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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

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Notice Concerning Borrowing of Funds and Partial Refinancing of Existing Borrowings

SANKEI REAL ESTATE Inc. ("SANKEI REAL ESTATE") hereby announces its decision made today to borrow funds (hereinafter, the "Borrowings") and refinance part of its existing borrowings (hereinafter, the "Refinancing") as follows.

## 1. Details of the Borrowings

## (1) Short-term borrowings (Note 1)

- i. Lender: Loan syndicate with Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation as the arrangers
- ii. Planned borrowing amount: 400 million yen (Note 2)
- iii. Interest rate: Base rate (JBA 1-month Japanese Yen TIBOR) + 0.150% (Note 3)
- iv. Planned borrowing date: September 2, 2021 (Note 4)
- v. Borrowing method: Conclusion of individual loan agreement on August 31, 2021 (scheduled) with the lenders shown above
- vi. Maturity date: August 31, 2022 (Note 4) (Note 5) (Note 6)
- vii. Repayment method: Lump-sum repayment at maturity (Note 7)
- viii. Interest payment due date: The first interest payment due date shall be October 2, 2021, followed by the 2nd of every calendar month thereafter, and the maturity date (Note 5)
- ix. Security: Unsecured and non-guaranteed (Note 8)

## (2) Short-term borrowings (Note 1)

- i. Lender: Loan syndicate with Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation as the arrangers
- ii. Planned borrowing amount: 600 million yen (Note 2)
- iii. Interest rate: Base rate (JBA 1-month Japanese Yen TIBOR) + 0.150% (Note 3)
- iv. Planned borrowing date: September 2, 2021 (Note 4)
- v. Borrowing method: Conclusion of individual loan agreement on August 31, 2021 (scheduled) with the lenders shown above
- vi. Maturity date: August 31, 2022 (Note 4) (Note 5) (Note 9)
- vii. Repayment method: Lump-sum repayment at maturity (Note 7)

Disclaimer: This document is a press announcement for announcing the borrowing of funds and the partial refinancing of existing borrowings by SANKEI REAL ESTATE Inc., and has not been prepared for the purpose of solicitation of investment in Japan or abroad. Be sure to read the prospectus on the issuance of new investment units and secondary offering of investment units prepared by the Investment Corporation and corrections thereof (if any) before making an investment based on your own judgment and responsibility. Furthermore, this document does not constitute a solicitation of securities in the United States. The investment units have not been, and will not be, registered under the United States Securities Act of 1933 (the "Securities Act"). Investment units may not be offered or sold as securities in the United States unless they are registered as securities or exempt from registration under the Securities Act of 1933. The investment units referred to above will not be offered, publicly or otherwise, in the United States.

- viii. Interest payment due date: The first interest payment due date shall be October 2, 2021, followed by the 2nd of every calendar month thereafter, and the maturity date (Note 5)
- ix. Security: Unsecured and non-guaranteed (Note 8)

(3) Long-term borrowings (Note 1)

- i. Lender: Loan syndicate with Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation as the arrangers
- ii. Planned borrowing amount: 6,200 million yen (Note 2)
- iii. Interest rate: Base rate + 0.250% (fixed interest rate) (Note 3)
- iv. Planned borrowing date: September 2, 2021 (Note 4)
- v. Borrowing method: Conclusion of individual loan agreement on August 31, 2021 (scheduled) with the lenders shown above
- vi. Maturity date: September 2, 2025 (Note 4) (Note 5)
- vii. Repayment method: Lump-sum repayment at maturity (Note 7)
- viii. Interest payment due date: The first interest payment due date shall be December 2, 2021, followed by the 2nd of every March, June, September and December thereafter, and the maturity date (Note 5)
- ix. Security: Unsecured and non-guaranteed (Note 8)

(4) Long-term borrowings (Note 1)

- i. Lender: Loan syndicate with Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation as the arrangers
- ii. Planned borrowing amount: 6,200 million yen (Note 2)
- iii. Interest rate: Base rate + 0.300% (fixed interest rate) (Note 3)
- iv. Planned borrowing date: September 2, 2021 (Note 4)
- v. Borrowing method: Conclusion of individual loan agreement on August 31, 2021 (scheduled) with the lenders shown above
- vi. Maturity date: September 2, 2026 (Note 4) (Note 5)
- vii. Repayment method: Lump-sum repayment at maturity (Note 7)
- viii. Interest payment due date: The first interest payment due date shall be December 2, 2021, followed by the 2nd of every March, June, September and December thereafter, and the maturity date (Note 5)
- ix. Security: Unsecured and non-guaranteed (Note 8)

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

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

(Note 2) "Planned borrowing amount" may be changed before the final execution date of borrowing as a result of taking into account proceeds from the issuance of new investment units through public offering (hereinafter, the "Primary Offering") and issuance of new investment units through third-party allotment (hereinafter, the "Third-Party Allotment") with Daiwa Securities Co. Ltd. as the allottee for which resolution was passed at the meeting of the board of directors of SANKEI REAL ESTATE held on August 16, 2021.

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

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- (Note 4) “Planned borrowing date” and “Maturity date” are the scheduled dates as of August 16, 2021, and may be changed before the final execution date of borrowing.
- (Note 5) If the relevant date is not a business day, then it shall be the next business day, but if that next business day falls into the next calendar month, then it shall be the business day preceding the relevant date.
- (Note 6) If a refund of consumption tax and local consumption tax paid in connection with acquisition of the To-Be-Acquired Assets (defined in “2. Reason for the Borrowings” later in this document) is received, then early repayment of the borrowing is to be made using an amount equivalent to the concerned refund (borrowing corresponding to consumption tax refund).
- (Note 7) During the period from the abovementioned drawdown date to the maturity date, SANKEI REAL ESTATE may make early repayment of borrowings, in whole or in part, if SANKEI REAL ESTATE gives prior written notice and other certain terms and conditions are met.
- (Note 8) SANKEI REAL ESTATE concluded a basic agreement (including subsequent amendments, etc.) on the borrowing of funds on March 7, 2019, and will conclude an individual loan agreement with the lenders shown above based on the basic agreement. In such individual loan agreement, provision of collateral is not assumed at the time of borrowing, but financial restrictions such as maintaining certain figures of financial indicators based on assets and liabilities will be set.
- (Note 9) If the proceeds from the issuance of new investment units through the Third-Party Allotment are received, then early repayment of the borrowing is planned to be made using the relevant proceeds.

## 2. Reason for the Borrowings

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

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

## 3. Amount, Use and Outlay Schedule of Funds to Be Procured

### (1) Amount of funds to be procured

13,400 million yen

### (2) Specific use of funds to be procured

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

### (3) Outlay schedule

September 2, 2021 (scheduled)

## 4. Details of the Refinancing

### Long-term borrowings (Note 1)

- |                             |  |
|-----------------------------|--|
| i. Lender:                  | Loan syndicate with Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation as the arrangers |
| ii. Amount borrowed:        | 4,300 million yen  |
| iii. Interest rate:         | Base rate +0.275% (fixed interest rate) (Note 2)   |
| iv. Planned borrowing date: | October 1, 2021 (Note 3)   |

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- v. Borrowing method: Conclusion of individual loan agreement on September 1, 2021 (scheduled with the lenders shown above)
- vi. Maturity date: April 1, 2026 (Note 3) (Note 4)
- vii. Repayment method: Lump-sum repayment at maturity (Note 5)
- viii. Interest payment due date: The first interest payment due date shall be January 1, 2022, followed by the 1st of every April, July, October and January thereafter, and the maturity date (Note 4)
- ix. Security: Unsecured and non-guaranteed (Note 6)

(Note 1) “Long-term borrowing” refers to borrowing for a period from the planned borrowing date to the maturity date of more than one year.

(Note 2) Base rate will be: swap offered rate corresponding to the period from the planned borrowing date to the last maturity date as of two business days prior to the planned borrowing date + TIBOR-LIBOR spread (365-day basis). However, if there is no rate corresponding to the relevant period, the base rate will be calculated based on the method specified in the individual loan agreement. The interest rates quoted hereto are based on those scheduled as of August 16, 2021, and may be changed before the final execution date of borrowing.

(Note 3) “Planned borrowing date” and “Maturity date” are the scheduled dates as of August 16, 2021, and may be changed before the final execution date of borrowing.

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

(Note 5) During the period from the abovementioned drawdown date to the maturity date, SANKEI REAL ESTATE may make early repayment of borrowings, in whole or in part, if SANKEI REAL ESTATE gives prior written notice and other certain terms and conditions are met.

(Note 6) SANKEI REAL ESTATE concluded a basic agreement (including subsequent amendments, etc.) on the borrowing of funds on March 7, 2019, and will conclude an individual loan agreement with the lenders shown above based on the basic agreement. In such individual loan agreement, provision of collateral is not assumed at the time of borrowing, but financial restrictions such as maintaining certain figures of financial indicators based on assets and liabilities will be set.

## 5. Reason and Target of the Refinancing

### (1) Reason for the Refinancing

To repay 4,300 million yen of the following borrowings due for repayment on October 1, 2021.

### (2) Target of the Refinancing

#### Long-term borrowings

- i. Lender: Mizuho Bank, Ltd.
- ii. Amount: 4,300 million yen  
borrowed:
- iii. Interest rate: Base rate (JBA 1-month Japanese Yen TIBOR) + 0.150%
- iv. Borrowing date: October 1, 2020
- v. Borrowing method: Conclusion of individual loan agreement on September 29, 2020, with the lenders shown above
- vi. Maturity date: October 1, 2021
- vii. Repayment method: Lump-sum repayment at maturity
- viii. Interest payment due date: The first interest payment due date shall be November 1, 2020, followed by the 1st of every calendar month thereafter, and the maturity date
- ix. Security: Unsecured and non-guaranteed

(Note) For details of the above refinancing, please refer to “Notice Concerning Borrowing of Funds” dated September 7, 2020.

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**6. Status of Borrowings, Etc. After the Borrowings and Refinancing**

(Unit: million yen)

	Before the Borrowings and Refinancing	After the Borrowings and Refinancing	Change
Short-term borrowings (Note)	—	1,000	1,000
Long-term borrowings (Note)	37,800	50,200	12,400
Repayment due within one year	9,900	11,500	1,600
Total borrowings	37,800	51,200	13,400
Investment corporation bonds	—	—	—
Total borrowings and investment corporation bonds	37,800	51,200	13,400

(Note) “Short-term borrowings” refers to borrowing for a period from the borrowing date to the maturity date of one year or less. “Long-term borrowings” refers to borrowing for a period from the borrowing date to the maturity date of more than one year.

**7. Other**

The risks associated with the Borrowings are as per “Part 2. Reference Information; Section 2. Supplementary Information on Reference Document; 3. Investment Risks” in the securities registration statement submitted on August 16, 2021.

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

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