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For Immediate Release

Real Estate Investment Trust Securities Issuer

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SANKEI REAL ESTATE Inc.

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(TSE code: 2972)

Asset Management Company

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

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

One of the sellers of the To-Be-Acquired Assets falls under the category of a related 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 a related party defined in the Asset Management Company’s rules on transactions with related parties. Accordingly, the Asset Management Company has completed necessary procedures such as deliberation and resolution in accordance with the rules on transactions with related parties, which are voluntary rules for preventing conflict of interest in transactions with related parties. Furthermore, the Asset Management Company has also obtained prior consent from SANKEI REAL ESTATE regarding transactions with related parties, etc. pursuant to the provisions of Article 201-2 of the Investment Trusts Act.

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 building	A-10	S-GATE AKASAKA (additional acquisition)	Minato-ku, Tokyo	Real estate trust beneficiary right	1,400 (Note 2)	The Sankei Building Co., Ltd.	None
Sub-asset	B-3	SANKEILOGI Settsu	Settsu-shi, Osaka	Real estate trust beneficiary right	i. 3,669.4 ii. 1,572.6 Total: 5,242	i. The Sankei Building Co., Ltd. (70%) ii. JA Mitsui Leasing Tatemono Co., Ltd. (30%)	None
Total (2 properties)			-	-	6,642	-	-

(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. 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 “S-GATE AKASAKA” is the figure equivalent to 20% quasi co-ownership interest(*) planned to be additionally acquired by SANKEI REAL ESTATE.

(*) SANKEI REAL ESTATE has already acquired 80% quasi co-ownership interest in the trust beneficiary right for “S-GATE AKASAKA” and plans to conduct additional acquisition for the remaining 20%. Following the additional acquisition, SANKEI REAL ESTATE will hold the entire quasi-co-ownership interest in the real estate trust beneficiary right.

(1)	Acquisition decision date	March 20, 2023
(2)	Contract date	
	S-GATE AKASAKA	March 31, 2023
	SANKEILOGI Settsu	March 20, 2023
(3)	Planned acquisition date	March 31, 2023 (Note 1)
(4)	Payment date	March 31, 2023 (Note 1)
(5)	Funds for acquisition	Borrowing (Note 2) and cash on hand
(6)	Settlement method	Payment of full amount at the time of delivery

(Note 1) The planned acquisition date and payment date may be changed with the consent of SANKEI REAL ESTATE and the seller.

(Note 2) For details of the borrowing, please refer to “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 enhancement of portfolio quality and stability of portfolio revenue pursuant to the basic investment policy and investment perspective provided in SANKEI REAL ESTATE’s articles of incorporation.

Of the To-Be-Acquired Assets, S-GATE AKASAKA is an office building with high occupancy that was recently built in a central location in Tokyo, developed as the first property in the S-GATE series of high-grade mid-sized office buildings by the sponsor The Sankei Building Co., Ltd., and SANKEILOGI Settsu is the first Kansai property in the SANKEILOGI series of logistics facilities recently being developed by The Sankei Building Co., Ltd. and is a logistics facility with consideration given to functionality, environmental awareness, and ease of work.

While focusing on office buildings located in metropolitan areas, SANKEI REAL ESTATE intends to ensure stability and growth according to real estate market conditions by allowing investment in “sub-assets,” which consist of real estate with uses that have different characteristics from those of office buildings. In the current market environment, we believe that expanding sub-assets and, in the case of office buildings, focusing on those that can be expected to provide stable revenue fits our management policy.

We also believe that through the acquisition and leasing of the To-Be-Acquired Assets, we will contribute to the stability of portfolio revenue by extending lease periods while maintaining and improving portfolio quality, such as by helping to meet ESG requirements (ease of working and environmental considerations). Furthermore, by rebalancing the investment ratio of “office buildings,” which is somewhat overweighted (from 86.6% at the end of the 8th Fiscal Period to 82.4% after the acquisition), we are also seeking to increase the effectiveness of portfolio diversification.

Therefore, SANKEI REAL ESTATE thinks that it is appropriate to acquire the To-Be-Acquired Assets in light of both growth and sustainability 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.”

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

The table below shows the 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 specified in an individual asset table. Please refer to the individual asset table together with the explanation on the terms listed below.

In principle, unless otherwise specified, the status as of the last day of February 2023 is indicated.

- “Type of specified asset” indicates the type of each To-Be-Acquired Asset.
- “Location” indicates the formal building address of each To-Be-Acquired Asset. 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, 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 upon the acquisition of each To-Be-Acquired Asset (after the change when changes are planned to be made due to the acquisition). For trust agreements that are planned to be concluded after the date of this document, the overview of the planned trustee, planned trust establishment date and planned trust expiration date upon the planned acquisition of each To-Be-Acquired Asset is indicated.
- “Site area” of the land is indicated based on the information 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 the individual asset table depending on the To-Be-Acquired Asset.
- “Type of ownership” of the land indicates the type of right for each To-Be-Acquired Asset planned to be held by SANKEI REAL ESTATE (trustee of real estate trust for trust beneficiary rights in real estate).
- “Structure and floors” of the building is indicated based on the information in the registry.
- “Construction completion” of the building indicates the date of completion of each building indicated in the registry. If there are multiple main buildings, the date of the oldest building in the registry is indicated.
- “Total floor area” of the building is indicated based on the information in the registry. Moreover, “Total floor area” indicates the total floor area of main buildings and attached buildings. It indicates the total floor area of the one entire building regardless of sectional ownership or quasi co-ownership.
- “Use” of the building indicates the main use among the building type in the registry.
- “Type of ownership” of the building indicates the type of right for each To-Be-Acquired Asset planned to be held by SANKEI REAL ESTATE (trustee of real estate trust for trust beneficiary rights in real estate).
- “Property management company” indicates the company with which SANKEI REAL ESTATE has concluded or plans to conclude a property management agreement for 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 for each To-Be-Acquired Asset. Moreover, the co-owners of each 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” indicates master lease agreements with no rent guarantee and “fixed-rent-type” indicates master lease agreements with rent guarantee.
- “Appraisal value” is the appraisal value as of March 1, 2023, stated in each real estate appraisal report. The appraisal of each To-Be-Acquired Asset is entrusted to Japan Real Estate Institute.
- PML value is indicated based on the “Seismic Risk Survey Evaluation Report - Portfolio Evaluation” dated March 2023 prepared by Tokio Marine dR Co., Ltd.
- “Number of tenants” indicates the number of tenants based on the lease agreement of each To-Be-Acquired Asset as of the last day of February 2023. However, the total number of end tenants is indicated for the portion in the pass-through-type master lease agreement when a master lease agreement has been concluded for the said asset. If a single tenant has concluded lease agreements for different uses of a single asset, the concerned tenant is counted as a tenant on a use-by-use basis.
- “Total rental revenue” indicates the amount calculated by annualizing the monthly rent (Only for rent of rental rooms excluding usage fee of incidental parts such as warehouse, signboard, parking lot that are not the main use and including common service expenses, etc. Free rent and rent holiday will not be taken into consideration. If there is any agreement of change of rent, the rent as of the last day of February 2023 is used. If the agreement with tenant includes variable rent, such variable rent is not taken into consideration. Consumption tax, etc. are not included.) of the building indicated in the lease agreement of each To-Be-Acquired Asset effective as of the last day of February 2023, rounded down to the nearest million yen. Moreover, the amount calculated by annualizing the monthly rent in the lease agreement concluded with the end tenant for the portion in the pass-through-type master lease agreement and by annualizing the monthly rent in the master lease agreement for 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 and excluding the security and guarantee deposits for incidental parts such as warehouse, signboard, parking lot that are not the main use) based on the lease agreement of each To-Be-Acquired Asset as of the last day of February 2023, rounded down to the nearest million yen.

- “Leased area” indicates the total leased area (excluding area of incidental parts such as warehouse, signboard, parking lot that are not the main use) shown in the lease agreement (excluding lease agreements under which the lease period is yet to commence.) with the tenant of each To-Be-Acquired Asset as lessee as of the last day of February 2023, rounded down to two decimal places. 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, rounded down to two decimal places.
- “Leasable area” indicates the area believed to be leasable (excluding area incidental parts such as warehouse, signboard, parking lot that are not the main use) based on the lease agreement, drawing, etc. of buildings for each To-Be-Acquired Asset as of the last day of February 2023, rounded down to two decimal places.
- “Occupancy rate” indicates the ratio of leased area to leasable area for each To-Be-Acquired Asset as of the last day of February 2023, rounded to one decimal place.
- “Special remarks” indicates matters recognized as important as of the last day of February 2023 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.

A-10 S-GATE AKASAKA (additional acquisition)

Property name		S-GATE AKASAKA
Type of specified asset		Real estate trust beneficiary right
Location		6-2-4 Akasaka, Minato-ku, Tokyo
Planned acquisition price		1,400 million yen
Overview of trust beneficiary right	Trustee	Sumitomo Mitsui Trust Bank, Limited
	Trust establishment date	October 1, 2020
	Trust expiration date	March 31, 2033
Land	Site area	775.63 m ² (Note 1) (Note 2)
	Use district	Commercial district, Category II residential district
	Floor area ratio	500%, 400%
	Building coverage ratio	80%, 60%
	Type of ownership	Ownership (20% quasi co-ownership interest) (Note 3)
Building	Structure and floors	Reinforced concrete, steel-frame reinforced concrete, steel-frame structure with flat roof, 8 floors above ground
	Construction completion	July 31, 2015
	Total floor area	3,918.05 m ²
	Asset type	Office, retail
	Type of ownership	Ownership (20% quasi co-ownership interest) (Note 3)
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 valuation)		1,498 million yen (March 1, 2023)
Appraiser		Japan Real Estate Institute
PML value		4.6%
PML value investigation company		Tokio Marine dR Co., Ltd.
Collateral		None
Overview of leasing		
	Number of tenants	2
	Total rental revenue	Not disclosed (Note 4)
	Security and guarantee deposits	Not disclosed (Note 4)
	Leased area	661.62 m ² (Note 5)
	Leasable area	661.62 m ² (Note 5)
	Occupancy rate	100.0% (Note 5)
Special remarks		Not applicable

(Note 1) The site area of ownership (quasi co-ownership interest) is shown.

(Note 2) The site area of the land includes the private road contribution portion (27.55 m²).

(Note 3) SANKEI REAL ESTATE has already acquired 80% quasi co-ownership interest in the trust beneficiary right for "S-GATE AKASAKA" and plans to conduct additional acquisition for the remaining 20%. Following the additional acquisition, SANKEI REAL ESTATE will hold the entire quasi-co-ownership interest in the real estate trust beneficiary right.

(Note 4) Such items contain the information for which the consent for disclosure from the tenants and other related parties has not been obtained. SANKEI REAL ESTATE does not disclose such information in light of future stable asset management and profit increase, because SANKEI REAL ESTATE judged that maintaining good relationships with such tenants and other related parties by not disrupting the fiduciary relationship benefits unitholders.

(Note 5) In the overview of leasing, the figures equivalent to the quasi co-ownership interest (20%) are shown for the leased area, leasable area and occupancy rate.

B-3 SANKEILOGI Settsu

Property name		SANKEILOGI Settsu
Type of specified asset		Real estate trust beneficiary right
Location		4-1-5 Tsuruno, Settsu-shi, Osaka
Planned acquisition price		5,242 million yen
Overview of trust beneficiary right	Trustee	Sumitomo Mitsui Trust Bank, Limited
	Trust establishment date	March 31, 2023
	Trust expiration date	March 31, 2033
Land	Site area	7,326.91m ²
	Use district	Quasi-industrial district
	Floor area ratio	200%
	Building coverage ratio	60%
	Type of ownership	Ownership
Building	Structure and floors	Steel frame, steel-frame reinforced concrete structure with alloy-plated steel sheet roof, 4 floors above ground
	Construction completion	October 1, 2022
	Total floor area	14,740.55 m ²
	Asset type	Warehouse
	Type of ownership	Ownership
Property management company		Jones Lang LaSalle Incorporated
Master lease company		—
Master lease type		—
Appraisal value (Date of valuation)		5,440 million yen (March 1, 2023)
Appraiser		Japan Real Estate Institute
PML value		6.9%
PML value investigation company		Tokio Marine dR 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	14,748.33 m ²
	Leasable area	14,748.33 m ²
	Occupancy rate	100.0%
Special remarks		A land usage lease agreement has been concluded for part of the land of the property for Settsu City to use it as land for a waterway, and if the land is transferred to a third party during the usage period based on the agreement, the status in the agreement must be assumed by the third party.

4. Overview of Seller

(A-10 S-GATE AKASAKA, B-3 SANKEILOGI Settsu 70% ownership)

(1)	Name	The Sankei Building Co., Ltd.
(2)	Location	1-7-2 Otemachi, Chiyoda-ku, Tokyo
(3)	Post and name of representative	Representative Director 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 September 30, 2022)
(6)	Established	June 11, 1951
(7)	Net assets	116,008 million yen (as of September 30, 2022)
(8)	Total assets	395,245 million yen (as of September 30, 2022)
(9)	Major shareholders and shareholding ratio	Fuji Media Holdings Inc. 100%
(10)	Relationship with SANKEI REAL ESTATE and Asset Management Company	
	Capital relationship	The company owns 3.74% 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	16 executives and employees of the Asset Management Company are loaned staff from the company.
	Business relationship	As of today, SANKEI REAL ESTATE has acquired all of the acquired assets (9 properties) other than "Toyo Park Building," "Shinagawa Seaside TS Tower," "Omori Park Building" "Miyazakidai Garden Office," and "Hitachi Kyushu Building" from the company. 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.

(B-3 SANKEILOGI Settsu 30% ownership)

(1)	Name	JA Mitsui Leasing Tatemono Co., Ltd.
(2)	Location	8-13-1 Ginza, Chuo-ku, Tokyo
(3)	Post and name of representative	Representative Director Masaki Kudo
(4)	Line of business	Acquisition, sale, leasing and proxy holding of real estate (commercial, logistics, medical, residential facilities, etc.) and other
(5)	Capital	110 million yen (as of March 31, 2022)
(6)	Established	March 22, 1995
(7)	Net assets	17,084 million yen (as of March 31, 2022)
(8)	Total assets	198,471 million yen (as of March 31, 2022)
(9)	Major shareholders and shareholding ratio	JA Mitsui Leasing, Ltd. 100%
(10)	Relationship with SANKEI REAL ESTATE and Asset Management Company	
	Capital relationship	There are no capital relationships to be stated between the company and SANKEI REAL ESTATE or the Asset Management Company.
	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	The company does not fall under the category of a related party of SANKEI

	party	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
S-GATE AKASAKA (6-2-4 Akasaka, Minato-ku, Tokyo)	i. The Sankei Building Co., Ltd. ii. Parent company of the Asset Management Company iii. Acquired for development purposes	Other than a party having special interest	—
	Omitted as the property was owned for more than a year	—	—
	Land: February 2013 Building: July 2015 (completion)	—	—
SANKEILOGI Settsu (4-1-5 Tsuruno, Settsu-shi, Osaka)	i. The Sankei Building Co., Ltd. (70%), Other than a party having special interest (30%) ii. Parent company of the Asset Management Company as for The Sankei Building Co., Ltd. iii. Acquired for development purposes	Other than a party having special interest	—
	Omitted as the land was owned for more than a year and the building is a property developed by the previous owner.	—	—
	October 1, 2022 (completion)	—	—

6. Future Outlook

The planned acquisition date of the To-Be-Acquired Assets is March 31, 2023, and there is no impact on the operating forecasts for the fiscal period ended February 2023 (from September 1, 2022 to February 28, 2023). Furthermore, no changes have been made to the operating forecasts for the fiscal period ending August 2023 (from March 1, 2023 to August 31, 2023), but the details, etc. are currently being reviewed and will be announced at the announcement of financial results for the fiscal period ended February 2023 ((REIT) Financial Report for the Fiscal Period Ended February 2023) scheduled for April 14, 2023.

7. Overview of Appraisal Report

Overview of appraisal report	
Property name	S-GATE AKASAKA
Appraiser	Japan Real Estate Institute
Appraisal value	1,498 million yen
Appraisal date	March 1, 2023

Item	Details	Overview, etc.
Income approach value	1,498 million yen	Assessed by applying the DCF method and direct capitalization method
Value based on direct capitalization method	1,516 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.)	47 million yen	
iv. Income from deposits	0 million yen	Assessed by assuming an investment yield of 1.0%.
v. Capital expenditure	0 million yen	Assessed by taking into consideration the engineering report and the level of renewal fees of similar properties
Net income (NCF: iii. + iv.- v.)	47 million yen	
Capitalization rate	3.1%	Assessed by taking into consideration the marketability of targeted property, transaction yield of similar properties, etc.
Value based on discounted cash flow (DCF) method	1,478 million yen	
Discount rate	2.9%	Assessed by taking into consideration the competitiveness, etc. of targeted property
Terminal capitalization rate	3.2%	Assessed by taking into consideration the risk on aging, market condition, etc.
Integrated value based on cost method	1,332 million yen	
Ratio of land	85.8%	
Ratio of building	14.2%	
Other matters which the appraiser has paid attention to in the appraisal	—	

(Note 1) All of the above amounts are the figures equivalent to the 20% quasi co-ownership interest.

(Note 2) Such items contain the information for which the consent for disclosure from the tenants and other related parties has not been obtained. Appraisal reports prepared by expert appraisers are required to be disclosed, however SANKEI REAL ESTATE does not disclose such information in light of future stable asset management and profit increase, because SANKEI REAL ESTATE judged that maintaining good relationships with such tenants and other related parties by not disrupting the fiduciary relationship benefits unitholders.

Overview of appraisal report	
Property name	SANKEILOGI Settsu
Appraiser	Japan Real Estate Institute
Appraisal value	5,440 million yen
Appraisal date	March 1, 2023

Item	Details	Overview, etc.
Income approach value	5,440 million yen	Assessed by applying the DCF method and direct capitalization method
Value based on direct capitalization method	5,460 million yen	
i. Operating revenue	237 million yen	
Effective gross income	237 million yen	
Loss from vacancy, etc.	—	
ii. Operating expenses	29 million yen	
Maintenance and operation cost	—	
Utilities expenses	—	
Repair expenses	0 million yen	
PM fee	1 million yen	
Tenant soliciting fees, etc.	—	
Taxes and public dues	25 million yen	
Non-life insurance premium	0 million yen	
Other expenses	—	
iii. Net operating income (NOI: i.-ii.)	208 million yen	
iv. Income from deposits	1 million yen	Assessed by assuming an investment yield of 1.0%.
v. Capital expenditure	2 million yen	Assessed by taking into consideration the engineering report and the level of renewal fees of similar properties
Net income (NCF: iii. + iv.- v.)	207 million yen	
Capitalization rate	3.8%	Assessed by taking into consideration the marketability of targeted property, transaction yield of similar properties, etc.
Value based on discounted cash flow (DCF) method	5,410 million yen	
Discount rate	3.5%	Assessed by taking into consideration the competitiveness, etc. of targeted property
Terminal capitalization rate	3.9%	Assessed by taking into consideration the risk on aging, market condition, etc.
Integrated value based on cost method	5,240 million yen	
Ratio of land	62.0%	
Ratio of building	38.0%	
Other matters which the appraiser has paid attention to in the appraisal	—	

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

<Attachment>

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

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

<Attachment>

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

Asset type	Property number	Property name	Location	(Planned) acquisition price (Note 1)		Appraisal value (million yen) (Note 2)	Actual or planned acquisition date (Note 3)
				Price (million yen)	Investment ratio (%)		
Office building	A-1	Tokyo Sankei Building (Note 4)	Chiyoda-ku, Tokyo	2,509	2.4	2,620	March 12, 2019
	A-2	BREEZÉ TOWER (Note 4)	Kita-ku, Osaka-shi, Osaka	13,100	12.7	18,000	i. March 12, 2019 ii. September 3, 2019
	A-3	S-GATE NIHONBASHI-HONCHO (Note 4)	Chuo-ku, Tokyo	6,698	6.5	7,750	March 12, 2019
	A-4	S-GATE AKIHABARA	Chiyoda-ku, Tokyo	2,055	2.0	2,710	March 12, 2019
	A-5	Hibiya Sankei Building	Chiyoda-ku, Tokyo	5,829	5.6	6,620	March 12, 2019
	A-6	Hatchobori Sankei Building	Chuo-ku, Tokyo	4,959	4.8	5,490	March 12, 2019
	A-7	Toyo Park Building	Koto-ku, Tokyo	3,782	3.7	3,920	March 12, 2019
	A-8	Shinagawa Seaside TS Tower (Note 5)	Shinagawa-ku, Tokyo	20,940	20.3	19,450	i. September 3, 2019 ii. September 2, 2021
	A-9	Omori Park Building	Ota-ku, Tokyo	5,400	5.2	5,490	September 3, 2019
	A-10	S-GATE AKASAKA (Note 6)	Minato-ku, Tokyo	7,000	6.8	7,490	i. October 1, 2020 ii. September 2, 2021 iii. March 31, 2023
	A-11	Miyazakidai Garden Office	Miyamae-ku, Kawasaki-shi, Kanagawa	2,800	2.7	2,740	September 2, 2021
	A-12	Hitachi Kyusyu Building	Sawara-ku, Fukuoka-shi, Fukuoka	10,000	9.7	10,300	September 2, 2021
Subtotal (average)			-	85,074	82.4	92,580	-
Sub assets	B-1	Hotel Intergate Tokyo Kyobashi	Chuo-ku, Tokyo	8,961	8.7	9,050	March 12, 2019
	B-2	Hotel Intergate Hiroshima	Naka-ku, Hiroshima-shi, Hiroshima	3,990	3.9	4,120	September 3, 2019
	B-3	SANKEILOGI Settsu	Settsu-shi, Osaka	5,242	6.1	5,440	March 31, 2023
Subtotal (average)			-	18,193	17.6	18,610	-
Total (average)			-	103,267	100.0	111,190	-

(Note 1) “(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. 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 (planned) acquisition price of each Acquired or To-Be-Acquired Asset to the total amount of (planned) acquisition price, rounded to one decimal place.

(Note 2) “Appraisal value” is the appraisal value stated in each real estate appraisal report at the respective times as of February 28, 2023, for the assets acquired by SANKEI REAL ESTATE and as of March 1, 2023, 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 (planned) acquisition price and appraisal value for “Tokyo Sankei Building,” “BREEZÉ TOWER,” and “S-GATE NIHONBASHI-HONCHO” are the figures that correspond to the (quasi) co-ownership interest in each property (2%, 45% and 51%, respectively) (*) acquired by SANKEI REAL ESTATE. The (planned) acquisition date for “BREEZÉ TOWER” presented on the first line (indicated by (i)) is the initial acquisition date on which SANKEI REAL ESTATE acquired 30% quasi co-ownership interest in sectional ownership interest in the office portion of the building, etc. and that presented on the next line (indicated by (ii)) is the additional acquisition date on which SANKEI REAL ESTATE acquired 15% quasi co-ownership interest in sectional ownership interest.

(*) As for “Tokyo Sankei Building,” SANKEI REAL ESTATE has already acquired 2% co-ownership interest in the ownership of the site, 2% quasi co-ownership interest in the leasehold and 2% co-ownership interest in the ownership of the building. As for “BREEZÉ TOWER,” SANKEI REAL ESTATE has already acquired 45% 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. As for “S-GATE NIHONBASHI-HONCHO,” SANKEI REAL ESTATE has already acquired trust beneficiary rights with 51% co-ownership interest in the ownership of the site and building as trust assets. “(Quasi) co-ownership interest in each property (2%, 45% and 51%, respectively)” is used to refer to such.

(Note 5) The (planned) acquisition price and appraisal value for “Shinagawa Seaside TS Tower” are the figures equivalent to the 50% quasi co-ownership (*) acquired by SANKEI REAL ESTATE. The actual or planned acquisition date presented on the first line (indicated by (i)) is the initial acquisition date on which SANKEI REAL ESTATE acquired 25% quasi co-ownership interest in sectional ownership interest in the building, etc. and that presented on the next line (indicated by (ii)) is the additional acquisition date on which SANKEI REAL ESTATE acquired 25% quasi co-ownership interest in sectional ownership interest.

(*) As for “Shinagawa Seaside TS Tower,” SANKEI REAL ESTATE has already acquired 50% quasi co-ownership interest in trust beneficiary rights with sectional ownership of the office portion of the buildings, co-ownership interest in sectional ownership of the parking portion of the buildings and rights to use the sites (ownership and mutual use rights of the site) as trust assets. “50% quasi co-ownership interest” is used to refer to such.

(Note 6) The (planned) acquisition date for “S-GATE AKASAKA” presented on the first line (indicated by (i)) is the initial acquisition date on which SANKEI REAL ESTATE acquired 60% quasi co-ownership interest in the building, etc., that presented on the middle line (indicated by (ii)) is the additional acquisition date on which SANKEI REAL ESTATE acquired 20% quasi co-ownership interest, and that presented on the bottom line (indicated by (iii)) is the planned acquisition date of additional acquisition this time around.

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

(Property number A-10) S-GATE AKASAKA

(1) Characteristics of the Property

- This is the first property in the “S-GATE” series of high-grade mid-sized office buildings developed and managed by The Sankei Building Co., Ltd. with unified design, specs and service standards to offer excellent comfort, peace of mind, safety, environmental performance, BCP (business continuity planning) measures and tenant services, etc. in terms of intangible factors.
 - The property is located in the Akasaka area, which is highly popular as an office area, and in addition to offering the convenience of being a 1-minute walk from Akasaka Station on the Tokyo Metro Chiyoda Line, the nearest station, it is also within walking distance of Tameike-sanno Station, Akasaka-mitsuke Station, and Nagatacho Station, thus having four stations and six lines available.
 - In addition to the appearance of a solid grid design (Note 1), the standard floor has a rented floor area of approximately 525 m², a ceiling height of 2,800 mm, and an out-frame structure that realizes a completely pillar-free space. Environmentally friendly Low-e (Low emissivity) double-glazed glass (Note 2), LED lighting, and completely separate air-conditioning are installed. A comfortable office environment is realized by creating a pleasant aroma at the entrance, greening the walls, installing digital signage, hotel-like restrooms with powder space, a refreshing corner, and an open rooftop terrace. In terms of business continuity plan (BCP) measures, the property is equipped with an emergency power generator, has two separate power lines, has an emergency storage facility on all floors except the first floor, and has an earthquake-resistant structure with an earthquake resistance level equivalent to 1.25 times that of the Building Standards Act. Although it is a medium sized building, it boasts the same specifications and equipment levels as a class-A building, and is believed to offer competitiveness comparable with recently constructed large-scale buildings.
 - The property received “2020 3 Stars” DBJ Green Building Certification.
- (Note 1) “Grid design” refers to the design of a lattice pattern applied to the exterior of the building.
 (Note 2) “Low-e (Low emissivity) double-glazed glass” refers to double-glazed glass with a low-emissivity film.



(2) Map of surrounding area



(3) Photo of To-Be-Acquired Asset



(Property number B-3) SANKEILOGI Settsu

(1) Characteristics of the Property

- Settsu City where the property is located is an excellent location as a hub, with multiple lines connecting to the urban area. The Hokusetsu area including Ibaraki City and Takatsuki City adjacent to Settsu City forms one of the leading inland warehouse-concentrated areas centered around interchanges for the Meishin Expressway and the Kinki Expressway, and is the location of many businesses including the regional hubs of trucking and warehouse operators backed by major arterial roads.
- The property is located approximately 1.2 kilometers (approximately 3 minutes by car) from the Settsu-kita Interchange of the Kinki Expressway, approximately 2.4 kilometers (approximately 6 minutes by car) from the Settsu-minami Interchange of the Kinki Expressway and approximately 5.2 kilometers (approximately 13 minutes by car) from the Suita Junction of the Meishin Expressway, Chugoku Expressway and Kinki Expressway, providing good access to central Osaka and the Kyoto and Kobe areas, making it a location with excellent expressway access as a relay point for transportation between cities.
- The property is a 6-minute walk from Settsu Station on the Osaka Monorail, making it convenient for commuting. From the perspective of securing workers, it is backed by an extensive residential area forming a commuter town as a core city in inland Osaka, and is believed to offer an environment which enables an abundant workforce to be secured.
- The first floor of the building has 15 truck berths capable of handling large trucks, in addition to a waiting area for 7 trucks, and with a freight elevator (1 unit with a capacity of 3.5 tons) and vertical conveyors (3 units with a capacity of 1.5 tons) efficiently placed within the building, efficient cargo handling and separate operation can be realized with no problems. The building specs are versatile and competitive, such as a floor load capacity of 1.5t/m² and effective height under a low beam of 5.5 meters on each floor, in addition to having forklift charging spaces on each floor.
- A solar power system has been installed on the roof of the building, enabling captive use within the facility and autonomous operation using solar power in the event of a power outage. Furthermore, LED lighting is used throughout the building, and sandwich panels with excellent thermal insulation properties are incorporated.
- From the perspective of a friendly working environment, it offers convenient commuting, in addition to an entrance hall with a sense of warmth provided by wooden fixtures suitable for welcoming users of the facility, men's and women's restrooms on each floor, and restrooms and break rooms for drivers.

(2) Map of surrounding area



(3) Photo of To-Be-Acquired Asset

