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For Immediate Release

Real Estate Investment Trust Securities Issuer  
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Notice Concerning Revisions to Operating Forecasts and Distribution Forecasts for the Fiscal Period Ending February 28, 2021 and Operating Forecasts and Distribution Forecasts for the Fiscal Period Ending August 31, 2021

SANKEI REAL ESTATE Inc. ("SANKEI REAL ESTATE") hereby announces the following revisions to the operating forecasts and distribution forecasts for the fiscal period ending February 28, 2021 (from September 1, 2020 to February 28, 2021) announced in "Notice Concerning Revisions to Operating Forecasts and Distribution Forecasts for the Fiscal Period Ending August 31, 2020, and Fiscal Period Ending February 28, 2021" dated August 24, 2020, and the following new operating forecasts and distribution forecasts for the fiscal period ending August 31, 2021. There are no revisions to the operating forecasts and distribution forecasts for the fiscal period ended August 2020 (from March 1, 2020 to August 31, 2020) announced in the "Notice Concerning Revisions to Operating Forecasts and Distribution Forecasts for the Fiscal Period Ending August 31, 2020 and Fiscal Period Ending February 28, 2021" dated August 24, 2020.

1. Details of revisions to operating forecasts and distribution forecasts for the Fiscal period ending February 28, 2021 (4th fiscal period) (from September 1, 2020 to February 28, 2021)

	Operating revenue (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Net profit (million yen)	Distribution per unit (yen) (including distributions in excess of earnings)	Distribution per unit (yen) (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit (yen)
Previous forecasts announced (A)	2,052	973	890	889	2,492	2,492	-
Revised forecasts (B)	2,126	1,026	931	930	2,607	2,607	-
Change (B-A)	74	53	41	41	115	115	-
Change rate	3.6%	5.4%	4.6%	4.6%	4.6%	4.6%	-

(Reference) Fiscal period ending February 28, 2021

Forecast number of investment units issued and outstanding at end of period: 356,800 units; Forecast earnings per unit: 2,606 yen

(Note 1) The operating forecasts and distribution forecasts for the fiscal period ending February 28, 2021, are made using information available at the time of this release, based on the assumptions stated in the Attachment "Assumptions Underlying the Operating Forecasts and Distribution Forecasts for the Fiscal Period Ending February 28, 2021 and Fiscal Period Ending August 31, 2021". Actual operating revenue, operating profit, ordinary profit, net profit, distribution per unit (excluding distributions in excess of earnings) and distributions in excess of earnings per unit may differ as a result of variance from assumptions due to various factors, such as future additional acquisition or sale of real estate, trends in the real estate market, interest rate fluctuation, and other changes in circumstances surrounding SANKEI REAL ESTATE. In addition, the forecasts are not a guarantee of the amount of distributions.

(Note 2) The above forecasts may be revised in the event that a discrepancy above a certain level from the forecasts above is

expected.

(Note 3) Figures are rounded down to the nearest specified unit, and change rate is rounded to one decimal place.

2. Details of operating forecasts and distribution forecasts for the Fiscal period ending August 31, 2021 (5th fiscal period) (from March 1, 2021 to August 31, 2021)

	Operating revenue (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Net profit (million yen)	Distribution per unit (yen) (including distributions in excess of earnings)	Distribution per unit (yen) (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit (yen)
Fiscal period ending August 31, 2021	2,167	1,038	932	931	2,609	2,609	-

(Reference) Fiscal period ending August 31, 2021

Forecast number of investment units issued and outstanding at end of period: 356,800 units; Forecast earnings per unit: 2,609 yen

(Note 1) The operating forecasts and distribution forecasts for the fiscal period ending August 31, 2021, are made using information available at the time of this release, based on the assumptions stated in the Attachment "Assumptions Underlying the Operating Forecasts and Distribution Forecasts for the Fiscal Period Ending February 28, 2021 and Fiscal Period Ending August 31, 2021". Actual operating revenue, operating profit, ordinary profit, net profit, distribution per unit (excluding distributions in excess of earnings) and distributions in excess of earnings per unit may differ as a result of variance from assumptions due to various factors, such as future additional acquisition or sale of real estate, trends in the real estate market, interest rate fluctuation, and other changes in circumstances surrounding SANKEI REAL ESTATE. In addition, the forecasts are not a guarantee of the amount of distributions.

(Note 2) The above forecasts may be revised in the event that a discrepancy above a certain level from the forecasts above is expected.

(Note 3) Figures are rounded down to the nearest specified unit.

3. Reason for revisions to operating forecasts and distribution forecasts and announcement of such

Assumptions Underlying the Operating Forecasts and Distribution Forecasts for the Fiscal Period Ending February 28, 2021 announced in "Notice Concerning Revisions to Operating Forecasts and Distribution Forecasts for the Fiscal Period Ending August 31, 2020, and Fiscal Period Ending February 28, 2021" dated August 24, 2020 have been changed in line with the acquisition of the to-be-acquired asset stated in "Notice Concerning Acquisition and Leasing of Trust Beneficiary Rights in Domestic Real Estate" announced today (defined in the Attachment "Assumptions Underlying the Operating Forecasts and Distribution Forecasts for the Fiscal Period Ending Fiscal Period Ending February 28, 2021 and Fiscal Period Ending August 31, 2021") (Note). Due to the above and other reasons, SANKEI REAL ESTATE made the revisions for operating forecasts and distribution forecasts for the fiscal period ending February 28, 2021 and announces new operating status and distribution forecasts for the fiscal period ending August 2021.

(Note) For details of the to-be-acquired asset, please refer to "Notice Concerning Acquisition and Leasing of Trust Beneficiary Rights in Domestic Real Estate" announced today.

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

[Attachment]

Assumptions Underlying the Operating Forecasts and Distribution Forecasts  
for the Fiscal Period Ending February 28, 2021 and Fiscal Period Ending August 31, 2021

for the Fiscal Period Ending February 28, 2021 and Fiscal Period Ending August 31, 2021

Item	Assumptions																											
Accounting period	<ul style="list-style-type: none"><li>Fiscal period ending February 28, 2021 (4th fiscal period) (from September 1, 2020 to February 28, 2021) (181 days)</li><li>Fiscal period ending August 31, 2021 (5th fiscal period) (from March 1, 2021 to August 31, 2021) (184 days)</li></ul>																											
Assets under management	<ul style="list-style-type: none"><li>The assumption is that, in addition to the real estate and real estate trust beneficiary rights (11 properties in total) (hereinafter, the “acquired assets”) SANKEI REAL ESTATE holds as of today, the real estate trust beneficiary rights (Note) to 1 property (60% quasi co-ownership interest for “S-GATE AKASAKA”) stated in “Notice Concerning Acquisition and Leasing of Trust Beneficiary Rights in Domestic Real Estate” announced today (hereinafter, the “to-be-acquired asset”) will be acquired on October 1, 2020, resulting in an increase in the number of SANKEI REAL ESTATE’s portfolio assets to 12 properties, and that there will be no acquisition of new assets or disposition of portfolio assets through to the end of the fiscal period ending August 31, 2021.</li><li>In actual practice, acquisition of new properties other than the to-be-acquired asset or disposition of portfolio properties may change the assumption. (Note) For details, please refer to “Notice Concerning Acquisition and Leasing of Trust Beneficiary Rights in Domestic Real Estate” announced today.</li></ul>																											
Operating revenue	<ul style="list-style-type: none"><li>Leasing business revenue of the acquired assets is calculated by taking into account various factors, such as lease agreements that have been concluded and are valid as of today, tenant trends and market trends.</li><li>Leasing business revenue of the to-be-acquired asset is calculated by taking into account various factors, such as lease agreements that have been concluded, tenant trends and market trends, based on the information provided by the current owners of to-be-acquired asset.</li><li>The assumption is that there will be no delinquent or unpaid rent by tenants.</li><li>The assumption is that the impact of the spread of the novel coronavirus infection will continue until the end of August 2021, and the calculations take into account decline in revenue from retail stores due to tenant demand for rent reductions, the decline in revenue from rental conference rooms due to low occupancy, and the decline in utilities revenues due to telework of the tenants.</li></ul>																											
Operating expenses	<ul style="list-style-type: none"><li>Of operating expenses, the main components are as follows: (Unit: million yen)<table><tr><th></th><th>Fiscal period ending Feb. 2021</th><th>Fiscal period ending Aug. 2021</th></tr><tr><td>Expenses related to leasing business [Total]</td><td>845</td><td>865</td></tr><tr><td>    Management fee</td><td>191</td><td>188</td></tr><tr><td>    Utilities expenses</td><td>120</td><td>120</td></tr><tr><td>    Repair expenses</td><td>67</td><td>67</td></tr><tr><td>    Property taxes</td><td>216</td><td>235</td></tr><tr><td>    Depreciation</td><td>229</td><td>231</td></tr><tr><td>Other than expenses related to leasing business [Total]</td><td>254</td><td>264</td></tr><tr><td>    Asset management fee</td><td>181</td><td>192</td></tr></table></li><li>Of expenses related to leasing business, which are the main operating expenses, the 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.</li><li>Depreciation is calculated using the straight-line method.</li><li>In general, fixed asset tax, city planning tax, etc. to be incurred in connection with</li></ul>		Fiscal period ending Feb. 2021	Fiscal period ending Aug. 2021	Expenses related to leasing business [Total]	845	865	Management fee	191	188	Utilities expenses	120	120	Repair expenses	67	67	Property taxes	216	235	Depreciation	229	231	Other than expenses related to leasing business [Total]	254	264	Asset management fee	181	192
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	<p>transactions of real estate are calculated on a pro rata basis and reimbursed to the new owner by the current owner at the time of property acquisition. The amount reimbursed is included in the cost of acquisition and thus not recorded as expenses in the fiscal period of the property acquisition when the reimbursement is made at the time of transaction. Fixed asset tax, city planning tax, etc. for the to-be-acquired asset are recorded as expenses starting from the fiscal period ending August 31, 2021.</p> <ul style="list-style-type: none"> <li>• Repair expenses for buildings are estimated based on medium- to long-term repair plans formulated by Sankei Building Asset Management Co., Ltd. However, repair expenses possibly increasing in amount or additionally arising from unforeseeable factors may result in repair expenses differing materially from the forecast amount.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• As interest expenses and other borrowing-related expenses, 95 million yen for the fiscal period ending February 28, 2021, and 105 million yen for the fiscal period ending August 31, 2021.</li> </ul>
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>• The assumption is that total interest-bearing liabilities will be 37,800 million yen at the end of the fiscal period ending February 28, 2021, and 37,800 million yen at the end of the fiscal period ending August 31, 2021.</li> <li>• The assumption is that (i) a total amount of 4,300 million yen will be newly borrowed on October 1, 2020, from qualified institutional investors as provided in Article 2, Paragraph 3, Item 1 of the Financial Instruments and Exchange Act; and (ii) there will be no change in the balance of borrowings other than the above through to the end of the fiscal period ending August 31, 2021.</li> <li>• LTV ratio is expected to be 47.5% at the end of the fiscal period ending February 28, 2021, and 47.5% at the end of the fiscal period ending August 31, 2021. LTV ratio is calculated using the following formula and rounded to one decimal place.  <math display="block">\text{LTV ratio} = \text{Total interest-bearing liabilities} \div \text{Total assets} \times 100</math> </li> </ul>
Number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>• The assumption is that the total number of investment units issued and outstanding as of today is 356,800 units and that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending August 31, 2021.</li> <li>• Distribution per unit (excluding distributions in excess of earnings) is calculated based on the forecast total number of investment units issued and outstanding at the end of the fiscal period ending February 28, 2021 and fiscal period ending August 31, 2021 of 356,800 units.</li> </ul>
Distribution per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> <li>• Distribution per unit (excluding distributions 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.</li> <li>• Distribution per unit (excluding distributions in excess of earnings) may vary due to various factors, such as fluctuation in leasing business revenue accompanying change in assets under management, change in tenants or other event, or incurrence of unexpected repairs.</li> </ul>
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>• No cash distribution in excess of earnings is planned to be made at this point in time.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• The assumption is that the negative impact of the spread of the novel coronavirus infection will not spread further.</li> <li>• The assumption is that there will be no amendment of laws and regulations, tax systems, accounting standards, listing regulations provided by Tokyo Stock Exchange, Inc., rules provided by The Investment Trusts Association, Japan or other similar factors that will impact the forecast figures above.</li> <li>• The assumption is that there will be no unforeseen material change in general economic trends and real estate market conditions.</li> </ul>