

(REIT) Financial Report for the Fiscal Period Ended August 2025

October 16, 2025

REIT Securities Issuer: SANKEI REAL ESTATE Inc.

TSE Code: 2972

Representative: Yuichi Ota, Executive Director

Listing: Tokyo Stock Exchange

URL: <https://www.s-reit.co.jp/en/>

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Scheduled date of submission of semiannual securities report: November 27, 2025

Scheduled date of commencement of distribution payment: November 25, 2025

Preparation of supplementary financial results briefing materials: Yes

Holding of financial results briefing session: None (video of financial results presentation to be distributed)

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for the Fiscal Period Ended August 2025 (March 1, 2025, to August 31, 2025)

(1) Management Status

(% figures are the rate of period-on-period increase (decrease))

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal period ended Aug. 2025	2,611	3.8	1,347	(0.4)	1,103	(3.6)	1,102	(3.6)
Fiscal period ended Feb. 2025	2,516	2.2	1,352	4.0	1,145	3.4	1,144	3.4

	Net income per unit	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Fiscal period ended Aug. 2025	2,361	2.2	1.1	42.3
Fiscal period ended Feb. 2025	2,450	2.3	1.1	45.5

(Note) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units (fiscal period ended February 2025: 467,099 units; fiscal period ended August 2025: 467,099 units).

(2) Distribution

	Distribution per unit (excluding distribution in excess of earnings)	Total distribution (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	Total distribution in excess of earnings	Payout ratio	Ratio of distribution to net assets
	yen	million yen	yen	million yen	%	%
Fiscal period ended Aug. 2025	2,361	1,102	-	-	100.0	2.2
Fiscal period ended Feb. 2025	2,451	1,144	-	-	100.0	2.3

(3) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Fiscal period ended Aug. 2025	104,898	50,538	48.2	108,196
Fiscal period ended Feb. 2025	105,093	50,580	48.1	108,286

(4) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal period ended Aug. 2025	4,015	(216)	(1,144)	10,784
Fiscal period ended Feb. 2025	1,819	(26)	(1,106)	8,130

2. Operating Forecasts for the Fiscal Period Ending February 2026 (September 1, 2025 to February 28, 2026) and Operating Forecasts for the Fiscal Period Ending August 2026 (from March 1, 2026 to August 31, 2026)

(% figures are the rate of period-on-period increase (decrease))

	Operating revenue		Operating income		Ordinary income		Net income		Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
Fiscal period ending Feb. 2026	2,893	10.8	1,573	16.7	1,295	17.3	1,295	17.4	2,773	-
Fiscal period ending Aug. 2026	3,707	28.1	1,386	(11.9)	1,051	(18.8)	1,050	(18.9)	2,249	-

(Reference) Forecast net income per unit (Forecast net income / Forecast total number of investment units issued and outstanding at end of period)

(Fiscal period ending February 2026) 2,772 yen (Fiscal period ending August 2026) 2,249 yen

(Note) Distribution per unit (excluding distribution in excess of earnings) is calculated based on the total number of investment units issued and outstanding as of the date of this document of 467,099 units.

* Other

(1) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

- Changes in accounting policies accompanying amendments to accounting standards, etc.: None
- Changes in accounting policies other than i. : None
- Changes in accounting estimates : None
- Retrospective restatements : None

(2) Total number of investment units issued and outstanding

i. Total number of investment units issued and outstanding (including treasury investment units) at end of period	Fiscal period ended Aug. 2025	467,099 units	Fiscal period ended Feb. 2025	467,099 units
ii. Number of treasury investment units at end of period	Fiscal period ended Aug. 2025	0 units	Fiscal period ended Feb. 2025	0 units

(Note) For the number of investment units serving as the basis for calculation of net income per unit, please refer to "Notes on Per Unit Information" on page 23.

* Financial reports are exempt from audits by certified public accountants or audit corporations.

* Special remarks

The operating forecasts and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by SANKEI REAL ESTATE. Accordingly, the actual results of operations, etc. may differ materially due to various factors. In addition, the forecasts are not a guarantee of the amount of distribution. For assumptions underlying the operating forecasts and notes when using the operating forecasts, please refer to "Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending February 2026 (September 1, 2025 to February 28, 2026) and the Fiscal Period Ending August 2026 (March 1, 2026 to August 31, 2026)" on page 7.

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1. Management Status

(1) Management Status

(Overview of the Fiscal Period under Review)

i. Brief History of the Investment Corporation

SANKEI REAL ESTATE was incorporated under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter, the “Investment Trusts Act”) with Sankei Building Asset Management Co., Ltd. (hereinafter, the “Asset Management Company”) as the organizer, The Sankei Building Co., Ltd. (hereinafter, “SANKEI BUILDING” or “Sponsor”) as the sponsor, and investments in capital of 100 million yen (1,000 units) on November 19, 2018, and completed the registration with the Kanto Local Finance Bureau pursuant to Article 187 of the Investment Trusts Act on December 17, 2018 (Registration No. 140 with the Director-General of the Kanto Local Finance Bureau). Later, SANKEI REAL ESTATE was listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. on March 12, 2019 (TSE code: 2972).

In October 2023, SANKEI REAL ESTATE converted from an office-building-oriented REIT to a comprehensive REIT due to partial amendments in its management guidelines of the Asset Management Company.

As of the last day of the fiscal period under review (August 31, 2025), the total number of investment units issued and outstanding was 467,099 units and unitholders’ capital (net) was 49,435 million yen.

ii. Management Environment

In the fiscal period under review (fiscal period ended August 31, 2025), the Japanese economy has maintained a gradual recovery trend, despite some impacts from U.S. trade policies and others. Although there has been a delay in improving consumer sentiment, consumer spending is showing signs of recovery amid continued improvements in the employment and income environment. In the stock market, the world experienced a simultaneous decline in stock prices due to the imposition of reciprocal tariffs by the United States in April and the corresponding retaliatory tariffs. However, the Nikkei Stock Average rose to a record high in mid-August due to a decline in uncertainty about the future as a result of progress in tariff negotiations regarding burden-reduction measures and growing expectations of an interest rate cut in the United States. In addition, the TSE REIT Index continued its upward trend on the back of a lull in the rise of long-term interest rates and expectations of increases in office rents and other factors. Nevertheless, we must continue to pay close attention to the growing uncertainty surrounding Japan’s national politics and the economic impact of various U.S. policies.

In this economic environment, as for the office building market in which SANKEI REAL ESTATE primarily invests, the return to offices following the economic recovery from the COVID-19 pandemic has come to an end, and demand is strong for securing more human resources, particularly in some regions. In the Tokyo office building market, where many assets under management of SANKEI REAL ESTATE are located, both vacancy rates and rent levels are showing signs of recovery, although there are differences between individual regions. However, depending on the location and grade of the property, there are cases where the market has not yet reached a full-fledged recovery, such as prolonged vacancy periods.

Among the core asset groups (Note), SANKEI REAL ESTATE is currently investing in the hotel and logistics markets. As for the hotel market, it performed strongly, with the number of foreign visitors to Japan reaching a record high for a single month in April, exceeding 3.9 million for the first time in a single month, according to the Japan National Tourism Organization’s statistics on foreign visitors to Japan (estimated figures). In the logistics market, demand is increasing for high-spec properties with advantageous locations in terms of improving transport efficiency and securing labor, but vacancy rates remain high in properties on the outskirts of Greater Tokyo, where there is an oversupply.

(Note) “Core asset group” refers to hotels, logistics facilities, and residential facilities (housing, student residences, health care facilities, and other asset types with residential functions).

iii. Management Performance

In light of the fact that the investment yield is relatively low compared with the portfolio average and that capital expenditures are on an upward trend, which could lead to a gradual decline in profitability, SANKEI REAL ESTATE sold the Tokyo Sankei Building (2% co-ownership interest) in August 2025 and recorded a gain on the sale of real estate of 44 million yen. As a result, the portfolio of SANKEI REAL ESTATE as of the end of the current fiscal period consisted of 16 properties with an asset size (total acquisition price (Note 1)) of 93,938 million yen.

Additionally, a portion of the proceeds from the sale was applied to repay loans on September 2, 2025. The remaining amount is planned to be utilized as a source of funds for future allocations.

As of the end of the current fiscal period, the management performance (16 properties held) had an occupancy rate (Note 2) of 97.0%, and operating revenue increased 3.8% year on year to 2,611 million yen, reflecting gains on sales of real estate and other assets. In addition, the appraisal value as of the end of the current period was 95,100 million yen.

SANKEI REAL ESTATE has sought to improve satisfaction through reinforcing and enhancing relations with existing tenants, aiming to expand revenue and have stable growth of earnings from assets under management as in the previous fiscal period. For existing tenants facing rent renewals, we have steadily built up a track record of increasing rent by providing detailed explanations of the rental market and rent level trends in the current inflationary environment. Repairs and capital expenditures were narrowed down to those that contribute to maintenance and improvement of the competitiveness of the assets under management.

Of the six hotels SANKEI REAL ESTATE owns, the three properties that adopt fixed rents (Hotel Intergate Tokyo Kyobashi, Hotel Intergate Hiroshima and Vessel Hotel Campana Susukino) ensure a stable portfolio revenue, while the three properties that combine fixed and floating rents (Hotel Intergate Kyoto Shijo Shinmachi, Hotel Intergate Kanazawa and GRIDS PREMIUM Hotel Osaka Namba) are expected to contribute to improved profitability depending on market conditions, such as stronger demand for inbound tourism and increases in the room occupancy rate and average room rate.

In the logistics market, demand for logistics facilities has been steadily increasing, not only because of increased activity in distribution but also because of the need to develop logistics networks triggered by the “2024 problem”. SANKEI REAL ESTATE will continue to strive to improve its presence by building on its management performance in this field.

Moreover, in accordance with the “Sustainability Policy” in the Asset Management Company’s Asset Management Guidelines, SANKEI REAL ESTATE, together with the Asset Management Company, is continually working on investment that takes into consideration “ESG,” which stands for Environment, Social, and Governance, with the aim of improving social sustainability and unitholder value over the medium to long term.

In March 2025, we newly obtained DBJ Green Building certifications (Note 3) for four of our properties (SANKEILOGI Settsu, Hotel Intergate Kyoto Shijo Shinmachi, Hotel Intergate Kanazawa, and GRIDS PREMIUM Hotel Osaka Namba). As a result, SANKEI REAL ESTATE has acquired 12 environmental certifications (7 DBJ Green Building certifications and 5 BELS (Note 4) evaluations) for a total of nine properties under management, and has also acquired two stars and a Green Star in the GRESB Real Estate Assessment (Note 5) as an investment corporation.

(Note 1) “Acquisition price” and “disposition price” indicate the purchase price of real estate and trust beneficiary rights stated in each purchase and sale agreement pertaining to the assets held by SANKEI REAL ESTATE (real estate or trust beneficiary rights in real estate as trust assets; hereinafter collectively referred to as “Assets Under Management”), rounded down to the nearest one million yen. The purchase price does not include consumption tax, local consumption tax, and various expenses required for acquisition or disposition. The same shall apply hereinafter.

(Note 2) “Occupancy rate” is the ratio of total leased area to total leasable area, rounded to one decimal place. The total leasable area and the total leased area are calculated from the area equivalent to the interest of SANKEI REAL ESTATE in each asset under management.

(Note 3) The DBJ Green Building Certification is a certification system established by the Development Bank of Japan (DBJ) in April 2011 to support environmentally and socially friendly real estate (“Green Buildings”). It evaluates and certifies real estate that meets social and economic needs, based on a comprehensive assessment that includes not only the environmental performance of the property but also its response to various stakeholders, including disaster prevention and community considerations, and supports its efforts.

(Note 4) “BELS” is an abbreviation for Building-Housing Energy-efficiency Labeling System. The Act on Improvement of Energy Consumption Performance of Buildings (Act No. 53 of 2015, as amended) (Building Energy Efficiency Act) requires real estate businesses and other entities to make efforts to display the energy conservation performance of buildings. BELS is a system in which a third-party organization evaluates the energy conservation performance of buildings based on evaluation standards established by the Ministry of Land, Infrastructure, Transport and Tourism.

(Note 5) The GRESB Real Estate Assessment is a certification system that serves as an international investment benchmark and was established with the aim of measuring ESG considerations at the company and fund level in the real estate sector and using the results to select investment targets and engage in dialogue with them.

iv. Overview of Fund Procurement

During the fiscal period under review, in order to repay 4,800 million yen of long-term loans maturing on March 12, 2025, we borrowed 4,800 million yen on the same day from Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Development Bank of Japan Inc., Mizuho Trust & Banking Co., Ltd., Sumitomo Mitsui Trust Bank, Limited, SBI Shinsei Bank, Limited and Resona Bank, Limited through a syndicated loan arranged by Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation.

As a result, as of the end of the fiscal period under review, the balance of loans outstanding was 50,200 million yen and the ratio of interest-bearing liabilities to total assets (hereinafter, “LTV”) was 47.9%.

Further, as of the end of the fiscal period under review, SANKEI REAL ESTATE has obtained a long-term issuer rating of “A+” (rating outlook: stable) from Japan Credit Rating Agency, Ltd. (JCR). We will continue to strive to improve our creditworthiness through appropriate and sound financial management.

v. Overview of Business Performance and Distribution

As a result of the asset management described above, business performance during the fiscal period under review was operating revenue of 2,611 million yen, operating income of 1,347 million yen, ordinary income of 1,103 million yen, and net income of 1,102 million yen.

Concerning distribution, in accordance with SANKEI REAL ESTATE’s cash distribution policy (Article 36 of the articles of incorporation), SANKEI REAL ESTATE intends to have the maximum amount of distribution of earnings included in deductible expenses by application of provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended)). For the fiscal period under review, we decided to distribute 1,102,820,739 yen, which is the full amount of unappropriated retained earnings excluding fractional portions where the distribution amount per investment unit is less than 1 yen. As a result, the distribution amount per investment unit is 2,361 yen.

(Outlook for the Next Fiscal Period)

i. General Management Outlook

Improvements in the employment and income environment and the effects of various policies are expected to support a moderate recovery, but the downside risks to the economy due to the impact of U.S. trade policies need to be kept in mind. Moreover, the impact of continued price increases on consumer spending through a decline in consumer confidence and other factors is also a risk that could put downward pressure on the economy. In addition, we need to continue to pay attention to the effects of fluctuations in financial and capital markets.

In this environment, the real estate market is expected to continue to see high transaction volumes due to relatively low interest rates and low expected returns, making it difficult to acquire new properties.

The office building market continues to recover, with vacancy rates falling and rents rising steadily in central Tokyo due to demand for expanding and relocating to accommodate business expansion, in addition to demand aimed at strengthening human resource recruitment. However, depending on the location and grade of the property, the vacancy period may be prolonged, etc. Therefore, it is necessary to establish a detailed leasing policy for each property. We will continue to

monitor market trends closely to see whether the recovery trend in the office market in central Tokyo will spread to the surrounding areas.

As for the hotel market, the Japan National Tourism Organization's statistics on foreign visitors to Japan (estimated figures) show that the number of foreign visitors to Japan in the first half of 2025 reached 21.51 million in total, over 3.7 million more than the same period in 2024 (17.78 million), and the fastest ever to exceed 20 million in just six months, with the number of foreign visitors to Japan continuing to increase against the backdrop of the continuing depreciation of the yen. According to JTB Corporation, a major travel agency, the number of annual foreign visitors to Japan is expected to reach the 40 million mark for the first time in 2025. The three properties with fixed rents are expected to generate stable revenues, while the three hotels with a combination of fixed and floating rents are expected to see revenue increase in line with market conditions.

For the logistics market, further revitalization is expected, supported by the expansion of the e-commerce market and solid demand, and stable growth is expected to continue due to the expansion of logistics bases to address the so-called "2024 problem." The facilities owned by SANKEI REAL ESTATE are located in advantageous locations and are subject to fixed rents based on fixed-term building lease agreements with tenants, so stable revenues can be expected.

Regarding Hitachi Kyusyu Building, where change of tenant (termination of lease agreement with major business partner (partly excluded)) occurred on September 30, 2025, the property is a single-tenant property and is rented out as a whole (the leased area is the total floor area). In light of the recent mutual termination of the lease agreement, we will change the specifications to those for multi-tenants (where the leased area is an exclusive area) and will proceed with the tenant search. The property has been monitored as a potential sale in the portfolio rebalancing due to its single-tenant risk, but in light of the recent mutual termination of the lease agreement, we will also consider selling the property.

(A) External Growth Strategy

Through a partial change to the management guidelines implemented in October 2023, SANKEI REAL ESTATE carried out a large-scale portfolio rebalancing and transformed from an office-focused REIT into a comprehensive REIT.

Going forward, we will continue to make maximum use of SANKEI BUILDING's sponsor support and maintain external growth through acquisition of Sankei Building's portfolio properties as well as properties held by third parties by leveraging SANKEI BUILDING's sourcing capabilities. Furthermore, we will strive to improve the profitability and stability of the portfolio by implementing diversified investments that take into consideration the balance of the portfolio matrix such as area and yield.

(B) Internal Growth Strategy

SANKEI REAL ESTATE aims for steady internal growth through reinforcement of the relations with existing tenants and improvement in tenant satisfaction. Specifically, if there is a significant discrepancy with market rents, we will not only attempt to increase the rent when renewing the lease agreement, but also, taking into account factors such as the increase in building management costs, we will work to increase the rent with the tenant's understanding, even if there is not much discrepancy with market rents. In addition, we will continue to implement strategic leasing measures, such as extending the notice period for tenants to terminate their leases and, from the perspective of reducing the risk of tenants moving out, diversifying the expiration dates of lease agreements for properties where the expiration dates of multiple tenants overlap. Furthermore, we will also continue to actively work to improve tenant satisfaction by conducting customer satisfaction surveys, improving the quality of hygiene, and carrying out planned maintenance and repairs.

SANKEI REAL ESTATE will utilize the Sankei Building Group's comprehensive operation and management functions ranging from real estate planning and development to lease-up, operation, and management through collaboration within the Sankei Building Group with Sankei Building at the core.

In addition, SANKEI REAL ESTATE will execute the following measures, etc. to aim for greater revenue and stable growth of earnings from assets under management.

- (a) Strive to provide services for tenants' comfortable use while strengthening and enhancing tenant relations in order to maintain and improve tenant satisfaction so as to maintain and improve the occupancy rate and rent of assets under management.
- (b) Seek to maintain and improve the market competitiveness of assets under management through planning and implementation of repairs and capital expenditures by taking into consideration the state and characteristics of assets under management, real estate market conditions, tenant needs, and other factors and carefully examining them.
- (c) Strive to maintain and improve earnings by conducting agile leasing activities with a continual grasp of leasing market trends.
- (d) Adopt ongoing initiatives to reduce operating and management costs and consider the environment by periodically verifying the validity of operations, management level, and costs of assets under management. In doing so, the balance with the market competitiveness of assets under management and perspective of maintaining and improving tenant satisfaction are taken into consideration.
- (e) Conduct investment conscious of ESG, such as reduction of the environmental impact of assets under management and cooperation with external stakeholders.

(C) Financial Strategy

SANKEI REAL ESTATE will conduct appropriate and sound financial management while considering agility of financing activities, stability of cash flows, and other matters in order to secure stable earnings and steady growth of assets under management over the medium to long term.

In addition, to secure financial soundness, the basic policy shall be to set the upper limit for the LTV at 60% in principle (however, the LTV may temporarily exceed the upper limit for the purpose of new asset acquisition, etc.). As a rule, SANKEI REAL ESTATE will maintain an approximate range of 40% to 50% during normal operations.

(a) Equity Financing

Issuance of new investment units shall be performed in an agile manner with due consideration to investment unit dilution while comprehensively taking into account capital market trends, the financial environment, timing of acquisition of real estate, etc. to be newly acquired, ratio of interest-bearing liabilities to total assets and other factors.

(b) Debt Financing

Upon borrowing, etc., fund procurement shall be executed in an appropriate manner by taking into account the balance between interest rate trends, market levels, financial agility, long-term business relationships, and security, and by considering the borrowing period, fixed or floating interest rate, provision of collateral or not, fees, and other terms and conditions of procurement of interest-bearing liabilities.

ii. Significant Subsequent Events

Change of Tenant (Termination of Lease Agreement with Major Business Partner (Partly Excluded)) and receipt of associated lump-sum payment

We have mutually terminated the lease agreement with the tenant of the property described in the table below. As a result, we have received a lump-sum payment.

Tenant name	Hitachi, Ltd. (Note 1)
Property name	Hitachi Kyusyu Building
Leased area	26,513.33 m ²
Cancellation date	September 30, 2025
Cancellation area	23,115.08 m ²
Ratio of leased area to total leasable area of the Property	87.2% (Note 2)
Ratio of leased area to total leasable area of SANKEI REAL ESTATE's portfolio	20.6% (Note 3)
Others	This is an immediate cancellation with a cancellation penalty of 582 million yen due on September 30, 2025.

(Note 1) There are no capital relationships, personnel relationships, business relationships other than the above, or status as related party to be stated between the tenant and SANKEI REAL ESTATE or the Asset Management Company.

(Note 2) Calculated based on the total leasable area of the Property as of August 31, 2025 (26,513.33 m²).

(Note 3) Calculated based on the total leasable area of SANKEI REAL ESTATE as of August 31, 2025 (112,041.58 m²).

iii. Operating Forecasts

SANKEI REAL ESTATE's operating forecasts for the fiscal period ending February 2026 (September 1, 2025 to February 28, 2026) and the fiscal period ending August 2026 (March 1, 2026 to August 31, 2026) are as follows:

	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
	million yen	million yen	million yen	million yen	yen	yen
Fiscal period ending Feb. 2026	2,893	1,573	1,295	1,295	2,773	-
Fiscal period ending Aug. 2026	3,707	1,386	1,051	1,050	2,249	-

For the assumptions underlying the operating forecasts, please refer to "Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending February 2026 (September 1, 2025 to February 28, 2026) and the Fiscal Period Ending August 2026 (March 1, 2026 to August 31, 2026)" presented below.

(Note) The forecast figures above are the current forecasts calculated under certain assumptions. Accordingly, the actual operating revenue, operating income, ordinary income, net income, distribution per unit, and distribution in excess of earnings per unit may vary due to changes in the circumstances. In addition, the forecasts are not a guarantee of the amount of distribution.

Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending February 2026
(from September 1, 2025 to February 28, 2026) and the Fiscal Period Ending August 2026 (from March 1, 2026 to August 31, 2026)

Item	Assumptions																											
Accounting period	- Fiscal period ending February 2026 (14th fiscal period) (September 1, 2025 to February 28, 2026) (181 days) - Fiscal period ending August 2026 (15th fiscal period) (March 1, 2026 to August 31, 2026) (184 days)																											
Assets under management	- The assumption for the real estate and real estate trust beneficiary rights (16 properties in total) held by SANKEI REAL ESTATE as of the date of this document (hereinafter, the “Existing Assets Under Management”) is that there will be no change until the end of the fiscal period ending August 2026. - In addition to the above, there is a possibility of changes due to the acquisition of other properties or disposition of owned properties.																											
Operating revenue	- Rent business revenue of the Existing Assets Under Management is calculated by taking into account various factors, such as lease agreements that have been concluded and are valid during the calculation period of the Assumptions, tenant trends and market trends. - The assumption is that there will be no delinquent or unpaid rent by tenants. - In the fiscal period ending February 2026, we record a cancellation penalty of 582 million yen related to the mutual termination agreement with a tenant at Hitachi Kyusyu Building. - In the fiscal period ending August 2026, we suppose to record income from settlement of restoration work, etc., expected to be received following the mutual termination agreement with a tenant at Hitachi Kyusyu Building.																											
Operating expenses	- The principal items of operating expenses are as follows: (Unit: million yen) <table><tr><th></th><th>Fiscal period ending Feb. 2026</th><th>Fiscal period ending Aug. 2026</th></tr><tr><td>Total expenses related to rent business</td><td>993</td><td>2,000</td></tr><tr><td> Outsourcing expenses</td><td>167</td><td>184</td></tr><tr><td> Utilities expenses</td><td>119</td><td>123</td></tr><tr><td> Repair expenses</td><td>82</td><td>1,058</td></tr><tr><td> Property taxes</td><td>283</td><td>289</td></tr><tr><td> Depreciation</td><td>321</td><td>327</td></tr><tr><td>Other expenses related to rent business [Total]</td><td>326</td><td>320</td></tr><tr><td> Asset management fee</td><td>258</td><td>252</td></tr></table> - Of expenses related to the rent business, which are the main operating expenses, expenses other than depreciation are calculated on the basis of historical data and by taking into consideration the factors causing fluctuation in each of the expenses. - Depreciation is calculated using the straight-line method. - In general, non-current asset tax, city planning tax, etc. are calculated on a pro rata basis and reimbursed at the time of property acquisition with the previous owner upon transactions of real estate, etc. At SANKEI REAL ESTATE, the amount equivalent to the reimbursement is included in the cost of acquisition and thus not expensed in the business period in which the property acquisition date falls in the case of the properties for which such reimbursement is made at the time of transaction. - Repair expenses for buildings is the amount estimated based on medium- to long-term repair plans formulated by the Asset Management Company. However, repair expenses possibly increasing in amount or additionally arising from unforeseeable factors may result in repair expenses differing materially from the forecast amount. - In the fiscal period ending August 2026, we suppose to record restoration work expenses at Hitachi Kyusyu Building as repair expenses.		Fiscal period ending Feb. 2026	Fiscal period ending Aug. 2026	Total expenses related to rent business	993	2,000	Outsourcing expenses	167	184	Utilities expenses	119	123	Repair expenses	82	1,058	Property taxes	283	289	Depreciation	321	327	Other expenses related to rent business [Total]	326	320	Asset management fee	258	252
	Fiscal period ending Feb. 2026	Fiscal period ending Aug. 2026																										
Total expenses related to rent business	993	2,000																										
Outsourcing expenses	167	184																										
Utilities expenses	119	123																										
Repair expenses	82	1,058																										
Property taxes	283	289																										
Depreciation	321	327																										
Other expenses related to rent business [Total]	326	320																										
Asset management fee	258	252																										
Non-operating expenses	Interest expenses and other borrowing-related expenses are estimated at 276 million yen for the fiscal period ending February 2026 and 334 million yen for the fiscal period ending August 2026.																											
Interest-bearing liabilities	- The assumption is that total interest-bearing liabilities will be 49,500 million yen at the end of the fiscal period ending February 2026 and 49,500 million yen at the end of the fiscal period ending August 2026. - It is assumed that there will be no change in the outstanding amount of borrowings by the end of the fiscal period ending August 2026. - LTV is expected to be 47.3% at the end of the fiscal period ending February 2026 and 47.5% at the end of the fiscal period ending August 2026. LTV is calculated by the following formula and rounded to one decimal place. LTV = Total interest-bearing liabilities / Total assets × 100																											

Item	Assumptions
Number of investment units issued and outstanding	- The assumption is that the total number of investment units issued and outstanding as of the date of this document is 467,099 units and that there will be no change in the number of investment units due to issuance of new investment units, etc. until the end of the fiscal period ending August 2026. - Distribution per unit (excluding distribution in excess of earnings) is calculated based on the expected total number of investment units issued and outstanding at each end of the fiscal period ending February 2026 and the fiscal period ending August 2026, which is 467,099 units.
Distribution per unit (excluding distribution in excess of earnings)	- Distribution per unit (excluding distribution in excess of earnings) is calculated based on the assumption that distribution of earnings will be in accordance with the policy on distribution of cash provided in SANKEI REAL ESTATE's articles of incorporation. - Distribution per unit (excluding distribution in excess of earnings) may vary due to various factors, such as fluctuations in rent business revenue accompanying a change in assets under management, change in tenants or other event, or incurrence of unexpected repairs.
Distribution in excess of earnings per unit	No cash distribution in excess of earnings is planned to be made at this point in time.
Other	- The assumption is that there will be no amendment of laws and regulations, tax systems, accounting standards, listing regulations provided by Tokyo Stock Exchange Inc., rules provided by The Investment Trusts Association, Japan, etc. that will impact the forecast figures above. - The assumption is that there will be no unforeseen material change in general economic trends, real estate market conditions, etc.

(2) Investment Risks

Disclosure is omitted, because there is no significant change from "Investment Risks" in the semiannual securities report (submitted on May 28, 2025).

2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	12th fiscal period (as of February 28, 2025)	13th fiscal period (as of August 31, 2025)
Assets		
Current assets		
Cash and deposits	5,683,191	8,341,138
Cash and deposits in trust	2,446,894	2,442,985
Operating accounts receivable	37,213	56,928
Prepaid expenses	73,323	73,180
Refundable income taxes	-	267
Total current assets	8,240,624	10,914,499
Non-current assets		
Property, plant and equipment		
Buildings	198,854	-
Accumulated depreciation	(40,455)	-
Buildings, net	158,398	-
Structures	544	-
Accumulated depreciation	(122)	-
Structures, net	421	-
Tools, furniture and fixtures	1,461	-
Accumulated depreciation	(387)	-
Tools, furniture and fixtures, net	1,074	-
Land	2,457,766	-
Buildings in trust	23,397,199	23,470,313
Accumulated depreciation	(2,100,272)	(2,413,813)
Buildings in trust, net	21,296,926	21,056,499
Structures in trust	117,008	117,008
Accumulated depreciation	(11,402)	(13,260)
Structures in trust, net	105,606	103,748
Machinery and equipment in trust	88,140	88,140
Accumulated depreciation	(8,343)	(10,604)
Machinery and equipment in trust, net	79,797	77,536
Tools, furniture and fixtures in trust	29,630	31,150
Accumulated depreciation	(13,574)	(16,291)
Tools, furniture and fixtures in trust, net	16,056	14,858
Land in trust	72,643,724	72,643,724
Total property, plant and equipment	96,759,772	93,896,367
Intangible assets		
Software	5,333	4,533
Total intangible assets	5,333	4,533
Investments and other assets		
Long-term prepaid expenses	77,957	73,522
Deferred tax assets	7	14
Leasehold and guarantee deposits	10,000	10,000
Total investments and other assets	87,965	83,537
Total non-current assets	96,853,071	93,984,438
Total assets	105,093,695	104,898,938

(Unit: thousand yen)

	12th fiscal period (as of February 28, 2025)	13th fiscal period (as of August 31, 2025)
Liabilities		
Current liabilities		
Operating accounts payable	137,160	167,301
Long-term loans due within one year	11,000,000	16,400,000
Accounts payable - other	290,507	291,099
Accrued expenses	66,973	71,408
Income taxes payable	240	-
Consumption taxes payable	171,785	92,585
Advances received	401,656	378,667
Deposits received	214	214
Total current liabilities	12,068,538	17,401,276
Non-current liabilities		
Long-term loans	39,200,000	33,800,000
Leasehold and guarantee deposits received	88,409	-
Leasehold and guarantee deposits received in trust	3,156,325	3,159,218
Total non-current liabilities	42,444,735	36,959,218
Total liabilities	54,513,273	54,360,494
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)	1,144,872	1,102,893
Total surplus	1,144,872	1,102,893
Total unitholders' equity	50,580,421	50,538,443
Total net assets	*1 50,580,421	*1 50,538,443
Total liabilities and net assets	105,093,695	104,898,938

(2) Statement of Income and Retained Earnings

(Unit: thousand yen)

	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025
Operating revenue		
Rent business revenue	*1 2,396,675	*1 2,447,470
Other rent business revenue	*1 119,746	*1 120,042
Gain on sale of real estate properties	-	*2 44,317
Total operating revenue	2,516,422	2,611,829
Operating expenses		
Expenses related to rent business	*1 839,931	*1 926,054
Asset management fee	249,087	251,083
Asset custody fee	2,065	2,067
Administrative service fees	15,868	15,494
Remuneration for directors (and other officers)	3,600	3,600
Other operating expenses	53,382	65,839
Total operating expenses	1,163,936	1,264,139
Operating income	1,352,486	1,347,689
Non-operating income		
Interest income	3,444	7,740
Reversal of distributions payable	371	710
Insurance claim income	-	307
Interest on tax refund	457	-
Other	652	93
Total non-operating income	4,925	8,852
Non-operating expenses		
Interest expenses	167,245	197,483
Borrowing-related expenses	44,762	55,267
Total non-operating expenses	212,007	252,750
Ordinary income	1,145,404	1,103,791
Net income before income taxes	1,145,404	1,103,791
Income taxes - current	767	917
Income taxes - deferred	7	(7)
Total income taxes	775	910
Net income	1,144,628	1,102,881
Retained earnings brought forward	243	12
Unappropriated retained earnings (undisposed loss)	1,144,872	1,102,893

(3) Statement of Changes in Unitholders' Equity

12th fiscal period (from September 1, 2024 to February 28, 2025)

(Unit: thousand yen)

	Unitholders' equity						Total net assets
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital (net)	Surplus		Total unitholders' equity	
				Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	49,442,685	(7,136)	49,435,549	1,106,801	1,106,801	50,542,350	50,542,350
Changes in items during period							
Distributions from surplus				(1,106,557)	(1,106,557)	(1,106,557)	(1,106,557)
Net income				1,144,628	1,144,628	1,144,628	1,144,628
Total changes in items during period	-	-	-	38,070	38,070	38,070	38,070
Balance at end of period	*1 49,442,685	(7,136)	49,435,549	1,144,872	1,144,872	50,580,421	50,580,421

13th fiscal period (from March 1, 2025 to August 31, 2025)

(Unit: thousand yen)

	Unitholders' equity						Total net assets
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital (net)	Surplus		Total unitholders' equity	
				Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	49,442,685	(7,136)	49,435,549	1,144,872	1,144,872	50,580,421	50,580,421
Changes in items during period							
Distributions from surplus				(1,144,859)	(1,144,859)	(1,144,859)	(1,144,859)
Net income				1,102,881	1,102,881	1,102,881	1,102,881
Total changes in items during period	-	-	-	(41,978)	(41,978)	(41,978)	(41,978)
Balance at end of period	*1 49,442,685	(7,136)	49,435,549	1,102,893	1,102,893	50,538,443	50,538,443

(4) Statement of Cash Distributions

(Unit: yen)

	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025
I Unappropriated retained earnings	1,144,872,084	1,102,893,970
II Amount of distribution	1,144,859,649	1,102,820,739
[Amount of distribution per unit]	(2,451)	(2,361)
III Retained earnings carried forward	12,435	73,231
Method of calculation of amount of distribution	In accordance with the policy on distribution specified in Article 36, Paragraph 1 of SANKEI REAL ESTATE's articles of incorporation, the amount of distribution shall be limited to the amount of net income in excess of the amount equivalent to 90% of distributable profit, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on such policy, the decision was made to distribute 1,144,859,649 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (467,099 units) not in excess of unappropriated retained earnings, as distribution of earnings. The distribution in excess of earnings specified in Article 36, Paragraph 2 of SANKEI REAL ESTATE's articles of incorporation will not be made.	In accordance with the policy on distribution specified in Article 36, Paragraph 1 of SANKEI REAL ESTATE's articles of incorporation, the amount of distribution shall be limited to the amount of net income in excess of the amount equivalent to 90% of distributable profit, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on such policy, the decision was made to distribute 1,102,820,739 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (467,099 units) not in excess of unappropriated retained earnings, as distribution of earnings. The distribution in excess of earnings specified in Article 36, Paragraph 2 of SANKEI REAL ESTATE's articles of incorporation will not be made.

(5) Statement of Cash Flows

(Unit: thousand yen)

	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025
Cash flows from operating activities		
Net income before income taxes	1,145,404	1,103,791
Depreciation	321,647	324,807
Interest income	(3,444)	(7,740)
Interest expenses	167,245	197,483
Decrease (increase) in operating accounts receivable	25,943	(19,714)
Decrease (increase) in consumption taxes refund receivable	205,433	-
Decrease (increase) in prepaid expenses	18,488	143
Increase (decrease) in operating accounts payable	(98,841)	77,266
Increase (decrease) in accounts payable - other	(310)	707
Increase (decrease) in consumption taxes payable	171,785	(79,199)
Increase (decrease) in advances received	14,287	(22,988)
Decrease (increase) in long-term prepaid expenses	9,159	4,434
Decrease due to sales of property, plant and equipment	-	2,623,234
Subtotal	1,976,797	4,202,226
Interest received	3,444	7,740
Interest paid	(159,462)	(193,048)
Income taxes paid	(1,374)	(1,425)
Net cash provided by (used in) operating activities	1,819,404	4,015,492
Cash flows from investing activities		
Purchase of property, plant and equipment	(534)	(9,203)
Purchase of property, plant and equipment in trust	(61,105)	(121,760)
Proceeds from leasehold and guarantee deposits received	250	596
Refund of leasehold and guarantee deposits received	-	(89,006)
Proceeds from leasehold and guarantee deposits received in trust	35,952	48,261
Refund of leasehold and guarantee deposits received in trust	(1,530)	(45,369)
Net cash provided by (used in) investing activities	(26,966)	(216,480)
Cash flows from financing activities		
Proceeds from long-term loans	4,300,000	4,800,000
Repayments of long-term loans	(4,300,000)	(4,800,000)
Distributions paid	(1,106,682)	(1,144,975)
Net cash provided by (used in) financing activities	(1,106,682)	(1,144,975)
Net increase (decrease) in cash and cash equivalents	685,756	2,654,036
Cash and cash equivalents at beginning of period	7,444,330	8,130,086
Cash and cash equivalents at end of period	*18,130,086	10,784,123

(6) Notes on the Going Concern Assumption
Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets	(1) Property, plant and equipment (including trust assets) The straight-line method is adopted. Furthermore, the useful lives of major property, plant and equipment are as follows: <table> <tr> <td>Buildings</td><td>4–69 years</td></tr> <tr> <td>Structures</td><td>10–59 years</td></tr> <tr> <td>Machinery and equipment</td><td>10–27 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>3–15 years</td></tr> </table> (2) Intangible assets The straight-line method is adopted. (3) Long-term prepaid expenses The straight-line method is adopted.	Buildings	4–69 years	Structures	10–59 years	Machinery and equipment	10–27 years	Tools, furniture and fixtures	3–15 years
Buildings	4–69 years								
Structures	10–59 years								
Machinery and equipment	10–27 years								
Tools, furniture and fixtures	3–15 years								
2. Standards for revenue and expense recognition	(1) Standards for revenue recognition The details of performance obligations concerning revenue from contracts with customers of SANKEI REAL ESTATE and the timing when the performance obligations are normally satisfied (the normal time to recognize revenue) are as follows. i. Sale of real estate, etc. Revenue is recognized for the sale of real estate, etc. at the time the buyer who is a customer gains control of the real estate, etc. through the performance of delivery obligations specified in a contract on the sale of real estate. ii. Utilities reimbursement Revenue is recognized for utilities reimbursement according to the supply of electricity, water, etc. to tenants who are customers based on the terms of lease agreements for real estate and incidental agreements. For the utilities reimbursement for which SANKEI REAL ESTATE is deemed to be an agent, the net amount after deducting the amount to be paid to another party from the amount received from tenants as charges for electricity, gas, etc. provided by said party is recorded as revenue. (2) Accounting for non-current asset tax, etc. For non-current asset tax, city planning tax, depreciable asset tax, etc. on real estate or trust beneficiary rights of real estate, the tax levied corresponding to the calculation period is recorded as expenses related to rent business. Furthermore, the amount equivalent to non-current asset tax, etc. in the initial fiscal period paid by SANKEI REAL ESTATE upon acquisition of real estate or trust beneficiary rights of real estate is included in the cost of acquisition of the real estate, etc. and not recognized as expenses. In the previous fiscal period, the amount equivalent to non-current asset taxes, etc. included in the acquisition cost of real estate, etc. was nil. In the current period as well, there was no amount equivalent to non-current asset taxes, etc. that was included in the cost of acquisition of real estate, etc.								
3. Scope of cash (cash and cash equivalents) in the statement of cash flows	Cash and cash equivalents in the statement of cash flows comprise cash on hand and cash in trust, demand deposits and deposits in trust, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and that are subject to an insignificant risk of changes in value.								
4. Other significant matters related to the basis for preparation of the financial statements	Accounting for trust beneficiary rights that have real estate, etc. as trust assets Concerning trust beneficiary rights that have real estate, etc. as trust assets held, all accounts of assets and liabilities within trust assets and all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income and retained earnings. Furthermore, the following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet. i. Cash and deposits in trust ii. Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust iii. Leasehold and guarantee deposits received in trust								

(8) Notes to the Financial Statements

[Notes to the Balance Sheet]

*1. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

(Unit: thousand yen)

12th fiscal period (as of Feb. 28, 2025)	13th fiscal period (as of Aug. 31, 2025)
50,000	50,000

[Notes to the Statement of Income and Retained Earnings]

*1. Breakdown of operating income (loss) from real estate rent business

(Unit: thousand yen)

	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025
A. Operating revenue from real estate rent business		
Rent business revenue		
Rental revenue	2,374,579	2,429,732
Common area maintenance revenue	22,096	17,737
Total rent business revenue	2,396,675	2,447,470
Other rent business revenue		
Utilities reimbursement	86,322	87,768
Parking revenue	25,287	24,012
Other rental revenue	8,136	8,261
Total other rent business revenue	119,746	120,042
Total operating revenue from real estate rent business	2,516,422	2,567,512
B. Operating expenses from real estate rent business		
Expenses related to rent business		
Outsourcing expenses	117,106	121,546
Utilities expenses	95,636	95,798
Property taxes	246,672	311,526
Land rent	683	569
Repair expenses	36,399	51,276
Insurance premium	6,894	7,160
Trust fee	5,550	5,550
Depreciation	320,847	324,007
Other expenses related to rent business	10,141	8,618
Total expenses related to rent business	839,931	926,054
Total operating expenses from real estate rent business	839,931	926,054
C. Operating income (loss) from real estate rent business [A-B]	1,676,490	1,641,457

*2. Breakdown of gain on sale of real estate properties

12th fiscal period (September 1, 2024, to February 28, 2025)

Not applicable.

13th fiscal period (March 1, 2025, to August 31, 2025)

(Unit: thousand yen)

Tokyo Sankei Building

(2% co-ownership interest)

Revenue from sale of real estate, etc.	2,695,845
Cost of real estate, etc. sold	2,623,234
Other expenses related to sale	28,294
Gain on sale of real estate properties	44,317

[Notes to the Statement of Changes in Unitholders' Equity]

*1. Total number of investment units authorized and total number of investment units issued and outstanding

(Unit: units)

	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025
Total number of investment units authorized	10,000,000	10,000,000
Total number of investment units issued and outstanding	467,099	467,099

[Notes to the Statement of Cash Flows]

*1. Reconciliation of cash and cash equivalents at end of period to the amount of balance sheet items

(Unit: thousand yen)

	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025
Cash and deposits	5,683,191	8,341,138
Cash and deposits in trust	2,446,894	2,442,985
Cash and cash equivalents	8,130,086	10,784,123

[Notes on Lease Transactions]

Operating lease transactions (as lessor)

Future minimum lease payments

(Unit: thousand yen)

	12th fiscal period (as of Feb. 28, 2025)	13th fiscal period (as of Aug. 31, 2025)
Due within 1 year	3,071,255	2,912,869
Due after 1 year	18,359,837	17,402,891
Total	21,431,092	20,315,760

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

SANKEI REAL ESTATE shall procure funds in a well-balanced manner through borrowing from financial institutions, issuance of investment corporation bonds, issuance of new investment units, etc. to contribute to steady growth of assets under management as well as efficient operation and stability of management.

Upon borrowing from financial institutions, issuance of investment corporation bonds, etc., the fund procurement shall be in a manner that gives due consideration to the balance between agility in fund procurement and financial stability, characteristics of to-be-acquired real estate, etc. Specifically, the procurement means, ratio of long-term debt, ratio of fixed-rate debt, staggering of maturities, provision of collateral or not, etc. shall be considered. Upon borrowing, lenders shall be limited to the qualified institutional investors provided in the Financial Instruments and Exchange Act (however, limited to the institutional investors provided in Article 67-15 of the Act on Special Measures Concerning Taxation).

Issuance of new investment units shall be for the purpose of expansion of asset size and enhancement of profitability, and implementation decided by taking into account the LTV ratio, dilution of existing unitholders' rights and accompanying decline in transaction price of investment units, etc. and in light of the financial environment.

Derivative transactions may be conducted for the purpose of hedging the risk of fluctuation in interest rates and other risks on SANKEI REAL ESTATE arising from the concerned liabilities. No derivative transactions were conducted in the fiscal period under review.

(2) Description of financial instruments and associated risks, and risk management system

Loans are mainly for the purpose of procuring funds for acquisition of assets and funds for repayment of obligations. Loans are exposed to the risk of inability to refinance upon becoming due for repayment, risk of rise in the interest rate payable, etc., but the risks are mitigated by considering fund procurement that is well balanced through issuance of investment units, etc. while also diversifying fund procurement sources and staggering maturities. In addition, the risk of rise in interest rates on SANKEI REAL ESTATE's operations is managed by closely watching interest rate trends and keeping the LTV under control in an appropriate manner.

(3) Supplementary explanation to matters concerning fair value, etc. of financial instruments

Certain assumptions, etc. are adopted in the calculation of the value of financial instruments. Accordingly, the concerned values may vary when different assumptions, etc. are adopted.

2. Matters concerning fair value, etc. of financial instruments

The following are the carrying amount and fair value as of February 28, 2025, and the amount of difference between these. Notes on “cash and deposits” and “cash and deposits in trust” are omitted as the fair value approximates the carrying amount because they are cash or settled in a short period. Furthermore “Leasehold and guarantee deposits received” and “Leasehold and guarantee deposits received in trust” are omitted because the amounts are immaterial.

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Long-term loans due within one year	11,000,000	10,974,115	(25,884)
(2) Long-term loans	39,200,000	38,687,912	(512,087)
Total liabilities	50,200,000	49,662,028	(537,971)

The following are the carrying amount and fair value as of August 31, 2025, and the amount of difference between these. Notes on “cash and deposits” and “cash and deposits in trust” are omitted as the fair value approximates the carrying amount because they are cash or settled in a short period. Furthermore “Leasehold and guarantee deposits received” and “Leasehold and guarantee deposits received in trust” are omitted because the amounts are immaterial.

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Long-term loans due within one year	16,400,000	16,380,394	(19,605)
(2) Long-term loans	33,800,000	33,357,101	(442,898)
Total liabilities	50,200,000	49,737,495	(462,504)

(Note 1) Method of calculation of the fair value of financial instruments

(1) Long-term loans due within one year; (2) Long-term loans

Of long-term loans, because those with floating interest rates reflect market interest rates in a short period of time, the fair value approximates the book value and thus they are stated at that book value. However, in the case of long-term loans with fixed interest rates, the fair value is calculated based on the present value of their future cash flows discounted over the time to maturity and at the rate adjusted for credit risks.

(Note 2) Amount of repayment of loans scheduled to be due after the end of the fiscal period (February 28, 2025)

(Unit: thousand yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Long-term loans due within one year	11,000,000	-	-	-	-	-
Long-term loans	-	16,400,000	9,600,000	8,900,000	4,300,000	-
Total	11,000,000	16,400,000	9,600,000	8,900,000	4,300,000	-

Amount of repayment of loans scheduled to be due after the end of the fiscal period (August 31, 2025)

(Unit: thousand yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Long-term loans due within one year	16,400,000	-	-	-	-	-
Long-term loans	-	12,100,000	9,300,000	3,300,000	9,100,000	-
Total	16,400,000	12,100,000	9,300,000	3,300,000	9,100,000	-

[Notes on Securities]

12th fiscal period (as of February 28, 2025)

Not applicable.

13th fiscal period (as of August 31, 2025)

Not applicable.

[Notes on Derivative Transactions]

12th fiscal period (as of February 28, 2025)

Not applicable.

13th fiscal period (as of August 31, 2025)

Not applicable.

[Notes on Retirement Benefits]

12th fiscal period (as of February 28, 2025)

Not applicable.

13th fiscal period (as of August 31, 2025)

Not applicable.

[Notes on Tax-Effect Accounting]

1. Breakdown of main causes for occurrence of deferred tax assets and deferred tax liabilities

(Unit: thousand yen)

	12th fiscal period (as of Feb. 28, 2025)	13th fiscal period (as of Aug. 31, 2025)
Deferred tax assets		
Non-deductible accrued enterprise tax	7	14
Total deferred tax assets	7	14
Deferred tax assets, net	7	14

2. Reconciliation of significant differences between the statutory tax rate and the effective income tax rate

(Unit: %)

	12th fiscal period (as of Feb. 28, 2025)	13th fiscal period (as of Aug. 31, 2025)
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible distribution payable	(31.45)	(31.43)
Other	0.05	0.05
Effective income tax rate after application of tax-effect accounting	0.07	0.08

[Notes on Equity Method Profit and Loss]

12th fiscal period (from September 1, 2024 to February 28, 2025)

Not applicable.

13th fiscal period (from March 1, 2025 to August 31, 2025)

Not applicable.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.

12th fiscal period (from September 1, 2024 to February 28, 2025)

Not applicable.

13th fiscal period (from March 1, 2025 to August 31, 2025)

Not applicable.

2. Affiliated company, etc.

12th fiscal period (from September 1, 2024 to February 28, 2025)

Not applicable.

13th fiscal period (from March 1, 2025 to August 31, 2025)

Not applicable.

3. Fellow subsidiary, etc.

12th fiscal period (from September 1, 2024 to February 28, 2025)

Not applicable.

13th fiscal period (from March 1, 2025 to August 31, 2025)

Not applicable.

4. Director, major individual unitholder, etc.

12th fiscal period (from September 1, 2024 to February 28, 2025)

Attribute	Name of company, etc. or name of person	Location	Share capital or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held by (in) SANKEI REAL ESTATE (%)	Description of relationship		Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
						Concurrent holding of positions, etc. by directors	Business relationship				
Director	Yuichi Ota	-	-	Executive Director of SANKEI REAL ESTATE, and President and Chief Executive Officer of Sankei Building Asset Management Co., Ltd.	-	Executive Director of SANKEI REAL ESTATE, and President and Chief Executive Officer of Sankei Building Asset Management Co., Ltd.		Payment of asset management fee to Asset Management Company (Note 3)	249,087	Accounts payable - other	273,996

(Note 1) Of the related-party transactions subject to disclosure, the related-party transactions including significant transactions are disclosed.

(Note 2) Of the amounts above, transaction amount does not include consumption tax, etc., while balance at end of period includes consumption tax, etc. Amounts are rounded down to the nearest thousand yen.

(Note 3) The payment of asset management fees is for transactions conducted by Yuichi Ota as representative of Sankei Building Asset Management Co., Ltd., and the amount of the fees is subject to the terms and conditions provided in SANKEI REAL ESTATE's articles of incorporation.

(Note 4) Trading conditions are determined based on prevailing market conditions.

13th fiscal period (from March 1, 2025 to August 31, 2025)

Attribute	Name of company, etc. or name of person	Location	Share capital or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held by (in) SANKEI REAL ESTATE (%)	Description of relationship		Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
						Concurrent holding of positions, etc. by directors	Business relationship				
Director	Yuichi Ota	-	-	Executive Director of SANKEI REAL ESTATE, and President and Chief Executive Officer of Sankei Building Asset Management Co., Ltd.	-	Executive Director of SANKEI REAL ESTATE, and President and Chief Executive Officer of Sankei Building Asset Management Co., Ltd.		Payment of asset management fee to Asset Management Company (Note 3)	277,933	Accounts payable - other	276,192

(Note 1) Of the related-party transactions subject to disclosure, the related-party transactions including significant transactions are disclosed.

(Note 2) Of the amounts above, transaction amount does not include consumption tax, etc., while balance at end of period includes consumption tax, etc. Amounts are rounded down to the nearest thousand yen.

(Note 3) The payment of asset management fees is for transactions conducted by Yuichi Ota as representative of Sankei Building Asset Management Co., Ltd., and the amount of the fees is subject to the terms and conditions provided in SANKEI REAL ESTATE's articles of incorporation.

(Note 4) Trading conditions are determined based on prevailing market conditions.

[Notes on Asset Retirement Obligations]

12th fiscal period (from September 1, 2024 to February 28, 2025)

Not applicable.

13th fiscal period (from March 1, 2025 to August 31, 2025)

Not applicable.

[Notes on Investment and Rental Properties]

SANKEI REAL ESTATE owns office buildings, etc. for the purpose of earning revenue from leasing. The carrying amount, amount of change during period and fair value of these investment and rental properties are as follows:

(Unit: thousand yen)

	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025
Carrying amount		
Balance at beginning of period	96,970,113	96,759,772
Amount of change during period	(210,340)	(2,863,405)
Balance at end of period	96,759,772	93,896,367
Fair value at end of period	102,200,000	95,100,000

(Note 1) The carrying amount is the amount obtained by subtracting the accumulated depreciation from the acquisition cost.

(Note 2) Of the amount of change during the period, the main increase in the previous period was due to capital expenditures (110,958 thousand yen) and the main decrease was due to depreciation (320,847 thousand yen), while the main increase in the current period was due to capital expenditures (83,837 thousand yen) and the main decrease was due to transfer of one property (2,623,234 thousand yen).

(Note 3) Fair value at end of period is the appraisal value by an external real estate appraiser.

Furthermore, the income (loss) concerning investment and rental properties is presented in “Notes to the Statement of Income and Retained Earnings.”

[Notes on Revenue Recognition]**1. Information breaking down revenue from contracts with customers**

12th fiscal period (from September 1, 2024 to February 28, 2025)

(Unit: thousand yen)

	Revenue from contracts with customers (Note)	Sales to external customers
Sale of real estate, etc.	-	-
Utilities reimbursement	86,322	86,322
Other	-	2,430,099
Total	86,322	2,516,422

(Note) Rent business revenue, etc. subject to ASBJ Statement No. 13 “Accounting Standard for Lease Transactions” and the disposition of real estate, etc. subject to ASBJ Transferred Guidance No. 10 “Practical Guidelines on the Accounting for Transferors in Securitization of Real Estate Using Special-Purpose Companies” are not included in the above amounts because they are excluded from application of the Revenue Recognition Accounting Standard. The main revenues from contracts with customers are revenue from the sale of real estate, etc. and utilities reimbursement.

13th fiscal period (from March 1, 2025 to August 31, 2025)

(Unit: thousand yen)

	Revenue from contracts with customers (Note 1)	Sales to external customers
Sale of real estate, etc.	2,695,845	(Note 2) 44,317
Utilities reimbursement	87,768	87,768
Other	-	2,479,744
Total	2,783,613	2,611,829

(Note 1) Rent business revenue, etc. subject to ASBJ Statement No. 13 “Accounting Standard for Lease Transactions” and the disposition of real estate, etc. subject to ASBJ Transferred Guidance No. 10 “Practical Guidelines on the Accounting for Transferors in Securitization of Real Estate Using Special-Purpose Companies” are not included in the above amounts because they are excluded from application of the Revenue Recognition Accounting Standard. The main revenues from contracts with customers are revenue from the sale of real estate, etc. and utilities reimbursement.

(Note 2) As for sale of real estate, etc. the amount obtained by deducting the cost of selling real estate, etc. and other selling expenses from the income from the sale of real estate, etc. is recorded as profit or loss on the sale of real estate, etc. in the statement of income and retained earnings in accordance with Article 48, Paragraph 2 of the Regulations on Accounting for Investment Corporations (Cabinet Office Ordinance No. 47 of 2006). SANKEI REAL ESTATE records a gain on sale of real estate, etc. as operating revenue and loss on sale of real estate, etc. as operating expenses, so the table above only shows the amount of gain on sale of real estate, etc.

2. Information forming the basis for understanding revenue from contracts with customers

12th fiscal period (September 1, 2024 to February 28, 2025)

Matters related to significant accounting policies are as stated in the notes.

13th fiscal period (March 1, 2025 to August 31, 2025)

Matters related to significant accounting policies are as stated in the notes.

3. Information on relationship between satisfaction of performance obligations based on contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized from the next fiscal period from contracts with customers that exist at the end of the fiscal period under review

(1) Balance of contract assets and contract liabilities, etc.

(Unit: thousand yen)

	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025
Receivables from contracts with customers (Balance at beginning of period)	20,389	16,981
Receivables from contracts with customers (Balance at end of period)	16,981	19,691
Contract assets (Balance at beginning of period)	-	-
Contract assets (Balance at end of period)	-	-
Contract liabilities (Balance at beginning of period)	-	-
Contract liabilities (Balance at end of period)	-	-

(2) Transaction price allocated to remaining performance obligations

12th fiscal period (from September 1, 2024 to February 28, 2025)

Revenue is recognized for utilities reimbursement using the amount for which there is a right to claim in accordance with section 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition because there is a right to receive an amount of consideration directly corresponding to the value for the lessee, who is a customer, for the portion for which performance is completed by the end of the period. Therefore, the provisions of section 80-22(2) of the Revenue Recognition Accounting Standard apply, and the transaction prices allocated to remaining performance obligations are not included in the notes.

13th fiscal period (from March 1, 2025 to August 31, 2025)

Revenue is recognized for utilities reimbursement using the amount for which there is a right to claim in accordance with section 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition because there is a right to receive an amount of consideration directly corresponding to the value for the lessee, who is a customer, for the portion for which performance is completed by the end of the period. Therefore, the provisions of section 80-22(2) of the Revenue Recognition Accounting Standard apply, and the transaction prices allocated to remaining performance obligations are not included in the notes.

[Notes on Segment Information, etc.]

1. Segment information

The information is omitted since SANKEI REAL ESTATE has a single segment—the real estate rent business.

2. Related information

12th fiscal period (from September 1, 2024 to February 28, 2025)

(1) Information by product and service

The information is omitted since operating revenue to external customers for a single group of products and services exceeds 90% of operating revenue on the statement of income and retained earnings.

(2) Information by geographic area

i. Operating revenue

The information is omitted since operating revenue to external customers in Japan exceeds 90% of operating revenue on the statement of income and retained earnings.

ii. Property, plant and equipment

The information is omitted since the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information by major customer

(Unit: thousand yen)

Name of customer	Operating revenue	Related segment
GRANVISTA Hotels & Resorts Co., Ltd.	578,727	Real estate rent business
Hitachi, Ltd.	264,669	Real estate rent business

13th fiscal period (from March 1, 2025 to August 31, 2025)

(1) Information by product and service

The information is omitted since operating revenue to external customers for a single group of products and services exceeds 90% of operating revenue on the statement of income and retained earnings.

(2) Information by geographic area

i. Operating revenue

The information is omitted since operating revenue to external customers in Japan exceeds 90% of operating revenue on the statement of income and retained earnings.

ii. Property, plant and equipment

The information is omitted since the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information by major customer

(Unit: thousand yen)

Name of customer	Operating revenue	Related segment
GRANVISTA Hotels & Resorts Co., Ltd.	566,773	Real estate rent business
Hitachi, Ltd.	264,669	Real estate rent business

[Notes on Per Unit Information]

	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025
Net assets per unit	108,286 yen	108,196 yen
Net income per unit	2,450 yen	2,361 yen

(Note 1) Net income per unit is calculated by dividing net income by the period's daily weighted average number of investment units (fiscal period ended February 2025: 467,099 units; fiscal period ended August 2025: 467,099 units). In addition, diluted net income per unit is not stated, because there are no diluted investment units.

(Note 2) The basis for calculation of net income per unit is as follows:

	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025
Net income (thousand yen)	1,144,628	1,102,881
Amount not available to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	1,144,628	1,102,881
Average number of investment units during period (units)	467,099	467,099

[Notes on Significant Subsequent Events]

Change of Tenant (Termination of Lease Agreement with Major Business Partner (Partly Excluded)) and receipt of associated lump-sum payment

We have mutually terminated the lease agreement with the tenant of the property described in the table below. As a result, we have received a lump-sum payment.

Tenant name	Hitachi, Ltd. (Note 1)
Property name	Hitachi Kyusyu Building
Leased area	26,513.33 m ²
Cancellation date	September 30, 2025
Cancellation area	23,115.08 m ²
Ratio of leased area to total leasable area of the Property	87.2% (Note 2)
Ratio of leased area to total leasable area of SANKEI REAL ESTATE's portfolio	20.6% (Note 3)
Others	This is an immediate cancellation with a cancellation penalty of 582 million yen due on September 30, 2025.

(Note 1) There are no capital relationships, personnel relationships, business relationships other than the above, or status as related party to be stated between the tenant and SANKEI REAL ESTATE or the Asset Management Company.

(Note 2) Calculated based on the total leasable area of the Property as of August 31, 2025 (26,513.33 m²).

(Note 3) Calculated based on the total leasable area of SANKEI REAL ESTATE as of August 31, 2025 (112,041.58 m²).

(9) Changes in Total Number of Investment Units Issued and Outstanding

Changes in the unitholders' capital and the total number of investment units issued and outstanding over the past five years are as follows:

Date	Description	Unitholders' capital (net) (thousand yen) (Note 1)		Total number of investment units issued and outstanding (units)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
Sep. 1, 2021	Capital increase through public offering	12,287,452	48,828,353	105,047	461,847	(Note 2)
Sep. 29, 2021	Capital increase through third-party allotment	614,331	49,442,685	5,252	467,099	(Note 3)
Nov. 22, 2021	Cash distribution in excess of earnings (contribution refund)	(7,136)	49,435,549	-	467,099	(Note 4)

(Note 1) The amount obtained by subtracting the deduction from unitholders' capital from the unitholders' capital is stated.

(Note 2) New investment units were issued through public offering at an issue price of 121,327 yen (paid-in amount of 116,971 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 3) New investment units were issued through third-party allotment accompanying the capital increase through public offering at a paid-in amount of 116,971 yen per unit.

(Note 4) A cash distribution in excess of earnings of 20 yen per unit (contribution refund that falls under distribution through the reduction in unitholders' capital for tax purposes) as the cash distribution for the 5th fiscal period (ended August 2021) resolved at SANKEI REAL ESTATE's board of directors' meeting held on October 15, 2021, and payment of the distribution commenced on November 22, 2021.

3. Reference Information

(1) Information on Price of Assets Under Management, Etc.

i. Investment Status

Type of asset	Asset type	Geographic area (Note 1)	12th fiscal period (as of Feb. 28, 2025)		13th fiscal period (as of Aug. 31, 2025)	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate	Office buildings	Greater Tokyo, Greater Osaka and Greater Nagoya	2,617	2.5	-	-
		Cities designated by government ordinance (excluding above), core cities and major regional cities	-	-	-	-
	Core asset group	Greater Tokyo, Greater Osaka and Greater Nagoya	-	-	-	-
		Cities designated by government ordinance (excluding above), core cities and major regional cities	-	-	-	-
Real estate in trust	Office buildings	Greater Tokyo, Greater Osaka and Greater Nagoya	46,383	44.1	46,335	44.2
		Cities designated by government ordinance (excluding above), core cities and major regional cities	10,084	9.6	10,057	9.6
	Core asset group	Greater Tokyo, Greater Osaka and Greater Nagoya	27,713	26.4	27,610	26.3
		Cities designated by government ordinance (excluding above), core cities and major regional cities	9,960	9.5	9,892	9.4
	Hotels	Greater Tokyo, Greater Osaka and Greater Nagoya	22,465	21.4	22,383	21.3
		Cities designated by government ordinance (excluding above), core cities and major regional cities	9,960	9.5	9,892	9.4
	Logistics facilities	Greater Tokyo, Greater Osaka and Greater Nagoya	5,247	5.0	5,227	5.0
		Cities designated by government ordinance (excluding above), core cities and major regional cities	-	-	-	-
	Subtotal		96,759	92.1	93,896	89.5
	Deposits and other assets		8,333	7.9	11,002	10.5
	Total assets		105,093	100.0	104,898	100.0

(Note 1) The "Greater Tokyo" refers to Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture.

The "Greater Osaka" refers to Osaka Prefecture, Hyogo Prefecture and Kyoto Prefecture, and is limited to ordinance-designated cities, core cities and major regional cities.

The "Greater Nagoya" refers to Aichi Prefecture, Gifu Prefecture and Mie Prefecture, and is limited to ordinance-designated cities, core cities and major regional cities.

"Core cities" refers to cities with a population of 200,000 or more (excluding Greater Tokyo, Greater Osaka and Greater Nagoya, and other cities designated by government ordinance).

"Major regional cities" are cities, towns and villages with a population of less than 200,000 that have been determined by the Asset Management Company to have a certain level of demand for specific asset types.

(Note 2) "Total amount held" is based on the carrying amount (in the case of real estate and real estate in trust, the depreciated book value), rounded down to the nearest million yen. Furthermore, the total amount held for real estate in trust with hotel as the asset type includes the book value of movables incidental to hotels.

(Note 3) "As a percentage of total assets" is rounded to one decimal place.

	12th fiscal period (as of Feb. 28, 2025)		13th fiscal period (as of Aug. 31, 2025)	
	Amount (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)	Amount (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Total liabilities	54,513	51.9	54,360	51.8
Total net assets	50,580	48.1	50,538	48.2
Total assets	105,093	100.0	104,898	100.0

(Note 1) The amounts of total liabilities, total net assets and total assets amounts are based on the carrying amount, rounded down to the nearest million yen.

(Note 2) "As a percentage of total assets" is rounded to one decimal place.

ii. Investment Assets

As of August 31, 2025, the assets under management of SANKEI REAL ESTATE are as follows:

(a) Portfolio List

The property name, location, acquisition price, investment ratio, book value and appraisal value of the assets under management of SANKEI REAL ESTATE are as follows:

Asset type	Property number	Property name	Location	Acquisition price (Note 1)		Book value (million yen) (Note 2)	Appraisal value (million yen) (Note 3)
				Price (million yen)	Investment ratio (%)		
Office buildings	A-3	S-GATE NIHONBASHI-HONCHO	Chuo-ku, Tokyo	14,148	15.1	14,063	15,800
	A-4	S-GATE AKIHABARA	Chiyoda-ku, Tokyo	2,055	2.2	1,990	2,720
	A-5	Hibiya Sankei Building	Chiyoda-ku, Tokyo	5,829	6.2	6,104	6,880
	A-6	Hatchobori Sankei Building	Chuo-ku, Tokyo	4,959	5.3	4,957	5,160
	A-7	Toyo Park Building	Koto-ku, Tokyo	3,782	4.0	3,848	3,470
	A-9	Omori Park Building	Ota-ku, Tokyo	5,400	5.7	5,506	4,890
	A-10	S-GATE AKASAKA	Minato-ku, Tokyo	7,000	7.5	6,999	7,550
	A-11	Miyazakidai Garden Office	Miyamae-ku, Kawasaki-shi	2,800	3.0	2,864	2,730
	A-12	Hitachi Kyusyu Building	Sawara-ku, Fukuoka-shi	10,000	10.6	10,057	5,370
Subtotal			-	55,975	59.6	56,393	54,570
Core asset group	B-1	Hotel Intergate Tokyo Kyobashi	Chuo-ku, Tokyo	8,961	9.5	8,763	9,620
	B-2	Hotel Intergate Hiroshima	Naka-ku, Hiroshima-shi	3,990	4.2	3,744	4,330
	B-3	SANKEILOGI Settsu	Settsu-shi, Osaka	5,242	5.6	5,227	5,520
	B-4	Hotel Intergate Kyoto Shijo Shinmachi	Nakagyo-ku, Kyoto-shi	5,800	6.2	5,820	6,420
	B-5	Hotel Intergate Kanazawa	Kanazawa-shi, Ishikawa	3,250	3.5	3,226	3,300
	B-6	GRIDS PREMIUM Hotel Osaka Namba	Naniwa-ku, Osaka-shi	7,800	8.3	7,799	8,410
	B-7	Vessel Hotel Campana Susukino (Note 4)	Chuo-ku, Sapporo-shi	2,920	3.1	2,921	2,930
Subtotal			-	37,963	40.4	37,503	40,530
Total			-	93,938	100.0	93,896	95,100

(Note 1) "Acquisition price" is the sale and purchase price of each real estate and trust beneficiary right stated in each sale and purchase agreement for the assets under management, rounded down to the nearest million yen. The sale and purchase prices do not include consumption tax, local consumption tax and the various expenses required for the acquisition. "Investment ratio" is the proportion of the acquisition price of each asset under management to the sum total amount of acquisition prices, rounded to one decimal place.

(Note 2) "Book value" is the depreciated book value for each asset under management as of August 31, 2025, rounded down to the nearest million yen.

(Note 3) "Appraisal value" is the appraisal value with an appraisal date of August 31, 2025, stated in each real estate appraisal report. The appraisal of each asset under management is entrusted to Japan Real Estate Institute, The Tanizawa Sōgō Appraisal Co., Ltd. and Daiwa Real Estate Appraisal Co., Ltd.

(Note 4) The acquisition price, book value and appraisal value are the figures equivalent to the co-ownership interest (40% of "Vessel Hotel Campana Susukino") held by SANKEI REAL ESTATE as of August 31, 2025.

(b) Overview of Buildings and Leasing

The property name, construction completion, total rental revenue, lease and guarantee deposits, total leasable area, total leased area and occupancy rate of the asset under management of SANKEI REAL ESTATE are as follows:

Asset type	Property number	Property name	Construction completion (Note 1)	Total rental revenue (million yen) (Note 2)	Lease and guarantee deposits (million yen) (Note 3)	Total leasable area (m ²) (Note 4)	Total leased area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
Office buildings	A-3	S-GATE NIHONBASHI-HONCHO	Oct. 31, 2018	605	605	6,219.28	6,219.28	100.0
	A-4	S-GATE AKIHABARA	Sep. 29, 2017	130	130	1,681.55	1,681.55	100.0
	A-5	Hibiya Sankei Building	Jun. 25, 1992	380	303	3,439.61	3,439.61	100.0
	A-6	Hatchobori Sankei Building	Sep. 1, 1965	322	279	5,594.90	5,594.90	100.0
	A-7	Toyo Park Building	Jun. 18, 1991	178	161	4,224.52	3,897.52	92.3
	A-9	Omori Park Building	May 31, 1993	165	149	7,469.72	4,439.40	59.4
	A-10	S-GATE AKASAKA	Jul. 31, 2015	Not disclosed (Note 8)	Not disclosed (Note 8)	3,308.10	3,308.10	100.0
	A-11	Miyazakidai Garden Office	Feb. 4, 1993	154	146	3,687.53	3,687.53	100.0
	A-12	Hitachi Kyusyu Building	Feb. 29, 1996	Not disclosed (Note 8)	Not disclosed (Note 8)	26,513.33	26,513.33	100.0
Subtotal (average)			-	2,746	Not disclosed (Note 8)	62,138.54	58,781.22	94.6
Core asset group	B-1	Hotel Intergate Tokyo Kyobashi	Jan. 18, 2018	413	206	6,006.53	6,006.53	100.0
	B-2	Hotel Intergate Hiroshima	Oct. 31, 2018	237	118	9,160.15	9,160.15	100.0
	B-3	SANKEILOGI Settsu	Oct. 1, 2022	237	118	14,748.33	14,748.33	100.0
	B-4	Hotel Intergate Kyoto Shijo Shinmachi	Nov. 30, 2017	163	148	6,029.40	6,029.40	100.0
	B-5	Hotel Intergate Kanazawa	Jan. 15, 2019	102	93	5,177.73	5,177.73	100.0
	B-6	GRIDS PREMIUM Hotel Osaka Namba	Jan. 12, 2021	Not disclosed (Note 8)	45	4,353.79	4,353.79	100.0
	B-7	Vessel Hotel Campana Susukino (Note 7)	Mar. 29, 2019	Not disclosed (Note 8)	Not disclosed (Note 8)	4,427.11	4,427.11	100.0
Subtotal (average)			-	1,473	Not disclosed (Note 8)	49,903.04	49,903.04	100.0
Total (average)			-	4,219	3,120	112,041.58	108,684.26	97.0

(Note 1) "Construction completion" indicates the date of new construction completion stated in the registry of the main building for each asset under management. If there are multiple main buildings, the date of the oldest building stated in the registry is indicated.

(Note 2) "Total rental revenue" is the annualized amount calculated by multiplying by 12 the monthly rent (excluding fees for incidental areas such as warehouses, signboards, and parking lots that are not the main asset types, and including common area charges only for leased rooms. In addition, free rent and rent holidays (*1) as of the same date are not taken into consideration. Further, for properties where floating rent is included in the agreement with tenants, the calculation does not take into consideration the floating rent. Consumption tax, etc. are not included; hereinafter the same shall apply) for the buildings indicated in the lease agreements for each asset under management that are valid as of August 31, 2025, rounded down to the nearest million yen. The amount calculated by annualizing the monthly rent stated in the lease agreement concluded with the end tenant with respect to the portion in the pass-through-type master lease agreement (*2) is indicated when a pass-through-type master lease agreement has been concluded for the asset under management.

(*1) "Free rent" refers to measures temporarily reducing rent or other amounts for mainly tenants newly moving in which temporarily reduce costs associated with moving so as to encourage them to move in. "Rent holiday" refers to an agreement on measures temporarily reducing rent or other amount on a regular or irregular basis for a certain period of time during a tenant's period of occupancy. The same shall apply hereinafter. Unless otherwise stated, calculations are made without taking free rent or rent holiday into consideration when calculating monthly rent, etc. in this document.

(*2) "Pass-through-type master lease agreement" refers to master lease agreements that have no rent guarantee.

(Note 3) "Lease and guarantee deposits" is the total amount of lease and guarantee deposits under the lease agreement for each asset under management as of August 31, 2025 (including the amount expected to be received under each lease agreement; in addition, lease and guarantee deposits pertaining to incidental parts such as warehouses, signboards and parking lots which are not the main asset types are not included) are rounded down to the nearest one million yen. The amount of lease deposits stated in the lease agreement concluded with the end tenant with respect to the portion in the pass-through-type master lease agreement is indicated when a pass-through-type master lease agreement has been concluded for the assets under management.

(Note 4) "Total leasable area" is the area (excluding area of incidental parts such as warehouses, signboards, parking lots, etc. that are not the main asset types) considered leasable based on the lease agreement, drawing, etc. of the buildings for each asset under management as of August 31, 2025, rounded down to two decimal places.

(Note 5) "Total leased area" is the total leased area (excluding area of incidental parts such as warehouses, signboards, parking lots, etc. that are not the main asset types) stated in the lease agreement (excluding lease agreements under which the lease period is yet to commence) for each asset under management of August 31, 2025, rounded down to two decimal places. With respect to the portion which comes under the pass-through-type master lease agreement, the total area for which the lease agreement has actually been concluded with the end tenant and for which the lease period has commenced is indicated, rounded down to two decimal places.

- (Note 6) "Occupancy rate" is the ratio of total leased area to total leasable area for each asset under management as of August 31, 2025, rounded to one decimal place. Each subtotal and total portfolio column indicates the ratio of the total leased area to the total leasable area of each asset under management, rounded to one decimal place.
- (Note 7) The total rental revenue, lease and guarantee deposits, total leasable area and total leased area are the figures equivalent to the co-ownership interest (40% for "Vessel Hotel Campana Susukino") held by SANKEI REAL ESTATE.
- (Note 8) Not disclosed due to unavoidable circumstances in that it 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.

(c) Overview of Real Estate Appraisal Reports

The following is an overview of each real estate appraisal report prepared by Japan Real Estate Institute, The Tanizawa Sōgō Appraisal Co., Ltd. and Daiwa Real Estate Appraisal Co., Ltd. upon being entrusted by SANKEI REAL ESTATE and the Asset Management Company with regard to the appraisal of the assets under management of SANKEI REAL ESTATE. The concerned real estate appraisal reports are the appraising appraisal company's judgment and opinion at a certain point in time and are not a guarantee of the validity or accuracy of the content thereof, possibility of transaction at the concerned appraisal value, etc. Furthermore, there is no special vested interest between Japan Real Estate Institute, The Tanizawa Sōgō Appraisal Co., Ltd. or Daiwa Real Estate Appraisal Co., Ltd. and SANKEI REAL ESTATE or the Asset Management Company.

Asset type	Property number	Property name	Appraiser	Appraisal value (million yen) (Note 1)	Overview of appraisal report					
					Direct capitalization method		DCF method			Indicated value by cost approach (million yen)
					Indicated value by income approach (million yen)	Cap rate (%)	Indicated value by income approach (million yen)	Discount rate (%)	Terminal cap rate (%)	
Office buildings	A-3	S-GATE NIHONBASHI-HONCHO	Japan Real Estate Institute	15,800	16,000	3.1	15,600	2.9	3.2	14,400
	A-4	S-GATE AKIHABARA	Japan Real Estate Institute	2,720	2,740	3.2	2,700	3.0	3.3	2,640
	A-5	Hibiya Sankei Building	Japan Real Estate Institute	6,880	6,960	2.8	6,790	2.6	2.9	7,160
	A-6	Hatchobori Sankei Building	The Tanizawa Sōgō Appraisal	5,160	5,280	4.1	5,110	4.2	4.3	5,880
	A-7	Toyo Park Building	Japan Real Estate Institute	3,470	3,510	3.6	3,420	3.4	3.7	3,190
	A-9	Omori Park Building	Japan Real Estate Institute	4,890	4,980	3.7	4,790	3.5	3.8	5,830
	A-10	S-GATE AKASAKA	Japan Real Estate Institute	7,550	7,640	3.1	7,450	2.9	3.2	7,120
	A-11	Miyazakidai Garden Office	Japan Real Estate Institute	2,730	2,750	4.5	2,710	4.3	4.6	2,310
	A-12	Hitachi Kyusyu Building	Japan Real Estate Institute	5,370	5,410	3.9	5,330	3.7	4.0	5,630
Subtotal				54,570	55,270	-	53,900	-	-	54,160
Core asset group	B-1	Hotel Intergate Tokyo Kyobashi	Daiwa Real Estate Appraisal	9,620	9,820	3.5	9,530	3.3	3.7	9,500
	B-2	Hotel Intergate Hiroshima	Japan Real Estate Institute	4,330	4,350	4.3	4,310	4.1	4.4	4,890
	B-3	SANKEILOGI Settsu	Japan Real Estate Institute	5,520	5,610	3.7	5,420	3.5	3.9	5,060
	B-4	Hotel Intergate Kyoto Shijo Shinmachi	Japan Real Estate Institute	6,420	6,470	3.8	6,360	3.6	3.9	6,260
	B-5	Hotel Intergate Kanazawa	Japan Real Estate Institute	3,300	3,330	4.5	3,270	4.3	4.6	2,500
	B-6	GRIDS PREMIUM Hotel Osaka Namba	Japan Real Estate Institute	8,410	8,490	3.8	8,330	3.6	3.9	5,350
	B-7	Vessel Hotel Campana Susukino (Note 2)	Japan Real Estate Institute	2,930	2,940	4.2	2,920	3.9	4.3	2,890
Subtotal				40,530	41,010	-	40,140	-	-	36,450
Total				95,100	96,280	-	94,040	-	-	90,610

(Note 1) "Appraisal value" is the appraisal value with an appraisal date of August 31, 2025, stated in each real estate appraisal report.

(Note 2) The appraisal value, indicated value by income approach based on direct capitalization method, indicated value by income approach based on the DCF method and indicated value by cost approach are the figures equivalent to the co-ownership interest (40% for "Vessel Hotel Campana Susukino") held by SANKEI REAL ESTATE.

(2) Capital Expenditures for Real Estate Held

i. Schedule of Capital Expenditures

Of the scheduled capital expenditures associated with renovation work and others currently planned for assets under management held by SANKEI REAL ESTATE as of August 31, 2025, the major ones (10 million yen or more) are as follows: The estimated construction costs below may include the portion separately charged to expenses in accounting.

Name of real estate, etc. (Location)	Purpose	Scheduled period	Expected construction cost (million yen)		
			Total amount	Amount of payment during period	Total amount already paid
Toyo Park Building (Koto-ku, Tokyo)	Renewal work of power receiving and transforming equipment	From: Apr. 1, 2026 To: Apr. 30, 2026	11	-	-
Omori Park Building (Ota-ku, Tokyo)	Individual air conditioning renovation work 1 floor	From: Oct. 1, 2025 To: Oct. 31, 2025	22	-	-
Omori Park Building (Ota-ku, Tokyo)	Absorption-type hot and cold water generator: disassembly and maintenance of Units 1 and 2	From: Nov. 1, 2025 To: Nov. 30, 2025	27	-	-
Omori Park Building (Ota-ku, Tokyo)	LED installation for common areas on each floor and exclusive areas on the 3rd floor	From: Nov. 1, 2025 To: Nov. 30, 2025	23	-	-
Omori Park Building (Ota-ku, Tokyo)	Central monitoring equipment parts replacement	From: Dec. 1, 2025 To: Feb. 28, 2026	27	-	-
Omori Park Building (Ota-ku, Tokyo)	Renewal of high-voltage equipment for power receiving and transforming facilities	From: May 1, 2026 To: May 31, 2026	15	-	-
Omori Park Building (Ota-ku, Tokyo)	LED lighting in exclusive areas 1 floor	From: Jul. 1, 2026 To: Jul. 31, 2026	13	-	-
Miyazakidai Garden Office (Miyamae-ku, Kawasaki-shi)	Waterproofing and sealant replacement work (2nd and 3rd floor rooftop)	From: Nov. 1, 2025 To: Nov. 30, 2025	13	-	-
Miyazakidai Garden Office (Miyamae-ku, Kawasaki-shi)	LED conversion in exclusive areas on the second floor	From: May 1, 2026 To: May 31, 2026	15	-	-
Hitachi Kyusyu Building (Sawara-ku, Fukuoka-shi)	Multi-tenant conversion construction	From: Jan. 1, 2026 To: Aug. 31, 2026	545	-	-

ii. Capital Expenditures during the Period

Construction works falling under the category of capital expenditures of 10 million yen or more conducted during the period for assets under management held by SANKEI REAL ESTATE as of August 31, 2025, are as follows: Capital expenditures for the current period were 83 million yen, and together with repair expenses of 51 million yen, which were categorized as expenses, a total of 135 million yen was spent on construction.

Name of real estate, etc. (Location)	Purpose	Period	Amount of payment (million yen)
Hibiya Sankei Building (Chiyoda-ku, Tokyo)	Air Conditioning Indoor/Outdoor Units Update (4th floor)	From: Apr. 26, 2025 To: May 12, 2025	23
Hatchobori Sankei Building (Chuo-ku, Tokyo)	Waterproofing work (tower , rooftop and 3rd floor rooftop), Repair of balcony railing (9th floor)	From: Jan. 11, 2025 To: May 25, 2025	19
Other			40
Total			83

iii. Cash Reserves for Long-Term Repair Plans

Based on long-term repair plans formulated on a property-by-property basis, SANKEI REAL ESTATE makes the following provision of reserve for repairs from cash flows during the fiscal period for the purpose of allocating to medium- to long-term future large-scale repairs and other funds.

(Unit: thousand yen)

Business period	9th fiscal period From: Mar. 1, 2023 To: Aug. 31, 2023	10th fiscal period From: Sep. 1, 2023 To: Feb. 29, 2024	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024	12th fiscal period From: Sep 1, 2024 To: Feb 28, 2025	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025
Balance of reserve at beginning of period	324,485	370,002	293,338	322,317	367,068
Provision of reserve during period	72,811	78,124	46,692	44,750	44,750
Reversal of reserve during period	27,295	154,789	17,713	-	-
Reserve carried forward	370,002	293,338	322,317	367,068	411,819