(REIT) Financial Report for the Fiscal Period Ended August 2019

October 17, 2019

REIT Securities Issuer: SANKEI REAL ESTATE Inc. Listing: Tokyo Stock Exchange
TSE Code: 2972 URL: https://www.s-reit.co.jp/
Representative: Yuichi Ota, Executive Director

Asset Management Company: Sankei Building Asset Management Co., Ltd.
Representative: Yuichi Ota, President and Chief Executive Officer
Contact: Atsushi Mukai, Director and Chief Finance & IR Officer
TEL: +81-3-5542-1316

Scheduled date of submission of semiannual securities report: November 27, 2019
Scheduled date of commencement of distribution payment: November 20, 2019

Preparation of supplementary financial results briefing materials: Yes
Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for the Fiscal Period Ended August 2019 (from November 19, 2018 to August 31, 2019)

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

	Operating revenue		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal period ended Aug. 2019	1,157	-	699	-	336	-	335	-

	Earnings per unit	Return on equity	Ratio of ordinary profit to total assets	Ratio of ordinary profit to operating revenue
	yen	%	%	%
Fiscal period ended Aug. 2019	2,312	1.5	0.7	29.1

(Note 1) At SANKEI REAL ESTATE Inc. (hereinafter, "SANKEI REAL ESTATE"), the accounting period of the fiscal period ended August 2019 is a period of 286 days from November 19, 2018 to August 31, 2019, but the number of days of the actual asset management period is a period of 173 days from March 12, 2019.

(Note 2) Earnings per unit is calculated by dividing profit by the daily weighted average number of investment units (144,970 units). In addition, earnings per unit when calculated based on the daily weighted average number of investment units with the date of commencement of actual management (March 12, 2019), deemed as the beginning of the fiscal period (237,695 units) is 1,410 yen.

(Note 3) Return on equity and ratio of ordinary profit to total assets are calculated by using the average of equity and average of total assets as of the date of commencement of the actual asset management period (March 12, 2019), and as of August 31, 2019.

(Note 4) Percentage figures for operating revenue, operating profit, ordinary profit and profit are the rate of period-on-period increase (decrease), but are not applicable for the fiscal period ended August 2019, because it is the 1st fiscal period.

(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. 2019	1,399	335	-	-	100.0	1.5

(Note 1) Due to issuance of new investment units during the fiscal period resulting in change in the number of investment units during the fiscal period, payout ratio is calculated by the following formula and rounded to one decimal place:
Payout ratio = Total distribution (excluding distribution in excess of earnings) ÷ Profit × 100

(Note 2) Ratio of distribution to net assets is calculated based on the weighted average of net assets per unit with the date of commencement of the actual asset management period (March 12, 2019), deemed as the beginning of the fiscal period.

(3) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Fiscal period ended Aug. 2019	48,718	23,460	48.2	97,913

(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. 2019	201	(42,109)	45,339	3,430

2. Operating Forecasts for the Fiscal Period Ending February 2020 (from September 1, 2019 to February 29, 2020) and Operating Forecasts for the Fiscal Period Ending August 2020 (from March 1, 2020 to August 31, 2020)

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

	Operating revenue		Operating profit		Ordinary profit		Profit		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. 2020	1,951	68.6	1,100	57.4	960	185.7	959	186.3	2,689	-
Fiscal period ending Aug. 2020	2,005	2.8	928	(15.6)	842	(12.3)	841	(12.3)	2,358	-

(Reference) Forecast earnings per unit (Forecast profit ÷ Forecast total number of investment units issued and outstanding at end of period)
Fiscal period ending February 2020: 2,689 yen Fiscal period ending August 2020: 2,358 yen

(Note) Distribution per unit (excluding distribution in excess of earnings) is calculated based on the forecast total number of investment units issued and outstanding as of the date of this document of 356,800 units.

* Other

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

i. Changes in accounting policies accompanying amendments to accounting standards, etc.: None
ii. Changes in accounting policies other than i.: None
iii. Changes in accounting estimates: None
iv. 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
ii. Number of treasury investment units at end of period

Fiscal period ended Aug. 2019	239,600 units
Fiscal period ended Aug. 2019	0 units

(Note) For the number of investment units serving as the basis for calculation of earnings per unit, please refer to "Notes on Per Unit Information" on page 21.

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

* Matters of special note

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 the assumptions underlying the operating forecasts, matters of note in the use of the operating forecasts, etc., please refer to "Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending February 2020 (from September 1, 2019 to February 29, 2020) and Fiscal Period Ending August 2020 (from March 1, 2020 to August 31, 2020)" on page 6.

Table of Contents

1. Management Status
(1) Management Status 2
(2) Investment Risks 7
2. Financial Statements
(1) Balance Sheet 8
(2) Statement of Income 10
(3) Statement of Unitholders' Equity 11
(4) Statement of Cash Distribution 12
(5) Statement of Cash Flows 13
(6) Notes on the Going Concern Assumption 14
(7) Notes on Matters Concerning Significant Accounting Policies 14
(8) Notes to the Financial Statements 15
(9) Changes in Total Number of Investment Units Issued and Outstanding 22
3. Reference Information
(1) Information on Price of Assets under Management, Etc. 23
(2) Capital Expenditures 27

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 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 implemented an issuance of new investment units through public offering (227,238 units) with March 11, 2019, as the payment due date, and listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. (hereinafter, "Tokyo Stock Exchange") on March 12, 2019 (TSE code: 2972). In addition, the abovementioned capital increase through public offering was accompanied by an issuance of new investment units through third-party allotment (11,362 units) with April 10, 2019, as the payment due date. As a result, as of the last day of the fiscal period under review (August 31, 2019), total number of investment units issued and outstanding was 239,600 units.

ii. Management Environment

In the fiscal period under review (fiscal period ended August 2019), the Japanese economy showed signs of cautiousness in corporate business sentiment, but continued improvement in the employment and income situation, private consumption and business fixed investment being on an increasing trend and other factors led to a strong showing. On the other hand, the environment is one that calls for attention to be given to the uncertainties over overseas economic trends and policies, such as trade issues between the U.S. and China, slowdown in the Chinese economy and Brexit issues, and the effects of financial and capital market fluctuations.

Under such economic circumstances, in terms of the office building market, which SANKEI REAL ESTATE sets as the primary investment target, corporate relocations, office environment improvements and other resilient demand led to vacancy rate hovering at a low level and rent continuing to be on the rise in Tokyo and Osaka, where SANKEI REAL ESTATE's portfolio assets are located. Meanwhile, in terms of the hotel market, which constitutes sub assets, demand for hotel guest rooms was strong due to year-on-year increase in the monthly number of international visitors to Japan up to July 2019 and other increases (according to the Japan National Tourism Organization).

iii. Management Performance

SANKEI REAL ESTATE commenced management with the acquisition of the 8 properties in the portfolio as of the last day of the fiscal period under review for a total of 43,395 million yen on March 12, 2019. Accordingly, the fiscal period under review's actual asset management period was a period of 173 days from March 12, 2019 to August 31, 2019.

Furthermore, as of the last day of the fiscal period under review, the 8 properties in the portfolio had total leasable area of 33,097.98 m^2, total leased area of 33,093.49 m^2 and occupancy rate of 100.0% (Note).

(Note) "Occupancy rate" is the ratio of total leased area to total leasable area, rounded to one decimal place. Moreover, for total leasable area and total leased area, each total is calculated based on the area corresponding to SANKEI REAL ESTATE's ownership interest in each portfolio property.

iv. Overview of Fund Procurement

(Equity Financing)

In the fiscal period under review, with the new listing on Tokyo Stock Exchange, an issuance of new investment units through public offering (227,238 units) with March 11, 2019, as the payment due date was implemented, and 21,928 million yen in funds was procured. In addition, the abovementioned capital increase through public offering was accompanied by an issuance of new investment units through third-party allotment (11,362 units) with April 10, 2019, as the payment due date, and 1,096 million yen in funds was procured. As a result, as of the last day of the fiscal period under review, unitholders' capital was 23,124 million yen.

(Debt Financing)

In the fiscal period under review, 23,410 million yen was borrowed from Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Development Bank of Japan Inc., Mizuho Trust & Banking Co., Ltd., Sumitomo Mitsui Trust Bank, Limited, Shinsei Bank, Limited and Resona Bank, Limited. through a loan syndicate with Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation as the arrangers on March 12, 2019, in conjunction with the acquisition of properties. In addition, early repayment of 1,096 million yen was made on April 22, 2019, using the proceeds from the issuance of new investment units through third-party allotment as the funds for the repayment. As a result, as of the last day of the fiscal period under review, the balance of borrowings outstanding was 22,313 million yen and the ratio of interest-bearing liabilities to total assets (hereinafter, "LTV ratio") was 45.8%.

v. Overview of Business Performance and Distribution

As a result of the management described above, business performance in the fiscal period under review was operating revenue of 1,157 million yen, operating profit of 699 million yen, ordinary profit of 336 million yen and profit of 335 million yen. Concerning distribution, in accordance with SANKEI REAL ESTATE's 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 special 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, the decision was made to distribute 335,200,400 yen, which is the entire amount of unappropriated retained earnings, excluding fractions of distribution per unit of less than 1 yen. This resulted in distribution per unit of 1,399 yen.

(Outlook for the Next Fiscal Period)

i. General Management Outlook

The outlook for the Japanese economy is that, despite concerns over the impact of slowdown in overseas economies on business fixed investment, improvement in the employment and income situation and a strong showing in corporate business performance are expected to lead to moderate recovery continuing. On the other hand, uncertainties over overseas economic trends and policies, such as trade issues between the U.S. and China, prospects of the Chinese economy and Brexit issues, the effects of financial and capital market fluctuations, and the impact that the consumption tax hike to 10% effective October 1, 2019, has on domestic demand are among factors requiring attention.

In terms of the office building market, resilient demand backed by strong corporate business performance is expected to lead to vacancy rates continuing to hover at a low level and rent also continuing to be on the rise in Tokyo and Osaka where SANKEI REAL ESTATE's portfolio assets are located. Meanwhile, in terms of the hotel market, despite decrease in the number of visitors to Japan from South Korea, the number of international visitors to Japan being on an increasing trend overall and also the hosting of the Tokyo Olympic Games in 2020 are expected to lead to strong demand for hotel guest rooms.

(A) External Growth Strategy

As a rule, SANKEI REAL ESTATE aims to steadily expand the scale of its assets through sponsorship support from The Sankei Building Co., Ltd.

SANKEI REAL ESTATE will not only promote acquisition of The Sankei Building Co., Ltd.'s portfolio but also properties held by third parties by leveraging the sourcing capabilities of The Sankei Building Co., Ltd. Upon investment, efforts will be made to maintain and improve quality based on a comprehensive judgment of the real estate, etc.'s asset value and degree of contribution to the entire portfolio by sufficiently verifying the real estate, etc.'s profitability and stability over the medium to long term, risk factors and other factors, while taking into account the real estate, etc.'s characteristics, market environment to which the real estate, etc. belongs and other factors.

SANKEI REAL ESTATE aims for sustainable growth and maximization of unitholder value by expanding the scale of assets under management while maintaining and improving earnings of assets under management over the medium to long term by putting into practice such initiatives.

(B) Internal Growth Strategy

As a rule, SANKEI REAL ESTATE aims for steady internal growth through The Sankei Building Co., Ltd.'s sponsorship support.

The Sankei Building Group firstly boasts the functions of planning and development of properties of a wide range of asset types not only meeting its own holding and leasing needs but also capturing various real estate investor needs, additionally boasts the functions to attract tenants and customers by utilizing its vast and strong network, and also boasts a diverse array of operation and management functions, such as property management, building management, construction management and building maintenance for real estate under its management.

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 The Sankei Building Co., Ltd. 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 management of assets under management.

(a) Strive to provide services for tenants' comfortable use while strengthening and enhancing tenant relationships 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.

(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 for 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 from maintaining and improving tenant satisfaction are taken into consideration.

(C) Financial Strategy

SANKEI REAL ESTATE will conduct appropriate and sound financial management while considering for 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.

(a) Equity Financing

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

(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 relationship 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.

In addition, to secure financial soundness, the basic policy shall be to set the upper limit for the LTV ratio at 60% in principle (however, the LTV ratio may temporarily exceed the range of the upper limit for the LTV ratio 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.

ii. Significant Subsequent Events

Issuance of New Investment Units

SANKEI REAL ESTATE passed resolutions at the meeting of the board of directors held on August 6, 2019, and August 21, 2019, on the following issuance of new investment units, payment for which was completed on September 2, 2019, for the issuance of new investment units through public offering and on September 26, 2019, for the issuance of new investment units through third-party allotment.

The proceeds from the issuance of new investment units through public offering were used as part of the funds for acquisition of the real estate trust beneficiary rights to 4 properties as presented later in this document under "(Reference Information) (B) Acquisition of Assets" that were acquired on September 3, 2019. In addition, the proceeds from the issuance of new investment units through third-party allotment were used as the entire amount of the funds for early repayment of short-term borrowings in the amount of 600 million yen as presented later in this document under "(Reference Information) (A) Borrowing of Funds" made on October 7, 2019, and the remaining amount is planned to be used as part of the funds for acquisition of specified assets or part of the funds for repayment of borrowings in the future as funds on hand.

(Issuance of new investment units through public offering)

Number of new investment units issued:	111,619 units
Issue price (offer price):	118,734 yen per unit
Total amount of issue price (offer price):	13,252,970,346 yen
Paid-in amount (issue amount):	114,471 yen per unit
Total amount of paid-in amount (issue amount):	12,777,138,549 yen
Payment due date:	September 2, 2019

(Issuance of new investment units through third-party allotment)

Number of new investment units issued:	5,581 units
Paid-in amount (issue amount):	114,471 yen per unit
Total amount of paid-in amount (issue amount):	638,862,651 yen
Payment due date:	September 26, 2019

(Reference Information)

(A) Borrowing of Funds

SANKEI REAL ESTATE conducted the following borrowing of funds to use as part of the funds for acquisition and incidental expenses, together with the proceeds from the issuance of new investment units through public offering as presented earlier in this document under "Issuance of New Investment Units," upon acquisition of the real estate trust beneficiary rights to 4 properties as presented later in this document under "(Reference Information) (B) Acquisition of Assets."

Term	Lender	Borrowing amount (million yen)	Interest rate (Note 1)	Maturity date	Repayment method	Description
Short-term	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation	456	Base rate (JBA 1-month Japanese Yen TIBOR) + 0.150%	Sept. 3, 2020	Lump-sum repayment at maturity	Unsecured and non-guaranteed
Short-term (Note 2)	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation	600	Base rate (JBA 1-month Japanese Yen TIBOR) + 0.150%	Sept. 3, 2020	Lump-sum repayment at maturity	Unsecured and non-guaranteed
Long-term	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Trust & Banking Co., Ltd. Sumitomo Mitsui Trust Bank, Limited Shinsei Bank, Limited Resona Bank, Limited	5,900	Base rate (JBA 3-month Japanese Yen TIBOR) + 0.200%	Sept. 3, 2022	Lump-sum repayment at maturity	Unsecured and non-guaranteed
Long-term	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Development Bank of Japan Inc. Mizuho Trust & Banking Co., Ltd. Sumitomo Mitsui Trust Bank, Limited Shinsei Bank, Limited Resona Bank, Limited	5,900	0.36200%	Sept. 3, 2023	Lump-sum repayment at maturity	Unsecured and non-guaranteed

(Note 1) The base rate applicable to the calculation period for the interest payable on each interest payment date shall be decided two business days prior to the immediately preceding interest payment date (the drawdown date in the case of the first interest calculation period). For the JBA Japanese Yen TIBOR, please check the website of JBA TIBOR Administration (http://www.jbatibor.or.jp/english/rate/).

(Note 2) The entire amount was repaid early on October 7, 2019, using the proceeds from the issuance of new investment units through third-party allotment with September 26, 2019, as the payment due date as the funds for the repayment, and there is thus no balance outstanding as at the date of this document.

(B) Acquisition of Assets

SANKEI REAL ESTATE conducted the following acquisition of real estate trust beneficiary rights to 4 properties (total acquisition price: 23,930 million yen) on September 3, 2019.

Asset type	Property number	Property name	Location	Acquisition asset	Acquisition price (million yen) (Note)	Seller	Acquisition date
Office buildings	A-2	BREEZÉ TOWER (additional acquisition)	Kita-ku, Osaka-shi, Osaka	Real estate trust beneficiary right	4,500	The Sankei Building Co., Ltd.	Sept. 3, 2019
	A-8	Shinagawa Seaside TS Tower	Shinagawa-ku, Tokyo	Real estate trust beneficiary right	10,040	Godo Kaisha SKB 3	Sept. 3, 2019
	A-9	Omori Park Building	Ota-ku, Tokyo	Real estate trust beneficiary right	5,400	Godo Kaisha SKB 1	Sept. 3, 2019
Sub assets	B-2	Hotel Intergate Hiroshima	Naka-ku, Hiroshima-shi, Hiroshima	Real estate trust beneficiary right	3,990	The Sankei Building Co., Ltd.	Sept. 3, 2019
Total (4 properties)			-	-	23,930	-	-

(Note) "Acquisition price" is the sale and purchase price of each trust beneficiary right stated in each sale and purchase agreement for the acquisition assets, 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.

The acquisition price for "BREEZÉ TOWER" is the figure equivalent to the 15% quasi co-ownership interest in sectional ownership of the office portion of the building, etc. additionally acquired by SANKEI REAL ESTATE. The acquisition price for "Shinagawa Seaside TS Tower" is the figure equivalent to the 25% quasi co-ownership interest in sectional ownership of the buildings, etc. acquired by SANKEI REAL ESTATE.

iii. Operating Forecasts

SANKEI REAL ESTATE's operating forecasts for the fiscal period ending February 2020 (from September 1, 2019 to February 29, 2020) and fiscal period ending August 2020 (from March 1, 2020 to August 31, 2020) are as follows:

	Operating revenue	Operating profit	Ordinary profit	Profit	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. 2020	1,951	1,100	960	959	2,689	-
Fiscal period ending Aug. 2020	2,005	928	842	841	2,358	-

Furthermore, for the assumptions underlying the operating forecasts, please refer to "Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending February 2020 (from September 1, 2019 to February 29, 2020) and Fiscal Period Ending August 2020 (from March 1, 2020 to August 31, 2020)" presented below.

(Note) The forecast figures above are the current forecasts calculated under certain assumptions. Accordingly, the actual operating revenue, operating profit, ordinary profit, profit, 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 2020 (from September 1, 2019 to February 29, 2020) and Fiscal Period Ending August 2020 (from March 1, 2020 to August 31, 2020)

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Accounting period</td><td>・Fiscal period ending February 2020 (2nd fiscal period) (from September 1, 2019 to February 29, 2020) (182 days)
・Fiscal period ending August 2020 (3rd fiscal period) (from March 1, 2020 to August 31, 2020) (184 days)</td></tr>
<tr><td>Assets under management</td><td>・The assumption is that the real estate and real estate trust beneficiary rights (total of 11 properties) held by SANKEI REAL ESTATE as of the date of this document (hereinafter, the "current portfolio assets"), and that these will continue to be held and there will be no acquisition of new properties through to the end of the fiscal period ending August 2020.
・In actual practice, change may arise due to acquisition of new properties, disposition of portfolio properties, etc.</td></tr>
<tr><td>Operating revenue</td><td>・Leasing business revenue of the current portfolio assets is calculated by taking into account various factors, such as lease agreements that have been concluded, tenant trends and market trends.
・Note that the calculations take into account increase in leasing business revenue due to the expiration of the rent-free period for some tenants, among other factors.
・The assumption is that there will be no delinquent or unpaid rent by tenants.</td></tr>
<tr><td>Operating expenses</td><td>・Of operating expenses, the main components are as follows:
(Unit: million yen)
<table>
<tr><th></th><th>Fiscal period ending Feb. 2020</th><th>Fiscal period ending Aug. 2020</th></tr>
<tr><td>Expenses related to leasing business [Total]</td><td>645</td><td>828</td></tr>
<tr><td>　Management fee</td><td>161</td><td>161</td></tr>
<tr><td>　Utilities expenses</td><td>122</td><td>122</td></tr>
<tr><td>　Repair expenses</td><td>63</td><td>60</td></tr>
<tr><td>　Property taxes</td><td>23</td><td>215</td></tr>
<tr><td>　Depreciation</td><td>217</td><td>207</td></tr>
<tr><td>Other than expenses related to leasing business [Total]</td><td>205</td><td>247</td></tr>
<tr><td>　Asset management fee</td><td>135</td><td>177</td></tr>
</table>
・Of expenses related to leasing business, which are the main operating expenses, the 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.</td></tr>
</table>

Item	Assumptions
Operating expenses (cont.)	・In general, fixed 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. Furthermore, fiscal 2019 fixed asset tax, city planning tax, etc. will be expensed starting from the fiscal period ending February 2020 (please refer to "Property taxes" in the table above). ・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.
Non-operating expenses	・As investment unit issuance expenses for the issuance of new investment units, 43 million yen is planned to be recorded for the fiscal period ending February 2020. ・As interest expenses and other borrowing-related expenses, 97 million yen is assumed for the fiscal period ending February 2020 and 86 million yen for the fiscal period ending August 2020.
Interest-bearing liabilities	・The assumption is that total interest-bearing liabilities will be 34,000 million yen at the end of the fiscal period ending February 2020 and 33,500 million yen at the end of the fiscal period ending August 2020. ・The assumption is that (i) With refund of consumption taxes corresponding to the fiscal period ended August 2019 scheduled to take place during the fiscal period ending February 2020, the concerned refund, etc. will be used as the source of funds to repay a portion (613 million yen) of existing borrowings during the fiscal period ending February 2020, (ii) With refund of consumption taxes corresponding to the fiscal period ending February 2020 scheduled to take place during the fiscal period ending August 2020, the concerned refund, etc. will be used as the source of funds to repay a portion (456 million yen) of existing borrowings during the fiscal period ending August 2020, and (iii) There will be no change in the balance of borrowings other than the above through to the end of the fiscal period ending August 2020. ・LTV ratio is expected to be 46.0% at the end of the fiscal period ending February 2020 and 45.6% at the end of the fiscal period ending August 2020. LTV ratio is calculated by the following formula and rounded to one decimal place. LTV ratio = Total interest-bearing liabilities ÷ Total assets × 100
Investment units	・The assumption is that the total number of investment units issued and outstanding as of the date of this document is 356,800 units and that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending August 2020. ・Distribution per unit (excluding distribution in excess of earnings) is calculated based on the forecast total number of investment units issued and outstanding at the end of the fiscal period ending February 2020 and fiscal period ending August 2020 of 356,800 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 fluctuation in leasing business revenue accompanying 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 securities registration statement (submitted on August 6, 2019, as amended).

2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	1st fiscal period (as of Aug. 31, 2019)
Assets	
Current assets	
Cash and deposits	1,998,469
Cash and deposits in trust	1,432,427
Operating accounts receivable	326,641
Prepaid expenses	38,009
Consumption taxes receivable	633,870
Other	426
Total current assets	4,429,846
Non-current assets	
Property, plant and equipment	
Buildings	147,558
Accumulated depreciation	(2,657)
Buildings, net	144,901
Structures	353
Accumulated depreciation	(4)
Structures, net	349
Land	2,445,779
Construction in progress	2,130
Buildings in trust	7,735,371
Accumulated depreciation	(121,060)
Buildings in trust, net	7,614,310
Structures in trust	15,658
Accumulated depreciation	(216)
Structures in trust, net	15,442
Machinery and equipment in trust	345
Accumulated depreciation	(3)
Machinery and equipment in trust , net	341
Tools, furniture and fixtures in trust	800
Accumulated depreciation	(50)
Tools, furniture and fixtures in trust , net	749
Land in trust	33,982,039
Construction in progress in trust	23,769
Total property, plant and equipment	44,229,814
Intangible assets	
Software	8,593
Total intangible assets	8,593
Investments and other assets	
Long-term prepaid expenses	40,386
Deferred tax assets	21
Leasehold and guarantee deposits	10,000
Total investments and other assets	50,408
Total non-current assets	44,288,816
Total assets	48,718,662

(Unit: thousand yen)

	1st fiscal period (as of Aug. 31, 2019)
Liabilities	
Current liabilities	
Operating accounts payable	360,805
Short-term borrowings	4,913,736
Accounts payable - other	177,848
Accrued expenses	16,187
Income taxes payable	1,347
Advances received	176,601
Deposits received	200,343
Total current liabilities	5,846,869
Non-current liabilities	
Long-term borrowings	17,400,000
Leasehold and guarantee deposits received	90,922
Leasehold and guarantee deposits received in trust	1,920,760
Total non-current liabilities	19,411,683
Total liabilities	25,258,553
Net assets	
Unitholders' equity	
Unitholders' capital	23,124,900
Surplus	
Unappropriated retained earnings (undisposed loss)	335,209
Total surplus	335,209
Total unitholders' equity	23,460,109
Total net assets	*1 23,460,109
Total liabilities and net assets	48,718,662

(2) Statement of Income

(Unit: thousand yen)

	1st fiscal period From: Nov. 19, 2018 To: Aug. 31, 2019	
Operating revenue		
Leasing business revenue	*1	1,079,443
Other leasing business revenue	*1	77,638
Total operating revenue		1,157,082
Operating expenses		
Expenses related to leasing business	*1	315,059
Asset management fee		105,532
Asset custody fee		1,297
Administrative service fees		9,470
Remuneration for directors (and other officers)		6,000
Other operating expenses		19,995
Total operating expenses		457,355
Operating profit		699,727
Non-operating income		
Interest income		14
Total non-operating income		14
Non-operating expenses		
Interest expenses		35,827
Borrowing related expenses		159,201
Investment unit issuance expenses		99,593
Organization expenses		58,157
Other		10,424
Total non-operating expenses		363,204
Ordinary profit		336,537
Profit before income taxes		336,537
Income taxes - current		1,349
Income taxes - deferred		(21)
Total income taxes		1,327
Profit		335,209
Retained earnings brought forward		-
Unappropriated retained earnings (undisposed loss)		335,209

(3) Statement of Unitholders' Equity

1st fiscal period (from November 19, 2018 to August 31, 2019)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	-	-	-	-	-
Changes in items during period					
Issuance of new investment units	23,124,900			23,124,900	23,124,900
Profit		335,209	335,209	335,209	335,209
Total changes in items during period	23,124,900	335,209	335,209	23,460,109	23,460,109
Balance at end of period	*1 23,124,900	335,209	335,209	23,460,109	23,460,109

(4) Statement of Cash Distribution

	1st fiscal period From: Nov. 19, 2018 To: Aug. 31, 2019
I. Unappropriated retained earnings	335,209,333 yen
II. Amount of distribution	335,200,400 yen
[Amount of distribution per unit]	[1,399 yen]
III. Retained earnings carried forward	8,933 yen
Method of calculation of amount of distribution	In accordance with the policy on distribution of cash provided in Article 36, Paragraph 1 of SANKEI REAL ESTATE's articles of incorporation, the amount of distribution shall be in excess of the amount equivalent to 90% of the amount of SANKEI REAL ESTATE's earnings available for distribution provided in Article 67-15 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings. Based on such policy, the decision was made to distribute 335,200,400 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (239,600 units) in an amount not in excess of unappropriated retained earnings, as distribution of earnings. The distribution of cash in excess of earnings provided 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)

	1st fiscal period From: Nov. 19, 2018 To: Aug. 31, 2019
Cash flows from operating activities	
Profit before income taxes	336,537
Depreciation	124,798
Investment unit issuance expenses	99,593
Interest income	(14)
Interest expenses	35,827
Decrease (increase) in operating accounts receivable	(326,641)
Decrease (increase) in consumption taxes refund receivable	(633,870)
Decrease (increase) in prepaid expenses	(38,009)
Increase (decrease) in operating accounts payable	126,768
Increase (decrease) in accounts payable - other	159,533
Increase (decrease) in advances received	176,601
Increase (decrease) in deposits received	200,343
Decrease (increase) in long-term prepaid expenses	(40,386)
Decrease (increase) in other assets	(426)
Subtotal	220,654
Interest received	14
Interest paid	(19,639)
Income taxes paid	(2)
Net cash provided by (used in) operating activities	201,026
Cash flows from investing activities	
Purchase of property, plant and equipment	(2,574,113)
Purchase of property, plant and equipment in trust	(41,527,340)
Proceeds from leasehold and guarantee deposits received	90,944
Refund of leasehold and guarantee deposits received	(21)
Proceeds from leasehold and guarantee deposits received in trust	1,927,822
Refund of leasehold and guarantee deposits received in trust	(7,062)
Payments of leasehold and guarantee deposits	(10,000)
Other, net	(9,400)
Net cash provided by (used in) investing activities	(42,109,171)
Cash flows from financing activities	
Proceeds from short-term borrowings	6,010,169
Repayments of short-term borrowings	(1,096,433)
Proceeds from long-term borrowings	17,400,000
Proceeds from issuance of investment units	23,025,306
Net cash provided by (used in) financing activities	45,339,042
Net increase (decrease) in cash and cash equivalents	3,430,897
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	*1 3,430,897

(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 life of core property, plant and equipment is as follows: Buildings 2–65 years Structures 6–59 years Machinery and equipment 15 years Tools, furniture and fixtures 4 years (2) Intangible assets The straight-line method is adopted. (3) Long-term prepaid expenses The straight-line method is adopted.
2. Accounting for deferred assets	(1) Organization expenses The entire amount is expensed as incurred. (2) Investment unit issuance expenses The entire amount is expensed as incurred.
3. Standards for revenue and expense recognition	Accounting for fixed asset tax, etc. For fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate or trust beneficiary rights that have real estate as trust assets held, the method adopted is that, of the tax amount assessed and determined, the amount corresponding to the concerned accounting period is expensed as expenses related to leasing business. Furthermore, the amount equivalent to fixed asset tax, etc. in the initial fiscal year borne by SANKEI REAL ESTATE upon acquisition of real estate or trust beneficiary rights that have real estate as trust assets is not recognized as expenses but included in the cost of acquisition of the concerned real estate, etc. The amount equivalent to fixed asset tax, etc. included in the cost of acquisition for the fiscal period under review was 244,360 thousand yen.
4. Scope of funds in the statement of cash flows	The funds (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 3 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.
5. Other significant matters serving as the basis for preparation of the financial statements	(1) 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. 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 (2) Accounting for consumption tax, etc. The accounting for consumption tax and local consumption tax is by the method of exclusion of the taxes.

(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

1st fiscal period (as of Aug. 31, 2019)
50,000 thousand yen

[Notes to the Statement of Income]

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

(Unit: thousand yen)

	1st fiscal period From: Nov. 19, 2018 To: Aug. 31, 2019	
A. Operating revenue from real estate leasing		
Leasing business revenue		
Rental revenue	978,011	
Common area maintenance revenue	101,432	1,079,443
Other leasing business revenue		
Utilities reimbursement	53,219	
Parking revenue	18,724	
Other rental revenue	5,695	77,638
Total operating revenue from real estate leasing		1,157,082
B. Operating expenses from real estate leasing		
Expenses related to leasing business		
Outsourcing expenses	98,045	
Utilities expenses	68,504	
Land rent	1,355	
Repair expenses	10,663	
Insurance premium	2,844	
Trust fee	1,846	
Depreciation	123,992	
Other expenses related to leasing business	7,807	315,059
Total operating expenses from real estate leasing		315,059
C. Operating income (loss) from real estate leasing [A−B]		842,023

[Notes to the Statement of Unitholders' Equity]

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

	1st fiscal period From: Nov. 19, 2018 To: Aug. 31, 2019
Total number of investment units authorized	10,000,000 units
Total number of investment units issued and outstanding	239,600 units

[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

	1st fiscal period From: Nov. 19, 2018 To: Aug. 31, 2019
Cash and deposits	1,998,469 thousand yen
Cash and deposits in trust	1,432,427 thousand yen
Cash and cash equivalents	3,430,897 thousand yen

[Notes on Lease Transactions]

Operating lease transactions (as lessor)

Future minimum lease payments

	1st fiscal period (as of Aug. 31, 2019)
Due within 1 year	1,713,466 thousand yen
Due after 1 year	10,658,891 thousand yen
Total	12,372,357 thousand yen

[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. If 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's liabilities. No derivative transactions were conducted in the fiscal period under review.

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

Borrowings are mainly for the purpose of procuring funds for acquisition of assets and funds for repayment of obligations. Borrowings 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 ratio under control in an appropriate manner.

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

The fair value of financial instruments is values based on market price, but may otherwise include values based on reasonable calculation when no market price is available. Certain assumptions, etc. are adopted in the calculation of the concerned values. 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 August 31, 2019, and the amount of difference between these. Financial instruments for which estimation of fair value is recognized to be extremely difficult are not included in the following table (Note 2).

	Carrying amount (thousand yen)	Fair value (thousand yen)	Amount of difference (thousand yen)
(1) Cash and deposits	1,998,469	1,998,469	-
(2) Cash and deposits in trust	1,432,427	1,432,427	-
Total assets	3,430,897	3,430,897	-
(1) Short-term borrowings	4,913,736	4,913,736	-
(2) Long-term borrowings	17,400,000	17,436,222	36,222
Total liabilities	22,313,736	22,349,958	36,222

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

Assets

(1) Cash and deposits; (2) Cash and deposits in trust

Because these are settled in a short period of time, the fair value is approximately the same as the book value and thus stated at that book value.

Liabilities

(1) Short-term borrowings

Because these are settled in a short period of time and have floating interest rates, the fair value is approximately the same as the book value and thus stated at that book value.

(2) Long-term borrowings

Of long-term borrowings, because those with floating interest rates reflect market interest rates in a short period of time, the fair value is thought to resemble the book value and thus stated at that book value. However, in the case of long-term borrowings 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) Financial instruments for which estimation of fair value is recognized to be extremely difficult

	1st fiscal period (as of Aug. 31, 2019)
Leasehold and guarantee deposits received	90,922 thousand yen
Leasehold and guarantee deposits received in trust	1,920,760 thousand yen

* "Leasehold and guarantee deposits received" and "Leasehold and guarantee deposits received in trust" are not subject to disclosure of fair value, because there being no market price and, even if the lease contract period has been set, there being the possibility of contract cancellation before expiration, contract extension or contract renewal make calculating the actual deposit period impossible and reasonable projection of future cash flows is thus recognized to be extremely difficult.

(Note 3) Amount of redemption of monetary claims scheduled to be due after the end of the fiscal period (August 31, 2019)

(Unit: thousand yen)

Category	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
Cash and deposits	1,998,469	-	-	-	-	-
Cash and deposits in trust	1,432,427	-	-	-	-	-
Total	3,430,897	-	-	-	-	-

(Note 4) Amount of repayment of borrowings scheduled to be due after the end of the fiscal period (August 31, 2019)

(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
Short-term borrowings	4,913,736	-	-	-	-	-
Long-term borrowings	-	4,800,000	5,600,000	3,700,000	3,300,000	-
Total	4,913,736	4,800,000	5,600,000	3,700,000	3,300,000	-

[Notes on Securities]

Not applicable.

[Notes on Derivative Transactions]

Not applicable.

[Notes on Retirement Benefits]

Not applicable.

[Notes on Tax-Effect Accounting]

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

	1st fiscal period (as of Aug. 31, 2019)
Deferred tax assets	
Non-deductible accrued enterprise tax	21 thousand yen
Total	21 thousand yen
Deferred tax assets, net	21 thousand yen

2. Breakdown of major components that caused any significant differences between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

	1st fiscal period (as of Aug. 31, 2019)
Statutory tax rate	31.51%
[Adjustments]	
Deductible distribution payable	(31.38%)
Other	0.26%
Effective income tax rate after application of tax-effect accounting	0.39%

[Notes on Share of Profit (Loss) of Entities Accounted for Using Equity Method]

Not applicable.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.

1st fiscal period (from November 19, 2018 to August 31, 2019)

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				
Parent company	The Sankei Building Co., Ltd. (Note 3)	Chiyoda-ku, Tokyo	28,120,463	Real estate business	100.00% held in SANKEI REAL ESTATE	-	Parent company	Receipt of investments in capital (incorporation through private placement)	100,000	-	-

(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 Sankei Building Co., Ltd. fell under the category of parent company with 100.00% voting rights held in SANKEI REAL ESTATE at the time of the receipt of investments in capital, but an issuance of new investment units through public offering resulted in the voting rights becoming 4.74% and thus no longer falls under the category of parent company as of the last day of the fiscal period. Accordingly, percentage of voting rights, etc. held in SANKEI REAL ESTATE and transaction amount are the percentage and amount for the period when it was a parent company.

2. Affiliated company, etc.

Not applicable.

3. Fellow subsidiary, etc.

1st fiscal period (from November 19, 2018 to August 31, 2019)

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				
Subsidiary of parent company	Sankei Building Asset Management Co., Ltd. (Note 3)	Chiyoda-ku, Tokyo	100,000	Investment management business	-	Concurrent holding of positions by 1 director	Outsourcing of asset management services	Payment of organizer fee	50,000 (Note 4)	-	-

(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) As stated in "(Note 3)" of "1. Parent company, major corporate unitholder, etc.," The Sankei Building Co., Ltd. no longer falls under the category of parent company of SANKEI REAL ESTATE. Consequently, Sankei Building Asset Management Co., Ltd., too, no longer falls under the category of fellow subsidiary, etc. Accordingly, the transaction amount for organizer fee is the amount for the period when it was a fellow subsidiary, etc.

(Note 4) The amount of organizer fee is based on the terms and conditions provided in SANKEI REAL ESTATE's articles of incorporation.

4. Director, major individual unitholder, etc.

1st fiscal period (from November 19, 2018 to August 31, 2019)

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 organizer fee (Note 3)	50,000	-	-
								Payment of asset management fee to asset management company (Note 3)	539,489 (Note 4)	Accounts payable - other	113,975

(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) Payment of organizer fee and asset management fee is for transactions conducted by Yuichi Ota as representative of Sankei Building Asset Management Co., Ltd., and transaction amount is based on the terms and conditions provided in SANKEI REAL ESTATE's articles of incorporation.

(Note 4) Asset management fee includes the portion of the fee for property acquisition included in the book value of individual real estate, etc. (433,957 thousand yen).

(Note 5) Transaction terms and conditions are decided based on the actual market conditions.

[Notes on Asset Retirement Obligations]

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)

		1st fiscal period From: Nov. 19, 2018 To: Aug. 31, 2019
Carrying amount		
	Balance at beginning of period	-
	Amount of change during period	44,203,915
	Balance at end of period	44,203,915
Fair value at end of period		47,000,000

(Note 1) Carrying amount is the amount of the cost of acquisition, less accumulated depreciation.

(Note 2) Of the amount of change during period, the amount of increase is mainly attributable to new property acquisition of 8 properties (44,327,907 thousand yen), etc., while the amount of decrease is mainly attributable to depreciation (123,992 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."

[Notes on Segment Information, Etc.]

1. Segment information

The information is omitted, because SANKEI REAL ESTATE has a single segment—the real estate leasing business.

2. Related information

1st fiscal period (from November 19, 2018 to August 31, 2019)

(1) Information by product and service

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

(2) Information by geographic area

i. Operating revenue

The information is omitted, because operating revenue to external customers in Japan exceeds 90% of operating revenue on the statement of income.

ii. Property, plant and equipment

The information is omitted, because 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.	194,716	Real estate leasing business

[Notes on Per Unit Information]

	1st fiscal period From: Nov. 19, 2018 To: Aug. 31, 2019
Net assets per unit	97,913 yen
Earnings per unit	2,312 yen

(Note 1) Earnings per unit is calculated by dividing profit by the period's daily weighted average number of investment units (144,970 units). In addition, diluted earnings per unit is not stated, because there are no diluted investment units.

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

	1st fiscal period From: Nov. 19, 2018 To: Aug. 31, 2019
Profit (thousand yen)	335,209
Amount not available to common unitholders (thousand yen)	-
Profit attributable to common investment units (thousand yen)	335,209
Average number of investment units during period (units)	144,970

[Notes on Significant Subsequent Events]

Issuance of New Investment Units

SANKEI REAL ESTATE passed resolutions at the meeting of the board of directors held on August 6, 2019, and August 21, 2019, on the following issuance of new investment units, payment for which was completed on September 2, 2019, for the issuance of new investment units through public offering and on September 26, 2019, for the issuance of new investment units through third-party allotment. As a result, SANKEI REAL ESTATE has unitholders' capital of 36,540,901 thousand yen and total number of investment units issued and outstanding of 356,800 units as of September 26, 2019.

(Issuance of new investment units through public offering)

Number of new investment units issued:	111,619 units
Issue price (offer price):	118,734 yen per unit
Total amount of issue price (offer price):	13,252,970,346 yen
Paid-in amount (issue amount):	114,471 yen per unit
Total amount of paid-in amount (issue amount):	12,777,138,549 yen
Payment due date:	September 2, 2019
Use of funds:	The funds were used as part of the funds for acquisition of the real estate trust beneficiary rights to 4 properties that were acquired on September 3, 2019.

(Issuance of new investment units through third-party allotment)

Number of new investment units issued:	5,581 units
Paid-in amount (issue amount):	114,471 yen per unit
Total amount of paid-in amount (issue amount):	638,862,651 yen
Payment due date:	September 26, 2019
Use of funds:	The funds were used as the entire amount of the funds for early repayment of short-term borrowings in the amount of 600 million yen made on October 7, 2019, and the remaining amount is planned to be used as part of the funds for acquisition of specified assets or part of the funds for repayment of borrowings in the future as funds on hand.

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

Changes in unitholders' capital and the total number of investment units issued and outstanding from the incorporation of SANKEI REAL ESTATE to the last day of the fiscal period under review (August 31, 2019) are as follows:

Date	Description	Unitholders' capital (thousand yen)		Total number of investment units issued and outstanding (units)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
Nov. 19, 2018	Incorporation through private placement	100,000	100,000	1,000	1,000	(Note 1)
Mar. 11, 2019	Capital increase through public offering	21,928,467	22,028,467	227,238	228,238	(Note 2)
Apr. 10, 2019	Capital increase through third-party allotment	1,096,433	23,124,900	11,362	239,600	(Note 3)

(Note 1) Investment units were issued at a paid-in amount of 100,000 yen per unit upon the incorporation of SANKEI REAL ESTATE.

(Note 2) New investment units were issued through public offering at an issue price of 100,000 yen (paid-in amount of 96,500 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 96,500 yen per unit.

3. Reference Information

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

i. Investment Status

Asset group	Asset type	Geographic area (Note 1)	1st fiscal period (as of Aug. 31, 2019)	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate	Office buildings	Greater Tokyo, Osaka City and Nagoya City	2,591	5.3
		Cities designated by government ordinance (excluding above), core cities and major regional cities	-	-
	Sub assets	Greater Tokyo, Osaka City and Nagoya City	-	-
		Cities designated by government ordinance (excluding above), core cities and major regional cities	-	-
Real estate in trust	Office buildings	Greater Tokyo, Osaka City and Nagoya City	32,527	66.8
		Cities designated by government ordinance (excluding above), core cities and major regional cities	-	-
	Sub assets	Greater Tokyo, Osaka City and Nagoya City	9,085	18.6
		Cities designated by government ordinance (excluding above), core cities and major regional cities	-	-
	Hotels	Greater Tokyo, Osaka City and Nagoya City	9,085	18.6
		Cities designated by government ordinance (excluding above), core cities and major regional cities	-	-
Subtotal			44,203	90.7
Deposits and other assets			4,514	9.3
Total assets			48,718	100.0

(Note 1) "Greater Tokyo" refers to Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture.
"Core cities" refers to cities with population of 200,000 or more (excluding Greater Tokyo, Osaka City and Nagoya City, and other cities designated by government ordinance).
"Major regional cities" refers to cities that are municipalities with population of less than 200,000 and the Asset Management Company has deemed certain demand can be found for specific asset types.

(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) as of August 31, 2019, 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.

	1st fiscal period (as of Aug. 31, 2019)	
	Amount (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Total liabilities	25,258	51.8
Total net assets	23,460	48.2
Total assets	48,718	100.0

(Note 1) The total liabilities, total net assets and total assets amounts are each based on the carrying amount as of August 31, 2019, rounded down to the nearest million yen.

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

ii. Investment Assets

The following are the assets held by SANKEI REAL ESTATE (real estate or trust beneficiary rights that have real estate as trust assets; hereinafter, may be collectively referred to as the "portfolio assets") as of August 31, 2019.

(A) Portfolio List

The property name, location, acquisition price, investment ratio, book value, appraisal value and acquisition date of the portfolio assets 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)	Acquisition date (Note 4)
				Price (million yen)	Investment ratio (%)			
Office buildings	A-1	Tokyo Sankei Building (Note 5)	Chiyoda-ku, Tokyo	2,509	5.8	2,591	2,680	Mar. 12, 2019
	A-2	BREEZÉ TOWER (Note 5)	Kita-ku, Osaka-shi, Osaka	8,600	19.8	8,710	9,750	Mar. 12, 2019
	A-3	S-GATE NIHONBASHI-HONCHO (Note 5)	Chuo-ku, Tokyo	6,698	15.4	6,779	7,380	Mar. 12, 2019
	A-4	S-GATE AKIHABARA	Chiyoda-ku, Tokyo	2,055	4.7	2,082	2,180	Mar. 12, 2019
	A-5	Hibiya Sankei Building	Chiyoda-ku, Tokyo	5,829	13.4	6,020	6,500	Mar. 12, 2019
	A-6	Hatchobori Sankei Building	Chuo-ku, Tokyo	4,959	11.4	5,029	5,560	Mar. 12, 2019
	A-7	Toyo Park Building	Koto-ku, Tokyo	3,782	8.7	3,906	3,880	Mar. 12, 2019
Subtotal			-	34,434	79.4	35,118	37,930	-
Sub assets	B-1	Hotel Intergate Tokyo Kyobashi	Chuo-ku, Tokyo	8,961	20.6	9,085	9,070	Mar. 12, 2019
Subtotal			-	8,961	20.6	9,085	9,070	-
Total			-	43,395	100.0	44,203	47,000	-

(Note 1) "Acquisition price" is the sale and purchase price of real estate and each trust beneficiary right stated in each sale and purchase agreement for the portfolio assets, 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 portfolio asset to the sum total amount of acquisition prices, rounded to one decimal place.

(Note 2) "Book value" is the depreciated book value for each portfolio asset as of August 31, 2019, rounded down to the nearest million yen.

(Note 3) "Appraisal value" is the appraisal value with an appraisal date of August 31, 2019, stated in each real estate appraisal report. The appraisal of each portfolio asset is entrusted to Japan Real Estate Institute, The Tanizawa Sōgō Appraisal Co., Ltd. and Daiwa Real Estate Appraisal Co., Ltd.

(Note 4) "Acquisition date" is the acquisition date stated in each sale and purchase agreement for the portfolio assets.

(Note 5) The acquisition price, book value and appraisal value for "Tokyo Sankei Building" and "S-GATE NIHONBASHI-HONCHO" are the figures equivalent to the co-ownership interest in each property (2% and 51%, respectively) (*1) held by SANKEI REAL ESTATE. The acquisition price, book value and appraisal value for "BREEZÉ TOWER" are the figures equivalent to the 30% quasi co-ownership interest in sectional ownership of the office portion of the building, etc. (*2) held by SANKEI REAL ESTATE.

(*1) As for "Tokyo Sankei Building," SANKEI REAL ESTATE acquired 2% co-ownership interest in the ownership of the site, 2% quasi co-ownership interest in the leasehold and 2% co-ownership interest in the ownership of the building. As for "S-GATE NIHONBASHI-HONCHO," SANKEI REAL ESTATE holds trust beneficiary rights with 51% co-ownership interest in the ownership of the site and building as trust assets.

(*2) As for "BREEZÉ TOWER," SANKEI REAL ESTATE holds 30% quasi co-ownership interest in trust beneficiary rights with sectional ownership of the office portion of the building and rights to use the site (ownership, leasehold and mutual use rights of the site) as trust assets.

(B) Overview of Buildings and Leasing

The property name, construction completion, total rental revenue, security and guarantee deposits, total leasable area, total leased area and occupancy rate of the portfolio assets of SANKEI REAL ESTATE are as follows:

Asset type	Property number	Property name	Construction completion (Note 1)	Total rental revenue (million yen) (Note 2)	Security 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-1	Tokyo Sankei Building (Note 7)	Sept. 28, 2000	99	90	881.69	877.20	99.5
	A-2	BREEZÉ TOWER (Note 7)	July 1, 2008	582	476	8,097.34	8,097.34	100.0
	A-3	S-GATE NIHONBASHI-HONCHO (Note 7)	Oct. 31, 2018	307	307	3,171.83	3,171.83	100.0
	A-4	S-GATE AKIHABARA	Sept. 29, 2017	111	111	1,681.55	1,681.55	100.0
	A-5	Hibiya Sankei Building	June 25, 1992	386	321	3,439.61	3,439.61	100.0
	A-6	Hatchobori Sankei Building	Sept. 1, 1965	306	252	5,594.90	5,594.90	100.0
	A-7	Toyo Park Building	June 18, 1991	205	168	4,224.52	4,224.52	100.0
Subtotal (Average)			-	1,998	1,726	27,091.45	27,086.96	100.0
Sub assets	B-1	Hotel Intergate Tokyo Kyobashi	Jan. 18, 2018	413	206	6,006.53	6,006.53	100.0
Subtotal (Average)			-	413	206	6,006.53	6,006.53	100.0
Total (Average)			-	2,412	1,933	33,097.98	33,093.49	100.0

(Note 1) "Construction completion" is the date of new construction completion stated in the registry of the main building for each portfolio asset. 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 amount calculated by annualizing the monthly rent (Only the rent for the rental accommodation, excluding usage fees for warehouses, signboards, parking lots, etc., but including common service charges. Free rent and rent holiday (*1) will not be taken into consideration. Consumption tax, etc. are not included. The same shall apply hereinafter.) for the building stated in the lease agreement for each portfolio asset effective as of August 31, 2019, 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 portfolio assets.

(*1) "Free rent" refers to measures temporarily reducing rent or other amount for mainly tenants newly moving in that 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) "Security and guarantee deposits" is the total amount of security and guarantee deposits (including the amount expected to be received based on each lease agreement, but excluding security and guarantee deposits for warehouses, signboards, parking lots, etc.) based on the lease agreement for each portfolio asset as of August 31, 2019, rounded down to the nearest million yen.

(Note 4) "Total leasable area" is the area (excluding area of warehouse, signboard, parking lot, etc.) expected to be leasable based on the lease agreement, drawing, etc. of the buildings for each portfolio asset as of August 31, 2019, rounded to two decimal places.

(Note 5) "Total leased area" is the total leased area (excluding area of warehouse, signboard, parking lot, etc.) stated in the lease agreement (excluding leased agreements under which the lease period is yet to commence) for each portfolio asset as of August 31, 2019, 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 portfolio asset as of August 31, 2019, rounded to one decimal place. In addition, each subtotal and portfolio total figure is the ratio of the sum total of total leased area to the sum total of total leasable area for each portfolio asset, rounded to one decimal place.

(Note 7) The total rental revenue, security and guarantee deposits, total leasable area and total leased area for "Tokyo Sankei Building" and "S-GATE NIHONBASHI-HONCHO" are the figures equivalent to the co-ownership interest in each property (2% and 51%, respectively) held by SANKEI REAL ESTATE. The total rental revenue, security and guarantee deposits, total leasable area and total leased area for "BREEZÉ TOWER" are the figures equivalent to the 30% quasi co-ownership interest in sectional ownership of the office portion of the building, etc. held by SANKEI REAL ESTATE.

(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 the appraisal of the portfolio assets 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-1	Tokyo Sankei Building (Note 2)	Japan Real Estate Institute	2,680	2,710	2.6	2,640	2.3	2.7	2,710
	A-2	BREEZÉ TOWER (Note 2)	Japan Real Estate Institute	9,750	9,840	3.9	9,660	3.5	4.1	9,330
	A-3	S-GATE NIHONBASHI-HONCHO (Note 2)	Japan Real Estate Institute	7,380	7,420	3.4	7,330	3.0	3.5	6,650
	A-4	S-GATE AKIHABARA	Japan Real Estate Institute	2,180	2,220	3.6	2,140	3.4	3.8	2,010
	A-5	Hibiya Sankei Building	Japan Real Estate Institute	6,500	6,650	3.1	6,350	2.9	3.3	6,970
	A-6	Hatchobori Sankei Building	The Tanizawa Sōgō Appraisal Co., Ltd.	5,560	5,660	4.1	5,520	4.2	4.3	5,430
	A-7	Toyo Park Building	Japan Real Estate Institute	3,880	3,960	4.1	3,800	3.9	4.3	2,780
Subtotal				37,930	38,460	-	37,440	-	-	35,880
Sub assets	B-1	Hotel Intergate Tokyo Kyobashi	Daiwa Real Estate Appraisal Co., Ltd.	9,070	9,210	3.8	9,010	3.6	4.0	9,290
Subtotal				9,070	9,210	-	9,010	-	-	9,290
Total				47,000	47,670	-	46,450	-	-	45,170

(Note 1) The date of value is August 31, 2019.

(Note 2) The appraisal value, indicated value by income approach based on direct capitalization method, indicated value by income approach based on DCF method and indicated value by cost approach for "Tokyo Sankei Building" and "S-GATE NIHONBASHI-HONCHO" are the figures equivalent to the co-ownership interest in each property (2% and 51%, respectively) held by SANKEI REAL ESTATE. The appraisal value, indicated value by income approach based on direct capitalization method and capitalization rate, indicated value by income approach based on DCF method, discount rate and terminal capitalization rate, and indicated value by cost approach for "BREEZÉ TOWER" are the figures equivalent to the 30% quasi co-ownership interest in sectional ownership of the office portion of the building, etc. held by SANKEI REAL ESTATE.

(2) Capital Expenditures

i. Schedule of Capital Expenditures

Of capital expenditures associated with renovation work, etc. currently planned for assets held by SANKEI REAL ESTATE as of August 31, 2019, the following are the major estimated amounts (10 million yen or more). The estimated construction costs below include the portion separately charged to expenses in accounting.

Name of real estate, etc. (Location)	Purpose	Scheduled period	Estimated construction costs (million yen)		
			Total amount	Amount of payment during period	Total amount already paid
Hatchobori Sankei Building (Chuo-ku, Tokyo)	Fresh air handling unit and cooling tower parts replacement	From: Nov. 1, 2019 To: Nov. 23, 2019	30	-	-

ii. Capital Expenditures during the Fiscal Period

No major construction work falling under the category of capital expenditures of 10 million yen or more was conducted in the fiscal period under review for assets held by SANKEI REAL ESTATE as of August 31, 2019. For the fiscal period under review, capital expenditures amounted to 25,262 thousand yen and repair expenses separately charged to expenses amounted to 10,663 thousand yen for a combined total of 35,925 thousand yen of construction work implemented.

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)

Fiscal period	1st fiscal period From: Nov. 19, 2018 To: Aug. 31, 2019
Balance of reserve at beginning of period	-
Provision of reserve during period	95,103
Reversal of reserve during period	-
Reserve carried forward	95,103