

January 26, 2017

**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 (Souka Logistics Center (Additional Portion))

Mitsui & Co., Logistics Partners Ltd. (hereinafter “MLP”), the asset management company of Japan Logistics Fund, Inc. (hereinafter “JLF”), announced today that MLP has decided the acquisition of a new asset, an additional portion of Souka Logistics Center (hereinafter “the property”) as detailed below.

**1. Outline of the acquisition**

(1) New asset (50% interest in co-ownership of trust beneficiary right of real estate)

Property number	Name of the property	Date of contract	Expected date of delivery	Seller	Acquisition price (million yen)	Appraisal value (million yen) (Note 2)	NOI yield (%) (Note 3)
M-19	Souka Logistics Center (Note 1)	February 6, 2017	February 6, 2017	Limited Liability Company M3	8,080	8,080	4.4
Portion already owned by JLF (co-ownership interest: 50%)					6,360	7,900	5.6
Souka Logistics Center (after shift to full ownership)					14,440	16,160	4.9

(Note 1) JLF will acquire a 50% co-ownership interest of the trust beneficiary right of real estate. JLF acquired a 50% co-ownership interest in the property on March 27, 2012, and through acquisition of this additional portion, JLF will take full (100%) ownership of the property.

(Note 2) The appraisal value (limited price) of the new asset takes the incremental value generated through the acquisition of the additional portion into consideration. Please refer to “2. Rationale and highlights for the acquisition [Effect of acquisition of additional portion]” below for further details.

(Note 3) The figures of NOI yield shown for the new asset and for after the shift to full ownership are an estimate of annual income and expenditure after elimination of the special factor of the fiscal year of acquisition calculated by MLP based on the existing lease agreement and are not estimated NOI yield for the fiscal period ending July 2017. NOI yield with respect to JLF’s existing ownership is annual yield calculated based actual NOI yield for the fiscal period ended July 2016.

- (2) Fund source: Loans and cash in hand  
Please refer to the following press release for details about the bank loans.  
“Notice Concerning Borrowing Capital” dated January 26, 2017
- (3) Payment method: Lump-sum payment on delivery

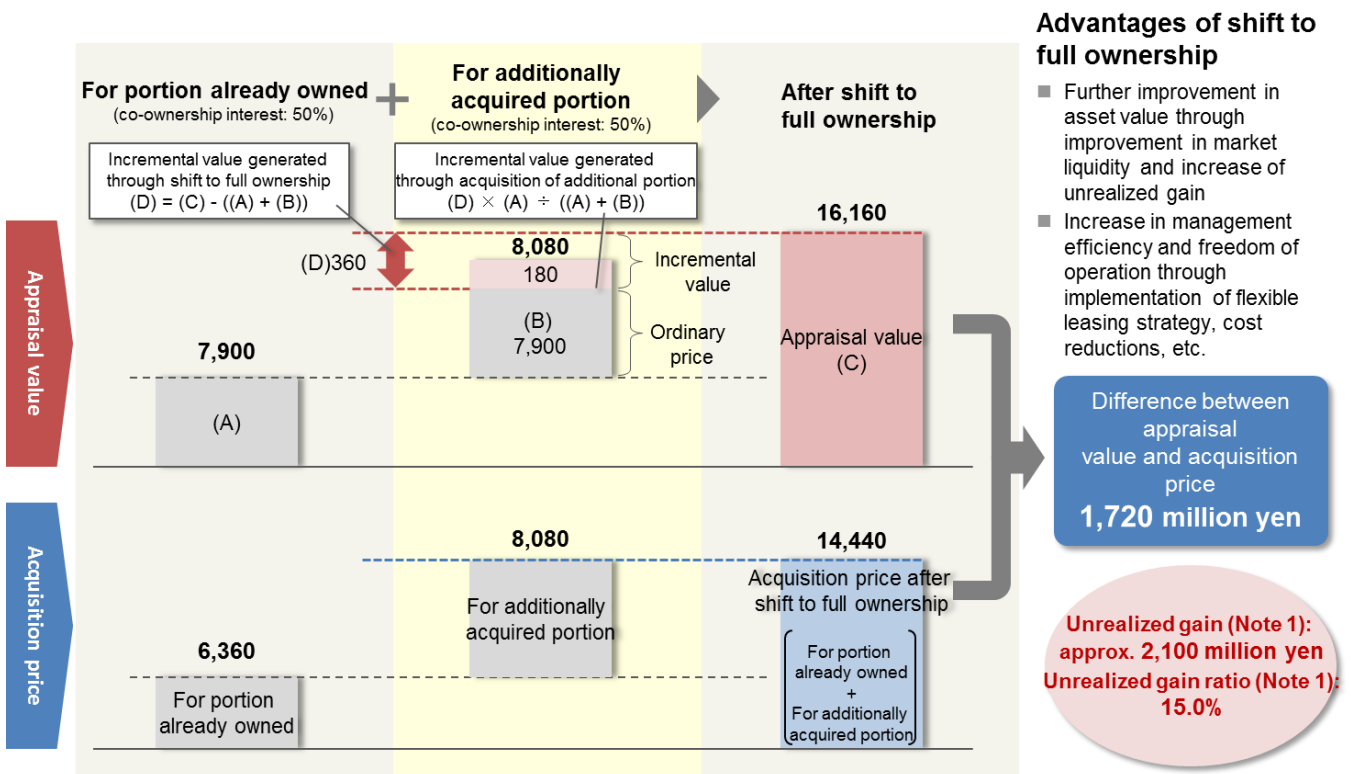
## 2. Rationale and highlights for the acquisition

JLF promotes the growth of DPU and the increase of unrealized gain based on its mid-term business plan “stable + Growth 2.0” announced on March 2016. JLF decided this acquisition to ensure steady portfolio growth and stable earnings as a big step toward achieving stable + Growth 2.0.

The property is co-owned by JLF, which acquired a 50% co-ownership interest in the property on March 27, 2012, and the special purpose company formed by Mitsui & Co., Realty Management, Ltd., a 100% subsidiary of Mitsui & Co., Ltd., which is JLF’s sponsor. Under the rising competition in the acquisition of logistics properties, JLF acquires this prime property through off-market transaction by leveraging the pipeline of the sponsor.

Since acquisition of the additional portion will make JLF sole owner of the property, JLF believes that further improvement in asset value is achievable through improvement in market liquidity and increase of unrealized gain, and that it is possible to increase management efficiency and freedom of operation through the implementation of a flexible leasing strategy and cost reductions.

[Effect of acquisition of additional portion]



	For portion already owned (co-ownership interest: 50%)	For additionally acquired portion (co-ownership interest: 50%)	After shift to full ownership
Appraisal value	7,900 million yen	8,080 million yen	16,160 million yen
Acquisition price	6,360 million yen	8,080 million yen	14,440 million yen
Difference between appraisal value and acquisition price	1,540 million yen	0 million yen	1,720 million yen
NOI yield (based on acquisition price) (Note 2)	5.6%	4.4%	4.9%

(Note 1) The figures show unrealized gain after the shift to full ownership (found by deducting the book value from the appraisal value) and the unrealized gain ratio (ratio of unrealized gain to book value). The appraisal value and book value used in these calculations were calculated based on the following.

- Appraisal value: The appraisal value is based on an appraisal performed on November 30, 2016 in both cases.
- Book value: The book value for the portion already owned is the book value as of July 31, 2016. The book value for the additionally acquired portion is an estimate as of the time of delivery and is not necessarily consistent with the actual book value.

(Note 2) The figures of NOI yield shown for the new asset and for after the shift to full ownership are an estimate of annual income and expenditure after elimination of the special factor of the fiscal year of acquisition calculated by MLP based on the existing lease agreement and are not estimated NOI yield for the fiscal period ending July 2017. NOI yield with respect to JLF's existing ownership is annual yield calculated based actual NOI yield for the fiscal period ended July 2016.

#### <Acquisition Highlight>

- **Prime location with access to the 23 wards of Tokyo, the largest consumption area in Japan**
- **Acquisition of prime property leveraging the pipeline of the sponsor**
- **Further improvement in asset value and increase in management efficiency and freedom of operation is expected as a result of sole ownership by JLF.**

### 3. Details of the new asset

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

Outline of asset		Outline of the appraisal				
Asset type	Trust beneficiary right of real estate (co-ownership interest: 50%)	Real estate appraiser	Tanizawa Sogo Appraisal Co., Ltd.			
Expected date of delivery	February 6, 2017	Date of the appraisal	November 30, 2016			
Acquisition price	8,080 million yen					
Trustee	Sumitomo Mitsui Trust Bank, Limited	Appraisal value (limited price)	8,080 million yen			
Expiration date of the trust	March 26, 2022					
Land	Location (Address)	6-39, Aoyagi 1-chome, Soka, Saitama	Ordinary price of the new asset	7,900 million yen		
	Site area (Note 2)	28,761.60 m <sup>2</sup>	Allocation of incremental value to the new asset	180 million yen		
	Zoning	Industrial area	Income approach	7,900 million yen		
	Floor-area ratio	200%				
	Building-to-land ratio	60%	Discounted cash flow approach	7,860 million yen		
	Type of ownership	Ownership				
Building	Structure/Story (Note 2)	Steel-frame structure, 8-story building			Discount rate	4.3%
	Date of completion (Note 2)	April 18, 2008			Terminal cap rate	4.6%
	Total floor area (Note 2)	45,040.28 m <sup>2</sup>	Direct capitalization approach	7,980 million yen		
	Total rentable area	42,640.84 m <sup>2</sup>				
	Usage (Note 2)	Warehouse	Cap rate	4.4%		
	Ownership	Ownership				
	Property management company	XYMAX ALPHA Corporation	Cost approach	8,190 million yen		
Collateral	None					
		Land (percentage)	45.1%			
		Building (percentage)	54.9%			
Outline of the lease contract		Outline of the engineering report				
Number of tenants	3	Investigator	Shimizu Corporation			
Names of tenants	(1) Mitsui-Soko Holdings Co., Ltd. (Note 3) (2) Koyama Kigyo Corporation (3) Sangetsu Co., Ltd. (Note 4)					
Annual rent (excluding consumption tax)	Not disclosed (Note 5)	Issuing date of the engineering report	November 30, 2016			
Lease deposit	Not disclosed (Note 5)	Urgent repairs	—			
Total rent area (Note 6)	42,640.84 m <sup>2</sup>	Short-term repairs	40 thousand yen			
Occupancy	100.0%	Long-term repairs	370,932 thousand yen			
Expected income/expense (Note 7)		PML	13%			
		Design company, construction company and building certification company				
Income (including auxiliary income)	Not disclosed (Note 5)	Design company	Kajima Corporation			
NOI	352 million yen	Construction company	Kajima Corporation			
NOI yield (based on acquisition price)	4.4%	Building certification company	Saitama Housing Inspection Center Foundation			
Remarks:						
1. JLF acquired a 50% co-ownership interest in the property on March 27, 2012, and the acquisition of this additional portion will make JLF the sole owner of the property. With JLF's acquisition of the additional portion, the Inter-Beneficiary Agreement entered into between Limited Liability Company M3, Mitsui & Co., Logistics Partners Ltd. (Asset Management Company of JLF), Mitsui & Co., Realty Management, Ltd., and Sumitomo Mitsui Trust Bank, Limited will terminate.						

2.	The piles of a building demolished in the past remain underground in the site. JLF decided the acquisition price taking into account the estimated cost (35 million yen) of extracting and removing a part of these piles at the time of future construction.
(Note 1)	While JLF is expected to gain a 50% interest in co-ownership of the trust beneficiary right of real estate, this outline shown here, excluding the acquisition price, expected income and appraisal value, represents the entire property (100%).
(Note 2)	According to the indication of the real estate registry. This information may not be consistent with the current status.
(Note 3)	The lease agreement with this tenant will expire on March 31, 2017. A new lease agreement with Koyama Kigyo Corporation was entered into with respect to a portion of this lease area (9,944.80 m <sup>2</sup> ) on November 25, 2016.
(Note 4)	The lease agreement with this tenant will expire on April 30, 2018. A new lease agreement with a new tenant was entered into with respect to this lease area on July 27, 2016, but the name of the tenant is not disclosed as the tenant's consent could not be obtained.
(Note 5)	Not disclosed, as the tenants' consent could not be obtained.
(Note 6)	In general, there are minor differences between the definition of "rentable area" determined by JLF and the definition of "rent area" determined by lease contracts. It is possible that some of the rent area is not included in rentable area. The total rent area represents the sum of the rentable area included in the rent area.
(Note 7)	The figures represent estimated annual income and expenditure excluding the special factor of the fiscal year of acquisition, and are not forecasts for the fiscal period ending July 2017.

## (2) Characteristics of the property

### a. Geographical characteristics

- Soka/Misato area is adjacent to the Tokyo 23 wards, the largest center of consumption in Japan, with excellent access to logistics gateways such as the Port of Tokyo and the Tokyo International Airport (Haneda), meeting the diverse needs of logistics facilities.
- Located at a close distance of around 4 km from the Tokyo Gaikan Misato-Nishi exit and the Soka exit of the Tokyo Gaikan Expressway, with easy access to the major expressways, such as Joban Expressway and Tohoku Expressway, as well as local arterial roads, the asset enjoys a location that is highly rated as a base for wide-area delivery services to the Tokyo Metropolitan Area and the Tohoku area.
- Furthermore, the asset is located in an industrial area with many plants and warehouses which enables tenants to operate 24 hours without the fear of complaints from residents in the surrounding area. The asset is also within walking distance of a residential area and has plenty of parking space, making it easy to recruit labor.

### b. Facility characteristics

- The facility is a versatile, large-scale 8-story (warehouse part is four-story) multi-tenant logistics facility with effective column interval of 10.0 m, effective ceiling height of 5.5 m (6.0 m or higher on the 7<sup>th</sup> floor), and standard floor load capacity of 1.5t/ m<sup>2</sup>.
- The facility was designed for multiple tenant use, with office space on each floor, and each floor also has an upward slope and downward rampway that allows each floor to be accessed directly and promptly. The spec is thus highly rated by tenants, allowing them to bring goods in and out efficiently.
- With bunk-type loading berths and ample parking space (238 spaces for cars and 31 spaces for trucks), the facility satisfies a variety of tenant needs.

[Map]



[View of the Facility]



#### 4. Outline of the seller

Name	Limited Liability Company M3
Address	Within Sakura Horwath & Co.,1-11, Kanda-jimbo-cho, Chiyoda-ku, Tokyo
Date of establishment	March 26, 2010
Representative	Representative Partner: MJ1 General Incorporated Association Functional Manager: Rika Nakamura
Capital	100,000 yen (as of November 30, 2016)
Shareholders	MJ1 General Incorporated Association
Principal business lines	<ol style="list-style-type: none"> <li>1. Acceptance of contributions to silent partnerships</li> <li>2. Acquisition, holding and disposition of real estate</li> <li>3. Leasing and management of real estate</li> <li>4. Acquisition, holding and disposition of trust beneficiary rights of real estate</li> <li>5. All other operations incidental to or associated with each of the above items</li> </ol>
Relation to JLF or MLP	<p>No capital or human relations</p> <p>No transactions during the fiscal period ending January 2017</p> <p>Limited Liability Company M3 entered into a discretionary-type investment advisory contract concerning real estate with Mitsui &amp; Co., Realty Management, Ltd., which is the asset manager. Therefore, Limited Liability Company M3 corresponds to an “interested party” defined in MLP’s Anti-Conflict -of-Interest Rule.</p>

## 5. Current Condition of the Seller

Current condition of the seller is as shown below:

	Previous owner/beneficiary of the trust	Before the previous owner /beneficiary of the trust
Name of the company	Limited Liability Company M3	Not interested parties
Special interest in JLF and the asset manager	See above “4. Outline of the seller”	—
Reason for acquisition	Investment management	—
Acquisition price	Omitted because the previous owner/beneficiary of the trust has possessed the asset for more than one year.	—
Date of acquisition	March 2012	—

## 6. Outline of the broker

There is no broker in the transaction.

## 7. Transaction with an interested party

The seller of the property, Limited Liability Company M3 corresponds to the interested party that is defined in MLP’s Anti-Conflict-of-Interest Rule. For this reason, when JLF decided to acquire the property, JLF obtained the approval of the Board of Directors of MLP after deliberation by MLP’s compliance committee in accordance with the Anti-Conflict-of-Interest Rule.

## 8. Future prospects

The acquisition of the property does not affect the financial results forecasts for the fiscal period ending January 2017 (the 23<sup>rd</sup> period). The impact on the financial results forecasts for the fiscal period ending July 2017 (the 24<sup>th</sup> period) is insignificant, and the forecasts remain unchanged at present. However, we plan to notify forecasts for the fiscal period ending July 2017 (the 24<sup>th</sup> period), which will take the financial results of the entire portfolio into account, once again in the “REIT Financial Report for the 23<sup>rd</sup> Period” due to be announced on March 10, 2017.

## 9. Outline of the appraisal (additionally acquired portion)

Appraisal value (limited price)	8,080 million yen
Real estate appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Date of appraisal	November 30, 2016

### (1) Assessment of ordinary price

#### [Ordinary price of the new asset]

Item	Details	Outline
Ordinary price of the new asset	7,900 million yen	The ordinary price of the new asset was assessed using the income approach, taking an income approach value that properly reflects investment profitability for investors as the standard value, and using the cost approach for verification.
Income approach value	7,900 million yen	Please refer to "Reference" below.
Direct capitalization approach	7,980 million yen	
Discounted cash flow approach	7,860 million yen	
Cost approach	8,190 million yen	

#### [Ordinary price as a unit after shift to full ownership]

Item	Details	Outline
Ordinary price as a unit after shift to full ownership	16,160 million yen	The ordinary price of the asset was assessed using the income approach, taking an income approach value that properly reflects investment profitability for investors as the standard value, and using the cost approach for verification.
Income approach value	16,160 million yen	Please refer to "Reference" below.
Direct capitalization approach	16,330 million yen	
Discounted cash flow approach	16,080 million yen	
Cost approach	16,370 million yen	

### (2) Assessment of incremental value

Item	Details	Outline
Ordinary price of the new asset	7,900 million yen	
Ordinary price of the portion already owned (interest equivalent to 50%)	7,900 million yen	
Ordinary price of unit after shift to full ownership	16,160 million yen	
Total incremental value generated through acquisition of the interest	360 million yen	The value of the interest generated through acquisition of the interest was assessed by deducting the prices for the new asset and the portion already owned (interest equivalent to 50%) from the price as a unit after shift to full ownership.



(3) Determination of appraisal value (limited price)

Item	Details	Outline
Appraisal value (limited price)	8,080 million yen	The appraisal value was determined based on ratio of the total amount used to allocate the value of the interest according to total amount of each interest. Limited price = Total incremental value × (A) ÷ ((A) + (B)) + (A)
Ordinary price of the new asset (A)	7,900 million yen	
Ordinary price of the portion already owned (interest equivalent to 50%)	7,900 million yen	

Matters to be considered when determining the appraisal value	<p>The type of price in the appraisal is a limited price because it deviates from the market value thought to be formed in the market upon fulfilling conditions that are deemed logical under current social and economic conditions, and the appraisal therefore finds a price that fairly indicates market value in a situation where the market is relatively limited.</p> <p>The appraisal aims to determine the investor break-even price (limited price) of the subject real estate by deducting the total of the prices equivalent to the co-owned interests from the price of the asset as a unit after acquisition of the interest to assess the incremental value generated through acquisition of the interest and to distribute this fairly according to the level of contribution.</p>
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[Reference: Ordinary price of the new asset and as a unit after shift to full ownership]

Item	Details	Outline
Income approach value	New asset : 7,900 million yen	Income approach value according to the discounted cash flow approach is taken as the standard value and the direct capitalization approach is used for verification.
	After full ownership : 16,160 million yen	
Direct capitalization approach	New asset : 7,980 million yen	
	After full ownership : 16,330 million yen	
Operating revenues	Not disclosed (Note)	
Total potential revenue	Not disclosed (Note)	Assessed levels of receivable rents based on existing lease contracts, etc.
Loss such as vacancy	Not disclosed (Note)	
Operating expenses	Not disclosed (Note)	
Maintenance	39 million yen	Assessed based on documents presented by client
Utilities expenses	45 million yen	Assessed based on documents presented by client
Repairs	11 million yen	Assessed by allocating a defined percentage of the figures according to the engineering report and similar cases
Property management fee	Not disclosed (Note)	Assessed based on documents presented by client
Expenses for recruiting tenants	Not disclosed (Note)	Assessed assuming 10% annual turnover rate of tenants

	Real estate taxes	63 million yen	Assessed based on tax documents for fiscal 2016
	Casualty insurance premium	Not disclosed (Note)	Assessed based on documents presented by client. Earthquake insurance is not covered.
	Other expenses	0 million yen	Assessed based on documents presented by client
	Net operating income	726 million yen	
	Profit on the investment of a lump sum	Not disclosed (Note)	
	Capital expenditure	26 million yen	Assessed by allocating a defined percentage of the figures according to the engineering report and similar cases
	Net cash flow	702 million yen	
	Capitalization rate	New asset : 4.4%	Assessed by comparing and examining transaction yields in the neighboring region and in similar regions within the same supply-demand prefecture, considering net cash flow forecasts and also taking the relationship between the capitalization rate and the discount rate into account.
		After full ownership : 4.3%	
	Discounted cash flow approach	New asset : 7,860 million yen	
		After full ownership : 16,080 million yen	
	Discount rate	New asset : 4.3%	Assessed by considering warehouse base yield determined by the buildup method based on the yield of financial instruments and specific risks in relation to the subject real estate
		After full ownership : 4.2%	
	Terminal cap rate	New asset : 4.6%	Assessed based on return yield, taking future uncertainties into consideration.
		After full ownership : 4.5%	
	Cost approach	New asset : 8,190 million yen	
		After full ownership : 16,370 million yen	
	Land percentage	45.1%	
	Building percentage	54.9%	

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

[Appendix]

Portfolio list after acquisition of the new asset.

(End)

**(Press Releases for Reference)**

- Notice Concerning Acquisition of a New Asset on February 27, 2012
- Notice Concerning Borrowing Capital on January 26, 2017

\*JLF's website: <http://8967.jp/>

[Appendix]

Portfolio list after acquisition of the new asset

Property number	Property name		Location	Acquisition price (Million Yen)	Ratio (Note 1)
M-1	Funabashi		Funabashi, Chiba	8,675	3.6%
M-2	Urayasu		Urayasu, Chiba	2,902	1.2%
M-3	Hiratsuka		Hiratsuka, Kanagawa	1,466	0.6%
M-4	Shinkiba		Koto-ku, Tokyo	2,454	1.0%
M-5	Urayasu Chidori		Urayasu, Chiba	6,000	2.5%
M-6	Funabashi Nishiura		Funabashi, Chiba	5,700	2.4%
M-8	Kawasaki		Kawasaki, Kanagawa	10,905	4.6%
M-9	Narashino		Narashino, Chiba	1,690	0.7%
M-11	Yachiyo		Yachiyo, Chiba	7,892 (Note 2)	3.3%
M-12	Yokohama Fukuura		Yokohama, Kanagawa	9,800	4.1%
M-13	Yachiyo II		Yachiyo, Chiba	5,300	2.2%
M-14	Urayasu Chidori II		Urayasu, Chiba	1,640	0.7%
M-15	Ichikawa		Ichikawa, Chiba	4,550	1.9%
M-16	Shinonome		Koto-ku, Tokyo	11,800	4.9%
M-17	Narashino II		Narashino, Chiba	7,875	3.3%
M-18	Ichikawa II		Ichikawa, Chiba	17,415	7.3%
M-19	Souka	(50%)	Souka, Saitama	6,360	2.7%
		(50%)		8,080	3.4%
M-20	Tatsumi		Koto-ku, Tokyo	9,000	3.8%
M-21	Kashiwa		Kashiwa, Chiba	3,725	1.6%
M-22	Musashimurayama		Musashimurayama, Tokyo	8,650	3.6%
M-23	Kashiwa II (Land)		Kashiwa, Chiba	2,500	1.0%
M-24	Shin-Koyasu		Yokohama, Kanagawa	9,696	4.1%
M-25	Misato		Misato, Saitama	3,873	1.6%
M-26	Sagamihara		Sagamihara, Kanagawa	8,032	3.4%
M-27	Chiba-Kita		Chiba, Chiba	1,459	0.6%
M-28	Chiba-Kita II		Chiba, Chiba	4,608	1.9%
M-29	Urayasu Chidori III		Urayasu, Chiba	1,053	0.4%
M-30	Zama		Zama, Kanagawa	1,728	0.7%

Property number	Property name	Location	Acquisition price (Million Yen)	Ratio (Note 1)
Metropolitan Area (Bay, Inland) Subtotal			174,829	73.2%
T-1	Daito	Daito, Osaka	9,762 (Note 3)	4.1%
T-2	Osaka Fukuzaki	Osaka, Osaka	4,096	1.7%
T-3	Kiyosu (Land)	Kiyosu, Aichi	685	0.3%
T-4	Kadoma	Kadoma, Osaka	989	0.4%
T-5	Komaki	Komaki, Aichi	2,100	0.9%
T-6	Komaki II	Komaki, Aichi	1,800	0.8%
T-7	Fukuoka Hakozaki Futo	Fukuoka, Fukuoka	2,797	1.2%
T-8	Tajimi	Tajimi, Gifu	9,310 (Note 4)	3.9%
T-9	Fukuoka Kashiihama	Fukuoka, Fukuoka	2,750	1.2%
T-10	Kasugai Logistics Center (land)	Kasugai, Aichi	830	0.3%
Kinki Area, Chubu Area and Kyushu Area Subtotal			35,119	14.7%
O-1	Maebashi	Maebashi, Gunma	1,230	0.5%
O-2	Hanyu	Hanyu, Saitama	1,705	0.7%
O-3	Saitama Kisai	Kazo, Saitama	4,010	1.7%
O-4	Kazo	Kazo, Saitama	3,790	1.6%
Other Area Subtotal			10,735	4.5%
Total portfolio after the acquisition of the new asset			220,683	92.5%
Assets scheduled to be acquired (Assets applicable to forward commitments, etc.)				
M-31	Shinkiba Logistics Center II	Koto-ku, Tokyo	15,270	6.64
T-10	Kasugai Logistics Center (Building)	Kasugai, Aichi	2,749 (Note 5)	1.2%
Portfolio Total after acquisition of the new asset			238,703	100.0%

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

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

(Note 3) The figure is 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 4) The sum of the acquisition price on October 8, 2013 and November 4, 2014.

(Note 5) The sale price stated in the initial sales contract is presented. JLF may be able to deduct some amount from the acquisition price under certain conditions.