(REIT) Financial Report for the Fiscal Period Ended February 2026

April 28, 2026

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, 2026
Scheduled date of commencement of distribution payment:	-
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 2026 (from September 1, 2025, to February 2026)

(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. 2026	2,882	10.3	(3,323)	-	(3,564)	-	(4,009)	-
Fiscal period ended Aug. 2025	2,611	3.8	1,347	(0.4)	1,103	(3.6)	1,102	(3.6)

	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. 2026	(8,583)	(8.4)	(3.5)	(123.7)
Fiscal period ended Aug. 2025	2,361	2.2	1.1	42.3

(Note) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units (fiscal period ended August 2025: 467,099 units; fiscal period ended February 2026: 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. 2026	0	-	-	-	-	0.0
Fiscal period ended Aug. 2025	2,361	1,102	-	-	100.0	2.2

(Note) Payout ratio for the fiscal period ended February 28, 2026, is not shown due to the net loss per unit.

(3) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Fiscal period ended Feb. 2026	99,348	45,426	45.7	97,251
Fiscal period ended Aug. 2025	104,898	50,538	48.2	108,196

(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. 2026	1,588	(267)	(1,802)	10,302
Fiscal period ended Aug. 2025	4,015	(216)	(1,144)	10,784

2. Operating Forecasts for the Fiscal Period Ending August 2026 (from March 1, 2026, to August 31, 2026) and Operating Forecasts for the Fiscal Period Ending February 2027 (from September 1, 2026, to February 28, 2027)

(% 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. 2026	3,757	30.4	1,987	-	1,664	-	1,663	-	3,560	-
Fiscal period ending Feb. 2027	2,351	(37.4)	887	(55.4)	511	(69.3)	510	(69.3)	1,093	-

(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 2026) 3,560 yen (Fiscal period ending February 2027) 1,093 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. 2026	467,099 units	Fiscal period ended Aug. 2025	467,099 units
ii. Number of treasury investment units at end of period	Fiscal period ended Feb. 2026	0 units	Fiscal period ended Aug. 2025	0 units

(Note) For the number of investment units serving as the basis for calculation of net income per unit, please refer to “Notes on Per Unit Information” on page 25.

* 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 2026 (from March 1, 2026, to August 31, 2026) and the Fiscal Period Ending February 2027 (from September 1, 2026, to February 28, 2027)” on page 7.

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1. Management Status

(1) Management Status

(Overview of the Fiscal Period under Review)

i. Brief History of the Investment Corporation

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

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

As of the end of the fiscal period under review (February 28, 2026), the total number of investment units issued and outstanding was 467,099 units and unitholders' capital (net) was 49,435 million yen.

Tiger Limited Partnership and Lion Limited Partnership (hereinafter the "Offerors") are conducting a tender offer (hereinafter the "Tender Offer") for the investment units of SANKEI REAL ESTATE (hereinafter the "SANKEI REAL ESTATE Investment Units") with a period of the Tender Offer (hereinafter the "Tender Offer Period") from January 7, 2026, to April 28, 2026. SANKEI REAL ESTATE resolved to express an opinion in support of the Tender Offer and to recommend that the unitholders of the SANKEI REAL ESTATE Investment Units tender their units through the Tender Offer at the meeting of the Board of Directors of SANKEI REAL ESTATE held on January 6, 2026. Subsequently, the Offerors made changes to the terms and conditions of the Tender Offer. However, SANKEI REAL ESTATE resolved, at the meeting of the Board of Directors of SANKEI REAL ESTATE held on February 19, 2026, March 6, 2026, and March 23, 2026, even after such changes to the terms and conditions, it would continue to express its opinion in support of the Tender Offer and to recommend that the unitholders of the SANKEI REAL ESTATE Investment Units tender their units through the Tender Offer. Each of the above resolutions by the Board of Directors of SANKEI REAL ESTATE was made on the assumption that the Offerors plan to acquire all the SANKEI REAL ESTATE Investment Units through the Tender Offer and a series of procedures thereafter, and that the SANKEI REAL ESTATE Investment Units are scheduled to be delisted.

ii. Management Environment

In the fiscal period under review (fiscal period ended February 2026), the Japanese economy has maintained a gradual recovery trend, although the effects of U.S. trade policy remain. The pace of increase in consumer prices is slowing, and personal consumption is showing signs of picking up, partly due to improvements in the employment and income environment. In the stock market, U.S. stocks rose as expectations of a Fed rate cut rose against a backdrop of slowing inflation in the U.S. Meanwhile, in Japan, expectations for the government's proactive fiscal policies and improved corporate performance led to increased purchase of Japanese shares by foreign investors, and the Nikkei Stock Average reached a new all-time high in late February. The TSE REIT Index rose gradually, driven by expectations of improved real estate income due to relatively accommodative monetary conditions and sustained inflation.

In this economic environment, the office building market, which is the primary investment target of SANKEI REAL ESTATE, saw a wide range of demand across various industries, including relocation and expansion, upgrades, and the establishment of branch offices, driven by the need to strengthen talent acquisition and the expansion of business operations. In the Tokyo office building market, where many assets under management of SANKEI REAL ESTATE are located, vacancy rates are low, and the level of rental rates is on an upward trend, although there are differences between individual regions. However, the situation varies depending on the location and grade of the property, with some experiencing 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, according to the Japan National Tourism Organization's statistics on foreign visitors to Japan (estimated figures), the number of foreign visitors in 2025 reached 42.68 million, exceeding the previous record high of 36.87 million in 2024 by more than 5.8 million, indicating steady growth. In the logistics market, rents are rising for high-spec properties with advantageous locations in terms of improving transportation efficiency and securing labor, while vacancies are being absorbed in properties on the outskirts of the Tokyo metropolitan area, where there has been an oversupply.

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

iii. Management Performance

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 16 properties with its asset size (total acquisition price (Note 1)) of 93,938 million yen, unchanged from the previous period.

As of the end of the fiscal period under review, regarding our management performance we had 16 properties, with an occupancy rate (Note 2) of 81.7%. Operating revenue increased 10.3% from the previous period to 2,882 million yen, despite the absence in the current period of a gain on sales of real estate of 44 million yen recorded in the previous period, due to the recording of a cancellation penalty of 582 million yen for Fukuoka Green Building (Note 3) following its agreed cancellation with a tenant. In addition, the appraisal value as of the end of the current period was 96,660 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.

SANKEI REAL ESTATE has acquired 12 environmental certifications (7 DBJ Green Building certifications (Note 4) and 5 BELS (Note 5) evaluations) for a total of nine properties under management, and has also acquired two stars and a Green Star in the GRESB Real Estate Assessment (Note 6) as an investment corporation.

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

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

(Note 3) Effective February 1, 2026, the name of the asset under management has been changed from "Hitachi Kyusyu Building" to "Fukuoka Green Building."

(Note 4) The DBJ Green Building Certification is a certification system established by the Development Bank of Japan (DBJ) in April 2011 to support environmentally and socially friendly real estate ("Green Buildings"). It evaluates and certifies real estate that meets social and economic needs, based on a comprehensive assessment that includes not only the environmental performance of the property but also its response to various stakeholders, including disaster prevention and community considerations, and supports its efforts.

(Note 5) "BELS" is an abbreviation for Building-Housing Energy-efficiency Labeling System. The Act on Improvement of Energy Consumption Performance of Buildings (Act No. 53 of 2015, as amended) (Building Energy Efficiency Act) requires real estate businesses and other entities to make efforts to display the energy conservation performance of buildings. BELS is a system in which a third-party organization evaluates the energy conservation performance of buildings based on evaluation standards established by the Ministry of Land, Infrastructure, Transport and Tourism.

(Note 6) The GRESB Real Estate Assessment is a certification system that serves as an international investment benchmark and was established with the aim of measuring ESG considerations at the company and fund level in the real estate sector and using the results to select investment targets and engage in dialogue with them.

iv. Overview of Fund Procurement

During the fiscal period under review, in order to repay long-term loans of 6,200 million yen that became due on September 2, 2025, we borrowed 5,500 million yen on the same date from Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Trust & Banking Co., Ltd., Sumitomo Mitsui Trust Bank, Limited, SBI Shinsei Bank, Limited, Resona Bank, Ltd., Nishi-Nippon City Bank, Ltd., Chiba Bank, Ltd., and Kansai Mirai 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 49,500 million yen and the ratio of interest-bearing liabilities to total assets (hereinafter, "LTV") was 49.8%.

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 above asset management, the Company reported operating revenue of 2,882 million yen, operating loss of 3,323 million yen, ordinary loss of 3,564 million yen, and net loss of 4,009 million yen for the period. For the current period, the book value of "Fukuoka Green Building" was reduced to its recoverable amount, and the resulting reduction was recorded as impairment losses (4,933 million yen) in the operating expenses category.

With respect to distributions, in accordance with the Company's cash distribution policy (Article 36 of the Articles of Incorporation), the Company intends to maximize the amount of distributions deductible for tax purposes under the special taxation provisions applicable to investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended)). However, as a loss was recorded for the current period, no distributions will be made. As a result, 445 million yen was recorded as income taxes - current.

The undisposed loss of 4,009 million yen for the current period will be processed by carrying out capital reduction without compensation as stipulated in Article 136, Paragraph 2 of the Act on Investment Trusts and Investment Corporations (the "Investment Trusts Act"), and deducting it from the unitholders' capital, etc. The number of investment units issued and outstanding will remain unchanged because capital reduction without compensation will not result in a refund.

(Outlook for the Next Fiscal Period)

i. General Management Outlook

While improvements in the employment and income environment and the effects of various policies are expected to support a gradual recovery of the Japanese economy, it is necessary to monitor downside risks to the economy, such as future price trends in the wake of heightened tensions in the Middle East and developments surrounding U.S. trade policy. In addition, we need to continue to pay attention to the effects of fluctuations in financial and capital markets.

In the real estate trading market, a high level of transaction volume is expected to continue, backed by the strong investment appetite of both domestic and foreign investors, even under the rising domestic interest rates. The acquisition of new properties, including office buildings in central Tokyo where rent growth outpaces interest rate increases, continues to be challenging.

As regards the office building market, in addition to demand aimed at strengthening talent acquisition, demand for expansion and relocation due to business growth has kept vacancy rates in central Tokyo low, and rent levels continue to be on an upward trend. 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. Going forward, we will continue to closely monitor market trends, including whether the situation in the central Tokyo office market, where the supply of new properties is delayed due to labor shortages and soaring construction costs, and demand is excessive, will spill over into surrounding areas.

As for the hotel market, according to JTB Corporation, a major travel agency, while the number of foreign visitors from many countries and regions is expected to increase, it will not reach the growth rate seen during the post-COVID-19 recovery period. Due to a decrease in demand from China and Hong Kong, the number of foreign visitors to Japan in 2026 is projected to be 41.4 million, slightly lower than the number of foreign visitors in 2025 (42.6 million). 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.” In March 2026, a bill was approved by the Cabinet to promote relay transport, in which a single long-distance shipment is handled by multiple drivers, in order to reduce the burden on drivers while maintaining logistics. This is expected to accelerate the development of relay transport facilities. The facilities owned by SANKEI REAL ESTATE are located in advantageous locations and are subject to fixed rents based on fixed-term building lease agreements with tenants, so stable revenues can be expected.

In addition, as disclosed in the “(Progress of Disclosure Matters) Notice Concerning Change of Tenant (Termination of Lease Agreement with Major Business Partner (Partly Excluded)) (Fukuoka Green Building)” separately announced on April 1, 2026, the restoration projects of Fukuoka Green Building (hereinafter the “Property”) and the renewal projects to change the Property’s specifications to those for multi-tenants (hereinafter, collectively, the “Projects”) had not been ordered due to the impact of rising construction costs, labor shortages, and material shortages. Recently, SANKEI REAL ESTATE has obtained a reasonable prospect of placing orders for part of the Projects, with completion of such part expected during the fiscal period ending August 31, 2026 (from March 1, 2026 to August 31, 2026). However, it is still expected that the tenant search will not be completed, nor will the sale of the Property 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 ending August 31, 2026 (from March 1, 2026 to August 31, 2026).

(A) External Growth Strategy

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

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

(B) Internal Growth Strategy

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

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

within the Sankei Building Group with Sankei Building at the core.
In addition, SANKEI REAL ESTATE will execute the following measures, etc. to aim for greater revenue and stable growth of earnings from assets under management.

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

(C) Financial Strategy

SANKEI REAL ESTATE will conduct appropriate and sound financial management while considering agility of financing activities, stability of cash flows, and other matters in order to secure stable earnings and steady growth of assets under management over the medium to long term.
In addition, to secure financial soundness, the basic policy shall be to set the upper limit for the LTV at 60% in principle (however, the LTV may temporarily exceed the upper limit for the purpose of new asset acquisition, etc.). As a rule, SANKEI REAL ESTATE will maintain an approximate range of 40% to 50% during normal operations.

(a) Equity Financing
Issuance of new investment units shall be performed in an agile manner with due consideration to investment unit dilution while comprehensively taking into account capital market trends, the financial environment, timing of acquisition of real estate, etc. to be newly acquired, ratio of interest-bearing liabilities to total assets and other factors.
(b) Debt Financing
Upon borrowing, etc., fund procurement shall be executed in an appropriate manner by taking into account the balance between interest rate trends, market levels, financial agility, long-term business relationships, and security, and by considering the borrowing period, fixed or floating interest rate, provision of collateral or not, fees, and other terms and conditions of procurement of interest-bearing liabilities.

ii. Significant Subsequent Events

(A) Receipt of a lump-sum payment in connection with change of tenant (termination of lease agreement with major business partner (partly excluded))

In connection with the mutually agreed termination of the lease agreement with the tenant at Fukuoka Green Building for the fiscal period ended February 28, 2026, SANKEI REAL ESTATE recorded income of 1,419 million yen from settlement amount of restoration projects, etc.

(B) Capital reduction without compensation

SANKEI REAL ESTATE has resolved, at the meeting of the Board of Directors held on April 28, 2026, that pursuant to the provisions of Article 136, Paragraph 2 of the Investment Trusts Act, the undisposed loss due to a recognition of the impairment losses on Fukuoka Green Building and other factors for the fiscal period ended February 28, 2026 is to be treated by deduction from the unitholders' capital, etc (hereinafter the "Capital Reduction Without Compensation").

(a) Purpose of Capital Reduction Without Compensation
This is to ensure that the loss recognized in the fiscal period ended February 28, 2026 due to a recognition of the impairment loss on Fukuoka Green Building is not carried forward to the following fiscal year, thereby enabling profit distributions to be possible starting from the fiscal period ending August 31, 2026 onwards.

(b) Amount to be Deducted from Unitholders' Capital, Etc.
Undisposed losses for the fiscal period ended February 28, 2026, 4,009 million yen.

(c) Method of Capital Reduction Without Compensation
No refund will be made for the Capital Reduction Without Compensation, and the number of issued and outstanding investment units will not change. The amount of reduction mentioned in (b) above will be deducted from the amount of the unitholders' capital, etc. The Capital Reduction Without Compensation has taken effect with the approval of financial statements, etc. by the Board of Directors of SANKEI REAL ESTATE in accordance with Article 136 and Article 131, Paragraph 2 of the Investment Trusts Act.

(d) Schedule for Deduction from Unitholders' Capital, Etc.
The deduction from the unitholders' capital, etc. will be treated in the Statement of Cash Distributions for the fiscal period ended February 28, 2026.

(Reference Information)

Tender offer for the SANKEI REAL ESTATE Investment Units by Tiger Limited Partnership and Lion Limited Partnership

The Offerors are conducting the Tender Offer, and SANKEI REAL ESTATE resolved to express an opinion in support of the Tender Offer and to recommend that the unitholders of the SANKEI REAL ESTATE Investment Units tender their units through the Tender Offer at the meeting of the Board of Directors of SANKEI REAL ESTATE held on January 6, 2026.

Subsequently, the Offerors made changes to the terms and conditions of the Tender Offer. However, SANKEI REAL ESTATE resolved, at the meeting of the Board of Directors of SANKEI REAL ESTATE held on February 19, 2026, March 6, 2026, and March 23, 2026, , even after such changes to the terms and conditions, it would continue to express its opinion in support of the Tender Offer and to recommend that the unitholders of the SANKEI REAL ESTATE Investment Units tender their units through the Tender Offer. Each of the above resolutions by the Board of Directors of SANKEI REAL ESTATE was made on the assumption that the Offerors plan to acquire all the SANKEI REAL ESTATE Investment Units through the Tender Offer and a series of procedures thereafter, and that the SANKEI REAL ESTATE Investment Units are scheduled to be delisted.

For details, please refer to the "Notice Concerning Expression of Opinion in Support of the Tender Offer by Tiger Limited Partnership and Lion Limited Partnership for Investment Units of SANKEI REAL ESTATE Inc. and Recommendation for Unitholders to Tender" announced on January 6, 2026 and the (Amendment) Notice Concerning Partial Amendments to "Notice Concerning Expression of Opinion in Support of the Tender Offer by Tiger Limited Partnership and Lion Limited Partnership for Investment Units of SANKEI REAL ESTATE Inc. and Recommendation for Unitholders to Tender" announced on February 19, 2026, March 6, 2026, March 23, 2026, April 2, 2026, and April 14,2026.

iii. Operating Forecasts

SANKEI REAL ESTATE's operating forecasts for the fiscal period ending August 2026 (from March 1, 2026, to August 31, 2026) and the fiscal period ending February 2027 (from September 1, 2026, to February 28, 2027) 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. 2026	3,757	1,987	1,664	1,663	3,560	-
Fiscal period ending Feb. 2027	2,351	887	511	510	1,093	-

For the assumptions underlying the operating forecasts, please refer to "Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending August 2026 (from March 1, 2026, to August 31, 2026) and the Fiscal Period Ending February 2027 (from September 1, 2026, to February 28, 2027)" 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 2026
(from March 1, 2026, to August 31, 2026) and the Fiscal Period Ending February 2027 (from September 1, 2026, to February 28, 2027)

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Accounting period</td><td>・Fiscal period ending August 2026 (15th fiscal period) (from March 1, 2026, to August 31, 2026) (184 days)
・Fiscal period ending February 2027 (16th fiscal period) (from September 1, 2026, to February 28, 2027) (181 days)</td></tr>
<tr><td>Assets under management</td><td>・The assumption for the real estate and real estate trust beneficiary rights (16 properties in total) held by SANKEI REAL ESTATE as of the date of this document (hereinafter, the “Existing Assets Under Management”) is that there will be no change until the end of the fiscal period ending February 2027.
・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.
・In the fiscal period ending August 2026, we recorded revenue of 1,419 million yen from settlement for restoration work, etc. associated with the termination of the lease agreement with the tenant of Fukuoka Green Building.
・It is assumed that there will be no rent business revenue from Fukuoka Green Building in the fiscal period ending February 2027.</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. 2026</th><th>Fiscal period ending Feb. 2027</th></tr><tr><td>Total expenses related to rent business</td><td>1,418</td><td>1,176</td></tr><tr><td>Outsourcing expenses</td><td>154</td><td>174</td></tr><tr><td>Utilities expenses</td><td>115</td><td>113</td></tr><tr><td>Repair expenses</td><td>511</td><td>247</td></tr><tr><td>Property taxes</td><td>288</td><td>286</td></tr><tr><td>Depreciation</td><td>326</td><td>332</td></tr><tr><td>Other expenses related to rent business [Total]</td><td>351</td><td>288</td></tr><tr><td>Asset management fee</td><td>268</td><td>222</td></tr></table>・Of expenses related to the rent business, which are the main operating expenses, expenses other than depreciation are calculated on the basis of historical data and by taking into consideration the factors causing fluctuation in each of the expenses.
・Depreciation is calculated using the straight-line method.
・In general, non-current asset tax, city planning tax, etc. are calculated on a pro rata basis and reimbursed at the time of property acquisition with the previous owner upon transactions of real estate, etc. At SANKEI REAL ESTATE, the amount equivalent to the reimbursement is included in the cost of acquisition and thus not expensed in the business period in which the property acquisition date falls in the case of the properties for which such reimbursement is made at the time of transaction.
・Repair expenses for buildings is the amount estimated based on medium- to long-term repair plans formulated by the Asset Management Company. However, repair expenses possibly increasing in amount or additionally arising from unforeseeable factors may result in repair expenses differing materially from the forecast amount.
・In the fiscal period ending August 2026, we anticipate recording the cost of restoration work at Fukuoka Green Building as repair expenses.</td></tr>
<tr><td>Non-operating expenses</td><td>・Interest expenses and other borrowing-related expenses are estimated at 332 million yen for the fiscal period ending August 2026 and 384 million yen for the fiscal period ending February 2027.</td></tr>
<tr><td>Interest-bearing liabilities</td><td>・The assumption is that total interest-bearing liabilities will be 49,500 million yen at the end of the fiscal period ending August 2026 and 49,500 million yen at the end of the fiscal period ending February 2027.
・It is assumed that there will be no change in the outstanding amount of borrowings by the end of the fiscal period ending February 2027.
・LTV is expected to be 49.0% at the end of the fiscal period ending August 2026 and 49.6% at the end of the fiscal period ending February 2027. LTV is calculated by the following formula and rounded to one decimal place.
LTV = Total interest-bearing liabilities / Total assets × 100</td></tr>
</table>

Item	Assumptions
Number of investment units issued and outstanding	・The assumption is that the total number of investment units issued and outstanding as of the date of this document is 467,099 units and that there will be no change in the number of investment units due to issuance of new investment units, etc. until the end of the fiscal period ending February 2027. ・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 2026 and the fiscal period ending February 2027, which is 467,099 units.
Distribution per unit (excluding distribution in excess of earnings)	・Distribution per unit (excluding distribution in excess of earnings) is calculated based on the assumption that distribution of earnings will be in accordance with the policy on distribution of cash provided in SANKEI REAL ESTATE's articles of incorporation. ・Pursuant to the provisions of Article 136, Paragraph 2 of the Act on Investment Trusts and Investment Corporations, the undisposed loss of 4,009 million yen due to a recognition of the impairment loss related on Fukuoka Green Building and other factors recorded for the fiscal period ended February 28, 2026 is to be treated by deduction from the unitholders' capital, etc. in the Statement of Cash Distributions for the fiscal period ended February 28, 2026. ・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 Management Association of 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 27, 2025).

2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	13th fiscal period (as of August 31, 2025)	14th fiscal period (as of February 28, 2026)
Assets		
Current assets		
Cash and deposits	8,341,138	8,061,601
Cash and deposits in trust	2,442,985	2,241,226
Operating accounts receivable	56,928	37,114
Prepaid expenses	73,180	64,234
Refundable income taxes	267	-
Total current assets	10,914,499	10,404,177
Non-current assets		
Property, plant and equipment		
Buildings in trust	23,470,313	22,857,827
Accumulated depreciation	(2,413,813)	(2,726,689)
Buildings in trust, net	21,056,499	20,131,138
Structures in trust	117,008	100,081
Accumulated depreciation	(13,260)	(15,180)
Structures in trust, net	103,748	84,901
Machinery and equipment in trust	88,140	96,466
Accumulated depreciation	(10,604)	(12,934)
Machinery and equipment in trust, net	77,536	83,531
Tools, furniture and fixtures in trust	31,150	29,838
Accumulated depreciation	(16,291)	(19,093)
Tools, furniture and fixtures in trust, net	14,858	10,745
Land in trust	72,643,724	68,480,126
Total property, plant and equipment	93,896,367	88,790,442
Intangible assets		
Software	4,533	3,733
Total intangible assets	4,533	3,733
Investments and other assets		
Long-term prepaid expenses	73,522	64,080
Deferred tax assets	14	76,131
Leasehold and guarantee deposits	10,000	10,000
Leasehold and guarantee deposits in trust	-	50
Total investments and other assets	83,537	150,261
Total non-current assets	93,984,438	88,944,437
Total assets	104,898,938	99,348,614

(Unit: thousand yen)

	13th fiscal period (as of August 31, 2025)	14th fiscal period (as of February 28, 2026)
Liabilities		
Current liabilities		
Operating accounts payable	167,301	181,863
Long-term loans due within one year	16,400,000	16,400,000
Accounts payable - other	291,099	299,902
Accrued expenses	71,408	70,615
Income taxes payable	-	520,333
Consumption taxes payable	92,585	1,538
Advances received	378,667	353,728
Deposits received	214	214
Total current liabilities	17,401,276	17,828,196
Non-current liabilities		
Long-term loans	33,800,000	33,100,000
Leasehold and guarantee deposits received in trust	3,159,218	2,994,261
Total non-current liabilities	36,959,218	36,094,261
Total liabilities	54,360,494	53,922,458
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)	1,102,893	(4,009,393)
Total surplus	1,102,893	(4,009,393)
Total unitholders' equity	50,538,443	45,426,155
Total net assets	*1 50,538,443	*1 45,426,155
Total liabilities and net assets	104,898,938	99,348,614

(2) Statement of Income and Retained Earnings

(Unit: thousand yen)

	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026
Operating revenue		
Rent business revenue	*1 2,447,470	*1 2,181,224
Other rent business revenue	*1 120,042	*1 700,853
Gain on sale of real estate properties	*2 44,317	-
Total operating revenue	2,611,829	2,882,078
Operating expenses		
Expenses related to rent business	*1 926,054	*1 947,798
Impairment losses	-	*3 4,933,559
Asset management fee	251,083	259,435
Asset custody fee	2,067	2,056
Administrative service fees	15,494	15,018
Remuneration for directors (and other officers)	3,600	3,600
Other operating expenses	65,839	43,789
Total operating expenses	1,264,139	6,205,258
Operating income (loss)	1,347,689	(3,323,180)
Non-operating income		
Interest income	7,740	11,096
Reversal of distributions payable	710	557
Insurance claim income	307	3,915
Other	93	320
Total non-operating income	8,852	15,889
Non-operating expenses		
Interest expenses	197,483	220,200
Borrowing-related expenses	55,267	37,199
Other	-	95
Total non-operating expenses	252,750	257,495
Ordinary income (loss)	1,103,791	(3,564,785)
Extraordinary income		
Gain on receipt of donated non-current assets	-	*4 1,234
Total extraordinary income	-	1,234
Net income (loss) before income taxes	1,103,791	(3,563,550)
Income taxes - current	917	522,032
Income taxes - deferred	(7)	(76,116)
Total income taxes	910	445,915
Net income (loss)	1,102,881	(4,009,466)
Retained earnings brought forward	12	73
Unappropriated retained earnings (undisposed loss)	1,102,893	(4,009,393)

(3) Statement of Changes in Unitholders' Equity

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

(Unit: thousand yen)

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

14th fiscal period (from September 1, 2025, to February 28, 2026)

(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	1,102,893	1,102,893	50,538,443	50,538,443
Changes in items during period							
Distributions from surplus				(1,102,820)	(1,102,820)	(1,102,820)	(1,102,820)
Net loss				(4,009,466)	(4,009,466)	(4,009,466)	(4,009,466)
Total changes in items during period	-	-	-	(5,112,287)	(5,112,287)	(5,112,287)	(5,112,287)
Balance at end of period	*1 49,442,685	(7,136)	49,435,549	(4,009,393)	(4,009,393)	45,426,155	45,426,155

(4) Statement of Cash Distributions

(Unit: yen)

	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026
I Unappropriated retained earnings (undisposed loss)	1,102,893,970	(4,009,393,717)
II Loss disposition	-	4,009,393,717
Deduction of total unitholders' capital	-	4,009,393,717
III Amount of distribution	1,102,820,739	0
[Amount of distribution per unit]	(2,361)	[0]
IV Retained earnings carried forward	73,231	-

Method of calculation of amount of distribution	In accordance with the policy on distribution specified in Article 36, Paragraph 1 of SANKEI REAL ESTATE's articles of incorporation, the amount of distribution shall be limited to the amount of net income in excess of the amount equivalent to 90% of distributable profit, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on such policy, the decision was made to distribute 1,102,820,739 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (467,099 units) not in excess of unappropriated retained earnings, as distribution of earnings. The distribution in excess of earnings specified in Article 36, Paragraph 2 of SANKEI REAL ESTATE's articles of incorporation will not be made.	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. The undisposed loss of 4,009,393,717 yen for the current period will be processed by carrying out capital reduction without compensation as stipulated in Article 136, Paragraph 2 of the Investment Trusts Act, and deducting it from the unitholders' capital, etc.

(5) Statement of Cash Flows

(Unit: thousand yen)

	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026
Cash flows from operating activities		
Net income before income taxes	1,103,791	(3,563,550)
Depreciation	324,807	320,727
Impairment losses	-	4,933,559
Interest income	(7,740)	(11,096)
Interest expenses	197,483	220,200
Gain on receipt of donated non-current assets	-	(1,234)
Decrease (increase) in operating accounts receivable	(19,714)	19,814
Decrease (increase) in prepaid expenses	143	8,945
Increase (decrease) in operating accounts payable	77,266	(29,221)
Increase (decrease) in accounts payable - other	707	8,685
Increase (decrease) in consumption taxes payable	(79,199)	(91,047)
Increase (decrease) in advances received	(22,988)	(24,938)
Increase (decrease) in deposits received	-	(0)
Decrease (increase) in long-term prepaid expenses	4,434	9,442
Decrease due to sales of property, plant and equipment	2,623,234	-
Subtotal	4,202,226	1,800,285
Interest received	7,740	11,096
Interest paid	(193,048)	(220,992)
Income taxes paid	(1,425)	(1,431)
Net cash provided by (used in) operating activities	4,015,492	1,588,958
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,203)	-
Purchase of property, plant and equipment in trust	(121,760)	(102,544)
Payments of leasehold and guarantee deposits in trust	-	(50)
Proceeds from leasehold and guarantee deposits received	596	-
Refund of leasehold and guarantee deposits received	(89,006)	-
Proceeds from leasehold and guarantee deposits received in trust	48,261	145,774
Refund of leasehold and guarantee deposits received in trust	(45,369)	(310,731)
Net cash provided by (used in) investing activities	(216,480)	(267,550)
Cash flows from financing activities		
Proceeds from long-term loans	4,800,000	5,500,000
Repayments of long-term loans	(4,800,000)	(6,200,000)
Distributions paid	(1,144,975)	(1,102,703)
Net cash provided by (used in) financing activities	(1,144,975)	(1,802,703)
Net increase (decrease) in cash and cash equivalents	2,654,036	(481,295)
Cash and cash equivalents at beginning of period	8,130,086	10,784,123
Cash and cash equivalents at end of period	*1 10,784,123	*1 10,302,828

(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 10–59 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 nil. In the current period as well, there was no amount equivalent to non-current asset taxes, etc. that was included in the cost of acquisition of real estate, etc.
3. Scope of cash (cash and cash equivalents) in the statement of cash flows	Cash and cash equivalents in the statement of cash flows comprise cash on hand and cash in trust, demand deposits and deposits in trust, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and that are subject to an insignificant risk of changes in value.
4. Other significant matters related to the basis for preparation of the financial statements	Accounting for trust beneficiary rights that have real estate, etc. as trust assets Concerning trust beneficiary rights that have real estate, etc. as trust assets held, all accounts of assets and liabilities within trust assets and all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income and retained earnings. Furthermore, the following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet. i. Cash and deposits in trust ii. Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust iii. Leasehold and guarantee deposits in trust iv. Leasehold and guarantee deposits received in trust

(8) Notes to the Financial Statements

[Notes on significant accounting estimates]

Impairment of non-current assets

1. Amounts recorded in the financial statements

(Unit: thousand yen)

	13th fiscal period (as of Aug. 31, 2025)	14th fiscal period (as of Feb. 28, 2026)
Impairment loss	-	4,933,559
Property, plant and equipment	93,896,367	88,790,442
Intangible assets	4,533	3,733

2. Information about the content of significant accounting estimates for the identified items

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

Not applicable.

14th fiscal period (as of February 28, 2026)

In accordance with accounting standards for impairment of non-current assets, SANKEI REAL ESTATE applies accounting treatment to reduce the book value of non-current assets to their recoverable amount when it becomes unlikely that the investment amount can be recovered due to a decline in profitability.

In applying accounting treatment, each property held by SANKEI REAL ESTATE will be treated as a single asset group, and the need to recognize an impairment loss will be determined when there are indications of impairment due to factors such as continuous negative operating profit or cash flow, changes in the scope or method of use that significantly reduce the recoverable amount, a significant deterioration in the business environment, and a significant decline in market price.

To determine whether to recognize an impairment loss, estimated future cash flows are used. If it is determined that recognition of an impairment loss is necessary, the book value is reduced to the recoverable amount, and the reduction is recorded as an impairment loss. In estimating future cash flows, key assumptions such as rent, rental expenses, and discount rates are determined based on market trends and comparable real estate transactions, with reference to information from external experts, including figures used in real estate appraisals.

The performance and market price of each property may be subject to trends in the real estate leasing market and the real estate sales market. It is difficult to accurately predict these various events, and any changes in the assumptions used in the estimates may affect the financial position, operating results, and cash flows of SANKEI REAL ESTATE in the following period.

[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)

13th fiscal period (as of Aug. 31, 2025)	14th fiscal period (as of Feb. 28, 2026)
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)

	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026
A. Operating revenue from real estate rent business		
Rent business revenue		
Rental revenue	2,429,732	2,165,976
Common area maintenance revenue	17,737	15,248
Total rent business revenue	2,447,470	2,181,224
Other rent business revenue		
Utilities reimbursement	87,768	78,936
Parking revenue	24,012	31,812
Termination penalties	-	582,338
Other rental revenue	8,261	7,766
Total other rent business revenue	120,042	700,853
Total operating revenue from real estate rent business	2,567,512	2,882,078
B. Operating expenses from real estate rent business		
Expenses related to rent business		
Outsourcing expenses	121,546	140,863
Utilities expenses	95,798	104,845
Property taxes	311,526	283,718
Land rent	569	-
Repair expenses	51,276	78,469
Insurance premium	7,160	7,100
Trust fee	5,550	6,000
Depreciation	324,007	319,927
Other expenses related to rent business	8,618	6,874
Total expenses related to rent business	926,054	947,798
Total operating expenses from real estate rent business	926,054	947,798
C. Operating income (loss) from real estate rent business [A−B]	1,641,457	1,934,279

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

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

(Unit: thousand yen)

Tokyo Sankei Building (2% co-ownership interest)	
Revenue from sale of real estate, etc.	2,695,845
Cost of real estate, etc. sold	2,623,234
Other expenses related to sale	28,294
Gain on sale of real estate properties	44,317

14th fiscal period (from September 1, 2025, to February 28, 2026)

Not applicable.

*3. Breakdown of impairment losses

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

Not applicable.

14th fiscal period (from September 1, 2025, to February 28, 2026)

SANKEI REAL ESTATE has recorded impairment loss for the following asset group:

(Unit: thousand yen)

Property name	Location	Type	Impairment loss
Fukuoka Green Building	Sawara-ku, Fukuoka-shi	Land in trust, etc.	4,933,559

In calculating impairment losses, each property is treated as a separate asset group. As a result, for one non-current asset group, the book value was reduced to its recoverable amount in the current period, and the amount of the reduction was recorded as an impairment loss (4,933,559 thousand yen) in the operating expenses category. The impairment loss consists of buildings in trust of 750,484 thousand yen, structures in trust of 18,165 thousand yen, tools, furniture and fixtures in trust of 1,311 thousand yen and land in trust of 4,163,598 thousand yen.

The Impairment loss recording resulting from the consideration of the management policy is deemed to have the nature of operating expenses, and are therefore classified as operating expenses in accordance with Article 48, Paragraph 2 of the “Ordinance on Accountings of Investment Corporations.”

Furthermore, the recoverable amount of the asset group is measured at fair value less costs to sell.

*4. Details of gain on receipt of donated non-current assets

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

Not applicable.

14th fiscal period (from September 1, 2025, to February 28, 2026)

SANKEI REAL ESTATE has acquired the assets associated with the parking lot on the premises of ”Fukuoka Green Building” from the previous owner.

[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)

	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026
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)

	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026
Cash and deposits	8,341,138	8,061,601
Cash and deposits in trust	2,442,985	2,241,226
Cash and cash equivalents	10,784,123	10,302,828

[Notes on Lease Transactions]

Operating lease transactions (as lessor)

Future minimum lease payments

(Unit: thousand yen)

	13th fiscal period (as of Aug. 31, 2025)	14th fiscal period (as of Feb. 28, 2026)
Due within 1 year	2,912,869	2,876,427
Due after 1 year	17,402,891	16,469,238
Total	20,315,760	19,345,665

[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 shows the carrying amount and fair value as of August 31, 2025, and the difference between them. The notes on "cash and deposits" and "cash and deposits in trust" are omitted as the fair value approximates the carrying amount because they are cash or settled in a short period. Furthermore "Leasehold and guarantee deposits received" and "Leasehold and guarantee deposits received in trust" are omitted because the amounts are immaterial.

(Unit: thousand yen)

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

The following shows the carrying amount and fair value as of February 28, 2026, and the difference between them. The notes on "cash and deposits" and "cash and deposits in trust" are omitted as the fair value approximates the carrying amount because they are cash or settled in a short period. Furthermore "Leasehold and guarantee deposits received" and "Leasehold and guarantee deposits received in trust" are omitted because the amounts are immaterial.

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Long-term loans due within one year	16,400,000	16,361,282	(38,717)
(2) Long-term loans	33,100,000	32,576,271	(523,728)
Total liabilities	49,500,000	48,937,554	(562,445)

(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, 2025)

(Unit: thousand yen))

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

Amount of repayment of loans scheduled to be due after the end of the fiscal period (February 28, 2026)

(Unit: thousand yen))

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Long-term loans due within one year	16,400,000	-	-	-	-	-
Long-term loans	-	9,600,000	8,900,000	9,800,000	4,800,000	-
Total	16,400,000	9,600,000	8,900,000	9,800,000	4,800,000	-

[Notes on Securities]

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

Not applicable.

14th fiscal period (as of February 28, 2026)

Not applicable.

[Notes on Derivative Transactions]
13th fiscal period (as of August 31, 2025)
Not applicable.

14th fiscal period (as of February 28, 2026)
Not applicable.

[Notes on Retirement Benefits]
13th fiscal period (as of August 31, 2025)
Not applicable.

14th fiscal period (as of February 28, 2026)
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)

	13th fiscal period (as of Aug. 31, 2025)	14th fiscal period (as of Feb. 28, 2026)
Deferred tax assets		
Non-deductible accrued enterprise tax	14	43,353
Impairment losses	-	1,552,097
Total deferred tax assets	14	1,595,451
Valuation allowance	-	(1,519,320)
Deferred tax assets, net	14	76,131

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

(Unit: %)

	13th fiscal period (as of Aug. 31, 2025)	14th fiscal period (as of Feb. 28, 2026)
Statutory tax rate	31.46	-
[Adjustments]		
Deductible distribution payable	(31.43)	-
Other	0.05	-
Effective income tax rate after application of tax-effect accounting	0.08	-

(Note) The information for the current fiscal period are omitted because a net loss before tax was recorded.

[Notes on Equity Method Profit and Loss]
13th fiscal period (from March 1, 2025, to August 31, 2025)
Not applicable.

14th fiscal period (from September 1, 2025, to February 28, 2026)
Not applicable.

[Notes on Related-Party Transactions]
1. Parent company, major corporate unitholder, etc.
13th fiscal period (from March 1, 2025, to August 31, 2025)
Not applicable.

14th fiscal period (from September 1, 2025, to February 28, 2026)
Not applicable.

2. Affiliated company, etc.
13th fiscal period (from March 1, 2025, to August 31, 2025)
Not applicable.

14th fiscal period (from September 1, 2025, to February 28, 2026)
Not applicable.

3. Fellow subsidiary, etc.
13th fiscal period (from March 1, 2025, to August 31, 2025)
Not applicable.

14th fiscal period (from September 1, 2025, to February 28, 2026)
Not applicable.

4. Director, major individual unitholder, etc.
13th fiscal period (from March 1, 2025, to August 31, 2025)

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

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

14th fiscal period (from September 1, 2025, to February 28, 2026)

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)	259,435	Accounts payable - other	285,379

(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]
13th fiscal period (from March 1, 2025, to August 31, 2025)
Not applicable.

14th fiscal period (from September 1, 2025, to February 28, 2026)
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)

		13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026
Carrying amount			
	Balance at beginning of period	96,759,772	93,896,367
	Amount of change during period	(2,863,405)	(5,105,925)
	Balance at end of period	93,896,367	88,790,442
Fair value at end of period		95,100,000	96,660,000

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

(Note 2) Of the amount of change during the period, the main increase in the previous period was due to capital expenditures (83,837 thousand yen) and the main decrease was due to the transfer of one property (2,623,234 thousand yen). The main increase in the current period was due to capital expenditures (147,562 thousand yen) and the main decrease was due to impairment loss related to Fukuoka Green Building (4,933,559 thousand yen), etc.

(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

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

(Unit: thousand yen)

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

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

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

14th fiscal period (from September 1, 2025, to February 28, 2026)

(Unit: thousand yen)

	Revenue from contracts with customers (Note 1)	Sales to external customers
Sale of real estate, etc.	-	-
Utilities reimbursement	78,936	78,936
Other	-	2,803,141
Total	78,936	2,882,078

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

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

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

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

14th fiscal period (from September 1, 2025, to February 28, 2026)

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)

	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026
Receivables from contracts with customers (Balance at beginning of period)	16,981	19,691
Receivables from contracts with customers (Balance at end of period)	19,691	15,541
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

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

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

14th fiscal period (from September 1, 2025, to February 28, 2026)

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

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

(1) Information by product and service

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

(2) Information by geographic area

i. Operating revenue

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

ii. Property, plant and equipment

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

(3) Information by major customer

(Unit: thousand yen)

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

14th fiscal period (from September 1, 2025, to February 28, 2026)

(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
Hitachi, Ltd.	644,103	Real estate rent business
GRANVISTA Hotels & Resorts Co., Ltd.	585,679	Real estate rent business

[Notes on Per Unit Information]

	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026
Net assets per unit	108,196 yen	97,251 yen
Net income (loss) per unit	2,361 yen	(8,583) 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 2025: 467,099 units; fiscal period ended February 2026: 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:

	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026
Net income (loss) (thousand yen)	1,102,881	(4,009,466)
Amount not available to common unitholders (thousand yen)	-	-
Net income (loss) attributable to common investment units (thousand yen)	1,102,881	(4,009,466)
Average number of investment units during period (units)	467,099	467,099

[Notes on Significant Subsequent Events]

(A) Receipt of a lump-sum payment in connection with change of tenant (termination of lease agreement with major business partner (partly excluded))

In connection with the mutually agreed termination of the lease agreement with the tenant at Fukuoka Green Building for the fiscal period ended February 28, 2026, SANKEI REAL ESTATE recorded income of 1,419 million yen from settlement amount of restoration projects, etc.

(B) Capital reduction without compensation

SANKEI REAL ESTATE has resolved, at the meeting of the Board of Directors held on April 28, 2026, that pursuant to the provisions of Article 136, Paragraph 2 of the Investment Trusts Act, the undisposed loss due to a recognition of the impairment losses on Fukuoka Green Building and other factors for the fiscal period ended February 28, 2026 is to be treated by deduction from the unitholders' capital, etc (hereinafter the "Capital Reduction Without Compensation").

(a) Purpose of Capital Reduction Without Compensation
This is to ensure that the loss recognized in the fiscal period ended February 28, 2026 due to a recognition of the impairment loss on Fukuoka Green Building is not carried forward to the following fiscal year, thereby enabling profit distributions to be possible starting from the fiscal period ending August 31, 2026 onwards.

(b) Amount to be Deducted from Unitholders' Capital, Etc.
Undisposed losses for the fiscal period ended February 28, 2026, 4,009 million yen.

(c) Method of Capital Reduction Without Compensation
No refund will be made for the Capital Reduction Without Compensation, and the number of issued and outstanding investment units will not change. The amount of reduction mentioned in (b) above will be deducted from the amount of the unitholders' capital, etc. The Capital Reduction Without Compensation has taken effect with the approval of financial statements, etc. by the Board of Directors of SANKEI REAL ESTATE in accordance with Article 136 and Article 131, Paragraph 2 of the Investment Trusts Act.

(d) Schedule for Deduction from Unitholders' Capital, Etc.
The deduction from the unitholders' capital, etc. will be treated in the Statement of Cash Distributions for the fiscal period ended February 28, 2026.

(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)
Apr. 28, 2026	Capital reduction without compensation	(4,009,393)	45,426,155	-	467,099	(Note 5)

(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.

(Note 5) The capital reduction without compensation was carried out to deduct the undisposed loss of 4,009 million yen recorded for the 14th fiscal year (ended February 2026) from the unitholders' capital.

3. Reference Information

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

i. Investment Status

Type of asset	Asset type	Geographic area (Note 1)	13th fiscal period (as of Aug. 31, 2025)		14th fiscal period (as of Feb. 28, 2026)	
			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 in trust	Office buildings	Greater Tokyo, Greater Osaka and Greater Nagoya	46,335	44.2	46,355	46.7
		Cities designated by government ordinance (excluding above), core cities and major regional cities	10,057	9.6	5,102	5.1
	Core asset group	Greater Tokyo, Greater Osaka and Greater Nagoya	27,610	26.3	27,508	27.7
		Cities designated by government ordinance (excluding above), core cities and major regional cities	9,892	9.4	9,824	9.9
	Hotels	Greater Tokyo, Greater Osaka and Greater Nagoya	22,383	21.3	22,300	22.4
		Cities designated by government ordinance (excluding above), core cities and major regional cities	9,892	9.4	9,824	9.9
	Logistics facilities	Greater Tokyo, Greater Osaka and Greater Nagoya	5,227	5.0	5,207	5.2
		Cities designated by government ordinance (excluding above), core cities and major regional cities	-	-	-	-
Subtotal			93,896	89.5	88,790	89.4
Deposits and other assets			11,002	10.5	10,558	10.6
Total assets			104,898	100.0	99,348	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.

	13th fiscal period (as of Aug. 31, 2025)		14th fiscal period (as of Feb. 28, 2026)	
	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	54,360	51.8	53,922	54.3
Total net assets	50,538	48.2	45,426	45.7
Total assets	104,898	100.0	99,348	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, 2026, the assets under management of SANKEI REAL ESTATE are as follows:

(a) Portfolio List

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

Asset type	Property number	Property name	Location	Acquisition price (Note 1)		Book value (million yen) (Note 2)	Appraisal value (million yen) (Note 3)
				Price (million yen)	Investment ratio (%)		
Office buildings	A-3	S-GATE NIHONBASHI-HONCHO	Chuo-ku, Tokyo	14,148	15.1	14,027	15,800
	A-4	S-GATE AKIHABARA	Chiyoda-ku, Tokyo	2,055	2.2	1,983	2,940
	A-5	Hibiya Sankei Building	Chiyoda-ku, Tokyo	5,829	6.2	6,124	7,190
	A-6	Hatchobori Sankei Building	Chuo-ku, Tokyo	4,959	5.3	4,939	5,160
	A-7	Toyo Park Building	Koto-ku, Tokyo	3,782	4.0	3,847	3,470
	A-9	Omori Park Building	Ota-ku, Tokyo	5,400	5.7	5,566	4,890
	A-10	S-GATE AKASAKA	Minato-ku, Tokyo	7,000	7.5	6,993	7,550
	A-11	Miyazakidai Garden Office	Miyamae-ku, Kawasaki-shi	2,800	3.0	2,872	2,750
	A-12	Fukuoka Green Building	Sawara-ku, Fukuoka-shi	10,000	10.6	5,102	5,260
Subtotal			-	55,975	59.6	51,457	55,010
Core asset group	B-1	Hotel Intergate Tokyo Kyobashi	Chuo-ku, Tokyo	8,961	9.5	8,737	9,640
	B-2	Hotel Intergate Hiroshima	Naka-ku, Hiroshima-shi	3,990	4.2	3,719	4,340
	B-3	SANKEILOGI Settsu	Settsu-shi, Osaka	5,242	5.6	5,207	5,520
	B-4	Hotel Intergate Kyoto Shijo Shinmachi	Nakagyo-ku, Kyoto-shi	5,800	6.2	5,796	6,610
	B-5	Hotel Intergate Kanazawa	Kanazawa-shi, Ishikawa	3,250	3.5	3,200	3,300
	B-6	GRIDS PREMIUM Hotel Osaka Namba	Naniwa-ku, Osaka-shi	7,800	8.3	7,766	9,230
	B-7	Vessel Hotel Campana Susukino (Note 4)	Chuo-ku, Sapporo-shi	2,920	3.1	2,904	3,010
Subtotal			-	37,963	40.4	37,332	41,650
Total			-	93,938	100.0	88,790	96,660

(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, 2026, rounded down to the nearest million yen. For "Fukuoka Green Building," the amount after the impairment loss recording resulting from the consideration of the management policy is shown.

(Note 3) "Appraisal value" is the appraisal value with an appraisal date of February 28, 2026, stated in each real estate appraisal report. The appraisal of each asset under management is entrusted to Japan Real Estate Institute, The Tanizawa Sōgō Appraisal Co., Ltd. and Daiwa Real Estate Appraisal Co., Ltd.

(Note 4) The acquisition price, book value and appraisal value are the figures equivalent to the co-ownership interest (40% of "Vessel Hotel Campana Susukino") held by SANKEI REAL ESTATE as of February 28, 2026.

(b) Overview of Buildings and Leasing

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

Asset type	Property number	Property name	Construction completion (Note 1)	Total rental revenue (million yen) (Note 2)	Lease and guarantee deposits (million yen) (Note 3)	Total leasable area (m^2) (Note 4)	Total leased area (m^2) (Note 5)	Occupancy rate (%) (Note 6)
Office buildings	A-3	S-GATE NIHONBASHI-HONCHO	Oct. 31, 2018	605	605	6,219.28	6,219.28	100.0
	A-4	S-GATE AKIHABARA	Sep. 29, 2017	131	131	1,681.55	1,681.55	100.0
	A-5	Hibiya Sankei Building	Jun. 25, 1992	390	317	3,439.61	3,439.61	100.0
	A-6	Hatchobori Sankei Building	Sep. 1, 1965	325	279	5,594.90	5,594.90	100.0
	A-7	Toyo Park Building	Jun. 18, 1991	146	135	4,224.52	3,170.61	75.1
	A-9	Omori Park Building	May 31, 1993	178	162	7,469.72	4,777.24	64.0
	A-10	S-GATE AKASAKA	July 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	161	149	3,687.53	3,687.53	100.0
	A-12	Fukuoka Green Building	Feb. 29, 1996	0	0	14,587.00	0.00	0.0
Subtotal (average)			-	Not disclosed (Note 8)	Not disclosed (Note 8)	50,212.21	31,878.82	63.5
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)			-	Not disclosed (Note 8)	Not disclosed (Note 8)	49,903.04	49,903.04	100.0
Total (average)			-	3,692	2,859	100,115.25	81,781.86	81.7

(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 agreements 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, 2026, 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, 2026 (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, 2026, 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 as of February 28, 2026, and is 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, 2026, rounded to one decimal place. Each subtotal and total portfolio column indicates the ratio of the total leased area to the total leasable area of each asset under management, rounded to one decimal place.
(Note 7) The total rental revenue, lease and guarantee deposits, total leasable area and total leased area are the figures equivalent to the co-ownership interest (40% for "Vessel Hotel Campana Susukino") held by SANKEI REAL ESTATE.
(Note 8) Not disclosed due to unavoidable circumstances in that it contains information for which consent for disclosure has not been obtained from the tenant, relevant party, etc. or information from which confidential information can be derived.

(c) Overview of Real Estate Appraisal Reports

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

Asset type	Property number	Property name	Appraiser	Appraisal value (million yen) (Note 1)	Overview of appraisal report					
					Direct capitalization method		DCF method			Indicated value by cost approach (million yen)
					Indicated value by income approach (million yen)	Cap rate (%)	Indicated value by income approach (million yen)	Discount rate (%)	Terminal cap rate (%)	
Office buildings	A-3	S-GATE NIHONBASHI-HONCHO	Japan Real Estate Institute	15,800	16,000	3.1	15,600	2.9	3.2	14,400
	A-4	S-GATE AKIHABARA	Japan Real Estate Institute	2,940	2,960	3.2	2,920	3.0	3.3	2,730
	A-5	Hibiya Sankei Building	Japan Real Estate Institute	7,190	7,280	2.8	7,100	2.6	2.9	7,490
	A-6	Hatchobori Sankei Building	The Tanizawa Sōgō Appraisal	5,160	5,390	4.1	5,060	4.2	4.3	5,870
	A-7	Toyo Park Building	Japan Real Estate Institute	3,470	3,510	3.6	3,420	3.4	3.7	3,250
	A-9	Omori Park Building	Japan Real Estate Institute	4,890	4,970	3.7	4,810	3.5	3.8	5,890
	A-10	S-GATE AKASAKA	Japan Real Estate Institute	7,550	7,640	3.1	7,460	2.9	3.2	7,300
	A-11	Miyazakidai Garden Office	Japan Real Estate Institute	2,750	2,760	4.5	2,730	4.3	4.6	2,330
	A-12	Fukuoka Green Building	Japan Real Estate Institute	5,260	5,340	4.2	5,180	3.7	4.0	5,630
Subtotal				55,010	55,850	-	54,280	-	-	54,890
Core asset group	B-1	Hotel Intergate Tokyo Kyobashi	Daiwa Real Estate Appraisal	9,640	9,820	3.5	9,560	3.3	3.7	9,780
	B-2	Hotel Intergate Hiroshima	Japan Real Estate Institute	4,340	4,350	4.3	4,320	4.1	4.4	4,890
	B-3	SANKEILOGI Settsu	Japan Real Estate Institute	5,520	5,610	3.7	5,430	3.5	3.9	4,990
	B-4	Hotel Intergate Kyoto Shijo Shinmachi	Japan Real Estate Institute	6,610	6,660	3.8	6,550	3.6	3.9	6,400
	B-5	Hotel Intergate Kanazawa	Japan Real Estate Institute	3,300	3,320	4.5	3,280	4.3	4.6	2,490
	B-6	GRIDS PREMIUM Hotel Osaka Namba	Japan Real Estate Institute	9,230	9,310	3.8	9,140	3.6	3.9	5,450
	B-7	Vessel Hotel Campana Susukino (Note 2)	Japan Real Estate Institute	3,010	3,010	4.1	3,000	3.8	4.2	2,890
Subtotal				41,650	42,080	-	41,280	-	-	36,890
Total				96,660	97,930	-	95,560	-	-	91,780

(Note 1) "Appraisal value" is the appraisal value with an appraisal date of February 28, 2026, stated in each real estate appraisal report.

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

(2) Capital Expenditures for Real Estate Held

i. Schedule of Capital Expenditures

Of the scheduled capital expenditures associated with renovation work and others currently planned for assets under management held by SANKEI REAL ESTATE as of February 28, 2026, 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 system replacement work (8th floor)	From Sep. 1, 2026 To Sep. 30, 2026	19	-	-
Toyo Park Building (Koto-ku, Tokyo)	Renewal work of power receiving and transforming equipment	From Apr. 1, 2026 To Apr. 30, 2026	11	-	-
Toyo Park Building (Koto-ku, Tokyo)	Indoor fire hydrant pump replacement work	From Nov. 1, 2026 To Nov. 30, 2026	13	-	-
Omori Park Building (Ota-ku, Tokyo)	LED conversion for common areas on each floor and exclusive areas on the 3rd floor	From Mar. 1, 2026 To Mar. 31, 2026	23	-	-
Omori Park Building (Ota-ku, Tokyo)	High-voltage equipment renewal work	From May 1, 2026 To May 31, 2026	11	-	-
Omori Park Building (Ota-ku, Tokyo)	Emergency generator replacement work	From Nov. 1, 2026 To Nov. 30, 2026	18	-	-
Miyazakidai Garden Office (Miyamae-ku, Kawasaki-shi)	LED conversion in exclusive areas on the third floor	From May 1, 2026 To May 31, 2026	10	-	-
Miyazakidai Garden Office (Miyamae-ku, Kawasaki-shi)	LED conversion in exclusive areas on the second floor	From Nov. 1, 2026 To Nov. 30, 2026	15	-	-
Fukuoka Green Building (Sawara-ku, Fukuoka-shi)	Multi-tenant conversion construction	From Sep. 1, 2026 To Feb. 28, 2027	276	-	-

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, 2026, are as follows: Capital expenditures for the current period were 147 million yen, and together with repair expenses of 78 million yen, which were categorized as expenses, a total of 226 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)	Absorption-type hot and cold water generator: disassembly and maintenance of Units 1 and 2	From: Oct. 1,2025 To: Dec. 1, 2025	27
Omori Park Building (Ota-ku, Tokyo)	Individual air conditioning renovation work (6F)	From: Nov. 6,2025 To: Nov. 24, 2025	22
Omori Park Building (Ota-ku, Tokyo)	Central monitoring equipment parts replacement	From: Dec. 18,2025 To: Feb. 28, 2026	27
Miyazakidai Garden Office (Miyamae-ku, Kawasaki-shi)	Waterproofing and sealant replacement work (2nd and 3rd floor rooftop)	From: Oct. 27,2025 To: Jan. 6, 2026	13
Other			57
Total			147

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	10th fiscal period From: Sep. 1, 2023 To: Feb. 29, 2024	11th fiscal period From: Mar. 1, 2024 To: Aug. 31, 2024	12th fiscal period From: Sep. 1, 2024 To: Feb. 28, 2025	13th fiscal period From: Mar. 1, 2025 To: Aug. 31, 2025	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026
Balance of reserve at beginning of period	370,002	293,338	322,317	367,068	411,819
Provision of reserve during period	78,124	46,692	44,750	44,750	96,106
Reversal of reserve during period	154,789	17,713	-	-	-
Reserve carried forward	293,338	322,317	367,068	411,819	507,926