

# REIT Financial Report for the Fiscal Period ended January 31, 2018 (The 25<sup>th</sup> Period)

March 13, 2018

Name of REIT issuer: Japan Logistics Fund, Inc. Stock exchange listing: Tokyo Stock Exchange  
 Security code: 8967 URL: <http://8967.jp/eng>  
 Representative: Keita Tanahashi, Executive Director

Name of asset management company: Mitsui & Co., Logistics Partners Ltd.  
 Representative: Keita Tanahashi, President  
 Contact: Ryota Sekiguchi, Deputy General Manager, Corporate Planning & Finance Dept.  
 TEL: +81-(0)3-3238-7171

Scheduled date for submission of Securities Report: April 26, 2018

Scheduled date for commencing dividend payments: April 6, 2018

IR Material: Will be posted on the website

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

(Figures are rounded down to the nearest million yen)

1. Performance for the Fiscal Period ended January 2018 (The 25<sup>th</sup> Period from August 1, 2017 to January 31, 2018)

(1) Operating Results (% represents change from the previous period)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
	Millions of	%	Millions of	%	Millions of	%	Millions of	%
The 25 <sup>th</sup> Period	8,857	10.8	4,541	11.6	4,049	10.1	4,048	10.1
The 24 <sup>th</sup> Period	7,995	3.2	4,069	2.2	3,678	2.4	3,678	2.4

	Net Income per Unit	Net Income to Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
	Yen	%	%	%
The 25 <sup>th</sup> Period	4,444	3.0	1.6	45.7
The 24 <sup>th</sup> Period	4,179	2.9	1.7	46.0

(2) Dividends

	Dividends per Unit (excluding Distributions in excess of earnings)	Total Dividends (excluding Distributions in excess of earnings)	Distributions in excess of earnings per Unit	Total Distributions in excess of earnings	Payout Ratio	Distributions to Net Assets
	Yen	Millions of yen	Yen	Millions of yen	%	%
The 25 <sup>th</sup> Period	4,376	4,047	0	0	99.9	3.0
The 24 <sup>th</sup> Period	4,180	3,678	0	0	100.0	2.9

(Note) 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
	Millions of yen	Millions of yen	%	Yen
The 25 <sup>th</sup> Period	265,802	138,066	51.9	149,260
The 24 <sup>th</sup> Period	232,405	128,706	55.4	146,257

(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 25 <sup>th</sup> Period	6,895	-29,828	28,259	15,698
The 24 <sup>th</sup> Period	4,659	-24,966	19,394	10,372

2. Forecasts for the Fiscal Period ending July 2018 (the 26<sup>th</sup> Period from February 1, 2018 to July 31, 2018) and the Fiscal Period ending January 2019 (the 27<sup>th</sup> Period from August 1, 2018 to January 31, 2019)

(% 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 26 <sup>th</sup> Period	9,091	2.6	4,555	0.3	4,120	1.8	4,119	1.8	4,450	0
The 27 <sup>th</sup> Period	9,127	0.4	4,608	1.2	4,165	1.1	4,164	1.1	4,500	0

(Reference) Forecast for net income per unit    The 26<sup>th</sup> Period:    4,450 yen                      The 27<sup>th</sup> Period:    4,500 yen

\* Other

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

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

(2) Number of investment units issued and outstanding

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

The 25<sup>th</sup> Period:                      925,000 units                      The 24<sup>th</sup> Period:                      880,000 units

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

The 25<sup>th</sup> Period:                      0 unit                                      The 24<sup>th</sup> 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 28.

\* Explanation on the financial audit

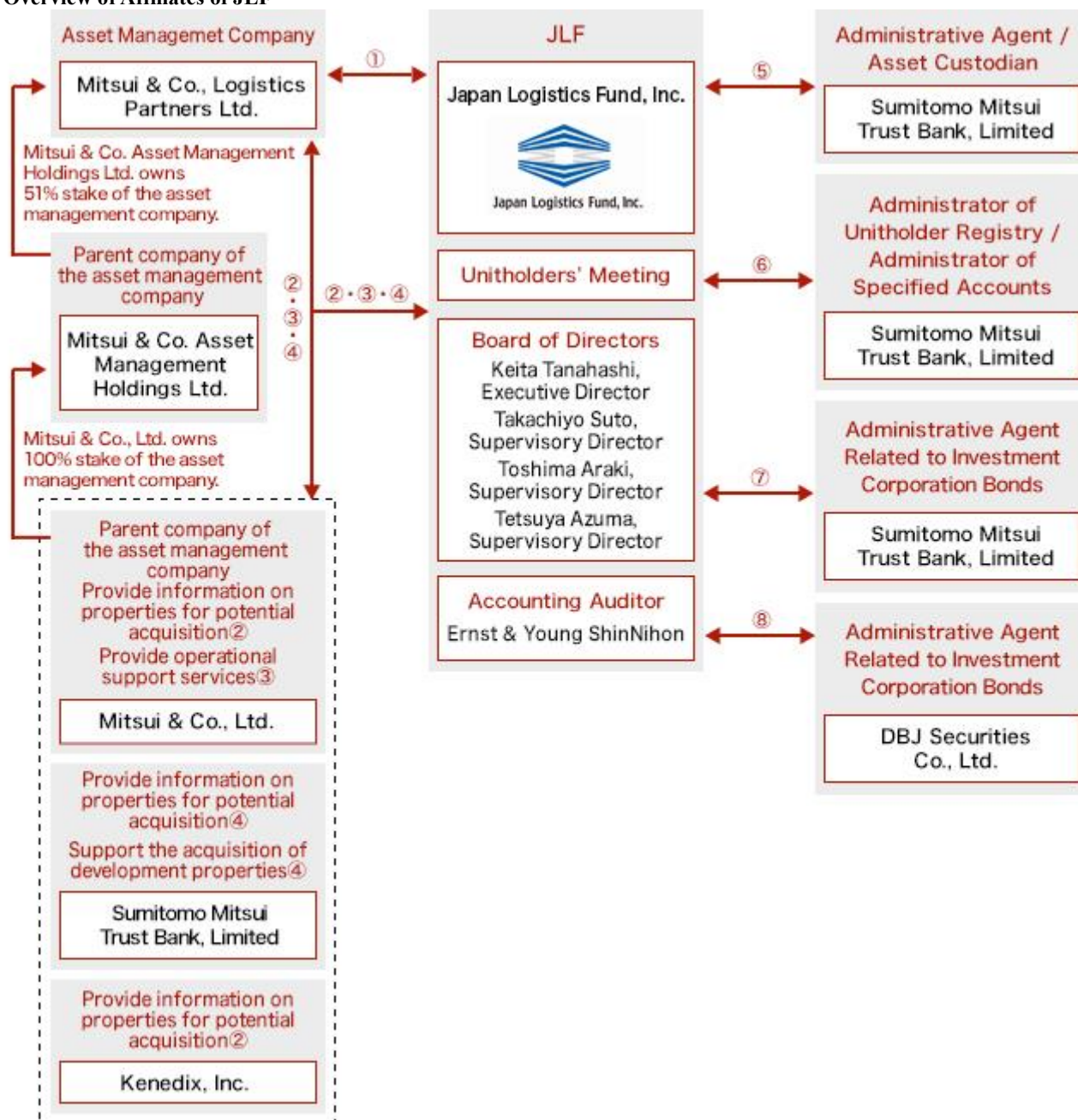
Financial audit procedures in accordance with the Financial Instruments and Exchange Act have not yet finished as of March 13, 2018.

\* Explanation on the appropriate use of forecasts and other notes

(Note to forward-looking statements)

This document contains forecasts and other forward-looking statements based on the information currently available and on certain assumptions judged as rational by the Japan Logistics Fund, Inc. (hereafter referred to as "JLF"), and the actual operating results, etc. may differ significantly from that anticipated by JLF due to various factors. Moreover, the forecasts are not intended to guarantee any amount of dividend distribution and distribution in excess of earnings. For notes regarding assumptions underlying these forecasts, please refer to "2. Management Discussions and Analysis (2) Asset Management Status (ii) Outlook for the Next Fiscal Period D. Forecasts" on page 9.

1. Overview of Affiliates of JLF



- ① Asset Management Agreement
- ② Agreement Related to Support for the Acquisition of Logistics Real Estate
- ③ Basic Agreement Related to Operational Support Service in the Acquisition of Properties
- ④ 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
- ⑤ Agreement for Administration of Unitholder Registry and Specified Accounts
- ⑥ Agreement for Administrative Agent and Asset Custody
- ⑦ Fiscal Agency Agreement
- ⑧ Agreement for Administration of Private Placement and Investment Corporation Bond Registry

- (Note 1) Mitsui & Co. Asset Management Holdings Ltd. (hereinafter referred to as “MAH”) is a wholly-owned subsidiary of Mitsui & Co., Ltd. The equity interest of MAH to JLF increased from 51.0% to 70.0%
- (Note 2) Hereinafter, Mitsui & Co. Ltd., Sumitomo Mitsui Trust Bank, Limited, and Kenedix, Inc., companies that provide information on properties, may individually or collectively called be “sponsor(s).”
- (Note 3) 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 (Japanese) (submitted on October 27, 2017).
- (Note 4) “Agreement Related to Support for the Acquisition of Logistics Real Estate” concluded with Kenedix, Inc. terminated by consent on March 13, 2018.

## 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 (Japanese) (submitted on October 27, 2017).

### (2) Asset Management Status

#### (i) Summary of Results for the Fiscal Period ended January 2018 (The 25<sup>th</sup> Period)

##### A. Background of JLF

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

As of January 31, 2018 (the end of the 25<sup>th</sup> Period), JLF had a total of 45 properties under management with total acquisition price of 267,960 million yen and total assets of 265,802 million yen.

##### B. Investment Environment and Management Performance

During the 25<sup>th</sup> fiscal period under review, the Japanese economy as whole grew modestly due to a gradual increase in consumer spending in response to steady improvements in employment and personal income, a consistent increase in capital expenditure amid an improvement in corporate earnings and business confidence, and a rise in exports on the back of economic growth overseas.

In the logistics properties leasing market, demand for large logistics properties remained strong, primarily due to demand from e-commerce operators as well as food & beverage, apparel, household goods and other retailers. Consequently, the overall vacancy rate declined, leaving facility rents firm in general. Meanwhile, the supply-demand balance remained loose in some areas of the Tokyo Metropolis and the Kinki District, where the supply of new facilities concentrated. Because labor shortages in the logistics industry have become a more serious issue for tenant companies, JLF considers that locational advantages that make securing employment easier continue to be highly important.

In the logistics properties acquisition market, real estate investment trusts (J-REITs) have been stepping up their presence as buyers in the market. Aside from property acquisitions being executed by the existing J-REITs, the market has continued to see acquisition deals closed by some of the investment trusts specializing in logistics properties that are sponsored by real estate developers. Active transactions have been observed in the market. Moreover, the market has seen some development projects executed by new developers. The capitalization rate remained generally low amid the expansionary monetary policy continued by the Bank of Japan.

Under these circumstances, JLF has sought property acquisitions emphasizing a solid cash flow based on the characteristics of individual real estate such as locations, building specifications and others through activities in real estate market as well as JLF's own activities. JLF acquired Yokohama Machida Logistics Center for 25,452 million yen in September 2017 and Takatsuki Logistics Center for 1,559 million yen in October 2017. Furthermore, JLF acquired Kasugai Logistics Center (buildings) in August 2017, the fourth OBR based on cooperative investment with a construction company (Note 1). In September 2017, JLF launched a development project for Yachiyo Logistics Center III (Note 2) with assets to be acquired upon completion. JLF will continue to pursue "stability" and "growth" for dividends per unit through the activities mentioned above.

(Note 1) Following the acquisition of the land on April 23, 2015, JLF acquired the building on August 1, 2017 and changed the name of the property from Kasugai Logistics Center (Land) to Kasugai Logistics Center, effective on the same date.

(Note 2) The sale and purchase agreement for the acquisition of Yachiyo Logistics Center III qualifies as a forward commitment as stipulated in the Comprehensive Guidelines for the Supervision of Financial Instruments Operations and others set by the Financial Services Agency.

##### C. Capital Procurement

In pursuit of "growth" and "stability" in sustainable dividends per unit, JLF aims to reduce debt financing costs by taking advantage of the current low interest rates environment while seeking to achieve stability in its financial foundation.

During the period, JLF raised 8,956 million yen in capital increase through public offering for new property acquisitions, leaving the number of units outstanding at 925,000 units as of the end of the period (up 45,000 units from the end of the preceding period) with 131,780 million yen in unitholders' capital (up 8,956 million yen from the end of the preceding period).

Interest-bearing liabilities included borrowings from some banks (totaling 26,000 million yen), which were used for the acquisition of Yokohama Machida Logistics Center and Takatsuki Logistics Center in August 2017, and for debt repayments that became due. Consequently, JLF achieved a reduction in average debt financing costs and an extension of the debt financing period while diversifying the repayment dates.

As of the end of the 25<sup>th</sup> fiscal period, the total amount of interest-bearing debt stood at 117,700 million yen and the

LTV (Loan to Value) (Note) was 34.9%, thus JLF continues to conduct stable financial operations. JLF intends to continue its financial policy of securing a sound balance sheet and adequate on-hand liquidity.

(Note)  $LTV = \text{Interest-bearing debt} / \text{appraisal value} \times 100$  (figures are rounded off to one decimal place)

#### Credit rating of JLF at the end of the 25<sup>th</sup> Period

Credit Rating Agency	Rating	
Rating and Investment Information, Inc. (R&I)	Issuer rating	AA (Outlook: Negative)
	Long-term bond rating	#2 <sup>nd</sup> unsecured investment corporation bonds #3 <sup>rd</sup> unsecured investment corporation bonds #5 <sup>th</sup> unsecured investment corporation bonds AA
Japan Credit Rating Agency, Ltd. (JCR)	Issuer rating	AA+ (Outlook: Stable)
Moody's Japan K.K. (Moody's)	Issuer rating	A1 (Outlook: Negative)

#### D. Performance and Distributions

As a result of the above, JLF posted operating revenue of 8,857 million yen, operating income of 4,541 million yen, ordinary income of 4,049 million yen and net income of 4,048 million yen.

Based on a special taxation measure under Article 67, Item 15 (Act on Special Measures Concerning Taxation; Act No. 26 of 1957; including revisions enforced thereafter) (hereafter, the "Special Taxation Measures Act") that allows the maximum amount of distribution of earnings to be treated as a tax-deductible expense, JLF decided to distribute to unitholders the full amount of net income excluding fractions below one yen of the amount of dividends per investment unit. As a result, JLF's dividend per investment unit was 4,376 yen.

#### (ii) Outlook for the Next Fiscal Period

##### A. Recognition of the Environment

The Japanese economy is expected to continue to show moderate expansion, given gradually increasing consumer spending associated with continuous improvements in employment and personal income, an expansionary monetary policy and rising expectations for economic growth, accelerated investments relating to the Tokyo 2020 Olympics, growth in capital spending associated with an increase in labor-saving investments in response to labor shortages, and a gradual increase expected in exports with a noticeable recovery in emerging economies on the strength of economic growth expected in the economies of industrialized nations.

However, the management of economic policy in the United States and its impact on the global financial market, developments in emerging economies and resource-rich countries, the ramifications of Brexit and its impact, geopolitical risks and other overseas developments may have a significant impact on the Japanese economy, and thus must be continuously monitored.

In the logistics facilities market in the Tokyo metropolitan area, new supply of facilities is expected to reach a historically high level in 2018. In some areas, there are growing concerns about the supply-demand balance. Meanwhile, demand is expected to show certain growth, given the continuing expansion of the e-commerce market as well as a rising trend in demand becoming more evident for international freight along with a recovery in demand for domestic freight.

Under these circumstances, offered rents are not expected to rise for some time to come, while the pace of growth in vacancy rates is expected to slow in view of the firm demand in the market. JLF believes that the difficulty of securing employment in some area will continue to be a pressure pushing up vacancy rate while steady demand will remain to be seen in facility locations where securing employment is easier.

Given this situation, JLF believes that it will be critically important to achieve external growth with balanced investment strategies involving not only large-scale multi-tenant logistics facilities that have been increasingly supplied to the market recently, but also single logistics facilities that can accommodate a range of tenant requirements in terms of location advantages and facility specifications.

JLF will consistently pursue "growth" and "stability" in dividends per unit, ensuring that it generates cash flows commensurate with the attributes of individual properties. As part of this strategy, JLF acquired Kashiwa Logistics Center II (building) for 1,295 million yen and Sendaiko-kita Logistics Center for 1,600 million yen in March 2018. Furthermore, JLF resolved to acquire Shiroy Logistics Center (Note) in February 2018. By leveraging more than 12 years' asset management experience, JLF will continue to pursue "growth" and "stability" in dividends per unit by acquiring properties at "appropriate prices," paying special attention to cash flow stability.

(Note) The sale and purchase agreement for the acquisition of Shirai Logistics Center qualifies as a forward commitment as stipulated by the Comprehensive Guidelines for the Supervision of Financial Instruments Operations and others set by the Financial Services Agency.

## B. Future Asset Management Policies and Issues to be Addressed

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

### (a) Operational management of portfolio properties

- Leasing management

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

The properties currently held by JLF have an average leasing period of 5.9 years when calculated on a weighted average basis using annual rent, indicating that JLF will continue to earn stable income.

- Strengthening of tenant relations

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

- Appropriate property maintenance and additional investment

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

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

### (b) Acquisition of new properties

- Sourcing of property information

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

- Specifications of properties for acquisition

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

- Diversification of portfolio

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

### (c) Financial strategy

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

C. Significant Subsequent Events

Investment Unit Buyback Program

Board of Directors of JLF has resolved the investment unit buyback program based on Article 80-2 of the Investment Trust Act applied pursuant to Article 80-5, Paragraph 2 of the Investment Trusts Act. After the completion of the buyback program, JLF plans to cancel all owned investment units in Fiscal Period Ending July 31, 2018 (26<sup>th</sup> Fiscal Period).

1.Reasons for the Investment Unit Buyback Program

After comprehensively examining the level of investment unit price, financial position, and market conditions, etc. JLF has concluded that improving capital efficiency and returns to unitholders through this buyback program and cancellations of owned investment units will contribute to the growth of unitholder value over the medium to long term.

2.Details of Matters concerning the Buyback Program

Planned total number of investment units for this buyback program	: Up to 11,000 units
Planned total amount of investment units for this buyback program	: Up to 2.5 billion yen
Buyback period	: From March 14, 2018 to June 29, 2018
Method of the buybacks	: Purchasing from the market, Tokyo Stock Exchange, based on discretionary investment contract with a broker

(Reference Information)

JLF estimates the impacts on forecasted DPUs after considering the buyback program as described below. Regarding the assumptions underlying the forecasts, please refer to "Assumptions Underlying the Forecasts for the 26<sup>th</sup> Period (from February 1, 2018 to July 31, 2018) and the 27<sup>th</sup> Period (from August 1, 2018 to January 31, 2019)" on page 9.

	The 26 <sup>th</sup> Period (Fiscal Period ending July 2018)	The 27 <sup>th</sup> Period (Fiscal Period ending January 2019)
Expected Net Income	4,119 million yen	4,164 million yen
(a) DPU forecasts (without considering this buyback program)	4,450 yen	4,500 yen
(b) Adjusted DPU forecasts (with considering this buyback program)	4,500 yen	4,560 yen
Impact on DPU forecasts ((b)-(a))	+50 yen	+60 yen

## [Reference Information]

## &lt; Acquisition of new properties &gt;

JLF acquired the following property after the end of the fiscal period up until the date of this Report.

## [M-23 Kashiwa Logistics Center II (Building)]

Asset type	Trust beneficiary right of real estate (building only) (Note 1)
Acquisition price	1,295 million yen
Date of delivery	March 1, 2018
Location	1823-1 Fujigaya, Kashiwa, Chiba and Others
Usage	Factory (Note 2)
Site area	54,418.30m <sup>2</sup> (Note 2)
Total floor area	50,126.79m <sup>2</sup> (Note 2)
Structure/Story	Steel-frame 3-story building with steel sheet roof (Note 2)
Date of completion	March 10, 1989 and other (Note 2)
Type of ownership	Building: Ownership

(Note 1) Trust beneficiary right of real estate which put Kashiwa Logistics Center II (Building) into trust property, and Trust beneficiary right of real estate which put the Land (hereafter referred to as the "Land") of Kashiwa Logistics Center II (Building) (hereafter referred to as the "Building") into trust property acquired on September 20, 2013 are the different trust properties that have same trustee. Upon acquisition of the Building on March 1, 2018, JLF renamed the property, together with the Land, from "Kashiwa Logistics Center II (Land)" and "Kashiwa Logistics Center II (Building)" to "Kashiwa Logistics Center II" as of the same date.

(Note 2) The outline shown here is based on the real estate registry, and may differ from the present state.

## [O-5 Sendaiko-kita Logistics Center]

Asset type	Real estate
Acquisition price	1,600 million yen
Date of delivery	March 1, 2018
Location	4-15-12 Minato, Miyagino-ku, Sendai, Miyagi
Usage	Warehouse, office (Note 1)
Site area	27,861.73m <sup>2</sup> (Note 2)
Total floor area	9,638.24m <sup>2</sup> (Note 1)
Structure/Story	Steel frame 2-story building with alloy-plated steel sheet roof (Note 1)
Date of completion	March 2, 2006 (Note 1)
Type of ownership	Land: Ownership, land lease right (Note 2)   Building: Ownership

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

(Note 2) The area shown here is the total of the area recorded in the real estate register for the owned land and the area specified in the agreement for the leased land. The land lease right relating to the leased land is for the purpose of the passage of vehicles and is not classed as a land lease right for the purpose of building ownership.

## &lt; Properties to be acquired &gt;

JLF has decided to acquire the following assets after the end of the period up until the date of this report.

## [M-34 Shiroy Logistics Center] (Note 1)

Asset type	Real estate
Acquisition price	4,052 million yen (Note 2)
Date of delivery	To be decided (Note 3)
Location	98 Naka, Shiroy, Chiba
Usage	Warehouse (Expected) (Note 4)
Site area	14,319.45m <sup>2</sup> (Note 5)
Total floor area	25,653.78 m <sup>2</sup> (Expected) (Note 4)
Structure/Story	Steel frame 3-story building (Expected) (Note 4)
Date of completion	May 2019 (Expected) (Note 6)
Type of ownership	Land: Ownership (Expected)   Building: Ownership (Expected)

(Note 1) The purchase agreement (Shiroy Logistics Center), corresponds to the forward commitment, etc. stipulated in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." set by the Financial Services Agency.

(Note 2) The figure indicates the purchase price stated in the purchase agreement. Such purchase price may change in the future as the purchase agreement specifies that if contract prices and other costs for development of the Property fluctuate in the period up to and including the date of delivery of the property, the purchase price shall be changed accordingly.

(Note 3) The Property is a development property that has yet to be completed, and the date of delivery of the property will be a date no later than the date on which one year has elapsed from the date of application for building preservation registration and shall be a date designated separately by JLF (or if a date has been agreed separately by JLF and JA Mitsui Leasing Tatemono Co., Ltd., such agreed date).



- (Note 4) The information shown here is based on the building certification application form for the Property and may change in the future.  
 (Note 5) The outline shown here is based on the real estate registry, and may differ from the present state.  
 (Note 6) The date of the completion shown here is based on the plan as of the date of this report. This date of the completion may be changed in the future.

<Loans >

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

Lender	The Bank of Tokyo Mitsubishi UFJ, Ltd.
Amount borrowed	2,500 million yen
Interest rate	0.29000%
Date of borrowing	February 27, 2018
Repayment date	February 28, 2022
Borrowing method/security	Unsecured and non-guaranteed
Repayment method	Lump-sum repayment on due date
Use of funds	To repay existing loan

D. Forecasts

Forecasts for the Fiscal Period ending July 2018 (The 26<sup>th</sup> Period from February 1, 2018 to July 31, 2018) and the Fiscal Period ending January 2019 (The 27<sup>th</sup> Period from August 1, 2018 to January 31, 2019) are as follows. Please refer to "Assumptions Underlying the Forecasts for the 26<sup>th</sup> Period (from February 1, 2018 to July 31, 2018) and the 27<sup>th</sup> Period (from August 1, 2018 to January 31, 2019)" 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 26 <sup>th</sup> Period	9,091	2.6	4,555	0.3	4,120	1.8	4,119	1.8	4,450	0
The 27 <sup>th</sup> Period	9,127	0.4	4,608	1.2	4,165	1.1	4,164	1.1	4,500	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.

Assumptions Underlying the Forecasts for the 26<sup>th</sup> Period (fiscal period ending July 2018) and the 27<sup>th</sup> Period (fiscal period ending January 2019)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>Fiscal Period Ending July 31, 2018: February 1, 2018 to July 31, 2018</li> <li>Fiscal Period Ending January 31, 2019: August 1, 2018 to January 31, 2019</li> </ul>
Properties owned	<ul style="list-style-type: none"> <li>Forecasts assume a total of 46 properties in the portfolio as of March 13, 2018. No other acquisitions and sales of properties is assumed until January 31, 2019.</li> <li>There may be fluctuation caused by additional acquisitions or sales of properties.</li> </ul>
Total number of investment units issued	<ul style="list-style-type: none"> <li>The number of investment units issued as of March 13, 2018 is 925,000 units, assuming there will not be any additional issuance of new investment units or buyback/cancellation of own investment units.</li> <li>Moreover, the number of units outstanding after considering the buyback program described in "2. Management Discussions and Analysis (2) Asset Management Status (ii) Outlook for the Next Fiscal Period C. Significant Subsequent Events" comprised 914,000 units, which is the number of own investment units were acquired until the planned total number of investment units for this buyback program (11,000 units) and then cancelled. It is also assumed that there will be no additional issuance of new investment units or buyback/cancellation of own investment units other than this present buyback/cancellation of own investment units until January 31, 2019.</li> </ul>
Interest-bearing debt	<ul style="list-style-type: none"> <li>The interest-bearing debt outstanding as of March 13, 2018 is 117,700 million yen. It is assumed to remain at the same level during the fiscal period ending July 31, 2018 and the fiscal period ending January 31, 2019.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>The rent revenue is estimated based on the lease contracts in effect as of March 13, 2018 and taking into account the fluctuation factors such as the market environment and rent levels based on negotiations with lessees.</li> </ul>

Item	Assumptions																		
Operating expenses	<ul style="list-style-type: none"> <li>• Generally, in real estate transactions, property tax and city planning tax are prorated based on the period of ownership with the previous holder and settled at the time of acquisition. JLF capitalizes the amount of settlement as part of the acquisition cost. With respect to Kashiwa Logistics Center II (building) and Sendaiko-kita Logistics Center due to be acquired on March 1, 2018, the property tax and city planning tax of approximately 23 million yen will be capitalized.</li> <li>• Breakdown of expenses related to the rent business, which comprise the core part of operating expenses, is as follows. <table border="0" style="margin-left: 40px; width: 100%;"> <thead> <tr> <th></th> <th style="text-align: center;">Fiscal Period Ending July 31, 2018</th> <th style="text-align: center;">Fiscal Period Ending January 31, 2019</th> </tr> </thead> <tbody> <tr> <td>Taxes and dues:</td> <td style="text-align: right;">815 million yen</td> <td style="text-align: right;">815 million yen</td> </tr> <tr> <td>Outsourcing services:</td> <td style="text-align: right;">244 million yen</td> <td style="text-align: right;">246 million yen</td> </tr> <tr> <td>Repair:</td> <td style="text-align: right;">186 million yen</td> <td style="text-align: right;">181 million yen</td> </tr> <tr> <td>Depreciation:</td> <td style="text-align: right;">2,061 million yen</td> <td style="text-align: right;">2,044 million yen</td> </tr> <tr> <td>Other:</td> <td style="text-align: right;">337 million yen</td> <td style="text-align: right;">337 million yen</td> </tr> </tbody> </table> </li> <li>• Expenses other than depreciation and loss on write-offs of noncurrent assets are calculated based on past track records with expense fluctuation factors taken into account.</li> <li>• 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.</li> <li>• Depreciation is calculated using the straight-line method, with considering incidental expenses and additional capital expenditure for the future.</li> </ul>		Fiscal Period Ending July 31, 2018	Fiscal Period Ending January 31, 2019	Taxes and dues:	815 million yen	815 million yen	Outsourcing services:	244 million yen	246 million yen	Repair:	186 million yen	181 million yen	Depreciation:	2,061 million yen	2,044 million yen	Other:	337 million yen	337 million yen
	Fiscal Period Ending July 31, 2018	Fiscal Period Ending January 31, 2019																	
Taxes and dues:	815 million yen	815 million yen																	
Outsourcing services:	244 million yen	246 million yen																	
Repair:	186 million yen	181 million yen																	
Depreciation:	2,061 million yen	2,044 million yen																	
Other:	337 million yen	337 million yen																	
Non-Operating Expenses	<ul style="list-style-type: none"> <li>• Non-operating expenses including interest expenses and interest expenses on investment corporation bonds, etc. are assumed at 436 million yen for the fiscal period ending July 31, 2018 and 443 million yen for the fiscal period ending January 31, 2019.</li> </ul>																		
Dividends per Unit (Excluding distributions in excess of earnings)	<ul style="list-style-type: none"> <li>• Dividends per unit are calculated based on the cash distribution policy defined under the Articles of Incorporation of JLF.</li> <li>• The amount of dividends per unit may fluctuate, due to various factors such as acquisitions and sales of assets, fluctuations in rent income caused by tenant movements, unforeseeable repairs incurred, interest rate fluctuations and the issuance of new investment units.</li> </ul>																		
Distributions in Excess of Earnings per Unit	<ul style="list-style-type: none"> <li>• JLF does not plan any distributions in excess of earnings at this moment.</li> </ul>																		
Other	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The forecasts assume that no material unforeseeable changes occur with regard to the general economic trends and real estate market conditions.</li> </ul>																		

## (3) Investment risks

For details of risks related to repayment of the loans, please refer to “Investment Risks” described on a Securities Report (Japanese) submitted on October 27, 2017.

## 3. Financial Statements

## (1) Balance Sheet

(Thousands of yen)

	The 25 <sup>th</sup> Period (as of January 31, 2018)	The 24 <sup>th</sup> Period (as of July 31, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	11,579,078	6,485,871
Cash and deposits in trust	4,312,223	4,077,853
Operating accounts receivable	406,408	361,403
Prepaid expenses	14,473	35,448
Deferred tax assets	25	8
Consumption taxes receivable	493,523	846,627
Other	26	19,479
Total current assets	16,805,760	11,826,692
Non-current assets		
Property, plant and equipment		
Buildings	12,696,590	9,329,922
Accumulated depreciation	-1,880,807	-1,713,308
Buildings, net	10,815,783	7,616,613
Structures	328,741	258,219
Accumulated depreciation	-73,498	-65,226
Structures, net	255,243	192,993
Tools, furniture and fixtures	770	770
Accumulated depreciation	-655	-634
Tools, furniture and fixtures, net	114	135
Land	9,037,687	8,047,890
Buildings in trust	129,023,054	119,896,310
Accumulated depreciation	-24,788,545	-23,052,310
Buildings in trust, net	104,234,508	96,843,999
Structures in trust	3,570,570	3,454,431
Accumulated depreciation	-1,160,943	-1,096,343
Structures in trust, net	2,409,627	2,358,088
Tools, furniture and fixtures in trust	27,983	27,983
Accumulated depreciation	-18,289	-17,531
Tools, furniture and fixtures in trust, net	9,693	10,451
Land in trust	121,931,262	105,222,288
Total property, plant and equipment	248,693,922	220,292,460
Intangible assets		
Other	1,356	1,753
Total intangible assets	1,356	1,753
Investments and other assets		
Long-term prepaid expenses	211,308	218,261
Guarantee deposits	10,020	10,020
Derivatives	26,620	-
Other	2,000	2,000
Total investments and other assets	249,948	230,281
Total non-current assets	248,945,227	220,524,495
Deferred assets		
Investment corporation bond issuance costs	51,886	54,669
Total deferred assets	51,886	54,669
Total assets	265,802,874	232,405,858

(Thousands of yen)

	The 25 <sup>th</sup> Period (as of January 31, 2018)	The 24 <sup>th</sup> Period (as of July 31, 2017)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	737,747	308,163
Current portion of long-term loans payable	2,500,000	5,500,000
Distribution payable	7,649	7,425
Accrued expenses	874,734	762,525
Income taxes payable	1,131	781
Advances received	1,558,566	1,435,836
Deposits received	21,459	64,379
Total current liabilities	5,701,289	8,079,111
Non-current liabilities		
Investment corporation bond	9,700,000	9,700,000
Long-term loans payable	105,500,000	79,500,000
Tenant leasehold and security deposits	1,113,480	1,028,710
Tenant leasehold and security deposits in trust	5,460,002	5,124,729
Long-term deposits received	253,078	251,783
Derivatives liabilities	8,824	14,865
Total non-current liabilities	122,035,385	95,620,089
Total liabilities	127,736,674	103,699,200
Net assets		
Unitholders' equity		
Unitholders' capital		
Unitholders' capital, gross	132,245,145	123,288,165
Deduction from unitholders' capital	-464,424	-464,424
Unitholders' capital, net	131,780,721	122,823,741
Surplus		
Voluntary retained earnings		
Reserve for reduction entry of special provisions of replaced property	※ 2 2,219,363	※ 2 2,219,363
Total voluntary retained earnings	2,219,363	2,219,363
Unappropriated retained earnings (undisposed loss)	4,048,318	3,678,418
Total surplus	6,267,682	5,897,782
Total unitholders' equity	138,048,403	128,721,523
Valuation and translation adjustments		
Deferred gains or losses on hedges	17,795	-14,865
Total valuation and translation adjustments	17,795	-14,865
Total net assets	※ 3 138,066,199	※ 3 128,706,658
Total liabilities and net assets	265,802,874	232,405,858

## (2) Statement of Income and Retained Earnings

(Thousands of yen)

	The 25 <sup>th</sup> Period (from August 1, 2017 to January 31, 2018)	The 24 <sup>th</sup> Period (from February 1, 2017 to July 31, 2017)
Operating revenue		
Lease business revenue	※ 1 8,579,901	※ 1 7,782,207
Other lease business revenue	※ 1 277,971	※ 1 212,920
Total operating revenue	8,857,873	7,995,128
Operating expenses		
Expenses related to rent business	※ 1 3,466,923	※ 1 3,162,253
Asset management fee	720,738	642,174
Asset custody fee	25,194	21,883
Administrative service fees	36,053	33,816
Directors' compensations	5,400	5,400
Other operating expenses	62,017	59,694
Total operating expenses	4,316,327	3,925,221
Operating profit	4,541,545	4,069,906
Non-operating income		
Interest income	23	22
Interest on refund	1,959	-
Insurance income	1,312	3,668
Reversal of distribution payable	1,037	627
Other	300	327
Total non-operating income	4,633	4,645
Non-operating expenses		
Interest expenses	349,485	305,562
Borrowing related expenses	39,050	36,425
Investment unit issuance expenses	46,505	-
Interest expenses on investment corporation bonds	53,436	50,197
Amortization of investment corporation bond issuance costs	2,783	2,400
Other	5,500	1,000
Total non-operating expenses	496,761	395,585
Ordinary profit	4,049,418	3,678,966
Profit before income taxes	4,049,418	3,678,966
Income taxes - current	1,135	784
Income taxes - deferred	-17	-0
Total income taxes	1,118	784
Profit	4,048,300	3,678,182
Retained earnings brought forward	18	236
Unappropriated retained earnings (undisposed loss)	4,048,318	3,678,418

(3) Statement of Changes in Net Assets  
 The 25<sup>th</sup> Period (from August 1, 2017 to January 31, 2018)

(Thousands of yen)

	Unitholders' equity							
	Unitholders' capital			Surplus				Total unitholders' equity
	Unitholders' capital, gross	Deduction from unitholders' capital	Unitholders' capital, net	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus	
Reserve for reduction entry of special provisions of replaced property				Voluntary retained earnings				
Balance at beginning of current period	123,288,165	-464,424	122,823,741	2,219,363	2,219,363	3,678,418	5,897,782	128,721,523
Changes of items during period								
Issuance of new investment units	8,956,980		8,956,980					8,956,980
Dividends of surplus						-3,678,400	-3,678,400	-3,678,400
Profit						4,048,300	4,048,300	4,048,300
Net changes of items other than owners' equity								
Total changes of items during period	8,956,980	-	8,956,980	-	-	369,900	369,900	9,326,880
Balance at end of current period	132,245,145	-464,424	131,780,721	2,219,363	2,219,363	4,048,318	6,267,682	138,048,403

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	-14,865	-14,865	128,706,658
Changes of items during period			
Issuance of new investment units			8,956,980
Dividends of surplus			-3,678,400
Profit			4,048,300
Net changes of items other than owners' equity	32,661	32,661	32,661
Total changes of items during period	32,661	32,661	9,359,541
Balance at end of current period	17,795	17,795	138,066,199

The 24<sup>th</sup> Period (from February 1, 2017 to July 31, 2017)

(Thousands of yen)

	Unitholders' equity							
	Unitholders' capital			Surplus				Total unitholders' equity
	Unitholders' capital, gross	Deduction from unitholders' capital	Unitholders' capital, net	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus	
				Reserve for reduction entry of special provisions of replaced property	Voluntary retained earnings			
Balance at beginning of current period	123,288,165	-464,424	122,823,741	2,219,363	2,219,363	3,591,516	5,810,880	
Changes of items during period								
Dividends of surplus						-3,591,280	-3,591,280	-3,591,280
Profit						3,678,182	3,678,182	3,678,182
Net changes of items other than owners' equity								
Total changes of items during period	-	-	-	-	-	86,902	86,902	86,902
Balance at end of current period	123,288,165	-464,424	122,823,741	2,219,363	2,219,363	3,678,418	5,897,782	128,721,523

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	-	-	128,634,621
Changes of items during period			
Dividends of surplus			-3,591,280
Profit			3,678,182
Net changes of items other than owners' equity	-14,865	-14,865	-14,865
Total changes of items during period	-14,865	-14,865	72,036
Balance at end of current period	-14,865	-14,865	128,706,658

## (4) Distribution Information

	(Yen)	
	The 25 <sup>th</sup> Period (from August 1, 2017 to January 31, 2018)	The 24 <sup>th</sup> Period (from February 1, 2017 to July 31, 2017)
I. Unappropriated retained earnings	4,048,318,548	3,678,418,373
II. Distributions	4,047,800,000	3,678,400,000
Distributions per unit	4,376	4,180
III. Retained earnings to be carried forward	518,548	18,373
Method of calculation of distributions	<p>The amount of distribution is limited to the amount of income in accordance with the cash distribution policy stipulated in Article 39 (1) of the Articles of Incorporation of JLF, and shall exceed the amount equivalent to 90% of the distributable dividend amount of JLF provided in Article 67.15 of the Act on Special Measures Concerning Taxation. Based on these policies, JLF decided to distribute earnings of 4,047,800,000 yen, which is the maximum multiple of total number of investment units issued 925,000 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 3,678,400,000 yen, which is the maximum multiple of total number of investment units issued 880,000 units within the amount of unappropriated retained earnings at the end of period.</p> <p>JLF does not make distributions in excess of earnings as stipulated in Article 39 (2) of the Articles of Incorporation of JLF.</p>



## (5) Statement of Cash Flows

(Thousands of yen)

	The 25 <sup>th</sup> Period (from August 1, 2017 to January 31, 2018)	The 24 <sup>th</sup> Period (from February 1, 2017 to July 31, 2017)
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,049,418	3,678,966
Depreciation	2,000,880	1,856,103
Investment unit issuance expenses	46,505	-
Amortization of investment corporation bond issuance costs	2,783	2,400
Interest income	-23	-22
Interest expenses	402,922	355,759
Loss on retirement of non-current assets	14,600	2,500
Decrease (increase) in operating accounts receivable	-45,005	-48,368
Decrease (increase) in consumption taxes refund receivable	353,103	-846,627
Increase (decrease) in accrued consumption taxes	-	-146,161
Increase (decrease) in operating accounts payable	261,543	-261,788
Increase (decrease) in accrued expenses	60,412	39,485
Increase (decrease) in advances received	122,729	153,788
Other, net	3,424	214,169
Subtotal	7,273,293	5,000,206
Interest income received	23	22
Interest expenses paid	-377,061	-340,099
Income taxes (paid) refund	-784	-773
Net cash provided by (used in) operating activities	6,895,470	4,659,355
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-4,427,491	-934,763
Purchase of property, plant and equipment in trust	-25,821,012	-24,103,894
Proceeds from tenant leasehold and security deposits	88,800	121,079
Repayments of tenant leasehold and security deposits	-4,030	-60,539
Proceeds from tenant leasehold and security deposits in trust	344,411	280,884
Repayments of tenant leasehold and security deposits in trust	-9,139	-268,791
Payments for guarantee deposits	-	-10
Net cash provided by (used in) investing activities	-29,828,461	-24,966,035
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	5,000,000	2,000,000
Decrease in short-term loans payable	-5,000,000	-2,000,000
Proceeds from long-term loans payable	26,000,000	26,000,000
Repayments of long-term loans payable	-3,000,000	-5,000,000
Proceeds from issuance of investment corporation bonds	-	2,000,000
Proceeds from issuance of investment units	8,956,980	-
Payments for investment unit issuance expenses	-20,569	-
Payments for investment corporation bond issuance costs	-	-15,614
Dividends paid	-3,677,137	-3,589,919
Net cash provided by (used in) financing activities	28,259,272	19,394,465
Net increase (decrease) in cash and cash equivalents	5,326,282	-912,215
Cash and cash equivalents at beginning of period	10,372,044	11,284,260
Cash and cash equivalents at end of period	※ 1 15,698,327	※ 1 10,372,044

(6) Notes on Assumption of Going Concern

Not applicable to the 25<sup>th</sup> Period.

(7) Summary of Significant Accounting Policies

(i) Depreciation method for non-current assets

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

The straight-line method is used.

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

Buildings	2 to 64 years
Structures	2 to 48 years
Tools, furniture, and fixtures	2 to 15 years

B. Intangible assets

The straight-line method is used.

(ii) Accounting for deferred assets

A. Investment unit issuance expenses

All expensed at time of cash out

B. Investment corporation bond issuance costs

Investment corporation bond issuance costs are amortized by the straight-line method over the period through redemption.

(iii) Accounting for income and expenses

Accounting for property taxes

Property tax, city planning tax, depreciable asset tax, and the like levied on real estate assets and other properties are accounted for as expenses related to rent business at the amounts corresponding to the fiscal period.

The amount of property tax, etc. paid to the seller as part of settlement for acquisition of real estate and real estate in trust is not accounted for as expenses but included in acquisition cost of the respective real estate, etc. In the 25<sup>th</sup> Period, the property tax, etc. included in the acquisition cost of real estate was 38,537 thousand yen. In the 24<sup>th</sup> Period, the property tax, etc. included in the acquisition cost of real estate was 96,945 thousand yen.

(iv) Hedge accounting method

A. Hedge accounting method

Deferred hedge accounting is applied.

However, specially designated accounting is applied to transactions that meet the requirements for specially designated accounting for interest swaps.

B. Hedging method and hedging objective

Hedging method: Interest rate swap transactions

Hedged items: Interest on borrowings

C. Hedging policy

JLF utilizes derivative transactions to hedge the risks specified in the Articles of Incorporation of the Investment Corporation based on its risk management policy.

D. Method of assessing hedge effectiveness

Hedge effectiveness is assessed by making a comparison between the cumulative total of cash flow fluctuations attributable to hedged items and the cumulative total of cash flow fluctuations attributable to the means of hedging, and examining the ratio of these totals of fluctuations. However, the assessment of effectiveness is not conducted for transactions that meet the requirements for specially designated accounting for interest swaps.

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

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

(vi) Other significant basis for preparation of financial statements

A. Accounting for trust beneficiary right for real estate, etc. as trust asset

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

Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the Balance Sheet.

(a) Cash and deposits in trust

(b) Buildings in trust, Structures in trust, Tools, furniture and fixtures in trust and Land in trust

(c) Tenant leasehold and security deposits in trust

B. Method of accounting for consumption taxes

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

## (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 25 <sup>th</sup> Period (as of January 31, 2018)	The 24 <sup>th</sup> Period (as of July 31, 2017)
Total amount specified in the commitment line contracts	15,500,000	13,000,000
Loan balance at end of period	-	-
Outstanding loan commitments at end of period	15,500,000	13,000,000

(ii) The breakdown of reserve for reduction entry of special provisions of replaced property prescribed in Article 2, Paragraph 2, Item 28 of the Ordinance on Accounting of Investment Corporations is as follows.

Items	Breakdown	
	The 25 <sup>th</sup> Period (as of January 31, 2018)	The 24 <sup>th</sup> Period (as of July 31, 2017)
Corresponding property	Ichikawa Logistics Center II / land	
Reason for recognition and amount	Gain on sales of real estate properties of 2,618,320 thousand yen due to sales of Funabashi Nishiura Logistics Center II and Yokosuka Logistics Center.	
Policy for reversal	Reversal into retained earnings is made in accordance with tax regulations.	
Description of reversal in the period	Not applicable.	
Balance before provision and reversal in the period	2,219,363 thousand yen	2,219,363 thousand yen
Reversal in the statement of income and retained earnings	-	-
Amount on the balance sheet	2,219,363 thousand yen	2,219,363 thousand yen
Provision as disclosed in (4) Distribution Information	-	-
Reversal as disclosed in (4) Distribution Information	-	-
Balance after provision and reversal in the period	2,219,363 thousand yen	2,219,363 thousand yen

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

	(Thousands of yen)	
	The 25 <sup>th</sup> Period (as of January 31, 2018)	The 24 <sup>th</sup> Period (as of July 31, 2017)
	50,000	50,000

## [Notes to Statement of Income and Retained Earnings]

## Breakdown of income from real estate leasing business

	(Thousands of yen)			
	The 25 <sup>th</sup> Period (from August 1, 2017 to January 31, 2018)		The 24 <sup>th</sup> Period (from February 1, 2017 to July 31, 2017)	
(i) Real estate leasing business revenue				
Rent revenue-real estate				
Rent income	8,229,820		7,541,486	
Land rents received	78,938		78,938	
Facility charges	201,143	8,579,901	161,783	7,782,207
Other lease business revenue				
Parking charges	21,701		15,018	
Utilities charges	241,789		184,275	
Other operating income	14,480	277,971	13,626	212,920
Total real estate leasing business revenue		8,857,873		7,995,128
(ii) Real estate leasing business expenses				
Expenses related to rent business				
Taxes and dues	679,820		679,913	
Outsourcing service expenses	234,476		203,474	
Utilities expenses	247,261		193,250	
Repair expenses	179,194		145,090	
Insurance expenses	25,344		23,721	
Other expenses related to rent business	85,743		58,628	
Depreciation	2,000,483		1,855,672	
Loss on retirement of non-current assets	14,600		2,500	
Total real estate leasing business expenses		3,466,923		3,162,253
(iii) Income from real estate leasing business				
((i) – (ii))		5,390,949		4,832,875

## [Notes to Statement of Changes in Net Assets]

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

	The 25 <sup>th</sup> Period (from August 1, 2017 to January 31, 2018)	The 24 <sup>th</sup> Period (from February 1, 2017 to July 31, 2017)
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	925,000 units	880,000 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 25 <sup>th</sup> Period (from August 1, 2017 to January 31, 2018)	The 24 <sup>th</sup> Period (from February 1, 2017 to July 31, 2017)
Cash and deposits	11,579,078	6,845,871
Cash and deposits in trust	4,312,223	4,077,853
Long-term deposits received (Note)	-192,974	-191,680
Cash and cash equivalents	15,698,327	10,372,044

(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 25 <sup>th</sup> Period (from August 1, 2017 to January 31, 2018)	The 24 <sup>th</sup> Period (from February 1, 2017 to July 31, 2017)
Future lease payments receivable		
Due within one year	14,259,706	13,607,688
Due after one year	59,603,060	59,509,172
<b>Total</b>	<b>73,862,766</b>	<b>73,116,860</b>

## [Financial Instruments]

## (i) Matters concerning the status of financial instruments

## A. Policies on financial instruments

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

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

JLF uses derivative transactions for the purpose of hedging interest rate fluctuation risk and other risks and does not enter into derivative transactions for speculative or trading purpose.

JLF invests surplus funds in securities and monetary claims with a focus on safety and liquidity, and does not engage into speculative investment.

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

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

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

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

Variable interest rate borrowings are exposed to the risk of interest rate fluctuations. Derivative transactions are used to hedge the risk of fluctuations in the interest rate payable for a portion of the borrowings. See “(iv) Hedge accounting method” above under “Summary of Significant Accounting Policies” for details about the hedging method, hedged items, hedging policy, and method of assessing hedge effectiveness, etc. in hedge accounting.

## C. Description of financial instruments

Fair value of financial instruments comprises value based on market prices or rationally calculated value in the case the market prices are not available. As certain assumptions are applied in performing calculation of such value, the value may differ if different assumptions are used. In addition, the contract value of derivative transactions, which is presented in the following section entitled “Notes to Derivatives” is not an exact representation of market risk attributable to derivative transactions.

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

Amounts on the Balance Sheet, fair value and their difference as of January 31, 2018 are as follows;

(Thousands of yen)

	Amount on the balance sheet	Fair value	Difference
(1) Cash and deposits	11,579,078	11,579,078	-
(2) Cash and deposits in trust	4,312,223	4,312,223	-
Total assets	15,891,302	15,891,302	-
(1) Current portion of long-term loans payable	2,500,000	2,507,626	7,626
(2) Investment corporation bond	9,700,000	10,158,260	458,260
(3) Long-term loans payable	105,500,000	107,505,459	2,005,459
Total liabilities	117,700,000	120,171,345	2,471,345
Derivative transactions *	17,795	17,795	-

\*Net amounts are shown for credits and liabilities attributable to derivative transactions, and the total of the items that constitute net liabilities is shown in negative.

Amounts on the Balance Sheet, fair value and their difference as of July 31, 2017 are as follows;

(Thousands of yen)

	Amount on the balance sheet	Fair value	Difference
(1) Cash and deposits	6,485,871	6,485,871	-
(2) Cash and deposits in trust	4,077,853	4,077,853	-
Total assets	10,563,725	10,563,725	-
(1) Current portion of long-term loans payable	5,500,000	5,524,530	24,530
(2) Investment corporation bond	9,700,000	10,188,228	488,228
(3) Long-term loans payable	79,500,000	81,639,434	2,139,434
Total liabilities	94,700,000	97,352,193	2,652,193
Derivative transactions *	-14,865	-14,865	-

\*Net amounts are shown for credits and liabilities attributable to derivative transactions, and the total of the items that constitute net liabilities is shown in negative.

## (Note 1) Matters concerning the method of calculating the market value of financial instruments and derivative transactions.

## Assets

## (1) Cash and deposits, (2) Cash and deposits in trust

The fair value of these is presented same as the book value, as they are settled in the short-term period and accordingly fair value is almost equal to book value.

## Liabilities

## (1) Current portion of long-term loans payable, (3) Long-term loans payable

The fair value of some long-term loans with floating rate is almost equal to their book value because applicable interest rates of such loans are revised on a periodical basis. As such, the fair value of these loans is presented based on the relevant book value.

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

## (2) Investment corporation bond

When quoted market prices are available, the fair value is determined based on the reference value issued by the Japan Securities Dealers Association.

When quoted market prices are not available, the fair value is determined based on the present value calculated by discounting the total amount of principal and interest using a discount rate that reflects the remaining period and credit risk of the corresponding investment corporation bond.

## Derivative transactions

See "Notes to Derivatives" below.

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

Not applicable to the 25<sup>th</sup> and 24<sup>th</sup> Periods.

(Note 3) Scheduled redemption amount of financial claims after the closing date  
The 25<sup>th</sup> Period (as of January 31, 2018)

(Thousands of yen)

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	After 5 years
Cash and deposits	11,579,078	-	-	-	-	-
Cash and deposits in trust	4,312,223	-	-	-	-	-
Total	15,891,302	-	-	-	-	-

The 24<sup>th</sup> Period (as of July 31, 2017)

(Thousands of yen)

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	After 5 years
Cash and deposits	6,485,871	-	-	-	-	-
Cash and deposits in trust	4,077,853	-	-	-	-	-
Total	10,563,725	-	-	-	-	-

(Note 4) Scheduled repayment amount of long-term loans payable and other interest-bearing debt after the closing date  
The 25<sup>th</sup> Period (as of January 31, 2018)

(Thousands of yen)

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	After 5 years
Long-term loans payable	2,500,000	10,500,000	10,000,000	18,000,000	16,500,000	50,500,000
Investment corporation bond	-	-	-	-	-	9,700,000
Total	2,500,000	10,500,000	10,000,000	18,000,000	16,500,000	60,200,000

The 24<sup>th</sup> Period (as of July 31, 2017)

(Thousands of yen)

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	After 5 years
Long-term loans payable	5,500,000	6,500,000	7,000,000	10,000,000	14,000,000	42,000,000
Investment corporation bond	-	-	-	-	-	9,700,000
Total	5,500,000	6,500,000	7,000,000	10,000,000	14,000,000	51,700,000

[Notes to Investment Securities]

Not applicable to the 25<sup>th</sup> and 24<sup>th</sup> Periods.

[Notes to Derivatives]

(i) Transactions not applicable to hedge accounting

Not applicable to the 25<sup>th</sup> and 24<sup>th</sup> Periods.

(ii) Transactions applicable to hedge accounting

The 25<sup>th</sup> Period (from August 1, 2017 to January 31, 2018)

The following table shows the contract amount on the closing date for derivative transactions, or the amount corresponding to the principal specified in the contract.

Hedge accounting method	Type of derivative transactions	Primary hedged items	Contract amount (Thousands of yen)		Fair value (Thousands of yen)	Method used to calculate the fair value
				Amount over one year		
Deferred hedge accounting	Interest rate swap transactions Receive variable, pay fixed	Long-term borrowings	9,000,000	9,000,000	17,795	Based on prices and other conditions presented by financial institutions
Special treatment for hedge accounting of interest rate swaps	Interest rate swap transactions Receive variable, pay fixed	Long-term borrowings	7,500,000	7,500,000	*	—

\* Because the interest rate swaps accounted for using the special treatment are treated together with the hedged long-term borrowings, their fair value is included in that of the long-term borrowings.

The 24<sup>th</sup> Period (from February 1, 2017 to July 31, 2017)

The following table shows the contract amount on the closing date for derivative transactions, or the amount corresponding to the principal specified in the contract.

Hedge accounting method	Type of derivative transactions	Primary hedged items	Contract amount (Thousands of yen)		Fair value (Thousands of yen)	Method used to calculate the fair value
				Amount over one year		
Deferred hedge accounting	Interest rate swap transactions Receive variable, pay fixed	Long-term borrowings	4,000,000	4,000,000	-14,865	Based on prices and other conditions presented by financial institutions
Special treatment for hedge accounting of interest rate swaps	Interest rate swap transactions Receive variable, pay fixed	Long-term borrowings	7,500,000	7,500,000	*	—

\* Because the interest rate swaps accounted for using the special treatment are treated together with the hedged long-term borrowings, their fair value is included in that of the long-term borrowings.

[Notes to Retirement Benefits]

Not applicable to the 25<sup>th</sup> and 24<sup>th</sup> Periods.



## [Tax Effect Accounting]

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

	(Thousands of yen)	
	The 25 <sup>th</sup> Period (as of January 31, 2018)	The 24 <sup>th</sup> Period (as of July 31, 2017)
Deferred tax assets, current		
Enterprise tax not deductible	25	8
Total deferred tax assets, current	25	8
Deferred tax assets, net, current	25	8
Deferred tax assets, noncurrent		
Deferred losses on hedges	-	4,696
Valuation allowance	-	-4,696
Total deferred tax assets, noncurrent	-	-
Deferred tax assets, net, noncurrent	-	-

## (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 25 <sup>th</sup> Period (as of January 31, 2018)	The 24 <sup>th</sup> Period (as of July 31, 2017)
Effective statutory tax rate	31.74%	31.74%
Adjustments		
Deductible cash distributions	-31.73%	-31.74%
Other	0.02%	0.02%
Effective tax rate after applying tax effect accounting	0.03%	0.02%

## [Notes to Equity in Earnings of Affiliates]

Not applicable to the 25<sup>th</sup> and 24<sup>th</sup> Periods, for JLF does not have affiliates.

## [Transactions with Related Parties]

## (i) Parent company and principal corporate unitholders

Not applicable to the 25<sup>th</sup> and 24<sup>th</sup> Periods.

## (ii) Subsidiaries and affiliates

Not applicable to the 25<sup>th</sup> and 24<sup>th</sup> Periods.

## (iii) Sister companies

Not applicable to the 25<sup>th</sup> and 24<sup>th</sup> Periods.

## (iv) Directors and principal individual unitholders

The 25<sup>th</sup> Period (from August 1, 2017 to January 31, 2018)

Classify - cation	Name of company or individual	Address	Paid-in capital or investment	Business description or occupation	Voting rights holding ratio	Nature of transaction	Transaction amount (Thousands of yen)	Account	Balance at end of period (Thousands of yen)
Director or the close relative	Keita Tanahashi	-	-	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)	928,506 (Note 2) (Note 3)	Accrued expenses	525,335 (Note 3)

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

(Note 2) Asset management fee includes acquisition fee of 207,768 thousand yen, which were included in 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 24<sup>th</sup> Period (from February 1, 2017 to July 31, 2017)

Classify - cation	Name of company or individual	Address	Paid-in capital or investment	Business description or occupation	Voting rights holding ratio	Nature of transaction	Transaction amount (Thousands of yen)	Account	Balance at end of period (Thousands of yen)
Director or the close relative	Keita Tanahashi	-	-	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)	821,904 (Note 2) (Note 3)	Accrued expenses	472,867 (Note 3)

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

(Note 2) Asset management fee includes acquisition fee of 163,450 thousand yen, and OBR fee of 16,279 thousand yen, which were included in the book value of the acquired properties.

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

## [Notes July to Asset Write-off Obligations]

Not applicable to the 25<sup>th</sup> and 24<sup>th</sup> Periods.

## [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 25 <sup>th</sup> Period (from August 1, 2017 to January 31, 2018)	The 24 <sup>th</sup> Period (from February 1, 2017 to July 31, 2017)
Amount on the balance sheet		
Balance at the beginning of the period	220,292,460	195,710,719
Changes during the period	28,401,461	24,581,741
Balance at the end of the period	248,693,922	220,292,460
Fair value at the end of the period	337,660,000	306,590,000

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

(Note 2) The increase of the lease properties in the 25<sup>th</sup> Period is mainly the acquisitions of Yokohama Machida Logistics Center (25,673,783 thousand yen) and Takatsuki Logistics Center (1,639,854 thousand yen), and the completion of Kasugai OBR (2,752,497 thousand yen). The increase of the lease properties in the 24<sup>th</sup> period is mainly by the additional acquisition of Souka Logistics Center (8,169,498 thousand yen), acquisition of Shinkiba Logistics Center II (15,453,058 thousand yen), and the completion of Kiyosu OBR (2,374,100 thousand yen).

(Note 3) The fair value at the end of the fiscal period is the appraisal value provided by an outside real estate appraiser. The income concerning lease properties, etc. for the 25<sup>th</sup> and 24<sup>th</sup> 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 25<sup>th</sup> Period (from August 1, 2017 to January 31, 2018)

## A. Information by product and service

Description is omitted as net sales for external customers in a single product/service category exceed 90% of the operating revenue on Statement of Income and Retained Earnings.

## B. Information by region

## (a) Net sales

Description is omitted as net sales for external customers in Japan exceed 90% of the operating revenue on the Statement of Income and Retained Earnings.

## (b) Property, plant, and equipment

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

## C. Information by major tenant

Description is omitted as net sales for all single external customers are less than 10% of the operating revenue on the Statement of Income and Retained Earnings.

The 24<sup>th</sup> Period (from February 1, 2017 to July 31, 2017)

## A. Information by product and service

Description is omitted as net sales for external customers in a single product/service category exceed 90% of the operating revenue on Statement of Income and Retained Earnings.

## B. Information by region

## (a) Net sales

Description is omitted as net sales for external customers in Japan exceed 90% of the operating revenue on the Statement of Income and Retained Earnings.

## (b) Property, plant, and equipment

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

## C. Information by major tenant

Description is omitted as net sales for all single external customers are less than 10% of the operating revenue on the Statement of Income and Retained Earnings.

## [Per Unit Information]

	The 25 <sup>th</sup> Period (from August 1, 2017 to January 31, 2018)	The 24 <sup>th</sup> Period (from February 1, 2017 to July 31, 2017)
Net assets per unit	149,260yen	146,257yen
Profit per unit	4,444yen	4,179yen

(Note 1) Profit per unit was calculated by dividing profit by average number of investment units during period.

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

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

	(Thousands of yen)	
	The 25 <sup>th</sup> Period (from August 1, 2017 to January 31, 2018)	The 24 <sup>th</sup> Period (from February 1, 2017 to July 31, 2017)
Profit	4,048,300	3,678,182
Amount not attributable to common unitholders	-	-
Profit pertaining to common investment units	4,048,300	3,678,182
Average number of investment units during period	910,790 units	880,000 units

## [Notes to Significant Subsequent Events]

Board of Directors of JLF has resolved the investment unit buyback program based on Article 80-2 of the Investment Trust Act applied pursuant to Article 80-5, Paragraph 2 of the Investment Trusts Act. After the completion of the buyback program, JLF plans to cancel all owned investment units in Fiscal Period Ending July 31, 2018 (26<sup>th</sup> Fiscal Period).

## 1.Reasons for the Investment Unit Buyback Program

After comprehensively examining the level of investment unit price, financial position, and market conditions, etc. JLF has concluded that improving capital efficiency and returns to unitholders through this buyback program and cancellations of owned investment units will contribute to the growth of unitholder value over the medium to long term.

## 2.Details of Matters concerning the Buyback Program

Planned total number of investment units for this buyback program	: Up to 11,000 units
Planned total amount of investment units for this buyback program	: Up to 2.5 billion yen
Buyback period	: From March 14, 2018 to June 29, 2018
Method of the buybacks	: Purchasing from the market, Tokyo Stock Exchange, based on discretionary investment contract with a broker

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

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

Date	Summary	Total number of investment units issued		Unitholders' capital (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
February 22, 2005	Private placement offering	1,000	1,000	500	500	(Note 1)
May 6, 2005	Capital increase through public offering	55,700	56,700	29,562	30,062	(Note 2)
June 1, 2005	Capital increase through third-party allotment	2,800	59,500	1,486	31,548	(Note 3)
February 8, 2006	Capital increase through public offering	46,500	106,000	35,668	67,217	(Note 4)
March 8, 2006	Capital increase through third-party allotment	2,800	108,800	2,147	69,365	(Note 5)
August 31, 2007	Capital increase through public offering	13,500	122,300	12,656	82,021	(Note 6)
February 23, 2010	Capital increase through public offering	8,500	130,800	5,123	87,145	(Note 7)
March 25, 2010	Capital increase through third-party allotment	500	131,300	301	87,446	(Note 8)
August 30, 2010	Capital increase through public offering	16,000	147,300	9,689	97,136	(Note 9)
September 24, 2010	Capital increase through third-party allotment	700	148,000	423	97,559	(Note 10)
September 13, 2013	Distribution in Excess of Earnings	-	148,000	-464	97,095	(Note 11)
October 2, 2013	Capital increase through public offering	16,000	164,000	14,634	111,729	(Note 12)
October 28, 2013	Capital increase through third-party allotment	2,000	166,000	1,829	113,559	(Note 13)
February 1, 2014	Investment Unit Split	664,000	830,000	-	113,559	(Note 14)
September 16, 2015	Capital increase through public offering	47,500	877,500	8,801	122,360	(Note 15)
October 15, 2015	Capital increase through third-party allotment	2,500	880,000	463	122,823	(Note 16)
September 27, 2017	Capital increase through public offering	42,750	922,750	8,509	131,332	(Note 17)
October 19, 2017	Capital increase through third-party allotment	2,250	925,000	447	131,780	(Note 18)

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

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

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

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

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

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

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

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

bank loans.

- (Note 9) Investment units were newly issued at the price of 627,590 yen per unit (net proceeds of 605,592 yen) for a new property acquisition.
- (Note 10) Investment units were newly issued through third-party allotment at the price of 605,592 yen per unit for partial repayment of bank loans.
- (Note 11) Distribution in Excess of Earnings was resolved at the price of 3,138 yen per unit in order to level out the loss associated with OBR.
- (Note 12) Investment units were newly issued at the price of 947,700 yen per unit (net proceeds of 914,652 yen) for new properties acquisition and partial repayment of bank loans.
- (Note 13) Investment units were newly issued through third-party allotment at the price of 914,652 yen per unit for partial repayment of bank loans.
- (Note 14) JLF has implemented a 5 - for - 1 investment unit split.
- (Note 15) Investment units were newly issued at the price of 191,782 yen per unit (net proceeds of 185,290 yen) for partial new properties acquisition and repayment of borrowings with respect to the acquisition of new properties.
- (Note 16) Investment units were newly issued through third-party allotment at the price of 185,290 yen per unit for financing future acquisition of specified assets, partial repayment of the borrowings or partial redemption of the investment corporation bond.
- (Note 17) Investment units were newly issued at the price of 206,017 yen per unit (net proceeds of 199,044 yen) for partial repayment of borrowings with respect to the acquisition of new properties and making up the decline in cash on hand used for the acquisitions.
- (Note 18) Investment units were newly issued through third-party allotment at the price of 199,044 yen per unit for financing future acquisition of specified assets and repayment of the borrowings.

#### 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, 2018 are as follows.

Title	Name		
Executive Director	Keita Tanahashi		
Supervisory Director	Takachiyo Suto	Toshima Araki	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, 2018, are as follows.

Title	Name			
President	Keita Tanahashi			
Director	Koki Shoji			
	Toshifumi Nagahama	Kiyoshi Okubo	Takehiko Iwahara	Taro Kaminaga (Note 1)
Corporate Auditor	Ichiro Tsutsumi			

(Note 1) Taro Kaminaga resigned as of March 13, 2018.

(Note 2) 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 25 <sup>th</sup> Period (as of January 31, 2018)		The 24 <sup>th</sup> Period (as of July 31, 2017)	
			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	7,129	2.7	7,185	3.1
		Kinki/Chubu/Kyushu Areas	12,979	4.9	8,672	3.7
		Other Areas	-	0.0	-	0.0
	Subtotal		20,108	7.6	15,857	6.8
Real estate in trust	Logistics facility	Tokyo Metropolitan Area	193,256	72.7	168,772	72.6
		Kinki/Chubu/Kyushu Areas	26,355	9.9	26,594	11.4
		Other Areas	8,972	3.4	9,067	3.9
	Subtotal		228,585	86.0	204,434	88.0
Deposits and other assets (Note 5)			17,108	6.4	12,113	5.2
Total assets			265,802	100.0	232,405	100.0

(Note 1) Descriptions under "5. Reference Information" are effective as of January 31, 2018, 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.

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

(Note 5) Deposits and other assets include; deposit in trust assets of 4,312 million yen for the 25<sup>th</sup> Period and of 4,077 million yen for the 24<sup>th</sup> 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 25 <sup>th</sup> Period (as of January 31, 2018)		The 24 <sup>th</sup> Period (as of July 31, 2017)	
	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	127,736	48.1	103,699	44.6
Total net assets	138,066	51.9	128,706	55.4
Total assets	265,802	100.0	232,405	100.0

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

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

## (2) Investment Securities

## (i) Major investment securities

## A. Stocks

Not applicable

## B. Securities other than stocks

Not applicable

## (ii) List of portfolio properties

JLF owns the following real estate, etc.

M. The outline of portfolio properties held as of January 31, 2018 is as follows: Acquisition price, etc.

Property Number	Name of the Logistics Center	Type of Ownership	Acquisition price (Millions of yen) (Note 2)	Book value (Millions of yen) (Note 2)	Appraisal value at end of period (Millions of yen) (Note 3)	% of the portfolio (Note 4)
M-1	Funabashi	Trust beneficiary right of real estate	8,675	6,994	7,250	3.2
M-2	Urayasu	Trust beneficiary right of real estate	2,902	2,781	5,240	1.1
M-3	Hiratsuka	Trust beneficiary right of real estate	1,466	1,305	1,930	0.5
M-4	Shinkiba	Trust beneficiary right of real estate	2,454	2,227	3,780	0.9
M-5	Urayasu Chidori	Trust beneficiary right of real estate	6,000	5,126	8,910	2.2
M-6	Funabashi Nishiura	Trust beneficiary right of real estate	5,700	4,453	7,330	2.1
M-8	Kawasaki	Trust beneficiary right of real estate	10,905	9,627	12,300	4.1
M-9	Narashino	Trust beneficiary right of real estate	1,690	1,476	2,360	0.6
M-11	Yachiyo	Trust beneficiary right of real estate	7,892 (Note 5)	7,683	11,800	2.9
M-12	Yokohama Fukuura	Trust beneficiary right of real estate	9,800	8,175	11,600	3.7
M-13	Yachiyo II	Trust beneficiary right of real estate	5,300	4,156	7,520	2.0
M-14	Urayasu Chidori II	Real estate	1,640	1,462	1,860	0.6
M-15	Ichikawa	Real estate	4,550	4,225	5,630	1.7
M-16	Shinonome (Note 6)	Trust beneficiary right of real estate	11,800	11,279	14,600	4.4
M-17	Narashino II (Note 6)	Trust beneficiary right of real estate	7,875	6,647	9,850	2.9
M-18	Ichikawa II (Note 6)	Trust beneficiary right of real estate	17,415	15,816	23,500	6.5
M-19	Souka	Trust beneficiary right of real estate	14,440 (Note 7)	13,775	16,900	5.4
M-20	Tatsumi	Trust beneficiary right of real estate	9,000	8,537	11,900	3.4
M-21	Kashiwa	Trust beneficiary right of real estate	3,725	3,472	4,530	1.4
M-22	Musashimurayama	Trust beneficiary right of real estate	8,650	8,131	10,500	3.2
M-23	Kashiwa II (land)	Trust beneficiary right of real estate	2,500	2,526	2,540	0.9



Property Number	Name of the Logistics Center	Type of Ownership	Acquisition price (Millions of yen) (Note 2)	Book value (Millions of yen) (Note 2)	Appraisal value at end of period (Millions of yen) (Note 3)	% of the portfolio (Note 4)
M-24	Shin-Koyasu (Note 6)	Trust beneficiary right of real estate	9,696	9,245	11,800	3.6
M-25	Misato	Trust beneficiary right of real estate	3,873	3,679	4,800	1.4
M-26	Sagamihara	Trust beneficiary right of real estate	8,032	7,715	9,970	3.0
M-27	Chiba Kita	Real estate	1,459	1,441	1,960	0.5
M-28	Chiba Kita II	Trust beneficiary right of real estate	4,608	4,485	5,530	1.7
M-29	Urayasu Chidori III	Trust beneficiary right of real estate	1,053	1,051	1,440	0.4
M-30	Zama	Trust beneficiary right of real estate	1,728	1,694	2,020	0.6
M-31	Shinkiba II	Trust beneficiary right of real estate	15,270	15,599	17,800	5.7
M-32	Yokohama Machida	Trust beneficiary right of real estate	25,452	25,588	26,000	9.5
Subtotal for the Tokyo Metropolitan Area			215,551	200,386	263,150	80.4
T-1	Daito	Trust beneficiary right of real estate	9,762 (Note 8)	8,861	19,200	3.6
T-2	Osaka Fukuzaki	Trust beneficiary right of real estate	4,096	3,435	6,450	1.5
T-3	Kiyosu	Real estate	3,010 (Note 9)	3,048	5,310	1.1
T-4	Kadoma	Real estate	989	1,046	1,500	0.4
T-5	Komaki	Real estate	2,100	1,903	2,070	0.8
T-6	Komaki II	Real estate	1,800	1,726	1,570	0.7
T-7	Fukuoka Hakozaiki Futo	Trust beneficiary right of real estate	2,797	2,682	3,600	1.0
T-8	Tajimi	Trust beneficiary right of real estate	9,310 (Note 10)	8,775	12,200	3.5
T-9	Fukuoka Kashiihama	Trust beneficiary right of real estate	2,750	2,600	3,370	1.0
T-10	Kasugai	Real estate	3,500 (Note 11)	3,621	4,670	1.3
T-11	Takatsuki	Real estate	1,559	1,632	1,640	0.6
Subtotal for Kinki/Chubu/Kyushu Areas			41,674	39,334	61,580	15.6
O-1	Maebashi	Trust beneficiary right of real estate	1,230	984	1,410	0.5
O-2	Hanyu	Trust beneficiary right of real estate	1,705	1,410	1,960	0.6
O-3	Saitama Kisai	Trust beneficiary right of real estate	4,010	3,353	4,810	1.5
O-4	Kazo	Trust beneficiary right of real estate	3,790	3,225	4,750	1.4

Property Number	Name of the Logistics Center	Type of Ownership	Acquisition price (Millions of yen) (Note 2)	Book value (Millions of yen) (Note 2)	Appraisal value at end of period (Millions of yen) (Note 3)	% of the portfolio (Note 4)
Subtotal for other Areas			10,735	8,972	12,930	4.0
Portfolio total			267,960	248,693	337,660	100.0

Property Number	Name of the Logistics Center (Assets for which a post-dated acquisition contract has been signed.)	Type of Ownership	Acquisition price (Millions of yen) (Note 2)	Book value (Millions of yen) (Note 2)	Appraisal value at end of period (Millions of yen)	% of the portfolio (Note 4)
M-33	Yachiyo III (Note 12)	Real estate	3,286 (Note 13)	-	4,130 (Note 14)	-

- (Note 1) Listed properties are primarily used as logistics facilities.
- (Note 2) Acquisition price and book value are indicated with figures below one million yen omitted.
- (Note 3) Appraisal value at end of period indicates appraisal value calculated based on the balance sheet date defined by Tanizawa Sōgō Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. Japan Real Estate Institute and CBRE, Inc. as the date of value estimate in accordance with the asset evaluation methods and standards specified under the Articles of Incorporation of JLF as well as the rules set forth by the Investment Trusts Association, Japan.
- (Note 4) % of the portfolio represents the ratio of the acquisition price of each piece of real estate, etc. to the total acquisition price of real estate, etc. owned by JLF, and is indicated by rounding off to the first decimal place.
- (Note 5) The figure is calculated by deducting the costs associated with write-offs and demolition of the former building in July 2013 (603 million yen), and adding the amount stated in the construction contract relating to the building after redevelopment (including the construction contract for additional works) (6,230 million yen) to the sale price stated in the initial sales contract (2,266 million yen).
- (Note 6) Figures for co-ownership are indicated.  
 Shinonome Logistics Center: 47%  
 Narashino Logistics Center II: 90%  
 Ichikawa Logistics Center II: 90%  
 Shin-Koyasu Logistics Center: 51%
- (Note 7) The figure is the sum of the acquisition prices on March 27, 2012 and February 6, 2017.
- (Note 8) The figure is calculated by deducting the costs associated with write-offs and demolition of the former building in July 2009 (291 million yen), and adding the amount stated in the construction contract relating to the Warehouse III (2,437 million yen) to the sale price stated in the initial sales contract (7,617 million yen).
- (Note 9) The figure is calculated by adding the construction cost relating to the redevelopment (2,325 million yen) to the sale price stated in the initial sales contract (685 million yen).
- (Note 10) The figure is the sum of the acquisition prices on October 8, 2013 and November 4, 2014.
- (Note 11) The figure is calculated by adding the acquisition price for the newly constructed building by redevelopment (2,670 million yen) to the sale price stated in the initial sales contract (830 million yen).
- (Note 12) Concluded the purchase agreement on September 26, 2017, this building is a development-type property that is still under construction. The date of its delivery will, in principle, be the day after one year from the date of the registration of the preservation of ownership of the building.
- (Note 13) The acquisition price of this building is the price defined in the purchase agreement. The purchase agreement provides for deduction under certain conditions. Accordingly, the acquisition price could change in the future.
- (Note 14) As of the date of the appraisal, the building has not yet been completed, and thus the appraisal value of the property was calculated by using “Appraisal of Uncompleted Buildings” stipulated in the Real Estate Appraisal Standards. As a result, the figure is an appraisal value based on the assumption that the building is a property after completion that has been completed as planned, has received the delivery of the inspection certificate and has undergone registration.

## B. The outline of portfolio properties held as of January 31, 2018: The status of leasing of real estate properties, etc.

Property Number	Name of the Logistics Center	Total leasable area (m <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Total number of tenants	Occupancy rate (%)	PML value (%) (Note 3)
M-1	Funabashi	29,556.79	29,556.79	1	100.0	13.0
M-2	Urayasu	9,543.72	6,515.44	3	68.3	18.3
M-3	Hiratsuka	11,225.72	11,225.72	1	100.0	21.1 (Note 4)
M-4	Shinkiba	10,616.80	10,616.80	1	100.0	17.6
M-5	Urayasu Chidori	31,790.42	31,790.42	1	100.0	13.8
M-6	Funabashi Nishiura	34,319.12	34,319.12	3	100.0	7.1
M-8	Kawasaki	41,630.54	41,630.54	1	100.0	14.6
M-9	Narashino	2,442.87	2,442.87	1	100.0	11.3
M-11	Yachiyo	56,882.98	56,882.98	2	100.0	1.7
M-12	Yokohama Fukuura	35,882.64	35,882.64	3	100.0	16.3
M-13	Yachiyo II	32,389.70	32,389.70	1	100.0	7.6
M-14	Urayasu Chidori II	6,192.80	6,192.80	1	100.0	13.1
M-15	Ichikawa	18,686.12	18,686.12	1	100.0	11.8
M-16	Shinonome (Note 5)	16,175.31	16,175.31	1	100.0	14.4
M-17	Narashino II (Note 5)	43,208.86	43,208.86	3	100.0	11.1
M-18	Ichikawa II (Note 5)	66,497.99	66,497.99	2	100.0	4.2
M-19	Souka	42,640.84	42,640.84	3	100.0	12.7
M-20	Tatsumi	29,394.56	29,394.56	1	100.0	14.6
M-21	Kashiwa	20,546.46	20,546.46	1	100.0	9.7
M-22	Musashimurayama	40,884.25	40,884.25	1	100.0	11.9
M-23	Kashiwa II (land)	54,418.30	54,418.30	1	100.0	-
M-24	Shin-Koyasu (Note 5)	29,674.47	29,674.47	2	100.0	11.4
M-25	Misato	19,407.18	19,407.18	1	100.0	10.9
M-26	Sagamihara	44,010.20	44,010.20	1	100.0	12.3
M-27	Chiba Kita	14,828.38	14,828.38	1	100.0	8.4
M-28	Chiba Kita II	25,080.00	0.00	0	0.0	6.8
M-29	Urayasu Chidori III	5,314.80	5,314.80	1	100.0	10.9
M-30	Zama	9,358.53	9,358.53	1	100.0	11.8
M-31	Shinkiba II	38,512.20	28,066.59	2	72.9	11.3

Property Number	Name of the Logistics Center	Total leasable area (m <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Total number of tenants	Occupancy rate (%)	PML value (%) (Note 3)
M-32	Yokohama Machida	64,816.35	64,816.35	6	100.0	12.2
Subtotal for the Tokyo Metropolitan Area		885,928.90	847,375.01	48	95.6	-
T-1	Daito	92,730.14	92,730.14	1	100.0	13.8
T-2	Osaka Fukuzaki	23,726.80	23,726.80	1	100.0	14.1
T-3	Kiyosu	19,761.25	19,761.25	1	100.0	10.0
T-4	Kadoma	7,416.18	7,416.18	1	100.0	13.3
T-5	Komaki	9,486.45	9,486.45	1	100.0	8.7
T-6	Komaki II	10,708.41	10,708.41	1	100.0	8.3
T-7	Fukuoka Hakozaki Futo	24,463.69	24,463.69	1	100.0	1.0
T-8	Tajimi	75,605.23	75,605.23	1	100.0	10.8
T-9	Fukuoka Kashiihama	21,201.15	21,201.15	3	100.0	1.0
T-10	Kasugai	20,544.26	20,544.26	1	100.0	8.9
T-11	Takatsuki	7,158.85	7,158.85	1	100.0	9.5
Subtotal for Kinki/Chubu/Kyushu Areas		312,802.41	312,802.41	13	100.0	-
O-1	Maebashi	3,455.53	3,455.53	1	100.0	9.0
O-2	Hanyu	3,518.58	3,518.58	1	100.0	11.6
O-3	Saitama Kisai	24,574.40	24,574.40	1	100.0	10.5
O-4	Kazo	25,130.62	25,130.62	1	100.0	9.5
Subtotal for other Areas		56,679.13	56,679.13	4	100.0	-
Portfolio total		1,255,410.44	1,216,856.55	65	96.9	8.7

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

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

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

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

(Note 5) Figures for co-ownership are indicated.

Shinonome Logistics Center: 47%  
 Narashino Logistics Center II: 90%  
 Ichikawa Logistics Center II: 90%  
 Shin-Koyasu Logistics Center: 51%

(iii) Diversification of portfolio

Diversification of portfolio properties owned by JLF is described below.

A. Ratio by region

Region	Total leasable area (m <sup>2</sup> )	Ratio (%) (Note)	Acquisition price (Millions of yen)	Ratio (%) (Note)
Tokyo Metropolitan Area	885,928.90	70.6	215,551	80.4
Kinki/Chubu/Kyushu Areas	312,802.41	24.9	41,674	15.6
Other Areas	56,679.13	4.5	10,735	4.0
Total	1,255,410.44	100.0	267,960	100.0

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

B. Ratio by total rentable area (Note 1)

Total rentable area (m <sup>2</sup> )	Number of properties	Ratio (%) (Note 2)	Acquisition price (Millions of yen)	Ratio (%) (Note 2)
Over 30,000 m <sup>2</sup>	18	40.0	185,800	69.3
Over 10,000 m <sup>2</sup> but 30,000 m <sup>2</sup> or less	17	37.8	65,564	24.5
10,000 m <sup>2</sup> or less	10	22.2	16,596	6.2
Total	45	100.0	267,960	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 <sup>2</sup> )	Ratio (%) (Note 1)	Annual rent (Millions of Yen) (Note 2)	Ratio (%) (Note 1)
Over 10 years	215,580.18	17.7	2,396	14.2
Over 5 years but within 10 years	312,591.64	25.7	5,154	30.5
Over 3 years but within 5 years	272,692.51	22.4	3,496	20.7
Within 3 years	415,992.22	34.2	5,827	34.5
Total	1,216,856.55	100.0	16,875	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 25<sup>th</sup> Period of real estate, etc. owned by JLF.

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

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

(Millions of yen)

Property No.	M-1	M-2	M-3	M-4	M-5
Name of real estate, etc.	Funabashi Logistics Center	Urayasu Logistics Center	Hiratsuka Logistics Center	Shinkiba Logistics Center	Urayasu Chidori Logistics Center
Number of days under management	184	184	184	184	184
(i) Total real estate leasing business revenue					
Rent revenue - real estate					
Other lease business revenue					
(ii) Total real estate leasing business expenses					
Taxes and dues	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)
Outsourcing service expenses					
Utilities expenses					
Repair expenses					
Insurance expenses					
Other expenses related to rent business					
Depreciation and amortization	93	6	10	14	47
Loss on write-off of noncurrent assets	4	-	-	0	-
(iii) Income from real estate leasing business (= (i) - (ii))	107	31	40	61	154
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	205	37	50	76	202
(v) Capital expenditure	26	-	-	10	4
(vi) NCF (= (iv) - (v))	179	37	50	66	197

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

(Millions of yen)

Property No.	M-6	M-8	M-9	M-11	M-12
Name of real estate, etc.	Funabashi Nishiura Logistics Center	Kawasaki Logistics Center	Narashino Logistics Center	Yachiyo Logistics Center	Yokohama Fukuura Logistics Center
Number of days under management	184	184	184	184	184
(i) Total real estate leasing business revenue	Not disclosed (Note)	Not disclosed (Note)	60	Not disclosed (Note)	Not disclosed (Note)
Rent revenue - real estate			60		
Other lease business revenue			-		
(ii) Total real estate leasing business expenses			15		
Taxes and dues			3		
Outsourcing service expenses			0		
Utilities expenses			-		
Repair expenses			0		
Insurance expenses			0		
Other expenses related to rent business			0		
Depreciation and amortization	62	74	10	80	77
Loss on write-off of noncurrent assets	-	1	-	-	0
(iii) Income from real estate leasing business (= (i) - (ii))	-38	216	44	192	210
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	24	292	55	272	288
(v) Capital expenditure	98	4	-	-	0
(vi) NCF (= (iv) - (v))	-73	287	55	272	287

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

(Millions of yen)

Property No.	M-13	M-14	M-15	M-16	M-17
Name of real estate, etc.	Yachiyo Logistics Center II	Urayasu Chidori Logistics Center II	Ichikawa Logistics Center	Shinonome Logistics Center (Note 1)	Narashino Logistics Center II (Note 1)
Number of days under management	184	184	184	184	184
(i) Total real estate leasing business revenue	193	Not disclosed (Note 2)	Not disclosed (Note 2)	354	Not disclosed (Note 2)
Rent revenue - real estate	193			354	
Other lease business revenue	-			0	
(ii) Total real estate leasing business expenses	96			75	
Taxes and dues	14			26	
Outsourcing service expenses	0			0	
Utilities expenses	0			-	
Repair expenses	17			0	
Insurance expenses	0			0	
Other expenses related to rent business	0			0	
Depreciation and amortization	62	12	27	46	79
Loss on write-off of noncurrent assets	0	-	-	-	-
(iii) Income from real estate leasing business (= (i) - (ii))	97	30	97	279	161
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	160	43	124	326	240
(v) Capital expenditure	6	-	-	0	2
(vi) NCF (= (iv) - (v))	154	43	124	326	237

(Note 1) Figures for joint ownership are indicated. Shinonome Logistics Center: 47%, Narashino Logistics Center II: 90%

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



(Millions of yen)

Property No.	M-18	M-19	M-20	M-21	M-22
Name of real estate, etc.	Ichikawa Logistics Center II (Note 1)	Souka Logistics Center	Tatsumi Logistics Center	Kashiwa Logistics Center	Musashi murayama Logistics Center
Number of days under management	184	184	184	184	184
(i) Total real estate leasing business revenue					
Rent revenue - real estate					
Other lease business revenue					
(ii) Total real estate leasing business expenses					
Taxes and dues	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)
Outsourcing service expenses					
Utilities expenses					
Repair expenses					
Insurance expenses					
Other expenses related to rent business					
Depreciation and amortization	120	114	51	37	60
Loss on write-off of noncurrent assets	0	1	-	-	-
(iii) Income from real estate leasing business (= (i) - (ii))	377	248	201	73	190
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	499	364	252	110	251
(v) Capital expenditure	11	3	-	67	-
(vi) NCF (= (iv) - (v))	487	360	252	43	251

(Note 1) Figures for joint ownership are indicated. Ichikawa Logistics Center II: 90%

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

(Millions of yen)

Property No.	M-23	M-24	M-25	M-26	M-27
Name of real estate, etc.	Kashiwa Logistics Center II (land)	Shin-Koyasu Logistics Center (Note 1)	Misato Logistics Center	Sagamihara Logistics Center	Chiba Kita Logistics Center
Number of days under management	184	184	184	184	184
(i) Total real estate leasing business revenue					
Rent revenue - real estate					
Other lease business revenue					
(ii) Total real estate leasing business expenses					
Taxes and dues	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)
Outsourcing service expenses					
Utilities expenses					
Repair expenses					
Insurance expenses					
Other expenses related to rent business					
Depreciation and amortization	-	64	31	73	17
Loss on write-off of noncurrent assets	-	-	-	-	0
(iii) Income from real estate leasing business (= (i) - (ii))	74	197	80	148	33
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	74	262	112	222	50
(v) Capital expenditure	-	-	-	-	1
(vi) NCF (= (iv) - (v))	74	262	112	222	49

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

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

(Millions of yen)

Property No.	M-28	M-29	M-30	M-31	M-32
Name of real estate, etc.	Chiba Kita Logistics Center II	Urayasu Chidori Logistics Center III	Zama Logistics Center	Shinkiba Logistics Center II	Yokohama Machida Logistics Center
Number of days under management	184	184	184	184	153
(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)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)
Outsourcing service expenses					
Utilities expenses					
Repair expenses					
Insurance expenses					
Other expenses related to rent business					
Depreciation and amortization	38	5	10	84	85
Loss on write-off of noncurrent assets	5	0	-	-	-
(iii) Income from real estate leasing business (= (i) - (ii))	30	13	40	235	354
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	74	19	50	320	439
(v) Capital expenditure	28	5	-	-	-
(vi) NCF (= (iv) - (v))	46	13	50	320	439

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

(Millions of yen)

Property No.	T-1	T-2	T-3	T-4	T-5
Name of real estate, etc.	Daito Logistics Center	Osaka Fukuzaki Logistics Center	Kiyosu Logistics Center	Kadoma Logistics Center	Komaki Logistics Center
Number of days under management	184	184	184	184	184
(i) Total real estate leasing business revenue					
Rent revenue - real estate					
Other lease business revenue					
(ii) Total real estate leasing business expenses					
Taxes and dues	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)
Outsourcing service expenses					
Utilities expenses					
Repair expenses					
Insurance expenses					
Other expenses related to rent business					
Depreciation and amortization	86	30	33	10	15
Loss on write-off of noncurrent assets	0	-	-	0	0
(iii) Income from real estate leasing business (= (i) - (ii))	402	112	109	34	35
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	489	143	143	44	51
(v) Capital expenditure	4	36	3	1	2
(vi) NCF (= (iv) - (v))	484	106	139	43	48

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

(Millions of yen)

Property No.	T-6	T-7	T-8	T-9	T-10
Name of real estate, etc.	Komaki II Logistics Center	Fukuoka Hakozaki Futo Logistics Center	Tajimi Logistics Center	Fukuoka Kashiihama Logistics Center	Kasugai Logistics Center
Number of days under management	184	184	184	184	184
(i) Total real estate leasing business revenue					
Rent revenue - real estate					
Other lease business revenue					
(ii) Total real estate leasing business expenses					
Taxes and dues	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)
Outsourcing service expenses					
Utilities expenses					
Repair expenses					
Insurance expenses					
Other expenses related to rent business					
Depreciation and amortization	17	25	110	28	35
Loss on write-off of noncurrent assets	-	-	-	0	-
(iii) Income from real estate leasing business (= (i) - (ii))	31	64	205	59	93
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	48	89	315	88	128
(v) Capital expenditure	-	-	-	0	-
(vi) NCF (= (iv) - (v))	48	89	315	87	128

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

(Millions of yen)

Property No.	T-11	O-1	O-2	O-3	O-4
Name of real estate, etc.	Takatsuki Logistics Center	Maebashi Logistics Center	Hanyu Logistics Center	Saitama Kisai Logistics Center	Kazo Logistics Center
Number of days under management	122	184	184	184	184
(i) Total real estate leasing business revenue	Not disclosed (Note)	43	59	Not disclosed (Note)	Not disclosed (Note)
Rent revenue - real estate		43	59		
Other lease business revenue		-	-		
(ii) Total real estate leasing business expenses		14	17		
Taxes and dues		3	3		
Outsourcing service expenses		0	0		
Utilities expenses		-	-		
Repair expenses		-	-		
Insurance expenses		0	0		
Other expenses related to rent business		0	0		
Depreciation and amortization	7	10	12	32	42
Loss on write-off of noncurrent assets	-	-	-	-	-
(iii) Income from real estate leasing business (= (i) - (ii))	20	29	42	88	72
(iv) NOI from leasing business (= (iii) + depreciation and amortization + loss on write-off of noncurrent assets)	27	39	54	120	115
(v) Capital expenditure	-	-	-	2	-
(vi) NCF (= (iv) - (v))	27	39	54	118	115

(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
Chiba-Kita Logistics Center II (Chiba, Chiba)	Compartment formation	June 2018	51	-	-
Kawasaki Logistics Center (Kawasaki, Kanagawa)	Disaster prevention equipment renewals	July 2018	35	-	-
Yokohama Fukuura Logistics Center (Yokohama, Kanagawa)	Elevator replacement	July 2018	28	-	-
Other real estate, etc.	-	-	89		
Total			204		

(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 25<sup>th</sup> Period totals 323 million yen. In addition, repair expenses of 179 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)
Kashiwa Logistics Center (Kashiwa, Chiba)	Exterior wall renewal	January 2018	67
Funabashi Nishiura Logistics Center (Funabashi, Chiba)	Shutter expanding	January 2018	47
Osaka Fukuzaki Logistics Center (Osaka, Osaka)	Exterior wall renewal	December 2017	36
Other real estate, etc.	-	-	171
Total			323

(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, 2018.

Name of tenant	Name of real estate, etc.	Leased area (m <sup>2</sup> )	Lease ratio (%) (Note 1)
SETTSU WAREHOUSE Co., Ltd.	Daito Logistics Center	113,274.40	9.3
	Kasugai Logistics Center		
Nippon Express Co., Ltd.	Tajimi Logistics Center	97,572.07	8.0
	Yokohama Fukuura Logistics Center		
Nakano Shokai co., ltd.	Tatsumi Logistics Center	91,051.05	7.5
	Fukuoka Hakozaki Futo Logistics Center		
	Narashino Logistics Center II (Note 2)		
	Shinkiba Logistics Center		
	Shinkiba Logistics Center II		
Hitachi Transport System, Ltd.	Yachiyo Logistics Center	82,991.60	6.8
	Kazo Logistics Center		
	Chiba Kita Logistics Center		
Ricoh Logistics Systems Co., Ltd.	Osaka Fukuzaki Logistics Center	57,756.92	4.7
	Shin-Koyasu Logistics Center (Note 2)		
	Souka Logistics Center		
Sumitomo Mitsui Finance & Leasing Co., Ltd.	Kashiwa Logistics Center II (land)	54,418.30	4.5
TOMY Company, Ltd.	Ichikawa Logistics Center II (Note 2)	51,401.57	4.2
DHL Supply Chain Ltd. (Japan)	Sagamihara Logistics Center	44,010.20	3.6
Sagawa Global Logistics Co., Ltd.	Kawasaki Logistics Center	41,630.54	3.4
VANTEC CORPORATION	Musashi murayama Logistics Center	40,884.25	3.4
Total for all tenants		1,216,856.55	100.0

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

(Note 2) Figures for co-ownership are indicated.

Narashino Logistics Center II: 90%

Ichikawa Logistics Center II: 90%

Shin-Koyasu Logistics Center: 51%