

June 21, 2018

**For Immediate Release**

**Real Estate Investment Trust**

Japan Logistics Fund, Inc.  
Representative: Keita Tanahashi  
Executive Director  
(Security Code: 8967)

**Asset Management Company**

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**Notice Concerning Acquisition of a New Asset**

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 to acquire new assets as detailed below:

1. Outline of the acquisition

- (1) New asset (Trust beneficiary right of real estate) (hereinafter referred to as “New Asset”, “Property” or “forward commitment asset”)

Property number	Name of the property	Date of contract	Date of delivery	Seller	Acquisition price (million yen)	Appraisal value (million yen)
M-35	Toda Logistics Center	June 29, 2018	May 31, 2018 (Note 1)	Nakano Shokai co.,ltd.	2,052 (Note2)	2,200 (Note 3)

(Note 1) However, if JLF and Nakano Shokai co., ltd. (hereinafter referred to as “Nakano Shokai”) agree otherwise, it shall be the agreed-upon date. The same applies below.

(Note 2) This is the transaction amount set forth in the agreement to sell trust beneficiary rights of real estate (hereinafter referred to as “The Purchase Agreement”) related to the acquisition of Toda Logistics Center. The transaction amount may change, because, according to The Purchase Agreement, if additions or changes to the construction work involving the relevant building are made at JLF's request, Nakano Shokai may ask JLF for a change to the transaction amount and, upon deliberations between JLF and Nakano Shokai, the transaction amount may be increased or decreased as necessary. The same applies below.

(Note 3) Since the building was not complete as of the appraisal date, an appraisal of the unfinished building in accordance with real estate appraisal standards was conducted. The figure in the table is based on an appraisal conducted on the assumption that the building to be constructed for Toda Logistics Center is completed as per the design drawings, building certification is issued and building registration is also complete.

- (2) Fund source: To be decided  
JLF will announce the financing method for this property as soon as it has been decided.
- (3) Payment method: Lump-sum payment on the date of delivery  
The Purchase Agreement, corresponds to the forward commitment, etc. (Note)  
stipulated in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” set by the Financial Services Agency. Please refer to “7. Financial impact on JLF when the forward commitment, etc. cannot be fulfilled” regarding the contents of the termination clause.  
(Note) A post-dated acquisition contract, in which the actual transactions or closing take place one month or more after the conclusion of a contract. The same will apply hereafter.

## 2. Rationale for the acquisition

With the aim of securing routes for the acquisition of properties that will contribute to growth in the medium to long term, JLF has adopted two approaches: “sourcing from the real estate market” and “independent sourcing.” The “independent sourcing” approach involves using imaginative acquisition schemes to create opportunities for acquisitions through off-market transactions and enables JLF to acquire properties with higher cap rates than “sourcing from the logistics real estate market.”

JLF believes that by striking the right balance between these two approaches, it will be able to achieve expansion in the size of its portfolio and the acquisition of properties with comparatively high cap rates, enabling it to pursue stable growth of distribution per unit (DPU).

The property has been acquired through independent sourcing, as a result of a joint investment with the logistics company Nakano Shokai, which also happens to be a JLF tenant of other assets. The deal leverages the know-how JLF has acquired through a series of OBR (Own Book Redevelopment: redevelopment projects on JLF's own existing properties) projects. JLF and Nakano Shokai have agreed that, after Nakano Shokai builds a building on The Land, The Land and The Building will be converted into trust beneficiary rights, and that said trust beneficiary rights will be sold to JLF, and based on that agreement have entered into The Purchase Agreement. Nakano Shokai plans to conclude with the tenant a fixed term building lease contract with a termination clause on June 29, 2018. JLF will succeed the status as a lessor after the acquisition of the Property.

JLF decided to go ahead with the acquisition based on the belief that it would generate a higher yield than if acquired from the market and for its contribution to stability and growth to distributions per unit (DPU).

### (Reference)

Property number	Name of the property	Acquisition price (million yen)	Appraisal value (million yen)	Expected NOI yield (Acquisition price base) (Note 1)	Appraisal NOI yield (Acquisition price base) (Note 2)
M-35	Toda LogisticsCenter	2,052	2,200	4.8%	4.7%

(Note 1) Expected NOI yield (Acquisition price base) = Expected NOI / acquisition price x 100

(Figures are rounded off to the first decimal place.)

Expected NOI is a normalized estimate based on annual income and expense projections, and is not the forecast for the fiscal period ending July 2018.

(Note 2) Appraisal NOI yield (Acquisition price base) = Appraisal NOI / acquisition price x 100

(Figures are rounded off to the first decimal place.)

Appraisal NOI is the NOI of the appraisal value based on direct capitalization method described in the appraisal.

### 3. Details of the new assets

#### M-35 Toda Logistics Center

##### (1) Outline of the new asset

Outline of the asset			Outline of the appraisal			
Asset type		Trust beneficiary right of real estate	Real estate appraiser		Tanizawa Sogo Appraisal Co., Ltd.	
Date of the acquisition		May 31, 2019	Date of the appraisal		June 1, 2018	
Acquisition price		2,052 million yen	Appraisal value		2,200 million yen	
Land	Location	974 , Mukoda, Bijogi, Toda city, Saitama and Others	Income approach		2,200 million yen	
	Site area (Note 1)	3,631.80 m <sup>2</sup>	Discounted cash flow approach	2,190 million yen		
	Zoning	Indutrial area		Discount rate		4.2%／4.3%／4.4%
	Floor-area ratio	200%		Terminal cap rate		4.5%
	Building-to-land ratio	60%		Direct capitalization approach		2,230 million yen
	Type of ownership	Ownership	Cap rate	4.3%		
Building	Structure/Story (Note 2)	Steel sturcture 4 stories (Expected)		Cost approach		2,170 million yen
	Date of the completion (Note 3)	April 2019 (Expected)	Land (Percentage)		44.3%	
	Total floor area (Note 2)	7,233.78 m <sup>2</sup> (Expected)	Building (Percentage)		55.7%	
	Total rentable area (Note 2)	7,233.78 m <sup>2</sup> (Expected)				
	Usage (Note 3)	Warehouse (Expected)				
Type of ownership	Ownership					
Property management company		To be decided				
Collateral		None				
Outline of the lease contract (Note 4)			Outline of engineering report			
Number of tenants		1	Survey company		Shimizu Corporation	
Names of major tenant		Not disclosed (Note 5)	Issue date of the report		June 7, 2018	
Annual rent (excluding consumption tax)		Not disclosed (Note 5)	Urgent repairs		-	
Lease deposit		Not disclosed (Note 5)	Short-term repairs		-	
Total rent area		7,233.78 m <sup>2</sup> (Expected)	Long-term repairs		2,974 thousand yen	
Occupancy		100.0% (Expected)	PML		11.7%	
Expected income/expense (Note 6)			Design company, construction company and building certification company			
Income (including auxiliary income)		Not disclosed (Note 7)	Design company		Sanesu Construction Co., Ltd.	
Expected NOI		97 million yen	Construction company		Sanesu Construction Co., Ltd.	
Expected NOI yield (based on acquisition price)		4.8% (Note 8)	Building certification company		Japan Constructive Inspect Association	
Remarks						
The property comprises trust beneficiary rights for a new building (hereinafter referred to as The Building) that Nakano Shokai will construct in the future and the site located on land (hereinafter referred to as "The Land") presently owned by Nakano Shokai. JLF and Nakano Shokai have agreed that, after Nakano Shokai builds a building on The Land, The Land and The Building will be converted into trust beneficiary rights, and that said trust beneficiary rights will be sold to JLF, and based on that agreement have entered into The Purchase Agreement. Prerequisite assumptions include that JLF has completed procuring a sum of funds equivalent to the transaction amount and that The Building meets specifications set forth in The Purchase Agreement.						
(Note 1) The outline shown here is according to the real estate registry, and may differ from the present state.						

(Note 2)	The information shown here is based on the building certification application form for the Property and may change in the future.
(Note 3)	The date of the completion shown here is based on the plan as of the date of this release. This date of the completion may be changed in the future.
(Note 4)	Based on the content of a fixed term building lease agreement with a termination clause that is said to be concluded on June 29, 2018 between the tenant and Nakano Shokai. JLF will succeed the status as a lessor after the acquisition of the Property.
(Note 5)	Not disclosed, for unable to obtain the tenant's consent.
(Note 6)	The figures are not forecasts for revenue from the Property as of the date of acquisition of the Property, but normalized estimations based on annual income and expenses projections for the fiscal year of acquisition.
(Note 7)	JLF does not disclose these items because their disclosure may enable the lease terms and level of outsourcing fees to be estimated, which could have a negative impact on the efficient operations of JLF and cause disadvantages to investors.
(Note 8)	The figure is expected NOI divided by 2,052 million yen, which is the acquisition price.
(Note 9)	Since the building was not complete as of the appraisal date, an appraisal of the unfinished building, etc. in accordance with real estate appraisal standards was conducted. The figure in the table is based on an appraisal conducted on the assumption that the Property is completed as per the design drawings, building certification is issued and building registration is also complete.
(Note 10)	The information is based on an engineering report produced on the assumption of the plan as of the date of this release. Such plan may be changed in the future and the details of the abovementioned engineering report may also be subject to change in the future. The details shown above do not constitute any guarantee or definite promise of the details of the engineering report as of acquisition of the Property.

## (2) Characteristics of the Property

### Acquisition Highlights

- **Prime location with excellent access to the 23 wards of Tokyo, Japan's largest consumer market**
- **A versatile, box-type logistics property built to standard facilities specifications**
- **Joint investment project with a logistics company that is also a tenant of other assets**

#### a. Location

- Located about 20 km from the heart of Tokyo with excellent access to a large consumer market. Also provides efficient delivery access to central cities of Saitama Prefecture. Located in the southern part of Saitama Prefecture, an area where one can expect strong demand for logistics space from retailers, e-commerce players and parcel carriers.
- Prime location with excellent transportation convenience. Located 0.5 km from the Toda Higashi IC of the Tokyo Gaikan Expressway and 1.5 km from National Route 17. Also has access to multiple on-ramps of the Shuto Expressway.
- A very rare property located in an area where there is strong demand for logistics space but little new supply or large-scale stock in the vicinity.
- Located in the city of Toda, a commuter town to Tokyo with a high population density. The property is located within walking distance from Kita-Toda Station on the Saikyo Line, making it easy to secure labor force.

#### b. Specification

- A high versatile four-story box-type logistics facility with standard facility specifications including an effective inter-column gap of 10.6m×11.0m, an effective ceiling height of at least 5.6m, and a floor withstand load of 1.5t/m<sup>2</sup>.
- The installation of truck berths (for 9 vehicles) and vertical handling equipment (2 cargo elevators) enables efficient cargo carrying-in and carrying-out, in-warehouse movement and storage, and meets a wide range of tenant needs
- Good working environment for the tenant, with plenty of parking (37 vehicles) and office space and one passenger elevator.

(Note) The information uses a market report produced on the assumption of the plan as of the date of this release as a reference. Such plan may be changed in the future and the abovementioned features of the facility may also be subject to change in

the future. The details shown above do not constitute any guarantee or definite promise of the features of the facility as of acquisition of the Property.

c. Tenant

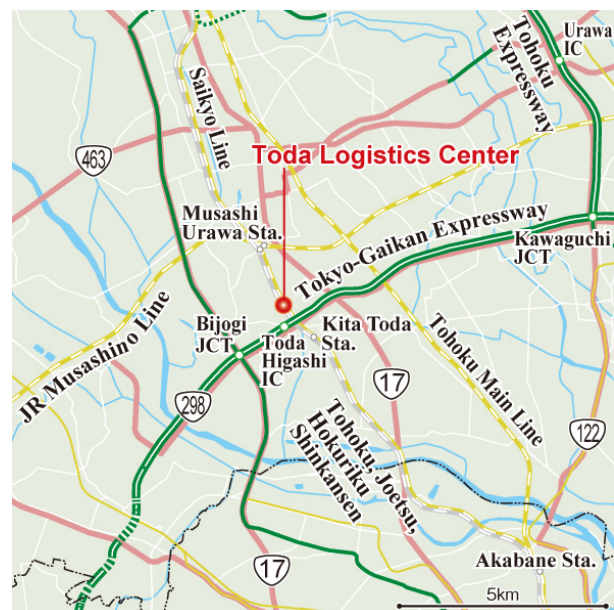
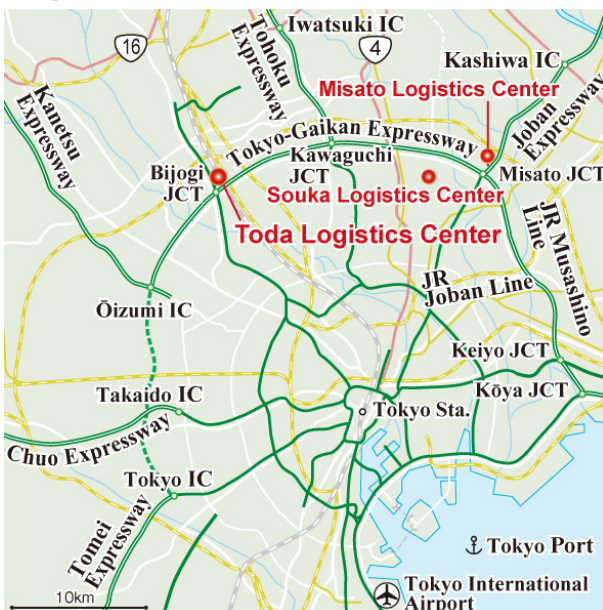
- Secure stable occupancy and profitability through long-term lease contract with the tenant.

[Exterior view]



(Note) This rendering is produced on the assumption of the plan as of the date of this release and is not necessarily the same as the exterior view, shape, etc. of the building will actually be built.

[Map]





#### 4. Outline of the seller

##### M-35 Toda Logistics Center

Name	Nakano Shokai co.,ltd.
Head office location	3-18-5, Naka-kasai, Edogawa-ku, Tokyo
Representative	Hiroshi Numazawa, President
Main business	Warehousing
Capital	324 million yen (as of March 31, 2018)
Date of establishment	August 16, 1988
Net asset	Not disclosed (Note)
Total asset	Not disclosed (Note)
Major shareholders	Not disclosed (Note)
Relation to JLF or MLP	No capital or personnel relationship involved. No business relationship worthy of special mention in the fiscal period ended January 2018. Has executed lease agreements with JLF for some of the properties that JLF owns.

(Note) Not disclosed, for unable to obtain the seller's consent.

#### 5. Current condition of the seller

The acquisition of the Properties does not fall under the acquisition from a person with a special interest in JLF and MLP.

#### 6. Outline of the broker

There is no broker in the acquisition of the Properties.

#### 7. Financial impact on JLF when the forward commitment, etc. cannot be fulfilled

The cancellation clauses, etc. expected to be stipulated in the Purchase Agreement are as shown below. The Purchase Agreement stipulates cancellation and other clauses such as those set forth in (1) and (2) below. However, failure to procure funds corresponding to the transaction amount does not constitute a non-performance of the buyer's obligations under The Purchase Agreement. Therefore, unless JLF violates its obligations under The Purchase Agreement, JLF does not bear an obligation to pay monies such as the penalties set forth in (2) below. For that reason, even in the event that JLF is unable to procure funds and perform the forward commitment and the like, that event is deemed to have little or no potential to have great impact on the financials and the like of JLF.

- (1) If one of the parties to the agreement violates The Purchase Agreement and said violation is not remedied within 30 days of notice of said violation by the counterparty, said counterparty may terminate the agreement by providing written notification.
- (2) In the event of a termination under the above-described (1), the party that terminated the agreement may claim a penalty for violation of The Purchase Agreement against the counterparty. The amount of the penalty is to be 20% of the transaction amount. Even in the event actual damages exceed the penalty amount, there may be no claim made for the amount in excess. Likewise, even in the event damages are less than the penalty amount, there may be no claim to reduce the penalty amount.

#### 8. Future prospects

The property is under development and the date of acquisition will be May 1, 2019.

Therefore, there is no impact on the forecast for the fiscal period ending July 2018 (26<sup>th</sup> period) and the fiscal period ending January 2019 (27<sup>th</sup> period).

## 9. Outline of the appraisal

### M-35 Toda Logistics Center (Note 1)

Appraisal value	2,200 million yen
Real estate appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Date of appraisal	June 1, 2017

Item	Details	Outline
Income approach value	2,200 million yen	Appraisal performed with validation using the direct capitalization approach based on a standard of a value under DCF approach.
Direct capitalization approach	2,230 million yen	
Operating revenues	Not disclosed (Note 2)	
Total potential revenue	Not disclosed (Note 2)	Appraisal based on market rent price levels for the subject real estate
Loss such as vacancy	0 yen	Not assumed.
Operating expenses	Not disclosed (Note 2)	
Maintenance	0 yen	Not assumed.
Utilities expenses	0 yen	Not assumed.
Repairs	0 million yen	Appraisal by applying set allocations to figures based on ER and comparable transactions
Property management fee	Not disclosed (Note 2)	Appraisal based on a standard monthly outsourcing fee
Expenses for recruiting tenants	0 yen	Not assumed.
Real estate taxes	13 million yen	Estimated value
Casualty insurance premium	Not disclosed (Note 2)	Appraisal based on a standard rate, with no earthquake insurance applied.
Other expenses	0 million yen	Appraisal based on earnings samples and the like
Net operating income	97 million yen	
Profit on the investment of a lump sum	Not disclosed (Note 2)	
Capital expenditure	1 million yen	Appraisal by applying set allocations to figures based on ER and comparable transactions
Net cash flow	95 million yen	
Capitalization rate	4.3%	Appraisal by comparing multiple transaction yields from comparable regions within the same area of supply and demand and neighboring areas and by comprehensively taking into consideration trends and the like in the real estate investment market
DCF method	2,190 million yen	
Discount rate	4.2% / 4.3% / 4.4%	Appraisal by factoring individual risks related to the subject real estate on top of a base warehouse yield arrived at a build-up approach for financial products
Terminal cap rate	4.5%	Appraisal by incorporating future forecasting uncertainties based on a capitalization yield
Cost approach	2,170 million yen	
Land percentage	44.3%	
Building percentage	55.7%	
Remarks	Not applicable	

(Note 1) As of the date of the appraisal, the building has not yet been completed, and thus the appraisal value of the property was calculated by using "Appraisal of Uncompleted Buildings" stipulated in the Real Estate Appraisal Standards. As a result, the appraisal is carried out based on the assumption that this building is a property after completion that has been completed as planned, has received the delivery of the inspection certificate and has undergone registration.

(Note 2) JLF does not disclose these items because their disclosure may enable the lease terms and level of fees to be estimated, which could have a negative impact on the efficient operations of JLF and cause disadvantages to investors.

[Appendix]

Portfolio list after acquisition of new assets

(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 given for the completeness or accuracy of this English translation.**



[Appendix]

Portfolio list after acquisition of new assets

Property number	Property name	Location	Acquisition price (Million Yen)	Ratio (Note 1)
M-1	Funabashi	Funabashi, Chiba	8,675	3.1%
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	3.9%
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	3.5%
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	4.2%
M-17	Narashino II	Narashino, Chiba	7,875	2.8%
M-18	Ichikawa II	Ichikawa, Chiba	17,415	6.2%
M-19	Souka	Souka, Saitama	14,440 (Note 3)	5.2%
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	3.1%
M-23	Kashiwa II	Kashiwa, Chiba	3,795 (Note 4)	1.4%
M-24	Shin-Koyasu	Yokohama, Kanagawa	9,696	3.5%
M-25	Misato	Misato, Saitama	3,873	1.4%
M-26	Sagamihara	Sagamihara, Kanagawa	8,032	2.9%
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 Logistics Center II	Koto-ku, Tokyo	15,270	5.4%
M-32	Yokohama Machida Logistics Center	Machida, Tokyo	25,452	9.1%

Property number	Property name	Location	Acquisition price (Million Yen)	Ratio (Note 1)
Metropolitan Area (Bay, Inland) Subtotal			216,846	77.4%
T-1	Daito	Daito, Osaka	9,762 (Note 5)	3.5%
T-2	Osaka Fukuzaki	Osaka, Osaka	4,096	1.5%
T-3	Kiyosu	Kiyosu, Aichi	3,010 (Note 6)	1.1%
T-4	Kadoma	Kadoma, Osaka	989	0.4%
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 Logistics Center	Kasugai, Aichi	3,500 (Note 8)	1.2%
T-11	Takatsuki Logistics Center	Takatsuki, Osaka	1,559	0.6%
Kinki Area, Chubu Area and Kyushu Area Subtotal			41,674	14.9%
O-1	Maebashi	Maebashi, Gunma	1,230	0.4%
O-2	Hanyu	Hanyu, Saitama	1,705	0.6%
O-3	Saitama Kisai	Kazo, Saitama	4,010	1.4%
O-4	Kazo	Kazo, Saitama	3,790	1.4%
O-5	Sendaiko-kita	Sendai, Miyagi	1,600	0.6%
Other Area Subtotal			12,335	4.4%
Portfolio Total after acquisition of the new asset			270,855	96.6%
Assets to which forward commitment, etc. is applied				
M-33	Yachiyo III	Yachiyo, Chiba	3,286 (Note 9)	1.2%
M-34	Shiroi	Shiroi, Chiba	4,052 (Note 10)	1.4%
M-35	Toda	Toda, Saitama	2,052 (Note 10)	0.7%
Total portfolio after acquisition of the assets to be newly acquired (Including assets to which forward commitment, etc. is applied)			280,245	100.0%

(Note 1) The figures represent the proportion of the acquisition price to the overall portfolio after the acquisitions of new assets (including assets to which forward commitment, etc. is applied), rounded off to the first decimal place. The planned dates of acquisition of “M-33 Yachiyo Logistics Center III” and “M-34 Shiroi 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 price relating to the redevelopment of the building (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 sum of the acquisition price on April 23, 2015 and August 1, 2017.
- (Note 9) The acquisition price of this building is the price defined in the acquisition contract. If a lease contract in the form and with content with which JLF is satisfied (hereinafter referred to as the “eligible lease contract” in this Note 8) is not concluded for all of this property until the date of delivery of this property, and if the effective eligible lease contract is not concluded and maintained on the date of delivery, the acquisition contract provides for deduction of 124 million yen from the acquisition price. Accordingly, the acquisition price could change in the future.
- (Note 10) The acquisition price of this building is the price defined in the acquisition contract. Such acquisition price may change as the purchase agreement specifies that if contract prices and other costs for development of the Property fluctuate in the period up to and including the date of delivery of the Property, the acquisition price shall be changed accordingly.