

REIT Financial Report for the Fiscal Period ended January 31, 2015 (The 19th Period)

March 13, 2015

Name of REIT issuer: Japan Logistics Fund, Inc. Stock exchange listing: Tokyo Stock Exchange
 Security code: 8967 URL: <http://8967.jp/eng>
 Representative: Takayuki Kawashima, Executive Director
 Name of asset management company: Mitsui & Co., Logistics Partners Ltd.
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Scheduled date for submission of Securities Report: April 28, 2015

Scheduled date for commencing dividend payments: April 6, 2015

IR Material: Will be posted on the website

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

(Figures are rounded down to the nearest million yen)

1. Performance for the Fiscal Period ended January 2015 (The 19th Period from August 1, 2014 to January 31, 2015)

(1) Operating Results

(% represents change from the previous period)

| | Operating Revenue | | Operating Income | | Ordinary Income | | Net Income | |
|-----------------------------|-------------------|------|------------------|------|-----------------|------|-----------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| The 19 th Period | 9,416 | 35.1 | 5,862 | 65.9 | 5,456 | 75.6 | 5,456 | 75.6 |
| The 18 th Period | 6,972 | 4.9 | 3,534 | 2.6 | 3,108 | 2.9 | 3,106 | 2.9 |

| | Net Income per Unit | Net Income to Net Assets | Ordinary Income to Total Assets | Ordinary Income to Operating Revenue |
|-----------------------------|---------------------|--------------------------|---------------------------------|--------------------------------------|
| | Yen | % | % | % |
| The 19 th Period | 6,573 | 4.6 | 2.7 | 57.9 |
| The 18 th Period | 3,743 | 2.7 | 1.6 | 44.6 |

(2) Dividends

| | Dividends per Unit (excluding Distributions in excess of earnings) | Total Dividends (excluding Distributions in excess of earnings) | Distributions in excess of earnings per Unit | Total Dividends of Distributions in excess of earnings | Payout Ratio | Distributions to Net Assets |
|-----------------------------|--|---|--|--|--------------|-----------------------------|
| | Yen | Millions of yen | Yen | Millions of yen | % | % |
| The 19 th Period | 3,900 | 3,237 | 0 | 0 | 59.3 | 2.7 |
| The 18 th Period | 3,743 | 3,106 | 0 | 0 | 99.9 | 2.7 |

(Note) Payout Ratio = Total Dividends (excluding Distributions in excess of earnings)/Net Income x 100 (figures are rounded down to the nearest decimal place)

Dividends per unit on the 19th Period was calculated by deducting 2,219 million yen of reserve for reduction entry of special provisions of replaced property from net income of the period, and dividing the amount by the number of units outstanding.

(3) Financial Position

| | Total Assets | Net Assets | Net Assets to Total Assets | Net Assets per Unit |
|-----------------------------------|-----------------|-----------------|----------------------------|---------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of The 19 th Period | 197,785 | 119,015 | 60.2 | 143,392 |
| The 18 th Period | 200,456 | 116,666 | 58.2 | 140,561 |

(Reference) Unitholders' equity The 19th Period: 119,015 million yen The 18th Period: 116,666 million yen

(4) Cash Flows

| | Net Cash Provided by (Used in) Operating Activities | Net Cash Provided by (Used in) Investing Activities | Net Cash Provided by (Used in) Financing Activities | Cash and Cash Equivalents at End of Period |
|-----------------------------|---|---|---|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| The 19 th Period | 18,338 | (5,064) | (8,106) | 13,193 |
| The 18 th Period | 5,276 | (9,036) | 3,441 | 8,025 |

2. Forecasts for the Fiscal Period ending July 2015 (The 20th Period from February 1, 2015 to July 31, 2015) and the Fiscal Period ending January 2016 (The 21st Period from August 1, 2015 to January 31, 2016)

(% represents change from the previous period)

| | Operating Revenue | | Operating Income | | Ordinary Income | | Net Income | | Dividends per Unit (excluding distributions in excess of earnings) | Distributions in Excess of Earnings per Unit |
|-----------------------------|-------------------|--------|------------------|--------|-----------------|--------|-----------------|--------|---|--|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen | Yen |
| The 20 th Period | 7,043 | (25.2) | 3,556 | (39.3) | 3,155 | (42.2) | 3,154 | (42.2) | 3,800 | 0 |
| The 21 st Period | 7,179 | 2.2 | 3,695 | 3.9 | 3,279 | 3.9 | 3,278 | 3.9 | 3,950 | 0 |

(Reference) Forecast for net income per unit The 21st Period: 3,950 yen The 20th Period: 3,800 yen

* Other

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

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

- (2) Number of investment units issued and outstanding

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

The 19th Period: 830,000 units The 18th Period: 830,000 units

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

The 19th Period: 0 unit The 18th Period: 0 unit

(Note) For the number of investment units serving as the basis of calculation of net income per unit, please refer to "Per Unit Information" on page 24.

* Explanation on the financial audit

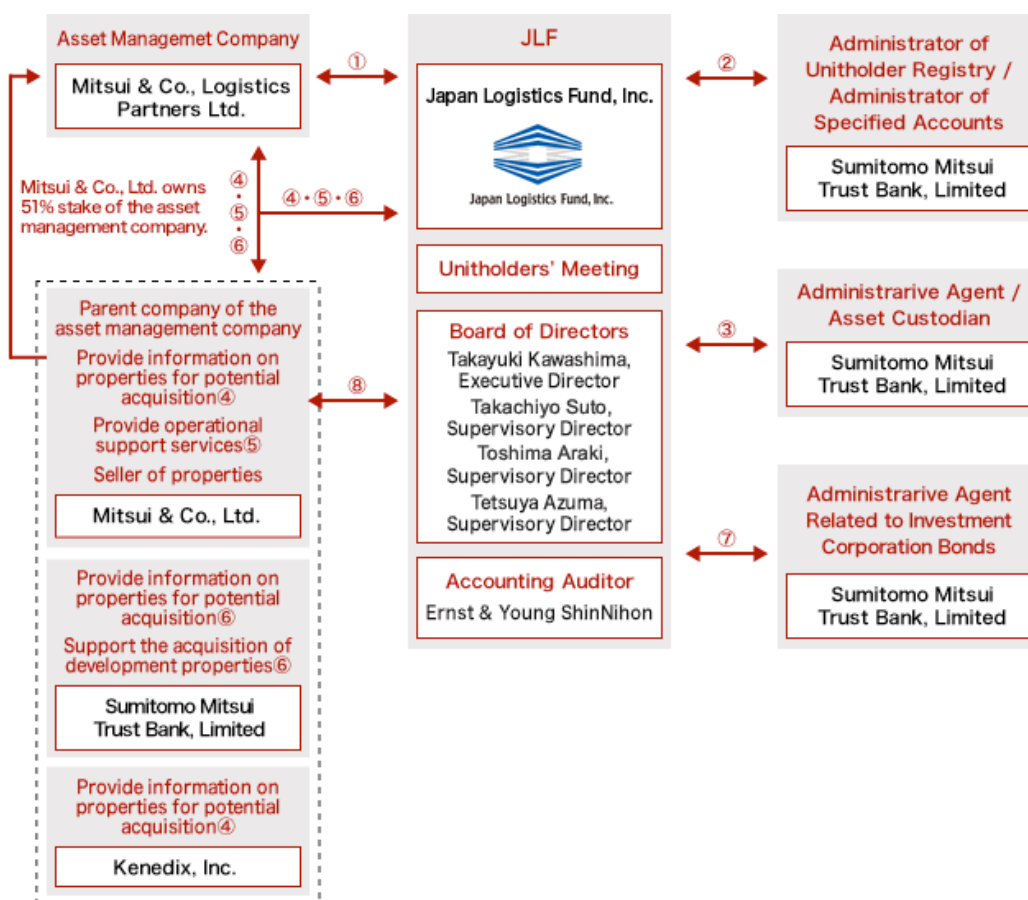
Financial audit procedures in accordance with the Financial Instruments and Exchange Act have not yet finished as of March 13, 2015.

* Explanation on the appropriate use of forecasts and other notes

(Note to forward-looking statements)

1. This document contains forecasts and other forward-looking statements based on the information currently available and on certain assumptions judged as rational by the Japan Logistics Fund, Inc. (hereafter referred to as "JLF"), and the actual operating results, etc. may differ significantly from that anticipated by JLF due to various factors. Moreover, the forecasts are not intended to guarantee any amount of dividend distribution and distribution in excess of earnings. For notes regarding assumptions underlying these forecasts, please refer to "2. Management Discussions and Analysis (2) Asset Management Status (ii) Outlook for the Next Fiscal Period D. Forecasts" on page 7.

1. Overview of Affiliates of JLF



- ① Asset Management Agreement
- ② Agreement for Administrative Agent and Asset Custody
- ③ Agreement for Administration of Unitholder Registry and Specified Accounts
- ④ Agreement Related to Support for the Acquisition of Logistics Real Estate
- ⑤ Basic Agreement Related to the Provision of Brokerage Information on Real Estate and the like / Agreement Related to the Support of the Acquisition of Development Properties
- ⑥ Basic Agreement Related to Operational Support Service in the Acquisition of Properties
- ⑦ Fiscal Agency Agreement
- ⑧ Sales agreement of properties

(Note) The names of JLF and its affiliates, asset management roles and outline of related operations (including other major related parties of JLF) are omitted from disclosure, as there have been no material changes since the latest Securities Report (submitted on October 30, 2014).

2. Management Discussions and Analysis

(1) Asset Management Policies

Disclosure is omitted, as there have been no material changes in the "Investment Policy," "Investment Target," and "Distribution Policy" since the latest Securities Report (submitted on October 30, 2014).

(2) Asset Management Status

(i) Summary of Results for the Fiscal Period ended January 2015 (The 19th Period)

A. Background of JLF

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

During the 19th Period, JLF transferred 2 properties (total transfer price: 12,635 million yen) and acquired 25% ownership of a property which JLF had already owned 75%. JLF also completed OBR (Own Book Redevelopment: redevelopment of properties owned by JLF) of Yachiyo Logistics Center (construction cost of the building: 6,230 million yen). As a result, at the end of the 19th Period JLF managed total of 36 properties under management (total acquisition price: 194,893 million yen), and total assets amounted to 197,785 million yen.

B. Investment Environment and Management Performance

During the first half of the 19th Period, the Japanese economy weakened due to the lingering effects of the consumption tax hike. During the latter half, however, it maintained a gradual recovery trend thanks to brisk personal consumption amid the steadily improving environment for employment and personal income.

In the logistics properties leasing market, moves to newly establish or expand logistics bases by Internet commerce companies that showed continued growth as well as by major retailers aiming to expand into Internet retailing drove strong demand for large-scale logistics facilities. Vacancy rates dropped as a result of a tighter supply and demand balance due to an improved pre-leasing ratio in development properties that were recently completed.

In the logistics properties acquisition market, as long-term interest rates dropped to an all-time low and revenues from other financial instruments have become more difficult to secure than before, investors both in Japan and abroad have become more active in investing in logistics real estate, leading to continued intense competition for property acquisition in a market with limited supply.

Under these circumstances, JLF replaced properties it owned for the first time. First, JLF transferred Funabashi Nishiura Logistics Center II and Yokosuka Logistics Center (total transfer price: 14,000 million yen). By utilizing the cash proceeds from the transfer, JLF acquired Tajimi Logistics Center (25% joint ownership, 2,335 million yen), and had decided to acquire Sagamihara Logistics Center (Note) (8,032 million yen). With respect to existing properties, Yachiyo Logistics Center (construction cost of the building: 6,230 million yen), JLF's second OBR project, was completed as planned in December 2014. Through the replacement and OBR, JLF believes it has succeeded in establishing a resilient portfolio that will enable sustainable growth in the future.

(Note) The acquisition of Sagamihara Logistics Center corresponds to the Forward Commitment, etc. stipulated in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." by the Financial Services Agency. The acquisition of the property has completed on March 3, 2015.

C. Capital Procurement

During the 19th Period, JLF repaid bank loan that reached its repayment due date in October 2014 (5,000 million yen) using the proceeds from the transfer of properties, and succeeded in reducing interest-bearing debt as well as debt costs. In addition, it increased the maximum amount of its commitment line to 13,000 million yen (+3,000 million yen) from 10,000 million yen in preparation for future flexible funding.

As a result, as of the end of the 19th Period, the total amount of interest-bearing debt stood at 69,700 million yen and the LTV (Loan to Value) (Note) was 29.5%, thus JLF continues to conduct stable financial operations. Furthermore, JLF has maintained the highest-level credit rating among all J-REITs, and intends to continue its financial policy of securing a sound balance sheet and adequate on-hand liquidity.

(Note) $LTV = \text{Interest-bearing debt} / \text{appraisal value} \times 100$

(Figures are rounded off to the first decimal place)

Credit rating of JLF at the end of the 19th Period

| Credit Rating Agency | Rating | |
|---|-----------------------|---|
| Rating and Investment Information, Inc. (R&I) | Issuer rating | AA (Outlook: Stable) |
| | Long-term bond rating | #1st unsecured investment corporation bonds #2nd unsecured investment corporation bonds #3rd unsecured investment corporation bonds AA |
| Japan Credit Rating Agency, Ltd. (JCR) | Issuer rating | AA+ (Outlook: stable) |
| Moody's Japan K.K. (Moody's) | Issuer rating | A1 (Outlook: Stable) |

D. Performance and Distributions

As a result of the above, JLF posted operating revenue of 9,416 million yen, operating income of 5,862 million yen, ordinary income of 5,456 million yen and net income of 5,456 million yen.

Based on dividend policy stipulated in the Article of Incorporation, JLF decided to distribute 3,237 million yen, which was calculated by deducting 2,219 million yen of reserve for reduction entry of special provisions of replaced property defined in a special taxation measure under Article 66, Item 2 (Act on Special Measures Concerning Taxation; Act No. 26 of 1957; including revisions enforced thereafter) from net income of the 19th Period. As a result, dividend per investment unit of the period was 3,900yen.

(ii) Outlook for the Next Fiscal Period

A. Recognition of the Environment

The Japanese economy is expected to continue on a mild recovery trend due to an increase in exports owing to the expansion of economies abroad, particularly the U.S., and robust personal consumption amid the steadily improving environment for employment and personal income. However, it is necessary to continue to keep a close watch on risks that could have a large impact on the Japanese economy such as the possibility of a delay in economic recovery in case the growth of personal real income stagnates and prolonged low inflation rate in the Euro zone as well as a slowdown in the pace of recovery in the U.S. economy.

In the logistics properties leasing market, robust demand is expected to continue; however, the vacancy rate is likely to rise temporarily due to large-scale new supply over the latter half of 2015 and 2016. In addition, the construction of many of these properties started after 2013 when the rise in construction costs became pronounced, and a risk that rent levels might not match the expectations of tenants has been pointed out. Furthermore, labor shortages at logistics facilities have become a serious issue, and this may lead to it taking a longer time for new facilities to be leased in areas where labor is difficult to secure.

In the logistics properties acquisition market, the drop in funding costs has encouraged the entry of investors that have added logistics properties as investment targets. As a result, the intense competition for property acquisitions is expected to continue. However, it is necessary to pay attention more than ever to the trend of investors' expected rate of return, which has already dropped to the level of before the Lehman Brothers shock, amid the contraction of the risk premium for regional properties and properties with relatively low specifications.

JLF intends to continue to conduct realistic management of its assets from the long-term market perspective and steadily implement a unique strategy that is not affected by the current market environment.

B. Future Asset Management Policies and Issues to be Addressed

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

(a) Operational management of portfolio properties

- Leasing management

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

The properties currently held by JLF have an average leasing period of 7.3 years when calculated on a weighted average basis using annual rent, indicating that JLF will continue to earn stable income.

- Strengthening of tenant relations

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

- Appropriate property maintenance and additional investment

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

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

(b) Acquisition of new properties

- Sourcing of property information

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

- Specifications of properties for acquisition

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

- Diversification of portfolio

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

(c) Financial strategy

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

C. Significant Subsequent Events

Not applicable.

[Reference Information]

< Acquisition of New Property >

JLF acquired the following property after the end of the fiscal period and before the date of this Financial Report.

[M-26 Sagamiara Logistics Center]

| | | |
|---------------------|--|---------------------|
| Asset acquired | Trust beneficiary right of real estate | |
| Acquisition price | 8,032 million yen | |
| Date of acquisition | March 3, 2015 | |
| Location | 5-9-1 Nishi-Hashimoto, Midori-ku, Sagamiara, Kanagawa | |
| Usage | Warehouse, office, guard station (Note 1) | |
| Site area | 22,020.77m ² (Note 1) | |
| Total floor area | 44,019.92m ² (Note 1) | |
| Structure/Story | Steel frame with alloy-plated steel roofing sheet, 5-story building, and other (Note1) | |
| Date of completion | February 18, 2014 (Note 1) | |
| Type of ownership | Land: Ownership | Building: Ownership |

(Note 1) This outline shown here is indicated according to the real estate registry, and may differ from the present state.

(Note 2) JLF obtained the appraisal of this property, with the appraisal date of January 31, 2015 and the appraiser of Japan Real Estate Institute. The appraisal value of the property was 9,120 million yen.

<Debt Financing>

JLF borrowed fund after the end of the fiscal period and before the date of this Financial Report.

| | | |
|-----------------------------------|---|--|
| Lender | Sumitomo Mitsui Trust Bank, Limited | Mitsubishi UFJ Trust and Banking Corporation |
| Amount borrowed | ¥1,000 million | ¥1,000 million |
| Interest rate | 0.33% | 0.33% |
| Borrowing date | March 2, 2015 | March 2, 2015 |
| Maturity date | March 31, 2015 | March 31, 2015 |
| Borrowing method / Secured or not | Based on the Commitment Line Agreement concluded on August 1, 2014 Unsecured/Non-guaranteed | |
| Repayment method | Lump-sum payment on the maturity date | |
| Purpose | To acquire the beneficiary right of domestic real estate trusts and to pay expenses related to this acquisition | |

D. Forecasts

Forecasts for the Fiscal Period ending July 2015 (The 20th Period from February 1, 2015 to July 31, 2015) and the Fiscal Period ending January 2016 (The 21st Period from August 1, 2015 to January 31, 2016) are as follows. Please refer to "Assumptions Underlying the Forecasts for the 20th Period (from February 1, 2015 to July 31, 2015) and the 21st Period (from August 1, 2015 to January 31, 2016)" for the assumptions underlying these forecasts.

(% represents change from the previous period)

| | Operating Revenue | | Operating Income | | Ordinary Income | | Net Income | | Dividends per Unit (excluding distributions in excess of earnings) | Distributions in Excess of Earnings per Unit |
|-----------------------------|-------------------|--------|------------------|--------|-----------------|--------|-----------------|--------|--|--|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen | Yen |
| The 20 th Period | 7,043 | (25.2) | 3,556 | (39.3) | 3,155 | (42.2) | 3,154 | (42.2) | 3,800 | 0 |
| The 21 st Period | 7,199 | 2.2 | 3,695 | 3.9 | 3,279 | 3.9 | 3,278 | 3.9 | 3,950 | 0 |

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

Assumptions Underlying the Forecasts for the 20th Period (from February 1, 2015 to July 31, 2015) and the 21st Period (from August 1, 2015 to January 31, 2016)

| Item | Assumptions | | | | | | | | | | | | | | | | | | |
|--|---|--------------------------------------|-----------------------------------|--------------------------------------|-----------------|-----------------|-----------------|-----------------------|-----------------|-----------------|---------|----------------|----------------|---------------|-------------------|-------------------|--------|-----------------|-----------------|
| Period | <ul style="list-style-type: none"> Fiscal Period ending July 2015 (The 20th Period from February 1, 2015 to July 31, 2015) Fiscal Period ending January 2016 (The 21st Period from August 1, 2015 to January 31, 2016) | | | | | | | | | | | | | | | | | | |
| Properties owned | <ul style="list-style-type: none"> Forecasts assume a total of 37 properties. There may be fluctuation caused by additional acquisition/sale of properties. | | | | | | | | | | | | | | | | | | |
| Total number of investment units issued | <ul style="list-style-type: none"> Forecasts assume 830,000 investment units outstanding. | | | | | | | | | | | | | | | | | | |
| Interest-bearing debt | <ul style="list-style-type: none"> Among the interest-bearing debt of 71,700 million yen outstanding as of March 13, 2015, 2,000 million yen of short-term loan will come due on the fiscal period ending July 2015 and 8,000 million yen of investment corporation bond will come due on the fiscal period ending January 2016. JLF intends to refinance these interest-bearing debt. | | | | | | | | | | | | | | | | | | |
| Operating revenue | <ul style="list-style-type: none"> The rent revenue is estimated based on the lease contracts in effect as of September 11, 2014 and taking into account the fluctuation factors such as the market environment and rent levels based on negotiations with lessees. | | | | | | | | | | | | | | | | | | |
| Operating expenses | <ul style="list-style-type: none"> Generally, in real estate purchase and sale, property tax and city planning tax are prorated based on the period of ownership with the previous holder and settled at the time of acquisition. JLF, however, capitalizes the amount of settlement as part of the acquisition cost. With respect to Sagamihara Logistics Center acquired in March 2015, the property tax and city planning tax of 51 million yen will be capitalized. Breakdown of expenses related to the rent business, which comprise the core part of operating expenses, is as follows. <table border="1" data-bbox="414 952 1173 1176"> <thead> <tr> <th></th> <th>Fiscal Period ending July 2015</th> <th>Fiscal Period Ending January 2016</th> </tr> </thead> <tbody> <tr> <td>Taxes and dues:</td> <td>628 million yen</td> <td>628 million yen</td> </tr> <tr> <td>Outsourcing services:</td> <td>164 million yen</td> <td>164 million yen</td> </tr> <tr> <td>Repair:</td> <td>57 million yen</td> <td>84 million yen</td> </tr> <tr> <td>Depreciation:</td> <td>1,668 million yen</td> <td>1,658 million yen</td> </tr> <tr> <td>Other:</td> <td>258 million yen</td> <td>257 million yen</td> </tr> </tbody> </table> Expenses other than depreciation and loss on write-offs of noncurrent assets are calculated based on past track records with expense fluctuation factors taken into account. Actual repair expenses for each operating period may differ considerably from forecasts, mainly because unexpected repair expenses may be incurred due to building damage and other unforeseeable factors, the amount of repair expenses generally differs considerably from one fiscal period to another, and repair expense, by nature, are not incurred on a regular basis. Depreciation, together with capitalized costs and additional capital expenditure expected to incur, is calculated using the straight-line method. | | Fiscal Period ending July 2015 | Fiscal Period Ending January 2016 | Taxes and dues: | 628 million yen | 628 million yen | Outsourcing services: | 164 million yen | 164 million yen | Repair: | 57 million yen | 84 million yen | Depreciation: | 1,668 million yen | 1,658 million yen | Other: | 258 million yen | 257 million yen |
| | Fiscal Period ending July 2015 | Fiscal Period Ending January 2016 | | | | | | | | | | | | | | | | | |
| Taxes and dues: | 628 million yen | 628 million yen | | | | | | | | | | | | | | | | | |
| Outsourcing services: | 164 million yen | 164 million yen | | | | | | | | | | | | | | | | | |
| Repair: | 57 million yen | 84 million yen | | | | | | | | | | | | | | | | | |
| Depreciation: | 1,668 million yen | 1,658 million yen | | | | | | | | | | | | | | | | | |
| Other: | 258 million yen | 257 million yen | | | | | | | | | | | | | | | | | |
| Non-Operating Expenses | <ul style="list-style-type: none"> Non-operating expenses including interest expenses and interest expenses on investment corporation bonds, etc. of the fiscal period ending July 2015 and the fiscal period ending January 2016 are assumed to be 401 million yen and 416 million yen respectively. | | | | | | | | | | | | | | | | | | |
| Dividends per Unit (Excluding distributions in excess of earnings) | <ul style="list-style-type: none"> Dividends per unit are calculated based on the cash distribution policy stipulated in the Articles of Incorporation of JLF. The amount of dividends per unit may fluctuate, due to various factors such as acquisition/sale of assets, fluctuations in rent income caused by tenant movements, unforeseeable repairs incurred, interest rate fluctuations and the issuance of new investment units. | | | | | | | | | | | | | | | | | | |
| Distributions in Excess of Earnings per Unit | <ul style="list-style-type: none"> JLF does not plan any distributions in excess of earnings at this moment. | | | | | | | | | | | | | | | | | | |
| Other | <ul style="list-style-type: none"> The forecasts assume that no revisions that impact the above projections are made to laws, regulations, tax rules, accounting standards, listing rules, the rules of The Investment Trust Association, Japan, or others. The forecasts assume that no material unforeseeable changes occur with regard to the general economic trends and real estate market conditions. | | | | | | | | | | | | | | | | | | |

(3) Investment risks

Please refer to “Investment Risks” described on the latest Securities Report (submitted on October 30, 2014).

3. Financial Statements**(1) Balance Sheet**

| | (Thousands of yen) | |
|---|---|--|
| | The 19 th Period (as of January 31, 2015) | The 18 th Period (as of July 31, 2014) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,096,832 | 4,744,229 |
| Cash and deposits in trust | 3,361,095 | 3,581,039 |
| Operating accounts receivable | 40,377 | 45,455 |
| Prepaid expenses | 12,945 | 32,734 |
| Deferred tax assets | 5 | 24 |
| Consumption taxes receivable | 79,598 | - |
| Income taxes receivable | 992 | - |
| Other | 44 | 44 |
| Total current assets | 13,592,729 | 8,403,528 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 6,283,789 | 6,232,909 |
| Accumulated depreciation | (1,210,023) | (1,139,929) |
| Buildings, net | 5,073,765 | 5,092,980 |
| Structures | 122,575 | 120,895 |
| Accumulated depreciation | (40,810) | (37,839) |
| Structures, net | 81,765 | 83,055 |
| Tools, furniture and fixtures | 770 | 770 |
| Accumulated depreciation | (413) | (356) |
| Tools, furniture and fixtures, net | 356 | 413 |
| Land | 6,391,096 | 6,391,096 |
| Construction in progress | - | 4,422,462 |
| Buildings in trust | 102,161,856 | 101,626,274 |
| Accumulated depreciation | (15,321,516) | (16,086,343) |
| Buildings in trust, net | 86,840,339 | 8,539,930 |
| Structures in trust | 3,072,835 | 3,079,242 |
| Accumulated depreciation | (788,913) | (836,097) |
| Structures in trust, net | 2,283,921 | 2,243,144 |
| Tools, furniture and fixtures in trust | 20,778 | 24,374 |
| Accumulated depreciation | (12,579) | (12,543) |
| Tools, furniture and fixtures in trust, net | 8,198 | 11,831 |
| Land in trust | 83,062,950 | 87,775,251 |
| Total property, plant, and equipment | 183,742,393 | 191,560,166 |
| Intangible assets | | |
| Other | 3,852 | 2,849 |
| Total intangible assets | 3,852 | 2,849 |
| Investments and other assets | | |
| Investment securities | 79,897 | 91,017 |
| Long-term prepaid expenses | 306,117 | 333,079 |
| Guarantee deposits | 10,010 | 10,010 |
| Other | 2,000 | 2,000 |
| Total investments and other assets | 398,024 | 436,106 |
| Total non-current assets | 184,144,270 | 191,999,123 |
| Deferred assets | | |
| Investment corporation bond issuance costs | 48,139 | 54,150 |
| Total deferred assets | 48,139 | 54,150 |
| Total assets | 197,785,140 | 200,456,802 |

| | (Thousands of yen) | |
|---|---|--|
| | The 19 th Period (as of January 31, 2015) | The 18 th Period (as of July 31, 2014) |
| Liabilities | | |
| Current liabilities | | |
| Operating accounts payable | 980,988 | 684,826 |
| Current portion of investment corporation bond | 8,000,000 | - |
| Current portion of long-term loans payable | - | 5,000,000 |
| Distribution payable | 5,771 | 5,721 |
| Accrued expenses | 695,515 | 770,148 |
| Income taxes payable | 621 | 732 |
| Consumption taxes payable | - | 85,831 |
| Advances received | 1,173,774 | 1,217,793 |
| Total current liabilities | 10,856,671 | 7,765,054 |
| Noncurrent liabilities | | |
| Investment corporation bond | 6,000,000 | 14,000,000 |
| Long-term loans payable | 55,700,000 | 55,700,000 |
| Tenant leasehold and security deposits | 941,348 | 1,016,891 |
| Tenant leasehold and security deposits in trust | 5,007,168 | 5,009,093 |
| Long-term deposits received | 264,346 | 299,492 |
| Total non-current liabilities | 67,912,863 | 76,025,477 |
| Total liabilities | 78,769,535 | 83,790,531 |
| Net assets | | |
| Unitholders' equity | | |
| Unitholders' capital | | |
| Unitholders' capital, gross | 114,023,665 | 114,023,665 |
| Deduction from unitholders' capital | (464,424) | (464,424) |
| Unitholders' capital | 113,559,241 | 113,559,241 |
| Surplus | | |
| Unappropriated retained earnings | 5,456,363 | 3,107,029 |
| Total surplus | 5,456,363 | 3,107,029 |
| Total unitholders' equity | 119,015,605 | 116,666,270 |
| Total net assets | 119,015,605 | 116,666,270 |
| Total liabilities and net assets | 197,785,140 | 200,456,802 |

(2) Statement of Income and Retained Earnings

| | (Thousands of yen) | |
|--|---|--|
| | The 19 th Period (from August 1, 2014 to January 31, 2015) | The 18 th Period (from February 1, 2014 to July 31, 2014) |
| Operating revenue | | |
| Rent revenue-real estate | 6,616,322 | 6,804,440 |
| Other lease business revenue | 179,053 | 166,728 |
| Gain on sales of real estate properties | 2,618,320 | - |
| Distribution revenue from silent partnership | 3,189 | 1,010 |
| Total operating revenue | 9,416,885 | 6,972,179 |
| Operating expenses | | |
| Expenses related to rent business | 2,833,868 | 2,758,601 |
| Asset management fee | 561,765 | 565,315 |
| Asset custody fee | 19,418 | 19,285 |
| Administrative service fees | 31,023 | 30,204 |
| Directors' compensations | 5,700 | 5,400 |
| Other operating expenses | 102,257 | 58,833 |
| Total operating expenses | 3,554,033 | 3,437,641 |
| Operating income | 5,862,851 | 3,534,538 |
| Non-operating income | | |
| Interest income | 333 | 356 |
| Interest on securities | 1,665 | 739 |
| Interest on refund | - | 126 |
| Insurance income | 924 | 13,039 |
| Compensation income | 11,111 | - |
| Reversal of distribution payable | 547 | 1,183 |
| Other | 14 | 248 |
| Total non-operating income | 14,597 | 15,694 |
| Non-operating expenses | | |
| Interest expenses | 290,839 | 319,031 |
| Borrowing related expenses | 35,362 | 37,313 |
| Interest expenses on investment corporation bond | 82,970 | 75,008 |
| Amortization of investment corporation bond issuance costs | 6,010 | 5,747 |
| Other | 5,500 | 5,000 |
| Total non-operating expenses | 420,682 | 442,100 |
| Ordinary income | 5,456,767 | 3,108,131 |
| Income before income taxes | 5,456,767 | 3,108,131 |
| Income taxes-current | 723 | 1,143 |
| Income taxes-deferred | 18 | (9) |
| Total income taxes | 742 | 1,133 |
| Net income | 5,456,024 | 3,106,997 |
| Retained earnings brought forward | 339 | 31 |
| Unappropriated retained earnings | 5,456,363 | 3,107,029 |

(3) Statement of Changes in Net Assets

The 19th Period (from August 1, 2014 to January 31, 2015)

(Thousands of yen)

| | Unitholders' equity | | | | | | Total Net assets |
|--|--------------------------------|--|-------------------------|-------------------------------------|---------------|---------------------------------|---------------------|
| | Unitholders' capital | | | Surplus | | Total unitholders' equity | |
| | Unitholders' capital, gross | Deduction from unitholders' capital | Unitholders' capital | Unappropriated retained earnings | Total surplus | | |
| Balance at the beginning of period | 114,023,665 | (464,424) | 113,559,241 | 3,107,029 | 3,107,029 | 116,666,270 | 116,666,270 |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | | | | (3,106,690) | (3,106,690) | (3,106,690) | (3,106,690) |
| Net income | | | | 5,456,024 | 5,456,024 | 5,456,024 | 5,456,024 |
| Total changes of items during the period | - | - | - | 2,349,334 | 2,349,334 | 2,349,334 | 2,349,334 |
| Balance at the end of period | 114,023,665 | (464,424) | 113,559,241 | 5,456,363 | 5,456,363 | 119,015,605 | 119,015,605 |

The 18th Period (from February 1, 2014 to July 31, 2014)

(Thousands of yen)

| | Unitholders' equity | | | | | | Total Net assets |
|--|--------------------------------|--|-------------------------|-------------------------------------|---------------|---------------------------------|---------------------|
| | Unitholders' capital | | | Surplus | | Total unitholders' equity | |
| | Unitholders' capital, gross | Deduction from unitholders' capital | Unitholders' capital | Unappropriated retained earnings | Total surplus | | |
| Balance at the beginning of period | 114,023,665 | (464,424) | 113,559,241 | 3,020,567 | 3,020,567 | 116,579,808 | 116,579,808 |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | | | | (3,020,536) | (3,020,536) | (3,020,536) | (3,020,536) |
| Net income | | | | 3,106,997 | 3,106,997 | 3,106,997 | 3,106,997 |
| Total changes of items during the period | - | - | - | 86,461 | 86,461 | 86,461 | 86,461 |
| Balance at the end of period | 114,023,665 | (464,424) | 113,559,241 | 3,107,029 | 3,107,029 | 116,666,270 | 116,666,270 |

(4) Distribution Information

| | (Yen) | |
|--|--|--|
| | The 19 th Period (from August 1, 2014 to January 31, 2015) | The 18 th Period (from February 1, 2014 to July 31, 2014) |
| I. Unappropriated retained earnings | 5,456,363,965 | 3,107,029,232 |
| II. Distributions | 3,237,000,000 | 3,106,690,000 |
| Distributions per unit | 3,900 | 3,743 |
| III. Voluntary reserve | | |
| Transfer of reserve for reduction entry of special provisions of replaced property | 2,219,363,765 | - |
| IV. Retained earnings to be carried forward | - | 339,232 |
| 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.</p> <p>Based on these policies, JLF decided to distribute earnings of 3,237,000,000 yen, which was calculated by deducting reserve for reduction entry of special provisions of replaced property defined in a special taxation measure under Article 66, Item 2 from net income of the period.</p> <p>JLF does not make distributions in excess of earnings as stipulated in Article 39 (2) of the Articles of Incorporation of JLF.</p> | <p>The amount of distribution is limited to the amount of income in accordance with the cash distribution policy stipulated in Article 39 (1) of the Articles of Incorporation of JLF, and shall exceed the amount equivalent to 90% of the distributable dividend amount of JLF provided in Article 67.15 of the Act on Special Measures Concerning Taxation.</p> <p>Based on these policies, JLF decided to distribute earnings of 3,106,690,000 yen, which is the maximum multiple of total number of investment units issued 830,000 units within the amount of unappropriated retained earnings at the end of period.</p> <p>JLF does not make distributions in excess of earnings as stipulated in Article 39 (2) of the Articles of Incorporation of JLF.</p> |

(5) Statement of Cash Flows

| | (Thousands of yen) | |
|--|---|--|
| | The 19 th Period (from August 1, 2014 to January 31, 2015) | The 18 th Period (from February 1, 2014 to July 31, 2014) |
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 5,456,767 | 3,108,131 |
| Depreciation and amortization | 1,583,835 | 1,614,933 |
| Amortization of investment corporation bond issuance costs | 6,010 | 5,747 |
| Interest income | (333) | (356) |
| Interest on securities | (1,665) | (739) |
| Interest expenses | 373,809 | 394,039 |
| Loss on write-offs of noncurrent assets | 82,307 | 12,241 |
| Decrease (increase) in operating accounts receivable | 5,078 | (6,165) |
| Decrease (increase) in consumption taxes receivable | (79,598) | 421,659 |
| Increase (decrease) in consumption taxes payable | (85,831) | 85,831 |
| Increase (decrease) in operating accounts payable | 272,714 | (104,992) |
| Increase (decrease) in accrued expenses | (5,696) | 17,545 |
| Increase (decrease) in advances received | (44,019) | 51,614 |
| Decrease in property plant and equipment in trust due to sales | 11,172,323 | - |
| Other, net | 45,545 | (20,078) |
| Subtotal | 18,781,247 | 5,579,411 |
| Interest income received | 1,999 | 1,096 |
| Interest expenses paid | (443,107) | (302,723) |
| Income taxes paid | (1,826) | (1,146) |
| Net cash provided by (used in) operating activities | 18,338,312 | 5,276,637 |
| Net cash provided by (used in) investing activities | | |
| Purchase of property, plant and equipment | (1,908,654) | (2,209,680) |
| Purchase of property, plant and equipment in trust | (3,088,207) | (6,798,070) |
| Purchase of intangible assets | (786) | - |
| Proceeds from tenant leasehold and security deposits | 54,510 | 83,583 |
| Repayments of tenant leasehold and security deposits | - | (65,809) |
| Proceeds from tenant leasehold and security deposits in trust | 48,178 | 150,948 |
| Repayments of tenant leasehold and security deposits in trust | (180,156) | (121,290) |
| Purchase of investment securities | - | (76,199) |
| Proceeds from redemption of investment securities | 10,939 | 344 |
| Net cash provided by (used in) investing activities | (5,064,176) | (9,036,174) |
| Net cash provided by (used in) financing activities | | |
| Increase in short-term loans payable | - | 3,000,000 |
| Decrease in short-term loans payable | - | (3,000,000) |
| Proceeds from long-term loans payable | - | 8,500,000 |
| Repayment of long-term loans payable | (5,000,000) | (5,000,000) |
| Payments for investment unit issuance expenses | - | (15,000) |
| Proceeds from issuance of investment corporation bonds | - | 3,000,000 |
| Payments for investment corporation bond issuance costs | (239) | (23,149) |
| Distributions paid | (3,106,093) | (3,020,722) |
| Net cash provided by (used in) financing activities | (8,106,332) | 3,441,128 |
| Net increase (decrease) in cash and cash equivalents | 5,167,804 | (318,408) |
| Cash and cash equivalents at the beginning of period | 8,025,857 | 8,344,265 |
| Cash and cash equivalents at the end of period | 13,193,661 | 8,025,857 |

(6) Notes on Assumption of Going Concern

Not applicable

(7) Summary of Significant Accounting Policies

(i) Standards and method of valuation of securities

Securities

Available-for-sale securities

Non-marketable securities are stated at cost determined by the moving average method.

The silent partnership equity interest are stated by allocating the partnership's profit/loss based on JLF's proportional interest.

(ii) Depreciation Method for Noncurrent Assets

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

The straight-line method is used.

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

| | |
|--------------------------------|---------------|
| Buildings | 2 to 50 years |
| Structures | 2 to 48 years |
| Tools, furniture, and fixtures | 2 to 15 years |

B. Intangible assets

The straight-line method is used.

(iii) 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.

(iv) 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 period out of those determined to be charged.

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 19th Period, the property tax, etc. included in the acquisition cost of real estate was 3,115 thousand yen. In the 18th Period, the property tax, etc. included in the acquisition cost of real estate was 42,042 thousand yen.

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

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

(vi) Other significant basis for preparation of financial statements

A. Accounting for trust beneficiary right of real estate as trust asset

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

Of the trust assets accounted for under the respective account, 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, Machinery and equipment in trust, Tools, furniture, and fixtures in trust and Land in trust

(c) Tenant leasehold and security deposits in trust

B. Method of accounting for consumption taxes

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

(8) Notes to Financial Statements

[Notes to Balance Sheet]

(i) Commitment Line Contracts

JLF has the commitment line contracts with the banks.

| | (Thousands of yen) | |
|---|---|--|
| | The 19 th Period (as of January 31, 2015) | The 18 th Period (as of July 31, 2014) |
| Total amount specified in the commitment line contracts | 13,000,000 | 10,000,000 |
| Loan balance at end of period | - | - |
| Outstanding loan commitments at end of period | 13,000,000 | 10,000,000 |

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

| | (Thousands of yen) | |
|--|---|--|
| | The 19 th Period (as of January 31, 2015) | The 18 th Period (as of July 31, 2014) |
| | 50,000 | 50,000 |

[Notes to Statement of Income and Retained Earnings]

Breakdown of income from real estate leasing business

| | (Thousands of yen) | | | |
|--|---|-----------|--|-----------|
| | The 19 th Period (from August 1, 2014 to January 31, 2015) | | The 18 th Period (from February 1, 2014 to July 31, 2014) | |
| (i) Real estate leasing business revenue | | | | |
| Rent revenue-real estate | | | | |
| Rent income | 6,409,400 | | 6,597,679 | |
| Land rents received | 95,576 | | 95,576 | |
| Facility charges | 111,345 | 6,616,322 | 111,184 | 6,804,440 |
| Other lease business revenue | | | | |
| Parking charges | 5,837 | | 6,021 | |
| Utilities charges | 158,627 | | 147,949 | |
| Other operating income | 14,588 | 179,053 | 12,757 | 166,728 |
| Total real estate leasing business revenue | | 6,795,375 | | 6,971,169 |
| (ii) Real estate leasing business expenses | | | | |
| Expenses related to rent business | | | | |
| Taxes and dues | 576,526 | | 598,148 | |
| Outsourcing service expenses | 159,019 | | 166,510 | |
| Utilities expenses | 174,971 | | 161,945 | |
| Repair expenses | 169,066 | | 127,011 | |
| Insurance expenses | 21,546 | | 22,450 | |
| Other expenses related to rent business | 66,979 | | 55,720 | |
| Depreciation | 1,583,451 | | 1,614,572 | |
| Loss on write-offs of noncurrent assets | 82,307 | | 12,241 | |
| Total real estate leasing business expenses | | 2,833,868 | | 2,758,601 |
| (iii) Income from real estate leasing business | | | | |
| (i) — (ii) | | 3,961,507 | | 4,212,567 |

Breakdown of gain on asset transfer

The 19th Period (from August 1, 2014 to January 31, 2015)

Funabashi Nishiura II Logistics Center and Yokosuka Logistics Center

(Thousands of yen)

| | |
|------------------------------|------------|
| Transfer price | 14,000,000 |
| Book value of the properties | 11,172,323 |
| Associated costs | 209,356 |
| Gain on asset transfer | 2,618,320 |

The 18th Period (from February 1, 2014 to July 31, 2014)

Not applicable.

[Notes to Statement of Changes in Net Assets]

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

| | The 19 th Period (from August 1, 2014 to January 31, 2015) | The 18 th Period (from February 1, 2014 to July 31, 2014) |
|---|---|--|
| Total number of investment units authorized | 10,000,000 units | 10,000,000 units |
| Total number of investment units issued and outstanding | 830,000 units | 830,000 units |

[Notes to Statement of Cash Flows]

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

(Thousands of yen)

| | The 19 th Period (from August 1, 2014 to January 31, 2015) | The 18 th Period (from February 1, 2014 to July 31, 2014) |
|------------------------------------|---|--|
| Cash and deposits | 10,096,832 | 4,744,229 |
| Cash and deposits in trust | 3,361,095 | 3,581,039 |
| Long-term deposits received (Note) | (264,266) | (299,412) |
| Cash and cash equivalents | 13,193,661 | 8,025,856 |

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

[Lease Transactions]

Operating lease transactions (as a lessor)

(Thousands of yen)

| | The 19 th Period (from August 1, 2014 to January 31, 2015) | The 18 th Period (from February 1, 2014 to July 31, 2014) |
|----------------------------------|---|--|
| Future lease payments receivable | | |
| Due within one year | 12,562,926 | 12,530,414 |
| Due after one year | 65,863,524 | 63,766,388 |
| Total | 78,426,450 | 76,296,802 |

[Financial Instruments]

(i) Matters concerning the status of financial instruments

A. Policies on financial instruments

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

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

JLF may utilize derivative transactions solely for the purpose of hedging foreign exchange risk, interest rate fluctuation risk, and other risks arising from liabilities associated with JLF. JLF does not currently engage in derivative transactions.

JLF invests surplus funds in securities and monetary claims with a focus on safety and liquidity, and does not invest only for acquiring profit from aggressive investment.

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

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

Investment securities are the equity interests in the silent partnership, and are exposed to credit risks of the silent partnership as well as to price fluctuation risk of the real estate market. JLF tries to reduce these risks by monitoring the financial status of the silent partnership and environment of the real estate market.

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

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

C. Description of financial instruments

Fair value of financial instruments comprises value based on market prices or rationally calculated value in the case the market prices are not available. As certain assumptions are applied in performing calculation of such value, the value may differ if different assumptions are used.

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

Amounts on the Balance Sheet, fair value and their difference as of January 31, 2015 are as follows;

(Thousands of yen)

| | Amount on the balance sheet | Fair value | Difference |
|---|--------------------------------|------------|------------|
| (1)Cash and deposits | 10,096,832 | 10,096,832 | - |
| (2)Cash and deposits in trust | 3,361,095 | 3,361,095 | - |
| Total assets | 13,457,927 | 13,457,927 | - |
| (1)Current portion of investment corporation bond | 8,000,000 | 8,040,000 | 40,000 |
| (2)Current portion of long-term loans payable | - | - | - |
| (3)Investment corporation bond | 6,000,000 | 6,355,200 | 355,200 |
| (4)Long-term loans payable | 55,700,000 | 57,336,806 | 1,636,806 |
| Total liabilities | 69,700,000 | 71,732,006 | 2,032,006 |

Amounts on the Balance Sheet, fair value and their difference as of July 31, 2014 are as follows;

(Thousands of yen)

| | Amount on the balance sheet | Fair value | Difference |
|---|--------------------------------|------------|------------|
| (1)Cash and deposits | 4,744,229 | 4,744,229 | - |
| (2)Cash and deposits in trust | 3,581,039 | 3,581,039 | - |
| Total assets | 8,325,269 | 8,325,269 | - |
| (1)Current portion of investment corporation bond | - | - | - |
| (2)Current portion of long-term loans payable | 5,000,000 | 5,043,359 | 43,359 |
| (3)Investment corporation bond | 14,000,000 | 14,218,000 | 218,000 |
| (4)Long-term loans payable | 55,700,000 | 56,585,712 | 885,712 |
| Total liabilities | 74,700,000 | 75,847,071 | 1,147,071 |

(Note 1) Method of calculating fair value of financial instruments

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 investment corporation bond, (3) Investment corporation bond

The reference value disclosed by the Japan Securities Dealers Association is used as the fair value.

(2)Current portion of long-term loans payable, (4) Long-term loans payable

The fair value is calculated by discounting principal and interest at a rate to be applied when same amounts of loans are newly borrowed.

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

The 19th Period (as of January 31, 2015)

| | Amount on the balance sheet (Thousands of yen) |
|-------------------------|---|
| Investment securities * | 79,897 |

The 18th Period (as of July 31, 2014)

| | Amount on the balance sheet (Thousands of yen) |
|-------------------------|---|
| Investment securities * | 91,017 |

* The fair value of the investment securities is not disclosed because there is no quoted market price available for these securities and it is extremely difficult to determine the fair value.

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

The 19th Period (as of January 31, 2015)

(Thousands of yen)

| | Within 1 year | 1~2 years | 2~3 years | 3~4 years | 4~5 years | After 5 years |
|----------------------------|------------------|-----------|-----------|-----------|-----------|------------------|
| Cash and deposits | 10,096,832 | - | - | - | - | - |
| Cash and deposits in trust | 3,361,095 | - | - | - | - | - |
| Total | 13,457,927 | - | - | - | - | - |

The 18th Period (as of July 31, 2014)

(Thousands of yen)

| | Within 1 year | 1~2 years | 2~3 years | 3~4 years | 4~5 years | After 5 years |
|----------------------------|------------------|-----------|-----------|-----------|-----------|------------------|
| Cash and deposits | 4,744,229 | - | - | - | - | - |
| Cash and deposits in trust | 3,581,039 | - | - | - | - | - |
| Total | 8,325,269 | - | - | - | - | - |

(Note 4) Scheduled repayment amount of long-term loans payable and other interest bearing debt after the closing date
The 19th Period (as of January 31, 2015)

| (Thousands of yen) | | | | | | |
|-----------------------------|------------------|-----------|-----------|-----------|-----------|------------------|
| | Within 1 year | 1~2 years | 2~3 years | 3~4 years | 4~5 years | After 5 years |
| Long-term loans payable | - | 2,700,000 | 8,000,000 | 2,500,000 | 8,500,000 | 34,000,000 |
| Investment corporation bond | 8,000,000 | - | - | - | - | 6,000,000 |
| Total | 8,000,000 | 2,700,000 | 8,000,000 | 2,500,000 | 8,500,000 | 40,000,000 |

The 18th Period (as of July 31, 2014)

| (Thousands of yen) | | | | | | |
|-----------------------------|------------------|-----------|-----------|-----------|-----------|------------------|
| | Within 1 year | 1~2 years | 2~3 years | 3~4 years | 4~5 years | After 5 years |
| Long-term loans payable | 5,000,000 | 1,700,000 | 6,000,000 | 5,500,000 | 6,500,000 | 36,000,000 |
| Investment corporation bond | - | 8,000,000 | - | - | - | 6,000,000 |
| Total | 5,000,000 | 9,700,000 | 6,000,000 | 5,500,000 | 6,500,000 | 42,000,000 |

[Notes to Investment Securities]

Not applicable to the 19th and 18th Period.

[Notes to Derivatives]

(i) Transactions applicable to hedge accounting

Not applicable to the 19th and 18th Period.

(ii) Transactions not applicable to hedge accounting

Not applicable to the 19th and 18th Period.

[Notes to Retirement Benefits]

Not applicable to the 19th and 18th Period.

[Tax Effect Accounting]

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

| | (Thousands of yen) | |
|-------------------------------|---|--|
| | The 19 th Period (as of January 31, 2015) | The 18 th Period (as of July 31, 2014) |
| Deferred tax assets | | |
| Enterprise tax not deductible | 5 | 24 |
| Total deferred tax assets | 5 | 24 |
| Deferred tax assets, net | 5 | 24 |

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

| | The 19 th Period (as of January 31, 2015) | The 18 th Period (as of July 31, 2014) |
|--|---|--|
| Effective statutory tax rate | 34.16% | 36.59% |
| Adjustments | | |
| Deductible cash distributions | (20.26%) | (36.57%) |
| Reserve for reduction entry of special provisions of replaced property | (13.89%) | - |
| Other | 0.00% | 0.02% |
| Effective tax rate after applying tax effect accounting | 0.01% | 0.04% |

[Notes to Equity in Earnings of Affiliates]

Not applicable to the 19th and 18th Period, for JLF does not have affiliates.

[Transactions with Related Parties]

(i) Parent company and principal corporate unitholders

Not applicable to the 19th and 18th Period.

(ii) Subsidiaries and affiliates

Not applicable to the 19th and 18th Period.

(iii) Sister companies

Not applicable to the 19th and 18th Period.

(iv) Directors and principal individual unitholders

The 19th Period (from August 1, 2014 to January 31, 2015)

| Classifi- cation | Name of company or individual | Address | Paid-in capital or investment | Business description or occupation | Voting rights holding ratio | Nature of transaction | Transaction amount (Thousands of yen) | Account | Balance at end of period (Thousands of yen) |
|---|-------------------------------------|---------|-------------------------------------|---|--------------------------------------|--|--|---------------------|---|
| Director or the close relative | Takayuki Kawashima | - | - | 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) | 612,209 (Note 2) (Note 3) | Accrued expenses | 406,946 (Note 3) |

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

(Note 2) Asset management fee contains a) asset transfer fee of 70,000 thousand yen, b) acquisition fee of 16,345 thousand yen, and c) OBR fee of 43,612 thousand yen.

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

The 18th Period (from February 1, 2014 to July 31, 2014)

| 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 | Takayuki Kawashima | - | - | 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) | 612,209 (Note 2) (Note 3) | Accrued expenses | 406,946 (Note 3) |

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

(Note 2) Asset management fee contains acquisition fee of 46,894 thousand yen which was included to the book value of the acquired properties.

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

[Notes to Asset Write-off Obligations]

Not applicable to the 19th and 18th Period.

[Notes to Lease Properties]

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

| | (Thousands of yen) | |
|--|---|--|
| | The 19 th Period (from August 1, 2014 to January 31, 2015) | The 18 th Period (from February 1, 2014 to July 31, 2014) |
| Amount on the balance sheet | | |
| Balance at the beginning of the period | 187,137,704 | 181,539,450 |
| Changes during the period | (3,395,311) | 5,598,253 |
| Balance at the end of the period | 183,742,393 | 187,137,704 |
| Fair value at the end of the period | 236,327,000 | 233,383,000 |

(Note 1) The figures in the "Amount on the balance sheet" are the acquisition cost (acquisition price and associated cost) less accumulated depreciation.

(Note 2) The increase of the lease properties in the 19th Period is mainly by the additional acquisition of Tajimi Logistics Center (2,424,158 thousand yen) and the completion of Yachiyo OBR (6,355,253 thousand yen). The decrease in the 19th Period is mainly by asset transfer of Funabashi Nishiura Logistics Center II and Yokosuka Logistics Center (11,172,323 thousand yen combined). The increase of the lease properties in the 18th Period is mainly by the acquisition of Misato Logistics center (3,927,861 thousand yen) and Fukuoka Kashiihama Logistics center (2,802,218 thousand yen).

(Note 3) The figures in "Fair value at the end of the period" are basically the appraisal value provided by an outside real estate appraiser. However, on the date of the 18th Period Financial Report JLF had already decided to transfer Funabashi Nishiura Logistics Center II and Yokosuka Logistics Center. Thus, in calculating the fair values of these properties, the transfer price of these properties is used. In the 18th Period, amount on the balance sheet does not include construction in progress (4,422,462 thousand yen) of Yachiyo Logistics Center, as appraisal value of Yachiyo at the 18th Period was basically land value.

The income concerning lease properties, etc. for the 19th and 18th Periods is indicated under "Notes to Statement of Income and Retained Earnings" above.

[Segment Information]

(i) Segment information

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

(ii) Related information

The 19th Period (from August 1, 2014 to January 31, 2015)

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 Statement of Income and Retained Earnings.

(b) Property, plant, and equipment

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

C. Information by major tenant

(Thousands of yen)

| Name of tenant | Net revenue | Related segment |
|--------------------------|-------------|------------------------------|
| Sagawa Express Co., Ltd. | - (Note) | Real estate leasing business |

(Note) Not disclosed, since tenants' consents could not be obtained.

The 18th Period (from February 1, 2014 to July 31, 2014)

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 Statement of Income and Retained Earnings.

(b) Property, plant, and equipment

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

C. Information by major tenant

(Thousands of yen)

| Name of tenant | Net revenue | Related segment |
|--------------------------------------|-------------|------------------------------|
| Tri-net Logistics Co., Ltd. (Note 1) | - (Note 2) | Real estate leasing business |
| Sagawa Express Co., Ltd. | - (Note 2) | Real estate leasing business |

(Note 1) A consolidated subsidiary of Mitsui & Co., Ltd.

(Note 2) Not disclosed, since tenants' consents could not be obtained.

[Per Unit Information]

| | The 19 th Period (from August 1, 2014 to January 31, 2015) | The 18 th Period (from February 1, 2014 to July 31, 2014) |
|---------------------|---|--|
| Net assets per unit | 143,392 yen | 140,561 yen |
| Net income per unit | 6,573 yen | 3,743 yen |

(Note 1) Net income per unit was calculated by dividing net income by average number of investment units during period.

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

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

| | (Thousands of yen) | |
|--|---|--|
| | The 19 th Period (from August 1, 2014 to January 31, 2015) | The 18 th Period (from February 1, 2014 to July 31, 2014) |
| Net income | 5,456,024 | 3,106,997 |
| Amount not attributable to common unitholders | - | - |
| Net income pertaining to common investment units | 5,456,024 | 3,106,997 |
| Average number of investment units during period | 830,000 units | 830,000 units |

[Notes to Significant Subsequent Events]

Not applicable.

[Notes to Significant Subsequent Events]

Breakdown of reserve for reduction entry of special provisions of replaced property in Article 2, Paragraph 2, Item 28 of the Ordinance on Accounting of Investment Corporations is as follows.

| Items | Breakdown | |
|---|--|--|
| | The 19 th Period (as of January 31, 2015) | The 18 th Period (as of July 31, 2014) |
| Objective | Ichikawa Logistics Center II land | |
| Cause and amount | Gain on sales of real estate properties of 2,618,320 thousands yen due to sales of Funabashi Nishiura Logistics Center II and Yokosuka Logistics Center. | |
| Policy of reversal | Reserve for reduction entry of special provisions of replaced property is reversed by inclusion ingress profit in tax practice. | |
| Description of reversal in the current period | Not applicable. | |
| Amount (thousands of yen) | | |
| Balance before provision and reversal in the current period | - | - |
| Reversal in the statement of income and retained earnings | - | - |
| Amount on the balance sheet | - | - |
| Provision in the distribution information | 2,219,363 | - |
| Reversal in the distribution information | - | - |
| Balance after provision and reversal in the current period | 2,219,363 | - |

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

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

| Date | Summary | Total number of investment units issued | | Unitholders' capital (Millions of yen) | | Remarks |
|--------------------|--|---|---------|--|---------|-----------|
| | | Change | Balance | Change | Balance | |
| February 22, 2005 | Private placement offering | 1,000 | 1,000 | 500 | 500 | (Note 1) |
| May 6, 2005 | Capital increase through public offering | 55,700 | 56,700 | 29,562 | 30,062 | (Note 2) |
| June 1, 2005 | Capital increase through third-party allotment | 2,800 | 59,500 | 1,486 | 31,548 | (Note 3) |
| February 8, 2006 | Capital increase through public offering | 46,500 | 106,000 | 35,668 | 67,217 | (Note 4) |
| March 8, 2006 | Capital increase through third-party allotment | 2,800 | 108,800 | 2,147 | 69,365 | (Note 5) |
| August 31, 2007 | Capital increase through public offering | 13,500 | 122,300 | 12,656 | 82,021 | (Note 6) |
| February 23, 2010 | Capital increase through public offering | 8,500 | 130,800 | 5,123 | 87,145 | (Note 7) |
| March 25, 2010 | Capital increase through third-party allotment | 500 | 131,300 | 301 | 87,446 | (Note 8) |
| August 30, 2010 | Capital increase through public offering | 16,000 | 147,300 | 9,689 | 97,136 | (Note 9) |
| September 24, 2010 | Capital increase through third-party allotment | 700 | 148,000 | 423 | 97,559 | (Note 10) |
| September 13, 2013 | Distribution in Excess of Earnings | - | 148,000 | (464) | 97,095 | (Note 11) |
| October 2, 2013 | Capital increase through public offering | 16,000 | 164,000 | 14,634 | 111,729 | (Note 12) |
| October 28, 2013 | Capital increase through third-party allotment | 2,000 | 166,000 | 1,829 | 113,559 | (Note 13) |
| February 1, 2014 | Investment Unit Split | 664,000 | 830,000 | - | 113,559 | (Note 14) |

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

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

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

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

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

(Note 6) Investment units were newly issued at the price of 971,180 yen per unit (net proceeds of 937,486 yen) for new properties acquisition.

(Note 7) Investment units were newly issued at the price of 624,680 yen per unit (net proceeds of 602,784 yen) for a new property acquisition.

(Note 8) Investment units were newly issued through third-party allotment at the price of 602,784 yen per unit for partial repayment of bank loans.

(Note 9) Investment units were newly issued at the price of 627,590 yen per unit (net proceeds of 605,592 yen) for a new property acquisition.

(Note 10) Investment units were newly issued through third-party allotment at the price of 605,592 yen per unit for partial repayment of bank loans.

(Note 11) Distribution in Excess of Earnings was resolved at the price of 3,138 yen per unit in order to level out the loss associated with OBR.

(Note 12) Investment units were newly issued at the price of 947,700 yen per unit (net proceeds of 914,652 yen) for new properties acquisition and partial repayment of bank loans.

(Note 13) Investment units were newly issued through third-party allotment at the price of 914,652 yen per unit for partial repayment of bank loans.

(Note 14) JLF has implemented a 5 - for - 1 investment unit split.

4. Changes in Directors

(1) Changes in Directors of JLF

Changes in Directors of JLF had been otherwise disclosed under the rule of timely disclosure.

Directors of JLF as of January 31, 2015 are as follows.

| Title | Name | | |
|----------------------|--------------------|-----------------|---------------|
| Executive Director | Takayuki Kawashima | | |
| Supervisory Director | Takachiyo Sutou | Masashi Hiraiwa | Tetsuya Azuma |

(Note) Executive Director and Supervisory Directors do not own investment units of JLF under their own or other names.

(2) Changes in Directors of the asset management company

Changes in Directors of the asset management company had been otherwise disclosed under the rule of timely disclosure.

Directors of the asset management company as of January 31, 2015, are as follows.

| Title | Name | | | |
|-------------------|--------------------|-----------------|------------------|---------------|
| President | Takayuki Kawashima | | | |
| Director | Koki Shoji | Yukio Hishida | | |
| | Makoto Takasugi | Hideyuki Fukuta | Takafumi Arimura | Taro Kaminaga |
| Corporate Auditor | Ichiro Tsutsumi | | | |

(Note) Directors and Corporate Auditors do not own investment units of JLF under their own or other names.

5. Reference Information

(1) Asset composition of JLF

| Type of assets | Use of assets | Region (Note 2) | The 19 th Period (as of January 31, 2015) | | The 18 th Period (as of July 31, 2014) | |
|------------------------------------|--------------------|--------------------------|---|---|--|---|
| | | | Total amount owned (Millions of yen) (Note 3) | Percentage to total assets (%) (Note 4) | Total amount owned (Millions of yen) (Note 3) | Percentage to total assets (%) (Note 4) |
| Real estate | Logistics facility | Tokyo Metropolitan Area | 5,945 | 3.0 | 5,962 | 3.0 |
| | | Kinki/Chubu/Kyushu Areas | 5,601 | 2.8 | 5,605 | 2.8 |
| | | Other Areas | - | 0.0 | - | 0.0 |
| | Subtotal | 11,546 | 5.8 | 11,567 | 5.8 | |
| Real estate in trust | Logistics facility | Tokyo Metropolitan Area | 134,867 | 68.2 | 140,327 | 70.0 |
| | | Kinki/Chubu/Kyushu Areas | 27,859 | 14.1 | 25,670 | 12.8 |
| | | Other Areas | 9,468 | 4.8 | 9,572 | 4.8 |
| | Subtotal | 172,195 | 87.1 | 175,570 | 87.6 | |
| Deposits and other assets (Note 5) | | | 14,042 | 7.1 | 13,319 | 6.6 |
| Total assets | | | 197,785 | 100.0 | 200,456 | 100.0 |

(Note 1) Descriptions under "5. Reference Information" are effective as of January 31, 2015, as a general rule, unless otherwise indicated.

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

(Note 3) The total amount owned is based on the figures posted on the Balance Sheets as of the end of the fiscal period (real estate and real estate in trust are presented in book values after depreciation), and figures below one million yen have been omitted. The amounts of construction in progress are not included.

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

(Note 5) Deposits and other assets include; deposit in trust assets of 3,361 million yen for the 19th Period and of 3,581 million yen for the 18th Period, Investment securities of 79 million yen for the 19th Period and of 91 million yen for the 18th Period, Construction in progress of 4,422 million yen for the 18th Period.

<Area classification>

| Area classification | | Major areas |
|-------------------------|--------------|---|
| Tokyo Metropolitan Area | Bay areas | Shinagawa-ku (Ooi, etc.), Koto-ku (Shin-kiba, Shiomi, Tatsumi, etc.), Oota-ku (Haneda area, etc.), Yokohama-shi, Kawasaki-shi, Urayasu-shi, Funabashi-shi |
| | Inland areas | Around national route No. 16, Tama district of Tokyo, Southern Saitama, Eastern Kanagawa, and Northwestern Chiba |
| Kinki Area | Chubu Area | Bay areas along the Osaka Bay and adjacent to consumption areas in and around Osaka-shi, between Osaka and Kobe, between Kyoto and Osaka, as well as along the Kinki Expressway |
| Kyushu Area | | Nagoya Port area, Komaki-shi, Kasugai-shi, Toyota-shi |
| Other Areas | | Fukuoka-shi |
| | | Areas where locational advantage can be attained, e.g. close to consumption areas |

| | The 19 th Period (as of January 31, 2015) | | The 18 th Period (as of July 31, 2014) | |
|-------------------|---|---|--|---|
| | Amount (Millions of yen) (Note 1) | Percentage to total assets (%) (Note 2) | Amount (Millions of yen) (Note 1) | Percentage to total assets (%) (Note 2) |
| Total liabilities | 78,769 | 39.8 | 83,790 | 41.8 |
| Total net assets | 119,015 | 60.2 | 116,666 | 58.2 |
| Total assets | 197,785 | 100.0 | 200,456 | 100.0 |

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

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

(2) Investment Securities

(i) Major investment securities

A. Stocks

Not applicable

B. Securities other than stocks

(Thousands of yen)

| Type | Name | Aggregate face value | Book value | Interest receivable | Interest payable | Appraisal value (Note 2) | Valuation gain or loss | Remarks |
|-------------------------------------|---|----------------------|------------|---------------------|------------------|--------------------------|------------------------|---------|
| Silent Partnership Equity Interests | Silent Partnership Equity Interests in Logistics Fund III Limited Liability Company as the business operator (Note 1) | - | 79,897 | - | - | 79,897 | - | |
| Total | | - | 79,897 | - | - | 79,897 | - | |

(Note 1) Logistics Fund III Limited Liability Company has the following investments. Each entity's substantive investment assets are also indicated as follows. Through the acquisition of the Silent Partnership Equity Interests, JLF has preferential negotiation rights to acquire trust beneficiary right of real estate or real estate without obligation. JLF's interest is 4.19% of the entire investment in the silent partnership.

- Silent partnership investment with Vega Limited Liability Company as a business operator / Logistics Fund III : Urayasu Logistics Center (trust beneficiary right of real estate)
- Preferred investment in TMK Sirius / Logistics Fund III : Zama Logistics Center (real estate)
- Silent partnership investment with Spica Limited Liability Company as a business operator / Logistics Fund III : Chiba Kita Logistics Center (trust beneficiary right of real estate)

(Note 2) The book value is used as the appraisal value.

(ii) List of portfolio properties

JLF owns the following real estate, etc.

A. The outline of portfolio properties held as of January 31, 2015 is as follows: Acquisition price, etc.

| Property Number | Name of the Logistics Center | Type of Ownership | Acquisition price (Millions of yen) (Note 2) | Book value (Millions of yen) (Note 2) | Appraised value at end of period (Millions of yen) (Note 3) | % of the portfolio (Note 4) |
|-----------------|------------------------------|--|--|---------------------------------------|---|-----------------------------|
| M-1 | Funabashi | Trust beneficiary right of real estate | 8,675 | 7,425 | 6,850 | 4.5 |
| M-2 | Urayasu | Trust beneficiary right of real estate | 2,902 | 2,817 | 4,610 | 1.5 |
| M-3 | Hiratsuka | Trust beneficiary right of real estate | 1,466 | 1,366 | 1,760 | 0.8 |
| M-4 | Shinkiba | Trust beneficiary right of real estate | 2,454 | 2,290 | 3,340 | 1.3 |
| M-5 | Urayasu Chidori | Trust beneficiary right of real estate | 6,000 | 5,329 | 9,720 | 3.1 |
| M-6 | Funabashi | Trust beneficiary right of real estate | 5,700 | 4,647 | 7,540 | 2.9 |
| M-8 | Kawasaki | Trust beneficiary right of real estate | 10,905 | 10,060 | 12,900 | 5.6 |
| M-9 | Narashino | Trust beneficiary right of real estate | 1,690 | 1,538 | 2,260 | 0.9 |
| M-11 | Yachiyo (Note 5) | Trust beneficiary right of real estate | 7,892 (Note 6) | 8,015 | 10,600 | 4.0 |

| Property Number | Name of the Logistics Center | Type of Ownership | Acquisition price (Millions of yen) (Note 2) | Book value (Millions of yen) (Note 2) | Appraised value at end of period (Millions of yen) (Note 3) | % of the portfolio (Note 4) |
|--|------------------------------|--|--|---------------------------------------|---|-----------------------------|
| M-12 | Yokohama Fukuura | Trust beneficiary right of real estate | 9,800 | 8,640 | 10,500 | 5.0 |
| M-13 | Yachiyo II | Trust beneficiary right of real estate | 5,300 | 4,507 | 6,940 | 2.7 |
| M-14 | Urayasu Chidori II | Real estate | 1,640 | 1,554 | 1,730 | 0.8 |
| M-15 | Ichikawa | Real estate | 4,550 | 4,391 | 5,170 | 2.3 |
| M-16 | Shinonome (Note 7) | Trust beneficiary right of real estate | 11,800 | 11,557 | 13,700 | 6.1 |
| M-17 | Narashino II (Note 7) | Trust beneficiary right of real estate | 7,875 | 7,120 | 9,210 | 4.0 |
| M-18 | Ichikawa II (Note 7) | Trust beneficiary right of real estate | 17,415 | 16,523 | 21,000 | 8.9 |
| M-19 | Souka (Note 7) | Trust beneficiary right of real estate | 6,360 | 6,057 | 7,390 | 3.3 |
| M-20 | Tatshumi | Trust beneficiary right of real estate | 9,000 | 8,844 | 10,600 | 4.6 |
| M-21 | Kashiwa | Trust beneficiary right of real estate | 3,725 | 3,625 | 4,350 | 1.9 |
| M-22 | Musashimurayama | Trust beneficiary right of real estate | 8,650 | 8,483 | 9,510 | 4.4 |
| M-23 | Kashiwa II (land) | Trust beneficiary right of real estate | 2,500 | 2,526 | 2,540 | 1.3 |
| M-24 | Shin-Koyasu (Note 7) | Trust beneficiary right of real estate | 9,696 | 9,619 | 10,900 | 5.0 |
| M-25 | Misato | Trust beneficiary right of real estate | 3,873 | 3,869 | 4,340 | 2.0 |
| subtotal for the Tokyo Metropolitan Area | | | 149,869 | 140,812 | 177,460 | 76.9 |
| T-1 | Daito | Trust beneficiary right of real estate | 9,762 (Note 8) | 9,290 | 17,800 | 5.0 |
| T-2 | Osaka Fukuzaki | Trust beneficiary right of real estate | 4,096 | 3,539 | 5,830 | 2.1 |
| T-3 | Chubu Haruhi (land) | Real estate | 685 | 731 | 837 | 0.4 |
| T-4 | Kadoma | Real estate | 989 | 1,056 | 1,330 | 0.5 |
| T-5 | Komaki | Real estate | 2,100 | 1,985 | 1,840 | 1.1 |
| T-6 | Komaki II | Real estate | 1,800 | 1,827 | 1,670 | 0.9 |
| T-7 | Fukuoka Hakozaiki Futo | Trust beneficiary right of real estate | 2,797 | 2,831 | 3,270 | 1.4 |
| T-8 | Tajimi (Note 9) | Trust beneficiary right of real estate | 9,310 (Note 10) | 9,435 | 11,000 | 4.8 |
| T-9 | Fukuoka Kashihama | Trust beneficiary right of real estate | 2,750 | 2,762 | 3,110 | 1.4 |
| Subtotal for Kinki/Chubu/Kyushu Areas | | | 34,289 | 33,460 | 46,687 | 17.6 |
| O-1 | Maebashi | Trust beneficiary right of real estate | 1,230 | 1,044 | 1,390 | 0.6 |

| Property Number | Name of the Logistics Center | Type of Ownership | Acquisition price (Millions of yen) (Note 2) | Book value (Millions of yen) (Note 2) | Appraised value at end of period (Millions of yen) (Note 3) | % of the portfolio (Note 4) |
|--------------------------|------------------------------|--|--|---------------------------------------|---|-----------------------------|
| O-2 | Hanyu | Trust beneficiary right of real estate | 1,705 | 1,482 | 1,920 | 0.9 |
| O-3 | Saitama Kisai | Trust beneficiary right of real estate | 4,010 | 3,521 | 4,510 | 2.1 |
| O-4 | Kazo | Trust beneficiary right of real estate | 3,790 | 3,419 | 4,360 | 1.9 |
| Subtotal for other Areas | | | 10,735 | 9,468 | 12,180 | 5.5 |
| Portfolio total | | | 194,893 | 183,742 | 236,327 | 100.0 |

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

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

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

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

(Note 5) OBR has completed on December 25, 2014.

(Note 6) The figure is calculated by deducting 603 million yen of write-off cost of the former building from the acquisition price stated in the initial sales contract of 2,266 million yen, and adding 6,230 million yen stated in the construction contract relating to the Building (including the construction contract for additional works).

(Note 7) Figures for quasi-co-ownership are indicated.

Shinonome Logistics Center : 47%

Narashino Logistics Center II : 90%

Ichikawa Logistics Center II : 90%

Souka Logistics Center : 50%

Shin-Koyasu Logistics Center II : 51%

(Note 8) The figure is calculated by deducting 291 million yen of write-off cost of the building from the acquisition price stated in the initial sales contract of 7,617 million yen, and adding 2,437 million yen stated in the construction contract relating to the redevelopment of the Warehouse III.

(Note 9) JLF additionally acquired 25% of joint-ownership on November 4, 2014.

(Note 10) The figure states the sum of the acquisition prices on October 8, 2013 and November 4, 2014.

B. The outline of portfolio properties held as of January 31, 2015: The status of leasing of real estate properties, etc.

| Property Number | Name of the Logistics Center | Total leasable area (m ²) (Note 4) | Leased area (m ²) (Note 5) | Total number of tenants | Occupancy rate (%) | PML value (%) (Note 6) |
|-----------------|------------------------------|--|--|-------------------------|--------------------|------------------------|
| M-1 | Funabashi | 29,556.79 | 29,556.79 | 1 | 100.0 | 13.0 |
| M-2 | Urayasu | 9,543.72 | 3,540.26 | 1 | 37.1 | 18.3 |
| M-3 | Hiratsuka | 11,225.72 | 11,225.72 | 1 | 100.0 | 21.1 (Note 4) |
| M-4 | Shinkiba | 10,616.80 | 10,616.80 | 1 | 100.0 | 17.6 |
| M-5 | Urayasu Chidori | 31,790.42 | 31,790.42 | 1 | 100.0 | 13.8 |
| M-6 | Funabashi | 35,134.44 | 35,134.44 | 2 | 100.0 | 7.1 |
| M-8 | Kawasaki | 41,630.54 | 41,630.54 | 1 | 100.0 | 14.6 |
| M-9 | Narashino | 2,442.87 | 2,442.87 | 1 | 100.0 | 11.3 |

| Property Number | Name of the Logistics Center | Total leasable area (m ²) (Note 4) | Leased area (m ²) (Note 5) | Total number of tenants | Occupancy rate (%) | PML value (%) (Note 6) |
|--|------------------------------|--|--|-------------------------|--------------------|------------------------|
| M-11 | Yachiyo (Note 5) | 56,882.98 | 13,850.38 | 1 | 24.3 | 1.7 |
| M-12 | Yokohama Fukuura | 35,882.64 | 35,882.64 | 3 | 100.0 | 16.3 |
| M-13 | Yachiyo II | 32,389.70 | 32,389.70 | 1 | 100.0 | 7.6 |
| M-14 | Urayasu Chidori II | 6,192.80 | 6,192.80 | 1 | 100.0 | 13.1 |
| M-15 | Ichikawa | 18,686.12 | 18,686.12 | 1 | 100.0 | 11.8 |
| M-16 | Shinonome (Note 6) | 16,175.31 | 16,175.31 | 1 | 100.0 | 14.4 |
| M-17 | Narashino II (Note 6) | 43,208.86 | 43,208.86 | 3 | 100.0 | 11.1 |
| M-18 | Ichikawa II (Note 6) | 66,497.99 | 66,497.99 | 2 | 100.0 | 4.2 |
| M-19 | Souka (Note 6) | 21,320.42 | 21,320.42 | 3 | 100.0 | 12.7 |
| M-20 | Tatsumi | 29,394.56 | 29,394.56 | 1 | 100.0 | 14.6 |
| M-21 | Kashiwa | 20,546.46 | 20,546.46 | 1 | 100.0 | 9.7 |
| M-22 | Musashimurayama | 40,884.25 | 40,884.25 | 1 | 100.0 | 11.9 |
| M-23 | Kashiwa II (land) | 54,418.30 | 54,418.30 | 1 | 100.0 | - |
| M-24 | Shin-Koyasu (Note 6) | 29,674.47 | 29,674.47 | 2 | 100.0 | 11.4 |
| M-25 | Misato | 19,407.18 | 19,407.18 | 1 | 100.0 | 10.9 |
| subtotal for the Tokyo Metropolitan Area | | 663,503.34 | 614,467.28 | 32 | 92.6 | - |
| T-1 | Daito | 92,730.14 | 92,730.14 | 1 | 100.0 | 13.8 |
| T-2 | Osaka Fukuzaki | 23,726.80 | 23,726.80 | 1 | 100.0 | 14.1 |
| T-3 | Chubu Haruhi (land) | 10,457.02 | 10,457.02 | 1 | 100.0 | - |
| T-4 | Kadoma | 7,293.92 | 7,293.92 | 1 | 100.0 | 13.3 |
| T-5 | Komaki | 9,486.45 | 9,486.45 | 1 | 100.0 | 8.7 |
| T-6 | Komaki II | 10,708.41 | 10,708.41 | 1 | 100.0 | 8.3 |
| T-7 | Fukuoka Hakozaiki Futo | 24,463.69 | 24,463.69 | 1 | 100.0 | 1.0 |
| T-8 | Tajimi (Note 7) | 75,605.23 | 75,605.23 | 1 | 100.0 | 10.8 |
| T-9 | Fukuoka Kashihama | 21,201.15 | 21,201.15 | 3 | 100.0 | 1.0 |
| Subtotal for Kinki/Chubu/Kyushu Areas | | 275,672.81 | 275,672.81 | 11 | 100.0 | - |
| O-1 | Maebashi | 3,455.53 | 3,455.53 | 1 | 100.0 | 9.0 |

| Property Number | Name of the Logistics Center | Total leasable area (m ²) (Note 4) | Leased area (m ²) (Note 5) | Total number of tenants | Occupancy rate (%) | PML value (%) (Note 6) |
|--------------------------|------------------------------|--|--|-------------------------|--------------------|------------------------|
| O-2 | Hanyu | 3,518.58 | 3,518.58 | 1 | 100.0 | 11.6 |
| O-3 | Saitama Kisai | 24,574.40 | 24,574.40 | 1 | 100.0 | 10.5 |
| O-4 | Kazo | 25,130.62 | 25,130.62 | 1 | 100.0 | 9.5 |
| Subtotal for other Areas | | 56,679.13 | 56,679.13 | 4 | 100.0 | - |
| Portfolio total | | 995,855.28 | 946,819.22 | 47 | 95.1 | 8.5 |

(Note 1) The total leasable area is the registered floor area less any area of space not considered for rent. With regard to items for which a more accurate leasable area can be confirmed based on the building floor plan attached to the lease contract, the area recognized to be leasable is indicated as per such floor plan. For Kashiwa Logistics Center II (land) and Chubu Haruhi Logistics Center (land), the leasable area of land indicated in the lease contract is provided. The same applies for each description under "5. Reference Information".

(Note 2) The leased area represents the total area as part of the total leasable area of the area of the building (or land) indicated in the lease contract of each piece of real estate, etc. It is possible in each lease contract that the portion not included in the leasable area is part of the area for rent concerning the building provided in the lease contract. The same applies for each description under "5. Reference Information."

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

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

(Note 5) OBR has completed on December 25, 2014.

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

Shinonome Logistics Center : 47%

Narashino Logistics Center II : 90%

Ichikawa Logistics Center II : 90%

Souka Logistics Center : 50%

Shin-Koyasu Logistics Center II : 51%

Tajimi Logistics Center : 75%

(Note 7) JLF additionally acquired 25% of joint-ownership on November 4, 2014.

(iii) Diversification of portfolio

Diversification of portfolio properties owned by JLF is described below.

A. Ratio by region

| Region | Total leasable area (m ²) | Ratio (%) (Note) | Acquisition price (Millions of yen) | Ratio (%) (Note) |
|--------------------------|---------------------------------------|------------------|-------------------------------------|------------------|
| Tokyo Metropolitan Area | 663,503.34 | 66.6 | 149,869 | 76.9 |
| Kinki/Chubu/Kyushu Areas | 275,672.81 | 27.7 | 34,289 | 17.6 |
| Other Areas | 56,679.13 | 5.7 | 10,735 | 5.5 |
| Total | 995,855.28 | 100.0 | 194,893 | 100.0 |

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

B. Ratio by total rentable area (Note 1)

| Total rentable area (m ²) | Number of properties | Ratio (%) (Note 2) | Acquisition price (Millions of yen) | Ratio (%) (Note 2) |
|--|----------------------|--------------------|-------------------------------------|--------------------|
| Over 30,000 m ² | 15 | 41.7 | 128,966 | 66.2 |
| Over 10,000 m ² but 30,000 m ² or less | 14 | 38.9 | 53,671 | 27.5 |
| 10,000 m ² or less | 7 | 19.4 | 12,256 | 6.3 |
| Total | 36 | 100.0 | 194,893 | 100.0 |

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

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

C. Ratio by leasehold period

| Leasehold period (Residual period) | Leased area (m ²) | Ratio (%) (Note 1) | Annual rent (Millions of Yen) (Note 2) | Ratio (%) (Note 1) |
|------------------------------------|-------------------------------|--------------------|--|--------------------|
| Over 10 years | 226,757.08 | 23.9 | 3,190 | 24.6 |
| Over 5 years but within 10 years | 290,457.42 | 30.7 | 3,838 | 29.6 |
| Over 3 years but within 5 years | 132,074.30 | 13.9 | 1,878 | 14.5 |
| Within 3 years | 297,530.42 | 31.4 | 4,078 | 31.4 |
| Total | 946,819.22 | 100.0 | 12,985 | 100.0 |

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

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

(iv) Performance of portfolio properties

The following provides a summary of performance for the 18th Period of real estate, etc. owned by JLF.

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

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

(Millions of yen)

| Property No. | M-1 | M-2 | M-3 | M-4 | M-5 |
|---|----------------------------|--------------------------|----------------------------|---------------------------|----------------------------------|
| Name of real estate, etc. | Funabashi Logistics Center | Urayasu Logistics Center | Hiratsuka Logistics Center | Shinkiba Logistics Center | Urayasu Chidori Logistics Center |
| Number of days under management | 184 | 184 | 184 | 184 | 184 |
| (i) Total real estate leasing business revenue | Not disclosed (Note) | Not disclosed (Note) | Not disclosed (Note) | Not disclosed (Note) | Not disclosed (Note) |
| Rent revenue - real estate | | | | | |
| Other lease business revenue | | | | | |
| (ii) Total real estate leasing business expenses | Not disclosed (Note) | Not disclosed (Note) | Not disclosed (Note) | Not disclosed (Note) | Not disclosed (Note) |
| Taxes and dues | | | | | |
| Outsourcing service expenses | | | | | |
| Utilities expenses | | | | | |
| Repair expenses | | | | | |
| Insurance expenses | | | | | |
| Other expenses related to rent business | | | | | |
| Depreciation and amortization | 88 | 6 | 10 | 13 | 47 |
| Loss on write-off of noncurrent assets | 0 | - | - | 4 | 19 |
| (iii) Income from real estate leasing business (= (i) - (ii)) | 111 | 10 | 32 | 53 | 140 |
| (iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets) | 200 | 16 | 42 | 72 | 207 |
| (v) Capital expenditure | 182 | 0 | - | 54 | 60 |
| (vi) NCF (= (iv) - (v)) | 17 | 15 | 42 | 17 | 146 |

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

(Millions of yen)

| Property No. | M-6 | M-7 | M-8 | M-9 | M-10 |
|---|-------------------------------------|---|---------------------------|----------------------------|------------------------------------|
| Name of real estate, etc. | Funabashi Nishiura Logistics Center | Funabashi Nishiura Logistics Center II (Note 2) | Kawasaki Logistics Center | Narashino Logistics Center | Yokosuka Logistics Center (Note 1) |
| Number of days under management | 184 | 61 | 184 | 184 | 61 |
| (i) Total real estate leasing business revenue | 224 | 128 | Not disclosed (Note 2) | 60 | Not disclosed (Note 2) |
| Rent revenue - real estate | 207 | 127 | | 60 | |
| Other lease business revenue | 17 | 0 | | 0 | |
| (ii) Total real estate leasing business expenses | 115 | 64 | | 17 | |
| Taxes and dues | 25 | 10 | | 3 | |
| Outsourcing service expenses | 4 | 0 | | 0 | |
| Utilities expenses | 15 | - | | - | |
| Repair expenses | 0 | 20 | | 0 | |
| Insurance expenses | 0 | 0 | | 0 | |
| Other expenses related to rent business | 0 | 0 | | 0 | |
| Depreciation and amortization | 60 | 31 | 72 | 11 | 10 |
| Loss on write-off of noncurrent assets | 7 | - | 10 | - | - |
| (iii) Income from real estate leasing business (= (i) - (ii)) | 109 | 64 | 204 | 43 | 1 |
| (iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets) | 177 | 95 | 288 | 54 | 11 |
| (v) Capital expenditure | 45 | 44 | 110 | - | - |
| (vi) NCF (= (iv) - (v)) | 132 | 51 | 178 | 54 | 11 |

(Note 1) The property was transferred on September 30, 2014.

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

(Millions of yen)

| Property No. | M-11 | M-12 | M-13 | M-14 | M-15 |
|---|----------------------------------|-----------------------------------|-----------------------------|-------------------------------------|---------------------------|
| Name of real estate, etc. | Yachiyo Logistics Center (Note1) | Yokohama Fukuura Logistics Center | Yachiyo Logistics Center II | Urayasu Chidori Logistics Center II | Ichikawa Logistics Center |
| Number of days under management | 184 | 184 | 184 | 184 | 184 |
| (i) Total real estate leasing business revenue | Not disclosed (Note 2) | Not disclosed (Note 2) | 193 | Not disclosed (Note 2) | Not disclosed (Note 2) |
| Rent revenue - real estate | | | 193 | | |
| Other lease business revenue | | | - | | |
| (ii) Total real estate leasing business expenses | | | 84 | | |
| Taxes and dues | | | 14 | | |
| Outsourcing service expenses | | | 0 | | |
| Utilities expenses | | | 0 | | |
| Repair expenses | | | 1 | | |
| Insurance expenses | | | 0 | | |
| Other expenses related to rent business | | | 1 | | |
| Depreciation and amortization | 26 | 80 | 66 | 16 | 28 |
| Loss on write-off of noncurrent assets | - | - | - | 17 | - |
| (iii) Income from real estate leasing business (= (i) - (ii)) | (39) | 202 | 109 | (3) | 95 |
| (iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets) | (13) | 282 | 175 | 29 | 124 |
| (v) Capital expenditure | - | 6 | 6 | 46 | - |
| (vi) NCF (= (iv) - (v)) | (13) | 276 | 169 | (16) | 124 |

(Note 1) OBR has completed on December 15, 2014.

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

(Millions of yen)

| Property No. | M-16 | M-17 | M-18 | M-19 | M-20 |
|---|-------------------------------------|--|---------------------------------------|---------------------------------|--------------------------|
| Name of real estate, etc. | Shinonome Logistics Center (Note 1) | Narashino Logistics Center II (Note 1) | Ichikawa Logistics Center II (Note 1) | Souka Logistics Center (Note 1) | Tatsumi Logistics Center |
| Number of days under management | 184 | 184 | 184 | 184 | 184 |
| (i) Total real estate leasing business revenue | 352 | Not disclosed (Note 2) | Not disclosed (Note 2) | Not disclosed (Note 2) | Not disclosed (Note 2) |
| Rent revenue - real estate | 352 | | | | |
| Other lease business revenue | 0 | | | | |
| (ii) Total real estate leasing business expenses | 77 | | | | |
| Taxes and dues | 26 | | | | |
| Outsourcing service expenses | 0 | | | | |
| Utilities expenses | - | | | | |
| Repair expenses | 0 | | | | |
| Insurance expenses | 0 | | | | |
| Other expenses related to rent business | 0 | | | | |
| Depreciation and amortization | 48 | 91 | 120 | 65 | 51 |
| Loss on write-off of noncurrent assets | - | 0 | 0 | 0 | - |
| (iii) Income from real estate leasing business (= (i) - (ii)) | 275 | 132 | 360 | 122 | 202 |
| (iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets) | 323 | 223 | 481 | 188 | 253 |
| (v) Capital expenditure | - | 1 | 3 | 0 | — |
| (vi) NCF (= (iv) - (v)) | 323 | 221 | 478 | 188 | 253 |

(Note 1) Figures for quasi-co-ownership are indicated. Shinonome Logistics Center : 47% ; Narashino Logistics Center II : 90% ; Ichikawa Logistics Center II : 90% ; Souka Logistics Center : 50%

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

(Millions of yen)

| Property No. | M-21 | M-22 | M-23 | M-24 | M-25 |
|---|--------------------------|----------------------------------|------------------------------------|---------------------------------------|-------------------------|
| Name of real estate, etc. | Kashiwa Logistics Center | Musashimurayama Logistics Center | Kashiwa Logistics Center II (land) | Shin-Koyasu Logistics Center (Note 1) | Misato Logistics Center |
| Number of days under management | 184 | 184 | 184 | 184 | 184 |
| (i) Total real estate leasing business revenue | | | | | |
| Rent revenue - real estate | | | | | |
| Other lease business revenue | | | | | |
| (ii) Total real estate leasing business expenses | | | | | |
| Taxes and dues | Not disclosed (Note 2) | Not disclosed (Note 2) | Not disclosed (Note 2) | Not disclosed (Note 2) | Not disclosed (Note 2) |
| Outsourcing service expenses | | | | | |
| Utilities expenses | | | | | |
| Repair expenses | | | | | |
| Insurance expenses | | | | | |
| Other expenses related to rent business | | | | | |
| Depreciation and amortization | 40 | 85 | - | 64 | 31 |
| Loss on write-off of noncurrent assets | - | - | - | - | - |
| (iii) Income from real estate leasing business (= (i) - (ii)) | 78 | 164 | 74 | 174 | 91 |
| (iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets) | 119 | 250 | 74 | 238 | 122 |
| (v) Capital expenditure | - | - | - | 6 | - |
| (vi) NCF (= (iv) - (v)) | 119 | 250 | 74 | 232 | 122 |

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

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

(Millions of yen)

| Property No. | T-1 | T-2 | T-3 | T-4 | T-5 |
|---|-------------------------|---------------------------------|--------------------------------------|-------------------------|-------------------------|
| Name of real estate, etc. | Daito Logistics Center | Osaka Fukuzaki Logistics Center | Chubu Haruhi Logistics Center (land) | Kadoma Logistics Center | Komaki Logistics Center |
| Number of days under management | 184 | 184 | 184 | 184 | 184 |
| (i) Total real estate leasing business revenue | Not disclosed (Note) | Not disclosed (Note) | 16 | Not disclosed (Note) | Not disclosed (Note) |
| Rent revenue - real estate | | | 16 | | |
| Other lease business revenue | | | - | | |
| (ii) Total real estate leasing business expenses | | | 3 | | |
| Taxes and dues | | | 3 | | |
| Outsourcing service expenses | | | 0 | | |
| Utilities expenses | | | - | | |
| Repair expenses | | | - | | |
| Insurance expenses | | | - | | |
| Other expenses related to rent business | | | 0 | | |
| Depreciation and amortization | 86 | 29 | - | 9 | 14 |
| Loss on write-off of noncurrent assets | 0 | - | - | - | 2 |
| (iii) Income from real estate leasing business (= (i) - (ii)) | 408 | 112 | 12 | 29 | 37 |
| (iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets) | 495 | 142 | 12 | 39 | 54 |
| (v) Capital expenditure | 20 | - | - | 1 | 30 |
| (vi) NCF (= (iv) - (v)) | 474 | 142 | 12 | 38 | 23 |

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

(Millions of yen)

| Property No. | T-6 | T-7 | T-8 | T-9 | O-1 |
|---|----------------------------|--|----------------------------------|-------------------------------------|---------------------------|
| Name of real estate, etc. | Komaki Logistics Center II | Fukuoka Hakozaki Futo Logistics Center | Tajimi Logistics Center (Note 1) | Fukuoka Kashiihama Logistics Center | Maebashi Logistics Center |
| Number of days under management | 184 | 184 | 184 | 184 | 184 |
| (i) Total real estate leasing business revenue | | | | | 43 |
| Rent revenue - real estate | | | | | 43 |
| Other lease business revenue | | | | | - |
| (ii) Total real estate leasing business expenses | | | | | 15 |
| Taxes and dues | Not disclosed (Note 2) | Not disclosed (Note 2) | Not disclosed (Note 2) | Not disclosed (Note 2) | 3 |
| Outsourcing service expenses | | | | | 0 |
| Utilities expenses | | | | | - |
| Repair expenses | | | | | 0 |
| Insurance expenses | | | | | 0 |
| Other expenses related to rent business | | | | | 0 |
| Depreciation and amortization | 17 | 26 | 96 | 28 | 10 |
| Loss on write-off of noncurrent assets | - | - | - | - | - |
| (iii) Income from real estate leasing business (= (i) - (ii)) | 12 | 63 | 183 | 72 | 28 |
| (iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets) | 49 | 89 | 279 | 101 | 38 |
| (v) Capital expenditure | 27 | - | - | 12 | - |
| (vi) NCF (= (iv) - (v)) | 21 | 89 | 279 | 89 | 38 |

(Note 1) JLF additionally acquired 25% joint-ownership on November 4, 2014.

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

(Millions of yen)

| Property No. | O-2 | O-3 | O-4 |
|---|------------------------|--------------------------------|-----------------------|
| Name of real estate, etc. | Hanyu Logistics Center | Saitama Kisai Logistics Center | Kazo Logistics Center |
| Number of days under management | 184 | 184 | 184 |
| (i) Total real estate leasing business revenue | 59 | Not disclosed (Note) | Not disclosed (Note) |
| Rent revenue - real estate | 59 | | |
| Other lease business revenue | - | | |
| (ii) Total real estate leasing business expenses | 18 | | |
| Taxes and dues | 3 | | |
| Outsourcing service expenses | 0 | | |
| Utilities expenses | - | | |
| Repair expenses | 0 | | |
| Insurance expenses | 0 | | |
| Other expenses related to rent business | 1 | | |
| Depreciation and amortization | 12 | 35 | 46 |
| Loss on write-off of noncurrent assets | - | - | - |
| (iii) Income from real estate leasing business (= (i) - (ii)) | 41 | 80 | 65 |
| (iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets) | 53 | 116 | 111 |
| (v) Capital expenditure | - | 0 | - |
| (vi) NCF (= (iv) - (v)) | 53 | 116 | 111 |

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

(3) Capital expenditure for assets under management

(i) Scheduled capital expenditure

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

| Name of real estate, etc. (Location) | Purpose | Scheduled period | Estimated construction cost (Millions of yen) (Note) | | |
|---|----------------------------------|------------------|---|------------------------|-------------------|
| | | | Total amount | Payment for the period | Total amount paid |
| Funabashi Logistics Center (Funabashi, Chiba) | Large scale renewal (3rd stage) | July 2015 | 86 | - | - |
| Shinonome Logistics Center (Koto, Kanagawa) | Installment of LED illuminations | May 2015 | 35 | - | - |
| Kawasaki Logistics Center (Kawasaki, Kanagawa) | Installment of LED illuminations | June 2015 | 34 | - | - |
| Other real estate, etc. | - | - | 67 | | |
| Total | | | 271 | | |

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

(ii) Capital expenditure during the fiscal period

The following provides a summary of major construction work applicable to capital expenditure performed during the fiscal period in connection with the real estate, etc. owned by JLF. Capital expenditure for the 19th Period totals 663 million yen. In addition, repair expenses of 169 million yen are classified under operating expenses for the fiscal period.

| Name of real estate, etc. (Location) | Purpose | Period | Amount of expenditure (Millions of yen) (Note) |
|---|---|----------------|--|
| Funabashi Logistics Center (Funabashi, Chiba) | Large scale renewal (2nd stage) | January 2015 | 168 |
| Kawasaki Logistics Center (Kawasaki, Kanagawa) | Renewal of bathrooms and staff kitchens | January 2015 | 75 |
| Funabashi Nishiuara Logistics Center II (Funabashi, Chiba) | Renewal of bathrooms | September 2014 | 42 |
| Other real estate, etc. | - | - | 378 |
| Total | | | 663 |

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

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

Not applicable

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

10 major tenants

The following tenants use the 10 largest areas of real estate owned and leased by JLF as of January 31, 2015.

| Name of tenant | Name of real estate, etc. | Leased area (m ²) | Lease ratio (%) (Note 1) |
|---|--|-------------------------------|--------------------------|
| Nippon Express Co., Ltd. | Tajimi Logistics Center | 118,118.53 | 12.5 |
| | Yokohama Fukuura Logistics Center | | |
| | Kashiwa Logistics Center | | |
| SETTSU WAREHOUSE Co., Ltd. | Daito Logistics Center | 92,730.14 | 9.8 |
| Nakano Shokai co.,ltd. | Tatsumi Logistics Center | 81,206.43 | 8.6 |
| | Fukuoka Hakozaki Futo Logistics Center | | |
| | Narashino Logistics Center II (Note 2) | | |
| | Shinkiba Logistics Center | | |
| Tri-net Logistics Co., Ltd. | Urayasu Chidori Logistics Center | 65,021.32 | 6.9 |
| | Funabashi Nisihira Logistics Center | | |
| | Fukuoka Kashiihama Logistics Center | | |
| Sumitomo Mitsui Finance & Leasing Co., Ltd. | Kashiwa Logistics Center II (land) | 54,418.30 | 5.7 |
| TOMY Company, Ltd. | Ichikawa Logistics Center II (Note 2) | 51,401.57 | 5.4 |
| Ricoh Logistics Systems Co., Ltd. | Osaka Fukuzaki Logistics Center | 47,062.37 | 5.0 |
| | Shin-Koyasu Logistics Center (Note 2) | | |
| Sagawa Global Logistics Co., Ltd. | Kawasaki Logistics Center | 41,630.54 | 4.4 |
| VANTEC CORPORATION | Musashimurayama Logistics Center | 40,884.25 | 4.3 |
| Sagawa Express Co., Ltd. | Shinonome Logistics Center (Note 2) | 35,737.77 | 3.8 |
| | Shin-Koyasu Logistics Center (Note 2) | | |
| | Yokohama Fukuura Logistics Center | | |
| | Hanyu Logistics Center | | |
| | Maebashi Logistics Center | | |
| | Narashino Logistics Center | | |
| Total for all tenants | | 946,819.22 | 100.0 |

(Note 1) Figures are rounded down to the nearest million yen.

(Note 2) The portion of quasi-co-ownership of beneficiary right of real estate in trust is owned, but data pertaining to the entire property (100%) is provided.

Shinonome Logistics Center: 47%

Narashino Logistics Center II: 90%

Ichikawa Logistics Center II: 90%

Shin-Koyasu Logistics Center : 51%