

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 Financial & IR Officer

TEL: +81-3-5542-1316

Notice Concerning Acquisition of Trust Beneficiary Rights in Domestic Real Estate and Leasing

SANKEI REAL ESTATE Inc. ("SANKEI REAL ESTATE") announces that Sankei Building Asset Management Co., Ltd., which is the asset management company to which SANKEI REAL ESTATE entrusts the management of its assets (the "Asset Management Company"), decided today on the acquisition of the trust beneficiary rights to the following properties (the "To-be-Acquired Assets") and on the accompanying commencement of the leasing of the To-be-Acquired Assets.

The seller of each of the To-be-Acquired Assets and some lease counterparties fall under the category of an interested party, etc. stipulated in Article 201 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (the "Investment Trusts Act") and Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, as amended) (the "Order for Enforcement of the Investment Trusts Act") as well as under the category of interested party as defined in the Asset Management Company's "Rules on Transactions with Interested Parties," which are voluntary rules for preventing conflicts of interest in transactions with interested parties. Therefore, the Asset Management Company has completed the necessary procedures such as deliberation and resolution in accordance with the Rules on Transactions with Interested Parties. The Asset Management Company has also obtained the investment corporation's prior consent for transactions with interested parties, etc. pursuant to the provisions of Article 201-2 of the Investment Trusts Act.

1. Overview of Acquisition

1. Overview of Acquisition							
Asset type	Property number	Property name	Location	To-be-Acquired Asset	Planned acquisition price (million yen) (Note 1)	Seller	Brokerage
Office buildings	A-2	BREEZÉ TOWER (additional acquisition) (Note 2)	Kita-ku, Osaka-shi, Osaka	Real estate trust beneficiary right	4,500	The Sankei Building Co., Ltd.	None
	A-8	Shinagawa Seaside TS Tower (Note 3)	Shinagawa-ku, Tokyo	Real estate trust beneficiary right	10,040	Godo Kaisha SKB 3	Yes
	A-9	Omori Park Building	Ota-ku, Tokyo	Real estate trust beneficiary right	5,400	Godo Kaisha SKB 1	Yes
	Subtotal (3 properties)		-	-	19,940	-	-
Sub assets (Note 4)	B-2	Hotel Intergate Hiroshima	Naka-ku, Hiroshima-shi, Hiroshima	Real estate trust beneficiary right	3,990	The Sankei Building Co., Ltd.	None
	Subtotal (1 property)		-	-	3,990	-	-
Total (4 properties)			-	-	23,930	-	-

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- (Note 1) “Planned acquisition price” is the sale and purchase price of each trust beneficiary right stated in each sale and purchase agreement for the To-be-Acquired Assets, 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.
- (Note 2) The planned acquisition price for “BREEZÉ TOWER” is the figure equivalent to the 15% quasi co-ownership interest in sectional ownership of the office portion of the building, etc. (*) planned to be additionally acquired by SANKEI REAL ESTATE.
- (*) As for “BREEZÉ TOWER,” SANKEI REAL ESTATE has already acquired a 30% quasi co-ownership interest in trust beneficiary rights of the trust assets, consisting of sectional ownership of the office portion of the building and rights to use the site (ownership, leasehold and mutual use rights of the site), and plans to additionally acquire a 15% quasi co-ownership interest in the same trust beneficiary rights, which is the meaning of “15% quasi co-ownership interest in sectional ownership of the office portion of the building, etc.”. After the completion of additional acquisition, SANKEI REAL ESTATE will own 45% quasi co-ownership interest in trust beneficiary rights with sectional ownership of the office portion of the building and rights to use the site (ownership, leasehold and mutual use rights of the site) as trust assets. For details, please refer to the individual asset table of “BREEZÉ TOWER” in “3. Overview of Individual Properties of the To-be-Acquired Assets” presented later in this document.
- (Note 3) The planned acquisition price for “Shinagawa Seaside TS Tower” is the figure equivalent to the 25% quasi co-ownership interest in sectional ownership of the buildings, etc. (*) planned to be acquired by SANKEI REAL ESTATE.
- (*) As for “Shinagawa Seaside TS Tower,” SANKEI REAL ESTATE plans to acquire a 25% quasi co-ownership interest in trust beneficiary rights of the trust assets, consisting of sectional ownership of the office portion of the buildings, quasi co-ownership interest in sectional ownership of the parking portion of the buildings and rights to use the site (ownership and mutual use rights of the site), which is the meaning of “25% quasi co-ownership interest in sectional ownership of the buildings, etc.”. For details, please refer to the individual asset table of “Shinagawa Seaside TS Tower” in “3. Overview of Individual Properties of the To-be-Acquired Assets” presented later in this document.
- (Note 4) “Sub assets” refers to asset types that possess characteristics different from “office buildings” and which contribute to building a strong portfolio that features both revenue stability and growth capable of withstanding the cyclical real estate market (Note 5).
- (Note 5) “Cyclical real estate market” refers to the phenomenon of a repeated cycle in the real estate market of a prosperous period wherein the price of real estate or occupancy rate/rent increases and a recession period wherein the price of real estate or occupancy rate/rent decreases.

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| (1) | Acquisition decision date | August 6, 2019 |
| (2) | Contract date | August 6, 2019 |
| (3) | Planned acquisition date | September 3, 2019 |
| (4) | Payment date | September 3, 2019 |
| (5) | Funds for acquisition | Proceeds from the issuance of new investment units resolved at SANKEI REAL ESTATE’s board of directors’ meeting held on August 6, 2019, and borrowings (Note) |
| (6) | Settlement method | Payment of full amount at the time of delivery |

(Note) For the said issuance of new investment units and borrowings, please refer to “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” and “Notice Concerning Borrowing of Funds” announced today.

2. Reason for Acquisition and Leasing

The acquisition and leasing of the To-be-Acquired Assets were decided based on the judgment that the assets will contribute to “expanding asset size while maintaining portfolio quality” pursuant to the basic investment policy and investment perspective provided in SANKEI REAL ESTATE’s articles of incorporation.

The acquisition and leasing of the To-be-Acquired Assets are expected to expand SANKEI REAL ESTATE’s portfolio by approximately 1.6 times to 67.3 billion yen (on an acquisition price and planned acquisition price (referred to together as “(planned) acquisition price”) basis). Even after the acquisition of the To-be-Acquired Assets, SANKEI REAL ESTATE’s portfolio is expected to maintain the same level as the existing portfolio in terms of each of the average appraisal NOI yield (Note 1) at 4.2%, ratio of office buildings (on a (planned) acquisition price basis) at 80.8% and average occupancy rate (Note 2) at 100.0%. In addition, the ratio of properties located in Tokyo’s 23 wards (on a (planned) acquisition price basis), is expected to maintain a high level at 74.6%. Furthermore, the average building age (Note 3) is expected to decrease from the existing portfolio’s average building age of 15.9 years to 15.4 years. Such “expansion of the portfolio while maintaining quality” will likely lead to even greater growth and stability of SANKEI REAL ESTATE.

For the points that were highly rated in particular in the acquisition decision for each To-be-Acquired Asset, please refer to “Reference Material 2: Characteristics of the To-be-Acquired Assets.” Also, the tenants of the

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To-be-Acquired Assets meet the tenant selection standards stated in the “Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties” dated March 12, 2019.

(Note 1) “Appraisal NOI yield” is the net operating income measured by the direct capitalization method that is stated in the real estate appraisal report, and noted as a percentage of each acquisition price or each planned acquisition price, the concerned percentage of which is then expressed as a weighted average based on each acquisition price or each planned acquisition price, rounded to one decimal place.

(Note 2) “Average occupancy rate” is the ratio of the total leased area (*1) to the total leasable area (*2) for each property of the already acquired assets and the To-be-Acquired Assets (referred together as the) (each as of the last day of May 2019), rounded off to one decimal place. Leased area and leasable area are each figures equivalent to each property’s interest already acquired or planned to be acquired by SANKEI REAL ESTATE.

(*1) “Leased area” is the total leased area (the leased area (excluding area of warehouse, signboard, parking lot, etc.) stated in each lease agreement(excluding lease agreements under which the lease period is yet to commence) for the building) for each Acquired or To-be-Acquired Asset. Moreover, the total area for which a lease agreement has actually been concluded with the end tenant and the lease period has commenced is indicated for the portion in the pass-through-type master lease agreement (master lease agreements with no rent guarantee).

(*2) “Leasable area” is the total area expected to be leasable(the area (excluding area of warehouse, signboard, parking lot, etc.) based on the lease agreement, drawing, etc. of buildings) for each Acquired or To-be-Acquired Asset.

(Note 3) “Average building age” is the number of years up until May 31, 2019 that has elapsed from the date of new construction completion stated in the registry of the main building for each To-be-Acquired Asset, expressed as a weighted average based on the acquisition price or planned acquisition price, rounded off to one decimal place.

3. Overview of Individual Properties of the To-be-Acquired Assets

The table below shows an overview of each To-be-Acquired Asset (the “individual asset table”). In addition, the terms used in the individual asset table are as follows, unless otherwise noted separately in the individual asset table. Please refer to the individual asset table together with the explanation of the terms listed below.

In principle, unless otherwise noted, the status of the asset as of May 31, 2019 is indicated.

- “Type of specified asset” indicates the type of each To-be-Acquired Asset at the time of acquisition.
- “Location” indicates the formal building address of each To-be-Acquired Assets. If there is no formal building address, the building location stated in the registry (if there are multiple locations, one of those) is indicated.
- “Planned acquisition price” indicates the purchase price of each trust beneficiary right indicated in each sale and purchase agreement for each To-be-Acquired Asset (excluding consumption tax, local consumption tax and various expenses including brokerage commission, and rounded down to the nearest million yen).
- “Overview of trust beneficiary right” indicates the overview of the trustee, trust establishment date and trust expiration date at the time of acquisition of each To-be-Acquired Asset (after the change, if changes are planned to be made upon acquisition). For trust agreements that are planned to be concluded after the date of this document, an overview of the planned trustee, planned trust establishment date and planned trust expiration date at the time of the planned acquisition of each To-be-Acquired Asset is indicated.
- “Site area” of the land is indicated based on the information stated in the registry.
- “Use district” of the land indicates the type of use district stipulated in Article 8, Paragraph 1, Item 1 of the City Planning Act.
- “Floor area ratio” and “building coverage ratio” of the land indicate, in principle, the figures before the increase or decrease through easing or restrictive measures defined in accordance with related laws and regulations such as the Building Standards Act and the City Planning Act. Moreover, certain easing or restrictive measures may be applied to the “floor area ratio” or “building coverage ratio” in this individual asset table depending on the To-be-Acquired Asset.
- “Type of ownership” of the land indicates the type of rights for each To-be-Acquired Asset planned to be held by SANKEI REAL ESTATE (trustee of the real estate trust in the case of trust beneficiary rights in real estate).
- “Structure and floors” of the building is indicated based on the information stated in the registry.

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- “Construction completion” of the building indicates the date of completion of each building stated in the registry. If there are multiple main buildings, the date of the oldest building stated in the registry is indicated.
- “Total floor area” of the building is indicated based on the information stated in the registry. Moreover, “total floor area” indicates the total floor area of the main building and the attached building(s). It indicates the total floor area of the entire building regardless of whether sectional ownership or quasi co-ownership.
- “Use” of the building indicates the main use from among the building types stated in the registry.
- “Type of ownership” of the building indicates the type of rights planned to be held by SANKEI REAL ESTATE (trustee of the real estate trust in the case of trust beneficiary rights in real estate) with respect to each To-be-Acquired Asset.
- “Property management company” indicates the company with which SANKEI REAL ESTATE plans to conclude a property management agreement with respect to each To-be-Acquired Asset.
- “Master lease company” indicates the company with which SANKEI REAL ESTATE has concluded or plans to conclude a master lease agreement with respect to each To-be-Acquired Asset. Moreover, the co-owners of some To-be-Acquired Assets may be the master lease company.
- “Master lease type” indicates the type of master lease agreement (pass-through type or fixed-rent type) after the acquisition of each To-be-Acquired Asset. “Pass-through type” master lease agreements have no rent guarantee and “fixed-rent type” master lease agreements have rent guarantees.
- “Appraisal value” is the appraisal value as of July 1, 2019 stated in each real estate appraisal report. The appraisal of each To-be-Acquired Asset is entrusted to Japan Real Estate Institute and The Tanizawa Sōgō Appraisal Co., Ltd.
- “PML value” is indicated based on the engineering report for July 2019 prepared by Tokio Marine & Nichido Risk Consulting Co., Ltd.
- “Number of tenants” indicates the number of tenants based on the lease agreement for each To-be-Acquired Asset as of May 31, 2019 (or as of the point in time noted separately if any). However, if a master lease agreement has been concluded with respect to an asset, the total number of end tenants will be indicated for the portion of the asset which comes under the pass-through type master lease agreement. If a single tenant has concluded lease agreements for different uses within a single asset, the tenant concerned is counted separately for each use.
- “Total rental revenue” indicates the amount calculated by annualizing the monthly rent (only the rent for the rental accommodation, excluding usage fees for warehouses, signboards, parking lots, etc., but including common service charges. Free rent and rent holiday will not be taken into consideration. Consumption tax, etc. are not included.) for the building stated in the lease agreement of each To-be-Acquired Asset effective as of May 31, 2019 (or as of the point in time noted separately if any), rounded down to the nearest million yen. If a master lease agreement has been concluded in respect of the To-be-Acquired Assets, total rental revenue indicates 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, and by annualizing the monthly rent in the master lease agreement with respect to the portion in the fixed-rent-type master lease agreement is indicated when a master lease agreement has been concluded for the To-be-Acquired Assets.
- “Security and guarantee deposits” indicates the total amount of security and guarantee deposits (including the amount expected to be received based on each lease agreement) based on the lease agreement of each To-be-Acquired Asset as of May 31, 2019 (or as of the point in time noted separately if any), rounded down to the nearest million yen.
- “Leased area” indicates the total leased area (excluding area of warehouse, signboard, parking lot, etc.) stated in the lease agreement (excluding leased agreements under which the lease period is yet to commence) concluded with the tenant of each To-be-Acquired Asset as lessee as of May 31, 2019 (or as of the point in time noted separately if any), 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.
- “Leasable area” indicates the area expected to be leasable based on the lease agreement, drawing, etc. of the buildings relating to each To-be-Acquired Asset as of May 31, 2019 (or as of the point of time noted separately if any).

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- “Occupancy rate” indicates the ratio of leased area to leasable area for each To-be-Acquired Asset as of May 31, 2019 (or as of the point in time noted separately if any), rounded to one decimal place.
- “Special remarks” indicates matters recognized as important as of May 31, 2019 (or as of the point in time noted separately if any) in consideration of the relationship of rights, use, safety, etc. of each To-be-Acquired Asset as well as the impact on the appraisal value, profitability, and disposition.

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A-2 BREEZÉ TOWER (additional acquisition)

Property name		BREEZÉ TOWER
Type of specified asset		Real estate trust beneficiary right
Location		2-4-9 Umeda, Kita-ku, Osaka-shi, Osaka
Planned acquisition price		4,500 million yen (Note 1)
Overview of trust beneficiary right	Trustee	Mizuho Trust & Banking Co., Ltd.
	Trust establishment date	March 12, 2019
	Trust expiration date	March 31, 2029
Land	Site area	4,676.08 m ² (Note 2)
	Use district	Commercial district
	Floor area ratio	800%
	Building coverage ratio	80%
	Type of ownership	Ownership, leasehold, mutual use rights (all being rights to use the site) (15% quasi co-ownership interest) (Note 3) (Note 4) (Note 5)
Building	Structure and floors	Steel framed, steel framed reinforced concrete structure with flat roof 37 floors above ground and 3 below
	Construction completion	July 1, 2008
	Total floor area	82,718.17 m ² (Note 6)
	Use	Office, retail, theater
	Type of ownership	Sectional ownership of office portion (15% quasi co-ownership interest) (Note 4)
Property management company		The Sankei Building Co., Ltd.
Master lease company		The Sankei Building Co., Ltd.
Master lease type		Pass-through type
Appraisal value (Date of value)		4,605 million yen (July 1, 2019) (Note 1)
Appraiser		Japan Real Estate Institute
PML value		2.8%
PML value investigation company		Tokio Marine & Nichido Risk Consulting Co., Ltd.
Collateral		None
Overview of lease (Note 7)		
	Number of tenants	36
	Total rental revenue	289 million yen
	Security and guarantee deposits	236 million yen
	Leased area	4,048.67 m ²
	Leasable area	4,048.67 m ²
	Occupancy rate	100.0%
Special remarks		<p>Part of the land (site) of the property is leased land. Approval of the owner of the said leased land (Sankei Shimbun Co., Ltd.) is required upon the transfer of the leasehold interest associated with the transfer of the building.</p> <p>The land (site) of the property is composed of i. the land co-owned by The Sankei Building Co., Ltd. and the trustee, ii. the land leased by Sankei Shimbun Co., Ltd., and, iii. the land owned or leased by a third party which</p>

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	<p>is the co-owner (the portion with mutual use rights). For this reason, mutual use rights were established for the site of the property among The Sankei Building Co., Ltd., which has sectional ownership in the building, the trustee, and the third party which is said co-owner.</p> <p>A quasi co-ownership agreement was concluded between The Sankei Building Co., Ltd. (55% quasi co-ownership interest), which is the quasi co-owner of the trust beneficiary rights in respect of the sectional ownership of the building, and SANKEI REAL ESTATE (45% quasi co-ownership interest). The following matters were stipulated in the quasi co-ownership agreement.</p> <ul style="list-style-type: none"> • Decision-making In principle, actions of beneficiaries are decided by an agreement between all of the quasi co-owners. However, if an agreement cannot be reached among all quasi co-owners, except for certain matters, the quasi co-owners shall abide by the decision made by a majority of the quasi co-owners. • Special agreement on indivisibility The quasi co-owners shall not request the division of the trust beneficiary rights for five years (to be automatically renewed). • Preferential negotiation rights Each of the quasi co-owners shall discuss the conditions of sale and purchase with the other quasi co-owners in preference to third parties when selling its quasi co-ownership interest. • Approved matters Advance written approval from the other quasi co-owners is required when a quasi co-owner contemplates creating a security interest over its quasi co-ownership interest or disposal by means other than a transfer of the quasi co-ownership interest. <p>As of May 31, 2019, confirmation of the boundary between the property and the adjacent land on the north side of the property as well as the conclusion of the memorandum, etc. pertaining to this matter have not been completed in full.</p>
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(Note 1) The figures equivalent to the 15% quasi co-ownership interest in the sectional ownership of the office portion of the building, etc. of the property constituting the To-be-Acquired Asset.

(Note 2) Includes i. 74.30 m² of land leased by Sankei Shimbun Co., Ltd. and ii. 339.89 m² of land (the portion subject to mutual use) owned or rented by third parties, who are the other co-owners with whom the trustee owns the exclusively-owned portion of the building under sectional ownership.

(Note 3) The land of the property is the site of the building under sectional ownership, and the percentage of the quasi co-ownership interest in the right to use the site that has been acquired by the trustee is 54.30%.

(Note 4) The trust assets constituting the trust relating to the trust beneficiary rights planned to be acquired by SANKEI REAL ESTATE are i. a 58.33% co-ownership interest in the land co-owned with The Sankei Building Co., Ltd., ii. a 58.33% quasi co-ownership interest in the leasehold of the leased land, iii. a 58.33% quasi co-ownership interest in the mutual use rights for the portion subject to mutual use, and iv. a sectional ownership interest in the office portion (a 38.56% co-ownership interest in the sectional ownership is indicated for the exclusively owned portion of Building 27-6 as it is co-owned with a third party). SANKEI REAL ESTATE has already acquired a 30% quasi co-ownership interest in the said trust beneficiary rights and plans to additionally acquire a 15% quasi co-ownership interest in the same trust beneficiary rights.

(Note 5) The trustee uses the underground portion of the land owned by Osaka City adjacent to the site as an underground connecting passage based on the permission for exclusive possession obtained from Osaka City.

(Note 6) The area of the exclusively-owned portion with respect to the sectional ownership of the office portion owned by the trustee is 35,464.91 m² (the floor area of the exclusively owned portion of Building 27-6, which is co-owned by the trustee and the third party, is calculated by taking into consideration the co-ownership interest), the area of the exclusively owned portion for the sectional ownership of the building and the office portion owned by a third party is 4,504.20 m² (the floor area of the

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exclusively owned portion of Building 27-6, which is co-owned by the trustee and the third party, is calculated by taking into consideration the co-ownership interest), and the total area of the portion co-owned among the owners with sectional ownership rights is 17,410.39 m² (Including the common area portion and attached facilities. The floor area of the exclusively-owned portion of Building 27-6, which is co-owned by the trustee and the third party is not included). Moreover, the area of the exclusively-owned portion with respect to the sectional ownership of the portion other than the office portion is 25,338.67 m² and is owned by The Sankei Building Co., Ltd.

(Note 7) In the overview of leasing, figures that corresponds to 15% of the area monetary value of the office portion for which the trust beneficiary rights are held are indicated for total rental revenue, security and guarantee deposits, leased area, leasable area and occupancy rate.

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A-8 Shinagawa Seaside TS Tower

Property name		Shinagawa Seaside TS Tower
Type of specified asset		Real estate trust beneficiary right
Location		4-12-3 Higashi-Shinagawa, Shinagawa-ku, Tokyo
Planned acquisition price		10,040 million yen
Overview of trust beneficiary right	Trustee	SMBC Trust Bank Ltd.
	Trust establishment date	April 28, 2017
	Trust expiration date	September 28, 2029
Land	Site area	17,386.11 m ² (Note 1)
	Use district	Quasi-industrial district
	Floor area ratio	300%
	Building coverage ratio	60%
	Type of ownership	Ownership (45% co-ownership interest), mutual use rights (all being rights to use the site)(25% quasi co-ownership interest) (Note 2)
Building	Structure and floors	(1) Steel framed reinforced concrete structure 1 floor (2) Steel framed reinforced concrete, reinforced concrete, steel framed structure with flat roof 25 floors, of which 2 floors are below ground (3) Steel framed reinforced concrete structure 1 floor (Note 3)
	Construction completion	July 25, 2003 (Note 4)
	Total floor area	(1) 7,698.76 m ² (2) 43,337.23 m ² (3) 1,941.74 m ² (Note 3)
	Use	(1) Parking (2) Retail, office (3) Parking (Note 3)
	Type of ownership	Ownership (25% quasi co-ownership interest) (Note 2)
Property management company		Mitsubishi Jisho Property Management Co., Ltd.
Master lease company		—
Master lease type		—
Appraisal value (Date of value)		10,200 million yen (July 1, 2019)
Appraiser		The Tanizawa Sōgō Appraisal Co., Ltd.
PML value		3.2%
PML value investigation company		Tokio Marine & Nichido Risk Consulting Co., Ltd.
Collateral		None
Overview of lease		
	Number of tenants	Not disclosed (Note 5)
	Total rental revenue	Not disclosed (Note 5)
	Security and guarantee deposits	Not disclosed (Note 5)
	Leased area	Not disclosed (Note 5)
	Leasable area	Not disclosed (Note 5)
	Occupancy rate	100.0%
Special remarks		The property is part of Shinagawa Seaside Forest, which was developed

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	<p>upon certification as a single complex under the Building Standards Act. The trustee co-owns the site portion of the property with third parties. In addition, ownership of the entire site of Shinagawa Seaside Forest is divided among the trustee and each leaseholder, but mutual use rights have been established pursuant to the sectional ownership bylaws for the sectional owners of each building of Shinagawa Seaside Forest.</p> <p>Part of the exclusively owned portion (parking portion) of the buildings under sectional ownership of the property is co-owned by the trustee and third parties.</p> <p>The quasi co-owners of the trust beneficiary right in the sectional ownership interest in the buildings, etc., which are Godo Kaisha SKB 2 (75% quasi co-ownership interest) and SANKEI REAL ESTATE (25% quasi co-ownership interest), have concluded a quasi co-owner's agreement. The following matters have been stipulated in the quasi co-owner's agreement.</p> <ul style="list-style-type: none"> • Decision-making In principle, actions of beneficiaries are decided by an agreement between all of the quasi co-owners. However, if an agreement cannot be reached among all quasi co-owners, except for certain matters, the quasi co-owners shall abide by the decision made by a majority of the quasi co-owners. • Special agreement on indivisibility The quasi co-owners shall not request the division of the trust beneficiary rights for five years (to be automatically renewed). • Preferential negotiation rights Each of the quasi co-owners shall discuss the conditions of sale and purchase with the other quasi co-owners in preference to third parties when selling its quasi co-ownership interest. • Approved matters Advance written approval from the other quasi co-owners is required when a quasi co-owner contemplates creating a security interest over its quasi co-ownership interest or disposal by means other than a transfer of the quasi co-ownership interest.
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(Note 1) The site area under ownership (co-ownership interest). Other than this site area, there is the 21,990.11 m² land portion (portion subject to mutual use) owned by third parties that is the site of the property.

(Note 2) The trust assets constituting the trust for the trust beneficiary right planned to be acquired by SANKEI REAL ESTATE are: i. Of the site, 451,984/1,000,000 co-ownership interest in the land co-owned with Sumitomo Mitsui Trust Bank, Limited and Mitsubishi UFJ Trust and Banking Corporation; ii. Of the site, quasi co-ownership interest in mutual use rights of the portion subject to mutual use; iii. Sectional ownership interest in the office portion of the buildings; and iv. Co-ownership interest in sectional ownership interest in the parking portion of the buildings (204,513/1,000,000 co-ownership interest in the exclusively owned portion of Building 100-1-6, and 459,017/1,000,000 co-ownership interest in the exclusively owned portion of Building 100-1-15). SANKEI REAL ESTATE plans to acquire a 25% quasi co-ownership interest in the said trust beneficiary right.

(Note 3) The total floor area of the buildings under sectional ownership. The buildings of the property are three buildings, the building numbers of which are 100-1-6, 100-1-9 and 100-1-15. With respect to "Structure and floors," "Total floor area" and "Use," each information is presented in the order of (1) Building 100-1-6, (2) Building 100-1-9 and (3) Building 100-1-15.

(Note 4) The construction completion of Building 100-1-9, which has the largest total floor area. The construction completion of Building 100-1-6 is September 30, 2002 and Building 100-1-15 is July 25, 2003.

(Note 5) Negotiations with tenants for information disclosure began on or after August 1, 2019, but as of the date of this document no consent has been obtained from the tenants. Not disclosed, due to unavoidable circumstances in that such 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.

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A-9 Omori Park Building

Property name		Omori Park Building
Type of specified asset		Real estate trust beneficiary right
Location		1-6-1 Omori-Honcho, Ota-ku, Tokyo
Planned acquisition price		5,400 million yen
Overview of trust beneficiary right	Trustee	Sumitomo Mitsui Trust Bank, Limited
	Trust establishment date	December 14, 2016
	Trust expiration date	September 28, 2029
Land	Site area	1,940.13 m ²
	Use district	Commercial district
	Floor area ratio	500%
	Building coverage ratio	80%
	Type of ownership	Ownership
Building	Structure and floors	Steel framed reinforced concrete, steel framed structure with flat roof 8 floors above ground
	Construction completion	May 31, 1993
	Total floor area	9,714.47 m ²
	Use	Office
	Type of ownership	Ownership
Property management company		The Sankei Building Management Co., Ltd.
Master lease company		—
Master lease type		—
Appraisal value (Date of value)		5,600 million yen (July 1, 2019)
Appraiser		Japan Real Estate Institute
PML value		5.6%
PML value investigation company		Tokio Marine & Nichido Risk Consulting Co., Ltd.
Collateral		None
Overview of leasing		
	Number of tenants	8
	Total rental revenue	296 million yen
	Security and guarantee deposits	268 million yen
	Leased area	7,469.74 m ²
	Leasable area	7,469.74 m ²
	Occupancy rate	100.0%
Special remarks		None

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B-2 Hotel Intergate Hiroshima

Property name		Hotel Intergate Hiroshima
Type of specified asset		Real estate trust beneficiary right
Location		5-16 Teppochō, Naka-ku, Hiroshima-shi, Hiroshima
Planned acquisition price		3,990 million yen
Overview of trust beneficiary right	Trustee	Sumitomo Mitsui Trust Bank, Limited
	Trust establishment date	September 3, 2019
	Trust expiration date	September 28, 2029
Land	Site area	1,018.24 m ²
	Use district	Commercial district
	Floor area ratio	800%
	Building coverage ratio	80%
	Type of ownership	Ownership
Building	Structure and floors	Steel framed, reinforced concrete structure with flat roof 14 floors above ground and 1 below
	Construction completion	October 31, 2018
	Total floor area	8,496.06 m ²
	Use	Hotel, retail
	Type of ownership	Ownership
Property management company		The Sankei Building Management Co., Ltd.
Master lease company		—
Master lease type		—
Appraisal value (Date of value)		4,080 million yen (July 1, 2019)
Appraiser		Japan Real Estate Institute
PML value		2.1%
PML value investigation company		Tokio Marine & Nichido Risk Consulting Co., Ltd.
Collateral		None
Overview of leasing		
	Number of tenants	1
	Total rental revenue	237 million yen
	Security and guarantee deposits	118 million yen
	Leased area	9,160.15 m ²
	Leasable area	9,160.15 m ²
	Occupancy rate	100.0%
Special remarks		None

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4. Overview of Seller

(A-2 BREEZÉ TOWER, B-2 Hotel Intergate Hiroshima)

(1)	Name	The Sankei Building Co., Ltd.
(2)	Location	1-7-2 Otemachi, Chiyoda-ku, Tokyo
(3)	Post and name of representative	President & CEO Kazunobu Iijima
(4)	Line of business	Development, acquisition, sales, leasing, sale in lots and management of real estate (office, residence, hotel, etc.)
(5)	Capital	28,120 million yen (as of March 31, 2019)
(6)	Date of establishment	June 11, 1951
(7)	Net assets	105,169 million yen (as of March 31, 2019)
(8)	Total assets	330,984 million yen (as of March 31, 2019)
(9)	Major shareholders and shareholding ratio	Fuji Media Holdings Inc. 100%
(10)	Relationship with Investment Corporation and Asset Management Company	
	Capital relationship	The company owns 4.74% of the total number of investment units issued and outstanding of SANKEI REAL ESTATE as of the date of this document. It also owns 100% of the shares issued and outstanding of the Asset Management Company as of the date of this document.
	Personnel relationship	Eleven executives and employees of the Asset Management Company are loaned staff from the company as of the date of this document.
	Business relationship	SANKEI REAL ESTATE acquired all of the already acquired assets other than "Toyo Park Building" (7 properties) from the company on SANKEI REAL ESTATE's IPO date (March 12, 2019). The company has concluded a trademark license agreement, property management agreements and master lease agreements (including master lease and property management agreements) with SANKEI REAL ESTATE. The company has also concluded a sponsor support agreement and a fixed-term building lease agreement with the Asset Management Company.
	Status as related party	The company falls under the category of a related party of SANKEI REAL ESTATE and the Asset Management Company.

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(A-8 Shinagawa Seaside TS Tower)

(1)	Name	Godo Kaisha SKB 3
(2)	Location	1-4-1 Nihonbashi, Chuo-ku, Tokyo
(3)	Post and name of representative	Representative partner: General Incorporated Association SKB 3 Executor of duties: Takanori Mishina
(4)	Line of business	1. Acquisition, holding and disposal of trust beneficiary rights in real estate 2. Sale and purchase, leasing, management, acquisition, holding, disposal and use of real estate 3. All other businesses incidental or pertaining to the above
(5)	Capital	100,000 yen
(6)	Date of establishment	June 4, 2019
(7)	Net assets	Not disclosed as consent for the disclosure of net assets has not been obtained from the seller.
(8)	Total assets	Not disclosed as consent for the disclosure of total assets has not been obtained from the seller.
(9)	Major employees and shareholding ratio	General Incorporated Association SKB 3 100%
(10)	Relationship with Investment Corporation and Asset Management Company	
	Capital relationship	The company is a special purpose company invested in by The Sankei Building Co., Ltd., the parent company of the Asset Management Company, and The Sankei Building Co., Ltd. owns 4.74% of the total number of investment units issued and outstanding of SANKEI REAL ESTATE as of the date of this document.
	Personnel relationship	There are no personnel relationships to be stated between the company and SANKEI REAL ESTATE or the Asset Management Company.
	Business relationship	There are no business relationships to be stated between the company and SANKEI REAL ESTATE or the Asset Management Company.
	Status as related party	The company falls under the category of a related party of SANKEI REAL ESTATE and the Asset Management Company.

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(A-9 Omori Park Building)

(1)	Name	Godo Kaisha SKB 1
(2)	Location	1-4-1 Nihonbashi, Chuo-ku, Tokyo
(3)	Post and name of representative	Representative partner: General Incorporated Association SKB 1 Executor of duties: Takanori Mishina
(4)	Line of business	1. Acquisition, holding and disposal of trust beneficiary rights in real estate 2. Sale and purchase, leasing, management, acquisition, holding, disposal and use of real estate 3. All other businesses incidental or pertaining to the above
(5)	Capital	100,000 yen
(6)	Date of establishment	May 24, 2018
(7)	Net assets	Not disclosed as consent for the disclosure of net assets has not been obtained from the seller.
(8)	Total assets	Not disclosed as consent for the disclosure of total assets has not been obtained from the seller.
(9)	Major employees and shareholding ratio	General Incorporated Association SKB 1 100%
(10)	Relationship with Investment Corporation and Asset Management Company	
	Capital relationship	The company is a special purpose company invested in by The Sankei Building Co., Ltd., the parent company of the Asset Management Company, and The Sankei Building Co., Ltd. owns 4.74% of the total number of investment units issued and outstanding of SANKEI REAL ESTATE as of the date of this document.
	Personnel relationship	There are no personnel relationships to be stated between the company and SANKEI REAL ESTATE or the Asset Management Company.
	Business relationship	SANKEI REAL ESTATE acquired "Toyo Park Building" from the company on SANKEI REAL ESTATE's IPO date (March 12, 2019).
	Status as related party	The company falls under the category of a related party of SANKEI REAL ESTATE and the Asset Management Company.

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5. Status of Property Buyers, Etc.

Property acquisitions from parties having special interest are as follows. The following table shows i. the name of the company, ii. relationship with parties having special interest and, iii. background, reasons, etc. of acquisition.

Property name (Location)	Previous owner/ holder of trust beneficiary right	Second previous owner/ holder of trust beneficiary right	Third previous owner/ holder of trust beneficiary right
	i., ii., iii.	i., ii., iii.	i., ii., iii.
	Acquisition (transfer) price	Acquisition (transfer) price	Acquisition (transfer) price
	Acquisition (transfer) period	Acquisition (transfer) period	Acquisition (transfer) period
BREEZÉ TOWER (2-4-9 Umeda, Kita-ku, Osaka-shi, Osaka)	i. The Sankei Building Co., Ltd. ii. Parent company of the Asset Management Company iii. Acquired for development purposes	i. (A) Osaka Shimbun (B) Sankei Shimbun Co., Ltd. (C) Individual ii. (A) Parent company of The Sankei Building Co., Ltd., the parent company of the Asset Management Company, at that time (currently integrated with Sankei Shimbun Co., Ltd.) (B) Parent company of The Sankei Building Co., Ltd., the parent company of the Asset Management Company, at that time (C) Other than a party having special interest iii. Acquired for development purposes	Other than a party having special interest
	Omitted as the property was owned for more than a year	Omitted as the property was owned for more than a year	—
	Land: July 1952, January 1954 Building: October 2008 (completion)	Land: July 1949, June 1951 Building: July 1952 (completion)	—
Shinagawa Seaside TS Tower (4-12-3 Higashi- Shinagawa, Shinagawa-ku, Tokyo)	i. Godo Kaisha SKB 3 ii. Special purpose company invested in by The Sankei Building Co., Ltd., the parent company of the Asset Management Company iii. Acquired for an offer of the warehousing functions (Note 1)	Other than a party having special interest	—
	9,750 million yen	—	—
	July 2019	—	—

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Property name (Location)	Previous owner/holder of trust beneficiary right	Second previous owner/holder of trust beneficiary right	Third previous owner/ holder of trust beneficiary right
	i., ii., iii.	i., ii., iii.	i., ii., iii.
	Acquisition (transfer) price	Acquisition (transfer) price	Acquisition (transfer) price
	Acquisition (transfer) period	Acquisition (transfer) period	Acquisition (transfer) period
Omori Park Building (1-6-1 Omori-Honcho, Ota-ku, Tokyo)	i. Godo Kaisha SKB 1 ii. Special purpose company invested in by The Sankei Building Co., Ltd., the parent company of the Asset Management Company iii. Acquired for investment and management purposes	Other than a party having special interest	—
	4,600 million yen (Note 2)	—	—
	September 2018	—	—
Hotel Intergate Hiroshima (5-16 Teppocho, Naka-ku, Hiroshima-shi, Hiroshima)	i. The Sankei Building Co., Ltd. ii. Parent company of the Asset Management Company iii. Acquired for development purposes	i. (A) Hiroshima Sankei Building Co., Ltd. (B) Individual ii. (A) Effective as of November 1981, comprehensively succeeded original owner status as a result of an absorption-type merger in which The Sankei Building Co., Ltd. is the surviving company and Hiroshima Sankei Building Co., Ltd. is the dissolved company (B) Other than a party having special interest iii. Acquired for development purposes	i. (A) Sankei Shimbun Co., Ltd. (B) Individual ii. (A) (B) Other than a party having special interest iii. Acquired for development purposes
	Omitted as the land was owned for more than a year; Omitted as the building was a property developed by the previous owner	Omitted as the property was owned for more than a year	Omitted as the property was owned for more than a year
	Land: November 1981, December 1993 Building: October 2018 (completion)	(A) Hiroshima Sankei Building Co., Ltd. Land: June 1973, December 1977	(A) Sankei Shimbun Co., Ltd. Land: June 1973

(Note 1) In the sponsor support agreement concluded between the Asset Management Company and The Sankei Building Co., Ltd., it is stipulated that the Asset Management Company may request The Sankei Building Co., Ltd., the sponsor, to temporarily acquire and own properties assuming the transfer to SANKEI REAL ESTATE (warehousing function) in order to realize property acquisitions in the future. The Sankei Building Co., Ltd., which is requested to provide warehousing functions based on the sponsor support agreement, acquired the properties from a special purpose company in which it invests and then transfer them to SANKEI REAL ESTATE.

(Note 2) Although there is a gap between the acquisition price of the Previous owner and the planned acquisition price of SANKEI REAL ESTATE, the planned acquisition price of SANKEI REAL ESTATE is approximately 96.4% of the appraisal value, and the planned acquisition price was judged to be appropriate.

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6. Overview of Brokerage

(1) Overview of Broker

The broker in the acquisition of “Shinagawa Seaside TS Tower” and “Omori Park Building” is The Sankei Building Co., Ltd. For the overview of The Sankei Building Co., Ltd., please refer to the column of “The Sankei Building Co., Ltd.” in “4. Overview of Seller” presented earlier in this document. The Sankei Building Co., Ltd. falls under the category of an interested party, etc. stipulated in Article 201 of the Investment Trusts Act and Article 123 of the Order for Enforcement of the Investment Trusts Act as well as under the category of an interested party defined in the Asset Management Company’s Rules on Transactions with Interested Parties. Therefore, upon the conclusion of the brokerage agreement, the Asset Management Company has completed necessary procedures such as deliberation and resolution in accordance with the “Rules on Transactions with Interested Parties”, which are voluntary rules for preventing conflict of interest in transactions with interested parties.

(2) Breakdown and Amount of Brokerage Fee, etc.

The brokerage fee for the above broker is 104 million yen (excluding consumption tax, etc. and rounded down to the nearest million yen).

There are no applicable matters for the To-be-Acquired Assets other than “Shinagawa Seaside TS Tower” and “Omori Park Building.”

7. Future Outlook

For SANKEI REAL ESTATE’s operating forecasts and distribution forecasts for the fiscal period ending August 2019 (from November 19, 2018 to August 31, 2019), fiscal period ending February 2020 (from September 1, 2019 to February 29, 2020), fiscal period ending August 2020 (from March 1, 2020 to August 31, 2020) and fiscal period ending February 2021 (from September 1, 2020 to February 28, 2021), 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” announced today.

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8. Overview of Appraisal Report

Overview of appraisal report	
Property name	BREEZÉ TOWER
Appraiser	Japan Real Estate Institute
Appraisal value	4,605 million yen
Appraisal date	July 1, 2019

Items	Details	Overview, etc.
Income approach value	4,605 million yen	Assessed by applying the DCF method and direct capitalization method
Value based on direct capitalization method	4,635 million yen	
i. Operating revenue	310 million yen	
Effective gross income	332 million yen	Assessed by taking into consideration rental revenue, common area charges, etc. which are deemed stable over the long term
Loss from vacancy, etc.	21 million yen	Assessed by taking into consideration vacancy rates which are deemed stable over the long term
ii. Operating expenses	110 million yen	
Maintenance and operation cost	37 million yen	Assessed by taking into consideration the level of expenses of similar properties based on the past actual results and conditions of the current agreement
Utilities expenses	26 million yen	Assessed by taking into consideration occupancy rates, etc. based on the past actual results
Repair expenses	9 million yen	Assessed by taking into consideration the engineering report and the level of expenses of similar properties
PM fee	5 million yen	Assessed by taking into consideration the level of expenses of similar properties based on the past actual results and conditions of the current agreement
Tenant soliciting fees, etc.	1 million yen	Assessed by taking into consideration the assumed turnover period of lessees
Taxes and public dues	25 million yen	Assessed by taking into consideration the past actual results and the level of similar properties
Non-life insurance premium	0 million yen	Assessed by taking into consideration the level of expenses of similar properties
Other expenses	4 million yen	Assessed by taking into consideration the level of expenses of similar properties
iii. Net operating income (NOI: i. - ii.)	200 million yen	
iv. Income from deposits	2 million yen	Assessed by assuming an investment yield of 1.0%.
v. Capital expenditure	21 million yen	Assessed by taking into consideration the engineering report and the level of renewal fees of similar properties
Net income (Net income: iii. + iv. - v.)	180 million yen	
Capitalization rate	3.9%	Assessed by taking into consideration the marketability of targeted property, transaction yield of similar properties, etc.
Value based on discounted cash flow (DCF) method	4,575 million yen	
Discount rate	3.5%	Assessed by taking into consideration the competitiveness, etc. of targeted property
Terminal capitalization rate	4.1%	Assessed by taking into consideration the risk on aging, market condition, etc.
Integrated value based on cost method	4,605 million yen	
Ratio of land	74.1%	
Ratio of building	25.9%	
Other matters which the appraiser has paid attention to in the appraisal	—	

(Note) All of the above amounts are the figures that corresponds to a 15% quasi co-ownership interest in sectional ownership interest in the office portion of the building, etc.

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Overview of appraisal report	
Property name	Shinagawa Seaside TS Tower
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal value	10,200 million yen
Appraisal date	July 1, 2019

Items	Details	Overview, etc.
Income approach value	10,200 million yen	Assessed by applying the DCF method and direct capitalization method
Value based on direct capitalization method	10,625 million yen	
i. Operating revenue	Not disclosed (Note 2)	
Effective gross income	Not disclosed (Note 2)	
Loss from vacancy, etc.	Not disclosed (Note 2)	
ii. Operating expenses	Not disclosed (Note 2)	
Maintenance and operation cost	Not disclosed (Note 2)	
Utilities expenses	Not disclosed (Note 2)	
Repair expenses	Not disclosed (Note 2)	
PM fee	Not disclosed (Note 2)	
Tenant soliciting fees, etc.	Not disclosed (Note 2)	
Taxes and public dues	Not disclosed (Note 2)	
Non-life insurance premium	Not disclosed (Note 2)	
Other expenses	Not disclosed (Note 2)	
iii. Net operating income (NOI: i. - ii.)	399 million yen	
iv. Income from deposits	3 million yen	Assessed by assuming an investment yield of 1.0%.
v. Capital expenditure	20 million yen	Assessed by taking into consideration the engineering report and the level of renewal fees of similar properties
Net income (Net income: iii. + iv. - v.)	382 million yen	
Capitalization rate	3.6%	Assessed by taking into consideration the marketability of targeted property, transaction yield of similar properties, etc.
Value based on discounted cash flow (DCF) method	10,000 million yen	
Discount rate	3.7%	Assessed by taking into consideration the competitiveness, etc. of targeted property
Terminal capitalization rate	3.8%	Assessed by taking into consideration the risk on aging, market condition, etc.
Integrated value based on cost method	10,200 million yen	
Ratio of land	83.2%	
Ratio of building	16.8%	
Other matters which the appraiser has paid attention to in the appraisal	—	

(Note 1) All of the above amounts are the figures that corresponds to a 25% quasi co-ownership interest in sectional ownership interest in the buildings, etc.

(Note 2) Negotiations with tenants for information disclosure began on or after August 1, 2019, but as of the date of this document no consent has been obtained from the tenants. Not disclosed, due to unavoidable circumstances in that such 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.

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Overview of appraisal report	
Property name	Omori Park Building
Appraiser	Japan Real Estate Institute
Appraisal value	5,600 million yen
Appraisal date	July 1, 2019

Items	Details	Overview, etc.
Income approach value	5,600 million yen	Assessed by applying the DCF method and direct capitalization method
Value based on direct capitalization method	5,720 million yen	
i. Operating revenue	340 million yen	
Effective gross income	357 million yen	Assessed by taking into consideration rental revenue, common area charges, etc. which are deemed stable over the long term
Loss from vacancy, etc.	17 million yen	Assessed by taking into consideration vacancy rates which are deemed stable over the long term
ii. Operating expenses	107 million yen	
Maintenance and operation cost	24 million yen	Assessed by taking into consideration the level of expenses of similar properties based on the past actual results and conditions of the current agreement
Utilities expenses	36 million yen	Assessed by taking into consideration occupancy rates, etc. based on the past actual results
Repair expenses	5 million yen	Assessed by taking into consideration the engineering report and the level of expenses of similar properties
PM fee	4 million yen	Assessed by taking into consideration the level of expenses of similar properties based on the past actual results and conditions of the current agreement
Tenant soliciting fees, etc.	2 million yen	Assessed by taking into consideration the assumed turnover period of lessees
Taxes and public dues	32 million yen	Assessed by taking into consideration the past actual results and the level of similar properties
Non-life insurance premium	1 million yen	Assessed by taking into consideration the level of expenses of similar properties
Other expenses	0 million yen	Assessed by taking into consideration the level of expenses of similar properties
iii. Net operating income (NOI: i. - ii.)	232 million yen	
iv. Income from deposits	2 million yen	Assessed by assuming an investment yield of 1.0%.
v. Capital expenditure	12 million yen	Assessed by taking into consideration the engineering report and the level of renewal fees of similar properties
Net income (Net income: iii. + iv. - v.)	222 million yen	
Capitalization rate	3.9%	Assessed by taking into consideration the marketability of targeted property, transaction yield of similar properties, etc.
Value based on discounted cash flow (DCF) method	5,480 million yen	
Discount rate	3.7%	Assessed by taking into consideration the competitiveness, etc. of targeted property
Terminal capitalization rate	4.1%	Assessed by taking into consideration the risk on aging, market condition, etc.
Integrated value based on cost method	5,520 million yen	
Ratio of land	87.2%	
Ratio of building	12.8%	
Other matters which the appraiser has paid attention to in the appraisal	—	

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Overview of appraisal report	
Property name	Hotel InterGate Hiroshima
Appraiser	Japan Real Estate Institute
Appraisal value	4,080 million yen
Appraisal date	July 1, 2019

Items	Details	Overview, etc.
Income approach value	4,080 million yen	Assessed by applying the DCF method and direct capitalization method
Value based on direct capitalization method	4,120 million yen	
i. Operating revenue	237 million yen	
Effective gross income	237 million yen	Assessed by taking into consideration rental revenue, common area charges, etc. which are deemed stable over the long term
Loss from vacancy, etc.	0 million yen	Assessed by taking into consideration vacancy rates which are deemed stable over the long term
ii. Operating expenses	40 million yen	
Maintenance and operation cost	0 million yen	Assessed by taking into consideration the level of expenses of similar properties based on the past actual results and conditions of the current agreement
Utilities expenses	0 million yen	Assessed by taking into consideration occupancy rates, etc. based on the past actual results
Repair expenses	3 million yen	Assessed by taking into consideration the engineering report and the level of expenses of similar properties
PM fee	3 million yen	Assessed by taking into consideration the level of expenses of similar properties based on the past actual results and conditions of the current agreement
Tenant soliciting fees, etc.	0 million yen	Assessed by taking into consideration the assumed turnover period of lessees
Taxes and public dues	32 million yen	Assessed by taking into consideration the past actual results and the level of similar properties
Non-life insurance premium	0 million yen	Assessed by taking into consideration the level of expenses of similar properties
Other expenses	0 million yen	Assessed by taking into consideration the level of expenses of similar properties
iii. Net operating income (NOI: i. - ii.)	196 million yen	
iv. Income from deposits	1 million yen	Assessed by assuming an investment yield of 1.0%.
v. Capital expenditure	8 million yen	Assessed by taking into consideration the engineering report and the level of renewal fees of similar properties
Net income (Net income: iii. + iv. - v.)	189 million yen	
Capitalization rate	4.6%	Assessed by taking into consideration the marketability of targeted property, transaction yield of similar properties, etc.
Value based on discounted cash flow (DCF) method	4,030 million yen	
Discount rate	4.4%	Assessed by taking into consideration the competitiveness, etc. of targeted property
Terminal capitalization rate	4.8%	Assessed by taking into consideration the risk on aging, market condition, etc.
Integrated value based on cost method	4,320 million yen	
Ratio of land	45.9%	
Ratio of building	54.1%	
Other matters which the appraiser has paid attention to in the appraisal	—	

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

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<Attachment>

Reference Material 1 Portfolio List After Acquisition of the To-be-Acquired Assets

Reference Material 2 Characteristics of the To-be-Acquired Assets

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<Attachment>

Reference Material 1 Portfolio List After Acquisition of the To-be-Acquired Assets

Asset type	Property number	Property name	Location	Actual or planned acquisition price (Note 1)		Appraisal value (million yen) (Note 2)	Actual or planned acquisition date (Note 3)
				Price (millions of yen)	Investment ratio (%)		
Office buildings	A-1	Tokyo Sankei Building (Note 4)	Chiyoda-ku, Tokyo	2,509	3.7	2,540	Mar. 12, 2019
	A-2	BREEZÉ TOWER (Note 5)	Kita-ku, Osaka-shi, Osaka	i. 8,600 ii. 4,500 Total 13,100	19.5	i. 9,300 ii. 4,605 Total 13,905	i. Mar. 12, 2019 ii. Sept. 3, 2019
	A-3	S-GATE NIHONBASHI-HONCHO (Note 4)	Chuo-ku, Tokyo	6,698	9.9	6,780	Mar. 12, 2019
	A-4	S-GATE AKIHABARA	Chiyoda-ku, Tokyo	2,055	3.1	2,080	Mar. 12, 2019
	A-5	Hibiya Sankei Building	Chiyoda-ku, Tokyo	5,829	8.7	5,900	Mar. 12, 2019
	A-6	Hatchobori Sankei Building	Chuo-ku, Tokyo	4,959	7.4	5,020	Mar. 12, 2019
	A-7	Toyo Park Building	Koto-ku, Tokyo	3,782	5.6	3,790	Mar. 12, 2019
	A-8	Shinagawa Seaside TS Tower (Note 4)	Shinagawa-ku, Tokyo	10,040	14.9	10,200	Sept. 3, 2019
	A-9	Omori Park Building	Ota-ku, Tokyo	5,400	8.0	5,600	Sept. 3, 2019
Subtotal (average)			-	54,374	80.8	55,815	-
Sub assets	B-1	Hotel Intergate Tokyo Kyobashi	Chuo-ku, Tokyo	8,961	13.3	9,070	Mar. 12, 2019
	B-2	Hotel Intergate Hiroshima	Naka-ku, Hiroshima-shi, Hiroshima	3,990	5.9	4,080	Sept. 3, 2019
Subtotal (average)			-	12,951	19.2	13,150	-
Total (average)			-	67,325	100.0	68,965	-

(Note 1) "Actual or planned acquisition price" is the sale and purchase price of real estate and each trust beneficiary right stated in each sale and purchase agreement for the Acquired or To-be-Acquired Assets, 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 actual or planned acquisition price of each Acquired or To-be-Acquired Asset to the total amount of actual or planned acquisition prices, rounded off to one decimal place.

(Note 2) "Appraisal value" is the appraisal value stated in each real estate appraisal report as of October 31, 2018 for already acquired assets and as of July 1, 2019 for the To-be-Acquired Assets. The appraisal of each Acquired or To-be-Acquired Asset is entrusted to Japan Real Estate Institute, The Tanizawa Sōgō Appraisal Co., Ltd. and Daiwa Real Estate Appraisal Co., Ltd.

(Note 3) "Actual or planned acquisition date" is the actual or planned acquisition date stated in each sale and purchase agreement for the Acquired or To-be-Acquired Assets. The planned acquisition date for the To-be-Acquired Assets is subject to change upon agreement between SANKEI REAL ESTATE and the seller.

(Note 4) The actual or planned acquisition price and appraisal value for "Tokyo Sankei Building" and "S-GATE NIHONBASHI-HONCHO" are the figures that corresponds to the co-ownership interest in each property (2% and 51%, respectively) (*1) acquired by SANKEI REAL ESTATE. The actual or planned acquisition price and appraisal value for "Shinagawa Seaside TS Tower" are the figures that corresponds to a 25% quasi co-ownership interest in sectional ownership interest in the buildings, etc. (*2) planned to be acquired by SANKEI REAL ESTATE.

(*1) As for "Tokyo Sankei Building," SANKEI REAL ESTATE acquired a 2% co-ownership interest in the ownership of the site, a 2%

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quasi co-ownership interest in the leasehold and a 2% co-ownership interest in the ownership of the building. As for “S-GATE NIHONBASHI-HONCHO,” SANKEI REAL ESTATE acquired trust beneficiary rights with a 51% co-ownership interest in the ownership of the site and building as trust assets. “Co-ownership interest in each property (2% and 51%, respectively)” is used as such meaning.

- (*)2 As for “Shinagawa Seaside TS Tower,” SANKEI REAL ESTATE plans to acquire a 25% quasi co-ownership interest in trust beneficiary rights with sectional ownership interest in the office portion of the buildings, i co-ownership interest in sectional ownership interest in the parking portion of the buildings and rights to use the site (ownership and mutual use rights of the site) as trust assets. “a 25% quasi co-ownership interest in sectional ownership interest in the buildings, etc.” is used as such meaning. For details, please refer to the individual asset table of “Shinagawa Seaside TS Tower” in “3. Overview of Individual Properties of the To-be-Acquired Assets” presented earlier in this document.

(Note 5) The actual or planned acquisition price, appraisal value and actual or planned acquisition date for “BREEZÉ TOWER” presented on the first line are the figures that corresponds to a 30% quasi co-ownership interest in sectional ownership interest in the office portion of the building, etc. (*) already acquired by SANKEI REAL ESTATE, and presented on the next line are the figures that corresponds to a 15% quasi co-ownership interest in sectional ownership interest in the office portion of the building, etc. (*) planned to be additionally acquired by SANKEI REAL ESTATE.

- (*) As for “BREEZÉ TOWER,” SANKEI REAL ESTATE already acquired a 30% quasi co-ownership interest in trust beneficiary rights with sectional ownership interest in the office portion of the building and rights to use the site (ownership, leasehold and mutual use rights of the site) as trust assets, and plans to additionally acquire a 15% quasi co-ownership interest in the same trust beneficiary rights. “a 30% quasi co-ownership interest in sectional ownership interest in the office portion of the building, etc.” and “a 15% quasi co-ownership interest in sectional ownership interest in the office portion of the building, etc.” are used as such meaning. For details, please refer to the individual asset table of “BREEZÉ TOWER” in “3. Overview of Individual Properties of the To-be-Acquired Assets” presented earlier in this document.

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Reference Material 2 Characteristics of the To-be-Acquired Assets

(Property Number A-2) BREEZÉ TOWER

(1) Characteristics of the Property

- The property is located in the Umeda area, a business district representing Kansai, and is directly connected via underground passage to seven major terminal stations in the surrounding area, including JR Osaka Station, JR Kitashinchi Station and Osaka Metro Nishi-Umeda Station. The property is close to Shin-Osaka Station and Osaka International Airport (Itami Airport), which are Osaka's gateways, making it a suitable location for business.
 - As an environmentally conscious building developed based on the philosophy of "co-existence with the environment," the property is equipped with rooftop greening, green wall (Note), photovoltaic generation facilities and other energy-saving facilities. The property was rated S rank (the highest rank) in the City of Osaka's Comprehensive Assessment System for Building Environmental Efficiency (CASBEE Osaka) and awarded "CASBEE Osaka of the Year 2008."
 - The property is an information transmission base having "Sankei Hall BREEZÉ" which inherits the DNA of "Sankei Hall," a theater in Osaka which opened in 1952.
 - Given Osaka City's vacancy rates being on a downward trend led by the Umeda area, rent levels being on an upward trend led by the same area and the outlook being limited for new supply of office buildings from fiscal 2019 onward, the office leasing market is thought to remain strong.
 - SANKEI REAL ESTATE owns a 30% quasi co-ownership interest in sectional ownership interest in the office portion of the building, etc. of the property, and the additional acquisition increases that interest to 45%.
- (Note) "Green wall" refers to a surface of greened walls.

(2) Map of surrounding area



(3) Photo of the To-be-Acquired Asset



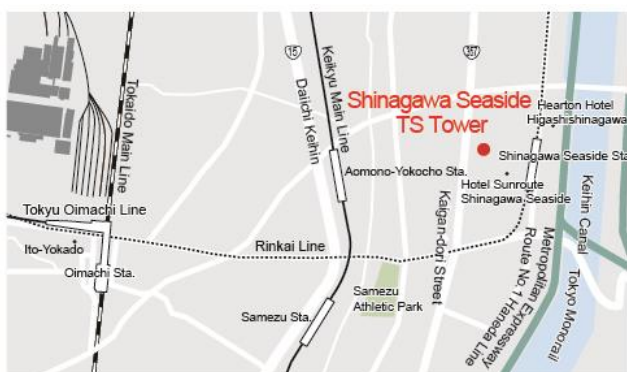
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(Property Number A-8) Shinagawa Seaside TS Tower

(1) Characteristics of the Property

- The property is a high-rise office building at “Shinagawa Seaside Forest,” which is made up of a group of high-rise office buildings and large retail facilities resulting from a large redevelopment.
- The property is located a 1-minute walk from Shinagawa Seaside Station on the Tokyo Waterfront Area Rapid Transit Rinkai Line, with the major terminal Shibuya Station directly accessible from Shinagawa Seaside Station in approximately 15 minutes (mutual direct operation with JR Lines at Osaki Station). Furthermore, use of Aomono-yokocho Station on the Keiiky Main Line provides favorable access to Haneda Airport and Shinagawa Station.
- Large redevelopments have been actively underway in recent years in the Higashi-Shinagawa area where the property is located, resulting in large-scale multi-use complexes—“Shinagawa Seaside” and “Tennoz Isle” being representative examples—and transforming it into a commercial area with high degree of business accumulation.
- Given Shinagawa Ward’s office building vacancy rates being on a downward trend regardless of size, rent levels being on an upward trend and the outlook being limited new supply of office buildings from 2019 onward, the office leasing market is thought to remain strong.

(2) Map of surrounding area



(3) Photo of the To-be-Acquired Asset



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(Property Number A-9) Omori Park Building

(1) Characteristics of the Property

- The property is located a 3-minute walk from Omorikaigan Station on the Keikyu Main Line and faces National Route 15 (Daiichi Keihin), making it a favorable location for both rail and road access to Shinagawa Station and Haneda Airport.
- In terms of rental space, a typical floor area of 1,131 m² (342 tsubos) is relatively large among office buildings in the surrounding area. Other features include ceiling height of 2,700 mm, open column-free space with windows on three sides, and raised flooring. With a stately façade, spacious entrance, parking lot directly accessible from National Route 15 (Daiichi Keihin), and both central and individual air-conditioning systems, the property is equipped with the level of specifications and equipment to meet recent tenant needs in general, making it an office building boasting a certain degree of competitiveness.

(2) Map of surrounding area



(3) Photo of the To-be-Acquired Asset



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(Property Number B-2) Hotel Intergate Hiroshima

(1) Characteristics of the Property

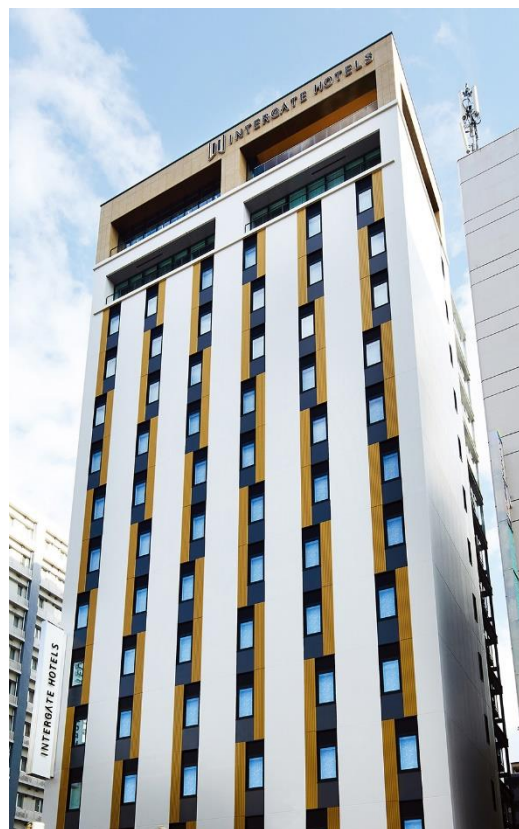
- The property is located a 3-minute walk from Hatchobori Station on the Hiroshima Electric Railway Hakushima Line and approximately 1.3 km from Hiroshima Station on the JR Sanyo Main Line, in close proximity to the Hatchobori and Kamiyacho area, which is an economic and commercial center of the world peace city of Hiroshima, meaning that business demand can be expected on weekdays while leisure demand centering on the two World Heritage sites “Hiroshima Peace Memorial (Atomic Bomb Dome)” and “Itsukushima Shinto Shrine” can be expected on weekends and during tourism seasons.
- A “value-experience-type hotel” (Note) with 233 guest rooms that was developed by The Sankei Building Co., Ltd. and has GRANVISTA Hotels & Resorts Co., Ltd., a Sankei Building Group company that operates and manages hotels, as lessee.
- The guest rooms include Standard Single and Moderate Single (each approximately 18 m²); Superior Double (approximately 22 m²); INTERGATE Double (approximately 23 m²); Universal Hollywood Twin, Superior Hollywood Twin, Superior Twin, INTERGATE Hollywood Twin and INTERGATE Twin (each approximately 24 m²); and Junior Suite Japanese Style and Junior Suite (each approximately 44 m²). With also a restaurant and lobby on the 14th floor and large communal bath on the 1st floor, the property boasts a certain degree of competitiveness as a middle-class hotel equipped with the functions to meet the latest guest needs.
- Given the lease agreement with the tenant being a fixed-term building lease agreement (lease period: 20 years; fixed rent), SANKEI REAL ESTATE expects stable rental revenue can be earned.

(Note) “Value-experience-type hotel” is used to mean a hotel that offers services suited to give guests the impression that their time at the hotel has been valuable. Specifically, offering services such as comfortable guest rooms, elaborate dish and provision of local information is a key element of a “value-experience-type hotel.” SANKEI REAL ESTATE views the “Intergate Hotels” series as a hotel series formed to embody the “value-experience-type hotel” concept.

(2) Map of surrounding area



(3) Photo of the To-be-Acquired Asset



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