

August 6, 2019

For Immediate Release

**Real Estate Investment Trust Securities Issuer**

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SANKEI REAL ESTATE Inc.

Representative: Yuichi Ota, Executive Director

(TSE code: 2972)

**Asset Management Company**

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**Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units**

SANKEI REAL ESTATE Inc. ("SANKEI REAL ESTATE") announces that, at the meeting of the board of directors of SANKEI REAL ESTATE held on August 6, 2019, the following resolution was passed concerning issuance of new investment units and secondary offering of investment units.

**1. Issuance of new investment units through public offering (primary offering)****(1) Number of investment units to be offered:**

111,619 units

**(2) Amount to be paid in (issue amount):**

To be determined

The amount to be paid in (issue amount) shall be determined at the meeting of the board of directors of SANKEI REAL ESTATE to be held on any date between August 21, 2019 (Wednesday) and August 26, 2019 (Monday) (hereinafter, the "pricing date") through the method provided in Article 25 of the Rules Concerning Underwriting, Etc. of Securities set forth by Japan Securities Dealers Association. Please note that the amount to be paid in (issue amount) shall refer to the amount per unit that SANKEI REAL ESTATE is to receive as the amount paid in for new investment units of SANKEI REAL ESTATE (hereinafter, "SANKEI REAL ESTATE investment units").

**(3) Total amount of amount to be paid in (issue amount):**

To be determined

**(4) Issue price (offer price):**

To be determined

The issue price (offer price) shall be determined on the pricing date after taking into account the demand and other factors using an indicative price range, which shall be calculated by applying multiples in the range of 0.90 and 1.00 (rounded down to the nearest yen) to the result of closing price in regular trading of SANKEI REAL ESTATE investment units on Tokyo Stock Exchange, Inc. (hereinafter, "Tokyo Stock Exchange") on the pricing date (if there is no closing price on that date, then the most recent closing price preceding that date), less the forecast distribution per unit for the fiscal period ending August 31, 2019 of 1,121 yen from, through the method provided in Article 25 of the Rules Concerning Underwriting, Etc. of Securities set forth by Japan Securities Dealers Association.

**(5) Total amount of issue price (offer price):**

To be determined

**(6) Offering method:**

The offering shall be a primary offering in which all investment units of the primary offering shall be purchased and underwritten by underwriters. Furthermore, of the abovementioned number of investment units to be offered, a portion may be sold to overseas investors in overseas markets (excluding the U.S. and Canada). In addition, the cumulative issue amount of SANKEI REAL ESTATE

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investment units to be offered (sold) in Japan, including additional units issued in the primary offering, shall account for more than 50% of the total issue amount of SANKEI REAL ESTATE investment units issued, including additional units issued in the primary offering.

(7) Content of underwriting agreement:

The underwriters shall purchase and underwrite SANKEI REAL ESTATE investment units at the amount to be paid in (issue amount) to be determined on the pricing date, and conduct the primary offering at the issue price, which differs from the amount to be paid in (issue amount). No underwriting fee shall be payable to the underwriters by SANKEI REAL ESTATE. However, the underwriters shall pay in the total amount to be paid in (issue amount) to SANKEI REAL ESTATE on the payment due date stated in (10) below, and the total difference between the issue price (offer price) and the amount to be paid in (issue amount) of the primary offering shall be the proceeds of the underwriters.

(8) Unit of subscription: 1 unit or more in multiples of 1 unit

(9) Subscription period: From the business day following the pricing date to the date that marks two business days after the pricing date

(10) Payment due date: September 2, 2019 (Monday)

(11) Delivery due date: September 3, 2019 (Tuesday)

(12) The amount to be paid in (issue amount), issue price (offer price) and other matters necessary for this issuance of new investment units through public offering shall be determined at a future meeting of the board of directors of SANKEI REAL ESTATE.

(13) Each of the items above shall be subject to the condition that the notification under the Financial Instruments and Exchange Act takes effect.

2. Secondary offering of investment units (secondary offering through over-allotment)

(Please refer to "<Reference> 1." below.)

(1) Number of investment units to be offered:

5,581 units

The number of investment units to be offered above is the maximum number of investment units of the secondary offering through over-allotment to be conducted, separate from the primary offering, by One of the joint lead managers of the primary offering upon the primary offering, taking into account the status of demand and other factors related to the primary offering. There may be cases where the number of investment units to be offered above will decrease, or the secondary offering through over-allotment itself will not take place at all, depending on the status of demand and other factors related to the primary offering. The number of investment units to be offered shall be determined at the meeting of the board of directors of SANKEI REAL ESTATE to be held on the pricing date, taking into account the status of demand and other factors related to the primary offering.

(2) Seller:

One of the joint lead managers

(3) Secondary offering price:

To be determined

The secondary offering price shall be determined at the meeting of the board of directors of SANKEI REAL ESTATE to be held on the pricing date. Furthermore, the secondary offering price shall be the same as the issue price (offer price) of the primary offering.

(4) Total amount of secondary offering price:

To be determined

(5) Secondary offering method:

One of the joint lead managers of the primary offering shall conduct, separate from the primary offering, a secondary offering of SANKEI REAL ESTATE investment units, which it shall borrow from The Sankei Building Co., Ltd. in a number not to exceed 5,581 units (hereinafter, the "borrowed investment units"), taking into account the status of demand and other factors related to the primary offering.

(6) Unit of subscription: 1 unit or more in multiples of 1 unit

(7) Subscription period: The subscription period shall be the same as the subscription period of the primary offering.

(8) Delivery due date: September 3, 2019 (Tuesday)

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- (9) The secondary offering price and other matters necessary for this secondary offering of investment units shall be determined at a future meeting of the board of directors of SANKEI REAL ESTATE.
  - (10) Each of the items above shall be subject to the condition that the notification under the Financial Instruments and Exchange Act takes effect.
3. Issuance of new investment units through third-party allotment (Please refer to “<Reference> 1.” below.)
- (1) Number of investment units to be offered:  
5,581 units
  - (2) Amount to be paid in (issue amount):  
To be determined  
The amount to be paid in (issue amount) shall be determined at the meeting of the board of directors of SANKEI REAL ESTATE to be held on the pricing date. Furthermore, the amount to be paid in (issue amount) shall be the same as the amount to be paid in (issue amount) of the primary offering.
  - (3) Total amount of amount to be paid in (issue amount):  
To be determined
  - (4) Allottee: A joint lead manager
  - (5) Unit of subscription: 1 unit or more in multiples of 1 unit
  - (6) Subscription period (subscription due date): September 25, 2019 (Wednesday)
  - (7) Payment due date: September 26, 2019 (Thursday)
  - (8) The investment units not subscribed for by the subscription period (subscription due date) stated in (6) above shall not be issued.
  - (9) The amount to be paid in (issue amount) and other matters necessary for this issuance of new investment units through third-party allotment shall be determined at a future meeting of the board of directors of SANKEI REAL ESTATE.
  - (10) Each of the items above shall be subject to the condition that the notification under the Financial Instruments and Exchange Act takes effect.

<Reference>

1. Secondary offering through over-allotment, etc.

While conducting the primary offering, there are cases where one of the joint lead managers may conduct a secondary offering (secondary offering through over-allotment) of SANKEI REAL ESTATE investment units, which shall be borrowed from SANKEI REAL ESTATE's unitholder “The Sankei Building Co., Ltd.” in a number not to exceed 5,581 units, taking into account the status of demand and other factors related to the primary offering. The number of investment units to be offered in the secondary offering through over-allotment is presented in the maximum number. There may be cases where the number will decrease, or the secondary offering through over-allotment itself will not take place at all, depending on the status of demand and other factors.

Furthermore, in connection with the secondary offering through over-allotment, at the meeting of the board of directors of SANKEI REAL ESTATE held on August 6, 2019 (Tuesday), SANKEI REAL ESTATE passed a resolution to conduct, separate from the primary offering, an issuance of new investment units through third-party allotment for 5,581 units of SANKEI REAL ESTATE investment units in which the allottee is one of the joint lead managers (hereinafter, the “third-party allotment”) with September 26, 2019 (Thursday) as the payment due date in order for such allottee to acquire the SANKEI REAL ESTATE investment units necessary to return the borrowed investment units.

During the subscription period of the primary offering and secondary offering through over-allotment (hereinafter, the “subscription period”), there are cases where a joint lead manager may conduct a stabilizing transaction of SANKEI REAL ESTATE investment units. All or part of the SANKEI REAL ESTATE investment units purchased in the stabilizing transaction may be used to return the borrowed investment units.

In addition, during the period from the day following the date on which the subscription period ends to September 20, 2019 (Friday) (hereinafter, the “syndicate covering transaction period”), there are cases where one of the joint lead managers may purchase SANKEI REAL ESTATE investment units on Tokyo Stock Exchange in a number not to exceed the number of investment units of the secondary offering through over-allotment (hereinafter, the “syndicate covering transaction”). All of the SANKEI REAL ESTATE investment units

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purchased by such joint lead manager in the syndicate covering transaction shall be used to return the borrowed investment units. Furthermore, even during the syndicate covering transaction period, there are cases where such joint lead manager may decide not to engage in the syndicate covering transaction at all, or end the syndicate covering transaction in a number not reaching the number of investment units of the secondary offering through over-allotment.

A joint lead manager is scheduled to accept the third-party allotment in the number of investment units arrived at when the abovementioned number of investment units in the stabilizing transaction and syndicate covering transaction to be used to return the borrowed investment units is deducted from the number of investment units of the secondary offering through over-allotment.

For this reason, there are cases where the number of investment units to be issued in the third-party allotment may not be subscribed for, in whole or in part. As a result, the final number of investment units issued in the third-party allotment may decrease by that extent, or the issuance itself may not take place at all, due to forfeiture.

Whether or not the secondary offering through over-allotment takes place and the number of investment units to be offered in the event that the secondary offering through over-allotment takes place shall be determined on the pricing date. In the event that the secondary offering through over-allotment does not take place, the borrowing of SANKEI REAL ESTATE investment units by a joint lead manager from The Sankei Building Co., Ltd. will not take place. Accordingly, such joint lead manager will not accept or subscribe for allotment pertaining to the third-party allotment and, as a result, the issuance of new investment units through the third-party allotment will not take place at all, due to forfeiture. In addition, the syndicate covering transaction on Tokyo Stock Exchange will not take place, either.

Furthermore, one of the joint lead managers shall discuss stabilizing transactions and syndicate covering transactions with the other joint lead managers before engaging in such.

2. Changes in total number of investment units issued and outstanding due to this issuance of new investment units

Total number of investment units issued and outstanding at present: 239,600 units

Increase in number of investment units

due to issuance of new investment units through primary offering: 111,619 units

Total number of investment units issued and outstanding

after issuance of new investment units through primary offering: 351,219 units

Increase in number of investment units

due to issuance of new investment units through the third-party allotment: 5,581 units (Note)

Total number of investment units issued and outstanding

after issuance of new investment units through the third-party allotment: 356,800 units (Note)

(Note) The number of investment units in the event that a joint lead manager subscribes for all of the number of investment units to be offered in the third-party allotment and the issuance takes place.

3. Purpose of and reason for issuance

This issuance of new investment units has been decided as a result of comprehensively taking into account the ratio of interest-bearing liabilities (LTV ratio), distribution per unit and other factors to maintain the portfolio quality with internal growth potential while expanding the portfolio by acquiring new specified assets (the meaning set forth in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended)) in order to accelerate the pace of external growth.

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

(1) Amount of funds to be procured (estimated net proceeds)

12,930,000,000 yen (maximum)

(Note) The sum total amount of 12,315,000,000 yen in proceeds from the primary offering and 615,000,000 yen in maximum proceeds from the issuance of new investment units through the third-party allotment. In addition, the amount above is the estimated amount calculated based on the closing price in regular trading of SANKEI REAL ESTATE investment units on Tokyo Stock Exchange as of July 26, 2019 (Friday).

(2) Specific use and planned outlay schedule of funds to be procured

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The proceeds from the primary offering are planned to be used as part of the funds for acquisition of real estate trust beneficiary rights to be acquired by SANKEI REAL ESTATE (Note). Furthermore, the proceeds from the issuance of new investment units through the third-party allotment are planned to be used as part of the funds for acquisition of specified assets or part of the funds for repayment of borrowings in the future, until which the funds will be deposited with a financial institution as funds on hand.

(Note) For details of the real estate trust beneficiary rights to be acquired by SANKEI REAL ESTATE, please refer to “Notice Concerning Acquisition of Trust Beneficiary Rights in Domestic Real Estate and Leasing” dated today.

5. Designation of party to be allocated investment units  
Not applicable.

6. Future outlook

Please refer to “Notice Concerning Revisions to Operating Forecasts and Distribution Forecasts for the Fiscal Period Ending August 31, 2019, Fiscal Period Ending February 29, 2020, Fiscal Period Ending August 31, 2020 and Fiscal Period Ending February 28, 2021” dated today.

7. Most recent three business periods’ management status, equity financing status, etc.

(1) Most recent three business periods’ management status

The business period of the 1st fiscal period of SANKEI REAL ESTATE is from November 19, 2018, the date of incorporation of SANKEI REAL ESTATE, to the last day of August 2019. Accordingly, as of today, the business period of the 1st fiscal period is yet to end and thus not applicable.

(2) Most recent investment unit price status

i. Most recent three business periods’ status

As stated in “(1) Most recent three business periods’ management status” above and thus not applicable.

ii. Most recent six months’ status

	Mar. 2019	Apr. 2019	May 2019	June 2019	July 2019	Aug. 2019
Open	97,000 yen	102,900 yen	111,600 yen	107,300 yen	121,000 yen	119,200 yen
High	103,700 yen	115,300 yen	114,900 yen	119,800 yen	122,500 yen	119,200 yen
Low	96,800 yen	101,400 yen	106,700 yen	107,100 yen	115,100 yen	116,200 yen
Close	102,900 yen	111,500 yen	107,600 yen	118,900 yen	119,200 yen	116,200 yen

(Note 1) SANKEI REAL ESTATE listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange on March 12, 2019 (Tuesday).

(Note 2) The investment unit prices for August 2019 are as of August 5, 2019 (Monday).

iii. Investment unit price on business day preceding issuance resolution date

	Aug. 5, 2019
Open	116,900 yen
High	118,000 yen
Low	116,200 yen
Close	116,200 yen

(3) Most recent three business periods’ equity financing status

i. Incorporation through private placement

Issuance date	November 19, 2018
Amount of funds procured	100,000,000 yen
Amount paid in (issue amount)	100,000 yen
Total number of investment units issued and outstanding at the time of the offering	—

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Number of investment units issued through the offering	1,000 units
Total number of investment units issued and outstanding after the offering	1,000 units
Initially intended use of funds at the time of the issuance	To be used as part of the funds for the incorporation of SANKEI REAL ESTATE
Planned outlay schedule at the time of the issuance	From November 2018
Status of allocation at present	The entire amount was used according to the abovementioned planned outlay schedule

ii. Capital increase through public offering

Issuance date	March 11, 2019
Amount of funds procured	21,928,467,000 yen
Amount paid in (issue amount)	96,500 yen
Total number of investment units issued and outstanding at the time of the offering	1,000 units
Number of investment units issued through the offering	227,238 units
Total number of investment units issued and outstanding after the offering	228,238 units
Initially intended use of funds at the time of the issuance	The entire amount is to be used as part of the funds for acquisition of to-be-acquired assets
Planned outlay schedule at the time of the issuance	March 2019
Status of allocation at present	The entire amount was used according to the abovementioned planned outlay schedule

iii. Capital increase through third-party allotment

Issuance date	April 10, 2019
Amount of funds procured	1,096,433,000 yen
Amount paid in (issue amount)	96,500 yen
Total number of investment units issued and outstanding at the time of the offering	228,238 units
Number of investment units issued through the offering	11,362 units
Total number of investment units issued and outstanding after the offering	239,600 units
Allottee	A joint lead manager
Initially intended use of funds at the time of the issuance	The entire amount is to be used as part of the funds for acquisition of specified assets or part of the funds for repayment of borrowings
Planned outlay schedule at the time of the issuance	From April 2019
Status of allocation at present	The entire amount was used as part of the funds for repayment of borrowings according to the abovementioned planned outlay schedule

8. Restrictions on sale, additional issuance, etc.

- (1) In connection with the primary offering, The Sankei Building Co., Ltd. has reached an agreement with the joint lead managers to the effect that, without the prior written consent of the joint lead managers, no sale, etc. of SANKEI REAL ESTATE investment units (excluding the lending of SANKEI REAL ESTATE investment units accompanying secondary offering through over-allotment, etc.) shall be conducted during the period from the pricing date to the date on which 180 days have elapsed from the delivery due date of the primary offering.

The joint lead managers have the authority to cancel the content of the relevant agreement, in whole or

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in part, at their discretion even during the abovementioned period.

Please note that, in connection with the primary offering of SANKEI REAL ESTATE investment units for which resolution was made on February 7, 2019 (Thursday) (hereinafter, the “previous primary offering”), The Sankei Building Co., Ltd. has reached an agreement with the joint lead managers of the previous primary offering (the “previous joint lead managers”) to the effect that, without the prior written consent of the previous joint lead managers, no sale, etc. of SANKEI REAL ESTATE investment units (excluding the lending of SANKEI REAL ESTATE investment units accompanying the secondary offering through over-allotment conducted upon the previous primary offering, etc.) shall be conducted during the period from March 5, 2019 (Tuesday) to September 7, 2019 (Saturday).

The previous joint lead managers have the authority to cancel the content of the concerned agreement, in whole or in part, at their discretion even during the abovementioned period.

- (2) In connection with the primary offering, SANKEI REAL ESTATE has reached an agreement with the joint lead managers to the effect that, without the prior written consent of the joint lead managers, no issuance, etc. of SANKEI REAL ESTATE investment units (excluding issuance of new investment units accompanying primary offering, the third-party allotment and split of investment units, etc.) shall be conducted during the period from the pricing date to the date on which 90 days have elapsed from the delivery due date of the primary offering.

The joint lead managers have the authority to cancel the content of the relevant agreement, in whole or in part, at their discretion even during the abovementioned period.

- (3) Moreover, separate from the restrictions stated in (1) above, with SANKEI REAL ESTATE investment units to be listed on Tokyo Stock Exchange, The Sankei Building Co., Ltd. has made a commitment with SANKEI REAL ESTATE pertaining to continued ownership that the 1,000 units of SANKEI REAL ESTATE investment units issued on November 19, 2018 (Monday) shall continue to be owned through to the date on which 1 year has elapsed from November 19, 2018 (Monday) pursuant to the rules set forth by Tokyo Stock Exchange.

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

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