

Fiscal Period Ended February 2025 (12th Fiscal Period)
Financial Results Briefing Materials

April 16, 2025

SANKEI 12th



REAL



ESTATE

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Please contact below if you have any inquiries concerning this document.

Sankei Building Asset Management Co., Ltd.
Finance & IR Department
Phone: +81-3-5542-1316

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1. **Financial Results Highlights**

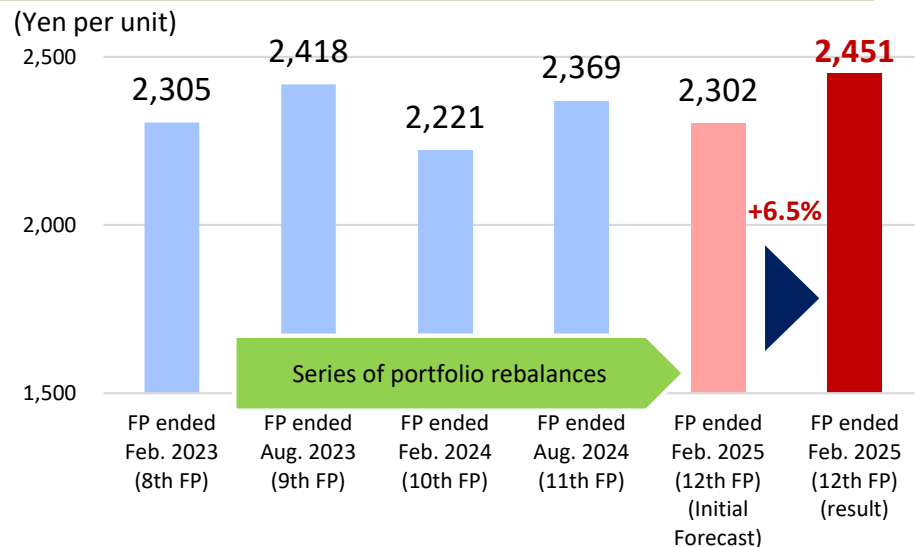
Financial Results Highlights: (1) Summary

- Financial results for the current period **saw increases in both revenues and profits compared with the previous fiscal period and forecast**. NAV (net asset value) per unit is **on the rise**

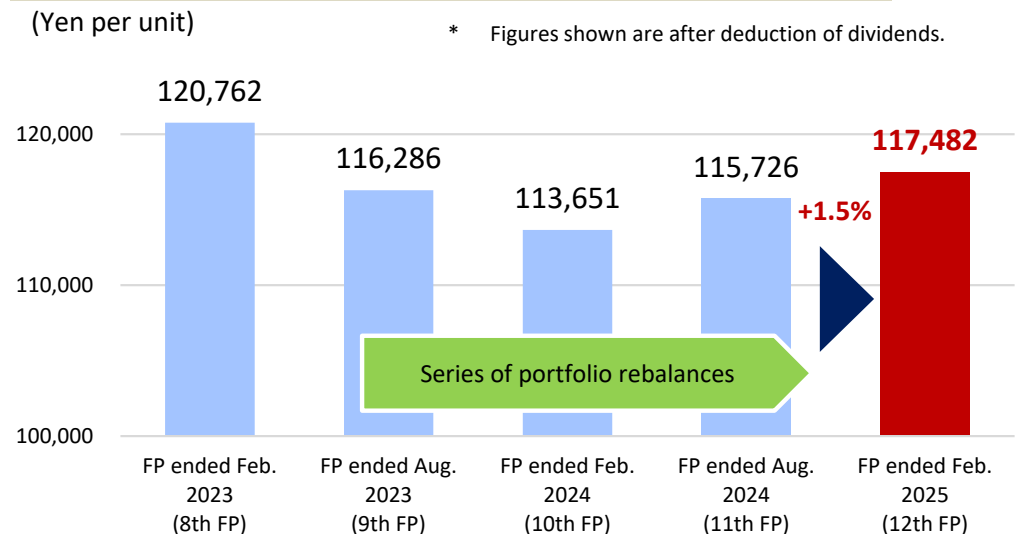
Financial Summary for Fiscal Period Ended February 2025 (12th FP)

	Results	Comparison with forecasts	Comparison with previous fiscal period
Operating revenue	2,516 million yen	+48 million yen (+2.0%)	+55 million yen (+2.2%)
Operating income	1,352 million yen	+62 million yen (+4.8%)	+52 million yen (+4.0%)
Net income	1,144 million yen	+69 million yen (+6.4%)	+37 million yen (+3.4%)
Distribution per unit	2,451 yen/unit	+149 yen/unit (+6.5%)	+82 yen/unit (+3.5%)

Change in DPU (distribution per unit)



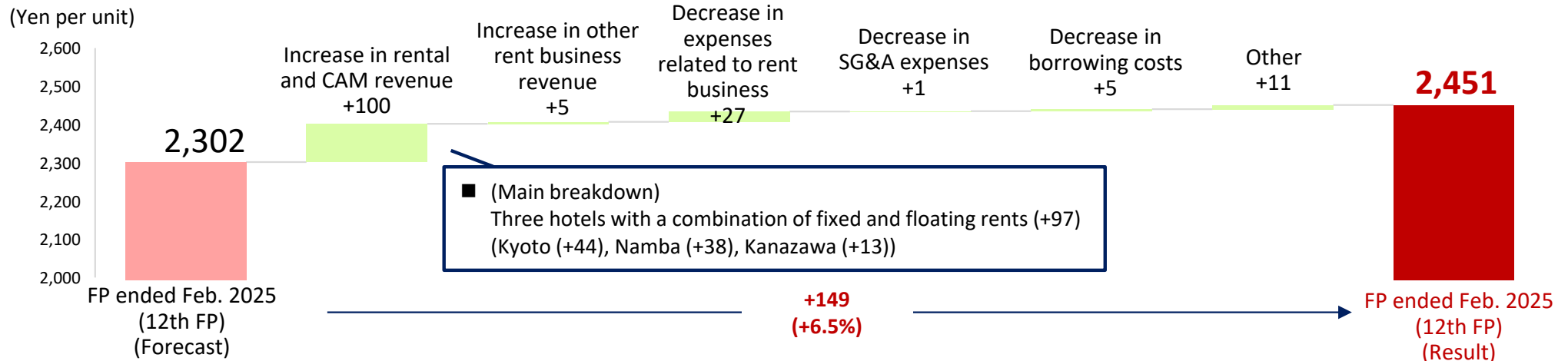
Change in NAV (net asset value) per unit



Financial Results Highlights: (2) Summary of DPU

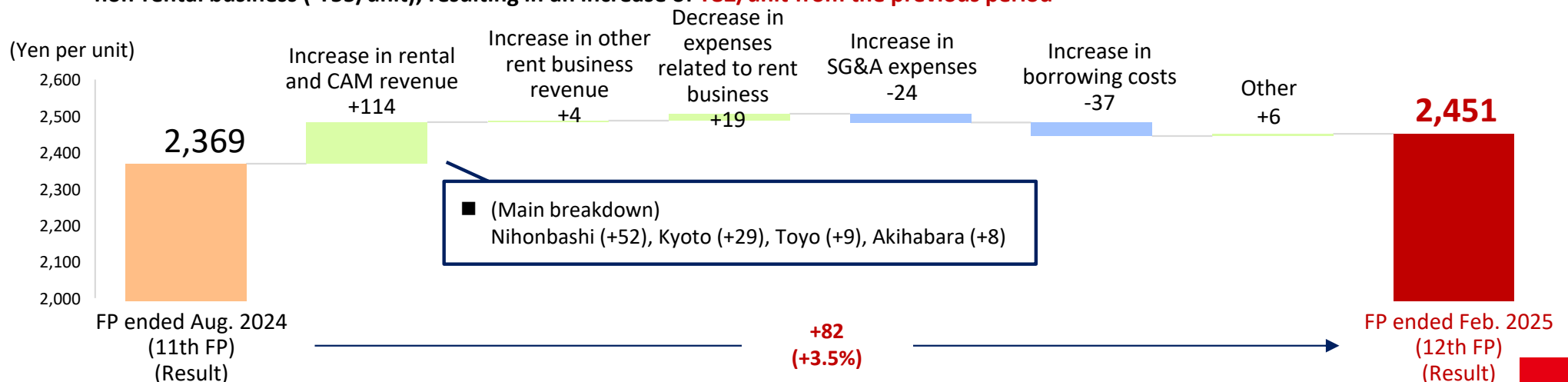
Summary of DPU (distribution per unit) [Comparison with forecasts]

- **DPU increased compared with forecast.** Increase of **149 yen/unit compared with the forecast** due to significantly higher-than-expected earnings from the rental business (+132 yen/unit) and higher-than-expected earnings from non-rental business (+17 yen/unit)



Summary of DPU (distribution per unit)[Comparison with previous fiscal period]

- **DPU increased from the previous period.** Favorable earnings from the rental business (+¥137/unit) absorbed the decrease in earnings from non-rental business (-¥55/unit), resulting in an increase of **¥82/unit from the previous period**



Financial Results Highlights: (3) Profit and Loss Comparison

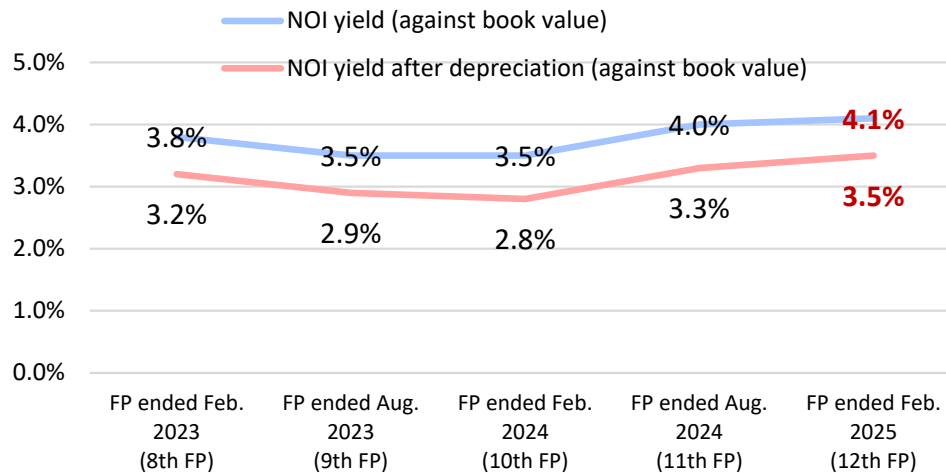
(million yen)	FP ended Aug. 2024 (11th FP) Results (A)	FP ended Feb. 2025 (12th FP) Forecast (B)	FP ended Feb. 2025 (12th FP) Results (C)	Comparison with forecasts (C-B)	Comparison with previous fiscal period (C-A)	Major Factors for the Difference (Comparison with Forecast) (C - B)
Operating revenue	2,461	2,467	2,516	+48	+55	[Rent business revenue] ■ <Rental and CAM revenue> Kyoto (+20), Namba (+17), Kanazawa (+6), Tokyo Sankei Building (+2) ■ <Utilities reimbursement> Hibiya (+1) ■ <Other rental revenue> Akasaka (-1) [Expenses related to rent business] ■ <Utilities expense> Omori (-3) ■ <Repair expenses> Hibiya (-6), Omori (+5), Hatchobori (-1), Tokyo Sankei Building (-1)
Total rent business revenue	2,461	2,467	2,516	+48	+55	
Rental and CAM revenue	2,343	2,350	2,396	+46	+53	
Parking revenue	26	25	25	+0	-1	
Utilities reimbursement	82	82	86	+3	+3	
Other revenue	8	9	8	-1	-0	
Gain on sale of real estate properties	-	-	-	±0	±0	
Operating expenses	1,161	1,177	1,163	-13	+2	
Total expenses related to rent business	848	852	839	-12	-8	
Outsourcing expenses	113	116	117	+0	+3	
Utilities expense	98	99	95	-3	-3	Major Factors for the Difference (Comparison with Previous Fiscal Period) (C - A) [Rent business revenue] ■ <Rental and CAM revenue> Nihonbashi (+24), Kyoto (+13), Toyo (+4), Akihabara (+4), Tokyo Sankei Building (+2), Hatchobori (+2), Hibiya (+2) ■ <Utilities reimbursement> Nihonbashi (+2), Akasaka (+1), Omori (-1) ■ <Parking revenue> Omori (-1) [Expenses related to rent business] ■ <Outsourcing expenses> Toyo (+6), Akasaka (-2), Hibiya (-1), Nihonbashi (+1) ■ <Utilities expense> Omori (-3), Nihonbashi (+1), Hatchobori (-1) ■ <Repair expenses> Omori (+11), Nihonbashi (-9), Hibiya (-7), Miyazakidai (+2) ■ <Depreciation> Nihonbashi (+3), Hitachi (-2)
Repair expenses	45	44	36	-7	-9	
Property taxes	248	246	246	-0	-2	
Depreciation	317	321	320	-0	+3	
Other expenses	24	24	23	-0	-0	
Loss on sale of real estate properties	-	-	-	±0	±0	
Operating income (loss) from rent business	1,612	1,615	1,676	+61	+63	
Total other operating expenses	312	324	324	-0	+11	
Asset management fee	249	246	249	+2	-0	
Other expenses	63	77	74	-2	+11	
Operating income	1,299	1,290	1,352	+62	+52	
Non-operating income	2	-	4	+4	+2	
Non-operating expenses	194	214	212	-2	+17	
Ordinary income	1,107	1,076	1,145	+69	+37	
Net income	1,106	1,075	1,144	+69	+37	
Distribution per unit	2,369 yen/unit	2,302 yen/unit	2,451 yen/unit	+149 yen/unit	+82 yen/unit	
Rental NOI	1,930	1,936	1,997	+60	+67	

2. Management Highlights

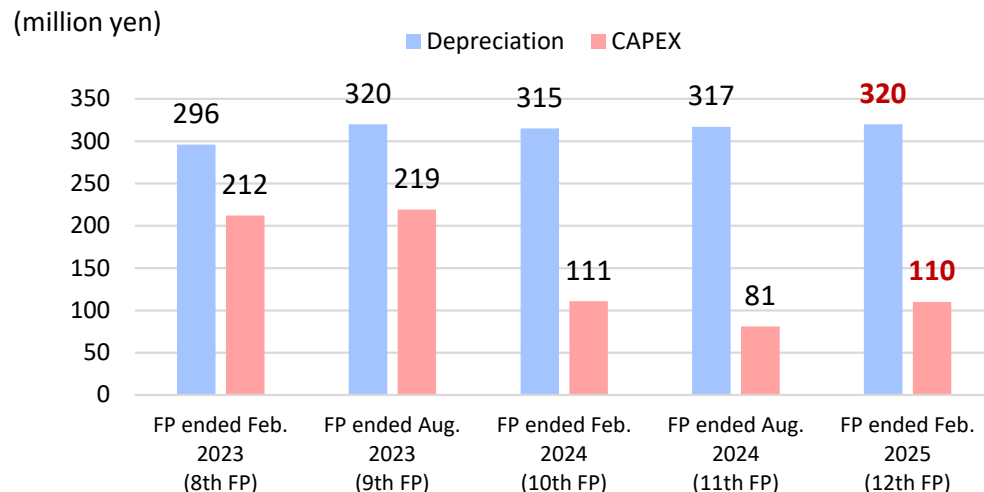
Management Highlights Internal Growth: (1) Portfolio-1

- Portfolio yields are **on the rise**. Regarding the period-end occupancy rate, aim for **full occupancy at the end of the period ending February 2026**.

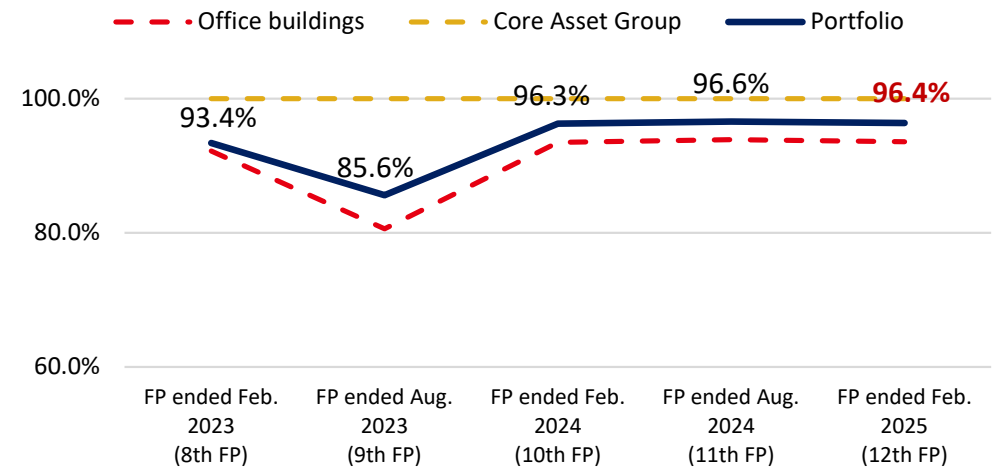
Change in Portfolio Yields



Change in Depreciation and CAPEX



Change in Occupancy Rate at End of Period



* The above figures indicate the portfolio occupancy rates.

Assumed Occupancy Rate of Portfolio

FP ending Aug. 2025 (13th FP)

- End of period **96.4%**
- Period average **96.4%**

FP ending Feb. 2026 (14th FP)

- End of period **100.0%**
- Period average **98.1%**

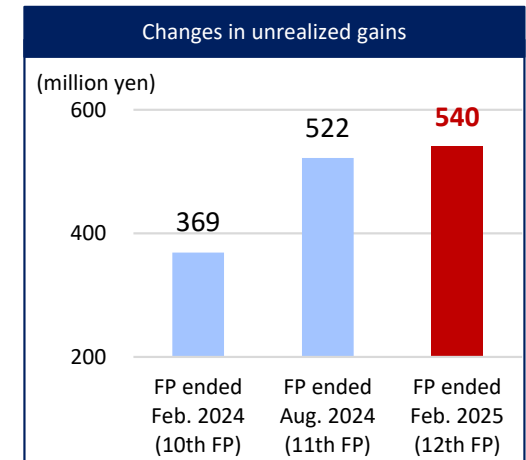
Management Highlights Internal Growth: (1) Portfolio-2

Continue to take actions that will enhance the asset value of properties owned

Major internal growth in office buildings owned: Increase in tenant rents & increase in parking lot fees

A-10 S-GATE AKASAKA

- Continued efforts to deepen relationships with tenants and negotiations after understanding their business conditions led to successful upward revision of rent (5% increase from the previous period).
⇒ Revenue will increase from August 2025
- In the parking lot sublease contract, our active negotiations in light of the strong demand in the area resulted in a successful upward revision of rent (19% increase from the previous period) .
⇒ Revenue increased from January 2025
- Due to this upward revision, the appraisal value has increased by 10 million yen compared with the previous amount
- The occupancy rate has remained at full capacity since the building was completed



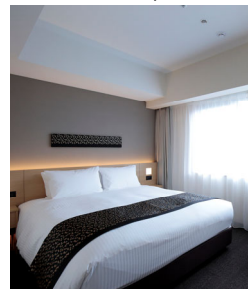
Renovation example of our hotel : Renovating guest rooms to attract tourists from Europe, the U.S. and Australia (at operator's expenses)

B-4 Hotel Intergate Kyoto Shijo Shinmachi

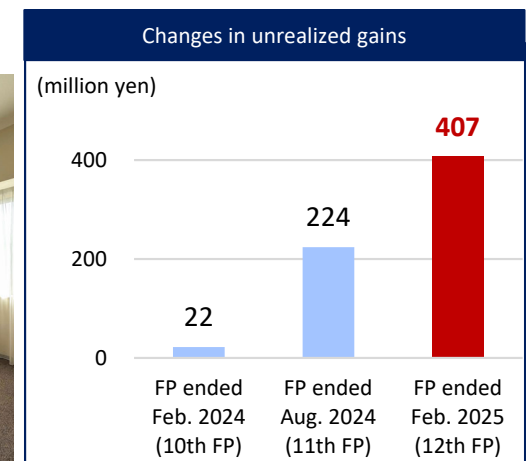
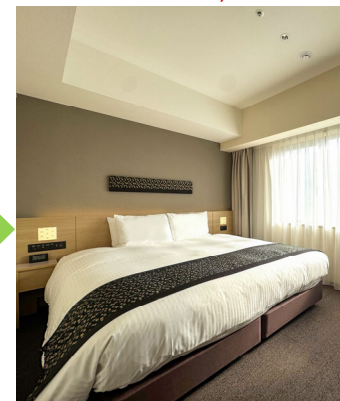
- Renovated guest rooms (changed the width of double beds to king size, changed single beds to double beds) and made all guest rooms non-smoking during the fiscal year ended February 2025 (12th period)
- Aim to further improve the occupancy rate and ADR by bringing in tourists from Europe, the U.S., and Australia, which have not been fully attracted until now
- The number of rooms to be renovated is 36 out of 153 rooms (24%)

* The photo shows a double bed with the width changed to king size.

[Before]
Bed width: 1,600 mm



[After]
Bed width: 1,800 mm

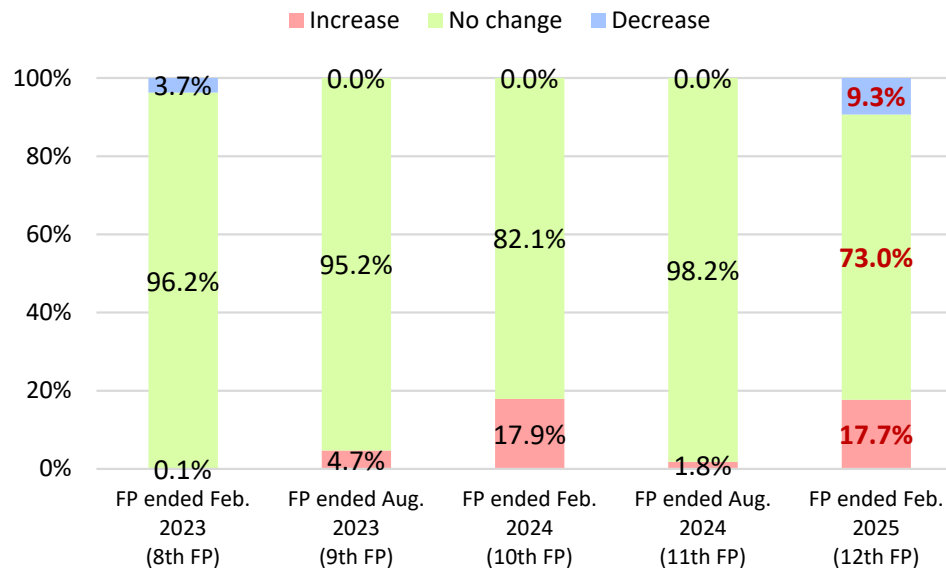


Management Highlights Internal Growth: (2) Office Buildings

- By Actively **negotiating for increase** with tenants who are paying below market rents, the average unit rent is **on the rise**

Change in Rent Revision Performance

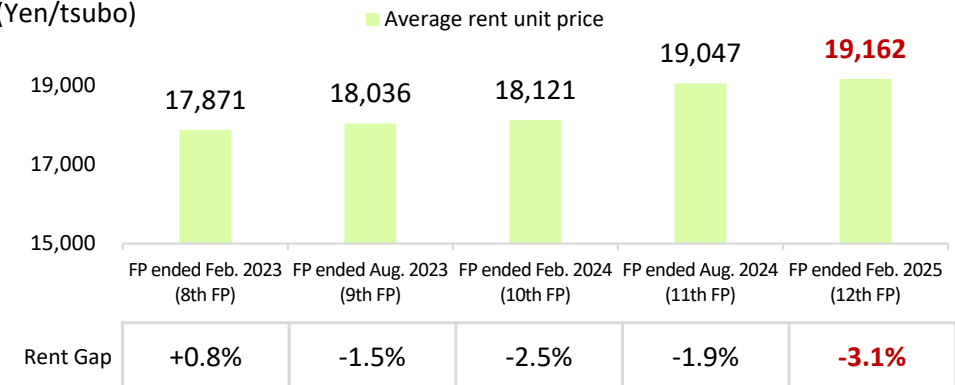
Percentages of rent revision results (Leased area basis)



	FP ended Feb. 2023 (8th FP)	FP ended Aug. 2023 (9th FP)	FP ended Feb. 2024 (10th FP)	FP ended Aug. 2024 (11th FP)	FP ended Feb. 2025 (12th FP)
Number of targeted tenants	24 cases	30 cases	14 cases	13 cases	22 cases
Increase	1 case	12 cases	4 cases	1 case	7 cases
No change	18 cases	16 cases	10 cases	12 cases	14 cases
Decrease	5 cases	2 cases	0 cases	0 cases	1 case
Targeted leased area (tsubo)	2,600	10,885	1,333	8,974	2,161
Rate of rent increase	6.1%	4.3%	38.5%	8.0%	6.4%

Trends in Average Rent Unit Price and Rent Gap

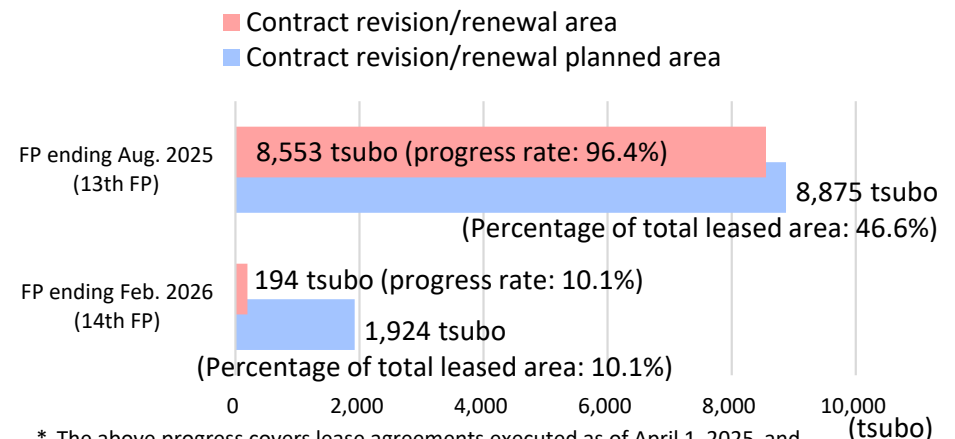
(Yen/tsubo)



* The average rent unit price is calculated excluding properties that have been sold and office buildings of whole building rental.

* The rent gap is the average of office buildings owned. Negative values indicate room for internal growth, and the smaller the negative value, the more progress has been made in increasing rents to levels closer to market rents.

Schedule of Contract Revision/ Renewal and Transition of its Progress



* The above progress covers lease agreements executed as of April 1, 2025, and the total leased area refers to office buildings owned.

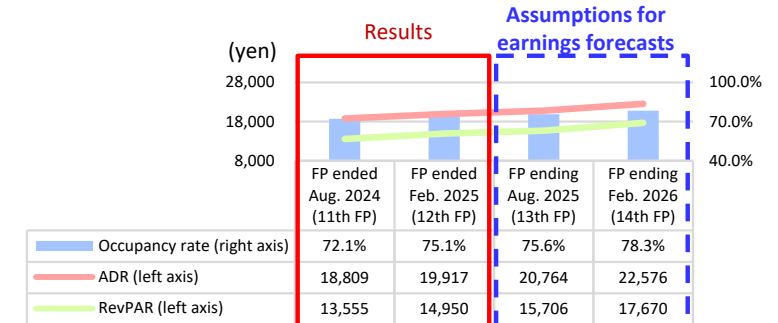
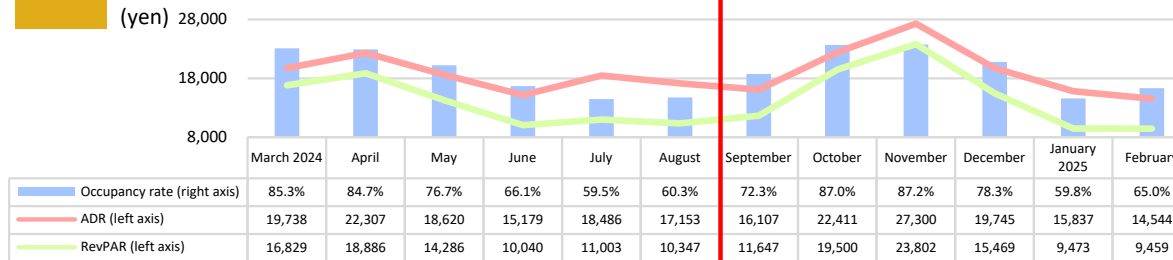
Operating Highlights Internal Growth: (3) Hotel-1

- **Operation of three hotels, which act as internal growth drivers, continues to perform well from the previous period. Further growth expected**

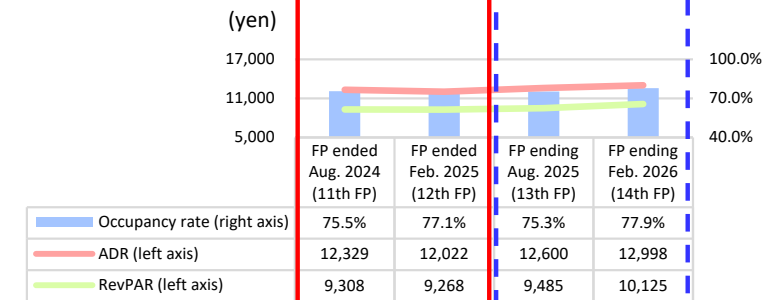
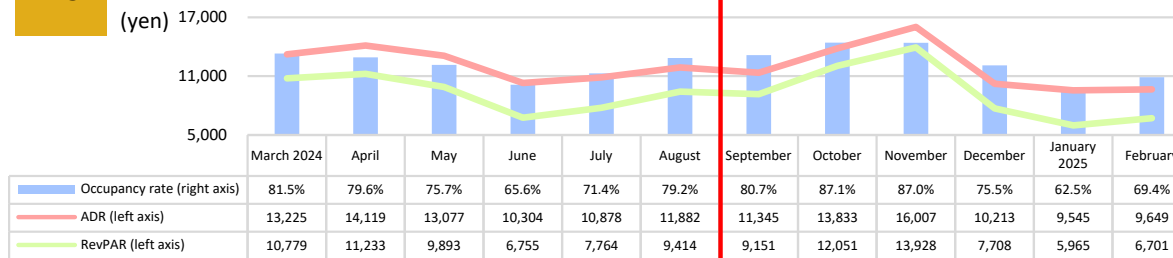
Operating status of the three hotel properties that combine fixed and floating rents

B-4 Hotel Intergate Kyoto Shijo Shinmachi

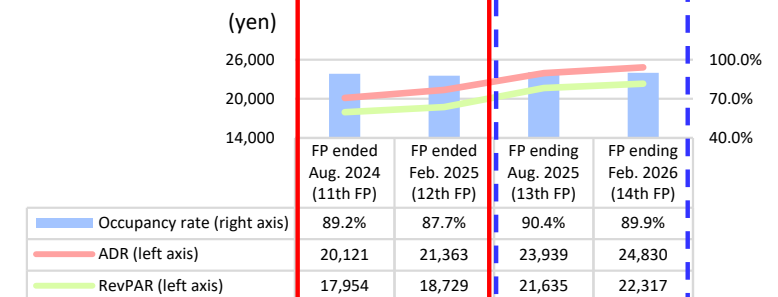
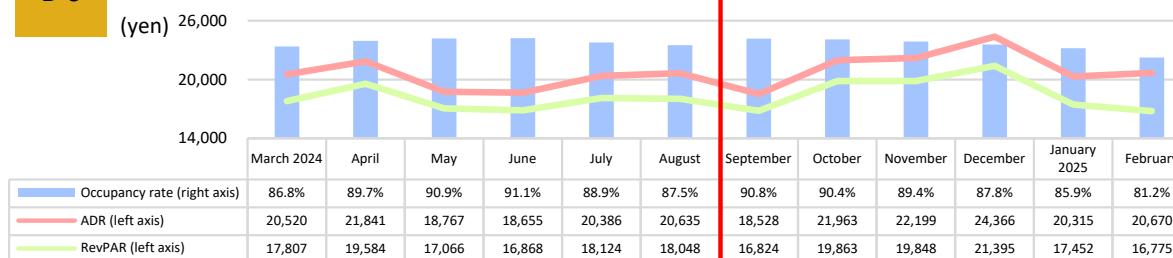
FP ended Feb. 2025 (12th FP) Results



B-5 Hotel Intergate Kanazawa



B-6 GRIDS PREMIUM Hotel Osaka Namba

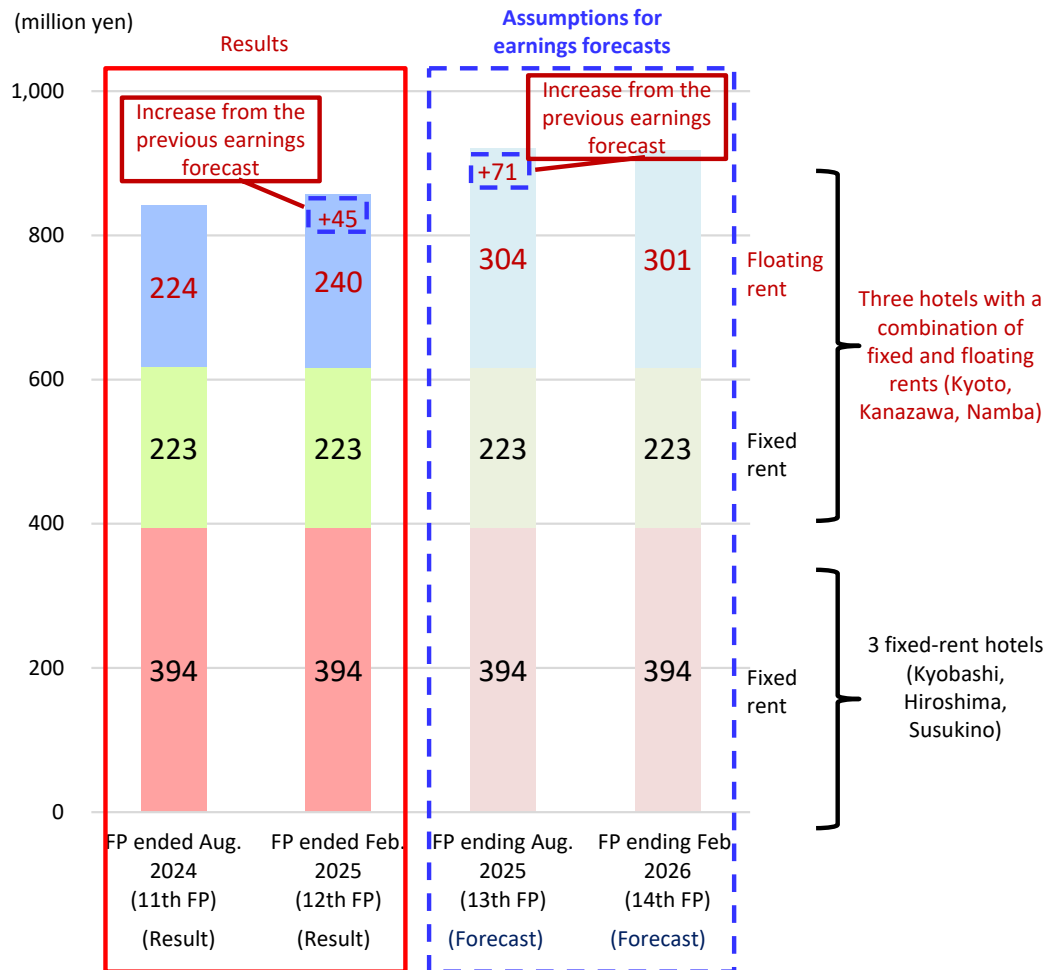


* The estimated values for the results forecast are figures independently assumed by the Asset Management Company.

Management Highlights Internal Growth: (3) Hotel-2

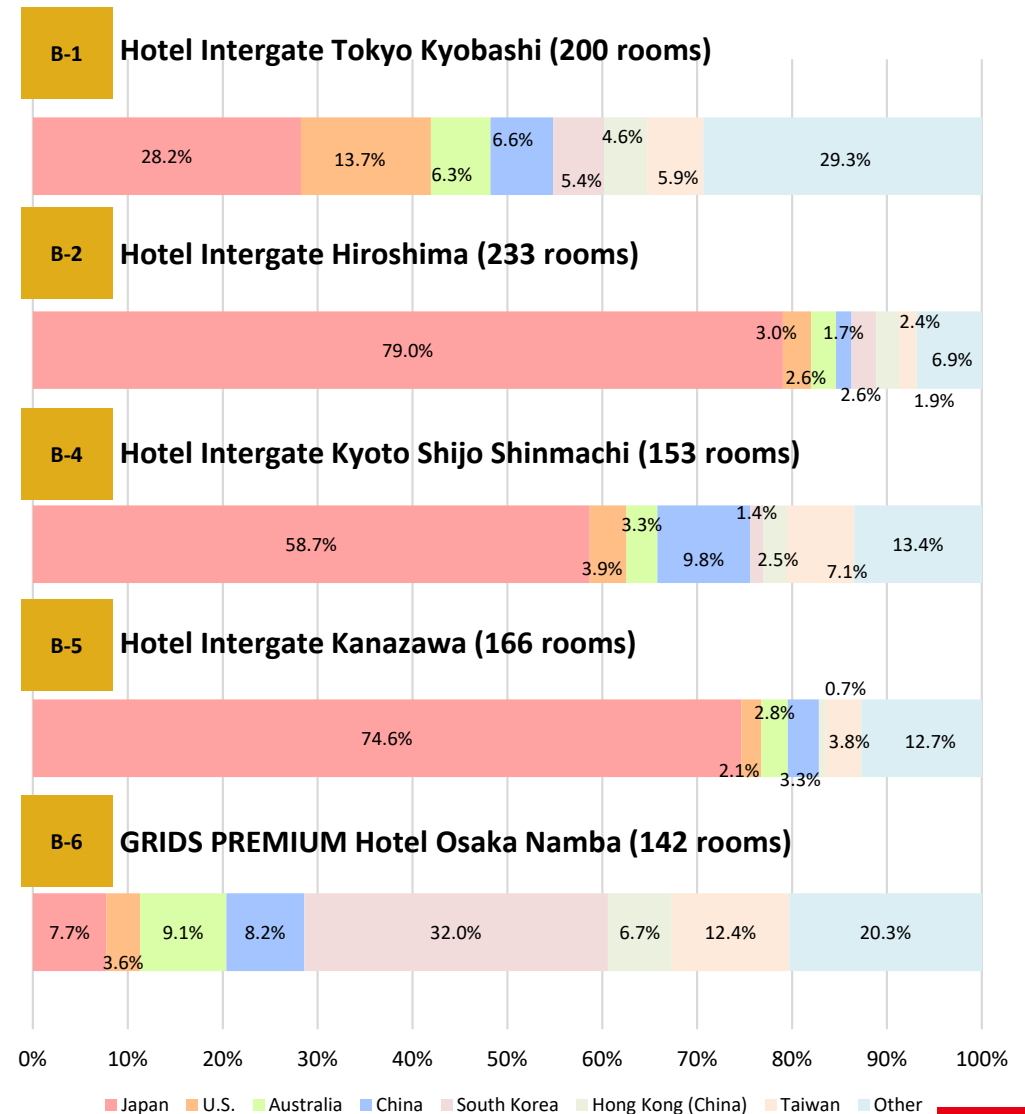
■ Further **increases in rental revenues** are expected to be driven by the three hotels that combine fixed and floating rents

Rental revenue's results and forecasts by contract type for hotels owned



* Floating rent for fiscal period ending Aug. 2025 (13th period) includes the annual floating rent for GRIDS PREMIUM Hotel Osaka Namba.

Data by region for guests staying at each hotel (February 2025)



* Of the hotels we own, only those that are able to publish regional data on guests are listed.

Management Highlights: Financial Operation

- Considering the current interest rate trends, refinanced with **a balance between floating and fixed interest rates**

Financial Highlights (as of March 12, 2025)

Balance of interest-bearing liabilities	Ratio of long-term debt	LTV	Long-Term Issuer Rating (JCR)
50.2 billion yen	87.6%	47.8%	A+ (Stable)

Average financing interest rate	Ratio of fixed-rate debt	Average remaining time to maturity
0.79%	80.3%	2.3 years

* LTV is the total asset LTV as of the end of the FP ended February 2025 (12th FP).

Current Financing Status (loan execution as of March 12, 2025)

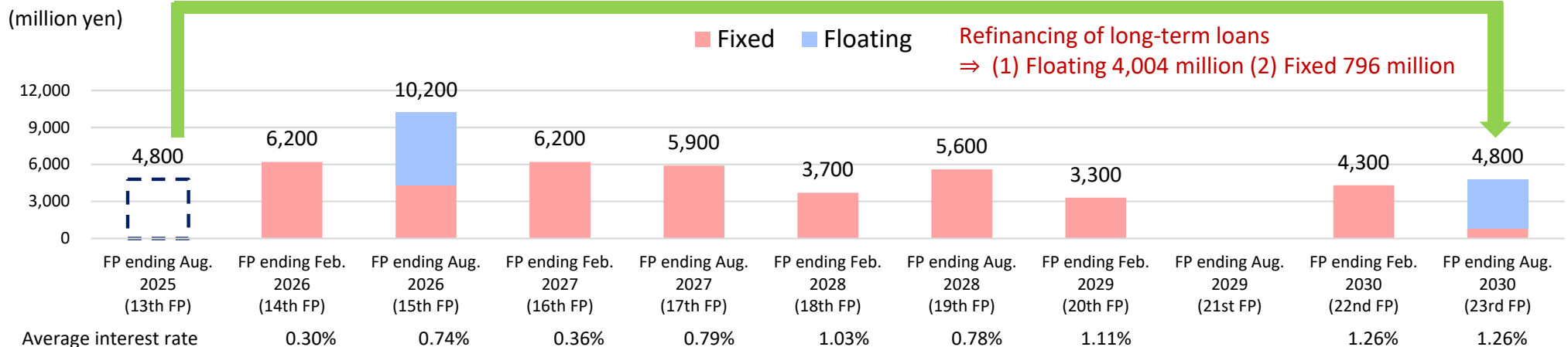
Amount financed	Years of borrowing	Borrowing rate	Fixed/Floating
4,004 million yen	5.0 years	Base interest rate +0.50%	Floating
796 million yen	5.0 years	1.90%	Fixed

Interest expenses on earnings forecast

	FP ending Aug. 2025 (13th FP)	FP ending Feb. 2026 (14th FP)
Interest expenses (DPU conversion)	200 million yen (429 yen/unit)	240 million yen (513 yen/unit)

* The calculations are based on the assumption that the policy interest rate will be raised once in July 2025 and once in January 2026.

Maturity Ladder for Interest-Bearing Liabilities (as of March 12, 2025)

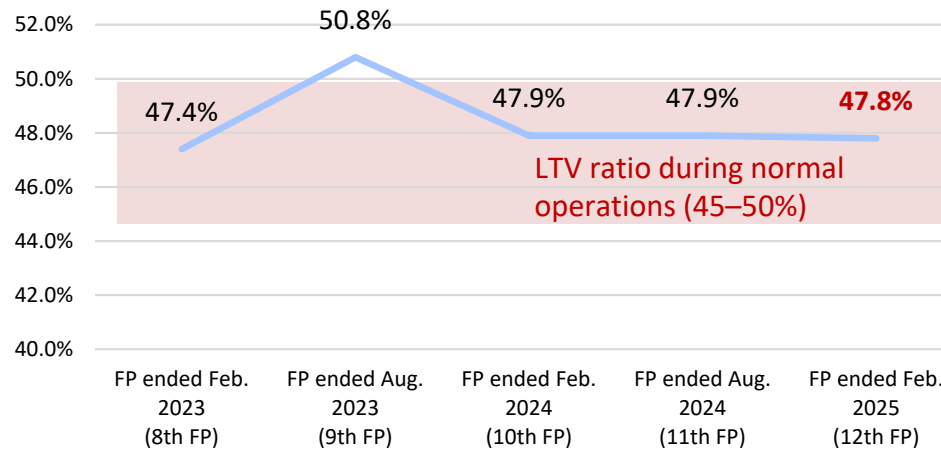


* It is the weighted average interest rate of borrowings due in each period.

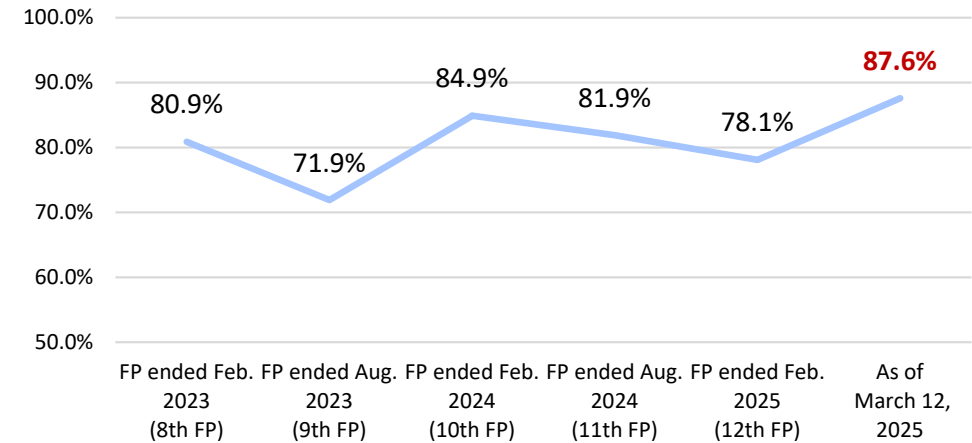
Management Highlights: Financial Operation

- In light of the rising trend in base interest rates, **flexibly control borrowing costs** by adjusting the fixed interest rate ratio and borrowing term, etc.

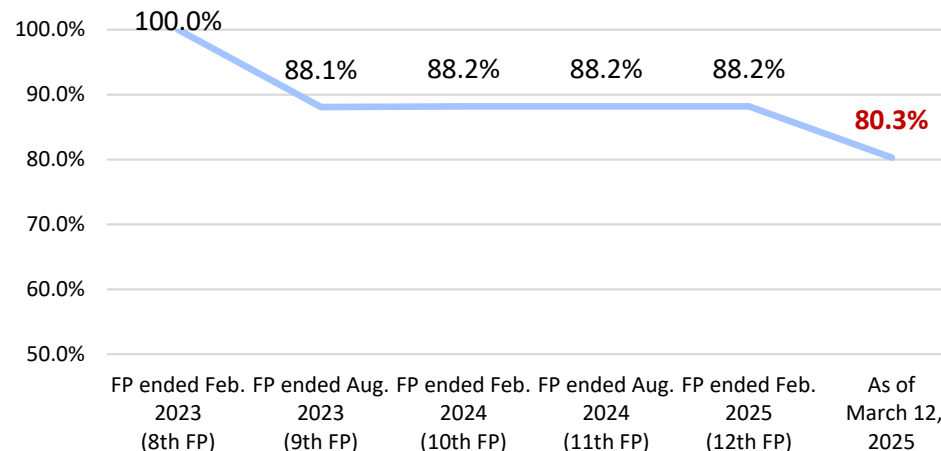
Change in LTV



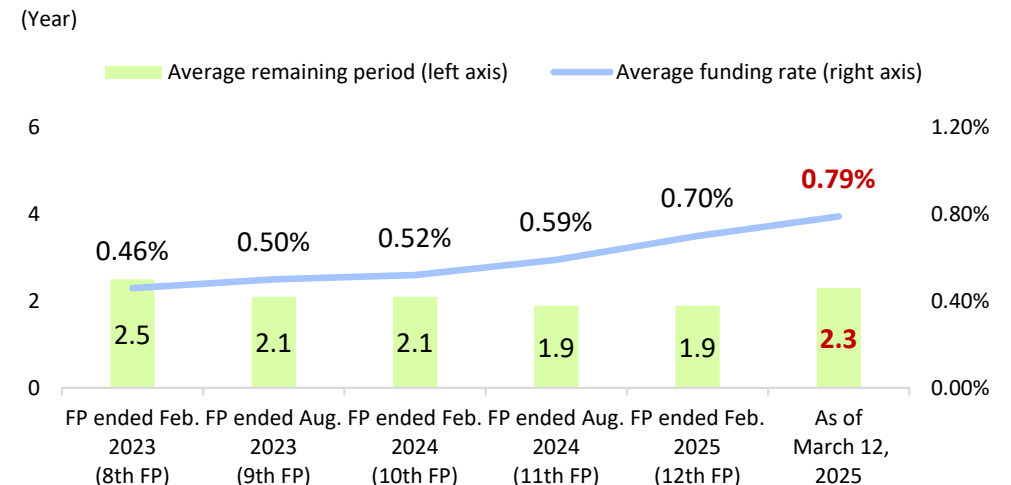
Trends in long-term debt ratio



Change in Ratio of Fixed-rate Debt



Changes in average remaining term and average funding interest rate

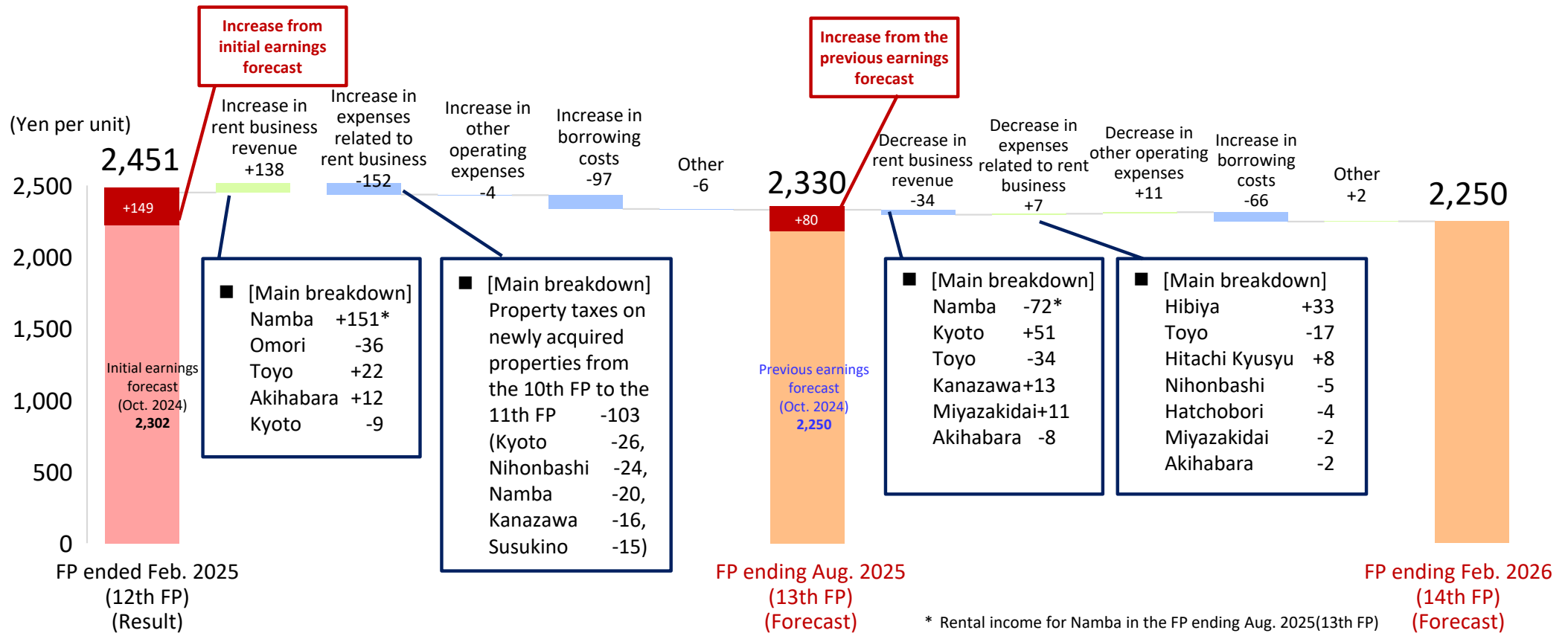


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3. Earnings Forecast

Earnings Forecast: (1) Summary of DPU

- Aiming to achieve **results and performance that exceed initial expectations**, although borrowing costs are expected to increase in line with normalization of monetary policy



<Reference> Trends in DPU (initial forecast and results)

	FP ended Feb. 2023 (8th FP)	FP ended Aug. 2023 (9th FP)	FP ended Feb. 2024 (10th FP)	FP ended Aug. 2024 (11th FP)	FP ended Feb. 2025 (12th FP)
Initial Forecast	2,239 yen/unit	2,377 yen/unit	2,050 yen/unit	2,208 yen/unit	2,302 yen/unit
Results	2,305 yen/unit	2,418 yen/unit	2,221 yen/unit	2,369 yen/unit	2,451 yen/unit
Increase from initial forecast (%)	+66 yen/unit (+2.9%)	+41 yen/unit (+1.7%)	+171 yen/unit (+8.3%)	+161 yen/unit (+7.3%)	+149 yen/unit (+6.5%)

* The figures stated in the initial forecasts are the figures announced in the (REIT) Financial Report for the period immediately preceding the said period.

Earnings Forecast: (2) Profit and Loss Comparison

(million yen)	FP ended Feb. 2025 (12th FP) Results (A)	FP ending Aug. 2025 (13th FP) Forecast (B)	Comparison with Previous FP Result (B-A)	FP ending Feb. 2026 (14th FP) Forecast (C)	Comparison with Previous FP Forecasts (C-B)	Major Factors for the Difference (Comparison with Previous FP Result) (B - A)
Operating revenue	2,516	2,580	+64	2,564	-15	Major Factors for the Difference (Comparison with Previous FP Result) (B - A) [Rent business revenue] ■ <Rental and CAM revenue> Namba (+71), Omori (-14), Toyo (+8), Akihabara (+5), Kyoto (-4), Tokyo Sankei Building (-2), Kanazawa (-2) ■ <Utilities reimbursement> Omori (-1), Hatchobori (+1), Toyo (+1), Akasaka (+1), Hibiya (+1) [Expenses related to rent business] ■ <Outsourcing expenses> Toyo (-6), Akasaka (+1), Omori (+1), Hibiya (+1), Miyazakidai (+1) ■ <Utilities expense> Omori (+2), Hatchobori (+2) ■ <Repair expenses> Hibiya (+17), Omori (-8), Hatchobori (-2), Akihabara (+1) ■ <Property taxes> Newly acquired properties in the 10th and 11th fiscal periods (+48) (Kyoto (+12), Nihonbashi (+11), Namba (+9), Kanazawa (+7), Susukino (+7)) ■ <Depreciation> Omori (+1)
Total rent business revenue	2,516	2,580	+64	2,564	-15	
Rental and CAM revenue	2,396	2,458	+61	2,441	-16	
Parking revenue	25	24	-1	24	+0	
Utilities reimbursement	86	89	+3	90	+0	
Other revenue	8	8	+0	8	+0	
Gain on sale of real estate properties	-	-	±0	-	±0	
Operating expenses	1,163	1,237	+73	1,228	-8	
Total expenses related to rent business	839	911	+71	907	-3	
Outsourcing expenses	117	116	-0	133	+16	
Utilities expense	95	103	+7	100	-2	Major Factors for the Difference (Comparison with Previous FP Forecast) (C - B) [Rent business revenue] ■ <Rental and CAM revenue> Namba (-34), Kyoto (+24), Toyo (-15), Kanazawa (+6), Miyazakidai (+5), Akihabara (-5) [Expenses related to rent business] ■ <Outsourcing expenses> Nihonbashi (+7), Omori (+6), Akihabara (+2), Nihonbashi (+2) ■ <Utilities expense> Omori (-2), Hatchobori (-1) ■ <Repair expenses> Hibiya (-15), Omori (-6), Hatchobori (+3), Akihabara (-1) ■ <Depreciation> Hitachi Kyushu (-3), Omori (+3)
Repair expenses	36	44	+7	26	-17	
Property taxes	246	300	+53	296	-3	
Depreciation	320	324	+4	327	+2	
Other expenses	23	22	-1	23	+0	
Loss on sale of real estate properties	-	-	±0	-	±0	
Operating income (loss) from rent business	1,676	1,669	-6	1,657	-12	
Total other operating expenses	324	326	+2	321	-4	
Asset management fee	249	252	+3	252	-0	
Other expenses	74	73	-1	69	-4	
Operating income	1,352	1,343	-8	1,336	-7	
Non-operating income	4	3	-1	4	+1	
Non-operating expenses	212	257	+45	288	+30	
Ordinary income	1,145	1,089	-55	1,052	-37	
Net income	1,144	1,088	-56	1,051	-37	
Distribution per unit	2,451 yen/unit	2,330 yen/unit	-121 yen/unit	2,250 yen/unit	-80 yen/unit	
Rental NOI	1,997	1,994	-2	1,984	-10	

4. **Growth Strategy**

Growth Strategy: (1) Current Policy

- Consider and implement various measures in a timely manner to improve ROE (FFO basis).

[Asset] Strengthening portfolio/improving future NCF

- External growth (explore rebalancing opportunities)

- Sale of properties with relatively large unrealized losses that do not resolve over several years, low-yielding properties, or single-tenant risk properties
- Acquire properties that will improve ROE or increase unrealized gains

- Internal growth (initiatives not to lower NCF)

- Increased revenue for hotels using a combination of fixed and floating rents (Kyoto, Kanazawa, Osaka Namba)
- Improve occupancy rates of office buildings by ending lease contracts for low-occupancy properties (Omori and Toyo)
- Actively negotiate rent increases with tenants who have a rent gap (room for internal growth)

[Debt] Controlling borrowing costs

- Active adoption of floating interest rates

- In light of the expected rise in base interest rates as the Bank of Japan normalizes its monetary policy, keep borrowing costs down by adopting floating interest rates
- For the time being, the floating interest rate ratio is allowed to be up to about 30% (currently 19.7%)

- Adjustment of borrowing term

- Although room for adjustment is limited, adjust while keeping an eye on borrowing costs

- Repayment of borrowing (to be considered and decided when selling a property)

- LTV Control

- As before, control within the range of 45–50% as a guideline

[Equity] Capital Efficiency and Return to Unitholders

- Reduction of equity capital through acquisition of own investment units

- Since the effect is limited with cash on hand, the size of proceeds from selling the property is the key to considering the implementation

- Business management conscious of increasing unitholder value

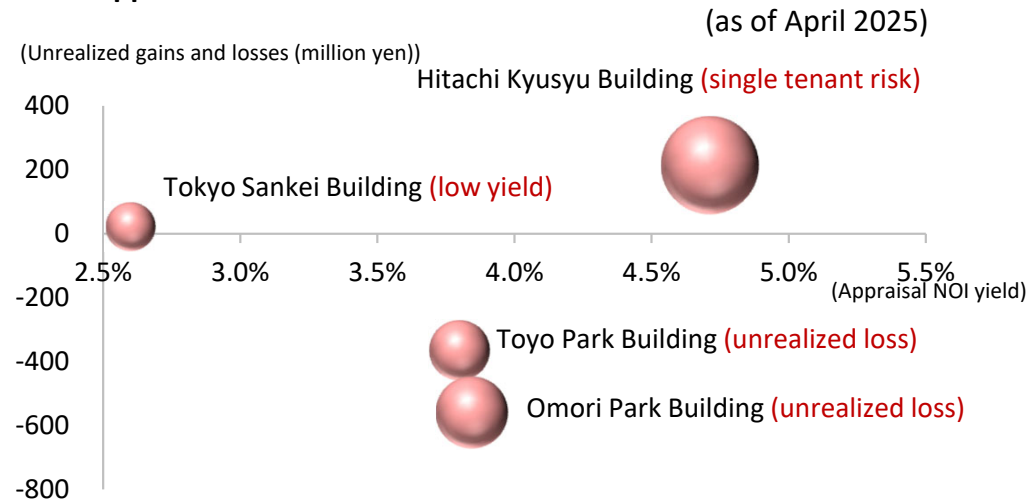
$$\text{ROE (FFO basis)} = \frac{\text{R: Net income (future NCF } \uparrow - \text{ borrowing cost } \downarrow)}{\text{E: Equity capital (number of investment units issued } \downarrow)} = 5.9\%^*$$

* This is the actual value for the fiscal period ended February 2025 (12th period), and in order to eliminate the impact of one-off gains and losses on real estate sales, etc., "FFO (net income + depreciation ± gains and losses on real estate sales) ÷ equity capital" is used.

Growth Strategy: (2) Asset

■ External growth: explore rebalancing opportunities ■ Internal growth: initiatives not to lower NCF

(1) Currently monitoring four properties for potential rebalancing opportunities



* Figures are as of the end of the FP ended February 2025 (12th FP). The size of the bubble represents the acquisition price.

(2) Capital Allocation When Selling Property

Broadly consider using the proceeds from the sale of properties (1) while keeping in mind **the acquisition of own investment units**, including (2) **property acquisition** (rebalancing), (3) **repayment of loans**, or (4) **a combination of the above**

- (1) Acquisition of own investment units ► **Reduction of equity capital**
- (2) Property Acquisition (Rebalancing) ► **Properties that contribute to improving ROE or increasing unrealized gains**
 - Inflation-resistant asset classes (e.g., hotels)
 - Better if it exceeds the portfolio NOI yield (3.5% after depreciation), best if it exceeds the implied cap rate (4.0% after depreciation)
- (3) Repayment of debt ► **Reduction of borrowing costs**
- (4) Combination of (1) to (3) above

(1) Increased revenue from hotels using a combination of fixed and floating rents (**Kyoto, Kanazawa, Osaka Namba**)

RevPAR increase rate	+1.0%	+3.0%	+5.0%
Hotel Intergate Kyoto Shijo Shinmachi	+4 yen/unit	+11 yen/unit	+19 yen/unit
Hotel Intergate Kanazawa	+2 yen/unit	+7 yen/unit	+12 yen/unit
GRIDS PREMIUM Hotel Osaka Namba	+6 yen/unit	+17 yen/unit	+29 yen/unit
Total of above three properties	+12 yen/unit	+35 yen/unit	+60 yen/unit

* The expected sensitivity of DPU is calculated based on RevPAR from the financial forecast for the fiscal period ending August 2025 (13th period).

(2) Ending lease terms of low-occupancy properties (**Omori and Toyo**)

	Omori Park Building	Toyo Park Building
Leasing area	1,118 tsubo	318 tsubo
Assumed increase in DPU	+149 yen/unit	+44 yen/unit

* The assumed increase in DPU is calculated when the above leasing areas are fully occupied at market rents.

(3) Active rent increase negotiations with tenants with rent gaps (internal growth potential)

Increase in DPU if rent increase revisions are successful for all tenants whose contracts are due for renewal in the FP ending August 2025 (13th period) and the FP ending February 2026 (14th period)

► **+18 yen/unit**

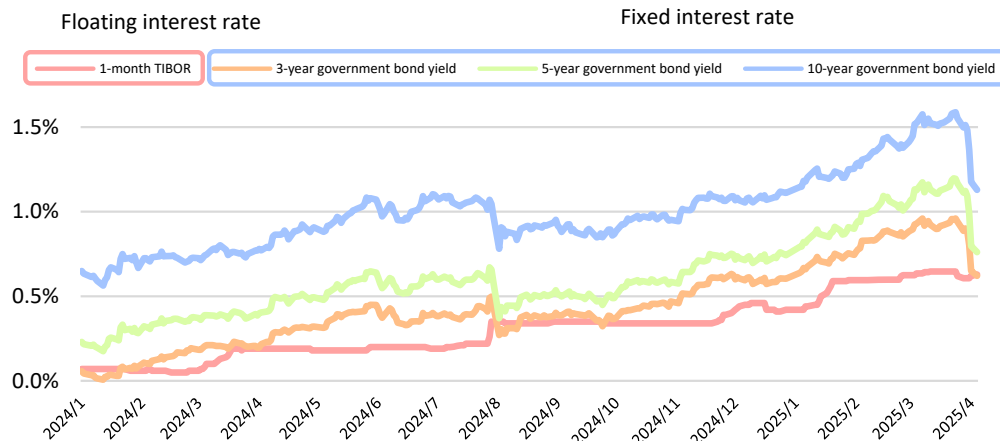
* The period when the entire increase in DPU mentioned above will be realized will be from the FP ending August 2026 (15th period) onwards.

Growth Strategy: (3) Debt/Equity

■ Debt: Controlling borrowing costs

(1) Active adoption of floating interest rates

Comparison of market interest rates for floating and fixed interest rates



* The market interest rates for the period from January 4, 2024 to April 7, 2025 are shown. 1-month TIBOR is based on the "JBA TIBOR Rate" (JBA TIBOR Administration), and JGB yields are based on the "JGB Interest Rate Information" (Ministry of Finance).

(2) Adjustment of borrowing term

Assumed interest expenses by borrowing term
(estimated 1 billion yen)

Borrowing term (fixed/floating)	Assumed interest rate	Assumed interest expenses (per period)	Effect on DPU
1.0 year (floating)	0.97%	4,872 thousand yen	-10 yen/unit
3.0 years (fixed)	1.58%	7,887 thousand yen	-16 yen/unit
5.0 years (fixed)	1.76%	8,793 thousand yen	-18 yen/unit

* The above shows the assumed interest rates and assumed interest expenses for a borrowing of 1 billion yen for each maturity. The assumed interest rate is calculated based on the base rate as of February 28, 2025.

(3) Repayment of loans

Loan Repayment Simulation

Repayment Amount	Interest expenses (per period)	Effect on DPU	LTV after implementation (assumed)
1 billion yen	-3,940 thousand yen	+8 yen/unit	47.3% (-0.5% pt from the current level)

* Calculations are based on the assumption of an average funding rate of 0.79% as of March 12, 2025.

■ Equity: Capital Efficiency and Return to Unitholders

Simulation of acquisition of own investment units

- ✓ In light of the current cash position, if the total amount of the acquisition of own investment units is set at 1 billion yen, the effect on DPU will be as follows:

Investment unit price at the time of implementation	Total number of investment units available for acquisition	LTV after implementation (assumed)	Effect on DPU
105,000 yen	9,523 units	48.8% (Up 1.0% pt from current level)	+46 yen/unit
95,000 yen	10,526 units		+51 yen/unit
85,000 yen	11,764 units		+58 yen/unit



5. **ESG Initiatives**

ESG Initiatives

- The core asset group (four properties) newly obtained **DBJ Green Building certification** (March 2025)



B-3

SANKEILOGI Settsu



B-4

Hotel Intergate Kyoto Shijo Shinmachi



B-5

Hotel Intergate Kanazawa

B-6

GRIDS PREMIUM Hotel Osaka Namba

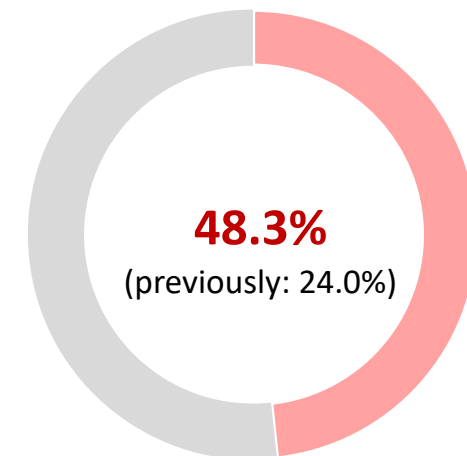



Outstanding “environmentally and socially conscious” buildings

<List of Environmental Certifications>

Acquired this time	Property name	DBJ Green Building Certification	BELS Evaluation
	Tokyo Sankei Building	★★★★★*	★★★★★*
	S-GATE NIHONBASHI-HONCHO	★★★★	★★★★
	S-GATE AKIHABARA	★★★	★★★★
	S-GATE AKASAKA	★★★★	★★
	Hotel Intergate Tokyo Kyobashi	-	★★★★
	Hotel Intergate Hiroshima	-	★★
	SANKEILOGI Settsu	★★★	-
	Hotel Intergate Kyoto Shijo Shinmachi	★★★	-
	Hotel Intergate Kanazawa	★★★	-
	GRIDS PREMIUM Hotel Osaka Namba	★★★	-
	Percentage of portfolio certified	36.9%	24.0%

Percentage of portfolio with environmental certifications



* The Sankei Building Co., Ltd. was certified for its Tokyo Sankei Building. In addition to the BELS evaluation, this property has also obtained the “ZEB Oriented” certification, which indicates higher energy-saving performance.

6. Appendix

Balance Sheet

(thousand yen)

	FP ended Aug. 2024 (11th FP)	FP ended Feb. 2025 (12th FP)
Assets		
Current assets		
Cash and deposits	5,127,817	5,683,191
Cash and deposits in trust	2,316,513	2,446,894
Operating accounts receivable	63,517	37,213
Prepaid expenses	91,812	73,323
Consumption taxes receivable	205,433	-
Total current assets	7,804,733	8,240,624
Non-current assets		
Property, plant and equipment		
Buildings, net	162,202	158,398
Structures, net	435	421
Tools, furniture and fixtures, net	1,217	1,074
Land	2,457,766	2,457,766
Buildings in trust, net	21,497,436	21,296,926
Structures in trust, net	107,476	105,606
Machinery and equipment in trust, net	82,058	79,797
Tools, furniture and fixtures in trust, net	17,794	16,056
Land in trust	72,643,724	72,643,724
Total property, plant and equipment	96,970,113	96,759,772
Intangible assets		
Software	6,133	5,333
Total intangible assets	6,133	5,333
Investments and other assets		
Long-term prepaid expenses	87,116	77,957
Deferred tax assets	15	7
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	97,132	87,965
Total non-current assets	97,073,378	96,853,071
Total assets	104,878,112	105,093,695

	FP ended Aug. 2024 (11th FP)	FP ended Feb. 2025 (12th FP)
Liabilities		
Current liabilities		
Operating accounts payable	187,134	137,160
Long-term loans due within one year	9,100,000	11,000,000
Accounts payable - other	290,943	290,507
Accrued expenses	59,191	66,973
Income taxes payable	847	240
Consumption taxes payable	-	171,785
Advances received	387,368	401,656
Deposits received	214	214
Total current liabilities	10,025,699	12,068,538
Non-current liabilities		
Long-term loans	41,100,000	39,200,000
Lease and guarantee deposits received	88,158	88,409
Lease and guarantee deposits received in trust	3,121,902	3,156,325
Total non-current liabilities	44,310,061	42,444,735
Total liabilities	54,335,761	54,513,273
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)	1,106,801	1,144,872
Total surplus	1,106,801	1,144,872
Total unitholders' equity	50,542,350	50,580,421
Total net assets	50,542,350	50,580,421
Total liabilities and net assets	104,878,112	105,093,695

Statement of Income and Retained Earnings

(thousand yen)

	FP ended Aug. 2024 (11th FP)	FP ended Feb. 2025 (12th FP)
Operating revenue		
Rent business revenue	2,343,666	2,396,675
Other rent business revenue	117,736	119,746
Total operating revenue	2,461,403	2,516,422
Operating expenses		
Expenses related to rent business	848,642	839,931
Asset management fee	249,422	249,087
Asset custody fee	2,065	2,065
Administrative service fees	9,030	15,868
Remuneration for directors (and other officers)	3,600	3,600
Other operating expenses	48,670	53,382
Total operating expenses	1,161,430	1,163,936
Operating income	1,299,972	1,352,486
Non-operating income		
Interest income	539	3,444
Reversal of distributions payable	351	371
Insurance claim income	1,145	-
Interest on refund	94	457
Other	0	652
Total non-operating income	2,129	4,925
Non-operating expenses		
Interest expenses	143,895	167,245
Borrowing related expenses	43,841	44,762
Amortization of investment unit issuance expenses	6,025	-
Other	767	-
Total non-operating expenses	194,529	212,007
Ordinary income	1,107,573	1,145,404
Net income before income taxes	1,107,573	1,145,404
Income taxes - current	930	767
Income taxes - deferred	-6	7
Total income taxes	923	775
Net income	1,106,649	1,144,628
Retained earnings brought forward	151	243
Unappropriated retained earnings (undisposed loss)	1,106,801	1,144,872

Statement of Cash Flows

(thousand yen)

	FP ended Aug. 2024 (11th FP)	FP ended Feb. 2025 (12th FP)
Cash flows from operating activities		
Net income before income taxes	1,107,573	1,145,404
Depreciation	318,500	321,647
Amortization of investment unit issuance expenses	6,025	-
Interest income	-539	-3,444
Interest expenses	143,895	167,245
Decrease (increase) in operating accounts receivable	890,606	25,943
Decrease (increase) in consumption taxes refund receivable	-205,433	205,433
Decrease (increase) in prepaid expenses	-17,936	18,488
Increase (decrease) in operating accounts payable	-4,713	-98,841
Increase (decrease) in accounts payable - other	-15,862	-310
Increase (decrease) in consumption taxes payable	-182,108	171,785
Increase (decrease) in advances received	60,935	14,287
Increase (decrease) in deposits received	-131	-
Decrease (increase) in long-term prepaid expenses	15,561	9,159
Decrease (increase) in other assets	5,486	-
Subtotal	2,121,858	1,976,797
Interest received	539	3,444
Interest paid	-137,605	-159,462
Income taxes paid	-877	-1,374
Net cash provided by (used in) operating activities	1,983,913	1,819,404

	FP ended Aug. 2024 (11th FP)	FP ended Feb. 2025 (12th FP)
Cash flows from investing activities		
Purchase of property, plant and equipment	-9,886	-534
Purchase of property, plant and equipment in trust	-10,860,803	-61,105
Proceeds from lease and guarantee deposits received	161	250
Refund of lease and guarantee deposits received	-638	-
Proceeds from lease and guarantee deposits received in trust	397,982	35,952
Refund of lease and guarantee deposits received in trust	-43,618	-1,530
Net cash provided by (used in) investing activities	-10,516,802	-26,966
Cash flows from financing activities		
Proceeds from long-term loans	3,300,000	4,300,000
Repayments of long-term loans	-3,300,000	-4,300,000
Distributions paid	-1,037,388	-1,106,682
Net cash provided by (used in) financing activities	-1,037,388	-1,106,682
Net increase (decrease) in cash and cash equivalents	-9,570,277	685,756
Cash and cash equivalents at beginning of period	17,014,608	7,444,330
Cash and cash equivalents at end of period	7,444,330	8,130,086

Rental Income and Expenses by Property (1)

(thousand yen)

Property number	A-1	A-3	A-4	A-5	A-6	A-7	A-9	A-10	A-11	A-12
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	Hitachi Kyusyu Building
Rent business revenue	64,626	322,819	64,164	204,535	181,857	92,389	92,945		90,737	
Rental revenue	56,535	302,704	59,540	188,267	155,695	74,562	82,932		73,855	
Common area maintenance revenue	2,021	-	-	2,124	8,426	5,937	-		3,587	
Utilities reimbursement	4,571	14,222	4,193	11,319	13,420	8,873	6,251		10,448	
Parking revenue	909	5,598	390	1,662	2,820	2,790	3,390		1,542	
Other rental revenue	588	294	40	1,162	1,494	225	371		1,304	
Expenses related to rent business	35,869	84,059	25,960	96,255	66,916	43,237	82,363		36,924	
Outsourcing expenses	5,666	17,572	6,790	16,585	17,152	15,418	13,994	(Not disclosed)	6,393	(Not disclosed)
Utilities expense	4,514	14,333	4,127	11,669	15,123	8,345	18,333		9,458	
Property taxes	12,918	11,435	5,168	56,502	11,326	8,261	17,068		6,699	
Land rent	683	-	-	-	-	-	-		-	
Repair expenses	2,020	1,693	1,146	2,947	3,726	1,126	16,669		3,812	
Insurance premium	103	521	119	353	514	265	504		227	
Trust fee	-	350	400	250	250	350	350		350	
Depreciation	4,062	37,316	7,718	7,734	18,302	9,292	15,292		9,437	
Other expenses related to rent business	5,899	837	489	211	520	177	150		546	
Operating income (loss) from rent business	28,756	238,759	38,204	108,280	114,941	49,151	10,582		53,812	
NOI	32,819	276,076	45,922	116,015	133,243	58,444	25,874		63,250	

Rental Income and Expenses by Property (2)

(thousand yen)

Property number	B-1	B-2	B-3	B-4	B-5	B-6	B-7	Total
Asset type	Hotel		Logistics facilities	Hotel				
Property name	Hotel Intergate Tokyo Kyobashi	Hotel Intergate Hiroshima	SANKEILOGI Settsu	Hotel IntergateKyoto Shijo Shinmachi	Hotel Intergate Kanazawa	GRIDS PREMIUM Hotel Osaka Namba	Vessel Hotel Campana Susukino	
Rent business revenue	206,955	118,800	118,736	166,413	86,558	214,154		2,516,422
Rental revenue	206,955	118,800	118,531	166,413	86,558	210,836		2,374,579
Common area maintenance revenue	-	-	-	-	-	-		22,096
Utilities reimbursement	-	-	-	-	-	-		86,322
Parking revenue	-	-	-	-	-	3,318		25,287
Other rental revenue	-	-	205	-	-	-		8,136
Expenses related to rent business	55,765	43,864	34,440	24,809	26,949	37,034		839,931
Outsourcing expenses	1,200	1,200	900	900	900	921	(Not disclosed)	117,106
Utilities expense	-	-	-	-	-	-		95,636
Property taxes	27,038	16,286	12,731	-	-	-		246,672
Land rent	-	-	-	-	-	-		683
Repair expenses	-	-	-	-	-	1,836		36,399
Insurance premium	469	512	373	375	297	340		6,894
Trust fee	250	250	350	350	350	350		5,550
Depreciation	26,770	25,572	20,006	23,139	25,357	33,542		320,847
Other expenses related to rent business	36	42	79	44	45	44		10,141
Operating income (loss) from rent business	151,190	74,935	84,296	141,603	59,609	177,119		1,676,490
NOI	177,960	100,508	104,302	164,743	84,966	210,661		1,997,338

Key Performance Indicators (KPIs)

	FP ended Feb. 2023 (8th FP)	FP ended Aug. 2023 (9th FP)	FP ended Feb. 2024 (10th FP)	FP ended Aug. 2024 (11th FP)	FP ended Feb. 2025 (12th FP)
NOI yield (against book value)	3.8%	3.5%	3.5%	4.0%	4.1%
NOI yield (against appraisal value)	3.5%	3.3%	3.4%	3.8%	3.9%
NOI yield after depreciation (against book value)	3.2%	2.9%	2.8%	3.3%	3.5%
NOI yield after depreciation (against appraisal value)	3.0%	2.7%	2.7%	3.2%	3.3%
Implied cap rate (before depreciation)	4.3%	3.7%	4.1%	4.6%	4.7%
Implied cap rate (after depreciation)	3.6%	3.1%	3.2%	3.8%	4.0%
FFO (million yen)	1,372	1,286	995	1,425	1,466
AFFO (million yen)	1,160	1,066	883	1,343	1,355
FFO per unit	2,938 yen/unit	2,753 yen/unit	2,131 yen/unit	3,051 yen/unit	3,139 yen/unit
EPS	2,304 yen/unit	2,418 yen/unit	2,220 yen/unit	2,369 yen/unit	2,450 yen/unit
Distribution per unit	2,305 yen/unit	2,418 yen/unit	2,221 yen/unit	2,369 yen/unit	2,451 yen/unit
Distribution yield	5.3%	5.2%	5.2%	5.8%	5.9%
Investment unit price at end of period	86,400 yen	93,300 yen	84,800 yen	82,300 yen	83,800 yen
Net assets per unit (after deducting distribution)	105,835 yen/unit	105,835 yen/unit	105,835 yen/unit	105,835 yen/unit	105,835 yen/unit
Unrealized gains per unit	14,926 yen/unit	10,450 yen/unit	7,815 yen/unit	9,890 yen/unit	11,646 yen/unit
NAV per unit (after deducting distribution)	120,762 yen/unit	116,286 yen/unit	113,651 yen/unit	115,726 yen/unit	117,482 yen/unit
NAV multiple	0.7x	0.8x	0.7x	0.7x	0.7x
FFO multiple	14.7x	16.9x	19.9x	13.5x	13.3x
Payout ratio (FFO)	78.4%	87.8%	104.2%	77.6%	78.1%
Payout ratio (AFFO)	92.8%	105.9%	117.4%	82.4%	84.5%
PER	18.8x	19.3x	19.1x	17.4x	17.1x
PBR	0.8x	0.9x	0.8x	0.8x	0.8x
ROE	4.3%	4.5%	4.1%	4.4%	4.5%

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 (2% co-ownership) 	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	Mar. 2019	Mar. 2019	Mar. 2019	Mar. 2019	Mar. 2019	Mar. 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)	2,640	15,800	2,720	6,790	5,140	3,490	4,950	7,550	2,710
Appraisal NOI yield	2.6%	3.5%	4.3%	3.6%	5.0%	3.8%	3.8%	3.4%	4.5%
Occupancy rate	100.0%	100.0%	100.0%	100.0%	100.0%	92.3%	50.5%	100.0%	100.0%
PML value	2.3%	2.0%	2.2%	3.1%	0.3%	9.0%	5.6%	4.6%	9.5%

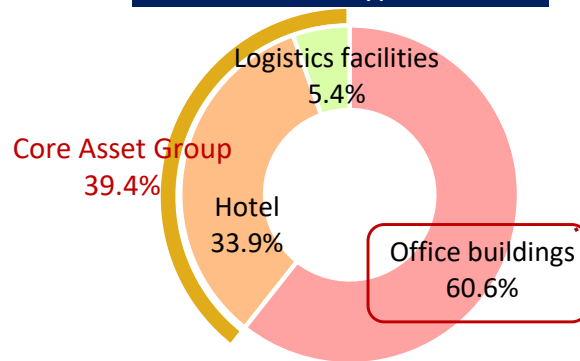
* Figures are as of the end of the FP ended February 2025 (12th FP) (hereinafter the same shall apply). Acquisition year/month is initial acquisition year/month.

Portfolio List (2)

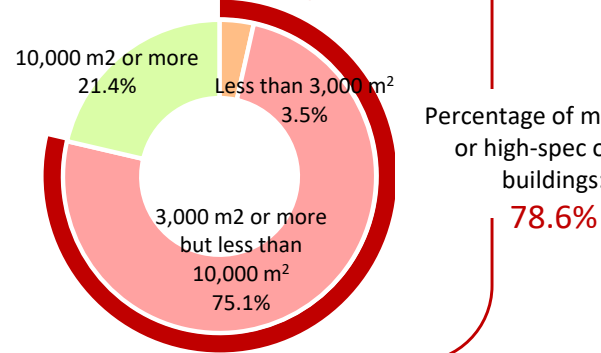
Property number	A-12	B-1	B-2	B-3	B-4	B-5	B-6	B-7	Total/Average	
Asset type	Office buildings	Hotel		Logistics facilities	Hotel					
Property name	Hitachi Kyusyu Building 	Hotel Intergate Tokyo Kyobashi 	Hotel Intergate Hiroshima 	SANKEI LOGI Settsu 	Hotel Intergate Kyoto Shijo Shinmachi 	Hotel Intergate Kanazawa 	GRIDS PREMIUM Hotel Osaka Namba 	Vessel Hotel Campana Susukino (40% co-ownership interest) 		
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	Nov. 2017	Jan. 2019	Jan. 2021	Mar. 2019	-	
Acquisition year/month	Sep. 2021	Mar. 2019	Sep. 2019	Mar. 2023	Feb. 2024	Feb. 2024	Feb. 2024	Mar. 2024	-	
Acquisition price (million yen)	10,000	8,961	3,990	5,242	5,800	3,250	7,800	2,920	96,447	
Appraisal value (million yen)	10,300	9,620	4,330	5,510	6,250	3,300	8,170	2,930	102,200	
Appraisal NOI yield	4.7%	3.9%	4.9%	4.0%	4.2%	4.8%	4.2%	4.2%	4.0%	
Occupancy rate	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	96.4%	
PML value	2.5%	1.8%	2.1%	6.9%	10.5%	3.5%	7.2%	0.9%	-	

Portfolio Summary

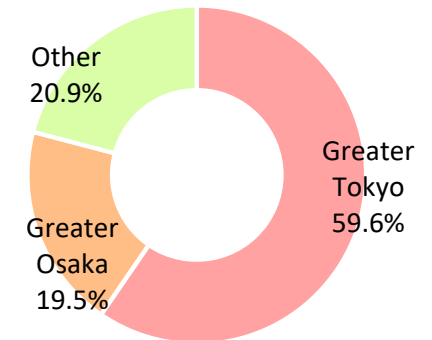
Investment Ratio by Asset Type



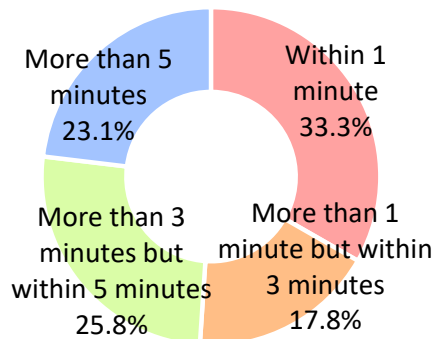
Percentage by total floor area of office buildings



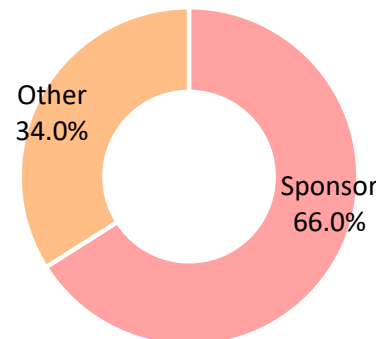
Investment Ratio by Geographic Area



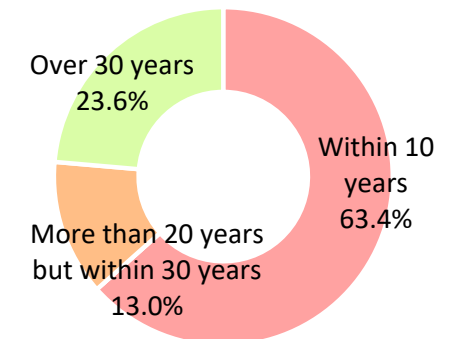
Percentage by Walking Time to the Nearest Station



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
Core Asset Group	Office buildings	58.4 billion yen	60.6%	10	93.6%	3.9%	23.9 years
	Hotel	32.7 billion yen	33.9%	6	100.0%	4.3%	6.1 years
	Logistics facilities	5.2 billion yen	5.4%	1	100.0%	4.0%	2.4 years
	Total/Average	96.4 billion yen	100.0%	17	96.4%	4.0%	16.7 years

* Figures are as of the end of the FP ended February 2025 (12th FP). In terms of the proportion of total floor area of an office building, "an office building with a total floor area of 3,000 m² or more and less than 10,000 m²" is defined as a "medium-sized office building."

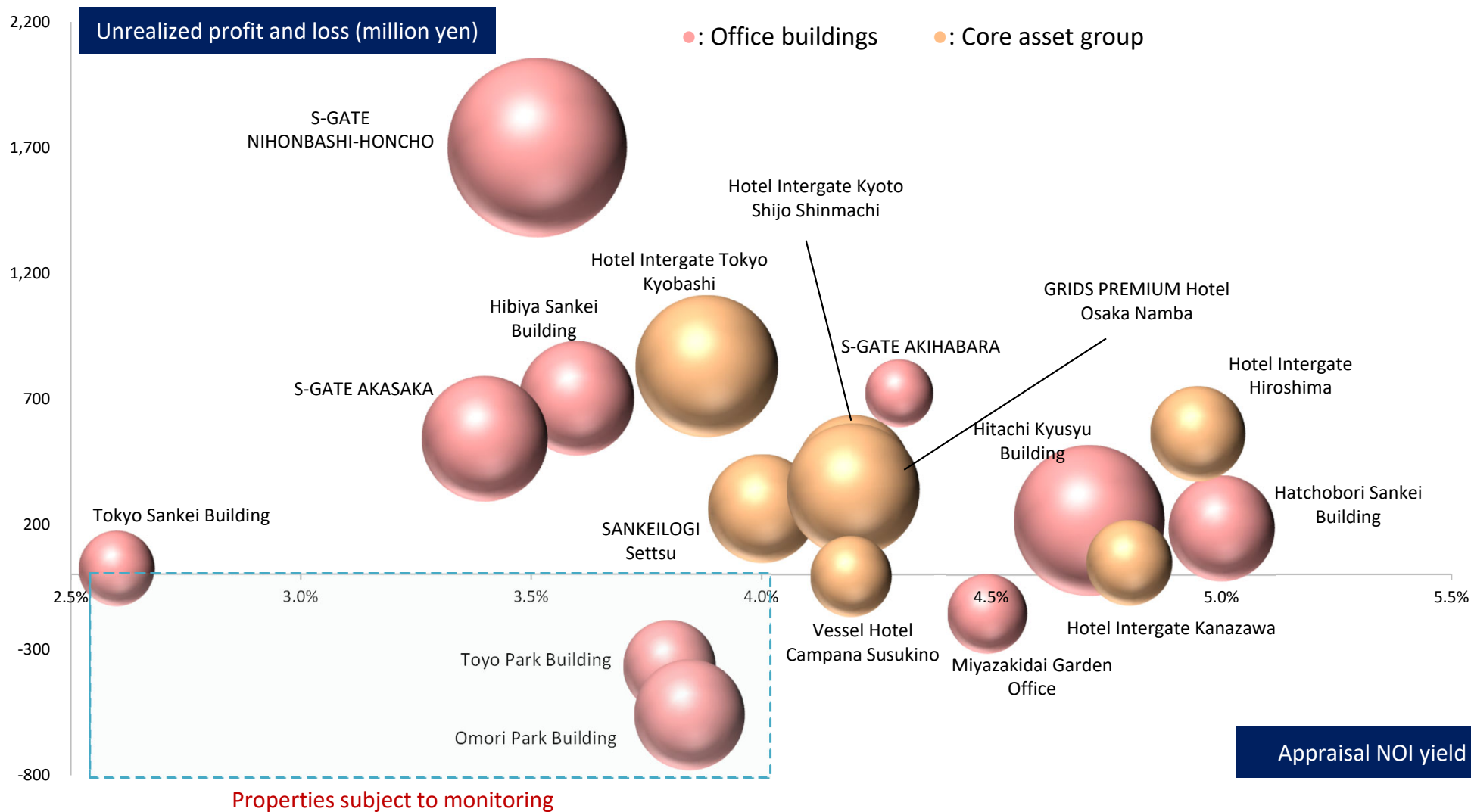
Summary of Appraisal

(million yen)

Property number	Property name	Acquisition price	End of August 2024 (end of 11th FP)		End of February 2025 (end of 12th 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	2,630	2.3%	2,640	2,617	+22	2.3%	+10	±0
A-3	S-GATE NIHONBASHI-HONCHO	14,148	15,800	3.1%	15,800	14,100	+1,699	3.1%	±0	±0
A-4	S-GATE AKIHABARA	2,055	2,720	3.2%	2,720	1,998	+721	3.2%	±0	±0
A-5	Hibiya Sankei Building	5,829	6,770	2.8%	6,790	6,088	+701	2.8%	+20	±0
A-6	Hatchobori Sankei Building	4,959	5,120	4.1%	5,140	4,955	+184	4.1%	+20	±0
A-7	Toyo Park Building	3,782	3,490	3.6%	3,490	3,856	-366	3.6%	±0	±0
A-9	Omori Park Building	5,400	4,950	3.7%	4,950	5,508	-558	3.7%	±0	±0
A-10	S-GATE AKASAKA	7,000	7,540	3.1%	7,550	7,009	+540	3.1%	+10	±0
A-11	Miyazakidai Garden Office	2,800	2,710	4.5%	2,710	2,865	-155	4.5%	±0	±0
A-12	Hitachi Kyusyu Building	10,000	10,300	4.2%	10,300	10,084	+215	4.2%	±0	±0
Subtotal		58,484	62,030	-	62,090	59,086	+3,003	-	+60	-
B-1	Hotel Intergate Tokyo Kyobashi	8,961	9,360	3.6%	9,620	8,790	+829	3.5%	+260	-0.1
B-2	Hotel Intergate Hiroshima	3,990	4,330	4.3%	4,330	3,770	+559	4.3%	±0	±0
B-3	SANKEILOGI Settsu	5,242	5,510	3.7%	5,510	5,247	+262	3.7%	±0	±0
B-4	Hotel Intergate Kyoto Shijo Shinmachi	5,800	6,090	3.8%	6,250	5,842	+407	3.8%	+160	±0
B-5	Hotel Intergate Kanazawa	3,250	3,300	4.5%	3,300	3,251	+48	4.5%	±0	±0
B-6	GRIDS PREMIUM Hotel Osaka Namba	7,800	8,040	3.8%	8,170	7,832	+337	3.8%	+130	±0
B-7	Vessel Hotel Campana Susukino	2,920	2,930	4.2%	2,930	2,938	-8	4.2%	±0	±0
Subtotal		37,963	39,560	-	40,110	37,673	+2,436	-	+550	-
Total		96,447	101,590	-	102,200	96,759	+5,440	-	+610	-

* The above acquisition prices are as of the end of the FP ended February 2025 (12th FP).

Unrealized gain/loss (vertical axis) × appraisal NOI yield (horizontal axis)



* Figures are as of the end of the FP ended February 2025 (12th FP). The size of the bubble represents the acquisition price.

Status of Tenants

Top 10 tenants (as of End of FP Ended Feb. 2025 (12th FP))

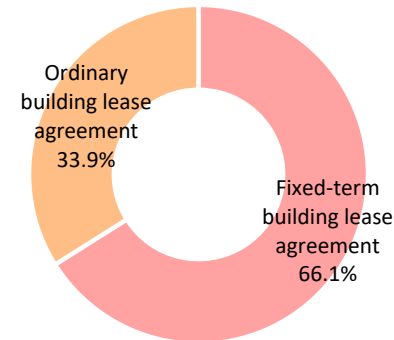
Name of end tenant	Total leased area (m2)	% of portfolio's total leased area	Property name
Hitachi, Ltd.	26,513.33	24.3%	Hitachi Kyusyu Building
GRANVISTA Hotels & Resorts Co., Ltd.	26,373.81	24.2%	Four properties, including Hotel Intergate Tokyo Kyobashi
Keishin K.K.	14,748.33	13.5%	SANKEILOGI Settsu
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.

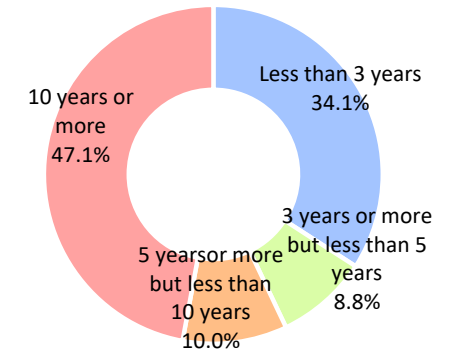
Status of Lease Agreements

(as of End of FP Ended Feb. 2025 (12th FP))

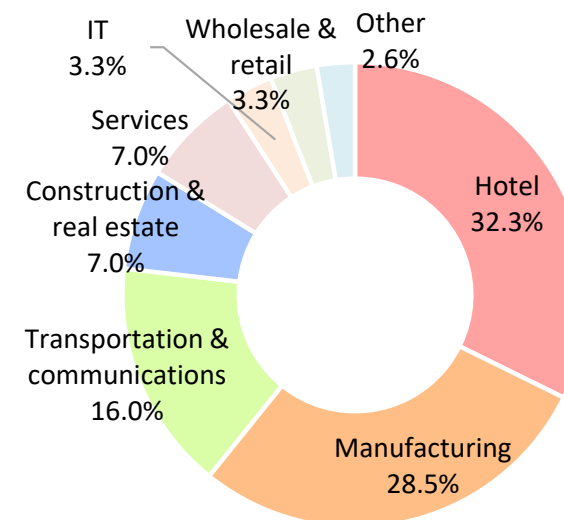
Percentage by Contract Form



Percentage by Lease Period



Tenant attributes (as of End of FP Ended Feb. 2025 (12th FP))

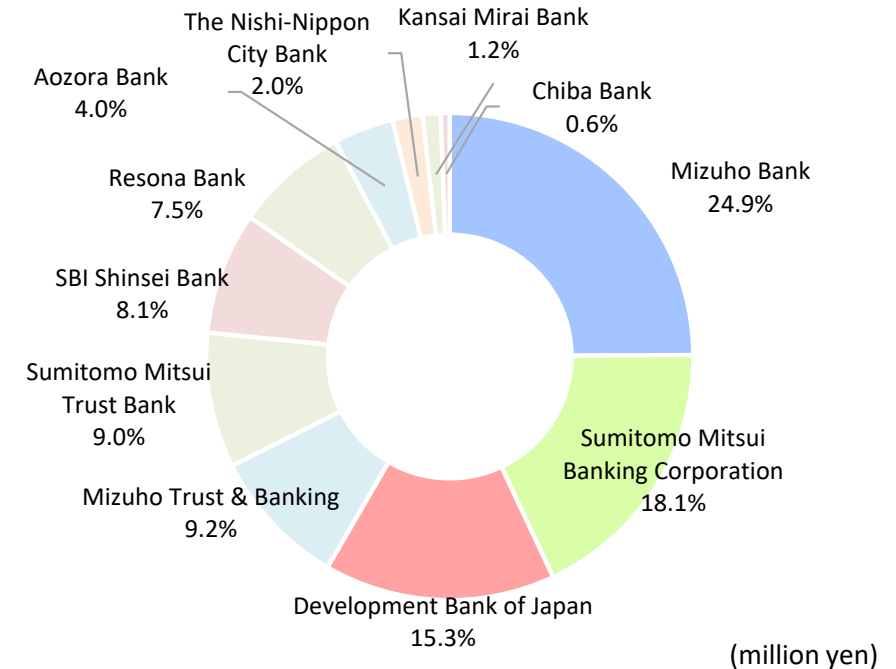


Status of Loans

List of Loans (as of March 12, 2025)

Loan amount (million yen)	Interest rate	Fixed/ Floating	Borrowing period	Borrowing date	Maturity date
6,200	0.30%	Fixed	4.0 years	Sep. 2, 2021	Sep. 2, 2025
6,200	0.36%	Fixed	5.0 years	Sep. 2, 2021	Sep. 2, 2026
4,300	0.38%	Fixed	4.5 years	Oct. 1, 2021	Apr. 1, 2026
5,600	0.78%	Fixed	6.0 years	Mar. 14, 2022	Mar. 14, 2028
5,900	0.79%	Fixed	4.5 years	Sep. 5, 2022	Mar. 5, 2027
3,700	1.03%	Fixed	4.5 years	Mar. 13, 2023	Sep. 13, 2027
5,900	1.01%	Floating	2.6 years	Sep. 4, 2023	Apr. 1, 2026
3,300	1.11%	Fixed	4.5 years	Mar. 12, 2024	Sep. 12, 2028
4,300	1.26%	Fixed	5.0 years	Sep. 12, 2024	Sep. 12, 2029
4,004	1.13%	Floating	5.0 years	Mar. 12, 2025	Mar. 12, 2030
796	1.90%	Fixed	5.0 years	Mar. 12, 2025	Mar. 12, 2030
50,200	0.79%	-	4.5 years	-	-

Lender Formation (as of March 12, 2025)



Lender name	Borrowing amount	Lender name	Borrowing amount
Mizuho Bank	12,500	Resona Bank	3,780
Sumitomo Mitsui Banking Corporation	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

ESG Initiatives (1)

Sustainability Policy

1. [Preserving the Earth environment and reducing the environmental load of assets under management]

We will aim for the preservation of the Earth environment by promoting resource conservation, energy saving, water saving, effective use of water resources, waste reduction, recycling and other efforts at our assets under management for contribution towards a sustainable society and coexistence with nature. Moreover, specific initiatives will be stipulated for achieving environmental targets in greenhouse gas emissions, water consumption, waste output and such at our assets under management in an effort to reduce the environmental load.

2. [Serving the local community]

We will endeavor to serve the local community and establish good relations in the surrounding area through our assets under management.

3. [Cooperating with external stakeholders]

We will aim to establish good relations with the tenants, property management companies and master lease companies of our assets under management as well as other outside stakeholders and aim to put the sustainability policy into practice through collaboration and cooperation.

4. [Working with executives and employees]

We will implement continuous education and awareness-raising activities concerning ESG to deepen the understanding of executives and employees with regard to ESG considerations and increase their abilities. Moreover, we will establish an environment where each executive and employee can exert their ability to the fullest by creating a healthy, safe and comfortable work environment, nurturing human resources and initiating work-life balance.

5. [Observing compliance and establishing/maintaining an internal control system]

We will observe ESG-related laws and regulations as well as compliance and endeavor to further strengthen the internal control system to ensure fair transactions, appropriate management of information and prevention of conflicts of interest in an aim to meet the expectations of all stakeholders.

6. [Disclosing ESG information and securing transparency]

We will endeavor to disclose information regarding ESG in a timely and appropriate manner and secure transparency by utilizing outside evaluations such as with the acquisition of environmental certifications and utilization of international standards.

External Evaluation and Global Initiatives

TCFD



The Asset Management Company has expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) and joined the “TCFD Consortium,” a group of domestic companies that supports TCFD recommendations.

GRESB Real Estate Assessment



In the 2024 GRESB Real Estate Assessment, SANKEI REAL ESTATE acquired a “2 Stars” in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants.

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

ESG Initiatives (2)

Environment

■ Indicators and Targets

- The indicators and targets used in the process of managing climate-related risks and opportunities are as follows:

Indicator	Targets
GHG (greenhouse gas) emissions	(1) Interim target: 30% reduction by 2030 (on an intensity basis) (2) Long-term target: Achieve net zero by 2050

■ Purchase of a FIT Non-fossil Certificate

- Participated in the 4th Auction of 2023 in the renewable energy value trading market through an intermediary, and purchased 2023 **FIT non-fossil certificates (approx. 2.75 million kWh)** (June 2024)
- The reduction in GHG (greenhouse gas) emissions from this purchase will be approx. 1,200 tons ⇒ A 100% reduction in GHG (greenhouse gas) emissions (Scope 2) for the relevant four properties in FY2023

<Target properties>

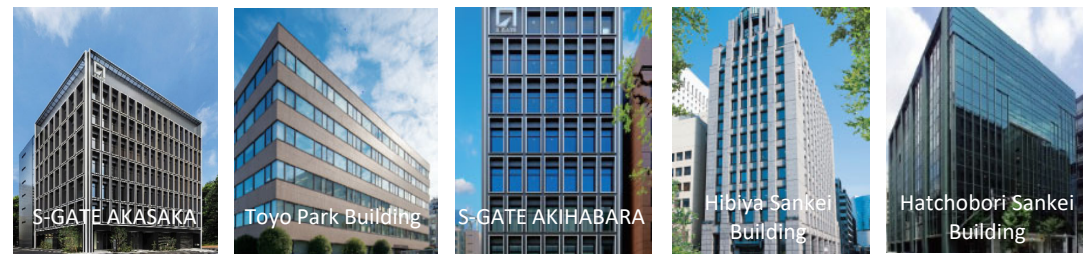


■ Introducing RE100 electricity

- Introduce **“RE100” standard electricity**, which is recognized as 100% renewable energy electricity, at the time of renewing electricity supply and demand contracts for five properties where **electricity rate reductions** can be expected

<RE100 powered properties>

Property name	Timing of introduction
S-GATE AKASAKA and Toyo Park Building	From November 16, 2024
S-GATE AKIHABARA	From November 23, 2024
Hibiya Sankei Building	From December 1, 2024
Hatchobori Sankei Building	From December 3, 2024



Social

- Contribution to local communities (introduction of electric micro-mobility sharing service)



- Conducting a tenant satisfaction survey (annual)

- Status of professional qualifications (as of the end of March 2025)

Qualification name	No. of qualified persons (acquisition rate)
Real estate agent	15 (62.5%)
Real estate securitization master	14 (58.3%)
Building management consultant	4 (16.7%)
Real estate appraiser	1 (4.2%)
Real estate consulting master	1 (4.2%)

- Training implementation status (as of the end of March 2025)

Field of training	No. of training sessions
Compliance training	33 times

- Promotion of various work-life balance programs, implementation of employee surveys to improve the workplace environment, introduction of background music in the office, implementation of engagement surveys, etc.

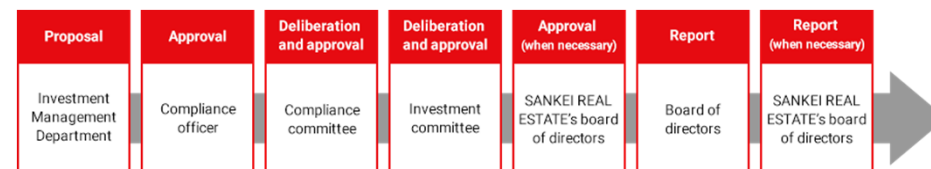
Governance

- Management Fee Structure

Asset Management Fee I	Total assets × 0.5% (maximum)
Asset Management Fee II	Real estate rental business profits × 5.0% (maximum)
Acquisition Fee	Acquisition price × 1.0% (maximum)
Disposition Fee*	Disposition price × 1.0% (maximum)
Merger Fee	Appraisal value of succeeded assets × 1.0% (maximum)

* The disposition fee will be paid only if a capital gain is generated.

- Decision-making flow for transactions with interested parties (property trading)



- Introduction of the investment unit ownership system

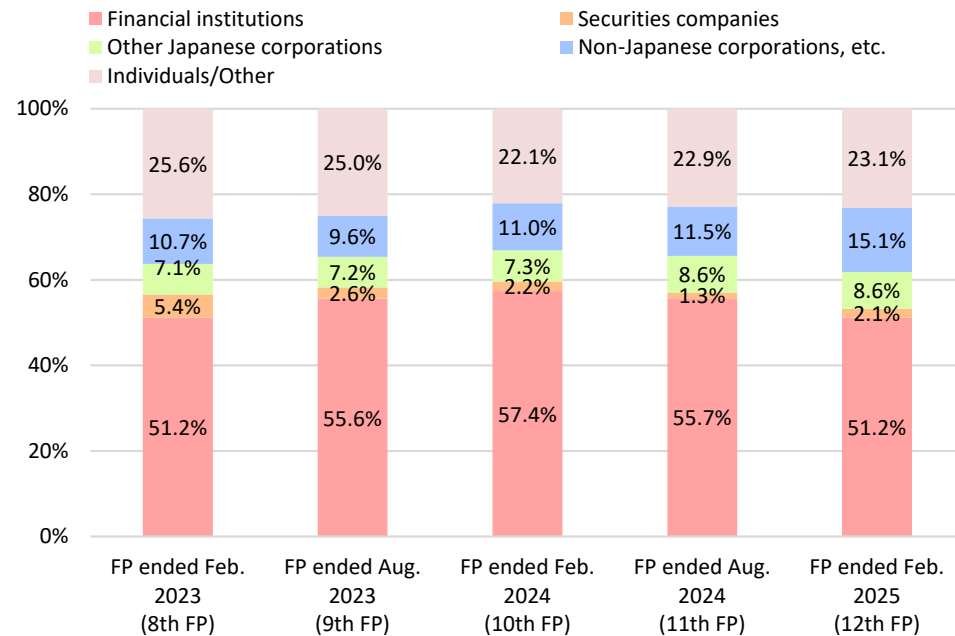
- The Asset Management Company publishes a report on its **Fiduciary Duty Policy** (policy regarding customer-oriented business operations) on its website (updated annually)

- Status of support for employees (as of the end of March 2025)

Category	Status of efforts
Support for external qualification training	5 cases
Assistance for training	24 cases
Per capita paid leave acquisition rate	64.4%
Number of learning sessions (in-house study sessions)	4 cases

Status of Unitholders

Breakdown of Investment Units by Unitholder Type



Number of Unitholders by Unitholder Type (as of End of FP Ended Feb. 2025 (12th FP))

	Number of unitholders	Share of units owned	Number of units	Share of units owned
Financial institutions	43	0.3%	238,946 units	51.2%
Securities companies	21	0.2%	9,615 units	2.1%
Other Japanese corporations	231	1.8%	40,239 units	8.6%
Non-Japanese corporations, etc.	179	1.4%	70,360 units	15.1%
Individuals/Other	12,541	96.4%	107,939 units	23.1%
Total	13,015	100.0%	467,099 units	100.0%

Major Unitholders (as of End of FP Ended Feb. 2025 (12th FP))

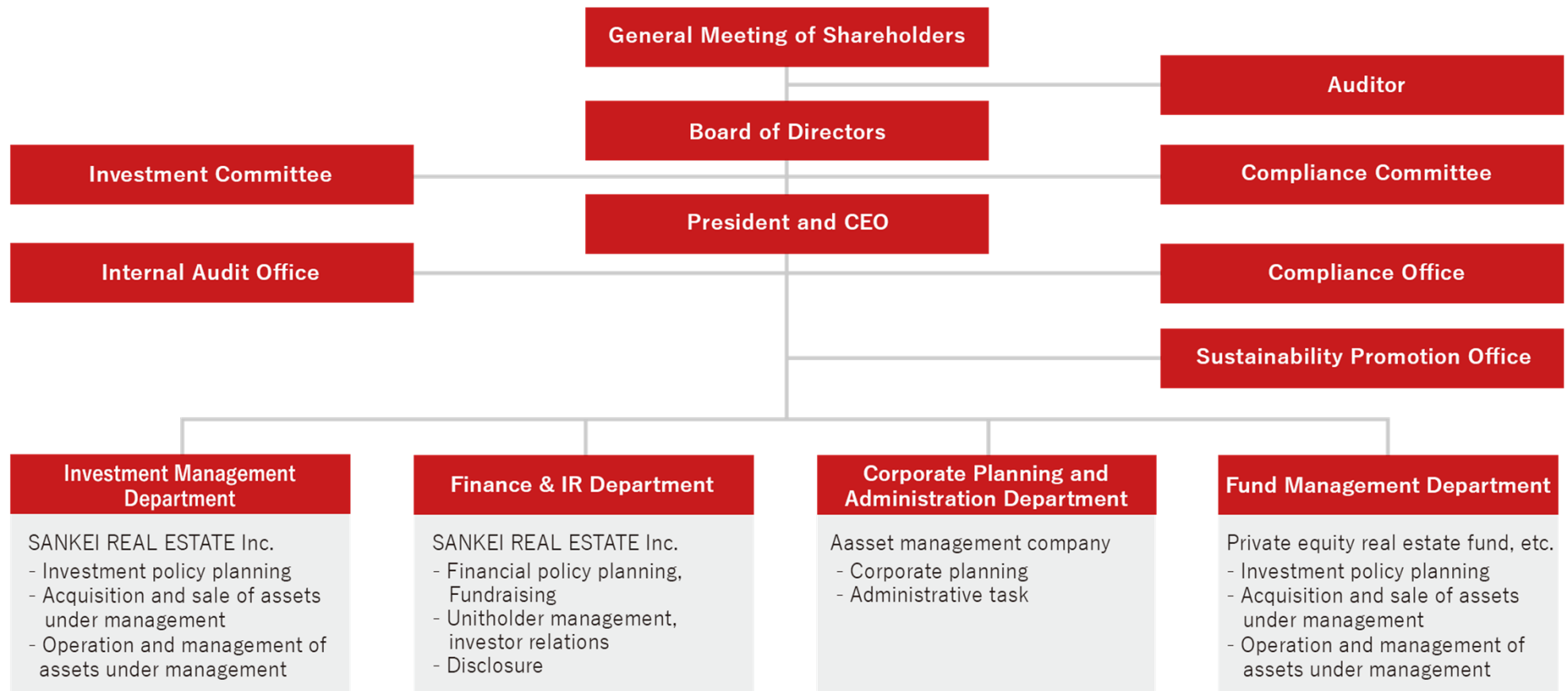
Name of unitholder	Number of units owned (units)	Share of units owned (%)
Custody Bank of Japan, Ltd. (Trust Account)	98,323	21.04
The Master Trust Bank of Japan, Ltd. (Trust Account)	78,930	16.89
The Sankei Building Co., Ltd.	23,179	4.96
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	22,009	4.71
LIM JAPAN EVENT MASTER FUND	13,486	2.88
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	7,050	1.50
UEDA YAGI TANSHI Co., Ltd.	4,541	0.97
Custody Bank of Japan, Ltd. (Trust Account 4)	3,798	0.81
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	3,648	0.78
GOLDMAN SACHS INTERNATIONAL	3,622	0.77
Total	258,586	55.35

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

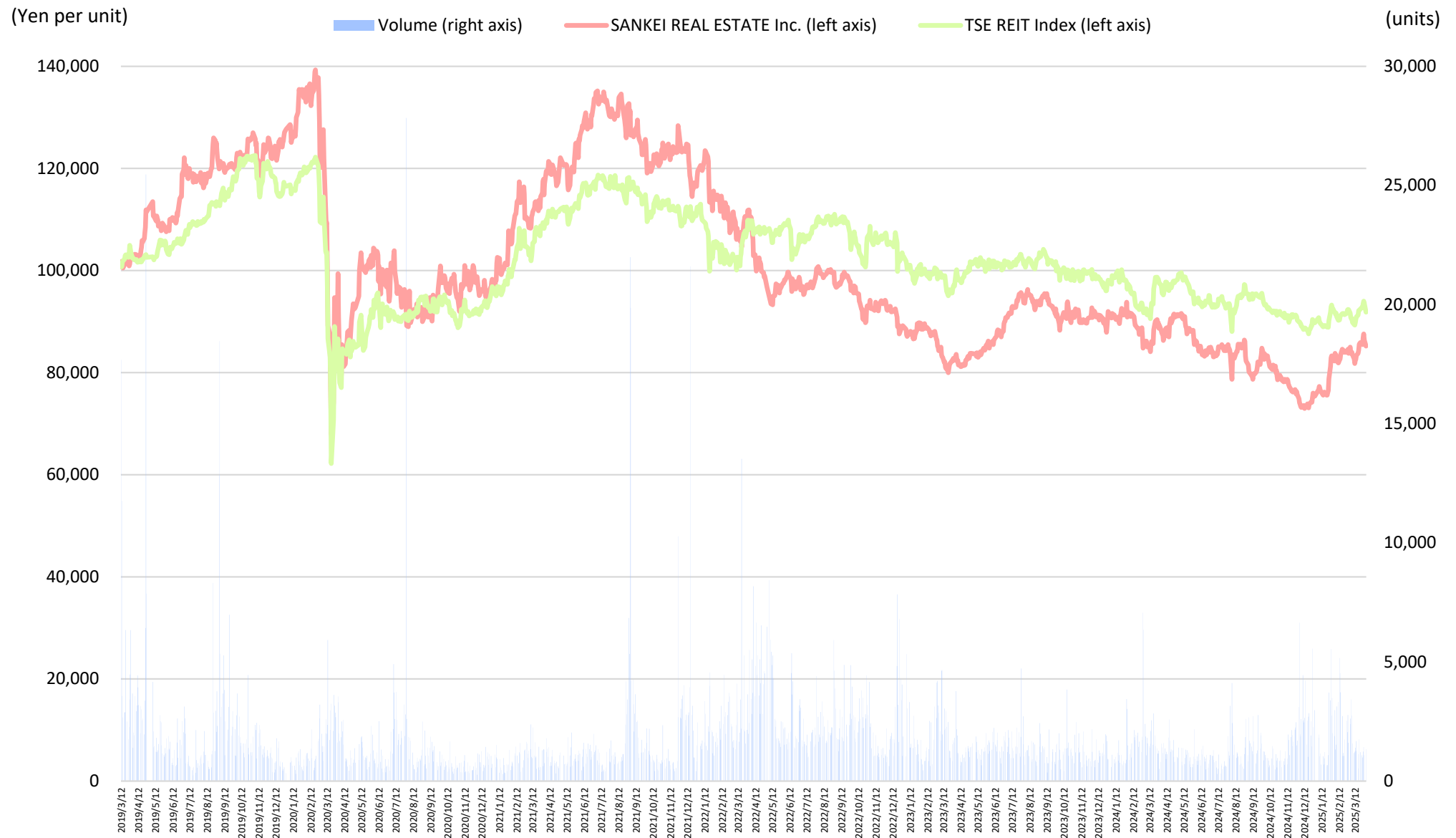
Profile of the Asset Management Company

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 31, 2025. 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 8]

1. "Portfolio yield" refers to the NOI yield calculated using the formula on the right for assets held. The same applies below. $\text{Portfolio yield} = \text{Portfolio NOI (annualized)} / \text{Period-end book value}$
2. "Occupancy rate at end of period" indicates the percentage of the total leased area(*ii) against the total leasable area(*i) 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 for which the lease period has commenced.

[Page 10]

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."
2. "Rent increase rate" refers to the figure calculated by dividing the amount of difference between the revised total monthly rent and the total monthly rent before the revision for lease agreements that have been revised upward during each fiscal period (the rate is calculated for contract renewals and renewals with existing tenants; in addition, this is limited to lease agreements that have been concluded or renewed during the said period), by the total monthly rent before the revision.
3. "Average Rent Unit Price" is calculated as "rental and CAM revenue for each accounting period divided by contract area."
4. "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(*i) and the market rent(*ii) is divided by the market rent. If such figure is negative, SANKEI REAL ESTATE believes that there is room to negotiate with tenants to increase rent at the time of rent revision. 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 office building portfolio" is calculated as a weighted average of the total amount, based on rented area, of monthly rent, which is stipulated in lease agreements concluded as of the end of each fiscal period for the office building portfolio, (including CAM, and 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; moreover, if an agreement with a tenant includes floating rent, calculation is made without taking into consideration floating rent; consumption tax, etc. are 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 (including typical floorplate and CAM) as of March 2025 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 2025 based on information collected by CBRE, and the objectivity of the assessment as well as 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.
5. "Scheduled Renewal with Contract Revision/Renewal and Transition of Progress" applies to lease agreements concluded as of April 1, 2025, stating the area subject to renewal with rent revision/renewal in the fiscal period ending August 2025 (13th FP) and the fiscal period ending February 2026 (14th FP).
6. "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.
7. "Progress rate" is the value calculated by dividing the total leased area for lease contracts that have been concluded as of April 1, 2025, and whose revision/renewal has been completed by the contract revision/renewal (planned) area for each contract revision/renewal period.

[Page 13]

1. "Balance of interest-bearing liabilities" shows the figure as of the date of mention.
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 mention.
3. "LTV" is calculated by dividing the balance of interest-bearing liabilities by total assets LTV" and multiplied by 100.
4. "Average financing interest rate" is calculated using the weighted average, based the balance of interest-bearing debt, of the anticipated applicable interest rate of each interest-bearing liability as of the date of mention. 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 mention.
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 mention.

Notes (2)

[Page 31]

1. NOI yield (against book value) = (Operating income from real estate rent business + depreciation) $\times 2$ / Book value of real estate for lease
2. NOI yield (against appraisal value) = (Operating income from real estate rent business + depreciation) $\times 2$ / Appraisal value of real estate for lease
3. NOI yield after depreciation (against book value) = Operating income from real estate rent business $\times 2$ / Book value of real estate for lease
4. NOI yield after depreciation (against appraisal value) = Operating income from real estate rent business $\times 2$ / Appraisal value of real estate for lease
5. Implied cap rate (before depreciation) = NOI (annualized; current FP results $\times 2$) / (Total fair value + Interest-bearing liabilities – Cash and deposits + Leasehold deposits received)
6. Implied cap rate (after depreciation) = NOI after depreciation (annualized; current FP results $\times 2$) / (Total fair value + Interest-bearing liabilities – Cash and deposits + Leasehold deposits received)
7. FFO = Net income + Depreciation + Amortization of software – Gain/loss on sale of real estate properties (including loss on retirement of non-current assets)
8. AFFO = FFO – Capital expenditure
9. FFO per unit = FFO / Total number of investment units issued and outstanding at end of period
10. EPS = Net income / Total number of investment units issued and outstanding at end of period
11. Distribution per unit = Total distribution / Total number of investment units issued and outstanding at end of period
12. Distribution yield = Distribution per unit (annualized; current FP result $\times 2$) / Investment unit price at end of period
13. Net assets per unit (after deducting distribution) = Amount of net assets at end of each FP (after deducting distribution at the end of each FP) / Number of investment units issued and outstanding at end of each period
14. Unrealized gain per unit = (Total appraisal value of assets held by SANKEI REAL ESTATE at end of each period – Total book value of assets held by SANKEI REAL ESTATE at end of each period) / Number of investment units issued and outstanding as of the end of each period
15. NAV per unit (after deducting distribution) = (at the end of each period, net assets per unit + unrealized gains/losses at the end of each period) / number of investment units issued and outstanding at the end of each period
16. NAV multiple = Investment unit price at end of period / NAV per unit
17. FFO multiple = Investment unit price / FFO per unit (annualized; most recent FP result $\times 2$)
18. Payout ratio (FFO) = Total distribution / FFO
19. Payout ratio (AFFO) = Total distribution / AFFO
20. PER (Price Earnings Ratio) = Investment unit price at end of period / EPS (annualized; most recent FP result $\times 2$)
21. PBR (Price Book-value Ratio) = Investment unit price at end of period / Net assets per unit
22. ROE (Return on Equity) = Net income (annualized; most recent FP result $\times 2$) / Net assets

[Pages 32 and 33]

1. “Appraisal NOI yield” indicates the ratio of the net operating income to the acquisition price under the direct capitalization method stated in the real estate appraisal report. “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.
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 $\times 100$).

[Page 34]

1. “Percentage by Walking Time to the Nearest Station” is categorized by walking time from the nearest station, assuming 1 minute per 80 meters of road distance, and is shown as a percentage by acquisition price.

[Page 37]

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. “Percentage by Contract Form” is the percentage of assets held based on leased area by contract form.
3. “Percentage by Lease Period” is the percentage of assets held based on leased area by lease period.
4. “Tenant attributes” is calculated as the percentage by rented area after classifying owned assets by tenant industry.

