

9th Fiscal Period Asset Management Report

Mitsui Fudosan Logistics Park Inc.

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

From: August 1, 2020
To: January 31, 2021

I. To Our Unitholders

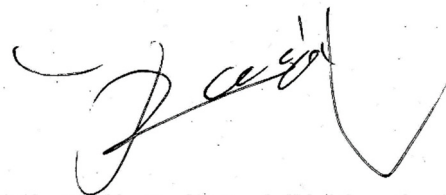
Mitsui Fudosan Logistics Park Inc. (MFLP-REIT), which listed on the Tokyo Stock Exchange Real Estate Investment Trust (REIT) Market on August 2, 2016, has ended its 9th fiscal period in January 2021 with smooth sailing, increasing revenue, income, and distributions for a eighth consecutive period.

I would like to convey my sincere appreciation to you, our unitholders, for your continued support of MFLP-REIT.

In Japan, the economy continues to face extremely challenging conditions due to the continued effects of the novel coronavirus disease (COVID-19) inside and outside Japan; nevertheless, the undertone of the economy is one of recovery. For now, economic activity remains at low level compared with before the pandemic, mainly in the face-to-face service sector. However, as the domestic and overseas impact of COVID-19 gradually lessens, economic activity is expected to recover even further, supported by an increase in external demand and an accommodative financial environment, as well as the government's economic policies.

In the logistics market, demand for advanced logistics facilities will remain extremely stable. The continued expansion of the 3PL business, which specializes in outsourced logistics services, is occurring in tandem with an acceleration in the growth of the e-commerce market scale driven by consumption related to staying at home, as well as expansion in needs for consolidating delivery and logistics bases in the retail and manufacturing industries. We will carefully monitor the impact of COVID-19, including economic and social trends, and financial and real estate market trends.

Going forward, I ask our unitholders for their continued support and cooperation, as MFLP-REIT will continue its operation with the aim of boosting unitholder value.



Yukio Yoshida, President and Chief Executive Officer
Mitsui Fudosan Logistics REIT Management Co., Ltd.

II. Asset Management Report

1. Overview of Asset Management

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

Fiscal period		9th period (From August 1, 2020 to January 31, 2021)	8th period (From February 1, 2020 to July 31, 2020)	7th period (From August 1, 2019 to January 31, 2020)	6th period (From February 1, 2019 to July 31, 2019)	5th period (From August 1, 2018 to January 31, 2019)
Operating revenues	(millions of yen)	8,139	6,363	5,064	4,969	3,280
[Of which: Property leasing business revenues]	(millions of yen)	[8,139]	[6,363]	[5,064]	[4,969]	[3,280]
Operating expenses	(millions of yen)	4,353	3,482	2,748	2,650	1,720
[Of which: Property leasing business expenses]	(millions of yen)	[3,471]	[2,816]	[2,175]	[2,134]	[1,338]
Operating income	(millions of yen)	3,786	2,881	2,315	2,318	1,560
Ordinary income	(millions of yen)	3,580	2,735	2,238	2,203	1,520
Net income	(millions of yen)	3,579	2,734	2,237	2,202	1,519
Total assets	(millions of yen)	285,205	208,243	157,023	160,681	104,591
[Period-on-period change]	(%)	[37.0]	[32.6]	[(2.3)]	[53.6]	[4.3]
Net assets	(millions of yen)	187,747	139,026	109,060	109,284	73,390
[Period-on-period change]	(%)	[35.0]	[27.5]	[(0.2)]	[48.9]	[(0.0)]
Interest-bearing debt	(millions of yen)	88,300	62,900	42,900	46,800	28,000
Unitholders' capital, net (Note 3)	(millions of yen)	184,168	136,292	106,822	107,081	71,870
Total number of investment units issued and outstanding	(units)	542,000	441,000	379,000	379,000	262,774
Net assets (Net asset value (NAV)) per unit	(yen)	346,398	315,253	287,758	288,349	279,292
Net income per unit (Note 4)	(yen)	7,074	6,215	5,904	5,823	5,783
Total amount of distributions	(millions of yen)	3,947	3,076	2,495	2,461	1,604
Distribution per unit	(yen)	7,283	6,977	6,584	6,496	6,105
[Of which: Distribution of earnings per unit]	(yen)	[6,604]	[6,200]	[5,905]	[5,811]	[5,783]
[Of which: Distribution in excess of retained earnings per unit]	(yen)	[679]	[777]	[679]	[685]	[322]
Ratio of ordinary income to total assets (Note 5)	(%)	1.5	1.5	1.4	1.7	1.5
[Annualized]	(%)	[2.9]	[3.0]	[2.8]	[3.4]	[2.9]
Return on equity (Note 5)	(%)	2.2	2.2	2.0	2.4	2.1
[Annualized]	(%)	[4.3]	[4.4]	[4.1]	[4.9]	[4.1]
Equity ratio at end of period (Note 5)	(%)	65.8	66.8	69.5	68.0	70.2
[Period-on-period change]	(%)	[(0.9)]	[(2.7)]	[1.4]	[(2.2)]	[(3.1)]
Payout ratio (Note 5)	(%)	100.0	100.0	100.0	100.0	100.0
Other reference information						
Number of days of asset management during period	(days)	184	182	184	181	184
Number of investment properties at end of period	(properties)	20	18	16	16	13
Occupancy rate at end of period (Note 6)	(%)	100.0	100.0	99.1	100.0	100.0
Depreciation and amortization (Note 7)	(millions of yen)	2,059	1,661	1,326	1,314	772
Capital expenditures	(millions of yen)	178	77	91	86	36
Net operating income (NOI) from property leasing (Note 5)	(millions of yen)	6,727	5,208	4,215	4,149	2,715
Funds from operations (FFO) (Note 5)	(millions of yen)	5,639	4,395	3,564	3,517	2,292
FFO per unit (Note 5)	(yen)	10,404	9,967	9,405	9,280	8,722

Ratio of interest-bearing debt to total assets at end of period (LTV ratio) (Note 5)	(%)	31.0	30.2	27.3	29.1	26.8
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(Note 1) Operating revenues, etc. do not include consumption taxes.

(Note 2) Unless otherwise specified, any numerical figures are rounded down to the nearest specified unit and percentage figures are rounded to the first decimal place.

(Note 3) “Unitholders’ capital, net” is the amount of “Unitholders’ capital” less “Deduction from unitholders’ capital.”

(Note 4) “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 5) The following formulas are used in calculations.

Ratio of ordinary income to total assets	$\text{Ordinary income} \div \{(\text{Total assets at beginning of period} + \text{Total assets at end of period}) \div 2\} \times 100$
Return on equity	$\text{Net income} \div \{(\text{Net assets at beginning of period} + \text{Net assets at end of period}) \div 2\} \times 100$
Equity ratio at end of period	$\text{Net assets at end of period} \div \text{Total assets at end of period} \times 100$
Payout ratio	Distribution per unit (excluding distribution in excess of retained earnings) \div Net income per unit $\times 100$ (rounded to the first decimal place) Payout ratios for the 6th fiscal period, the 8th fiscal period and the 9th fiscal period are calculated by the following formula, because new investment units were issued. $\text{Total amount of distribution (excluding distribution in excess of retained earnings)} \div \text{Net income} \times 100$
Net operating income (NOI) from property leasing	$\text{Property leasing business revenues} - \text{Property leasing business expenses} + \text{Depreciation and amortization}$
Funds from operations (FFO)	$\text{Net income} + \text{Depreciation and amortization of rental properties} + \text{Loss on retirement of non-current assets} \pm \text{Gain (Loss) on sales of real estate properties}$
FFO per unit	$\text{FFO} \div \text{Total number of investment units issued and outstanding}$
Ratio of interest-bearing debt to total assets at end of period (LTV ratio)	$\text{Interest-bearing debt at end of period} \div \text{Total assets at end of period} \times 100$

(Note 6) “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 the first decimal place.

(Note 7) “Depreciation and amortization” is depreciation and amortization of investment and rental property.

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

i) 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 20 properties amounting to a total acquisition price of ¥282.4 billion as at the end of the fiscal period under review.

ii) Investment environment and management performance

In Japan, while the economy continues to face challenging conditions due to the effects of the novel coronavirus disease (COVID-19) inside and outside Japan, the underlying trend is that of a recovery. The trend in capital investment varied between industries, but as a whole has leveled off after falling. As the effects of COVID-19 continue, weak trends persisted in the employment and income environments. Private consumption is gradually recovering, but downward pressure on service consumption such as bar and restaurant and lodging services is now increasing. 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, while it cannot be denied that the spread of COVID-19 may have a negative effect on the future logistics market, the demand for leading-edge logistics facilities is expected to continue to increase.

Under such circumstances, upholding 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”), MFLP-REIT has conducted steady management of the 20 properties held as at the end of the fiscal period under review (total acquisition price of ¥282.4 billion) 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).

iii) Overview of financing

MFLP-REIT procured funds of ¥45,922 million through public offering with a payment date of October 5, 2020, and ¥2,296 million through third-party allotment with a payment date of October 19, 2020. As a result, unitholders’ capital, net was ¥184,168 million at the end of the fiscal period under review. In the fiscal period under review, MFLP-REIT executed debt financing of ¥31,000 million (short-term loans payable of ¥6,500 million; long-term loans payable of ¥24,500 million) in October 2020 to fund the acquisitions of MFLP Ibaraki and MFLP Kawaguchi I; and ¥2,000 million (short-term loans payable) in September 2020, ¥3,000 million (short-term loans payable) in November 2020, ¥2,700 million (short-term loans payable) in December 2020 and ¥5,900 million (short-term loans payable) in January 2021 to repay short-term loans payable, and executed repayments of a total of ¥19,200 million (short-term loans payable) using funds from part of short-term loans payable procured in the fiscal period under review and internal reserve arising from depreciation, etc. As a result, at the end of the fiscal period under review, the balance of interest-bearing debt was ¥88,300 million (short-term loans payable of ¥5,900 million; long-term loans payable of ¥82,400 million) and the ratio of interest-bearing debt to total assets (LTV ratio) was 31.0%.

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-	Positive

iv) Summary of business performance and distributions

Through the management described above, business performance for the fiscal period under review resulted in operating revenues of ¥8,139 million, operating income of ¥3,786 million, ordinary income of ¥3,580 million, and net income of ¥3,579 million.

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 ¥3,579,368,000, which is the integral multiple of the total number of investment units issued and outstanding (542,000 units) of unappropriated retained earnings. Accordingly, MFLP-REIT declared distribution of earnings per unit of ¥6,604.

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 ¥368 million, which is the amount almost equivalent to the remaining amount after subtracting the distribution of earnings of ¥3,579 million from ¥3,947 million 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 ¥679.

(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 operation 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 that results by multiplying the six-month-equivalent amount of the 12-year-average amount of the amount equivalent to the capital expenditure amount noted in the Building Condition Evaluation Report 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 on the balance sheet on the applicable accounts settlement date – Amount of book value after depreciation of owned real estate on the applicable accounts settlement date + Appraisal value of owned real estate on 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)
February 1, 2018	Capital increase through public offering	38,000	262,000	13,495	71,745	(Note 8)
February 28, 2018	Capital increase through third-party allotment	774	262,774	274	72,020	(Note 9)
April 23, 2018	Distribution of cash in excess of retained earnings (return of capital)	—	262,774	(61)	71,958	(Note 10)
October 19, 2018	Distribution of cash in excess of retained earnings (return of capital)	—	262,774	(88)	71,870	(Note 11)
February 1, 2019	Capital increase through public offering	110,700	373,474	33,617	105,488	(Note 12)
February 27, 2019	Capital increase through third-party allotment	5,526	379,000	1,678	107,166	(Note 13)
April 23, 2019	Distribution of cash in excess of retained earnings (return of capital)	—	379,000	(84)	107,081	(Note 14)
October 15, 2019	Distribution of cash in excess of retained earnings (return of capital)	—	379,000	(259)	106,822	(Note 15)
February 3, 2020	Capital increase through public offering	59,000	438,000	28,289	135,111	(Note 16)
February 27, 2020	Capital increase through third-party allotment	3,000	441,000	1,438	136,549	(Note 17)

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	
April 23, 2020	Distribution of cash in excess of retained earnings (return of capital)	—	441,000	(257)	136,292	(Note 18)
October 5, 2020	Capital increase through public offering	96,190	537,190	45,922	182,214	(Note 19)
October 19, 2020	Capital increase through third-party allotment	4,810	542,000	2,296	184,510	(Note 20)
October 21, 2020	Distribution of cash in excess of retained earnings (return of capital)	—	542,000	(342)	184,168	(Note 21)
April 22, 2021	Distribution of cash in excess of retained earnings (return of capital)	—	542,000	(368)	183,800	(Note 22)

(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 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 (paid-in amount of ¥260,550) per unit mainly for the purpose of procuring funds for acquisition of new properties.

(Note 5) Accompanying the public offering, new investment units were issued through third-party allotment at a paid-in amount of ¥260,550 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 applicable to distribution reducing unitholders' capital for tax purposes) of ¥243 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 applicable to distribution reducing unitholders' capital for tax purposes) of ¥204 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.

(Note 8) New investment units were issued through public offering at an issue price of ¥367,581 (paid-in amount of ¥355,139) per unit mainly for the purpose of procuring funds for acquisition of new properties.

(Note 9) Accompanying the public offering, new investment units were issued through third-party allotment at a paid-in amount of ¥355,139 per unit.

(Note 10) By resolution of the Board of Directors of MFLP-REIT at its meeting held on March 15, 2018, distribution of cash in excess of retained earnings (return of capital applicable to distribution reducing unitholders' capital for tax purposes) of ¥275 per unit was declared as distribution of cash for the 3rd fiscal period (fiscal period ended January 31, 2018), the payout of which commenced on April 23, 2018.

(Note 11) By resolution of the Board of Directors of MFLP-REIT at its meeting held on September 14, 2018, distribution of cash in excess of retained earnings (return of capital applicable to distribution reducing unitholders' capital for tax purposes) of ¥335 per unit was declared as distribution of cash for the 4th fiscal period (fiscal period ended July 31, 2018), the payout of which commenced on October 19, 2018.

(Note 12) New investment units were issued through public offering at an issue price of ¥313,986 (paid-in amount of ¥303,680) per unit mainly for the purpose of procuring funds for acquisition of new properties.

(Note 13) Accompanying the public offering, new investment units were issued through third-party allotment at a paid-in amount of ¥303,680 per unit.

(Note 14) By resolution of the Board of Directors of MFLP-REIT at its meeting held on March 15, 2019, distribution of cash in excess of retained earnings (return of capital applicable to distribution reducing unitholders' capital for tax purposes) of ¥322 per unit was declared as distribution of cash for the 5th fiscal period (fiscal period ended January 31, 2019), the payout of which commenced on April 23, 2019.

(Note 15) By resolution of the Board of Directors of MFLP-REIT at its meeting held on September 13, 2019, distribution of cash in excess of retained earnings (return of capital applicable to distribution reducing unitholders' capital for tax purposes) of ¥685 per unit was declared as distribution of cash for the 6th fiscal period (fiscal period ended July 31, 2019), the payout of which commenced on October 15, 2019.

(Note 16) New investment units were issued through public offering at an issue price of ¥495,747 (paid-in amount of ¥479,476) per unit mainly for the purpose of procuring funds for acquisition of new properties.

(Note 17) Accompanying the public offering, new investment units were issued through third-party allotment at a paid-in amount of ¥479,476 per unit.

(Note 18) By resolution of the Board of Directors of MFLP-REIT at its meeting held on March 13, 2020, distribution of cash in excess of retained earnings

(return of capital applicable to distribution reducing unitholders' capital for tax purposes) of ¥679 per unit was declared as distribution of cash for the 7th fiscal period (fiscal period ended January 31, 2020), the payout of which commenced on April 23, 2020.

(Note 19) New investment units were issued through public offering at an issue price of ¥493,350 (paid-in amount of ¥477,411) per unit mainly for the purpose of procuring funds for acquisition of new properties.

(Note 20) Accompanying the public offering, new investment units were issued through third-party allotment at a paid-in amount of ¥477,411 per unit.

(Note 21) By resolution of the Board of Directors of MFLP-REIT at its meeting held on September 16, 2020, distribution of cash in excess of retained earnings (return of capital applicable to distribution reducing unitholders' capital for tax purposes) of ¥777 per unit was declared as distribution of cash for the 8th fiscal period (fiscal period ended July 31, 2020), the payout of which commenced on October 21, 2020.

(Note 22) By resolution of the Board of Directors of MFLP-REIT at its meeting held on March 12, 2021, distribution of cash in excess of retained earnings (return of capital applicable to distribution reducing unitholders' capital for tax purposes) of ¥679 per unit was declared as distribution of cash for the 9th fiscal period (fiscal period ended January 31, 2021), the payout of which commenced on April 22, 2021.

[Historical market price of investment securities]

The following are the highest and lowest prices (closing price) by fiscal period on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market on which MFLP-REIT investment securities are listed.

Fiscal period	9th period (From August 1, 2020 to January 31, 2021)	8th period (From February 1, 2020 to July 31, 2020)	7th period (From August 1, 2019 to January 31, 2020)	6th period (From February 1, 2019 to July 31, 2019)	5th period (From August 1, 2018 to January 31, 2019)
Highest (yen)	596,000	577,000	534,000	396,000	358,000
Lowest (yen)	478,500	336,000	395,500	325,500	300,500

(4) Distribution

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

Fiscal period	9th period (From August 1, 2020 to January 31, 2021)	8th period (From February 1, 2020 to July 31, 2020)	7th period (From August 1, 2019 to January 31, 2020)	6th period (From February 1, 2019 to July 31, 2019)	5th period (From August 1, 2018 to January 31, 2019)
Total amount of unappropriated retained earnings (thousands of yen)	3,579,722	2,734,419	2,238,074	2,202,626	1,519,739
Retained earnings (thousands of yen)	354	219	79	257	117
Total amount of distribution of cash (thousands of yen)	3,947,386	3,076,857	2,495,336	2,461,984	1,604,235
[Distribution per unit] (yen)	[7,283]	[6,977]	[6,584]	[6,496]	[6,105]
Of which: Total amount of distribution of earnings (thousands of yen)	3,579,368	2,734,200	2,237,995	2,202,369	1,519,622
[Distribution of earnings per unit] (yen)	[6,604]	[6,200]	[5,905]	[5,811]	[5,783]
Of which: Total amount of return of capital (thousands of yen)	368,018	342,657	257,341	259,615	84,613
[Return of capital per unit] (yen)	[679]	[777]	[679]	[685]	[322]
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)	368,018	342,657	257,341	259,615	84,613
[Of return of capital per unit: Distribution from distribution reducing unitholders' capital for tax purposes] (yen)	[679]	[777]	[679]	[685]	[322]

(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; iv) 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 revenues 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.

i) 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 investments 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, 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 company. It also captures the diverse needs that change with the times of the various stakeholders 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.

ii) 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 company.

iii) 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 both 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

i) Acquisitions of properties

MFLP-REIT acquired the trust beneficiary interests for the following asset on March 16, 2021.

Category	Property no.	Property name	Location	Acquisition price (Note) (millions of yen)	Acquisition date
Industrial real estate	I-2	MFIP Inzai II	Inzai-shi, Chiba	15,150	March 16, 2021

(Note) “Acquisition price” is the purchase price of trust beneficiary interest as set forth in the agreement for sale and purchase of trust beneficiary interest for the asset acquired (excluding consumption tax, local consumption tax and the various costs required in the acquisition), rounded down to the nearest million yen.

ii) Borrowing of funds

MFLP-REIT has borrowed the following funds to apply to part of the acquisition funds and related expenses for the real estate trust beneficiary interests in the above “i) Acquisitions of properties.”

Lender	Borrowing amount (millions of yen)	Interest rate	Drawdown date	Repayment date	Repayment method	Collateral
Sumitomo Mitsui Trust Bank, Limited	2,000	Base rate (JBA 1-month yen TIBOR) +0.05% (Note 1)	March 16, 2021	April 16, 2021	Bullet repayment	Unsecured Non-guaranteed
The Bank of Fukuoka, Ltd.	1,500	Base rate (JBA 1-month yen TIBOR) +0.05% (Note 2)	March 16, 2021	May 20, 2021	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Mitsui Trust Bank, Limited	2,000	0.1950%	March 16, 2021	March 16, 2026	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Mitsui Banking Corporation	800	0.3743%	March 16, 2021	March 16, 2028	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Mitsui Banking Corporation	800	0.6325%	March 16, 2021	March 16, 2031	Bullet repayment	Unsecured Non-guaranteed
Mizuho Bank, Ltd.	1,600	0.6325%	March 16, 2021	March 17, 2031	Bullet repayment	Unsecured Non-guaranteed
Shinkin Central Bank	1,200	0.5937%	March 16, 2021	September 17, 2030	Bullet repayment	Unsecured Non-guaranteed
MUFG Bank, Ltd.	500	0.3743%	March 16, 2021	March 16, 2028	Bullet repayment	Unsecured Non-guaranteed
MUFG Bank, Ltd.	500	0.4408%	March 16, 2021	March 16, 2029	Bullet repayment	Unsecured Non-guaranteed
The Norinchukin Bank	1,000	0.3464%	March 16, 2021	March 16, 2028	Bullet repayment	Unsecured Non-guaranteed
The Chiba Bank, Ltd.	1,000	0.3464%	March 16, 2021	March 16, 2028	Bullet repayment	Unsecured Non-guaranteed
Shinsei Bank, Limited	1,000	0.5937%	March 16, 2021	September 17, 2030	Bullet repayment	Unsecured Non-guaranteed
The Yamaguchi Bank, Ltd.	800	0.7140%	March 16, 2021	March 16, 2032	Bullet repayment	Unsecured Non-guaranteed
The 77 Bank, Ltd.	800	0.6325%	March 16, 2021	March 17, 2031	Bullet repayment	Unsecured Non-guaranteed
Total	15,500	—	—	—	—	—

(Note 1) The interest payment date is the repayment date. The base rate is JBA yen TIBOR published by JBA TIBOR Administration as of two business

days prior to the drawdown date.

(Note 2) The first interest payment date is April 16, 2021, and thereafter the interest payment date will be May 16, 2021 and the repayment date. The base rate is JBA 1-month yen TIBOR published by JBA TIBOR Administration as of two business days prior to the previous payment date (however, drawdown date for the first time) of each payment date. However, in the case that interest calculation period is less than one month, it will be the base rate corresponding to the applicable period calculated based on the method set forth in the contract. Please refer to the JBA TIBOR Administration website (<http://www.jbatibor.or.jp/rate/>) for JBA yen TIBOR.

iii) Issuance of investment corporation bonds

On February 5, 2021, MFLP-REIT determined the issuance of investment corporation bonds under the following conditions, based on a resolution on issuance of investment corporation bonds passed at its Board of Directors meeting held on January 12, 2021 and the shelf registration statement dated January 12, 2021 (including the subsequent amendment). The investment corporation bonds were issued on February 12, 2021.

Name	Mitsui Fudosan Logistics Park Inc. 1st Unsecured Bonds (Special pari passu conditions among specified investment corporation bonds) (Sustainability Bonds)
Total issue amount	¥3,000 million
Payment date	February 12, 2021
Issue price	¥100 per ¥100 of each bond
Interest rate	0.500% per annum
Collateral, guarantee	Neither collateral nor guarantee is provided for the investment corporation bonds, and no asset has been particularly secured for the investment corporation bonds.
Redemption method and date	The total amount of the investment corporation bonds will be redeemed on February 12, 2031. Redemption by purchase will be available any time on and after the following days of the payment dates except for the case separately determined by the depository.
Interest payment date	February 12 and August 12 of each year, or if such date falls on a bank holiday, the immediately preceding bank business day
Use of proceeds	Under the Sustainability Finance Framework, MFLP-REIT allocated the full amount of net proceeds to refinancing funds for its loan that was due on February 15, 2021, borrowed for acquisition of MFLP Ibaraki and MFLP Kawaguchi I, which are specified assets subject to sustainability finance.

2. Overview of the Investment Corporation

(1) Status of investments in capital

Fiscal period	9th period (January 31, 2021)	8th period (July 31, 2020)	7th period (January 31, 2020)	6th period (July 31, 2019)	5th period (January 31, 2019)
Total number of investment units authorized (units)	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Total number of investment units issued and outstanding (units)	542,000	441,000	379,000	379,000	262,774
Unitholders' capital, net (millions of yen) (Note)	184,168	136,292	106,822	107,081	71,870
Number of unitholders (unitholders)	8,253	7,402	6,680	8,122	6,570

(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, 2021, 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 (%) (Note)
The Master Trust Bank of Japan, Ltd. (trust account)	101,325	18.69
Custody Bank of Japan, Ltd. (trust account)	67,960	12.53
Mitsui Fudosan Co., Ltd.	28,900	5.33
The Nomura Trust and Banking Co., Ltd. (investment trust account)	26,237	4.84
Custody Bank of Japan, Ltd. (securities investment trust account)	24,305	4.48
SSBTC Client Omnibus Account	11,469	2.11
Stichting PGGM Depository PGGM Listed Real Estate PF Fund	10,332	1.90
The Bank of New York Mellon 140044	8,229	1.51
BNYM as AGT/CLTS 10 Percent	7,740	1.42
State Street Bank West Client - Treaty 505234	6,508	1.20
Total	293,005	54.05

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

(3) Matters concerning directors, etc.

i) 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 Manager of Legal Division (part-time), Japan Virtual and Crypto assets Exchange Association	1,500
	Tadao Toyoshima	Director (Audit & Supervisory Committee Member), Square Enix Holdings Co., Ltd.	1,500
Independent auditor	KPMG AZSA LLC	—	10,000

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

(Note 2) Supervisory directors may be directors of other corporations other than those stated above, but none of them, including those above, have any 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 (¥2,200 thousand).

ii) 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, 2021.

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)	Reiwa Accounting Holdings Co., Ltd.
General administrator (tax payment)	Reiwakaikeisha 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)	9th period (As of January 31, 2021)		8th period (As of July 31, 2020)	
			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	138,849	48.7	121,119	58.2
		Kansai area	82,020	28.8	23,352	11.2
		Other areas	42,924	15.1	43,370	20.8
	Subtotal		263,795	92.5	187,842	90.2
	Industrial real estate (Note 6)	Tokyo metropolitan area	11,850	4.2	11,948	5.7
		Kansai area	—	—	—	—
		Other areas	—	—	—	—
	Subtotal		11,850	4.2	11,948	5.7
	Real estate in trust total		275,645	96.6	199,790	95.9
	Deposits and other assets		9,559	3.4	8,452	4.1
Total assets		285,205	100.0	208,243	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 at the end of each accounting period, rounded down to the nearest million yen.

(Note 3) “As a percentage of total assets” is rounded to the first 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, 2021.

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 property leasing business revenues (%)	Main use
GLP/MFLP Ichikawa Shiohama (Note 4)	14,891	50,813	50,813	100.0	6.0	Logistics facilities
MFLP Kuki	11,644	67,925	67,925	100.0	5.8	Logistics facilities
MFLP Yokohama Daikoku (Note 4)	9,735	47,944	47,944	100.0	4.2	Logistics facilities
MFLP Yashio	9,171	39,692	39,692	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Atsugi	7,302	40,958	40,958	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Funabashi Nishiura	6,561	31,034	31,034	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Kashiwa	5,908	31,291	31,291	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Sakai	23,162	112,148	112,148	100.0	10.0	Logistics facilities
MFLP Komaki	7,781	40,605	40,605	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Hino (Note 4)	12,217	46,801	46,741	99.9	4.7	Logistics facilities
MFLP Hiratsuka	6,796	33,055	33,055	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Tsukuba	8,605	Existing building: 37,938 Annex building: 25,600	Existing building: 37,938 Annex building: 25,600	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Inazawa	15,638	68,922	68,922	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Atsugi II	12,762	48,032	48,032	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Fukuoka I	5,099	32,216	32,216	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Prologis Park Kawagoe (Note 4)	14,716	56,723	56,723	100.0	5.5	Logistics facilities

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 property leasing business revenues (%)	Main use
MFLP Hiroshima I	14,405	66,665	66,665	100.0	6.0	Logistics facilities
MFLP Ibaraki	58,857	208,811	208,811	100.0	13.9	Logistics facilities
MFLP Kawaguchi I	18,536	48,119	48,119	100.0	Not disclosed (Note 5)	Logistics facilities
MFIP Inzai	11,850	Not disclosed (Note 5)	Not disclosed (Note 5)	Not disclosed (Note 5)	Not disclosed (Note 5)	Industrial real estate
Total	275,645	Not disclosed (Note 5)	Not disclosed (Note 5)	100.0	100.0	

(Note 1) “Leasable area” is the total floor area (rounded down to the nearest whole number) of each asset held by MFLP-REIT that is deemed to be leasable based on the lease agreement or floor plan, etc. for such building as of January 31, 2021, and does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities, parking lots, nursery centers and the like.

(Note 2) “Leased area” is the total leased area rounded down to the nearest whole number presented in each lease agreement for buildings in each portfolio asset of MFLP-REIT as of January 31, 2021 (Excluding lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots. Lease agreements for said buildings hereinafter referred to as “Subject Lease Agreements” in (2)). If a master lease agreement has been executed for each portfolio asset held by MFLP-REIT as of January 31, 2021, the total leased area represents the sum total of the area that is actually leased based on the lease agreement signed with end-tenant rounded down to the nearest whole number. Total leased area is calculated based on the assumption that the subject property is actually leased if the Subject Lease Agreement has been executed as of January 31, 2021 even if there is no occupancy / delivery relating to the subject property as of January 31, 2021.

(Note 3) “Occupancy rate” is the share of the leased area of the buildings in the leasable area for said buildings in the real estate in trust in lease agreements concluded for each property held by MFLP-REIT as of January 31, 2021, rounded to the first decimal place. Occupancy rates for the total section are the share of the total leased area of the properties of the total leasable area of said properties, rounded to the first decimal place.

(Note 4) For “GLP/MFLP Ichikawa Shiohama,” “MFLP Yokohama Daikoku,” “MFLP Hino” and “MFLP Prologis Park Kawagoe,” leasable area and leased area are the prorated figures equivalent to the quasi co-ownership interest in each property that MFLP-REIT holds as of January 31, 2021 (50%, 50%, 25% and 50%, 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, 2021.

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	18,350	14,891
MFLP Kuki	1-10 Kiyokuchō, Kuki-shi, Saitama	Real estate trust beneficiary interests	67,925	14,500	11,644
MFLP Yokohama Daikoku (Note 3)	43-1 Daikokucho, Tsurumi-ku, Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	47,944	11,000	9,735
MFLP Yashio	99-1 Tsubutakita, Minamiushiroya, Yashio-shi, Saitama	Real estate trust beneficiary interests	39,692	11,500	9,171
MFLP Atsugi	4021-1 Sakuradai, Nakatsu, Aikawamachi, Aiko-gun, Kanagawa	Real estate trust beneficiary interests	40,958	9,250	7,302
MFLP Funabashi Nishiura	3-10-13 Nishiura, Funabashi-shi, Chiba	Real estate trust beneficiary interests	31,034	7,990	6,561
MFLP Kashiwa	259-1 Mukaiwari, Aotashindentobichi, Kashiwa-shi, Chiba	Real estate trust beneficiary interests	31,291	7,180	5,908
MFLP Sakai	1-171 Chikkoyawatamachi, Sakai-ku, Sakai-shi, Osaka	Real estate trust beneficiary interests	112,148	24,700	23,162
MFLP Komaki	2020-1 Higashimae, Honjo, Komaki-shi, Aichi	Real estate trust beneficiary interests	40,605	8,730	7,781
MFLP Hino (Note 3)	3-1-2 Asahigaoka, Hino-shi, Tokyo	Real estate trust beneficiary interests	46,801	12,900	12,217
MFLP Hiratsuka	2-1544-5 Nishishindo, Hiratsuka-shi, Kanagawa	Real estate trust beneficiary interests	33,055	7,580	6,796
MFLP Tsukuba	3-35-2 and 3-35-3, Shihogaoka, Tsukubamirai-shi, Ibaraki	Real estate trust beneficiary interests	Existing building: 37,938 Annex building: 25,600	10,300	8,605
MFLP Inazawa	2-1 Okudaosawa-cho, Inazawa-shi, Aichi	Real estate trust beneficiary interests	68,922	17,000	15,638
MFLP Atsugi II	84-1 Happongi, Ishida, Isehara-shi, Kanagawa, and other 3 lots of land	Real estate trust beneficiary interests	48,032	13,900	12,762
MFLP Fukuoka I	16-10 Butsuto, Shinbaru, Sue-machi, Kasuya-gun, Fukuoka, and other 4 lots of land	Real estate trust beneficiary interests	32,216	5,600	5,099
MFLP Prologis Park Kawagoe (Note 3)	1-9-3 Minamidai, Kawagoe-shi, Saitama	Real estate trust beneficiary interests	56,723	15,600	14,716

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)
MFLP Hiroshima I	4-2876-26 Kanonshinmachi, Nishi-ku, Hiroshima-shi, Hiroshima	Real estate trust beneficiary interests	66,665	15,100	14,405
MFLP Ibaraki	4 Saito Akane, Ibaraki-shi, Osaka	Real estate trust beneficiary interests	208,811	60,100	58,857
MFLP Kawaguchi I	4-3342-1 Ryoke, Kawaguchi-shi, Saitama, and other 4 lots of land	Real estate trust beneficiary interests	48,119	19,000	18,536
Logistics facilities subtotal			1,135,300	290,280	263,795
MFIP Inzai	2-101-14 Izumino, Inzai- shi, Chiba	Real estate trust beneficiary interests	Not disclosed (Note 4)	12,800	11,850
Industrial real estate subtotal			Not disclosed (Note 4)	12,800	11,850
Total			Not disclosed (Note 4)	303,080	275,645

(Note 1) “Leasable area” is the total floor area (rounded down to the nearest whole number) of each asset held by MFLP-REIT that is deemed to be leasable based on the lease agreement or floor plan, etc. for such building as of January 31, 2021, and does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities, parking lots, nursery centers and the like.

(Note 2) “Appraisal value at end of period” is the appraisal value as of the valuation date of January 31, 2021 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 Hino” and “MFLP Prologis Park Kawagoe,” 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 holds as of January 31, 2021 (50%, 50%, 25% and 50%, 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.	9th period (From August 1, 2020 to January 31, 2021)				8th period (From February 1, 2020 to July 31, 2020)			
	Total number of tenants [at end of period] (Note 1)	Occupancy rate [at end of period] (%) (Note 2)	Property leasing business revenues [during period] (millions of yen)	As a percentage of total property leasing business revenues (%)	Total number of tenants [at end of period] (Note 1)	Occupancy rate [at end of period] (%) (Note 2)	Property leasing business revenues [during period] (millions of yen)	As a percentage of total property leasing business revenues (%)
GLP/MFLP Ichikawa Shiohama (Note 3)	5	100.0	488	6.0	5	100.0	462	7.3
MFLP Kuki	3	100.0	472	5.8	3	100.0	476	7.5
MFLP Yokohama Daikoku (Note 3)	4	100.0	337	4.2	5	100.0	352	5.5
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	8	100.0	813	10.0	8	100.0	752	11.8
MFLP Komaki	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Hino (Note 3)	15	99.9	382	4.7	16	100.0	382	6.0
MFLP Hiratsuka	Not disclosed (Note 4)	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Tsukuba	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Inazawa	2	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	2	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Atsugi II	2	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	2	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Fukuoka I	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Prologis Park Kawagoe (Note 3)	10	100.0	449	5.5	10	100.0	398	6.3
MFLP Hiroshima I	4	100.0	486	6.0	4	100.0	290	4.6
MFLP Ibaraki	9	100.0	1,130	13.9	—	—	—	—
MFLP Kawaguchi I	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	—	—	—	—
Logistics facilities subtotal	Not disclosed (Note 4)	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)

	9th period (From August 1, 2020 to January 31, 2021)				8th period (From February 1, 2020 to July 31, 2020)			
Name of real estate, etc.	Total number of tenants [at end of period] (Note 1)	Occupancy rate [at end of period] (%) (Note 2)	Property leasing business revenues [during period] (millions of yen)	As a percentage of total property leasing business revenues (%)	Total number of tenants [at end of period] (Note 1)	Occupancy rate [at end of period] (%) (Note 2)	Property leasing business revenues [during period] (millions of yen)	As a percentage of total property leasing business revenues (%)
MFIP Inzai	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	8,139	100.0	Not disclosed (Note 4)	100.0	6,363	100.0

(Note 1) “Total number of tenants” is the total number of the lease agreements for buildings in the portfolio assets held by MFLP-REIT as of each accounts settlement date. If a master lease agreement has been executed for each portfolio asset held by MFLP-REIT as of each accounts settlement date, it is the total number of the end-tenants. However, if one lessee enters into a multiple number of the Subject Lease Agreements for the same building of assets held by MFLP-REIT as of each accounts settlement date, the number of tenants is calculated on the assumption that such lessee is one party.

(Note 2) “Occupancy rate” is the share of the leased area of the buildings in the leasable area for said buildings in the real estate in trust in lease agreements concluded for each property held by MFLP-REIT at the end of each accounting period, rounded to the first decimal place. Occupancy rates for the total section are the share of the total leased area of the properties of the total leasable area of said properties, rounded to the first decimal place.

(Note 3) For “GLP/MFLP Ichikawa Shiohama,” “MFLP Yokohama Daikoku,” “MFLP Hino” and “MFLP Prologis Park Kawagoe,” property leasing business revenues and figures expressed as a percentage of total property leasing business revenues are the prorated figures equivalent to the quasi co-ownership interest in each property that MFLP-REIT holds as of each accounts settlement date (50%, 50%, 25% and 50%, 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, 2021.

i) Itemization of investment securities portfolio assets

Not applicable.

ii) 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 time	Planned construction amount (millions of yen) (Note)		
				Total amount	Amount paid during period	Total amount already paid
MFLP Kuki	Kuki, Saitama	Replacement of billing meters	In February 2021	6	—	—
MFLP Kuki	Kuki, Saitama	Replacement of control system for main vertical conveyor chain (Section 2)	From March 2021 to June 2021	4	—	—
MFLP Kuki	Kuki, Saitama	Replacement of control panel for main vertical conveyor chain (Section 1)	From March 2021 to June 2021	5	—	—
MFLP Kuki	Kuki, Saitama	Installation of driveway LED lighting	From June 2021 to December 2021	11	—	—
MFLP Kuki	Kuki, Saitama	Installation of air conditioners	In June 2021	3	—	—
MFLP Kuki	Kuki, Saitama	Replacement of control system for main vertical conveyor chain (Section 1)	From September 2021 to December 2021	5	—	—
MFLP Kuki	Kuki, Saitama	Replacement of control panel for main vertical conveyor chain (Section 2)	From September 2021 to December 2021	4	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Exterior wall painting (Section 8)	From February 2021 to June 2021	26	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Repair work in public open space (1st stage)	From May 2021 to June 2021	5	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Updating of security systems (1st stage)	In May 2021	4	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Repair work in public open space (2nd stage)	From November 2021 to December 2021	6	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Updating of security systems (2nd stage)	In December 2021	14	—	—
MFLP Sakai	Sakai, Osaka	Installation of LED lighting	From May 2021 to July 2021	6	—	—
MFLP Ibaraki	Ibaraki, Osaka	Grounding resistance improvement work	In February 2021	4	—	—
MFLP Kawaguchi I	Kawaguchi, Saitama	Installation of guard poles	From May 2021 to June 2021	4	—	—

(Note) For “MFLP Yokohama Daikoku,” planned construction amount is the prorated figure equivalent to the quasi co-ownership interest in the property that MFLP-REIT holds (50%).

(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 ¥178 million and, other than this, there was ¥65 million 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	Exterior wall painting (Section 6)	From January 2020 to August 2020	48
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Exterior wall painting (Section 7)	From July 2020 to December 2020	29
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Installation of additional security cameras (3rd stage)	From August 2020 to November 2020	5
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Installation of shutter-resistant posts	From October 2020 to November 2020	12
MFLP Yashio	Yashio, Saitama	Removal of the truck berth entrance gradation	In December 2020	3
MFLP Kashiwa	Kashiwa, Chiba	Replacement of equipment of access management facilities	From December 2020 to January 2021	5
MFLP Sakai	Sakai, Osaka	Replacement of electric power meter	In August 2020	6
MFLP Hino	Hino, Tokyo	Replacement of equipment of access management facilities	From December 2020 to January 2021	4
MFLP Tsukuba	Tsukubamirai, Ibaraki	Installation of disaster level determination system	In October 2020	3
Other capital expenditures				58
Total				178

(Note) For “MFLP Yokohama Daikoku” and “MFLP Hino,” construction amounts are the prorated figures equivalent to the quasi co-ownership interest in each property that MFLP-REIT held (50% and 25%, respectively) at the respective times the work was conducted.

(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	9th period (From August 1, 2020 to January 31, 2021)	8th period (From February 1, 2020 to July 31, 2020)
Asset management fee (Note)	788,967	584,568
Asset custody fee	10,412	7,851
Administrative service fees	19,388	17,453
Directors' compensations	5,400	5,400
Audit fee	10,000	10,000
Other expenses	47,487	40,914
Total	881,656	666,186

(Note) Other than the amount stated above, there is an asset management fee associated with a property acquisition factored into the book value of the properties (the 8th period: ¥120,950 thousand; the 9th period: ¥193,500 thousand).

(2) Debt financing status

The following is the status of loans as of January 31, 2021.

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 Trust Bank, Limited	June 2, 2020	2,000	—	0.1041	Dec. 2, 2020	Bullet repayment	(Note 3)	Unsecured Non-guaranteed
		Jan. 7, 2021	—	2,400	0.1203	Feb. 8, 2021	Bullet repayment	(Note 3)	
	Mizuho Bank, Ltd.	Jan. 6, 2021	—	3,500	0.1139	Feb. 8, 2021	Bullet repayment	(Note 3)	
	The Bank of Fukuoka, Ltd.	Mar. 2, 2020	2,500	—	0.0951	Nov. 30, 2020	Bullet repayment	(Note 3)	
		July 21, 2020	500	—	0.0852	Oct. 21, 2020	Bullet repayment	(Note 3)	
	Subtotal		5,000	5,900					
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)	
		Mar. 15, 2018	800	800	0.2400	Mar. 15, 2022	Bullet repayment	(Note 3)	
		Feb. 4, 2019	1,000	1,000	0.2500	Feb. 6, 2023	Bullet repayment	(Note 3)	
		Feb. 4, 2019	1,000	1,000	0.1475	Feb. 5, 2024	Bullet repayment	(Note 3)	
		Mar. 2, 2020	1,700	1,700	0.2000	Mar. 4, 2024	Bullet repayment	(Note 3)	
		Mar. 2, 2020	1,700	1,700	0.3723	Mar. 4, 2030	Bullet repayment	(Note 3)	
		Oct. 6, 2020	—	1,500	0.2829	Oct. 6, 2027	Bullet repayment	(Note 3)	
		Oct. 6, 2020	—	1,500	0.4168	Oct. 6, 2029	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)	
		Feb. 4, 2019	1,500	1,500	0.1475	Feb. 5, 2024	Bullet repayment	(Note 3)	
		Mar. 2, 2020	800	800	0.1059	Mar. 3, 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)	
		Mar. 15, 2018	900	900	0.4895	Sept. 15, 2027	Bullet repayment	(Note 3)	

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	Mizuho Bank, Ltd.	Feb. 4, 2019	2,000	2,000	0.3687	Aug. 4, 2028	Bullet repayment	(Note 3)	Unsecured Non-guaranteed
		Apr. 6, 2020	1,200	1,200	0.4942	Apr. 8, 2030	Bullet repayment	(Note 3)	
		Oct. 6, 2020	—	1,000	0.4707	Oct. 7, 2030	Bullet repayment	(Note 3)	
	MUFG Bank, Ltd.	Sept. 1, 2016	2,200	2,200	0.1826	Mar. 1, 2023	Bullet repayment	(Note 3)	
		Mar. 15, 2018	800	800	0.2400	Mar. 31, 2022	Bullet repayment	(Note 3)	
		Feb. 4, 2019	1,000	1,000	0.2500	Feb. 6, 2023	Bullet repayment	(Note 3)	
		Feb. 4, 2019	500	500	0.2313	Feb. 4, 2026	Bullet repayment	(Note 3)	
		Feb. 5, 2020	800	800	0.2385	Feb. 5, 2027	Bullet repayment	(Note 3)	
		Feb. 5, 2020	800	800	0.4272	Feb. 5, 2030	Bullet repayment	(Note 3)	
		Oct. 6, 2020	—	1,300	0.2829	Oct. 6, 2027	Bullet repayment	(Note 3)	
		Oct. 6, 2020	—	1,200	0.4168	Oct. 9, 2029	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)	
		Mar. 15, 2018	300	300	0.2188	Mar. 15, 2022	Bullet repayment	(Note 3)	
		Mar. 15, 2018	300	300	0.2613	Mar. 15, 2023	Bullet repayment	(Note 3)	
		Feb. 4, 2019	500	500	0.1163	Feb. 6, 2023	Bullet repayment	(Note 3)	
		Feb. 4, 2019	500	500	0.1475	Feb. 5, 2024	Bullet repayment	(Note 3)	
		Apr. 6, 2020	500	500	0.4942	Apr. 8, 2030	Bullet repayment	(Note 3)	
		Oct. 6, 2020	—	2,000	0.3255	Oct. 6, 2028	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)	
		Oct. 6, 2020	—	1,000	0.4851	Oct. 9, 2029	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)	
		Mar. 15, 2018	400	400	0.3563	Mar. 14, 2025	Bullet repayment	(Note 3)	

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	The Bank of Fukuoka, Ltd.	Feb. 4, 2019	2,000	2,000	0.3988	Feb. 5, 2029	Bullet repayment	(Note 3)	Unsecured Non-guaranteed
		Apr. 6, 2020	1,800	1,800	0.4942	Apr. 8, 2030	Bullet repayment	(Note 3)	
		Oct. 6, 2020	—	2,000	0.3255	Oct. 6, 2028	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	500	0.2575	Aug. 4, 2022	Bullet repayment	(Note 3)	
	The Norinchukin Bank	Aug. 4, 2017	500	500	0.2575	Aug. 4, 2022	Bullet repayment	(Note 3)	
		Mar. 15, 2018	600	600	0.2613	Mar. 15, 2023	Bullet repayment	(Note 3)	
		Feb. 4, 2019	1,000	1,000	0.2313	Feb. 4, 2026	Bullet repayment	(Note 3)	
		Feb. 5, 2020	1,000	1,000	0.3360	Feb. 7, 2028	Bullet repayment	(Note 3)	
		Oct. 6, 2020	—	1,500	0.3255	Oct. 6, 2028	Bullet repayment	(Note 3)	
	The Yamaguchi Bank, Ltd.	Mar. 15, 2018	600	600	0.3319	Sept. 13, 2024	Bullet repayment	(Note 3)	
		Feb. 4, 2019	600	600	0.2313	Feb. 4, 2026	Bullet repayment	(Note 3)	
		Mar. 2, 2020	900	900	0.3723	Mar. 4, 2030	Bullet repayment	(Note 3)	
		Oct. 6, 2020	—	1,000	0.5377	Oct. 7, 2030	Bullet repayment	(Note 3)	
	Mitsui Sumitomo Insurance Company, Limited	Mar. 15, 2018	600	600	0.3563	Mar. 14, 2025	Bullet repayment	(Note 3)	
		Feb. 4, 2019	600	600	0.2087	Aug. 4, 2025	Bullet repayment	(Note 3)	
		Mar. 2, 2020	800	800	0.1836	Mar. 2, 2027	Bullet repayment	(Note 3)	
		Oct. 6, 2020	—	1,000	0.2629	Apr. 6, 2027	Bullet repayment	(Note 3)	
	Shinkin Central Bank	Dec. 3, 2018	2,000	2,000	0.2375	Dec. 1, 2023	Bullet repayment	(Note 3)	
		Feb. 4, 2019	1,800	1,800	0.1863	Feb. 4, 2025	Bullet repayment	(Note 3)	
		Feb. 5, 2020	1,600	1,600	0.3809	Feb. 5, 2029	Bullet repayment	(Note 3)	
		Oct. 6, 2020	—	2,000	0.4168	Oct. 9, 2029	Bullet repayment	(Note 3)	
	Sumitomo Life Insurance Company	Dec. 3, 2018	1,000	1,000	0.3975	Dec. 3, 2026	Bullet repayment	(Note 3)	

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 Life Insurance Company	Mar. 2, 2020	800	800	0.2182	Mar. 2, 2028	Bullet repayment	(Note 3)	Unsecured Non-guaranteed
	The Chiba Bank, Ltd.	Feb. 4, 2019	1,000	1,000	0.2313	Feb. 4, 2026	Bullet repayment	(Note 3)	
		Mar. 2, 2020	500	500	0.1836	Mar. 2, 2027	Bullet repayment	(Note 3)	
	Shinsei Bank, Limited	Feb. 5, 2020	800	800	0.3809	Feb. 5, 2029	Bullet repayment	(Note 3)	
		Oct. 6, 2020	—	1,000	0.4168	Oct. 9, 2029	Bullet repayment	(Note 3)	
	The 77 Bank, Ltd.	Mar. 2, 2020	900	900	0.3723	Mar. 4, 2030	Bullet repayment	(Note 3)	
		Oct. 6, 2020	—	1,000	0.5377	Oct. 7, 2030	Bullet repayment	(Note 3)	
	The Yamanashi Chuo Bank, Ltd.	Oct. 6, 2020	—	1,000	0.5377	Oct. 7, 2030	Bullet repayment	(Note 3)	
	The Chugoku Bank, Limited	Oct. 6, 2020	—	1,000	0.2829	Oct. 6, 2027	Bullet repayment	(Note 3)	
	The Joyo Bank, Ltd.	Oct. 6, 2020	—	1,000	0.2829	Oct. 6, 2027	Bullet repayment	(Note 3)	
	The Hyakugo Bank, Ltd.	Oct. 6, 2020	—	1,000	0.3305	Apr. 6, 2027	Bullet repayment	(Note 3)	
	Daishi Hokuetsu Bank, Ltd. (Note 4)	Oct. 6, 2020	—	1,000	0.3305	Apr. 6, 2027	Bullet repayment	(Note 3)	
	The Bank of Kyoto, Ltd.	Oct. 6, 2020	—	500	0.4707	Oct. 7, 2030	Bullet repayment	(Note 3)	
Subtotal			57,900	82,400					
Total			62,900	88,300					

(Note 1) “Average interest rate” is the weighted average interest rate during the period, rounded to the fourth 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.

(Note 4) The Daishi Bank, Ltd. merged with The Hokuetsu Bank, Ltd. on January 1, 2021, and changed its name to Daishi Hokuetsu Bank, Ltd.

(3) Status of investment corporation bonds

There are no investment corporation bonds issued by MFLP-REIT as of January 31, 2021.

For investment corporation bonds issued later than January 31, 2021, please refer to “1. Overview of Asset Management; (6) Significant subsequent events; iii) Issuance of investment corporation bonds” presented earlier in this document.

(4) Status of short-term investment corporation bonds

Not applicable.

(5) Status of investment unit acquisition rights

Not applicable.

6. Status of Sale and Purchase during Period

(1) Status, etc. of sale and purchase 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)	Disposition date	Disposition price (millions of yen)	Book value (millions of yen)	Gain (Loss) on sale (millions of yen)
MFLP Ibaraki	October 6, 2020	58,900	—	—	—	—
MFLP Kawaguchi I	October 6, 2020	18,500	—	—	—	—
Total	—	77,400	—	—	—	—

(Note) “Acquisition price” is the purchase price of trust beneficiary interest as set forth in the agreement for sale and purchase of trust beneficiary interest 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.

(2) Status, etc. of sales and purchases 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

i) Real estate, etc.

Acquisition or disposition	Type of asset	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 valuation
Acquisition	Real estate trust beneficiary interests	MFLP Ibaraki	October 6, 2020	58,900	59,200	The Tanizawa Sōgō Appraisal Co., Ltd.	July 31, 2020
	Real estate trust beneficiary interests	MFLP Kawaguchi I	October 6, 2020	18,500	18,600	Japan Real Estate Institute	July 31, 2020
Total				77,400	77,800	—	—

(Note 1) For transactions requiring appraisal of real estate, etc. of specified assets pursuant to Article 201, Paragraph 1 of the Investment Trust Act, The Tanizawa Sōgō Appraisal Co., Ltd. and Japan Real Estate Institute have 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.

ii) Other

Not applicable.

(4) Status of interested party transactions, etc.

i) Status of sale and purchase transactions with interested parties, 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	77,400,000	—
Breakdown of status of transactions with interested parties, etc. (Note 1)		
Saito Tokutei Mokuteki Kaisha	58,900,000 (76.1%)	— (— %)
Mitsui Fudosan Co., Ltd.	18,500,000 (23.9%)	— (— %)
Total	77,400,000 (100.0%)	— (— %)

(Note 1) “Interested parties, 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.

ii) Amount of commission fee, etc.

Category	Total amount of commission fee, etc. (A) (thousands of yen)	Breakdown of transactions with interested parties, etc.		As a percentage of total amount (B/A)
		Paid to	Amount paid (B) (thousands of yen)	
Logistics management fee	200,702	Mitsui Fudosan Co., Ltd.	182,573	91.0%
Building management fee	272,982	Mitsui Fudosan Facilities Co., Ltd.	115,538	42.3%
		Mitsui Fudosan Facilities West Co., Ltd.	97,716	35.8%

(Note) “Interested parties, 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.

iii) Other payments to interested parties, etc.

Other payments to interested parties, etc. are as follows:

Paid to	Category	Amount (thousands of yen)
Mitsui Fudosan Co., Ltd.	Repairs and related work, etc.	8,102
Mitsui Fudosan Building Management Co., Ltd.	Repairs and related work, etc.	12,315
Mitsui Fudosan Facilities Co., Ltd.	Repairs and related work, etc.	37,673
Mitsui Fudosan Facilities West Co., Ltd.	Repairs and related work, etc.	25,722
Daiichi Engei Co., Ltd.	Repairs and related work, etc.	76

iv) Leasing transaction, etc.

Leasing transactions with interested parties, etc. are as follows:

Name of lessee	Category	Rental revenues (thousands of yen)
Mitsui Fudosan Co., Ltd.	Rent income, etc.	174,760

(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 “Statements of Cash 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

i) General meeting of unitholders

Not applicable.

ii) 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
September 16, 2020	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. related to domestic offering and overseas offering were entrusted to underwriters (Note).
January 12, 2021	Comprehensive resolution on issuance of investment corporation bonds and associated consignment of general administrative duties	The Board of Directors made a comprehensive resolution relating to the issuance of investment corporation bonds with a total issue amount to be within ¥100.0 billion and an issuance period from January 20, 2021 to January 19, 2022. The Board of Directors approved candidate companies for consignment of the preparation and keeping of the investment corporation bond register and other administrative duties relating thereto as well as administrative duties relating to receiving requests regarding exercise of rights of investment corporation bonds and other applications from investment corporation bondholders, operations during the term of the investment corporation bonds, and payment of interest or redemption to investment corporation bondholders (including duties of the fiscal agent, issuing agent and paying agent). The Board of Directors delegated selection of the consignee for general administrative duties relating to the investment corporation bonds and decision making on the scope and the specific consignment conditions of consignment of general administrative duties, and all the necessary matters related to the consignment of administrative operations to the executive director.

(Note) The underwriters for domestic offering are Daiwa Securities Co. Ltd., Nomura Securities Co., Ltd., SMBC Nikko Securities Inc. Mizuho Securities Co., Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and Okasan Securities Co., Ltd. For overseas offering, the underwriters are Daiwa Capital Markets Europe Limited, Nomura International plc, SMBC Nikko Capital Markets Limited, Mizuho International plc, Morgan Stanley & Co. International plc, and Merrill Lynch International.

(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

	(Thousands of yen)	
	9th period (As of January 31, 2021)	8th period (As of July 31, 2020)
Assets		
Current assets		
Cash and deposits (Notes 3 and 4)	¥ 619,466	¥ 1,460,869
Cash and deposits in trust (Notes 3 and 4)	5,923,159	4,089,821
Operating accounts receivable	59,557	120,874
Prepaid expenses	46,028	33,920
Consumption taxes receivable	2,655,451	2,540,809
Other	2,957	3,312
Total current assets	9,306,620	8,249,607
Non-current assets		
Property and equipment (Note 5)		
Buildings in trust	139,789,196	108,942,727
Structures in trust	4,600,765	3,620,188
Machinery and equipment in trust	4,084,066	3,401,671
Vehicles and transport equipment in trust	2,642	2,642
Tools, furniture and fixtures in trust	61,229	21,137
Land in trust	136,697,026	91,332,292
Construction in progress in trust	4,655	-
Less: accumulated depreciation	(9,589,497)	(7,529,825)
Total property and equipment	275,650,085	199,790,833
Intangible assets		
Software	3,204	2,636
Total intangible assets	3,204	2,636
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	58,201	58,641
Deferred tax assets (Note 9)	16	16
Other	1,050	1,050
Total investments and other assets	69,268	69,707
Total non-current assets	275,722,558	199,863,178
Deferred assets		
Investment unit issuance expenses (Note 2)	175,926	131,029
Total deferred assets	175,926	131,029
Total assets	¥ 285,205,105	¥ 208,243,815

Mitsui Fudosan Logistics Park Inc.
Balance Sheets

	(Thousands of yen)	
	9th period (As of January 31, 2021)	8th period (As of July 31, 2020)
Liabilities		
Current liabilities		
Operating accounts payable	¥ 422,343	¥ 220,088
Short-term loans payable (Notes 4 and 7)	5,900,000	5,000,000
Accounts payable	947,410	675,351
Accrued expenses	4,302	467
Income taxes payable	940	950
Advances received	1,516,126	1,116,254
Other	114	114
Total current liabilities	8,791,237	7,013,227
Non-current liabilities		
Long-term loans payable (Notes 4 and 7)	82,400,000	57,900,000
Tenant leasehold and security deposits in trust (Note 4)	6,265,894	4,303,772
Total non-current liabilities	88,665,894	62,203,772
Total liabilities	97,457,132	69,216,999
Net assets		
Unitholders' equity		
Unitholders' capital	185,362,234	137,143,723
Units authorized: 8,000,000 units as of January 31, 2021 and July 31, 2020		
Units issued and outstanding: 542,000 units as of January 31, 2021 and 441,000 units as of July 31, 2020		
Deduction from unitholders' capital	(1,193,983)	(851,326)
Unitholders' capital (net)	184,168,250	136,292,396
Retained earnings	3,579,722	2,734,419
Total unitholders' equity	187,747,973	139,026,815
Total net assets (Notes 6 and 10)	187,747,973	139,026,815
Total liabilities and net assets	¥ 285,205,105	¥ 208,243,815

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

Mitsui Fudosan Logistics Park Inc.
Statements of Income

	(Thousands of yen)			
	9th period (From August 1, 2020 to January 31, 2021)		8th period (From February 1, 2020 to July 31, 2020)	
Operating revenues				
Property-related revenues (Note 8)	¥	7,757,788	¥	6,110,460
Other property-related revenues (Note 8)		381,802		253,457
Total operating revenues		8,139,590		6,363,918
Operating expenses				
Property-related expenses (Note 8)		3,471,784		2,816,648
Asset management fee		788,967		584,568
Asset custody fee		10,412		7,851
Administrative service fees		19,388		17,453
Directors' compensations		5,400		5,400
Audit fee		10,000		10,000
Other operating expenses		47,487		40,914
Total operating expenses		4,353,440		3,482,835
Operating income		3,786,150		2,881,083
Non-operating income				
Interest income		22		23
Insurance income		-		40,124
Compensation income for damage		5,973		-
Interest on refund		5,845		-
Other		342		544
Total non-operating income		12,184		40,692
Non-operating expenses				
Interest expense		119,875		81,802
Amortization of investment unit issuance expenses		43,519		33,695
Offering costs associated with issuance of investment units		44,776		27,618
Borrowing related expenses		4,983		4,038
Disaster recovery expenses (Note 2)		-		35,717
Other		4,732		3,617
Total non-operating expenses		217,887		186,489
Income before income taxes		3,580,447		2,735,286
Income taxes - current		943		953
Income taxes - deferred		0		(7)
Total income taxes (Note 9)		944		946
Net income (Note 10)	¥	3,579,503	¥	2,734,339
Retained earnings brought forward		219		79
Unappropriated retained earnings (undisposed loss) (Note 6)	¥	3,579,722	¥	2,734,419

	(Yen)			
	9th period (From August 1, 2020 to January 31, 2021)		8th period (From February 1, 2020 to July 31, 2020)	
Net income per unit (Note 10)	¥	7,074	¥	6,215

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

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

	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, 2020	379,000	¥107,416,211	¥ (593,985)	¥106,822,225	¥ 2,238,074	¥109,060,299
Issuance of new units through public offering as of February 3, 2020	59,000	28,289,084	-	28,289,084	-	28,289,084
Issuance of new units through allocation to a third party as of February 27, 2020	3,000	1,438,428	-	1,438,428	-	1,438,428
Distribution in excess of retained earnings	-	-	(257,341)	(257,341)	-	(257,341)
Dividends of earnings	-	-	-	-	(2,237,995)	(2,237,995)
Net income	-	-	-	-	2,734,339	2,734,339
Balance as of July 31, 2020	441,000	¥137,143,723	¥ (851,326)	¥136,292,396	¥ 2,734,419	¥139,026,815
Issuance of new units through public offering as of October 5, 2020	96,190	45,922,164	-	45,922,164	-	45,922,164
Issuance of new units through allocation to a third party as of October 19, 2020	4,810	2,296,346	-	2,296,346	-	2,296,346
Distribution in excess of retained earnings	-	-	(342,657)	(342,657)	-	(342,657)
Dividends of earnings	-	-	-	-	(2,734,200)	(2,734,200)
Net income	-	-	-	-	3,579,503	3,579,503
Balance as of January 31, 2021	542,000	¥185,362,234	¥(1,193,983)	¥184,168,250	¥ 3,579,722	¥187,747,973

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

Mitsui Fudosan Logistics Park Inc.
Statements of Cash Flows

	(Thousands of yen)	
	9th period (From August 1, 2020 to January 31, 2021)	8th period (From February 1, 2020 to July 31, 2020)
Cash flows from operating activities:		
Income before income taxes	¥ 3,580,447	¥ 2,735,286
Depreciation and amortization	2,060,850	1,662,460
Amortization of investment unit issuance expenses	43,519	33,695
Interest income	(22)	(23)
Interest expense	119,875	81,802
Insurance income	-	(40,124)
Disaster recovery expenses	-	35,717
Decrease (increase) in operating accounts receivable	61,317	(1,124)
Decrease (increase) in prepaid expenses	(12,108)	(7,192)
Decrease (increase) in long-term prepaid expenses	439	(4,466)
Decrease (increase) in consumption taxes receivable	(114,641)	(2,540,809)
Increase (decrease) in accrued consumption taxes	-	(340,592)
Increase (decrease) in operating accounts payable	265,006	(163,963)
Increase (decrease) in accounts payable	230,727	114,418
Increase (decrease) in advances received	399,872	264,699
Other, net	354	(1,425)
Subtotal	6,635,638	1,828,356
Interest income received	22	23
Interest expense paid	(116,040)	(81,647)
Insurance income received	-	65,533
Disaster recovery expenses paid	-	(41,217)
Income taxes paid	(953)	(794)
Net cash provided by (used in) operating activities	6,518,666	1,770,253
Cash flows from investing activities:		
Purchase of property and equipment in trust	(77,960,576)	(48,802,159)
Purchase of intangible assets	(1,746)	-
Repayments of tenant leasehold and security deposits in trust	(2,633)	(50,311)
Proceeds from tenant leasehold and security deposits in trust	1,964,755	1,331,259
Net cash provided by (used in) investing activities	(76,000,201)	(47,521,211)
Cash flows from financing activities:		
Proceeds from short-term loans payable	20,100,000	8,800,000
Repayments of short-term loans payable	(19,200,000)	(5,400,000)
Proceeds from long-term loans payable	24,500,000	16,600,000
Proceeds from issuance of investment units	48,150,149	29,638,124
Payment of distribution of earnings	(2,734,089)	(2,237,850)
Payment of distribution in excess of retained earnings	(342,589)	(257,271)
Net cash provided by (used in) financing activities	70,473,469	47,143,002
Net increase (decrease) in cash and cash equivalents	991,935	1,392,045
Cash and cash equivalents at beginning of period	5,550,690	4,158,645
Cash and cash equivalents at end of period (Note 3)	¥ 6,542,625	¥ 5,550,690

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

Mitsui Fudosan Logistics Park Inc.

Notes to Financial Statements

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 (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, 2021, MFLP-REIT held 20 properties with the total acquisition price of ¥282.4 billion.

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 based on 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:	8 to 50 years
Machinery and equipment:	14 to 17 years
Vehicles:	4 years
Tools, furniture and fixtures:	3 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. Amortization of software for internal use is calculated using the straight-line method over the estimated useful lives of five years at MFLP-REIT.

d. Investment unit issuance expenses

Investment unit issuance expenses are amortized using the straight-line method over a three-year period.

e. Disaster recovery expenses

Disaster recovery expenses comprise the recovery expenses corresponding to the insurance received for damage from natural disasters as a result of the typhoons, etc. that occurred in 2019.

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 ¥299,016 thousand for the 8th period and ¥102,324 thousand for the 9th period.

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 sheets.

- (1) Cash and deposits in trust
- (2) Buildings in trust, structures in trust, machinery and equipment in trust, vehicles and transport 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

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 sheets is as follows:

	(Thousands of yen)	
	9th period (As of January 31, 2021)	8th period (As of July 31, 2020)
Cash and deposits	¥ 619,466	¥ 1,460,869
Cash and deposits in trust	5,923,159	4,089,821
Cash and cash equivalents	¥ 6,542,625	¥ 5,550,690

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 the 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, 2021 and July 31, 2020 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)

9th period (As of January 31, 2021)	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 619,466	¥ 619,466	-
(2) Cash and deposits in trust	5,923,159	5,923,159	-
Total assets	¥ 6,542,625	¥ 6,542,625	-
(3) Short-term loans payable	5,900,000	5,900,000	-
(4) Long-term loans payable	82,400,000	82,215,635	¥ (184,364)
Total liabilities	¥ 88,300,000	¥ 88,115,635	¥ (184,364)

(Thousands of yen)

8th period (As of July 31, 2020)	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 1,460,869	¥ 1,460,869	-
(2) Cash and deposits in trust	4,089,821	4,089,821	-
Total assets	¥ 5,550,690	¥ 5,550,690	-
(3) Short-term loans payable	5,000,000	5,000,000	-
(4) Long-term loans payable	57,900,000	57,830,630	¥ (69,369)
Total liabilities	¥ 62,900,000	¥ 62,830,630	¥ (69,369)

(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)

	9th period (As of January 31, 2021)	8th period (As of July 31, 2020)
Tenant leasehold and security deposits in trust	¥ 6,265,894	¥ 4,303,772

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)

9th period (As of January 31, 2021)	Due within one year
Cash and deposits	¥ 619,466
Cash and deposits in trust	¥ 5,923,159

(Thousands of yen)

8th period (As of July 31, 2020)	Due within one year
Cash and deposits	¥ 1,460,869
Cash and deposits in trust	¥ 4,089,821

(Note 4) Repayment schedule for loans

(Thousands of yen)

9th period (As of January 31, 2021)	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	¥ 5,900,000	-	-	-	-	-
Long-term loans payable	-	¥ 5,300,000	¥ 9,600,000	¥ 9,600,000	¥ 5,700,000	¥ 52,200,000

(Thousands of yen)

8th period (As of July 31, 2020)	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	¥ 5,000,000	-	-	-	-	-
Long-term loans payable	-	¥ 1,900,000	¥ 9,000,000	¥ 10,600,000	¥ 6,600,000	¥ 29,800,000

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)

	9th period (From August 1, 2020 to January 31, 2021)	8th period (From February 1, 2020 to July 31, 2020)
Carrying amount		
Balance at beginning of period	¥ 199,790,833	¥ 152,526,403
Changes during the period	75,854,596	47,264,430
Balance at end of period	275,645,430	199,790,833
Fair value at the end of the period	¥ 303,080,000	¥ 219,250,000

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

(Note 2) Changes in the carrying amount during the 8th period consisted of the increase mainly attributable to acquisition of trust beneficiary interests in real estate for three properties (¥48,848,618 thousand), and the decrease mainly attributable to depreciation (¥1,661,340 thousand). Changes in the carrying amount during the 9th period consisted of the increase mainly attributable to acquisition of trust beneficiary interests in real estate for two properties (¥77,736,022 thousand), and the decrease mainly attributable to depreciation (¥2,059,671 thousand).

(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 Leasing Business 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)

	9th period (From August 1, 2020 to January 31, 2021)		8th period (From February 1, 2020 to July 31, 2020)	
	Total	Per unit	Total	Per unit
I. Unappropriated retained earnings	¥ 3,579,722,644		¥ 2,734,419,030	
II. Distributions in excess of retained earnings				
Deduction from unitholders' capital	368,018,000		342,657,000	
III. Distributions				
Distribution of earnings	3,579,368,000	¥ 6,604	2,734,200,000	¥ 6,200
Distribution in excess of retained earnings	368,018,000	679	342,657,000	777
Total distributions	¥ 3,947,386,000	¥ 7,283	¥ 3,076,857,000	¥ 6,977
IV. Retained earnings carried forward	¥ 354,644		¥ 219,030	

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, 2021 and July 31, 2020, MFLP-REIT declared a distribution amount of ¥3,579,368,000 and ¥2,734,200,000, 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, 2021, MFLP-REIT declared the distribution of ¥368,018,000, which is calculated as being almost equivalent to the remaining amount after subtracting the distribution of earnings of ¥3,579,368,000 from ¥3,947,422,915 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, 2020, MFLP-REIT declared the distribution of ¥342,657,000, which is calculated as being almost equivalent to the remaining amount after subtracting the distribution of earnings of ¥2,734,200,000 from ¥3,076,976,591 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, 2021 and July 31, 2020.

(Thousands of yen)

	9th period (As of January 31, 2021)		8th period (As of July 31, 2020)	
0.1041% unsecured short-term loans		-	¥	2,000,000
0.1203% unsecured short-term loans	¥	2,400,000		-
0.1139% unsecured short-term loans		3,500,000		-
0.0951% unsecured short-term loans		-		2,500,000
0.0852% unsecured short-term loans		-		500,000
Total short-term loans payable	¥	5,900,000	¥	5,000,000
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
0.2400% unsecured long-term loans due 2022		1,600,000		1,600,000
0.2500% unsecured long-term loans due 2023		2,000,000		2,000,000
0.1475% unsecured long-term loans due 2024		3,000,000		3,000,000
0.2000% unsecured long-term loans due 2024		1,700,000		1,700,000
0.3723% unsecured long-term loans due 2030		3,500,000		3,500,000
0.2829% unsecured long-term loans due 2027		4,800,000		-
0.4168% unsecured long-term loans due 2029		5,700,000		-
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
0.1059% unsecured long-term loans due 2025		800,000		800,000
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
0.4895% unsecured long-term loans due 2027		900,000		900,000
0.3687% unsecured long-term loans due 2028		2,000,000		2,000,000
0.4942% unsecured long-term loans due 2030		3,500,000		3,500,000
0.4707% unsecured long-term loans due 2030		1,500,000		-
0.1826% unsecured long-term loans due 2023		2,200,000		2,200,000
0.2313% unsecured long-term loans due 2026		3,100,000		3,100,000
0.2385% unsecured long-term loans due 2027		800,000		800,000
0.4272% unsecured long-term loans due 2030		800,000		800,000
0.3237% unsecured long-term loans due 2024		600,000		600,000
0.3425% unsecured long-term loans due 2024		700,000		700,000
0.2188% unsecured long-term loans due 2022		300,000		300,000
0.2613% unsecured long-term loans due 2023		900,000		900,000
0.1163% unsecured long-term loans due 2023		500,000		500,000
0.3255% unsecured long-term loans due 2028		5,500,000		-
0.3125% unsecured long-term loans due 2026		3,100,000		3,100,000
0.4851% unsecured long-term loans due 2029		1,000,000		-
0.2169% unsecured long-term loans due 2024		1,300,000		1,300,000
0.3563% unsecured long-term loans due 2025		1,000,000		1,000,000
0.3988% unsecured long-term loans due 2029		2,000,000		2,000,000
0.2575% unsecured long-term loans due 2022		1,000,000		1,000,000
0.3360% unsecured long-term loans due 2028		1,000,000		1,000,000
0.3319% unsecured long-term loans due 2024		600,000		600,000
0.5377% unsecured long-term loans due 2030		3,000,000		-
0.2087% unsecured long-term loans due 2025		600,000		600,000
0.1836% unsecured long-term loans due 2027		1,300,000		1,300,000
0.2629% unsecured long-term loans due 2027		1,000,000		-

	9th period (As of January 31, 2021)	8th period (As of July 31, 2020)
0.2375% unsecured long-term loans due 2023	2,000,000	2,000,000
0.1863% unsecured long-term loans due 2025	1,800,000	1,800,000
0.3809% unsecured long-term loans due 2029	2,400,000	2,400,000
0.3975% unsecured long-term loans due 2026	1,000,000	1,000,000
0.2182% unsecured long-term loans due 2028	800,000	800,000
0.3305% unsecured long-term loans due 2027	2,000,000	-
Total long-term loans payable	¥ 82,400,000	¥ 57,900,000

(Note) The stated interest rates are the weighted average interest rates during the fiscal periods ended January 31, 2021 and July 31, 2020 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, 2021 and July 31, 2020.

	(Thousands of yen)	
	9th period (As of January 31, 2021)	8th period (As of July 31, 2020)
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 Leasing Business Revenues and Expenses

The following table summarizes the revenues and expenses generated from the property leasing business for the fiscal periods ended January 31, 2021 and July 31, 2020.

	(Thousands of yen)	
	9th period (From August 31, 2020 to January 31, 2021)	8th period (From February 1, 2020 to July 31, 2020)
A. Property leasing business revenues		
Property-related revenues		
Rental revenues	¥ 7,362,647	¥ 5,818,379
Common area charges	395,141	292,081
Total	¥ 7,757,788	¥ 6,110,460
Other property-related revenues		
Utilities charges	¥ 321,660	¥ 206,969
Parking lots	39,997	30,242
Others	20,145	16,245
Total	¥ 381,802	¥ 253,457
Total property leasing business revenues	¥ 8,139,590	¥ 6,363,918
B. Property leasing business expenses		
Property-related expenses		
Outsourcing service expenses	¥ 477,558	¥ 382,417
Utilities expenses	271,374	187,574
Repair expenses	65,708	65,922
Taxes and dues	489,342	489,413
Depreciation and amortization	2,059,671	1,661,340
Others	108,127	29,978
Total property leasing business expenses	¥ 3,471,784	¥ 2,816,648
C. Operating income from property leasing [A-B]	¥ 4,667,806	¥ 3,547,270

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, 2021 and July 31, 2020 are as follows:

	(Thousands of yen)	
	9th period (As of January 31, 2021)	8th period (As of July 31, 2020)
Deferred tax assets:		
Accrued enterprise tax	¥ 16	¥ 16
Total deferred tax assets	¥ 16	¥ 16
Net deferred tax assets	¥ 16	¥ 16

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, 2021 and July 31, 2020 are as follows:

	9th period (As of January 31, 2021)	8th period (As of July 31, 2020)
Statutory tax rate	31.46%	31.46%
Adjustments:		
Deductible distributions	(31.45)	(31.45)
Other	0.02	0.02
Effective income tax rate after application of tax-effect accounting	0.03%	0.03%

10. Per Unit Information

The following table summarizes per unit information for the fiscal periods ended January 31, 2021 and July 31, 2020.

	9th period (From August 1, 2020 to January 31, 2021)	8th period (From February 1, 2020 to July 31, 2020)
Earnings per unit:		
Net income per unit (yen)	¥ 7,074	¥ 6,215
Weighted average number of units outstanding (unit)	505,955	439,923
	9th period (As of January 31, 2021)	8th period (As of July 31, 2020)
Net assets per unit (yen)	¥ 346,398	¥ 315,253

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, 2021 and July 31, 2020 under non-cancelable operating leases of properties are as follows:

(Thousands of yen)				
	9th period (As of January 31, 2021)		8th period (As of July 31, 2020)	
Due within one year	¥	15,249,505	¥	11,642,773
Due after one year		33,041,536		25,383,593
Total	¥	48,291,042	¥	37,026,366

12. Transactions with Related Parties

There are no significant transactions and balances with related parties for the fiscal periods ended January 31, 2021 and July 31, 2020.

13. Segment and Related Information

For the fiscal periods ended January 31, 2021 and July 31, 2020

a. Segment information

Segment information has been omitted as MFLP-REIT engages in a single segment of the property 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

Disclosure of this information has been omitted because there is no tenant whose operating revenues make up 10% or more of total operating revenues.

14. Significant Subsequent Events

1. Acquisitions of properties

MFLP-REIT acquired the trust beneficiary interests for the following asset on March 16, 2021.

Category	Property no.	Property name	Location	Acquisition price (Note) (millions of yen)	Acquisition date
Industrial real estate	I-2	MFIP Inzai II	Inzai-shi, Chiba	15,150	March 16, 2021

(Note) "Acquisition price" is the purchase price of trust beneficiary interest as set forth in the agreement for sale and purchase of trust beneficiary interest for the asset acquired (excluding consumption tax, local consumption tax and the various costs required in the acquisition), rounded down to the nearest million yen.

2. Borrowing of funds

MFLP-REIT has borrowed the following funds to apply to part of the acquisition funds and related expenses for the real estate trust beneficiary interests in the above “1. Acquisitions of properties.”

Lender	Borrowing amount (millions of yen)	Interest rate	Drawdown date	Repayment date	Repayment method	Collateral
Sumitomo Mitsui Trust Bank, Limited	2,000	Base rate (JBA 1-month yen TIBOR) +0.05% (Note 1)	March 16, 2021	April 16, 2021	Bullet repayment	Unsecured Non-guaranteed
The Bank of Fukuoka, Ltd.	1,500	Base rate (JBA 1-month yen TIBOR) +0.05% (Note 2)	March 16, 2021	May 20, 2021	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Mitsui Trust Bank, Limited	2,000	0.1950%	March 16, 2021	March 16, 2026	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Mitsui Banking Corporation	800	0.3743%	March 16, 2021	March 16, 2028	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Mitsui Banking Corporation	800	0.6325%	March 16, 2021	March 16, 2031	Bullet repayment	Unsecured Non-guaranteed
Mizuho Bank, Ltd.	1,600	0.6325%	March 16, 2021	March 17, 2031	Bullet repayment	Unsecured Non-guaranteed
Shinkin Central Bank	1,200	0.5937%	March 16, 2021	September 17, 2030	Bullet repayment	Unsecured Non-guaranteed
MUFG Bank, Ltd.	500	0.3743%	March 16, 2021	March 16, 2028	Bullet repayment	Unsecured Non-guaranteed
MUFG Bank, Ltd.	500	0.4408%	March 16, 2021	March 16, 2029	Bullet repayment	Unsecured Non-guaranteed
The Norinchukin Bank	1,000	0.3464%	March 16, 2021	March 16, 2028	Bullet repayment	Unsecured Non-guaranteed
The Chiba Bank, Ltd.	1,000	0.3464%	March 16, 2021	March 16, 2028	Bullet repayment	Unsecured Non-guaranteed
Shinsei Bank, Limited	1,000	0.5937%	March 16, 2021	September 17, 2030	Bullet repayment	Unsecured Non-guaranteed
The Yamaguchi Bank, Ltd.	800	0.7140%	March 16, 2021	March 16, 2032	Bullet repayment	Unsecured Non-guaranteed
The 77 Bank, Ltd.	800	0.6325%	March 16, 2021	March 17, 2031	Bullet repayment	Unsecured Non-guaranteed
Total	15,500	—	—	—	—	—

(Note 1) The interest payment date is the repayment date. The base rate is JBA yen TIBOR published by JBA TIBOR Administration as of two business days prior to the drawdown date.

(Note 2) The first interest payment date is April 16, 2021, and thereafter the interest payment date will be May 16, 2021 and the repayment date. The base rate is JBA 1-month yen TIBOR published by JBA TIBOR Administration as of two business days prior to the previous payment date (however, drawdown date for the first time) of each payment date. However, in the case that interest calculation period is less than one month, it will be the base rate corresponding to the applicable period calculated based on the method set forth in the contract.

Please refer to the JBA TIBOR Administration website (<http://www.jbatibor.or.jp/rate/>) for JBA yen TIBOR.

3. Issuance of investment corporation bonds

On February 5, 2021, MFLP-REIT determined the issuance of investment corporation bonds under the following conditions, based on a resolution on issuance of investment corporation bonds passed at its Board of Directors meeting held on January 12, 2021 and the shelf registration statement dated January 12, 2021 (including the subsequent amendment). The investment corporation bonds were issued on February 12, 2021.

Name	Mitsui Fudosan Logistics Park Inc. 1st Unsecured Bonds (Special pari passu conditions among specified investment corporation bonds) (Sustainability Bonds)
Total issue amount	¥3,000 million
Payment date	February 12, 2021
Issue price	¥100 per ¥100 of each bond
Interest rate	0.500% per annum
Collateral, guarantee	Neither collateral nor guarantee is provided for the investment corporation bonds, and no asset has been particularly secured for the investment corporation bonds.
Redemption method and date	The total amount of the investment corporation bonds will be redeemed on February 12, 2031. Redemption by purchase will be available any time on and after the following days of the payment dates except for the case separately determined by the depository.
Interest payment date	February 12 and August 12 of each year, or if such date falls on a bank holiday, the immediately preceding bank business day
Use of proceeds	Under the Sustainability Finance Framework, MFLP-REIT allocated the full amount of net proceeds to refinancing funds for its loan that was due on February 15, 2021, borrowed for acquisition of MFLP Ibaraki and MFLP Kawaguchi I, which are specified assets subject to sustainability finance.

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Independent auditor's report

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

Opinion

We have audited the accompanying financial statements of Mitsui Fudosan Logistics Park Inc. ("the Company"), which comprise the balance sheets as at January 31, 2021 and July 31, 2020, the statements of income, statements of changes in net assets and statements of cash flows for the six months period then ended January 31, 2021 and July 31, 2020, and notes, comprising a summary of significant accounting policies, other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2021 and July 31, 2020, and its financial performance and cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 14 to the financial statements that describes the Company's subsequent acquisitions of properties, borrowing of funds and issuance of investment corporation bonds. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Supervisory Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Supervisory directors are responsible for overseeing the executive director's performance of his duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the executive director regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the executive director with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

伊藤 浩之 

Hiroyuki Itoh

Designated Engagement Partner

Certified Public Accountant

岡田 英樹 

Hideki Okada

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

May 21, 2021