

3rd Fiscal Period Asset Management Report

Mitsui Fudosan Logistics Park Inc.

6-8-7 Ginza, Chuo-ku, Tokyo

From: August 1, 2017
To: January 31, 2018

I. Asset Management Report

1. Overview of Asset Management

(1) Management and other performance highlights of the investment corporation

Fiscal period		3rd period (From August 1, 2017 to January 31, 2018)	2nd period (From February 1, 2017 to July 31, 2017)	1st period (From March 4, 2016 to January 31, 2017)
Operating revenues	(millions of yen)	2,629	2,548	2,383
Of which: Real estate leasing business revenues	(millions of yen)	2,629	2,548	2,383
Operating expenses	(millions of yen)	1,390	1,367	1,075
Of which: Real estate leasing business expenses	(millions of yen)	1,086	1,071	801
Operating income	(millions of yen)	1,239	1,181	1,307
Ordinary income	(millions of yen)	1,185	1,152	1,111
Net income	(millions of yen)	1,184	1,151	1,110
Total assets	(millions of yen)	79,868	78,811	81,698
[Period-on-period change]	(%)	1.3	(3.5)	—
Net assets	(millions of yen)	59,434	59,447	59,460
[Period-on-period change]	(%)	(0.0)	(0.0)	—
Interest-bearing debt	(millions of yen)	18,000	17,000	20,000
Unitholders' capital, net (Note 4)	(millions of yen)	58,250	58,296	58,350
Total number of investment units issued and outstanding	(units)	224,000	224,000	224,000
Net assets (Net asset value (NAV)) per unit	(yen)	265,334	265,392	265,449
Net income per unit (Note 5)	(yen)	5,287	5,141	9,017
Total amount of distribution	(millions of yen)	1,246	1,197	1,164
Distribution per unit	(yen)	5,563	5,346	5,198
Of which: Distribution of earnings per unit	(yen)	5,288	5,142	4,955
Of which: Distribution in excess of retained earnings per unit	(yen)	275	204	243
Ratio of ordinary income to total assets (Note 6)	(%)	1.5	1.4	1.5
[Annualized] (Note 7)	(%)	3.0	2.9	2.9
Return on equity (Note 6)	(%)	2.0	1.9	1.9
[Annualized] (Note 7)	(%)	4.0	3.9	3.8
Equity ratio at end of period (Note 6)	(%)	74.4	75.4	72.8
[Period-on-period change]	(%)	(1.0)	2.7	—
Payout ratio (Note 6)	(%)	100.0	100.0	100.0
Other reference information				
Number of days of asset management during period (Note 8)	(days)	184	181	183
Number of investment properties at end of period	(properties)	10	9	9
Occupancy rate at end of period (Note 9)	(%)	100.0	100.0	100.0
Depreciation and amortization (Note 10)	(millions of yen)	595	560	553
Capital expenditures	(millions of yen)	10	10	2
Net operating income (NOI) from property leasing (Note 6)	(millions of yen)	2,138	2,037	2,135
Funds from operations (FFO) (Note 6)	(millions of yen)	1,780	1,713	1,663
FFO per unit (Note 6)	(yen)	7,947	7,651	7,426

Ratio of interest-bearing debt to total assets at end of period (LTV ratio) (Note 6)	(%)	22.5	21.6	24.5
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(Note 1) The operating periods of the investment corporation Mitsui Fudosan Logistics Park Inc. (“MFLP-REIT”) are six-month periods every year from February 1 to the last day of July and from August 1 to the last day of January in the following year. However, the first operating period (1st fiscal period) is from MFLP-REIT’s establishment date (March 4, 2016) to the last day of January 2017.

(Note 2) Operating revenues, etc. do not include consumption tax, etc.

(Note 3) Unless otherwise specified, any numerical figures are rounded down to the nearest specified unit and percentage figures are rounded to one decimal place.

(Note 4) “Unitholders’ capital, net” is the amount of “Unitholders’ capital” less “Deduction from unitholders’ capital.”

(Note 5) “Net income per unit” is calculated by dividing net income by the daily weighted average number of investment units. Diluted net income per unit is not stated because there are no dilutive investment units.

(Note 6) The following formulas are used in calculations.

Ratio of ordinary income to total assets	$\frac{\text{Ordinary income}}{\{(\text{Total assets at beginning of period} + \text{Total assets at end of period}) \div 2\}} \times 100$ Total assets at beginning of period for the 1st fiscal period is using total assets as at the starting date of MFLP-REIT’s actual asset management period (August 2, 2016).
Return on equity	$\frac{\text{Net income}}{\{(\text{Net assets at beginning of period} + \text{Net assets at end of period}) \div 2\}} \times 100$ Net assets at beginning of period for the 1st fiscal period is using net assets as at the starting date of MFLP-REIT’s actual asset management period (August 2, 2016).
Equity ratio at end of period	$\frac{\text{Net assets at end of period}}{\text{Total assets at end of period}} \times 100$
Payout ratio	$\frac{\text{Distribution per unit (excluding distribution in excess of retained earnings)}}{\text{Net income per unit}} \times 100$ (rounded to one decimal place) Payout ratio for the 1st fiscal period is calculated by the following formula, because new investment units were issued. $\frac{\text{Total amount of distribution (excluding distribution in excess of retained earnings)}}{\text{Net income}} \times 100$
Net operating income (NOI) from property leasing	Real estate leasing business revenues - Real estate leasing business expenses + Depreciation and amortization
Funds from operations (FFO)	Net income + Depreciation and amortization of rental real estate + Loss on retirement of non-current assets \pm Gain (Loss) on sales of real estate properties
FFO per unit	$\frac{\text{FFO}}{\text{Total number of investment units issued and outstanding}}$
Ratio of interest-bearing debt to total assets at end of period (LTV ratio)	$\frac{\text{Interest-bearing debt at end of period}}{\text{Total assets at end of period}} \times 100$

(Note 7) For the 1st fiscal period (fiscal period ended January 31, 2017), annualized figures are calculated based on the number of days of actual asset management of 183 days (from August 2, 2016 to January 31, 2017).

(Note 8) The calculation period of the 1st fiscal period (fiscal period ended January 31, 2017) of MFLP-REIT is a period of 334 days from March 4, 2016 to January 31, 2017, but the actual asset management period was a period of 183 days from August 2, 2016.

(Note 9) “Occupancy rate at end of period” is leased area of the building expressed as a percentage of leasable area of the building of each real estate in trust on each lease agreement concluded for each property as at the end of the fiscal period, rounded to one decimal place.

(Note 10) “Depreciation and amortization” is depreciation and amortization of investment and rental property.

(2) Developments in management of assets in the fiscal period under review

① Brief history of the investment corporation

Mitsui Fudosan Logistics Park Inc. (“MFLP-REIT”), a Japanese real estate investment corporation, was established on March 4, 2016 under the Act on Investment Trusts and Investment Corporations of Japan (Act No. 198 of 1951, including subsequent amendments; the “Investment Trust Act”), by Mitsui Fudosan Logistics REIT Management Co., Ltd. (the “Asset Management Company”) as the organizer, and listed on the Real Estate Investment Trust Securities Market (J-REIT section) of Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”) on August 2, 2016 (Securities Code: 3471). MFLP-REIT held assets totaling ten properties amounting to a total acquisition price of 78.7 billion yen as at the end of the fiscal period under review.

② Investment environment and management performance

The Japanese economy continues to expand against the backdrop of accommodative financial conditions, support of the government’s ongoing economic measures and such, as growth rates of overseas economies increase moderately. In addition, capital investment has increased with improvement in corporate profits and business sentiment while private consumption also has shown a moderate increasing trend backed by improvement in employment and income situation. In the logistics market, with the 3PL business (Note) specializing in outsourced logistics services expanding in market size and the needs of 3PL providers for rental of multifunctional and highly-convenient logistics facilities on the rise, the demand for leading-edge logistics facilities is expected to continue to increase.

Under such circumstances, MFLP-REIT upholds a basic policy of pursuing maximization of unitholder value by achieving sustainable growth through formation of a strategic partnership in the logistics facilities business with Mitsui Fudosan Co., Ltd. (“Mitsui Fudosan”). Based on the policy, MFLP-REIT acquired MFLP Komaki (40% quasi co-ownership interest; acquisition price of 3,249 million yen) in August 2017.

Furthermore, MFLP-REIT has conducted steady management of 10 properties held (total acquisition price of 78.7 billion yen) to maintain an excellent occupancy rate of 100.0% for the entire portfolio as at the end of the fiscal period under review.

(Note) “3PL business” refers to the third-party logistics business (business of providing logistics services to client companies outsourcing part or all of their supply chain management functions).

③ Summary of fund procurement

In the fiscal period under review, MFLP-REIT executed debt financing of 2,200 million yen in August 2017 to fund the acquisition of MFLP Komaki and repaid 1,200 million yen using internal reserve arising from depreciation and amortization in the fiscal period under review. As a result, at the end of the fiscal period under review, the balance of interest-bearing debt was 18,000 million yen and the ratio of interest-bearing debt to total assets (LTV ratio) was 22.5%.

The following is the rating obtained by MFLP-REIT as at the end of the fiscal period under review.

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

④ Summary of business performance and distributions

Through the management described above, business performance for the fiscal period under review resulted in operating revenues of 2,629 million yen, operating income of 1,239 million yen, ordinary income of 1,185 million yen, and net income of 1,184 million yen.

In accordance with the distribution policy as defined in the Articles of Incorporation of MFLP-REIT, distributions for the fiscal period under review shall be subject to application of special provisions for taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation). Based on this, MFLP-REIT declared the distribution of 1,184,512,000 yen, which is the integral multiple of the total number of investment units issued and outstanding (224,000 units) of unappropriated retained earnings. Accordingly, MFLP-REIT declared distribution of earnings per unit of 5,288 yen.

In addition, in accordance with the distribution policy as defined in the Articles of Incorporation, MFLP-REIT shall execute distributions of cash in excess of retained earnings each fiscal period on a continuous basis in principle (Note 1). Based on this, MFLP-REIT declared the distribution of 61 million yen, which is the amount almost equivalent to the remaining amount after subtracting the distribution of earnings of 1,184 million yen from 1,246 million yen or 70% of FFO (Note 2), as return of capital applicable to distribution reducing unitholders' capital for tax purposes. Accordingly, MFLP-REIT declared distribution in excess of retained earnings per unit of 275 yen.

(Note 1) In addition to the continuous distributions in excess of retained earnings, in cases where the distribution amount for distribution per unit is expected to temporarily decline by a certain degree due to such factors as the procurement of funds through the issuance of new investment units, etc., a temporary distribution in excess of retained earnings may be executed in order to standardize the amount of the distribution per unit.

However, from the perspective of continuing to maintain owned assets for a long period of time, in cases where the above distribution of cash is executed, and where the amount equal to the equivalent of depreciation and amortization for the applicable operating period minus the amount of the distribution in excess of retained earnings for the applicable operating period falls below the standard amount of capital for building maintenance (Note 3), the distribution in excess of retained earnings will be decreased by a maximum amount that the distribution amount does not fall below the total equivalent of the distribution of earnings, and this may lead to cases where distribution in excess of retained earnings will not be executed.

In addition, from the perspective of continuing stable financial management, distributions in excess of retained earnings will not be executed in cases where the appraisal LTV ratio (Note 4) exceeds 60% in the event that the above distribution of cash is executed.

(Note 2) "FFO" is an acronym for funds from operations and refers to the figure calculated by adding depreciation and amortization of rental properties for the applicable operating period and loss on retirement of non-current assets to net income (excluding gain (loss) on sales of real estate properties, etc.).

(Note 3) "Standard amount of capital for building maintenance" refers to the "amount equivalent to the capital expenditure amount noted in the Building Condition Evaluation Report averaged over 12 years," from which an amount representing six months of capital expenditure is determined and then multiplied by two.

(Note 4) Appraisal LTV ratio (%) = $A/B \times 100$ (%)

A = Total interest-bearing debt on the applicable accounts settlement date

B = Total assets as at the balance sheet as at the applicable accounts settlement date – Amount of book value after depreciation and amortization of owned real estate as at the applicable accounts settlement date + Appraisal value of owned real estate as at the applicable accounts settlement date

(3) Status of capital increase, etc.

The following are the changes in the total number of investment units issued and outstanding and unitholders' capital, net, since the establishment of MFLP-REIT.

Date	Description	Total number of investment units issued and outstanding (units)		Unitholders' capital, net (Note 1) (millions of yen)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
March 4, 2016	Establishment through private placement	600	600	300	300	(Note 2)
June 15, 2016	Split of investment units	600	1,200	—	300	(Note 3)
August 1, 2016	Capital increase through public offering	212,800	214,000	55,445	55,745	(Note 4)
August 29, 2016	Capital increase through third-party allotment	10,000	224,000	2,605	58,350	(Note 5)
April 21, 2017	Distribution of cash in excess of retained earnings (return of capital)	—	224,000	(54)	58,296	(Note 6)
October 13, 2017	Distribution of cash in excess of retained earnings (return of capital)	—	224,000	(45)	58,250	(Note 7)

(Note 1) "Unitholders' capital, net" is the amount of "Unitholders' capital" less "Deduction from unitholders' capital."

(Note 2) MFLP-REIT was established at an issue price of 500,000 yen per unit.

(Note 3) A two-for-one split of investment units was conducted on June 15, 2016 as the effective date.

(Note 4) New investment units were issued through public offering at an issue price of 270,000 yen (paid-in amount of 260,550 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 5) New investment units were issued with Daiwa Securities Co. Ltd. as the allottee at a paid-in amount of 260,550 yen per unit.

(Note 6) By resolution of the Board of Directors of MFLP-REIT at its meeting held on March 16, 2017, distribution of cash in excess of retained earnings (return of capital) of 243 yen per unit was declared as distribution of cash for the 1st fiscal period (fiscal period ended January 31, 2017), the payout of which commenced on April 21, 2017.

(Note 7) By resolution of the Board of Directors of MFLP-REIT at its meeting held on September 13, 2017, distribution of cash in excess of retained earnings (return of capital) of 204 yen per unit was declared as distribution of cash for the 2nd fiscal period (fiscal period ended July 31, 2017), the payout of which commenced on October 13, 2017.

[Historical market price of investment securities]

The following is the high and low (closing price) of the fiscal period under review on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market on which MFLP-REIT investment securities are listed.

Fiscal period	3rd period (From August 1, 2017 to January 31, 2018)	2nd period (From February 1, 2017 to July 31, 2017)	1st period (From March 4, 2016 to January 31, 2017)
High (yen)	387,500	339,500	341,500
Low (yen)	309,500	303,000	286,300

(Note) MFLP-REIT investment securities were listed on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market on August 2, 2016.

(4) Distribution

The following is the distribution, etc. performance up to the fiscal period under review.

Fiscal period		3rd period (From August 1, 2017 to January 31, 2018)	2nd period (From February 1, 2017 to July 31, 2017)	1st period (From March 4, 2016 to January 31, 2017)
Total amount of unappropriated retained earnings	(thousands of yen)	1,184,529	1,151,857	1,110,063
Retained earnings	(thousands of yen)	17	49	143
Total amount of distribution of cash	(thousands of yen)	1,246,112	1,197,504	1,164,352
[Distribution per unit]	(yen)	[5,563]	[5,346]	[5,198]
Of which: Total amount of distribution of earnings	(thousands of yen)	1,184,512	1,151,808	1,109,920
[Distribution of earnings per unit]	(yen)	[5,288]	[5,142]	[4,955]
Of which: Total amount of return of capital	(thousands of yen)	61,600	45,696	54,432
[Return of capital per unit]	(yen)	[275]	[204]	[243]
Of total amount of return of capital: Total amount of distribution from allowance for temporary difference adjustment	(thousands of yen)	—	—	—
[Of return of capital per unit: Distribution from allowance for temporary difference adjustment per unit]	(yen)	—	—	—
Of total amount of return of capital: Total amount of distribution from distribution reducing unitholders' capital for tax purposes	(thousands of yen)	61,600	45,696	54,432
[Of return of capital per unit: Distribution from distribution reducing unitholders' capital for tax purposes]	(yen)	[275]	[204]	[243]

(Note) For a summary of MFLP-REIT's distribution policy and distributions for the fiscal period under review, please refer to "(2) Developments in management of assets in the fiscal period under review; ④ Summary of business performance and distributions" presented earlier in this document.

(5) Future management policy

MFLP-REIT has established a strategic and collaborative partnership in the logistics facilities business with Mitsui Fudosan, under which it seeks to maximize unitholder value by focusing investments primarily in logistics facilities as a basic policy. Based on this policy, in addition to expansion of asset size for the purpose of further stabilizing the revenue base continuing into future periods, MFLP-REIT will perform stable and efficient financial management by addressing changes in the external and internal environment to maximize unitholder value.

① External growth strategy

External growth based on the growth potential and extensive pipeline of Mitsui Fudosan's logistics facilities business

MFLP-REIT aims for continuous growth by focusing on MFLP facilities (leading-edge logistics facilities with Mitsui Fudosan quality (Note 1)), utilizing the right of first look and preferential negotiation based on "Right of first look and preferential negotiation agreement" that was concluded with Mitsui Fudosan, which boasts high growth in the logistics facilities business, and the Asset Management Company.

(Note 1) Based on the principles of "harmonious coexistence" and "linking diverse values" set by the Mitsui Fudosan Group (Note 2), Mitsui Fudosan's logistics facilities business keeps up efforts aimed at not only providing logistics facilities space but also creating value beyond conventional boundaries. In order to achieve this, MFLP-REIT incorporates the highly-specialized and advanced management and operational know-how, etc. accumulated in the office building business, retail properties business, etc. and the know-how, etc. accumulated through urban development as a comprehensive real estate conglomerate. It also captures the diverse needs that change with the times of the various bodies associated with logistics facilities (tenants, people working at the logistics facilities, and local community). MFLP-REIT refers to the quality of logistics facilities realized through these efforts by the name "Mitsui Fudosan quality."

(Note 2) "Mitsui Fudosan Group" refers to a corporate group comprising Mitsui Fudosan, Mitsui Fudosan's consolidated subsidiaries, and Mitsui Fudosan's associates accounted for using the equity method. The same shall apply hereinafter.

② Internal growth strategy

Stable management using the Platform (business foundation) and client network of the Mitsui Fudosan Group

MFLP-REIT aims for stable management by utilizing the Platform (business foundation) and client network that the Mitsui Fudosan Group has developed over years as a comprehensive real estate conglomerate.

③ Financial strategy

Financial and cash management with an emphasis on stability and efficiency

MFLP-REIT will manage its finances stably, including funds raised through the issuance of new investment units and borrowings, and at the same time it will aim to secure stable distribution levels and efficient cash management for distributions through continuous distributions in excess of retained earnings (return of capital) based on cash flow (FFO).

(6) Significant subsequent events

① Issuance of new investment units

Concerning the issuance of new investment units resolved at the Board of Directors meetings of MFLP-REIT held on January 15, 2018 and January 24, 2018, MFLP-REIT completed payment for the issuance of new investment units through public offering on February 1, 2018, and payment for the issuance of new investment units through third-party allotment on February 28, 2018. Details are as follows.

As a result, net unitholders' capital stands at 72,020,571,586 yen and the total number of investment units issued and outstanding at 262,774 units.

a. Issuance of new investment units through Public Offering (Primary Offering)

Number of new investment units issued	: 38,000 units
Issue price	: 367,581 yen per unit
Total amount of issue price	: 13,968,078,000 yen
Paid-in amount (issue amount)	: 355,139 yen per unit
Total paid-in amount (total issue amount)	: 13,495,282,000 yen
Payment date	: February 1, 2018

b. Issuance of New Investment Units through a third-party allotment (Third-Party Allotment)

Number of new investment units issued	: 774 units
Paid-in amount (issue amount)	: 355,139 yen per unit

Total paid-in amount (total issue amount) : 274,877,586 yen
 Payment date : February 28, 2018
 Allottee : Daiwa Securities Co. Ltd.

② Acquisition of assets

MFLP-REIT acquired trust beneficiary interests in the following assets on February 2, 2018 and March 15, 2018.

Category	Property no.	Property name	Location	Acquisition price (Note 1) (millions of yen)	Acquisition date
Logistics facilities	L-9	MFLP Komaki (Note 2)	Komaki, Aichi	5,011 (60% quasi co-ownership interest)	February 2, 2018
	L-10	MFLP Hino (Note 3)	Hino, Tokyo	7,520 (15% quasi co-ownership interest)	February 2, 2018
	L-11	MFLP Hiratsuka	Hiratsuka, Kanagawa	7,027	March 15, 2018

(Note 1) "Acquisition price" is the trust beneficiary interest purchase and sale transaction price stated in the trust beneficiary interest purchase and sale contract for the acquired asset, rounded down to the nearest million yen. The transaction price does not include consumption tax and local consumption tax or the various costs required in the acquisition.

(Note 2) The acquisition price for MFLP Komaki indicates the prorated figure equivalent to the quasi co-ownership interest in the property that MFLP-REIT has acquired (60%).

(Note 3) The acquisition price for MFLP Hino indicates the prorated figure equivalent to the quasi co-ownership interest in the property that MFLP-REIT has acquired (15%).

③ Borrowing of Funds

MFLP-REIT executed the following debt financing to procure funds to fund the acquisition of real estate trust beneficiary interests described in “② Acquisition of assets” above and payment of their related expenses.

Lender	Amount (millions of yen)	Interest rate	Borrowing date	Repayment date	Repayment method	Collateral
Sumitomo Mitsui Trust Bank, Limited	1,000	Added to the base interest rate (JBA one-month Japanese yen TIBOR) (Note 1) +0.05%	March 15, 2018	July 17, 2018	Bullet repayment	Unsecured and non- guaranteed
The Bank of Fukuoka, Ltd.	400	Added to the base interest rate (JBA one-month Japanese yen TIBOR) (Note 1) +0.05%	March 15, 2018	June 15, 2018	Bullet repayment	Unsecured and non- guaranteed
Sumitomo Mitsui Banking Corporation	800	0.24%	March 15, 2018	March 15, 2022	Bullet repayment	Unsecured and non- guaranteed
Mizuho Trust & Banking Co., Ltd.	300	0.2188%	March 15, 2018	March 15, 2022	Bullet repayment	Unsecured and non- guaranteed
Mitsubishi UFJ Trust and Banking Corporation (Note 2)	800	0.24%	March 15, 2018	March 31, 2022	Bullet repayment	Unsecured and non- guaranteed
Mizuho Trust & Banking Co., Ltd.	300	0.2613%	March 15, 2018	March 15, 2023	Bullet repayment	Unsecured and non- guaranteed
The Norinchukin Bank	600	0.2613%	March 15, 2018	March 15, 2023	Bullet repayment	Unsecured and non- guaranteed
The Yamaguchi Bank, Ltd.	600	0.3319%	March 15, 2018	September 13, 2024	Bullet repayment	Unsecured and non- guaranteed
The Bank of Fukuoka, Ltd.	400	0.3563%	March 15, 2018	March 14, 2025	Bullet repayment	Unsecured and non- guaranteed
Mitsui Sumitomo Insurance Company, Limited.	600	0.3563%	March 15, 2018	March 14, 2025	Bullet repayment	Unsecured and non- guaranteed
Mizuho Bank, Ltd.	900	0.48949%	March 15, 2018	September 15, 2027	Bullet repayment	Unsecured and non- guaranteed
Total	6,700	—	—	—	—	—

(Note 1) The base interest that applies to the interest calculation period for each interest payment date will be determined two business days immediately prior to the interest payment date (the borrowing date of the borrowing for the initial interest calculation period). JBA Japanese yen TIBOR can be checked on the website of the Japanese Bankers Association TIBOR Administration (“JBA TIBOR Administration”) (<http://www.jbatibor.or.jp/english/rate/>).

(Note 2) Due to an absorption-type corporate split executed with Mitsubishi UFJ Trust and Banking Corporation as a splitting company and MUFG Bank, Ltd. as a successor company, the role of Mitsubishi UFJ Trust and Banking Corporation as a lender will be taken over by MUFG Bank, Ltd. on April 16, 2018. (The same shall apply hereinafter.)

2. Overview of the Investment Corporation

(1) Status of investments in capital

Fiscal period		3rd period (January 31, 2018)	2nd period (July 31, 2017)	1st period (January 31, 2017)
Total number of investment units authorized	(units)	8,000,000	8,000,000	8,000,000
Total number of investment units issued and outstanding	(units)	224,000	224,000	224,000
Unitholders' capital, net (Note)	(millions of yen)	58,250	58,296	58,350
Number of unitholders	(unitholders)	5,073	5,698	6,201

(Note) "Unitholders' capital, net" is the amount of "Unitholders' capital" less "Deduction from unitholders' capital."

(2) Major unitholders

Of the unitholders as of January 31, 2018, the following are the top ten unitholders in terms of investment unit-holding ratio.

Name	Number of investment units owned (units)	Number of investment units owned expressed as a percentage of total number of investment units issued and outstanding (%)
The Master Trust Bank of Japan, Ltd. (trust account)	41,674	18.60
Japan Trustee Services Bank, Ltd. (trust account)	34,485	15.39
Mitsui Fudosan Co., Ltd.	28,900	12.90
Trust & Custody Services Bank, Ltd. (securities investment trust account)	10,586	4.72
JPMorgan Chase Bank 385632	6,979	3.11
The Nomura Trust and Banking Co., Ltd. (investment trust account)	6,095	2.72
State Street Bank and Trust Company 505012	4,937	2.20
The Bank of Kyoto, Ltd.	3,700	1.65
The Chugoku Bank, Limited	3,696	1.65
The Chukyo Bank, Ltd.	3,165	1.41
Total	144,217	64.38

(Note) "Number of investment units owned expressed as a percentage of total number of investment units issued and outstanding" is rounded down to two decimal places.

(3) Matters concerning directors, etc.

① Executive director, supervisory directors and independent auditor in the fiscal period under review

Position	Name	Key concurrently-held position, etc.	Total amount of compensation by position for the applicable operating period (thousands of yen)
Executive director	Masayuki Isobe	—	2,400
Supervisory director	Izuru Goto	Attorney, City-Yuwa Partners Corporate Auditor (part-time), Tobishima Corporation	1,500
	Tadao Toyoshima	Audit & Supervisory Board Member (part-time), Square Enix Holdings Co., Ltd.	1,500
Independent auditor	KPMG AZSA LLC	—	9,100

(Note 1) None of the executive director or supervisory directors own MFLP-REIT investment units in their own name or in the name of another.

(Note 2) Supervisory directors may be directors of other corporations other than those stated above, but none of them, including those above, have vested interest in MFLP-REIT.

(Note 3) The amount for the independent auditor represents the amount payable as compensation for the audit for the fiscal period under review, plus the compensation for the audit of English financial statements (2,100 thousand yen).

② Policy for deciding on dismissal and refusal of reappointment of the independent auditor

Decisions are made at a meeting of the Board of Directors of MFLP-REIT by taking into account the various circumstances in a comprehensive manner.

(4) Asset management company, custodian, and general administrators

The following are the asset management company, custodian and general administrators as of January 31, 2018.

Entrustment category	Name
Asset management company	Mitsui Fudosan Logistics REIT Management Co., Ltd.
Custodian	Sumitomo Mitsui Trust Bank, Limited
General administrator (transfer agent)	Sumitomo Mitsui Trust Bank, Limited
General administrator (institutional)	Sumitomo Mitsui Trust Bank, Limited
General administrator (accounting)	Heiseikaikeisha Tax Corporation

3. Status of Assets under Management of the Investment Corporation

(1) Composition of assets of the investment corporation

Type of asset	Use	Geographic classification (Note 1)	3rd period (As of January 31, 2018)		2nd period (As of July 31, 2017)		
			Total amount held (millions of yen) (Note 2)	As a percentage of total assets (%) (Note 3)	Total amount held (millions of yen) (Note 2)	As a percentage of total assets (%) (Note 3)	
Real estate in trust (Note 4) (Note 5)	Logistics facilities	Tokyo metropolitan area	67,805	84.9	68,294	86.7	
		Kansai area	4,405	5.5	4,447	5.6	
		Other areas	3,244	4.1	—	—	
	Subtotal		75,454	94.5	72,742	92.3	
	Industrial real estate (Note 6)	Tokyo metropolitan area	2,160	2.7	2,179	2.8	
		Kansai area	—	—	—	—	
		Other areas	—	—	—	—	
	Subtotal		2,160	2.7	2,179	2.8	
	Real estate in trust total			77,615	97.2	74,921	95.1
	Deposits and other assets			2,252	2.8	3,890	4.9
Total assets			79,868	100.0	78,811	100.0	

(Note 1) “Tokyo metropolitan area” refers to Tokyo, Kanagawa Prefecture, Chiba Prefecture, Saitama Prefecture and Ibaraki Prefecture.

“Kansai area” refers to Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture, Nara Prefecture and Shiga Prefecture.

(Note 2) “Total amount held” is based on the carrying amount (for real estate in trust, the book value after depreciation and amortization) as of each accounts settlement date, rounded down to the nearest million yen.

(Note 3) “As a percentage of total assets” is rounded to one decimal place.

(Note 4) “Real estate in trust” refers to real estate of trust beneficiary interests that have mainly real estate in trust.

(Note 5) For real estate in trust, the amount does not include the amount of construction in progress in trust.

(Note 6) “Industrial real estate” refers to data centers, communications facilities, research facilities, factories, supply and treatment facilities, and other real estate serving as corporate bases. The same shall apply hereinafter.

(2) Major assets held

The following summarizes the assets held by MFLP-REIT as of January 31, 2018.

Name of real estate, etc.	Book value (millions of yen)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	As a percentage of total real estate leasing business revenues (%)	Main use
GLP/MFLP Ichikawa Shiohama (Note 4)	15,363	50,813	50,813	100.0	18.3	Logistics facilities
MFLP Kuki	12,256	67,925	67,925	100.0	17.9	Logistics facilities
MFLP Yokohama Daikoku (Note 4)	9,929	47,929	47,929	100.0	13.3	Logistics facilities
MFLP Yashio	9,519	39,692	39,692	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Atsugi	7,679	40,958	40,958	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Funabashi Nishiura	6,857	31,034	31,034	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Kashiwa	6,199	31,291	31,291	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Sakai (Note 4)	4,405	22,429	22,429	100.0	6.4	Logistics facilities
MFLP Komaki (Note 4)	3,244	16,242	16,242	100.0	Not disclosed (Note 5)	Logistics facilities
MFIP Inzai (Note 4)	2,160	Not disclosed (Note 5)	Not disclosed (Note 5)	Not disclosed (Note 5)	Not disclosed (Note 5)	Industrial real estate
Total	77,615	Not disclosed (Note 5)	Not disclosed (Note 5)	100.0	100.0	

(Note 1) “Leasable area” is the floor area available for leasing of the building of each real estate in trust as of January 31, 2018 and is the sum total of the floor area deemed to be leasable based on the lease agreement or building drawing, etc., rounded down to the nearest whole number.

(Note 2) “Leased area” is the sum total of leased area of the building on each lease agreement for each real estate in trust as of January 31, 2018, rounded down to the nearest whole number. If a pass-through master lease agreement has been concluded for the real estate in trust, it is the sum total of the floor area actually contracted for leasing and leased to end-tenants, rounded down to the nearest whole number.

(Note 3) “Occupancy rate” is leased area of the building expressed as a percentage of leasable area of the building of each real estate in trust on each lease agreement concluded for each property as of January 31, 2018, rounded to one decimal place.

(Note 4) For “GLP/MFLP Ichikawa Shiohama,” “MFLP Yokohama Daikoku,” “MFLP Sakai,” “MFLP Komaki” and “MFIP Inzai,” “Leasable area” and “Leased area” are the prorated figures equivalent to the quasi co-ownership interest in each property that MFLP-REIT has acquired (50%, 50%, 20%, 40% and 20%, respectively).

(Note 5) Not disclosed, because consent has not been obtained from the lessee.

(3) Real estate assets in portfolio

The following summarizes the assets held by MFLP-REIT as of January 31, 2018.

Name of real estate, etc.	Location	Form of ownership	Leasable area (m ²) (Note 1)	Appraisal value at end of period (millions of yen) (Note 2)	Book value at end of period (millions of yen)
GLP/MFLP Ichikawa Shiohama (Note 3)	1-6-3 Shiohama, Ichikawa-shi, Chiba	Real estate trust beneficiary interests	50,813	16,650	15,363
MFLP Kuki	1-10 Kiyokuchō, Kuki-shi, Saitama	Real estate trust beneficiary interests	67,925	13,500	12,256
MFLP Yokohama Daikoku (Note 3)	43-1 Daikokuchō, Tsurumi-ku, Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	47,929	10,500	9,929
MFLP Yashio	99-1 Tsubutakita, Minamiushiroya, Yashio-shi, Saitama	Real estate trust beneficiary interests	39,692	10,600	9,519
MFLP Atsugi	4021-1 Sakuradai, Nakatsu, Aikawamachi, Aiko-gun, Kanagawa	Real estate trust beneficiary interests	40,958	8,620	7,679
MFLP Funabashi Nishiura	3-10-13 Nishiura, Funabashi-shi, Chiba	Real estate trust beneficiary interests	31,034	7,490	6,857
MFLP Kashiwa	259-1 Mukaiwari, Aotashindentobichi, Kashiwa-shi, Chiba	Real estate trust beneficiary interests	31,291	6,870	6,199
MFLP Sakai (Note 3)	1-171 Chikkoyawatamachi, Sakai-ku, Sakai-shi, Osaka	Real estate trust beneficiary interests	22,429	4,930	4,405
MFLP Komaki (Note 3)	2020-1, Higashimae, Honjo, Komaki-shi, Aichi	Real estate trust beneficiary interests	16,242	3,330	3,244
Logistics facilities subtotal			348,316	82,490	75,454
MFIP Inzai (Note 3)	2-101-14 Izumino, Inzai-shi, Chiba	Real estate trust beneficiary interests	Not disclosed (Note 4)	2,440	2,160
Industrial real estate subtotal			Not disclosed (Note 4)	2,440	2,160
Total			Not disclosed (Note 4)	84,930	77,615

(Note 1) “Leasable area” is the floor area available for leasing of the building of each real estate in trust as of January 31, 2018 and is the sum total of the floor area deemed to be leasable based on the lease agreement or building drawing, etc., rounded down to the nearest whole number.

(Note 2) “Appraisal value at end of period” is the appraisal value as of the valuation date of January 31, 2018 by real estate appraisers based on the asset valuation methods and standards set forth in the Articles of Incorporation of MFLP-REIT and the rules and requirements imposed by The Investment Trusts Association, Japan. The appraisal of each asset held is entrusted to Japan Real Estate Institute, The Tanizawa Sōgō Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. and CBRE K.K.

(Note 3) For “GLP/MFLP Ichikawa Shiohama,” “MFLP Yokohama Daikoku,” “MFLP Sakai,” “MFLP Komaki” and “MFIP Inzai,” “Leasable area,” “Appraisal value at end of period” and “Book value at end of period” are the prorated figures equivalent to the quasi co-ownership interest in each property that MFLP-REIT has acquired (50%, 50%, 20%, 40% and 20%, respectively).

(Note 4) Not disclosed, because consent has not been obtained from the lessee.

The following is the status of leasing of real estate, etc. held by MFLP-REIT.

Name of real estate, etc.	3rd period (From August 1, 2017 to January 31, 2018)				2nd period (From February 1, 2017 to July 31, 2017)			
	Total number of tenants [at end of period] (Note 1)	Occupancy rate [at end of period] (%) (Note 2)	Real estate leasing business revenues [during period] (millions of yen)	As a percentage of total real estate leasing business revenues (%)	Total number of tenants [at end of period] (Note 1)	Occupancy rate [at end of period] (%) (Note 2)	Real estate leasing business revenues [during period] (millions of yen)	As a percentage of total real estate leasing business revenues (%)
GLP/MFLP Ichikawa Shiohama (Note 3)	5	100.0	480	18.3	5	100.0	487	19.1
MFLP Kuki	3	100.0	470	17.9	3	100.0	478	18.8
MFLP Yokohama Daikoku (Note 3)	5	100.0	350	13.3	5	100.0	327	12.8
MFLP Yashio	2	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	2	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Atsugi	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Funabashi Nishiura	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Kashiwa	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Sakai (Note 3)	5	100.0	167	6.4	5	100.0	169	6.6
MFLP Komaki (Note 3)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	—	—	—	—
Logistics facilities subtotal	24	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	23	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFIP Inzai (Note 3)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)
Industrial real estate subtotal	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)
Total	Not disclosed (Note 4)	100.0	2,629	100.0	Not disclosed (Note 4)	100.0	2,548	100.0

(Note 1) “Total number of tenants” is the number of tenants on each lease agreement concluded for each property as of each accounts settlement date. If a pass-through master lease agreement has been concluded for the property, it is the total number of end-tenants.

(Note 2) “Occupancy rate” is leased area of the building expressed as a percentage of leasable area of the building of each real estate in trust on each lease agreement concluded for each property as of each accounts settlement date, rounded to one decimal place.

(Note 3) For “GLP/MFLP Ichikawa Shiohama,” “MFLP Yokohama Daikoku,” “MFLP Sakai,” “MFLP Komaki” and “MFIP Inzai,” “Real estate leasing business revenues” and “As a percentage of total real estate leasing business revenues” are the prorated figures equivalent to the quasi co-ownership interest in each property that MFLP-REIT has acquired (50%, 50%, 20%, 40% and 20%, respectively).

(Note 4) Not disclosed, because consent has not been obtained from the lessee.

(4) Schedule of renewable energy power generation facilities

Not applicable.

(5) Schedule of rights to operate public facilities, etc.

Not applicable.

(6) Status of other assets

Trust beneficiary interests that have real estate as the main assets in trust, etc. are listed all at once in “(3) Real estate assets in portfolio” presented earlier in this document, and there are no main specified assets invested by MFLP-REIT other than those listed there in the portfolio as of January 31, 2018.

① Itemization of investment securities portfolio assets

Not applicable.

② Table of status of contract amount, etc. and fair value of specified transactions

Not applicable.

(7) Status of holding of assets by country and region

Not applicable, because there are none in countries and regions other than Japan.

4. Capital Expenditures of Real Estate Held

(1) Schedule of capital expenditures

Of the capital expenditures accompanying renovations, etc. currently planned for real estate and real estate in trust of real estate trust beneficiary interests held by MFLP-REIT, the following are the major planned amounts. There may be cases where the planned construction amount ends up being in part expensed in accounting instead of being capitalized.

Name of real estate, etc.	Location	Purpose	Scheduled period	Planned construction amount (millions of yen) (Note)		
				Total amount	Amount paid during period	Total amount already paid
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Repair of turf	From April 2018 to April 2018	1	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Replacement of water meter	From May 2018 to May 2018	1	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Exterior wall painting (Sections 1 and 3)	From March 2018 to June 2018	21	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Switching to LED in common areas	From April 2018 to June 2018	6	—	—
MFLP Sakai	Sakai, Osaka	Repair of outlet circuit	From March 2018 to April 2018	1	—	—
MFLP Sakai	Sakai, Osaka	Switching to LED lighting in warehouse	From March 2018 to June 2018	12	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Exterior wall painting (Section 2)	From September 2018 to December 2018	22	—	—

(Note) For “MFLP Yokohama Daikoku” and “MFLP Sakai,” “Planned construction amount” are the prorated figures equivalent to the quasi co-ownership interest in each property that MFLP-REIT holds (50% and 20%, respectively).

(2) Capital expenditures during period

The following summarizes the major construction work falling under capital expenditures conducted during the fiscal period under review for real estate, etc. held by MFLP-REIT. Capital expenditures in the fiscal period under review amounted to 10 million yen and, other than this, there was 12 million yen in repair expenses categorized as operating expenses in the fiscal period under review.

Name of real estate, etc.	Location	Purpose	Period	Construction amount (millions of yen) (Note)
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Switching to LED in common areas	From October 2017 to December 2017	7
Other capital expenditures				2
Total				10

(Note) For “MFLP Yokohama Daikoku,” “Construction amount” are the prorated figures equivalent to the quasi co-ownership interest in each property that MFLP-REIT holds (50%).

(3) Cash reserves for long-term repair and maintenance plans

Not applicable.

5. Status of Expenses and Liabilities

(1) Details of expenses related to asset management

(Thousands of yen)

Item	3rd period (From August 1, 2017 to January 31, 2018)	2nd period (From February 1, 2017 to July 31, 2017)
Asset management fee (Note)	232,942	223,258
Asset custody fee	3,940	4,084
Administrative service fees	14,058	15,180
Directors' compensation	5,400	5,400
Audit fee	9,100	9,100
Other expenses	38,033	38,592
Total	303,475	295,617

(Note) For the 3rd fiscal period, other than the amount shown above for "Asset management fee," there was a management fee for property acquisitions included in the book value of real estate, etc. (8,122 thousand yen).

(2) Debt financing status

The following is the status of loans as of January 31, 2018.

Category	Lender	Borrowing date	Balance at beginning of period (millions of yen)	Balance at end of period (millions of yen)	Average interest rate (%) (Note 1)	Maturity date (Note 2)	Repayment method	Use	Remarks
Long-term loans	Sumitomo Mitsui Banking Corporation	Sept. 1, 2016	2,000	2,000	0.2713	Sept. 1, 2022	Bullet repayment	(Note 3)	Unsecured Non-guaranteed
		Sept. 1, 2016	1,500	1,500	0.4213	Sept. 1, 2026	Bullet repayment	(Note 3)	
	Sumitomo Mitsui Trust Bank, Limited	Sept. 1, 2016	2,000	2,000	0.3050	Sept. 1, 2023	Bullet repayment	(Note 3)	
		Sept. 1, 2016	1,500	1,500	0.3813	Sept. 1, 2025	Bullet repayment	(Note 3)	
	Mizuho Bank, Ltd.	Aug. 2, 2016	400	400	0.1425	Aug. 2, 2022	Bullet repayment	(Note 3)	
		Aug. 2, 2016	1,700	1,700	0.2113	Aug. 2, 2024	Bullet repayment	(Note 3)	
	Mitsubishi UFJ Trust and Banking Corporation	Sept. 1, 2016	2,200	2,200	0.1826	Mar. 1, 2023	Bullet repayment	(Note 3)	
	Mizuho Trust & Banking Co., Ltd.	Sept. 1, 2016	600	600	0.3237	Mar. 1, 2024	Bullet repayment	(Note 3)	
		Sept. 1, 2016	700	700	0.3425	Sept. 2, 2024	Bullet repayment	(Note 3)	
	Development Bank of Japan Inc.	Aug. 2, 2016	2,100	2,100	0.3125	Aug. 3, 2026	Bullet repayment	(Note 3)	
	The Bank of Fukuoka, Ltd.	Aug. 2, 2016	1,300	1,300	0.2169	Feb. 2, 2024	Bullet repayment	(Note 3)	
	Nippon Life Insurance Company	Aug. 2, 2016	1,000	1,000	0.3125	Aug. 3, 2026	Bullet repayment	(Note 3)	
Aug. 4, 2017		—	500	0.2575	Aug. 4, 2022	Bullet repayment	(Note 3)		

The Norinchukin Bank	Aug. 4, 2017	—	500	0.2575	Aug. 4, 2022	Bullet repayment	(Note 3)	
Subtotal		17,000	18,000					
Total		17,000	18,000					

(Note 1) "Average interest rate" is the weighted average interest rate during the period, rounded to four decimal places.

(Note 2) If the "Maturity date" is not a business day, it becomes the following business day.

(Note 3) "Use of funds" is for purchase of real estate or real estate trust beneficiary interests, refinancing of loans, working capital, etc.

(3) Status of investment corporation bonds

Not applicable.

(4) Status of short-term investment corporation bonds

Not applicable.

(5) Status of subscription rights to investment units

Not applicable.

6. Status of Purchase and Sale during Period

(1) Status, etc. of purchase and sale of real estate, etc. and asset-backed securities, etc. and infrastructure assets, etc. and infrastructure-related assets

Name of real estate, etc.	Acquisition		Disposition			
	Acquisition date	Acquisition price (millions of yen) (Note 1)	Disposition date	Disposition price (millions of yen)	Book value (millions of yen)	Gain (Loss) on sale (millions of yen)
MFLP Komaki (Note 2)	August 4, 2017	3,249	-	-	-	-
Total	-	3,249	-	-	-	-

(Note 1) "Acquisition price" does not include the various costs required in the acquisition of the real estate, etc., property tax, city planning tax, consumption tax and local consumption tax.

(Note 2) The acquisition price for MFLP Komaki indicates the prorated figure equivalent to the quasi co-ownership interest in the property that MFLP-REIT has acquired (40%).

(2) Status, etc. of purchases and sales of other assets

Other main assets are generally bank deposits or bank deposits within assets in trust.

(3) Investigation into value, etc. of specified assets

① Real estate, etc.

Acquisition or disposition	Type of real estate	Name of real estate, etc.	Transaction date	Acquisition price or disposition price (millions of yen) (Note 2)	Appraisal value (millions of yen)	Appraisal company	Date of value
Acquisition	Real estate trust beneficiary interests	MFLP Komaki (Note 3)	August 4, 2017	3,249	3,260	The Tanizawa Sōgō Appraisal Co., Ltd.	June 30, 2017
Total				3,249	3,260	-	-

(Note 1) For transactions requiring appraisal of real estate, etc. of specified assets pursuant to Article 201, Paragraph 1 of the Investment Trusts Act, The Tanizawa Sōgō Appraisal Co., Ltd. has carried out the appraisal pursuant to "Real Estate Appraisal Standards; Particulars; Chapter 3: Appraisal on Value of Real Estate Subject to Securitization" and MFLP-REIT has been notified of the appraisal findings.

(Note 2) "Acquisition price" does not include the various costs required in the acquisition of the real estate, etc., property tax, city planning tax, consumption tax and local consumption tax.

(Note 3) For "MFLP Komaki," "Acquisition price" and "Appraisal value" are the prorated figures equivalent to the quasi co-ownership interest in the property that MFLP-REIT has acquired (40%).

② Other

Not applicable.

(4) Status of transactions with stakeholders, etc.

① Status of purchase and sale transactions with stakeholders, etc.

Category	Amount of purchase or sale, etc. (Note 2)	
	Amount of purchase, etc. (thousands of yen)	Amount of sale, etc. (thousands of yen)
Total amount	3,249,000	-
Breakdown of status of transactions with stakeholders, etc. (Note 1)		
Mitsui Fudosan Co., Ltd.	3,249,000 (100.0%)	- (%)
Total	3,249,000 (100.0%)	- (%)

(Note 1) "Stakeholders, etc." refers to stakeholders, etc. of the asset management company with which MFLP-REIT has concluded an asset management agreement as provided in Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations and Article 26, Paragraph 1, Item 27 of the Rules on Management Reports, etc. of Investment Trusts and Investment Corporations of The Investment Trusts Association, Japan.

(Note 2) "Amount of purchase or sale, etc." does not include the various costs required in the acquisition of the real estate, etc., property tax, city planning tax,

consumption tax and local consumption tax.

② **Amount of commission fee, etc.**

Category	Total amount of commission fee, etc. (A) (thousands of yen)	Breakdown of transactions with stakeholders, etc.		As a percentage of total amount (B/A)
		Payee	Amount paid (B) (thousands of yen)	
Logistics management fee	63,861	Mitsui Fudosan Co., Ltd.	51,794	81.1%
Building management fee	81,690	Mitsui Fudosan Facilities Co., Ltd.	52,528	64.3%
		Mitsui Fudosan Facilities West Co., Ltd.	7,154	8.8%

(Note) “Stakeholders, etc.” refers to stakeholders, etc. of the asset management company with which MFLP-REIT has concluded an asset management agreement as provided in Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations and Article 26, Paragraph 1, Item 27 of the Rules on Management Reports, etc. of Investment Trusts and Investment Corporations of The Investment Trusts Association, Japan.

③ **Other payments to stakeholders, etc.**

Other payments to stakeholders, etc. are as follows.

Paid to	Category	Amount (thousands of yen)
Mitsui Fudosan Co., Ltd.	Repairs and related work	965
Mitsui Fudosan Building Management Co., Ltd.	Repairs and related work	1,000
Mitsui Fudosan Facilities Co., Ltd	Repairs and related work	13,189
Mitsui Fudosan Facilities West Co., Ltd	Repairs and related work	639

④ **Leasing transaction, etc.**

Leasing transactions with stakeholders, etc. are as follows.

Name of lessee	Category	Rental revenues (thousands of yen)
Mitsui Fudosan Co., Ltd.	Rent income, etc.	89,686

(5) **Status, etc. of transactions with the asset management company pertaining to operations of concurrent business engaged in by the asset management company**

Not applicable, because the asset management company (Mitsui Fudosan Logistics REIT Management Co., Ltd.) does not engage in any type I financial instruments business, type II financial instruments business, real estate brokerage or specified joint real estate venture as a concurrent business.

7. Accounting

(1) Status, etc. of assets, liabilities, principal, and income and loss

For the status, etc. of assets, liabilities, principal, and income and loss, please refer to “Balance Sheets,” “Statements of Income,” “Statements of Changes in Net Assets,” “Notes to Financial Statements” and “Distributions” presented later in this document.

(2) Change in method of calculation of depreciation and amortization

Not applicable.

(3) Change in method of valuation of real estate, etc. and infrastructure assets, etc.

Not applicable.

(4) Status, etc. of beneficiary certificates, etc. of investment trust established by itself

Not applicable

8. Other

(1) Notice

① General meeting of unitholders

The 2nd General Meeting of Unitholders of MFLP-REIT was held in the fiscal period under review. The following are the key items of proposals approved at the meeting.

Approval date	Item	Summary
October 30, 2017	Partial amendments to the Articles of Incorporation Appointment of directors	The Articles of Incorporation of MFLP-REIT were partially amended and directors were reappointed.

② Board of directors of the investment corporation

The following summarizes the key items of the major contract conclusions and changes approved at meetings of the Board of Directors of MFLP-REIT in the fiscal period under review.

Approval date	Item	Summary
January 24, 2018	Conclusion of new investment units underwriting agreement, etc.	Concerning the issuance of new investment units and secondary offering of investment units approved at a meeting of the Board of Directors held on the same date, general administrative services concerning new investment units underwriting, etc. were entrusted to underwriters (Note).

(Note) The underwriters are Daiwa Securities Co. Ltd., Nomura Securities Co., Ltd., SMBC Nikko Securities Inc., Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Merrill Lynch Japan Securities Co., Ltd. and Okasan Securities Co., Ltd.

(2) Rounding of monetary and percentage figures

Unless otherwise specified, monetary figures are rounded down and percentage figures are rounded to the nearest specified unit in this document.

(3) Disclosure pertaining to corporation holding overseas real estate

Not applicable.

(4) Disclosure pertaining to real estate of corporation holding overseas real estate

Not applicable.

Mitsui Fudosan Logistics Park Inc.
Balance Sheets
As of January 31, 2018 and July 31, 2017

(Thousands of yen)

	3rd period (As of January 31, 2018)		2nd period (As of July 31, 2017)	
Assets				
Current assets				
Cash and deposits (Notes 3 and 4)	¥	344,495	¥	2,365,427
Cash and deposits in trust (Notes 3 and 4)		1,670,429		1,415,316
Operating accounts receivable (Note 12)		33,267		71,023
Prepaid expenses		21,555		3,539
Deferred tax assets (Note 9)		13		10
Consumption taxes receivable		102,803		-
Other		3,846		5,094
Total current assets		<u>2,176,410</u>		<u>3,860,412</u>
Non-current assets				
Property and equipment (Note 5)				
Buildings in trust		38,941,693		37,113,032
Structures in trust		1,243,107		1,159,225
Machinery and equipment in trust		1,933,816		1,813,671
Tools, furniture and fixtures in trust		951		951
Land in trust		37,205,414		35,948,155
Construction in progress in trust		17,956		9,205
Less: accumulated depreciation		(1,709,295)		(1,113,463)
Total property and equipment		<u>77,633,644</u>		<u>74,930,778</u>
Intangible assets				
Software		8,236		9,356
Total intangible assets		<u>8,236</u>		<u>9,356</u>
Investments and other assets				
Lease and guarantee deposits		10,000		10,000
Long-term prepaid expenses		38,728		-
Other		1,050		1,050
Total investments and other assets		<u>49,778</u>		<u>11,050</u>
Total non-current assets		<u>77,691,660</u>		<u>74,951,185</u>
Total assets	¥	<u>79,868,070</u>	¥	<u>78,811,597</u>

Mitsui Fudosan Logistics Park Inc.
Balance Sheets
As of January 31, 2018 and July 31, 2017

(Thousands of yen)

	3rd period (As of January 31, 2018)		2nd period (As of July 31, 2017)	
Liabilities				
Current liabilities				
Operating accounts payable (Note 12)	¥	164,346	¥	58,706
Accounts payable (Note 12)		317,532		272,088
Accrued expenses		140		133
Income taxes payable		870		822
Accrued consumption taxes		-		159,248
Advances received		404,443		421,950
Other		1,166		160
Total current liabilities		<u>888,500</u>		<u>913,110</u>
Non-current liabilities				
Long-term loans payable (Notes 4 and 7)		18,000,000		17,000,000
Tenant leasehold and security deposits in trust (Note 4)		1,544,627		1,450,521
Total non-current liabilities		<u>19,544,627</u>		<u>18,450,521</u>
Total liabilities		<u>20,433,128</u>		<u>19,363,632</u>
Net assets (Notes 6 and 10)				
Unitholders' equity				
Unitholders' capital		58,350,540		58,350,540
Units authorized: 8,000,000 units as of January 31, 2018 and July 31, 2017				
Units issued and outstanding: 224,000 units as of January 31, 2018 and July 31, 2017				
Deduction from unitholders' capital		(100,128)		(54,432)
Unitholders' capital (net)		<u>58,250,412</u>		<u>58,296,108</u>
Retained earnings		1,184,529		1,151,857
Total unitholders' equity		<u>59,434,941</u>		<u>59,447,965</u>
Total net assets (Notes 6 and 10)		<u>59,434,941</u>		<u>59,447,965</u>
Total liabilities and net assets	¥	<u>79,868,070</u>	¥	<u>78,811,597</u>

The accompanying notes are an integral part of these financial statements.

Mitsui Fudosan Logistics Park Inc.

Statements of Income

For the Fiscal Periods Ended January 31, 2018 and July 31, 2017

(Thousands of yen)

	3rd period (From August 1, 2017 to January 31, 2018)		2nd period (From February 1, 2017 to July 31, 2017)	
Operating revenues (Note 12)				
Property-related revenues (Note 8)	¥	2,523,141	¥	2,456,809
Other property-related revenues (Note 8)		106,447		91,812
Total operating revenues		2,629,588		2,548,622
Operating expenses (Note 12)				
Property-related expenses (Note 8)		1,086,701		1,071,529
Asset management fee		232,942		223,258
Asset custody fee		3,940		4,084
Administrative service fees		14,058		15,180
Directors' compensation		5,400		5,400
Audit fee		9,100		9,100
Other operating expenses		38,033		38,592
Total operating expenses		1,390,176		1,367,146
Operating income		1,239,412		1,181,476
Non-operating income				
Interest income		17		17
Insurance income		375		-
Interest on refund		-		1,862
Other		0		105
Total non-operating income		393		1,984
Non-operating expenses				
Interest expense		26,260		24,823
Investment unit issuance expenses		23,210		-
Borrowing related expenses		4,983		4,016
Loss on retirement of non-current assets		-		2,063
Total non-operating expenses		54,454		30,904
Income before income taxes		1,185,350		1,152,556
Income taxes - current		873		825
Income taxes - deferred		(2)		16
Total income taxes (Note 9)		870		841
Net income (Note 10)	¥	1,184,480	¥	1,151,714
Retained earnings brought forward		49		143
Unappropriated retained earnings (Note 6)	¥	1,184,529	¥	1,151,857

(Yen)

	3rd period (From August 1, 2017 to January 31, 2018)		2nd period (From February 1, 2017 to July 31, 2017)	
Net income per unit (Note 10)	¥	5,287	¥	5,141

The accompanying notes are an integral part of these financial statements.

Mitsui Fudosan Logistics Park Inc.
Statements of Changes in Net Assets
For the Fiscal Periods Ended January 31, 2018 and July 31, 2017

	Number of units	Unitholders' capital (thousands of yen)			Retained earnings (thousands of yen)	Total net assets (thousands of yen)
		Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital (net)		
Balance as of February 1, 2017	224,000	¥ 58,350,540	¥ -	¥ 58,350,540	¥ 1,110,063	¥ 59,460,603
Distribution in excess of retained earnings	-	-	(54,432)	(54,432)	-	(54,432)
Dividends of earnings	-	-	-	-	(1,109,920)	(1,109,920)
Net income	-	-	-	-	1,151,714	1,151,714
Balance as of July 31, 2017	224,000	¥ 58,350,540	¥ (54,432)	¥ 58,296,108	¥ 1,151,857	¥ 59,447,965
Distribution in excess of retained earnings	-	-	(45,696)	(45,696)	-	(45,696)
Dividends of earnings	-	-	-	-	(1,151,808)	(1,151,808)
Net income	-	-	-	-	1,184,480	1,184,480
Balance as of January 31, 2018	224,000	¥ 58,350,540	¥ (100,128)	¥ 58,250,412	¥ 1,184,529	¥ 59,434,941

The accompanying notes are an integral part of these financial statements.

Mitsui Fudosan Logistics Park Inc.
Statements of Cash Flows
For the Fiscal Periods Ended January 31, 2018 and July 31, 2017

(Thousands of yen)

	3rd period (From August 1, 2017 to January 31, 2018)		2nd period (From February 1, 2017 to July 31, 2017)	
Cash flows from operating activities:				
Income before income taxes	¥	1,185,350	¥	1,152,556
Depreciation and amortization		596,951		561,193
Investment unit issuance expenses		23,210		-
Loss on retirement of non-current assets		-		2,063
Interest income		(17)		(17)
Interest expense		26,260		24,823
Decrease (increase) in operating accounts receivable		37,756		(35,211)
Decrease (increase) in prepaid expenses		(18,016)		3,972
Decrease (increase) in long-term prepaid expenses		(38,728)		-
Decrease (increase) in consumption taxes receivable		(102,803)		3,076,364
Increase (decrease) in accrued consumption taxes		(159,248)		159,248
Increase (decrease) in operating accounts payable		107,149		4,051
Increase (decrease) in accounts payable		13,050		(672)
Increase (decrease) in advances received		(17,507)		20,977
Other, net		2,253		(4,698)
Subtotal		1,655,661		4,964,652
Interest income received		17		17
Interest expense paid		(26,253)		(24,823)
Income taxes paid		(825)		(1,587)
Net cash provided by (used in) operating activities		1,628,600		4,938,258
Cash flows from investing activities:				
Purchase of property and equipment in trust		(3,291,455)		(87,647)
Repayments of tenant leasehold and security deposits in trust		(440)		(510)
Proceeds from tenant leasehold and security deposits in trust		94,546		9,275
Net cash provided by (used in) investing activities		(3,197,348)		(78,882)
Cash flows from financing activities:				
Proceeds from short-term loans payable		2,100,000		3,000,000
Repayments of short-term loans payable		(2,100,000)		(6,000,000)
Proceeds from long-term loans payable		1,000,000		-
Payment of distribution of earnings		(1,151,392)		(1,108,705)
Payment of distribution in excess of retained earnings		(45,679)		(54,357)
Net cash provided by (used in) financing activities		(197,071)		(4,163,062)
Net increase (decrease) in cash and cash equivalents		(1,765,819)		696,313
Cash and cash equivalents at beginning of period		3,780,744		3,084,431
Cash and cash equivalents at end of period (Note 3)	¥	2,014,924	¥	3,780,744

The accompanying notes are an integral part of these financial statements.

Mitsui Fudosan Logistics Park Inc.
Notes to Financial Statements
For the Fiscal Periods Ended January 31, 2018 and July 31, 2017

1. Organization and Basis of Presentation

a. Organization

Mitsui Fudosan Logistics Park Inc. (“MFLP-REIT”), a Japanese real estate investment corporation, was established on March 4, 2016 under the Act on Investment Trusts and Investment Corporations of Japan (Act No. 198 of 1951, including subsequent amendments; the “Investment Trust Act”), by Mitsui Fudosan Logistics REIT Management Co., Ltd. (the “Asset Management Company”) as the organizer with investments in capital of 300 million yen (600 investment units). Registration with the Kanto Local Finance Bureau of the Ministry of Finance of Japan was completed on March 25, 2016. The investment units were listed on the Real Estate Investment Trust Securities Market (J-REIT section) of Tokyo Stock Exchange, Inc. on August 2, 2016 (Securities Code: 3471).

MFLP-REIT started acquisition of properties on August 2, 2016. With Mitsui Fudosan Co., Ltd. (“Mitsui Fudosan”) as a sponsor, MFLP-REIT invests primarily in logistics facilities with a particular focus on MFLP facilities, that is, leading-edge logistics facilities with Mitsui Fudosan quality. This focus has been chosen in light of MFLP-REIT’s goal of establishing a portfolio that emphasizes location, quality and balance.

As of January 31, 2018, MFLP-REIT held 10 properties with the total acquisition price of 78,700 million yen.

b. Basis of presentation

The accompanying financial statements of MFLP-REIT have been prepared in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), including provisions set forth in the Financial Instruments and Exchange Act of Japan, the Investment Trust Act and the related regulations, which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards.

The accompanying financial statements are basically a translation of the financial statements of MFLP-REIT, which were prepared in accordance with Japanese GAAP and were presented in its Asset Management Report published for Japanese investors. In preparing the accompanying financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

MFLP-REIT’s fiscal period is a six month period, which ends at the end of January and July of each year.

MFLP-REIT does not prepare consolidated financial statements as it has no subsidiaries.

Unless otherwise specified, amounts have been rounded down to the nearest thousand yen in the accompanying financial statements and the notes thereto, as permitted by the Financial Instruments and Exchange Act of Japan. As a result, the totals shown in the financial statements and notes thereto do not necessarily agree with the sum of the individual amounts.

2. Summary of Significant Accounting Policies

a. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash in trust, readily-available bank deposits, readily-available bank deposits in trust and short-term investments that are readily convertible to cash and realizable with a maturity of three months or less when purchased and that are subject to an insignificant risk of changes in value.

b. Property and equipment

Property and equipment (including those in trust) are stated at cost, which includes the original purchase price and related acquisition costs and expenses. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives. The useful lives of principal property and equipment are as follows:

Buildings:	2 to 59 years
Structures:	9 to 20 years
Machinery and equipment:	14 to 16 years

Tools, furniture and fixtures: 5 to 15 years

c. Intangible assets

Intangible assets are stated at cost, which includes the original purchase price and related acquisition costs and expenses. Amortization of intangible assets is calculated using the straight-line method over the estimated useful lives.

d. Investment unit issuance expenses

Investment unit issuance expenses are recorded as expenses when incurred.

e. Taxes on property and equipment

With respect to property taxes, city planning taxes and depreciable asset taxes imposed on real estate properties or trust beneficiary interests in real estate, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as property-related expenses.

Of the amounts paid for the acquisitions of real estate properties or trust beneficiary interests in real estate, the amount equivalent to property-related taxes is capitalized as part of the acquisition cost of the relevant property instead of being charged as expenses. Capitalized property-related taxes amounted to 1,107 thousand yen and none for the fiscal periods ended January 31, 2018 and July 31, 2017, respectively.

f. Trust beneficiary interests in real estate

As to trust beneficiary interests in real estate that have real estate properties as assets in trust, all accounts of assets and liabilities within assets in trust as well as all income generated and expenses incurred from assets in trust are recorded in the relevant balance sheet and statement of income account items.

The following material items of the assets in trust recorded in the relevant account items are separately presented in the accompanying balance sheets.

- (1) Cash and deposits in trust
- (2) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust and land in trust
- (3) Construction in progress in trust
- (4) Tenant leasehold and security deposits in trust

g. Consumption taxes

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

3. Cash and Cash Equivalents

Reconciliation between cash and cash equivalents and accounts and amounts in the balance sheets is as follows:

	(Thousands of yen)	
	3rd period (As of January 31, 2018)	2nd period (As of July 31, 2017)
Cash and deposits	¥ 344,495	¥ 2,365,427
Cash and deposits in trust	1,670,429	1,415,316
Cash and cash equivalents	¥ 2,014,924	¥ 3,780,744

4. Financial Instruments

a. Status of financial instruments

(1) Policy for financial instruments

MFLP-REIT procures funds for acquisition of assets or repayment of debts mainly through issuance of investment units, loans or issuance of investment corporation bonds.

MFLP-REIT generally invests surplus funds in deposits considering safety of the investments although surplus funds could be invested in securities and monetary claims as a matter of policy.

MFLP-REIT enters into derivative transactions to a limited extent for the purpose of avoiding the risk of interest rate fluctuation and other risks. MFLP-REIT does not engage in speculative transactions.

(2) Financial instruments, their associated risks and risk management system

Deposits are used for investment of MFLP-REIT's surplus funds, and are exposed to credit risk such as failure of the financial institutions holding the deposits. MFLP-REIT limits the credit risk by restricting the deposit periods to short terms and selecting financial institutions that have high credit ratings.

Proceeds from loans are used mainly to acquire real estate properties or refinance existing loans. While these loans are exposed to liquidity risk at the time of repayment, MFLP-REIT mitigates the liquidity risk by diversifying its means of fund procurement and lending financial institutions, dispersing repayment dates, establishing commitment lines and securing liquidity on hand, and also controls liquidity risk by preparing monthly fund management plans.

In addition, loans with floating interest rates are exposed to the risk of interest rate rising. MFLP-REIT limits the impact of interest rate rises on its operations by keeping the ratio of interest-bearing debt to total assets at a low level and maintaining the ratio of fixed-rate long-term loans at a high level.

Tenant leasehold and security deposits in trust are deposits from tenants, and are exposed to liquidity risk at the time the tenants vacate the properties. MFLP-REIT controls the liquidity risk by preparing monthly fund management plans.

(3) Supplementary explanation regarding fair values of financial instruments

The fair value of financial instruments is based on their observable market value, if available. When there is no observable market value available, fair value is based on a price that is reasonably estimated. Since variable factors are also reflected in estimating the fair value, different assumptions and factors could result in a different value.

b. Estimated fair value of financial instruments

The carrying amounts, fair values and their differences as of January 31, 2018 and July 31, 2017 are as follows. Financial instruments for which it is extremely difficult to determine the fair value are excluded from the following tables (Note 2 below).

(Thousands of yen)

3rd period (As of January 31, 2018)	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 344,495	¥ 344,495	-
(2) Cash and deposits in trust	1,670,429	1,670,429	-
Total assets	¥ 2,014,924	¥ 2,014,924	-
(3) Long-term loans payable	18,000,000	17,874,337	¥ (125,662)
Total liabilities	¥ 18,000,000	¥ 17,874,337	¥ (125,662)

(Thousands of yen)

2nd period (As of July 31, 2017)	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 2,365,427	¥ 2,365,427	-
(2) Cash and deposits in trust	1,415,316	1,415,316	-
Total assets	¥ 3,780,744	¥ 3,780,744	-
(3) Long-term loans payable	17,000,000	16,833,863	¥ (166,136)
Total liabilities	¥ 17,000,000	¥ 16,833,863	¥ (166,136)

(Note 1) Methods to estimate fair values of financial instruments

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

Because these are settled in a short period of time, the fair value is approximately the same as the book value and thus stated at that book value.

(3) Long-term loans payable

The fair value is determined based on the present value being calculated by discounting the sum of principal and interest by the assumed interest rate which would be applied if a similar new loan were entered into.

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

(Thousands of yen)

	3rd period (As of January 31, 2018)	2nd period (As of July 31, 2017)
Tenant leasehold and security deposits in trust	¥ 1,544,627	¥ 1,450,521

Tenant leasehold and security deposits in trust are not subject to fair value disclosure, because a reasonable estimation of future cash flows is difficult as no market price is available and the actual deposit period cannot be determined even when a contract period is set in the lease contract since there is a possibility that the leases may be cancelled, renewed or re-signed.

(Note 3) Redemption schedule for monetary claims

(Thousands of yen)

3rd period (As of January 31, 2018)	Due within one year
Cash and deposits	¥ 344,495
Cash and deposits in trust	¥ 1,670,429

(Thousands of yen)

2nd period (As of July 31, 2017)	Due within one year
Cash and deposits	¥ 2,365,427
Cash and deposits in trust	¥ 1,415,316

(Note 4) Repayment schedule for loans

(Thousands of yen)

3rd period (As of January 31, 2018)	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Long-term loans payable	-	-	-	-	¥ 3,400,000	¥ 14,600,000

(Thousands of yen)

2nd period (As of July 31, 2017)	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Long-term loans payable	-	-	-	-	-	¥ 17,000,000

5. Investment and Rental Properties

MFLP-REIT owns logistics facilities and industrial properties for the purpose of earning rental income. The carrying amount, net changes in the carrying amount during the periods and fair value of these investment and rental properties are as follows:

(Thousands of yen)

	3rd period (From August 1, 2017 to January 31, 2018)		2nd period (From February 1, 2017 to July 31, 2017)	
Carrying amount				
Balance at the beginning of the period	¥	74,921,573	¥	75,472,868
Changes during the period		2,694,115		(551,295)
Balance at the end of the period		77,615,688		74,921,573
Fair value at the end of the period	¥	84,930,000	¥	80,820,000

(Note 1) The carrying amount represents acquisition cost less accumulated depreciation.

(Note 2) Changes in the carrying amount during the 2nd period consisted of the decrease mainly attributable to depreciation (560,073 thousand yen). Changes in the carrying amount during the 3rd period consisted of the increase mainly attributable to acquisition of trust beneficiary interests in real estate for one property (3,279,898 thousand yen), and the decrease mainly attributable to depreciation (595,831 thousand yen).

(Note 3) The fair value at the end of the period represents the appraisal value or surveyed value by external real estate appraisers.

Information about income and loss from investment and rental properties is stated in Note 8. "Property-related Revenues and Expenses."

6. Net Assets

a. Stated capital

MFLP-REIT issues only non-par value units in accordance with the Investment Trust Act of Japan and all of the issue prices of new units are designated as stated capital. MFLP-REIT maintains at least ¥50,000 thousand as the minimum net assets as required by the Article 67, Paragraph 4 of the Investment Trust Act of Japan.

b. Distributions

Distributions related to the periods but declared after the balance sheet dates are summarized as follows:

(Yen)

	3rd period (From August 1, 2017 to January 31, 2018)		2nd period (From February 1, 2017 to July 31, 2017)	
	Total	Per unit	Total	Per unit
I. Unappropriated retained earnings	¥ 1,184,529,947		¥ 1,151,857,774	
II. Distributions in excess of retained earnings				
Deduction from unitholders' capital	61,600,000		45,696,000	
III. Distributions				
Distribution of earnings	1,184,512,000	¥ 5,288	1,151,808,000	¥ 5,142
Distribution in excess of retained earnings	61,600,000	275	45,696,000	204
Total distributions	¥ 1,246,112,000	¥ 5,563	¥ 1,197,504,000	¥ 5,346
IV. Retained earnings carried forward	¥ 17,947		¥ 49,774	

In accordance with the distribution policy as defined in the Article 35, Paragraph 1 of the Articles of Incorporation of MFLP-REIT, distributions shall be in excess of the amount equivalent to 90% of the amount of earnings available for dividends defined in the Article 67-15 of the Act on Special Measures Concerning Taxation.

Based on this policy, for the fiscal periods ended January 31, 2018 and July 31, 2017, MFLP-REIT declared a distribution amount of 1,184,512,000 yen and 1,151,808,000 yen, respectively, which are the maximum value of the integral multiple of the total number of investment units issued and outstanding at the end of each period in amounts not in excess of unappropriated retained earnings.

Furthermore, based on the distribution policy as defined in the Article 35, Paragraph 2 of the Articles of Incorporation, MFLP-REIT executes the distribution of cash in excess of retained earnings (return of capital applicable to distribution reducing unitholders' capital for tax purposes) each fiscal period on a continuous basis.

Based on this policy, for the fiscal period ended January 31, 2018, MFLP-REIT declared the distribution of 61,600,000 yen, which is calculated as being almost equivalent to the remaining amount after subtracting the distribution of earnings of 1,184,512,000 yen from 1,246,218,208 yen or 70% of FFO (funds from operation), as distribution of cash in excess of retained earnings (return of capital applicable to distribution reducing unitholders' capital for tax purposes). For the fiscal period ended July 31, 2017, MFLP-REIT declared the distribution of 45,696,000 yen, which is calculated as being almost equivalent to the remaining amount after subtracting the distribution of earnings of 1,151,808,000 yen and loss on retirement of non-current assets of 2,063,838 yen from 1,199,696,467 yen or 70% of FFO (funds from operation), as distribution of cash in excess of retained earnings (return of capital applicable to distribution reducing unitholders' capital for tax purposes).

(Note) MFLP-REIT may execute cash distribution in excess of distributable amount, in an amount it determines within a scope not to exceed the limit stipulated in the rules and requirements imposed by the Investment Trusts Association, Japan, when MFLP-REIT considers it appropriate, given such factors as economic environment, trends in the real estate market or leasing market, the situation surrounding owned assets and the financial condition. In addition, in case that any cash distribution fails to meet the statutory requirements for special tax treatment for investment corporations, MFLP-REIT may execute cash distribution in excess of distributable amount, in an amount it determines to meet the statutory requirements.

7. Long-term Loans Payable

Long-term loans payable mainly consisted of bank borrowings under loan agreements. The following table summarizes the long-term loans payable as of January 31, 2018 and July 31, 2017.

(Thousands of yen)

	3rd period (As of January 31, 2018)		2nd period (As of July 31, 2017)	
0.2713% unsecured long-term loans due 2022	¥	2,000,000	¥	2,000,000
0.4213% unsecured long-term loans due 2026		1,500,000		1,500,000
0.3050% unsecured long-term loans due 2023		2,000,000		2,000,000
0.3813% unsecured long-term loans due 2025		1,500,000		1,500,000
0.1425% unsecured long-term loans due 2022		400,000		400,000
0.2113% unsecured long-term loans due 2024		1,700,000		1,700,000
0.1826% unsecured long-term loans due 2023		2,200,000		2,200,000
0.3237% unsecured long-term loans due 2024		600,000		600,000
0.3425% unsecured long-term loans due 2024		700,000		700,000
0.3125% unsecured long-term loans due 2026		2,100,000		2,100,000
0.2169% unsecured long-term loans due 2024		1,300,000		1,300,000
0.3125% unsecured long-term loans due 2026		1,000,000		1,000,000
0.2575% unsecured long-term loans due 2022		1,000,000		-
Total long-term loans payable	¥	18,000,000	¥	17,000,000

(Note) The stated interest rates are the weighted average interest rates during the fiscal periods ended January 31, 2018 and July 31, 2017 and rounded to the fourth decimal place.

The repayment schedule for loans is disclosed in Note 4. "Financial Instruments."

MFLP-REIT had the commitment line contracts with two banks as of January 31, 2018 and July 31, 2017.

(Thousands of yen)

	3rd period (As of January 31, 2018)		2nd period (As of July 31, 2017)	
Total amount of commitment line contracts	¥	6,000,000	¥	6,000,000
Loans executed		-		-
Unused line of credit	¥	6,000,000	¥	6,000,000

8. Property-related Revenues and Expenses

The following table summarizes the revenues and expenses generated from the real estate leasing business for the fiscal periods ended January 31, 2018 and July 31, 2017.

	(Thousands of yen)			
	3rd period (From August 1, 2017 to January 31, 2018)		2nd period (From February 1, 2017 to July 31, 2017)	
A. Real estate leasing business revenues				
Property-related revenues				
Rental revenues	¥	2,430,956	¥	2,364,624
Common area charges		92,185		92,185
Total	¥	2,523,141	¥	2,456,809
Other revenues related to property leasing				
Utilities charges	¥	83,381	¥	69,332
Parking lots		10,882		10,144
Others		12,183		12,335
Total	¥	106,447	¥	91,812
Total property-related revenues	¥	2,629,588	¥	2,548,622
B. Real estate leasing business expenses				
Property-related expenses				
Outsourcing service expenses	¥	146,800	¥	146,503
Utilities expenses		75,940		68,210
Repair expenses		12,615		41,093
Taxes and dues		244,523		245,516
Depreciation and amortization		595,831		560,073
Others		10,989		10,132
Total property-related expenses	¥	1,086,701	¥	1,071,529
C. Operating income from property leasing [A-B]	¥	1,542,887	¥	1,477,093

Transactions with major unitholders for the fiscal periods ended January 31, 2018 and July 31, 2017 are as follows:

	(Thousands of yen)			
	3rd period (From August 1, 2017 to January 31, 2018)		2nd period (From February 1, 2017 to July 31, 2017)	
Operating transactions:				
Operating revenues	¥	89,686	¥	127,544
Operating expenses	¥	52,760	¥	50,422
Non-operating transactions:				
Purchase of trust beneficiary interests in real estate	¥	3,250,107		-

9. Income Taxes

MFLP-REIT is subject to Japanese corporate income taxes on its taxable income. The tax effects of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities as of January 31, 2018 and July 31, 2017 are as follows:

	(Thousands of yen)			
	3rd period (As of January 31, 2018)		2nd period (As of July 31, 2017)	
Deferred tax assets:				
Accrued enterprise tax	¥	13	¥	10
Total deferred tax assets	¥	13	¥	10
Net deferred tax assets	¥	13	¥	10

Reconciliations between the Japanese statutory tax rate and the effective income tax rate with respect to pre-tax income reflected in the accompanying statements of income for the fiscal periods ended January 31, 2018 and July 31, 2017 are as follows.

	3rd period (As of January 31, 2018)	2nd period (As of July 31, 2017)
Statutory tax rate	31.74%	31.74%
Adjustments:		
Deductible distributions	(31.72)	(31.72)
Other	0.05	0.05
Effective income tax rate after application of tax-effect accounting	0.07%	0.07%

10. Per Unit Information

The following table summarizes per unit information for the fiscal periods ended January 31, 2018 and July 31, 2017.

	3rd period (From August 1, 2017 to January 31, 2018)	2nd period (From February 1, 2017 to July 31, 2017)
Earnings per unit:		
Net income per unit (yen)	¥ 5,287	¥ 5,141
Weighted average number of units outstanding (unit)	224,000	224,000

	3rd period (As of January 31, 2018)	2nd period (As of July 31, 2017)
Net assets per unit (yen)	¥ 265,334	¥ 265,392

Net income per unit is calculated by dividing net income by the daily weighted average number of investment units outstanding during the period. Diluted net income per unit is not stated because there are no dilutive investment units.

11. Leases

The future minimum rental revenues from tenants subsequent to January 31, 2018 and July 31, 2017 under non-cancelable operating leases of properties are as follows.

	(Thousands of yen)			
	3rd period (As of January 31, 2018)		2nd period (As of July 31, 2017)	
Due within one year	¥	4,668,341	¥	4,473,267
Due after one year		9,848,403		10,431,810
Total	¥	14,516,744	¥	14,905,077

12. Transactions with Related Parties

Significant transactions and balances with related parties for the fiscal period ended January 31, 2018 are as follows:

Classification	Name of company	Address	Stated capital (millions of yen)	Type of business	% of voting rights (owned)	Business relationship	Type of transaction (Note 2)	Transaction amount (thousands of yen)	Account	Balance at end of period (thousands of yen)
Major corporate unitholder	Mitsui Fudosan Co., Ltd.	Chuo-ku, Tokyo	¥ 339,766	Real estate business	12.90%	Logistics management outsourcing	Logistics management fee	¥ 51,794	Operating accounts payable	¥ 8,767
							Repairs and related work	139		
							Other property-related expenses	826		
							Rent income, etc.	89,686	Operating accounts receivable	27,378
							Purchase of real estate	3,250,107	-	-
Subsidiary of major corporate unitholder	Mitsui Fudosan Logistics REIT Management Co., Ltd.	Chuo-ku, Tokyo	200	Investment management business	-	Asset management outsourcing	Asset management fee (Note 3)	241,065	Accounts payable	251,577
	Mitsui Fudosan Building Management Co., Ltd.	Chuo-ku, Tokyo	490	Property management business	-	Building management outsourcing	Repairs and related work	1,000	-	-
	Mitsui Fudosan Facilities Co., Ltd.	Chuo-ku, Tokyo	490	Property management business	-	Building management outsourcing	Building management fee	52,528	Operating accounts payable	16,705
							Repairs and related work	11,851		
							Other property-related expenses	1,338		
							Other income	202	-	-
	Mitsui Fudosan Facilities West Co., Ltd.	Osaka-shi, Osaka	200	Property management business	-	Building management outsourcing	Building management fee	7,154	Operating accounts payable	1,520
							Repairs and related work	504		
							Other property-related expenses	134		

(Note 1) Consumption taxes are not included in the transaction amounts but included in the balances at the end of the period.

(Note 2) Methods to determine terms and conditions of transactions

- (1) Asset management fee is in accordance with terms set forth in the Articles of Incorporation of MFLP-REIT.
- (2) Other terms and conditions of these transactions are determined based on the prevailing market price.

(Note 3) The asset management fee above includes 8,122 thousand yen of a management fee for property acquisitions included in the book value of real estate, etc. individually.

Significant transactions and balances with related parties for the fiscal period ended July 31, 2017 are as follows:

Classification	Name of company	Address	Stated capital (millions of yen)	Type of business	% of voting rights (owned)	Business relationship	Type of transaction (Note 2)	Transaction amount (thousands of yen)	Account	Balance at end of period (thousands of yen)	
Major corporate unitholder	Mitsui Fudosan Co., Ltd.	Chuo-ku, Tokyo	¥ 339,766	Real estate business	12.90%	Logistics management outsourcing	Logistics management fee	¥ 49,574	Operating accounts payable	¥ 8,529	
							Repairs and related work	165			
							Other property-related expenses	683			
							Rent income, etc.	127,439	Operating accounts receivable		52,355
							Other income	104			
Subsidiary of major corporate unitholder	Mitsui Fudosan Logistics REIT Management Co., Ltd.	Chuo-ku, Tokyo	200	Investment management business	-	Asset management outsourcing	Asset management fee	223,258	Accounts payable	241,119	
	Mitsui Fudosan Building Management Co., Ltd.	Chuo-ku, Tokyo	490	Property management business	-	Building management outsourcing	Repairs and related work	20,186	Operating accounts payable	10,935	
	Mitsui Fudosan Facilities Co., Ltd.	Chuo-ku, Tokyo	490	Property management business	-	Building management outsourcing	Building management fee	54,490	Operating accounts payable	11,867	
							Repairs and related work	9,727			
							Other property-related expenses	942			
							Other income	218	-		-
	Mitsui Fudosan Facilities West Co., Ltd. (Note 3)	Osaka-shi, Osaka	200	Property management business	-	Building management outsourcing	Building management fee	6,259	Operating accounts payable	1,635	
							Repairs and related work	163			
							Other property-related expenses	121			
	Daiichi Engei Co., Ltd	Shinagawa-ku, Tokyo	480	Leasing and other businesses	-	Repair and maintenance of real estate held	Repairs and related work	724	Operating accounts payable	490	

(Note 1) Consumption taxes are not included in the transaction amounts but included in the balances at the end of the period.

(Note 2) Methods to determine terms and conditions of transactions

- (1) Asset management fee is in accordance with terms set forth in the Articles of Incorporation of MFLP-REIT.
- (2) Other terms and conditions of these transactions are determined based on the prevailing market price.

(Note 3) First Facilities West Co., Ltd. changed its name to Mitsui Fudosan Facilities West Co., Ltd. as of April 1, 2017.

13. Segment and Related Information

For the fiscal periods ended January 31, 2018 and July 31, 2017

a. Segment information

Segment information has been omitted as MFLP-REIT engages in a single segment of the real estate leasing business.

b. Related information

(1) Information by product and service

Disclosure of this information has been omitted as revenues from external customers in a single product and service category exceed 90% of the total operating revenues on the statements of income.

(2) Information by geographical area

(i) Operating revenues

Disclosure of this information has been omitted as revenues from external customers in Japan exceed 90% of the total operating revenues on the statements of income.

(ii) Property and equipment

Disclosure of this information has been omitted as the amount of property and equipment located in Japan exceeds 90% of the total amount of property and equipment on the balance sheets.

(3) Information on major tenant

For the fiscal period ended January 31, 2018

Tenant name	Operating revenues	Related segment
Hitachi Transport System, Ltd.	(Note)	Real estate leasing business

For the fiscal period ended July 31, 2017

Tenant name	Operating revenues	Related segment
Hitachi Transport System, Ltd.	(Note)	Real estate leasing business
Sun Toshi Tatemono Kabushiki Kaisha	(Note)	Real estate leasing business
DAIWA CORPORATION, Ltd.	(Note)	Real estate leasing business

(Note) Figures are not disclosed as the permission from the tenants has not been granted.

14. Significant subsequent events

① Issuance of new investment units

Concerning the issuance of new investment units resolved at the Board of Directors meetings of MFLP-REIT held on January 15, 2018 and January 24, 2018, MFLP-REIT completed payment for the issuance of new investment units through public offering on February 1, 2018, and payment for the issuance of new investment units through third-party allotment on February 28, 2018. Details are as follows.

As a result, net unitholders' capital stands at 72,020,571,586 yen and the total number of investment units issued and outstanding at 262,774 units.

a. Issuance of new investment units through Public Offering (Primary Offering)

Number of new investment units issued	: 38,000 units
Issue price	: 367,581 yen per unit
Total amount of issue price	: 13,968,078,000 yen
Paid-in amount (issue amount)	: 355,139 yen per unit
Total paid-in amount (total issue amount)	: 13,495,282,000 yen
Payment date	: February 1, 2018

b. Issuance of New Investment Units through a third-party allotment (Third-Party Allotment)

Number of new investment units issued	: 774 units
Paid-in amount (issue amount)	: 355,139 yen per unit
Total paid-in amount (total issue amount)	: 274,877,586 yen
Payment date	: February 28, 2018
Allottee	: Daiwa Securities Co. Ltd.

② Acquisition of assets

MFLP-REIT acquired trust beneficiary interests in the following assets on February 2, 2018 and March 15, 2018.

Category	Property no.	Property name	Location	Acquisition price (Note 1) (millions of yen)	Acquisition date
Logistics facilities	L-9	MFLP Komaki (Note 2)	Komaki, Aichi	¥5,011 (60% quasi co-ownership interest)	February 2, 2018
	L-10	MFLP Hino (Note 3)	Hino, Tokyo	7,520 (15% quasi co-ownership interest)	February 2, 2018
	L-11	MFLP Hiratsuka	Hiratsuka, Kanagawa	7,027	March 15, 2018

(Note 1) “Acquisition price” is the trust beneficiary interest purchase and sale transaction price stated in the trust beneficiary interest purchase and sale contract for the acquired asset, rounded down to the nearest million yen. The transaction price does not include consumption tax and local consumption tax or the various costs required in the acquisition.

(Note 2) The acquisition price for MFLP Komaki indicates the prorated figure equivalent to the quasi co-ownership interest in the property that MFLP-REIT has acquired (60%).

(Note 3) The acquisition price for MFLP Hino indicates the prorated figure equivalent to the quasi co-ownership interest in the property that MFLP-REIT has acquired (15%).

③ Borrowing of funds

MFLP-REIT executed a debt financing to appropriate for the part of payments for the acquired trust beneficiary interests in real estate described in “② Acquisition of assets” above and related costs. Details are as follows.

Lender	Amount (millions of yen)	Interest rate	Borrowing date	Repayment date	Repayment method	Collateral
Sumitomo Mitsui Trust Bank, Limited	¥ 1,000	0.05% added to the base interest rate (Note) (JBA one-month Japanese yen (TIBOR))	March 15, 2018	July 17, 2018	Bullet repayment	Unsecured/ non-guaranteed
The Bank of Fukuoka, Ltd.	400	0.05% added to the base interest rate (Note) (JBA one-month Japanese yen (TIBOR))	March 15, 2018	June 15, 2018	Bullet repayment	Unsecured/ non-guaranteed
Sumitomo Mitsui Banking Corporation	800	0.24%	March 15, 2018	March 15, 2022	Bullet repayment	Unsecured/ non-guaranteed
Mizuho Trust & Banking Co., Ltd.	300	0.2188%	March 15, 2018	March 15, 2022	Bullet repayment	Unsecured/ non-guaranteed
Mitsubishi UFJ Trust and Banking Corporation	800	0.24%	March 15, 2018	March 31, 2022	Bullet repayment	Unsecured/ non-guaranteed
Mizuho Trust & Banking Co., Ltd.	300	0.2613%	March 15, 2018	March 15, 2023	Bullet repayment	Unsecured/ non-guaranteed
The Norinchukin Bank	600	0.2613%	March 15, 2018	March 15, 2023	Bullet repayment	Unsecured/ non-guaranteed
The Yamaguchi Bank, Ltd.	600	0.3319%	March 15, 2018	September 13, 2024	Bullet repayment	Unsecured/ non-guaranteed
The Bank of Fukuoka, Ltd.	400	0.3563%	March 15, 2018	March 14, 2025	Bullet repayment	Unsecured/ non-guaranteed
Mitsui Sumitomo Insurance Company, Limited.	600	0.3563%	March 15, 2018	March 14, 2025	Bullet repayment	Unsecured/ non-guaranteed
Mizuho Bank, Ltd.	900	0.48949%	March 15, 2018	September 15, 2027	Bullet repayment	Unsecured/ non-guaranteed
Total	¥ 6,700	-	-	-	-	-

(Note) The base interest that applies to the interest calculation period for each interest payment date will be determined two business days immediately prior to the interest payment date (the borrowing date for the initial interest calculation period). JBA Japanese yen TIBOR can be checked on the website of the Japanese Bankers Association TIBOR Administration (“JBA TIBOR Administration”) (<http://www.jbatibor.or.jp/english/rate/>).

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Independent Auditor's Report

To the Board of Directors of
Mitsui Fudosan Logistics Park Inc. :

We have audited the accompanying financial statements of Mitsui Fudosan Logistics Park Inc. (a Japanese Real Estate Investment Trust), which comprise the balance sheets as at January 31, 2018 and July 31, 2017, and the statements of income, statements of changes in net assets and statements of cash flows for the periods from August 1, 2017 to January 31, 2018 and from February 1, 2017 to July 31, 2017 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mitsui Fudosan Logistics Park Inc. as at January 31, 2018 and July 31, 2017 and their financial performance and cash flows for the periods from August 1, 2017 to January 31, 2018 and from February 1, 2017 to July 31, 2017 in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 14 to the financial statements that describes Mitsui Fudosan Logistics Park Inc.'s subsequent issuance of new investment units, subsequent acquisitions of trust beneficiary rights of three properties and the execution of additional borrowings.

KPMG AZSA LLC

May 24, 2018
Tokyo, Japan