SANKEI REAL ESTATE Inc.

English Translation

April 1, 2026

For Immediate Release

Real Estate Investment Trust Securities Issuer
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(Progress of Disclosure Matters) Notice Concerning Change of Tenant (Termination of Lease Agreement with Major Business Partner (Partly Excluded)) (Fukuoka Green Building)

SANKEI REAL ESTATE Inc. ("SANKEI REAL ESTATE") hereby announces the following update regarding the Fukuoka Green Building, an asset under management (as disclosed in the "Notice Concerning Name Change of Asset under Management" separately announced on January 30, 2026, the Hitachi Kyusyu Building was renamed to the Fukuoka Green Building effective February 1, 2026; the "Property"), for which SANKEI REAL ESTATE concluded an agreed-upon termination of the lease agreement with the tenant, Hitachi, Ltd., on September 30, 2025, as disclosed in the "Notice Concerning Change of Tenant (Termination of Lease Agreement with Major Business Partner (Partly Excluded)) (Hitachi Kyusyu Building)" separately announced on September 30, 2025 (the "September 30, 2025 Press Release").

In connection with the Property, as disclosed in "3. Future management policy of the Property" of the September 30, 2025 Press Release, SANKEI REAL ESTATE is proceeding with considering the tenant search and selling the Property after changing the Property's specifications to those for multi-tenants. However, due to the impact of rising construction costs, labor shortages, and material shortages, neither the restoration projects nor the renewal projects to change the Property's specifications to those for multi-tenants has been ordered as of today. Given the status of the progress and the characteristics of the Property, the leasing up will likely take considerably longer than initially anticipated, and it is now expected that the tenant search will not be completed at least within the fiscal period ending February 28, 2027 (from September 1, 2026 to February 28, 2027). Furthermore, while SANKEI REAL ESTATE continues to concurrently consider selling the Property, the sale is planned to proceed in anticipation of progress on the aforementioned projects and the tenant search, and therefore, it is now expected that the sale will not be completed at least within the fiscal period ending February 28, 2027 (from September 1, 2026 to February 28, 2027).

On the other hand, with respect to the Property, there are no projected revenues for the fiscal period ending February 28, 2027 (from September 1, 2026 to February 28, 2027), equivalent to the receipt of the cancellation penalty of 582 million yen for the fiscal period ended February 28, 2026 (from September 1, 2025 to February 28, 2026) or the receipt of the settlement amount of restoration projects, etc. of 1,419 million yen for the fiscal period ended August 31, 2026 (March 1, 2026 to August 31, 2026).

Based on the above, regarding the operating forecasts and distribution forecasts for the fiscal period ending February 28, 2027 (from September 1, 2026 to February 28, 2027), a significant decline in revenue and profit is expected compared to the fiscal period ended August 31, 2025 (from March 1, 2025, to August 31, 2025), which preceded the change of tenant at the Property; consequently, a significant reduction in distribution is expected.

Specific forecasts for the fiscal period ending February 28, 2027 (from September 1, 2026, to February 28, 2027) are currently under review and will be announced in the financial results ((REIT) Financial Report for the Fiscal Period Ended February 2026), which is scheduled for April 15, 2026.

* SANKEI REAL ESTATE Inc. website: https://www.s-reit.co.jp/en/

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