Japan Logistics Fund, Inc.

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For Immediate Release

Real Estate Investment Trust
Japan Logistics Fund, Inc. (Security Code: 8967)
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Notice Concerning the Amendment of Asset Management Guideline

Mitsui & Co., Logistics Partners Ltd. (hereinafter referred to as "MLP"), the asset manager of Japan Logistics Fund Inc. (hereafter referred to as "JLF"), announced today that the board of directors of MLP has decided to amend its Asset Management Guideline as described below.

1. Main Contents and Rationale for the Change
   (1) JLF revised its Articles of Incorporation at the 10th General Unitholders' Meeting held on October 24, 2019, and clarified its intention that JLF may invest in (i) specified assets such as real estate that had been used for data centers and other telecommunication facilities as well as securities backed by said real estate to the extent that such investment is deemed reasonable, for the purpose of further expanding investment opportunities, and (ii) specified assets such as real estate that had not been used for logistics facilities at the time of acquisition and securities backed by said real estate, after positioning the assets as target properties for which conversion and redevelopment will be considered in the future, if it is deemed that logistics facilities can be constructed by converting or redeveloping such properties for use as logistics facilities in the future, for the purpose of further expanding investing opportunities. (For details on the revisions to the Articles of Incorporation, refer to the Notice Concerning Partial Revisions of the Articles of Incorporation and Appointment of Directors dated September 12, 2019.)

   Following the revisions to the Articles of Incorporation, MLP makes new provisions regarding the ratio of investment in specified assets described in (i) and (ii) above as well as some points that should be kept in mind in making investment decisions. (For details on the changes to the Articles of Incorporation, refer to the Appendix 1; the same applies hereinafter.)
   (2) Since its establishment on May 9, 2005, JLF has primarily invested in assets such as real estate used for logistics facilities. Compared to the period when JLF started its investments, location suited for logistics properties has extended farther from the center of Tokyo as demand for logistics facilities increases and development of infrastructures, including highways, progresses. Considering this dynamically changing

market environment, JLF has decided to change its a geographical segment for investments of the greater Tokyo area so that it covers the entire area of Tokyo, Kanagawa, Chiba and Saitama Prefectures. The Asset Management Guideline clarifies the definitions of the geographical segments for investments, and stops illustrating specific examples. Portfolio List after the change is shown in Appendix 2.

Considering the size of the rental market in each geographical segment, among other factors, JLF increases the ratio of investment in the greater Tokyo area and reduces the ratios of investment in the Kinki, Chubu and Kyushu areas.

(3) Considering the results of investments for more than 14 years since JLF was listed, JLF changes its key evaluation items in its investment policy.

(4) JLF adjusts the wording.

2. Date of the Change

January 23, 2020

3. Future Prospects

There is no impact on the forecast for the fiscal period ending January 2020 (29th period) and the fiscal period ending July 2020 (30th period).

(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.

Main contents of the changes (Underlined parts have been changed)

Before	After
2. Investment policy 1) Basic policy The Company shall invest primarily in assets such as real estate (to be defined in "3. Investment target" below) and shall manage the assets for the Investment Corporation to make steady profits in the medium to long term. A) Specializing in logistics facilities The Investment Corporation shall be a real estate investment fund that specializes in logistics facilities. The Company shall manage assets, aiming to make steady profits and maximize investor profits in the medium to long term, using the Company's expertise in assessing trends in the economy and the logistics industry and its knowledge and experience on the frontline of logistics. (Omitted) B) Investment strategy (Omitted) ・Strategy specialized in logistics facilities The Company shall seek to acquire practical and versatile properties in terms of location and specifications, using its staff's expertise in the logistics business. The Company shall search for demand for space and seek to realize optimal leasing, using Mitsui & Co.'s network of customers and the networks that it has built with Mitsui & Co. Asset Management Holdings and other intermediary companies. (Omitted) 2) Investment stance (Omitted) A) Acquisition policy (Omitted) b. Key evaluation items (Omitted) (v) Conditions of building ・Major facilities Structure, effective ceiling height, gap between pillars, floor load capacity, floor finishing (presence or absence of particle control), characteristics (both sides or a single side, high floor or low floor) of berth (place for loading and unloading of freight) and loading bays (places where trucks, trailers and freight containers are placed in facilities)、, areas of parking space and yards, eaves, offices, break rooms, slopes and ramp ways (Omitted) （Added）	2. Investment policy 1) Basic policy The Company shall invest primarily in assets such as real estate (to be defined in "3. Investment target" below) and shall manage the assets for the Investment Corporation to make steady profits in the medium to long term. A) Social significance of the Investment Corporation The Investment Corporation shall be a real estate investment fund that focuses on logistics facilities. The Company shall manage assets, aiming to make steady profits and maximize investor profits in the medium to long term, using the Company's expertise in assessing trends in the economy and the logistics industry and its knowledge and experience on the frontline of logistics. (Omitted) B) Investment strategy (Omitted) ・Strategy for acquiring and managing logistics facilities The Company shall seek to acquire practical and versatile properties in terms of location and specifications, using its staff's expertise in the logistics business. The Company shall search for demand for space and seek to realize optimal leasing, using Mitsui & Co.'s network of customers and the networks that it has built with Mitsui & Co. Asset Management Holdings and other intermediary companies. (Omitted) 2) Investment stance (Omitted) A) Acquisition policy (Omitted) b. Key evaluation items (Omitted) (v) Conditions of building ・Major facilities Structure, effective ceiling height, gap between pillars, floor load capacity, floor finishing (presence or absence of particle control), characteristics (both sides or a single side, high floor or low floor) of berth (place for loading and unloading of freight) and the number of vehicles that can park in berth, areas of parking space and yards, eaves, offices, break rooms, slopes and ramp ways (Omitted) ・BCP Hazard map and facilities for business continuity plan (BCP)

<table>
<tr><th>Before</th><th>After</th></tr>
<tr><td>(vii) Rights
(Omitted)
・Limited proprietary right in land
The Company shall make decisions in consideration of the advantages of the location, the land lease agreement with the owner of the building and the profitability of the agreement, the stability of the right and the probability of acquisition of the building and development.
(Omitted)

c. Portfolio construction
（Added）

(i) Investment region
To mitigate changes in earnings caused by economic fluctuations, earthquakes and other circumstances that may have significant effects on specific regions, the Company shall consider geographic diversification in the portfolio. Considering population distribution, regional gross production, consuming region markets and producing region markets, trends in logistics, including port logistics, and indicators to measure needs, the Company shall determine the target ratios of investment in the medium to long term of the geographical segments as stated below.
The target ratios are targets in the medium to long term, and the targets may not be achieved within a certain period in the course of the acquisition of assets.</td><td>(vii) Rights
(Omitted)
・Limited proprietary right in land
The Company shall make decisions in consideration of the advantages of the location as logistics facilities, the land lease agreement with the owner of the building and the profitability of the agreement, the stability of the right and the probability of acquisition of the building and development.
(Omitted)

c. Portfolio construction
(i) Use of investment target
The primary investment targets shall be real estate used for logistics facilities.
Real estate used for data centers and other telecommunication facilities and real estate that is not being used for logistics facilities at the time of acquisition but may be converted or redeveloped to be used for logistics facilities (hereinafter “Other Real Estate”) may become investment targets.
The target ratios of investment in the medium to long term of real estate used for logistics facilities and Other Real Estate shall be as stated below. The target ratios are targets in the medium to long term, and the targets may not be achieved within a certain period in the course of the acquisition of assets.

<table><tr><th>Use</th><th>Investment ratio by use</th></tr><tr><td>Logistics facilities (primary investment targets)</td><td>90% or more</td></tr><tr><td>Other Real Estate (secondary investment targets)</td><td>10% or fewer</td></tr></table>
(ii) Investment region
To mitigate changes in earnings caused by economic fluctuations, earthquakes and other circumstances that may have significant effects on specific regions, the Company shall consider geographic diversification in the portfolio. Considering population distribution, regional gross production, consuming region markets and producing region markets, trends in logistics, including port logistics, and indicators to measure needs, the Company shall determine the target ratios of investment in the medium to long term of the geographical segments as stated below.
The target ratios are targets in the medium to long term, and the targets may not be achieved within a certain period in the course of the acquisition of assets.</td></tr>
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Before

Area Classification		Example of the primary target area	Target ratio
Tokyo Metropolitan Area	Bay Areas	Shinagawa-ku (Oi, etc.), Koto-ku (Shinkiba, Shiomi, Tatsumi, etc.), Ota-ku (around Haneda, etc.), Yokohama, Kawasaki, Urayasu, Funabashi	50～70%
	Inland Areas	Along Route 16, Tama area of Tokyo, southern Saitama, eastern Kanagawa, northwestern Chiba	
Kinki Area		Osaka Bay area, inland areas adjacent to consuming regions: Osaka-shi, areas between Osaka and Kobe, areas between Kyoto and Osaka, and areas along the Kinki Expressway	30～50%
Chubu Area		Nagoya Port area, Komaki, Kasugai, Toyota	
Kyushu Area		Fukuoka	
Other Area		Regions with locational advantages, including regions adjacent to consuming regions	5～10%

(ii) Investment amount

(Omitted)

(iii) Investment ratio for specific assets

(Omitted)

B) Due diligence

a. Judgment on investment qualifications

To make a decision on the investment qualifications of target assets related to real estate (to be defined in "3. Investment target" below; the same applies hereinafter), the Company shall conduct due diligence on the investment real estate.

After

Area Classification	Target ratio
Tokyo Metropolitan Area	50～80%
Kinki Area, Chubu Area and Kyushu Area	20～40%
Other Area	5～10%

Note: The greater Tokyo area consists of Tokyo, Kanagawa, Chiba and Saitama Prefectures. The Kinki area consists of Osaka, Kyoto and Hyogo Prefectures. The Chubu area consists of Aichi, Gifu and Mie Prefectures. The Kyushu area consists of Fukuoka and Saga Prefectures. Other consists of regions other than the above.

(iii) Investment amount

(Omitted)

(iv) Investment ratio for specific assets

(Omitted)

B) Due diligence

a. Judgment on investment qualifications

To make a decision on the investment qualifications of target assets related to real estate (to be defined in "3. Investment target" below; the same applies hereinafter), the Company shall conduct due diligence on the investment real estate, including economic, physical and legal examinations. The items for the evaluation of logistics facilities shall be as shown below.

Before

(Omitted)

Evaluation items		Survey items
Economical examination	(Omitted)	(Omitted)
Physical examination	Site characteristics	(Omitted)
	Outline of architecture, facilities and specifications	(Omitted) 2) Determining the advantages and disadvantages of the major facilities in terms of efficiency in logistics operations (Structure, effective ceiling height, effective gap between pillars, floor load capacity, floor finishing, berth, loading bays, parking space and yards, eaves, offices, break rooms, slopes, ramp ways) (Omitted)
	Diagnosis of building and management	(Omitted)
	Diagnosis of earthquake resistance	(Omitted)
	Environment, soil, etc.	(Omitted)
	(Added)	(Added)

(Omitted)

C) Portfolio management policy

The Company shall seek to maintain or increase superiority and make steady profits in the medium to long term through the management of individual investment targets.

(Omitted)

After

(Omitted)

Evaluation items		Survey items
Economical examination	(Omitted)	(Omitted)
Physical examination	Site characteristics	(Omitted)
	Outline of architecture, facilities and specifications	(Omitted) 2) Determining the advantages and disadvantages of the major facilities in terms of efficiency in logistics operations (Structure, effective ceiling height, gap between pillars, floor load capacity, floor finishing, the characteristics of berth and the number of vehicles that can park at berth, parking space and yards, eaves, offices, break rooms, slopes, ramp ways) (Omitted)
	Diagnosis of building and management	(Omitted)
	Diagnosis of earthquake resistance	(Omitted)
	Environment, soil, etc.	(Omitted)
	BCP	1) Examination of hazard map 2) Conditions of facilities for BCP (business continuity plan)

(Omitted)

C) Portfolio management policy

The Company shall seek to maintain or increase superiority and make steady profits in the medium to long term through the management of individual investment targets. The management policy for logistics facilities is as follows.

(Omitted)

Before	After
（Added）	G) Acquisition of Other Real Estate The Company shall seek to expand investment targets and achieve sustainable growth in the portfolio by selectively investing in secondary investment targets used for data centers and other telecommunication facilities. In areas where properties may be used for many different purposes, profitability at logistics facilities may increase if the facilities are converted into data centers. If there are any opportunities for expanding profits, the Company shall actively change the use. The Company shall strategically invest in secondary investment targets that are not used for logistics facilities at the time of acquisition but may be converted or rebuilt to become logistics facilities. In this case, The Company shall make an investment decision after it checks the lease agreements with tenants and the management condition when it acquires the investment target and carefully examines the portfolio risk in the period up to the commencement of operation of the logistics facilities after conversion or rebuilding. Sections A) through F) shall apply mutatis mutandis to the investment stance for Other Real Estate except for matters unique to logistics facilities. The Company shall make decisions on matters unique to logistics facilities individually in accordance with the characteristics of the Other Real Estate.
（Omitted）	(Omitted)

Portfolio list

Property number	Property name	Location	Acquisition price (Million Yen)	Ratio (Note 1)
M-2	Urayasu	Urayasu, Chiba	2,902	1.0%
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	2.1%
M-6	Funabashi Nishiura	Funabashi, Chiba	5,700	2.0%
M-8	Kawasaki	Kawasaki, Kanagawa	10,905	3.8%
M-9	Narashino	Narashino, Chiba	1,690	0.6%
M-11	Yachiyo	Yachiyo, Chiba	7,892 (Note 2)	2.8%
M-12	Yokohama Fukuura	Yokohama, Kanagawa	9,800	3.4%
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	1.6%
M-16	Shinonome	Koto-ku, Tokyo	11,800	4.1%
M-17	Narashino II	Narashino, Chiba	7,875	2.8%
M-18	Ichikawa II	Ichikawa, Chiba	17,415	6.1%
M-19	Souka	Souka, Saitama	14,440 (Note 3)	5.1%
M-20	Tatsumi	Koto-ku, Tokyo	9,000	3.2%
M-21	Kashiwa	Kashiwa, Chiba	3,725	1.3%
M-22	Musashimurayama	Musashimurayama, Tokyo	8,650	3.0%
M-23	Kashiwa II	Kashiwa, Chiba	3,795 (Note 4)	1.3%
M-24	Shin-Koyasu	Yokohama, Kanagawa	9,696	3.4%
M-25	Misato	Misato, Saitama	3,873	1.4%
M-26	Sagamihara	Sagamihara, Kanagawa	8,032	2.8%
M-27	Chiba-Kita	Chiba, Chiba	1,459	0.5%
M-28	Chiba-Kita II	Chiba, Chiba	4,608	1.6%
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	5.4%
M-32	Yokohama Machida	Machida, Tokyo	25,452	8.9%

Property number	Property name	Location	Acquisition price (Million Yen)	Ratio (Note 1)
M-33	Yachiyo III	Yachiyo, Chiba	3,286	1.1%
M-35	Toda	Toda, Saitama	2,052	0.7%
M-36	Ichikawa III	Ichikawa, Chiba	3,850	1.4%
M-37	Fujisawa	Fujisawa, Kanagawa	4,305	1.5%
M-38	Hanyu	Hanyu, Saitama	1,705	0.6%
M-39	Saitama Kisai	Kazo, Saitama	4,010	1.4%
M-40	Kazo	Kazo, Saitama	3,790	1.3%
Metropolitan Area Subtotal			231,169	81.2%
T-1	Daito	Daito, Osaka	9,762 (Note 5)	3.4%
T-2	Osaka Fukuzaki	Osaka, Osaka	4,096	1.4%
T-3	Kiyosu	Kiyosu, Aichi	3,010 (Note 6)	1.1%
T-4	Kadoma	Kadoma, Osaka	989	0.3%
T-5	Komaki	Komaki, Aichi	2,100	0.7%
T-6	Komaki II	Komaki, Aichi	1,800	0.6%
T-7	Fukuoka Hakozaki Futo	Fukuoka, Fukuoka	2,797	1.0%
T-8	Tajimi	Tajimi, Gifu	9,310 (Note 7)	3.3%
T-9	Fukuoka Kashiihama	Fukuoka, Fukuoka	2,750	1.0%
T-10	Kasugai	Kasugai, Aichi	3,500 (Note 8)	1.2%
T-11	Takatsuki	Takatsuki, Osaka	1,559	0.5%
T-13	Osaka Nishiyodogawa	Osaka, Osaka	2,600	0.9%
Kinki Area, Chubu Area and Kyushu Area Subtotal			44,274	15.5%
O-1	Maebashi	Maebashi, Gunma	1,230	0.4%
O-5	Sendaiko-kita	Sendai, Miyagi	1,600	0.6%
Other Area Subtotal			2,830	1.0%
Portfolio Total			278,273	97.7%
Assets to which forward commitment, etc. is applied				
M-34	Shiroi	Shiroi, Chiba	4,052 (Note 9)	1.4%
T-12	Aisai	Aisai, Aichi	2,510 (Note 9)	0.9%
Portfolio Total (Including assets to which forward commitment, etc. is applied)			284,835	100.0%

(Note 1) The figures represent the proportion of the acquisition price to the overall portfolio (including forward commitment assets), rounded off to the first decimal place. The planned dates of acquisition of “M-34 Shiroi Logistics Center” and “T-12 Aisai Logistics Center”, assets to which forward commitments, etc. are applied, have not yet been decided 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) The figure is the sum of the acquisition prices on September 20, 2013 and 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 cost relating to the redevelopment (2,325 million yen) to the sale price stated in the initial sales contract (685 million yen).

(Note 7) The sum of the acquisition price on October 8, 2013 and November 4, 2014.

(Note 8) 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 9) The figure indicates the purchase price that is determined to be stated in the sale and purchase agreement. Such purchase price may change in the future as the Sale and Purchase Agreement specifies that if contract prices or other costs for the development of this property fluctuate in the period up to and including the date of delivery of the property, the purchase price shall be changed accordingly.