# Investor Presentation for the 3rd Fiscal Period (ended Jan. 2023)

March 17, 2023





The Asset Manager

Tokaido REIT Management Co.,Ltd.



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About Tokaido REIT

## Equity Story of Tokaido REIT



#### Strategic Investment in the "Industrial Region" that has a sustainable economic base



processing and distribution of materials to consumption areas

#### **Executive Summary**

Tokaido REIT, Inc.



Conducted a public offering roughly a year and a half after the IPO, increasing asset size 1.5-fold (to roughly 45.2 billion yen)



The period-end occupancy rate during the 3rd fiscal period was a strong 99.7%, and distributions per unit rose 41 yen from the preceding period



Already acquired large, double rampway logistics facility (approx. 10.5 billion yen)



6.

Planning to acquire a sponsor-developed property (3.1 billion yen) through a CRE proposal

Raised the baseline of distributions through premium capital increase











# Section 1

# Financial Statement Highlights

#### Overview of the 1st public offering



#### Overview of the offering

| Type of offering   | Domestic offering      |
|--|------------------------|
| Number of new<br>investment units<br>issued  | 65,700 units           |
| Total number of issued<br>investment units<br>(after issuing of new<br>investment units) | 242,500 units          |
| Issue value  | 109,558 yen            |
| Total issue value  | 7,197 million yen      |
| Date of resolution   | January 17, 2023       |
| Date of determination of issuing conditions  | January 25, 2023       |
| Offering period  | January 26 to 27, 2023 |
| Payment date   | February 1, 2023       |

#### Overview of assets already acquired/to be acquired

**Centrair Logistics Center** 



Acquisition price: 104.7 billion yen Appraisal NOI yield: 5.1%

## Shimizucho Delivery and Sales Center



Planned acquisition price: 31.0 billion yen Appraisal NOI yield: 6.0%

#### **Change in Investment Unit Price**

(Percentage change calculated assuming announced price = 100,000 yen for closing price of trading on the day before the listing day) Closing price on date of determination of issuing conditions 25-Jan.-23 130,000yen Tokaido REIT TSE REIT Index 120,000 ven 120,000yen Morton Closing price on date of resolution 110,000yen 17-Jan.-23 119,000 yen 100,000yer 90,000yen 80,000yer 21-Jun-21 21-Oct-21 21-Feb-22 21-Jun-22 21-Oct-22 31-Jan.-23

(Note) The above TSE REIT Index is indexed to 100,000 yen as of the day before the listing date.

#### Financial Results 3rd FP (ending Jan. 2023)



# 3rd FP (ending Jan. 2023)Distributions3,211yenvs. 2rd fiscal period+41 yen(+ 1.3%)

NAV per unit 108,766 yen (vs. 2rd fiscal period +354 yen)

| External                | Asset size <b>31.62</b> billion yen   |   | <b>Property acquisition</b><br>Matsusaka Logistics Center        | 0.692 billion yen                    |
|-------------------------|---|---|--|--------------------------------------|
| growth<br>45.19 billion |   | Public offering<br>Asset size increased 1.5-fold after<br>acquisition of assets to be acquired  | ,  | 10.47 billion yen<br>3.1 billion yen |
| Internal<br>growth      | Occupancy rate<br>99.7%   | Realization of stable occupancy<br>rate by utilizing strategic<br>subleasing  | Industrial infrastructure asset<br>Community infrastructure asse |                                      |
| Financial<br>strategy   | Total interest-bearing<br>liabilities<br><b>16.35</b> billion yen<br>After acquisition of assets<br>to be acquired<br><b>23.4</b> billion yen | Acquisition of Matsusaka<br>Logistics Center by<br>procuring an additional 750<br>million yen<br>After borrowing in<br>conjunction with<br>acquisition of assets to<br>be acquired through<br>public offering | • We will continue to  | a temporary rise,                    |

(Note 1) Figures smaller than the indicated units are rounded down in the case of monetary amounts and rounded up in the case of percentages when any amount is equivalent to 5 or more. (Note 2) The long-term debt ratio includes the current portion of long-term borrowings. **Financial Statement Highlights** 

## Results of 3rd Fiscal Period (ended Jan. 2023)



| (Unit: million yen)   | 2nd FP Result<br>(A) | 3rd FP Result<br>(B) | Change from<br>previous FP<br>(B) – (A) | Major Factors Behind Change (Change from previous  |
|---|----------------------|----------------------|---|--|
| Operating revenue   | 1,116                | 1,147                | + 31                                    | [Rent income] Matsusaka: + 9<br>Chikusa: + 4 (Stable operation)<br>Kusanagi Ekimae: +11 (Pass-through)<br>[Electric fee income] + 3 (Inabe)<br>[Insurance income] + 2 (Inabe)<br>[Dividend income] + 3   |
| Operating expenses  | 494                  | 512                  | +18                                     |  |
| Expenses related to real<br>estate leasing business<br>(Excluding depreciation) | 262                  | 264                  | +2                                      | [PM expenses] Matsusaka: + 1<br>Kusanagi Ekimae: + 9 (Pass-through)<br>Chikusa: ▲ 2 [Electric fees] + 6 (of this, Inabe +3, Yokkaich<br>[Repair expenses] + 7 (Additional emergency repai<br>[Revenue from restoration to original state] ▲ 10 (Chikusa - Decrease in number of tenants vaca<br>[Advertising and promotional expenses] ▲ 8 (Chikusa - Decrease in number of new tenants) |
| Depreciation  | 116                  | 122                  | +6                                      | Matsusaka acquisition: + 3   |
| SGA, etc.   | 115                  | 125                  | +10                                     | Financing fees: + 2<br>General Meeting of Unitholders expenses: + 4<br>Other: + 4  |
| Operating profit  | 622                  | 635                  | +13                                     |  |
| Non-operating income  | 0                    | 0                    | 0                                       |  |
| Non-operating expenses  | 61                   | 66                   | +6                                      | Interest expenses and financing fees: + 6  |
| Ordinary profit   | 561                  | 569                  | +8                                      |  |
| Net profit  | 560                  | 567                  | +7                                      |  |
| Reference) NOI  | 854                  | 879                  | +25                                     |  |
| (Unit: yen)   | (A)                  | (B)                  | (B) – (A)                               |  |
| Distributions per unit  | 3,170                | 3,211                | + 41                                    |  |

#### 4th Fiscal Period (ending Jul. 2023) and 5th Fiscal Period (ending Jan. 2024) Forecasts

| Forecast for 4th Fiscal Period (ending Jul. 2023)                                     |                         |                           |                         | Forecast fo  | or 5th  | Fiscal F                  | Period (e                 | nding Jan. 2024)        |  |
|---|-------------------------|---------------------------|-------------------------|--|---|---------------------------|---------------------------|-------------------------|--|
| (Unit: million yen)   | 3rd FP<br>Result<br>(A) | 4th FP<br>Forecast<br>(B) | Comparison<br>(B) – (A) | Major Factors Behind Change  | (Unit: million yen)   | 4th FP<br>Forecast<br>(B) | 5th FP<br>Forecast<br>(C) | Comparison<br>(C) – (B) | Major Factors Behind Change  |
| Operating revenue   | 1,147                   | 1,619                     | +472                    | [Rent income] Centrair: + 375<br>Shimizucho: + 75<br>Matsusaka: + 10<br>[Electric fee income]<br>Centrair: + 15<br>[Dividend income] ▲ 3   | Operating revenue   | 1,619                     | 1,640                     | +21                     | [Rent income]<br>Centrair: ▲ 12<br>Shimizucho: + 33                    |
| Operating expenses  | 512                     | 657                       | +145                    |  | Operating expenses  | 657                       | 724                       | +67                     |  |
| Expenses related to<br>real estate leasing<br>business<br>(Excluding<br>depreciation) | 264                     | 338                       | +74                     | [PM expenses] Centrair: + 26<br>[Electric fees] Centrair: + 20<br>Other Properties: + 4<br>[Taxes and public dues] + 4<br>[Repair expenses]<br>Centrair: + 8<br>[Advertising and promotional<br>expenses] Chikusa: + 4 | Expenses related to real<br>estate leasing business<br>(Excluding depreciation) | 338                       | 391                       | +53                     | [PM expenses]<br>Centrair: + 11<br>[Repair expenses]<br>Centrair: + 40 |
| Depreciation  | 122                     | 162                       | +40                     | Centrair: + 31<br>Matsusaka: + 3<br>Shimizucho: + 2  | Depreciation  | 162                       | 172                       | +10                     | Shimizucho + 8   |
| SGA, etc.   | 125                     | 157                       | +32                     | Management fees: +28   | SGA, etc.   | 157                       | 161                       | +4                      | Administration: + 3  |
| Operating profit  | 635                     | 961                       | +326                    |  | Operating profit  | 961                       | 916                       | ▲45                     |  |
| Non-operating income  | 0                       | 0                         | 0                       |  | Non-operating income  | 0                         | 0                         | 0                       |  |
| Non-operating expenses  | 66                      | 155                       | +89                     | Interest expenses: +21<br>Financing fees: +63<br>Investment unit issuance<br>expenses: +5  | Non-operating expenses  | 155                       | 106                       | ▲49                     | Financing fees, etc.: ▲ 49   |
| Ordinary profit   | 569                     | 806                       | +237                    |  | Ordinary profit   | 806                       | 810                       | +4                      |  |
| Net profit  | 567                     | 805                       | +238                    |  | Net profit  | 805                       | 809                       | +4                      |  |
| (Reference) NOI   | 879                     | 1,281                     | +402                    |  | (Reference) NOI   | 1,281                     | 1,249                     | ▲32                     |  |
| (Unit: million yen)   | (A)                     | (B)                       | (B) – (A)               |  | (Unit: million yen)   | (B)                       | (C)                       | (C) – (B)               |  |
| Distributions per unit  | 3,211                   | 3,320                     | +109                    |  | Distributions per unit  | 3,320                     | 3,337                     | +17                     | 9  |

**Financial Statement Highlights** 

#### Improvements to investor value as a result of public offering



The company's asset size was increased through a public offering, and distributions were raised at the same time



(Note) Normalized distributions refer to normalized distributions per unit. 10



# Section 2

# Asset acquired during 3rd fiscal period Matsusaka Logistics Center

Asset acquired during 3rd fiscal period

## Matsusaka Logistics Center (Acquired on November 1, 2022)



Asset manager's own route

**Matsusaka Logistics Center** 

Industrial infrastructure assets Logistics assets



Appraisal value
0.751 billion yen

**BTS property that meets the diverse needs of cargo owners in the industrial region through coordination with outside developers, acquired via the Asset Manager's own route Inabe Logistics Center** 



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

- 1. Industrial infrastructure asset that meets the abundant corporate needs of the industrial region
  - ✓ The property is located in an industrial region centered around Shizuoka which is home to one of Japan's top industrial clusters, straddling multiple prefectures (Shizuoka, Aichi, and Mie), and is an industrial infrastructure asset that can meet the abundant needs of a wide range of industries



(Note) "Appraisal NOI yield" is the net operating income by the direct capitalization method stated in the real estate appraisal report (appraisal NOI) of each acquired asset expressed as a percentage of acquisition price.

## Matsusaka Logistics Center (Acquired on November 1, 2022)



✓ Excellent access, being located 800 meters from the Ichishi-Ureshino Interchange of the Ise Expressway, the main arterial road of Mie Prefecture, which is a center of industry

#### 3. The property's location, the heart of Mie Prefecture, has long been an area of economic development, and there are many manufacturing companies nearby

- ✓ Now, Mie Prefecture is home to numerous automotive manufacturers and semiconductor manufacturers. Along the Ise coast there is a high concentration of industry, including heavy industry, such as one of the world's top nickel production sites
- ✓ There is a high level of logistics demand which is expected to remain solid over the long term due to industry related to electronics products used in the next generation of electric vehicles and hybrid vehicles.
- 4. The tenant is a third party logistics operator that addresses the needs of the industrial region

# 5. The judgment of the sponsor company will be used to perform sourcing using the Asset Manager's own routes, supplementing the pipeline

✓ The seller, KT Capital, has developed a reputation for investing in and developing industrial infrastructure assets and community infrastructure assets in industrial regions, and plans to maintain collaborative relationships in the future



 ✓ Electronic semiconductor components, devices, and circuits
 ✓ Other Tokaido REIT, Inc.



# Section 3

# Management Status



# Since the IPO in June 2021, we have continued stable operation utilizing the strength of being located in industrial region

As of January 31, 2023 (the end of the 3rd fiscal period), we have maintained a high overall occupancy rate of 99.7% across our portfolio

| Change in<br>Occupancy Rates                | July 31, 2022<br>(end of 2nd FP) | January 31, 2023<br>(end of 3rd FP) |  |                                  |                                     |
|---|----------------------------------|-------------------------------------|--|----------------------------------|-------------------------------------|
| Entire Portfolio                            | 99.6%                            | 99.7%                               | Unit Rent Per Tsuk<br>(including commo |                                  | (Unit: yen)                         |
| Inabe Logistic<br>Center                    | s 100%                           | • • • 100%                          |  | July 31, 2022<br>(end of 2nd FP) | January 31, 2023<br>(end of 3rd FP) |
| Matsusaka<br>Logistics Cent                 |                                  | • • 100%                            | Mid Building Yokkaichi                 | 9,386                            | 9,384                               |
| Mid Building<br>Yokkaichi                   | 98.7%                            | 93.2%                               | Aoi Tower                              |                                  | · · ·                               |
| Aoi Tower                                   | 100% • • •                       | • • • 100%                          |  | 17,000                           | 17,000                              |
| Shizuoka Macl<br>Yard (land)<br>Royal Parks |                                  | • • 100%                            | Royal Parks Chikusa                    | 8,363                            | 8,355                               |
| Chikusa<br>Marunouchi                       | 95.2%                            | 97.1%                               | Marunouchi EMBL Court                  | 7,953                            | 7,949                               |
| EMBL Court                                  | 93.8%                            | 98.6%                               | EMBL Aile Kusanagi<br>Ekimae           | 5,488                            | 6,577                               |
| EMBL Aile<br>Kusanagi Ekin<br>EMBL Aile     |                                  | 99.0%                               | EMBL Aile Kusanagi                     | 6,376                            | 6,376                               |
| Kusanagi<br>Hamamatsu P                     | 100% • • •                       | • • 100%                            | Hamamatsu Plaza (land)                 | 2,173                            | 2,168                               |
| (land)                                      | 100%                             | 100%                                |  |                                  |                                     |

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





Industrial infrastructure

#### Strengths

- $\checkmark$  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 quality 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

Sponsor bridge SPC (Yokkaichi-shi, Mie) Mid Building Yokkaichi Industrial infrastructure asset Industrial or business assets



<Leasing ratio (based on rent)>



#### Strengths

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



#### Asset Management Status as of end of the 3rd FP

✓ The period-end occupancy rate during the 3rd fiscal period was 93.2%, but with the expansion of facility interior areas, the occupancy rate was 100% as of February 28, 2023









Source: Prepared by the Asset Manager based on the "Long-Term Population Trends by Ward (2022)" issued by Nagoya City

(Note) "Appraisal NOI yield" is the net operating income by the direct capitalization method stated in the real estate appraisal report (appraisal NOI) of each acquisition asset expressed as a percentage of acquisition price.

security to students and parents

## **Portfolio Management Status**





(Note) "Appraisal NOI yield" is the net operating income by the direct capitalization method stated in the real estate appraisal report (appraisal NOI) of each acquisition asset expressed as a percentage of acquisition price.



# Section 4

# **Financial Status**

## Financial Condition (as of January 31, 2023)



#### The second secon



(Note 1) The average loan interest was calculated by determining the figure as of the end of each fiscal period, taking into consideration up-front fees, and weighting them by the interest-bearing debt balance. The same applies hereinafter.

(Note 2) The average remaining years figure was calculated by determining the remaining years for interest-bearing debt period figure as of the end of each fiscal period and weighting them by the interest-bearing debt balance. The same applies hereinafter.

(Note 3) The long-term debt ratio includes the current portion of long-term borrowings. The same applies hereinafter.



# Section 5

# Overview of the 1st public offering

## The 1st public offering: Investment highlights





# Ongoing concentrated investment in an industrial region with a sustainable economic base

(Growth compared to IPO)



- ① Acquisition of Centrair Logistics Center from an outside seller through a bridge SPC
- ② 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
- ③ Through continued acquisition of logistics assets, Tokaido REIT's logistics asset investment size has been increased 3-fold over its scale at the time of the IPO
- ④ Maintaining a stable portfolio with high logistics, residential, and land composition ratios



Diversification of acquisition routes, such as Asset Manager's own routes and coordination with sponsor company

4.

Pipeline development that meets extensive CRO needs of industrial region



Solid financial foundation supported by strong lender formation

#### Overview of the 1st public offering We are approaching the asset size of 50 billion yen which we set as our target at the time of the IPO



(Growth compared to IPO) Increased capital 1.5-fold through investment aimed at meeting the abundant needs of the industrial region



SHIZGAS



Sponsor bridge SPC

Property for which preferential negotiation

rights have been utilized

Asset acquired during 4th fiscal period

**Centrair Logistics Center** 

Investment in a large multi-tenant logistics facility, a first for Tokaido REIT

Tokaido REIT, Inc.



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

- 1. Location capturing the extensive logistics needs backed by the industrial cluster of manufacturers representative of Japan and population concentration in the Chukyo region
- 2. Tokoname City is an industrial area with a high concentration home of companies in industries from ceramics to high-tech fine ceramics. It is also located adjacent to industrial areas with high concentrations of steel and automotive companies
- 3. The property is connected to an extensive highway network and offers excellent access to the expansive industrial region and central Nagoya

|                     | <property (<="" th=""><th>Overview&gt;</th><th></th></property> | Overview>                  |       |
|---------------------|---|----------------------------|-------|
| Location            | Tokoname-shi,<br>Aich   | Occupancy rate<br>(Note 2) | 99.3% |
| Total floor<br>area | 73,995.95m  | Number of tenants (Note 2) | 16    |

(Note) "Appraisal NOI yield" is the net operating income by the direct capitalization method stated in the real estate appraisal report (appraisal NOI) of each acquisition asset expressed as a percentage of acquisition price.

Asset manager's own route

Industrial

infrastructure asset

Logistics assets

(Note 2) The occupancy rate and number of tenants are the state of leasing as of January 31, 2023.

#### Overview of the 1st public offering Acquisition of Centrair Logistics Center from an outside seller through a bridge SPC

<Tenant composition>

Vacancies

0.7%

logistics

54.9%

- The property is a large multi-tenant logistics facility with an 4. anti-seismic structure boasting high specs that are a rarity for the region. It can accommodate both large- and small-scale use
- The current tenants are filled 5. with solid demand from third-party logistics operators and manufacturers



Other

4.0%

#### <Conceptual image of each function>



<Centrair Logistics Center typical floor plan>





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



Sponsor development project CRE proposa

Community infrastructure asset Other For distribution or sale of daily necessities

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| Location             | Shimizu-cho, Sunto-gun, Shizuoka |
|----------------------|----------------------------------|
| Site area            | 15,563.02m <sup>2</sup>          |
| Total floor area     | 9,023.63m                        |
| Occupancy rate       | 100% (planned)                   |
| Number of<br>tenants | 1                                |



- 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



| Value of manufactured goods shipments<br>(2019)  |                     |  |  |  |
|--|---------------------|--|--|--|
| Shimizucho   | 102.2 billion yen   |  |  |  |
| Nagaizumicho   | 450.4 billion yen   |  |  |  |
| Numazushi  | 601.5 billion yen   |  |  |  |
| Mishimashi   | 182.4 billion yen   |  |  |  |
| Total  | 1,336.6 billion yen |  |  |  |
| and the state of t | 2016 to 2020        |  |  |  |

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



2. Approximately 130,000 people live within a three-kilometer radius of the property and approximately 300,000 people within a five-kilometer 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



(Note) "Appraisal NOI yield" is the net operating income by the direct capitalization method stated in the real estate appraisal report (appraisal NOI) of each acquisition asset expressed as a percentage of acquisition price.

3.

#### 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

Numazu Bypas

It offers excellent access, being located on major roads such as National Route 1 (Numazu Bypass) and is 6 km away from the Numazu Interchange of the Tomei Expressway

To Numazu 1

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



4. Land was acquired based on the judgment of the sponsor company, which is highly familiar with local information, and CRE development is underway. The property is to be acquired once construction is completed

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- 5. Perfect location for a category killer distribution and sales site given the large local population
- 6. The main sponsor, Yoshicon, will conclude a master lease and coordinate with end tenants
  - ✓ Yoshicon plans to establish long-term fixed leases with end tenants
  - ✓ There will be a fixed lease arrangement between Tokaido REIT and the sponsor company until September 27, 2023, followed by the conclusion of a pass-through master lease

Overview of the 1st public offering Portfolio in which investment is focused on industrial regions where growth and improvement can be achieved through these measures



(Growth compared to IPO) Increased capital 1.5-fold through investment aimed at meeting the abundant needs of the industrial region

| June 2021 (IPO)   | New property<br>acquisitions   | After acquisition of<br>new properties   |
|---|--|--|
| 30.33 billion yen   | 14.86 billion yen  | 45.19 billion yen  |
| 5.6%  | 5.3%   | 5.5%   |
| 4.9%  | 4.7%   | 4.8%   |
| amortization4.970Logistics asset size<br>(Logistics asset ratio)6.23 billion yen<br>(20.5%) |  | 17.39 billion yen<br>(38.5%)   |
| 33.5%   | 79.1%  | 48.5%<br>(+15.0%)  |
| 87.1%   | 79.1%  | 84.5%  |
| sets assets<br>.5% 33.5%<br>Logistics<br>Assets<br>20.5%<br>Industria<br>business<br>12.9%  | assets<br>20.9%<br>Other assets<br>20.9%<br>Other assets<br>(For distribution<br>or sale of daily<br>necessities)<br>20.9%<br>al or<br>assets<br>land assets<br>(For industrial<br>infrastructure)<br>4.0%   | assets asset asset as a set as a se |
|   | 30.33 billion yen<br>5.6%<br>4.9%<br>6.23 billion yen<br>(20.5%)<br>33.5%<br>87.1%<br>87.1%<br>sets<br>5%<br>33.5%<br>Logistics<br>Assets<br>20.5%<br>Logistics<br>Assets<br>20.5%<br>Logistics<br>Assets<br>20.5%<br>Logistics<br>Assets<br>20.5% | June 2021 (IPO)       acquisitions         30.33 billion yen       14.86 billion yen         5.6%       5.3%         4.9%       4.7%         6.23 billion yen       11.16 billion yen         (20.5%)       79.1%         33.5%       79.1%         87.1%       79.1%         sets       33.5%         20.9%       79.1%         infrastructure       Industrial infrastructure assets         33.5%       20.9%         100       100   |

Tokaido REIT, Inc.

#### The Major Financial Indicators



Overview of the 1st public offering

## Benefits of new property acquisitions and public offering





NAV per unit

NAV per unit as of the end of the fourth reporting period is expected to rise by some degree following the premium capital increase



#### Portfolio after acquisition

The industrial infrastructure asset to community infrastructure asset ratio is roughly 50:50

| Class                            | Subclass   | Name of property                                  | (planned)<br>acquisition<br>price<br>(million yen) | Appraisal<br>NOI yield<br>(%) |
|----------------------------------|--|---|--|-------------------------------|
|                                  |  | Inabe Logistics Center                            | 6,230  | 6.3                           |
| Indus                            | Logistics  | Matsusaka Logistics Center                        | 692  | 5.0                           |
| Industrial infrastructure assets | Assets   | Centrair Logistics Center                         | 10,470   | 5.1                           |
| tructu                           | Industrial or business   | Mid Building Yokkaichi                            | 1,620  | 6.5                           |
| ure as                           | assets   | Aoi Tower   | 2,300  | 5.6                           |
| sets                             | land assets<br>(for industrial<br>infrastructure)                  | Shizuoka Machine Yard (land)                      | 600  | 6.0                           |
| 0                                |  | Royal Parks Chikusa                               | 4,400  | 5.7                           |
| ommi                             |  | Marunouchi EMBL Court                             | 1,080  | 4.9                           |
| unity                            | Residential assets   | EMBL Aile Kusanagi Ekimae                         | 2,000  | 6.0                           |
| infrasi                          |  | EMBL Aile Kusanagi                                | 750  | 6.7                           |
| Community infrastructure assets  | land assets<br>(for distribution or sale<br>of daily necessities)  | Hamamatsu Plaza (land)                            | 11,950   | 5.0                           |
| ssets                            | Other assets<br>(for distribution or sale<br>of daily necessities) | Shimizucho Delivery and<br>Sales Center<br>(Note) | 3,100  | 6.0                           |
|                                  | Total/average  |   | 45,192   | 5.5                           |

(Note) To be acquired on June 1, 2023, 2023.



# Section 6

# Growth Strategy



(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.

#### **Asset Size Growth Story**

Tokaido REIT, Inc.

Through the acquisition of the assets to be acquired, we will approach the asset size of 50 billion yen that we set as our target at the time of the IPO. We will aim for further growth through pipeline expansion led by CRE proposals as we set our sights on a medium-term target of 100 billion yen.



**Growth Strategy** 

## **Introduction of Properties Under Development by Sponsors**

Industrial infrastructure asset

Logistics assets



Sponsor development project ) (CRE proposal

## Fukuroi Project



| Location               | Fukuroi-shi, Shizuoka                                 |
|------------------------|---|
| Land area              | Approx. 11,000 tsubos<br>(Section C ①)                |
| Anticipated asset type | Industrial infrastructure asset<br>(Logistics assets) |

#### Property characteristics

- ✓ Utilizing the judgment of the sponsor company, we will secure land which provides access to widearea logistics and an extensive trade area from a pharmaceutical manufacturer
- ✓ It is in a favorable location directly connected to the Tomei Expressway Fukuroi IC, offering good access. Also accommodates wide-area logistics and an extensive trade area
- ✓ The property is located in an industrial region with both industrial and community infrastructure

#### Sponsor development policy

- ✓ The sponsor company is performing overall planning, leveraging the large-scale site (total size of sections A to C: approximately 50,000 tsubo (165,000 square meters))
- Meets the abundant CRE needs of 3rd party logistics companies backed by the high industrial and population concentration
- ✓ Coordinating with potential tenant for Section C ① tenant while developing logistics asset as pipeline



(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.

#### **Growth Strategy**

## Overview of development plans by sponsor companies





•The area contains several universities, such as the Hamamatsu Campus of Shizuoka University

#### ► Sponsor development policy

•A broad range of applications that leverage the area's characteristics are being considered

► Sponsor development policy

· Plans for development of industrial infrastructure assets

(logistics assets), plants, etc. that meet CRE needs
Through continued acquisition of logistics assets, Tokaido REIT's logistics asset investment size has been increased 3-fold over its scale at the time of the IPO

Backed by the concentration of industries and populations in industrial regions, logistics assets that meet diverse needs will remain the promising growth assets of the future, so we will follow a policy of active investment in these assets, including development projects



Tokaido REIT, Inc.

#### **Growth Strategy**

## Investment in industrial assets aimed at areas with high concentrations of industry in industrial regions

## Investment status and pipeline following the IPO, focusing on logistics assets that aim at areas near highly concentrated industrial regions

<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.

```
Growth Strategy
```

Maintaining a stable portfolio with high logistics, residential, and land composition ratios



The percentage of logistics, residential and land assets is relatively high among listed multipurpose REITs with an asset size of 200 billion yen or less

As lifestyles have changed under the COVID-19 pandemic, listed REITs with a high percentage of logistics, residential, and land assets with comparatively stable cash flows are valued relatively highly

Percentage of assets considered to have relatively stable cash flow



(Source) Prepared by the Asset Manager by calculating the percentages of acquisition prices (or planned acquisition prices) of assets by usage type owned by J-REITs at the end of the most recent fiscal period disclosed as of November 24, 2022 (including assets to be acquired for Tokaido REIT). The asset size was calculated in the same way.

## **Growth Strategy of Tokaido REIT**



## Pipeline development driven by CRE proposals

Continuing to expand the pipeline through development driven by CRE proposals in the "Industrial Region" Make proposals that enables the required real estate to be utilized most efficiently as a leased property from the J-REIT while selling idle land and other non-essential real estate



## **Growth Strategy of Tokaido REIT**



## Tokaido REIT's strategy for achieving growth through concepts and CRE proposals focused on the industrial region

There is abundant corporate real estate (CRE) information in the region with a high value of shipments of manufactured goods spanning the Greater Tokaido region.
We will develop new rental real estate by connecting CRE needs and off-balance needs in the Greater Tokaido region through a network supporting the industrial region of the nine sponsors





# Section 7

## ESG and SDGs

ESG and SDGs Tokaido REIT's Initiatives for Realizing a Sustainable Society: Concept



We have adopted a policy of actively engaging in building a sustainable society while working with sponsors who support the region

We aim for a sustainable society including SDGs through coordination with stakeholders involved in the region while conducting investment management of assets forming infrastructure of the region



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



During the 2nd fiscal period, the Asset Manager formulated a Sustainability Policy and Sustainability Promotion System Regulations to strengthen its efforts to create a sustainable society.

### Sustainability Policy

We believe that in order to create sustainable societies, we have a corporate responsibility to engage in ESG management, taking into consideration environmental, social, and governance factors. To achieve this ESG management, we will collaborate with stakeholders such as sponsors with roots in the community as we implement our sustainability initiatives.

#### **1.** Responding to climate change

We will continuously evaluate the climate change risks and opportunities involved in the real estate we operate, investigate and implement appropriate measures, and strive to improve our climate change resilience.

We will create an organization structure and real estate management structure that can respond appropriately and rapidly to changes in the needs of society, which is undergoing medium- and long-term change, and we will strive to deal with these changes in order to contribute to the transition to a carbon-free society.

#### 2. Measures for reducing our environmental impact

In order to reduce our environmental impact, we will deliberate regarding the creation and replacement of energy-saving devices in the real estate we operate with the aim of increasing the efficiency of our energy usage.

We will also consider using renewable energy and we will strive to reduce greenhouse gas emissions.

#### 3. Contributing to the creation of a recycling-oriented society

In order to create a recycling-oriented society, we are striving to use water more efficiently in the real estate we operate by installing water-saving devices, and we are actively promoting the 3Rs (reducing, reusing, and recycling) with respect to the waste we produce. Through this, we are constantly working to more effectively utilize limited resources.

### 4. Improving tenant health, safety, comfort, and satisfaction

In order to establish positive relationships with our tenants, we are implementing disaster prevention and BCP measures in the real estate we operate. We are striving to improve the health, safety, and comfort of tenants and facility users.

We are also identifying tenant needs using questionnaires and working to provide our tenants with even greater satisfaction.

### 5. Collaborating with stakeholders

We are promoting our ESG system by building positive relationships with stakeholders such as property management companies, customers such as tenants, suppliers, and members of the local community and engaging in collaborations with them.

### 6. Measures involving officers

We strive to train and raise awareness among our officers so that our employees will focus on ESG to an even greater degree, improve their operational skills, and achieve a good work-life balance.

Furthermore, we comply with societal norms such as respect for human rights and diversity through our thorough compliance measures.

### 7. Appropriately timed disclosure of ESG information and enhancement of governance

In order to build stronger bonds of trust with investors and all of our stakeholders, we strive to maintain the transparency of our business activities and actively disclose information. Furthermore, with regard to cyber risks such as improper use of personal information and unauthorized access to internal data, we strive to appropriately manage information and enhance security through training and the reinforcement of our information management system.

## **Sustainability Promotion System**



### T Sustainability Promotion System

|                                     | Position holder   | Roles, etc.   |
|-------------------------------------|---|---|
| Chief Sustainability Officer        | Representative Director<br>and President  | Prepare systems related to the promotion of sustainability,<br>supervise the formulation and implementation of policies,<br>objectives, and individual measures   |
| Sustainability Operating<br>Officer | General Manager of the<br>Investment Management<br>Department   | Supervise the preparation of systems related to the promotion of sustainability and the implementation of individual measures   |
| Sustainability Promotion<br>Board   | Chief Sustainability Officer<br>Sustainability Operating<br>Officer<br>General Manager of the<br>Financial Planning<br>Department<br>Compliance Officer | <ul> <li>Meet, as a general rule, at least once every 3 months<br/>and perform the following</li> <li>Considers and proposes sustainability-related policies,<br/>objectives, and measures</li> <li>Continuously follows up on remaining issues and<br/>findings related to objectives by reflecting them, as<br/>a general rule, in the objectives for the following<br/>reporting period</li> <li>Report policies, objectives, measures, etc., to the Asset<br/>Manager Board of Directors and the Investment<br/>Corporation Board of Directors</li> </ul> |

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



- Tokaido REIT and the Asset Manager recognize ESG initiatives to be an important management issue, and have formulated sustainability policies and prepared sustainability systems
- We intend to further strengthen our systems and acquire certifications in the future

## **Initiatives Since Listing**

### Contactless delivery

Working with Linough, Inc. to support "contactless delivery" in residential properties owned

"Contactless delivery" is delivery placing packages at designated locations such as "on the doorstep" of the delivery destination for delivery packages. This has effects such as reducing redelivery and lowering the frequency of contact during the COVID-19 pandemic.



### **Bicycle sharing**

Working with neuet, Inc. to install bicycle sharing ports

Improvement of transport energy efficiency and reduction of environmental load through bicycle sharing

Development of sustainable urban infrastructure, improvement of transport infrastructure and improvement of industry



Access to sustainable transport systems, inclusive and sustainable urbanization, and positive links between urban, peri-urban and rural areas

Improvement of the life cycle of disposable and continuous waste of bicycles through the sharing of well-maintained bicycles



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

## Processed for making decisions on transactions with interested parties

Provisions on transactions with interested parties state the basic policy that transactions that harm the interests of Tokaido REIT and unnecessary transactions must not be carried out with oneself or interested parties and sets forth the transaction standards and decision-making procedures applicable when conducting transactions with interested parties

<Decision-making procedures on transactions with interested parties>



#### Utilization of external experts for internal auditing (Asset Manager)

The Asset Manager outsources internal audit support operations to external experts

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

### Same-boat investment

#### Same-boat investment by main sponsor (As of February 28, 2023)

The main sponsor, Yoshicon, supports the management of Tokaido REIT

In addition to management support, it made a same-boat investment of 242,500 units (9.03%)

### Same-boat investment by officers and employees

In May 2022, it introduced an 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





## Appendix 1

## Features of Tokaido REIT

### **Basic Philosophy of Tokaido REIT**

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



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

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



Strategic investment in the "Industrial Region" that has a sustainable economic base



Growth based on a stable portfolio backed by industrial and population clusters



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







#### **Tokaido REIT's Equity Story**

## **Tokaido REIT's Equity Story**



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



Source: Prepared by the Asset Manager based on Ministry of Economy, Trade and Industry "Census of Manufacture (2018)"

### Population concentration

Population concentration rooted in "industrial cluster"



(Source) Prepared by the Asset Manager based on 2015 National Census





## **Investment Policy**



## Strategic investment area

Utilization of sponsor support using abundant local knowledge for strategic investment in the industrial region with Shizuoka at the core (Shizuoka, Aichi and Mie prefectures)

60% or more

### Main target property types

Industrial infrastructure assets (logistics / industrial or business / land)

25% or more

Community infrastructure assets (residential / land / other)

25% or more

### Attractiveness of assets in the industrial region with Shizuoka at the core

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

## Support That Draws on the Extensive Insight of Sponsors Rooted in the "Industrial Region"

Tokaido REIT, Inc.



### igaplus Details of support from sponsors drawing on the insight of sponsors in the industrial region

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

## 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.

| Securities Code                                | 5280  |
|--|---|
| Listed Market                                  | TSE Standard  |
| Location                                       | Head office: 1-4-12 Tokiwacho, Aoi-ku, Shizuoka-shi, Shizuoka<br>(Tokyo office: 2-14-3 Nagatacho, Chiyoda-ku, Tokyo)  |
| Representative                                 | Naohiro Yoshida, Representative Director and President  |
| Establishment                                  | January 13, 1969  |
| Capital  | 100 million yen (fiscal year ended Mar. 2022)   |
| Basic Policy                                   | "Our company seeks unlimited possibilities, providing happiness<br>and profit to our stakeholders, and contributing to the community<br>through their work" |
| Percentage of<br>Investment in<br>Tokaido REIT | 10.38%  |



Development record of Yoshicon rooted in the industrial region <Food manufacturer plants>



<Logistics facilities>



<Condominiums and apartments>





## Appendix 2

## Supplementary Materials

### **Overview of the Asset Manager**



#### Toverview of the Asset Manager Torganizational Chart **General Meeting of** Name Tokaido REIT Management Co., Ltd. **Shareholders** 2-14-3 Nagatacho, Chiyoda-ku, Tokyo Location Auditor Capital 100 million yen Representative Yoichi Egawa, Representative Director and President **Board of Directors** 55.0% Yoshicon Co., Ltd. Compliance Investment Chubu Electric Power Miraiz Co., Inc. 10.0% Committee Committee KIUCHI Construction Co., Ltd. 5.0% **Representative Director** and President SHIZUOKA GAS CO., LTD. 5.0% Capital THE SHIZUOKA BANK, LTD. 5.0% Structure **Compliance Office** Shizuoka Fudosan Co., Ltd. 5.0% Suzuyo & Co., Ltd. 5.0% 5.0% Seiwa Kaiun Co., Ltd. **Investment Management Financial Planning** Department Department JDC CORPORATION 5.0%

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## **Unitholder Information**



| Number (176,80                             | of investr<br>00 units)                             | nent units  | F  | oreign nationals<br>(2,739 units)                   |              | Major u<br>(as of J      |
|--|---|---|--|---|--------------|--------------------------|
| Individual<br>(86,867                      |   | Financial institutions<br>(including securities<br>companies)<br>(46,825 units) | Other domestic<br>corporations<br>(40,369 units) |   |              |                          |
|  |   |   |  |   | 1 Yo         | oshicon Co               |
| <b>Number</b>                              |   |   | (including                                       | ncial institutions<br>securities companies)<br>(48) | 2 Ci<br>2 (T | ustody Bai<br>Trust Acco |
| (9,685 p                                   | people)   | Oth   | er domestic corporation<br>(200)                 |   |              | he Master<br>Trust Acco  |
|  | Indi  | viduals, other<br>(9,380)   |  |   |              | he Nomura<br>nvestment   |
|  |   |   |  |   | 5 In         | ndividual                |
|  |   | (Unit: people   | )  | Foreign nationals<br>(57)                           | 6 M          | agonote C                |
|  |   | End of 3rd FP<br>(Jan. 31, 2023)  |  |   |              |                          |
| Indivi                                     | duals, other  | 9,380   | 0  |   | 7 B          | NYM GO<br>LM FE          |
|  | City banks, trust                                   | banks 4   | 1  |   | 8 M          | organ Stai               |
|  | Regional bar  | nks 2   | 2  |   | 0 11         | organ otal               |
| Financial institutions Shinkin banks, othe |   |   | 2  |   | 9 JF         | Morgan S                 |
| (including securities companies)           | Life and non-life insurers,<br>securities companies |   | 20   |   |              |                          |
|  | Total   | 50  | )  |   | 10 N         | lumazu Sh                |
| Other dom                                  | estic corporations                                  | 200   | )  |   |              |                          |
| Foreign corporati                          | ions, foreign indivic                               | luals 57  | 7  |   |              |                          |
|  | Total   | 9,685   | _  |   |              |                          |

Major unitholders (as of January 31, 2023)

| Name   | Number of<br>investment<br>units held<br>(units) | Ownership<br>ratio<br>(%) |
|--|--|---------------------------|
| 1 Yoshicon Co., Ltd.   | 18,360   | 10.38%                    |
| 2 Custody Bank of Japan, Ltd.<br>(Trust Account)               | 18,353   | 10.38%                    |
| 3 The Master Trust Bank of Japan, Ltd. (Trust Account)         | 13,041   | 7.38%                     |
| 4 The Nomura Trust & Banking Co.<br>(Investment Trust Account) | 6,498  | 3.68%                     |
| 5 Individual   | 4,657  | 2.63%                     |
| 6 Magonote Club Co., Ltd.                                      | 3,798  | 2.15%                     |
| BNYM SA∕NV FOR BNYM FOR<br>7 BNYM GCM CLIENT ACCTS M<br>ILM FE | 2,255  | 1.28%                     |
| 8 Morgan Stanley MUFG Securities Co., Ltd.                     | 1,940  | 1.10%                     |
| 9 JPMorgan Securities Japan Co., Ltd.                          | 1,882  | 1.06%                     |
| 10 Numazu Shinkin Bank   | 1,556  | 0.88%                     |
| Tota   | l 72,340   | 40.92%                    |

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



|  | (Unit: thousands of yen) |                    |  |  |  |
|--|--------------------------|--------------------|--|--|--|
|  | 2nd Fiscal Period        | 3rd Fiscal Period  |  |  |  |
|  | (July 31, 2022)          | (January 31, 2023) |  |  |  |
| Assets                                 |                          |                    |  |  |  |
| Current assets                         |                          |                    |  |  |  |
| Cash and deposits                      | 789,166                  | 820,225            |  |  |  |
| Cash and deposits in trust             | 1,260,256                | 1,290,598          |  |  |  |
| Operating accounts receivable          | 44,240                   | 41,887             |  |  |  |
| Prepaid expenses                       | 50,433                   | 46,687             |  |  |  |
| Consumption taxes receivable           | -                        | 61,244             |  |  |  |
| Other                                  | 30                       | 452                |  |  |  |
| Total current assets                   | 2,144,128                | 2,261,096          |  |  |  |
| Non-current assets                     |                          |                    |  |  |  |
| Property, plant and equipment          |                          |                    |  |  |  |
| Buildings                              | 1,043,323                | 1,578,857          |  |  |  |
| Structures                             | 4,379                    | 64,029             |  |  |  |
| Tools, furniture and fixtures          | 994                      | 840                |  |  |  |
| Land                                   | 2,482,317                | 2,600,449          |  |  |  |
| Buildings in trust                     | 7,640,938                | 7,615,564          |  |  |  |
| Structures in trust                    | 186,759                  | 194,742            |  |  |  |
| Tools, furniture and fixtures in trust | 17,021                   | 31,597             |  |  |  |
| Land in trust                          | 18,134,097               | 18,134,097         |  |  |  |
| Total property, plant and equipment    | 29,509,831               | 30,220,179         |  |  |  |
| Intangible Assets                      |                          |                    |  |  |  |
| Land leasehold interests in trust      | 2,076,544                | 2,076,544          |  |  |  |
| Total intangible assets                | 2,076,544                | 2,076,544          |  |  |  |
| Investments and other assets           |                          |                    |  |  |  |
| Investment securities                  | 102,230                  | 102,986            |  |  |  |
| Long-term prepaid expenses             | 54,498                   | 46,113             |  |  |  |
| Leasehold and guarantee deposits       | 313,063                  | 313,063            |  |  |  |
| Deferred tax assets                    | 12                       | 13                 |  |  |  |
| Total investments and other assets     | 469,804                  | 462,176            |  |  |  |
| Total non-current assets               | 32,056,180               | 32,758,899         |  |  |  |
| Total assets                           | 34,200,308               | 35,019,995         |  |  |  |

|   |                                      | (Unit: thousands of yen)                |
|---|--------------------------------------|---|
|   | 2nd Fiscal Period<br>(July 31, 2022) | 3rd Fiscal Period<br>(January 31, 2023) |
| Liabilities   | (5017 51, 2022)                      | (5411441 y 51, 2025)                    |
| Current liabilities   |                                      |   |
| Operating accounts payable  | 66,649                               | 132,724                                 |
| Current portion of long-term borrowings                                 | -                                    | 750,000                                 |
| Short-term borrowings   | 3,200,000                            | ,                                       |
| Accounts payable – other  | 82,815                               |   |
| Income taxes payable  | 866                                  |   |
| Accrued consumption taxes, etc.   | 41,318                               | 6,886                                   |
| Accrued expenses  | 8,669                                |   |
| Advances received   | 154,460                              |   |
| Other   | 2,871                                | ,                                       |
| Total current liabilities   | 3,557,652                            |   |
| Non-current liabilities   | ,                                    | , ,                                     |
| Long-term borrowings  | 12,400,000                           | 12,400,000                              |
| Leasehold and guarantee deposits received                               | 60,179                               |   |
| Leasehold and guarantee deposits received in trust                      | 593,371                              | 605,588                                 |
| Total non-current liabilities   | 13,053,551                           |   |
| Total liabilities   | 16,611,203                           | , ,                                     |
| Net assets  |                                      |   |
| Unitholders' equity   |                                      |   |
| Unitholders' capital  | 17,028,560                           | 17,028,560                              |
| Surplus   |                                      |   |
| Unappropriated retained earnings or<br>unappropriated losses (negative) | 560,544                              | 567,799                                 |
| Total surplus   | 560,544                              | 567,799                                 |
| Total unitholders' equity   | 17,589,104                           | 17,596,359                              |
| Total net assets  | 17,589,104                           | 17,596,359                              |
| Total liabilities and net assets  | 34,200,308                           | 35,019,995                              |

## Financial Statements (Statement of Income and Retained Earnings) Tokaido REIT, Inc.

|  | (I                | Unit: thousands of yen) |   |                   | (Unit: thousands of yen) |
|--|-------------------|-------------------------|---|-------------------|--------------------------|
|  | 2nd Fiscal Period | 3rd Fiscal Period       | r<br>I  | 2nd Fiscal Period | 3rd Fiscal Period        |
|  |                   | From Aug. 1, 2022       | 1   |                   | <b>3</b>                 |
| <b>2</b>   | to Jul. 31, 2022  | to Jan. 31, 2023        |   | to Jul. 31, 2022  | to Jan. 31, 2023         |
| Operating revenue  |                   |                         | Income before income taxes  | 561,348           |                          |
| Leasing business revenue   | 1,089,647         |                         | Income taxes – current  | 867               | 885                      |
| Other leasing business revenue                                       | 26,444            | 22,557                  | Income taxes – deferred   | 17                | 0                        |
| Dividend income  | 504               | 3,783                   | Total income taxes  | 885               | 884                      |
| Total operating revenue  | 1,116,595         | 1,147,326               | Net income  | 560,462           | 567,710                  |
| Operating expenses   |                   |                         | Retained earnings brought forward                                       | 81                | 88                       |
| Expenses related to leasing business                                 | 378,713           | 386,408                 | Unappropriated retained earnings or<br>unappropriated losses (negative) | 560,544           | 567,799                  |
| Asset management fees  | 66,667            | 69,157                  |   |                   | (Unit: Yen)              |
| Asset custody fees   | 1,210             |                         | 1   | 2nd Fiscal Period | 3rd Fiscal Period        |
| Administrative service fees<br>Remuneration for directors (and other | 13,543            |                         | 1   | From Feb. 1, 2022 |                          |
| officers)  | r 2,400           | 2,400                   |   | to Jul. 31, 2022  | to Jan. 31, 2023         |
| Audit fees   | 4,965             | 7,065                   | I. Unappropriated retained earnings                                     | 560,544,609       | 567,799,100              |
| Other operating expenses   | 26,755            | 33,264                  | II. Distribution amount   | 560,456,000       | 567,704,800              |
| Total operating expenses   | 494,254           | 512,171                 | [Distribution amount per unit]  | ] (3,170 yen)     | (3,211 yen)              |
| Operating income   | 622,340           | 635,155                 | III. Retained earnings brought forward                                  | 88,609            | 94,300                   |
| Non-operating income   |                   |                         |   |                   | (Unit: thousands of yen) |
| Interest income  | 8                 |                         | 1   | 2nd Fiscal Period | 3rd Fiscal Period        |
| Interest on refund   | 47                |                         | 1   | From Feb. 1, 2022 |                          |
| Total non-operating income   | 56                | <b>9</b>                |   | to Jul. 31, 2022  | to Jan. 31, 2023         |
| Non-operating expenses   |                   |                         | Net cash provided by (used in) operating activities                     | 970,461           | 681,185                  |
| Interest expenses  | 45,458            | 47,041                  | Net cash provided by (used in) investing activities                     | ∆118,893          | ∆809,792                 |
| Financing fees   | 15,590            | 19,528                  | Net cash provided by (used in) financing activities                     | △781,709          | 190,007                  |
| Amortization of investment unit<br>issuance expenses                 |                   |                         | Net increase (decrease) in cash and cash equivalents                    | 69,858            | 61,400                   |
| Total non-operating expenses   | 61,049            | 66,570                  | Cash and cash equivalents at beginning of period                        | 1,979,564         | 2,049,423                |
| Ordinary income  | 561,348           | 568,595                 | Cash and cash equivalents at end of period                              | 2,049,423         | 2,110,823                |

### **Portfolio list and Status of Property Appraisals**



|  |                      |                                   |                                  |                             | Unrealized<br>gain as of | Rate used for appraisal                    |                       |                      | Appraisal |   |
|--|----------------------|-----------------------------------|----------------------------------|-----------------------------|--------------------------|--|-----------------------|----------------------|-----------|---|
| Property name                            | Acquisition<br>price |                                   |                                  | Book value<br>(million yen) | end of 3rd               | Capitalization rate                        |                       |                      |           |   |
|  | (Note 1)             | 2nd FP<br>(Previous<br>appraisal) | 3rd FP<br>(Current<br>appraisal) | Difference                  | (Note 2)                 | fiscal period<br>(million yen)<br>(Note 2) | Previous<br>appraisal | Current<br>appraisal | Change    | company                                     |
| Inabe Logistics Center                   | 6,230                | 6,780                             | 6,870                            | 90                          | 6,268                    | 601  | 5.5%                  | 5.4%                 | ▲0.1%     | Japan Valuers<br>Co., Ltd.                  |
| Matsusaka Logistics Center               | 692                  | -                                 | 751                              | -                           | 726                      | 24   |                       | 4.4%                 | -         | The Tanizawa<br>Sōgō Appraisal Co.,<br>Ltd. |
| Mid Building Yokkaichi                   | 1,620                | 1,800                             | 1,820                            | 20                          | 1,609                    | 210  | 5.2%                  | 5.2%                 | -         | Daiwa Real Estate<br>Appraisal Co., Ltd.    |
| Aoi Tower                                | 2,300                | 2,580                             | 2,590                            | 10                          | 2,336                    | 253  | 4.8%                  | 4.8%                 | -         | The Tanizawa<br>Sōgō Appraisal<br>Co., Ltd. |
| Shizuoka Machine Yard<br>(land) (Note 3) | 600                  | 722                               | 723                              | 1                           | 612                      | 110  | 5.3%                  | 5.3%                 | -         | Daiwa Real Estate<br>Appraisal Co., Ltd.    |
| Royal Parks Chikusa (Note 4)             | 4,400                | 4,840                             | 4,840                            | -                           | 4,585                    | 254  | 4.3%                  | 4.2%                 | ▲0.1%     | The Tanizawa<br>Sōgō Appraisal<br>Co., Ltd. |
| Marunouchi EMBL Court                    | 1,080                | 1,230                             | 1,230                            | -                           | 1,181                    | 48   | 3.9%                  | 3.9%                 | -         | The Tanizawa<br>Sōgō Appraisal<br>Co., Ltd. |
| EMBL Aile Kusanagi Ekimae                | 2,000                | 2,200                             | 2,200                            | -                           | 2,085                    | 114  | 5.0%                  | 5.0%                 | -         | Daiwa Real Estate<br>Appraisal Co., Ltd.    |
| EMBL Aile Kusanagi                       | 750                  | 973                               | 974                              | 1                           | 791                      | 182  | 5.0%                  | 5.0%                 | -         | JLL Morii Valuation<br>& Advisory K.K.      |
| Hamamatsu Plaza<br>(land)                | 11,950               | 12,600                            | 12,500                           | ▲100                        | 12,100                   | 399  | 4.7%                  | 4.7%                 | -         | Daiwa Real Estate<br>Appraisal Co., Ltd.    |
| Total (percentages are simple averages)  | 31,622               | 33,725                            | 34,498                           | 22<br>(Note 5)              | 32,296                   | 2,201                                      | 4.9%                  | 4.8%                 | ▲0.1%     |   |

(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 yen.

(Note 2) Book value and unrealized gain figures are for the end of the 3rd fiscal period and have been rounded down to the nearest million yen.

(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) Does not include Matsusaka Logistics Center acquired during 3rd fiscal period.

## List of income/expenses by property



|                      | Property name                      | Inabe Logistics Center  | Matsusaka Logistics Center | Mid Building Yokkaichi      | Aoi Tower                          | Shizuoka Machine Yard<br>(land)  | Royal Parks Chikusa  |
|----------------------|------------------------------------|---|----------------------------|-----------------------------|------------------------------------|--|----------------------|
|                      | Exterior photo                     |   |                            |                             |                                    | BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512)<br>BR(24-512) |                      |
|                      | Location                           | Inabe-shi,<br>Mie   | Matsusaka-shi, Mie         | Yokkaichi-shi,<br>Mie       | Aoi-ku, Shizuoka-shi,<br>Shizuoka  | Suruga-ku, Shizuoka-shi,<br>Shizuoka   | Nagoya-shi,<br>Aichi |
|                      | Site area (m <sup>2</sup> )        | 102,038.46m   | 6,708.07m                  | 1,025.94m                   | 4,923.89m                          | 6,219.80m  | 6,905.70m            |
|                      | Total floor area (m²)              | 104,224.73m<br>(Warehouse 1, Office)<br>7,061.60m (Warehouse<br>2)                | 3,018.52m                  | 5,165.48m                   | 42,532.27㎡<br>(2,858.50㎡) (Note 3) | -  | 17,469.21m           |
|                      | Construction date                  | September 28, 1995<br>(Warehouse 1, Office)<br>September 6, 2004<br>(Warehouse 2) | July 27, 2021              | February 14, 1991           | March 31, 2010                     | -  | November 29, 2007    |
| Pe                   | eriod-end occupancy rate (%)       | 100.0%  | 100.0%                     | 93.2%                       | 100.0%                             | 100.0%   | 97.1%                |
|                      | Acquisition price<br>(million yen) | 6,230   | ) 692                      | 1,620                       | 2,300                              | 600  | 4,400                |
| 3rd I                | FP appraisal value (million yen)   | 6,870   | ) 751                      | 1,820                       | 2,590                              | 723  | 4,840                |
| Propert              | ty management company (Note 1)     | CBRE  | JPM                        | Tokyo Capital<br>Management | Yoshicon                           | Yoshicon   | Rio Consulting       |
|                      | PML (%)                            | 2.4   | 4.3                        | 7.4                         | 10.2                               | -  | 4                    |
|                      | Days of asset management           | 184   | ¥ 92                       | 184                         | 184                                | 184  | 184                  |
| Real est<br>(1,000 y | ate leasing revenue                |   |                            |                             |                                    |  |                      |
|                      | Lease/common service fees          |   |                            | 66,849                      | 88,198                             |  | 195,185              |
|                      | Other revenue                      |   | _                          | 5,033                       | -                                  |  | 1,471                |
| Total le             | easing business revenue            |   |                            | 71,882                      | 88,198                             |  | 195,657              |
|                      | Management commissions             |   |                            | 8,270                       | 15,344                             |  | 13,473               |
|                      | Taxes and public dues              |   | _                          | 4,002                       | 8,245                              |  | 12,186               |
|                      | Utilities expenses                 | Undisclosed (Note 2)  | ) Undisclosed (Note 2)_    | 8,808                       | 150                                | Undisclosed (Note 2)   | 2,406                |
|                      | Repair expenses                    |   | _                          | 1,279                       |                                    |  | 3,885                |
|                      | Insurance premiums                 |   | _                          | 488                         | 414                                |  | 1,031                |
|                      | Trust fees                         |   | _                          | 325                         |                                    |  | 400                  |
|                      | Other leasing business expenses    |   | _                          | 287                         | 431                                |  | 36,385               |
| Total le             | easing business expenses           |   |                            | 23,461                      | 24,586                             |  | 69,769               |
| NOI                  |                                    | 204,784   | 8,785                      | 48,420                      | 63,612                             | 19,785   | 126,888              |
| Deprec               | ciation                            | 31,194  | 4 3,100                    | 10,885                      | 5,010                              | _  | 33,984               |
| Leasing              | g business P/L                     | 173,589   | 9 5,684                    | 37,535                      | 58,601                             | 19,785   | 92,903               |

(Note 1) Some parts of the official names of the property management companies are omitted. (Note 2) These figures have not been disclosed because permission for disclosure was not obtained from tenants. (Note 3) The area of the one entire building. The area of the exclusive portion under sectional ownership acquired by Tokaido REIT is 2,858.50 m<sup>2</sup>.



## List of income/expenses by property

|                                    | Property name                                 | Marunouchi EMBL Court | EMBL Aile Kusanagi Ekimae             | EMBL Aile Kusanagi                   | Hamamatsu Plaza (land)   |               |
|------------------------------------|---|-----------------------|---------------------------------------|--------------------------------------|--|---------------|
| Exterior photo                     |   |                       |                                       |                                      |  |               |
| Location                           |   | Nagoya-shi,<br>Aichi  | Shimizu-ku, Shizuoka-shi,<br>Shizuoka | Suruga-ku, Shizuoka-shi,<br>Shizuoka | Hamamatsu-shi,<br>Shizuoka   |               |
|                                    | Site area (m <sup>2</sup> )                   | 396.68m <sup>2</sup>  | 3,070.99m                             | 1,641.26m                            | 135,838.91m  |               |
| Total floor area (m <sup>2</sup> ) |   | 2,789.50m             | 6,486.26m                             | 2,908.12m                            | 11,070.81m<br>(Akachan Honpo Building,<br>Xebio Building)<br>158.98m (Administrative<br>Building)        |               |
| Construction date                  |   | March 4, 2016         | February 22, 2021                     | March 10, 2019                       | Nov. 9, 2000<br>(Akachan Honpo Building,<br>Xebio Building)<br>Nov. 7, 2000 (Administrative<br>Building) |               |
| Pe                                 | riod-end occupancy rate (%)                   | 98.6%                 | 99.0%                                 | 100.0%                               | 100.0%   |               |
|                                    | Acquisition price<br>(million yen)            | 1,080                 | 2,000                                 | 750                                  | 11,950   |               |
| 3rd F                              | P appraisal value (million yen)               | 1,230                 | 2,200                                 | 974                                  | 12,500   |               |
| Propert                            | y management company (Note 1)                 | Rio Consulting        | Yoshicon                              | Yoshicon                             | Xymax  | Portfolio PML |
|                                    | PML (%)                                       | 3                     | 10.5                                  | 14.9                                 |  | 2.8           |
|                                    | Days of asset management tate leasing revenue | 184                   | 184                                   | 184                                  | 184  |               |
| (1,000 y                           | en)   |                       |                                       |                                      |  |               |
|                                    | Lease/common service fees                     | 31,818                | 76,501                                | 34,207                               |  |               |
|                                    | Other revenue                                 | 416                   | -                                     | 770                                  |  |               |
| Total le                           | easing business revenue                       | 32,234                | 76,501                                | 34,977                               | · · · · · · · · · · · · · · · · · · ·  |               |
|                                    | Management commissions                        | 2,434                 | 9,282                                 | 4,838                                |  |               |
|                                    | Taxes and public dues                         | 2,956                 | 7,705                                 | 3,254                                |  |               |
|                                    | Utilities expenses                            | 579                   | 827                                   | 649                                  | ,  |               |
|                                    | Repair expenses                               | 900                   | -                                     | 45                                   | •  |               |
|                                    | Insurance premiums                            | 207                   | 461                                   | 201                                  |  |               |
|                                    | Trust fees<br>Other leasing business          | -                     | 275                                   | 275                                  | · · · · · ·  |               |
|                                    | expenses                                      | 1,015                 | 45                                    | 7                                    |  |               |
|                                    | asing business expenses                       | 8,094                 | 18,597                                | 9,271                                | 54,588   |               |
| NOI                                |   | 24,139                | 57,904                                | 25,706                               | · · · · · · · · · · · · · · · · · · ·  |               |
| Deprec                             |   | 9,007                 | 16,619                                | 6,759                                |  | 122,031       |
| Leasing                            | j business P/L                                | 15,132                | 41,284                                | 18,947                               | 293,697  | 757,134       |

(Note 1) Some parts of the official names of the property management companies are omitted.



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