

For Immediate Release

Real Estate Investment Trust

 Japan Logistics Fund, Inc. (Security Code: 8967)
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Asset Management Company

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Notice Concerning the Acquisition of Real Estate Asset
(Settsu Logistics Center)

Mitsui & Co., Logistics Partners Ltd. (hereinafter referred to as “MLP”), the asset management company of Japan Logistics Fund, Inc. (hereinafter referred to as “JLF”), announced today that MLP has decided to acquire a new asset (hereinafter referred to as the “Acquisition”) as detailed below:

1. Outline of the Acquisition

(1) Asset acquired (hereinafter referred to as the “Asset Acquired”)

Property number	T-15
Name of the property	Settsu Logistics Center
Date of contract	April 27, 2024
Planned date of delivery (Note 2)	June 28, 2024
Planned acquisition price (Note 3)	862 million yen
Appraisal value	1,710 million yen
Discount from appraisal value (Note 4)	49.6%
Appraisal NOI yield (based on planned acquisition price) (Note 5)	10.9%
Seller	Not disclosed (Note6)
Brokerage	Not applicable

(Note 1) Amounts have been rounded to the nearest million yen. The same applies hereafter for units of million yen.

(Note 2) If JLF and sellers agree to a different date, that agreed-upon date shall apply. The same applies hereafter.

(Note 3) The amount provided is the purchase amount (excluding consumption tax and local consumption tax) stipulated under purchase agreement (hereinafter referred to as “The Purchase Agreement”) related to the asset acquisition.

(Note 4) Discount from appraisal value = (Appraisal value - planned acquisition price) ÷ Appraisal value X 100

(Note 5) Appraisal NOI yield (based on planned acquisition price) = Appraisal NOI ÷ planned acquisition price X 100 (rounded to the first decimal point)

NOI is the amount of net operating income that serves as the basis for pricing using the direct capitalization approach as stated in the appraisal report.

Furthermore, after the Acquisition, JLF plans to carry out repair work, etc. to ensure the building's legal compliance. MLP estimates the amount of the repair work, etc. to be 73 million yen, and the adjusted appraisal NOI yield calculated using the following formula considering these amounts is 10.0%.

Adjusted appraisal NOI yield = Appraisal NOI ÷ (planned acquisition price + the amount of the repair work, etc.) X 100

(Note 6) The sellers are individuals and a limited liability company that remain undisclosed because consent has not been obtained from the sellers. The sellers are not interested parties or the like under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including revisions enforced thereafter).

(2) Funds for the acquisition

Funds on hand

(3) Payment method

Lump-sum payment on the date of delivery

The Purchase Agreement qualifies as a forward commitment (Note) as stipulated by the Comprehensive Guidelines for the Supervision of Financial Instruments Operators, etc., set forth by the Financial Services Agency. Please refer to “9. Financial impact on JLF in the event the forward commitment cannot be performed” regarding the contents of the termination clause.

(Note) A post-dated acquisition contract, in which the actual transactions or closing take place one month or more after the conclusion of a contract. The same applies hereafter.

2. Rationale for the Acquisition

Under its growth strategy, Develop the Value, JLF has implemented strategies that leverages its unique competitive strengths and ability to respond to changes in the external environment to pursue its forward-looking target of reaching a DPU of 5,600 to 5,700 yen.

Amid inflation, interest rate hikes, and a variety of other changes to the external environment, JLF's investment unit price has shown weakness of late, causing JLF's capital cost to rise. Amid this environment, JLF has newly decided on the Acquisition as a capital cost improvement measure, following the implementation of investment unit buybacks and cancellation implemented between November 2023 and January 2024, and the property replacement conducted in March 2024.

We believe that the Acquisition is a transaction that contributes to the improvement of NAV per unit (Note 1) of JLF, as the Asset Acquired is acquired at a price significantly lower than the appraisal value. In addition, the appraisal NOI yield of the Asset Acquired is significantly higher than the implied cap rate (Note 2) of JLF, and therefore, we believe that the Acquisition will contribute to improving the profitability of the portfolio and the capital efficiency.

We believe the Acquisition will lead to improved capital cost, increased unitholder returns through enhanced DPU, and increased unitholder value over the medium to long term. Following the execution of the Acquisition, JLF will continue to study implementing appropriate investment strategies and capital policies with flexibility and agility depending on its investment unit price and capital cost, among other factors.

(Note 1) Net Asset Value per unit is a measure of net asset value per unit that divides the net asset value reflecting difference between the book value and appraisal value of portfolio assets by the total number of investment units issued and outstanding.

(Note 2) Implied cap rate is the investor's property demand yield, calculated on the basis of unit price, using the following formula. Total appraised NOI of JLF-owned properties ÷ [total market value of JLF's units + total interest-bearing debt + security deposits and guarantee money + security deposits and guarantee money in trust + long-term deposits - (cash and deposits + cash and deposits in trust)]

3. Strengths of the Asset Acquired

[T-15 Settsu Logistics Center]

Highlights of the Acquisition

- **Off-market transaction with other players leveraging MLP's own network.**
- **Acquired at a price well below the appraisal value (discount from appraisal value: 49.6%)**
- **Acquired at appraisal NOI yields well above implied cap rate (appraisal NOI yield: 10.9%)**
- **Close to the central consumption area of Osaka, and is well located as a base for regional delivery and collection and delivery to urban areas.**

a. Location

- Located close to the central consumption area of Osaka City and near the Osaka Central Loop Line that connects the Hokusetsu area (northern Osaka area) with the Higashi-Osaka and Matsubara areas, the location is highly convenient in terms of transportation for regional deliveries.
- Located 5.0 km from the Settsu-kita Interchange on the Kinki Expressway and 0.3km from Prefectural Road 16, the site has excellent road access as a relay point for inter-city transportation. It is highly suitable as a base for collection and delivery to urban areas as well as for wide-area delivery that covers the greater Osaka area.
- The area is surrounded by residential areas, and as the inland core city of Osaka, it is a bedroom community that can secure an abundant labor force.

b. Specification

- Four-story box-type logistics center with a gross floor area of approximately 2,778 tsubo and has a certain level of versatility.
- Rare and highly competitive facility as there are many small to medium sized and old warehouses in the surrounding area

c. Tenant

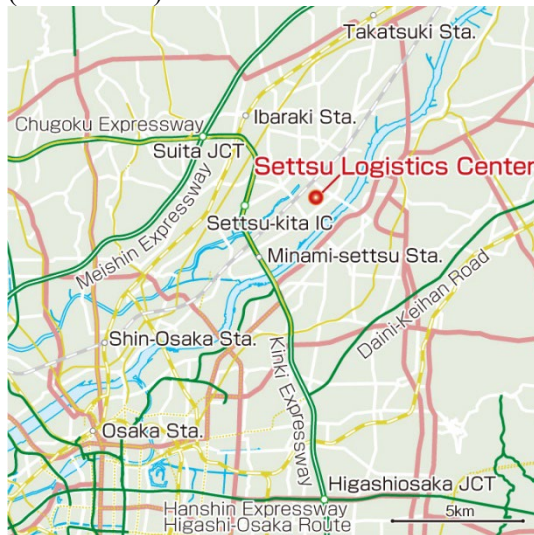
- A major logistics company has moved in and used it as a delivery base in Osaka for multiple shippers.

Photograph

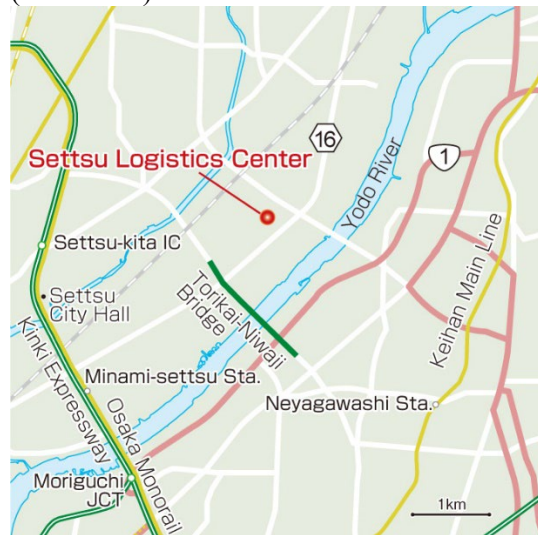


Map

(Zoomed out)



(Zoomed in)



4. Details of the Asset Acquired

[T-15 Settsu Logistics Center]

Overview of the asset					
Asset type	Real estate	Outline of engineering report	Surveyor	TAKENAKA CORPORATION	
Planned acquisition date	June 28, 2024		Date of report	April 10, 2024	
Planned acquisition price	862 million yen		Emergency repairs	12,900 thousand yen	
Appraisal value	1,710 million yen		Short-term repairs	8,490 thousand yen	
Trustee	—		Long-term repairs	610,300 thousand yen	
Winding up of the trust	—		PML value	7.1%	
Land	Location	2-1-21, Torikai-kami, Settsu City, Osaka	Building	Structure/Floors	4-story steel flame structure with an alloy plated steel sheet roof
	Area	4,956.78m ²		Timing of construction	May 25, 1992
	Zoning	Semi-industrial zoning area		Gross floor area	8,108.40m ²
	Plot ratio	200%		Gross leasable area	8,108.40m
	Building-to-land ratio	60%		Use	Warehouse, Office
	Form of ownership	Ownership rights		Form of ownership	Ownership rights
Property management company	Jones Lang LaSalle K.K.	Collateral	None		
Number of tenants	1	Name of tenants	Muroo Co., Ltd.		
Annual rent	Not disclosed (Note)	Deposits and guarantees	Not disclosed (Note)		
Space leased	8,108.40m ²	Occupancy rate	100.0%		
Remarks: <ul style="list-style-type: none"> • In the engineering report, there are several items pointed out concerning the Fire Defense Law or the Building Standard Law, etc. However, JLF plans to correct these items promptly after the acquisition date of the Asset Acquired. • The cubicle that may contain low-concentration PCB is managed appropriately. Moreover, an included survey analysis is scheduled to be conducted after the acquisition and notification regarding the state of storage is scheduled to be filed to the relevant government agencies in accordance with law if inclusion is confirmed in the survey. 					
(Note) Not disclosed as the tenant's consent could not be obtained.					

5. Outline of the Counterparties for the Acquisition

The sellers are individuals and a limited liability company about which detailed information remains undisclosed because consent has not been obtained from the sellers. As of today, there are no noteworthy capital, personnel, or transactional relationships between the sellers and JLF or MLP and the sellers are not related parties of JLF or MLP.

6. Status of the Counterparties for the Acquisition

The sellers in the Acquisition are not interested parties in JLF or MLP.

7. Outline of the broker

The Acquisition does not use a broker.

8. Transaction with an interested party

The Acquisition is not a transaction with an interested party.

9. Financial impact on JLF in the event the forward commitment cannot be performed

The termination clause that is to be stipulated in The Purchase Agreement is as follows. However, the failure to complete the financing of the amount equivalent to the purchase price for reasons other than JLF shall not constitute a default of the JLF's obligations under The Purchase Agreement. Therefore, except in the case of a breach by JLF of its obligations under The Purchase Agreement, JLF shall not be obligated to pay any penalties, etc., as described below. Therefore, even if JLF is unable to complete the financing and fulfill its forward commitments, etc., it is unlikely that this will have a material impact on JLF's financial foundation.

- (1) If either party breaches The Purchase Agreement, the other party may request performance specifying a reasonable period and may cancel The Purchase Agreement if performance is not made within such period.
- (2) If either party cancels The Purchase Agreement based on (1) above, the party that cancels may demand a penalty payment from the other party up to an amount equivalent to 20% of the purchase price less an amount equivalent to consumption tax and local consumption tax. In addition, the party in breach of The Purchase Agreement shall indemnify the other party for any and all damages incurred by the other party due to the breach of said agreement.

10. Future outlook

The impact of the Acquisition on the financial results for the fiscal period ending July 2024 (February 1, 2024 to July 31, 2024) and the fiscal period ending January 2025 (August 1, 2024 to January 31, 2025) is minimal on the forecast, and there is no change on the forecast.

11. Outline of the appraisal report

[T-15 Settsu Logistics Center]

Outline of the appraisal report	
Appraisal value	1,710 million yen
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.
Timing of pricing	April 1, 2024

Category	Details	Overview
Income approach	1,710 million yen	
Direct capitalization approach	1,790 million yen	
Operating revenues	Not disclosed (Note)	
Total potential revenue	Not disclosed (Note)	
Vacancies and other losses	Not disclosed (Note)	
Operating expenses	Not disclosed (Note)	
Maintenance expenses	0 yen	
Utilities	0 yen	
Maintenance and repairs	8 million yen	
PM fee	Not disclosed (Note)	
Tenant recruitment costs, etc.	Not disclosed (Note)	
Real estate taxes	7 million yen	
Property insurance premium	Not disclosed (Note)	
Other expenses	2 million yen	
Net operating revenues	93 million yen	
Investment gain on lump-sum payment	Not disclosed (Note)	
Capital expenditures	Not disclosed (Note)	
Net revenues	69 million yen	
Cap rate	3.9 %	
DCF approach	1,670 million yen	
Discount rate	3.6 %	
Terminal cap rate	4.0 %	
Cumulative price	1,570 million yen	
Land (ratio)	78.2 %	
Building (ratio)	21.8 %	
Matters taken into consideration in deciding the appraisal value	There is no applicable matter.	
(Note)	The information as to this item is not disclosed because disclosure of such information may lead to speculation about the level of leasing conditions and outsourcing costs, which may adversely affect the efficient management of JLF and thus harm the interests of unitholders.	

Attachments

Post-acquisition portfolio list

End

* JLF's website: <https://8967.jp/en/>

This notice is the English translation of the announcement in Japanese on our website. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

Attachments

Post-acquisition portfolio list

Property number	Name of the Property	Location	Acquisition price (Millions of yen)	% of portfolio (Note 1)
M-2	Urayasu	Urayasu, Chiba	8,745 (Note 2)	3.0%
M-3	Hiratsuka	Hiratsuka, Kanagawa	1,466	0.5%
M-4	ShinKiba	Koto-ku, Tokyo	2,454	0.8%
M-5	Urayasu Chidori	Urayasu, Chiba	6,000	2.1%
M-6	Funabashi Nishiura	Funabashi, Chiba	5,700	2.0%
M-8	Kawasaki	Kawasaki, Kanagawa	10,905	3.7%
M-9	Narashino	Narashino, Chiba	1,690	0.6%
M-11	Yachiyo	Yachiyo, Chiba	7,892 (Note 3)	2.7%
M-12	Yokohama Fukuura	Yokohama, Kanagawa	9,800	3.4%
M-13	Yachiyo II	Yachiyo, Chiba	5,300	1.8%
M-15	Ichikawa	Ichikawa, Chiba	4,550	1.6%
M-16	Shinonome	Koto-ku, Tokyo	11,800 (Note 4)	4.1%
M-17	Narashino II	Narashino, Chiba	7,875 (Note 4)	2.7%
M-18	Ichikawa II	Ichikawa, Chiba	17,415 (Note 4)	6.0%
M-19	Souka	Souka, Saitama	14,440 (Note 5)	5.0%
M-20	Tatsumi	Koto-ku, Tokyo	9,000	3.1%
M-21	Kashiwa	Kashiwa, Chiba	3,725	1.3%
M-22	Musashimurayama	Musashimurayama, Tokyo	8,650	3.0%
M-23	Kashiwa II	Kashiwa, Chiba	3,795 (Note 6)	1.3%
M-24	Shin-Koyasu	Yokohama, Kanagawa	9,696 (Note 4)	3.3%
M-25	Misato	Misato, Saitama	3,873	1.3%
M-26	Sagamihara	Sagamihara, Kanagawa	8,032	2.8%
M-27	Chiba Kita	Chiba, Chiba	1,459	0.5%
M-28	Chiba Kita II	Chiba, Chiba	4,608	1.6%
M-29	Urayasu Chidori III	Urayasu, Chiba	1,053	0.4%
M-30	Zama	Zama, Kanagawa	1,728	0.6%
M-31	ShinKiba II	Koto-ku, Tokyo	15,270	5.2%
M-32	Yokohama Machida	Machida, Tokyo	25,452	8.7%
M-34	Shiroi	Shiroi, Chiba	3,875	1.3%
M-35	Toda	Toda, Saitama	2,052	0.7%

Property number	Name of the Property	Location	Acquisition price (Millions of yen)	% of portfolio (Note 1)
M-36	Ichikawa III	Ichikawa, Chiba	3,850	1.3%
M-37	Fujisawa	Fujisawa, Kanagawa	4,305	1.5%
M-38	Hanyu	Hanyu, Saitama	1,705	0.6%
M-39	Saitama Kisai	Kazo, Saitama	4,010	1.4%
M-40	Kazo	Kazo, Saitama	3,790	1.3%
M-41	Kuki	Kuki, Saitama	8,577 (Note 4)	2.9%
M-42	Itabashi	Itabashi-ku, Tokyo	4,105	1.4%
Tokyo Metropolitan Area subtotal			248,644	85.4%
T-1	Daito	Daito, Osaka	9,762 (Note 7)	3.4%
T-2	Osaka Fukuzaki	Osaka, Osaka	4,096	1.4%
T-3	Kiyosu	Kiyosu, Aichi	3,010 (Note 8)	1.0%
T-4	Kadoma	Kadoma, Osaka	989	0.3%
T-5	Komaki	Komaki, Aichi	2,100	0.7%
T-6	Komaki II	Komaki, Aichi	1,800	0.6%
T-7	Fukuoka Hakozaki Futo	Fukuoka, Fukuoka	2,797	1.0%
T-9	Fukuoka Kashiihama	Fukuoka, Fukuoka	2,750	0.9%
T-10	Kasugai	Kasugai, Aichi	3,500 (Note 9)	1.2%
T-11	Takatsuki	Takatsuki, Osaka	1,560 (Note 10)	0.5%
T-12	Aisai	Aisai, Aichi	2,510	0.9%
T-13	Osaka Nishiyodogawa	Osaka, Osaka	2,600	0.9%
T-15	Settsu	Settsu Osaka	862 (Note 11)	0.3%
Osaka, Nagoya, Fukuoka Areas subtotal			38,337	13.2%
O-1	Maebashi	Maebashi, Gunma	1,230	0.4%
O-5	Sendaiko-kita	Sendai, Miyagi	1,600	0.5%
O-6	Ishikari	Ishikari, Hokkaido	1,311 (Note 4)	0.5%
Other subtotal			4,141	1.4%
Portfolio total			291,123	100.0%
Forward commitment assets				
T-14	Amagasaki	Amagasaki, Hyogo	TBD (Note 12)	-

(Note 1) Portfolio percentages are rounded to the first decimal point. The planned acquisition date of T-14 Amagasaki Logistics Center is undetermined as of today. (For details, see the Notice Concerning Acquisition of New Assets dated December 22, 2021, and the Notice Concerning Change of the Seller and the Like of a New Asset dated January 19, 2023.)

- (Note 2) The figure is calculated by subtracting the amount corresponding to the building demolished in December 2020, which is 432 million yen, from the purchase price of 2,902 million yen stated in the original purchase agreement, and adding the construction price of 6,275 million yen for the redevelopment of the building.
- (Note 3) The figure is calculated by subtracting the amount corresponding to the building demolished in July 2013, which is 603 million yen, from the purchase price of 2,266 million yen stated in the original purchase agreement, and adding the construction price of 6,230 million yen for the redevelopment of the building.
- (Note 4) The figures provided correspond to the respective quasi-co-ownership interests. Shinonome Logistics Center: 47%. Narashino Logistics Center II: 90%. Ichikawa Logistics Center II: 90%. Shin-Koyasu Logistics Center: 51%. Kuki Logistics Center: 44.5%. Ishikari Logistics Center: 55%.
- (Note 5) The amount provided here is the sum of the acquisition prices from March 27, 2012, and February 6, 2017.
- (Note 6) The amount provided here is the sum of the acquisition prices from September 20, 2013, and March 1, 2018.
- (Note 7) The figure is calculated by subtracting the amount corresponding to the building demolished in July 2009, which is 291 million yen, from the purchase price of 7,617 million yen stated in the original purchase agreement, and adding the construction price of 2,437 million yen for the redevelopment of the building.
- (Note 8) The figure is calculated by adding the construction price of 2,325 million yen for the redevelopment of the building to the purchase price of 685 million yen stated in the original purchase agreement.
- (Note 9) The figure is calculated by adding the purchase price of 2,670 million yen for the newly constructed building resulting from the redevelopment project to the purchase price of 830 million yen stated in the original purchase agreement.
- (Note 10) The amount provided here is the sum of the acquisition prices from October 2, 2017 and October 31, 2019.
- (Note 11) The amount is the purchase amount set forth in The Purchase Agreement.
- (Note 12) The trust beneficiary right purchase agreement entered into between JLF and Ricoh Leasing Company, Ltd. related to the acquisition of the Amagasaki Logistics Center assumes the following depending on whether the planned date of delivery falls under the following scenarios (1) through (3).
- (1) Any day between the day that Ricoh Leasing acquired the trust beneficiary interest in the property to the day before the first anniversary of Ricoh Leasing's acquisition date (assumed to be between April 3, 2023 and April 2, 2024 as of the date of this document)
4,384 million yen
However, Ricoh Leasing's holding period for the property will be decided based on a price that achieves a predetermined IRR.
- (2) Any day between the first anniversary of the day that Ricoh Leasing acquired the trust beneficiary interest in the property to the day before the second anniversary of Ricoh Leasing's acquisition date (assumed to be between April 3, 2024 and April 2, 2025 as of the date of this document)
4,302 million yen
However, Ricoh Leasing's holding period for the property will be decided based on a price that achieves a predetermined IRR.
- (3) Any day between the second anniversary of the day that Ricoh Leasing acquired the trust beneficiary interest in the property to the day before the third anniversary of Ricoh Leasing's acquisition date (assumed to be between April 3, 2025 and April 2, 2026 as of the date of this document)
4,222 million yen
However, Ricoh Leasing's holding period for the property will be decided based on a price that achieves a predetermined IRR.