



February 14, 2024

Supplementary Materials on the Following Press Releases Issued on January 30

**“Notice Concerning Large-Scale Portfolio Rebalancing**

**(Disposition and Acquisition of Domestic Real Estate Trust Beneficiary Rights)”**

**“Notice Concerning Early Repayment of Borrowings”**

## Disclaimer

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This document summarizes the information contained in the “Notice Concerning Large-Scale Portfolio Rebalancing (Disposition and Acquisition of Domestic Real Estate Trust Beneficiary Rights)” and the “Notice Concerning Early Repayment of Borrowings” announced by SANKEI REAL ESTATE Inc. (hereinafter, “SANKEI REAL ESTATE”) on January 30, 2024, and information associated with these.

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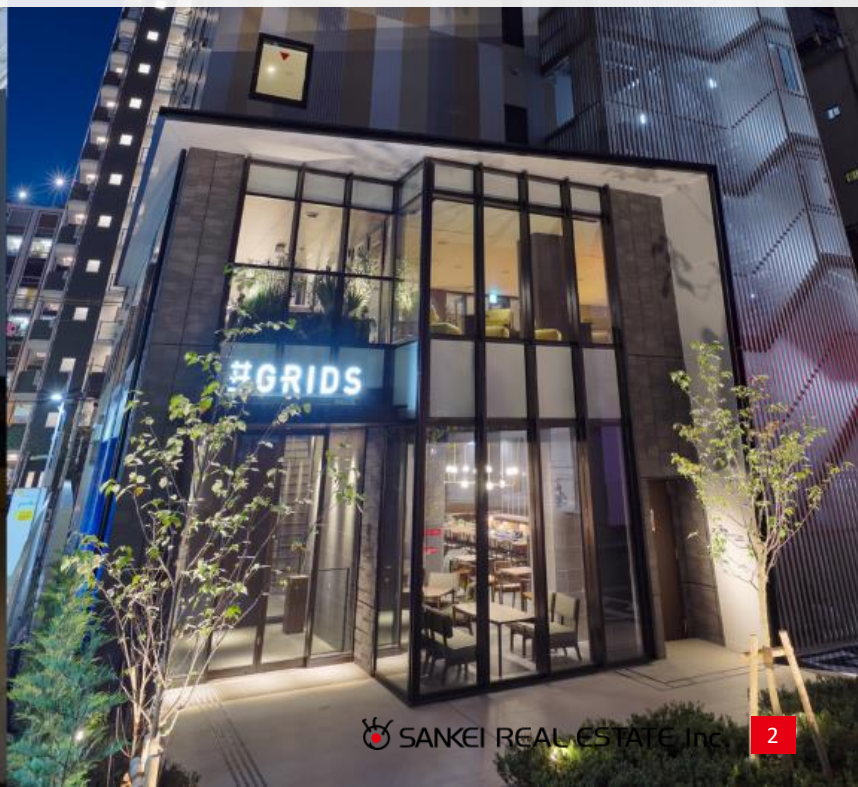
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**“Notice Concerning Large-Scale Portfolio Rebalancing (Disposition and Acquisition of Domestic Real Estate Trust Beneficiary Rights)”**

**“Notice Concerning Early Repayment of Borrowings”**



## Overview of the Transaction

➤ As planned, **two office buildings** are to be disposed of and **three properties of the core asset group, namely hotels**, are to be acquired.

### 1. Overview of the Disposition

(1) Assets to be disposed of (planned disposition price)

**A-2 BREEZÉ TOWER (17,995 million yen)**

**A-8 Shinagawa Seaside TS Tower (16,100 million yen)**

(2) Contract date: January 31, 2024

(3) Disposition date: January 31, 2024

(4) Buyer: THE SANKEI BUILDING CO., LTD.

### 2. Overview of the Acquisition

(1) Assets to be acquired (planned acquisition price)

**B-4 Hotel Intergate Kyoto Shijo Shinmachi (5,800 million yen)**

**B-5 Hotel Intergate Kanazawa (3,250 million yen)**

**B-6 Grids Premium Hotel Osaka Namba (7,800 million yen)**

(2) Contract date: February 1, 2024

(3) Acquisition date: February 1, 2024

(4) Seller: THE SANKEI BUILDING CO., LTD.



\* Unless otherwise specified, the figures in this document are rounded down to the nearest unit. Therefore, values, such as sum total, may not match. The same applies below.

## Overview of the Transaction

### Assets to be disposed of

**Two properties**  
**Approx. 34.0 billion yen**

**A-2 BREEZÉ TOWER**  
**(100% ownership)**

**17,995 million yen**



**A-8 Shinagawa Seaside TS Tower**  
**(100% ownership)**

**16,100 million yen**



### Assets to be acquired

**Three properties**  
**Approx. 16.8 billion yen**

**B-4 Hotel Intergate**  
**Kyoto Shijo Shinmachi**

**5,800 million yen**



**B-5 Hotel Intergate Kanazawa**

**3,250 million yen**



**B-6 Grids Premium Hotel**  
**Osaka Namba**

**7,800 million yen**



### Net surplus

**Approx. 16.9 billion yen\***

\* On a cash basis after consumption tax and other expenses

**Repayment of borrowings**

**6.4 billion yen**  
**Scheduled for repayment**  
**in February 2024**

**Approx. 10.5 billion yen**

**Assets to be acquired**

**Being arranged**  
**Scheduled to be**  
**announced in**  
**February 2024**

\* The assets currently being arranged for acquisition, scheduled to be announced in February 2024, are still in the scheduling phase as of the date of this document. No sale or acquisition has been decided, and there is no assurance any acquisition will be made. The same applies below.

\* For details on the repayment of borrowings, please refer to the "Notice Concerning Early Repayment of Borrowings" announced on January 30, 2024.

# Overview of the Asset to be Acquired (1)

REVIVAL PLAN

## B-4 Hotel Intergate Kyoto Shijo Shinmachi

Sponsor support  
Core asset group

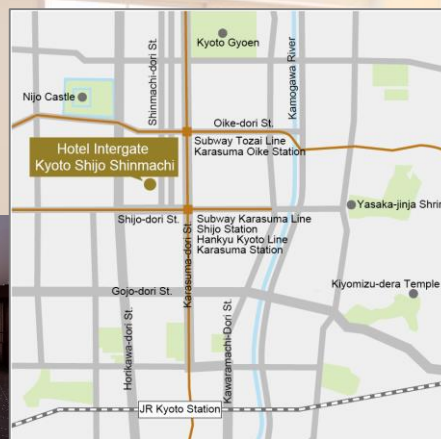
- The first property in the sponsored brand “Intergate Hotels” series
- Conveniently located within a five-minute walk from Shijo Station on the Kyoto Municipal Subway and Karasuma Station on the Hankyu Kyoto Line

[Official website] <https://www.intergatehotels.jp/kyoto-shijo/en/>

A hotel where you can feel like a Kyoto local

Feel the culture of Kyoto with the art of Nishijin brocade, and modern Japanese décor with special attention on bedding.

We provide a comfortable space that feels like home, while still allowing guests to savor a sense of unity with the ancient townscape.



A hotel specializing in overnight stays, with an exterior reminiscent of a traditional Kyoto townhouse and a modern Japanese interior that mixes Eastern and Western sensibilities. The Shijo-Karasuma area is Kyoto's typical office district, making it highly convenient for guests, whether for leisure or business.

Planned acquisition price	5,800 million yen
Appraisal value	5,870 million yen
Appraisal NOI yield	4.1%
Contract form	Fixed-term lease (fixed + variable)
Operator	GRANVISTA Hotels & Resorts

Location	Nakagyo-ku, Kyoto-shi
Total floor area	5,882.48 m <sup>2</sup>
Completed	November 2017
Structure / size	Steel Construction, 5 floors above ground
Number of guest rooms	153



Sponsored brand  
value experience-type hotel  
“Intergate Hotels”

“Intergate Hotels” is a hotel brand developed by Sankei Building and operated and managed by its group company GRANVISTA Hotels & Resorts.

Junior Suite Room



INTERGATE Room



We offer a total of 153 guestrooms, including a 48-square-meter Junior Suite Room adorned with Nishijin brocade for the artwork and foot throws, providing guests a sense of Kyoto and Japanese aesthetic.

Front desk



The front counter, designed to welcome guests with its modern Japanese aesthetic harmonizing with the townscape

Intergate Lounge



A café-style lounge, accessible anytime from check-in to check-out

## Overview of the Asset to be Acquired (2)

REVIVAL PLAN

### B-5 Hotel Intergate Kanazawa

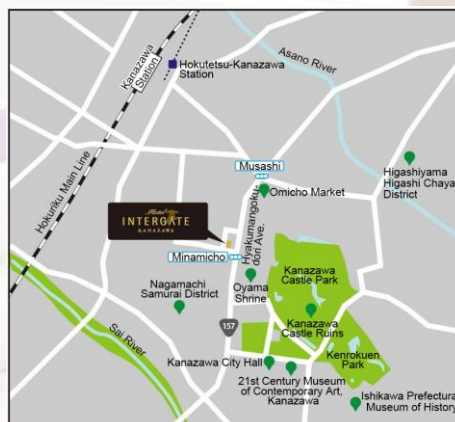
- The fourth property in the sponsored brand “Intergate Hotels” series
- Situated in an excellent location with famous tourist spots such as Kenrokuen and Omicho Market accessible by foot

Sponsor support  
Core asset group

[Official website] <https://www.intergatehotels.jp/kanazawa/en/>

Contemporary design with a modern twist on the glamour and serenity of Kaga culture

The guest rooms are bright and spacious, with designs using Kanazawa’s “Su” and “Kuzushi” techniques and traditional colors of “Kaga Gosai” to express its history and culture. Enjoy a comfortable stay.



The property is designed to harmonize with contemporary design while featuring interiors throughout that allow visitors to experience Kanazawa’s history and culture. The property is located close to Hyakumangoku-dori Avenue in central Kanazawa, offering convenient access on foot to famous tourist spots such as Kenrokuen Park, Omicho Market and 21st Century Museum of Contemporary Art, Kanazawa.

<b>Planned acquisition price</b>	3,250 million yen	<b>Location</b>	Takaokamachi, Kanazawa-shi
<b>Appraisal value</b>	3,280 million yen	<b>Total floor area</b>	5,147.71 m <sup>2</sup>
<b>Appraisal NOI yield</b>	4.8%	<b>Completed</b>	January 2019
<b>Contract form</b>	Fixed-term lease (fixed + variable)	<b>Structure / size</b>	Steel Construction, 12 floors above ground
<b>Operator</b>	GRANVISTA Hotels & Resorts	<b>Number of guest rooms</b>	166



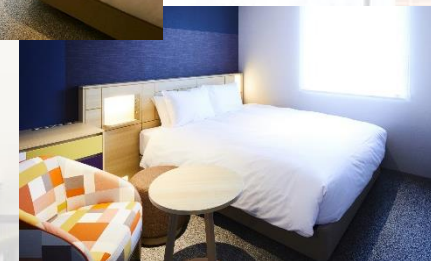
Sponsored brand  
value experience-type hotel  
“Intergate Hotels”

“Intergate Hotels” is a hotel brand developed by Sankei Building and operated and managed by its group company GRANVISTA Hotels & Resorts.

Superior Twin Room



Standard Double Room



The hotel has mainly twin and double rooms but also single rooms and suites to meet the accommodation needs of business travelers as well as tourists.



The coffee counter, which is placed in the center of the lounge on the first floor and resembles a chasen (tea whisk) representing Kanazawa’s tea ceremony culture, offers coffee and original cocktails depending on the time of day, and the facility has the operational capability to plan and provide unique services such as workshops and events.

## Overview of the Asset to be Acquired (3)

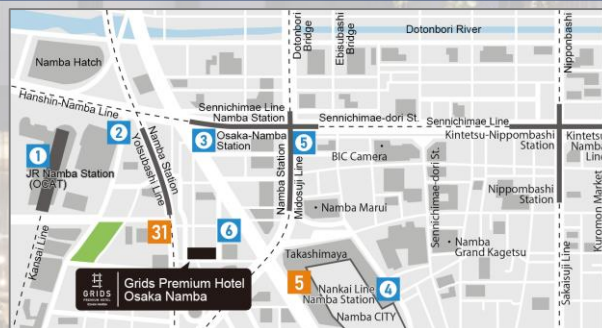
### B-6 Grids Premium Hotel Osaka Namba

- The first property of Sponsored brand “GRIDS” new series premium line
- Conveniently located in the popular “Minami” district and a one-minute walk from “Namba” station on the Osaka Metro

[Official website] <https://gridshotel.com/osaka-namba/en/>

As the first hotel in the premium GRIDS brand line “GRIDS PREMIUM,” all rooms are private accommodations, mainly targeting Millennials and Generation Z who seek to enjoy traveling as an integral part of their lifestyle on their own terms. We also aim to foster connections with new people and discover new opportunities to become a model accommodation facility that serves as a hub for disseminating local information.

Sponsor support  
Core asset group



<b>Planned acquisition price</b>	7,800 million yen
<b>Appraisal value</b>	7,860 million yen
<b>Appraisal NOI yield</b>	4.1%
<b>Contract form</b>	Fixed-term lease (fixed + variable)
<b>Operator</b>	AB Accommo
<b>Location</b>	Naniwa-ku, Osaka-shi
<b>Total floor area</b>	4,308.56 m <sup>2</sup>
<b>Completed</b>	January 2021
<b>Structure / size</b>	Steel Construction, 11 floors above ground
<b>Number of guest rooms</b>	142

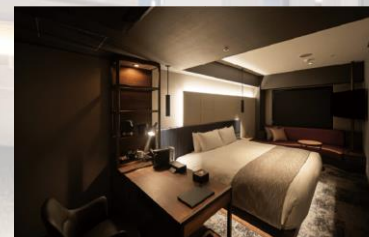


Sponsored brand  
lifestyle-type hotel  
“GRIDS”

GRIDS is a hotel based on the concept of “THE TRAVELERS’ HUB: connecting travel, people and hearts” where it is easy for visiting guests to find new enjoyment and connections while coming in contact with Japanese tradition and culture.

“THE TRAVELERS’ HUB: connecting travel, people and hearts”

While adhering to the GRIDS’ concept, we opt out of dormitory-type guest rooms and all rooms are private accommodations, mainly targeting Millennials and Generation Z who seek to enjoy traveling as an integral part of their lifestyle on their own terms.



Premium Double



Family Twin



Lounge

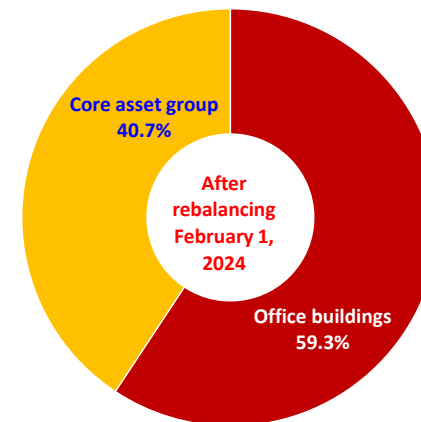
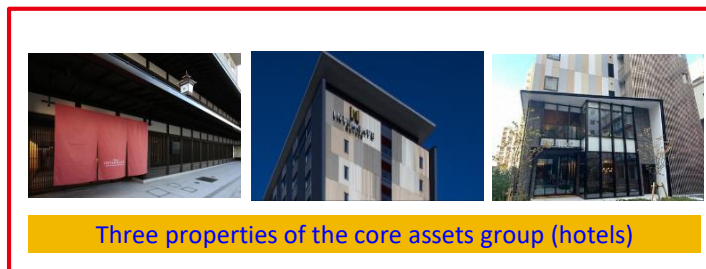
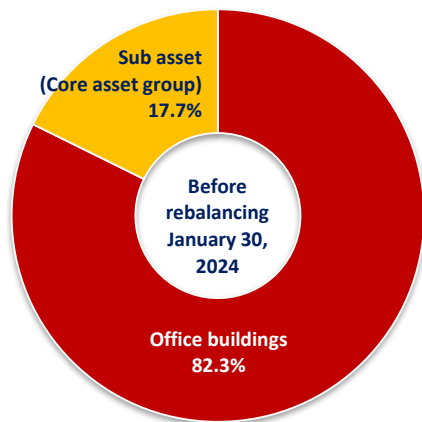


Terrace

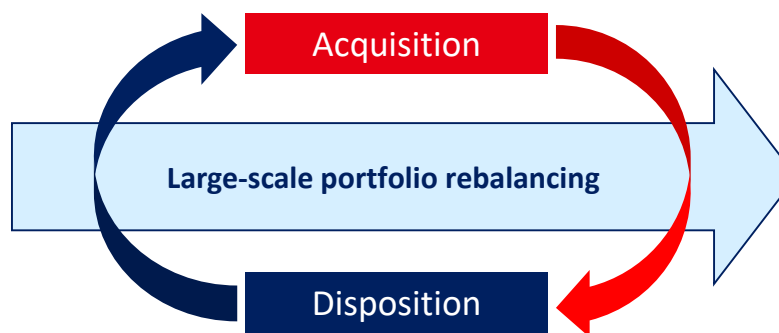
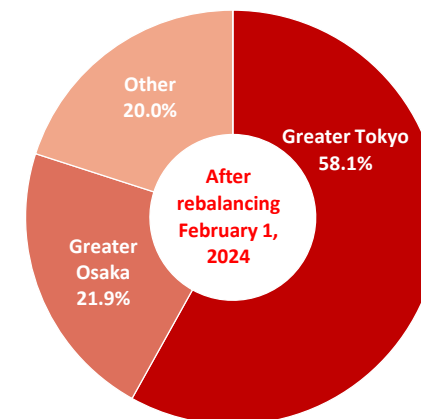
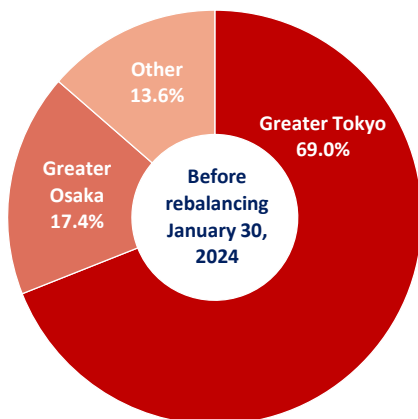


## Portfolio Status After the Transaction

### ➤ Asset type diversification (on an acquisition price basis)



### ➤ Geographic diversification (on an acquisition price basis)



\* Unless otherwise specified, the ratios in this document were rounded to one decimal place. Therefore, values, such as sum total, may not match. The same applies below.

## Portfolio Status After the Transaction

### ➤ Changes in portfolio resulting from rebalancing

	Before rebalancing (January 30, 2024)	During rebalancing (Net change)	After rebalancing (February 1, 2024)
<b>Asset size</b> (acquisition price basis)	102.8 billion yen	-16.7 billion yen	<b>86.0 billion yen</b>
<b>Number of properties</b>	15	+1	<b>16</b>
<b>Acquisition price per property</b>	6.8 billion yen	-1.4 billion yen	<b>5.3 billion yen</b>
<b>Average appraisal NOI yield*1</b> (acquisition price basis)	4.0%	Before After 3.9% → 4.3%	<b>4.1%</b>
<b>Occupancy rate</b> (As of December 31, 2023)	86.9%	100.0%	<b>97.3%*2</b>
<b>Sponsor support rate</b> (acquisition price basis)	100.0%	100.0%	<b>100.0%</b>
<b>Average building age</b>	19.5 years	4.5 years	<b>16.9 years</b>

\*1 Figures are as of January 1, 2024 for assets to be acquired and disposed of, and as of August 31, 2023 for other assets.

\*2 The figure is based on the occupancy rate as of December 31, 2023.

### ➤ Changes in financial condition resulting from rebalancing

	Before rebalancing (January 30, 2024)	After rebalancing and early repayment (February 29, 2024)
<b>Balance of interest-bearing liabilities</b>	56.6 billion yen	<b>50.2 billion yen</b>
<b>LTV*3</b>	50.6%	<b>47.7%</b>
<b>Ratio of long-term debt</b>	75.3%	<b>84.9%</b>
<b>Ratio of fixed-rate debt</b>	78.3%	<b>88.2%</b>
<b>Average remaining time to maturity</b>	2.0 years	<b>2.1 years</b>
<b>Average financing interest rate</b>	0.5%	<b>0.5%</b>

\*3 The Loan-to-Value (LTV) ratio before rebalancing is as of September 29, 2023.

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 SANKEI REAL ESTATE Inc.