



March 4, 2014

**For Immediate Release**

**Real Estate Investment Trust**

Japan Logistics Fund, Inc.  
Representative: Takayuki Kawashima  
Executive Director  
(Security Code: 8967)

**Asset Management Company**

Mitsui & Co., Logistics Partners Ltd.  
Representative: Takayuki Kawashima  
President  
Contact: Ryota Sekiguchi  
Senior Manager, Corporate Planning & Finance Dept.  
TEL +81-3-3238-7171

**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 invest in silent partnership equity interests, as detailed below:

1. Rationale for the investment

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 investment in 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.

In this investment, the Proprietor invests preferred equity securities as specified by the article 2-9 of Act on Securitization of Assets in TMK Sirius, a special purpose company (hereinafter referred to as “Baby SPC”) that is established to invest in “Logistics Fund III: Zama Logistics Center” (hereinafter referred to as “Target Property”) (Note 1). Through the investment in the Silent Partnership Equity Interests, JLF will obtain preferential negotiation rights concerning acquisition of the Target Property (Note 2). JLF has preferential negotiation rights, but will not be obliged to acquire any of the Target Property.

(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 regards to the 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 and “Notice Concerning Acquisition of Silent Partnership Equity Interests (Investment in Silent Partnership)” dated August 27, 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’.”

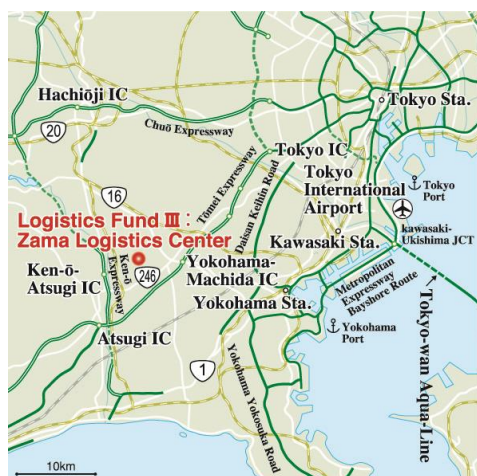
## 2. Outline of the investment

- (1) Asset to be invested in: Equity interest in silent partnership substantively managing real estate (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: Zama Logistics Center (Note 3)
  - (4) Investment amount: 19,780,000 yen (3.7% of the entire investment in the silent partnership)
  - (5) Date of acquisition of equity interests: March 18, 2014 (planned)
  - (6) Company source: Cash in hand
- (Note 1) As described in (Note 1) in the above “1. Rationale for the acquisition”, investment target for the Silent Partnership Equity Interests is formally Silent Partnership Equity Interests, etc. in TMK Sirius, the substantive target is the Target Property that TMK Sirius 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) The Target Property TMK Sirius will acquire

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

The Target Property is located in the Zama area. Because the Zama area is adjacent to large consumption area such as Yokohama and Kawasaki cities, and has a good access to expressway network including Tomei and Metropolitan Inter-City expressways, the property enables broad delivery to not only Tokyo metropolitan area, but also Tokai and western Japan areas. In addition, because the specs of the Target Property exceed the ones of the current standard properties in terms of ceiling height, floor load capacity and so on, the Target property has high scarcity and can satisfy many types of tenants.

[Map and photos of the Target Property]



#### 4. Outline of assets to be invested in

##### (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. By using this investment, the Mother SPC invests in a part of the preferred equity securities issued based on the Act on Securitization of Assets by the TMK Sirius, 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	534 million yen
Outline of the silent partnership	<p>(1) Logistics Fund III Limited Liability Company (Mother SPC) The Mother SPC invests in a part of the preferred equity securities issued by the TMK Sirius, a Baby SPC that is established to invest in a Target Property, using investment in the silent partnership by investors including JLF (Note 1). (Note 1) Of the 534 million yen, the total amount of investment in the silent partnership, JLF plans to invest 19.7 million yen (3.7% of the entire investment in the silent partnership). (Note 2) Mitsui &amp; 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. (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. (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 independently from investment in the Baby SPC for each calculation period will belong to the Proprietor on the last day of each calculation period, and will not be distributed to the silent partnership equity interests</p>



	<p>holders. (ii) All losses that are incurred independent from investment in the Baby SPC for each calculation period will belong to the Proprietor on the last day of each calculation period, and will not be distributed to the silent partnership equity interests holders.</p> <p>(2) TMK Sirius (Baby SPC) Outline of the Proprietor (Baby SPC) in which the Mother SPC makes preferred investment is as follows;</p> <table border="1" data-bbox="523 613 1428 792"> <tr> <th colspan="2">TMK Sirius (Baby SPC)</th></tr> <tr> <td data-bbox="523 663 975 792" rowspan="2"> Real estate etc. 1,804 million yen (Note 1) </td><td data-bbox="975 663 1428 725"> Specified bonds 1,270 million yen </td></tr> <tr> <td data-bbox="975 725 1428 792"> Preferred investment, etc. 534 million yen </td></tr> </table> <p>(Note 1) The amount of the real estate etc. includes costs for acquiring the Target Property and structuring the TMK. The appraisal value of the Target Property amounts to 1,760 million yen as of January 8, 2014. (Note 2) Mitsui &amp; Co., Realty Management Ltd. acts as an asset manager for TMK Sirius (Baby SPC).</p>	TMK Sirius (Baby SPC)		Real estate etc. 1,804 million yen (Note 1)	Specified bonds 1,270 million yen	Preferred investment, etc. 534 million yen
TMK Sirius (Baby SPC)						
Real estate etc. 1,804 million yen (Note 1)	Specified bonds 1,270 million yen					
	Preferred investment, etc. 534 million yen					
<p>Outline of preferential negotiation rights</p>	<p>Through the acquisition of the Silent Partnership Equity Interests, JLF will obtain preferential negotiation rights concerning the Target Property from the Baby SPC.</p> <p>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 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 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 sell 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 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 Target Property or there were other predefined reasons.</p> <p>Exercise period:      From March 20, 2014 to March 20, 2016</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>					



(2) Outline of the Target Property in which the Proprietor essentially invests

Outline of the asset			Outline of the appraisal	
Asset type		Real estate	Real estate appraiser	Daiwa Real Estate Appraisal
			Date of the appraisal	January 8, 2014
Date of the acquisition (Expected)		March 20, 2014	Appraisal value	1,760 million yen
			Outline of the engineering report	
Land	Location (address)	1-1-43 Komatsubara, Zama, Kanagawa	Survey company	Tokio Marine & Nichido Risk Consulting
	Site area (Note 1)	9,889.49 m <sup>2</sup>	Issue date of engineering report	March, 2014
	Zoning	Industrial area	PML	8.7%
	Floor-area ratio Building to land ratio	200%	Design company, construction company and building certification company	
			Design company	K・S Architect
	Type of ownership Zoning	70%	Construction company	Fujita Corporation
	Floor-area ratio	Ownership	Building certification company	Kanagawa prefecture
Building	Structure/Story (Note 1)	Steel-frame construction with galvanized sheet steel roofing, 3 stories	Outline of the lease contract	
			Number of tenants	1
	Date of the completion (Note 1)	October 12, 2000	Name of tenants	Not disclosed (Note 2)
	Total floor area (Note 1)	9,334.09 m <sup>2</sup>	Annual rent (excluding consumption tax)	Not disclosed (Note 2)
	Usage (Note 1)	Warehouse and office	Lease deposit	Not disclosed (Note 2)
	Type of ownership	Ownership	Occupancy	100.0%
Collateral: None				
(Note 1) This is indicated according to the real estate registry, and may differ from the present state.				
(Note 2) Note disclosed, for 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	TMK Sirius
Address	Tokyo Kyodo Accounting Office, 1-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo
Date of establishment	February 24, 2014
Representative	Masakazu Hongo, Director
Capital	100 thousand yen (As of February 24, 2014)
Shareholder	M Logistics III General Incorporated Association
Principle business lines	<ol style="list-style-type: none"> <li>1. Acquisition, management, and disposition of the specified real estate according to plans for asset securitization based on the Act on Securitization of Assets.</li> <li>2. All operations pertaining to or associated with securitization of the specified real estate listed above.</li> </ol>



Relationship to JLF and the asset management company	TMK Sirius delegates asset management operations to Mitsui & Co., Realty Management Ltd., which falls under the interested party as specified by the article 201-1 of Act on Investment Trust and Investment Corporations. Therefore, TMK Sirius also 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

There is no impact on JLF's 17th fiscal period ended January 31, 2014 forecasts associated with this acquisition. In addition, as the impact on JLF's 18th fiscal period ended July 31, 2014 forecasts from this acquisition is minor, no changes are expected to the forecasts.

#### [Reference Materials]

Track record of investments in Silent Partnership Equity Interests with Logistics Fund III Limited Liability Company as the Proprietor

(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.**



[Reference Materials]

Track record of investments in Silent Partnership Equity Interests with Logistics Fund III Limited Liability Company as the Proprietor

Baby SPC	Target Property	Date of acquisition of equity interests	Total amount of Silent Partnership etc. (thousand) (Note)	JLF's Silent Partnership Equity Interests (thousand) (Note)
Vega Limited Liability Company	Logistics Fund III: Urayasu Logistics Center	September 10, 2013	360,180	15,660
TMK Sirius	Logistics Fund III: Zama Logistics Center	March 18, 2014	534,060	19,780

(Note) The amount is as of the date of acquisition of equity interests, and may differ from the present book value.