

For immediate release

Real Estate Investment Trust Securities Issuer

 Tokaido REIT, Inc.
 2-14-3 Nagatacho, Chiyoda-ku, Tokyo
 Representative: Yoichi Egawa,
 Executive Director

(Securities Code: 2989)

Asset Manager

 Tokaido REIT Management Co., Ltd.
 Representative: Yoichi Egawa
 Representative Director and President
 Contact: Koji Yuguchi
 General Manager
 Financial Planning Department
 TEL: +81-3-3501-7822

Notice Concerning Acquisition of Real Estate in Japan (Matsusaka Logistics Center)

Tokaido REIT Management Co., Ltd., the Asset Manager, to which Tokaido REIT, Inc. (hereinafter, "Tokaido REIT") entrusts the management of its assets, announces that it resolved at a Board of Directors meeting held today to acquire an asset, as indicated below.

Details

1. Overview of the Acquisition

Asset to be acquired	Real estate
Property name	Matsusaka Logistics Center (hereinafter, "the property")
Planned acquisition price (Note 1)	692 million yen
Appraisal amount	749 million yen
Appraisal NOI yield (Note 2)	5.0%
Seller	See "5. Overview of the Seller" later in this document.
Acquisition funds	Borrowings (Note 3) and cash on hand
Brokerage	Yes
Acquisition decision date	October 27, 2022
Contract date	October 28, 2022
Acquisition date	November 1, 2022
Payment date	November 1, 2022

(Note 1) The "Planned acquisition price" is the sales price (excluding the amount equivalent to consumption tax, etc.) indicated in the real estate sale contract concerning the asset to be acquired and does not include acquisition expenses, property tax, city planning tax, etc. The same shall apply hereinafter.

(Note 2) "Appraisal NOI yield" is net operating income (appraisal NOI) based on the direct capitalization method, as indicated in the real estate appraisal report concerning the asset to be acquired, expressed as a percentage of the planned acquisition price.

(Note 3) For details regarding the borrowings, please refer to the Notice Concerning Borrowing of Funds issued today.

2. Reason for the Acquisition

Tokaido REIT invests in stable assets in the Tokaido region, which connects Japan’s eastern and western hubs, and targets industrial infrastructure assets (Note 1) and community infrastructure assets (Note 2). Tokaido REIT has made this decision to acquire the Property to diversify and enhance its portfolio through investment in an industrial infrastructure asset pursuant to the “Basic Policy on Asset Management” set forth in its Articles of Incorporation.

(Note 1) "Industrial infrastructure assets" refers to logistics facilities and facilities utilized by companies as industrial or business bases, and land used for such facilities. The same shall apply hereinafter.

(Note 2) "Community infrastructure assets" refers to residential properties and land of such, and land and other assets used for distribution or sale of daily necessities. The same shall apply hereinafter.

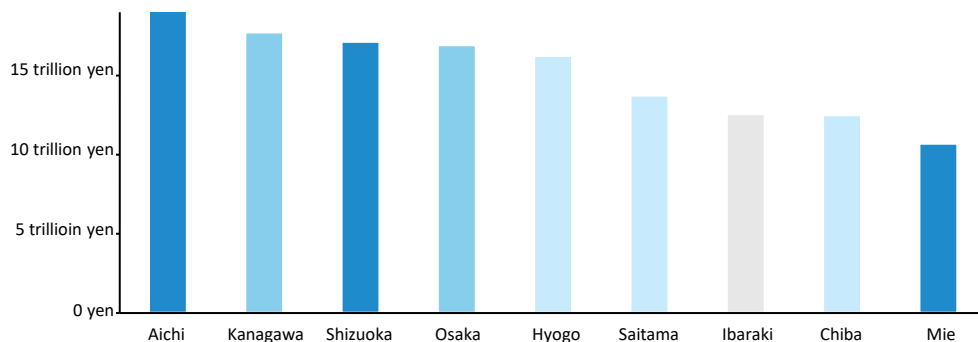
The points Tokaido REIT emphasized with respect to acquiring the Property are as follows.

■ Investment value of the Property given the background of industrial agglomeration (key points of this acquisition)

① It is an 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). It is an industrial infrastructure asset that can meet the abundant needs of a wide range of industries. Mie Prefecture, whose industrial region stretches from Aichi Prefecture, is Japan's 9th largest manufacturing cluster in terms of value of products shipped, shipping roughly 11 trillion yen of products in 2020.

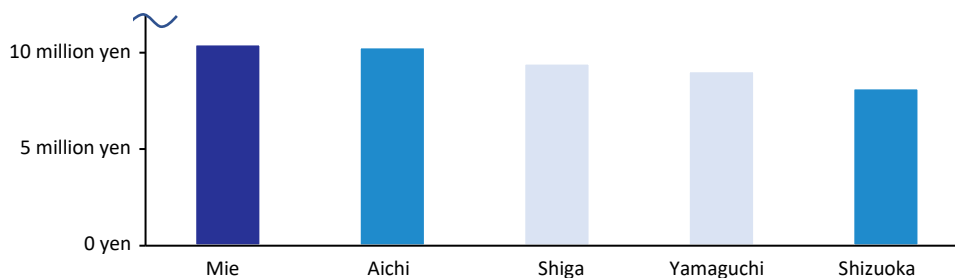
<Value of manufactured goods shipments per prefecture>



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

The monetary value of products shipped per working-age person is the highest in Japan, and the aggregation of manufacturing companies has created a sustainable regional society.

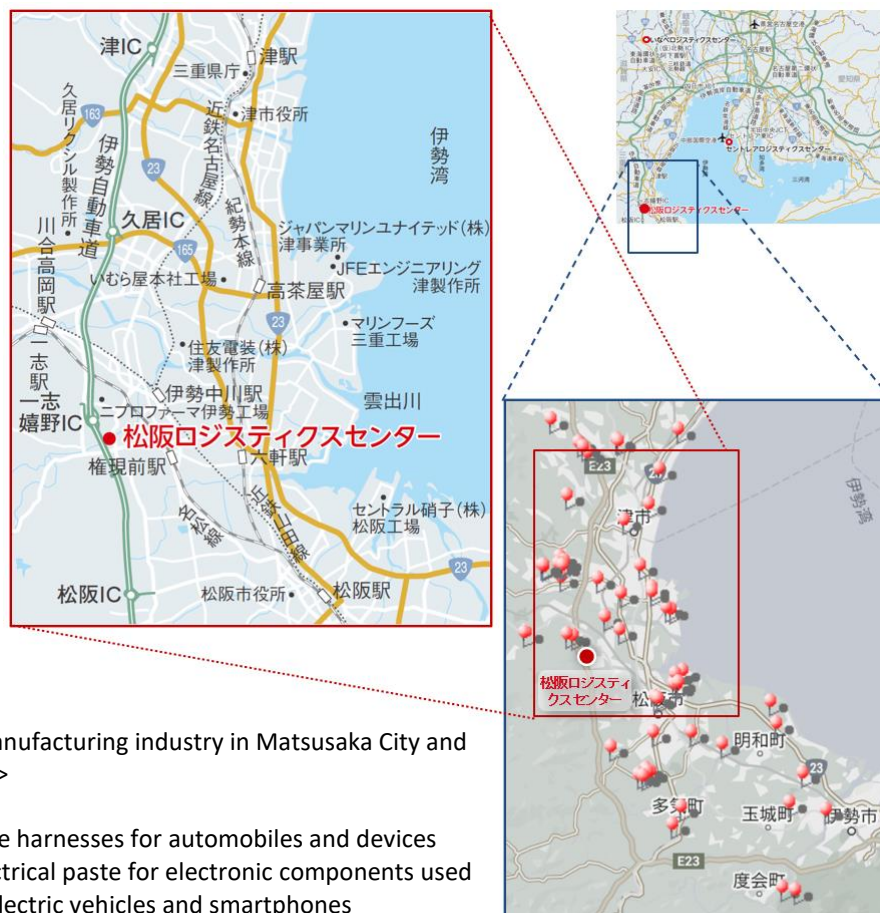
<Value of manufactured goods shipped per working-age person>



(Source) Prepared by the Asset Manager based on 2020 industrial statistics and national census figures

(Note) The working-age population refers to the total number of people between the ages of 15 and 64 in 2020

- ② The property is well-situated, located very near the Ichishi-Ureshino Interchange of the Ise Expressway, which passes through Mie Prefecture's industrial region, with the cities of Tsu and Matsusaka behind it
- ✓ It offers excellent access, being located 0.35 km from the Ichishi-Ureshino Interchange of the Ise Expressway, the main arterial road of Mie Prefecture, which is a center of industry
 - ✓ The property is located adjacent to the Tengeji Industrial Park, which covers a total of 50 ha, but it is surrounded by residential areas, so it is well-situated from the perspectives of both access to labor and access to customers
 - ✓ There are also stations for the JR Kisei Main Line and JR Meisho Line, which run parallel to the expressway, supplementing the living infrastructure in the area
- 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
- ✓ Mie Prefecture's Chunansei area, which is centered around Matsusaka City and Tsu City, has a long history of economic development. It was the operation center of the Ise merchants, among which were the Mitsui family, the founders of the Mitsui Group. The Ise merchants were one of the three great merchant groups of Japan, along with the Osaka and Omi merchants
 - ✓ 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



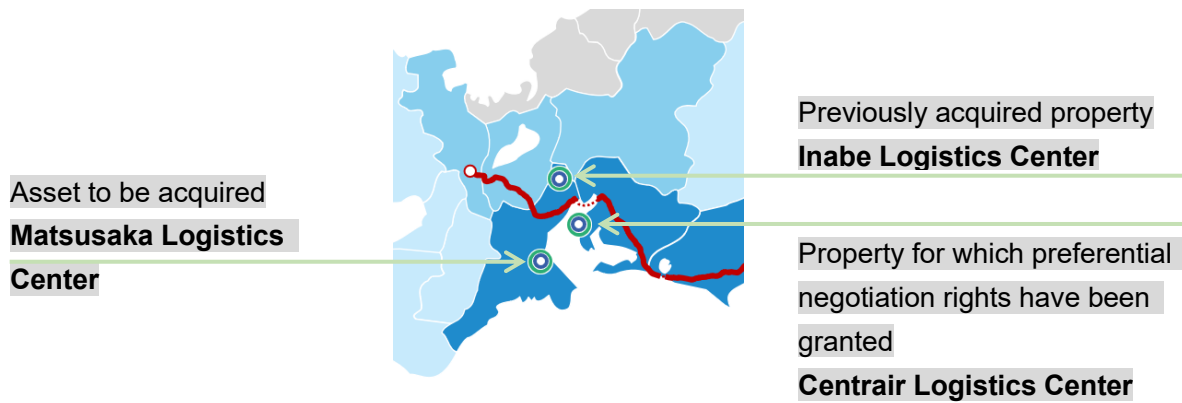
<The manufacturing industry in Matsusaka City and Tsu City>

- Wire harnesses for automobiles and devices
- Electrical paste for electronic components used in electric vehicles and smartphones
- Electronic semiconductor components, devices, and circuits
- Other

<Distribution of major plants>

- ④ The tenant is a third party logistics operator that addresses the needs of the industrial region
 - ✓ Stable cash flow through a long-term contract with the tenant
 - ✓ The tenant continually addresses the growing logistics needs of the region and is expected to remain a long-term tenant
 - ✓ There will be a rich range of cargo owners due to the characteristics of the industrial region, providing medium- and long-term support to tenant businesses
- ⑤ The judgment of the sponsor company will be used to perform sourcing using the Asset Manager's own routes, supplementing the pipeline
 - ✓ The project will use the routes developed by the Asset Manager in the industrial region since the IPO
 - ✓ The seller, KT Capital, has developed a reputation for investing in and developing industrial infrastructure assets and living infrastructure assets in industrial regions, and plans to maintain collaborative relationships in the future

3. Logistics assets and pipeline acquired by Tokaido REIT



4. Contents of the asset to be acquired

LO-2 Matsusaka Logistics Center		Class	Industrial infrastructure asset			
		Subclass	Logistics asset			
Overview of the Specified Asset						
Planned acquisition date	November 1, 2022		Type of specified asset	Real estate		
Planned acquisition price	692,000,000 yen		Appraisal amount (appraisal date)	749,000,000 yen (September 20, 2022)		
Address	957-177 Azakuchi Yamada, Ureshino Ichishicho, Matsusaka City, Mie Prefecture					
Access	0.35 kilometers from Ichishi-Ureshino Interchange, Ise Expressway					
Land	Lot number	957-177 Azakuchi Yamada, Ureshino Ichishicho, Matsusaka City		Building	Date of construction	July 27, 2021
	Building coverage ratio	60%			Structure and floors	Steel frame building with alloy-coated steel sheet roof, single-storied
	Floor area ratio	200%			Total area	3,018.52 m ²
	Use district	Quasi-industrial district			Designer	Okuda Komuten Inc.
	Site area	6,708.07 m ²			Builder	Okuda Komuten Inc.
	Type of ownership	Proprietary ownership			Type of ownership	Proprietary ownership
Leasable area	3,014.40 m ²		Occupancy rate	100.0%		
Master lease company	-		Type of master lease	-		
Property management company	Japan Power Media Co., Ltd.		Trustee	-		
Collateral	None (Note 1)					
Main tenant	Undisclosed (Note 2)					
Other remarks:						
The boundary between the Property and the adjacent property has not yet been confirmed through written documents, but Tokaido REIT currently plans to promptly conclude a boundary confirmation agreement at its own expense. There have been no disputes with the owner of the adjacent property.						

(Note 1) The "Collateral" section provides an overview of collateral in the event that Tokaido REIT provides collateral pertaining to the asset to be acquired or plans to provide collateral pertaining to the asset to be acquired after the acquisition.

(Note 2) This information has not been disclosed because permission for disclosure was not obtained from the tenant.

Overview of Leasing (Note)	
Number of tenants	1
Annual rental revenue	Undisclosed (Note)
Security and guarantee deposit	Undisclosed (Note)

(Note) This information has not been disclosed because permission for disclosure was not obtained from the tenant.

5. Overview of the Seller

Name	KT Capital Corporation
Address	1-17-2 Marunouchi, Naka-ku, Nagoya City, Aichi Prefecture
Name and title of representative	Yoshinori Tamano, Representative Director
Description of business	1. Real estate sales, exchange, leasing, mediation, and management 2. Construction and civil engineering
Capital	99 million yen
Date of establishment	November 16, 2001
Net assets	This information has not been disclosed because permission for disclosure was not obtained from the seller.
Total assets	This information has not been disclosed because permission for disclosure was not obtained from the seller.
Major shareholder and shareholding ratio	This information has not been disclosed because permission for disclosure was not obtained from the seller.
Relationship between Tokaido REIT/the Asset Manager and the seller	
Capital relationship	There are no capital relationships to report between Tokaido REIT/the Asset Manager and the seller.
Personnel relationship	There are no personnel relationships to report between Tokaido REIT/the Asset Manager and the seller.
Business relationship	There are no business relationships to report between Tokaido REIT/the Asset Manager and the seller.
Status of classification as a related party	None.

6. Status of the Property Owner, etc.

Not applicable.

7. Overview of Brokerage

Not applicable.

8. Settlement Method, etc.

The acquisition funds for the acquisition of the asset to be acquired will be borrowings, etc. The settlement method is planned to be lump-sum payment at the time of delivery. For details, please refer to the Notice Concerning Borrowing of Funds issued today.

9. Future Outlook

The impact on operating conditions is expected to be minimal during the 3rd fiscal period (August 1, 2022, to January 31, 2023) and the 4th fiscal period (February 1, 2023, to July 31, 2023), so no changes will be made to the operating forecast.

10. Overview of Appraisal Report

Overview of Appraisal Report		
Property name	Matsusaka Logistics Center	
Appraisal amount	749,000,000 yen	
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.	
Appraisal date	September 20, 2022	
Item	Value (Unit: thousand yen)	Basis
Income approach value	749,000	Appraised by verifying using the direct capitalization based on market yield data, and using the income approach value determined using the DCF method as the standard, given that there is relatively little room for interference by foreseen factors
Value based on direct capitalization method	773,000	Assessed by capitalizing net cash flow deemed standard and stable using the capitalization rate
① Operating revenue	Undisclosed (Note)	
Gross potential income	Undisclosed (Note)	
Vacancy loss, etc.	Undisclosed (Note)	
② Operating expenses	Undisclosed (Note)	
Maintenance expenses	Undisclosed (Note)	
Utility expenses	Undisclosed (Note)	
Repair expenses	Undisclosed (Note)	
PM fees	Undisclosed (Note)	
Tenant solicitation expenses, etc.	Undisclosed (Note)	
Taxes and public dues	Undisclosed (Note)	
Non-life insurance premiums	Undisclosed (Note)	
Other expenses	Undisclosed (Note)	
③ Net operating income (NOI)(①-②)	34,471	
④ Gain on management of income from lump-sum payment	99	Calculated using an investment return of 1.0%
⑤ Capital expenditures	565	Assessed by allocating a 3:7 ratio of repair costs to capital expenditures, taking into consideration similar properties based on amounts determined by reflecting market values based on ER, etc. (including CM fees)
Net cash flow (NCF)(③+④)	34,005	
Capitalization rate	4.4%	Assessed by comparing multiple transaction yields for adjacent areas and similar areas, etc., within the same supply/demand area, and reflecting forecast net cash flow changes, taking into consideration their relationships with discount rates
Value based on DCF method	738,000	
Discount rate	4.3%	Assessed by determining the base interest rate of warehouses using the buildup method, based on financial product interest rates, and adjusting the base interest rate to reflect the individual risks of this real estate
Terminal capitalization rate	4.6%	Assessed by adjusting the base capitalization rate by the forecast uncertainty
Value calculated using the cost method	700,000	
Land percentage	25.5%	
Building percentage	74.5%	
Other items considered by appraiser during appraisal	None.	

(Note) These items are not disclosed because Tokaido REIT has judged that disclosure of these items may negatively affect its competitiveness and ultimately harm the interests of unitholders as these items refer to figures based on actual amounts.

* Tokaido REIT website: <https://www.tokaido-reit.co.jp>

<Attachments>

Reference Material 1

Photographs and Map of Property

Reference Material 2

List of Tokaido REIT's Portfolio Properties

Reference Material 1: Photographs and Map of Property

[Matsusaka Logistics Center]





Previously acquired property
Inabe Logistics Center

Property for which preferential negotiation rights have been granted
Centrair Logistics Center



Asset to be acquired
Matsusaka Logistics Center

Reference Material 2 List of Tokaido REIT's Portfolio Properties

Class	Subclass	Property number (Note 1)	Property name	(Planned) acquisition price (million yen) (Note 2)	Investment ratio (%) (Note 3)	Appraisal NOI yield (%) (Note 4)	(Planned) acquisition date (Note 5)
Industrial infrastructure asset	Logistics asset	LO-1	Inabe Logistics Center	6,230	19.7	6.3	June 23, 2021
		LO-2	Matsusaka Logistics Center	692	2.2	5.0	November 1, 2022
	Industrial or business asset	OF-1	Mid Building Yokkaichi	1,620	5.1	6.5	June 23, 2021
		OF-2	Aoi Tower	2,300	7.3	5.6	June 23, 2021
	Land asset (for industrial infrastructure)	IL-1	Shizuoka Machine Yard (land)	600	1.9	6.0	January 31, 2022
Subtotal/average				11,442	36.2	-	-
Community infrastructure asset	Residential asset	RE-1	Royal Parks Chikusa	4,400	13.9	5.7	June 23, 2021
		RE-2	Marunouchi EMBL Court	1,080	3.4	4.9	March 30, 2021
		RE-3	EMBL Aile Kusanagi Ekimae	2,000	6.3	6.0	June 23, 2021
		RE-4	EMBL Aile Kusanagi	750	2.4	6.7	June 23, 2021
	Land asset (for distribution or sale of daily necessities)	RL-1	Hamamatsu Plaza (land)	11,950	37.8	5.0	June 23, 2021
	Subtotal/average				20,180	63.8	-
Total/average				31,622	100.0	5.6	-

(Note 1) The "Property number" is the number assigned to assets by combining the categories of "investment target" and "investment ratio by region." For the "investment target" category, LO refers to logistics assets, OF refers to industrial or business assets, IL refers to land assets (for industrial infrastructure), RE refers to residential assets, and RL refers to land asset (for distribution or sale of daily necessities). The same shall apply hereinafter. When an asset is a complex with multiple uses, the asset is indicated under the investment target category with the highest proportion of rent revenue assumed upon full occupancy.

(Note 2) "(Planned) acquisition price" indicates the sale and purchase price (excluding consumption tax, local consumption tax, brokerage commission and other various expenses) indicated in the sale and purchase agreement, rounded down to the nearest million yen.

(Note 3) "Investment ratio" indicates the (planned) acquisition price of each property as a percentage of the total (planned) acquisition price, rounded to the first decimal place.

(Note 4) "Appraisal NOI yield" figures are obtained by dividing the appraisal NOI of each property by its (planned) acquisition price. The figures in the average column are obtained by dividing the total appraisal NOI of each property by the total (planned) acquisition price, rounded to the first decimal place. Those figures are figures calculated by the Asset Manager and are not figures indicated in the real estate appraisal report.

(Note 5) "(Planned) acquisition date" indicates the (planned) acquisition date of each real estate or of trust beneficiary interest stated in the sale and purchase agreement.