SANKEI REAL ESTATE Inc.

March 2, 2020

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 Change in Affiliate Structure

SANKEI REAL ESTATE Inc. ("SANKEI REAL ESTATE") hereby announces a change in the affiliate structure of Sankei Building Asset Management Co., Ltd., to which SANKEI REAL ESTATE entrusts the management of its assets (the "Asset Management Company"), as follows.

1. Overview

SANKEI REAL ESTATE and the trustee of the trust stipulated in Article 29-3, Paragraph 3, Item 4 of the Order for Enforcement of the Financial Instruments and Exchange Act was expected to execute a lease concerning a real estate asset and a real estate asset in trust with GRANVISTA Hotels & Resorts Co., Ltd. for a three-year period starting on the first day of the second fiscal period (September 1, 2019) of SANKEI REAL ESTATE. Moreover, the average per fiscal period of the amount expected to be received by SANKEI REAL ESTATE and the trustee of the concerned trust as consideration for the lease was expected to be 20% or more of SANKEI REAL ESTATE's operating revenue from the previous fiscal period, i.e., between the establishment date of SANKEI REAL ESTATE (November 19, 2018) and the last day of the first fiscal period (August 31, 2019). Thus, GRANVISTA Hotels & Resorts Co., Ltd. has been categorized as a specified related party (corporation that is engaged or was engaged in transactions set forth in Article 29-3, Paragraph 3, Item 3 and Item 4 of the Order for Enforcement of the Financial Instruments and Exchange Act (lease transactions)) since September 1, 2019. However, because the lease with GRANVISTA Hotels & Resorts Co., Ltd. for a three-year period starting on the first day of the third fiscal period (March 1, 2020) will not meet this criterion, GRANVISTA Hotels & Resorts Co., Ltd. will no longer be categorized as a specified related party from March 1, 2020.

2. Effective Date

March 1, 2020

3. Profile of Specified Related Party

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|---|---|---|
| i. | Name | GRANVISTA Hotels & Resorts Co., Ltd. |
| ii. | Location | 2-3-4 Uchikanda, Chiyoda-ku, Tokyo |
| iii. | Title and Name of Representative | Sadanori Suda, President |
| iv. | Description of Business | Hotel/restaurant business, aquarium business, expressway business, golf course business and facility management contract business |
| v. | Capital | 100 million yen (as of September 30, 2019) |
| vi. | Establishment | August 27, 1958 |
| vii. | Net Assets | 10,249 million yen (as of September 30, 2019) |
| viii. | Total Assets | 37,726 million yen (as of September 30, 2019) |
| ix. | Major Shareholder and Shareholding Ratio | THE SANKEI BUILDING CO., LTD. (100%) |

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|---|---|---|
| x. | Relationship between the company and SANKEI REAL ESTATE/the Asset Management Company | |
| | Capital Relationship | There is no capital relationship required to be disclosed between the company and SANKEI REAL ESTATE/the Asset Management Company. However, the company is a subsidiary of THE SANKEI BUILDING CO., LTD., the parent of the Asset Management Company, and falls under the category of interested parties of the Asset Management Company stipulated in the enforcement regulations of the Act on Investment Trusts and Investment Corporations. |
| | Personnel Relationship | There is no personnel relationship required to be disclosed between the company and SANKEI REAL ESTATE/the Asset Management Company. |
| | Business Relationship | The company is a lessee of “Hotel Intergate Tokyo Kyobashi” and “Hotel Intergate Hiroshima”, both of which are assets owned by SANKEI REAL ESTATE. In addition, the company has concluded a trademark license agreement with SANKEI REAL ESTATE. |
| | Classification as Related Party | The company is a subsidiary of THE SANKEI BUILDING CO., LTD., the parent of the Asset Management Company, and falls under the category of related party. |

4. Impact on Forecasts

The change in the specified related party of SANKEI REAL ESTATE will have no impact on its operating forecasts for the fiscal period ended February 29, 2020 (from September 1, 2019 to February 29, 2020), fiscal period ending August 31, 2020 (from March 1, 2020 to August 31, 2020) and fiscal period ending February 28, 2021 (from September 1, 2020 to February 28, 2021).

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