

November 28, 2018

For Immediate Release

Real Estate Investment Trust

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

Asset Management Company

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Notice Concerning Acquisition of New Assets

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 assets (2 properties) (hereinafter referred to as “New Assets” , “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-37	Fujisawa Logistics Center	November 30, 2018	August 1, 2018 (Note 1)	Mitsui & Co. Real Estate Ltd.	4,305 (Note 2)	4,350 (Note 3)
T-12	Aisai Logistics Center		To be decided (Note 4)	LONCO JAPAN co.,Ltd.	2,510 (Note 5)	2,720 (Note 3)

(Note 1) Fujisawa Logistics Center (hereinafter referred to as the “Property (Fujisawa Logistics Center)”) is a development property which has not yet been completed (due to be completed in May 2019) , and if JLF or Mitsui & Co. Real Estate Ltd. (hereinafter referred to as “MRE”) wish to postpone the date of delivery and if JLF and MRE consult each other in good faith and, as a result of these consultations, reach agreement, the delivery date of the Property (Fujisawa Logistics Center) may be postponed until the end of September 2019. The same applies below.

(Note 2) The acquisition price is the purchase price defined in the trust beneficiary right purchase agreement related to the acquisition of the Fujisawa Logistics Center (hereinafter referred to as the “Purchase Agreement (Fujisawa Logistics Center)”). The Purchase Agreement (Fujisawa Logistics Center) states that if the total floor area of the completed building increases or decreases from the total floor area defined in the Purchase Agreement (Fujisawa Logistics Center) and that, as a result, the rent defined in the lease contract with the incoming tenant in relation to the Property (Fujisawa Logistics Center) increases or decreases from the rent agreed at the time of execution of the Purchase Agreement (Fujisawa Logistics Center), the parties shall consult with each other in good faith regarding an increase or decrease in the purchase price in line with such increase or decrease in rent, and that if the floor area of the building decreases due to additions or changes to the construction work made at JLF’s request, the purchase price shall be reduced for such decrease only if the construction work expenses decreased as a result

of such additions or changes. The Agreement also states that if the contract price of the building is predicted to increase due to the additions or changes to the construction work, JLF may request MRE to carry out the additions or changes to the construction work by promising to pay such additional expenses to MRE separately. Accordingly, this purchase price may change in the future. The same applies below.

- (Note 3) Since the building has not yet been completed 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 Fujisawa Logistics Center and Aisai Logistics Center are completed as per the design drawings, building certification is issued and building registration is also complete. The same applies below.
- (Note 4) Aisai Logistics Center (hereinafter referred to as the “Property (Aisai Logistics Center)”) is a development property which has not yet been completed (due to be completed in February 2020), and the date of delivery of the Property (Aisai Logistics Center) will be the one-year from either the completion date of the ownership registration or the completion date of the building, whichever is later; provided, however, that if JLF and LONCO JAPAN Co., Ltd. (hereinafter referred to as “LONCO JAPAN”) separately agree that a day between the execution date described in the purchase agreement and 2 years from the execution date as delivery date, the delivery date will be such agreed date. The same applies below.
- (Note 5) The acquisition price is the purchase price defined in the real estate purchase agreement related to the Aisai Logistics Center (hereinafter referred to as the “Purchase Agreement (Aisai Logistics Center)”) and referred to together with the Purchase Agreement (Fujisawa Logistics Center) as the “Purchase Agreements”). Since the Purchase Agreement (Aisai Logistics Center) states that if there are additions or changes to the construction work in relation to the building made at JLF’s request, LONCO JAPAN may ask JLF to change the purchase price, and LONCO JAPAN and JLF shall, upon consultation, agree on and determine whether or not the purchase price needs to be changed and the amount of increase or decrease, this purchase price may change in the future. The same applies below.

- (2) Fund source: To be decided
JLF will announce the financing method for these properties 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

In order to secure routes for the acquisition of properties that will contribute to the growth of dividends per unit (DPU) in the medium to long term, JLF has adopted two approaches: “sourcing from the real estate market” and “independent sourcing.” 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 DPU.

The Property (Fujisawa Logistics Center) has been acquired through sourcing from the logistics real estate market and is a property being developed by MRE, which is a Group company of JLF’s sponsor. JLF and MRE have agreed that, after MRE builds a building on the land of the Property (Fujisawa Logistics Center), the Property (Fujisawa Logistics Center) will be converted into trust beneficiary rights, and that said trust beneficiary rights will be sold to JLF. Based on that agreement, JLF and MRE have entered into the Purchase Agreement (Fujisawa Logistics Center). MRE has already concluded a fixed term building lease contract with the incoming tenant and the trust beneficiary in relation to the trust beneficiary rights plans to succeed to the status as a lessor under the fixed term building lease contract after acquisition of the Property.

The Property (Aisai Logistics Center) has been acquired through independent sourcing. 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) and is an investment deal in collaboration with LONCO JAPAN, a logistics company which is also a tenant of another property owned by JLF. JLF and LONCO JAPAN have agreed that, after LONCO JAPAN builds a building on the land of the Property (Aisai Logistics Center), the Property (Aisai Logistics Center) will be sold to JLF. Based on that agreement, JLF and LONCO JAPAN have entered into the Purchase Agreement (Aisai Logistics Center). JLF plans to conclude a fixed term building lease contract with a termination clause with LONCO JAPAN on November 30, 2018, and LONCO JAPAN plans to move into the Property (Aisai Logistics Center) as lessee after sale of the Property (Aisai Logistics Center).

JLF decided to acquire these assets in order to pursue stability and growth of DPU based on the belief that the acquisition enables JLF to expand asset under management and acquire good yield property.

(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-37	Fujisawai Logistics Center	4,305	4,350	4.3%	4.5%
T-12	Aisai Logistics Center	2,510	2,720	5.2%	5.2%

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

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

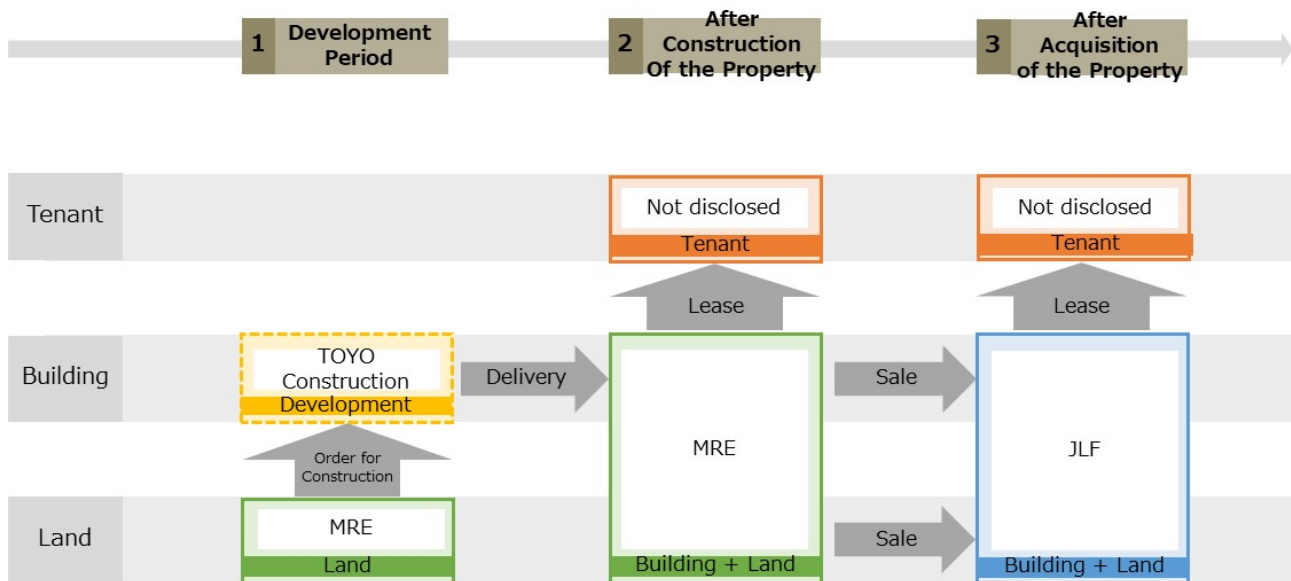
Expected NOI is a normalized estimate based on annual income and expense projections and is not the forecast at the time of acquisition of the Properties nor the forecast for the fiscal period ending January 2019.

(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.

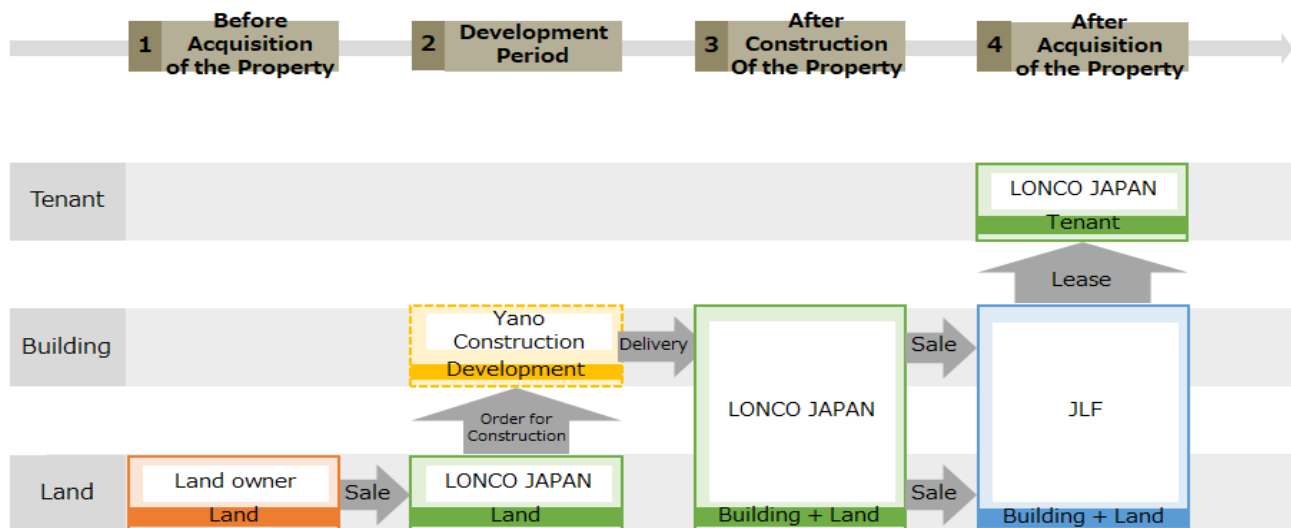
See below for a schematic diagram of the Contract for Fujisawa Logistics Center. For details on the substance of the Contract, refer to the above 1. Outline of the acquisition, 3. Details of the new asset.



(Note 1) The above diagram is an illustration showing a simplified version of the flow leading to acquisition of the Property (Fujisawa Logistics Center). The names of the parties and other matters shown above are all based on the plan as of the date of this release and may change in the future.

(Note 2) The Property (Fujisawa Logistics Center) will be converted into trust beneficiary rights upon acquisition by JLF and the real estate owners after acquisition of the Property (Fujisawa Logistics Center) will both become trust beneficiaries. However, since the trust beneficiary that is the substantive owner will be JLF, the above diagram shows JLF as the owner of the Property (Fujisawa Logistics Center) after acquisition of the Property (Fujisawa Logistics Center) for simplification.

See below for a schematic diagram of the Contract for Aisai Logistics Center. For details on the substance of the Contract, refer to the above 1. Outline of the acquisition, 3. Details of the new asset.



(Note) The above diagram is an illustration showing a simplified version of the flow leading to acquisition of the Property (Aisai Logistics Center). The names of the parties and other matters shown above are all based on the plan as of the date of this release and may change in the future.

The properties, including the New Assets, which JLF has decided to acquire or plans to acquire through the two approaches of “sourcing from the logistics real estate market” and “independent sourcing” since April 2018 are as follows.

Property name	Date of acquisition	Acquisition price (million yen)	Expected NOI yield
Yachiyo III	To be decided	3,286 (Note 1)	5.3%
Shiroi	To be decided	4,052 (Note 2)	5.1%
Toda	May 31, 2019	2,052 (Note 2)	4.8%
Ichikawa III	To be decided	3,850 (Note 3)	6.6%
Fujisawa	August 1, 2019	4,305	4.3%
Aisai	To be decided	2,510	5.2%
Total		20,055	5.2%

(Note 1) The figure indicates the acquisition price stated in the initial purchase agreement. Because the purchase agreement stipulates that unless a lease contract in the form and with content that satisfy JLF (hereinafter the “Qualified Lease Contract” in this Note 1) is concluded for this entire property by the date of delivery of the property or unless any other effective Qualified Lease Contract is concluded as of the date of delivery, 124 million yen shall be deducted from the acquisition price, and such acquisition price may change in the future.

(Note 2) The figure indicates the acquisition price that is stated in the purchase agreement. Such acquisition price may change in the future as the purchase agreement specifies that if contract prices or other costs for the development of this property fluctuate in the period up to and including the date of delivery of the property, the acquisition price shall be changed accordingly.

(Note 3) The acquisition price will be a price within the range between 3,475 million yen and 3,850 million yen that was agreed in advance in parallel with the scheduled date of acquisition, and it indicates the acquisition price on the assumption that the property will be acquired on March 1, 2019.

3. Details of the new assets

[M-37 Fujisawa Logistics Center]

(1) Outline of the new asset

Outline of the asset			Outline of the appraisal (Note 8)		
Asset type		Trust beneficiary right of real estate	Real estate appraiser		Tanizawa Sogo Appraisal Co., Ltd.
Date of the acquisition		August 1, 2018	Date of the appraisal		November 1, 2018
Acquisition price		4,305 million yen	Appraisal value		4,350 million yen
Trustee		To be decided			
Winding-up of the trust		To be decided			
Land	Location	9 Kiriharacho, Fujisawa, Kanagawa	Income approach		4,350 million yen
	Site area (Note 1)	8,260.80m ²	Discounted cash flow approach		4,300 million yen
	Zoning	Exclusive industrial area			
	Floor-area ratio	200%	Discount rate		4.2%/ 4.4%
	Building-to-land ratio	60%			
	Type of ownership	Ownership	Terminal cap rate		4.5%
Building	Structure/Story (Note 2)	Steel sturcture 4 stories (Expected)			
	Date of the completion (Note 3)	May 2019 (Expected)			
	Total floor area (Note 2)	16,484.82 m ² (Expected)	Cap rate		4.3%
	Total rentable area (Note 2)	16,443.72 m ² (Expected)			
	Usage (Note 2)	Warehouse (Expected)	Cost approach		4,280 million yen
	Type of ownership	Ownership			
Property management company		To be decided	Land (Percentage)		49.5%
Collateral		None			
Outline of the lease contract			Outline of engineering report (Note 9)		
Number of tenants		1	Survey company		Shimizu Corporation
Names of tenant		Not disclosed (Note 4)	Issue date of the report		October 31, 2018
Annual rent (excluding consumption tax)		Not disclosed (Note 4)	Urgent repairs		-
Lease deposit		Not disclosed (Note 4)	Short-term repairs		-
Total rent area		16,443.72m ² (Expected)	Long-term repairs		20,970 thousand yen
Occupancy		100.0% (Expected)	PML		12.3%
Expected income/expense (Note 5)			Design company, construction company and building certification company		
Income (including auxiliary income)		Not disclosed (Note 6)	Design company		TOYO Construction co., Ltd.
Expected NOI		185 million yen	Construction company		TOYO Construction co., Ltd.
Expected NOI yield (based on acquisition price)		4.3% (Note 7)	Building certification company		Tokyo Bldg-Tech Center Co., Ltd
Remarks:					
The Property (Fujisawa Logistics Center) is a development property which has not yet been completed, and comprises the land (hereinafter referred to as the “Land (Fujisawa Logistics Center)”) owned by MRE and a new building (hereinafter referred to as the “Building (Fujisawa Logistics Center)”) that MRE will construct on the Land (Fujisawa Logistics Center). JLF and MRE have agreed that, after MRE builds the Building (Fujisawa Logistics Center) on the Land (Fujisawa Logistics Center), the Land (Fujisawa Logistics Center) and the Building (Fujisawa Logistics Center) will be converted into trust beneficiary rights, and that said trust beneficiary					

rights will be sold to JLF. Based on that agreement JLF and MRE have entered into The Purchase Agreement. Prerequisite assumptions include that the Building (Fujisawa Logistics Center) 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 (Fujisawa Logistics Center) 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)	Not disclosed, for unable to obtain the tenant's consent.
(Note 5)	The figures are not forecasts for revenue from the Property (Fujisawa Logistics Center) as of the date of acquisition of the Property (Fujisawa Logistics Center), but normalized estimations based on annual income and expenses projections for the fiscal year of acquisition.
(Note 6)	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 7)	The figure is expected NOI divided by 4,305 million yen, which is the acquisition price.
(Note 8)	Since the Building (Fujisawa Logistics Center) 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 (Fujisawa Logistics Center) is completed as per the design drawings, building certification is issued and building registration is also complete.
(Note 9)	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 (Fujisawa Logistics Center).

(2) Characteristics of the Property

Acquisition Highlights

- **Prime location with strong demand for logistics facilities with wide geographic coverage**
- **A versatile, box-type logistics property built to standard facilities specifications**
- **Property being developed by a Group company of JLF's Sponsor**

a. Location

- Located in the city of Fujisawa, Kanagawa Prefecture, an area where there is strong demand for logistics facilities with wide geographic coverage with an eye on deliveries to central Tokyo.
- In addition to excellent access to the Tomei Expressway, the nearby Yokohama South Loop Line (Ken-o Expressway) is scheduled to open in 2020, and access to central parts of Tokyo can be expected to improve.
- The city of Fujisawa where the Property (Fujisawa Logistics Center) is situated is the core city of the Shonan area, and the Property (Fujisawa Logistics Center) is surrounded by residential areas and access to Shonandai Station on the Odakyu Enoshima Line is also good, making it easy to secure labor.

b. Specification

- A high versatile three-story box-type logistics facility with standard facility specifications including an effective inter-column gap of 11.0m×11.5m, an effective ceiling height of at least 5.5m, and a floor withstand load of 1.5~2.5t/m².
- The installation of truck berths (for 14 vehicles) and vertical handling equipment (2 cargo elevators and 2 vertical conveyor) enables efficient cargo carrying-in and carrying-out, in-warehouse movement and storage, and meets a wide range of tenant needs.
- Consideration is also given to the working environment of the tenant through the use of LED lighting and the provision of sufficient number of parking spaces, office space and passenger elevators.

(Note) The information uses a market report produced on the assumption of the plan as of today. Such plan may be changed and the abovementioned features of the facility may also be subject to change. The details shown above do not constitute any guarantee or definite promise of the features of the facility as of acquisition of the Property (Fujisawa Logistics Center).

c. Tenant

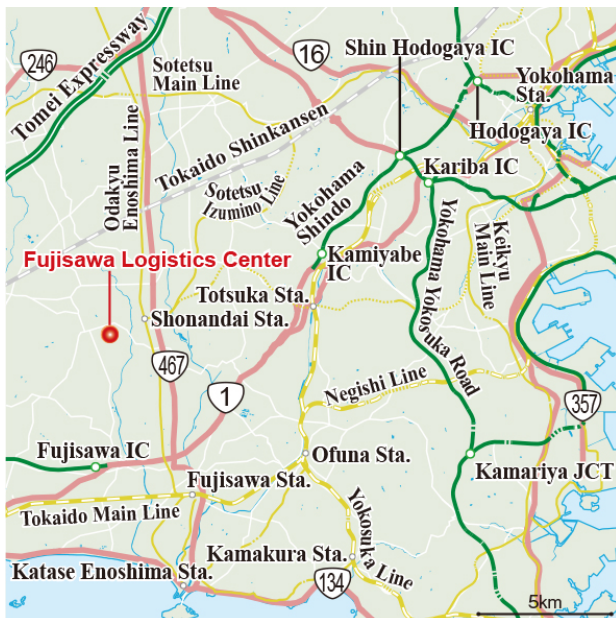
- Since a fixed-term building lease contract will enter into with the tenant and the facility will be used to store the products of a company affiliated with a large manufacturer, stable occupancy and profitability will be secured.

[Exterior view (Note)]



(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]



[T-12 Aisai Logistics Center]

(1) Outline of the new asset

Outline of the asset			Outline of the appraisal (Note 9)	
Asset type	Real estate		Real estate appraiser	DAIWA REAL ESTATE APRAISAL CO.,LTD
Date of the acquisition	To be decided		Date of the appraisal	November 1, 2018
Acquisition price	2,510 million yen		Appraisal value	2,720 million yen
Land	Location	32-6, Eda, Minami-Gota-cho, Aisai, Aichi and Others	Income approach	2,710 million yen
	Site area (Note 1)	10,067.77 m ²	Discounted cash flow approach	2,710 million yen
	Zoning	Not specified (Urbanization control area)		
	Floor-area ratio	200%		
	Building-to-land ratio	60%	Discount rate	4.4%
	Type of ownership	Ownership	Terminal cap rate	4.8%
Building	Structure/Story (Note 2)	Steel structure 3 stories (Expected)	Direct capitalization approach	2,750 million yen
	Date of the completion (Note 3)	February 2020 (Expected)		
	Total floor area (Note 2)	14,209.65 m ² (Expected)	Cap rate	4.6%
	Total rentable area (Note 2)	13,852.46 m ² (Expected)		
	Usage (Note 2)	Warehouse (Expected)	Cost approach	2,940 million yen
	Type of ownership	Ownership		
Property management company	To be decided		Land (Percentage)	30.1%
Collateral	None		Building (Percentage)	69.9%
Outline of the lease contract (Note 4)			Outline of engineering report (Note 10)	
Number of tenants	1		Survey company	Shimizu Corporation
Names of tenant	LONCO JAPAN co.,ltd.		Issue date of the report	October 31, 2018
Annual rent (excluding consumption tax)	Not disclosed (Note 5)		Urgent repairs	-
Lease deposit	Not disclosed (Note 5)		Short-term repairs	-
Total rent area	13,852.46 m ² (Expected)		Long-term repairs	1,685 thousand yen
Occupancy	100.0% (Expected)		PML	11.5%
Expected income/expense (Note 6)			Design company, construction company and building certification company	
Income (including auxiliary income)	Not disclosed (Note 7)		Design company	Yano Architects
Expected NOI	130 million yen		Construction company	Yano Construction Co., Ltd.
Expected NOI yield (based on acquisition price)	5.2 % (Note 8)		Building certification company	Japan Constructive Inspect Association
Remarks:				
<p>The Property (Aisai Logistics Center) is a development property which has not yet been completed, and comprises the land (hereinafter referred to as the "Land (Aisai Logistics Center)") owned by LONCO JAPAN and a new building (hereinafter referred to as the "Building (Aisai Logistics Center)") that LONCO JAPAN will construct on the Land (Aisai Logistics Center). JLF and LONCO JAPAN have agreed that, after LONCO JAPAN builds a building on the Land (Aisai Logistics Center), the Land (Aisai Logistics Center) and the Building (Aisai Logistics Center) will be converted into trust beneficiary rights, and that said trust beneficiary rights will be sold to JLF. Based on that agreement JLF and LONCO JAPAN have entered into The Purchase Agreement. Prerequisite assumptions include that the Building (Aisai Logistics Center) meets specifications set forth in The Purchase Agreement.</p>				

(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 (Aisai Logistics Center) 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 contract with a termination clause that is due to be concluded between JLF and LONCO JAPAN on November 30, 2018. LONCO JAPAN plans to move into the Property (Aisai Logistics Center) as lessee after the sale of the Property (Aisai Logistics Center).
(Note 5)	Not disclosed, for unable to obtain the tenant's consent.
(Note 6)	The figures are not forecasts for revenue from the Property (Aisai Logistics Center) as of the date of acquisition of the Property (Aisai Logistics Center), 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 2,510 million yen, which is the acquisition price.
(Note 9)	Since the Building (Aisai Logistics Center) 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 (Aisai Logistics Center) 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 (Aisai Logistics Center).

(2) Characteristics of the Property

Acquisition Highlights

- **Prime location with excellent access to Nagoya city, Japan's one of the 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 another property**

a. Location

- Located about 13km from the center of Nagoya with excellent access to a large consumer market. Also provides efficient delivery access to the entire Tokai area. Located in the western part of Aichi Prefecture, an area where one can expect strong demand for delivery space from retailers, e-commerce players and parcel carriers.
- Prime location with excellent transportation convenience. Located about 7km from the Kanie IC of the Higashi-Meihan Expressway and about 3km from National Route 155.
- The city of Aisai where the Property (Aisai Logistics Center) is situated and the nearby city of Tsushima are “bedtowns” of Nagoya and the Property (Aisai Logistics Center) is located within walking distance of Fujinami Station on the Meitetsu Tsushima Line, making it easy to secure labor.

b. Specification

- A high versatile three-story box-type logistics facility with standard facility specifications including an effective inter-column gap of 10.0m×10.0m, an effective ceiling height of 5.5m, and a floor withstand load of 1.5t/m².
- The installation of truck berths (for 18 vehicles) and vertical handling equipment (2 cargo elevators and 2 vertical conveyor) enables efficient cargo carrying-in and carrying-out, in-warehouse movement and storage, and meets a wide range of tenant needs.
- Consideration is also given to the natural environment and the working environment of the tenant through the use of LED lighting and the provision of office space and two passenger elevators.

(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 (Aisai Logistics Center).

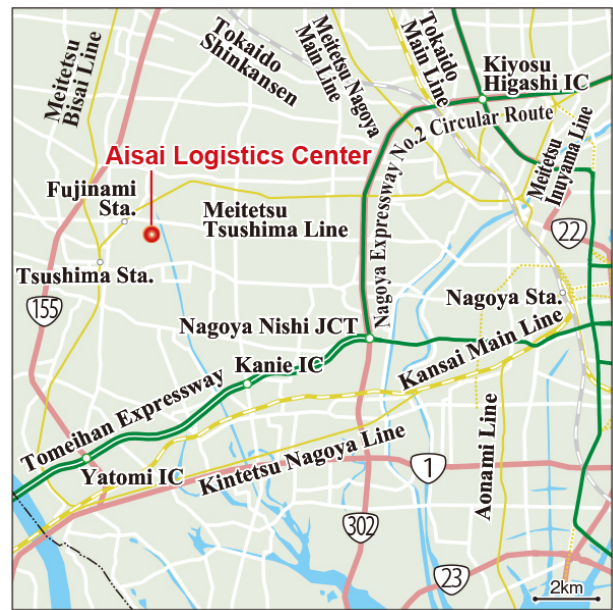
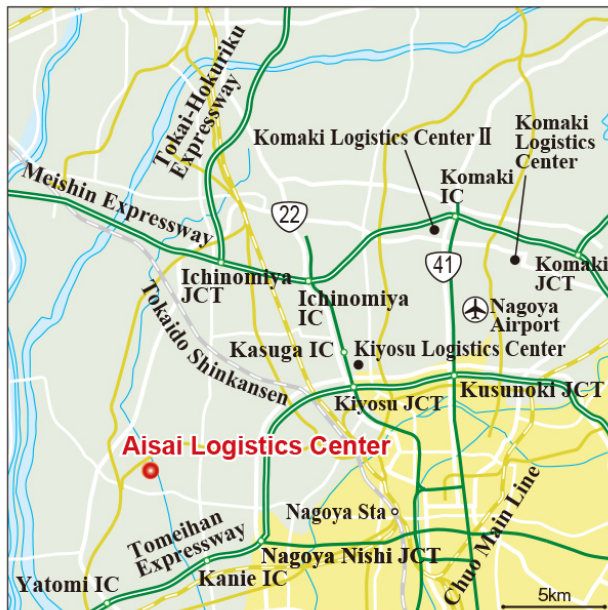
- c. Tenant
 - Secure stable occupancy and profitability through long-term lease contract with the tenant.

[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-37 Fujisawa Logistics Center]

Name	Mitsui & Co. Real Estate Ltd
Head office location	1-13-11, Nishi-shimbashi Minato-ku, Tokyo
Representative	Yoshiyasu Furukawa, President
Main business	1. Real-estate buying and selling, exchange, leasing and management 2. Brokerage of real estate leasing and buying and selling 3. Planning, making proposals and consulting services related to the effective utilization and development of real estate
Capital	3,000 million yen (as of March 31, 2018)
Date of establishment	November 11, 2000
Net asset	14,222, million yen (as of March 31, 2018)
Total asset	75,737 million yen (as of March 31, 2018)
Major shareholders	MITSUMI & CO., LTD.
Relation to JLF or MLP	The company is a subsidiary of Mitsui & Co., Ltd. which is the parent company of MLP. No personnel relationship involved. The company does not fall under a related party of JLF and MLP. The company falls under an interested party provided for in the Act on Investment Trusts and Investment Corporations (hereinafter referred to as the "Investment Trust Act") and an interested party defined in MLP's regulation concerning conflict of interest. No business relationship worthy of special mention in the fiscal period ended July 2018.

[T-12 Aisai Logistics Center]

Name	LONCO JAPAN
Head office location	1-11-10, Higashi-kobashi, Higashinari-ku, Osaka, Osaka
Representative	Yasuyuki Fukunishi, President
Main business	Management and operation of logistics centers, transportation, etc.
Capital	92 million yen (as of August 31, 2018)
Date of establishment	April 6, 1989
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. The company does not fall under an interested party of JLF and MLP. The company has executed lease agreements with JLF for another property that JLF owns.

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

5. Current condition of the seller

The current conditions of the seller of Fujisawa Logistics Center is as follows. The seller of Aisai Logistics Center does not fall under a person with a special interest in JLF or MLP.

	Current Owner	Previous Owner
Name	Mitsui & Co. Real Estate Ltd	Not a person of special interest
Relation to JLF or MLP	Please refer to “4. Outline of the seller” above	—
Rationale for the acquisition	For development property	—
Acquisition price	The acquisition price of the land is omitted because as of the time of delivery to JLF (August 1, 2019), the previous owner/trust beneficiary will have owned the land for more than 1 year. The acquisition price of the building is omitted because the property is being developed by the previous owner.	—
Date of Acquisition	December 2017 (Land)	—

6. Outline of the broker

[M-37 Fujisawa Logistics Center]

There is no broker in the acquisition of the Property (Fujisawa Logistics Center).

[T-12 Aisai Logistics Center]

Name	2WIN Co., Ltd
Head office location	2-1-35, Noninbashi, Chuo-ku, Osaka city, Osaka
Representative	Junpei Otake, Representative Director
Main business	Brokerage of business use real estate
Capital	3 million yen (as of August 31, 2018)
Date of establishment	March 2, 2012
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. The company does not fall under an interested party of JLF and MLP. No business relationship worthy of special mention in the fiscal period ended July 2018.

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

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

[M-37 Fujisawa Logistics center]

The cancellation clauses, etc. expected to be stipulated in the Purchase Agreement (Fujisawa Logistics Center) are as shown below. Therefore, if JLF cannot complete procurement of funds and fails to fulfil the forward commitment, etc., MRE will cancel the Purchase Agreement (Fujisawa Logistics Center), and, in this case, JLF will be obliged to pay the penalty described below and will be obliged to compensate any damages. However, the total amount of the penalty to be borne by JLF if JLF fails to fulfill its obligations under the Purchase Agreement (Fujisawa Logistics Center) is less than the maximum amount of the penalty permitted when making a forward commitment, etc. stipulated in the internal rules of MLP and even if procurement of funds cannot be completed and JLF fails to fulfill the forward commitment, etc., this is unlikely to have any major impact on JLF's financial status. Moreover, JLF has a maximum commitment limit of 18.5 billion yen and has funding methods to ensure flexibility and stability of financing. It is, therefore, unlikely that JLF will pay a penalty because of the failure of procurement of funds in an amount equivalent to the purchase price.

- (1) If either party breaches the Purchase Agreement (Fujisawa Logistics Center), the other party may request performance specifying a reasonable period and may cancel the Purchase Agreement (Fujisawa Logistics Center) if performance is not made within such period.
- (2) If one of the parties cancels the Purchase Agreement (Fujisawa Logistics Center) in accordance with (1) above, the cancelling party may demand that the other party pay a penalty in an amount equivalent to 10% of the purchase price. If the party which cancelled in accordance with (1) above suffers damage exceeding the penalty as a result of such cancellation, the cancelling party may demand compensation for the damage incurred as a result of cancellation in addition to the penalty. However, the duty to compensate such damage shall, in total with the penalty, be limited to an amount equivalent to 20% of the purchase price.

[T-12 Aisai Logistics center]

The cancellation clauses, etc. expected to be stipulated in the Purchase Agreement (Aisai Logistics Center) are as shown 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 (Aisai Logistics Center). Therefore, unless JLF violates its obligations under the Purchase Agreement (Aisai Logistics Center), 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 either party breaches the Purchase Agreement (Aisai Logistics Center), the other party may request performance specifying a reasonable period and may cancel the Purchase Agreement (Aisai Logistics Center) if performance is not made within such period.
- (2) If one of the parties cancels the Purchase Agreement (Aisai Logistics Center) in accordance with (1) above, the cancelling party may demand that the other party pay a penalty in an amount equivalent to 20% of the purchase price. The party which breached the Purchase Agreement (Aisai Logistics Center) shall also compensate the other party for all damage incurred by the other party as a result of such breach.

8. Transaction with an interested party

MRE, which is the seller of Fujisawa Logistics Center, falls under an interested party provided for in the Investment Trust Act and an interested party defined in MLP's regulation concerning conflict of interest. For this reason, when JLF decided to acquire the property (Fujisawa Logistics Center), JLF obtained the approval of the Board of Directors of MLP after deliberating at MLP's compliance committee in accordance with its Anti-Conflict-of-Interest Rules.

9. Future prospects

The Properties are both development properties which have yet to be completed, and the dates of delivery are expected to be on or after August 1, 2019.

Therefore, there is no impact on the forecast for the fiscal period ending January 2019 (27th period) and the fiscal period ending July 2019 (28th period).

9. Outline of the appraisal

[M-37 Fujisawa Logistics Center] (Note 1)

Appraisal value	4,350 million yen
Real estate appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Date of appraisal	November 1, 2018

Item	Details	Outline
Income approach value	4,350 million yen	Appraisal performed based on DCF approach as a standard, with validation using the direct capitalization approach
Direct capitalization approach	4,450 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	1 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	26 million yen	Estimated value
Casualty insurance premium	Not disclosed (Note 2)	Appraisal based on a standard rate, with no earthquake insurance subscribed
Other expenses	1 million yen	Appraisal based on earnings samples and the like
Net operating income	193 million yen	
Profit on the investment of a lump sum	Not disclosed (Note 2)	
Capital expenditure	2 million yen	Appraisal by applying set allocations to figures based on ER and comparable transactions
Net cash flow	191 million yen	
Capitalization rate	4.3%	Appraisal by comparing multiple transaction yields from comparable regions within the same market and neighboring areas, and by comprehensively taking into consideration trends and the like in the real estate investment market
DCF method	4,300 million yen	
Discount rate	4.2%/4.4%	Appraisal by factoring individual risks related to the subject real estate on top of a base warehouse yield calculated by 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	4,280 million yen	
Land percentage	49.5%	
Building percentage	50.5%	
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 (Fujisawa Logistics Center) 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.

[T-13 Aisai Logistics Center] (Note 1)

Appraisal value	2,720 million yen
Real estate appraiser	DAIWA REAL ESTATE APPRAISAL CO.,LTD
Date of appraisal	November 1, 2018

Item	Details	Outline
Income approach value	2,720 million yen	Appraisal performed based on DCF approach as a standard, with validation using the direct capitalization approach
Direct capitalization approach	2,750 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	2 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	17 million yen	Estimated value
Casualty insurance premium	Not disclosed (Note 2)	Appraisal based on a standard rate, with no earthquake insurance subscribed
Other expenses	1 million yen	Appraisal based on earnings samples and the like
Net operating income	131 million yen	
Profit on the investment of a lump sum	Not disclosed (Note 2)	
Capital expenditure	5 million yen	Appraisal by applying set allocations to figures based on ER and comparable transactions
Net cash flow	126 million yen	
Capitalization rate	4.6%	Appraisal by comparing multiple transaction yields from comparable regions within the same market and neighboring areas, and by comprehensively taking into consideration trends and the like in the real estate investment market
DCF method	2,710 million yen	
Discount rate	4.4%	Appraisal by factoring individual risks related to the subject real estate on top of a base warehouse yield calculated by a build-up approach for financial products
Terminal cap rate	4.8%	Appraisal by incorporating future forecasting uncertainties based on a capitalization yield
Cost approach	2,940 million yen	
Land percentage	30.1%	
Building percentage	69.9%	
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 (Aisai Logistics Center) 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-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)	5.1%
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)	1.3%
M-24	Shin-Koyasu	Yokohama, Kanagawa	9,696	3.4%
M-25	Misato	Misato, Saitama	3,873	1.4%
M-26	Sagamihara	Sagamihara, Kanagawa	8,032	2.8%
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	9.0%
Metropolitan Area (Bay, Inland) Subtotal			208,171	73.8%

Property number	Property name	Location	Acquisition price (Million Yen)	Ratio (Note 1)
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	14.8%
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	1.3%
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			262,180	92.9%
Forward commitment assets				
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%
M-36	Ichikawa III	Ichikawa, Chiba	3,850 (Note 11)	1.4%
M-37	Fujisawa	Fujisawa, Kanagawa	4,305 (Note 10)	1.5%
T-12	Aisai	Aisai, Aichi	2,510 (Note 10)	0.9%
Total portfolio after acquisition of the assets to be newly acquired (Including forward commitment assets)			282,235	100.0%

(Note 1) The figures represent the proportion of the acquisition price to the overall portfolio after the acquisitions of new assets (including forward commitment assets), rounded off to the first decimal place. The planned dates of acquisition of “M-33 Yachiyo Logistics Center III”, “M-34 Shiroi Logistics Center”, “M-36 Ichikawa Logistics Center III” and “T-12 Aisai Logistics Center”, assets to which forward commitments, etc. are applied, have not yet been decided as of today, the planned date of acquisition of “M-35 Toda Logistics Center” is May 31, 2019 (or a date agreed separately by JLF and the

- seller), and the planned date of acquisition of “M-37 Fujisawa Logistics Center” is August 1, 2019 (or a date agreed separately by JLF and the seller).
- (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 cost relating to the redevelopment (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 figure is calculated by adding the acquisition price for the newly constructed building by redevelopment (2,670 million yen) to the sale price stated in the initial sales contract (830 million yen).
- (Note 9) The figure indicates the sale price stated in the initial sales contract. Because the sales contract stipulates that unless a lease contract in the form and with content that satisfy JLF (hereinafter the “Qualified Lease Contract” in this Note 9) is concluded for this entire property by the date of delivery of the property or unless any other effective Qualified Lease Contract is concluded as of the date of delivery, 124 million yen shall be deducted from the sale price, and such sale price may change in the future.
- (Note 10) The figure indicates the purchase price that is determined to be stated in the sale and purchase agreement. Such purchase price may change in the future as the Sale and Purchase Agreement specifies that if contract prices or other costs for the development of this property fluctuate in the period up to and including the date of delivery of the property, the purchase price shall be changed accordingly.
- (Note 11) The acquisition price (planned) will be a price within the range between 3,475 million yen and 3,850 million yen that was agreed in advance in parallel with the scheduled date of acquisition, and it indicates the acquisition price (planned) on the assumption that the property will be acquired on March 1, 2019.