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For Immediate Release

Real Estate Investment Trust

Japan Logistics Fund, Inc.
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 (Security Code: 8967)

Asset Management Company

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Notice Concerning Acquisition of a New Asset (Yachiyo Logistics Center III)

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) (Hereafter referred to as “new asset” or “forward commitment asset”).

Property number	Name of the property	Date of contract	Date of delivery	Seller	Acquisition price (million yen)	Appraisal value (million yen)
M-33	Yachiyo Logistics Center III	Within five business days from receiving permission of construction of the property (hereinafter referred to as the “construction permission”) under the Building Standards Act (Act No. 201 of 1950, including revisions enforced thereafter) (hereinafter referred to as the “Building Standards Act”) (Note 1)	Not yet decided (Note 1)	Matsuo Shoji Co., Ltd.	3,286 (Note 2)	4,140 (Note 3)

(Note 1) If the construction permission cannot be obtained, notwithstanding the decision described above, the acquisition contract of the property (hereinafter referred to as the “acquisition contract”) will not be executed. Accordingly, in such case, the property will not be acquired.

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- (Note 2) This building is a development-type property that is still under construction. The date of its delivery will, in principle, be the day after one year from the date of the registration of the preservation of ownership of the building. If otherwise agreed between JLF and Matsuo Shoji Co., Ltd., the delivery date will be the day they have agreed on.
- (Note 3) 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 3) is not concluded for all of this property until the date of delivery, 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 4) 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 figure is an appraisal value based on the assumption that the building is a property after completion that has been completed as planned, has received the delivery of the inspection certificate and has undergone registration.

- (2) Fund source: Not yet 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 acquisition contract of the property, if executed, 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 and lease

JLF will acquire the property for improvement of the portfolio according to the scope and policy of asset management stipulated in the rules. JLF concluded the business agreement with Matsuo Shoji Co., Ltd. (hereinafter referred to “Matsuo Shoji”), the seller, and its parent company, Matsuo Construction Co., Ltd. (hereinafter referred to as “Matsuo Construction”) on April 28, 2017 and agreed to cooperate in promoting the development project. MLP decided to conclude acquisition agreement of the property with Matsuo Shoji and Matsuo Construction within 5 business days from receiving the construction permission upon completion of a building.

The property will be constructed as a box-type logistic facility with high versatility. In deciding the specifications of the facility, MLP leveraged our knowledge and expertise accumulated through a successful track record in four redevelopment (Note) projects. In cooperation with Matsuo Shoji, JLF will promote the development project and will acquire the property upon completion. Also by leveraging the broad-ranging network of the sponsor and MLP, JLF hopes to pre-lease the property by the date of delivery in cooperation with Matsuo Shoji.

(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.).

The property locates on the land adjacent to the two properties held by JLF (Yachiyo Logistics Center and Yachiyo Logistics Center II), and will contribute to a flexible leasing strategy implementation together with those properties, as well as more efficient administration and flexible management through cost reductions and other measures. While the competition for acquisition of logistic facilities intensifies, JLF will aim to secure high profitability and unrealized gains in the future by devising a new acquisition scheme with the initiative of MLP.

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Acquisition Highlights

- **Locates in inland of the Tokyo metropolitan area, and adjacent to the major loop road, National Route 16.**
- **Box-type logistics facility with high versatility that takes the work environment of the tenants into consideration.**
- **Joint investment project with a construction company.**

3. Details of the new asset

(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	Not yet decided (Note 1)	Date of the appraisal	September 8, 2017	
Acquisition price (planned)	3,286 million yen (Note 2)	Appraisal value	4,140 million yen	
L a n d	Location	2040-1 Aza-Otsuka, Kamikoya, Yachiyo-shi, Chiba	Income approach	4,140 million yen
	Site area (Note 3)	9,432m ²	Discounted cash flow approach	4,120 million yen
	Zoning	Industrial area		
	Floor-area ratio	200%	Discount rate	4.5%
	Building-to-land ratio	60%		
	Type of ownership	Ownership	Terminal cap rate	4.8%
B u i l d i n g	Structure/Story (Note 4)	Steel structure 4 stories (planned)		
	Date of the completion (Note 5)	August 2018 (planned)		
	Total floor area (Note 4)	18,947.81 m ² (planned)	Cap rate	4.6%
	Total rentable area (Note 4)	18,019.58 m ² (planned)		
	Usage (Note 4)	Warehouse (planned)	Cost approach	3,710 million yen
	Type of ownership	Ownership (planned)		
Property management company	Not yet decided	Land (Percentage)	31.6%	
Collateral	None			
Outline of the lease contract (Note 6)		Outline of engineering report (before construction)		
Number of tenants	Not yet decided	Survey company	Shimizu Corporation	
Tenant	Not yet decided	Issue date of the report	August 21, 2017	
Annual rent (excluding consumption tax)	Not yet decided	Urgent repairs	—	
Lease deposit	Not yet decided	Short-term repairs	—	
Total rent area	Not yet decided	Long-term repairs	10,942 thousand yen	
Occupancy	—	PML	7.1%	
Expected income/expense (Note 7)		Design company, construction company and building certification company		
Income (including auxiliary income)	Not yet decided	Design company	Matsuo Construction Co., Ltd.	
Estimated NOI	173million yen	Construction company	Matsuo Construction Co., Ltd.	
Estimated NOI yield (based on acquisition price)	5.3% (Note 8)	Building certification company	Urban Housing Evaluation Center	

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Remarks: None
(Note 1) This building is a development-type property that is still under construction. The date of its delivery will, in principle, be the day after one year from the date of the registration of the preservation of ownership of the building. If otherwise agreed between JLF and Matsuo Shoji Co., Ltd., the delivery date will be the day they have agreed on.
(Note 2) 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 2) 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 3) The outline shown here is according to the real estate registry, and may differ from the present state.
(Note 4) The statements are based on the building certification application for the construction permission, and subject to future change.
(Note 5) The date is the planned date of completion based on the current plan as of the date of this document, and is subject to change.
(Note 6) An effective lease contract is not concluded as of the date of this document, and thus it is stated as “Not yet decided.” The acquisition contract stipulates that Matsuo Shoji Co., Ltd. shall conclude the eligible lease contract by the date of delivery of this property in cooperation with JLF and make maximum effort to make it effective until the date of delivery.
(Note 7) The figures are the normalized annual estimates excluding the one-time costs associated with the acquisition. They do not represent the forecast at the time of acquisition.
(Note 8) The estimated yield is calculated by dividing the estimated NOI by the acquisition price (planned) of 3,286 million yen.
(Note 9) 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 10) The statements are based on the building condition evaluation report prepared based on the plan as of this day. The said plan may be subject to change in future and the contents of the building condition evaluation report described above may also be subject to change in future. The description above does not guarantee or warrant the contents of the building condition evaluation report at the time of acquisition of the property.

(2) Characteristics of the Property

a. Location

- Locates in an inland Chiba where demand as a distribution center for the extensive Tokyo metropolitan area as well as the regional distribution of general consumer goods mainly to Chiba, can be expected.
- Excellent location with high traffic convenience approximately 2 km from National Route 16, which is the major loop road in the Tokyo metropolitan area, and approximately 8 km from the Chiba Kita Interchange of the Higashi-Kanto Expressway.
- The property locates on the Kamikoya Industrial Complex, that enables the tenant to operate around the clock without fearing potential complaints about noise from the neighborhood.
- The property has relatively easy access to the labor market because the residential districts including the Murakami Residential Complex are expanding in the neighborhood, and the property provides sufficient number of parking space.

b. Specification (Note)

- A four-layered box-type logistics facility with standard facility specifications with high versatility including an effective inter-column gap of 11.0 meters x 10.75 meters, an effective ceiling height of 5.5 meters and a floor withstand load of 1.5 tons/m².
- The facility is equipped with truck berths where 34 trucks can park and load, and a number of vertical cargo

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handling devices, specifically two cargo elevators and two vertical conveyors. The facility delivers efficient cargo loading, unloading, and movement inside the warehouse as well as storage. The property responds to the wide-ranging needs of tenants.

- By providing a sufficient number of parking spaces (for 66 vehicles), office spaces and one elevator, the property also takes the work environment of the tenants into consideration.

(Note) The information above is based on the market report created based on the current plan. The plan may be changed, and the characteristics of the facility may also be changed. The above description does not guarantee the characteristics of the facility at the time of acquisition.

[Map]



[Rendering (Note)]



(Note) The rendering is based on the current plan, and the actual building may have different views and forms.

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4. Outline of the seller

Name	Matsuo Shoji Co., Ltd.
Location	1-9-41 Ekimae Chuo, Saga-shi, Saga
Representative	President Tetsugo Matsuo
Main business	<ol style="list-style-type: none"> 1. Holding, management and operation of real estate and securities and investment in them 2. Real estate brokerage 3. Developer business 4. Non-life insurance agent 5. Business relating to the offering of life insurance 6. General management business of construction and facilities 7. Any and all businesses incidental to each of the foregoing
Capital	20 million yen (as of March 31, 2017)
Date of establishment	May 12, 1962
Net assets	607 million yen (as of March 31, 2017)
Total assets	347 million yen (as of March 31, 2017)
Large shareholders and shareholding ratio	Matsuo Construction Co., Ltd. 100% (as of March 31, 2017)
Relation to JLF or MLP	<p>No capital or personnel relationship involved. No business relationship worthy of special mention in the fiscal period ended July 2017. The seller does not fall under a related party of JLF and MLP.</p>

5. Current condition of the seller

The acquisition of Yachiyo Logistics Center III was not made from an interested party in JLF and MLP.

6. Outline of the broker

There is no broker in the acquisition.

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

The termination clause to be stipulated in the acquisition contract is as follows. The acquisition contract stipulates, notwithstanding the termination clause described in (1) and (2) below, that the payment of the acquisition will be subject to the completion of fundraising for an amount equivalent to the acquisition price on terms and conditions with which JLF believes to be reasonable. Accordingly, if JLF fails to raise the funds necessary for the payment of the acquisition, JLF will not be obliged to pay the penalty and other amounts set out in (2) below except where JLF fails to fulfill its obligation stipulated in the acquisition contract, such as a failure to make efforts toward achieving the fundraising. For this reason, JLF believes that the failure to complete the fundraising and implement forward commitments, etc. will be unlikely to have a serious impact on JLF's financial position.

- (1) If either party violates the acquisition contract, the other party may specify a reasonable period of time to demand performance of the acquisition contract. If the violating party fails to perform it within this period of time, it may terminate the acquisition contract
- (2) If either party terminates the acquisition contract according to (1) above, the terminating party may demand from the other party a penalty in the amount equivalent to 10% of the amount obtained by deducting the

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amount of national and local consumption taxes from the acquisition price in addition to termination. The said provisions for penalty shall not reduce or exempt the party from the indemnity obligation assumed under the provisions of the acquisition contract.

8. Future prospects

The property is under development and the date of acquisition of the property is not yet decided. However, the said date will be the day after 1 year from the date of completion of registration of the preservation of the building, in principle. Therefore, there is no impact on the forecasts for the fiscal period ending January 2018 (25th period) and the fiscal period ending July 2018 (26th period).

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9. Outline of the appraisal (Note 1)

Appraisal value	4,140 million yen
Real estate appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Date of appraisal	September 8, 2017

Item	Details	Outline
Income approach value	4,140 million yen	Calculated based on the DCF method as a standard, after verifying the value with the direct capitalization approach.
Direct capitalization approach	4,180 million yen	
Operating revenues	Not disclosed (Note 2)	
Total potential revenue	Not disclosed (Note 2)	Assessment 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	2 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	24 million yen	Land is assessed based on tax documents for fiscal 2017. For the building, an estimated value is used.
Casualty insurance premium	Not disclosed (Note 2)	Assessed based on standard premium rates without earthquake insurance coverage.
Other expenses	1 million yen	Assessed based on revenue cases, etc.
Net operating income	196 million yen	
Profit on the investment of a lump sum	Not disclosed (Note 2)	
Capital expenditure	4 million yen	Assessed by allocating values based on ER and similar cases at a certain percentage.
Net cash flow	192 million yen	
Capitalization rate	4.6%	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	4,120 million yen	
Discount rate	4.5%	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	4.8%	Calculated based on the capitalization rate by taking uncertainties in the future forecast into account.
Cost approach	3,710 million yen	
Land percentage	31.6%	
Building percentage	68.4%	

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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 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 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.

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[Appendix]

Portfolio list after acquisition of a new asset

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	4.0%
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	3.6%
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	6.4%
M-19	Souka	Souka, Saitama	14,440 (Note 3)	5.3%
M-20	Tatsumi	Koto-ku, Tokyo	9,000	3.3%
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	5.6%
M-32	Yokohama Machida Logistics Center	Machida, Tokyo	25,452	9.4%

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Property number	Property name	Location	Acquisition price (Million Yen)	Ratio (Note 1)
Metropolitan Area (Bay, Inland) Subtotal			215,551	79.5%
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)	3.4%
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	15.4%
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%
Total portfolio			267,960	98.8%
Assets to which forward commitment, etc. is applied				
M-33	Yachiyo III	Yachiyo, Chiba	3,286 (Note 8)	1.2%
Total portfolio after acquisition of the assets to be newly acquired (Including assets to which forward commitment, etc. is applied)			271,246	100.0%

(Note 1) The figures represent the proportion of the (planned) 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 date of acquisition of “M-33 Yachiyo Logistics Center III,” an asset to which forward commitment, etc. is applied, has not yet been decided as of today’s date.

(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).

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(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.

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