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

April 15, 2025

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

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Scheduled date of submission of semiannual securities report: May 28, 2025
Scheduled date of commencement of distribution payment: May 26, 2025

Preparation of supplementary financial results briefing materials: Yes
Holding of financial results briefing session: None (video of financial results presentation to be distributed)

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for the Fiscal Period Ended February 2025 (from September 1, 2024 to February 28, 2025)

(1) Management Status

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

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal period ended Feb. 2025	2,516	2.2	1,352	4.0	1,145	3.4	1,144	3.4
Fiscal period ended Aug. 2024	2,461	(68.4)	1,299	5.7	1,107	6.7	1,106	6.7

	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 Feb. 2025	2,450	2.3	1.1	45.5
Fiscal period ended Aug. 2024	2,369	2.2	1.1	45.0

(Note) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units (fiscal period ended August 2024: 467,099 units; fiscal period ended February 2025: 467,099 units).

(2) Distribution

	Distribution per unit (excluding distribution in excess of earnings)	Total distribution (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	Total distribution in excess of earnings	Payout ratio	Ratio of distribution to net assets
	yen	million yen	yen	million yen	%	%
Fiscal period ended Feb. 2025	2,451	1,144	-	-	100.0	2.3
Fiscal period ended Aug. 2024	2,369	1,106	-	-	100.0	2.2

(3) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Fiscal period ended Feb. 2025	105,093	50,580	48.1	108,286
Fiscal period ended Aug. 2024	104,878	50,542	48.2	108,204

(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 Feb. 2025	1,819	(26)	(1,106)	8,130
Fiscal period ended Aug. 2024	1,983	(10,516)	(1,037)	7,444

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

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

	Operating revenue		Operating income		Ordinary income		Net income		Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
Fiscal period ending Aug. 2025	2,580	2.5	1,343	(0.7)	1,089	(4.9)	1,088	(4.9)	2,330	-
Fiscal period ending Feb. 2026	2,564	(0.6)	1,336	(0.5)	1,052	(3.4)	1,051	(3.4)	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 August 2025) 2,330 yen (Fiscal period ending February 2026) 2,250 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 Feb. 2025	467,099 units	Fiscal period ended Aug. 2024	467,099 units
ii. Number of treasury investment units at end of period	Fiscal period ended Feb. 2025	0 units	Fiscal period ended Aug. 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 August 2025 (from March 1, 2025 to August 31, 2025) and the Fiscal Period Ending February 2026 (from September 1, 2025 to February 28, 2026)” 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, The Sankei Building Co., Ltd. (hereinafter, "SANKEI BUILDING" or "Sponsor") as the sponsor, and investments in capital of 100 million yen (1,000 units) on November 19, 2018, and completed the registration with the Kanto Local Finance Bureau pursuant to Article 187 of the Investment Trusts Act on December 17, 2018 (Registration No. 140 with the Director-General of the Kanto Local Finance Bureau). Later, SANKEI REAL ESTATE was listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. on March 12, 2019 (TSE code: 2972).

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

As of the last day of the fiscal period under review (February 28, 2025), the total number of investment units issued and outstanding was 467,099 units and unitholders' capital (net) was 49,435 million yen.

ii. Management Environment

In the fiscal period under review (fiscal period ended February 28, 2025), the Japanese economy maintained a moderate recovery trend, supported by strong inbound demand, although consumer spending was sluggish due to consumers' wariness of rising prices, such as soaring food prices caused by unseasonable weather and tight supply and demand. The Nikkei Stock Average has been fluctuating amid growing concerns over further hikes in policy interest rates to normalize monetary policy, the new U.S. administration's protectionist tariff policies, and the resulting fluctuations in financial and capital markets. The TSE REIT Index has generally been weak, but some indications of a reassessment are emerging.

Under these circumstances, it will be necessary to continue to pay close attention to the outcome of the stabilization of the situation in Ukraine and the Middle East led by the U.S. President, as well as the economic impact of the policies of the new U.S. administration.

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

Among the core asset groups (Note), SANKEI REAL ESTATE is currently investing in the hotel and logistics markets. As for the hotel market, the number of foreign visitors to Japan recorded its highest ever single-month figure in October, December and January according to the Japan National Tourism Organization's statistics on foreign visitors to Japan (estimated figures), and the year of 2024 significantly exceeded 2019, which also recorded an all-time high for the year. In the logistics market, there is solid demand in response to the so-called "2024 problem" and there is increasing demand for high-specification properties, especially those close to the city center, from the perspective of securing labor.

(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

SANKEI REAL ESTATE did not acquire or sell any assets during the fiscal period under review. As of the end of the fiscal period under review, SANKEI REAL ESTATE's portfolio consists of 17 properties with its asset size (total acquisition price (Note 1)) of 96,447 million yen, unchanged from the previous period.

As of the end of the fiscal period under review, the management performance (17 properties owned) showed an occupancy rate (Note 2) of 96.4%, and operating revenue increased 2.2% from the previous fiscal period to 2,516 million yen. In addition, the appraisal value as of the end of the fiscal period under review was 102,200 million yen.

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

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

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

Moreover, in accordance with the "Sustainability Policy" in the Asset Management Company's Asset Management Guidelines, SANKEI REAL ESTATE, together with the Asset Management Company, is continually working on investment

that takes into consideration "ESG," which stands for Environment, Social, and Governance, with the aim of improving social sustainability and unitholder value over the medium to long term.
In March 2025, we newly obtained DBJ Green Building certification for four of our properties (SANKEILOGI Settsu, Hotel Intergate Kyoto Shijo Shinmachi, Hotel Intergate Kanazawa, and GRIDS PREMIUM Hotel Osaka Namba). In addition, Tokyo Sankei Building received a rating under BELS (Building-Housing Energy-efficiency Labelling System) as well as the "ZEB Oriented" rating (certification obtained by SANKEI BUILDING). As a result, SANKEI REAL ESTATE has acquired 14 environmental certifications (eight properties certified by DBJ Green Building and six properties rated by BELS) for a total of 10 assets under management. And, as an investment corporation, we have received 2 stars and a Green Star in the GRESB Real Estate Rating.
In addition, we have introduced the "RE100" standard of electricity, which is recognized as 100% renewable energy electricity, for some properties where a reduction in electricity costs can be expected.

(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 4,300 million yen of long-term loans maturing on September 12, 2024, we borrowed 4,300 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 47.8%.
Further, as of the end of the fiscal period under review, SANKEI REAL ESTATE has obtained a long-term issuer rating of "A+" (rating outlook: stable) from Japan Credit Rating Agency, Ltd. (JCR). We will continue to strive to improve our creditworthiness through appropriate and sound financial management.

v. Overview of Business Performance and Distribution

As a result of the asset management described above, business performance during the fiscal period under review was operating revenue of 2,516 million yen, operating income of 1,352 million yen, ordinary income of 1,145 million yen, and net income of 1,144 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 1,144,859,649 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 2,451 yen.

(Outlook for the Next Fiscal Period)

i. General Management Outlook

Although consumer spending remains sluggish in some areas, the Japanese economy is expected to continue to recover gradually thanks to improvements in corporate performance and employment conditions, and an increase in capital expenditures. However, we must continue to pay close attention to the economic impact of the policies of the new U.S. administration and concerns about political turmoil in major European countries. If the U.S.'s protectionist tariff policy escalates into a tariff war, there are concerns that supply chains will be disrupted and global economic growth will slow.
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.
As for the office building market, the supply-demand balance has turned toward tightening due to a decrease in supply in central Tokyo in 2024 and demand aimed at strengthening human resource recruitment, and the market is in a recovery phase with steady progress in decreasing vacancy rates and rising rents. However, depending on the location and grade of the property, the vacancy period may be prolonged, etc. Therefore, it is necessary to establish a detailed leasing policy for each property. A large supply is expected in central Tokyo in 2025. So, we will continue to closely monitor market trends, including the progress of these deals and their ripple effects.
For the hotel market, the Japan National Tourism Organization's statistics on foreign visitors to Japan (estimated value) showed that the number of foreign visitors to Japan set new monthly records in October, December, and January, and that the annual number of visitors to Japan reached 36.86 million in 2024, approximately 5 million more than the all-time high record of 31.88 million in 2019. This suggests that the number of inbound tourists to Japan has increased significantly due to the continued depreciation of the yen. According to JTB Corporation, a major travel agency, the annual number of inbound tourists to Japan is expected to reach 40 million for the first time in 2025. The three properties with fixed rents are expected to generate stable revenues, while the three hotels with a combination of fixed and floating rents are expected to see revenue increase in line with market conditions.

For the logistics market, further revitalization is expected, supported by the expansion of the e-commerce market and solid demand, and stable growth is expected to continue due to the expansion of logistics bases to address the so-called "2024 problem." The facilities owned by SANKEI REAL ESTATE 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 make maximum use of SANKEI BUILDING's sponsor support and maintain external growth through acquisition of Sankei Building's portfolio properties as well as properties held by third parties by leveraging SANKEI BUILDING's sourcing capabilities. Furthermore, we will strive to improve the profitability and stability of the portfolio by implementing diversified investments that take into consideration the balance of the portfolio matrix such as area and yield.

(B) Internal Growth Strategy

SANKEI REAL ESTATE aims for steady internal growth through reinforcement of the relations with existing tenants and improvement in tenant satisfaction. Specifically, 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 August 2025 (from March 1, 2025 to August 31, 2025) and the fiscal period ending February 2026 (from September 1, 2025 to February 28, 2026) are as follows:

	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
	million yen	million yen	million yen	million yen	yen	yen
Fiscal period ending Aug. 2025	2,580	1,343	1,089	1,088	2,330	-
Fiscal period ending Feb. 2026	2,564	1,336	1,052	1,051	2,250	-

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

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

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

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Accounting period</td><td>・Fiscal period ending August 2025 (13th fiscal period) (from March 1, 2025 to August 31, 2025) (184 days)
・Fiscal period ending February 2026 (14th fiscal period) (from September 1, 2025 to February 28, 2026) (181 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 February 2026.
・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 Aug. 2025</th><th>Fiscal period ending Feb. 2026</th></tr>
<tr><td>Total expenses related to rent business</td><td>911</td><td>907</td></tr>
<tr><td>Outsourcing expenses</td><td>116</td><td>133</td></tr>
<tr><td>Utilities expenses</td><td>103</td><td>100</td></tr>
<tr><td>Repair expenses</td><td>44</td><td>26</td></tr>
<tr><td>Property taxes</td><td>300</td><td>296</td></tr>
<tr><td>Depreciation</td><td>324</td><td>327</td></tr>
<tr><td>Other expenses related to rent business [Total]</td><td>326</td><td>321</td></tr>
<tr><td>Asset management fee</td><td>252</td><td>252</td></tr>
</table>
・Of expenses related to the rent business, which are the main operating expenses, expenses other than depreciation are calculated on the basis of historical data and by taking into consideration the factors causing fluctuation in each of the expenses.
・Depreciation is calculated using the straight-line method.
・In general, non-current asset tax, city planning tax, etc. are calculated on a pro rata basis and reimbursed at the time of property acquisition with the previous owner upon transactions of real estate, etc. At SANKEI REAL ESTATE, the amount equivalent to the reimbursement is included in the cost of acquisition and thus not expensed in the business period in which the property acquisition date falls in the case of the properties for which such reimbursement is made at the time of transaction. 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 256 million yen for the fiscal period ending August 2025 and 287 million yen for the fiscal period ending February 2026.</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 August 2025 and 50,200 million yen at the end of the fiscal period ending February 2026.
・It is assumed that there will be no change in the outstanding amount of borrowings by the end of the fiscal period ending February 2026.
・ LTV is expected to be 47.7% at the end of the fiscal period ending August 2025 and 47.7% at the end of the fiscal period ending February 2026. 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 February 2026.
・Distribution per unit (excluding distribution in excess of earnings) is calculated based on the expected total number of investment units issued and outstanding at each end of the fiscal period ending August 2025 and the fiscal period ending February 2026, 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 November 28, 2024).

2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	11th fiscal period (as of Aug. 31, 2024)	12th fiscal period (as of February 28, 2025)
Assets		
Current assets		
Cash and deposits	5,127,817	5,683,191
Cash and deposits in trust	2,316,513	2,446,894
Operating accounts receivable	63,157	37,213
Prepaid expenses	91,812	73,323
Consumption taxes receivable	205,433	-
Total current assets	7,804,733	8,240,624
Non-current assets		
Property, plant and equipment		
Buildings	198,752	198,854
Accumulated depreciation	(36,550)	(40,455)
Buildings, net	162,202	158,398
Structures	544	544
Accumulated depreciation	(108)	(122)
Structures, net	435	421
Tools, furniture and fixtures	1,461	1,461
Accumulated depreciation	(244)	(387)
Tools, furniture and fixtures, net	1,217	1,074
Land	2,457,766	2,457,766
Buildings in trust	23,287,755	23,397,199
Accumulated depreciation	(1,790,318)	(2,100,272)
Buildings in trust, net	21,497,436	21,296,926
Structures in trust	117,008	117,008
Accumulated depreciation	(9,531)	(11,402)
Structures in trust, net	107,476	105,606
Machinery and equipment in trust	88,140	88,140
Accumulated depreciation	(6,082)	(8,343)
Machinery and equipment in trust, net	82,058	79,797
Tools, furniture and fixtures in trust	28,669	29,630
Accumulated depreciation	(10,874)	(13,574)
Tools, furniture and fixtures in trust, net	17,794	16,056
Land in trust	72,643,724	72,643,724
Total property, plant and equipment	96,970,113	96,759,772
Intangible assets		
Software	6,133	5,333
Total intangible assets	6,133	5,333
Investments and other assets		
Long-term prepaid expenses	87,116	77,957
Deferred tax assets	15	7
Leasehold and guarantee deposits	10,000	10,000
Total investments and other assets	97,132	87,965
Total non-current assets	97,073,378	96,853,071
Total assets	104,878,112	105,093,695

(Unit: thousand yen)

	11th fiscal period (as of Aug. 31, 2024)	12th fiscal period (as of February 28, 2025)
Liabilities		
Current liabilities		
Operating accounts payable	187,134	137,160
Long-term loans due within one year	9,100,000	11,000,000
Accounts payable - other	290,943	290,507
Accrued expenses	59,191	66,973
Income taxes payable	847	240
Consumption taxes payable	-	171,785
Advances received	387,368	401,656
Deposits received	214	214
Total current liabilities	10,025,699	12,068,538
Non-current liabilities		
Long-term loans	41,100,000	39,200,000
Leasehold and guarantee deposits received	88,158	88,409
Leasehold and guarantee deposits received in trust	3,121,902	3,156,325
Total non-current liabilities	44,310,061	42,444,735
Total liabilities	54,335,761	54,513,273
Net assets		
Unitholders' equity		
Unitholders' capital	49,442,685	49,442,685
Deduction from unitholders' capital	(7,136)	(7,136)
Unitholders' capital (net)	49,435,549	49,435,549
Surplus		
Unappropriated retained earnings (undisposed loss)	1,106,801	1,144,872
Total surplus	1,106,801	1,144,872
Total unitholders' equity	50,542,350	50,580,421
Total net assets	*1 50,542,350	*1 50,580,421
Total liabilities and net assets	104,878,112	105,093,695

(2) Statement of Income and Retained Earnings

(Unit: thousand yen)

	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025
Operating revenue		
Rent business revenue	*1 2,343,666	*1 2,396,675
Other rent business revenue	*1 117,736	*1 119,746
Total operating revenue	2,461,403	2,516,422
Operating expenses		
Expenses related to rent business	*1 848,642	*1 839,931
Asset management fee	249,422	249,087
Asset custody fee	2,065	2,065
Administrative service fees	9,030	15,868
Remuneration for directors (and other officers)	3,600	3,600
Other operating expenses	48,670	53,382
Total operating expenses	1,161,430	1,163,936
Operating income	1,299,972	1,352,486
Non-operating income		
Interest income	539	3,444
Reversal of distributions payable	351	371
Insurance claim income	1,145	-
Interest on tax refund	94	457
Other	0	652
Total non-operating income	2,129	4,925
Non-operating expenses		
Interest expenses	143,895	167,245
Borrowing-related expenses	43,841	44,762
Amortization of investment unit issuance expenses	6,025	-
Other	767	-
Total non-operating expenses	194,529	212,007
Ordinary income	1,107,573	1,145,404
Net income before income taxes	1,107,573	1,145,404
Income taxes - current	930	767
Income taxes - deferred	(6)	7
Total income taxes	923	775
Net income	1,106,649	1,144,628
Retained earnings brought forward	151	243
Unappropriated retained earnings (undisposed loss)	1,106,801	1,144,872

(3) Statement of Changes in Unitholders' Equity

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

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

(Unit: thousand yen)

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

(4) Statement of Cash Distributions

(Unit: yen)

	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025
I Unappropriated retained earnings	1,106,801,173	1,144,872,084
II Amount of distribution	1,106,557,531	1,144,859,649
[Amount of distribution per unit]	(2,369)	(2,451)
III Retained earnings carried forward	243,642	12,435

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 1,106,557,531 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.	In accordance with the policy on distribution specified in Article 36, Paragraph 1 of SANKEI REAL ESTATE's articles of incorporation, the amount of distribution shall be limited to the amount of net income in excess of the amount equivalent to 90% of distributable profit, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on such policy, the decision was made to distribute 1,144,859,649 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (467,099 units) not in excess of unappropriated retained earnings, as distribution of earnings. The distribution in excess of earnings specified in Article 36, Paragraph 2 of SANKEI REAL ESTATE's articles of incorporation will not be made.

(5) Statement of Cash Flows

(Unit: thousand yen)

	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025
Cash flows from operating activities		
Net income before income taxes	1,107,573	1,145,404
Depreciation	318,500	321,647
Amortization of investment unit issuance expenses	6,025	-
Interest income	(539)	(3,444)
Interest expenses	143,895	167,245
Decrease (increase) in operating accounts receivable	890,606	25,943
Decrease (increase) in consumption taxes refund receivable	(205,433)	205,433
Decrease (increase) in prepaid expenses	(17,936)	18,488
Increase (decrease) in operating accounts payable	(4,713)	(98,841)
Increase (decrease) in accounts payable - other	(15,862)	(310)
Increase (decrease) in consumption taxes payable	(182,108)	171,785
Increase (decrease) in advances received	60,935	14,287
Increase (decrease) in deposits received	(131)	-
Decrease (increase) in long-term prepaid expenses	15,561	9,159
Decrease (increase) in other assets	5,486	-
Subtotal	2,121,858	1,976,797
Interest received	539	3,444
Interest paid	(137,605)	(159,462)
Income taxes paid	(877)	(1,374)
Net cash provided by (used in) operating activities	1,983,913	1,819,404
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,886)	(534)
Purchase of property, plant and equipment in trust	(10,860,803)	(61,105)
Proceeds from leasehold and guarantee deposits received	161	250
Refund of leasehold and guarantee deposits received	(638)	-
Proceeds from leasehold and guarantee deposits received in trust	397,982	35,952
Refund of leasehold and guarantee deposits received in trust	(43,618)	(1,530)
Net cash provided by (used in) investing activities	(10,516,802)	(26,966)
Cash flows from financing activities		
Proceeds from long-term loans	3,300,000	4,300,000
Repayments of long-term loans	(3,300,000)	(4,300,000)
Distributions paid	(1,037,388)	(1,106,682)
Net cash provided by (used in) financing activities	(1,037,388)	(1,106,682)
Net increase (decrease) in cash and cash equivalents	(9,570,277)	685,756
Cash and cash equivalents at beginning of period	17,014,608	7,444,330
Cash and cash equivalents at end of period	*1 7,444,330	*1 8,130,086

(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 4–69 years Structures 6–59 years Machinery and equipment 10–27 years Tools, furniture and fixtures 3–15 years (2) Intangible assets The straight-line method is adopted. (3) Long-term prepaid expenses The straight-line method is adopted.
2. Standards for revenue and expense recognition	(1) Standards for revenue recognition The details of performance obligations concerning revenue from contracts with customers of SANKEI REAL ESTATE and the timing when the performance obligations are normally satisfied (the normal time to recognize revenue) are as follows. i. Sale of real estate, etc. Revenue is recognized for the sale of real estate, etc. at the time the buyer who is a customer gains control of the real estate, etc. through the performance of delivery obligations specified in a contract on the sale of real estate. ii. Utilities reimbursement Revenue is recognized for utilities reimbursement according to the supply of electricity, water, etc. to tenants who are customers based on the terms of lease agreements for real estate and incidental agreements. For the utilities reimbursement for which SANKEI REAL ESTATE is deemed to be an agent, the net amount after deducting the amount to be paid to another party from the amount received from tenants as charges for electricity, gas, etc. provided by said party is recorded as revenue. (2) Accounting for non-current asset tax, etc. For non-current asset tax, city planning tax, depreciable asset tax, etc. on real estate or trust beneficiary rights of real estate, the tax levied corresponding to the calculation period is recorded as expenses related to rent business. Furthermore, the amount equivalent to non-current asset tax, etc. in the initial fiscal period paid by SANKEI REAL ESTATE upon acquisition of real estate or trust beneficiary rights of real estate is included in the cost of acquisition of the real estate, etc. and not recognized as expenses. In the previous fiscal period, the amount equivalent to non-current asset taxes, etc. included in the acquisition cost of real estate, etc. was 77,814 thousand yen. During the fiscal period under review, the amount equivalent to non-current asset taxes, etc. included in the acquisition cost of real estate, etc. was nil.
3. Scope of cash (cash and cash equivalents) in the statement of cash flows	Cash and cash equivalents in the statement of cash flows comprise cash on hand and cash in trust, demand deposits and deposits in trust, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and that are subject to an insignificant risk of changes in value.
4. Other significant matters related to the basis for preparation of the financial statements	Accounting for trust beneficiary rights that have real estate, etc. as trust assets Concerning trust beneficiary rights that have real estate, etc. as trust assets held, all accounts of assets and liabilities within trust assets and all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income and retained earnings. Furthermore, the following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet. i. Cash and deposits in trust ii. Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust iii. Leasehold and guarantee deposits received in trust

(8) Notes to the Financial Statements

[Notes to the Balance Sheet]

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

(Unit: thousand yen)

11th fiscal period (as of Aug. 31, 2024)	12th fiscal period (as of Feb. 28, 2025)
50,000	50,000

[Notes to the Statement of Income and Retained Earnings]

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

(Unit: thousand yen)

	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025
A. Operating revenue from real estate rent business		
Rent business revenue		
Rental revenue	2,320,676	2,374,579
Common area maintenance revenue	22,990	22,096
Total rent business revenue	2,343,666	2,396,675
Other rent business revenue		
Utilities reimbursement	82,499	86,322
Parking revenue	26,658	25,287
Other rental revenue	8,578	8,136
Total other rent business revenue	117,736	119,746
Total operating revenue from real estate rent business	2,461,403	2,516,422
B. Operating expenses from real estate rent business		
Expenses related to rent business		
Outsourcing expenses	113,640	117,106
Utilities expenses	98,785	95,636
Property taxes	248,798	246,672
Land rent	683	683
Repair expenses	45,638	36,399
Insurance premium	6,819	6,894
Trust fee	6,923	5,550
Depreciation	317,565	320,847
Other expenses related to rent business	9,786	10,141
Total expenses related to rent business	848,642	839,931
Total operating expenses from real estate rent business	848,642	839,931
C. Operating income (loss) from real estate rent business [A−B]	1,612,761	1,676,490

[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)

	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025
Total number of investment units authorized	10,000,000	10,000,000
Total number of investment units issued and outstanding	467,099	467,099

[Notes to the Statement of Cash Flows]

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

(Unit: thousand yen)

	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025
Cash and deposits	5,127,817	5,683,191
Cash and deposits in trust	2,316,513	2,446,894
Cash and cash equivalents	7,444,330	8,130,086

[Notes on Lease Transactions]

Operating lease transactions (as lessor)

Future minimum lease payments

(Unit: thousand yen)

	11th fiscal period (as of Aug. 31, 2024)	12th fiscal period (as of Feb. 28, 2025)
Due within 1 year	2,881,379	3,071,255
Due after 1 year	19,014,199	18,359,837
Total	21,895,578	21,431,092

[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 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)

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

(Unit: thousand yen)

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

(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 (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	-

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

(Thousand yen)

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

[Notes on Securities]
11th fiscal period (as of August 31, 2024)
Not applicable.

12th fiscal period (as of February 28, 2025)
Not applicable.

[Notes on Derivative Transactions]
11th fiscal period (as of August 31, 2024)
Not applicable.

12th fiscal period (as of February 28, 2025)
Not applicable.

[Notes on Retirement Benefits]
11th fiscal period (as of August 31, 2024)
Not applicable.

12th fiscal period (as of February 28, 2025)
Not applicable.

[Notes on Tax-Effect Accounting]
1. Breakdown of main causes for occurrence of deferred tax assets and deferred tax liabilities

(Unit: thousand yen)

	11th fiscal period (as of Aug. 31, 2024)	12th fiscal period (as of Feb. 28, 2025)
Deferred tax assets		
Non-deductible accrued enterprise tax	15	7
Total deferred tax assets	15	7
Deferred tax assets, net	15	7

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

(Unit: %)

	11th fiscal period (as of Aug. 31, 2024)	12th fiscal period (as of Feb. 28, 2025)
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible distribution payable	(31.43)	(31.45)
Other	0.05	0.05
Effective income tax rate after application of tax-effect accounting	0.08	0.07

[Notes on Equity Method Profit and Loss]
11th fiscal period (from March 1, 2024 to August 31, 2024)
Not applicable.

12th fiscal period (from September 1, 2024 to February 28, 2025)
Not applicable.

[Notes on Related-Party Transactions]
1. Parent company, major corporate unitholder, etc.
11th fiscal period (from March 1, 2024 to August 31, 2024)
Not applicable.

12th fiscal period (from September 1, 2024 to February 28, 2025)
Not applicable.

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

12th fiscal period (from September 1, 2024 to February 28, 2025)
Not applicable.

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

12th fiscal period (from September 1, 2024 to February 28, 2025)
Not applicable.

4. Director, major individual unitholder, etc.
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.

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

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

(Note 1) Of the related-party transactions subject to disclosure, the related-party transactions including significant transactions are disclosed.
(Note 2) Of the amounts above, transaction amount does not include consumption tax, etc., while balance at end of period includes consumption tax, etc. Amounts are rounded down to the nearest thousand yen.
(Note 3) The payment of asset management fees is for transactions conducted by Yuichi Ota as representative of Sankei Building Asset Management Co., Ltd., and the amount of the fees is subject to the terms and conditions provided in SANKEI REAL ESTATE's articles of incorporation.
(Note 4) Trading conditions are determined based on prevailing market conditions.

[Notes on Asset Retirement Obligations]
11th fiscal period (from March 1, 2024 to August 31, 2024)
Not applicable.

12th fiscal period (from September 1, 2024 to February 28, 2025)
Not applicable.

[Notes on Investment and Rental Properties]

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

(Unit: thousand yen)

		11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025
Carrying amount			
	Balance at beginning of period	86,629,368	96,970,113
	Amount of change during period	10,340,745	(210,340)
	Balance at end of period	96,970,113	96,759,772
Fair value at end of period		101,590,000	102,200,000

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

(Note 2) Of the increases and decreases during the period, the main increase in the previous period was due to the new acquisition of one property and the additional acquisition of one property (total for two properties: 10,527,038 thousand yen <including incidental expenses related to the acquisition>), and the main decrease was due to depreciation expenses (317,565 thousand yen). The main increase in the current period was due to capital expenditures (110,958 thousand yen), etc., and the main decrease was due to depreciation expenses (320,847 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

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

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

(Unit: thousand yen)

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

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

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

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

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

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

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

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

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

(Unit: thousand yen)

	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025
Receivables from contracts with customers (Balance at beginning of period)	22,439	20,389
Receivables from contracts with customers (Balance at end of period)	20,389	16,981
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

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.

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

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

[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

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.	264,669	Real estate rent business

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

(1) Information by product and service

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

(2) Information by geographic area

i. Operating revenue

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

ii. Property, plant and equipment

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

(3) Information by major customer

(Unit: thousand yen)

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

[Notes on Per Unit Information]

	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025
Net assets per unit	108,204 yen	108,286 yen
Net income per unit	2,369 yen	2,450 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 August 2024: 467,099 units; fiscal period ended February 2025: 467,099 units). In addition, diluted net income per unit is not stated, because there are no diluted investment units.

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

	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025
Net income (thousand yen)	1,106,649	1,144,628
Amount not available to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	1,106,649	1,144,628
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	
Sep. 1, 2021	Capital increase through public offering	12,287,452	48,828,353	105,047	461,847	(Note 2)
Sep. 29, 2021	Capital increase through third-party allotment	614,331	49,442,685	5,252	467,099	(Note 3)
Nov. 22, 2021	Cash distribution in excess of earnings (contribution refund)	(7,136)	49,435,549	-	467,099	(Note 4)

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

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

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

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

3. Reference Information

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

i. Investment Status

Type of asset	Asset type	Geographic area (Note 1)	11th fiscal period (as of Aug. 31, 2024)		12th fiscal period (as of Feb. 28, 2025)	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate	Office buildings	Greater Tokyo, Greater Osaka and Greater Nagoya	2,621	2.5	2,617	2.5
		Cities designated by government ordinance (excluding above), core cities and major regional cities	-	-	-	-
	Core asset group	Greater Tokyo, Greater Osaka and Greater Nagoya	-	-	-	-
		Cities designated by government ordinance (excluding above), core cities and major regional cities	-	-	-	-
Real estate in trust	Office buildings	Greater Tokyo, Greater Osaka and Greater Nagoya	46,391	44.2	46,383	44.1
		Cities designated by government ordinance (excluding above), core cities and major regional cities	10,112	9.6	10,084	9.6
	Core asset group	Greater Tokyo, Greater Osaka and Greater Nagoya	27,816	26.5	27,713	26.4
		Cities designated by government ordinance (excluding above), core cities and major regional cities	10,027	9.6	9,960	9.5
	Hotels	Greater Tokyo, Greater Osaka and Greater Nagoya	22,549	21.5	22,465	21.4
		Cities designated by government ordinance (excluding above), core cities and major regional cities	10,027	9.6	9,960	9.5
	Logistics facilities	Greater Tokyo, Greater Osaka and Greater Nagoya	5,267	5.0	5,247	5.0
		Cities designated by government ordinance (excluding above), core cities and major regional cities	-	-	-	-
Subtotal			96,970	92.5	96,759	92.1
Deposits and other assets			7,907	7.5	8,333	7.9
Total assets			104,878	100.0	105,093	100.0

(Note 1) The “Greater Tokyo” refers to Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture.
The “Greater Osaka” refers to Osaka Prefecture, Hyogo Prefecture and Kyoto Prefecture, and is limited to ordinance-designated cities, core cities and major regional cities.
The “Greater Nagoya” refers to Aichi Prefecture, Gifu Prefecture and Mie Prefecture, and is limited to ordinance-designated cities, core cities and major regional cities.
“Core cities” refers to cities with a population of 200,000 or more (excluding Greater Tokyo, Greater Osaka and Greater Nagoya, and other cities designated by government ordinance).
“Major regional cities” are cities, towns and villages with a population of less than 200,000 that have been determined by the Asset Management Company to have a certain level of demand for specific asset types.

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

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

	11th fiscal period (as of Aug. 31, 2024)		12th fiscal period (as of Feb. 28, 2025)	
	Amount (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)	Amount (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Total liabilities	54,335	51.8	54,513	51.9
Total net assets	50,542	48.2	50,580	48.1
Total assets	104,878	100.0	105,093	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 February 28, 2025, the assets under management of SANKEI REAL ESTATE are as follows:

(a) Portfolio List

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

Asset type	Property number	Property name	Location	Acquisition price (Note 1)		Book value (million yen) (Note 2)	Appraisal value (million yen) (Note 3)
				Price (million yen)	Investment ratio (%)		
Office buildings	A-1	Tokyo Sankei Building (Note 4)	Chiyoda-ku, Tokyo	2,509	2.6	2,617	2,640
	A-3	S-GATE NIHONBASHI-HONCHO	Chuo-ku, Tokyo	14,148	14.7	14,100	15,800
	A-4	S-GATE AKIHABARA	Chiyoda-ku, Tokyo	2,055	2.1	1,998	2,720
	A-5	Hibiya Sankei Building	Chiyoda-ku, Tokyo	5,829	6.0	6,088	6,790
	A-6	Hatchobori Sankei Building	Chuo-ku, Tokyo	4,959	5.1	4,955	5,140
	A-7	Toyo Park Building	Koto-ku, Tokyo	3,782	3.9	3,856	3,490
	A-9	Omori Park Building	Ota-ku, Tokyo	5,400	5.6	5,508	4,950
	A-10	S-GATE AKASAKA	Minato-ku, Tokyo	7,000	7.3	7,009	7,550
	A-11	Miyazakidai Garden Office	Miyamae-ku, Kawasaki-shi	2,800	2.9	2,865	2,710
	A-12	Hitachi Kyusyu Building	Sawara-ku, Fukuoka-shi	10,000	10.4	10,084	10,300
Subtotal			-	58,484	60.6	59,086	62,090
Core asset group	B-1	Hotel Intergate Tokyo Kyobashi	Chuo-ku, Tokyo	8,961	9.3	8,790	9,620
	B-2	Hotel Intergate Hiroshima	Naka-ku, Hiroshima-shi	3,990	4.1	3,770	4,330
	B-3	SANKEILOGI Settsu	Settsu-shi, Osaka	5,242	5.4	5,247	5,510
	B-4	Hotel Intergate Kyoto Shijo Shinmachi	Nakagyo-ku, Kyoto-shi	5,800	6.0	5,842	6,250
	B-5	Hotel Intergate Kanazawa	Kanazawa-shi, Ishikawa	3,250	3.4	3,251	3,300
	B-6	GRIDS PREMIUM Hotel Osaka Namba	Naniwa-ku, Osaka-shi	7,800	8.1	7,832	8,170
	B-7	Vessel Hotel Campana Susukino (Note 4)	Chuo-ku, Sapporo-shi	2,920	3.0	2,938	2,930
Subtotal			-	37,963	39.4	37,673	40,110
Total			-	96,447	100.0	96,759	102,200

(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 February 28, 2025, rounded down to the nearest million yen.

(Note 3) "Appraisal value" is the appraisal value with an appraisal date of February 28, 2025, stated in each real estate appraisal report. The appraisal of each asset under management is entrusted to Japan Real Estate Institute, The Tanizawa Sōgō Appraisal Co., Ltd. and Daiwa Real Estate Appraisal Co., Ltd.

(Note 4) The acquisition price, book value and appraisal 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 February 28, 2025.

(b) Overview of Buildings and Leasing

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

Asset type	Property number	Property name	Construction completion (Note 1)	Total rental revenue (million yen) (Note 2)	Lease and guarantee deposits (million yen) (Note 3)	Total leasable area (m^2) (Note 4)	Total leased area (m^2) (Note 5)	Occupancy rate (%) (Note 6)
Office buildings	A-1	Tokyo Sankei Building (Note 7)	Sep. 28, 2000	101	87	881.68	881.36	100.0
	A-3	S-GATE NIHONBASHI-HONCHO	Oct. 31, 2018	605	605	6,219.28	6,219.28	100.0
	A-4	S-GATE AKIHABARA	Sep. 29, 2017	130	130	1,681.55	1,681.55	100.0
	A-5	Hibiya Sankei Building	Jun. 25, 1992	380	303	3,439.61	3,439.61	100.0
	A-6	Hatchobori Sankei Building	Sep. 1, 1965	319	270	5,594.90	5,594.90	100.0
	A-7	Toyo Park Building	Jun. 18, 1991	178	161	4,224.52	3,897.52	92.3
	A-9	Omori Park Building	May 31, 1993	136	125	7,469.72	3,771.78	50.5
	A-10	S-GATE AKASAKA	Jul. 31, 2015	Not disclosed (Note 8)	Not disclosed (Note 8)	3,308.10	3,308.10	100.0
	A-11	Miyazakidai Garden Office	Feb. 4, 1993	154	146	3,687.53	3,687.53	100.0
	A-12	Hitachi Kyusyu Building	Feb. 29, 1996	Not disclosed (Note 8)	Not disclosed (Note 8)	26,513.33	26,513.33	100.0
Subtotal (average)			-	2,814	Not disclosed (Note 8)	63,020.22	58,994.96	93.6
Core asset group	B-1	Hotel Intergate Tokyo Kyobashi	Jan. 18, 2018	413	206	6,006.53	6,006.53	100.0
	B-2	Hotel Intergate Hiroshima	Oct. 31, 2018	237	118	9,160.15	9,160.15	100.0
	B-3	SANKEILOGI Settsu	Oct. 1, 2022	237	118	14,748.33	14,748.33	100.0
	B-4	Hotel Intergate Kyoto Shijo Shinmachi	Nov. 30, 2017	163	148	6,029.40	6,029.40	100.0
	B-5	Hotel Intergate Kanazawa	Jan. 15, 2019	102	93	5,177.73	5,177.73	100.0
	B-6	GRIDS PREMIUM Hotel Osaka Namba	Jan. 12, 2021	Not disclosed (Note 8)	45	4,353.79	4,353.79	100.0
	B-7	Vessel Hotel Campana Susukino (Note 7)	Mar. 29, 2019	Not disclosed (Note 8)	Not disclosed (Note 8)	4,427.11	4,427.11	100.0
Subtotal (average)			-	1,473	Not disclosed (Note 8)	49,903.04	49,903.04	100.0
Total (average)			-	4,287	3,173	112,923.27	108,898.01	96.4

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

(Note 2) "Total rental revenue" is the annualized amount calculated by multiplying by 12 the monthly rent (excluding fees for incidental areas such as warehouses, signboards, and parking lots that are not the main asset types, and including common area charges only for leased rooms. In addition, free rent and rent holidays (*1) as of the same date are not taken into consideration. Further, for properties where floating rent is included in the agreement with tenants, the calculation does not take into consideration the floating rent. Consumption tax, etc. are not included; hereinafter the same shall apply) for the buildings indicated in the lease agreements for each asset under management that are valid as of February 28, 2025, rounded down to the nearest million yen. The amount calculated by annualizing the monthly rent stated in the lease agreement concluded with the end tenant with respect to the portion in the pass-through-type master lease agreement (*2) is indicated when a pass-through-type master lease agreement has been concluded for the asset under management.

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

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

(Note 3) "Lease and guarantee deposits" is the total amount of lease and guarantee deposits under the lease agreement for each asset under management as of February 28, 2025 (including the amount expected to be received under each lease agreement; in addition, lease and guarantee deposits pertaining to incidental parts such as warehouses, signboards and parking lots which are not the main asset types are not included) are rounded down to the nearest one million yen. The amount of lease deposits stated in the lease agreement concluded with the end tenant with respect to the portion in the pass-through-type master lease agreement is indicated when a pass-through-type master lease agreement has been concluded for the assets under management.

(Note 4) "Total leasable area" is the area (excluding area of incidental parts such as warehouses, signboards, parking lots, etc. that are not the main asset types) considered leasable based on the lease agreement, drawing, etc. of the buildings for each asset under management as of February 28, 2025, rounded down to two decimal places.

(Note 5) "Total leased area" is the total leased area (excluding area of incidental parts such as warehouses, signboards, parking lots, etc. that are not the main asset types) stated in the lease agreement (excluding lease agreements under which the lease period is yet to commence) for each asset under management of February 28, 2025, rounded down to two decimal places. With respect to the portion which comes under the pass-through-type master lease agreement, the total area for which the lease agreement has actually been concluded with the end tenant and for which the lease period has commenced is indicated, rounded down to two decimal places.

(Note 6) "Occupancy rate" is the ratio of total leased area to total leasable area for each asset under management as of February 28, 2025, rounded to one decimal place. Each subtotal and total portfolio column indicates the ratio of the total leased area to the total leasable area of each asset under management, rounded to one decimal place.
(Note 7) The total rental revenue, lease and guarantee deposits, total leasable area and total leased area are the figures equivalent to the co-ownership interest (2% for "Tokyo Sankei Building" and 40% for "Vessel Hotel Campana Susukino") held by SANKEI REAL ESTATE.
(Note 8) Not disclosed due to unavoidable circumstances in that it contains information for which consent for disclosure has not been obtained from the tenant, relevant party, etc. or information from which confidential information can be derived.

(c) Overview of Real Estate Appraisal Reports

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

Asset type	Property number	Property name	Appraiser	Appraisal value (million yen) (Note 1)	Overview of appraisal report					
					Direct capitalization method		DCF method			Indicated value by cost approach (million yen)
					Indicated value by income approach (million yen)	Cap rate (%)	Indicated value by income approach (million yen)	Discount rate (%)	Terminal cap rate (%)	
Office buildings	A-1	Tokyo Sankei Building (Note 2)	Japan Real Estate Institute	2,640	2,670	2.3	2,600	2.0	2.4	2,760
	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	2,660
	A-5	Hibiya Sankei Building	Japan Real Estate Institute	6,790	6,890	2.8	6,690	2.6	2.9	7,160
	A-6	Hatchobori Sankei Building	The Tanizawa Sōgō Appraisal	5,140	5,280	4.1	5,080	4.2	4.3	5,860
	A-7	Toyo Park Building	Japan Real Estate Institute	3,490	3,530	3.6	3,450	3.4	3.7	3,130
	A-9	Omori Park Building	Japan Real Estate Institute	4,950	5,030	3.7	4,860	3.5	3.8	5,760
	A-10	S-GATE AKASAKA	Japan Real Estate Institute	7,550	7,640	3.1	7,450	2.9	3.2	7,040
	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	14,100
Subtotal				62,090	62,910	-	61,310	-	-	65,000
Core asset group	B-1	Hotel Intergate Tokyo Kyobashi	Daiwa Real Estate Appraisal	9,620	9,820	3.5	9,530	3.3	3.7	9,500
	B-2	Hotel Intergate Hiroshima	Japan Real Estate Institute	4,330	4,350	4.3	4,310	4.1	4.4	4,790
	B-3	SANKEILOGI Settsu	Japan Real Estate Institute	5,510	5,600	3.7	5,410	3.5	3.9	5,060
	B-4	Hotel Intergate Kyoto Shijo Shinmachi	Japan Real Estate Institute	6,250	6,300	3.8	6,190	3.6	3.9	6,150
	B-5	Hotel Intergate Kanazawa	Japan Real Estate Institute	3,300	3,330	4.5	3,260	4.3	4.6	2,510
	B-6	GRIDS PREMIUM Hotel Osaka Namba	Japan Real Estate Institute	8,170	8,240	3.8	8,090	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	2,820
Subtotal				40,110	40,580	-	39,710	-	-	36,150
Total				102,200	103,490	-	101,020	-	-	101,150

(Note 1) "Appraisal value" is the appraisal value with an appraisal date of February 28, 2025, stated in each real estate appraisal report.

(Note 2) The appraisal value, indicated value by income approach based on direct capitalization method, indicated value by income approach based on the DCF method and indicated value by cost approach are the figures equivalent to the co-ownership interest (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 February 28, 2025, the major ones (10 million yen or more) are as follows: The estimated construction costs below may include the portion separately charged to expenses in accounting.

Name of real estate, etc. (Location)	Purpose	Scheduled period	Expected construction cost (million yen)		
			Total amount	Amount of payment during period	Total amount already paid
Hibiya Sankei Building (Chiyoda-ku, Tokyo)	Air Conditioning Indoor/Outdoor Units Update (4th floor)	From: May. 1, 2025 To: May. 31, 2025	18	-	-
Hatchobori Sankei Building (Chuo-ku, Tokyo)	Waterproofing work (tower , rooftop and 3rd floor rooftop), Repair of balcony railing (9th floor)	From: May. 1, 2025 To: May. 31, 2025	32	-	-
Omori Park Building (Ota-ku, Tokyo)	LED lighting in exclusive areas (3rd floor)	From: Sep. 1, 2025 To: Sep. 30, 2025	11	-	-
Omori Park Building (Ota-ku, Tokyo)	LED lighting in common areas	From: Sep. 1, 2025 To: Sep. 30, 2025	12	-	-
Omori Park Building (Ota-ku, Tokyo)	Individual air conditioning renovation work 1 floor	From: Oct. 1, 2025 To: Oct. 31, 2025	22	-	-
Omori Park Building (Ota-ku, Tokyo)	Central monitoring equipment parts replacement	From: Nov. 1, 2025 To: Nov. 30, 2025	30	-	-
Omori Park Building (Ota-ku, Tokyo)	Absorption-type hot and cold water generator: disassembly and maintenance of Units 1 and 2	From: Nov. 1, 2025 To: Nov. 30, 2025	28	-	-
Miyazakidai Garden Office (Miyamae-ku, Kawasaki-shi)	Waterproofing and sealant replacement work (2nd and 3rd floor rooftop)	From: Feb. 1, 2026 To: Feb. 28, 2026	13	-	-

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 February 28, 2025, are as follows: Capital expenditures for the current period were 110 million yen, and together with repair expenses of 36 million yen, which were categorized as expenses, a total of 147 million yen was spent on construction.

Name of real estate, etc. (Location)	Purpose	Period	Amount of payment (million yen)
Omori Park Building (Ota-ku, Tokyo)	Individual air conditioning renovation work 1 floor	From: Nov. 15, 2024 To: Nov. 24, 2024	18
Omori Park Building (Ota-ku, Tokyo)	Absorption cold/hot water generator control panel update	From: Feb. 17, 2025 To: Feb. 28, 2025	25
Miyazakidai Garden Office (Miyamae-ku, Kawasaki-shi)	Toilet renovation (1 floor)	From: Sep. 20, 2024 To: Sep. 30, 2024	10
Miyazakidai Garden Office (Miyamae-ku, Kawasaki-shi)	Waterproofing work (rooftop and tower)	From: Jan. 7, 2025 To: Feb. 20, 2025	14
Other			41
Total			110

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	8th fiscal period From: Sep. 1, 2022 To: Feb. 28, 2023	9th fiscal period From: Mar. 1, 2023 To: Aug. 31, 2023	10th fiscal period From: Sep. 1, 2023 To: Feb. 29, 2024	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024	12th fiscal period From: Sep 1, 2024 To: Feb 28, 2025
Balance of reserve at beginning of period	303,132	324,485	370,002	293,338	322,317
Provision of reserve during period	59,801	72,811	78,124	46,692	44,750
Reversal of reserve during period	38,448	27,295	154,789	17,713	-
Reserve carried forward	324,485	370,002	293,338	322,317	367,068