

REIT Financial Report for the Fiscal Period ended January 31, 2014 (The 17th Period)

March 13, 2014

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.
 Representative: Takayuki Kawashima, President
 Contact: Ryota Sekiguchi, Senior Manager, Corporate Planning & Finance Dept

TEL: +81-3-3238-7171

Scheduled date for submission of Securities Report: April 28, 2014

Scheduled date for commencing dividend payments: April 4, 2014

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, % represents change from the previous period)

1. Performance for the Fiscal Period ended January 31, 2014 (The 17th Period from August 1, 2013 to January 31, 2014)

(1) Operating Results

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
The 17 th Period	6,645	10.9	3,446	39.8	3,021	42.1	3,020	42.1
The 16 th Period	5,992	1.8	2,464	(18.5)	2,126	(21.1)	2,125	(21.1)

	Net Income per Unit	Net Income to Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
	Yen	%	%	%
The 17 th Period	3,783	2.8	1.7	45.5
The 16 th Period	2,872	2.1	1.3	35.5

(Note) JLF has conducted 5-for-1 investment unit split, as record date of January 31, 2014 and as effective date of February 1, 2014. For comparison purpose, figures of Net Income per Unit above are calculated assuming the split has occurred at the beginning of the Fiscal Period ended July 31, 2013 (The 16th Period).

(2) Dividends

	Dividends per Unit (including Distributions in excess of earnings)	Dividends per Unit (excluding Distributions in excess of earnings)	Distributions in excess of earnings per Unit	Total Dividends (including Distributions in excess of earnings)	Total Dividends (excluding Distributions in excess of earnings)	Total Dividends of Distributions in excess of earnings	Payout Ratio	Distributions to Net Assets
	Yen	Yen	Yen	Millions of yen	Millions of yen	Millions of yen		
The 17 th Period	18,196	18,196	0	3,020	3,020	0	100.0	2.6
The 16 th Period	17,500	14,362	3,138	2,590	2,125	464	99.9	2.1

(Note 1) The ratio of net asset value reduction at the End of the Fiscal Period ended July 31, 2013 was "0.005" with respect to the payment of distributions in excess of earnings, which is deemed as return of capital. This calculation methodology is pursuant to Article 23, Paragraph 1, Item 3 of the Act on Special Measures Concerning Taxation.

(Note 2) Payout Ratio = Total Dividends (excluding Distributions in excess of earnings)/Net Income x 100 (figures are rounded down to the nearest decimal place)

(3) Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Unit
As of	Millions of yen	Millions of yen	%	Yen
The 17 th Period	193,278	116,579	60.3	140,457
The 16 th Period	171,836	99,685	58.0	134,710

(Note) JLF has conducted 5-for-1 investment unit split, as record date of January 31, 2014 and as effective date of February 1, 2014. For comparison purpose, figures of Net Assets per Unit above are calculated assuming the split has occurred at the beginning of the Fiscal Period ended July 31, 2013 (The 16th Period).

(Reference) Unitholders' equity The 17th Period: 116,579 million yen The 16th Period: 99,685 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 17 th Period	4,265	(30,403)	17,824	8,344
The 16 th Period	3,757	(6,655)	8,805	16,657

2. Forecasts for the Fiscal Period ending July 31, 2014 (The 18th Period from February 1, 2014 to July 31, 2014) and the Fiscal Period ending January 31, 2015 (The 19th Period from August 1, 2014 to January 31, 2015)

(% 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
Fiscal period ending										
The 18 th Period	6,942	4.5	3,531	2.5	3,089	2.3	3,088	2.3	3,720	0
The 19 th Period	7,033	1.3	3,552	0.6	3,106	0.5	3,105	0.5	3,740	0

(Reference) Forecast for net income per unit The 18th Period: 3,720 yen The 19th Period: 3,740 yen

3. 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 17th Period: 166,000 units The 16th Period: 148,000 units

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

The 17th Period: 0 unit The 16th Period: 0 unit

(Note) For the number of investment units serving as the basis of calculation of net income per unit, please refer to "Per Unit Information" on page 27.

* 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, 2014.

* Explanation on the appropriate use of forecasts and other notes

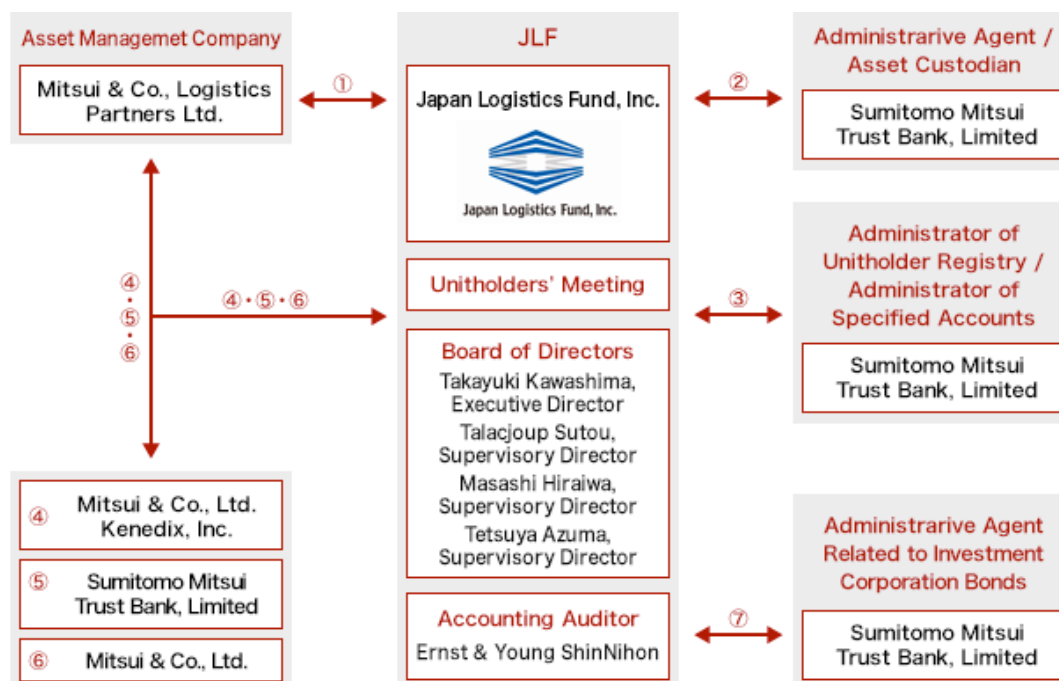
(Note to forward-looking statements)

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 write-off of noncurrent assets.

For notes regarding assumptions on which the forecasts are based and the use of forecasts, please refer to “2. Management Discussions and Analysis (2) Asset Management Status (ii) Outlook for the Next Fiscal Period D. Forecasts” on page 9.

2. JLF has conducted 5-for-1 investment unit split, as record date of January 31, 2014 and as effective date of February 1, 2014. Figures described in “2. Forecasts for the Fiscal Period ending July 31, 2014 (The 18th Period from February 1, 2014 to July 31, 2014) and the Fiscal Period ending January 31, 2015 (The 19th Period from August 1, 2014 to January 31, 2015)” are calculated based on the investment units issued and outstanding of 830,000 units.

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

(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, 2013).

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, 2013).

(2) Asset Management Status

(i) Summary of Results for the Fiscal Period ended January 31, 2014 (The 17th 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).

As of the end of the 17th Period (January 31, 2014), JLF had a total of 36 properties under management (total acquisition price: 192,339 million yen), including four properties such as the Shin-Koyasu Logistics Center that were acquired during the period, and total assets amounted to 193,278 million yen.

B. Investment Environment and Management Performance

During the 17th Period, Japanese economy continued to see a mild recovery as it had in the previous period due to the effects of “Abenomics,” economic policies created by the Abe administration. Investments in the public and housing sectors maintained an upward trend, and personal consumption remained steady amid the improving environment in employment and personal income. The recovery of business confidence, robust domestic demand, and consistent monetary easing by the Bank of Japan resulted in an active J-REIT market, and equity finance by J-REITs in 2013 reached a record high of 1,198.5 billion yen since the founding of the market. In the logistics facilities leasing market, the growth of third party logistics companies (hereinafter, “3PLs”) as well as the internet commerce companies and online supermarkets continued to drive demand for large-scale logistics facilities leasing, and new floor supplies of many large-scale logistics facilities completed in the second half of this fiscal period are considered to have largely been absorbed. As a result, vacancy rates of the logistics facilities in the four major urban areas remained low.

Under these circumstances, JLF implemented a capital increase through public offering in September 2013 for the first time in three years, which enabled JLF to acquire four properties for a total amount of 27,821 million yen. JLF acquired these four quality properties at prices less than their respective appraisal values through unique approaches such as diversifying seller base and acquisition tactics, etc. With respect to existing properties, the construction work of Yachiyo Logistics Center has begun, the next step of JLF’s second OBR (Own Book Redevelopment; redevelopment of properties owned by JLF) project.

C. Capital Procurement

During the 17th Period, JLF procured 16,463 million yen through a capital increase by public offering in order to purchase new properties. As of January 31, 2014, the number of investment units issued and outstanding stood at 166,000 (an increase of 18,000 from the end of the previous fiscal period) and total unitholders’ capital was 113,559 million yen (an increase of 16,000 million yen from the end of the previous fiscal period).

As for interest-bearing debts, JLF raised funds, taking advantage of the favorable fund-raising environment of the J-REIT market, by issuing investment corporation bonds (3,000 million yen) with term of 12 years, the longest term since the Lehman shock. At the same time JLF raised funds through JLF’s first syndicate loan (9,000 million yen). These debt financings enabled JLF to extend the borrowing period and reduce its debt cost.

As a result, total amount of interest-bearing debts and LTV (Loan to Value) (Note 1) as of the end of the 17th Period were 68,200 million yen and 30.4% respectively, and JLF continues to conduct stable financial operations.

JLF holds the highest-level credit rating among all J-REITs and intends to maintain its financial policy of securing a sound balance sheet and adequate liquidity on-hand.

(Note 1) $LTV = \text{Interest-bearing debt} / \text{appraisal value} \times 100$

(Figures are rounded off to the first decimal place)

Credit rating of JLF at the end of the 17th 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 AA
	Long-term bond rating	#2nd unsecured investment corporation bonds AA
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 6,645 million yen, operating income of 3,446 million yen, ordinary income of 3,021 million yen and net income of 3,020 million yen.

In order to take advantage of the application of a special taxation measure under Article 67, Item 15 (Act on Special Measures Concerning Taxation; Act No. 26 of 1957; including revisions enforced thereafter) (hereafter, the “Special Taxation Measures Act”) that allows the maximum amount of distribution of earnings to be treated as a tax-deductible expense, JLF decided to distribute to unitholders the full amount of net income excluding fractions below one yen of the amount of dividends per investment unit. As a result, JLF’s dividend per investment unit was 18,196 yen.

(ii) Outlook for the Next Fiscal Period

A. Recognition of the Environment

Japanese economy is expected to continue on a modest recovery despite last-minute demand and its negative responses to the consumption tax hike. The capital expenditure will track a growth trend and corporate revenues are expected to increase on the back of expanding exports due to a turnaround in overseas economies. In the logistics facility leasing market, demand is expected to further increase, as 3PLs and internet commerce companies have consistently expanded the market, triggered by the increase in the personal spending amid the economic recovery. On the supply side, it is likely that the pace of future supply will decelerate due to a sharp rise in construction costs stemming from the hike in material prices and labor costs. For the time being, however, JLF anticipates that there will be no imminent change in demand and supply balance, as a number of new construction work projects is expected to complete in the next 18 months.

Furthermore, in some districts in the Tokyo Metropolitan area, competition for property acquisitions has gradually become overheated, resulting in higher property prices that have reached levels comparable to those seen during the pre-Lehman shock in 2008. JLF understands that under such a severe purchasing environment, one-to-one negotiated deals based on diversified seller bases and acquisition tactics will be more important than ever, and that it is imperative for the asset management company to have long-term market perspectives.

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 7.1 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 achieving high competitiveness. In order to avoid unnecessary price competition, JLF will work to have 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

Significant subsequent events that took place at JLF after the end of the current fiscal period (January 31, 2014) are described below:

Split of Investment Units

JLF has conducted 5-for-1 investment unit split, as record date of January 31, 2014 and as effective date of February 1, 2014.

<Purpose of Split>

In light of the introduction of "NISA" (Japanese Individual Savings Account) in January 2014, JLF believes that it is important to establish an environment for private investors to make investments more easily by the split.

<Method of Split>

As of the record date of January 31, 2014, each of the investment units owned by the investors on the latest register of unitholders were split on a 5-for-1 basis.

Number of Investment Units to be Increased through the Split

Number of JLF investment units outstanding before the split	:	166,000 units
Number of investment units that will be added through the split	:	664,000 units
Number of JLF investment units outstanding following the split	:	830,000 units
Total number of issuable investment units following the split	:	10,000,000 units

[Reference Information]

< Acquisition of New Property >

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

[M-25 Misato Logistics Center]

Assets to be acquired	The trust beneficiary right of real estate	
Acquisition price	3,873 million yen	
Date of acquisition	March 4, 2014	
Location (address)	480-1 Aza Fukata, Nizo, Misato, Saitama	
Purpose of use	Warehouse and office (Note)	
Site area	10,688.38m ² (Note)	
Total floor area	19,483.06m ² (Note)	
Structure/Story	Steel-frame reinforced concrete and steel-frame construction with alloy coating, galvanized steel sheet roof, 4 stories (Note)	
Date of completion	October 1, 2013 (Note)	
Type of ownership	Land: Ownership	Building: Ownership

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

< Scheduled Acquisition of New Property >

JLF decided to acquire the following properties after the end of the fiscal period and before the date of this Financial Report.

[T-9 Fukuoka Kashiihama Logistics Center]

Assets to be acquired	Trust beneficiary right of real estate	
Acquisition price	2,750 million yen	
Scheduled date of acquisition	March 25, 2014	
Location (address)	2-1-10 Kashiihama Futo, Higashi-ku, Fukuoka	
Purpose of use	Warehouse (Note)	
Site area	8,751.58m ² (Note)	
Total floor area	21,230.78m ² (Note)	
Structure/Story	Steel frame with alloy-plated steel roofing sheet, 5-story building, and other (Note)	
Date of completion	October 30, 2009 (Note)	
Type of ownership	Land: Ownership	Building: Ownership

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

< Investment Corporation bond >

JLF issued the following investment corporation bond after the end of the fiscal period and before the date of this Financial Report.

Name of the bond	Japan Logistics Fund, Inc. #3rd Unsecured Bond (with special pari passu conditions among the specified investment corporation bonds)
Total amount of the bond issue	3,000 million yen
Coupon	1.62%
Subscription period	March 5, 2014
Payment date	March 12, 2014
Collateral	There are no collaterals or guarantees on the bond. There are no assets reserved as security for the bond.
Redemption method and date	The entire amount will be redeemed on March 12, 2029. The bond may be repurchased at any time after the date of payment unless otherwise specified by Japan Securities Depository Center, Inc.
Use of proceeds	Acquisition of the trust beneficiary right of real estate and associated costs

<Debt Financing>

JLF borrowed funds after the end of fiscal period and before the date of this document, as shown below.

Lender	Sumitomo Mitsui Banking Corporation	Sumitomo Mitsui Banking Corporation
Amount borrowed	2,000 million yen	3,000 million yen
Interest rate	0.98875%	1.11375%
Borrowing date	February 25, 2014	February 25, 2014
Maturity date	February 28, 2022	February 28, 2023
Borrowing method / Secured or not	Unsecured/Non-guaranteed	
Repayment method	Lump-sum payment on the maturity date	
Purpose	To refinance the existing loan	

Lender	Sumitomo Mitsui Trust Bank, Limited	Mitsubishi UFJ Trust and Banking Corporation
Amount borrowed	1,500 million yen	1,500 million yen
Interest rate	0.34636%	0.34636%
Borrowing date	March 3, 2014	March 3, 2014
Maturity date	March 12, 2014	March 12, 2014
Borrowing method / Secured or not	Based on the Commitment Line Agreement concluded on August 1, 2012 Unsecured/Non-guaranteed	
Repayment method	Lump-sum payment on the maturity date	
Purpose	Acquisition of the trust beneficiary right of real estate and associated costs	

JLF decided to borrow funds after the end of fiscal period and before the date of this document, as shown below.

Lender	Sumitomo Mitsui Banking Corporation	Nippon Life Insurance Company
Amount borrowed	1,000 million yen	2,500 million yen
Interest rate	To be decided	To be decided
Borrowing date	March 24, 2014	March 24, 2014
Maturity date	February 28, 2017	February 29, 2024
Borrowing method / Secured or not	Unsecured/Non-guaranteed	
Repayment method	Lump-sum payment on the maturity date	
Purpose	Acquisition of the trust beneficiary right of real estate and associated costs	

D. Forecasts

Forecasts for the 18th Period (from February 1, 2014 to July 31, 2014) and the 19th Period (from August 1, 2014 to January 31, 2015) are as follows. Please refer to "Assumptions Underlying the Forecasts for the 18th Period (from February 1, 2014 to July 31, 2014) and the 19th Period (from August 1, 2014 to January 31, 2015)" 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 18 th Period	6,942	4.5	3,531	2.5	3,089	2.3	3,088	2.3	3,720	0
The 19 th Period	7,033	1.3	3,552	0.6	3,106	0.5	3,105	0.5	3,740	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 18th Period (from February 1, 2014 to July 31, 2014) and the 19th Period (from August 1, 2014 to January 31, 2015)

Item	Assumptions																		
Period	<ul style="list-style-type: none"> Fiscal Period ending July 31, 2014: (The 18th Period from February 1, 2014 to July 31, 2014) Fiscal Period ending January 31, 2015 (The 19th Period from August 1, 2014 to January 31, 2015) 																		
Properties owned	<ul style="list-style-type: none"> Forecasts assume a total of 38 properties in the portfolio, including 37 existing properties as of March 13, 2014 and 1 new property scheduled to be acquired thereafter (Fukuoka Kashiihama Logistics Center). No other acquisition/sale of properties is assumed. There may be fluctuation caused by additional acquisition or sale of properties. 																		
Total number of investment units issued	<ul style="list-style-type: none"> Forecasts assume 830,000 units outstanding. 																		
Interest-bearing debt	<ul style="list-style-type: none"> As of March 13, 2014, the balance of JLF's interest-bearing debt was 71.2 billion yen. To procure the acquisition of above mentioned Fukuoka Kashiihama Logistics Center JLF will borrow new debt of 3.5 billion yen. Among the interest-bearing debt of 71.2 billion yen, 5.0 billion yen will come due. The forecast assumes to refinance the 5.0 billion yen with bank loans and cash on hand. Forecasts also assume new borrowings of 2.0 billion yen in the fiscal period ending January 31, 2015 which will be used to partially fund the construction of new buildings under the redevelopment project for Yachiyo Logistics Center. As a result, the balance of interest-bearing debt is projected at 74.7 billion yen at the fiscal period ending July 31, 2014 and 76.7 billion yen at the fiscal period ending January 31, 2015. 																		
Operating revenue	<ul style="list-style-type: none"> The rent revenue is estimated based on the lease contracts in effect as of March 13, 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 Misato Logistics Center acquired on March 4, 2014 and Fukuoka Kashiihama Logistics Center expected to acquire on March 25, 2014, 42 million yen of the property tax and city planning tax will be capitalized in total. 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 1198 1173 1456"> <thead> <tr> <th></th> <th>Fiscal Period ending July 31, 2014</th> <th>Fiscal Period Ending January 31, 2015</th> </tr> </thead> <tbody> <tr> <td>Taxes and dues:</td> <td>598 million yen</td> <td>598 million yen</td> </tr> <tr> <td>Outsourcing services:</td> <td>157 million yen</td> <td>152 million yen</td> </tr> <tr> <td>Repair:</td> <td>128 million yen</td> <td>108 million yen</td> </tr> <tr> <td>Depreciation:</td> <td>1,618 million yen</td> <td>1,654 million yen</td> </tr> <tr> <td>Other:</td> <td>223 million yen</td> <td>251 million yen</td> </tr> </tbody> </table> Expenses other than depreciation and loss on write-offs of noncurrent assets are calculated based on past truck 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 31, 2014	Fiscal Period Ending January 31, 2015	Taxes and dues:	598 million yen	598 million yen	Outsourcing services:	157 million yen	152 million yen	Repair:	128 million yen	108 million yen	Depreciation:	1,618 million yen	1,654 million yen	Other:	223 million yen	251 million yen
	Fiscal Period ending July 31, 2014	Fiscal Period Ending January 31, 2015																	
Taxes and dues:	598 million yen	598 million yen																	
Outsourcing services:	157 million yen	152 million yen																	
Repair:	128 million yen	108 million yen																	
Depreciation:	1,618 million yen	1,654 million yen																	
Other:	223 million yen	251 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. are assumed at 442 million yen for the Fiscal Period Ending July 31, 2014 and 447 million yen for the Fiscal Period Ending January 31, 2015. 																		
Dividends per Unit (Excluding distributions in excess of earnings)	<ul style="list-style-type: none"> Dividends per unit are calculated based on the cash distribution policy defined under the Articles of Incorporation of JLF. 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, 2013).

3. Financial Statements

(1) Balance Sheet

	(Thousands of yen)	
	The 17 th Period (as of January 31, 2014)	The 16 th Period (as of July 31, 2013)
Assets		
Current assets		
Cash and deposits	5,057,043	13,694,895
Cash and deposits in trust	3,584,382	3,038,894
Operating accounts receivable	39,290	50,246
Prepaid expenses	13,840	33,696
Deferred tax assets	15	19
Consumption taxes receivable	421,659	11,096
Income taxes receivable	—	9
Other	45	325
Total current assets	9,116,276	16,829,185
Noncurrent assets		
Property, plant and equipment		
Buildings	6,232,909	6,219,142
Accumulated depreciation	(1,056,739)	(981,820)
Buildings, net	5,176,170	5,237,322
Structures	120,895	120,895
Accumulated depreciation	(34,881)	(31,923)
Structures, net	86,014	88,972
Tools, furniture and fixtures	770	770
Accumulated depreciation	(298)	(241)
Tools, furniture and fixtures, net	471	528
Land	6,391,096	6,391,096
Construction in progress	2,221,581	17,865
Buildings in trust	97,148,571	84,294,969
Accumulated depreciation	(14,663,027)	(13,301,591)
Buildings in trust, net	82,485,544	70,993,378
Structures in trust	2,994,638	2,525,344
Accumulated depreciation	(768,241)	(702,353)
Structures in trust, net	2,226,396	1,822,990
Tools, furniture and fixtures in trust	23,944	22,039
Accumulated depreciation	(11,344)	(9,999)
Tools, furniture and fixtures in trust, net	12,600	12,039
Land in trust	85,161,157	70,156,310
Total property, plant, and equipment	183,761,032	154,720,504
Intangible assets		
Other	3,210	469
Total intangible assets	3,210	469
Investments and other assets		
Investment securities	15,075	-
Long-term prepaid expenses	333,519	254,722
Guarantee deposits	10,010	10,010
Other	2,000	2,000
Total investments and other assets	360,605	266,732
Total noncurrent assets	184,124,847	154,987,705
Deferred assets		
Investment corporation bond issuance costs	37,343	20,003
Total deferred assets	37,343	20,003
Total assets	193,278,468	171,836,894

	(Thousands of yen)	
	The 17 th Period (as of January 31, 2014)	The 16 th Period (as of July 31, 2013)
Liabilities		
Current liabilities		
Operating accounts payable	371,621	591,469
Short-term loans payable	—	8,000,000
Current portion of long-term loans payable	10,000,000	7,000,000
Distribution payable	7,091	8,148
Accrued expenses	676,882	595,051
Income taxes payable	735	752
Advances received	1,166,179	1,037,682
Provision for loss on disaster	355	-
Total current liabilities	12,222,865	17,233,105
Noncurrent liabilities		
Investment corporation bond	11,000,000	8,000,000
Long-term loans payable	47,200,000	41,200,000
Tenant leasehold and security deposits	999,117	1,048,017
Tenant leasehold and security deposits in trust	4,979,435	4,593,827
Long-term deposits received	297,241	76,349
Total noncurrent liabilities	64,475,793	54,918,194
Total liabilities	76,698,659	72,151,299
Net assets		
Unitholders' equity		
Unitholders' capital		
Unitholders' capital, gross	114,023,665	97,559,929
Deduction from unitholders' capital	(464,424)	-
Unitholders' capital	113,559,241	97,559,929
Surplus		
Unappropriated retained earnings	3,020,567	2,125,665
Total surplus	3,020,567	2,125,665
Total unitholders' equity	116,579,808	99,685,594
Total net assets	116,579,808	99,685,594
Total liabilities and net assets	193,278,468	171,836,894

(2) Statement of Income and Retained Earnings

	(Thousands of yen)	
	The 17 th Period (from August 1, 2013 to January 31, 2014)	The 16 th Period (from February 1, 2013 to July 31, 2013)
Operating revenue		
Rent revenue-real estate	6,454,637	5,810,339
Other lease business revenue	190,458	182,457
Distribution revenue of silent partnership	276	-
Total operating revenue	<u>6,645,372</u>	<u>5,992,797</u>
Operating expenses		
Expenses related to rent business	2,544,558	2,946,746
Asset management fee	543,838	477,776
Asset custody fee	18,225	16,175
Administrative service fees	28,048	26,137
Directors' compensations	5,400	5,400
Other operating expenses	59,009	55,901
Total operating expenses	<u>3,199,079</u>	<u>3,528,137</u>
Operating income	<u>3,446,292</u>	<u>2,464,660</u>
Non-operating income		
Interest income	283	294
Interest on securities	324	994
Interest on refund	156	-
Insurance income	2,436	-
Reversal of distribution payable	1,201	1,458
Other	0	270
Total non-operating income	<u>4,401</u>	<u>3,018</u>
Non-operating expenses		
Interest expenses	296,828	264,944
Borrowing related expenses	37,254	34,018
Investment Units Issuance	43,072	-
Interest expenses on investment corporation bond	42,130	37,791
Amortization of investment corporation bond issuance costs	4,509	4,264
Other	5,500	0
Total non-operating expenses	<u>429,295</u>	<u>341,019</u>
Ordinary income	<u>3,021,397</u>	<u>2,126,658</u>
Income before income taxes	<u>3,021,397</u>	<u>2,126,658</u>
Income taxes-current	915	1,004
Income taxes-deferred	4	(3)
Total income taxes	<u>919</u>	<u>1,000</u>
Net income	<u>3,020,478</u>	<u>2,125,658</u>
Retained earnings brought forward	89	7
Unappropriated retained earnings	3,020,567	2,125,665

(3) Statement of Changes in Net Assets

The 17th Period (from August 1, 2013 to January 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	97,559,929	-	97,559,929	2,125,665	2,125,665	99,685,594	99,685,594
Changes of items during the period							
Investment Units Issuance	16,463,736	-	16,463,736	-	-	16,463,736	16,463,736
Distributions in excess of earnings	-	(464,424)	(464,424)	-	-	(464,424)	(464,424)
Dividends from surplus	-	-	-	(2,125,576)	(2,125,576)	(2,125,576)	(2,125,576)
Net income	-	-	-	3,020,478	3,020,478	3,020,478	3,020,478
Total changes of items during the period	16,463,736	(464,424)	15,999,312	894,902	894,902	16,894,214	16,894,214
Balance at the end of period	114,023,665	(464,424)	113,559,241	3,020,567	3,020,567	116,579,808	116,579,808

The 16th Period (from February 1, 2013 to July 31, 2013)

(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	97,559,929	-	97,559,929	2,695,827	2,695,827	100,255,756	100,255,756
Changes of items during the period							
Dividends from surplus	-	-	-	(2,695,820)	(2,695,820)	(2,695,820)	(2,695,820)
Net income	-	-	-	2,125,658	2,125,658	2,125,658	2,125,658
Total changes of items during the period	-	-	-	(570,161)	(570,161)	(570,161)	(570,161)
Balance at the end of period	97,559,929	-	97,559,929	2,125,665	2,125,665	99,685,594	99,685,594

(4) Distribution Information

	(Yen)	
	The 17 th Period (from August 1, 2013 to January 31, 2014)	The 16 th Period (from February 1, 2013 to July 31, 2013)
I. Unappropriated retained earnings	3,020,567,363	2,125,665,362
II. Addition for distributions in excess of earnings		
Deduction from unitholders' capital	-	464,424,000
III. Distributions	3,020,536,000	2,590,000,000
Distributions per unit	18,196	17,500
Distributions of earnings	3,020,536,000	2,125,576,000
Distributions of earnings per unit	18,196	14,362
Distributions in excess of earnings	-	464,424,000
Distributions in excess of earnings per unit	-	3,138
IV. Retained earnings to be carried forward	31,363	89,362
Method of calculation of distributions	<p>The amount of distribution is limited to the amount of income in accordance with the cash distribution policy stipulated in Article 39 (1) of the Articles of Incorporation of JLF, and shall exceed the amount equivalent to 90% of the distributable dividend amount of JLF provided in Article 67.15 of the Act on Special Measures Concerning Taxation. Based on these policies, JLF decided to distribute earnings of 3,020,536,000 yen, which is the maximum multiple of total number of investment units issued 166,000 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>	<p>The amount of distribution is limited to the amount of income in accordance with the cash distribution policy stipulated in Article 39 (1) of the Articles of Incorporation of JLF, and shall exceed the amount equivalent to 90% of the distributable dividend amount of JLF provided in Article 67.15 of the Act on Special Measures Concerning Taxation. Based on these policies, JLF decided to distribute earnings of 2,125,576,000 yen, which is the maximum multiple of total number of investment units issued 148,000 units within the amount of unappropriated retained earnings at the end of period.</p> <p>In addition, JLF determined to distribute 464,424,000 yen as distributions in excess of earnings (refund of capital) to maintain the total amounts of distributions in accordance with its policy of making cash distributions in excess of earnings as stipulated in Article 39(2) of the Articles of Incorporation (Note), because the loss on write-offs of noncurrent assets in relation to the demolition work for the Yachiyo Logistics Center OBR project significantly reduced earnings available for distributions.</p> <p>Since the total distributions (including distributions in excess of earnings) for the 17th Period encompassing the redevelopment of Yachiyo Logistics Center was forecasted as 2,590,000,000 yen in the management plan as of March 2013, in order to stabilize distributions per unit, the amount obtained by deducting distributions of earnings of 2,125,576,000 yen from this forecasted amount was determined as distributions in excess of earnings.</p>

(Note) In cases where the amount of income is less than 90% of the distributable dividend amount or where JLF deems appropriate, JLF can make distributions determined by JLF but not exceeding the amount equivalent to depreciation and amortization during the fiscal period as distributions in excess of earnings. In cases where loss on write-offs of noncurrent assets and other accounting losses arising in relation to redevelopment of properties owned by JLF are expected to significantly reduce earnings available for distributions, JLF can make cash distributions in excess of earnings in order to maintain distributions as it “deems appropriate.”

(5) Statement of Cash Flows

	(Thousands of yen)	
	The 17 th Period (from August 1, 2013 to January 31, 2014)	The 16 th Period (from February 1, 2013 to July 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes	3,021,397	2,126,658
Depreciation and amortization	1,519,546	1,336,837
Investment Units Issuance	43,072	-
Amortization of investment corporation bond issuance costs	4,509	4,264
Interest income	(283)	(294)
Interest on securities	(324)	(994)
Interest expenses	338,958	302,736
Loss on write-offs of noncurrent assets	22,560	354,289
Decrease (increase) in operating accounts receivable	10,956	(4,931)
Decrease (increase) in consumption taxes receivable	(410,562)	(11,096)
Increase (decrease) in consumption taxes payable	-	(34,679)
Increase (decrease) in operating accounts payable	(60,357)	4,833
Increase (decrease) in accrued expenses	55,945	13,643
Increase (decrease) in advances received	128,496	28,217
Other, net	(59,506)	(63,315)
Subtotal	4,614,410	4,056,167
Interest income received	607	1,289
Interest expenses paid	(328,908)	(299,011)
Payments for loss on disaster	(19,963)	-
Income taxes paid	(922)	(730)
Net cash provided by (used in) operating activities	4,265,223	3,757,714
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(2,229,609)	(50,003)
Purchase of property, plant and equipment in trust	(28,492,385)	(6,763,919)
Purchase of Intangible Assets	(2,908)	-
Proceeds from tenant leasehold and security deposits	-	39,600
Repayments of tenant leasehold and security deposits	(48,900)	(65,610)
Proceeds from tenant leasehold and security deposits in trust	905,272	184,884
Repayments of tenant leasehold and security deposits in trust	(519,664)	-
Purchase of investment securities	(15,769)	-
Proceeds from redemption of investment securities	694	-
Net cash provided by (used in) investing activities	(30,403,270)	(6,655,048)
Net cash provided by (used in) financing activities		
Increase from short-term loans payable	41,000,000	8,000,000
Repayments of Short-term Loans payable	(49,000,000)	-
Proceeds from long-term loans payable	11,000,000	7,500,000
Repayment of long-term loans payable	(2,000,000)	(4,000,000)
Proceeds from Investment Units Issuance	16,463,736	-
Payments for Investment Units Issuance	(28,072)	-
Proceeds from Investment Corporation Bond Issuance	3,000,000	-
Payments for Investment Corporation Bond Issuance Expenses	(21,015)	-
Distributions paid	(2,589,856)	(2,694,811)
Net cash provided by (used in) financing activities	17,824,791	8,805,188
Net increase (decrease) in cash and cash equivalents	(8,313,255)	5,907,854
Cash and cash equivalents at the beginning of period	16,657,520	10,749,666
Cash and cash equivalents at the end of period	8,344,265	16,657,520

(6) Notes on Assumption of Going Concern

Not applicable

(7) Summary of Significant Accounting Policies

(i) Standards and method of valuation of securities

Available-for-sale securities

Non-marketable securities

Stated at cost determined by the moving average method

For silent partnership equity interest, the partnership's profit/loss will be prorated based on JLF's holding portion

(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
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Structures	2 to 48 years
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Tools, furniture, and fixtures	2 to 15 years
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B. Intangible assets

The straight-line method is used.

(iii) Accounting for deferred assets

A. Investment Units Issuance

All expensed at the time of cash out

B. Investment corporation bond

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 17th Period, the property tax, etc. were included in the acquisition cost of real estate were 49,959 thousand yen. In the 16th Period, the property tax, etc. included in the acquisition cost of real estate were 35,081 thousand yen.

(v) Definition of cash and cash equivalent in the statement of cash flows

Cash and cash equivalent consists of cash on hand, cash in trust, deposit and deposit in trust which is easily withdrawn, and short-term investment, which is easily convertible into cash, with low risks on price fluctuation and with maturity of redemption at 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 17 th Period (as of January 31, 2014)	The 16 th Period (as of July 31, 2013)
Total amount specified in the commitment line contracts	10,000,000	10,000,000
Loan balance at end of period	-	8,000,000
Outstanding loan commitments at end of period	10,000,000	2,000,000

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

	(Thousands of yen)	
	The 17 th Period (as of January 31, 2014)	The 16 th Period (as of July 31, 2013)
	50,000	50,000

[Notes to Statement of Income and Retained Earnings]

Breakdown of income (loss) from real estate leasing business

	(Thousands of yen)			
	The 17 th Period (from August 1, 2013 to January 31, 2014)		The 16 th Period (from February 1, 2013 to July 31, 2013)	
(i) Real estate leasing business revenue				
Revenue related to rent business				
Rent income	6,270,675		5,689,148	
Land rents received	74,087		16,638	
Facility charges	109,873	6,454,637	104,552	5,810,339
Other lease business revenue				
Parking charges	12,216		17,649	
Utilities charges	164,728		149,754	
Other operating income	13,513	190,458	15,053	182,457
Total real estate leasing business revenue		6,645,095		5,992,797
(ii) Real estate leasing business expenses				
Expenses related to rent business				
Taxes and dues	489,122		490,942	
Outsourcing service expenses	144,670		137,182	
Utilities expenses	180,677		157,894	
Repair expenses	84,185		52,987	
Insurance expenses	22,615		20,918	
Other expenses related to rent business	81,347		45,988	
Depreciation	1,519,379		1,336,767	
Loss on write-offs of noncurrent assets	22,560		704,065	
Total real estate leasing business expenses		2,544,558		2,946,746
(iii) Income (loss) from real estate leasing business				
(i) - (ii)		4,100,537		3,046,050

[Notes to Statement of Changes in Net Assets]

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

	The 17 th Period (from August 1, 2013 to January 31, 2014)	The 16 th Period (from February 1, 2013 to July 31, 2013)
Total number of investment units authorized	2,000,000 units	2,000,000 units
Total number of investment units issued and outstanding	166,000 units	148,000 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 17 th Period (from August 1, 2013 to January 31, 2014)	The 16 th Period (from February 1, 2013 to July 31, 2013)
Cash and deposits	5,057,043	13,694,895
Cash and deposits in trust	3,584,382	3,038,894
Long-term deposits received (Note)	(297,160)	(76,269)
Cash and cash equivalents	8,344,265	16,657,520

(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 17 th Period (from August 1, 2013 to January 31, 2014)	The 16 th Period (from February 1, 2013 to July 31, 2013)
Future lease payments receivable		
Due within one year	12,444,174	10,252,760
Due after one year	64,910,031	52,488,583
Total	77,357,206	62,741,344

[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 loans, or issuing investment corporation bonds for the purpose of securing funds required for acquisition of assets, repair of assets, payments of dividends, operation of JLF, and repayment of other 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 any 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.

Loans payable and investment corporation bonds are used primarily for acquisition of assets and repayment 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.

Tenant leasehold and security deposits are deposits received from tenants and are exposed to liquidity risk associated with the repayment obligation arising when a tenant moves out. JLF strives to mitigate such liquidity risk by securing liquidity on hand, etc. as done with loans payable and investment corporation bonds, as well as manages liquidity risk by preparing cash flow management sheet and other methods.

Investment securities are the equity interests of 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 financial status of the Silent Partnership and environment of the real estate market.

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

(Thousands of yen)

	Amount on the balance sheet	Fair value	Difference
(1)Cash and deposits	5,057,043	5,057,043	-
(2)Cash and deposits in trust	3,584,382	3,584,382	-
Total assets	8,641,426	8,641,426	-
(1)Short-term loans payable	-	-	-
(2)Current portion of long-term loans payable	10,000,000	10,121,410	121,410
(3)Long-term loans payable	47,200,000	47,667,402	467,402
(4)Investment corporation bond	11,000,000	11,080,200	80,200
Total liabilities	68,200,000	68,869,012	669,012

Amounts, fair value and their difference on the Balance Sheet as of July 31, 2013 are as follows;

(Thousands of yen)

	Amount on the balance sheet	Fair value	Difference
(1)Cash and deposits	13,694,895	13,694,895	-
(2)Cash and deposits in trust	3,038,894	3,038,894	-
Total assets	16,733,790	16,733,790	-
(1)Short-term loans payable	8,000,000	8,000,000	-
(2)Current portion of long-term loans payable	7,000,000	7,077,595	77,595
(3)Long-term loans payable	41,200,000	41,648,739	448,739
(4)Investment corporation bond	8,000,000	8,068,800	68,800
Total liabilities	64,200,000	64,795,135	595,135

(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) Short-term loans payable

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.

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

(4) Investment corporation bond

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

(Note) Financial instruments for which fair value is difficult to determine are as follows

The 17th Period (as of January 31, 2014)

	Amount on the balance sheet (Thousands of yen)
Investment securities *	15,075

* JLF does not disclose market value of the Investment securities, for there is no market for these securities and it is extremely hard to determine market value.

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

The 17th Period (as of January 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	5,057,043	-	-	-	-	-
Cash and deposits in trust	3,584,382	-	-	-	-	-
Total	8,641,426	-	-	-	-	-

The 16th Period (as of July 31, 2013)

(Thousands of yen)

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	After 5 years
Cash and deposits	13,694,895	-	-	-	-	-
Cash and deposits in trust	3,038,894	-	-	-	-	-
Total	16,733,790	-	-	-	-	-

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

The 17th Period (as of January 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	10,000,000	-	2,700,000	7,000,000	2,500,000	35,000,000
Investment corporation bond	-	8,000,000	-	-	-	3,000,000
Total	10,000,000	8,000,000	2,700,000	7,000,000	2,500,000	38,000,000

The 16th Period (as of July 31, 2013)

	(Thousands of yen)					
	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	After 5 years
Short-term loans payable	8,000,000	-	-	-	-	-
Long-term loans payable	7,000,000	5,000,000	1,700,000	5,000,000	5,500,000	24,000,000
Investment corporation bond	-	-	8,000,000	-	-	-
Total	15,000,000	5,000,000	9,700,000	5,000,000	5,500,000	24,000,000

[Notes to Investment Securities]

Not applicable to the 17th and 16th Period.

[Notes to Derivatives]

(i) Transactions applicable to hedge accounting

Not applicable to the 17th and 16th Period.

(ii) Transactions not applicable to hedge accounting

Not applicable to the 17th and 16th Period.

[Notes to Retirement Benefits]

Not applicable to the 17th and 16th Period.

[Tax Effect Accounting]

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

	(Thousands of yen)	
	The 17 th Period (as of January 31, 2014)	The 16 th Period (as July 31, 2013)
Deferred tax assets		
Enterprise tax not deductible	15	19
Total deferred tax assets	15	19
Deferred tax assets, net	15	19

(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 17 th Period (as of January 31, 2014)	The 16 th Period (as July 31, 2013)
Effective statutory tax rate	36.59%	36.59%
Adjustments		
Deductible cash distributions	(36.58%)	(36.57%)
Other	0.02%	0.03%
Effective tax rate after applying tax effect accounting	0.03%	0.05%

[Notes to Equity in Earnings of Affiliates]

Not applicable to the 17th and 16th Period, for JLF does not have affiliates.

[Transactions with Related Parties]

(i) Parent company and principal corporate unitholders

Not applicable to the 17th and 16th Period.

(ii) Subsidiaries and affiliates

Not applicable to the 17th and 16th Period.

(iii) Sister companies

Not applicable to the 17th and 16th Period.

(iv) Directors and principal individual unitholders

The 17th Period (from August 1, 2013 to January 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)	738,694 (Note 2) (Note 3)	Accrued expenses	389,118 (Note 3)

(Note 1) This is a transaction executed by Takayuki Kawashima as the 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 194,856 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.

The 16th Period (from February 1, 2013 to July 31, 2013)

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)	523,430 (Note 2) (Note 3)	Accrued expenses	337,175 (Note 3)

(Note 1) This is a transaction executed by Takayuki Kawashima as the 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 45,654 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 17th and 16th 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 17 th Period (from August 1, 2013 to January 31, 2014)	The 16 th Period (from February 1, 2013 to July 31, 2013)
Amount on the Balance Sheet		
Balance at beginning of period	154,702,638	149,479,798
Changes during period	26,836,811	5,222,840
Balance at end of period	181,539,450	154,702,638
Fair value at end of period	224,221,000	194,067,000

(Note 1) The amount on the Balance Sheet is the acquisition cost less accumulated depreciation.

(Note 2) The increase of the lease properties in the 17th Period is mainly by the acquisition of Musashimurayama Logistics center (8,737,230 thousand yen), Kashiwa Logistics center II (land title) (2,526,451 thousand yen), Shin-Koyasu Logistics center (9,784,658 thousand yen) and Tajimi Logistics center (7,244,634 thousand yen). The increase of the lease properties in the 16th Period is mainly by the acquisition of Kashiwa Logistics center (3,780,164 thousand yen) and Fukuoka Hakozaki Futo Logistics center (2,927,520 thousand yen).

(Note 3) The fair value at the end of the fiscal period is the appraisal value provided by an outside real estate appraiser. The book value of Yachiyo Logistics Center on the Balance sheet does not include construction in progress (2,221,581 thousand yen for the 17th Period, 17,865 thousand yen for the 16th Period), as its land appraisal value is included as term-end market value because it is under development.

The income (loss) concerning lease properties, etc. for the 17th and 16th 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 17th Period (from August 1, 2013 to January 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.

The 16th Period (from February 1, 2013 to July 31, 2013)

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
NAKANO SHOKAI 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 17 th Period (from August 1, 2013 to January 31, 2014)	The 16 th Period (from February 1, 2013 to July 31, 2013)
Net assets per unit	140,475 yen	134,710 yen
Net income per unit	3,783 yen	2,872 yen

(Note 1) JLF has conducted 5-for-1 investment unit split, as record date of January 31, 2014 and as effective date of February 1, 2014. For comparison purpose, figures of Net Asset per Unit and Net Income per Unit above are calculated assuming the split has occurred at the beginning of the 16th Period (ended July 31, 2013).

(Note 2) 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 3) The calculation of net income per unit is based on the following.

(Thousands of yen)

	The 17 th Period (from August 1, 2013 to January 31, 2014)	The 16 th Period (from February 1, 2013 to July 31, 2013)
Net income	3,020,478	2,125,658
Amount not attributable to common unitholders	-	-
Net income pertaining to common investment units	3,020,478	2,125,658
Average number of investment units during period	798,260 units	740,000 units

[Notes to Significant Subsequent Events]

Split of Investment Units

JLF has conducted 5-for-1 investment unit split, as record date of January 31, 2014 and as effective date of February 1, 2014.

<Purpose of Split>

In light of the introduction of "NISA" (Japanese Individual Savings Account) in January 2014, JLF believes that it is important to establish an environment for private investors to make investments more easily by the split.

<Method of Split>

As of the record date of January 31, 2014, each of the investment units owned by the investors on the latest register of unitholders were split on a 5-for-1 basis.

Number of Investment Units to be Increased through the Split

Number of JLF investment units outstanding before the split	:	166,000 units
Number of investment units that will be added through the split	:	664,000 units
Number of JLF investment units outstanding following the split	:	830,000 units
Total number of issuable investment units following the split	:	10,000,000 units

(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)

(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.

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, 2014 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, 2014, are as follows.

Title	Name			
President	Takayuki Kawashima			
Director	Isao Kuramoto	Yukio Hishida		
	Makoto Takasugi	Hideyuki Fukuta	Takafumi Arimura	Akihiro Asano
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 17 th Period (as January 31, 2014)		The 16 th Period (as July 31, 2013)	
			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	6,007	3.1	6,033	3.5
		Kinki/Chubu/Kyushu Areas	5,646	2.9	5,684	3.3
		Other Areas	-	0.0	-	0.0
	Subtotal	11,653	6.0	11,717	6.8	
Real estate in trust	Logistics facility	Tokyo Metropolitan Area	137,107	70.9	117,160	68.2
		Kinki/Chubu/Kyushu Areas	23,101	12.0	16,043	9.3
		Other Areas	9,676	5.0	9,780	5.7
	Subtotal	169,885	87.9	142,984	83.2	
Deposits and other assets (Note 5)			11,739	6.1	17,134	10.0
Total assets			193,278	100.0	171,836	100.0

(Note 1) Descriptions under "5. Reference Information" are effective as of January 31, 2014, 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 3,584 million yen for the 17th Period and of 3,038 million yen for the 16th Period, Investment securities of 15 million yen for the 17th Period, Construction in progress of 2,221 million yen for the 17th Period and of 17 million yen for the 16th 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		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
Chubu Area		Nagoya Port area, Komaki-shi, Kasugai-shi, Toyota-shi
Kyushu Area		Fukuoka-shi
Other Areas		Areas where locational advantage can be attained, e.g. close to consumption areas

	The 17 th Period (as January 31, 2014)		The 16 th Period (as July 31, 2013)	
	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	76,698	39.7	72,151	42.0
Total net assets	116,579	60.3	99,685	58.0
Total assets	193,278	100.0	171,836	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. Investment securities other than stocks

(Thousands of yen)

Type	Name	Face Value	Book Value	Interest Receivable	Interest Payable	Market Value (Note 2)	Unrealized Gain/Loss	Remarks
Silent Partnership Agreement	Silent Partnership Equity Interests Logistics Fund III Limited Liability Company as the Proprietor	-	15,075	-	-	15,075	-	(Note 1)
Total		-	15,075	-	-	15,075	-	

(Note 1) Though Logistics Fund III Limited Liability Company invests in silent partnership with Vega Limited Liability Company as a proprietor, its substantive investment target is trust beneficiary right of real estate (Logistics Fund III: Urayasu Logistics Center). Through the acquisition of the Silent Partnership Equity Interests, JLF will obtain preferential negotiation rights concerning the acquisition of trust beneficiary right of real estate, but will not be obliged to acquire if JLF does not want. JLF's interest is 4.3% of the entire investment in the silent partnership.

(Note 2) Book value is noted as market value.

(ii) List of portfolio properties

JLF owns the following real estate, etc.

Property Number	Name of the Logistics Center	Type of Ownership	Acquisition price (Millions of yen) (Note 2)	% of the portfolio (Note 3)	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	Trust beneficiary right of real estate	8,675	4.5	29,556.79	29,556.79	1	100.0	13.0
M-2	Urayasu	Trust beneficiary right of real estate	2,902	1.5	9,543.72	9,543.72	1	100.0	18.3
M-3	Hiratsuka	Trust beneficiary right of real estate	1,466	0.8	11,225.72	11,225.72	1	100.0	21.1 (Note 7)
M-4	Shinkiba	Trust beneficiary right of real estate	2,454	1.3	10,616.80	10,616.80	1	100.0	17.6
M-5	Urayasu Chidori	Trust beneficiary right of real estate	6,000	3.1	31,790.42	31,790.42	1	100.0	13.8
M-6	Funabashi	Trust beneficiary right of real estate	5,700	3.0	35,134.44	35,134.44	2	100.0	7.1
M-7	Funabashi Nishiura II	Trust beneficiary right of real estate	9,330	4.9	73,859.32	73,859.32	1	100.0	11.5

Property Number	Name of the Logistics Center	Type of Ownership	Acquisition price (Millions of yen) (Note 2)	% of the portfolio (Note 3)	Total leasable area (m ²) (Note 4)	Leased area (m ²) (Note 5)	Total number of tenants	Occupancy rate (%)	PML value (%) (Note 6)
M-8	Kawasaki	Trust beneficiary right of real estate	10,905	5.7	41,630.54	41,630.54	1	100.0	14.6
M-9	Narashino	Trust beneficiary right of real estate	1,690	0.9	2,442.87	2,442.87	1	100.0	11.3
M-10	Yokosuka	Trust beneficiary right of real estate	3,305	1.7	21,364.11	13,221.53	1	61.9	22.0 (Note 7)
M-11	Yachiyo	Trust beneficiary right of real estate	1,662 (Note 8)	0.9	-	-	-	0.0	-
M-12	Yokohama Fukuura	Trust beneficiary right of real estate	9,800	5.1	35,882.64	35,882.64	3	100.0	16.3
M-13	Yachiyo II	Trust beneficiary right of real estate	5,300	2.8	32,389.70	32,389.70	1	100.0	7.6
M-14	Urayasu Chidori II	Real estate	1,640	0.9	6,192.80	6,192.80	1	100.0	13.1
M-15	Ichikawa	Real estate	4,550	2.4	18,686.12	18,686.12	1	100.0	11.8
M-16	Shinonome	Trust beneficiary right of real estate	11,800	6.1	16,175.31 (Note 9)	16,175.31 (Note 9)	1	100.0	14.4
M-17	Narashino II	Trust beneficiary right of real estate	7,875	4.1	43,208.86 (Note 9)	43,208.86 (Note 9)	3	100.0	11.1
M-18	Ichikawa II	Trust beneficiary right of real estate	17,415	9.1	66,497.99 (Note 9)	66,497.99 (Note 9)	2	100.0	4.2
M-19	Souka	Trust beneficiary right of real estate	6,360	3.3	21,320.42 (Note 9)	21,320.42 (Note 9)	3	100.0	12.7
M-20	Tatshumi	Trust beneficiary right of real estate	9,000	4.7	29,394.56	29,394.56	1	100.0	14.6
M-21	Kashiwa	Trust beneficiary right of real estate	3,725	1.9	20,546.46	20,546.46	1	100.0	9.7
M-22	Musashimurayama	Trust beneficiary right of real estate	8,650	4.5	40,884.25	40,884.25	1	100.0	11.9
M-23	Kashiwa II (land title)	Trust beneficiary right of real estate	2,500	1.3	54,418.30	54,418.30	1	100.0	-
M-24	Shin-Koyasu	Trust beneficiary right of real estate	9,696	5.0	29,674.47 (Note 9)	28,121.06 (Note 9)	3	94.8	11.4
subtotal for the Tokyo Metropolitan Area			152,400	79.2	682,436.61	672,740.62	33	98.6	-
T-1	Daito	Trust beneficiary right of real estate	9,762	5.1	92,730.14	92,730.14	1	100.0	13.8

Property Number	Name of the Logistics Center	Type of Ownership	Acquisition price (Millions of yen) (Note 2)	% of the portfolio (Note 3)	Total leasable area (m ²) (Note 4)	Leased area (m ²) (Note 5)	Total number of tenants	Occupancy rate (%)	PML value (%) (Note 6)
T-2	Osaka Fukuzaki	Trust beneficiary right of real estate	4,096	2.1	23,726.80	23,726.80	1	100.0	14.1
T-3	Chubu Haruhi (land title)	Real estate	685	0.4	10,457.02	10,457.02	1	100.0	-
T-4	Kadoma	Real estate	989	0.5	7,293.92	7,293.92	1	100.0	13.3
T-5	Komaki	Real estate	2,100	1.1	9,486.45	9,486.45	1	100.0	8.7
T-6	Komaki II	Real estate	1,800	0.9	10,708.41	10,708.41	1	100.0	8.3
T-7	Fukuoka Hakozaiki Futo	Trust beneficiary right of real estate	2,797	1.5	24,463.69	24,463.69	1	100.0	1.0
T-8	Tajimi	Trust beneficiary right of real estate	6,975	3.6	56,703.92 (Note 9)	56,703.92 (Note 9)	1	100.0	10.8
Subtotal for Kinki/Chubu/Kyushu Areas			29,204	15.2	235,573.35	235,570.35	8	100.0	-
O-1	Maebashi	Trust beneficiary right of real estate	1,230	0.6	3,455.53	3,455.53	1	100.0	9.0
O-2	Hanyu	Trust beneficiary right of real estate	1,705	0.9	3,518.58	3,518.58	1	100.0	11.6
O-3	Saitama Kisai	Trust beneficiary right of real estate	4,010	2.1	24,574.40	24,574.40	1	100.0	10.5
O-4	Kazo	Trust beneficiary right of real estate	3,790	2.0	25,130.62	25,130.62	1	100.0	9.5
Subtotal for other Areas			10,735	5.6	56,679.13	56,679.13	4	100.0	-
Portfolio total			192,339	100.0	974,686.09	964,990.10	45	99.0	8.9

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

(Note 2) The acquisition price is indicated with figures below one million yen omitted.

(Note 3) % 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 4) 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 5) 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 6) 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 7) Earthquake insurance is secured as the PML value exceeds 20%.

(Note 8) The figure obtained by deducting 603 million yen corresponding to the building demolished in July 2013 from the contract sales price of 2,266 million yen is indicated.

(Note 9) 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%

(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	682,436.61	70.0	152,400	79.2
Kinki/Chubu/Kyushu Areas	235,570.35	24.2	29,204	15.2
Other Areas	56,679.13	5.8	10,735	5.6
Total	974,686.09	100.0	192,339	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	128,068	66.6
Over 10,000 m ² but 30,000 m ² or less	13	36.1	50,353	26.2
10,000 m ² or less	8	22.2	13,918	7.2
Total	36	100.0	192,339	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	207,349.90	21.5	2,837	21.9
Over 5 years but within 10 years	305,368.76	31.6	4,340	33.5
Over 3 years but within 5 years	93,842.97	9.7	1,074	8.3
Within 3 years (initial agreement)	281,845.41	29.2	3,477	26.8
Within 3 years (automatic renewal)	76,583.06	7.9	1,231	9.5
Total	964,990.10	100.0	12,961	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 17th 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.
- "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.
- 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
Time of commencement	August 1, 2013	August 1, 2013	August 1, 2013	August 1, 2013	August 1, 2013
Time of termination	January 31, 2014	January 31, 2014	January 31, 2014	January 31, 2014	January 31, 2014
Number of days under management	184	184	184	184	184
Book value at end of period	7,004	2,829	1,379	2,265	5,382
Appraised value at end of period	7,040	5,200	1,680	3,190	9,210
DCF method	7,060	5,200	1,710	3,190	9,160
Discount rate	5.1%/5.2%	5.0%	5.5%	4.8%/5.0%	4.7%/4.9%
Terminal capitalization rate	5.4%	5.2% (Note 1)	6.0%	5.3%	5.0%
DC method	7,000	-	1,720	3,190	9,330
Capitalization rate	5.2%	-	5.8%	5.1%	4.8%
Cumulated price	4,570	4,070	1,370	2,410	6,740
(i) Total real estate leasing business revenue		121			
Rent revenue - real estate		121			
Other lease business revenue		-			
(ii) Total real estate leasing business expenses		12			
Taxes and dues	Not disclosed (Note 2)	2	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)
Outsourcing service expenses		1			
Utilities expenses		-			
Repair expenses		0			
Insurance expenses		0			
Other expenses related to rent business		1			
Depreciation and amortization	78	6	10	13	47
Loss on write-off of noncurrent assets	0	-	-	0	-
(iii) Income from real estate leasing business (= (i) - (ii))	198	108	39	64	163
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	276	114	49	78	210
(v) Capital expenditure	4	-	0	3	-
(vi) NCF (= (iv) - (v))	272	114	49	74	210

(Note 1) The terminal value discount rate is provided. Terminal value is calculated based on residual land value method.

(Note 2) 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	Kawasaki Logistics Center	Narashino Logistics Center	Yokosuka Logistics Center
Time of commencement	August 1, 2013	August 1, 2013	August 1, 2013	August 1, 2013	August 1, 2013
Time of termination	January 31, 2014	January 31, 2014	January 31, 2014	January 31, 2014	January 31, 2014
Number of days under management	184	184	184	184	184
Book value at end of period	4,727	8,008	10,100	1,561	3,253
Appraised value at end of period	7,090	12,500	12,100	2,120	2,720
DCF method	7,090	12,500	12,600	2,100	2,750
Discount rate	4.8%/5.0%	4.9%/5.1%	4.8%/5.0%	5.3%	5.4%/5.6%
Terminal capitalization rate	5.2%	5.5%	5.2%	5.3%	6.2%
DC method	7,080	12,400	12,600	2,160	2,640
Capitalization rate	5.0%	5.3%	5.0%	5.1%	6.0%
Cumulated price	3,790	6,380	7,870	1,120	1,510
(i) Total real estate leasing business revenue	224	392	Not disclosed (Note)	60	Not disclosed (Note)
Rent revenue - real estate	207	390		60	
Other lease business revenue	17	2		0	
(ii) Total real estate leasing business expenses	113	154		16	
Taxes and dues	25	21		3	
Outsourcing service expenses	4	3		0	
Utilities expenses	14	-		-	
Repair expenses	6	33		-	
Insurance expenses	0	1		0	
Other expenses related to rent business	0	1		0	
Depreciation and amortization	60	93	71	11	30
Loss on write-off of noncurrent assets	-	0	0	0	-
(iii) Income from real estate leasing business (= (i) - (ii))	111	237	264	44	(82)
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	172	330	336	55	(51)
(v) Capital expenditure	1	0	5	0	4
(vi) NCF (= (iv) - (v))	170	330	330	54	(56)

(Note) 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	Yokohama Fukuura Logistics Center	Yachiyo Logistics Center II	Urayasu Chidori Logistics Center II	Ichikawa Logistics Center
Time of commencement	August 1, 2013	August 1, 2013	August 1, 2013	August 1, 2013	August 1, 2013
Time of termination	January 31, 2014	January 31, 2014	January 31, 2014	January 31, 2014	January 31, 2014
Number of days under management	184	184	184	184	184
Book value at end of period	1,685	8,799	4,631	1,558	4,448
Appraised value at end of period	2,420	10,200	6,450	1,650	4,860
DCF method	2,420	10,200	6,480	1,630	4,840
Discount rate	5.0%	5.4%	5.0%/5.2%	5.0%	5.0%/5.1%
Terminal capitalization rate	5.4%	5.5%	5.6%	5.1%	5.1%
DC method	-	10,200	6,390	1,690	4,910
Capitalization rate	-	5.3%	5.4%	4.9%	4.9%
Cumulated price	2,390 (Note 1)	6,400	3,590	1,340	3,200
(i) Total real estate leasing business revenue	0		193		
Rent revenue - real estate	-		193		
Other lease business revenue	0		-		
(ii) Total real estate leasing business expenses	6		87		
Taxes and dues	6	Not disclosed (Note 2)	14	Not disclosed (Note 2)	Not disclosed (Note 2)
Outsourcing service expenses	-		0		
Utilities expenses	-		0		
Repair expenses	-		-		
Insurance expenses	-		0		
Other expenses related to rent business	0		1		
Depreciation and amortization	-	84	69	16	29
Loss on write-off of noncurrent assets	-	-	-	11	-
(iii) Income from real estate leasing business (= (i) - (ii))	(6)	201	106	(14)	95
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	(6)	286	176	14	124
(v) Capital expenditure	-	-	-	31	-
(vi) NCF (= (iv) - (v))	(6)	286	176	(17)	124

(Note 1) Cumulated price is calculated by summing land value and building value, making some adjustments considering that the building is under construction.

(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
Time of commencement	August 1, 2013	August 1, 2013	August 1, 2013	August 1, 2013	August 1, 2013
Time of termination	January 31, 2014	January 31, 2014	January 31, 2014	January 31, 2014	January 31, 2014
Number of days under management	184	184	184	184	184
Book value at end of period	11,653	7,301	16,762	6,187	8,947
Appraised value at end of period	12,900	8,640	19,800	7,020	9,980
DCF method	12,800	8,680	19,800	7,050	10,000
Discount rate	5.0%	5.1%/5.2%	4.7%/4.8%	4.9%	4.6%/4.8%
Terminal capitalization rate	5.1%	5.3%	5.0%	5.2%	5.0%
DC method	13,000	8,540	19,700	6,950	9,930
Capitalization rate	4.9%	5.1%	4.8%	5.0%	4.8%
Cumulated price	9,000	4,880	15,400	6,650	9,070
(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	82				
Taxes and dues	27				
Outsourcing service expenses	0				
Utilities expenses	-				
Repair expenses	0				
Insurance expenses	0				
Other expenses related to rent business	0				
Depreciation and amortization	53	91	120	65	51
Loss on write-off of noncurrent assets	-	0	0	-	-
(iii) Income from real estate leasing business (= (i) - (ii))	270	142	372	121	202
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	323	234	494	187	253
(v) Capital expenditure	0	3	2	-	-
(vi) NCF (= (iv) - (v))	322	230	491	187	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	T-1
Name of real estate, etc.	Kashiwa Logistics Center	Musashimurayama Logistics Center	Kashiwa Logistics Center II (land)	Shin-Koyasu Logistics Center (Note 1)	Daito Logistics Center
Time of commencement	August 1, 2013	August 1, 2013	September 20, 2013	October 1, 2013	August 1, 2013
Time of termination	January 31, 2014	January 31, 2014	January 31, 2014	January 31, 2014	January 31, 2014
Number of days under management	184	184	134	123	184
Book value at end of period	3,706	8,651	2,526	9,741	9,427
Appraised value at end of period	4,220	9,150	2,530	10,500	17,100
DCF method	4,210	9,180	1,870	10,500	17,600
Discount rate	5.3%	5.0%/5.1%	5.8%	4.4%	5.5%
Terminal capitalization rate	5.7%	5.3%	5.8% (Note 2)	5.0%	5.6%
DC method	4,250	9,080	2,530 (Note 2)	10,600	17,600
Capitalization rate	5.5%	5.1%	5.8% (Note 2)	4.9%	5.4%
Cumulated price	2,600	8,230	1,870 (Note 2)	9,330	10,400
(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 3)	Not disclosed (Note 3)	Not disclosed (Note 3)	Not disclosed (Note 3)	Not disclosed (Note 3)
Outsourcing service expenses					
Utilities expenses					
Repair expenses					
Insurance expenses					
Other expenses related to rent business					
Depreciation and amortization	40	85	-	42	87
Loss on write-off of noncurrent assets	-	-	-	-	0
(iii) Income from real estate leasing business (= (i) - (ii))	90	189	57	139	411
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	131	275	57	182	499
(v) Capital expenditure	-	-	-	-	1
(vi) NCF (= (iv) - (v))	131	275	57	182	498

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

(Note 2) Terminal capitalization rate indicates terminal value discount rate, DC method indicates the value calculated by DCF with fixed-term and its discount rate, and Cumulated price indicates the land value in proportion to the land and land lease right ratio.

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

(Millions of yen)

Property No.	T-2	T-3	T-4	T-5	T-6
Name of real estate, etc.	Osaka Fukuzaki Logistics Center	Chubu Haruhi Logistics Center (land title)	Kadoma Logistics Center	Komaki Logistics Center	Komaki Logistics Center II
Time of commencement	August 1, 2013	August 1, 2013	August 1, 2013	August 1, 2013	August 1, 2013
Time of termination	January 31, 2014	January 31, 2014	January 31, 2014	January 31, 2014	January 31, 2014
Number of days under management	184	184	184	184	184
Book value at end of period	3,599	731	1,074	1,986	1,854
Appraised value at end of period	5,410	821	1,250	1,930	1,590
DCF method	5,410	852	1,260	1,940	1,590
Discount rate	5.3%	5.2%	5.3%/5.5%	5.3%/5.5%	5.2%/5.4%
Terminal capitalization rate	5.4%	5.4%	5.6%	5.6%	5.6%
DC method	5,410	-	1,230	1,910	1,600
Capitalization rate	5.2%	-	5.4%	5.4%	5.4%
Cumulated price	2,670	-	1,210	1,040	1,030
(i) Total real estate leasing business revenue	163	16			
Rent revenue - real estate	163	16			
Other lease business revenue	-	-			
(ii) Total real estate leasing business expenses	60	3			
Taxes and dues	17	3	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)
Outsourcing service expenses	0	0			
Utilities expenses	-	-			
Repair expenses	0	-			
Insurance expenses	0	-			
Other expenses related to rent business	2	0			
Depreciation and amortization	30	-	9	14	17
Loss on write-off of noncurrent assets	8	-	-	-	-
(iii) Income from real estate leasing business (= (i) - (ii))	102	12	28	42	32
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	141	12	38	56	49
(v) Capital expenditure	18	-	1	-	1
(vi) NCF (= (iv) - (v))	123	12	36	56	48

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

(Millions of yen)

Property No.	T-7	T-8	O-1	O-2	O-3
Name of real estate, etc.	Fukuoka Hakozaiki Futo Logistics Center	Tajimi Logistics Center (Note 1)	Maebashi Logistics Center	Hanyu Logistics Center	Saitama Kisai Logistics Center
Time of commencement	August 1, 2013	October 8, 2013	August 1, 2013	August 1, 2013	August 1, 2013
Time of termination	January 31, 2014	January 31, 2014	January 31, 2014	January 31, 2014	January 31, 2014
Number of days under management	184	116	184	184	184
Book value at end of period	2,883	7,189	1,065	1,507	3,593
Appraised value at end of period	3,080	8,030	1,390	1,920	4,340
DCF method	3,100	7,880	1,380	1,900	4,340
Discount rate	5.3%	5.4%	5.7%	5.6%	5.3%/5.5%
Terminal capitalization rate	5.8%	6.1%	5.7%	5.7%	5.7%
DC method	3,040	8,100	1,410	1,950	4,350
Capitalization rate	5.6%	5.7%	5.5%	5.5%	5.5%
Cumulated price	2,860	7,460	626	1,110	2,490
(i) Total real estate leasing business revenue			43	59	
Rent revenue - real estate			43	59	
Other lease business revenue			-	-	
(ii) Total real estate leasing business expenses			18	18	
Taxes and dues	Not disclosed (Note 2)	Not disclosed (Note 2)	3	3	Not disclosed (Note 2)
Outsourcing service expenses			0	0	
Utilities expenses			-	-	
Repair expenses			3	-	
Insurance expenses			0	0	
Other expenses related to rent business			0	0	
Depreciation and amortization	26	54	10	12	36
Loss on write-off of noncurrent assets	-	-	-	0	0
(iii) Income from real estate leasing business (= (i) - (ii))	22	112	25	41	80
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	49	167	35	54	117
(v) Capital expenditure	-	-	0	0	1
(vi) NCF (= (iv) - (v))	49	167	34	53	115

(Note 1) Figures for quasi-co-ownership are indicated. Tajimi Logistics Center:75%

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

(Millions of yen)

Property No.	O-4
Name of real estate, etc.	Kazo Logistics Center
Time of commencement	August 1, 2013
Time of termination	January 31, 2014
Number of days under management	184
Book value at end of period	3,511
Appraised value at end of period	4,190
DCF method	4,220
Discount rate	5.4%
Terminal capitalization rate	5.5%
DC method	4,120
Capitalization rate	5.3%
Cumulated price	2,690
(i) Total real estate leasing business revenue	Not disclosed (Note)
Rent revenue - real estate	
Other lease business revenue	
(ii) Total real estate leasing business expenses	
Taxes and dues	
Outsourcing service expenses	
Utilities expenses	
Repair expenses	
Insurance expenses	
Other expenses related to rent business	
Depreciation and amortization	46
Loss on write-off of noncurrent assets	-
(iii) Income from real estate leasing business (= (i) - (ii))	68
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	114
(v) Capital expenditure	-
(vi) NCF (= (iv) - (v))	114

(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	July 2014	414	-	-
Daito Logistics Center (Daito, Osaka)	Refurbishment of outdoor water supply pipe	July 2014	16	-	-
Kawasaki Logistics Center (Kawasaki, Kanagawa)	Refurbishment of lighting equipment	May 2014	14	-	-
Other real estate, etc.	-	-	60		
Total			505		

(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 17th Period totals 85 million yen. In addition, repair expenses of 84 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)
Osaka Fukuszaki Logistics Center (Osaka, Osaka)	Refurbishment of exterior walls	August 2013	18
Urayasu Chidori Logistics Center II (Urayasu, Chiba)	Refurbishment of air conditioning system	August 2013	17
Urayasu Chidori Logistics Center II (Urayasu, Chiba)	Refurbishment of exterior walls	August 2013	7
Other real estate, etc.	-	-	42
Total			85

(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, 2014.

Name of tenant	Name of real estate, etc.	Leased area (m ²)	Lease ratio (%) (Note 1)
Tri-net Logistics Co., Ltd.	Funabashi Nishiura Logistics Center II	73,859.32	7.7
	Urayasu Chidori Logistics Center	31,790.42	3.3
	Funabashi Nishiura Logistics Center	28,076.16	2.9
	Subtotal	133,725.90	13.9
Nippon Express Co., Ltd.	Tajimi Logistics Center (Note 2)	56,703.92	5.9
	Yokohama Fukuura Logistics Center	21,966.84	2.3
	Kashiwa Logistics Center	20,546.46	2.1
	Subtotal	99,217.22	10.3
SETTSU WAREHOUSE Co., Ltd.	Daito Logistics Center	92,730.14	9.6
Nakano Shokai co.,ltd.	Tatsumi Logistics Center	29,394.56	3.0
	Fukuoka Hakozaki Futo Logistics Center	24,463.69	2.5
	Narashino Logistics Center II (Note 2)	16,731.38	1.7
	Shinkiba Logistics Center	10,616.80	1.1
	Urayasu Chidori Logistics Center II	6,192.80	0.6
	Subtotal	87,399.23	9.1
Sumitomo Mitsui Finance & Leasing Co., Ltd.	Kashiwa Logistics Center II (land title)	54,418.30	5.6
TOMY Company, Ltd.	Ichikawa Logistics Center II (Note 2)	51,401.57	5.3
Ricoh Logistics Systems Co., Ltd.	Osaka Fukuzaki Logistics Center	23,726.80	2.5
	Shin-Koyasu Logistics Center (Note 2)	20,033.80	2.1
	Subtotal	43,760.60	4.5
Sagawa Global Logistics Co., Ltd.	Kawasaki Logistics Center	41,630.54	4.3
VANTEC CORPORATION	Musashimurayama Logistics Center	32,389.70	4.2
Sagawa Express Co., Ltd.	Shinonome Logistics Center (Note 2)	16,175.31	1.7
	Shin-Koyasu Logistics Center (Note 2)	6,338.90	0.7
	Yokohama Fukuura Logistics Center	3,806.58	0.4
	Hanyu Logistics Center	3,518.58	0.4
	Maebashi Logistics Center	3,455.53	0.4
	Narashino Logistics Center	2,442.87	0.3
	Subtotal	29,398.87	3.7
Total for all tenants		964,990.10	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%

Tajimi Logistics Center : 75%