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**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 Change of the Scheduled Date of Delivery and Others**

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” (hereafter referred to as the “Notice”) announced on February 22, 2018, it has changed the scheduled date of delivery.

JLF will also update the outline of the Property as well as the outline of the appraisal as of January 31, 2020.

Please refer to the Notice for details on the acquisition of the Property.

1. Change of the scheduled date of delivery

(1) The scheduled date of delivery

[Before the change]

To be decided (The Property is a development property that has yet to be completed, and the date of delivery of the Property will be a date no later than the date on which one year has elapsed from the date of application for building preservation registration and shall be a date designated separately by JLF (or if a date has been agreed separately by JLF and JA Mitsui Leasing Tatemono Co., Ltd. (hereinafter referred to as “JAMLT”), such agreed date.).

[After the change]

To be decided (The delivery date will be specified by JLF between July 31, 2020 and March 31, 2021, or will be decided by an agreement between JLF and JAMLT.)

(2) Rationale for the change

JLF’s cash flow is not affected by market changes as the spread of infectious diseases caused by the novel coronavirus (COVID-19). However, JLF believes that extending the delivery date of the Property to further strengthen its cash on hand and funding capacity will contribute to its flexible financial operations. Based on this judgment, JLF discussed with JAMLT and changes the scheduled date of delivery.

## 2. Outline of the acquisition

### (1) The Property (The Changes from the Notice are underlined.)

Property number	Name of the property	Scheduled date of delivery	Seller	Acquisition price (million yen) (Note 1)	Appraisal value (million yen)	Expected NOI yield (Acquisition price base) (Note 2)
M-34	Shiroi Logistics Center	To be Decided (Note 3)	JA Mitsui Leasing Tatemono Co., Ltd	4,052	<u>4,970</u>	<u>5.8%</u>

(Note 1) The acquisition price is the purchase price defined in the real estate purchase agreement. Such purchase price may change in the future as the purchase agreement specifies that if contract prices and other costs for development of the Property fluctuate in the period up to and including the date of delivery of the Property, the purchase price shall be changed accordingly.

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

(Note 2) 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 the Asset management company and is not the forecast at the time of acquisition of the Property, the forecast for the fiscal period ending January 2021 nor the forecast for the fiscal period ending July 2021.

(Note 3) The delivery date will be specified by JLF between July 31, 2020 and March 31, 2021, or will be decided by an agreement between JLF and JAMLT.

## 3. Financial impact on JLF when the forward commitment, etc. cannot be fulfilled

The Purchase Agreement, corresponds to the forward commitment, etc. (Note) stipulated in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” set by the Financial Services Agency. JLF has changed some of the conditions of the Purchase Agreement along with the change of the scheduled delivery date, and the cancellation clauses, etc. expected to be stipulated in the Purchase Agreement are as shown below.

However, the total amount of the penalty to be borne by JLF if JLF fails to fulfill its obligations under the Purchase Agreement is less than the maximum amount of the penalty permitted when making a forward commitment, etc. stipulated in the internal rules of the asset manager and even if procurement of funds cannot be completed and JLF fails to fulfill the forward commitment, this is unlikely to have any major impact on JLF’s financial status. Moreover, JLF has a maximum commitment limit of 17.5 billion yen and has funding methods that ensure flexibility and stability of financing. It is, therefore, unlikely that JLF will pay a penalty because of the failure of procurement of funds in an amount equivalent to the purchase price.

(1) If either party breaches the Purchase Agreement, the other party may request performance specifying a reasonable period and may cancel the Purchase Agreement if performance is not been made within such period.

(2) If one of the parties cancels the Purchase Agreement in accordance with (1) above, the cancelling party may, alongside cancellation, demand that the other party pay a penalty in an amount equivalent to 20% of the purchase price excluding national consumption tax and local consumption tax. The provisions on such penalty do not constitute a reduction of or exemption from the duty of compensation to be borne in accordance with the provisions of the Purchase Agreement.

(Note) A post-dated acquisition contract, in which the actual transactions or closing take place one month or more after the conclusion of a contract. The same will apply hereafter.

#### 4. Future prospects

In the Forecasts for the Fiscal Period ending July 2020 (from February 1, 2020 to July 31, 2020) and the Fiscal Period ending January 2021 (from August 1, 2020 to January 31, 2021) announced in the REIT Financial Report for the Fiscal Period ended January 31, 2020 (released on March 13, 2020), the date of delivery of the Property was assumed to be May 15, 2020, the impact on the forecasts for the Fiscal Period ending July 2020 (The 30th Period) and the Fiscal Period ending January 2021 (The 31st Period) is minimal, and there is no change to the forecasts for these period.

## 5. Details of the Property

### (1) Outline of the Property (The Changes from the 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		To be decided (Note 1)	Date of the appraisal		<u>January 31, 2020</u>
Acquisition price		4,052 million yen (Note 2)	Appraisal value		<u>4,970 million yen</u>
Land	Location	98 Naka, Shiroi, Chiba and Others	Income approach		<u>4,970 million yen</u>
	Site area (Note 3)	<u>14,322.86 m<sup>2</sup></u>	Discounted cash flow approach	Direct capitalization approach	
	Zoning	Industrial area		<u>4,900 million yen</u>	
	Floor-area ratio	200%		Discount rate	
	Building-to-land ratio	60%		4.8%	
	Type of ownership	Ownership		Terminal cap rate	
Building	Structure/Story (Note 3)	<u>Steel-flame structure, alloyplated steel sheet roof, 3 stories</u>	Terminal cap rate		4.9%
	Date of the completion (Note 3)	<u>May 15, 2019</u>	Direct capitalization approach		<u>5,130 million yen</u>
	Total floor area (Note 3)	25,653.78 m <sup>2</sup>	Cap rate	4.7%	
	Total rentable area	<u>25,481.58 m<sup>2</sup></u>		Cost approach	
	Usage (Note 3)	Warehouse		<u>4,970 million yen</u>	
	Type of ownership	Ownership		Land (Percentage)	
Property management company		To be decided	Land (Percentage)		32.0%
Collateral		None	Building (Percentage)		68.0%
Outline of the lease contract (Note 4)			Outline of engineering report (Note 9)		
Number of tenants		<u>2</u>	Survey company		Shimizu Corporation
Names of tenant		<u>Not disclosed (Note 5)</u>	Issue date of the report		January 12, 2018
Annual rent (excluding consumption tax)		<u>Not disclosed (Note 5)</u>	Urgent repairs		-
Lease deposit		<u>Not disclosed (Note 5)</u>	Short-term repairs		-
Total rent area		<u>25,481.58 m<sup>2</sup></u>	Long-term repairs		18,644 thousand yen
Occupancy		<u>100.0%</u>	PML		9.4%
Expected income/expense (Note 6)			Design company, construction company and building certification company		
Income (including auxiliary income)		<u>Not disclosed (Note 7)</u>	Design company		Matsuo Construction Co.,Ltd.
Expected NOI		<u>236 million yen</u>	Construction company		Matsuo Construction Co., Ltd.
Expected NOI yield (based on acquisition price)		<u>5.8 % (Note 8)</u>	Building certification company		Urban Housing Evaluation Center
Remarks:					
• The Purchase Agreement stipulates as a condition for performance of payment of the purchase price that the new building must meet prescribed specifications. On entering into the Purchase Agreement, JLF will also enter into a fixed-term building lease agreement which states as a condition precedent that the new building has been completed and application for building preservation registration has been filed and will lease such new building from JAMLT and then conduct leasing activities. <u>Based on the amendment agreement with JAMLT dated May 15, 2019, the fixed-term building lease agreement became effective on the same date.</u> The main conditions of this fixed-term building lease agreement are as shown below. Lease term: <u>3 years from May 15, 2019</u> Rent: Not disclosed (Note 10)					

<p>Starting date of rent payment: <u>May 15, 2020</u></p> <p>Lease deposit: Not disclosed (Note 10)</p> <p>Cancellation: Not permitted</p> <ul style="list-style-type: none"> <li>• The presence of fluorine exceeding soil contamination standards has been confirmed on a part of the Land, and the part of the Land had been designated as an Area which Requires Action and an Area for which Notification Is Required upon Change to Form or Nature. <u>However, Tosoh Quartz, the former owner of the Land, removed this soil contamination at its own expense and the designation as an Area which Requires Action and an Area for which Notification Is Required upon Change to Form or Nature was cancelled as of March 13, 2018.</u></li> </ul>
<p>(Note 1) <u>The delivery date will be specified by JLF between July 31, 2020 and March 31, 2021, or will be decided by an agreement between JLF and JAMLT.</u></p> <p>(Note 2) The acquisition price is the purchase price defined in the real estate purchase agreement. Such purchase price may change in the future as the purchase agreement specifies that if contract prices and other costs for development of the Property fluctuate in the period up to and including the date of delivery of the Property, the purchase price shall be changed accordingly. Overhead cost of the acquisition, fixed asset tax, city planning tax and consumption tax are not included in the acquisition price.</p> <p>(Note 3) The outline shown here is according to the real estate registry, and may differ from the present state.</p> <p>(Note 4) <u>The figures are an overview of short-term lease contracts (until August 31, 2020) as of today.</u></p> <p>(Note 5) <u>Not disclosed, for unable to obtain the tenant's consent.</u></p> <p>(Note 6) <u>The figures are normalized estimate of medium-term based on annual income and expense projections by the Asset management company and are not the forecast at the time of acquisition of the Property, the forecast for the fiscal period ending January 2021 nor the forecast for the fiscal period ending July 2021.</u></p> <p>(Note 7) <u>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.</u></p> <p>(Note 8) The figure is expected NOI divided by 4,052 million yen, which is the acquisition price.</p> <p>(Note 9) The information is based on an engineering report produced on the assumption of the plan as of February 22, 2018. The details shown above do not constitute any guarantee or definite promise of the details of the engineering report as of acquisition of the Property. <u>JLF plans to obtain an engineering report again when acquiring the Property.</u></p> <p>(Note 10) JLF does not disclose these items because their disclosure may enable the lease terms and level of outsourcing fees to be estimated, which could have a negative impact on the efficient operations of JLF and cause disadvantages to investors.</p>

(2) Outline of the appraisal (The Changes from the Notice are underlined.)

[M-34 Shiroy Logistics Center]

Appraisal value	<u>4,970 million yen</u>
Real estate appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
Date of appraisal	<u>January 31, 2020</u>

Item	Details	Outline
Income approach value	<u>4,970 million yen</u>	Appraisal performed based on DCF approach as a standard, with validation using the direct capitalization approach
Direct capitalization approach	<u>5,130 million yen</u>	
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	31 million yen	Estimated value
Casualty insurance premium	Not disclosed (Note)	Appraisal based on a standard rate, with no earthquake insurance subscribed
Other expenses	<u>3 million yen</u>	Appraisal based on earnings samples and the like
Net operating income	<u>246 million yen</u>	
Profit on the investment of a lump sum	Not disclosed (Note 2)	
Capital expenditure	6 million yen	Appraisal by applying set allocations to figures based on ER and comparable transactions
Net cash flow	<u>241 million yen</u>	
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	<u>4,900 million yen</u>	
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	<u>4,970 million yen</u>	
Land percentage	32.0%	
Building percentage	68.0%	
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)

**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.**

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