Japan Logistics Fund, Inc.
日本ロジスティクスファンド投資法人

March 12, 2025

For Immediate Release

Real Estate Investment Trust
Japan Logistics Fund, Inc. (Security Code: 8967)
Representative: Seiichi Suzuki, Executive Director

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Notice Concerning the Acquisition of Real estate trust beneficiary right and Disposition of Real Estate Asset (Acquisition of Inzai Logistics Center and Disposition of Komaki 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"), announces today that MLP has decided to acquire a new asset and dispose an existing asset (hereinafter referred to as "The Acquisition" and "The Disposition", respectively, and "The Transaction", collectively) as detailed below:

1. Outline of The Acquisition and The Disposition

(1) Asset acquired (hereinafter referred to as the "Asset Acquired")

Property number	M-44
Name of the property	Inzai Logistics Center
Date of contract	March 12, 2025
Planned date of delivery (Note 2)	March 19, 2025
Planned acquisition price (Millions of yen) (Note 3)	1,313
Appraisal value (Millions of yen)	1,430
Discount from appraisal value (Note 4)	8.2%
Appraisal NOI yield (based on planned acquisition price) (Note 5)	4.4%
Seller	SGREALTY CO., LTD.
Brokerage	Applicable

(Note 1) Amounts have been rounded down to the nearest million yen. The same applies hereafter for units of million yen. Percentages have been rounded off to the first decimal point place. The same applies to percentages hereafter.
(Note 2) If JLF and the seller agree to a different date, that agreed-upon date shall apply. The same applies hereafter.

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

(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
Appraisal 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.

(2) Asset disposed (Hereinafter referred to as the "Asset Disposed". "The Property" shall hereinafter refer to the Asset Acquired or Asset Disposed individually or collectively.)

Property number	T-5
Name of the property	Komaki Logistics Center
Date of contract	March 12, 2025
Planned date of delivery	March 28, 2025
Planned disposition price (Millions of yen) (Note 1)	2,350
Book value (Millions of yen) (Note 2)	1,758
Difference between the planned disposition price and book value (Millions of yen) (Note 3)	591
Appraisal value (Millions of yen)	2,050
Buyer	Not disclosed (Note 4)
Brokerage	Not applicable

(Note 1) Excludes disposition expenses, settlement of property and city planning taxes, and consumption tax.

(Note 2) The values provided are as of the planned disposition date.

(Note 3) This does not represent capital gain or loss; rather, it is a reference value calculated as the difference between the planned disposition price and the book value.

(Note 4) The buyer is a domestic special purpose company that remains undisclosed because consent has not been obtained from the buyer. The buyer is not an interested party or the like under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including revisions enforced thereafter).

(3) Funds for the acquisition and disposition

a. The Acquisition (Inzai Logistics Center)

- Funds for the acquisition: Funds on hand
- Payment method: Lump-sum payment on the date of delivery

b. The Disposition (Komaki Logistics Center)

- Funds from the disposition: Funds on hand and cash distributions
- Payment method: Lump-sum payment on the date of delivery

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2. Rationale for the Transaction

JLF understands the fact that the investment unit price has remained at a discount to the NAV per unit (Note 1) as an issue, and in September 2024, announced a new growth strategy, "Develop the Value 2.0," and set an immediate distribution target of 2,100 yen (Note 2) per unit. Initially, we had planned to achieve the target over a period of three to four years, but we considered it undesirable for such weak unit price trends to continue over a long period of time, and decided to acquire and dispose of assets through swaps and to acquire an asset (Note 3) in January 2025. As a result, the distribution per unit forecast for the fiscal period ending July 31, 2025, was raised to 2,150 yen, and the target is expected to be achieved early. However, the investment unit price of JLF continues to remain at a discount to the NAV per unit. In order to achieve a recovery in the unit price level, we would like to lower the dividend yield hurdle through promoting the probability that the distributions per unit, which are significantly higher than before, will be sustained in the future, and the growth potential of the distribution per unit.

Under these circumstances, we decided on the Transaction in order to realize and promote the growth potential of the distribution per unit and the sustainability of the distribution per unit level, which is higher than the previous level.

Since acquiring the Komaki Logistics Center, the asset to be disposed, in 2007, we have worked to maximize its asset value. In the recent past, we have re-signed a lease agreement with a tenant at a rent level considered to be in the upper range of market rents, and therefore, we have determined that the asset value of the Property has been maximized and have made it a target for dispose. IRR over the holding period (Note4) is projected to be 5.0%. Inzai Logistics Center, the property to be acquired, is located in a convenient location with excellent access to National Route 16 and the Higashi-Kanto Expressway, covering a wide area of the Tokyo metropolitan area. The Property has a rental gap (Note 5), and we believe that the property is expected to improve profitability in the future.

Since March 2024, we have sold three properties that were deemed to have maximized asset value, while acquiring four properties that we expect will improve profitability in the future. The Transaction is a follow-up to these initiatives, and we intend to improve the profitability of the portfolio through capital recycling.

We believe the Transaction will improve capital cost and lead to increased unitholder returns and unitholder value through a higher DPU. Following the Transaction, we will continue to deploy our Develop the Value 2.0 strategy with a careful eye on unit price, capital cost, and the like.

(Note1) "NAV (Net Asset Value) per unit" is a value of net assets, reflecting unrealized gain/loss, which is the difference between the book value and appraisal value of portfolio assets, is divided by the number of investment units issued and outstanding.

(Note2) JLF conducted a three-for-one investment unit split with a record date of January 31, 2025, and an effective date of February 1, 2025. In conjunction, the DPU target was changed to 2,100 yen from 6,300 yen.

(Note3) For details of the acquisition and disposition of properties through swaps, please refer to "Notice Concerning the Acquisition and Disposition of Domestic Real Estate Trust Beneficiary Rights through Swaps and the Acquisition of Domestic Real Estate Trust Beneficiary Rights, as well as the Resulting Dissolution and Commencement of Lease Agreements for Operating Assets" and "Notice Concerning Revision of Forecast for the Six-Month Period Ending July 31, 2025" on January 16, 2025.

(Note4) IRR is calculated assuming as the holding period the period from December 14, 2007, through the planned disposition date. The holding period NCF is calculated based on actual NCF after December 14, 2007 and expected NCF until the planned disposition date in the fiscal period ending July 2025.

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(Note5) "rental gap" refers to the difference between the market rent for the Property and the rental level stipulated in the lease agreement effective as of the date of this document. Market rent is only reference values that MLP company assumes based on surrounding examples, etc.

3. Strengths of the Asset Acquired

【M-44 Inzai Logistics Center】

Highlights of The Acquisition

- **Excellent access to National Route 16 and the Higashi-Kanto Expressway. Location is highly convenient, functioning not only as a regional distribution base covering a wide area of the Tokyo metropolitan area, but also as a relay base for air cargo at Narita Airport.**
- **Low-rise facility with high delivery efficiency due to no time loss caused by up and down transportation of cargo.**
- **Effective ceiling height and effective column spacing are superior to standard specifications in terms of storage capacity and can accommodate a variety of tenant industries.**

a. Location

・ The Property is located about 5.7 km from National Route 16, a major ring road in the Tokyo metropolitan area, and about 3.5 km from National Route 464 (Kita-Chiba Road), which connects inland Chiba Prefecture, eastern part of Tokyo, and Narita International Airport, providing excellent access to general trunk roads. It is conveniently located as a regional logistics base covering the consumption areas in the eastern part of the Tokyo metropolitan area, including the central parts of Chiba and Saitama prefectures and the eastern part of Tokyo.

・ The Property has access to the Chiba-Kita Interchange on the Higashi-Kanto Expressway (about 14 km), enabling it to cover a wide area of the Tokyo metropolitan area, and serves as a relay base for air cargo from the nearby Narita Airport.

・ Located in Matsuzaki Industrial Park, with a concentration of logistics facilities and other industrial facilities in the surrounding area, allowing 24-hour operation.

・ Since the population of Inzai City is continuously increasing due to the Chiba New Town project and other factors, it is possible to secure labor from Inzai City or neighboring cities.

b. Facilities

・ The low-floor, single-story logistics facility with the total floor area of 1,610 tsubo. The facility has high delivery efficiency with no time loss caused by the up and down transportation of cargo.

・ The floor load is 1.5t/㎡, the effective ceiling height is more than 6.5m, 1m higher than standard specifications, and the effective column spacing is 7.5m x 25m, which is superior to standard specifications in terms of storage capacity, making the facility not only suitable for a variety of tenant industries, but also highly efficient in storage operations. The facility is also highly efficient in terms of in-warehouse operations.

・ The facility has ample passenger cars and oversized vehicle parking for workers to commute by car as well as for trucks to wait.

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Photograph



Map

(Zoomed out)



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(Zoomed in)



4. Details of the Asset Acquired and the Asset Disposed

(1) Asset Acquired

[M-44 Inzai Logistics Center]

Overview of the asset					
Asset type		Real estate trust beneficiary right	Overview	Surveyor	Tokio Marine dR Co., Ltd.
Planned acquisition date		March 19, 2025		Date of report	November 11, 2024
Planned acquisition price		1,313 million yen		Emergency and Urgent repairs	-
Appraisal value		1,430 million yen			
Trustee		Sumitomo Mitsui Trust Bank, Limited.		Mid-term repairs	57,614 thousand yen (5,761 thousand yen per year)
Winding up of the trust		March 31, 2035	PML value		1.4%
Land	Location	2-8-6, Matsuzakidai, Inzai City, Chiba	Building	Structure/Floors	Steel frame with galvanized steel sheet roof, single story building
	Area	11,274.97m²		Timing of construction	March 3, 2008
	Zoning	Semi-industrial zoning area		Gross floor area	5,321.03m²
	Plot ratio	200%		Gross leasable area	5,351.15m²
	Building-to-land ratio	60%		Use	Warehouse
	Form of ownership	Ownership rights		Form of ownership	Ownership rights
Property management company		SG REALTY CO., LTD.	Collateral		None

Leasing circumstances					
Number of tenants		1	Name of tenants		New Way K.K.
Annual rent		Not disclosed (Note)	Deposits and guarantees		Not disclosed (Note)
Space leased		5,351.15m²	Occupancy rate		100.0%
Occupancy Rates	End of March 2020	End of March 2021	End of March 2022	End of March 2023	End of March 2024
	100.0%	100.0%	100.0%	100.0%	100.0%
Remarks: Not applicable					
(Note) Not disclosed as the tenant's consent could not be obtained.					

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（2） Asset Disposed

[T-5 Komaki Logistics Center]

Overview of the asset					
Asset type		Real estate	Date of delivery		March 28, 2025
Trustee		-	Planned disposition price		2,350 million yen
Winding up of the trust		-	Book value (Note 1)		1,758 million yen
Acquisition date		December 27, 2007	Difference between sale price and book value		591 million yen
Acquisition price		2,100 million yen			
Land	Location	790-1 Nagata, Shimozue, Komaki City, Aichi	Building	Structure/Floors	①Steel-frame structure, alloyplated steel sheet roof, 2-story building ②Steel-frame structure, alloyplated steel sheet roof, single story building
	Area	11,057.18m²		Timing of construction	①August 5, 1994 ②December 7, 2023
	Zoning	Exclusively industrial area		Gross floor area	①9,486.45m² ② 76.34 m²
	Plot ratio	200%		Gross leasable area (GLA)	9,562.79m²
	Building-to-land ratio	60%		Use	①Warehouse ②Rest area
	Form of ownership	Ownership rights and land leasehold (Note2)		Form of ownership	Ownership rights
Property management company		Hankyu Hanshin Building Management Co., Ltd.	Collateral		None
Outline of the appraisal reports					
Appraiser		JLL Morii Valuation & Advisory K.K.	Timing of pricing		January 31, 2025
			Appraisal value		2,050 million yen
Leasing circumstances					
Number of tenants		1	Deposits and guarantees		Not disclosed (Note 3)
Name of tenant		NIPPON ACCESS, INC.	Space leased		9,562.79m²
Annual rent (excluding consumption tax, etc.)		Not disclosed (Note 3)			

Occupancy Rates	End of January 2021	End of January 2022	End of January 2023	End of January 2024	End of January 2025
	100.0%	100.0%	100.0%	100.0%	100.0%

Remarks:
Not applicable

(Note 1) Assumed values as of the planned disposition date.
(Note 2) Of this land, land at 798-1, 798-3, 798-4 and 798-6 Nagata, Shimozue, Komaki City (four lots, total 988.08 m²) is leased land, and such leasehold will be disposed.
(Note 3) Not disclosed as the tenant's consent could not be obtained.

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5. Outline of the Counterparties (for The Acquisition and The Disposition)

（1） Seller

【M-44 Inzai Logistics Center】

Name	SGREALTY CO., LTD.
Location	68 Kamitobatsunoda-cho, Minami-ku, Kyoto city, Kyoto
Representative	Yuzuru Hashimoto, President and CEO
Main businesses	1. Real estate leasing and management 2. Planning, development and sales of logistics, commercial and residential facilities 3. Other businesses
Capital	20,000 million yen (as of March 31, 2024)
Established	August 21, 2007
Equity	88,148 million yen (as of March 31, 2024)
Total Assets	292,477 million yen (as of March 31, 2024)
Major shareholders (ownership stake)	SG Holdings Co., Ltd. (100.0%) (as of March 31, 2024)
Relationship with JLF or MLP	
Capital relationship	There is no capital relationship between the counterparty and JLF or MLP.
Personnel relationship	There is no personnel relationship between the counterparty and JLF or MLP.
Transactional relationship	The seller is the property management company for some of JLF's assets in the fiscal period ended January 2025.
Status as a related party	The counterparty is not a related party to JLF or MLP.

（2） Buyer

[T-5 Komaki Logistics Center]

The buyer is a domestic special purpose company about which detailed information remains undisclosed because consent has not been obtained from the buyer. As of today, there are no noteworthy capital, personnel, or transactional relationships between the buyer and JLF or MLP and the buyer is not a related party of JLF or MLP.

6. Outline of the broker

[M-44 Inzai Logistics Center]

The broker is a domestic business company about which detailed information remains undisclosed because consent has not been obtained from the broker. As of today, there are no noteworthy capital or personnel relationships between the broker and JLF or MLP and the broker is not a related party of JLF or MLP, but the broker is a trustee of some of JLF's assets.

The amount of commission for the broker is an amount less than the upper limit (3% of the planned acquisition price plus 60,000 yen (excluding consumption taxes) stipulated in the Building Lots and Buildings Transaction Business Act.

[T-5 Komaki Logistics Center]

The Transaction does not use a broker.

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7. Status of the Counterparties (for acquisition, disposition and broking)

The buyer, the seller and the broker in The Transaction are not interested parties in JLF or MLP.

8. Transaction with an interested party

The Transaction is not a transaction with an interested party.

9. Future outlook

In the six-month period ending July 31, 2025 (February 1, 2025 to July 31, 2025), JLF plans to record a gain on sales of real estate in the amount of 589 million yen and plans to apply reduction entries under the provisions of Article 50 of the Corporation Tax Law of Japan, and reserve 610 million yen from gain on sale of land 1,073 million yen for reserve for tax purpose reduction entry.

For more information on the outlook for the JLF's future operations, please refer to the “REIT Financial Report for the six-month period ended January 31, 2025”, separately released today.

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10. Outline of the appraisal reports

(1) Asset Acquired

[M-44 Inzai Logistics Center]

Outline of the appraisal report	
Appraisal value	1,430 million yen
Appraiser	Japan Valuers Co., Ltd.
Timing of pricing	January 31, 2025

Category	Details	Overview
Income approach	1,430 million yen	
Direct capitalization approach	1,500 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	Not disclosed (Note)	
Utilities	0 yen	
Maintenance and repairs	2 million yen	
PM fee	Not disclosed (Note)	
Tenant recruitment costs, etc.	Not disclosed (Note)	
Real estate taxes	5 million yen	
Property insurance premium	Not disclosed (Note)	
Other expenses	0 million yen	
Net operating revenues	57 million yen	
Investment gain on lump-sum payment	Not disclosed (Note)	
Capital expenditures	Not disclosed (Note)	
Net revenues	54 million yen	
Cap rate	3.6%	
DCF approach	1,400 million yen	
Discount rate	3.4%	
Terminal cap rate	3.8%	
Cumulative price	1,430 million yen	
Land (ratio)	87.4%	
Building (ratio)	12.6%	
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.		

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(2) Asset Disposed

[T-5 Komaki Logistics Center]

Outline of the appraisal report	
Appraisal value	2,050 million yen
Appraiser	JLL Morii Valuation & Advisory K.K.
Timing of pricing	January 31, 2025

Category			Details	Overview
Income approach			2,050 million yen	
	Direct capitalization approach		2,090 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	Not disclosed (Note)	
		Utilities	0 yen	
		Maintenance and repairs	2 million yen	
		PM fee	Not disclosed (Note)	
		Tenant recruitment costs	Not disclosed (Note)	
		Real estate taxes	7 million yen	
		Property insurance premium	Not disclosed (Note)	
		Other expenses	6 million yen	
		Net operating revenues	104 million yen	
		Investment gain on lump-sum payment	Not disclosed (Note)	
		Capital expenditures	Not disclosed (Note)	
		Net revenues	89 million yen	
		Cap rate	4.3%	
	DCF approach		2,010 million yen	
		Discount rate	4.1%	
		Terminal cap rate	4.5%	
Cumulative price			1,250 million yen	
	Land (ratio)		81.6%	
	Building (ratio)		18.4%	
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.				

End

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

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