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SANKEI REAL ESTATE Announces Commencement of a Tender Offer for Its Investment Units by City Index Fifth—Outcome of the Tender Offer and Its Impact on the Rating Will Be Closely Watched

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on a tender offer by City Index Fifth Co., Ltd. (the "Offeror") for the investment units of SANKEI REAL ESTATE Inc. (security code: 2972) (the "Tender Offer").

(1) SANKEI REAL ESTATE Inc. (the "Corporation") announced today that the Tender Offer for its investment units will be commenced by the Offeror. The Tender Offer is intended to privatize such investment units, and, if successfully completed, the delisting process will proceed through the additional acquisition and consolidation of investment units by the Offeror. While expressing its support for the Tender Offer, the Corporation leaves the decision of whether or not to tender investment units to the discretion of each unitholder.

(2) In the event that it becomes necessary to repay all existing borrowings following the privatization of the Corporation, the Offeror will cover the funds required for such repayment with its group's own funds. It will determine the specific treatment of the existing borrowings, as well as the timing, method, etc. of repayment, based on discussions with respective financial institutions, and JCR will keep an eye on progress in future discussions.

(3) As regards the concrete business operation policies, organizational restructuring, etc. of the Corporation following the delisting, the Offeror has presented multiple options aimed at maximizing the value of the asset portfolio but has yet to disclose any definitive plans at this point. JCR on its part will continue monitoring progress in the Tender Offer and subsequent developments and assess their impact on the rating.

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<Reference>
Issuer: SANKEI REAL ESTATE Inc.
Long-term Issuer Rating: A+ Outlook: Stable

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