

 **SANKEI REAL ESTATE Inc.**

Asset
Management
Company

SANKEI BUILDING ASSET MANAGEMENT CO.,LTD.

10th

**Fiscal Period Ended February 2024
(10th Fiscal Period)**

Financial Results Briefing Materials

May 1, 2024

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1. Executive Summary

Executive Summary

Financial Results and Management Highlights

- **Completed the series of portfolio rebalancing steps** that commenced in March 2023
 - Conversion to **a diversified REIT**
The investment ratio is 60.6% and 39.4% for office buildings and the core asset group, respectively (as of the date of preparation of this material)
 - **Improved portfolio quality** (by improving the occupancy rate and lowering the average building age, etc.)
- DPU for the fiscal period ended February 2024 (10th FP) is **2,221 yen (+171 yen from the forecast)**

Future Growth Strategies

- Seek to **build a more resilient portfolio**, in pursuit of a REIT that can deliver sustainable growth
 - Perform portfolio maintenance through continuous rebalancing to improve portfolio quality
- Prepare to **obtain a credit rating** (will be assigned during the fiscal period ending August 2024 (11th FP))
- **Additional acquisition of SANKEI REAL ESTATE's investment units** by the Sponsor (commenced in March 2024)
 - Support from the Sponsor that leads to SANKEI REAL ESTATE's sustainable growth through same-boat investment

2. Financial Results Highlights and Earnings Forecast

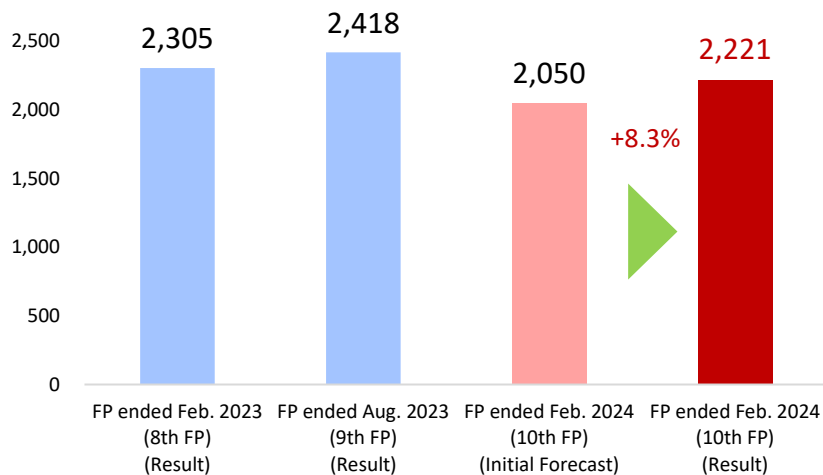
Financial Results Highlights (1) Summary

Financial Summary for Fiscal Period Ended February 2024 (10th FP)

	Results	Comparison with forecast	Comparison with previous fiscal period
Operating revenue	7,778 million yen	+5,165 million yen (+197.7%)	+5,027 million yen (+182.7%)
Operating income	1,229 million yen	+79 million yen (+6.9%)	-104 million yen (-7.8%)
Net income	1,037 million yen	+80 million yen (+8.4%)	-92 million yen (-8.2%)
Distribution per unit	2,221 yen	+171 yen (+8.3%)	-197 yen (-8.1%)

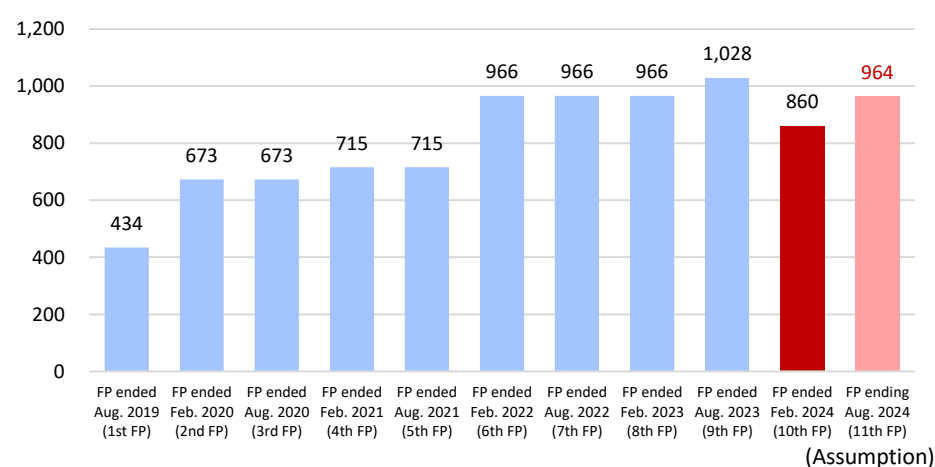
Change in DPU

(Yen per unit)



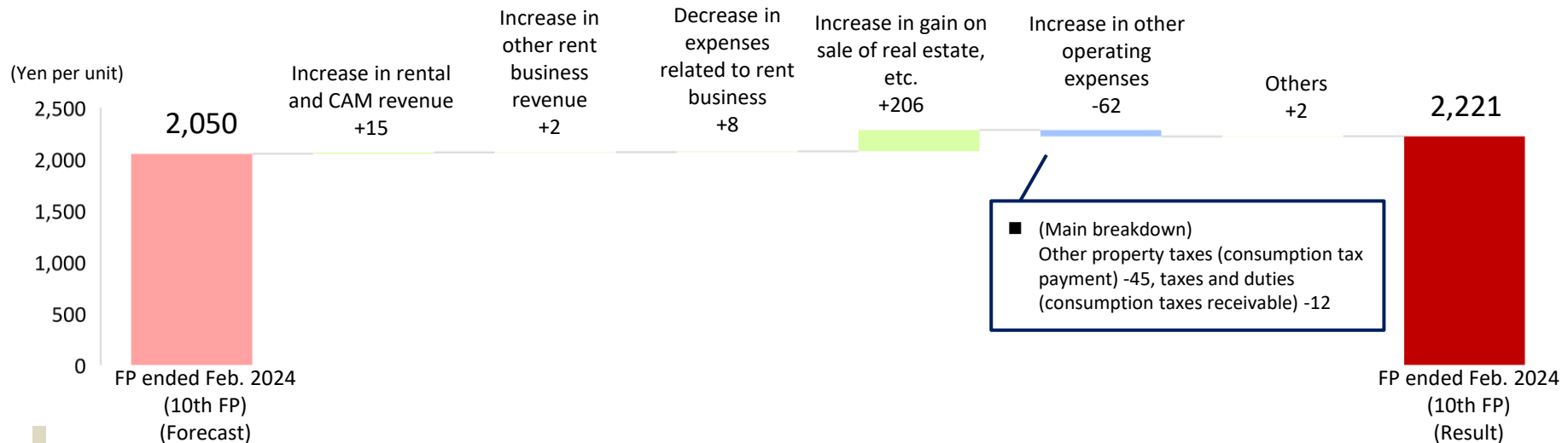
Change in asset size at end of period

(100 million yen)

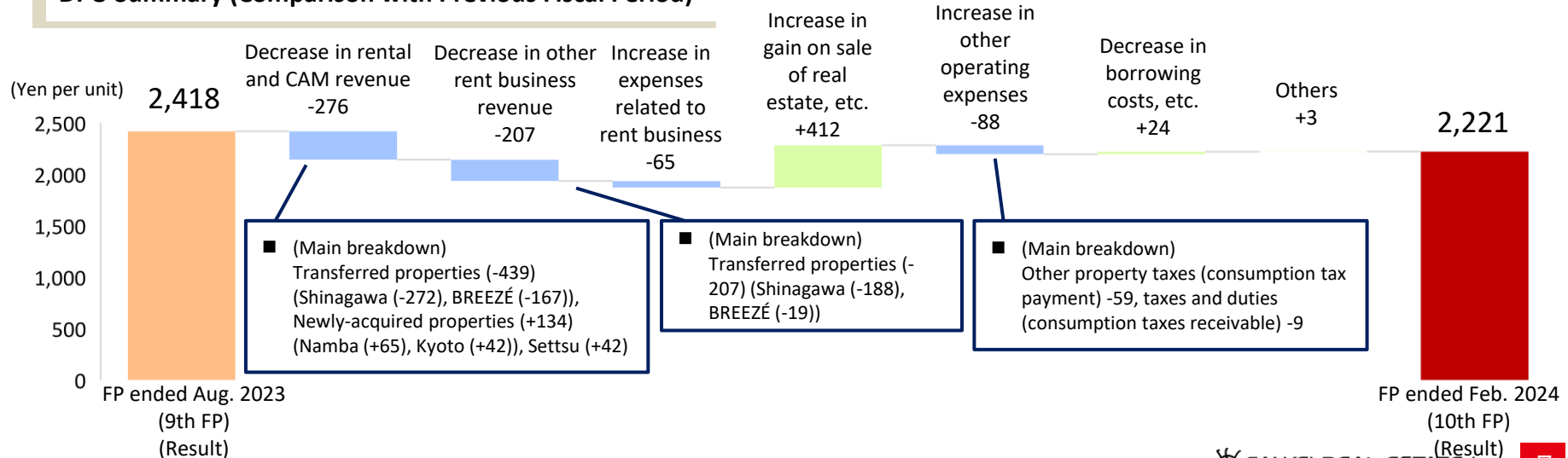


Financial Results Highlights (2) Summary of DPU

Summary of DPU (Comparison with Forecast)



DPU Summary (Comparison with Previous Fiscal Period)



Financial Results Highlights (3) Profit and Loss Comparison

(million yen)	FP ended Aug. 2023 (9th FP) Results (A)	FP ended Feb. 2024 (10th FP) Forecasts (B)	FP ended Feb. 2024 (10th FP) Results (C)	Comparison with forecast (C-B)	Comparison with previous fiscal period (C-A)
Operating revenue	2,751	2,613	7,778	+5,165	+5,027
Total rent business revenue	2,586	2,353	2,361	+7	-225
Rental and CAM revenue	2,343	2,207	2,214	+6	-128
Parking revenue	33	28	31	+3	-2
Utilities reimbursement	113	107	98	-9	-15
Other revenue	96	10	17	+6	-78
Gain on sale of real estate, etc.	164	260	5,417	+5,156	+5,252
Operating expenses	1,416	1,463	6,548	+5,085	+5,131
Total expenses related to rent business	1,110	1,144	1,141	-3	+30
Outsourcing expenses	221	239	239	+0	+18
Utilities expense	189	175	154	-20	-34
Repair expenses	37	86	76	-10	+39
Property taxes	313	295	322	+26	+9
Depreciation	320	314	315	+0	-5
Other expenses	27	33	31	-1	+3
Loss on sale of real estate, etc.	-	-	5,060	+5,060	+5,060
Operating income (loss) from rent business	1,476	1,208	1,220	+11	-256
Total other operating expenses	306	318	347	+28	+41
Asset management fee	245	244	244	+0	-1
Other expenses	60	74	102	+28	+42
Operating income	1,334	1,150	1,229	+79	-104
Non-operating income	0	-	1	+1	+0
Non-operating expenses	204	192	193	+0	-11
Ordinary income	1,130	958	1,038	+80	-92
Net income	1,129	957	1,037	+80	-92
Distribution per unit	2,418 yen	2,050 yen	2,221 yen	171 yen	-197 yen
Rental NOI	1,797	1,523	1,535	+12	-261

Major Factors for the Difference (Comparison with Forecast) (C - B)

[Rent business revenue]

- <Rental and CAM revenue> Tokyo Sankei Building (+3), Namba (+3)
- <Parking revenue> Shinagawa (+3)
- <Utilities reimbursement> Hibiya (-2), Omori (-2)
- <Other revenue> Akihabara (+7)

[Expenses related to rent business]

- <Outsourcing expenses> Shinagawa (+11), Toyo (-6), Omori (-2)
- <Utilities expense> BREEZÉ (-5), Shinagawa (-4), Hibiya (-2), Miyazakidai (-2), Hatchobori (-2)
- <Repair expenses> BREEZÉ (-26), Shinagawa (+22)
- <Property taxes> Shinagawa (+14), BREEZÉ (+11)
- <Other expenses> Akihabara (-3)

Major Factors for the Difference (Comparison with Previous Fiscal Period) (C - A)

[Rent business revenue]

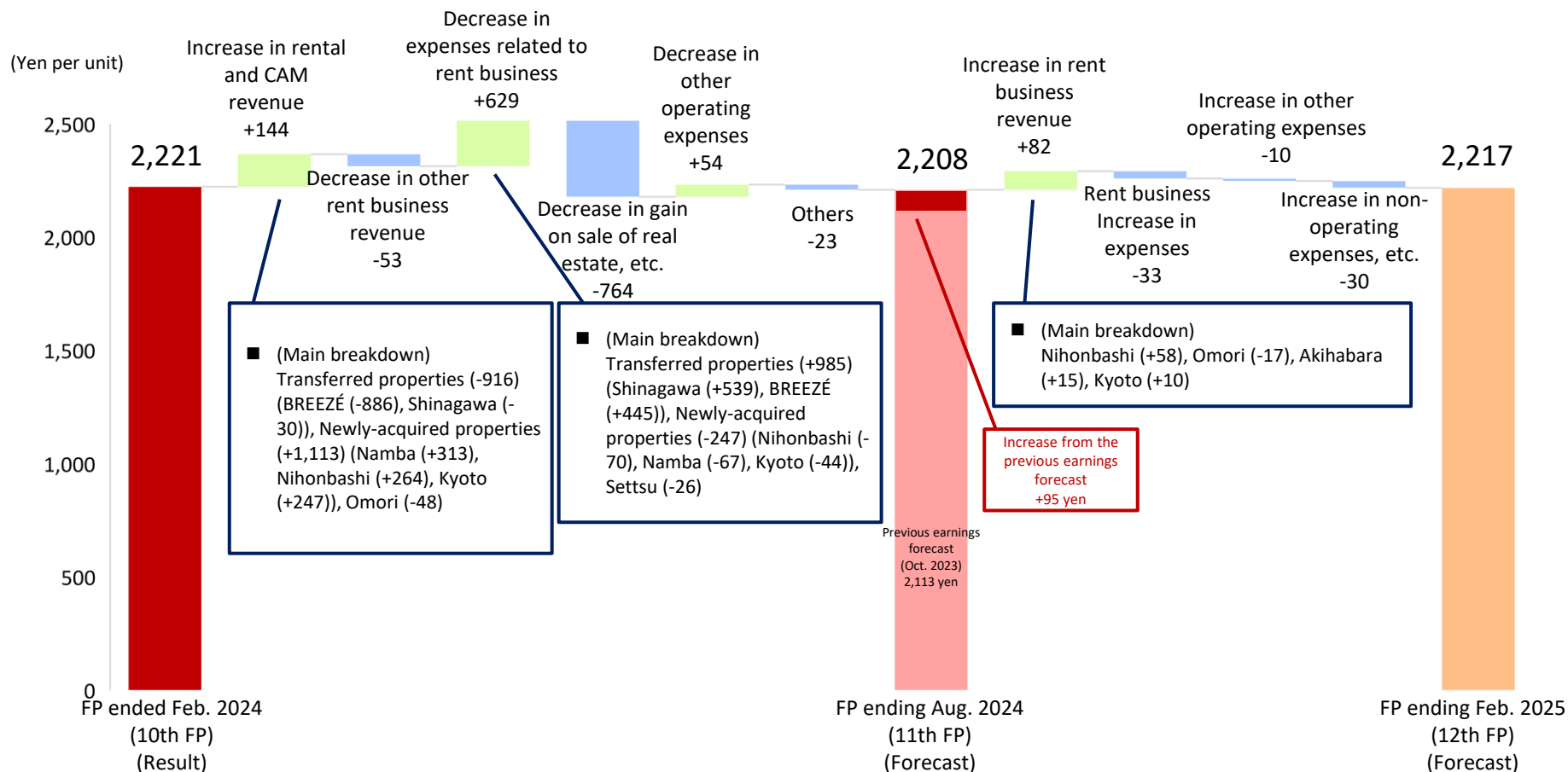
- <Rental and CAM revenue> Transferred properties (-205) (Shinagawa (-127), BREEZÉ (-78)), Newly-acquired properties (+62) (Namba (+30), Kyoto (+19)), Settsu (+19)
- <Utilities reimbursement> BREEZÉ (-7), Omori (-4)
- <Other revenue> Shinagawa (-85), Akihabara (+7)

[Expenses related to rent business]

- <Outsourcing expenses> Transferred properties (+17) (Shinagawa (+33), BREEZÉ (-16))
- <Utilities expense> Transferred properties (-23) (BREEZÉ (-15), Shinagawa (-8)), Omori (-3), Toyo (-2), Miyazakidai (-1)
- <Repair expenses> Transferred properties (+29) (Shinagawa (+26), BREEZÉ (+3)), Hibiya (+4), Omori (+4)
- <Depreciation> Transferred properties (-20) (BREEZÉ (-11), Shinagawa (-8)), Namba (+5), Kanazawa (+4), Kyoto (+3)

Earnings Forecast (1) Summary of DPU

Summary of DPU (Comparison with Forecast)



Earnings Forecast (2) Profit and Loss Comparison

(million yen)	FP ended Feb. 2024 (10th FP) Results (A)	FP ending Aug. 2024 (11th FP) Forecasts (B)	Comparison with Previous FP Results (B-A)	FP ending Feb. 2025 (12th FP) Forecasts (C)	Comparison with Previous FP Forecasts (C-B)
Operating revenue	7,778	2,404	-5,374	2,442	+38
Total rent business revenue	2,361	2,404	+42	2,442	+38
Rental and CAM revenue	2,214	2,281	+67	2,320	+39
Parking revenue	31	26	-5	25	-0
Utilities reimbursement	98	86	-11	86	+0
Other revenue	17	9	-7	9	-0
Gain on sale of real estate, etc.	5,417	-	-5,417	-	±0
Operating expenses	6,548	1,169	-5,379	1,189	+20
Total expenses related to rent business	1,141	847	-293	862	+15
Outsourcing expenses	239	121	-117	125	+3
Utilities expense	154	107	-47	103	-4
Repair expenses	76	37	-39	50	+12
Property taxes	322	248	-73	246	-1
Depreciation	315	307	-7	314	+6
Other expenses	31	24	-7	22	-1
Loss on sale of real estate, etc.	5,060	-	-5,060	-	±0
Operating income (loss) from rent business	1,220	1,557	+336	1,579	+22
Total other operating expenses	347	322	-24	327	+4
Asset management fee	244	247	+2	248	+1
Other expenses	102	75	-27	78	+3
Operating income	1,229	1,234	+4	1,252	+18
Non-operating income	1	-	-1	-	±0
Non-operating expenses	193	202	+9	216	+13
Ordinary income	1,038	1,032	-5	1,036	+4
Net income	1,037	1,031	-5	1,035	+4
Distribution per unit	2,221 yen	2,208 yen	-13	2,217 yen	+9 yen
Rental NOI	1,535	1,864	+329	1,894	+29

Major Factors for the Difference (Comparison with Previous FP Results) (B - A)

[Rent business revenue]

- <Rental and CAM revenue> Transferred properties (-428) (BREEZÉ (-414), Shinagawa (-14)), Newly-acquired properties (+520) (Namba (+146) Nihonbashi (+123), Kyoto (+115)), Omori (-22)
- <Utilities reimbursement> Transferred properties (-19) (BREEZÉ (-16), Shinagawa (-3)), Nihonbashi (+5) (newly-acquired portion)
- <Other revenue> Akihabara (-7)

[Expenses related to rent business]

- <Outsourcing expenses> Transferred properties (-139), Newly-acquired properties (+8), Toyo (+6), Akihabara (+4)
- <Utilities expense> Transferred properties (-60), Newly-acquired properties (+6), Omori (+3)
- <Repair expenses> Transferred properties (-49) Hibiya (+3)
- <Property taxes> Transferred properties (-95), Fixed property tax and city planning tax expensed on properties acquired in 9th FP (+15) (Settsu (+12), Akasaka (+3))
- <Depreciation> Transferred properties (-103), Newly-acquired properties (+90)

Major Factors for the Difference (Comparison with Previous FP Forecasts) (C - B)

[Rent business revenue]

- <Rental and CAM revenue> Newly-acquired properties (+31) (Nihonbashi (+24), Kyoto (+4)), Akihabara (+6), Omori (-4), Hatchobori (+2), Hibiya (+2)
- <Parking revenue> Omori (-1)
- <Utilities reimbursement> Omori (-2)

[Expenses related to rent business]



- <Outsourcing expenses> Omori (+13), Akihabara (-4), Toyo (-4)
- <Utilities expense> Omori (-3)
- <Repair expenses> Nihonbashi (+7), Akihabara (+4), Hibiya (-4), Miyazakidai (+2)
- <Depreciation> Nihonbashi (+3) (newly-acquired portion), Omori (+1)

3. Management Highlights and Future Growth Strategies

Management Highlights (1) Change in Portfolio Rebalancing

Acquisition

Rebalancing Part 1 (9th FP)

Asset type	Office buildings	Logistics facilities
	S-GATE AKASAKA	SANKEILOGI Settsu
Acquired property		
Acquisition price	1.4 billion yen	5.2 billion yen
Acquisition period	March 2023	




Asset replacement

Transfer



Asset type	Office buildings
	BREEZÉ TOWER
Transferred property	
Transfer price	600 million yen
Transferred period	August 2023
Gain on transfer	164 million yen

Rebalancing Part 2 (10th FP)



Asset type	Hotel		
	Hotel Intergate Kyoto Shijo Shinmachi	Hotel Intergate Kanazawa	Grids Premium Hotel Osaka Namba
Acquired property			
Acquisition price	5.8 billion yen	3.2 billion yen	7.8 billion yen
Acquisition period	February 2024		



Asset replacement

Asset type	Office buildings	
	BREEZÉ TOWER	Shinagawa Seaside TS Tower
Transferred property		
Transfer price	17.9 billion yen	16.1 billion yen
Transferred period	January 2024	
Gain on transfer	357 million yen	

Rebalancing Part 3 (11th FP)

Asset type	Hotel	Office buildings
	VESSEL HOTEL CAMPANA SUSUKINO	S-GATE NIHONBASHI-HONCHO
Acquired property		
Acquisition price	2.9 billion yen	7.4 billion yen
Acquisition period	March 2024	April 2024

* Figures are as of the date of preparation of this material.

Period-end Data

Fiscal period	FP ended Aug. 2023 (9th FP)
Asset size	102.8 billion yen
Investment ratio by asset type	Office buildings: 82.3% Core asset group: 17.7%
Appraisal NOI yield	4.0%
Occupancy rate	85.6%
Average building age	19.1 years



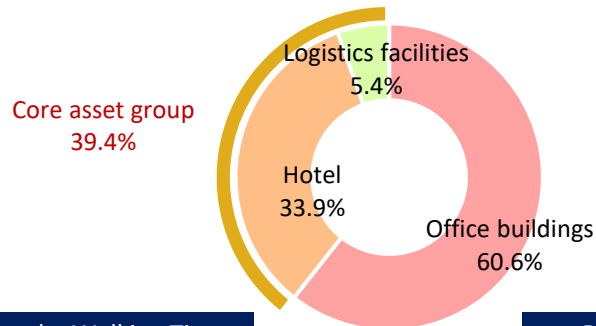
Fiscal period	Fiscal Period Ended February 2024 (10th Fiscal Period)
Asset size	86.0 billion yen
Investment ratio by asset type	Office buildings: 59.3% Core asset group: 40.7%
Appraisal NOI yield	4.1%
Occupancy rate	96.3%
Average building age	17.0 years



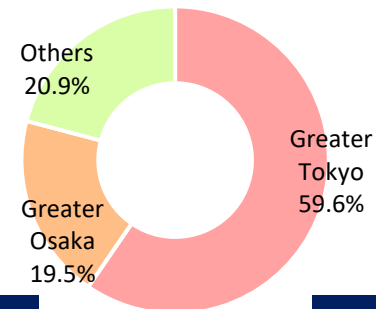
Fiscal period	FP ending Aug. 2024 (11th FP)
Asset size	96.4 billion yen
Investment ratio by asset type	Office buildings: 60.6% Core asset group: 39.4%
Appraisal NOI yield	4.0%
Occupancy rate	96.6%
Average building age	15.8 years

Management Highlights (2) Summary of Portfolio

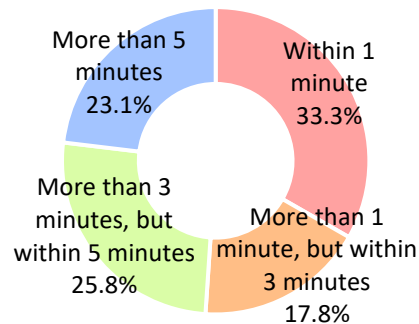
Investment Ratio by Asset Type



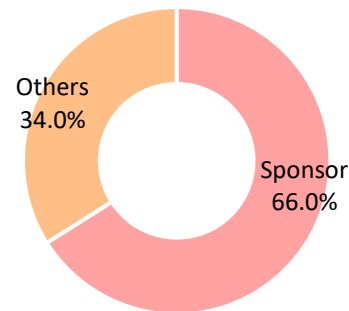
Investment Ratio by Geographic Area



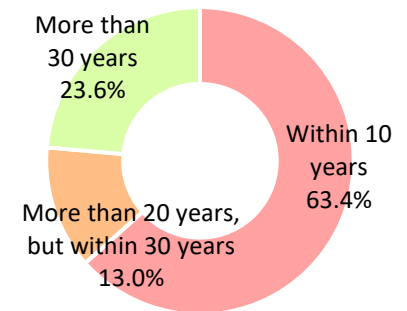
Percentage by Walking Time to the Nearest Station



Percentage of Sponsor Development



Percentage by Building Age



Summary by Asset Type

		Total acquisition price	Investment ratio	Number of properties	Occupancy rate	Appraisal NOI yield	Average building age
Office buildings		58.4 billion yen	60.6%	10	93.9%	3.9%	23.0 years
Core asset group	Hotel	32.7 billion yen	33.9%	6	100.0%	4.2%	5.3 years
	Logistics facilities	5.2 billion yen	5.4%	1	100.0%	4.0%	1.5 years
Total/Average		96.4 billion yen	100.0%	17	96.6%	4.0%	15.8 years

* Figures are as of the date of preparation of this material.

Future Growth Strategies

Improve portfolio resilience

- Perform portfolio maintenance through continuous rebalancing to **improve portfolio quality**

Investment policy

By Asset Type		By geographic area	
Office buildings	50-70 Approx. %	Greater Tokyo, Greater Osaka, Greater Nagoya	70 % or more
Core asset group	30-50 approx. %	Cities designated by government ordinance, etc.	30% or less
Others	Up to 10 approx. %		

Financial Strategy: Acquisition of credit rating, etc.

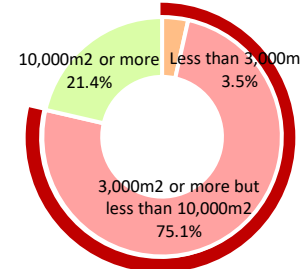
- Aim to **acquire a credit rating during the FP ending Aug. 2024 (11th FP)**
- Implement appropriate funding cost control in response to changes in the financial environment, with long-term fixed cost as the basic policy

	Present funding policy
LTV control	Standard LTV ratio during normal operations is 45 to 50%.
Diversification of funding methods	After acquiring a credit rating, will consider issuing investment corporation bonds depending on market conditions
Control of funding cost	Depending on market trends, funding will be implemented with floating interest rates in order to mitigate the effect of long-term interest rate hikes

Approach to investment in office buildings

- From the conventional “close, new, and large” to “close, new, and **mid-sized (or high-spec)**”

Percentage by total floor area of office buildings



Percentage of mid-sized or high-spec office buildings:
78.6%

* Figures are as of the date of preparation of this material. “An office building with a total floor area of 3,000 m² or more but less than 10,000 m²” is defined as “a mid-sized office building”.

Additional acquisition of investment units by the Sponsor

- Total number of investment units to be acquired: Up to 46,652 units
- Acquisition period: Up to 220 business days from March 6, 2024
- Acquisition method: Market purchase entrusted to a securities company

	Before the acquisition	Units to be acquired (maximum)	After the acquisition (maximum)
Number of investment units issued and outstanding	467,099 units	467,099 units	467,099 units
Number of units held by Sponsor (Share of units owned)	17,479 units (3.74%)	46,652 units (9.98%)	64,131 units (13.72%)

* Each share of units owned above is rounded down to two decimal places.

4. External Growth

Overview of Newly-Acquired Properties (10th FP)

B-4 Hotel Intergate Kyoto Shijo Shinmachi

Sponsor support

Core asset group



Acquisition date	February 1, 2024
Acquisition price	5,800 million yen
Appraisal value	5,890 million yen
Appraisal NOI yield	4.1%
Location	Nakagyo-ku, Kyoto-shi
Construction completion	November 2017

Structure / size	Steel Construction, 5 floors above ground
Number of guest rooms	153
Operator	GRANVISTA Hotels & Resorts
Contract form	Fixed-term building lease (fixed and variable)

- The first property of the sponsor brand INTERGATE HOTELS series
- Located within walking distance of the Shijo Karasuma crossing, the business center of Kyoto-shi, and within easy reach of Kyoto Station, which is used by nearly half of tourists
- A hotel specializing in lodging that was designed based on the concept of “a hotel where you stay like you are a resident of Kyoto,” it boasts an impressive exterior lattice reminiscent of Kyomachiya and a modern Japanese interior that blends Eastern and Western sensibilities

B-5 Hotel Intergate Kanazawa

Sponsor support

Core asset group



Acquisition date	February 1, 2024
Acquisition price	3,250 million yen
Appraisal value	3,290 million yen
Appraisal NOI yield	4.8%
Location	Kanazawa-shi, Ishikawa
Construction completion	January 2019

Structure / size	Steel Construction, 12 floors above ground
Number of guest rooms	166
Operator	GRANVISTA Hotels & Resorts
Contract form	Fixed-term building lease (fixed and variable)

- The fourth property of the sponsor brand INTERGATE HOTELS series
- Located close to Hyakumangoku-dori street in central Kanazawa-shi, where needs have increased since the opening of the Hokuriku Shinkansen, between Musashi-ga-tsuji and Korinbo, it is in a good location with famous tourist spots such as Kenrokuen, Omi-cho Market, and 21st Century Museum of Contemporary Art, Kanazawa, accessible by foot
- At the coffee counter, which is located at the center of the first floor lounge and resembles a chasen (tea whisk) representing Kanazawa's tea ceremony culture, coffee or original cocktails are served depending on the time of day, and workshops and events are held

* Appraisal value is calculated based on prices as of the end of FP ended February 2024 (10th FP).

Overview of Newly-Acquired Properties (10th FP)

B-6

Grids Premium Hotel Osaka Namba

Sponsor support

Core asset group



Acquisition date	February 1, 2024
Acquisition price	7,800 million yen
Appraisal value	7,870 million yen
Appraisal NOI yield	4.1%
Location	Naniwa-ku, Osaka-shi
Construction completion	January 2021

Structure / size	Steel Construction, 11 floors above ground
Number of guest rooms	142
Operator	AB Accommo
Contract form	Fixed-term building lease (fixed and variable)

- The first premium-line property of the new series of the sponsor brand GRIDS
- An 11-story hotel located in the Minami area, which is one of the busiest areas in Osaka and a popular area bustling with many tourists, it is in a good location accessible within 1-minute walk from Namba Station on the Osaka Metro Midosuji Line, the Sennichimae Line, and the Yotsubashi Line, 2-minute walk from Namba Station on the Nankai Main Line, and 5-minute walk from JR Namba Station
- While following the GRIDS concept, all rooms are private accommodations designed primarily for Millennials and Generation Z guests who want to enjoy their own journey like a resident

Sponsor brands



Value experience-type hotel INTERGATE HOTELS

A hotel brand developed by Sankei Building and operated and managed by its group company GRANVISTA Hotels & Resorts



Lifestyle-type hotel GRIDS

A hotel based on the concept of “THE TRAVELLERS’ HUB: connecting travels, people and hearts” where it is easy for visiting guests to find new enjoyment and connections while coming in contact with Japanese tradition and culture



High-grade, mid-sized office building S-GATE

A high-grade, mid-sized office that has been developed from the perspective of people who will lead the next generation of entrepreneurs, pursuing and sublimating various factors that businesses require in an office, such as future work styles and the environment

* Appraisal value is calculated based on prices as of the end of FP ended February 2024 (10th FP).

Overview of Newly-Acquired Properties (11th FP)

A-3

S-GATE NIHONBASHI-HONCHO (49% co-ownership interest => 100% ownership)

AM Company's unique route

Office buildings



Acquisition date	Spring 1, 2024
Acquisition price	7,450 million yen
Appraisal value	7,480 million yen
Appraisal NOI yield	3.3%
Location	Chuo-ku, Tokyo
Construction completion	Oct. 2018

Structure / size	Steel Construction, 11 floors above ground
Occupancy rate	100.0%

- The fourth property of the high-grade, mid-sized office building S-GATE Series
- Located in the Nihonbashi area, a traditional business hub where long-established shops, department stores, and pharmaceutical companies have stores and offices, it has access to four stations and six lines, including Mitsukoshimae Station on the Tokyo Metro Ginza Line and Hanzomon Line, Nihonbashi Station, Ningyocho Station, and Shin-Nihonbashi Station
- Located on a corner facing Showa-dori Street and boasting high visibility, it has the appearance of a heavy grid design

* Appraisal value is calculated based on prices as of the end of February 1, 2024. The occupancy rate of S-GATE NIHONBASHI-HONCHO is as of the date of preparation of this material.

B-7

VESSEL HOTEL CAMPANA SUSUKINO (Co-ownership interest 40%)

Sponsor support

Core asset group



Awarded Agoda 2023 GOLD
CIRCLE AWARD
(February 26, 2024)

Acquisition date	March 1, 2024
Acquisition price	2,920 million yen
Appraisal value	2,930 million yen
Appraisal NOI yield	4.2%
Location	Chuo-ku, Sapporo-shi
Construction completion	March 2019

Structure / size	Steel Construction, 13 floors above ground
Number of guest rooms	296 rooms
Operator	Vessel Hotel Development
Contract form	Fixed-term building lease (fixed)

- Located within a 4-minute walk from Susukino Station on the Nanboku Line of the Sapporo Municipal Subway, and within walking distance of Odori Park, a famous venue that hosts the Sapporo Snow Festival in February and the Sapporo Autumn Fest in September every year
- A 13-story, steel-framed hotel with a total of 296 rooms, it was completed in March 2019 based on the concept of "Japanese relaxation and culture." A large, spacious bath with a sauna for guests on the second floor, and guest rooms from the third to the 13th floors

* The Agoda 2023 GOLD CIRCLE AWARD is awarded to a global facility partner that demonstrates the highest quality of online booking travel experience.

Sponsor's Branding Strategy

Urban development business

Office buildings



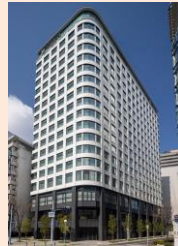
S-GATE OTEMACHI KITA



Hotel



INTERGATE HOTELS

Hotel InterGate
Osaka UmedaGRIDS
PREMIUM HOTELGrids Premium
Hotel Otaru

Logistics facilities



SANKEI LOGI

SANKEILOGI Atsugi



SANKEILOGI Kashiwanoha

Residential facilities

LEFOND PROGRÈS

Rental residences developed by Sankei Building

LEFOND ETUDE

Elderly facilities

Sankei Building Well Care

Examples of recent development

- The LEFOND ETUDE series of student residences, including LEFOND ETUDE Kokubunji, have been completed successively (as of March 14, 2024)



- GRIDS PREMIUM HOTEL Kumamoto, the third property of the GRIDS PREMIUM HOTEL series, will open on April 1, 2024 (as of March 25, 2024)

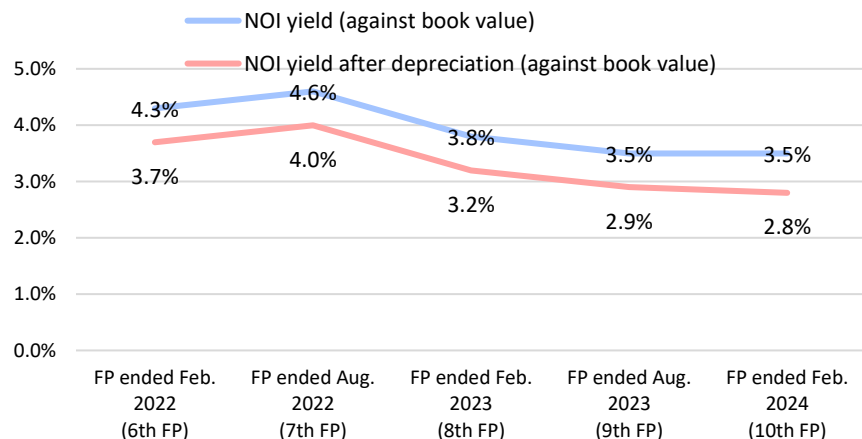


* The dates in the above Examples of Recent Development are the dates on which Sankei Building Co., Ltd. disclosed the respective projects.

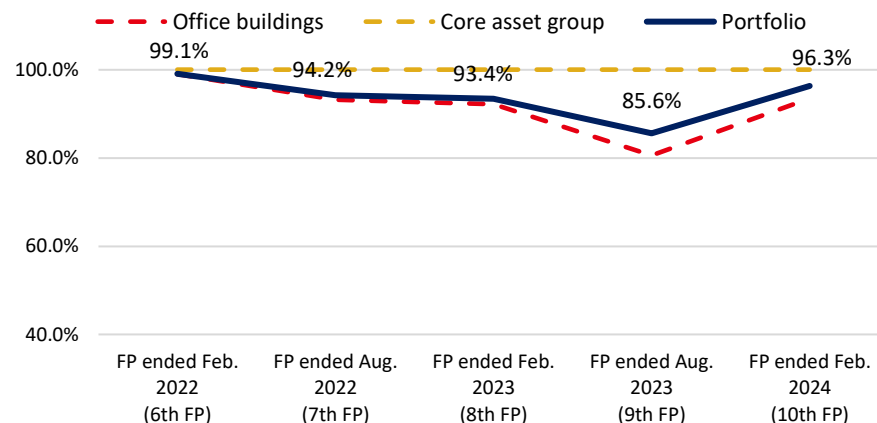
5. Internal Growth

Internal growth (1) Portfolio

Change in Portfolio Yields



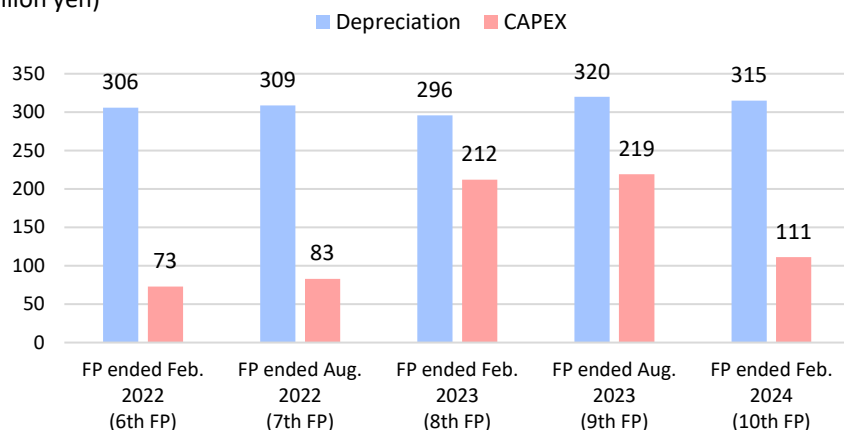
Change in Occupancy Rate at Period-end



* The above figures indicate the portfolio occupancy rates.

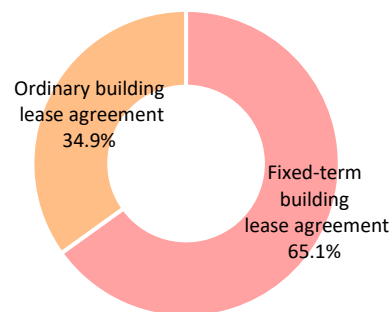
Change in Depreciation and CAPEX

(million yen)

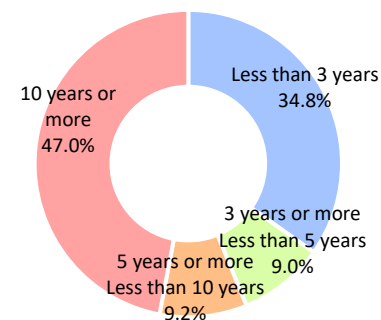


Status of Lease Agreement

Percentage by Contract Form



Percentage by Lease Period

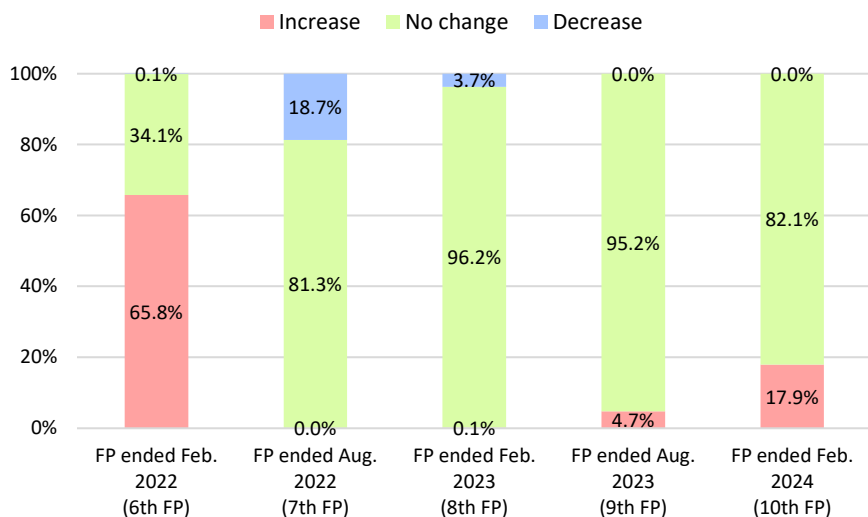


* Figures are as of the date of preparation of this material.

Internal Growth (2) Office Buildings

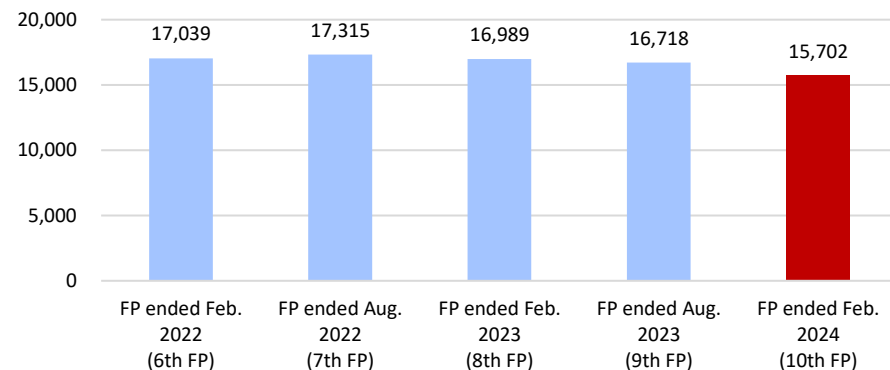
Change in Rent Revision Performance

Percentages of rent revision results (Leased area basis)



Change in Average Rent Unit Price

(yen)



Rent Revision Examples

A-5

Hibiya Sankei Building



- Careful relations with tenants during the COVID-19 pandemic have paid off, resulting in the renewal of contracts **with a large increase in rent**
- Steadily maintained the **occupancy rate at 100%**

A-6

Hatchobori Sankei Building



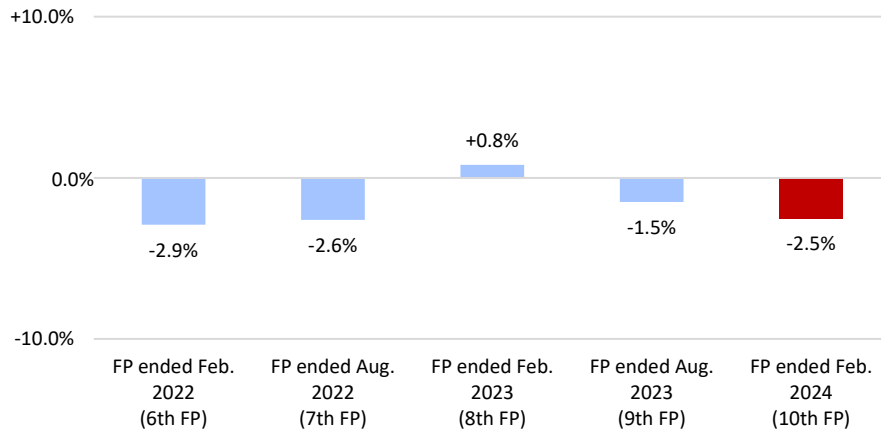
- Persistent negotiations with tenants **with a rent gap** have paid off, resulting in the renewal of fixed-term contracts **with a large increase in rent**
- Steadily maintained the **occupancy rate at 100%**

* Examples of revisions during the FP ended Feb. 2024 (10th FP).

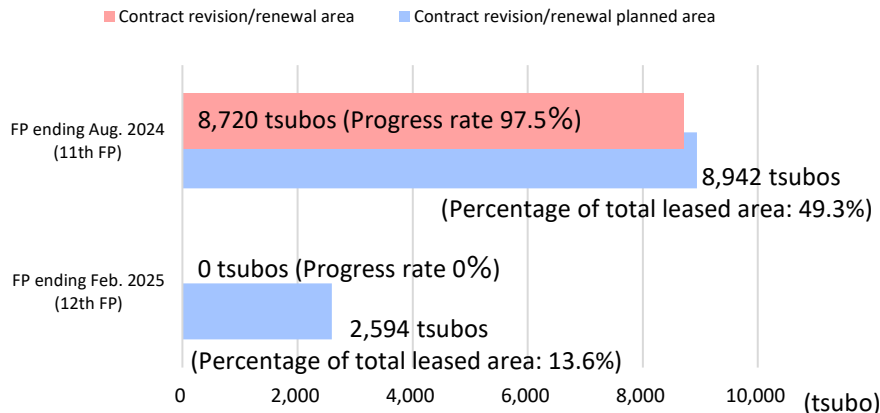
	FP ended Feb. 2022 (6th FP)	FP ended Aug. 2022 (7th FP)	FP ended Feb. 2023 (8th FP)	FP ended Aug. 2023 (9th FP)	FP ended Feb. 2024 (10th FP)
Number of targeted tenants	11 cases	17 cases	24 cases	30 cases	14 cases
Increase	2 cases	12 cases	1 case	12 cases	4 cases
No change	8 cases	0 cases	18 cases	16 cases	10 cases
Decrease	1 case	5 cases	5 cases	2 cases	0 cases
Targeted leased area (tsubo)	1,725	705	2,600	10,885	1,333
Rate of rent increase	5.2%	0.0%	6.1%	4.3%	38.5%

Internal Growth (2) Office Buildings

Change in Rent Gap



Scheduled Renewal with Contract Revision/ Renewal and Progress



* The above total leased area refers to office buildings.

Leasing Priority Properties

A-7

Toyo Park Building

- Turn up needs for branch offices of companies headquartered in central Tokyo
- Target relocation from neighboring areas or along railway lines, short-term lending, etc. in advance



A-8

Omori Park Building

- Make proposals for differentiation from competing properties (first floor ceiling height of 3,000 mm, availability of heavy-duty zone and water supply and drainage service)
- Enhance efforts to approach companies with parking needs for business cars
- Turn up needs for companies expecting to reduce office costs and increase floor space



Assumed Occupancy Rate of Portfolio

FP ending Aug. 2024 (11th FP)

- End of period **96.8%**
- Period average **96.6%**

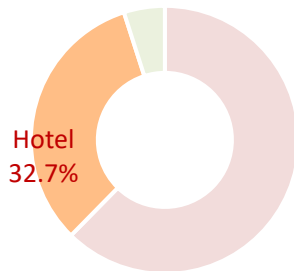
FP ending Feb. 2025 (12th FP)

- End of period **98.6%**
- Period average **97.7%**

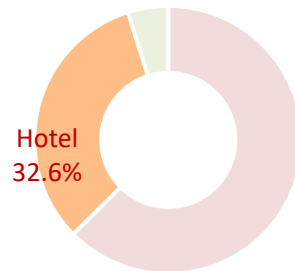
Internal Growth (3) Hotels

Percentage of Hotel Revenue to Rent Business Revenue

FP ending Aug. 2024 (11th FP)



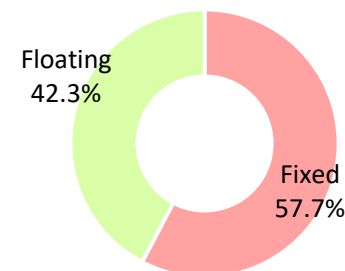
FP ending Feb. 2025 (12th FP)



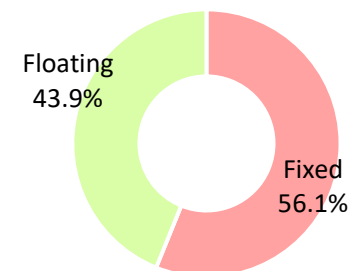
* Assumption value as of the date of preparation of this material.

Fixed/Variable Ratio of Three Variable Rent Properties in Earnings Forecast

FP ending Aug. 2024 (11th FP)



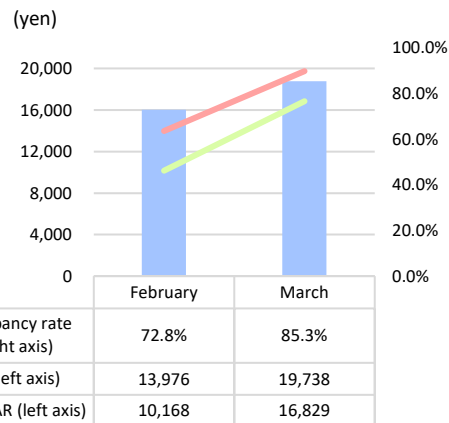
FP ending Feb. 2025 (12th FP)



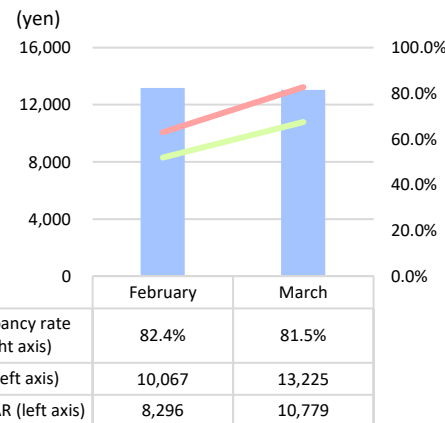
* Assumption value as of the date of preparation of this material.

Current Investment Status of Three Variable Rent Properties

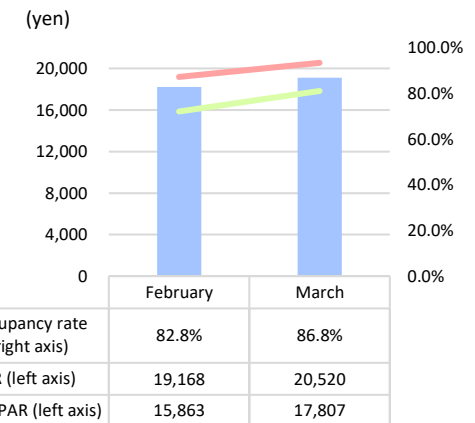
Hotel Intergate Kyoto Shijo Shinmachi



Hotel Intergate Kanazawa



Grids Premium Hotel Osaka Namba



* The above shows actual values from February to March 2024, but the values for March are preliminary and subject to change.

MEMO

6. Financial Management

Financial Management (1)

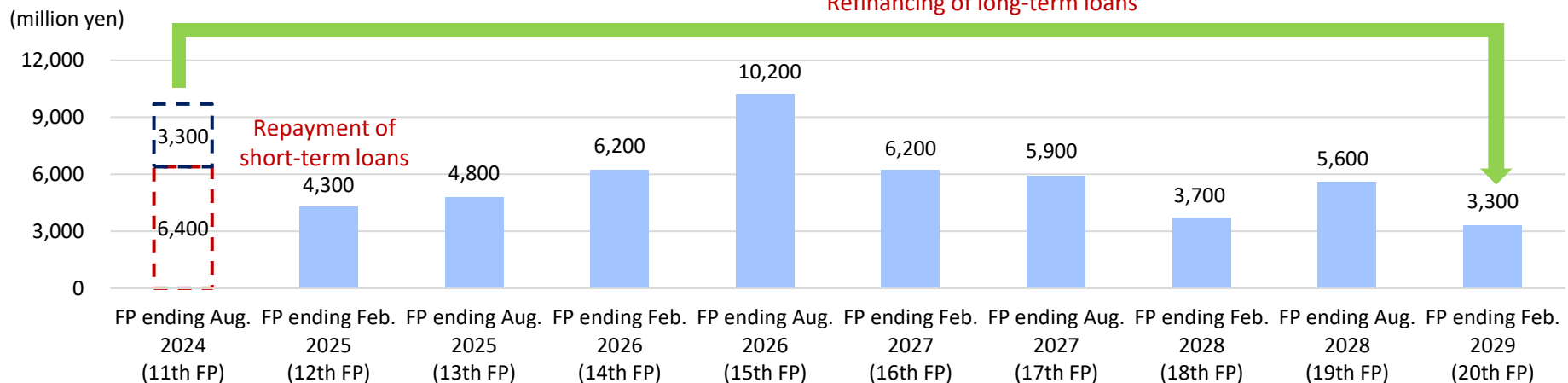
Financial Highlights (as of March 12, 2024)

Balance of interest-bearing liabilities	Ratio of long-term debt	LTV
50.2 billion yen	91.4%	47.9%
Average financing interest rate	Ratio of fixed-rate debt	Average remaining time to maturity
0.55%	88.2%	2.4 years

* LTV is total assets LTV as of the end of February 2024 (10th FP).

Maturity Ladder for Interest-Bearing Liabilities

(as of March 12, 2024)



Current Finance Status

Summary of Repayment of Refinance (Before Refinancing)

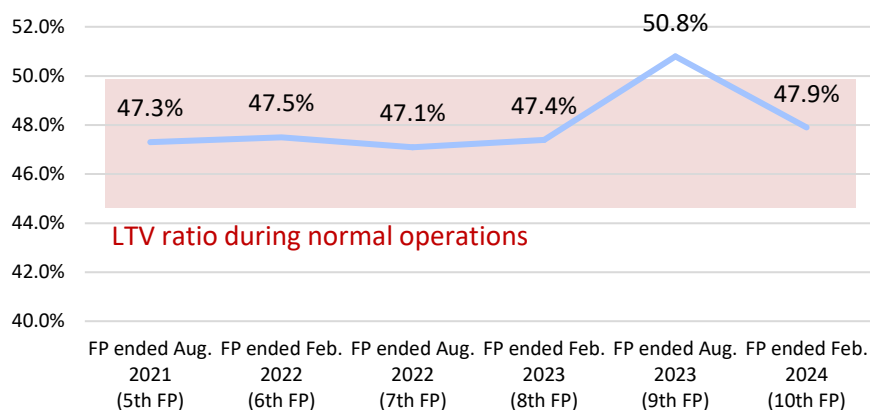
Repayment Amount	Borrowing date	Years of borrowing	Borrowing rate	Fixed/Variable
3,300 million yen	Mar. 12, 2019	5.0 years	0.49096%	Fixed

Summary of Funding of Refinance (After Refinancing)

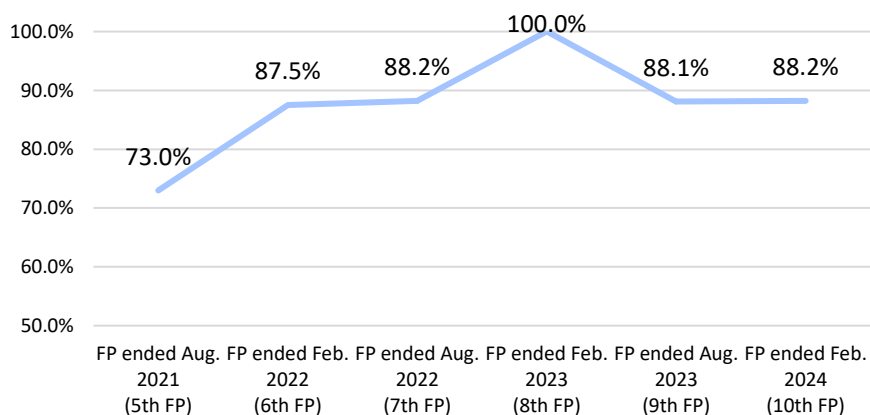
Amount financed	Borrowing date	Years of borrowing	Borrowing rate	Fixed/Variable
3,300 million yen	Mar. 12, 2024	4.5 years	1.10593%	Fixed

Financial Management (2)

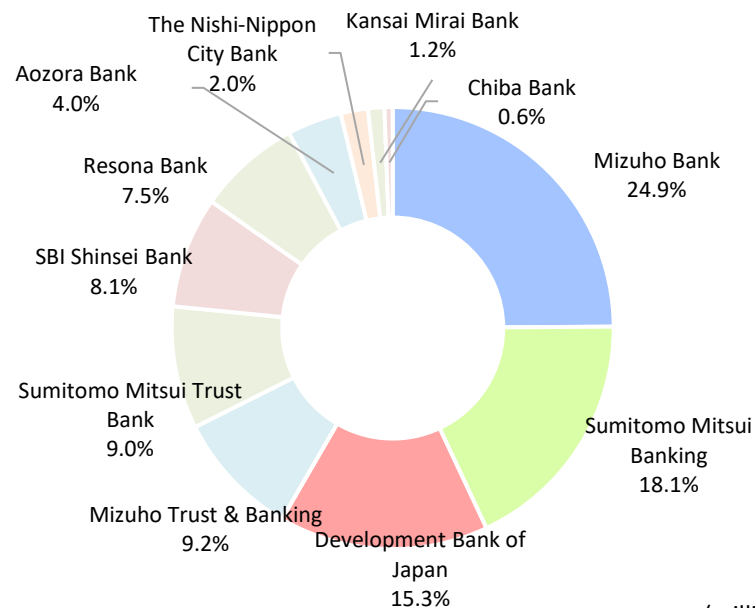
Change in LTV



Change in Ratio of Fixed-rate Debt



Lender Formation (as of March 12, 2024)



(million yen)

Lender name	Borrowing amount	Lender name	Borrowing amount
Mizuho Bank	12,500	Resona Bank	3,780
Sumitomo Mitsui Banking	9,100	Aozora Bank	2,000
Development Bank of Japan	7,700	The Nishi-Nippon City Bank	1,000
Mizuho Trust & Banking	4,640	Kansai Mirai Bank	600
Sumitomo Mitsui Trust Bank	4,500	Chiba Bank	300
SBI Shinsei Bank	4,080	Total	50,200

7. ESG Initiatives

ESG Initiatives (1)

Topics

■ Recently-certified properties



■ Considering the purchase of a FIT Non-fossil Certificate

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
- Chief Executive Officer: General Manager, Sustainability Promotion Office
- Sustainability Promotion Committee: Examining and planning various policies, targets, and measures related to sustainability

Internal regulations, policies, etc.

- Sustainability Promotion System Rules
- Energy Conservation Policy
- GHG Emissions Reduction Policy
- Policy on sustainable procurement
- Water Conservation Policy
- EMS operational manual
- Policy on climate change and resilience

External Evaluation and Global Initiatives

GRESB Real Estate Assessment



SANKEI REAL ESTATE obtained a “2 Star” rating among five levels of overall scores in the 2023 GRESB Global Real Estate Assessment.

TCFD



The Asset Management Company expresses its support for the TCFD (Task Force on Climate-related Financial Disclosures) recommendations and participates in the TCFD Consortium, an organization of domestic supporting companies.

ESG Initiatives (2)

Environment

■ Energy consumption reduction targets

<Long-term target 1>

- Reduce annual energy consumption intensity within the scope managed by the owner by **5%** from the base year (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

DBJ Green Building Certification



BELS Evaluation



Social

■ Introduction of a share service for electric micromobility



Governance

■ The Asset Management Company publishes a report of its **fiduciary duty policy** (policy for Customer-Oriented Business Conduct) on an annual basis

■ **Intensify same-boat investment** by the Sponsor (up to 220 business days from March 6, 2024)

■ Contribution to SDGs (Sustainable Development Goals)

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



- Target 3: Ensuring prevention of the spread of infectious diseases, flexible work styles
- Target 7: LEDs, solar power, reduction of heat load
- Target 8: Rooftop terraces (worker-friendly buildings)
- Target 11: Green Building certification, seismic dampers, stockpiles
- Target 12: Appropriate treatment and recycling of industrial waste
- Target 13: Disaster countermeasures, intake of people having difficulty returning home

8. Appendix

Balance Sheet

(thousand yen)

	FP ended Aug. 2023 (9th FP)	Fiscal Period Ended February 2024 (10th Fiscal Period)
Assets		
Current assets		
Cash and deposits	5,687,713	15,252,088
Cash and deposits in trust	2,649,835	1,762,519
Operating accounts receivable	62,645	953,754
Prepaid expenses	78,865	73,876
Consumption taxes receivable	166,963	-
Others	82	5,486
Total current assets	8,646,106	18,047,724
Non-current assets		
Property, plant and equipment		
Buildings, net	159,952	156,623
Structures, net	463	449
Tools, furniture and fixtures, net	564	504
Land	2,457,766	2,457,766
Buildings in trust, net	19,056,176	18,918,027
Structures in trust, net	99,152	103,783
Machinery and equipment in trust, net	11,318	35,496
Tools, furniture and fixtures in trust, net	54,397	17,178
Land in trust	81,618,833	64,939,537
Construction in progress in trust	5,886	-
Total property, plant and equipment	103,464,511	86,629,368
Intangible assets		
Software	8,806	7,068
Total intangible assets	8,806	7,068
Investments and other assets		
Long-term prepaid expenses	94,326	102,677
Deferred tax assets	17	9
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	104,343	112,687
Total non-current assets	103,577,662	86,749,123
Deferred assets		
Investment unit issuance costs	12,050	6,025
Total deferred assets	12,050	6,025
Total assets	112,235,819	104,802,873

	FP ended Aug. 2023 (9th FP)	Fiscal Period Ended February 2024 (10th Fiscal Period)
Liabilities		
Current liabilities		
Operating accounts payable	217,790	219,486
Short-term loans	6,800,000	-
Long-term loans due within one year	9,200,000	7,600,000
Accounts payable - other	295,160	492,122
Accrued expenses	56,973	52,901
Income taxes payable	957	795
Consumption taxes payable	-	182,108
Advances received	397,611	326,433
Deposits received	10,184	346
Total current liabilities	16,978,677	8,874,193
Non-current liabilities		
Long-term loans	41,000,000	42,600,000
Lease and guarantee deposits received	88,716	88,012
Lease and guarantee deposits received in trust	3,603,120	2,767,538
Total non-current liabilities	44,691,837	45,455,551
Total liabilities	61,670,515	54,329,745
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)	1,129,754	1,037,578
Total surplus	1,129,754	1,037,578
Total unitholders' equity	50,565,304	50,473,128
Total net assets	50,565,304	50,473,128
Total liabilities and net assets	112,235,819	104,802,873

Statement of Income and Retained Earnings

(thousand yen)

	FP ended Aug. 2023 (9th FP)	Fiscal Period Ended February 2024 (10th Fiscal Period)
Operating revenue		
Rent business revenue	2,343,152	2,214,154
Other rent business revenue	243,748	147,053
Gain on sale of real estate, etc.	164,424	5,417,202
Total operating revenue	2,751,326	7,778,411
Operating expenses		
Expenses related to rent business	1,110,607	1,141,048
Loss on sale of real estate, etc.	-	5,060,134
Asset management fee	245,773	244,680
Asset custody fee	2,192	2,198
Administrative service fees	8,170	7,975
Remuneration for directors (and other officers)	3,600	3,600
Other operating expenses	46,384	88,867
Total operating expenses	1,416,727	6,548,504
Operating income	1,334,598	1,229,906
Non-operating income		
Interest income	40	42
Reversal of distributions payable	639	545
Insurance claim income	-	462
Interest on refund	-	427
Others	9	9
Total non-operating income	689	1,487
Non-operating expenses		
Interest expenses	139,180	142,563
Borrowing related expenses	57,511	41,557
Amortization of investment unit issuance expenses	6,024	6,024
Others	2,000	3,168
Total non-operating expenses	204,716	193,314
Ordinary income	1,130,571	1,038,079
Net income before income taxes	1,130,571	1,038,079
Income taxes - current	963	801
Income taxes - deferred	-4	7
Total income taxes	958	809
Net income	1,129,612	1,037,269
Retained earnings brought forward	141	309
Unappropriated retained earnings (undisposed loss)	1,129,754	1,037,578

Statement of Cash Flows

(thousand yen)

	FP ended Aug. 2023 (9th FP)	Fiscal Period Ended February 2024 (10th Fiscal Period)
Cash flows from operating activities		
Net income before income taxes	1,130,571	1,038,079
Depreciation	322,112	317,312
Amortization of investment unit issuance expenses	6,024	6,024
Interest income	-40	-42
Interest expenses	139,180	142,563
Decrease (increase) in operating accounts receivable	1,832	-891,108
Decrease (increase) in consumption taxes refund receivable	-166,963	166,963
Decrease (increase) in prepaid expenses	-16,070	4,989
Increase (decrease) in operating accounts payable	-83,458	-33,749
Increase (decrease) in accounts payable - other	8,101	12,737
Increase (decrease) in consumption taxes payable	-38,660	182,108
Increase (decrease) in advances received	-52,153	-71,177
Increase (decrease) in deposits received	9,507	-9,837
Decrease (increase) in long-term prepaid expenses	9,230	-8,351
Decrease due to the sale of property, plant and equipment in trust	447,918	33,678,715
Decrease (increase) in other assets	-82	-5,404
Subtotal	1,717,050	34,529,823
Interest received	40	42
Interest paid	-132,950	-146,635
Income taxes paid	-861	-963
Net cash provided by (used in) operating activities	1,583,278	34,382,266

	FP ended Aug. 2023 (9th FP)	Fiscal Period Ended February 2024 (10th Fiscal Period)
Cash flows from investing activities		
Purchase of property, plant and equipment	-7,125	-249
Purchase of property, plant and equipment in trust	-7,014,566	-16,936,372
Proceeds from lease and guarantee deposits received	5,231	1,301
Refund of lease and guarantee deposits received	-2,344	-3,730
Proceeds from lease and guarantee deposits received in trust	306,551	549,773
Refund of lease and guarantee deposits received in trust	-554,915	-1,385,355
Others	-8,000	-
Net cash provided by (used in) investing activities	-7,275,168	-17,774,632
Cash flows from financing activities		
Proceeds from short-term loans	6,800,000	-
Repayments of short-term loans	-	-6,800,000
Proceeds from long-term loans	3,700,000	5,900,000
Repayments of long-term loans	-3,700,000	-5,900,000
Distributions paid	-1,077,059	-1,130,575
Net cash provided by (used in) financing activities	5,722,940	-7,930,575
Net increase (decrease) in cash and cash equivalents	31,050	8,677,058
Cash and cash equivalents at beginning of period	8,306,499	8,337,549
Cash and cash equivalents at end of period	8,337,549	17,014,608

Status of Loans

Category	Loan amount (million yen)	Interest rate	Fixed/Variable	Borrowing period	Borrowing date	Maturity date	Repayment method	Description
Long-term loans	4,300	0.32923%	Fixed	4.5 years	Mar. 12, 2020	Sep. 12, 2024	Lump-sum repayment at maturity	Unsecured/ Non- guaranteed
	4,800	0.36978%	Fixed	4.0 years	Mar. 12, 2021	Mar. 12, 2025		
	6,200	0.29655%	Fixed	4.0 years	Sep. 2, 2021	Sep. 2, 2025		
	6,200	0.35542%	Fixed	5.0 years	Sep. 2, 2021	Sep. 2, 2026		
	4,300	0.38044%	Fixed	4.5 years	Oct. 1, 2021	Apr. 1, 2026		
	5,600	0.77500%	Fixed	6.0 years	Mar. 14, 2022	Mar. 14, 2028		
	5,900	0.79285%	Fixed	4.5 years	Sep. 5, 2022	Mar. 5, 2027		
	3,700	1.02763%	Fixed	4.5 years	Mar. 13, 2023	Sep. 13, 2027		
	5,900	0.45205%	Floating	2.6 years	Sep. 4, 2023	Apr. 1, 2026		
	3,300	1.10593%	Fixed	4.5 years	Mar. 12, 2024	Sep. 12, 2028		
Total/Average	50,200	0.55788%	-	4.5 years	-			

* Figures are as of March 12, 2024.

Statement of Income from Rent Business by Property (1)

(thousand yen)

Property number	A-1	A-2	A-3	A-4	A-5	A-6	A-7	A-8	A-9	A-10
Asset type	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	Shinagawa Seaside TS Tower	Omori Park Building	S-GATE AKASAKA
Rent business revenue	62,468	437,835	163,716	70,610	200,831	176,564	87,506		121,302	
Rental revenue	54,841	351,723	154,379	59,167	185,684	145,552	70,164		98,108	
Common area maintenance revenue	2,021	62,337	-	-	2,124	13,790	5,937		7,069	
Utilities reimbursement	4,270	16,355	6,312	3,507	10,220	11,491	8,384		10,801	
Parking revenue	798	6,502	2,854	384	1,662	4,180	2,790		4,680	
Other rental revenue	536	916	170	7,551	1,140	1,548	230		643	
Expenses related to rent business	34,226	208,014	46,552	26,871	99,534	63,513	37,019		72,792	
Outsourcing expenses	5,721	54,998	9,189	6,106	16,273	16,949	8,652	(Not disclosed)	14,939	(Not disclosed)
Utilities expense	4,188	32,920	6,731	3,689	12,157	14,512	9,247		20,803	
Property taxes	12,912	43,517	11,207	4,972	56,888	10,648	8,039		16,614	
Land rent	683	907	-	-	-	-	-		-	
Repair expenses	1,955	17,268	425	2,832	7,136	2,448	1,130		6,677	
Insurance premium	100	728	341	152	378	548	258		492	
Trust fee	-	91	250	1,074	250	250	350		350	
Depreciation	3,652	51,346	18,068	7,639	6,181	17,714	9,112		12,563	
Other expenses related to rent business	5,012	6,236	338	404	268	442	227		351	
Operating income (loss) from rent business	28,242	229,820	117,164	43,738	101,297	113,050	50,486		48,510	
NOI	31,895	281,167	135,232	51,378	107,479	130,764	59,599		61,074	

Statement of Income from Rent Business by Property (2)

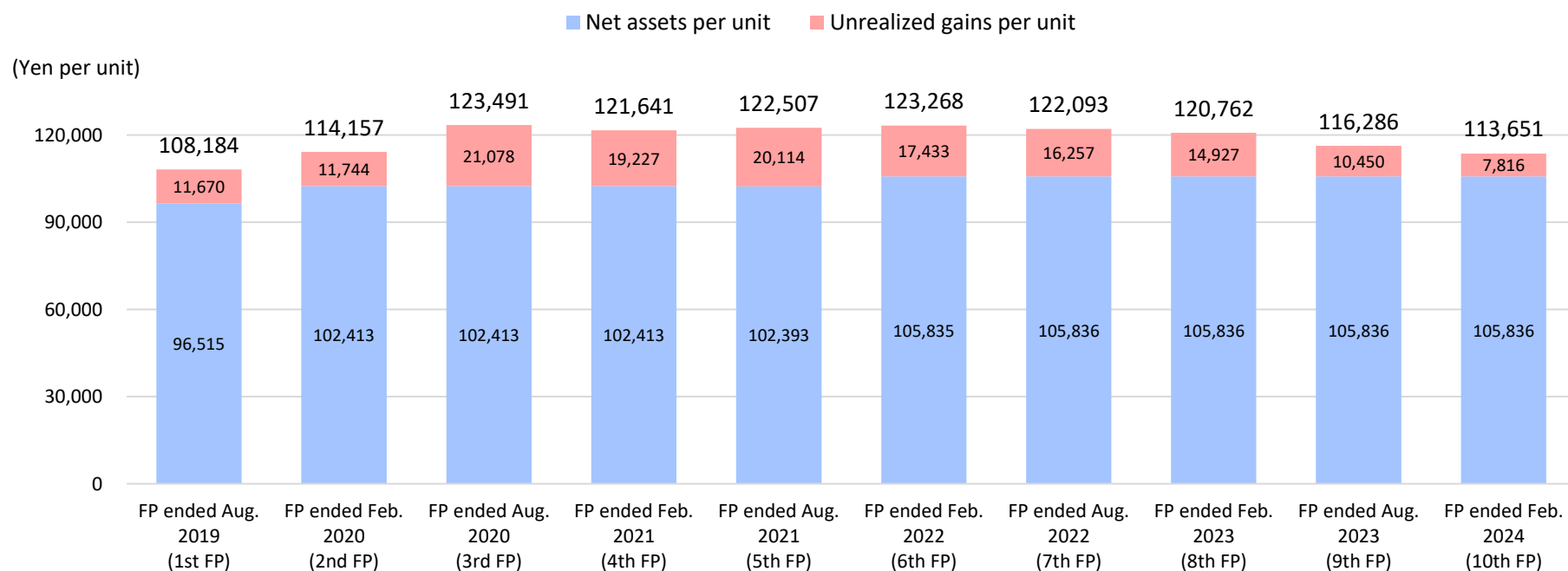
(thousand yen)

Property number	A-11	A-12	B-1	B-2	B-3	B-4	B-5	B-6	Total
Asset type	Office buildings		Hotel		Logistics facilities	Hotel			
Property name	Miyazakidai Garden Office	Hitachi Kyusyu Building	Hotel Intergate Tokyo Kyobashi	Hotel Intergate Hiroshima	SANKEILOGI Settsu	Hotel Intergate Kyoto Shijo Shinmachi	Hotel Intergate Kanazawa	Grids Premium Hotel Osaka Namba	
Rent business revenue	92,019		206,955	118,800	119,334	19,790	12,480	30,693	
Rental revenue	73,087		206,955	118,800	118,531	19,790	12,480	30,693	2,361,208
Common area maintenance revenue	3,587		-	-	-	-	-	-	2,117,288
Utilities reimbursement	12,477		-	-	-	-	-	-	96,866
Parking revenue	1,542		-	-	-	-	-	-	98,319
Other rental revenue	1,325		-	-	802	-	-	-	31,294
Expenses related to rent business	39,902		55,706	43,902	21,678	4,091	4,456	5,818	17,440
Outsourcing expenses	6,384	(Not disclosed)	1,200	1,200	900	150	150	150	1,141,048
Utilities expense	13,448		-	-	-	-	-	-	239,931
Property taxes	6,502		26,906	15,888	-	-	-	-	154,887
Land rent	-		-	-	-	-	-	-	322,169
Repair expenses	3,996		-	420	-	-	-	-	1,590
Insurance premium	232		543	529	382	62	49	56	76,809
Trust fee	350		250	250	350	55	55	55	6,987
Depreciation	8,279		26,770	25,572	20,002	3,823	4,201	5,556	4,924
Other expenses related to rent business	709		36	42	44	-	-	-	315,574
Operating income (loss) from rent business	52,117		151,248	74,897	97,655	15,698	8,023	24,874	18,173
NOI	60,396		178,018	100,469	117,657	19,522	12,225	30,431	1,220,160
									1,535,734

Key Performance Indicators (KPIs)

	FP ended Aug. 2020 (3rd FP)	FP ended Feb. 2021 (4th FP)	FP ended Aug. 2021 (5th FP)	FP ended Feb. 2022 (6th FP)	FP ended Aug. 2022 (7th FP)	FP ended Feb. 2023 (8th FP)	FP ended Aug. 2023 (9th FP)	FP ended Feb. 2024 (10th FP)
NOI yield (against book value)	4.2%	4.4%	4.5%	4.3%	4.6%	3.8%	3.5%	3.5%
NOI yield (against appraisal value)	3.8%	4.0%	4.1%	4.0%	4.3%	3.5%	3.3%	3.4%
NOI yield after depreciation (against book value)	3.6%	3.8%	3.8%	3.7%	4.0%	3.2%	2.9%	2.8%
NOI yield after depreciation (against appraisal value)	3.2%	3.4%	3.5%	3.4%	3.7%	3.0%	2.7%	2.7%
Implied cap rate (before depreciation)	4.7%	4.3%	4.0%	4.4%	5.0%	4.3%	3.7%	4.1%
Implied cap rate (after depreciation)	4.0%	3.7%	3.5%	3.7%	4.3%	3.6%	3.1%	3.2%
FFO (million yen)	1,122	1,243	1,242	1,698	1,785	1,372	1,286	995
AFFO (million yen)	1,068	1,201	1,185	1,624	1,701	1,160	1,066	883
FFO per unit	3,147 yen	3,485 yen	3,482 yen	3,635 yen	3,821 yen	2,938 yen	2,753 yen	2,131 yen
EPS	2,532 yen	2,849 yen	2,841 yen	2,978 yen	3,158 yen	2,304 yen	2,418 yen	2,220 yen
Distribution per unit	2,532 yen	2,849 yen	2,862 yen	2,979 yen	3,158 yen	2,305 yen	2,418 yen	2,221 yen
Distribution yield	5.6%	5.2%	4.4%	5.5%	6.5%	5.3%	5.2%	5.2%
Investment unit price at end of period	90,800 yen	110,200 yen	129,600 yen	108,200 yen	97,200 yen	86,400 yen	93,300 yen	84,800 yen
NAV multiple	0.7x	0.9x	1.0x	0.9x	0.8x	0.7x	0.8x	0.7x
FFO multiple	14.4x	15.8x	18.6x	14.9x	12.7x	14.7x	16.9x	19.9x
Payout ratio (FFO)	80.4%	81.7%	82.2%	81.9%	82.6%	78.4%	87.8%	104.2%
Payout ratio (AFFO)	84.5%	84.6%	86.1%	85.7%	86.7%	92.8%	105.9%	117.4%
PER	17.9x	19.3x	22.8x	18.2x	15.4x	18.8x	19.3x	19.1x
PBR	0.9x	1.1x	1.2x	1.0x	0.9x	0.8x	0.9x	0.8x
ROE	4.8%	5.4%	5.4%	5.5%	5.8%	4.3%	4.5%	4.1%

Change in NAV per Unit (after Deduction of Distribution)



Portfolio List (1)

Property number	A-1	A-3	A-4	A-5	A-6	A-7	A-9	A-10	A-11
Asset type	Office buildings								
Property name	Tokyo Sankei Building 	S-GATE NIHONBASHI-HONCHO 	S-GATE AKIHABARA 	Hibiya Sankei Building 	Hatchobori Sankei Building 	Toyo Park Building 	Omori Park Building 	S-GATE AKASAKA 	Miyazakidai Garden Office 
Location	Chiyoda-ku, Tokyo	Chuo-ku, Tokyo	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo	Chuo-ku, Tokyo	Koto-ku, Tokyo	Ota-ku, Tokyo	Minato-ku, Tokyo	Miyamae-ku, Kawasaki-shi
Construction completion	Sep. 2000	Oct. 2018	Sep. 2017	Jun. 1992	Sep. 1965	Jun. 1991	May 1993	Jul. 2015	Feb. 1993
Acquisition year/month	March 2019	March 2019	March 2019	March 2019	March 2019	March 2019	Sep. 2019	Oct. 2020	Sep. 2021
Acquisition price (million yen)	2,509	14,148	2,055	5,829	4,959	3,782	5,400	7,000	2,800
Appraisal value (million yen)	2,560	15,270	2,720	6,740	5,150	3,490	5,260	7,400	2,710
Appraisal NOI yield	2.5%	3.5%	4.4%	3.6%	5.0%	3.8%	3.8%	3.3%	4.5%
Occupancy rate	99.8%	100.0%	85.3%	100.0%	100.0%	75.1%	65.6%	100.0%	100.0%
PML value	2.3%	2.0%	2.2%	3.1%	0.3%	9.0%	5.6%	4.6%	9.5%

* Figures are as of the date of preparation of this material. The same applies below. Acquisition year/month is initial acquisition year/month.

Portfolio List (2)

Property number	A-12	B-1	B-2	B-3	B-4	B-5	B-6	B-7	Total/Average
Asset type	Office buildings	Hotel		Logistics facilities	Hotel				
Property name	Hitachi Kyusyu Building 	Hotel Intergate Tokyo Kyobashi 	Hotel Intergate Hiroshima 	SANKEILOGI Settsu 	Hotel Intergate Kyoto Shijo Shinmachi 	Hotel Intergate Kanazawa 	Grids Premium Hotel Osaka Namba 	VESSEL HOTEL CAMPANA SUSUKINO 	
Location	Sawara-ku, Fukuoka-shi	Chuo-ku, Tokyo	Naka-ku, Hiroshima-shi	Settsu-shi, Osaka	Nakagyo-ku, Kyoto-shi	Kanazawa-shi, Ishikawa	Naniwa-ku, Osaka-shi	Chuo-ku, Sapporo-shi	
Construction completion	Feb. 1996	Jan. 2018	Oct. 2018	Oct. 2022	November 2017	January 2019	January 2021	March 2019	
Acquisition year/month	Sep. 2021	March 2019	Sep. 2019	March 2023	February 2024	February 2024	February 2024	March 2024	
Acquisition price (million yen)	10,000	8,961	3,990	5,242	5,800	3,250	7,800	2,920	
Appraisal value (million yen)	10,300	9,360	4,200	5,550	5,890	3,290	7,870	2,930	
Appraisal NOI yield	4.7%	3.9%	4.9%	4.0%	4.1%	4.8%	4.1%	4.2%	
Occupancy rate	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
PML value	2.5%	1.8%	2.1%	6.9%	10.5%	3.5%	7.2%	0.9%	

Summary of Appraisal

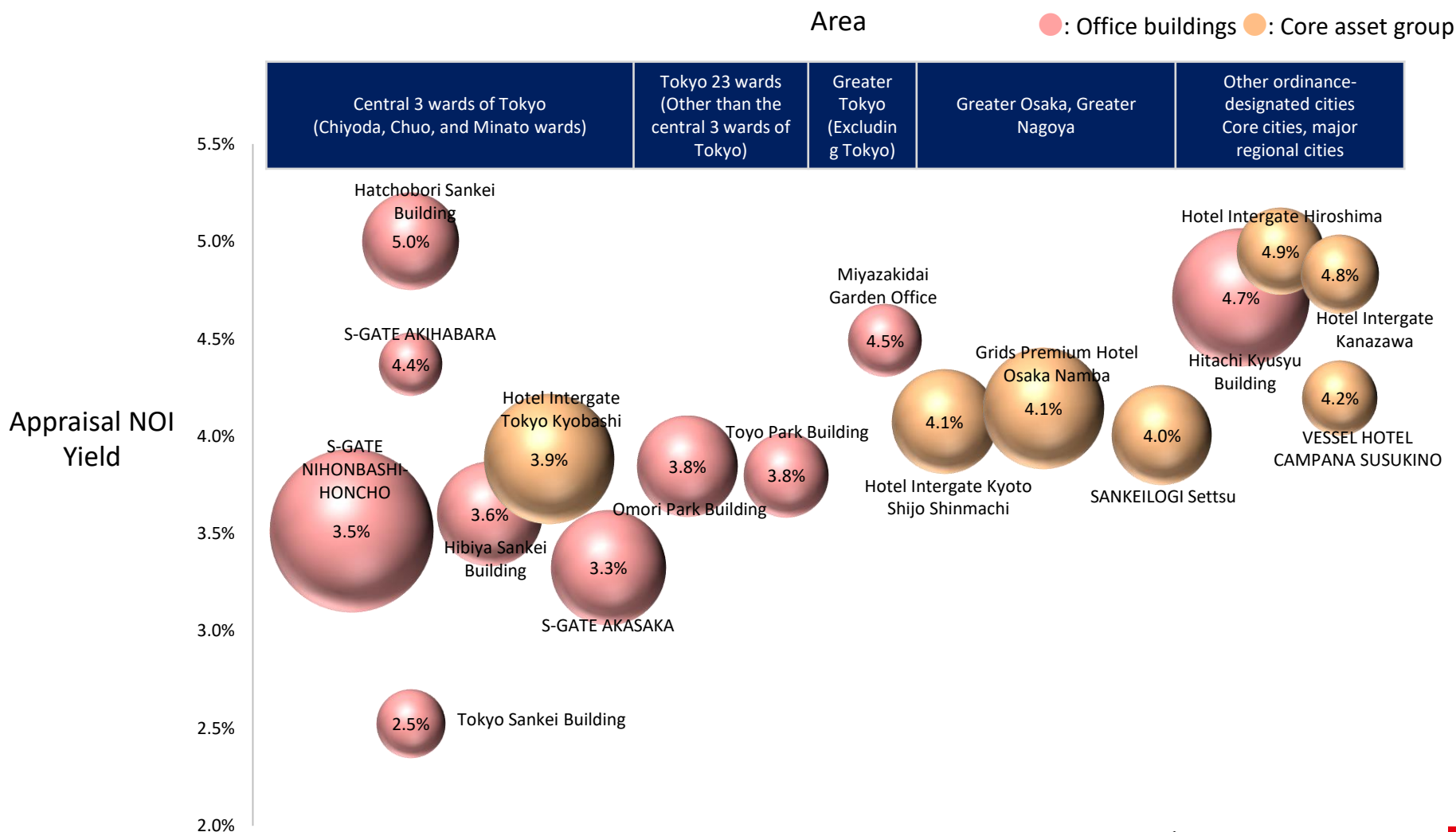
(million yen)

Property number	Property name	Acquisition price	End of FP ended Aug. 2023 (9th FP)		End of FP ended Feb. 2024 (10th FP)				Difference with previous FP	
			Appraisal value	Direct distribution yield	Appraisal value	Book value	Unrealized gain/loss	Direct distribution yield	Appraisal value	Direct distribution yield
A-1	Tokyo Sankei Building	2,509	2,570	2.3%	2,560	2,615	-55	2.3%	-10	±0
A-2	BREEZÉ TOWER	-	17,380	3.5%	-	-	-	-	-	-
A-3	S-GATE NIHONBASHI-HONCHO	6,698	7,750	3.2%	7,790	6,617	+1,172	3.2%	+40	±0
A-4	S-GATE AKIHABARA	2,055	2,690	3.3%	2,720	2,014	+705	3.2%	+30	-0.1
A-5	Hibiya Sankei Building	5,829	6,630	2.8%	6,740	6,054	+685	2.8%	+110	±0
A-6	Hatchobori Sankei Building	4,959	5,470	4.1%	5,150	4,979	+170	4.1%	-320	±0
A-7	Toyo Park Building	3,782	3,900	3.7%	3,490	3,871	-381	3.6%	-410	-0.1
A-8	Shinagawa Seaside TS Tower	-	17,350	3.4%	-	-	-	-	-	-
A-9	Omori Park Building	5,400	5,270	3.7%	5,260	5,474	-214	3.7%	-10	±0
A-10	S-GATE AKASAKA	7,000	7,400	3.1%	7,400	7,030	+369	3.1%	±0	±0
A-11	Miyazakidai Garden Office	2,800	2,710	4.5%	2,710	2,837	-127	4.5%	±0	±0
A-12	Hitachi Kyusyu Building	10,000	10,300	4.2%	10,300	10,141	+158	4.2%	±0	±0
Subtotal		51,034	89,420	-	54,120	51,636	2,483	-	-	-
B-1	Hotel Intergate Tokyo Kyobashi	8,961	9,190	3.7%	9,360	8,844	+515	3.6%	+170	-0.1
B-2	Hotel Intergate Hiroshima	3,990	4,180	4.5%	4,200	3,821	+378	4.5%	+20	±0
B-3	SANKEILOGI Settsu	5,242	5,550	3.7%	5,550	5,287	+262	3.7%	±0	±0
B-4	Hotel Intergate Kyoto Shijo Shinmachi	5,800	-	-	5,890	5,867	+22	3.9%	-	-
B-5	Hotel Intergate Kanazawa	3,250	-	-	3,290	3,288	+1	4.6%	-	-
B-6	Grids Premium Hotel Osaka Namba	7,800	-	-	7,870	7,883	-13	3.9%	-	-
Subtotal		35,043	18,920	-	36,160	34,993	+1,166	-	-	-
Total		86,077	108,340	-	90,280	86,629	+3,650	-	-	-

* The above acquisition prices are as of the end of FP ended February 2024 (10th FP). However, due to the transfer of BREEZÉ TOWER and Shinagawa Seaside TS Tower as of January 31, 2024 and the additional acquisition of S-GATE NIHONBASHI-HONCHO as of April 1, 2024, the current acquisition prices differ from the above-mentioned prices.

Portfolio Matrix

Appraisal NOI Yield x Area × Acquisition Price



* Figures are as of the date of preparation of this material. The size of the bubble represents the acquisition price.

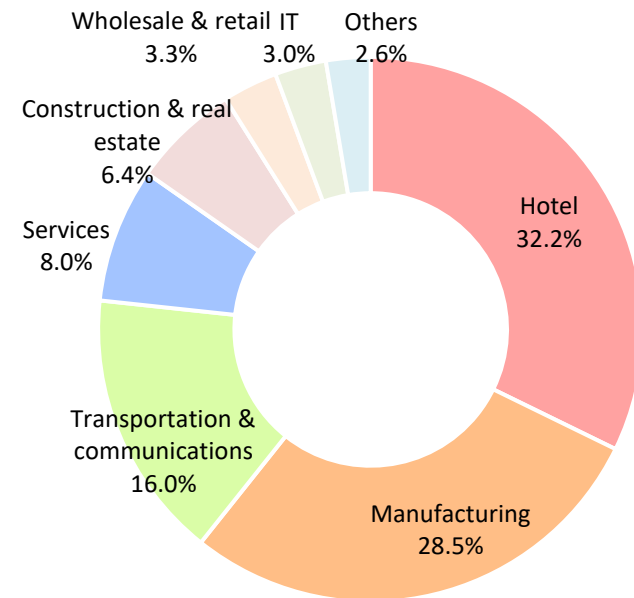
Status of Tenants

Top 10 tenants (as of the date of preparation of this material)

Name of end tenant	Total leased area (m ²)	% of portfolio's total leased area	Property name
Hitachi, Ltd.	26,513.33	24.3%	Hitachi Kyusyu Building
GRANVISTA Hotels & Resorts Co., Ltd.	26,373.81	24.2%	Four properties, including Hotel Intergate Tokyo Kyobashi
Keishin K.K.	14,489.59	13.3%	SANKEILOGI Settsu
Konoike Construction Co., Ltd.	4,985.76	4.6%	S-GATE NIHONBASHI-HONCHO
Vessel Hotel Development Co., Ltd.	4,427.11	4.1%	VESSEL HOTEL CAMPANA SUSUKINO
AB Accommo Co., Ltd.	4,353.79	4.0%	Grids Premium Hotel Osaka Namba
Hakuhodo DY Holdings Inc.	3,147.12	2.9%	S-GATE AKASAKA
Toyo Sangyo Co., Ltd.	1,509.72	1.4%	Omori Park Building
loginet-japan Co., Ltd.	Not disclosed	Not disclosed	S-GATE NIHONBASHI-HONCHO
Ryochi Keiei Co., Ltd.	1,159.72	1.1%	Miyazakidai Garden Office

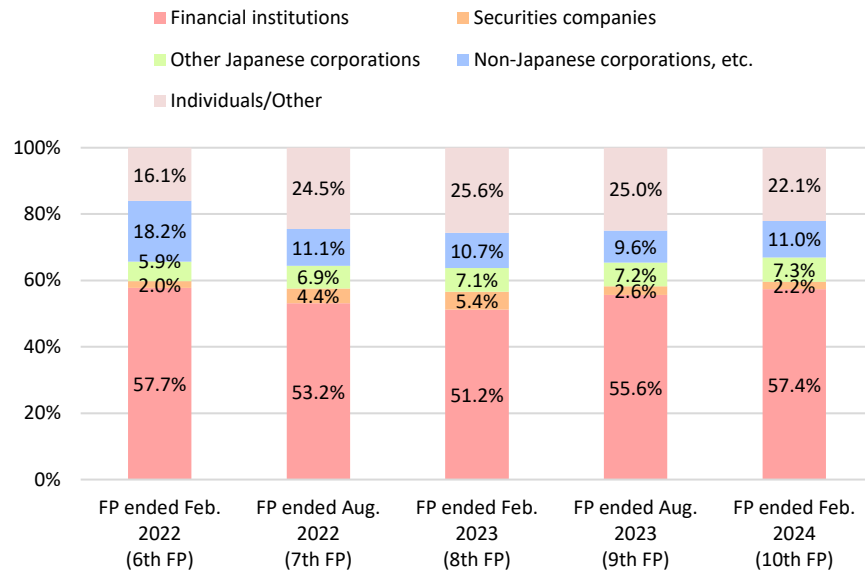
* The information is "Not disclosed" due to unavoidable circumstances in that such contains information for which consent for disclosure has not been obtained from the tenant, relevant party, etc. or information from which confidential information can be derived.

Tenant attributes (as of the date of preparation of this material)



Status of Unitholders

Breakdown of Investment Units by Unitholder Type



Number of Unitholders by Unitholder Type (as of End of FP Ended Feb. 2024 (10th FP))

	Number of unitholders	Share of units owned	Number of units	Share of units owned
Financial institutions	46	0.4%	267,971	57.4%
Securities companies	23	0.2%	10,496	2.2%
Other Japanese corporations	229	1.7%	34,030	7.3%
Non-Japanese corporations, etc.	172	1.3%	51,432	11.0%
Individuals/Other	12,651	96.4%	103,170	22.1%
Total	13,121	100.0%	467,099 units	100.0%

Major Unitholders (as of End of FP Ended Feb. 2024 (10th FP))

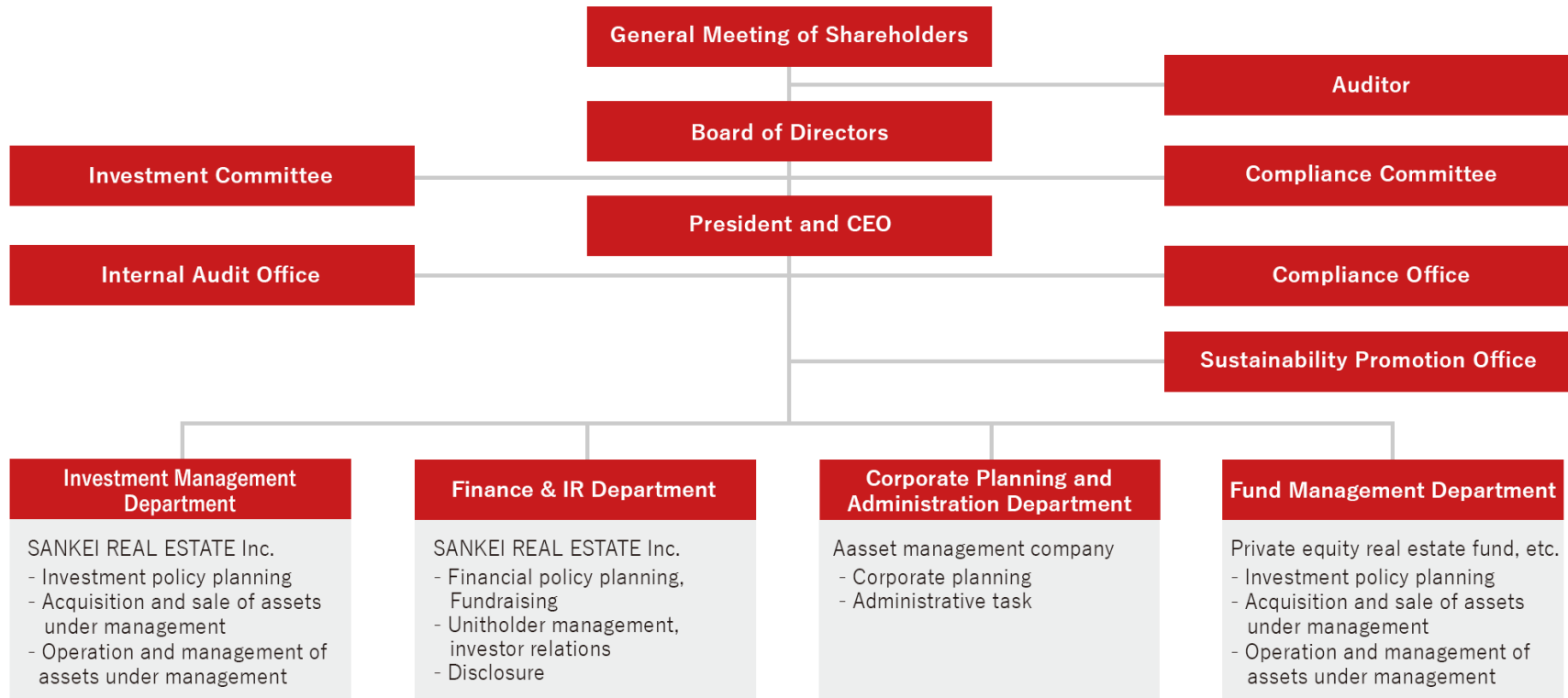
Name of unitholder	Number of units owned (units)	Share of units owned (%)
Custody Bank of Japan, Ltd. (Trust Account)	104,288	22.32
The Master Trust Bank of Japan, Ltd. (Trust Account)	94,443	20.21
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	26,491	5.67
The Sankei Building Co., Ltd.	17,479	3.74
JP MORGAN CHASE BANK 385771	6,722	1.43
The Bank of Yokohama, Ltd.	5,691	1.21
The Hyakujushi Bank, Ltd.	3,500	0.74
JP MORGAN CHASE BANK 385794	3,319	0.71
JP MORGAN CHASE BANK 380755	3,139	0.67
Bell House Co., Ltd.	3,105	0.66
Total	268,177	57.41

* Each share of units owned above is rounded down to two decimal places.

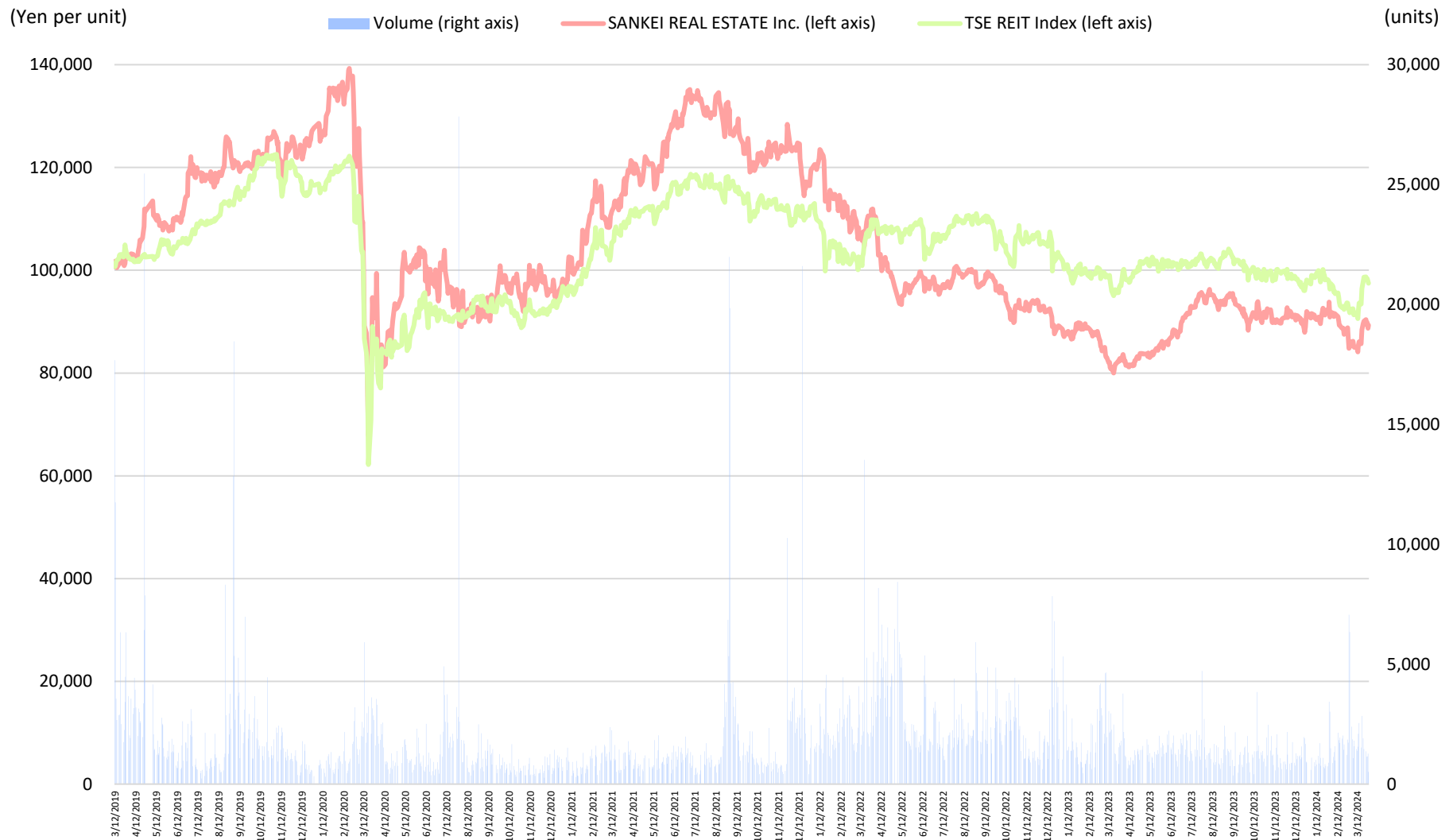
Profile of the Asset Management Company

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

Location of head office	2-3-4 Uchikanda, Chiyoda-ku, Tokyo
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 (2) No. 102209
Discretionary transaction agency, etc. approval	Minister of Land, Infrastructure, Transport and Tourism Approval No. 125



Change in Investment Unit Price



* The above graph shows the change from March 12, 2019 (listing date) to March 29, 2024. The closing price of the TSE REIT Index on March 12, 2019 (1,854.41 pts) is converted into the offering price of SANKEI REAL ESTATE at the time of listing to show the relative performance with the change in unit prices (closing prices) of SANKEI REAL ESTATE.

Notes (1)

[Page 6]

1. The “Comparison with the forecast” of “Financial Summary for Fiscal Period Ended February 2024 (10th FP)” is shown in yen, except for certain items shown in millions of yen for consistency with other disclosure documents. The same applies below.

[Page 13]

1. “Core asset group” refers to hotels, logistics facilities, and residential facilities (asset types with residential and other functions, such as residences, student residences, and healthcare facilities).
2. “Percentage by Walking Time to the Nearest Station” is the percentage in terms of acquisition price, 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.
3. “Percentage by Building Age” states the percentage in terms of acquisition price, after categorizing assets held by building age as of the date of preparation of this material.

[Page 14]

1. “Cities designated by government ordinance, etc.” refers to cities designated by government ordinance, excluding Greater Tokyo, Greater Osaka and Greater Nagoya, core cities, and major regional cities.

[Page 21]

1. “Portfolio yield” refers to the NOI yield calculated using the following formula for assets held. The same applies below. $\text{Portfolio yield} = \text{Portfolio NOI (annualized)} / \text{Period-end book value}$
2. “Period-end occupancy rate” indicates the percentage of the total leased area(*) against the total leasable area(*) of each of the acquired assets as of each base date.
 - i. “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 base date shown.
 - ii. “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 base 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.
3. “Percentage by Contract Form” is the percentage of assets held based on leased area by contract form.
4. “Percentage by Lease Period” is the percentage of assets held based on leased area by lease period.

[Page 22]

1. “Change in Rent Revision Performance” applies to the assets acquired by SANKEI REAL ESTATE as of the end of each fiscal period that are categorized as “Office Buildings.” For example, for the fiscal period ended February 2024, rent revision under lease agreements occurring in the period from September 1, 2023 until the end of February 2024 (limited to those for which a lease agreement was concluded or renewed during the relevant period) was agreed to by 14 tenants with a total of 1,333 tsubos in area. Assuming the revised area is 100%, on a leased area basis, monthly rent was increased in 17.9%, renewed at the same level (maintained) in 82.1%, and reduced in 0.0%. 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 rent 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, 2023 to the end of February 2024 for the FP ended February 2024), 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).
3. “Average Rent Unit Price” is calculated using “Rental and CAM revenue upon the most recent settlement / 6 months / Leasable area x Occupancy rate of office building.”

[Page 23]

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(*) and the market rent(ii) 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.”
 - i. “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.)
 - ii. “Market rent” is calculated using the weighted average, based on leased area, of the total median value of assumed new contract rent (typical floorplate) (including CAM) as of March 2024 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 2024 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.
2. “Scheduled Renewal with Contract Revision/Renewal and Progress” applies to lease agreements concluded as of April 1, 2024, stating the area subject to renewal with rent revision/renewal in the fiscal period ending August 2024 (11th FP) and the fiscal period ending February 2025 (12th FP).
3. “Percentage of 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 April 1, 2024, and whose revision/renewal has been completed by the contract revision/renewal (planned) area for each contract revision/renewal period.

[Page 27]

1. “Balance of interest-bearing liabilities” shows the figure as of 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 of the date of disclosure.
3. “LTV” is the balance of interest-bearing liabilities divided by the amount of total assets and multiplied by 100.
4. “Average financing interest rate” is calculated using the weighted average, based on the balance of interest-bearing debt, of the anticipated applicable interest rate of each interest-bearing liability as of the date of disclosure. Calculations are on an interest payable basis and do not include arrangement fee and other borrowing-related expenses.
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 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 of the date of disclosure.

Notes (2)

[Page 30]

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.
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. The certification was obtained by The Sankei Building Co., Ltd. for Tokyo Sankei Building.
3. 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).

[Page 39]

1. $\text{NOI yield (against book value)} = (\text{Operating income from real estate rent business} + \text{depreciation}) \times 2 / \text{Book value of real estate for lease}$ $\text{NOI yield (against appraisal value)} = (\text{Operating income from real estate rent business} + \text{depreciation}) \times 2 / \text{Appraisal value of real estate for lease}$
2. $\text{NOI yield after depreciation (against book value)} = \text{Operating income from real estate rent business} \times 2 / \text{Book value of real estate for lease}$ $\text{NOI yield after depreciation (against appraisal value)} = \text{Operating income from real estate rent business} \times 2 / \text{Appraisal value of real estate for lease}$
3. $\text{Implied cap rate (before depreciation)} = \text{NOI (Annualized; current FP result} \times 2) / (\text{Total fair value} + \text{Interest-bearing liabilities} - \text{Cash and deposits} + \text{Leasehold deposits received})$ $\text{Implied cap rate (after depreciation)} = \text{NOI after depreciation (Annualized; current FP result} \times 2) / (\text{Total fair value} + \text{Interest-bearing liabilities} - \text{Cash and deposits} + \text{Leasehold deposits received})$
4. $\text{FFO} = \text{Net profit} + \text{Depreciation} - \text{Gain/loss on sale of real estate, etc. (including loss on retirement of non-current assets)}$
5. $\text{AFFO} = \text{FFO} - \text{Capital expenditure}$
6. $\text{FFO per unit} = \text{FFO} / \text{Total number of investment units issued and outstanding at end of period}$
7. $\text{EPS} = \text{Net profit} / \text{Total number of investment units issued and outstanding at end of period}$
8. $\text{Distribution per unit} = \text{Total distribution} / \text{Total number of investment units issued and outstanding at end of period}$
9. $\text{Distribution yield} = \text{Distribution per unit (Annualized; current FP result} \times 2) / \text{Investment unit price at end of period}$
10. $\text{NAV multiple} = \text{Investment unit price at end of period} / \text{NAV per unit}$
11. $\text{FFO multiple} = \text{Investment unit price} / \text{FFO per unit (Annualized; most recent FP result} \times 2)$
12. $\text{Payout ratio (FFO)} = \text{Total distribution} / \text{FFO}$
13. $\text{Payout ratio (AFFO)} = \text{Total distribution} / \text{AFFO}$
14. $\text{PER (Price Earnings Ratio)} = \text{Investment unit price at end of period} / \text{EPS (Annualized; most recent FP result} \times 2)$
15. $\text{PBR (Price Book-value Ratio)} = \text{Investment unit price at end of period} / \text{Net assets per unit}$
16. $\text{ROE (Return on equity)} = \text{Net profit (Annualized; most recent FP result} \times 2) / \text{Net assets}$

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1. The actual values of NAV per unit in each period are calculated as follows. $\text{Actual value of NAV per unit} = \text{Net assets per unit}(*i) \text{ at end of each FP} + \text{Unrealized gain (loss) at end of each FP}(*ii) / \text{Number of investment units issued and outstanding at end of each FP}$
 - i. "Net assets per unit" is obtained using the following formula. $\text{Net assets per unit} = \text{Net assets at end of FP (after deducting distributions at the end of each FP)} / \text{Number of investment units issued and outstanding at end of FP}$
 - ii. "Unrealized gain/loss at end of FP" is obtained using the following equation. It is referred to as "unrealized gain" if the result is positive and "unrealized loss" if negative. This is simply shown as "Unrealized gain" or "Unrealized loss" in the graph. $\text{Unrealized gain/loss at end of FP} = \text{Total appraisal value of assets held by SANKEI REAL ESTATE at end of FP} - \text{Total book value of assets held by SANKEI REAL ESTATE at end of FP}$
"Number of investment units issued and outstanding at the end of each FP" is the number of investment units issued and outstanding at the end of each fiscal period.

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1. "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 ($\text{PML} = \text{probable maximum loss} / \text{replacement cost} \times 100$).

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1. "Portfolio matrix" is the balance and distribution of areas and yield, etc. in the overall assets acquired by SANKEI REAL ESTATE.
2. "Appraisal NOI yield" refers to the ratio of the net operating income derived by the direct capitalization method shown on the real estate appraisal report against the acquisition price. "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, excluding consumption tax, local consumption tax, and the various expenses required for the acquisition.
3. "Greater Tokyo" refers to Tokyo, Kanagawa, Saitama, and Chiba prefectures.
4. "Core cities" refers to cities that are municipalities with population of 200,000 or more (excluding Greater Tokyo, Greater Osaka and Greater Nagoya, and other cities designated by government ordinance), and "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.

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1. "% of portfolio's total leased area of Top 10 tenants" refers to the total leased area expressed as a percentage of the entire portfolio's total leased area. "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.
2. "Tenant attribute" is the percentage of assets held classified by tenant business type based on leased area.

