

6th Fiscal Period Asset Management Report

Mitsui Fudosan Logistics Park Inc.

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

From: February 1, 2019
To: July 31, 2019

I. To Our Unitholders

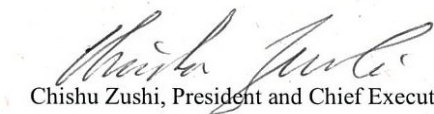
First of all, I would like to convey my sincere appreciation to you, our unitholders, for your continued support of Mitsui Fudosan Logistics Park Inc. (MFLP-REIT).

The Japanese economy has been on an expansionary trend against the backdrop of accommodative financial conditions and support from government cash injection, while overseas economies have been growing moderately on the whole despite signs of slowdown. In addition, capital investment has increased modestly, amid improvement in corporate profits and accommodative financial conditions, mainly due to capacity-increase investment in line with the expansionary trend, urban redevelopment investment, and labor-saving investment to address labor shortage. Private consumption has also been gradually increasing amid improvement in the employment and income situation. In the logistics market, with the 3PL business specializing in outsourced logistics services expanding in market size and the needs of 3PL providers for rental of multifunctional and highly-convenient logistics facilities on the rise, the demand for leading-edge logistics facilities is expected to continue to increase.

Under such circumstances, MFLP-REIT, which listed on the Tokyo Stock Exchange Real Estate Investment Trust (REIT) Market on August 2, 2016, has ended its 6th fiscal period in July 2019 with smooth sailing. In addition, in February 2018, MFLP-REIT carried out its first capital increase through public offering since its listing.

This is entirely due to the support of our unitholders, and for this I would like to express my heartfelt gratitude.

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.



Chishu Zushi, 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		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)	2nd period (From February 1, 2017 to July 31, 2017)
Operating revenues	(millions of yen)	4,969	3,280	3,148	2,629	2,548
[Of which: Property leasing business revenues]	(millions of yen)	[4,969]	[3,280]	[3,148]	[2,629]	[2,548]
Operating expenses	(millions of yen)	2,650	1,720	1,650	1,390	1,367
[Of which: Property leasing business expenses]	(millions of yen)	[2,134]	[1,338]	[1,306]	[1,086]	[1,071]
Operating income	(millions of yen)	2,318	1,560	1,498	1,239	1,181
Ordinary income	(millions of yen)	2,203	1,520	1,445	1,185	1,152
Net income	(millions of yen)	2,202	1,519	1,444	1,184	1,151
Total assets	(millions of yen)	160,681	104,591	100,250	79,868	78,811
[Period-on-period change]	(%)	[53.6]	[4.3]	[25.5]	[1.3]	[(3.5)]
Net assets	(millions of yen)	109,284	73,390	73,403	59,434	59,447
[Period-on-period change]	(%)	[48.9]	[(0.0)]	[23.5]	[(0.0)]	[(0.0)]
Interest-bearing debt	(millions of yen)	46,800	28,000	24,000	18,000	17,000
Unitholders' capital, net (Note 3)	(millions of yen)	107,081	71,870	71,958	58,250	58,296
Total number of investment units issued and outstanding	(units)	379,000	262,774	262,774	224,000	224,000
Net assets (Net asset value (NAV)) per unit	(yen)	288,349	279,292	279,340	265,334	265,392
Net income per unit (Note 4)	(yen)	5,823	5,783	5,499	5,287	5,141
Total amount of distributions	(millions of yen)	2,461	1,604	1,532	1,246	1,197
Distribution per unit	(yen)	6,496	6,105	5,832	5,563	5,346
[Of which: Distribution of earnings per unit]	(yen)	[5,811]	[5,783]	[5,497]	[5,288]	[5,142]
[Of which: Distribution in excess of retained earnings per unit]	(yen)	[685]	[322]	[335]	[275]	[204]
Ratio of ordinary income to total assets (Note 5)	(%)	1.7	1.5	1.6	1.5	1.4
[Annualized]	(%)	[3.4]	[2.9]	[3.2]	[3.0]	[2.9]
Return on equity (Note 5)	(%)	2.4	2.1	2.2	2.0	1.9
[Annualized]	(%)	[4.9]	[4.1]	[4.4]	[4.0]	[3.9]
Equity ratio at end of period (Note 5)	(%)	68.0	70.2	73.2	74.4	75.4
[Period-on-period change]	(%)	[(2.2)]	[(3.1)]	[(1.2)]	[(1.0)]	[2.7]
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)	181	184	181	184	181
Number of investment properties at end of period	(properties)	16	13	12	10	9
Occupancy rate at end of period (Note 6)	(%)	100.0	100.0	100.0	100.0	100.0
Depreciation and amortization (Note 7)	(millions of yen)	1,314	772	744	595	560
Capital expenditures	(millions of yen)	86	36	46	10	10
Net operating income (NOI) from property leasing (Note 5)	(millions of yen)	4,149	2,715	2,587	2,138	2,037
Funds from operations (FFO) (Note 5)	(millions of yen)	3,517	2,292	2,189	1,780	1,713
FFO per unit (Note 5)	(yen)	9,280	8,722	8,331	7,947	7,651

Ratio of interest-bearing debt to total assets at end of period (LTV ratio) (Note 5)	(%)	29.1	26.8	23.9	22.5	21.6
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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	<p>$\text{Distribution per unit (excluding distribution in excess of retained earnings)} \div \text{Net income per unit} \times 100$ (rounded to the first decimal place)</p> <p>Payout ratios for the 4th fiscal period and the 6th fiscal period are calculated by the following formula, because new investment units were issued.</p> <p>$\text{Total amount of distribution (excluding distribution in excess of retained earnings)} \div \text{Net income} \times 100$</p>
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 an expansionary trend against the backdrop of accommodative financial conditions and support from government cash injection, while overseas economies have been growing moderately on the whole despite signs of slowdown. In addition, capital investment has increased modestly, amid improvement in corporate profits and accommodative financial conditions, mainly due to capacity-increase investment in line with the expansionary trend, urban redevelopment investment, and labor-saving investment to address labor shortage. Private consumption has also been gradually increasing amid improvement in the employment and income situation. In the logistics market, with the 3PL business (Note) specializing in outsourced logistics services expanding in market size and the needs of 3PL providers for rental of multifunctional and highly-convenient logistics facilities on the rise, the demand for leading-edge logistics facilities is expected to continue to increase.

Under such circumstances, MFLP-REIT upholds a basic policy of pursuing maximization of unitholder value by achieving sustainable growth through formation of a strategic partnership in the logistics facilities business with Mitsui Fudosan Co., Ltd. (“Mitsui Fudosan”). During the fiscal period under review (fiscal period ended July 31, 2019), MFLP-REIT acquired MFLP Hino (additional acquisition of 10% quasi co-ownership interest; acquisition price of ¥5,013 million), MFLP Inazawa (acquisition price of ¥16,200 million), MFLP Atsugi II (acquisition price of ¥13,100 million), MFLP Fukuoka I (acquisition of 81% quasi co-ownership interest; acquisition price of ¥4,263 million) and MFIP Inzai (additional acquisition of 80% quasi co-ownership interest; acquisition price of ¥10,040 million) in February 2019, MFLP Tsukuba (additional acquisition of 40% quasi co-ownership interest; acquisition price of ¥3,512 million) in March 2019, and MFLP Fukuoka I (additional acquisition of 19% quasi co-ownership interest; acquisition price of ¥1,000 million) in April 2019, in accordance with the aforementioned policy.

Furthermore, MFLP-REIT has conducted steady management of 16 properties held (total acquisition price of ¥156.7 billion) to maintain an excellent occupancy rate of 100.0% for the entire portfolio as at the end of the fiscal period under review.

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

iii) Overview of financing

MFLP-REIT procured funds of ¥33,617 million through public offering with a payment date of February 1, 2019, and ¥1,678 million through third-party allotment with a payment date of February 27, 2019. As a result, unitholders’ capital (net) was ¥107,081 million at the end of the fiscal period under review. In the fiscal period under review, MFLP-REIT executed debt financing of ¥17,900 million (short-term loans payable of ¥2,900 million; long-term loans payable of ¥15,000 million) in February 2019 to fund the acquisitions of MFLP Hino, MFLP Inazawa, MFLP Atsugi II, MFLP Fukuoka I and MFIP Inzai and to repay short-term loans payable; ¥1,100 million (short-term loans payable) in March 2019 to fund the acquisition of MFLP Tsukuba; ¥3,900 million (short-term loans payable) in April 2019 to fund the acquisition of MFLP Fukuoka I and to repay short-term loans payable; ¥1,600 million (short-term loans payable) in April 2019 and ¥1,100 million (short-term loans payable) in May 2019 to pay out distributions and to repay short-term loans payable; and ¥1,100 million (short-term loans payable) in May 2019, and ¥1,000 million (short-term loans payable) in July 2019 to repay short-term loans payable, and executed repayments of a total of ¥8,900 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 ¥46,800 million (short-term loans payable of ¥5,500 million; long-term loans payable of ¥41,300 million) and the ratio of interest-bearing debt to total assets (LTV ratio) was 29.1%.

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 ¥4,969 million, operating income of ¥2,318 million, ordinary income of ¥2,203 million, and net income of ¥2,202 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 ¥2,202,369,000, 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 ¥5,811.

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 ¥259 million, which is the amount almost equivalent to the remaining amount after subtracting the distribution of earnings of ¥2,202 million from ¥2,462 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 ¥685.

(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)

(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.

[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	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)	2nd period (From February 1, 2017 to July 31, 2017)
Highest (yen)	396,000	358,000	377,500	387,500	339,500
Lowest (yen)	325,500	300,500	320,500	309,500	303,000

(4) Distribution

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

Fiscal period	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)	2nd period (From February 1, 2017 to July 31, 2017)
Total amount of unappropriated retained earnings (thousands of yen)	2,202,626	1,519,739	1,444,484	1,184,529	1,151,857
Retained earnings (thousands of yen)	257	117	16	17	49
Total amount of distribution of cash (thousands of yen)	2,461,984	1,604,235	1,532,497	1,246,112	1,197,504
[Distribution per unit] (yen)	[6,496]	[6,105]	[5,832]	[5,563]	[5,346]
Of which: Total amount of distribution of earnings (thousands of yen)	2,202,369	1,519,622	1,444,468	1,184,512	1,151,808
[Distribution of earnings per unit] (yen)	[5,811]	[5,783]	[5,497]	[5,288]	[5,142]
Of which: Total amount of return of capital (thousands of yen)	259,615	84,613	88,029	61,600	45,696
[Return of capital per unit] (yen)	[685]	[322]	[335]	[275]	[204]
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)	259,615	84,613	88,029	61,600	45,696
[Of return of capital per unit: Distribution from distribution reducing unitholders' capital for tax purposes] (yen)	[685]	[322]	[335]	[275]	[204]

(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

Not applicable.

2. Overview of the Investment Corporation

(1) Status of investments in capital

Fiscal period	6th period (July 31, 2019)	5th period (January 31, 2019)	4th period (July 31, 2018)	3rd period (January 31, 2018)	2nd period (July 31, 2017)
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	262,774	262,774	224,000	224,000
Unitholders' capital, net (millions of yen) (Note)	107,081	71,870	71,958	58,250	58,296
Number of unitholders (unitholders)	8,122	6,570	7,135	5,073	5,698

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

(2) Major unitholders

Of the unitholders as of July 31, 2019, 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)	68,475	18.06
Japan Trustee Services Bank, Ltd. (trust account)	46,021	12.14
Mitsui Fudosan Co., Ltd.	28,900	7.62
The Nomura Trust and Banking Co., Ltd. (investment trust account)	13,678	3.60
JPMorgan Chase Bank 385632	12,181	3.21
Trust & Custody Services Bank, Ltd. (securities investment trust account)	11,488	3.03
State Street Bank and Trust Company 505001	8,968	2.36
The Chugoku Bank, Limited	6,168	1.62
The Hokkoku Bank, Ltd.	5,260	1.38
JPMorgan Chase Bank 380535	4,650	1.22
Total	205,789	54.29

(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	—	9,100

(Note 1) None of the executive director or supervisory directors own MFLP-REIT investment units in their own name or in the name of 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 (¥2,100 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 July 31, 2019.

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

(Note) As of October 1, 2019, the general administrator (accounting) has changed to RWA Accounting Holdings Co., Ltd. and the general administrator (tax payment) has changed to 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)	6th period (As of July 31, 2019)		5th period (As of January 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	107,851	67.1	86,736	82.9
		Kansai area	4,290	2.7	4,333	4.1
		Other areas	29,485	18.4	8,131	7.8
	Subtotal		141,627	88.1	99,201	94.8
	Industrial real estate (Note 6)	Tokyo metropolitan area	12,133	7.6	2,123	2.0
		Kansai area	—	—	—	—
		Other areas	—	—	—	—
	Subtotal		12,133	7.6	2,123	2.0
	Real estate in trust total		153,761	95.7	101,324	96.9
	Deposits and other assets		6,920	4.3	3,267	3.1
Total assets		160,681	100.0	104,591	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 July 31, 2019.

Name of real estate, etc.	Book value (millions of yen)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	As a percentage of total property leasing business revenues (%)	Main use
GLP/MFLP Ichikawa Shiohama (Note 4)	15,127	50,813	50,813	100.0	9.9	Logistics facilities
MFLP Kuki	11,945	67,925	67,925	100.0	9.6	Logistics facilities
MFLP Yokohama Daikoku (Note 4)	9,780	47,929	47,929	100.0	7.1	Logistics facilities
MFLP Yashio	9,347	39,692	39,692	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Atsugi	7,489	40,958	40,958	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Funabashi Nishiura	6,706	31,034	31,034	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Kashiwa	6,050	31,291	31,291	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Sakai (Note 4)	4,290	22,429	22,429	100.0	3.3	Logistics facilities
MFLP Komaki	8,042	40,605	40,605	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Hino (Note 4)	12,468	46,801	46,801	100.0	7.6	Logistics facilities
MFLP Hiratsuka	6,947	33,055	33,055	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Tsukuba	8,887	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	16,176	68,922	68,922	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Atsugi II	13,100	48,032	48,032	100.0	Not disclosed (Note 5)	Logistics facilities
MFLP Fukuoka I	5,265	32,216	32,216	100.0	Not disclosed (Note 5)	Logistics facilities

Name of real estate, etc.	Book value (millions of yen)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	As a percentage of total property leasing business revenues (%)	Main use
MFIP Inzai	12,133	Not disclosed (Note 5)	Not disclosed (Note 5)	Not disclosed (Note 5)	Not disclosed (Note 5)	Industrial real estate
Total	153,761	Not disclosed (Note 5)	Not disclosed (Note 5)	100.0	100.0	

(Note 1) “Leasable area” is the total floor area (rounded down to the nearest whole number) of each asset held by MFLP-REIT that is deemed to be leasable based on the lease agreement or floor plan, etc. for such building as of July 31, 2019, 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 July 31, 2019 (Excluding lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots). If a master lease agreement has been executed for assets held by MFLP-REIT, the total leased area represents the sum total of the area that is actually leased based on the lease agreement signed with end-tenant rounded down to the nearest whole number. Total leased area is calculated based on the assumption that the subject property is actually leased if the Subject Lease Agreement has been executed as of July 31, 2019 even if there is no occupancy / delivery relating to the subject property as of July 31, 2019.

(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 properties as of July 31, 2019, 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 (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 July 31, 2019.

Name of real estate, etc.	Location	Form of ownership	Leasable area (m ²) (Note 1)	Appraisal value at end of period (millions of yen) (Note 2)	Book value at end of period (millions of yen)
GLP/MFLP Ichikawa Shiohama (Note 3)	1-6-3 Shiohama, Ichikawa-shi, Chiba	Real estate trust beneficiary interests	50,813	17,350	15,127
MFLP Kuki	1-10 Kiyokuchō, Kuki-shi, Saitama	Real estate trust beneficiary interests	67,925	14,000	11,945
MFLP Yokohama Daikoku (Note 3)	43-1 Daikokuchō, Tsurumi-ku, Yokohama-shi, Kanagawa	Real estate trust beneficiary interests	47,929	10,600	9,780
MFLP Yashio	99-1 Tsubutakita, Minamiushiroya, Yashio-shi, Saitama	Real estate trust beneficiary interests	39,692	10,900	9,347
MFLP Atsugi	4021-1 Sakuradai, Nakatsu, Aikawamachi, Aiko-gun, Kanagawa	Real estate trust beneficiary interests	40,958	8,720	7,489
MFLP Funabashi Nishiura	3-10-13 Nishiura, Funabashi-shi, Chiba	Real estate trust beneficiary interests	31,034	7,740	6,706
MFLP Kashiwa	259-1 Mukaiwari, Aotashindentobichi, Kashiwa-shi, Chiba	Real estate trust beneficiary interests	31,291	6,960	6,050
MFLP Sakai (Note 3)	1-171 Chikkoyawatamachi, Sakai-ku, Sakai-shi, Osaka	Real estate trust beneficiary interests	22,429	4,880	4,290
MFLP Komaki	2020-1 Higashimae, Honjo, Komaki-shi, Aichi	Real estate trust beneficiary interests	40,605	8,540	8,042
MFLP Hino (Note 3)	3-1-2 Asahigaoka, Hino-shi, Tokyo	Real estate trust beneficiary interests	46,801	12,600	12,468
MFLP Hiratsuka	2-1544-5 Nishishindo, Hiratsuka-shi, Kanagawa	Real estate trust beneficiary interests	33,055	7,150	6,947
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	8,887
MFLP Inazawa	2-1 Okudaosawa-cho, Inazawa-shi, Aichi	Real estate trust beneficiary interests	68,922	16,400	16,176
MFLP Atsugi II	84-1 Ishida, Isehara-shi, Kanagawa	Real estate trust beneficiary interests	48,032	13,500	13,100
MFLP Fukuoka I	16-10 Shinbaru, Sue-machi, Kasuya-gun, Fukuoka	Real estate trust beneficiary interests	32,216	5,400	5,265
Logistics facilities subtotal			665,246	154,840	141,627

Name of real estate, etc.	Location	Form of ownership	Leasable area (m ²) (Note 1)	Appraisal value at end of period (millions of yen) (Note 2)	Book value at end of period (millions of yen)
MFIP Inzai	2-101-14 Izumino, Inzai-shi, Chiba	Real estate trust beneficiary interests	Not disclosed (Note 4)	12,800	12,133
Industrial real estate subtotal			Not disclosed (Note 4)	12,800	12,133
Total			Not disclosed (Note 4)	167,640	153,761

(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 July 31, 2019, 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 July 31, 2019 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 has acquired (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.	6th period (From February 1, 2019 to July 31, 2019)				5th period (From August 1, 2018 to January 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	100.0	489	9.9	5	100.0	481	14.7
MFLP Kuki	3	100.0	479	9.6	3	100.0	476	14.5
MFLP Yokohama Daikoku (Note 3)	5	100.0	351	7.1	5	100.0	351	10.7
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	165	3.3	5	100.0	162	5.0
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	379	7.6	16	100.0	230	7.0
MFLP Hiratsuka	Not disclosed (Note 4)	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Tsukuba	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFLP Inazawa	2	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	—	—	—	—
MFLP Atsugi II	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)	—	—	—	—
Logistics facilities subtotal	Not disclosed (Note 4)	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MFIP Inzai	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)
Industrial real estate subtotal	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)	Not disclosed (Note 4)
Total	Not disclosed (Note 4)	100.0	4,969	100.0	Not disclosed (Note 4)	100.0	3,280	100.0

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

(Note 2) “Occupancy rate” is 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 properties 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 has acquired (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 July 31, 2019.

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	In April 2020	3	—	—
MFLP Kuki	Kuki, Saitama	Replacement of equipment of access management facilities	From September 2019 to January 2020	5	—	—
MFLP Kuki	Kuki, Saitama	Replacement of surveillance cameras	From March 2020 to July 2020	11	—	—
MFLP Kuki	Kuki, Saitama	Installation of smoking room air conditioning equipment	From March 2020 to July 2020	3	—	—
MFLP Kuki	Kuki, Saitama	Installation of bird netting	From April 2020 to July 2020	3	—	—
MFLP Kuki	Kuki, Saitama	Replacement of main vertical conveyor chain (1st stage)	From May 2020 to July 2020	3	—	—
MFLP Kuki	Kuki, Saitama	Replacement of main vertical conveyor chain (2nd stage)	From May 2020 to July 2020	4	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Exterior wall painting (Section 5)	From July 2019 to December 2019	49	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Replacement of heads of foam fire extinguishing system	From September 2019 to November 2019	8	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Installation of additional security cameras	From October 2019 to November 2019	22	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Exterior wall painting (Section 6)	From January 2020 to June 2020	49	—	—
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Replacement of heads of foam fire extinguishing system	From March 2020 to May 2020	8	—	—
MFLP Yashio	Yashio, Saitama	Replacement of power conditioners for photovoltaic power generation facilities	In March 2020	6	—	—

(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 ¥86 million and, other than this, there was ¥45 million in repair expenses categorized as operating expenses in the fiscal period under review.

Name of real estate, etc.	Location	Purpose	Period	Construction amount (millions of yen) (Note)
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Exterior wall painting (Section 4)	From January 2019 to June 2019	48
MFLP Yokohama Daikoku	Yokohama, Kanagawa	Replacement of heads of foam fire extinguishing system	From May 2019 to June 2019	8
MFLP Yashio	Yashio, Saitama	Renewal of equipment of access management facilities	In July 2019	4
MFLP Yashio	Yashio, Saitama	Replacement of electricity meter	In July 2019	4
MFLP Hino	Hino, Tokyo	Construction for expansion of bicycle parking	From June 2019 to July 2019	4
Other capital expenditures				15
Total				86

(Note) For “MFLP Yokohama Daikoku,” and “MFLP Hino,” construction amount are the prorated figures equivalent to the quasi co-ownership interest in each property that MFLP-REIT holds (50% and 25%, respectively).

(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	6th period (From February 1, 2019 to July 31, 2019)	5th period (From August 1, 2018 to January 31, 2019)
Asset management fee (Note)	439,926	310,249
Asset custody fee	5,229	5,012
Administrative service fees	17,000	15,560
Directors' compensations	5,400	5,400
Audit fee	9,100	9,100
Other expenses	38,950	37,209
Total	515,606	382,531

(Note) Other than the amount stated above, there is an asset management fee for compensation associated with a property acquisition factored into the book value of the properties (the 5th period: ¥26,343 thousand; the 6th period: ¥144,102 thousand).

(2) Debt financing status

The following is the status of loans as of July 31, 2019.

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.	Dec. 3, 2018	1,700	—	0.0832	Feb. 4, 2019	Bullet repayment	(Note 3)	Unsecured Non-guaranteed
		Apr. 5, 2019	—	2,900	0.0990	Nov. 29, 2019	Bullet repayment	(Note 3)	
		Apr. 22, 2019	—	1,600	0.0977	Oct. 22, 2019	Bullet repayment	(Note 3)	
	The Bank of Fukuoka, Ltd.	July 31, 2019	—	1,000	0.1005	Oct. 31, 2019	Bullet repayment	(Note 3)	
	Subtotal		1,700	5,500					
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	0.2500	Feb. 6, 2023	Bullet repayment	(Note 3)	
		Feb. 4, 2019	—	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	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	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	0.2500	Feb. 6, 2023	Bullet repayment	(Note 3)	
		Feb. 4, 2019	—	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	0.1163	Feb. 6, 2023	Bullet repayment	(Note 3)	
		Feb. 4, 2019	—	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	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	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	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	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	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	0.2313	Feb. 4, 2026	Bullet repayment	(Note 3)	
	Subtotal		26,300	41,300					
Total			28,000	46,800					

(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

Name of real estate, etc.	Acquisition		Disposition			
	Acquisition date	Acquisition price (millions of yen) (Note 1)	Disposition date	Disposition price (millions of yen)	Book value (millions of yen)	Gain (Loss) on sale (millions of yen)
MFLP Hino (Note 2)	February 4, 2019	5,013	—	—	—	—
MFLP Tsukuba (Note 3)	March 1, 2019	3,512	—	—	—	—
MFLP Inazawa	February 4, 2019	16,200	—	—	—	—
MFLP Atsugi II	February 4, 2019	13,100	—	—	—	—
MFLP Fukuoka I (Note 4)	February 4, 2019	4,263	—	—	—	—
MFLP Fukuoka I (Note 5)	April 5, 2019	1,000	—	—	—	—
MFIP Inzai (Note 6)	February 4, 2019	10,040	—	—	—	—
Total	—	53,128	—	—	—	—

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

(Note 2) For “MFLP Hino,” the acquisition price is the prorated figure equivalent to the quasi co-ownership interest in this property that MFLP-REIT additionally acquired (10%).

(Note 3) For “MFLP Tsukuba,” the acquisition price is the prorated figure equivalent to the quasi co-ownership interest in this property that MFLP-REIT additionally acquired (40%).

(Note 4) For “MFLP Fukuoka I,” the acquisition price relating to the acquisition on February 4, 2019 is the prorated figure equivalent to the quasi co-ownership interest in this property that MFLP-REIT acquired (81%).

(Note 5) For “MFLP Fukuoka I,” the acquisition price relating to the acquisition on April 5, 2019 is the prorated figure equivalent to the quasi co-ownership interest in this property that MFLP-REIT additionally acquired (19%).

(Note 6) For “MFIP Inzai,” the acquisition price is the prorated figure equivalent to the quasi co-ownership interest in this property that MFLP-REIT additionally acquired (80%).

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

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

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

i) Real estate, etc.

Acquisition or disposition	Type of asset	Name of real estate, etc.	Transaction date	Acquisition price or disposition price (millions of yen) (Note 2)	Appraisal value (millions of yen)	Appraisal company	Date of valuation
Acquisition	Real estate trust beneficiary interests	MFLP Hino (Note 3)	February 4, 2019	5,013	5,040	The Tanizawa Sōgō Appraisal Co., Ltd.	November 30, 2018
	Real estate trust beneficiary interests	MFLP Tsukuba (Note 4)	March 1, 2019	3,512	4,000	Japan Real Estate Institute	November 30, 2018
	Real estate trust beneficiary interests	MFLP Inazawa	February 4, 2019	16,200	16,300	Japan Real Estate Institute	November 30, 2018
	Real estate trust beneficiary interests	MFLP Atsugi II	February 4, 2019	13,100	13,200	The Tanizawa Sōgō Appraisal Co., Ltd.	November 30, 2018
	Real estate trust beneficiary interests	MFLP Fukuoka I (Note 5)	February 4, 2019	4,263	4,276	Japan Real Estate Institute	November 30, 2018
	Real estate trust beneficiary interests	MFLP Fukuoka I (Note 6)	April 5, 2019	1,000	1,003	Japan Real Estate Institute	November 30, 2018
	Real estate trust beneficiary interests	MFIP Inzai (Note 7)	February 4, 2019	10,040	10,300	CBRE K.K.	November 30, 2018
Total				53,128	54,120	—	—

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

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

(Note 3) For “MFLP Hino,” the acquisition price and appraisal value are the prorated figures equivalent to the quasi co-ownership interest in this property that MFLP-REIT additionally acquired (10%).

(Note 4) For “MFLP Tsukuba,” the acquisition price and appraisal value are the prorated figures equivalent to the quasi co-ownership interest in this property that MFLP-REIT additionally acquired (40%).

(Note 5) For “MFLP Fukuoka I,” the acquisition price and appraisal value relating to the acquisition on February 4, 2019 are the prorated figures equivalent to the quasi co-ownership interest in this property that MFLP-REIT acquired (81%).

(Note 6) For “MFLP Fukuoka I,” the acquisition price and appraisal value relating to the acquisition on April 5, 2019 are the prorated figures equivalent to the quasi co-ownership interest in this property that MFLP-REIT additionally acquired (19%).

(Note 7) For “MFIP Inzai,” the acquisition price and appraisal value are the prorated figures equivalent to the quasi co-ownership interest in this property that MFLP-REIT additionally acquired (80%).

ii) Other

Not applicable.

(4) Status of interested party transactions, etc.

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

Category	Amount of purchase or sale, etc. (Note 2)	
	Amount of purchase, etc. (thousands of yen)	Amount of sale, etc. (thousands of yen)
Total amount	53,128,000	—
Breakdown of status of transactions with interested parties, etc. (Note 1)		
Hino Tokutei Mokuteki Kaisha	5,013,000 (9.4%)	— (— %)
Mitsui Fudosan Co., Ltd.	33,563,000 (63.2%)	— (— %)
Inzai Tokutei Mokuteki Kaisha	10,040,000 (18.9%)	— (— %)
Total	48,616,000 (91.5%)	— (— %)

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

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

ii) Amount of commission fee, etc.

Category	Total amount of commission fee, etc. (A) (thousands of yen)	Breakdown of transactions with interested parties, etc.		As a percentage of total amount (B/A)
		Paid to	Amount paid (B) (thousands of yen)	
Logistics management fee	129,733	Mitsui Fudosan Co., Ltd.	117,828	90.8%
Building management fee	151,669	Mitsui Fudosan Facilities Co., Ltd.	95,200	62.8%
		Mitsui Fudosan Facilities West Co., Ltd.	33,581	22.1%

(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.	3,483
Mitsui Fudosan Building Management Co., Ltd.	Repairs and related work, etc.	16,398
Mitsui Fudosan Facilities Co., Ltd.	Repairs and related work, etc.	32,471
Mitsui Fudosan Facilities West Co., Ltd.	Repairs and related work, etc.	3,790

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.	167,340

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

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

7. Accounting

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

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

8. Other

(1) Notice

i) General meeting of unitholders

Not applicable.

ii) Board of directors of the investment corporation

There were no applicable conclusions or changes in major contracts approved by MFLP-REIT’s Board of Directors during the fiscal period under review.

(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)	
	6th period (As of July 31, 2019)	5th period (As of January 31, 2019)
Assets		
Current assets		
Cash and deposits (Notes 3 and 4)	¥ 1,085,379	¥ 936,079
Cash and deposits in trust (Notes 3 and 4)	3,074,601	2,035,779
Operating accounts receivable (Note 12)	284,297	35,257
Prepaid expenses	25,701	17,478
Consumption taxes receivable	2,261,176	99,710
Other	14,201	4,977
Total current assets	6,745,357	3,129,283
Non-current assets		
Property and equipment (Note 5)		
Buildings in trust	82,222,802	52,057,963
Structures in trust	2,847,469	1,738,043
Machinery and equipment in trust	2,984,550	2,202,041
Vehicles and transport equipment in trust	2,642	2,642
Tools, furniture and fixtures in trust	4,222	2,175
Land in trust	70,241,485	48,548,367
Construction in progress in trust	-	70,985
Less: accumulated depreciation	(4,541,488)	(3,226,547)
Total property and equipment	153,761,683	101,395,672
Intangible assets		
Software	4,876	5,996
Total intangible assets	4,876	5,996
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	65,092	49,833
Deferred tax assets (Note 9)	16	15
Other	1,050	1,050
Total investments and other assets	76,159	60,899
Total non-current assets	153,842,719	101,462,568
Deferred assets		
Investment unit issuance expenses (Note 2)	93,614	-
Total deferred assets	93,614	-
Total assets	¥ 160,681,690	¥ 104,591,851

Mitsui Fudosan Logistics Park Inc.
Balance Sheets

	(Thousands of yen)	
	6th period (As of July 31, 2019)	5th period (As of January 31, 2019)
Liabilities		
Current liabilities		
Operating accounts payable (Note 12)	¥ 228,467	¥ 205,661
Short-term loans payable (Notes 4 and 7)	5,500,000	1,700,000
Accounts payable (Note 12)	502,181	444,711
Accrued expenses	312	210
Income taxes payable	944	929
Advances received	849,898	570,502
Other	114	382
Total current liabilities	7,081,918	2,922,397
Non-current liabilities		
Long-term loans payable (Notes 4 and 7)	41,300,000	26,300,000
Tenant leasehold and security deposits in trust (Note 4)	3,015,304	1,978,772
Total non-current liabilities	44,315,304	28,278,772
Total liabilities	51,397,223	31,201,169
Net assets (Notes 6 and 10)		
Unitholders' equity		
Unitholders' capital	107,416,211	72,120,699
Units authorized: 8,000,000 units as of July 31, 2019 and January 31, 2019		
Units issued and outstanding: 379,000 units as of July 31, 2019 and 262,774 units as of January 31, 2019		
Deduction from unitholders' capital	(334,370)	(249,757)
Unitholders' capital (net)	107,081,840	71,870,942
Retained earnings	2,202,626	1,519,739
Total unitholders' equity	109,284,466	73,390,682
Total net assets (Notes 6 and 10)	109,284,466	73,390,682
Total liabilities and net assets	¥ 160,681,690	¥ 104,591,851

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

Mitsui Fudosan Logistics Park Inc.
Statements of Income

	(Thousands of yen)	
	6th period (From February 1, 2019 to July 31, 2019)	5th period (From August 1, 2018 to January 31, 2019)
Operating revenues (Note 12)		
Property-related revenues (Note 8)	¥ 4,766,132	¥ 3,135,601
Other revenues related to property leasing (Note 8)	202,987	145,331
Total operating revenues	4,969,119	3,280,932
Operating expenses (Note 12)		
Property-related expenses (Note 8)	2,134,534	1,338,137
Asset management fee	439,926	310,249
Asset custody fee	5,229	5,012
Administrative service fees	17,000	15,560
Directors' compensations	5,400	5,400
Audit fee	9,100	9,100
Other operating expenses	38,950	37,209
Total operating expenses	2,650,140	1,720,669
Operating income	2,318,979	1,560,262
Non-operating income		
Interest income	18	14
Insurance income	3,010	35,881
Interest on refund	13	866
Other	0	0
Total non-operating income	3,042	36,762
Non-operating expenses		
Interest expense	59,004	36,026
Amortization of investment unit issuance expenses	18,722	-
Offering costs associated with issuance of investment units	32,792	-
Borrowing related expenses	4,016	4,983
Disaster recovery expenses (Note 2)	2,230	31,030
Other	1,800	4,332
Total non-operating expenses	118,566	76,372
Income before income taxes	2,203,454	1,520,653
Income taxes - current	947	931
Income taxes - deferred	(0)	(2)
Total income taxes (Note 9)	946	929
Net income (Note 10)	¥ 2,202,508	¥ 1,519,723
Retained earnings brought forward	117	16
Unappropriated retained earnings (undisposed loss) (Note 6)	¥ 2,202,626	¥ 1,519,739

	(Yen)	
	6th period (From February 1, 2019 to July 31, 2019)	5th period (From August 1, 2018 to January 31, 2019)
Net income per unit (Note 10)	¥ 5,823	¥ 5,783

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 August 1, 2018	262,774	¥ 72,120,699	¥ (161,728)	¥ 71,958,971	¥ 1,444,484	¥ 73,403,456
Distribution in excess of retained earnings	-	-	(88,029)	(88,029)	-	(88,029)
Dividends of earnings	-	-	-	-	(1,444,468)	(1,444,468)
Net income	-	-	-	-	1,519,723	1,519,723
Balance as of January 31, 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

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

Mitsui Fudosan Logistics Park Inc.
Statements of Cash Flows

	(Thousands of yen)	
	6th period (From February 1, 2019 to July 31, 2019)	5th period (From August 1, 2018 to January 31, 2019)
Cash flows from operating activities:		
Income before income taxes	¥ 2,203,454	¥ 1,520,653
Depreciation and amortization	1,316,061	773,409
Amortization of investment unit issuance expenses	18,722	-
Interest income	(18)	(14)
Interest expense	59,004	36,026
Decrease (increase) in operating accounts receivable	(249,039)	97,313
Decrease (increase) in prepaid expenses	(8,222)	538
Decrease (increase) in long-term prepaid expenses	(15,258)	(8,278)
Decrease (increase) in consumption taxes receivable	(2,161,465)	513,340
Increase (decrease) in operating accounts payable	15,191	157,601
Increase (decrease) in accounts payable	144,133	33,966
Increase (decrease) in advances received	279,396	32,233
Other, net	(9,491)	(502)
Subtotal	1,592,466	3,156,287
Interest income received	18	14
Interest expense paid	(58,902)	(36,038)
Income taxes paid	(932)	(885)
Net cash provided by (used in) operating activities	1,532,649	3,119,376
Cash flows from investing activities:		
Purchase of property and equipment in trust	(53,760,799)	(5,460,010)
Repayments of tenant leasehold and security deposits in trust	(60,770)	(46,583)
Proceeds from tenant leasehold and security deposits in trust	1,097,303	134,001
Net cash provided by (used in) investing activities	(52,724,267)	(5,372,593)
Cash flows from financing activities:		
Proceeds from short-term loans payable	12,700,000	3,100,000
Repayments of short-term loans payable	(8,900,000)	(2,100,000)
Proceeds from long-term loans payable	15,000,000	3,000,000
Proceeds from issuance of investment units	35,183,174	-
Payment of distribution of earnings	(1,518,873)	(1,443,990)
Payment of distribution in excess of retained earnings	(84,562)	(87,979)
Net cash provided by (used in) financing activities	52,379,739	2,468,029
Net increase (decrease) in cash and cash equivalents	1,188,122	214,812
Cash and cash equivalents at beginning of period	2,971,858	2,757,046
Cash and cash equivalents at end of period (Note 3)	¥ 4,159,980	¥ 2,971,858

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 July 31, 2019, 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 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 ¥1,526 thousand for the 5th period and ¥264,449 thousand for the 6th period.

g. Trust beneficiary interests in real estate

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

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

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

h. Consumption taxes

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

3. Cash and Cash Equivalents

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

	(Thousands of yen)	
	6th period (As of July 31, 2019)	5th period (As of January 31, 2019)
Cash and deposits	¥ 1,085,379	¥ 936,079
Cash and deposits in trust	3,074,601	2,035,779
Cash and cash equivalents	¥ 4,159,980	¥ 2,971,858

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 July 31, 2019 and January 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)			
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

(Thousands of yen)

5th period (As of January 31, 2019)	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 936,079	¥ 936,079	-
(2) Cash and deposits in trust	2,035,779	2,035,779	-
Total assets	¥ 2,971,858	¥ 2,971,858	-
(3) Short-term loans payable	1,700,000	1,700,000	-
(4) Long-term loans payable	26,300,000	26,362,577	¥ 62,577
Total liabilities	¥ 28,000,000	¥ 28,062,577	¥ 62,577

(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)

	6th period (As of July 31, 2019)	5th period (As of January 31, 2019)
Tenant leasehold and security deposits in trust	¥ 3,015,304	¥ 1,978,772

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

(Note 3) Redemption schedule for monetary claims

(Thousands of yen)

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

(Thousands of yen)

5th period (As of January 31, 2019)	Due within one year
Cash and deposits	¥ 936,079
Cash and deposits in trust	¥ 2,035,779

(Note 4) Repayment schedule for loans

(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

(Thousands of yen)

5th period (As of January 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	¥ 1,700,000	-	-	-	-	-
Long-term loans payable	-	-	-	¥ 5,300,000	¥ 7,100,000	¥ 13,900,000

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)

	6th period (From February 1, 2019 to July 31, 2019)	5th period (From August 1, 2018 to January 31, 2019)
Carrying amount		
Balance at beginning of period	¥ 101,324,687	¥ 96,664,568
Changes during the period	52,436,996	4,660,118
Balance at end of period	153,761,683	101,324,687
Fair value at the end of the period	¥ 167,640,000	¥ 112,140,000

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

(Note 2) Changes in the carrying amount during the 5th period consisted of the increase mainly attributable to acquisition of trust beneficiary interests in real estate for one property (¥5,395,942 thousand), and the decrease mainly attributable to depreciation (¥772,289 thousand). 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).

(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)

	6th period (From February 1, 2019 to July 31, 2019)		5th period (From August 1, 2018 to January 31, 2019)	
	Total	Per unit	Total	Per unit
I. Unappropriated retained earnings	¥ 2,202,626,192		¥ 1,519,739,902	
II. Distributions in excess of retained earnings				
Deduction from unitholders' capital	259,615,000		84,613,228	
III. Distributions				
Distribution of earnings	2,202,369,000	¥ 5,811	1,519,622,042	¥ 5,783
Distribution in excess of retained earnings	259,615,000	685	84,613,228	322
Total distributions	¥ 2,461,984,000	¥ 6,496	¥ 1,604,235,270	¥ 6,105
IV. Retained earnings carried forward	¥ 257,192		¥ 117,860	

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 July 31, 2019 and January 31, 2019, MFLP-REIT declared a distribution amount of ¥2,202,369,000 and ¥1,519,622,042, 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 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).

For the fiscal period ended January 31, 2019, MFLP-REIT declared the distribution of ¥84,613,228, which is calculated as being almost equivalent to the remaining amount after subtracting the distribution of earnings of ¥1,519,622,042 from ¥1,604,409,211 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 July 31, 2019 and January 31, 2019.

(Thousands of yen)

	6th period (As of July 31, 2019)		5th period (As of January 31, 2019)	
0.0832% unsecured short-term loans		-	¥	1,700,000
0.0990% unsecured short-term loans	¥	2,900,000		-
0.0977% unsecured short-term loans		1,600,000		-
0.1005% unsecured short-term loans		1,000,000		-
Total short-term loans payable	¥	5,500,000	¥	1,700,000
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		-
0.1475% unsecured long-term loans due 2024		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		-
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		-
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		-
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		-
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		-
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		-
0.3975% unsecured long-term loans due 2026		1,000,000		1,000,000
Total long-term loans payable	¥	41,300,000	¥	26,300,000

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

(Thousands of yen)

	6th period (As of July 31, 2019)		5th period (As of January 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 July 31, 2019 and January 31, 2019.

(Thousands of yen)				
	6th period (From February 1, 2019 to July 31, 2019)		5th period (From August 1, 2018 to January 31, 2019)	
A. Property leasing business revenues				
Property-related revenues				
Rental revenues	¥	4,587,276	¥	3,026,801
Common area charges		178,855		108,799
Total	¥	4,766,132	¥	3,135,601
Other revenues related to property leasing				
Utilities charges	¥	143,571	¥	105,030
Parking lots		18,247		8,746
Others		41,168		31,555
Total	¥	202,987	¥	145,331
Total property leasing business revenues	¥	4,969,119	¥	3,280,932
B. Property leasing business expenses				
Property-related expenses				
Outsourcing service expenses	¥	284,400	¥	178,765
Utilities expenses		136,929		96,567
Repair expenses		45,700		20,247
Taxes and dues		332,697		257,608
Depreciation and amortization		1,314,941		772,289
Others		19,864		12,659
Total property leasing business expenses	¥	2,134,534	¥	1,338,137
C. Operating income from property leasing [A-B]	¥	2,834,585	¥	1,942,794

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

(Thousands of yen)				
	6th period (From February 1, 2019 to July 31, 2019)		5th period (From August 1, 2018 to January 31, 2019)	
Operating transactions:				
Operating revenues	¥	167,340	¥	109,537
Operating expenses	¥	121,311	¥	70,817
Non-operating transactions:				
Purchase of trust beneficiary interests in real estate	¥	33,786,303	¥	88,426

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 July 31, 2019 and January 31, 2019 are as follows:

(Thousands of yen)				
	6th period (As of July 31, 2019)		5th period (As of January 31, 2019)	
Deferred tax assets:				
Accrued enterprise tax	¥	16	¥	15
Total deferred tax assets	¥	16	¥	15
Net deferred tax assets	¥	16	¥	15

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 July 31, 2019 and January 31, 2019 are as follows:

	6th period (As of July 31, 2019)	5th period (As of January 31, 2019)
Statutory tax rate	31.51%	31.51%
Adjustments:		
Deductible distributions	(31.49)	(31.49)
Other	0.03	0.04
Effective income tax rate after application of tax-effect accounting	0.04%	0.06%

10. Per Unit Information

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

	6th period (From February 1, 2019 to July 31, 2019)	5th period (From August 1, 2018 to January 31, 2019)
Earnings per unit:		
Net income per unit (yen)	¥ 5,823	¥ 5,783
Weighted average number of units outstanding (unit)	378,206	262,774

	6th period (As of July 31, 2019)	5th period (As of January 31, 2019)
Net assets per unit (yen)	¥ 288,349	¥ 279,292

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

	(Thousands of yen)			
	6th period (As of July 31, 2019)	5th period (As of January 31, 2019)		
Due within one year	¥ 8,386,574	¥ 5,598,916		
Due after one year	19,027,754	11,780,363		
Total	¥ 27,414,328	¥ 17,379,280		

12. Transactions with Related Parties

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 interests in real estate	10,089,565	-	-

(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.

Significant transactions and balances with related parties for the fiscal period ended January 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	10.99%	Logistics management outsourcing	Logistics management fee	¥ 68,749	Operating accounts payable	¥ 13,057
							Repairs and related work	1,220		
							Other expenses related to property leasing	847		
							Rent income, etc.	109,537	Operating accounts receivable	29,242
							Purchase of trust beneficiary interests in real estate	88,426	-	-
Subsidiary of major corporate unitholder	Mitsui Fudosan Logistics REIT Management Co., Ltd.	Chuo-ku, Tokyo	200	Investment management business	-	Asset management outsourcing	Asset management fee (Note 3)	336,593	Accounts payable	379,328
	Mitsui Fudosan Building Management Co., Ltd.	Chuo-ku, Tokyo	490	Property management business	-	Building management outsourcing	Repairs and related work	2,937	-	-
	Mitsui Fudosan Facilities Co., Ltd.	Chuo-ku, Tokyo	490	Property management business	-	Building management outsourcing	Building management fee	65,744	Operating accounts payable	14,424
							Repairs and related work	16,602		
							Other expenses related to property leasing	1,423		
							Other income	234	-	-
	Mitsui Fudosan Facilities West Co., Ltd.	Osaka-shi, Osaka	200	Property management business	-	Building management outsourcing	Building management fee	7,130	Operating accounts payable	4,508
							Repairs and related work	2,131		
							Other expenses related to property leasing	94		

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

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

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

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

(Note 3) The asset management fee above includes ¥26,343 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 July 31, 2019 and January 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

For the fiscal period ended July 31, 2019

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.

For the fiscal period ended January 31, 2019

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

14. Significant Subsequent Events

Not applicable.

* * * * *



Independent Auditor's Report

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

We have audited the accompanying financial statements of Mitsui Fudosan Logistics Park Inc. (a Japanese Real Estate Investment Trust), which comprise the balance sheets as at July 31, 2019 and January 31, 2019, and the statements of income, statements of changes in net assets and statements of cash flows for the periods from February 1, 2019 to July 31, 2019 and from August 1, 2018 to January 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 July 31, 2019 and January 31, 2019 and their financial performance and cash flows for the periods from February 1, 2019 to July 31, 2019 and from August 1, 2018 to January 31, 2019 in accordance with accounting principles generally accepted in Japan.

KPMG AZSA LLC

November 14, 2019
Tokyo, Japan