

# **7th Fiscal Period Asset Management Report**

**Mitsui Fudosan Logistics Park Inc.**

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

From: August 1, 2019  
To: January 31, 2020

## **I. To Our Unitholders**

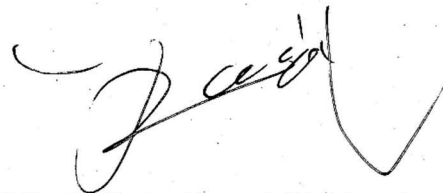
Mitsui Fudosan Logistics Park Inc. (MFLP-REIT), which listed on the Tokyo Stock Exchange Real Estate Investment Trust (REIT) Market on August 2, 2016, has ended its 7th fiscal period in January 2020 with smooth sailing.

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

The difficult situation in the Japanese economy is expected to continue due to the impact of the spread of the novel coronavirus disease (COVID-19) in Japan and overseas. Furthermore, the outlook of the economy depends on when the spread subsides and the magnitude of the impact on the Japanese and global economy. However, it is believed that the Japanese economy will improve, supported by accommodative financial conditions and economic measures by the government, in addition to the expectation that pent up demand will be actualized and production will recover after the impact of the spread of COVID-19 subsides in Japan and overseas.

In the logistics market, we do not currently see any significant alterations. Furthermore, with the 3PL business, which specializes in outsourced logistics services, the scale of e-commerce markets and the aggregated needs of delivery and logistics bases on an expansionary trend, we believe that the demand for advanced logistics facilities is extremely stable. However, we are thoroughly observing the impact of COVID-19, which includes economic and societal trends, financial and real estate market trends, etc.

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		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)	4th period (From February 1, 2018 to July 31, 2018)	3rd period (From August 1, 2017 to January 31, 2018)
Operating revenues	(millions of yen)	5,064	4,969	3,280	3,148	2,629
[Of which: Property leasing business revenues]	(millions of yen)	[5,064]	[4,969]	[3,280]	[3,148]	[2,629]
Operating expenses	(millions of yen)	2,748	2,650	1,720	1,650	1,390
[Of which: Property leasing business expenses]	(millions of yen)	[2,175]	[2,134]	[1,338]	[1,306]	[1,086]
Operating income	(millions of yen)	2,315	2,318	1,560	1,498	1,239
Ordinary income	(millions of yen)	2,238	2,203	1,520	1,445	1,185
Net income	(millions of yen)	2,237	2,202	1,519	1,444	1,184
Total assets	(millions of yen)	157,023	160,681	104,591	100,250	79,868
[Period-on-period change]	(%)	[(2.3)]	[53.6]	[4.3]	[25.5]	[1.3]
Net assets	(millions of yen)	109,060	109,284	73,390	73,403	59,434
[Period-on-period change]	(%)	[(0.2)]	[48.9]	[(0.0)]	[23.5]	[(0.0)]
Interest-bearing debt	(millions of yen)	42,900	46,800	28,000	24,000	18,000
Unitholders' capital, net (Note 3)	(millions of yen)	106,822	107,081	71,870	71,958	58,250
Total number of investment units issued and outstanding	(units)	379,000	379,000	262,774	262,774	224,000
Net assets (Net asset value (NAV)) per unit	(yen)	287,758	288,349	279,292	279,340	265,334
Net income per unit (Note 4)	(yen)	5,904	5,823	5,783	5,499	5,287
Total amount of distributions	(millions of yen)	2,495	2,461	1,604	1,532	1,246
Distribution per unit	(yen)	6,584	6,496	6,105	5,832	5,563
[Of which: Distribution of earnings per unit]	(yen)	[5,905]	[5,811]	[5,783]	[5,497]	[5,288]
[Of which: Distribution in excess of retained earnings per unit]	(yen)	[679]	[685]	[322]	[335]	[275]
Ratio of ordinary income to total assets (Note 5)	(%)	1.4	1.7	1.5	1.6	1.5
[Annualized]	(%)	[2.8]	[3.4]	[2.9]	[3.2]	[3.0]
Return on equity (Note 5)	(%)	2.0	2.4	2.1	2.2	2.0
[Annualized]	(%)	[4.1]	[4.9]	[4.1]	[4.4]	[4.0]
Equity ratio at end of period (Note 5)	(%)	69.5	68.0	70.2	73.2	74.4
[Period-on-period change]	(%)	[1.4]	[(2.2)]	[(3.1)]	[(1.2)]	[(1.0)]
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	181	184	181	184
Number of investment properties at end of period	(properties)	16	16	13	12	10
Occupancy rate at end of period (Note 6)	(%)	99.1	100.0	100.0	100.0	100.0
Depreciation and amortization (Note 7)	(millions of yen)	1,326	1,314	772	744	595
Capital expenditures	(millions of yen)	91	86	36	46	10
Net operating income (NOI) from property leasing (Note 5)	(millions of yen)	4,215	4,149	2,715	2,587	2,138
Funds from operations (FFO) (Note 5)	(millions of yen)	3,564	3,517	2,292	2,189	1,780
FFO per unit (Note 5)	(yen)	9,405	9,280	8,722	8,331	7,947

Ratio of interest-bearing debt to total assets at end of period (LTV ratio) (Note 5)	(%)	27.3	29.1	26.8	23.9	22.5
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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	$\text{Distribution per unit (excluding distribution in excess of retained earnings)} \div \text{Net income per unit} \times 100$ (rounded to the first decimal place) Payout ratios for the 4th fiscal period and the 6th 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 16 properties amounting to a total acquisition price of ¥156.7 billion as at the end of the fiscal period under review.

### ii) Investment environment and management performance

The Japanese economy has been on a moderate expansionary trend, with a functioning virtuous cycle from income to spending, despite signs of weakness in exports, production and corporate sentiment, mainly affected by a slowdown in overseas economies, natural disasters and the spread of infectious diseases. In addition, amid the accommodative financial conditions, capital investment is expected to continue on a modest increase, with emphasis on urban redevelopment investment, labor-saving investment to address labor shortage, and R&D investment in growth areas, despite a slowdown of the temporary increase, especially in manufacturing, due to the impact of a slowdown in overseas economies, as well as the accumulation of capital stock as a deceleration force when looking at the long term. As the impact of the consumption tax hike gradually recedes, private consumption is expected to follow a trajectory of moderate increase amid continued improvement in employment and income situation. In the logistics market, with the 3PL business (Note) specializing in outsourced logistics services expanding in market size and the needs of 3PL providers for rental of multifunctional and highly-convenient logistics facilities on the rise, the demand for leading-edge logistics facilities is expected to continue to increase.

Under such circumstances, 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 16 properties held as at the end of the fiscal period under review (total acquisition price of ¥156.7 billion) to maintain an excellent occupancy rate of 99.1% 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

In the fiscal period under review, MFLP-REIT executed debt financing of ¥400 million (short-term loans payable) in October 2019 and ¥1,600 million (short-term loans payable) in November 2019 to repay short-term loans payable, and executed repayments of a total of ¥5,900 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 ¥42,900 million (short-term loans payable of ¥1,600 million; long-term loans payable of ¥41,300 million) and the ratio of interest-bearing debt to total assets (LTV ratio) was 27.3%.

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

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

#### 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 ¥5,064 million, operating income of ¥2,315 million, ordinary income of ¥2,238 million, and net income of ¥2,237 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 ¥2,237,995,000, which is the integral multiple of the total number of investment units issued and outstanding (379,000 units) of unappropriated retained earnings. Accordingly, MFLP-REIT declared distribution of earnings per unit of ¥5,905.

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 ¥257 million, which is the amount almost equivalent to the remaining amount after subtracting the distribution of earnings of ¥2,237 million from ¥2,495 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 operations and refers to the figure calculated by adding depreciation and amortization of rental properties for the applicable operating period and loss on retirement of non-current assets to net income (excluding gain (loss) on sales of real estate properties, etc.).

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

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

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

B = Total assets 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)

April 23, 2020	Distribution of cash in excess of retained earnings (return of capital)	—	441,000	(257)	136,292	(Note 18)
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(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 with 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) New investment units were issued with Daiwa Securities Co. Ltd. as the allottee 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) 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) 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) New investment units were issued with Daiwa Securities Co. Ltd. as the allottee 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) 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) 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) New investment units were issued with Daiwa Securities Co. Ltd. as the allottee 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) 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) 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) New investment units were issued with Daiwa Securities Co. Ltd. as the allottee 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) 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.



**[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	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)	4th period (From February 1, 2018 to July 31, 2018)	3rd period (From August 1, 2017 to January 31, 2018)
Highest (yen)	534,000	396,000	358,000	377,500	387,500
Lowest (yen)	395,500	325,500	300,500	320,500	309,500

**(4) Distribution**

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

Fiscal period	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)	4th period (From February 1, 2018 to July 31, 2018)	3rd period (From August 1, 2017 to January 31, 2018)
Total amount of unappropriated retained earnings (thousands of yen)	2,238,074	2,202,626	1,519,739	1,444,484	1,184,529
Retained earnings (thousands of yen)	79	257	117	16	17
Total amount of distribution of cash (thousands of yen)	2,495,336	2,461,984	1,604,235	1,532,497	1,246,112
[Distribution per unit] (yen)	[6,584]	[6,496]	[6,105]	[5,832]	[5,563]
Of which: Total amount of distribution of earnings (thousands of yen)	2,237,995	2,202,369	1,519,622	1,444,468	1,184,512
[Distribution of earnings per unit] (yen)	[5,905]	[5,811]	[5,783]	[5,497]	[5,288]
Of which: Total amount of return of capital (thousands of yen)	257,341	259,615	84,613	88,029	61,600
[Return of capital per unit] (yen)	[679]	[685]	[322]	[335]	[275]
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)	257,341	259,615	84,613	88,029	61,600
[Of return of capital per unit: Distribution from distribution reducing unitholders' capital for tax purposes] (yen)	[679]	[685]	[322]	[335]	[275]

(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 and operational know-how, etc. accumulated in the office building business, retail properties business, etc. and the know-how, etc. accumulated through urban development as a comprehensive real estate 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) Issuance of new investment units**

Regarding the issuance of new investment units decided in the meetings of the Board of Directors of MFLP-REIT held on January 8, 2020 and January 22, 2020, as stated below, payment for the issuance of said units was completed through public offering on February 3, 2020 and through a third-party allotment on February 27, 2020.

As a result, the total investment amount (net) is ¥136,549,737,748, and there are 441,000 units of total number of investment units issued and outstanding.

**a. Issuance of new investment units through public offering (primary offering)**

Number of new investment units to be issued:	59,000 units (Domestic: 35,400 units, Overseas: 23,600 units)
Issue price:	¥495,747 per unit
Total amount of issue price:	¥29,249,073,000
Amount to be paid in (paid-in amount):	¥479,476 per unit
Total amount to be paid in (total paid-in amount):	¥28,289,084,000
Payment date:	February 3, 2020

b. Issuance of new investment units through a third-party allotment (third-party allotment)

Number of new investment units to be issued:	3,000 units
Amount to be paid in (paid-in amount):	¥479,476 per unit
Total amount to be paid in (total paid-in amount):	¥1,438,428,000
Payment date:	February 27, 2020
Allottee:	Daiwa Securities Co. Ltd.

**ii) Acquisitions of properties**

MFLP-REIT acquired the trust beneficiary interests for the following assets on February 5, 2020, March 2, 2020 and April 6, 2020 (3 properties inclusive of additional acquisition; total amount of acquisition price is ¥48,380 million).

Category	Property no.	Property name	Location	Acquisition price (Note 1) (millions of yen)	Acquisition date
Logistics facilities	L-8	MFLP Sakai (Note 2, 3)	Sakai-shi, Osaka	i) 16,710 ii) 2,390 Total 19,100	i) February 5, 2020 ii) April 6, 2020
	L-16	MFLP Prologis Park Kawagoe (Note 4)	Kawagoe-shi, Saitama	14,800 (50% quasi co-ownership interest)	February 5, 2020
	L-17	MFLP Hiroshima I (Note 3)	Hiroshima-shi, Hiroshima	14,480	March 2, 2020

(Note 1) "Acquisition price" is the purchase price of each trust beneficiary interest as set forth in each agreement for sale and purchase of trust beneficiary interest for the assets acquired, 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. The transaction price does not include consumption tax and local consumption tax or the various costs required in the acquisition.

(Note 2) Regarding the "Acquisition price" and "Acquisition date" for "MFLP Sakai," the additionally acquired interest that was acquired on February 5, 2020 is described in (i), and the interest to be acquired additionally on April 6, 2020 is described in (ii).

(Note 3) The sale and purchase agreements relating to "MFLP Sakai" (10% quasi co-ownership interest) and "MFLP Hiroshima I" fall under the definition of "forward commitments, etc." (as defined as "a postdated sales contract under which payment and delivery shall be made at least one month after the conclusion of the contract, or any other contract similar thereto" stated in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." established by the Financial Services Agency).

(Note 4) For "MFLP Prologis Park Kawagoe," "Acquisition price" is the prorated figure equivalent to the quasi co-ownership interest in this property that MFLP-REIT acquired (50%).

### iii) 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 ii) Acquisitions of properties, as well as to the repayment of loans.

Lender	Borrowing amount (millions of yen)	Interest rate	Drawdown date	Repayment date	Repayment method	Collateral
The Bank of Fukuoka, Ltd.	2,500	Base rate (JBA 1-month yen TIBOR) +0.035% (Note 1)	March 2, 2020	November 30, 2020	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Mitsui Trust Bank, Limited	2,000	Base rate (JBA 3-month yen TIBOR) +0.035% (Note 2)	March 2, 2020	June 2, 2020	Bullet repayment	Unsecured Non-guaranteed
MUFG Bank, Ltd.	800	0.2385%	February 5, 2020	February 5, 2027	Bullet repayment	Unsecured Non-guaranteed
MUFG Bank, Ltd.	800	0.4272%	February 5, 2020	February 5, 2030	Bullet repayment	Unsecured Non-guaranteed
Shinkin Central Bank	1,600	0.3809%	February 5, 2020	February 5, 2029	Bullet repayment	Unsecured Non-guaranteed
The Norinchukin Bank	1,000	0.3360%	February 5, 2020	February 7, 2028	Bullet repayment	Unsecured Non-guaranteed
Shinsei Bank, Limited	800	0.3809%	February 5, 2020	February 5, 2029	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Mitsui Banking Corporation	1,700	0.2000%	March 2, 2020	March 4, 2024	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Mitsui Banking Corporation	1,700	0.3723%	March 2, 2020	March 4, 2030	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Mitsui Trust Bank, Limited	800	0.1059%	March 2, 2020	March 3, 2025	Bullet repayment	Unsecured Non-guaranteed
The Yamaguchi Bank, Ltd.	900	0.3723%	March 2, 2020	March 4, 2030	Bullet repayment	Unsecured Non-guaranteed
Mitsui Sumitomo Insurance Company, Limited	800	0.1836%	March 2, 2020	March 2, 2027	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Life Insurance Company	800	0.2182%	March 2, 2020	March 2, 2028	Bullet repayment	Unsecured Non-guaranteed
The Chiba Bank, Ltd.	500	0.1836%	March 2, 2020	March 2, 2027	Bullet repayment	Unsecured Non-guaranteed
The 77 Bank, Ltd.	900	0.3723%	March 2, 2020	March 4, 2030	Bullet repayment	Unsecured Non-guaranteed
The Bank of Fukuoka, Ltd.	1,800	0.4942%	April 6 2020	April 8 2030	Bullet repayment	Unsecured Non-guaranteed
Mizuho Bank, Ltd.	1,200	0.4942%	April 6 2020	April 8 2030	Bullet repayment	Unsecured Non-guaranteed
Mizuho Trust & Banking Co., Ltd.	500	0.4942%	April 6 2020	April 8 2030	Bullet repayment	Unsecured Non-guaranteed
Total	21,100	—	—	—	—	—

(Note 1) The first payment date is April 2, 2020, and will be the 2nd of every month and the repayment date (in the case this is not a business day, the following business day). The base rate used for the calculation period of interest to be paid on the payment date 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 1 month, it will be the base rate corresponding to the applicable period calculated based on the method set forth in the contract.

(Note 2) The payment date is the repayment date The base rate used for the calculation period of interest to be paid on the payment date is JBA 3-month yen TIBOR published by JBA TIBOR Administration as of two business days prior to the drawdown date. Please refer to the JBA TIBOR Administration website (<http://www.jbatibor.or.jp/rate/>) for JBA yen TIBOR.

## 2. Overview of the Investment Corporation

### (1) Status of investments in capital

Fiscal period	7th period (January 31, 2020)	6th period (July 31, 2019)	5th period (January 31, 2019)	4th period (July 31, 2018)	3rd period (January 31, 2018)
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)	379,000	379,000	262,774	262,774	224,000
Unitholders' capital, net (millions of yen) (Note)	106,822	107,081	71,870	71,958	58,250
Number of unitholders (unitholders)	6,680	8,122	6,570	7,135	5,073

(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, 2020, the following are the top ten unitholders in terms of investment unit-holding ratio.

Name	Number of investment units owned (units)	Number of investment units owned expressed as a percentage of total number of investment units issued and outstanding (%)
The Master Trust Bank of Japan, Ltd. (trust account)	77,973	20.57
Japan Trustee Services Bank, Ltd. (trust account)	46,748	12.33
Mitsui Fudosan Co., Ltd.	28,900	7.62
The Nomura Trust and Banking Co., Ltd. (investment trust account)	12,797	3.37
Trust & Custody Services Bank, Ltd. (securities investment trust account)	11,737	3.09
SSBTC Client Omnibus Account	7,374	1.94
The Chugoku Bank, Limited	6,168	1.62
State Street Bank West Client - Treaty 505234	4,170	1.10
SMBC Nikko Securities Inc.	4,059	1.07
The Hokkoku Bank, Ltd.	4,030	1.06
Total	203,956	53.81

(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 Corporate Auditor (part-time), Tobishima Corporation	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, 2020.

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)	7th period (As of January 31, 2020)		6th period (As of July 31, 2019)	
			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	107,085	68.2	107,851	67.1
		Kansai area	4,253	2.7	4,290	2.7
		Other areas	29,161	18.6	29,485	18.4
	Subtotal		140,500	89.5	141,627	88.1
	Industrial real estate (Note 6)	Tokyo metropolitan area	12,026	7.7	12,133	7.6
		Kansai area	—	—	—	—
		Other areas	—	—	—	—
	Subtotal		12,026	7.7	12,133	7.6
	Real estate in trust total		152,526	97.1	153,761	95.7
	Deposits and other assets		4,496	2.9	6,920	4.3
Total assets		157,023	100.0	160,681	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, 2020.

Name of real estate, etc.	Book value (millions of yen)	Leasable area (m <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Occupancy rate (%) (Note 3)	As a percentage of total property leasing business revenues (%)	Main use
GLP/MFLP Ichikawa Shiohama (Note 4)	15,047	50,813	44,509	87.6	8.8	Logistics facilities
MFLP Kuki	11,843	67,925	67,925	100.0	9.4	Logistics facilities
MFLP Yokohama Daikoku (Note 4)	9,770	47,929	47,929	100.0	7.0	Logistics facilities
MFLP Yashio	9,284	39,692	39,692	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Atsugi	7,426	40,958	40,958	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Funabashi Nishiura	6,656	31,034	31,034	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Kashiwa	6,000	31,291	31,291	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Sakai (Note 4)	4,253	22,429	22,429	100.0	3.3	Logistics facilities
MFLP Komaki	7,954	40,605	40,605	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Hino (Note 4)	12,380	46,801	46,801	100.0	7.6	Logistics facilities
MFLP Hiratsuka	6,896	33,055	33,055	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Tsukuba	8,792	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	15,997	68,922	68,922	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Atsugi II	12,987	48,032	48,032	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Fukuoka I	5,209	32,216	32,216	100.0	Not disclosed (Note 5)	Logistics facilities
MFIP Inzai	12,026	Not disclosed (Note 5)	Not disclosed (Note 5)	Not disclosed (Note 5)	Not disclosed (Note 5)	Industrial real estate

Name of real estate, etc.	Book value (millions of yen)	Leasable area (m <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Occupancy rate (%) (Note 3)	As a percentage of total property leasing business revenues (%)	Main use
Total	152,526	Not disclosed (Note 5)	Not disclosed (Note 5)	99.1	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, 2020, 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 the lease agreements for buildings in the portfolio assets of MFLP-REIT as of January 31, 2020 (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 (B)). If a master lease agreement has been executed for each portfolio asset held by MFLP-REIT as of January 31, 2020, the total leased area represents the sum total of the area that is actually leased based on the Subject 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, 2020 even if there is no occupancy / delivery relating to the subject property as of January 31, 2020.

(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, 2020, 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 Sakai” and “MFLP Hino,” 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, 2020 (50%, 50%, 20% and 25%, 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, 2020.

Name of real estate, etc.	Location	Form of ownership	Leasable area (m <sup>2</sup> ) (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	17,900	15,047
MFLP Kuki	1-10 Kiyokuchō, Kuki-shi, Saitama	Real estate trust beneficiary interests	67,925	14,300	11,843
MFLP Yokohama Daikoku (Note 3)	43-1 Daikokuchō, Tsurumi-ku, Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	47,929	10,900	9,770
MFLP Yashio	99-1 Tsubutakita, Minamiushiroya, Yashio-shi, Saitama	Real estate trust beneficiary interests	39,692	11,100	9,284
MFLP Atsugi	4021-1 Sakuradai, Nakatsu, Aikawamachi, Aiko-gun, Kanagawa	Real estate trust beneficiary interests	40,958	9,140	7,426
MFLP Funabashi Nishiura	3-10-13 Nishiura, Funabashi-shi, Chiba	Real estate trust beneficiary interests	31,034	7,890	6,656
MFLP Kashiwa	259-1 Mukaiwari, Aotashindentobichi, Kashiwa-shi, Chiba	Real estate trust beneficiary interests	31,291	7,110	6,000
MFLP Sakai (Note 3)	1-171 Chikkoyawatamachi, Sakai-ku, Sakai-shi, Osaka	Real estate trust beneficiary interests	22,429	4,760	4,253
MFLP Komaki	2020-1 Higashimae, Honjo, Komaki-shi, Aichi	Real estate trust beneficiary interests	40,605	8,570	7,954
MFLP Hino (Note 3)	3-1-2 Asahigaoka, Hino-shi, Tokyo	Real estate trust beneficiary interests	46,801	12,600	12,380
MFLP Hiratsuka	2-1544-5 Nishishindo, Hiratsuka-shi, Kanagawa	Real estate trust beneficiary interests	33,055	7,150	6,896
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	10,100	8,792
MFLP Inazawa	2-1 Okudaosawa-cho, Inazawa-shi, Aichi	Real estate trust beneficiary interests	68,922	16,500	15,997
MFLP Atsugi II	84-1 Ishida, Isehara-shi, Kanagawa	Real estate trust beneficiary interests	48,032	13,500	12,987
MFLP Fukuoka I	16-10 Shinbaru, Sue-machi, Kasuya-gun, Fukuoka	Real estate trust beneficiary interests	32,216	5,430	5,209
Logistics facilities subtotal			665,246	156,950	140,500

Name of real estate, etc.	Location	Form of ownership	Leasable area (m <sup>2</sup> ) (Note 1)	Appraisal value at end of period (millions of yen) (Note 2)	Book value at end of period (millions of yen)
MFIP Inzai	2-101-14 Izumino, Inzai- shi, Chiba	Real estate trust beneficiary interests	Not disclosed (Note 4)	12,800	12,026
Industrial real estate subtotal			Not disclosed (Note 4)	12,800	12,026
Total			Not disclosed (Note 4)	169,750	152,526

(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, 2020, 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, 2020 by real estate appraisers based on the asset valuation methods and standards set forth in the Articles of Incorporation of MFLP-REIT and the rules and requirements imposed by The Investment Trusts Association, Japan. The appraisal of each asset held is entrusted to Japan Real Estate Institute, The Tanizawa Sōgō Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. and CBRE K.K.

(Note 3) For “GLP/MFLP Ichikawa Shiohama,” “MFLP Yokohama Daikoku,” “MFLP Sakai” and “MFLP Hino,” 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, 2020 (50%, 50%, 20% and 25%, 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.	7th period (From August 1, 2019 to January 31, 2020)				6th period (From February 1, 2019 to July 31, 2019)			
	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	87.6	447	8.8	5	100.0	489	9.9
MFLP Kuki	3	100.0	475	9.4	3	100.0	479	9.6
MFLP Yokohama Daikoku (Note 3)	5	100.0	352	7.0	5	100.0	351	7.1
MFLP Yashio	2	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	2	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Atsugi	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Funabashi Nishiura	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Kashiwa	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Sakai (Note 3)	8	100.0	164	3.3	8	100.0	165	3.3
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)	16	100.0	385	7.6	16	100.0	379	7.6
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)
Logistics facilities subtotal	Not disclosed (Note 4)	99.1	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
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)	99.1	5,064	100.0	Not disclosed (Note 4)	100.0	4,969	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 Sakai” and “MFLP Hino,” 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%, 20% and 25%, 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, 2020.

**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
GLP/MFLP Ichikawa Shiohama	Ichikawa, Chiba	Replacement of electric power meter	From April 2020 to May 2020	3	—	—
GLP/MFLP Ichikawa Shiohama	Ichikawa, Chiba	Replacement of membrane filters for septic tank	From July 2020 to August 2020	3	—	—
MFLP Kuki	Kuki, Saitama	Installation of bird netting	From December 2019 to February 2020	4	—	—
MFLP Kuki	Kuki, Saitama	Replacement of fire extinguishing system	In April 2020	5	—	—
MFLP Kuki	Kuki, Saitama	Replacement of main vertical conveyor chain (Section 1)	From September 2020 to January 2021	4	—	—
MFLP Kuki	Kuki, Saitama	Replacement of main vertical conveyor chain (Section 2)	From September 2020 to January 2021	3	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Exterior wall painting (Section 6)	From February 2020 to August 2020	49	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Installation of additional security cameras (2nd stage)	From March 2020 to July 2020	9	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Replacement of heads of foam fire extinguishing system	In March 2020	8	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Installation of LED lighting	From May 2020 to June 2020	18	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Exterior wall painting (Section 7)	From July 2020 to December 2020	49	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Installation of additional security cameras (3rd stage)	From September 2020 to November 2020	5		
MFLP Yashio	Yashio, Saitama	Replacement of equipment attached to security cameras	In May 2020	3	—	—
MFLP Sakai	Sakai, Osaka	Installation of LED lighting	In February 2020	10		
MFLP Sakai	Sakai, Osaka	Replacement of fire extinguishing system	From May 2020 to June 2020	3		
MFLP Sakai	Sakai, Osaka	Replacement of electric power meter	In August 2020	12		

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

**(2) Capital expenditures during period**

The following summarizes the major construction work falling under capital expenditures conducted during the fiscal period under review for real estate, etc. held by MFLP-REIT. Capital expenditures in the fiscal period under review amounted to ¥91 million and, other than this, there was ¥36 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 Kuki	Kuki, Saitama	Replacement of equipment for access management	From December 2019 to January 2020	5
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Exterior wall painting (Section 5)	From July 2019 to December 2019	49
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Installation of additional security cameras (1st stage)	From September 2019 to December 2019	7
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Replacement of heads of foam fire extinguishing system	From October 2019 to November 2019	8
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Repair work in public open space	From October 2019 to December 2019	4
Other capital expenditures				16
Total				91

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

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

Not applicable.



## 5. Status of Expenses and Liabilities

### (1) Details of expenses related to asset management

(Thousands of yen)

Item	7th period (From August 1, 2019 to January 31, 2020)	6th period (From February 1, 2019 to July 31, 2019)
Asset management fee (Note)	482,669	439,926
Asset custody fee	8,034	5,229
Administrative service fees	20,400	17,000
Directors' compensations	5,400	5,400
Audit fee	9,100	9,100
Other expenses	46,855	38,950
Total	572,459	515,606

(Note) Other than the amount stated above, there is an asset management fee of ¥144,102 thousand associated with a property acquisition factored into the book value of the properties for the 6th period. There is no applicable fee other than the amount stated above for the 7th period.

## (2) Debt financing status

The following is the status of loans as of January 31, 2020.

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	Mizuho Bank, Ltd.	Apr. 5, 2019	2,900	—	0.1060	Nov. 29, 2019	Bullet repayment	(Note 3)	Unsecured Non-guaranteed
		Apr. 22, 2019	1,600	—	0.1086	Oct. 22, 2019	Bullet repayment	(Note 3)	
		Nov. 29, 2019	—	1,600	0.1032	Nov. 30, 2020	Bullet repayment	(Note 3)	
	The Bank of Fukuoka, Ltd.	July 31, 2019	1,000	—	0.1078	Oct. 31, 2019	Bullet repayment	(Note 3)	
	Subtotal		5,500	1,600					
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)	
	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)	
	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)	
		Feb. 4, 2019	2,000	2,000	0.3687	Aug. 4, 2028	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)	

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 Trust & Banking Co., Ltd	Sept. 1, 2016	600	600	0.3237	Mar. 1, 2024	Bullet repayment	(Note 3)	Unsecured Non-guaranteed
		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)	
	Development Bank of Japan Inc.	Aug. 2, 2016	2,100	2,100	0.3125	Aug. 3, 2026	Bullet repayment	(Note 3)	
	The Bank of Fukuoka, Ltd.	Aug. 2, 2016	1,300	1,300	0.2169	Feb. 2, 2024	Bullet repayment	(Note 3)	
		Mar. 15, 2018	400	400	0.3563	Mar. 14, 2025	Bullet repayment	(Note 3)	
		Feb. 4, 2019	2,000	2,000	0.3988	Feb. 5, 2029	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)	
	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)	
	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)	

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	Shinkin Central Bank	Dec. 3, 2018	2,000	2,000	0.2375	Dec. 1, 2023	Bullet repayment	(Note 3)	Unsecured Non-guaranteed
		Feb. 4, 2019	1,800	1,800	0.1863	Feb. 4, 2025	Bullet repayment	(Note 3)	
	Sumitomo Life Insurance Company	Dec. 3, 2018	1,000	1,000	0.3975	Dec. 3, 2026	Bullet repayment	(Note 3)	
	The Chiba Bank, Ltd.	Feb. 4, 2019	1,000	1,000	0.2313	Feb. 4, 2026	Bullet repayment	(Note 3)	
Subtotal			41,300	41,300					
Total			46,800	42,900					

(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.

**(3) Status of investment corporation bonds**

Not applicable.

**(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

Not applicable.

### (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.

Not applicable.

#### ii) Other

Not applicable.

### (4) Status of interested party transactions, etc.

#### i) Status of sale and purchase transactions with interested parties, etc.

Not applicable.

#### 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	128,965	Mitsui Fudosan Co., Ltd	112,717	87.4%
Building management fee	155,838	Mitsui Fudosan Facilities Co., Ltd.	101,014	64.8%
		Mitsui Fudosan Facilities West Co., Ltd.	32,436	20.8%

(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.	2,984
Mitsui Fudosan Building Management Co., Ltd.	Repairs and related work, etc.	21,843
Mitsui Fudosan Facilities Co., Ltd.	Repairs and related work, etc.	26,710
Mitsui Fudosan Facilities West Co., Ltd.	Repairs and related work, etc.	5,592

#### 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.	133,640

### (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

The 3rd General Meeting of Unitholders of MFLP-REIT was held during the fiscal period under review. The following summarizes the key proposals approved at the General Meeting of Unitholders.

Approval date	Item	Summary
October 29, 2019	Appointment of Directors	Directors of MFLP-REIT were reelected at the General Meeting of Unitholders.

#### 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 13, 2019	Conclusion of accounting work agreement	MFLP-REIT canceled the accounting work agreement concluded between Heiseikaikeshi Tax Corporation upon mutual consent and has entrusted administrative work relating to accounting of MFLP-REIT to Reiwa Accounting Holdings Co., Ltd.
September 13, 2019	Conclusion of tax-payment work agreement	MFLP-REIT canceled the tax-payment work agreement concluded between Heiseikaikeshi Tax Corporation upon mutual consent and has entrusted administrative work relating to tax payment of MFLP-REIT to Reiwaikeshi Tax Corporation.
January 22, 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).

(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)	
	7th period (As of January 31, 2020)	6th period (As of July 31, 2019)
Assets		
Current assets		
Cash and deposits (Notes 3 and 4)	¥ 877,488	¥ 1,085,379
Cash and deposits in trust (Notes 3 and 4)	3,281,157	3,074,601
Operating accounts receivable (Note 12)	145,158	284,297
Prepaid expenses	26,727	25,701
Consumption taxes receivable	-	2,261,176
Other	1,886	14,201
Total current assets	4,332,418	6,745,357
Non-current assets		
Property and equipment (Note 5)		
Buildings in trust	82,304,372	82,222,802
Structures in trust	2,855,278	2,847,469
Machinery and equipment in trust	2,985,372	2,984,550
Vehicles and transport equipment in trust	2,642	2,642
Tools, furniture and fixtures in trust	5,737	4,222
Land in trust	70,241,485	70,241,485
Construction in progress in trust	20,416	-
Less: accumulated depreciation	(5,868,484)	(4,541,488)
Total property and equipment	152,546,820	153,761,683
Intangible assets		
Software	3,756	4,876
Total intangible assets	3,756	4,876
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	54,174	65,092
Deferred tax assets (Note 9)	9	16
Other	1,050	1,050
Total investments and other assets	65,233	76,159
Total non-current assets	152,615,811	153,842,719
Deferred assets		
Investment unit issuance expenses (Note 2)	74,891	93,614
Total deferred assets	74,891	93,614
Total assets	¥ 157,023,120	¥ 160,681,690



**Mitsui Fudosan Logistics Park Inc.**  
**Balance Sheets**

	(Thousands of yen)	
	7th period (As of January 31, 2020)	6th period (As of July 31, 2019)
Liabilities		
Current liabilities		
Operating accounts payable (Note 12)	¥ 266,060	¥ 228,467
Short-term loans payable (Notes 4 and 7)	1,600,000	5,500,000
Accounts payable (Note 12)	580,570	502,181
Accrued expenses	312	312
Income taxes payable	791	944
Accrued consumption taxes	340,592	-
Advances received	851,554	849,898
Other	114	114
Total current liabilities	3,639,996	7,081,918
Non-current liabilities		
Long-term loans payable (Notes 4 and 7)	41,300,000	41,300,000
Tenant leasehold and security deposits in trust (Note 4)	3,022,824	3,015,304
Total non-current liabilities	44,322,824	44,315,304
Total liabilities	47,962,821	51,397,223
Net assets (Notes 6 and 10)		
Unitholders' equity		
Unitholders' capital	107,416,211	107,416,211
Units authorized: 8,000,000 units as of January 31, 2020 and July 31, 2019		
Units issued and outstanding: 379,000 units as of January 31, 2020 and July 31, 2019		
Deduction from unitholders' capital	(593,985)	(334,370)
Unitholders' capital (net)	106,822,225	107,081,840
Retained earnings	2,238,074	2,202,626
Total unitholders' equity	109,060,299	109,284,466
Total net assets (Notes 6 and 10)	109,060,299	109,284,466
Total liabilities and net assets	¥ 157,023,120	¥ 160,681,690

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

**Mitsui Fudosan Logistics Park Inc.**  
**Statements of Income**

	(Thousands of yen)			
	7th period (From August 1, 2019 to January 31, 2020)		6th period (From February 1, 2019 to July 31, 2019)	
Operating revenues (Note 12)				
Property-related revenues (Note 8)	¥	4,815,248	¥	4,766,132
Other property-related revenues (Note 8)		248,825		202,987
Total operating revenues		5,064,073		4,969,119
Operating expenses (Note 12)				
Property-related expenses (Note 8)		2,175,841		2,134,534
Asset management fee		482,669		439,926
Asset custody fee		8,034		5,229
Administrative service fees		20,400		17,000
Directors' compensations		5,400		5,400
Audit fee		9,100		9,100
Other operating expenses		46,855		38,950
Total operating expenses		2,748,301		2,650,140
Operating income		2,315,772		2,318,979
Non-operating income				
Interest income		16		18
Insurance income		25,696		3,010
Interest on refund		693		13
Other		0		0
Total non-operating income		26,407		3,042
Non-operating expenses				
Interest expense		59,756		59,004
Amortization of investment unit issuance expenses		18,722		18,722
Offering costs associated with issuance of investment units		-		32,792
Borrowing related expenses		4,983		4,016
Disaster recovery expenses (Note 2)		20,098		2,230
Other		-		1,800
Total non-operating expenses		103,561		118,566
Income before income taxes		2,238,617		2,203,454
Income taxes - current		793		947
Income taxes - deferred		7		(0)
Total income taxes (Note 9)		801		946
Net income (Note 10)	¥	2,237,816	¥	2,202,508
Retained earnings brought forward		257		117
Unappropriated retained earnings (undisposed loss) (Note 6)	¥	2,238,074	¥	2,202,626

	(Yen)			
	7th period (From August 1, 2019 to January 31, 2020)		6th period (From February 1, 2019 to July 31, 2019)	
Net income per unit (Note 10)	¥	5,904	¥	5,823

*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, 2019	262,774	¥ 72,120,699	¥ (249,757)	¥ 71,870,942	¥ 1,519,739	¥ 73,390,682
Issuance of new units through public offering as of February 1, 2019	110,700	33,617,376	-	33,617,376	-	33,617,376
Issuance of new units through allocation to a third party as of February 27, 2019	5,526	1,678,135	-	1,678,135	-	1,678,135
Distribution in excess of retained earnings	-	-	(84,613)	(84,613)	-	(84,613)
Dividends of earnings	-	-	-	-	(1,519,622)	(1,519,622)
Net income	-	-	-	-	2,202,508	2,202,508
Balance as of July 31, 2019	379,000	¥107,416,211	¥ (334,370)	¥107,081,840	¥ 2,202,626	¥109,284,466
Distribution in excess of retained earnings	-	-	(259,615)	(259,615)	-	(259,615)
Dividends of earnings	-	-	-	-	(2,202,369)	(2,202,369)
Net income	-	-	-	-	2,237,816	2,237,816
Balance as of January 31, 2020	379,000	¥107,416,211	¥ (593,985)	¥106,822,225	¥ 2,238,074	¥109,060,299

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

**Mitsui Fudosan Logistics Park Inc.**  
**Statements of Cash Flows**

	(Thousands of yen)	
	7th period (From August 1, 2019 to January 31, 2020)	6th period (From February 1, 2019 to July 31, 2019)
Cash flows from operating activities:		
Income before income taxes	¥ 2,238,617	¥ 2,203,454
Depreciation and amortization	1,328,115	1,316,061
Amortization of investment unit issuance expenses	18,722	18,722
Interest income	(16)	(18)
Interest expense	59,756	59,004
Insurance income	(25,696)	(3,010)
Disaster recovery expenses	20,098	2,230
Decrease (increase) in operating accounts receivable	164,547	(249,039)
Decrease (increase) in prepaid expenses	(1,025)	(8,222)
Decrease (increase) in long-term prepaid expenses	10,917	(15,258)
Decrease (increase) in consumption taxes receivable	2,261,176	(2,161,465)
Increase (decrease) in accrued consumption taxes	340,592	-
Increase (decrease) in operating accounts payable	40,420	15,191
Increase (decrease) in accounts payable	57,250	144,133
Increase (decrease) in advances received	1,656	279,396
Other, net	12,314	(9,491)
Subtotal	6,527,449	1,591,685
Interest income received	16	18
Interest expense paid	(59,756)	(58,902)
Insurance income received	287	3,010
Disaster recovery expenses paid	(14,598)	(2,230)
Income taxes paid	(947)	(932)
Net cash provided by (used in) operating activities	6,452,451	1,532,649
Cash flows from investing activities:		
Purchase of property and equipment in trust	(100,044)	(53,760,799)
Repayments of tenant leasehold and security deposits in trust	(2,400)	(60,770)
Proceeds from tenant leasehold and security deposits in trust	9,920	1,097,303
Net cash provided by (used in) investing activities	(92,524)	(52,724,267)
Cash flows from financing activities:		
Proceeds from short-term loans payable	2,000,000	12,700,000
Repayments of short-term loans payable	(5,900,000)	(8,900,000)
Proceeds from long-term loans payable	-	15,000,000
Proceeds from issuance of investment units	-	35,183,174
Payment of distribution of earnings	(2,201,806)	(1,518,873)
Payment of distribution in excess of retained earnings	(259,455)	(84,562)
Net cash provided by (used in) financing activities	(6,361,262)	52,379,739
Net increase (decrease) in cash and cash equivalents	(1,335)	1,188,122
Cash and cash equivalents at beginning of period	4,159,980	2,971,858
Cash and cash equivalents at end of period (Note 3)	¥ 4,158,645	¥ 4,159,980

*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, 2020, MFLP-REIT held 16 properties with the total acquisition price of ¥156.7 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:	5 to 15 years

**c. Intangible assets**

Intangible assets are stated at cost, which includes the original purchase price and related acquisition costs and expenses. Amortization of intangible assets is calculated using the straight-line method over the estimated useful lives. 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 and 2018.

**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 ¥264,449 thousand for the 6th period and none for the 7th 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.

**i. Changes in presentation**

“Insurance income” and “Disaster recovery expenses” under “Cash flows from operating activities” are separately presented from the 7th period due to an increase in materiality. To reflect this change in presentation, figures in the statements of cash flows for the 6th period were reclassified.

As a result, in the statements of cash flows for the 6th period, under “Cash flows from operating activities,” “Insurance income” is presented as negative ¥3,010 thousand and “Disaster recovery expenses” is presented as ¥2,230 thousand above the subtotal,

and “Insurance income received” is presented as ¥3,010 thousand and “Disaster recovery expenses paid” is presented as negative ¥2,230 thousand below the subtotal.

### 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)	
	7th period (As of January 31, 2020)	6th period (As of July 31, 2019)
Cash and deposits	¥ 877,488	¥ 1,085,379
Cash and deposits in trust	3,281,157	3,074,601
Cash and cash equivalents	¥ 4,158,645	¥ 4,159,980

### 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, 2020 and July 31, 2019 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)

7th period (As of January 31, 2020)	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 877,488	¥ 877,488	-
(2) Cash and deposits in trust	3,281,157	3,281,157	-
Total assets	¥ 4,158,645	¥ 4,158,645	-
(3) Short-term loans payable	1,600,000	1,600,000	-
(4) Long-term loans payable	41,300,000	41,380,542	¥ 80,542
Total liabilities	¥ 42,900,000	¥ 42,980,542	¥ 80,542

(Thousands of yen)

6th period (As of July 31, 2019)	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 1,085,379	¥ 1,085,379	-
(2) Cash and deposits in trust	3,074,601	3,074,601	-
Total assets	¥ 4,159,980	¥ 4,159,980	-
(3) Short-term loans payable	5,500,000	5,500,000	-
(4) Long-term loans payable	41,300,000	41,568,584	¥ 268,584
Total liabilities	¥ 46,800,000	¥ 47,068,584	¥ 268,584

(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)

	7th period (As of January 31, 2020)	6th period (As of July 31, 2019)
Tenant leasehold and security deposits in trust	¥ 3,022,824	¥ 3,015,304

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)

7th period (As of January 31, 2020)	Due within one year
Cash and deposits	¥ 877,488
Cash and deposits in trust	¥ 3,281,157

(Thousands of yen)

6th period (As of July 31, 2019)	Due within one year
Cash and deposits	¥ 1,085,379
Cash and deposits in trust	¥ 3,074,601



(Note 4) Repayment schedule for loans

(Thousands of yen)						
7th period (As of January 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	¥ 1,600,000	-	-	-	-	-
Long-term loans payable	-	-	¥ 5,300,000	¥ 9,600,000	¥ 7,900,000	¥ 18,500,000

(Thousands of yen)						
6th period (As of July 31, 2019)	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	¥ 5,500,000	-	-	-	-	-
Long-term loans payable	-	-	¥ 1,900,000	¥ 9,000,000	¥ 8,900,000	¥ 21,500,000

## 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)			
	7th period (From August 1, 2019 to January 31, 2020)	6th period (From February 1, 2019 to July 31, 2019)	
Carrying amount			
Balance at beginning of period	¥ 153,761,683	¥ 101,324,687	
Changes during the period	(1,235,279)	52,436,996	
Balance at end of period	152,526,403	153,761,683	
Fair value at the end of the period	¥ 169,750,000	¥ 167,640,000	

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

(Note 2) Changes in the carrying amount during the 6th period consisted of the increase mainly attributable to acquisition of trust beneficiary interests in real estate for six properties (¥53,665,177 thousand), and the decrease mainly attributable to depreciation (¥1,314,941 thousand). Changes in the carrying amount during the 7th period consisted of the decrease mainly attributable to depreciation (¥1,326,995 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)

	7th period (From August 1, 2019 to January 31, 2020)		6th period (From February 1, 2019 to July 31, 2019)	
	Total	Per unit	Total	Per unit
I. Unappropriated retained earnings	¥ 2,238,074,062		¥ 2,202,626,192	
II. Distributions in excess of retained earnings				
Deduction from unitholders' capital	257,341,000		259,615,000	
III. Distributions				
Distribution of earnings	2,237,995,000	¥ 5,905	2,202,369,000	¥ 5,811
Distribution in excess of retained earnings	257,341,000	679	259,615,000	685
Total distributions	¥ 2,495,336,000	¥ 6,584	¥ 2,461,984,000	¥ 6,496
IV. Retained earnings carried forward	¥ 79,062		¥ 257,192	

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, 2020 and July 31, 2019, MFLP-REIT declared a distribution amount of ¥2,237,995,000 and ¥2,202,369,000, 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, 2020, MFLP-REIT declared the distribution of ¥257,341,000, which is calculated as being almost equivalent to the remaining amount after subtracting the distribution of earnings of ¥2,237,995,000 from ¥2,495,368,859 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).

Based on this policy, for the fiscal period ended July 31, 2019, MFLP-REIT declared the distribution of ¥259,615,000, which is calculated as being almost equivalent to the remaining amount after subtracting the distribution of earnings of ¥2,202,369,000 from ¥2,462,214,609 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, 2020 and July 31, 2019.

(Thousands of yen)

	7th period (As of January 31, 2020)		6th period (As of July 31, 2019)	
0.1060% unsecured short-term loans	-	¥	2,900,000	
0.1086% unsecured short-term loans	-		1,600,000	
0.1078% unsecured short-term loans	-		1,000,000	
0.1032% unsecured short-term loans	¥	1,600,000	-	
Total short-term loans payable	¥	1,600,000	¥	5,500,000
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
0.3050% unsecured long-term loans due 2023		2,000,000		2,000,000
0.3813% unsecured long-term loans due 2025		1,500,000		1,500,000
0.1425% unsecured long-term loans due 2022		400,000		400,000
0.2113% unsecured long-term loans due 2024		1,700,000		1,700,000
0.4895% unsecured long-term loans due 2027		900,000		900,000
0.3687% unsecured long-term loans due 2028		2,000,000		2,000,000
0.1826% 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
0.3237% 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
0.3125% unsecured long-term loans due 2026		3,100,000		3,100,000
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
0.3319% unsecured long-term loans due 2024		600,000		600,000
0.2087% unsecured long-term loans due 2025		600,000		600,000
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
0.3975% unsecured long-term loans due 2026		1,000,000		1,000,000
Total long-term loans payable	¥	41,300,000	¥	41,300,000

(Note) The stated interest rates are the weighted average interest rates during the fiscal periods ended January 31, 2020 and July 31, 2019 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, 2020 and July 31, 2019.

(Thousands of yen)

	7th period (As of January 31, 2020)		6th period (As of July 31, 2019)	
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, 2020 and July 31, 2019.

	(Thousands of yen)	
	7th period (From August 1, 2019 to January 31, 2020)	6th period (From February 1, 2019 to July 31, 2019)
A. Property leasing business revenues		
Property-related revenues		
Rental revenues	¥ 4,635,333	¥ 4,587,276
Common area charges	179,914	178,855
Total	¥ 4,815,248	¥ 4,766,132
Other property-related revenues		
Utilities charges	¥ 191,289	¥ 143,571
Parking lots	20,329	18,247
Others	37,206	41,168
Total	¥ 248,825	¥ 202,987
Total property leasing business revenues	¥ 5,064,073	¥ 4,969,119
B. Property leasing business expenses		
Property-related expenses		
Outsourcing service expenses	¥ 287,794	¥ 284,400
Utilities expenses	171,591	136,929
Repair expenses	36,545	45,700
Taxes and dues	332,689	332,697
Depreciation and amortization	1,326,995	1,314,941
Others	20,224	19,864
Total property leasing business expenses	¥ 2,175,841	¥ 2,134,534
C. Operating income from property leasing [A-B]	¥ 2,888,231	¥ 2,834,585

Transactions with major unitholders for the fiscal periods ended January 31, 2020 and July 31, 2019 are as follows:

	(Thousands of yen)	
	7th period (From August 1, 2019 to January 31, 2020)	6th period (From February 1, 2019 to July 31, 2019)
Operating transactions:		
Operating revenues	-	¥ 167,340
Operating expenses	-	¥ 121,311
Non-operating transactions:		
Purchase of trust beneficiary interests in real estate	-	¥ 33,786,303

## 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, 2020 and July 31, 2019 are as follows:

	(Thousands of yen)	
	7th period (As of January 31, 2020)	6th period (As of July 31, 2019)
Deferred tax assets:		
Accrued enterprise tax	¥ 9	¥ 16
Total deferred tax assets	¥ 9	¥ 16
Net deferred tax assets	¥ 9	¥ 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, 2020 and July 31, 2019 are as follows:

	7th period (As of January 31, 2020)	6th period (As of July 31, 2019)
Statutory tax rate	31.51%	31.51%
Adjustments:		
Deductible distributions	(31.50)	(31.49)
Other	0.03	0.03
Effective income tax rate after application of tax-effect accounting	0.04%	0.04%

#### 10. Per Unit Information

The following table summarizes per unit information for the fiscal periods ended January 31, 2020 and July 31, 2019.

	7th period (From August 1, 2019 to January 31, 2020)	6th period (From February 1, 2019 to July 31, 2019)
Earnings per unit:		
Net income per unit (yen)	¥ 5,904	¥ 5,823
Weighted average number of units outstanding (unit)	379,000	378,206

	7th period (As of January 31, 2020)	6th period (As of July 31, 2019)
Net assets per unit (yen)	¥ 287,758	¥ 288,349

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, 2020 and July 31, 2019 under non-cancelable operating leases of properties are as follows:

	(Thousands of yen)			
	7th period (As of January 31, 2020)	6th period (As of July 31, 2019)		
Due within one year	¥ 8,376,060	¥ 8,386,574		
Due after one year	17,826,163	19,027,754		
Total	¥ 26,202,224	¥ 27,414,328		

## 12. Transactions with Related Parties

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

Significant transactions and balances with related parties for the fiscal period ended July 31, 2019 are as follows:

Classification	Name of company	Address	Stated capital (millions of yen)	Type of business	% of voting rights (owned)	Business relationship	Type of transaction (Note 2)	Transaction amount (thousands of yen)	Account	Balance at end of period (thousands of yen)
Major corporate unitholder	Mitsui Fudosan Co., Ltd.	Chuo-ku, Tokyo	¥ 339,766	Real estate business	7.62% (Note 3)	Logistics management outsourcing	Logistics management fee	¥ 117,828	Operating accounts payable	¥ 93,468
							Repairs and related work	2,384		
							Other expenses related to property leasing	1,098		
							Rent income, etc.	167,340	Operating accounts receivable	223,013
							Purchase of trust beneficiary interests in real estate	33,786,303	-	-
Subsidiary of major corporate unitholder	Mitsui Fudosan Logistics REIT Management Co., Ltd.	Chuo-ku, Tokyo	200	Investment management business	-	Asset management outsourcing	Asset management fee (Note 4)	584,028	Accounts payable	476,157
	Mitsui Fudosan Building Management Co., Ltd.	Chuo-ku, Tokyo	490	Property management business	-	Building management outsourcing	Repairs and related work	16,398	Operating accounts payable	702
	Mitsui Fudosan Facilities Co., Ltd.	Chuo-ku, Tokyo	490	Property management business	-	Building management outsourcing	Building management fee	95,200	Operating accounts payable	36,730
							Repairs and related work	29,974		
							Other expenses related to property leasing	2,496		
							Other income	239	-	-
	Mitsui Fudosan Facilities West Co., Ltd.	Osaka-shi, Osaka	200	Property management business	-	Building management outsourcing	Building management fee	33,581	Operating accounts payable	6,754
							Repairs and related work	3,571		
							Other expenses related to property leasing	218		
	Daiichi Engei Co., Ltd.	Shinagawa-ku, Tokyo	480	Leasing and other businesses	-	Repair and maintenance of real estate held	Repairs and related work	1,581	Operating accounts payable	930
	Hino Tokutei Mokuteki Kaisha	Chuo-ku, Tokyo	11	Real estate business	-	-	Purchase of trust beneficiary interests in real estate	5,041,351	Operating accounts receivable	5,334
	Inzai Tokutei Mokuteki Kaisha	Chuo-ku, Tokyo	96	Real estate business	-	-	Purchase of trust beneficiary	10,089,565	-	-

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

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

(1) Asset management fee is in accordance with terms set forth in the Articles of Incorporation of MFLP-REIT.

(2) Other terms and conditions of these transactions are determined based on the prevailing market price.

(Note 3) Mitsui Fudosan Co., Ltd. is listed as a major corporate unitholder for the fiscal period ended July 31, 2019 but it is no longer a major corporate unitholder because the percentage of voting rights owned fell below 10% as of February 4, 2019 as a result of the issuance of new investment units on February 1, 2019. The transaction amounts include transactions conducted after February 4, 2019.

(Note 4) The asset management fee above includes ¥144,102 thousand of a management fee for property acquisitions included in the book value of real estate, etc. individually.

### 13. Segment and Related Information

*For the fiscal periods ended January 31, 2020 and July 31, 2019*

#### 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

Tenant name	Operating revenues	Related segment
Japan Logistic Systems Corp.	(Note)	Property leasing business

(Note) Figures are not disclosed because consent has not been obtained from the tenants.

### 14. Significant Subsequent Events

#### 1. Issuance of new investment units

Regarding the issuance of new investment units decided in the meetings of the Board of Directors of MFLP-REIT held on January 8, 2020 and January 22, 2020, as stated below, payment for the issuance of said units was completed through public offering on February 3, 2020 and through a third-party allotment on February 27, 2020.

As a result, the total investment amount (net) is ¥136,549,737,748, and there are 441,000 units of total number of investment units issued and outstanding.

#### a. Issuance of new investment units through public offering (primary offering)

Number of new investment units issued:	59,000 units (Domestic: 35,400 units, Overseas: 23,600 units)
Issue price:	¥495,747 per unit
Total amount of issue price:	¥29,249,073,000
Amount paid in (paid-in amount):	¥479,476 per unit
Total amount paid in (total paid-in amount):	¥28,289,084,000
Payment date:	February 3, 2020

b. Issuance of new investment units through a third-party allotment (third-party allotment)

Number of new investment units issued:	3,000 units
Amount to be paid in (paid-in amount):	¥479,476 per unit
Total amount to be paid in (total paid-in amount):	¥1,438,428,000
Payment date:	February 27, 2020
Allottee:	Daiwa Securities Co. Ltd.

2. Acquisitions of properties

MFLP-REIT acquired the trust beneficiary interests for the following assets on February 5, 2020, March 2, 2020 and April 6, 2020 (3 properties inclusive of additional acquisition; total amount of acquisition price is ¥48,380 million).

Category	Property no.	Property name	Location	Acquisition price (Note 1) (millions of yen)	Acquisition date
Logistics facilities	L-8	MFLP Sakai (Note 2, 3)	Sakai-shi, Osaka	i) 16,710 ii) 2,390 Total 19,100	i) February 5, 2020 ii) April 6, 2020
	L-16	MFLP Prologis Park Kawagoe (Note 4)	Kawagoe-shi, Saitama	14,800 (50% quasi co-ownership interest)	February 5, 2020
	L-17	MFLP Hiroshima I (Note 3)	Hiroshima-shi, Hiroshima	14,480	March 2, 2020

(Note 1) "Acquisition price" is the purchase price of each trust beneficiary interest as set forth in each agreement for sale and purchase of trust beneficiary interest for the assets acquired, 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. The transaction price does not include consumption tax and local consumption tax or the various costs required in the acquisition.

(Note 2) Regarding the "Acquisition price" and "Acquisition date" for "MFLP Sakai," the additionally acquired interest that was acquired on February 5, 2020 is described in (i), and the interest to be acquired additionally on April 6, 2020 is described in (ii).

(Note 3) The sale and purchase agreements relating to "MFLP Sakai" (10% quasi co-ownership interest) and "MFLP Hiroshima I" fall under the definition of "forward commitments, etc." (as defined as "a postdated sales contract under which payment and delivery shall be made at least one month after the conclusion of the contract, or any other contract similar thereto" stated in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." established by the Financial Services Agency).

(Note 4) For "MFLP Prologis Park Kawagoe," "Acquisition price" is the prorated figure equivalent to the quasi co-ownership interest in this property that MFLP-REIT acquired (50%).

3. 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 2. Acquisitions of properties, as well as to the repayment of loans.

Lender	Borrowing amount (millions of yen)	Interest rate	Drawdown date	Repayment date	Repayment method	Collateral
The Bank of Fukuoka, Ltd.	2,500	Base rate (JBA 1-month yen TIBOR) +0.035% (Note 1)	March 2, 2020	November 30, 2020	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Mitsui Trust Bank, Limited	2,000	Base rate (JBA 3-month yen TIBOR) +0.035% (Note 2)	March 2, 2020	June 2, 2020	Bullet repayment	Unsecured Non-guaranteed
MUFG Bank, Ltd.	800	0.2385%	February 5, 2020	February 5, 2027	Bullet repayment	Unsecured Non-guaranteed
MUFG Bank, Ltd.	800	0.4272%	February 5, 2020	February 5, 2030	Bullet repayment	Unsecured Non-guaranteed
Shinkin Central Bank	1,600	0.3809%	February 5, 2020	February 5, 2029	Bullet repayment	Unsecured Non-guaranteed
The Norinchukin Bank	1,000	0.3360%	February 5, 2020	February 7, 2028	Bullet repayment	Unsecured Non-guaranteed



Lender	Borrowing amount (millions of yen)	Interest rate	Drawdown date	Repayment date	Repayment method	Collateral
Shinsei Bank, Limited	800	0.3809%	February 5, 2020	February 5, 2029	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Mitsui Banking Corporation	1,700	0.2000%	March 2, 2020	March 4, 2024	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Mitsui Banking Corporation	1,700	0.3723%	March 2, 2020	March 4, 2030	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Mitsui Trust Bank, Limited	800	0.1059%	March 2, 2020	March 3, 2025	Bullet repayment	Unsecured Non-guaranteed
The Yamaguchi Bank, Ltd.	900	0.3723%	March 2, 2020	March 4, 2030	Bullet repayment	Unsecured Non-guaranteed
Mitsui Sumitomo Insurance Company, Limited	800	0.1836%	March 2, 2020	March 2, 2027	Bullet repayment	Unsecured Non-guaranteed
Sumitomo Life Insurance Company	800	0.2182%	March 2, 2020	March 2, 2028	Bullet repayment	Unsecured Non-guaranteed
The Chiba Bank, Ltd.	500	0.1836%	March 2, 2020	March 2, 2027	Bullet repayment	Unsecured Non-guaranteed
The 77 Bank, Ltd.	900	0.3723%	March 2, 2020	March 4, 2030	Bullet repayment	Unsecured Non-guaranteed
The Bank of Fukuoka, Ltd.	1,800	0.4942%	April 6 2020	April 8 2030	Bullet repayment	Unsecured Non-guaranteed
Mizuho Bank, Ltd.	1,200	0.4942%	April 6 2020	April 8 2030	Bullet repayment	Unsecured Non-guaranteed
Mizuho Trust & Banking Co., Ltd.	500	0.4942%	April 6 2020	April 8 2030	Bullet repayment	Unsecured Non-guaranteed
Total	21,100	—	—	—	—	—

(Note 1) The first payment date is April 2, 2020, and will be the 2nd of every month and the repayment date (in the case this is not a business day, the following business day). The base rate used for the calculation period of interest to be paid on the payment date 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 1 month, it will be the base rate corresponding to the applicable period calculated based on the method set forth in the contract.

(Note 2) The payment date is the repayment date The base rate used for the calculation period of interest to be paid on the payment date is JBA 3-month yen TIBOR published by JBA TIBOR Administration as of two business days prior to the drawdown date. Please refer to the JBA TIBOR Administration website (<http://www.jbatibor.or.jp/rate/>) for JBA yen TIBOR.

\* \* \* \* \*



## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of Mitsui Fudosan Logistics Park Inc. (a Japanese Real Estate Investment Trust), which comprise the balance sheets as at January 31, 2020 and July 31, 2019, and the statements of income, statements of changes in net assets and statements of cash flows for the periods from August 1, 2019 to January 31, 2020 and from February 1, 2019 to July 31, 2019 and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mitsui Fudosan Logistics Park Inc. as at January 31, 2020 and July 31, 2019 and their financial performance and cash flows for the periods from August 1, 2019 to January 31, 2020 and from February 1, 2019 to July 31, 2019 in accordance with accounting principles generally accepted in Japan.

### **Emphasis of Matter**

We draw attention to Note 14 to the financial statements that describes Mitsui Fudosan Logistics Park Inc.'s subsequent issuance of new investment units, subsequent acquisitions of trust beneficiary interests of three properties and the execution of additional borrowings. Our opinion is not modified in respect of this matter.

KPMG AZSA LLC

May 22, 2020  
Tokyo, Japan