Japan Logistics Fund, Inc.

August 1, 2017

For Immediate Release

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Notice Concerning Completion of the Asset Acquisition and Change of Property Name of Kasugai Logistics Center (Building)

With respect to the asset to be acquired (hereinafter referred to as the "Property") announced in the "Notice Concerning Acquisition of a New Asset (Kasugai Logistics Center (Building))" dated May 26, 2016, Japan Logistics Fund, Inc. (hereinafter referred to as "JLF") announced today that it has completed the acquisition of the asset and that JLF has changed the name of the Property as detailed below.

1. Outline of the acquisition (Modifications are underlined)

【Before change】

(1) New asset (Domestic real estate)

Property number	Name of the property	Date of contract	Expected date of delivery	Acquisition price
T-10	Kasugai Logistics Center (Building)	May 31, 2016(Planned)	Not yet decided (Note1)	2,749 million yen (Note2)

(Note 1) This building is a development-type property that is still under construction. The date of its delivery will, in principle, be the day after one year from the date of the registration of the preservation of ownership of the building. If one year after the date of the start of the leasing is later than one year after the date of registration of the preservation of ownership of the building, the delivery date will be the day one year after the date of the start of the leasing.

(Note 2) The acquisition price of this building is a price defined in the acquisition contract described later. JLF may be able to deduct some amount from the acquisition price under certain conditions. For further details, please refer to [Calculation method of acquisition price] in "2. Rationale and highlights for the acquisition".

(2) Fund source : Not yet decided.
The fund source will be notified once the date of delivery and the acquisition price are fixed.

【After change】

(1) New asset (Domestic real estate)

Property number	Name of the property	Date of contract	Date of delivery	Acquisition price	Appraisal value
T-10	Kasugai Logistics Center (Building)	May 31, 2016	August 1,2017	2,670 million yen (Note1)	3,119million yen (Note2)

(Note 1) The amount of sale after the change stipulated in the contract for sale is stated. For the calculation method for the acquisition price, please refer to [Calculation method of acquisition price] in "2. Rationale and highlights for the acquisition" described in the "Notice Concerning Acquisition of a New Asset (Kasugai Logistics Center (Building))" dated May 26, 2016.

(Note 2) Only the appraisal value of the Property is stated. The appraisal value of the Property is calculated by multiplying the total appraisal value (land + the Property) of 4,560 million yen and the portion of the building, 68.4%, computed through the cost approach.

(2) Fund source : Cash in hand

2. Effect of the acquisition

The Property is a building that Yano General Construction Co., Ltd., which had concluded a business agreement on a redevelopment project, newly constructed in April 2017 after commencing the redevelopment in May 2016 on land acquired by JLF in April 2015 (hereinafter referred to as the "Land"). The Property is the fourth OBR (Own Book Redevelopment, the redevelopment of the properties held by JLF on its own) following Daito Logistics Center (Daito, Osaka), Yachiyo Logistics Center (Yachiyo, Chiba) and Kiyosu Logistics Center (Kiyosu, Aichi). For ensuring steady growth of the portfolio and for securing stable earnings, JLF acquires the Property with fully occupied, with expecting an NOI yield of 6.4%, by leveraging the knowledge and network of the asset management company with the solid track record of successful 3 OBRs in the past, amid overheated competition over logistics properties.

[Comparison – At the time of acquisition of the land vs. after acquisition of the building]

	At the time of acquisition of the Land (Only Land)	After acquisition of the building (Building and Land)	Difference
Acquisition price	830 million yen	3,500 million yen	+2,670 million yen
NOI	47 million yen (Note 1)	225 million yen (Note 2)	+177 million yen
NOI yield (acquisition price base) (Note 3)	5.8%	6.4%	+0.7%

[Reference: Effect of OBRs in the past]

	Daito Logistics Center (Actual, FP Ended Jul. 2011)	Yachiyo Logistics Center (Actual, FP Ended Jan. 2016)	Kiyosu Logistics Center (Estimate) (Note 4)
NOI yield (acquisition price base)	9.8%	6.7%	8.5%

(Note 1) The figures are annualized amounts based on the actual figures from the fiscal period ended January 2016 (the 21st fiscal period).

(Note 2) The figures are not forecasts for the fiscal period ending January 2018, but normalized estimations based on annual income and expense projections.

(Note 3) NOI yield (acquisition price base) = NOI / acquisition price × 100
(Percentage figures are rounded off to the first decimal place)

(Note 4) The figures are based on "Notice Concerning Completion of Redevelopment Project and Change of Property Name of Kiyosu Logistics Center" dated February 24, 2017.

3. Details of the new asset

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

Outline of the asset			Outline of the appraisal		
Asset type		Domestic real estate	Real estate appraiser		Daiwa Real Estate Appraisal Co., Ltd.
Date of the acquisition		April 23,2015(Land) August 1,2017(Building)	Date of the appraisal		July 1, 2017
Acquisition price		3,536 million yen (Note 2)	Appraisal value		4,560 million yen
Land	Location	5-1-3 Takamoridai, Kasugai, Aichi	Income approach		4,560 million yen
	Site area(Note 3)	15,767.90 m^2		Discounted cash flow approach	4,530 million yen
	Zoning	Semi-industrial area			
	Floor-area ratio	150%		Discount rate	4.6%
	Building-to-land ratio	50%		Terminal cap rate	5.0%
	Type of ownership	Ownership			
Building	Structure/Story (Note 3)	Steel frame with alloy-plated steel roofing sheet, 4 stories		Direct capitalization approach	4,630 million yen
	Date of the completion (Note3)	April 17,2017			
	Total floor area (Note 3)	22,281.24 m^2		Cap rate	4.8%
	Total rentable area	20,544.26 m^2			
	Usage (Note 3)	Warehouse, office	Cost approach		4,360 million yen
	Type of ownership	Ownership			
Property Management Company		Hankyu Hanshin Building Management Co., Ltd.		Land (Percentage)	31.6%
Collateral		None		Building (Percentage)	68.4%

Outline of the lease contract		Outline of environment assessment report	
Number of tenants	1	Survey company	Shimizu Corporation
Tenant	Settsu Warehouse Co., Ltd.	Issue date of the report	July 7, 2017
Annual rent (excluding consumption tax)	Not disclosed (Note 4)	Urgent repairs	—
Lease deposit	Not disclosed (Note 4)	Short-term repairs	—
Total rent area	20,544.26 m^2	Long-term repairs	12,741 thousand yen
Occupancy	100.0%	PML	8.9%
Expected income/expense		Design company, construction company and building certification company	
Income (including auxiliary income)	Not disclosed (Note 4)	Design company	Chunichi Design Corp.
NOI	225 million yen	Construction company	Yano General Construction Co., Ltd.
NOI yield (based on acquisition price)	6.4%	Building certification company	SGS Japan Inc.

Remarks: None

(Note 1) Although the Property is a building, JLF owns land and building both after this acquisition. Therefore, the all figures indicate the sum of the land and the building.
(Note 2) The figure refers the sum of the acquisition price of the land of 830 million yen and the acquisition price of the building of 2,670 million yen.
(Note 3) The outline shown here is according to the real estate registry, and may differ from the present state.
(Note 4) Not disclosed, for unable to obtain the tenant's consent.
(Note 5) In general, there are minor differences between the definition of "rentable area" as determined by JLF and the definition of "rent area" as determined by the lease contracts. The total rent area represents the sum of the rent area included in the rentable area. It is possible that some of the rent area is not included in rentable area.
(Note 6) The figures are not forecasts for the fiscal period ending January 2018, but normalized estimations based on annual income and expense projections.

(2) Characteristics of the Property

Please refer to the “Notice Concerning Acquisition of a New Asset (Kasugai Logistics Center (Building))” dated May 26 2016 for the characteristics of the Property.

[Exterior view]



[Interior view]



4. Change of the name of the invested asset

JLF acquired the Land on April 23, 2015. As a result of the acquisition of the Property, JLF has changed the name of the assets from “Kasugai Logistics Center (Land)” and “Kasugai Logistics Center (Building)” to “Kasugai Logistics Center” dated August 1, 2017.

5. Future prospects

The acquisition of the property does not affect the financial results forecasts for the fiscal period ending July 2017 (the 24th period). The impact on the financial results forecasts for the fiscal period ending January 2018 (the 25th period) is insignificant, and the forecasts remain unchanged at present.

6. Outline of the appraisal (Note 1)

Appraisal value	4,560 million yen
Real estate appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of appraisal	July 1, 2017

Item	Details	Outline
Income approach value	4,560 million yen	Calculated based on the DCF method as a standard, after verifying the value with the direct capitalization approach
Direct capitalization approach	4,630 million yen	
Operating revenues	Not disclosed (Note)	
Total potential revenue	Not disclosed (Note)	Assessed levels of receivable rents based on existing lease contracts, etc.
Loss such as vacancy	—	Not assumed
Operating expenses	Not disclosed (Note)	
Maintenance	Not disclosed (Note)	Posted because it is deemed reasonable based on the content of existing contracts
Utilities expenses	—	Not assumed
Repairs	3 million yen	Assessed based on figures from other similar cases
Property management fee	Not disclosed (Note)	Posted because it is deemed reasonable based on the content of existing contracts
Expenses for recruiting tenants	—	Not assumed
Real estate taxes	29 million yen	For land, assessed based on the tax documents of the fiscal year 2017 provided by the local public authority. For building, assessed based on the replacement value.
Casualty insurance premium	Not disclosed (Note)	Assessed based on documents presented by client
Other expenses	—	Not assumed
Net operating income	228 million yen	
Profit on the investment of a lump sum	Not disclosed (Note)	
Capital expenditure	7 million yen	Assessed based on similar properties by considering CM fees.
Net cash flow	222 million yen	
Capitalization rate	4.8%	Assessed based on the capitalization rate of logistics properties located in areas with the lowest risk and by reference to the uniqueness of the property as well as similar transaction cases.
DCF method	4,530 million yen	
Discount rate	4.6%	Assessed based on comparison with discount rates of transactions of similar properties and the yield of other financial instruments.
Terminal cap rate	5.0%	Assessed by considering the marketability of the property at the end of the analysis period of capitalization rate.
Cost approach	4,360 million yen	
Land percentage	31.6%	
	68.4%	
Remarks	Not applicable	

(Note) JLF does not disclose these items because their disclosure may cause disadvantage to investors.

[Appendix] Portfolio list after acquisition of the new asset.

(End)

(Press Releases for Reference)

- Notice Concerning Acquisition of a New Asset (Kasugai Logistics Center (Land))
  on April 16, 2015
- Notice Concerning Acquisition of a New Asset (Kasugai Logistics Center (Building))
  on May 26, 2016

*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 the new asset

Property number	Property name	Location	Acquisition price (Million Yen)	Ratio (Note 1)
M-1	Funabashi	Funabashi, Chiba	8,675	3.6%
M-2	Urayasu	Urayasu, Chiba	2,902	1.2%
M-3	Hiratsuka	Hiratsuka, Kanagawa	1,466	0.6%
M-4	Shinkiba	Koto-ku, Tokyo	2,454	1.0%
M-5	Urayasu Chidori	Urayasu, Chiba	6,000	2.5%
M-6	Funabashi Nishiura	Funabashi, Chiba	5,700	2.4%
M-8	Kawasaki	Kawasaki, Kanagawa	10,905	4.5%
M-9	Narashino	Narashino, Chiba	1,690	0.7%
M-11	Yachiyo	Yachiyo, Chiba	7,892 (Note 2)	3.3%
M-12	Yokohama Fukuura	Yokohama, Kanagawa	9,800	4.1%
M-13	Yachiyo II	Yachiyo, Chiba	5,300	2.2%
M-14	Urayasu Chidori II	Urayasu, Chiba	1,640	0.7%
M-15	Ichikawa	Ichikawa, Chiba	4,550	1.9%
M-16	Shinonome	Koto-ku, Tokyo	11,800	4.9%
M-17	Narashino II	Narashino, Chiba	7,875	3.3%
M-18	Ichikawa II	Ichikawa, Chiba	17,415	7.2%
M-19	Souka	Souka, Saitama	14,440 (Note 3)	6.0%
M-20	Tatsumi	Koto-ku, Tokyo	9,000	3.7%
M-21	Kashiwa	Kashiwa, Chiba	3,725	1.5%
M-22	Musashimurayama	Musashimurayama, Tokyo	8,650	3.6%
M-23	Kashiwa II (Land)	Kashiwa, Chiba	2,500	1.0%
M-24	Shin-Koyasu	Yokohama, Kanagawa	9,696	4.0%
M-25	Misato	Misato, Saitama	3,873	1.6%
M-26	Sagamihara	Sagamihara, Kanagawa	8,032	3.3%
M-27	Chiba-Kita	Chiba, Chiba	1,459	0.6%
M-28	Chiba-Kita II	Chiba, Chiba	4,608	1.9%
M-29	Urayasu Chidori III	Urayasu, Chiba	1,053	0.4%
M-30	Zama	Zama, Kanagawa	1,728	0.7%
M-31	Shinkiba Logistics Center II	Koto-ku, Tokyo	15,270	6.3%
Metropolitan Area (Bay, Inland) Subtotal			190,099	78.9%

Property number	Property name		Location	Acquisition price (Million Yen)	Ratio (Note 1)
T-1	Daito		Daito, Osaka	9,762 (Note 4)	4.1%
T-2	Osaka Fukuzaki		Osaka, Osaka	4,096	1.7%
T-3	Kiyosu		Kiyosu, Aichi	3,010 (Note 5)	1.2%
T-4	Kadoma		Kadoma, Osaka	989	0.4%
T-5	Komaki		Komaki, Aichi	2,100	0.9%
T-6	Komaki II		Komaki, Aichi	1,800	0.7%
T-7	Fukuoka Hakozaki Futo		Fukuoka, Fukuoka	2,797	1.2%
T-8	Tajimi		Tajimi, Gifu	9,310 (Note 6)	3.9%
T-9	Fukuoka Kashiihama		Fukuoka, Fukuoka	2,750	1.1%
T-10	Kasugai Logistics Center	Land	Kasugai, Aichi	830	0.3%
		Building		2,670	1.1%
Kinki Area, Chubu Area and Kyushu Area Subtotal				40,115	16.6%
O-1	Maebashi		Maebashi, Gunma	1,230	0.5%
O-2	Hanyu		Hanyu, Saitama	1,705	0.7%
O-3	Saitama Kisai		Kazo, Saitama	4,010	1.7%
O-4	Kazo		Kazo, Saitama	3,790	1.6%
Other Area Subtotal				10,735	4.5%
Portfolio Total after acquisition of the new asset				240,949	100.0%

(Note 1) The figures represent the proportion of the acquisition price after the acquisition of the property to the overall portfolio (including assets applicable to forward commitments, etc.), rounded off to the first decimal place. As of today, the date of delivery of Kasugai Logistics Center is not yet decided.

(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 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 5) 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 6) The sum of the acquisition price on October 8, 2013 and November 4, 2014.

Reference data Results of OBR

OBR#1 Daito Logistics Center



Partially redeveloped buildings on the site
Completed Jul. 2010



	Pre-OBR[*1]		Post-OBR[*1]
Gross leasable area	76,208.70m^2	**+16,521.44m^2**	**92,730.14m^2**
Appraisal value	1,180 million yen	**+4,600 million yen**	**16,400 million yen**
NOI[*1]	734 million yen	**+230 million yen**	**965 million yen**
NOI yield of Post-OBR		**9.8%**	

OBR#2 Yachiyo Logistics Center



Fully redeveloped the building
Completed Dec. 2014



	Pre-OBR[*2]		Post-OBR[*2]
Gross leasable area	17,689.95m^2	**+39,193.03m^2**	**56,882.98m^2**
Appraisal value	2,410 million yen	**+8,890 million yen**	**11,300 million yen**
NOI[*2]	123 million yen	**+414 million yen**	**538 million yen**
NOI yield of Post-OBR		**6.7%**	

OBR#3 Kiyosu Logistics Center



Redeveloped the building on the land JLF owned
Completed Feb. 2017



	Pre-OBR[*3] (Land only)		Post-OBR[*3] (Land + Building)
Gross leasable area	10,457.02m^2	**+9,304.23m^2**	**19,761.25m^2**
Appraisal value	848 million yen	**+4,352 million yen**	**5,200 million yen**
NOI[*3]	26 million yen	**+230 million yen**	**256 million yen**
NOI yield of Post-OBR		**8.5%**	

OBR#4 Kasugai Logistics Center



The business partner redeveloped the building on the land JLF owned
Acquired the building
Aug. 2017



	Pre-OBR[*4] (Land only)		Post-OBR[*4] (Land + Building)
Gross leasable area	15,767.90m^2	**+4,776.36m^2**	**20,544.26m^2**
Appraisal value	1,050 million yen	**+3,510 million yen**	**4,560 million yen**
NOI[*4]	47 million yen	**+177 million yen**	**225 million yen**
NOI yield of Post-OBR		**6.4%**	

*1 Pre-OBR NOI represent annualized results from the FP ended July 2008. Other figures are as of the end of the FP ended July 2008. Post-OBR NOI represent annualized results from the FP ended July 2011. Other figures are as of the end of the FP ended July 2011.

*2 Pre-OBR NOI represent annualized results after stripping out extraordinary factors from the FP ended January 2013. Other figures are as of the end of the FP ended January 2013. Post-OBR NOI represent annualized results from the FP ended January 2016. Other figures are as of the end of the FP ended January 2016.

*3 Pre-OBR NOI represent annualized results from the FP ended July 2015. Other figures are as of the end of the FP ended July 2015.Post-OBR NOI are estimates of annual earnings after stripping out extraordinary factors from the fiscal year when construction is completed. Other figures are as of date of delivery.

*4 Pre-OBR NOI represent annualized results from the FP ended January 2016. Other figures are as of the end of the FP ended January 2016.Post-OBR NOI are estimates of annual earnings after stripping out extraordinary factors from the fiscal year when construction is completed. Other figures are as of date of delivery.

*5 Figures in Appraisal value and NOI are rounded down to the nearest two decimal places.