

# 4th Fiscal Period (Fiscal Period Ended July 31, 2018) Investor Presentation Material

September 18, 2018

Mitsui Fudosan Logistics Park Inc. (MFLP-REIT)



Securities Code

3471



Mitsui Fudosan  
Logistics Park Inc.

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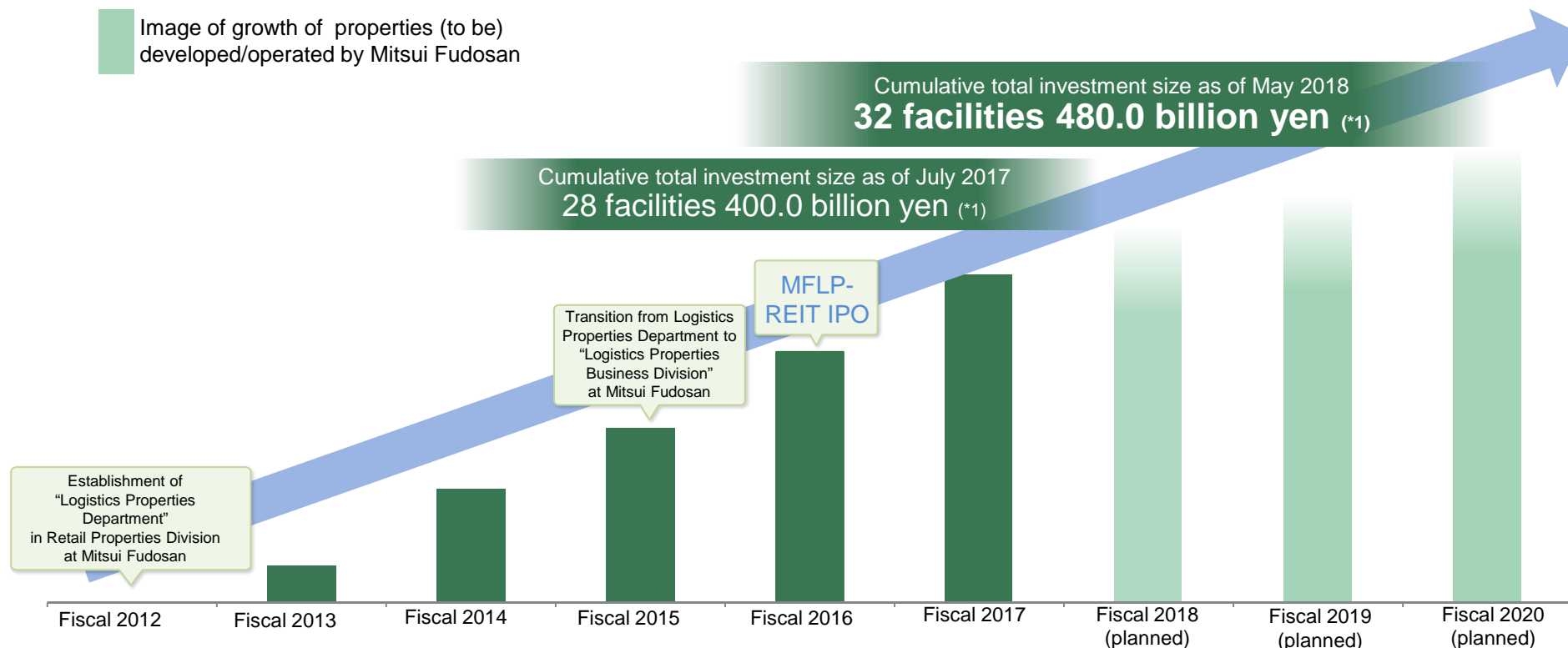
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# 1. Basic Strategy of MFLP-REIT

# 1-1. Trajectory of Growth of Mitsui Fudosan's Logistics Facilities Business and Acquisition of MFLP Tsukuba

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



**Property to be acquired in 5th fiscal period**  
(planned to be acquired on Dec. 3, 2018)

**MFLP Tsukuba (60%)**

Planned acquisition price **5.2 billion yen**

NOI yield \*2 **5.7%**

**Properties defined in "Right of first look and preferential negotiation agreement" \*3**  
9 properties 770,000 m<sup>2</sup> \*4

**Construction completed: 710,000 m<sup>2</sup> \*4**

Partially acquired MFLP Sakai (80%) *5	Partially acquired MFLP Hino (85%) *5	MFLP Inazawa	MFLP Atsugi II
Partially acquired MFLP Inzai (80%) *5	MFLP Fukuoka I (81%) *5	MFLP Ibaraki	To be partially acquired MFLP Tsukuba (40%) *5

**Construction started: 66,000 m<sup>2</sup> \*4**

MFLP Prologis Park Kawagoe (50%) \*5

**Expansion of  
properties defined in  
"Right of first look and  
preferential negotiation  
agreement"**

\* Unless otherwise specified, figures indicated in whole number are rounded down to the nearest specified unit and figures with a decimal point are rounded to the nearest indicated unit. The same shall apply hereinafter.

\*1: "Cumulative total investment size" is based on materials released at each point in time by Mitsui Fudosan. For details, please refer to "About major properties developed/operated by Mitsui Fudosan" on p. 40.

\*2: NOI yield is obtained by dividing appraisal-based NOI by acquisition price.

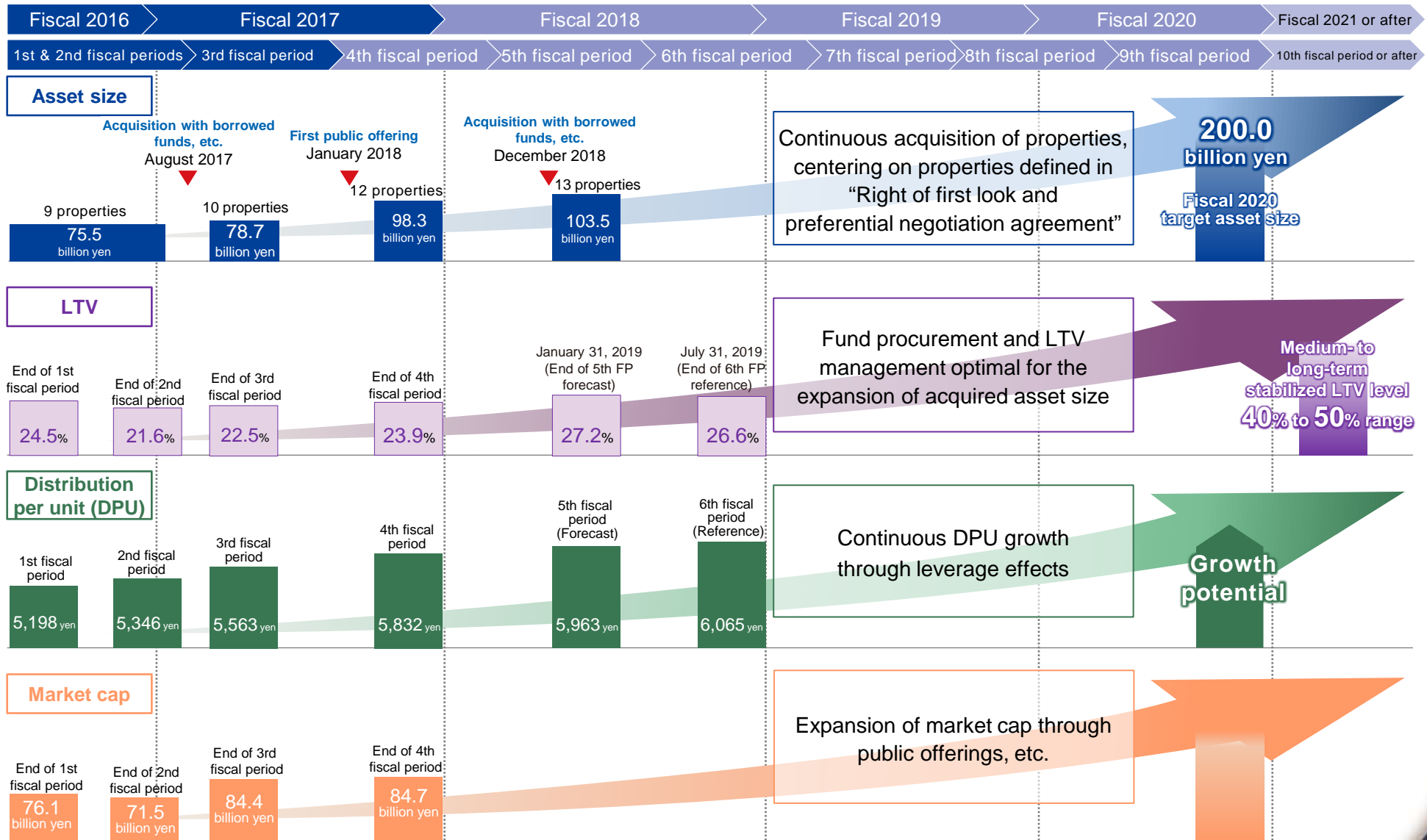
\*3: For details of properties defined in "Right of first look and preferential negotiation agreement," please refer to "About properties defined in 'Right of first look and preferential negotiation agreement'" on p. 40. The same shall apply hereinafter.

\*4: The floor area subject to the "Right of first look and preferential negotiation agreement" (after taking into consideration the quasi co-ownership interest).

\*5: The percentage figure in parentheses is the percentage of quasi co-ownership interest subject to the "Right of first look and preferential negotiation agreement."

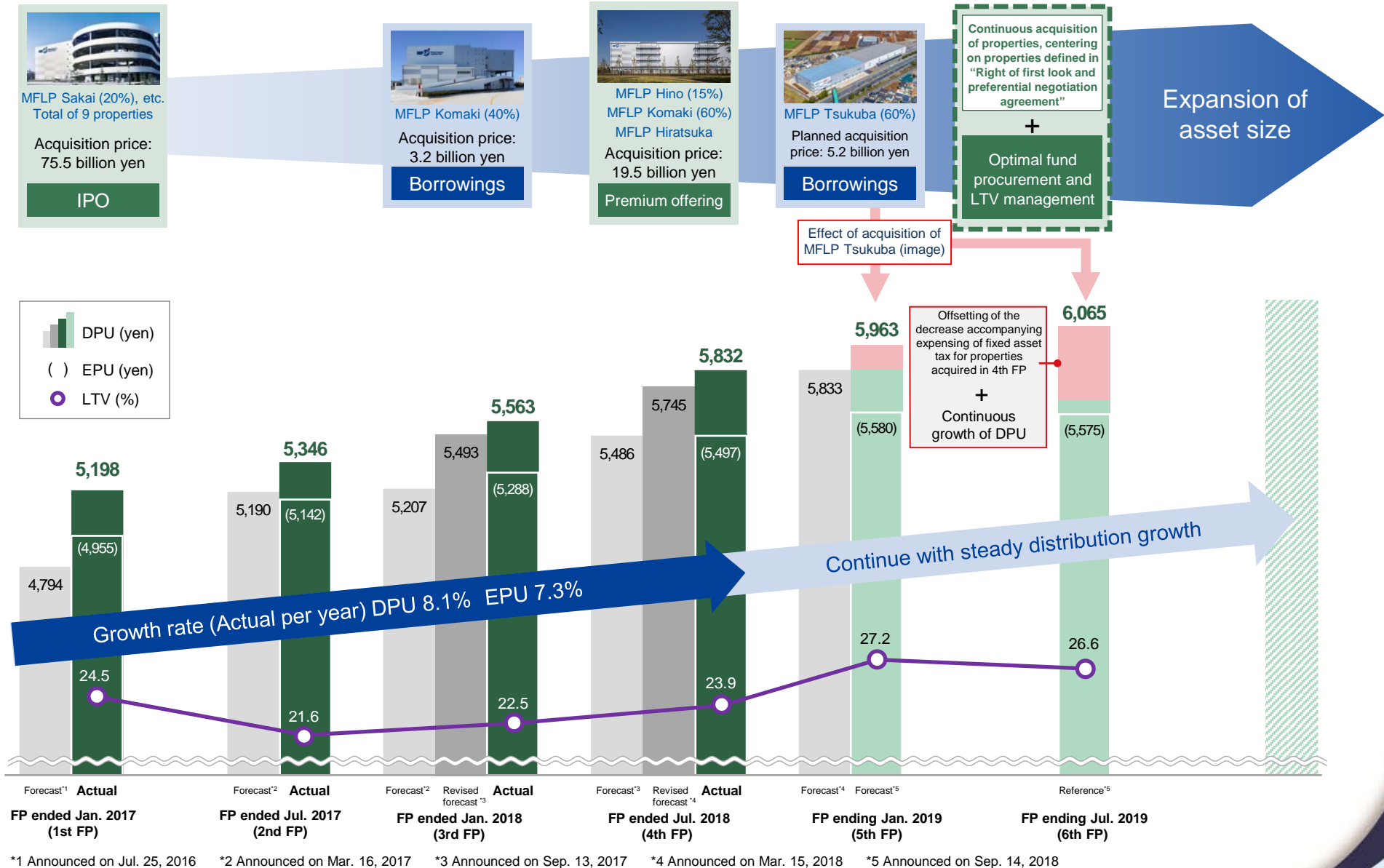


# 1-2. Four Roadmaps to Stable Growth and Trajectory of Growth



# 1-3. Repetitive and Continuous Property Acquisition and Steady Growth of Distribution

## Maximization of Unitholder Value through Leverage Effects and Public Offering



\*1 Announced on Jul. 25, 2016

\*2 Announced on Mar. 16, 2017

\*3 Announced on Sep. 13, 2017

\*4 Announced on Mar. 15, 2018

\*5 Announced on Sep. 14, 2018

# 1-4. Property to be Acquired in 5th Fiscal Period

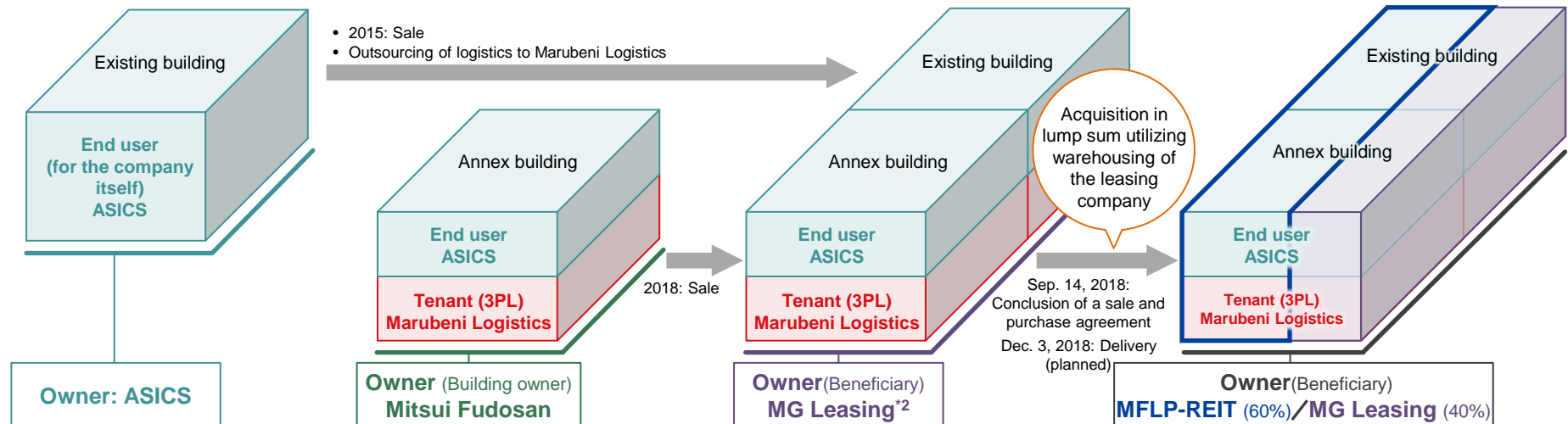


- A box type logistics facility comprised of two buildings: the existing building (4-stories above ground) and the annex building (3-stories above ground). The two buildings are connected by connecting corridors and can be used as one. It is a leading-edge logistics facility with multiple freight elevators, etc. securing high delivery convenience.
- It is located approximately 4.8 km from the Yatabe IC on the Joban Expressway and approximately 1.8 km from Miraidaira Station on the Tsukuba Express, a prime location for a logistics facility. Surrounded by residential areas, it also enjoys good employment environment.

Planned acquisition price	Appraisal value	NOI yield	Appraisal NOI yield *1
5,268 million yen	6,000 million yen	5.7%	5.0%

Location	Tsukubamirai, Ibaraki
Total floor area	(Existing building) 37,027 m <sup>2</sup> (Annex building) 25,457 m <sup>2</sup>
Access	Approx. 4.8 km from Yatabe IC of Joban Expressway
Nearest train station	Miraidaira Station on Tsukuba Express
Construction completion	(Existing building) June 2010 (Annex building) March 2018

## Securement of flexible acquisition opportunities utilizing Mitsui Fudosan's client network

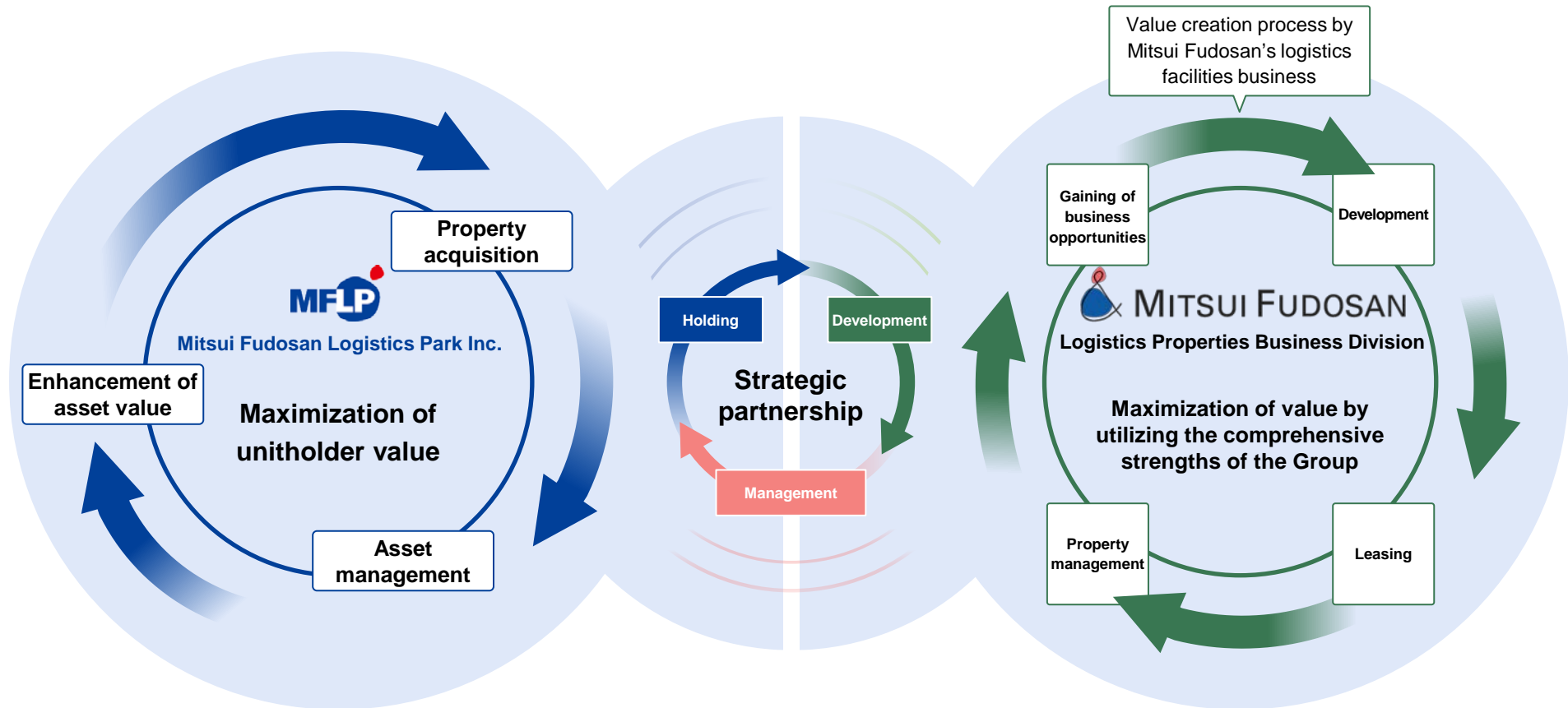


\*1 Appraisal NOI yield is obtained by dividing appraisal-based NOI by appraisal value.

\*2 MG Leasing refers to MG Leasing Corporation funded by Sumitomo Mitsui Finance and Leasing Company, Limited and Marubeni Corporation.

## 1-5. Basic Strategy of MFLP-REIT

MFLP-REIT aims to maximize unitholder value by establishing a strategic partnership with the Logistics Properties Business Division of Mitsui Fudosan.







## 2. Financial Summary

(4th fiscal period: from February 1, 2018 to July 31, 2018)

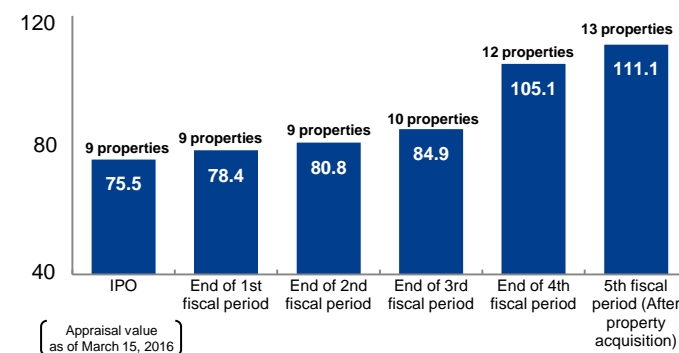
## 2-1. Financial Highlights

Asset		End of 4th fiscal period (Actual)	5th fiscal period (After property acquisition)
	Asset size (total amount of acquisition price)	12 properties <b>98.3</b> billion yen	13 properties <b>103.5</b> billion yen
	Appraisal value (As of July 31, 2018)	12 properties <b>105.1</b> billion yen	13 properties <b>111.1</b> billion yen
	Unrealized gain <sup>*1</sup>	<b>8.5</b> billion yen	<b>9.2</b> billion yen
Debt	Occupancy rate <sup>*2</sup>	<b>100%</b>	<b>100%</b>

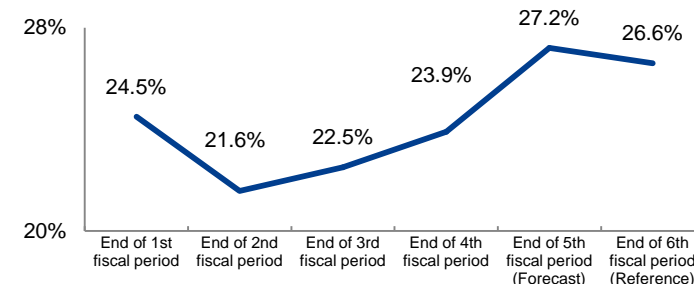
Debt		End of 4th fiscal period (Actual)	End of 5th fiscal period (Forecast)
	Balance of interest- bearing debt	<b>24.0</b> billion yen	<b>28.0</b> billion yen
Equity	LTV ratio <sup>*3</sup>	<b>23.9%</b>	<b>27.2%</b>

Equity		4th fiscal period (Actual)	5th fiscal period (Forecast)
	Distribution per unit <sup>*4</sup>	<b>5,832</b> yen	<b>5,963</b> yen
Equity		End of 4th fiscal period (Actual)	5th fiscal period (After property acquisition)
	NAV per unit <sup>*5</sup>	<b>311,746</b> yen	<b>314,529</b> yen

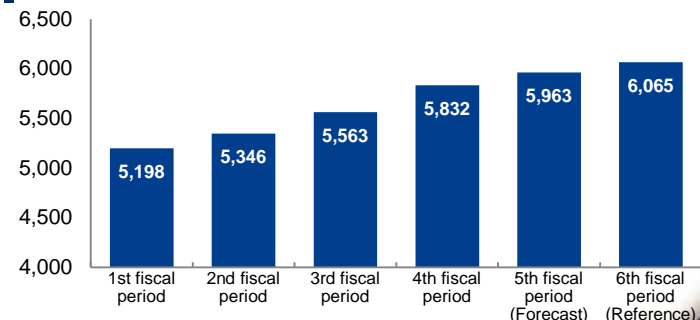
Appraisal value (billion yen)



LTV ratio



Distribution per unit (yen)



\*For details of \*1 - \*5, please refer to "About financial highlights" on p. 40.

## 2-2. 4th Fiscal Period (Ended July 31, 2018) P/L

(Unit: million yen)	3rd period Actual (a)	4th period Forecast (Mar. 15, 2018)	4th period Actual (b)	Difference (b)-(a)
Operating revenue	2,629	3,140	3,148	519
Operating expenses	1,390	1,673	1,650	260
<i>Of which, Depreciation</i>	595	744	744	149
Operating income	1,239	1,467	1,498	258
Non-operating income	0	-	0	0
Non-operating expenses	54	54	53	0
Ordinary income	1,185	1,413	1,445	260
Profit (Net income)	1,184	1,412	1,444	259

### Main breakdown of difference

#### Operating revenue

Increase due to newly-acquired MFLP Komaki, Hino and Hiratsuka	+512
Increase in photovoltaic power generation facilities rent revenue (excluding newly acquired properties)	+43
Decrease in other operating revenue	-36

#### Operating expenses

Increase due to newly-acquired MFLP Komaki, Hino and Hiratsuka	+201
Increase in other operating expenses	+59

Distribution per unit (DPU) (yen)	5,563	5,745	5,832	269
<i>Of which,</i> Distribution of earnings per unit (EPU) (yen)	5,288	5,373	5,497	209
<i>Of which,</i> Distribution in excess of earnings per unit (yen)	275	372	335	60
Distribution in excess of earnings expressed as a percentage of depreciation	10.3%	13.1%	11.8%	-

### <Reference>

#### Formula for distribution per unit based on FFO \*

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

\* For details of the formula for distribution per unit based on FFO, please refer also to "Method of calculation of cash distribution based on FFO" on p. 40 of this presentation material.



## 2-3. 5th Fiscal Period (Ending January 31, 2019) Earnings Forecast

(Unit: million yen)	4th period Actual (a)	5th period Forecast (b)	Difference (b)-(a)	Main breakdown of difference	<Reference> 6th period Forecast
Operating revenue	3,148	3,262	113	Operating revenue	3,435
				Increase due to newly-acquired MFLP Tsukuba	
					+58
Operating expenses	1,650	1,753	103	Increase due to full-period operation of MFLP Hiratsuka	1,921*
				Decrease in photovoltaic power generation facilities rent revenue	
					-48
Of which, Depreciation	744	772	27	Increase in other operating revenue	811
					+46
Operating income	1,498	1,508	10	Operating expenses	1,513
				Increase due to newly-acquired MFLP Tsukuba	
Non-operating income	0	-	0		+21
				Increase due to full-period operation of MFLP Hiratsuka	+10
Non-operating expenses	53	41	-12	Increase in other operating expenses	+72
Ordinary income	1,445	1,467	21	Non-operating expenses	1,465
				Absence of investment unit issuance related expenses	-15
Profit (Net income)	1,444	1,466	21	Interest expenses	+3
Distribution per unit (DPU) (yen)	5,832	5,963	131		6,065
Of which,					
Distribution of earnings per unit (EPU) (yen)	5,497	5,580	83		5,575
Of which,					
Distribution in excess of earnings per unit (yen)	335	383	48		490
Distribution in excess of earnings expressed as a percentage of depreciation	11.8%	13.0%	-		15.9%

\* Includes 80 million yen of fixed asset tax and city planning tax for MFLP Komaki (60%), Hino (15%), Hiratsuka and Tsukuba (60%).

## 3. Management Status of MFLP-REIT

### 3-1. Portfolio Status

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

### 3-2. External Growth

### 3-3. Internal Growth

### 3-4. Financial Strategy

### 3-5. Unitholder Relations

## 3-1. Portfolio Status (List)

(5th fiscal period (After property acquisition))

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

Total acquired assets		Stabilized NOI yield * <sup>1</sup>		Average appraisal NOI yield		Average building age		Average occupancy rate		
13 properties / 103.5 billion yen		5.2% (after depreciation: 3.7%)		4.7%		4.2 years		100%		
Category	Property no.	Property name		Location	Acquisition price (million yen)	Appraisal value * <sup>2</sup> (million yen)	Appraisal NOI yield (million yen)	Total floor area * <sup>3</sup> (m <sup>2</sup> )	Building age * <sup>4</sup> (years)	Occupancy rate * <sup>5</sup> (%)
Logistics facilities	L-1	GLP/MFLP Ichikawa Shiohama (50% quasi co-ownership interest)		Ichikawa, Chiba	15,500	16,750	4.3	105,019 (52,509)	4.7	100
	L-2	MFLP Kuki		Kuki, Saitama	12,500	13,700	4.8	73,153	4.2	100
	L-3	MFLP Yokohama Daikoku (50% quasi co-ownership interest)		Yokohama, Kanagawa	10,100	10,500	4.8	100,530 (50,265)	9.4	100
	L-4	MFLP Yashio		Yashio, Saitama	9,650	10,600	4.7	40,728	4.5	100
	L-5	MFLP Atsugi		Aiko, Kanagawa	7,810	8,680	4.8	40,942	3.5	100
	L-6	MFLP Funabashi Nishiura		Funabashi, Chiba	6,970	7,520	4.8	30,947	3.6	100
	L-7	MFLP Kashiwa		Kashiwa, Chiba	6,300	6,900	4.7	31,242	2.8	100
	L-8	MFLP Sakai (20% quasi co-ownership interest)		Sakai, Osaka	4,500	4,910	4.8	125,127 (25,025)	4.0	100
	L-9	MFLP Komaki		Komaki, Aichi	8,260	8,520	4.7	40,597	1.6	100
	L-10	MFLP Hino (15% quasi co-ownership interest)		Hino, Tokyo	7,520	7,570	4.3	205,200 (30,780)	2.9	100
	L-11	MFLP Hiratsuka		Hiratsuka, Kanagawa	7,027	7,090	4.6	33,061	1.8	100
	L-12	To be acquired in 5th FP MFLP Tsukuba (60% quasi co-ownership interest)	Existing building Annex building	Tsukubamirai, Ibaraki	5,268	6,000	5.0	37,027(22,216) 25,457(15,274)	8.2 0.5	100
Subtotal or Average				-	101,405	108,740	4.7	889,036 (486,745)	4.2	100
Industrial real estate	I-1	MFIP Inzai (20% quasi co-ownership interest)		Inzai, Chiba	2,180	2,440	5.0	40,478 (8,095)	4.5	Not disclosed
Total or Average				-	103,585	111,180	4.7	929,514 (494,840)	4.2	100

### Reference: As of end of 4th fiscal period

Logistics facilities (Property no. L-1 to L-11)		Subtotal	96,137	102,740	4.6	826,551 (449,254)	4.2	100
Total (Property no. L-1 to L-11, and I-1)			98,317	105,180	4.7	867,029 (457,350)	4.2	100

\*1: "Stabilized NOI yield" is the figure arrived at when the NOI assumed in the earnings forecast for the 5th fiscal period, less the amount of fixed asset tax, city planning tax not expensed in the said earnings forecast (MFLP Komaki (60%)・Hino (15%)・Hiratsuka・Tsukuba (60%)), while adjusting the number of days of asset management to 184 days for MFLP Tsukuba, is divided by acquisition price.

\*2: "Appraisal value" figures are the figures with July 31, 2018 (end of 4th fiscal period) set as the date of value.

\*3: "Total floor area" figures in parentheses are the figures after taking into consideration the ownership interest.

\*4: "Building age" is the building age from the date of new construction of the main building in the register to September 14, 2018, rounded to one decimal place. "Subtotal" and "Total" are the weighted averages based on acquisition price.

\*5: "Occupancy rate" is the occupancy rate on the basis of contracts entered as of September 14, 2018.

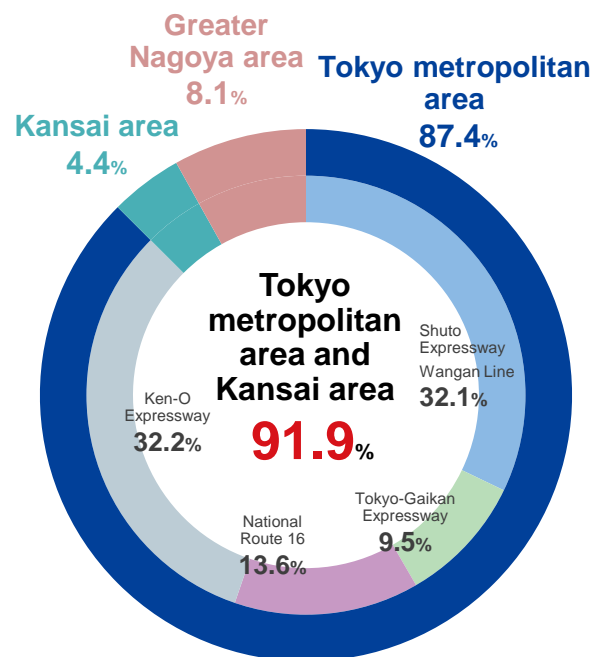




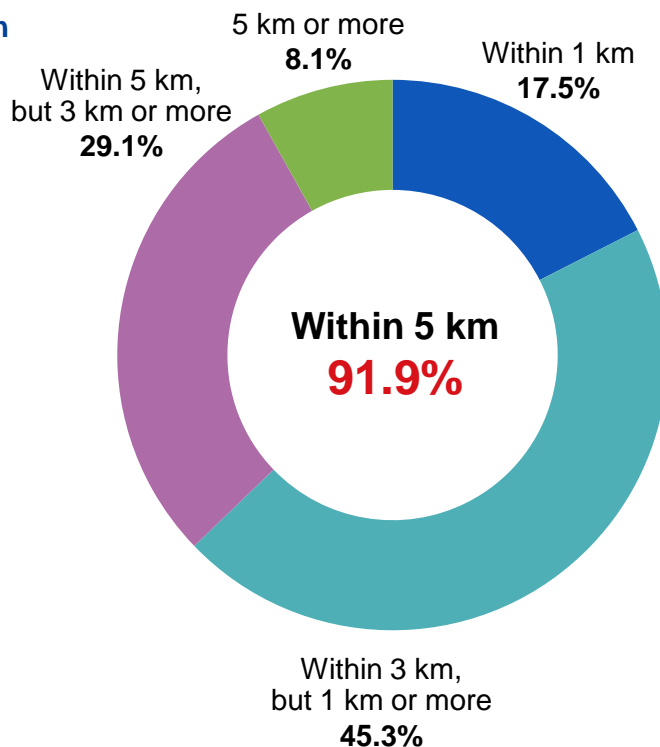
## 3-1-1. Location (2)

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

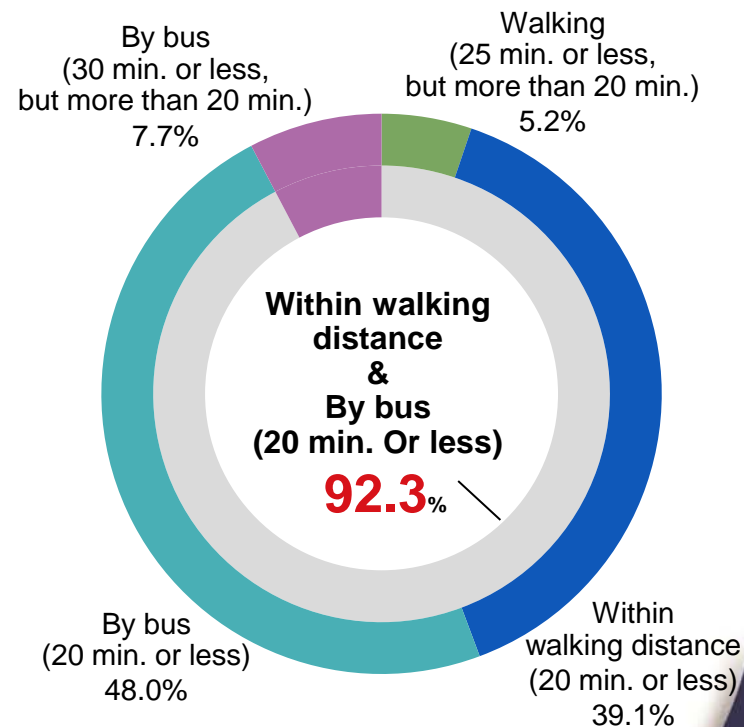
### Investment area



### Access (distance) to nearest expressway interchange



### Access (time) to nearest train station





\* The pie graphs above indicate figures after property acquisition in the 5th fiscal period, calculated on an acquisition price basis.

## 3-1-2. Quality





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

### Mitsui Fudosan quality

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

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

			
Cafeteria, shops	Parcel pickup lockers	Bicycle rental	LaLaport discount tickets

#### & Tenant

			
Commuter shuttles	Car sharing	BCP measures	ICT LABO

#### & Community

		Promotion of use of nearby stores Employees working at MFLP Promotion of use Discount service etc. Neighborhood stores
Space for exchange	Childcare facilities	Promotion of use of nearby stores

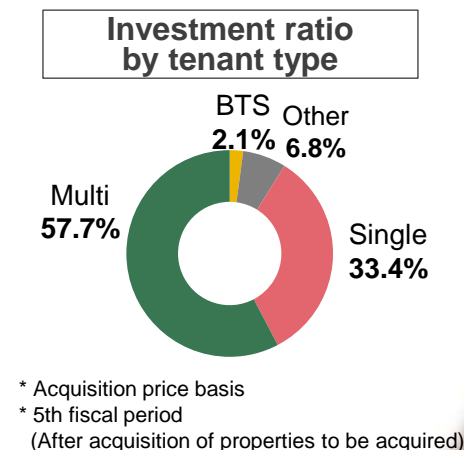
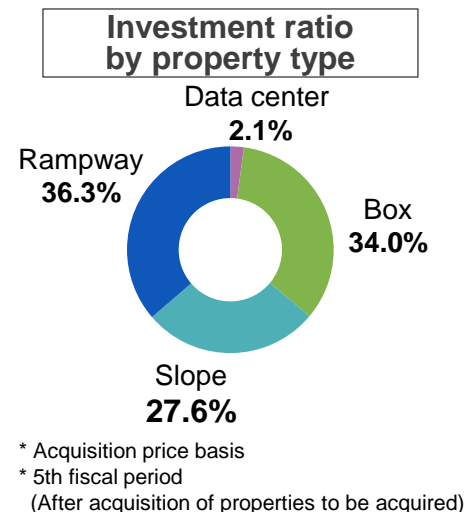
#### & Earth

	
Solar panels	LED lights

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

### 3-1-3. Balance

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



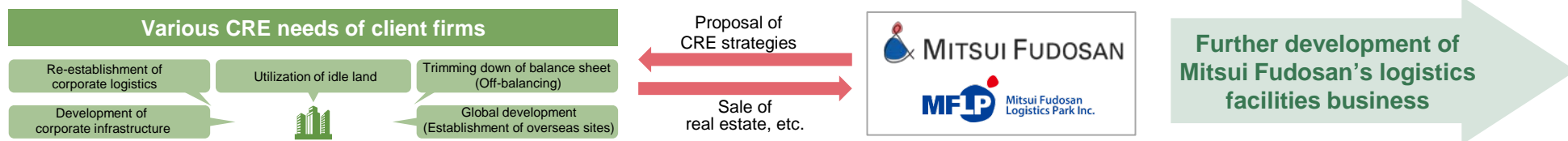
\*1 "Other" refers to a property for which the classification (multi or single) cannot be disclosed in this material as consent for disclosure has not been obtained from the lessee.

\*2 The existing building does not fully satisfy functional standard specifications (column spacing of at least 10 m, ceiling height of at least 5.5 m and floor load capacity of at least 1.5 tons/m<sup>2</sup>) required for leading-edge logistics facilities, which are defined by MFLP-REIT. However, MFLP-REIT judged that it satisfies investment criteria after reviewing the property specifications in detail.





## 3-2. External Growth (1)

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



Mitsui Fudosan's major development/operation track record: 32 facilities 480.0 billion yen 2,700,000 m<sup>2</sup> in total floor area \*1

Construction completion in fiscal 2013 or before	Construction completion in fiscal 2014	Construction completion in fiscal 2015	Construction completion in fiscal 2016	Construction completion in fiscal 2017	Construction completion in fiscal 2018	Construction completion in fiscal 2019	Construction completion in fiscal 2020 or after
 MFLP Yokohama Daikoku	 MFLP Sakai (80%) <sup>3</sup>	 MFLP Hino (85%) <sup>3</sup>	 MFLP Fukuoka I (81%) <sup>3</sup>	 MFLP Inazawa	 MFLP Atsugi II	 MFLP Kawaguchi I	 MFLP Osaka I
 GLP/MFLP Ichikawa Shiohama	 MFLP Inzai (80%) <sup>3</sup>	 MFLP Kashiwa	 MFLP Hiratsuka	 MFLP Ibaraki	 MFLP Prologis Park Kawagoe (50%) <sup>3</sup>	 MFLP Atsugi III	 Tokyo Rail Gate EAST
 MFLP Yashio	 MFLP Kuki		 MFLP Komaki	 MFLP Tsukuba (40%) <sup>3</sup>	 MFLP Hiroshima I	 MFLP Haneda	 MFLP Funabashi III
 MFLP Atsugi	 MFLP Funabashi Nishiura		 MFLP Funabashi I		 MFLP Yokohama Kohoku	 MFLP Kawasaki I	 MFLP Tachikawa Tachihi
					Other data centers (2 properties)		

\* 5th fiscal period (After acquisition of properties to be acquired)

\*1: Based on materials released by Mitsui Fudosan as of May 21, 2018.

For details, please refer to "About major properties developed/operated by Mitsui Fudosan" on p. 40 of this presentation material.

\*2: Properties with construction completion slated for fiscal 2018 or after are those planned and are subject to change without prior notice.

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

Properties held by MFLP-REIT

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



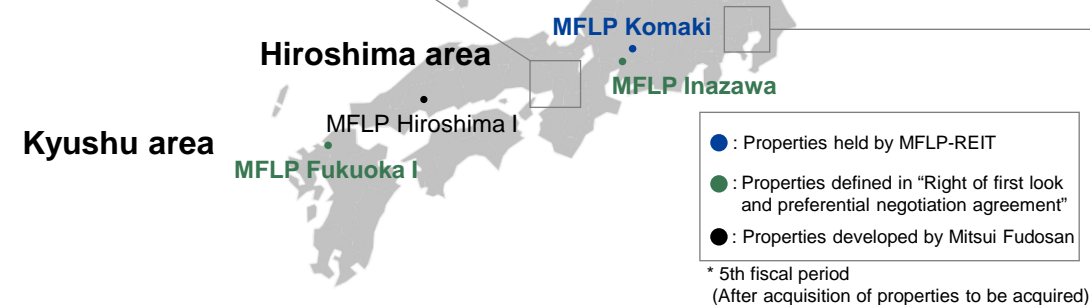
## 3-2. External Growth (2)

### Building a high-quality portfolio capitalizing on diversification of areas

#### Kansai area



#### Greater Nagoya area



#### Hiroshima area

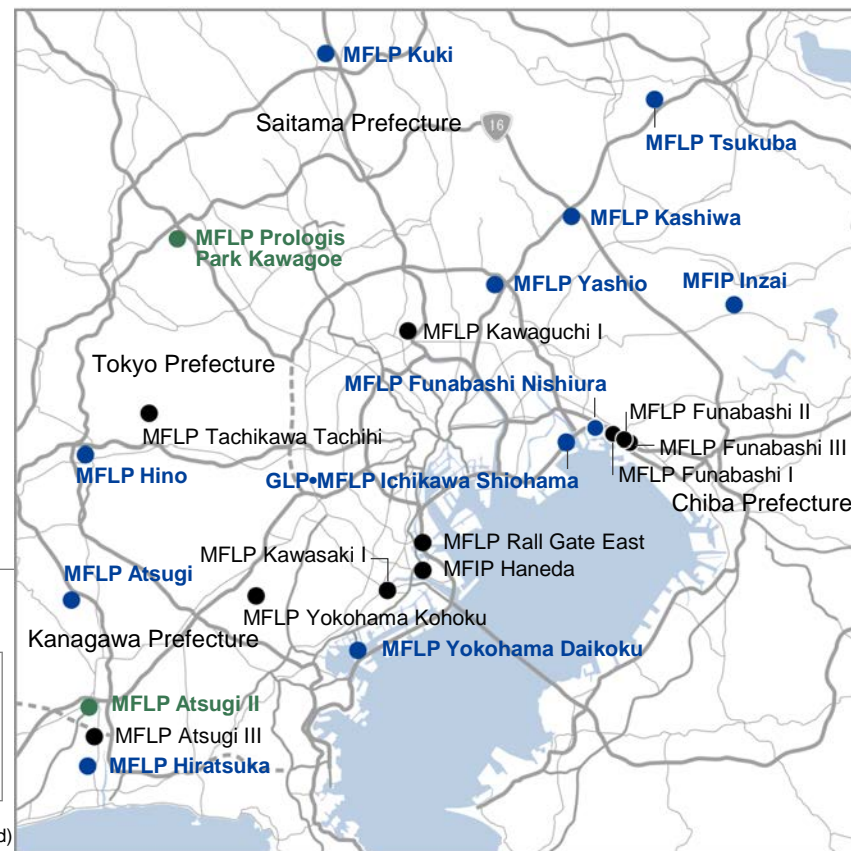
MFLP Hiroshima I  
MFLP Fukuoka I

#### Kyushu area

- : Properties held by MFLP-REIT
- : Properties defined in "Right of first look and preferential negotiation agreement"
- : Properties developed by Mitsui Fudosan

\* 5th fiscal period  
(After acquisition of properties to be acquired)

#### Tokyo metropolitan area



Properties defined in "Right of first look and preferential negotiation agreement"  
9 properties 770,000 m<sup>2</sup> \* (Total floor area)

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

MFLP-REIT's asset size  
13 properties 490,000 m<sup>2</sup> (Total floor area) 103.5 billion yen

Continuous external growth

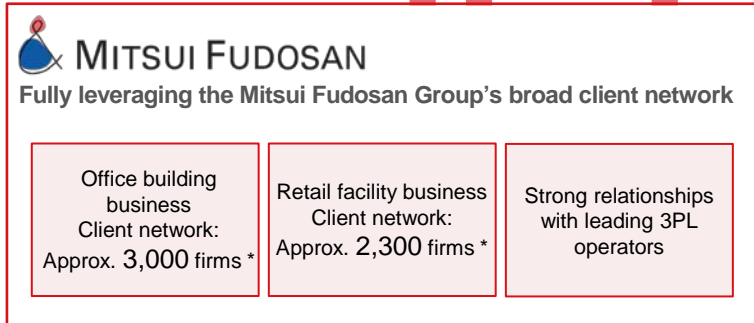
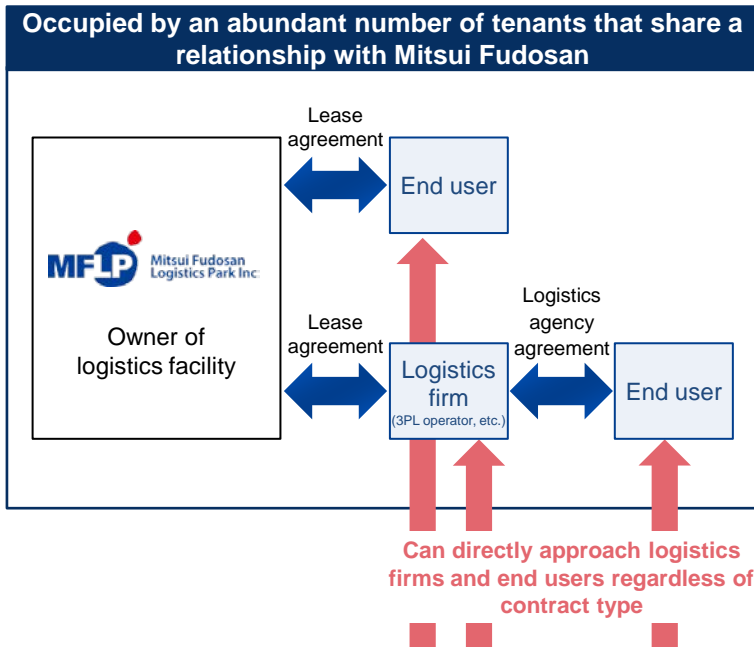
\* The floor area subject to the "Right of first look and preferential negotiation agreement" (after taking into consideration the quasi co-ownership interest).

### 3-3. Internal Growth

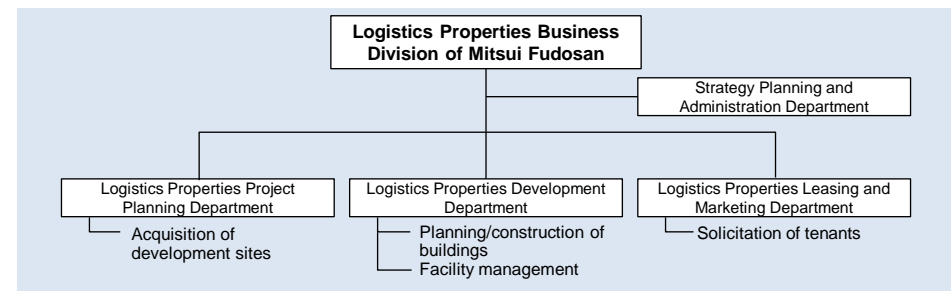
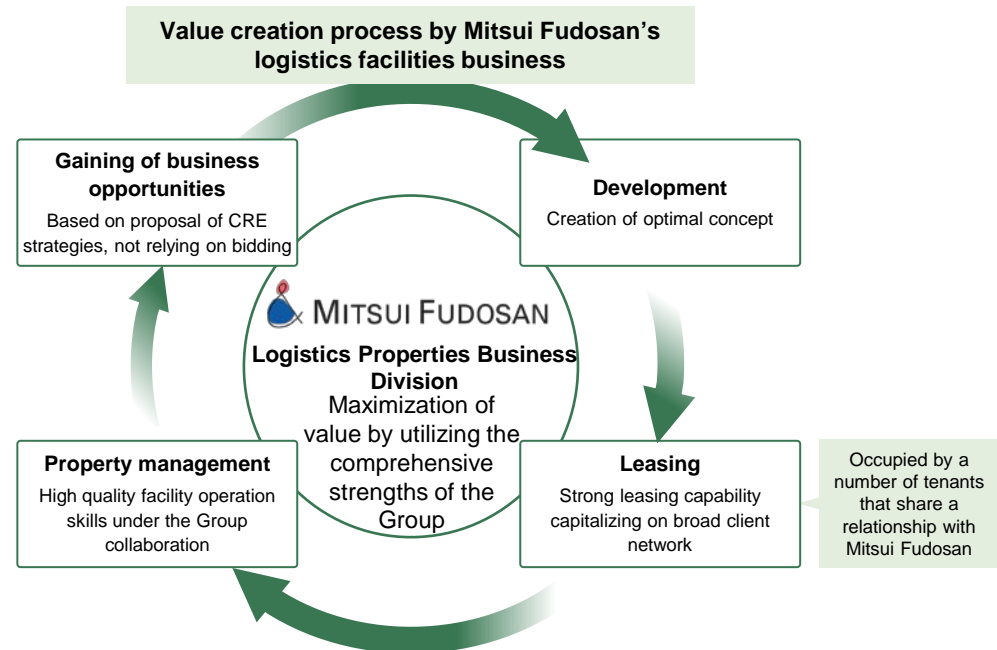
#### Stable management utilizing the platform (business foundation) and client network of the Mitsui Fudosan Group

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

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



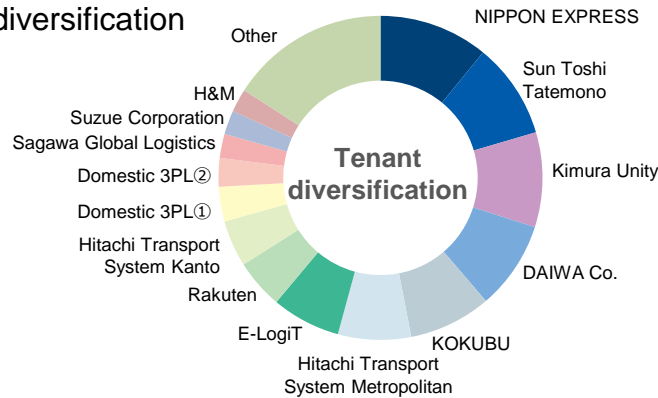
\* Source: Disclosed financial results materials of Mitsui Fudosan for the fiscal year ended March 31, 2018



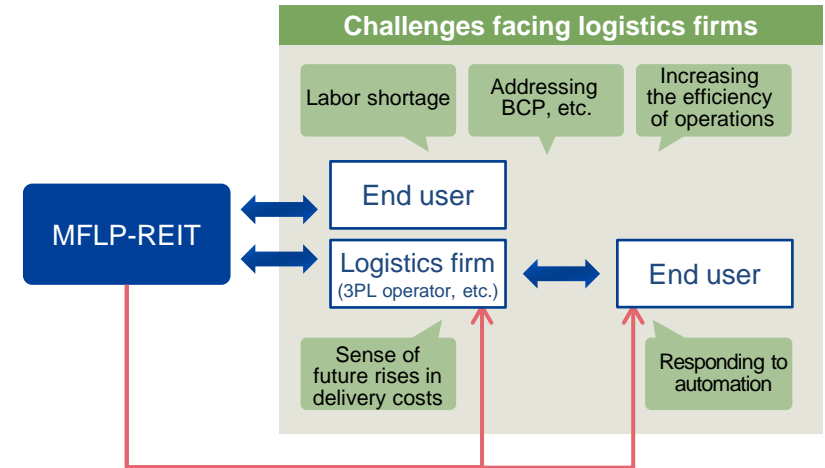
### 3-3. Internal Growth

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

#### Status of tenant diversification



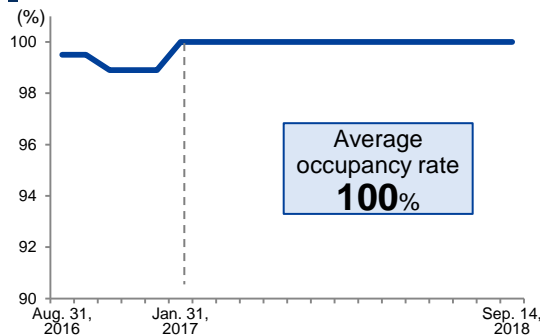
#### Key points of future asset management plans



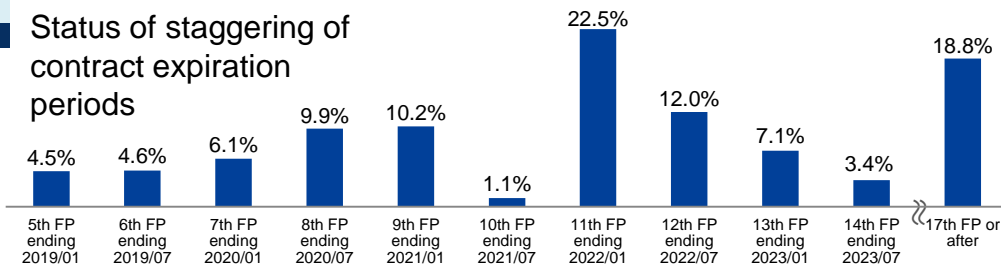
#### Status of lease agreements

Average lease period	6.1 years
Remaining lease contract period	Average 3.4 years

#### Status of occupancy rates



#### Status of staggering of contract expiration periods



#### Specific examples of solutions-based asset management by Mitsui Fudosan Group

- Consulting service for leading-edge ICT-related products for improving efficiency, labor-saving, etc.
- Consulting support to help tenant companies secure staff
- Matching of 3PL operators and end users
- Establishment of comfortable environment for those working within facilities



ICT LABO

\* The graphs and tables above are based on leased areas stated in concluded agreements as of September 14, 2018. "Average lease period" is weighted average. Please refer to "Calculation of average lease period" on p. 40 for details. MFLP Tsukuba (60%) to be acquired in 5th fiscal period is not included.

## 3-4. Financial Strategy (1)

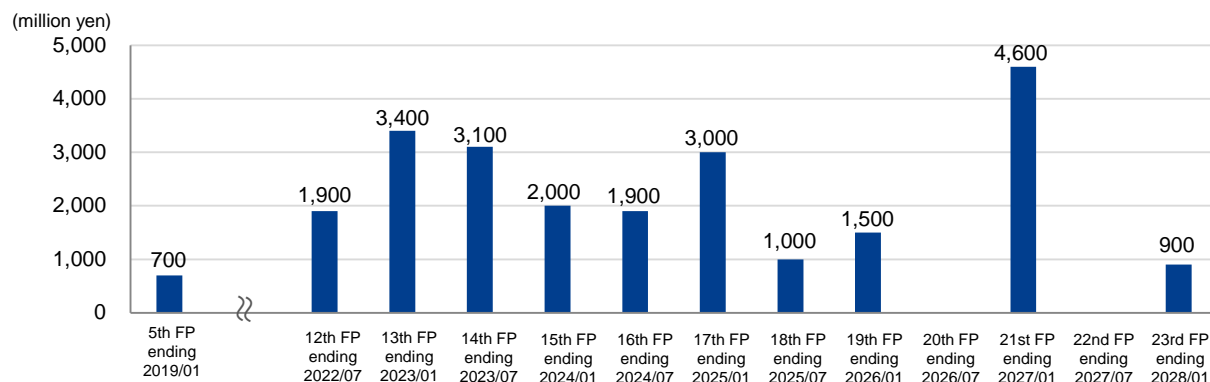
### Financial management with an emphasis on stability

#### Status of debt financing

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

Total interest-bearing debt	Average time to maturity (long-term only)	Average borrowing interest rate
24.0 billion yen	5.8 years	0.29%

#### Interest-bearing debt maturity ladder\*



#### Status of LTV

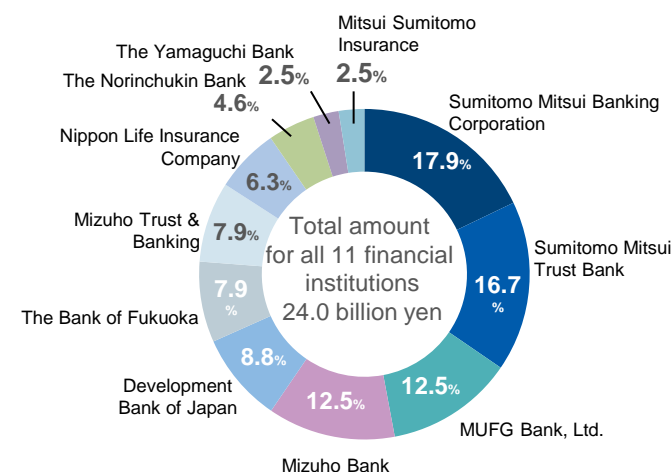
End of 4th fiscal period	End of 5th fiscal period (Forecast)	End of 6th FP reference	Medium- to long-term stabilized level
23.9%	27.2%	26.6%	40% to 50% range

#### Credit rating assignment\*

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

\* The graphs, tables and rating above are as of July 31, 2018.

#### Status of borrowings



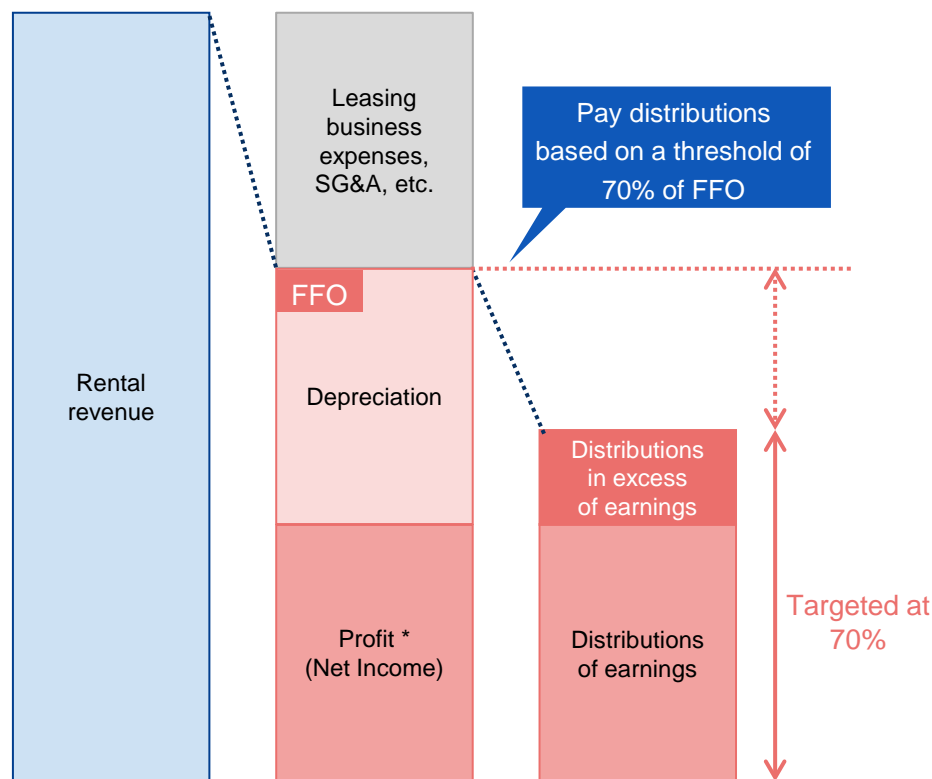


## 3-4. Financial Strategy (2)

### Efficient cash management

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

#### ■ Diagram of cash distribution based on FFO



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

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

##### Level of distribution

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

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

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

##### Securing financial stability

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

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

## 3-5. Unitholder Relations

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

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

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

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

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

MFLP-REIT receives 11% investment in capital from Mitsui Fudosan. (As of July 31, 2018)

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

11.0%

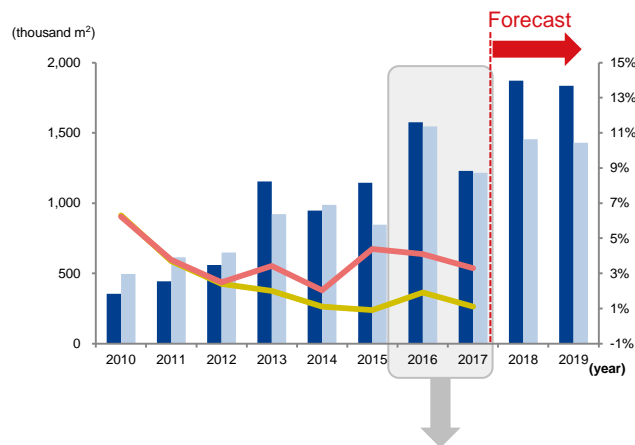
## 4. Logistics Market Overview

# 4-1. Logistics Market Overview (1)

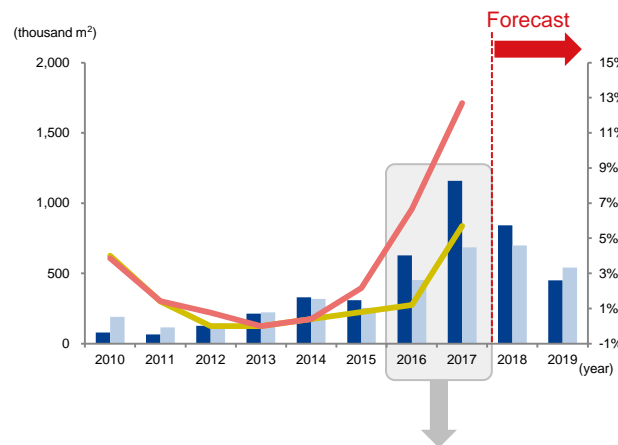
## Supply-demand balance and vacancy rate

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

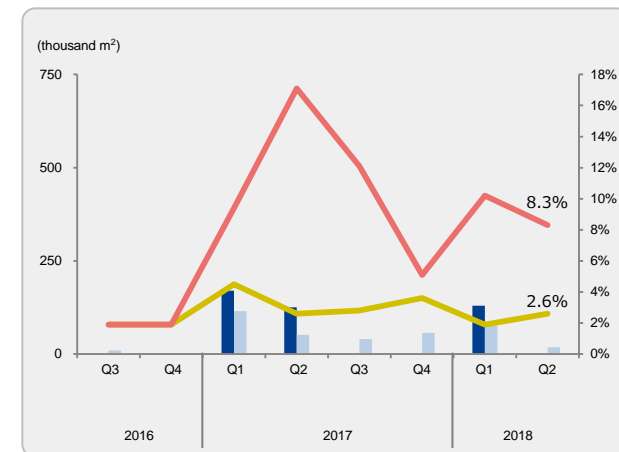
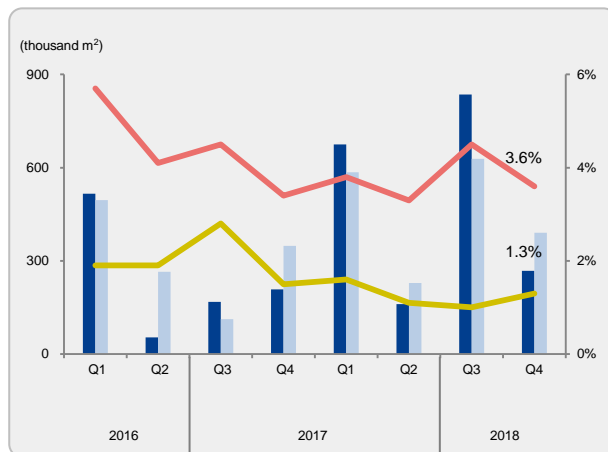
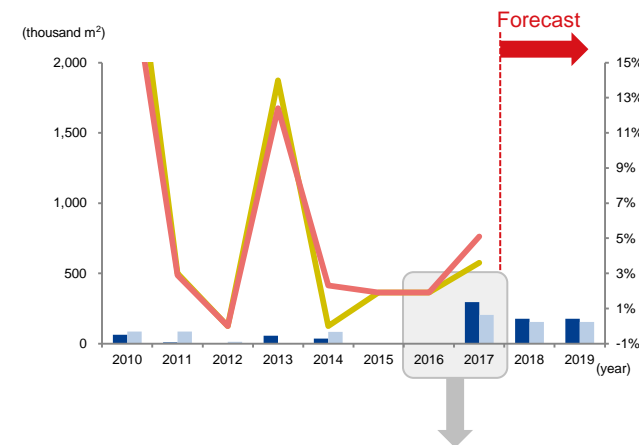
### Greater Tokyo area



### Greater Osaka area



### Greater Nagoya area

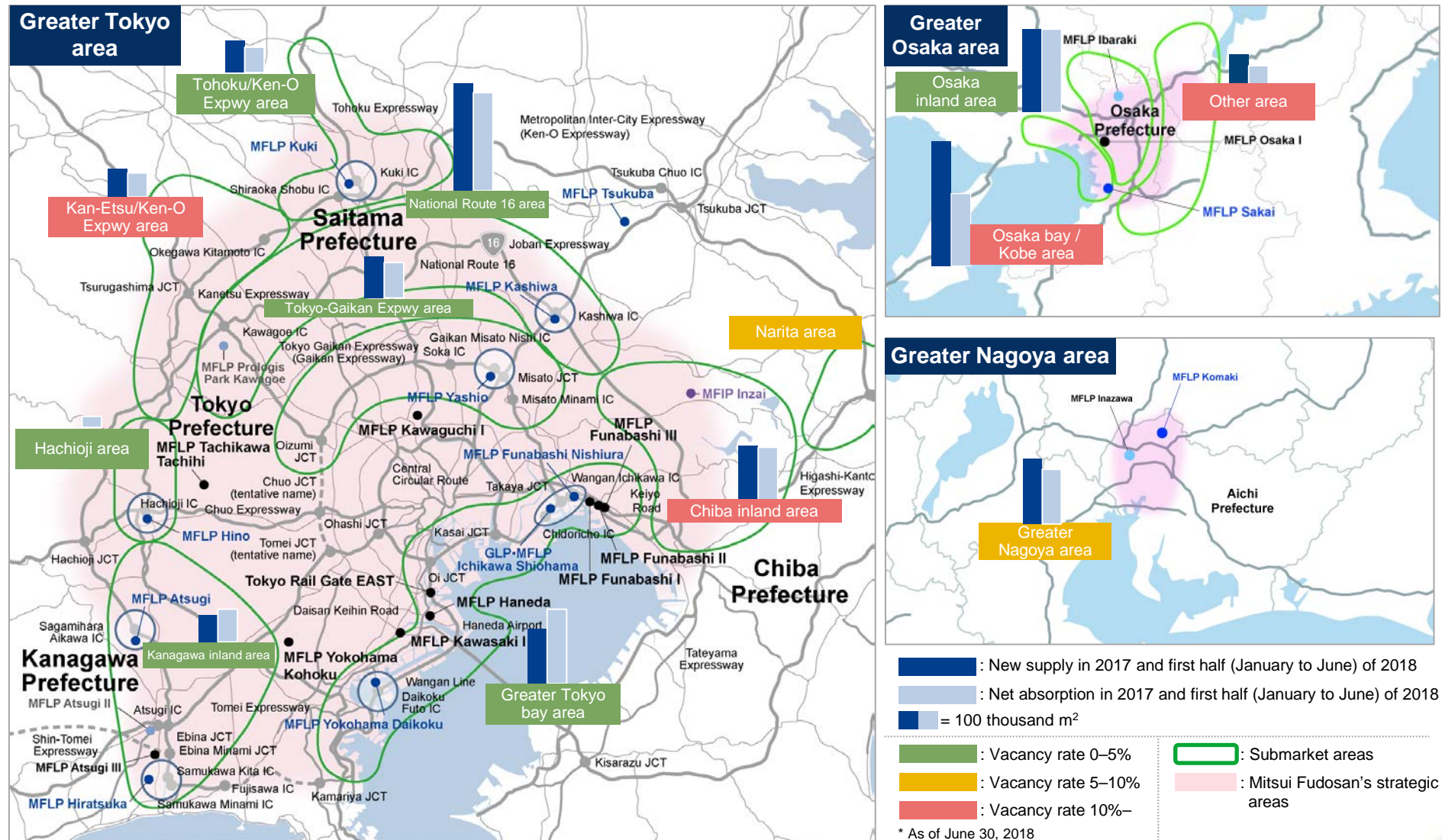


\* Source: CBRE K.K. (including forecast figures), as of June 31, 2018

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

## 4-1. Logistics Market Overview (2)

### Supply-demand balance and vacancy rate by submarket



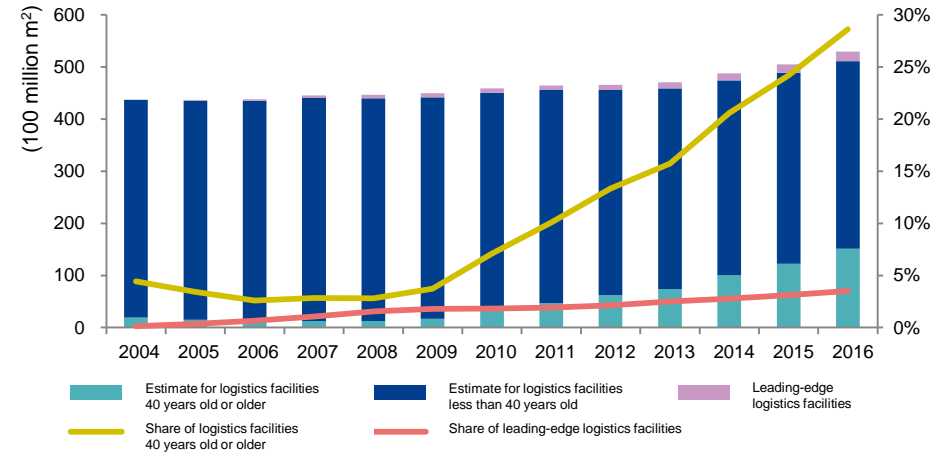
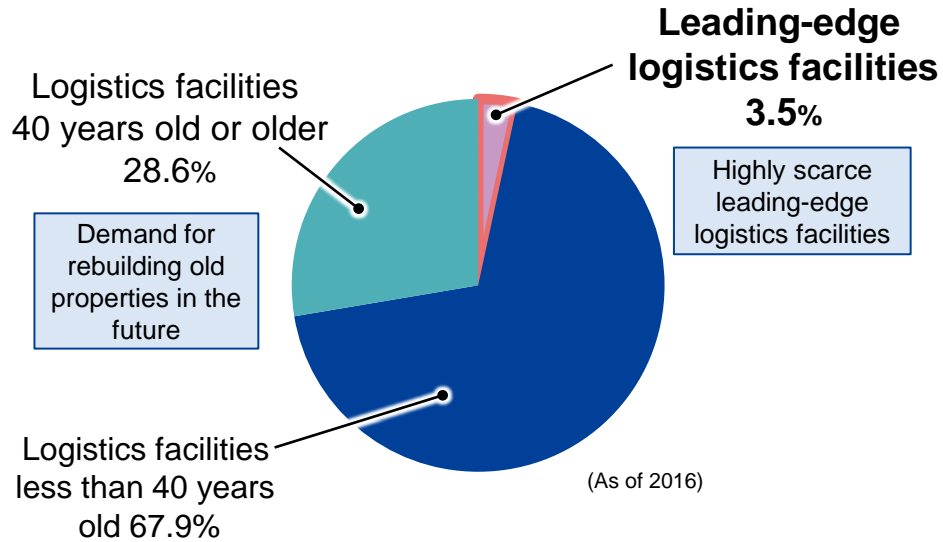
\* Source: CBRE K.K. (numerical figures only)

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



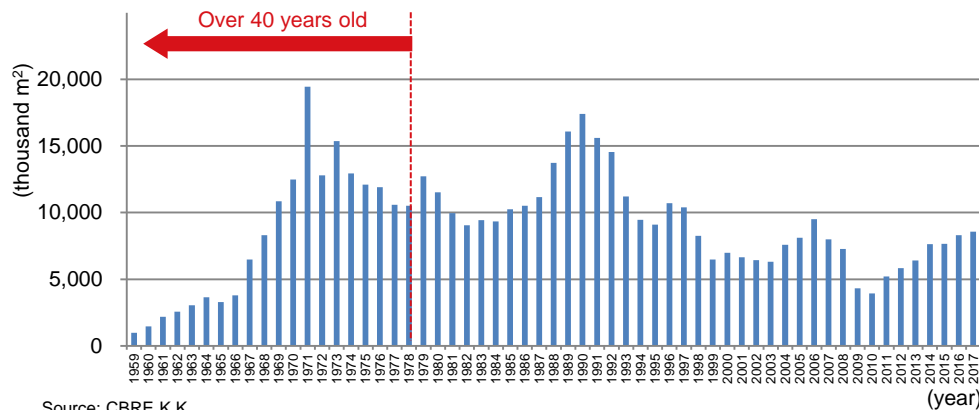
# 4-1. Logistics Market Overview (3)

## Stock of logistics facilities in Japan



\* Estimates by CBRE K.K. based on "Building Starts" (Ministry of Land, Infrastructure, Transport and Tourism) and "Summary Report on Prices, etc. of Fixed Assets" (Ministry of Internal Affairs and Communications). For details, please refer to "About analysis of Japan's logistics facilities stock" on p. 41 of this presentation material.

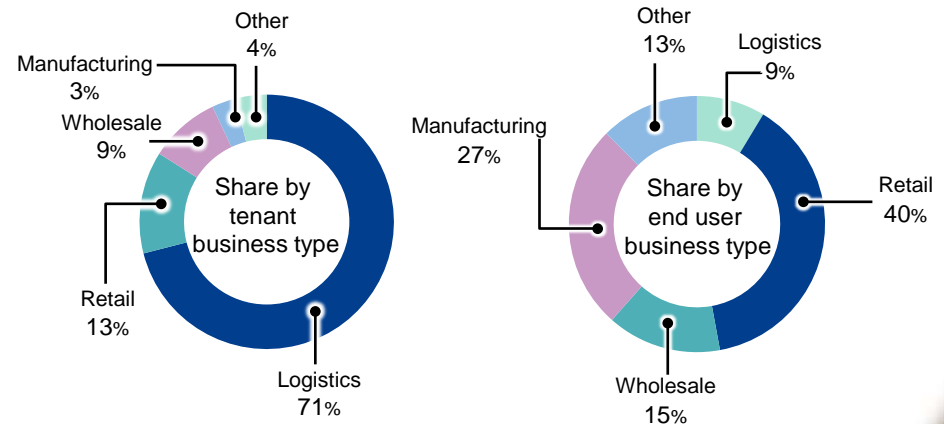
## Long-term data on building starts of logistics facilities (nationwide)



Source: CBRE K.K.

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

## Tenants / End users of logistics facilities



Source: CBRE K.K.

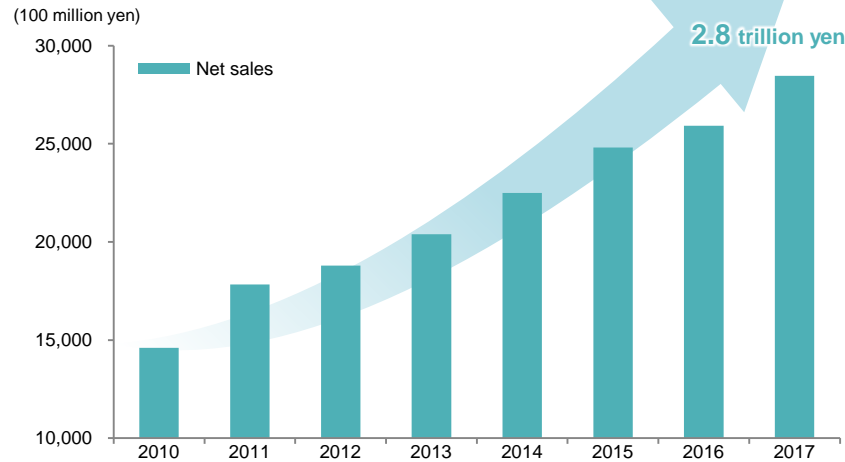
\* Figures are rounded to the whole number.

\* The survey is of rental logistics facilities that are held by real estate investment companies, real estate development companies, etc. and have total floor area of 5,000 m<sup>2</sup> or more as of the end of December 2017.

# 4-1. Logistics Market Overview (4)

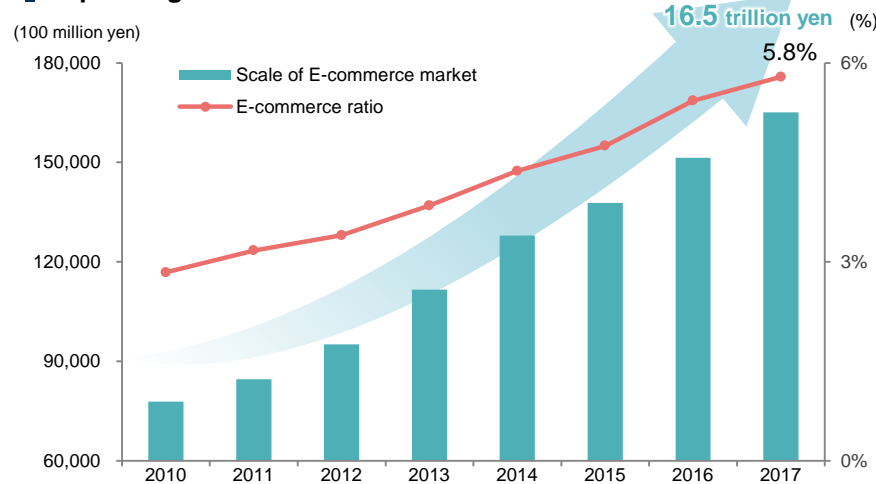
■ Mounting demand due to 3PL business and e-commerce market size expansion

## ■ 3PL market with stable growth



\* Figures compiled by CBRE K.K. based on the data of "Monthly Logistics Business (LOGI-BIZ)" (As of August 2018)

## ■ Expanding e-commerce market scale

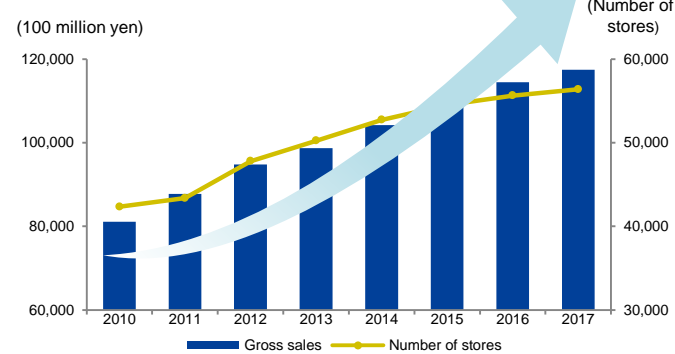


Source: "E-Commerce Market Survey" by the Ministry of Economy, Trade and Industry (Announced on April 25, 2018)

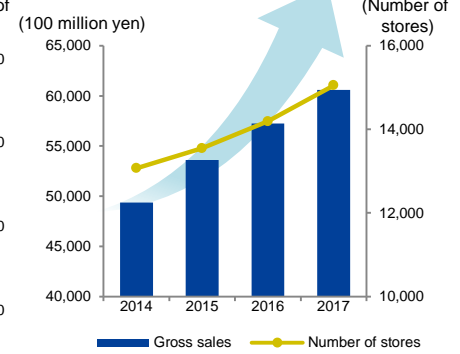
\* Amounts and percentages indicate the scale of B to C market in the e-commerce market.

■ Broader demand for leading-edge logistics facilities

## ■ Growth of convenience stores

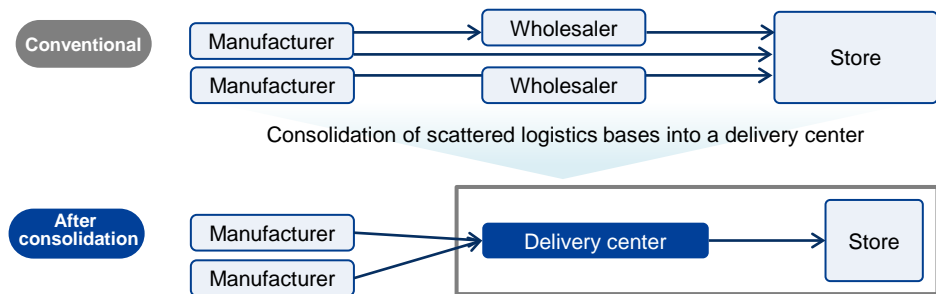


## ■ Growth of drug stores

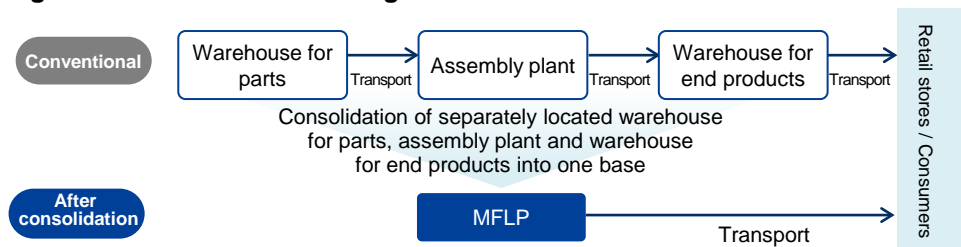


Source: "Current Survey of Commerce" by the Ministry of Economy, Trade and Industry (Announced on March 14, 2018)

## ■ Attracting delivery bases of retail stores (convenience stores/drug stores)



## ■ Integration of manufacturers' logistics bases



## 5. Appendix

# Statement of Income and Balance Sheet

## Statement of income

(Unit: million yen)

Item	3rd fiscal period (ended Jan. 31, 2018) Actual	4th fiscal period (ended Jul. 31, 2018) Actual
<b>Operating revenue</b>	<b>2,629</b>	<b>3,148</b>
Lease business revenue	2,523	3,037
Other lease business revenue	106	111
<b>Operating expenses</b>	<b>1,390</b>	<b>1,650</b>
Expenses related to rent business	1,086	1,306
Asset management fee	232	278
Asset custody and administrative service fees	17	17
Directors' compensations	5	5
Other operating expenses	47	42
<b>Operating income</b>	<b>1,239</b>	<b>1,498</b>
<b>Non-operating income</b>	<b>0</b>	<b>0</b>
<b>Non-operating expenses</b>	<b>54</b>	<b>53</b>
Interest expenses	26	32
Investment unit issuance expenses	23	-
Other offering costs associated with issuance of investment units	-	12
Other	4	8
<b>Ordinary income</b>	<b>1,185</b>	<b>1,445</b>
<b>Profit before income taxes</b>	<b>1,185</b>	<b>1,445</b>
Income taxes	0	0
<b>Profit (Net Income)</b>	<b>1,184</b>	<b>1,444</b>
<b>Unappropriated retained earnings</b>	<b>1,184</b>	<b>1,444</b>

## Balance sheet

(Unit: million yen)

Item	3rd fiscal period (ended Jan. 31, 2018) Actual	4th fiscal period (ended Jul. 31, 2018) Actual
<b>Current assets</b>	<b>2,176</b>	<b>3,526</b>
Cash and deposits	344	953
Cash and deposits in trust	1,670	1,803
Consumption taxes receivable	102	613
Other current assets	58	156
<b>Non-current assets</b>	<b>77,691</b>	<b>96,724</b>
Property, plant and equipment	77,633	96,664
Investments and other assets	58	59
<b>Total assets</b>	<b>79,868</b>	<b>100,250</b>
<b>Current liabilities</b>	<b>888</b>	<b>1,655</b>
Operating accounts payable	164	92
Short-term borrowings	-	700
Accounts payable – other	317	322
Income taxes payable	0	0
Advances received	404	538
Other current liabilities	1	1
<b>Non-current liabilities</b>	<b>19,544</b>	<b>25,191</b>
Long-term borrowings	18,000	23,300
Tenant leasehold and security deposits in trust	1,544	1,891
<b>Total liabilities</b>	<b>20,433</b>	<b>26,846</b>
<b>Total unitholders' equity</b>	<b>59,434</b>	<b>73,403</b>
Unitholders' capital	58,350	72,120
Deduction from unitholders' capital	-100	-161
Unitholders' capital, net	58,250	71,958
Surplus	1,184	1,444
<b>Total net assets</b>	<b>59,434</b>	<b>73,403</b>
<b>Total liabilities and net assets</b>	<b>79,868</b>	<b>100,250</b>

# 4th Fiscal Period Individual Property Income Statement

(Unit: million yen)

	GLP/MFLP Ichikawa Shiohama	MFLP Kuki	MFLP Yokohama Daikoku	MFLP Yashio	MFLP Atsugi	MFLP Funabashi Nishiura	MFLP Kashiwa	MFLP Sakai	MFLP Komaki	MFLP Hino	MFLP Hiratsuka	MFIP Inzai	Portfolio total
Number of days of asset management	181 days	181 days	181 days	181 days	181 days	181 days	181 days	181 days	181 day *	180 days	139 days	181 days	-
Operating revenue from real estate leasing	Lease business revenue	458	444	332				160		204			3,037
	Other lease business revenue	28	33	17				9		11			111
	Total	487	477	349				169		216			3,148
Operating expenses from real estate leasing	Outsourcing expenses	36	32	24	Not disclosed *	Not disclosed *	Not disclosed *	Not disclosed *	Not disclosed *	16	Not disclosed *	Not disclosed *	179
	Utility expenses	17	23	13						9			78
	Repair expenses	4	6	8						2			32
	Property- related taxes	37	43	39						0			257
	Other expenses	1	2	1						0			13
	Total	97	108	88						29			561
Depreciation	79	107	85	62	63	50	49	43	88	52	42	18	744
Operating income (loss) from real estate leasing	309	261	176	200	163	138	94	84	142	133	94	42	1,842
NOI from real estate leasing [Operating income (loss) from real estate leasing + Depreciation])	389	368	261	263	227	188	144	127	230	186	136	61	2,587

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

\* Acquisition of the 60% quasi co-ownership interest of MFLP Komaki was made on February 2, 2018, but the acquisition of the 40% was made on August 4, 2017. Therefore, the number of days of asset management is indicated as 181 days.



# Appraisal Summary for the End of 4th Fiscal Period

(Unit: million yen)

	Acquisition date	Acquisition price	Book value at end of 4th fiscal period	End of 3rd fiscal period (End of Jan. 2018) (a)		End of 4th fiscal period (End of Jul. 2018) (b)		Change (b)-(a)		Main factors of change	
				Appraisal value	CR <sup>*1</sup>	Appraisal value	CR <sup>*1</sup>	Appraisal value	CR <sup>*1</sup>	CR <sup>*1</sup>	Other
GLP/MFLP Ichikawa Shiohama	2016/09	15,500	15,283	16,650	4.2%	16,750	4.2%	+100	0	-	○
MFLP Kuki	2016/08	12,500	12,151	13,500	4.8%	13,700	4.7%	+200	-0.1	○	-
MFLP Yokohama Daikoku	2016/08	10,100	9,871	10,500	4.6%	10,500	4.6%	0	0	-	-
MFLP Yashio	2016/08	9,650	9,456	10,600	4.5%	10,600	4.5%	0	0	-	-
MFLP Atsugi	2016/08	7,810	7,615	8,620	4.6%	8,680	4.6%	+60	0	-	○
MFLP Funabashi Nishiura	2016/08	6,970	6,807	7,490	4.6%	7,520	4.6%	+30	0	-	○
MFLP Kashiwa	2016/08	6,300	6,149	6,870	4.6%	6,900	4.6%	+30	0	-	○
MFLP Sakai	2016/08	4,500	4,374	4,930	4.7%	4,910	4.7%	-20	0	-	○
MFIP Inzai	2016/08	2,180	2,142	2,440	4.8%	2,440	4.8%	0	0	-	-
MFLP Komaki <sup>*2</sup>	2017/08	8,260	8,219	8,430	4.7%	8,520	4.6%	+90	-0.1	○	-
MFLP Hino <sup>*3</sup>	2018/02	7,520	7,543	7,570	4.2%	7,570	4.2%	0	0	-	-
MFLP Hiratsuka	2018/03	7,027	7,049	7,070	4.5%	7,090	4.5%	+20	0	-	○
Total or Average as of the end of 4th fiscal period	-	98,317	96,664	104,670	4.5%	105,180	4.5%	+510	0	-	-

## Reference

MFLP Tsukuba <sup>*4</sup>	2018/12 (planned)	5,268	5,268	Amount of difference = Unrealized gain 9,246 million yen		6,000	4.9%	-	-	-	-
Total or Average for 5th fiscal period (After acquisition of properties to be acquired)	-	103,585	101,933	-	-	111,180	4.5%	-	-	-	-

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

<sup>\*2</sup> For MFLP Komaki, appraisal value at end of 3rd fiscal period indicates a total of appraisal values of the 40% and 60% quasi co-ownership interests with January 31, 2018 and November 30, 2017 as the date of value, respectively; and CR at end of 3rd fiscal period indicates the weighted average of both.

Acquisition date of MFLP Komaki indicates the acquisition date of the 40% quasi co-ownership interest.

<sup>\*3</sup> For MFLP Hino and MFLP Hiratsuka, appraisal values at end of 3rd fiscal period indicate appraisal values with November 30, 2017 as the date of value.

<sup>\*4</sup> For MFLP Tsukuba, book value at the end of 4th fiscal period indicates the planned acquisition price; and appraisal value at the end of 4th fiscal period indicates appraisal value with July 31, 2018 as the date of value.

# Initiatives for ESG

## – Environmental Principles and Initiatives for Environment/Society

### Environmental policies of Mitsui Fudosan Group

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



### Initiatives for tenants and local communities

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



Cafeteria, shops



Implemented beautification activities (cleaning)



Commuter shuttle



Designated as a tsunami evacuation building (MFLP Sakai)

### Initiatives for reducing environmental load

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



### Eco-friendly green buildings

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



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

\*1: Certification has already expired as of September 14, 2018.

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

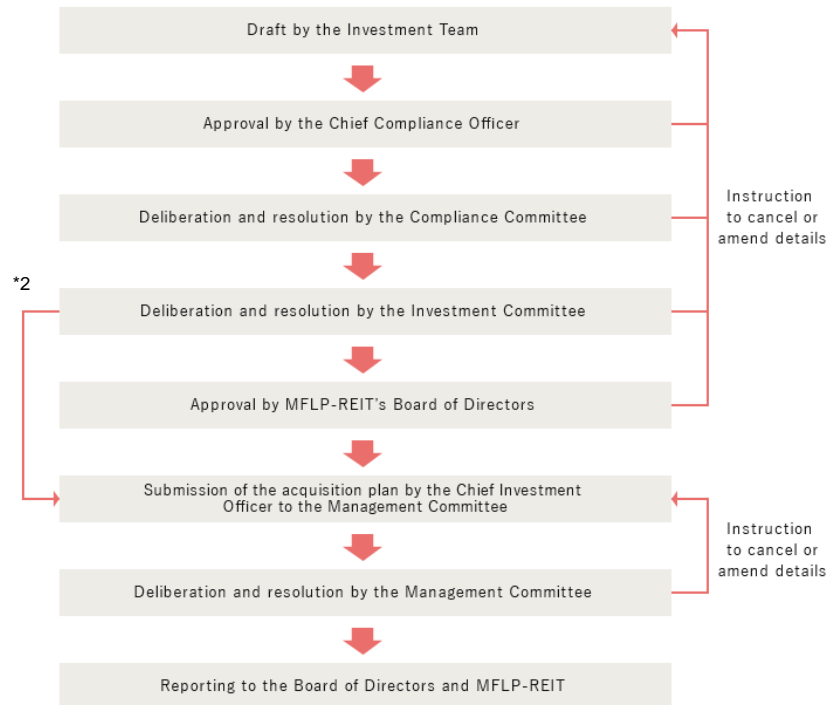
# Initiatives for ESG

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

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

### Rules concerning conflicts of interest in asset management

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



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

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

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

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

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

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

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

MFLP-REIT receives **11.0%** investment in capital from Mitsui Fudosan. (As of July 31, 2018)

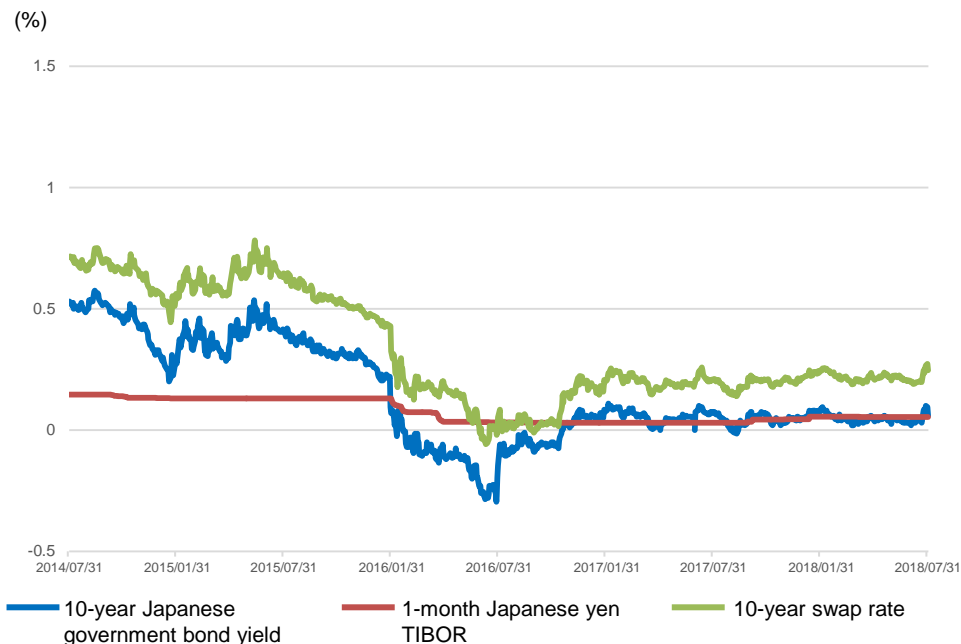
Receiving certain investment in capital leads to alignment of the interests of MFLP-REIT's unitholders and Mitsui Fudosan and asset management that pursues mutually greater interests.

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

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

# Interest Rate Market Data/Status of Interest-Bearing Debt

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



## Commitment lines

(As of July 31, 2018)

Lender	Amount (million yen)	Balance of borrowings (million yen)	Contract start date	Contract deadline	Remarks
Sumitomo Mitsui Banking Corporation	3,000	0	2016/8/2	2021/8/2	Unsecured Non-guaranteed
Sumitomo Mitsui Trust Bank, Limited	3,000	0	2016/9/1	2021/8/31	Unsecured Non-guaranteed

## Borrowings

(As of July 31, 2018)

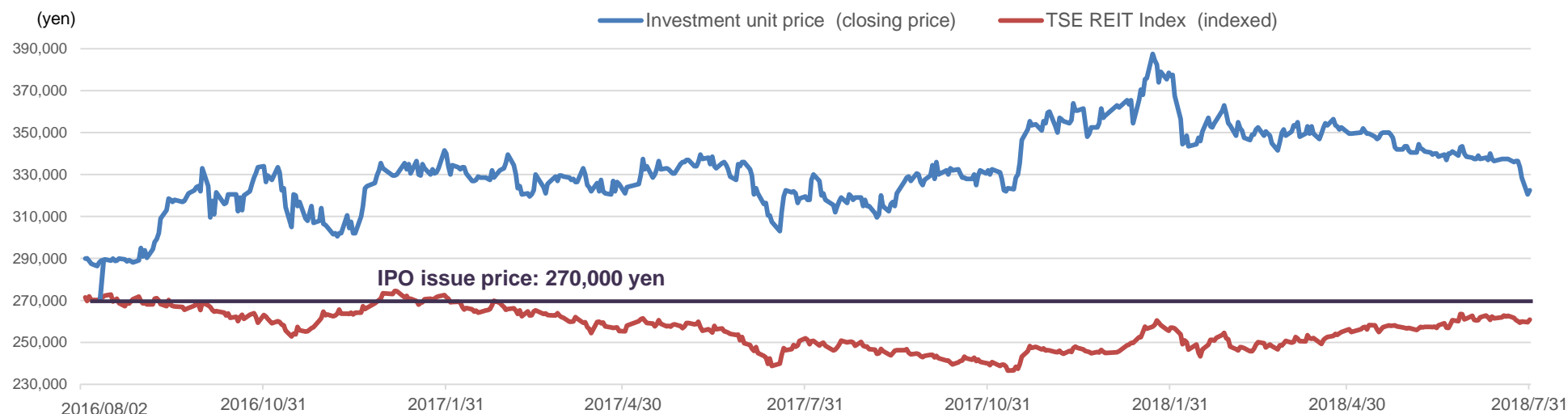
	Lender	Amount (million yen)	Interest rate <sup>*1</sup>	Repayment date <sup>*2</sup>	Borrowing period	Remarks
Short-term borrowings	Sumitomo Mitsui Trust Bank, Limited	500	0.09818%	2018/9/18	2 months	Unsecured Non-guaranteed
	The Bank of Fukuoka, Ltd.	200	0.10364%	2018/9/18	3 months	
	<b>Total short-term borrowings</b>	700				
Long-term borrowings	Sumitomo Mitsui Banking Corporation	2,000	0.2713%	2022/9/1	6 years	Unsecured Non-guaranteed
		1,500	0.4213%	2026/9/1	10 years	
		800	0.24%	2022/3/15	4 years	
	Sumitomo Mitsui Trust Bank, Limited	2,000	0.3050%	2023/9/1	7 years	
		1,500	0.3813%	2025/9/1	9 years	
	Mizuho Bank, Ltd.	400	0.1425%	2022/8/2	6 years	
		1,700	0.2113%	2024/8/2	8 years	
	MUFG Bank, Ltd.	900	0.48949%	2027/9/15	9.5 years	
		2,200	0.1826%	2023/3/1	6.5 years	
		800	0.24%	2022/3/31	4 years	
		600	0.3237%	2024/3/1	7.5 years	
	Mizuho Trust & Banking Co., Ltd.	700	0.3425%	2024/9/2	8 years	
		300	0.2188%	2022/3/15	4 years	
		300	0.2613%	2023/3/15	5 years	
	Development Bank of Japan Inc.	2,100	0.3125%	2026/8/3	10 years	
	The Bank of Fukuoka, Ltd.	1,300	0.2169%	2024/2/2	7.5 years	
		400	0.3563%	2025/3/14	7 years	
	Nippon Life Insurance Company	1,000	0.3125%	2026/8/3	10 years	
		500	0.2575%	2022/8/4	5 years	
	The Norinchukin Bank	500	0.2575%	2022/8/4	5 years	
		600	0.2613%	2023/3/15	5 years	
	THE YAMAGUCHI BANK, Ltd.	600	0.3319%	2024/9/13	6.5 years	
	Mitsui Sumitomo Insurance Company, Limited	600	0.3563%	2025/3/14	7 years	
	<b>Total long-term borrowings</b>	23,300				

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

\*2: Repayment methods are all bullet repayments.

# Investment Unit Price Trends/Status of Unitholders

## Investment unit price firm since IPO



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

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

## Status of unitholders at end of 4th fiscal period (end of July 2018)

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

	Number of unitholders	% of total	Number of investment units	% of total
Individuals/Other	6,654	93.3%	24,851	9.5%
Financial institutions	140	2.0%	158,954	60.5%
Other Japanese corporations	198	2.8%	34,822	13.3%
Non-Japanese	124	1.7%	42,370	16.1%
Securities companies	19	0.3%	1,777	0.7%
Total	7,135	100.0%	262,774	100.0%

### Major unitholders

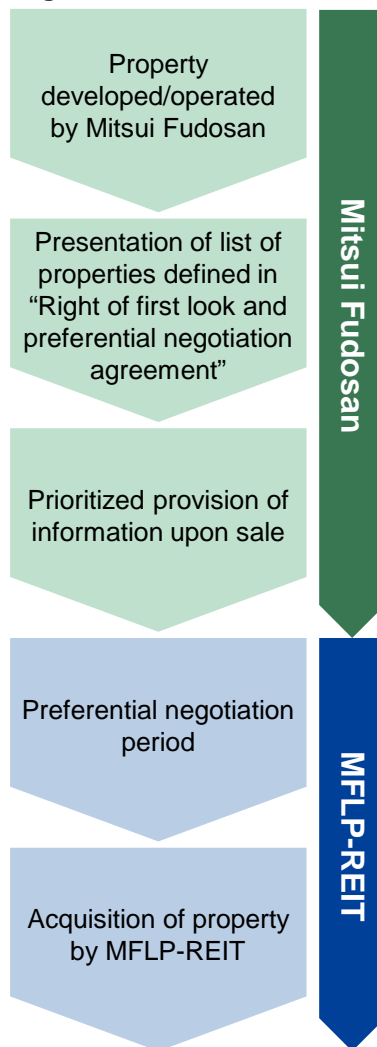
	Number of investment units	% of total
The Master Trust Bank of Japan, Ltd. (trust account)	50,215	19.1%
Japan Trustee Services Bank, Ltd. (trust account)	33,401	12.7%
Mitsui Fudosan Co., Ltd.	28,900	11.0%
The Nomura Trust and Banking Co., Ltd. (Investment Account)	11,987	4.6%
Trust & Custody Services Bank, Ltd. (securities investment trust account)	10,545	4.0%
Total	135,048	51.4%



# Mitsui Fudosan's Major Development/Operation Track Record

Fiscal year of completion <sup>2</sup>	Property developed/operated	Location	Total floor area	Acquisition by MFLP-REIT <sup>3</sup>	Property defined in "Right of first look and preferential negotiation agreement" <sup>4</sup>
FY2013	MFLP Yokohama Daikoku	Yokohama, Kanagawa	100,530 m <sup>2</sup>	● (50%)	—
	GLP/MFLP Ichikawa Shiohama	Ichikawa, Chiba	105,019 m <sup>2</sup>	● (50%)	—
	MFLP Yashio	Yashio, Saitama	40,728 m <sup>2</sup>	●	—
FY2014	MFLP Kuki	Kuki, Saitama	73,153 m <sup>2</sup>	●	—
	MFLP Sakai	Sakai, Osaka	125,127 m <sup>2</sup>	● (20%)	● (80%)
	MFLP Funabashi Nishiura	Funabashi, Chiba	30,947 m <sup>2</sup>	●	—
	MFLP Atsugi	Aiko, Kanagawa	40,942 m <sup>2</sup>	●	—
	MFIP Inzai	Inzai, Chiba	40,478 m <sup>2</sup>	● (20%)	● (80%)
FY2015	MFLP Hino	Hino, Tokyo	205,200 m <sup>2</sup>	● (15%)	● (85%)
	MFLP Kashiwa	Kashiwa, Chiba	31,242 m <sup>2</sup>	●	—
FY2016	MFLP Funabashi I	Funabashi, Chiba	197,746 m <sup>2</sup>	—	—
	MFLP Fukuoka I	Kasuya, Fukuoka	32,199 m <sup>2</sup>	—	● (81%)
	MFLP Hiratsuka	Hiratsuka, Kanagawa	33,061 m <sup>2</sup>	●	—
	MFLP Komaki	Komaki, Aichi	40,597 m <sup>2</sup>	●	—
FY2017	MFLP Inazawa	Inazawa, Aichi	72,883 m <sup>2</sup>	—	●
	MFLP Ibaraki	Ibaraki, Osaka	230,435 m <sup>2</sup>	—	●
	MFLP Tsukuba	Tsukubamirai, Ibaraki	Existing building: 37,027 m <sup>2</sup> Annex building: 25,457 m <sup>2</sup>	● (60%)	● (40%)
FY2018	MFLP Atsugi II	Isehara, Kanagawa	48,976 m <sup>2</sup>	—	●
	MFLP Prologis Park Kawagoe	Kawagoe, Saitama	131,298 m <sup>2</sup>	—	● (50%)
FY2019	MFIP Haneda	Ota, Tokyo	Approx. 80,900 m <sup>2</sup>	—	—
	MFLP Atsugi III	Hiratsuka, Kanagawa	Approx. 47,500 m <sup>2</sup>	—	—
	MFLP Kawaguchi I	Kawaguchi, Saitama	Approx. 54,100 m <sup>2</sup>	—	—
	MFLP Hiroshima I	Hiroshima, Hiroshima	Approx. 71,800 m <sup>2</sup>	—	—
	MFLP Kawasaki I	Kawasaki, Kanagawa	A: Approx. 34,000 m <sup>2</sup> B: Approx. 16,000 m <sup>2</sup>	—	—
	MFLP Funabashi II	Funabashi, Chiba	Approx. 224,200 m <sup>2</sup>	—	—
	MFLP Yokohama Kohoku	Yokohama, Kanagawa	Approx. 50,300 m <sup>2</sup>	—	—
FY2020	MFLP Tachikawa Tachihi	Tachikawa, Tokyo	Approx. 67,000 m <sup>2</sup>	—	—
	MFLP Osaka I	Osaka, Osaka	Approx. 48,300 m <sup>2</sup>	—	—
	Tokyo Rail Gate EAST	Shinagawa, Tokyo	Approx. 161,400 m <sup>2</sup>	—	—
	MFLP Funabashi III	Funabashi, Chiba	Approx. 270,000 m <sup>2</sup>	—	—
Fiscal 2021 or after	(Tentative) Ichikawa Shiohama Logistics Facility Development Project	Ichikawa, Chiba	Approx. 183,800 m <sup>2</sup>	—	—
TBD	Other data centers (2 properties)	—	—	—	—

## Flow regarding provision of right of first look information



\*1: For details of Mitsui Fudosan's major development/operation track record, please refer to p. 40.

\*2: In the case of MFLP Yokohama Daikoku, it is the fiscal year in which the property began to be under its operation. The fiscal year of completion of the property is fiscal 2009. The fiscal year of completion of the existing building of MFLP Tsukuba is fiscal 2010.

\*3: The percentage figure in parentheses is the percentage of quasi co-ownership interest in the portfolio asset. MFLP-REIT plans to acquire MFLP Tsukuba on December 3, 2018.

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

## [About financial highlights]

- \*1 Appraisal value for properties held by MFLP-REIT as of the end of 4th fiscal period indicates a period-end book value, and that for properties to be acquired in the 5th fiscal period indicates a figure obtained by subtracting the total of acquisition prices from appraisal value.
- \*2 Occupancy rate is the occupancy rate on a contract basis. The occupancy rate for 5th fiscal period (After property acquisition) is as of September 14 2018.
- \*3  $LTV \text{ ratio} = \text{Balance of interest-bearing debt} \div \text{Total assets}$
- \*4 Including distribution in excess of earnings. (Number of investment units issued and outstanding: 262,774 units at the end of 4th, 5th and 6th fiscal periods)
- \*5 NAV per unit  
End of 4th fiscal period (Actual):  $(\text{Net assets} + \text{Unrealized gain on appraisal basis}) (=NAV \text{ as of the end of 4th FP}) / \text{Number of investment units issued and outstanding (262,774 units)}$   
5th fiscal period (After acquisition of properties to be acquired):  $(NAV \text{ as of the end of 4th FP} + \text{Unrealized gain based on the appraisal value of properties to be acquired in the 5th FP}) / \text{Number of investment units issued and outstanding (262,774 units)}$

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

Descriptions of major properties developed/operated by Mitsui Fudosan in this document are based on materials released on May 21, 2018 by Mitsui Fudosan. "32 facilities 480.0 billion yen 2,700,000 m<sup>2</sup>" includes properties under development or scheduled to be developed as of the date and their (planned) investment amounts. Properties scheduled to be developed include those targeted or planned by the Mitsui Fudosan Group as of the release date, and are subject to change or cancellation. Furthermore, there are no details concerning the timing of completion of the aforementioned investments that had been finalized as of the release date. Nor does MFLP-REIT guarantee or promise that the plans be materialized. "Tokyo Rail Gate EAST" is included in "32 facilities 480.0 billion yen 2,700,000 m<sup>2</sup>" in terms of the number of facilities, but not in term of the amount. Mitsui Fudosan has no plans to acquire the property as of the date of this document. "(Tentative) Ichikawa Shiohama Logistics Facility Development Project" described on p. 39 is based on the material announced by Mitsui Fudosan on August 6, 2018.

## [About properties defined in 'Right of first look and preferential negotiation agreement']

"Properties defined in 'Right of first look and preferential negotiation agreement'" refers to properties on the list of right of first look and preferential negotiation properties pertaining to real estate subject to provision of information, presented based on the right of first look and preferential negotiation agreement executed between the Asset Management Company and Mitsui Fudosan upon the Asset Management Company managing MFLP-REIT's assets. In this document, however, the 40% quasi co-ownership interest of MFLP Tsukuba, of which right of first refusal has been acquired by MFLP-REIT through an agreement between the quasi co-owners concluded with MG Leasing Corporation, is included. "Real estate subject to provision of information" refers to, among real estate, etc. held by Mitsui Fudosan or a real estate fund which accepted investment or monetary contribution of Mitsui Fudosan, those which are judged to have the possibility to be sold to MFLP-REIT at Mitsui Fudosan's discretion.

## [Calculation of average lease period]

"Average lease period" is calculated by weighted averaging the lease periods stated in concluded lease agreements as of September 14, 2018 with leased areas. Concerning the subject lease agreements, when a new lease agreement ("re-contract") starting on the day immediately following the expiration date of the respective lease agreement is concluded with the same lessee, lease period is deemed to be from the start of the initial lease agreement to the expiration date of the re-contract, and used in the calculation as such.

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

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

[About analysis of Japan's logistics facilities stock]

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

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