

July 22, 2020

For Immediate Release

Real Estate Investment TrustJapan Logistics Fund, Inc. (Security Code: 8967)
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TEL +81-3-3238-7171**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 Shiroi 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		Discount rate	4.8%
	Floor-area ratio	200%	Terminal cap rate		4.9%
	Building-to-land ratio	60%		Direct capitalization approach	<u>5,100 million yen</u>
	Type of ownership	Ownership	Cap rate		
Building	Structure/Story (Note 1)	Steel-frame structure, alloy plated steel sheet roof, 3 stories	Cost approach		4,970 million yen
	Date of the completion (Note 1)	May 15, 2019	Land (Percentage)	<u>31.1%</u>	
	Total floor area (Note 1)	25,653.78 m ²	Building (Percentage)	<u>68.9%</u>	
	Total rentable area	25,481.58 m ²			
	Usage (Note 1)	Warehouse	Outline of the lease contract (Note 2)		Outline of engineering report
	Type of ownership	Ownership	Number of tenants	2	Survey company
Property management company	<u>XYMAX ALPHA Corporation</u>	Names of tenant	Not disclosed (Note 3)	Issue date of the report	<u>July 7, 2020</u>
Collateral	None	Annual rent (excluding consumption tax)	Not disclosed (Note 3)	Urgent repairs	-
Expected income/expense		Lease deposit	Not disclosed (Note 3)	Short-term repairs	-
Income (including auxiliary income)	Not disclosed (Note 4)	Total rent area	25,481.58 m ²	Long-term repairs	<u>24,326 thousand yen</u>
Expected NOI	<u>197 million yen (Note 5)</u>	Occupancy	100.0%	PML	9.4%
Expected NOI yield (based on acquisition price)	<u>5.1% (Note 6)</u>	Design company, construction company and building certification company		Design company	Matsuo Construction Co.,Ltd.
Remarks:		Construction company		Building certification company	Matsuo Construction Co.,Ltd.
<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. 		Urban Housing Evaluation Center			

- 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.