



Japan Logistics Fund, Inc.

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For Immediate Release

Real Estate Investment Trust

Japan Logistics Fund, Inc.

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Executive Director

(Security Code: 8967)

Asset Management Company

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Notice Concerning Acquisition of Silent Partnership Equity Interests

(Investment in Silent Partnership)

Japan Logistics Fund, Inc. (hereinafter referred to as “JLF”) announced today that it has decided to acquire silent partnership equity interests, as detailed below:

1. Rationale for the acquisition

In order to secure prime property acquisition opportunities in accordance with its investment targets and policies stipulated in its Articles of Incorporation, JLF has authorized the acquisition of silent partnership equity interests (hereinafter referred to as “Silent Partnership Equity Interests”) by making silent partnership investment in the Proprietor based on a silent partnership agreement (hereinafter referred to as “Silent Partnership Agreement”) concluded between Logistics Fund III Limited Liability Company (hereinafter referred to as “this Proprietor” or “Mother SPC”) and JLF as announced by its “Notice Concerning Conclusion of Silent Partnership Agreement” dated May 29, 2013.

This acquisition is the first acquisition of silent partnership equity interests by JLF using a Silent Partnership Agreement scheme (Note 1).

The Silent Partnership Agreement is a two-layered GK/TK scheme. JLF, an investor, makes silent partnership investment in the Proprietor (Mother SPC), and the Proprietor makes silent partnership investment in a special purpose company (hereinafter referred to as “Baby SPC”) that will be established for each investment target property. Investment targets for the Silent Partnership Equity Interests that JLF will acquire based on the Silent Partnership Agreement will therefore formally be Silent Partnership Equity Interests, etc. of such a special purpose company, but will essentially comprise target properties that each special purpose company acquires.

In this acquisition, the Proprietor makes silent partnership investment in Vega Limited Liability Company, a special purpose company (Baby SPC) that is established to invest in beneficiary rights on “Logistics Fund III: Urayasu Logistics Center” (hereinafter referred to as “Target Property”). Through the acquisition of the Silent

Partnership Equity Interests, JLF will obtain preferential negotiation rights concerning beneficiary rights on the Target Property (Note 2). JLF has preferential negotiation rights, but will not be obliged to acquire any of the beneficiary rights on the Target Property.

(Note 1) For details of the two-layered GK/TK scheme and the Silent Partnership Agreement, please refer to Notice Concerning Conclusion of Silent Partnership Agreement” dated May 29, 2013.

(Note 2) For details of the preferential negotiation rights, please refer to “4. Outline of assets to be acquired (1) Outline of Silent Partnership Equity Interests ‘Outline of preferential negotiation rights’.”

2. Outline of the acquisition

- (1) Asset to be acquired: Equity interest in silent partnership essentially investing in beneficiary rights on domestic real estate investment trust fund (Note 1)
- (2) Name of the asset: Silent Partnership Equity Interests
Logistics Fund III Limited Liability Company as the Proprietor (Note 2)
- (3) Target property: Logistics Fund III: Urayasu Logistics Center (Note 3)
- (4) Investment amount: 15,660,000 yen (4.3% of the entire investment in the silent partnership)
- (5) Date of acquisition of equity interests: September 10, 2013 (planned)
- (6) Company source: Cash in hand

(Note 1) As described in the above “1. Rationale for the acquisition,” investment targets for the Silent Partnership Equity Interests will formally be Silent Partnership Equity Interests, etc. in Vega Limited Liability Company, but they will essentially be beneficiary rights on the Target Property that Vega Limited Liability Company acquires.

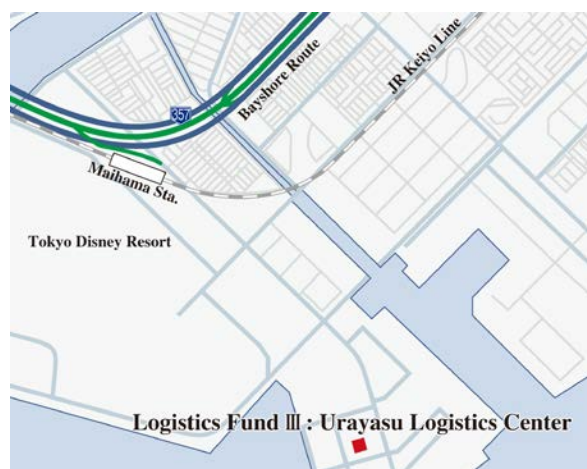
(Note 2) For details of the Silent Partnership Equity Interests, please refer to “4. Outline of assets to be acquired (1) Outline of Silent Partnership Equity Interests.”

(Note 3) Vega Limited Liability Company will acquire beneficiary rights on the Target Property.

3. Characteristics of the Target Property in which the Proprietor essentially invests

The Urayasu area, where the Target Property exists, is easily accessed from the center of the Tokyo metropolitan area and the Tokyo port (Oi Pier). Because the area is suitable for storage and delivery of general consumer goods and distribution of imported goods, Urayasu is one of the main areas in Chiba where many logistic facilities are congregated. Since the Target Property is in an easy-to-access location, about 2.5km from the Maihama Interchange of the Tokyo Metropolitan Expressway’s Bay Shore Route and the National Route 357, it is possible to offer wide-area distribution services that cover the entire Tokyo metropolitan area. In addition, the Target Property is a highly versatile logistics center with standard specs such as an effective column interval of around 9 to 10 meters, an effective ceiling height of 5.1 meters or more and a standard floor load capacity of 1.2 tons/square meters (1.5 tons/square meters on the ground floor). An installation of high floor type loading docks and vertical transport equipment will satisfy a wide range of tenant needs.

[Map and photos of the Target Property]



4. Outline of assets to be acquired

(1) Outline of Silent Partnership Equity Interests

Proprietor	Logistics Fund III Limited Liability Company
Fund type	Two-layered GK/TK scheme JLF makes silent partnership investment in Logistics Fund III Limited Liability Company, a Mother SPC, and the Mother SPC makes silent partnership investment in Vega Limited Liability Company, a Baby SPC that is established to invest in a Target Property.
Expiry date of the silent partnership agreement	May 30, 2020
Total amount of investment in the silent partnership	360 million yen
Outline of the silent partnership	<p>(1) Logistics Fund III Limited Liability Company (Mother SPC) The Mother SPC makes silent partnership investment in Vega Limited Liability Company, a Baby SPC that is established to invest in a Target Property, using investment in the silent partnership by investors including JLF (Note 1).</p> <p>(Note 1) Of the 360 million yen, the total amount of investment in the silent partnership, JLF plans to invest 15.6 million yen (4.3% of the entire investment in the silent partnership).</p> <p>(Note 2) Mitsui & Co., Realty Management Ltd. acts as a fund manager for Logistics Fund III Limited Liability Company (Mother SPC).</p> <p>Calculation period: The following tri-monthly period indicated for each year: March 1 to May 31; June 1 to August 31; September 1 to November 30; and December 1 to the end of February of the following year. However, in cases where the Silent Partnership Agreement terminates, the termination date will also be the termination of the calculation period.</p> <p>Distribution of profits and losses: (A) Profits and losses from investment in the Baby SPC: (i) Profits for each calculation period will be distributed to the silent partnership equity interests holders according to their investment ratio on the last day of the relevant calculation period.</p>



	<p>(ii) Losses for each calculation period will be distributed to the silent partnership equity interests holders according to their investment ratio on the last day of each calculation period. However, if the total amount of losses distributed to the silent partnership equity interests holders exceeds total equity interest, the excess losses will be distributed to the Proprietor.</p> <p>(iii) Regardless of the above (i) and (ii), in cases where a silent partnership equity interests holder's investment ratio is changed during a calculation period, when distributing profits and losses to the silent partnership equity interests holders according to the above (i) and (ii), the Proprietor will distribute profits and losses according to their investment ratio gained using a weighted average method by weighting the outstanding units of investment by the number of actual days held.</p> <p>(B) Profits and losses inherent in the Proprietor (i) All profits that are earned regardless of investment in the Baby SPC for each calculation period will belong to the Proprietor on the last day of each calculation period, not distributed to the silent partnership equity interests holders. (ii) All losses that are incurred regardless of investment in the Baby SPC for each calculation period will belong to the Proprietor on the last day of each calculation period, not distributed to the silent partnership equity interests holders.</p> <p>(2) Vega Limited Liability Company (Baby SPC) Outline of the Proprietor (Baby SPC) in which the Mother SPC makes silent partnership investment.</p> <table><tr><th colspan="2">Vega Limited Liability Company (Baby SPC)</th></tr><tr><td rowspan="2">Beneficiary rights on real estate investment trust fund, etc. 1,035 million yen (Note 1)</td><td>Non-recourse loans 675 million yen</td></tr><tr><td>Investment in silent partnership, etc. 360 million yen</td></tr></table> <p>(Note 1) The amount of beneficiary rights on the real estate investment trust fund, etc. includes costs for acquiring the beneficiary rights and structuring the silent partnership. The appraisal value of the Target Property amounts to 1,020 million yen as of July 31, 2013. (Note 2) Mitsui & Co., Realty Management Ltd. acts as an asset manager for Vega Limited Liability Company (Baby SPC).</p>	Vega Limited Liability Company (Baby SPC)		Beneficiary rights on real estate investment trust fund, etc. 1,035 million yen (Note 1)	Non-recourse loans 675 million yen	Investment in silent partnership, etc. 360 million yen
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Beneficiary rights on real estate investment trust fund, etc. 1,035 million yen (Note 1)	Non-recourse loans 675 million yen					
	Investment in silent partnership, etc. 360 million yen					
Outline of preferential negotiation rights	<p>Through the acquisition of the Silent Partnership Equity Interests, JLF will obtain preferential negotiation rights concerning beneficiary rights on the Target Property from the Baby SPC.</p> <table><tr><td>Contents of the rights</td><td>In case where the following exercise period and price terms are met, JLF will get right of first refusal to the beneficiary rights on the Target Property. During the exercise period, the Baby SPC shall not conduct any sales activities with regard to the Target Property targeting any parties other than JLF in principle. However, the Baby SPC may sell beneficiary rights on the Target Property to parties other than JLF in cases where the asset manager of a Baby SPC has determined that it is appropriate to</td></tr></table>	Contents of the rights	In case where the following exercise period and price terms are met, JLF will get right of first refusal to the beneficiary rights on the Target Property. During the exercise period, the Baby SPC shall not conduct any sales activities with regard to the Target Property targeting any parties other than JLF in principle. However, the Baby SPC may sell beneficiary rights on the Target Property to parties other than JLF in cases where the asset manager of a Baby SPC has determined that it is appropriate to			
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	<p>sell the beneficiary rights on the Target Property as quickly as possible due to the deterioration of market conditions, etc., and where JLF was informed of the intended sales of the beneficiary rights on the Target Property to parties other than JLF and either of the following cases applies: (i) JLF did not offer to purchase the beneficiary rights on the Target Property within three months; or (ii) a sales agreement was not concluded within five months following the date when JLF offered to purchase the beneficiary rights on the Target Property or there were other predefined reasons.</p> <p>Exercise period: September 12, 2013 to September 12, 2015</p> <p>Price terms: The following terms shall be met: (i) JLF's acquisition price shall be 90% or more of the latest appraised price for the Target Property. (ii) Silent partnership's target return can definitely be achieved as a result of the sale of the Target Property to JLF.</p>
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(2) Outline of the Target Property in which the Proprietor essentially invests

Outline of the asset		Outline of the appraisal	
Asset type	Beneficiary rights on real estate	Real estate appraiser	Japan Real Estate Institute
Date of the acquisition (Expected)	September 12, 2013		
Trustee	Sumitomo Mitsui Trust Bank, Limited	Date of the appraisal	July 31, 2013
		Appraisal value	1,020 million yen
End of the trust	September 30, 2023	Outline of the engineering report	
Land	Location (address)	Survey company	Shimizu Corporation
		Issue date of engineering report	July 29, 2013
	Site area	PML	13.0%
	Zoning	Design company, construction company and building certification company	
	Floor-area ratio	Design company	Matsumoto-sekkei., LTD.
	Building to land ratio	Construction company	Nittoc Construction Co., Ltd.
Building	Type of ownership	Building certification company	Urayasu City
	Structure/Story (Note 1)	Outline of the lease contract	
		Number of tenants	1
	Date of the completion (Note 1)	Name of tenants	Not disclosed (Note 2)
	Total floor area (Note 1)	Annual rent (excluding consumption tax)	Not disclosed (Note 2)
	Usage (Note 1)	Lease deposit	Not disclosed (Note 2)
	Type of ownership	Occupancy	100.0%
Collateral: None			
<p>Special remarks:</p> <p>The site is reclaimed land in the northern part of Tokyo. A voluntary soil survey in 2006 found that the soil was contaminated with fluorine above the elution standards specified under the Soil Contamination Countermeasures Act. However, the survey report also indicated that the level of fluorine at the site was the same as that caused by natural factors and that there was a high possibility that the earth and sand used for reclamation might have contained fluorine since the site was created by reclamation of the sea area. Mitsui & Co., Realty Management Ltd., the fund manager of the Mother SPC, has confirmed with Shimizu Corporation that there is little possibility that the site has land and underwater contamination problems.</p>			
(Note 1) According to the indication of the real estate registry.			
(Note 2) Note disclosed, as unable to obtain the tenant's consent.			

5. Outline of the Proprietor of the silent partnership

(1) Mother SPC

For details of Logistics Fund III Limited Liability Company (Mother SPC), please refer to Notice Concerning Conclusion of Silent Partnership Agreement” dated May 29, 2013.

(2) Baby SPC

Name of the company	Vega Limited Liability Company
Address	Tokyo Kyodo Accounting Office, 1-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo
Date of establishment	July 25, 2013
Representative	M Logistics III (general incorporated association), Representative Partner Masakazu Hongo, Functional Manager
Capital	1 million yen (As of July 25, 2013)
Shareholder	M Logistics III General Incorporated Association
Principle business lines	<ol style="list-style-type: none"> 1. Accepting silent partnership investments 2. Acquisition, holding, sale and management of beneficiary rights on real estate trusts 3. Acquisition, holding, sale and management of real estate 4. All operations pertaining to or associated with each of business listed above
Relationship to JLF and the asset management company	Vega Limited Liability Company holds a discretionary investment contract on real estate with Mitsui & Co., Realty Management Ltd., an asset manager. Therefore, Vega Limited Liability Company falls under the interested party as specified by the conflict of interest rules set out by Mitsui & Co., Logistics Partners Ltd. (hereinafter referred as Asset Management Company), the Asset Management Company of JLF.

6. Transaction with the interested party

Logistics Fund III Limited Liability Company (Mother SPC), the Proprietor of the silent partnership, qualifies as the interested party defined by the asset management company’s anti-conflict of interest rule. The acquisition of the silent partnership equity interests was approved by the board of directors and compliance committee of the asset management company by strictly following the rule

7. Future prospects

Because the impact of the acquisition of the silent partnership equity interests on JLF’s financial results for the 17th fiscal period (ending January 2014) will be minimal, JLF will not revise the forecast of financial results for the 17th fiscal period. JLF plans to disclose the forecast of financial results for the 18th fiscal period (ending July 2014) in the Financial Report on financial results for the 16th fiscal period (ended July 2013) that it plans to announce on September 13, 2013.

(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 provided for the completeness or accuracy of this English translation.