

March 31, 2022

For Immediate Release

Real Estate Investment Trust Securities Issuer
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Notice Concerning Change of Tenant (Cancellation of Lease Agreement with Major Customer)
(Shinagawa Seaside TS Tower)

SANKEI REAL ESTATE Inc. (“SANKEI REAL ESTATE”) hereby announces that there will be a change of tenant (cancellation of the lease agreement with major customer) for Shinagawa Seaside TS Tower, an asset under management, as follows.

1. Background of cancellation of lease agreement

SANKEI REAL ESTATE has today executed a cancellation agreement with the tenant concerning the lease agreement described in “2. Summary of the lease agreement to be cancelled” below.

2. Summary of the lease agreement to be cancelled

i	Tenant name	Sony Group Corporation (Note 1)
ii	Property name	Shinagawa Seaside TS Tower
iii	Leased area	Not disclosed (Note 2)
iv	Ratio of leased area to total leasable area of the Property	Not disclosed (Note 2)
v	Ratio of leased area to total leasable area of SANKEI REAL ESTATE’s portfolio	Not disclosed (Note 2)
vi	Monthly rent	Not disclosed (Note 2)
vii	Lease and guarantee deposits	Not disclosed (Note 2)
viii	Cancellation date of the agreement	(1) March 31, 2022 (7 floors) (2) March 31, 2023 (14 floors)
ix	Others	Upon cancellation of the above viii (1), a cancellation penalty shall be received.

(Note 1) There are no capital relationships, personnel relationships, business relationships other than the above, or status as related party to be stated between the tenant and SANKEI REAL ESTATE or the Asset Management Company.

(Note 2) Not disclosed because the consent for disclosure from the tenant has not been obtained. The estimated decrease in operating revenue, ordinary income, and net income (converted to a one-year basis) due to this matter is or more than the amount equivalent to 5% of the total operating revenue, 30% of the total ordinary income, and 30% of the total net income for the two most recent fiscal period (fiscal period ended February 2021 and August 2021).

3. Leasing activity in the future

The property is a high-rise office building located 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 and where the headquarters and back offices of IT companies and manufacturers concentrate.

The property is located a 1-minute walk from Shinagawa Seaside Station on the Tokyo Waterfront Area Rapid

Transit Rinkai Line, with Shibuya Station and Shinjuku Station directly accessible via an approximately 15-minute and approximately 20-minute train ride, respectively (mutual direct operation with JR Lines at Osaki Station). With its high building specifications such as a standard floor area of approximately 446 tsubos, a ceiling height of 2,700 mm and raised floor of 100 mm, SANKEI REAL ESTATE believes the property is competitive. For the space to be occupied after the said tenant vacates the property, SANKEI REAL ESTATE will promote leasing activities for early lease-up, taking into account these features of the property.

4. Impact on forecasts

As the scheduled cancellation date of the said tenant is on March 31, 2022 and March 31, 2023, there will be no impact on SANKEI REAL ESTATE's operating status for the fiscal period ended February 2022 (September 1, 2021 to February 28, 2022).

As for the forecast for the fiscal period ending August 2022 (March 1, 2022 to August 31, 2022), SANKEI REAL ESTATE expect an upward swing in income due to the receipt of the cancellation penalty described in 2. ix above. However, the impact of the cancellation of lease agreement on operating status is currently under scrutiny and the forecast is scheduled to be announced in the financial results ((REIT) Financial Report for the Fiscal Period Ended February 2022) announcement scheduled on April 15, 2022.

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