



SANKEI 11th

REAL

ESTATE

This document is for the purpose of providing information on SANKEI REAL ESTATE Inc. (hereinafter, “SANKEI REAL ESTATE”) and is not a disclosure document or asset management report pursuant to the Financial Instruments and Exchange Act, Act on Investment Trusts and Investment Corporations, associated Cabinet Orders, Cabinet Office Orders and Regulations and the Securities Listing Regulations of the Tokyo Stock Exchange. Furthermore, this document was not prepared for the purpose of soliciting investment or recommending trading related to specific instruments. Please consult your broker for any purchase of SANKEI REAL ESTATE investment units. When making any investment, investors do so at their sole risk and discretion.

This document contains certain forward-looking statements on financial condition, management results and operations, statements on the plans and targets of Sankei Building Asset Management Co., Ltd. (hereinafter, the “Asset Management Company”), which is the asset management company of SANKEI REAL ESTATE, and forward-looking statements and forecasts on future plans, management targets, strategies, etc. of SANKEI REAL ESTATE. These forward-looking statements are based on information available to SANKEI REAL ESTATE and the Asset Management Company on the date of preparation of the document (or the relevant date if otherwise specified in the document), and are based on certain suppositions and assumptions at the present time that were formulated based on multiple assumptions concerning various internal and external environmental factors such as financial, economic, market, political and international conditions surrounding the operations of SANKEI REAL ESTATE. However, there is no assurance that the above suppositions and assumptions are correct. Therefore, please be aware that such forward-looking statements contain known and unknown risks and uncertainties that could cause the actual performance, management results, financial condition, etc. of SANKEI REAL ESTATE to significantly differ from explicitly or implicitly stated forecasts. Therefore, this document does not provide any assurances of future performance, investment results or fluctuations, etc., and actual results may differ significantly due to a variety of factors.

In addition to statements on SANKEI REAL ESTATE, this document contains diagrams and data, etc. prepared by the Asset Management Company based on information provided to SANKEI REAL ESTATE and the Asset Management Company by a third party or information published by a third party, and contains analyses, judgments and other views of SANKEI REAL ESTATE and the Asset Management Company on these. There may be different views on these, and SANKEI REAL ESTATE and the Asset Management Company may change their views in the future.

Careful attention has been given to the information provided in this document, but there are no assurances on the accuracy, fairness and completeness of the information regardless of information prepared by SANKEI REAL ESTATE or the Asset Management Company, or information received from a third party.

The content of this document may be changed or abolished without notice. SANKEI REAL ESTATE and the Asset Management Company do not have the obligation to update or publish the content of this document (including forward-looking statements).

All rights to any part of this document belong to the Asset Management Company, and no part of this document shall be used, cited, reproduced, altered, disassembled, transmitted, etc. by any means, electronic or mechanical, for any purpose without permission.

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

1. Financial Results and Management Highlights	P.4
2. External Growth	P.9
3. Internal Growth	P.11
4. Financial Management	P.18
5. ESG Initiatives	P.21
6. Future Growth Strategies and Earnings Forecast	P.23
7. Appendix	P.29

MEMO

1. Financial Results and Management Highlights

Management Highlights

External Growth

- In March, we acquired “**Vessel Hotel Campana Susukino**,” a rather recently built hotel in Chuo-ku, Sapporo (40% co-ownership interest), and additionally acquired “**S-GATE NIHONBASHI-HONCHO**,” a mid-sized, high-spec office building in Chuo-ku, Tokyo (49% co-ownership interest) in April, bringing its ownership ratio to 100%
- Of the assets worth 96.4 billion yen (17 properties) at the end of the current period, 60.6% were office buildings and 39.4% were the Core Asset Group, which creates **a portfolio with a well-diversified use** in accordance with the investment policy

Internal Growth

- **The occupancy rate of the portfolio at the end of the period is stable at 96.6%**, and has seen an increase
- **S-GATE AKIHABARA** will be **fully booked** again by minimizing downtime (from November onwards)
- **Toyo Park Building’s** occupancy rate has risen to **92.3%** due to fine-tuned leasing activities (since September)
- **Three hotel properties that combine fixed and floating rents performed better than expected** due to the continued uptake of inbound demand and others

Financial Management

- Obtained a long-term issuer rating from Japan Credit Rating Agency, Ltd. (JCR) in July ⇒ **“A+ (Stable)”**
- For the refinancing carried out in September, in light of the current interest rate environment, we selected **a 5-year fixed rate. The fixed interest rate ratio is 88.2%** and remains at a high level due to promotion of long-term fixed rates
- Total asset LTV remains at a steady level at **47.9%**

Sustainability and Others

- **S-GATE AKASAKA** re-obtained DBJ Green Building Certification (April) ⇒ Rating rank **“2023★★★★★”**
- In June, we purchased **FIT non-fossil certificates** to reduce GHG (greenhouse gas) emissions from our four properties
- Obtained **“2 Stars”** and **“Green Star”** in the 2024 GRESB Real Estate Assessment announced in October

* Unless otherwise specified, the amounts in this document are rounded down to the nearest unit and percentages are rounded to one or second decimal place. The same applies below.

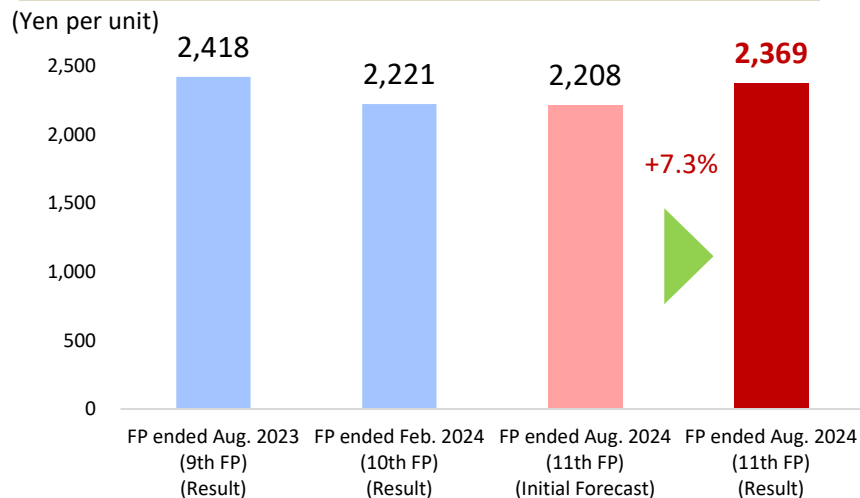
Financial Results Highlights: (1) Summary

- In the current period, **operating revenues from the three hotels** acquired in the previous period **exceeded expectations**, resulting in **higher revenues and profits** than expected

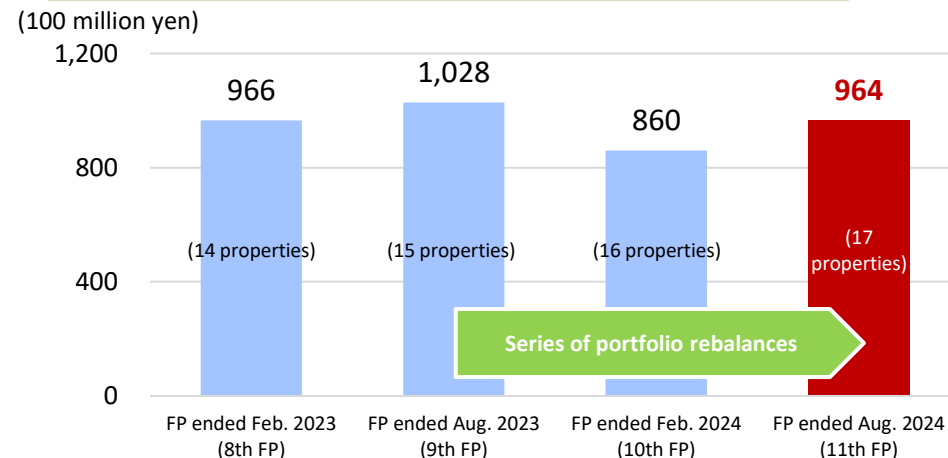
Financial Summary for Fiscal Period Ended August 2024 (11th FP)

	Results	Comparison with forecasts	Comparison with previous fiscal period
Operating revenue	2,461 million yen	+57 million yen (+2.4%)	-5,317 million yen (-68.4%)
Operating income	1,299 million yen	+65 million yen (+5.3%)	+70 million yen (+5.7%)
Net income	1,106 million yen	+75 million yen (+7.3%)	+69 million yen (+6.7%)
Distribution per unit	2,369 yen	+161 yen (+7.3%)	+148 yen (+6.7%)

Change in DPU



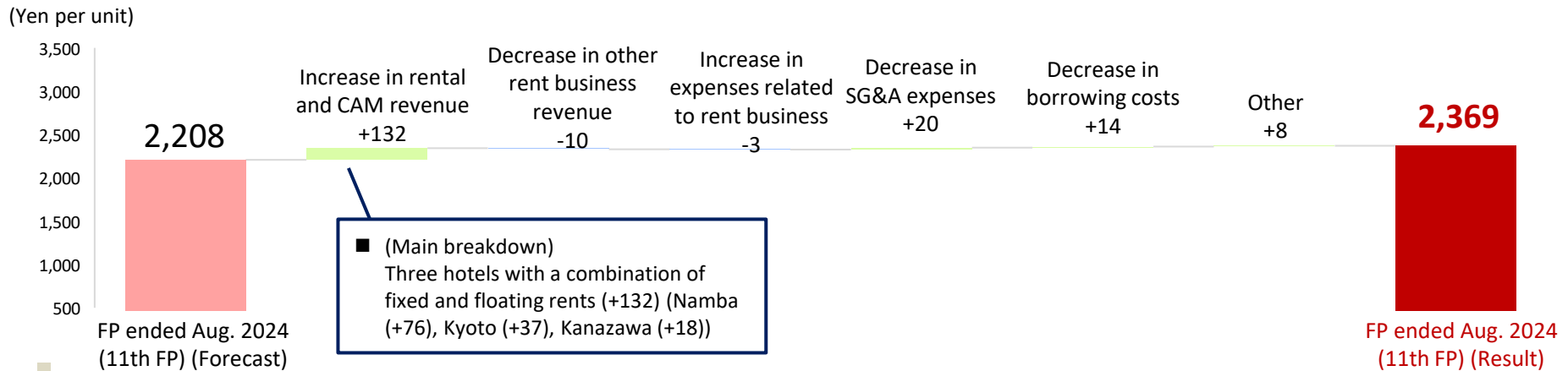
Change in asset size at end of period



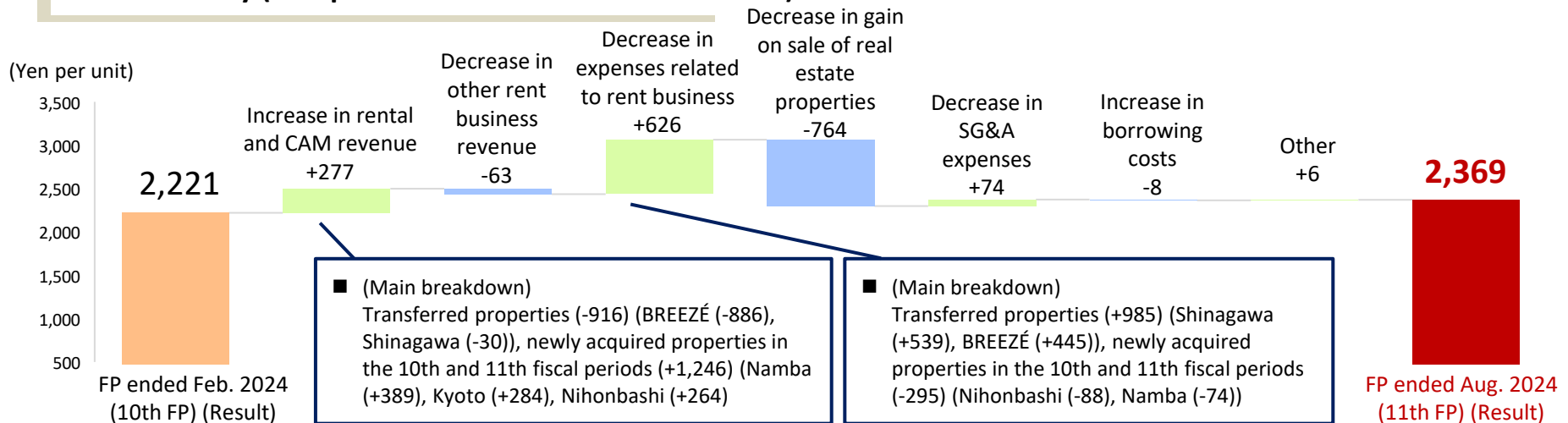
Financial Results Highlights: (2) Summary of DPU

■ Due to the effectiveness of a series of portfolio rebalancing efforts, DPU for the period increased both compared with the forecast and the previous period

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 Feb. 2024 (10th FP) Result (A)	FP ended Aug. 2024 (11th FP) Forecast (B)	FP ended Aug. 2024 (11th FP) Result (C)	Comparison with forecast (C-B)	Comparison with previous fiscal period (C-A)
Operating revenue	7,778	2,404	2,461	+57	-5,317
Total rent business revenue	2,361	2,404	2,461	+57	+100
Rental and CAM revenue	2,214	2,281	2,343	+61	+129
Parking revenue	31	26	26	+0	-4
Utilities reimbursement	98	86	82	-4	-15
Other revenue	17	9	8	-1	-8
Gain on sale of real estate properties	5,417	-	-	±0	-5,417
Operating expenses	6,548	1,169	1,161	-8	-5,387
Total expenses related to rent business	1,141	847	848	+1	-292
Outsourcing expenses	239	121	113	-8	-126
Utilities expense	154	107	98	-8	-56
Repair expenses	76	37	45	+8	-31
Property taxes	322	248	248	+0	-73
Depreciation	315	307	317	+9	+1
Other expenses	31	24	24	+0	-7
Loss on sale of real estate properties	5,060	-	-	±0	-5,060
Operating income (loss) from rent business	1,220	1,557	1,612	+55	+392
Total other operating expenses	347	322	312	-9	-34
Asset management fee	244	247	249	+2	+4
Other expenses	102	75	63	-11	-39
Operating income	1,229	1,234	1,299	+65	+70
Non-operating income	1	-	2	+2	+0
Non-operating expenses	193	202	194	-7	+1
Ordinary income	1,038	1,032	1,107	+75	+69
Net income	1,037	1,031	1,106	+75	+69
Distribution per unit	2,221 yen	2,208 yen	2,369 yen	+161 yen	+148 yen
Rental NOI	1,535	1,864	1,930	+65	+394

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

[Rent business revenue]

- <Rental and CAM revenue>
Namba (+35), Kyoto (+17), Kanazawa (+8)
- <Utilities reimbursement> Omori (-3)

[Expenses related to rent business]

- <Outsourcing expenses> Toyo (-6), Akihabara (-3)
- <Utilities expense> Omori (-2), Akasaka (-2)
- <Repair expenses> Nihonbashi (+9), Namba (+2), Hatchobori (-1)
- <Depreciation> Susukino (+10)

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

[Rent business revenue]

- <Rental and CAM revenue>
Newly acquired properties in the 10th and 11th fiscal periods (+582) (Namba (+182), Kyoto (+132), Nihonbashi (+123)), **Transferred properties (-428)** (BREEZÉ (-414), Shinagawa (-14))
- <Utilities reimbursement>
Transferred properties(-19)(BREEZÉ (-16), Shinagawa (-3)), Nihonbashi (+5), Omori (-3), Miyazakidai (-2), Hatchobori (+2)
- <Other revenue>
Akihabara (-7)

[Expenses related to rent business]

- <Outsourcing expenses>
Transferred properties (-139) (Shinagawa (-84), BREEZÉ (-54))
- <Utilities expense>
Transferred properties (-60) (BREEZÉ (-32), Shinagawa (-27)), Nihonbashi (+5), Miyazakidai (-3), Hatchobori (+1)
- <Repair expenses>
Transferred properties (-49) (Shinagawa (-31), BREEZÉ (-17)), Nihonbashi (+10), Namba (+5), Hibiya (+3), Miyazakidai (-3))
- <Depreciation>
Transferred properties(-103) (Shinagawa (-52), BREEZÉ (-51)), **Newly acquired properties in the 10th and 11th fiscal periods (+101)** (Namba (+27), Kanazawa (+21), Kyoto (+19))

2. External Growth

Overview of Newly Acquired Properties

A-3

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

⇒ Increase the ownership ratio to 100%

AM Company's unique route

Office buildings



Acquired in April 2024
Aware of the near, new, medium (or high spec)



B-7

Vessel Hotel Campana Susukino (40% co-ownership interest)

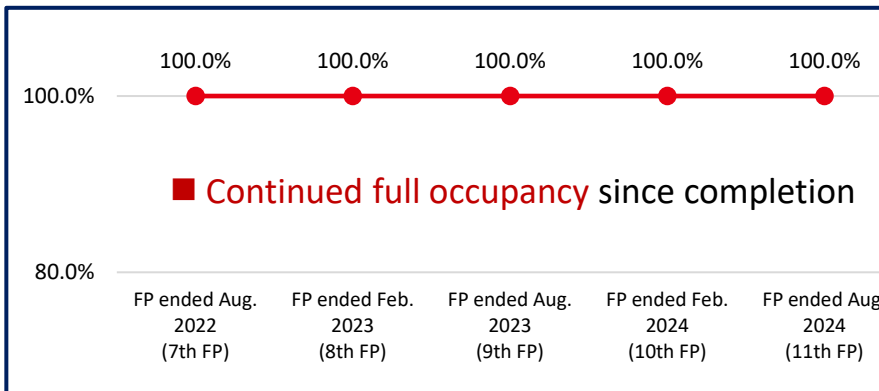
Sponsor support
Core Asset Group



Acquired in March 2024
Expect as a stabilizer for portfolio revenue



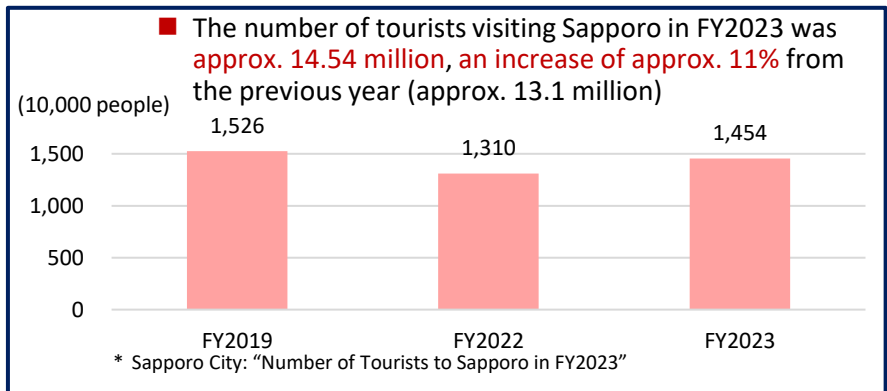
Change in Occupancy Rate at End of Period



Acquisition date	April 1, 2024
Acquisition price	7,450 million yen
Appraisal value	7,742 million yen

Appraisal NOI yield	3.5%
Location	Chuo-ku, Tokyo
Construction completion	Oct. 2018

Changes in the Number of Tourists to Sapporo



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

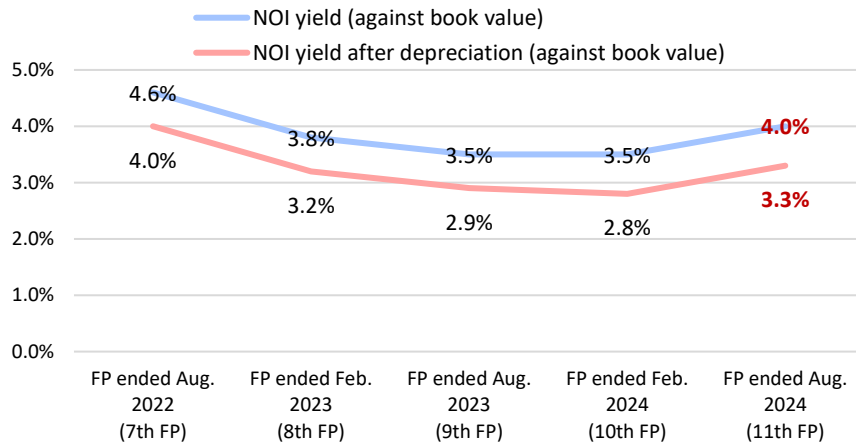
* The appraisal value is estimated as of August 31, 2024. The appraisal value of "S-GATE NIHONBASHI-HONCHO" only represents the additional 49% co-ownership interest acquired.

3. Internal Growth

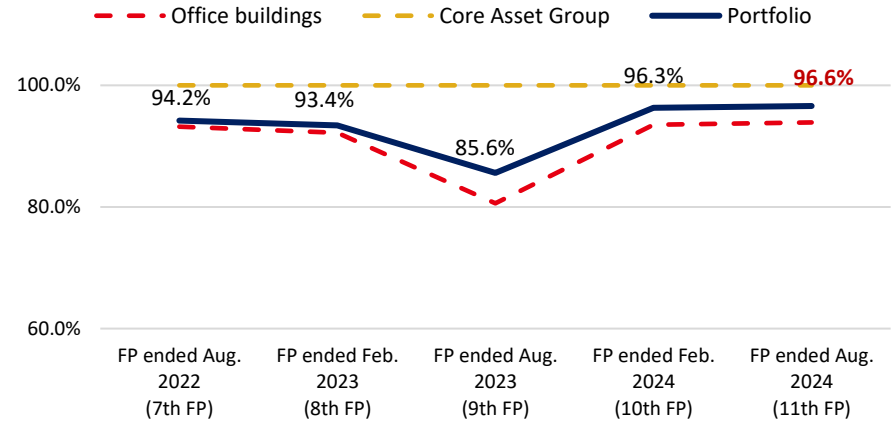
Internal growth: (1) Portfolio

■ Portfolio yields have **recovered significantly**. Occupancy rate remains stable **with an increase**, aiming for a **further increase**

Change in Portfolio Yields

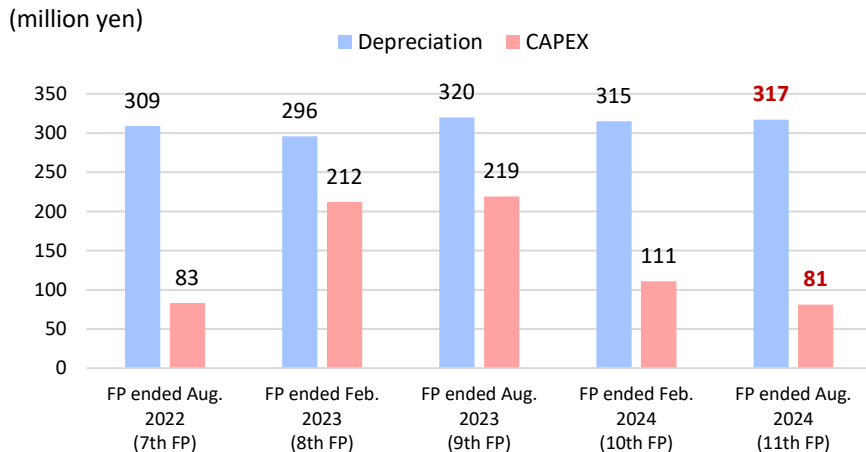


Change in Occupancy Rate at End of Period



* The above figures indicate the portfolio occupancy rates.

Change in Depreciation and CAPEX



Assumed Occupancy Rate of Portfolio

FP ending Feb. 2025 (12th FP)

- End of period 96.4%
- Period average 97.2%

FP ending Aug. 2025 (13th FP)

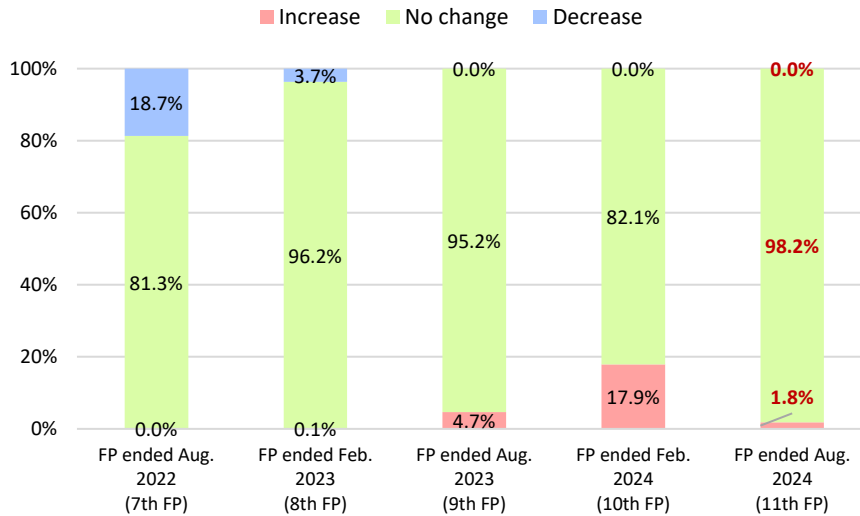
- End of period 96.7%
- Period average 96.5%

Internal Growth: (2) Office Buildings

■ For tenants who have room for a rent increase, **definitely increase the rent** at the time of contract renewal. Office Building KPIs are **on an improving trend**

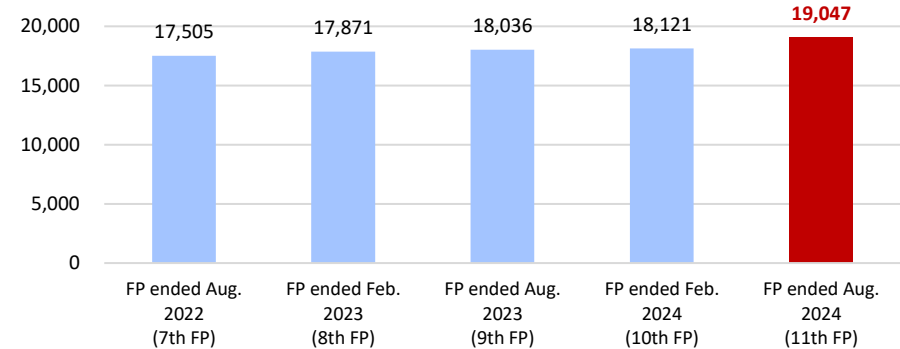
Change in Rent Revision Performance

Percentages of rent revision results (Leased area basis)



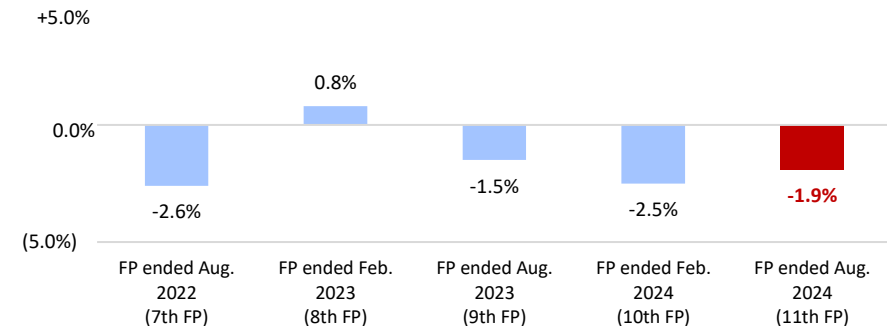
Change in Average Rent Unit Price

(Yen/*tsubo*)



* Calculations exclude properties that have been sold and office buildings of whole building rental.

Change in Rent Gap



	FP ended Aug. 2022 (7th FP)	FP ended Feb. 2023 (8th FP)	FP ended Aug. 2023 (9th FP)	FP ended Feb. 2024 (10th FP)	FP ended Aug. 2024 (11th FP)
Number of targeted tenants	17 cases	24 cases	30 cases	14 cases	13 cases
Increase	12 cases	1 case	12 cases	4 cases	1 case
No change	0 cases	18 cases	16 cases	10 cases	12 cases
Decrease	5 cases	5 cases	2 cases	0 cases	0 cases
Targeted leased area (<i>tsubo</i>, ≈3.3 sq. m)	705	2,600	10,885	1,333	8,974
Rate of rent increase	0.0%	6.1%	4.3%	38.5%	8.0%

Internal Growth: (2) Office Buildings

Achieved certain results at three office buildings (increased occupancy rate and upward revision of rent)

Main internal growth results

A-7

Toyo Park Building

- While competing properties were left vacant for long periods, we responded flexibly to inquiries and closed a one-floor deal
- Occupancy rate recovered to **92.3%** (since September)



A-11

Miyazakidai Garden Office

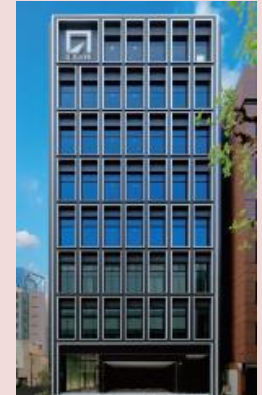
- Actively negotiated with tenants who had room for a rent increase and succeeded in **upward revision of rent**
- Occupancy rate **remains at full capacity**



A-4

S-GATE AKIHABARA

- Signed contract with a new tenant **at an above-market rent** while minimizing downtime
- With this contract, the property will once again be **fully occupied** (from November onwards)
- Rent revisions with existing tenants will be negotiated with the aim of **maintaining the brand value of the "S-GATE Series"** in the future



Renovation examples of owned properties

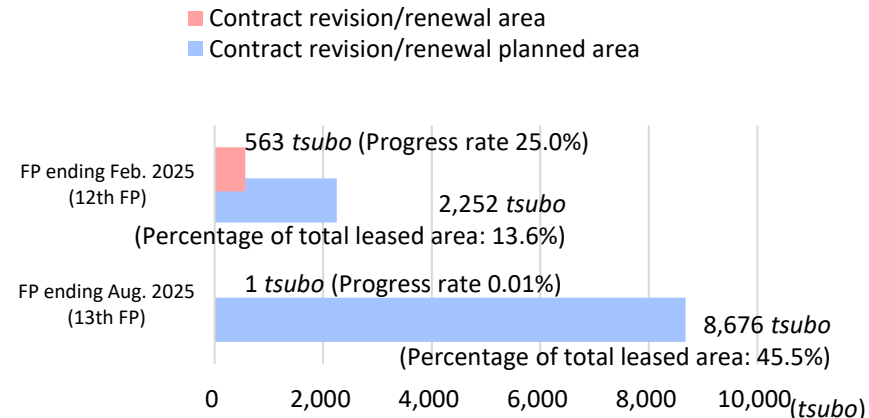
A-11

Miyazakidai Garden Office

- Since FP ended Feb. 2024 (10th FP), **renovation work has been carried out on the toilets on each floor** one by one (in response to the items most frequently requested in the annual tenant survey/customer satisfaction survey)
- By building close relationships with tenants and listening to their feedback, we carry out **timely and appropriate renovations and improvements** to maintain full occupancy



Scheduled Renewal with Contract Revision/ Renewal and Progress



* The above cases of progress cover lease agreements signed as of October 1, 2024, and the total leased area refers to office buildings.

Internal Growth: (3) Hotels

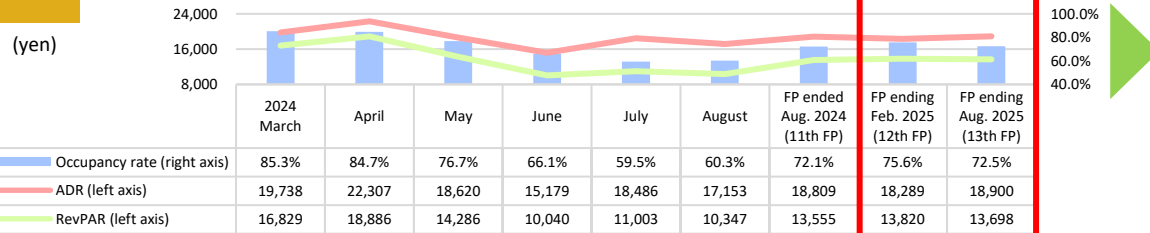
■ **Three hotel properties, which are the internal growth drivers, are operating smoothly.**

Expect further growth

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

B-4

Hotel Intergate Kyoto Shijo Shinmachi



Assumptions for earnings forecasts

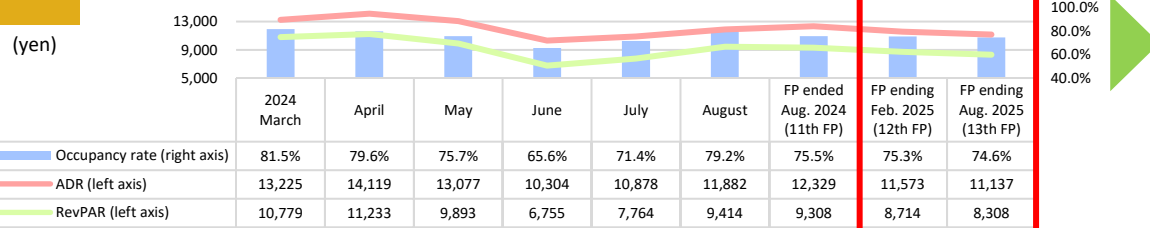
Strategic management measures for each property

- Aiming to improve ADR through unique hospitality such as events for hotel guests
- To attract **domestic and international tourists, mainly from Europe, the U.S. and Australia**, remodel single rooms into double rooms
- Create synergy effects by introducing a plan that includes admission to Kobe Suma Sea World (a group facility)



B-5

Hotel Intergate Kanazawa

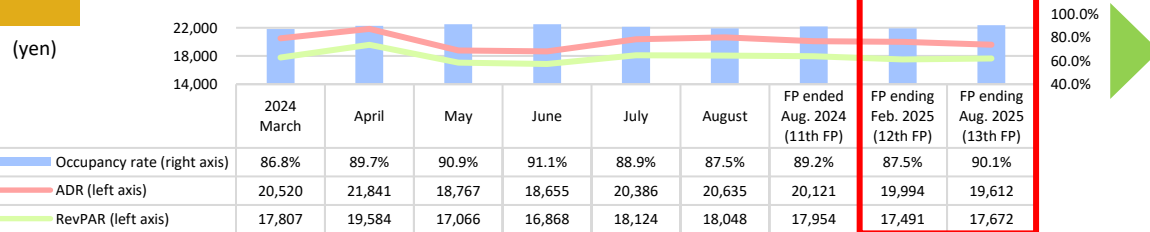


- Aiming to improve ADR through unique hospitality such as events for hotel guests
- Located close to major tourist destinations in Kanazawa City, the hotel **continues to attract mainly domestic tourists**

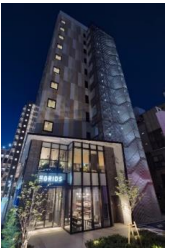


B-6

GRIDS PREMIUM Hotel Osaka Namba

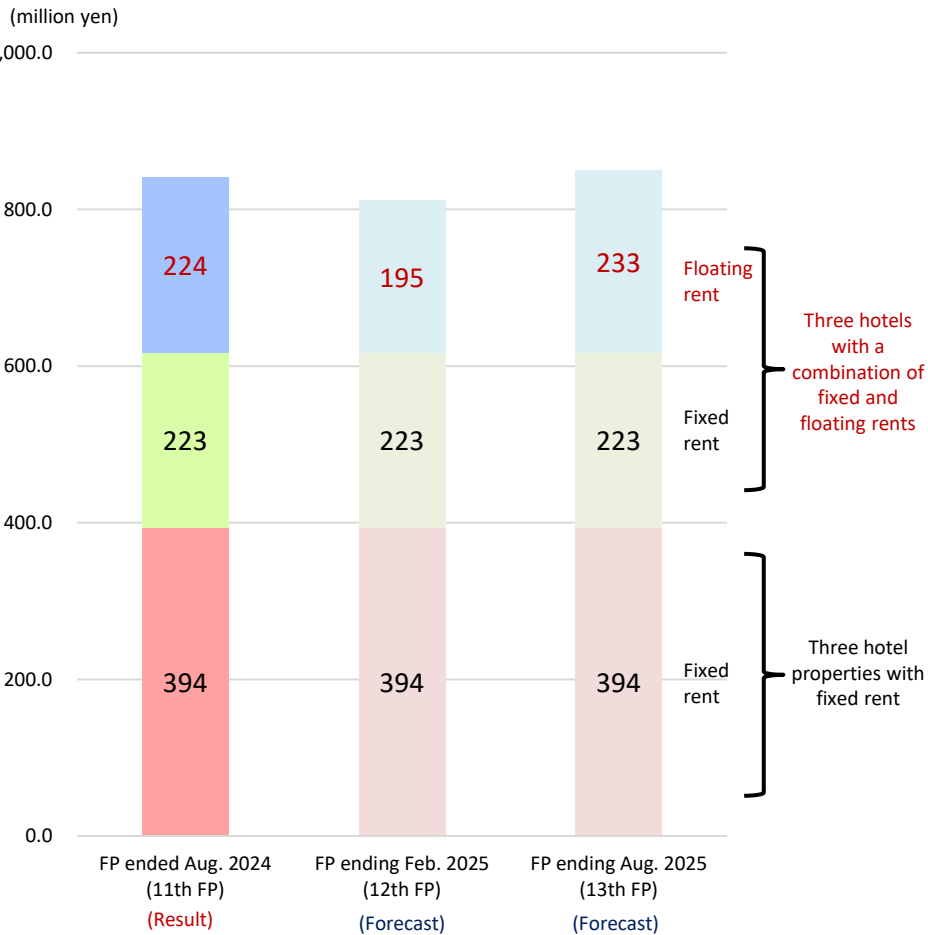


- Taking advantage of its convenient location near the central Namba area, the hotel **continues to attract strong inbound tourists**
- With **detailed room control**, RevPAR was maximized while monitoring occupancy
- **Participate in promotions by OTA companies to increase exposure and attract customers through top rankings**



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

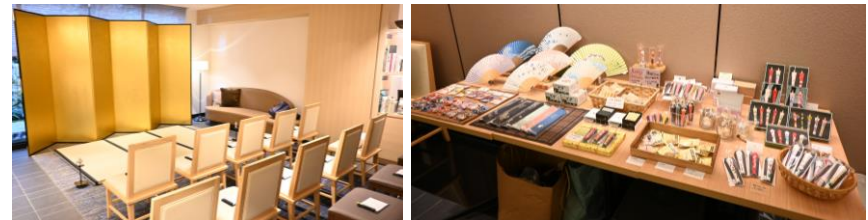
Rental revenue's result and forecasts by contract type for six hotels owned



Initiatives to improve customer satisfaction in hotel operations

B-4 Hotel Intergate Kyoto Shijo Shinmachi

“Maiko and Japanese Candlelight: Experience the Traditional Culture of Kyoto”



- This event is held for one hour from 7 p.m. on the third Wednesday of every month (charged)
- A maiko will be invited, and about 20 participants will enjoy watching the dance, experiencing *ozashiki asobi* (traditional Japanese games), a Q&A session, and taking individual commemorative photos
- The emcee will provide an easy-to-understand explanation in both Japanese and English about the daily life of maiko and the traditional Kyoto products that adorn them, such as Kyo-Yuzen long-sleeved kimonos and Nishijin-ori obi sashes

MEMO

4. Financial Management

Financial Management (1)

- A series of initiatives were evaluated by the rating agency, and we were awarded a long-term issuer rating of **“A+ (Stable)”**

Financial Highlights (as of September 12, 2024)

Balance of interest-bearing liabilities	Ratio of long-term debt	LTV	Long-Term Issuer Rating (JCR)
50.2 billion yen	78.1%	47.9%	A+ (Stable)

Average financing interest rate	Ratio of fixed-rate debt	Average remaining time to maturity
0.66%	88.2%	2.3 years

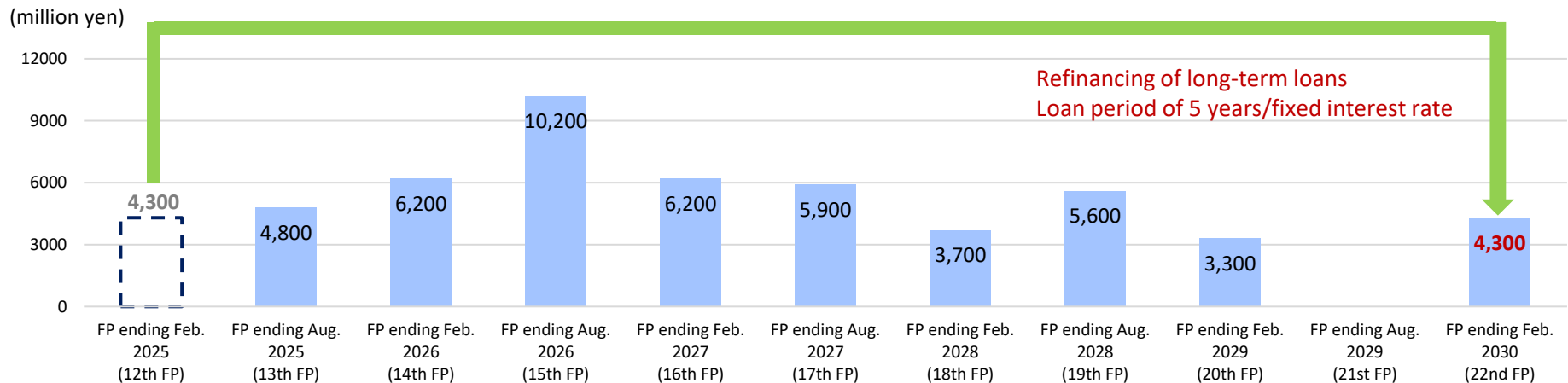
* LTV is total assets LTV as of the end of August 2024 (11th FP).

Assessment Points of Long-Term Issuer Rating (Excerpt/Summary)

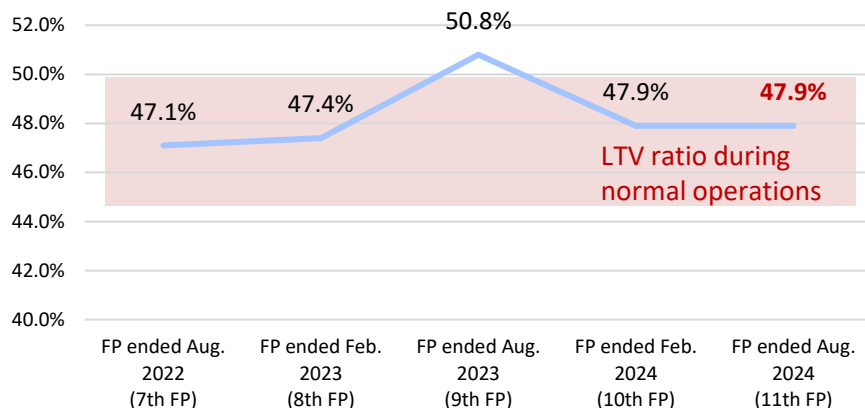
- Rating agency: Japan Credit Rating Agency, Ltd.
- Date of rating: July 23, 2024
- Rating reasons
 - As a result of portfolio rebalancing, the investment ratio for office buildings, which accounted for over 80% since the FP ended Feb.2020, has eased to around 60%, and diversification of uses has progressed
 - The sponsor group is pursuing real estate investment and development in a wide range of fields, incorporating multiple branding strategies. The asset circulation business model that uses these as a pipeline and the utilization of the group’s platform are the strengths of SANKEI REAL ESTATE
 - Noted our efforts to further improve portfolio quality through further external growth and continuous rebalancing

Maturity Ladder for Interest-Bearing Liabilities

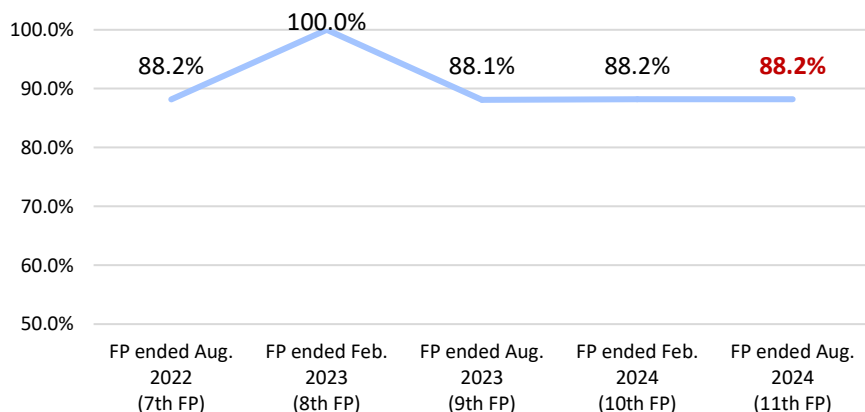
(as of September 12, 2024)



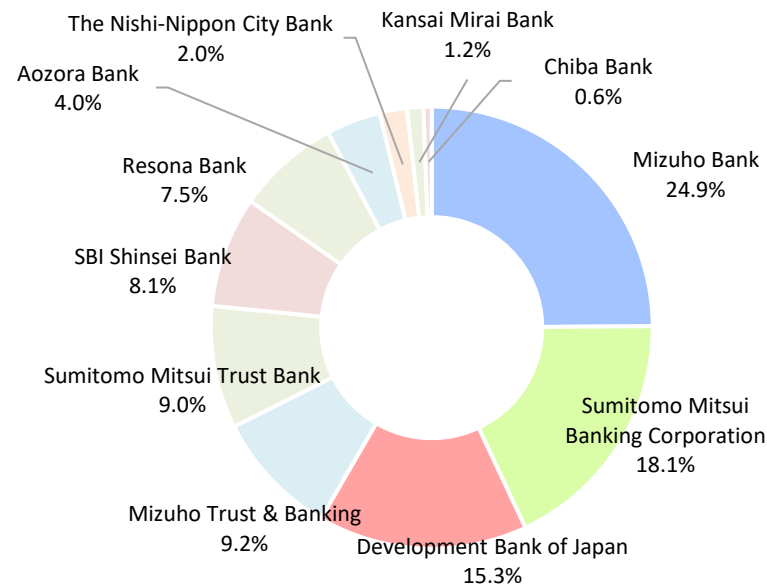
Change in LTV



Change in Ratio of Fixed-rate Debt



Lender Formation (as of September 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

5. ESG Initiatives

ESG Initiatives

■ 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)
- 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>

Toyo Park Building, Omori Park Building, S-GATE AKASAKA, Miyazakidai Garden Office

■ Re-obtained environmental certification

- S-GATE AKASAKA re-obtained DBJ Green Building Certification (April)
- The rating has been raised from the previous “2020★★★★” to “2023★★★★★”



DBJ Green Building
2023

■ GRESB Real Estate Assessment

- Obtained “2 Stars” and “Green Star” in the GRESB Real Estate Assessment conducted in 2024 (October)



G R E S B
★ ★ ☆ ☆ ☆ 2024

■ Introducing RE100 electricity

- Introducing electricity that meets the “RE100” standard, which is recognized as 100% renewable energy electricity (contracts for the properties that will be introducing this electricity were signed in August and September)
- Select properties that are expected to reduce electricity bills compared with the current situation and introduce it when renewing electricity supply contracts

<Implementation schedule (planned)>

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

6. Future Growth Strategies and Earnings Forecast

Future Growth Strategies

Recognition of the external environment

Trading market

- Although some overseas investors are taking a cautious stance, domestic developers and investors appear to be showing a resilient stance
- Although it depends on the asset type, we recognize that transaction yields are moving from a plateau to a downward trend



External growth strategy

- Improve portfolio resilience
 - As a diversified REIT, we aim to create a portfolio that adapts to market conditions and has both **upside potential** and **downside protection** (improving portfolio quality through continuous rebalancing)
 - For the time being, we prefer “**near, new, medium (or high spec)**” office buildings

Rental market

- [Office]
 - Although vacancy rates are falling and asking rents are rising in central Tokyo, leasing is sluggish depending on the location and grade of property, and the trend toward polarization continues
- [Hotel]
 - Due to the weak yen trend and the steady increase in foreign tourists visiting Japan, the ADR and occupancy rate are both favorable, but we expect the increase to be gradual going forward
- [Logistics]
 - Concerns over rising vacancy rates are limited as new supply has peaked out



Internal growth strategy

- [Office]
 - Further improve office building occupancy rates by **strengthening leasing of under-occupied properties**
 - At the time of contract renewal of a tenant, if the current rent is below the market rent, **actively negotiate for an increase in the rent**
- [Hotel]
 - Increase in ADR by further expansion of inbound demand
 - Promote **strategic management measures** in line with the characteristics, etc. of each property for each of the three hotels that use a combination of fixed and floating rents

Financial environment

- Although short- and long-term interest rates are on an upward trend due to the normalization of monetary policy by the Bank of Japan, the current level of interest rates is within the expected range
- We expect further interest rate hikes, but continue to monitor domestic and overseas prices, employment conditions, geopolitical risks, and global events, etc.



Financial management strategy

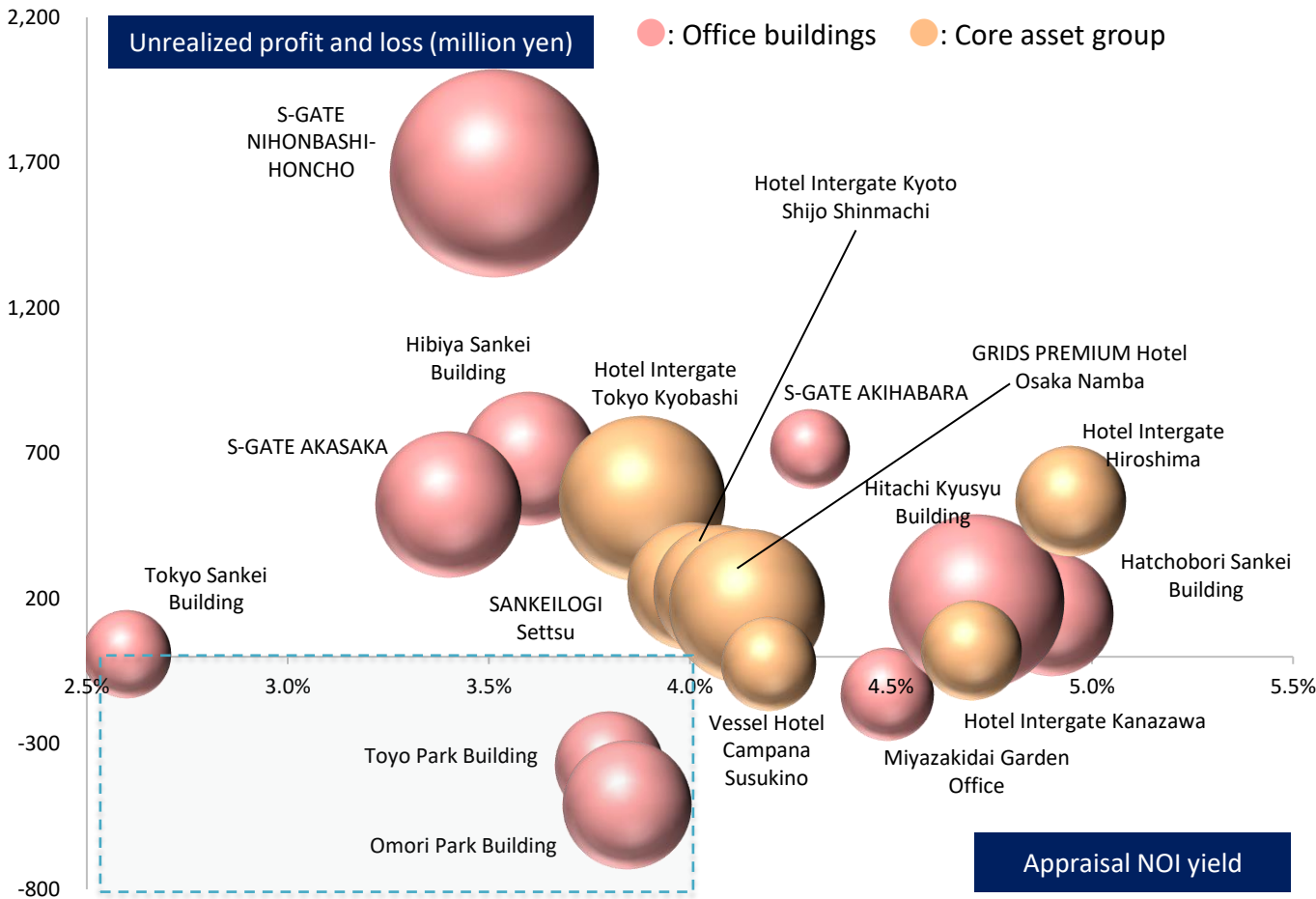
- The assumed base interest rate of results forecast for future refinancing is set based on **the assumption of a certain interest rate increase**
- While the basic policy is to maintain long-term fixed interest rates, we will, without sticking to our old ideas, **take appropriate control of procurement costs in response to changes in the financial environment** (Also consider raising funds at floating interest rates depending on market conditions)
- Control LTV ratio during normal operations within the range of **45–50%** as a guideline

External Growth Strategy

■ Promote strengthening the portfolio in light of **medium-term trends in investment profitability**

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

Sponsor Pipeline (excerpt)



Office buildings




S-GATE OTEMACHI KITA S-GATE AKASAKA SANNO

Core Asset Group

Hotel	Residential facilities
	LEFOND PROGRÈS サンケイビルの高層レジデンス
	LEFOND ETUDE
	Wellness Business Sankei Building Well Care
Logistics facilities	
	
SANKEILOGI Kashiwanoha	SANKEILOGI Atsugi

* Figures are as of the end of the FP ended August 2024 (11th FP). The size of the bubble represents the acquisition price.

Internal Growth Strategy

- We recognize that the market is made up of customers and competition. Doing our best from a **client-focused** perspective

A-8 Office buildings
Omori Park Building



Strengthen leasing (continued from previous period)

- The vacancy inventory in the Higashi-Shinagawa and Konan areas has not been resolved, and this property, which is somewhat inferior in terms of location and facilities, is also being affected. Therefore, we are approaching clients who wish to achieve both rent control and floor area expansion
- The first floor has a ceiling height of 3,000 mm (heavy-duty zone available, water supply and drainage can be brought in), and leasing is ongoing with a view to special uses such as laboratories
- We plan to gradually improve specifications, such as by installing individual air conditioning systems and promoting the use of LED lighting. We are flexibly responding to tenant needs, and business opportunities and inquiries are on the rise

B-4 Hotel
Hotel Intergate Kyoto Shijo Shinmachi

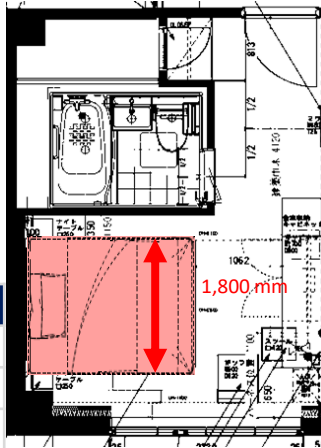
Renovating guest rooms to attract American and European tourists (at operator's expenses)

- The market situation has changed, in which the number of foreign guests staying in Kyoto City has surpassed the number of Japanese tourists. And in particular, the influx from Americas and Europe centering on the U.S. as well as from Australia continues
- In light of this market situation, we will renovate the guest rooms to meet the accommodation needs of tourists from Europe, the U.S. and Australia (installing king-size beds and changing single beds to double beds)
- We will also make all guest rooms non-smoking, which is the standard in Europe, the U.S. and Australia. Combined with the effects of guest room renovations, we aim to further improve ADR and increase the proportion of Western guests staying at this hotel (more than 80% of the total inbound rate)



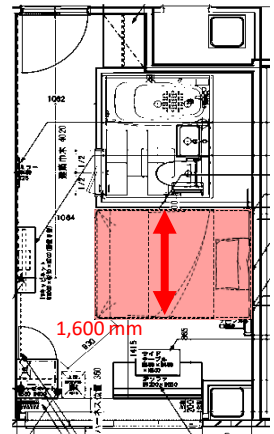
Conceptual image of bed width and night table relocation after renovation

Superior double (king bed)	
Exclusive area	21 m ²
Capacity	1 to 2 people
Bed size before and after change	1,600 mm → 1,800 mm



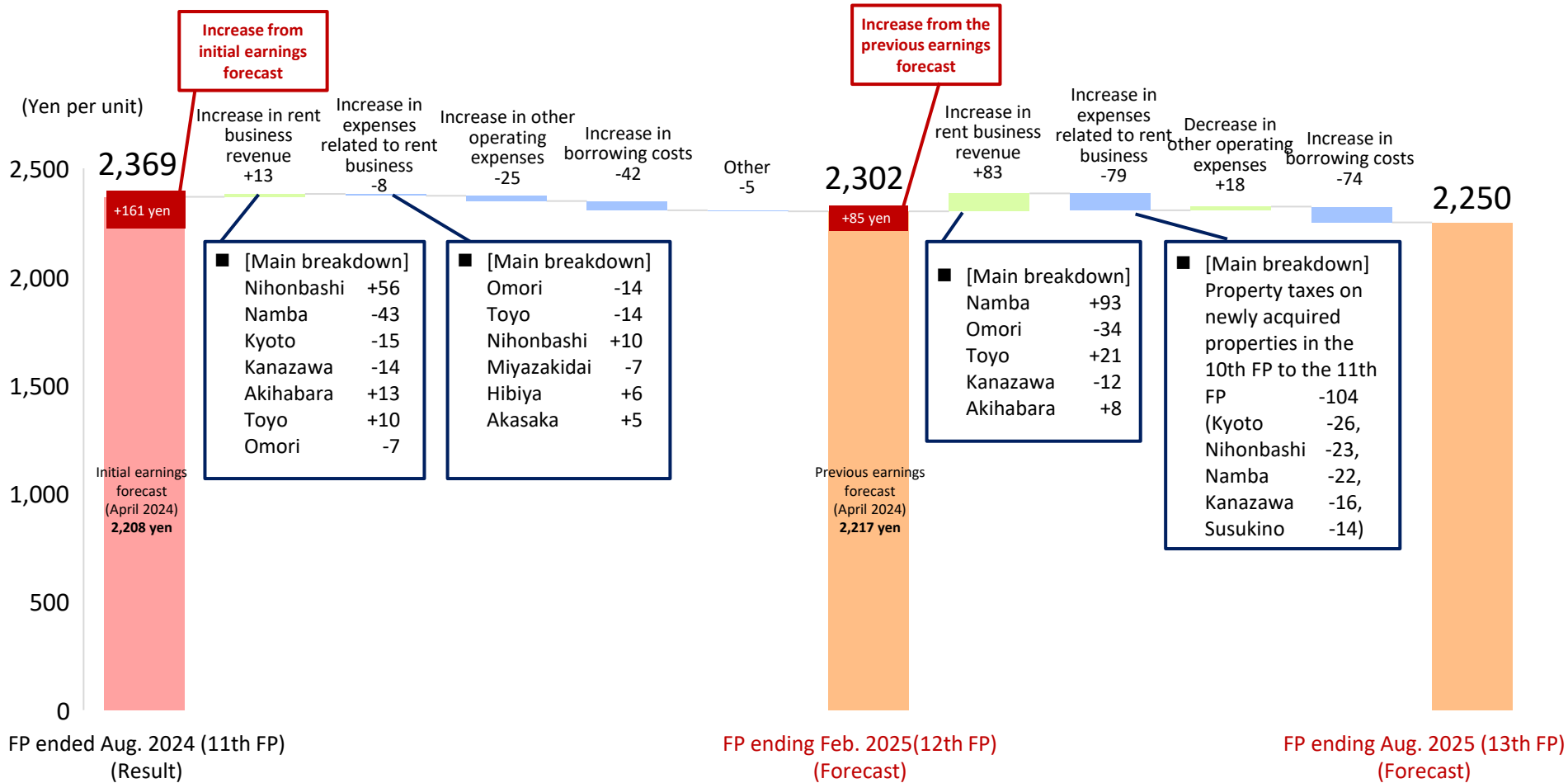
Conceptual image of bed width and night table relocation after renovation

Superior double	
Exclusive area	20 m ²
Capacity	1 to 2 people
Bed size before and after change	1,400 mm → 1,600 mm



Earnings Forecast: (1) Summary of DPU

- DPU for the 12th period **exceeded the previous forecast**, and in the 13th period, although taxes and property taxes (fixed asset tax, etc.) on newly acquired properties will be expensed, they will be **absorbed by positive rental revenue and expenses**. However, borrowing costs are expected to increase



Earnings Forecast: (2) Profit and Loss Comparison

(million yen)	FP ended Aug. 2024 (11th FP) Result (A)	FP ending Feb. 2025 (12th FP) Forecast (B)	Comparison with Previous FP Result (B-A)	FP ending Aug. 2025 (13th FP) Forecast (C)	Comparison with Previous FP Forecast (C-B)
Operating revenue	2,461	2,467	+6	2,506	+38
Total rent business revenue	2,461	2,467	+6	2,506	+38
Rental and CAM revenue	2,343	2,350	+6	2,387	+36
Parking revenue	26	25	-1	24	-0
Utilities reimbursement	82	82	-0	85	+2
Other revenue	8	9	+1	9	-0
Gain on sale of real estate properties	-	-	±0	-	±0
Operating expenses	1,161	1,177	+15	1,205	+28
Total expenses related to rent business	848	852	+3	889	+37
Outsourcing expenses	113	116	+2	113	-2
Utilities expense	98	99	+0	100	+1
Repair expenses	45	44	-1	23	-21
Property taxes	248	246	-1	298	+51
Depreciation	317	321	+4	328	+6
Other expenses	24	24	+0	26	+1
Loss on sale of real estate properties	-	-	±0	-	±0
Operating income (loss) from rent business	1,612	1,615	+2	1,616	+1
Total other operating expenses	312	324	+11	316	-8
Asset management fee	249	246	-2	246	-0
Other expenses	63	77	+14	69	-8
Operating income	1,299	1,290	-9	1,300	+10
Non-operating income	2	-	-2	-	±0
Non-operating expenses	194	214	+19	249	+34
Ordinary income	1,107	1,076	-31	1,051	-24
Net income	1,106	1,075	-31	1,050	-24
Distribution per unit	2,369 yen	2,302 yen	-67 yen	2,250 yen	-52 yen
Rental NOI	1,930	1,936	+6	1,944	+7

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

[Rent business revenue]

- <Rental and CAM revenue>
Nihonbashi (+24), Namba (-19), Kyoto (-7), Kanazawa (-6), Akihabara (+5), Toyo (+4), Hatchobori (+3), Hibiya (+2)
- <Parking revenue>
Omori (-1)
- <Utilities reimbursement>
Omori (-2), Nihonbashi (+1), Hibiya (-1), Akasaka (+1)

[Expenses related to rent business]

- <Outsourcing expenses>
Toyo (+6), Akasaka (-2), Hibiya (-1), Nihonbashi (+1)
- <Utilities expense>
Hatchobori (-1), Nihonbashi (+1)
- <Repair expenses>
Nihonbashi (-9), Omori (+5), Miyazakidai (+2), Namba (-1)
- <Depreciation>
Nihonbashi (+3), Hitachi Kyusyu (-2)

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

[Rent business revenue]

- <Rental and CAM revenue>
Namba (+43), Omori (-14), Toyo (+8), Kanazawa (-5), Hatchobori (+4), Akihabara (+4)
- <Utilities reimbursement>
Toyo (+1), Hibiya (+1), Hatchobori (+1)

[Expenses related to rent business]

- <Outsourcing expenses>
Toyo (-3), Akasaka (+1)
- <Repair expenses>
Omori (-6), Hatchobori (-4), Miyazakidai (-2), Namba (-2),
- <Property taxes>
Newly acquired properties in the 10th FP and 11th FP (+48) (Kyoto (+12), Nihonbashi (+10), Namba (+10), Kanazawa (+7), Susukino (+6))
- <Depreciation>
Omori (+2), Hatchobori (+1), Tokyo Sankei (+1)

7. Appendix

Balance Sheet

(thousand yen)

	FP ended Feb. 2024 (10th FP)	FP ended Aug. 2024 (11th FP)
Assets		
Current assets		
Cash and deposits	15,252,088	5,127,817
Cash and deposits in trust	1,762,519	2,316,513
Operating accounts receivable	953,754	63,517
Prepaid expenses	73,876	91,812
Consumption taxes receivable	-	205,433
Other	5,486	-
Total current assets	18,047,724	7,804,733
Non-current assets		
Property, plant and equipment		
Buildings, net	156,623	162,202
Structures, net	449	435
Tools, furniture and fixtures, net	504	1,217
Land	2,457,766	2,457,766
Buildings in trust, net	18,918,027	21,497,436
Structures in trust, net	103,783	107,476
Machinery and equipment in trust, net	35,496	82,058
Tools, furniture and fixtures in trust, net	17,178	17,794
Land in trust	64,939,537	72,643,724
Total property, plant and equipment	86,629,368	96,970,113
Intangible assets		
Software	7,068	6,133
Total intangible assets	7,068	6,133
Investments and other assets		
Long-term prepaid expenses	102,677	87,116
Deferred tax assets	9	15
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	112,687	97,132
Total non-current assets	86,749,123	97,073,378
Deferred assets		
Investment unit issuance costs	6,025	-
Total deferred assets	6,025	-
Total assets	104,802,873	104,878,112

	FP ended Feb. 2024 (10th FP)	FP ended Aug. 2024 (11th FP)
Liabilities		
Current liabilities		
Operating accounts payable	219,486	187,134
Long-term loans due within one year	7,600,000	9,100,000
Accounts payable - other	492,122	290,943
Accrued expenses	52,901	59,191
Income taxes payable	795	847
Consumption taxes payable	182,108	-
Advances received	326,433	387,368
Deposits received	346	214
Total current liabilities	8,874,193	10,025,699
Non-current liabilities		
Long-term loans	42,600,000	41,100,000
Lease and guarantee deposits received	88,012	88,158
Lease and guarantee deposits received in trust	2,767,538	3,121,902
Total non-current liabilities	45,455,551	44,310,061
Total liabilities	54,329,745	54,335,761
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)	1,037,578	1,106,801
Total surplus	1,037,578	1,106,801
Total unitholders' equity	50,473,128	50,542,350
Total net assets	50,473,128	50,542,350
Total liabilities and net assets	104,802,873	104,878,112

Statement of Income and Retained Earnings

(thousand yen)

	FP ended Feb. 2024 (10th FP)	FP ended Aug. 2024 (11th FP)
Operating revenue		
Rent business revenue	2,214,154	2,343,666
Other rent business revenue	147,053	117,736
Gain on sale of real estate properties	5,417,202	-
Total operating revenue	7,778,411	2,461,403
Operating expenses		
Expenses related to rent business	1,141,048	848,642
Loss on sale of real estate properties	5,060,134	-
Asset management fee	244,680	249,422
Asset custody fee	2,198	2,065
Administrative service fees	7,975	9,030
Remuneration for directors (and other officers)	3,600	3,600
Other operating expenses	88,867	48,670
Total operating expenses	6,548,504	1,161,430
Operating income	1,229,906	1,299,972
Non-operating income		
Interest income	42	539
Reversal of distributions payable	545	351
Insurance claim income	462	1,145
Interest on refund	427	94
Other	9	0
Total non-operating income	1,487	2,129
Non-operating expenses		
Interest expenses	142,563	143,895
Borrowing related expenses	41,557	43,841
Amortization of investment unit issuance expenses	6,024	6,025
Other	3,168	767
Total non-operating expenses	193,314	194,529
Ordinary income	1,038,079	1,107,573
Net income before income taxes	1,038,079	1,107,573
Income taxes - current	801	930
Income taxes - deferred	7	-6
Total income taxes	809	923
Net income	1,037,269	1,106,649
Retained earnings brought forward	309	151
Unappropriated retained earnings (undisposed loss)	1,037,578	1,106,801

Statement of Cash Flows

(thousand yen)

	FP ended Feb. 2024 (10th FP)	FP ended Aug. 2024 (11th FP)
Cash flows from operating activities		
Net income before income taxes	1,038,079	1,107,573
Depreciation	317,312	318,500
Amortization of investment unit issuance expenses	6,024	6,025
Interest income	-42	-539
Interest expenses	142,563	143,895
Decrease (increase) in operating accounts receivable	-891,108	890,606
Decrease (increase) in consumption taxes refund receivable	166,963	-205,433
Decrease (increase) in prepaid expenses	4,989	-17,936
Increase (decrease) in operating accounts payable	-33,749	-4,713
Increase (decrease) in accounts payable - other	12,737	-15,862
Increase (decrease) in consumption taxes payable	182,108	-182,108
Increase (decrease) in advances received	-71,177	60,935
Increase (decrease) in deposits received	-9,837	-131
Decrease (increase) in long-term prepaid expenses	-8,351	15,561
Decrease due to the sale of property, plant and equipment in trust	33,678,715	-
Decrease (increase) in other assets	-5,404	5,486
Subtotal	34,529,823	2,121,858
Interest received	42	539
Interest paid	-146,635	-137,605
Income taxes paid	-963	-877
Net cash provided by (used in) operating activities	34,382,266	1,983,913

	FP ended Feb. 2024 (10th FP)	FP ended Aug. 2024 (11th FP)
Cash flows from investing activities		
Purchase of property, plant and equipment	-249	-9,886
Purchase of property, plant and equipment in trust	-16,936,372	-10,860,803
Proceeds from lease and guarantee deposits received	1,301	161
Refund of lease and guarantee deposits received	-3,730	-638
Proceeds from lease and guarantee deposits received in trust	549,773	397,982
Refund of lease and guarantee deposits received in trust	-1,385,355	-43,618
Net cash provided by (used in) investing activities	-17,774,632	-10,516,802
Cash flows from financing activities		
Repayments of short-term loans	-6,800,000	-
Proceeds from long-term loans	5,900,000	3,300,000
Repayments of long-term loans	-5,900,000	-3,300,000
Distributions paid	-1,130,575	-1,037,388
Net cash provided by (used in) financing activities	-7,930,575	-1,037,388
Net increase (decrease) in cash and cash equivalents	8,677,058	-9,570,277
Cash and cash equivalents at beginning of period	8,337,549	17,014,608
Cash and cash equivalents at end of period	17,014,608	7,444,330

Statement of Income from Rent Business 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	61,297	295,528	59,537	202,490	179,710	87,502	95,494		89,852	
Rental revenue	53,592	277,983	55,515	186,115	152,433	70,164	82,629		73,215	
Common area maintenance revenue	2,021	-	-	2,124	9,320	5,937	-		3,587	
Utilities reimbursement	4,218	12,133	3,584	11,448	13,532	8,373	7,483		10,196	
Parking revenue	868	5,140	384	1,662	2,900	2,790	4,800		1,542	
Other rental revenue	597	269	53	1,140	1,524	237	582		1,311	
Expenses related to rent business	36,705	88,111	26,514	106,025	69,268	37,374	73,584		34,039	
Outsourcing expenses	6,213	16,126	7,565	18,090	17,448	8,690	13,227	(Not disclosed)	6,320	(Not disclosed)
Utilities expense	4,586	12,603	3,753	12,306	16,396	8,056	21,605		9,792	
Property taxes	13,148	11,567	5,137	56,628	11,809	8,277	17,540		7,078	
Land rent	683	-	-	-	-	-	-		-	
Repair expenses	3,450	11,297	1,502	10,727	4,177	1,804	5,234		906	
Insurance premium	105	495	118	351	512	264	501		226	
Trust fee	-	1,334	400	250	250	350	350		350	
Depreciation	4,040	34,108	7,718	7,432	18,228	9,213	14,480		8,566	
Other expenses related to rent business	4,477	578	318	238	444	718	643		797	
Operating income (loss) from rent business	24,592	207,416	33,023	96,464	110,441	50,128	21,910		55,813	
NOI	28,632	241,525	40,741	103,897	128,670	59,341	36,391		64,380	

Statement of Income from Rent Business 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	SANKEILOGITsu	Hotel IntergateKyoto Shijo Shinmachi	Hotel Intergate Kanazawa	GRIDS PREMIUM Hotel Osaka Namba	Vessel Hotel Campana Susukino	
Rent business revenue	206,955	118,800	118,918	152,621	86,930	216,669		2,461,403
Rental revenue	206,955	118,800	118,531	152,621	86,930	212,798		2,320,676
Common area maintenance revenue	-	-	-	-	-	-		22,990
Utilities reimbursement	-	-	-	-	-	-		82,449
Parking revenue	-	-	-	-	-	3,871		26,658
Other rental revenue	-	-	387	-	-	-		8,578
Expenses related to rent business	55,762	43,867	34,401	24,807	26,947	40,618		848,642
Outsourcing expenses	1,200	1,200	900	900	900	975	(Not disclosed)	113,640
Utilities expense	-	-	-	-	-	-		98,785
Property taxes	27,038	16,287	12,731	-	-	192		248,798
Land rent	-	-	-	-	-	-		683
Repair expenses	-	-	-	-	-	5,054		45,638
Insurance premium	467	509	368	373	296	339		6,819
Trust fee	250	250	350	351	351	351		6,923
Depreciation	26,770	25,572	20,006	23,139	25,357	33,512		317,565
Other expenses related to rent business	36	48	45	43	43	193		9,786
Operating income (loss) from rent business	151,192	74,932	84,516	127,813	59,983	176,050		1,612,761
NOI	177,963	100,505	104,523	150,953	85,340	209,563		1,930,327

Key Performance Indicators (KPIs)

	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)	FP ended Aug. 2024 (11th FP)
NOI yield (against book value)	4.4%	4.5%	4.3%	4.6%	3.8%	3.5%	3.5%	4.0%
NOI yield (against appraisal value)	4.0%	4.1%	4.0%	4.3%	3.5%	3.3%	3.4%	3.8%
NOI yield after depreciation (against book value)	3.8%	3.8%	3.7%	4.0%	3.2%	2.9%	2.8%	3.3%
NOI yield after depreciation (against appraisal value)	3.4%	3.5%	3.4%	3.7%	3.0%	2.7%	2.7%	3.2%
Implied cap rate (before depreciation)	4.3%	4.0%	4.4%	5.0%	4.3%	3.7%	4.1%	4.6%
Implied cap rate (after depreciation)	3.7%	3.5%	3.7%	4.3%	3.6%	3.1%	3.2%	3.8%
FFO (million yen)	1,243	1,242	1,698	1,785	1,372	1,286	995	1,425
AFFO (million yen)	1,201	1,185	1,624	1,701	1,160	1,066	883	1,343
FFO per unit	3,485 yen	3,482 yen	3,635 yen	3,821 yen	2,938 yen	2,753 yen	2,131 yen	3,051 yen
EPS	2,849 yen	2,841 yen	2,978 yen	3,158 yen	2,304 yen	2,418 yen	2,220 yen	2,369 yen
Distribution per unit	2,849 yen	2,862 yen	2,979 yen	3,158 yen	2,305 yen	2,418 yen	2,221 yen	2,369 yen
Distribution yield	5.2%	4.4%	5.5%	6.5%	5.3%	5.2%	5.2%	5.8%
Investment unit price at end of period	110,200 yen	129,600 yen	108,200 yen	97,200 yen	86,400 yen	93,300 yen	84,800 yen	82,300 yen
Net assets per unit (after deducting distribution)	102,413 yen	102,393 yen	105,835 yen	105,836 yen	105,836 yen	105,836 yen	105,836 yen	105,836 yen
Unrealized gains per unit	19,227 yen	20,114 yen	17,433 yen	16,257 yen	14,927 yen	10,450 yen	7,816 yen	9,890 yen
NAV per unit (after deducting distribution)	121,641 yen	122,507 yen	123,268 yen	122,093 yen	120,762 yen	116,286 yen	113,651 yen	115,726 yen
NAV multiple	0.9x	1.0x	0.9x	0.8x	0.7x	0.8x	0.7x	0.7x
FFO multiple	15.8x	18.6x	14.9x	12.7x	14.7x	16.9x	19.9x	13.5x
Payout ratio (FFO)	81.7%	82.2%	81.9%	82.6%	78.4%	87.8%	104.2%	77.6%
Payout ratio (AFFO)	84.6%	86.1%	85.7%	86.7%	92.8%	105.9%	117.4%	82.4%
PER	19.3x	22.8x	18.2x	15.4x	18.8x	19.3x	19.1x	17.4x
PBR	1.1x	1.2x	1.0x	0.9x	0.8x	0.9x	0.8x	0.8x
ROE	5.4%	5.4%	5.5%	5.8%	4.3%	4.5%	4.1%	4.4%

MEMO

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 interest) 	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)	2,630	15,800	2,720	6,770	5,120	3,490	4,950	7,540	2,710
Appraisal NOI yield	2.6%	3.5%	4.3%	3.6%	4.9%	3.8%	3.8%	3.4%	4.5%
Occupancy rate	100.0%	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%

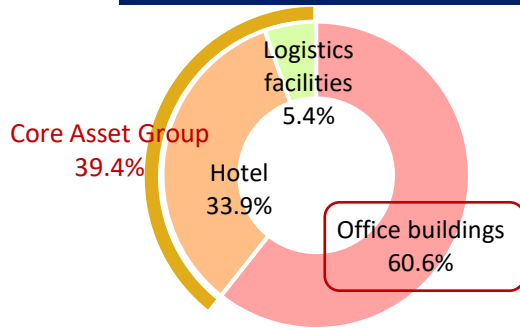
* Figures are as of the end of the FP ended August 2024 (11th FP) (hereinafter the same shall apply). Acquisition year/month is initial acquisition year/month.

Portfolio List (2)

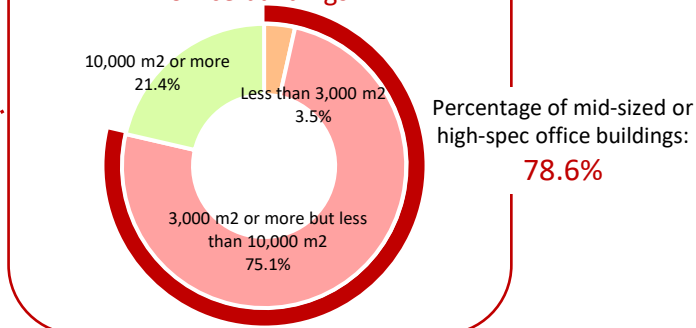
Property number	A-12	B-1	B-2	B-3	B-4	B-5	B-6	B-7	Total/Average	
Asset type	Office buildings	Hotel		Logistics facilities	Hotel					
Property name	Hitachi Kyusyu Building 	Hotel Intergate Tokyo Kyobashi 	Hotel Intergate Hiroshima 	SANKEILOGI Settsu 	Hotel Intergate Kyoto Shijo Shinmachi 	Hotel Intergate 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	9,360	4,330	5,510	6,090	3,300	8,040	2,930		101,590
Appraisal NOI yield	4.7%	3.9%	4.9%	4.0%	4.1%	4.7%	4.1%	4.2%		4.0%
Occupancy rate	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		96.6%
PML value	2.5%	1.8%	2.1%	6.9%	10.5%	3.5%	7.2%	0.9%	-	

Portfolio Summary

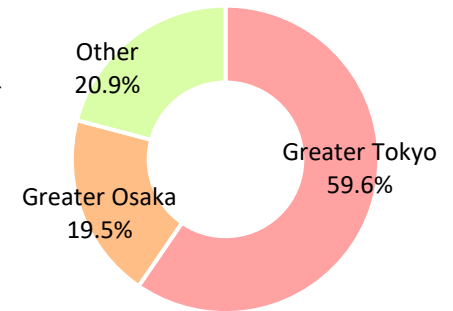
Investment Ratio by Asset Type



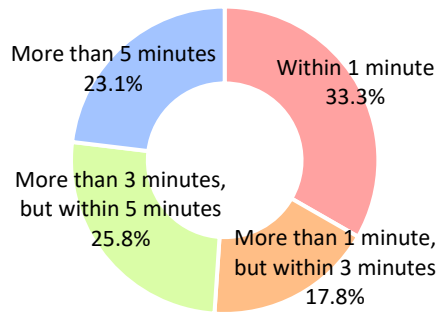
Percentage by total floor area of office buildings



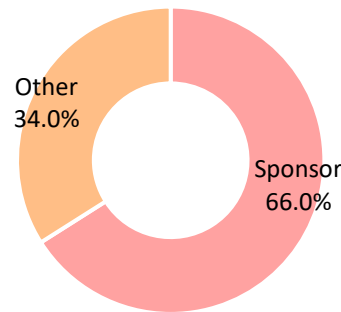
Investment Ratio by Geographic Area



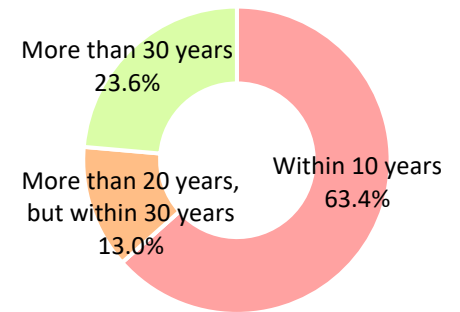
Percentage by Walking Time to the Nearest Station



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
Office buildings		58.4 billion yen	60.6%	10	93.9%	3.9%	23.4 years
Core Asset Group	Hotel	32.7 billion yen	33.9%	6	100.0%	4.2%	5.6 years
	Logistics facilities	5.2 billion yen	5.4%	1	100.0%	4.0%	1.9 years
	Total/Average	96.4 billion yen	100.0%	17	96.6%	4.0%	16.2 years

* Figures are as of the end of the FP ended August 2024 (11th 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)

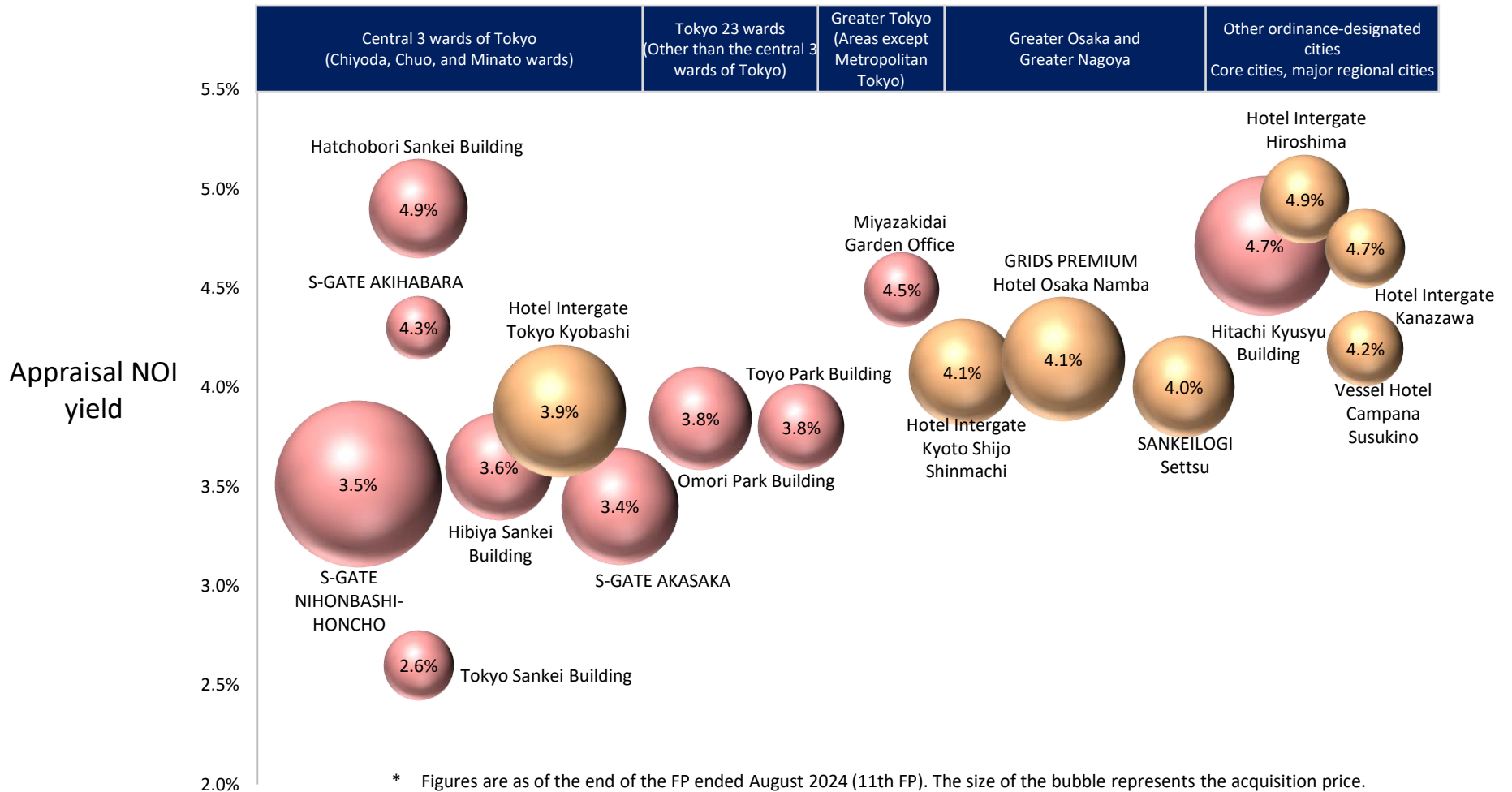
Property number	Property name	Acquisition price	End of FP ended Feb. 2024 (10th FP)		End of FP ended Aug. 2024 (11th FP)				Difference with previous FP	
			Appraisal value	Direct distribution yield	Appraisal value	Book value	Unrealized gain/loss	Direct distribution yield	Appraisal value	Direct distribution yield
A-1	Tokyo Sankei Building	2,509	2,560	2.3%	2,630	2,621	+8	2.3%	+70	±0
A-3	S-GATE NIHONBASHI-HONCHO	14,148	7,790	3.2%	15,800	14,138	+1,661	3.1%	+268	-0.1
A-4	S-GATE AKIHABARA	2,055	2,720	3.2%	2,720	2,006	+713	3.2%	±0	±0
A-5	Hibiya Sankei Building	5,829	6,740	2.8%	6,770	6,089	+680	2.8%	+30	±0
A-6	Hatchobori Sankei Building	4,959	5,150	4.1%	5,120	4,974	+145	4.1%	-30	±0
A-7	Toyo Park Building	3,782	3,490	3.6%	3,490	3,865	-375	3.6%	±0	±0
A-9	Omori Park Building	5,400	5,260	3.7%	4,950	5,461	-511	3.7%	-310	±0
A-10	S-GATE AKASAKA	7,000	7,400	3.1%	7,540	7,017	+522	3.1%	+140	±0
A-11	Miyazakidai Garden Office	2,800	2,710	4.5%	2,710	2,839	-129	4.5%	±0	±0
A-12	Hitachi Kyusyu Building	10,000	10,300	4.2%	10,300	10,112	+187	4.2%	±0	±0
Subtotal		58,484	54,120	-	62,030	59,125	+2,904	-	+168	-
B-1	Hotel Intergate Tokyo Kyobashi	8,961	9,360	3.6%	9,360	8,817	+542	3.6%	±0	±0
B-2	Hotel Intergate Hiroshima	3,990	4,200	4.5%	4,330	3,795	+534	4.3%	+130	-0.2
B-3	SANKEILOGI Settsu	5,242	5,550	3.7%	5,510	5,267	+242	3.7%	-40	±0
B-4	Hotel Intergate Kyoto Shijo Shinmachi	5,800	5,890	3.9%	6,090	5,865	+224	3.8%	+200	-0.1
B-5	Hotel Intergate Kanazawa	3,250	3,290	4.6%	3,300	3,277	+22	4.5%	+10	-0.1
B-6	GRIDS PREMIUM Hotel Osaka Namba	7,800	7,870	3.9%	8,040	7,866	+173	3.8%	+210	-0.1
B-7	Vessel Hotel Campana Susukino	2,920	-	-	2,930	2,955	-25	4.2%	-	-
Subtotal		37,963	36,160	-	39,560	37,844	+1,715	-	+510	-
Total		96,447	90,280	-	101,590	96,970	+4,619	-	+678	-

* The above acquisition prices are as of the end of FP ended August 2024 (11th FP). Since S-GATE NIHONBASHI-HONCHO was additionally acquired on April 1, 2024, the appraisal value in the “difference from previous period” is calculated based only on the 51% co-ownership interest before the additional acquisition.

Appraisal NOI yield (vertical axis) × Area (horizontal axis)

Area

● : Office buildings ● : Core asset group



* Figures are as of the end of the FP ended August 2024 (11th FP). The size of the bubble represents the acquisition price.

Status of Tenants

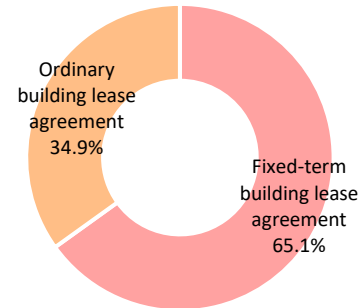
Top 10 tenants (as of End of FP Ended Aug. 2024 (11th FP))

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.	14,748.33	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

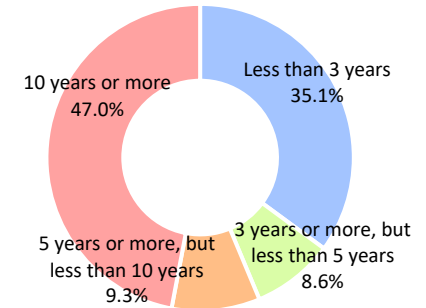
* The information is "Not disclosed" due to unavoidable circumstances in that such contains information for which consent for disclosure has not been obtained from the tenant, relevant party, etc. or information from which confidential information can be derived.

Status of Lease Agreements (as of End of FP Ended Aug. 2024 (11th FP))

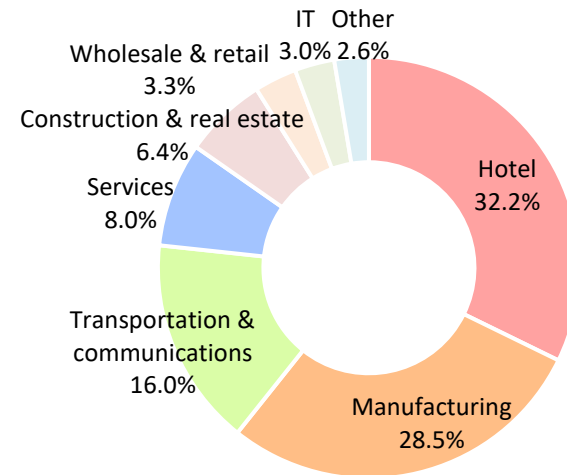
Percentage by Contract Form



Percentage by Lease Period



Tenant attributes (as of End of FP Ended Aug. 2024 (11th FP))



Category	Loan amount (million yen)	Interest rate	Fixed/Variable	Borrowing period	Borrowing date	Maturity date	Repayment method	Description
Long-term loans	4,800	0.36978%	Fixed	4.0 years	Mar. 12, 2021	Mar. 12, 2025	Lump-sum repayment at maturity	Unsecured/ Non- guaranteed
	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	0.56249%	Floating	2.6 years	Sep. 4, 2023	Apr. 1, 2026		
	3,300	1.10593%	Fixed	4.5 years	Mar. 12, 2024	Sep. 12, 2028		
	4,300	1.26125%	Fixed	5.0 years	Sep. 12, 2024	Sep. 12, 2029		
Total/Average	50,200	0.66998%	-	4.4 years	-	-		

* The figures are as of September 12, 2024.

ESG Initiatives (1)

External Evaluation and Global Initiatives

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.

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

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 (greenhouse gas) emissions 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

- Conducting a tenant satisfaction survey (annual)
- Contribution to local communities (introduction of electric micro-mobility sharing service)



- Status of professional qualifications (as of the end of March 2024)

Qualification name	No. of qualified persons (acquisition rate)
Real estate agent	14 (63.6%)
Real estate securitization master	11 (50.0%)
Building management consultant	5 (22.7%)
Real estate appraiser	1 (4.5%)
Real estate consulting master	2 (9.1%)

- Improvement of work environment and promotion of work-life balance

- Training implementation status (as of the end of March 2024)

Field of training	No. of training sessions
Compliance training	30 times

Governance

- Management Fee Structure

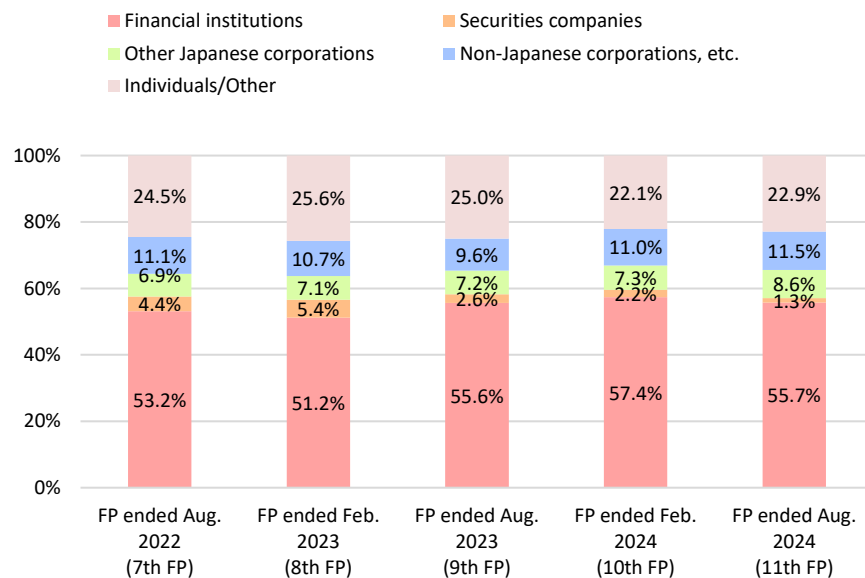
Asset Management Fee I	Total assets × 0.5% (maximum)
Asset Management Fee II	Real estate rental business profits × 5.0% (maximum)
Acquisition Fee	Acquisition price × 1.0% (maximum)
Disposition Fee*	Disposition price × 1.0% (maximum)
Merger Fee	Appraisal value of succeeded assets × 1.0% (maximum)

* Partial amendments to the Articles of Incorporation are scheduled to be proposed at the 4th General Meeting of Unitholders to be held on November 26, 2024, so that the disposition fee will be paid only when a transfer gain occurs, with the aim of enhancing the linkage between unitholders' interests. For details, please refer to "Notice Concerning Partial Amendments to the Articles of Incorporation and Appointment of Directors" announced on October 16, 2024.

- 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)
- **Intensify same-boat investment** by the Sponsor (up to 220 business days from March 6, 2024)
- Status of support for employees (as of the end of March 2024)

Category	Status of efforts
Support for external qualification training	8 cases
Assistance for training	16 cases
Per capita paid leave acquisition rate	33.9%
Number of learning sessions (in-house study sessions)	5 cases

Breakdown of Investment Units by Unitholder Type



Number of Unitholders by Unitholder Type (as of End of FP Ended Aug. 2024 (11th FP))

Unitholder Type	Number of unitholders	Share of units owned	Number of units	Share of units owned
Financial institutions	43	0.3%	260,136 units	55.7%
Securities companies	23	0.2%	6,273 units	1.3%
Other Japanese corporations	223	1.7%	40,030 units	8.6%
Non-Japanese corporations, etc.	178	1.4%	53,800 units	11.5%
Individuals/Other	12,624	96.4%	106,860 units	22.9%
Total	13,091	100.0%	467,099 units	100.0%

Major Unitholders (as of End of FP Ended Aug. 2024 (11th FP))

Name of unitholder	Number of units owned (units)	Share of units owned (%)
Custody Bank of Japan, Ltd. (Trust Account)	97,604	20.89
The Master Trust Bank of Japan, Ltd. (Trust Account)	90,080	19.28
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	25,593	5.47
The Sankei Building Co., Ltd.	23,179	4.96
JP MORGAN CHASE BANK 385771	6,124	1.31
The Bank of Yokohama, Ltd.	5,691	1.21
UEDA YAGI TANSHI Co., Ltd.	4,570	0.97
The Hyakujushi Bank, Ltd.	3,500	0.74
JP MORGAN CHASE BANK 380755	3,378	0.72
Custody Bank of Japan, Ltd. (Trust Account 4)	3,369	0.72
Total	263,088	56.32

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

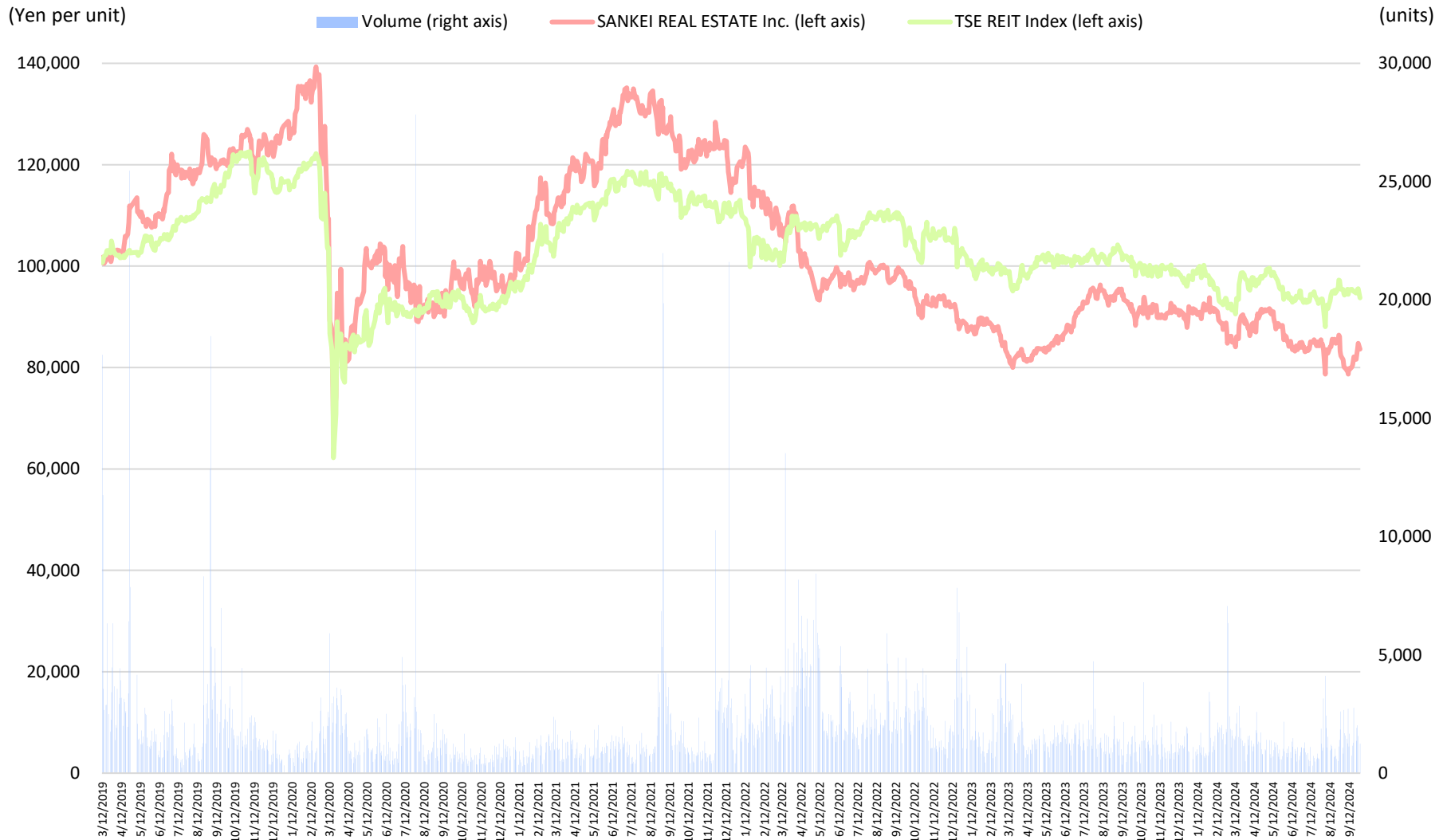
Profile of the Asset Management Company

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 September 30, 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.

[Page 5]

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).

[Page 10]

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.

[Page 12]

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 13]

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 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 (including typical floorplate and CAM) as of September 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 September 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.

[Page 14]

1. "Scheduled Renewal with Contract Revision/Renewal and Progress" applies to lease agreements concluded as of October 1, 2024, stating the area subject to renewal with rent revision/renewal in the fiscal period ending February 2025 (12th FP) and the fiscal period ending August 2025 (13th FP).
2. "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.
3. "Progress rate" is the value calculated by dividing the total leased area for lease contracts that have been concluded as of October 1, 2024, and whose revision/renewal has been completed by the contract revision/renewal (planned) area for each contract revision/renewal period.

[Page 19]

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.

[Page 35]

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 profit / 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 37 and 38]

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 (PML = probable maximum loss / replacement cost $\times 100$).

[Page 39]

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 41]

1. “Portfolio matrix” is the balance and distribution of areas and yield, etc. in the overall assets acquired by SANKEI REAL ESTATE.
2. “Greater Tokyo” refers to Tokyo, Kanagawa, Saitama, and Chiba prefectures.
3. Greater Osaka refers to Osaka, Hyogo and Kyoto prefectures, and is limited to ordinance-designated cities, core cities, and major regional cities.
4. Greater Nagoya refers to Aichi, Gifu and Mie, and is limited to ordinance-designated cities, core cities and major regional cities.
5. “Core cities” refers to cities with a population of 200,000 or more (excluding Greater Tokyo, Osaka City and Nagoya City, and other cities designated by government ordinance).
6. “Major regional cities” refers to cities that are municipalities with population of less than 200,000 and the Asset Management Company has deemed certain demand can be found for specific asset types.

[Page 42]

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 attribute” is the percentage of assets held classified by tenant business type based on leased area.

