

July 22, 2020

For Immediate Release

Real Estate Investment Trust

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

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**Notice Concerning Determination of the Date of Delivery, the Fund Source,
and Change of the Acquisition Price**

Japan Logistics Fund, Inc. (hereinafter referred to as “JLF”) announced today that regarding the acquisition of Shiroy Logistics Center (hereinafter “the Property”) described in “Notice Concerning Acquisition of New Assets (3 Properties) and Renaming of a Property” announced on February 22, 2018 (hereafter referred to as the “February 22, 2018 Notice”) and “Notice Concerning Change of the Scheduled Date of Delivery and Others” announced on May 19, 2020 (hereinafter referred to as the “May 19, 2020 Notice”), it has determined the date of delivery and the fund source, and has also changed the acquisition price.

For further details about acquisition of the Property, please refer to the February 22, 2018 Notice and the May 19, 2020 Notice.

1. Outline of the acquisition

(1) The Property

Highlights

- **Determined the date of delivery as July 31, 2020 through negotiation with the seller. Reduced the acquisition price initially anticipated.**
- **Acquired with 22% discount on the appraisal value, and achieved higher profitability compared to simple acquisition from the market.**
- **Agreed long-term lease contract with a new tenant which is expected to move-in immediately after the existing short-term lease expiration.**

| Property number | Name of the Property | Scheduled date of delivery | Seller | Acquisition price (million yen) (Note 1) | Appraisal value (million yen) (Note 2) | Expected NOI yield (based on acquisition price) (Note 3) |
|-----------------|-------------------------|----------------------------|-------------------------------------|--|--|--|
| M-34 | Shiroi Logistics Center | July 31, 2020 | JA Mitsui Leasing Tatemono Co., Ltd | 3,875 | 4,940 | 5.1% |

(Note 1) Overhead cost of the acquisition, fixed asset tax, city planning tax and consumption tax are not included in the acquisition price.

(Note 2) Appraisal value as of July 1, 2020.

(Note 3) Expected NOI yield (Acquisition price base) = Expected NOI / acquisition price x 100%
(Figures are rounded off to the first decimal place.)
Expected NOI is a normalized estimate of medium-term based on annual income and expense projections by Mitsui & Co., Logistics Partners Ltd. (hereinafter referred to as the “asset manager”) and is not the forecast at the time of acquisition of the property nor the forecast for the fiscal period ending July 2020 or the fiscal period ending January 2021.

(1) Fund source

Cash on hand

(2) Payment method

Lump-sum payment on the date of delivery

(3) Rationale for determination of the date of delivery

As announced in the May 19, 2020 Notice, JLF changed the scheduled date of delivery, taking factors such as the impact of the COVID-19 pandemic into consideration. However, JLF analyzed the subsequent market environment changes and concluded that the impact of COVID-19 pandemic on JLF would be limited. JLF also has ample cash on hand after recent asset dispositions, and estimates cash on hand as of July 31, 2020 will amount to around 15 billion yen.

JLF concluded, therefore, that it can maintain a sound financial position even after acquisition of the property through cash on hand, and decided to acquire the property through negotiation with the seller.

The acquisition price of the property has fallen to 3,875 million yen compared to an initial estimate of 4,052 million yen, reflecting the successful reduction of construction costs. In addition, while the short-term lease contracts with the existing tenants will expire on August 31, 2020, JLF has already concluded a new long-term lease contract with a new tenant which is expected to move-in on the following-day of the previous lease expirations (September 1, 2020).

The Property is a joint development project with JA Mitsui Leasing Tatemono Co., Ltd., who is the seller, and JLF has acquired the Property with 22% discount on the appraisal value, and achieved higher profitability compared to simple acquisition from the market. JLF will continue to consider joint development projects like the Property, and to achieve higher profitability compared to simple acquisition from the market.

2. Outline of the seller

| | |
|------------------------|--|
| Name | JA Mitsui Leasing Tatemono Co., Ltd |
| Head office location | Ginza Mitsui Building, 8-13-1 Ginza, Chuo-ku, Tokyo |
| Representative | Maki Kudo, President |
| Main business | Real Estate Leasing |
| Capital | 100million (as of July 22, 2020) |
| Date of establishment | March 22, 1995 |
| Net asset | Not disclosed (Note) |
| Total asset | 126,286 million yen (as of March 31, 2020) |
| Major shareholders | JA Mitsui Leasing, Ltd. 100% (as of July 22, 2020) |
| Relation to JLF or MLP | No capital or personnel relationship involved. No business relationship worthy of special mention in the fiscal period ended January 2020. JA Mitsui Leasing Tatemono Co., Ltd does not fall under an interest party of JLF and the asset manager. |

(Note) Not disclosed, for unable to obtain the seller's consent.

3. Current condition of the seller

The acquisition of the Property does not fall under an interested party of either JLF or the asset manager.

4. Future prospects

The Forecasts for the Fiscal Period Ending July 2020 (the 30th Period from February 1, 2020 to July 31, 2020) and the Fiscal Period Ending January 31, 2021 (the 31st Period from August 1, 2020 to January 31, 2021) announced in the REIT Financial Report for the Fiscal Period Ended January 31, 2020 (The 29th Period) (released March 13, 2020) assumed that JLF would acquire the Property on May 15, 2020. However, the impact of the change in acquisition date on performance in the Fiscal Period Ending July 2020 (from February 1, 2020 to July 31, 2020) and the Fiscal Period Ending January 31, 2021 (from August 1, 2020 to January 31, 2021) is minimal and there is no change to the forecasts for these periods. In addition, JLF will announce the Forecasts for the Fiscal Period Ending January 31, 2021 (from August 1, 2020 to January 31, 2021) and the Fiscal Period Ending July 31, 2021 (from February 1, 2021 to July 31, 2021) reflecting the acquisition of the Property in the REIT Financial Report for the Fiscal Period ended July 31, 2020 (to be released on September 14, 2020).

5. Details of the Property

(1) Outline of the Property (The Changes from the May 19, 2020 Notice are underlined.)

[M-34 Shiroy Logistics Center]

| Outline of the asset | | | Outline of the appraisal | |
|---|---------------------------------|---|---|---------------------------------------|
| Asset type | | Real estate | Real estate appraiser | The Tanizawa Sogo Appraisal Co., Ltd. |
| Scheduled Date of the acquisition | | <u>July 31, 2020</u> | Date of the appraisal | <u>July 1, 2020</u> |
| Acquisition price | | <u>3,875 million yen</u> | Appraisal value | <u>4,940 million yen</u> |
| Land | Location | 98 Naka, Shiroy, Chiba and Others | Income approach | <u>4,940 million yen</u> |
| | Site area (Note 1) | 14,322.86 m ² | Discounted cash flow approach | <u>4,870 million yen</u> |
| | Zoning | Industrial area | | |
| | Floor-area ratio | 200% | | |
| | Building-to-land ratio | 60% | Discount rate | 4.8% |
| | Type of ownership | Ownership | Terminal cap rate | 4.9% |
| Building | Structure/Story (Note 1) | Steel-frame structure, alloy plated steel sheet roof, 3 stories | Direct capitalization approach | <u>5,100 million yen</u> |
| | Date of the completion (Note 1) | May 15, 2019 | | |
| | Total floor area (Note 1) | 25,653.78 m ² | Cap rate | 4.7% |
| | Total rentable area | 25,481.58 m ² | | |
| | Usage (Note 1) | Warehouse | Cost approach | |
| | Type of ownership | Ownership | 4,970 million yen | |
| Property management company | | <u>XYMAX ALPHA Corporation</u> | Land (Percentage) | <u>31.1%</u> |
| Collateral | | None | Building (Percentage) | <u>68.9%</u> |
| Outline of the lease contract (Note 2) | | | Outline of engineering report | |
| Number of tenants | | 2 | Survey company | Shimizu Corporation |
| Names of tenant | | Not disclosed (Note 3) | Issue date of the report | <u>July 7, 2020</u> |
| Annual rent (excluding consumption tax) | | Not disclosed (Note 3) | Urgent repairs | - |
| Lease deposit | | Not disclosed (Note 3) | Short-term repairs | - |
| Total rent area | | 25,481.58 m ² | Long-term repairs | <u>24,326 thousand yen</u> |
| Occupancy | | 100.0% | PML | 9.4% |
| Expected income/expense | | | Design company, construction company and building certification company | |
| Income (including auxiliary income) | | Not disclosed (Note 4) | Design company | Matsuo Construction Co.,Ltd. |
| Expected NOI | | <u>197 million yen (Note 5)</u> | Construction company | Matsuo Construction Co.,Ltd. |
| Expected NOI yield (based on acquisition price) | | <u>5.1% (Note 6)</u> | Building certification company | Urban Housing Evaluation Center |
| Remarks: | | | | |
| <ul style="list-style-type: none"> Part of the land which belongs to Tosoh Quartz Corporation, who is the previous land owner, was found to have a level of fluoride that was higher than the environmental quality standards for soil contamination and part of the land was designated as an area which requires action and an area for which change to form or nature require notification. However, Tosoh Quartz assumed responsibility for completing soil decontamination at its own expense and designation as an area which requires action and an area for which change to form or nature require notification was cancelled on March 13, 2018. | | | | |

- While some issues have been identified in connection with the Building Standards Act, JLF plans to correct these issues at its own expenses by end of August, 2020.
- While some issues have been identified in connection with the Fire Service Act, the construction contractor plans to correct these issues at its own expense by end of August, 2020.

- (Note 1) The outline shown here is according to the real estate registry and may differ from the present state.
- (Note 2) The figures are an overview of short-term lease contracts (until August 31, 2020) as of today. A long-term lease contract commencing after expiration of such short-term lease contract has already been concluded.
- (Note 3) Not disclosed, for unable to obtain the tenant's consent.
- (Note 4) JLF does not disclose these items because their disclosure may enable the lease conditions and others, which could break relationship with tenants and could have a negative impact on the efficient operations of JLF and cause disadvantages to investors.
- (Note 5) The figures are estimated annual revenue which was calculated from medium-term rent income based on leasing conditions of the Property, estimated by Asset management company, and from medium-term expense projections by the Asset management company which does not include special factors. Therefore, it is not NOI estimated figures at the time of Property acquisition. Also those figures are not the forecast for the fiscal period ending January 2021 nor the forecast for the fiscal period ending July 2021.
- (Note 6) The figure is expected NOI divided by the acquisition price.

(1) (2) Outline of the appraisal

[M-34 Shiroy Logistics Center]

| | |
|-----------------------|---------------------------------------|
| Appraisal value | 4,940 million yen |
| Real estate appraiser | The Tanizawa Sogo Appraisal Co., Ltd. |
| Date of appraisal | July 1, 2020 |

| Item | Details | Outline |
|--|----------------------|--|
| Income approach value | 4,940 million yen | Appraisal performed based on DCF approach as a standard, with validation using the direct capitalization approach |
| Direct capitalization approach | 5,100 million yen | |
| Operating revenues | Not disclosed (Note) | |
| Total potential revenue | Not disclosed (Note) | Appraisal based on market rent price levels for the subject real estate |
| Loss such as vacancy | 0 yen | Not assumed. |
| Operating expenses | Not disclosed (Note) | |
| Maintenance | 0 yen | Not assumed. |
| Utilities expenses | 0 yen | Not assumed. |
| Repairs | 3 million yen | Appraisal by applying set allocations to figures based on ER and comparable transactions |
| Property management fee | Not disclosed (Note) | Appraisal based on a standard monthly outsourcing fee |
| Expenses for recruiting tenants | 0 yen | Not assumed. |
| Real estate taxes | 35 million yen | Estimated value |
| Casualty insurance premium | Not disclosed (Note) | Appraisal based on a standard rate, with no earthquake insurance subscribed |
| Other expenses | 0 million yen | Appraisal based on earnings samples and the like |
| Net operating income | 245 million yen | |
| Profit on the investment of a lump sum | Not disclosed (Note) | |
| Capital expenditure | 6 million yen | Appraisal by applying set allocations to figures based on ER and comparable transactions |
| Net cash flow | 239 million yen | |
| Capitalization rate | 4.7% | Appraisal by comparing multiple transaction yields from comparable regions within the same market and neighboring areas, and by comprehensively taking into consideration trends and the like in the real estate investment market |
| DCF method | 4,870 million yen | |
| Discount rate | 4.8% | Appraisal by factoring individual risks related to the subject real estate on top of a base warehouse yield calculated by a build-up approach for financial products |
| Terminal cap rate | 4.9% | Appraisal by incorporating future forecasting uncertainties based on a capitalization yield |
| Cost approach | 4,970 million yen | |
| Land percentage | 31.1% | |
| Building percentage | 68.9% | |
| Remarks | Not applicable | |

(Note) JLF does not disclose these items because their disclosure may enable the lease terms and level of fees to be estimated, which could have a negative impact on the efficient operations of JLF and cause disadvantages to investors.

(End)

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

[Appendix]

Portfolio list after disposition of the assets

| Property number | Property name | Location | Acquisition price (Million Yen) | Ratio (Note 1) |
|-----------------|---------------------|------------------------------------|------------------------------------|-------------------|
| M-2 | Urayasu | Urayasu, Chiba | 2,902 | 1.1% |
| M-3 | Hiratsuka | Hiratsuka, Kanagawa | 1,466 | 0.5% |
| M-4 | Shinkiba | Koto-ku, Tokyo | 2,454 | 0.9% |
| M-5 | Urayasu Chidori | Urayasu, Chiba | 6,000 | 2.2% |
| M-6 | Funabashi Nishiura | Funabashi, Chiba | 5,700 | 2.1% |
| M-8 | Kawasaki | Kawasaki-ku, Kawasaki, Kanagawa | 10,905 | 4.0% |
| M-9 | Narashino | Narashino, Chiba | 1,690 | 0.6% |
| M-11 | Yachiyo | Yachiyo, Chiba | 7,892 (Note 2) | 2.9% |
| M-12 | Yokohama Fukuura | Kanazawa-ku, Yokohama, Kanagawa | 9,800 | 3.6% |
| M-13 | Yachiyo II | Yachiyo, Chiba | 5,300 | 1.9% |
| M-14 | Urayasu Chidori II | Urayasu, Chiba | 1,640 | 0.6% |
| M-15 | Ichikawa | Ichikawa, Chiba | 4,550 | 1.7% |
| M-16 | Shinonome | Koto-ku, Tokyo | 11,800 | 4.3% |
| M-17 | Narashino II | Narashino, Chiba | 7,875 | 2.9% |
| M-18 | Ichikawa II | Ichikawa, Chiba | 17,415 | 6.4% |
| M-19 | Souka | Souka, Saitama | 14,440 (Note 3) | 5.3% |
| M-20 | Tatsumi | Koto-ku, Tokyo | 9,000 | 3.3% |
| M-21 | Kashiwa | Kashiwa, Chiba | 3,725 | 1.4% |
| M-22 | Musashimurayama | Musashimurayama, Tokyo | 8,650 | 3.2% |
| M-23 | Kashiwa II | Kashiwa, Chiba | 3,795 (Note 4) | 1.4% |
| M-24 | Shin-Koyasu | Kanagawa-ku, Yokohama, Kanagawa | 9,696 | 3.6% |
| M-25 | Misato | Misato, Saitama | 3,873 | 1.4% |
| M-26 | Sagamihara | Midori-ku, Sagamihara, Kanagawa | 8,032 | 3.0% |
| M-27 | Chiba-Kita | Hanamigawa-ku, Chiba, Chiba | 1,459 | 0.5% |
| M-28 | Chiba-Kita II | Inage-ku, Chiba, Chiba | 4,608 | 1.7% |
| 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 | 5.6% |
| M-32 | Yokohama Machida | Machida, Tokyo | 25,452 | 9.4% |

| Property number | Property name | Location | Acquisition price (Million Yen) | Ratio (Note 1) |
|--|-----------------------|--------------------|---------------------------------|----------------|
| M-34 | Shiroi | Shiroi, Chiba | 3,875 | 1.5% |
| M-35 | Toda | Toda, Saitama | 2,052 | 0.8% |
| M-36 | Ichikawa III | Ichikawa, Chiba | 3,850 | 1.4% |
| M-37 | Fujisawa | Fujisawa, Kanagawa | 4,305 | 1.6% |
| M-38 | Hanyu | Hanyu, Saitama | 1,705 | 0.6% |
| M-39 | Saitama Kisai | Kazo, Saitama | 4,010 | 1.5% |
| M-40 | Kazo | Kazo, Saitama | 3,790 | 1.4% |
| Metropolitan Area (Bay, Inland) Subtotal | | | 231,759 | 85.2% |
| T-1 | Daito | Daito, Osaka | 9,762 (Note 5) | 3.6% |
| T-2 | Osaka Fukuzaki | Osaka, Osaka | 4,096 | 1.5% |
| T-3 | Kiyosu | Kiyosu, Aichi | 3,010 (Note 6) | 1.1% |
| T-4 | Kadoma | Kadoma, Osaka | 989 | 0.4% |
| T-5 | Komaki | Komaki, Aichi | 2,100 | 0.8% |
| T-6 | Komaki II | Komaki, Aichi | 1,800 | 0.7% |
| T-7 | Fukuoka Hakozaki Futo | Fukuoka, Fukuoka | 2,797 | 1.0% |
| T-9 | Fukuoka Kashiihama | Fukuoka, Fukuoka | 2,750 | 1.0% |
| T-10 | Kasugai | Kasugai, Aichi | 3,500 (Note 7) | 1.3% |
| T-11 | Takatsuki | Takatsuki, Osaka | 1,560 | 0.6% |
| T-13 | Osaka Nishiyodogawa | Osaka, Osaka | 2,600 | 1.0% |
| Kinki Area, Chubu Area and Kyushu Area Subtotal | | | 34,965 | 12.9% |
| O-1 | Maebashi | Maebashi, Gunma | 1,230 | 0.5% |
| O-5 | Sendaiko-kita | Sendai, Miyagi | 1,600 | 0.6% |
| Other Area Subtotal | | | 2,830 | 1.0% |
| Portfolio Total after acquisition of the new asset | | | 269,554 | 99.1% |
| Asset to which forward commitment, etc. is applied | | | | |
| T-12 | Aisai | Aisai, Aichi | 2,510 (Note 8) | 0.9% |
| Total portfolio after acquisition of the assets to be newly acquired (Including assets to which forward commitment, etc. is applied) | | | 272,064 | 100.0% |

(Note 1) The figures represent the proportion of the acquisition price to the overall portfolio after the acquisition of the assets (including assets to which forward commitment, etc.), rounded off to the first decimal place. The Expected acquisition date of Asset to which forward commitment, etc. is applied, T-12 Aisai Logistics Center, have not been determined as of today.

(Note 2) The figure is calculated by deducting the costs associated with write-offs and demolition of the former building in July 2013 (603 million yen), and adding the amount stated in the construction contract relating to the building after redevelopment (including the construction contract for additional works) (6,230 million yen) to the sale price stated in the initial sales contract (2,266 million yen).

(Note 3) The figure is the sum of the acquisition prices on March 27, 2012 and February 6, 2017.

- (Note 4) Ownership of land with land lease rights was acquired on September 20, 2013, and the building was acquired on March 1, 2018.
- (Note 5) The figure is calculated by deducting the costs associated with write-offs and demolition of the former building in July 2009 (291 million yen), and adding the amount stated in the construction contract relating to the Warehouse III (2,437 million yen) to the sale price stated in the initial sales contract (7,617 million yen).
- (Note 6) The figure is calculated by adding the construction price relating to the redevelopment of the building (2,325 million yen) to the sale price stated in the initial sales contract (685 million yen).
- (Note 7) The figure is calculated by adding the acquisition price for the newly constructed building by redevelopment (2,670 million yen) to the sale price stated in the initial sales contract (830 million yen).
- (Note 8) The figure is the acquisition price specified in the sales contract. In addition, the sales contract stipulates that if the contract price or other expenses required for the development of the above property change before the delivery date of the above property, the acquisition price will be changed accordingly. Therefore, the acquisition price may be changed in the future.