

FOR IMMEDIATE RELEASE

Issuer of REIT securities:

1-17-10 Kyobashi, Chuo-ku, Tokyo

SOSiLA Logistics REIT, Inc. (SLR)

Representative: Masaaki Yano, Executive Director
(Code: 2979)

Asset management company:

Sumisho Realty Management Co., Ltd.

Representative: Hideki Yano, President & CEO

Inquiries: Tomoaki Sato,
General Manager, REIT Management
Department

TEL: +81-3-4346-0579

Notice Concerning Acquisition of Domestic Real Estate Trust Beneficiary Interest

Sumisho Realty Management Co., Ltd. (“SRM”), to which SOSiLA Logistics REIT, Inc. (“SLR”) entrusts the management of its assets, announced today that it determined to acquire one property (the “New Property”) in the form of trust beneficiary interest. The details are described below.

1. Overview of the New Property

Classification	Property number (Note 1)	Property name	Location	Anticipated acquisition price (million yen) (Note 2)	Existence of intermediaries
Logistics property	L-09	LiCS Narita	Shibayama Town, Sambu District, Chiba	5,250	No
Total			–	5,250	–

(Note 1) “Property number” is a number allocated to each property according to property type; (L) stands for logistics property and (I) stands for industrial property. The same applies hereinafter.

(Note 2) “Anticipated acquisition price” is the purchase price of the New Property stated in the trust beneficiary interest purchase and sales agreement for the New Property (the “Purchase and Sales Agreement”). The purchase price does not include consumption tax, local consumption tax and expenses required for the acquisition. The same applies hereinafter.

- (1) Anticipated signing date of the Purchase and Sales Agreement September 28, 2021
- (2) Anticipated acquisition date October 20, 2021
- (3) Previous owner Please refer to “4. Overview of the Previous Owner”
- (4) Financing for acquisition Borrowings (Note 1) and cash on hand
- (5) Settlement method Payment of deposit (Note 2) of 525 million yen on the scheduled signing date of the Purchase and Sales Agreement
Payment of the remaining amount at the time of delivery

(Note 1) For details of the borrowings, additional press release will be announced as soon as they are determined.

(Note 2) Payment of the deposit is made as earnest money. Therefore, the seller nor the purchaser may cancel the Purchase and Sale Agreement by forfeiture or reimbursing twice the amount of deposit. If the purchase and sales agreement is cancelled, the seller shall return the deposit to the purchaser.

2. Reasons for Acquisition

SLR invests primarily in the SOSiLA Series, which are developed by Sumitomo Corporation with the aim of connecting “people” and “society.” In addition, SLR continuously works to acquire logistics and industrial properties other than the SOSiLA Series by using the SRM’s own network for the purpose of diversifying and enhancing its portfolio and has created the “LiCS” brand for these properties.

The New Property will be acquired as a property named after the LiCS brand to steadily expand the asset size of SLR and enhance its portfolio based on the objective and policy of asset management set forth under the Articles of Incorporation of SLR. For the features of the New Property, please refer to “3. Outline of the New Property” below.

3. Outline of the New Property

Outline of the New Property is described below.

“Classification” and items in “Outline of Specific Property,” “Outline of Lease,” “Summary of the Appraisal Report,” and “Features of the Property” are defined as follows unless otherwise specified. They are stated based on information available as of September 27, 2021.

(a) Outline of Specific Property

- “Anticipated acquisition date” is the date of acquisition stated in the Purchase and Sales Agreement. It may be changed upon agreement between SLR and the relevant seller.
- “Anticipated acquisition price” is the purchase price of the New Property stated in the Purchase and Sales Agreement. The purchase price does not include consumption tax, local consumption tax and expenses required for the acquisition.
- “Trustee” is the trustee of the New Property.
- “Entrustment date” is the planned entrustment date after the change due to the acquisition of properties by SLR.
- “Trust maturity date” is the planned trust maturity date after the change due to the acquisition of properties by SLR.
- “Ownership form” is the type of right retained by the trustee.
- The location of “Land” is the location of the building in the registry (if there is more than one building, the location of one of them). “Land area” of “Land,” and “Gross floor area,” “Completion date,” “Purpose” and “Structure/No. of stories” of “Building” are based on those stated in the registry and may be different from information about the actual land and building. “Gross floor area” of “Building” is the gross floor area of the main building plus that of the annexes. “Completion date,” “Purpose” and “Structure/No. of stories” of “Building” are those of the main building alone.
- “Zoning” of “Land” is a type of zone under Article 8, Paragraph 1, Item 1 of the City Planning Act.
- “BCR” of “Land” is the maximum BCR (specified BCR) for the type of zone specified in the city planning. The specified BCR may be relaxed, raised or reduced due to being a fire-proof building in a fire prevention district, among other reasons, and may be different from the actual BCR.
- “FAR” of “Land” is the maximum FAR (specified FAR). The specified FAR may be relaxed or raised, or reduced due to the width of the road connected to the site, among other reasons, and may be different from the actual FAR.
- “Property manager” is the property management company that is commissioned to fulfill property management responsibilities.
- “Number of tenants” is the number of tenants based on trust property lease agreements (excluding photovoltaic facilities lease agreements, roof lease agreements and parking lot lease agreements) under which leasing had started as of September 27, 2021.
- “Extra description” is a description of important matters about rights related to the New Property, its use, and other matters considered important in terms of their effects on the appraisal value, profitability, and disposal of the New Property as of September 27, 2021.

(b) Outline of Lease

- “Leasable area” of a property that is not a limited proprietary right of land or land with superficies or the right to lease land that is not a land lease right is the sum of the leased area and the area of vacant space considered rentable based on the building drawings stated in the trust property lease agreement (excluding the photovoltaic facility lease agreement, the roof lease agreement and the parking lot lease agreement; the same applies hereinafter) under which leasing had started as of September 27, 2021. Leasable area of a limited proprietary right of land or land with superficies or the right to lease land that is not a land lease right is the leased area stated in the land lease agreement for the trust property

under which leasing had started as of September 27, 2021. The same applies hereinafter.

- “Leased area” is the leased area stated in the trust property lease agreement under which leasing had started as of September 27, 2021.
- “Annual rent” is the annualized rent calculated by multiplying the monthly rent (including a common service fee) stated in the lease agreement as of September 27, 2021 by 12. If the amount has a number less than the given unit, it is rounded down.
- “Security deposit” is the security deposit stated in the trust property lease agreement under which leasing had started as of September 27, 2021. If the amount has a number less than the given unit, it is rounded down.
- “Occupancy rate” is the ratio of the leased area to the leasable area at the New Property as of September 27, 2021. The rate is rounded to the first decimal place.

(c) Summary of the Appraisal Report

- “Summary of the Appraisal Report” is a summary of the real estate appraisal report prepared by The Tanizawa Sogo Appraisal at the request of SLR and SRM. The real estate appraisal report consists of the judgments and opinions of the appraiser at a certain point of time. The adequacy and accuracy of the report and business possibilities at the appraisal value are not guaranteed. Neither SLR nor SRM has any special stake in The Tanizawa Sogo Appraisal. The figures in this section are rounded down if the amount has a number less than the given unit. The percentages are rounded to the first decimal place.

(d) Features of the Property

- “Features of the Property” are described based on the market report prepared by K.K. Ichigo Real Estate Service, which conducted a real estate survey commissioned by SLR and SRM statements on the appraisal report and conducted analysis by SRM, etc. The analyses are judgments and opinions of SLR and SRM based on reports at a certain point in time. Their adequacy and accuracy are not guaranteed.

Property Number	L-09	Property Name	LiCS Narita	Classification	Logistics property
Outline of Specific Property					
Type of specific property		Beneficiary interest of real estate in trust		Outline of trust beneficiary interest	Trustee Mitsubishi UFJ Trust and Banking Corporation
Anticipated acquisition date		October 20, 2021			Entrustment date October 20, 2021
Anticipated acquisition price		5,250 million yen			Trust maturity date October 19, 2031
Land	Ownership form	Proprietary		Building	Ownership form Proprietary
	Location	1033 -1, Aza Matsuyama, Yamada, Shibayama Town, Sambu District, Chiba			Gross floor area 21,836.94 m ²
	Land area	33,112.83 m ²			Completion date February 15, 2005
	Zoning	Not designated			Purpose Warehouse, office
	BCR	60%			Structure/ No. of stories Steel-reinforced concrete two-story building with alloy-plated steel sheet plate
	FAR	200%			
Property manager		CRE, Inc.		Number of tenants	3
Extra description: –					

(Note) The trust property pertaining to the trust beneficiary interest includes photovoltaic facilities, and the trustee and Godo Kaisha Lys, a special purpose company that includes the electricity sales business, are to enter into a lease contract on the acquisition date of the trust beneficiary interest by SLR. The rent based on the lease contract is to be variable rent that is linked to the photovoltaic business operated by Godo Kaisha Lys, which will become the lessee, and it is to be an amount obtained by deducting necessary expenses for the photovoltaic business from the electricity sales revenues received by the lessee, in principle. The variable rent after the acquisition by SLR is not disclosed because it does not match the historical rents prior to the acquisition by SLR.

Outline of Lease	
Name of major tenant	Not disclosed (Note)
Lease arrangement term	Not disclosed (Note)
Leasable area	20,927.35 m ²
Leased area	20,927.35 m ²
Annual rent	Not disclosed (Note)
Security deposit	Not disclosed (Note)
Occupancy rate	100.0%

(Note) These items are not disclosed because consent of the tenants is not obtained.

Summary of the Appraisal Report		
Property name	LiCS Narita	
Appraisal value	5,420 million yen	
Appraiser	Tanizawa Sogo Appraisal Co., Ltd	
Date of appraisal	June 30, 2021	
Item	Appraisal (thousand yen)	Outline
Income approach value	5,420,000	
Direct capitalization method	5,630,000	
(1) Operating revenue	316,469	
a. Total potential revenue	323,790	Assessed and recorded by receivable rents over the medium and long-term, of which revenues from photovoltaic power generation are 30,130 thousand yen. Revenue from photovoltaic power generation is assessed as the standardized rent income for a single year based on the remaining period of the agreement
b. Loss such as vacancy	7,321	
(2) Operating expenses	62,984	
a. Maintenance costs	13,243	
b. Utilities costs	17,076	
c. Repair costs	6,080	Assessed by reference to the annual average amount of repair and renewal costs in the engineering report.
d. Property management fees	3,840	
e. Tenant solicitation expenses	1,074	Recorded based on the estimated turnover period of the lessee.
f. Property taxes	18,566	
g. Non-life insurance	1,520	Recorded in consideration of the insurance premium rate etc. of the target building and similar buildings.
h. Other expenses	1,582	
(3) Net operating income	253,485	(1) - (2)
(4) Interest on deposit	620	Assessed by multiplying the amount of security deposit which was assessed based on the current lease conditions, etc. by the investment yield (assessed to be 1.0%, taking into account the interest rate level of both investment and procurement).
(5) Capital expenditures	12,160	Assessed by reference to the annual average amount of repair and renewal costs in the engineering report.
Net income	241,945	(3) + (4) - (5)
Capitalization rate	4.3%	Appraised by considering the income and capital fluctuation risk, in addition to the discount rate
Discounted cash flow method	5,330,000	
Discount rate	Non-cancellable period 4.2% Cancellable period 4.4%	Appraised by comprehensively taking into account overall transaction market trends, etc. after considering risk factors of location and individual characteristics of the subject real estate as well as standard cap rate.
Terminal capitalization rate	4.5%	Appraised by considering uncertainty of fluctuation projections for future net income, future deterioration of the building, and risk of sale, in addition to the cap rate.
Total estimated price	5,140,000	
Proportion of land	50.1%	
Proportion of building	49.9%	
Other items that the appraiser paid attention to in its appraisal	-	

Features of Property

(Location)

The location of the New Property is suitable for a facility at the airport and frequent transportation and delivery as a logistics base handling air cargo, because it has good access to Gate 6 of Narita Airport located 5km away. In addition, the property is 9km away from the Shin-Kuko Interchange on the Shin-Kuko Expressway and 2.5km away from Route 296, ensuring a certain level of convenience in the surrounding area where commuting by car is the mainstream. Due to the unlikeliness of receiving noise complaints from surrounding residents, it also has high location potential as a logistics location near Narita Airport.

(Features of Property)

The New Property is a two-story logistics property. There is one gateway, with a central carriageway on the first and second floors and direct access to the second floor via a ramp. As for the storage function, the pillar spans are 11.0m x 10.0m on the west side of the center carriageway and 11.0m x 11.0m on the east side, meeting the general-purpose standard. The property also has office functions and a parking lot for 105 cars, making it a low-floor logistics property suitable for handling air cargo. In addition, the current tenant has been using the property as a delivery base for a long time since its completion, and stable operations can be expected in the future.

4. Overview of the Previous Owner

The previous owner is a limited liability company in Japan but is not disclosed because consent is not obtained from the previous owner about the disclosure of its name, etc. The company does not have any capital, personnel, or business relationships that should be stated here with SLR or SRM. No stakeholders or affiliates of SLR or SRM have any noteworthy capital, personnel, or business relationships with any stakeholders or affiliates of the company. The company and its stakeholders and affiliates are not related parties of SLR or SRM.

5. Descriptions of Acquirers of Properties

The New Property will not be acquired from special related parties of SLR or SRM.

6. Overview of the Intermediary

Not applicable

7. Outlook

The impact of the acquisition of the New Property on the investment results of SLR for the fiscal period ending November 30, 2021 (the 4th period; from June 1, 2021 to November 30, 2021) and the fiscal period ending May 31, 2022 (the 5th period; from December 1, 2021 to May 31, 2022) is minor, and the forecasts for investment results remain unchanged.

* For more information about SLR, please visit: <https://sosila-reit.co.jp/en/>

Attachments:

Reference Material 1: Portfolio list after the acquisition of the New Property

Reference Material 2: Appearance of the New Property and Map of Surrounding Area

Reference Material 1: Portfolio list after the acquisition of the New Property

Classification	Property Number (Note 1)	Property Name	Location	(Anticipated) Acquisition Date (Note 2)	(Anticipated) Acquisition Price (million yen) (Note 3)	Ratio of Investment (%) (Note 4)	Appraisal Value (million yen) (Note 5)	Appraisal NOI Yield (%) (Note 6)
Logistics property	L-01	SOSiLA Yokohama Kohoku (quasi-co-ownership interest of 80%) (Note 7)	Yokohama City, Kanagawa (Kanto Area)	December 10, 2019	24,840	23.4	27,360	4.6
	L-02	SOSiLA Sagami-hara	Sagami-hara City, Kanagawa (Kanto Area)	December 10, 2019	12,820	12.1	14,100	4.9
	L-03	SOSiLA Kasukabe	Kasukabe City, Saitama (Kanto Area)	December 10, 2019	10,300	9.7	11,000	5.0
	L-04	SOSiLA Kawagoe	Kawagoe City, Saitama (Kanto Area)	December 10, 2019	4,124	3.9	4,870	5.6
	L-05	SOSiLA Nishiyodogawa I	Osaka City, Osaka (Kansai Area)	December 10, 2019	17,470	16.5	19,300	5.3
	L-06	LiCS Hiratsuka LastMileCenter	Hiratsuka City, Kanagawa (Kanto Area)	October 16, 2020	1,200	1.1	1,230	4.8
	L-07	SOSiLA Ebina (quasi-co-ownership interest of 62%) (Note 7)	Ebina City, Kanagawa (Kanto Area)	December 4, 2020	14,694	13.8	14,900	4.4
	L-08	SOSiLA Nishiyodogawa II	Osaka City, Osaka (Kansai Area)	December 4, 2020	8,404	7.9	8,710	5.1
	L-09	LiCS Narita	Shibayama Town, Sambu District, Chiba (Kanto Area)	October 20, 2021	5,250	4.9	5,420	4.8
Industrial property	I-01	Hokko Oil Tank (land with leasehold interest) (Note 8)	Osaka City, Osaka (Kansai Area)	December 10, 2019	3,210	3.0	3,290	5.2
	I-02	Nanko Boarding Yard (land) (Note 8)	Osaka City, Osaka (Kansai Area)	December 10, 2019	3,800	3.6	3,860	5.0
Total (average)			-	-	106,112	100.0	114,040	4.9

- (Note 1) “Property Number” is the classification of the properties owned by SLR or the properties to be acquired by dividing them into logistics property (L) and industrial property (I), and the number is given in each classification.
- (Note 2) “(Anticipated) Acquisition Date” is the (anticipated) acquisition date set forth in the purchase and sales agreement for each property owned by SLR or each property to be acquired. Anticipated acquisition date may be changed upon agreement between SLR and the relevant seller.
- (Note 3) “(Anticipated) Acquisition Price” is the (anticipated) sales price of each property owned by SLR or each property to be acquired set forth in the purchase and sales agreement. The sales price does not include consumption tax, local consumption tax and expenses required for the acquisition.
- (Note 4) “Ratio of Investment” is the ratio of the (anticipated) acquisition price of each property owned by SLR or each property to be acquired to the total (anticipated) acquisition price. The ratio is rounded to the first decimal price. The sum of the ratios of investment of individual properties may be different from the figure in the Total row.
- (Note 5) “Appraisal value” is the appraisal value on May 31, 2021 for the properties owned by SLR or June 30, 2021 for the properties to be acquired, as stated in the real estate appraisal report. Japan Real Estate Institute, The Tanizawa Sogo Appraisal, Daiwa Real Estate Appraisal and JLL Morii Valuation & Advisory are commissioned to calculate appraisal values.
- (Note 6) “Appraisal NOI yield” is the ratio of the appraisal NOI of each property owned by SLR and each property to be acquired (net operating income calculated by the direct capitalization method stated in the real estate appraisal report as of May 31, 2021 as to the properties owned by SLR or June 30, 2021 as to the properties to be acquired for logistics properties, and net operating income in the first year calculated by the DCF method stated in the real estate appraisal report as of May 31, 2021 for industrial properties) to the (anticipated) acquisition price for each property. The appraisal NOI yield is rounded to the first decimal place. The appraisal NOI yield for each of SOSiLA Yokohama Kohoku (quasi-co-ownership interest of 80%) and SOSiLA Ebina (quasi-co-ownership interest of 62%) is the ratio for the quasi-co-ownership interest ratio (80% and 62%, respectively) of the property. The ratio is rounded to the first decimal place. In the Total (average) row, the weighted average of the properties owned by SLR or the properties to be acquired based on the (anticipated) acquisition prices is stated.
- (Note 7) For the acquisition price and appraisal value for SOSiLA Yokohama Kohoku (quasi-co-ownership interest of 80%) and SOSiLA Ebina (quasi-co-ownership interest of 62%), the figures corresponding to the percentages of the quasi-co-ownership interest (80% and 62%, respectively) of these properties are used.
- (Note 8) “Land with leasehold interest” at the end of the property name means that the property is land with a land leasehold right. The “land” at the end of the property name means that the property is land with superficies that is not a land leasehold right, or land with the right to lease land.

Reference Material 2: Appearance of the New Property and Map of Surrounding Area

