

September 13, 2007

FINANCIAL REPORT FOR THE FOURTH PERIOD ENDED JULY 31, 2007

JAPAN LOGISTICS FUND, Inc. is listed on the Tokyo Stock Exchange with the securities code number 8967. [URL:http://8967.jp](http://8967.jp)
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Scheduled date for submission of annual security report: October 25, 2007
 Scheduled date for commencing dividend payments: October 10, 2007

The financial report has been prepared in accordance with Japanese accounting standards and Japanese law. Figures have been rounded down to eliminate amounts of less than one million yen.

1. PERFORMANCE FOR THE FOURTH FISCAL PERIOD (FEB. 1, 2007- JUL. 31, 2007)

(1) Business Results (Millions in Yen)

	Revenues	Rate of Change	Operating Income	Rate of Change	Ordinary Income	Rate of Change
4 th Period	3,143	0.3%	1,499	-9.3%	1,482	-10.3%
3 rd Period	3,133	9.6%	1,653	5.4%	1,652	6.9%

	Net Income	Rate of Change	Net Income per Unit (Yen)	ROE	ROA	Ordinary Income to Revenues
4 th Period	1,481	-10.3%	13,614	2.1%	2.0%	47.1%
3 rd Period	1,651	6.9%	15,175	2.3%	2.2%	52.7%

(2) Distributions (Millions in Yen)

	Distributions per Unit (Yen)	Total Distributions	Distribution in Excess of Earnings per Unit (Yen)	Total Distribution in Excess of Earnings	Payout Ratio	Distribution Ratio to Unitholders' Equity
4 th Period	13,615	1,481	—	—	100.0%	2.1%
3 rd Period	15,175	1,651	—	—	99.9%	2.3%

Note: The payout ratio is rounded down to the nearest first decimal place.

(3) Financial Position (Millions in Yen)

	Total Asset	Unitholders' Equity	Unitholders' Equity to Total Asset	Unitholders' Equity per Unit (Yen)
4 th Period	75,640	70,846	93.7%	651,165
3 rd Period	75,937	71,016	93.5%	652,725

(4) Cash Flaws (Millions in Yen)

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Cash and Cash Equivalent at the end of the period
4 th Period	2,152	-1,149	-1,649	5,873
3 rd Period	3,490	-859	-1,542	6,519

2. FORECASTS OF RESULTS FOR 5th AND 6th PERIOD (Millions in Yen)

	Revenue	Operating Income	Ordinary Income	Net Income	Distributions per Unit (Yen)	Distribution in Excess of Earnings per Unit (Yen)
5 th Period	3,494	1,724	1,670	1,669	13,650	0
6 th Period	3,741	1,793	1,749	1,748	14,300	0

(Reference) Net income per unit (Yen)

5th Period: 13,650

6th Period: 14,300

3. OTHERS

- (1) Changes in accounting policies
 - ① Changes by amendment of the accounting system: No
 - ② Other changes: No
- (2) The number of units issued and outstanding
 - ① The number of units outstanding totaled 108,800 as of July 31, 2007, and 108,800 as of January 31, 2007.

Japan Logistics Fund, Inc.
Announcement of 4th Fiscal Period Results

Investment Policies and Investment Situation

A. Investment Policies

As a real estate investment trust specializing in logistics centers, Japan Logistics Fund, Inc., is committed to achieving sustained portfolio growth through selective investments in quality logistics center properties. It will manage assets with the view of achieving stable returns over the medium and long term through diversified investments and optimum management.

B. Investment Situation

1. Current Situation for the Period under Review

a) Major trends

Japan Logistics Fund is Japan's first real estate investment trust (REIT) specializing in investments in logistics centers, with a focus on properties in the greater Tokyo area and in the Kinki, Chubu, and Kyushu regions. JLF was established on February 22, 2005, under the Securities Investment Trust Law, with Mitsui & Co., Logistics Partners Ltd. as its founder and asset manager, and was listed on the Tokyo Stock Exchange's REIT section on May 9 of the same year (securities code: 8967).

During the six months ended July 31, 2007, JLF acquired Kadoma Logistics Center. As of the end of July 31, 2007, JLF held 17 properties at a total acquisition value of ¥71,015 million, had total assets of ¥75,640 million, and had 108,800 investment units outstanding.

b) Investment environment and investment results

With the recovery of Japan's economy, investments in real estate have increased. As a result, competition has intensified over the acquisition of real estate in the secondary market. Logistics center properties are growing investable popularity because investors expect the size of the market of logistics center properties to become huge and rediscover the characteristics of logistics center properties that are able to be. This has made the acquisition of logistics center properties as difficult as other type of real estate properties.

JLF works together with Mitsui & Co., Ltd., The Chuo Mitsui Trust and Banking Co., Ltd., and Kenedix, Inc., the shareholders of JLF's asset management company, and utilizes their broad network to collect information on properties and to acquire assets. Such efforts and the benefit of being the first to promote logistics center REITs enabled JLF to acquire its current portfolio of 17 properties at relatively advantageous terms. JLF's tenants include such major logistics companies as the Sagawa Express Group, Yamato Transport Co., Ltd., and Ricoh Logistics System Co., Ltd., as well as group companies of Mitsui & Co., Ltd., like Trinet Logistics Co., Ltd. Portfolio occupancy rate was 98.2% as of the end of 4th fiscal period

c) Fund raising

As of July 31, 2007, investment units outstanding totaled 108,000 units, and unit holders' paid-in capital totaled ¥69.3 billion.

JLF has not relied on debt financing as of the end of the current period under review. However, to allow for flexible fund raising for the acquisition of properties, the company has established short-term uncommitted credit lines of ¥5.0 billion each with Mizuho Corporate Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Banking Corporation, The Chuo Mitsui Trust and Banking Co., Ltd., and The Sumitomo Trust and Banking for a combined total of ¥25.0 billion. In addition, JLF submitted a shelf registration of Japan Logistics Fund bonds on May 25, 2007. In passing, JLF acquired issuer credit ratings of "A1" from Moody's Investors Service and "AA" from Rating and Investment Information, Inc.

d) Business results and cash dividend

As a result, JLF recorded operating revenues of ¥ 3,143 million and operating income of ¥ 1,499 million in 4th fiscal period. Ordinary income was ¥ 1,482 million, and net income came to ¥ 1,481 million.

In order to take advantage of a special measure of the tax code (Article 67 Section 15 of the Special Taxation Measures Law) and to allow for the maximum amount of profit distribution to be treated as a tax-deductible loss, the full amount of unappropriated retained earnings at the end of the current period is to be distributed to unit holders, rounding down the fraction of ¥1 per unit. The resulting cash dividend will be ¥13,615 per unit.

2. Outlook for 5th Fiscal Period (August 1, 2007- January 31, 2008)

a) Operating environment

Japan's economy is foreseen to continue a firm and gradual expansion as the benefits of the recovery spread from the buoyant corporate sector supported by exports to the household sector. In the logistics industry, freight volume accompanying consumption is growing steadily. This together with the ongoing strength of international trade makes it reasonable to conclude that the underlying demand for logistics centers will remain stable.

Logistics companies continue to work vigorously at optimizing overall logistics, and the reengineering, consolidation, and liquidation of domestic logistics infrastructure is giving rise to growing instances of consolidating dispersed regional inventories at large urban logistics centers. The idea of separating ownership from use and management of logistics center properties has become widely accepted, and a growing number of companies are expected to lease new facilities in order to reduce the risk of owning real estate, a non-core asset. Moreover, the growth of third-party logistics companies that provide high-quality full-line logistics services without owning assets is generating new demand for logistics centers. Such changes in the operating environment should increase the value of entities like JLF that own logistics centers on a long-term basis.

However, in the immediate climate for acquiring logistics centers, demand is expected to remain high for real estate investments, and competition with rival companies over the acquisition of logistics center properties is predicted to increase.

b) Future investment policies and pending issues

Under such an investment climate, JLF will aim to achieve stable revenues over the medium to long term based on the following policies:

(1) Management of portfolio properties**• Renewal of lease contracts**

Regarding the renewal of lease contracts, JLF will adhere to the basic policy of the management of properties to provide medium- to long-term leases to existing tenants. JLF will also seek to stabilize revenues by converting current leases to long-term contracts. When an existing tenant decides to leave a property, JLF will engage in leasing activities to maintain occupancy without interruption with the view of upholding profitability.

Lease contracts held by JLF for logistics center properties have an average length of 5.3 years when weighted by annual rent receipts, a figure that promises stable revenues.

• Strengthen tenant relations

By maintaining close contacts with existing tenants, JLF will work to increase their overall satisfaction. More specifically, the company will respond to needs for greater floor area in existing logistics centers, and will also increase their functionality and otherwise renovate them as appropriate in line with tenant needs and industry trends.

• Appropriate maintenance of portfolio properties

JLF will maintain and renovate portfolio properties so that the construct-related expenses remain relatively unchanged over time. Appropriate property management companies will be selected to provide efficient management suited to the characteristics of each property. In addition, JLF will work to optimize the maintenance of portfolio properties by improving the maintenance quality of the asset management company and by standardizing various procedures.

(2) Acquisition of new properties**• Gathering of property information**

To avoid as much as possible, excessive price and acquisition competition with private funds, JLF will make use of the extensive networks of Mitsui & Co., Ltd., The Chuo Mitsui Trust and Banking Co., Ltd., and Kenedix, Inc., the shareholders of JLF's asset management company, to pursue the early acquisition of property information and direct transactions. In addition, the company will endeavor to secure independent ways for information gathering to establish a framework for acquiring properties with even more favorable terms.

• Specifications for new properties

In the acquisition of properties, JLF will base investment decisions on the location and all-purposeness of facilities, which are essential factors for the stable and long-term management of logistics centers. Specifically, the company will avoid acquisitions of specialized structures and facilities suited only to tenants in certain industries. Specifications that satisfy broad-based logistics demand will be the most important decision-making criterion.

• Portfolio diversification

To minimize fluctuations in revenues arising from local events, such as local economic changes or earthquakes, JLF will acquire properties so as to maintain geographical diversification of its portfolio. In order to minimize fluctuations in revenues resulting from tenants leaving properties, the company will work to build a portfolio that is diversified in terms of tenants, tenant industries, and the remaining periods of lease contracts.

(3) Financial strategies

In carrying out financial activities by borrowing from financial institutions and by making public offerings, JLF will give maximum priority to the sustained growth of per investment unit profit, and will maintain a conservative debt ratio. Regarding debt financing, the company will seek to diversify funding sources and methods to reduce refinancing risks and will consider the possibility of issuing bonds or commercial paper. Furthermore, JLF will undertake efficient cash management, by having the lease deposits and security deposits received from trustee banks released in full, for instance, to help fund the acquisition of properties.

Japan Logistics Fund, Inc.
Balance Sheets
As of July 31, 2007 and January 31, 2007

	July 31, 2007 (JPY in thousands)	January 31, 2007 (JPY in thousands)
Assets		
Current Assets:		
Cash and cash equivalent	5,873,225	6,519,422
Tenant receivers	16,203	88,655
Advance payments	31,668	11,057
Deferred tax assets	18	21
Consumption tax refund receivables	7,727	—
Other current assets	—	—
Total Current Assets	5,928,844	6,619,156
Investment Properties:		
Land	34,760,089	34,209,086
Building	36,205,579	35,668,093
Building improvement	1,219,058	1,215,774
Machinery and equipment	6,992	4,135
	72,191,719	71,097,090
Less: accumulated depreciation	(2,491,052)	(1,789,057)
Total Investment Properties, net	69,700,667	69,308,033
Intangible Assets:		
Other intangible assets	503	533
Total Intangible Assets	503	533
Other Assets:		
Deposit	10,000	10,000
Total Other Assets	10,000	10,000
Total Assets	75,640,016	75,937,723

Note: The Sum may not equal the total due to rounding.

Japan Logistics Fund, Inc.
Balance Sheets
As of July 31, 2007 and January 31, 2007

	July 31, 2007 (JPY in thousands)	January 31, 2007 (JPY in thousands)
Liabilities		
Current Liabilities:		
Accounts payable	30,245	112,411
Rent received in advance	310,298	461,696
Accrued expenses and other liabilities	566,507	423,615
Total Current Liabilities	<u>907,052</u>	<u>997,723</u>
Non-current liabilities:		
Tenant leasehold and security deposit	3,886,180	3,923,474
Total Current Liabilities	<u>3,886,180</u>	<u>3,923,474</u>
Total liabilities	<u>4,793,232</u>	<u>4,921,197</u>
Unitholders` Equity:		
Unitholders` capital 2,000,000 units authorized		
108,800 units issued and outstanding	69,365,426	69,365,426
Retained earnings	1,481,357	1,651,099
Total Unitholders` Equity	<u>70,846,783</u>	<u>71,016,525</u>
Total Assets	<u>75,640,016</u>	<u>75,937,723</u>

Note: The Sum may not equal the total due to rounding.

Japan Logistics Fund, Inc.
Statement of Income and Retained Earnings
For the Six Months Ended July 31, 2007
And for the Six Months Ended January 31, 2007

	July 31, 2007 (JPY in thousands)	January 31, 2007 (JPY in thousands)
Revenue:		
Rental revenue	3,054,755	3,039,795
Other income	89,140	93,814
	<u>3,143,896</u>	<u>3,133,609</u>
Operating Expenses:		
Property-related management expenses	1,341,976	1,154,230
Asset management fees	226,262	233,541
Custodian fees	7,556	7,534
General administration fees	38,676	42,019
Other	30,208	42,913
	<u>1,644,679</u>	<u>1,480,239</u>
Operating Income	1,499,216	1,653,370
Non-Operating Revenues:		
Interest income	9,121	5,587
Non-operating revenues	0	4,553
	<u>9,121</u>	<u>10,141</u>
Non-Operating Expenses:		
New investment unit issue costs	24,779	—
Other non-operating expenses	1,272	11,381
	<u>26,051</u>	<u>11,381</u>
Income before Income Taxes		
Current and Deferred Income Taxes	988	1,033
Net Income	<u>1,481,298</u>	<u>1,651,096</u>
Distribution per Unit (Yen)	13,615	15,175

Note: The Sum may not equal the total due to rounding.

Japan Logistics Fund, Inc.
Statements Cash Flows
For the Six Months Ended July 31, 2007
And for the Six Months Ended January 31, 2007

	July 31, 2007 (JPY in thousands)	January 31, 2007 (JPY in thousands)
Cash Flows from Operating Activities:		
Income before income taxes	1,482,286	1,652,130
Depreciation and amortization	708,725	712,096
Offering Cost	24,779	—
Others, net	(63,786)	1,125,816
Net Cash Provided by Operating Activities	2,152,005	3,490,043
Cash Flows from Investing Activities:		
Purchase of property and equipment	(1,111,878)	(752,878)
Proceeds from deposit	3,952	—
Payment for deposit	(41,245)	(107,005)
Net Cash Used in Investing Activities	(1,149,171)	(859,884)
Cash Flows from Financing Activities		
Offering cost	(320)	—
Distribution payment	(1,648,710)	(1,542,027)
Net Cash Provided by Financing Activities	(1,649,030)	(1,542,027)
Net Change in Cash and Cash Equivalent	(646,197)	1,088,131
Cash and cash equivalent at the beginning of the period	6,519,422	5,431,291
Cash and Cash Equivalent at the end of the period	5,873,225	6,519,422

Note: The Sum may not equal the total due to rounding.

Portfolio Information I

No.	Property Name	Location	Year Built	Property Age (Year)	Land Area (㎡)	Gross Rentable Area (㎡)	Occupancy Rate (%)	PML (%)
M-1	Funabashi	Funabashi, Chiba	10/27/93	13.8	16,718	29,556.79	100.0	13.0
M-2	Urayasu	Urayasu, Chiba	10/08/86	20.8	19,136	9,543.72	100.0	18.3
M-3	Hiratsuka	Hiratsuka, Kanagawa	09/21/90	16.9	12,795.97	11,225.72	100.0	21.1
M-4	Tokyo Shinkiba	Shinkiba Tokyo	03/15/93	14.4	5,798.90	10,616.80	100.0	17.6
M-5	Urayasu Chidori	Urayasu, Chiba	01/30/06	1.5	16,421	31,829.55	100.0	13.8
M-6	Funabashi Nishiura	Funabashi, Chiba	01/31/06	1.5	18,192.07	35,322.18	100.0	7.1
M-7	Funabashi Nishiura II	Funabashi, Chiba	12/26/85	21.6	39,686.00	73,859.32	100.0	11.5
M-8	Kawasaki	Kawasaki, Kanagawa	07/14/89	18.1	21,622.41	41,630.54	100.0	14.6
M-9	Narashino	Narashino, Chiba	10/05/05	1.8	14,027.60	2,442.87	100.0	11.3
M-10	Yokosuka	Yokosuka, Kanagawa	07/31/90	17.0	11,790.09	21,364.11	100.0	22.0
M-11	Yachiyo	Yachiyo, Chiba	04/24/72	35.3	29,106.40	17,689.95	100.0	9.1
T-1	Daito	Daito, Osaka	07/31/89	18.0	71,837.28	76,208.70	100.0	16.3
T-2	Osaka Fukuzaki	Osaka, Osaka	10/28/04	2.8	16,576.21	23,726.80	100.0	14.1
T-3	Chubu Haruhi	Nishikasugai, Aichi	-	-	10,457.02	10,457.02	100.0	-
T-4	Kadoma	Kadoma, Osaka	03/26/93	14.4	3,975.60	7,293.92	-	13.3
O-1	Maebashi	Maebashi, Gunma	02/04/05	2.5	16,241.43	3,455.53	100.0	9.0
O-2	Hanyu	Hanyu, Saitama	10/20/05	1.8	20,988.43	3,518.58	100.0	11.6
				13.7(*)	345,370.41	409,742.10	98.2	10.5

Note: Weighted average property age by acquisition price

Portfolio Information II

No.	Property Name	Acquisition Price (million yen)	Share (%)	Appraisal Value (million yen)	DCF Method Cap (%)	Terminal Cap (%)	Direct Cap (%)	Annual Rental Revenue	Share (%)	Number of Tenant(s)
M-1	Funabashi	8,675	12.2	9,980	5.3	5.6	-	949.1	15.5	4
M-2	Urayasu	2,902	4.1	4,160	5.2	-	-	242.4	4.0	1
M-3	Hiratsuka	1,466	2.1	1,990	5.7	6.2	5.9	150.9	2.5	1
M-4	Tokyo Shinkiba	2,454	3.5	3,160	1-3 years: 5.1 4-10 years: 5.3	5.6	5.3	180.6	2.9	1
M-5	Urayasu Chidori	6,000	8.4	9,200	1-6 years: 5.0 7-10 years: 5.2	5.3	5.0	494.8	8.1	1
M-6	Funabashi Nishiura	5,700	8.0	7,160	1-3 years: 5.1 4-10 years: 5.3	5.5	5.2	435.9	7.1	2
M-7	Funabashi Nishiura II	9,330	13.1	11,800	1-9 years: 5.1 10 years: 5.3	5.9	5.6	780.3	12.7	1
M-8	Kawasaki	10,905	15.4	13,200	5.2	5.3	5.0	N.A.	N.A.	1
M-9	Narashino	1,690	2.4	2,050	1-3 years: 5.4 4-10 years: 5.6	5.6	5.3	121.2	2.0	1
M-10	Yokosuka	3,305	4.7	4,130	5.8	6.4	6.1	296.7	4.8	1
M-11	Yachiyo	2,266	3.2	2,600	5.7	6.2	5.9	181.2	3.0	1
T-1	Daito	7,617	10.7	11,300	5.7	5.7	5.4	866.1	14.1	2
T-2	Osaka Fukuzaki	4,096	5.8	5,300	5.6	5.7	5.4	339.8	5.5	1
T-3	Chubu Haruhi	685	1.0	767	5.6	5.9	-	33.2	0.5	1
T-4	Kadoma	989	1.4	1,080	5.6	5.7	5.4	N.A.	N.A.	N.A.
O-1	Maebashi	1,230	1.7	1,320	1-3 years: 5.7 4-10 years: 5.9	5.9	5.6	87.6	1.4	1
O-2	Hanyu	1,705	2.4	1,850	1-3 years: 5.7 4-10 years: 5.9	5.9	5.6	118.8	1.9	1
		71,015	100.0	91,047				6,133.2	100.0	21

Note: Weighted average property age by acquisition price

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