Japan Logistics Fund, Inc.

September 12, 2018

For Immediate Release

Real Estate Investment Trust
Japan Logistics Fund, Inc. (Security Code: 8967)
Representative: Keita Tanahashi, Executive Director

Asset Management Company
Mitsui & Co., Logistics Partners Ltd.
Representative: Keita Tanahashi, President
Contact: Ryota Sekiguchi, Corporate Planning & Finance Dept.
TEL +81-3-3238-7171

Notice Concerning Disposition of an Asset

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 an asset, as detailed below:

1. Outline of the disposition

Property number	M-7
Name of the Property	Funabashi Logistics Center
Date of contract	September 12, 2018
Expected date of disposition	October 1, 2018
Expected disposition price (million yen) (Note 2)	7,900
Book value (million yen) (Note 3)	6,878
Difference between disposition price and book value (million yen) (Note 4)	1,021
Buyer	Funabashi Logistics Real Estate Sales LLC

(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. Expected disposition price of each asset is not disclosed, for unable to obtain the buyer's consent.

(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 is pursuing the growth of dividends per unit (DPU) level as well as the increase of unrealized gains based on its growth strategy "stable + Growth 2.0" published in March 2016 under the asset management policy and the investment targets defined in the Certificate of Incorporation. JLF believes this disposition will help achieve this goal as the following reasons.

- To maintain the highly competitive portfolio with long-term period by promoting the rebalance of the portfolio in light of new supply trends in peripheral areas of the property as well as the characteristics of the property.
- To realize unrealized gains and further strengthen the financial standing by maximizing the disposition price in the current favorable real estate trading market.

Proceeds from the disposition of this property will be appropriated for the investment units buyback program (refer to the “Notice Concerning Investment Units Buyback Program (Buybacks under the Provisions of Article 80-5 of the Act on Investment Trusts and Investment Corporations)” announced on September 12, 2018 for details), the repayment of loans, refinance of loans and associated costs (refer to the “Notice Concerning Refinance and Repayment of Loans before Due Date” announced on September 12, 2018 for details), and future acquisition of properties. In addition, some of the gain on the disposition will be internally reserved as a reserve by utilizing the “Special Provisions for Taxation System in Event of Advance Acquisition of Land, Etc. in 2009 and 2011” to strengthen the financial standing in the future.

3. Details of the assets to be disposed

[M-1 Funabashi Logistics Center]

<table>
<tr><td colspan="6">Outline of the asset</td></tr>
<tr><td colspan="2">Type of the asset</td><td>Trust beneficiary right of real estate</td><td colspan="2">Date of the disposition</td><td>October 1, 2018</td></tr>
<tr><td colspan="2">Trust beneficiary</td><td>Sumitomo Mitsui Trust Bank, Limited</td><td colspan="2">Disposition price</td><td>7,900 million yen</td></tr>
<tr><td colspan="2">Trust period</td><td>September 26, 2024</td><td colspan="2">Book value (Note 1)</td><td>6,878 million yen</td></tr>
<tr><td colspan="2">Date of the acquisition</td><td>May 9, 2005</td><td colspan="2" rowspan="2">Difference between disposition price and book value</td><td rowspan="2">1,021 million yen</td></tr>
<tr><td colspan="2">Acquisition price</td><td>8,675 million yen</td></tr>
<tr><td rowspan="6">Land</td><td>Location (address)</td><td>3-3-2 Hama-cho, Funabashi, Chiba</td><td rowspan="6">Building</td><td>Structure/Story</td><td>Steel-frame reinforced concrete structure, flat roof, 6 stories</td></tr>
<tr><td>Site area</td><td>16,718 ㎡</td><td>Date of completion</td><td>October 27, 1993</td></tr>
<tr><td>Zoning</td><td>Quasi-industrial area</td><td>Total floor area (Note 2)</td><td>31,567.40 ㎡</td></tr>
<tr><td>Floor-area ratio</td><td>300%</td><td>Total rentable are</td><td>23,880.20 ㎡</td></tr>
<tr><td>Building-to-land ratio</td><td>60%</td><td>Usage</td><td>Warehouse, Office</td></tr>
<tr><td>Type of ownership</td><td>Ownership</td><td>Type of ownership</td><td>Ownership</td></tr>
<tr><td colspan="2">Property management company</td><td>XYMAX ALPHA Corporation</td><td colspan="2">Collateral</td><td>None</td></tr>
<tr><td colspan="6">Outline of the appraisal</td></tr>
<tr><td colspan="2" rowspan="2">Real estate appraiser</td><td rowspan="2">The Tanizawa Sogo Appraisal Co., Ltd.</td><td colspan="2">Date of appraisal</td><td>July 31, 2018</td></tr>
<tr><td colspan="2">Appraisal value</td><td>7,220 million yen</td></tr>
<tr><td colspan="6">Outline of the lease contract</td></tr>
<tr><td colspan="2">Number of tenants</td><td>1</td><td colspan="2">Lease deposit</td><td>Not disclosed (Note3)</td></tr>
<tr><td colspan="2">Name of tenant</td><td>Yamato Transport Co., Ltd.,</td><td colspan="2">Total rent area</td><td>29,556.79 ㎡</td></tr>
<tr><td colspan="2">Annual rent (excluding consumption tax)</td><td>Not disclosed (Note 3)</td><td colspan="2">Occupancy</td><td>100.0%</td></tr>
<tr><td colspan="6">Remarks: None</td></tr>
<tr><td colspan="6">(Note 1) These figures indicate expected values as of the expected date of disposition.
(Note 2) The figure includes a total floor area of 3,810.79 m² of attached buildings (flat-roofed steel-reinforced concrete building with seven stories and others).
(Note 3) Not disclosed, for unable to obtain the tenants' consent.</td></tr>
</table>

4. Outline of the buyer

Name of the company	Funabashi Logistics Real Estate Sales LLC
Address	2-9-15, Yotsuya, Shinjuku-ku, Tokyo
Representative	Representative partner Funabashi Logi Fuhan General Incorporated Association Administrator Takuya Ikeda
Principle business lines	1. Acquisition, holding, management and disposition of securities and beneficial interests in trust 2. Acquisition, holding, management and disposition of real estate for sale 3. Acquisition, holding and disposition of monetary claims 4. All businesses incidental or relating to each of the foregoing
Capital	100 thousand yen (As of July 31, 2018)
Date of establishment	July 26, 2018
Relationship to JLF and MLP	No capital or personnel relationship involved. No business relationship worthy of special mention in the fiscal period ended July 2018. The company does not fall under an interested party of either JLF or MLP.

5. Outline of the brokerage

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 July 31, 2018)
Date of establishment	July 28, 1925
Relationship to JLF and MLP	The company holds 20% of the total number of shares issued and outstanding of the asset management company as of today's date and falls under an interested party of the asset management company. As of today's date, one of the part-time directors of the asset management company is dispatched by the company, and one of the employees is seconded by the company. The company is a lender to JLF and the trustee of some of the assets held by JLF. The company does not fall under an interested party of JLF.
Broker fee	Not disclosed (Note)

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

Name of the company	CBRE K.K.
Address	2-1-1, Marunouchi, Chiyoda-ku, Tokyo
Representative	Eiji Sakaguchi, President, CEO
Principle business lines	Comprehensive commercial real estate services for domestic and foreign affiliated companies
Capital	771 million yen (As of July 31, 2018)
Date of establishment	February 21, 1970
Relationship to JLF and MLP	No capital or personnel relationship involved. The company is the property management company and the real estate appraiser of some of the assets held by JLF. The company does not fall under an interested party of either JLF or MLP.
Broker fee	Not disclosed (Note)

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

6. Transaction with an interested party

Because Sumitomo Mitsui Trust Bank, Limited, one of the brokers of the disposition of this property, 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	September 12, 2018
Disposition contract signing date	September 12, 2018
Payment date	October 1, 2018 (planned)
Property transfer date	October 1, 2018 (planned)

9. Future prospects

The financial forecasts for the fiscal period ending January 2019 (the 27th fiscal period) and July 2019 (the 28th fiscal period), considering this disposition, are shown in the "REIT Financial Report for the Fiscal Period ended July 31, 2018 (The 26th Period)", announced on September 12, 2018.

Although a gain on transfer will arise from the disposition of this property, its impact on dividends per unit in the fiscal period ending January 31, 2019 (the 27th fiscal period) is minor because of the generation of expenses associated with the refinance of loans and the accumulation of internal reserves as stated in "2. Rationale for the disposition" above.

10. Outline of the appraisal

M-1 Funabashi Logistics Center

Appraisal value	7,220 million yen
Real estate appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Date of appraisal	July 31, 2017

Item	Details	Outline
Income approach value	7,220 million yen	Appraisal performed with validation using the direct capitalization approach based on a standard of a value under DCF approach.
Direct capitalization approach	7,260 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	20 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	45 million yen	Estimated value
Casualty insurance premium	Not disclosed (Note)	Appraisal based on a standard rate, with no earthquake insurance applied.
Other expenses	20 million yen	Appraisal based on earnings samples and the like
Net operating income	367 million yen	
Profit on the investment of a lump sum	Not disclosed (Note)	
Capital expenditure	48 million yen	Appraisal by applying set allocations to figures based on ER and comparable transactions
Net cash flow	319 million yen	
Capitalization rate	4.4%	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	7,200 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	4.6%	Appraisal by incorporating future forecasting uncertainties based on a capitalization yield
Cost approach	7,190 million yen	
Land percentage	65.1%	
Building percentage	34.9%	
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.

Japan Logistics Fund, Inc.

[Appendix]

Portfolio list after acquisition of new assets

(Press Release for Reference)

- "Notice Concerning Investment Units Buyback Program (Buybacks under the Provisions of Article 80-5 of the Act on Investment Trusts and Investment Corporations)" on September 12, 2018
- "Notice Concerning Refinance and Repayment of Loans before Due Date" on September 12, 2018

(End)

*JLF's website: http://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 acquisition of new 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, 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	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 (Note 3)	Koto-ku, Tokyo	11,800	4.3%
M-17	Narashino II (Note 3)	Narashino, Chiba	7,875	2.9%
M-18	Ichikawa II (Note 3)	Ichikawa, Chiba	17,415	6.3%
M-19	Souka	Souka, Saitama	14,440 (Note 4)	5.2%
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	3.1%
M-23	Kashiwa II (Note 5)	Kashiwa, Chiba	3,795 (Note 6)	1.4%
M-24	Shin-Koyasu (Note 3)	Yokohama, Kanagawa	9,696	3.5%
M-25	Misato	Misato, Saitama	3,873	1.4%
M-26	Sagamihara	Sagamihara, Kanagawa	8,032	2.9%
M-27	Chiba-Kita	Chiba, Chiba	1,459	0.5%
M-28	Chiba-Kita II	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	5.5%
M-32	Yokohama Machida	Machida, Tokyo	25,452	9.2%

Property number	Property name	Location	Acquisition price (Million Yen)	Ratio (Note 1)
Metropolitan Area (Bay, Inland) Subtotal			208,171	75.6%
T-1	Daito	Daito, Osaka	9,762 (Note 7)	3.5%
T-2	Osaka Fukuzaki	Osaka, Osaka	4,096	1.5%
T-3	Kiyosu	Kiyosu, Aichi	3,010 (Note 8)	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-8	Tajimi	Tajimi, Gifu	9,310 (Note 9)	3.4%
T-9	Fukuoka Kashiihama	Fukuoka, Fukuoka	2,750	1.0%
T-10	Kasugai	Kasugai, Aichi	3,500 (Note 10)	1.3%
T-11	Takatsuki	Takatsuki, Osaka	1,559	0.6%
Kinki Area, Chubu Area and Kyushu Area Subtotal			41,674	15.1%
O-1	Maebashi	Maebashi, Gunma	1,230	0.4%
O-2	Hanyu	Hanyu, Saitama	1,705	0.6%
O-3	Saitama Kisai	Kazo, Saitama	4,010	1.5%
O-4	Kazo	Kazo, Saitama	3,790	1.4%
O-5	Sendaiko-kita	Sendai, Miyagi	1,600	0.6%
Other Area Subtotal			12,335	4.5%
Portfolio Total after acquisition of the new asset			262,180	95.2%
Assets to which forward commitment, etc. is applied				
M-33	Yachiyo III (Note 11)	Yachiyo, Chiba	3,286 (Note 12)	1.2%
M-34	Shiroi (Note 13)	Shiroi, Chiba	4,052 (Note 14)	1.5%
M-35	Toda (Note 15)	Toda, Saitama	2,052 (Note 14)	0.7%
M-36	Ichikawa III (Note 16)	Ichikawa, Chiba	3,850 (Note 17)	1.4%
Total portfolio after acquisition of the assets to be newly acquired (Including assets to which forward commitment, etc. is applied)			284,095	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.

(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) Figures for co-ownership are indicated.
Shinonome Logistics Center: 47%
Narashino Logistics Center II: 90%

Ichikawa Logistics Center II: 90%
Shin-Koyasu Logistics Center: 51%

(Note 4) The figure is the sum of the acquisition prices on March 27, 2012 and February 6, 2017.
(Note 5) Ownership of land with land lease rights was acquired on September 20, 2013, and the building was acquired on March 1, 2018.
(Note 6) The figure is the sum of the acquisition prices on September 20, 2013 and March 1, 2018.
(Note 7) 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 8) 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 9) The sum of the acquisition price on October 8, 2013 and November 4, 2014.
(Note 10) 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 11) Concluded the purchase agreement on September 26, 2017, this building is a development-type property that is still under construction. The date of its delivery will, in principle, be the day after one year from the date of the registration of the preservation of ownership of the building.
(Note 12) The acquisition price of this building is the price defined in the acquisition contract. If a lease contract in the form and with content with which JLF is satisfied (hereinafter referred to as the “eligible lease contract” in this Note 12) is not concluded for all of this property until the date of delivery of this property, and if the effective eligible lease contract is not concluded and maintained on the date of delivery, the acquisition contract provides for deduction of 124 million yen from the acquisition price. Accordingly, the acquisition price could change in the future.
(Note 13) This property is a development property that has yet to be completed, and the date of delivery of the property will be a date that is 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., such agreed date).
(Note 14) The acquisition price of this building is the price defined in the acquisition contract. Such acquisition price may change 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 acquisition price shall be changed accordingly.
(Note 15) The scheduled date of acquisition of this property is May 31, 2019.
(Note 16) JLF is granted a purchase option to acquire this property, and the exercise period of the purchase option will be from March 1, 2019 (planned) to February 28, 2023. Same exercise period will apply to disposition option of the seller.
(Note 17) The acquisition price shall be an amount agreed upon in advance, which falls within the range of 3,475 million Yen to 3,850 million Yen, depending on the planned acquisition date. The amount provided assumes an acquisition date of March 1, 2019.