

August 6, 2019

For Immediate Release

Real Estate Investment Trust Securities Issuer

1-7-2 Otemachi, Chiyoda-ku, Tokyo

SANKEI REAL ESTATE Inc.

Representative: Yuichi Ota, Executive Director

(TSE code: 2972)

Asset Management Company

Sankei Building Asset Management Co., Ltd.

Representative: Yuichi Ota

President and Chief Executive Officer

Contact: Atsushi Mukai

Director and Chief Finance & IR Officer

TEL: +81-3-5542-1316

Notice Concerning Borrowing of Funds

SANKEI REAL ESTATE Inc. ("SANKEI REAL ESTATE") announces that it has decided today to borrow funds (hereinafter, the "Borrowings") as follows.

1. Details of the Borrowings

(1) Short-term borrowing (Note 1)

- i. Lender: Loan syndicate with Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation as the arrangers
- ii. Planned borrowing amount: 500 million yen (Note 2)
- iii. Interest rate: Base rate (JBA 1-month Japanese Yen TIBOR) + 0.150% (Note 3)
- iv. Drawdown date: September 3, 2019
- v. Borrowing method: Conclusion of individual loan agreement on August 29, 2019 with the lenders shown above
- vi. Maturity date: September 3, 2020 (Note 4) (Note 5)
- vii. Repayment method: Lump-sum repayment at maturity
- viii. Interest payment due date: The first interest payment due date shall be October 3, 2019, followed by the 3rd of every calendar month thereafter, and the maturity date (Note 4)
- ix. Security: Unsecured and non-guaranteed

(2) Short-term borrowing (Note 1)

- i. Lender: Loan syndicate with Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation as the arrangers
- ii. Planned borrowing amount: 600 million yen (Note 2)
- iii. Interest rate: Base rate (JBA 1-month Japanese Yen TIBOR) + 0.150% (Note 3)
- iv. Drawdown date: September 3, 2019
- v. Borrowing method: Conclusion of individual loan agreement on August 29, 2019 with the lenders shown above
- vi. Maturity date: September 3, 2020 (Note 4) (Note 6)
- vii. Repayment method: Lump-sum repayment at maturity
- viii. Interest payment due date: The first interest payment due date shall be October 3, 2019, followed by the 3rd of every calendar month thereafter, and the maturity date (Note 4)
- ix. Security: Unsecured and non-guaranteed

Disclaimer: This press release is a document for making a public announcement concerning the borrowing of funds of SANKEI REAL ESTATE Inc., and has not been prepared for the purpose of soliciting investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This press release does not constitute an offer of securities in the United States of America. The securities referred to above have not been, and will not be registered under the United States Securities Act of 1933, as amended (hereinafter referred to as the "Securities Act"). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be offered or sold, publicly or otherwise, in the United States.

(3) Long-term borrowing (Note 1)

- i. Lender: Loan syndicate with Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation as the arrangers
- ii. Planned borrowing amount: 5,900 million yen (Note 2)
- iii. Interest rate: Base rate (JBA 3-month Japanese Yen TIBOR) + 0.200% (Note 3)
- iv. Drawdown date: September 3, 2019
- v. Borrowing method: Conclusion of individual loan agreement on August 29, 2019 with the lenders shown above
- vi. Maturity date: September 3, 2022 (Note 4)
- vii. Repayment method: Lump-sum repayment at maturity
- viii. Interest payment due date: The first interest payment due date shall be December 3, 2019, followed by the 3rd of every March, June, September and December thereafter, and the maturity date (Note 4)
- ix. Security: Unsecured and non-guaranteed

(4) Long-term borrowing (Note 1)

- i. Lender: Loan syndicate with Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation as the arrangers
- ii. Planned borrowing amount: 5,900 million yen (Note 2)
- iii. Interest rate: Base rate + 0.250% (fixed interest rate)(Note 3)
- iv. Drawdown date: September 3, 2019
- v. Borrowing method: Conclusion of individual loan agreement on August 29, 2019 with the lenders shown above
- vi. Maturity date: September 3, 2023 (Note 4)
- vii. Repayment method: Lump-sum repayment at maturity
- viii. Interest payment due date: The first interest payment due date shall be December 3, 2019, followed by the 3rd of every March, June, September and December thereafter, and the maturity date (Note 4)
- ix. Security: Unsecured and non-guaranteed

(Note 1) "Short-term borrowing" refers to borrowing for a period from the drawdown date to the maturity date of one year or less.

"Long-term borrowing" refers to borrowing for a period from the drawdown date to the maturity date of more than one year.

(Note 2) "Planned borrowing amount" may be changed before the final execution date of borrowing as a result of taking into account proceeds from the issuance of new investment units through primary offering and third-party allotment, etc.

(Note 3) Base rate for fixed interest rate will be: swap offered rate corresponding to the period from the drawdown date to the last maturity date as of two business days prior to the drawdown date + TIBOR-LIBOR spread (365-day basis). Base rate for floating interest rate will be: JBA Japanese Yen TIBOR announced by JBA TIBOR Administration for the interest calculation period as of two business days prior to the immediately preceding interest payment date (drawdown date for the first interest calculation period). For the JBA Japanese Yen TIBOR, please check the website of JBA TIBOR Administration (<http://www.ibatibor.or.jp/english/rate/>). The interest rates for each borrowings quoted hereto are based on those scheduled as of the date of this document and may be changed before the final execution date of borrowing.

(Note 4) If the relevant date is not a business day, then it shall be the next business day, but if that next business day falls into the next calendar month, then it shall be the business day preceding the relevant date.

(Note 5) If a refund of consumption tax and local consumption tax paid in connection with acquisition of the To-be-Acquired Assets (defined in "2. Reason for the Borrowings" later in this document) is received, then early repayment of the borrowing is to be made using an amount equivalent to the concerned refund (borrowing corresponding to consumption tax refund).

(Note 6) If proceeds from the issuance of new investment units through third-party allotment with a joint lead manager as the allottee for which resolution was passed at the meeting of the board of directors of SANKEI REAL ESTATE held on August 6, 2019 are received, then early repayment of the borrowing is planned to be made using the relevant proceeds.

(Note 7) During the period from the abovementioned drawdown to the maturity date, SANKEI REAL ESTATE may make early repayment of borrowings, in whole or in part, if SANKEI REAL ESTATE gives prior written notice and other certain terms and conditions are met.

(Note 8) Figures are rounded down to the nearest specified unit.

Disclaimer: This press release is a document for making a public announcement concerning the borrowing of funds of SANKEI REAL ESTATE Inc., and has not been prepared for the purpose of soliciting investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This press release does not constitute an offer of securities in the United States of America. The securities referred to above have not been, and will not be registered under the United States Securities Act of 1933, as amended (hereinafter referred to as the "Securities Act"). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be offered or sold, publicly or otherwise, in the United States.

2. Reason for the Borrowings

The Borrowings are for use as part of the funds for acquisition of the real estate trust beneficiary rights to 4 properties (hereinafter, the “To-be-Acquired Assets”) as stated in “Notice Concerning Acquisition of Trust Beneficiary Rights in Domestic Real Estate and Leasing” announced today and cost associated with such acquisition, with the proceeds from the primary offering as stated in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced today. In connection with the decision of the Borrowings, SANKEI REAL ESTATE considered the trends and the level of interest rates, the ratio of interest-bearing liabilities (LTV ratio), the level of distribution per unit and other factors.

(Note) For details of the To-be-Acquired Assets, please refer to “Notice Concerning Acquisition of Trust Beneficiary Rights in Domestic Real Estate and Leasing” announced today. And for the details of the primary offering, please refer to “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced today.

3. Amount, use and outlay schedule of funds to be procured

(1) Amount of funds to be procured

12,900 million yen

(2) Specific use of funds to be procured

For use as part of the funds for acquisition of the To-be-Acquired Assets and incidental expenses described in “2. Reason for the Borrowings” above.

(Note) For details of the To-be-Acquired Assets, please refer to “Notice Concerning Acquisition of Trust Beneficiary Rights in Domestic Real Estate and Leasing” announced today.

(3) Outlay schedule

September 3, 2019

4. Status of borrowings, etc. after the Borrowings

(Unit: million yen)

	Before the Borrowings	After the Borrowings	Increase (Decrease)
Short-term borrowings	4,913	6,013	1,100
Long-term borrowings	17,400	29,200	11,800
Total borrowings	22,313	35,213	12,900
Investment corporation bonds	—	—	—
Total borrowings and investment corporation bonds	22,313	35,213	12,900

5. Other

The risks associated with the Borrowings are as per “Part 2. Fund Information; Section 1. Status of Fund; 3. Investment Risks” in the securities registration statement submitted on August 6, 2019.

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

Disclaimer: This press release is a document for making a public announcement concerning the borrowing of funds of SANKEI REAL ESTATE Inc., and has not been prepared for the purpose of soliciting investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This press release does not constitute an offer of securities in the United States of America. The securities referred to above have not been, and will not be registered under the United States Securities Act of 1933, as amended (hereinafter referred to as the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be offered or sold, publicly or otherwise, in the United States.