

1st Fiscal Period Asset Management Report

Mitsui Fudosan Logistics Park Inc.

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

From: March 4, 2016
To: January 31, 2017

I. Asset Management Report

1. Overview of Asset Management

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

Fiscal period		1st period (From March 4, 2016 to January 31, 2017)
Operating revenues	(millions of yen)	2,383
Of which: Real estate leasing business revenues	(millions of yen)	2,383
Operating expenses	(millions of yen)	1,075
Of which: Real estate leasing business expenses	(millions of yen)	801
Operating income	(millions of yen)	1,307
Ordinary income	(millions of yen)	1,111
Net income	(millions of yen)	1,110
Total assets	(millions of yen)	81,698
[Period-on-period change]	(%)	—
Net assets	(millions of yen)	59,460
[Period-on-period change]	(%)	—
Interest-bearing debt	(millions of yen)	20,000
Unitholders' capital	(millions of yen)	58,350
Total number of investment units issued and outstanding	(units)	224,000
Net assets (Net asset value (NAV)) per unit	(yen)	265,449
Net income per unit (Note 4)	(yen)	9,017
Total amount of distribution	(millions of yen)	1,164
Distribution per unit	(yen)	5,198
Of which: Distribution of earnings per unit	(yen)	4,955
Of which: Distribution in excess of retained earnings per unit	(yen)	243
Ratio of ordinary income to total assets (Note 5)	(%)	1.5
[Annualized] (Note 6)	(%)	2.9
Return on equity (Note 5)	(%)	1.9
[Annualized] (Note 6)	(%)	3.8
Equity ratio at end of period (Note 5)	(%)	72.8
[Period-on-period change]	(%)	—
Payout ratio (Note 5)	(%)	100.0
Other reference information		
Number of days of asset management during period (Note 7)	(days)	183
Number of investment properties at end of period	(properties)	9
Occupancy rate at end of period (Note 8)	(%)	100.0
Depreciation and amortization (Note 9)	(millions of yen)	553
Capital expenditures	(millions of yen)	2
Net operating income (NOI) from property leasing (Note 5)	(millions of yen)	2,135
Funds from operations (FFO) (Note 5)	(millions of yen)	1,663
FFO per unit (Note 5)	(yen)	7,426

Ratio of interest-bearing debt to total assets at end of period (LTV ratio) (Note 5)	(%)	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) “Net income per unit” is calculated by dividing net income by the daily weighted average number of investment units (123,102 units). In addition, net income per unit using the daily weighted average number of investment units deeming August 2, 2016, the actual starting date of asset management, as the beginning of the fiscal period (222,525 units) is 4,988 yen.

(Note 5) 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	Payout ratio for the 1st fiscal period is calculated by the following formula due to changes in the number of investment units during the period attributable to conducting capital increase through public offering during the period (rounded down to one decimal place). $\frac{\text{Total amount of distribution (excluding distribution in excess of retained earnings)}}{\text{Net income}} \times 100$
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 \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 6) For the 1st fiscal period, 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 7) The calculation period of the 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 8) “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 at January 31, 2017, rounded to one decimal place.

(Note 9) “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 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 (Registration No. 114 with the Director-General of the Kanto Local Finance Bureau). In addition, MFLP-REIT conducted a two-for-one split of investment units on June 15, 2016 as the effective date.

Later, new investment units were issued through public offering (212,800 investment units) on August 1, 2016 as the payment date, and the investment units were 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). On August 29, 2016, new investment units were issued through third-party allotment (10,000 investment units).

As a result of these issuances, the total number of investment units issued and outstanding is 224,000 as at the end of the fiscal period under review.

② Investment environment and management performance

The Japanese economy has continued to be in a state of moderate recovery as shown by steady improvements in the employment and income situations, while exports and production appeared sluggish due in part to the effect of slowdown in emerging economies and certain sections of private consumption. In the logistics market, with the 3PL business of specializing in outsourced logistics services expanding in market size and the needs of 3PL providers (Note) for rental of multifunctional and highly-convenient logistics facilities on the rise, it is expected that the demand for leading-edge logistics facilities continues to increase.

Under such circumstances, MFLP-REIT formed a strategic partnership in the logistics facilities business with Mitsui Fudosan Co., Ltd. (“Mitsui Fudosan”) to maximize unitholder value by achieving sustainable growth as a basic policy, and was listed on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market on August 2, 2016.

(Note) “3PL providers” refer to third-party logistics providers (providers of logistics services to which client companies outsource part or all of their supply chain management functions).

③ Summary of fund procurement

MFLP-REIT procured 55,445 million yen from a capital increase through public offering on August 1, 2016 as the payment date and 2,605 million yen from a capital increase through third-party allotment on August 29, 2016 as the payment date. As a result, unitholders’ capital amounted to 58,350 million yen as at the end of the fiscal period under review. In addition, funds were borrowed in line with acquisition of assets in the fiscal period under review, resulting in outstanding balance of loans of 20,000 million yen at the end of the fiscal period under review. Funds are obtained through multiple loans in order to disperse maturities and diversify procurement sources.

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 revenues of 2,383 million yen, operating income of 1,307 million yen, ordinary income of 1,111 million yen, and net income of 1,110 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 1,109,920,000 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 per unit of 4,955 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 54 million yen, which is the amount almost equivalent to the remaining amount after subtracting the distribution of earnings of 1,109 million yen from 1,164 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 243 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 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 since the establishment of MFLP-REIT up to January 31, 2017.

Date	Description	Total number of investment units issued and outstanding (units)		Unitholders' capital (millions of yen)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
March 4, 2016	Establishment through private placement	600	600	300	300	(Note 1)
June 15, 2016	Split of investment units	600	1,200	—	300	(Note 2)
August 1, 2016	Capital increase through public offering	212,800	214,000	55,445	55,745	(Note 3)
August 29, 2016	Capital increase through third-party allotment	10,000	224,000	2,605	58,350	(Note 4)

(Note 1) MFLP-REIT was established at an issue price of 500,000 yen per unit.

(Note 2) A two-for-one split of investment units was conducted on June 15, 2016 as the effective date.

(Note 3) 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 4) New investment units were issued with Daiwa Securities Co. Ltd. as the allottee at a paid-in amount of 260,550 yen per unit.

[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	1st period (From March 4, 2016 to January 31, 2017)
High (yen)	341,500
Low (yen)	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 for the fiscal period under review.

Fiscal period	1st period (From March 4, 2016 to January 31, 2017)
Total amount of unappropriated retained earnings (thousands of yen)	1,110,063
Retained earnings (thousands of yen)	143
Total amount of distribution of cash (thousands of yen)	1,164,352
[Distribution per unit] (yen)	[5,198]
Of which: Total amount of distribution of earnings (thousands of yen)	1,109,920
[Distribution of earnings per unit] (yen)	[4,955]
Of which: Total amount of return of capital (thousands of yen)	54,432
[Return of capital per unit] (yen)	[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)	54,432
[Of return of capital per unit: Distribution from distribution reducing unitholders' capital for tax purposes] (yen)	[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.

(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 and other innovative precedents 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.

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

Not applicable.

2. Overview of the Investment Corporation

(1) Status of investments in capital

Fiscal period	1st period (January 31, 2017)
Total number of investment units authorized (units)	8,000,000
Total number of investment units issued and outstanding (units)	224,000
Unitholders' capital (millions of yen)	58,350
Number of unitholders (unitholders)	6,201

(2) Major unitholders

Of the unitholders as of January 31, 2017, 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 (%)
Japan Trustee Services Bank, Ltd. (trust account)	40,168	17.93
Mitsui Fudosan Co., Ltd.	28,900	12.90
The Master Trust Bank of Japan, Ltd. (trust account)	26,377	11.77
Trust & Custody Services Bank, Ltd. (securities investment trust account)	13,822	6.17
The Nomura Trust and Banking Co., Ltd. (investment trust account)	7,629	3.40
JPMorgan Chase Bank 385632	6,113	2.72
Nomura Bank (Luxembourg) S.A.	4,881	2.17
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	138,451	61.80

(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	—	4,400
Supervisory director	Izuru Goto	Attorney, City-Yuwa Partners Corporate Auditor (part-time), Tobishima Corporation	2,750
	Tadao Toshima	—	2,750
Independent auditor	KPMG AZSA LLC	—	12,100

(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, 2017.

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

The following is the composition of assets of MFLP-REIT as of January 31, 2017.

Type of asset	Use	Geographic classification (Note 1)	1st period (as of January 31, 2017)		
			Total amount held (millions of yen) (Note 2)	As a percentage of total assets (% (Note 3)	
Real estate in trust (Note 4)	Logistics facilities	Tokyo metropolitan area	68,782	84.2	
		Kansai area	4,489	5.5	
		Other areas	—	—	
	Subtotal		73,272	89.7	
	Industrial real estate	Tokyo metropolitan area	2,200	2.7	
		Kansai area	—	—	
		Other areas	—	—	
	Subtotal		2,200	2.7	
	Real estate in trust total			75,472	92.4
	Deposits and other assets			6,225	7.6
Total assets			81,698	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 as of January 31, 2017, 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.

(2) Major assets held

The following summarizes the assets held by MFLP-REIT as of January 31, 2017.

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)	15,523	50,813	50,813	100.0	16.1	Logistics facilities
MFLP Kuki	12,469	67,925	67,925	100.0	19.4	Logistics facilities
MFLP Yokohama Daikoku (Note 4)	10,082	47,929	47,929	100.0	13.5	Logistics facilities
MFLP Yashio	9,643	39,692	39,692	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Atsugi	7,806	40,958	40,958	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Funabashi Nishiura	6,958	31,034	31,034	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Kashiwa	6,299	31,291	31,291	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Sakai (Note 4)	4,489	22,429	22,429	100.0	6.9	Logistics facilities
MFIP Inzai (Note 4)	2,200	Not disclosed (Note 5)	Not disclosed (Note 5)	Not disclosed (Note 5)	Not disclosed (Note 5)	Industrial real estate
Total	75,472	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 at January 31, 2017 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 at January 31, 2017, 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 at January 31, 2017, rounded to one decimal place.

(Note 4) For “GLP/MFLP Ichikawa Shiohama,” “MFLP Yokohama Daikoku,” “MFLP Sakai” 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% 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, 2017.

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	15,800	15,523
MFLP Kuki	1-10 Kiyokucho, Kuki-shi, Saitama	Real estate trust beneficiary interests	67,925	13,200	12,469
MFLP Yokohama Daikoku (Note 3)	43-1 Daikokucho, Tsurumi-ku, Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	47,929	10,300	10,082
MFLP Yashio	99-1 Tsubutakita, Minamiushiroya, Yashio-shi, Saitama	Real estate trust beneficiary interests	39,692	9,990	9,643
MFLP Atsugi	4021-1 Sakuradai, Nakatsu, Aikawamachi, Aiko-gun, Kanagawa	Real estate trust beneficiary interests	40,958	8,120	7,806
MFLP Funabashi Nishiura	3-10-13 Nishiura, Funabashi-shi, Chiba	Real estate trust beneficiary interests	31,034	7,210	6,958
MFLP Kashiwa	259-1 Mukaiwari, Aotashidentobichi, Kashiwa-shi, Chiba	Real estate trust beneficiary interests	31,291	6,570	6,299
MFLP Sakai (Note 3)	1-171 Chikkoyawatamachi, Sakai-ku, Sakai-shi, Osaka	Real estate trust beneficiary interests	22,429	4,810	4,489
Logistics facilities subtotal			332,074	76,000	73,272
MFIP Inzai (Note 3)	2-101-14 Izumino, Inzai-shi, Chiba	Real estate trust beneficiary interests	Not disclosed (Note 4)	2,400	2,200
Industrial real estate subtotal			Not disclosed (Note 4)	2,400	2,200
Total			Not disclosed (Note 4)	78,400	75,472

(Note 1) "Leasable area" is the floor area available for leasing of the building of each real estate in trust as at January 31, 2017 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, 2017 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" 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% 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.	1st period (From March 4, 2016 to January 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 (%)
GLP/MFLP Ichikawa Shiohama (Note 3)	5	100.0	383	16.1
MFLP Kuki	3	100.0	462	19.4
MFLP Yokohama Daikoku (Note 3)	5	100.0	322	13.5
MFLP Yashio	2	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Atsugi	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)
MFLP Kashiwa	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Sakai (Note 3)	5	100.0	164	6.9
Logistics facilities subtotal	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)
Industrial real estate subtotal	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)
Total	Not disclosed (Note 4)	100.0	2,383	100.0

(Note 1) "Total number of tenants" is the number of tenants on each lease agreement concluded for each property as at January 31, 2017. 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 at January 31, 2017, rounded to one decimal place.

(Note 3) For "GLP/MFLP Ichikawa Shiohama," "MFLP Yokohama Daikoku," "MFLP Sakai" 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% 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, 2017.

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)		
				Total amount	Amount paid during period	Total amount already paid
MFLP Atsugi	Aiko, Kanagawa	Truck waiting yard chock	From March 2017 to March 2017	1	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Switching to LED	From May 2017 to June 2017	15	—	—
MFLP Sakai	Sakai, Osaka	Expansion of bicycle and motorcycle parking space	From June 2017 to June 2017	1	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Switching to LED	From November 2017 to December 2017	15	—	—

(Note 1) 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%).

(Note 2) Rounded down to the nearest million yen.

(2) Capital expenditures during period

For real estate, etc. held by MFLP-REIT, capital expenditures in the fiscal period under review amounted to 2 million yen and, other than this, there was 36 million yen in repair expenses categorized as operating expenses in the fiscal period under review.

For each asset held as of January 31, 2017, no capital expenditures incurred in the fiscal period under review amounted to 1 million yen or more per project.

(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	1st period (From March 4, 2016 to January 31, 2017)
Asset management fee (Note)	219,777
Asset custody fee	4,979
Administrative service fees	8,958
Directors' compensation	9,900
Audit fee	3,000
Other expenses	27,668
Total	274,285

(Note) 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. individually (188,775 thousand yen).

(2) Debt financing status

The following is the status of loans as of January 31, 2017.

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
Short-term loans	Sumitomo Mitsui Banking Corporation	Aug. 31, 2016	—	1,000	0.1004	Feb. 28, 2017	Bullet repayment	(Note 3)	Unsecured Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	Jan. 31, 2017	—	1,000	0.1000	Feb. 28, 2017	Bullet repayment	(Note 3)	
	Mizuho Bank, Ltd.	Jan. 31, 2017	—	1,000	0.1000	Feb. 28, 2017	Bullet repayment	(Note 3)	
	Subtotal		—	3,000					
Long-term loans	Sumitomo Mitsui Banking Corporation	Sept. 1, 2016	—	2,000	0.2713	Sept. 1, 2022	Bullet repayment	(Note 3)	Unsecured Non-guaranteed
		Sept. 1, 2016	—	1,500	0.4213	Sept. 1, 2026	Bullet repayment	(Note 3)	
	Sumitomo Mitsui Trust Bank, Limited	Sept. 1, 2016	—	2,000	0.3050	Sept. 1, 2023	Bullet repayment	(Note 3)	
		Sept. 1, 2016	—	1,500	0.3813	Sept. 1, 2025	Bullet repayment	(Note 3)	
	Mizuho Bank, Ltd.	Aug. 2, 2016	—	400	0.1425	Aug. 2, 2022	Bullet repayment	(Note 3)	
		Aug. 2, 2016	—	1,700	0.2113	Aug. 2, 2024	Bullet repayment	(Note 3)	
	Mitsubishi UFJ Trust and Banking Corporation	Sept. 1, 2016	—	2,200	0.1826	Mar. 1, 2023	Bullet repayment	(Note 3)	
	Mizuho Trust & Banking Co., Ltd.	Sept. 1, 2016	—	600	0.3237	Mar. 1, 2024	Bullet repayment	(Note 3)	
		Sept. 1, 2016	—	700	0.3425	Sept. 2, 2024	Bullet repayment	(Note 3)	
	Development Bank of Japan Inc.	Aug. 2, 2016	—	2,100	0.3125	Aug. 3, 2026	Bullet repayment	(Note 3)	
	The Bank of Fukuoka, Ltd.	Aug. 2, 2016	—	1,300	0.2169	Feb. 2, 2024	Bullet repayment	(Note 3)	
	Nippon Life Insurance Company	Aug. 2, 2016	—	1,000	0.3125	Aug. 3, 2026	Bullet repayment	(Note 3)	
	Subtotal		—	17,000					
Total		—	20,000						

(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)
GLP/MFLP Ichikawa Shiohama (Note 2)	Sept. 1, 2016	15,500	-	-	-	-
MFLP Kuki	Aug. 2, 2016	12,500	-	-	-	-
MFLP Yokohama Daikoku (Note 2)	Aug. 2, 2016	10,100	-	-	-	-
MFLP Yashio	Aug. 2, 2016	9,650	-	-	-	-
MFLP Atsugi	Aug. 2, 2016	7,810	-	-	-	-
MFLP Funabashi Nishiura	Aug. 2, 2016	6,970	-	-	-	-
MFLP Kashiwa	Aug. 2, 2016	6,300	-	-	-	-
MFLP Sakai (Note 2)	Aug. 2, 2016	4,500	-	-	-	-
MFIP Inzai (Note 2)	Aug. 2, 2016	2,180	-	-	-	-
Total	-	75,510	-	-	-	-

(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) For “GLP/MFLP Ichikawa Shiohama,” “MFLP Yokohama Daikoku,” “MFLP Sakai” and “MFIP Inzai,” “Acquisition price” are the prorated figures equivalent to the quasi co-ownership interest in each property that MFLP-REIT holds (50%, 50%, 20% and 20%, respectively).

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

Main assets other than the real estate, etc. and asset-backed securities, etc. and infrastructure assets, etc. and infrastructure-related assets above 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	GLP/MFLP Ichikawa Shiohama (Note 3)	Sept. 1, 2016	15,500	15,800	Japan Real Estate Institute	Jan. 31, 2017
	Real estate trust beneficiary interests	MFLP Kuki	Aug. 2, 2016	12,500	13,200	The Tanizawa Sōgō Appraisal Co., Ltd.	Jan. 31, 2017
	Real estate trust beneficiary interests	MFLP Yokohama Daikoku (Note 3)	Aug. 2, 2016	10,100	10,300	Daiwa Real Estate Appraisal Co., Ltd.	Jan. 31, 2017
	Real estate trust beneficiary interests	MFLP Yashio	Aug. 2, 2016	9,650	9,990	Japan Real Estate Institute	Jan. 31, 2017
	Real estate trust beneficiary interests	MFLP Atsugi	Aug. 2, 2016	7,810	8,120	Japan Real Estate Institute	Jan. 31, 2017
	Real estate trust beneficiary interests	MFLP Funabashi Nishiura	Aug. 2, 2016	6,970	7,210	Japan Real Estate Institute	Jan. 31, 2017
	Real estate trust beneficiary interests	MFLP Kashiwa	Aug. 2, 2016	6,300	6,570	Japan Real Estate Institute	Jan. 31, 2017
	Real estate trust beneficiary interests	MFLP Sakai (Note 3)	Aug. 2, 2016	4,500	4,810	The Tanizawa Sōgō Appraisal Co., Ltd.	Jan. 31, 2017
	Real estate trust beneficiary interests	MFIP Inzai (Note 3)	Aug. 2, 2016	2,180	2,400	CBRE K.K.	Jan. 31, 2017
Total				75,510	78,400	-	-

(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 appraisal is implemented 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 “GLP/MFLP Ichikawa Shiohama,” “MFLP Yokohama Daikoku,” “MFLP Sakai” and “MFIP Inzai,” “Acquisition price” and “Appraisal value” are the prorated figures equivalent to the quasi co-ownership interest in each property that MFLP-REIT holds (50%, 50%, 20% and 20%, respectively).

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	75,510,000	-
Breakdown of status of transactions with stakeholders, etc. (Note 1)		
Mitsui Fudosan Co., Ltd.	30,730,000 (40.7%)	- (%)
Ichikawa Shiohama Tokutei Mokuteki Kaisha	15,500,000 (20.5%)	- (%)
Kuki Tokutei Mokuteki Kaisha	12,500,000 (16.6%)	- (%)
Daikoku Godo Kaisha	10,100,000 (13.4%)	- (%)
Sakai Chikkoyawata Tokutei Mokuteki Kaisha	4,500,000 (6.0%)	- (%)
Inzai Tokutei Mokuteki Kaisha	2,180,000 (2.9%)	- (%)
Total	75,510,000 (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	66,315	Mitsui Fudosan Co., Ltd.	55,762	84.1%
Building management fee	76,769	Mitsui Fudosan Building Management Co., Ltd.	325	0.4%
		Mitsui Fudosan Facilities Co., Ltd.	52,293	71.3%
		First Facilities West Co., Ltd. (currently, Mitsui Fudosan Facilities West Co., Ltd.)	7,161	9.8%

(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.

(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 Sheet,” “Statement of Income,” “Statement 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 1st 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
June 6, 2016	Partial amendments to the Articles of Incorporation Appointment of 1 substitute executive director	The Articles of Incorporation of MFLP-REIT were partially amended. In addition, Chishu Zushi was appointed as a substitute executive director to provide for any vacancy in the position of executive director or any shortfall in the number of executive directors as provided by laws and regulations. Chishu Zushi is the president and chief executive officer of MFLP-REIT's asset management company Mitsui Fudosan Logistics REIT Management Co., Ltd.

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
March 7, 2016	Conclusion of asset custody agreement	Business operations pertaining to custody of the assets held by MFLP-REIT were entrusted to Sumitomo Mitsui Trust Bank, Limited.
	Conclusion of general administrative service agency agreement (institutional)	General administrative services concerning the operation of the administrative instruments of MFLP-REIT were entrusted to Sumitomo Mitsui Trust Bank, Limited.
	Conclusion of asset management agreement	Business operations pertaining to asset management of MFLP-REIT were entrusted to Mitsui Fudosan Logistics REIT Management Co., Ltd.
	Conclusion of memorandum on succession of position and memorandum on transfer agency fee	Agreement was reached for MFLP-REIT to succeed Mitsui Fudosan Logistics REIT Management Co., Ltd.'s position in the March 1, 2016 transfer agency service contract concluded between Mitsui Fudosan Logistics REIT Management Co., Ltd. and Sumitomo Mitsui Trust Bank, Limited, and on the transfer agency fee.
	Conclusion of general administrative service agency agreement (accounting)	General administrative services concerning financials, accounting and tax payments of MFLP-REIT were entrusted to Heiseikaikeisha Tax Corporation.
June 15, 2016	Conclusion of memorandum on first amended contract and management fee of asset management agreement	The management fee rate and timing of payment provided in the March 7, 2016 asset management contract concluded between Mitsui Fudosan Logistics REIT Management Co., Ltd. and MFLP-REIT were amended.
July 25, 2016	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., UBS Securities Japan 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 Sheet

(Thousands of yen)
1st period
(As of January 31, 2017)

Assets	
Current assets	
Cash and deposits (Notes 3 and 4)	¥ 1,066,015
Cash and deposits in trust (Notes 3 and 4)	2,018,416
Operating accounts receivable (Note 12)	35,811
Prepaid expenses	7,511
Deferred tax assets (Note 9)	27
Consumption taxes receivable	3,076,364
Other	317
Total current assets	<u>6,204,464</u>
Non-current assets	
Property and equipment (Note 5)	
Buildings in trust	37,104,731
Structures in trust	1,159,158
Machinery and equipment in trust	1,813,671
Tools, furniture and fixtures in trust	640
Land in trust	35,948,155
Less: accumulated depreciation and amortization	(553,487)
Total property and equipment	<u>75,472,868</u>
Intangible assets	
Software	10,476
Total intangible assets	<u>10,476</u>
Investments and other assets	
Lease and guarantee deposits	10,000
Other	1,050
Total investments and other assets	<u>11,050</u>
Total non-current assets	<u>75,494,395</u>
Total assets	<u>¥ 81,698,860</u>

Mitsui Fudosan Logistics Park Inc.
Balance Sheet

(Thousands of yen)
1st period
(As of January 31, 2017)

Liabilities		
Current liabilities		
Operating accounts payable (Note 12)	¥	131,461
Short-term loans payable (Notes 4, 7 and 12)		3,000,000
Accounts payable (Note 12)		262,266
Accrued expenses (Note 12)		133
Income taxes payable		1,584
Advances received		400,972
Other		82
Total current liabilities		<u>3,796,501</u>
Non-current liabilities		
Long-term loans payable (Notes 4, 7 and 12)		17,000,000
Tenant leasehold and security deposits in trust (Note 4)		1,441,755
Total non-current liabilities		<u>18,441,755</u>
Total liabilities		<u>22,238,257</u>
Net assets (Notes 6 and 10)		
Unitholders' equity		
Unitholders' capital		58,350,540
Units authorized: 8,000,000 units as of January 31, 2017		
Units issued and outstanding: 224,000 units as of January 31, 2017		
Retained earnings		1,110,063
Total unitholders' equity		<u>59,460,603</u>
Total net assets (Notes 6 and 10)		<u>59,460,603</u>
Total liabilities and net assets	¥	<u>81,698,860</u>

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

Mitsui Fudosan Logistics Park Inc.
Statement of Income

(Thousands of yen)

1st period
(From March 4, 2016
to January 31, 2017)

Operating revenues (Note 12)		
Property-related revenues (Note 8)	¥	2,308,592
Other property-related revenues (Note 8)		74,627
Total operating revenues		<u>2,383,220</u>
Operating expenses (Note 12)		
Property-related expenses (Note 8)		801,073
Asset management fee		219,777
Asset custody fee		4,979
Administrative service fees		8,958
Directors' compensation		9,900
Audit fee		3,000
Other operating expenses		27,668
Total operating expenses		<u>1,075,359</u>
Operating income		<u>1,307,860</u>
Non-operating income		
Interest income		6
Other		0
Total non-operating income		<u>6</u>
Non-operating expenses		
Interest expense		24,015
Organization expenses (Note 12)		56,348
Investment unit issuance expenses		47,583
Offering costs associated with issuance of investment units		56,331
Other		11,967
Total non-operating expenses		<u>196,246</u>
Income before income taxes		<u>1,111,620</u>
Income taxes - current		1,585
Income taxes - deferred		(27)
Total income taxes (Note 9)		<u>1,557</u>
Net income (Note 10)	¥	<u>1,110,063</u>
Unappropriated retained earnings (Note 6)	¥	<u>1,110,063</u>

(Yen)

1st period
(From March 4, 2016
to January 31, 2017)

Net income per unit (Note 10)	¥	9,017
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The accompanying notes are an integral part of these financial statements.

Mitsui Fudosan Logistics Park Inc.
Statement of Changes in Net Assets

1st period (from March 4, 2016 to January 31, 2017)

(Thousands of yen)

	Number of units	Unitholders' capital	Retained earnings	Total net assets
Balance as of March 4, 2016	-	¥ -	¥ -	¥ -
Issuance of new units for establishment as of March 4, 2016	600	300,000	-	300,000
Unit split as of June 15, 2016	600	-	-	-
Issuance of new units through public offering as of August 1, 2016	212,800	55,445,040	-	55,445,040
Issuance of new units through allocation to a third party as of August 29, 2016	10,000	2,605,500	-	2,605,500
Net income	-	-	1,110,063	1,110,063
Balance as of January 31, 2017	224,000	¥ 58,350,540	¥ 1,110,063	¥ 59,460,603

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

Mitsui Fudosan Logistics Park Inc.
Statement of Cash Flows

(Thousands of yen)

1st period
(From March 4, 2016
to January 31, 2017)

Cash flows from operating activities:	
Income before income taxes	¥ 1,111,620
Depreciation and amortization	554,211
Interest income	(6)
Interest expense	24,015
Increase in operating accounts receivable	(35,811)
Increase in prepaid expenses	(7,511)
Increase in consumption taxes receivable	(3,076,364)
Increase in operating accounts payable	44,883
Increase in accounts payable	262,266
Increase in advances received	400,972
Other, net	(234)
Subtotal	<u>(721,959)</u>
Interest income received	6
Interest expense paid	(23,881)
Income taxes paid	0
Net cash used in operating activities	<u>(745,835)</u>
Cash flows from investing activities:	
Purchase of property and equipment in trust	(75,939,779)
Purchase of intangible assets	(11,200)
Repayments of tenant leasehold and security deposits in trust	(11,743)
Proceeds from tenant leasehold and security deposits in trust	1,453,499
Payments for lease and guarantee deposits	(10,000)
Other, net	(1,050)
Net cash used in investing activities	<u>(74,520,273)</u>
Cash flows from financing activities:	
Proceeds from short-term loans payable	13,200,000
Repayments of short-term loans payable	(10,200,000)
Proceeds from long-term loans payable	17,000,000
Proceeds from issuance of investment units	58,350,540
Net cash provided by financing activities	<u>78,350,540</u>
Net increase in cash and cash equivalents	3,084,431
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period (Note 3)	<u>¥ 3,084,431</u>

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

Mitsui Fudosan Logistics Park Inc.
Notes to Financial Statements
Fiscal Period Ended January 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.

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. However, the accompanying financial statements have been prepared and presented for the period of 334 days from March 4, 2016 (establishment date) to January 31, 2017, as this is the first fiscal period since its establishment.

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 and amortization 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 14 years
Machinery and equipment:	14 to 16 years

Tools, furniture and fixtures: 8 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. Organization expenses

Organization expenses are recorded as expenses when incurred.

e. Investment unit issuance expenses

Investment unit issuance expenses are recorded as expenses when incurred.

f. 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 190,271 thousand yen for the fiscal period ended January 31, 2017.

g. 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 sheet.

- (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) Tenant leasehold and security deposits in trust

h. 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 sheet is as follows:

	(Thousands of yen)
	1st period (As of January 31, 2017)
Cash and deposits	¥ 1,066,015
Cash and deposits in trust	2,018,416
Cash and cash equivalents	¥ 3,084,431

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 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, 2017 are as follows. Financial instruments for which it is extremely difficult to determine the fair value are excluded from the following table (Note 2 below).

(Thousands of yen)

1st period (As of January 31, 2017)	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 1,066,015	¥ 1,066,015	-
(2) Cash and deposits in trust	2,018,416	2,018,416	-
Total assets	¥ 3,084,431	¥ 3,084,431	-
(3) Short-term loans payable	¥ 3,000,000	¥ 3,000,000	-
(4) Long-term loans payable	17,000,000	16,724,027	¥ (275,972)
Total liabilities	¥ 20,000,000	¥ 19,724,027	¥ (275,972)

(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) Short-term loans payable

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.

(4) 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)

1st period (As of January 31, 2017)	
Tenant leasehold and security deposits in trust	¥ 1,441,755

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 after January 31, 2017

(Thousands of yen)

	Due within one year
Cash and deposits	¥ 1,066,015
Cash and deposits in trust	¥ 2,018,416

(Note 4) Repayment schedule for loans after January 31, 2017

(Thousands of yen)

	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
Short-term loans payable	¥ 3,000,000	-	-	-	-	-
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 period and fair value of these investment and rental properties are as follows:

(Thousands of yen)

1st period (From March 4, 2016 to January 31, 2017)	
Carrying amount	
Balance at the beginning of the period	-
Changes during the period	¥ 75,472,868
Balance at the end of the period	75,472,868
Fair value at the end of the period	¥ 78,400,000

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

(Note 2) Changes in the carrying amount during the period consisted of the increase mainly attributable to acquisition of trust beneficiary interests in real estate totaling nine properties (75,510,000 thousand yen), and the decrease mainly attributable to depreciation and amortization (553,488 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 period but declared after the balance sheet date are summarized as follows:

	(Yen)	
	1st period (From March 4, 2016 to January 31, 2017)	
	Total	Per unit
I. Unappropriated retained earnings	¥ 1,110,063,072	
II. Distributions in excess of retained earnings		
Deduction from unitholders' capital	54,432,000	
III. Distributions		
Distribution of earnings	1,109,920,000	¥ 4,955
Distribution in excess of retained earnings	54,432,000	243
Total distributions	¥ 1,164,352,000	¥ 5,198
IV. Retained earnings carried forward	¥ 143,072	

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, MFLP-REIT declared a distribution amount of 1,109,920,000 yen, which is the maximum value of the integral multiple of the total number of investment units issued and outstanding at the end of the period in an amount 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, MFLP-REIT declared the distribution of 54,432,000 yen, which is calculated as being almost equivalent to the remaining amount after subtracting the distribution of earnings of 1,109,920,000 yen from 1,164,485,764 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. Short-term and Long-term Loans Payable

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

	(Thousands of yen)	
	1st period (As of January 31, 2017)	
0.1004% unsecured short-term loans	¥	1,000,000
0.1000% unsecured short-term loans		1,000,000
0.1000% unsecured short-term loans		1,000,000
Total short-term loans payable	¥	3,000,000
0.2713% unsecured long-term loans due 2022	¥	2,000,000
0.4213% unsecured long-term loans due 2026		1,500,000
0.3050% unsecured long-term loans due 2023		2,000,000
0.3813% unsecured long-term loans due 2025		1,500,000
0.1425% unsecured long-term loans due 2022		400,000
0.2113% unsecured long-term loans due 2024		1,700,000
0.1826% unsecured long-term loans due 2023		2,200,000
0.3237% unsecured long-term loans due 2024		600,000
0.3425% unsecured long-term loans due 2024		700,000
0.3125% unsecured long-term loans due 2026		2,100,000
0.2169% unsecured long-term loans due 2024		1,300,000
0.3125% unsecured long-term loans due 2026		1,000,000
Total long-term loans payable	¥	17,000,000

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

The repayment schedule for loans after January 31, 2017 are disclosed in Note 4. "Financial Instruments."

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

	(Thousands of yen)	
	1st period (As of January 31, 2017)	
Total amount of commitment line contracts	¥	6,000,000
Loans executed		-
Unused line of credit	¥	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 period ended January 31, 2017.

		(Thousands of yen)	
		1st period (From March 4, 2016 to January 31, 2017)	
A. Real estate leasing business revenues			
Property-related revenues			
Rental revenues	¥		2,221,941
Common area charges			86,650
Total	¥		2,308,592
Other revenues related to property leasing			
Utilities charges	¥		56,616
Parking lots			8,543
Others			9,467
Total	¥		74,627
Total property-related revenues	¥		2,383,220
B. Real estate leasing business expenses			
Property-related expenses			
Outsourcing service expenses	¥		144,243
Utilities expenses			56,616
Repair expenses			36,308
Depreciation and amortization			553,488
Others			10,417
Total property-related expenses	¥		801,073
C. Operating income from property leasing [A-B]	¥		1,582,146

Transactions with major unitholders for the fiscal period ended January 31, 2017 are as follows:

		(Thousands of yen)	
		1st period (From March 4, 2016 to January 31, 2017)	
Operating transactions:			
Operating revenues	¥		80,689
Operating expenses	¥		56,756
Non-operating transactions:			
Purchase of trust beneficiary interests in real estate	¥		32,089,499

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, 2017 are as follows:

		(Thousands of yen)	
		1st period (As of January 31, 2017)	
Deferred tax assets:			
Non-deductible accrued enterprise tax	¥		27
Total deferred tax assets	¥		27
Net deferred tax assets	¥		27

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

	1st period (As of January 31, 2017)
Statutory tax rate	32.31%
Adjustments:	
Deductible distributions	(32.26)
Other	0.09
Effective income tax rate after application of tax-effect accounting	<u>0.14%</u>

10. Per Unit Information

The following table summarizes per unit information for the fiscal period ended January 31, 2017.

	1st period (From March 4, 2016 to January 31, 2017)
Earnings per unit:	
Net income per unit (yen)	¥ 9,017 (¥ 4,988)
Weighted average number of units outstanding (unit)	123,102

	1st period (As of January 31, 2017)
Net assets per unit (yen)	¥ 265,449

Net income per unit is calculated by dividing net income by the daily weighted average number of investment units outstanding (123,102 units) during the period. In addition, net income per unit using the daily weighted average number of investment units deeming August 2, 2016, the actual starting date of asset management, as the beginning of the fiscal period (222,525 units), is also presented in parentheses. 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 each fiscal period end under non-cancelable operating leases of properties are as follows.

	(Thousands of yen) 1st period (As of January 31, 2017)
Due within one year	¥ 4,365,595
Due after one year	13,458,267
Total	<u>¥ 17,823,863</u>

12. Transactions with Related Parties

Significant transactions and balances with related parties for the fiscal period ended January 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	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	¥ 55,762	Operating accounts payable	¥ 14,856
							Other property-related expenses	993		
							Rent income, etc.	80,689	Operating accounts receivable	26,252
							Purchase of real estate	32,089,499	-	-
Subsidiary of major corporate unitholder	Mitsui Fudosan Logistics REIT Management Co., Ltd.	Chuo-ku, Tokyo	200	Investment management business	-	Asset management outsourcing	Payment of organizer fee	50,000	-	-
							Asset management fee (Notes 2 and 3)	408,552	Accounts payable	237,360
	Mitsui Fudosan Building Management Co., Ltd.	Chuo-ku, Tokyo	490	Property management business	-	Building management outsourcing	Building management fee	325	Operating accounts payable	999
							Repairs and related work	13,992		
	Mitsui Fudosan Facilities Co., Ltd.	Chuo-ku, Tokyo	490	Property management business	-	Building management outsourcing	Building management fee	52,293	Operating accounts payable	15,069
							Repairs and related work	14,802		
							Other property-related expenses	956		
	Mitsui Fudosan Facilities West Co., Ltd.	Osaka-shi, Osaka	200	Property management business	-	Building management outsourcing	Building management fee	7,161	Operating accounts payable	1,286
							Repairs and related work	192		
							Other property-related expenses	118		
	Inzai Tokutei Mokuteki Kaisya	Chuo-ku, Tokyo	853	Real estate business	-	-	Purchase of real estate	2,303,661	Operating accounts payable	7,528
	Kuki Tokutei Mokuteki Kaisya	Chuo-ku, Tokyo	31	Real estate business	-	-	Purchase of real estate	13,128,185	-	-
	Sakai Chikkoyawata Tokutei Mokuteki Kaisya	Chuo-ku, Tokyo	1,661	Real estate business	-	-	Purchase of real estate	4,750,582	-	-
Daikoku Godo Kaisya	Chuo-ku, Tokyo	3	Real estate business	-	-	Purchase of real estate	10,585,606	-	-	

(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 188,775 thousand yen of a management fee for property acquisitions included in the book value of real estate, etc. individually.

13. Segment and Related Information

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 statement 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 statement 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 sheet.

(3) Information on major tenant

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

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

14. Significant Subsequent Events

Not applicable.

* * * * *



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 sheet as at January 31, 2017 and the statement of income, statement of changes in net assets and statement of cash flows from March 4, 2016 (date of inception) to January 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 judgement, 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, 2017, and its financial performance and cash flows from March 4, 2016 (date of inception) to January 31, 2017 in accordance with accounting principles generally accepted in Japan.

KPMG AZSA LLC

May 26, 2017
Tokyo, Japan