

**3rd Fiscal Period** (Fiscal Period Ended January 31, 2018)

# Investor Presentation Material

**March 16, 2018**

Mitsui Fudosan Logistics Park Inc. (MFLP-REIT)



Securities Code

**3471**



Mitsui Fudosan  
Logistics Park Inc.

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# 1. Basic Strategy of MFLP-REIT

MFLP-REIT has established a strategic partnership in the logistics facilities business with comprehensive developer Mitsui Fudosan under which it seeks to maximize unitholder value.

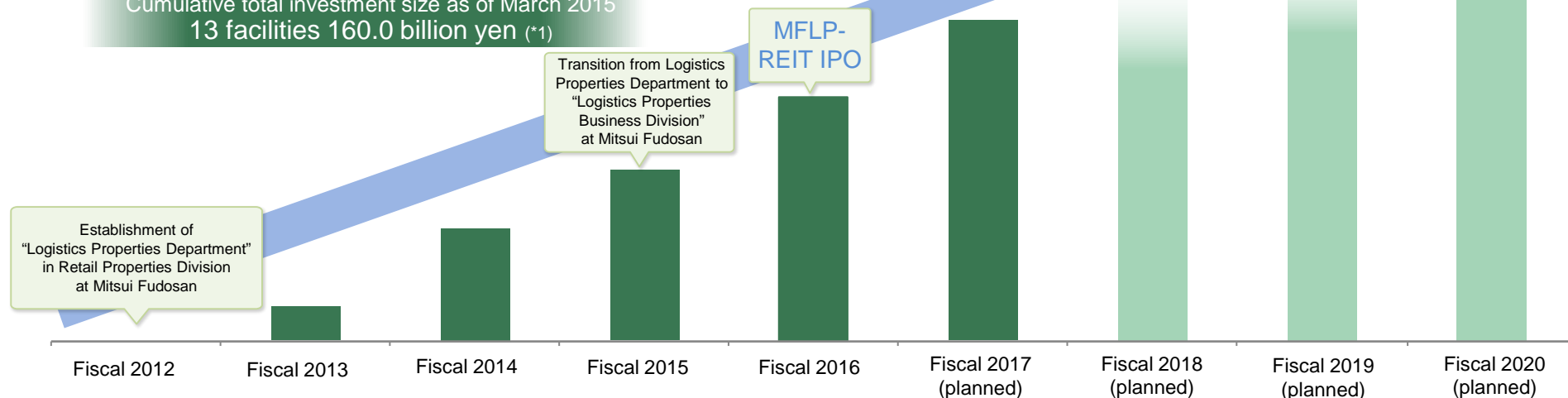
# 1-1. Trajectory of Growth of Mitsui Fudosan's Logistics Facilities Business and MFLP-REIT's First Public Offering

Image of growth of properties (to be) developed/operated by Mitsui Fudosan

Cumulative total investment size as of July 2017  
**28 facilities 400.0 billion yen (\*1)**

Cumulative total investment size as of March 2016  
**22 facilities 300.0 billion yen (\*1)**

Cumulative total investment size as of March 2015  
**13 facilities 160.0 billion yen (\*1)**



Establishment of "Logistics Properties Department" in Retail Properties Division at Mitsui Fudosan

Transition from Logistics Properties Department to "Logistics Properties Business Division" at Mitsui Fudosan

MFLP-REIT IPO

**Property acquired in 3rd and 4th fiscal periods**

MFLP Hino (15%) MFLP Komaki MFLP Hiratsuka

Acquisition amount **22.8 billion yen**

[First public offering] Number of newly issued investment units: **38,774 units (13.7 billion yen)**  
 Number of investment units issued and outstanding after public offering: **262,774 units**

**Properties defined in "Right of first look and preferential negotiation agreement"**  
 8 properties 750,000 m<sup>2</sup> \*2

**Construction completed: 630,000 m<sup>2</sup> \*2**

Partially acquired MFLP Sakai (80%) *3	Partially acquired MFLP Hino (85%) *3	MFLP Inazawa
Partially acquired MFLP Inzai (80%) *3	MFLP Fukuoka I (81%) *3	MFLP Ibaraki

**Construction started: 120,000 m<sup>2</sup> \*2**

MFLP Atsugi II	MFLP Prologis Park Kawagoe (50%) *3
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**Expansion of properties defined in "Right of first look and preferential negotiation agreement"**

\* Numerical figures are rounded down to the nearest specified unit and percentage figures are rounded to one decimal place. The same shall apply hereinafter.

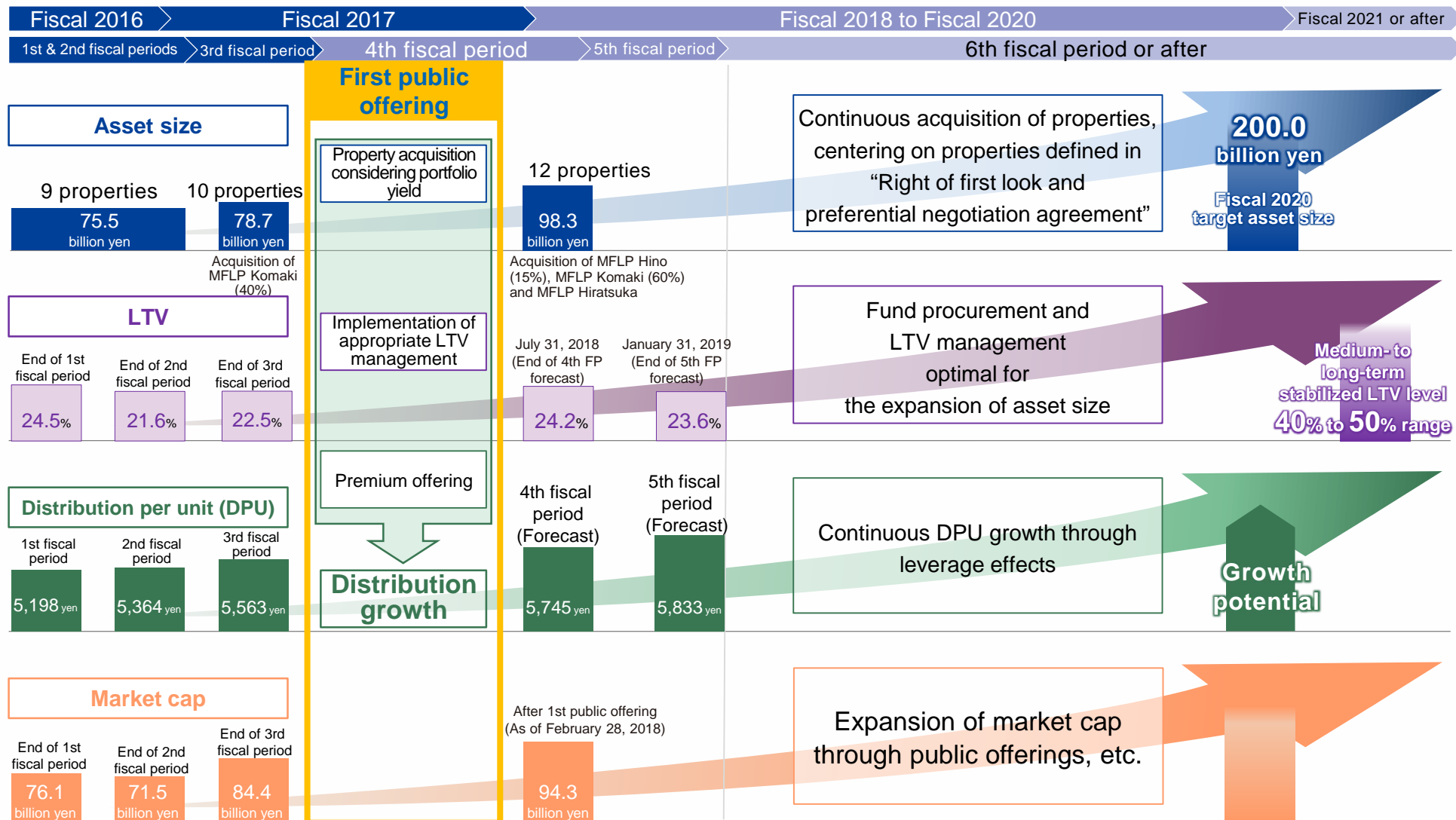
\*1: "Cumulative total investment size" is based on materials released at each point in time by Mitsui Fudosan. For details, please refer to "About major properties developed/operated by Mitsui Fudosan" on p. 38.

\*2: The floor area subject to the "Right of first look and preferential negotiation agreement" (after taking into consideration the quasi co-ownership interest).

\*3: The percentage figure in parentheses is the percentage of quasi co-ownership interest subject to the "Right of first look and preferential negotiation agreement."

# 1-2. Four Roadmaps to Stable Growth and Trajectory of Growth

## Maximization of unitholder value through expansion of asset size and LTV management



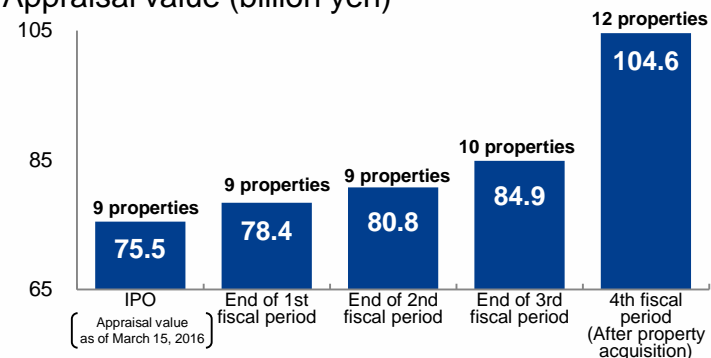
## **2. Financial Summary**

**(3rd fiscal period: from August 1, 2017 to January 31, 2018)**

## 2-1. Financial Highlights

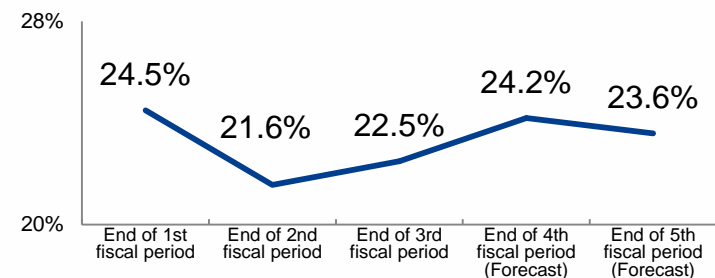
	End of 3rd fiscal period (Actual)	4th fiscal period (After property acquisition)	
<b>Asset</b>	Asset size (total amount of acquisition price)	10 properties <b>78.7</b> billion yen	12 properties <b>98.3</b> billion yen
	Appraisal value *1	10 properties <b>84.9</b> billion yen	12 properties <b>104.6</b> billion yen
	Unrealized gain *2	<b>7.3</b> billion yen	<b>7.4</b> billion yen
	Occupancy rate *3	<b>100%</b>	<b>100%</b>

Appraisal value (billion yen)



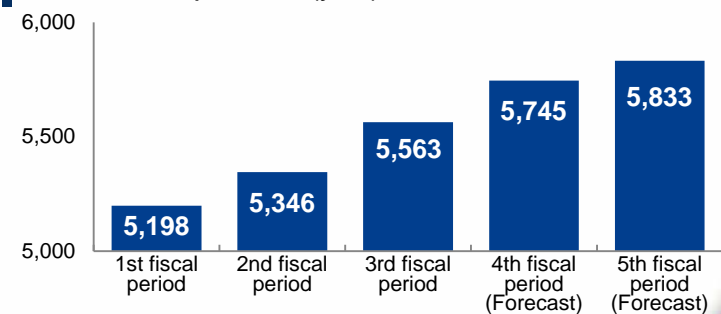
	End of 3rd fiscal period (Actual)	End of 4th fiscal period forecast (After property acquisition)	
<b>Debt</b>	Balance of interest-bearing debt	<b>18.0</b> billion yen	<b>24.0</b> billion yen
	LTV ratio *4	<b>22.5%</b>	<b>24.2%</b>

LTV ratio



	3rd fiscal period (Actual)	4th fiscal period (Forecast)	
<b>Equity</b>	Distribution per unit *5	<b>5,563</b> yen	<b>5,745</b> yen
	NAV per unit *6	End of 3rd fiscal period (Actual) <b>297,991</b> yen	4th fiscal period (After property acquisition) <b>307,116</b> yen

Distribution per unit (yen)



\*For details of \*1 - \*6, please refer to "About financial highlights" on p. 38.

## 2-2. 3rd Fiscal Period (Ended January 31, 2018) P/L

(Unit: million yen)	2nd period Actual (a)	Announced Sep. 13, 2017 3rd period Forecast	3rd period Actual (b)	Difference (b)-(a)
Operating revenue	2,548	2,629	2,629	80
Operating expenses	1,367	1,435	1,390	23
<i>Of which, Depreciation</i>	560	595	595	35
Operating income	1,181	1,193	1,239	57
Non-operating income	1	-	0	-1
Non-operating expenses	30	30	54	23
Ordinary income	1,152	1,163	1,185	32
Profit (Net income)	1,151	1,162	1,184	32

### Main breakdown of difference

<b>Operating revenue</b>	
Increase due to newly-acquired MFLP Komaki (40%)	+98
Decrease in photovoltaic power generation facilities rent revenue	-52
Increase in other operating revenue	+34

<b>Operating expenses</b>	
Increase due to newly-acquired MFLP Komaki (40%)	+38
Decrease in other operating expenses	-15

<b>Non-operating expenses</b>	
Investment unit issuance related expenses	+23

Distribution per unit (DPU) (yen)	5,346	5,493	5,563	217
<i>Of which,</i> Distribution of earnings per unit (EPU) (yen)	5,142	5,187	5,288	146
<i>Of which,</i> Distribution in excess of earnings per unit (yen)	204	306	275	71
Distribution in excess of earnings expressed as a percentage of depreciation	8.2%	11.5%	10.3%	--

### <Reference> Formula for distribution per unit based on FFO \*

FFO	=	Profit (Net income)	+	Depreciation, etc. ...①
Source of funds for distribution	=	① FFO	×	70% ...②
Distribution per unit	=	② Source of funds for distribution	÷	Number of investment units issued and outstanding

\* For details of the formula for distribution per unit based on FFO, please refer also to "Method of calculation of cash distribution based on FFO" on p. 38 of this presentation material.

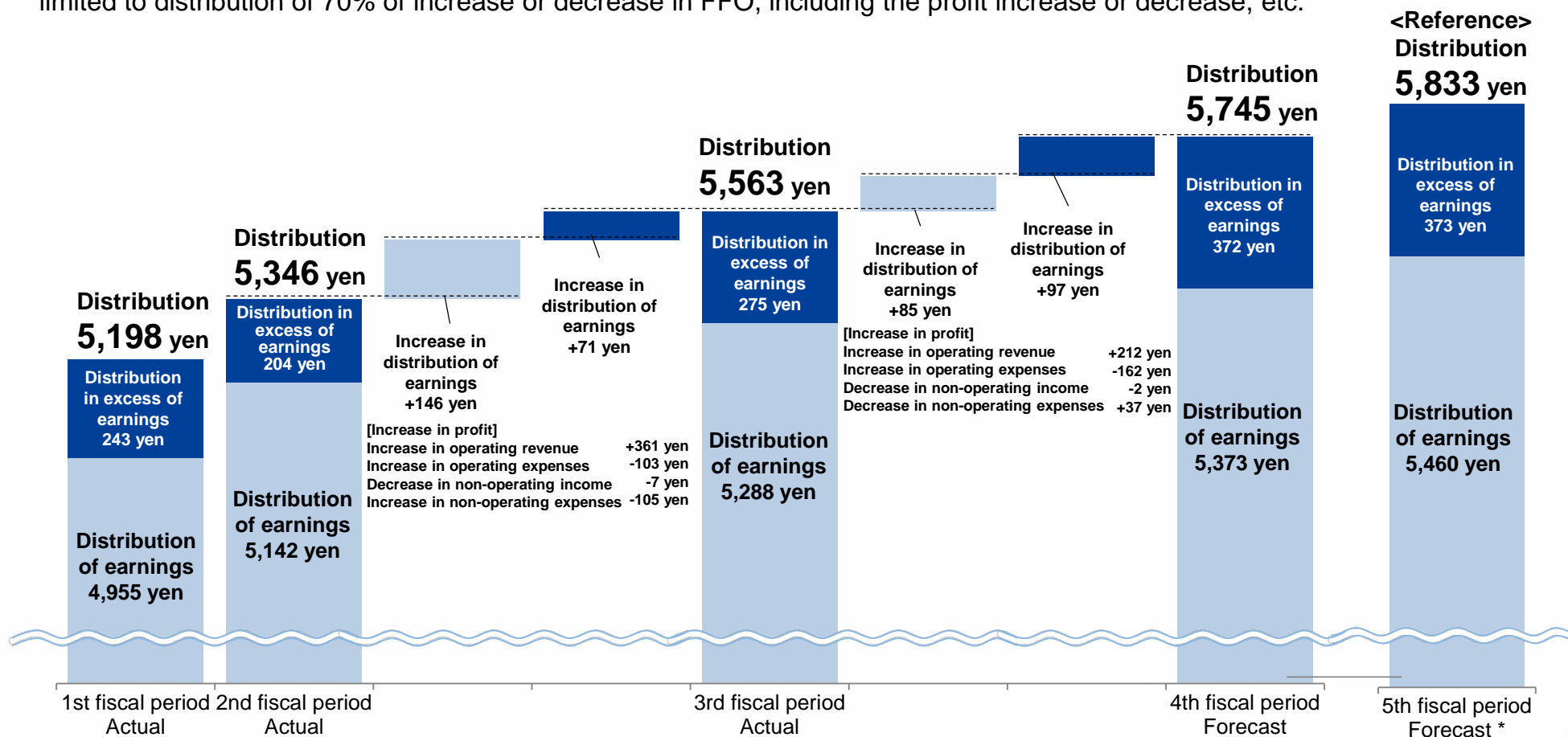


## 2-3. 4th Fiscal Period (Ending July 31, 2018) Earnings Forecast

(Unit: million yen)	3rd period Actual (a)	4th period Forecast (b)	Difference (b)-(a)	Main breakdown of difference	<Reference> 5th period Forecast
Operating revenue	2,629	3,140	510	Operating revenue	3,197
				Increase due to newly-acquired MFLP Komaki (60%), Hino, Hiratsuka +510	
Operating expenses	1,390	1,673	283	Increase in photovoltaic power generation facilities rent revenue +45	1,722
Of which, Depreciation	595	744	149	Decrease in other operating expenses -45	754
Operating income	1,239	1,467	227	Operating expenses	1,475
				Increase due to newly-acquired MFLP Komaki (60%), Hino, Hiratsuka +194	
Non-operating income	0	-	0	Increase in other operating expenses +89	-
Non-operating expenses	54	54	0		39
Ordinary income	1,185	1,413	227		1,435
Profit (Net income)	1,184	1,412	227		1,434
Distribution per unit (DPU) (yen)	5,563	5,745	182		5,833
Of which, Distribution of earnings per unit (EPU) (yen)	5,288	5,373	85		5,460
Of which, Distribution in excess of earnings per unit (yen)	275	372	97		373
Distribution in excess of earnings expressed as a percentage of depreciation	10.3%	13.1%	-		13.0%

## 2-4. Distribution Trends

- For the 3rd fiscal period, achieved distribution of 5,563 yen, which is 217 yen higher than the 2nd fiscal period, or up 7.0% from the 1st fiscal period
- For the 4th fiscal period, projects distribution of 5,745 yen, which is 182 yen higher than the 3rd fiscal period, or up 7.5% from the 2nd fiscal period
- While distribution of earnings per unit (EPU) is 100% distribution of the profit increase or decrease, distribution per unit (DPU) is limited to distribution of 70% of increase or decrease in FFO, including the profit increase or decrease, etc.



\* As to distribution per unit (DPU) for the 6th fiscal period or after, the amount obtained by dividing the amount (65 million yen × 70%), which takes into account the fixed asset tax and city planning tax for the three properties acquired in the 4th fiscal period and FFO-based distributions in excess of earnings, by the number of investment units issued and outstanding, is expected to be subtracted.



# 3. Management Status of MFLP-REIT

## 3-1. Portfolio Status

- 3-1-1. Location
- 3-1-2. Quality
- 3-1-3. Balance

## 3-2. External Growth

## 3-3. Internal Growth

## 3-4. Financial Strategy

## 3-5. Unitholder Relations

# 3-1. Portfolio Status (List) (As of March 15 2018)

**Stable portfolio with investment focused on MFLPs—leading-edge logistics facilities developed by Mitsui Fudosan—of relatively young building age**

Total acquired assets		Stabilized NOI yield <sup>*1</sup>		Average appraisal NOI yield		Average building age		Average occupancy rate	
12 properties / 98.3 billion yen		5.2% (after depreciation: 3.7%)		4.7%		3.7 years		100%	
Category	Property no.	Property name	Location	Acquisition price (million yen)	Appraisal value <sup>*2</sup> (million yen)	Appraisal NOI yield (%)	Total floor area <sup>*3</sup> (m <sup>2</sup> )	Building age <sup>*4</sup> (years)	Occupancy rate <sup>*5</sup> (%)
Logistics facilities	L-1	GLP/MFLP Ichikawa Shiohama (50% quasi co-ownership interest)	Ichikawa, Chiba	15,500	16,650	4.3	105,019 (52,509)	4.2	100
	L-2	MFLP Kuki	Kuki, Saitama	12,500	13,500	4.9	73,153	3.7	100
	L-3	MFLP Yokohama Daikoku (50% quasi co-ownership interest)	Yokohama, Kanagawa	10,100	10,500	4.8	100,530 (50,265)	8.9	100
	L-4	MFLP Yashio	Yashio, Saitama	9,650	10,600	4.7	40,728	4.0	100
	L-5	MFLP Atsugi	Aiko, Kanagawa	7,810	8,620	4.8	40,942	3.0	100
	L-6	MFLP Funabashi Nishiura	Funabashi, Chiba	6,970	7,490	4.7	30,947	3.1	100
	L-7	MFLP Kashiwa	Kashiwa, Chiba	6,300	6,870	4.7	31,242	2.3	100
	L-8	MFLP Sakai (20% quasi co-ownership interest)	Sakai, Osaka	4,500	4,930	4.8	125,127 (25,025)	3.5	100
	L-9	① MFLP Komaki (40% quasi co-ownership interest)	Komaki, Aichi	① 3,249	① 3,330	① 4.8	40,597	1.1	100
		② MFLP Komaki (60% quasi co-ownership interest)		② 5,011	② 5,100	② 4.7			
	L-10	MFLP Hino (15% quasi co-ownership interest)	Hino, Tokyo	7,520	7,570	4.3	205,200 (30,780)	2.4	100
L-11	MFLP Hiratsuka	Hiratsuka, Kanagawa	7,027	7,070	4.6	33,061	1.3	100	
Subtotal or Average			-	96,137	102,230	4.7	826,551 (449,254)	3.7	100
Industrial real estate	I-1	MFIP Inzai (20% quasi co-ownership interest)	Inzai, Chiba	2,180	2,440	5.0	40,478 (8,095)	4.0	Not disclosed
Total or Average			-	98,317	104,670	4.7	867,029 (457,350)	3.7	100

## Reference: As of end of 3rd fiscal period

Logistics facilities (Property no. L-1 to L-9 ①)	Subtotal	76,579	82,490	4.7	588,289 (361,053)	4.2	100
Total (Property no. L-1 to L-9 ①, and I-1)		78,759	84,930	4.7	628,767 (369,149)	4.2	100

\*1: Stabilized NOI yield is the figure arrived at when the NOI assumed in the earnings forecast for the 5th fiscal period, less the amount of fixed asset tax, city planning tax, etc. not expensed in the said earnings forecast, is divided by acquisition price.  
 \*2: "Appraisal value" figures are the figures with November 30, 2017 as the date of value in the case of MFLP Komaki (60% quasi co-ownership interest), MFLP Hino (15% quasi co-ownership interest) and MFLP Hiratsuka, and with January 31, 2018 (end of 3rd fiscal period) as the date of value in the case of the other properties.  
 \*3: "Total floor area" figures in parentheses are the figures after taking into consideration the ownership interest.  
 \*4: "Building age" is the building age from the date of new construction of the main building in the register to March 15, 2018, rounded to one decimal place. "Subtotal" and "Total" are the weighted averages based on acquisition price.  
 \*5: "Occupancy rate" is the occupancy rate on the basis of contracts entered as of March 15, 2018.

# 3-1-1. Location (1)

**Acquired assets**

- Rampway MFLP Facilities
- Slope MFLP Facilities
- Box MFLP Facilities
- MFLP Facilities

**Right of first look and preferential negotiation properties defined in the rights of first look and preferential negotiation agreement**

- Rampway MFLP Facilities
- Slope MFLP Facilities
- Box MFLP Facilities

**Properties developed by Mitsui Fudosan**

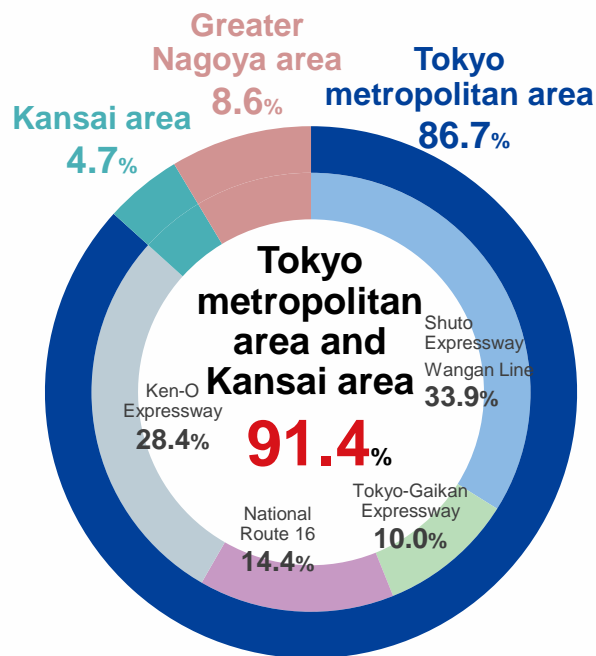
- Rampway MFLP Facilities
- Slope MFLP Facilities
- Box MFLP Facilities
- Access point
- Mitsui Fudosan's strategic area



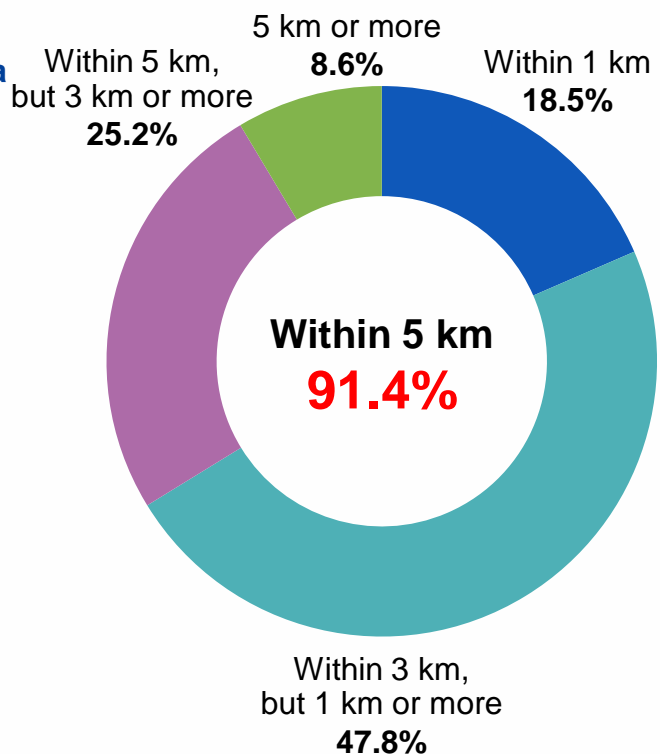
# 3-1-1. Location (2)

- Geographically diversified portfolio
- Location offering excellent access to transport nodes
- Location taking into consideration convenience in terms of commuting to work for employees

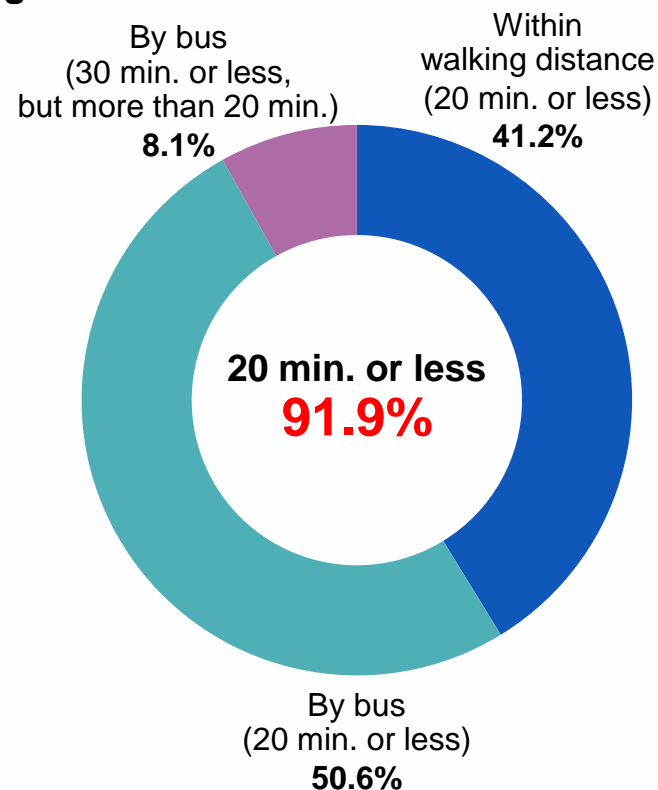
**Investment area**



**Access (distance) to nearest expressway interchange**



**Access (time) to nearest train station**





\* The pie graphs above are the figures as of March 15, 2018, calculated on an acquisition price basis.

# 3-1-2. Quality





## MFLP-REIT focuses investment in “leading-edge logistics facilities with Mitsui Fudosan quality” realized by applying Mitsui Fudosan’s know-how as a comprehensive developer

### Mitsui Fudosan quality

#### Basic specifications of leading-edge logistics facilities

<p><b>Large-sized site</b></p> <p>[Total floor area] At least <b>10,000 m<sup>2</sup></b></p>	<p><b>Storage space</b></p> <p>Effective ceiling height At least <b>5.5 m</b></p> <p>Column spacing At least <b>10 m</b></p> <p>Floor load capacity At least <b>1.5 tons/m<sup>2</sup></b></p> <p>MFLP Sakai</p>	<p><b>High performance</b></p> <p>[Column spacing] At least <b>10 m</b></p> <p>[Effective ceiling height] At least <b>5.5 m</b></p> <p>[Floor load capacity] At least <b>1.5 tons/m<sup>2</sup></b></p>	<p><b>Disaster prevention</b></p> <p>Equipped with</p> <ul style="list-style-type: none"> <li>• Seismic isolation</li> <li>• Quake-resistance</li> <li>• Emergency power generation ...etc.</li> </ul>	<p><b>Adoption of seismic isolation</b></p>  <p>MFLP Sakai</p>	<p><b>Emergency power generator</b></p>  <p>MFLP Kashiwa</p>
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#### & Worker

 <p>Cafeteria, shops</p>	 <p>Parcel pickup lockers</p>	 <p>Bicycle rentals</p>	 <p>LaLaport discount tickets</p>
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#### & Tenant

 <p>Commuter shuttles</p>	 <p>Car sharing</p>	 <p>BCP measures</p>	 <p>ICT LABO</p>
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#### & Community

 <p>Space for exchange</p>	 <p>Childcare facilities</p>	 <p>Promotion of use of nearby stores</p> <p>Employees working at MFLP</p> <p>Neighborhood stores</p> <p>Promotion of use</p> <p>Discount service etc.</p>
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#### & Earth

 <p>Solar panels</p>	 <p>LED lights</p>
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\* Photos are for illustrative purposes only. An MFLP facility or each portfolio asset is not necessarily equipped with all of the abovementioned standard specifications and features. Some of the specific examples include also those of properties not held by MFLP-REIT.



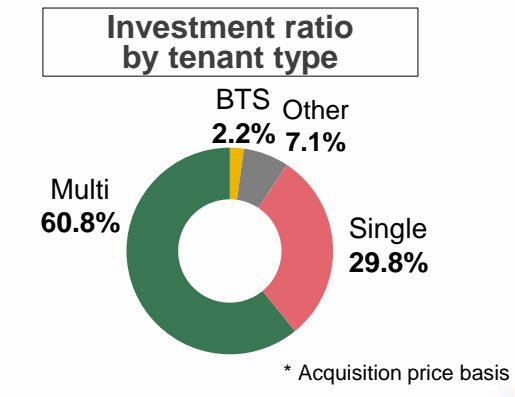
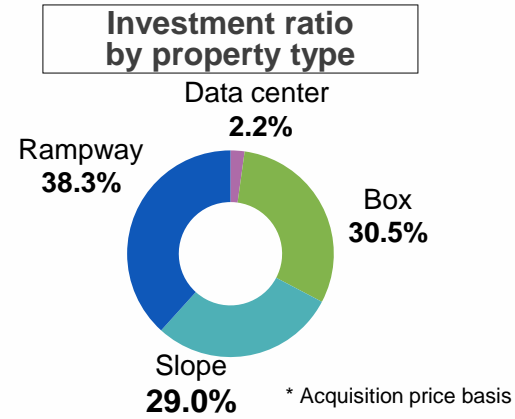
# 3-1-3. Balance

## Securing growth and stability by building a balanced portfolio through acquisition of MFLPs developed in consideration of land characteristics and tenant needs

Logistics facilities		Industrial real estate	
Investment ratio: 80% or more		Investment ratio: 20% or less	
Logistics needs	Shipping needs	Data center, etc.	
Tenant type	Multi-tenant type	Mainly long-term BTS type	
		MFIP (Mitsui Fudosan Industrial Park)	
		MFIP Inzai	
		BTS	

Rampway MFLP	Slope MFLP	Box MFLP
MFLP Hino Multi 	MFLP Komaki Single 	MFLP Hiratsuka Other *1 
GLP/MFLP Ichikawa Shiohama Multi 	MFLP Kuki Multi 	MFLP Yashio Multi 
MFLP Sakai Multi 	MFLP Atsugi Single 	MFLP Funabashi Nishiura Single 
MFLP Yokohama Daikoku Multi 		MFLP Kashiwa Single 

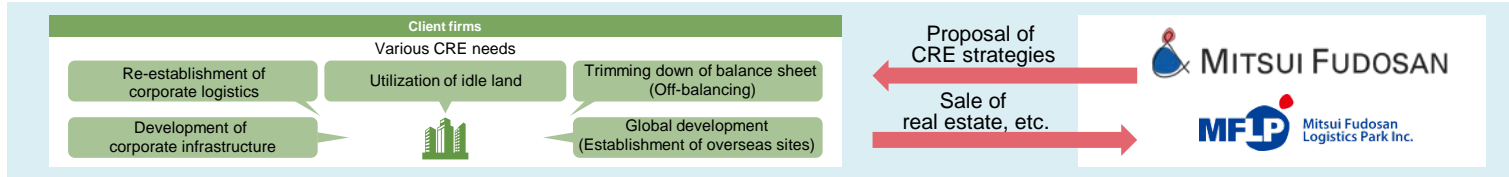


\*1 "Other" refers to a property for which the classification (multi or single) cannot be disclosed in this material as consent for disclosure has not been obtained from the lessee.

# 3-2. External Growth (1)

Stable growth utilizing the growth potential and extensive pipeline of Mitsui Fudosan's logistics facilities business

## Acquiring properties through proposal of corporate real estate (CRE) strategies, etc. by Mitsui Fudosan



## Mitsui Fudosan's major development/operation track record: 28 facilities 400.0 billion yen 2,400,000 m<sup>2</sup> in total floor area \*1

Construction completion in fiscal 2013 or before	Construction completion in fiscal 2014	Construction completion in fiscal 2015	Construction completion in fiscal 2016	Construction completion in fiscal 2017	Construction completion in fiscal 2018	Construction completion in fiscal 2019	Construction completion in fiscal 2020 or after
MFLP Yokohama Daikoku	Partially acquired MFLP Sakai (80%)*3	Partially acquired MFLP Hino (85%)*3	MFLP Fukuoka I (81%)*3	MFLP Inazawa	MFLP Atsugi II	MFLP Kawaguchi I	MFLP Osaka I
GLP/MFLP Ichikawa Shiohama	Partially acquired MFLP Inzai (80%)*3	MFLP Kashiwa	MFLP Hiratsuka	MFLP Ibaraki	<b>NEW</b> MFLP Prologis Park Kawagoe (50%)*3	MFLP Atsugi III	Tokyo Rail Gate EAST
MFLP Yashio	MFLP Kuki		MFLP Komaki	MFLP Tsukuba		MFLP Haneda	⋮
MFLP Atsugi	MFLP Funabashi Nishiura		MFLP Funabashi I			MFLP Kawasaki I	
						MFLP Funabashi II	
						Other data centers (2 properties)	

Further development of Mitsui Fudosan's logistics facilities business

\*1: Based on materials released by Mitsui Fudosan as of July 20, 2017.

For details, please refer to "About major properties developed/operated by Mitsui Fudosan" on p. 38 of this presentation material.

\*2: Properties with construction completion slated for fiscal 2017 or after are those planned and are subject to change without prior notice.

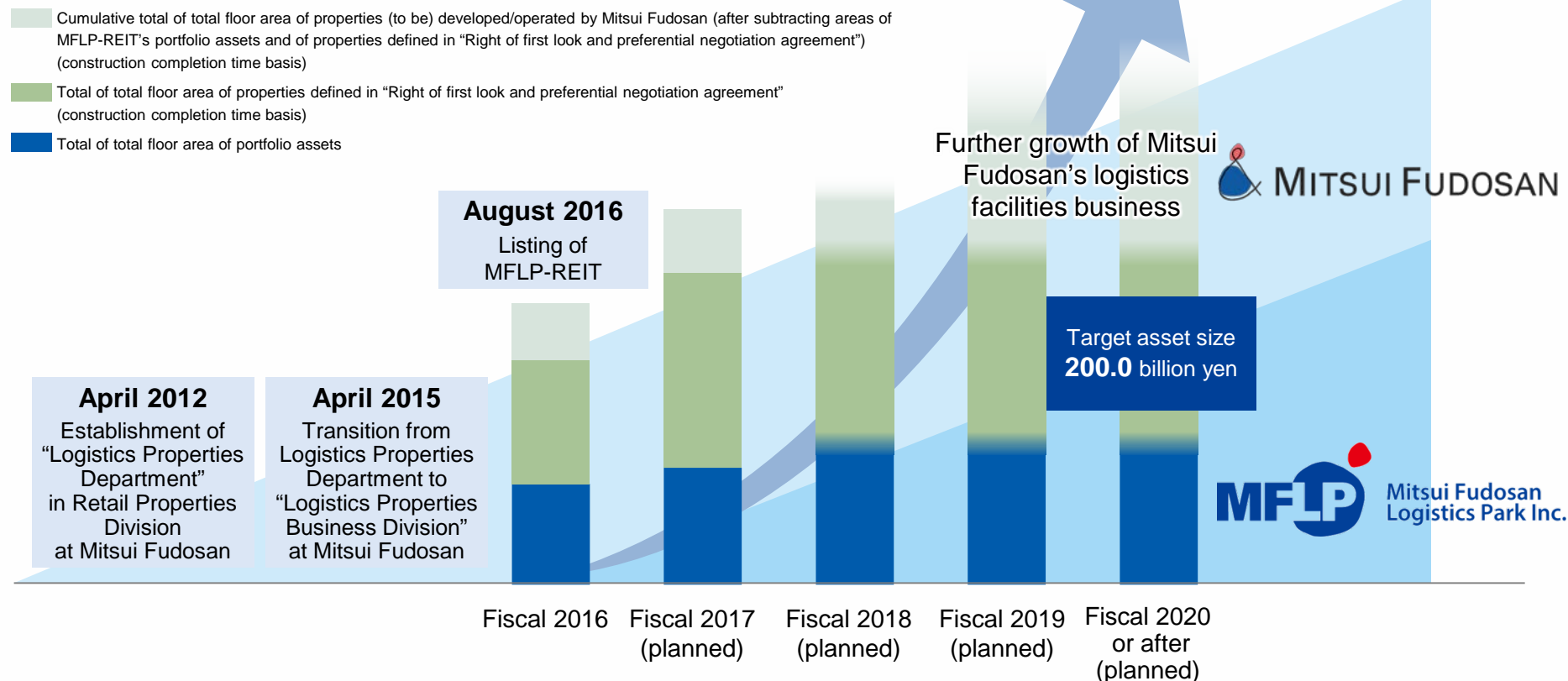
\*3: The percentage figure in parentheses is the percentage of quasi co-ownership interest subject to the "Right of first look and preferential negotiation agreement."

Properties held by MFLP-REIT	<b>NEW</b> Properties newly-announced by Mitsui Fudosan as of December 15, 2017
Properties defined in "Right of first look and preferential negotiation agreement"	

## 3-2. External Growth (2)

### Continuous acquisition of properties to achieve the target asset size of 200 billion yen by fiscal 2020

#### Change in size of Mitsui Fudosan's logistics facilities development and MFLP-REIT's asset size



Properties defined in "Right of first look and preferential negotiation agreement"

**8 properties 750,000 m<sup>2</sup>\*1** (Total floor area)

Further expansion of properties defined in "Right of first look and preferential negotiation agreement"

**MFLP-REIT's asset size**  
**12 properties 450,000 m<sup>2</sup>** (Total floor area)   **98.3 billion yen**

**Continuous external growth**

\*1 : The floor area subject to the "Right of first look and preferential negotiation agreement" (after taking into consideration the quasi co-ownership interest).

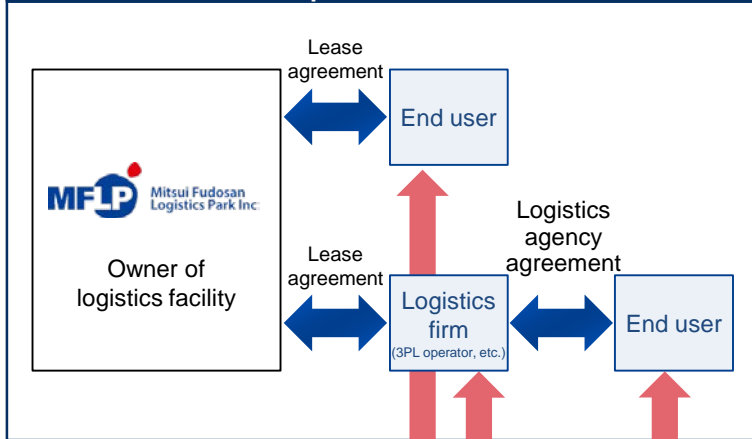
# 3-3. Internal Growth (1)

## Stable management utilizing the platform (business foundation) and client network of the Mitsui Fudosan Group

Effectively utilizing the Mitsui Fudosan Group's client network in leasing

MFLP-REIT believes that it can stably manage its portfolio by utilizing the broad and strong network that the Mitsui Fudosan Group has developed.

### Occupied by an abundant number of tenants that share a relationship with Mitsui Fudosan



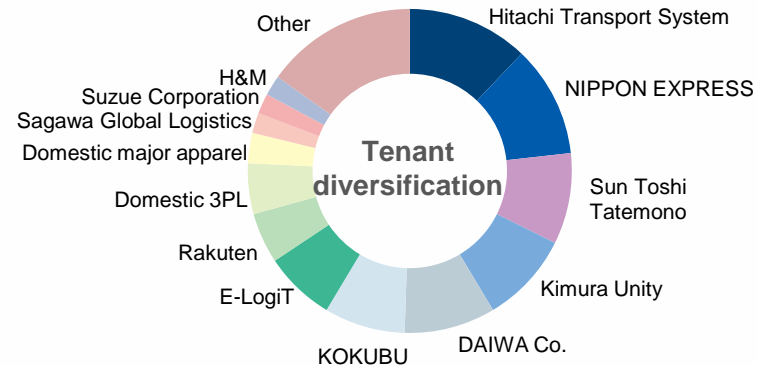
Can directly approach logistics firms and end users regardless of contract type

**Fully leveraging the Mitsui Fudosan Group's broad client network**

Office building business Client network: Approx. 3,000 firms*	Retail facility business Client network: Approx. 2,300 firms*	Strong relationships with leading 3PL operators
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\* As of March 2017

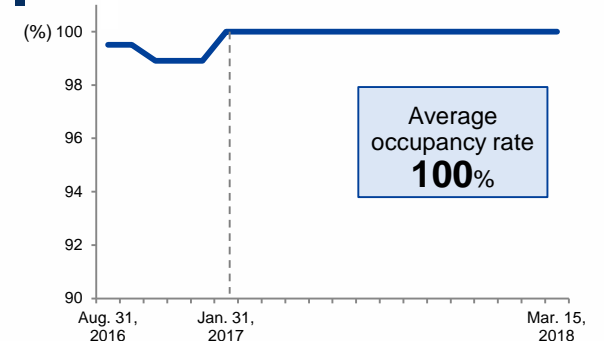
### Status of tenant diversification



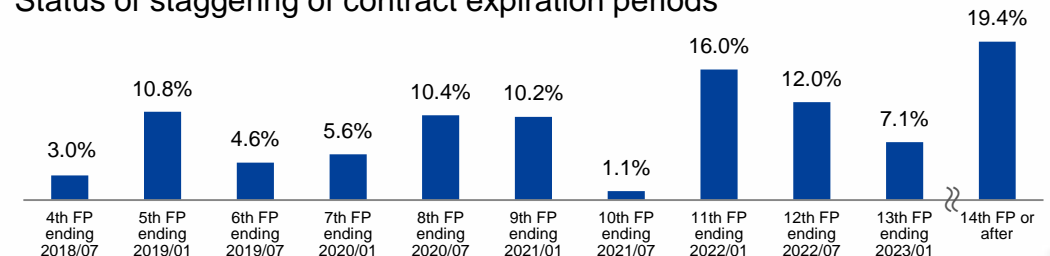
### Status of lease agreements

Average contract period	<b>5.9 years</b>
Remaining lease contract period	Average 3.5 years

### Status of occupancy rates



### Status of staggering of contract expiration periods

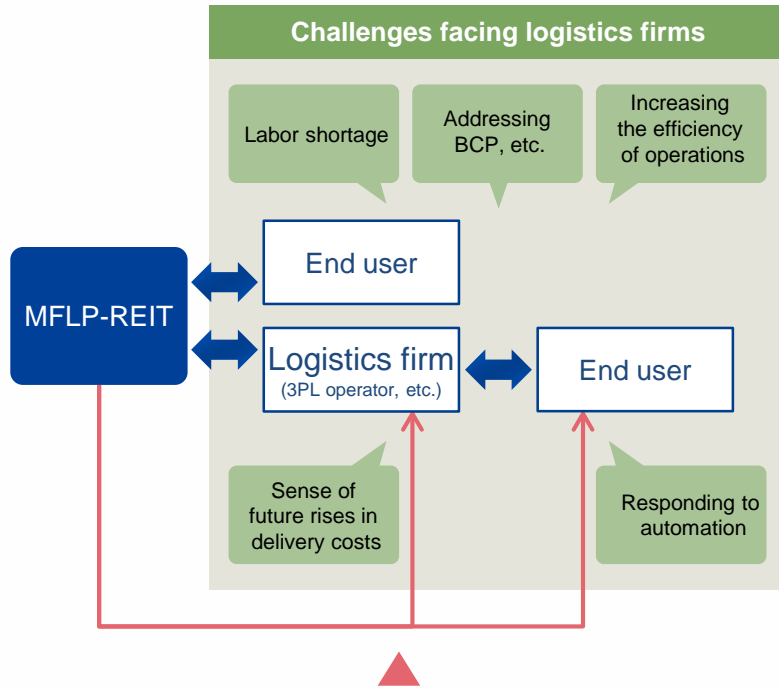


\* Each graph above is on the basis of leased area as of March 15, 2018.

# 3-3. Internal Growth (2)

## Steady internal growth through provision of solutions-based asset management and maintaining relationships with tenants over the medium to long term

Key points of future asset management plans



Specific examples in 3rd fiscal period

- Specific examples of solutions-based asset management by Mitsui Fudosan Group**
- Consulting support to help tenant companies secure staff
  - Matching of 3PL operators and end users
  - Establishment of comfortable environment for those working within facilities (further upgrading of amenities, grant of incentives at Mitsui Fudosan retail properties, etc.)
  - Proposal of capital investment within warehouses

### Solutions-based asset management

**Win-Win-Win achieved for all parties; the tenant, end user and MFLP-REIT**

Property manager Mitsui Fudosan

	Issues	Effect
<b>Tenant A (3PL)</b>	There are some sections not being used (no end user)	• Eliminates unused sections <b>Win</b>
<b>Tenant B (3PL)</b>	Not capable of accommodating to End user B's needs for floor expansion ⇒ Risk of cancellation	• Satisfies needs for floor expansion ⇒ Avoids cancellation risk <b>Win</b>
<b>End user B</b>	Current section is not enough to store any additional freight	• Storage of additional freight becomes possible <b>Win</b>
<b>MFLP-REIT</b>	100% occupancy rate ⇒ Vacancy risk due to tenant's move-out	• Eliminates vacancy risk • <b>Significantly extends</b> contract expiration periods for both Tenant A and Tenant B <b>Win</b>

**Proposal to sub-lease Tenant A's unused section to End user B**

**Tenant A Floor occupied by A:** End user A, End user B

**Tenant B Floor occupied by B:** End user B

Store End user B's additional freight in Tenant A's unused section

# 3-4. Financial Strategy (1)

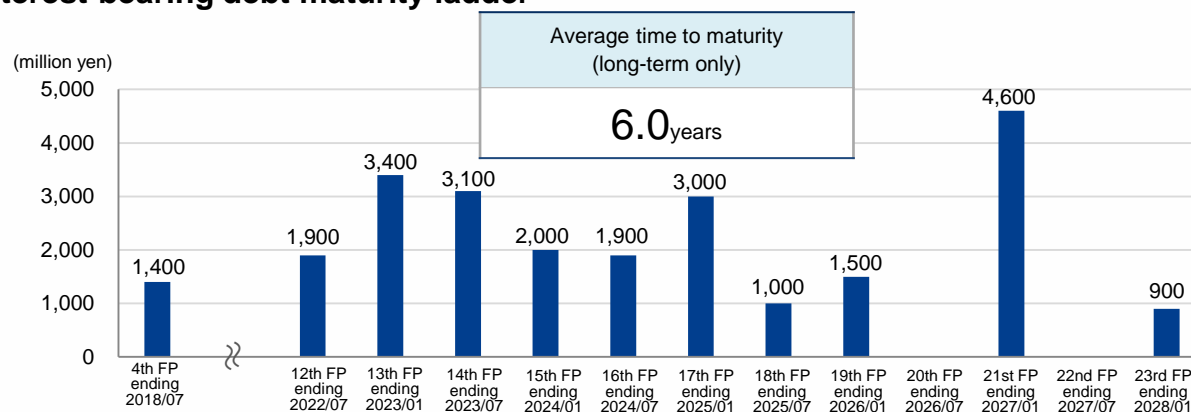
## Financial management with an emphasis on stability

### Status of debt financing

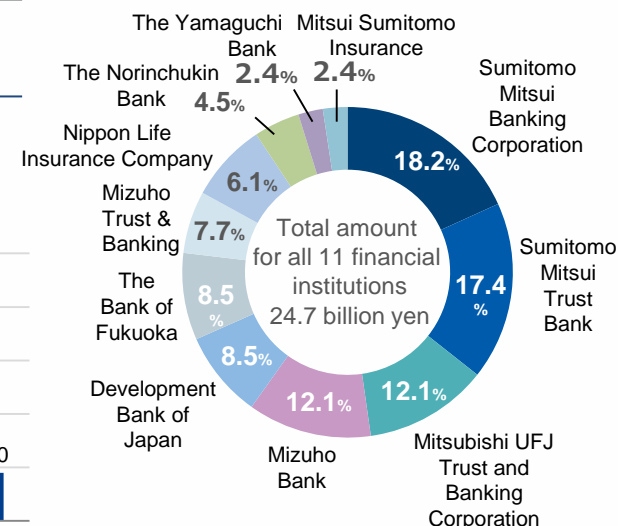
MFLP-REIT will aim to establish a stable bank formation centered on funding from major domestic financial institutions. In addition, plans are to engage in debt financing with due consideration of such factors as lengthening of borrowing periods and staggering of maturities.

Total interest-bearing debt		Average borrowing interest rate	
End of 3rd fiscal period	After public offering*	End of 3rd fiscal period	After public offering*
18.0 billion yen	24.7 billion yen	0.28%	0.28%

### Interest-bearing debt maturity ladder\*



### Status of borrowings\*



### Status of LTV

End of 3rd fiscal period	End of 4th fiscal period (Forecast)	End of 5th fiscal period (Forecast)	Medium- to long-term stabilized level
22.5%	24.2%	23.6%	40% to 50% range

### Credit rating assignment\*

Credit rating agency	Rating details	Remarks
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating: AA-	Rating outlook: Stable

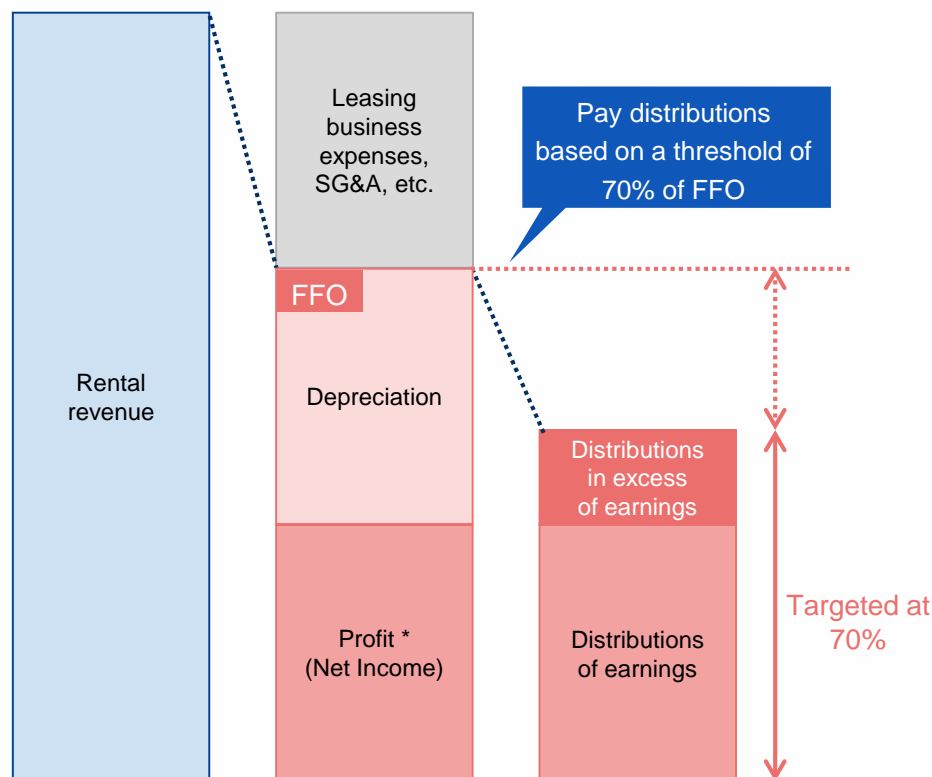
\*As of March 15, 2018

## 3-4. Financial Strategy (2)

### Efficient cash management

Based on the characteristics of logistics facilities, such as the ratio of building value to land value being typically high, MFLP-REIT intends to make cash distributions, including distributions in excess of earnings, on an ongoing basis each term from a perspective of securing stable distribution levels while managing cash efficiently.

#### Diagram of cash distribution based on FFO



\* Gain or loss on sale of real estate, etc. is not included in "Profit (Net income)" in the above chart.

#### Key points of cash distribution in excess of earnings

##### Level of distribution

For the time being, we intend to pay distributions (including distributions in excess of earnings) calculated at an amount equivalent to approximately 70% of FFO (excluding gain or loss on sale of real estate, etc.) for the relevant fiscal period on an ongoing basis each term, in principle.

##### Securing long-term building maintenance expenditures

Distributions in excess of earnings will be paid to the extent that an amount can be retained that is more than double the six-month average of capital expenditures stated in the engineering report for each operating period.

##### Securing financial stability

Distributions in excess of earnings will not be made if appraisal LTV ratio\* exceeds 60% for each operating period.

\* Appraisal LTV ratio =  
 $\text{Interest-bearing debt} \div (\text{Total assets} - \text{Book value of portfolio real estate, etc.} + \text{Appraisal value})$

## 3-5. Unitholder Relations

### Maximization of unitholder value through establishment of strong relationship of trust with unitholders

#### Asset management fee structure consistent with the interests of unitholders

The aim is to keep the interests of MFLP-REIT's unitholders consistent with the interests of the Asset Management Company.

Asset management fee I	Total assets × 0.1% (maximum)
Asset management fee II	Operating income (before deduction of asset management fees and depreciation) × 5.5% (maximum)
Asset management fee III	Pre-tax earnings (before deduction of asset management fees) × Pre-tax EPU (before deduction of asset management fees) × 0.001% (maximum)

#### Same-boat investment in MFLP-REIT by Mitsui Fudosan

MFLP-REIT receives 11% investment in capital from Mitsui Fudosan. (As of March 15, 2018)

Receiving certain investment in capital leads to alignment of the interests of MFLP-REIT's unitholders and Mitsui Fudosan and asset management that pursues mutually greater interests.

11.0%



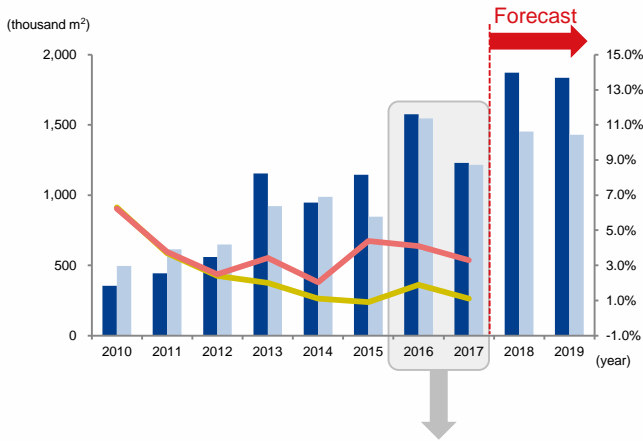
## 4. Logistics Market Overview

# 4-1. Logistics Market Overview (1)

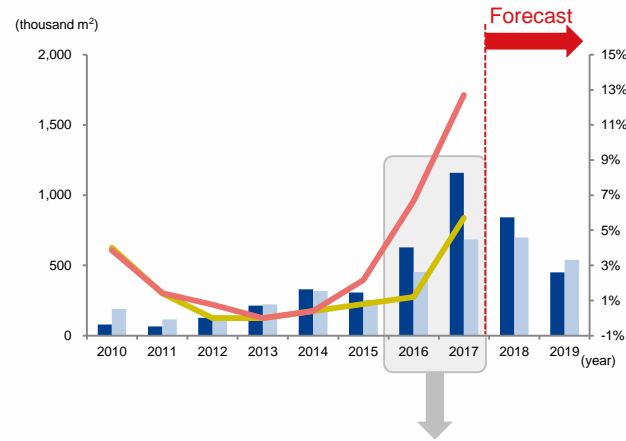
## Supply-demand balance and vacancy rate

■ New supply   
 ■ Net absorption   
 — Vacancy rate   
 — Vacancy rate (logistics facilities 1 year old or older)

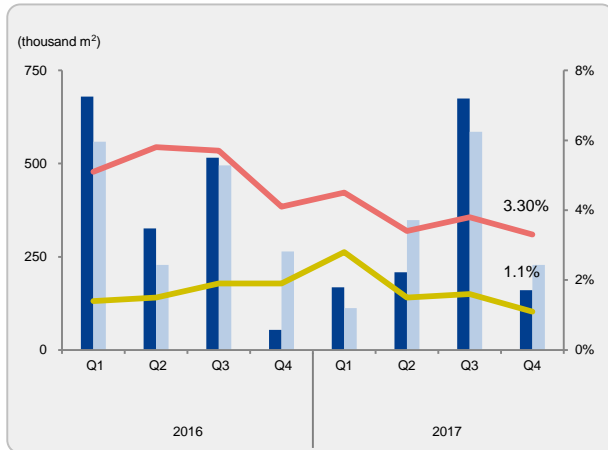
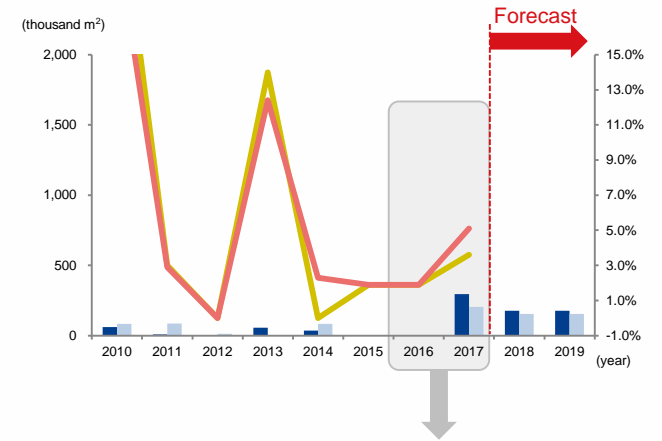
### Greater Tokyo area



### Greater Osaka area



### Greater Nagoya area

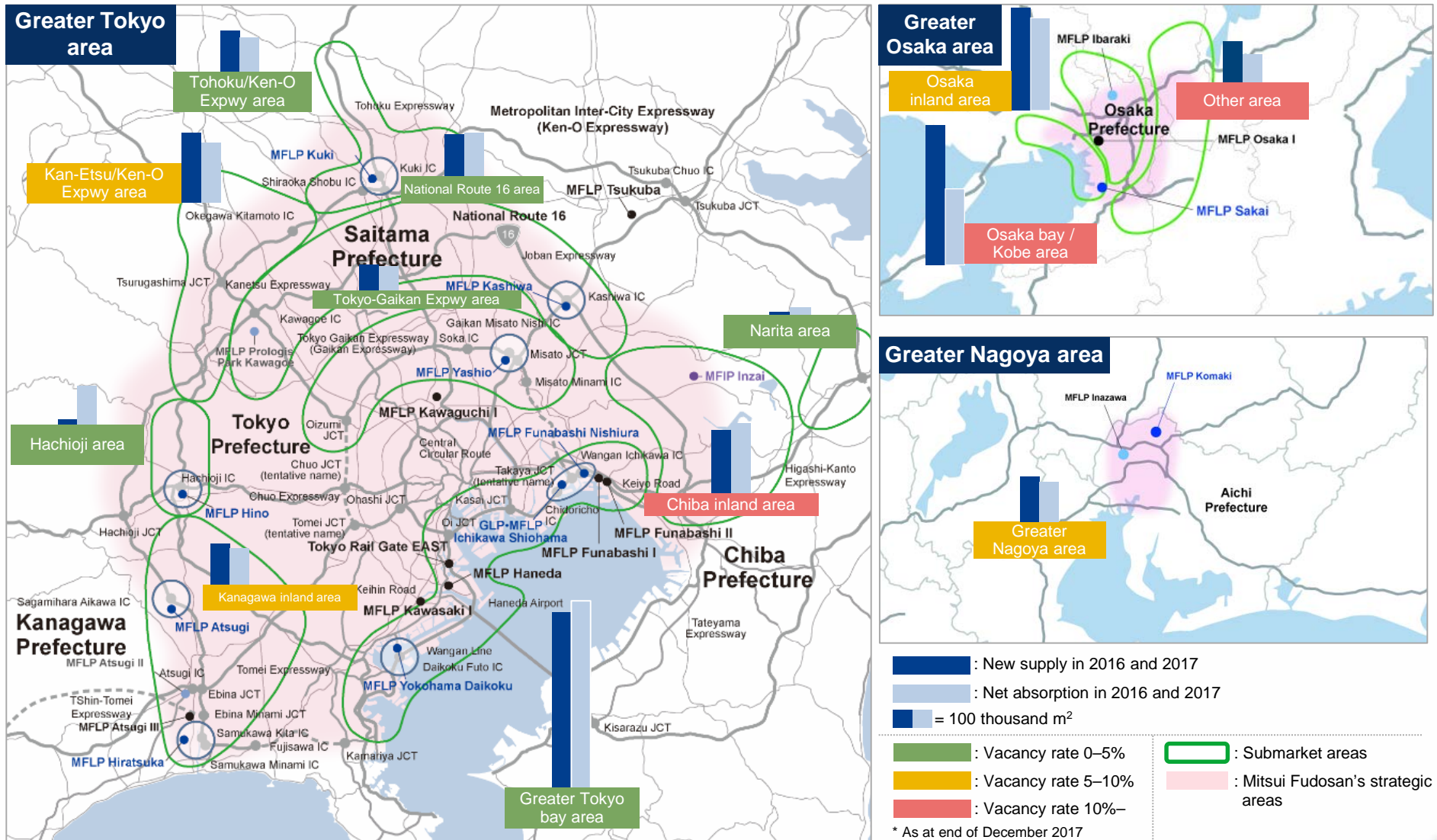


\*1: Source: CBRE K.K. (including forecast figures), as of December 31, 2017

\*2: The survey is of rental logistics facilities that are held by real estate investment companies, real estate development companies, etc. and have total floor area of 5,000 m<sup>2</sup> or more.

# 4-1. Logistics Market Overview (2)

## Supply-demand balance and vacancy rate by submarket



\*1: Source: CBRE K.K. (numerical figures only)

\*2: The survey is of rental logistics facilities that are held by real estate investment companies, real estate development companies, etc. and have total floor area of 5,000 m<sup>2</sup> or more.

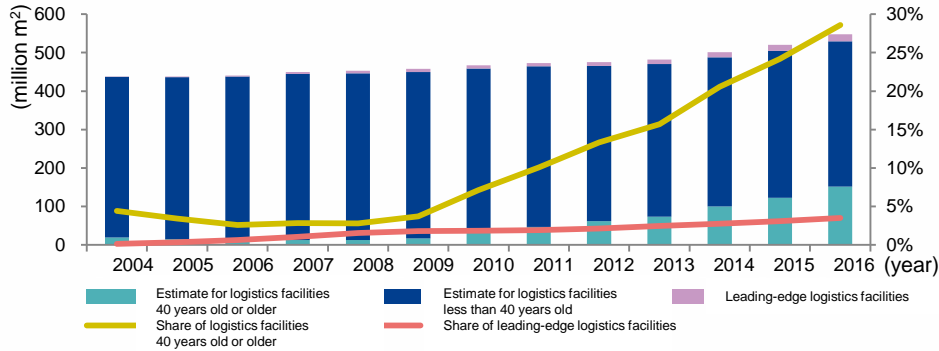
# 4-1. Logistics Market Overview (3)

## Japan's logistics facilities stock

### Stock of logistics facilities in 2016

Leading-edge logistics facilities      Logistics facilities over 40 years old  
 Approx. **3.5%**                                      Approx. **28.6%**

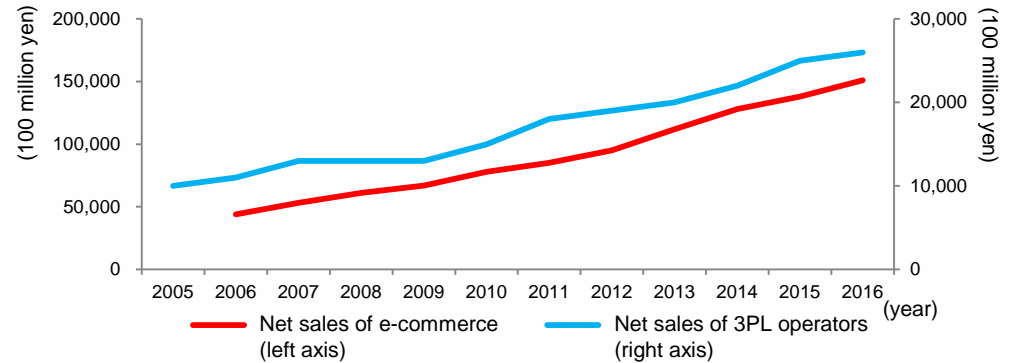
## Analysis of Japan's logistics facilities stock



\* Estimates by CBRE K.K. based on "Building Starts" (Ministry of Land, Infrastructure, Transport and Tourism) and "Summary Report on Prices, etc. of Fixed Assets" (Ministry of Internal Affairs and Communications). For details, please refer to "About analysis of Japan's logistics facilities stock" on p. 38 of this presentation material.

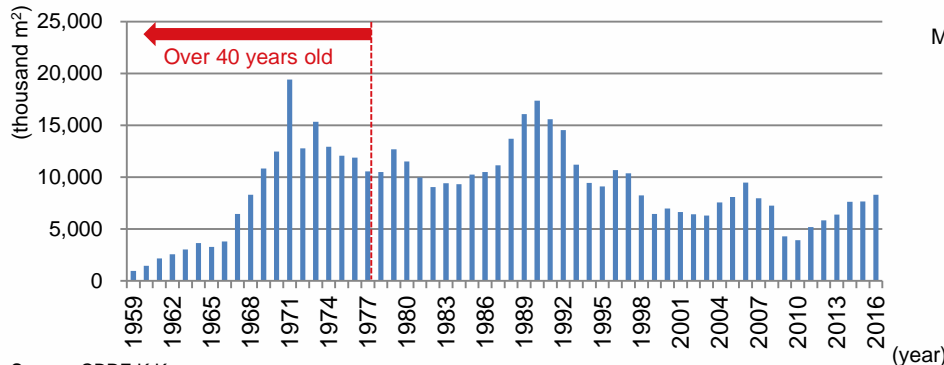
## Mounting demand due to 3PL business and e-commerce market size expansion

## Expanding 3PL market and e-commerce market



\* Figures compiled by CBRE K.K. based on the data of "Monthly Logistics Business (LOGI-BIZ)" and the Ministry of Economy, Trade and Industry.

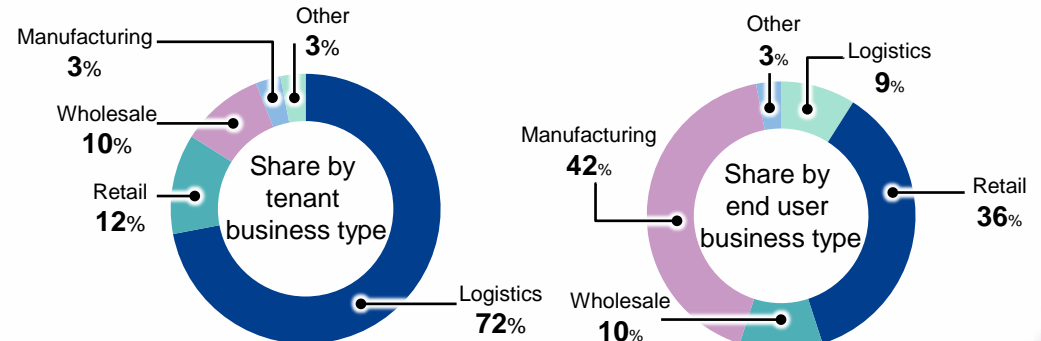
## Long-term data on building starts of logistics facilities (nationwide)



Source: CBRE K.K.

\* Figures calculated as the sum total of the floor area of structures with "warehouse" as the use category and "steel-framed structure," "reinforced concrete structure" or "steel-framed reinforced concrete structure" as the structure type.

## Tenants / End users of logistics facilities



Source: CBRE K.K.

\* The survey is of rental logistics facilities that are held by real estate investment companies, real estate development companies, etc. and have total floor area of 5,000 m² or more as of the end of December 2016.

# 4-1. Logistics Market Overview (4)

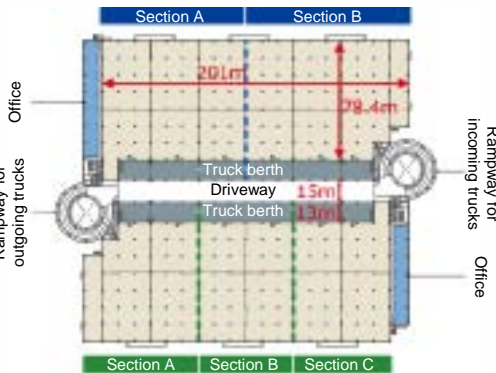
## [Reference] Specific examples of broader demand for leading-edge logistics

(including MFLP Hino and properties defined in “Right of first look and preferential negotiation agreement”)

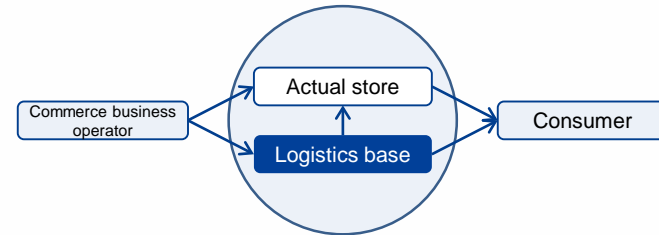
### MFLP Hino



Standard floor area of over 33,000 m<sup>2</sup>

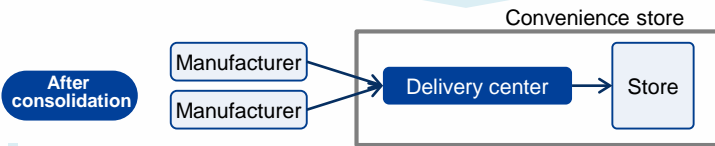
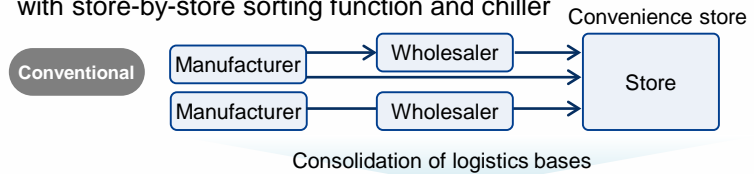


### Rise of Omni channel in commerce business operators

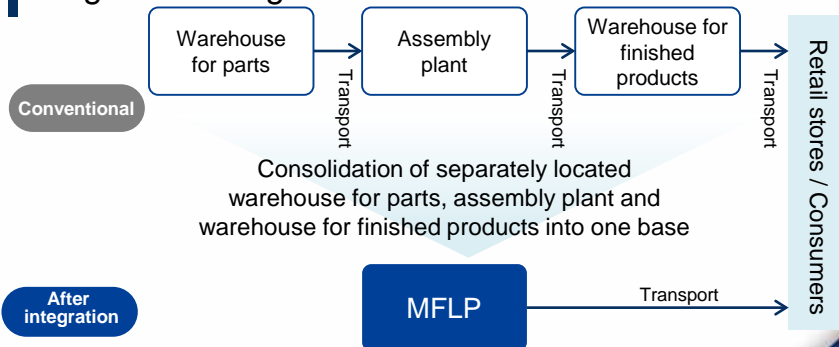


### Attracting delivery bases of convenience stores

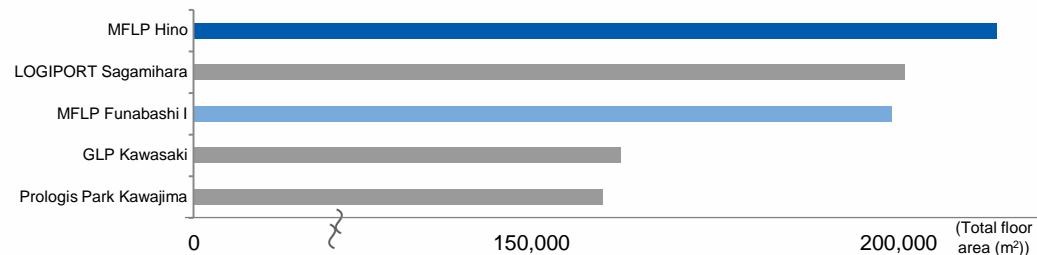
Case example of logistics bases consolidation and subdivision within a logistics facility, and attracting delivery center equipped with store-by-store sorting function and chiller



### Integration of logistics bases



### Size of logistics facilities development in the metropolitan area



\* Prepared by the asset management company based on materials on the survey of rental logistics facilities in the metropolitan area with total floor area of 5,000 m<sup>2</sup> or more that were developed by real estate companies, etc. in or after 2002 and completed as of December 31, 2016, which CBRE K.K. tallied as of December 2017.

### Capturing logistics demand generated from diversification of drug store business

- Conventional** Selling only medicine
- Trends in recent years** Diversification of items other than medicine, such as fresh food and drinks and increase of the number of stores  
→ Efficient delivery from large-scale logistics facilities addressing BCP

## 5. Appendix

# Statement of Income and Balance Sheet

## Statement of income

(Unit: million yen)

Item	2nd fiscal period (ended July 31, 2017) Actual	3rd fiscal period (ended Jan. 31, 2018) Actual
<b>Operating revenue</b>	<b>2,548</b>	<b>2,629</b>
Lease business revenue	2,456	2,523
Other lease business revenue	91	106
<b>Operating expenses</b>	<b>1,367</b>	<b>1,390</b>
Expenses related to rent business	1,071	1,086
Asset management fee	223	232
Asset custody and administrative service fees	19	17
Directors' compensations	5	5
Other operating expenses	47	47
<b>Operating income</b>	<b>1,181</b>	<b>1,239</b>
<b>Non-operating income</b>	<b>1</b>	<b>0</b>
<b>Non-operating expenses</b>	<b>30</b>	<b>54</b>
Interest expenses	24	26
Deferred organization expenses	-	-
Investment unit issuance expenses	-	23
Other offering costs associated with issuance of investment units	-	-
Other	6	4
<b>Ordinary income</b>	<b>1,152</b>	<b>1,185</b>
<b>Profit before income taxes</b>	<b>1,152</b>	<b>1,185</b>
Income taxes	0	0
<b>Profit (Net Income)</b>	<b>1,151</b>	<b>1,184</b>
<b>Unappropriated retained earnings</b>	<b>1,151</b>	<b>1,184</b>

## Balance sheet

(Unit: million yen)

Item	2nd fiscal period (ended July 31, 2017) Actual	3rd fiscal period (ended Jan. 31, 2018) Actual
<b>Current assets</b>	<b>3,860</b>	<b>2,176</b>
Cash and deposits	2,365	344
Cash and deposits in trust	1,415	1,670
Consumption taxes receivable	-	102
Other current assets	79	58
<b>Non-current assets</b>	<b>74,951</b>	<b>77,691</b>
Property, plant and equipment	74,930	77,633
Investments and other assets	20	58
<b>Total assets</b>	<b>78,811</b>	<b>79,868</b>
<b>Current liabilities</b>	<b>913</b>	<b>888</b>
Operating accounts payable	58	164
Short-term borrowings	-	-
Accounts payable – other	272	317
Income taxes payable	0	0
Accrued consumption taxes	159	-
Advances received	421	404
Other current liabilities	0	1
<b>Non-current liabilities</b>	<b>18,450</b>	<b>19,544</b>
Long-term borrowings	17,000	18,000
Tenant leasehold and security deposits in trust	1,450	1,544
<b>Total liabilities</b>	<b>19,363</b>	<b>20,433</b>
<b>Total unitholders' equity</b>	<b>59,447</b>	<b>59,434</b>
Unitholders' capital	58,350	58,350
Deduction from unitholders' capital	(54)	(100)
Unitholders' capital, net	58,296	58,250
Surplus	1,151	1,184
<b>Total net assets</b>	<b>59,447</b>	<b>59,434</b>
<b>Total liabilities and net assets</b>	<b>78,811</b>	<b>79,868</b>

# 3rd Fiscal Period Individual Property Income Statement

(Unit: million yen)

	GLP/MFLP Ichikawa Shiohama	MFLP Kuki	MFLP Yokohama Daikoku	MFLP Yashio	MFLP Atsugi	MFLP Funabashi Nishiura	MFLP Kashiwa	MFLP Sakai	MFLP Komaki (40% quasi co-ownership interest)	MFIP Inzai	Portfolio total	
Number of days of asset management	184 days	184 days	184 days	184 days	184 days	184 days	184 days	184 days	181 days	184 days	-	
Operating revenue from real estate leasing	Lease business revenue	448	436	332				157			2,523	
	Other lease business revenue	31	33	18				10			106	
	<b>Total</b>	<b>480</b>	<b>470</b>	<b>350</b>				<b>167</b>			<b>2,629</b>	
Operating expenses from real estate leasing	Outsourcing expenses	34	30	24	Not disclosed *	Not disclosed *	Not disclosed *	Not disclosed *	10	Not disclosed *	Not disclosed *	146
	Utility expenses	18	24	15					7			75
	Repair expenses	1	4	4					0			12
	Property- related taxes	37	43	39					17			244
	Other expenses	1	2	1					0			10
	<b>Total</b>	<b>92</b>	<b>105</b>	<b>84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>490</b>
Depreciation	79	107	85	62	63	50	49	43	35	18	595	
Operating income (loss) from real estate leasing	307	257	180	196	159	133	118	88	58	42	1,542	
NOI from real estate leasing [Operating income (loss) from real estate leasing + Depreciation]	387	364	265	258	223	183	168	131	94	61	2,138	

\* Not disclosed, because consent has not been obtained from the lessee.



# Appraisal Summary for the End of 3rd Fiscal Period

(Unit: million yen)

	Acquisition date	Acquisition price	Book value at end of 3rd fiscal period	End of 2nd fiscal period (End of July 2017) (a)		End of 3rd fiscal period (End of Jan. 2018) (b)		Change (b)-(a)		Main factors of change	
				Appraisal value	CR <sup>*1</sup>	Appraisal value	CR <sup>*1</sup>	Appraisal value	CR <sup>*1</sup>	CR <sup>*1</sup>	Other
<b>GLP/MFLP Ichikawa Shiohama</b>	2016/09	15,500	15,363	16,600	4.2%	16,650	4.2%	+ 50	0	-	-
<b>MFLP Kuki</b>	2016/08	12,500	12,256	13,400	4.8%	13,500	4.8%	+ 100	0	-	○
<b>MFLP Yokohama Daikoku</b>	2016/08	10,100	9,929	10,500	4.6%	10,500	4.6%	0	0	-	-
<b>MFLP Yashio</b>	2016/08	9,650	9,519	10,400	4.5%	10,600	4.5%	+ 200	0	-	○
<b>MFLP Atsugi</b>	2016/08	7,810	7,679	8,350	4.7%	8,620	4.6%	+270	-0.1	○	-
<b>MFLP Funabashi Nishiura</b>	2016/08	6,970	6,857	7,490	4.6%	7,490	4.6%	0	0	-	-
<b>MFLP Kashiwa</b>	2016/08	6,300	6,199	6,710	4.6%	6,870	4.6%	+160	0	-	○
<b>MFLP Sakai</b>	2016/08	4,500	4,405	4,930	4.7%	4,930	4.7%	0	0	-	-
<b>MFIP Inzai</b>	2016/08	2,180	2,160	2,440	4.8%	2,440	4.8%	0	0	-	-
<b>MFLP Komaki</b> (40% quasi co-ownership interest)	2017/08	3,249	3,244	-	-	3,330	4.7%	-	-	-	-
<b>Total or Average as of the end of 3rd fiscal period</b>	-	78,759	77,615	80,820	4.6%	84,930	4.6%	+ 780	0	-	-

## Reference: As of March 15, 2018<sup>\*2</sup>

<b>MFLP Komaki</b> (60% quasi co-ownership interest)	2018/02	5,011	5,011	-	-	5,100	4.7%	-	-	-	-
<b>MFLP Hino</b>	2018/02	7,520	7,520	-	-	7,570	4.3%	-	-	-	-
<b>MFLP Hiratsuka</b>	2018/03	7,027	7,027	-	-	7,070	4.5%	-	-	-	-
<b>Total or Average as of March 15, 2018</b>	-	98,317	97,173	-	-	104,670	4.5%	-	-	-	-

Amount of difference  
= Unrealized gain  
7,497 million yen

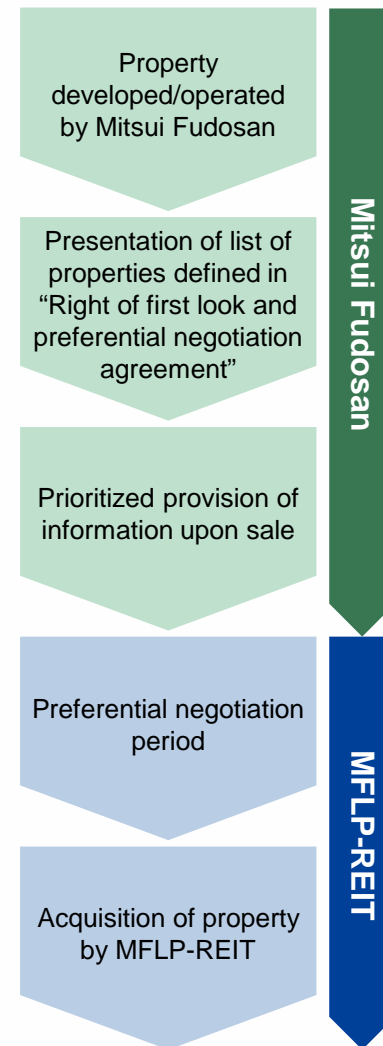
\*1 CR = Capitalization rate based on direct capitalization method (NCF basis)

\*2 Book value at end of 3rd fiscal period as of March 15, 2018 indicates acquisition price of each property, and appraisal value at the end of 3rd fiscal period indicates appraisal value with November 30, 2017 as the date of value.

# Mitsui Fudosan's Major Development/Operation Track Record

Fiscal year of completion *2	Property developed/operated	Location	Total floor area	Acquisition by MFLP-REIT *3	Property defined in "Right of first look and preferential negotiation agreement" *4
FY2013	MFLP Yokohama Daikoku	Yokohama, Kanagawa	100,530 m <sup>2</sup>	● (50%)	—
	GLP/MFLP Ichikawa Shiohama	Ichikawa, Chiba	105,019 m <sup>2</sup>	● (50%)	—
	MFLP Yashio	Yashio, Saitama	40,728 m <sup>2</sup>	●	—
FY2014	MFLP Kuki	Kuki, Saitama	73,153 m <sup>2</sup>	●	—
	MFLP Sakai	Sakai, Osaka	125,127 m <sup>2</sup>	● (20%)	● (80%)
	MFLP Funabashi Nishiura	Funabashi, Chiba	30,947 m <sup>2</sup>	●	—
	MFLP Atsugi	Aiko, Kanagawa	40,942 m <sup>2</sup>	●	—
	MFLP Inzai	Inzai, Chiba	40,478 m <sup>2</sup>	● (20%)	● (80%)
FY2015	MFLP Hino	Hino, Tokyo	205,200 m <sup>2</sup>	● (15%)	● (85%)
	MFLP Kashiwa	Kashiwa, Chiba	31,242 m <sup>2</sup>	●	—
FY2016	MFLP Funabashi I	Funabashi, Chiba	197,746 m <sup>2</sup>	—	—
	MFLP Fukuoka I	Kasuya, Fukuoka	32,199 m <sup>2</sup>	—	● (81%)
	MFLP Hiratsuka	Hiratsuka, Kanagawa	33,061 m <sup>2</sup>	●	—
	MFLP Komaki	Komaki, Aichi	40,597 m <sup>2</sup>	●	—
FY2017	MFLP Inazawa	Inazawa, Aichi	72,883 m <sup>2</sup>	—	●
	MFLP Ibaraki	Ibaraki, Osaka	230,435 m <sup>2</sup>	—	●
	MFLP Tsukuba	Tsukubamirai, Ibaraki	25,458 m <sup>2</sup>	—	—
FY2018	MFLP Atsugi II	Isehara, Kanagawa	54,791 m <sup>2</sup>	—	●
	MFLP Prologis Park Kawagoe	Kawagoe, Saitama	131,298 m <sup>2</sup>	—	NEW ● (50%)
FY2019	MFLP Kawaguchi I	Kawaguchi, Saitama	Approx. 54,100 m <sup>2</sup>	—	—
	MFLP Atsugi III	Hiratsuka, Kanagawa	Approx. 43,400 m <sup>2</sup>	—	—
	MFLP Haneda	Ota, Tokyo	Approx. 84,400 m <sup>2</sup>	—	—
	MFLP Kawasaki I	Kawasaki, Kanagawa	Approx. 41,500 m <sup>2</sup>	—	—
	MFLP Funabashi II	Funabashi, Chiba	Approx. 225,000 m <sup>2</sup>	—	—
FY2020	MFLP Osaka I	Osaka, Osaka	Approx. 48,300 m <sup>2</sup>	—	—
FY2021	Tokyo Rail Gate EAST	Shinagawa, Tokyo	Approx. 161,000 m <sup>2</sup>	—	—
TBD	Other data centers (2 properties)	—	—	—	—

## Flow regarding provision of right of first look information



\*1: For details of Mitsui Fudosan's major development/operation track record, please refer to p. 38.

\*2: In the case of MFLP Yokohama Daikoku, it is the fiscal year in which the property began to be under its operation. The fiscal year of completion of the property is fiscal 2009.

\*3: The percentage figure in parentheses is the percentage of quasi co-ownership interest in the portfolio asset.

\*4: The percentage figure in parentheses is the percentage of quasi co-ownership interest subject to the "Right of first look and preferential negotiation agreement."

# Initiatives for ESG

## – Environmental Principles and Initiatives for Environment/Society

### Environmental policies of Mitsui Fudosan Group

Mitsui Fudosan Group seeks reduction of environmental load, diversified collaboration/cooperation with various entities, improvement of peace of mind, safety and comfort as well as securement of sustainability.



### Initiatives for tenants and local communities

Utilizing the know-how of Mitsui Fudosan, the sponsor, the properties owned by MFLP-REIT promote initiatives to offer healthy, pleasant and safe environment by giving consideration to stakeholders such as occupying tenants, facility users, surrounding environment and local communities.



Cafeteria, shops



Implemented beautification activities (cleaning)



Commuter shuttle



Designated as a tsunami evacuation building (MFLP Sakai)

### Initiatives for reducing environmental load

MFLP-REIT has put forth efforts on reducing CO<sub>2</sub> emissions through energy saving while promoting efficient use of energy at its portfolio assets by introducing LED lights, installing solar panels on the roof and such.



### Eco-friendly green buildings

MFLP-REIT has obtained CASBEE and DBJ Green Building Certification for the following 10 properties. Furthermore, MFLP Sakai has received the Osaka Eco-friendly Construction Award. As such, MFLP-REIT proactively incorporates environmentally conscious green buildings.



Property name	Evaluation/Award history, etc.
GLP/MFLP Ichikawa Shiohama	CASBEE (Real estate) Rank S CASBEE (New construction) Rank A *1
MFLP Kuki	CASBEE (New construction) Rank A *1
MFLP Yashio	CASBEE (New construction) Rank A *1
MFLP Atsugi	CASBEE Kanagawa Rank A *2 DBJ Green Building Certification 4 Stars
MFLP Funabashi Nishiura	CASBEE (New construction) Rank A *1
MFLP Kashiwa	CASBEE (New construction) Rank A
MFLP Sakai	CASBEE (New construction) Rank S *1 FY2015 Osaka Eco-friendly Construction Award (Commerce, other category)
MFLP Yokohama Daikoku	DBJ Green Building Certification 5 Stars
MFLP Komaki	CASBEE Aichi Rank A *2
MFLP Hiratsuka	CASBEE Kanagawa Rank A *2

\*1: Certification has already expired as of March 15, 2018.

\*2: CASBEE Kanagawa and Aichi is not certified by a third-party but an assessment based on self-reporting.

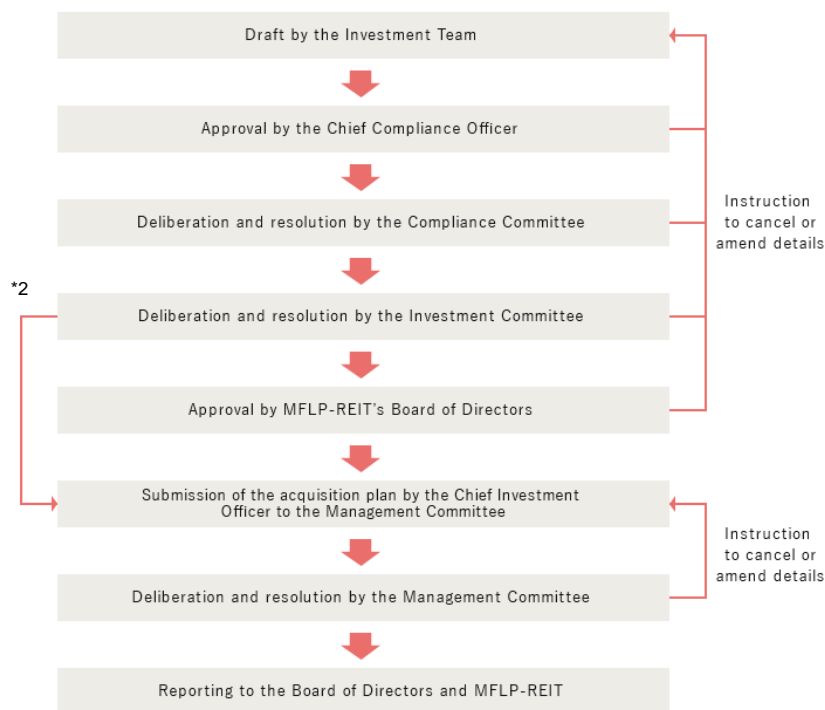
# Initiatives for ESG

## – Initiatives for Governance with Consideration for Unitholders’ Interests

MFLP-REIT and the Asset Management Company are working to establish proper governance through the following measures in order to build a solid relationship of trust that aligns interests of unitholders and interests of MFLP-REIT and the Asset Management Company while giving sufficient consideration to unitholders’ rights.

### Rules concerning conflicts of interest in asset management

The acquisition and transfer of assets by MFLP-REIT from related parties are decided by the Asset Management Company via a transparent decision-making process.



\*1: The above chart shows the decision-making flow when a transaction involves a related party, which requires the approval of MFLP-REIT’s Board of Directors under Article 201-2 of the Act on Investment Trusts and Investment Corporations.

\*2: If a transaction prescribed in Article 201-2 of the Act on Investment Trusts and Investment Corporations falls under the criteria for insignificance, the approval of MFLP-REIT’s Board of Directors shall be omitted.

### Asset management with emphasis placed on relationship of trust with unitholders

#### Asset management fee structure consistent with the interests of unitholders

The aim is to keep the interests of MFLP-REIT’s unitholders consistent with the interests of the Asset Management Company.

<b>Asset management fee I</b>	Total assets × 0.1% (maximum)
<b>Asset management fee II</b>	Operating income (before deduction of asset management fees and depreciation) × 5.5% (maximum)
<b>Asset management fee III</b>	Pre-tax earnings (before deduction of asset management fees) × Pre-tax EPU (before deduction of asset management fees) × 0.001% (maximum)

#### Same-boat investment in MFLP-REIT by Mitsui Fudosan

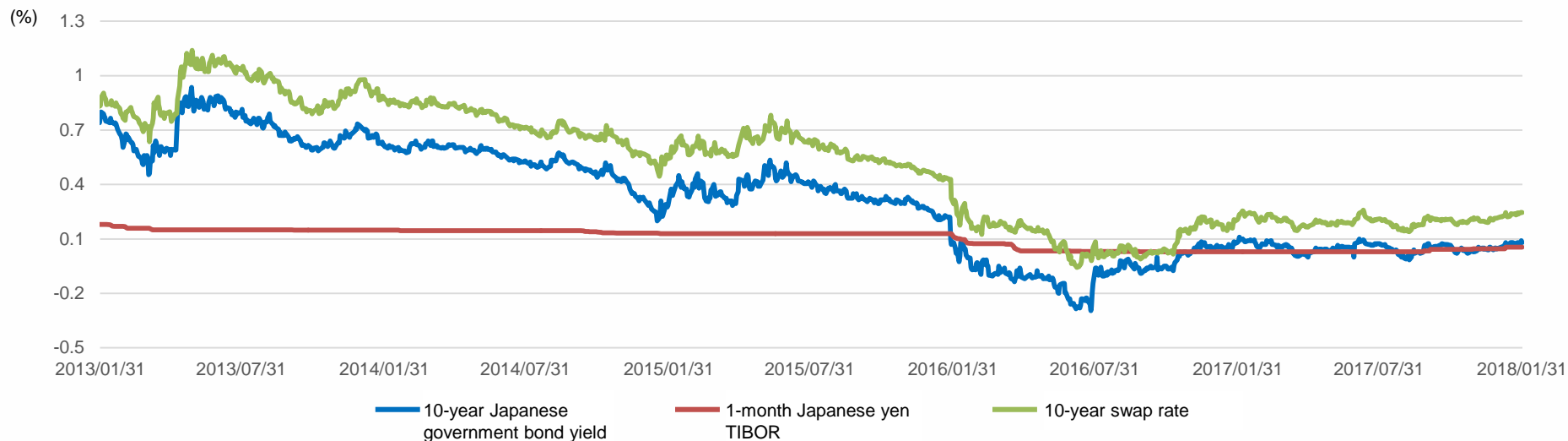
MFLP-REIT receives **11.0%** investment in capital from Mitsui Fudosan. (As of March 15, 2018)

Receiving certain investment in capital leads to alignment of the interests of MFLP-REIT’s unitholders and Mitsui Fudosan and asset management that pursues mutually greater interests.

### Timely and proper information disclosure and securement of transparency

MFLP-REIT strives to make timely and proper disclosure of information necessary for unitholders to make investment decisions. Upon disclosure, MFLP-REIT promotes prompt and transparent information disclosure to secure fairness and equality, and also promotes disclosure of not only financial information but also non-financial information concerning ESG.

## 10-year Japanese government bond yield and benchmark interest rate trends



\*1: Long-term borrowings are all borrowings at fixed interest rates.

\*2: Repayment methods are all bullet repayments.

(As of January 31, 2018)

## Long-term borrowings

Lender	Amount (million yen)	Interest rate *1	Borrowing date *2	Maturity date	Borrowing period
Sumitomo Mitsui Banking Corporation	2,000	0.2713%	2022/9/1	6 years	Unsecured Non-guaranteed
	1,500	0.4213%	2026/9/1	10 years	
Sumitomo Mitsui Trust Bank, Limited	2,000	0.3050%	2023/9/1	7 years	
	1,500	0.3813%	2025/9/1	9 years	
Mizuho Bank, Ltd.	400	0.1425%	2022/8/2	6 years	
	1,700	0.2113%	2024/8/2	8 years	
Mitsubishi UFJ Trust and Banking Corporation	2,200	0.1826%	2023/3/1	6.5 years	
	600	0.3237%	2024/3/1	7.5 years	
Mizuho Trust & Banking Co., Ltd.	700	0.3425%	2024/9/2	8 years	
	2,100	0.3125%	2026/8/3	10 years	
Development Bank of Japan Inc.	1,300	0.2169%	2024/2/2	7.5 years	
The Bank of Fukuoka, Ltd.	1,000	0.3125%	2026/8/3	10 years	
Nippon Life Insurance Company	500	0.2575%	2022/8/4	5 years	
	500	0.2575%	2022/8/4	5 years	
The Norinchukin Bank	500	0.2575%	2022/8/4	5 years	
<b>Total long-term borrowings</b>	<b>18,000</b>				

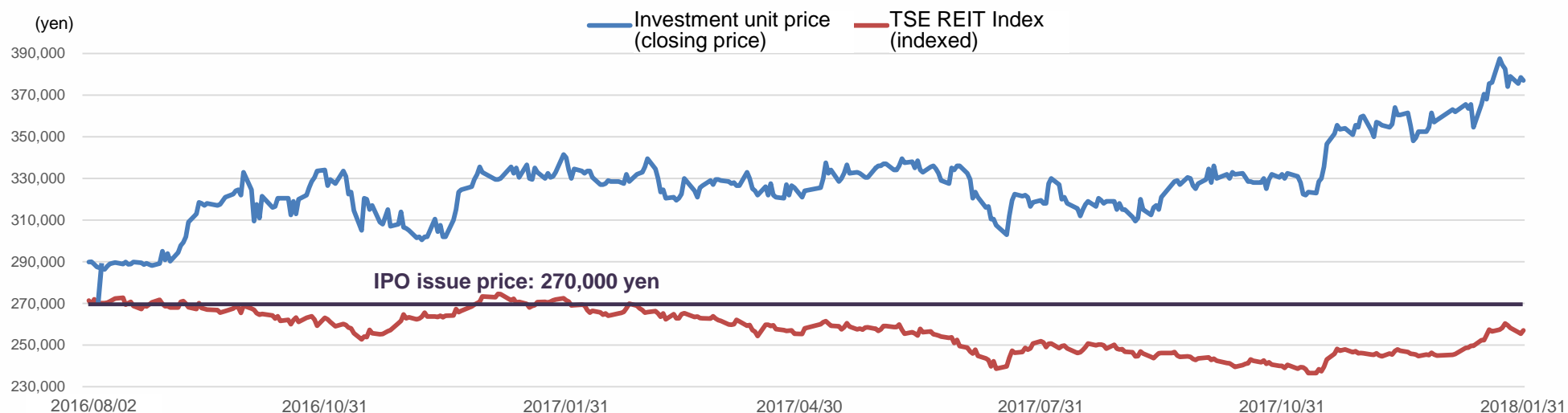
## Commitment lines

(As of January 31, 2018)

Lender	Amount (million yen)	Balance of borrowings (million yen)	Contract start date	Contract deadline	Remarks
Sumitomo Mitsui Banking Corporation	3,000	0	2016/8/2	2020/8/3	Unsecured Non-guaranteed
Sumitomo Mitsui Trust Bank, Limited	3,000	0	2016/9/1	2020/8/31	Unsecured Non-guaranteed

# Investment Unit Price Trends/Status of Unitholders

## Investment unit price firm since IPO



\* The starting point is the price of the first trade at IPO.

\* The TSE REIT Index is indexed to the August 2, 2016 opening price.

## Status of unitholders at end of 3rd fiscal period (end of January 2018)

### Number of unitholders and number of investment units by type of unitholder

Type of unitholder	Number of unitholders	% of total	Number of investment units	% of total
Individuals/Other	4,682	92.3%	16,974	7.6%
Financial institutions	106	2.1%	129,385	57.8%
Other Japanese corporations	154	3.0%	35,824	16.0%
Non-Japanese	111	2.2%	36,412	16.3%
Securities companies	20	0.4%	5,405	2.4%
<b>Total</b>	<b>5,073</b>	<b>100.0%</b>	<b>224,000</b>	<b>100.0%</b>

### Major unitholders at end of 3rd fiscal period

Major unitholder	Number of investment units	% of total
The Master Trust Bank of Japan, Ltd. (trust account)	41,674	18.6%
Japan Trustee Services Bank, Ltd. (trust account)	34,485	15.4%
Mitsui Fudosan Co., Ltd.	28,900	12.9%
Trust & Custody Services Bank, Ltd. (securities investment trust account)	10,586	4.7%
JPMorgan Chase Bank 385632	6,979	3.1%
<b>Total</b>	<b>122,624</b>	<b>54.7%</b>

## Notes on Matters Stated in this Document

### [About financial highlights]

- \*1 Appraisal value indicates the total of appraisal values indicated in the appraisal reports with January 31, 2018 as the date of value for the portfolio assets as of the end of the 3rd fiscal period; and such indicated in the appraisal reports with November 30, 2017 as the date of value for the properties acquired in the 4th fiscal period (including MFLP Komaki (60% quasi co-ownership interest)).
- \*2 Unrealized gain indicates the book value at the end of the fiscal period for the portfolio assets as of the end of the 3rd fiscal period; and the figure obtained by subtracting appraisal value from the total acquisition price for the properties acquired in the 4th fiscal period.
- \*3 Occupancy rate is the occupancy rate on a contract basis. The occupancy rate for 4th fiscal period (After property acquisition) is as of March 15, 2018.
- \*4  $LTV \text{ ratio} = \text{Balance of interest-bearing debt} \div \text{Total assets}$
- \*5 Including distribution in excess of earnings. (Number of investment units issued and outstanding: 224,000 units at the end of 3rd fiscal period, 262,774 units forecast for the end of 4th fiscal period)
- \*6 NAV per unit  
End of 3rd fiscal period (Actual):  $(\text{Net assets} + \text{Unrealized gain on appraisal basis}) (=NAV \text{ as of the end of 3rd FP}) / \text{Number of investment units issued and outstanding (224,000 units)}$   
4th fiscal period (After property acquisition):  $(NAV \text{ as of the end of 3rd FP} + \text{Unrealized gain based on the appraisal value of properties acquired in the 4th FP} + \text{Total issue amount of the first public offering}) / \text{Number of investment units issued and outstanding (262,774 units)}$

### [About major properties developed/operated by Mitsui Fudosan]

Descriptions of major properties developed/operated by Mitsui Fudosan in this document are based on materials released on July 20, 2017 by Mitsui Fudosan. "28 facilities 400.0 billion yen 2,400,000 m<sup>2</sup>" includes 13 properties under development or scheduled to be developed as of the date and their (planned) investment amounts. Properties scheduled to be developed include those targeted or planned by the Mitsui Fudosan Group as of the release date, and are subject to change or cancellation. Furthermore, there are no details concerning the timing of completion of the aforementioned investments that had been finalized as of the release date. Nor does MFLP-REIT guarantee or promise that the plans be materialized. "Tokyo Rail Gate EAST" is included in "28 facilities 400.0 billion yen 2,400,000 m<sup>2</sup>" in terms of the number of facilities, but not in term of the amount. Furthermore, Mitsui Fudosan has no plans to acquire the property as of March 15, 2018.

### [Method of calculation of cash distribution based on FFO]

1. Distribution of earnings is determined based on profit (net income) for the applicable operating period.
2. FFO for the applicable operating period is calculated by adding depreciation to profit (net income) (excluding gain or loss on sale of real estate, etc.) for the applicable operating period.
3. The amount distributable including distribution in excess of earnings is calculated based on a threshold of an amount equivalent to 70% of FFO for the applicable operating period.
4. The amount distributable in excess of earnings is calculated by deducting the amount of distribution of earnings (excluding gain or loss on sale of real estate, etc.) from the amount distributable including distribution in excess of earnings.
5. The amount of continuous distribution in excess of earnings is determined based on a comprehensive judgment on the basis of the amount distributable in excess of earnings.
6. The distribution in excess of earnings determined in 5. above is to be continuously made each fiscal period in principle, in addition to the distribution of earnings determined in 1. above.

### [About analysis of Japan's logistics facilities stock]

- \*1: The "Analysis of Japan's logistics facilities stock" graph is of estimates by CBRE K.K. based on the Policy Bureau of the Ministry of Land, Infrastructure, Transport and Tourism's "Building Starts" and the Ministry of Internal Affairs and Communications' "Summary Report on Prices, etc. of Fixed Assets."
- \*2: In the "Analysis of Japan's logistics facilities stock" graph, "Leading-edge logistics facilities" is the figure of each year's sum total of the total floor area of leading-edge logistics facilities (refers to rental logistics facilities that have total floor area of at least 10,000 m<sup>2</sup> and, in principle, ceiling height of at least 5.5 m, floor load capacity of at least 1.5 tons/m<sup>2</sup> and column spacing of at least 10 m).
- \*3: In the "Analysis of Japan's logistics facilities stock" graph, "Estimate for logistics facilities 40 years old or older" is the figure of each year's overall stock estimate (as defined in note 5; the same shall apply hereinafter) minus the sum total of the floor area of which construction was started within the past 40 years.
- \*4: "Estimate for logistics facilities less than 40 years old" is the figure of the overall stock estimate minus the floor area of "Estimate for logistics facilities 40 years old or older" and "Leading-edge logistics facilities."
- \*5: The overall stock estimate is the sum total of "Estimate for logistics facilities 40 years old or older," "Estimate for logistics facilities less than 40 years old" and "Leading-edge logistics facilities."
- \*6: In the "Analysis of Japan's logistics facilities stock" graph, "Share of leading-edge logistics facilities" is each fiscal year's "Leading-edge logistics facilities" expressed as a percentage of the overall stock estimate (total floor area basis).
- \*7: In the "Analysis of Japan's logistics facilities stock" graph, "Share of logistics facilities 40 years old or older" is each fiscal year's "Estimate for logistics facilities 40 years old or older" expressed as a percentage of the overall stock estimate (total floor area basis).
- \*8: "Total floor area" is compiled based on data on construction starts. In addition, estimates are on the basis of the time of construction completion being that construction is deemed to be completed after one year has elapsed from construction start. Accordingly, total floor area may not match the floor area on the building confirmation certificate, construction completion drawing or register.

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