

August 1, 2022

For Immediate Release

Real Estate Investment Trust

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

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Notice Concerning Completion of Urayasu Logistics Center Redevelopment Project and Acquisition of an Asset

Japan Logistics Fund, Inc. (hereinafter referred to as “JLF”) announced that the redevelopment project (the “Project”) of the Urayasu Logistics Center (the “Property”) as announced in the "Notice Concerning Redevelopment Project of Urayasu Logistics Center" dated September 14, 2020 and the "Notice Concerning Status of Redevelopment Project of Urayasu Logistics Center" dated February 9, 2022 has been completed and JLF has acquired the building constructed under the Project (the "New Building").

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Project highlights

- **JLF's 5th OBR (Note 1) as a distinctive initiative**
- **Acquiring at an Appraisal NOI yield of 6.9% (Note 2), at a 43.2% discount from appraisal value (Note 3) and ROIC of 7.0% (Note 4)**
- **Lease agreement with a tenant started from the date of acquisition**

(Note 1) “OBR” stands for “Own Book Redevelopment”, and refers to the redevelopment of properties owned by JLF.

(Note 2) Appraisal NOI yield = Appraisal NOI* based on appraisal as of July 31, 2022 / acquisition price (rounded to the first decimal point)

* “Appraisal NOI” refers to the net operating income (i.e., the amount obtained by deducting operating expenses from operating revenues) using the direct capitalization approach as stated in a real estate appraisal report, and is the income before depreciation is deducted. Appraisal NOI differs from NCF, which is the amount after adding investment gain such as security deposits and deducting capital expenditures. The same applies hereinafter.

(Note 3) Discount from appraisal value = (Appraisal value – acquisition price) / appraisal value (Rounded to the first decimal point.) The same applies hereinafter.

(Note 4) ROIC = (Annual NOI after redevelopment - annual NOI before redevelopment) / invested capital in redevelopment
Invested capital in redevelopment is the sum of the demolition cost of the old building, the loss on disposal of fixed assets, and the construction cost of the New Building. The same applies hereinafter.

1. Outline of the acquisition

(1) Summary of the Project

Property number	Name of the Property	Acquisition date	Constructor	Acquisition price (Millions of yen)	Appraisal value (Millions of yen)	Appraisal NOI yield (Based on planned acquisition price)
M-2	Urayasu Logistics Center	August 1, 2022 (Note 1)	Hazama Ando Corporation	8,745 (Note 2)	15,400 (Note 3)	6.9%

(Note 1) Although JLF owns both the land acquired in May 2005 (the "Land") and the New Building, the date of acquisition of the New Building is indicated.

(Note 2) The acquisition price is the amount of 2,469 million yen for the land as stated in the initial purchase agreement, plus 6,275 million yen for the construction costs. Therefore, the acquisition price differs from the amount of costs required to acquire the new building.

(Note 3) The appraisal value of the Land and the New Building together as of value July 31, 2022. The same applies hereinafter.

(2) Method of payment and funds for acquisition

Payment of construction costs for new buildings is made in installments. Of the total construction cost of 6,275 million yen, 4,037 million yen has been paid to Hazama Ando Corporation, Nikken Sekkei Construction Management Inc. (Note 1), and the remaining 2,238 million yen is scheduled to be paid in August 2022. The payment will be made with the proceeds from the issuance of new investment units, borrowings and cash on hand as resolved at JLF's Board of Directors Meeting held on February 9, 2022 (Note 2).

(Note 1) For an overview of the contractors, etc., please refer to the "Notice Concerning Urayasu Logistics Center Redevelopment Project" dated September 14, 2020.

(Note 2) For details of the issuance of new investment units and borrowings, please refer to the "Notice Concerning the Issuance of New Investment Units" and "Notice Concerning Borrowing Capital" dated February 9, 2022.

2. Background of the Project

JLF began a redevelopment project on the land in September 2020 and acquired the New Building in August 2022.

The Project is the 5th OBR following Daito Logistics Center (Daito, Osaka), Yachiyo Logistics Center (Yachiyo, Chiba), Kiyosu Logistics Center (Kiyosu, Aichi) and Kasugai Logistics Center (Kasugai, Aichi). In order to achieve steady growth of the portfolio and secure stable earnings, JLF promoted the Project with the aim of increasing earnings and enhancing the asset value of the Property by leveraging the knowledge and network of Mitsui & Co., Logistics Partners Ltd, the asset management company of JLF, which has successfully completed four OBRs in the past, in the midst of heated competition for acquiring logistics facilities.

In the Property, a tenant moved in immediately after the completion of the New Building, and JLF acquired the New Building with full occupancy.

3. Features of the Project

As a result of the Project, the digestible floor-area ratio of the property was increased, the total leasable area increased by approximately 3.9 times compared to the pre-redevelopment level, and the Property was transformed into a large-scale multi-tenant logistics facility with highly versatile specifications. The increase in leasable area and in rent per unit due to improvement of building specifications grows the Property's annual NOI by 472 million

yen and its appraisal value by 10,130 million yen, thereby enhancing its asset value.

In comparison with the assumptions as of September 14, 2020 and February 9, 2022, we kept construction costs low compared to those assumptions, despite the recent increase in construction costs and concluded a lease agreement with rents exceeding the level assumed as of September 14, 2020. As a result, the Property's appraisal NOI yield (Note 1) is 6.9%, Discount from appraisal value is 43.2%, and ROIC is 7.0%.

< Effects of the Project >

	Before redevelopment (A)	After redevelopment			Increase/decrease (B)-(A)
		Assumptions (as of September 14, 2020)	Assumptions (as of February 9, 2022)	As of August 1, 2022 (B)	
Acquisition price (planned)	2,902 million yen	9,019 million yen (Note 1)	8,781 million yen (Note 1)	8,745 million yen (Note 1)	5,843 million yen (+201%)
Appraisal value	5,270 million yen (Note 2)	—	15,300 million yen (Note 3)	15,400 million yen	10,130 million yen (+192%)
Appraisal gain	2,517 million yen (Note 4)	3,186 million yen (Note 5)	6,518 million yen (Note 6)	6,654 million yen (Note 6)	4,136 million yen (+164%)
Floor area ratio (Note 7)	49.9%	195.1%	194.3%	194.3%	144.4pt
Gross leasable area	9,543.72 m ²	36,394.00 m ²	37,378.68 m ²	37,378.68 m ²	27,834.96 m ² (+292%)
Annual NOI	131 million yen (Note 8)	502 million yen (Note 9)	602 million yen (Note 10)	603 million yen (Note 10)	472 million yen (+358%)

(Note 1) The amount of 2,469 million yen for the purchase price of the land stated in the initial purchase agreement, plus 6,549 million yen in construction costs assumed as of September 14, 2020, 6,311 million yen in construction costs assumed as of February 9, 2022, and 6,275 million yen in confirmed construction costs as of August 1, 2022, were added as of the same dates.

(Note 2) The amount provided here is the appraisal value as of July 31, 2020, which is before the demolition of the old building.

(Note 3) The amount provided here is the appraisal value as of January 31, 2022. Since the building is not completed as of the timing of pricing, an appraisal of uncompleted buildings, etc. based on the real estate appraisal standards has been conducted, and the amount of such appraisal is provided here. The same applies hereinafter.

(Note 4) Appraisal value (as of July 31, 2020) minus book value (as of July 31, 2020)

(Note 5) Survey price* minus estimated book value (as of September 14, 2020)

* As the building of the Property after the redevelopment has not yet been completed, a survey report (as of September 1, 2020) was obtained from Tanizawa Sogo Appraisal Co., Ltd., which report was prepared based on a price survey adding assumed conditions to the building and its lease agreement after the completion. This price survey is not an appraisal in accordance with the real estate appraisal standards.

(Note 6) The amount as of February 9, 2022 is the appraised value (as of January 31, 2022) - acquisition price(planned), and the amount as of August 1, 2022 is the appraised value (as of July 31, 2022) - acquisition price.

(Note 7) Total floor area (floor area subject to the calculation of plot ratio) / site area x 100

(Note 8) The amount is estimated based on the assumption that the occupancy rate is 100% as of September 14, 2020, based on the actual results for the fiscal period ended July 31, 2020.

(Note 9) The amount represents an annual forecast assuming a 100% occupancy rate as of September 14, 2020, excluding special factors for the year of completion, and is not a forecast at the time of completion.

(Note 10) The figures as of February 9, 2022 and August 1, 2022 are appraisal NOI based on the appraisal as of January 31, 2022 and July 31, 2022, respectively.

a. Location

- The Urayasu area, where the Property is located, is approximately 10 km from central Tokyo, a major consumption area, and can be used not only as a regional distribution center for consumption areas, but also as a wide-area distribution center due to its easy access to major logistics infrastructure such as Tokyo Port, Haneda Airport, and Narita Airport.
- Located in an industrial park, the site can operate 24 hours a day, and the proximity to residential areas makes it easy to secure a workforce.

b. Specification

- The New building is a four-stories large multi-tenant logistics facility with a slope. It has standard facility specifications with an effective column spacing of 11.0m x 11.9m, an effective ceiling height of 5.5m, a floor loading capacity of 1.5t/m².
- The building can be divided and leased according to various tenant needs by arranging office space on both sides of the building, in addition to allowing vehicles to access the second floor via the slope.
- Appropriate groundwork and piling work have been performed to cope with liquefaction in the event of an earthquake, and BCP considerations have also been taken into account.

【Exterior view of the facility】

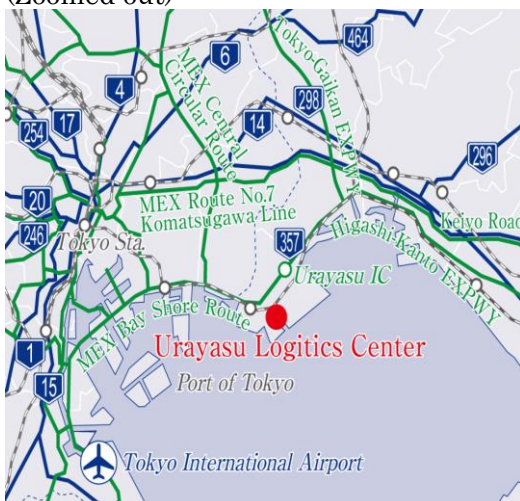


【Interior view of the facility】



【Map】

(Zoomed out)



(Zoomed in)



4. Details of the Property

(1) Outline of the Property

Overview of the asset					
Asset type		Real estate trust beneficiary right	Outline of engineering report	Surveyor	Shimizu Corporation
Acquisition date		May 9, 2005 (Land)		Date of report	July 29, 2022
		August 1,2022(Building)		Emergency repairs	-
Acquisition price (Note 1)		8,745 million yen		Short-term repairs	-
Appraisal value (Note 2)		15,400 million yen		Long-term repairs	14,000 thousand yen
Trustee		Sumitomo Mitsui Trust Bank, Limited		PML value	11.3%
Winding up of the trust		May 31, 2024			
Land	Location	79 Minato, Urayasu, Chiba	Building	Structure/ Floors (Note 3)	Reinforced concrete and steel structure , and alloy-plated steel sheet covered building, with 4 stories
	Area (Note 3)	19,136m²		Completion date (Note 3)	July 15,2022
	Zoning	Quasi-industrial area		Gross floor area (Note 3)	37,378.68m²
	Plot ratio	200%		Gross leasable area	37,378.68m²
	Building-to-land ratio	60%		Use (Note 3)	Warehouse
	Form of ownership	Ownership rights		Form of ownership	Ownership rights
Property management company		XYMAX Corporation	Collateral		None
Number of tenants		1	Name of tenant		NX NP Logistics Co., Ltd.
Annual rent (Note 4)		Not disclosed	Deposits and guarantees (Note 4)		Not disclosed
Space leased		37,378.68m²	Occupancy rate		100.0%
Remarks: Not applicable.					
(Note 1) The amount of 2,469 million yen for the purchase price of the land as stated in the initial purchase agreement, plus 6,275 million yen for construction costs.					
(Note 2) The appraisal value of the Land and the New building combined with a valuation date of July 31, 2022.					
(Note 3) The information is based on the real estate registry and may not match the current status.					
(Note 4) Not disclosed as the tenant’s consent could not be obtained.					

(2) Outline of the appraisal

Outline of the appraisal	
Appraisal value	15,400 million yen
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Timing of pricing	July 31, 2022

Category	Details	Overview
Income approach	15,400 million yen	
Direct capitalization approach	15,700 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	24 million yen	
Maintenance and repairs	6 million yen	
PM fee	Not disclosed (Note)	
Tenant recruitment costs, etc.	Not disclosed (Note)	
Real estate taxes	63 million yen	
Property insurance premium	Not disclosed (Note)	
Other expenses	8 million yen	
Net operating revenues	603 million yen	
Investment gain on lump-sum payment	Not disclosed (Note)	
Capital expenditures	Not disclosed (Note)	
Net revenues	595 million yen	
Cap rate	3.8%	
DCF approach	15,200 million yen	
Discount rate	3.8% / 3.9%	
Terminal cap rate	4.0%	
Cost approach	15,400 million yen	
Land (ratio)	53.5%	
Building (ratio)	46.5%	
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.	

5. Future outlook

JLF's Forecasted of its management situation for the fiscal period ending January 31, 2023 (August 1, 2022 - January 31, 2023) announced in the "REIT Financial Report for the Fiscal Period ended January 31, 2022 (The 33rd Period)" dated March 16, 2022, is based on the assumption that the Property will be acquired on August 1, 2022. Therefore, JLF's forecast of its Management Situation for the Fiscal Period Ending January 31, 2023 (August 1, 2022 - January 31, 2023)" is unchanged. JLF's forecast of its management situation for the period ending January 31, 2023 (August 1, 2022 - January 31, 2023) and for the period ending July 31, 2023 (February 1, 2023 - July 31, 2023), which reflects the acquisition of the property, etc., will be announced in the "REIT Financial Report for the Fiscal Period ended July 31, 2022 (The 34th Period) ", scheduled for release on September 13, 2022.

(Press Release for Reference)

- Notice Concerning Redevelopment Project of Urayasu Logistics Center on September 14, 2020
- Notice Concerning Status of Redevelopment Project of Urayasu Logistics Center on February 9, 2022
- Notice Concerning the Issuance of New Investment Units on February 9, 2022
- Notice Concerning Borrowing Capital on February 9, 2022
- Notice Concerning Pricing of the Issuance of New Investment Units on February 15, 2022
- Notice Concerning Borrowing Capital (Debt Cost) on February 24, 2022

Attachments

Post-acquisition portfolio list

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* 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	2.0%
M-6	Funabashi Nishiura	Funabashi, Chiba	5,700	1.9%
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	3.3%
M-13	Yachiyo II	Yachiyo, Chiba	5,300	1.8%
M-14	Urayasu Chidori II	Urayasu, Chiba	1,640	0.6%
M-15	Ichikawa	Ichikawa, Chiba	4,550	1.5%
M-16	Shinonome	Koto-ku, Tokyo	11,800	4.0%
M-17	Narashino II	Narashino, Chiba	7,875	2.7%
M-18	Ichikawa II	Ichikawa, Chiba	17,415	5.9%
M-19	Souka	Souka, Saitama	14,440 (Note 4)	4.9%
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	2.9%
M-23	Kashiwa II	Kashiwa, Chiba	3,795 (Note 5)	1.3%
M-24	Shin-Koyasu	Yokohama, Kanagawa	9,696	3.3%
M-25	Misato	Misato, Saitama	3,873	1.3%
M-26	Sagamihara	Sagamihara, Kanagawa	8,032	2.7%
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%

Property number	Name of the Property	Location	Acquisition price (Millions of yen)	% of portfolio (Note 1)
M-32	Yokohama Machida	Machida, Tokyo	25,452	8.6%
M-34	Shiroi	Shiroi, Chiba	3,875	1.3%
M-35	Toda	Toda, Saitama	2,052	0.7%
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 6)	2.9%
M-42	Itabashi	Itabashi-ku, Tokyo	4,105 (Note 6)	1.4%
Tokyo Metropolitan Area subtotal			250,284	84.8%
T-1	Daito	Daito, Osaka	9,762 (Note 7)	3.3%
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	0.9%
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%
Osaka, Nagoya, Fukuoka Areas subtotal			37,475	12.7%
O-1	Maebashi	Maebashi, Gunma	1,230	0.4%
O-5	Sendaiko-kita	Sendai, Miyagi	1,600	0.5%
Other subtotal			2,830	1.0%
Portfolio total			290,625	98.5%
Forward commitment assets				
T-14	Amagasaki	Amagasaki, Hyogo	4,467 (Note 11)	1.5%

Property number	Name of the Property	Location	Acquisition price (Millions of yen)	% of portfolio (Note 1)
Post-acquisition portfolio total (Includes forward commitment assets)			295,057	100.0%

(Note 1) Post-acquisition portfolio total (includes T-14 Amagasaki Logistics Center) is rounded to the first decimal point. The planned acquisition date of T-14 Amagasaki Logistics Center has yet to be determined as of the date of this release (for details, please refer to the Notice Concerning Acquisition of a New Asset dated December 22, 2021.).

(Note 2) The amount provided here is the 2,902 million yen purchase price set forth in the original purchase agreement, less an amount of 432 million yen corresponding to the building that was demolished in December 2020, plus an amount of 6,275 million yen corresponding to the construction price of the building redevelopment.

(Note 3) The amount provided here is the 2,266 million yen purchase price set forth in the original purchase agreement, less an amount of 603 million yen corresponding to the building that was demolished in July 2013, plus an amount of 6,230 million yen corresponding to the construction price of the building redevelopment.

(Note 4) The amount provided here is the sum of the acquisition prices from March 27, 2012, and February 6, 2017.

(Note 5) The amount provided here is the sum of the acquisition prices from September 20, 2013, and March 1, 2018.

(Note 6) The amount provided here is the purchase price set forth in the Purchase Agreement.

(Note 7) The amount provided here is the 7,617 million yen purchase price set forth in the original purchase agreement, less an amount of 291 million yen corresponding to the building that was demolished in July 2009, plus an amount of 2,437 million yen corresponding to the construction price of the warehouse III redevelopment.

(Note 8) The amount provided here is the 685 million yen purchase price set forth in the original purchase agreement, plus an amount of 2,325 million yen corresponding to the construction price of the building redevelopment.

(Note 9) The amount provided here is the 830 million yen purchase price set forth in the original purchase agreement, plus an amount of 2,670 million yen corresponding to the purchase price of the new building constructed under the redevelopment project.

(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 provided here is the purchase amount set forth in the Purchase Agreement. If there is a change to the amount of property tax and city planning tax related to the Property following completion of construction compared to the amount assumed as of execution of the Purchase Agreement, the acquisition price may be subject to change. The Purchase Agreement qualifies as a forward commitment* as stipulated by the Comprehensive Guidelines for the Supervision of Financial Instruments Operators, etc., set forth by the Financial Services Agency.

* A post-dated acquisition contract, in which the actual transactions or closing take place one month or more after the conclusion of a contract.