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 Acquisition of New Assets (3 Properties) and Renaming of a Property

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 and rename a property name as detailed below:

1. Outline of the acquisition

(1) New assets (3 properties) (hereinafter referred to as "New Assets" or sometimes as the "Property" or the "Building")

Property number	Name of the property	Date of contract	Date of delivery	Seller	Acquisition price (million yen)	Appraisal value (million yen)
M-23	Kashiwa LogisticsCenter II (Building)(Note 1)	March 1, 2018	March 1, 2018	Sumitomo Mitsui Finance and Leasing Company, Limited	1,295	1,801 (Note 2)
M-34	Shiroi Logistics Center	February 22, 2018	To be decided (Note 3)	JA Mitsui Leasing Tatemono Co., Ltd	4,052 (Note 4)	4,980 (Note 5)
O-5	Sendaiko-kita Logistics Center	March 1, 2018	March 1, 2018	Sumitomo Mitsui Finance and Leasing Company, Limited	1,600	1,900
Total		-	-	-	6,947	8,681

(Note 1) JLF acquired the Land (hereafter referred to as the "Land") of Kashiwa Logistics Center II (Building) (hereafter referred to as the "Building") on September 20, 2013. Upon acquisition of the Building on March 1, 2018, JLF will rename the property, together with the Land, from "Kashiwa Logistics Center II (Land)" and "Kashiwa Logistics Center II (Building)" to "Kashiwa Logistics Center II".

(Note 2) The figure indicates the appraisal value of the Building only. The appraisal value of the Building only is calculated by multiplying 4,310 million yen, which is the appraisal value of the Building and the Land combined, by 41.8%, which is the building proportion of the integrated price.

(Note 3) The Property is a development property that has yet to be completed, and the date of delivery of the Property will be a date no later than the date on which one year has elapsed from the date of application for building preservation registration and shall be a date designated separately by JLF (or if a date has been agreed separately by JLF and JA Mitsui Leasing Tatemono Co., Ltd. (hereinafter referred to as "JAMLT"), such agreed date).

(Note 4) The figure indicates the purchase price that is to be specified in the Purchase Agreement (Shiroi Logistics Center) (hereinafter referred to as "Purchase Agreement (Shiroi)"). Such purchase price may change in the future as the Purchase Agreement (Shiroi) specifies that if contract prices and other costs for development of the Property fluctuate in the period up to and including the date of delivery of the Property, the purchase price shall be changed accordingly.

(Note 5) Since the building was not complete as of the appraisal date, an appraisal of the unfinished building in accordance with real estate appraisal standards was conducted. The figure in the table is based on an appraisal conducted on the assumption that the building to be constructed for Shiroi Logistics Center is completed as per the design drawings, building certification is issued and building registration is also complete.

(2) Fund source:	M-23 Kashiwa Logistics CenterII (Building) and O-5 Sendaiko-kita Logistics Center Cash in hand. M-34 Shiroi Logistics Center To be decided JLF will announce the financing method for this property as soon as it has been decided.
(3) Payment method:	Lump-sum payment on the date of delivery The Purchase Agreement (Shiroi), corresponds to the forward commitment, etc. (Note) stipulated in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." set by the Financial Services Agency. Please refer to "7. Financial impact on JLF when the forward commitment, etc. cannot be fulfilled" regarding the contents of the termination clause. (Note) A post-dated acquisition contract, in which the actual transactions or closing take place one month or more after the conclusion of a contract. The same will apply hereafter.

2. Rationale for the acquisition

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

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

The Property (3 properties) will be acquired as part of JLF's "independent soucing" and JLF decided to make the acquisitions to pursue stable DPU growth.

(Reference)

Property number	Name of the property	Acquisition price (million yen)	Appraisal value (million yen)	Expected NOI yield (Acquisition price base) (Note 2)	Appraisal NOI yield (Acquisition price base) (Note 3)
M-23	Kashiwa Logistics Center II (Note 1)	3,795	4,310	7.3%	7.3%
M-34	Shiroi Logistics Center	4,052	4,980	5.1%	5.9%
O-5	Sendaiko-kita Logistics Center	1,600	1,900	7.3%	7.3%

(Note 1) After acquiring the Building, JLF owns both the Land and the Building. The figures indicated here, therefor, show the Land and the Bulding combined.

(Note 2) Expected NOI yield (Acquisition price base) = Expected NOI / acquisition price x 100
(Figures are rounded off to the first decimal place.)
Expected NOI is a normalized estimate based on annual income and expense projections, and is not the forecast for the fiscal period ending July 2018.

(Note 3) Appraisal NOI yield (Acquisition price base) = Appraisal NOI / acquisition price x 100
(Figures are rounded off to the first decimal place.)
Appraisal NOI is the NOI of the appraisal value based on direct capitalization method described in the appraisal.

3. Details of the new assets

M-23 Kashiwa Logistics Center II

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

Outline of the asset			Outline of the appraisal		
Asset type		Trust beneficiary right of real estate	Real estate appraiser		DAIWA REAL ESTATE APPRAISAL CO.,LTD.
Date of the acquisition		September 20, 2013 (Land) March 1, 2018 (Building)	Date of the appraisal		February 1, 2018
Acquisition price		3,795 million yen (Note 2)			
Trustee		Sumitomo Mitsui Trust Bank, Limited	Appraisal value		4,310 million yen
Winding-up of the trust (Note 1)		September 30, 2023			
Land	Location	1823-1 Fujigaya, Kashiwa, Chiba and Others	Income approach		4,310 million yen
	Site area (Note 3)	54,418.30 m^2		Discounted cash flow approach	4,320 million yen
	Zoning	Not specified (urbanization control area))			
	Floor-area ratio	200%		Discount rate	4.8%
	Building-to-land ratio	60%		Terminal cap rate	5.2%
	Type of ownership	Ownership		Direct capitalization approach	4,290 million yen
Building	Structure/Story (Note 3)	Steel-frame 3-story building with steel sheet roof			
	Date of the completion (Note 3)	March 10, 1989		Cap rate	5.0%
	Total floor area (Note 3)	50,126.79 m^2			
	Total rentable area	50,126.79 m^2			
	Usage (Note 3)	Factory	Cost approach		4,670 million yen
	Type of ownership	Ownership			
Property management company		XYMAX ALPHA Corporation		Land (Percentage)	58.2%
Collateral		None		Building (Percentage)	41.8%
Outline of the lease contract			Outline of engineering report		
Number of tenants		1	Survey company		Shimizu Corporation
Names of major tenant		Nakano Shokai co.,ltd.	Issue date of the report		February 13, 2018
Annual rent (excluding consumption tax)		Not disclosed (Note 4)	Urgent repairs		-
Lease deposit		Not disclosed (Note 4)	Short-term repairs		-
Total rent area (Note 5)		50,126.79 m^2	Long-term repairs		774,507 thousand yen
Occupancy		100.0%	PML		7.1%
Expected income/expense (Note 6)			Design company, construction company and building certification company		
Income (including auxiliary income)		Not disclosed (Note 4)	Design company		Daiwa House Industry Co., Ltd.
Expected NOI		276 million yen	Construction company		Daiwa House Industry Co., Ltd.
Expected NOI yield (based on acquisition price)		7.3%	Building certification company		Kashiwa-shi, Chiba

Remarks: The trust beneficiary right of the Building (hereinafter referred to as the "building beneficiary right") and the trust beneficiary right of the Land (hereinafter referred to as the "land beneficiary right") are separate trust beneficiary rights with the same trustee, and JLF now plans to acquire the building beneficiary right. As of today, the trustee of the land beneficiary right, which is the asset owned by JLF, leases the Land to the trustee of the building beneficiary right through the establishment of a fixed-term land lease right for business purposes. This fixed-term land lease right for business purposes will be cancelled by agreement upon JLF's acquisition of the building beneficiary right and JLF and the trustee

	of each beneficiary right will agree to operate the Property as a single unit.
(Note 1)	After acquiring the Building, JLF owns both the Land and the Building. The figures indicated here, therefor, show the Land and the Bulding combined. The same also applies to "9. Outline of the appraisal" later in this release.
(Note 2)	The figure is the sum of 2,500 million yen, which is the acquisition price of the Land, and 1,295 million yen, which is the acquisition price of the Building.
(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 (including pre-lease contract). 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 the rentable area.
(Note 6)	The figures are not forecasts for the fiscal period ending July 2018, but normalized estimations based on annual income and expenses projections.

(2) Characteristics of the Property

Acquisition Highlights

- **Excellent location in the inland area of Chiba Prefecture, close to National Route 16, one of the main circular roads of the Tokyo metropolitan area.**
- **Rare, spacious logistics facility suited to distribution and processing operations, created through the conversion of a manufacturing plant.**
- **Joint investment project with a lease company.**

a. Location

・ The property is located in the Kashiwa area which is situated in the inland area of Chiba Prefecture, close to central Tokyo, Japan's main center of consumption and which is in high demand as a base for the storage and delivery of general consumer goods.

・ The property has good access, situated around 1.0 km from National Route 16, one of the main circular roads of the Tokyo metropolitan area. It is located around 8.5 km from National Route 6 and around 14.1 km from the "Kashiwa Interchange" of Joban Expressway, and has excellent traffic convenience, enabling wide-area delivery in the Tokyo metropolitan area.

・ The property is close to the Shounan Industrial Park, which is home to many large logistics facilities, enabling operation around the clock without fearing potential complaints about noise, vibration, etc. from the neighborhood.

・ There would also be no problem hiring labor as the area around and behind the property is deemed to be densely populated and the property provides a sufficient number of parking places (for 58 vehicles), enabling workers to commute by car.

b. Specification

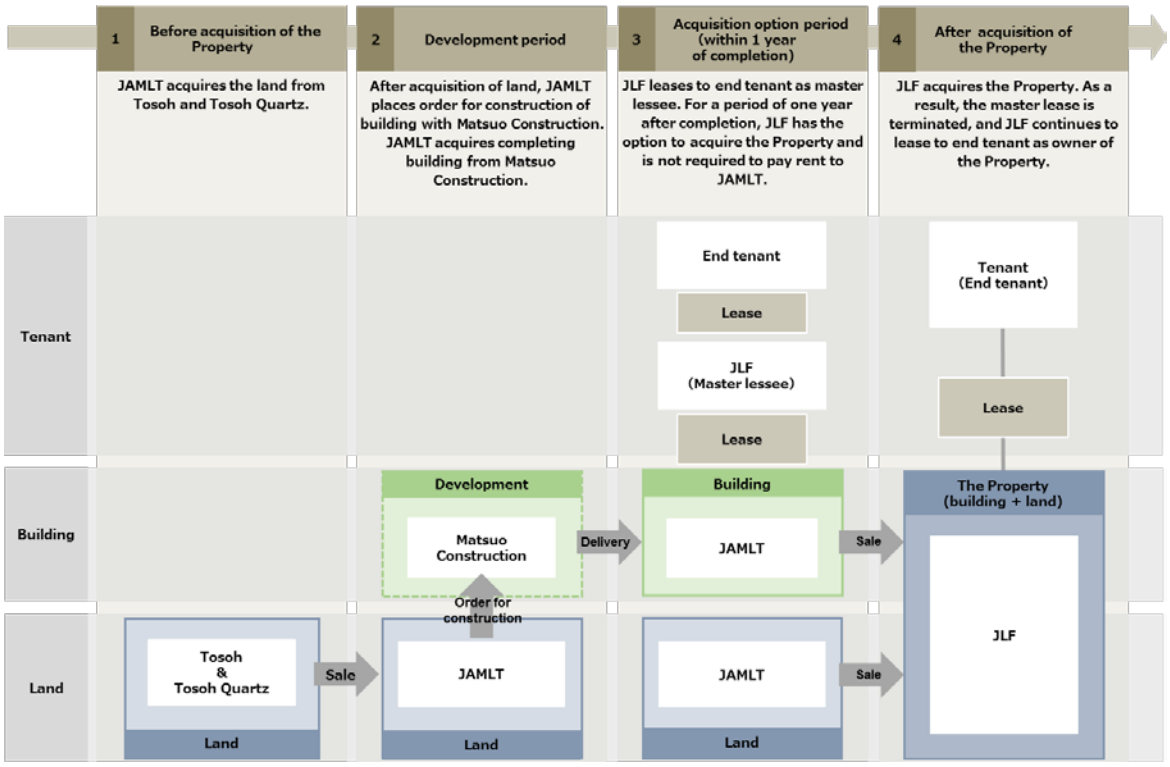
・ A rare spacious three-story box-type logistics facility suited to distribution and processing operations, created through the conversion of a manufacturing plant, with standard facility specifications including an effective inter-column gap of 14.1m × 8.5m, an effective ceiling height of at least 7m, and a maximum floor withstand load of 1.2t/m^2.

・ The installation of truck berths on two sides and vertical handling equipment (4 cargo elevators and 8 vertical conveyors) enables efficient cargo carrying-in and carrying-out, in-warehouse movement and storage. The property also has refrigeration functions on the second story, also enabling management of food products and thus meets a wide range of tenant needs.

[Key points of the acquisition]

Upon acquiring the Land on September 20, 2013 as a joint investment project with the lease company (Sumitomo Mitsui Finance and Leasing Company, Limited (hereinafter referred to as "SMFL")), JLF concluded a memorandum with SMFL, which is the seller of the Building, and has the right of first refusal enabling JLF to purchase the Building by making an offer. The acquisition scheme is such that the acquisition price has decreased gradually to reflect depreciation with the passage of time the property is held by SMFL, and JLF can control the time of acquisition and price provided JLF acquires the property within a certain period. JLF has now decided to acquire the Property on expectation of securing a reasonable cap rate due to the gradual decline in the acquisition price.

[Flow to acquisition of the Building]



(Note) Both the Building and the Land are the subject of trust beneficiary rights, and the owner of the beneficiary rights are SumitomoMitsui Trust Bank Limited. However, the substantive owner of the Building is SMFL and of the Land is JLF. Therefor, the diagram above shows SMFL as the Building owner, and JLF as the Land owner, for simplifying purpose.

[Exterior view]



[Map]



M-34 Shiroi 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		Tanizawa Sogo Appraisal Co., Ltd.
Date of the acquisition		To be decided (Note 1)	Date of the appraisal		December 31, 2017
Acquisition price		4,052 million yen (Note 2)	Appraisal value		4,980 million yen
Land	Location	98 Naka, Shiroi, Chiba and Others	Income approach		4,980 million yen
	Site area (Note 3)	14,319.45 m^2		Discounted cash flow approach	4,970 million yen
	Zoning	Industrial area		Discount rate	4.8%
	Floor-area ratio	200%		Terminal cap rate	4.9%
	Building-to-land ratio	60%		Direct capitalization approach	4,990 million yen
	Type of ownership	Ownership		Cap rate	4.7%
Building	Structure/Story (Note 4)	Steel frame 3-story building (Expected)			
	Date of the completion (Note 5)	May 2019 (Expected)			
	Total floor area (Note 4)	25,653.78 m^2 (Expected)			
	Total rentable area (Note 4)	24,459.90 m^2 (Expected)			
	Usage (Note 4)	Warehouse (Expected)	Cost approach		5,100 million yen
	Type of ownership	Ownership			
Property management company (Expected)		To be decided		Land (Percentage)	32.0%
Collateral		None		Building (Percentage)	68.0%
Outline of the lease contract (Note 6)			Outline of engineering report (Note 10)		
Number of tenants		To be decided	Survey company		Shimizu Corporation
Tenant		To be decided	Issue date of the report		January 12, 2018
Annual rent (excluding consumption tax)		To be decided	Urgent repairs		-
Lease deposit		To be decided	Short-term repairs		-
Total rent area (Note 4)		To be decided	Long-term repairs		18,644 thousand yen
Occupancy		-	PML		9.4%
Expected income/expense (Note 7)			Design company, construction company and building certification company		
Income (including auxiliary income)		To be decided	Design company		Matsuo Construction Co.,Ltd.
Expected NOI		207 million yen	Construction company		Matsuo Construction Co., Ltd.
Expected NOI yield (based on acquisition price)		5.1% (Note 8)	Building certification company		Urban Housing Evaluation Center

Remarks:

・ The Property consists of a new building to be built in the future by JAMLT following JAMLT's acquisition of the Land which, as of the date of this release, is owned by Tosoh Corporation (hereinafter referred to as "Tosoh") and Tosoh Quartz Corporation (hereinafter referred to as "Tosoh Quartz"), and the site of the new building. JLF and JAMLT agree that JAMLT will build the new building on the Land after acquisition of the Land as a project to redevelop the Land and will then sell the new building to JLF and will enter into the Purchase Agreement (Shiroi). The Purchase Agreement (Shiroi) stipulates as a condition for performance of payment of the purchase price that the new building must meet prescribed specifications. On entering into the Purchase Agreement (Shiroi), JLF will also enter into a fixed-term building lease agreement which states as a condition precedent that the new building has been completed and application for building preservation registration has been filed and will lease such new building from JAMLT and then conduct leasing activities. The main conditions of this fixed-term building lease agreement are as shown below.

Lease term: 3 years from the day on which the new building is completed and an application for building preservation registration in relation to such building has been filed.
Rent: Not disclosed (Note 11)
Starting date of rent payment: the day one year from the start date of the lease term
Lease deposit: Not disclosed (Note 11)
Cancellation: Not permitted

・ The presence of fluorine exceeding soil contamination standards has been confirmed on a part of the Land, and the part of the Land has been designated as an Area which Requires Action and an Area for which Notification Is Required upon Change to Form or Nature. However, JAMLT has agreed with Tosoh and Tosoh Quartz, the owners of the Land as of today, that Tosoh and Tosoh Quartz will be responsible for removing this soil contamination at their own expense and the designation as an Area which Requires Action and an Area for which Notification Is Required upon Change to Form or Nature is expected to be lifted if removal of such soil contamination is completed.

(Note 1) The Property is a development property that has yet to be completed, and the date of delivery of the Property will be a date no later than the date on which one year has elapsed from the date of application for building preservation registration and shall be a date designated separately by JLF (or if a date has been agreed separately by JLF and JAMLT, such agreed date).
(Note 2) The figure indicates the purchase price that is to be specified in the Purchase Agreement (Shiroi). Such purchase price may change in the future as the Purchase Agreement (Shiroi) specifies that if contract prices and other costs for development of the Property fluctuate in the period up to and including the date of delivery of the Property, the purchase price shall be changed accordingly.
(Note 3) The outline shown here is according to the real estate registry, and may differ from the present state.
(Note 4) The information shown here is based on the building certification application form for the Property and may change in the future.
(Note 5) 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 6) "To be decided" because no valid lease agreement has been entered into as of today.
(Note 7) The figures are not forecasts for revenue from the Property as of the date of acquisition of the Property, but normalized estimations based on annual income and expenses projections for the fiscal year of acquisition.
(Note 8) The figure is expected NOI divided by 4,052 million yen, which is the acquisition price.
(Note 9) Since the building was not complete as of the appraisal date, an appraisal of the unfinished building, etc. in accordance with real estate appraisal standards was conducted. The figure in the table is based on an appraisal conducted on the assumption that the Property is completed as per the design drawings, building certification is issued and building registration is also complete.
(Note 10) The information is based on an engineering report produced on the assumption of the plan as of the date of this release. Such plan may be changed in the future and the details of the abovementioned engineering report may also be subject to change in the future. The details shown above do not constitute any guarantee or definite promise of the details of the engineering report as of acquisition of the Property.
(Note 11) 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.

(2) Characteristics of the Property

Acquisition Highlights

- **Close to National Route 16, one of the main circular roads of the Tokyo metropolitan area, enabling wide-area delivery in the Tokyo metropolitan area especially within Chiba Prefecture**
- **Highly versatile box-type logistics facility that also takes labor environment of tenant companies into consideration**
- **Collaborative investment project with a real estate arm of a lease company group**

a. Location

・ The property is located in northwestern Chiba Prefecture around 35 km from central Tokyo, Japan's main center of consumption. It is sandwiched between the Kashiwa area which is home to many existing logistics facilities and the Inzai area where new logistics facilities are being built.

・ The property is located around 2.7 km from National Route 16, one of the main circular roads of the Tokyo metropolitan area, around 6.3 km from National Route 464 and around 15.5 km from the Kashiwa Interchange of Joban Expressway, enabling wide-area delivery in the Tokyo metropolitan area especially within the Chiba Prefecture.

- The property is in the Shiroi Daiichi Industrial Park, enabling operation around the clock without fearing potential complaints about noise, vibration, etc. from the neighborhood.
- Residential area stretches out behind the property and the property provides a sufficient number of parking places (for 67 vehicles (Note)), enabling commuting by car and commuting by bus.

  (Note) Based on building certification application form for the Property and may change in the future.

b. Specification

- A high versatile three-story box-type logistics facility with standard facility specifications including an effective inter-column gap of 10.9m×10.0m, an effective ceiling height of at least 5.5m, and a floor withstand load of 1.5t/m^2.
- The installation of truck berths (for 30 vehicles) with plenty of space and many pieces of vertical handling equipment (2 cargo elevators and 4 vertical conveyors) enables efficient cargo carrying-in and carrying-out, in-warehouse movement and storage, and meets a wide range of tenant needs.

  (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.

[Key points of the acquisition]

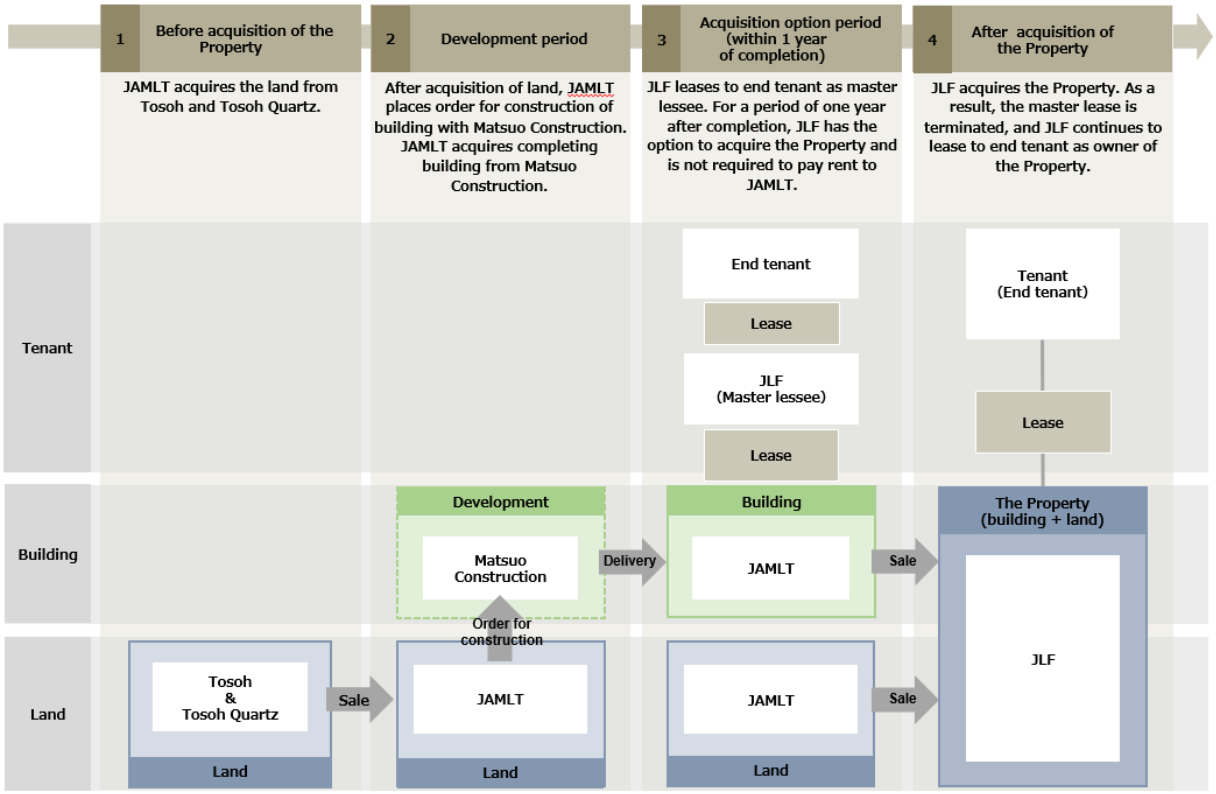
In August 2017, JLF reached a basic agreement with JAMLT, which is the seller of the Property (the land and the building after development), to collaborate over the development project and has since been holding discussions with the seller of the Property on the details of the development project. Matsuo Construction Co., Ltd., which has also been collaborating on a project at Yachiyo Logistics Center III, is in charge of construction of the Property and is a business partner with which further synergies can be expected in development projects in Chiba Prefecture.

The date of delivery of the Property will be a date no later than the date on which one year has elapsed from completion of the building and shall be a date designated separately by JLF, and until then JAMLT shall hold the Property and JLF shall lease the building as master lessee. During this period, MLP will be able to use its extensive network to implement a flexible leasing strategy in relation to end tenants, making this an acquisition scheme that will further enhance the effectiveness of the collaborative investment project.

The Property will be built as a highly versatile box-type logistics facility and the expertise of the asset manager, which has worked on four successful redevelopments (Note) in the past, will be harnessed on determination of the facility specifications.

(Note) “Redevelopment” refers to the act of JLF constructing a new building on the land JLF owns after destroying the old building on the land (including an act the construction companies etc. build new buildings on the land JLF owns, and JLF acquires the new building at any time after completion, in cooperation between JLF and the construction companies etc.).

[Flow to acquisition of the Building]



(Note) The diagram above is a simplified version of the flow until acquisition of the Property and is for illustrative purposes only. The periods, the names of the parties and other matters shown above are based on the plan as of the date of this release and are subject to change in the future.

[Exterior view]



[Map]



(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.

O-5 Sendaiko-kita Logistics Center

(1) Outline of the new asset

Outline of the asset			Outline of the appraisal		
Asset type		Real estate	Real estate appraiser		Japan Real Estate Institute
Date of the acquisition		March 1, 2018	Date of the appraisal		February 1, 2018
Acquisition price		1,600 million yen	Appraisal value		1,900 million yen
Land	Location	4-15-12 Minato, Miyagino-ku, Sendai, Miyagi	Income approach		1,880 million yen
	Site area (Note 1)	27,861.73 m^2		Discounted cash flow approach	1,880 million yen
	Zoning	Industrial area			
	Floor-area ratio	200%		Discount rate	5.4%
	Building-to-land ratio	60%		Terminal cap rate	6.0%
	Type of ownership	Ownership, land lease right (Note 1)			
Building	Structure/Story (Note 2)	Steel frame 2-story building with alloy-plated steel sheet roof		Direct capitalization approach	1,920 million yen
	Date of the completion (Note 2)	March 2, 2006			
	Total floor area (Note 2)	9,638.24 m^2		Cap rate	5.7%
	Total rentable area (Note 2)	9,626.21 m^2			
	Usage (Note 2)	Warehouse, office	Cost approach		1,880 million yen
	Type of ownership	Ownership			
Property management company (Expected)		CRE, Inc.		Land (Percentage)	55.1%
Collateral		None		Building (Percentage)	44.9%
Outline of the lease contract			Outline of engineering report		
Number of tenants		1	Survey company		Shimizu Corporation
Tenant		Nichirei Logistics Group Inc.	Issue date of the report		January 22, 2018
Annual rent (excluding consumption tax)		Not disclosed (Note 3)	Urgent repairs		-
Lease deposit		Not disclosed (Note 3)	Short-term repairs		450 thousand yen
Total rent area (Note 4)		9,626.21 m^2	Long-term repairs		114,583 thousand yen
Occupancy		100.0%	PML		10.6%
Expected income/expense (Note 5)			Design company, construction company and building certification company		
Income (including auxiliary income)		Not disclosed (Note 3)	Design company		Daiwa House Industry Co., Ltd.
Expected NOI		117 million yen	Construction company		Daiwa House Industry Co., Ltd.
Expected NOI yield (based on acquisition price)		7.3%	Building certification company		Sendai Urban Arrangement Center CO., LTD.

Remarks: The Land is surrounded by others' private property and a public sewerage system, and is not directly accessible via public roads. The seller has, therefore, entered into land lease agreements with the owners of neighboring land and leases land for a thruway (625 m^2) from the Land to public roads for the passage of vehicles and JLF has agreed with the seller to succeed to the position of lessee under such land lease agreements. JLF also plans to acquire an occupation permit from Tagajo city with respect to the public sewerage system nearby and to establish a thruway from the Land to public road.

(Note 1) The area shown here is the total of the area recorded in the real estate register for the owned land and the area specified in the agreement for the leased land. The land lease right relating to the leased land is for the purpose of the passage of vehicles and is not classed as a land lease right for the purpose of building ownership.
(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 (including pre-lease contract). 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 the rentable area.
(Note 5)	The figures are not forecasts for the fiscal period ending July 2018, but normalized estimations based on annual income and expenses projections.

(2) Characteristics of the Property

Acquisition Highlights

- **Optimal location for logistics, close to a major center of consumption and enabling wide-area delivery to the entire Tohoku area**
- **Contributes to portfolio diversification as temperature-controlled facility**
- **Off-market transaction by leveraging MLP's own network**

a. Location

・ Optimal location for logistics, close to central Sendai, which is a major center of consumption in the Tohoku area, and with excellent access to logistics gateways such as Sendai Port and Sendai Airport.

・ The property is situated around 1.8 km from National Route 45, around 3.5 km from Sendaiko-kita Interchange on the Sendai Eastern Expressway, and around 8.3 km from the Nigatake Interchange on the Sendai bypass, an important point for transportation within Miyagi Prefecture, offering excellent traffic access and thus enabling wide-area delivery to the Tohoku area.

・ The property is situated in a logistics cluster in a coastal area, enabling operation around the clock without fearing potential complaints about noise, vibration, etc. from the neighborhood.

・ Residential area stretches out behind the property and the property provides a sufficient number of parking places (for 60 vehicles), enabling commuting by car and facilitating the procurement of labor.

b. Specification

・ A box-type one-story logistics facility with facility specifications including an effective inter-column gap of 12.0m×20.0m, an effective ceiling height of 4.5m, and a floor withstand load of 0.5t/m^2 and with truck berths (high-floored) on three sides, thus enabling efficient cargo carrying-in and carrying-out.

・ The property is competitive as a refrigerated warehouse with dock shelters that are effective for merchandise control/hygiene control, and a fixed-term building lease agreement has been entered into with respect to the entire property with a leading temperature logistics group.

[Key points of the acquisition]

The Property is JLF's first logistics facility located in Sendai City, Miyagi Prefecture. The location of the property has advantage as a wide-area logistics base serving the entire Tohoku region. JLF believes that acquisition of the Property will significantly contribute to the geographic diversification of its portfolio.

The Property is JLF's first temperature-controlled logistics facility. JLF can expect stable demand from tenants that handle food products for this type of property. JLF believes that acquisition of the Property will enable it to meet different tenant needs from those met by its existing portfolio and will also contribute to diversification of its portfolio.

[Exterior view]





[Map]



4. Outline of the seller

M-23 Kashiwa Logistics Center II and O-5 Sendaiko-kita Logistics Center

Name	Sumitomo Mitsui Finance and Leasing Company, Limited
Head office location	1-3-2, Marunouchi, Chiyoda-ku, Tokyo
Representative	Masaki Tachibana, President
Main business	1. Leasing and installment sales of a variety of equipment and machinery 2. Loans and factoring Services relating to above-mentioned businesses
Capital	15.0 billion yen (as of December 31, 2017)
Date of establishment	February 4, 1963
Net asset	824,690 million yen (as of December 31, 2017)
Total asset	5,707,919 million yen (as of December 31, 2017)
Major shareholders	Sumitomo Mitsui Financial Group, Inc. 58.2% Sumitomo Corporation 38.8% (as of September 30, 2017)
Relation to JLF or MLP	No capital or personnel relationship involved. No business relationship worthy of special mention in the fiscal period ended January 2018. Sumitomo Mitsui Finance and Leasing Company, Limited does not fall under an interest party of JLF and MLP.

M-34 Shiroi Logistics Center

Name	JA Mitsui Leasing Tatemono Co., Ltd
Head office location	Ginza Mitsui Building, 8-13-1 Ginza, Chuo-ku, Tokyo
Representative	Takayuki Hozaki, President
Main business	Real Estate Leasing
Capital	100million (as of March 31, 2017)
Date of establishment	March 22, 1995
Net asset	Not disclosed(Note)
Total asset	Not disclosed(Note)
Major shareholders	JA Mitsui Leasing, Ltd. 100% (as of March 31, 2017)
Relation to JLF or MLP	No capital or personnel relationship involved. No business relationship worthy of special mention in the fiscal period ended January 2018. JA Mitsui Leasing Tatemono Co., Ltd does not fall under an interest party of JLF and MLP.

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

5. Current condition of the seller

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

6. Outline of the broker

There is no broker in the acquisition of the Properties.

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

The cancellation clauses, etc. expected to be stipulated in the Purchase Agreement (Shiroi) are as shown below. The Purchase Agreement (Shiroi) stipulates that as one of the conditions for performance of payment of the purchase price, JLF must complete procurement of funds in an amount equivalent to the purchase price shown below. If that condition is not satisfied, JAMLT may cancel the Purchase Agreement (Shiroi), and in this case, JLF will be obliged to pay the penalty shown in (2) below. However, the total amount of the penalty to be borne by JLF if JLF fails to fulfill its obligations under the Purchase Agreement (Shiroi) is less than the maximum amount of the penalty permitted when making a forward commitment, etc. stipulated in the internal rules of the asset manager and even if procurement of funds cannot be completed and JLF fails to fulfill the forward commitment, this is unlikely to have any major impact on JLF's financial status. Moreover, JLF has a maximum commitment limit of 15.5 billion yen and has funding methods that 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 (Shiroi), the other party may request performance specifying a reasonable period and may cancel the Purchase Agreement (Shiroi) if performance is not been made within such period.

(2) If one of the parties cancels the Purchase Agreement (Shiroi) in accordance with (1) above, the cancelling party may, alongside cancellation, demand that the other party pay a penaty in an amount equivalent to 20% of the purchase price excluding national consumption tax and local consumption tax. The provisions on such penalty do not constitute a reduction of or exemption from the duty of compensation to be borne in accordance with the provisions of the Purchase Agreement (Shiroi).

8. Future prospects

The impact of the acquisition of Kashiwa Logistics Center II and Sendaiko-kita Logistics Center on the financial results for the fiscal period ended January 2018 (the 25th period) is no impact and the fiscal period ending July 2018 (the 26th fiscal period) is minimal on the forecasts, and there are no change on the forecasts. We plan to notify forecasts which take of the entire portfolio into account, once again in the "REIT Financial Report for the 25th Period" to be announced on March 13, 2018. Shiroi Logistics Center is a development property that has yet to be completed. The date of delivery of the Property has yet to be determined but is expected to be the first date one year from the date of completion of building preservation registration, in principle, and its acquisition will not have any impact on the forecasts for the fiscal period ended January 2018 (the 25th period) and the fiscal period ending July 2018 (the 26th fiscal period).

9. Outline of the appraisal

[M-23　Kashiwa Logistics Center II]

Appraisal value	4,310 million yen
Real estate appraiser	Daiwa Real Estate Appraisal Co.,Ltd.
Date of appraisal	February 1, 2018

Item	Details	Outline
Income approach value	4,310 million yen	Assessed based on the DCF method as a standard, after verifying the value with the direct capitalization approach
Direct capitalization approach	4,290 million yen	
Operating revenues	Not disclosed (Note)	
Total potential revenue	Not disclosed (Note)	Assessed reasonable rent level based on the current lease contracts
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	18 million yen	Posted based on the judgment that the annual average repair costs stated in the Engineering Report are appropriate.
Property management fee	Not disclosed (Note)	Posted because it is deemed reasonable based on the content of existing contracts.
Expenses for recruiting tenants	0 yen	Not assumed.
Real estate taxes	26 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	1 million yen	Assessed based on figures from other similar cases
Net operating income	275 million yen	
Profit on the investment of a lump sum	Not disclosed (Note)	
Capital expenditure	62 million yen	Posted based on the judgement that the annual average replacement costs stated in the Engineering Report are appropriate and by considering CM fees.
Net cash flow	214 million yen	
Capitalization rate	5.0%	Assessed based on the capitalization rate of logistics facilities located in areas with the lowest risk and by reference to the uniqueness of the property as well as similar transaction cases.
DCF method	4,320 million yen	
Discount rate	4.8%	Assessed based on comparison with discount rates of transactions of similar properties and the yield of other financial instruments.
Terminal cap rate	5.2%	Assessed by considering the marketability of the property at the end of the analysis period of capitalization rate.
Cost approach	4,670 million yen	
Land percentage	58.2%	
Building percentage	41.8%	
Remarks	Not applicable	

(Note) 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.

M-34 Shiroi Logistics Center (Note 1)

Appraisal value	4,980 million yen
Real estate appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Date of appraisal	December 31, 2017

Item	Details	Outline
Income approach value	4,980 million yen	Assessed based on the DCF method as a standard, after verifying the value with the direct capitalization approach.
Direct capitalization approach	4,990 million yen	
Operating revenues	Not disclosed (Note 2)	
Total potential revenue	Not disclosed (Note 2)	Assessed based on the market rent level of the property
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	3 million yen	Assessed by allocating values based on ER and similar cases at a certain percentage.
Property management fee	Not disclosed (Note 2)	Assessed based on standard monthly fees.
Expenses for recruiting tenants	0 yen	Not assumed.
Real estate taxes	31 million yen	Estimated value
Casualty insurance premium	Not disclosed (Note 2)	Assessed based on standard premium rates without earthquake insurance coverage.
Other expenses	2 million yen	Assessed based on revenue cases, etc.
Net operating income	239 million yen	
Profit on the investment of a lump sum	Not disclosed (Note 2)	
Capital expenditure	6 million yen	Assessed by allocating values based on ER and similar cases at a certain percentage.
Net cash flow	234 million yen	
Capitalization rate	4.7%	Assessed by comprehensively considering trends in the real estate investment market, etc. 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	4,970 million yen	
Discount rate	4.8%	Assessed by determining the base rate of a warehouse through a build-up method based on the yields of financial instruments, and incorporating individual risks related to the subject property into the base rate.
Terminal cap rate	4.9%	Assessed based on the capitalization rate by taking uncertainties in the future forecast into account.
Cost approach	5,100 million yen	
Land percentage	32.0%	
Building percentage	68.0%	
Remarks	Not applicable	

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

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

O-5 Sendaiko-kita Logistics Center

Appraisal value	1,900 million yen
Real estate appraiser	Japan Real Estate Institute
Date of appraisal	February 1, 2018

Item	Details	Outline
Income approach value	1,900 million yen	Assessed by associating the direct capitalization approach value and the discounted cash flow approach value.
Direct capitalization approach	1,920 million yen	
Operating revenues	Not disclosed (Note)	
Total potential revenue	Not disclosed (Note)	Assessed levels of rents that are possible to receive reliably for medium- to long-term based on existing lease contracts, etc.
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	3 million yen	Posted by referring to the actual results for the previous years, and by taking into consideration the future maintenance management plan, the expense level of similar properties, and the average annual repair and renewal expenses in engineering report.
Property management fee	Not disclosed (Note)	Posted by referring to fees based on the existing contract conditions, and by taking into consideration the fee rate of similar properties and the uniqueness of the subject property.
Expenses for recruiting tenants	0 yen	Not assumed
Real estate taxes	10 million yen	Posted based on tax documents.
Casualty insurance premium	Not disclosed (Note)	Assessed by taking into consideration the insurance premium rates of other similar buildings. Earthquake insurance is not covered.
Other expenses	Not disclosed (Note)	Posted rent payment of private road on the south east side, and public sewerage system on the north side of the property as other expenses.
Net operating income	117 million yen	
Profit on the investment of a lump sum	Not disclosed (Note)	
Capital expenditure	8 million yen	Assessed by considering the capital expense levels of other similar properties, the age, and the annual average repair and renewal expenses in engineering report.
Net cash flow	109 million yen	
Capitalization rate	5.7%	Assessed by considering the standard capitalization rate of each area, the uniqueness of the property, future uncertainty risks, and

			the capitalization rate of similar properties in precedent market transactions.
DCF approach		1,880 million yen	
	Discount rate	5.4%	Assessed by reference to the investment yield in transactions of similar properties and by comprehensively considering the uniqueness of the property, etc.
	Terminal cap rate	6.0%	Assessed by reference to the capitalization rate of similar properties in precedent market transactions and by comprehensively considering future uncertainty risks, etc.
Cost approach		1,880 million yen	
	Land percentage	55.1%	
	Building percentage	44.9%	
Points of attention in the determination of appraisal value		Not applicable	

(Note) 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.

[Appendix]

Portfolio list after acquisition of new assets

(End)

(Press Releases for Reference)

- Notice Concerning Acquisition of New Assets (3 Properties) on September 13, 2013.

* JLF's website:http://8967.jp/eng/

This notice is the English translation of the announcement in Japanese on our website. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

[Appendix]

Portfolio list after acquisition of new assets

Property number	Property name		Location	Acquisition price (Million Yen)	Ratio (Note 1)
M-1	Funabashi		Funabashi, Chiba	8,675	3.1%
M-2	Urayasu		Urayasu, Chiba	2,902	1.0%
M-3	Hiratsuka		Hiratsuka, Kanagawa	1,466	0.5%
M-4	Shinkiba		Koto-ku, Tokyo	2,454	0.9%
M-5	Urayasu Chidori		Urayasu, Chiba	6,000	2.2%
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	6.3%
M-19	Souka		Souka, Saitama	14,440 (Note 3)	5.2%
M-20	Tatsumi		Koto-ku, Tokyo	9,000	3.2%
M-21	Kashiwa		Kashiwa, Chiba	3,725	1.3%
M-22	Musashimurayama		Musashimurayama, Tokyo	8,650	3.1%
M-23	Kashiwa II	Land	Kashiwa, Chiba	2,500	0.9%
		Building		1,295	0.5%
M-24	Shin-Koyasu		Yokohama, Kanagawa	9,696	3.5%
M-25	Misato		Misato, Saitama	3,873	1.4%
M-26	Sagamihara		Sagamihara, Kanagawa	8,032	2.9%
M-27	Chiba-Kita		Chiba, Chiba	1,459	0.5%
M-28	Chiba-Kita II		Chiba, Chiba	4,608	1.7%
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	5.5%

Property number	Property name	Location	Acquisition price (Million Yen)	Ratio (Note 1)
M-32	Yokohama Machida Logistics Center	Machida, Tokyo	25,452	9.1%
Metropolitan Area (Bay, Inland) Subtotal			216,846	77.9%
T-1	Daito	Daito, Osaka	9,762 (Note 4)	3.5%
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	0.6%
T-7	Fukuoka Hakozaki Futo	Fukuoka, Fukuoka	2,797	1.0%
T-8	Tajimi	Tajimi, Gifu	9,310 (Note 6)	3.3%
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	15.0%
O-1	Maebashi	Maebashi, Gunma	1,230	0.4%
O-2	Hanyu	Hanyu, Saitama	1,705	0.6%
O-3	Saitama Kisai	Kazo, Saitama	4,010	1.4%
O-4	Kazo	Kazo, Saitama	3,790	1.4%
O-5	Sendaiko-kita	Sendai, Miyagi	1,600	0.6%
Other Area Subtotal			12,335	4.4%
Portfolio Total after acquisition of the new asset			270,855	97.4%
Assets to which forward commitment, etc. is applied				
M-33	Yachiyo III	Yachiyo, Chiba	3,286 (Note 8)	1.2%
M-34	Shiroi	Shiroi, Chiba	4,052 (Note 9)	1.5%
Total portfolio after acquisition of the assets to be newly acquired (Including assets to which forward commitment, etc. is applied)			278,193	100.0%

(Note 1) The figures represent the proportion of the acquisition price to the overall portfolio after the acquisitions of new assets (including assets to which forward commitment, etc. is applied), rounded off to the first decimal place. The planned dates of acquisition of “M-33 Yachiyo Logistics Center III” and “M-34 Shiroi Logistics Center”, assets to which forward commitments, etc. are applied, have not yet been decided as of today.

(Note 2) The figure is calculated by deducting the costs associated with write-offs and demolition of the former building in July 2013 (603 million yen), and adding the amount stated in the construction contract relating to the building after redevelopment (including the construction contract for additional works) (6,230 million yen) to the sale price stated in the initial sales contract (2,266 million yen).

(Note 3) The figure is the sum of the acquisition prices on March 27, 2012 and February 6, 2017.

(Note 4) The figure is 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.

(Note 8) The acquisition price of this building is the price defined in the acquisition contract. If a lease contract in the form and with content with which JLF is satisfied (hereinafter referred to as the “eligible lease contract” in this Note 8) is not concluded for all of this property until the date of delivery of this property, and if the effective eligible lease contract is not concluded and maintained on the date of delivery, the acquisition contract provides for deduction of 124 million yen from the acquisition price. Accordingly, the acquisition price could change in the future.

(Note 9) The acquisition price of this building is the price defined in the acquisition contract. Such acquisition price may change as the purchase agreement specifies that if contract prices and other costs for development of the Property fluctuate in the period up to and including the date of delivery of the Property, the acquisition price shall be changed accordingly.