Japan Logistics Fund, Inc.

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For Immediate Release

Real Estate Investment Trust
Japan Logistics Fund, Inc.
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Notice Concerning the Redevelopment Project for the Kiyosu Logistics Center (land)

Mitsui & Co. Logistics Partners Ltd. (hereinafter referred to as "MLP"), the asset management company of Japan Logistics Fund, Inc. (hereinafter referred to as "JLF"), announced that today it had decided to carry out a redevelopment project (hereinafter referred to as "the Project") for Kiyosu Logistics Center (land), currently owned by JLF (Property Number T-3, formerly named Chubu Haruhi Logistics Center (land), hereinafter referred to as "the Property"). The details of the Project are as follows;

1. Background of Redevelopment

The Property was acquired as land with a fixed-term leasehold, by JLF in December 2006. Situated within a 10 kilometer radius from the central part of Nagoya, the location is ideal for a logistics center for consumers. It is also close to the Nagoya Expressway, making it a potential logistics center capable of covering the entire Chubu region. On the other hand, the building on the Property (hereinafter referred to as "the Building") is a single-story completed in 1972. In view of the age of the Building and its small floor area compared with its upper limit, with an actual floor area ratio of 48.3% compared to the statutory designated floor area ratio of 200%, JLF acquired the land in anticipation of future redevelopment. It considered redevelopment as one of the measures to be taken after the expiration of the agreement on land lease for business use on November 30, 2015. After studying the tenant needs, the demand-supply balance in the surrounding area, the construction cost and other factors, it came to the decision that it met the standards for implementing its own book redevelopment (OBR), or the redevelopment of a property undertaken by the investment corporation that actually owns it, and decided to carry out the Project.

The purpose of this Project is to construct a new building on the land. Because it is possible to carry out the redevelopment without any temporary loss arising from the demolition of the existing building, JLF deems the Project that it may be possible to achieve future growth (+Growth) through the redevelopment while maintaining

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stability in the level of dividend per unit. As a third OBR project after the Daito Logistics Center completed in 2010 and the Yachiyo Logistics Center completed in 2014, JLF will try to grow the dividend per unit and increase unrealized gain (Note) in this project as well by leveraging the knowledge it has accumulated.

(Note) Unrealized gain refers to the difference calculated by subtracting the book value from the appraisal value as of the last date of each period. (If the value obtained is a negative value, it is called unrealized loss.) The same definition applies hereafter. Please note that there is no guarantee that the unrealized gain will definitely be realized by a future sale of the property.

(Reference) Past OBR Achievements

<OBR No. 1: Daito Logistics Center>

	Before OBR: As of the end of July 2008	After OBR: As of the end of July 2011	Change
Total leasable area	76,208.70 m^2	92,730.14 m^2	+16,521.44 m^2 (+21.7%)
Acquisition price (Note 1)	7,617 million yen	9,762 million yen	+2,145 million yen (+28.2%)
Appraisal value	11,800 million yen	16,400 million yen	+4,600 million yen (+39.0%)
Unrealized gain (Note 2)	4,400 million yen	6,581 million yen	+2,180 million yen (+49.6%)
NOI	365 million yen	478 million yen	+113 million yen (+31.0%)
Real estate leasing business revenue/loss	305 million yen	390 million yen	+85 million yen (+27.9%)
			(+115 yen per unit) (Note 3)

(Note 1) The acquisition price after OBR represents the value calculated by subtracting the value of 291 million yen, which is equal to the value of the building destroyed in July 2009, from the acquisition price of 7,617 million yen specified in the initial transaction agreement, and then adding the value of 2,437 million yen specified on the work contract agreement concerning the redeveloped Warehouse III.

(Note 2) Please note that, with regard to a rise in the unrealized gain following the OBR, there is no guarantee that the unrealized gain will definitely be realized by a future sale of the property.

(Note 3) The figure has been calculated by dividing the change in real estate leasing business revenue or loss by the number of investment units issued as of the end of July 2011, specifically 740,000. The number of investment units issued takes into account the one-for-five investment unit split, with a reference date of January 31, 2014 and an effective date of February 1, 2014.

<OBR No. 2: Yachiyo Logistics Center>

	Before OBR: As of the end of January 2013	After OBR: As of the end of July 2015	Change
Total leasable area	17,689.95 m^2	56,882.98 m^2	+39,193.03 m^2 (+221.6%)
Acquisition price (Note 1)	2,266 million yen	7,892 million yen	+5,626 million yen (+248.3%)
Appraisal value	2,410 million yen	10,900 million yen	+8,490 million yen (+352.3%)
Unrealized gain (Note 2)	356 million yen	2,939 million yen	+2,582 million yen (+723.7%)
NOI (Note 3)	62 million yen	271 million yen	+209 million yen (+335.0%)
Real estate leasing business revenue/loss (Note 4)	44 million yen	193 million yen	+148 million yen (+331.4%)
			(+178 yen per unit) (Note 5)

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(Note 1) The acquisition price after OBR represents the value calculated by subtracting the value of 603 million yen, which is equal to the value of the building destroyed in July 2013, from the acquisition price of 2,266 million yen specified in the initial transaction agreement, and then adding the value of 6,230 million yen specified on the work contract agreement for the redeveloped building (including the work order form concerned with additional work).

(Note 2) Please note that, with respect to a rise in the unrealized gain following the OBR, there is no guarantee that the unrealized gain will be realized in a future sale of the property.

(Note 3) The figure before OBR represents the amount calculated by subtracting temporary expenses, such as soil surveys, from the actual figure for the fiscal period ended January 2013. The figure after OBR represents the semi-annualized NOI based on the appraisal given the presence of a special factor, which is specifically that the period during which the occupancy status of the Property was full was short for the fiscal period ended July 2015. This short period was the result of a certain time gap between the beginning of the fiscal period and full occupancy, although a lease agreement had been concluded with a tenant expected to occupy the Property at the beginning of the fiscal period ended July 2015. As a matter of convenience, the NOI based on the appraisal after OBR represents the appraisal NOI specified in the real estate appraisal report as of July 31, 2015, assuming an occupancy rate of 100%, and the same applies hereafter. For this reason, please note that the value after OBR in the table above does not agree with the actual NOI for the period concerned, and that the change in the table does not agree with the change between the actual NOI before OBR and that after OBR.
For reference, the actual NOI for the fiscal period ended July 2015 stood at 69 million yen.

(Note 4) The figure before OBR represents the amount calculated by subtracting temporary expenses, such as soil surveys, from the actual value for the fiscal period ended January 2013. The figure after OBR represents the value calculated by subtracting the actual depreciation expenses for the fiscal period ended July 2015 from the semi-annualized NOI based on the appraisal in consideration of the involvement of the special factor mentioned in (Note 3) above. For this reason, please note that the value after OBR in the table above does not agree with the actual real estate leasing business revenue or loss (gain or loss after depreciation) for the period concerned, and that the change in the table does not agree with the change between the actual real estate leasing business revenue or loss before OBR and that after OBR.
For reference, the actual real estate leasing business revenue/loss for the fiscal period ended July 2015 stood at -9 million yen, and the actual depreciation expenses at 78 million yen.

(Note 5) The figure has been calculated by dividing the change in real estate leasing business revenue or loss by the number of investment units issued as of the end of July 2015, specifically 830,000.

2. Outline of the Project

The land is scheduled to be handed over from its tenant in the form of a vacant lot on November 30, 2015. A new building, for which the specifications are still being considered, is planned to be completed in January 2017. The specifications for the building will be announced separately at the time they are determined.

MLP owns teams of specialists that handles leasing and facility management. These teams are currently exploring the optimal building specifications from the perspectives of tenant needs and construction cost. JLF has accumulated knowledge on redevelopment through two OBR projects. By leveraging the expertise of MLP, JLF peruses to build a building that will meet a wide range of tenant needs.

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<Outline of the Property (before redevelopment)>

Name of property		T-3 Kiyosu Logistics Center (land)
Asset type		Real estate
Date of acquisition		December 25, 2006
Acquisition value		685 million yen
Land	Location	92 Haruhi Gogashima, Kiyosu, Aichi
	Area	10,457.02 m^2
	Zoning	Semi-industrial area
	Floor-area ratio	200%
	Building-to-land ratio	60%
	Type of ownership	Ownership
Building (for reference)	Structure / Number of floors	A two-story steel structure with a galvanized steel plate roof
	Date of Completion	May 24, 1972
	Total floor area	5,055.19 m^2
	Actual floor-area ratio	48.3%
	Purpose	Warehouse
	Type of ownership	Ownership (Note)

(Note) The owner of the building is Mitsubishi Shokuhin Co., Ltd., which is the tenant of the land.

(Photograph of exterior before redevelopment)



(Location map)



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3. Impact on Management

(1) Demolition work

JLF owns the Property in the form of land. It is set to take it over in the state of a vacant lot from the tenant, which is the owner of the existing building, upon the expiration of the agreement on land lease for business use. Given that the building will be demolished solely at the expense of the land tenant, JLF will bear no cost for the demolition work.

(2) New construction work

JLF expects to establish a contract with Yano General Construction Co., Ltd. for the construction of the new building. Because the specifications of the building are currently being considered, the amount of investment in this Project, namely the cost of construction, has yet to be determined. The amount of investment will be separately announced at the time when the specifications of the new building are determined and when it is decided that a construction contract agreement will be established. The investment value will be paid in installments, based on the progress of the construction work. Depending on the timing of payment, the building will be posted in *Construction in Progress* as part of the assets for the corresponding fiscal period. The payment of the investment value is assumed to have a minor impact on the management of JLF.

<Outline of the Constructor>

Company	Yano General Construction Co., Ltd.
Head office location	3-63 Juichiya, Minato-ku, Nagoya, Aichi Prefecture
Representative	Taketsugu Yano, president and representative director
Capital	88 million yen (as of Sep. 1, 2015)
Main business	Construction
Relationship with JLF or with the Asset Management Company	No capital or personnel relationship involved Falls under the category of tenants of assets owned by JLF. Does not fall under the category of related parties of either JLF or MLP.

(3) Outlook of revenues and expenses associated with the Property

No revenue will be earned from the real estate lease business during the term from the start of the Project to its completion, specifically from December 2015 to January 2017. The revenues and expenses following the completion of the Project are unknown at this time because they are expected to fluctuate according to the occupancy rate. For reference, the actual revenue from the real estate lease business concerning the Property for the 20th fiscal period ended July 2015 stood at 16 million yen. JLF assumes that the Project will have a minor impact on its management during the development period. For the forecasts that take into consideration the impact of the Project, please refer to *5. Future Outlook.*

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4. Schedule (tentative)

The expiration of the agreement on the land lease for business use (and subsequent return of the vacant lot): November 30, 2015

Establishment of the construction contract agreement: December 2015

New construction work: April 2016 to January 2017

Completion: Scheduled for February 2017

5. Future Outlook

For the forecasts of JLF's management for the 21st fiscal period ending January 2016 and for the 22nd fiscal period ending July 2016 that take into consideration the impact of the Project, please refer to the press release made on September 1, 2015. The title of this release is "*Notice Concerning Amendment of Forecasts for the Fiscal Period Ending January 2016 and Forecasts for the Fiscal Period Ending July 2016"*.

(Press Releases for Reference)

- Notice Concerning the Acquisition of Property (Chubu Haruhi Logistics Center) (*sokochi*) on December 21, 2006
- Notice Concerning Change of Property Name on July 31, 2015

* 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.

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