Japan Logistics Fund, Inc.

December 14, 2018

For Immediate Release

Real Estate Investment Trust
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Notice Concerning Acquisition of a New Asset

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 a new asset as detailed below:

1. Outline of the acquisition

(1) New asset (Real estate) (hereinafter referred to as the "New Asset" or the "Property")

Property number	Name of the property	Date of contract	Date of delivery	Seller	Acquisition price (million yen)	Appraisal value (million yen)
T-13	Osaka Nishiyodogawa Logistics Center	December 20, 2018	December 20, 2018	HULIC CO., LTD	2,600	2,710

(2) Fund source Cash on hand

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

2. Rationale for the acquisition

In order to secure routes for the acquisition of properties that will contribute to the growth of dividends per unit (DPU) in the medium to long term, JLF has adopted two approaches: "sourcing from the real estate market" and "independent sourcing." JLF believes that by striking the right balance between these two approaches, it will be able to achieve expansion in the size of its portfolio and the acquisition of properties with comparatively high cap rates, enabling it to pursue stable growth of DPU.

The Property has been acquired through sourcing from the logistics real estate market. The acquisition of the Property represents an investment in a good property located in the Nishiyodogawa area, a traditional logistics zone in the Kinki area (greater Osaka area), which is expected to generate stable cash flows for many years to come.

JLF decided to acquire the Property in order to putrsue stability and growth of DPU based on the belief that the acquisition enables JLF to expand asset under management and stable its cash flow.

(Reference)

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

Property name	Approach to acquisition	Date of acquisition	Acquisition price (million yen)	Expected NOI yield (Acquisition price base) (Note 5)
Yachiyo III	Independent sourcing	To be decided	3,286 (Note 1)	5.3%
Shiroi	Independent sourcing	To be decided	4,052 (Note 2)	5.1%
Toda	Independent sourcing	May 31, 2019	2,052 (Note 2)	4.8%
Ichikawa III	Independent sourcing	To be decided	3,850 (Note 3)	6.6%
Fujisawa	Sourcing from the real estate market	August 1, 2019	4,305 (Note 4)	4.3%
Aisai	Independent sourcing	To be decided	2,510 (Note 2)	5.2%
Osaka Nishiyodogawa	Sourcing from the real estate market	December 20, 2018	2,600	4.3%
Total			22,655	5.1%

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

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

(Note 3) JLF has concluded a fixed-term building lease contract for the abovementioned property with cancellation conditions in which JLF becomes a lessee. Based on this contract, JLF reserves a purchase option against the party (lessor) with whom the contract has been concluded. If JLF exercises the option. The acquisition price will be a price within the range between 3,475 million yen and 3,850 million yen that was agreed in advance in parallel with the scheduled date of acquisition, and it indicates the acquisition price on the assumption that the property will be acquired on March 1, 2019.

(Note 4) The acquisition price is the purchase price defined in the trust beneficiary right purchase agreement related to the acquisition of the Fujisawa Logistics Center. The purchase agreement states that if the total floor area of the completed building increases or decreases from the total floor area defined in the purchase agreement and that, as a result, the rent defined in the lease contract with the incoming tenant in relation to the Fujisawa Logistics Center increases or decreases from the rent agreed at the time of execution of the purchase agreement, the parties shall consult with each other in good faith regarding an increase or decrease in the purchase price in line with such increase or decrease in rent, and that if the floor area of the building decreases due to additions or changes to the construction work made at JLF's request, the purchase price shall be reduced for such decrease only if the construction work expenses decreased as a result of such additions or changes. The purchase agreement also

states that if the contract price of the building is predicted to increase due to the additions or changes to the construction work, JLF may request Mitsui & Co. Real Estate Ltd. (hereinafter referred to as "MRE") to carry out the additions or changes to the construction work by promising to pay such additional expenses to MRE separately. Accordingly, this purchase price may change in the future.

(Note 5) Expected NOI yield (Acquisition price base) = Expected NOI / acquisition price x 100
(Figures are rounded off to the first decimal place.)
Expected NOI is a normalized estimate based on annual income and expense projections and is not the forecast at the time of acquisition of the Properties nor the forecast for the fiscal period ending January 2019.

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)
T-13	Osaka Nishiyodogawa Logistics Center	2,600	2,710	4.3%	4.1%

(Note 1) Expected NOI yield (Acquisition price base) = Expected NOI / acquisition price x 100
(Figures are rounded off to the first decimal place.)
Expected NOI is a normalized estimate based on annual income and expense projections and is not the forecast at the time of acquisition of the Properties nor the forecast for the fiscal period ending January 2019.

(Note 2) Appraisal NOI yield (Acquisition price base) = Appraisal NOI / acquisition price x 100
(Figures are rounded off to the first decimal place.)
Appraisal NOI is the NOI of the appraisal value based on direct capitalization method described in the appraisal.

3. Details of the Property

[T-13 Osaka Nishiyodogawa Logistics Center]

(1) Outline of the Property

Outline of the Property			Outline of the appraisal		
Asset type		Real estate	Real estate appraiser		The Tanizawa Sogo Appraisal Co., Ltd.
Date of the acquisition		December 20, 2018	Date of the appraisal		December 1, 2018
Acquisition price		2,600 million yen	Appraisal value		2,710 million yen
Land	Location	2-9-133, Nakajima, Nishiyodogawa-ku, Osaka, Osaka	Income approach		2,710 million yen
	Site area (Note 1)	8,263.00 m^2		Discounted cash flow approach	2,680 million yen
	Zoning	Exclusive industrial area			
	Floor-area ratio	200%		Discount rate	4.1%／4.3%
	Building-to-land ratio	60%		Terminal cap rate	4.4%
	Type of ownership	Ownership			
Building	Structure/Story (Note 1)	Steel frame 3-story building with alloy-plated steel sheet roof		Direct capitalization approach	2,790 million yen
	Date of the completion (Note 1)	June 20, 2005			
	Total floor area (Note 1)	9,347.61 m^2		Cap rate	4.2%
	Total rentable area	9,341.61 m^2			
	Usage (Note 1)	Warehouse	Cost approach		2,690 million yen
	Type of ownership	Ownership			
Property management company		Hankyu Hanshin Building Management Co., Ltd.		Land (Percentage)	69.0%
Collateral		None		Building (Percentage)	31.0%
Outline of the lease contract			Outline of engineering report		
Number of tenants		1	Survey company		Shimizu Corporation
Names of tenant		Not disclosed (Note 2)	Issue date of the report		December 11, 2018
Annual rent (excluding consumption tax)		Not disclosed (Note 2)	Urgent repairs		-
Lease deposit		Not disclosed (Note 2)	Short-term repairs		-
Total rent area		10,213.81 m^2	Long-term repairs		74,740 thousand yen
Occupancy		100.0%	PML		10.2%
Expected income/expense (Note 3)			Design company, construction company and building certification company		
Income (including auxiliary income)		Not disclosed (Note 4)	Design company		Matsui Kensetsu K.K.
Expected NOI		110 million yen	Construction company		Matsui Kensetsu K.K.
Expected NOI yield (based on acquisition price)		4.3 % (Note 5)	Building certification company		CENTER FOR INTERNATIONAL ARCHITECTURAL STANDARD

Remarks: None
(Note 1) The outline shown here is according to the real estate registry, and may differ from the present state.
(Note 2) Not disclosed, for unable to obtain the tenant's consent.
(Note 3) 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 4) JLF does not disclose these items because their disclosure may enable the lease terms and level of outsourcing fees to be estimated, which could have a negative impact on the efficient operations of JLF and cause disadvantages to investors.
(Note 5) The figure is expected NOI divided by 2,600 million yen, which is the acquisition price.

(2) Characteristics of the Property

Acquisition Highlights

- **Prime location with excellent access to Oasaka city, Japan's one of the largest consumer market**
- **A versatile, box-type logistics property built with standard facilities specifications**
- **Acquisition of the Property that will contribute to the stability of the revenue base while promoting the geographical diversification of the portfolio**

a. Location

・ Situated approximately 9 km from the center of Osaka City, the largest consumer market in western Japan. In addition, the location, the Nishiyodogawa area in Osaka, provides excellent access to Osaka Port and other places.

・ Close to the Nakajima IC of Hanshin Expressway No. 5 Wangan Route, enjoying favorable evaluations as a collection and delivery base for neighboring cities. The location is expected to generate needs among not only major and regional logistics companies but also manufacturers and retail-related businesses seeking to establish collection and delivery facilities in urban areas.

・ Offers the best access because the process of delivery to the center of Osaka City is easy compared with the situation in other spots in the Osaka Bay areas.

・ There is no concern about complaints from residents in the surrounding areas because the property is located in the Nakajima Industrial Park, one of the major industrial areas in Osaka City where many factories and workshops have traditionally been concentrated. This environment makes 24-hour operation and frequent delivery possible.

・ With numerous residential areas situated behind the location, there are no problems in securing employment.

b. Specification

・ A high versatile two-story box-type logistics facility with standard facility specifications including an effective inter-column gap of 9.3m×10.9m, an effective ceiling height of 5.5-6.7m, and a floor withstand load of 1.5t/m2.

・ The installation of truck berths (for 22 equipments) and vertical handling equipment (1 cargo elevators and 2 vertical conveyor) enables efficient cargo carrying-in and carrying-out, in-warehouse movement and storage, and meets a wide range of tenant needs.

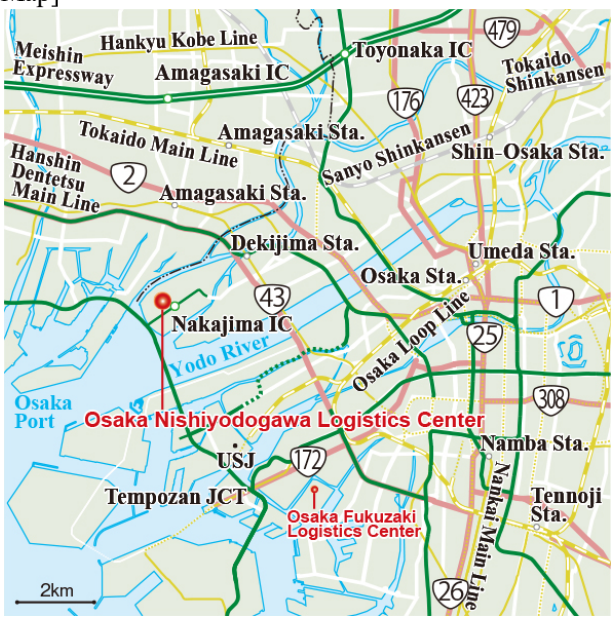
c. Tenant

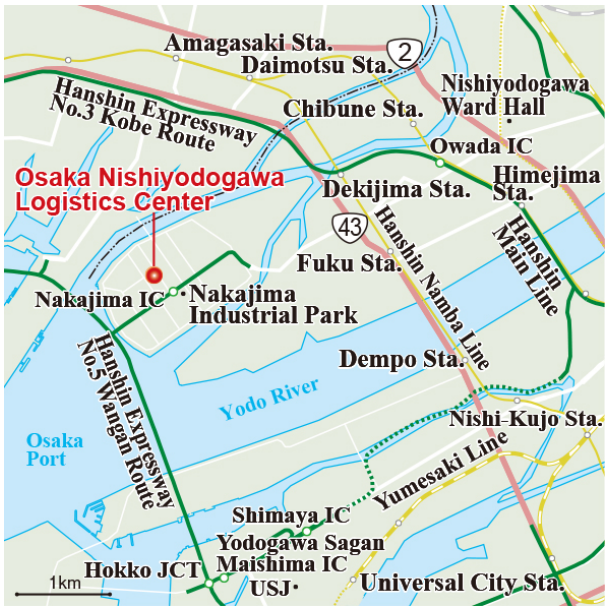
・ Secure stable occupancy and profitability through lease contract with the tenant.

[Exterior view]



[Map]





4. Outline of the seller

[T-13 Osaka Nishiyodogawa Logistics Center]

Name	HULIC CO., LTD
Head office location	7-3, Nihonbashi-Otemmacho, Chuo-ku, Tokyo
Representative	Manabu Yoshidome, President
Main business	Ownership, leasing, trading and brokerage of real estate
Capital	62,718 million yen (as of December 31, 2017)
Date of establishment	March 26, 1957
Net asset	348,127 million yen (as of December 31, 2017)
Total asset	1,302,395 million yen (as of December 31, 2017)
Major shareholders	Meiji Yasuda Life Insurance Company (7.2%) Sompo Japan Nipponkoa Insurance Inc. (6.7%) Tokyo Tatemono Co.,Ltd. (6.3%) Fuyo General Lease Co., Ltd. (6.1%)
Relation to JLF or MLP	No capital or personnel relationship involved. The company does not fall under an interested party of JLF and MLP. No business relationship worthy of special mention in the fiscal period ended July 2018.

5. Current condition of the seller

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

6. Outline of the broker

There is no broker in the acquisition of the Property.

7. Future prospects

The impact of the acquisition on the financial results for the fiscal period ending January 2019 (the 27th period) and the fiscal period ending July 2019 (the 28th fiscal period) is minimal on the forecasts, and there is no change on the forecasts.

8. Outline of the appraisal

[T-13 Osaka Nishiyodogawa Logistics Center]

Appraisal value	2,710 million yen
Real estate appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
Date of appraisal	December 1, 2018

Item	Details	Outline
Income approach value	2,710 million yen	Appraisal performed based on DCF approach as a standard, with validation using the direct capitalization approach
Direct capitalization approach	2,790 million yen	
Operating revenues	Not disclosed (Note)	
Total potential revenue	Not disclosed (Note)	Appraisal based on market rent price levels for the subject real estate
Loss such as vacancy	0 yen	Not assumed.
Operating expenses	Not disclosed (Note)	
Maintenance	0 yen	Not assumed.
Utilities expenses	0 yen	Not assumed.
Repairs	2 million yen	Appraisal by applying set allocations to figures based on ER and comparable transactions
Property management fee	Not disclosed (Note)	Appraisal based on a standard monthly outsourcing fee
Expenses for recruiting tenants	0 yen	Not assumed.
Real estate taxes	12 million yen	Estimated value
Casualty insurance premium	Not disclosed (Note)	Appraisal based on a standard rate, with no earthquake insurance subscribed
Other expenses	0 million yen	Appraisal based on earnings samples and the like
Net operating income	122 million yen	
Profit on the investment of a lump sum	Not disclosed (Note)	
Capital expenditure	6 million yen	Appraisal by applying set allocations to figures based on ER and comparable transactions
Net cash flow	117 million yen	
Capitalization rate	4.2%	Appraisal by comparing multiple transaction yields from comparable regions within the same market and neighboring areas, and by comprehensively taking into consideration trends and the like in the real estate investment market
DCF method	2,680 million yen	
Discount rate	4.1%／4.3%	Appraisal by factoring individual risks related to the subject real estate on top of a base warehouse yield calculated by a build-up approach for financial products
Terminal cap rate	4.4%	Appraisal by incorporating future forecasting uncertainties based on a capitalization yield
Cost approach	2,690 million yen	
Land percentage	69.0%	
Building percentage	31.0%	
Remarks	Not applicable	

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

[Appendix]
Portfolio list after acquisition of a new asset

(End)

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

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

[Appendix]
Portfolio list after acquisition of a new asset

Property number	Property name	Location	Acquisition price (Million Yen)	Ratio (Note 1)
M-2	Urayasu	Urayasu, Chiba	2,902	1.0%
M-3	Hiratsuka	Hiratsuka, Kanagawa	1,466	0.5%
M-4	Shinkiba	Koto-ku, Tokyo	2,454	0.9%
M-5	Urayasu Chidori	Urayasu, Chiba	6,000	2.1%
M-6	Funabashi Nishiura	Funabashi, Chiba	5,700	2.0%
M-8	Kawasaki	Kawasaki, Kanagawa	10,905	3.8%
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	3.4%
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	4.1%
M-17	Narashino II	Narashino, Chiba	7,875	2.8%
M-18	Ichikawa II	Ichikawa, Chiba	17,415	6.1%
M-19	Souka	Souka, Saitama	14,440 (Note 3)	5.1%
M-20	Tatsumi	Koto-ku, Tokyo	9,000	3.2%
M-21	Kashiwa	Kashiwa, Chiba	3,725	1.3%
M-22	Musashimurayama	Musashimurayama, Tokyo	8,650	3.0%
M-23	Kashiwa II	Kashiwa, Chiba	3,795 (Note 4)	1.3%
M-24	Shin-Koyasu	Yokohama, Kanagawa	9,696	3.4%
M-25	Misato	Misato, Saitama	3,873	1.4%
M-26	Sagamihara	Sagamihara, Kanagawa	8,032	2.8%
M-27	Chiba-Kita	Chiba, Chiba	1,459	0.5%
M-28	Chiba-Kita II	Chiba, Chiba	4,608	1.6%
M-29	Urayasu Chidori III	Urayasu, Chiba	1,053	0.4%
M-30	Zama	Zama, Kanagawa	1,728	0.6%
M-31	Shinkiba II	Koto-ku, Tokyo	15,270	5.4%
M-32	Yokohama Machida	Machida, Tokyo	25,452	8.9%

Property number	Property name	Location	Acquisition price (Million Yen)	Ratio (Note 1)
Metropolitan Area (Bay, Inland) Subtotal			208,171	73.1%
T-1	Daito	Daito, Osaka	9,762 (Note 5)	3.4%
T-2	Osaka Fukuzaki	Osaka, Osaka	4,096	1.4%
T-3	Kiyosu	Kiyosu, Aichi	3,010 (Note 6)	1.1%
T-4	Kadoma	Kadoma, Osaka	989	0.3%
T-5	Komaki	Komaki, Aichi	2,100	0.7%
T-6	Komaki II	Komaki, Aichi	1,800	0.6%
T-7	Fukuoka Hakozaki Futo	Fukuoka, Fukuoka	2,797	1.0%
T-8	Tajimi	Tajimi, Gifu	9,310 (Note 7)	3.3%
T-9	Fukuoka Kashiihama	Fukuoka, Fukuoka	2,750	1.0%
T-10	Kasugai	Kasugai, Aichi	3,500 (Note 8)	1.2%
T-11	Takatsuki	Takatsuki, Osaka	1,559	0.5%
T-13	Osaka Nishiyodogawa	Osaka, Osaka	2,600	0.9%
Kinki Area, Chubu Area and Kyushu Area Subtotal			44,274	15.5%
O-1	Maebashi	Maebashi, Gunma	1,230	0.4%
O-2	Hanyu	Hanyu, Saitama	1,705	0.6%
O-3	Saitama Kisai	Kazo, Saitama	4,010	1.4%
O-4	Kazo	Kazo, Saitama	3,790	1.3%
O-5	Sendaiko-kita	Sendai, Miyagi	1,600	0.6%
Other Area Subtotal			12,335	4.3%
Portfolio Total after acquisition of the new asset			264,780	93.0%
Assets to which forward commitment, etc. is applied				
M-33	Yachiyo III	Yachiyo, Chiba	3,286 (Note 9)	1.2%
M-34	Shiroi	Shiroi, Chiba	4,052 (Note 10)	1.4%
M-35	Toda	Toda, Saitama	2,052 (Note 10)	0.7%
M-36	Ichikawa III	Ichikawa, Chiba	3,850 (Note 11)	1.4%
M-37	Fujisawa	Fujisawa, Kanagawa	4,305 (Note 10)	1.5%

Property number	Property name	Location	Acquisition price (Million Yen)	Ratio (Note 1)
T-12	Aisai	Aisai, Aichi	2,510 (Note 10)	0.9%
Total Portfolio after acquisition of the assets to be newly acquired (Including assets to which forward commitment, etc. is applied)			284,835	100.0%

(Note 1) The figures represent the proportion of the acquisition price to the overall portfolio after the acquisitions of new assets (including forward commitment assets), rounded off to the first decimal place. The planned dates of acquisition of "M-33 Yachiyo Logistics Center III", "M-34 Shiroi Logistics Center", "M-36 Ichikawa Logistics Center III" and "T-12 Aisai Logistics Center", assets to which forward commitments, etc. are applied, have not yet been decided as of today, the planned date of acquisition of "M-35 Toda Logistics Center" is May 31, 2019 (or a date agreed separately by JLF and the seller), and the planned date of acquisition of "M-37 Fujisawa Logistics Center" is August 1, 2019 (or a date agreed separately by JLF and the seller).

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

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

(Note 4) The figure is the sum of the acquisition prices on September 20, 2013 and March 1, 2018.

(Note 5) The figure is calculated by deducting the costs associated with write-offs and demolition of the former building in July 2009 (291 million yen), and adding the amount stated in the construction contract relating to the Warehouse III (2,437 million yen) to the sale price stated in the initial sales contract (7,617 million yen).

(Note 6) The figure is calculated by adding the construction cost relating to the redevelopment (2,325 million yen) to the sale price stated in the initial sales contract (685 million yen).

(Note 7) The sum of the acquisition price on October 8, 2013 and November 4, 2014.

(Note 8) The figure is calculated by adding the acquisition price for the newly constructed building by redevelopment (2,670 million yen) to the sale price stated in the initial sales contract (830 million yen).

(Note 9) The figure indicates the sale price stated in the initial sales contract. Because the sales contract stipulates that unless a lease contract in the form and with content that satisfy JLF (hereinafter the "Qualified Lease Contract" in this Note 9) is concluded for this entire property by the date of delivery of the property or unless any other effective Qualified Lease Contract is concluded as of the date of delivery, 124 million yen shall be deducted from the sale price, and such sale price may change in the future.

(Note 10) The figure indicates the purchase price that is determined to be stated in the sale and purchase agreement. Such purchase price may change in the future as the Sale and Purchase Agreement specifies that if contract prices or other costs for the development of this property fluctuate in the period up to and including the date of delivery of the property, the purchase price shall be changed accordingly.

(Note 11) JLF has concluded a fixed-term building lease contract for the abovementioned property with cancellation conditions in which JLF becomes a lessee. The contract also falls under the category of forward commitments, etc. (pre-dated sales contracts in which payments and deliveries are supposed to be made more than one month after the conclusion date of such contracts, and other similar contracts) as specified in the Comprehensive Guidelines for Supervision of Financial Business Operators, etc. because the right to claim purchases is given to the party (lessor) with whom the contract has been concluded.

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