

# REIT Financial Report for the Fiscal Period ended July 31, 2020 (The 30<sup>th</sup> Period)

September 14, 2020

Name of REIT issuer: Japan Logistics Fund, Inc. Stock exchange listing: Tokyo Stock Exchange  
 Security code: 8967 URL: <https://8967.jp/eng>  
 Representative: Naohiro Kameoka, Executive Director

Name of asset management company: Mitsui & Co., Logistics Partners Ltd.  
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Scheduled date for submission of Securities Report: October 28, 2020

Scheduled date for commencing dividend payments: October 6, 2020

IR Material: Will be posted on the website

IR Meeting: Will be held for institutional investors and security analysts

(Figures are rounded down to the nearest million yen)

## 1. Performance for the Fiscal Period ended July 2020 (The 30<sup>th</sup> Period from February 1, 2020 to July 31, 2020)

### (1) Operating Results ( % represents change from the previous period)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
	Millions of	%	Millions of	%	Millions of	%	Millions of	%
The 30 <sup>th</sup> Period	15,036	55.3	10,151	104.6	9,753	114.1	9,752	114.1
The 29 <sup>th</sup> Period	9,682	5.4	4,961	6.7	4,556	7.1	4,555	7.1

	Net Income per Unit	Net Income to Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
	Yen	%	%	%
The 30 <sup>th</sup> Period	10,775	7.1	3.7	64.9
The 29 <sup>th</sup> Period	5,033	3.4	1.7	47.1

### (2) Dividends

	Dividends per Unit (excluding Distributions in excess of earnings)	Total Dividends (excluding Distributions in excess of earnings)	Distributions in excess of earnings per Unit	Total Distributions in excess of earnings	Payout Ratio	Distributions to Net Assets
	Yen	Millions of yen	Yen	Millions of yen	%	%
The 30 <sup>th</sup> Period	9,830	8,896	-	-	91.2	6.5
The 29 <sup>th</sup> Period	5,034	4,556	-	-	100.0	3.4

(Note) Payout Ratio = Total Dividends/Net Income x 100 (figures are rounded down to the nearest decimal place)

Dividends per unit for the fiscal period ended July 2020 were calculated by dividing the amount after deducting 856 million yen from the unappropriated retained earnings for the period as provision for reserve for reduction entry by the number of investment units issued and outstanding.

### (3) Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Unit
	Millions of yen	Millions of yen	%	Yen
The 30 <sup>th</sup> Period	266,019	139,600	52.5	154,241
The 29 <sup>th</sup> Period	265,641	134,391	50.6	148,487

(4) Cash Flows

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
The 30 <sup>th</sup> Period	24,610	-4,610	-10,555	19,518
The 29 <sup>th</sup> Period	6,882	-7,770	-268	10,074

2. Forecasts for the Fiscal Period ending January 2021 (the 31<sup>st</sup> Period from August 1, 2020 to January 31, 2021) and the Fiscal Period ending July 2021 (the 32<sup>nd</sup> Period from February 1, 2021 to July 31, 2021)

(% represents change from the previous period)

	Operating Revenue		Operating Income		Ordinary Income		Net Income		Dividends per Unit (excluding distribution s in excess of earnings)	Distributions in Excess of Earnings per Unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
The 31 <sup>st</sup> Period	9,131	-39.3	4,482	-55.8	4,087	-58.1	4,086	-58.1	4,800	0
The 32 <sup>nd</sup> Period	9,119	-0.1	4,257	-5.0	3,852	-5.8	3,851	-5.8	4,800	0

(Reference) Forecast for net income per unit      The 31<sup>st</sup> Period:      4,515 yen      The 32<sup>nd</sup> Period:      4,255 yen

(Note 1) Dividends per unit for the fiscal period ending January 31, 2021 are calculated based on the assumption of using part of the internal reserves (258 million yen) for payment in addition to distributing the unappropriated retained earnings of 4,086 million yen for the said fiscal period.

(Note 2) Dividends per unit for the fiscal period ending July 31, 2021 are calculated based on the assumption of using part of the internal reserves (493 million yen) for payment in addition to distributing the unappropriated retained earnings of 3,851 million yen for the said fiscal period.

\* Other

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

- |   |      |
|---|------|
| (i) Changes in accounting policies due to revisions to accounting standards   | None |
| (ii) Changes in accounting policies other than (i)                            | None |
| (iii) Changes in accounting estimates   | None |
| (iv) Restatement of prior period financial statements after error corrections | None |

(2) Number of investment units issued and outstanding

(i) Number of investment units (including treasury investment units) issued and outstanding at the end of each period

The 30<sup>th</sup> Period:      905,073 units      The 29<sup>th</sup> Period:      905,073 units

(ii) Number of treasury investment units issued and outstanding at end of period

The 30<sup>th</sup> Period:      0 unit      The 29<sup>th</sup> Period:      0 unit

(Note) For the number of investment units serving as the basis of calculation of net income per unit, please refer to "Per Unit Information" on page 29.

\* This Financial Report is outside the scope of audit by a certified public accountant or an audit corporation.

\* Remarks:

(Note to forward-looking statements)

This document contains forecasts and other forward-looking statements based on the information currently available and on certain assumptions judged as rational by the Japan Logistics Fund, Inc. (hereafter referred to as "JLF"), and the actual operating results, etc. may differ significantly from that anticipated by JLF due to various factors. Moreover, the forecasts are not intended to guarantee any amount of dividend distribution and distribution in excess of earnings. For notes regarding assumptions underlying these forecasts, please refer to "1. Management Discussions and Analysis (1) Asset Management Status (ii) Outlook for the Next Fiscal Period D. Forecasts" on page 8.

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# 1 Management Discussions and Analysis

## (1) Asset Management Status

### (i) Summary of Results for the Fiscal Period ended July 2020 (The 30<sup>th</sup> Period)

#### A. Background of JLF

JLF is the first J- REIT dedicated to “logistics properties” with real estate and other assets used for logistic facilities primarily in the Tokyo Metropolitan, Kinki, Chubu and Kyushu areas as investment targets. Based on the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; including revisions enforced thereafter) (hereinafter, “the Investment Trust Act”), JLF was founded on February 22, 2005 with Mitsui & Co., Logistics Partners Ltd. as the founding planner, and was listed on the REIT section of the Tokyo Stock Exchange, Inc. (hereinafter, “Tokyo Stock Exchange”) on May 9 of the same year (security code: 8967).

As of July 31, 2020 (the end of the 30<sup>th</sup> Period), JLF had a total of 49 properties under management with total acquisition price of 269,554 million yen and total assets of 266,019 million yen.

#### B. Investment Environment and Management Performance

During the 30th fiscal period under review, the Japanese economy proved extremely challenging. Exports/industrial production substantially declined reflecting the impact of the COVID-19 pandemic, and capital investment clearly slowed down due to the deteriorating corporate earnings and business sentiment. In addition, there was a sign of weakness in the employment/income situations as the impact of the pandemic continued, resulting in the sharp fall of personal consumption.

Meanwhile, in the logistics properties leasing market, demand for logistics properties remained strong against the backdrop of logistics companies’ continued expansion of space and properties and the expansion of the e-commerce market among other factors. Although the supply of new facilities continued in the Tokyo metropolitan area, the need for large facilities drove demand, and as a result, the vacancy rate continued to be low.

Under these circumstances, JLF acquired properties by taking diverse approaches through “ACTIVE Asset Management,” which pursues “growth” and “stability” in dividends per unit, and facilitated portfolio management by paying attention to the stability of long-term cash flow. As a result, JLF acquired Shiroi Logistics Center in July 2020 (acquisition price of 3,875 million yen and expected NOI yield (Note 1) of 5.4%). Meanwhile, JLF disposed of Tajimi Logistics Center (disposition price: 13,900 million yen and the difference between the disposition price and the book value (Note 2): 5,555 million yen) in March 2020 and Yachiyo Logistics Center III (disposition price: 3,700 million yen and the difference between the disposition price and the book value (Note 2): 374 million yen) in April 2020. In terms of the management of existing properties, it maintained good operating conditions. The operation rate of its entire portfolio stood at 99.7% as of the end of the fiscal period under review.

(Note 1) Expected NOI yield = Expected NOI / acquisition price × 100 (Figures are rounded off to the first decimal place.)

Expected NOI is an estimated annualized income calculated from real estate leasing business revenue based on the medium-term lease terms of the Property assumed by the asset manager and the real estate leasing business expenses assumed in the medium term excluding special factors, including the year of acquisition. It is not an estimated NOI at the time of acquisition of the Property or an estimated NOI in the fiscal period ended January 31, 2020.

(Note 2) The difference between the disposition price and the book value is the reference figure produced as a difference between the disposition price and the book value, and is different from gain/loss on sale.

#### C. Overview of Financial Strategy

During the 30th fiscal period under review, JLF repaid a short-term loan of 6,000 million yen, which became due for repayment in March 2020, by using money from the disposition of Tajimi Logistics Center. As a result, JLF secured acquisition capacity through a loan and pursued enhancement of the soundness of the financial condition by lowering the loan to value (LTV). As of the end of the 30th fiscal period under review, the total amount of interest-bearing debt stood at 114,700 million yen, and LTV was 43.1% based on total assets (Note 1) and 32.8% based on the appraisal value (Note 2), indicating the continuation of stable financial operations.

(Note 1) Total assets-based LTV (%) = Interest-bearing debt / total assets × 100 (figures are rounded off to one decimal place)

(Note 2) Appraisal value-based LTV (%) = Interest-bearing debt / appraisal value at the end of the fiscal period × 100 (figures are rounded off to one decimal place)

Credit rating of JLF at the end of the 29th Period

Credit Rating Agency	Rating	
Rating and Investment Information, Inc. (R&I)	Issuer rating	AA- (Outlook: Stable)
	Long-term bond rating	#2 <sup>nd</sup> unsecured investment corporation bonds
		#3 <sup>rd</sup> unsecured investment corporation bonds
Japan Credit Rating Agency, Ltd. (JCR)	Bond rating	#5 <sup>th</sup> unsecured investment corporation bonds
		AA-
	Issuer rating	AA (Outlook: Stable)
	Bond rating	#6 <sup>th</sup> unsecured investment corporation bonds
		AA

D. Performance and Distributions

As a result of the above, JLF posted operating revenue of 15,036 million yen, operating income of 10,151 million yen, ordinary income of 9,753 million yen and net income of 9,752 million yen.

During the 30th fiscal period, based on “Special provisions for taxation in the case of advanced acquisition of land, etc. in 2009 and 2010” under Article 66, Item 2 (Act on Special Measures Concerning Taxation; Act No. 26 of 1957; including revisions enforced thereafter) (hereafter, the “Special Taxation Measures Act”), JLF decided to retain some of the gain (856 million yen) from the disposition of Tajimi Logistics Center made in March 2020 and Yachiyo Logistics Center III made in April 2020 as a reserve for reduction entry. Under the related policy, it distributed 8,896 million yen, the amount remaining after deducting 856 million yen which is within the limit of the reserve for reduction entry stipulated in Article 66-2 of the Special Taxation Measures Act from the current unappropriated retained earnings, as a profit distribution. As a result, JLF’s dividend per investment unit was 9,830 yen.

(ii) Outlook for the Next Fiscal Period

A. Recognition of the Environment

Looking at the economic environment in Japan, it is anticipated that the severe situation will continue due to the impact of the COVID-19 pandemic in Japan and overseas. If the impact of the pandemic subsides, it is expected that the demand suppressed so far will present itself and production will recover. It is also expected that the economic environment will improve, supported by the easing domestic financial environment and the government’s economic measures. However, high levels of uncertainty remain over the timing of the convergence of the COVID-19 pandemic and the scale of its impact on economies in Japan and overseas. Consequently, we must monitor the situation.

In the logistics properties leasing market, we continue to expect brisk demand reflecting continuing expansion of the e-commerce market among other factors even amid the impact of the COVID-19 pandemic. Because high new supply is planned from 2020 and onward, the vacancy rate may rise temporarily. However, considering the good progress being made in leasing at facilities to be completed, the supply-demand balance is not likely to be lost to a significant extent.

In the logistics properties acquisition market, as the low interest rate environment continues, defensiveness of logistics facilities with a steady cash flow even during the COVID-19 pandemic is grabbing investors’ attention. The market capitalization rate is likely to remain at a low level.

Under these circumstances, JLF will continue to pursue “growth” and “stability” in dividends per unit by asset management resistant to the effects of changing environments through “ACTIVE Asset Management.”

B. Future Asset Management Policies and Issues to be Addressed

In such an investment environment, JLF will pursue asset management aimed at achieving stable earnings over the medium to long term based on the following policies.

(a) Operational management of portfolio properties

• Leasing management

In renewing existing lease contracts, JLF will seek ways to ensure a stable revenue flow, including promoting the option of shifting to a long-term lease contract. When a tenant decides to move out JLF will perform leasing activities based on this policy so that leases are maintained without any discontinuity and revenues are secured by leveraging its sponsor network, intermediary companies well versed in logistics properties and in tenant information for respective regions, as well as the network of the asset management company.

The properties currently held by JLF have an average leasing period of 5.5 years when calculated on a weighted average basis using annual rent, indicating that JLF will continue to earn stable income.

• Strengthening of tenant relations

JLF will promote the improvement of the overall satisfaction level of tenants by maintaining close contact with existing tenants. Specifically, JLF responds to tenant’s needs for expanding rental space and improving the property conditions of existing logistics facilities, making functional improvements in line with the needs of tenants and the industry and implementing renewals.

- Appropriate property maintenance and additional investment  
JLF conducts repairs and renovations of properties owned by keeping related costs at a certain level. In addition, JLF strives to maintain an optimal level of maintenance management of its properties by selecting appropriate property management companies that can provide efficient management in line with the characteristics of each property, improving the management quality of the asset management company, and standardizing various procedures.

Furthermore, JLF considers OBR (Own Book Redevelopment)(Note), disposition, and asset reshuffle if necessary, taking into consideration tenant requests, the leasing needs of facilities, floor area ratios, and other factors in determining portfolio properties that have locational advantages in the leasing market and those that can gain higher competitiveness through building/facility renewal while identifying properties that no longer offer economic benefits due to the increased maintenance cost burden caused by deterioration over time.

(Note) “OBR” refers to the redevelopment of JLF’s own property by itself. The same apply hereafter.

#### (b) Acquisition of new properties

- Sourcing of property information

Unlike other asset types, logistics properties have limited transaction volumes in the market. Therefore, JLF believes that collecting a broad range of information and making precise investment decisions based on the information gathered lead to achieve high competitiveness. In order to avoid unnecessary price competition, JLF will work to obtain early access to property information and promote negotiated transactions by leveraging the extensive networks of sponsors and the information sourcing channels of the asset management company.

- Specifications of properties for acquisition

When acquiring properties, JLF will make investment decisions with a focus on the location and versatility of properties which are essential factors in pursuing stable and long-term management of logistics properties. As a general rule, JLF avoids acquiring, in particular, properties with unique structural and facility features that suit only certain types of tenants in certain industries. Rather, JLF’s most important criterion for making investment decisions is versatility of specifications that can satisfy broad logistical demand.

- Diversification of portfolio

To minimize fluctuations in revenue arising from factors such as a tenant’s request to lower rent or a tenant moving out of a property, JLF acquires properties that will help reduce risk of over-concentration of tenants by avoiding excessive dependency on single tenant or industry of tenants and diversifying lease period expirations.

#### (c) Financial strategy

- JLF sets its highest priority on the sustainable growth of dividends per unit while making sure to maintain a conservative interest-bearing debt ratio in pursuing financial activities, including raising funds through bank loans and increasing capital through public offerings. When pursuing interest-bearing debt financing, JLF will diversify funding sources and repayment due dates. Furthermore, with regard to tenant leasehold and security deposits, JLF will use such deposits to partially fund property acquisitions to exercise efficient cash management.

In addition, JLF will consider the buyback and cancellation of its own investment units as required as part of its capital policy in order to improve capital efficiency and the return to unitholders.

### C. Significant Subsequent Events

The asset management company of JLF decided on the implementation of the following redevelopment project at the Board of Directors’ meeting on September 14, 2020. Refer to “Notice Concerning the Redevelopment Project of Urayasu Logistics Center” announced on September 14, 2020 for details.

#### (a) Overview of the Redevelopment Project

JLF will engage in the Redevelopment Project to maximize the asset value at Urayasu Logistics Center.

#### (b) Details of the redevelopment project

Asset name	: Urayasu Logistics Center
Construction cost (expected )	: 6,549 million yen
Financing method	: TBD
Demolish work period (Scheduled)	: From September 2020 to January 2021
New construction period (Scheduled)	: From March 2021 to July 2022
Expected completion date	: July 2022

It is expected that the demolition work cost related to the Project is 454 million in total (247 million yen of loss on retirement of non-current assets and 207 million yen of cost associated with the demolition and retirement). Of the costs, loss on retirement of non-current assets is expected to be recorded in the Fiscal Period ending January 31, 2021, and cost associated with the demolition and retirement is expected to be recorded in the Fiscal Period ending July 31, 2021.

[Reference Information]

<Loan >

JLF borrowed the following loan after the end of the period up until the date of this report.

Lender	Mizuho Bank, Ltd.	
Amount borrowed	2,000 million yen	2,000 million yen
Interest rate	0.55255%	0.63875%
Date of borrowing	August 31, 2020	
Repayment date	August31, 2028	August31, 2030
Borrowing method/security	Unsecured and non-guaranteed	
Repayment method	Lump-sum repayment on due date	
Use of funds	To repay an existing loan	

< Holding of the general meeting of investors >

At the Board of Directors meeting on September 14, 2020, the Board of Directors of JLF decided to propose partial amendments of its Articles of Incorporation and the appointment of one Executive Director (candidate: Naohiro Kameoka who is Executive Director and Representative Director/President of the asset management company), appointment of one substitute Executive Director (candidate: Yasushi Ogaku who is Director, General Manager of Acquisition & Leasing Dept. and Property Management Dept. of the asset management company) and appointments of three Supervisory Directors (candidates: Toshima Araki and Testuya Azuma, the current Supervisory Directors, and Yumiko Kikuchi, a new candidate) at its 11th General Unitholders' Meeting to be held on October 21, 2020.

## D. Forecasts

Forecasts for the Fiscal Period ending January 2021 (the 31<sup>st</sup> Period from August 1, 2020 to January 31, 2021) and the Fiscal Period ending July 2021 (the 32<sup>nd</sup> Period from February 1, 2021 to July 31, 2021) are as follows. Please refer to "Assumptions Underlying the Forecasts for the 31<sup>st</sup> Period (from August 1, 2020 to January 31, 2021) and the 32<sup>nd</sup> Period (from February 1, 2021 to July 31, 2021) " for the assumptions underlying these forecasts.

(% represents change from the previous period)

	Operating Revenue		Operating Income		Ordinary Income		Net Income		Dividends per Unit (excluding distributions in excess of earnings)	Distributions in Excess of Earnings per Unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
The 31 <sup>st</sup> Period	9,131	-39.3	4,482	-55.8	4,087	-58.1	4,086	-58.1	4,800	0
The 32 <sup>nd</sup> Period	9,119	-0.1	4,257	-5.0	3,852	-5.8	3,851	-5.8	4,800	0

(Note 1) The figures above were computed under certain assumptions, and the actual net income, dividends, etc. may differ depending on various factors. In addition, the forecasts are not intended to guarantee any amount of dividends per unit.

(Note 2) Dividends per unit for the fiscal period ending January 31, 2021 are calculated based on the assumption of using part of the internal reserves (258 million yen) for payment in addition to distributing the unappropriated retained earnings of 4,086 million yen for the said fiscal period.

(Note 3) Dividends per unit for the fiscal period ending July 31, 2021 are calculated based on the assumption of using part of the internal reserves (493 million yen) for payment in addition to distributing the unappropriated retained earnings of 3,851 million yen for the said fiscal period.



Assumptions Underlying the Forecasts for the 31st Period (from August 1, 2020 to January 31, 2021) and the 32nd Period (from February 1, 2021 to July 31, 2021)

2021 to July 31, 2021

Item	Assumptions																					
Calculation period	<ul style="list-style-type: none"><li>Fiscal Period Ending January 2021: August 1, 2020 to January 31, 2021</li><li>Fiscal Period Ending July 2021: February 1, 2021 to July 31, 2021</li></ul>																					
Properties owned	<ul style="list-style-type: none"><li>JLF owned 49 properties as of September 14, 2020. JLF assumes that acquire Aisai Logistics Center on March 31, 2021 (planned acquisition price: 2,510 million yen), and that neither the acquisition nor the disposition of any other properties is expected until the end of the Fiscal Period ending July 2021. As a result, the forecast assumes JLF owns 49 properties as of the end of the Fiscal Period ending January 2021 and 50 properties as of the end of the Fiscal Period ending July 2021.</li><li>The acquisition of Aisai Logistics Center corresponds to the forward commitment, etc. stipulated in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” set by the Financial Services Agency. The acquisition price may change due to the condition of the acquisition.</li><li>There may be fluctuations, mainly due to the transfer of assets under management.</li></ul>																					
Total number of investment units issued	<ul style="list-style-type: none"><li>The number of investment units issued as of September 14, 2020 is 905,073 units, assuming there will be no other additional issuance of new investment units or buyback/cancellation of own investment units.</li></ul>																					
Interest-bearing debt	<ul style="list-style-type: none"><li>Among the interest-bearing debt of 114,700 million yen outstanding as of September 14, 2020, JLF will repay long-term borrowings of 3,000 million yen due in the Fiscal Period ending January 2021 and long-term borrowings of 9,000 million yen due in the Fiscal Period ending July 2021 by using new long-term loans.</li><li>With respected to the projected acquisition of Aisai Logistics Center, JLF assumes to use cash on hand and assumes not to use new borrowing.</li><li>The interest-bearing debt outstanding is expected to be 114,700 million yen as of the end of the Fiscal Period ending January 2021 and July 2021.</li></ul>																					
Operating revenue	<ul style="list-style-type: none"><li>The rent revenue is estimated based on the lease contracts in effect as of September 14, 2020 and considering the fluctuation factors such as the market environment and rent levels based on negotiations with lessees.</li></ul>																					
Operating expenses	<ul style="list-style-type: none"><li>Generally, in real estate transactions, property tax and city planning tax are prorated based on the period of ownership with the previous holder and settled at the time of acquisition. JLF includes the amount of such settlement in the acquisition cost. With respect to Aisai Logistics Center, which assumes to acquire on March 31, 2021, the property tax, city planning tax, and other amounts settled in the calculation of acquisition costs for these logistics centers are expected to total approximately 15 million yen.</li></ul> <table><tr><td></td><td>Fiscal Period Ending January 31, 2021</td><td>Fiscal Period Ending July 31, 2020</td></tr><tr><td>Taxes and dues:</td><td>807 million yen</td><td>826 million yen</td></tr><tr><td>Outsourcing services:</td><td>261 million yen</td><td>263 million yen</td></tr><tr><td>Repair expenses:</td><td>206 million yen</td><td>672 million yen</td></tr><tr><td>Depreciation:</td><td>1,887 million yen</td><td>1,893 million yen</td></tr><tr><td>Loss on write-offs of noncurrent assets:</td><td>283 million yen</td><td>45 million yen</td></tr><tr><td>Other:</td><td>290 million yen</td><td>247 million yen</td></tr></table> <ul style="list-style-type: none"><li>Expenses other than deprecation and loss on write-offs of noncurrent assets are calculated based on past track records with expense fluctuation factors taken into account.</li><li>Real estate leasing business expenses for the Fiscal Period ending January 31, 2021 include expenses associated with the demolition work related to Urayasu Logistics Center OBR (Redevelopment) Project (loss on retirement of non-current assets of 247 million yen ).</li><li>Real estate leasing business expenses for the Fiscal Period ending July 31, 2021 include expenses associated with the demolition work related to Urayasu Logistics Center OBR (Redevelopment) Project (repair expenses of 207 million yen), and expenses associated with the renewal construction of Chiba Kita Logistics Center (repair expenses of 241 million yen, loss on retirement of non-current assets of 7 million yen). Actual repair expenses for each operating period may differ considerably from forecasts, mainly because unexpected repair expenses may be incurred due to building damage and other unforeseeable factors, the amount of repair expenses generally differs considerably from one fiscal period to another, and repair expense, by nature, are not incurred on a regular basis.</li><li>Depreciation is calculated using the straight-line method, with considering incidental expenses and additional capital expenditure for the future.</li><li>Among operating expenses other than real estate leasing business, asset management fee is expected 763 million yen in the fiscal period ending January 2021, and 764 million yen in the fiscal period ending July 2021, respectively. Asset management fees for the fiscal period ending July 31, 2021 are calculated based on the post-</li></ul>		Fiscal Period Ending January 31, 2021	Fiscal Period Ending July 31, 2020	Taxes and dues:	807 million yen	826 million yen	Outsourcing services:	261 million yen	263 million yen	Repair expenses:	206 million yen	672 million yen	Depreciation:	1,887 million yen	1,893 million yen	Loss on write-offs of noncurrent assets:	283 million yen	45 million yen	Other:	290 million yen	247 million yen
	Fiscal Period Ending January 31, 2021	Fiscal Period Ending July 31, 2020																				
Taxes and dues:	807 million yen	826 million yen																				
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Repair expenses:	206 million yen	672 million yen																				
Depreciation:	1,887 million yen	1,893 million yen																				
Loss on write-offs of noncurrent assets:	283 million yen	45 million yen																				
Other:	290 million yen	247 million yen																				

Item	Assumptions
	change fee structure, assuming that the amendments to the Articles of Incorporation is approved at the General Unitholders' Meeting to be held on October 21, 2020.

Item	Assumptions
Non-Operating Expenses	<ul style="list-style-type: none"> <li>JLF assumes 395 million yen for the fiscal period ending January 31, 2021 and 406 million for the fiscal period ending July 31, 2021 as non-operating expenses. Regarding the interest expenses and interest expenses on investment corporation bonds among the Non-operating expenses, JLF assumes 358 million yen for the fiscal period ending January 2021 and 372 million yen for the fiscal period ending July 31, 2021. Regarding depreciation of financing-related expenses among the Non-operating expenses, JLF assumes 34 million yen for the fiscal period ending January 2021 and 32 million yen for the fiscal period ending July 31, 2021.</li> </ul>
Dividends per Unit (Excluding distributions in Excess of earnings)	<ul style="list-style-type: none"> <li>Dividends per unit are calculated based on the cash distribution policy defined under the Articles of Incorporation of JLF.</li> <li>Dividends per unit for the fiscal period ending January 31, 2021 are calculated based on the assumption of using part of the internal reserves (258 million yen) for payment in addition to distributing the unappropriated retained earnings of 4,086 million yen for the said fiscal period.</li> <li>Dividends per unit for the fiscal period ending July 31, 2021 are calculated based on the assumption of using part of the internal reserves (493 million yen) for payment in addition to distributing the unappropriated retained earnings of 3,851 million yen for the said fiscal period.</li> <li>Dividends per unit may fluctuate, due to various factors such as acquisitions and sales of assets, fluctuations in rent income caused by tenant movements, unforeseeable repairs incurred, interest rate fluctuations and the issuance of new investment units.</li> </ul>
Distributions in Excess of Earnings per Unit	<ul style="list-style-type: none"> <li>JLF does not plan any distributions in excess of earnings at this moment.</li> </ul>
Other	<ul style="list-style-type: none"> <li>The forecasts assume that no revisions that impact the above projections are made to laws, regulations, tax rules, accounting standards, listing rules, the rules of The Investment Trust Association, Japan, or others.</li> <li>The forecasts assume that no material unforeseeable changes occur with regard to the general economic trends and real estate market conditions.</li> </ul>

## (2) Investment risks

For details of risks related to repayment of the loans, please refer to “Investment Risks” described on a Securities Report (Japanese) submitted on April 28, 2020.

## 2. Financial Statements

## (1) Balance Sheet Balance Sheet

(Thousands of yen)

	The 30 <sup>th</sup> Period (as of July 31, 2020)	The 29 <sup>th</sup> Period (as of January 31, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	15,528,650	5,952,609
Cash and deposits in trust	4,178,384	4,309,567
Operating accounts receivable	512,553	530,791
Prepaid expenses	5,292	7,135
Other	69	19
Total current assets	20,224,950	10,800,124
Non-current assets		
Property, plant and equipment		
Buildings	17,333,482	16,570,432
Accumulated depreciation	(2,836,366)	(2,663,203)
Buildings, net	14,497,116	13,907,228
Structures	508,918	493,836
Accumulated depreciation	(118,655)	(110,643)
Structures, net	390,263	383,193
Tools, furniture and fixtures	1,570	770
Accumulated depreciation	(708)	(693)
Tools, furniture and fixtures, net	861	77
Land	12,689,952	12,837,322
Buildings in trust	122,416,908	128,796,573
Accumulated depreciation	(29,066,063)	(28,821,940)
Buildings in trust, net	93,350,845	99,974,633
Structures in trust	3,444,285	3,649,245
Accumulated depreciation	(1,357,512)	(1,337,584)
Structures in trust, net	2,086,772	2,311,661
Tools, furniture and fixtures in trust	36,593	35,181
Accumulated depreciation	(21,786)	(20,881)
Tools, furniture and fixtures in trust, net	14,807	14,300
Land in trust	122,358,070	124,987,112
Construction in progress in trust	37,240	-
Total property, plant and equipment	245,425,929	254,415,529
Intangible assets		
Other	410	457
Total intangible assets	410	457
Investments and other assets		
Long-term prepaid expenses	303,379	357,606
Deferred tax assets	11	2
Guarantee deposits	10,020	10,020
Other	2,000	2,000
Total investments and other assets	315,410	369,629
Total non-current assets	245,741,751	254,785,615
Deferred assets		
Investment corporation bond issuance costs	52,622	56,154
Total deferred assets	52,622	56,154
Total assets	266,019,324	265,641,894

(Thousands of yen)

	The 30 <sup>th</sup> Period (as of July 31, 2020)	The 29 <sup>th</sup> Period (as of January 31, 2020)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	932,507	819,414
Short-term loans payable	-	6,000,000
Current portion of long-term loans payable	16,000,000	7,000,000
Distributions payable	6,745	6,164
Accrued expenses	825,388	853,642
Income taxes payable	842	654
Accrued consumption taxes	1,352,231	34,659
Advances received	1,642,643	1,669,715
Deposits received	43	5,909
Other	80	80
Total current liabilities	20,760,482	16,390,239
Non-current liabilities		
Investment corporation bonds	11,700,000	11,700,000
Long-term loans payable	87,000,000	96,000,000
Tenant leasehold and security deposits	1,299,861	1,239,614
Tenant leasehold and security deposits in trust	5,333,148	5,583,493
Long-term deposits received	243,098	242,445
Derivatives liabilities	82,533	94,204
Total non-current liabilities	105,658,641	114,859,757
Total liabilities	126,419,124	131,249,997
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital		
Unitholders' capital, gross	132,245,145	132,245,145
Deduction from unitholders' capital (Note 4(2))	※ 2 (4,900,686)	※ 2 (4,900,686)
Unitholders' capital, net	127,344,458	127,344,458
Surplus		
Voluntary retained earnings		
Reserve for reduction entry of special provisions of replaced property (Note 4(3))	※ 3 2,219,363	※ 3 2,219,363
Reserve for reduction entry	366,036	366,036
Total voluntary retained earnings	2,585,399	2,585,399
Unappropriated retained earnings (undisposed loss)	9,752,874	4,556,242
Total surplus	12,338,274	7,141,642
Total unitholders' equity	139,682,733	134,486,101
Valuation and translation adjustments		
Deferred gains or losses on hedges	(82,533)	(94,204)
Total valuation and translation adjustments	(82,533)	(94,204)
Total net assets (Note 4(4))	※ 4 139,600,200	※ 4 134,391,896
Total liabilities and net assets	266,019,324	265,641,894

## (2) Statement of Income and Retained Earnings

(Thousands of yen)

	The 30 <sup>th</sup> Period (from February 1, 2020 to July 31, 2020)	The 29 <sup>th</sup> Period (from August 1, 2019 to January 31, 2020)
Operating revenue		
Lease business revenue	※ 1 9,313,407	※ 1 9,071,318
Other lease business revenue	※ 1 368,967	※ 1 299,657
	-	※ 2 5,665,087
Total operating revenue	9,682,375	15,036,063
Operating expenses		
Expenses related to rent business	※ 1 3,804,497	※ 1 3,983,926
Asset management fee	771,968	739,039
Asset custody fee	25,609	27,204
Administrative service fees	36,995	35,779
Directors' compensations	5,400	5,400
Other operating expenses	76,683	93,671
Total operating expenses	4,721,154	4,885,021
Operating profit	4,961,220	10,151,042
Non-operating income		
Interest income	23	22
Interest on tax refund	279	32
Reversal of distribution payable	713	390
Other	485	0
Total non-operating income	1,501	446
Non-operating expenses		
Interest expenses	315,754	306,394
Borrowing related expenses	29,940	29,572
Interest expenses on investment corporation bonds	55,541	57,382
Amortization of investment corporation bond issuance costs	3,100	3,532
Other	2,000	1,000
Total non-operating expenses	406,336	397,881
Ordinary profit	4,556,385	9,753,606
Profit before income taxes	4,556,385	9,753,606
Income taxes - current	657	846
Income taxes - deferred	24	(9)
Total income taxes	682	837
Profit	4,555,703	9,752,769
Retained earnings brought forward	539	105
Unappropriated retained earnings (undisposed loss)	4,556,242	9,752,874

## (3) Statement of Changes in Net Assets

The 30<sup>th</sup> Period (from February 1, 2020 to July 31, 2020)

(Thousands of yen)

	Unitholders' equity								
	Unitholders' capital			Surplus					Total unitholders' equity
	Unitholders' capital, gross	Deduction from unitholders' capital	Unitholders' capital, net	Voluntary retained earnings			Unappropriated retained earnings (undisposed loss)	Total surplus	
				Reserve for reduction entry of special provisions of replaced property	Reserve for reduction entry	Voluntary retained earnings			
Balance at beginning of period	132,245,145	(4,900,686)	127,344,458	2,219,363	366,036	2,585,399	4,556,242	7,141,642	134,486,101
Changes of items during period									
Dividends of surplus							(4,556,137)	(4,556,137)	(4,556,137)
Profit							9,752,769	9,752,769	9,752,769
Net changes of items other than unitholders' equity									
Total changes of items during period	-	-	-	-	-	-	5,196,632	5,196,632	5,196,632
Balance at end of period	132,245,145	(4,900,686)	127,344,458	2,219,363	366,036	2,585,399	9,752,874	12,338,274	139,682,733

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(94,204)	(94,204)	134,391,896
Changes of items during period			
Dividends of surplus			(4,556,137)
Profit			9,752,769
Net changes of items other than unitholders' equity	11,671	11,671	11,671
Total changes of items during period	11,671	11,671	5,208,303
Balance at end of period	(82,533)	(82,533)	139,600,200

The 29<sup>th</sup> Period (from August 1, 2019 to January 31, 2020)

(Thousands of yen)

	Unitholders' equity								
	Unitholders' capital			Surplus					Total unitholders' equity
	Unitholders' capital, gross	Deduction from unitholders' capital	Unitholders' capital, net	Voluntary retained earnings			Unappropriated retained earnings (undisposed loss)	Total surplus	
				Reserve for reduction entry of special provisions of replaced property	Reserve for reduction entry	Voluntary retained earnings			
Balance at beginning of period	132,245,145	(4,900,686)	127,344,458	2,219,363	366,036	2,585,399	4,254,382	6,839,782	134,184,241
Changes of items during period									
Dividends of surplus							(4,253,843)	(4,253,843)	(4,253,843)
Profit							4,555,703	4,555,703	4,555,703
Net changes of items other than unitholders' equity									
Total changes of items during period	-	-	-	-	-	-	301,859	301,859	301,859
Balance at end of period	132,245,145	(4,900,686)	127,344,458	2,219,363	366,036	2,585,399	4,556,242	7,141,642	134,486,101

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(96,243)	(96,243)	134,087,997
Changes of items during period			
Dividends of surplus			(4,253,843)
Profit			4,555,703
Net changes of items other than unitholders' equity	2,039	2,039	2,039
Total changes of items during period	2,039	2,039	303,899
Balance at end of period	(94,204)	(94,204)	134,391,896

## (4) Distribution Information

	(Yen)	
	The 30 <sup>th</sup> Period (from February 1, 2020 to July 31, 2020)	The 29 <sup>th</sup> Period (from August 1, 2019 to January 31, 2020)
I. Unappropriated retained earnings	9,752,874,739	4,556,242,667
II. Distributions	8,896,867,590	4,556,137,482
(Distributions per unit)	(9,830)	(5,034)
III. Voluntary retained earnings		
(Provision for reserve for reduction entry)	856,000,000	-
IV. Retained earnings to be carried forward	7,149	105,185
Method of calculation of distributions	<p>The amount of distribution is limited to the amount of income in accordance with the cash distribution policy stipulated in Article 39 (1) of the Articles of Incorporation of JLF, and shall exceed the amount equivalent to 90% of the distributable dividend amount of JLF provided in Article 67.15 of the Act on Special Measures Concerning Taxation. Based on these policies, JLF decided to distribute 8,896,867,590 yen, the amount remaining after deducting 856,000,000 yen which is within the limit of the reserve for reduction entry stipulated in Article 66-2 of the Act from the current unappropriated retained earnings, as a profit distribution.</p> <p>JLF does not make distributions in excess of earnings as stipulated in Article 39 (2) of the Articles of Incorporation of JLF.</p>	
	<p>The amount of distribution is limited to the amount of income in accordance with the cash distribution policy stipulated in Article 39 (1) of the Articles of Incorporation of JLF, and shall exceed the amount equivalent to 90% of the distributable dividend amount of JLF provided in Article 67.15 of the Act on Special Measures Concerning Taxation. Based on these policies, JLF decided to distribute earnings of 4,556,137,482 yen, which is the maximum multiple of total number of investment units issued 905,073 units within the amount of unappropriated retained earnings at the end of period.</p> <p>JLF does not make distributions in excess of earnings as stipulated in Article 39 (2) of the Articles of Incorporation of JLF.</p>	



## 5. Statement of Cash Flows

(Thousands of yen)

	The 30 <sup>th</sup> Period (from February 1, 2020 to July 31, 2020)	The 29 <sup>th</sup> Period (from August 1, 2019 to January 31, 2020)
Cash flows from operating activities		
Profit before income taxes	9,753,606	4,556,385
Depreciation	1,928,063	2,031,152
Amortization of investment corporation bond issuance costs	3,532	3,100
Interest income	(22)	(23)
Interest expenses	363,777	371,295
Loss on retirement of non-current assets	52,538	44,770
Decrease (increase) in operating accounts receivable	18,238	1,015
Decrease (increase) in consumption taxes refund receivable	-	40,268
Increase (decrease) in accrued consumption taxes	1,317,572	34,659
Decrease (increase) in prepaid expenses	1,843	33,801
Decrease (increase) in long-term prepaid expenses	54,227	(210,867)
Increase (decrease) in operating accounts payable	(149,408)	296,600
Increase (decrease) in accrued expenses	(27,453)	34,940
Increase (decrease) in advances received	(27,071)	18,639
Decrease due to sale of property, plant and equipment	3,345,619	-
Decrease due to sale of property, plant and equipment in trust	8,346,646	-
Other, net	(6,307)	(5)
Subtotal	24,975,401	7,255,733
Interest income received	22	23
Interest expenses paid	(364,577)	(371,715)
Income taxes (paid) refund	(657)	(1,168)
Net cash provided by (used in) operating activities	24,610,188	6,882,873
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,938,046)	(3,378,654)
Purchase of property, plant and equipment in trust	(482,673)	(4,559,230)
Proceeds from tenant leasehold and security deposits	144,569	16,134
Repayments of tenant leasehold and security deposits in trust	(84,322)	-
Proceeds from tenant leasehold and security deposits in trust	517	181,558
Repayments of tenant leasehold and security deposits in trust	(250,861)	(30,000)
Net cash provided by (used in) investing activities	(4,610,817)	(7,770,191)
Cash flows from financing activities		
Proceeds from short-term loans payable	4,000,000	4,000,000
Proceeds from long-term loans payable	(10,000,000)	-
Repayments of long-term loans payable	-	(2,000,000)
Proceeds from issuance of investment corporation bonds	-	2,000,000
Payments of investment corporation bond issuance costs	-	(15,627)
Dividends paid	(4,555,164)	(4,253,343)
Net cash provided by (used in) financing activities	(10,555,164)	(268,970)
Net increase (decrease) in cash and cash equivalents	9,444,205	(1,156,288)
Cash and cash equivalents at beginning of period	10,074,354	11,230,643
Cash and cash equivalents at end of period (Note 7)	※ 1 19,518,559	※ 1 10,074,354

(6) Notes on Assumption of Going Concern

Not applicable to the 30<sup>th</sup> Period.

(7) Summary of Significant Accounting Policies

(i) Depreciation method for non-current assets

A. Property, plant, and equipment (including trust assets)

The straight-line method is used.

The useful lives of property, plant and equipment are listed below.

Buildings	2 to 64 years
Structures	2 to 48 years
Tools, furniture, and fixtures	2 to 15 years

B. Intangible assets

The straight-line method is used.

(ii) Accounting for deferred assets

Investment corporation bond issuance costs

Investment corporation bond issuance costs are amortized by the straight-line method over the period through redemption.

(iii) Accounting for income and expenses

Accounting for property taxes

Property tax, city planning tax, depreciable asset tax, and the like levied on real estate assets and other properties are accounted for as expenses related to rent business at the amounts corresponding to the fiscal period.

The amount of property tax, etc. paid to the seller as part of settlement for acquisition of real estate and real estate in trust is not accounted for as expenses but included in acquisition cost of the respective real estate, etc. In the 30<sup>th</sup> Period, the property tax, etc. included in the acquisition cost of real estate was not applicable. In the 29<sup>th</sup> Period, the property tax, etc. included in the acquisition cost of real estate was 10,218 thousand yen.

(iv) Hedge accounting method

A. Hedge accounting method

Deferred hedge accounting is applied.

However, specially designated accounting is applied to transactions that meet the requirements for specially designated accounting for interest swaps.

B. Hedging method and hedging objective

Hedging method: Interest rate swap transactions

Hedged items: Interest on borrowings

C. Hedging policy

JLF utilizes derivative transactions to hedge the risks specified in the Articles of Incorporation of the Investment Corporation based on its risk management policy.

D. Method of assessing hedge effectiveness

Hedge effectiveness is assessed by making a comparison between the cumulative total of cash flow fluctuations attributable to hedged items and the cumulative total of cash flow fluctuations attributable to the means of hedging, and examining the ratio of these totals of fluctuations. However, the assessment of effectiveness is not conducted for transactions that meet the requirements for specially designated accounting for interest swaps.

(v) Scope of cash and cash equivalents in the statement of cash flows

Cash and cash equivalents consist of cash on hand, cash in trust, deposits and deposits in trust withdrawable on demand, and short-term investments, which are easily convertible into cash, with low risk of price fluctuation and with a maturity of less than three months.

(vi) Other significant basis for preparation of financial statements

A. Accounting for trust beneficiary right for real estate, etc. as trust asset

With regard to trust beneficiary right for real estate, etc. held as trust asset, all assets and liabilities as well as all revenue and expense items associated with trust assets are accounted for under the respective account items of the Balance Sheet and Statement of Income and Retained Earnings.

Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the Balance Sheet.

(a) Cash and deposits in trust

(b) Buildings in trust, Structures in trust, Tools, furniture and fixtures in trust, Land in trust, and Construction in progress in trust

(c) Tenant leasehold and security deposits in trust

B. Method of accounting for consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(Accounting standards not yet applied)

- Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, Accounting Standard for Revenue Recognition, revised on March 31, 2020
- ASBJ Guidance No. 30, Implementation Guidance on Accounting Standard for Revenue Recognition, revised on March 31, 2020
- ASBJ Guidance No. 19, Implementation Guidance on Disclosures about Fair Value of Financial Instruments, revised on March 31, 2020

(1) Overview

The International Accounting Standards Board (“IASB”) and the Financial Accounting Standards Board (“FASB”) have jointly developed the new and comprehensive accounting standard for revenue recognition, and have published “Revenue from Contracts with Customers” (IFRS 15 by IASB and Topic 606 by FASB) in May 2014. As IFRS 15 shall be adopted in the IFRS-based financial statements for periods beginning on or after January 1, 2018, and in the U.S. GAAP-based financial statements for periods beginning after December 15, 2017, ASBJ has developed and published the comprehensive accounting standard and implementation guidance for revenue recognition accordingly.

As the basic policy of ASBJ for the development of new accounting standard for revenue recognition, from the point of view of the comparability between the financial statements based on IFRS or U.S. GAAP and Japanese GAAP as a benefit for the consistency with IFRS 15, the accounting standard in Japan has been established while adopting the basic principle of IFRS 15, and in the case that there is an item that the actual practice conducted in Japan is considered, the alternate treatments are added within the scope not to fail the comparability.

(2) Scheduled date of application

The above standards will be applied from the beginning of the fiscal period ending January 31, 2022.

(3) Impact of applying the accounting standards

The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its financial statements.

- ASBJ Statement No. 30, Accounting Standard for Fair Value Measurement, issued on July 4, 2019
- ASBJ Statement No. 10, Accounting Standard for Financial Instruments, revised on July 4, 2019
- ASBJ Guidance No. 31, Implementation Guidance on Accounting Standard for Fair Value Measurement, issued on July 4, 2019
- ASBJ Guidance No. 19, Implementation Guidance on Disclosures about Fair Value of Financial Instruments, revised on March 31, 2020

(1) Overview

IASB and FASB have established similar contents and detailed guidance regarding fair value measurement (IFRS 13 “Fair Value Measurement” in IFRS and Accounting Standards Codification Topic 820 “Fair Value Measurement” in U.S. GAAP). In light of this establishment, ASBJ has worked on the consistency of Japanese GAAP with such international accounting standards regarding the guidance on fair value of financial instruments and disclosures, and issued these standards and implementation guidance listed above.

As the basic policy of ASBJ for the development of accounting standards for fair value measurement, by using the unified measurement method, from the view point of improvement of the comparability of financial statements among domestic and foreign companies, ASBJ decided to adopt all the provisions of IFRS 13 basically. In addition, considering the practices that have been executed in our country, within the scope not to significantly impair the comparability between the financial statements, the other treatments to the individual items are defined.

(2) Expected implementation date

The standard will be effective from the beginning of the fiscal period ending January 31, 2022.

(3) Impact of the application of the relevant standard, etc.

JLF is in the process of evaluating the monetary impacts on financial statements attributable to the application of the Accounting Standard for Fair Value Measurement, etc.

- ASBJ Statement No. 31, Accounting Standard for Disclosure of Accounting Estimates, issued on March 31, 2020

(1) Overview

IASB issued a revised International Accounting Standard No.1 (“IAS 1”), “Presentation of Financial Statements” in 2003. The disclosure of “Sources of estimation uncertainty” is required in paragraph 125 of IAS 1, as highly useful information to the users of financial statements, and the disclosure as notes information has been requested to be considered under Japanese GAAP as well. Accordingly, ASBJ developed and issued Accounting Standard for Disclosure of Accounting Estimates.

As the basic policy of ASBJ for the development of the Accounting Standard, by showing the principle (disclosure purpose) rather than expanding individual notes, a company should judge its own specific disclosure content in light of the disclosure purpose. For the development, the provisions in the paragraph 125 of IAS 1 were used as a reference.

(2) Scheduled date of application

The standard will be effective from the end of the fiscal period ending January 31, 2022.

- ASBJ Statement No.24, Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections, revised on March 31, 2020

(1) Overview

In response to the recommendation considering the enhancement of note information in regards to “Principles and Procedures of Accounting Treatment Adopted When Related Accounting Standards Are Uncertain”, ASBJ revised Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections.

Working to improve the note information related to “Principles and Procedures of Accounting Treatment Adopted When Related Accounting Standards Are Uncertain”, the provision of Financial Accounting Principles (note 1-2) will be followed to avoid influencing actual practice when the relevant accounting standards exist.

(2) Scheduled date of application

The standard will be effective from the end of the fiscal period ending January 31, 2022.

(8) Notes to Financial Statements

[Notes to Balance Sheet]

(i) Commitment line contracts

JLF has the commitment line contracts with the banks.

	(Thousands of yen)	
	The 30 <sup>th</sup> Period (as of July 31, 2020)	The 29 <sup>th</sup> Period (as of January 31, 2020)
Total amount specified in the commitment line contracts	17,500,000	17,500,000
Loan balance at end of period	-	-
Outstanding loan commitments at end of period	17,500,000	17,500,000

(ii) Status of cancellation of Buybacks

	The 30 <sup>th</sup> Period (as of July 31, 2020)	The 29 <sup>th</sup> Period (as of January 31, 2020)
	19,927 units	19,927 units
	4,436,262 thousand yen	4,436,262 thousand yen

(Note) There are no cancelled buybacks during the Fiscal Period under review.

(iii) The breakdown of reserve for reduction entry of special provisions of replaced property prescribed in Article 2, Paragraph 2, Item 28 of the Ordinance on Accounting of Investment Corporations is as follows.

Items	Breakdown	
Corresponding property	Ichikawa Logistics Center II / land	
Reason for recognition and amount	Gain on sales of real estate properties of 2,618,320 thousand yen due to sales of Funabashi Nishiura Logistics Center II and Yokosuka Logistics Center.	
Policy for reversal	Reversal into retained earnings is made in accordance with tax regulations.	
Description of reversal in the period	Not applicable.	
	The 30 <sup>th</sup> Period (as of July 31, 2020)	The 29 <sup>th</sup> Period (as of January 31, 2020)
Balance before provision and reversal in the period	2,219,363 thousand yen	2,219,363 thousand yen
Reversal in the statement of income and retained earnings	-	-
Amount on the balance sheet	2,219,363 thousand yen	2,219,363 thousand yen
Provision as disclosed in (4) Distribution Information	-	-
Reversal as disclosed in (4) Distribution Information	-	-
Balance after provision and reversal in the period	2,219,363 thousand yen	2,219,363 thousand yen

(iv) Minimum amount of net assets prescribed in Article 67, Item 4 of the Investment Trusts Act

(Thousands of yen)	
The 30 <sup>th</sup> Period (as of July 31, 2020)	The 29 <sup>th</sup> Period (as of January 31, 2020)
50,000	50,000

## [Notes to Statement of Income and Retained Earnings]

## Breakdown of income from real estate leasing business

	(Thousands of yen)	
	The 30th Period (from February 1, 2020 to July 31, 2020)	The 29th Period (from August 1, 2019 to January 31, 2020)
(i) Real estate leasing business revenue		
Rent revenue-real estate		
Rent income	8,839,165	9,081,963
Land rents received	600	600
Facility charges	231,553	230,844
Other lease business revenue		
Parking charges	25,163	25,522
Utilities charges	203,436	244,835
Other operating income	71,058	98,609
Total real estate leasing business revenue	9,370,976	9,682,375
(ii) Real estate leasing business expenses		
Expenses related to rent business		
Taxes and dues	832,808	811,517
Outsourcing service expenses	263,804	312,481
Utilities expenses	205,484	246,699
Repair expenses	549,210	295,892
Insurance expenses	25,770	26,360
Other expenses related to rent business	126,292	35,719
Depreciation	1,928,016	2,031,055
Loss on retirement of non-current assets	52,538	44,770
Total real estate leasing business expenses	3,983,926	3,804,497
(iii) Income from real estate leasing business		
((i) — (ii))	5,387,049	5,877,877

## Breakdown of Gain on sales of real estate properties

The 30th Period (from February 1, 2020 to July 31, 2020)

## Tajimi Logistics center

	(Thousands of yen)
Revenue for disposition of the property	13,900,00
Book value of the property	8,398,996
Other expense on the disposition	152,068
Gain on sales of real estate properties	5,348,935

## Yachiyo Logistics center III

	(Thousands of yen)
Revenue for disposition of the property	3,700,000
Book value of the property	3,345,619
Other expense on the disposition	38,228
Gain on sales of real estate properties	316,152

The 29th Period (from August 1, 2019 to January 31, 2020)

Not applicable.

## [Notes to Statement of Changes in Net Assets]

Total number of investment units authorized and total number of investment units issued and outstanding

	The 30th Period (from February 1, 2020 to July 31, 2020)	The 29th Period (from August 1, 2019 to January 31, 2020)
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	905,073 units	905,073 units

## [Notes to Statement of Cash Flows]

Relationship between cash and cash equivalents at end of period and the amount on the balance sheet

	The 30th Period (from February 1, 2020 to July 31, 2020)	The 29th Period (from August 1, 2019 to January 31, 2020)
Cash and deposits	15,528,650	5,952,609
Cash and deposits in trust	4,178,384	4,309,567
Long-term deposits received (Note)	-188,475	-187,822
Cash and cash equivalents	19,518,559	10,074,354

(Note) "Long-term deposits received" means the deposits for which the withdrawal is restricted based on the co-ownership agreement for the property in trust.

## [Lease Transactions]

Operating lease transactions (as a lessor)

	The 30th Period (from February 1, 2020 to July 31, 2020)	The 29th Period (from August 1, 2019 to January 31, 2020)
Future lease payments receivable		
Due within one year	16,074,686	15,431,277
Due after one year	57,497,014	62,482,588
Total	73,571,701	77,913,866

## [Financial Instruments]

## (i) Matters concerning the status of financial instruments

## A. Policies on financial instruments

JLF procures funds mainly by additionally issuing investment units, borrowing funds, or issuing investment corporation bonds for the purpose of securing funds required for acquisition of assets and repair of assets, payments of dividends, and operation of JLF or repayment of debts.

When procuring funds through interest-bearing debt, JLF comprehensively takes into account the conditions in the capital market and the financial environment, the capital structure of JLF and lease terms with tenants, impact on the existing unitholders, and other factors, expects the future changes in economic and social conditions, and selects an effective means of procuring funds in terms of long or short loan periods and fixed or variable interest rates.

JLF uses derivative transactions for the purpose of hedging interest rate fluctuation risk and other risks and does not enter into derivative transactions for speculative or trading purpose.

JLF invests surplus funds in securities and monetary claims with a focus on safety and liquidity, and does not engage into speculative investment.

## B. Description of financial instruments and associated risks, and the risk management system

Deposits are one means of investing the surplus funds of JLF and are exposed to credit risk such as the bankruptcy of deposit financial institutions. JLF works to mitigate credit risk by shortening the period of deposits and dealing with deposit financial institutions with high credit ratings.

Loans payable and investment corporation bonds are used primarily for acquisition of assets and repayments of debts, and are exposed to liquidity risk at the time of repayment/redemption. JLF strives to mitigate liquidity risk by diversifying lenders, repayment periods, and means of funds procurement and by securing liquidity on hand by setting commitment lines and manages liquidity risk by preparing cash flow management sheet and other methods.

As some loans are borrowed on variable interest rates, they are exposed to the risk of higher interest payment. JLF works to mitigate the risk of higher interest payment by maintaining a lower interest-bearing debt ratio as well as heightening the ratio of loan with long-term fixed interest rate.

Variable interest rate borrowings are exposed to the risk of interest rate fluctuations. Derivative transactions are used to hedge the risk of fluctuations in the interest rate payable for a portion of the borrowings. See “(iv) Hedge accounting method” above under “Summary of Significant Accounting Policies” for details about the hedging method, hedged items, hedging policy, and method of assessing hedge effectiveness, etc. in hedge accounting.

## C. Description of financial instruments

Fair value of financial instruments comprises value based on market prices or rationally calculated value in the case the market prices are not available. As certain assumptions are applied in performing calculation of such value, the value may differ if different assumptions are used. In addition, the contract value of derivative transactions, which is presented in the following section entitled “Notes to Derivatives” is not an exact representation of market risk attributable to derivative transactions.

## (ii) Matters concerning fair value, etc. of financial instruments

Amounts on the Balance Sheet, fair value and their difference as of July 31, 2020 are as follows;

(Thousands of yen)

	Amount on the balance sheet	Fair value	Difference
(1) Cash and deposits	15,528,650	15,528,650	-
(2) Cash and deposits in trust	4,178,384	4,178,384	-
Total assets	19,707,035	19,707,035	-
(1) Short-term loans payable	-	-	-
(2) Current portion of long-term loans payable	16,000,000	16,050,748	50,748
(3) Investment corporation bond	11,700,000	11,850,428	150,428
(4) Long-term loans payable	87,000,000	88,311,488	1,311,488
Total liabilities	114,700,000	116,212,665	1,512,665
Derivative transactions *	(82,533)	(82,533)	-

\*Net amounts are shown for credits and liabilities attributable to derivative transactions, and the total of the items that constitute net liabilities is shown in negative.



Amounts on the Balance Sheet, fair value and their difference as of January 31, 2020 are as follows;

(Thousands of yen)

	Amount on the balance sheet	Fair value	Difference
(1) Cash and deposits	5,952,609	5,952,609	-
(2) Cash and deposits in trust	4,309,567	4,309,567	-
Total assets	10,262,177	10,262,177	-
(1) Short-term loans payable	6,000,000	6,000,000	-
(2) Current portion of long-term loans payable	7,000,000	7,006,348	67,348
(3) Investment corporation bond	11,700,000	12,140,656	440,656
(4) Long-term loans payable	96,000,000	97,472,223	1,472,223
Total liabilities	120,700,000	122,680,228	1,980,228
Derivative transactions *	(94,204)	(94,204)	-

\*Net amounts are shown for credits and liabilities attributable to derivative transactions, and the total of the items that constitute net liabilities is shown in negative.

(Note 1) Matters concerning the method of calculating the market value of financial instruments and derivative transactions.

Assets

(1) Cash and deposits, (2) Cash and deposits in trust

The fair value of these is presented same as the book value, as they are settled in the short-term period and accordingly fair value is almost equal to book value.

Liabilities

(1) Short-term loans payable

The fair value of Short-term loans payable is presented same as the book value, as they are settled in the short-term period and accordingly fair value is almost equal to book value.

(2) Current portion of long-term loans payable, (3) Long-term loans payable

The fair value of long-term loans with fixed interest rates is calculated by discounting such loans at rates that would be applied if new loans with the same amount are borrowed under similar terms and conditions. (However, long-term loans that are subject to specially designated accounting for interest swaps are calculated by discounting such loans at reasonably estimated rates that would be applied if new loans with the same amount are borrowed under similar terms and conditions.

(3) Investment corporation bond

When quoted market prices are available, the fair value is determined based on the reference value issued by the Japan Securities Dealers Association.

When quoted market prices are not available, the fair value is determined based on the present value calculated by discounting the total amount of principal and interest using a discount rate that reflects the remaining period and credit risk of the corresponding investment corporation bond.

Derivative transactions

See "Notes to Derivatives" below.

(Note 2) Financial instruments for which fair value is difficult to determine.

Not applicable to the 30<sup>th</sup> and 29<sup>th</sup> Periods.

(Note 3) Scheduled redemption of financial claims after the closing date.

The 30<sup>th</sup> Period (as of July 31, 2020)

(Thousands of yen)

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	After 5 years
Cash and deposits	15,528,650	-	-	-	-	-
Cash and deposits in trust	4,178,384	-	-	-	-	-
Total	19,707,035	-	-	-	-	-

The 29<sup>th</sup> Period (as of January 31, 2020)

(Thousands of yen)

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	After 5 years
Cash and deposits	5,952,609	-	-	-	-	-
Cash and deposits in trust	4,309,567	-	-	-	-	-
Total	10,262,177	-	-	-	-	-

(Note 4) Scheduled repayment amount of long-term loans payable and other interest-bearing debt after the closing date

The 30<sup>th</sup> Period (as of July 31, 2020)

(Thousands of yen)

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	After 5 years
Short-term loans payable	-	-	-	-	-	-
Long-term loans payable	16,000,000	18,500,000	17,000,000	15,500,000	4,500,000	31,500,000
Investment corporation bond	-	-	-	-	-	11,700,000
Total	16,000,000	18,500,000	17,000,000	15,500,000	4,500,000	43,200,000

The 29<sup>th</sup> Period (as of January 31, 2020)

(Thousands of yen)

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	After 5 years
Short-term loans payable	6,000,000	-	-	-	-	-
Long-term loans payable	7,000,000	18,000,000	19,000,000	16,500,000	6,500,000	36,000,000
Investment corporation bond	-	-	-	-	-	11,700,000
Total	13,000,000	18,000,000	19,000,000	16,500,000	6,500,000	47,700,000

[Notes to Investment Securities]

Not applicable to the 30<sup>th</sup> and 29<sup>th</sup> Periods.

[Notes to Derivatives]

(i) Transactions not applicable to hedge accounting

Not applicable to the 30<sup>th</sup> and 29<sup>th</sup> Periods.

(ii) Transactions applicable to hedge accounting

The 30<sup>th</sup> Period (from February 1, 2020 to July 31, 2020)

The following table shows the contract amount on the closing date for derivative transactions, or the amount corresponding to the principal specified in the contract.

Hedge accounting method	Type of derivative transactions	Primary hedged items	Contract amount (Thousands of yen)		Fair value (Thousands of yen)	Method used to calculate the fair value
				Amount over one year		
Deferred hedge accounting	Interest rate swap transactions Receive variable, pay fixed	Long-term borrowings	9,000,000	9,000,000	-82,533	Based on prices and other conditions presented by financial institutions
Special treatment for hedge accounting of interest rate swaps	Interest rate swap transactions Receive variable, pay fixed	Long-term borrowings	7,500,000	7,500,000	*	—

\* Because the interest rate swaps accounted for using the special treatment are treated together with the hedged long-term borrowings, their fair value is included in that of the long-term borrowings.

The 29<sup>th</sup> Period (from August 1, 2019 to January 31, 2020)

The following table shows the contract amount on the closing date for derivative transactions, or the amount corresponding to the principal specified in the contract.

Hedge accounting method	Type of derivative transactions	Primary hedged items	Contract amount (Thousands of yen)		Fair value (Thousands of yen)	Method used to calculate the fair value
				Amount over one year		
Deferred hedge accounting	Interest rate swap transactions Receive variable, pay fixed	Long-term borrowings	9,000,000	9,000,000	-94,204	Based on prices and other conditions presented by financial institutions
Special treatment for hedge accounting of interest rate swaps	Interest rate swap transactions Receive variable, pay fixed	Long-term borrowings	7,500,000	7,500,000	*	—

\* Because the interest rate swaps accounted for using the special treatment are treated together with the hedged long-term borrowings, their fair value is included in that of the long-term borrowings.

[Notes to Retirement Benefits]

Not applicable to the 30<sup>th</sup> and 29<sup>th</sup> Periods.

[Tax Effect Accounting]

(i) Breakdown of major causes of deferred tax assets and deferred tax liabilities

	(Thousands of yen)	
	The 30 <sup>th</sup> Period (as of July 31, 2020)	The 29 <sup>th</sup> Period (as of January 31, 2020)
Deferred tax assets, current		
Enterprise tax not deductible	11	2
Deferred gains or losses on hedges	25,964	29,636
Subtotal deferred tax, current	25,976	29,639
Valuation Allowance	-25,964	-29,636
Total deferred tax assets, current	11	2
Deferred tax assets, net, current	11	2

(ii) Breakdown by major cause of material difference between the effective statutory tax rate and the effective tax rate after applying tax effect accounting

	The 30 <sup>th</sup> Period (as of July 31, 2020)	The 29 <sup>th</sup> Period (as of January 31, 2020)
Effective statutory tax rate	31.46%	31.51%
Adjustments		
Deductible cash distributions	-28.70%	-31.51%
Provision for reserve for reduction entry	-2.76%	-
Other	0.01%	0.01%
Effective tax rate after applying tax effect accounting	0.01%	0.01%

[Notes to Equity in Earnings of Affiliates]

Not applicable to the 30<sup>th</sup> and 29<sup>th</sup> Periods, for JLF does not have affiliates.

## [Transactions with Related Parties]

## (i) Parent company and principal corporate unitholders

Not applicable to the 30<sup>th</sup> and 29<sup>th</sup> Periods.

## (ii) Subsidiaries and affiliates

Not applicable to the 30<sup>th</sup> and 29<sup>th</sup> Periods.

## (iii) Sister companies

Not applicable to the 30<sup>th</sup> and 29<sup>th</sup> Periods.

## (iv) Directors and principal individual unitholders

The 30<sup>th</sup> Period (from February 1, 2020 to July 31, 2020)

Classification	Name of company or individual	Address	Paid-in capital or investment	Business description or occupation	Voting rights holding ratio	Nature of transaction	Transaction amount (Thousands of yen)	Account	Balance at end of period (Thousands of yen)
Director or the close relative	Naohiro Kameoka	-	-	Executive Director of Japan Logistics Fund, Inc. and President of Mitsui & Co., Logistics Partners Ltd.	-	Payment of asset management fee to Mitsui & Co., Logistics Partners Ltd. (Note 1)	854,167 (Note 2) (Note 3)	Accrued expenses	524,740 (Note 3)

(Note 1) This is a transaction executed by Naohiro Kameoka as President of a third party (Mitsui & Co., Logistics Partners Ltd.), and the fee is in line with the Articles of Incorporation of JLF.

(Note 2) Asset management fee includes disposition fee of 88,000 thousand yen, and acquisition fee of 27,128 thousand yen, which were capitalized on the book value of the acquired properties.

(Note 3) Of the above amounts, the transaction amount does not include consumption taxes while the balance at the end of fiscal period does.

The 29<sup>th</sup> Period (from August 1, 2019 to January 31, 2020)

Classification	Name of company or individual	Address	Paid-in capital or investment	Business description or occupation	Voting rights holding ratio	Nature of transaction	Transaction amount (Thousands of yen)	Account	Balance at end of period (Thousands of yen)
Director or the close relative	Naohiro Kameoka	-	-	Executive Director of Japan Logistics Fund, Inc. and President of Mitsui & Co., Logistics Partners Ltd.	-	Payment of asset management fee to Mitsui & Co., Logistics Partners Ltd. (Note 1)	825,105 (Note 2) (Note 3) (Note 4)	Accrued expenses	560,028 (Note 3)

(Note 1) This is a transaction executed by Naohiro Kameoka as President of a third party (Mitsui & Co., Logistics Partners Ltd.), and the fee is in line with the Articles of Incorporation of JLF.

(Note 2) Asset management fee includes acquisition fee of 53,137 thousand yen, which were capitalized on the book value of the acquired properties.

(Note 3) Of the above amounts, the transaction amount does not include consumption taxes while the balance at the end of fiscal period does.

(Note 4) Yasushi Ogaku resigned on October 24, 2019, and Naohiro Kameoka, who was appointed Executive Director at the general meeting of investors held on October 24, 2019, assumed the position of Executive Director on October 24, 2019. The transaction amount includes the term of post of Yasushi Ogaku.

## [Notes July to Asset Write-off Obligations]

Not applicable to the 30<sup>th</sup> and 29<sup>th</sup> Periods.

## [Notes to Lease Properties]

JLF holds logistics properties for lease in the Tokyo Metropolitan area and other areas. The amounts on the Balance Sheet changes during the fiscal period, and fair value of lease properties are as follows

(Thousands of yen)

	The 30 <sup>th</sup> Period (from February 1, 2020 to July 31, 2020)	The 29 <sup>th</sup> Period (from August 1, 2019 to January 31, 2020)
Amount on the balance sheet		
Balance at the beginning of the period	254,415,529	248,473,474
Changes during the period	-9,026,840	5,942,054
Balance at the end of the period	245,388,688	254,415,529
Fair value at the end of the period	349,850,000	360,270,000

(Note 1) The amount on the balance sheet is acquisition cost less accumulated depreciation.

(Note 2) The increase of the lease properties in the 30<sup>th</sup> period is mainly by the acquisition of Shiroy Logistics Center (3,962,219 thousand yen) and the decrease is mainly by the disposition of Tajimi Logistics Center (8,346,646 thousand yen) and Yachiyo Logistics Center III (3,345,619 thousand yen).

The increase of the lease properties in the 29<sup>th</sup> period is mainly by the acquisition of Fujisawa Logistics Center (4,349,696 thousand yen) and Yachiyo Logistics Center III (3,366,899 thousand yen)

(Note 3) The fair value at the end of the fiscal period is the appraisal value provided by an outside real estate appraiser.

The income concerning lease properties, etc. for the 30<sup>th</sup> and 29<sup>th</sup> Periods is indicated under "Notes to Statement of Income and Retained Earnings" above.

## [Segment Information]

## (i) Segment information

Description is omitted as JLF engages in a single segment of the real estate leasing business.

## (ii) Related information

The 30<sup>th</sup> Period (from February 1, 2020 to July 31, 2020)

## A. Information by product and service

Description is omitted as net sales for external customers in a single product/service category exceed 90% of the operating revenue on Statement of Income and Retained Earnings.

## B. Information by region

## (a) Net sales

Description is omitted as net sales for external customers in Japan exceed 90% of the operating revenue on the Statement of Income and Retained Earnings.

## (b) Property, plant, and equipment

Description is omitted as the amount of property, plant, and equipment located in Japan exceeds 90% of the property, plant, and equipment on the Balance Sheet.

## C. Information by major tenant

Description is omitted as net sales for all single external customers are less than 10% of the operating revenue on the Statement of Income and Retained Earnings.

The 29<sup>th</sup> Period (from August 1, 2019 to January 31, 2020)

## A. Information by product and service

Description is omitted as net sales for external customers in a single product/service category exceed 90% of the operating revenue on Statement of Income and Retained Earnings.

## B. Information by region

## (a) Net sales

Description is omitted as net sales for external customers in Japan exceed 90% of the operating revenue on the Statement of Income and Retained Earnings.

## (b) Property, plant, and equipment

Description is omitted as the amount of property, plant, and equipment located in Japan exceeds 90% of the property, plant, and equipment on the Balance Sheet.

## C. Information by major tenant

Description is omitted as net sales for all single external customers are less than 10% of the operating revenue on the Statement of Income and Retained Earnings.

## [Per Unit Information]

	The 30 <sup>th</sup> Period (from February 1, 2020 to July 31, 2020)	The 29 <sup>th</sup> Period (from August 1, 2019 to January 31, 2020)
Net assets per unit	154,241 yen	148,487 yen
Profit per unit	10,775 yen	5,033 yen

(Note 1) Profit per unit was calculated by dividing profit by average number of investment units during period.

Diluted profit per unit is not stated as there are no dilutive investment units.

(Note 2) The calculation of profit per unit is based on the following.

	The 30 <sup>th</sup> Period (from February 1, 2020 to July 31, 2020)	The 29 <sup>th</sup> Period (from August 1, 2019 to January 31, 2020)
Profit	9,752,769	4,555,703
Amount not attributable to common unitholders	-	-
Profit pertaining to common investment units	9,752,769	4,555,703
Average number of investment units during period	905,073 units	905,073 units

(Thousands of yen)

## [Notes to Significant Subsequent Events]

The asset management company of JLF decided on the implementation of the following redevelopment project at the Board of Directors' meeting on September 14, 2020. Refer to "Notice Concerning the Redevelopment Project of Urayasu Logistics Center" announced on September 14, 2020 for details.

## Overview of the Redevelopment Project

JLF will engage in the Redevelopment Project to maximize the asset value at Urayasu Logistics Center.

## Details of the redevelopment project

Asset name	:	Urayasu Logistics Center
Construction cost (expected)	:	6,549 million yen
Financing method	:	TBD
Demolish work period (Scheduled)	:	From September 2020 to January 2021
New construction period (Scheduled)	:	From March 2021 to July 2022
Expected completion date	:	July 2022

It is expected that the demolition work cost related to the Project is 454 million in total (247 million yen of loss on retirement of non-current assets and 207 million yen of cost associated with the demolition and retirement). Of the costs, loss on retirement of non-current assets is expected to be recorded in the Fiscal Period ending January 31, 2021, and cost associated with the demolition and retirement is expected to be recorded in the Fiscal Period ending July 31, 2021.

## (9) Changes in the total number of investment units issued and outstanding

Investment Units Issued and Outstanding and Changes of the Unitholders' capital are as follows.

Date	Summary	Total number of investment units issued		Unitholders' capital (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
February 22, 2005	Private placement offering	1,000	1,000	500	500	(Note 1)
May 6, 2005	Capital increase through public offering	55,700	56,700	29,562	30,062	(Note 2)
June 1, 2005	Capital increase through third-party allotment	2,800	59,500	1,486	31,548	(Note 3)
February 8, 2006	Capital increase through public offering	46,500	106,000	35,668	67,217	(Note 4)
March 8, 2006	Capital increase through third-party allotment	2,800	108,800	2,147	69,365	(Note 5)
August 31, 2007	Capital increase through public offering	13,500	122,300	12,656	82,021	(Note 6)
February 23, 2010	Capital increase through public offering	8,500	130,800	5,123	87,145	(Note 7)
March 25, 2010	Capital increase through third-party allotment	500	131,300	301	87,446	(Note 8)
August 30, 2010	Capital increase through public offering	16,000	147,300	9,689	97,136	(Note 9)
September 24, 2010	Capital increase through third-party allotment	700	148,000	423	97,559	(Note 10)
September 13, 2013	Distribution in Excess of Earnings	-	148,000	-464	97,095	(Note 11)
October 2, 2013	Capital increase through public offering	16,000	164,000	14,634	111,729	(Note 12)
October 28, 2013	Capital increase through third-party allotment	2,000	166,000	1,829	113,559	(Note 13)
February 1, 2014	Investment Unit Split	664,000	830,000	-	113,559	(Note 14)
September 16, 2015	Capital increase through public offering	47,500	877,500	8,801	122,360	(Note 15)
October 15, 2015	Capital increase through third-party allotment	2,500	880,000	463	122,823	(Note 16)
September 27, 2017	Capital increase through public offering	42,750	922,750	8,509	131,332	(Note 17)
October 19, 2017	Capital increase through third-party allotment	2,250	925,000	447	131,780	(Note 18)
July 13, 2018	Cancellation	-11,000	914,000	-2,436	129,344	(Note 19)
January 11, 2019	Cancellation	-8,927	905,073	-1,999	127,344	(Note 20)

(Note 1) Upon establishment of JLF, investment units were issued at the price of 500,000 yen per unit.

(Note 2) Investment units were newly issued at the price of 550,000 yen per unit (net proceeds of 530,750 yen) for new properties acquisition.

(Note 3) Investment units were newly issued through third-party allotment at the price of 530,750 yen per unit for new properties acquisition.

(Note 4) Investment units were newly issued at the price of 793,800 yen per unit (net proceeds of 767,070 yen) for new properties acquisition.

(Note 5) Investment units were newly issued through third-party allotment at the price of 767,070 yen per unit for new properties acquisition.

- (Note 6) Investment units were newly issued at the price of 971,180 yen per unit (net proceeds of 937,486 yen) for new properties acquisition.
- (Note 7) Investment units were newly issued at the price of 624,680 yen per unit (net proceeds of 602,784 yen) for a new property acquisition.
- (Note 8) Investment units were newly issued through third-party allotment at the price of 602,784 yen per unit for partial repayment of bank loans.
- (Note 9) Investment units were newly issued at the price of 627,590 yen per unit (net proceeds of 605,592 yen) for a new property acquisition.
- (Note 10) Investment units were newly issued through third-party allotment at the price of 605,592 yen per unit for partial repayment of bank loans.
- (Note 11) Distribution in Excess of Earnings was resolved at the price of 3,138 yen per unit in order to level out the loss associated with OBR.
- (Note 12) Investment units were newly issued at the price of 947,700 yen per unit (net proceeds of 914,652 yen) for new properties acquisition and partial repayment of bank loans.
- (Note 13) Investment units were newly issued through third-party allotment at the price of 914,652 yen per unit for partial repayment of bank loans.
- (Note 14) JLF has implemented a 5 - for - 1 investment unit split.
- (Note 15) Investment units were newly issued at the price of 191,782 yen per unit (net proceeds of 185,290 yen) for partial new properties acquisition and repayment of borrowings with respect to the acquisition of new properties.
- (Note 16) Investment units were newly issued through third-party allotment at the price of 185,290 yen per unit for financing future acquisition of specified assets, partial repayment of the borrowings or partial redemption of the investment corporation bond.
- (Note 17) Investment units were newly issued at the price of 206,017 yen per unit (net proceeds of 199,044 yen) for partial repayment of borrowings with respect to the acquisition of new properties and making up the decline in cash on hand used for the acquisitions.
- (Note 18) Investment units were newly issued through third-party allotment at the price of 199,044 yen per unit for financing future acquisition of specified assets and repayment of the borrowings.
- (Note 19) Investment units were repurchased through open-market transactions on the Tokyo Stock Exchange from March 14, 2018 to May 31, 2018 based on a discretionary transaction contract with a securities broker. All the acquired investment units were cancelled on July 13, 2018 based on a resolution at a meeting of the Board of Directors of JLF held on June 27, 2018.
- (Note 20) Investment units were repurchased through open-market transactions on the Tokyo Stock Exchange from September 13, 2018 to October 31, 2018 based on a discretionary transaction contract with a securities broker. All the acquired investment units were cancelled on January 11, 2019 based on a resolution at a meeting of the Board of Directors of JLF held on November 28, 2018.



**3. Reference Information****(1) Asset composition of JLF**

Composition of SLR						
Type of assets	Use of assets	Region (Note 2)	The 30 <sup>th</sup> Period (as of July 31, 2020)		The 29 <sup>th</sup> Period (as of January 31, 2020)	
			Total amount owned (Millions of yen) (Note 3)	Percentage to total assets (%) (Note 4)	Total amount owned (Millions of yen) (Note 3)	Percentage to total assets (%) (Note 4)
Real estate	Logistics facility	Tokyo Metropolitan Area	10,853	4.1	10,285	3.9
		Kinki Area, Chubu Area and Kyushu Area	15,110	5.7	15,225	5.7
		Other Areas	1,613	0.6	1,616	0.6
	Subtotal		27,578	10.4	27,127	10.2
Real estate in trust	Logistics facility	Tokyo Metropolitan Area	199,676	75.1	200,815	75.6
		Kinki Area, Chubu Area and Kyushu Area	17,191	6.5	25,522	9.6
		Other Areas	942	0.4	949	0.4
	Subtotal		217,810	81.9	227,287	85.6
Deposits and other assets (Note 5)			20,630	7.8	11,226	4.2
Total assets			266,019	100.0	265,641	100.0

(Note 1) Descriptions under "3. Reference Information" are effective as of July 31, 2020, as a general rule, unless otherwise indicated.

(Note 2) For region, please refer to "Area classification" below.

(Note 3) The total amount owned is based on the figures posted on the Balance Sheets as of the end of the fiscal period (real estate and real estate in trust are presented in book values after depreciation), and figures below one million yen have been omitted.

(Note 4) Figures are rounded off to the first decimal place.

(Note 5) Deposits and other assets include; deposit in trust assets of 4,178 million yen for the 30<sup>th</sup> Period and of 4,309 million yen for the 29<sup>th</sup> Period.

## &lt;Area classification&gt;

Area classification	Region
Tokyo Metropolitan Area	Tokyo, Kanagawa, Chiba and Saitama
Kinki Area	Osaka, Hyogo and Kyoto
Chubu Area	Aichi, Gifu and Mie
Kyushu Area	Fukuoka and Saga
Other Areas	Other than above

	The 30 <sup>th</sup> Period (as of July 31, 2020)		The 29 <sup>th</sup> Period (as of January 31, 2020)	
	Amount (Millions of yen) (Note 1)	Percentage to total assets (%) (Note 2)	Amount (Millions of yen) (Note 1)	Percentage to total assets (%) (Note 2)
Total liabilities	126,419	47.5	131,249	49.4
Total net assets	139,600	52.5	134,391	50.6
Total assets	266,019	100.0	265,641	100.0

(Note 1) Figures below one million yen are omitted.

(Note 2) Figures are rounded off to the first decimal place.

## (2) Investment Securities

## (i) Major investment securities

## A. Stocks

Not applicable

## B. Securities other than stocks

Not applicable

## (ii) List of portfolio properties

JLF owns the following real estate, etc.

## A. The outline of portfolio properties held as of July 31, 2020 is as follows: Acquisition price, etc.

Property Number	Name of the Logistics Center	Type of Ownership	Acquisition price (Millions of yen) (Note 2)	Book value (Millions of yen) (Note 2)	Appraisal value at end of period (Millions of yen) (Note 3)	% of the portfolio (Note 4)
M-2	Urayasu	Trust beneficiary right of real estate	2,902	2,752	5,270	1.1
M-3	Hiratsuka	Trust beneficiary right of real estate	1,466	1,260	1,810	0.5
M-4	Shinkiba	Trust beneficiary right of real estate	2,454	2,157	3,700	0.9
M-5	Urayasu Chidori	Trust beneficiary right of real estate	6,000	4,953	9,250	2.2
M-6	Funabashi Nishiura	Trust beneficiary right of real estate	5,700	4,182	7,670	2.1
M-8	Kawasaki	Trust beneficiary right of real estate	10,905	9,354	12,300	4.0
M-9	Narashino	Trust beneficiary right of real estate	1,690	1,436	2,320	0.6
M-11	Yachiyo	Trust beneficiary right of real estate	7,892 (Note 5)	7,284	12,400	2.9
M-12	Yokohama Fukuura	Trust beneficiary right of real estate	9,800	7,824	12,100	3.6
M-13	Yachiyo II	Trust beneficiary right of real estate	5,300	3,869	7,820	2.0
M-14	Urayasu Chidori II	Real estate	1,640	1,420	1,920	0.6
M-15	Ichikawa	Real estate	4,550	4,098	5,850	1.7
M-16	Shinonome (Note 6)	Trust beneficiary right of real estate	11,800	11,093	14,800	4.4
M-17	Narashino II (Note 6)	Trust beneficiary right of real estate	7,875	6,299	10,400	2.9
M-18	Ichikawa II (Note 6)	Trust beneficiary right of real estate	17,415	15,297	23,500	6.5
M-19	Souka	Trust beneficiary right of real estate	14,440 (Note 7)	13,463	16,900	5.4
M-20	Tatsumi	Trust beneficiary right of real estate	9,000	8,282	12,100	3.3
M-21	Kashiwa	Trust beneficiary right of real estate	3,725	3,363	4,570	1.4
M-22	Musashimurayama	Trust beneficiary right of real estate	8,650	7,865	10,900	3.2
M-23	Kashiwa II	Trust beneficiary right of real estate	3,795 (Note 8)	3,691	4,420	1.4
M-24	Shin-Koyasu (Note 6)	Trust beneficiary right of real estate	9,696	8,936	12,000	3.6

Property Number	Name of the Logistics Center	Type of Ownership	Acquisition price (Millions of yen) (Note 2)	Book value (Millions of yen) (Note 2)	Appraisal value at end of period (Millions of yen) (Note 3)	% of the portfolio (Note 4)
M-25	Misato	Trust beneficiary right of real estate	3,873	3,522	4,820	1.4
M-26	Sagamihara	Trust beneficiary right of real estate	8,032	7,347	11,200	3.0
M-27	Chiba Kita	Real estate	1,459	1,379	2,050	0.5
M-28	Chiba Kita II	Trust beneficiary right of real estate	4,608	4,514	5,940	1.7
M-29	Urayasu Chidori III	Trust beneficiary right of real estate	1,053	1,045	1,480	0.4
M-30	Zama	Trust beneficiary right of real estate	1,728	1,744	2,380	0.6
M-31	Shinkiba II	Trust beneficiary right of real estate	15,270	15,183	18,600	5.7
M-32	Yokohama Machida	Trust beneficiary right of real estate	25,452	25,087	26,400	9.4
M-34	Shiroi	Real estate	3,875	3,955	4,940	1.4
M-35	Toda	Trust beneficiary right of real estate	2,052	2,059	2,310	0.8
M-36	Ichikawa III	Trust beneficiary right of real estate	3,850	3,865	5,270	1.4
M-37	Fujisawa	Trust beneficiary right of real estate	4,305	4,289	4,440	1.6
M-38	Hanyu	Trust beneficiary right of real estate	1,705	1,357	1,950	0.6
M-39	Saitama Kisai	Trust beneficiary right of real estate	4,010	3,198	4,870	1.5
M-40	Kazo	Trust beneficiary right of real estate	3,790	3,092	4,890	1.4
Subtotal for the Tokyo Metropolitan Area			231,759	210,530	293,540	86.0
T-1	Daito	Trust beneficiary right of real estate	9,762 (Note 9)	8,657	19,400	3.6
T-2	Osaka Fukuzaki	Trust beneficiary right of real estate	4,096	3,325	6,650	1.5
T-3	Kiyosu	Real estate	3,010 (Note 10)	2,902	5,490	1.1
T-4	Kadoma	Real estate	989	1,018	1,570	0.4
T-5	Komaki	Real estate	2,100	1,826	2,070	0.8
T-6	Komaki II	Real estate	1,800	1,663	1,580	0.7
T-7	Fukuoka Hakozaiki Futo	Trust beneficiary right of real estate	2,797	2,667	3,660	1.0
T-8	Tajimi	Trust beneficiary right of real estate	2,750	2,541	3,460	1.0
T-10	Kasugai	Real estate	3,500 (Note 11)	3,509	4,820	1.3

Property Number	Name of the Logistics Center	Type of Ownership	Acquisition price (Millions of yen) (Note 2)	Book value (Millions of yen) (Note 2)	Appraisal value at end of period (Millions of yen) (Note 3)	% of the portfolio (Note 4)
T-11	Takatsuki	Real estate	1,560	1,587	1,670	0.6
T-13	Osaka Nishiyodogawa	Real estate	2,600	2,603	2,730	1.0
Subtotal for Kinki Area, Chubu Area and Kyushu Area			34,965	32,302	53,100	13.0
O-1	Maebashi	Trust beneficiary right of real estate	1,230	942	1,330	0.5
O-5	Sendaiko-kita	Real estate	1,600	1,613	1,880	0.6
Subtotal for other Areas			2,830	2,555	3,210	1.0
Portfolio total			269,554	245,388	349,850	100.0

(Properties to be acquired, etc.)

Property Number	Name of the properties (Note 12)	Type of Ownership	Acquisition price (Millions of yen) (Note 2)	Book value (Millions of yen) (Note 2)	Appraisal value at end of period (Millions of yen) (Note 3)	% of the portfolio (Note 4)
T-12	Aisai (Note 13)	Real estate	2,510 (Note 14)	—	2,740	—

(Note 1) Listed properties are primarily used as logistics facilities.

(Note 2) Acquisition price and book value are indicated with figures below one million yen omitted.

(Note 3) Appraisal value, as a general rule, at end of period indicates appraisal value calculated based on the balance sheet date defined by Tanizawa Sōgō Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. Japan Real Estate Institute and CBRE, Inc. as the date of value estimate in accordance with the asset evaluation methods and standards specified under the Articles of Incorporation of JLF as well as the rules set forth by the Investment Trusts Association, Japan.

(Note 4) % of the portfolio represents the ratio of the acquisition price of each piece of real estate, etc. to the total acquisition price of real estate, etc. owned by JLF, and is indicated by rounding off to the first decimal place.

(Note 5) 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 6) Figures for co-ownership are indicated.

Shinonome Logistics Center: 47%

Narashino Logistics Center II: 90%

Ichikawa Logistics Center II: 90%

Shin-Koyasu Logistics Center: 51%

(Note 7) The figure is the sum of the acquisition prices on March 27, 2012 and February 6, 2017.

(Note 8) The figure is the sum of the acquisition prices on September 20, 2013 and March 1, 2018.

(Note 9) 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 10) 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 11) 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 12) The Purchase Agreement regarding the properties to be acquired, corresponds to the forward commitment, etc. stipulated in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." set by the Financial Services Agency.

(Note 13) This property was completed in January, 2020. The date of delivery of the property will be the agreed date from February 27, 2021 to March 31, 2021.

(Note 14) The figure indicates the acquisition price stated in the purchase agreement. The acquisition price may change in the future because the purchase agreement specifies that if the contract price or other costs for the 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.

## B. The outline of portfolio properties held as of July 31, 2020: The status of leasing of real estate properties, etc.

Property Number	Name of the Logistics Center	Total leasable area (m <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Total number of tenants	Occupancy rate (%)	PML value (%) (Note 3)
M-2	Urayasu	9,543.72	5,494.24	3	57.6	18.3
M-3	Hiratsuka	11,418.57	11,418.57	1	100	(注 4) 21.1
M-4	Shinkiba	11,595.40	11,595.40	1	100	17.6
M-5	Urayasu Chidori	31,829.55	31,829.55	1	100	13.8
M-6	Funabashi Nishiura	34,723.80	34,723.80	3	100	7.1
M-8	Kawasaki	46,667.00	46,667.00	1	100	14.6
M-9	Narashino	4,123.60	4,123.60	1	100	11.3
M-11	Yachiyo	56,882.98	56,882.98	2	100	1.7
M-12	Yokohama Fukuura	40,160.35	40,160.35	3	100	16.3
M-13	Yachiyo II	32,389.75	32,389.75	1	100	7.6
M-14	Urayasu Chidori II	6,192.80	6,192.80	1	100	13.1
M-15	Ichikawa	18,735.76	18,735.76	1	100	11.8
M-16	Shinonome (Note 5)	24,380.84	24,380.84	1	100	14.4
M-17	Narashino II (Note 5)	43,508.54	43,508.54	2	100	11.1
M-18	Ichikawa II (Note 5)	67,065.02	67,065.02	2	100	4.2
M-19	Souka	55,300.10	55,300.10	3	100	12.7
M-20	Tatsumi	29,810.84	29,810.84	1	100	14.6
M-21	Kashiwa	20,550.73	20,550.73	1	100	9.7
M-22	Musashimurayama	40,884.25	40,884.25	1	100	11.9
M-23	Kashiwa II	50,159.55	50,159.55	1	100	7.1
M-24	Shin-Koyasu (Note 5)	36,251.63	36,251.63	2	100	11.4
M-25	Misato	19,405.45	19,405.45	1	100	10.9
M-26	Sagamihara	42,733.37	42,733.37	1	100	12.3
M-27	Chiba Kita	14,828.38	14,828.38	1	100	8.4
M-28	Chiba Kita II	25,595.13	25,595.13	1	100	6.8
M-29	Urayasu Chidori III	5,587.80	5,587.80	1	100	10.9
M-30	Zama	9,352.06	9,352.06	1	100	11.8
M-31	Shinkiba II	41,270.00	41,270.00	3	100	11.3
M-32	Yokohama Machida	65,657.14	65,657.14	6	100	12.2

Property Number	Name of the Logistics Center	Total leasable area (m <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Total number of tenants	Occupancy rate (%)	PML value (%) (Note 3)
M-34	Shiroi	25,481.58	25,481.58	2	100.0	9.4
M-35	Toda	7,219.40	7,219.40	1	100	11.7
M-36	Ichikawa III	24,740.88	24,740.88	1	100	10.9
M-37	Fujisawa	16,443.72	16,443.72	1	100	12.3
M-38	Hanyu	5,919.53	5,919.53	1	100	11.6
M-39	Saitama Kisai	24,574.14	24,574.14	1	100	10.5
M-40	Kazo	25,189.47	25,189.47	1	100	9.5
Subtotal for the Tokyo Metropolitan Area		1,026,172.83	1,022,123.35	56	99.6	—
T-1	Daito	97,390.99	97,390.99	1	100	12.9
T-2	Osaka Fukuzaki	23,736.68	23,736.68	1	100	14.1
T-3	Kiyosu	20,438.09	20,438.09	1	100	10.0
T-4	Kadoma	7,416.19	7,416.19	1	100	13.3
T-5	Komaki	9,486.45	9,486.45	1	100	8.7
T-6	Komaki II	11,104.45	11,104.45	1	100	8.3
T-7	Fukuoka Hakozaki Futo	24,463.69	24,463.69	1	100	1.0
T-9	Fukuoka Kashiihama	21,217.48	21,217.48	2	100	1.0
T-10	Kasugai	22,246.29	22,246.29	1	100	8.9
T-11	Takatsuki	7,305.33	7,305.33	1	100	9.5
T-13	Osaka Nishiyodogawa	10,213.81	10,213.81	1	100	10.2
Subtotal for Kinki Area, Chubu Area and Kyushu Area		255,019.45	255,019.45	12	100	—
O-1	Maebashi	5,416.42	5,416.42	1	100	9.0
O-5	Sendaiko-Kita	10,634.24	10,634.24	1	100	10.6
Subtotal for other Areas		16,050.66	16,050.66	2	100	—
Portfolio total		1,297,242.94	1,293,193.46	70	99.7	8.5

(Note 1) The total leasable area had been presented as the registered total floor area less any such space that is not assumed to be used for rent until the fiscal period ended July 31, 2019. Starting from the fiscal period ending January 31, 2020, however, it is calculated mainly based on the leased area associated with buildings covered in the relevant lease contracts for the respective properties. The total leasable area as of January 31, 2020 calculated based on the definition adopted until the fiscal period ended July 31, 2019 was 1,303,980.60 square meters. Accordingly, the impact associated with this change in the definition is limited. The same applies to the information provided in “3. Reference Information” here.

(Note 2) Until the fiscal period ended July 31, 2019, the leased area had been presented as the total leased area associated with buildings covered in the relevant lease contracts for the respective properties to the extent that such leased area is considered as part of the total leasable area. Starting from the fiscal period ending January 31, 2020, however, it is presented as the total leased area associated with buildings covered in the relevant lease contracts for the respective properties. The total leased area of properties owned as of January 31, 2020 calculated based on the definition adopted until the fiscal period ended July 31, 2019 was 1,302,810.22 square meters. Accordingly,

the impact associated with this change in the definition is limited. The same applies to the information provided in “3. Reference Information” here.

(Note 3) As for the PML (Probable Maximum Loss) figures, Shimizu Corporation has prepared an earthquake risk research report with regard to portfolio properties owned by JLF. Such report, however, does not guarantee the contents provided and simply reflects the opinion of the research institution. PML is the projected loss ratio in an earthquake. While no consistent, clear definition of PML is available, it is the ratio of projected loss amount against building replacement cost for which the loss value and the probability rate against large and small earthquakes that could possibly occur in a period of 475 years were computed and statistically applied. The calculations are performed based on onsite research on each respective property, assessment of building status, checking consistency with the floor plan, ground conditions at each site, regional factors, and structural conditions. Loss herein refers to physical damage only, and does not take into consideration secondary damage to people's lives and other facilities in the vicinity. Damage factors include structural damage and internal and external physical damage, and do not consider fire on site caused by an earthquake or fire spreading from another facility.

(Note 4) Earthquake insurance is secured as the PML value exceeds 20%.

(Note 5) Figures for co-ownership are indicated.

Shinonome Logistics Center: 47%

Narashino Logistics Center II: 90%

Ichikawa Logistics Center II: 90%

Shin-Koyasu Logistics Center: 51%

(iii) Diversification of portfolio

Diversification of portfolio properties owned by JLF is described below.

A. Ratio by region

Region	Total leasable area (m <sup>2</sup> )	Ratio (%) (Note)	Acquisition price (Millions of yen)	Ratio (%) (Note)
Tokyo Metropolitan Area	1,026,172.83	79.1	231,759	86.0
Kinki Area, Chubu Area and Kyushu Area	255,019.45	19.7	34,965	13.0
Other Areas	16,050.66	1.2	2,830	1.0
Total	1,297,242.94	100.0	269,554	100.0

(Note) Figures are rounded off to the first decimal place.

B. Ratio by total rentable area (Note 1)

Total rentable area (m <sup>2</sup> )	Number of properties	Ratio (%) (Note 2)	Acquisition price (Millions of yen)	Ratio (%) (Note 2)
Over 30,000 m <sup>2</sup>	17	34.7	177,785	66.0
Over 10,000 m <sup>2</sup> but 30,000 m <sup>2</sup> or less	21	42.9	73,119	27.1
10,000 m <sup>2</sup> or less	11	22.4	18,649	6.9
Total	49	100.0	269,554	100.0

(Note 1) Properties are classified based on total rentable area (100% of total leasable area with respect to co-owned properties) and their portfolio proportions are indicated.

(Note 2) Figures are rounded off to the first decimal place.

C. Ratio by leasehold period

Leasehold period (Residual period)	Leased area (m <sup>2</sup> )	Ratio (%) (Note 1)	Annual rent (Millions of Yen) (Note 2)	Ratio (%) (Note 1)
Over 10 years	84,955.06	6.6	1,255	7.2
Over 5 years but within 10 years	333,452.36	25.8	4,931	28.3
Over 3 years but within 5 years	324,319.29	25.1	4,025	23.1
Within 3 years	550,466.75	42.6	7,230	41.5
Total	1,293,193.46	100.0	17,443	100.0

(Note 1) Figures are rounded off to the first decimal place.

(Note 2) Annual rent represents either annual rent in the lease contract or monthly rent in the lease contract times 12. If the property has multiple tenants, the number is the sum of the all contracts.

(iv) Performance of portfolio properties

The following provides a summary of performance for the 29<sup>th</sup> Period of real estate, etc. owned by JLF.

The "performance data" for each piece of real estate, etc. provide the following.

- The amounts indicated under "Performance data" are not intended to provide or guarantee future values.
- Amounts are presented with figures below one million yen omitted, and are posted on an accrual basis in principle.
- "Real estate leasing business revenue" includes rent, common area maintenance fees, and income from parking charges, utilities expenses, and other.
- "Taxes and public dues" includes property tax and city planning tax. As a general rule, the obligation to pay property tax and city planning tax comes into effect on January 1 of each year. Such tax payments, however, are not posted as real estate leasing business expenses, as JLF, when settling property and city planning taxes incurred at the time of property acquisition, includes the amount settled as part of the acquisition cost.
- "Repair expenses" may vary when JLF holds properties for a long period of time as such expenses differ from period to period, and, by nature, do not arise on a regular basis.
- "Insurance expenses" posted represents the portion of casualty insurance corresponding to the respective period.
- "Other expenses" includes trust fees.



(Millions of yen)

Property No.	M-2	M-3	M-4	M-5	M-6
Name of real estate, etc.	Urayasu Logistics Center	Hiratsuka Logistics Center	Shinkiba Logistics Center	Urayasu Chidori Logistics Center	Funabashi Nishiura Logistics Center
Number of days under management	182	182	182	182	182
(i) Total real estate leasing business revenue	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)
Rent revenue - real estate					
Other lease business revenue					
(ii) Total real estate leasing business expenses					
Taxes and dues					
Outsourcing service expenses					
Utilities expenses					
Repair expenses					
Insurance expenses					
Other expenses related to rent business					
Depreciation and amortization	6	9	14	37	42
Loss on write-off of noncurrent assets	-	0	-	0	-
(iii) Income from real estate leasing business (= (i) - (ii))	50	28	58	152	104
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	56	38	73	190	147
(v) Capital expenditure	—	1	—	12	7
(vi) NCF (= (iv) - (v))	56	36	73	178	140

(Note) Not disclosed as the tenant did not agree to disclosure.

(Millions of yen)

Property No.	M-8	M-9	M-11	M-12	M-13
Name of real estate, etc.	Kawasaki Logistics Center	Narashino Logistics Center	Yachiyo Logistics Center	Yokohama Fukuura Logistics Center	Yachiyo Logistics Center II
Number of days under management	182	182	182	182	182
(i) Total real estate leasing business revenue	Not disclosed (Note)	65	Not disclosed (Note)	Not disclosed (Note)	199
Rent revenue - real estate		60			193
Other lease business revenue		5			5
(ii) Total real estate leasing business expenses		19			85
Taxes and dues		4			13
Outsourcing service expenses		0			0
Utilities expenses		-			0
Repair expenses		4			6
Insurance expenses		0			0
Other expenses related to rent business		2			0
Depreciation and amortization	77	7	80	78	62
Loss on write-off of noncurrent assets	0	0	0	-	-
(iii) Income from real estate leasing business (= (i) - (ii))	210	45	189	208	114
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	288	53	269	287	177
(v) Capital expenditure	2	0	0	-	4
(vi) NCF (= (iv) - (v))	285	53	269	287	173

(Note) Not disclosed as the tenant did not agree to disclosure.

(Millions of yen)

Property No.	M-14	M-15	M-16	M-17	M-18
Name of real estate, etc.	Urayasu Chidori Logistics Center II	Ichikawa Logistics Center	Shinonome Logistics Center (Note 1)	Narashino Logistics Center II (Note 1)	Ichikawa Logistics Center II (Note 1)
Number of days under management	182	182	182	182	182
(i) Total real estate leasing business revenue	Not disclosed (Note 2)	Not disclosed (Note 2)	354	Not disclosed (Note 2)	Not disclosed (Note 2)
Rent revenue - real estate			354		
Other lease business revenue			0		
(ii) Total real estate leasing business expenses			81		
Taxes and dues			27		
Outsourcing service expenses			0		
Utilities expenses			-		
Repair expenses			2		
Insurance expenses			0		
Other expenses related to rent business			0		
Depreciation and amortization	11	26	47	77	107
Loss on write-off of noncurrent assets	-	-	3	0	0
(iii) Income from real estate leasing business (= (i) - (ii))	31	95	273	122	375
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	42	122	323	200	482
(v) Capital expenditure	2	-	17	18	2
(vi) NCF (= (iv) - (v))	39	122	306	182	479

(Note 1) Figures for joint ownership are indicated.

Shinonome Logistics Center: 47%

Narashino Logistics Center II: 90%

Ichikawa Logistics Center II: 90%

(Note 2) Not disclosed as the tenant did not agree to disclosure.

(Millions of yen)

Property No.	M-19	M-20	M-21	M-22	M-23
Name of real estate, etc.	Souka Logistics Center	Tatsumi Logistics Center	Kashiwa Logistics Center	Musashi murayama Logistics Center	Kashiwa Logistics Center II
Number of days under management	182	182	182	182	182
(i) Total real estate leasing business revenue	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)
Rent revenue - real estate					
Other lease business revenue					
(ii) Total real estate leasing business expenses					
Taxes and dues					
Outsourcing service expenses					
Utilities expenses					
Repair expenses					
Insurance expenses					
Other expenses related to rent business					
Depreciation and amortization	114	50	39	60	35
Loss on write-off of noncurrent assets	0	-	-	-	0
(iii) Income from real estate leasing business (= (i) - (ii))	143	202	67	191	55
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	258	253	106	251	91
(v) Capital expenditure	179	-	-	-	2
(vi) NCF (= (iv) - (v))	79	253	106	251	89

(Note) Not disclosed as the tenant did not agree to disclosure.

(Millions of yen)

Property No.	M-24	M-25	M-26	M-27	M-28
Name of real estate, etc.	Shin-Koyasu Logistics Center (Note 1)	Misato Logistics Center	Sagamihara Logistics Center	Chiba Kita Logistics Center	Chiba Kita Logistics Center II
Number of days under management	182	182	182	182	182
(i) Total real estate leasing business revenue	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)
Rent revenue - real estate					
Other lease business revenue					
(ii) Total real estate leasing business expenses					
Taxes and dues					
Outsourcing service expenses					
Utilities expenses					
Repair expenses					
Insurance expenses					
Other expenses related to rent business					
Depreciation and amortization	58	31	73	12	29
Loss on write-off of noncurrent assets	31	0	-	-	0
(iii) Income from real estate leasing business (= (i) - (ii))	167	80	149	44	76
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	257	112	222	56	106
(v) Capital expenditure	36	0	-	-	45
(vi) NCF (= (iv) - (v))	220	111	222	56	60

(Note 1) Figures for joint ownership are indicated. Shin-Koyasu Logistics Center: 51%

(Note 2) Not disclosed as the tenant did not agree to disclosure.

(Millions of yen)

Property No.	M-29	M-30	M-31	M-32	M-33
Name of real estate, etc.	Urayasu Chidori Logistics Center III	Zama Logistics Center	Shinkiba Logistics Center II	Yokohama Machida Logistics Center	Yachiyo Logistics Center III (Note 1)
Number of days under management	182	182	182	182	69
(i) Total real estate leasing business revenue	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)
Rent revenue - real estate					
Other lease business revenue					
(ii) Total real estate leasing business expenses					
Taxes and dues					
Outsourcing service expenses					
Utilities expenses					
Repair expenses					
Insurance expenses					
Other expenses related to rent business					
Depreciation and amortization	5	8	84	102	16
Loss on write-off of noncurrent assets	0	-	-	-	-
(iii) Income from real estate leasing business (= (i) - (ii))	31	1	299	363	-28
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	36	9	384	465	-11
(v) Capital expenditure	0	47	-	3	-
(vi) NCF (= (iv) - (v))	35	-37	384	461	-11

(Note 1) Yachiyo Logistics Center III was disposed on April 10, 2020.

(Note 2) Not disclosed as the tenant did not agree to disclosure.

Property No.	M-34	M-35	M-36	M-37	M-38
Name of real estate, etc.	Shiroi Logistics Center	Toda Logistics Center	Ichikawa Logistics Center III	Fujisawa Logistics Center	Hanyu Logistics Center
Number of days under management	1	182	182	182	182
(i) Total real estate leasing business revenue	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	59
Rent revenue - real estate					59
Other lease business revenue					-
(ii) Total real estate leasing business expenses					12
Taxes and dues					3
Outsourcing service expenses					0
Utilities expenses					-
Repair expenses					-
Insurance expenses					0
Other expenses related to rent business					0
Depreciation and amortization	7	14	22	30	7
Loss on write-off of noncurrent assets	-	-	-	-	-
(iii) Income from real estate leasing business (= (i) - (ii))	-6	34	76	63	46
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	0	48	98	93	54
(v) Capital expenditure	-	-	1	-	-
(vi) NCF (= (iv) - (v))	0	48	96	93	54

(Note) Not disclosed as the tenant did not agree to disclosure.

Property No.	M-39	M-40
Name of real estate, etc.	Saitama Kisai Logistics Center	Kazo Logistics Center
Number of days under management	182	182
(i) Total real estate leasing business revenue	Not disclosed (Note)	Not disclosed (Note)
Rent revenue - real estate		
Other lease business revenue		
(ii) Total real estate leasing business expenses		
Taxes and dues		
Outsourcing service expenses		
Utilities expenses		
Repair expenses		
Insurance expenses		
Other expenses related to rent business		
Depreciation and amortization	32	43
Loss on write-off of noncurrent assets	-	0
(iii) Income from real estate leasing business (= (i) - (ii))	81	63
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	114	107
(v) Capital expenditure	1	7
(vi) NCF (= (iv) - (v))	112	100

(Note) Not disclosed as the tenant did not agree to disclosure.



(Millions of yen)

Property No.	T-1	T-2	T-3	T-4	T-5
Name of real estate, etc.	Daito Logistics Center	Osaka Fukuzaki Logistics Center	Kiyosu Logistics Center	Kadoma Logistics Center	Komaki Logistics Center
Number of days under management	182	182	182	182	182
(i) Total real estate leasing business revenue	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)
Rent revenue - real estate					
Other lease business revenue					
(ii) Total real estate leasing business expenses					
Taxes and dues					
Outsourcing service expenses					
Utilities expenses					
Repair expenses					
Insurance expenses					
Other expenses related to rent business					
Depreciation and amortization	82	23	33	10	15
Loss on write-off of noncurrent assets	0	-	-	0	-
(iii) Income from real estate leasing business (= (i) - (ii))	380	124	90	21	17
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	462	147	124	31	32
(v) Capital expenditure	155	-	-	20	-
(vi) NCF (= (iv) - (v))	307	147	124	11	32

(Note) Not disclosed as the tenant did not agree to disclosure.

(Millions of yen)

Property No.	T-6	T-7	T-8	T-9	T-10
Name of real estate, etc.	Komaki II Logistics Center	Fukuoka Hakozaiki Futo Logistics Center	Tajimi Logistics Center (Note 1)	Fukuoka Kashiihama Logistics Center	Kasugai Logistics Center
Number of days under management	182	182	58	182	182
(i) Total real estate leasing business revenue	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)
Rent revenue - real estate					
Other lease business revenue					
(ii) Total real estate leasing business expenses					
Taxes and dues					
Outsourcing service expenses					
Utilities expenses					
Repair expenses					
Insurance expenses					
Other expenses related to rent business					
Depreciation and amortization	17	26	36	27	36
Loss on write-off of noncurrent assets	0	5	-	8	-
(iii) Income from real estate leasing business (= (i) - (ii))	32	48	58	43	76
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	50	80	95	79	113
(v) Capital expenditure	0	42	2	25	-
(vi) NCF (= (iv) - (v))	50	37	93	53	113

(Note 1) Tajimi Logistics Center was disposed on March 31, 2020.

(Note 2) Not disclosed as the tenant did not agree to disclosure.

(Millions of yen)

Property No.	T-11	T-13	O-1	O-5
Name of real estate, etc.	Takatsuki Logistics Center	Osaka Nishiyodogawa Logistics Center	Maebashi Logistics Center	Sendaiko-kita Logistics Center
Number of days under management	182	182	182	182
Total real estate leasing business revenue	Not disclosed (Note)	Not disclosed (Note)	43	Not disclosed (Note)
Rent revenue - real estate			43	
Other lease business revenue			-	
Total real estate leasing business expenses			14	
Taxes and dues			2	
Outsourcing service expenses			0	
Utilities expenses			-	
Repair expenses			2	
Insurance expenses			0	
Other expenses related to rent business			0	
Depreciation and amortization	10	12	7	16
Loss on write-off of noncurrent assets	-	-	-	1
(iii) Income from real estate leasing business (= (i) - (ii))	27	43	29	39
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	37	55	37	57
(v) Capital expenditure	-	-	0	15
(vi) NCF (= (iv) - (v))	37	55	36	42

(Note) Not disclosed as the tenant did not agree to disclosure.

## (3) Capital expenditure for assets under management

## (i) Scheduled capital expenditure

Major scheduled capital expenditures associated with the planned repair work for real estate, etc. owned by JLF are listed below. The following scheduled expenditures include those accounted for as expenses.

Name of real estate, etc. (Location)	Purpose	Scheduled period	Estimated construction cost (Millions of yen) (Note)		
			Total amount	Payment for the period	Total amount paid
Kawasaki Logistics Center (Kawasaki, Kanagawa)	Rooftop waterproofing	January 2021	150	-	-
Souka Logistics Center (Souka, Saitama)	Rooftop and outer wall waterproofing, and greening work	From October 2020 to August 2022	186	-	-
Daito Logistics Center (Daito, Osaka)	Remodeling work of Warehouse I	From April 2020 to August 2022	734	-	-
Chiba-kita Logistics Center (Chiba, Chiba)	Elevator renewal work	April, 2021	37	-	-
Chiba-kita Logistics Center (Chiba, Chiba)	Vertical carrier renewal work	April, 2021	34	-	-
Komaki Logistics Center II (Komaki, Aichi)	Elevator renewal work	April, 2021	26	-	-

(Note) Figures are rounded down to the nearest million yen.

## (ii) Capital expenditure during the fiscal period

The following provides a summary of major construction work applicable to capital expenditure performed during the fiscal period in connection with the real estate, etc. owned by JLF.

Name of real estate, etc. (Location)	Purpose	Period	Amount of expenditure (Millions of yen) (Note)
Souka Logistics Center (Souka, Saitama)	Rooftop and outer wall waterproofing	July, 2020	176
Zama Logistics Center (Zama, Kanagawa)	outer wall waterproofing and rooftop painting	July, 2020	47
Kadoma Logistics Center (Kadoma, Osaka)	LED lighting installation	July, 2020	15
Fukuoka Hakozaki Futo Logistics Center (Fukuoka, Fukuoka)	LED lighting installation	July, 2020	40
Fukuoka Kashiihama Logistics Center (Fukuoka, Fukuoka)	LED lighting installation	July, 2020	25

(Note) Figures are rounded down to the nearest million yen.

## (iii) Reserve for long-term repair plan (reserve for repairs)

Not applicable

## (4) Overview of tenants and major real estate and other properties

## 10 major tenants

The following tenants use the 10 largest areas of real estate owned and leased by JLF as of July 31, 2020.

Name of tenant	Name of real estate, etc.	Leased area (m <sup>2</sup> )	Lease ratio (%) (Note 1)
Nakano Shokai co., ltd.	Kashiwa Logistics Center II	137,615.49	10.6
	Tatsumi Logistics Center		
	Fukuoka Hakozaki Futo Logistics Center		
	Fukuoka Kashiihama Logistics Center		
	Shinkiba Logistics Center		
	Shinkiba Logistics Center II		
SETTSU WAREHOUSE Co., Ltd.	Daito Logistics Center	119,637.28	9.3
	Kasugai Logistics Center		
SBS RICOH LOGISTICS SYSTEM Co., Ltd.	Osaka Fukuzaki Logistics Center	62,333.57	4.8
	Shin-Koyasu Logistics Center (Note 2)		
	Souka Logistics Center		
SAGAWA EXPRESS CO., LTD.	Hanyu Logistics Center	57,376.56	4.4
	Yokohama Fukuura Logistics Center		
	Narashino Logistics Center		
	Shin-Koyasu Logistics Center		
	Maebashi Logistics Center		
	Shinonome Logistics Center (Note 2)		
TOMY Company, Ltd.	Ichikawa Logistics Center II (Note 2)	51,874.96	4.0
-(Note 3)	-(Note 3)	51,282.80	4.0
-(Note 3)	-(Note 3)	48,854.63	3.8
Sagawa Global Logistics Co., Ltd.	Kawasaki Logistics Center	46,667.00	3.6
Hitachi Transport System Metropolitan Co., Ltd.	Yachiyo Logistics Center	43,032.60	3.3
VANTEC CORPORATION	Musashi Murayama Logistics Center	40,884.25	3.2
Total for all tenants		1,293,193.46	100.0

(Note 1) Figures are rounded off to the first decimal place.

(Note 2) Figures for co-ownership are indicated.

Shinonome Logistics Center II: 90%

Ichikawa Logistics Center II: 90%

Shin-Koyasu Logistics Center: 51%

(Note 3) Not disclosed as the tenant did not agree to disclosure.