SANKEI REAL ESTATE Inc.

September 7, 2020

For Immediate Release

Real Estate Investment Trust Securities Issuer
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SANKEI REAL ESTATE Inc.
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(TSE code: 2972)

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Notice Concerning Borrowing of Funds

SANKEI REAL ESTATE Inc. ("SANKEI REAL ESTATE") hereby announces its decision made today to borrow funds (hereinafter, the "Borrowing") as follows.

1. Details of the Borrowing
Short-term borrowing (Note 1)

i.	Lender:	Mizuho Bank, Ltd.
ii.	Planned borrowing amount:	4,300 million yen
iii.	Interest rate:	Base rate (JBA 1-month Japanese Yen TIBOR) + 0.150% (Note 2)
iv.	Planned borrowing date:	October 1, 2020 (Note 3)
v.	Borrowing method:	Conclusion of individual loan agreement on September 29, 2020 (scheduled) with the lenders shown above
vi.	Maturity date:	October 1, 2021 (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 November 1, 2020, followed by the 1st of every calendar month thereafter, and the maturity date (Note 4)
ix.	Security:	Unsecured and non-guaranteed (Note 6)

(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.

(Note 2) 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 (http://www.jbatibor.or.jp/english/rate/). The interest rates for the borrowing quoted hereto are based on those scheduled as of today 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 September 7, 2020, 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 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.

2. Reason for the Borrowing

The Borrowing are for use as part of the funds for acquisition of the real estate trust beneficiary rights to 1 property (hereinafter, the "To-be-Acquired Asset") as stated in "Notice Concerning Acquisition and Leasing of Trust Beneficiary Rights in Domestic Real Estate" announced today and cost associated with such acquisition. In connection with the decision of the Borrowing, 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.

(Note) For details of the To-be-Acquired Asset, please refer to "Notice Concerning Acquisition and Leasing of Trust Beneficiary Rights in Domestic Real Estate" announced today.

3. Amount, use and outlay schedule of funds to be procured

(1) Amount of funds to be procured

4,300 million yen

(2) Specific use of funds to be procured

For use as part of the funds for acquisition of the To-be-Acquired Asset and incidental expenses described in "2. Reason for the Borrowing" above.

(3) Outlay schedule

October 1, 2020

4. Status of Borrowings, etc. after the Borrowing

(Unit: million yen)

	Before the Borrowing	After the Borrowing	Increase (Decrease)
Short-term borrowing (Note)	0	4,300	4,300
Long-term borrowings (Note)	33,500	33,500	0
Repayment due within one year	4,800	4,800	0
Total borrowings	33,500	37,800	4,300
Investment corporation bonds	—	—	—
Total borrowings and investment corporation bonds	33,500	37,800	4,300

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

5. Other

Concerning the risks associated with the Borrowing, there is no significant change from the content of "Part 1. Fund Information; Section 1. Status of Fund; (3) Investment Risks" in the annual securities report submitted on May 27, 2020.

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