

KJRM's CRE Carve-out Strategy

September 5, 2025

KJR Management

<https://www.kjrm.co.jp/>



Purpose of the Briefing Session

1

CRE Carve-out Strategy Significantly Contributes to Investor Value

2

Key Points of JMF's First CRE Carve-out Deal

3

Liquidity Enhancement of Corporate Real Estate in Japan and Maximization of Investor Value

<Collaboration Between KKR (Private Equity Investment) and KJRM (Real Estate Management / CRE Execution Capabilities)>

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- 02** JMF's CRE Carve-out Deal  P.09
- 03** Potential of Japan's Real Estate and CRE Carve-outs deal  P.25

01

Overview and Investor Value of CRE Carve-out



KJR Management
President & Representative Director
Keita Araki

Unlocking
Real Assets'
Future

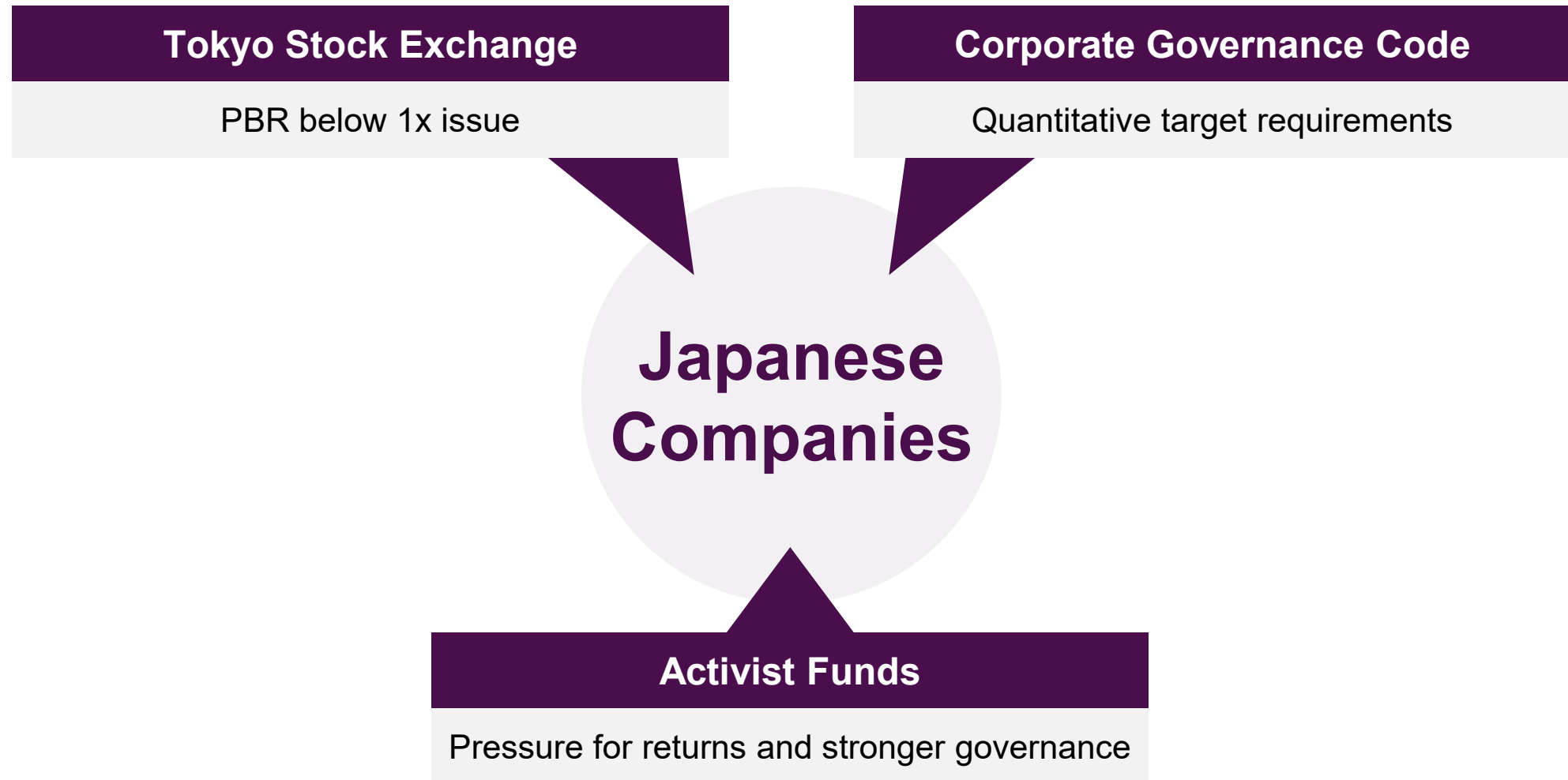
Evolving Toward a CRE Carve-Out Strategy

- The addition of the carve-out approach to CRE proposals expands growth opportunities



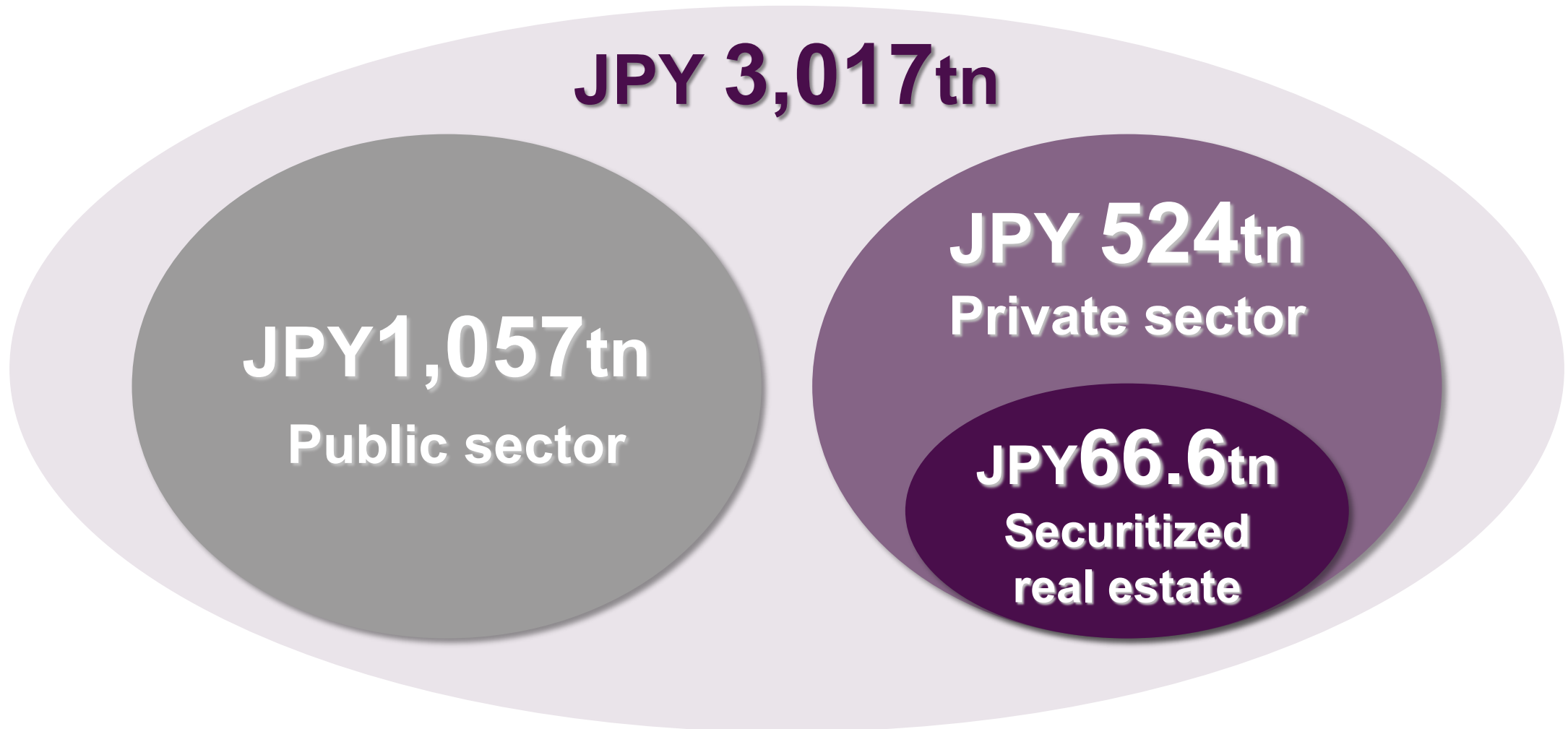
Pressure for Management Reform on Japanese Companies

- Asset-light approach accelerates in Japanese companies' real estate holdings

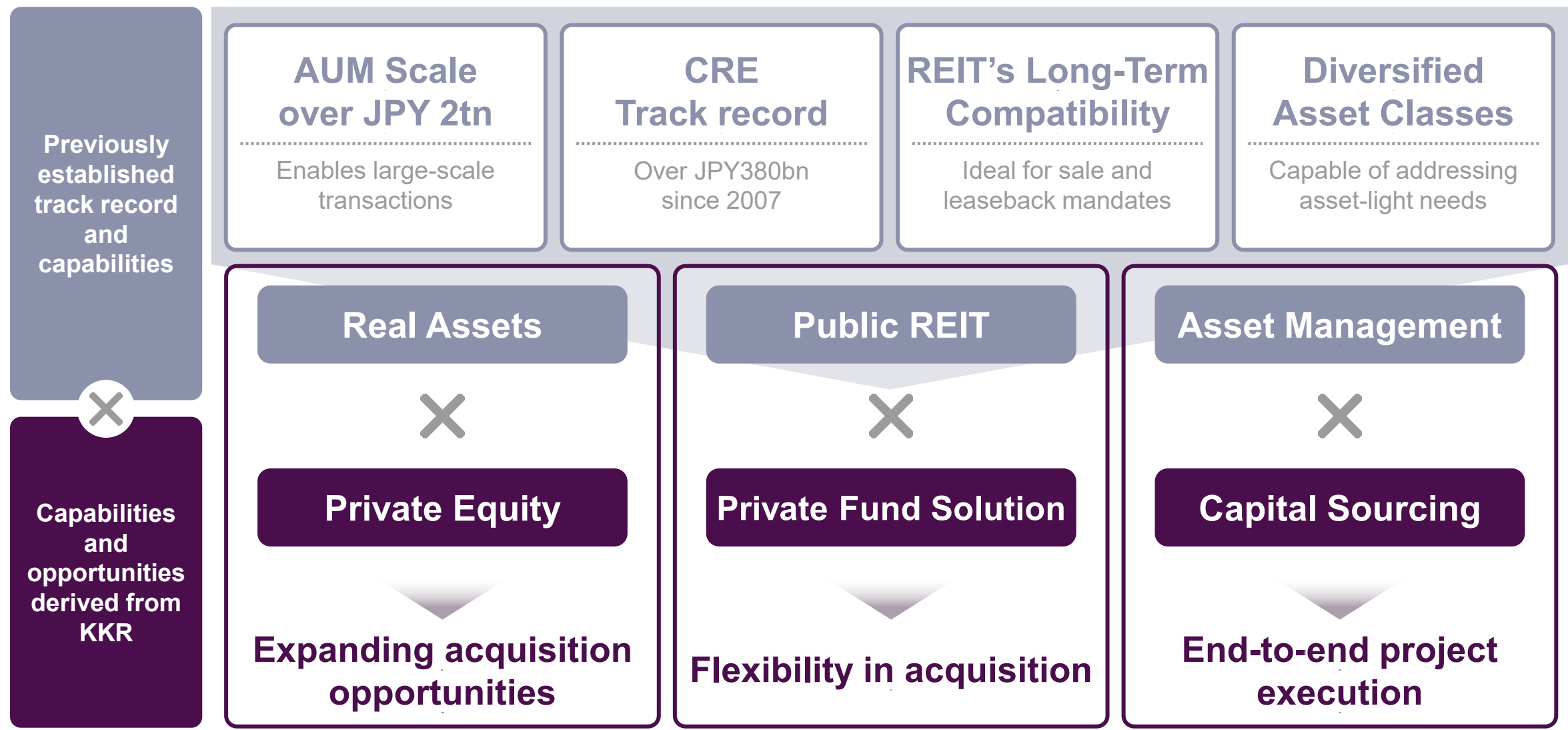


The significant market potential in Japan's real estate sector

- Growth opportunities through development of non-securitized real estate held by private companies (approximately JPY 450tn)



KJRM's execution capability to achieve CRE carve-out



5 Strategic Levers Generating Investor Value

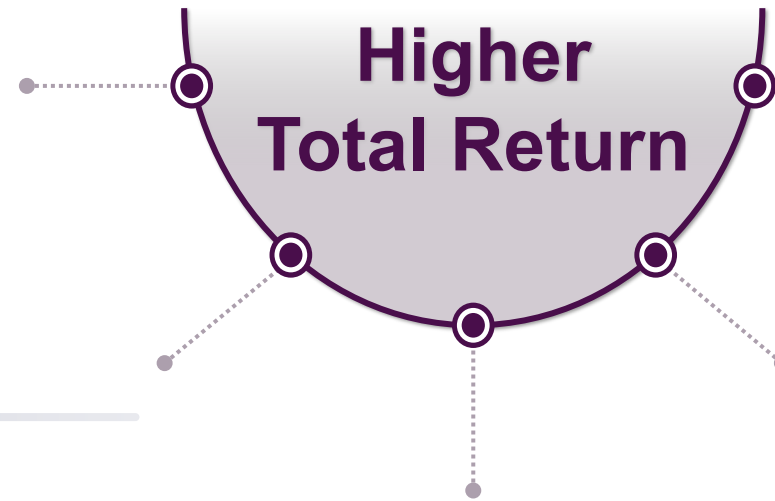
■ Contributing to the improvement of DPU and NAV (enhancing total return)

① Lease Customization with upside potential

- Market-linked rent
- Fixed-term lease agreement (expiry-type) *1

② Development of Unsecuritized Assets

- Optimal pricing for both buyers and sellers
- Securing appropriate yields and unrealized gains



⑤ Strong Corporate Tenancy

- Stability of contract
- Low vacancy risk

④ Professional Asset Management

- Potential for rent increases
- Opportunities for value enhancement

③ Prime Flagship Properties held by companies

- Unique access to strategic, high-quality assets

*1 : In Japan, a "fixed-term lease agreement" differs from a standard lease agreement in that it terminates at an agreed-upon date and is not automatically renewed, allowing the rent to be reset to market levels.

02

JMF's CRE Carve-out Deal



KJR Management
Executive Officer, Head of Metropolitan Division
Takuya Machida

Unlocking
Real Assets'
Future

Highlights

JMF's first CRE carve-out transaction with KKR

1

Sale-and-leaseback of 14 office properties owned by FUJI SOFT Group

2

Upside potential secured by introduction of a rent revision clause linked to fluctuations in office market rents

3

Increased total return (DPU and NAV) through continual asset replacement and return of gain on sales

Sale-and-leaseback of 14 office properties owned by FUJI SOFT Group

Will acquire properties exceeding implied cap rate with an average unrealized gain ratio of over 30% through CRE carve-out proposed with KKR

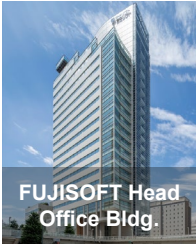
No. of properties

14 properties

Total acquisition price
(Planned)

68,653 mn yen

Representative Properties



Acquisition Yield

Average NOI yield exceeds implied cap rate

4.1% < 4.7%

Implied cap rate
(as of Aug. 25, 2025)

Average NOI yield of anticipated acquisition

Average NOI yield after depreciation exceeds portfolio average

3.6% < 4.1%

Portfolio average NOI yield after depreciation
(as of Feb. 28, 2025)

Average NOI yield after depreciation of anticipated acquisition

Unrealized Gain Ratio

Average unrealized gain ratio greatly exceeds portfolio average

19.6% < 31.2%

Portfolio average unrealized gain ratio
(as of Feb. 28, 2025)

Average unrealized gain ratio of anticipated acquisition

Building Ages

Average age significantly lower than office portfolio average

25.2 years < 10.5 years

Office portfolio average year of construction
(as of Feb. 28, 2025)

Average year of construction of anticipated acquisition

Rent Gap

Average rent gap greatly exceeds office portfolio average

-11.4% < -15.1%

Office portfolio rent gap
(as of Jun. 30, 2025)

Average rent gap of anticipated acquisition

*1: The rent gap for the office portfolio refers to the difference between the market rent, which is either the rent based on market data provided by CBRE Co., Ltd. or the most recent lease-up rent (including offer rent) for each office owned by the Investment Corporation, whichever is higher, and the monthly rent based on the rent roll as of June 30, 2025 for each property. Note that the previous definition of the rent gap referred to the difference between the rent based on market data provided by CBRE Co., Ltd. and the monthly rent based on the rent roll for each property. This definition has been revised in this document.

Upside potential secured by introduction of a rent revision clause linked to fluctuations in office market rents

■ Taking advantage of a favorable office rent market, JMF will introduce rents linked to the office market which are expected to increase more than CPI-linked rents

Timing of rent revisions

For 12 properties*¹

Every

3 years

Calculation indexes at time of rent revisions

Land Bldg.

Changes in office market rent index*²

Land with leasehold interest

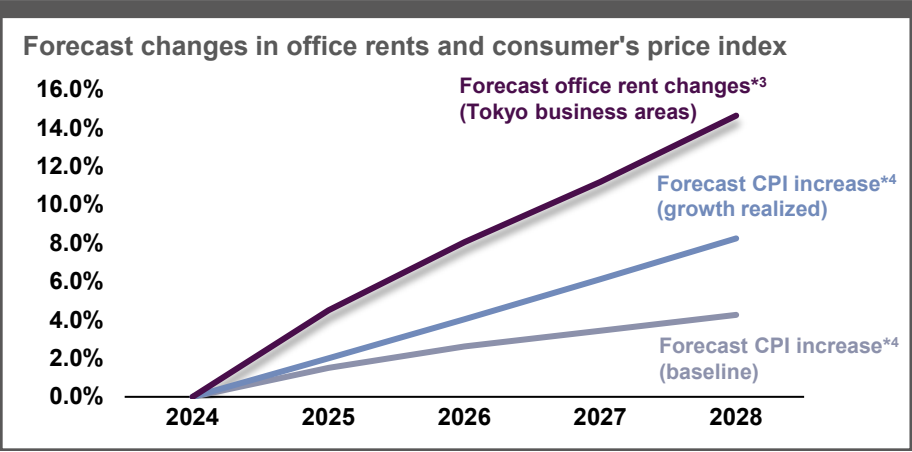
Changes in front road land prices

Image of rent revisions

		2025		2028
Office market rents are rising	Market unit rent	10,000 yen/tsubo	+2% ↗	10,200 yen/tsubo
	Property unit rent	10,500 yen/tsubo	+2% ↗ Increases at the same rate as market rent increases	10,710 yen/tsubo
Office market rents are falling	Market unit rent	10,000 yen/tsubo	-2% ↘	9,800 yen/tsubo
	Property unit rent	10,500 yen/tsubo	±0% → Not linked to market rent reduction as initial rent is at a lower limit	10,500 yen/tsubo

Impact of market rent index changes during initial rent revisions (Image)

Change	Rent increase per period	Per unit/period
+3.0%	Approx. 50 mn yen	6 yen per unit
+5.0%	Approx. 80 mn yen	11 yen per unit
+10.0%	Approx. 160 mn yen	22 yen per unit



*1: Of the 12 properties, the first rent revision for FUJISOFT Omiya Bldg. will occur five years after the start of the contract.

*2: Change in the office rent index as set forth in a market report prepared by an independent third-party institution.

*3: Japan Real Estate Institute, a general incorporated foundation, "Summary of Forecast Estimates on the Office Market Trends in Tokyo, Osaka, and Nagoya - 2025 Edition"

*4: Cabinet Office, "Estimates on the Medium- to Long-Term Economy and Fiscal Policy (Submitted to the Council for Economic and Fiscal Policy on January 22, 2024)"

Pursuit of future capital returns in addition to income return growth is possible

- Pursue maximum possible earnings through the most effective usage of each property

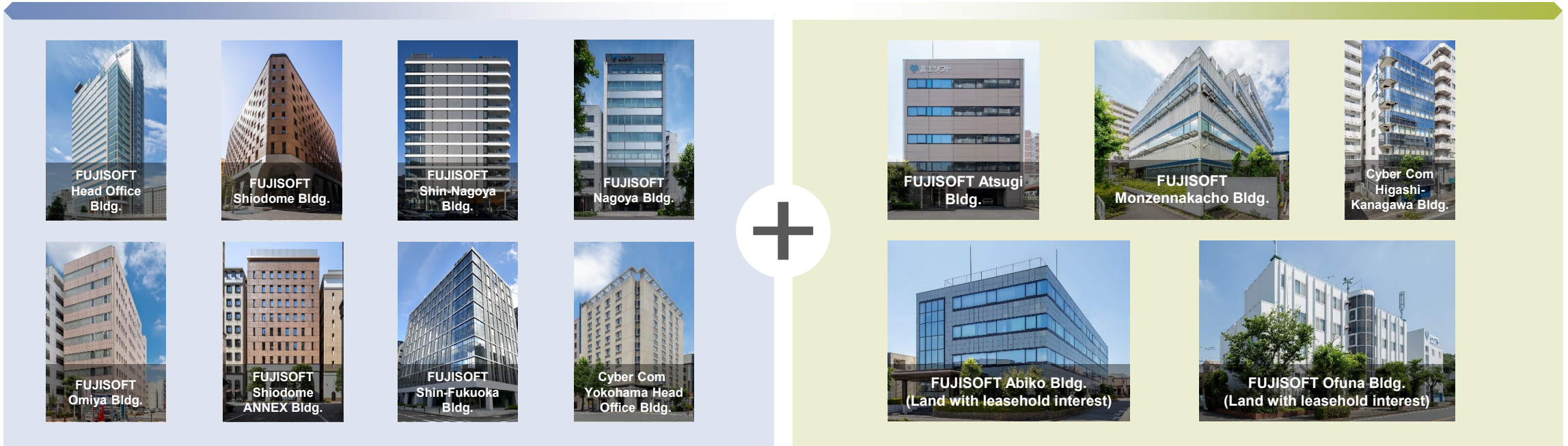
Office locations

Manage long-term as multi-tenant offices even when tenants move out

Residence locations

Pursue capital returns by exiting and using as basis for residential property

(recent examples: Ito-Yokado Tsunashima, Konami Sports Club Kyobashi)



Rent Gap

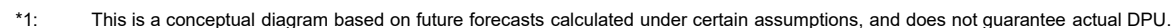
Average of anticipated acquisition

-15.1%

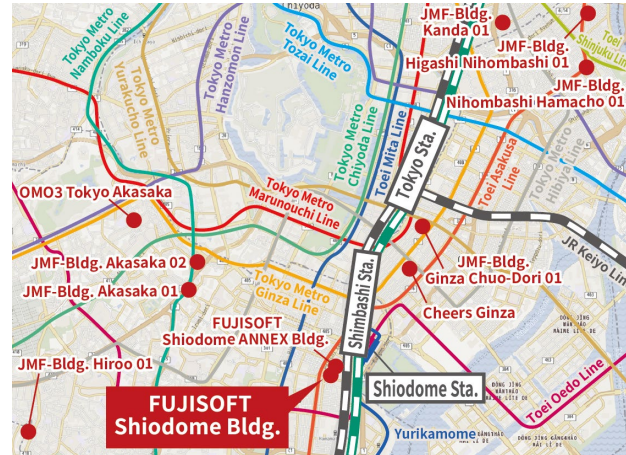
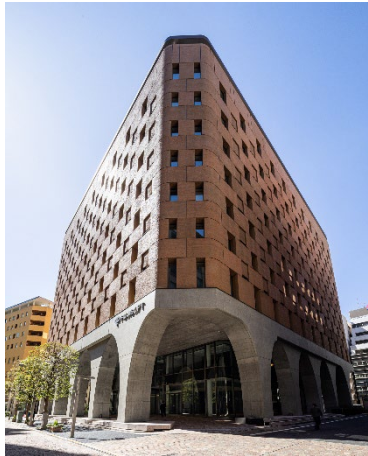
Income return

Capital return

- DPU Image^{*1}**



FUJISOFT Shiodome Bldg.

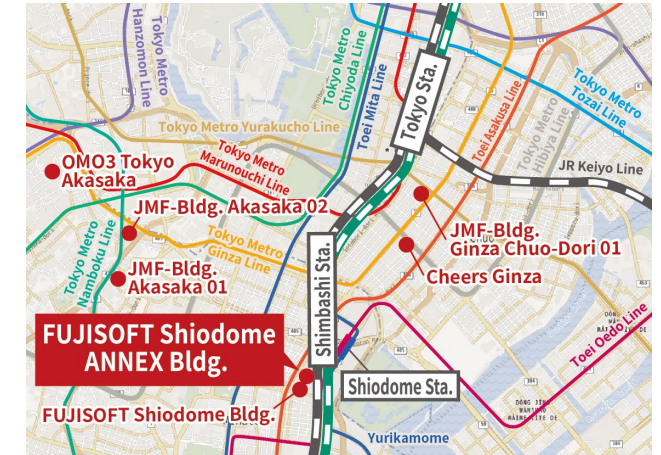
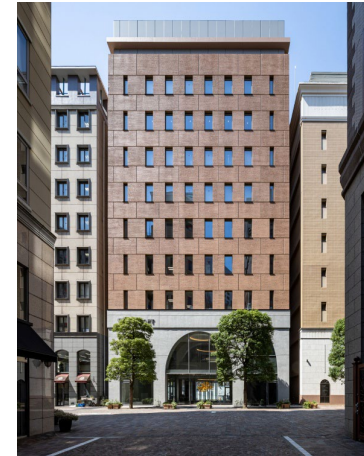


Location	15-1 Higashi-shimbashi 2-chome, Minato-ku, Tokyo				
Access	Approx. a 5-minute walk from Shiodome Station on the Toei Oedo Line and the Yurikamome Line				
Structure / stories	9 stories above ground and 1 basement floor, S/RC/SRC-structure with flat roof				
Total floor area	19,341.09㎡	Year of construction	1.6 years	Occupancy rate	100.0%
Acquisition price (Planned)	25,060 mn yen	Appraisal value	31,200 mn yen	Unrealized gain ratio	24.5%
NOI yield	3.8%	NOI yield after depreciation	3.2%		

Summary of tenant lease with main tenant (FUJI SOFT)

Term of contract	10 years	Type of contract	Fixed-term building lease contract
Termination without cause	Impossible	Revision of rent (revision period)	Office market rent index linked (every 3 years)

FUJISOFT Shiodome ANNEX Bldg.



Location	16-2, Higashi-shimbashi 2-chome, Minato-ku Tokyo				
Access	Approx. a 5-minute walk from Shiodome Station on the Toei Oedo Line and the Yurikamome Line				
Structure / stories	9 stories above ground, S/SRC- structure with flat roof				
Total floor area	3,487.46㎡	Year of construction	3.5 years	Occupancy rate	100.0%
Acquisition price (Planned)	3,280 mn yen	Appraisal value	4,460 mn yen	Unrealized gain ratio	36.0%
NOI yield	4.1%	NOI yield after depreciation	3.7%		

Summary of tenant lease

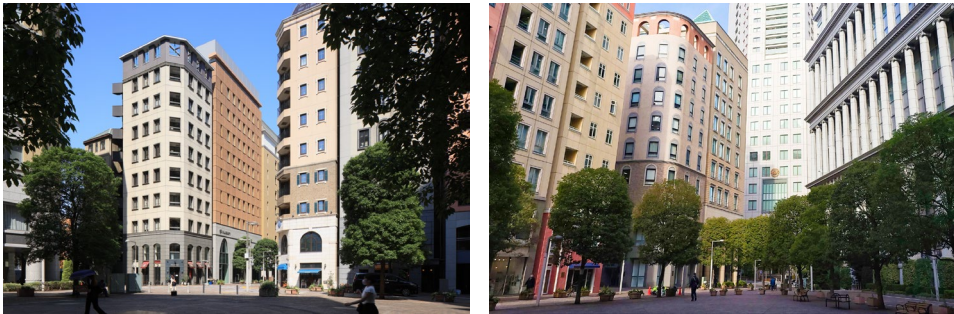
Term of contract	10 years	Type of contract	Fixed-term building lease contract
Termination without cause	Impossible	Revision of rent (revision period)	Office market rent index linked (every 3 years)

FUJISOFT Shiodome Bldg. and FUJISOFT Shiodome ANNEX Bldg.

Office market around area

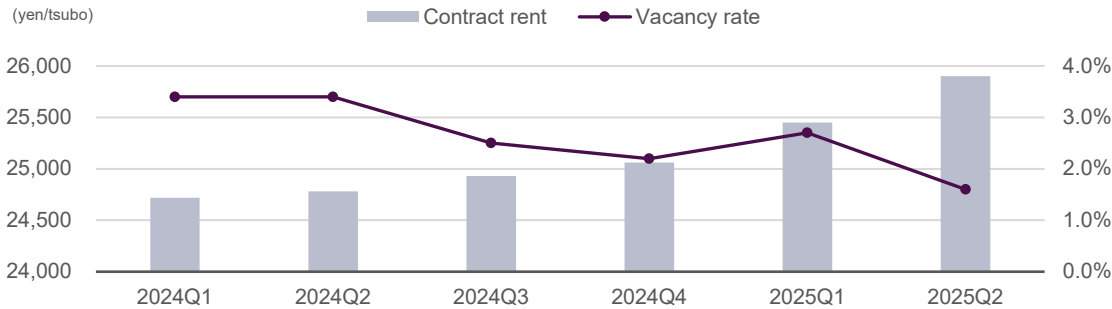
- Shiodome is adjacent to the government office districts of Toranomon and Kasumigaseki as well as Ginza and provides excellent access to major business areas in central Tokyo, such as Marunouchi and Otemachi, forming a high-quality business zone.
- The district where the properties are located, commonly known as “Italia-gai (literally, “Italian Town”),” is characterized by a distinctive cityscape lined with buildings featuring elaborate designs, developed with the concept of an Italian-style townscape.

◁Surrounding area of the two properties▷



- Vacancy rate in the Toranomon/Shiodome area has fallen to the 1% range, and contract rents continue to rise.

◁Changes in contract rents and vacancy rate in the Toranomon/Shiodome area*1▷



*1: CBRE K.K. "Japan Office Market View"

Reasonableness of lease-back rent and acquisition price

- Offered rents for offices nearby the two Properties are 20,000 to 30,000 yen per tsubo. Leaseback rent is set appropriately at around the same level.
- Because vacancy rates have fallen in the surrounding areas and unit rents is trending upwards, rent increases at the time of revisions can be expected as market rents increase in the areas.
- The acquisition yield for recent sales transactions of office buildings in the surrounding areas is around 3.0%, and the acquisition prices of the Properties are appropriate.

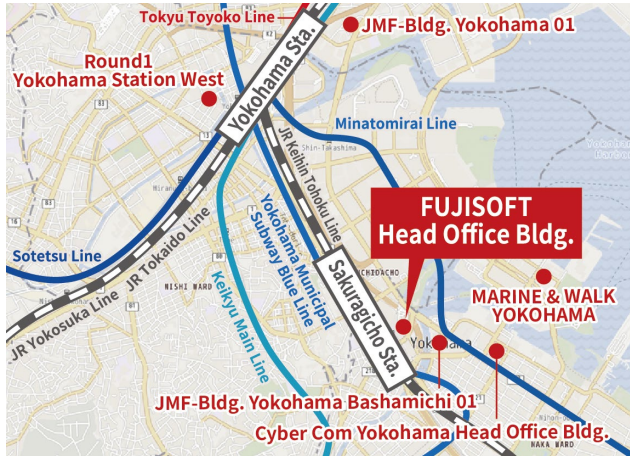
◁Offered rents of offices around the Properties (under 15 years old)▷

	FUJISOFT Shiodome Bldg.	FUJISOFT Shiodome ANNEX Bldg.	A Building	B Building	C Building
Year of construction (years)	1.6	3.5	7.4	9.2	14.5
Standard leasable floor areas (tsubo)	Approx. 521	Approx. 87	Approx. 100	Approx. 210	Approx. 450
Offered rents (yen/tsubo)	—	—	25,000	30,000	25,000

◁Offered rents of offices around the Properties (over 15 years old)▷

	D Building	E Building	F Building	G Building
Year of construction (years)	19.2	19.2	21.4	42.3
Standard leasable floor areas (tsubo)	Approx. 250	Approx. 750	Approx. 210	Approx. 250
Offered rents (yen/tsubo)	20,000	22,000	25,000	25,000

FUJISOFT Head Office Bldg.



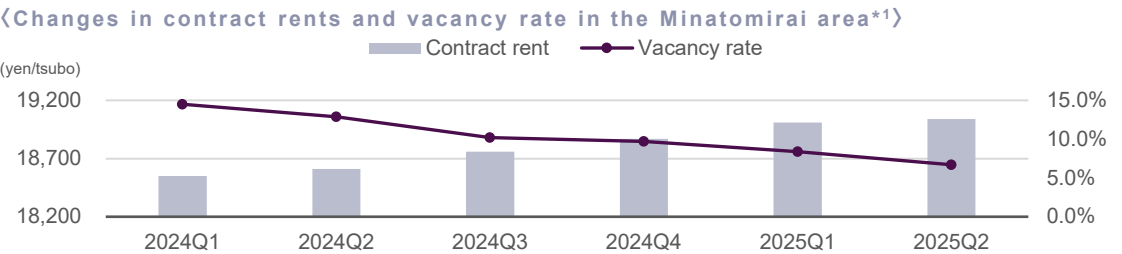
Location	100-1, Sakuragi-cho 1-chome, Naka-ku, Yokohama-shi, Kanagawa				
Access	Approx. a 1-minute walk from Sakuragicho Station on the JR Keihin-Tohoku/Negishi Line				
Structure / stories	21 stories above ground and 2 basement floor, S/SRC-structure with flat roof				
Total floor area	26,829.91㎡	Year of construction	21.6 years	Occupancy rate	100.0%
Acquisition price (Planned)	17,780 mn yen	Appraisal value	23,000 mn yen	Unrealized gain ratio	29.4%
NOI yield	5.0%	NOI yield after depreciation	4.6%		

Summary of tenant lease with main tenant (FUJI SOFT)

Term of contract	10 years	Type of contract	Fixed-term building lease contract
Termination without cause	Impossible	Revision of rent (revision period)	Office market rent index linked (every 3 years)

Office market around area

- The Minato Mirai area has been undergoing redevelopment in recent years, with some companies relocating part of their headquarters from Tokyo and others moving from their own buildings in Kanagawa Prefecture.
- The vacancy rate in the Minato Mirai area rose to nearly 15% due to the large supply of new buildings accompanying the redevelopment, but has since fallen to around 6%, with contract rents continuing to rise.



Reasonableness of lease-back rent and acquisition price

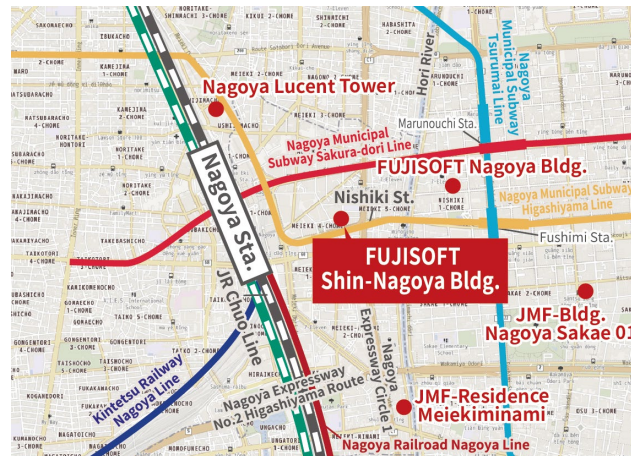
- Offered rents for offices nearby the Property are 16,000 to 30,000 yen per tsubo. Leaseback unit rent is set appropriately at around the same level.
- Because vacancy rates in the surrounding area are trending towards recovery and unit rent is trending upwards, rent can be expected to increase at the time of rent revisions as market rents increase in the area.
- The acquisition yield for recent sales transactions of office buildings in the surrounding areas is around 3.5%, and the acquisition prices of the Properties are appropriate.

〈Offered rents of offices around the Properties〉

	This property	A Building	B Building	C Building	D Building
Year of construction (years)	21.6	25.0	28.3	32.2	15.6
Standard leasable floor areas (tsubo)	Approx. 263	Approx. 370	Approx. 470	Approx. 800	Approx. 310
Offered rents (yen/tsubo)	—	30,000	16,000	28,000	23,000

*1: CBRE K.K. "Japan Office Market View"

FUJISOFT Shin-Nagoya Bldg.



Location	21-10, Meieki 4-chome, Nakamura-ku, Nagoya-shi, Aichi				
Access	Approx. a 7-minute walk from Nagoya Station				
Structure / stories	14 stories above ground and 1 basement floor, S-structure with flat roof				
Total floor area	8,518.64㎡	Year of construction	2.7 years	Occupancy rate	100.0%
Acquisition price(Planned)	7,100 mn yen	Appraisal value	10,400 mn yen	Unrealized gain ratio	46.5%
NOI yield	5.4%	NOI yield after depreciation	4.5%		

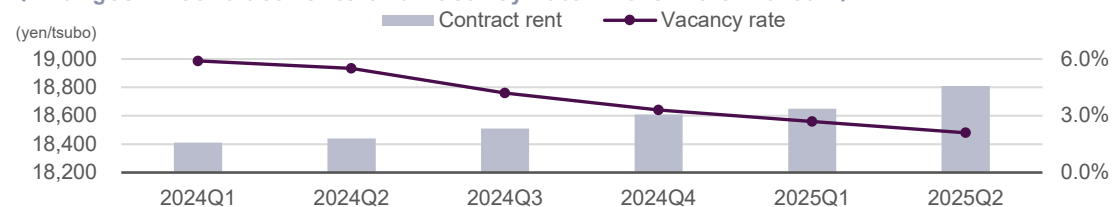
Summary of tenant lease

Term of contract	10 years	Type of contract	Fixed-term building lease contract
Termination without cause	Impossible	Revision of rent (revision period)	Office market rent index linked (every 3 years)

Office market around area

- The Meieki area, where the Property is located, has strengthened its position as a business district since 2000 with the completion of several high-grade office buildings. Leveraging the advantages of being a major terminal station, it has established itself as a leading business hub in the Tokai region.
- The vacancy rate in the Meieki area has fallen to around 2% at present, and contract rents continue to rise.

Changes in contract rents and vacancy rate in the Meieki area*1)



Reasonableness of lease-back rent and acquisition price

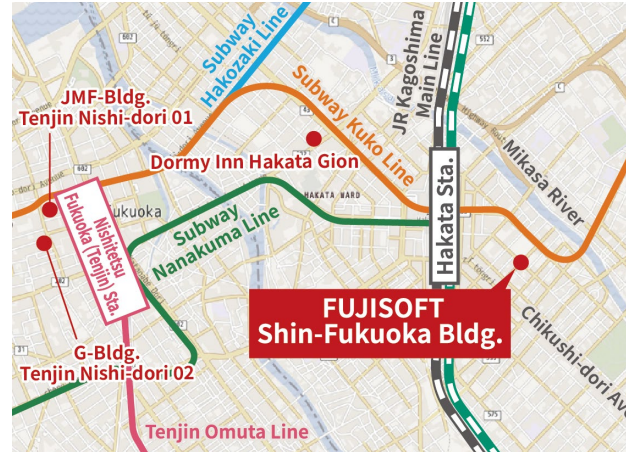
- Offered rents for offices nearby the Property are 18,000 to 25,000 yen per tsubo. Leaseback unit rent is set appropriately at around the same level.
- Because vacancy rates have fallen in the surrounding area and unit rent is trending upwards, rent increases can be expected at the time of revisions as market rents increase in the area.
- The acquisition yield for recent sales transactions of office buildings in the surrounding areas is around 3.0%~4.0%, and the acquisition prices of the Properties are appropriate.

Offered rents of offices around the Properties

	This property	A Building	B Building	C Building	D Building
Year of construction (years)	2.7	14.5	34.5	17.5	15.4
Standard leasable floor areas (tsubo)	Approx. 145	Approx. 120	Approx. 120	Approx. 190	Approx. 170
Offered rents (yen/tsubo)	—	25,000	18,000	20,000	19,000

*1: CBRE K.K. "Japan Office Market View"

FUJISOFT Shin-Fukuoka Bldg.



Location	3-7, Hakataeki-higashi 3-chome, Hakata-ku, Fukuoka-shi, Fukuoka				
Access	Approx. a 7-minute walk from Hakata Station				
Structure / stories	9 stories above ground, S-structure with flat roof				
Total floor area	8,394.40m ²	Year of construction	1.2 years	Occupancy rate	100.0%
Acquisition price (Planned)	5,690 mn yen	Appraisal value	7,440 mn yen	Unrealized gain ratio	30.8%
NOI yield	5.2%	NOI yield after depreciation	4.0%		

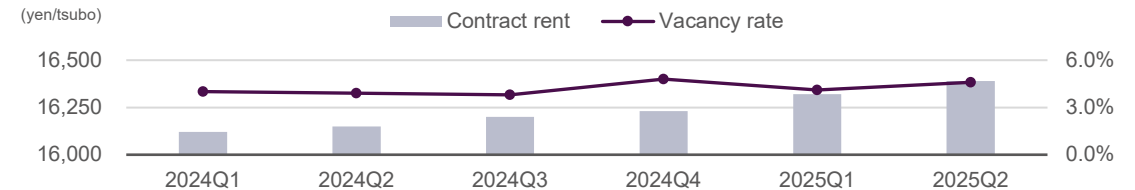
Summary of tenant lease

Term of contract	10 years	Type of contract	Fixed-term building lease contract
Termination without cause	Impossible	Revision of rent (revision period)	Office market rent index linked (every 3 years)

Office market around area

- The Fukuoka area has seen significant redevelopment projects such as Tenjin Big Bang and Hakata Connected, leading to a large supply of new office buildings. As a result, the current vacancy rate in the area is around 4%, while contract rents continue to rise.
- The Hakata Station East Area, where this property is located, is home to the Fukuoka Joint Government Building and a concentration of mid-sized office buildings. It offers excellent access to the Tenjin district and Fukuoka Airport via the subway airport line and is an area where redevelopment activities are actively underway.

〈Changes in contract rents and vacancy rate in the Fukuoka*1〉



Reasonableness of lease-back rent and acquisition price

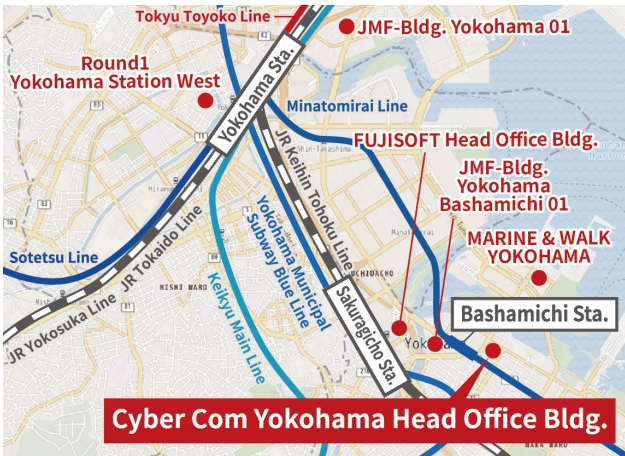
- Offered rents for offices nearby the Property are 17,000 to 18,500 yen per tsubo. Leaseback unit rent is set appropriately at around the same level.
- Because unit rent is trending upwards due to redevelopments in the surrounding area, rent increases can be expected at the time of revisions as market rents increase in the area.
- The acquisition yield for recent sales transactions of office buildings in the surrounding areas is around 4.0%, and the acquisition prices of the Properties are appropriate.

〈Offered rents of offices around the Properties〉

	This property	A Building	B Building	C Building	D Building
Year of construction (years)	1.2	33.4	30.7	20.1	4.3
Standard leasable floor areas (tsubo)	Approx. 223	Approx. 280	Approx. 290	Approx. 310	Approx. 290
Offered rents (yen/tsubo)	–	18,000	18,500	18,000	17,000

*1: CBRE K.K. "Japan Office Market View"

Cyber Com Yokohama Head Office Bldg.



Location	34, Hon-cho 4-chome, Naka-ku, Yokohama-shi, Kanagawa other				
Access	Approx. a 1-minute walk from Bashamichi Station on the Minatomirai Line operated by Yokohama Minatomirai Railway				
Structure / stories	10 stories above ground and 1 basement floor, S/RC-structure with flat roof				
Total floor area	6,275.49㎡	Year of construction	32.2 years	Occupancy rate	100.0%
Acquisition price (Planned)	3,140 mn yen	Appraisal value	3,860 mn yen	Unrealized gain ratio	22.9%
NOI yield	5.3%	NOI yield after depreciation	4.9%		

Summary of tenant lease

Term of contract	4 years	Type of contract	Fixed-term building lease contract
Termination without cause	Possible	Revision of rent (revision period)	None*1

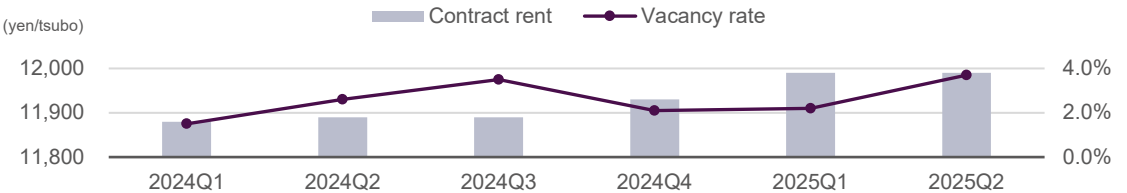
*1: Following the termination of the agreement, if the tenant wishes to continue occupying all or part of the leased property under this agreement, the landlord and tenant may enter into a new fixed-term lease agreement (hereinafter referred to as the "Renewal Agreement") with a maximum term of 10 years. The rent under the Renewal Agreement shall be determined based on the rent per unit specified in the original agreement, taking into account the change in surrounding market rent from the date of the original agreement to the date of the Renewal Agreement.

*2: CBRE K.K. "Japan Office Market View"

Office market around area

- The Kannai area is home to the Yokohama City Hall, Kanagawa Prefectural Office, Yokohama District Court, and other institutions, and is an area where office buildings are concentrated along major roads.
- The vacancy rate has remained stable at around 3%, while contract rents have been gradually increasing.

〈Changes in contract rents and vacancy rate in the Kannai area*2〉



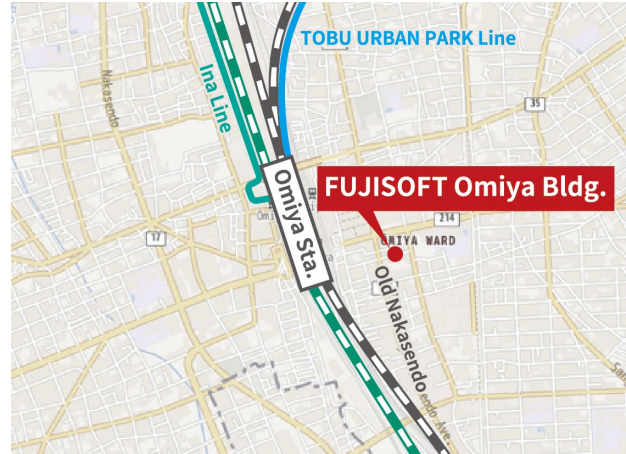
Reasonableness of lease-back rent and acquisition price

- Offered rents for offices nearby the Property are 15,000 to 18,000 yen per tsubo. Leaseback unit rent is set appropriately at around the same level.
- The acquisition yield for recent sales transactions of office buildings in the surrounding areas is around 3.5%, and the acquisition prices of the Properties are appropriate.

〈Offered rents of offices around the Properties〉

	This property	JMF-Bldg. Yokohama Bashamichi 01	A Building	B Building	C Building
Year of construction (years)	32.2	22.6	37.5	18.0	1.4
Standard leasable floor areas (tsubo)	Approx. 158	Approx. 300	Approx. 240	Approx. 220	Approx. 180
Offered rents (yen/tsubo)	—	18,000	15,500	15,000	15,000

FUJISOFT Omiya Bldg.



Location	26-1, Naka-cho 2-chome, Omiya-ku, Saitama-shi, Saitama				
Access	Approx. a 3-minute walk from Omiya Station, a terminal station in Saitama served by multiple lines				
Structure / stories	9 stories above ground and 1 basement floor, SRC-structure with flat roof				
Total floor area	3,497.20m ²	Year of construction	33.5 years	Occupancy rate	100.0%
Acquisition price (Planned)	2,000 mn yen	Appraisal value	2,840 mn yen	Unrealized gain ratio	42.0%
NOI yield	6.5%	NOI yield after depreciation	6.2%		

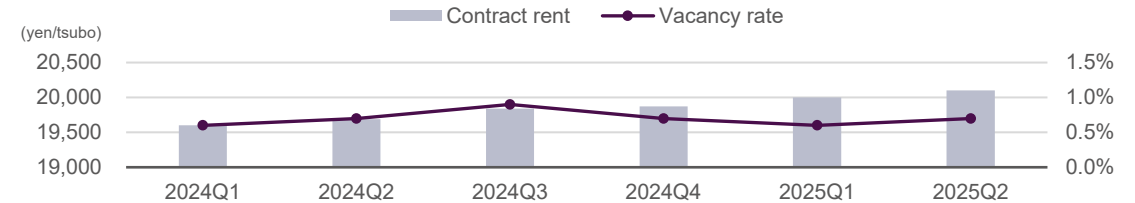
Summary of tenant lease with main tenant (FUJI SOFT)

Term of contract	10 years	Type of contract	Fixed-term building lease contract
Term of contract	10 years	Type of contract	Fixed-term building lease contract

Office market around area

- The nearest station to this property, Omiya Station, is a major transportation hub served by multiple rail lines, including the Tohoku Shinkansen, Joetsu/Hokuriku Shinkansen, JR conventional lines, Tobu Railway, and Saitama New Urban Transportation, making it the area with the highest concentration of office buildings in the Saitama region.
- Due to its excellent transportation accessibility, the area has high demand for office space. However, with virtually no new supply, occupancy rates have remained below 1% as older properties continue to attract tenants, and approximate contract rents have been on the rise.

〈Changes in contract rents and vacancy rate in the Omiya area*1〉



Reasonableness of lease-back rent and acquisition price

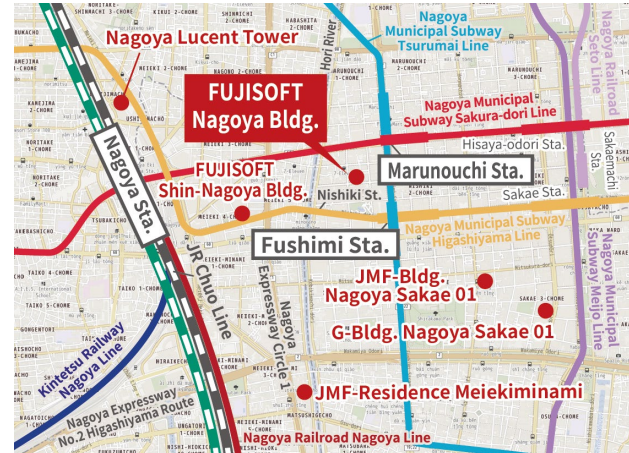
- Offered rents for offices nearby the Property are 18,000 to 19,500 yen per tsubo. Leaseback unit rent is set appropriately at around the same level.
- Because there are not expected to be any new large-scale provisions of offices in the surrounding area, rent increases can be expected at the time of revisions as market rents increase in the area.
- The acquisition yield for recent sales transactions of office buildings in the surrounding areas is around late 3.0% to early 4.0%, and the acquisition prices of the Properties are appropriate.

〈Offered rents of offices around the Properties〉

	This property	A Building	B Building	C Building	D Building
Year of construction (years)	33.5	25.9	39.3	28.6	32.6
Standard leasable floor areas (tsubo)	Approx. 96	Approx. 110	Approx. 190	Approx. 190	Approx. 230
Offered rents (yen/tsubo)	—	19,500	18,000	18,000	19,500

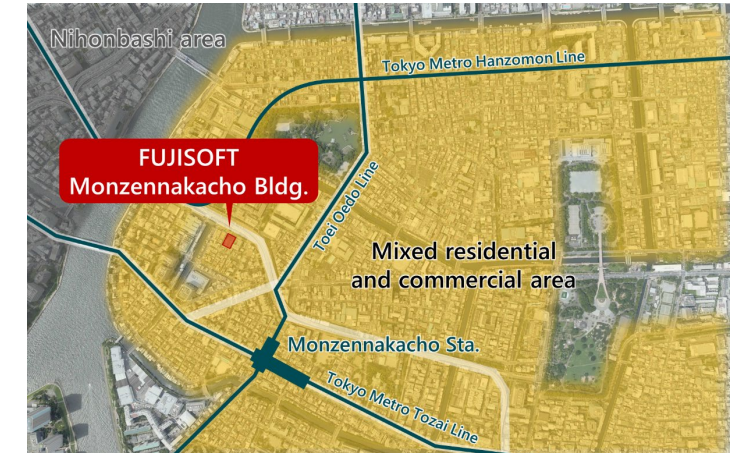
*1: CBRE K.K. "Japan Office Market View"

FUJISOFT Nagoya Bldg.



Location	6-26, Nishiki 1-chome, Naka-ku, Nagoya-shi, Aichi				
Access	Approx. a 4-minute walk from Fushimi Station on the Nagoya Municipal Subway Higashiyama and Tsurumai Lines				
Structure / stories	9 stories above ground, SRC/S-structure with flat roof, galvanized steel sheet roofing				
Total floor area	4,276.27㎡	Year of construction	26.4 years	Occupancy rate	48.9%
Acquisition price (Planned)	1,680 mn yen	Appraisal value	2,710 mn yen	Unrealized gain ratio	61.3%
NOI yield	7.2%	NOI yield after depreciation	6.8%		

FUJISOFT Monzennakacho Bldg.

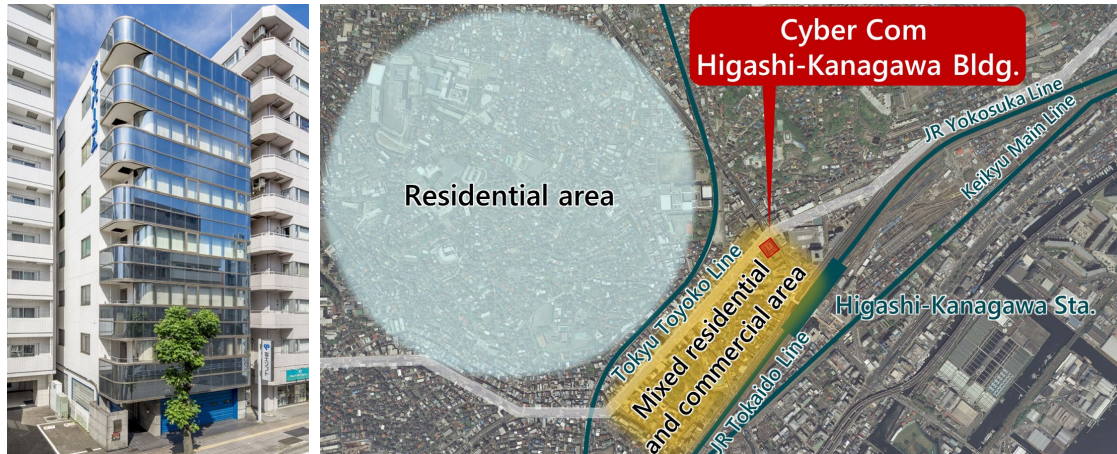


Location	8-7, Fukuzumi 1-chome, Koto-ku, Tokyo				
Access	Approx. a 7-minute walk from Monzen-nakacho Station on the Tokyo Metro Tozai Line and Toei Oedo Line				
Structure / stories	Main building : 6 stories above ground, RC-structure with flat roof Annex : single-story above ground, S-structure with galvanized steel sheet roofing				
Total floor area	4,485.45㎡	Year of construction	34.4 years	Occupancy rate	100.0%
Acquisition price (Planned)	1,560 mn yen	Appraisal value	2,500 mn yen	Unrealized gain ratio	60.3%
NOI yield	4.3%	NOI yield after depreciation	4.0%		

Summary of tenant lease

Term of contract	10 years	Type of contract	Fixed-term building lease contract
Termination without cause	Impossible	Revision of rent (revision period)	Office market rent index linked (every 3 years)

Cyber Com Higashi-kanagawa Bldg.

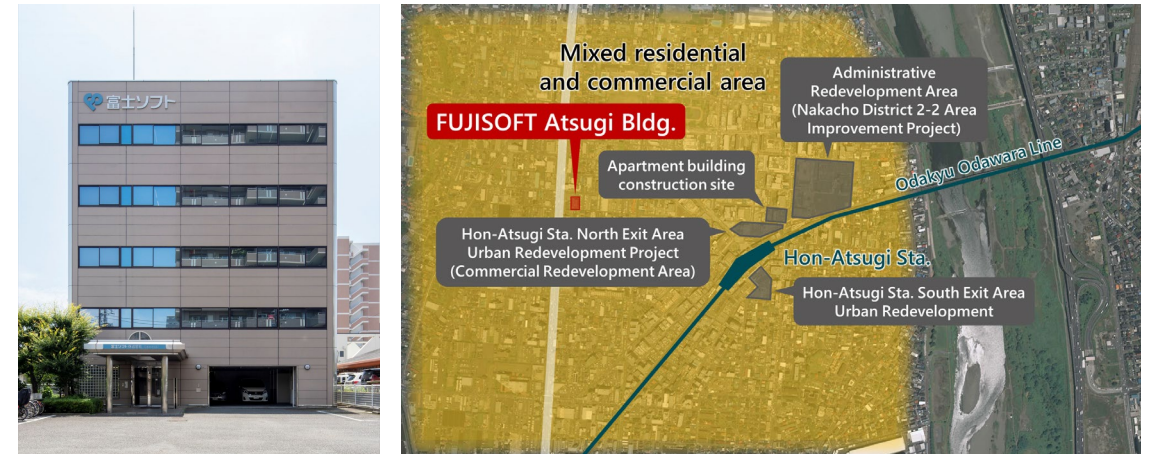


Location	10-10, Nishi-kanagawa 1-chome, Kanagawa-ku, Yokohama-shi, Kanagawa, etc.				
Access	Approx. a 4-minute walk from Higashi-Kanagawa Station on the JR Keihin-Tohoku and Yokohama Lines				
Structure / stories	7 stories above ground, S-structure with flat roof				
Total floor area	1,261.04m ²	Year of construction	34.5 years	Occupancy rate	100.0%
Acquisition price (Planned)	500 mn yen	Appraisal value	546 mn yen	Unrealized gain ratio	9.2%
NOI yield	5.8%	NOI yield after depreciation	5.2%		

Summary of tenant lease

Term of contract	10 years	Type of contract	Fixed-term building lease contract
Termination without cause	Possible (1 years ago)	Revision of rent (revision period)	Office market rent index linked (every 3 years)

FUJISOFT Atsugi Bldg.

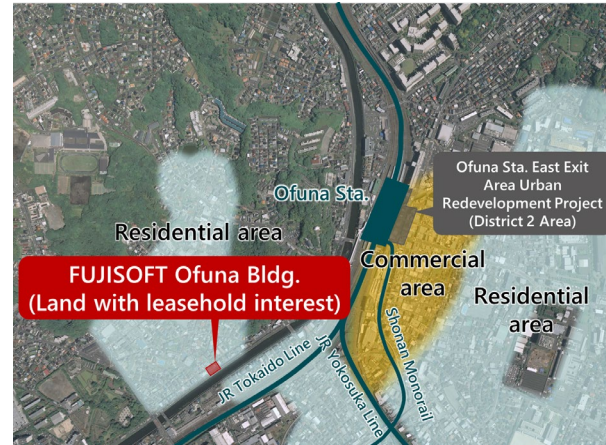


Location	7-16, Sakae-cho 1-chome, Atsugi-shi, Kanagawa				
Access	Approx. a 12-minute walk from Hon-Atsugi Station on the Odakyu Odawara Line.				
Structure / stories	5 stories above ground, S-structure with flat roof				
Total floor area	2,003.97m ²	Year of construction	29.6 years	Occupancy rate	100.0%
Acquisition price (Planned)	320 mn yen	Appraisal value	405 mn yen	Unrealized gain ratio	26.6%
NOI yield	7.8%	NOI yield after depreciation	6.9%		

Summary of tenant lease

Term of contract	10 years	Type of contract	Fixed-term building lease contract
Termination without cause	Impossible	Revision of rent (revision period)	Office market rent index linked (every 3 years)

FUJISOFT Ofuna Bldg. (Land with leasehold interest)

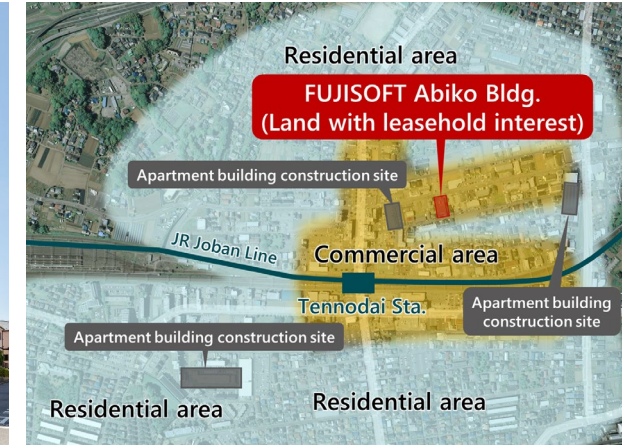


Location	943-3, Okamoto 2-chome, Kamakura-shi, Kanagawa others		
Access	Approx. a 12-minute walk from Ofuna Station on the JR Tokaido-honsen, Yokosuka Lines and Shonan Monorail		
Acquisition price (Planned)	300 mn yen	Appraisal value	358 mn yen
Unrealized gain ratio	19.3%	Occupancy rate	100.0%
Land area	917.38m ²	Year of construction	-
NOI yield	4.0%	NOI yield after depreciation	4.0%

Summary of tenant lease

Term of contract	10 years	Type of contract	Fixed-term land lease contract for business purpose
Termination without cause	Possible (with advance notice of 1.5 years)	Revision of rent (revision period)	linked to roadside land prices (every 3 years)

FUJISOFT Abiko Bldg. (Land with leasehold interest)



Location	14-1, Shibasakidai 1-chome, Abiko-shi, Chiba		
Access	Approx. a 5-minute walk from Tennodai Station on the JR Joban		
Acquisition price (Planned)	200 mn yen	Appraisal value	294 mn yen
Unrealized gain ratio	47.0%	Occupancy rate	100.0%
Land area	1,041.30m ²	Year of construction	-
NOI yield	5.5%	NOI yield after depreciation	5.5%

Summary of tenant lease

Term of contract	10 years	Type of contract	Fixed-term land lease contract for business purpose
Termination without cause	Possible (with advance notice of 1 year upon reaching 4 years)	Revision of rent (revision period)	linked to roadside land prices (every 3 years)

03

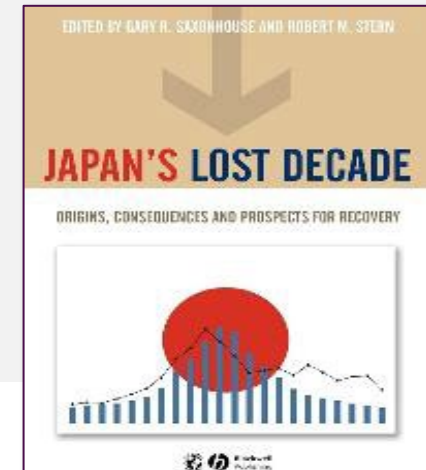
Potential of Japan's Real Estate and CRE Carve-outs deal



KKR Japan
Chief Executive Officer
Hirofumi Hirano

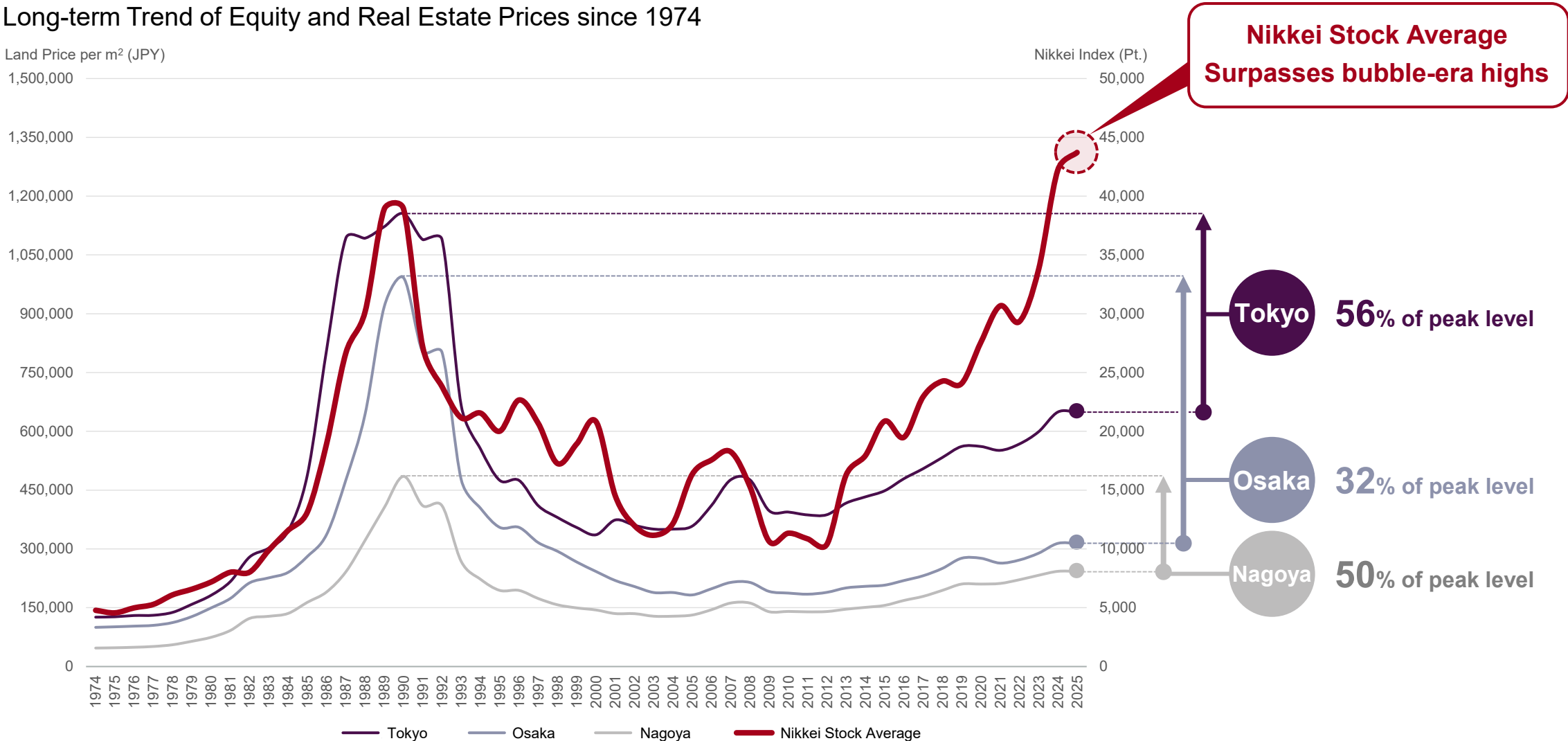
Unlocking
Real Assets'
Future

When KKR opened Tokyo office in 2006.....



Future Prospects of Japanese Real Estate

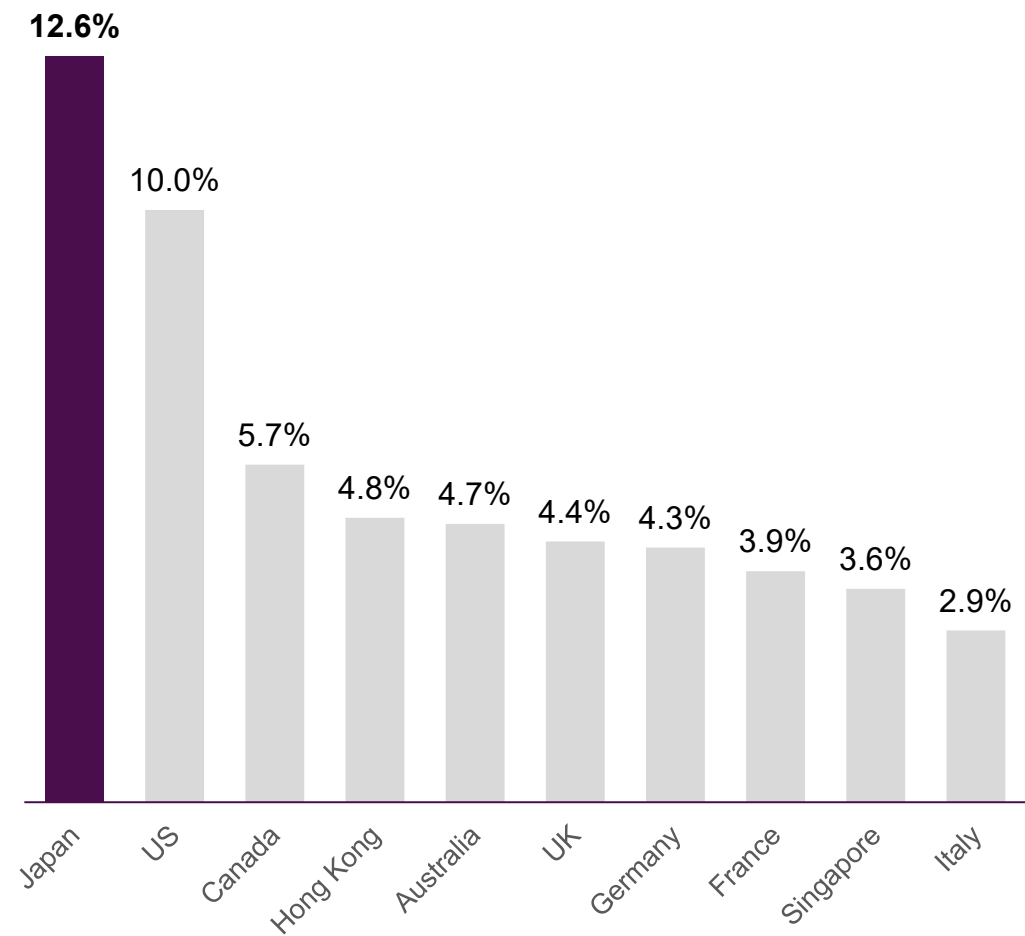
Long-term Trend of Equity and Real Estate Prices since 1974



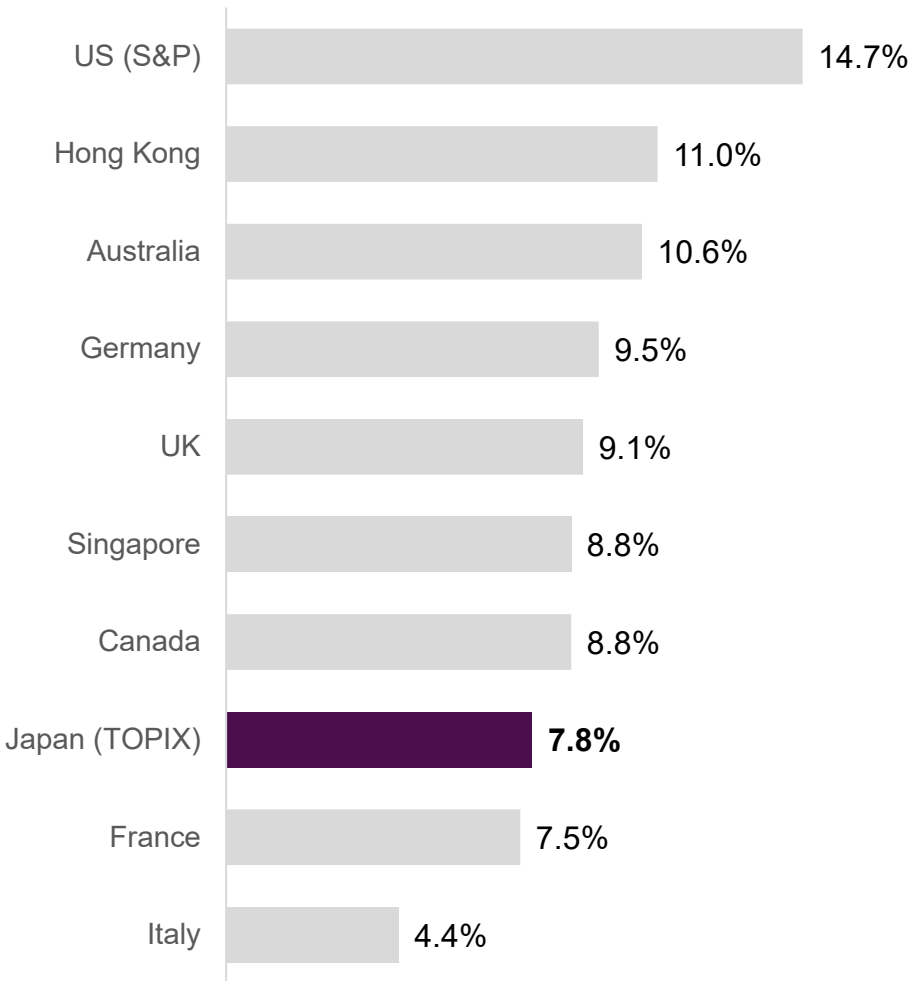
Source: Prepared by the asset management company based on data from the Ministry of Land, Infrastructure, Transport and Tourism's "Time Series Table of Fluctuation Rates and Average Prices (2025 Land Price Announcement)"

High Real Estate Holdings and Low Profitability at Japanese Corporates

Ratio of Real Estate Assets to Total Assets for Corporates



ROE of Developed Countries and areas



Source : Prepared by the Asset Manager based on data from FactSet

Source : Prepared by the Asset Manager based on data from Bloomberg

The Necessity of Utilizing KJRM's Platform in PE Investment



The sale of non-core businesses by Japanese companies invariably involved the sale of real estate.

Through private equity deals, KKR can secure unique real estate utilization opportunities ahead of competitors.



The strength of PE firms lies not only in managing hard assets but also in their ability to manage soft assets such as employees, operations, and business units.

KKR can evaluate real estate while thoroughly assessing the business viability from a private equity perspective.

The PE team's platform alone could not provide **highly specialized solutions or options like long-term real estate holdings**, meaning even if unique properties existed, they couldn't be utilized to their fullest potential

Why do operating companies pursue CRE carve-outs in partnership with private equity?

Benefits of operating companies partnering with private equity funds in CRE carve-outs



Enables management of not only hard assets but also **soft assets such as personnel and operations**



It is possible to formulate a real estate strategy as part of addressing **company-wide management challenges and achieving self-actualization.**



Aiming for real estate transactions that **prioritize operational continuity**



Successfully completed complex case structuring involving organizational restructuring while also securing tax benefits.

KKR has worked with various portfolio companies on CRE carve-outs...

HIKOKI

PHC

Pioneer



Sawa factory
(Ibaraki)



Saijo factory
(Ehime)



Headquarters Bldg
(Kawasaki)

...On the other hand, PE funds alone cannot provide highly specialized solutions or options such as long-term real estate holdings

→ **With KJRM as a partner, KKR is highly attractive to operating companies**

In the logistics industry, the adoption of the asset-light model as an industry standard is advancing, spurred by the example of LOGISTEED

LOGISTEED's Asset Securitization



LOGISTEED

33 properties
Total approx. JPY **222.7 bn**
Sale and Leaseback

Transition to the Asset-Light Model, a Global Standard

- Implementation of fundamental measures with an eye toward future relisting

Acquisition of Additional Growth Capital

- Announcement of the acquisition of Alps Logistics, a long-standing acquisition target, using funds obtained through asset monetization

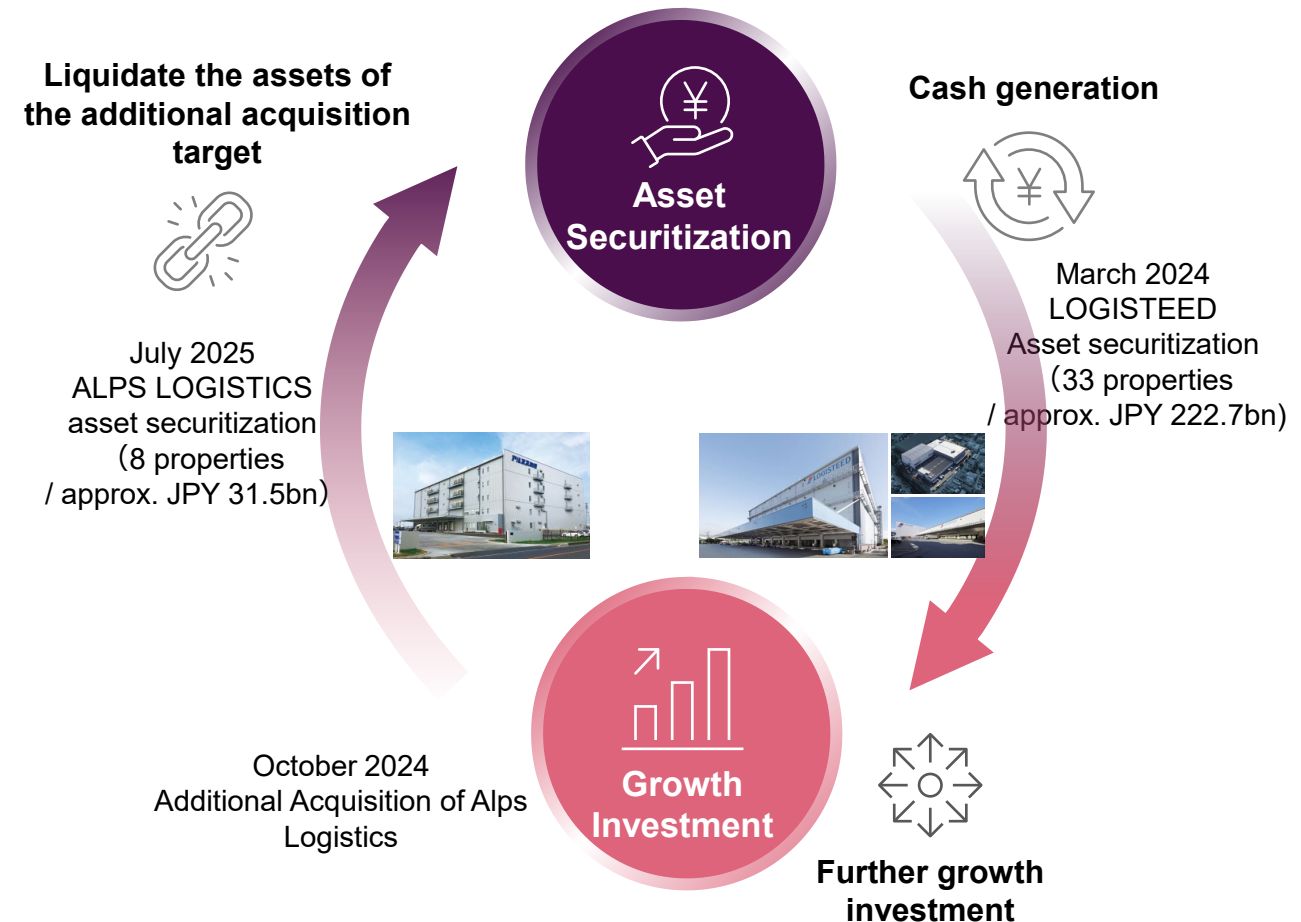
Continuation of Stable Operations

- Utilizing IIF, a permanent vehicle for long-term stable holding, to ensure continuity of logistics centers and warehouses and maintain operational stability

Realizing tax benefits

- Successfully completing a complex deal structure involving organizational restructuring on the seller's side, ultimately enabling the seller to realize tax benefits

Positive cycle of asset liquidation and growth investment



In PE-led CRE carve-outs, shareholder and executive incentives align.

Return a portion of asset securitization proceeds to employees



- Granting stock options and SARs to executives while providing trust-type stock options to approximately 2,000 managers
- Following the asset monetization in March 2024, **distributing over JPY5 billion to approximately 2,000 managers in addition to management**

Objective of KKR's Ownership Program

Standard stock compensation plan

Only the fund and its officers hold shares

Objective of KKR's Ownership Program

A broad range of employees row the same boat in the same direction
Share the fruits of growth together

An ownership program for all employees has also been introduced



- **All full-time and contract employees below department head level (approximately 1,300+ individuals)**
- Share the increase in share value from KKR's investment to exit among all owners
- Strengthen engagement by incorporating employee surveys



- **All employees (regular and contract staff) are eligible (approximately 1,000 individuals)**
- The trust-type stock option introduced in January 2025 has been redefined as the Yayoi Style Ownership Program for all employees, aimed at realizing MVV and mid-term management goals

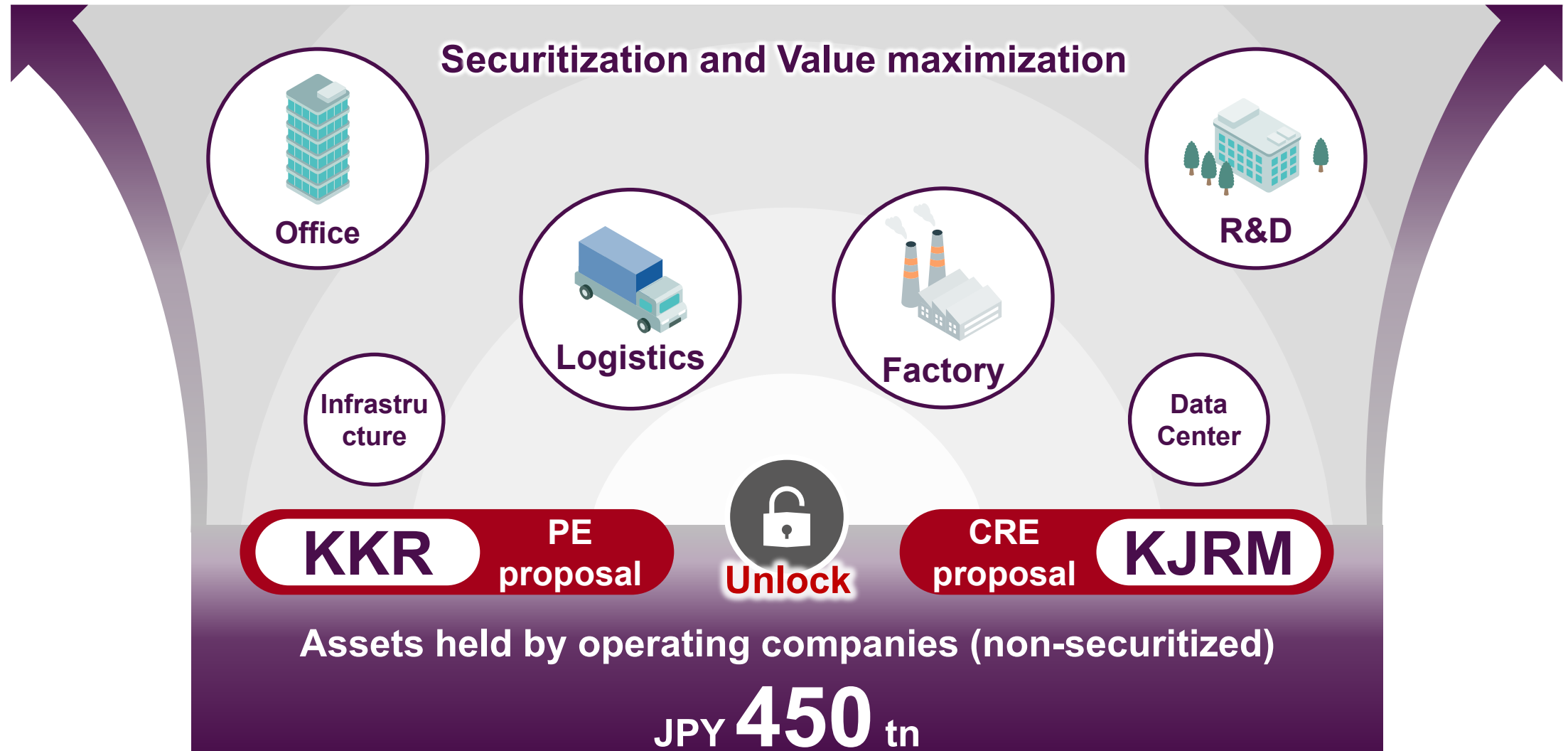
Capital markets expect operators to adopt an Asset-light approach

Major M&A Deals in the Logistics Industry in recent years

Public disclosure									
	2022	2024					2025		
Case	Non-public	Non-public· Horizontal merger	Non-public· Horizontal merger	Horizontal merger	Non-public (MBO)	Non-public· Horizontal merger	Non-public· Horizontal merger	Non-public (MBO)	Non-public (MBO)
Buyer	KKR KKR	 LOGISTEED LOGISTEED	SGHD (Sagawa Express)	SEINO HD	Bain Capital	YAMATO HD	JAPAN POST	Bain Capital	J-STAR
Target company	 LOGISTEED LOGISTEED	 ALPS LOGISTICS ALPS LOGISTICS	C&F Logistics HD	MD LOGIS	TRANCOM	Nakano Shokai	TONAMI HD	NISSIN	Nippon Concept
M&A deal size (based on 100%)	JPY~700bn	JPY~160bn	JPY~120bn	JPY~90bn	JPY~100bn	JPY~50bn	JPY~90bn	JPY~110bn	JPY~50bn

(Note) The above M&A cases were compiled by this asset management company based on publicly available information. We do not guarantee the accuracy or completeness of the content, including the type or scale of the cases.

Real estate securitization and value maximization through CRE carve-outs





KKR Japan Realty Management

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