/renewal has been completed by the contract revision/renewal (planned) area for each contract revision/renewal period.

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- (Top left figure) Financing Highlights

1. "Balance of interest-bearing liabilities" shows the figure as the date of disclosure.

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 the date of disclosure.

3. "Average financing interest rate" is calculated using the weighted average, based on the balance of interest-bearing debt, of the anticipated applicable interest rate of each interest-bearing liability as the date of disclosure. 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 9th FP and the end of the 10th FP at the top right 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 the date of disclosure.

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 as the date of disclosure.

- (Bottom 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" refers to J-REITs with an office building rate (*) exceeding 50% in their portfolio at the end of the most recent fiscal period as of March 31, 2023.

(*) "Office building 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 March 31, 2023.

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

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- (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.

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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.

2. "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.

3. CASBEE for Real Estate was developed to utilize the results of the CASBEE* environmental assessment of buildings in real estate evaluations. Buildings are assessed in five categories — Energy/GHG, Water, Materials, Biodiversity/Sustainable Site, and Indoor Environment — and each is assigned one of four ranks — S, A, B+, or B.

(*) CASBEE, or Comprehensive Assessment System for Built Environment Efficiency, is a system that comprehensively evaluates the quality of buildings that are environmentally friendly by introducing materials that are effective for energy saving and have low environmental burden as well as the comfortableness of indoor areas and appearances of buildings. In April 2001, with the support from the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, the Comprehensive Environmental Assessment Research Committee for buildings was established as part of joint projects of government, industry and academia. Since then, it has implemented developmental and maintenance activities in a continuous manner.

Notes

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■ Environment

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

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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. 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).
3. Stated figures of assets held except for A-10 and B-3 are as of the end of the 8th FP, and the figures of A-10 and B-3 are those published at the time of the acquisition.

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(except for logistics facilities)” is the percentage, based on acquisition price, of assets held excluding logistics facilities 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 March 31, 2023, 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 Floor Plate (Office Buildings)” is the percentage, based on acquisition price, of assets held of which use is office buildings after classifying them by typical floor plate, 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

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