



For Immediate Release

Real Estate Investment Trust

Japan Logistics Fund, Inc.

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Notice Concerning Acquisition of Silent Partnership Equity Interests

(Investment in Silent Partnership)

Mitsui & Co., Logistics Partners Ltd. (hereinafter referred to as “Asset Management Company”) which is delegated the operation of 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 makes silent partnership invest in Spica Limited Liability Company, a special purpose company (hereinafter referred to as “Baby SPC”) that is established to invest in the trust beneficiary rights of “Logistics Fund III: Chiba-Kita 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 trust beneficiary rights on the Target Property (Note 2). JLF has preferential negotiation rights, but will not be obliged to acquire any of the trust beneficiary rights.

- (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 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 invested in (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 the trust beneficiary rights of domestic 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: Chiba-Kita Logistics Center (Note 3)
 - (4) Investment amount: 55,890,000 yen (4.3% of the entire investment in the silent partnership)
 - (5) Date of acquisition of equity interests: April 23, 2014 (planned)
 - (6) Company source: Cash in hand
- (Note 1) As described in (Note 1) in the above “1. Rationale for the investment”, investment target for the Silent Partnership Equity Interests is formally Silent Partnership Equity Interests in Spica Limited Liability Company, but the substantive target is the Target Property that Spica 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) The trust beneficiary rights of the Target Property Spica Limited Liability Company will acquire.

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

The target property locates at the center of Chiba Prefecture. 700 m to the Rout 16, one of the major loop lines of the Tokyo Metropolitan Area, and 1.4km to the Chiba Kita Interchange of East Kanto Expressway, the location gives the property high accessibility to not only Chiba region but also to entire Tokyo Metropolitan Area. The facility has sufficient track parking area and two track berths enables tenants efficient handling of their cargos, and satisfy wide range of tenant’s needs.

[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 Spica 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	1,285 million yen
Outline of the silent partnership	<p>(1) Logistics Fund III Limited Liability Company (Mother SPC) The Mother SPC invests in Spica 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). (Note 1) Of the 1,285 million yen, the total amount of investment in the silent partnership, JLF plans to invest 55.8 million yen (4.3% of the entire investment in the silent partnership). (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. (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 holders.</p>



	<p>(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) Spica Limited Liability Company (Baby SPC) Outline of the Proprietor (Baby SPC) in which the Mother SPC makes silent partnership investment is as follows;</p> <table border="1" data-bbox="523 582 1426 761"> <tr> <th colspan="2">Spica Limited Liability Company (Baby SPC)</th></tr> <tr> <td data-bbox="523 627 973 761" rowspan="2">The trust beneficiary rights of the real estate etc. 4,888 million yen (Note 1)</td><td data-bbox="973 627 1426 694">Non-recourse loan 3,603 million yen</td></tr> <tr> <td data-bbox="973 694 1426 761">Silent partnership investment, etc. 1,285 million yen</td></tr> </table> <p>(Note 1) The amount of the trust beneficiary rights of the real estate etc. includes costs for acquiring the trust beneficiary rights and structuring the TK. The appraisal value of the Target Property amounts to 4,740 million yen as of February 18, 2014.</p> <p>(Note 2) Mitsui & Co., Realty Management Ltd. acts as an asset manager for Spica Limited Liability Company (Baby SPC).</p>	Spica Limited Liability Company (Baby SPC)		The trust beneficiary rights of the real estate etc. 4,888 million yen (Note 1)	Non-recourse loan 3,603 million yen	Silent partnership investment, etc. 1,285 million yen
Spica Limited Liability Company (Baby SPC)						
The trust beneficiary rights of the real estate etc. 4,888 million yen (Note 1)	Non-recourse loan 3,603 million yen					
	Silent partnership investment, etc. 1,285 million yen					
Outline of preferential negotiation rights	<p>Through the acquisition of the Silent Partnership Equity Interests, JLF will obtain preferential negotiation rights concerning the trust beneficiary rights of 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 trust beneficiary rights of the Target Property. During the exercise period, the Baby SPC shall not conduct any sales activities with regard to the trust beneficiary rights of the Target Property targeting any parties other than JLF in principle. However, the Baby SPC may sell the trust beneficiary rights of 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 trust beneficiary rights of 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 trust 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 trust beneficiary rights of the Target Property or there were other predefined reasons.</p> <p>Exercise period: From April 25, 2014 to April 25, 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 trust beneficiary rights of the Target Property in which the Proprietor essentially invests

Outline of asset		Outline of the appraisal	
Asset type	Trust beneficiary right of real estate	Real estate appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of the acquisition (Expected)	April 25, 2014		
Trustee	Sumitomo Mitsui Trust Bank, Limited	Date of the appraisal	February 18, 2014
		Appraisal value	4,740 million yen
End of the trust (Expected)	April 30, 2024	Outline of the engineering report	
Land	Location (address)	Survey company	Tokio Marine & Nichido Risk Consulting Co., Ltd.
		Issue date of engineering report	March, 2014
	Site area (Note 1)	PML	2.3%
	Zoning	Design company, construction company and building certification company	
	Floor-area ratio Building to land ratio	Design company	Daiwa House Industry Co., Ltd.
	Type of ownership Zoning	Construction company	Daiwa House Industry Co., Ltd.
	Floor-area ratio	Building certification company	Chiba city
Building	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: A pledge to the lender of the non-recourse loan will be established to this trust beneficiary right.			
Remarks: After the completion of this facility, Chiba City changed the zoning of this area from residential to type 1 residential. Therefore, in case of redevelopment of this property, authorization from Chiba City is required.			
(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	Spica Limited Liability Company
Address	Tokyo Kyodo Accounting Office, 1-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo
Date of establishment	March 13, 2014
Representative	M Logistics III (general incorporated association), Representative Partner

	Masakazu Hongo, Functional Manager
Capital	1 million yen (As of March 13, 2014)
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	Spica Limited Liability Company 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, Spica Limited Liability Company also falls under the interested party as specified by the conflict of interest rules set out by the Asset Management Company.

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 conflict of interest rules set out by the Asset Management Company. 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

As the impact on JLF's 18th fiscal period ended July 31, 2014 forecasts and 19 fiscal period ended January 31, 2015 forecasts from this acquisition are 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
Spica Limited Liability Company	Logistics Fund III: Chiba-Kita Logistics Center	April 23, 2014	1,285,470	55,890

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