

March 11, 2024

Supplementary Materials on the Following Press Releases Issued on February 29

- I. **"Notice Concerning Portfolio Rebalancing Part 3
(Acquisition and Leasing of Domestic Real Estate Trust Beneficiary Rights)"**

- II. **"Notice Concerning Additional Acquisition of Investment Units by The Sankei Building Co., Ltd.
(Follow-up Report)"**



Disclaimer

This document summarizes the information contained in the “Notice Concerning Portfolio Rebalancing Part 3 (Acquisition and Leasing of Domestic Real Estate Trust Beneficiary Rights)” and the “Notice Concerning Additional Acquisition of Investment Units by The Sankei Building Co., Ltd. (Follow-up Report)” announced by SANKEI REAL ESTATE Inc. (hereinafter, “SANKEI REAL ESTATE”) on February 29, 2024, and information associated with these.

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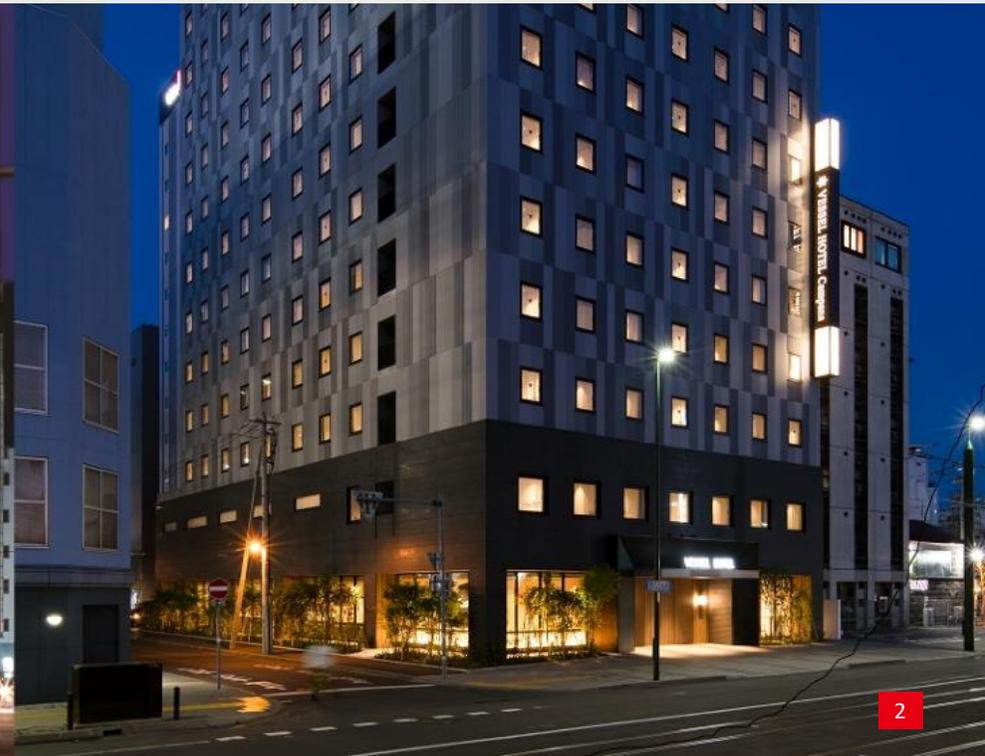
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I. “Notice Concerning Portfolio Rebalancing Part 3 (Acquisition and Leasing of Domestic Real Estate Trust Beneficiary Rights)”



Overview of the Transaction

➤ Acquired **one office building and one of the core asset group (hotel)**

1. Overview of office building acquisition

(1) Asset to be acquired

A-3 S-GATE NIHONBASHI-HONCHO (co-ownership interest 49%)

(2) Planned acquisition price: **7,450 million yen**

(3) Contract date: February 29, 2024

(4) Planned acquisition date: April 1, 2024

(5) Seller: (Not disclosed*)



2. Overview of acquiring core asset group (hotel)

(1) Asset to be acquired

B-7 VESSEL HOTEL CAMPANA SUSUKINO (co-ownership interest 40%)

(2) Planned acquisition price: **2,920 million yen**

(3) Contract date: March 1, 2024

(4) Planned acquisition date: March 1, 2024

(5) Seller: THE SANKEI BUILDING CO., LTD.



* Unless otherwise specified, the figures in this document are rounded down to the nearest unit.

* "Not disclosed" information is not disclosed due to unavoidable circumstances, as it includes information for which consent for disclosure has not been obtained from the seller, or information that makes it possible to calculate confidential information.

Overview of the Asset to be Acquired (1)

A-3

S-GATE NIHONBASHI-HONCHO (co-ownership interest 49%)

Asset Management
Company's unique route
Office building

- Located in the Nihonbashi area, a traditional business hub with access to four stations and six lines
- The 4th property in the "S-GATE" series aiming for 100% of the interest through additional acquisitions

[Official Website] <https://www.s-gate-office.com/nihonbashi-honcho/>

This is the fourth property in the "S-GATE" series of high-grade, mid-sized office buildings developed and managed by The Sankei Building Co., Ltd., the Sponsor, with unified design, specifications and service levels to offer superior comfort, peace of mind, safety, environmental performance, BCP (business continuity planning) measures and tenant services, etc. in terms of intangible factors.



Sponsor brand
High-grade, mid-sized office
building "S-GATE"

"S-GATE" is a high-grade, mid-sized office that has been developed from the perspective of people who will lead the next generation of entrepreneurs, pursuing and sublimating various factors that businesses require in an office, such as future work styles and the environment.

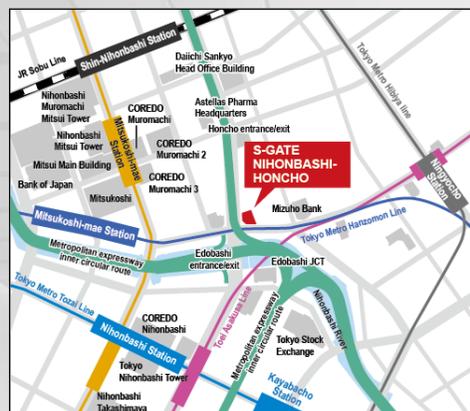
Office space filled with natural lighting from multiple angles



The entrance features pleasant aromas, wall greening, and digital signage



Terrace on the rooftop offering pleasant breezes



With the appearance of a heavy grid design (a lattice-like design on the exterior of the building), it is located on a corner facing Showa-dori Street and boasts high visibility.

Located in the Nihonbashi area, a traditional business hub where long-established shops, department stores, and pharmaceutical companies have stores and offices.

Planned acquisition price 7,450 million yen

Appraisal value 7,480 million yen

Appraisal NOI yield 3.3%

Contract form Fixed-term lease

Location Chuo-ku, Tokyo

Total floor area 8,174.43 m²

Construction completion October 2018

Structure / size Steel Construction, 11 floors above ground

Overview of the Asset to be Acquired (2)

B-7 VESSEL HOTEL CAMPANA SUSUKINO

(Co-ownership interest 40%)

- Acquisition of property developed by the Sponsor (acquisition of co-ownership interest through joint development)
- Located in the Susukino area, the largest entertainment district in Hokkaido, 4 minutes walk from Susukino station on the municipal subway

Sponsor support
Core asset group

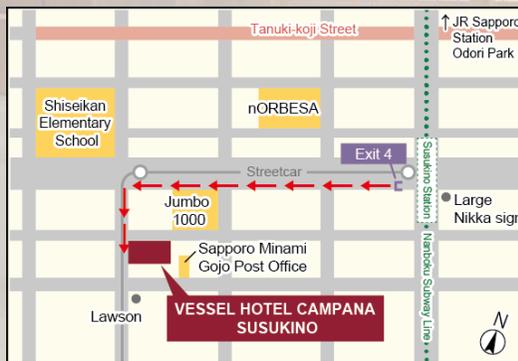
[Official Website] <https://www.vessel-hotel.jp/campana/susukino/>



The ultimate space for relaxation with a Japanese feel

Art and Japanese culture comes to life

In addition to a modern hearth, the building also boasts artwork depicting the beautiful natural environment of Hokkaido by artists who are active in Japan and overseas. The hotel pursues "beauty and delicacy," a culture unique to Japanese hotels, and offers a relaxing space with a simple expression of Japanese elements, such as the use of wood for a calming feel and bronze plating as accent points.



| | |
|----------------------------------|------------------------------------|
| Planned acquisition price | 2,920 million yen |
| Appraisal value | 2,930 million yen |
| Appraisal NOI yield | 4.2% |
| Contract form | Fixed-term lease (fixed) |
| Operator | Vessel Hotel Development Co., Ltd. |

| | |
|--------------------------------|--|
| Location | Chuo-ku, Sapporo |
| Total floor area | 9,950.91 m ² |
| Construction completion | March 2019 |
| Structure / size | Steel Construction, 13 floors above ground |
| Number of guest rooms | 296 rooms |



VESSEL HOTEL CAMPANA

Reward yourself and your family.

Relax after a hard days work.
Breakfast made with local ingredients.
Large bath for the whole family.
We want three generations of parents and children to enjoy a slightly richer resort feeling.
A stay away to reward yourself and your family.

Premier deluxe



Standard twin



Large bath



Breakfast
"Breakfast for the senses_Hokkaido"



Changes in Portfolio Rebalancing

REVIVAL PLAN

From March 2023

From January 2024

From March 2024

April 2024

Rebalancing part 1

| March 2023 | Acquired |
|--|---|
| Office building S-GATE AKASAKA (Quasi-co-ownership interest 20%) Acquisition price: 1,400 million yen Quasi-co-ownership interest 80% → 100% owned |  |
| Core asset group (Logistics facility) SANKEILOGI Settsu Acquisition price: Approx. 5,200 million yen |  |



| August 2023 | Disposition |
|--|---|
| Office building BREEZÉ TOWER (Quasi-co-ownership interest 1.55%) Transfer price: Approx. 620 million yen |  |

Rebalancing part 2 Large-scale portfolio rebalancing

| February 2024 | Acquired |
|--|---|
| Core asset group (Hotel) Hotel Intergate Kyoto Shijo Shinmachi Acquisition price: 5,800 million yen |  |
| Core asset group (Hotel) Hotel Intergate Kanazawa Acquisition price: 3,250 million yen |  |
| Core asset group (Hotel) Grids Premium Hotel Osaka Namba Acquisition price: 7,800 million yen |  |



| January 2024 | Disposition |
|---|---|
| Office building BREEZÉ TOWER (Quasi-co-ownership interest 43.45%) Transfer price: Approx. 17,900 million yen Transferred all interest |  |
| Office building Shinagawa Seaside TS Tower (Quasi-co-ownership interest 50%) Transfer price: 16,100 million yen Transferred all interest |  |

Rebalancing part 3 Current transaction

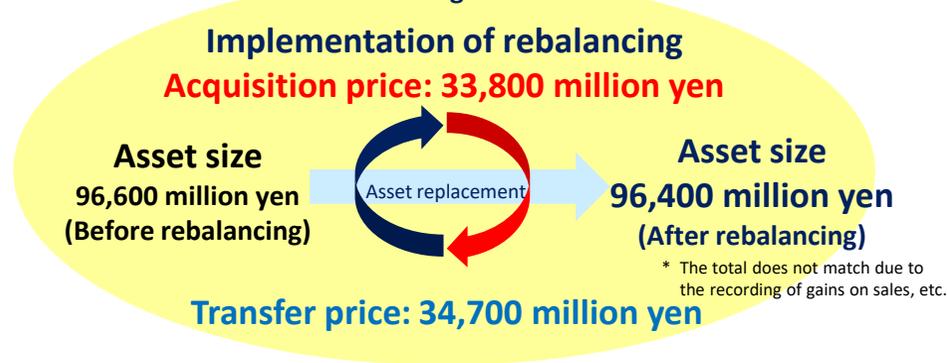
| March 2024 | Acquired |
|--|---|
| Core asset group (Hotel) VESSEL HOTEL CAMPANA SUSUKINO (Co-ownership interest 40%) Acquisition price: 2,920 million yen |  |
| April 2024 | Acquired |
| Office building S-GATE NIHONBASHI-HONCHO (Co-ownership interest 49%) Acquisition price: 7,450 million yen Co-ownership interest 51% → 100% owned |  |



After rebalancing part 3

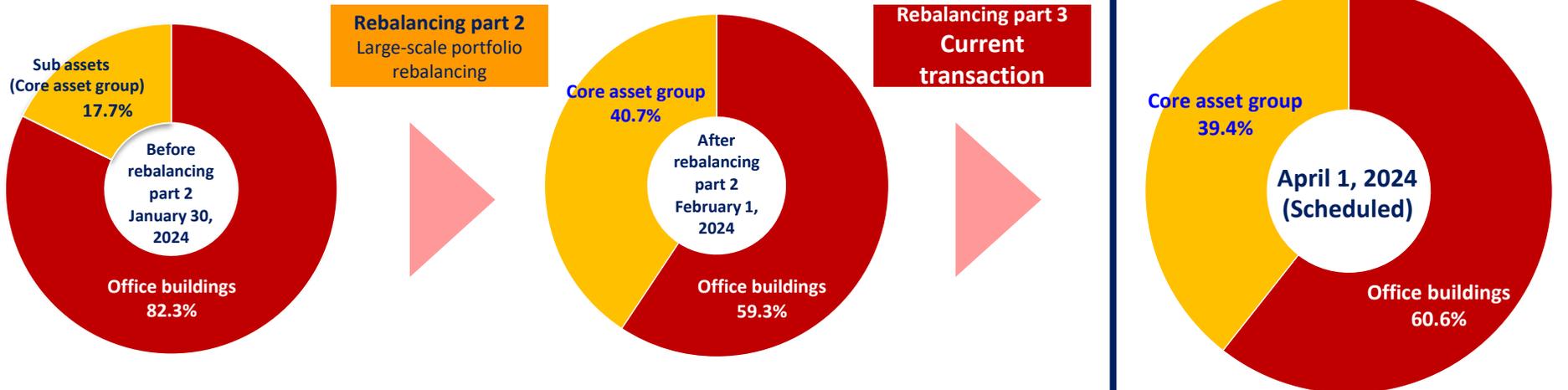
- 10 office buildings**
- Tokyo Sankei Building
 - S-GATE NIHONBASHI-HONCHO
 - S-GATE AKIHABARA
 - Hibiya Sankei Building
 - Hatchobori Sankei Building
 - Toyo Park Building
 - Omori Park Building
 - S-GATE AKASAKA
 - Miyazakidai Garden Office
 - Hitachi Kyusyu Building
- 7 properties in the core asset group**
- ◆ Hotel Intergate Tokyo Kyobashi
 - ◆ Hotel Intergate Hiroshima
 - ◆ SANKEILOGI Settsu
 - ◆ Hotel Intergate Kyoto Shijo Shinmachi
 - ◆ Hotel Intergate Kanazawa
 - ◆ Grids Premium Hotel Osaka Namba
 - ◆ VESSEL HOTEL CAMPANA SUSUKINO

Replacement of approximately 35% (based on acquisition price) of the asset size before rebalancing

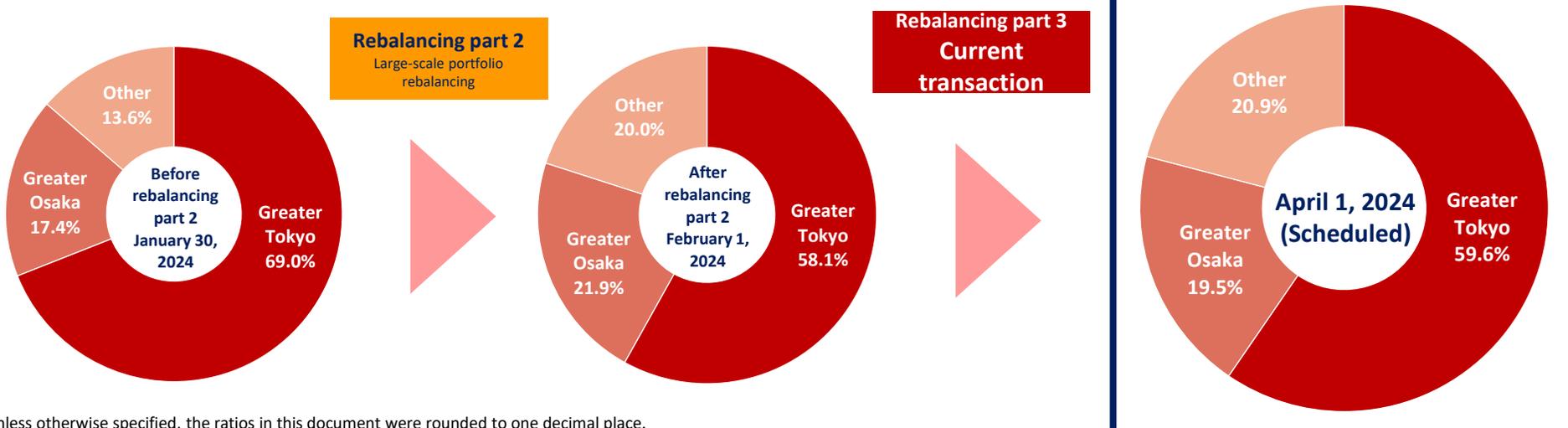


Portfolio Status After the Transaction

➤ Asset type diversification (on an acquisition price basis)



➤ Geographic diversification (on an acquisition price basis)



* Unless otherwise specified, the ratios in this document were rounded to one decimal place. Therefore, numbers such as totals may not match. The same applies below.

Portfolio Status After the Transaction

➤ Changes in portfolio resulting from rebalancing

| | Before rebalancing part 2 | After rebalancing part 2 | Rebalancing part 3: Current transaction | After rebalancing part 3 ^{*1} |
|---|---------------------------|--------------------------|--|--|
| Asset size (acquisition price basis) | 102.8 billion yen | 86.0 billion yen | 10.3 billion yen | 96.4 billion yen |
| Number of properties | 15 | 16 | 2 (Of which one property was additionally acquired) | 17 |
| Acquisition price per property | 6.8 billion yen | 5.3 billion yen | 5.1 billion yen | 5.6 billion yen |
| Average appraisal NOI yield*2 (acquisition price basis) | 4.0% | 4.1% | 3.5% | 4.0% |
| Occupancy rate | 87.6% | 96.3% | 100.0% | 96.6%*3 |
| Sponsor support rate (acquisition price basis) | 100.0% | 100.0% | 28.2% | 92.3% |
| Average building age | 19.5 years | 16.9 years | 5.3 years | 15.8 years |

*1 Regarding the timing, "Before rebalancing part 2" is January 30, 2024, "After rebalancing part 2" is February 1, 2024, and "After rebalancing part 2 and early repayment" is February 29, 2024, and "After rebalancing part 3" is April 1, 2024.

*2 For the assets acquired and transferred in the rebalancing part 2, figures as of January 1, 2024 are employed, for assets scheduled to be acquired in rebalancing part 3, those as of February 1, 2024, and for other assets, those as of the end of August 2023.

➤ Changes in financial condition resulting from rebalancing

| | Before rebalancing part 2 | After rebalancing part 2 and early repayment *4 | After rebalancing part 3 ^{*1} |
|--|---------------------------|---|--|
| Balance of interest-bearing liabilities | 56.6 billion yen | 50.2 billion yen | 50.2 billion yen |
| LTV*5 | 50.6% | 48.1% | 47.9% |
| Ratio of long-term debt | 75.3% | 84.9% | 81.9% |
| Ratio of fixed interest rate | 78.3% | 88.2% | 88.2% |
| Average remaining period | 2.0 years | 2.1 years | 2.3 years |
| Average financing interest rate *6 | 0.5% | 0.5% | 0.6% |

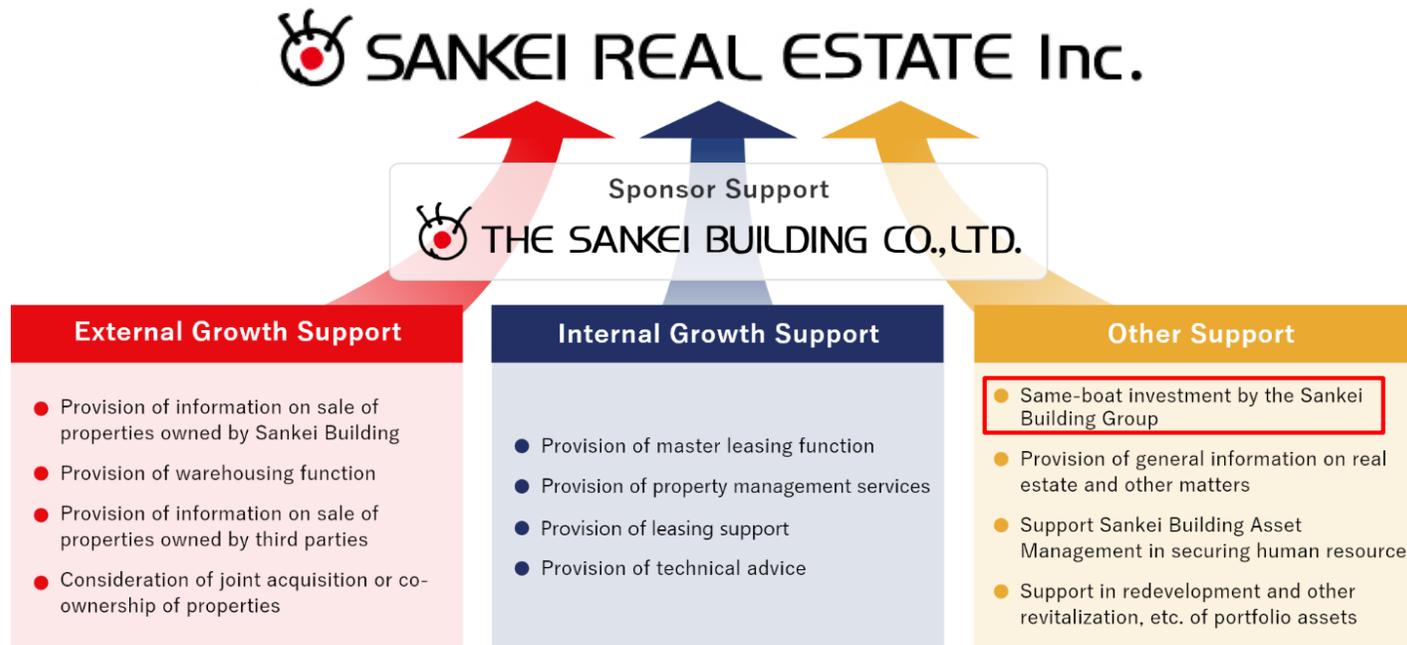
*3 Estimated value based on figures as of February 1, 2024.

*4 "Early repayment" is the premature repayment of 6,400 million yen in borrowings executed on February 29, 2024.

*5 Regarding LTV, "Before rebalancing part 2" is the figure as of September 29, 2023, and "After rebalancing part 3" is the estimated figure as of the end of August 2024 (end of the 11th period) as of the date of this document.

*6 The average financing interest rate is the estimated figure as of the date of this document.

II. "Notice Concerning Additional Acquisition of Investment Units by The Sankei Building Co., Ltd. (Follow-up Report)"



II. Additional Acquisition of SANKEI REAL ESTATE's Investment Units by the Sponsor

➤ Expressing a strong commitment as the Sponsor to the "Revival Plan" implemented by SANKEI REAL ESTATE. Clarifying once again the Sponsor's support stance toward SANKEI REAL ESTATE

1. Details of additional acquisitions notified by the Sponsor

(1) Total number of investment units to be acquired

- Up to 46,652 units (approximately 10.0% of the issued investment units)
* If the price of the investment units exceeds the initially set maximum price during the acquisition period, the number of units to be acquired may not reach the maximum, or the acquisition may not take place at all.
- Up to 64,131 units (approximately 13.7% of the issued investment units), including the current number of units held (17,479 units)

(2) Acquisition period

- Up to 220 working days from March 6, 2024
* It may be terminated during this period if the number of investment units acquired reaches the maximum number of investment units, or as a result of other circumstances.

(3) Acquisition method

- The Sponsor will acquire SANKEI REAL ESTATE's investments units through open market purchases in accordance with a sale transaction agreement to be entered into with a securities company.

2. Significance of additional acquisition

- The intention of additional acquisitions is an expression of a strong commitment as the Sponsor to the "Revival Plan" implemented by SANKEI REAL ESTATE, as well as clarification of the Sponsor's support stance once again toward SANKEI REAL ESTATE
- It is expected that the interests of SANKEI REAL ESTATE's unitholders and the Sponsor will align through further same-boat investments by the Sponsor, which will ensure not only the steady implementation of the "Revival Plan" but also support from the Sponsor that will result in sustainable growth of SANKEI REAL ESTATE

 SANKEI REAL ESTATE Inc.