# Investor Presentation for the 4<sup>th</sup> Fiscal Period (ended Jul. 2023)

September 15, 2023





**The Asset Manager** 

Tokaido REIT Management Co.,Ltd.



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# **Section 1**

# **About Tokaido REIT**

#### **Equity Story of Tokaido REIT**

# **Equity Story of Tokaido REIT**



## Strategic Investment in the "Industrial Area" that Has Sustainable Economic Bases



#### **Equity Story of Tokaido REIT**

# **Equity Story of Tokaido REIT**



Well-developed transportation infrastructure in the industrial region with Shizuoka at the core has led to a sustainable industrial cluster and population concentration

## Industrial clusters





#### (Source) Prepared by the Asset Manager based on the 2020 Industrial Statistics

# <section-header><image><image>

# Demographics characteristic of an "industrial region"

<Percentage of secondary industry workers by prefecture>



(Source) Prepared by the Asset Manager based on 2020 National Census

## **Investment Strategies & Policy**





## Attractive asset portfolio of the industrial areas in Shizuoka Prefecture and the Tokaido Region

① Assets driven by the industrial region's sustainable economic strength

- ② Prime tenants underpinned by a strong economy
- ③ Investment area having relatively low risk of property price fluctuations



# Section 2

# **Financial Highlights and Trends**

#### **Financial Highlights and Trends**

# **Overview of the 1st Public Offering**



## Since our initial public offering, we have kept the prices of investment units stable.





## **Overview of the Offering & Property Acquisitions**

Offering Type	Domestic	Borrowing Amount (Note 2)	7.05 bn JPY
Number of Newly Issued Investment Units	65,700 units	Total Acquisition Price	13.57 bn JPY
Total Number of Issued Investment Units (Note 1)	7.20 bn JPY	Appraisal NOI Yield in Average	5.3%

(Note 1) For specific information about the total issue value, please refer to "the Notice Concerning Decisions Regarding Pricing with Respect to the Issuance of New Investment Units and Secondary Offering of Investment Units" released on January 25, 2023. (Note 2) For comprehensive details on borrowings, please refer to "the Notice Concerning Borrowing of Funds and Early Repayment of Borrowings" released on January 25, 2023.





#### Capital was increased by 150% via investment targeting the extensive requirements of the industrial area (Capital growth after the IPO)





(Note) The numbers in the tables and charts are rounded to one decimal place.

# **Overview of 4th Period Financial Results**





NAV per unit: 112,984 JPY (increased by 4,218 JPY compared to 3<sup>rd</sup> fiscal period)

External Growth	Asset Size <b>45.19</b> billion JPY	Public OfferingThe size of the assets grew by 150% following the acquisition of additional assetsAcquisition of Preferential Negotiation RightsConsistent development of the pipeline via the Asset Manager's proprietary channels	<ul> <li>Property Acquisition         <ul> <li>Centrair Logistics Center</li> <li>Shimizucho Delivery and</li> </ul> </li> <li>Preferential Negotiation         <ul> <li>Mie Ureshino Warehouse II New Construction (A Development Project next to Magenda)</li> </ul> </li> </ul>	<b>Rights</b> Project *Tentative Name
Internal Growth	Occupancy Rate as of July 31, 2023 Average Occupancy Rate during the Period 99.4%	Maintaining Stable Operation Achievement of a consistent occupancy rate through strategic subleasing efforts	Occupancy Rate as of July 31, 2023 Industrial Infrastructure Assets Community Infrastructure Assets	Average Occupancy Rate during the Period <b>99.4</b> % <b>99.3</b> %
Financial Strategy	Total Interest-bearing Liabilities <b>23.40</b> billion JPY	Expansion of Lender Formation Expansion of financing avenues through involvement of SBI Shinsei Bank and MUFG Bank	Average Maturity Period2.7 yearsThe number of remaining years compared to the previous p strategic approach to extend maturity dates.LTV (Based on Total Assets)46.8%Conservatively controlled within the range of 40% to	eriod. We will persist in our d loan durations and spread out

(Note) Monetary values less than the specified units are truncated, while percentages are rounded to the nearest unit. This rounding convention is applied consistently throughout.

# **4th Period Financial Results**



## **Results & Forecasts of the 4**<sup>th</sup> **Fiscal Period** (ended Jul 2023)

Compared to the 3<sup>rd</sup> Fiscal Period

(Unit: million JPY)	4 <sup>th</sup> FP Forecast (A)	4 <sup>th</sup> FP Result (B)	Difference (B)-(A)	Primary Factors of Change	3 <sup>rd</sup> FP Result (C)	Difference (B)-(C)	Primary Factors of Change
Operating revenue	1,619	1,616	-3	[Electric fee income] - 3 (Lower fuel cost adjustment amounts and renewable energy unit price)	1,147	+469	[Rent income] +460 [Electric fee income] +12 (Increased due to property acquisitions)
Operating expenses	657	650	-7		512	+138	
Expenses related to real estate leasing business (Excluding depreciation)	338	327	-11	[Electric fees] -2 (Impact of shock absorption measures) [Repair expenses] -7 (Impact of construction delays)	264	+63	[PM expenses]       +24         [Electric fees]       +23         (Increased due to property acquisitions)         [Advertising and promotional expenses] +5         (Seasonal factors affecting residential properties)         [Other]       +10
Depreciation	162	162	0		122	+40	[Depreciation] +36 (Increased due to property acquisitions)
SG&A, etc.	157	160	+3	[Other] +3	125	+35	[Other] +35
Operating profit	961	966	+5		635	+331	
Non-operating income	0	0	-		0	0	
Non-operating expenses	155	155	0		66	+89	[Interest costs] +21 [Financing fees] +64 [Investment unit issuance expenses] +4
Ordinary profit	806	811	+5		568	+243	
Net profit	805	800	+5		567	+243	
(Reference) NOI	1,281	1,289	+8		879	+410	
(Unit: JPY)	(A)	(B)	(B)-(A)		(C)	(B)-(C)	
Distributions per unit	3,320	3,342	+22		3,211	131	

#### **Financial Highlights and Trends**

## 5<sup>th</sup> & 6<sup>th</sup> Period Forecasts



Results & Forecasts for 5<sup>th</sup> FP (ended Jan 2024)

Results & Forecasts for 6<sup>th</sup> FP (ended Jul 2024)

(Unit: million JPY)	4 <sup>th</sup> FP Result (A)	5 <sup>th</sup> FP Forecast (B)	Difference (B)-(A)	Primary Factors of Change	6 <sup>th</sup> FP Forecast (C)	Difference (C)-(B)	Primary Factors of Change
Operating revenue	1,616	1,640	+24	[Rent income] +23 (Full contributions of new properties)	1,659	+19	[Rent income] +15 (Increase due to new contracts) [Utility revenues] +3 (Increase due to rising price of goods)
Operating expenses	650	694	+44		738	+44	
Expenses related to real estate leasing business (Excluding depreciation)	327	360	+33	[PM expenses] +15 (Increase in PM fees) [Repair expenses] +14 (Includes construction delays in 4 <sup>th</sup> fiscal period) [Utilities expenses] +4	404	+44	[PM expenses] -17 (Decrease in PM fees) [Repair expenses] -10 (Decrease in planned repairs) [Taxes and public dues] +61 [Advertising expenses] +5 (Increase due to seasonal factors)
Depreciation	162	171	+9		175	+4	L .
SG&A, etc.	160	161	+1		159	-2	
Operating profit	966	946	-20		920	-26	5
Non-operating income	0	0	0		0	C	)
Non-operating expenses	155	136	-19	[Interest costs] +9 [Financing fees] -28 (Increase in interest costs and decrease in other financing fees)	131	-5	[Interest costs] +6 [Financing fees] -11 (Increase in interest costs and decrease in other financing fees)
Ordinary profit	811	810	-1		789	-21	
Net profit	810	809	-1		788	-21	
(Reference) NOI	1,289	1,280	-9		1,254	-26	;
(Unit: JPY)	(A)	(B)	(B)-(A)			(C)-(B)	
Distributions per unit	3,342	3,337	-5		3,250	-8	7

#### **Financial Highlights and Trends**

## **Distribution Management**



## Aiming to uphold an annual distribution (dividend) of 6,500 to 6,600 JPY



(Note) annual distribution refers to total normalized distributions per unit.

## Aiming at the future contributions for distributions per unit (DPU)

External Growth

• We expand potential pipelines of real estate assets by developing CRE proposals in the industrial areas.

• We diversify the way we acquire assets through our proprietary sources and our affiliations with our sponsor companies.

#### **Internal Growth**

- We engage in the stable operation of our assets and enhance its management.
- We focus on appropriately controlling capital expenditures and the costs of rent business.

#### **Financial Strategy**

- We use equity financing to control net asset value (NAV) per investment unit.
- We plan to acquire properties using debt finance and our current cash account.



# **Section 3**

# Asset Acquisition in the 4<sup>th</sup> Fiscal Period Centrair Logistics Center Shimizucho Delivery and Sales Center

Asset acquired during 4<sup>th</sup> fiscal period

# Acquisition of property from an outside party through a bridge SPC



(Centrair Logistics Center)







## Tokaido REIT's first investment in a large, multi-tenant logistics facility.



## Investment values focused on when acquiring the property (Key acquisition points)

- The asset is located in central Japan (Chukyo region), 1. with one of the highly concentrated industry clusters of manufacturers and the third populated region in Japan. Therefore, the asset has an essential role in processing the extensive logistics needs of the area.
- 2. Tokoname City has an industrial area with a high concentration of company headquarters and factories manufacturing high-tech fine ceramics. Many steel and automobile companies are located within the area.
- 3. The property is connected to an extensive highway network and offers excellent access to the megacity of the central Nagoya region, which has an expansive industrial area. <Property Overview>

Location	Tokoname City, Aichi Prefecture	Occupancy Rate (Note 2)	97.2%
Total Floor Area	73,995.95m	Number of Tenants (Note 2)	14

(Note 1) "Appraisal NOI yield" refers to the ratio of the net operating income (NOI), as determined through the direct capitalization method detailed in the most recent property appraisal report for each acquired asset, to the asset's purchase price, presented as a percentage.

Asset acquired during 4<sup>th</sup> fiscal period

Acquiring the Property Through a Third Party Utilizing an intermediary Bridge SPC (Centrair Logistics Center)

- 4. The property is an expansive logistics facility with earthquakeresistant structure. It offers advanced specifications uncommon in the region, designed to serve a variety of tenants on both a large and small scale.
- 5. The property is in strong demand among its tenants, comprised of third-party logistics providers and manufacturing companies.

## **Conceptual Image by Functions of the Center**







#### Floor Layout of Centrair Logistics Center



#### Wide Area Map of Chukyo Region in Japan





#### Asset acquired during 4th fiscal period

Acquisition of the Shimizucho Delivery and Sales Center, developed by a sponsor company and located in an area which has a large population and which is a logistics nexus

Acquisition of other assets (for distribution or sale of daily necessities) with an eye toward the last mile of sponsor company development in an area with a highly concentrated population and which is a logistics nexus

Asset acquired in the 4<sup>th</sup> fiscal period

Sponsor Development Project ) ( CRE Proposal

Community Infrastructure Asset

For Distribution or Sale of Daily Necessities

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Shimizucho Delivery and Sales Center



Location	Shimizu-cho, Sunto-gun, Shizuoka Prefecture		
Site Area	15,558.55m		
Total Floor Area	8,895.08m <sup>2</sup>		
Occupancy Rate	100%		
Number of Tenants	1		
Planned Acquisition Price <b>3.1</b> billion JPY	Appraisal NOI Yield 6.1%	Appraisal Value <b>3.28</b> billion JPY	

- Investment values focused on when acquiring the property (Key acquisition points)
- 1. Located in Shimizucho, one of the prefecture's most densely populated areas, backed by an industrial region that stretches from Numazu City to Mishima City, the main cities in eastern Shizuoka Prefecture



Appro 130,000 people live within a threekilometer radius of the property and approximately 300,000 people within a fivekilometer radius (as of 2020), making it a highly attractive area in an excellent trade zone with high potential

> Mishima Station, Numazu Station, the Shimizucho Town Hall, and Nagaizumi Town Hall are all located within three kilometers of the property, and there is a large population in the area around Shimizucho



Value of manufactured goods shipments (2019)Shimizu-cho102.2 billion JPYNagaizumi-cho450.4 billion JPYNumazu City601.5 billion JPYMishima City182.4 billion JPYTotal1,336.6 billion JPY

\* Prepared by the Asset Manager based on 2016 to 2020 Industrial Statistics



(Note) "Appraisal NOI yield" refers to the ratio of the net operating income (NOI), as determined through the direct capitalization method detailed in the most recent property appraisal report for each acquired asset, to the asset's purchase price, presented as a percentage.

#### Asset acquired during 4th fiscal period

Acquisition of the Shimizucho Delivery and Sales Center, developed by a sponsor company and located in an area that has a large population and is a logistics nexus

o Numazu Bypass

- National Route 1 4. We acquired the Land based
- 3. It offers excellent access, is located on major roads such as National Route 1 (Numazu Bypass), and is 6 km from the Numazu Interchange of the Tomei Expressway.

To Numazu

- ✓ Former site of a fruit and vegetable market, a nexus of logistics and commercial distribution
- Highly versatile location with access to industrial regions



We acquired the Land based on the judgment of the sponsor company, which is highly familiar with local information. The sponsor company developed the property as a CRE project, and Tokaido REIT acquired it after completion.

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- 5. Ideal site for a dominant distribution and sales hub, considering the large local population.
- 6. The main sponsor, Yoshicon, will conclude a master lease and coordinate with end tenants.
  - ✓ Yoshicon aims to secure long-term fixed leases with end tenants.
  - ✓ A definitive lease agreement is in place between Tokaido REIT and the sponsor company until September 27, 2023, after a pass-through master lease agreement was concluded..



# **Section 4**

# **Management Status**

#### **Management Status**

## **Portfolio Management Status**



## Since the IPO in June 2021, Tokaido REIT has continued stable operation by taking advantage of our location in the industrial region

Change in Occupancy Rates	January 31, 2023 (End of 3 <sup>rd</sup> FP)	July 31, 2023 (End of 4 <sup>th</sup> FP				
Entire Portfolio	99.7%	99.2%				
Inabe Logistics Center		100%	🕈 Unit Rent per 3.	3m (including	g common ser	vice fees)
Matsusaka Logistics Center		<b></b> 100%	(Unit: JPY)	Jul. 31, 2022 End of 2 <sup>nd</sup> FP	Jan. 31, 2023 End of 3 <sup>rd</sup> FP	Jul. 31, 20 End of 4 <sup>th</sup>
Centrair Logistics Center	_	<b>97.2%</b>	Centrair Logistics Center	-	_	3,37
Mid Building Yokkaichi		100%	Mid Building Yokkaichi	9,386	9,384	9,42
Aoi Tower Shizuoka Machine Yard	-	→ 100%	Aoi Tower	17,000	17,000	17,00
(Land) Royal Parks Chikusa		96.6%	Royal Parks Chikusa	8,363	8,355	8,3
Marunouchi EMBL Court		93.8%	Marunouchi EMBL Court	7,953	7,949	7,93
EMBL Aile Kusanagi Ekimae	<b></b>	99.0%	EMBL Aile Kusanagi Ekimae	5,488	6,577	6,5
EMBL Aile Kusanagi		<b></b> 100%	EMBL Aile Kusanagi	6,376	6,376	6,3
Hamamatsu Plaza (Land)		100%	Hamamatsu Plaza (Land)	2,173	2,168	2,10
Shimizucho Delivery and Sales Center		<b>100%</b>		1		<u> </u>

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## Sponsor-bridge SPC (Inabe-shi, Mie) **Inabe Logistics Center**





Industrial infrastructure asset

- ✓ Large logistics facility backed by the industrial cluster
- ✓ Inabe City is home to the plants of many major manufacturers
- ✓ The completion of the interchange in close proximity to the property dramatically improved access to the Nagoya and Kyoto-Osaka-Kobe areas
- ✓ We are maintaining competitive rents and have achieved a high degree of long-term retention of high guality tenants
- ✓ The facility is a large one, unusual for its area, with multiple tenants, so it is highly versatile (it is flat and can be subdivided into four parts, each with their own elevator)
- ✓ Continued stable operation through reliable tenants
- ✓ Utilities revenue is collected based on usage, so the impact of rising energy prices is minor

#### Strengths

Asset manager's own route

**Matsusaka Logistics Center** 

(Matsusaka-shi, Mie)

- ✓ The area is home to numerous automotive manufacturers and semiconductor manufacturers, and there is a high concentration of industry, including heavy industry
- ✓ There is medium- and long-term logistics demand due to industry related to electronic products used in the next generation of electric vehicles and hybrid vehicles

Industrial infrastructure asset Logistics assets



# **Appraisal NOI yield** 4.9%

#### Asset Management Status as of end of the 4<sup>th</sup> FP

 $\checkmark$ Cargo owners are creditworthy and the site has enjoyed stable, long-term operation

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#### **Management Status**

## **Portfolio Management Status**

#### **Our Sponsor-bridged SOC** (Yokkaichi City, Mie Prefecture) Mid Building Yokkaichi





#### Strengths

- ✓ Support for solid industrial need backed by a concentration of industry
- Many industrial tenants, reflecting the  $\checkmark$ concentration of the manufacturing industry in Yokkaichi

Industrial Infrastructure Asset **Industrial or Business Assets** 



**Occupancy Rate 100%** 



#### **Asset Management Status** as of End of the 4<sup>th</sup> Fiscal Period

- ✓ The property has had a high level of operation stability since before its acquisition.
- $\checkmark$ The expansion of the facility interior areas has resulted in greater leasing and a higher level of stability.
- ✓ The occupancy rate has been kept at 100% by replacing former tenants.

#### (Note) "Appraisal NOI yield" refers to the ratio of the net operating income (NOI), as determined through the direct capitalization method detailed in the most recent property appraisal report for each acquired asset, to the asset's purchase price, presented as a percentage.

**Our Sponsor's Own Route** (Shizuoka City, Shizuoka Prefecture) **Aoi Tower** 



#### Strengths

✓ Aoi Tower is a Landmark tower in Shizuka City, which meets strong business needs backed by the industrial cluster.

#### **Our Sponsor-developed Project** (Shizuoka City, Shizuoka Prefecture) Shizuoka Machine Yard (Land)





**Occupancy Rate 100%** 

Feb. Mar. Apr. May Jun. Jul.

17.000 JPY

sponsor's master lease.

Asset Management Status

as of End of the 4th Fiscal Period

 $\checkmark$  The shared offices within the property are in

high demand and consistently occupied.

✓ Stable operation continued due to the

Rent Unit Price

#### Strengths

- ✓ The tenant is a civil engineering and construction machinery rental company (construction equipment rental company), operating in a arowth field
- ✓ Stable cash flow through a long-term contract

## Industrial Infrastructure Asset

## Asset Management Status as of End of the 4th Fiscal Period

✓ Stable cash flow due to longterm contract with the tenant



Industrial Infrastructure Asset

**Industrial or Business Assets** 

**Acquisition Price** 2.3 billion JPY

Appraisal NOI Yield

5.7%

#### **Management Status**

## **Portfolio Management Status**



\*Source: The Asset Manager's research data referred to the "Long-Term Population Trends by Ward (2022)" issued by the Government of Nagoya City

(Note) "Appraisal NOI yield" is net operating income based on the direct capitalization method, which is indicated in the latest real estate appraisal report concerning each acquired asset, expressed as the ratio of the acquisition price.

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tenants and their parents.

## **Portfolio Management Status**





(Note) "Appraisal NOI yield" refers to the ratio of the net operating income (NOI), as determined through the direct capitalization method detailed in the most recent property appraisal report for each acquired asset, to the asset's purchase price, presented as a percentage.



# **Section 5**

# **Financial Status**

#### **Financial Status**

## Solid Financial Base Supported by Strong Lender Formation

We continue to incur debt with an eye toward extending maturities and diversifying risk. Additionally, we are considering fixing interest rates to stabilize cash flow.



(Note 1) Calculated after repayment of consumption tax loans.

(Note 2) Created based on figures current as of the date of this document's creation.

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# **Section 6**

# **Future Growth Strategy**



Diversifying the acquisition routes, including the Asset Manager's own routes and coordination with the sponsor companies

To maximize external growth opportunities, we are expanding its property acquisition strategies through various channels.



(Note 1) As of this document's disclosure date, Tokaido REIT has no plans to acquire the assets from the Fukuroi Project and cannot guarantee any future acquisition. (Note 2) The photograph of Matsusaka Logistics Center is for conceptual purposes only. Tokaido REIT has no plans to acquire this center and cannot guarantee any future acquisition. Tokaido REIT, Inc.

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In addition to the past development initiatives of the sponsor company, we will create additional pipelines through development led by the AM.

- 1. We will aim to keep down development costs while proactively growing through AM-led pipeline development
- 2. The leading of development by the AM will ensure greater alignment with Tokaido REIT's needs and a greater probability of property acquisition
- 3. We will leverage the strengths of multiple sponsors with knowledge and expertise in industrial regions to foster organic collaboration actively
- 4. We will build win-win relationships with real estate players other than sponsor companies, thereby promoting the further development of our pipeline



Acquisition of Preferential Negotiation Rights in September 15, 2023: Mie Ureshino Warehouse II New Construction Project (Tentative name)



Mie Ureshino Warehouse II New Construction Project

## Development Project on Land next to Matsusaka Logistics Center, a property of Tokaido REIT

**Overview of Preferential Negotiation Rights** 

Logistics assets

- 1. Provider of the Rights: Kawasaki Holdings Co., Ltd.
- 2. Acquisition Date of the Rights: September 15, 2023
- 3. Property Name (Tent.): Mie Ureshino Warehouse II New Construction Project
- 4. Period of the Rights: September 15, 2023 to March 31, 2030

## **Overview of Property**

- 1. Address: 957-158 Aza Kuchiyamada, Ureshinoichishi-cho, Matsusaka City, Mie
- 2. Location: 800 meters away from Ichishi-Ureshino Interchange, Ise Expressway
- 3. Date of Construction Completion: March 2024
- 4. Total Floor Area Plan: 3,005.12m<sup>2</sup>

(Note 1) As of this document's disclosure date, Tokaido REIT has no plans to acquire the assets and cannot guarantee any future acquisition. (Note 2) The photograph of Matsusaka Logistics Center is for conceptual purposes only.

## **Construction Site Plan** Matsusaka Logistics Center **Mie Ureshino** Warehouse II **Mie Ureshino** Matsusaka **Loaistics Center** Warehouse II (Note 2) Map of Surrounding Area **Conceptual Image** 津市役所





## **Growth Story of Asset Size**

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By acquiring properties through public offerings, we aim to approach the asset size of 50 billion JPY, which we set as our target at the time of the IPO. We will aim for further growth through pipeline expansion, setting our sights on a medium-term target of 100 billion JPY.



## Introduction of Properties Currently Being Developed by Sponsors

Industrial Infrastructure Asset

**Logistics Asset** 

Sponsor's Development Project ) ( CRE Proposal

## **Fukuroi Project**



Location	Fukuroi City, Shizuoka Prefecture
Land Area	Approximately 11,000 tsubos (3.3 square meters/tsubo, Section C-1)
Anticipated Asset Type	Industrial infrastructure asset (Logistics asset)

# Property Features

Tokaido REIT will leverage the sponsor's expertise to acquire land that provides as a hub for broad-range logistics and a vast trading zone from a pharmaceutical manufacturer.

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- Situated adjacent to the Tomei Expressway Fukuroi IC, the location is prime for accessibility. It also serves broad logistics needs and caters to a widespread trading area.
- The property is located in an industrial area well-supported by industrial amenities and community infrastructure.

## **Sponsor Development Policy**

- The sponsor company is orchestrating the comprehensive development of a sizable tract of land, encompassing sections A to C, which covers roughly 50,000 tsubo (equivalent to approximately 165,000 square meters).
- The property satisfies the substantial Corporate Real Estate (CRE) requirements of third-party logistics firms bolstered by the area's dense industrial activity and population.
- ✓ In concert with potential occupants (tenants) for Section C-1, the sponsor is progressing with developing the logistics asset as part of its strategic pipeline.



## **Overview of Development Plans by Sponsors**

## Mariko Project in Shizuoka City

Location	Mariko, Suruga-ku, Shizuoka-shi, Shizuoka Prefecture	Anticipated asset type	Industrial infrastructure asset (Logistics assets)
Land area	Approx. 7,200 tsubos		· •

#### Property characteristics

 Large development site located extremely close to National Route 1 Mariko Interchange

#### ► Sponsor development policy

• Plans for development of industrial infrastructure assets (logistics assets), plants, etc. that meet CRE needs

#### Fujimidai Project in Toyohashi City

Location Fujimidai, Toyohashi City, Aichi Prefecture		Anticipated asset type	To be determined
Land area Approx. 8,600 tsubos			

#### ▶ Property characteristics

 Large-scale site located approximately 2 km south of Oshimizu Station on the Toyohashi Railroad Atsumi Line

#### ► Sponsor development policy

- The sponsor company captured CRE needs, and secured the former site of a manufacturer's company housing as a development site
- Plans to combine development of commercial facilities and development as residential sites for sale according to CRE needs

#### Community infrastructure asset

esidential as

#### Johoku Project in Naka-ku, Hamamatsu City

Location	Johoku, Naka-ku, Hamamatsu City, Shizuoka Prefecture	Anticipated	Community infrastructure asset
Land area	Approx. 800 tsubos	asset type	(Residential asset)

#### ► Property characteristics

- Development site in a residential area located roughly 2 km northwest of Hamamatsu Station
- •The area contains several universities, such as the Hamamatsu Campus of Shizuoka University

#### Sponsor development policy

 $\boldsymbol{\cdot} A$  broad range of applications that leverage the area's characteristics are being considered

(Note) As of the date of the creation of this document, Tokaido REIT has no plans to acquire the assets, and there is no guarantee that it will acquire them in the future.

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## Ōka Project in Numazu City

Location	Öka, Numazu-shi, Shizuoka Prefecture Approx. 7,700 tsubos	Anticipated	Industrial infrastructure asset	
Land area		asset type	(Logistics assets)	

#### ▶ Property characteristics

• Extremely rare large-scale site situated approximately 4.5 km southeast of the Tomei Expressway Numazu Interchange and extremely close to the National Route 1 Fushimi Interchange

#### ► Sponsor development policy

• Plans to develop industrial infrastructure assets (logistics assets), factories and processing plants, etc. or commercial facilities, etc. capturing strong CRE needs

Industrial infrastructure asset		Logistics assets			ets

#### Ondabara Project in Shizuoka City

Location	Suruga-ku, Shizuoka-shi, Shizuoka Prefecture	Anticipated asset type	Industrial infrastructure asset
Land avea	A		(Logistics assets)
Land area	Approx. 4,280 tsubos		· · ·

#### Property characteristics

• A rare, sizeable site with an excellent location, near a new Tomei Expressway interchange

#### ► Sponsor development policy

Plans are for industrial infrastructure assets (logistics assets) that meet CRE needs

#### Industrial infrastructure asset

Logistics assets

#### Project in Kakegawa City

Location	Kakegawa-shi, Shizuoka Prefecture	Anticipated	Industrial infrastructure asset
Land area	Approx. 4,100 tsubos	asset type	(Logistics assets)

#### Property characteristics

• Site in the new Ecopolis industrial park, situated roughly 5.5 km northeast of the Tomei Expressway Kakegawa Interchange and roughly 1.3 km south of the National Route 1 Senba Interchange

#### Sponsor development policy

Plans are for industrial infrastructure assets (logistics assets) that meet CRE needs

Allocating Investments in Industrial Properties in Areas Characterized by Heavy Industry Concentrations Within Industrial Regions

## Post-IPO investment overview and progress, with an emphasis on logistics properties targeting zones adjacent to densely industrialized areas

<Distribution of value of manufactured goods shipments by city/town/village in industrial regions>



(Note) As of the date of the creation of this document, Tokaido REIT has no plans to acquire the assets of the Fukuroi Project, and there is no guarantee that it will acquire them in the future.

\* Prepared by the Asset Manager based on the 2020 Industrial Statistics. For the cities of Nagoya, Shizuoka, and Hamamatsu, color-coding is performed by using the total for all special districts to determine the color of the city as a whole.

Tokaido REIT, Inc.

Sustaining a Balanced Portfolio that Prominently Features a Substantial Proportion of Logistics, Residential Properties, and Land Assets



The ratio of logistics, residential, and land assets within our portfolio stays comparatively higher than those of other diversified J-REIT listed on the Tokyo Stock Exchange (TSE) with total assets of 200 billion JPY or below.

Throughout and subsequent to the COVID-19 pandemic, TSE-listed J-REITs that have a greater proportion of logistics, residential, and land assets within their portfolios have produced steadier cash flows. Moreover, their valuations surpass those of J-REITs comprising different asset classes.

Percentage of assets considered to have relatively stable cash flow



\*Source: The information was compiled by the Asset Manager, who determined the percentage of acquisition costs (or expected acquisition costs) for various types of assets held by J-REIT, as revealed at the close of the latest reported fiscal period up to August 31, 2023. The above includes assets intended for acquisition by Tokaido REIT. The computation of the asset size was performed using a similar methodology.


# **Pipeline Development is Driven by proposals for CRE**

"Pursue further expansion of the pipeline by advancing development based on Corporate Real Estate (CRE) proposals within the 'Industrial Region.' Submit proposals that ensure optimal use of the necessary real estate as leased properties through the J-REIT, while divesting surplus land and other non-critical real estate assets."





#### Tokaido REIT's growth strategy is centered on innovative concepts and CRE initiatives targeting the industrial region.

The Greater Tokaido region is rich in corporate real estate (CRE) opportunities due to its significant manufactured goods shipments. By leveraging a network that caters to the industrial area of our nine sponsors, we aim to introduce new rental properties that align with CRE demands and off-balance sheet requirements in the Greater Tokaido region.



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# **Section 7**

# **Our ESG & SDGs**

#### **ESG** and **SDGs**

### Concept of Tokaido REIT's Initiatives for Realizing a Sustainable Society

Tour policy is to proactively contribute to the creation of a sustainable community, in collaboration with sponsors dedicated to supporting our region.

We are committed to building a sustainable society that aligns with the Sustainable Development Goals (SDGs) by working closely with our stakeholders and managing investments in the region's infrastructure assets.



Tokaido REIT, Inc.

## **Sustainability Policy and Sustainability Promotion System**



In the 2<sup>nd</sup> fiscal period, the Asset Manager developed a Sustainability Policy and established Regulations for a Sustainability Promotion System, reinforcing its commitment to building a sustainable society.

### Sustainability Policy

We recognize our corporate duty to drive ESG-focused management, mindful of environmental, social, and governance issues, as part of our commitment to building sustainable communities. We're set on joining forces with community-based stakeholders, including our sponsors, to roll out our sustainability efforts.

#### I. Addressing Climate Change

We are committed to assessing climate-related risks and opportunities in our real estate portfolio, seeking and implementing suitable measures, and enhancing our resilience to climate change. We aim to build organizational and property management frameworks that can adapt quickly and effectively to societal shifts occurring over the medium to long term, contributing to the evolution towards a carbon-neutral society.

#### 2. Environmental Impact Reduction Efforts

To lessen our environmental footprint, we plan to explore the development and installation of energy-efficient technologies within our properties to optimize energy consumption. We will evaluate the adoption of renewable energy sources and work diligently to reduce greenhouse gas emissions.

#### 3. Contributing to Creating a Recycling-oriented Society

We are dedicated to promoting a recycling-based society by employing water-saving fixtures to improve water efficiency in our properties and actively encouraging the 3Rs: reduce, reuse, and recycle in managing our waste. The above is part of our ongoing effort to utilize finite resources better.

#### 4. Improving Tenant Health, Safety, Comfort, and Satisfaction

We aim to nurture strong relationships with our tenants by implementing robust disaster preparedness and Business Continuity Planning (BCP) in our properties. Our goal is to enhance the health, safety, and comfort of tenants and users of the facilities. We also gather tenant feedback through surveys and are committed to elevating their satisfaction.

#### 5. Engaging and Collaborating with Stakeholders

We are advancing our ESG initiatives by fostering constructive engagements with stakeholders, including property management firms, tenants, suppliers, and local communities, working in collaboration for mutual benefit.

#### 6. Governance Involving Executives

We are focused on educating and raising awareness among our executives to ensure our staff places greater emphasis on ESG, enhance operational competence, and maintain a healthy work-life balance. Additionally, we adhere to social standards, such as respect for human rights and diversity, upheld by our comprehensive compliance practices.

#### 7. Timely ESG Information Disclosure and Governance Enhancement

To strengthen trust with our investors and stakeholders, we are committed to upholding transparency in our business practices and proactively disclosing information. Moreover, we aim to manage information responsibly and bolster security against cyber risks, such as data breaches and unauthorized access to internal data, through continuous training and fortifying our information management systems.



### Tustainability Promotion System

	Position Holder	Roles, etc.
Chief Sustainability Officer (CSO)	Representative Director and President	CSO prepares the system for promoting sustainability, supervises its formulation and the implementation of policies, objectives, and individual measures.
Sustainability Operating Officer (SOO)	General Manager of the Investment Management Department	SOO supervises preparation of the system for promoting sustainability and the implementation of individual measures.
Sustainability Promotion Board	CSO SOO General Manager of the Financial Planning Department Compliance Officer	<ul> <li>As the rule, the Board carries out the followings via holding a meeting at least once every 3 months:</li> <li>Considers and proposes sustainability-related policies, objectives, and measures.</li> <li>Follows up raised issues not completed and findings pointed out regarding the objectives as the rule, to factor into the goals in the following fiscal period.</li> <li>Reports policies, objectives, measures, etc. to both the Board of Directors of the Asset Manager (here Tokaido REIT Management Co., Ltd.) and that of the Investment Corporation (here Tokaido REIT, Inc.)</li> </ul>

#### ESG and SDGs

#### Tokaido REIT's Initiatives for Realizing a Sustainable Society: Current Initiatives and Future Policy



Tokaido REIT and the Asset Manager recognize ESG initiatives to be an essential management issue, and have formulated sustainability policies and prepared sustainability systems.

Th addition to the following, the procedures are underway to install subsidized EV charging stations.

The entire organization of the Asset Manager is working to get the GRESB certification.

### **Our ESG Initiatives Since Listed**

### **Contactless delivery**

### Working with Linough, Inc. to support the system of "contactless delivery" in our own residential properties

The system of "Contactless delivery" is delivery placing packages at designated locations such as "on the doorstep" at the delivery destination for the delivery packages. The system affects reducing redelivery costs and lowering the frequency of contacts during the COVID-19 pandemic.



### **Bicycle sharing**

### Working with neuet, Inc. to install bicycle sharing ports

Improving the energy efficiency of transport and reducing environmental load through bicycle sharing Accessing sustainable transport systems, contributing to inclusive and sustainable urbanization, and constructing positive links between urban, peri-urban, and rural areas

Developing sustainable urban infrastructure, and improving transport infrastructure and its related industry Improving the life cycle of bicycles disposed and wasted through sharing well-maintained bicycles





### Tokaido REIT's Initiatives for Realizing a Sustainable Society: Governance

#### **Decision-making process on transactions with stakeholders**

Provisions on transactions with stakeholders state the basic policy that Tokaido REIT and the stakeholders must not carry out transactions that harm the interests of Tokaido REIT and unnecessary transactions. Additionally, when Tokaido REIT conducts transactions with the stakeholders, it sets forth the transaction standards and decision-making procedures applicable.

#### Decision-making process on transactions with the stakeholders



#### Utilizing external experts for internal auditing (Asset Manager)

The Asset Manager outsources the support operations of internal audit to external experts.

Utilizing external experts not only ensures the certain level of objectivity of audits, but also addresses the risk of increasing complexity.

#### Same-boat Investment

#### Same-boat investment by the main sponsor (As of July 31, 2023)

The main sponsor, Yoshicon, invested in 21,907 units (9.03%) as the same-boat investment, as it supports the management of Tokaido REIT.

## Same-boat investment by officers and employees of the Asset Manager

In May 2022, Tokaido REIT introduced the Asset Manager's officers and employees the system of ESOP (Employee investment unit purchase system for officers and employees of the Asset Manager utilizing a cumulative investment system (the system was put into operation in July 2022.)

It is intended to provide an incentive to officers and employees as a result of managing assets with the same viewpoint as unitholders by officers and employees of the Asset Manager becoming investors.

Tokaido REIT. Inc.



# Appendix I

# **Features of Tokaido REIT**

# The Primary Philosophy of Tokaido REIT

Tokaido REIT invests in assets in the Tokaido region, which connects Japan's eastern and western hubs, where boasts the world's third-largest economy.

# **Equity Story (Growth Strategy) of Tokaido REIT**

A J-REIT (TSE 2989) investing in stable assets in the Tokaido region, which connects Japan's eastern and western hubs



We focus on investing in the "Industrial Region" that has sustainable economic bases



Our growth based on the stable portfolio backed by industrial and population clusters



We supports that draws on the extensive insight of sponsors rooted in the "industrial region"



We develop the asset pipelines driven by CRE proposals

We have the stable financial base backed by a strong formation of lenders



### Support Leveraging Our Sponsors' Extensive Insight Based in the "Industrial Region"





	Support Overview	Yoshicon	THE SHIZUOKA BANK	Shizuoka Fudosan	SHIZUOKA GAS	CHUBU ELECTRIC POWER MIRAIZ	Seiwa Kaiun	Suzuyo	KIUCHI construction	JDC
	Provision of right of first look	•								
External	Grant of right of first negotiation	•								
	Provision of warehousing function	•								
	Provision of property information			٠	•		٠	٠	•	٠
Internal	Provision of property management services, etc.	•							•	
Internal Growth	Provision of leasing support	•		•	•				•	
Glowin	Provision of energy management services, etc.				•	٠				
	Investment in the asset manager	•	•	•	•	•	•	•	•	•
Outras	Support the asset manager's HR acquisition	٠	•	٠	•	•	•			
Other	Grant of trademark license	•	•	•	•	•	•	•	•	
Supports	Advice on financing for real estate acquisition		•							
	Same-boat investment	٠		٠						

### Features of Tokaido REIT About the Main Sponsor, Yoshicon Co., Ltd.

# Overview of Yoshicon Co., Ltd.

- Comprehensive Urban Development Company
- We will always dream and face challenges without neglecting reform to create new corporate value.



Yoshicon's development records rooted in the industrial region

Food manufacturer plants





## **Portfolio Operating Status (Data)**

### **\*** 4<sup>th</sup> FP: Tenants, Contracts, and Remaining Years of Contract **\*** Top 20 Tenants by Leased Area

		-	•	
		Ove	erall	
Property Name	Number of contracts	Tenancy period	Contract period	Remaining years
	(section)	(year)	(year)	(year)
Inabe Logistics Center	3	4.0	4.1	1.2
Matsusaka Logistics Center	1	2.0	25.0	23.0
Centrair Logistics Center	66	2.6	3.7	2.4
Mid Building Yokkaichi	32	7.6	2.0	0.8
Aoi Tower	3	2.1	10.0	7.9
Shizuoka Machine Yard (Land)	1	2.1	20.4	18.3
Royal Parks Chikusa	179	2.7	5.0	3.2
Marunouchi EMBL Court	62	2.3	2.0	1.(
EMBL Aile Kusanagi Ekimae	3	2.2	6.2	5.2
EMBL Aile Kusanagi	1	4.4	10.1	5.7
Hamamatsu Plaza (Land)	8	12.4	19.5	14.0
Shimizucho Delivery and Sales Center	1	0.2	1.0	0.8
Total	360	3.3	4.4	2.

· · · · · · · ·	,			
Ranking	Tenant	Area (m <sup>2</sup> )	Ratio	Property Name
1	А	81,641.30	27.5%	Inabe Logistics Center
2	В	28,956.56	9.8%	Hamamatsu Plaza (Land)
3	С	24,273.56	8.2%	Inabe Logistics Center
4	D	17,594.12	5.9%	Hamamatsu Plaza (Land)
5	E	15,777.89	5.3%	Hamamatsu Plaza (Land)
6	F	15,689.55	5.3%	Centrair Logistics Center
7	G	14,313.82	4.8%	Centrair Logistics Center
8	Yoshicon Co., Ltd.	11,753.58	4.0%	Aoi Tower / Shimizucho Delivery and Sales Center
9	I	9,932.34	3.4%	Centrair Logistics Center
10	J	8,420.33	2.8%	EMBL Aile Kusanagi
11	К	6,876.56	2.3%	Hamamatsu Plaza (Land)
12	L	6,651.12	2.2%	Hamamatsu Plaza (Land)
13	Μ	6,219.80	2.1%	Shizuoka Machine Yard (Land)
14	Ν	5,141.80	1.7%	Centrair Logistics Center
15	0	4,406.22	1.5%	Hamamatsu Plaza (Land)
16	Р	4,209.80	1.4%	Centrair Logistics Center
17	Q	3,014.40	1.0%	Matsusaka Logistics Center
18	R	2,925.18	1.0%	Centrair Logistics Center
18	S	2,925.18	1.0%	Centrair Logistics Center
20	Т	2,696.19	0.9%	Centrair Logistics Center

# 4<sup>th</sup> FP: Status of New, Renewed & Terminated Contract (Only the Properties with Actual Tenants)

			N	ew	-		Renewal				Termination			
Property Name		Numb	per of			amount nd JPY)		Numł	per of		Monthly (thousar		Number of	3
	Overall	Increased amount	Same amount	Decreased amount		Amount of decrease	Overall	Increased amount	Same amount		Amount of . increase	Amount of decrease	Overall	length of tenancy
Centrair Logistics Center	1	1	0	0	225	0	4	4 0	2	4 O	0	0	2	3.5
Mid Building Yokkaichi	3	3 1	1	1	79	-24	L.	5 0	Ľ.	5 0	0	0	1	8.8
Royal Parks Chikusa	28	3 15	2	. 11	115	-55	-	7 1	6	5 0	1	0	29	3.6
Marunouchi EMBL Court	10	) 2	2	6	8	-12	18	3 0	18	3 0	0	0	13	2.9
Total	42	: 19	5	18	427	-91	34	<b>4</b> 1	33	<b>,</b> 0	1	0	45	3.5



# **Appendix II**

# **Supplementary Materials**

## **Overview of the Asset Manager**

### Toverview of the Asset Manager

Torganizational Chart





Number of Invest (242,500 units)	tment Units	Other dome corporation (42,670 uni		7	Major Unitholders (as of July 31, 2023)		
Individuals, other	Financial institutic (including securities co	ons			Name	Number of Investment Units Held (units)	Ownership Ratio (%)
(111,156 units)	(80,866 units)		Financial institutions	1	Custody Bank of Japan, Ltd. (Trust Account)	32,406	13.369
The Number of Unithe	olders <sup>Ot</sup>	her domestic	Financial institutions (including securities companies)	2	Yoshicon Co., Ltd.	21,907	9.039
(12,584 people)	C	orporations — (249)	(46)	3	The Master Trust Bank of Japan, Ltd. (Trust Account)	20,303	8.379
	Individuals, other (12,217)			4	The Nomura Trust & Banking Co. (Investment Trust Account)	10,241	4.229
	(Unit: people)		Foreign nationals	5	Magonote Club Co., Ltd.	4,892	2.019
		End of		6	Individual	4,657	1.929
Individuals, other		(July 31	<b>, 2023)</b> 12,217	7	JPMorgan Securities Japan Co., Ltd.	4,534	1.869
	City banks, trust banks		4				
	Regional banks		2	8	Individual	4,349	1.79%
Financial institutions	Shinkin banks, other		22	٥	BNYM SA/NV FOR BNYM FOR BNYM GCM CLINET	3,827	1.57%
(including securities companies)	Life and non-life insurers, securities companies		18	9	ACCTSMILMFE	5,027	1.577
	Total		46	10	Numazu Shinkin Bank	1,878	0.77%
Other domestic corporations			249				
Foreign corporations, foreign indiv	iduals		72		Total	108,994	44.94%
Total			12,584				

### **Financial Statements (Balance Sheet)**



(Unit: thousands of JPY)	3 <sup>rd</sup> Fiscal Period on Jan, 31, 2023	4 <sup>th</sup> Fiscal Period on July 31, 2023	(Unit: thousands of JPY)	3 <sup>rd</sup> Fiscal Period on Jan, 31, 2023	4 <sup>th</sup> Fiscal Period on July 31, 2023
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	820,225	943,046	Operating accounts payable	132,724	265,642
Cash and deposits in trust	1,290,598	1,895,025	Current portion of long-term borrowings	750,000	500,000
Operating accounts receivable	41,887	84,706	Short-term borrowings	3,200,000	6,800,000
Prepaid expenses	46,687	68,053	Accounts payable – other	88,520	139,161
Consumption taxes receivable	61,244	342,447	Income taxes payable	688	678
Other	452	207	Accrued consumption taxes, etc.	6,886	-
Total current assets	2,261,096	3,333,487	Accrued expenses	9,591	8,548
Non-current assets			Advances received	158,848	230,488
Property, plant and equipment			Other	1,000	609
Buildings	1,578,857	1,565,951	Total current liabilities	4,348,260	7,945,128
Structures	64,029	64,200	Non-current liabilities		
Tools, furniture and fixtures	840	686	Long-term borrowings	12,400,000	16,100,000
Land	2,600,449	2,601,029	Leasehold and guarantee deposits received	69,788	81,835
Buildings in trust	7,615,564	11,306,819	Leasehold and guarantee deposits received in trust	605,588	873,960
Structures in trust	194,742	297,626	Total non-current liabilities	13,075,376	17,055,795
Tools, furniture and fixtures in trust	31,597	38,028	Total liabilities	17,423,636	25,000,924
Land in trust	18,134,097	28,337,115	Net assets		
Total property, plant and equipment	30,220,179	44,211,457	Unitholders' equity		
Intangible Assets			Unitholders' capital	17,028,560	24,226,520
Land leasehold interests in trust	2,076,544	2,076,544	Surplus		
Total intangible assets	2,076,544	2,076,544	Unappropriated retained earnings or unappropriated losses (negative)	567,799	810,466
Investments and other assets			Total surplus	567,799	810,466
Investment securities	102,986	-	Total unitholders' equity	17,596,359	25,036,987
Long-term prepaid expenses	46,113	83,617	Total net assets	17,596,359	25,036,987
Leasehold and guarantee deposits	313,063	313,063	Total liabilities and net assets	35,019,995	50,037,911
Deferred tax assets	13	11			
Total investments and other assets	462,176	396,692			
Total non-current assets	32,758,899	46,684,694			
Deferred assets					
Investment unit issuance expenses		19,730			
Total deferred assets		19,730			
Total assets	35,019,995	50,037,911			

### **Financial Statements (Statement of Income and Retained Earnings)**



	(L 3 <sup>rd</sup> Fiscal Period from Aug. 1, 2022 to Jan. 31, 2023	Jnit: thousands of JPY) 4 <sup>th</sup> Fiscal Period from Feb. 1, 2023 to Jul. 31, 2023	
Operating revenue	-		Income before income taxes
Leasing business revenue	1,120,985	1,578,160	Income taxes – current
Other leasing business revenue	22,557	38,351	Income taxes – deferred
Dividend income	3,783	452	Total income taxes
Total operating revenue	1,147,326	1,616,964	Net income
Operating expenses			Retained earnings brought forward
Expenses related to leasing business	386,408	489,947	Unappropriated retained earnings or unappropriated losses (negative)
Asset management fees	69,157	97,776	
Asset custody fees	1,435	1,578	
Administrative service fees	12,440	10,319	
Remuneration for directors (and other officers)	2,400	2,400	
Audit fees	7,065	7,275	I. Unappropriated retained earnings
Other operating expenses	33,264	40,744	II. Distribution amount
Total operating expenses	512,171	650,041	[Distribution amount per
Operating income	635,155	966,923	III. Retained earnings brought forward
Non-operating income			
Interest income	9	10	
Interest on refund	-	107	
Total non-operating income	9	117	
Non-operating expenses			Net cash provided by (used in) operating activit
Interest expenses	47,041	67,977	Net cash provided by (used in) investing activiti
Financing fees	19,528	83,890	Net cash provided by (used in) financing activiti
Amortization of investment unit issuance expenses		3,946	Net increase (decrease) in cash and cash equivalents
Total non-operating expenses	66,570	155,814	Cash and cash equivalents at beginning of period
Ordinary income	568,595	811,225	Cash and cash equivalents at end of period

	(U 3 <sup>rd</sup> Fiscal Period from Aug. 1, 2022 to Jan. 31, 2023	nit: thousands of JPY) 4 <sup>th</sup> Fiscal Period from Feb. 1, 2023 to Jul. 31, 2023
Income before income taxes	568,595	811,225
Income taxes – current	885	851
Income taxes – deferred	0	1
Total income taxes	884	853
Net income	567,710	810,372
Retained earnings brought forward	88	94
Unappropriated retained earnings or unappropriated losses (negative)	567,799	810,466
		(Unit: JPY)
	3 <sup>rd</sup> Fiscal Period from Aug. 1, 2022	4 <sup>th</sup> Fiscal Period from Feb. 1, 2023
	to Jan. 31, 2023	to Jul. 31, 2023
I. Unappropriated retained earnings	567,799,100	810,466,709
II. Distribution amount	567,704,800	810,435,000
[Distribution amount per unit]	(3,211 JPY)	(3,342 JPY)
III. Retained earnings brought forward	94,300	31,709
	(Uni	t: thousands of JPY)
	3 <sup>rd</sup> Fiscal Period from Aug. 1, 2022 to Jan. 31, 2023	4 <sup>th</sup> Fiscal Period from Feb. 1, 2023 to Jul. 31, 2023
Net cash provided by (used in) operating activities	681,185	842,951
Net cash provided by (used in) investing activities	△809,792	△ 13,772,251
Net cash provided by (used in) financing activities	190,007	13,656,548
Net increase (decrease) in cash and cash equivalents	61,400	727,247
Cash and cash equivalents at beginning of period	2,049,423	2,110,823

2,838,071

2,110,823

## **Portfolio List & Status of Property Appraisals**



		Summa	ry of Appraisal	Results		Unrealized	Rate Us	sed for Appr	aisal	
	Acquisition	Apprais	al Value (millio	on JPY)	Book Value	Gain as of End of 4th	Capitalization Rate			Appraisal
Property Name	Price (Note 1)	3 <sup>rd</sup> FP (Previous Appraisal)	4 <sup>th</sup> FP (Current Appraisal)	Difference (Note 5)	(million JPY, Note 2)	Fiscal Period (million JPY, Note 2)	Previous Appraisal	Current Appraisal	Change (Note 5)	Company
Inabe Logistics Center	6,230	6,870	6,880	10	6,276	603	5.4%	5.4%	-	Japan Valuers Co., Ltd.
Matsusaka Logistics Center	692	751	751	-	727	23	4.4%	4.3%	-0.1%	The Tanizawa Sōgō Appraisal Co., Ltd.
Centrair Logistics Center	10,470	-	11,600	-	10,825	774	-	4.5%	-	The Tanizawa Sōgō Appraisal Co., Ltd.
Mid Building Yokkaichi	1,620	1,820	1,820	-	1,606	213	5.2%	5.2%	-	Daiwa Real Estate Appraisal Co., Ltd.
Aoi Tower	2,300	2,590	2,590	-	2,331	258	4.8%	4.8%	-	The Tanizawa Sōgō Appraisal Co., Ltd.
Shizuoka Machine Yard (Land) <sup>(Note 3)</sup>	600	723	724	1	612	111	5.3%	5.3%	-	Daiwa Real Estate Appraisal Co., Ltd.
Royal Parks Chikusa (Note 4)	4,400	4,840	4,890	50	4,564	325	4.2%	4.1%	-0.1%	The Tanizawa Sōgō Appraisal Co., Ltd.
Marunouchi EMBL Court	1,080	1,230	1,230	-	1,172	57	3.9%	3.8%	-0.1%	The Tanizawa Sōgō Appraisal Co., Ltd.
EMBL Aile Kusanagi Ekimae	2,000	2,200	2,210	10	2,069	140	5.0%	5.0%	-	Daiwa Real Estate Appraisal Co., Ltd.
EMBL Aile Kusanagi	750	974	985	11	784	200	5.0%	4.9%	-0.1%	JLL Morii Valuation & Advisory K.K.
Hamamatsu Plaza (Land)	11,950	12,500	12,500	_	12,185	314	4.7%	4.7%	-	Daiwa Real Estate Appraisal Co., Ltd.
Shimizucho Delivery and Sales Center	3,100	-	3,280	-	3,130	149	-	5.7%	-	The Tanizawa Sōgō Appraisal Co., Ltd.
Total (A ratio represents a simple average.)	45,192	34,498	49,460	82	46,288	3,172	4.8%	4.8%	0	

(Note 1) "Acquisition price" for each real estate or trust beneficiary right shall be the purchase price stated in the purchase and sale agreement for each asset (excluding consumption tax, local consumption tax, and various expenses such as transaction fees). Figures are rounded down to the nearest ten thousand JPY. (Note 2) Book value and unrealized gain figures are for the end of the 4th fiscal period and have been rounded Tokaido REIT, Inc. acquired during 4th fiscal period. down to the nearest million JPY.

(Note 3) Discount rate used in capitalization method (Inwood method) is indicated.

(Note 4) Discount rate used in direct capitalization method (adjusted Inwood method) is indicated. (Note 5) It does not include Centrair Logistics Center and Shimizucho Delivery and Sales Center

#### **Supplementary Materials**

## List of Income & Expenses of Our Property Portfolio



Property Name	Inabe Logistics Center	Matsusaka Logistics Center	Centrair Logistics Center	Mid Building Yokkaichi	Aoi Tower	Shizuoka Machine Yard (Land)
Exterior Photo						A CARLES OF CARLES
Location	Inabe City, Mie Prefecture	Matsusaka City, Mie Prefecture	Tokoname City, Aichi Precture	Yokkaichi City, Mie Prefecture	Aoi-ku, Shizuoka City, Shizuoka Prefecture	Suruga-ku, Shizuoka City, Shizuoka Prefecture
Site Area (m <sup>2</sup> )	102,038.46m <sup>2</sup>	6,708.07m <sup>2</sup>	24,865.82m <sup>2</sup>	1,025.94m	4,923.89m <sup>2</sup>	6,219.80m
Total Floor Area (m <sup>2</sup> )	104,224.73m (Warehouse 1, Office) 7,061.60m (Warehouse 2)	3,018.52mỉ	73,995.95㎡	5,165.48㎡	42,532.27㎡ (2,858.50㎡) (Note 3)	-
Construction Date	September 28, 1995 (Warehouse 1, Office) September 6, 2004 (Warehouse 2)	July 27, 2021	May 22, 2007	February 14, 1991	March 31, 2010	-
Occupancy Rate on July 31, 2023 (%)	100.0%	100.0%	6 97.2%	93.2%	100.0%	100.0%
Acquisition Price (mn JPY)	6,230	692	2 10,470	1,620	2,300	600
Appraisal Value in the 4 <sup>th</sup> FP (mn JPY)	6,880	75	1 11,600	1,820	2,590	724
Property Management Company (Note 1)	CBRE	JPM	CBRE	Tokyo Capital Management	Yoshicon	Yoshicon
PML (Probable Maximum Loss, %)	2.4	4.3	3 1.2	7.4	10.2	
Days of Asset Management	181	18	1 180	181	181	181
Real Estate Leasing Revenue (k JPY)						
Lease/Common Service Fees			375,180	68,819	88,198	
Other Revenue			14,953	5,040	-	
Total Leasing Business Revenue			390,134	73,860	88,198	
Management Commissions Taxes and Public Dues			22,493	7,460 3,997	<u> </u>	
Utilities Expenses	Undisclosed (Note 2)	Undisclosed (Note 2)	23,833	3,997 8,097	80	Undisclosed (Note 2)
Repair Expenses		Unuisciosed (NOLE Z)		1,111		Ghuisciosed (Note 2)
Insurance Premiums			2,788	488	492	
Trust Fees			491	325	-+JZ	
Other Leasing Business Expenses			346	144	431	
Total Leasing Business Expenses			50,507	21,625	26,456	
Net Operation Income (NOI)	201,334	16,497		52,235	61,741	17,781
Depreciation	32,917	6,264		, 11,163	5,020	-
Leasing Business Profit and Loss	168,416	10,232	2 307,892	41,071	56,720	17,781

(Note 1) The official names of some property management companies are omitted.

(Note 2) Tokaido REIT, Inc. cannot disclose these figures since the tenants do not permit for disclosure.

(Note 3) The total area of the entire building is 42,532.27 square meters. Tokaido REIT, Inc. has acquired the sectional ownership of 2,858.50 square meters as the area of the exclusive portion.

#### **Supplementary Materials**

## List of Income & Expenses of Our Property Portfolio



(Note 1) The official names of some property management companies are omitted.

(Note 2) Tokaido REIT, Inc. cannot disclose these figures since the tenants do not permit for disclosure.

Tokaido REIT, Inc.



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