Japan Logistics Fund, Inc.

August 24, 2017

**For Immediate Release**

**Real Estate Investment Trust**
Japan Logistics Fund, Inc.
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(Security Code: 8967)

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# Notice Concerning Acquisition and Lease Initiation of New Assets (Two Properties)

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 acquisition and lease initiation of new assets as detailed below:

1. Outline of the acquisition

(1) New assets (two properties)

| Property number | Name of the property | Date of contract | Date of delivery | Seller | Acquisition price (million yen) | Appraisal value (million yen) |
|---|---|---|---|---|---|---|
| M-32 | Yokohama Machida Logistics Center | September 1, 2017 | September 1, 2017 | Limited Liability Company OM2 TRY Investments Delta Limited Liability Company | 25,452 | 25,900 |
| T-11 | Takatsuki Logistics Center | September 4, 2017 | October 2, 2017 | Not disclosed (Note) | 1,559 | 1,640 |
| Total | | — | — | | 27,011 | 27,540 |

(Note) The seller of this property is a domestic business company, but the name of the seller is not disclosed because the consent of the seller was unable to be obtained.

(2) Fund source: Loans and cash in hand
For further details of the loans, please refer to the press release "Notice Concerning Borrowing Capital" dated August 24, 2017.

(3) Payment method: Lump-sum payment on the date of delivery

2. Rationale for the acquisition and lease

JLF is working on the growth of distribution per unit (DPU) and the increase of unrealized gain based on its mid-term business plan “stable + Growth 2.0” announced in March 2016. As a major step toward achieving stable + Growth 2.0, JLF decided to acquire the new assets with the aim of ensuring the steady growth of the portfolio and stable revenue.

JLF proactively promoted acquiring properties at the “appropriate prices” by taking into account the stability of chashflow through valuing the uniqueness of each properties such as location and specifications.

JLF believes that the acquisition of the new assets with stable cash flow will contribute to diversifying our portfolio geographically as well as improving revenue stability of JLF.

Tenants of the new assets have been selected based on the standards set by JLF and MLP, and they all comply with the standards (please refer to the “Report Concerning the Management Structures and Systems of the Issuer of Real Estate Investment Trust Units and Related Parties” dated April 28, 2017 for the selection standards).

(Reference) Expected NOI yield and appraisal NOI yield comparison of the new assets

| 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-32 | Yokohama Machida Logistics Center | 25,452 | 25,900 | 3.8% | 4.1% |
| T-11 | Takatsuki Logistics Center | 1,559 | 1,640 | 4.6% | 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 January 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 asset and tenants

[M-32　Yokohama Machida 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 | | CBRE, Inc |
| Date of the acquisition | | September 1, 2017 | Date of the appraisal | | July 31, 2017 |
| Acquisition price | | 25,452 million yen | | | |
| Trustee | | Sumitomo Mitsui Trust Bank, Limited | Appraisal value | | 25,900 million yen |
| Winding-up of the trust (Note 1) | | August 31, 2027 | | | |
| Land | Location | 7-30-1 Tsuruma, Machida-shi, Tokyo | Income approach | | 25,900 million yen |
| | Site area (Note 2) | 34,644.19 m$^2$ | | Discounted cash flow approach | 25,900 million yen |
| | Zoning | Semi-industrial area<br>Industrial area | | | Discount rate: 3.7% |
| | Floor-area ratio | 200% | | | Terminal cap rate: 4.1% |
| | Building-to-land ratio | 60% | | Direct capitalization approach | 26,000 million yen |
| | Type of ownership | Ownership | | | Cap rate: 4.0% |
| Building | Structure/Story (Note 2) | Steel-frame/steel-reinforced concrete 4-story building with galvanized steel sheet roof | Cost approach | | 17,300 million yen |
| | Date of the completion (Note 2) | May 19, 2011 | | Land (Percentage) | 65.1% |
| | Total floor area (Note 2) | 66,292.24 m$^2$ | | Building (Percentage) | 34.9% |
| | Total rentable area | 64,816.35 m$^2$ | | | |
| | Usage (Note 2) | Warehouse | | | |
| | Type of ownership | Ownership | | | |
| Property management company | | CBRE, Inc. | | | |
| Collateral | | None | | | |

| Outline of the lease contract | | Outline of engineering report | |
|---|---|---|---|
| Number of tenants | 6 | Survey company | Shimizu Corporation |
| Names of major tenants | (i) Utoc Corporation<br>(ii) Japan Transcity Corporation<br>(iii) Not disclosed (Note 3) | Issue date of the report | August 21, 2017 |
| Annual rent (excluding consumption tax) | Not disclosed (Note 3) | Urgent repairs | ― |
| Lease deposit | Not disclosed (Note 3) | Short-term repairs | ― |
| Total rent area (Note 4) | (i) 16,247.48 m$^2$<br>(ii) 16,039.50 m$^2$<br>(iii) Not disclosed (Note 3) | Long-term repairs | 70,454 thousand yen |
| Occupancy | 100.0% | PML | 12.2% |
| Expected income/expense (Note 5) | | Design company, construction company and building certification company | |
| Income (including auxiliary income) | Not disclosed (Note 3) | Design company | TAISEI CORPORATION |
| Expected NOI | 953 million yen | Construction company | TAISEI CORPORATION |
| Expected NOI yield (based on acquisition price) | 3.8% | Building certification company | URBAN HOUSING EVALUATION CENTER |

| |
|---|
| Remarks: Some issues associated with the Building Standars Act and Fire Service Act has not yet fixed as of the date of the release. The seller and JLF intend to fix all the issues by the date of acquisition. However, the seller and JLF plan to agree that with the seller's own responsibility and expense, the seller will fix all the issues by the end of November 2017 even if the fixture has not made by the date of acquisition. |
| (Note 1) JLF intends to change the winding-up date of the trust of this real estate. The date here represents after the change of the winfing-up date of the trust.<br>(Note 2) The outline shown here is according to the real estate registry, and may differ from the present state.<br>(Note 3) Not disclosed, for unable to obtain the tenant's consent.<br>(Note 4) Of the rent area of the building indicated in the lease contract on the real estate in trust, the figure is the sum of those included in the total rentable area. In the lease contract, portions that are not included in the rentable area may be included in the rent area of the building indicated in the lease contract.<br>(Note 5) 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

**Acquisition Highlights**

- **Locates in the area with extremely high scarcity adjacent to the Yokohama Machida Interchange that functions as a strategic location for logistics in the Tokyo metropolitan area**
- **Large logistics facility serving multiple tenants with double rampways that enable efficient operation**
- **Possesses strong competitiveness in terms of both location and facility that brings stable cash flow in our portfolio**

a. Location

・ The property locates in the Yokohama Machida area with the high scarcity, where the needs for the strategic hub logistics center are high because of the easy access to the whole Tokyo metropolitan area including the central part of Yokohama, and where the supply of large facilities is limited due to the lack of suitable land.

・ The property has high traffic convenience and strong competitiveness from the perspective of efficient distribution, for it locates on National Route 16, which is a major loop road, and is close to the Yokohama Machida Interchange of the Tomei Expressway, which has good access to the Ken-O Expressway and the Chuo Expressway.

・ The property locates in an industrial zone with large factories and distribution bases, that enables the tenants to operate around the clock without fearing potential complaints about noise from the neighborhood.

・ The property has easy access to the labor market because residential areas with train networks, including the Tokyu Denen-toshi Line and the JR Yokohama Line, are expanding behind the property.

b. Specification

・ A large four-story logistics facility with a high level of versatility serving multiple tenants with standard facility specifications including an effective inter-column gap of 10.7 meters x 9.7 meters, an effective ceiling height of 5.5 meters and a floor withstand load of 1.5 tons/$m^2$.

・ Direct access to each floor is possible using rampways dedicated to ascending and descending attached as an annex, and efficient cargo carrying-in and carrying-out operations are possible since the property is equipped with truck berths where 27 trucks can park and load on each floor, meaning that it is able to respond to the needs of tenants in a broad range of industry sectors.

・ Provides a sufficient number of parking spaces (for 153 vehicles), office space and four passenger elevators, that satisfies thenants' working environment requirements.

[Exterior view]



[Map]



[T-11 Takatsuki Logistics Center]

(1) Outline of the new asset

| Outline of the asset | | | Outline of the appraisal | | |
|---|---|---|---|---|---|
| Asset type | | Real estate | Real estate appraiser | | Tanizawa Sogo Appraisal Co., Ltd. |
| Date of the acquisition | | October 2, 2017 | Date of the appraisal | | July 1, 2017 |
| Acquisition price | | 1,559 million yen | Appraisal value | | 1,640 million yen |
| Land | Location | 3-21-1 Zushi, Takatsuki-shi, Osaka | Income approach | | 1,640 million yen |
| | Site area (Note 1) | 5,192.75 m$^2$ | | Discounted cash flow approach | 1,630 million yen |
| | Zoning | Semi-industrial area | | | |
| | Floor-area ratio | 200% | | Discount rate | 4.2% / 4.4% |
| | Building-to-land ratio | 60% | | Terminal cap rate | 4.5% |
| | Type of ownership | Ownership | | | |
| Building | Structure/Story (Note 2) | (i) Reinforced concrete structure, steel frame 3-story building with alloy-plated steel sheet roof<br>(ii) Steel structure flat building with galvanized steel sheet roof | | Direct capitalization approach | 1,660 million yen |
| | Date of the completion (Note 2) | (i) February 16, 2010<br>(ii) July 30, 2007 | | | |
| | Total floor area (Note 2) | (i) 7,006.8 m$^2$<br>(ii) 163.32 m$^2$ | | Cap rate | 4.3% |
| | Total rentable area (Note 2) | 7,158.85 m$^2$ | | | |
| | Usage (Note 2) | (i) Warehouse, office, (ii) Store | Cost approach | | 1,760 million yen |
| | Type of ownership | Ownership | | | |
| Property management company (Expected) | | HankyuHanshin Building Management Co., Ltd. | | Land (Percentage) | 60.9% |
| Collateral | | None | | Building (Percentage) | 39.1% |
| Outline of the lease contract | | | Outline of engineering report | | |
| Number of tenants | | 1 | Survey company | | Shimizu Corporation |
| Tenant | | Lonco Japan | Issue date of the report | | August 21, 2017 |
| Annual rent (excluding consumption tax) | | Not disclosed (Note 3) | Urgent repairs | | - |
| Lease deposit | | Not disclosed (Note 3) | Short-term repairs | | 300 thousand yen |
| Total rent area (Note 4) | | 7,158.85 m$^2$ | Long-term repairs | | 34,914 thousand yen |
| Occupancy | | 100.0% | PML | | 9.5% |
| Expected income/expense (Note 5) | | | Design company, construction company and building certification company | | |
| Income (including auxiliary income) | | Not disclosed (Note 3) | Design company | | Fujita Corporation<br>Nakai Building Studio |
| Expected NOI | | 71 million yen | Construction company | | Fujita Corporation<br>UP HEAVAL |
| Expected NOI yield (based on acquisition price) | | 4.6% | Building certification company | | Center of International Architectural Standards |

Remarks:
1. While the registration of the division of lot with adjacent land owned by the seller has yet to be filed for a part of this land, JLF has agreed with the seller that the property will be acquired after the registration of the division of lot with the adjacent land has been completed by the date of acquisition at the seller's own responsibility and expense.
2. There is an unregulated public road owned by Takatsuki City on the site of this building, and some part of the building (total floor area 163.32 $m^2$) is constructed across the unregulated public road. As of the date of this release, JLF is negotiating the sale of the unregulated public road with Takatsuki City. JLF has confirmed with Takatsuki City that the building on the unregulated public road does not need to be demolished until the conclusion of the negotiation.

(Note 1) The outline shown here is according to the actually measured area.
(Note 2) The outline shown here is according to the real estate registry, and may differ from the present state.
(Note 3) Not disclosed, for unable to obtain the tenant's consent.
(Note 4) 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 5) 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

**Acquisition Highlights**

- **Excellent inland location that enables wide-range distribution to the whole Kansai area including Osaka, a major consumption area**
- **Low-floor logistics facility for which steady demand from tenants in line with the cargo characteristics can be expected**
- **Acquisition of the property that will contribute to the stability of the revenue base while promoting the geographical diversification of the portfolio**

a. Location

・ The property locates within 20 km from the center of Osaka, the largest consumption area in Kansai. The area has steady needs as suitable land for a hub logistics center for consumers.
・ The property has an excellent traffic access; faces National Route 170 and approximately 10 km from the Ibaraki Interchange of the Meishin Expressway and approximately 5 km from the Takatsuki Interchange (tentative name) of the Shin-Meishin Expressway that is due to open in fall 2017 through National Route 171. The location is suitable not only for regional distribution but also for wide-range distribution to the whole Kansai area.
・ There is little concern regarding potential complaints about noise from the neighborhood, for the property is in a warehouse accumulated area in inland Osaka, and is along major national route. The fact enables the tenants to operate around the clock and high-frequency distribution.
・ The property provides easy access to labor market; a bedroom suburbs of Osaka are expanding behind the property.

b. Specification

・ A three-layered low-floor box-type logistics facility with specifications including an effective inter-column gap of 10.8 meters x 9.0 meters, an effective ceiling height of 4.0 to 5.0 meters and a floor load capacity of 1.3 to 2.0 tons/$m^2$.
・ The facility equips with a number of vertical cargo handling devices, specifically one cargo elevator and two vertical conveyors, which enables tenants efficient cargo loading and unloading as well as smooth movement inside the warehouse. The facility is a low-floor facility, which enables tenants to handle heavy cargos such as beverages.
・ By providing a sufficient number of parking lots and office space, the property also takes the working environment of the tenants into consideration.

[Exterior view]



[Map]



4. Outline of the seller

[M-32　Yokohama Machida Logistics Center]

| | |
|---|---|
| Name | Limited Liability Company OM2 |
| Head office location | Tokyo Kyodo Accounting Office, 3-1-1 Marunouchi, Chiyoda-ku, Tokyo |
| Date of establishment | September 12, 2012 |
| Representative | Representative Partner:General Incorporated Association OM2<br>Administrator: Masakazu Hongo |
| Capital | 100 million yen (as of November 30, 2016) |
| Equity investor | General Incorporated Association OM2 |
| Main business | 1. Acceptance of equity investment in silent partnership<br>2. Acquisition, holding and disposition of real estate and real estate trust beneficiary rights<br>3. Investment in companies for the purpose of acquiring, holding and disposing of real estate and real estate trust beneficiary rights<br>4. Any and all businesses incidental or relating to each of the foregoing items |
| Relation to JLF or MLP | No capital or personnel relationship involved.<br>No business relationship worthy of special mention in the fiscal period ended July 2017.<br>Because Limited Liability Company OM2 entrusts the asset management business to Mitsui & Co., Realty Management Ltd., which is the interested person or other close affiliate stipulated in Article 201, Paragraph 1 of the Act on Investment Trusts and Investment Corporations, it falls under an "interested party" defined in MLP's Anti-Conflict-of-Interest Rules. |

| | |
|---|---|
| Name | TRY INVESTMENTS DELTA LIMITED LIABILITY COMPANY |
| Head office location | Tokyo Kyodo Accounting Office, 3-1-1 Marunouchi, Chiyoda-ku, Tokyo |
| Date of establishment | September 12, 2012 |
| Representative | Representative Partner:General Incorporated Association TRY Investments Delta<br>Administrator: Masakazu Hongo |
| Capital | 100,000 yen (as of November 30, 2016) |
| Equity investor | General Incorporated Association TRY Investments Delta |
| Main business | 1. Acquisition, holding, disposition, lease and management of real estate<br>2. Acquisition, holding and disposition of trust beneficiary rights of real estate<br>3. Any and all businesses incidental or relating to each of the foregoing items |
| Relation to JLF or MLP | No capital or personnel relationship involved.<br>No business relationship worthy of special mention in the fiscal period ended July 2017.<br>TRY Investments Delta Limited Liability Company does not fall under an interested party of JLF and MLP. |

【T-11　Takatsuki Logistics Center】

The seller of this property is a domestic business company, but the name of the seller is not disclosed because the consent of the seller was unable to be obtained.

As of the date of this release, there are no capital and personnel relationships between JLF or MLP and the seller, and there is no business relationship worthy of special mention in the fiscal year ended July 2017. The seller does not fall under a related party of JLF and MLP.

5. Current condition of the seller

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

The current condition of the seller of Yokohama Machida Logistics Center is as follows.

| | Previous owner or beneficiary of the trust | Owner or beneficiary before previous owner or beneficiary of the trust |
|---|---|---|
| Name | Limited Liability Company OM2<br>TRY Investments Delta Limited Liability Company (Note) | Other than an interested party |
| Relationship with a person with a special interest | See "4. Outline of the seller" above. | — |
| Reason for acquisition | Investment management | — |
| Acquisition price | The description is omitted because the previous owner or beneficiary of the trust has held the property for more than one year. | — |
| Date of acquisition | September 2012 | — |

(Note) Among previous owner or beneficiary of the trust, TRY Investments Delta Limited Liability Company does not fall under an interested party of JLF and MLP.

6. Outline of the broker

There is no broker in the acquisition of Yokohama Machida Logistics Center.

The broker in the acquisition of Takatsuki Logistics Center is as follows.

| | |
|---|---|
| Name | 2WIN Co., Ltd. |
| Location | 2-1-35 Noninbashi, Chuo-ku, Osaka-shi, Osaka |
| Representative | Representative Director Junpei Otake |
| Main business | Brokerage of business use real estate |
| Capital | 3 million yen (as of August 16, 2017) |
| Date of establishment | March 2, 2012 |
| Relationship with JLF or MLP | No capital or personnel relationship involved.<br>No business relationship worthy of special mention in the fiscal period ended July 2017.<br>The broker does not fall under a related party of JLF and MLP. |
| Brokerage fee | Not disclosed (Note) |

(Note) The brokerage fee is not disclosed, for unable to obtain the broker's consent.

7. Transaction with an interested party

Limited Liability Company OM2, one of the sellers of Yokohama Machida Logistics Center, corresponds to the interested party that is defined in MLP's Anti-Conflict-of-Interest Rules. For this reason, when JLF decided to acquire the property, 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.

8. Future prospects

The acquisition of the new assets does not have an impact on the financial results of JLF for the fiscal period ended July 2017 (the 24th period). Because the impact on the financial results for the fiscal period ending January 2018 (the 25th period) will be minor, JLF will not change the forecasts as of this time. JLF will announce its forecasts for the financial results for the 25th period that take into account the financial results of the overall portfolio including other assets once again in the "REIT Financial Report for the Fiscal Period ended July 31, 2017" to be published on September 11, 2017.

9. Outline of the appraisal

[M-32　Yokohama Machida Logistics Center]

| | |
|---|---|
| Appraisal value | 25,900 million yen |
| Real estate appraiser | CBRE, Inc |
| Date of appraisal | July 31, 2017 |

| Item | Details | Outline |
|---|---|---|
| Income approach value | 25,900 million yen | Calculated by emphasising on the value from the discounted cash flow approach. |
| Direct capitalization approach | 26,000 million yen | |
| Operating revenues | Not disclosed (Note) | |
| Total potential revenue | Not disclosed (Note) | Assessed based on the level of rents that could be received reliably from existing lease contracts. |
| Loss such as vacancy | Not disclosed (Note) | |
| Operating expenses | Not disclosed (Note) | |
| Maintenance | Not disclosed (Note) | Examined and recorded by referring to the actual results for the prior periods and by taking into consideration the future maintenance and management plan and the expense level of similar properties, etc. |
| Utilities expenses | 38 million yen | Recorded based on the forecast of the future occupancy rates by referring to the actual results for the prior periods. |
| Repairs | 6 million yen | Examined and recorded by referring to the actual results for the prior periods and by taking into consideration the future maintenance and management plan and the expense level of similar properties, etc. |
| Property management fee | Not disclosed (Note) | Examined and recorded by taking into consideration the expense level of similar properties, etc. based on the fee levels in documents submitted by the requester. |
| Expenses for recruiting tenants | Not disclosed (Note) | Recorded by assessing the standard replacement cycle of the lessees. |
| Real estate taxes | 90 million yen | Calculated based on tax documents for fiscal 2017. |
| Casualty insurance premium | Not disclosed (Note) | Calculated based on documents submitted by the requester. |
| Other expenses | 0 million yen | Recorded based on the actual results in the prior periods. |
| Net operating income | 1,037 million yen | |
| Profit on the investment of a lump sum | Not disclosed (Note) | |
| Capital expenditure | 0 million yen | Calculated based on repair and renewal expenses in ER. |
| Net cash flow | 1,039 million yen | |
| Capitalization rate | 4.0% | Calculated based on the standard capitalization rate, taking into consideration fluctuations in cash flows that will reach the net cash flow in the static state. |
| DCF method | 25,900 million yen | |
| Discount rate | 3.7% | Calculated by paying attention to uncertainties in the future forecast that are beyond this outlook in light of the nature and feasibility of revenue in each period. |
| Terminal cap rate | 4.1% | Calculated by paying attention to uncertainties in the future forecast that are beyond this outlook in light of the nature and feasibility of revenue in each period. |

| | | | |
|---|---|---|---|
| Cost approach | | 17,300 million yen | |
| | Land percentage | 65.1% | |
| | Building percentage | 34.9% | |
| Remarks | | Not applicable | |

(Note) JLF has not disclosed 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.

[T-11 Takatsuki Logistics Center]

| | |
|---|---|
| Appraisal value | 1,640 million yen |
| Real estate appraiser | Tanizawa Sogo Appraisal Co., Ltd. |
| Date of appraisal | July 1, 2017 |

| Item | Details | Outline |
|---|---|---|
| Income approach value | 1,640 million yen | Calculated based on the DCF method as a standard, after verifying the value with the direct capitalization approach. |
| Direct capitalization approach | 1,660 million yen | |
| Operating revenues | Not disclosed (Note) | |
| Total potential revenue | Not disclosed (Note) | Assessed based on level of rents that could be received reliably from existing lease contracts, etc. are assessed. |
| Loss such as vacancy | 0 yen | Not assumed. |
| Operating expenses | Not disclosed (Note) | |
| Maintenance | 0 yen | Not assumed. |
| Utilities expenses | 0 yen | Not assumed. |
| Repairs | 1 million yen | Calculated by multiplying the replacement value of the building of the subject property by a certain rate. |
| Property management fee | Not disclosed (Note) | Assessed based on documents presented by the requester. |
| Expenses for recruiting tenants | 0 yen | Not assumed. |
| Real estate taxes | 11 million yen | Assessed based on tax documents for fiscal 2017. |
| Casualty insurance premium | Not disclosed (Note) | Assessed based on documents presented by the requester without earthquake insurance coverage. |
| Other expenses | 0 million yen | Assessed by multiplying operating revenues by a certain rate. |
| Net operating income | 73 million yen | |
| Profit on the investment of a lump sum | Not disclosed (Note) | |
| Capital expenditure | 2 million yen | Calculated by multiplying the replacement value of the building of the subject property by a certain rate. |
| Net cash flow | 71 million yen | |
| Capitalization rate | 4.3% | Assessed by comprehensively considering the marketability of the subject property and trends in the real estate investment market and paying attention to the relationship with the discount rate after making comparisons with several transaction yields in neighborhood areas and similar areas in a zone where there is the same supply and demand. |
| DCF method | 1,630 million yen | |
| Discount rate | 4.2%/4.4% | Assessed by determining the base yield of a warehouse through a build-up method based on the yields of financial instruments, and incorporating individual risks related to the property into the base rate. |
| Terminal cap rate | 4.5% | Calculated based on the capitalization rate by taking uncertainties in the future forecast into account. |
| Cost approach | 1,760 million yen | |
| Land percentage | 60.9% | |
| Building percentage | 39.1% | |
| Remarks | Not applicable | |

(Note) JLF has not disclosed 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.

[Appendix]
Portfolio list after acquisition of new assets

(End)

(Press Releases for Reference)
・“Notice Concerning the Borrowing of Funds” dated August 24, 2017

* 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 | 3.2% |
| M-2 | Urayasu | Urayasu, Chiba | 2,902 | 1.1% |
| 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 | 2.2% |
| M-6 | Funabashi Nishiura | Funabashi, Chiba | 5,700 | 2.1% |
| M-8 | Kawasaki | Kawasaki, Kanagawa | 10,905 | 4.1% |
| M-9 | Narashino | Narashino, Chiba | 1,690 | 0.6% |
| M-11 | Yachiyo | Yachiyo, Chiba | 7,892 (Note 2) | 2.9% |
| M-12 | Yokohama Fukuura | Yokohama, Kanagawa | 9,800 | 3.7% |
| M-13 | Yachiyo II | Yachiyo, Chiba | 5,300 | 2.0% |
| M-14 | Urayasu Chidori II | Urayasu, Chiba | 1,640 | 0.6% |
| M-15 | Ichikawa | Ichikawa, Chiba | 4,550 | 1.7% |
| M-16 | Shinonome | Koto-ku, Tokyo | 11,800 | 4.4% |
| M-17 | Narashino II | Narashino, Chiba | 7,875 | 2.9% |
| M-18 | Ichikawa II | Ichikawa, Chiba | 17,415 | 6.5% |
| M-19 | Souka | Souka, Saitama | 14,440 (Note 3) | 5.4% |
| M-20 | Tatsumi | Koto-ku, Tokyo | 9,000 | 3.4% |
| M-21 | Kashiwa | Kashiwa, Chiba | 3,725 | 1.4% |
| M-22 | Musashimurayama | Musashimurayama, Tokyo | 8,650 | 3.2% |
| M-23 | Kashiwa II (Land) | Kashiwa, Chiba | 2,500 | 0.9% |
| M-24 | Shin-Koyasu | Yokohama, Kanagawa | 9,696 | 3.6% |
| M-25 | Misato | Misato, Saitama | 3,873 | 1.4% |
| M-26 | Sagamihara | Sagamihara, Kanagawa | 8,032 | 3.0% |
| M-27 | Chiba-Kita | Chiba, Chiba | 1,459 | 0.5% |
| M-28 | Chiba-Kita II | Chiba, Chiba | 4,608 | 1.7% |
| 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 | 5.7% |

| Property number | Property name | Location | Acquisition price (Million Yen) | Ratio (Note 1) |
|---|---|---|---|---|
| M-32 | Yokohama Machida Logistics Center | Machida, Tokyo | 25,452 | 9.5% |
| Metropolitan Area (Bay, Inland) Subtotal | | | 215,551 | 80.4% |
| T-1 | Daito | Daito, Osaka | 9,762 (Note 4) | 3.6% |
| T-2 | Osaka Fukuzaki | Osaka, Osaka | 4,096 | 1.5% |
| T-3 | Kiyosu | Kiyosu, Aichi | 3,010 (Note 5) | 1.1% |
| T-4 | Kadoma | Kadoma, Osaka | 989 | 0.4% |
| T-5 | Komaki | Komaki, Aichi | 2,100 | 0.8% |
| T-6 | Komaki II | Komaki, Aichi | 1,800 | 0.7% |
| T-7 | Fukuoka Hakozaki Futo | Fukuoka, Fukuoka | 2,797 | 1.0% |
| T-8 | Tajimi | Tajimi, Gifu | 9,310 (Note 6) | 3.5% |
| T-9 | Fukuoka Kashiihama | Fukuoka, Fukuoka | 2,750 | 1.0% |
| T-10 | Kasugai Logistics Center | Kasugai, Aichi | 3,500 (Note 7) | 1.3% |
| T-11 | Takatsuki Logistics Center | Takatsuki, Osaka | 1,559 | 0.6% |
| Kinki Area, Chubu Area and Kyushu Area Subtotal | | | 41,674 | 15.6% |
| O-1 | Maebashi | Maebashi, Gunma | 1,230 | 0.5% |
| O-2 | Hanyu | Hanyu, Saitama | 1,705 | 0.6% |
| O-3 | Saitama Kisai | Kazo, Saitama | 4,010 | 1.5% |
| O-4 | Kazo | Kazo, Saitama | 3,790 | 1.4% |
| Other Area Subtotal | | | 10,735 | 4.0% |
| Portfolio Total after acquisition of the new asset | | | 267,960 | 100.0% |

(Note 1) The figures represent the proportion of the acquisition price after the acquisition of the property to the overall portfolio, rounded off to the first decimal place.

(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.

(Note 7) The sum of the acquisition price on April 23, 2015 and August 1, 2017.