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For Immediate Release

Real Estate Investment Trust

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(Security Code: 8967)

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Notice Concerning Acquisition and Lease Initiation of New Assets (2 Properties)

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 the acquisition and lease initiation of new assets, as detailed below:

1. Outline of the acquisition

(1) Newly acquired assets (2 properties)

Asset number	Name of the asset	Date of contract	Expected date of closing	Seller	Acquisition price (million yen)	Appraisal value (million yen)	NOI yield (%)
M-26	Sagamihara Logistics Center	September 16, 2014	March 3, 2015	Limited Liability Company IK Investment Two	8,032	8,880	5.5
T-8	Tajimi Logistics Center (Note)	November 4, 2014	November 4, 2014	Limited Liability Company Tajimi Logistics	2,335	2,700	6.6
Total		—	—	—	10,367	11,580	—

(Note) JLF acquires 25% joint ownership. This acquisition brought JLF’s ownership of this property to 100% as it had acquired 75% joint ownership on October 8, 2013.

- (2) Fund source : Bank loans and cash in hand including proceeds from disposition of properties.
Please refer to the following press release for the details of disposition of properties.
“Notice Concerning Disposition and Lease Termination of Assets (2 Properties)” dated September 11, 2014.
Details of bank loans will be provided as soon as the decision is made.
- (3) Payment method : Lump-sum payment on the day of closing.
The acquisition of Sagamihara Logistics Center corresponds to the Forward Commitment, etc. (Note) stipulated in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” by the Financial Services Agency.
Please refer to “8. Financial impact on JLF when the forward commitment cannot be fulfilled” regarding the contents of the termination clause.

(Note) A post-dated acquisition agreement, in which the actual transaction or closing takes place in one month or later.

- (4) Change of annual rent : The net change of annual rent associated with the acquisition of new assets and the disposition of assets, specified in the “Notice Concerning Disposition and Lease Termination of Assets (2 properties)” dated September 11, 2014, will decrease by 217 million yen.

2. Rationale for the acquisition and the lease initiation

In order to improve the quality of its portfolio, JLF has authorized the acquisition of “Sagamihara Logistics Center” and “Tajimi Logistics Center (25% joint ownership)” in accordance with the investment targets and policies stipulated in its Articles of Incorporation. JLF has been pursuing stability and continuous growth of dividends based on the growth strategy “stable + Growth”, and set constructing “muscular portfolio” as its first priority. Together with the disposition of the assets specified in the “Notice Concerning Disposition and Lease Termination of Assets (2 properties)” dated September 11, 2014, this acquisition will significantly contribute to the improvement of its portfolio.

JLF selected tenants for these properties in accordance with its tenant selection criteria, and all tenants conform to said criteria.

【Acquisition Highlight of the Properties】

Sagamihara Logistics Center

<Acquisition Highlight>

- Excellent location with easy access to the Tokyo metropolis as well as to western Japan
- A large-scale logistics facility that satisfies a wide-range of tenant needs while being environmentally friendly
- A long-term contract with DHL Supply Chain Co., Ltd., a global leader in the supply chain business

Tajimi Logistics Center (25% Joint ownership)

<Acquisition Highlight>

- Excellent location that enables same-day delivery to the broader Chubu region including Nagoya city, a major consumption area
- A large-scale logistics facility that enables efficient distributive processing operations
- A long-term contract with Nippon Express Co., Ltd, a leading domestic company in global logistics

3. Details of the newly acquired assets and lease contracts to be initiated

【M-26 Sagamihara Logistics Center】

(1) Outline of the newly acquired asset

Outline of the asset			Outline of the appraisal		
Asset type		Trust beneficiary right of real estate	Real estate appraiser		Japan Real Estate Institute
Planned date of the acquisition		March 3, 2015	Date of the appraisal		July 31, 2014
Planned acquisition price		8,032 million yen			
Trustee		Sumitomo Mitsui Trust Bank Co., Limited	Appraisal value		8,880 million yen
End of the trust		April 3, 2023			
Land	Location	5-9-1 Nishi-Hashimoto, Midori-ku, Sagamihara, Kanagawa	Income approach		8,880 million yen
	Site area (Note 1)	22,020.77 m ²	Discounted cash flow approach	8,750 million yen	
	Zoning	Industrial area			
	Floor-area ratio	200%			
	Building-to-land ratio	60%			
	Type of ownership	Ownership		Discount rate	4.8%
Building	Structure/Story (Note 1)	Steel frame with alloy-plated steel roofing sheet, 5-story building, and other		Terminal cap rate	5.2%
	Date of completion (Note 1)	February 18, 2014	Direct capitalization approach		9,000 million yen
	Total floor area (Note 1)	44,019.92 m ²	Cap rate	5.3%	
	Total rentable area	44,010.20 m ²			
	Usage (Note 1)	Warehouse, office, guard station	Cost approach		8,670 million yen
	Type of ownership	Ownership			
	Property Management Company	Itochu Urban Community Ltd.	Land (percentage)		44.2%
Collateral		None	Building (percentage)		55.8%
Outline of the lease contract			Outline of the engineering report		
Number of tenants		1	Survey company		Shimizu Corporation
Annual rent (excluding consumption tax)		Not disclosed (Note 2)	Issue date of the engineering report		July 31, 2014
Lease deposit		Not disclosed (Note 2)	Urgent repairs		—
Total rent area (Note 3)		44,010.20 m ²	Short-term repairs		—
			Long-term repairs		44,503,000 yen
Occupancy		100.0%	PML		12.3%
Expected income/expense (Note 4)			Design company, construction company and building certification company		
Income (including auxiliary income)		Not disclosed (Note 2)	Design company		Nippon Steel & Sumikin Engineering Co., Ltd.
NOI		444 million yen	Construction company		Nippon Steel & Sumikin Engineering Co., Ltd.
NOI yield (based on acquisition price)		5.5%	Building certification company		Japan ERI Co., Ltd.
Remarks:					
(Note1) The outline shown here is according to the real estate registry and may differ from the present state.					
(Note2) Not disclosed, for unable to obtain tenants’ consent.					
(Note3) In general, there are minor differences between the definition of “rentable area” determined by JLF and the definition of “rent area” determined by lease contracts. It is possible that some of the rent area is not included in rentable area. The total rent area represents the sum of the rentable area included in the rent area.					

(Note4) The figures are not forecasts for the fiscal period ending January 2015 or the fiscal period ending July 2015, but normalized estimations based on annual income/expense projection.
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(2) Characteristics of this asset

a. Geographical characteristics

This property is located in the Sagamihara area. Because the Sagamihara area is adjacent to large consumption areas such as the Tokyo Metropolitan Area as well as the cities of Yokohama and Kawasaki, the area is suitable for storage and distribution centers catering to the consumer goods market. Housing many manufacturing factories, the area is expected to satisfy producers' logistics needs. This property is located approximately 4 km from the Sagamihara interchange of the Ken-O Expressway, which opened in June 2014, and has good access to many expressways as well as Route 16, a national loop road in the Tokyo Metropolitan Area. This enables wide-area distribution around Tokyo. The location is excellent in terms of access to western Japan via the Chuo and Tomei Expressways. As it is located in a special industrial area, the environment is suitable for the operation of a logistics center. In addition, the location is surrounded by a residential area with a well-established bus route network, which makes it easy to secure labor. The location satisfies the requirements of current distribution operations.

b. Facility Characteristics

This facility is a highly versatile logistics center with standard specifications such as an effective column interval of 10 m x 11.5 m, an effective ceiling height of 6.0 m, and a floor load capacity of 1.5 t/m². Multiple units of vertical transport equipment (4 freight elevators, 4 vertical transport devices) enable efficient inflow, outflow, internal flow and storage of goods. The foundation is solid, and adopts a seismic response control structure. It satisfies the requirements of a business continuity plan (BCP). Furthermore, JLF plans to install solar panels on the roof after acquisition to meet a wide-range of tenant needs while being environmentally friendly.

c. Tenant

DHL Supply Chain Co., Ltd., a global leader in the logistics industry, has signed a fixed-term lease contract (term: 10 years). This building has been developed as a designated supply chain facility for DHL, and is used as a logistics service center to provide various distribution services centering on consumer retail industries such as fashion and apparel businesses.

【The Sagami-hara area, with excellent access to western Japan】



【An environmentally friendly facility that meets a wide-range of tenant needs】



(Note) The solar panels on the roof are for image purposes only and may differ from the actual installation.

(3) Outline of the tenant (Lease contract)

Name of tenant	Type of business	Total rent area	Ratio	Annual rent (excluding consumption tax)	Lease period	Lease deposit
DHL Supply Chain Co., Ltd.	Warehousing and transportation	44,010.20 m ²	100.0%	Not disclosed (Note)	10 years	Not disclosed (Note)
<p>Contract renewal/revision</p> <p>Type of contract : Fixed-term lease contract</p> <p>Rent revision : Unable to revise</p> <p>Contract renewal : The contract will not be renewed. However, the lessor and lessee may conclude a new lease contract that begins on the day directly following the termination date of the lease period only if the lessee makes an offer to the lessor at least 12 months in advance of the termination date of the contract period and if the lessor and lessee decide to make such an agreement upon discussions.</p> <p>Lease cancellation : Unable to cancel. However, the contract may be cancelled on condition that the lessee pays the lessor a penalty of an amount equivalent to the rent for the period until the termination date of the contract period. In the event the lessee introduces an alternative lessee with whom the lessor concludes a new lease contract under conditions that are equal to the current contract or that can be reasonably accepted by the lessor, the lessee may be exempt from payment of such penalty within a range equivalent to the rent of the new lease contract.</p>						
Major items	Documents etc.					

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

【T-8 Tajimi Logistics Center】

(1) Outline of the newly acquired asset (Note 1)

Outline of the asset			Outline of the appraisal		
Asset type		Trust beneficiary right of real estate (25% joint ownership)	Real estate appraiser		Japan Real Estate Institute
Planned date of the acquisition		November 4, 2014	Date of the appraisal		July 31, 2014
Planned acquisition price		2,335 million yen			
Trustee		Sumitomo Mitsui Trust Bank Co., Limited	Appraisal value		2,700 million yen
End of the trust		September 30, 2026			
Land	Location	10-6-136 Asahigaoka, Tajimi, Gifu	Income approach		2,700 million yen
	Site area (Note 1)	56,341.43 m ²			
	Zoning	Semi-industrial area	Discounted cash flow approach		2,675 million yen
	Floor-area ratio	200%			
	Building-to-land ratio	60%	Discount rate		5.3%
	Type of ownership	Ownership			
Building	Structure/Story (Note 1)	Steel frame with alloy-plated steel roofing sheet, 5-story building, and other	Direct capitalization approach		2,725 million yen
	Date of the completion (Note 1)	September 13, 2012			
	Total floor area (Note 1)	75,605.23 m ²	Cap rate		5.6%
	Total rentable area	75,605.23 m ²			
	Usage (Note 1)	Warehouse, guard station	Cost approach		2,455 million yen
	Type of ownership	Ownership			
Property Management Company		Itochu Urban Community Ltd.	Land (percentage)		27.6%
Collateral		None			
Outline of the lease contract			Outline of the engineering report		
Number of tenants		1	Survey company		Shimizu Corporation
Annual rent (excluding consumption tax)		Not disclosed (Note 3)	Issue date of the engineering report		July 17, 2014
Lease deposit		Not disclosed (Note 3)	Urgent repairs		—
Total rent area (Note 4)		75,605.23 m ²	Short-term repairs		—
			Long-term repairs		184,254,000 yen
Occupancy		100.0%	PML		10.8% (Note 7)
Expected income/expense (Note 5)			Design company, construction company and building certification company		
Income (including auxiliary income)		Not disclosed (Note 3)	Design company		Fukuda and Partners Corporation
NOI		153 million yen	Construction company		Nippon Steel & Sumikin Engineering Co., Ltd.
NOI yield (based on acquisition price)		6.6%	Building certification company		Japan ERI Co., Ltd.
Remarks :					
JLF had acquired 75% joint ownership of this property on October 8, 2013, and this additional acquisition makes it the only owner of this property. After completion of this acquisition, JLF intends to terminate the inter-fiduciary agreement with Limited Liability Company Tajimi Logistics, Itopia Asset Management Co., Limited, the asset management company, and Sumitomo Mitsui Trust Bank, Co., Limited.					
(Note1) While JLF will obtain 25% interest of the beneficiary right, the outline shown here represents the entire portion (100%) of the asset excluding the acquisition price and outline of the appraisal.					
(Note2) This is indicated according to the real estate registry, and may differ from the present state.					

(Note3) Not disclosed, for unable to obtain tenants' consent.
 (Note4) In general, there are minor differences between the definition of "rentable area" determined by JLF and the definition of "rent area" determined by lease contracts. It is possible that some of the rent area is not included in the rentable area. The total rent area represents the sum of the rentable area included in the rent area.
 (Note5) The figures are not forecasts for the fiscal period ending January 2015 or the fiscal period ending July 2015, but normalized estimations based on annual income/expense projections.
 (Note6) The figures represent the value for the entire property multiplied by the joint ownership ratio (25%).
 (Note7) According to Shimizu Corporation's "Seismic Risk Analysis Report" dated July 15, 2014.

(2) Characteristics of this asset

Please refer to the "Notice Concerning Acquisition of New Assets (3 Properties)" dated September 13, 2013 for the characteristics of this asset.

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(3) Outline of the tenant (lease contract) (Note 1)

Name of tenant	Type of business	Total rent area	Ratio	Annual rent (excluding consumption tax)	Lease period	Lease deposit
Nippon Express Co., Ltd.	Motor truck carrier of general freight	75,605.23 m ²	100.0%	Not disclosed (Note 2)	10 years	Not disclosed (Note 2)
Contract renewal/revision Type of contract : Fixed-term lease contract Rent revision : Unable to revise. Contract renewal : The contract will not be renewed. However, the lessor and lessee may conclude a new lease contract that begins on the day directly following the termination date of the lease period only if the lessee makes an offer to the lessor at least 12 months in advance of the termination date of the contract period and if the lessor and lessee decide to make such an agreement upon discussions. Lease cancellation : Unable to cancel. However, the contract may be cancelled on condition that the lessee pays the lessor a penalty of an amount equivalent to the rent for the period until the termination date of the contract period. In the event the lessee introduces an alternative lessee with whom the lessor concludes a new lease contract under conditions that are equal to the current contract or that can be reasonably accepted by the lessor, the lessee may be exempt from payment of such penalty within a range equivalent to the rent of the new lease contract.						
Major items	Daily staples					

(Note 1) While JLF will obtain 25% interest of the beneficiary right, this outline shown here represents the entire portion of the asset.

(Note 2) Not disclosed, for unable to obtain tenants' consent.

4. Outline of the seller

【M-26 Sagamihara Logistics Center】

Name	Limited Liability Company IK Investment Two
Address	6-5 Nihonbashi Kabutocho, Chuo-ku, Tokyo
Date of establishment	March 23, 2010
Representative	Representative Partner: IK Investment Functional Manager: Tadatsugu Ishimoto
Capital	500,000 yen
Shareholders	IK Investment
Principal business lines	1. Acquisition, holding, disposal and management of real estate 2. Acquisition, holding and disposal of real estate trust beneficiary rights 3. All other operations incidental to or associated with each of the above items
Relation to JLF or JLF's asset management company	No capital or human relations No transactions during the fiscal period ended July 2014. JLF commissions asset management to Kenedix, Inc., a major shareholder of JLF's asset management company, and corresponds to an "interested party" defined in the asset management company's Anti-Conflict-of-Interest Rule.

【T-8 Tajimi Logistics Center】

Name	Limited Liability Company Tajimi Logistics
Address	c/o Tokyo Kyodo Accounting Office, 3-1-1 Marunouchi, Chiyoda-ku, Tokyo
Date of establishment	August 16, 2011
Representative	Representative Partner: Ocean Liner Functional Manager: Shuji Fujita
Capital	100,000 yen
Shareholders	Ocean Liner
Principal business lines	1. Purchase and sale, lease, and management of real estate 2. Purchase and sale, holding, and disposal of trust beneficiary rights 3. All other operations incidental to or associated with each of the above items
Relation to JLF or JLF's asset management company	No capital or human relations. No transactions during the fiscal period ended July 2014 Not corresponding to a relevant party of JLF or its asset management company

5. Current condition of the seller

Current condition of Sagamihara Logistics Center is shown below:

	Current owner/beneficiary of the trust	Previous owner/beneficially of the trust
Name of company	Limited Liability Company IK Investment Two	Excluding interested parties
Special interest in JLF and the asset management company	See above "4. Outline of the seller"	—
Reason for acquisition	Development	—
Acquisition price	Descriptions are omitted as the current owner/beneficiary of the trust has possessed the asset for more than one year	—
Date of acquisition	April 4, 2013	—

The seller of Tajimi Logistics Center is not an interested party of JLF and MLP.

6. Brokers

There is no broker for Sagamihara Logistics Center.

Broker for Tajimi Logistics Center

Name of the broker	Kenedix, Inc
Address	6-5 Nihonbashi Kabutocho, Chuo-ku, Tokyo
Representative	Taisuke Miyajima, CEO & President
Principal business lines	1. Consulting on transactions and use of real estate, and asset management 2. Purchase and sale, lease, brokerage, and appraisal of real estate 3. Management of real estate
Capital	40,237 million yen (as of December 31, 2013)
Date of establishment	April 1995
Relation to JLF or MLP	Kenedix, Inc. is a shareholder (investment ratio 20%) of MLP and an assignor of some workers. No transactions during the fiscal period ended July 2014. Kenedix, Inc. is a shareholder of MLP, and corresponds to an “interested party” under the Investment Trust Act (hereinafter “Trust Act”) as defined in the MLP’s Anti-Conflict-of-Interest Rule.
Brokerage fee	66 million yen (excluding consumption tax and local consumption tax)

7. Transaction with an interested party

As Limited Liability Company IK Investment Two, which is the seller of Sagamihara Logistics Center, and Kenedix, Inc., which is the broker for Tajimi Logistics Center, are interested parties defined by the MLP’s Anti-Conflict-of-Interest Rule, the decision of the brokers was approved by the board of directors and compliance committee of MLP in strict accordance with the rule.

8. Financial impact on JLF when forward commitment cannot be fulfilled

The contract for the acquisition of Sagamihara Logistics Center (hereafter “this contract”) stipulates the following clause concerning cancellation:

- (1) When either the seller or the buyer is in breach of this contract, and the party in breach does not fulfill the obligation within a reasonable time period after receiving re-notification from the other party, the party not in breach may cancel the contract.
- (2) When the contract is cancelled in accordance with (1), the party with the right to cancel is able to demand from the other party a penalty of an amount equivalent to 15% of the transaction price excluding consumption tax and local tax.

9. Future prospects

The financial results for the fiscal period ending January 2015 (the 19th Period) and the period ending July 2015 (the 20th Period) based on the acquisitions are as stated in the “REIT Financial Report for the Fiscal Period Ended in July 2014 (the 18th Period)”.

【Reference materials】

Portfolio list after acquisition of the newly acquired assets.

(End)

(Reference press releases)

- “Notice Concerning Acquisition of New Assets (3 Properties)” dated September 13, 2013
- “Notice Concerning Disposition and Lease Termination of Assets (2 Properties)” dated September 11, 2014

※JLF’s website <http://8967.jp/>

【Reference materials】

Portfolio list after acquisition of the newly acquired assets.

#	Property Name	Location	Acquisition Price (Million Yen)	Ratio (Note 1)
M-1	Funabashi	Funabashi, Chiba	8,675	4.4%
M-2	Urayasu	Urayasu, Chiba	2,902	1.5%
M-3	Hiratsuka	Hiratsuka, Kanagawa	1,466	0.7%
M-4	Shinkiba	Koto-ku, Tokyo	2,454	1.2%
M-5	Urayasu Chidori	Urayasu, Chiba	6,000	3.1%
M-6	Funabashi Nishiura	Funabashi, Chiba	5,700	2.9%
M-7	Funabashi Nishiura II	Funabashi, Chiba	- (Note 2)	-
M-8	Kawasaki	Kawasaki, Kanagawa	10,905	5.5%
M-9	Narashino	Narashino, Chiba	1,690	0.9%
M-10	Yokosuka	Yokosuka, Kanagawa	- (Note 2)	-
M-11	Yachiyo	Yachiyo, Chiba	1,662 (Note 3)	0.8%
M-12	Yokohama Fukuura	Yokohama, Kanagawa	9,800	5.0%
M-13	Yachiyo II	Yachiyo, Chiba	5,300	2.7%
M-14	Urayasu Chidori II	Urayasu, Chiba	1,640	0.8%
M-15	Ichikawa	Ichikawa, Chiba	4,550	2.3%
M-16	Shinonome	Koto-ku, Tokyo	11,800	6.0%
M-17	Narashino II	Narashino, Chiba	7,875	4.0%
M-18	Ichikawa II	Ichikawa, Chiba	17,415	8.9%
M-19	Souka	Souka, Saitama	6,360	3.2%
M-20	Tatsumi	Koto-ku, Tokyo	9,000	4.6%
M-21	Kashiwa	Kashiwa, Chiba	3,725	1.9%
M-22	Musashimurayama	Musashimurayama, Tokyo	8,650	4.4%
M-23	Kashiwa II (Land)	Kashiwa, Chiba	2,500	1.3%
M-24	Shin-Koyasu	Yokohama, Kanagawa	9,696	4.9%
M-25	Misato	Misato, Saitama	3,873	2.0%
M-26	Sagamihara	Sagamihara Kanagawa	8,032	4.1%
Metropolitan Area (Bay, Inland) Subtotal			151,671	77.1%
T-1	Daito	Daito, Osaka	9,762	5.0%
T-2	Osaka Fukuzaki	Osaka, Osaka	4,096	2.1%
T-3	Chubu Haruhi (Land)	Kiyosu, Aichi	685	0.3%

#	Property Name		Location	Acquisition Price (Million Yen)	Ratio (Note 1)
T-4	Kadoma		Kadoma, Osaka	989	0.5%
T-5	Komaki		Komaki, Aichi	2,100	1.1%
T-6	Komaki II		Komaki, Aichi	1,800	0.9%
T-7	Fukuoka Hakozaki Futo		Fukuoka, Fukuoka	2,797	1.4%
T-8	Tajimi	(75%)	Tajimi, Gifu	6,975	3.5%
		(25%)		2,335	1.2%
T-9	Fukuoka Kashiihama		Fukuoka, Fukuoka	2,750	1.4%
Kinki Area, Chubu Area and Kyushu Area Subtotal				34,289	17.4%
O-1	Maebashi		Maebashi, Gunma	1,230	0.6%
O-2	Hanyu		Hanyu, Saitama	1,705	0.9%
O-3	Saitama Kisai		Kazo, Saitama	4,010	2.0%
O-4	Kazo		Kazo, Saitama	3,790	1.9%
Other Area Subtotal				10,735	5.5%
Portfolio Total				196,695	100.0%

(Note 1) The figures represent the proportion of the acquisition price to the overall portfolio.

(Note 2) The asset will be disposed on September 30, 2014 as indicated in the “Notice Concerning Disposition and Lease Termination of Assets (2 Properties)” dated September 11, 2014.

(Note 3) The figure was calculated by deducting the cost of demolition in July 2013 (603 million yen) from the amount stated in the initial sales contract (2,266 million yen).