(REIT) Financial Report for the Fiscal Period Ended August 2024

October 16, 2024

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

Asset Management Company:	Sankei Building Asset Management Co., Ltd.
Representative:	Yuichi Ota, President and Chief Executive Officer
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Scheduled date of submission of semiannual securities report:	November 28, 2024
Scheduled date of commencement of distribution payment:	November 22, 2024
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 2024 (from March 1, 2024 to August 31, 2024)

(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. 2024	2,461	(68.4)	1,299	5.7	1,107	6.7	1,106	6.7
Fiscal period ended Feb. 2024	7,778	182.7	1,229	(7.8)	1,038	(8.2)	1,037	(8.2)

	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. 2024	2,369	2.2	1.1	45.0
Fiscal period ended Feb. 2024	2,220	2.1	1.0	13.3

(Note) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units (fiscal period ended February 2024: 467,099 units; fiscal period ended August 2024: 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. 2024	2,369	1,106	-	-	100.0	2.2
Fiscal period ended Feb. 2024	2,221	1,037	-	-	100.0	2.1

(3) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Fiscal period ended Aug. 2024	104,878	50,542	48.2	108,204
Fiscal period ended Feb. 2024	104,802	50,473	48.2	108,056

(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. 2024	1,983	(10,516)	(1,037)	7,444
Fiscal period ended Feb. 2024	34,382	(17,774)	(7,930)	17,014

2. Operating Forecasts for the Fiscal Period Ending February 2025 (from September 1, 2024 to February 28, 2025) and Operating Forecasts for the Fiscal Period Ending August 2025 (from March 1, 2025 to August 31, 2025)

(% 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. 2025	2,467	0.2	1,290	(0.8)	1,076	(2.9)	1,075	(2.9)	2,302	-
Fiscal period ending Aug. 2025	2,506	1.6	1,300	0.8	1,051	(2.3)	1,050	(2.3)	2,250	-

(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 2025) 2,302 yen (Fiscal period ending August 2025) 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

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	Fiscal period ended Aug. 2024	467,099 units	Fiscal period ended Feb. 2024	467,099 units
ii. Number of treasury investment units at end of period	Fiscal period ended Aug. 2024	0 units	Fiscal period ended Feb. 2024	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 22.

* 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 2025 (from September 1, 2024 to February 28, 2025) and the Fiscal Period Ending August 2025 (from March 1, 2025 to August 31, 2025)” on page 6.

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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 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, 2024), 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, 2024), the Japanese economy has been plagued by rising prices due to the weak yen and rising raw material costs, but signs of a return to growth are beginning to appear, with consumption trends expected to improve through solid corporate performance and improved labor supply and demand. In line with the review of the accommodative monetary policy, the policy interest rate has been raised and the stock market has reached an all-time high, while the TSE REIT Index has been weak due to an expectation of higher interest rates.

In this situation, a further increase in the policy interest rate in Japan, coupled with the prospect of interest rate cuts against the backdrop of economic trends in Europe and the United States that are also showing signs of economic uncertainty, is threatening to cause a sharp decline in the stock market, and is therefore a turbulent factor. In addition, the situations in Ukraine and the Middle East, as well as the slowdown in the Chinese economy, are unpredictable and require continued vigilance.

In this economic environment, as for the office building market in which SANKEI REAL ESTATE primarily invests, last year's large supply of office space in the Tokyo metropolitan area was smoothly absorbed, and this year's supply is in a trough; on the other hand, the vacancy rate is declining and rents are rising due to demand for better office environment, location, additional space and other factors. However, depending on the location and grade of the property, the situation varies including occurrence of secondary vacancies.

Among the core asset groups (Note), SANKEI REAL ESTATE is currently investing in the hotel and logistics markets. As for the hotel market, the number of foreign visitors to Japan recorded its highest ever single month in June and July (both estimated figures) according to the Japan National Tourism Organization's statistics on foreign visitors to Japan, and continued to exceed the same period in 2019, showing a steady performance even amid a sluggish recovery in some countries, such as China. The logistics market continues to show signs of expansion, with the steady expansion of the EC market and the expansion of logistics bases in response to the so-called 2024 problem, which requires various responses due to the introduction of restrictions on overtime work hours for drivers and other workers.

(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

Since March 2023, SANKEI REAL ESTATE has been undertaking a review of its portfolio and converted to a comprehensive REIT in October 2023, following partial amendments to the Asset Management Company's management guidelines. In March 2024, we acquired "Vessel Hotel Campana Susukino" (40% co-ownership interest), and in April 2024, we acquired "S-GATE NIHONBASHI-HONCHO" (49% co-ownership interest) to bring our ownership ratio to 100%. Through these series of reviews, SANKEI REAL ESTATE's portfolio as of the end of the current fiscal period now consists of 17 properties with an asset size (total acquisition price (Note 1)) of 96,447 million yen.

As of the end of the fiscal period under review, regarding our management performance we had 17 properties, with an occupancy rate (Note 2) of 96.6%. Operating revenue decreased 68.4% from the previous fiscal period to 2,461 million yen due to the absence of gain on sale of real estate properties that occurred in the previous period. However, excluding this, real estate rent business revenue increased 4.2% from the previous fiscal period to 2,461 million yen. In addition, the appraisal value as of the end of the fiscal period was 101,590 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. As the revision period approaches, some tenants are showing a certain attitude toward increasing rent as we carefully explain to tenants the unique circumstances surrounding the coronavirus pandemic and the current trends in the rental market. Repairs and capital expenditures were narrowed down to those that contribute to maintenance and improvement of the competitiveness of the assets under management.

With the acquisition of Vessel Hotel Campana Susukino during the period, the number of hotels owned by SANKEI REAL ESTATE has increased to six in total as of the end of the period. The three properties that adopt fixed rents (Hotel Intergate Tokyo Kyobashi, Hotel Intergate Hiroshima and Vessel Hotel Campana Susukino) ensure the stability of 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 a recovery in inbound tourism and increases in room occupancy and average room rates.

In the logistics market, demand for logistics facilities has been steadily increasing, not only because of activated 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 April 2024, we reacquired DBJ Green Building certification for "S-GATE AKASAKA." As a result, SANKEI REAL ESTATE has acquired environmental certification for a total of nine assets under management (four properties certified by DBJ Green Building and five properties rated by BELS). And, as an investment corporation, we have received 2 stars and a Green Star in the GRESB Real Estate Rating.
Additionally, SANKEI REAL ESTATE introduced substantial renewable energy to some of its properties by purchasing FIT Non-Fossil Certificates in June 2024.

(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.

iv. Overview of Fund Procurement

During the fiscal period under review, in order to repay 3,300 million yen of long-term loans maturing on March 12, 2024, we borrowed 3,300 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, on July 23, 2024, SANKEI REAL ESTATE 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 2,461 million yen, operating income of 1,299 million yen, ordinary income of 1,107 million yen, and net income of 1,106 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 1,106,557,531 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 2,369 yen.

(Outlook for the Next Fiscal Period)

i. General Management Outlook

The Nikkei average, which had reached an all-time high, has temporarily shown the largest drop in its history, and the situation is not necessarily bullish all the way. While the Bank of Japan raised interest rates again in July, the United States has embarked on a significant interest rate cut, with further revisions to policy interest rates expected by the end of the year. Further, in addition to the long-running situations in Ukraine and the Middle East, important elections were/will be held in various major countries this year, making it difficult to predict the international situation.
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.
In the office building market, the massive supply in 2023, the largest supply ever, was absorbed smoothly due to the steady return to offices, demand for better office environments, locations and for additional space. Further, with no significant supply in 2024, we have seen a decline in vacancy rates and an increase in rents. However, secondary vacancies may occur depending on the location and grade of the property, so we need to develop detailed leasing policies for each property. In addition, we expect a large supply of properties to be available again in 2025, so we will continue to closely monitor market trends.
In the hotel market, the number of foreign tourists visiting Japan has been steadily increasing since October of the year before last. Combined with the impact of the weak yen, the number of foreign visitors to Japan reached an all-time high for a single month in June and July 2024 (both estimated figures) according to the Japan National Tourism Organization's statistics on foreign visitors to Japan, and continuously exceeded the same periods in 2019. Inbound demand is expected to expand steadily. 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 have fixed rent based on fixed-term building lease agreements with tenants, and stable revenues are expected.

(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 maintain our portfolio through ongoing rebalancing and strive to improve portfolio quality.

Additionally, during the fiscal period under review, we acquired our first property owned by a third party with the support of SANKEI BUILDING. Going forward, we will continue to make maximum use of SANKEI BUILDING's sponsor support and sustain external growth by acquiring third-party-owned properties, 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, we will attempt to raise rents upon contract renewal if there is a significant deviation from market rent and continue to implement strategic leasing such as activities to extend the cancellation notification period from tenants and disperse end dates of rental contracts from the viewpoint of termination risk for properties where the end dates of multiple tenants are the same. 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

Not applicable.

iii. Operating Forecasts

SANKEI REAL ESTATE's operating forecasts for the fiscal period ending February 2025 (from September 1, 2024 to February 28, 2025) and the fiscal period ending August 2025 (from March 1, 2025 to August 31, 2025) 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. 2025	2,467	1,290	1,076	1,075	2,302	-
Fiscal period ending Aug. 2025	2,506	1,300	1,051	1,050	2,250	-

Furthermore, for the assumptions underlying the operating forecasts, please refer to "Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending February 2025 (from September 1, 2024 to February 28, 2025) and Fiscal Period Ending August 2025 (from March 1, 2025 to August 31, 2025)" 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 2025
(from September 1, 2024 to February 28, 2025) and the Fiscal Period Ending August 2025 (from March 1, 2025 to August 31, 2025)

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Accounting period</td><td>・Fiscal period ending February 2025 (12th fiscal period) (from September 1, 2024 to February 28, 2025) (181 days)
・Fiscal period ending August 2025 (13th fiscal period) (from March 1, 2025 to August 31, 2025) (184 days)</td></tr>
<tr><td>Assets under management</td><td>・The assumption for the real estate and real estate trust beneficiary rights (17 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 2025.
・In addition to the above, there is a possibility of changes due to the acquisition of other properties or disposition of owned properties.</td></tr>
<tr><td>Operating revenue</td><td>・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.</td></tr>
<tr><td>Operating expenses</td><td>・The principal items of operating expenses are as follows.
(Unit: million yen)
<table>
<tr><th></th><th>Fiscal period ending Feb. 2025</th><th>Fiscal period ending Aug. 2025</th></tr>
<tr><td>Total expenses related to rent business</td><td>852</td><td>889</td></tr>
<tr><td>Outsourcing expenses</td><td>116</td><td>113</td></tr>
<tr><td>Utilities expenses</td><td>99</td><td>100</td></tr>
<tr><td>Repair expenses</td><td>44</td><td>23</td></tr>
<tr><td>Property taxes</td><td>246</td><td>298</td></tr>
<tr><td>Depreciation</td><td>321</td><td>328</td></tr>
<tr><td>Other expenses related to rent business [Total]</td><td>324</td><td>316</td></tr>
<tr><td>Asset management fee</td><td>246</td><td>246</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. Non-current asset tax and city planning tax, etc. on assets acquired as of February 1, 2024, March 1, 2024 and April 1, 2024 will be expensed from the fiscal period ending August 2025.
・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.</td></tr>
<tr><td>Non-operating expenses</td><td>・Interest expenses and other borrowing-related expenses are estimated at 214 million yen for the fiscal period ending February 2025 and 249 million yen for the fiscal period ending August 2025.</td></tr>
<tr><td>Interest-bearing liabilities</td><td>・The assumption is that total interest-bearing liabilities will be 50,200 million yen at the end of the fiscal period ending February 2025 and 50,200 million yen at the end of the fiscal period ending August 2025.
・It is assumed that there will be no change in the outstanding amount of borrowings by the end of the fiscal period ending August 2025.
・LTV is expected to be 47.9 % at the end of February 2025 and 47.9 % at the end of August 2025. LTV is calculated by the following formula and rounded to one decimal place.
LTV = Total interest-bearing liabilities / Total assets × 100</td></tr>
<tr><td>Number of investment units issued and outstanding</td><td>・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 2025.
・Distribution per unit (excluding distribution in excess of earnings) is calculated based on the expected total number of investment units issued and outstanding at the end of February 2025 and August 2025, which is 467,099 units.</td></tr>
</table>

Item	Assumptions
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 29, 2024).

2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	10th fiscal period (as of Feb. 29, 2024)	11th fiscal period (as of Aug. 31, 2024)
Assets		
Current assets		
Cash and deposits	15,252,088	5,127,817
Cash and deposits in trust	1,762,519	2,316,513
Operating accounts receivable	953,754	63,157
Prepaid expenses	73,876	91,812
Consumption taxes receivable	-	205,433
Other	5,486	-
Total current assets	18,047,724	7,804,733
Non-current assets		
Property, plant and equipment		
Buildings	189,290	198,752
Accumulated depreciation	(32,666)	(36,550)
Buildings, net	156,623	162,202
Structures	544	544
Accumulated depreciation	(94)	(108)
Structures, net	449	435
Tools, furniture and fixtures	604	1,461
Accumulated depreciation	(100)	(244)
Tools, furniture and fixtures, net	504	1,217
Land	2,457,766	2,457,766
Buildings in trust	20,401,544	23,287,755
Accumulated depreciation	(1,483,517)	(1,790,318)
Buildings in trust, net	18,918,027	21,497,436
Structures in trust	111,450	117,008
Accumulated depreciation	(7,666)	(9,531)
Structures in trust, net	103,783	107,476
Machinery and equipment in trust	39,317	88,140
Accumulated depreciation	(3,821)	(6,082)
Machinery and equipment in trust, net	35,496	82,058
Tools, furniture and fixtures in trust	25,456	28,669
Accumulated depreciation	(8,277)	(10,874)
Tools, furniture and fixtures in trust, net	17,178	17,794
Land in trust	64,939,537	72,643,724
Total property, plant and equipment	86,629,368	96,970,113
Intangible assets		
Software	7,068	6,133
Total intangible assets	7,068	6,133
Investments and other assets		
Long-term prepaid expenses	102,677	87,116
Deferred tax assets	9	15
Leasehold and guarantee deposits	10,000	10,000
Total investments and other assets	112,687	97,132
Total non-current assets	86,749,123	97,073,378
Deferred assets		
Investment unit issuance costs	6,025	-
Total deferred assets	6,025	-
Total assets	104,802,873	104,878,112

(Unit: thousand yen)

	10th fiscal period (as of Feb. 29, 2024)	11th fiscal period (as of Aug. 31, 2024)
Liabilities		
Current liabilities		
Operating accounts payable	219,486	187,134
Long-term loans due within one year	7,600,000	9,100,000
Accounts payable - other	492,122	290,943
Accrued expenses	52,901	59,191
Income taxes payable	795	847
Consumption taxes payable	182,108	-
Advances received	326,433	387,368
Deposits received	346	214
Total current liabilities	8,874,193	10,025,699
Non-current liabilities		
Long-term loans	42,600,000	41,100,000
Leasehold and guarantee deposits received	88,012	88,158
Leasehold and guarantee deposits received in trust	2,767,538	3,121,902
Total non-current liabilities	45,455,551	44,310,061
Total liabilities	54,329,745	54,335,761
Net assets		
Unitholders' equity		
Unitholders' capital	49,442,685	49,442,685
Deduction from unitholders' capital	(7,136)	(7,136)
Unitholders' capital (net)	49,435,549	49,435,549
Surplus		
Unappropriated retained earnings (undisposed loss)	1,037,578	1,106,801
Total surplus	1,037,578	1,106,801
Total unitholders' equity	50,473,128	50,542,350
Total net assets	*1 50,473,128	*1 50,542,350
Total liabilities and net assets	104,802,873	104,878,112

(2) Statement of Income and Retained Earnings

(Unit: thousand yen)

	10th fiscal period From: Sept. 1, 2023 To: Feb. 29, 2024	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024
Operating revenue		
Rent business revenue	*1 2,214,154	*1 2,343,666
Other rent business revenue	*1 147,053	*1 117,736
Gain on sale of real estate properties	*2 5,417,202	-
Total operating revenue	7,778,411	2,461,403
Operating expenses		
Expenses related to rent business	*1 1,141,048	*1 848,642
Loss on sale of real estate properties	*3 5,060,134	-
Asset management fee	244,680	249,422
Asset custody fee	2,198	2,065
Administrative service fees	7,975	9,030
Remuneration for directors (and other officers)	3,600	3,600
Other operating expenses	88,867	48,670
Total operating expenses	6,548,504	1,161,430
Operating income	1,229,906	1,299,972
Non-operating income		
Interest income	42	539
Reversal of distributions payable	545	351
Insurance claim income	462	1,145
Interest on tax refund	427	94
Other	9	0
Total non-operating income	1,487	2,129
Non-operating expenses		
Interest expenses	142,563	143,895
Borrowing-related expenses	41,557	43,841
Amortization of investment unit issuance expenses	6,024	6,025
Other	3,168	767
Total non-operating expenses	193,314	194,529
Ordinary income	1,038,079	1,107,573
Net income before income taxes	1,038,079	1,107,573
Income taxes - current	801	930
Income taxes - deferred	7	(6)
Total income taxes	809	923
Net income	1,037,269	1,106,649
Retained earnings brought forward	309	151
Unappropriated retained earnings (undisposed loss)	1,037,578	1,106,801

(3) Statement of Changes in Unitholders' Equity

10th fiscal period (from September 1 2023 to February 29, 2024)

(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	1,129,754	1,129,754	50,565,304	50,565,304
Changes in items during period							
Distributions from surplus				(1,129,445)	(1,129,445)	(1,129,445)	(1,129,445)
Net income				1,037,269	1,037,269	1,037,269	1,037,269
Total changes in items during period	-	-	-	(92,175)	(92,175)	(92,175)	(92,175)
Balance at end of period	*1 49,442,685	(7,136)	49,435,549	1,037,578	1,037,578	50,473,128	50,473,128

11th fiscal period (from March 1, 2024 to August 31, 2024)

(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	1,037,578	1,037,578	50,473,128	50,473,128
Changes in items during period							
Distributions from surplus				(1,037,426)	(1,037,426)	(1,037,426)	(1,037,426)
Net income				1,106,649	1,106,649	1,106,649	1,106,649
Total changes in items during period	-	-	-	69,222	69,222	69,222	69,222
Balance at end of period	*1 49,442,685	(7,136)	49,435,549	1,106,801	1,106,801	50,542,350	50,542,350

(4) Statement of Cash Distributions

(Unit: yen)

	10th fiscal period From: Sept. 1, 2023 To: Feb. 29, 2024	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024
I Unappropriated retained earnings	1,037,578,855	1,106,801,173
II Amount of distribution	1,037,426,879	1,106,557,531
[Amount of distribution per unit]	[2,221]	[2,369]
III Retained earnings carried forward	151,976	243,642

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 1,037,426,879 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 1,106,557,531 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)

	10th fiscal period From: Sept. 1, 2023 To: Feb. 29, 2024	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024
Cash flows from operating activities		
Net income before income taxes	1,038,079	1,107,573
Depreciation	317,312	318,500
Amortization of investment unit issuance expenses	6,024	6,025
Interest income	(42)	(539)
Interest expenses	142,563	143,895
Decrease (increase) in operating accounts receivable	(891,108)	890,606
Decrease (increase) in consumption taxes refund receivable	166,963	(205,433)
Decrease (increase) in prepaid expenses	4,989	(17,936)
Increase (decrease) in operating accounts payable	(33,749)	(4,713)
Increase (decrease) in accounts payable - other	12,737	(15,862)
Increase (decrease) in consumption taxes payable	182,108	(182,108)
Increase (decrease) in advances received	(71,177)	60,935
Increase (decrease) in deposits received	(9,837)	(131)
Decrease (increase) in long-term prepaid expenses	(8,351)	15,561
Decrease in property, plant and equipment in trust due to sale	33,678,715	-
Decrease (increase) in other assets	(5,404)	5,486
Subtotal	34,529,823	2,121,858
Interest received	42	539
Interest paid	(146,635)	(137,605)
Income taxes paid	(963)	(877)
Net cash provided by (used in) operating activities	34,382,266	1,983,913
Cash flows from investing activities		
Purchase of property, plant and equipment	(249)	(9,886)
Purchase of property, plant and equipment in trust	(16,936,372)	(10,860,803)
Proceeds from leasehold and guarantee deposits received	1,301	161
Refund of leasehold and guarantee deposits received	(3,730)	(638)
Proceeds from leasehold and guarantee deposits received in trust	549,773	397,982
Refund of leasehold and guarantee deposits received in trust	(1,385,355)	(43,618)
Net cash provided by (used in) investing activities	(17,774,632)	(10,516,802)
Cash flows from financing activities		
Repayment of short-term loans	(6,800,000)	-
Proceeds from long-term loans	5,900,000	3,300,000
Repayments of long-term loans	(5,900,000)	(3,300,000)
Distributions paid	(1,130,575)	(1,037,388)
Net cash provided by (used in) financing activities	(7,930,575)	(1,037,388)
Net increase (decrease) in cash and cash equivalents	8,677,058	(9,570,277)
Cash and cash equivalents at beginning of period	8,337,549	17,014,608
Cash and cash equivalents at end of period	*1 17,014,608	*1 7,444,330

(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: Buildings 3–69 years Structures 6–59 years Machinery and equipment 10–27 years Tools, furniture and fixtures 3–10 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	Investment unit issuance costs They are amortized by the straight-line method over 3 years.
3. 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 period, the amount equivalent to non-current asset tax, etc. included in the acquisition cost of real estate, etc. was nil. In the fiscal period under review, the amount equivalent to fixed asset tax, etc. included in the cost of acquisition of real estate, etc. was 77,814 thousand yen.
4. 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.
5. 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)

10th fiscal period (as of Feb. 29, 2024)	11th fiscal period (as of Aug. 31, 2024)
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)

	10th fiscal period From: Sept. 1, 2023 To: Feb. 29, 2024	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024
A. Operating revenue from real estate rent business		
Rent business revenue		
Rental revenue	2,117,288	2,320,676
Common area maintenance revenue	96,866	22,990
Total rent business revenue	2,214,154	2,343,666
Other rent business revenue		
Utilities reimbursement	98,319	82,499
Parking revenue	31,294	26,658
Income from work to restore to the original state	7,500	-
Other rental revenue	9,940	8,578
Total other rent business revenue	147,053	117,736
Total operating revenue from real estate rent business	2,361,208	2,461,403
B. Operating expenses from real estate rent business		
Expenses related to rent business		
Outsourcing expenses	239,931	113,640
Utilities expenses	154,887	98,785
Property taxes	322,169	248,798
Land rent	1,590	683
Repair expenses	76,809	45,638
Insurance premium	6,987	6,819
Trust fee	4,924	6,923
Depreciation	315,574	317,565
Other expenses related to rent business	18,173	9,786
Total expenses related to rent business	1,141,048	848,642
Total operating expenses from real estate rent business	1,141,048	848,642
C. Operating income (loss) from real estate rent business [A−B]	1,220,160	1,612,761

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

10th fiscal period (from September 1 2023 to February 29, 2024)

(Unit: thousand yen)

BREEZÉ TOWER (43.45% quasi-co-ownership interest)	
Revenue from sale of real estate, etc.	17,995,000
Cost of real estate, etc. sold	12,521,932
Other expenses related to sale	55,865
Gain on sale of real estate properties	5,417,202

11th fiscal period (from March 1, 2024 to August 31, 2024)
Not applicable.

*3. Breakdown of loss on sale of real estate properties
10th fiscal period (from September 1 2023 to February 29, 2024)

(Unit: thousand yen)

Shinagawa Seaside TS Tower (50% quasi-co-ownership interest)	
Revenue from sale of real estate, etc.	16,100,000
Cost of real estate, etc. sold	21,156,783
Other expenses related to sale	3,351
Loss on sale of real estate properties	5,060,134

11th fiscal period (from March 1, 2024 to August 31, 2024)
Not applicable.

[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)

	10th fiscal period From: Sept. 1, 2023 To: Feb. 29, 2024	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024
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)

	10th fiscal period From: Sept. 1, 2023 To: Feb. 29, 2024	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024
Cash and deposits	15,252,088	5,127,817
Cash and deposits in trust	1,762,519	2,316,513
Cash and cash equivalents	17,014,608	7,444,330

[Notes on Lease Transactions]
Operating lease transactions (as lessor)
Future minimum lease payments

(Unit: thousand yen)

	10th fiscal period (as of Feb. 29, 2024)	11th fiscal period (as of Aug. 31, 2024)
Due within 1 year	2,470,177	2,881,379
Due after 1 year	16,679,094	19,014,199
Total	19,149,271	21,895,578

[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 29, 2024, 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	7,600,000	7,598,568	(1,431)
(2) Long-term loans	42,600,000	42,330,138	(269,861)
Total liabilities	50,200,000	49,928,707	(271,292)

The following are the carrying amount and fair value as of August 31, 2024, 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	9,100,000	9,094,975	(5,024)
(2) Long-term loans	41,100,000	40,883,582	(216,417)
Total liabilities	50,200,000	49,978,557	(221,442)

(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 29, 2024)

(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	7,600,000	-	-	-	-	-
Long-term loans	-	11,000,000	16,400,000	9,600,000	5,600,000	-
Total	7,600,000	11,000,000	16,400,000	9,600,000	5,600,000	-

Amount of repayment of loans scheduled to be due after the end of the fiscal period (August 31, 2024)

(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	9,100,000	-	-	-	-	-
Long-term loans	-	16,400,000	12,100,000	9,300,000	3,300,000	-
Total	9,100,000	16,400,000	12,100,000	9,300,000	3,300,000	-

[Notes on Securities]
10th fiscal period (as of February 29, 2024)
Not applicable.

11th fiscal period (as of August 31, 2024)
Not applicable.

[Notes on Derivative Transactions]
10th fiscal period (as of February 29, 2024)
Not applicable.

11th fiscal period (as of August 31, 2024)
Not applicable.

[Notes on Retirement Benefits]
10th fiscal period (as of February 29, 2024)
Not applicable.

11th fiscal period (as of August 31, 2024)
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)

	10th fiscal period (as of Feb. 29, 2024)	11th fiscal period (as of Aug. 31, 2024)
Deferred tax assets		
Non-deductible accrued enterprise tax	9	15
Total deferred tax assets	9	15
Deferred tax assets, net	9	15

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

(Unit: %)

	10th fiscal period (as of Feb. 29, 2024)	11th fiscal period (as of Aug. 31, 2024)
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible distribution payable	(31.44)	(31.43)
Other	0.06	0.05
Effective income tax rate after application of tax-effect accounting	0.08	0.08

[Notes on Equity Method Profit and Loss]
10th fiscal period (from September 1 2023 to February 29, 2024)
Not applicable.

11th fiscal period (from March 1, 2024 to August 31, 2024)
Not applicable.

[Notes on Related-Party Transactions]
1. Parent company, major corporate unitholder, etc.
10th fiscal period (from September 1 2023 to February 29, 2024)
Not applicable.

11th fiscal period (from March 1, 2024 to August 31, 2024)
Not applicable.

2. Affiliated company, etc.
10th fiscal period (from September 1 2023 to February 29, 2024)
Not applicable.

11th fiscal period (from March 1, 2024 to August 31, 2024)
Not applicable.

3. Fellow subsidiary, etc.
10th fiscal period (from September 1 2023 to February 29, 2024)
Not applicable.

11th fiscal period (from March 1, 2024 to August 31, 2024)
Not applicable.

4. Director, major individual unitholder, etc.
10th fiscal period (from September 1 2023 to February 29, 2024)

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)	467,165 (Note 4)	Accounts payable - other	454,499

(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) Asset management fees include fees related to the acquisition and transfer of properties (222,485 thousand yen) that are entered into the book value of individual real estate, etc. or deducted from the sale price.
(Note 5) Trading conditions are determined based on prevailing market conditions.

11th fiscal period (from March 1, 2024 to August 31, 2024)

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)	353,122 (Note 4)	Accounts payable - other	274,365

(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) Asset management fees include fees (103,700 thousand yen) related to the acquisition and transfer of properties that are included in the book value of individual real estate, etc. or deducted from the transfer price.
(Note 5) Trading conditions are determined based on prevailing market conditions.

[Notes on Asset Retirement Obligations]
10th fiscal period (from September 1 2023 to February 29, 2024)
Not applicable.

11th fiscal period (from March 1, 2024 to August 31, 2024)
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)

		10th fiscal period From: Sept. 1, 2023 To: Feb. 29, 2024	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024
Carrying amount			
	Balance at beginning of period	103,458,625	86,629,368
	Amount of change during period	(16,829,257)	10,340,745
	Balance at end of period	86,629,368	96,970,113
Fair value at end of period		90,280,000	101,590,000

(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 period, the main increase in the previous period was due to the new acquisition of three properties (total for three properties: 17,053,244 thousand yen <including incidental costs related to acquisition>), and the main decrease was due to the transfer of two properties (total for two properties: 33,678,715 thousand yen). The main increase in the current period was due to the new acquisition of two properties (total for two properties: 10,527,038 thousand yen <including incidental costs related to acquisition>), and the main decrease was due to depreciation expenses (317,565 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

10th fiscal period (from September 1, 2023 to February 29, 2024)

(Unit: thousand yen)

	Revenue from contracts with customers (Note 1)	Sales to external customers
Sale of real estate, etc.	34,095,000	(Note 2) 5,417,202
Utilities reimbursement	98,319	98,319
Other	-	2,262,889
Total	34,193,319	7,778,411

(Note 1) Rent business revenue, etc. subject to ASBJ Statement No. 13 “Accounting Standard for Lease Transactions” and the transfer of real estate, etc. subject to The Japanese Institute of Certified Public Accountants Accounting Committee Report No. 15 “Practical Guidelines on Accounting of Transferors for the Securitization of Real Estate Utilizing 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, properties as operating revenue and loss on sale of real estate properties as operating expenses, so the table above only shows the amount of gain on sale of real estate properties.

11th fiscal period (from March 1, 2024 to August 31, 2024)

(Unit: thousand yen)

	Revenue from contracts with customers (Note)	Sales to external customers
Sale of real estate, etc.	-	-
Utilities reimbursement	82,499	82,499
Other	-	2,378,904
Total	82,499	2,461,403

(Note) Rent business revenue, etc. subject to ASBJ Statement No. 13 “Accounting Standard for Lease Transactions” and the transfer of real estate, etc. subject to The Japanese Institute of Certified Public Accountants Accounting Committee Report No. 15 “Practical Guidelines on Accounting of Transferors for the Securitization of Real Estate Utilizing 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.

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

10th fiscal period (from September 1 2023 to February 29, 2024)

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

11th fiscal period (from March 1, 2024 to August 31, 2024)

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)

	10th fiscal period From: Sept 1, 2023 To: Feb. 29, 2024	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024
Receivables from contracts with customers (Balance at beginning of period)	26,668	22,439
Receivables from contracts with customers (Balance at end of period)	22,439	20,389
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

10th fiscal period (from September 1, 2023 to February 29, 2024)

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.

11th fiscal period (from March 1, 2024 to August 31, 2024)

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

10th fiscal period (from September 1 2023, to February 29, 2024)

(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
The information is omitted because operating revenues from individual customers are all less than 10% of operating revenues on the Statement of Income and Retained Earnings.

11th fiscal period (from March 1, 2024 to August 31, 2024)

(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.	565,307	Real estate rent business
Hitachi, Ltd.	Not disclosed (Note)	Real estate rent business

(Note) Not disclosed because such contains information for which consent for disclosure has not been obtained from the tenant.

[Notes on Per Unit Information]

	10th fiscal period From: Sept. 1, 2023 To: Feb. 29, 2024	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024
Net assets per unit	108,056 yen	108,204 yen
Net income per unit	2,220 yen	2,369 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 2024: 467,099 units; fiscal period ended August 2024: 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:

	10th fiscal period From: Sept. 1, 2023 To: Feb. 29, 2024	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024
Net income (thousand yen)	1,037,269	1,106,649
Amount not available to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	1,037,269	1,106,649
Average number of investment units during period (units)	467,099	467,099

[Notes on Significant Subsequent Events]
Not applicable.

(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	
Sept. 2, 2019	Capital increase through public offering	12,777,138	35,902,038	111,619	351,219	(Note 2)
Sept. 26, 2019	Capital increase through third-party allotment	638,862	36,540,901	5,581	356,800	(Note 3)
Sept. 1, 2021	Capital increase through public offering	12,287,452	48,828,353	105,047	461,847	(Note 4)
Sept. 29, 2021	Capital increase through third-party allotment	614,331	49,442,685	5,252	467,099	(Note 5)
Nov. 22, 2021	Cash distribution in excess of earnings (contribution refund)	(7,136)	49,435,549	-	467,099	(Note 6)

(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 118,734 yen (paid-in amount of 114,471 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 114,471 yen per unit.

(Note 4) 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 5) 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 6) 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)	10th fiscal period (as of Feb. 29, 2024)		11th fiscal period (as of Aug. 31, 2024)	
			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	2,615	2.5	2,621	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	38,879	37.1	46,391	44.2
		Cities designated by government ordinance (excluding above), core cities and major regional cities	10,141	9.7	10,112	9.6
	Core asset group	Greater Tokyo, Greater Osaka and Greater Nagoya	27,882	26.6	27,816	26.5
		Cities designated by government ordinance (excluding above), core cities and major regional cities	7,110	6.8	10,027	9.6
	Hotels	Greater Tokyo, Greater Osaka and Greater Nagoya	22,595	21.6	22,549	21.5
		Cities designated by government ordinance (excluding above), core cities and major regional cities	7,110	6.8	10,027	9.6
	Logistics facilities	Greater Tokyo, Greater Osaka and Greater Nagoya	5,287	5.0	5,267	5.0
		Cities designated by government ordinance (excluding above), core cities and major regional cities	-	-	-	-
Subtotal			86,629	82.7	96,970	92.5
Deposits and other assets			18,173	17.3	7,907	7.5
Total assets			104,802	100.0	104,878	100.0

(Note 1) "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.

	10th fiscal period (as of Feb. 29, 2024)		11th fiscal period (as of Aug. 31, 2024)	
	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	54,329	51.8	54,335	51.8
Total net assets	50,473	48.2	50,542	48.2
Total assets	104,802	100.0	104,878	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, 2024, 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-1	Tokyo Sankei Building (Note 4)	Chiyoda-ku, Tokyo	2,509	2.6	2,621	2,630
	A-3	S-GATE NIHONBASHI-HONCHO	Chuo-ku, Tokyo	14,148	14.7	14,138	15,800
	A-4	S-GATE AKIHABARA	Chiyoda-ku, Tokyo	2,055	2.1	2,006	2,720
	A-5	Hibiya Sankei Building	Chiyoda-ku, Tokyo	5,829	6.0	6,089	6,770
	A-6	Hatchobori Sankei Building	Chuo-ku, Tokyo	4,959	5.1	4,974	5,120
	A-7	Toyo Park Building	Koto-ku, Tokyo	3,782	3.9	3,865	3,490
	A-9	Omori Park Building	Ota-ku, Tokyo	5,400	5.6	5,461	4,950
	A-10	S-GATE AKASAKA	Minato-ku, Tokyo	7,000	7.3	7,017	7,540
	A-11	Miyazakidai Garden Office	Miyamae-ku, Kawasaki-shi	2,800	2.9	2,839	2,710
	A-12	Hitachi Kyusyu Building	Sawara-ku, Fukuoka-shi	10,000	10.4	10,112	10,300
Subtotal			-	58,484	60.6	59,125	62,030
Core asset group	B-1	Hotel Intergate Tokyo Kyobashi	Chuo-ku, Tokyo	8,961	9.3	8,817	9,360
	B-2	Hotel Intergate Hiroshima	Naka-ku, Hiroshima-shi	3,990	4.1	3,795	4,330
	B-3	SANKEILOGI Settsu	Settsu-shi, Osaka	5,242	5.4	5,267	5,510
	B-4	Hotel Intergate Kyoto Shijo Shinmachi	Nakagyo-ku, Kyoto-shi	5,800	6.0	5,865	6,090
	B-5	Hotel Intergate Kanazawa	Kanazawa-shi, Ishikawa	3,250	3.4	3,277	3,300
	B-6	Grids Premium Hotel Osaka Namba	Naniwa-ku, Osaka-shi	7,800	8.1	7,866	8,040
	B-7	Vessel Hotel Campana Susukino (Note 4)	Chuo-ku, Sapporo-shi	2,920	3.0	2,955	2,930
Subtotal			-	37,963	39.4	37,844	39,560
Total			-	96,447	100.0	96,970	101,590

(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, 2024, rounded down to the nearest million yen.

(Note 3) "Appraisal value" is the appraisal value with an appraisal date of August 31, 2024, 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 are the figures equivalent to the co-ownership interest (2% for "Tokyo Sankei Building" and 40% for "Vessel Hotel Campana Susukino") held by SANKEI REAL ESTATE as of August 31, 2024.

(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-1	Tokyo Sankei Building (Note 7)	Sept. 28, 2000	101	87	881.68	881.36	100.0
	A-3	S-GATE NIHONBASHI-HONCHO (Note 8)	Oct. 31, 2018	605	605	6,219.28	6,219.28	100.0
	A-4	S-GATE AKIHABARA	Sept. 29, 2017	111	111	1,681.55	1,435.18	85.3
	A-5	Hibiya Sankei Building	June 25, 1992	380	303	3,439.61	3,439.61	100.0
	A-6	Hatchobori Sankei Building	Sept. 1, 1965	319	270	5,594.90	5,594.90	100.0
	A-7	Toyo Park Building	June 18, 1991	152	135	4,224.52	3,170.61	75.1
	A-9	Omori Park Building	May 31, 1993	180	169	7,469.72	4,902.82	65.6
	A-10	S-GATE AKASAKA	July 31, 2015	Not disclosed (Note 9)	Not disclosed (Note 9)	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 9)	Not disclosed (Note 9)	26,513.33	26,513.33	100.0
Subtotal (average)			-	2,812	Not disclosed (Note 9)	63,020.22	59,152.72	93.9
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 9)	45	4,353.79	4,353.79	100.0
	B-7	Vessel Hotel Campana Susukino (Note 7)	Mar. 29, 2019	Not disclosed (Note 9)	Not disclosed (Note 9)	4,427.11	4,427.11	100.0
Subtotal (average)			-	1,473	Not disclosed (Note 9)	49,903.04	49,903.04	100.0
Total (average)			-	4,285	3,171	112,923.27	109,055.77	96.6

(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 use, 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; the same applies below) for the buildings indicated in the lease agreements for each asset under management that are valid as of August 31, 2024, 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, 2024 (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, 2024, 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, 2024, 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, 2024, 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 (2% for "Tokyo Sankei Building" and 40% for "Vessel Hotel Campana Susukino") held by SANKEI REAL ESTATE.

(Note 8) We acquired an additional 49% co-ownership interest in S-GATE NIHONBASHI-HONCHO on April 1, 2024. "Total rental revenue" is calculated based on the total rental revenue received from the property, including the additional acquisition, during from that date to August 31, 2024.

(Note 9) 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-1	Tokyo Sankei Building (Note 2)	Japan Real Estate Institute	2,630	2,670	2.3	2,590	2.0	2.4	2,750
	A-3	S-GATE NIHONBASHI-HONCHO	Japan Real Estate Institute	15,800	16,000	3.1	15,600	2.9	3.2	14,200
	A-4	S-GATE AKIHABARA	Japan Real Estate Institute	2,720	2,740	3.2	2,700	3.0	3.3	2,730
	A-5	Hibiya Sankei Building	Japan Real Estate Institute	6,770	6,860	2.8	6,670	2.6	2.9	7,160
	A-6	Hatchobori Sankei Building	The Tanizawa Sōgō Appraisal	5,120	5,220	4.1	5,080	4.2	4.3	5,780
	A-7	Toyo Park Building	Japan Real Estate Institute	3,490	3,540	3.6	3,440	3.4	3.7	3,110
	A-9	Omori Park Building	Japan Real Estate Institute	4,950	5,040	3.7	4,850	3.5	3.8	5,710
	A-10	S-GATE AKASAKA	Japan Real Estate Institute	7,540	7,630	3.1	7,440	2.9	3.2	6,870
	A-11	Miyazakidai Garden Office	Japan Real Estate Institute	2,710	2,730	4.5	2,680	4.3	4.6	2,330
	A-12	Hitachi Kyusyu Building	Japan Real Estate Institute	10,300	10,400	4.2	10,200	4.0	4.3	13,700
Subtotal				62,030	62,830	-	61,250	-	-	64,340
Core asset group	B-1	Hotel Intergate Tokyo Kyobashi	Daiwa Real Estate Appraisal	9,360	9,550	3.6	9,280	3.4	3.8	9,220
	B-2	Hotel Intergate Hiroshima	Japan Real Estate Institute	4,330	4,350	4.3	4,310	4.1	4.4	4,800
	B-3	SANKEILOGI Settsu	Japan Real Estate Institute	5,510	5,600	3.7	5,410	3.5	3.9	5,140
	B-4	Hotel Intergate Kyoto Shijo Shinmachi	Japan Real Estate Institute	6,090	6,140	3.8	6,030	3.6	3.9	5,580
	B-5	Hotel Intergate Kanazawa	Japan Real Estate Institute	3,300	3,330	4.5	3,260	4.3	4.6	2,550
	B-6	Grids Premium Hotel Osaka Namba	Japan Real Estate Institute	8,040	8,120	3.8	7,960	3.6	3.9	5,320
	B-7	Vessel Hotel Campana Susukino (Note 2)	Japan Real Estate Institute	2,930	2,940	4.2	2,920	3.9	4.3	2,810
Subtotal				39,560	40,030	-	39,170	-	-	35,420
Total				101,590	102,860	-	100,420	-	-	99,760

(Note 1) "Appraisal value" is the appraisal value with an appraisal date of August 31, 2024, 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 (2% for "Tokyo Sankei Building" and 40% for "Vessel Hotel Campana Susukino") held by SANKEI REAL ESTATE.

(2) Capital Expenditures for Real Estate Held

i. Schedule of Capital Expenditures

Of scheduled capital expenditures associated with renovation work, etc. currently planned for assets under management held by SANKEI REAL ESTATE as of August 31, 2024, 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
Hibiya Sankei Building (Chiyoda-ku, Tokyo)	Air Conditioning Outdoor Unit Update (4th floor)	From: Feb. 1, 2025 To: Feb. 28, 2025	17	-	-
Hatchobori Sankei Building (Chuo-ku, Tokyo)	Waterproofing (Tower Houses, Roofs, etc.)	From: Mar. 1, 2025 To: Mar. 31, 2025	35	-	-
Omori Park Building (Ota-ku, Tokyo)	Individual air conditioning renovation work 1 floor	From: Dec. 1, 2024 To: Dec. 31, 2024	18	-	-
Omori Park Building (Ota-ku, Tokyo)	Absorption cold/hot water generator control panel update	From: Feb. 1, 2025 To: Feb. 28, 2025	25	-	-
Omori Park Building (Ota-ku, Tokyo)	Central monitoring equipment parts replacement	From July 1, 2025 To July 31, 2025	12	-	-
Omori Park Building (Ota-ku, Tokyo)	Renewal of LEDs in common areas	From Aug. 1, 2025 To Aug. 31, 2025	10	-	-
Miyazakidai Garden Office (Miyamae-ku, Kawasaki-shi)	Waterproofing work (rooftop and tower)	From: Feb. 1, 2025 To: Feb. 28, 2025	14	-	-
Miyazakidai Garden Office (Miyamae-ku, Kawasaki-shi)	Waterproofing and sealant replacement work (2nd and 3rd floor rooftops)	From Aug. 1, 2025 To Aug. 31, 2025	15	-	-

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, 2024, are as follows: Capital expenditures for the current period were 81 million yen, and together with repair expenses of 45 million yen, which were categorized as expenses, a total of 127 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)	Replacement of SP pump and surrounding valves	From: Feb. 1, 2024 To Mar. 31, 2024	22
Hibiya Sankei Building (Chiyoda-ku, Tokyo)	Update of Air Conditioning system (11th floor)	From: Apr. 27, 2024 To: May 5, 2024	15
Other			43
Total			81

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	7th fiscal period From: Mar. 1, 2022 To: Aug. 31, 2022	8th fiscal period From: Sept. 1, 2022 To: Feb. 28, 2023	9th fiscal period From Mar. 1, 2023 To: Aug. 31, 2023	10th fiscal period From: Sept. 1, 2023 To: Feb. 29, 2024	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024
Balance of reserve at beginning of period (thousand yen)	262,349	303,132	324,485	370,002	293,338
Provision of reserve during period (thousand yen)	59,801	59,801	72,811	78,124	46,692
Reversal of reserve during period (thousand yen)	19,019	38,448	27,295	154,789	17,713
Reserve carried forward (thousand yen)	303,132	324,485	370,002	293,338	322,317