

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

October 16, 2026

REIT Securities Issuer: SANKEI REAL ESTATE Inc.

TSE Code: 2972

Representative: Yuichi Ota, Executive Director

Listing: Tokyo Stock Exchange

URL: <https://www.s-reit.co.jp/en/>

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Preparation of supplementary financial results briefing materials: Yes

Holding of financial results briefing session: None

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for the Fiscal Period Ended August 2026 (from March 1, 2026, to August 31, 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 Aug. 2026	3,729	29.4	2,084	-	1,795	-	1,719	-
Fiscal period ended Feb. 2026	2,882	10.3	(3,323)	-	(3,564)	-	(4,009)	-

	Net income per unit	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Fiscal period ended Aug. 2026	3,680	3.7	1.8	48.1
Fiscal period ended Feb. 2026	(8,583)	(8.4)	(3.5)	(123.7)

(Note) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units (fiscal period ended February 2026: 467,099 units; fiscal period ended August 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 Aug. 2026	3,680	1,718	-	-	100.0	3.7
Fiscal period ended Feb. 2026	0	-	-	-	-	0.0

(Note) Payout ratio for the fiscal period ended February 28, 2026, is not shown due to the recording of a 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 Aug. 2026	101,153	47,145	46.6	100,932
Fiscal period ended Feb. 2026	99,348	45,426	45.7	97,251

(4) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal period ended Aug. 2026	2,208	(165)	(0)	12,345
Fiscal period ended Feb. 2026	1,588	(267)	(1,802)	10,302

2. Operating Forecasts for the Fiscal Period Ending February 2027 (from September 1, 2026, to February 28, 2027) and Operating Forecasts for the Fiscal Period Ending August 2027 (from March 1, 2027, to August 31, 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 Feb. 2027	2,621	(29.7)	1,340	(35.7)	963	(46.4)	962	(44.0)	2,061	-
Fiscal period ending Aug. 2027	2,284	(12.9)	1,148	(14.3)	719	(25.3)	718	(25.4)	1,539	-

(Reference) Forecast net income per unit (Forecast net income / Forecast total number of investment units issued and outstanding at end of period)

(Fiscal period ending February 2027) 2,061 yen (Fiscal period ending August 2027) 1,538 yen

(Note) Distribution per unit (excluding distribution in excess of earnings) is calculated based on the total number of investment units issued and outstanding as of the date of this document of 467,099 units.

* Other

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

- i. Changes in accounting policies accompanying amendments to accounting standards, etc.: None
- ii. Changes in accounting policies other than i. : None
- iii. Changes in accounting estimates : None
- iv. Retrospective restatements : None

(2) Total number of investment units issued and outstanding

i. Total number of investment units issued and outstanding (including treasury investment units) at end of period	Fiscal period ended Aug. 2026	467,099 units	Fiscal period ended Feb. 2026	467,099 units
ii. Number of treasury investment units at end of period	Fiscal period ended Aug. 2026	0 units	Fiscal period ended Feb. 2026	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 February 2027 (from September 1, 2026, to February 28, 2027) and the Fiscal Period Ending August 2027 (from March 1, 2027, to August 31, 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 (August 31, 2026), the total number of investment units issued and outstanding was 467,099 units and unitholders’ capital (net) was 45,426 million yen.

Regarding the tender offer (hereinafter the “Previous Tender Offer”) for the investment units of SANKEI REAL ESTATE (hereinafter the “Investment Units”) by Tiger Limited Partnership and Lion Limited Partnership (hereinafter the “Previous Offerors”) which commenced on January 7, 2026, SANKEI REAL ESTATE resolved, at a meeting of its Board of Directors, to express an opinion in support of the Previous Tender Offer and to recommend that unitholders of the Investment Units tender their units in the Previous Tender Offer. However, the Previous Tender Offer was unsuccessful on May 18, 2026.

Subsequently, City Index Fifth Co., Ltd. (hereinafter the “Offeror”) has commenced and is conducting a tender offer for the Investment Units (hereinafter the “Tender Offer”), with the tender offer period from September 28, 2026, to November 10, 2026. At a meeting of the Board of Directors held on September 25, 2026, SANKEI REAL ESTATE resolved to express an opinion in support of the Tender Offer and to leave the decision as to whether to tender in the Tender Offer to the judgment of the unitholders who own the Investment Units (neutral position on tendering). The above resolution by the Board of Directors of SANKEI REAL ESTATE was made on the premise that the Offeror intends to acquire all the Investment Units through the Tender Offer and a series of subsequent procedures, and that the Investment Units would be delisted.

ii. Management Environment

In the fiscal period under review (fiscal period ended August 31, 2026), the Japanese economy maintained a gradual recovery trend, although the effects of tensions in the Middle East and rising energy prices were observed. Consumer spending remained resilient, supported by government measures to ease financial burdens and the broader effects of wage increases. In the corporate sector, while corporate performance remained generally solid, capital expenditures also showed an upward trend against the backdrop of responses to labor shortages and labor-saving investments. In the stock market, supported by purchases centered on AI- and semiconductor-related stocks, the Nikkei Stock Average remained at high levels. However, the index experienced high volatility amid rising interest rates and geopolitical risks. The TSE REIT Index remained generally flat, supported by expectations of improved earnings through rent increases, while being weighed down by the rise in long-term interest rates.

In this economic environment, the office building market in which SANKEI REAL ESTATE primarily invests saw continued demand for relocations to larger or higher-grade premises, driven by corporate efforts to secure talent and expand business operations. In the Tokyo office building market, where many assets under management of SANKEI REAL ESTATE are located, overall supply-demand conditions remained solid. This was supported by a continuing upward trend in rents, primarily in central areas, and improving vacancy rates in peripheral areas.

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 2026 was on track to reach a total second only to the record-high 42.68 million in 2025, underpinned by an increase in travelers from other countries and regions, even as visitors from China declined against the backdrop of the Chinese government’s advisory against travel to Japan. In the logistics market, demand remained robust for high-specification properties in advantageous locations that facilitate greater transport efficiency and workforce recruitment. Supply-demand conditions improved, with vacant space increasingly being taken up even in properties on the outskirts of the Tokyo metropolitan area.

(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, the occupancy rate (Note 2) of the 16 properties held was 82.4%. Operating revenue increased 29.4% from the previous period to 3,729 million yen, despite the absence in the reporting fiscal period of a cancellation penalty in relation to lease agreement with tenants of 582 million yen for Fukuoka Green Building recorded in the previous period, due to the recording of restoration work settlement income and other items of 1,419 million yen following the agreed cancellation with the tenant. In addition, the appraisal value as of the end of the fiscal period under review was 97,120 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 unit holder value over the medium to long term.

SANKEI REAL ESTATE has obtained 10 environmental certifications (five DBJ Green Building certifications (Note 3) and five BELS evaluations (Note 4)) across a total of nine properties under management.

(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) 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 4) “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.

iv. Overview of Fund Procurement

During the fiscal period under review, SANKEI REAL ESTATE borrowed 10,200 million yen from Mizuho Bank, Ltd. on April 1, 2026, to repay long-term loans of the same amount that matured on that date.

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 48.9%.

Further, as of the end of the fiscal period under review, SANKEI REAL ESTATE has obtained a long-term issuer rating of “A+” (rating outlook: stable) from Japan Credit Rating Agency, Ltd. (JCR). We will continue to strive to improve our creditworthiness through appropriate and sound financial management.

v. Overview of Business Performance and Distribution

As a result of the asset management described above, SANKEI REAL ESTATE recorded operating revenue of 3,729 million yen, operating income of 2,084 million yen, ordinary income of 1,795 million yen, and net income of 1,719 million yen for the fiscal period under review.

With respect to distributions, in accordance with SANKEI REAL ESTATE’s cash distribution policy (Article 36 of the articles of incorporation), SANKEI REAL ESTATE intends to have the maximum amount of distribution of earnings included in deductible expenses by application of provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended)). For the fiscal period under review, we decided to distribute 1,718,924,320 yen, which is the full amount of unappropriated retained earnings excluding fractional portions where the distribution per investment unit is less than 1 yen. As a result, the distribution amount per investment unit is 3,680 yen.

(Outlook for the Next Fiscal Period)

i. General Management Outlook

The Japanese economy is expected to maintain a gradual recovery trend, supported by improvements in employment and income conditions, continued wage increases, and sustained corporate appetite for capital investment. However, continued attention must be paid to the impact on consumer spending of rising prices resulting from higher resource prices and logistics costs amid heightened geopolitical risks, as well as rising domestic interest rates and the risk of a slowdown in overseas economies. We also need to monitor the effects on corporate earnings and real estate investment markets caused by fluctuations in financial and capital markets, as well as trends in exchange rates.

In the real estate trading market, investment demand for real estate by both domestic and foreign investors remains solid even as interest rates continue to rise. In particular, investment appetite for prime assets poised for rent growth remains high, and intense competition for prime properties is expected to persist. At the same time, attention must be paid to the impact of changes in financing conditions and investors' expected yields on asset prices. We will consider investment opportunities while carefully assessing market trends.

In the office building market, the supply-demand balance in central Tokyo remains generally solid and rent levels continue an upward trend, backed by office upgrades aimed at talent acquisition and productivity enhancements, as well as demand for relocations to high-grade offices, business expansion, and office consolidation. With new supply constrained, a solid market environment is expected to persist for the time being. Meanwhile, as tenant needs diversify, differences in competitiveness arising from location, building performance, environmental measures, and other factors may become more apparent. We therefore consider it important to develop leasing strategies tailored to each property's characteristics. As for the hotel market, although the growth pace of inbound visitors is moderating compared to the rapid post-pandemic rebound, the solid market environment is expected to continue, underpinned by domestic travel demand and inbound demand centered on Europe, the Americas, and Australia. Higher accommodation rates and increased travel spending are also expected to support earnings. 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.

In the logistics market, solid demand is anticipated, backed by the expanding e-commerce market and growing needs for logistics efficiency. Meanwhile, driver shortages and rising labor costs are prompting greater emphasis on transport efficiency and locational advantages in demand for logistics facilities. In March 2026, the Comprehensive Physical Distribution Policy Outline (FY2026–FY2030) was approved by the Cabinet, setting forth policies to promote initiatives aimed at logistics efficiency, digital transformation (DX) of logistics, and supply chain resilience. 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.

As described in the "Notice Concerning Disposition of Domestic Real Estate Trust Beneficiary Right (Fukuoka Green Building)" separately published by SANKEI REAL ESTATE on September 25, 2026, SANKEI REAL ESTATE actively pursued leasing activities to convert Fukuoka Green Building into a multi-tenant property after signing an agreement on September 30, 2025, to terminate the lease by mutual agreement with the tenant that had leased the entire building. However, rising construction costs and shortages of both labor and materials delayed the placement of orders for the conversion work, while office demand in the area recovered more slowly than expected. These circumstances raised concerns that leasing would take longer than initially anticipated. Given that restoring the property's earnings would require considerable time and have a greater impact on overall portfolio earnings, SANKEI REAL ESTATE continued efforts to sell the property alongside efforts to attract tenants. SANKEI REAL ESTATE has reached an agreement with the buyer on a price that exceeds both the book value and appraisal value, and has decided to proceed with the disposition. The proceeds from the disposition are expected to be applied toward the repayment of borrowings.

(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 properties 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

Disposition of Asset

SANKEI REAL ESTATE decided to dispose of the real estate trust beneficiary rights on September 25, 2026, as described below, and disposed of them on October 13, 2026. In the fiscal period ending February 2027, we recorded a gain on sale of real estate properties of 292 million yen.

Asset type	Property number	Property name	Location	Disposition asset	Disposition price (million yen) (Note 1)	Buyer	Disposition date
Office buildings	A-12	Fukuoka Green Building	Sawara-ku, Fukuoka-shi	Real estate trust beneficiary right	5,500	Not disclosed (Note 2)	Oct. 13, 2026

(Note 1) "Disposition price" is the sale price of the trust beneficiary right as stated in the trust beneficiary right purchase and sale agreement for the disposed asset, 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 disposition.

(Note 2) The buyer is not disclosed, as consent for disclosure has not been obtained from them.

(Reference Information)

Tender offer for the SANKEI REAL ESTATE Investment Units by City Index Fifth Co., Ltd.

The Offeror is conducting the Tender Offer, and SANKEI REAL ESTATE resolved to express an opinion in support of the Tender Offer and to leave the decision as to whether to tender in the Tender Offer to the judgment of the unitholders who hold the Investment Units (neutral position on tendering) at the meeting of our Board of Directors held on September 25, 2026. The above resolution by the Board of Directors of SANKEI REAL ESTATE was made on the assumption that the Offeror plans to acquire all the Investment Units through the Tender Offer and a series of procedures thereafter, and that the Investment Units would be delisted.

For details, please refer to the "Notice Concerning Expression of Opinion in Support of the Tender Offer by City Index Fifth Co., Ltd. for Investment Units of SANKEI REAL ESTATE Inc. (TSE Code: 2972) and Neutral Position on Tendering" announced on September 25, 2026.

iii. Operating Forecasts

SANKEI REAL ESTATE's operating forecasts for the fiscal period ending February 2027 (from September 1, 2026, to February 28, 2027) and the fiscal period ending August 2027 (from March 1, 2027, to August 31, 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 Feb. 2027	2,621	1,340	963	962	2,061	-
Fiscal period ending Aug. 2027	2,284	1,148	719	718	1,539	-

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

Item	Assumptions																											
Accounting period	- Fiscal period ending February 2027 (16th fiscal period) (from September 1, 2026, to February 28, 2027) (181 days) - Fiscal period ending August 2027 (17th fiscal period) (from March 1, 2027, to August 31, 2027) (184 days)																											
Assets under management	- The assumption for the real estate trust beneficiary rights (16 properties in total) held by us as of the end of the fiscal period is that our assets under management will comprise 15 properties following the disposition of the real estate trust beneficiary right in Fukuoka Green Building on October 13, 2026, and that there will be no subsequent changes until the end of the fiscal period ending August 2027. - In addition to the above, there is a possibility of changes due to the acquisition or disposition of other assets under management.																											
Operating revenue	- Rent business revenue of the 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 February 2027, we expect to record a gain of 292 million yen on the disposition of Fukuoka Green Building.																											
Operating expenses	- The principal items of operating expenses are as follows: (Unit: million yen) <table><tr><th></th><th>Fiscal period ending Feb. 2027</th><th>Fiscal period ending Aug. 2027</th></tr><tr><td>Total expenses related to rent business</td><td>921</td><td>839</td></tr><tr><td> Outsourcing expenses</td><td>114</td><td>119</td></tr><tr><td> Utilities expenses</td><td>98</td><td>91</td></tr><tr><td> Repair expenses</td><td>60</td><td>55</td></tr><tr><td> Property taxes</td><td>261</td><td>244</td></tr><tr><td> Depreciation</td><td>311</td><td>312</td></tr><tr><td>Other expenses related to rent business [Total]</td><td>358</td><td>296</td></tr><tr><td> Asset management fee</td><td>231</td><td>221</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 are 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 operating forecasts for the fiscal period ended 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) announced in the “(REIT) Financial Report for the Fiscal Period Ended February 2026” dated April 28, 2026, restoration work expenses for Fukuoka Green Building were originally assumed to be recorded as repair expenses of 402 million yen for the fiscal period ended August 2026 and 185 million yen for the fiscal period ending February 2027. However, due to the disposition of Fukuoka Green Building announced in the “Notice Concerning Disposition of Domestic Real Estate Trust Beneficiary Right (Fukuoka Green Building)” dated September 25, 2026, the estimate for such repair expenses has been revised, and 309 million yen was recorded only in the fiscal period ended August 2026.		Fiscal period ending Feb. 2027	Fiscal period ending Aug. 2027	Total expenses related to rent business	921	839	Outsourcing expenses	114	119	Utilities expenses	98	91	Repair expenses	60	55	Property taxes	261	244	Depreciation	311	312	Other expenses related to rent business [Total]	358	296	Asset management fee	231	221
	Fiscal period ending Feb. 2027	Fiscal period ending Aug. 2027																										
Total expenses related to rent business	921	839																										
Outsourcing expenses	114	119																										
Utilities expenses	98	91																										
Repair expenses	60	55																										
Property taxes	261	244																										
Depreciation	311	312																										
Other expenses related to rent business [Total]	358	296																										
Asset management fee	231	221																										
Non-operating expenses	Interest expenses and other borrowing-related expenses are estimated at 391 million yen for the fiscal period ending February 2027 and 444 million yen for the fiscal period ending August 2027.																											

Item	Assumptions
Interest-bearing liabilities	- The assumption is that total interest-bearing liabilities will be 42,000 million yen at the end of the fiscal period ending February 2027 and 42,000 million yen at the end of the fiscal period ending August 2027. - It is assumed that the proceeds of 5,500 million yen from the disposition of Fukuoka Green Building will be applied partly toward the repayment of borrowings. - LTV is expected to be 45.2% at the end of the fiscal period ending February 2027 and 45.3% at the end of the fiscal period ending August 2027. LTV is calculated by the following formula and rounded to one decimal place. $\text{LTV} = \text{Total interest-bearing liabilities} / \text{Total assets} \times 100$
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 August 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 the end of each of the fiscal periods ending February 2027 and August 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. - 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 have been no significant changes from "Investment Risks" in the securities report submitted on May 28, 2026.

2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	14th fiscal period (as of February 28, 2026)	15th fiscal period (as of August 31, 2026)
Assets		
Current assets		
Cash and deposits	8,061,601	10,042,192
Cash and deposits in trust	2,241,226	2,302,915
Operating accounts receivable	37,114	49,342
Prepaid expenses	64,234	52,438
Refundable income taxes	-	1,976
Total current assets	10,404,177	12,448,866
Non-current assets		
Property, plant and equipment		
Buildings in trust	22,857,827	23,009,912
Accumulated depreciation	(2,726,689)	(3,034,266)
Buildings in trust, net	20,131,138	19,975,645
Structures in trust	100,081	101,609
Accumulated depreciation	(15,180)	(16,818)
Structures in trust, net	84,901	84,791
Machinery and equipment in trust	96,466	96,466
Accumulated depreciation	(12,934)	(15,612)
Machinery and equipment in trust, net	83,531	80,853
Tools, furniture and fixtures in trust	29,838	45,397
Accumulated depreciation	(19,093)	(21,496)
Tools, furniture and fixtures in trust, net	10,745	23,900
Land in trust	68,480,126	68,480,126
Total property, plant and equipment	88,790,442	88,645,317
Intangible assets		
Software	3,733	2,933
Total intangible assets	3,733	2,933
Investments and other assets		
Long-term prepaid expenses	64,080	46,586
Deferred tax assets	76,131	-
Leasehold and guarantee deposits	10,000	10,000
Leasehold and guarantee deposits in trust	50	50
Total investments and other assets	150,261	56,636
Total non-current assets	88,944,437	88,704,887
Total assets	99,348,614	101,153,754

(Unit: thousand yen)

	14th fiscal period (as of February 28, 2026)	15th fiscal period (as of August 31, 2026)
Liabilities		
Current liabilities		
Operating accounts payable	181,863	591,735
Short-term borrowings	-	10,200,000
Long-term loans due within one year	16,400,000	12,100,000
Accounts payable - other	299,902	341,142
Accrued expenses	70,615	79,946
Income taxes payable	520,333	-
Consumption taxes payable	1,538	134,579
Advances received	353,728	356,884
Deposits received	214	806
Total current liabilities	17,828,196	23,805,095
Non-current liabilities		
Long-term loans	33,100,000	27,200,000
Leasehold and guarantee deposits received in trust	2,994,261	3,003,359
Total non-current liabilities	36,094,261	30,203,359
Total liabilities	53,922,458	54,008,454
Net assets		
Unitholders' equity		
Unitholders' capital	49,442,685	49,442,685
Deduction from unitholders' capital	(7,136)	(4,016,529)
Unitholders' capital (net)	49,435,549	45,426,155
Surplus		
Unappropriated retained earnings (undisposed loss)	(4,009,393)	1,719,144
Total surplus	(4,009,393)	1,719,144
Total unitholders' equity	45,426,155	47,145,299
Total net assets	*1 45,426,155	*1 47,145,299
Total liabilities and net assets	99,348,614	101,153,754

(2) Statement of Income and Retained Earnings

(Unit: thousand yen)

	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026	15th fiscal period From: Mar. 1, 2026 To: Aug. 31, 2026
Operating revenue		
Rent business revenue	*12,181,224	*12,192,217
Other rent business revenue	*1700,853	*1,537,613
Total operating revenue	2,882,078	3,729,831
Operating expenses		
Expenses related to rent business	*1947,798	*11,285,075
Impairment losses	*24,933,559	-
Asset management fee	259,435	273,103
Asset custody fee	2,056	1,985
Administrative service fees	15,018	14,093
Remuneration for directors (and other officers)	3,600	3,600
Other operating expenses	43,789	67,381
Total operating expenses	6,205,258	1,645,238
Operating income (loss)	(3,323,180)	2,084,592
Non-operating income		
Interest income	11,096	16,864
Reversal of distributions payable	557	430
Insurance claim income	3,915	3,179
Other	320	91
Total non-operating income	15,889	20,566
Non-operating expenses		
Interest expenses	220,200	273,129
Borrowing-related expenses	37,199	36,149
Other	95	-
Total non-operating expenses	257,495	309,278
Ordinary income (loss)	(3,564,785)	1,795,880
Extraordinary income		
Gain on receipt of donated non-current assets	*31,234	-
Total extraordinary income	1,234	-
Net income (loss) before income taxes	(3,563,550)	1,795,880
Income taxes - current	522,032	605
Income taxes - deferred	(76,116)	76,131
Total income taxes	445,915	76,736
Net income (loss)	(4,009,466)	1,719,144
Retained earnings brought forward	73	-
Unappropriated retained earnings (undisposed loss)	(4,009,393)	1,719,144

(3) Statement of Changes in Unitholders' Equity

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

15th fiscal period (from March 1, 2026, to August 31, 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	(4,009,393)	(4,009,393)	45,426,155	45,426,155
Changes in items during period							
Capital reduction without compensation		(4,009,393)	(4,009,393)	4,009,393	4,009,393	-	-
Net income				1,719,144	1,719,144	1,719,144	1,719,144
Total changes in items during period	-	(4,009,393)	(4,009,393)	5,728,537	5,728,537	1,719,144	1,719,144
Balance at end of period	*1 49,442,685	(4,016,529)	45,426,155	1,719,144	1,719,144	47,145,299	47,145,299

(4) Statement of Cash Distributions

(Unit: yen)

	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026	15th fiscal period From: Mar. 1, 2026 To: Aug. 31, 2026
I Unappropriated retained earnings (undisposed loss)	(4,009,393,717)	1,719,144,096
II Loss disposition	4,009,393,717	-
Deductions from unitholders' capital	4,009,393,717	-
III Amount of distribution	0	1,718,924,320
[Amount of distribution per unit]	[0]	[3,680]
IV Retained earnings carried forward	-	219,776

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. 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.	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 1,718,924,320 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.
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(5) Statement of Cash Flows

(Unit: thousand yen)

	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026	15th fiscal period From: Mar. 1, 2026 To: Aug. 31, 2026
Cash flows from operating activities		
Net income (loss) before income taxes	(3,563,550)	1,795,880
Depreciation	320,727	315,096
Impairment losses	4,933,559	-
Interest income	(11,096)	(16,864)
Interest expenses	220,200	273,129
Gain on receipt of donated non-current assets	(1,234)	-
Decrease (increase) in operating accounts receivable	19,814	(12,228)
Decrease (increase) in prepaid expenses	8,945	11,795
Increase (decrease) in operating accounts payable	(29,221)	415,234
Increase (decrease) in accounts payable - other	8,685	42,215
Increase (decrease) in consumption taxes payable	(91,047)	133,041
Increase (decrease) in advances received	(24,938)	3,155
Increase (decrease) in deposits received	(0)	592
Decrease (increase) in long-term prepaid expenses	9,442	17,493
Subtotal	1,800,285	2,978,540
Interest received	11,096	16,864
Interest paid	(220,992)	(263,799)
Income taxes paid	(1,431)	(522,915)
Net cash provided by (used in) operating activities	1,588,958	2,208,690
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(102,544)	(174,533)
Payments of leasehold and guarantee deposits in trust	(50)	-
Proceeds from leasehold and guarantee deposits received in trust	145,774	83,809
Refund of leasehold and guarantee deposits received in trust	(310,731)	(74,711)
Net cash provided by (used in) investing activities	(267,550)	(165,435)
Cash flows from financing activities		
Proceeds from short-term borrowings	-	10,200,000
Proceeds from long-term loans	5,500,000	-
Repayments of long-term loans	(6,200,000)	(10,200,000)
Distributions paid	(1,102,703)	(974)
Net cash provided by (used in) financing activities	(1,802,703)	(974)
Net increase (decrease) in cash and cash equivalents	(481,295)	2,042,279
Cash and cash equivalents at beginning of period	10,784,123	10,302,828
Cash and cash equivalents at end of period	*1 10,302,828	*1 12,345,107

(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: <table border="0"> <tr> <td>Buildings</td><td>6–69 years</td></tr> <tr> <td>Structures</td><td>10–59 years</td></tr> <tr> <td>Machinery and equipment</td><td>10–27 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>3–15 years</td></tr> </table> (2) Intangible assets The straight-line method is adopted. (3) Long-term prepaid expenses The straight-line method is adopted.	Buildings	6–69 years	Structures	10–59 years	Machinery and equipment	10–27 years	Tools, furniture and fixtures	3–15 years
Buildings	6–69 years								
Structures	10–59 years								
Machinery and equipment	10–27 years								
Tools, furniture and fixtures	3–15 years								
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 properties Revenue is recognized for the sale of real estate properties at the time the buyer who is a customer gains control of the real estate properties 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 properties and not recognized as expenses. In the previous fiscal period, the amount equivalent to non-current asset tax, etc. included in the acquisition cost of real estate properties 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 properties.								
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 properties as trust assets Concerning trust beneficiary rights that have real estate properties 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 losses of non-current assets

1. Amounts recorded in the financial statements

(Unit: thousand yen)

	14th fiscal period (as of Feb. 28, 2026)	15th fiscal period (as of August 31, 2026)
Impairment losses	4,933,559	-
Property, plant and equipment	88,790,442	88,645,317
Intangible assets	3,733	2,933

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

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

In accordance with Accounting Standard for Impairment of Fixed 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 impairment losses will be determined when there are indications of impairment losses 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 impairment losses, estimated future cash flows are used. If it is determined that recognition of impairment losses are necessary, the book value is reduced to the recoverable amount, and the reduction is recorded as impairment losses. 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.

15th fiscal period (as of August 31, 2026)

Not applicable.

[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)

14th fiscal period (as of Feb. 28, 2026)	15th fiscal period (as of August 31, 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)

	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026	15th fiscal period From: Mar. 1, 2026 To: Aug. 31, 2026
A. Operating revenue from real estate rent business		
Rent business revenue		
Rental revenue	2,165,976	2,176,969
Common area maintenance revenue	15,248	15,248
Total rent business revenue	2,181,224	2,192,217
Other rent business revenue		
Utilities reimbursement	78,936	74,000
Parking revenue	31,812	36,004
Termination penalties	582,338	169,829
Income from work to restore to the original state	-	1,249,913
Other rental revenue	7,766	7,866
Total other rent business revenue	700,853	1,537,613
Total operating revenue from real estate rent business	2,882,078	3,729,831
B. Operating expenses from real estate rent business		
Expenses related to rent business		
Outsourcing expenses	140,863	145,598
Utilities expenses	104,845	112,555
Property taxes	283,718	287,799
Repair expenses	78,469	404,052
Insurance premium	7,100	7,047
Trust fee	6,000	5,550
Depreciation	319,927	314,296
Other expenses related to rent business	6,874	8,175
Total expenses related to rent business	947,798	1,285,075
Total operating expenses from real estate rent business	947,798	1,285,075
C. Operating income (loss) from real estate rent business [A-B]	1,934,279	2,444,756

*2. Breakdown of impairment losses

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

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

(Unit: thousand yen)

Property name	Location	Type	Impairment losses
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 impairment losses (4,933,559 thousand yen) in the operating expenses category. The impairment losses consist 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 losses recording resulting from the consideration of the management policy are deemed to have the nature of operating expenses, and is 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 net sale value of the relevant property. Net sale value is calculated by deducting the estimated costs of disposal from the appraisal value.

15th fiscal period (from March 1, 2026, to August 31, 2026)

Not applicable.

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

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.

15th fiscal period (from March 1, 2026, to August 31, 2026)

Not applicable.

[Notes to the Statement of Changes in Unitholders' Equity]

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

(Unit: units)

	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026	15th fiscal period From: Mar. 1, 2026 To: Aug. 31, 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)

	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026	15th fiscal period From: Mar. 1, 2026 To: Aug. 31, 2026
Cash and deposits	8,061,601	10,042,192
Cash and deposits in trust	2,241,226	2,302,915
Cash and cash equivalents	10,302,828	12,345,107

[Notes on Lease Transactions]

Operating lease transactions (as lessor)

Future minimum lease payments

(Unit: thousand yen)

	14th fiscal period (as of Feb. 28, 2026)	15th fiscal period (as of August 31, 2026)
Due within 1 year	2,876,427	3,109,862
Due after 1 year	16,469,238	17,083,933
Total	19,345,665	20,193,795

[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 properties. 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 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)

The following shows the carrying amount and fair value as of August 31, 2026, and the difference between them. The notes on “cash and deposits”, “cash and deposits in trust” and “Short-term loans” 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	12,100,000	12,077,787	(22,212)
(2) Long-term loans	27,200,000	26,698,398	(501,601)
Total liabilities	39,300,000	38,776,186	(523,813)

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

(1) Long-term loans due within one year; (2) Long-term loans

Of long-term loans, because those with floating interest rates reflect market interest rates in a short period of time, the fair value approximates the book value and thus they are stated at that book value. However, in the case of long-term loans with fixed interest rates, the fair value is calculated based on the present value of their future cash flows discounted over the time to maturity and at the rate adjusted for credit risks.

(Note 2) Amount of repayment of loans scheduled to be due after the end of the fiscal period (February 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	-

Amount of repayment of loans scheduled to be due after the end of the fiscal period (August 31, 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
Short-term borrowings	10,200,000	-	-	-	-	-
Long-term loans due within one year	12,100,000	-	-	-	-	-
Long-term loans	-	9,300,000	8,800,000	9,100,000	-	-
Total	22,300,000	9,300,000	8,800,000	9,100,000	-	-

[Notes on Securities]

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

Not applicable.

15th fiscal period (as of August 31, 2026)

Not applicable.

[Notes on Derivative Transactions]

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

Not applicable.

15th fiscal period (as of August 31, 2026)

Not applicable.

[Notes on Retirement Benefits]

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

Not applicable.

15th fiscal period (as of August 31, 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)

	14th fiscal period (as of Feb. 28, 2026)	15th fiscal period (as of August 31, 2026)
Deferred tax assets		
Non-deductible accrued enterprise tax	43,353	-
Impairment losses	1,552,097	-
Total deferred tax assets	1,595,451	-
Valuation allowance	(1,519,320)	-
Deferred tax assets, net	76,131	-

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

(Unit: %)

	14th fiscal period (as of Feb. 28, 2026)	15th fiscal period (as of August 31, 2026)
Statutory tax rate	-	31.46
[Adjustments]		
Deductible distribution payable	-	(28.84)
Change in Valuation allowance	-	1.83
Other	-	(0.18)
Effective income tax rate after application of tax-effect accounting	-	4.27

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

[Notes on Equity Method Profit and Loss]

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

Not applicable.

15th fiscal period (from March 1, 2026, to August 31, 2026)

Not applicable.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.

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

Not applicable.

15th fiscal period (from March 1, 2026, to August 31, 2026)

Not applicable.

2. Affiliated company, etc.

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

Not applicable.

15th fiscal period (from March 1, 2026, to August 31, 2026)

Not applicable.

3. Fellow subsidiary, etc.

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

Not applicable.

15th fiscal period (from March 1, 2026, to August 31, 2026)

Not applicable.

4. Director, major individual unitholder, etc.

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 a transaction 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.

15th fiscal period (from March 1, 2026, to August 31, 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)	273,103	Accounts payable - other	300,414

(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]

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

Not applicable.

15th fiscal period (from March 1, 2026, to August 31, 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)

	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026	15th fiscal period From: Mar. 1, 2026 To: Aug. 31, 2026
Carrying amount		
Balance at beginning of period	93,896,367	88,790,442
Amount of change during period	(5,105,925)	(145,124)
Balance at end of period	88,790,442	88,645,317
Fair value at end of period	96,660,000	97,710,000

(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 (147,562 thousand yen) and the main decrease was due to impairment losses related to Fukuoka Green Building (4,933,559 thousand yen). The main increase in the current period was due to capital expenditures (169,171 thousand yen) and the main decrease was due to depreciation (314,296 thousand yen).

(Note 3) Fair value at end of period is the appraisal value by an external real estate appraiser. However, if a specific disposition price has been agreed upon by the contract, the disposition price is stated as a reasonably calculated price.

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**

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

(Unit: thousand yen)

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

(Note) Rent business revenue, etc. subject to ASBJ Statement No. 13 “Accounting Standard for Lease Transactions” and the disposition of real estate properties 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 properties and utilities reimbursement.

15th fiscal period (from March 1, 2026, to August 31, 2026)

(Unit: thousand yen)

	Revenue from contracts with customers (Note)	Sales to external customers
Sale of real estate properties	-	-
Utilities reimbursement	74,000	74,000
Other	-	3,655,831
Total	74,000	3,729,831

(Note) Rent business revenue, etc. subject to ASBJ Statement No. 13 “Accounting Standard for Lease Transactions” and the disposition of real estate properties 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 properties and utilities reimbursement.

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

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

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

15th fiscal period (from March 1, 2026, to August 31, 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)

	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026	15th fiscal period From: Mar. 1, 2026 To: Aug. 31, 2026
Receivables from contracts with customers (Balance at beginning of period)	19,691	15,541
Receivables from contracts with customers (Balance at end of period)	15,541	16,727
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

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.

15th fiscal period (from March 1, 2026, to August 31, 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

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

15th fiscal period (from March 1, 2026, to August 31, 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.	1,419,742	Real estate rent business
GRANVISTA Hotels & Resorts Co., Ltd.	581,483	Real estate rent business

[Notes on Per Unit Information]

	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026	15th fiscal period From: Mar. 1, 2026 To: Aug. 31, 2026
Net assets per unit	97,251 yen	100,932 yen
Net income (loss) per unit	(8,583) yen	3,680 yen

(Note 1) Net income or net loss per unit is calculated by dividing net income or net loss by the period's daily weighted average number of investment units (fiscal period ended February 2026: 467,099 units; fiscal period ended August 2026: 467,099 units). In addition, diluted net income or net loss per unit is not presented because there are no potential investment units.

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

	14th fiscal period From: Sep. 1, 2025 To: Feb. 28, 2026	15th fiscal period From: Mar. 1, 2026 To: Aug. 31, 2026
Net income (loss) (thousand yen)	(4,009,466)	1,719,144
Amount not available to common unitholders (thousand yen)	-	-
Net income (loss) attributable to common investment units (thousand yen)	(4,009,466)	1,719,144
Average number of investment units during period (units)	467,099	467,099

[Notes on Significant Subsequent Events]

Disposition of Asset

SANKEI REAL ESTATE decided to dispose of the real estate trust beneficiary rights on September 25, 2026, as described below, and disposed of them on October 13, 2026. In the fiscal period ending February 2027, we recorded a gain on sale of real estate properties of 292 million yen.

Asset type	Property number	Property name	Location	Disposition asset	Disposition price (million yen) (Note 1)	Buyer	Disposition date
Office buildings	A-12	Fukuoka Green Building	Sawara-ku, Fukuoka-shi	Real estate trust beneficiary right	5,500	Not disclosed (Note 2)	Oct. 13, 2026

(Note 1) "Disposition price" is the sale price of the trust beneficiary right as stated in the trust beneficiary right purchase and sale agreement for the disposed asset, 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 disposition.

(Note 2) The buyer is not disclosed, as consent for disclosure has not been obtained from them.

(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 period (ended February 2026) from the unitholders' capital.

3. Reference Information

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

i. Investment Status

Investment status							
Type of asset	Asset type	Geographic area (Note 1)	14th fiscal period (as of Feb. 28, 2026)		15th fiscal period (as of Aug. 31, 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	46,355	46.7	46,381	45.9	
		Cities designated by government ordinance (excluding above), core cities and major regional cities	5,102	5.1	5,101	5.0	
	Core asset group	Greater Tokyo, Greater Osaka and Greater Nagoya	27,508	27.7	27,405	27.1	
		Cities designated by government ordinance (excluding above), core cities and major regional cities	9,824	9.9	9,757	9.6	
	Hotels	Greater Tokyo, Greater Osaka and Greater Nagoya	22,300	22.4	22,217	22.0	
		Cities designated by government ordinance (excluding above), core cities and major regional cities	9,824	9.9	9,757	9.6	
	Logistics facilities	Greater Tokyo, Greater Osaka and Greater Nagoya	5,207	5.2	5,187	5.1	
		Cities designated by government ordinance (excluding above), core cities and major regional cities	-	-	-	-	
	Subtotal			88,790	89.4	88,645	87.6
	Deposits and other assets			10,558	10.6	12,508	12.4
Total assets			99,348	100.0	101,153	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.

	14th fiscal period (as of Feb. 28, 2026)		15th fiscal period (as of Aug. 31, 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	53,922	54.3	54,008	53.4
Total net assets	45,426	45.7	47,145	46.6
Total assets	99,348	100.0	101,153	100.0

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

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

ii. Investment Assets

As of August 31, 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	13,995	16,000
	A-4	S-GATE AKIHABARA	Chiyoda-ku, Tokyo	2,055	2.2	1,979	2,960
	A-5	Hibiya Sankei Building	Chiyoda-ku, Tokyo	5,829	6.2	6,141	7,240
	A-6	Hatchobori Sankei Building	Chuo-ku, Tokyo	4,959	5.3	4,922	5,250
	A-7	Toyo Park Building	Koto-ku, Tokyo	3,782	4.0	3,863	3,440
	A-9	Omori Park Building	Ota-ku, Tokyo	5,400	5.7	5,611	4,820
	A-10	S-GATE AKASAKA	Minato-ku, Tokyo	7,000	7.5	6,984	7,550
	A-11	Miyazakidai Garden Office	Miyamae-ku, Kawasaki-shi	2,800	3.0	2,883	2,750
	A-12	Fukuoka Green Building (Note 4)	Sawara-ku, Fukuoka-shi	10,000	10.6	5,101	4,910
Subtotal			-	55,975	59.6	51,482	54,920
Core asset group	B-1	Hotel Intergate Tokyo Kyobashi	Chuo-ku, Tokyo	8,961	9.5	8,710	9,640
	B-2	Hotel Intergate Hiroshima	Naka-ku, Hiroshima-shi	3,990	4.2	3,693	4,390
	B-3	SANKEILOGI Settsu	Settsu-shi, Osaka	5,242	5.6	5,187	5,520
	B-4	Hotel Intergate Kyoto Shijo Shinmachi	Nakagyo-ku, Kyoto-shi	5,800	6.2	5,773	6,840
	B-5	Hotel Intergate Kanazawa	Kanazawa-shi, Ishikawa	3,250	3.5	3,176	3,300
	B-6	GRIDS PREMIUM Hotel Osaka Namba	Naniwa-ku, Osaka-shi	7,800	8.3	7,733	9,440
	B-7	Vessel Hotel Campana Susukino (Note 5)	Chuo-ku, Sapporo-shi	2,920	3.1	2,887	3,070
Subtotal			-	37,963	40.4	37,162	42,200
Total			-	93,938	100.0	88,645	97,120

(Note 1) "Acquisition price" is the sale and purchase price of each real estate and trust beneficiary right stated in each sale and purchase agreement for the assets under management, rounded down to the nearest million yen. The sale and purchase prices do not include consumption tax, local consumption tax and the various expenses required for the acquisition. "Investment ratio" is the proportion of the acquisition price of each asset under management to the sum total amount of acquisition prices, rounded to one decimal place.

(Note 2) "Book value" is the depreciated book value for each asset under management as of August 31, 2026, rounded down to the nearest million yen.

(Note 3) "Appraisal value" is the appraisal value with an appraisal date of August 31, 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) Fukuoka Green Building was disposed of on October 13, 2026.

(Note 5) The acquisition price, book value and appraisal value are the figures corresponding to the co-ownership interest (40% of "Vessel Hotel Campana Susukino") held by SANKEI REAL ESTATE as of August 31, 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	398	340	3,420.84	3,420.84	100.0
	A-6	Hatchobori Sankei Building	Sep. 1, 1965	326	290	5,594.90	5,594.90	100.0
	A-7	Toyo Park Building	Jun. 18, 1991	161	147	4,224.52	3,497.61	82.8
	A-9	Omori Park Building	May 31, 1993	193	177	7,469.72	5,207.64	69.7
	A-10	S-GATE AKASAKA	July 31, 2015	Not disclosed (Note 9)	Not disclosed (Note 9)	3,308.10	3,308.10	100.0
	A-11	Miyazakidai Garden Office	Feb. 4, 1993	164	151	3,687.53	3,687.53	100.0
	A-12	Fukuoka Green Building (Note 7)	Feb. 29, 1996	0	0	14,587.00	0.00	0.0
Subtotal (average)			-	Not disclosed (Note 9)	Not disclosed (Note 9)	50,193.44	32,617.45	65.0
Core asset group	B-1	Hotel Intergate Tokyo Kyobashi	Jan. 18, 2018	413	206	6,006.53	6,006.53	100.0
	B-2	Hotel Intergate Hiroshima	Oct. 31, 2018	237	118	9,160.15	9,160.15	100.0
	B-3	SANKEILOGI Settsu	Oct. 1, 2022	237	118	14,748.33	14,748.33	100.0
	B-4	Hotel Intergate Kyoto Shijo Shinmachi	Nov. 30, 2017	163	148	6,029.40	6,029.40	100.0
	B-5	Hotel Intergate Kanazawa	Jan. 15, 2019	102	93	5,177.73	5,177.73	100.0
	B-6	GRIDS PREMIUM Hotel Osaka Namba	Jan. 12, 2021	Not disclosed (Note 9)	45	4,353.79	4,353.79	100.0
	B-7	Vessel Hotel Campana Susukino (Note 8)	Mar. 29, 2019	Not disclosed (Note 9)	Not disclosed (Note 9)	4,427.11	4,427.11	100.0
Subtotal (average)			-	Not disclosed (Note 9)	Not disclosed (Note 9)	49,903.04	49,903.04	100.0
Total (average)			-	3,733	2,923	100,096.48	82,520.49	82.4

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

(Note 2) "Total rental revenue" is the annualized amount calculated by multiplying by 12 the monthly rent (excluding fees for ancillary areas such as storage spaces, signboards and parking lots that are not the primary use, and limited to rent for leased premises, including common area charges). 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 August 31, 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 August 31, 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 August 31, 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 August 31, 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 August 31, 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) Fukuoka Green Building was disposed of on October 13, 2026.
- (Note 8) 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 9) Not disclosed due to unavoidable circumstances in that it contains information for which consent for disclosure has not been obtained from the tenant, relevant party, etc. or information from which confidential information can be derived.

(c) Overview of Real Estate Appraisal Reports

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

Asset type	Property number	Property name	Appraiser	Appraisal value (million yen) (Note 1)	Overview of appraisal report					
					Direct capitalization method		DCF method			Indicated value by cost approach (million yen)
					Indicated value by income approach (million yen)	Cap rate (%)	Indicated value by income approach (million yen)	Discount rate (%)	Terminal cap rate (%)	
Office buildings	A-3	S-GATE NIHONBASHI-HONCHO	Japan Real Estate Institute	16,000	16,200	3.1	15,800	2.9	3.2	15,900
	A-4	S-GATE AKIHABARA	Japan Real Estate Institute	2,960	2,980	3.2	2,940	3.0	3.3	2,850
	A-5	Hibiya Sankei Building	Japan Real Estate Institute	7,240	7,330	2.8	7,150	2.6	2.9	7,490
	A-6	Hatchobori Sankei Building	The Tanizawa Sōgō Appraisal	5,250	5,420	4.1	5,180	4.3	4.3	5,950
	A-7	Toyo Park Building	Japan Real Estate Institute	3,440	3,480	3.6	3,390	3.4	3.7	3,290
	A-9	Omori Park Building	Japan Real Estate Institute	4,820	4,880	3.7	4,760	3.5	3.8	5,870
	A-10	S-GATE AKASAKA	Japan Real Estate Institute	7,550	7,640	3.1	7,460	2.9	3.2	7,420
	A-11	Miyazakidai Garden Office	Japan Real Estate Institute	2,750	2,770	4.5	2,730	4.3	4.6	2,350
	A-12	Fukuoka Green Building (Note 2)	Japan Real Estate Institute	4,910	4,950	4.4	4,870	3.7	4.0	5,610
Subtotal				54,920	55,650	-	54,280	-	-	56,730
Core asset group	B-1	Hotel Interagate Tokyo Kyobashi	Daiwa Real Estate Appraisal	9,640	9,820	3.5	9,560	3.3	3.7	9,780
	B-2	Hotel Interagate Hiroshima	Japan Real Estate Institute	4,390	4,400	4.2	4,370	4.0	4.3	5,010
	B-3	SANKEILOGI Settsu	Japan Real Estate Institute	5,520	5,610	3.7	5,420	3.5	3.9	4,990
	B-4	Hotel Interagate Kyoto Shijo Shinmachi	Japan Real Estate Institute	6,840	6,890	3.8	6,790	3.6	3.9	6,590
	B-5	Hotel Interagate Kanazawa	Japan Real Estate Institute	3,300	3,320	4.5	3,280	4.3	4.6	2,880
	B-6	GRIDS PREMIUM Hotel Osaka Namba	Japan Real Estate Institute	9,440	9,530	3.8	9,350	3.6	3.9	5,680
	B-7	Vessel Hotel Campana Susukino (Note 3)	Japan Real Estate Institute	3,070	3,070	4.0	3,060	3.7	4.1	2,900
Subtotal				42,200	42,640	-	41,830	-	-	37,830
Total				97,120	98,290	-	96,110	-	-	94,560

(Note 1) "Appraisal value" is the appraisal value with an appraisal date of August 31, 2026, stated in each real estate appraisal report.

(Note 2) Fukuoka Green Building was disposed of on October 13, 2026.

(Note 3) 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 August 31, 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 properties (Location)	Purpose	Scheduled period	Expected construction cost (million yen)		
			Total amount	Amount of payment during period	Total amount already paid
Toyo Park Building (Koto-ku, Tokyo)	Indoor fire hydrant pump replacement work	From: Nov. 1, 2026 To: Nov. 30, 2026	11	-	-
Omori Park Building (Ota-ku, Tokyo)	Power transformer replacement work	From: May 1, 2027 To: May 31, 2027	39	-	-
Omori Park Building (Ota-ku, Tokyo)	Emergency generator replacement work	From: May 1, 2027 To: May 31, 2027	16	-	-
Miyazakidai Garden Office (Miyamae-ku, Kawasaki-shi)	LED conversion in exclusive areas on the second floor	From: Feb. 1, 2027 To: Feb. 28, 2027	13	-	-
Miyazakidai Garden Office (Miyamae-ku, Kawasaki-shi)	LED conversion in exclusive areas on the first floor	From: Mar. 1, 2027 To: Mar. 31, 2027	15	-	-
Hotel Intergate Kanazawa (Kanazawa-shi, Ishikawa)	Water heater replacement work	From: Dec. 1, 2026 To: Dec. 31, 2026	11	-	-

ii. Capital Expenditures during the Period

Construction works falling under the category of capital expenditures of 10 million yen or more conducted during the period for assets under management held by SANKEI REAL ESTATE as of August 31, 2026, are as follows: Capital expenditures for the current period were 169 million yen, and together with repair expenses of 404 million yen, which were categorized as expenses, a total of 573 million yen was spent on construction.

Name of real estate properties (Location)	Purpose	Period	Amount of payment (million yen)
Toyo Park Building (Koto-ku, Tokyo)	Renewal work of power receiving and transforming equipment	From: Apr. 11, 2026 To: Apr. 11, 2026	11
Omori Park Building (Ota-ku, Tokyo)	LED conversion for common areas on each floor and exclusive areas on the third floor	From: Jan. 17, 2026 To: Mar. 20, 2026	23
Omori Park Building (Ota-ku, Tokyo)	High-voltage equipment renewal work	From: May 31, 2026 To: Jun. 1, 2026	11
Miyazakidai Garden Office (Miyamae-ku, Kawasaki-shi)	LED conversion in exclusive areas on the third floor	From: Jun. 6, 2026 To: Jun. 21, 2026	10
Fukuoka Green Building (Sawara-ku, Fukuoka-shi)	New blind installation work	From: Jun. 22, 2026 To: Aug. 31, 2026	10
Other			101
Total			169

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	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	15th fiscal period From: Mar. 1, 2026 To: Aug. 31, 2026
Balance of reserve at beginning of period	293,338	322,317	367,068	411,819	507,926
Provision of reserve during period	46,692	44,750	44,750	96,106	19,072
Reversal of reserve during period	17,713	-	-	-	-
Reserve carried forward	322,317	367,068	411,819	507,926	526,998