



# Japan Logistics Fund, Inc.

for the Fiscal Period ended July 2023

## Presentation Material

Autumn / Winter 2023



Prologue

**Dear Investors**



# Dear Investors

Over my career, I have been involved in real estate development, management of multiple real estate and private equity funds, as well as the management of private and public REITs. In those capacities, I have accumulated a broad range of experience in property acquisitions and dispositions, development, management and ESG. I will be putting that comprehensive experience to work managing JLF so that JLF continues to be the name of the first choice throughout any changes to the environment.

Since its IPO, JLF has pursued stability and sustainable growth in DPU and NAVPU. We will adhere to that direction as we aim to further increase unitholder value.

In recent years, the environment surrounding REIT operations has become increasingly uncertain, driven by inflation, interest rate increases and the like. Already, JLF's asset manager, Mitsui & Co., Logistics Partners, has increased headcount 50% in the past three years. Reforms to the organizational structure and business processes have positioned the organization to respond to environmental changes with flexibility and achieve further growth.

Moving forward, we will leverage this strengthened organization to advance more independent management in our strategies for investments, the portfolio, finance and ESG. In addition to maintaining strong internal growth and stable financial operations, we will leverage a variety of approaches to drive external growth by increasing the probability of acquisition through solid progress in development and leasing on joint development projects as well as pursuing off-market transactions with other players. By doing so, we aim to remain cognizant of capital cost, enhance stability and growth of DPU and expand the property pipeline.

Leveraging JLF's high-quality portfolio rooted in its 18-year track record, we will continue to strive to respond to environmental changes with flexibility, achieve stable growth in DPU and NAV, and maximize unitholder value. We hope to enjoy your continued support.

Seiichi Suzuki  
President and CEO  
Mitsui & Co., Logistics Partners Ltd.

# Table of Contents

Prologue	
Dear Investors	P.3
Chapter 1	
Develop the Value	P.5
Chapter 2	
Investment strategy	P.8
Chapter 3	
Portfolio strategy	P.13
Chapter 4	
Financing strategy	P.17
Chapter 5	
ESG strategy	P.21
Chapter 6	
Earnings Overview and Forecasts	P.23
Chapter 7	
Logistics Real Estate Market	P.27
Appendix	P.32





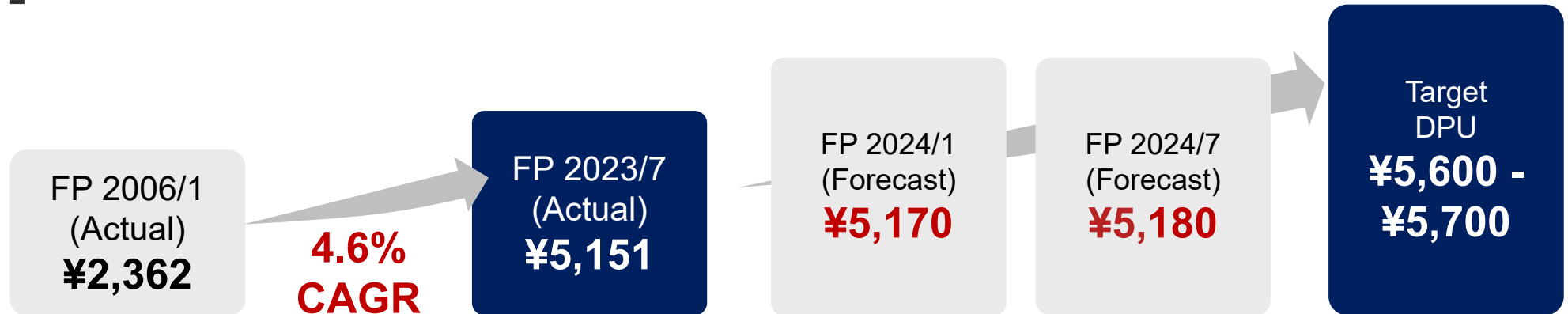
Chapter

1

**Develop the Value**

# Growing DPU and NAVPU

## Distributions per Unit (DPU)



- Run-rate DPU to JPY 5,180
- Aim to achieve a DPU target of JPY 5,600-5,700 in the future as a main scenario for DPU growth fueled by follow-on offerings

## Net Asset Value per Unit (NAVPU)



# Develop the Value

Execute independent strategy capable of responding to changes in the external environment  
Maintain **stability** and generate **growth opportunities**

	Independence	×	Resilience to changes in the external environment
	Competitive edge built by JLF		Advancing strategies that can <b>reduce risk and capture growth opportunities</b> based on a variety of business environments
Investment strategy	<ul style="list-style-type: none"> <li>■ Diverse acquisition means</li> <li>■ Joint development and OBR projects that structurally generate superior yields</li> </ul>		<ul style="list-style-type: none"> <li>■ Select independent acquisition methods in response to the external environment</li> <li>■ Increase pipeline with consideration for capital costs</li> </ul>
Portfolio strategy	<ul style="list-style-type: none"> <li>■ Rent gap and negotiation abilities</li> <li>■ Portfolio in favorable locations</li> </ul>		<ul style="list-style-type: none"> <li>■ Diversification of lease maturities</li> <li>■ Introduce CPI escalator clauses into leases and negotiation rent according to lease durations</li> <li>■ Avert risk of operating cost inflation (utilities)</li> </ul>
Financing strategy	<ul style="list-style-type: none"> <li>■ Rich unrealized gain and favorable credit</li> <li>■ Structurally advantageous liquidity on hand</li> </ul>		<ul style="list-style-type: none"> <li>■ Diversify debt maturities and lock in interest rates to reduce risk of higher rates</li> <li>■ Study follow-on offerings that would be accretive to DPU and NAV</li> </ul>
ESG strategy	<ul style="list-style-type: none"> <li>■ High ESG ratings from third parties</li> </ul>		<ul style="list-style-type: none"> <li>■ Advance an understanding and appropriate response to ESG risks and opportunities</li> </ul>



## Chapter 2

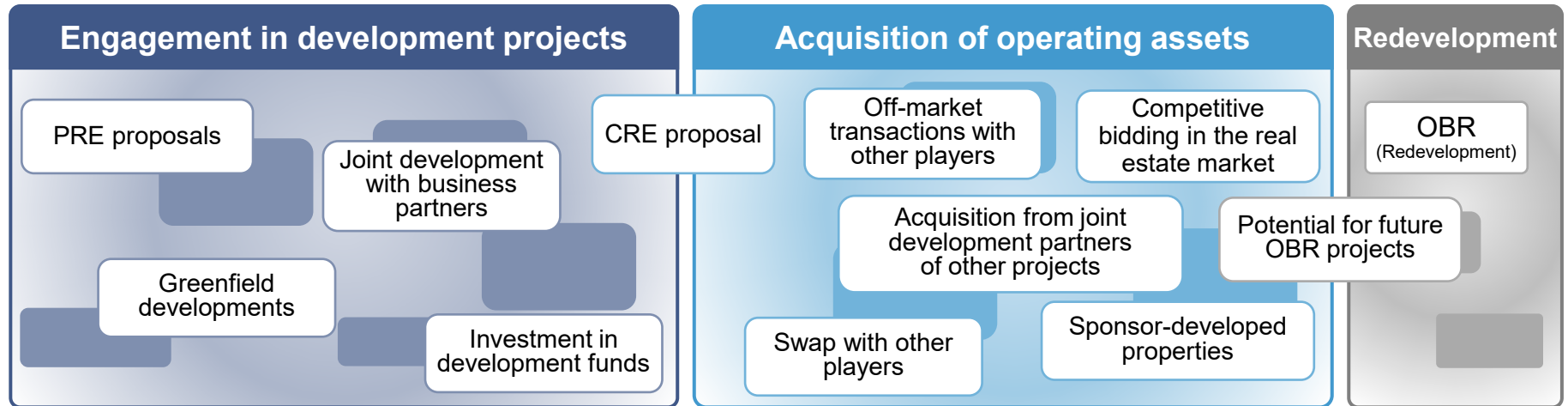
## Investment strategy



# Property acquisition strategy

## Generating acquisition opportunities through diverse and unique approaches such as development projects

Basic direction



- **Remain cognizant of capital costs** and secure properties that contribute to stability and growth in DPU
- Balance **profitability** with **quality and stability** by combining approaches intelligently
- Pivot independently in response to the real estate acquisition market environment

Current situation

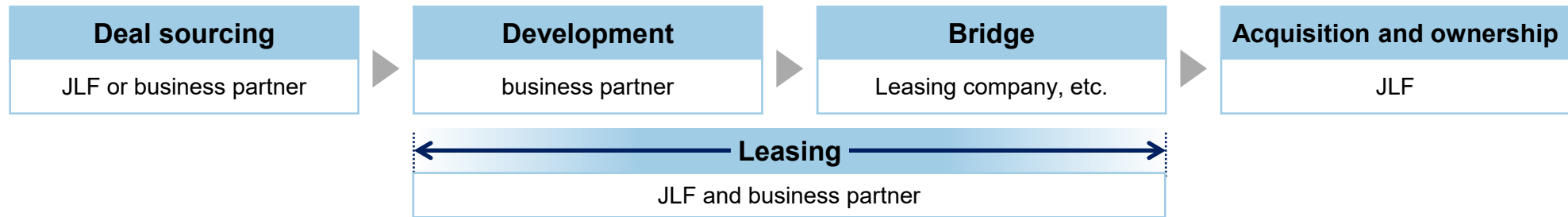
## Property prices remain elevated

Currently focus on approaches with enable relatively higher exposed yields

- **Joint developments with business partners**
- Off-market transactions with other players

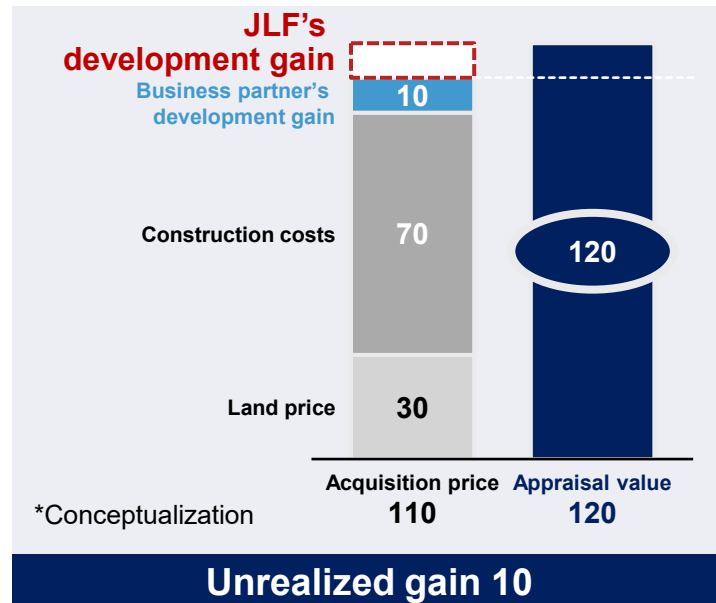
# Promoting Joint Developments with Business Partners

## Joint development value chain



## Acquisition price structure

### Able to secure advantageous yield



## Desired yield on pipeline property

Aim to acquire at a yield that is superior to yields on market transactions  
Fully cognizant of capital costs during acquisition

Property name	Amagasaki	Ichinomiya, Ichinomiya II, Fukuoka Tachiarai, Kazo II	Recent logistics REIT acquisitions
Appraisal NOI yield	4.5-4.7%	Average High 4% range	Average 4.0%
Comparison to market yield	+60-80 bps approximately	Average +70bps approximately	Average +24bps
Appraisal Discount Rate	10-15% approximately	Average 10% approximately	Average 3.2%

(Reference)  
JLF's implied CR

Implied CR level  
during the fiscal Period  
ended July 31, 2023

**4.0% - 4.4%**



# Property Acquisition Pipeline

**Increased pipeline of completed and near-completion projects,  
steady progress in lease-up**

Pipeline status				Gross floor area	Completion of construction	Status	Bridge period
Engagement in development projects	Joint development with business partners	Amagasaki (Osaka Area)	100% Occupied	13,669m <sup>2</sup>	2022/12 Completed	Forward Commitment	Until April 2, 2026
		Ichinomiya (Nagoya Area)	Over 90% Offer	78,717m <sup>2</sup>	2023	First right of refusal, etc.	Until March 31, 2026
		Ichinomiya II (Nagoya Area)		71,096m <sup>2</sup>	2023	First right of refusal, etc.	3 years after it is leased up
		Fukuoka Tachiarai (Fukuoka Area)	100% Occupied	13,118m <sup>2</sup>	2023/7 Completed	First right of refusal, etc.	4 years after completion of construction
		Kazo II (Tokyo Met. Area)		16,112m <sup>2</sup>	2024	First right of refusal, etc.	
		Narita (Tokyo Met. Area)		11,706m <sup>2</sup>	2024	First right of refusal, etc.	3 years after completion of construction
Acquisition of operating assets	Sponsor-developed properties	Osaka Inland Project (Osaka Area)		90,074m <sup>2</sup>	2025	First right of refusal, etc.	Under negotiation
	Off-market transactions	Ishikari Project (Other Area)	100% Occupied	23,148m <sup>2</sup>	Completed	First right of refusal, etc.	Until March 30, 2026
		New Hokkaido Project (Other Area)	100% Occupied	Not disclosed	Completed	First right of refusal, etc.	Under negotiation
	CRE proposal	Shin Kiba Project (Tokyo Met. Area)	100% Occupied	19,234m <sup>2</sup>	Completed	First right of refusal, etc.	5 years

# Pipeline Properties

## Amagasaki Logistics Center

Joint development  
with business partners



Location	Amagasaki Hyogo
Area	13,669m <sup>2</sup>
Occupancy rate	100%

- **Second joint development project** with JA Mitsui Leasing Tatemono
- Plan to acquire **fully leased** development at about **10%-15% discount to appraisal value**
- Location provides access to major consumer markets of Osaka and Kobe
- Walking distance to train station

## Fukuoka Tachiarai Logistics Center

Joint development  
with business partners



Location	Tachiarai Mii, Fukuoka
Area	13,118m <sup>2</sup>
Occupancy rate	100%

- **Second Joint development project** with builder Matsuo Construction Group
- **Great access to Tosu Junction**, a key logistics point that connects multiple highways in Kyushu, making the location very competitive for both local and long-range transport.
- Two-story, box-type logistics facility with a great deal of versatility and standard specifications.

## Ichinomiya Logistics Center

Joint development  
with business partners



Location	Ichinomiya Aichi
Area	78,717m <sup>2</sup>
Tenant Offer Rate	Over 90%

- **Joint development** with Tokyo Tatemono
- Located at the intersection between the Meishin and the Tokai-Hokuriku Expressways and close to central Nagoya. Great potential to serve as an important logistics point for **either long hauls or frequent deliveries**.
- Large-scale multi-tenant facility with a high degree of versatility and standard specifications that **can support a broad range of tenant needs and subdivision (as small as 1,000 tsubo)**

## Ishikari Project

Off-market  
transactions



Location	Ishikari Hokkaido
Area	23,148m <sup>2</sup>
Occupancy rate	100%

- **Off-market transaction with another player** leveraging the asset manager's network
- Very competitive as a **hub for deliveries coming in and out of Sapporo**. Convenient access to the Port of Ishikariwan-Shinko and Shin-Chitose Airport make it **suitable for both ocean and air freight**.
- Access between Ishikari and Sapporo: 30 minutes
- Ishikari is an important logistics site in Hokkaido.



# Chapter 3

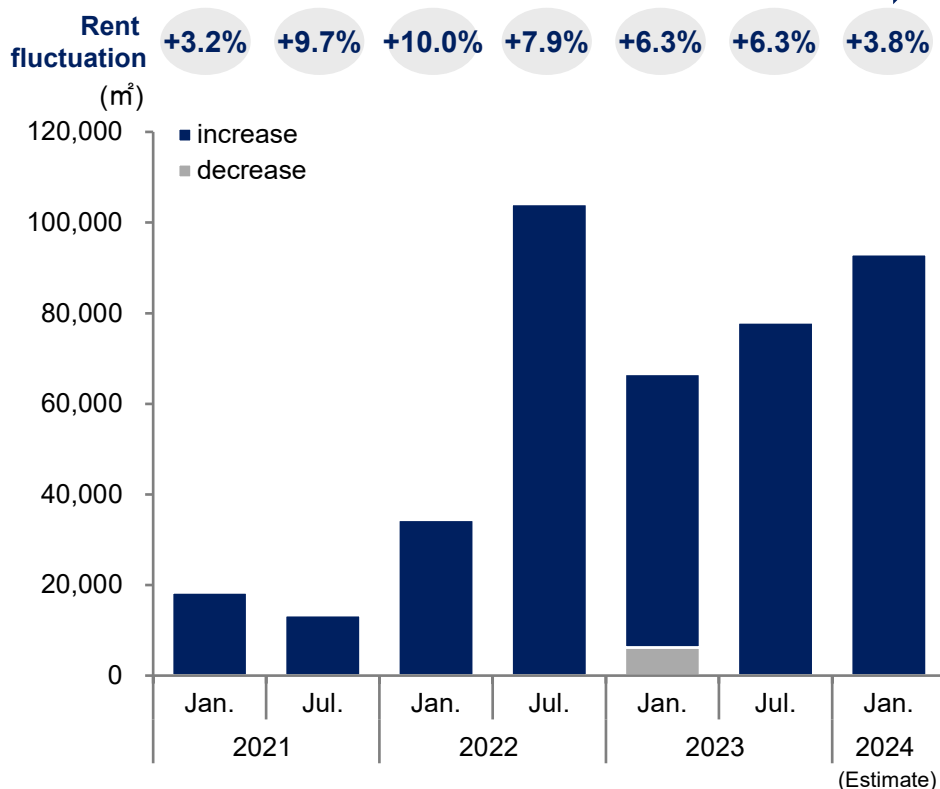
## Portfolio strategy

# Rental Growth

Continue to achieve **strong rental growth** through strategic negotiations based on analysis of the rent gap, market rent trends and trends at the tenant, etc.

Status of leases matured or maturing in the recent periods (excluding regular leases)

**Aim to grow rent 3% to 4% or more**



Recent lease renewals

**Multi-tenant property located in Fukuoka Area**

Rent growth (%)

**+8.4%**

- Eliminated the rent gap through tenacious negotiations leveraging the tenant relationship and a background of rising market rents.

**Single-tenant property located in Tokyo Inland**

Rent growth (%)

**+12.8%**

- First renewal in 10 years.
- Negotiated lease renewal to fulfill existing tenant's renewal needs.

Impact of rent hikes

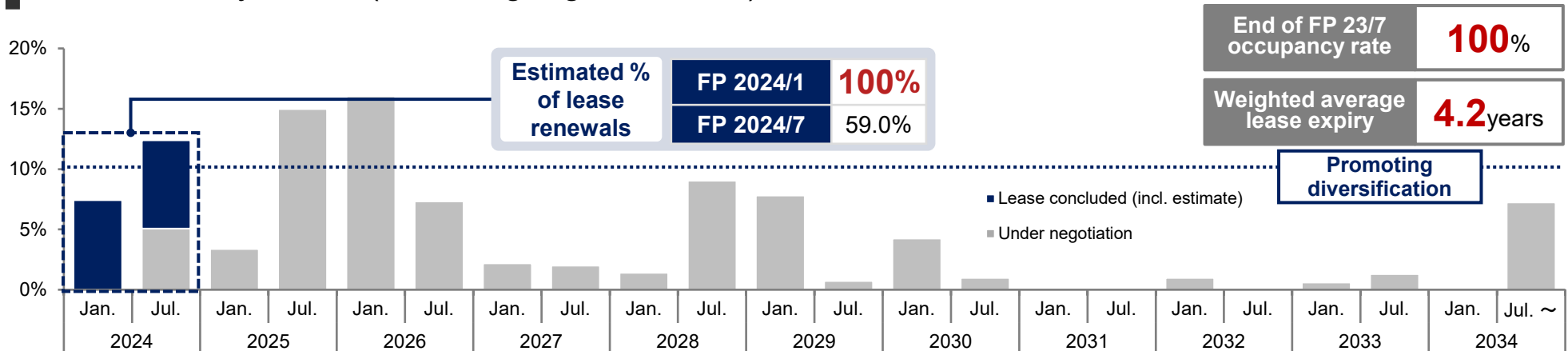
Cumulative effects of increases to rent from FP 21/1 through FP 24/1

**JPY 176/unit**



## Spread out lease maturities and mitigate departure risk

Lease maturity ladder (excluding regular leases) (As of September 13, 2023. Based on annual rent.)



## Maintain rent stability through high levels of renewals and strategic re-tenanting

### Renewal track record

#### Renewal rate

92.1%

FP 21/1 - FP 24/1

### Re-tenanting

#### Re-tenanting strategy

- **Confirm intention of in-place tenant**
  - **Assess use of space and footprint strategy** to form an early forecast of departure risk
- **Effective leasing**
  - **Narrow down candidate tenants** based on property specifications and submarket characteristics and leverage far-reaching network to lease the space

#### Re-tenanting track record

Average downtime

About 0.2 months

Average rental growth

4.2%

# Resistance to environmental changes

## Control lease terms & conditions and secure resilience against environmental changes

### Revisit lease terms & conditions

#### Continue to capture rent growth opportunities

##### Introduce CPI-linked escalator clauses

Promote introduction of escalator clauses to capture rent growth opportunities during inflationary periods

##### Recent successes

Signed leases at Fukuoka-area properties

#### Avert cost inflation risk

##### Pass on electricity costs to tenants

Switch to pass on actual costs to avoid risk of rising electricity costs during inflationary periods.

##### Recent successes

Exposure to electricity cost increases reduced to 3.9% of portfolio (Based on gross floor area)

### Secure future rent growth opportunities

#### Items to study upon lease renewal

Propose rent price aligned with lease term with consideration given to the local leasing market environment



#### Check market environment and property competitiveness

Offense

Defense

Renewal negotiations factoring in future market rents

Long-term

Short-term

Future market rents baked in

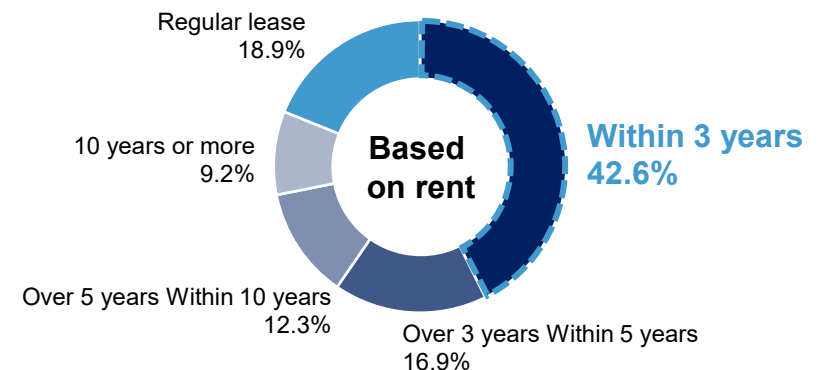
Capture opportunities to raise rents upon renewal

Secure stability with long-term lease

#### Lease terms shortening recently

	Recent leases (FP 21/1 - FP 23/7)	Portfolio total (excluding regular leases)
Weighted average lease period	4.3 years	9.4 years

#### Weighted average lease expiry on total portfolio



Chapter

4

**Financing strategy**



# Stable Financial Foundation

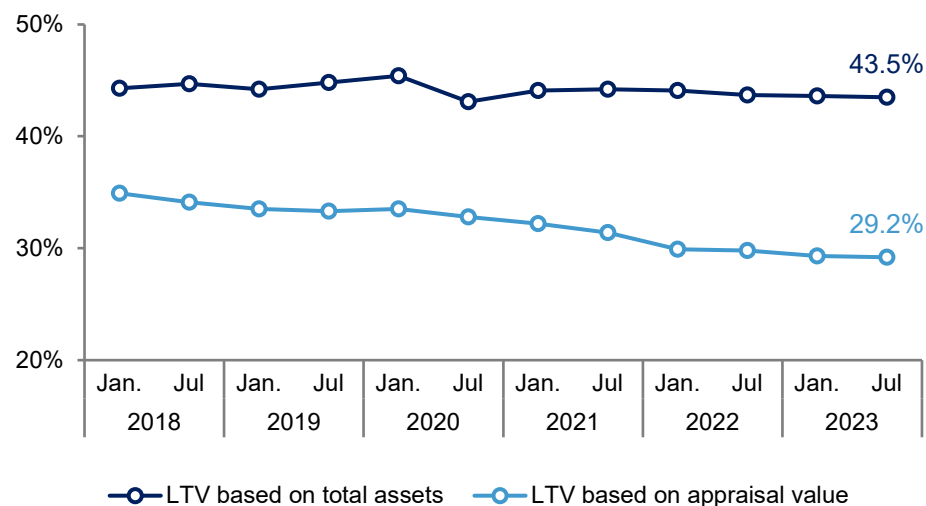
Strive to maintain a stable financial foundation by controlling LTV at sound levels  
Leverage favorable credit to build relationships with diverse range of financial institutions

(As of July 31, 2023)

Amount of interest-bearing debt	119,700 million yen	Weighted average cost of debt	0.68 %	Credit Ratings	JCR AA (stable) R&I AA- (stable)
Commitment line limit	31,900 million yen	Weighted average debt maturity	4.2 年	LTV	Based on total assets 43.5% Based on appraisal value 29.2%

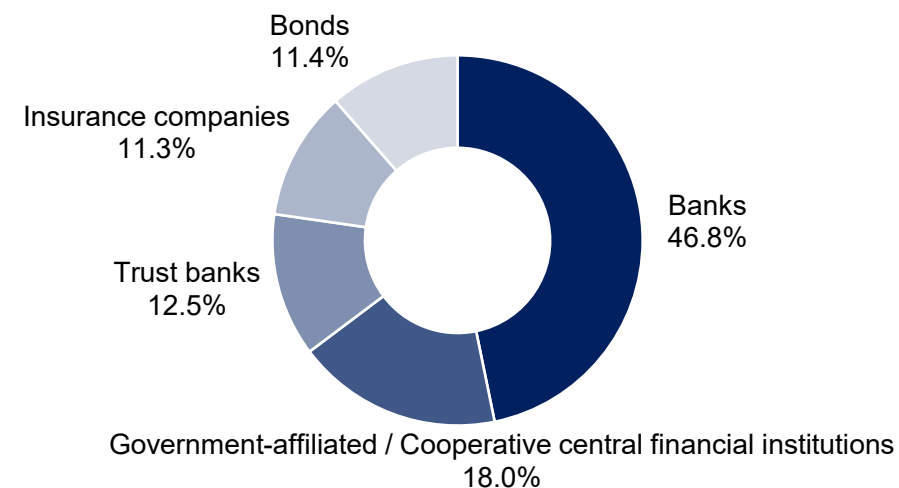
## Change in LTV

### Controlling LTV at sound levels



## Funding sources

### Diverse range of funding sources and means



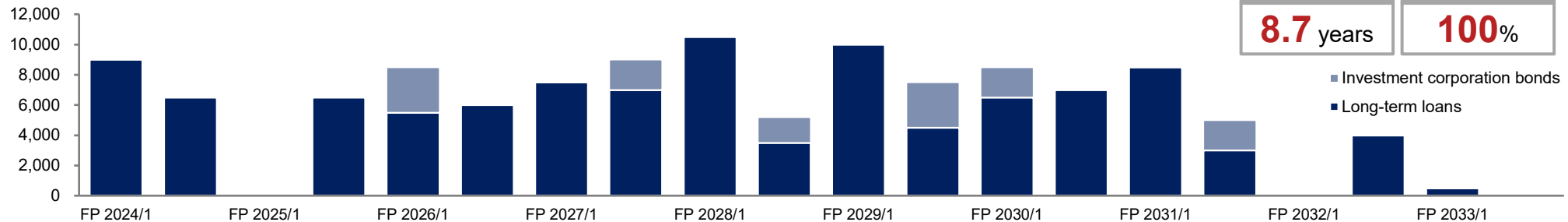
# Basic Direction for Interest-bearing Debt

In order to secure resilience against interest rate increases spread out debt maturities as well as strive to maintain average debt durations and a large percentage of debt on fixed rates

Average amount of re-financing about **7,100 million yen per period** (about **5.9%** of total debt)

## Debt maturity (redemption) ladder

(million yen)

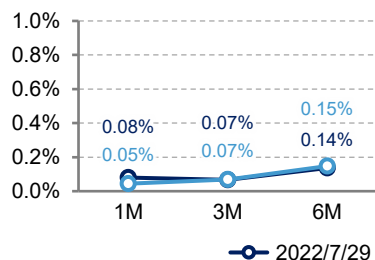


## (Reference) Study floating rate debt to lower borrowing costs

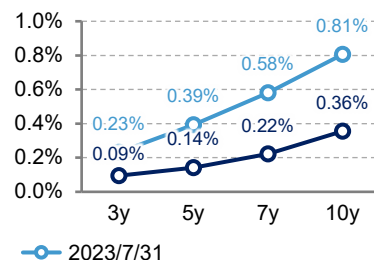
### Discussion of the environment

#### Short-term rate growth relatively small for now

##### Tibor



##### SWAP Rate



### Direction at JLF

#### Study floating-rate debt within cash on hand for immediate paydown

##### Risk of floating-rate borrowings

Excessive increase in debt cost due to rapid increase in interest rates

##### Risk aversion methods

Use cash on hand to pay down debt immediately if rates rose sharply

##### Cash deposits balance

**10,139** million yen

##### Liquidity on hand corresponding to depreciation

About **3,000** million yen/year

# Capital Policy

## Policy on follow-on offerings

**Study going forward with a follow-on offering in situations deemed to be accretive to DPU and NAVPU**

### Criteria for going forward with a follow-on offering

**1**

Accretive to DPU

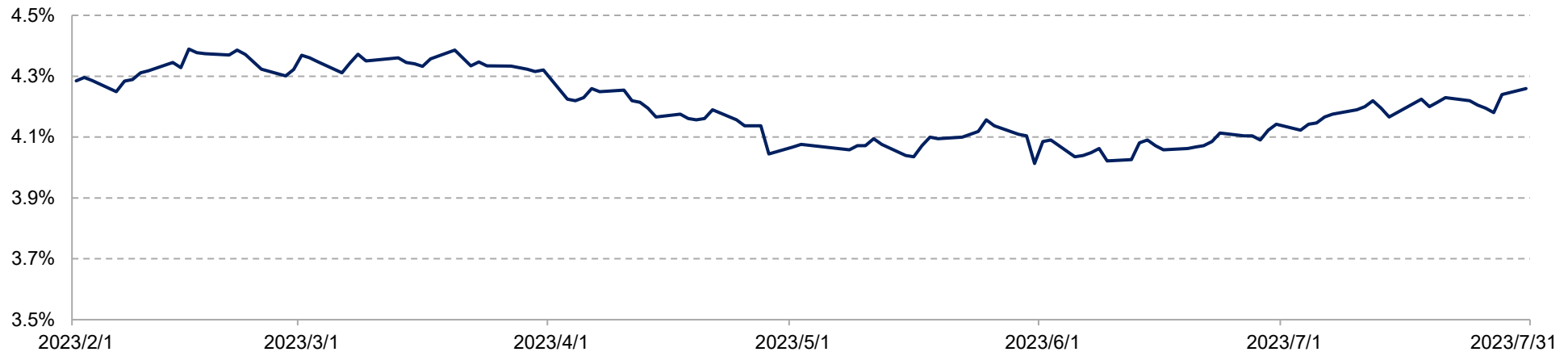
**2**

Accretive to NAVPU

**3**

Acquiring properties at a yield above implied cap rate

### JLF's implied cap rate



## Policy on unit buy-backs

**Study buying back units at an effective time when unit price continues to be discounted**



Chapter

5

**ESG strategy**

# Promoting ESG for Sustainable Business Value Creation

**Advance an awareness of risks and opportunities and appropriate responses in relation to ESG and engage in improving ESG issues**

## Acquired external evaluations

- Acquired A rating from MSCI ESG. **Included in MSCI Japan ESG Select Leaders Index** in 2022. (as of September 13, 2023)



**2023 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX**

- In 2022, acquired 5-star GRESB rating, the highest rating for a J-REIT



## Set net zero targets

- Set target to reduce GHG emissions (SCOPE 1, 2) from JLF business activities **42% by FY 2030** (compared to 2021) and to **net zero by FY 2050. In 2022, acquired SBT certification for SMEs** that our FY2030 targets align with the Paris Accord
- Achieve net-zero in FY2022 by **purchasing non-fossil certificates**



## Procurement of Green Loans

- In February 2023, JLF raised **1,500 million yen** in green loans from Nippon Life Insurance and The Norinchukin Bank.
- Total amount of green finance procured: **11,500 million yen**

## Progress in green building certifications

- Acquired green building certifications at **41** properties (**79.7%** of portfolio)



**See ESG Initiatives for details**



## Chapter 6

# Earnings Overview and Forecasts



# FP 2023/7 Results

		FP 2023/1 FP 35 <sup>th</sup> Actual (A)	FP 2023/7 FP 36 <sup>th</sup> Actual (B)	Period-on-period change (B-A)	FP 2023/7 FP 36 <sup>th</sup> Forecast (as of Mar. 14, 2023) (C)	Vs. forecast (B-C)
Operating revenue	(JPY Million)	10,156	10,139	-17	10,211	-72
NOI	(JPY Million)	8,310	8,203	-107	8,194	+8
NOI after Depreciation	(JPY Million)	6,358	6,286	-71	6,273	+12
Net income	(JPY Million)	4,889	4,810	-78	4,791	+19
<b>DPU</b>	<b>(JPY)</b>	<b>5,235</b>	<b>5,151</b>	<b>-84</b>	<b>5,130</b>	<b>+21</b>
FFO/unit	(JPY)	7,325	7,203	-122	7,186	+17
Number of investment units outstanding	(Investment units)	934,000	934,000	-	934,000	-
Number of properties	(Number of properties)	52	52	-	52	-
Period-end Appraisal Values	(JPY Million)	408,710	409,550	+840		
Unrealized gain as % of portfolio	(%)	56.9	58.1	+1.2 pts		
Amount of interest-bearing liabilities	(JPY Million)	119,700	119,700	-	119,700	-
LTV based on appraisal value	(%)	29.3	29.2	-0.1 pt		
BPS	(JPY)	153,562	153,419	-143		
NAVPU	(JPY)	306,987	309,436	+2,449		

## Vs. previous period

Impact on net income (JPY million)

Expensing of property taxes for Urayasu, Kuki and Itabashi LCs	-61
Increased in repair and maintenance costs	-69
Higher rent and facility charges	+39
Improvement in balance of utilities costs	+10
Existing properties, Others (lower depreciation costs, higher leasing fees, etc.)	+8
G&A (higher asset management fees, etc.)	-13
Non-operating P/L (decrease in interest expenses, etc.)	+6

## Vs. forecast

Impact on net income (JPY million)

Improvement in balance of utilities costs	+3
Existing properties, Other (higher repair and maintenance costs, postponed leasing fees, etc.)	+9
G&A expenses	+5
Non-operating P/L	+0

# FP 2024/1 Forecast

		FP 2023/7 FP 36 <sup>th</sup> Actual (A)	FP 2024/1 FP 37 <sup>th</sup> Forecast (B)	Difference (B-A)
Operating revenue	(JPY Million)	10,139	10,230	+91
NOI	(JPY Million)	8,203	8,232	+29
NOI after Depreciation	(JPY Million)	6,286	6,332	+45
Net income	(JPY Million)	4,810	4,829	+18
<b>DPU</b>	(JPY)	<b>5,151</b>	<b>5,170</b>	<b>+19</b>
FFO/unit	(JPY)	7,203	7,205	+2
Number of investment units outstanding	(Investment units)	934,000	934,000	-
Number of properties	(Number of properties)	52	52	-
Occupancy rate at period-end	(%)	100.0	100.0	-
Period-end Appraisal Values	(JPY Million)	409,550	409,550	-
Amount of interest-bearing liabilities	(JPY Million)	119,700	119,700	-
LTV based on appraisal value	(%)	29.2	29.2	-

Vs. previous period result  
(Impact on net income)(JPY million)

## Factors affecting NOI after depreciation

Increase in rent revenue and facility charges +22

Decrease in leasing fees, etc. +20

Others in existing properties +2

**G&A expenses**  
(Hold a general unitholders' meeting) -14

**Non-operating P/L**  
(increase in interest expenses and others) -13

# FP 2024/7 Forecast

		FP 2024/1 FP 37 <sup>th</sup> Forecast (A)	FP 2024/7 FP 38 <sup>th</sup> Forecast (B)	Difference (B-A)
Operating revenue	(JPY Million)	10,230	10,205	-25
NOI	(JPY Million)	8,232	8,232	-0
NOI after Depreciation	(JPY Million)	6,332	6,339	+6
Net income	(JPY Million)	4,829	4,838	+9
<b>DPU</b>	(JPY)	<b>5,170</b>	<b>5,180</b>	<b>+10</b>
FFO/unit	(JPY)	7,205	7,207	+2
Number of investment units outstanding	(Investment units)	934,000	934,000	-
Number of properties	(Number of properties)	52	52	-
Occupancy rate at period-end	(%)	100.0	98.6	-1.4pts
Period-end Appraisal Values	(JPY Million)	409,550	409,550	-
Amount of interest-bearing liabilities	(JPY Million)	119,700	119,700	-
LTV based on appraisal value	(%)	29.2	29.2	-

Vs. previous period forecast  
(Impact on net income)(JPY million)

## Factors affecting NOI after depreciation

Decrease in repair expense +61

Decrease in rent revenue and facility charges -56

Decrease in fixed assets and city planning tax +20

Increase in leasing fees, etc. -18

Others in existing properties -0

**G&A expenses** -2

**Non-operating P/L**  
(decrease in interest expenses and others) +4

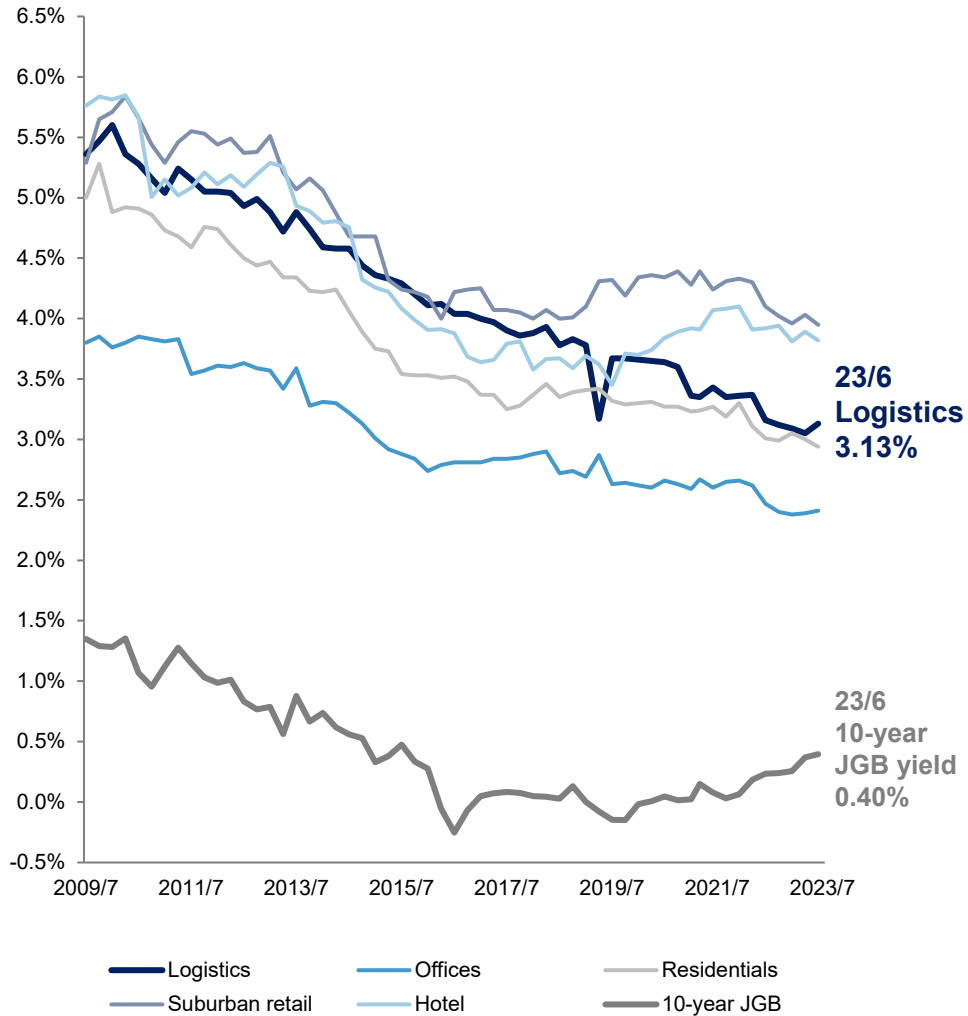


# Chapter 7

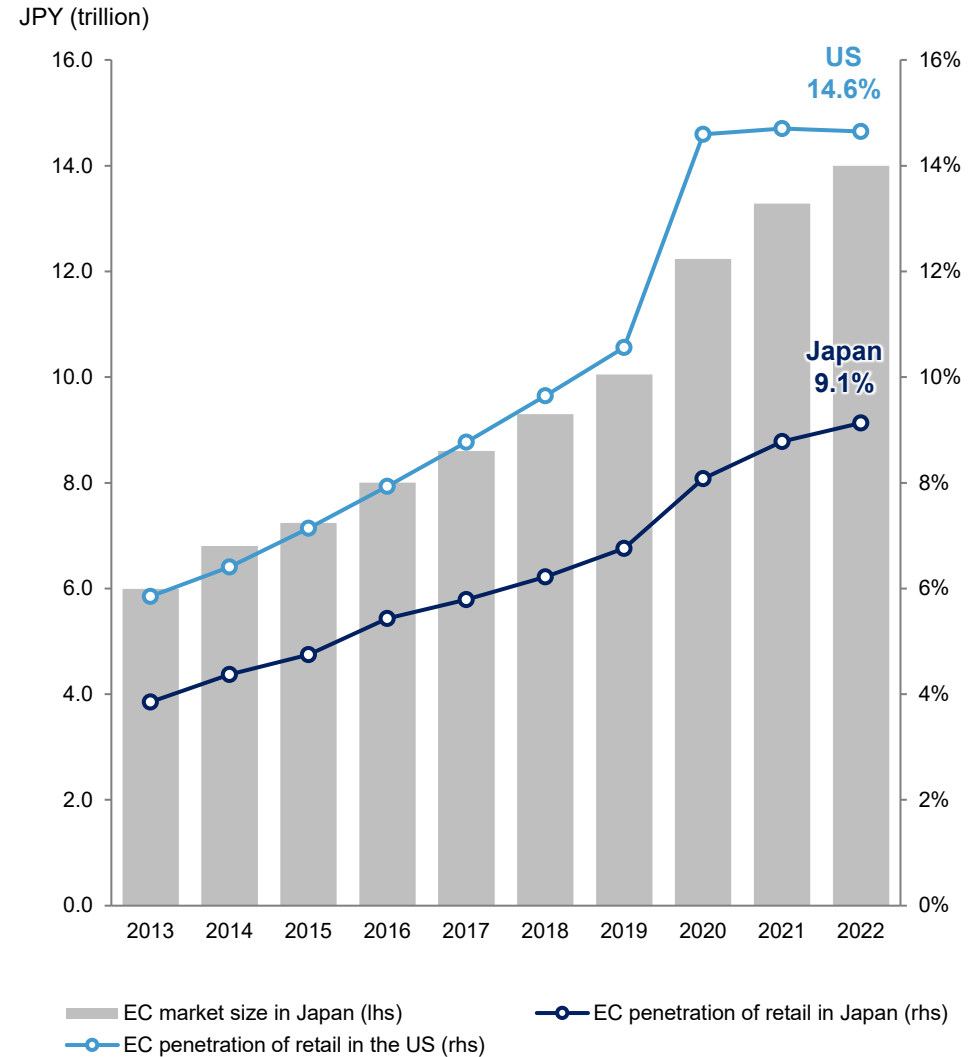
## Logistics Real Estate Market

# Logistics property market data

## CBRE real estate investor survey (by asset type) / 10-year JGB yield



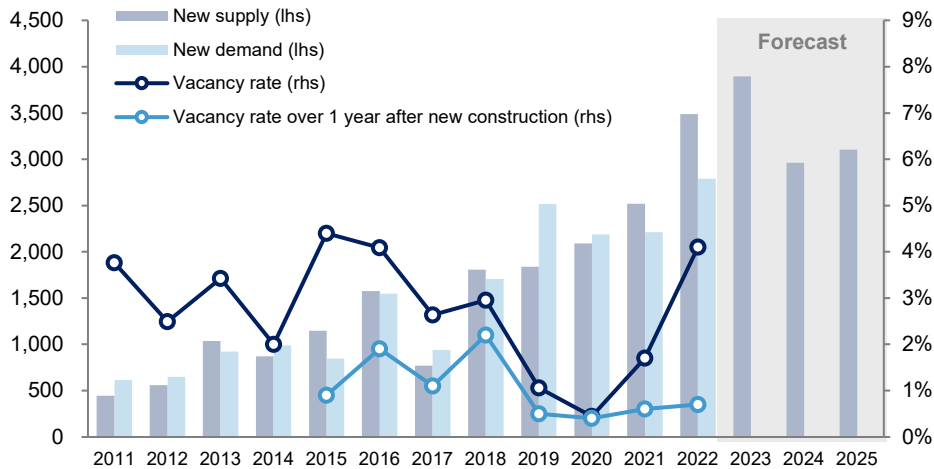
## Merchandise EC market size and EC penetration of retail (Japan and US)



# Supply & demand balance of logistics facilities

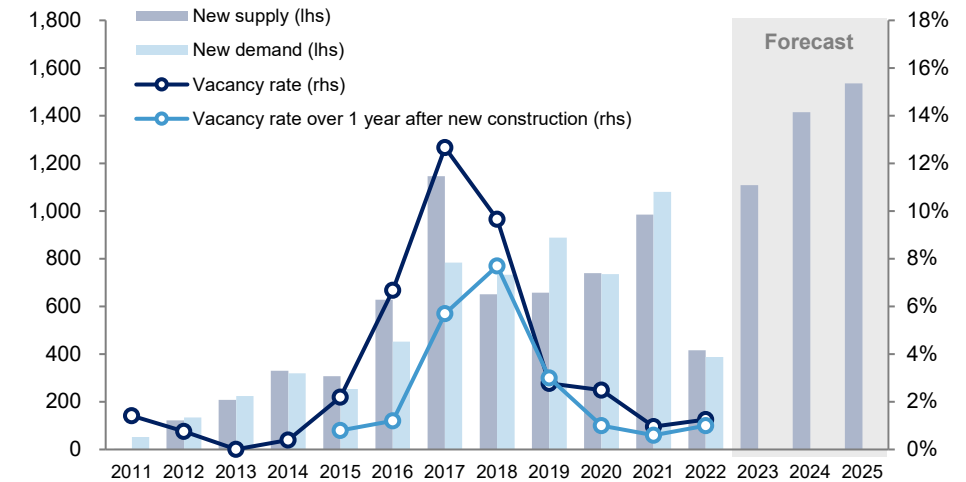
## Tokyo Metropolitan Area

(thousand m<sup>2</sup>)



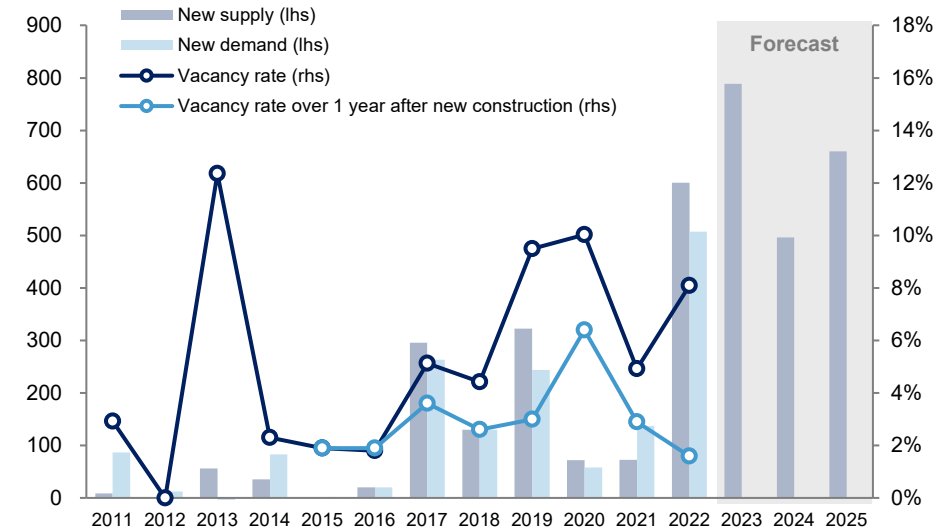
## Greater Osaka Area

(thousand m<sup>2</sup>)



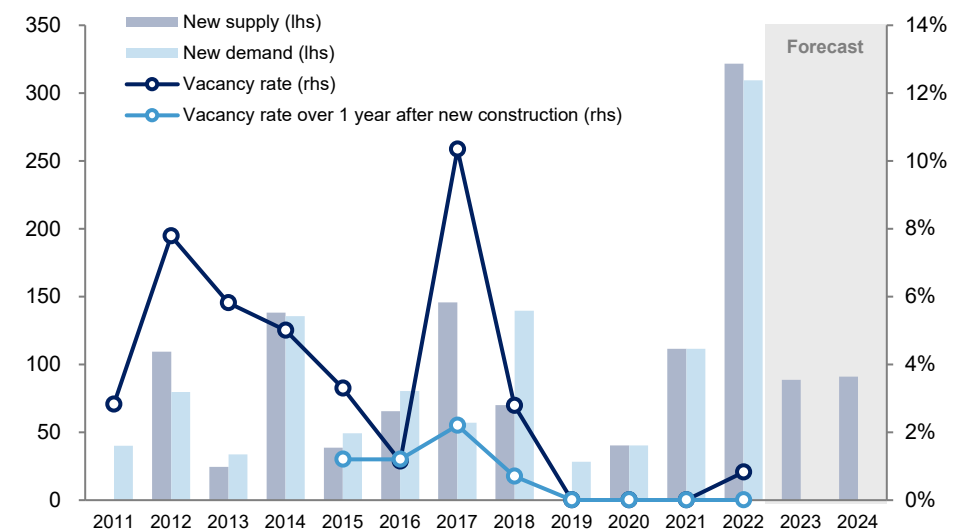
## Greater Nagoya Area

(thousand m<sup>2</sup>)



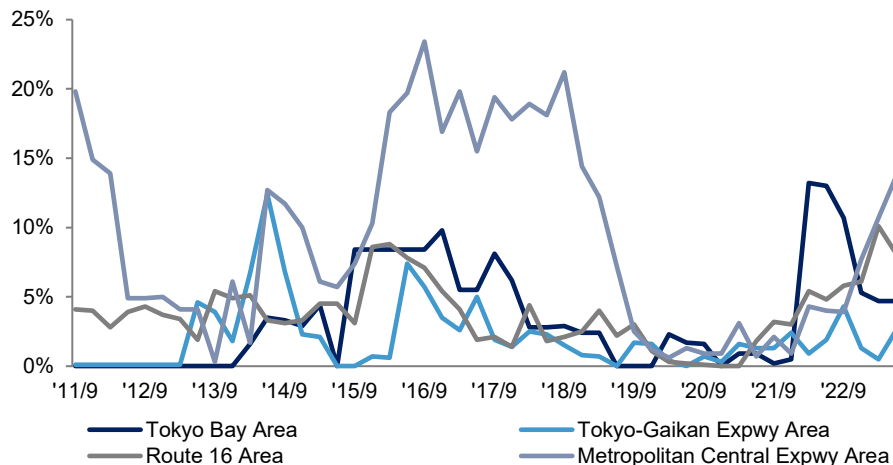
## Greater Fukuoka Area

(thousand m<sup>2</sup>)

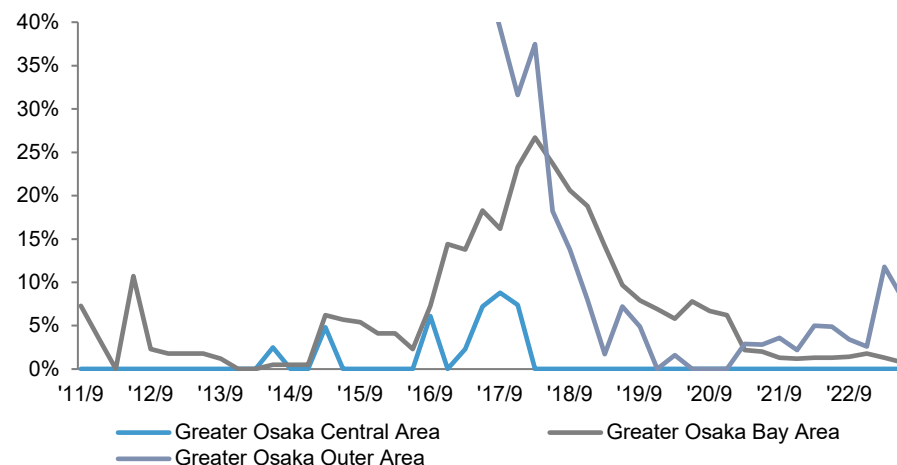


# Tenant demand by area

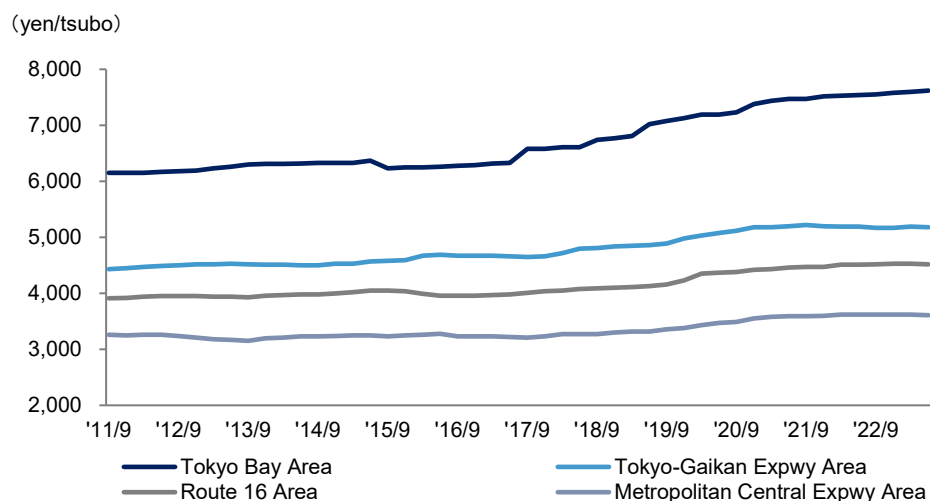
## Vacancy rate by submarket (Tokyo Met. area)



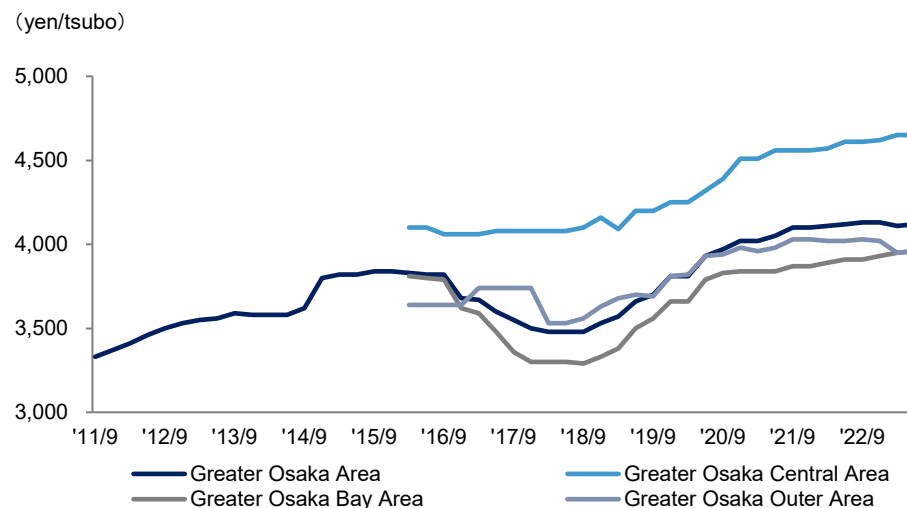
## Vacancy rate by submarket (Greater Osaka area)



## Effective rent by submarket (Tokyo Met. area)



## Effective rent by submarket (Greater Osaka area)

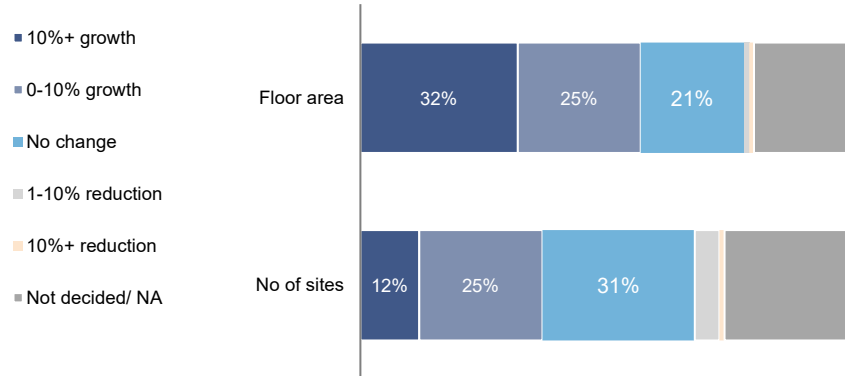




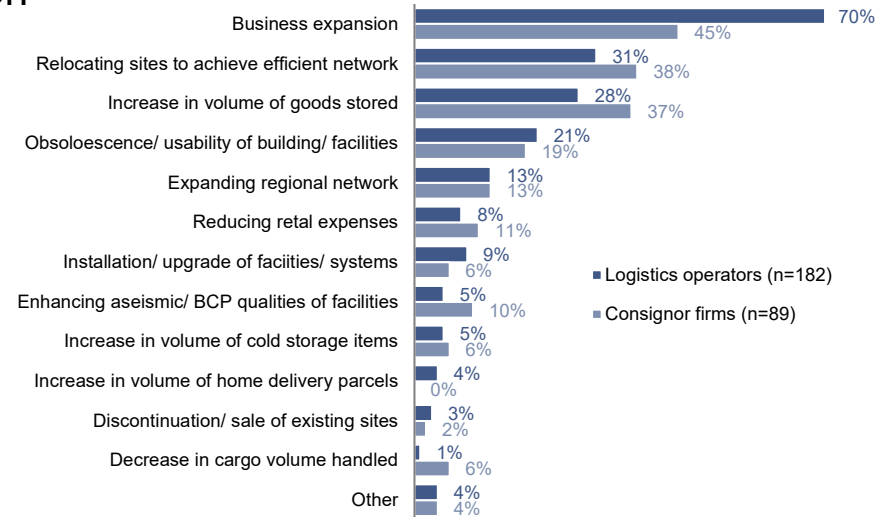
# Tenant attitude etc.

## Tenant appetite and reasons for logistics network expansion

### ① Logistics network plans for the next three years (n=225)

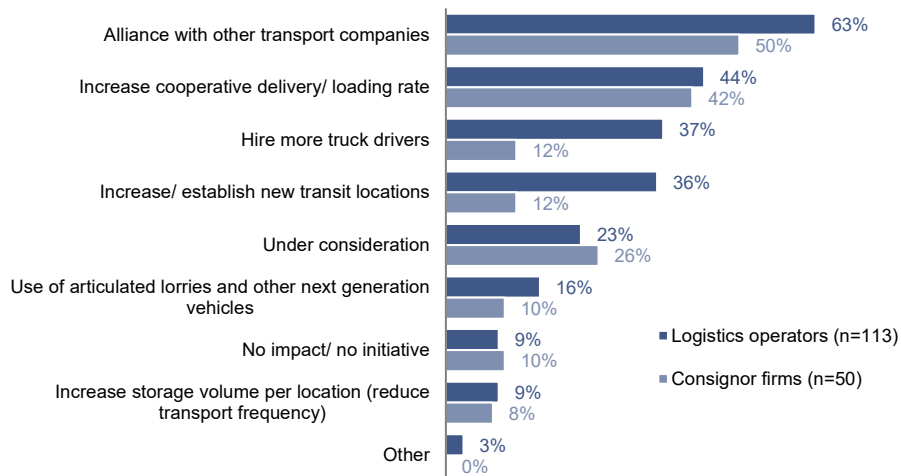


### ② Reasons for logistics network plans (up to three answers allowed)

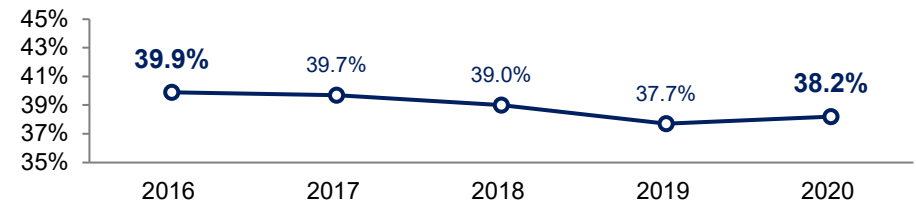


## Data on the 2024 Truck Driver Problem

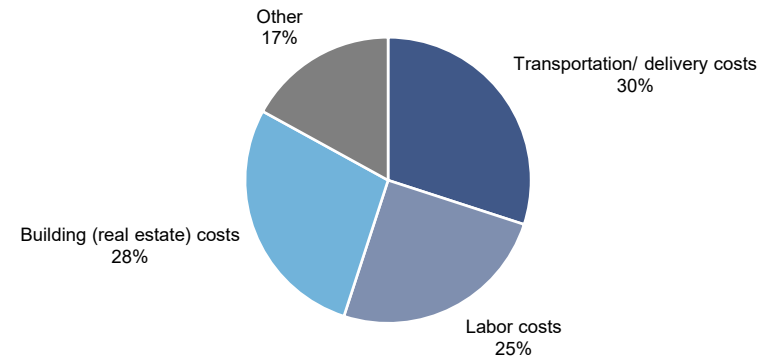
### ③ Initiatives to address the "2024 problem" (multiple answers allowed)



### ④ Changes in truck loading efficiency in Japan



### ⑤ Breakdown of logistics site operational costs (n=199)



# Appendix





# Overview of JLF

# Overview of Japan Logistics Fund, Inc. (JLF)

(as of July 31, 2023)

Date of IPO	May 9, 2005 (Securities code: 8967)
Investment targets	Primarily logistics properties
Sponsors	Mitsui & Co., Ltd. (70%), Sumitomo Mitsui Trust Bank (20%), Kenedix (10%)

Asset size

JPY **290,590** million

No. of  
properties

**52** properties

Portfolio  
appraisal value

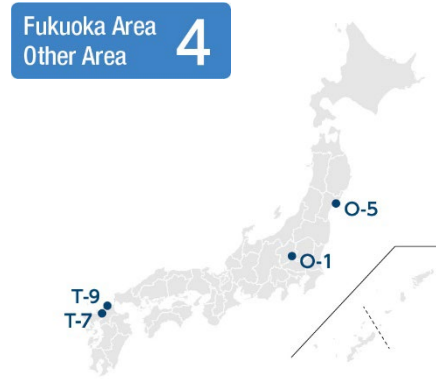
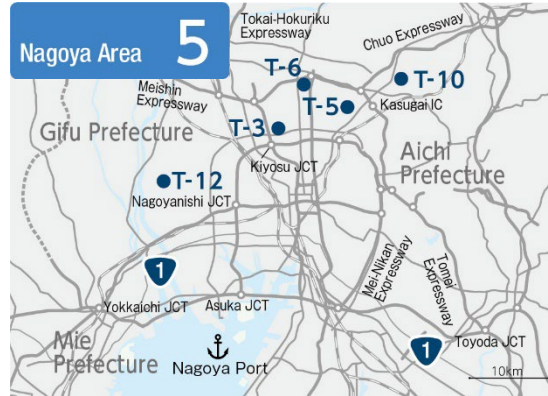
JPY **409,550** million





# JLF's portfolio map

Number of Properties **52** **67.1%** of Portfolio located inside **Route 16** including Tokyo Bay Area



Region	Number of properties	Ratio	Investment region
Tokyo Metropolitan	38	86.1%	50~80%
Osaka・Nagoya・Fukuoka	12	12.9%	20~40%
Others	2	1.0%	5~10%
<b>Total</b>	<b>52</b>	<b>100%</b>	<b>100%</b>

## Tokyo Metropolitan Area

M-2 Urayasu Logistics Center	M-14 Urayasu Chidori Logistics Center II	M-24 Shin-Koyasu Logistics Center	M-35 Toda Logistics Center
M-3 Hiratsuka Logistics Center	M-15 Ichikawa Logistics Center	M-25 Misato Logistics Center	M-36 Ichikawa Logistics Center II
M-4 Shinkiba Logistics Center	M-16 Shinonome Logistics Center	M-26 Sagamiyama Logistics Center	M-37 Fujisawa Logistics Center
M-5 Urayasu Chidori Logistics Center	M-17 Narashino Logistics Center II	M-27 Chiba Kita Logistics Center	M-38 Hanyu Logistics Center
M-6 Funabashi Nishiura Logistics Center	M-18 Ichikawa Logistics Center II	M-28 Chiba Kita Logistics Center II	M-39 Saitama Kisai Logistics Center
M-8 Kawasaki Logistics Center	M-19 Souka Logistics Center	M-29 Urayasu Chidori Logistics Center II	M-40 Kazo Logistics Center
M-9 Narashino Logistics Center	M-20 Tatsumi Logistics Center	M-30 Zama Logistics Center	M-41 Kuki Logistics Center
M-11 Yachiyo Logistics Center	M-21 Kashiwa Logistics Center	M-31 Shinkiba Logistics Center II	M-42 Itabashi Logistics Center
M-12 Yokohama Fukuura Logistics Center	M-22 Musashimurayama Logistics Center	M-32 Yokohama Machida Logistics Center	
M-13 Yachiyo Logistics Center II	M-23 Kashiwa Logistics Center II	M-34 Shiroy Logistics Center	

## Osaka Area

T-1 Daito Logistics Center	T-11 Takatsuki Logistics Center
T-2 Osaka Fukuzaiki Logistics Center	T-13 Osaka Nishiyodogawa Logistics Center
T-4 Kadoma Logistics Center	T-14 Amagasaki Logistics Center

## Fukuoka Area

T-7 Fukuoka Hakozaki Futo Logistics Center	T-9 Fukuoka Kashihama Logistics Center
--	--

## Nagoya Area

T-3 Kiyosu Logistics Center	T-10 Kasugai Logistics Center
T-5 Komaki Logistics Center	T-12 Aisai Logistics Center
T-6 Komaki Logistics Center II	

## Other Area

O-1 Maebashi Logistics Center	O-5 Sendaiko-kita Logistics Center
-------------------------------	------------------------------------

● Assets to be Acquired

# Stable portfolio

**Excellent locations and stable tenant parcels buffer the portfolio from the external environment**  
**Aim to improve profitability by endeavoring to raise rent upon lease expiration**

Portfolio status (as of September 13, 2023)

Occupancy rate

**100.0%**

Occupancy rate at end of FP 24/1 (Forecast)

**100.0%**

Average occupancy rate since IPO

**98.7%**

Weighted average lease expiry

**4.2 years**

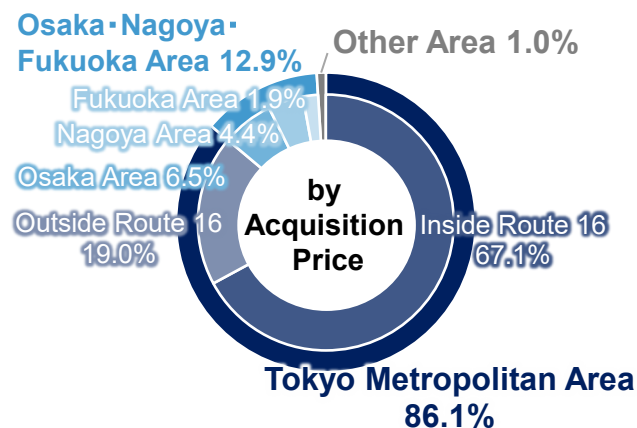
Weighted average lease period

**11.1 years**

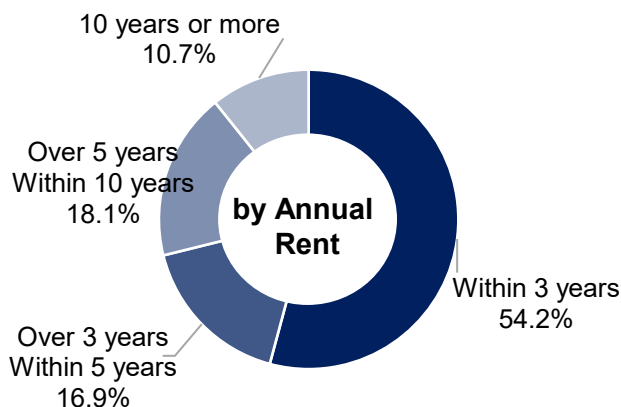
NOI yield / NOI yield after depreciation

**6.4% / 4.9%**

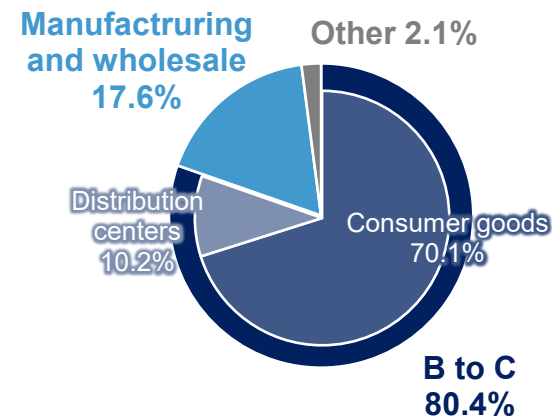
**Diversification of Region**  
(as of September 13, 2023)



**Lease expiry Classification**  
(as of September 13, 2023)

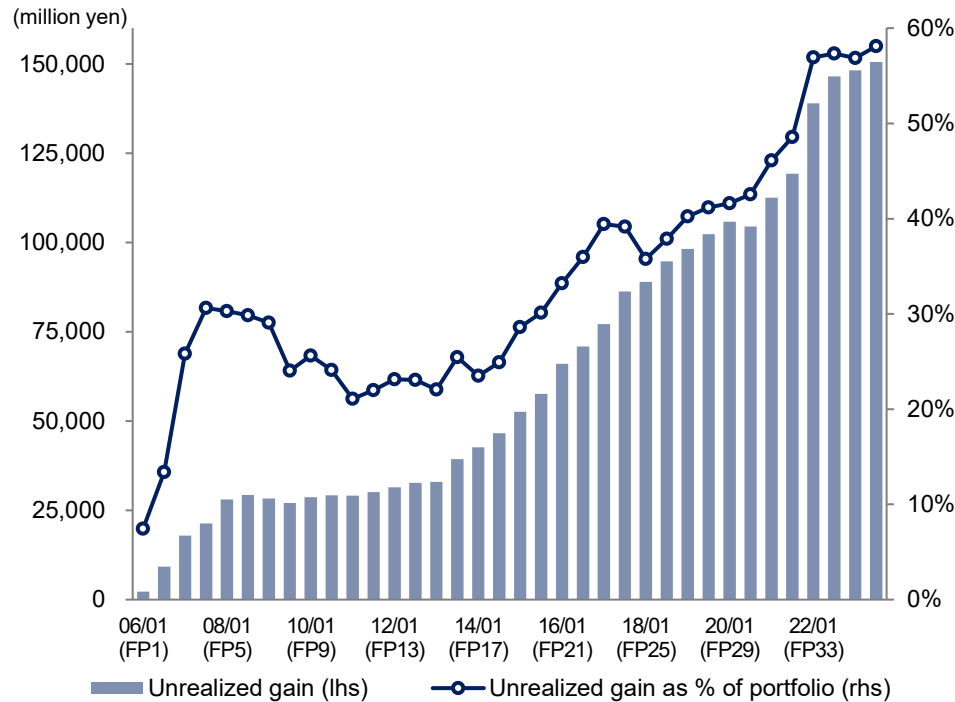


**Tenant Goods Classification**  
(as of September 13, 2023)



# JLF's abundant unrealized gain

## Top-class unrealized gain as % of portfolio among J-REITs



## Unrealized gain as % of portfolio is top class among J-REITs

JLF

**58.1%**

(Unrealized gain:  
JPY 150.5 Billion)

J-REIT average

**25.3%**

Logistics REIT's  
average

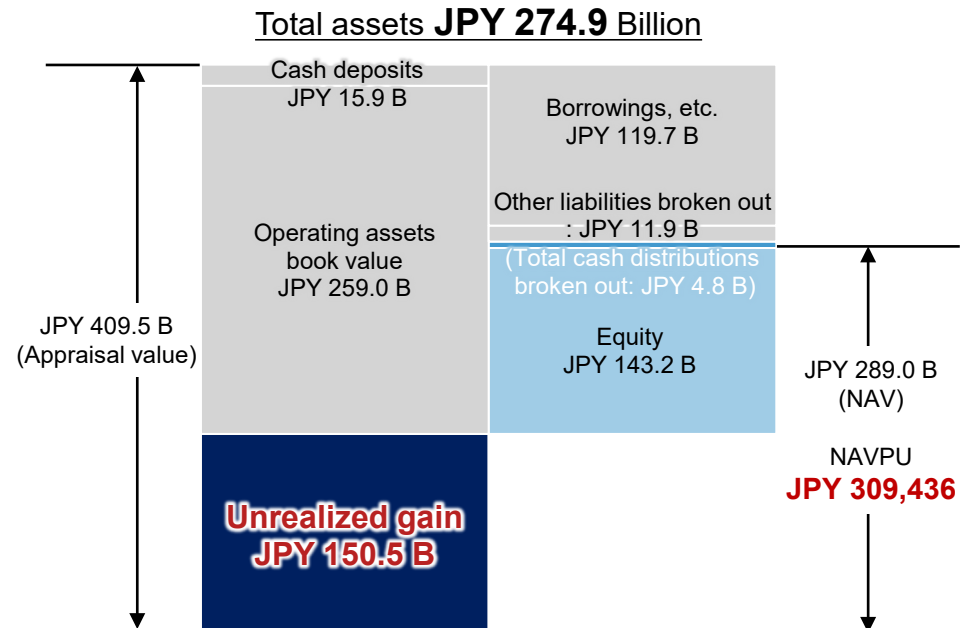
**22.5%**

## Resilience to environmental changes

Drop (%) in appraisal values required to eliminate unrealized gain JLF **36.8%** vs. J-REIT average 20.2%

Drop (%) in appraisal values required to bring LTV to 50% JLF **41.5%** vs. J-REIT average 23.9%

## Unrealized gain and NAV (as of the end of FP 2023/7)

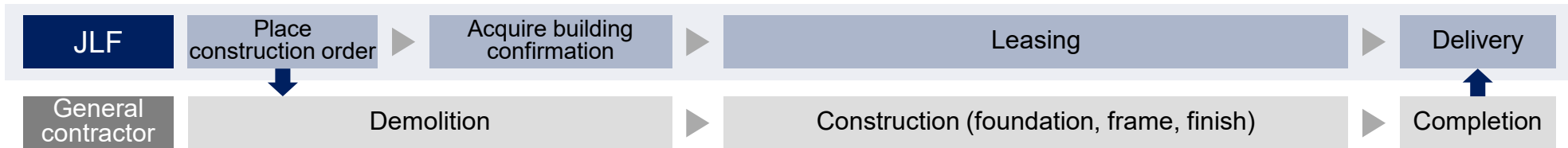


# JLF's unique growth strategy (Own Book Redevelopment #1)

What is OBR?

**Own Book Redevelopment = Redevelopment of properties owned by JLF**

OBR value chain



Criteria for executing OBR projects

Excellent location  
with tenant demand

Low book value on building  
due to aging, etc.

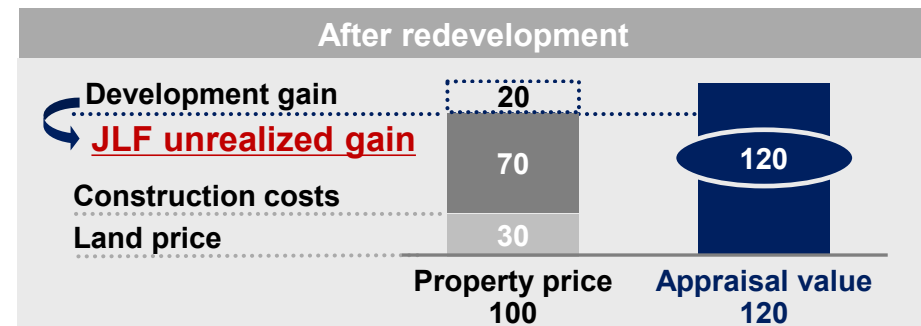
Significant untapped floor  
area ratio

Great potential  
for rent growth

Acquisition price structure

**Leverage untapped floor area ratio to  
capture unrealized gain corresponding  
to development gain**






(Note) The figures provided for post-redevelopment property price and appraisal value are conceptual and do not represent actual values.





# JLF's unique growth strategy (Own Book Redevelopment #2)

## Track record of OBR

Properties					
	Daito Logistics Center	Yachiyo Logistics Center	Kiyosu Logistics Center	Kasugai Logistics Center	Urayasu Logistics Center
Increase in leasable area	+21.7%	+221.6%	+89.0%	+30.3%	+291.7%
Actual NOI yield (Post OBR)	9.8%	6.7%	8.9%	6.6%	7.3%
Appraisal NCFCR (Post OBR)	5.4%	5.2%	4.7%	4.8%	3.8%

## OBR potential

**Study implementing OBR projects at appropriate timing while being mindful of its impact on the portfolio**

- **Currently 8 OBR candidates**
- **Approximately 158,000m<sup>2</sup> potential addition to GFA (equivalent to approximately 11% of portfolio)**

### Lease maturities at OBR-candidate properties

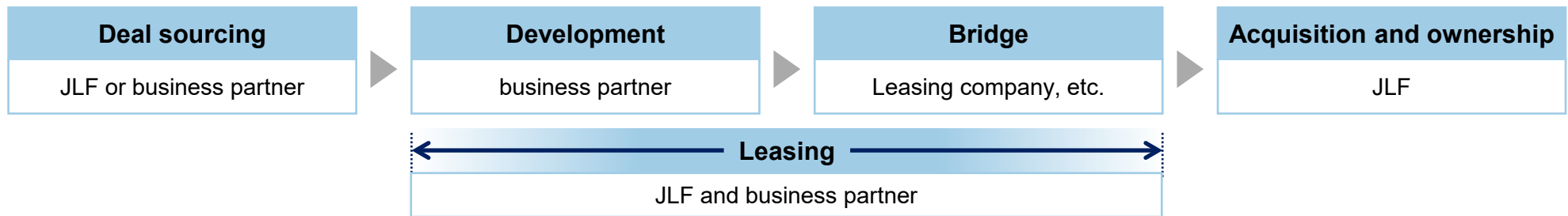
	~ FP 2026/7 (~ 3 years)	~ FP 2028/7 (~5 years)	FP 2029/1 ~ (5+ years)
Number of properties	5	0	3





# Independent growth strategy (joint developments with business partners)

## Benefits of joint development

- **Can acquire at relatively high yields** by taking some of the development gain
- **We can independently select** the submarket, specifications, tenant and timing of the property acquisition
- **No capital outlays** while the development is under construction

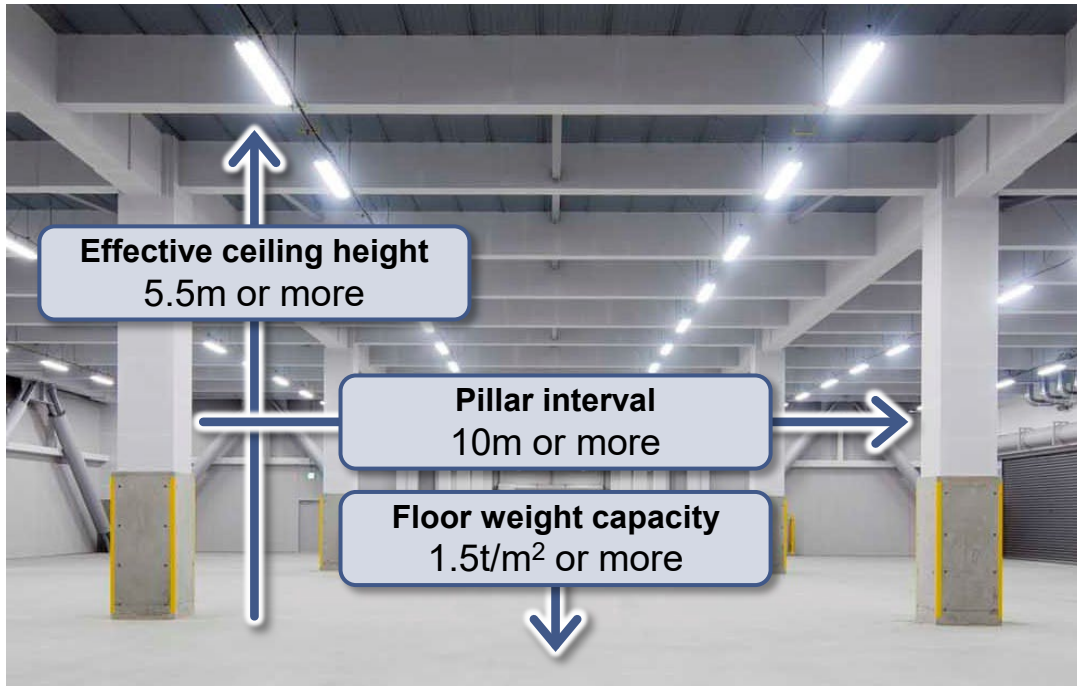
## Joint development value chain



Partner	Constructor	Lease company	Logistics company	Logistics company
Sourcing	JLF			Tenant
Leasing	JLF		- (Tenant decided before business decision is made)	
Property	 Yachiyo Logistics Center III	 Shiroy Logistics Center	 Aisai Logistics Center	 Toda Logistics Center
NOI yield (At the time of acquisition)	5.9%	6.3%	5.3%	4.7%
Appraisal NCFCR (At the time of acquisition)	4.4%	4.7%	4.5%	4.2%

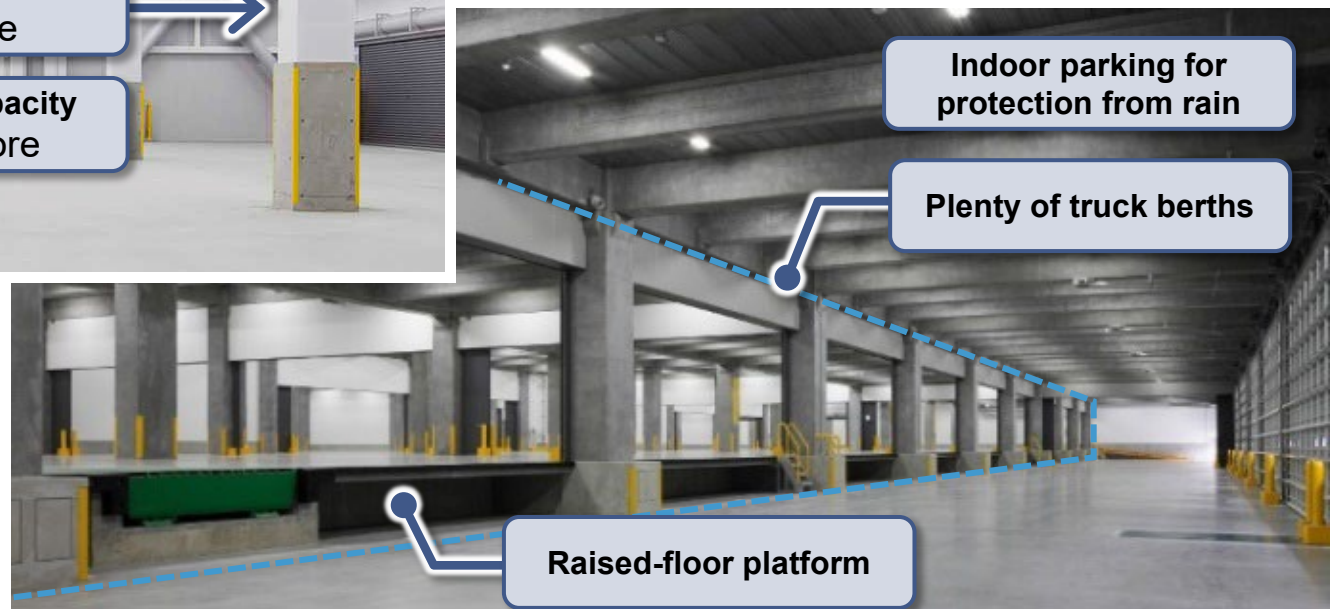
# Specifications of logistics facilities

(Reference) Typical specs of JLF properties



Inside

Truck berth







# ESG Initiatives

# Accelerate ESG initiatives

To take a sustained approach to achieving improvements in ESG challenges, we have reorganized internally, acquired external ESG evaluations and signed on to initiatives

## Sustainability Management

Building a management structure that is mindful of sustainability, adopting the philosophy of sustainability into management and business endeavors.

1

Create sustainability policy

3

Establish Sustainability Advancement  
Communication Committee

2

Important challenges related to ESG  
Identifying Materialities

4

Management involvement  
Building an Environmental Management  
System (EMS)

## Acquiring external certifications

- Acquired A MSCI ESG rating and included in the [MSCI Japan ESG Select Leaders Index](#) in 2022. (as of September 13, 2023)
- Acquired a 5-star GRESB rating in 2022, the highest level for a J-REIT



## Consent with initiatives

### PRI and the PFA 21

Incorporated ESG issues in investment decision-making and signed on to initiatives aimed at forming a sustainable society

Signatory of:



For more information on our ESG initiatives, please see our [2023 Sustainability Report](#).

# Accelerate ESG initiatives (Important ESG matters)

## Identified important ESG matters (Materialities) that we should address as a REIT and an asset management company

Category	Important challenge		Direction/Target
<b>E</b>	Response to climate change	<b>Manage and reduce energy consumption and CO2 emissions</b>	Endeavor to reduce CO <sub>2</sub> emissions by introducing technologies and facilities that use energy efficiently, conserve energy or generate energy and switching to power sources with low emissions coefficients, among other things.
		<b>Environmental Compliance</b>	Continue to work to acquire green certifications, such as Green Building Certifications.
		<b>Collaboration with tenants to be environmentally friendly</b>	Promote the introduction of green leases from the perspective of both operations and facility improvements to contribute to the environment through collaboration with tenants.
		<b>Resilience (business continuity)</b>	Implement a strategy for raising resilience against intensifying disasters to mitigate risk of damage to portfolio profitability caused by disasters. Implement planned maintenance of properties in response to changes in meteorological patterns.
		<b>Support a recycling economy</b>	Strive to preserve the water environment by conserving water, introducing water-saving equipment and the like.
<b>S</b>	<b>Respect for Diversity, Employee motivation and wellness</b>		Strive to create a work environment where each employee is healthy in body and soul and feels as if they are leading a fulfilled lifestyle in society.
	<b>Employee performance and career development</b>		Aim to improve human resources by encouraging employee self-improvement through the provision of continuous education opportunities and incentives to acquire credentials.
	<b>Contribute to the community</b>		Actively contribute to the community based on the understanding that an important challenge to business continuity is gaining social license to operate based on a relationship of trust with the community.
<b>G</b>	<b>Disclosure to and dialog with stakeholders</b>		Build relationships of trust through active disclosure including non-financial information such as ESG-related activities and constructive dialog with stakeholders.
	<b>Strengthen governance</b>		Enhance compliance awareness and effect thorough adherence to laws and regulations by implementing training.



# Accelerate ESG initiatives for Environment (1)

## Implement various initiatives for the environment with a primary focus on climate change

### Greenification of the portfolio

Acquired green building  
certifications  
for **41** properties  
(**79.7%**)  
in the portfolio  
(as of September 13, 2023)



### Performance results

Fiscal year	Primary energy consumption (GJ)	Greenhouse gas emissions (t-CO2)	Water consumption (m³)	Total waste (t)
2022(a)	64,231	<b>27,958</b>	<b>125,986</b>	<b>10,166</b>
2021(b)	64,894	<b>29,192</b>	<b>121,673</b>	<b>9,218</b>
a-b	<b>-663</b>	<b>-1,234</b>	<b>+4,313</b>	<b>+948</b>

### Environmental initiative case studies

#### (1) Energy conservation

Conversion to LED lighting  
Installed at about **1,189** km² to date  
(**79.2%**: based on GFA)



#### (2) Energy generation

Solar panel installations  
Installed at **11** properties to date  
(Annual power generation: **5,876** MWh)  
(FY 2022)



#### (3) Initiatives with tenants

Executing green leases  
Executed with a total of **46** tenants to date  
(Equivalent to **65.0%** of portfolio GLA)

Green leases signed  
in FP 2023/7

**100%**



# Accelerate ESG initiatives for Environment (2)

Overview of strategy under TCFD recommendations

1 Identify financial risks and opportunities related to operations under 1.5°C and 4°C scenarios

2 Establish responses and set KPIs for mitigating financial risk and generating business opportunities

Scenario analysis	<u>1.5°C scenario</u> Stronger environmental regulations	<u>4°C scenario</u> Intensification of wind and water damage, etc.
Financial risks	<u>Transitional risks</u> Increased environmental costs	<u>Physical risks</u> Higher repair and maintenance costs and insurance premiums
Responses	<ul style="list-style-type: none"><li>■ Increase proportion of green buildings</li><li>■ Strengthen engagement with tenants and PM companies</li></ul>	<ul style="list-style-type: none"><li>■ Establish broad framework for BCP scheme</li><li>■ Regularly review long-term repair and maintenance plans</li></ul>

## TCFD: Measures and Targets

Set targets for greenhouse gas emissions related to JLF's business

- Reduce **42% by FY 2030** (compared to FY 2021)
- **Net zero by FY 2050**

Acquired **SBT validation for SMEs**  
for GHG emissions reduction targets for FY2030

→Achieve net-zero in FY2022 by purchasing non-fossil certificates



# Accelerate ESG initiatives for social

## Develop a better work environment for asset manager employees Contribute to local communities through the management of logistics facilities

### Actions aimed at officers and employees of the asset manager

#### 1 Promoting Diversity Equity Inclusion (DEI)

- Promote acceptance and respect for each other's individuality, pursue fairness in providing opportunities, and create an organization where individuality can flourish (DEI)

#### 2 Develop a better work environment

- Develop a better environment through company culture and practices
  - Flexible working hour system, Childcare and nursing care leave, and Special paid leave system, etc.

#### 3 Acquisition and development talented employees

- Support for skill development of executives and employees
  - Support for acquiring qualifications and implementation of in-house training

#### 4 Putting asset manager in the same boat with JLF

- Introduce systems to align interests of JLF and officers and employees of the asset manager
  - Compensation linked to JLF's DPU
  - Program facilitating buying of JLF investment units (investment unit accumulation program)

### Initiatives aimed at activating local communities

#### 1 Urban development

- Property developments and redevelopment projects large-scale logistics properties contribute to revitalization of local economy by creating jobs in the vicinities

#### 2 Provision of a better work environment for workers in warehouses

- Install cafeteria and other spaces for rest
- Set up retail shops



#### 3 Provision of lifestyle infrastructure to the community

- Host installations of telecom antennas
- Executed Agreement on Storage of Goods in the Event of a Disaster with Kanagawa Prefecture and Agreement on Cooperation in Providing Facilities, etc. in the Event of a Disaster, etc. with the Soka Yashio Fire Fighting Union



# Accelerate ESG initiatives for governance

## Organize internal structures that bolster governance aimed at achieving operational management that is consistent with unitholder value

### Asset management fee structure consistent with unitholder interests

	Fee structure	Asset manager incentives
AM fee 1	Linked to NOI	<ul style="list-style-type: none"><li>■ Asset size growth accompanied by growth in cash flows</li><li>■ Growth in cash flows through management of portfolio assets</li></ul>
AM fee 2	<b>Linked to Net income and DPU</b>	<ul style="list-style-type: none"><li>■ <b>DPU stability and growth</b></li></ul>
Acquisition fee	Linked to Acquisition amount	<ul style="list-style-type: none"><li>■ Asset size growth accompanied by growth in cash flows</li></ul>
Redevelopment fee	Linked to Construction amount	<ul style="list-style-type: none"><li>■ Enhance shareholder value (cash flows and asset values) through implementation of OBR strategy</li></ul>

### Supervisory directors with diverse expertise

Name	Expertise
Yumiko Kikuchi	Real estate (Real estate appraiser)
Tsuyoshi Oyama	Risk management (Former Associate Director-General of the BoJ's Financial System and Bank Examination Department)
Motomi Oi	Finance and accounting (CPA)
Kanae Kamoshita	Law (Attorney)

### Regulations on trade conditions in transactions with interested parties

Transactions	Trade conditions
Acquisition of assets under management	Acquire at a price below the appraisal value
Sale of assets under management	Sale at a price above the appraisal value
Brokerage of purchase and sale and lease	Reasonable amount within the range of remuneration stipulated in the Real Estate Brokerage Act

# Accelerate ESG initiatives for green finance

## Green finance framework

Overview	Created a green finance framework in compliance with ICMA's Green Bond Principles
Third-party evaluations	<b>Acquired the highest rank (Green 1(F))</b> in the JCR Green Finance Framework Evaluation from Japan Credit Rating Agency (JCR)
Green Bond Principles	JLF green finance framework
1) Use of procured funds	<b>Fund acquisitions or maintenance and repairs of green-qualified assets</b> or <b>allocate to the repayment or redemption</b> of borrowings or bonds required for such purposes
2) Project selection criteria and process	The representative director of the asset manager approves the evaluation and selection of assets subject to green finance
3) Fund management methods	Establish a green-qualified debt ceiling as a ceiling for green finance by <b>multiplying LTV based on total assets by the acquisition price of the green-qualified asset</b>
4) Reporting	Once a year, publish <b>CO<sub>2</sub> emissions and energy consumption volumes, etc.</b> on our website

## Green finance track record (as of September 13, 2023)

	Procurement amount (JPY Million)
Green bond	2,000
Green loan	9,500
Total green finance	11,500
Green-qualified debt ceiling	104,833

**Reference: Green-qualified debt ceiling =  
green-qualified asset X LTV based on total assets**

JLF's acquisition price

**AUM**  
52 properties  
290.5 billion yen

Green balance sheet

Green-Eligible Assets  
41 properties  
240.7 B

× LTV **43.5%**  
↓

The maximum amount of  
green-eligible liabilities  
**104.8 B**



**Others**



# JLF's unique growth strategy (Own Book Redevelopment)

OBR: Own Book Redevelopment

## Case: Urayasu LC

2020/9-2021/3  
Demolition and acquire  
construction confirmation

2021/3 - 7  
Foundation

2021/8-2022/2  
Framing

2022/3 - 7  
Finishing touches

2022/7  
Completion

### Pre-OBR

35-year-old  
Single story

Appraisal value 5,270 million yen

NOI 131 million yen



### Post-OBR

New construction /  
4 stories with Slope  
/ Green Building  
certification

Appraisal value **15,400** million yen

Appraisal NOI **603** million yen



X 2.9

X 4.6

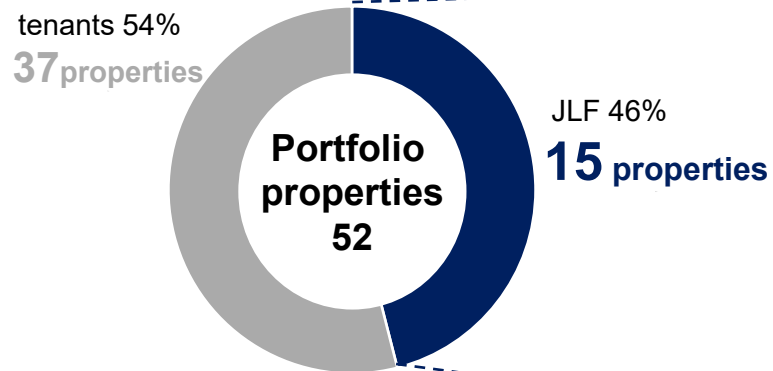
**Increased revenue and asset value by utilizing unused floor area ratio, etc.**

# Responding to Risk of Operational Cost Increases

**Limited exposure to increases in electricity costs**  
**Switch over tenant leases to further mitigate impact**

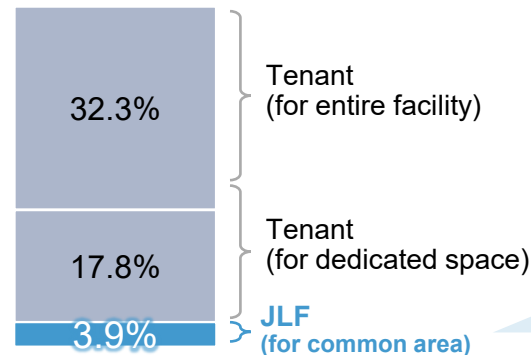
Electricity contracts at portfolio properties

Contract counterpart to power utility



**As of the end of July 2023**

**Electricity cost burden (for those contracts where JLF is counterpart)**



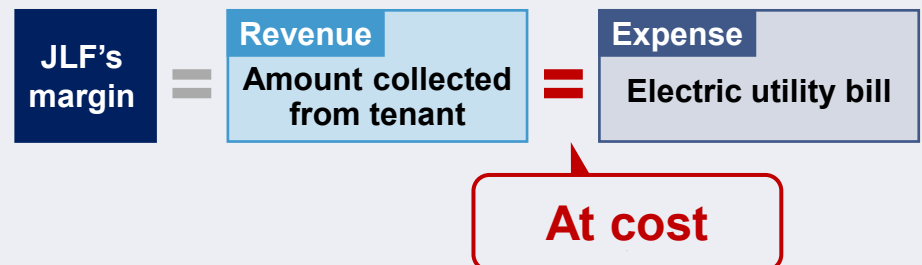
**Exposure to increases in electricity costs**

**About 3.9%**

**Before switching the electric utility agreement**

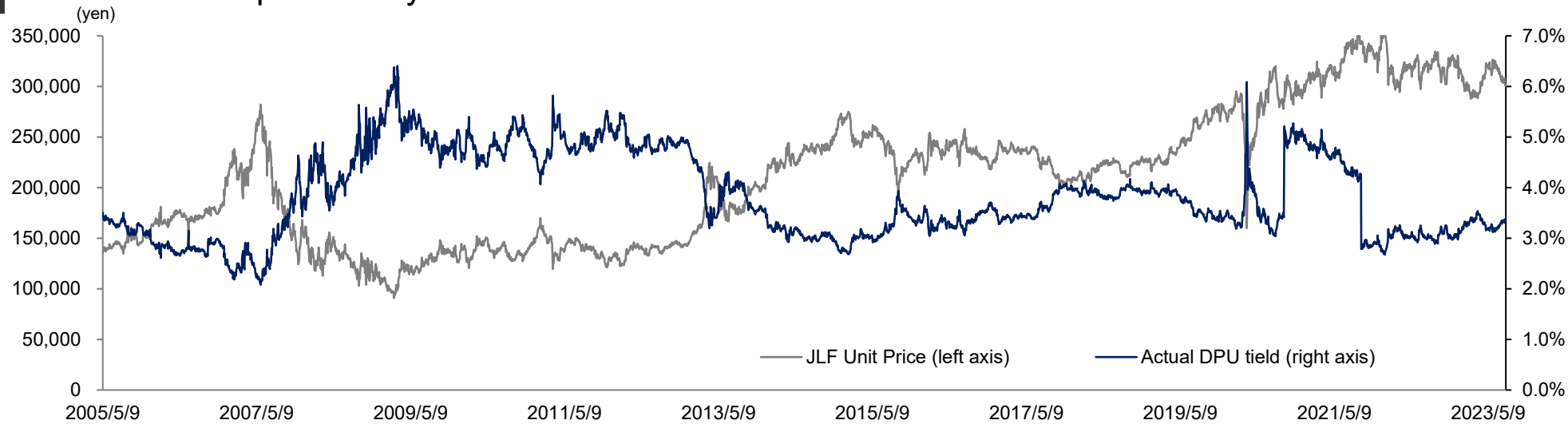


**After switching the electric utility agreement**

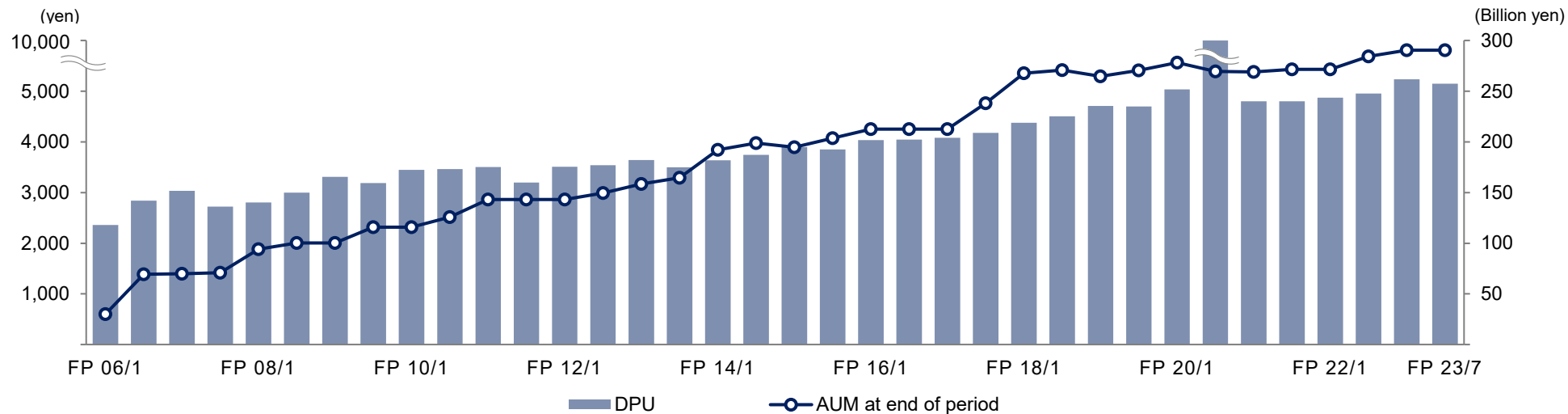


# Performance since listing

## Investment unit price and yield on actual DPU



## AUM and actual DPU





## P6

- "DPU" means distribution per unit.
- "Run-rate DPU" means the DPU per fiscal period adjusted for one-time expenses, such as the amount equivalent to property tax and city planning tax for the year of acquisition.
- "NAVPU" refers to an estimate regarding the net asset value per unit based on the appraisal value of the assets held, and differs from the net asset value per unit based on the net asset value on the balance sheet.
- JLF conducted a 5-for-1 unit split effective February 1, 2014 (fiscal period ended July 31, 2014); the number of investment units issued and outstanding at the end of the fiscal period was calculated based on the assumption that the said unit split was conducted in the fiscal period ended January 31, 2006.
- "Unrealized gain" refers to the amount obtained by subtracting the book value from the appraisal value as of the end of each fiscal period (if the difference is negative, it is an unrealized loss).
- "unrealized gain as % of portfolio" is calculated by the following formula.  

$$\frac{(\text{Appraisal value as of the end of July 2023} - \text{Book value as of the end of July 2023})}{\text{Book value as of the end of July 2023}}$$

## P7

- "OBR" is an abbreviation for Own Book Redevelopment and refers to JLF itself redeveloping a property owned in JLF's portfolio.
- "Rent gap" means the difference between the contracted rent of the property and the market rent in the same area where the property is located.

## P9

- "Joint development with business partners" refers to initiatives aimed at acquiring logistics properties at a discount compared to acquisitions through bidding in the real estate trading market, through the involvement of JLF in the development of logistics properties from the initial stages.

## P10

- "Appraisal NOI" refers to the net operating income based on the direct capitalization method as stated in the respective real estate appraisal report, and is the income before deducting depreciation expenses. "Appraisal NOI Yield" is calculated by dividing the Appraisal NOI by the planned acquisition price as of September 13, 2023.
- "Comparison to market yield" for pipeline properties is calculated by the following formula.
- Appraisal NOI yield as of the most recent appraisal date - Direct capitalization yield based on the appraisal as of the most recent appraisal date
- For pipeline properties for which JLF has obtained an appraisal, the calculation is based on the said appraisal, and for properties for which JLF has not obtained an appraisal, the calculation is based on the appraisal obtained by the bridge partner.
- "Implied CR" 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 at the end of the period ended January 2023  $\div$  [total market value of JLF's units as at each date + total interest-bearing debt + security deposits and guarantee money in trust + long-term deposits - (cash and deposits + cash and deposits in trust)].
- The "Appraisal discount rate" is calculated using the following formula  

$$\frac{(\text{appraisal value of the asset} - \text{expected acquisition price of the asset})}{\text{appraisal value of the asset}}$$
- The 'Recent logistics REIT acquisitions' is calculated as a weighted average on an acquisition price basis, referring to publicly available information on logistics facilities acquired or to be acquired by Logistics J-REITs after 1 April 2023, as published as of 31 August 2023.

## P11

- With regard to "Amagasaki", JLF entered into a purchase agreement with Ricoh Leasing Company, Ltd. Said purchase agreement falls under a forward commitment (FC) as set forth under the Financial Services Agency's Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. JLF's anticipated acquisition date shall be a date falling on or before April 2, 2026, as specified by JLF.
- With regard to "Ichinomiya", "Ichinomiya II", "Fukuoka Tachiarai", "Kazo II", and "Narita", JLF has obtained a first right of refusal from the planned acquirer of the property after development, but that is no guarantee that JLF will enter into a purchase agreement to acquire the property from the planned acquirer.

P11

- With regard to “Osaka inland Project”, JLF has submitted a letter of intent to purchase, in response to which JLF has received from the Mitsui & Co. Group a Letter of Agreement (hereinafter referred to as “LOA”) regarding its intent to sell. The LOA is not legally binding and does not guarantee that a purchase agreement for the property subject to Project A will be entered into between JLF and the Mitsui & Co. Group.
- With regard to the “Ishikari Project”, “Hokkaido Project” and the “Shin Kiba Project”, JLF has obtained a first right of refusal related to the acquisition of the properties, but that is no guarantee that JLF will enter into a purchase agreement to acquire the properties from their current owners.
- With regard to “Ichinomiya”, “Ichinomiya II”, “Fukuoka Tachiarai”, “Kazo II”, “Narita”, “Osaka inland Project”, the “Ishikari Project”, “Hokkaido Project” and the “Shin Kiba Project”, as of September 13, 2023, JLF has no concrete plans to make an acquisition.
- “Bridge” refers to a structure wherein a leasing company or the like has ownership of a property for which JLF has entered into a forward commitment or otherwise wishes to acquire at some point in the future, and JLF obtains first right of refusal from the leasing company or the like. Subject to certain requirements, JLF plans to acquire the subject property by exercising its first right of refusal at a time of its discretion. Furthermore, the “bridge period” refers to the period of time within which JLF may acquire a property subject to a forward commitment, or the period of time within which JLF may exercise its first right of refusal. For those properties for which JLF has obtained a first right of refusal, that does not guarantee that a purchase agreement to acquire the subject property will be entered into between JLF and the leasing company or the like.
- With regard to ‘offer’ from prospective tenants, the percentage of the leasable area of the subject property as at 13 September 2023 for which a lease agreement has been concluded between the lessor and the prospective tenant or for which the lessor has received an application for occupation from the prospective tenant.

P14

- The graphs in “Status of leases matured or maturing in the recent periods (excluding regular leases)” are based on the status of the lease contracts as of September 13, 2023 for the lease contracts that have matured or are scheduled to mature during the period from August 1, 2020 to January 31, 2024. However, lease contracts that have been or will be subject to a period of vacancy (downtime) are excluded.
- “Rent fluctuation” is the percentage change in adjusted rents and facility charges, taking into account free rents before and after contract renewal (Include agreed contracts), under each contract with no period of vacancy (downtime) that matured or is scheduled to mature in each fiscal period, expressed as a weighted average based on the respective adjusted rents and facility charges before contract renewal. Therefore, the rate of change in rent does not necessarily correspond to the increase or decrease in rent income of JLF in any given fiscal period.

P15

- “Weighted average lease expiry” is calculated as the rent-weighted average of “the period until the end of each lease contract for the lease contracts” that has been executed and commenced or will be commenced as of September 13, 2023.
- “Renewal rate” represents the number of lease agreements (Include agreed contracts) that could be continued with the same tenant, based on a weighted average of the real rent and facility charges prior to lease renewal, as a percentage of all leases that expired or will expire between August 1, 2020 and the end of January 2024 (excluding renovation and OBR projects).
- The “average downtime” and “average rental growth” in re-tenanting situations represent the “average period of downtime” and “rate of change in real rent and facility charges” as a weighted average of real rent and utilities costs prior to lease expiration for the 4 leases (excluding properties where new tenants were brought in following renovation or OBR projects) signed by new tenants at properties where the pre-existing lease expired or will expire between August 1, 2020 and the end of January 2024.

P16

- The “weighted average lease period” is the period of subject lease agreements (excluding regular leases), calculated as a weighted average based on real rent and facility charges. Calculations are based on leases (excluding regular leases) that expired between August 1, 2020 and the end of July 2023 for “recent contracts” and leases (excluding regular leases) in effect as of September 13, 2023, for “portfolio total”.
- The “Exposure to electricity cost increases” is calculated on the basis of the gross floor area under the Building Code as the percentage of plots for which JLF is effectively responsible for electricity prices at the end of the fiscal period ended July 2023.

P18

- "Weighted average debt maturity" is calculated by weighting the period from July 31, 2023 to repayment (reimbursement) date stipulated in the contract for the interest-bearing debt of JLF by the amount of funds raised.
- "Weighted average cost of debt" refers to the weighted average of the applicable interest rates on JLF's interest-bearing debt, plus the annualized and prorated up-front fees, investment corporation bond issuance costs and other expenses, weighted by the amount raised.
- "Credit Ratings" is as of September 13, 2023, and may change in the future.
- "LTV" is calculated using the following formula. The same shall apply hereinafter.
- "LTV based on total assets" = total interest-bearing debt / total assets
- "LTV based on appraisal value" = total interest-bearing debt / total appraisal value

P19

- The average amount of re-financing is based on figures by dividing total interest-bearing debt by weighted average debt maturity.
- The "weighted average duration of debt" is calculated as an average of the funding duration stipulated in JLF's interest-bearing debt contract weighted by the funding amount.
- "Fixed interest as a % of debt" indicates the ratio calculated by dividing total interest-bearing debt with fixed interest rates (including interest-bearing debt whose interest rates have become fixed through interest rate swaps) by total interest-bearing debt.
- "Tibor" refers to the 1-month JPY Tibor, 3-month JPY Tibor, and 6-month JPY Tibor from "JBA TIBOR Rates".
- "SWAP Rate" references the 3-year, 5-year, 7-year, and 10-year offered rates for swap rates (TONA swap) provided on page 9154 of Refinitiv Screen TKFX.
- "Cash deposits balance" is the sum of cash deposits and cash deposits in trust as of the end of July 2023, less the allocation cash distributions for the fiscal period ended July 2023.
- "Liquidity on hand corresponding to depreciation" is the total depreciation for the fiscal periods ending January 31, 2024 (estimated) and July 31, 2024 (estimated), less the total capital expenditures for construction in the same periods (estimated).

P22

- The "MSCI Japan ESG Select Leaders Index" is composed of companies that excel in ESG evaluation, selected from among the constituents of the MSCI Japan IMI Index. The MSCI Japan ESG Select Leaders Index has been selected as one of the ESG indices for investment by the Japan Pension Fund Investment Fund (GPIF). The inclusion of JLF in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of JLF by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.
- MSCI ESG Ratings researches, analyzes, and rates the extent to which companies adequately manage ESG-related risks and opportunities, and provides an overall corporate ESG rating on a seven-point scale from "AAA" to "CCC".
- "GRESB" is the name of an organization that conducts and evaluates ESG issues for real estate companies and funds annually. It was established in 2009 mainly by a group of major European pension funds that led the Principles for Responsible Investment (PRI). "GRESB Rating" is a five-grade evaluation of the overall score according to the global ranking.
- "Green building certification" refers to "Certification for CASBEE for Real Estate", "CASBEE Certification for Buildings (New Construction)" and "BELS certification" in this material.
- CASBEE is a method designed to comprehensively assess the environmental efficiency of buildings and promoted throughout Japan under the guidance of the Ministry of Land, Infrastructure Transport and Tourism. The CASBEE® Building (New Construction) evaluation certification is based on CASBEE®-Building (New Construction), which evaluates buildings based on their design at the time of construction, using a 5-level scale (S rank: ★★★★★ - C rank: ★).
- Certification for CASBEE for Real Estate is a system where third-party institutions examine and certify assessment results prepared in accordance with CASBEE for Real Estate. The certification rating is represented by the number of stars on a four-tier scale from five stars "★★★★★" ("S") to two stars "★★" ("B").
- "BELS certification" is a third-party certification system that publishes the energy saving performance of buildings.
- Science Based Targets (SBT) are targets set by companies 5 to 15 years in the future that are consistent with the levels required by the Paris Agreement (which aims to limit the global temperature increase to well below 2° C above pre-industrial levels and 1.5° C below pre-industrial levels). The SBT for small and medium-sized enterprises (SMEs) is a set of greenhouse gas emission reduction targets set by companies for the next five to 15 years, consistent with the levels required by the Greenhouse Gas Protocol. SBT for small and medium-sized enterprises" refers to SBTs set for small and medium-sized enterprises by the SBT Secretariat, which certifies SBTs.
- "Non-fossil certificates" are certificates for the "environmental value" of electricity generated from non-fossil sources, such as renewable energy, and are traded via the Japan Electric Power Exchange (JEPX). The electricity for which the non-fossil certificates are purchased can be regarded as having zero CO2 emissions.



## P25 and P26

- These forecasts have been calculated based on certain assumptions made as of September 13, 2023 and are subject to change as a result of factors including fluctuations in rental revenue resulting from tenant turnover, the purchase or sale of real estate, and the issuance of additional investment units. Furthermore, these forecasts are no guarantee of the amount of cash distributions.

## P28

- The graph in "CBRE real estate investor survey (by asset type) / 10-year JGB yield" is based on a survey conducted by CBRE K.K. at the request of JLF and its asset management company.
- The graph in "Merchandise EC market size and EC penetration of retail (Japan and US)" is prepared by the asset management company based on data from the Ministry of Economy, Trade and Industry and the U.S. Census Bureau.

## P29

- The graphs in "Supply & demand balance of logistics facilities" show trends in newly demanded area, newly supplied area and occupancy rates for medium- to large-scale logistics facilities for lease in the four major metropolitan areas (Tokyo Metropolitan, Greater Osaka Area, Greater Nagoya Area, and Greater Fukuoka Area), calculated based on a survey conducted by CBRE K.K. at the request of JLF and its asset management company. However, the supply forecast for the Greater Fukuoka Area represents the forecast for new supply area of large-scale logistics facilities for lease.

## P30

- The graphs in "Tenant demand by area" are based on a survey conducted by CBRE K.K. at the request of JLF and its asset management company.

## P31

- The graphs (i) to (iii) and (v) are based on a survey conducted by CBRE K.K. in March 2023 on companies using logistics facilities in Japan, whether they own or lease them. The graph in (iv) is also based on the Annual Report on Automobile Statistics and Transport, which contains a survey on changes in truck loading efficiency in Japan, conducted by the Information Production Division, Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism.

## P35

- "67.1 % of portfolio located inside Route 16, including Tokyo Bay Area" and "Percentage by area" are calculated based on an acquisition price for the properties held as of September 13, 2023.

## P36

- "Average occupancy rate since IPO" is calculated by simply averaging the fiscal period-end occupancy rate from the fiscal period ended January 31, 2006 to the fiscal period ended July 31, 2023.
- "Weighted average lease period" and "Weighted average lease expiry" is calculated as the rent-weighted average of "each lease contract period" and "the period until the end of each lease contract for the lease contracts" that has been executed and commenced or will be commenced as of September 13, 2023.
- "NOI yield" and "NOI yield after depreciation" are calculated by dividing the NOI and NOI after depreciation for the period ended July 31, 2023 by the number of operating days and multiplying by 365 days to obtain an annualized figure, which is then divided by the book value at the end of the period. "NOI" is the amount of rental revenue less rental expenses (excluding depreciation). "NOI after depreciation" is the amount obtained by adding back depreciation and loss on retirement of fixed assets from NOI. The same applies hereafter.
- In the graph of "Tenant Goods Classification", facilities whose main purpose is transshipment or sorting of cargos are categorized as "Distribution centers".

P37

- JLF's unrealized gain and unrealized gain as a percentage of portfolio values are current as of the end of the fiscal period ended July 2023. Unrealized gain as a percentage of portfolio for the "J-REIT average" and "Logistics REITs average" are calculated based on the most recent financial results available as of the end of August 2023 (excluding JLF) and the weighted average is taken based on book value. "Logistics REITs" refer to J-REITs that include real estate and the like provided for logistics facilities as a main investment target, according to its investment code.

P39

- The "Actual NOI yield post OBR (actual)" is calculated using the following formula
- $(\text{Actual NOI yield after OBR}^* = \text{Actual NOI}^* \text{ after OBR (annualised)} / \text{book value at end of period})$
- The "Appraisal NCFCR" post OBR" is based on the actual results for the cruising period.
- - The "Appraisal NCFCR" uses the direct capitalization rate based on the appraisal after the implementation of OBR.
- "OBR-candidate properties" refers to an already-acquired asset that, as a result of the Asset Manager's verification of the profitability and investment effect, etc. of demolishing or retiring the existing building and constructing a new building with an area at the maximum legal floor area ratio, is judged to have an investment effect that exceeds a certain level. This does not constitute a decision on their future redevelopment as of September 13, 2023.
- "OBR candidates (8 properties)" is the total number of properties that JLF considers to be candidates for the OBR at present and does not mean that JLF has decided on future redevelopment. For one of the 8 properties, a regular building lease agreement has been concluded with the tenant.
- The "potential addition to GFA" refers to the expected increase in gross floor area per the above verification and that increase as a percentage of the gross floor area of the newly built asset. It is an estimate assuming the construction of a building up to the maximum legally allowable gross floor area, which may not necessarily be the same as the actual floor area in the building resulting from an OBR project.
- The lease contract maturity of the potential candidates is based on the maturity of the lease contract effective as of September 13, 2023 to be concluded with the tenant occupying the potential candidates.

P.40

- "Appraisal NOI yield at the time of acquisition" is the appraisal NOI based on an appraisal as of the time the acquisition was decided divided by the acquisition price.

P41

- The pictures shown on this page are for illustration purposes only. Not all JLF properties possess standard specifications.

P43

- "PRI" (Principles for Responsible Investing) is a network of international investors for realizing the 6 principles for the financial industry advocated by then Secretary-General of the United Nations, Kofi Anan. The principles advocate incorporating ESG issues into investment decision-making and aims to improve long-term investment returns for beneficiaries by incorporating these perspectives into the decision-making process.

P45

- "Percentage of green leases" is the number of leases that include green lease covenants as a percentage of all leases executed in the fiscal period ended July 2023.

P46

- "TCFD (Task Force on Climate-related Financial Disclosure)" was established in 2015 by Financial Stability Board (FSB), which consists of central banks and financial regulators from major countries. In June 2017, FSB recommended that companies disclose business risks and opportunities arising from medium- to long-term climate change, their impact on financial performance, and specific measures and strategies to reduce the risk of financial market instability.

P49

- "ICMA Green Bond Principles" are guidelines involving the issuance of green bonds, created by the Green Bond Principles Executive Committee, a private entity serving as an executive office for the International Capital Markets Association (ICMA).
- "Green-qualified assets" refer to specific assets that fulfill qualification criteria.
- "Green finance track record" is current as of September 13, 2023.

P51

- With regard to the appraised value, before OBR, the appraised value as at the end of the fiscal period ended 31 July 2020 and after OBR, the appraised value as at the end of the fiscal period ended 31 July 2022 are used.
- With regard to NOI, before OBR, the assumed value at 100% occupancy is calculated based on actual results for the period ended 31 July 2020, while after OBR, the increase/decrease is calculated based on the appraisal NOI.

P52

- The percentages for "Contract counterpart to power utility" and "Electricity cost burden (for those contracts where JLF is counterpart)" are calculated on the basis of the gross floor area under the Building Standard Law. With regard to "Electricity cost burden (for those contracts where JLF is counterpart)", the total floor area under the Building Standard Law of the compartment where JLF is effectively bearing the electricity charges as at the end of the fiscal period ended 31 July 2023 is classified as 'JLF (for common area)'.

P53

- The "actual DPU yield" is calculated using the following formula
- Sum of the actual DPU for the two most recent fiscal periods based on JLF's published financial data as at the respective dates  $\div$  unit price as at the respective dates.
- The DPU for the period ended January 31, 2006 was calculated by dividing the actual value by five and dividing the actual value by the actual DPU for the period ended January 31, 2006 by the actual DPU for the period ended January 31, 2007. The DPU for the period ended January 31, 2006 is the actual value divided by 5, multiplied by the calculation period of 182.5 days, which is half a year, and rounded down to the nearest decimal place.



# Disclaimer

- Monetary amounts are rounded down to millions or thousands of yen.
- Percentage figures are rounded off to the first decimal place.
- This material contains forward-looking business results, plans, and management targets and strategies. Such forward-looking statements are based on current assumptions and premises, including those regarding anticipated future developments and business environment trends, and these assumptions and premises may not always be correct. Actual results could differ considerably because of a variety of factors.
- This material has not been prepared for the purpose of soliciting the purchase of the investment units of Japan Logistics Fund (“JLF”) or to solicit the signing of other financial product transaction contracts. In making investments, investors should do so based on their own judgment and responsibility.
- The investment units of JLF are closed-end fund investment units, whereby investment units are not redeemable at the request of investors. Investors wishing to liquidate their investment units will in principle need to sell them to third parties. The market value of the investment units will be influenced by investor supply and demand at securities exchanges and will fluctuate in accordance with the situation for interest rates, economic circumstances, real estate prices, and other market factors. It is therefore possible that investors will not be able to sell the investment units at their acquisition price and, as a result, will suffer losses.
- JLF plans to make cash distributions to investors, but whether distributions are made and the amount thereof are not guaranteed under any circumstances. Gains or losses on the sale of real estate, losses on the disposal of fixed assets accompanying the replacement of structures, and other factors can cause fiscal-period income to vary greatly, causing the amount of distributions paid to investors to change.
- Information provided herein does not constitute any of the disclosure documents or performance reports required by the Financial Instruments and Exchange Act or the Act on Investment Trusts and Investment Corporations or by the Securities Listing Regulations of the Tokyo Stock Exchange.
- This material is to be read and used at the responsibility of customers. JLF and related persons involved in the preparation and publication of this material will not bear any responsibility for any damage arising from the use of this material (whether for direct or indirect damage, and regardless of the cause thereof).
- While every effort has been made to avoid errors and omissions regarding the information presented in this material, the material has been created as an easy reference for customers, and the presented information may contain inaccuracies or misprints. JLF bears no responsibility for the accuracy, completeness, suitability, or fairness of the information in this material.
- JLF holds the copyright to the information appearing in this material. Copying, altering, publishing, distributing, appropriating, or displaying this information or using it for commercial purposes without the prior approval of JLF is prohibited. Also, trademarks (trademarks, logos, and service marks) related to JLF appearing in this material are owned by JLF, and copying, altering, publishing, distributing, appropriating, or reproducing such trademarks or using them for commercial purposes without the permission of JLF is prohibited.

Asset Management Company: Mitsui & Co., Logistics Partners Ltd.

- Financial instrument business registered with the Director of the Kanto Local Finance Bureau registration No.400 (financial instruments)
- Member of The Investment Trusts Association, Japan