

Japan Logistics Fund Inc. Semi Annual Report

For the six-month period ended July 31, 2021

December, 2021



Japan Logistics Fund, Inc.

日本ロジステイクスファンド投資法人

Management Discussion and Analysis

Background of JLF

Japan Logistics Fund, Inc. (JLF) is Japan's first logistics REIT to invest in real estate that is primarily used for logistics facilities, founded with the aim of contributing to the Japanese economy by converging the flow of money (finance) with the flow of goods (logistics), which is the lifeblood of the economy. To that end, we leverage the history and experience of Mitsui & Co., Ltd., which as a general trading company has worked in logistics operations for long time globally.

Based on the Act on Investment Trusts and Investment Corporations of Japan (Act No. 198 of 1951; including revisions enforced thereafter) (AITIC), JLF was founded on February 22, 2005 by Mitsui & Co., Logistics Partners Ltd. (MLP) as the asset manager, and was listed on the REIT section of the Tokyo Stock Exchange on May 9 of the same year (security code: 8967).

Since JLF's initial public offering, we have applied a discerning eye for logistics sites, building specifications, tenant needs and other factors to investment decisions that are tied to real demand. In the process, we have built a portfolio that can be expected to deliver solid earnings over the mid- to long-term. As Japan's first logistics REIT entering a market of REITs invested mainly in office and residential assets, JLF became a pioneer and has since demonstrated to the market a track record of the logistics sector's ability to deliver solid cash distributions to its investors.

Basic Policy

As the pioneer of J-REIT to invest in real estate that is primarily used for logistics properties, we aspire to provide "stability" and "sustainable growth" of dividends in the mid-to-long-term by leveraging its unparalleled experience and expertise in logistics business and in financial markets. Logistics is a series of economic activities, such as transportation, storage, loading/unloading, packaging, labeling, sorting, or information integration, which connect manufacturers and consumers directly. We believe logistics is a vital function supporting the foundations of industry and people's life in Japan. As a consequence, demand for logistics properties is likely to be solid in the long term. These days, supply chain management which optimizes the entire logistics process is becoming widespread. It is imperative to construct logistics system that can be flexibly adjusted based on consumers' various needs. Therefore, logistics business providers now actively seek highly versatile logistics facilities in order to build elastic logistics systems. Furthermore, consolidation of logistics functions to improve efficiency, as well as separation of ownership and use of logistics facilities to reinforce balance sheets, are growing trends in the logistics business. Given the current environment, we see great investment opportunities in this area.

Investment Policy

Acquisition of new properties

Compared with other asset types, logistics properties tend to have less liquidity in the acquisition market. We believe, therefore, that collecting a broad range of information and making precise investment decisions based on the information gathered is the only way to achieve high quality property acquisitions. In order to avoid unnecessary price competition, we strive to gain early access to property information and promote negotiated transactions by leveraging our extensive networks of sponsors and the information sourcing channels of MLP. When acquiring properties, we make investment decisions focusing on the location and versatility of properties, which are essential factors in pursuing long-term stability in managing logistics properties. As a general rule, we avoid acquiring properties with unique structural features that suit only certain types of tenants in certain industries. Instead, we prefer properties with specifications that meet broad logistical demand. To minimize fluctuations in revenue arising from factors such as rent reduction request from tenants or unexpected tenants' departure, we acquire properties that will help

reduce the risk of over-concentration of tenants by avoiding excessive dependency on a single tenant or industry, and will help diversify lease period expirations.

Portfolio Management

In renewing existing lease contracts, we prefer the way to ensure generating solid revenue flow, such as urging the existing tenant to renew the lease with longer term. In case that a tenant decides to move out, we conduct leasing activities based on this policy so that leases are maintained without any discontinuity and that revenues are secured, by leveraging our sponsor network, intermediary companies well versed in logistics properties and tenant information, and the network of the asset manager.

We promote the improvement of the overall satisfaction level of tenants by maintaining close contact with them. Specifically, we respond to tenants' needs with respect to expanding rental space, making functional improvements in line with tenant and industry needs, and implementing renewal of the properties. We conduct repairs and renovations of properties by keeping related costs below a certain level. In addition, we strive to maintain an optimal level of maintenance management for the properties by selecting appropriate property management companies that can provide efficient management in line with the characteristics of each property, by improving the quality of the property management control at the asset manager, and by standardizing various procedures. Furthermore, we will make additional investments in properties with locational advantage in term of leasing and properties with OBR (Own Book Redevelopment) potential, taking into consideration tenant requests, the leasing needs of facilities, floor area ratios and other factors.

Financial strategy

We set the highest priority on stability and growth of dividends while maintaining relatively conservative LTV (Loan to Value) in financing. When pursuing debt financing, we diversify funding sources and repayment due dates. In addition, with regard to tenant leasehold and security deposits, we may use such deposits to partially fund property acquisitions for efficient cash management purpose.

Strategic and Financial Review of the six-month period July 31, 2021(The 32nd Period from February 1, 2021 to July 31, 2021)

During the period under review, the Japanese economy showed recovery momentum, despite the harsh circumstances that prevail inside and outside Japan due to the impact from COVID-19. Overseas, despite some variance by country or region, in general, economies are recovering. That should lead to a continued increase in exports and industrial production for the Japanese economy. Moreover, corporate earnings and sentiment are improving in general, and capital expenditures are recovering despite weakness in some industries. Meanwhile, there remains stagnation. The pandemic continues to weaken the labor and income environment. Also, there is strong downward pressure on personal consumption and services such as dining and lodging.

In the logistics leasing market, stay-at-home consumption is accelerating growth in the e-commerce market, and e-commerce players are actively expanding their footprint. Meanwhile, logistics companies are winning business from makers aiming to expand online sales and companies looking to reap greater logistics efficiencies, driving strong demand for logistics space. Strong demand for large-scale facilities has led to low vacancy rates despite the continued stream of new supply. Amid this environment, JLF's portfolio has maintained favorable operations, with an occupancy rate of 98.9% as of the end of the period under review. Moreover, portfolio management has focused on stability of long-term cash flows through a strategy of "ACTIVE Asset Management", which aims to achieve stability and sustainable growth in distributions per unit and NAV per unit. This period, the Chiba Kita Logistics Center renovations, which were pursued as part of the ACTIVE Asset Management strategy,

completed, and a lease agreement was executed at a substantial rent increase. In addition, tenant leasing was completed before the completion of construction at the Urayasu Logistics Center, where "OBR (Own Book Redevelopment)" (Note) is underway, and we are planning to re-sign contracts with increased rents at several existing properties, thereby achieving strong internal growth. Moving forward, there will continue to be a focus on finding opportunities for organic growth, without relying on external capital.

(Note) OBR refers to redevelopment pursued by JLF itself on a property owned by JLF. The same applies hereafter.

Results of Operations

The following table illustrates the financial results of the six-month period July 31, 2021 (The 32nd Period from February 1, 2021 to July 31, 2021) and the six-month period January 31, 2021 (The 31st Period from August 1, 2020 to January, 2021):

	Period ended July 31, 2021	Period ended January 31, 2021
Operating revenue	¥9,154 million	¥9,120 million
Operating expenses	¥4,852 million	¥4,605 million
Operating income	¥3,302 million	¥4,514 million
Ordinary income	¥3,914 million	¥4,120 million
Net income	¥3,913 million	¥4,120 million
Earnings per unit	¥4,323	¥4,552
Distributions in excess of earnings per unit	¥0	¥0
Dividends per unit	¥4,800	¥4,800

(Note) Dividends per unit for the six-month period ended July 31, 2021 were calculated by adding 431 million yen as reversal of reserve for reduction entry to unappropriated retained earnings for the six-month period under review and dividing it by the total number of investment units issued and outstanding.

Dividends per unit for the six-month period ended January 31, 2021 were calculated by adding 224 million yen as reversal of reserve for reduction entry to unappropriated retained earnings for the six-month period under review and dividing it by the total number of investment units issued and outstanding.

In the 32nd Period from February 1, 2021 to July 31, 2021, net income decreased 206 million yen from the previous period to 3,913 million yen. Major factors for the change in net income were as follows.

Chiba Kita LC (repair and maintenance costs of renovation, etc.)	- 281 million yen
Aisai LC (acquired March 2021)	+46 million yen
Urayasu LC (fixed asset writedowns tied to OBR (equivalent to demolition costs), etc.)	-9 million yen
Other existing properties (decrease in R&M costs)	+29 million yen
Other existing properties (decrease in brokerage fee, etc.)	+24 million yen
G&A expenses	-20 million yen
Non-operating P/L	+5 million yen

In the 32nd Period from February 1, 2021 to July 31, 2021, the "Special provisions for taxation in the case of advanced acquisition of land, etc. in 2009 and 2010" (Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent

amendments)) was applied. (Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent amendments)) (Article 66-2 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent amendments)) (hereinafter referred to as the "Special Taxation Measures Law") (Article 66-2). Based on this policy, JLF decided to distribute 4,344 million yen, which is the sum of unappropriated retained earnings and the reversal of the reserve for reduction entry of 431 million yen, as distributions on earnings. As a result, JLF's dividend per investment unit was 4,800 yen.

Business Outlook

Recognition of the Environment

Looking at the economic environment in Japan, although there is still a sense of caution about the COVID-19 infection for the time being, the economy is expected to improve at a moderate pace as the effects of the infection gradually abate, thanks to the recovery of foreign demand, an accommodative financial environment, and the effects of the government's economic measures. However, there is a high degree of uncertainty regarding the timing of the convergence of the COVID-19 infection and the impact it will have on the domestic and overseas economies, so we need to keep a close watch on the situation.

In the logistics real estate leasing market, strong demand is expected to continue due to the expansion of the e-commerce market, which will continue even under the influence of the new coronavirus infection. The supply-demand balance is unlikely to be significantly disrupted. In the market for the sale and purchase of logistics real estate, funds are flowing into the Japanese real estate market amid the continuing low interest rate environment worldwide, and many investors are paying attention to the defensive nature of logistics facilities, so transaction yields will remain low and the acquisition environment is expected to remain severe.

Under this environment, we will continue to pursue "stability" and "growth" in distributions per unit by seizing opportunities to acquire properties through relative transactions, etc., while continuing to manage properties through "ACTIVE Asset Management" in a manner that is less susceptible to changes in the environment.

Strategies & Challenges

Growing DPU and NAVPU

Growing DPU and NAVPU

Distributions per Unit



- **Steady DPU growth driven by internal growth (run-rate DPU: ¥4,870)**
- Aim to reach ¥5,000 through ACTIVE Asset Management

Net Asset Value per Unit



* To adjust for share splits and operating period length, results have been divided by 5, then divided by 268 days to reflect half a year, which is the financial reporting cycle. Finally, the resulting number was rounded.

Chapter 1 : Stability and sustainable growth in DPU and NAVPU

Since JLF's IPO, we have striven to manage the REIT so as to achieve stability and sustainable growth in distributions per unit (DPU) and net asset value per unit (NAVPU).

(1) DPU

In the fiscal period ended July 2021, one-off costs were incurred in connection with the OBR project at Urayasu Logistics Center and renovations to Chiba Kita Logistics Center. A reversal from internal reserves (equivalent to 476 yen per unit) was allocated to distributions, maintaining the existing run-rate DPU of 4,800 yen.

The DPU for the fiscal period ending January 2022 is expected to be 4,850 yen, as renovations complete and 100% occupancy begins at Chiba Kita Logistics Center. The DPU for the fiscal period ending July 2022 is expected to be 4,870 yen on contributions to internal growth from some portfolio properties. Under the current circumstances, we consider 4,870 yen to be the run-rate DPU. For the fiscal period ending January 2022 and the fiscal period ending July 2022, we have no plans to reverse internal reserves, due to the absence of one-off costs such as the OBR project at Urayasu Logistics Center and renovations to Chiba Kita.

Through the end of July 2021, the DPU's compound annual growth rate since IPO has been a solid 4.7%, putting JLF on par with other logistics REITs in Japan. Moreover, the DPU target continues to be 5,000 yen, which can be achieved once the OBR project under way at Urayasu Logistics Center is completed and contributing to earnings. We aim to grow the DPU further through efforts aimed at both internal and external growth.

(2) NAVPU

As Japan's first logistics REIT, JLF has leveraged its firstcomer's advantage to acquire excellent properties in favorable locations at relatively advantageous terms. Moreover, since acquisition, the value of these assets has been maintained and enhanced through their appropriate management.

As a result, unrealized gain as a percentage of the portfolio has grown to 48.6%, the highest level among J-REITs. Reflecting this rich base of unrealized gains, NAVPU has grown steadily at a compound annual growth rate of 5.9% in the time between IPO and the fiscal period ended July 2021.

Moving forward, we will continue to seek asset value appreciation and stable and sustainable growth in NAVPU.

ACTIVE Asset Management

JLF's "ACTIVE Asset Management" strategy

Pursued diverse operational activities in an autonomous fashion, without relying solely on sponsor support or external factors in the real estate and capital markets

ACTIVE Asset Management 1
Pursue further internal growth

ACTIVE Asset Management 2
Generate autonomous growth opportunities

ACTIVE Asset Management 3
Flexible financial strategy geared toward growth

ACTIVE Asset Management 4
Accelerate ESG initiatives

Pursuing stability and sustainable growth in DPU and NAVPU regardless of the external environment
Aim to reach DPU target of ¥5,000

Chapter 1 : Stability and sustainable growth in DPU and NAVPU |

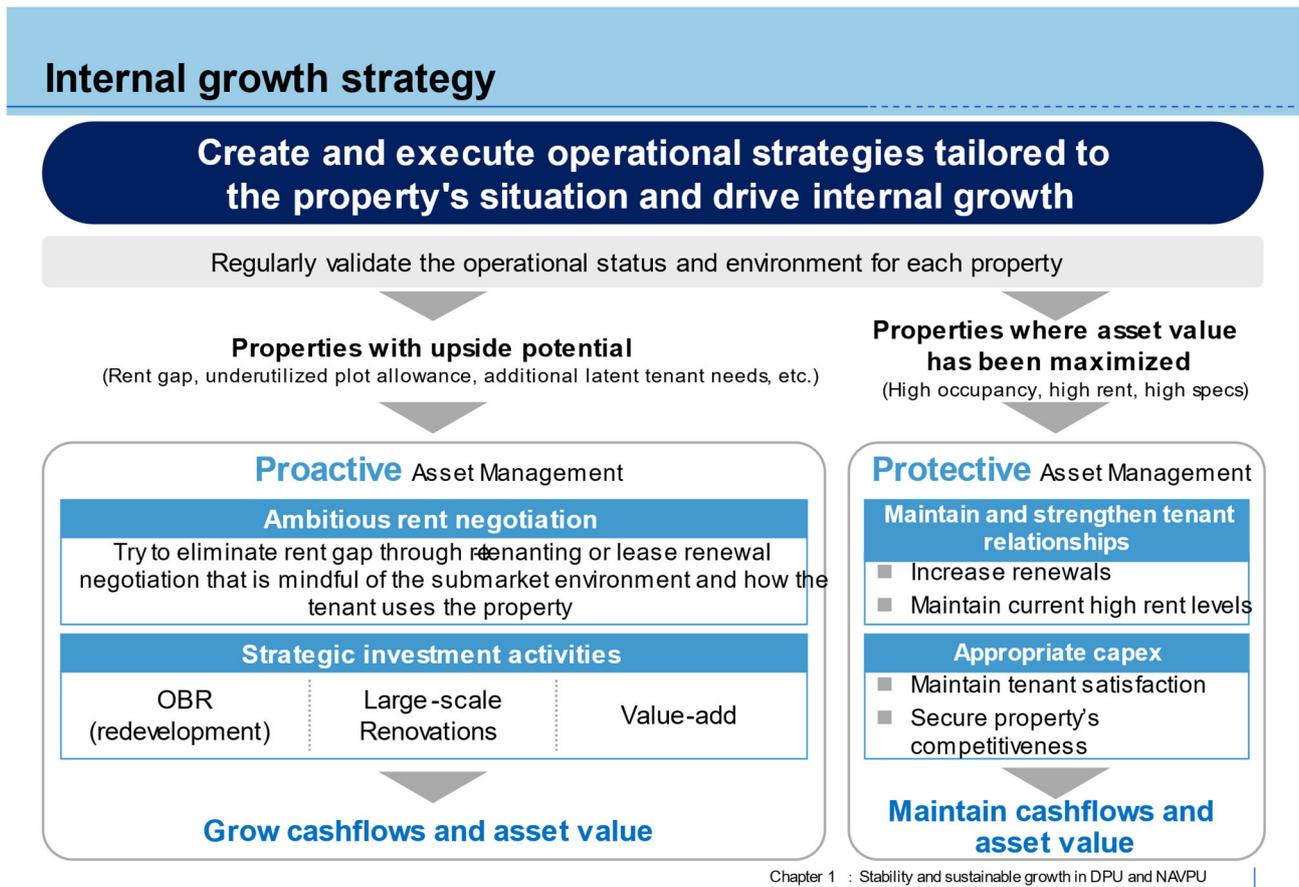
We execute ACTIVE Asset Management to realize stability and sustainable growth in the DPU and NAVPU.

Under ACTIVE Asset Management, instead of relying solely on our sponsor or external environmental factors such as the real estate and capital markets, JLF takes the lead, acting autonomously across a diverse range of management activities. This strategy positions JLF to target stability and sustainable growth in DPU and NAVPU under any external environment.

Specifically, the following four themes have been key to management operations.

1. Pursue further internal growth;
2. Generate autonomous growth opportunities;
3. Flexible financial strategy geared toward growth; and
4. Accelerate ESG initiatives.

We aim to achieve our DPU target of 5,000 yen through the execution of these strategies.



JLF aims to achieve solid internal growth by preparing and executing individualized management strategies for each property, based on periodic verification of market rent trends and other macro-environmental factors, as well as leasing circumstances at competing properties and the environment surrounding individual properties. We deploy an internal growth strategy that is tailored to the property's situation. We take a proactive asset management approach for properties where there is upside to asset value, i.e., there is a rent gap, underutilized plot allowance, or additional latent tenant needs. Meanwhile, we take a protective asset management approach to properties where asset value has already been maximized, i.e., high occupancy, high rent, or high specs.

Under our proactive asset management approach, specifically we aim to improve profitability through rent increases or invest in strategic investments such as redevelopment or large-scale renovations to extract the full potential of the property and maximize cash flows and asset value.

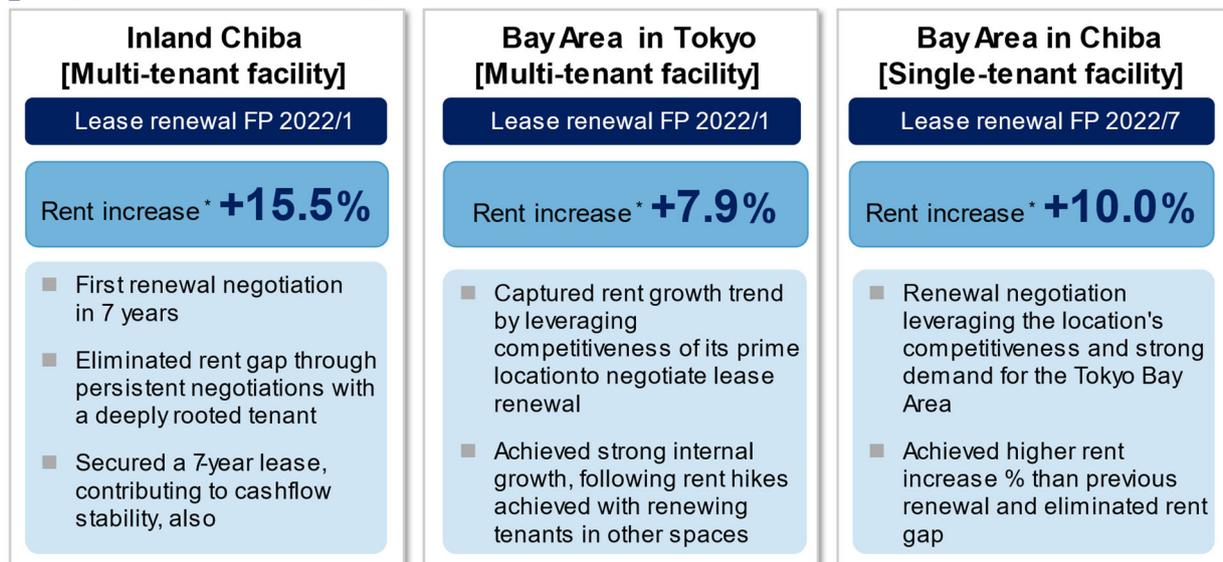
Meanwhile, under our protective asset management approach, we strive to maintain cash flows and asset value by enhancing lease renewal rates through stronger tenant relations, maintain the currently high levels of rent or maintain competitiveness of the property through appropriate facilities upgrades aimed at maintaining or improving tenant satisfaction.

Moving forward, we will work even harder to achieve solid internal growth through proactive and protective asset management approaches that have been facilitated by reinforcements and other changes made to the operational regime.

Advancing internal growth (1)

Bolstering the operational regime pays off as strong internal growth continues

Major lease renewals signed in FP 2021/7



*Rent increase % calculated based on real rent price reflecting free rent and utilities (divided by leased area)

Chapter 1 : Stability and sustainable growth in DPU and NAVPU

Revamping the operational regime strengthened our Asset Management capabilities. That positioned us to take a proactive asset management approach to lease renewals at properties with upside potential to asset value. Specifically, we achieved a 15.5% increase at a property located in inland Chiba, a 7.9% increase at a property located in the Tokyo Bay Area, and a 10.0% increase at a property located in the Bay Area in Chiba.

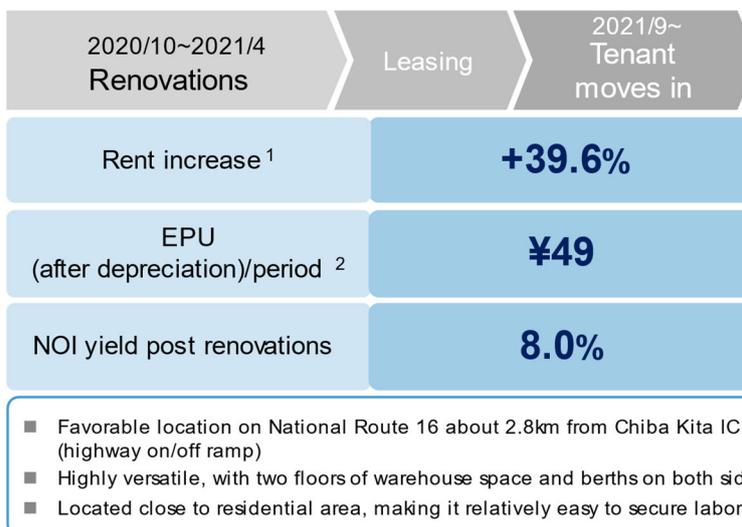
The rent increases at the property located in inland Chiba and the property located in the Bay Area in Chiba eliminated the rent gap that had existed. Meanwhile, at the property located in the Tokyo Bay Area, we achieved strong internal growth leveraging the trend for rising rents in the market.

Moving forward, we will continue to take advantage of strength in the leasing market to drive sustainable internal growth.

Advancing internal growth (2)

Chiba Kita Logistics Center

Strengthened property's competitiveness with renovations and eliminated rent gap with new tenant



1) Rent increase % calculated based on real rent price reflecting free rent and utilities (divided by leased area)

2) Calculated by asset manager using assumed pre-renovation and post-renovation earnings after depreciation (excluding one-time expenditures) divided by the number of outstanding investment units

In 2015, we acquired the Chiba Kita Logistics Center on a sale-and-lease-back scheme from a 3PL player that occupied the property at the time. In negotiating the acquisition, the seller (and previous tenant) agreed to sell at an 18% discount vs. appraisal value at the time of acquisition in exchange for being allowed to lease back the property at a rent price below market rents at the time. Originally, the plan was to eliminate the resulting rent gap after the tenant eventually departed and realize significant upside in value.

After the seller (and previous tenant) vacated the property in October 2020, we started renovations aimed at closing the rent gap. The renovations work completed in April 2021. After property tours commenced upon completion of the renovations in May 2021, multiple tenant candidates entered into negotiations. As a result, in July 2021, the new tenant executed the lease agreement and in September 2021, the new tenant moved in. The renovations strengthened the property's competitiveness, and rent was increased 39.6% compared to pre-renovations, eliminating the rent gap.

The property is well located on National Route 16, a major trunkline in the Tokyo Metropolitan Area, close to the Chiba Kita Interchange and residential neighborhoods, making it relatively easy to secure labor. The building is highly versatile, with two floors of warehouse space and berths on both sides. These and other factors likely contributed to a quick lease signing with the new tenant.

Post-leasing, this property produces earnings per unit (after depreciation) of 49 yen and an NOI yield of 8%.

Stable Portfolio Management

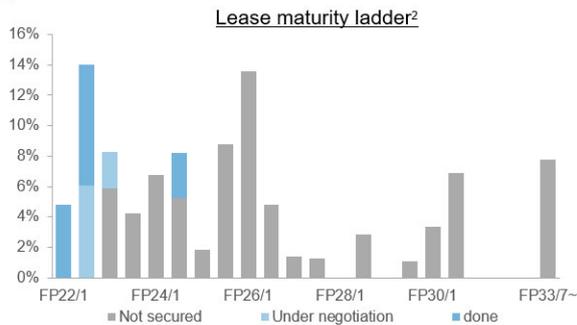
Maintain high occupancy rate



Maintain stability of cash flow



Steady progress in lease renewals



FP 2022/1 (4.8%)
Completed all renewal negotiations.

FP 2022/7 (14.0%)
Under negotiation with 100% renewal as base case scenario.
→ Pursuing ambitious negotiations due to large upside potential for internal growth

1) A weighted average based on rent according to leases in place as of September 14, 2021
2) Prepared based on the status of negotiations for lease renewal and the like as of September 14, 2021

As of the end of July 2021, the occupancy rate across the entire portfolio was 98.9%. The portfolio was fully leased essentially, excluding Chiba Kita, which had been strategically left vacant. When Chiba Kita leased up in the end of September 2021, the occupancy rate became 100%. Cash flows remain stable, with an average lease duration of 11.7 years and weighted average lease expiry of 4.9 years.

In the fiscal period ending January 2022, leases representing 4.8% of annual rent are scheduled to expire. However, all lease agreements have been renewed and those lease executions are complete. In the fiscal period ending July 2022, a relatively large number of leases are set to expire, equivalent to 14.0% of annual rent. However, as of September 2021, already about half have been renewed. We are working on renewing all of the remaining leases. Given the great internal growth potential, we are aggressively negotiating with tenants.

External growth strategy

Create external growth opportunities with diverse and independent approaches



- **Autonomously determine strategic pivot based on the real estate acquisition market environment**
- **Strive for stability and sustainable growth in DPU and NAVPU regardless of changes to business environment**

Chapter 1 : Stability and sustainable growth in DPU and NAVPU

As part of our strategy to achieve external growth, we continue to avoid price competition through diverse and autonomous approaches to generate property acquisition opportunities. Approaches to external growth include both initiatives targeting operating assets as well as development projects.

Aside from common methods such as competitive bids on the real estate acquisition market and acquisition of income-earning properties from our sponsor, our initiatives targeting operating assets include CRE strategies, where we propose real estate sales to operating companies pressed with the need to bolster earnings or their balance sheet amid effects from the COVID-19 pandemic.

Our initiatives targeting development projects include OBR (redevelopment) projects, which are most unique to JLF, and forward commitments on greenfield developments pursued jointly with third-party partners. We have also studied greenfield developments for JLF to pursue independently and equity stakes in development funds managed by third-party asset managers. These initiatives represent self-sufficient means to grow that distinguish JLF from other logistics REITs, which rely solely on a sponsor pipeline for external growth. Furthermore, the initiatives facilitate the acquisition of prime properties at relatively favorable terms, avoiding price competition amid intensifying competition to acquire properties.

Where is it easier to achieve external growth? Targeting operating assets? Or development projects? That depends on what phase the real estate acquisition market is in. We will pivot strategy autonomously in response to the market environment and execute an external growth strategy regardless of changes in the business environment to achieve stable and sustainable growth in the DPU and NAVPU.

Acquisition of operating assets

CRE activities

CRE activities

Actions in response to changes in economic environment due to COVID -19. Approaching companies outside of real estate business by utilizing the network of financial institutions.

Tokyo Met. Area: Project A¹

Proposed to sell to a nonreal estate company through our own sourcing activities and acquired a first right of refusal

100% occupied

GFA: About 19,200 m²

Acquisition from sponsors

Tokyo Met. Area: Project B¹

Acquired first right of refusal leveraging bridge scheme on sponsor developed property.

100% occupied

GFA: About 9,300 m²



(Reference) Data center business²



1) JLF has acquired a first right of refusal on this property from the property's current owner, but it has not been decided that JLF will acquire the property. Occupancy information is as of the end of August 2021.

2) This material is based on publicly available materials from Mitsui & Co. Asset Management Holdings, Inc., the parent company of the asset manager. JLF has not decided to acquire the data centers.

Among initiatives targeting operating assets, we have made progress in our CRE strategy and sponsor pipeline.

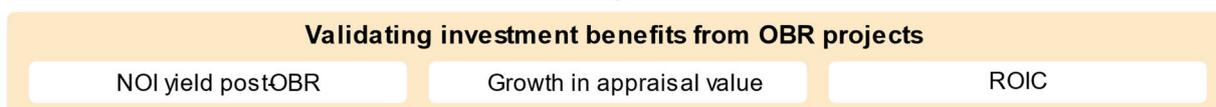
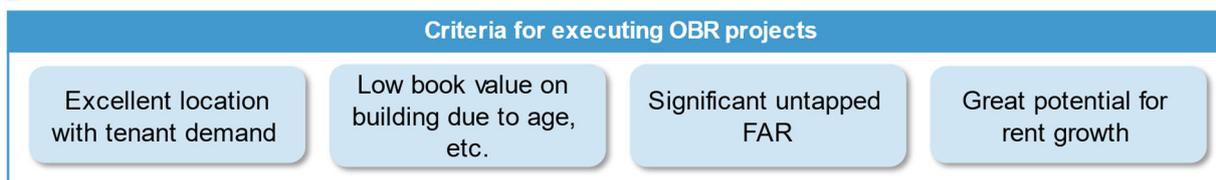
As part of our CRE activities, we have attempted to source logistics properties and assets that could be converted into logistics properties by leveraging our networks with financial institutions to approach any operating companies that may be studying real estate sales in response to a deteriorating business environment caused by the COVID-19 pandemic. As part of those efforts, we have acquired first right of refusal on Project A (fully occupied with GFA of about 19,200m²). Although the seller has yet to determine the timing of the sale, the property is located in a prime area within the Tokyo Metropolitan Area and is equipped with standard specifications, making it a promising part of the pipeline.

Meanwhile, we continue to work with our sponsor, Mitsui & Co., Ltd. We have acquired first right of refusal leveraging a bridge scheme on Project B (fully occupied with a GFA of about 9,300m²), which was developed by a company within the Mitsui & Co., Ltd. Group. Negotiations for its acquisition are underway. We continue to work to expand the pipeline of properties developed by companies in the Mitsui & Co., Ltd. Group.

For your reference, we have provided information on a new data center business at our sponsor Mitsui & Co., Ltd. The business plans to develop and operate data centers jointly with Fidelity, through a data-center development fund invested in jointly with CPPIB, a Canadian public pension fund. JLF does not currently enjoy first right of refusal, but is considered an exit candidate, so we will continue to work with our sponsor and its partners so that JLF may acquire the assets.

Engage in development projects (Extension of OBR strategy (1))

Thinking on OBR projects



Track record of investment returns from past OBR projects

	NOI yield post-OBR vs Appraisal NCFCR post-OBR	Growth in appraisal value vs Capital invested in OBR project	ROIC ²
Daito LC	About +440bps	About 170%	8.4%
Yachiyo LC	About +190bps	About 130%	6.0%
Kiyosu LC	About +440bps	About 190%	10.0%
Kasugai LC	About +190bps	About 140%	6.7%
Urayasu LC (Projected)	About +270bps ³	About 120% ³	About 6.5% ³

1) Capital invested in OBR project: Former building demolition costs + Fixed asset writedowns related to former building + Construction costs of new building

2) ROIC: (Post-OBR NOI - Pre-OBR NOI)/Capital invested in OBR project

3) Assumption as of September 14, 2020, or March 17, 2021. Subject to change depending on future status of construction.

The OBR is one of JLF's autonomous growth strategies.

An OBR is a redevelopment project where an existing asset—typically an older building with untapped plot-to-area ratio—is redeveloped while JLF maintains ownership of the asset on its balance sheet. The resulting redevelopment is a large, modern facility that maximizes allowable floor area.

Portfolio properties that fulfill all four of the following criteria are considered OBR candidates.

- Excellent location that should support strong demand from tenants
- Small writedown on fixed assets associated with the OBR project, due to the low book value tied to older building age
- Plenty of room to add leasable area due to significant untapped plot-to-area ratio
- Great potential for rent growth due to, for example, improved building specifications resulting from the OBR.

The investment benefits from executing an OBR project are validated from the following perspectives.

- Would the post-OBR NOI yield compare favorably to acquisition market transactions in the same sub-market?
- Will there be enough value added (appraisal value appreciation) to justify the capital to be invested in the OBR project?
- Will the investment result in a sufficient ROIC?

Aside from validating the above three points, we move forward with an OBR project after confirming the building construction and the probability of leasing to new tenants.

JLF has a track record of five OBR projects. In each case the post-OBR NOI yield exceeded the direct capitalization cap rate used in the post-OBR appraisal value by a range of about 190 to 440 basis points. Furthermore, appraisal values exceeded capital

invested in the OBR projects by about 120% to 190%. ROIC ranged from 6.0% to 10.0%, generating a favorable return in each case.

The OBR strategy is very attractive to shareholders, but not all REITs can execute these redevelopment projects. There are many logistics REITs who operate based on a business cycle where the sponsor develops properties, and the REIT acquires those properties. There are few logistics REITs, however, who aim to establish an operating structure where development gains are enjoyed by the REIT, not the sponsor. Add to that a track record and know-how in redevelopment projects and an abundant unrealized gain, and there are few REITs capable of pursuing an OBR strategy successfully. Indeed, JLF is the only J-REIT that executes comprehensive redevelopment projects on portfolio assets on an ongoing basis. We believe OBR comprises JLF's greatest competitive edge.

Engage in development projects

(Extension of OBR Strategy (2))

Engage in development projects (Extension of OBR strategy (2))

Urayasu Logistics Center OBR (OBR #5)



Benefits		Pre-OBR	Post-OBR ²	Benefits from OBR
Projected NOI yield	About 6.5%	Gross leasable area (GLA)	9,543.72 m ²	37,378.68 m ² About 3.9 X
		Plot ratio	49.8%	195.1% About 3.9 X
Projected ROIC ¹	About 6.5%	Annual NOI	JPY 131 Million	JPY 603 Million About 4.6 X
		Acquisition price	JPY 2,902 Million	JPY 9,326 Million About 3.2 X

Quickly found tenant. Progressing well toward 2022/7 completion

1) ROIC: (Post-OBR NOI - Pre-OBR NOI) ÷ Capital invested in OBR project
2) Assumption as of September 14, 2020 or March 17, 2021. Subject to change depending on future status of construction.

The OBR project currently underway at Urayasu Logistics Center is proceeding as planned. Demolition began in September 2020 and completed February 2021. Construction confirmation was acquired in March 2021. Thereafter, the foundation was completed in July 2021 and framing began in August 2021. Framing is scheduled to continue through February 2022, after which the finishing work will proceed from March to July 2022. Finally, construction will complete July 2022.

The tenant lease was signed in March 2021, a full 16 months before the planned completion of construction. The tenant is a major 3PL player, and the term of the lease is 6.5 years. After construction is complete in August 2022, the property will be 100% occupied. Given the rare location of the property, the lease was signed sooner and in the higher range of rent assumed when JLF green-lighted the project. We attribute our success in executing a lease agreement so early and at such favorable terms to the following factors.

- Good location and competitive building specifications.
- Thorough feasibility studies were implemented, including identifying multiple tenant candidates based on our analysis of the surrounding real estate leasing market. That analysis work began before the business decision was made.
- We have fundamentally revised and bolstered our asset management organization, including tenant leasing.

Let's look at the OBR investment returns. The old warehouse had utilized 49.8% of the plot ratio. The new logistics facility made to the latest specifications will occupy a 195.1% plot ratio. As a result, leasable area will increase about 3.9-fold and annual NOI about 4.6-fold. The substantial increase in value should result in a post-development NOI yield and project ROIC of 6.5%. Some construction costs and operating expenses remain to be determined, but the original plan includes a buffer reserve. So, we see little chance of investment returns worsening.

Engage in development projects (Extension of OBR strategy (3))

Potential for OBR projects

Regularly devise OBR scenarios for all properties and validate investment benefits

NOI yield post- OBR

Growth in appraisal value

ROIC

- Currently there are **8 OBR candidates** ¹

- Could potentially add about **160,000 m²** to GFA (about 12% of portfolio) ²

- Study optimal timing for executing OBR project while considering impact on portfolio

Current lease contract maturities on OBR-candidate properties

	Out to FP 2024/7 (Up to 3 years)	Out to FP 2026/7 (Up to 5 years)	FP 2027/1 and beyond (More than 5 years)
Number of properties	3 properties	4 properties	1 property

To reap even greater potential:

- Study buying manufacturing, retail or other asset classes with **aim to convert to logistics**
- Approach **properties located near existing portfolio properties**

¹ The total number of properties considered by JLF to be OBR candidates currently, based on our criteria for executing OBR projects. Not a reflection of actual decisions to go forward with future redevelopment projects. Excludes Urayasu Logistics Center, which is currently under OBR work.

² An estimate based on maximum legally allowable plot ratios for current OBR candidates. Actual area resulting from actual OBR projects may differ. Excludes Urayasu Logistics Center, which is currently under OBR work.

We regularly draft OBR scenarios for all portfolio assets and validate investment benefits including post-OBR NOI yield, appraisal value growth and ROIC. Based on our validation results, we have identified eight OBR candidates in the existing portfolio. Executing OBR projects on all these properties could potentially grow portfolio gross floor area by about 160,000 m², adding about 12% to the portfolio.

These eight properties are currently operating at 100% occupancy. Looking at the leases in place with tenants, there are three properties with leases expiring by the end of the fiscal period ending July 2024, another four properties with leases expiring between the fiscal periods ending January 2025 and July 2026, and one property with a lease expiring in the fiscal period ending January 2027 and beyond. We will study executing OBR projects on these properties at the appropriate timing. We also consider factors such as long-term relationships with existing tenants and the impact on the overall portfolio from one-off costs including fixed asset writedowns. Therefore, lease expiration does not automatically trigger the decision to move forward with an OBR project. Nevertheless, OBRs represent one of JLF's unique strengths, and the execution of further OBR projects will be studied at the appropriate timing.

Additionally, as a deep-dive application of our OBR strategy leveraging the experience and know-how we have accumulated, we are studying other acquisition approaches, including acquiring other asset types, such as manufacturing facilities or suburban retail assets, with an eye to convert the asset to logistics after its tenants have vacated, or acquiring assets with future OBR potential that are located near our existing properties.

Engage in development projects (FC on development projects)

Thinking on forward commitment on development

- Independently generate acquisition opportunities leveraging development know-how accumulated through OBR track record
- Secure higher yield than the market by becoming involved from the development phase

Value chain	FC on development projects
Project sourcing	■ JLF involved from sourcing stage (e.g., land sourcing)
Development	<ul style="list-style-type: none"> ■ Recruit business partners such as leasing companies, general contractors, tenants (logistics companies), etc. ■ Share development risk with business partner
Leasing	<ul style="list-style-type: none"> ■ Collaborate with business partner on leasing ■ Sometimes the business partner is the future tenant
Acquisition and ownership	<ul style="list-style-type: none"> ■ Acquire through a forward commitment ■ Provide business partner with an exit and lessen the partner's risk
Characteristics	<ul style="list-style-type: none"> ➢ No expenditures during development period ➢ Ability to share development risk with business partner depending on the project

Chapter 1 : Stability and sustainable growth in DPU and NAVPU |

Forward commitments on developments leverage the know-how JLF has accumulated through past OBR projects to jointly develop logistics properties with third-party business partners. By getting involved in the development phase, JLF independently generates acquisition opportunities at the same time it positions itself to enjoy higher yields compared to market transactions. A typical forward commitment on a development proceeds as follows. JLF sources a lead on the land to be developed. To disperse risk, JLF brings in third-party business partners, such as leasing companies, general contractors and logistics companies, instead of acquiring the land directly. JLF has its partner acquire the land and develop a property on its behalf. Meanwhile, JLF enters into a forward commitment to acquire the property after construction is done to provide its business partner with a potential exit. Leasing is pursued collaboratively with the business partner. In some cases, the business partner takes the lead in leasing. In others, JLF does. Where leasing risk resides ultimately gets reflected into the property price. When the property is eventually complete, JLF takes delivery on the property from its business partner. These efforts are structured in a way that enables JLF to minimize risk by sharing risk with its business partner. Negotiations with the business partner take place off-market, enabling JLF to acquire the property at a fairer price than at a market bid.

Engage in development projects

(FC on development projects)

Engage in development projects (FC on development projects)

Track record of FC on development projects

Property	Yachiyo LC III	Shiroi LC	Toda LC	Aisai LC
Business partner	Constructor	Lease company	Logistics company	Logistics company
Project sourcing	JLF	JLF	Tenant	JLF
Leasing risk	Yes	Yes	No	No
Acquisition price (JPY Million)	3,286	3,875	2,052	2,510
Appraisal value ¹ (JPY Million)	4,110	4,940	2,250	2,790
Discount rate²	20.0%	21.5%	8.8%	10.0%

Discern difficulty of each project and pursue return consistent with risk

1) Current appraisal value as of the acquisition

2) (Appraisal value - Acquisition price) / Appraisal value

3) A business agreement has been executed with the respective developers and preparations for the development project are under way, but it has not been decided that JLF will actually acquire the property.
Information on construction completion and gross floor area are based on the plan in the relevant business agreement.

Development pipeline example

Greater Osaka: Project C³

Executed business agreement as post-development exit candidate on property developed by a leasing company

Construction completion: Late 2022

GFA: About 13,900m²

Greater Nagoya: Project D³

Executed business agreement as post-development exit candidate on property developed by a developer

Construction completion: Late 2023

GFA (2 buildings):
About 76,900m² / About 68,900m²

Chapter 1 : Stability and sustainable growth in DPU and NAVPU |

JLF has a track record of four forward commitments on developments. In each case, JLF seeks a return in line with its risk based on an individual analysis of the risk and return of each project. In particular, where leasing risk resides greatly impacts the return. JLF bore the leasing risks in projects at Yachiyo Logistics Center III and Shiroi Logistics Center. The properties were acquired at a price 20.0% and 21.5% below appraisal value at the time of acquisition, respectively. Meanwhile, JLF did not bear leasing risk on the projects at Toda Logistics Center and Aisai Logistics Center. Nevertheless, because both were off-market transactions, they were acquired at a price 8.8% and 10.0% below appraisal value at the time of acquisition, respectively.

Recently, there has been an increase in players entering the logistics development space, many of which lack an entity to exit the property post-development. JLF sees acquisition opportunities in joint development efforts with such development players. Recently, JLF has added a number of properties to its pipeline as a result of concrete efforts along these lines. For example, Project C (construction to complete late 2022 with a GFA of about 13,900m²) in the Osaka area is currently under study. The business partners are leasing companies, and a business agreement has already been signed. Furthermore, Project D (construction to complete late 2023 with a GFA of about 76,900m² and 68,900m² (2 buildings)) in the Nagoya area is also under study. The business partners are two real estate developers and here, too, business agreements have already been signed. We will focus on generating acquisition opportunities through a diverse range of approaches so that we may avoid the risk of paying too much and make relatively low-priced acquisitions of quality properties, even amid this harsh acquisition environment.

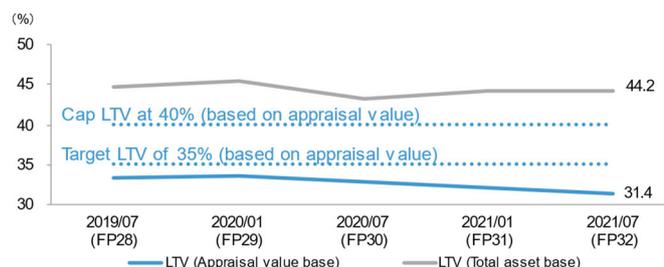
Secure Dry Fire Powder

Maintaining a solid financial standing

Highest rating among J-REITs*

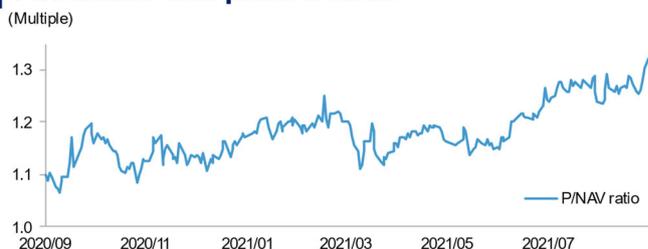
JCR
AA (Stable)

R&I
AA- (Stable)



Maintain high creditworthiness and an LTV that is below run-rate levels and secure dry fire powder for growth

Favorable unit price trends



Unit price has been steady and P/NAV multiple is high

Funding environment continues to be favorable

* Information is current as of the end of August 2021.

Chapter 1 : Stability and sustainable growth in DPU and NAVPU

JLF continues to maintain a solid financial standing. As a reflection of its strong balance sheet, JLF's credit is rated at the highest level among J-REITs, with AA (Stable) from JCR and AA- (Stable) from R&I.

The aim continues to be to control LTV at around 35% based on appraisal value, with a ceiling of 40%. As of the end of the fiscal period ended July 2021, the LTV (based on appraisal value) was 31.4%, slightly below the run-rate level, leaving room to lever up.

JLF's P/NAV multiple is above 1 time. As such, the fund-raising environment continues to be favorable. Therefore, there is opportunity to consider raising equity while remaining cognizant of capital cost, provided there are investment opportunities that would be accretive to DPU and NAVPU.

The REIT's finances continue to be managed with flexibility, allowing for access to both equity and debt fund-raising opportunities aimed at future growth.

Stable debt procurement regime¹

Amount of interest-bearing liabilities

¥114,700
million

Percentage of debt on fixed rates

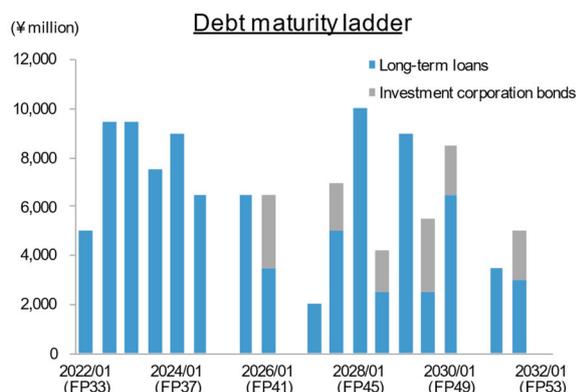
100%

Average remaining maturity on debt

4.4 years

Average cost of debt

0.67%



First time to raise funds through **green finance**

Funding source	Funding date	Amount (¥ million)	Term	Cost of debt
Unsecured Bond (Green bonds)	April 2021	2,000	10.0 years	0.57% ²
The Norinchukin Bank (Green loans)	August 2021	1,000	8.0 years	0.43%
Nippon Life Insurance Company (Green loans)	August 2021	2,000	5.4 years	0.32%

- Continue to diversify repayment dates of interest-bearing debt and promote long-term fixation
- Achieved diversification of financing methods by procuring green bond/loans

¹) Information is current as of the end of August 2021.
²) Includes issuance costs. the interest rate for bonds is 0.49%.

JLF continues to enjoy a stable debt procurement regime. Recently, in April 2021, JLF has procured debt by issuing 2,000 million yen in Unsecured Bond (Green Bonds). Additionally, JLF has diversified funding sources by taking Green Loans from Norinchukin Bank and Nippon Life for 1,000 million yen over 8 years and 2,000 million yen over 5.4 years, respectively. As of the end of August 2021, when the Green Bonds were issued and the Green Loans were drawn, total interest-bearing liabilities stood at 114,700 million yen. Debt on fixed rates as a percentage of total debt remains high (100%). Additionally, diversification of the debt maturity ladder and the lengthening of debt maturities (4.4 years) provides resilience against future interest rate movements.

Accelerate ESG initiatives

Accelerate ESG initiatives

To take a sustained approach to achieving improvements in ESG challenges, we have reorganized internally, acquired external ESG evaluations and signed on to initiatives.

Sustainability Management

Building a management structure that is mindful of sustainability, adopting the philosophy of sustainability into management and business endeavors.

Create sustainability policy

Establish Sustainability Advancement Communication Committee

Important challenges related to ESG
Identifying Materialities

Management involvement
Building an Environmental Management System (EMS)¹

Acquiring external certifications

Consent with initiatives

GRESB² Real Estate

Acquired **Green Star** and **5 Star**, the highest grade under the 2021 GRESB Real Estate Assessment (An upgrade over 2020)



PRI and the PFA21

- Incorporated ESG issues in investment decisionmaking and signed on to initiatives aimed at forming a sustainable society

Signatory of:



¹ An Environmental Management System is a framework that clarifies the impact on the environment by business activities of the REIT and the asset manager and performs planning, execution, evaluation and improvement aimed at realizing policies and goals.

² GRESB is the name of an annual benchmark assessment of environmental, social and governance (ESG) initiatives by real estate companies and funds as well as the name of the organization that manages that benchmark. It was established in 2009 primarily by a group of major European pension funds that led advocacy of Principles of Responsible Investing (PRI)

Accelerate ESG initiatives for environment (2)

Implement various initiatives for the environment with a primary focus on climate change

Greenification of the portfolio

DBJ Green Building certification¹

Acquired at **15 properties** (44.0%) *Based on gross leasable area

BELS Certification²

Acquired at **3 properties** (11.8%) *Based on gross leasable area



Performance results³

Fiscal year	Primary energy consumption basic unit (GJ/m ²)	Greenhouse gas emissions basic unit (t-CO2/m ²)	Water consumption Basic unit (m ³ /m ²)
2020(a)	0.1958	0.0229	0.1074
2019(b)	0.2062	0.0262	0.1197
a-b	-0.0104	-0.0033	-0.0123

Environmental initiative case studies

(1) Energy conservation

Conversion to LED lighting

Installed at about **992 km²** to date



HVAC upgrades (FP 2021/7 Results)

Installed **26 units**



(2) Energy generation

Solar panel installations (FY2020 results)

Installed at **6 properties** to date (Annual power generation: 2,636 MWh)



(3) Initiatives with tenants

Executing green leases

Executed with a total of **21 tenants** to date



¹ The DBJ Green Building Certification is a certification system created by the Development Bank of Japan, Inc., in April 2011 to support real estate that considers the environment and society (Green Building).

² BELS is a third-party certification program that displays a building's energy conservation performance.

³ Results for those properties within the REIT's portfolio for which data was available.

We understand the promotion of ESG to be an important element in the real estate investment business.

We have endeavored to upgrade our score with GRESB, one of the ESG benchmarks. In 2021, we acquired a 5-Star rating, up from our 4-Star rating in 2020.

During the period under review, we made great progress on the following six points in sustainability management and ESG initiatives.

First, we identified material issues for Environment, Social and Governance and set directions and targets for our response. In particular, on the Environment side, we positioned efforts aimed at addressing climate change as a material issue, signed on to TCFD, set KPIs and improved information disclosure.

Second, as part of our effort to upgrade our sustainability management structure, we created sustainability policies, established a Sustainability Advancement Communication Committee and achieved greater clarity on impacts on the environment from business activities at both the REIT and the asset manager. At the same time, we introduced an Environmental Management System (EMS), which involves the management team, as a framework for planning, executing, evaluating and improving efforts toward achieving our direction and goals. Doing so established a framework for a PDCA cycle.

Third, we strengthened our commitment to ESG further by signing on to PRI (Principles for Financial Action for the 21st Century) and the TCFD recommendations, among others.

Fourth, we have identified greenification of the portfolio as a materiality for the Environment. As part of that effort, two properties (Soka and Musashimurayama) have acquired BELS, both achieving the highest 5-Star rating. We will continue to pursue environmentally friendly initiatives, including energy conservation and energy generation and signing green leases with tenants.

Fifth, JLF issued green bonds under the Green Finance Framework, and took out green loans, both a first for JLF. The Green Finance Framework was created in accordance with the Green Bond Principles of the International Capital Markets Association and has received a Green 1(F) rating (the highest rating) under the JCR Green Finance Framework Evaluation from Japan Credit Rating Agency. The Green Finance Framework stipulates those funds be used to acquire or renovate green-qualified assets. Alternatively, the funds may be used to repay loans or redeem bonds issued to fund such activities.

Sixth, we issued a sustainability report with contents that reference the GRI guidelines, providing comprehensive information disclosure on various activities related to sustainability. We also updated our website with more information.

We are also working to collect data including energy usage at portfolio assets and plan to disclose that information to the extent possible.

Accelerate ESG initiatives for society

Develop a better work environment for asset manager employees Contribute to local communities through the management of logistics facilities

Actions aimed at officers and employees of the asset manager

1 Develop a better work environment

- Develop a better environment through company culture and practices
 - Systems for flexible work, leave for childcare and nursing care, and special paid leave
 - Efficient work without overtime. An atmosphere supportive of using paid

2 Acquisition and development talented employees

- Support for skill development of executives and employees
 - Support for acquiring qualifications
 - Implementation of House Training

3 Putting asset manager in the same boat with JLF

- Introduce systems to align interests of JLF and officers and employees of the asset manager
 - Compensation linked to JLF's DPU
 - Program facilitating buying of JLF shares (share accumulation program)

Initiatives aimed at activating local communities

1 Urban development

- Property developments and redevelopment projects large-scale logistics properties contribute to revitalization of local economy by creating jobs in the vicinities

2 Provision of lifestyle infrastructure to the community

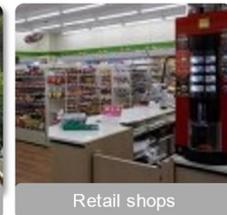
- Retail shops are open to the general public
- Invite cell phone companies to install antennas.

3 Contribution to the local community

- Cleaning activities



Cleaning activities



Retail shops

Chapter 1 : Stability and sustainable growth in DPU and NAVPU

We have worked to enhance safety and comfort for people who use our facilities, through communication with the local communities.

The asset manager strives to create a constructive workplace environment and to enhance satisfaction among officers and employees. We strive to achieve autonomous growth for JLF through incentives for officers and employees of the asset manager. Moreover, we aim to create a same-boat alliance between JLF and officers and employees of the asset manager by incorporating compensation tied to JLF's DPU and a program for accumulating JLF shares for officers and employees of the asset manager.

Accelerate ESG initiatives for governance

Organize internal regimes that bolster governance aimed at achieving operational management that is consistent with unitholder value

Asset management fee structure consistent with unitholder interests (In effect beginning FP 2021/7)

	Fee structure	Asset manager incentives
AM fee 1	Linked to NOI	Asset size growth accompanied by growth in cash flows Growth in cash flows through management of portfolio assets
AM fee 2	Linked to Net income and DPU	DPU stability and growth
Acquisition fee	Linked to Acquisition amount	Asset size growth accompanied by growth in cash flows
Redevelopment fee	Linked to Construction amount	Enhance shareholder value (cash flows and asset values) through implementation of OBR strategy

Supervisory directors with diverse expertise *

Name	Expertise
Toshima Araki	Legal (Lawyer)
Yumiko Kikuchi	Real estate (Realestate appraiser)
Tsuyoshi Oyama	Risk management (Deputy director general for the financial system and bank examination department, the Bank of Japan)
Motomi Oi	Finance and accounting (Accountant)

Regulations on trade conditions in transactions with interested parties

Transactions	Trade conditions
Acquisition of assets under management	Acquire at a price below the appraisal value
Sale of assets under management	Sale at a price above the appraisal value
Brokerage of purchase and sale and lease	Reasonable amount within the range of remuneration stipulated in the Real Estate Brokerage Act

* It was resolved at the Board of Directors meeting held on September 2021 that the election of four supervisory directors will be submitted to the General Unitholders' Meeting scheduled to be held October 21, 2021.

Chapter 1 : Stability and sustainable growth in DPU and NAVPU

At the general unitholders meeting held in October 2020, reforms to the asset management fee structure were approved. The reform abolished the existing management fee component linked to asset size and the disposition fee and created a new management fee linked to DPU. Additionally, the rate applied to the existing management fee component linked to NOI was changed to increase ties to NOI.

When the J-REIT market was first formed, it was common for asset management fee structures to link to asset size and cash flows. However, considering how the J-REIT market has developed since, we believe that unitholder value is better enhanced by achieving stability and growth in cash flows, as opposed to simply pursuing growth in AUM. For that reason, the fee component tied to total asset size was abolished, and the rate applied to the fee component tied to NOI was increased. This increases the incentive for the asset manager not only to acquire new assets, but to promote internal growth of the existing properties in our portfolio. Moving forward, we will further strengthen our focus on growing portfolio NOI. Moreover, we have further aligned the interests of unitholders and the asset manager by newly creating a fee tied to DPU, reflecting recent trends among J-REITs and our dialog with investors inside and outside of Japan. The existing disposition fee was calculated based on the selling price of the property, causing a fee to be generated even in situations where a property was sold for a loss. We abolished the disposition fee to better align interests with unitholders and reformed the fee structure so that any gains or losses realized on asset dispositions would be reflected in the fee component tied to DPU. Doing so increases the incentive for the asset manager not to simply dispose of assets, rather to execute property transactions at an appropriate timing and strive to actively manage assets under management to enhance their value.

Through these reforms to the asset management fee structure, we aim to avert conflicts of interest between the asset manager and unitholders, increase same-boat incentives and further grow unitholder value. Moving forward, we will continue to monitor market trends and dialog with investors to study further reforms to the asset management fee structure to better align asset

manager incentives and unitholder interests.

During the fiscal period under review, we strengthened diversity by bringing in Mr. Tsuyoshi Oyama, an expert in risk management, and Mr. Motomi Oi, an expert in financial accounting, as Supervisory Directors at JLF. Additionally, in regard to stakeholder transactions, we continue to adopt rigid regulations on transaction terms, which are thoroughly applied to management activities: acquisitions are made at a price at or below appraisal value; dispositions are made at a price at or above appraisal value; and brokerage of sales and leases are performed for a reasonable price that falls within the scope of compensation stipulated in the Real Estate Brokerage Act.

We understand investors are increasingly aware of ESG issues. We will continue to study bolstering our ESG initiatives based on dialogs with investors.

Dear our investors

During the period ended July 2021, we made great progress in sustainability management and ESG initiatives. In addition to issuing its first green bond, Mitsui & Co., Logistics Partners Ltd., the asset manager of JLF signed on to initiatives such as Principles for Responsible Investing (PRI). Additionally, by identifying materialities, a structure for reflecting a higher level of thinking on sustainability into management was established. Today, ESG initiatives need to be viewed as a means of achieving a sustainable society throughout a variety of phases of economic activities. Over the years, we have increased our focus on sustainability and ESG, but moving forward we will accelerate our initiatives, positioning these priorities as some of the most important management challenges we face.

On the operations side, this period we continued to achieve strong internal growth and made great strides in upgrading the portfolio in a way that is accretive to DPU. In addition to implementing periodic reviews of the portfolio aimed at maximizing asset value of assets under management, we have reaped the benefits of reforms made to change and reinforce the organizations and work-flows supporting portfolio operations. Although competition for property acquisitions is overheated, we have accelerated efforts to become involved in projects from the development phase and acquire prime properties at relatively favorable terms. As an extension of our track record in OBR and forward commitments on development projects, we are focusing on sourcing through diverse approaches, including conversions from other asset types and greenfield developments.

Recently, we succeeded in negotiating a substantial rent hike at the newly renovated Chiba Kita Logistics Center. The OBR project at Urayasu Logistics Center is also progressing well, in terms of both leasing and construction. The ACTIVE Asset Management measures we have taken are beginning to bear fruit. Moreover, we have positioned expanding the property pipeline as one of the most important challenges we face to meet investor expectations and achieve strong external growth. The company is working together to implement a PDCA cycle for its property acquisition strategy that involves review, execution, validation and rebuilding of the strategy. Based on our philosophies of “Investors First” and “ACTIVE Asset Management”, we will continue to deliver on our recent success in driving internal growth and seek external growth leveraging a diverse range of approaches. By doing so, JLF will achieve stable growth in DPU and NAVPU. We look forward to your continued support.



Naohiro Kameoka

President

Mitsui & Co., Logistics Partners Ltd.

Risks

Risk Profiles

The principal risks with respect to investment in JLF are as follows:

(i) Risks related to the marketability of the investment securities or the investment corporation bonds

- Risk associated with the fluctuation of market prices of the investment units or investment corporation bonds of JLF
- Risk associated with the distribution of cash and investment units buyback programs and etc.
- Risk associated with the fluctuation of income and expenses
- Risk due to the fact that the rights of unitholders and the rights of shareholders are not always identical
- Risk associated with JLF's investment units transactions in the market
- Risk associated with the redemption and coupon payment of the investment corporation bonds of JLF

(ii) Risks related to the management policy of the investment corporation

- Risk due to the fact that the investment target is logistics properties primarily
- Risk associated with the dependency on a small number of tenants
- Risk associated with single tenant properties
- Risk of not being able to purchase properties from Mitsui & Co., Ltd. and Sumitomo Mitsui Trust Bank, Limited as planned
- Risk of not being able to acquire or transfer of real estate
- Risk associated with funding through issuance of new investment units, borrowings and issuance of investment corporation bonds
- Risk associated with the dilution of value when new investment units are issued
- Risk associated with redevelopment projects (OBR)
- Risk associated with investment in data center

(iii) Risks related to parties concerned and framework of the investment corporation

- Risk associated with the dependency on Mitsui & Co., Ltd., Mitsui & Co. Asset Management Holdings Ltd., Sumitomo Mitsui Trust Bank, Limited and Kenedix, Inc., and with conflicts of interest
- Risk associated with the dependency on interested parties of JLF and with conflicts of interest
- Risk of dependency on executive officers of JLF and personnel of MLP
- Risk associated with changes in the investment policy of JLF
- Risk of bankruptcy or deregistration of JLF
- Risk associated with deposits and guarantees

(iv) Legal risks related to beneficial interests of real estate and trusts

- Risk associated with defects of real estate
- Risk associated with lease contracts
- Risk that accompanies damage, loss and deterioration of real estate due to disasters, and degradation of the surrounding environment
- Risk associated with owner liability and repair/maintenance costs related to real estate
- Risk associated with administrative laws and regulations related to real estate
- Risk associated with the establishment or amendment of laws

- Risk of being affected by bankruptcy, etc. of the seller
- Risk associated with the master lease company
- Risk associated with subleasing
- Risk associated with the use of real estate by tenants, etc.
- Risk associated with joint-ownership of properties
- Risk associated with sectional ownership buildings
- Risk associated with properties with leased land
- Risk associated with properties with leased building
- Risk associated with properties with limited proprietary right of land
- Risk associated with development properties, etc.
- Risk associated with detrimental substances
- Risk associated with specific facilities under the Water Pollution Prevention Act
- Risk associated with reserve land
- Specific risk when owning real estate in the form of trust beneficiary rights
- Risk associated with joint-ownership, etc. of trust beneficiary rights
- Risk related to forward commitment, etc.
- Risk associated with landfill
- Risk associated with global warming countermeasures

(v) Risks related to a taxation system

- Risk associated with requirements for dividend deductibility
- Risk of dividend deductibility requirements not being fulfilled ex-post facto due to corrections following tax inquiries, etc.
- Risk of reduced tax system accompanying the acquisition of real estate not being applied
- Risk associated with changes in the general tax system

(vi) Other

- Risk associated with expert reports, etc.
- Risk associated with the dependency on market reports
- Risk associated with the application of impairment accounting
- Risk of increased tax burden due to discrepancy between accounting and taxation
- Risk associated with investment in silent partnership equity interests
- Risk associated with ESG assessment

The current risk profile of the JLF and the risk management systems employed by the MLP to manage those risks:

The appropriateness and effectiveness of the risk management structure are regularly evaluated and enhanced by the MLP.

Deposits are exposed to risks of bankruptcy of the financial institutions which hold the deposit, and other credit risks. Such risks are, however, managed by limiting short-term deposits and depositing financial institutions with high credit ratings.

Loans and investment corporation bonds are mainly used for asset acquisition or debt repayment, etc. While loans and bonds are exposed to liquidity risk at the time of due date and maturity date, such risk is controlled by diversifying lenders and maturity and due dates, diversifying financing means, establishing commitment lines to secure liquidity as well as monitoring cash flows periodically. JLF has 31.9 billion yen of commitment lines as of December 24, 2021.

Debt with a floating interest rate is exposed to interest rate fluctuation risks. JLF will manage the risk by maintaining conservative level of LTV and by increasing fixed-rate debt ratio.

Circumstances in which the JLF may use leverage:

JLF may take out loans or issue long-term or short-term investment corporation bonds for the purpose of acquiring assets, repair of properties, payment for dividends, payment for working capital of JLF, or repayment of obligations (including repayment of tenant leasehold or security deposits, and obligations related to loans or long-term or short-term corporate bonds) and other activities.

The types and sources of leverage permitted and associated risks:

JLF may raise funds through loans and issuance of investment corporation bonds.

Associated risks are;

- There are risks of delinquency in payment of principal or interest, or insolvency with regard to investment corporation bonds due to deterioration of JLF's credit status or other reasons.
- There is no guarantee that monetary debt and issuance of investment corporation bonds can be made at a timing or on terms that JLF desires since the possibility and terms of monetary debt and issuance of investment corporation bonds are affected by JLF's economic credibility, interest rate environment and other factors. As a result, there is a possibility that JLF will not be able to purchase assets that it had planned to purchase, forced to sell assets that it had not planned to sell, or face cash-flow issues.
- In cases where JLF makes loans or issues investment corporation bonds, financial covenants such as restricting monetary distribution to unitholders (including distribution in excess of earnings) may be imposed, collateral may be set to assets under management, or changes to articles of incorporation may be restricted. Such restrictions may affect the operation of JFL or may have a negative influence over the amount of monetary distribution, etc. to unitholders. All of JLF's debt as of the date of this document are unsecured; however, financial covenants have been imposed prescribing that a certain level of financial indicator figures must be maintained based on assets and liabilities, etc.
- The interest rate of loans and investment corporation bonds depends on the market trend at the time of the loan or issuance of the investment corporation bond, and will be influenced by subsequent market trends if the interest rate is variable. If the interest rate of the loan and investment corporation bond rise or if the amount of JLF's loan and investment corporation bond issuance increase, the amount of JLF's interest payment will increase. Such increase may have a negative impact on the amount of monetary distribution, etc. to unitholders.

Any restrictions on leverage:

The borrowing of funds will be limited to borrowings from qualified institutional investors that are prescribed in Article 2, Paragraph 3, Item 1 of the Financial Instruments and Exchange Act (only institutional investors prescribed in Article 67-15 of the Act on Special Measures concerning Taxation). The amount limit of the borrowings and investment corporation bond issuance shall be 1 trillion yen, respectively, and the sum of the two shall not exceed 1 trillion yen.

Any restrictions on collateral and asset reuse arrangements:

When borrowing funds or issuing investment corporation bonds, JLF may offer assets under management as collateral.

Maximum level of leverage which the MLP is entitled to employ on behalf of the JLF:

The upper limit of the percentage of the balance of borrowings and investment corporation bonds to JLF's total assets (hereinafter referred to as the "Percentage of Liabilities") will be 60%. However, the Percentage may temporarily exceed 60% due to acquisitions of new assets, etc. In order to secure the financial health and future margin for growth, JLF will maintain a lower Percentage of Liabilities and pursue conservative management for the time being.

Asset Management Report

1. Outline of Asset Management Operation

(1) Changes in Key Indicators

Management period	For the six-month period ended July 31, 2019	For the six-month period ended January 31, 2020	For the six-month period ended July 31, 2020	For the six-month period ended January 31, 2021	For the six-month period ended July 31, 2021
Operating Revenue (Millions of yen)	9,190	9,682	15,036	9,120	9,154
of which real estate leasing business revenue (Millions of yen)	9,190	9,682	9,370	9,120	9,154
Operating Expenses (Millions of yen)	4,538	4,721	4,885	4,605	4,852
of which real estate leasing business expenses (Millions of yen)	3,639	3,804	3,983	3,692	3,918
Operating Income (Millions of yen)	4,651	4,961	10,151	4,514	4,302
Ordinary Income (Millions of yen)	4,255	4,556	9,753	4,120	3,914
Net Income (Millions of yen)	4,254	4,555	9,752	4,120	3,913
Total assets (Millions of yen)	260,709	265,641	266,019	259,848	259,430
(Period-on-period change) (%)	(+0.6)	(+1.9)	(+0.1)	(-2.3)	(-0.2)
Net assets (Millions of yen)	134,087	134,391	139,600	134,810	134,392
(Period-on-period change) (%)	(-0.0)	(+0.2)	(+3.9)	(-3.4)	(-0.3)
Unitholders' capital (Millions of yen)	127,344	127,344	127,344	127,344	127,344
The number of investment units outstanding (Units)	905,073	905,073	905,073	905,073	905,073
Net Assets per Unit (Yen)	148,151	148,487	154,241	148,950	148,487
Total Dividends (Millions of yen)	4,253	4,556	8,896	4,344	4,344
Dividends per Unit (Yen)	4,700	5,034	9,830	4,800	4,800
of which earnings Distribution per Unit (Yen)	4,700	5,034	9,830	4,800	4,800
of which Distributions in excess of earnings per Unit (Yen)	-	-	-	-	-
Ordinary Income to total assets (Annualized) (Note 1) (%)	1.6 (3.3)	1.7 (3.4)	3.7 (7.4)	1.6 (3.1)	1.5 (3.0)
Net income to Net Assets (Annualized) (Note 2) (%)	3.2 (6.4)	3.4 (6.7)	7.1 (14.3)	3.0 (6.0)	2.9 (5.9)
Capital adequacy ratio (Note 3) (%)	51.4	50.6	52.5	51.9	51.8
(Period-on-period change)	(-0.3)	(-0.8)	(+1.9)	(-0.6)	(-0.1)
Number of days under management (Days)	181	184	182	184	181
Payout Ratio (Note 4) (%)	99.9	100.0	91.2	105.4	111.0

Management period	For the six-month period ended July 31, 2019	For the six-month period ended January 31, 2020	For the six-month period ended July 31, 2020	For the six-month period ended January 31, 2021	For the six-month period ended July 31, 2021
Number of properties held at end of period (Bldgs)	48	50	49	49	50
Total leasable area at end of period (Note 5) (m ²)	1,271,048.7 4	1,367,058.4 5	1,297,242.9 4	1,287,871.4 3	1,301,723.8 9
Number of tenants at end of period (Tenants)	70	72	70	65	65
Occupancy rate at end of period (%)	99.9	99.9	99.7	98.8	98.9
Depreciation and amortization (Millions of yen)	1,971	2,031	1,928	1,887	1,898
Capital expenditure (Millions of yen)	274	297	660	762	787
NOI (Net Operating Income) from leasing business (Note 6) (Millions of yen)	7,547	7,953	7,367	7,598	7,389
FFO (Funds From Operation) (Note 7) (Millions of yen)	6,251	6,631	6,068	6,291	6,067
FFO per unit (Note 8) (Yen)	6,907	7,327	6,705	6,951	6,704

(Note 1) Ordinary Income to Total assets = Ordinary income / {(Total assets at the beginning of the period + Total assets at the end of the period) / 2} x 100 (Figures are rounded off to the nearest one decimal place.)

(Note 2) Net Income to Net assets = Net Income / {(Net assets at the beginning of the period + Net assets at the end of the period) / 2} x 100 (Figures are rounded off to the nearest one decimal place.)

(Note 3) Capital adequacy ratio = Net assets at the end of the period / Total assets at the end of the period x 100 (Figures are rounded off to the nearest one decimal place.)

(Note 4) Payout Ratio = Total Dividends / Net Income x 100 (Figures are rounded down to one decimal place.)

(Note 5) 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.

(Note 6) NOI from leasing business = Real estate leasing business revenue – Real estate leasing business expenses + Depreciation and amortization + Loss on retirement of noncurrent assets.

(Note 7) FFO = Net Income + Depreciation and amortization + Loss on retirement of noncurrent assets + Loss on sale of real estate - Gain on sale of real estate

(Note 8) FFO per Unit = FFO / The number of investment units outstanding (Figures are rounded off to the nearest integral number.)

(Note 9) For amounts in units of millions of yen, figures are rounded down to the nearest million yen.

(2) Status of Capital Increase, etc.

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 borrowings.
- (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 borrowings.
- (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 borrowings.
- (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 borrowings.
- (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.

Changes in market price of investment securities

The market price of JLF's investment securities listed on the Tokyo Stock Exchange REIT Market changed during each fiscal period as follows:

For the six months ended	July 31, 2019	January 31, 2020	July 31, 2020	January 31, 2021	July 31, 2021
Highest	270,000 yen	296,600 yen	321,000 yen	324,500 yen	347,500 yen
Lowest	222,400 yen	255,500 yen	160,000 yen	277,200 yen	288,800 yen

(3) Distributions, etc.

For the distribution for the fiscal period under review, in accordance with the distribution policy stipulated in the Articles of Incorporation of the Investment Corporation, the Investment Corporation decided to distribute 4,344 million yen, which is the sum of unappropriated retained earnings for the fiscal period under review and reversal of reserve for reduction entry of 431 million yen, as profit distribution, and as a result, the distribution per investment unit was 4,800 yen.

Fiscal period		For the six-month period ended July 31, 2019	For the six-month period ended January 31, 2020	For the six-month period ended July 31, 2020	For the six-month period ended January 31, 2021	For the six-month period ended July 31, 2021
Total amount of unappropriated retained earnings	Thousands of yen	4,254,38 2	4,556,24 2	9,752,87 4	4,120,08 2	3,913,12 5
Accumulated earnings	Thousands of yen	539	105	856,007	-	-
Total amount of cash distributions	Thousands of yen	4,253,84 3	4,556,13 7	8,896,86 7	4,344,35 0	4,344,35 0
Dividends per unit	Yen	4,700	5,034	9,830	4,800	4,800
of which total amount of earnings distributions	Thousands of yen	4,253,84 3	4,556,13 7	8,896,86 7	4,344,35 0	4,344,35 0
Earnings distribution per unit	Yen	4,700	5,034	9,830	4,800	4,800
of which total amount of capital refunds	Thousands of yen	-	-	-	-	-
Capital refunds per unit	Yen	-	-	-	-	-
Portion of total amount of capital refunds that is total amount of distributions from reserve for adjustment of temporary differences, etc.	Thousands of yen	-	-	-	-	-
(Portion of capital refunds per unit that is distribution from reserve for adjustment of temporary differences, etc. per unit)	Yen	-	-	-	-	-
Portion of total amount of capital refunds that is total amount of distributions from distribution of reduction in capital, etc. under the tax law	Thousands of yen	-	-	-	-	-
(Portion of capital refunds per units that is distribution from distribution of reduction in capital, etc. under the tax law)	Yen	-	-	-	-	-

(4) Significant Subsequent Events

Not applicable.

[Reference Information]

<Borrowings>

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

Lender	Shinkin Central Bank	The Norinchukin Bank (Green Loan)	Nippon Life Insurance Company (Green Loan)
Amount borrowed	1,000 million yen	1,000 million yen	2,000 million yen
Interest rate	0.32000%	0.42630%	0.32000%
Date of borrowing	August 31, 2021		
Repayment date	August 31, 2025	August 31, 2029	January 31, 2027
Borrowing method/security	Unsecured/non-guaranteed		
Repayment method	Lump-sum repayment on due date		
Use of funds	To repay an existing loan		
Assets to be appropriated	-	Souka Logistics Center	Yokohama Machida Logistics Center

Lender	Sumitomo Mitsui Banking Corporation	
Amount borrowed	2,000 million yen	3,000 million yen
Interest rate	0.35161%	0.58576%
Date of borrowing	September 30, 2021	
Repayment date	September 30, 2025	September 30, 2030
Borrowing method/security	Unsecured/non-guaranteed	
Repayment method	Lump-sum repayment on due date	
Use of funds	To repay an existing borrowing	

<Commitment Line Agreements>

JLF established the following new commitment lines after the end of the period up until the date of this report.

Lender	Sumitomo Mitsui Banking Corporation	MUFG Bank, Ltd.	Sumitomo Mitsui Trust Bank, Limited
Limit Amount	2.5 billion yen	2.5 billion yen	2.5 billion yen
Start Date	December 1, 2021		
End Date	November 30, 2024 (3 years)		
Term	Within 6 months		
Collateral	Unsecured/non-guaranteed		

Lender	Mizuho Bank, Ltd.	Resona Bank, Ltd.	The 77 Bank, Ltd.
Limit Amount	1.9 billion yen	1.0 billion yen	1.0 billion yen
Start Date	December 1, 2021		
End Date	November 30, 2024 (3 years)		
Term	Within 6 months		
Collateral	Unsecured/non-guaranteed		

Lender	Kansai Mirai Bank, Limited	The Yamaguchi Bank, Ltd.	Shinsei Bank, Ltd.
Limit Amount	1.0 billion yen	1.0 billion yen	1.0 billion yen
Start Date	December 1, 2021		
End Date	November 30, 2024 (3 years)		
Term	Within 6 months		
Collateral	Unsecured/non-guaranteed		

<Holding of General Unitholders' Meeting >

The Board of Directors of the Investment Corporation, at its meeting held on September 14, 2021, resolved that the 12th Unitholders' Meeting to be held on October 21, 2021 would be subject to partial amendments to the Articles of Incorporation, the election of one Executive Director (candidate: Naohiro Kameoka, the current Executive Director and president of the asset management company), the election of one substitute Executive Director (candidate: Yasushi Ogaku, the Director and General Manager of Investment Dept. of the asset management company), and the election of four Supervisory Directors (candidates: Toshima Araki and Yumiko Kikuchi (Note), the current Supervisory Directors, and Tsuyoshi Oyama and Motomi Oi, new candidates).

(Note) Although the maiden name and the name used for professional purposes are indicated, the name in the family register is Yumiko Ishida.

2. Outline of JLF

(1) Status of Unitholders' Capital

Fiscal period	As of July 31, 2019	As of January 31, 2020	As of July 31, 2020	As of January 31, 2021	As of July 31, 2021
Total number of investment units authorized (Units)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total number of investment units issued (Units)	905,073	905,073	905,073	905,073	905,073
Unitholders' capital (Millions of yen)	127,344	127,344	127,344	127,344	127,344
Number of unitholders (Persons)	10,504	9,929	12,844	12,211	11,683

(2) Matters Concerning Investment Units

Major unitholders as of July 31, 2021 are as follows:

Name	Address	Number of investment units owned (Units)	Portion in the total number of investment units issued (%)
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	190,263	21.02
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	134,198	14.82
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	37,618	4.15
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	27,224	3.00
SMBC Nikko Securities Inc.	3-3-1 Marunouchi, Chiyoda-ku, Tokyo	13,739	1.51
STATE STREET BANK WEST CLIENT - TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171 U.S.A.	12,939	1.42
STATE STREET BANK AND TRUST COMPANY 505001	P.O.BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.	12,570	1.38
SSBTC CLIENT OMNIBUS ACCOUNT	ONE LINCOLN STREET, BOSTON MA USA 02111	11,949	1.32
Mizuho Securities Co., Ltd.	1-5-1 Otemachi, Chiyoda-ku, Tokyo	11,938	1.31
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	10,890	1.20
Total		463,328	51.19

(Note) The "Portion in the total number of investment units issued" is indicated with figures rounded down to two decimal places.

(3) Matters Concerning Officers, etc.

A. The executive director, supervisory directors and accounting auditor for the six month period July 31, 2021 are as follows:

Title	Name	Major concurrent posts outside JLF	Total compensation or fee For the six-month period ended July 31, 2021 (Thousands of yen)
Executive Director (Note 1)	Naohiro Kameoka	President, Mitsui & Co., Logistics Partners Ltd.	-
Supervisory Director (Note 1)	Toshima Araki	Lawyer, Mahoroba Law Office Corporate Auditor, SAZABY LEAGUE, Ltd. Company Auditor, Forum Engineering Inc.	1,800
Supervisory Director (Note 1)	Tetsuya Azuma	Azuma Certified Public Accountant Office Director, The Kodensha Co., Ltd	1,800
Supervisory Director (Note 1)	Yumiko Kikuchi (Note 2)	Executive Director (Chairman, International Relations Committee), Japan Association of Real Estate Counselors Trustee, Hosei University	1,800
Accounting auditor (Note 3) (Note 4)	Ernst & Young ShinNihon LLC	-	19,836

(Note 1) The Executive Director and Supervisory Directors do not own investment units of JLF under their own or other names, and might serve as directors or auditors of entities other than the above, but there are no mutual business interests between JLF and such entities, including those above.

(Note 2) Although the name used for Yumiko Kikuchi is her maiden name and occupation, her name in the family register is Yumiko Ishida.

(Note 3) The audit contract with an accounting auditor is renewed every fiscal period. The renewal requires deliberation about reappointment or non-reappointment at a meeting of the Board of Directors.

(Note 4) The accounting auditor's compensation includes compensation for the audit of English financial statements and the preparation of a comfort letter, as well as compensation for third party assurance related to ESG.

(4) Asset Management Company, Custodian and Administrative agent

Asset management company, custodian and administrative agent as of July 31, 2021 are as follows:

Business	Name
Asset management company	Mitsui & Co., Logistics Partners Ltd.
Custodian of assets	Sumitomo Mitsui Trust Bank, Limited
Administrative agent	Sumitomo Mitsui Trust Bank, Limited

3. Investment Assets of JLF

Type of assets	Use of assets	Region (Note 1)	As of July 31, 2021		As of January 31, 2021	
			Total amount owned (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)	Total amount owned (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate	Logistics facility	Tokyo Metropolitan Area	11,210	4.3	10,884	4.2
		Kinki Area, Chubu Area and Kyushu Area	17,537	6.8	14,978	5.8
		Other Areas	1,583	0.6	1,597	0.6
	Subtotal	30,331	11.7	27,460	10.6	
Real estate in trust	Logistics facility	Tokyo Metropolitan Area	197,126	76.0	198,435	76.4
		Kinki Area, Chubu Area and Kyushu Area	17,247	6.6	17,248	6.6
		Other Areas	929	0.4	937	0.4
	Subtotal	215,303	83.0	216,621	83.4	
Deposits and other assets (Note 4)			13,794	5.3	15,766	6.1
Total assets			259,430	100.0	259,848	100.0

(Note 1) For region, please refer to "Area classification" below.

1)

(Note 2) The total amount owned is based on the figures posted on the Balance Sheets as of the end of the

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

3)

(Note 4) Deposits and other assets include; deposit in trust assets of 4,281 million yen for the six-month

4) period ended July 31, 2021 and of 4,268 million yen for the six-month period ended January 31, 2021.

<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

(2) Major Assets Held

The outline of major assets held by JLF is as follows:

Name of real estate, etc.	Book value (Millions of yen) (Note 1)	Total leasable area (m ²) (Note 2)	Leased area (m ²) (Note 3)	Occupancy rate (%) (Note 4)	Portion of real estate leasing business revenue (%) (Note 4)	Primary use
Urayasu Logistics Center (Note 5)	2,498	-	-	0.0	-	Logistics facility
Hiratsuka Logistics Center	1,246	11,418.57	11,418.57	100.0	- (Note 6)	Logistics facility
Shinkiba Logistics Center	2,138	11,595.40	11,595.40	100.0	- (Note 6)	Logistics facility
Urayasu Chidori Logistics Center	4,889	31,829.55	31,829.55	100.0	- (Note 6)	Logistics facility
Funabashi Nishiura Logistics Center	4,098	34,723.80	34,723.80	100.0	- (Note 6)	Logistics facility
Kawasaki Logistics Center	9,393	46,667.00	46,667.00	100.0	- (Note 6)	Logistics facility
Narashino Logistics Center	1,422	4,123.60	4,123.60	100.0	0.7	Logistics facility
Yachiyo Logistics Center	7,125	56,882.98	56,882.98	100.0	- (Note 6)	Logistics facility
Yokohama Fukuura Logistics Center	7,669	40,160.35	40,160.35	100.0	- (Note 6)	Logistics facility
Yachiyo Logistics Center II	3,752	32,389.75	32,389.75	100.0	2.1	Logistics facility
Urayasu Chidori Logistics Center II	1,398	6,192.80	6,192.80	100.0	- (Note 6)	Logistics facility
Ichikawa Logistics Center	4,051	18,735.76	18,735.76	100.0	- (Note 6)	Logistics facility
Shinonome Logistics Center (Note 7)	11,121	24,380.84	24,380.84	100.0	3.9	Logistics facility
Narashino Logistics Center II (Note 7)	6,146	43,508.54	43,508.54	100.0	- (Note 6)	Logistics facility
Ichikawa Logistics Center II (Note 7)	15,092	67,065.02	67,065.02	100.0	- (Note 6)	Logistics facility
Souka Logistics Center	13,356	55,300.10	55,300.10	100.0	- (Note 6)	Logistics facility
Tatsumi Logistics Center	8,197	29,810.84	29,810.84	100.0	- (Note 6)	Logistics facility
Kashiwa Logistics Center	3,289	20,550.73	20,550.73	100.0	- (Note 6)	Logistics facility
Musashimurayama Logistics Center	7,803	40,884.25	40,884.25	100.0	- (Note 6)	Logistics facility
Kashiwa Logistics Center II	3,646	50,159.55	50,159.55	100.0	- (Note 6)	Logistics facility
Shin-Koyasu Logistics Center (Note 7)	8,835	36,251.63	36,251.63	100.0	- (Note 6)	Logistics facility
Misato Logistics Center	3,461	19,405.45	19,405.45	100.0	- (Note 6)	Logistics facility
Sagamihara Logistics Center	7,208	42,733.37	42,733.37	100.0	- (Note 6)	Logistics facility
Chiba Kita Logistics Center	1,754	14,828.38	0.00	0.0	0.0	Logistics facility
Chiba Kita Logistics Center II	4,468	25,595.13	25,595.13	100.0	- (Note 6)	Logistics facility
Urayasu Chidori Logistics Center III	1,037	5,587.80	5,587.80	100.0	- (Note 6)	Logistics facility
Zama Logistics Center	1,729	9,352.06	9,352.06	100.0	- (Note 6)	Logistics facility
Shinkiba Logistics Center II	15,014	41,270.00	41,270.00	100.0	- (Note 6)	Logistics facility

Name of real estate, etc.	Book value (Millions of yen) (Note 1)	Total leasable area (m ²) (Note 2)	Leased area (m ²) (Note 3)	Occupancy rate (%) (Note 4)	Portion of real estate leasing business revenue (%) (Note 4)	Primary use
Yokohama Machida Logistics Center	24,912	65,657.14	65,657.14	100.0	- (Note 6)	Logistics facility
Shiroi Logistics Center	4,006	25,653.79	25,653.79	100.0	- (Note 6)	Logistics facility
Toda Logistics Center	2,029	7,219.40	7,219.40	100.0	- (Note 6)	Logistics facility
Ichikawa Logistics Center III	3,821	24,740.88	24,740.88	100.0	- (Note 6)	Logistics facility
Fujisawa Logistics Center	4,229	16,443.72	16,443.72	100.0	- (Note 6)	Logistics facility
Hanyu Logistics Center	1,342	5,919.53	5,919.53	100.0	0.6	Logistics facility
Saitama Kisai Logistics Center	3,133	24,574.14	24,574.14	100.0	- (Note 6)	Logistics facility
Kazo Logistics Center	3,013	25,189.47	25,189.47	100.0	- (Note 6)	Logistics facility
Daito Logistics Center	8,864	97,390.99	97,390.99	100.0	- (Note 6)	Logistics facility
Osaka Fukuzaki Logistics Center	3,279	23,736.68	23,736.68	100.0	- (Note 6)	Logistics facility
Kiyosu Logistics Center	2,835	20,438.09	20,438.09	100.0	- (Note 6)	Logistics facility
Kadoma Logistics Center	1,000	7,416.19	7,416.19	100.0	- (Note 6)	Logistics facility
Komaki Logistics Center	1,795	9,486.45	9,486.45	100.0	- (Note 6)	Logistics facility
Komaki Logistics Center II	1,656	11,104.45	11,104.45	100.0	- (Note 6)	Logistics facility
Fukuoka Hakozaki Futo Logistics Center	2,621	24,463.69	24,463.69	100.0	- (Note 6)	Logistics facility
Fukuoka Kashiihama Logistics Center	2,482	21,217.48	21,217.48	100.0	- (Note 6)	Logistics facility
Kasugai Logistics Center	3,437	22,246.29	22,246.29	100.0	- (Note 6)	Logistics facility
Takatsuki Logistics Center	1,566	7,305.33	7,305.33	100.0	- (Note 6)	Logistics facility
Aisai Logistics Center	2,666	13,852.46	13,852.46	100.0	- (Note 6)	Logistics facility
Osaka-Nishiyodogawa Logistics Center	2,577	10,213.81	10,213.81	100.0	- (Note 6)	Logistics facility

Name of real estate, etc.	Book value (Millions of yen) (Note 1)	Total leasable area (m ²) (Note 2)	Leased area (m ²) (Note 3)	Occupancy rate (%) (Note 4)	Portion of real estate leasing business revenue (%) (Note 4)	Primary use
Maebashi Logistics Center	929	5,416.42	5,416.42	100.0	0.5	Logistics facility
Sendaiko-kita Logistics Center	1,583	10,634.24	10,634.24	100.0	- (Note 6)	Logistics facility
Total	245,635	1,301,723.89	1,286,895.51	98.9	100.0	

(Note 1) The book value is indicated with figures rounded down to the nearest million yen.

(Note 2) The total leasable area is calculated mainly based on the leased area associated with buildings covered in the relevant lease contracts for the respective properties.

(Note 3) The leased area is presented as the total leased area associated with buildings covered in the relevant lease contracts for the respective properties.

(Note 4) The occupancy rate and the portion of real estate leasing business revenue are indicated with figures rounded off to the nearest one decimal place.

(Note 5) The building was retired due to the redevelopment project.

(Note 6) Not disclosed as the tenant did not agree to disclosure.

(Note 7) 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%

(3) Details of Properties

[Details of real estate Portfolio Properties]

The outline of portfolio properties held as of July 31, 2021 is as follows:

Name of real estate, etc. (properties to be acquired, etc.)	Location	Type of ownership	Book value (Note 1) (Millions of yen)	Appraised value at end of period (Note 2) (Millions of yen)
Urayasu Logistics Center	79 Minato, Urayasu, Chiba	Trust beneficiary right of real estate	2,498	5,840
Hiratsuka Logistics Center	1-4 Nagatoro, Hiratsuka, Kanagawa	Trust beneficiary right of real estate	1,246	1,890
Shinkiba Logistics Center	2-5-2 Shin-kiba, Koto-ku, Tokyo	Trust beneficiary right of real estate	2,138	3,800
Urayasu Chidori Logistics Center	12-2 Chidori, Urayasu, Chiba	Trust beneficiary right of real estate	4,889	9,890
Funabashi Nishiura Logistics Center	3-4-1 Nishiura, Funabashi, Chiba	Trust beneficiary right of real estate	4,098	7,570
Kawasaki Logistics Center	2-32-1 Sakuramoto, Kawasaki, Kanagawa	Trust beneficiary right of real estate	9,393	12,600
Narashino Logistics Center	3-2-2 Akanehama, Narashino, Chiba	Trust beneficiary right of real estate	1,422	2,380
Yachiyo Logistics Center	1734-4 Kamikouya, Yachiyo, Chiba	Trust beneficiary right of real estate	7,125	13,000
Yokohama Fukuura Logistics Center	2-3-1 Fukuura, Kanazawa-ku, Yokohama, Kanagawa	Trust beneficiary right of real estate	7,669	12,100
Yachiyo Logistics Center II	2039-1, Kamikouya, Yachiyo, Chiba	Trust beneficiary right of real estate	3,752	8,090
Urayasu Chidori Logistics Center II	10-1 Chidori, Urayasu, Chiba	Real estate	1,398	1,850
Ichikawa Logistics Center	1-8-36 Tajiri, Ichikawa, Chiba	Real estate	4,051	6,130

Name of real estate, etc. (properties to be acquired, etc.)	Location	Type of ownership	Book value (Note1) (Millions of yen)	Appraised value at end of period (Note 2) (Millions of yen)
Shinonome Logistics Center	2-13-32 Shinonome, Koto-ku, Tokyo	Trust beneficiary right of real estate	11,121	15,100
Narashino Logistics Center II	3-6-3 Akanehama, Narashino, Chiba	Trust beneficiary right of real estate	6,146	10,800
Ichikawa Logistics Center II	1 Takahama-machi, Ichikawa, Chiba	Trust beneficiary right of real estate	15,092	24,200
Souka Logistics Center	1-6-39, Aoyagi, Souka, Saitama	Trust beneficiary right of real estate	13,356	17,800
Tatsumi Logistics Center	3-8-5, Tatsumi, Koto-ku, Tokyo	Trust beneficiary right of real estate	8,197	12,800
Kashiwa Logistics Center	6 Kashiwa Inter-Minami, Kashiwa, Chiba	Trust beneficiary right of real estate	3,289	4,750
Musashimurayama Logistics Center	1-26-1 Inadaira, Musashimurayama, Tokyo	Trust beneficiary right of real estate	7,803	11,100
Kashiwa Logistics Center II	1823-1, Fujigaya, Kashiwa, Chiba	Trust beneficiary right of real estate	3,646	4,530
Shin-Koyasu Logistics Center	3-12 Moriyacho, Kanagawa-ku, Yokohama, Kanagawa	Trust beneficiary right of real estate	8,835	12,400
Misato Logistics Center	480-1 Aza Fukata, Nizo, Misato, Saitama	Trust beneficiary right of real estate	3,461	5,030
Sagamihara Logistics Center	5-9-1 Nishi-Hashimoto, Midori-ku, Sagamihara, Kanagawa	Trust beneficiary right of real estate	7,208	11,700
Chiba Kita Logistics Center	1004 Yokodocho, Hanamigawa-ku, Chiba, Chiba	Real estate	1,754	2,310
Chiba Kita Logistics Center II	55-1 Naganumacho, Inage-ku, Chiba, Chiba	Trust beneficiary right of real estate	4,468	6,310
Urayasu Chidori Logistics Center III	15-19 Chidori, Urayasu, Chiba	Trust beneficiary right of real estate	1,037	1,550
Zama Logistics Center	1-1-43 Komatsubara, Zama, Kanagawa	Trust beneficiary right of real estate	1,729	2,490
Shinkiba Logistics Center II	2-13-10 Shin-kiba, Koto-ku, Tokyo	Trust beneficiary right of real estate	15,014	19,900
Yokohama Machida Logistics Center	7-30-1 Tsuruma, Machida, Tokyo	Trust beneficiary right of real estate	24,912	27,100
Shiroi Logistics Center	98 Naka Shiroi, Chiba and Others	Real estate	4,006	5,020
Toda Logistics Center	974, Mukoda, Bijogi, Toda city, Saitama and Others	Trust beneficiary right of real estate	2,029	2,400
Ichikawa Logistics Center III	17-18 Futamata-shinmachi, Ichikawa, Chiba	Trust beneficiary right of real estate	3,821	5,410
Fujisawa Logistics Center	9 Kiriharacho, Fujisawa, Kanagawa	Trust beneficiary right of real estate	4,229	4,480
Hanyu Logistics Center	1-371-8 Kawasaki, Hanyu, Saitama	Trust beneficiary right of real estate	1,342	1,990
Saitama Kisai Logistics Center	802-2 Nishinoya, Kazo, Saitama	Trust beneficiary right of real estate	3,133	4,980
Kazo Logistics Center	1-2-1 Minami Shinozaki, Kazo, Saitama	Trust beneficiary right of real estate	3,013	5,100
Daito Logistics Center	2-1-1, Midorigaoka, Daito, Osaka	Trust beneficiary right of real estate	8,864	19,500
Osaka Fukuzaki Logistics Center	2-1-36 Fukuzaki, Minato-ku, Osaka, Osaka	Trust beneficiary right of real estate	3,279	6,810

Name of real estate, etc. (properties to be acquired, etc.)	Location	Type of ownership	Book value (Note1) (Millions of yen)	Appraised value at end of period (Note 2) (Millions of yen)
Kiyosu Logistics Center	92 Haruhi-gogashima, Kiyosu, Aichi	Real estate	2,835	5,650
Kadoma Logistics Center	9-7 Tonoshima-cho, Kadoma, Osaka	Real estate	1,000	1,640
Komaki Logistics Center	790-1 Nagata, Shimozue, Komaki, Aichi	Real estate	1,795	2,140
Komaki Logistics Center II	548-1, Kakinokijima, Nishinoshima Komaki, Aichi	Real estate	1,656	1,700
Fukuoka Hakozaki Futo Logistics Center	4-2-6 Hakozaki Futo, Higashi- ku, Fukuoka, Fukuoka	Trust beneficiary right of real estate	2,621	3,810
Fukuoka Kashiihama Logistics Center	2-1-10 Kashiihama Futo, Higashi-ku, Fukuoka, Fukuoka	Trust beneficiary right of real estate	2,482	3,610
Kasugai Logistics Center	5-1-3 Takamori-dai, Kasugai, Aichi	Real estate	3,437	4,930
Takatsuki Logistics Center	3-21-1 Zushi, Takatsuki, Osaka	Real estate	1,566	1,800
Aisai Logistics Center	32-6 Eda Minami-kawata, Aisai, Aichi	Real estate	2,666	2,840
Osaka Nishiyodogawa Logistics Center	2-9-133 Nakajima, Nishiyodogawa-ku, Osaka, Osaka	Real estate	2,577	2,800
Maebashi Logistics Center	258-14 Kamimasuda-machi, Maebashi, Gunma	Trust beneficiary right of real estate	929	1,330
Sendai-ko-kita Logistics Center	4-15-12 Minato Miyagino-ku, Sendai, Miyagino	Real estate	1,583	1,970
Total			245,635	364,920

(Note 1) The book value does not include construction in progress.

(Note 2) The appraised value at end of period is based on the value appraised by a real estate appraiser as of the end of the fiscal period in accordance with the method and criteria of asset appraisal provided for by the Articles of Incorporation of JLF and the regulations specified by The Investment Trusts Association, Japan.

The status of leasing of real estate properties, etc. held by JLF is as follows:

Name of real estate, etc.	For the six-month period ended July 31, 2021				For the six-month period ended January 31, 2021			
	Total number of tenants [as of end of period] (tenants)	Occupancy rate [as of end of period] (%) (Note 1)	Real estate leasing business revenue [during the period] (Millions of yen)	Portion of real estate leasing business revenue (%) (Note 1)	Total number of tenants [as of end of period] (tenants)	Occupancy rate [as of end of period] (%) (Note 1)	Real estate leasing business revenue [during the period] (Millions of yen)	Portion of real estate leasing business revenue (%) (Note 1)
Urayasu Logistics Center	-	0.0	-	-	-	0.0	- (Note 2)	- (Note 2)
Hiratsuka Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Shinkiba Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Urayasu Chidori Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Funabashi Nishiura Logistics Center	3	100.0	- (Note 2)	- (Note 2)	3	100.0	- (Note 2)	- (Note 2)
Kawasaki Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Narashino Logistics Center	1	100.0	60	0.7	1	100.0	60	0.7
Yachiyo Logistics Center	2	100.0	- (Note 2)	- (Note 2)	2	100.0	- (Note 2)	- (Note 2)
Yokohama Fukuura Logistics Center	3	100.0	- (Note 2)	- (Note 2)	3	100.0	- (Note 2)	- (Note 2)
Yachiyo Logistics Center II	1	100.0	193	2.1	1	100.0	193	2.1
Urayasu Chidori Logistics Center II	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Ichikawa Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Shinonome Logistics Center	1	100.0	355	3.9	1	100.0	355	3.9
Narashino Logistics Center II	1	100.0	- (Note 2)	- (Note 2)	2	100.0	- (Note 2)	- (Note 2)
Ichikawa Logistics Center II	2	100.0	- (Note 2)	- (Note 2)	2	100.0	- (Note 2)	- (Note 2)
Souka Logistics Center	3	100.0	- (Note 2)	- (Note 2)	3	100.0	- (Note 2)	- (Note 2)
Tatsumi Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Kashiwa Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Musashimurayama Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Kashiwa Logistics Center II	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Shin-Koyasu Logistics Center	2	100.0	- (Note 2)	- (Note 2)	2	100.0	- (Note 2)	- (Note 2)
Misato Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Sagamihara Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Chiba Kita Logistics Center	0	0.0	1	0.0	0	0.0	- (Note 2)	- (Note 2)
Chiba Kita Logistics Center II	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Urayasu Chidori Logistics Center III	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)

Name of real estate, etc.	For the six-month period ended July 31, 2021				For the six-month period ended January 31, 2021			
	Total number of tenants [as of end of period] (tenants)	Occupancy rate [as of end of period] (%) (Note 1)	Real estate leasing business revenue [during the period] (Millions of yen)	Portion of real estate leasing business revenue (%) (Note 1)	Total number of tenants [as of end of period] (tenants)	Occupancy rate [as of end of period] (%) (Note 1)	Real estate leasing business revenue [during the period] (Millions of yen)	Portion of real estate leasing business revenue (%) (Note 1)
Zama Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Shinkiba Logistics Center II	3	100.0	- (Note 2)	- (Note 2)	3	100.0	- (Note 2)	- (Note 2)
Yokohama Machida Logistics Center	6	100.0	- (Note 2)	- (Note 2)	6	100.0	- (Note 2)	- (Note 2)
Shiroy Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Toda Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Ichikawa Logistics Center III	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Fujisawa Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Hanyu Logistics Center	1	100.0	59	0.7	1	100.0	59	0.7
Saitama Kisai Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Kazo Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Daito Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Osaka Fukuzaki Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Kiyosu Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Kadoma Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Komaki Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Komaki Logistics Center II	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Fukuoka Hakozaki Futo Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Fukuoka Kashiihama Logistics Center	2	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Kasugai Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Takatsuki Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Aisai Logistics Center	1	100.0	- (Note 2)	- (Note 2)	-	-	-	-
Osaka Nishiyodogawa Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Maebashi Logistics Center	1	100.0	43	0.5	1	100.0	43	0.5
Sendaiko-kita Logistics Center	1	100.0	- (Note 2)	- (Note 2)	1	100.0	- (Note 2)	- (Note 2)
Total	65	98.9	9,154	100.0	65	98.8	9,120	100.0

(Note 1) The occupancy rate and the portion of real estate leasing business revenue are indicated with figures rounded off to the nearest one decimal place.

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

[Statements of Renewable Energy Power Generation Facilities, etc.]

Not applicable.

[Statements of Rights to Operate a Public Facility, etc.]

Not applicable.

[Details of securities Portfolio Property]

Not applicable.

(4) Outstanding Contract Amounts, etc. and Current Prices of Specified Transactions

The Outstanding contract amounts, etc. and current prices of specified transactions as of July 31, 2021 is as follows:

(Thousands of yen)

Division	Type of derivative transactions	Contract amount, etc. (Note 1)		Market value (Note 2) (Note 3)
			Amount that exceeds one year	
Over-the-counter	Interest rate swap transactions Receive variable, pay fixed	16,500,000	14,500,000	(82,457)
	Total	16,500,000	14,500,000	(82,457)

(Note 1) Contract amount, etc. is measured at the amount calculated by the counter party to the interest rate swaps contracts based on the prevailing market interest rates and other assumptions.

(Note 2) The fair value is calculated based on prices and other conditions presented by counterparty of the agreement.

(Note 3) Because the interest rate swap transactions qualify special treatment stipulated in the financial instruments accounting standard, market value of the swaps are omitted.

(5) Status of Other Assets

Trust beneficiary rights with real estate, etc. as trust assets are all included in the table in (3) Details of Portfolio Properties above. There are no other significant investment assets that were specified assets as of July 31, 2021.

(6) Status of Asset Holding by Country and Region

Not applicable for countries and regions other than Japan.

4. Capital Expenditure for Properties

(1) 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
Shinonome Logistics Center (Koto, Tokyo)	Rooftop and outer wall waterproofing, and greening work	From October, 2020 to August, 2022	186	-	-
Daito Logistics Center (Daito, Osaka)	Remodeling work of Warehouse I	From April, 2020 to August, 2022	734	146	256
Shinkiba Logistics Center (Koto, Tokyo)	Outer wall waterproofing coating work	January, 2022	25	-	-
Osaka Fukuzaki Logistics Center (Osaka, Osaka)	LED lighting installation	August, 2021	33	-	-
Osaka Fukuzaki Logistics Center (Osaka, Osaka)	Waterproof fortification of the south exterior wall	July, 2022	33	-	-
Komaki Logistics Center II (Komaki, Aichi)	High-voltage power receiving and transforming equipment renewal work	January, 2022	22	-	-
Komaki Logistics Center II (Komaki, Aichi)	Elevator renewal work	March, 2022	26	-	-
Maebashi Logistics Center (Maebashi, Gunma)	Air conditioner renewal work	June, 2022	11	-	-
Sendaiko-kita Logistics Center (Sendai, Miyagi)	Air conditioner renewal work	July, 2022	19	-	-

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

(2) Capital Expenditure during the Fiscal Period

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

Name of real estate, etc. (Location)	Purpose	Period	Amount of expenditure (Millions of yen) (Note 1)
Chiba Kita Logistics Center (Chiba, Chiba)	Large-scale renovation of fortifications	May, 2021	308
Chiba Kita Logistics Center (Chiba, Chiba)	Elevator renewal work	May, 2021	37
Chiba Kita Logistics Center (Chiba, Chiba)	Vertical lift to renew the fortification	April, 2021	47
Daito Logistics Center (Daito, Osaka)	Remodeling work of Warehouse I (Note 2)	July, 2021	160
Komaki Logistics Center II (Komaki, Aichi)	Elevator renewal work	March, 2021	26

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

- 1)
 (Note Of the total amount of construction work scheduled to be carried out over the period from April
 2) 2020 to August 2022, the amount of work completed in the six-month period ended July 31, 2021
 is shown.

(3) Reserve for Long-Term Repair Plan (Reserve for Repairs)
 Not applicable.

5. Expenses and Liabilities

(1) Expenses Related to Asset Management, etc.

(Thousands of yen)

Item	For the six-month period ended July 31, 2021	For the six-month period ended January 31, 2021
(a) Asset management fee	770,168	764,365
of which Management Fee I	531,893	536,411
Management Fee II	238,275	227,954
(b) Asset custody fee	25,111	25,340
(c) Administrative service fees	39,099	40,150
(d) Directors' compensations	5,400	5,700
(e) Other expenses	93,803	77,489
Total	933,582	913,045

(Note) In addition to the above, there are asset management fees which were capitalized as acquisition costs; 17,570 thousand yen in the six-month periods ended July 31, 2021.

(2) Status of Borrowings

The status of borrowings from each financial institution as of July 31, 2021 is as follows:

Classification (Lender)	Borrowing date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1)	Repayment due date	Use	Remarks	
Current portion of long-term borrowings	Development Bank of Japan Inc.	March 11, 2013	-	2,000	0.93625%	February 28, 2022	(Note 2)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	February 25, 2014	-	2,000	0.93375%	February 28, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Nippon Life Insurance Company	February 3, 2017	3,000	-	0.15000%	February 26, 2021	(Note 2)	Unsecured/ Non-guaranteed
	Shinkin Central Bank	February 3, 2017	1,000	1,000	0.21935%	August 31, 2021	(Note 2)	Unsecured/ Non-guaranteed
	The Norinchukin Bank	February 3, 2017	1,000	1,000	0.21935%	August 31, 2021	(Note 2)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	February 27, 2017	-	2,000	0.30000%	March 31, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	February 28, 2017	1,000	1,000	0.28678%	September 30, 2021	(Note 2)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	March 15, 2017	3,000	3,000	0.29642%	September 30, 2021	(Note 2)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	March 27, 2017	1,000	1,000	0.27461%	September 30, 2021	(Note 2)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	March 27, 2017	-	1,000	0.27500%	March 31, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	August 31, 2017	6,000	-	0.22375%	February 26 2021	(Note 2)	Unsecured/ Non-guaranteed
	Nippon Life Insurance Company	August 31, 2017	2,000	2,000	0.25000%	August 31 2021	(Note 2)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	February 27, 2018	-	2,500	0.29000%	February 28, 2022	(Note 2)	Unsecured/ Non-guaranteed
	Subtotal		18,000	18,500				

Classification (Lender)		Borrowing date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1)	Repayment due date	Use	Remarks
Long-term borrowings	Sumitomo Mitsui Trust Bank, Limited	August 31, 2012	2,000	2,000	1.13000%	August 31, 2022	(Note 2)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	February 28, 2013	2,000	2,000	1.11125%	February 28, 2023	(Note 2)	Unsecured/ Non-guaranteed
Long-term borrowings	Nippon Life Insurance Company	February 28, 2013	500	500	1.18125%	February 28, 2023	(Note 2)	Unsecured/ Non-guaranteed
	Development Bank of Japan Inc.	March 11, 2013	2,000	-	0.93625%	February 28, 2022	(Note 2)	Unsecured/ Non-guaranteed
	Development Bank of Japan Inc.	March 11, 2013	2,000	2,000	1.25000%	February 29, 2024	(Note 2)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	December 27, 2013	3,000	3,000	1.29625%	December 27, 2023	(Note 2)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,500	1,500				
	Development Bank of Japan Inc.		1,000	1,000				
	Nippon Life Insurance Company		500	500				
	Sumitomo Mitsui Banking Corporation	February 25, 2014	2,000	-	0.93375%	February 28, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	February 25, 2014	3,000	3,000	1.04875%	February 28, 2023	(Note 3)	Unsecured/ Non-guaranteed
	Nippon Life Insurance Company	March 24, 2014	2,500	2,500	1.04000%	February 29, 2024	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	March 31, 2015	1,000	1,000	0.59000%	March 29, 2024	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	March 31, 2015	1,000	1,000	0.77240%	March 31, 2025	(Note 3)	Unsecured/ Non-guaranteed
	Shinkin Central Bank	December 4, 2015	500	500	0.40600%	November 30, 2022	(Note 3)	Unsecured/ Non-guaranteed
The Norinchukin Bank	December 4, 2015	1,000	1,000	0.40600%	November 30, 2022	(Note 3)	Unsecured/ Non-guaranteed	
Sumitomo Mitsui Trust Bank, Limited	December 4, 2015	2,000	2,000	0.45075%	November 30, 2023	(Note 3)	Unsecured/ Non-guaranteed	

Classification (Lender)		Borrowing date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1)	Repayment due date	Use	Remarks
	The Bank of Fukuoka	December 4, 2015	500	500	0.52800%	November 28, 2025	(Note 3)	Unsecured/ Non-guaranteed
	Mizuho Trust & Banking Co., Ltd.	December 4, 2015	2,000	2,000	0.60250%	November 28, 2025	(Note 3)	Unsecured/ Non-guaranteed
Long-term borrowings	Mitsui Sumitomo Insurance Company, Limited	September 30, 2016	1,000	1,000	0.20000%	September 29, 2023	(Note 3)	Unsecured/ Non-guaranteed
	Mitsui Sumitomo Insurance Company, Limited	February 3, 2017	1,000	1,000	0.25875%	February 29, 2024	(Note 3)	Unsecured/ Non-guaranteed
	Resona Bank, Ltd.	February 3, 2017	2,000	2,000	0.46600%	February 3, 2027	(Note 3)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	February 27, 2017	2,000	-	0.30000%	March 31, 2022	(Note 3)	Unsecured/ Non-guaranteed
	The Bank of Fukuoka	March 15, 2017	2,000	2,000	0.38000%	March 31, 2027	(Note 3)	Unsecured/ Non-guaranteed
	Development Bank of Japan Inc.	March 15, 2017	2,500	2,500	0.55375%	March 31, 2028	(Note 3)	Unsecured/ Non-guaranteed
	Development Bank of Japan Inc.	March 15, 2017	2,500	2,500	0.60750%	March 30, 2029	(Note 3)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	March 27, 2017	1,000	-	0.27500%	March 31, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	August 31, 2017	2,000	2,000	0.24380%	August 31 2022	(Note 3)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	August 31, 2017	2,000	2,000	0.30000%	February 28 2023	(Note 3)	Unsecured/ Non-guaranteed
	Resona Bank, Ltd.	August 31, 2017	2,000	2,000	0.48205%	August 31 2027	(Note 2)	Unsecured/ Non-guaranteed
Sumitomo Mitsui Trust	August	3,000	3,000	0.48205%	August 31	(Note 2)	Unsecured/ Non-	

Classification (Lender)		Borrowing date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1)	Repayment due date	Use	Remarks
	Bank, Limited	31, 2017				2027		guaranteed
	Development Bank of Japan Inc.	August 31, 2017	4,500	4,500	0.49313%	August 31 2028	(Note 2)	Unsecured/ Non-guaranteed
	Development Bank of Japan Inc.	August 31, 2017	4,500	4,500	0.54375%	August 31 2029	(Note 2)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	February 27, 2018	2,500	-	0.29000%	February 28, 2022	(Note 2)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	September 28, 2018	5,000	5,000	0.65000%	September 30, 2027	(Note 2)	Unsecured/ Non-guaranteed
Long-term borrowings	MUFG Bank, Ltd.	September 28, 2018	4,000	4,000	0.31000%	September 30, 2022	(Note 2)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	March 26, 2019	3,500	3,500	0.36750%	March 26 2025	(Note 2)	Unsecured/ Non-guaranteed
	Mizuho Bank, Ltd.	March 26, 2019	1,000	1,000	0.46005%	March 26, 2027	(Note 2)	Unsecured/ Non-guaranteed
	Mizuho Bank, Ltd.	August 31, 2020	2,000	2,000	0.47255%	August 31, 2028	(Note 2)	Unsecured/ Non-guaranteed
	Mizuho Bank, Ltd.	August 31, 2020	2,000	2,000	0.55875%	August 31, 2030	(Note 2)	Unsecured/ Non-guaranteed
	The 77 Bank, Ltd.	December 25, 2020	500	500	0.39255%	December 25, 2028	(Note 2)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	December 25, 2020	1,000	1,000	0.55000%	December 25, 2029	(Note 2)	Unsecured/ Non-guaranteed
	Mizuho Bank, Ltd.	December 25, 2020	1,500	1,500	0.48625%	December 25, 2030	(Note 2)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	February 26, 2021	-	2,000	0.27830%	February 28, 2025	(Note 2)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking	February	-	2,000	0.47761%	August 31, 2028	(Note 2)	Unsecured/ Non-

Classification (Lender)		Borrowing date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1)	Repayment due date	Use	Remarks
	Corporation	26, 2021						guaranteed
	Nippon Life Insurance Company	February 26, 2021	-	1,500	0.60000%	February 28, 2031	(Note 2)	Unsecured/ Non-guaranteed
	Nippon Life Insurance Company	May 31, 2021	-	1,500	0.55000%	February 28, 2031	(Note 2)	Unsecured/ Non-guaranteed
	Subtotal		85,000	82,500				
Total			103,000	101,000				

(Note 1) The average interest rate indicates a weighted average of interest rates for the period. Regarding the borrowings hedged by interest rate swaps to avoid interest rate fluctuation risk, the average interest rate indicates a weighted average of interest rates adjusted by considering the effect of the interest rate swaps.

(Note 2) All the funds were used for the purchase of real estate properties or trust beneficiary rights of real estate, repayment of borrowings.

(3) Status of Investment Corporation Bonds

The status of investment corporation bonds issued as of July 31, 2021 is as follows:

Issue	Issue date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Interest rate	Maturity date	Repayment method	Purpose	Note
#2 nd Unsecured Investment Corporation Bond	December 27, 2013	3,000	3,000	1.28000 %	December 26, 2025	Lump-sum payment on the maturity date	(Note 1)	(Note 2)
#3 rd Unsecured Investment Corporation Bond	March 12, 2014	3,000	3,000	1.62000 %	March 12, 2029	Lump-sum payment on the maturity date	(Note 1)	(Note 2)
#4 th Unsecured Investment Corporation Bond (private offering to qualified institutional investors)	February 8, 2016	1,700	1,700	0.53500 %	February 8, 2028	Lump-sum payment on the maturity date	(Note 1)	(Note 2)
#5 th Unsecured Investment Corporation Bond	April 20, 2017	2,000	2,000	0.48000 %	April 20, 2027	Lump-sum payment on the maturity date	(Note 1)	(Note 2)
#6 th Unsecured Investment Corporation Bond	November 18, 2019	2,000	2,000	0.53000 %	November 16, 2029	Lump-sum payment on the maturity date	(Note 1)	(Note 2)
#7 th Unsecured Investment Corporation Bond (Green Bond)	April 26, 2021	-	2,000	0.49000 %	April 25, 2031	Lump-sum payment on the maturity date	(Note 1)	(Note 2)
Total		11,700	13,700					

(Note 1) The funds are used for the repayment of borrowings.

(Note 2) This investment corporation bond is equipped with the same rank rider limited among certain investment corporation bonds.

(4) Status of Short-Term Investment Corporation Bonds

Not applicable.

(5) Status of Investment unit warrants

Not applicable.

6. Trading For the six-month period ended July 31, 2021

(1) Status, etc. of Real Estate Properties and Asset-Backed Securities Trading

Type of asset	Name of real estate, etc.	Acquisition		Transfer			
		Date	Price (Millions of yen) (Note)	Date	Price (Millions of yen) (Note)	Book value (Millions of yen)	Sales gain (loss) (Millions of yen)
Real estate	Aisai Logistics Center	March 1, 2021	2,510	-	-	-	-
Total			2,510		-	-	-

(Note) The acquisition price and transfer price do not include various costs (intermediary fees, taxes and dues, etc.) required for acquisition or transfer of the property, and indicate the purchase and sale price of the property as described in the sales contract, etc.

(2) Status, etc. of Another Assets Trading

Not applicable.

(3) Valuation of Specified Assets, etc.

A. Real Estate Properties

Acquisition/Transfer	Type of asset	Name of real estate, etc.	Transaction date	Acquisition or transfer price (Note 1) (Thousands of yen)	Real estate appraisal value (Note 2) (Thousands of yen)	Real estate appraisal institution	Date of price
Acquisition	Real estate	Aisai Logistics Center	March 1, 2021	2,510,000	2,790,000	DAIWA REAL ESTATE APPRAISAL CO., LTD.	January 31, 2021

(Note 1) The acquisition or transfer price does not include various costs (brokerage commissions, etc.) required for acquisition or transfer of the property, and indicates the purchase and sale price of the property as described in the sales contract, etc.

(Note 2) The relevant appraisal was implemented in accordance with the provisions of Part of Particulars, Chapter 3 "Appraisal of Prices of Securitization-Properties" of the Real Estate Appraisal Standards issued by the Ministry of Land, Infrastructure, Transport and Tourism.

B. Others

Not applicable.

(4) Status of Transactions with Interested Parties, etc. and Major Shareholders

A. Transactions Not applicable.

B. Fees, etc. Paid to Interested Parties, etc. and Major Shareholders

(Thousands of yen)

Classification	Total amount paid (A)	Details of transactions with interested parties, etc. and major shareholders		Portion (B) / (A)
		Name of party to which fees were paid	Amount paid (B)	
Insurance expenses	25,331	Mitsuibussan Insurance Co., Ltd.	24,077	95.0%
Asset custody fee	25,111	Sumitomo Mitsui Trust Bank, Limited	25,111	100.0%
Administrative service fees	39,099	Sumitomo Mitsui Trust Bank, Limited	39,099	100.0%
Other expenses	19,590	Sumitomo Mitsui Trust Bank, Limited	12,843	65.6%

(Note 1) Interested parties, etc. are comprised of interested parties, etc. of an asset management company with which JLF has an asset management consignment contract as defined in Article 123 of the Order for Enforcement of the Investment Trust Act.

(Note 2) other than above fees, etc., JLF paid brokerage fee to interested parties in the six-month periods ended July 31, 2021, details below;
Mitsui & Co., Asset Management Holdings Ltd. 63,321 thousand yen

(5) Status, etc. of Transactions with the Asset Management Company Pertaining to Its Business Other than Asset Management

As of July 31, 2021, MLP does not follow any side business. Therefore, there is not applicable in this item.

7. Financial Information

(1) Financial Position and Operating Results

For the financial position and operating results, please refer to the accompanying documents: Balance Sheets, Statements of Income, Statements of Unitholders' Equity, Notes to Financial Statements and Statements of Cash Distribution.

(2) Changes in Calculation Method for Depreciation

Not applicable.

(3) Changes in Valuation Method of Real Estate Properties, etc.

Not applicable.

(4) Status, etc. of Beneficiary Certificates of Investment Trusts Established by JLF

Not applicable.

8. Other Information

(1) Notice

Investment Corporation Board of Directors

The following is a summary of the major agreements and amendments approved by the Board of Directors of the Investment Corporation during the fiscal period under review.

Recognition Day	Item	Overview
March 25, 2021	Issuance of Investment Corporation Bonds	In connection with the issuance of the Seventh Series of Unsecured Investment Corporation Bonds, it was decided to entrust the administration of the bonds. The Board of Directors approved the candidates for the consignment, and the final decision on the consignee was left to the Executive Officers.

(Note) It was decided that the administration of the Seventh Series Unsecured Investment Corporation Bonds was entrusted to Sumitomo Mitsui Trust Bank, Limited.

(2) Disclosure relating to overseas real estate investment corporation

Not applicable.

(3) Disclosure relating to property held by overseas real estate investment corporation

Not applicable.

(4) Others

For the purpose of this report, amounts that are below one unit are rounded down to one unit and percentages are rounded off to the nearest unit unless otherwise specified.

Independent Auditor's Report

The Board of Directors
Japan Logistics Fund, Inc.

Opinion

We have audited the accompanying financial statements of Japan Logistics Fund, Inc. (the "Company"), which comprise the balance sheet as at July 31, 2021, and the statements of income and retained earnings, changes in net assets, cash distributions and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2021, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Supervisory Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Supervisory Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Ernst & Young ShinNihon LLC
Tokyo, Japan

October 20, 2021

柴田 憲一

Kenichi Shibata
Designated Engagement Partner
Certified Public Accountant

寺岡 久仁子

Kuniko Teraoka
Designated Engagement Partner
Certified Public Accountant

Financial Statements

1. Balance Sheet

(Thousands of yen)

	As of July 31, 2021	As of January 31, 2021
Assets		
Current assets		
Cash and deposits	7,047,114	10,082,918
Cash and deposits in trust	4,281,609	4,268,938
Operating accounts receivable	514,192	574,595
Prepaid expenses	5,322	7,179
Consumption taxes receivable	21,667	421,645
Other	51	45
Total current assets	11,869,958	15,355,323
Non-current assets		
Property, plant and equipment		
Buildings	19,669,903	17,461,216
Accumulated depreciation	(3,313,414)	(3,071,075)
Buildings, net	16,356,489	14,390,141
Structures	613,888	509,194
Accumulated depreciation	(142,830)	(130,061)
Structures, net	471,058	379,132
Tools, furniture and fixtures	19,516	1,570
Accumulated depreciation	(1,701)	(753)
Tools, furniture and fixtures, net	17,814	816
Land	13,486,139	12,689,952
Construction in progress	1,559,496	35,842
Buildings in trust	122,841,193	122,578,679
Accumulated depreciation	(31,931,366)	(30,412,456)
Buildings in trust, net	90,909,827	92,166,222
Structures in trust	3,484,786	3,484,786
Accumulated depreciation	(1,462,022)	(1,401,455)
Structures in trust, net	2,022,764	2,083,331
Tools, furniture and fixtures in trust	36,687	36,022
Accumulated depreciation	(23,384)	(22,327)
Tools, furniture and fixtures in trust, net	13,302	13,695
Land in trust	122,358,070	122,358,070
Total property, plant and equipment	247,194,963	244,117,204
Intangible assets		
Other	7,335	8,223
Total intangible assets	7,335	8,223
Investments and other assets		
Long-term prepaid expenses	285,395	306,323
Deferred tax assets	13	13
Guarantee deposits	10,020	10,020
Other	2,000	2,000
Total investments and other assets	297,428	318,356
Total non-current assets	247,499,727	244,443,784
Deferred assets		
Investment corporation bond issuance costs	60,667	49,051
Total deferred assets	60,667	49,051
Total assets	259,430,352	259,848,159

(Thousands of yen)

	As of July 31, 2021	As of January 31, 2021
Liabilities		
Current liabilities		
Operating accounts payable	633,686	1,019,398
Current portion of long-term borrowings	18,500,000	18,000,000
Distributions payable	7,354	9,254
Accrued expenses	1,142,611	835,284
Income taxes payable	877	876
Advances received	1,645,281	1,629,110
Derivatives liabilities	59	-
Other	-	80
Total current liabilities	21,929,870	21,494,004
Non-current liabilities		
Investment corporation bonds	13,700,000	11,700,000
Long-term borrowings	82,500,000	85,000,000
Leasehold and guarantee deposits received	1,276,637	1,191,920
Leasehold and guarantee deposits received in trust	5,303,500	5,311,898
Long-term deposits received	245,687	244,393
Derivatives liabilities	82,398	95,189
Total non-current liabilities	103,108,222	103,543,403
Total liabilities	125,038,093	125,037,407
Net assets		
Unitholders' equity		
Unitholders' capital		
Unitholders' capital, gross	132,245,145	132,245,145
Deduction from unitholders' capital (Note 4(2))	(4,900,686)	(4,900,686)
Unitholders' capital, net	127,344,458	127,344,458
Surplus		
Voluntary retained earnings		
Reserve for reduction entry of special provisions of replaced property (Note 4(3))	2,219,363	2,219,363
Reserve for tax purpose reduction entry	997,768	1,222,036
Total voluntary retained earnings	3,217,132	3,441,399
Unappropriated retained earnings (undisposed loss)	3,913,125	4,120,082
Total surplus	7,130,257	7,561,482
Total unitholders' equity	134,474,716	134,905,941

Valuation and translation adjustments		
Deferred gains or losses on hedges	(82,457)	(95,189)
Total valuation and translation adjustments	(82,457)	(95,189)
Total net assets (Note 4(4))	134,392,258	134,810,751
Total liabilities and net assets	259,430,352	259,848,159

Statement of Income and Retained Earnings

(Thousands of yen)

	For the six-month period ended July 31, 2021	For the six-month period ended January 31, 2021
Operating revenue		
Lease business revenue (Note 5(1))	8,905,446	8,874,502
Other lease business revenue (Note 5(1))	249,096	245,694
Total operating revenue	9,154,542	9,120,197
Operating expenses		
Expenses related to rent business (Note 5(1))	3,918,842	3,692,768
Asset management fee	770,168	764,365
Asset custody fee	25,111	25,340
Administrative service fees	39,099	40,150
Directors' compensations	5,400	5,700
Other operating expenses	93,803	77,489
Total operating expenses	4,852,425	4,605,814
Operating profit	4,302,117	4,514,383
Non-operating income		
Interest income	29	22
Interest on refund	1,173	65
Reversal of distribution payable	945	489
Other	0	90
Total non-operating income	2,148	668
Non-operating expenses		
Interest expenses	293,701	298,822
Borrowing related expenses	31,572	31,104
Interest expenses on investment corporation bonds	60,063	58,599
Amortization of investment corporation bond issuance costs	3,921	3,570
Other	1,000	2,000
Total non-operating expenses	390,258	394,097
Ordinary profit	3,914,007	4,120,954
Profit before income taxes	3,914,007	4,120,954
Income taxes — current	882	880
Income taxes — deferred	(0)	(1)
Total income taxes	881	878
Profit	3,913,125	4,120,075
Retained earnings brought forward	-	7
Unappropriated retained earnings (undisposed loss)	3,913,125	4,120,082

Statement of Changes in Net Assets

For the six-month period ended July 31, 2021

(Thousands of yen)

	Unitholders' equity								
	Unitholders' capital			Surplus					Total unitholders' equity
	Unitholder s' capital, gross	Deduction from unitholder s' capital	Unitholders' capital, net	Voluntary retained earnings			Unappropr -iated retained earnings (undispos s -ed loss)	Total surplus	
				Reserve for reduction entry of special provisions of replaced property	Reserve for tax purpose reduction entry	Voluntary retained earnings			
Balance at beginning of period	132,245,145	(4,900,686)	127,344,458	2,219,363	1,222,036	3,441,399	4,120,082	7,561,482	
Changes of items during period									
Reversal of reserve for tax purpose reduction entry					(224,267)	(224,267)	224,267	-	-
Dividends of surplus							(4,344,350)	(4,344,350)	(4,344,350)
Profit							3,913,125	3,913,125	3,913,125
Net changes of items other than unitholders' equity									
Total changes of items during period	-	-	-	-	(224,267)	(224,267)	(206,957)	(431,224)	(431,224)
Balance at end of period	132,245,145	(4,900,686)	127,344,458	2,219,363	997,768	3,217,132	3,913,125	7,130,257	134,474,716

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(95,189)	(95,189)	134,810,751
Changes of items during period			
Reversal of reserve for tax purpose reduction entry			-
Dividends of surplus			(4,344,350)
Profit			3,913,125
Net changes of items other than unitholders' equity	12,732	12,732	12,732
Total changes of items during period	12,732	12,732	(418,492)
Balance at end of period	(82,457)	(82,457)	134,392,258

For the six-month period ended January 31, 2021

(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 tax purpose 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	9,752,874	12,338,274	
Changes of items during period									
Provision of reserve for tax purpose reduction entry					856,000	856,000	(856,000)	-	-
Dividends of surplus							(8,896,867)	(8,896,867)	(8,896,867)
Profit							4,120,075	4,120,075	4,120,075
Net changes of items other than unitholders' equity									
Total changes of items during period	-	-	-	-	856,000	856,000	(5,632,791)	(4,776,791)	(4,776,791)
Balance at end of period	132,245,145	(4,900,686)	127,344,458	2,219,363	1,222,036	3,441,399	4,120,082	7,561,482	134,905,941

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(82,533)	(82,533)	139,600,200
Changes of items during period			
Provision of reserve for tax purpose reduction entry			-
Dividends of surplus			(8,896,867)
Profit			4,120,075
Net changes of items other than unitholders' equity	(12,656)	(12,656)	(12,656)
Total changes of items during period	(12,656)	(12,656)	(4,789,448)
Balance at end of period	(95,189)	(95,189)	134,810,751

Statement of Cash Flows

(Thousands of yen)

	For the six-month period ended July 31, 2021	For the six-month period ended January 31, 2021
Cash flows from operating activities		
Profit before income taxes	3,914,007	4,120,954
Depreciation	1,899,112	1,887,616
Amortization of investment corporation bond issuance costs	3,921	3,570
Interest income	(29)	(22)
Interest expenses	353,765	357,422
Loss on retirement of non-current assets	48,908	284,039
Decrease (increase) in operating accounts receivable	60,402	(62,041)
Decrease (increase) in consumption taxes refund receivable	399,978	(421,645)
Increase (decrease) in accrued consumption taxes	-	(1,352,231)
Decrease (increase) in prepaid expenses	1,857	(1,886)
Decrease (increase) in long-term prepaid expenses	20,927	(2,943)
Increase (decrease) in operating accounts payable	(198,111)	69,077
Increase (decrease) in accrued expenses	299,548	19,524
Increase (decrease) in advances received	16,171	(13,532)
Other, net	(811)	(508)
Subtotal	6,819,647	4,887,391
Interest income received	29	22
Interest expenses paid	(345,986)	(367,051)
Income taxes (paid) refund	(881)	(846)
Net cash provided by (used in) operating activities	6,472,809	4,519,516
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,685,186)	(251,166)
Purchase of property, plant and equipment in trust	(527,525)	(593,343)
Purchase of intangible assets	-	(8,420)
Proceeds from leasehold and guarantee deposits received	142,951	44,089
Repayments of leasehold and guarantee deposits received	(58,235)	(152,029)
Proceeds from leasehold and guarantee deposits received in trust	62,101	2,320
Repayments of leasehold and guarantee deposits received in trust	(70,500)	(23,569)
Net cash provided by (used in) investing activities	(5,136,394)	(982,120)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,500,000	-
Repayments of short-term borrowings	(1,500,000)	-
Proceeds from long-term borrowings	9,000,000	7,000,000
Repayments of long-term borrowings	(11,000,000)	(7,000,000)
Proceeds from issuance of investment corporation bonds	2,000,000	-
Payments of investment corporation bond issuance costs	(15,537)	-
Distributions paid	(4,345,305)	(8,893,868)
Net cash provided by (used in) financing activities	(4,360,843)	(8,893,868)
Net increase (decrease) in cash and cash equivalents	(3,024,427)	(5,356,472)
Cash and cash equivalents at beginning of period	14,162,087	19,518,559
Cash and cash equivalents at end of period (Note 7)	11,137,659	14,162,087

Notes to Financial Statements

1. Organization

JLF is the first logistics properties focused J-REIT, with target areas of Tokyo Metropolitan area, Osaka, Nagoya and Fukuoka Area. Based on the AITIC, JLF was founded on February 22, 2005 by MLP as the asset management company and was listed on the REIT section of the Tokyo Stock Exchange on May 9 of the same year (securities code: 8967).

As of July 31, 2021 (the end of the 32nd Period), JLF owns 50 properties under management with a total acquisition price of 271,631 million yen and total assets of 259,430 million yen.

2. Basis of Presenting Financial Statements

JLF maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan (Japanese GAAP), including provisions set forth in the Financial Instrument and Exchange Act of Japan, the AITIC, the Companies Act of Japan and the related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are prepared from the Japanese financial statements of JLF, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of JLF filed with the Kanto Local Finance Bureau of the Ministry of Finance. The amounts in the financial statements originally prepared in Japanese have been rounded off to the nearest thousand in the accompanying financial statements unless otherwise specified. JLF does not prepare consolidated financial statements, as JLF has no subsidiaries.

3. Summary of Significant Accounting Policies

(1) Depreciation method for non-current assets

(i) 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 71 years
Structures	2 to 48 years
Tools, furniture, and fixtures	2 to 15 years

(ii) Intangible assets

The straight-line method is used.

(2) 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.

(3) 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 six-month 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 six-month period ended July 31, 2021, the property tax, etc. included in the acquisition cost of real estate was 16,113 thousand yen. In the six-month period ending January 31, 2021, the property tax, etc. included in the acquisition cost of real estate was 12,365 thousand yen.

(4) Hedge accounting method

(i) 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.

(ii) Hedging instruments and hedged items

Hedging instruments: Interest rate swap transactions

Hedged items: Interest on borrowings

(iii) 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.

(iv) 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.

(5) 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.

(6) Other significant basis for preparation of financial statements

(i) Accounting for trust beneficiary right for real estate, etc. as trust asset

Regarding 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) Leasehold and guarantee deposits received in trust

(ii) Method of accounting for consumption taxes

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

(Accounting standards not yet applied)

- Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, Accounting Standard for Revenue Recognition, revised on March 31, 2020
- ASBJ Guidance No. 30, Implementation Guidance on Accounting Standard for Revenue Recognition, revised on March 26, 2021
- ASBJ Guidance No. 19, Implementation Guidance on Disclosures about Fair Value of Financial Instruments, revised on March 31, 2020

(1) Overview

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

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

(2) Scheduled date of application

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

(3) Impact of applying the accounting standards

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

- ASBJ Statement No. 30, Accounting Standard for Fair Value Measurement, issued on July 4, 2019
- ASBJ Statement No. 10, Accounting Standard for Financial Instruments, revised on July 4, 2019
- ASBJ Guidance No. 31, Implementation Guidance on Accounting Standard for Fair Value Measurement, issued on June 17, 2021
- ASBJ Guidance No. 19, Implementation Guidance on Disclosures about Fair Value of Financial Instruments, revised on March 31, 2020

(1) Overview

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

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

(2) Scheduled date of application

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

(3) Impact of applying the accounting standards

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

4. Notes to Balance Sheet

(1) Commitment line contracts

The Company has the commitment line contracts with the banks.

	(Thousands of yen)	
	As of July 31, 2021	As of January 31, 2021
Total amount specified in the commitment line contracts	17,500,000	17,500,000
Borrowing balance at end of period	-	-
Outstanding borrowing commitments at end of period	17,500,000	17,500,000

(2) Status of cancellation of own investment units

	As of July 31, 2021	As of January 31, 2021
Total number own investment units cancelled	19,927 units	19,927 units
Total amount of cancellation	4,436,262 thousand yen	4,436,262 thousand yen

(Note) There are no cancellation of own investment units during the six-month period under review.

(3) 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	
	As of July 31, 2021	As of January 31, 2021
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.	
	As of July 31, 2021	As of January 31, 2021
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 22. Distribution Information	-	-
Reversal as disclosed in 22. Distribution Information	-	-
Balance after provision and reversal in the period	2,219,363 thousand yen	2,219,363 thousand yen

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

(Thousands of yen)	
As of July 31, 2021	As of January 31, 2021
50,000	50,000

5. Notes to Statement of Income and Retained Earnings

(1) Breakdown of income from real estate leasing business

	(Thousands of yen)	
	For the six-month period ended July 31, 2021	For the six-month period ended January 31, 2021
(i) Real estate leasing business revenue		
Rent revenue-real estate		
Rent income	8,673,238	8,640,791
Land rents received	600	600
Facility charges	231,608	233,110
Other lease business revenue		
Parking charges	24,561	24,544
Utilities charges	189,310	204,433
Other operating income	35,224	16,716
Total real estate leasing business revenue	9,154,542	9,120,197
(ii) Real estate leasing business expenses		
Expenses related to rent business		
Taxes and dues	810,848	804,713
Outsourcing service expenses	263,620	261,325
Utilities expenses	181,358	197,039
Repair expenses	392,160	186,897
Insurance expenses	24,421	24,203
Other expenses related to rent business	92,299	47,540
Depreciation	1,898,224	1,887,008
Loss on retirement of non-current assets	255,908	284,039
Total real estate leasing business expenses	3,918,842	3,692,768
(iii) Income from real estate leasing business		
((i) - (ii))	5,235,700	5,427,429

6. Notes to Statement of Changes in Net Assets

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

	For the six-month period ended July 31, 2021	For the six-month period ended January 31, 2021
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

7. 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)	
	For the six-month period ended July 31, 2021	For the six-month period ended January 31, 2021
Cash and deposits	7,047,114	10,082,918
Cash and deposits in trust	4,281,609	4,268,938
Long-term deposits received (Note)	(191,063)	(189,770)
Cash and cash equivalents	11,137,659	14,162,087

(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.

8. Lease Transactions

Operating lease transactions (as a lessor)

	(Thousands of yen)	
	For the six-month period ended July 31, 2021	For the six-month period ended January 31, 2021
Future lease payments receivable		
Due within one year	15,418,083	15,863,519
Due after one year	49,104,112	49,605,164
Total	64,522,196	65,468,683

9. Financial Instruments

(1) Matters concerning the status of financial instruments

(i) 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 borrowing 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.

(ii) 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.

Borrowings 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 sheets and other methods.

Variable interest rate borrowings are exposed to the risk of interest rate fluctuations. Derivative transactions are utilized for certain borrowings as hedges by JLF to mitigate this risk. See "(5) Hedge accounting method" above under "Summary of Significant Accounting Policies" for details about the hedging instruments, hedged items, hedging policy, and method of assessing hedge effectiveness, etc. in hedge accounting.

(iii) 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 calculations of such value, the value may differ if different assumptions are used. In addition, the contract amount of derivative transactions, which is presented in the following section entitled "Derivatives," is not indicative of the market risk attributable to derivative transactions.

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

Amounts on the Balance Sheet, fair value and their difference as of July 31, 2021 are as follows;

(Thousands of yen)

	Amount on the balance sheet	Fair value	Difference
(1) Cash and deposits	7,047,114	7,047,114	-
(2) Cash and deposits in trust	4,281,609	4,281,609	-
Total assets	11,328,723	11,328,723	-
(1) Current portion of long-term borrowings	18,500,000	18,558,328	58,328
(2) Investment corporation bond	13,700,000	13,986,561	286,561
(3) Long-term borrowings	82,500,000	83,673,853	1,173,853
Total liabilities	114,700,000	116,218,743	1,518,743
Derivative transactions *	(82,457)	(82,457)	-

*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 parentheses.

Amounts on the Balance Sheet, fair value and their difference as of January 31, 2021 are as follows;

(Thousands of yen)

	Amount on the balance sheet	Fair value	Difference
(1) Cash and deposits	10,082,918	10,082,918	-
(2) Cash and deposits in trust	4,268,938	4,268,938	-
Total assets	14,351,857	14,351,857	-
(1) Current portion of long-term borrowings	18,000,000	18,023,068	23,068
(2) Investment corporation bond	11,700,000	11,877,791	177,791
(3) Long-term borrowings	85,000,000	86,281,185	1,281,185
Total liabilities	114,700,000	116,182,046	1,482,046
Derivative transactions *	(95,189)	(95,189)	-

*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 parentheses.

(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) Current portion of long-term borrowings, (3) Long-term borrowings

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

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

Not applicable for the six-month periods ended July 31, 2021 and January 31, 2021.

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

As of July 31, 2021

(Thousands of yen)

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	After 5 years
Cash and deposits	7,047,114	-	-	-	-	-
Cash and deposits in trust	4,281,609	-	-	-	-	-
Total	11,328,723	-	-	-	-	-

As of January 31, 2021

(Thousands of yen)

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	After 5 years
Cash and deposits	10,082,918	-	-	-	-	-
Cash and deposits in trust	4,268,938	-	-	-	-	-
Total	14,351,857	-	-	-	-	-

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

As of July 31, 2021

(Thousands of yen)

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	After 5 years
Long-term borrowings	18,500,000	17,000,000	15,500,000	6,500,000	2,500,000	41,000,000
Investment corporation bond	-	-	-	-	3,000,000	10,700,000
Total	18,500,000	17,000,000	15,500,000	6,500,000	5,500,000	51,700,000

As of January 31, 2021

(Thousands of yen)

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	After 5 years
Long-term borrowings	18,000,000	19,000,000	16,500,000	6,500,000	7,000,000	36,000,000
Investment corporation bond	-	-	-	-	3,000,000	8,700,000
Total	18,000,000	19,000,000	16,500,000	6,500,000	10,000,000	44,700,000

10. Derivatives

(1) Transactions not subject to hedge accounting

Not applicable for the six-month periods ended July 31, 2021 and January 31, 2021.

(2) Transactions subject to hedge accounting

For the six-month period ended July 31, 2021

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	7,000,000	(82,457)	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.

For the six-month period ended January 31, 2021

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	7,000,000	(95,189)	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.

11. Tax Effect Accounting

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

	(Thousands of yen)	
	As of July 31, 2021	As of January 31, 2021
Deferred tax assets, current		
Enterprise tax not deductible	13	13
Deferred gains or losses on hedges	25,941	29,946
Subtotal deferred tax, current	25,954	29,959
Valuation allowance	(25,941)	(29,946)
Total deferred tax assets, current	13	13
Deferred tax assets, net, current	13	13

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

	As of July 31, 2021	As of January 31, 2021
Effective statutory tax rate	31.46%	31.46%
Adjustments		
Deductible cash distributions	(34.92) %	(33.17) %
Reversal of reserve for reduction entry	3.47%	1.71%
Other	0.01%	0.01%
Effective tax rate after applying tax effect accounting	0.02%	0.02%

12. Transactions with Related Parties

- (1) Parent company and principal corporate unitholders
Not applicable for the six-month periods ended July 31, 2021 and January 31, 2021.
- (2) Subsidiaries and affiliates
Not applicable for the six-month periods ended July 31, 2021 and January 31, 2021.
- (3) Sister companies
Not applicable for the six-month periods ended July 31, 2021 and January 31, 2021.
- (4) Directors and principal individual unitholders

For the six-month period ended July 31, 2021

Classification	Name of company or individual	Address	Paid-in capital or investment	Business description or occupation	Voting rights holding ratio	Nature of transaction	Transaction amount (Thousands of yen)	Account	Balance at end of period (Thousands of yen)
Director or the close relative	Naohiro Kameoka	-	-	Executive Director of Japan Logistics Fund, Inc. and President of Mitsui & Co., Logistics Partners Ltd.	-	Payment of asset management fee to Mitsui & Co., Logistics Partners Ltd. (Note 1)	787,738 (Note 2)	Accrued expenses	847,185 (Note 2)

(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) Of the above amounts, the transaction amount does not include consumption taxes while the balance at the end of the six-month period does.

For the six-month period ended January 31, 2021

Classification	Name of company or individual	Address	Paid-in capital or investment	Business description or occupation	Voting rights holding ratio	Nature of transaction	Transaction amount (Thousands of yen)	Account	Balance at end of period (Thousands of yen)
Director or the close relative	Naohiro Kameoka	-	-	Executive Director of Japan Logistics Fund, Inc. and President of Mitsui & Co., Logistics Partners Ltd.	-	Payment of asset management fee to Mitsui & Co., Logistics Partners Ltd. (Note 1)	764,365 (Note 2)	Accrued expenses	545,776 (Note 2)

(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) Of the above amounts, the transaction amount does not include consumption taxes while the balance at the end of the six-month period does.

13. 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)

	For the six-month period ended July 31, 2021	For the six-month period ended January 31, 2021
Amount on the balance sheet		
Balance at the beginning of the period	244,081,362	245,388,688
Changes during the period	1,554,104	(1,307,326)
Balance at the end of the period	245,635,466	244,081,362
Fair value at the end of the period	364,920,000	356,630,000

(Note 1) The amount on the balance sheet is acquisition cost less accumulated depreciation. The amount on the balance sheet does not include the amount of the construction in progress.

(Note 2) The increase of the lease properties in the six-month period ended July 31, 2021 is mainly by the acquisition of Aisai Logistics Center (2,663,502 thousand yen) .

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

The income concerning lease properties, etc. for the six-month period ended July 31, 2021 and the six-month period ended January 31, 2021 is indicated under "Notes to Statement of Income and Retained Earnings" above.

14. Segment Information

(1) Segment information

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

(2) Related information

For the six-month period ended July 31, 2021

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.

For the six-month period ended January 31, 2021

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.

15. Per Unit Information

	For the six-month period ended July 31, 2021	For the six-month period ended January 31, 2021
Net assets per unit	148,487yen	148,950yen
Profit per unit	4,323yen	4,552yen

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

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

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

2)

(Thousands of yen)

	For the six-month period ended July 31, 2021	For the six-month period ended January 31, 2021
Profit	3,913,125	4,120,075
Amount not attributable to common unitholders	-	-
Profit pertaining to common investment units	3,913,125	4,120,075
Average number of investment units during period	905,073 units	905,073 units

16. Significant Subsequent Events

Not applicable

17. Securities

(1) Stocks

Not applicable

(2) Securities other than stocks

Not applicable

18. Contract Amounts and Fair Value of Derivative Transactions

(Thousands of yen)

Classification	Type of derivative transactions	Contract amount (Note 1)		Fair value (Note 2) (Note 3)
			Amount over one year	
Over-the-counter	Interest rate swap transactions Receive variable, pay fixed	16,500,000	14,500,000	(82,457)
Total		16,500,000	14,500,000	(82,457)

(Note The contract amount represents the notional principal amount of the interest rate swaps.

1)

(Note The fair value is calculated based on prices and other conditions presented by counterparty of the agreement.

2)

(Note In the amount of fair value, the transactions for which special treatment for interest rate swaps is applied in accordance with Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued on March 10, 2008) are not carried at fair value in the Balance Sheet.

3)

19. Property, Plant and Equipment, and Intangible Assets

(Thousands of yen)

Type of asset	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Accumulated depreciation / Accumulated amortization		Net balance at end of the period	Remarks	
					Depreciation and amortization				
Property, plant and equipment	Buildings (including accompanying facilities)	17,461,216	2,232,700	24,013	19,669,903	3,313,414	257,441	16,356,489	(Note 1)
	Structures	509,194	104,694	-	613,888	142,830	12,768	471,058	(Note 1)
	Tools, furniture and fixtures	1,570	17,946	-	19,516	1,701	948	17,814	(Note 1)
	Land	12,689,952	796,187	-	13,486,139	-	-	13,486,139	(Note 1)
	Construction in progress	35,842	1,864,299	340,645	1,559,496	-	-	1,559,496	(Note 2)
	Buildings in trust (including accompanying facilities in trust)	122,578,679	349,043	86,530	122,841,193	31,931,366	1,565,441	90,909,827	
	Structures in trust	3,484,786	-	-	3,484,786	1,462,022	60,567	2,022,764	
	Tools, furniture and fixtures in trust	36,022	665	-	36,687	23,384	1,057	13,302	
	Land in trust	122,358,070	-	-	122,358,070	-	-	122,358,070	
	Subtotal	279,155,334	5,365,537	451,189	284,069,682	36,874,719	1,898,224	247,194,963	
Intangible assets	9,344	-	-	9,344	2,009	888	7,335		
Total	279,164,678	5,365,537	451,189	284,079,026	36,876,728	1,899,112	247,202,298		

(Note 1) The amount of increase is primarily attributable to acquisition of Aisai Logistics Center.

(Note 2) The increase of construction in progress is primarily due to the expenditure associated with the redevelopment project of the Urayasu Logistics Center.

20. Investment Corporation Bond

	Issue date	Balance at beginning of the period (Thousands of yen)	Amount of increase during the period (Thousands of yen)	Amount of decrease during the period (Thousands of yen)	Balance at end of the period (Thousands of yen)	Interest rate	Redemption maturity date	Use	Collateral
#2 nd Unsecured Investment Corporation Bond	December 27, 2013	3,000,000	-	-	3,000,000	1.28000%	December 26, 2025	(Note 1)	(Note 2)
#3 rd Unsecured Investment Corporation Bond	March 12, 2014	3,000,000	-	-	3,000,000	1.62000%	March 12, 2029	(Note 1)	(Note 2)
#4 th Unsecured Investment Corporation Bond	February 8, 2016	1,700,000	-	-	1,700,000	0.53500%	February 8, 2028	(Note 1)	(Note 2)
#5 th Unsecured Investment Corporation Bond	April 20, 2017	2,000,000	-	-	2,000,000	0.48000%	April 20, 2027	(Note 1)	(Note 2)
#6 th Unsecured Investment Corporation Bond	November 18, 2019	2,000,000	-	-	2,000,000	0.53000%	November 16, 2029	(Note 1)	(Note 2)
#7 th Unsecured Investment Corporation Bond	April 26, 2021	-	2,000,000	-	2,000,000	0.49000%	April 25, 2031	(Note 1)	(Note 2)
Total		11,700,000	2,000,000	-	13,700,000				

(Note 1) The funds are used for the repayment of borrowings.

1)

(Note 2) This investment corporation bond is equipped with the same rank rider limited among certain investment corporation bonds.

(Note 3) The redemption schedule of investment corporation bond for each of the five years after the balance sheet date is as follows:

(Thousands of yen)

	Within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years
Investment corporation bond	-	-	-	-	3,000,000

21. Borrowings

Classification (Lender)		Borrowing date	Balance at beginning of period (Thousands of yen)	Amount of increase during the period (Thousands of yen)	Amount of decrease during the period (Thousands of yen)	Balance at end of period (Thousands of yen)	Average interest rate (Note 1)	Repayment due date	Use	Remarks
Short-term borrowings	Sumitomo Mitsui Banking Corporation	February 26, 2021	-	400,000	400,000	-	0.30469%	May 31, 2021	(Note 3)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	February 26, 2021	-	400,000	400,000	-	0.32969%	May 31, 2021	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	February 26, 2021	-	700,000	700,000	-	0.33001%	May 31, 2021	(Note 3)	Unsecured/ Non-guaranteed
	Subtotal		-	1,500,000	1,500,000	-				
Current portion of long-term borrowings	Development Bank of Japan Inc.	March 11, 2013	-	2,000,000	-	2,000,000	0.93625%	February 28, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	February 25, 2014	-	2,000,000	-	2,000,000	0.93375%	February 28, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Nippon Life Insurance Company	February 3, 2017	3,000,000	-	3,000,000	-	0.15000%	February 26, 2021	(Note 3)	Unsecured/ Non-guaranteed
	Shinkin Central Bank	February 3, 2017	1,000,000	-	-	1,000,000	0.21935%	August 31, 2021	(Note 3)	Unsecured/ Non-guaranteed
	The Norinchukin Bank	February 3, 2017	1,000,000	-	-	1,000,000	0.21935%	August 31, 2021	(Note 3)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	February 27, 2017	-	2,000,000	-	2,000,000	0.30000%	March 31, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	February 28, 2017	1,000,000	-	-	1,000,000	0.28678%	September 30, 2021	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	March 15, 2017	3,000,000	-	-	3,000,000	0.29642%	September 30, 2021	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	March 27, 2017	1,000,000	-	-	1,000,000	0.27461%	September 30, 2021	(Note 3)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	March 27, 2017	-	1,000,000	-	1,000,000	0.27500%	March 31, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	August 31, 2017	6,000,000	-	6,000,000	-	0.22375%	February 26, 2021	(Note 3)	Unsecured/ Non-guaranteed
	Nippon Life Insurance Company	August 31, 2017	2,000,000	-	-	2,000,000	0.25000%	August 31, 2021	(Note 3)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	February 27, 2018	-	2,500,000	-	2,500,000	0.29000%	February 28, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Subtotal		18,000,000	9,500,000	9,000,000	18,500,000				

Classification (Lender)		Borrowing date	Balance at beginning of period (Thousands of yen)	Amount of increase during the period (Thousands of yen)	Amount of decrease during the period (Thousands of yen)	Balance at end of period (Thousands of yen)	Average interest rate (Note 1)	Repayment due date	Use	Remarks
Long-term borrowings	Sumitomo Mitsui Trust Bank, Limited	August 31, 2012	2,000,000	-	-	2,000,000	1.13000%	August 31, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	February 28, 2013	2,000,000	-	-	2,000,000	1.11125%	February 28, 2023	(Note 3)	Unsecured/ Non-guaranteed
	Nippon Life Insurance Company	February 28, 2013	500,000	-	-	500,000	1.18125%	February 28, 2023	(Note 3)	Unsecured/ Non-guaranteed
	Development Bank of Japan Inc.	March 11, 2013	2,000,000	-	2,000,000	-	0.93625%	February 28, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Development Bank of Japan Inc.	March 11, 2013	2,000,000	-	-	2,000,000	1.25000%	February 29, 2024	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	December 27, 2013	3,000,000	-	-	3,000,000	1.29625%	December 27, 2023	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,500,000	-	-	1,500,000				
	Development Bank of Japan Inc.		1,000,000	-	-	1,000,000				
	Nippon Life Insurance Company		500,000	-	-	500,000				
	Sumitomo Mitsui Banking Corporation	February 25, 2014	2,000,000	-	2,000,000	-	0.93375%	February 28, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	February 25, 2014	3,000,000	-	-	3,000,000	1.04875%	February 28, 2023	(Note 3)	Unsecured/ Non-guaranteed
	Nippon Life Insurance Company	March 24, 2014	2,500,000	-	-	2,500,000	1.04000%	February 29, 2024	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	March 31, 2015	1,000,000	-	-	1,000,000	0.59000%	March 29, 2024	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	March 31, 2015	1,000,000	-	-	1,000,000	0.77240%	March 31, 2025	(Note 3)	Unsecured/ Non-guaranteed
	Shinkin Central Bank	December 4, 2015	500,000	-	-	500,000	0.40600%	November 30, 2022	(Note 3)	Unsecured/ Non-guaranteed
	The Norinchukin Bank	December 4, 2015	1,000,000	-	-	1,000,000	0.40600%	November 30, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	December 4, 2015	2,000,000	-	-	2,000,000	0.45075%	November 30, 2023	(Note 3)	Unsecured/ Non-guaranteed
	The Bank of Fukuoka	December 4, 2015	500,000	-	-	500,000	0.52800%	November 28, 2025	(Note 3)	Unsecured/ Non-guaranteed
Mizuho Trust & Banking Co., Ltd.	December 4, 2015	2,000,000	-	-	2,000,000	0.60250%	November 28, 2025	(Note 3)	Unsecured/ Non-guaranteed	

Classification (Lender)	Borrowing date	Balance at beginning of period (Thousands of yen)	Amount of increase during the period (Thousands of yen)	Amount of decrease during the period (Thousands of yen)	Balance at end of period (Thousands of yen)	Average interest rate (Note 1)	Repayment due date	Use	Remarks	
Long-term borrowings	Mitsui Sumitomo Insurance Company, Limited	September 30, 2016	1,000,000	-	-	1,000,000	0.20000%	September 29, 2023	(Note 3)	Unsecured/ Non-guaranteed
	Mitsui Sumitomo Insurance Company, Limited	February 3, 2017	1,000,000	-	-	1,000,000	0.25875%	February 29, 2024	(Note 3)	Unsecured/ Non-guaranteed
	Resona Bank, Ltd.	February 3, 2017	2,000,000	-	-	2,000,000	0.46600%	February 3, 2027	(Note 3)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	February 27, 2017	2,000,000	-	2,000,000	-	0.30000%	March 31, 2022	(Note 3)	Unsecured/ Non-guaranteed
	The Bank of Fukuoka	March 15, 2017	2,000,000	-	-	2,000,000	0.38000%	March 31, 2027	(Note 3)	Unsecured/ Non-guaranteed
	Development Bank of Japan Inc.	March 15, 2017	2,500,000	-	-	2,500,000	0.55375%	March 31, 2028	(Note 3)	Unsecured/ Non-guaranteed
	Development Bank of Japan Inc.	March 15, 2017	2,500,000	-	-	2,500,000	0.60750%	March 30, 2029	(Note 3)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	March 27, 2017	1,000,000	-	1,000,000	-	0.27500%	March 31, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	August 31, 2017	2,000,000	-	-	2,000,000	0.24380%	August 31, 2022	(Note 3)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	August 31, 2017	2,000,000	-	-	2,000,000	0.30000%	February 28, 2023	(Note 3)	Unsecured/ Non-guaranteed
	Resona Bank, Ltd.	August 31, 2017	2,000,000	-	-	2,000,000	0.48205%	August 31, 2027	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	August 31, 2017	3,000,000	-	-	3,000,000	0.48205%	August 31, 2027	(Note 3)	Unsecured/ Non-guaranteed
	Development Bank of Japan Inc.	August 31, 2017	4,500,000	-	-	4,500,000	0.49313%	August 31, 2028	(Note 3)	Unsecured/ Non-guaranteed
	Development Bank of Japan Inc.	August 31, 2017	4,500,000	-	-	4,500,000	0.54375%	August 31, 2029	(Note 3)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	February 27, 2018	2,500,000	-	2,500,000	-	0.29000%	February 28, 2022	(Note 3)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	September 28, 2018	5,000,000	-	-	5,000,000	0.65000%	September 30, 2027	(Note 3)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	September 28, 2018	4,000,000	-	-	4,000,000	0.31000%	September 30, 2022	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	March 26, 2019	3,500,000	-	-	3,500,000	0.36750%	March 26, 2025	(Note 3)	Unsecured/ Non-guaranteed
	Mizuho Bank, Ltd.	March 26, 2019	1,000,000	-	-	1,000,000	0.46005%	March 26, 2027	(Note 3)	Unsecured/ Non-guaranteed

Classification (Lender)		Borrowing date	Balance at beginning of period (Thousands of yen)	Amount of increase during the period (Thousands of yen)	Amount of decrease during the period (Thousands of yen)	Balance at end of period (Thousands of yen)	Average interest rate (Note 1)	Repayment due date	Use	Remarks
	Mizuho Bank, Ltd.	August 31, 2020	2,000,000	-	-	2,000,000	0.47255%	August 31, 2028	(Note 3)	Unsecured/ Non-guaranteed
Long-term borrowings	Mizuho Bank, Ltd.	August 31, 2020	2,000,000	-	-	2,000,000	0.55875%	August 31, 2030	(Note 3)	Unsecured/ Non-guaranteed
	The 77 Bank, Ltd.	December 25, 2020	500,000	-	-	500,000	0.39255%	December 25, 2028	(Note 3)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	December 25, 2020	1,000,000	-	-	1,000,000	0.55000%	December 25, 2029	(Note 3)	Unsecured/ Non-guaranteed
	Mizuho Bank, Ltd.	December 25, 2020	1,500,000	-	-	1,500,000	0.48625%	December 25, 2030	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	February 26, 2021	-	2,000,000	2,000,000	-	0.24869%	February 28, 2022 (Note 2)	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	February 26, 2021	-	2,000,000	-	2,000,000	0.27830%	February 28, 2025	(Note 3)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	February 26, 2021	-	2,000,000	-	2,000,000	0.47761%	August 31, 2028	(Note 3)	Unsecured/ Non-guaranteed
	Nippon Life Insurance Company	February 26, 2021	-	1,500,000	-	1,500,000	0.60000%	February 28, 2031	(Note 3)	Unsecured/ Non-guaranteed
	Nippon Life Insurance Company	May 31, 2021	-	1,500,000	-	1,500,000	0.55000%	February 28, 2031	(Note 3)	Unsecured/ Non-guaranteed
		Subtotal		85,000,000	9,000,000	11,500,000	82,500,000			
Total			103,000,000	20,000,000	22,000,000	101,000,000				

(Note 1) The average interest rate indicates a weighted average of interest rates for the period. Regarding the borrowings hedged by interest rate swaps to avoid interest rate fluctuation risk, the average interest rate indicates a weighted average of interest rates adjusted by considering the effect of the interest rate swaps.

(Note 2) All the funds were repaid before the due date as of May 12, 2021.

(Note 3) All the funds were used for the purchase of real estate properties or trust beneficiary rights of real estate, or repayment of borrowings.

(Note 4) Annual repayments of long-term borrowings (except for the current portion) scheduled for the next five years after the balance sheet date are as follows:

(Thousands of yen)

	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years
Long-term borrowings	17,000,000	15,500,000	6,500,000	2,500,000

22. Distribution Information

	(Yen)	
	For the six-month period ended July 31, 2021	For the six-month period ended January 31, 2021
I. Unappropriated retained earnings	3,913,125,701	4,120,082,763
II. Reversal of voluntary retained earnings		
Reversal of reserve for reduction entry	431,224,699	224,267,637
III. Distributions	4,344,350,400	4,344,350,400
(Distributions per unit)	(4,800)	(4,800)
IV. Retained earnings to be carried forward	-	-
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 this policy, JLF decided to distribute 4,344,350,400 yen, which is the maximum integral multiple of the total number of investment units issued and outstanding (905,073 units) and does not exceed the amount obtained by adding the reversal amount of the reserve for reduction entry to unappropriated retained earnings.</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 this policy, JLF decided to distribute 4,344,350,400 yen, which is the maximum integral multiple of the total number of investment units issued and outstanding (905,073 units) and does not exceed the amount obtained by adding the reversal amount of the reserve for reduction entry to unappropriated retained earnings.</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>