

REIT Financial Report for the Fiscal Period ended January 31, 2020 (The 29th Period)

March 13, 2020

Name of REIT issuer: Japan Logistics Fund, Inc. Stock exchange listing: Tokyo Stock Exchange
 Security code: 8967 URL: <https://8967.jp/eng>
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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 January 2020 (The 29th Period from August 1, 2020 to January 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 29 th Period	9,682	5.4	4,961	6.7	4,556	7.1	4,555	7.1
The 28 th Period	9,190	-7.4	4,651	-11.4	4,255	-8.1	4,254	-8.1

	Net Income per Unit	Net Income to Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
	Yen	%	%	%
The 29 th Period	5,033	3.4	1.7	47.1
The 28 th Period	4,700	3.2	1.6	46.3

(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 29 th Period	5,034	4,556	-	-	100.0	3.4
The 28 th Period	4,700	4,253	-	-	99.9	3.2

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

(3) Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Unit
	Millions of yen	Millions of yen	%	Yen
The 29 th Period	265,641	134,391	50.6	148,487
The 28 th Period	260,709	134,087	51.4	148,151

(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 29 th Period	6,882	-7,770	-268	10,074
The 28 th Period	5,700	-6,314	-2,262	11,230

2. Forecasts for the Fiscal Period ending July 2020 (the 30th Period from February 1, 2020 to July 31, 2020) and the Fiscal Period ending January 2021 (the 31th Period from August 1, 2020 to January 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 30 th Period	15,075	55.7	10,202	105.7	9,806	115.2	9,805	115.2	9,750	-
The 31 th Period	8,904	-40.9	4,506	-55.8	4,111	-58.1	4,110	-58.1	4,800	-

(Reference) Forecast for net income per unit The 30th Period: 10,833yen The 31th Period: 4,541yen

(Note 1) Dividends per unit for the fiscal period ending July 31, 2020 are calculated based on the assumption of posting 980 million yen, part of the unappropriated retained earnings of 9,805 million yen for the said fiscal period, as an internal reserve by utilizing the reduction entry scheme specified in the Act on Special Measures Concerning Taxation.

(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 (240 million yen) for payment in addition to distributing the unappropriated retained earnings of 4,110 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 29th Period: 905,073 units The 28th Period: 905,073 units

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

The 29th Period: 0 unit The 28th 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 27.

* 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 7.

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1 Management Discussions and Analysis

(1) Asset Management Status

(i) Summary of Results for the Fiscal Period ended January 2020 (The 29th 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 January 31, 2020 (the end of the 29th Period), JLF had a total of 50 properties under management with total acquisition price of 278,274 million yen and total assets of 265,641 million yen.

B. Investment Environment and Management Performance

During the 29th fiscal period under review, the Japanese economy was on a moderate upward trend, reflecting a positive circulation mechanism from income to spending, despite weak exports, production and business sentiment due to a slowdown in overseas economies and natural disasters, among other factors.

In the J-REIT market, the Tokyo Stock Exchange REIT Index underwent a temporary adjustment phase toward the end of 2019 because there was concern about rises in interest rates and a shift in investment money to stocks. In the entire J-REIT market, however, dividends remained on an upward trend. From the beginning of 2020, large amounts of cash continued to flow into the J-REIT market as the trend of risk aversion intensified in the stock market to a certain degree, reflecting heightened tensions in the Middle East and the spread of pneumonia caused by the novel coronavirus, as well as falling long-term interest rates. In this environment, the Tokyo Stock Exchange REIT Index surpassed 2,200 points at the end of January 2020.

In the logistics properties acquisition market, institutional investors continued to have a strong appetite for yields as interest rates remained low. In 2019, foreign investors’ investment in logistics properties increased, in particular. The market capitalization rate continued to remain at a low level.

In the logistics properties leasing market, demand for logistics facilities continued to expand against the backdrop of rising product inventories due to the expansion of the e-commerce market and increasing new openings of logistics bases due to labor shortages at logistics operators, among other factors. In the Tokyo metropolitan area, the supply of new facilities reached a record high level in 2019. Demand for new facilities exceeded supply, and as a result, the vacancy rate continued to be low. Actual rents continued to rise on the back of the favorable supply and demand environment.

Under these circumstances, JLF took diverse approaches for external growth. It acquired Fujisawa Logistics Center (acquisition price of 4,305 million yen and expected NOI yield (Note) of 4.4%) in August 2019 and Yachiyo Logistics Center III (acquisition price of 3,286 million yen and expected NOI yield (Note) of 5.7%) in September 2019. In terms of the management of existing properties, it maintained good operating conditions. The operation rate of its entire portfolio stood at 99.9% as of the end of the fiscal period under review.

(Note) 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 income based on the medium-term lease terms of the Property assumed by the asset manager and the real estate leasing 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.

C. Overview of Financial Strategy

During the 29th fiscal period under review, JLF financed a short-term loan of 4,000 million yen with the aim of implementing flexible financing strategies with respect to part of the acquisition funds for Fujisawa Logistics Center (acquisition price: 4,305 million yen) that JLF acquired in August 2019. JLF refinanced long-term borrowings of 2,000 million yen that came due in November 2019 by issuing investment corporation bonds (10-year bonds, 2,000 million yen) to reduce debt financing costs, extend the duration of borrowings, and diversify financing methods. As of the end of the 29th fiscal period under review, the total amount of interest-bearing debt stood at 120,700 million yen, and LTV (Loan to Value) was 45.4% based on total assets (Note 1) and 33.5% 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 nd unsecured investment corporation bonds #3 rd unsecured investment corporation bonds #5 th unsecured investment corporation bonds AA-
Japan Credit Rating Agency, Ltd. (JCR)	Issuer rating	AA (Outlook: Stable)
	Bond rating	#6 th unsecured investment corporation bonds AA

D. Performance and Distributions

As a result of the above, JLF posted operating revenue of 9,682 million yen, operating income of 4,961 million yen, ordinary income of 4,556 million yen and net income of 4,555 million yen. Based on a special taxation measure under Article 67, Item 15 (Act on Special Measures Concerning Taxation; Act No. 26 of 1957; including revisions enforced thereafter) (hereafter, the “Special Taxation Measures Act”) that allows the maximum amount of distribution of earnings to be treated as a tax-deductible expense, JLF decided to distribute to unitholders the full amount of net income excluding fractions below one yen of the amount of dividends per investment unit. As a result, JLF’s dividend per investment unit was 5,034 yen.

(ii) Outlook for the Next Fiscal Period

A. Recognition of the Environment

Looking at the economic environment in Japan, domestic demand is expected to continue to increase moderately, chiefly reflecting macroeconomic policies overseas as well as the significantly easing domestic financial environment and the underpinning of government expenditure, although demand is expected to be weak for some time to come mainly due to slowing overseas economies and the effect of the consumption tax hike in Japan. However, it is necessary to carefully watch the effects of increasing uncertainties on the domestic economy, including trends of protectionism in overseas economies and their effects, trends in China and other emerging economies and resource producing countries, developments following Brexit and their effects, and geopolitical risks.

In the logistics properties acquisition market, as the low interest rate environment continues, investors that expect further increases in real estate prices and investors with defensive strategies that expect stable earnings have a strong appetite for yields. The market capitalization rate is likely to remain at a low level.

In the logistics properties leasing market, reform is on the way in the logistics industry as a result of the expansion of e-commerce and labor shortages at logistics operators, and demand is expected to remain strong. Because high new supply is planned from 2020, 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.

Under these circumstances, JLF will maintain prudent management, enhancing the quality of the portfolio and acquiring properties in consideration of capital cost, and will continue to pursue “growth” and “stability” in dividends per unit.

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 5.6 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

Not applicable to the 29th Period (from August 1, 2019 to January 31, 2020).

Significant Subsequent Events that occurred after the end of the 29th Period (January 31, 2020) are as follows.

Disposition of assets

JLF has decided to dispose the following assets on March 13, 2020.

[Tajimi Logistics Center and Yachiyo Logistics Center III]

Type of the asset : Trust beneficiary right of real estate (Note 1)

Expected disposition price : 17,600 million yen

Date of contract : March 16, 2020

Expected date of disposition : March 20, 2020 and April 10, 2020 (planned) (Note2)

Buyer : Tajimi Special purpose company and Yachiyo-higashi Special purpose company

Impact on profit and loss : The gain on sales of real estate properties of approximately 5,776 million yen will be posted in the fiscal period ending July 31, 2020 (from February 1, 2020 to July 31, 2020), including 980 million yen that will be reserved for reduction entry.

(Note 1) Yachiyo Logistics Center III, which is considered as real estate as of the date of this report, will be converted to a trust beneficiary right by the disposition date and then transferred.

(Note 2) The transfer dates for Tajimi Logistics Center and Yachiyo Logistics Center III are March 30, 2020 and April 10, 2020 respectively.

D. Forecasts

Forecasts for the Fiscal Period ending July 2020 (the 30th Period from February 1, 2020 to July 31, 2020) and the Fiscal Period ending January 2021 (the 31th Period from August 1, 2020 to January 31, 2021) are as follows. Please refer to "Assumptions Underlying the Forecasts for the 30th Period (from February 1, 2020 to July 31, 2020) and the 31th Period (the 30th Period from August 1, 2020 to January 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 30 th Period	15,075	55.7	10,202	105.7	9,806	115.2	9,805	115.2	9,750	-
The 31 th Period	8,904	-40.9	4,506	-55.8	4,111	-58.1	4,110	-58.1	4,800	-

(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 July 31, 2020 are calculated based on the assumption of posting 980 million yen, part of the unappropriated retained earnings of 9,805 million yen for the said fiscal period, as an internal reserve by utilizing the reduction entry scheme specified in the Act on Special Measures Concerning Taxation.

(Note 3) Dividends per unit for the fiscal period ending January 31, 2021 are calculated based on the assumption of using part of the internal reserves (240 million yen) for payment in addition to distributing the unappropriated retained earnings of 4,110 million yen for the said fiscal period.

Assumptions Underlying the Forecasts for the 30th Period (from February 1, 2020 to July 31, 2020) and the 31th Period (the 30th Period from August 1, 2020 to January 31, 2021)

Item	Assumptions																					
Calculation period	<ul style="list-style-type: none">• Fiscal Period Ending July 2020: February 1, 2020 to July 31, 2020• Fiscal Period Ending January 2021: August 1, 2020 to January 31, 2021																					
Properties owned	<ul style="list-style-type: none">• JLF owned 50 properties as of March 13, 2020. JLF assumes that dispose Tajimi Logistics Center on March 30, 2020, and Yachiyo Logistics Center III on April 10, 2010, as well as acquire Shiroy Logistics Center (planned acquisition price: 4,052 million yen) on May 15, 2020, and that neither the acquisition nor the disposition of any other properties is expected until the end of the Fiscal Period ending January 2021. As a result, the forecast assumes JLF owns 49 properties as of the end of the Fiscal Period ending July 2020 and January 2021.• The acquisitions of Shiroy Logistics Center correspond 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 prices may change due to the condition of the acquisitions.• There may be fluctuations, mainly due to the transfer of assets under management.																					
Total number of investment units issued	<ul style="list-style-type: none">• The number of investment units issued as of March 13, 2020 is 905,073 units, assuming there will be no other additional issuance of new investment units or buyback/cancellation of own investment units.																					
Interest-bearing debt	<ul style="list-style-type: none">• Among the interest-bearing debt of 120,700 million yen outstanding as of March 13, 2020, JLF will repay short-term borrowings of 6,000 million yen due in the Fiscal Period ending July 2020 by using cash on hand. JLF will also repay long-term borrowings of 7,000 million yen due in the Fiscal Period ending January 2021 by using new long-term loans.• With respected to the projected acquisition of Shiroy Logistics Center, JLF assumes to use cash on hand and assumes not to use new borrowing.• The interest-bearing debt outstanding is expected to be 114,700 million yen as of the end of the Fiscal Period ending July 2020 and January 2021.																					
Operating revenue	<ul style="list-style-type: none">• The rent revenue is estimated based on the lease contracts (with respect to Shiroy Logistics Center, lease contracts effective as of acquisition dates) in effect as of March 13, 2020 and considering the fluctuation factors such as the market environment and rent levels based on negotiations with lessees.• JLF assumes 5,776 million yen in the fiscal year ending July 2020 as a gain on the sale of real estate following the dispositions of Tajimi Logistics Center and Yachiyo Logistics Center III.																					
Operating expenses	<ul style="list-style-type: none">• 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 Shiroy Logistics Center, which assumes to acquire on March 15, 2020, 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 28 million yen.<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>809 million yen</td><td>828 million yen</td></tr><tr><td>Outsourcing services:</td><td>262 million yen</td><td>265 million yen</td></tr><tr><td>Repair expenses:</td><td>223 million yen</td><td>539 million yen</td></tr><tr><td>Depreciation:</td><td>1,888 million yen</td><td>1,939 million yen</td></tr><tr><td>Loss on write-offs of noncurrent assets:</td><td>5 million yen</td><td>54 million yen</td></tr><tr><td>Other:</td><td>300 million yen</td><td>330 million yen</td></tr></table>• Expenses other than depreciation and loss on write-offs of noncurrent assets are calculated based on past track records with expense fluctuation factors taken into account.• 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.• Depreciation is calculated using the straight-line method, with considering incidental expenses and additional capital expenditure for the future.		Fiscal Period Ending January 31, 2021	Fiscal Period Ending July 31, 2020	Taxes and dues:	809 million yen	828 million yen	Outsourcing services:	262 million yen	265 million yen	Repair expenses:	223 million yen	539 million yen	Depreciation:	1,888 million yen	1,939 million yen	Loss on write-offs of noncurrent assets:	5 million yen	54 million yen	Other:	300 million yen	330 million yen
	Fiscal Period Ending January 31, 2021	Fiscal Period Ending July 31, 2020																				
Taxes and dues:	809 million yen	828 million yen																				
Outsourcing services:	262 million yen	265 million yen																				
Repair expenses:	223 million yen	539 million yen																				
Depreciation:	1,888 million yen	1,939 million yen																				
Loss on write-offs of noncurrent assets:	5 million yen	54 million yen																				
Other:	300 million yen	330 million yen																				

Item	Assumptions
Non-Operating Expenses	<ul style="list-style-type: none"> JLF assumes 397 million yen for the fiscal period ending July 31, 2020 and 396 million for the fiscal period ending January 31, 2021 as non-operating expenses. Regarding the interest expenses and interest expenses on investment corporation bonds among the Non-operating expenses, JLF assumes 363 million yen for the fiscal period ending July 2020 and 359 million yen for the fiscal period ending January 31, 2021. Regarding depreciation of financing-related expenses among the Non-operating expenses, JLF assumes 33 million yen for the fiscal period ending July 2020 and 34 million yen for the fiscal period ending January 31, 2021.
Dividends per Unit (Excluding distributions in Excess of earnings)	<ul style="list-style-type: none"> Dividends per unit are calculated based on the cash distribution policy defined under the Articles of Incorporation of JLF. Dividends per unit for the fiscal period ending July 31, 2020 are calculated based on the assumption of posting 980 million yen, part of the unappropriated retained earnings of 9,805 million for the said fiscal period, as an internal reserve by utilizing the reduction entry scheme specified in the Act on Special Measures Concerning Taxation. Dividends per unit for the fiscal period ending January 31, 2021 are calculated based on the assumption of using part of the internal reserves (240 million yen) for payment in addition to distributing the unappropriated retained earnings of 4,110 million yen for the said fiscal period. 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.
Distributions in Excess of Earnings per Unit	<ul style="list-style-type: none"> JLF does not plan any distributions in excess of earnings at this moment.
Other	<ul style="list-style-type: none"> 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. The forecasts assume that no material unforeseeable changes occur with regard to the general economic trends and real estate market conditions.

(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 October 30, 2019.

2. Financial Statements

(1) Balance Sheet

(Thousands of yen)

	The 29 th Period (as of January 31, 2020)	The 28 th Period (as of July 31, 2019)
Assets		
Current assets		
Cash and deposits	5,952,609	7,100,103
Cash and deposits in trust	4,309,567	4,317,067
Operating accounts receivable	530,791	531,807
Prepaid expenses	7,135	40,936
Consumption taxes receivable	-	40,268
Other	19	19
Total current assets	10,800,124	12,030,202
Non-current assets		
Property, plant and equipment		
Buildings	16,570,432	14,359,190
Accumulated depreciation	-2,663,203	-2,445,052
Buildings, net	13,907,228	11,914,137
Structures	493,836	387,003
Accumulated depreciation	-110,643	-100,094
Structures, net	383,193	286,909
Tools, furniture and fixtures	770	770
Accumulated depreciation	-693	-693
Tools, furniture and fixtures, net	77	77
Land	12,837,322	11,774,123
Buildings in trust	128,796,573	126,543,252
Accumulated depreciation	-28,821,940	-27,150,871
Buildings in trust, net	99,974,633	99,392,381
Structures in trust	3,649,245	3,537,666
Accumulated depreciation	-1,337,584	-1,275,536
Structures in trust, net	2,311,661	2,262,130
Tools, furniture and fixtures in trust	35,181	29,495
Accumulated depreciation	-20,881	-20,068
Tools, furniture and fixtures in trust, net	14,300	9,427
Land in trust	124,987,112	122,834,287
Construction in progress in trust	-	2,670
Total property, plant and equipment	254,415,529	248,476,145
Intangible assets		
Other	457	553
Total intangible assets	457	553
Investments and other assets		
Long-term prepaid expenses	357,606	146,739
Deferred tax assets	2	27
Guarantee deposits	10,020	10,020
Other	2,000	2,000
Total investments and other assets	369,629	158,787
Total non-current assets	254,785,615	248,635,485
Deferred assets		
Investment corporation bond issuance costs	56,154	43,627
Total deferred assets	56,154	43,627
Total assets	265,641,894	260,709,315

(Thousands of yen)

	The 29 th Period (as of January 31, 2020)	The 28 th Period (as of July 31, 2019)
Liabilities		
Current liabilities		
Operating accounts payable	819,414	445,288
Short-term loans payable	6,000,000	2,000,000
Current portion of long-term loans payable	7,000,000	2,000,000
Distributions payable	6,164	6,377
Accrued expenses	853,642	819,121
Income taxes payable	654	1,165
Accrued consumption taxes	34,659	-
Advances received	1,669,715	1,651,075
Deposits received	5,909	-
Other	80	80
Total current liabilities	16,390,239	6,923,108
Non-current liabilities		
Investment corporation bonds	11,700,000	9,700,000
Long-term loans payable	96,000,000	103,000,000
Tenant leasehold and security deposits	1,239,614	1,223,480
Tenant leasehold and security deposits in trust	5,583,493	5,431,934
Long-term deposits received	242,445	246,551
Derivatives liabilities	94,204	96,243
Total non-current liabilities	114,859,757	119,698,209
Total liabilities	131,249,997	126,621,317
Net assets		
Unitholders' equity		
Unitholders' capital		
Unitholders' capital, gross	132,245,145	132,245,145
Deduction from unitholders' capital	※ 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	※ 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)	4,556,242	4,254,382
Total surplus	7,141,642	6,839,782
Total unitholders' equity	134,486,101	134,184,241
Valuation and translation adjustments		
Deferred gains or losses on hedges	-94,204	-96,243
Total valuation and translation adjustments	-94,204	-96,243
Total net assets	※ 4 134,391,896	※ 4 134,087,997
Total liabilities and net assets	265,641,894	260,709,315

(2) Statement of Income and Retained Earnings

(Thousands of yen)

	The 29 th Period (from August 1, 2019 to January 31, 2020)	The 28 th Period (from February 1, 2019 to July 31, 2019)
Operating revenue		
Lease business revenue	※ 1 9,313,407	※ 1 8,860,487
Other lease business revenue	※ 1 368,967	※ 1 329,933
Total operating revenue	9,682,375	9,190,421
Operating expenses		
Expenses related to rent business	※ 1 3,804,497	※ 1 3,639,633
Asset management fee	771,968	744,581
Asset custody fee	25,609	25,193
Administrative service fees	36,995	38,043
Directors' compensations	5,400	5,400
Other operating expenses	76,683	86,087
Total operating expenses	4,721,154	4,538,940
Operating profit	4,961,220	4,651,481
Non-operating income		
Interest income	23	21
Interest on tax refund	279	-
Reversal of distribution payable	713	556
Other	485	262
Total non-operating income	1,501	840
Non-operating expenses		
Interest expenses	315,754	309,410
Borrowing related expenses	29,940	31,121
Interest expenses on investment corporation bonds	55,541	52,506
Amortization of investment corporation bond issuance costs	3,100	2,737
Other	2,000	1,021
Total non-operating expenses	406,336	396,798
Ordinary profit	4,556,385	4,255,523
Profit before income taxes	4,556,385	4,255,523
Income taxes - current	657	1,168
Income taxes - deferred	24	-27
Total income taxes	682	1,140
Profit	4,555,703	4,254,382
Retained earnings brought forward	539	-
Unappropriated retained earnings (undisposed loss)	4,556,242	4,254,382

(3) Statement of Changes in Net Assets

The 29th 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	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 in 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 in items other than unitholders' equity									
Total changes in 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 in items during period			
Dividends of surplus			-4,253,843
Profit			4,555,703
Net changes in items other than unitholders' equity	2,039	2,039	2,039
Total changes in items during period	2,039	2,039	303,899
Balance at end of period	-94,204	-94,204	134,391,896

The 28th Period (from February 1, 2019 to July 31, 2019)

(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 current period	132,245,145	-4,900,686	127,344,458	2,219,363	-	2,219,363	4,628,929	6,848,293	134,192,752
Changes of items during period									
Provision of reserve for reduction entry					366,036	366,036	-366,036	-	-
Dividends of surplus							-4,262,893	-4,262,893	-4,262,893
Profit							4,254,382	4,254,382	4,254,382
Net changes of items other than unitholders' equity									
Total changes of items during period	-	-	-	-	366,036	366,036	-374,547	-8,511	-8,511
Balance at end of current 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

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	-48,618	-48,618	134,144,133
Changes of items during period			
Provision of reserve for reduction entry			-
Dividends of surplus			-4,262,893
Profit			4,254,382
Net changes of items other than unitholders' equity	-47,625	-47,625	-47,625
Total changes of items during period	-47,625	-47,625	-56,136
Balance at end of current period	-96,243	-96,243	134,087,997

(4) Distribution Information

		(Yen)
	The 29 th Period (from August 1, 2019 to January 31, 2020)	The 28 th Period (from February 1, 2019 to July 31, 2019)
I. Unappropriated retained earnings	4,556,242,667	4,254,382,683
II. Distributions	4,556,137,482	4,253,843,100
(Distributions per unit)	(5,034)	(4,700)
III. Retained earnings to be carried forward	105,185	539,583
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 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>	<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 4,253,843,100 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 29 th Period (from August 1, 2019 to January 31, 2020)	The 28 th Period (from February 1, 2019 to July 31, 2019)
Cash flows from operating activities		
Profit before income taxes	4,556,385	4,255,523
Depreciation	2,031,152	1,971,486
Amortization of investment corporation bond issuance costs	3,100	2,737
Interest income	-23	-21
Interest expenses	371,295	361,917
Loss on retirement of non-current assets	44,770	25,733
Decrease (increase) in operating accounts receivable	1,015	36,711
Decrease (increase) in consumption taxes refund receivable	40,268	-40,268
Increase (decrease) in accrued consumption taxes	34,659	-295,944
Decrease (increase) in prepaid expenses	33,801	-26,154
Decrease (increase) in long-term prepaid expenses	-210,867	-5,590
Increase (decrease) in operating accounts payable	296,600	-286,521
Increase (decrease) in accrued expenses	34,940	10,975
Increase (decrease) in advances received	18,639	64,654
Other, net	-5	-862
Subtotal	7,255,733	6,074,377
Interest income received	23	21
Interest expenses paid	-371,715	-373,527
Income taxes (paid) refund	-1,168	-604
Net cash provided by (used in) operating activities	6,882,873	5,700,266
Cash flows from investing activities		
Purchase of property, plant and equipment	-3,378,654	-47,080
Purchase of property, plant and equipment in trust	-4,559,230	-6,605,915
Proceeds from tenant leasehold and security deposits	16,134	-
Proceeds from tenant leasehold and security deposits in trust	181,558	409,397
Repayments of tenant leasehold and security deposits in trust	-30,000	-70,500
Net cash provided by (used in) investing activities	-7,770,191	-6,314,098
Cash flows from financing activities		
Proceeds from short-term loans payable	4,000,000	2,000,000
Proceeds from long-term loans payable	-	4,500,000
Repayments of long-term loans payable	-2,000,000	-4,500,000
Proceeds from issuance of investment corporation bonds	2,000,000	-
Payments of investment corporation bond issuance costs	-15,627	-
Dividends paid	-4,253,343	-4,262,273
Net cash provided by (used in) financing activities	-268,970	-2,262,273
Net increase (decrease) in cash and cash equivalents	-1,156,288	-2,876,106
Cash and cash equivalents at beginning of period	11,230,643	14,106,749
Cash and cash equivalents at end of period (Note 7)	※ 1 10,074,354	※ 1 11,230,643

(6) Notes on Assumption of Going Concern

Not applicable to the 29th 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 29th Period, the property tax, etc. included in the acquisition cost of real estate was 10,218 thousand yen. In the 28th Period, the property tax, etc. included in the acquisition cost of real estate was 24,948 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, and Land 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 Standard for Revenue Recognition” (ASBJ Statement No. 29 on March 30, 2018, Accounting Standards Board of Japan)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30 on March 30, 2018, Accounting Standards Board of Japan)

A. Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States have jointly developed comprehensive accounting standards for revenue recognition and published “Revenue from Contracts with Customers” (IFRS 15 in IASB and Topic 606 in FASB) in May 2014. Given the situation where IFRS 15 will be applied in a fiscal year beginning on or after January 1, 2018 and that Topic 606 will be applied in a fiscal year beginning after December 15, 2017, the Accounting Standards Board of Japan (ASBJ) has developed comprehensive accounting standards for revenue recognition and published them together with the Implementation Guidance. The basic policy of ASBJ when it developed the accounting standards for revenue recognition was to specify accounting standards, with the incorporation of the basic principles of IFRS 15 as a starting point, from the perspective of comparability between financial statements, which is one of the benefits of maintaining compatibility with IFRS 15. The basic policy also stipulates that if there is an item to which we should give consideration, such as practices that have been conducted thus far in Japan, an alternative treatment will be added to the extent to which it will not undermine the comparability.

B. Scheduled date of application

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

C. Impact of applying the accounting standards

The level of the impact on the financial statements of applying the “Accounting Standard for Revenue Recognition” and the like is currently under review.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, Accounting Standards Board of Japan)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019, Accounting Standards Board of Japan)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have detailed guidance in place with respect to the measurement of fair values (IFRS 13 Fair Value Measurement by IFRS and Topic 820 Fair Value Measurement by FASB). With a view to improving comparability with the provisions in such international accounting standards, the Accounting Standards Board of Japan has announced the Accounting Standard for Fair Value Measurement and the Implementation Guidance on Accounting Standard for Fair Value Measurement after in-depth examination pertaining in particular to guidance and disclosures on the market values of financial instruments.

(2) Expected implementation date

The standard will be effective from the start 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.

(Note on changes in presentation)

Increases (decreases) in prepaid expenses and long-term prepaid expenses that were included in the Other, net item of cash flows from operating activities in the previous operating period have been presented separately due to their increased importance in monetary terms, starting from the current operating period. To reflect these changes in presentation, reclassification has been applied to the financial statements for the previous operating period.

As a result, -32,606 million yen presented in the Other, net item of cash flows from operating activities in the statement of cash flows for the previous operating period has been reclassified as -26,154 thousand yen attributable to an increase (decrease) in prepaid expenses, -5,590 thousand yen resulting from an increase (decrease) in long-term prepaid expenses, and -862 thousand yen due to other factors.

(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 29 th Period (as of January 31, 2020)	The 28 th Period (as of July 31, 2019)
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 29 th Period (as of January 31, 2020)	The 28 th Period (as of July 31, 2019)
	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 29 th Period (as of January 31, 2020)	The 28 th Period (as of July 31, 2019)
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 29 th Period (as of January 31, 2020)	The 28 th Period (as of July 31, 2019)
	50,000	50,000

[Notes to Statement of Income and Retained Earnings]

Breakdown of income from real estate leasing business

	(Thousands of yen)			
	The 29th Period (from August 1, 2019 to January 31, 2020)		The 28th Period (from February 1, 2019 to July 31, 2019)	
(i) Real estate leasing business revenue				
Rent revenue-real estate				
Rent income	9,081,963		8,642,689	
Land rents received	600		600	
Facility charges	230,844	9,313,407	217,197	8,860,487
Other lease business revenue				
Parking charges	25,522		24,427	
Utilities charges	244,835		225,214	
Other operating income	98,609	368,967	80,291	329,933
Total real estate leasing business revenue		9,682,375		9,190,421
(ii) Real estate leasing business expenses				
Expenses related to rent business				
Taxes and dues	811,517		812,171	
Outsourcing service expenses	312,481		249,687	
Utilities expenses	246,699		233,957	
Repair expenses	295,892		271,436	
Insurance expenses	26,360		26,880	
Other expenses related to rent business	35,719		48,386	
Depreciation	2,031,055		1,971,380	
Loss on retirement of non-current assets	44,770		25,733	
Total real estate leasing business expenses		3,804,497		3,639,633
(iii) Income from real estate leasing business				
((i) — (ii))		5,877,877		5,550,787

[Notes to Statement of Changes in Net Assets]

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

	The 29th Period (from August 1, 2019 to January 31, 2020)	The 28th Period (from February 1, 2019 to July 31, 2019)
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

	(Thousands of yen)	
	The 29th Period (from August 1, 2019 to January 31, 2020)	The 28th Period (from February 1, 2019 to July 31, 2019)
Cash and deposits	5,952,609	7,100,103
Cash and deposits in trust	4,309,567	4,317,067
Long-term deposits received (Note)	-187,822	-186,528
Cash and cash equivalents	10,074,354	11,230,643

(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)

	(Thousands of yen)	
	The 29th Period (from August 1, 2019 to January 31, 2020)	The 28th Period (from February 1, 2019 to July 31, 2019)
Future lease payments receivable		
Due within one year	15,431,277	15,014,810
Due after one year	62,482,588	51,678,525
Total	77,913,866	66,693,336

[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 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	7,067,348	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.

Amounts on the Balance Sheet, fair value and their difference as of July 31, 2019 are as follows;

(Thousands of yen)

	Amount on the balance sheet	Fair value	Difference
(1) Cash and deposits	7,100,103	7,100,103	-
(2) Cash and deposits in trust	4,317,067	4,317,067	-
Total assets	11,417,171	11,417,171	-
(1) Short-term loans payable	2,000,000	2,000,000	-
(2) Current portion of long-term loans payable	2,000,000	2,002,787	2,787
(3) Investment corporation bond	9,700,000	10,263,319	563,319
(4) Long-term loans payable	103,000,000	104,550,605	1,550,605
Total liabilities	116,700,000	118,816,713	2,116,713
Derivative transactions *	-96,243	-96,243	-

*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.

(2) 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 29th and 28th Periods.

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

The 29th 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	-	-	-	-	-

The 28th Period (as of July 31, 2019)

(Thousands of yen)

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	After 5 years
Cash and deposits	7,100,103	-	-	-	-	-
Cash and deposits in trust	4,317,067	-	-	-	-	-
Total	11,417,171	-	-	-	-	-

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

The 29th 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

The 28th Period (as of July 31, 2019)

(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	2,000,000	-	-	-	-	-
Long-term loans payable	2,000,000	16,000,000	18,500,000	17,000,000	15,500,000	36,000,000
Investment corporation bond	-	-	-	-	-	9,700,000
Total	4,000,000	16,000,000	18,500,000	17,000,000	15,500,000	45,700,000

[Notes to Investment Securities]

Not applicable to the 29th and 28th Periods.

[Notes to Derivatives]

(i) Transactions not applicable to hedge accounting

Not applicable to the 29th and 28th Periods.

(ii) Transactions applicable to hedge accounting

The 29th 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.

The 28th Period (from February 1, 2019 to July 31, 2019)

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	-96,243	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 29th and 28th Periods.

[Tax Effect Accounting]

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

	(Thousands of yen)	
	The 29 th Period (as of January 31, 2020)	The 28 th Period (as of July 31, 2019)
Deferred tax assets, current		
Enterprise tax not deductible	2	27
Deferred gains or losses on hedges	29,636	30,278
Subtotal deferred tax, current	29,639	30,305
Valuation Allowance	-29,636	-30,278
Total deferred tax assets, current	2	27
Deferred tax assets, net, current	2	27

(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 29 th Period (as of January 31, 2020)	The 28 th Period (as of July 31, 2019)
Effective statutory tax rate	31.51%	31.51%
Adjustments		
Deductible cash distributions	-31.51%	-31.50%
Other	0.01%	0.02%
Effective tax rate after applying tax effect accounting	0.01%	0.03%

[Notes to Equity in Earnings of Affiliates]

Not applicable to the 29th and 28th Periods, for JLF does not have affiliates.

[Transactions with Related Parties]

(i) Parent company and principal corporate unitholders

Not applicable to the 29th and 28th Periods.

(ii) Subsidiaries and affiliates

Not applicable to the 29th and 28th Periods.

(iii) Sister companies

Not applicable to the 29th and 28th Periods.

(iv) Directors and principal individual unitholders

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

Classify- cation	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.

(注 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.

The 28th Period (from February 1, 2019 to July 31, 2019)

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	Yasushi Ogaku	-	-	Executive Director of Japan Logistics Fund, Inc. and Director, General Manager of Acquisition & Leasing Dept. and Property Management Dept. of Mitsui & Co., Logistics Partners Ltd.	0.0%	Payment of asset management fee to Mitsui & Co., Logistics Partners Ltd. (Note 1)	785,896 (Note 2) (Note 3)	Accrued expenses	531,048 (Note 3)

(Note 1) This is a transaction executed by Yasushi Ogaku as Director, General Manager of Acquisition & Leasing Dept. and Property Management Dept. 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 41,314 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.

[Notes July to Asset Write-off Obligations]

Not applicable to the 29th and 28th 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 29 th Period (from August 1, 2019 to January 31, 2020)	The 28 th Period (from February 1, 2019 to July 31, 2019)
Amount on the balance sheet		
Balance at the beginning of the period	248,473,474	244,168,230
Changes during the period	5,942,054	4,305,244
Balance at the end of the period	254,415,529	248,473,474
Fair value at the end of the period	360,270,000	350,810,000

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

(Note 2) The increase of the lease properties in the 29th 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). The increase of the lease properties in the 28th period is mainly by the acquisition of Ichikawa Logistics Center III (3,925,973 thousand yen), and Toda Logistics Center (2,092,028 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 29th and 28th 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 29th 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.

The 28th Period (from February 1, 2019 to July 31, 2019)

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

(Thousands of yen)

Name of tenant	Net sales	Related segment
Nakano Shokai co., ltd.	- (Note)	Real estate leasing business

(Note) Not disclosed, since the tenant's consent could not be obtained.

[Per Unit Information]

	The 29 th Period (from August 1, 2019 to January 31, 2020)	The 28 th Period (from February 1, 2019 to July 31, 2019)
Net assets per unit	148,487 yen	148,151 yen
Profit per unit	5,033 yen	4,700 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.

(Thousands of yen)

	The 29 th Period (from August 1, 2019 to January 31, 2020)	The 28 th Period (from February 1, 2019 to July 31, 2019)
Profit	4,555,703	4,254,382
Amount not attributable to common unitholders	-	-
Profit pertaining to common investment units	4,555,703	4,254,382
Average number of investment units during period	905,073 units	905,073 units

[Notes to Significant Subsequent Events]

[Tajimi Logistics Center and Yachiyo Logistics Center III]

Type of the asset	:	Trust beneficiary right of real estate (Note 1)
Expected disposition price	:	17,600 million yen
Date of contract	:	March 16, 2020
Expected date of disposition	:	March 20, 2020 and April 10, 2020 (planned) (Note2)
Buyer	:	Tajimi Special purpose company and Yachiyo-higashi Special purpose company
Impact on profit and loss	:	The gain on sales of real estate properties of approximately 5,776 million yen will be posted in the fiscal period ending July 31, 2020 (from February 1, 2020 to July 31, 2020), including 980 million yen that will be reserved for reduction entry.

(Note 1) Yachiyo Logistics Center III, which is considered as real estate as of the date of this report, will be converted to a trust beneficiary right by the disposition date and then transferred.

(Note 2) The transfer dates for Tajimi Logistics Center and Yachiyo Logistics Center III are March 30, 2020 and April 10, 2020 respectively.

(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 29 th Period (as of January 31, 2020)		The 28 th Period (as of July 31, 2019)	
			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	10,285	3.9	6,993	2.7
		Kinki Area, Chubu Area and Kyushu Area	15,225	5.7	15,349	5.9
		Other Areas	1,616	0.6	1,632	0.6
	Subtotal		27,127	10.2	23,975	9.2
Real estate in trust	Logistics facility	Tokyo Metropolitan Area	200,815	75.6	190,001	72.9
		Kinki Area, Chubu Area and Kyushu Area	25,522	9.6	25,733	9.9
		Other Areas	949	0.4	8,763	3.4
	Subtotal		227,287	85.6	224,498	86.1
Deposits and other assets (Note 5)			11,226	4.2	12,235	4.7
Total assets			265,641	100.0	260,709	100.0

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

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

The Asset Management Guideline of the asset manager has been amended in the fiscal period ended January 2020, and the definition of "Area classification" has also modified. Based on the new classification, Hanyu Logistics Center, Saitama Kisai Logistics Center and Kazo Logistics Center were re-classified as "Tokyo Metropolitan Area" from "Others".

(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 4,309 million yen for the 29th Period and of 4,317 million yen for the 28th Period.

<Area classification>

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 29 th Period (as of January 31, 2020)		The 28 th Period (as of July 31, 2019)	
	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	131,249	49.4	126,621	48.6
Total net assets	134,391	50.6	134,087	51.4
Total assets	265,641	100.0	260,709	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 January 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	2,758	5,380	1.0
M-3	Hiratsuka	Trust beneficiary right of real estate	1,466	1,268	1,810	0.5
M-4	Shinkiba	Trust beneficiary right of real estate	2,454	2,172	3,700	0.9
M-5	Urayasu Chidori	Trust beneficiary right of real estate	6,000	4,979	9,180	2.2
M-6	Funabashi Nishiura	Trust beneficiary right of real estate	5,700	4,218	7,660	2.0
M-8	Kawasaki	Trust beneficiary right of real estate	10,905	9,429	12,300	3.9
M-9	Narashino	Trust beneficiary right of real estate	1,690	1,443	2,320	0.6
M-11	Yachiyo	Trust beneficiary right of real estate	7,892 (Note 5)	7,364	12,300	2.8
M-12	Yokohama Fukuura	Trust beneficiary right of real estate	9,800	7,902	12,100	3.5
M-13	Yachiyo II	Trust beneficiary right of real estate	5,300	3,928	7,820	1.9
M-14	Urayasu Chidori II	Real estate	1,640	1,428	1,930	0.6
M-15	Ichikawa	Real estate	4,550	4,125	5,850	1.6
M-16	Shinonome (Note 6)	Trust beneficiary right of real estate	11,800	11,126	14,800	4.2
M-17	Narashino II (Note 6)	Trust beneficiary right of real estate	7,875	6,358	10,400	2.8
M-18	Ichikawa II (Note 6)	Trust beneficiary right of real estate	17,415	15,401	23,500	6.3
M-19	Souka	Trust beneficiary right of real estate	14,440 (Note 7)	13,399	16,900	5.2
M-20	Tatsumi	Trust beneficiary right of real estate	9,000	8,333	12,100	3.2
M-21	Kashiwa	Trust beneficiary right of real estate	3,725	3,402	4,560	1.3
M-22	Musashimurayama	Trust beneficiary right of real estate	8,650	7,926	10,900	3.1
M-23	Kashiwa II	Trust beneficiary right of real estate	3,795 (Note 8)	3,725	4,410	1.4
M-24	Shin-Koyasu (Note 6)	Trust beneficiary right of real estate	9,696	8,989	12,000	3.5

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	3,553	4,820	1.4
M-26	Sagamihara	Trust beneficiary right of real estate	8,032	7,420	10,300	2.9
M-27	Chiba Kita	Real estate	1,459	1,392	2,060	0.5
M-28	Chiba Kita II	Trust beneficiary right of real estate	4,608	4,498	5,950	1.7
M-29	Urayasu Chidori III	Trust beneficiary right of real estate	1,053	1,049	1,440	0.4
M-30	Zama	Trust beneficiary right of real estate	1,728	1,705	2,370	0.6
M-31	Shinkiba II	Trust beneficiary right of real estate	15,270	15,267	18,600	5.5
M-32	Yokohama Machida	Trust beneficiary right of real estate	25,452	25,185	26,300	9.1
M-33	Yachiyo III	Real estate	3,286	3,339	4,110	1.2
M-35	Toda	Trust beneficiary right of real estate	2,052	2,074	2,300	0.7
M-36	Ichikawa III	Trust beneficiary right of real estate	3,850	3,885	5,240	1.4
M-37	Fujisawa	Trust beneficiary right of real estate	4,305	4,319	4,370	1.5
M-38	Hanyu	Trust beneficiary right of real estate	1,705	1,365	1,950	0.6
M-39	Saitama Kisai	Trust beneficiary right of real estate	4,010	3,229	4,870	1.4
M-40	Kazo	Trust beneficiary right of real estate	3,790	3,129	4,890	1.4
Subtotal for the Tokyo Metropolitan Area			231,169	211,101	291,490	83.1
T-1	Daito	Trust beneficiary right of real estate	9,762 (Note 9)	8,584	19,600	3.5
T-2	Osaka Fukuzaki	Trust beneficiary right of real estate	4,096	3,348	6,650	1.5
T-3	Kiyosu	Real estate	3,010 (Note 10)	2,936	5,500	1.1
T-4	Kadoma	Real estate	989	1,008	1,560	0.4
T-5	Komaki	Real estate	2,100	1,841	2,070	0.8
T-6	Komaki II	Real estate	1,800	1,680	1,590	0.6
T-7	Fukuoka Hakozaiki Futo	Trust beneficiary right of real estate	2,797	2,656	3,670	1.0
T-8	Tajimi	Trust beneficiary right of real estate	9,310 (Note 11)	8,381	12,300	3.3
T-9	Fukuoka Kashiihama	Trust beneficiary right of real estate	2,750	2,552	3,460	1.0

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-10	Kasugai	Real estate	3,500 (Note 12)	3,545	4,790	1.3
T-11	Takatsuki	Real estate	1,560	1,597	1,670	0.6
T-13	Osaka Nishiyodogawa	Real estate	2,600	2,616	2,710	0.9
Subtotal for Kinki Area, Chubu Area and Kyushu Area			44,275	40,748	65,570	15.9
O-1	Maebashi	Trust beneficiary right of real estate	1,230	949	1,330	0.4
O-5	Sendaiko-kita	Real estate	1,600	1,616	1,880	0.6
Subtotal for other Areas			2,830	2,565	3,210	1.0
Portfolio total			278,274	254,415	360,270	100.0

(Properties to be acquired, etc.)

Property Number	Name of the properties (Note 13)	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-34	Shiroi (Note 14)	Real estate	4,052 (Note 15)	—	4,970	—
T-12	Aisai (Note 16)	Real estate	2,510 (Note 15)	—	2,740 (Note 17)	—

(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 the sum of the acquisition prices on October 8, 2013 and November 4, 2014.

(Note 12) 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 13) 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 14) The date of delivery of the property will be a date no later than the date on which one year has elapsed from the date of application for building preservation registration and shall be a date designated separately by JLF (or if a date has been agreed separately by JLF and JA Mitsui Leasing Tatemono Co., Ltd., such agreed date). In addition, JLF concluded a fixed-term lease contract with JA Mitsui Leasing Tatemono Co., Ltd. on February 22, 2018, subject to a condition precedent that the building has been completed and an application for building preservation registration has been filed pertaining to the building. Therefore, with an application for building preservation registration filed on May 24, 2019, the relevant fix-term lease contract took effect on the same date (As a result, JLF acquired the leasehold right to the property). JFL also concluded a fixed-term lease contract with a sublessee of the building, and based on which, sublet part of the said building on September 1, 2019 and December 16, 2019. An overview of the property is as follows.

[M-34 Shiroy Logistics Center]

Location	98-87 Konauchi, Naka, Shiroy, Chiba and Others
Usage	Warehouse (Note)
Site area	14,322.86 m ² (Note)
Total floor area	25,653.78 m ² (Note)
Structure/Story	Steel-frame structure, alloy plated steel sheet roof, 3 stories
Date of completion	May 15, 2019 (Note)

(Note) The outline shown here is according to the real estate registry, and may differ from the present state.

- (Note 15) 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. Moreover, Fujisawa Logistics Center was acquired on August 1, 2019 for 4,305 million yen.
- (Note 16) This property is a development project, and 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 17) As of the date of the appraisal, the building has not yet been completed, and thus the appraisal value of the property was calculated by using “Appraisal of Uncompleted Buildings” stipulated in the Real Estate Appraisal Standards. As a result, the figure is an appraisal value based on the assumption that the building is a property following completion that has been completed as planned, has received the delivery of the inspection certificate and has undergone registration.

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

Property Number	Name of the Logistics Center	Total leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Total number of tenants	Occupancy rate (%)	PML value (%) (Note 3)
M-2	Urayasu	9,543.72	8,373.34	4	87.7	18.3
M-3	Hiratsuka	11,418.57	11,418.57	1	100.0	(Note 4) 21.1
M-4	Shinkiba	11,595.40	11,595.40	1	100.0	17.6
M-5	Urayasu Chidori	31,829.55	31,829.55	1	100.0	13.8
M-6	Funabashi Nishiura	34,723.80	34,723.80	3	100.0	7.1
M-8	Kawasaki	46,667.00	46,667.00	1	100.0	14.6
M-9	Narashino	4,123.60	4,123.60	1	100.0	11.3
M-11	Yachiyo	56,882.98	56,882.98	2	100.0	1.7
M-12	Yokohama Fukuura	40,160.35	40,160.35	3	100.0	16.3
M-13	Yachiyo II	32,389.75	32,389.75	1	100.0	7.6
M-14	Urayasu Chidori II	6,192.80	6,192.80	1	100.0	13.1
M-15	Ichikawa	18,735.76	18,735.76	1	100.0	11.8
M-16	Shinonome (Note 5)	24,380.84	24,380.84	1	100.0	14.4
M-17	Narashino II (Note 5)	43,508.54	43,508.54	3	100.0	11.1
M-18	Ichikawa II (Note 5)	67,065.02	67,065.02	2	100.0	4.2
M-19	Souka	55,300.10	55,300.10	3	100.0	12.7
M-20	Tatsumi	29,810.84	29,810.84	1	100.0	14.6
M-21	Kashiwa	20,550.73	20,550.73	1	100.0	9.7
M-22	Musashimurayama	40,884.25	40,884.25	1	100.0	11.9
M-23	Kashiwa II	50,159.55	50,159.55	1	100.0	7.1
M-24	Shin-Koyasu (Note 5)	36,422.61	36,422.61	2	100.0	11.4
M-25	Misato	19,405.45	19,405.45	1	100.0	10.9
M-26	Sagamihara	42,733.37	42,733.37	1	100.0	12.3
M-27	Chiba Kita	14,828.38	14,828.38	1	100.0	8.4
M-28	Chiba Kita II	25,595.13	25,595.13	1	100.0	6.8
M-29	Urayasu Chidori III	5,587.80	5,587.80	1	100.0	10.9
M-30	Zama	9,352.06	9,352.06	1	100.0	11.8
M-31	Shinkiba II	41,270.00	41,270.00	3	100.0	11.3
M-32	Yokohama Machida	65,657.23	65,657.23	6	100.0	12.2

Property Number	Name of the Logistics Center	Total leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Total number of tenants	Occupancy rate (%)	PML value (%) (Note 3)
M-33	Yachiyo III	18,947.81	18,947.81	1	100.0	7.1
M-35	Toda	7,219.40	7,219.40	1	100.0	11.7
M-36	Ichikawa III	24,740.88	24,740.88	1	100.0	10.9
M-37	Fujisawa	16,443.72	16,443.72	1	100.0	12.3
M-38	Hanyu	5,919.53	5,919.53	1	100.0	11.6
M-39	Saitama Kisai	24,574.14	24,574.14	1	100.0	10.5
M-40	Kazo	25,189.47	25,189.47	1	100.0	9.5
Subtotal for the Tokyo Metropolitan Area		1,019,810.13	1,018,639.75	57	99.9	-
T-1	Daito	97,390.99	97,390.99	1	100.0	12.9
T-2	Osaka Fukuzaki	23,736.68	23,736.68	1	100.0	14.1
T-3	Kiyosu	20,438.09	20,438.09	1	100.0	10.0
T-4	Kadoma	7,416.19	7,416.19	1	100.0	13.3
T-5	Komaki	9,486.45	9,486.45	1	100.0	8.7
T-6	Komaki II	11,104.45	11,104.45	1	100.0	8.3
T-7	Fukuoka Hakozaiki Futo	24,463.69	24,463.69	1	100.0	1.0
T-8	Tajimi	76,178.21	76,178.21	1	100.0	10.8
T-9	Fukuoka Kashihihama	21,217.48	21,217.48	2	100.0	1.0
T-10	Kasugai	22,246.29	22,246.29	1	100.0	8.9
T-11	Takatsuki	7,305.33	7,305.33	1	100.0	9.5
T-13	Osaka Nishiyodogawa	10,213.81	10,213.81	1	100.0	10.2
Subtotal for Kinki Area, Chubu Area and Kyushu Area		331,197.66	331,197.66	13	100.0	-
O-1	Maebashi	5,416.42	5,416.42	1	100.0	9.0
O-5	Sendaiko-Kita	10,634.24	10,634.24	1	100.0	10.6
Subtotal for other Areas		16,050.66	16,050.66	2	100.0	-
Portfolio total		1,367,058.45	1,365,888.07	72	99.9	8.4

(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 ²)	Ratio (%) (Note)	Acquisition price (Millions of yen)	Ratio (%) (Note)
Tokyo Metropolitan Area	1,019,810.13	74.6	231,169	83.1
Kinki Area, Chubu Area and Kyushu Area	331,197.66	24.2	44,275	15.9
Other Areas	16,050.66	1.2	2,830	1.0
Total	1,367,058.45	100.0	278,274	100.0

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

B. Ratio by total rentable area (Note 1)

Total rentable area (m ²)	Number of properties	Ratio (%) (Note 2)	Acquisition price (Millions of yen)	Ratio (%) (Note 2)
Over 30,000 m ²	18	36.0	187,095	67.2
Over 10,000 m ² but 30,000 m ² or less	21	42.0	72,530	26.1
10,000 m ² or less	11	22.0	18,649	6.7
Total	50	100.0	278,274	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 ²)	Ratio (%) (Note 1)	Annual rent (Millions of Yen) (Note 2)	Ratio (%) (Note 1)
Over 10 years	178,843.88	13.1	2,296	12.7
Over 5 years but within 10 years	287,298.83	21.0	4,366	24.1
Over 3 years but within 5 years	241,782.48	17.7	2,628	14.5
Within 3 years	657,962.88	48.2	8,800	48.6
Total	1,365,888.07	100.0	18,092	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 29th 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	184	184	184	184	184
(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	46	56
Loss on write-off of noncurrent assets	-	0	0	-	0
(iii) Income from real estate leasing business (= (i) - (ii))	43	11	57	156	86
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	49	21	72	203	143
(v) Capital expenditure	-	0	3	10	0
(vi) NCF (= (iv) - (v))	49	20	68	192	142

(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	184	184	184	184	184
(i) Total real estate leasing business revenue	Not disclosed (Note)	60	Not disclosed (Note)	Not disclosed (Note)	193
Rent revenue - real estate		60			193
Other lease business revenue		0			-
(ii) Total real estate leasing business expenses		15			81
Taxes and dues		4			13
Outsourcing service expenses		0			0
Utilities expenses		-			0
Repair expenses		-			2
Insurance expenses		0			0
Other expenses related to rent business		0			0
Depreciation and amortization	77	9	80	78	62
Loss on write-off of noncurrent assets	0	-	-	0	0
(iii) Income from real estate leasing business (= (i) - (ii))	214	45	191	208	112
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	293	54	271	287	175
(v) Capital expenditure	5	-	0	1	5
(vi) NCF (= (iv) - (v))	287	54	271	285	170

(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	184	184	184	184	184
(i) Total real estate leasing business revenue	Not disclosed (Note 2)	Not disclosed (Note 2)	357	Not disclosed (Note 2)	Not disclosed (Note 2)
Rent revenue - real estate			354		
Other lease business revenue			2		
(ii) Total real estate leasing business expenses			89		
Taxes and dues			27		
Outsourcing service expenses			0		
Utilities expenses			-		
Repair expenses			9		
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	4	9
(iii) Income from real estate leasing business (= (i) - (ii))	31	95	267	121	381
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	42	122	318	203	497
(v) Capital expenditure	2	2	33	10	18
(vi) NCF (= (iv) - (v))	40	120	285	192	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	184	184	184	184	184
(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	36
Loss on write-off of noncurrent assets	10	-	-	0	0
(iii) Income from real estate leasing business (= (i) - (ii))	206	199	72	190	103
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	330	250	111	251	140
(v) Capital expenditure	68	-	-	2	6
(vi) NCF (= (iv) - (v))	262	250	111	249	133

(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	184	184	184	184	184
(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	60	31	73	12	29
Loss on write-off of noncurrent assets	-	0	-	-	0
(iii) Income from real estate leasing business (= (i) - (ii))	192	79	148	40	94
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	253	111	222	53	124
(v) Capital expenditure	0	0	-	-	24
(vi) NCF (= (iv) - (v))	252	110	222	53	100

(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
Number of days under management	184	184	184	184	152
(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	5	7	84	102	27
Loss on write-off of noncurrent assets	0	0	0	0	-
(iii) Income from real estate leasing business (= (i) - (ii))	26	-6	300	377	83
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	31	1	385	479	111
(v) Capital expenditure	1	7	3	0	-
(vi) NCF (= (iv) - (v))	30	-6	382	478	111

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

Property No.	M-35	M-36	M-37	M-38	M-39
Name of real estate, etc.	Toda Logistics Center	Ichikawa Logistics Center III	Fujisawa Logistics Center	Hanyu Logistics Center	Saitama Kisai Logistics Center
Number of days under management	184	184	184	184	184
(i) Total real estate leasing business revenue	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	59	Not disclosed (Note)
Rent revenue - real estate				59	
Other lease business revenue				-	
(ii) Total real estate leasing business expenses				15	
Taxes and dues				3	
Outsourcing service expenses				0	
Utilities expenses				-	
Repair expenses				0	
Insurance expenses				0	
Other expenses related to rent business				1	
Depreciation and amortization	14	22	30	9	32
Loss on write-off of noncurrent assets	-	-	-	-	-
(iii) Income from real estate leasing business (= (i) - (ii))	40	119	75	44	90
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	55	141	105	53	123
(v) Capital expenditure	-	-	-	-	3
(vi) NCF (= (iv) - (v))	55	141	105	53	119

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

Property No.	M-40
Name of real estate, etc.	Kazo Logistics Center
Number of days under management	184
(i) Total real estate leasing business revenue	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	43
Loss on write-off of noncurrent assets	-
(iii) Income from real estate leasing business (= (i) - (ii))	68
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	112
(v) Capital expenditure	—
(vi) NCF (= (iv) - (v))	112

(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	184	184	184	184	184
(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	81	23	33	9	15
Loss on write-off of noncurrent assets	0	-	-	-	-
(iii) Income from real estate leasing business (= (i) - (ii))	414	123	97	35	34
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	497	147	130	45	50
(v) Capital expenditure	7	-	-	-	-
(vi) NCF (= (iv) - (v))	489	147	130	45	50

(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	Fukuoka Kashiihama Logistics Center	Kasugai Logistics Center
Number of days under management	184	184	184	184	184
(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	17	25	109	27	36
Loss on write-off of noncurrent assets	0	-	13	-	-
(iii) Income from real estate leasing business (= (i) - (ii))	32	61	191	49	76
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	50	87	314	77	112
(v) Capital expenditure	10	14	48	-	-
(vi) NCF (= (iv) - (v))	39	73	265	77	112

(Note) 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 Nishiyodoga wa Logistics Center	Maebashi Logistics Center	Sendaiko-kita Logistics Center
Number of days under management	184	184	184	184
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			12	
Taxes and dues			2	
Outsourcing service expenses			0	
Utilities expenses			-	
Repair expenses			0	
Insurance expenses			0	
Other expenses related to rent business			0	
Depreciation and amortization	10	12	7	16
Loss on write-off of noncurrent assets	-	-	-	0
(iii) Income from real estate leasing business (= (i) - (ii))	23	43	31	43
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	34	56	38	59
(v) Capital expenditure	0	0	0	0
(vi) NCF (= (iv) - (v))	33	55	38	59

(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	118		
Souka Logistics Center (Souka, Saitama)	Rooftop and outer wall waterproofing	July, 2020	242	-	-
Zama Logistics Center (Zama, Kanagawa)	Outer wall waterproofing and rooftop painting	July 2020	47		
Daito Logistics Center (Daito, Osaka)	Remodeling work of Warehouse I	From April, 2020 to September, 2022	727	-	-
Kadoma Logistics Center (Kadoma, Osaka)	LED lighting installation	July, 2020	15	-	-
Fukuoka Hakozaki Futo Logistics Center (Fukuoka, Fukuoka)	LED lighting installation	July, 2020	38	-	-
Fukuoka Kashiihama Futo Logistics Center (Fukuoka, Fukuoka)	LED lighting installation	July, 2020	33	-	-

(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. Not applicable

(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 January 31, 2020.

Name of tenant	Name of real estate, etc.	Leased area (m ²)	Lease ratio (%) (Note 1)
Nakano Shokai co., Ltd.	Kashiwa Logistics Center II	154,640.57	11.3
	Tatsumi Logistics Center		
	Fukuoka Hakozaki Futo Logistics Center		
	Narashino Logistics Center II (Note 2)		
	Fukuoka Kashiihama Logistics Center		
	Shinkiba Logistics Center		
	Shinkiba Logistics Center II		
SETTSU WAREHOUSE Co., Ltd.	Daito Logistics Center	119,637.28	8.8
	Kasugai Logistics Center		
Nippon Express Co., Ltd.	Tajimi Logistics Center	99,191.32	7.3
	Yokohama Fukuura Logistics Center		
SBS RICOH LOGISTICS SYSTEM Co., Ltd.	Osaka Fukuzaki Logistics Center	62,504.55	4.6
	Shin-Koyasu Logistics Center (Note 2)		
	Souka Logistics Center		
SAGAWA EXPRESS CO., LTD.	Hanyu Logistics Center	57,376.56	4.2
	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	3.8
- (Note 3)	- (Note 3)	50,777.36	3.7
Sagawa Global Logistics Co., Ltd.	Kawasaki Logistics Center	46,667.00	3.4
Hitachi Transport System Metropolitan Co., Ltd.	Yachiyo Logistics Center	43,032.60	3.2
DHL Supply Chain Ltd. (Japan)	Sagamihara Logistics Center	42,733.37	3.1
Total for all tenants		1,365,888.07	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%

Narashino 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.