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For Immediate Release

Real Estate Investment Trust

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

Representative: Naohiro Kameoka, Executive Director

Asset Management Company

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Notice Concerning Disposition of Assets
(Tajimi Logistics Center and Yachiyo Logistics Center III)

Mitsui & Co., Logistics Partners Ltd. (hereafter referred to as “MLP”), the asset management company of Japan Logistics Fund Inc. (hereafter referred to as “JLF”), announced today that MLP has decided to dispose assets, as detailed below:

1. Outline of the disposition

Disposed assets (2 properties) (hereafter referred to as “the Properties”)

Property number	T-8	M-33
Name of the Property	Tajimi Logistics Center	Yachiyo Logistics Center III
Date of contract	March 16, 2020	March 16, 2020
Expected date of disposition	March 30, 2020	April 10, 2020
Expected disposition price (million yen) (Note 2)	13,900	3,700
Book value (million yen) (Note 3)	8,344	3,325
Difference between disposition price and book value (million yen) (Note 4)	5,555	374
Buyer	Tajimi Special purpose company	Yachiyo-higashi Special purpose company

(Note 1) These figures are rounded down to millions of yen.

(Note 2) The figure does not include disposition fee, adjustments fixed asset taxes and city planning taxes, consumption taxes, etc.

(Note 3) The figure indicates expected values as of the expected date of disposition.

(Note 4) This figure is simply calculated by deducting sum of the book values from expected disposition price, as reference. The figure may differ from the actual profit and loss on this disposition of assets.

2. Rationale for the disposition

JLF aims to continue to increase dividends per unit and NAV per unit (Note) steadily, mainly through investment in properties used as logistics facilities under the asset management policy and the investment targets defined in the

Certificate of Incorporation. To achieve this goal, JLF needs to manage the portfolio appropriately, considering the assets it owns and changes in the external environment surrounding the owned assets.

JLF recognizes that the profitability of the Properties may fall in the medium to long term perspective mainly due to the fall of revenue and the increases in repair costs. Therefore, JLF has been carefully examining the asset management policy of these Properties.

Following the careful examination, JLF has concluded that disposing these Properties will maximize the asset values under the current active environment of the real estate acquisition market. The total expected disposition price of the Properties (17,600 million yen) is higher than the total appraisal value (16,410 million yen) as well as the total book value (11,670 million yen). The disposition is intended to maximize the disposition price and realize unrealized gains in the current favorable properties acquisition market environment. JLF believes that the disposition will help avoid the risk of a fall in earnings and improve the stability of the portfolio's cash flow.

JLF plans to use the proceeds of the disposition and the gain on the disposition to strengthen its financial position and stabilize dividends per unit. It will use the proceeds equivalent to the book value of the Properties to repay short-term borrowings (6,000 million yen) that are due on March 31, 2020, and retain to prepare for the potential future acquisition. Part of the gain on sale of the Properties will be internally reserved as a reserve for tax purpose reduction entry utilizing "Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010." JLF will use the reserve flexibly, mainly to stabilize dividends per unit in future.

【T-8 Tajimi Logistics Center】

Rationale for the disposition

- The Property generates stable cash flows at the time of the disposition. However, JLF concerns it may be difficult, or at least take time, to find new tenants once the current tenant decides to leave because of the following reasons; 1) the size of the Property is relatively large compared to the surrounding market size, 2) the specifications of a part of the Properties are built to suit specifically for the current tenant and thus lack versatility. JLF sees potential risks on the stability of cash flows.
- Profitability is expected to fall, chiefly due to repair costs related to large renovations.
- Under the current favorable properties acquisition market environment, JLF will maximize the disposition price so that we can realize unrealized gains, and we can obtain the proceeds of the disposition to strengthen its financial position.

【M-33 Yachiyo Logistics Center III】

Rationale for the disposition

- In in-land Chiba area where the Property is located, more new supply of the properties is expected. Even under the current favorable properties leasing market environment, the supply-demand balance of this specific area is relatively loose. JLF concerns it may be difficult, or at least take time, to find tenants in this area.

- The Property has vacancies from February 2020, and cash flows are declining. It is likely to take some time before cash flows come back to cruising level.
- Under the current favorable properties acquisition market environment, JLF will maximize the disposition price so that we can realize unrealized gains, and we can obtain the proceeds of the disposition to strengthen its financial position.

(Note) NAV per unit = (Net assets + Unrealized profit/loss of assets owned) / Total number of investment units issued and outstanding

3. Details of the assets to be disposed

[T-8 Tajimi Logistics Center]

Outline of the asset					
Type of the asset		Trust beneficiary right of real estate	Expected date of the disposition		March 30, 2020
Trust beneficiary		Sumitomo Mitsui Trust Bank, Limited	Expected disposition price		13,900 million yen
Trust period		October 31, 2024	Book value (Note 2)		8,344 million yen
Date of the acquisition		October 8, 2013, and other	Difference between disposition price and book value		5,555 million yen
Acquisition price (Note 1)		9,310 million yen			
Land	Location (address)	10-6-136 Asahigaoka, Tajimi, Gifu, and other	Building	Structure/Story (Note 3)	Steel frame with alloy-plated steel roofing sheet, 5-story building, and other
	Site area	56,341.43 m ²		Date of completion	September 13, 2012
	Zoning	Quasi-industrial area		Total floor area (Note 3)	75,605.23 m ²
	Floor-area ratio	200%		Total rentable area (Note 4)	76,178.21 m ²
	Building-to-land ratio	60%		Usage (Note 3)	Warehouse, Office
	Type of ownership	Ownership		Type of ownership	Ownership
Property management company		Itochu Urban Community Ltd	Collateral		None
Outline of the appraisal					
Real estate appraiser		Japan Real Estate Institute	Date of appraisal		January 31, 2020
			Appraisal value		12,300 million yen
Outline of the lease contract					
Number of tenants		1	Lease deposit		Not disclosed (Note 5)
Name of tenant		Nippon Express Co., Ltd.	Total rent area		76,178.21 m ²
Annual rent (excluding consumption tax)		Not disclosed (Note 5)	Occupancy		100.0%
Remarks: None					
(Note 1) The figure is the sum of the acquisition prices on October 8, 2013 and November 4, 2014.					
(Note 2) These figures indicate expected values as of the expected date of disposition.					
(Note 3) These figures are based on the real estate registry and may not match the current situation.					
(Note 4) The total leasable area is calculated based on the leased area of the building described in the lease agreement.					
(Note 5) Not disclosed, for unable to obtain the tenants' consent.					

[M-33 Yachiyo Logistics Center III]

Outline of the asset					
Type of the asset		Trust beneficiary right of real estate (Note 1)	Expected date of the disposition		April 10, 2020
Trust beneficiary		Sumitomo Mitsui Trust Bank, Limited	Expected disposition price		3,700 million yen
Trust period		April 30, 2030	Book value (Note 2)		3,325 million yen
Date of the acquisition		September 2, 2019	Difference between disposition price and book value		374 million yen
Acquisition price		3,286 million yen			
Land	Location (address)	2040-1 Aza-Otsuka, Kamikoya, Yachiyo, Chiba and Others	Building	Structure/Story (Note 3)	Steel-frame structure with deck roof, 4 stories
	Site area	9,432.88 m ²		Date of completion	August 22, 2018
	Zoning	Industrial area		Total floor area (Note 3)	18,942.84 m ²
	Floor-area ratio	200%		Total rentable area	18,947.81 m ²
	Building-to-land ratio	60%		Usage (Note 3)	Warehouse, Office
	Type of ownership	Ownership		Type of ownership	Ownership
Property management company		XYMAX ALPHA Corporation	Collateral		None
Outline of the appraisal					
Real estate appraiser		The Tanizawa Sogo Appraisal Co., Ltd.	Date of appraisal		January 31, 2020
			Appraisal value		4,110 million yen
Outline of the lease contract (Note 4)					
Number of tenants		-	Lease deposit		-
Name of tenant		-	Total rent area		-
Annual rent (excluding consumption tax)		-	Occupancy		0.0%
Remarks: None					
(Note 1) The property is real estate as of today, but will be disposed after being converted into a trust beneficiary right on the delivery date.					
(Note 2) These figures indicate expected values as of the expected date of disposition.					
(Note 3) These figures are based on the real estate registry and may not match the current situation.					
(Note 4) The property has no tenants as of today.					

4. Outline of the buyer

[Tajimi Logistics Center III]

Name of the company	Tajimi Special purpose company
Address	1-6-15 Hirakawa-cho, Chiyoda-ku, Tokyo
Representative	Takashi Inaba, Director
Principle business lines	1. Transfer of specified assets in accordance with the Asset Liquidation Plan based on the Act on Liquidation of Assets, and business related to their management and disposal 2. Other business related to the business related to liquidation of the above specified assets
Capital	100,000 yen
Date of establishment	February 17, 2020
Relationship to JLF and MLP	
Capital relationship	None
Personnel relationship	None
Business relationship	None
Related party status	None

[Yachiyo Logistics Center III]

Name of the company	Yachiyo-higashi Special purpose company
Address	1-6-15 Hirakawa-cho, Chiyoda-ku, Tokyo
Representative	Takashi Inaba, Director
Principle business lines	1. Transfer of specified assets in accordance with the Asset Liquidation Plan based on the Act on Liquidation of Assets, and business related to their management and disposal 2. Other business related to the business related to liquidation of the above specified assets
Capital	100,000 yen
Date of establishment	February 17, 2020
Relationship to JLF and MLP	
Capital relationship	None
Personnel relationship	None
Business relationship	None
Related party status	None

5. Outline of the brokerage

[Tajimi Logistics Center and Yachiyo Logistics Center III]

Name of the company	Sumitomo Mitsui Trust Bank, Limited
Address	1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Representative	Masaru Hashimoto, Chairman
Principle business lines	1. Trust Business 2. Banking Business 3. Other business
Capital	342,037 million yen (As of September 30, 2019)
Date of establishment	July 28, 1925

Relationship to JLF and MLP	
Capital relationship	The company holds 0.3% of the total number of investment units issued and outstanding of JLF as of January 31, 2020. It holds 20% of the total number of shares issued and outstanding of the asset management company and is an interested person or other close affiliate under the Act on Investment Trusts and Investment Corporations and an interested party under the conflict of interest rules (internal rules) of the asset management company.
Personnel relationship	The company has dispatched a part-time director to the asset management company as of today. An employee at the asset management company is a loan employee from the company.
Business relationship	The company is a lender to JLF and a trustee of some of the assets held by JLF.
Related party status	The company is not an interested party of JLF.
Broker fee	Not disclosed (Note)

(Note) The amount of commission is not disclosed, due to unavoidable circumstances where the consent for the disclosure has not been obtained from the broker. The amount of commission for the broker is an amount less than the upper limit (3% of the anticipated disposition price plus 60,000 yen (excluding consumption taxes) stipulated in the Building Lots and Buildings Transaction Business Act

6. Transaction with an interested party

Because Sumitomo Mitsui Trust Bank, Limited, the broker of the disposition of the Properties, falls under an interested party as defined in MLP's Anti-Conflict-of-Interest Rules, the determination of brokerage has been made through prescribed procedures in accordance with its Anti-Conflict-of-Interest Rules.

7. Means of payment

Lump-sum payment at the time of transfer.

8. Disposition Schedule

Decision-making date	March 13, 2020
Disposition contract signing date	March 16, 2020 (planned)
Payment and Property transfer date	Tajimi Logistics Center: March 30, 2020 (planned) Yachiyo Logistics Center III: April 10, 2020 (planned)

9. Future prospects

JLF expects a change in earnings in the logistics properties leasing business and a gain on sales of real estate in relation to the disposition of the Properties and will internally reserve part of the gain on the disposition as a reserve for deferred income tax. For financial forecasts for the fiscal period ending July 31, 2020 (the 30th fiscal period) and the fiscal period ending January 31, 2021 (the 31st fiscal period) following the disposition, please refer to "Notice Concerning Amendment of Forecasts for the Fiscal Period Ending July 31, 2020 and Forecasts for the Fiscal Period Ending January 31, 2021" and "REIT Financial Report for the Fiscal Period Ended January 31, 2020 (29th period)" released on March 13.

10. Outline of the appraisal

T-8 Tajimi Logistics Center

Appraisal value	12,300 million yen
Real estate appraiser	Japan Real Estate Institute
Date of appraisal	January 31, 2020

Item	Details	Outline
Income approach value	12,300 million yen	Appraisal performed with validation using the direct capitalization approach based on a standard of a value under DCF approach.
Direct capitalization approach	12,500 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	7 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	75 million yen	Estimated value
Casualty insurance premium	Not disclosed (Note)	Appraisal based on a standard rate, with no earthquake insurance applied.
Other expenses	0 million yen	Appraisal based on earnings samples and the like
Net operating income	627 million yen	
Profit on the investment of a lump sum	Not disclosed (Note)	
Capital expenditure	16 million yen	Appraisal by applying set allocations to figures based on ER and comparable transactions
Net cash flow	612 million yen	
Capitalization rate	4.9%	Appraisal by comparing multiple transaction yields from comparable regions within the same area of supply and demand and neighboring areas and by comprehensively taking into consideration trends and the like in the real estate investment market
DCF method	12,100 million yen	
Discount rate	4.6%	Appraisal by factoring individual risks related to the subject real estate on top of a base warehouse yield arrived at a build-up approach for financial products
Terminal cap rate	5.3%	Appraisal by incorporating future forecasting uncertainties based on a capitalization yield
Cost approach	9,020 million yen	
Land percentage	33.2%	
Building percentage	66.8%	
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.

M-33 Yachiyo Logistics Center III

Appraisal value	4,110 million yen
Real estate appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Date of appraisal	January 31, 2020

Item	Details	Outline
Income approach value	4,110 million yen	Appraisal performed with validation using the direct capitalization approach based on a standard of a value under DCF approach.
Direct capitalization approach	4,230 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	2 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	25 million yen	Estimated value
Casualty insurance premium	Not disclosed (Note)	Appraisal based on a standard rate, with no earthquake insurance applied.
Other expenses	1 million yen	Appraisal based on earnings samples and the like
Net operating income	194 million yen	
Profit on the investment of a lump sum	Not disclosed (Note)	
Capital expenditure	4 million yen	Appraisal by applying set allocations to figures based on ER and comparable transactions
Net cash flow	190 million yen	
Capitalization rate	4.5%	Appraisal by comparing multiple transaction yields from comparable regions within the same area of supply and demand and neighboring areas and by comprehensively taking into consideration trends and the like in the real estate investment market
DCF method	4,060 million yen	
Discount rate	4.4%	Appraisal by factoring individual risks related to the subject real estate on top of a base warehouse yield arrived at a build-up approach for financial products
Terminal cap rate	4.7%	Appraisal by incorporating future forecasting uncertainties based on a capitalization yield
Cost approach	3,960 million yen	
Land percentage	37.1%	
Building percentage	62.9%	
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.

[Appendix]

Portfolio list after disposition of the assets

(End)

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

This notice is the English translation of the announcement in Japanese on our website. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

[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	9.3%

Property number	Property name	Location	Acquisition price (Million Yen)	Ratio (Note 1)
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			227,883	83.7%
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	12.8%
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			265,678	97.6%
Assets to which forward commitment, etc. is applied				
M-34	Shiroi	Shiroi, Chiba	4,052 (Note 8)	1.5%
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)			272,240	100.0%

(Note 1) The figures represent the proportion of the acquisition price to the overall portfolio after the disposition of the asset (including assets to which forward commitment, etc.), rounded off to the first decimal place. The Expected acquisition dates of Assets to which forward commitment, etc. is applied "M-34 Shirai Logistics Center" and "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 trading value 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 purchase price will be changed according to the change. Therefore, such trading value may be changed in the future.